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AUTONOMOUS
POST GRADUATION CENTRE**



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ON

**REAL ESTATE INVESTMENT TRENDS AND
OPPORTUNITIES: EXPLORING
RESIDENTIAL AND COMMERCIAL
MARKETS**

INTRODUCTION OF REAL ESTATE

Real estate investing refers to the purchase of property as an investment to generate income rather than using it as a primary residence. In simple terms, it can be understood as any land, building, infrastructure, and other tangible property which is usually immovable but transferable.

Real estate is property consisting of land and the buildings on it, along with its natural resources such as crops, minerals, or water; immovable property of this nature; an interest vested in this (also) an item of real property, (more generally) buildings or housing in general. In terms of law, real is in relation to land property and is different from personal property while estate means the "interest" a person has in that land property.

Real estate is different from personal property, which is not permanently attached to the land, such as vehicles, boats, jewellery, furniture, tools, and the rolling stock of a farm.

In the United States, the transfer, owning, or acquisition of real estate can be through business corporations, individuals, non-profit corporations, fiduciaries, or any legal entity as seen within the law of each U.S. state.

Recent research has been extended into currencies, real estate, international stocks, and bonds in portfolio investment. In this global liberalisation era, the potential benefits derived from the international real estate in investment strategies resulted in the inclusion of real estate as a common asset class in any international investment portfolio analysis. Giliberto (1990) concluded that in a broader context of diversification of mixed asset portfolios, investment in real estate was perceived to have an offsetting effect on the negative consequences of excessive concentration in equities, especially when considering the relative correlation of equities' prices in international financial markets.

Commercial Real Estate



Commercial Real Estate is a non-residential property on which a business can be operated for revenue purposes. Commercial real estate can range from an office building to a duplex home, a restaurant, or even a warehouse. One can make money by leasing or renting such properties. The owners of these commercial units need to pay additional taxes as per the policies and laws set by the government.

REAL ESTATE INVESTMENT TRENDS IN COMMERCIAL MARKET

Commercial Real Estate refers to the property that is mostly used for business purposes rather than for residential/living purposes. The different categories of CRE include – Restaurants, hotels, hospitals, and malls. Commercial property is usually leased out to other businesses.

Commercial real estate can be categorized into 4 classes, depending on their use:

- Office space
- Industrial use
- Multifamily rental
- Retail

COMMERCIAL REAL ESTATE INVESTMENT TRENDS IN INDIA

For individuals who can successfully buy and manage properties, commercial real estate can be a profitable investment. It can also diversify an investment portfolio and possibly offer tax advantages.

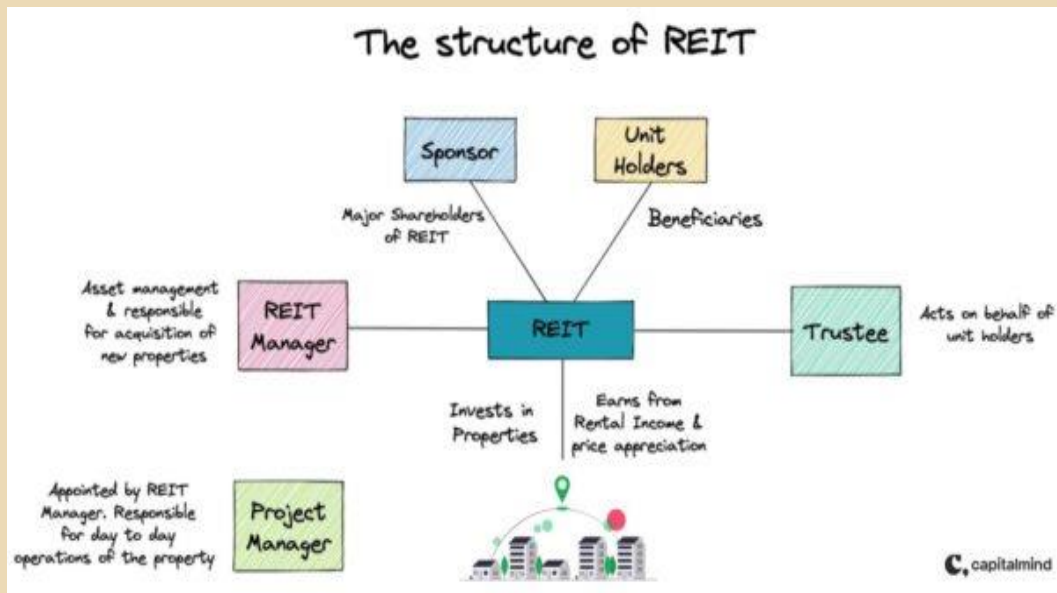
The worldwide commercial real estate market has undergone substantial changes in terms of value and utilisation in the post-COVID period. Several countries continue to face challenging economic conditions due to inflation, and high interest rates.

