## CHAPTER – 1
### INTRODUCTION

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CHAPTER – 1
INTRODUCTION

1.1 OVERVIEW OF REAL ESTATE INDUSTRY

Real Estate has verifiably been seen as a nearby wonder. Developers and financial specialists for a considerable length of time highly esteemed their capacity to locate the best "area, area, area" in view of their nearby learning. It is among the slightest "tradable" of items, in the feeling of being physically undaunted, despite the fact that it can be purchased and sold both locally and globally. This blend of nearby learning and transcendently neighbourhood tradability was the essential motivation behind why discourses of globalization in the 1990s and prior, neglected the Real Estate business as a conceivable member in the continuous marvel of expanding worldwide financial mix. In spite of the fact that an intermittent feature would be gotten by an outside buy of a nearby historic point (New York's Rockefeller Center, Arco Plaza in Los Angeles, and even the Pebble Beach resort), the business itself remained to a great extent neighbourhood, with US firms overwhelming in US markets, and foreign markets in foreign markets.

In the most recent decade, be that as it may, globalization has progressively included the internationalization of administrations divisions as much as of assembling, and the different sub-segments of the Real Estate business have been energetic members in this worldwide surge. Developers, business firms, counselling and administrations firms, Real Estate back firms and financial specialists have broadened their zone of operations past neighbourhood markets to an overall base.

A few components have prompted this change of the business. Mechanical changes have broadened the geographic reach and debilitated the nexus amongst "nearby" and "area". The expanding opening up of in the past shut economies in the creating scene has tossed open huge open doors for Real Estate firms over the globe. Advancement of business authorizing, tax collection and property proprietorship controls in a portion of the biggest rising Real Estate advertises additionally encourages the investment by US Real Estate firms in worldwide open doors.
On the budgetary venture side, securitization and improvement of a wide range of monetary instruments everywhere throughout the world loan liquidity and tradability to both Real Estate equity and debt. While outside speculators can put resources into these budgetary resources in the US, inflation thought processes and the scan for an alternate hazard return profile lead numerous US financial specialists to include foreign Real Estate physical resources or foreign Real Estate related money related securities to their portfolio. The expanding mix of worldwide budgetary markets, in their turn, tends to affect the evaluating of these benefits.

On the request side, a portion of the biggest purchasers of Real Estate are winding up progressively worldwide. Multinational firms, with their assembling plants, their merchants and providers, and now progressively benefit area firms, running from budgetary to legitimate, have worldwide impressions. Off shoring or the exchange of generation offices, back-workplaces and R&D focuses by US multinationals to creating nations has given a noteworthy lift to business Real Estate in those nations. Of more prominent criticalness for the US Real Estate industry, significant US Real Estate benefit firms have taken after these customers abroad, extending the sorts of administrations gave, and also their geographic scope. Indeed, even private Real Estate business firms have taken after an undeniably portable ostracize populace into the universal field, producing organizations together with organizations all through the globe to give migration administrations and overall access to private markets. Moreover, the developing working classes in.

1.2 GLOBALIZATION OF REAL ESTATE

Regarding worldwide Real Estate investment, the world is to be sure winding up "level" (Friedman, 2005). Hindrances to worldwide Real Estate investment keep on coming down. Financial specialists around the globe are thinking all around and have turned out to be all the more ready and even anxious to possess outside resources. Real Estate best practices in different nations are being exchanged deliberately to different nations by worldwide supervisors. Be that as it may, numerous parts of Real Estate stay nearby, as huge contrasts exist in neighbourhood conditions.

Preceding breaking down the drivers of worldwide capital, it is imperative to comprehend the current patterns in worldwide Real Estate capital streams. Capital
streams have been relentlessly on the ascent in the current past (Jones Lang LaSalle, 2008).

The main five nations by share – the U.S., Japan, Germany, the U.K. what's more, France – include more than 55% of the aggregate offer of worldwide Real Estate (Pramerica, 2009). In spite of those numbers, worldwide business Real Estate universe has been winding up less thought after some time. Pramerica arrives at this conclusion in light of its 2014 examination, wherein around then the main five nations represented around 70% of the worldwide Real Estate universe. A comparable pattern is seen with offer of BRIC (Brazil, Russia, India, and China) countries demonstrating an expanding pattern in later past.

