



Land and property - A market scenario

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With land prices reaching sky-high in the city, developers are looking at different ways to hedge the risk of clear land titles



After the finalisation of Development Plan 2021 last year, the urban development activity has gained momentum in Ahmedabad. New project launches are witnessed and same will be expected to flourish in future. The policy to make the city compact and transport corridor-oriented development will enhance sustainable development. Western part of city was and will be always in demand from homebuyers or investors. Pockets located in

western parts of the city like Thaltej, Bodakdev, Prahlad Nagar, Sola, Science City, Gota areas are in demand.

The land rates are soaring in the vicinity, especially after increased chargeable FSI and more availability of building height (depending on abutting road width). The new concepts of TDR (transferable development rights) and purchase of permissible FSI has resulted in main source of income generation for civic authorities as well,

HIGH POINT

- Western part of city is in demand from homebuyers or investors
- Due to current sky-rocketing land prices, the ideal plot sizes for developers in demand are 1,000 to 2,000 sq yard in Ahmedabad
- Today, the built property rates are reasonable in these areas which will increase with time

thus making it a win-win scenario. On ground, frequency of new project launches has increased recently.

Due to current sky-rocketing land prices, the ideal plot sizes for developers in demand are 1,000 to 2,000 sq yard. The availability of such plots with permissible built up is also limited which attracts premium as buyers are many and available clear title land parcels are fewer.

The bigger size land parcels are available, but at current land rate the project cost bulkage is tremendous as land price consists 70 per cent of total project cost.

To hedge the risk, the new development models like joint ventures (JVs) with land owners, JV among developers is a common phenomenon in current times.

It is known as "market consolidation". As the land prices are making new peaks it will be interesting to see future land prices as all these developers, after completion of their projects, will be eyeing new land parcels within vicinity and they all will be competing among each other, as in development plan play-area is fixed by planning authority.

Moreover, the system is getting transparent, once after introduction of real estate bill (hopefully in near future) will still enhance checks and balances. Today, the built property rates are reasonable in these areas which surely and steadily going to increase with time, so this is a good to time to invest in property market.

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(The writer is a city-based housing planner and real estate analyst)