However, it is considered that the commercial real estate market in India will expand to new heights, with factors that are likely to positively influence the direction of the industry. Commercial space is anticipated to reach 50 million square feet by 2023, with the IT-BPO, pharmaceutical, engineering, and manufacturing sectors driving the growth of the sector.

Some of the trends that can be seen in the commercial real estate market include –

1. Real Estate Investment Trusts (REITs)

The Real Estate Investment Trust (REIT) platform has received permission from the Securities and Exchange Board of India (SEBI), allowing all types of investors to participate in the Indian real estate market. Real estate properties that generate revenue are owned, managed, or financed by businesses like REITs. They give investors the chance to invest in a variety of real estate and generate money through rental payments. REITs are a desirable investment option for investors seeking consistent income because they pay out dividends to shareholders. Examples include – Mindspace REIT, Embassy REIT, Brookfield REIT, and Nexus REIT.



2. Rise in Co-working Spaces on Lease

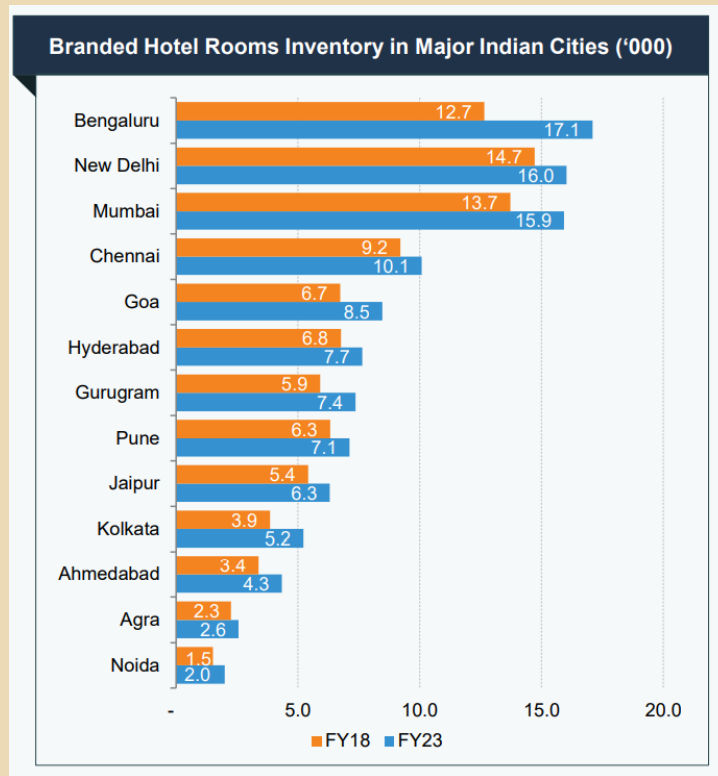
Commercial real estate is in high demand because of the widespread adoption of hybrid working by businesses. India's co-working market is expected to grow at a CAGR of 13.5% between 2020 and 2025, according to a Knight Frank analysis. Co-working spaces offer a few features and services, including conference rooms, office supplies, and networking opportunities, making them an increasingly preferred solution for companies looking for an economical office space.

