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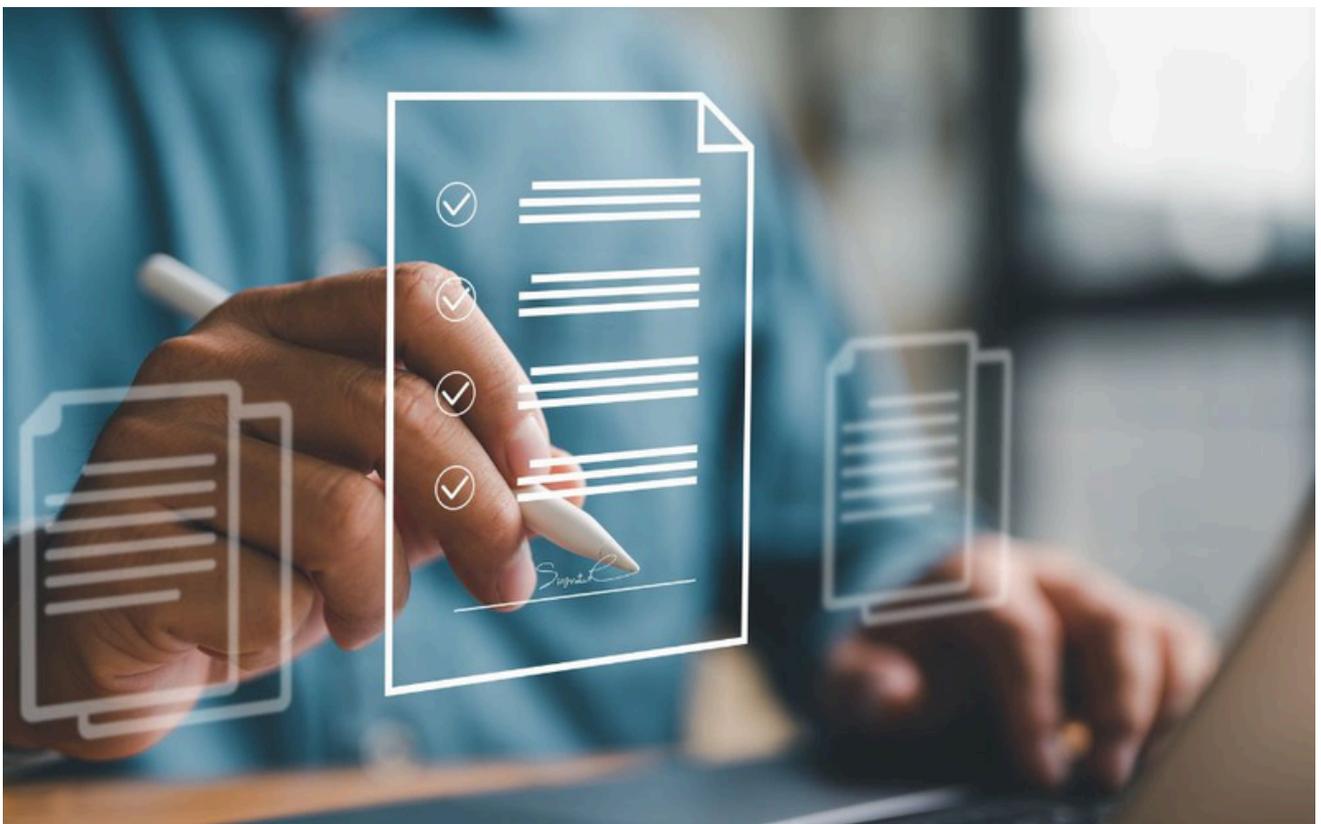
The Digital Deed in Real Estate:

How Gen Z and Millennials are
Rewriting the Rules



Introduction

India's real estate sector, long characterized by cyclical booms, and a generational aspiration for a "forever home," is undergoing a foundational transformation. The driving force is demographic: Millennials (aged 28-43) and Gen Z (aged 12-27) are no longer mere future prospects but the present-day engine of the market. Contrary to the traditional life script where property buying was a capstone of retirement planning, it has become a priority for the digitally-native, investment-savvy youth. This shift is not just altering demand patterns but is forcibly dragging the entire ecosystem—from builders to bankers—into a new era of digital-first, experience-driven commerce, fundamentally reshaping the nexus between real estate and financial services.



