



BROKER Sentiment Survey



A Research by 360 EDGE in Partnership with PropToq



Ankit Kansal:
Founder & MD, 360 Realtors

Foreword

Indian Real Estate constitutes a major part of the Indian economy. At present, it accounts for around ~ 8% of the GDP. In 2025, it is expected to contribute ~ 13% of the overall GDP. As the country continues to urbanize marked by a rising middle class, the demand for real estate looks robust.

However, the past few months have been a little destabilizing for an otherwise upbeat industry, as India entered a period of extended lockdown. The realty market, which holds a huge foothold in the overall Indian GDP, suffered fallout from the slowdown in business and commercial activities. The crisis was further aggravated due to the shortage of labour forces and increase in prices of building materials.

As the lockdown has been mostly suspended and the macroeconomy is showing incremental improvement, the realty sector is also recovering. Favourable factors such as reduced home loan rates, depreciated value of rupee, RERA guidelines extension, attractive payment plans by developers are further dovetailing the market in a positive direction.

To further understand the emerging trends better, we have surveyed the broker fraternity in India, under the flagship of Proptoq, a 360 Realtors-backed yet an agnostic & transparent Real Estate News and Analysis media house. The research has been co-partnered by 360 EDGE, the franchise division of 360 Realtors.

The market research, which is a blend of an online survey and qualitative interviews, has revealed some important viewpoints. An upward trajectory across various macroeconomic, social, and financial parameters has also chronicled in our survey findings as a majority of brokers are positive and confident on the prospect of Indian Real Estate despite momentary setbacks due to COVID.

The survey has also yielded some interesting insights on the role of technologies in the brokerage space, the likelihood of a jump in sales during the upcoming festive season, technological adoption, etc. The survey can render a lot of valuable insights on how the ~ USD 5 billion Indian brokerage space will evolve in the coming times.

On behalf of Proptoq, 360 EDGE, and 360 Realtors, we wish happy reading to all our readers. Feel free to share your valuable inputs and feedback.

REAL ESTATE
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Research IDEA

The Indian realty brokerage space stands at an interesting cusp despite COVID triggering a slowdown in business velocity. The scope of the industry has noticeably widened as the organizational and structural reforms are on an upswing. Earlier, the mode of operation was mostly skewed towards smaller brokerages or standalone property consultants.

However, alternate models comprising of large institutional channel partners (ICP), advanced advisories, aggregators, franchise models, etc. are also emerging very fast on the scene, thereby transforming the industry. Spurred digitization and cohesive technological adoptions are also bringing monumental changes in the industry.

The purpose of the Proptoq-360 EDGE market survey is to understand not just the sentiments of the brokerage fraternity amidst the current time but also to scrutinize the growing influence of technology, digitization, and policy changes on the Real Estate industry in general and brokerage space in particular.

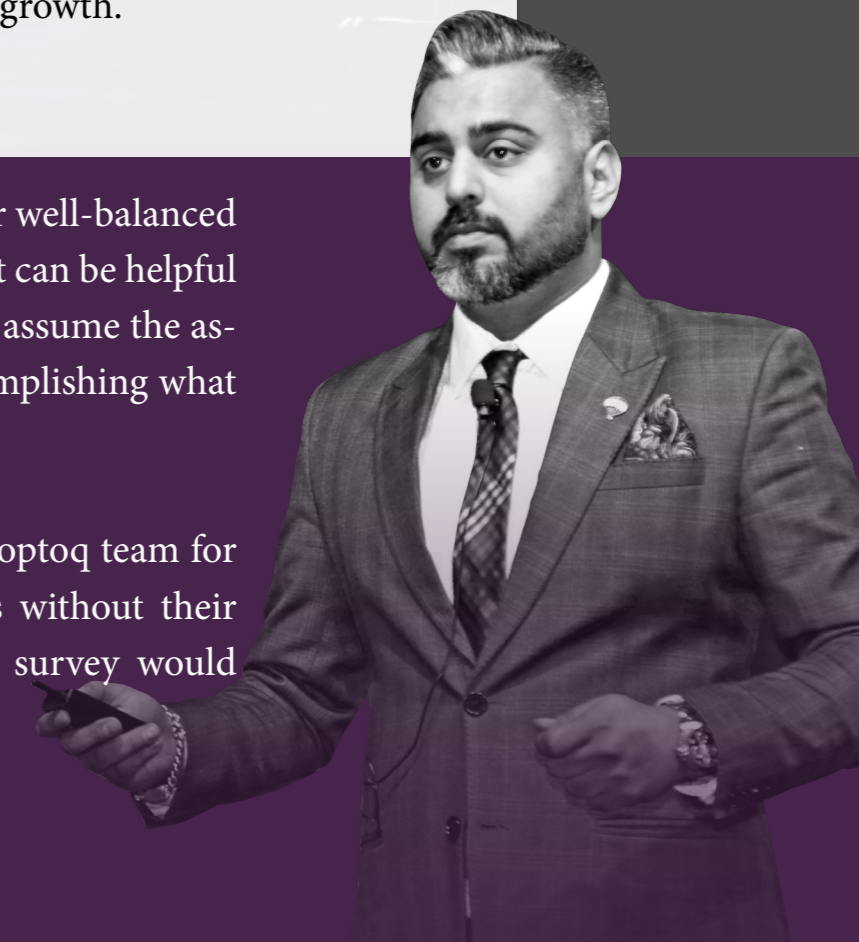
Despite a significant knock to business, the broker fraternity has shown their confidence in the long-term potential of the industry. This is a positive sign not just for the brokerage space but also the real estate industry in India, as they both supplement each other.

Another important aspect of the survey results is the need for active government intervention. The industry as a whole believes that the government needs to do more to revitalize the sector. Policy reforms in the form of a reduction in GST rates, tax rebates in a home purchase, correction in stamp duty, and liquidity injection for developers are required to further incentivize growth.

