



Research | September 2021

Homebuyer Preference Survey

The COVID-19 Impact

Hello

JLL in association with RoofandFloor is proud to present '**Homebuyer Preference Survey 2021: The COVID-19 Impact**'. In this survey, we have sought responses to understand the preferences of prospective homebuyers and their outlook on purchasing a residential property amidst the pandemic. The responses are extremely intriguing and continue to indicate optimism for the residential sector.

The COVID-19 pandemic has significantly altered consumer behaviour and preferences. While some of these changes will be fleeting in nature, others will be permanent. In the residential real estate sector, there is still a great deal of uncertainty around 'what permanent changes we are likely to witness'. While long-term structural changes are often only apparent with the luxury of hindsight, one can be certain of a few things.

- Residential real estate is an enabler of our existence and contrary to popular belief, recovery in the residential sector was quick and more resilient
- Post 'Unlock 1.0' of 2020, the uptick in residential sales was primarily driven by pent-up demand and the presence of 'affordable synergy' in the market
- However, sustained recovery in the next few quarters and the resilience shown during the second COVID-19 wave are indicative of a fundamental shift in the sentiment towards home ownership
- The remote working trend is here to stay and will continue to significantly impact homebuyer preferences
- Digital transformation will be the key to staying relevant in the next normal world

With a multitude of forces at play and the pandemic catalysing the pace of transformation, it becomes important to understand how homebuyer preferences have changed (or not) over the course of the last few quarters.

Take care and stay safe,

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Reasons to purchase a new home

Self-use continues to be the primary reason while investor interest increases in certain markets

Everyone was forced to spend an inordinate amount of time in the comfort of their homes during the rigorous lockdown, which has led many to re-evaluate their preferences and cherish the sense of security that comes with having a roof over their heads that they can call their own. Self-use continues to be the primary reason for home purchase.

In certain markets like Hyderabad which have seen a reasonable appreciation in home prices over the last few years, increasing interest from investors was witnessed as they found this to be an opportune time to strike a good deal with developers.

Proportion of prospective homebuyers planning a purchase for self-use



Source: JLL Research and RoofandFloor Research

Increasing interest in owning larger homes and holiday homes

A majority of the buyers making a home purchase for self-use can be classified into three distinct categories -



Over the course of the pandemic, the proportion of buyers in the two latter categories has increased. This is driven by the need for larger spaces to work or study from home and the desire to use the second home as a retreat in the event of future outbreaks.

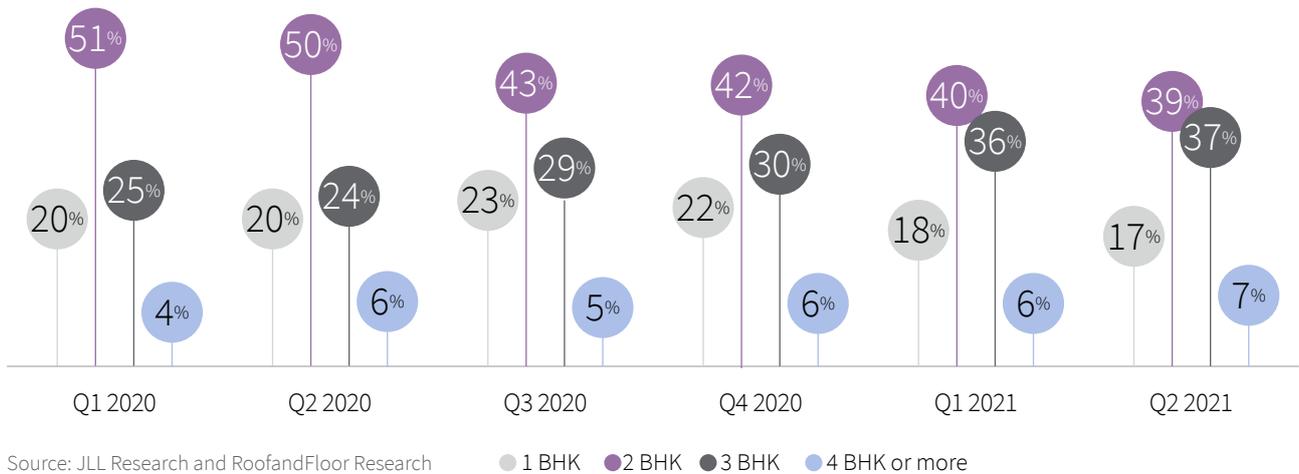


Budget and Configuration preferences

Increased demand for larger apartments

Nearly 80% of the prospective homebuyers indicated a preference for properties in the sub-INR-75 lakh category. This hasn't changed much over the course of the pandemic. Nevertheless, the size of the apartment has assumed greater significance and there is a clear preference for larger, more spacious homes. Prospective buyers are showing a greater willingness to relocate to suburban/peripheral markets in order to get larger homes while keeping the budget intact.