The Demographic Takeover: Validating the Scale of the Shift

The claim that younger generations dominate home purchases is robust, though nuances exist. While the cited report suggests an astonishing 90-95% share, broader industry analyses provide a detailed, corroborative picture.

- **The Numbers:** According to a 2023 Anarock Consumer Sentiment Survey, over 60% of residential property buyers in top 7 cities were aged below 35 years. A Knight Frank India report noted that in 2023, Millennials alone constituted 51% of all home buyers, with Gen Z adding another 10-15%. This collective 65-70% dominance is seismic, confirming they are the primary demand cohort.
- **The Mindset Shift:** This isn't just about age; it's a redefinition of "home." For this cohort, property is a hybrid asset: a personal sanctuary, a flexible work-from-anywhere hub, and a tangible investment all at once. The pandemic acted as a catalyst, with a CBRE survey finding 73% of Millennials in Asia Pacific preferring to buy a home for security and stability post-COVID. The aspiration has shifted from "eventually" to "now," fuelled by rising incomes in tech/services and a desire for asset-building over renting.



Indian Homeownership Recalibration: Causes & Characteristics

The reasons behind this accelerated entry into the market are multifaceted, blending economic, technological, and social factors.

- **Financial Prudence & Loan Culture:** Younger Indians are more comfortable with leverage than previous generations. Systemic factors enable this:
 - **Historically Low Interest Rates (Post-2020):** Home loan rates hovered around 6.5-7.5% for years, making EMIs competitive with metro rents.
 - **Stable Income Streams:** Growth in formal sector jobs in IT, finance, and e-commerce has created a large base of credit-worthy salaried youth
 - **Government Incentives:** Tax benefits under Sections 80C (principal) and 24(b) (interest) on home loans effectively reduce the cost of acquisition by 15-20% over the loan tenure.
- **The Geographic Spread- Beyond Metros:** The trend is profoundly democratic. Tier 2 and 3 cities—Coimbatore, Indore, Chandigarh, Jaipur—are seeing explosive growth. PropTiger data indicates housing sales in Tier 2 cities grew by over 35% year-on-year in 2023, often outpacing metros. This is driven by:
 - **Remote/Hybrid Work:** Decoupling physical office presence from income.
 - **Lower Cost of Acquisition:** Average apartment prices in these cities can be 40-60% lower than in Mumbai or Bangalore.
 - **Lifestyle Aspiration:** Availability of modern amenities (smart homes, branded developers) in hometowns is triggering purchases.

The Digital Ecosystem: Reshaping Finance from Application

The transaction engine for this demographic is unequivocally digital. The figure of 72% preferring online applications is a testament to a rebuilt financial infrastructure

- **Fintech Revolution in Housing Finance:** Traditional banks have been compelled to launch fully digital loan journeys. Fintechs like PropTiger, Housing.com, and NoBroker have integrated loan marketplaces, offering comparative analysis of 15+ banks in minutes.
- **Data-Driven Disruption:** The digital advantage isn't just convenience; it's risk assessment and speed.
 - **API-based Income Verification:** Direct links to GST, bank accounts, and salary portals slash documentation.
 - **Video KYC & e-Signatures:** Reduce physical verification from days to hours.
 - **Algorithmic Credit Scoring:** Uses alternative data (cash flows, rent history, utility payments) to assess thin-file borrowers, expanding eligibility.
 - **Result:** Leading HFCs now boast of sanction-in-principle in 72 hours and disbursement in 7-15 days, down from 4-6 weeks a decade ago.
- **Innovative Financial Products:** To address the biggest hurdle—the down payment (typically 20%)—fintech's offer:
 - **Down Payment Assistance:** Structured as short-term, unsecured loans.
 - **EMI Management Tools:** Apps that allow part-payments, EMI holiday options, and dynamic re-pricing alerts.

