

Co-living spaces - The new paradigm shift in the Indian Real Estate Market

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Abstract. The study examines the consumer perception towards the concept of Co-living spaces in Coimbatore region of Southern India, and probe objectively the factors that help or obstruct in preference towards Co-living spaces over conventional residence. The exorbitant costs of land and an undeniably lone way of life have lead individuals to look for better approaches for living. Co-living is an advanced type of lodging where occupants share living space and a lot of interests, values, and also objectives. The major focus of the study is the find the awareness and preference of consumers towards the concept of Co-Living and identify the factors that influence a person for residing in a co-living setup.

Keywords: Co-living housing, Real estate, Shared living, Lifestyle, Behavioral shift.

1 Introduction

Co-living aims interpretation of an old thought, envisioned by a millennial age that qualities things like transparency and joint effort, interpersonal interaction, and the sharing economy.

These days, youthful alumni - for whom the allure is frequently monetary - track down an extraordinary specialty in the co-living business sector. Unfit to bear the cost of the exorbitant rents in huge urban areas, they discover the arrangement in sharing. Notwithstanding, these individuals are looking for places that are better-kept up with, better-organized and all the more strategically placed. Co-living spaces - planned and oversaw by organizations spent significant time in house-sharing - are an undeniably famous choice in this specialty. Rather than searching for level mates, and managing shared agreements and bills, one can essentially lease a dorm in one of these turns of events. The vast majority of them offer pre-outfitted and embellished rooms, public conveniences - including kitchens, social regions, and collaborating spaces - just as expert cleaning administrations and surprisingly friendly laborers accessible to assist the occupants with adjusting their new areas.

Generally, co-living is a social qualification, as it can incorporate numerous primary structures, including rental and possession, metropolitan and provincial. All things considered, in its present encapsulation, co-living will in general be metropolitan and incorporated into a solitary structure, house or loft. This idea arose in Denmark during the 1970s - initially under the name of cohousing. The Sættedammen drive, for instance, comprised of 35 families living

in private homes while sharing common spaces for mingling and exercises, like feasting, housekeeping, bunch social affairs, celebrations, and different occasions.

All the more as of late, the terms deliberate local area and eco-town have become well known. Both will in general be country and land-based models of local area living, with a solid spotlight on maintainable living. Confusingly, deliberate local area has become famous as an overall term for mutual living also.

Then, at that point, there's cohousing. Cohousing is a particular sort of deliberate local area brought over from Denmark in the last part of the '60s. It will in general be rural or provincial, comprising of little private homes that share a typical building(s), regularly with a kitchen, lounge area, and visitor rooms. The people group is arranged, claimed and overseen by the inhabitants, and dynamic is agreement based.

To wrap things up, there is the center house. "Centers" are an outgrowth of the understudy agreeable development, and are regularly found at or encompassing significant schools and colleges. Socially, they will in general be based on communist standards and political activism. At times, they are likewise agreeably possessed, however this isn't a necessity. Communities as a rule could be viewed as co-living, however they may not self-relate to the term. India is a socially assorted country with individuals from various convictions, religion, political belief systems, dialects , race , standing and ideology. There exists an inquiry whether the idea of co living dominates in a nation like India where the Indian populace are high list.

2. Literature Review

The markets for residential houses is rapidly changing according to Maalsen who is the pioneer in the concept of co-living. people today in India a welcoming the concept of smart housing. The smart housing concept comprises of the following dimensions; strategy and lodging hacks, savvy economies driving brilliant lodging needs, lodging on request and new sharing economies Maalsen (2019). This shift in the Indian housing sector is due to fact that the cities are getting more smarter and greater investments by the government to create more technologically advanced cities (Tomal, M. 2020).

Though the primary reason in co-living is to share a living space, it likewise targets building connections between occupants (Shafique, 2018). The co-living energizes the inclusion of occupants and components broad shared office (Green and McCarthy 2015)). Also the design style of co-living structures support community engagement (Ataman & Dino, 2019) and they are often managed and operated by external entities who supervise the property (Fix & Lesniak, 2017). These co-living facilities are located both in rural and urban areas and support residents with common work places (Bouncken, Clauss & Reuschl, 2016).