Change in configuration preferences of prospective homebuyers



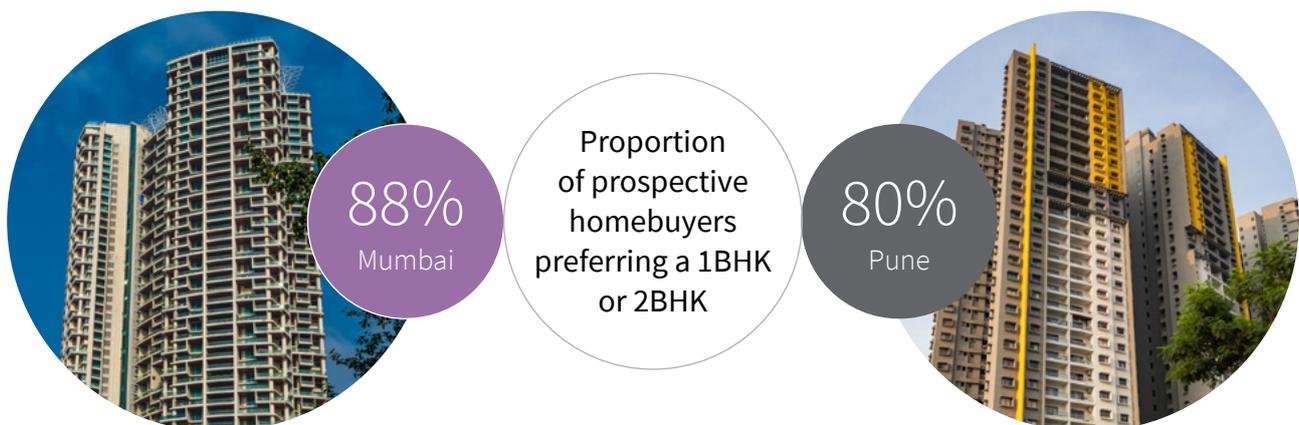
In terms of configuration, the demand for 3BHK apartments has increased. This trend is most prominent in the southern cities of Bengaluru, Chennai, Hyderabad as well as Delhi NCR.

In the southern cities of Bengaluru, Chennai and Hyderabad, the demand for villas and plotted developments has also gone up.



Emphasis on floor plans and presence of an additional room for work/online classes

In addition to larger homes, prospective buyers are placing greater emphasis on the layout of apartments, presence of balconies and an additional small room for work/online classes. This trend is more prominent in the cities of Mumbai and Pune where 1BHK and 2BHK are usually the most sought-after configurations.



Source: JLL Research and RoofandFloor Research

On the supply side, developers have also started to realign their products - the average size of recently launched 1BHK and 2BHK apartments is more than the earlier supply. Moreover, certain developers are also launching apartments in the 1.25BHK and 2.25BHK configuration. The alignment of supply with demand will support and ensure that the recovery is sustained.