Persistent Friction Points: Trust Deficit & Affordability Calculus

Despite digital ease, structural and trust-related obstacles remain significant, as highlighted by 76% citing documentation and mis-selling issues.

- **The Transparency Crisis:** The legacy of the pre-RERA (Real Estate Regulation Act) era still casts a shadow. Common grievances include:
 - **Hidden Costs:** Besides the quoted price, buyers face charges for preferential location, parking, club membership, GST (5% on under-construction), adding 8-12% to the final cost.
 - **Loan Process Opaqueness:** Processing fees, technical/legal valuation charges, and insurance bundling are often not clearly communicated upfront.
- **The Affordability Matrix:** EMI as a percentage of income reveals stark urban and psychological divides
 - **Risk-Averse Groups (Often in Tier 3/Rural):** Adhere to the classic 28/36 rule—housing EMI \leq 28% of gross monthly income.
 - **Metro Buyers:** Push boundaries, with many allocating 35-40% of income to EMI, driven by higher career growth confidence and the priority of asset acquisition.
 - **The Tenure Trade-off:** To keep EMIs manageable, tenures have stretched. The average home loan tenure in India has moved from 15-20 years to 25-30 years, making it a multi-decade commitment for a 30-year-old.

Strategic Implications: Where Investors and Industry Must Look

This demographic shift creates asymmetric opportunities beyond just buying and selling apartments.

Sector	Direct Opportunity	Emerging Business Model
Real Estate Development	Demand for compact (1-2 BHK), tech-integrated homes with co-working spaces, high-speed connectivity, and ESG-certified buildings.	Built-to-Rent (BTR) portfolios for the still-hesitant segment, offering premium rental experiences.
Financial Services (Fintech/PropTech)	Dominance of digital loan sourcing. Platforms with superior UX, transparent comparison, and handholding.	Embedded Finance: Home loans, insurance, and interior financing offered seamlessly within property search apps.
Ancillary Services	Post-purchase needs: smart home automation, modular furniture, property management.	Subscription-based home maintenance and management apps, catering to nuclear-family and NRI buyers.
Capital Markets	Growth of Real Estate Investment Trusts (REITs). Young investors can access commercial real estate with small tickets via stock exchanges.	Fractional Ownership platforms for high-value residential and holiday homes, democratizing asset ownership.

The Road to 2030: A Trillion-Dollar Digital-Physical Hybrid

The projected growth from \$200 billion to \$1 trillion by 2030 hinges on sustaining this demographic engagement and solving its pain points.

- **Policy Enablers:** Continued strengthening of RERA for trust, expansion of PMAY-U for affordable segment credit, and infrastructure status for rental housing to encourage institutional investment.
- **Technology Convergence:** The future lies in the integration of AI, VR, and Blockchain.
 - **AI:** For hyper-personalized property matching and predictive maintenance.
 - **VR Tours:** Becoming standard, reducing physical site visits by 50%+.
 - **Blockchain:** For transparent title records, reducing fraud and speeding up due diligence from months to days.
- **The Sustainability Imperative:** Gen Z is particularly eco-conscious. Developments with IGBC/LEED certification, water recycling, and EV charging will see premium absorption. By 2030, over 50% of new supply in premium segments is expected to be green-certified.

Conclusion: A Foundation of New Values

India's real estate narrative is being rewritten from the ground up. The entry of Millennials and Gen Z has shifted the sector's axis from a purely physical asset play to a technology-mediated, experience-centric, and financially innovative marketplace. The challenges of trust and affordability are real, but the direction is clear: transparency, digital integration, and flexibility are no longer differentiators but table stakes. For the sector to realize its audacious \$5-10 trillion potential by 2047, it must build not just with brick and mortar, but on the foundational values of its new dominant consumers: speed, simplicity, sustainability, and authenticity. The "digital deed" is now as important as the physical one.





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