The objective of the research is to offer well-balanced & incisive insights on the industry that can be helpful for various stakeholders involved. We assume the assignment has been successful in accomplishing what it was intended to do.

We are also greatly thankful to the Proptoq team for commissioning the research work as without their active support the broker sentiment survey would not have been concluded.

Sahil Kapoor
National Head- 360 EDGE

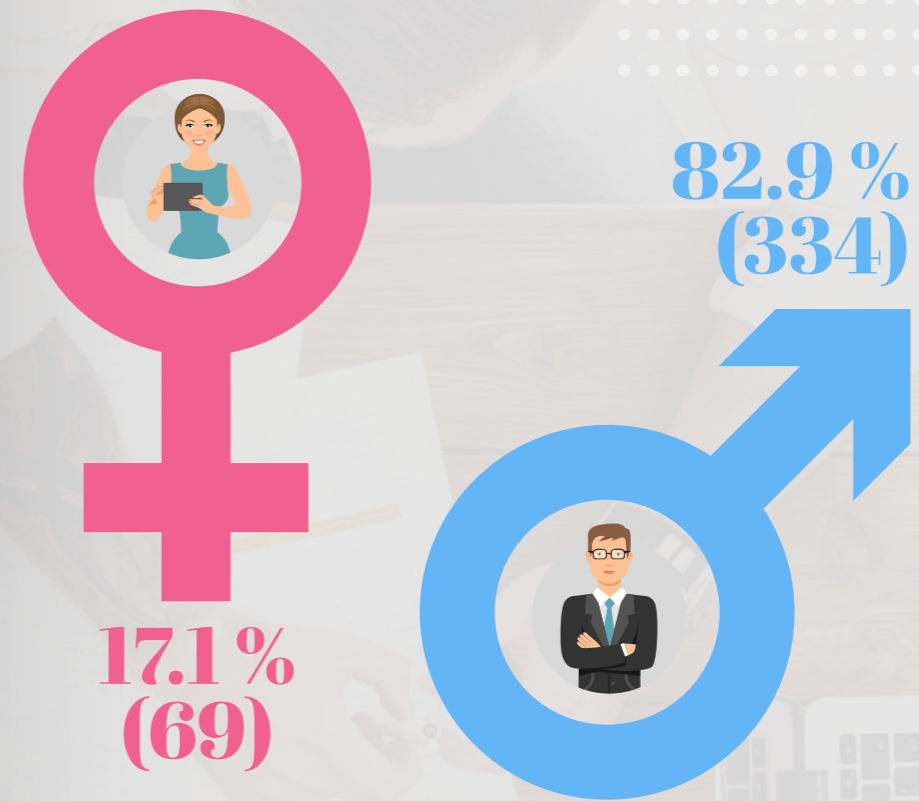


Research Methodology

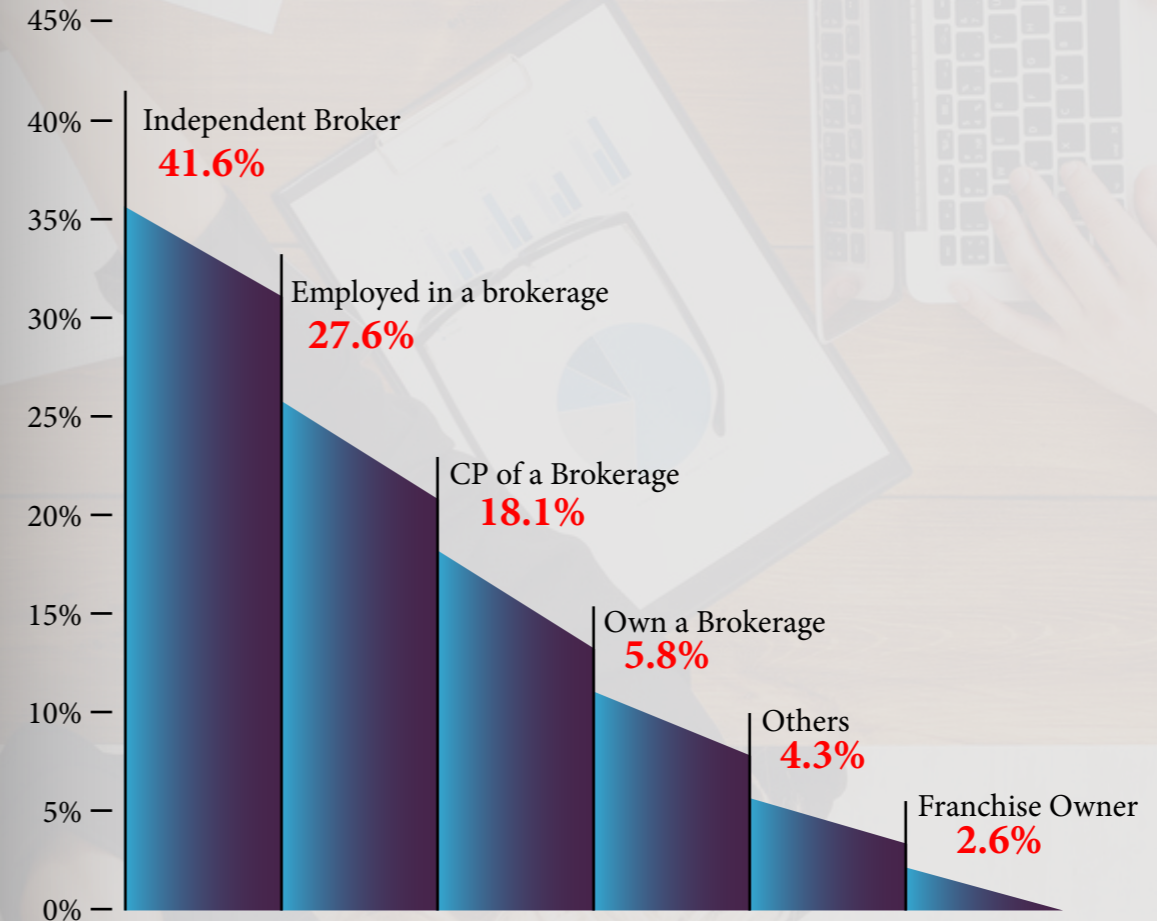


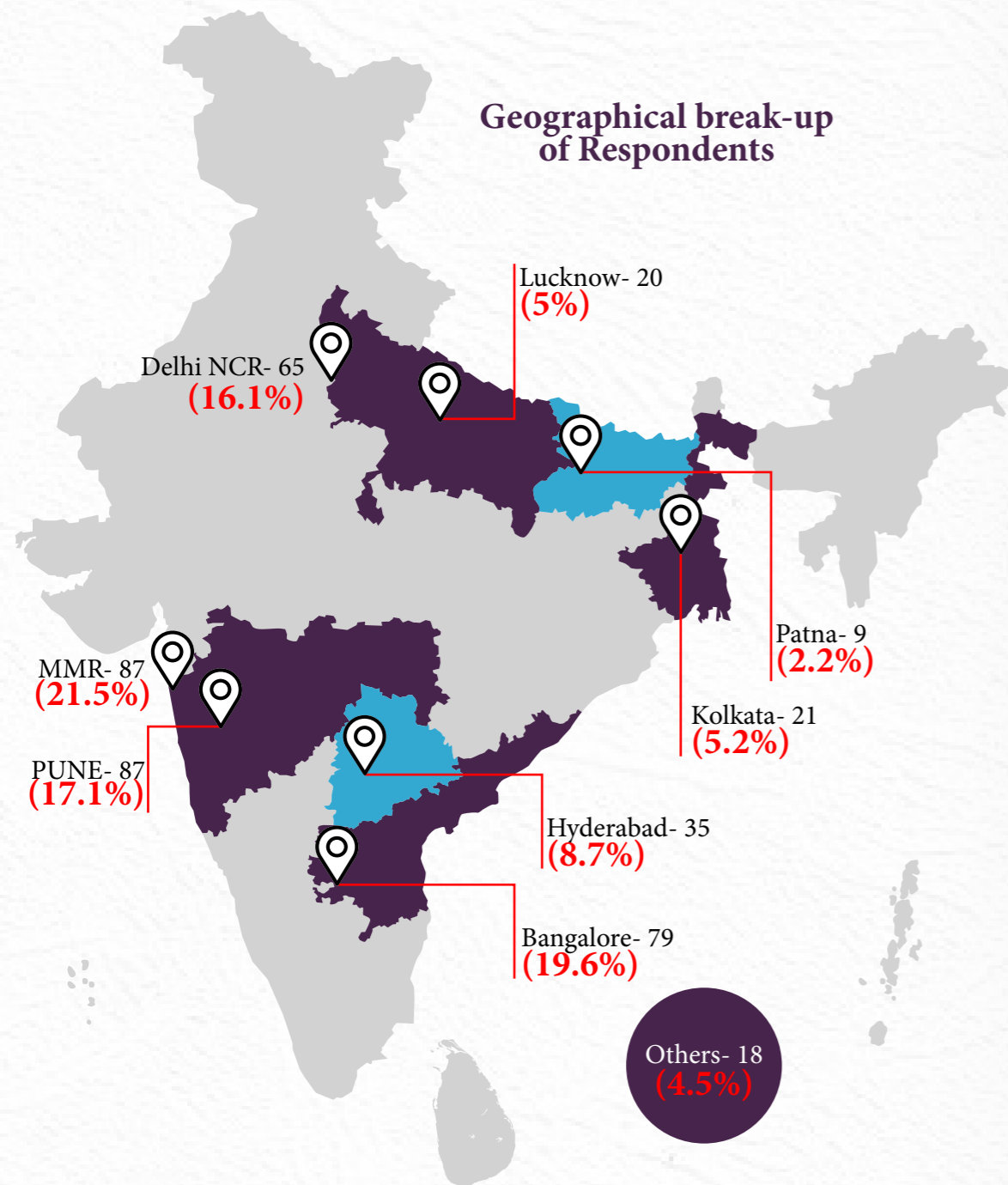
The market survey has been conducted with the help of both quantitative as well as qualitative interviews. An online questionnaire was sent to a list of 2000 brokers and Real Estate professionals all over India. These brokers work in various capacities including individual brokers, small brokerage houses, channel partners of larger advisories, franchise owners, etc.

These respondents were asked to fill the questionnaire to gather granular insights on market outlook, the potential of numerous asset classes, the growing need of digital marketing and technology in the brokerage business, expectations from the government and regulatory bodies, and much more. A total of 403 respondents participated in the survey.



Break-up of Respondents





In order to further complement the data analysis with more usable insights, we have also conducted qualitative interviews with some senior brokers in the industry.

Brokers were asked numerous questions such as how they evaluate the overall industry in a post-COVID world and how are the dynamics of the market changing.