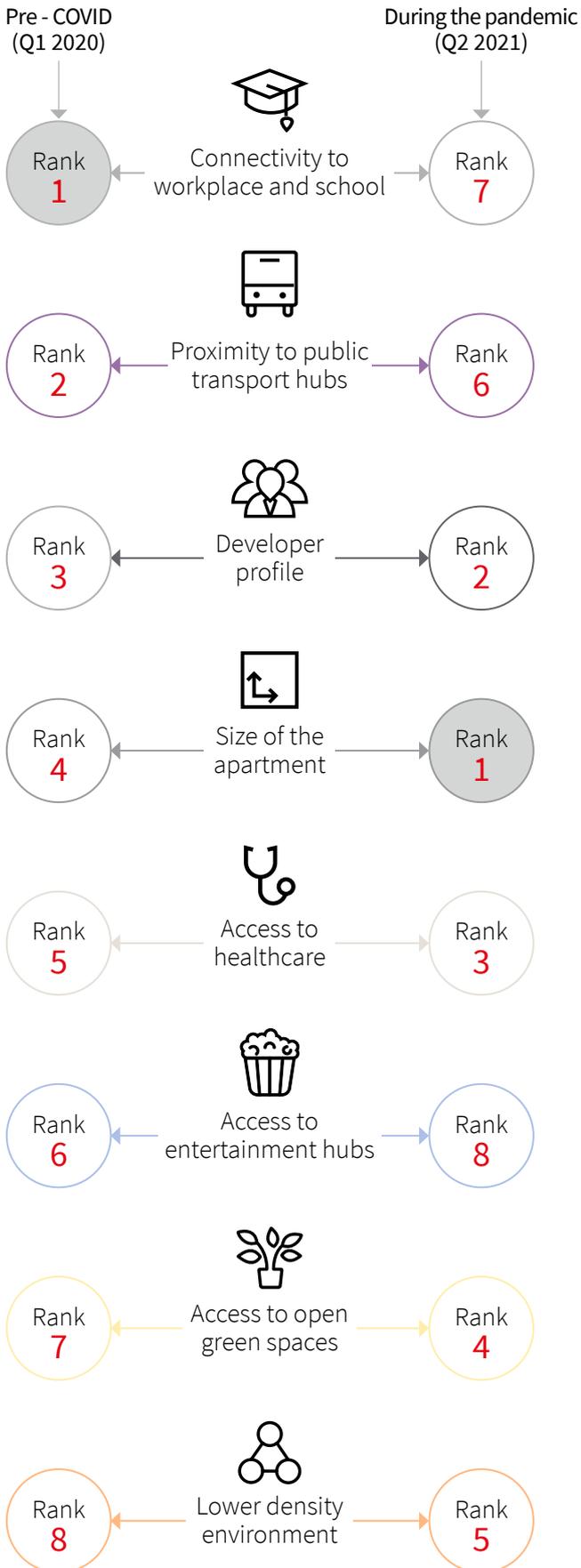


Changes in the decision-making matrix

Connectivity to office and schools no longer dictate home purchase decisions

The factors and features that a prospective homebuyer considers while making a purchase has not changed to a great extent. However, there has been a shuffle in the relative importance of these aspects. 'Connectivity to office and schools' no longer dictates home purchase decisions. Lower density environments, access to open green spaces, access to healthcare and the size of the apartment have moved up in importance in the decision-making matrix. Developers have also taken cognizance of the changing preferences and are open to customization in order to suit buyer needs. Additionally, developer profile now occupies an even more significant position in the decision-making matrix. There is an increased preference and willingness to pay a premium for projects by developers with an established track record.

Shuffled order of preferences for prospective homebuyers



Source: JLL Research and RoofandFloor Research



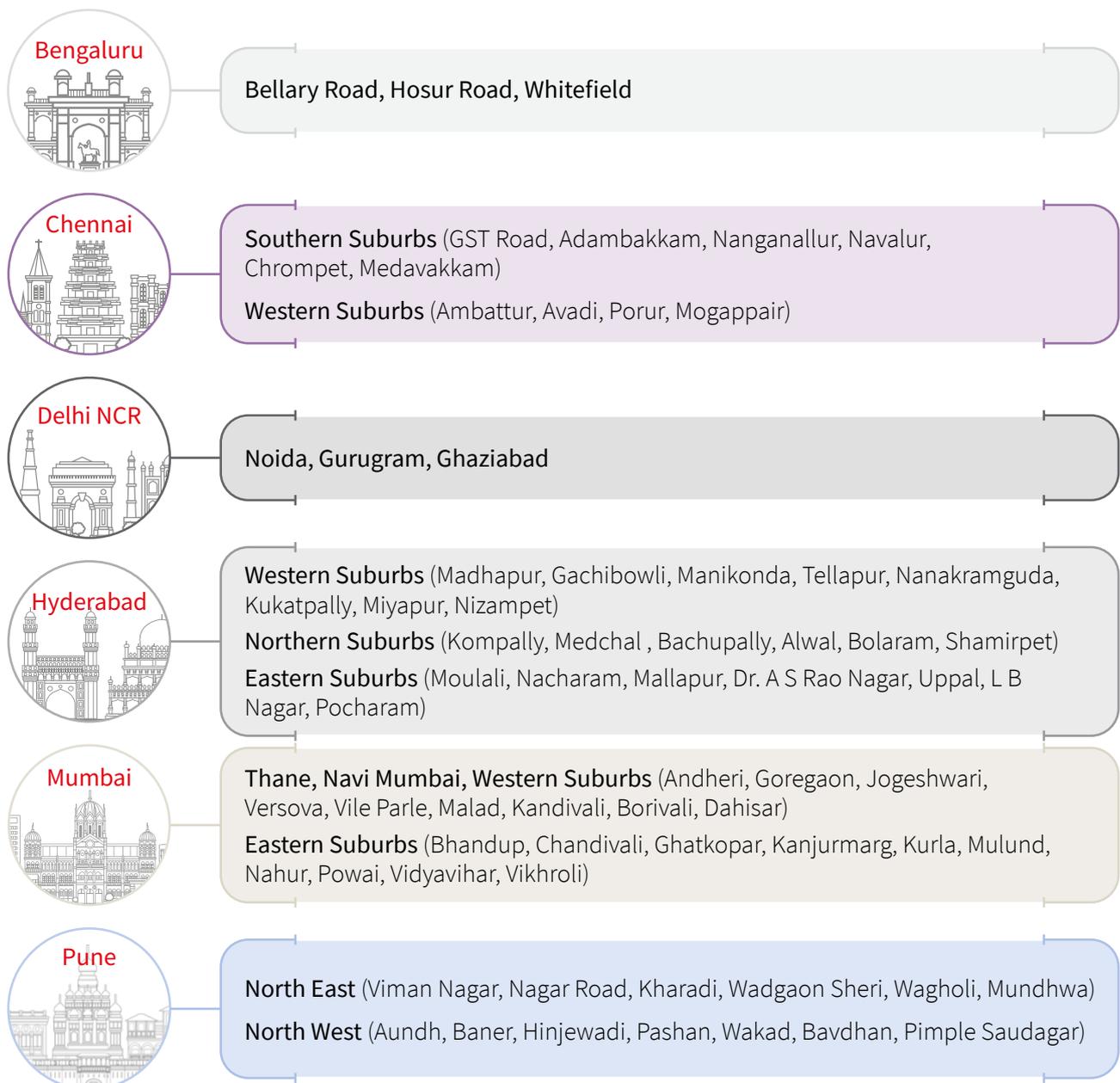
Change in the definition of a 'great location'