3. Rise in Warehouse Spaces / Fulfilment Centres

Storage facilities are becoming necessary as consumer demand for quick delivery has grown. These fulfilment centres require 2-3 times less space than standard warehouses. Foreign investors have teamed up with Indian developers in recent years for new industrial developments. These warehouses with the latest technologies will lead to on-demand warehouses. The Indian warehousing market is anticipated to grow at a CAGR of 15.64% from 2022 to 2027, reaching US\$ 34.99 billion (*numbers as per Strata and IBEF*).

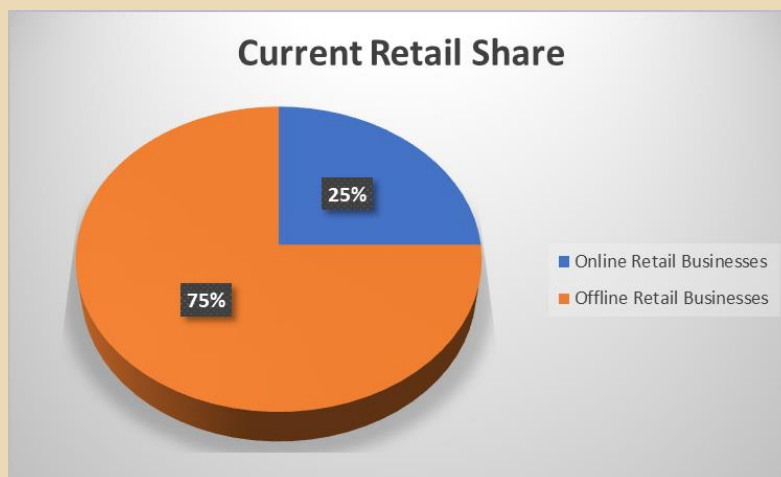
4. Demand for Luxury Vacation Properties

Real estate's rise in 2022 was driven by the luxury market, and this pattern is considered to hold true in 2023. There is a substantial demand for hotels in tier II and tier III cities as a result of government measures to boost tourism in such areas. Approximately \$2.3 billion will be invested in India's hospitality industry over the course of the next 2-5 years, according to a forecast by the real estate consultancy company CBRE South Asia. NCR and Mumbai are the largest hospitality markets in India, followed by Bengaluru, Hyderabad, and Chennai.



Source: Cushman and Wakefield, Hotelivate (IBEF)

5. Improved Retail Sentiment



Industry predictions state that by 2030, the online retail business in India will likely account for about 37% of all organised retail sales. Even after the pandemic, offline retail did not experience any significant difficulties, despite the development of online retail channels. Because of this positive outlook, mall developers are also optimistic. By 2032, the retail market is anticipated to reach \$2 trillion in value, according to the Retailers Association of India (RAI). This is attributed to the improved retail sentiment among people in tier-2 and tier-3 cities where shopping (in malls) is seen as a leisure activity. Therefore, malls have an opportunity in these markets. *(Numbers from Business Standard).*

6. Investment by NRIs

Non-Resident Indians (NRIs) are showing an increasing amount of interest in purchasing commercial real estate, especially in their own nation. Strong economic growth, rising commercial real estate demand in India, and NRIs' increased desire to diversify their investment portfolios are all factors driving this trend. These include office spaces in Bangalore.

7. Online Platforms

Online real estate platforms are a popular choice since they offer a quick and easy way for buyers and sellers to communicate. These online tools can be used to find properties, advertise them for rent or sale, and maintain them. They frequently provide a variety of tools and services to make the process simpler and more efficient.

OTHER TRENDS IN THE COMMERCIAL REAL ESTATE MARKET (DEVELOPED COUNTRIES)

Already developed countries like the US, have a significantly different scenario as compared to that of India when it comes to commercial real estate market. There are both supportive as well as critical views regarding the same:

CRITICAL VIEWS:

- **Interest Rates** – The bank lending rates have increased substantially due to which people are unable to buy or re-finance commercial properties. Sellers of commercial properties thus, must settle for less by allowing high discounts to sell off their properties. A commercial building at San Fransisco costing \$ 300 million was recently sold off at a discount of 80% due to lack of buyers for the high price.
- **Alternative Investment** – Major companies such as Goldman Sachs as well as other individuals are now moving towards alternative investment avenues such as art investment in the form of art shares. The commercial real estate market is seen as less attractive due to anticipated fall in the rates of commercial properties.
- **Reduction in traditional office spaces** – Due to the continuing trend of work-from-home, many companies have given up their office spaces. There is therefore, falling demand for office spaces on lease.