In the Indian context this concept has been triggered by large-scale immigration from the rural areas to the cities, placing pressure on the limited housing facilities available and the rising cost of real estate property. The rising millennial demographics and the ever growing millennial population in India which are the biggest share of the global workforce has caused rental rates to shoot up and has brought about acute shortage scarcity of micro units in desired places (Nandan, Rathi, Grover, & Lalchandani, 2019).

The most recent couple of years have seen an enormous expansion on the lookout for co-living industry both in India and in countries of Western Europe, United states and in Asia (Cushman and Wakefield 2019). Builders and Real estate engineers have reacted to the interest for an elective lodging models with shared offices and normal spaces (Tummers 2017). Real estate developers and investors value financial returns as the most important consideration for assessing investment options followed by projects and products that offer high returns with limited risk. This is precisely the reason for co-living spaces to gain importance over the last few years. In recent times the multifamily developers have started to reduce unit measures and need to construct studio or one room units to amplify their lease per square foot (Molla 2019; Mejia 2015). Also in recent years the availability of capital has increased resulting in the increase in the supply side of co-living spaces. Countries like the United States and India have experiences a surge in the real estate market and also appreciation in the value of the properties. This has led to the investors to focus their funds to new and upcoming business models in the real estate space (Deloitte, 2018).

The main reason for the preference of co-living practices in European countries is to discover better approaches for living that can satisfy the necessities of the socio-segment advancements like ageing population, gender roles, sustainability agenda, emerging lifestyle, ethnic diversity (Carriou C, Czischke D and Lang R, 2015)

2.1 Hypotheses

H1: There exists a relationship between an individual's demographic characteristics and awareness for Co-Living spaces

H2: There is a strong preference for co-living spaces among the Indian population.

H3: Co-Living spaces are feasible investment options in the long term

2.2 Objectives

- To evaluate whether co living spaces would be acceptable in Indian cultural scenario.
- To measure the awareness level of people towards co-living spaces
- To understand the factors influencing people in preferring co living spaces
- To find out the feasibility of co-living spaces in short term and long term.

3. Methodology

The research is descriptive in nature and attempts to determine the perception of people towards co-living spaces. The type of research is descriptive as it principally centers around depicting the idea of the segment fragment, in the sense it generally portrays the subject of the exploration instead of covering 'why' it occurs. This examination characterizes the attributes of the respondents and validate the existing conditions. The population consists of people who are looking forward for a new place of dwelling in the near future. Non-probability convenient sampling is chosen. The reason behind this is that the study can have flexibility and freedom in selecting sampling as per convenience. Power analysis was used to determine the size of the sample.

χ^2 tests - Goodness-of-fit tests: Contingency tables

Analysis: A priori: Compute required sample size

Input: Effect size $w = 0.4$
 α err prob = 0.05
Power ($1-\beta$ err prob) = 0.85
Df = 5
Output: Non-centrality parameter $\lambda = 14.4000000$
Critical $\chi^2 = 11.0704977$
Total sample size = 90
Actual power = 0.8502673

Survey method had been incorporated for primary data collection. A structured questionnaire was used for collecting the responses.

4. Results and Discussion

H1: There exists a relationship between an individual's demographic characteristics and awareness for Co-Living spaces

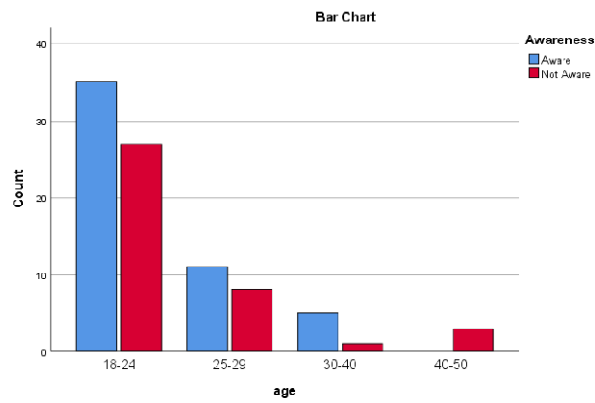


Fig 1: Awareness level of co-living spaces among the various age groups

Here the P value is 0.049 which is less than 0.05, hence there is relationship between age and awareness of co-living spaces. The millennial generation are more aware of the concept than older people.