The territorial dispersion of worldwide Real Estate is conjecture to change essentially finished the following two decades with Asia Pacific being the real supporter of the worldwide pie of Real Estate later on (Pramerica, 2009).

![Figure 1.1 - Regional Distribution of Real Estate Over Time](Source : National Association of REALTORS)
Like the investigation by Deloitte (2008), Pramerica's examination presumes that the fundamental purpose behind the move is the generally quicker development of the creating nations in contrast with the created nations. Capital markets change in creating nations is additionally making it progressively less demanding for outside cash-flow to stream to these nations.

Real Estate investment has unmistakably turned into a worldwide attempt as of late. What are the primary elements driving globalization of Real Estate? The variables are (ING Clarion, 2008):

- Increase diversification;
- Earn higher returns;
- Expanded real estate universe; and
- Inflation hedging.
These components have significant ramifications for the nature and wellspring of worldwide venture streams. Nonattendance of any of the components can possibly make financial specialists reprioritize their allotments to any given global market. These elements can likewise clarify how Real Estate cycles in various nations can affect outside direct ventures.

According to a report distributed by Scotia bank dated September 14, 2015:

- Among the worldwide property markets followed, the quantity of nations announcing declining normal genuine costs on a year-over-year premise dwarfed those detailing cost increments by more than two to one.
- Weak shopper certainty, high joblessness and tight credit conditions keep on weighing vigorously on lodging interest and valuing.
- Housing markets stay weakest in Europe, where sharp monetary gravity, rising joblessness and money related division strains are developing recessionary conditions.
In European nations that are fiscally solid, there were somewhere in the range of provisional indications of change.
The U.S. lodging market is hinting at expanding recuperation.
U.S. property owner moderation, rising rental expenses and reinforcing family unit arrangement are adding to the pickup in deals. Lower stock levels and a falling offer of bothered property deals additionally have added to the adjustment in costs, however noteworthy contrasts in nearby economic situations endure.
An expanding number of urban communities in China are seeing recharged home value appreciation. This is being bolstered by a facilitating in fiscal conditions.

1.3 EXPLORING REAL ESTATE INVESTMENTS

One of the valuable highlights of Real Estate is that it creates moderately steady aggregate returns that are a cross breed of wage and capital development. In that sense, Real Estate has a coupon-paying bond-like part in that it pays a standard, consistent salary stream, and it has a stock-like segment in that its esteem has an affinity to vacillate. Furthermore, similar to all securities that you have a long position in, you would favor the incentive to go up more regularly than it goes down!

The wage come back from Real Estate is directly connected to the lease instalments got from occupants, less the expenses of working the property and active home loan/financing instalments. Along these lines, you can see that it is so imperative to keep your property as full as could reasonably be expected. On the off chance that you lose an excessive number of inhabitants, you won't have adequate rents being paid by alternate occupants to take care of the building working expenses. Your capacity to keep the building full relies upon the quality of the renting market - that is, the free market activity for space like the space you are endeavouring to rent. In weaker markets with oversupply of opening or poor request, you would need to charge fewer leases to keep your building full than in a solid renting market. Also, sadly, if your rents are lower, your salary returns are lower.
Capital appreciation about a property is controlled by having the property evaluated. (We talk about the evaluation procedure facilitate in section 7, however until further notice you should simply realize that an appraiser utilizes real deal exchanges that have happened and different bits of market information to gauge what your property would be worth if it somehow happened to be sold.) If the appraiser figures your property would offer for more than you got it for, at that point you've accomplished a positive capital return. Since the appraiser utilizes past exchanges in judging esteems, capital returns are specifically connected to the execution of the investment deals showcase. The venture deals showcase is influenced to a great extent by the free market activity of investment item.

Most of the unpredictability in Real Estate returns originates from the capital thankfulness segment of profits. Salary returns have a tendency to be genuinely steady, and capital returns vacillate more. The instability of aggregate returns falls some place in the middle.

**OTHER CHARACTERISTICS**

A portion of alternate attributes that make Real Estate special when contrasted with other venture options are as per the following:

- **No fixed maturity**

  Dissimilar to a bond which has a fixed maturity date, a value Real Estate venture does not regularly develop. In Europe, it is normal for financial specialists to hold property for more than 100 years. This characteristic of Real Estate enables a proprietor to purchase a property, execute a marketable strategy, at that point discard the property at whatever point suitable. A special case to this trademark is an interest in settled term debt; by definition a home loan would have a fixed maturity.