SUPPORTIVE VIEWS:

- **Rise of e-commerce** – With more people switching over to online shopping, there is greater demand for warehouse spaces and distribution centres. E-commerce giants like Amazon are thus, investing in commercial spaces.
- **Adaptable Office Spaces** – There is a growing demand for flexible office spaces to accommodate different work styles and needs for entrepreneurs as well as remote working individuals.
- **Healthcare Spaces** – Due to increasing population of aging population in certain areas, there is an increase in demand for health care spaces especially for senior living.
- **Sustainability** – Urban areas see a rise in demand for green and sustainable commercial properties. Many businesses direct their funds to only such properties that meet the environmental aspects.

REAL ESTATE INVESTMENT OPPORTUNITIES IN THE COMMERCIAL MARKET

Risk has always been a cornerstone of investment. Many investors think of having a flourishing investment portfolio. But one often finds the hackneyed terms of investments like stocks, bonds, ETFs, Mutual Funds, and others. This trend of investment recurs because there is a feeling of security and stability involved in these options. But there is an element of risk involved in these too.

Adding real estate to your investment portfolio will give the much-needed edge. Commercial real estate is considered to be a hard asset with a scarce resource. It has an innate value, and its value appreciates over time.

Investing in Commercial real estate (CRE) can yield benefits like a new source of cash flow, potential long-term appreciation, and proper diversification of the investment portfolio.

Commercial real estate is financially more lucrative, offering more financial gains as against residential properties.

When it comes to investing in real estate, the commercial market offers exciting possibilities. Commercial properties are places where businesses operate, like offices, stores, warehouses, and hotels. Investing in the commercial market means buying these properties to earn money from renting or leasing them to business.

Commercial properties have some advantages for investors. They often generate higher rental income than residential properties, which means more money they get from the investment in the commercial market than residential. The leases for commercial properties are usually long – term, providing stable source of income. Additionally, commercial properties can increase in the values over time, especially if they are in areas where businesses are growing.

However, investing in the commercial market requires more money and knowledge compared residential real estate. We have to study the market, reevaluate properties carefully, and consider factors like location, tenant demand, and risk involved.

Investors looking for higher returns outside of stock markets can consider investing in commercial real estate if they have the necessary budget, expertise, and resources to manage, resell or lease out CRE according to the government's rules and regulation without incurring any losses.

There are different types of commercial properties we can invest in such as-

1. Office spaces
2. Retail Properties
3. Industrial Properties
4. Mixed-Use Development
5. Hospitality and Tourism
6. Medical Facilities
7. Real Estate Investment Trusts (REITs)
8. Investing in the commercial market presents real opportunities for the financial growth. It's a diverse market with various sectors to choose from. By staying informed, managing risk, and taking long term approach, investors can make smart investment decisions. Seeking professional advice and doing through research are key for finding and investing in the commercial market offers real opportunities for financial growth and can be profitable way to increase the wealth.

We can also invest indirectly by buying securities of Exchange-traded funds or other trusts that invest in companies catering to the real estate market.

Advantages of investing in Commercial Real Estate

1. **A potential Source of Income:** The earning potential for investment in CRE is much more, the commercial property usually has an excellent annual return on the purchase price depending on the area. Investment in commercial real estate can garner robust predictable returns over the period by way of rents and high occupancies, ensuring a monthly to yearly incomes, thus adding stability to the investment portfolio.
2. **Regular and Consistent Returns:** The lease for any commercial property is for long term, a minimum of five years. The owner of the commercial property has an assurance of consistency of returns. Also, lease agreements come with a clause of yearly appreciation of the rental value irrespective of market value making it more attractive.
3. **Choice of Tenants:** Commercial real estate, with an excellent location, invites tenants like banks, corporates, business houses, or retail shop chains. Dealing with corporates is always advantageous as

there are no hassles towards daily operations as well as a chase for rent. Quality tenants attract other such tenants creating a ripple effect and thus ensuring better yields in future.

