

## **Advantage Ahmedabad: Attractive Real Estate Sector**

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### **Introduction**

Real estate sector in Ahmedabad has come a long way from early 70s and 80s. Today there are more than 750 registered real estate operators in the city. The number is highest in any city of India. From small to big, Ahmedabad has varied sizes of real estate companies, builders, developers and operators. The city has expanded to huge proportion in recent years. The population of the city is more than half crore and is likely to grow exponentially in all directions.

Real estate land and built spaces have direct connections with the businesses, trade and commerce, industry and every other category, be it housing or trading. Built spaces are essential to run all types of businesses. Others who do not need built spaces will need land; the vital component of real estate. The real estate sector of Ahmedabad has something to offer to everyone. There are several plus points of the city's real estate sector which makes it distinct and optimized when compared with the real estate sectors of other cities of India and Gujarat.

### **Capital value Advantage**

Real estate in Ahmedabad offers great price advantage when compared with other cities. The need for space is ever increasing. Bangalore and Hyderabad which are IT and ITES hubs have witnessed a sharp increase in cost of built up spaces. NASSCOM estimated that IT and ITES companies occupied 350 Lakhs sq. ft. in year 2003. More space of 120 lakhs sq. ft. was occupied in the year 2005. In the next five years about 10 crore sq. ft. of new space will be required by India. IT and ITES companies have now ventured into many other cities such as Gurgaon, Pune, and recently Ahmedabad ( ITES especially). With the need of space growing, these companies are likely to occupy spaces in the cities which offer them cheaper cost for establishment.

Company capital in IT and ITES has four components; 1) Real estate investment or rent, 2) Installed hardware and furniture, 3) Human resources and 4) Liquidity to run the business. Among all these the total cost of real estate component is on average 20% of total capital. Ahmedabad being 30% to 40% cheaper will directly impact on 6% initial investment.

If a company, business or individual want to buy a showroom on commercial shopping street in Ahmedabad on C.G. Road then a 500 sq. ft. space at rate of

Rs. 8000 per sq. ft. would cost around 4 Crores. This is the real estate investment capital component. Additionally one will averagely and abruptly have 6 Crores of inventory including goods and furniture. Thus about 40% is the capital invested in real estate for any such trade and commerce activity. In other cities the capital invested for such spaces on posh commercial roads would comprise of about 70% of the total capital. Ahmedabad prices are 30% cheaper as compared with any other metro cities will directly benefit 12% in the initial investment cost, which is a marketable advantage for running trade and commerce activity.

### **Advantage of Commercial Product mix and size**

Ahmedabad is a unique city where a small shop admeasuring 150 sq. ft. to big showrooms of 3000 to 4000 sq. ft. are available. Conversely even a single brand showroom such as 'pyramyds' can be available in an exclusive building. Similarly small office space for small businesses and entrepreneurs admeasuring 150 sq. ft. are available. On other hand a 15000 sq. ft. single large space can be made available to MNCs.

Ahmedabad has another advantage due to its geographical layout. With no physical barrier on either side of the city, and connectivity with various national and regional highways there is a multi-fingered growth potential in four to five directions of the city. Each such direction has its own upper edge. So there are plenty of choices while choosing a location for business establishment. One can have such location in walled city or Ashram road, or C.G. Road, or S.G. Highway or near Khoraj-Khodiyar areas. Travel time too is very short given wide spread of commercial business districts as people have ample housing options around each commercial zone..

### **Advantage of multiple choices in residences**

Ahmedabad has various house types like small and big row houses, tenements, twin bungalows, duplexes, super bungalows, self-built bungalows, lower and middle size economy apartments, high end luxurious low rise and high rise apartments, and many other combinations. In Ahmedabad in last 30 years, the number of co-operative housing societies such as 'Satyagrah chavni', 'Tirthnagar', etc. are established in which one can buy a plot from 3000 sq. ft. to 8000 sq. ft. and construct a bungalow of his/her own choice. No other city offers such a wide variety of space or land to fit all classes of people on various locations of the city.

Ahmedabad residential development has offered various pockets for each income group. LIG population can choose from different locations such as Ranip, Jivraj Park, Naroda, and eastern areas. Similarly MIG population has got multiple choices in East and west AMC and AUDA area. HIG have choice of its own type of bungalow unit in Prahladnagar, behind Rajpath club, Thaltej, science city area, and Khoraj-Khodiyar area.

Unlike a standard practice in other cities, majority of real estate operators of Ahmedabad are constructing their projects from their in-house engineering resources. No separate agency or contractors are usually appointed for these projects. Due to such a system customers/buyers have a choice of making modifications in interior space orientation to meet their personal goals at a very nominal additional cost. Such options are almost non-existent in real estate projects of other cities.

### **Excellent development of per-urban areas**

Since last five years, AUDA has emerged as a leading urban development authority with true success stories of developing fast road networks, gardens, open spaces, flyovers, conservation of water bodies, storm-water and sewerage lines, and providing Narmada waters to the western population of the city. Compared to other counterparts such as Pune, Hyderabad and Bangalore, Ahmedabad peri-urban areas are far ahead in aspects of urban planning, urban infrastructure and conservation of urban environmental values.

### **Attractive legal measures**

Since year 1996-97, Govt. of Gujarat has implemented various measures for strong and sustainable urban development which can be enumerated as below:

- 1) Amendment in the Rent Control Act.
- 2) Repeal of ULC Act
- 3) Amendment in GTPUD Act.
- 4) System improvisation in obtaining non-agricultural permissions for land.
- 5) System improvisation in Stamp Duty Registration.
- 6) Simplifying few of the age old revenue laws like 8 km restriction for buying agriculture land and New tenure to old tenure conversion for agriculture purpose.
- 7) Reduction in stamp duty by state government from 11.2% to 8.4% & further *likely* downward revision of 5% as per National housing policy.
- 8) E-governance by AMC.
- 9) Proactive measures for rain water harvesting.
- 10) Sanction of revised AUDA development plan.
- 11) Sanction of sizable numbers of town planning schemes by AMC & AUDA.
- 12) Simple systematic and earthquake resistant building bye laws.
- 13) Creation of Appeal Committee for clarification in hardship in building bye laws
- 14) Bringing professionalism to the business with Civil Engineering institutes and registration of Developers, Engineers, Structural Engineers, Architects and Clerks of Works, etc.
- 15) Promoting self sustained high level technical education.

- 16) Various promoting measures under vibrant Gujarat activities.
- 17) Creating NRG foundation for enabling foreign investments by Gujarati's residing abroad.
- 18) Achievements in educational and health projects by Govt. of Gujarat.

### **Safety in real estate Investments**

Compared to other cities such as Mumbai and Delhi, Ahmedabad properties are far safer due to excellent law and order situation. There is more awareness among the people due to consumer forums. This safety has been enhanced further by activities of GIHED, who follow 'Code of Conduct' and reiterate on 'Ethics' in the real estate business. The biggest advantage exemplifying safety in real estate is the adoption of 'co-operative' model. Majority of real estate projects are built and established under the Co-operative society registration provision. Some of the major advantages of this model include the possibility of easy and quick disposal of disputes among members and efficient maintenance of the properties. Finally there is constant and continuous technical and professional education program for technological improvement and quality improvement of the building due to activities of GICEA.

To summarize, Ahmedabad has several advantages in the real estate sector. It offers the most of which other cities are unable to provide. With some prestigious and noteworthy projects such as *Sabarmati River front development*, *Metro rail project* and *Bus mass rapid transit system*, and up gradation of International airport, Ahmedabad real estate is heading to a new dimension in service, infrastructure, and sustainable future growth.