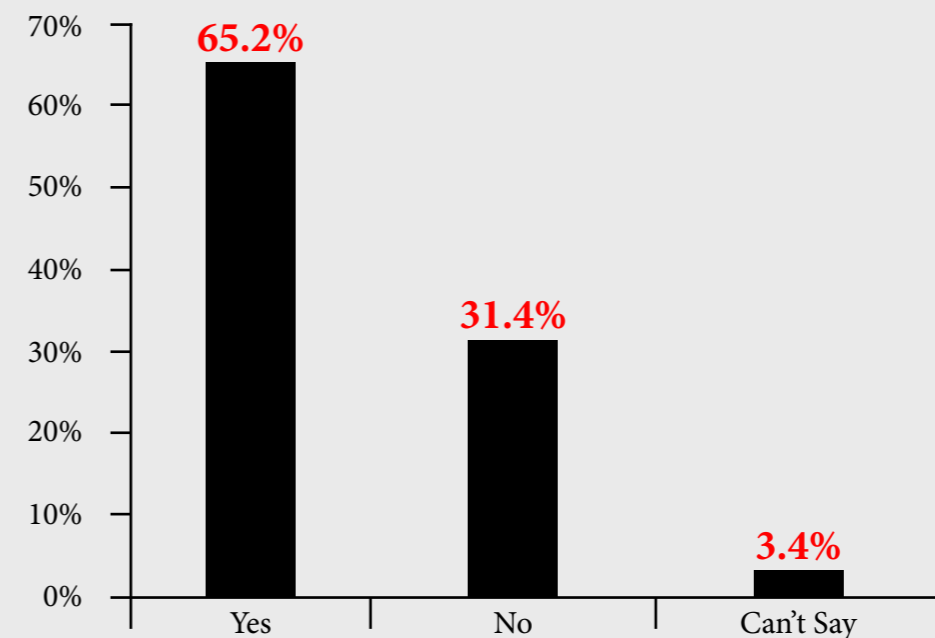
Similarly, questions were asked about the active role which the government should play and how digitization is going to change the industry in the foreseeable future.

Research FINDINGS

Despite knock due to COVID, the Fraternity is Positive

The COVID-triggered crisis has affected the business of many brokerage houses in the country, as lack of business and commercial activities have weighed on the investment in Indian Real Estate. Moreover, an industry that constitutes 8% of the GDP can't remain unscathed from an overall slowdown in the market. Upon being asked whether their business has suffered during COVID, 65.2% replied "Yes" while 31.4% replied in the negative.

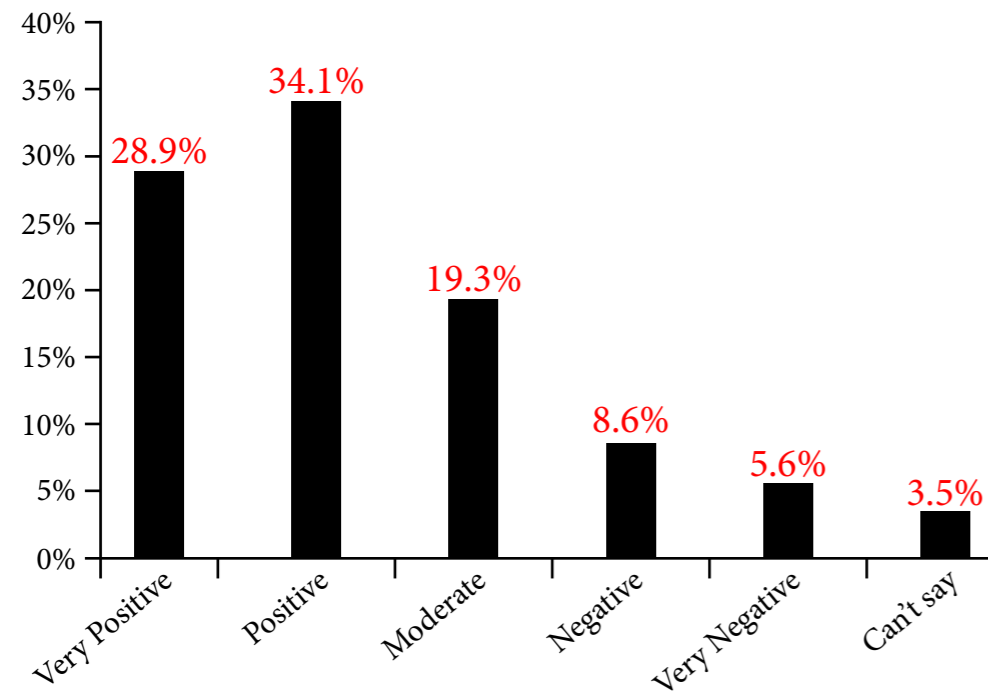
Has Your Business Suffered Due to COVID?



Source: Broker sentiment survey (Proptoq & 360 EDGE)

However, an interesting trend is a largely positive outlook for the business in the next 12 months. On being questioned about the future of Real Estate brokerage business in India, 28.9% replied with a “Very Positive” and 34.1% suggested “Positive”.

What is the outlook of brokerage business in India?