4. **Zero Furnishing Cost:** One of the critical advantages of having a commercial real estate investment is zero furnishing cost of the property. The investor can hand over the property to the corporate tenant who can furnish the property as per their own choice or taste. The reason behind this is branding, which is essential in a commercial space. Moreover, every corporate has its guideline to set up a proper infrastructure at the property they occupy.
5. **Breaking Free from Parallel Earnings:** Earning from any particular source of investment may tend to become positive or negative if there is some fluctuation in the financial markets. Whereas investment in commercial real estate is not influenced by the performance of any other source of investment. Investment in commercial real estate has no relation whatsoever to any changes in the stock or bond markets.
6. **A Concrete Physical Asset:** Many people believe that real estate is more physical and tangible because we can touch, see, and feel it. In contrast, stocks, bonds, and other sources of investments may not be as a feeling appealing for some people as they can't trust them. A property can be visited to gain more insight into its location, size, area, condition, and other factors that may play an integral role in its earnings. In case if there is some damage to the structure created on the invested property, then the land is still available for future use.
7. **Tax Benefits:** An investment in commercial real estate can very well have its share of tax benefits by reducing or eliminating some capital gains. For tax purposes, a depreciation in the value of buildings over time can help reduce the yearly taxable income. An investor is depreciating his property for tax purposes while appreciating the same for investment. Thus, making it a unique feature of investment in commercial real estate.
8. **Evading Inflation:** While other investments such as stocks, bonds, or mutual funds bring in diminishing returns during a boom, investment in commercial real estate can easily avoid the long-term impact of inflation. This impact can be avoided because property rents can be very well-adjusted during inflation due to robust economic growth.

An investor invests in commercial real estate to achieve the highest possible rate of return on each of his investment. The higher is the return, the more is the earning and the more worth is the investment. The investment in real estate can be advantageous in comparison to the investment in residential real estate, but it can get a little trickier as well. Good quality leased estates at emerging locations will attract good quality tenants and more returns in future. However, though the investment in commercial real estate is extremely rewarding, it requires a lot of patience and comes with more risks.



Disadvantages of investing in Commercial Real Estate

Considering the current economic climate, interest rate trends, and increasing competition from alternative investment options, the commercial real estate investment market is expected to face some moderate headwinds moving forward:

1. **Retail:** Despite the interest rate hikes, the retail sector is projected to maintain steady growth, driven by the continued demand for brick-and-mortar retail spaces and warehouses.
2. **Multi-family:** The multi-family sector is expected to remain attractive to investors, primarily due to the consistent demand for rental housing and affordable housing projects.
3. **Office:** Flexible office spaces and coworking models are expected to continue gaining popularity, potentially driving moderate growth in this sector.
4. **Industrial:** The industrial sector is anticipated to continue successful driven by e-commerce and supply chain optimization.
5. **Interest rates:** Interest rates play a crucial role in the market, influencing both borrowing costs and investment decisions. As interest rates rise, the cost of borrowing for investors also increases. This could lead to a decline in investment activity, as higher borrowing costs may result in lower returns on investment.

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- **Capitalization Rates:** Higher interest rates can also lead to an increase in cap rates, which are used to determine the value of income-producing properties. As cap rates rise, property values may decrease, potentially making commercial real estate investments less attractive.
- **Investment Alternatives:** With higher interest rates, alternative investments such as bonds and fixed income securities may become more attractive to investors. This could result in a shift of capital away from the real estate market, affecting transaction volumes and property values.

Investment opportunities in real estate

Traditional method:

Rental Built Properties – A property to invest in could be a residential, shop or an office that is at a good location, approachable and well-connected. A well-located property with good social and physical infrastructure around has greater chances of getting tenants and good rent return.