The location of a property has always been and will be one of the most important factors influencing home purchase decisions. Nevertheless, the definition of a 'great location' has changed over the course of the pandemic. Earlier, connectivity to office hubs and schools were the primary concern points. This has now changed with equal or even greater emphasis being given to features such as access to healthcare and proximity to open spaces such as parks, gardens and green areas. This being said, it is important to note that connectivity to public transport hubs is still an important factor in the decision-making matrix.

Affordable locations in the periphery attracting prospective buyers

The work from home phenomenon is here to stay and this has tilted homebuyer preferences towards peripheral submarkets. Today, prospective buyers are more willing to take up the occasional longer travel to work in exchange for spacious homes at affordable rates in less crowded spaces.

Preferred submarkets within the top six cities



Source: JLL Research and RoofandFloor Research

Construction status preference

Ready to move in apartments or under construction apartments by reputed developers preferred

Prospective homebuyers continue to prefer ready to move in apartments by reputed developers. However, ready to move in inventory by established developers has gone down in certain markets. In such markets, prospective buyers are becoming more open to making purchases in under construction projects by developers with an established track record. This shift is further driven by the fact that the price differential between ready to move in projects and under construction projects has gone up over the past few quarters. Developers are offering more flexibility and price discounts in under construction projects, whereas the price of ready to move in projects by reputed developers has witnessed an uptick.

Furthermore, structural reforms within real estate in the last few years started the process of weeding out smaller, unorganised developers from the market. The COVID-19 pandemic was the final nail in the coffin as it tilted the scale further in favour of established developers. Most of the new launches, especially during the pandemic months have been driven by reputed developers.

Preference for projects by reputed developers





Buying timelines

Prospective buyers planning on making a purchase within the next 3 months

Developers have been operating on very thin margins for the past few years. As the market recovers, reputed developers are becoming less flexible in terms of offering price discounts and other benefits to homebuyers. Prospective homebuyers want to make the most of this 'great time to buy a house', with more than 80% of the prospective buyers inclined towards buying a house in the next 3 months



Residential market to get back on the recovery path

Activity levels have definitely increased, but there is still some way to go before the market reaches pre-COVID levels. This being said, it is important to point out that even though the current business environment and consumer sentiments remain volatile, homebuyers remain cautiously optimistic about the future. The recovery process, which started in Q3 2020, was derailed in Q2 2021 because of the second COVID-19 wave. With a majority of the prospective homebuyers expected to make a purchase in the next 3 months, the residential market is expected to get back on the recovery path and 2021 is likely to end on an optimistic note. New launches are expected to go up in H2 2021 as developers launch new projects in order to monetize their land banks. Moreover, we might even see a reversal in trends with developers launching larger sized houses and apartments in order to capture the changing preferences of consumers in the post-COVID era.