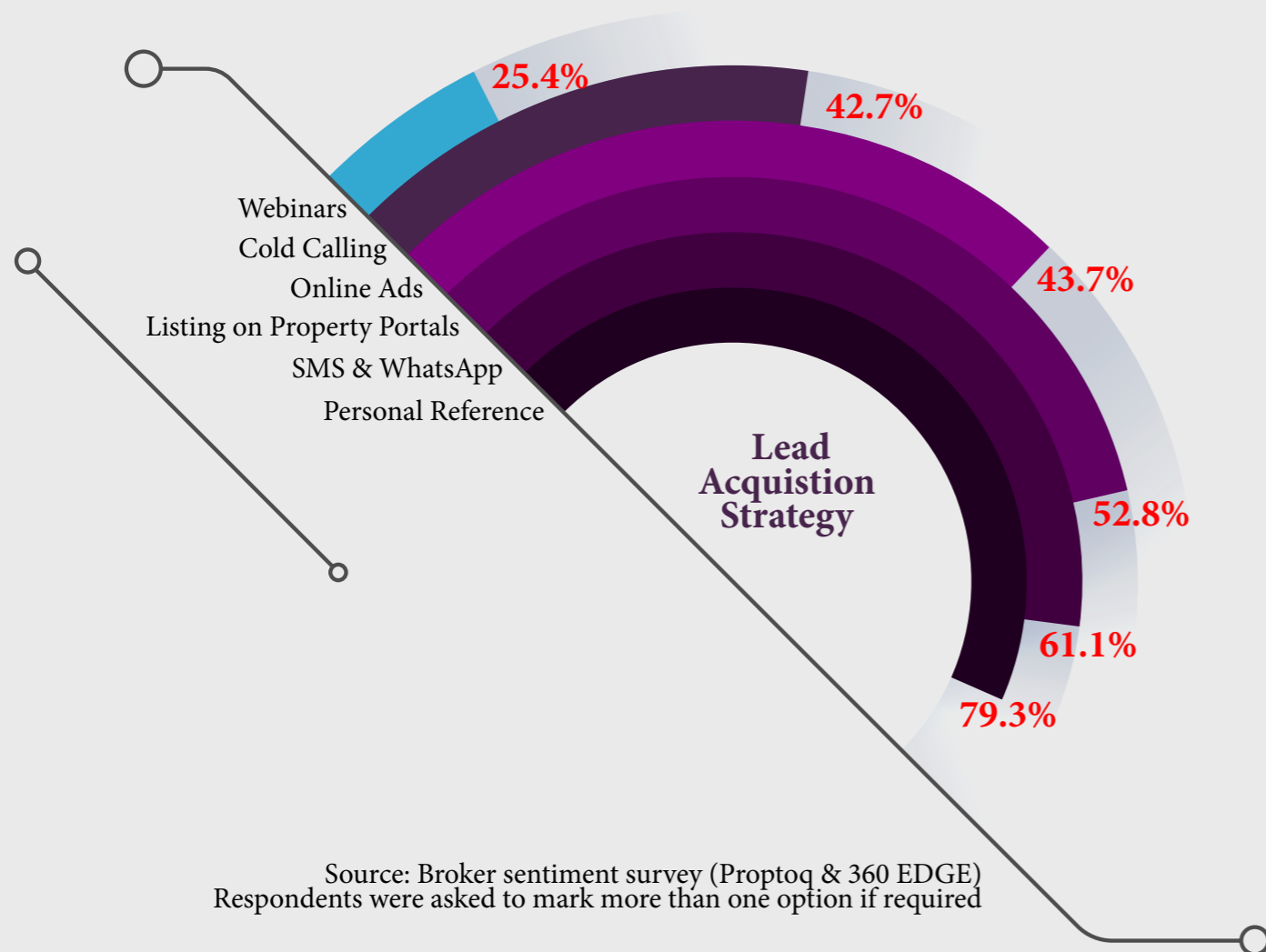
Source: Broker sentiment survey (Proptoq & 360 EDGE)

Despite the business taking a beating during the lockdown, there is renewed optimism on the back of improvement in the macroeconomy of the country. Lowered home loan rates, reduced value of the rupee, and a host of attractive payment plans are further fostering an enabling business environment. As financial markets are staggering, many buyers are looking forward to Real Estate as a haven.

Moreover, the fundamental robustness of Indian Real Estate cannot be questioned. A population of 1.3 billion, rapid urbanization, and an expansive middle class with higher disposable income will continue to feed into Realty demand. The current housing demand and supply gap is pegged at around 30 million in urban regions, which further underscores the huge potential in the market.

Lead Acquisition Strategy

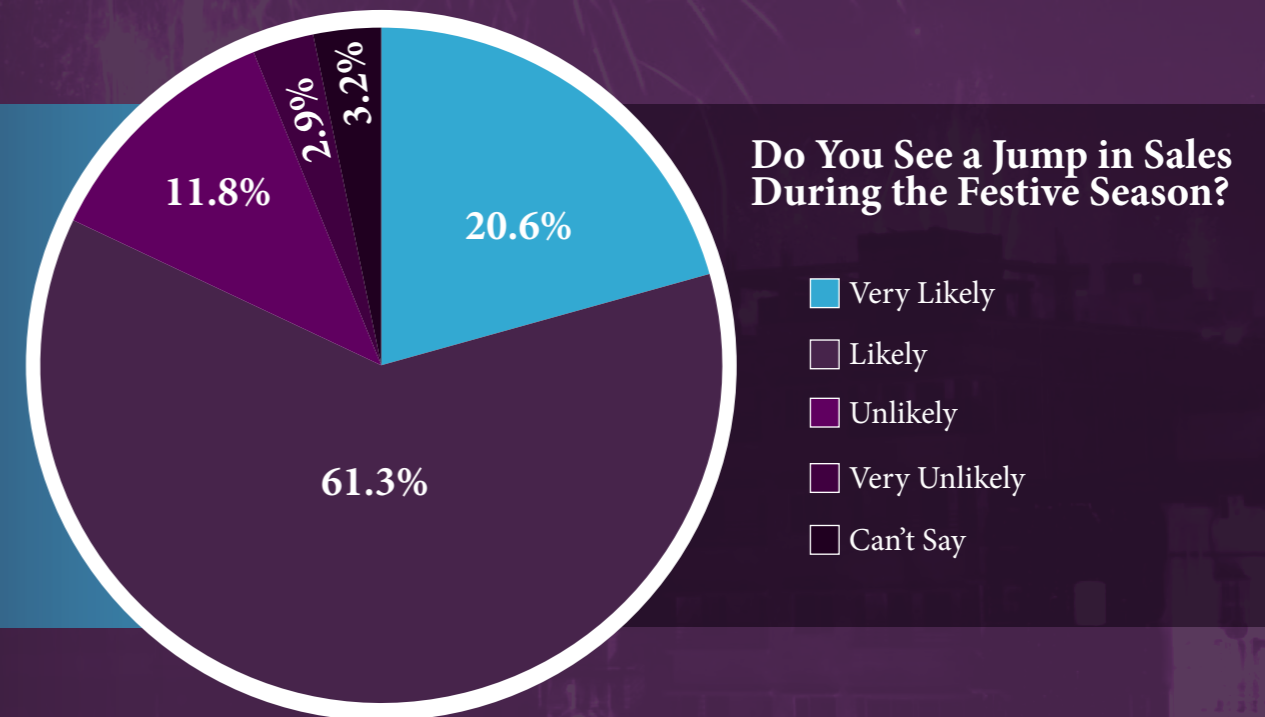
On being asked about the various approaches and tools to reach out to potential customers, 79.2% said that they use personal references to a good extent. 43% suggested that they depend on cold calling. Meanwhile, the importance of various online tools has also jacked up significantly. This also indicates that in a post-COVID world, as physical interactions would be limited, online tools will continue to offset their conventional peers. Around 44% of respondents are using online ads while 53% are utilizing listing portals.