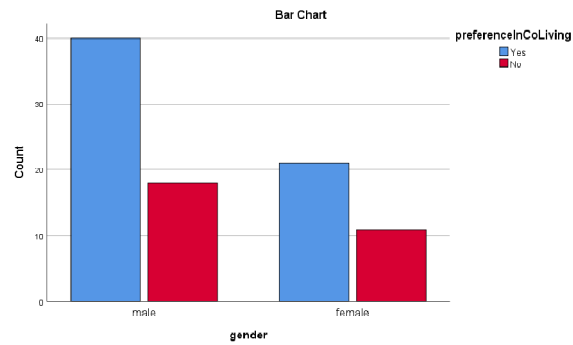


Fig 2: Gender preference for co-living spaces

P value is 0.079 . Gender does not influence in preference towards Co-Living spaces.

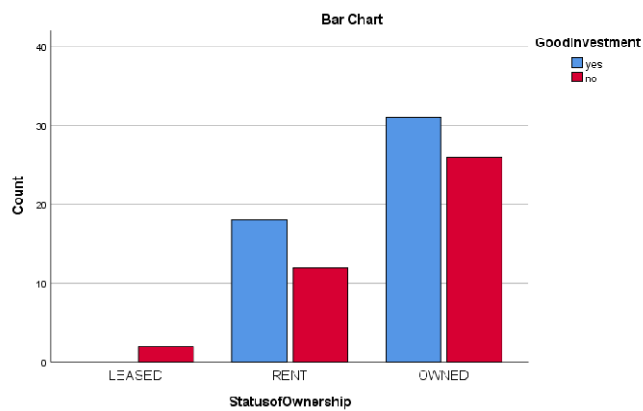


Fig 3: Relationship between ownership and investment

Here the P value is 0.065. It can be understood that status of ownership does not influence the investment preference towards Co-Living spaces.

H2: There is a strong preference for co-living spaces among the Indian population.

Do you prefer living in a co-living spaces where you stay with a closed group of people sharing the common spaces , utilities and have a private space ...u have a social setting and also share the costs ?
92 responses

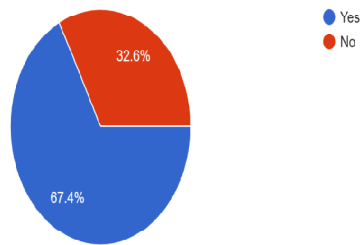


Fig 4: Preference for Co-living spaces

Nearly 67% of the response group preferred the concept of Co-Living spaces.

What type of people can be your house mates in a co-living space?
91 responses

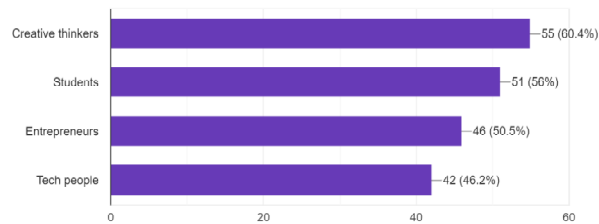


Fig 5: Preference for house mates in co-living spaces

From the responses, we can conclude that Creative people are the most preferred housemate in a Co-Living space.

H3: Co-Living spaces are feasible over the long term

Do you think co-living spaces would be a good investment in the long term?
90 responses

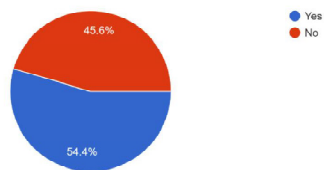


Fig 6: Preference for Co-living spaces as an investment option in the long run

Nearly 54.4% of the respondents feel that it is a good investment option in the long run.