Most of the changes witnessed in the sector have been structural in nature and demand for homes is only expected to increase. Importantly, lockdown restrictions across cities are being eased and the vaccination drive is gaining significant momentum. If the impending Covid-19 wave can be contained and consumer sentiments improve further with the festive season, the sector is expected to make a healthy recovery in the second half of 2021.



Technical Note

Objective: JLL and RoofandFloor jointly commissioned the ‘Homebuyer Preference Survey 2021’ to understand the preferences of prospective homebuyers and their outlook to purchase a residential property in the aftermath of the pandemic. This assessment of homebuyers’ preferences provided vital inputs to evaluate the buying behaviour amidst the pandemic and thereby chart the timing of the recovery cycle in the residential market.

Approach and methodology:

- The market survey covered more than 2,500 prospective homebuyers and the respondents were spread across the top six cities of Mumbai MMR, Delhi NCR, Bengaluru, Hyderabad, Chennai and Pune.
- The first survey was conducted online in early 2020 and the second round of survey was conducted in 2021 in the last few months.
- In addition to quantitative questions, the survey also covered select qualitative questions in order to obtain a holistic perspective of prospective homebuyers with respect to home purchase decisions.
- JLL Research then undertook an extensive analysis of the survey outcomes and every conclusion was subject to analytical rigour and review process to draw inferences at a sectoral level.

About JLL

JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. JLL shapes the future of real estate for a better world by using the most advanced technology to create rewarding opportunities, amazing spaces and sustainable real estate solutions for our clients, our people and our communities. JLL is a Fortune 500 company with annual revenue of \$16.6 billion in 2020, operations in over 80 countries and a global workforce of more than 92,000 as of June 30, 2021. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit jll.com

About JLL India

JLL is India's premier and largest professional services firm specialising in real estate. With an unaudited revenue in excess of 4,900 crores for FY 2019-20, the Firm is growing from strength to strength in India for the past two decades. JLL India has an extensive presence across 10 major cities (Mumbai, Delhi NCR, Bengaluru, Pune, Chennai, Hyderabad, Kolkata, Ahmedabad, Kochi and Coimbatore) and over 130 tier II & III markets with a cumulative strength of close to 12,000 professionals.

Headquartered out of Mumbai, we are India's premier and largest professional services firm specializing in real estate. Our services cover various asset classes such as commercial, residential, industrial, retail, warehouse and logistics, hospitality, healthcare, senior living, data centre and education. For further information, please visit jll.co.in

About JLL Research

JLL Research provides data analytics and insights through Real Estate Intelligence Services (REIS), thought leadership and bespoke research. REIS is a subscription based research service designed to provide cutting edge insights into diverse and challenging real estate markets through collation, analysis and forecasts of property market indicators across asset classes such as office, retail and residential. Thought leadership focuses on providing independent insights, analysis and forecasts on key industry trends and significant regulatory & economic developments impacting the real estate industry. Bespoke research aims to provide tailor-made solutions to different stakeholders in the real estate sector and ancillary industries. Our capabilities include market assessment studies, demand-supply analysis, catchment area analysis, and price benchmarking across asset classes.



About RoofandFloor

RoofandFloor, a part of The Hindu Group, is a consumer-centric platform that prides itself on infusing transparency and trust into the homebuyer's journey. It elevates the consumer's homebuying experience by untangling legalities, nurturing an informed community space online, providing accurate content, and personalised recommendations. RoofandFloor has over 140 employees and is present in 31 cities.

About Residential Services

As urban living experts, we can help you get the most out of the cities you love to live in. Our unique understanding and research into the residential market means we can support your ambitions to buy, sell, rent, or invest.

We offer our Residential services across Mumbai, Delhi NCR, Chennai, Bangalore, Hyderabad, Kolkata and Pune. Servicing clients ranging from Individuals to Corporates, Investors to Expats and Developers, our team specialises in all kinds of real estate requirements pertaining to housing. For those who want to identify new opportunities in residential and transform them into a reality, we offer a complete end-to-end service. For others with specific requirements, our specialists can help you achieve the best results. Unbiased advisory backed by real time research is our most invincible asset. Local market know-how combined with robust processes, a strong in-house research team and excellent relationships with developers have kept us at the forefront in this segment. Contact us to identify residential opportunities, simplify complexities, and deliver true success.

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