Hopeful of a Jump during Festive Season

The community is hopeful for a jump in sales during the upcoming festive season. 20.6% have advocated that it is very likely that sales will increase during the festive season. 61.3% have said that there is a likelihood for a rise in sales.

Digitization will be the way forward despite incremental capital and operational expenditure. The larger brokers will be able to absorb the additional cost while it might be a little challenging for smaller brokers. However, as the traditional Online to Offline (O2O) model is increasingly getting tilted towards the online one, brokerage houses would need to ramp up their digital bandwidth. Besides effective lead acquisition and seamless continuity of business, digitization has numerous other benefits. This includes shorter operational cycles, catering to multiple geographies, lowered cost of leads, and much more.



Traditionally, Real Estate sales are good during the festive season of Diwali and Navratri as there is pent-up demand (Many Hindus do not buy during the weeks of Shrad-dha, which precedes Navratri.) As this time we have extended Shrad-dha, sales are naturally expected to take an upturn in the times to come. Moreover, as there are plenty of good payment plans and discount offers, sales will get a further boost.

Increased ORGANIZATION

The survey results suggest the growing organization in the brokerage industry.

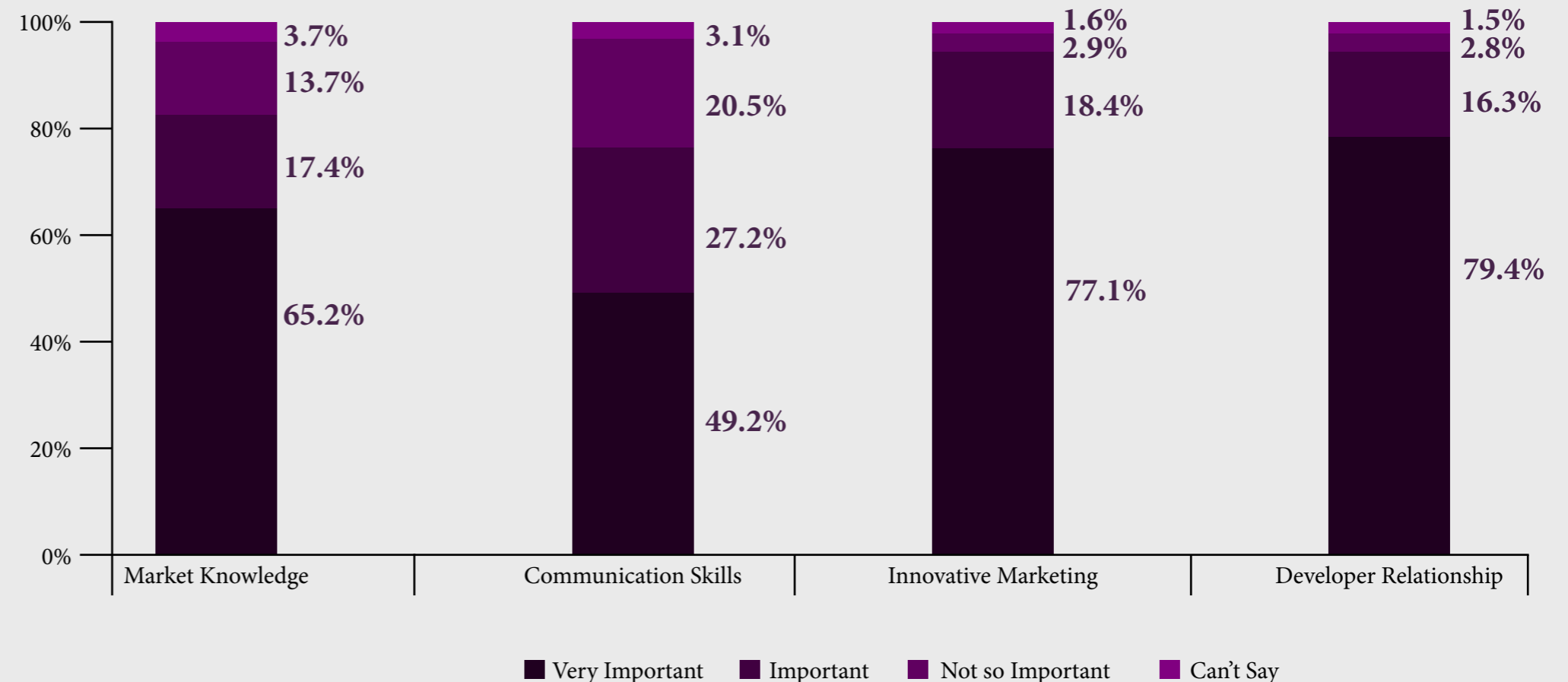
Although earlier an unorganized industry, the process of organization in the industry was set into motion, following a host of policy overhauls by the government such as RERA, GST formalization, the Digital India campaign by the government, demonetization, etc.

Industry players understood the pressing need to organize, adopt a more robust tech-enabled approach, access quality training and knowledge to stay on top of their curve, and exercise competitive advantage.

The COVID crisis has further expedited the process of increased organization in the industry, as industry players now understand that to identify new opportunities, enhance their revenue and grow their profitability, one has to embrace an institutional approach, aggressively adopt new technologies, and build knowledge-driven business processes.

More than 65 % of respondents specified the need for market knowledge to grow their business. An overwhelming 77% of respondents suggested that innovation in marketing is very crucial for the brokerage business to thrive. This underscores the growing significance of technology-driven marketing in a post-COVID world where physical interactions are limited.