- **Tangible**

  Real Estate is, well, genuine! You can visit your investment, talk with your occupants, and show it off to your family and companions. You can see it and touch it. A consequence of this quality is that you have a specific level of physical control over the investment - if something
isn't right with it, you can have a go at settling it. You can't do that with a stock or bond.

- Requires Management
  Since Real Estate is substantial, it should be overseen in a hands-on way. Occupant dissensions must be tended to. Finishing must be taken care of. Also, when the building begins to age, it should be redesigned.

- Inefficient Markets
  A inefficient market is not really an awful thing. It just implies that data asymmetry exists among members in the market, enabling more noteworthy benefits to be made by those with exceptional data, ability or assets. Conversely, open securities exchanges are substantially more proficient - data is effectively dispersed among advertise members, and those with material non-open data are not allowed to exchange upon the data. In the Real Estate markets, data is above all else, and can enable a financial specialist to see benefit openings that may somehow or another not have introduced themselves.

- High Transaction Costs
  Private market Real Estate has high buy expenses and deal costs. On buys, there are Real Estate specialist related commissions, legal advisors' charges, architects' expenses and numerous different costs that can raise the compelling price tag well past the value the vender will really get. On deals, a significant business expense is normally required for the property to be legitimately presented to the market. As a result of the high expenses of "exchanging" Real Estate, longer holding periods are normal and theoretical exchanging is rarer than for stocks.

- Lower Liquidity
  Except for Real Estate securities, no open trade exists for the exchanging of Real Estate. This makes Real Estateharder to offer since bargains must be secretly facilitated. There can be a considerable slack between the time you choose to offer a property and when it really is sold - more often than not several months at any rate.
• Underlying Tenant Quality
  While evaluating a wage delivering property, an essential thought is the nature of the hidden occupancy. This is critical in light of the fact that when you buy the property, you're purchasing two things: the physical Real Estate, and the pay stream from the inhabitants. On the off chance that the inhabitants are probably going to default on their month to month commitment, the danger of the investment is more noteworthy.

• Variability among Regions
  While it sounds buzzword, area is one of the critical parts of real estate investments; a bit of Real Estate can perform distinctively among nations, locales, urban areas and even inside a similar city. These provincial contrasts should be considered when making a venture, on the grounds that your determination of which market to put resources into has as vast an effect on your inevitable returns as your decision of property inside the market.

1.3.1 ADVANTAGES REAL ESTATE INVESTMENTS
A portion of the advantages of having Real Estate in your portfolio are as per the following:

1. Diversification Value - The positive parts of differentiating your portfolio as far as resource allotment are all around recorded. Real Estate returns have moderately low relationships with other resource classes (conventional investment vehicles, for example, stocks and securities), which adds to the broadening of your portfolio. (To peruse more about expanding, see Achieving Optimal Asset Allocation, Introduction to Diversification, The Importance of Diversification and A Guide to Portfolio Construction.)

2. Yield Enhancement - As a major aspect of a portfolio, Real Estate enables you to accomplish higher returns for a given level of portfolio chance. Thus, by adding Real Estate to a portfolio you could keep up your portfolio returns while diminishing danger.

3. Real domain returns are directly connected to the rents that are gotten from inhabitants. A few leases contain arrangements for lease increments to be recorded to swelling. In different cases, rental rates are expanded at whatever
point a rent term terminates and the inhabitant is restored. In any case, Real Estate salary tends to increment speedier in inflationary situations, enabling a financial specialist to keep up its genuine returns. (To discover more about inflation, see All about Inflation, The Importance of Inflation and GDP and Curbing the Effects of Inflation.)

4. Ability to Influence Performance - In past parts we've noticed that Real Estate is a substantial resource. Therefore, a financial specialist can get things done to a property to expand its esteem or enhance its execution. Cases of such exercises include: supplanting a defective rooftop, enhancing the outside and re-renting the working with higher quality occupants. A speculator has a more prominent level of control over the execution of a Real Estate venture than different sorts of ventures.