- **Vacant Land** – One can also invest in land parcels in lieu of a constructed property as land does not diminish in value and the returns potential would be excellent after 20-30 years. The key to capital gains through land purchase is to get a plot for sale that is free of encumbrances, has undisputed title deed, local approvals, and other necessary paperwork in order.
- **Long Term Lease Properties** – Large offices, factories and commercial spaces can be given out on a long-term lease to corporate or businesses. One-time documentation, strict lease terms and availability of legal recourse make such lease an attractive proposition.
- **Under-Construction Properties** – As the under-construction projects take time to complete, an investor can book a property with low input cost which is a fraction of the amount that would have been used in the acquisition of a ready-to-move-in unit. The remaining amount can be paid in phases. Also, the value of the property will go up by the time of the possession. However, there are risks as well, such as quality or delay in possession. Buyers should check for reviews on the project, RERA registration, developer's track record and other information concerning the project.

Modern method:

- **Real Estate Investment Trusts (REITs)** – REITs are a great way to invest in real estate without the hassle of owning a property and maintaining it. REIT is usually a large company which owns and manages large income-generating real estate such as warehouses, large office spaces, shopping malls, hotels, and commercial properties of different kinds. One can invest with a small amount and can earn

from the rental income generated by the managing bodies based on his/her investment. Moreover, REITs can be traded on the stock market and provide the benefit of faster liquidation than traditional properties.

- **Infrastructure Investment Trusts (INVITs)** – Similar to REITs, retail investors can also invest in Infrastructure Investment Trusts or INVITs. Infrastructure Investment Trusts are large companies which own and manage operational infrastructure projects like highway projects, power plants, airports, transmission lines and large-scale pipeline projects etc. and earn from the income generated from these assets. INVITs are designed and managed in such a way that 80 per cent of the investors' money is invested in revenue-generating and completed projects. This mitigates the risk associated with under-construction projects.
- **Real Estate Stocks** – Another way of investing in real estate without buying a property or land is by investing in a real estate company. An investor can earn from the growth of the real estate market over the long term by buying equity shares of large-cap real estate firms. With the focus on housing development in India increasing continuously, the real estate and construction stocks promise good return in the long term. But like any other stock, returns may vary over different time periods.
- **Real Estate Mutual Fund**– One of the most popular ways of taking advantage of the growth in the real estate market is to invest in a pool of real estate stocks. Although the direct investment in stock poses a high risk. Instead, one can choose a thematic mutual fund which focuses on the real estate market wherein a group of top real estate companies are targeted. The Mutual fund way of investment minimizes the risk as the differential performance of various players normalizes the returns.



Real investment opportunities in commercial market

1. **Future Income Growth:** If property income grows, real estate prices should follow higher at the same rate, assuming investors continue to place the same valuations on that income.

2. **Valuation Changes:** Investors might be willing to pay higher prices for less income—as they have over the last several years; in real estate terms, higher valuations are represented by lower income yields.
3. **Returns will be lower:** While income growth rates can vary substantially over the short term, over the long term, we expect growth not to exceed the rate of inflation. Combining current cash yields with inflation expectations of about 2.5%, we expect long-term returns in the 7-8% range.
4. **Risk will be lower as well:** Investors should be willing to accept lower returns from real estate than they have in the past because investments have become easier to diversify, more liquid, and more transparent than they used to be. Plus, broader capital markets forces, like lower interest rates and a general smoothing of the business cycle, have propped up prices across nearly all asset classes. For these reasons, we believe that in the long term, real estate valuations can remain somewhat higher than they have been historically.

REAL INVESTMENT TREND IN RESIDENTIAL MARKET

Increasing Demand for Rental Properties:

One of the key factors driving the demand for rental properties is the changing preferences and lifestyles of the population. Many people, particularly millennials and young professionals, prioritize flexibility and mobility over homeownership. Factors such as student debt, high housing costs, and a desire for urban living contribute to this shift in preference. As a result, investors have been capitalizing on this trend by purchasing properties specifically for rental purposes. This can include single-family homes, multi-unit buildings, or even investing in real estate investment trusts (REITs) that focus on rental properties.

Rise of Short-Term Rentals:

The advent of platforms like Airbnb has disrupted the accommodation industry and led to the rise of short-term rentals. Travelers are increasingly opting for vacation rentals and short-term accommodations instead of traditional hotels. This trend has opened investment opportunities for individuals to purchase properties in popular tourist destinations or desirable neighbourhoods to cater to this growing demand. Short-term rentals can offer higher returns compared to long-term rentals, but they often come with additional considerations such as local regulations and management requirements.