Importance for Brokerage Business



However, the role of technology would not just be limited to business continuity management and contingency planning. Rather innovation, technology, and digitization will play a very strategic role in rationalizing operational cycles, lowering the cost of lead acquisition, and offering a rich experience to the end-users.

Developer relationship is also very essential for brokerage business, as nearly four out of five respondents have suggested the importance of maintaining a strong developer relationship.

In a post-COVID world, when business contingencies are on a rise and many businesses are grappling with cash flow challenges, it is essential to maintain a solid developer relationship. Besides, a good developer relationship can also result in access to preferential inventory, higher profit slabs, and better marketing support thereby increasing revenue and profitability.



Outlook of Individual Assets

As per the broker sentiment survey, the outlook varies for various individual asset classes. 35.8% of brokers believe in a stable outlook for residential assets, whereas more than 27% have proposed a good outlook.

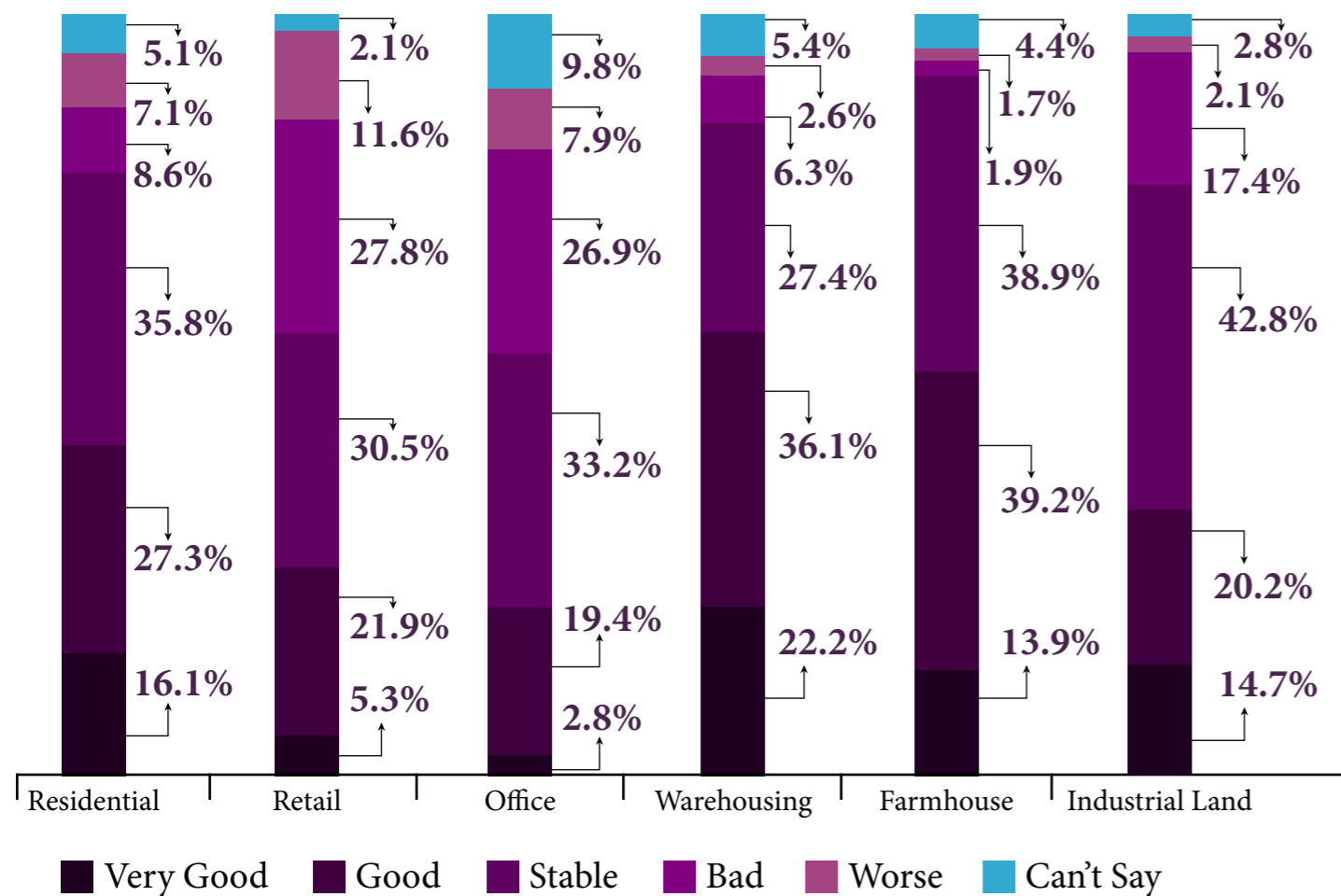
Despite the inevitable knock sustained during the lockdown period, residential sales are witnessing a steep jump in most of the parts of India. In places such as Mumbai and Pune, the temporary lowering of stamp duty charges have furthered the cause and helped in the rise in demand.

One-third of the respondents have suggested that the office market outlook will remain stable, while slightly less than 27% have indicated a poor one.

Till the time the vaccine is not introduced, many enterprises will continue to adopt a WFH or a rotational workflow system, which will continue to undermine office demand in the country. However, there will be a spurt in demand for data centres and affordable Grade-B & C spaces. It is believed that in the next 36 months, roughly 10 Million sq. ft. of data centers will be acquired.

REIT will offer new opportunities to retail investors to play out in the office real estate segment. The doldrum for retail is expected to continue despite malls & high street outlets having opened in most parts of India.

Outlook of various asset class



Source: Broker sentiment survey (Proptoq & 360 EDGE)

Demand for Active Government Intervention

The broker fraternity is looking forward to active government intervention to further help the industry to drive demand and consolidate growth.

In recent times, the government has taken some prudent steps to propel growth and incentivize transactions in the sector. Steps to infuse more liquidity and recapitalization of some of the NBFCs have helped the industry.