1.3.2 OTHER CONSIDERATIONS
Real Estate likewise has a few qualities that require extraordinary thought when settling on a venture choice:

1. Costly to Buy, Sell and Operate - For exchanges in the private Real Estate showcase, exchange costs are huge when contrasted with other investment classes. It is typically more productive to buy bigger Real Estate resources since you can spread the exchange costs over a bigger resource base. Real Estate is additionally exorbitant to work since it is unmistakable and requires progressing upkeep.

2. Requires Management - With a few exemptions, Real Estate requires progressing administration at two levels. To begin with, you require property administration to manage the everyday operation of the property. Second, you require key administration of the property to consider the more extended term advertise position of the investment. Here and there the administration capacities are joined and dealt with by one gathering. Administration includes some significant downfalls; regardless of the possibility that it is taken care of by the proprietor, it will require time and assets.

3. Difficult to Acquire - It can be a test to fabricate a significant, enhanced Real Estate portfolio. Buys should be made in an assortment of geological areas and crosswise over resource classes, which can be distant for some speculators.
You can, in any case, buy units in a private pool or an open security, and these units are commonly sponsored by an assorted portfolio.

4. Cyclical (Leasing Market) - similar to other resource classes, Real Estate is recurrent. Real Estate has two cycles: the renting market cycle and the venture showcase cycle. The renting market comprises of the market for space in Real Estate properties. Similarly as with most markets, states of the renting market are managed by the supply side, which is the measure of space accessible (or, opportunities), and the request side, which is the measure of space required by inhabitants. In the event that interest for space builds, at that point opportunities will diminish, and the subsequent shortage of space will cause an inflation in advertise rents. When rents achieve financial levels, it winds up plainly productive for designers to build extra space with the goal that supply can take care of demand.

5. Cyclical (Investment Market) - The Real Estate venture advertise moves in an unexpected cycle in comparison to the renting market. On the request side of the venture advertise are speculators who have funding to put resources into Real Estate. The supply side comprises of properties that are conveyed to advertise by their proprietors. On the off chance that the supply of capital looking for Real Estate ventures is abundant, at that point property costs increment. As costs increment, extra properties are conveyed to market to take care of demand.

6. Although the renting and venture advertise have autonomous cycles, one tends to impact the other. For example, if the renting market is in decay, at that point development in rents should diminish. Confronted with diminishing rental development, Real Estate financial specialists may see Real Estate costs as being too high and may along these lines quit making extra buys. On the off chance that capital looking for Real Estate diminishes, at that point costs lessening to constrain harmony.

7. Although timing the market is not advisable, you should be aware of the stage of the market when you are making your purchase and consider how the property will perform as it moves through the cycles.

8. In the private market there is no excellent benchmark to which you can think about your portfolio comes about. Likewise, it is hard to quantify hazard in respect to the market. Hazard and return are anything but difficult to decide in
the share trading system however measuring Real Estate Performance is considerably more difficult.

1.4 REAL ESTATE MARKET IN INDIA

The real estate sector is one of the most globally recognised sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

The real estate sector is a basic area of our economy. It has a colossal multiplier impact on the economy and along these lines, is a major driver of financial development. It is the second-biggest business creating division after farming. Developing at a rate of around 20% for each annum and this area has been contributing around 5-6% to India's GDP. Not exclusively does it produce an abnormal state of direct business, yet it likewise invigorates the request in more than 250 auxiliary industries such as cement, steel, paint, brick, building materials, consumer durables and so on.

The Indian real estate industry has been on an exciting ride since 2005. Ensuing to the administration's approach to permit Foreign Direct Investment (FDI) in this area, there was a blast in speculation and formative exercises. The segment not just saw the passage of numerous new household realty players yet in addition the landing of numerous remote land speculation organizations including private value reserves, annuity assets and improvement organizations entered the area attracted by the exceptional yields on ventures. The land area has been riding through numerous highs and lows from that point forward. The business accomplished new statures amid 2013.
and mid-2014, described by a development sought after, considerable advancement and expanded remote ventures. Be that as it may, by mid-2014, the impacts of the worldwide monetary log jam were clear here as well, and the business took a "U" turn. FDI inflow into land dropped fundamentally and what had risen as a standout amongst the most encouraging markets for outside speculations encountered a downturn.

The Indian real estate segment is one of the quickest developing and all inclusive perceived parts. It includes four sub parts housing, retail, hospitality, and commercial. The real estate business' development is connected to improvements in the retail, friendliness and excitement (lodgings, resorts, silver screen theatres) ventures, financial administrations (doctor's facilities, schools) and data innovation (IT)- empowered administrations (like call focuses) and so on and the other way around. The aggregate realty advertise in the nation is relied upon to touch US$ 180 billion by 2020.

