

Rentals in major Indian cities go up by 10%–20%

Synopsis

Since January, the rental housing market in big cities has started to get back on its feet. This is because companies are starting to use hybrid work arrangements and schools are opening in big cities.



The residential rental market started to pick up momentum as early as the first quarter of 2022.

Rentals in major Indian cities have gone up by 10%–20% as companies have started pushing **hybrid work** arrangements and schools have opened up in most urban centers, say industry experts.

Since January, the rental housing market in big cities has started to get back on its feet. This is because companies are starting to use hybrid work arrangements and schools are opening in big cities.

"The residential rental market has, however, shown a steady increase in demand over the last two quarters as work from home culture is returning to near normal. The real estate industry witnessed a sharp rise in sales and is now showing amazing signs of recovery in the rental segment too," said Samir Arora, president, National Association of Realtors India.

Residential property rentals in major cities such as Bengaluru, Chennai, Delhi-NCR, and Mumbai dropped 10-20% immediately after the **pandemic** began.

However, as employees return to their jobs, the situation is beginning to change.

"UHNIs are actively looking to buy a new home in 2022 due to an increase in their wealth. We are seeing an increase in enquiries and are witnessing increased transactions for good luxury properties," said Bhavesh Kothari, founder of Property First, a luxury property consulting firm.

The residential rental market started to pick up momentum as early as the first quarter of 2022, thanks to a drop in new COVID-19 infections and aggressive immunisation across the country.

This will be supported by most companies' plans to open offices from January and scale them up by June.

According to the real estate head of IT/ITes firms, roughly half of the workforce is projected to return to workplaces for up to three days a week by the middle of this year, with employees and employers equally interested in returning to

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the workplace in a hybrid setting.

"The industry was badly hit by the pandemic, but there is a huge opportunity for the organised players. Our new bookings have reached the pre-pandemic level, with an average occupancy level of around 60%," said Nikhil Sikri, CEO of the firm (name of the firm pls).

The residential market is driven by the salaried population, and a large percentage of tenants in cities like Bengaluru, Hyderabad, Pune and Mumbai belong to sectors such as banking, financial services, insurance, software, and pharmaceuticals.

"People looking at investing in residential properties have gone up, with rentals going up, and the market is seeing some stability returning for now. Searches for rental accommodation across the country have gone up across the country from a year earlier," said Ramita Arora, MD (Bengaluru) Cushman and Wakefield.

The pandemic outbreak almost brought the real estate rental market to a standstill for some months last year and earlier this year.

The residential market has witnessed a sharp recovery in sales momentum and the trend has continued even in Q4FY22 with a good amount of pent-up demand generated over the past 2 years, which is now unlocking.

The first quarter of the new year (January–March 2022) has seen quarterly sales attain a four-year high of 78,627 residential units despite the third wave, with all the top markets seeing a rise in the average capital values of residential properties as demand continued to strengthen, mentioned Knight Frank.

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