Today, the home loan rates are at their historical low, which is proving to be beneficial. The government has also rationalized the home loan risk weightage and has linked it completely to the LTV ratio to encourage large-sized loan disbursement.

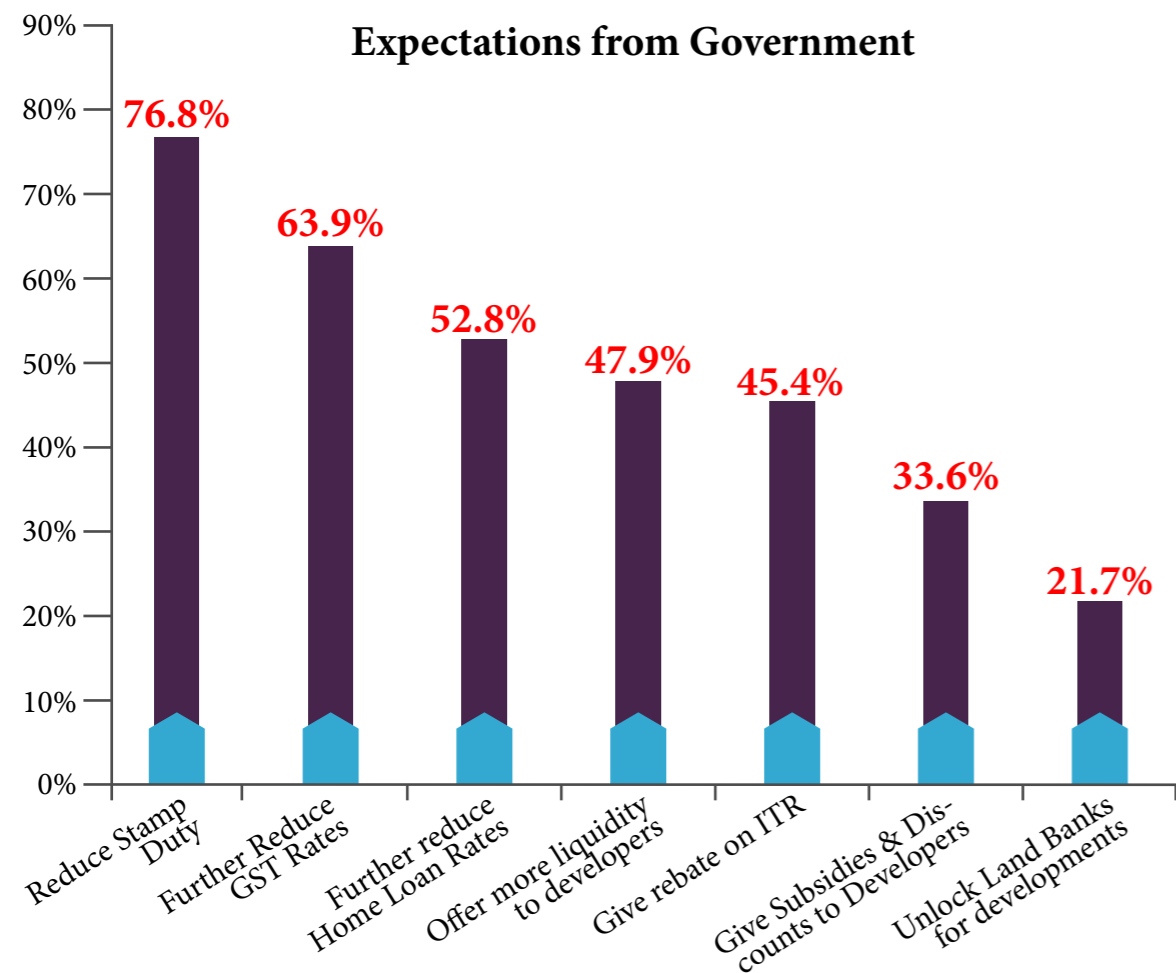
New assets like warehousing and farmhouses will continue to climb up the curve and emerge as formidable assets in a post-COVID world. Many buyers are opting for independent farmhouse living and second homes, because of which such assets have witnessed an incremental rise in demand. 39% of respondents believe that the outlook is good for the farmhouse sector.

There is also tremendous potential in the warehousing sector in the country as the asset class is touted as the sunrise segment in Indian Real Estate. In a post-COVID world, when e-commerce will grow at an exponential pace, demand for warehouses & logistics parks are set to jump.



Online retail, pharma, processed food, etc, will also continue to draw the attention of occupiers towards India's burgeoning warehouse and cold chain infrastructure. Around 43% of respondents believe in a stable outlook for the warehousing sector.

However, more such measures need to be adopted, given the magnitude of the industry that constitutes ~ 8% of the Indian GDP. The Maharashtra government has temporarily lessened the stamp duty to 2% till 31st of December, which is helping the markets to bounce back. Other states should also look into reducing the stamp duty.




Source: 360 Realtors' Survey | Respondents were asked to click more than one option, if it applies.

It is estimated that taxation comprises 30-35% of the construction cost. Hence streamlining the process and lowering various taxes will give a buying boost in the market. Besides stamp duty, the fraternity has also opined to lower the GST rates and offer tax rebates on the purchase of homes.

The GST rates are presently 12% (for the affordable segment, it is 1%) for under-construction residential and commercial properties. If Input TAX Credit is availed, it becomes 5%. (However, the rates remain unchanged for commercial projects.) A reduction in GST can go a long way in consolidating demand.

In a country like India, there is a huge demand for affordable housing and affordable rental projects. Yet, the thin profit potential is resulting in many capable developers to shy away from the segment. To boost the segment, the government needs to take more concentrated and coordinated efforts.

One such step could be unlocking the large land banks in various cities, as it can provide the much-needed impetus. Around 22% of respondents have also proposed the unlocking of land banks as it can support the affordable housing mission in a big way.



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