India positions third for the most LEED (Leadership in Energy and Environmental Design)- guaranteed space internationally, with about 12 million sq m. The LEED framework is the most broadly utilized rating framework controlling the plan, development, operations and upkeep of green structures.

Private equity (PE) financing has gotten over the most recent one year because of alluring valuations and low level of bank subsidizing to the area. Delhi NCR alone has just pulled in PE ventures of Rs 80 crore (US$ 13.22 million) in first quarter of 2014. Moreover, with the administration endeavouring to present designer and purchaser benevolent arrangements, the standpoint for the land part in 2014 looks encouraging.

The liberal financial arrangements, went for enhancing private support, embraced by the Indian Government has helped in promoting the solid basics of the India economy which incorporate young population, rising urbanization and a developing working class populace. Since the year 2000, Indian GDP has quadrupled to achieve USD1.8 trillion in 2012 and is required to end up noticeably the third biggest economy worth USD6.6 trillion by 2028.
Rapid urbanisation bodes well for the sector

The number of Indians living in urban areas will increase from 434 million in 2015 to about 600 million by 2031

By 2028, India’s real estate market size is expected to increase by 7 times

By 2028, India’s real estate market size is expected to reach US$ 853 billion, increasing from US$ 126 billion in 2015
- Real estate contribution to India’s GDP is estimated to increase to about 13 per cent by 2028
- The market size of real estate in India is expected to increase at a CAGR of 15.2 per cent during FY2008 – 2028E and is estimated to be worth US$ 853 billion by 2028
- Increasing share of real estate in the GDP would be supported by increasing industrial activity, improving income level and urbanisation
- Mumbai and Bengaluru have been rated as the top real investment destinations in Asia
- The government also launched 10 key policies for real estate sector in 2016, namely:
  - Real Estate Regulatory Act
  - Benami Transactions Act
  - Boost to affordable housing construction
  - Interest subsidy to home buyers
- Change in arbitration norms
- Service tax exemption
- Dividend Distribution Tax (DDT) exemption
- Goods and Services Tax
- Demonetisation
- PR for foreign investors

Figure 1.7 - Urban-rural housing shortage (million)
(Source: India Brand Equity Foundation)

- The urban housing shortage is estimated at 18.78 million in 2015.
- Total rural housing shortage in India stood at 14.8 million as of 2015 and is expected to grow to 48.8 million during XII plan period (2012-2017)
- Significant increase in real estate activity in cities like Indore, Raipur, Ahmedabad, Jaipur and other 2-tier cities; this has opened new avenues of growth for the sector
- Relaxation in the FDI norms for real estate sector has been done to boost the real estate sector
- Government’s plan to build 100 smart cities would reduce the migration of people to metro and other developed cities
• In 2017, nearly US$4.2 billion worth of investments are expected to be invested in India’s real estate sector, as the country is emerging as the preferred investment destination owing to favourable government initiatives.

• In March 2017, the State Bank of India (SBI) and the Confederation of Real Estate Developers’ Association of India (CREDAI) signed an MoU for three years to work towards the development of real estate sector.

• In April 2017, under the Swachh Bharat Mission, a total investment of US$378.4 million has been approved to develop 20 towns and cities in Haryana.

![Figure 1.8 - Demand-Supply Analysis (2015)](Source: India Brand Equity Foundation)

**Scenario**

- A localised, fragmented market presents opportunities for consolidation with only few large, pan-India players such as DLF and Unitech.
- More foreign players might enter the market as FDI norms have eased.
- Furthermore, norms on land acquisitions is expected to be relaxed.

**Key Drivers**

- Rapid urbanisation.
• Growth in population
• Rise in the number of nuclear families
• Easy availability of finance
• Repatriation of NRIs and HNIs
• Rise in disposable income

![Graph showing demand analysis of top 8 cities (‘000 units) 2013-17](image)

(Source: India Brand Equity Foundation)

**Notable Trends**

- NCR is expected to generate maximum demand in MIG and HIG category followed by Bengaluru
- Developers now focussing on affordable and mid-range categories to meet the huge demand
- During the period January-June 2016, residential sector commanded the largest share of PE investments with a total value of US$ 1.29 billion (44 per cent)
- During the 3rd quarter of 2016, cumulative investment in residential assets increased at 9 per cent on q-o-q basis
Mumbai, NCR and Bengaluru account for 60 per cent of total office space demand in India as of 2017.