Focus on Affordable Housing:

The issue of affordable housing has gained significant attention in recent years. Many regions are facing housing shortages and escalating prices, making it challenging for individuals and families to afford homes. Investors, including institutional players, have recognized this need and have been exploring opportunities to invest in affordable housing projects. This can involve partnerships with government entities, non-profit

organizations, or the development of innovative financing models to provide affordable housing options. Additionally, investors may also seek out emerging markets where property prices are still relatively affordable.

Urban Revitalization and Mixed-Use Developments:

Urban revitalization projects have gained momentum as cities aim to transform underutilized areas into vibrant and economically viable spaces. These projects often involve the development of mixed-use properties that combine residential, commercial, retail, and entertainment components. Investors have been keen on participating in these ventures to capitalize on the potential growth and higher returns associated with urban revitalization. Mixed-use developments offer the advantage of creating lively neighbourhoods where residents can live, work, and play in close proximity.

Sustainable and Green Investments:

Environmental sustainability has become a significant consideration for investors and consumers alike. In the residential real estate market, this trend has translated into a growing interest in energy-efficient homes, green building practices, and sustainable neighbourhoods. Investors are incorporating sustainability features into their properties, such as solar panels, energy-efficient appliances, and smart home technologies. These features not only enhance the market value of the properties but also appeal to environmentally conscious buyers and tenants.

Technology Integration:

Technology has permeated various aspects of our lives, and the real estate industry is no exception. The integration of technology in residential properties has become a notable trend. Investors have been exploring opportunities in smart homes, home automation systems, and energy-efficient technologies. These technological advancements can enhance the overall value and appeal of the properties, attracting tech-savvy buyers and renters. Examples include smart thermostats, security systems, and voice-controlled devices that offer convenience and energy savings.

Co-Living and Co-Housing Concepts:

Co-living and co-housing arrangements have gained popularity, particularly among young professionals, students, and seniors. These concepts involve multiple individuals or families sharing communal spaces and resources while maintaining their private living quarters. Co-living spaces typically offer furnished rooms with shared kitchens, living areas, and amenities, while co-housing focuses on creating intentional communities with shared facilities and a stronger emphasis on community interaction. Investors have recognized the demand for these alternative housing options and have been developing properties specifically designed for co-living or repurposing existing properties to cater to this growing trend.

It's important to keep in mind that the real estate market is influenced by various factors, including economic conditions, government policies, and demographic shifts. Therefore, it is advisable to conduct thorough research and consult with professionals before making any investment decisions.

Investors may seek properties that are already equipped with smart home features or retrofit existing properties to incorporate these technologies.

REAL INVESTMENT OPPORTUNITIES IN RESIDENTIAL MARKET

Residential real estate market

In the residential real estate market, homes are bought and sold for use as primary residences, as vacation homes, or as an investment for rental or restoration and resale purposes.

Reason to invest in Residential property.



During this uncertain situation, people are looking for a sense of security. 92% of respondents according to the Anarock group recent research revealed that they would prefer physical assets. Even though this might not yield immediate return it is the perfect investment in this situation where working from home is becoming popular and personal safety is important.

Because of its stability Residential real estate is a safe investment option. People don't want to risk their money after a stock market crash with volatile instruments. The economy starts recovering and higher return is expected making it the right time to invest in a dream home.

Providing exciting schemes, low-interest rates, conducive home loan rates, and flexible payment options has made investment relaxing for investors to buy their dream homes. There is also growth in the value housing segment.

The real estate industry will evolve and adapt to digital transformation and with newer technology they will improve and provide better experiences to their customers.

Following are the few real investment opportunities in the residential market:

Rental Investments



- **Long-term rental:**

Long-term investment or buy and hold are properties that are bought and rented out for a long-term lease. This asset class offers a stable rental income as well as numerous tax advantages.

The time commitment and hassles related to prrelaxingnagement are a few of the negatives.