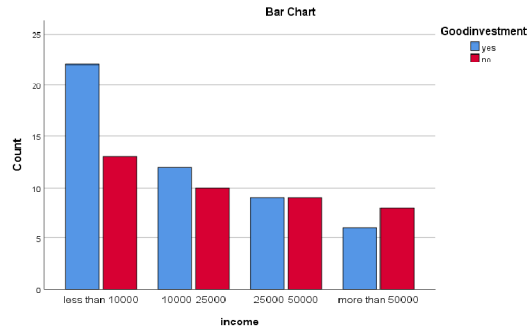


Fig 7: Relationship between income and preference for co-living spaces

The P value is 0.495. As the income increases, there is less chance that a person would adapt to live in a Co-Living setup.

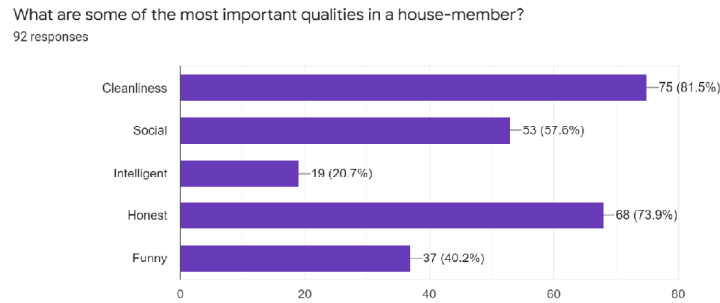


Fig 8: Preference regarding a house member in a co-living space

It can be observed from the survey that over 81.5% of the respondents had preferred Cleanliness as the most important quality of a house-member in a Co-living space.

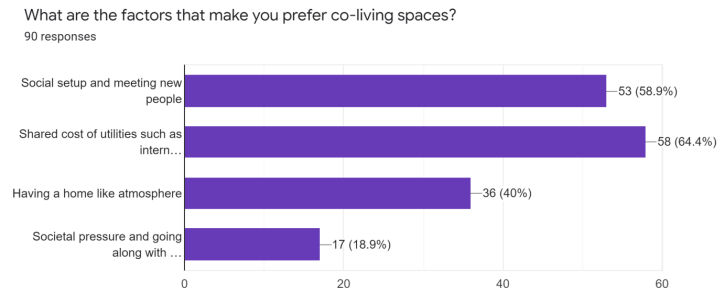


Fig.9 Reasons for the preference of co-living space

A greater part of individuals have liked to decide on a Co-living space due to the advantage of Shared expense of Utilities, for example, web and lower cost and not for the social arrangement and meeting new individuals.

4.1 Implications of the Research

Co-living spaces, as a novel concept in India will be a success as over 60% of the population work at places away from their hometown. They would prefer Co-living space as a short-term home where they would stay for rent. Indians do not prefer Co-living as their primary home as they have a restriction to their personal privacy.

This data is beneficial for real estate developers, investors ,government housing board and other government organizations to provide a much needed boost to the slump the real estate industry is facing. Co-living spaces would be a good investment especially in tier 1 and tier 2 cities where people migrate for work opportunities. A low cost co-living setup will also help to provide housing for the backward classes of people who could not afford proper homes. A co-living space is cheaper to afford than conventional housing and also all the work and maintenance costs are also shared among the residents of the co-living setup.

5.Conclusion

The study on consumer behavior towards the concept of Co-Living housing gives greater opportunities to learn about the customer's preferences and perception towards community living. Since India is a Real Estate crisis at this point of time with over 2 million unsold housing units. This concept of Co-living aims to bridge the gap of affordable housing to the Indian masses. There is an enormous opportunity for this concept to kick off in a large scale in a densely populated country like India. This growth is directly proportional to the urbanization. The recommendation from this study will be useful for investors, real estate developers and construction companies. All attributes related to the concept were clearly brought into the picture with relevant statistics. Customer's perception and expectation varies over a period of time and this study should be continuous over different period of time to unleash the gap in understanding to consumer perception towards Co-Living spaces.

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