The office space absorption in 2016 across the top eight cities amounted to 34 million square feet (msf) with Bengaluru recording the highest net absorption during the year.

Business activity shifting from CBDs to SBDs, Tier 1 to Tier 2 cities.
- NCR accounts for about 49 per cent of the total upcoming mall supply
- Total mall vacancy is 14.1 per cent across 8 cities
- Total 213 malls are operational in India
- Demand for retail space on high streets is quite high, as well as increase in FDI limit for multi-brand retail will lead to significantly higher demand for retail space
- Serviced apartments appear particularly attractive within the hospitality space
- Government initiatives to promote tourism in Tier 2 and Tier 3 cities is generating significant demand for hotels in such cities, especially for budget hotels

Figure 1.3 - Occupancy Vs. Stock (Est. 2017)
(Source: India Brand Equity Foundation)

Figure 1.4 - Trend analysis (stock - no of rooms) (*000)
(Source: India Brand Equity Foundation)
• India’s urban population as a percentage of total population is around 32.7 per cent in 2015 and is expected to rise to 40 per cent by 2030
• Better wages and better standard of living is expected to result in an increase in urban population in India to above 600 million by 2031 from 429 million in 2015
• Government initiatives such as various urban development policies and programmes (e.g., JNNURM) are expected to contribute to enhanced urbanisation.

Table 1.1
Major acquisitions in real estate sector in India

<table>
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<th>Acquirer</th>
<th>Value (US$ million)</th>
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<td>Housing.com</td>
<td>1.7</td>
<td>2015</td>
</tr>
<tr>
<td>Quickr India Pvt Ltd</td>
<td>Indian Realty Exchange</td>
<td>-</td>
<td>2015</td>
</tr>
<tr>
<td>Grabhouse</td>
<td>Quickr India Pvt Ltd</td>
<td>10</td>
<td>2016</td>
</tr>
<tr>
<td>Phoenix Market City, Bangalore (49 per cent stake)</td>
<td>Canadian Pension Plan Investment Board (CPPIB)</td>
<td>-</td>
<td>2016</td>
</tr>
</tbody>
</table>

(Source: India Brand Equity Foundation)
• A joint venture between Dutch asset manager APG Asset Management and real estate asset platform Virtuous Retail, has acquired a portfolio of three shopping malls for US$ 300 million, and has committed an additional US$ 150 million as equity capital to expand the portfolio.

• Emaar Properties, which entered India in 2005 with largest FDI in the realty sector, has invested about US$ 126.96 billion in Indian real estate market, through its JV firm Emaar MGF.

• In April 2016, Blackstone Group announced its plans to acquire a majority stake in Mphasis Ltd. The deal would be the largest acquisition by Blackstone in the country.

• As of February 2017, Maruti Suzuki is planning to acquire land for dealership expansion plans at key strategic locations across the country.

1.5 REAL ESTATE SECTOR OF GUJARAT

1.5.1 GUJARAT STATE PROFILE

• Gujarat is spread over a territory of 196,024 sq km (6 for each penny of India’s property region). It is situated on the Western coast of India and has the longest coastline of 1,600 km in the county.

Figure 1.16 - Gujarat State Profile
(Source : Directorate of Economics and Statistics Gujarat)
The state has 26 areas. Gandhinagar is the capital city. Ahmedabad, Vadodara, Surat, Rajkot, Bhavnagar and Jamnagar are the other key urban communities.

The state has three major gatherings of waterways streaming in various ways. The significant waterways of focal and Northern Gujarat are Narmada, Sabarmati and Mahi. Waterways coursing through the Saurashtra district are Mithi, Khari, Bhadar, Shetrunji and Bhogavo. Waterways in the Southern piece of the state incorporate Narmada, Tapi, Purna, Ambika, Auranga and Damanganga.

There are eight agro climatic zones in the express that help development of an extensive variety of yields.

The most generally talked dialect of the state is Gujarati. Hindi and English are the other Indian dialects utilized.