Numerous real estate investors may employ property managers to help with duties like rent collection and maintenance. It is known to be the most common way to invest but also one of the most lucrative.

The most important benefits of long-term term investment are:

- Positive cash flow
- Appreciation
- Consistent rental income
- Active or passive investment
- Tax benefit
- Pay off debt, plan for retirement.
- Using leverage
- Withstand market changes.

- **Short-term rental:**

Residential property rented out for short term by investors is called short term rentals. These provide far larger potential for rent than long term rentals. But it also comes with more cleaning and expensive marketing. Short term rental sector experienced expansion as more travellers prefers short term rentals compared to long term. This provides long-torment opportunities for young millennials who are interested in real estate but do not have the resource for investing in long-term rental properties.

Fix and flip



It is where a real estate investor will purchase a distressed property to repair, remodelling, and renovation. They repair, renovate and sell it . There is huge earning potential renovates strategy that require money upfront and frequently require hard money loans to finance it. It is very reliant on housing market and to ensure success and efficient real estate transaction investors collaborate with real estate agents.

Multifamily property



Multifamily property commonly known as apartment complex with more than one rentable space. This generates strong cash flow every month and it will still be the same if there is a vacancy, but it is not same case with single family home. It might seem that short term invest is much easier to secure loan, but truth is multifamily property is more likely to be approved by bank for loan than average home.

Pros of investing in Residential real estate.

- It can generate income.
- It is a way to diversify one's investment beyond stocks.

Cons of investing in Residential real estate.

- This will be expensive to get started.
- These investments need fine knowledge, research, effort, and time.

CONCLUSION:

The perfect investment — one that is highly profitable and completely secure, with numerous tax advantages and stability — is, like the unicorn, a mythical beast. Investment has always, from its very beginning, entailed the idea of some risk.

Even when market cycles fluctuate for one reason or another, CRE remains a desirable investment thanks to its stable nature. That steady nature makes commercial real estate a great way to diversify a portfolio. In addition, investing directly in CRE offers assets that can appreciate and provide cash flow.

Is commercial real estate the right investment for everybody? Probably not. But the benefits of investing in CRE include noncorrelated, predictable returns over time, along with tax advantages and an inflation hedge. That makes it close to the mythical unicorn in offering superior investment returns.

The pandemic has thus ushered in a new age in commercial real estate investments, which will be employed in the future. As a result, the pandemic has caused a significant shift in the CRE market, which will continue to exist.

According to the Economic Times Housing Finance Summit, about three houses are built per 1,000 people per year compared with the required construction rate of five houses per 1,000 population. The current shortage of housing in urban areas is estimated to be ~10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

The benefits of investing in real estate are numerous. With well-chosen assets, investors can enjoy predictable cash flow, excellent returns, tax advantages, and diversification—and it's possible to leverage real estate to build wealth.

Real estate investors make money through rental income, appreciation, and profits generated by business activities that depend on the property.

The benefits of investing in real estate include passive income, stable cash flow, tax advantages, diversification, and leverage.

Real estate investment trusts (REITs) offer a way to invest in real estate without having to own, operate, or finance properties.

Key takeaways

- Long-term rental property is normally occupied by a tenant with a 12-month lease.
- Advantages of a long-term rental include more predictable rental income, lower tenant turnover, and ease of financing.
- Drawbacks to a long-term rental are limitations to raising the rent, difficulty of performing routine maintenance, and the risk of renting to the wrong tenant.
- Short-term rental property is typically rented on a daily, weekly, or month-to-month basis.

Pros and cons of real estate investing

Read below to determine whether real estate is the right investment for you. We have provided the pros and cons of investing in real estate.

Investors are always looking for ways to diversify their portfolios with little risk. When it comes to real estate, there's a wide range of investment options. You can buy real estate investment trusts (REITs), which are like purchasing stock in a company. More experienced real estate investors buy multifamily properties, lease them out to increase their cash flow, or sell them when the property value goes up.

If you are looking for a more hands-on investment, buying and managing a physical property is the way to go. But be aware that this type of investment requires active management of the rental properties. By going down this route, you are required to either manage the property yourself or hire a property manager to deal with leasing and maintenance.

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