1.5.2 GUJARAT ECONOMY NOW AND THEN
Gujarat is one of the biggest and quickest developing economies in the county. The state is developing at 2–2.5% higher than the all–India normal. Net State Domestic Product of Gujarat is more than $104.5 billion, bigger than numerous countries, for example, Bangladesh, Iraq, and Vietnam. Throughout the following 6–7 years, the state economy will be bigger than numerous different countries, for example, Pakistan, New Zealand and Kuwait.

![GSDP growth rate (% in 2014-15 (at constant prices)](figure)

Figure 5–GSDP growth rate (%) in 2014-15
(Source : Directorate of Economics and Statistics Gujarat)
Gujarat’s per capita income is INR 63,961, which ranks fourth highest in the country. The national average is Rs. 46,492 (US$ 1033)

Gujarat is one of the most industrialized states of India with 45% share in GSPD and 31% share in manufacturing and its per capital GDP is almost twice that of the national average.
Figure 1.7 - Gujarat's GSDP
(Source: CMIE)

Figure 1.21 - Gujarat's NSDP
(Source: Directorate of Economics and Statistics Gujarat)
Table: 1.2
Socio-economic snapshot of Gujarat

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Gujarat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>Gandhinagar</td>
</tr>
<tr>
<td>Geographical area (sq km)</td>
<td>196,024</td>
</tr>
<tr>
<td>Administrative districts (No)</td>
<td>26</td>
</tr>
<tr>
<td>Population density (persons per sq km)*</td>
<td>258</td>
</tr>
<tr>
<td>Total population (million)*</td>
<td>50.7</td>
</tr>
<tr>
<td>Male population (million)</td>
<td>26.4</td>
</tr>
<tr>
<td>Female population (million)</td>
<td>24.3</td>
</tr>
<tr>
<td>Population growth rate 1991-2001 (%)</td>
<td>22.7</td>
</tr>
<tr>
<td>Sex ratio (females per 1,000 males)*</td>
<td>920</td>
</tr>
<tr>
<td>Literacy rate (%)*</td>
<td>69.1</td>
</tr>
<tr>
<td>Male (%)</td>
<td>79.7</td>
</tr>
<tr>
<td>Female (%)</td>
<td>57.8</td>
</tr>
<tr>
<td>Life expectancy at birth (2006-10)</td>
<td></td>
</tr>
<tr>
<td>Male (years)</td>
<td>67.2</td>
</tr>
<tr>
<td>Female (years)</td>
<td>71.0</td>
</tr>
</tbody>
</table>

(Source: CMIE)

Figure 1.22 - Gujarat is more industrialised state
(Source: Socio-Economic Review of Gujarat, 2009-2010* Census 2001)

Gujarat has adjusted improvement by getting economic and social reforms projects, organizations, horticulture, and domesticated animals and so forth. Aside from having the most noteworthy mechanical development rate in the county, the state additionally
has the most noteworthy agrarian development rate in India with normal development rate over 9% p.a. amid the previous five years.

Gujarat has an excellent infrastructure and is one of driving modern states in the county with world-class urban areas and instructive organizations, a stable political condition, a dedicated and proficient workforce, and government strategies that warmly and transparently support abroad interests in an extensive variety of chances.

1.5.3 INFRASTRUCTURE

- In a July 2011 report, The Economist noticed that Gujarat's foundation rivals Guangdong - the financial motor of China
- Gujarat is the main state with 100% power supply.
- It's the main state with most noteworthy number of ports.
- It has 1600 km drift line including 33% of the county ’s waterfront limit, the most elevated for any state.
- It is the main state in India to have a vast gas matrix of 2,200 km.
- 87.9% of the aggregate roads in the state are black-top surfaced.

INCLUSIVE GROWTH

- Agricultural development has been 9% since the previous five years.
- Gujarat has 98.86% town availability with every climate roads, the most noteworthy in India
- 100% of Gujarat's 18,000 towns have power association for 24 hours control through the Jyotigram Yojana.
- All towns are associated with broadband Internet

WORLD-CLASS CITIES

- In 2010, Forbes rundown of world's quickest developing urban areas included Ahmedabad at number three after Chengdu and Chongqing from China.
- Surat is likewise one of the quickest developing urban areas in the world.
- Vadodara is likewise one of quickest developing city in India.

EFFICIENT GOVERNANCE

- Gujarat was granted the second best state in Asia Pacific classification in 'Improving transparency, accountability and responsiveness in public service' in 2010.
- It was pronounced "the most market-situated and business well disposed state" (Forbes Magazine)
- It positioned number two in the monetary flexibility of the States of India 2011 report.
- The state got four honors from Union Urban Development Ministry for usage of JNNURM projects.

![Image](image.png)

**Figure 1.23 - Investment climate in Gujarat**
(Source: Government of Gujarat)

**BASE OF TOP INDUSTRIES**
- Gujarat has the world's biggest ship breaking yard close Bhavnagar at Alang.
- It has India's just Liquid Chemical Port Terminal at Dahej, created by Gujarat Chemical Port Terminal Co Ltd.
- It has two of the three Liquefied Natural Gas (LNG) terminals in the county (Dahej and Hazira).
- 80% of India's aggregate precious stone preparing occurs in Gijarat and the state represents 70% of jems and gems sends out.
- The state represents 31% of India's textile production.

**RESEARCH AND DEVELOPMENT**
Gujarat is also known for many national level institutions that include:
- Space Applications Centre (SAC)
- Indian Space Research Organization (ISRO).
- Indian Institute of Management (IIM), Ahmedabad,
- Physical Research Laboratory
- National Institute of Fashion Technology
- CEPT
- IIT Gandhinagar

![Figure 1.24 - Road map of Gujarat](source: Socio-Economic Review of Gujarat, 2009-2010*Census 2001)

**Table 1.3**

Road Type of Gujarat

<table>
<thead>
<tr>
<th>Road Type</th>
<th>Road length (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Highways</td>
<td>3,245</td>
</tr>
<tr>
<td>State Highways</td>
<td>19,163</td>
</tr>
<tr>
<td>Major district roads</td>
<td>20,707</td>
</tr>
<tr>
<td>Other district roads</td>
<td>10,503</td>
</tr>
<tr>
<td>Village roads</td>
<td>21,259</td>
</tr>
</tbody>
</table>

(Source: Gujarat State Road Development Corporation)

- The state has one of the most grounded port foundations in India. It is the main state in India to take up port privatization.
- Gujarat has 42 ports along a 1,600 km coastline, including one noteworthy port at Kandla and 41 minor ports.
• The state has five direct berthing business ports, seven direct berthing hostage port terminals and four lighter age-freight ports.

• It took care of the biggest (79.8 for every penny) offer of load activity in India’s minor and middle of the road ports, and 11.5 for each penny in India’s real ports in 2008-09.

• The state has two LNG terminals that offer transportation offices for flammable gas, raw petroleum and oil based commodities from the Middle East and Europe.

• The state intends to have present day motorized payload dealing with frameworks in all the new ports. Ten green field port projects as visualized in the Port Policy, 2005, are presently utilitarian.

• The state has a huge hinterland including key Northern and focal Indian states.

• It likewise has a substantial outside exchange potential given its immense coastline.

• The transitional and minor ports of Gujarat dealt with an aggregate freight of 152.8 million tons amid 2008-09 demonstrating an expansion of around 4 for every penny contrasted with the earlier year.

• The add up to payload dealt with by the Kandla Port has expanded to 72.3 million tons amid 2008-09 mirroring an expansion of 11.3 for each penny over the earlier year.

• Many up and coming ports are being produced as hostage ports to oblige particular organization and industry prerequisites.

• The state attempts quick track leeway in foundation of ports through private cooperation.

• More than 4,800 boats and 1,000 cruising vessels visit the ports of Gujarat consistently.
Figure 1.25 - Port infrastructure in Gujarat
(Source: Socio-Economic Review of Gujarat, 2009-2010*Census 2001)

Figure 1.8 - Main ports of Gujarat
(Source: Maps of India)
Figure 1.9 - Airports in Gujarat
(Source: Maps of India)

Figure 1.10 - Key railway stations in Gujarat
(Source: Maps of India)
Figure 1.29 - Installed power capacity (MW)
(Source: Central Electricity Authority)

Figure 1.30 - Integrated gas grid for energy security
(Source: Socio-Economic Review of Gujarat, 2009-2010*Census 2001)
Figure 1.31 - Gujarat State Wide Area Network (GSWAN)
(Source: Socio-Economic Review of Gujarat, 2009-2010*Census 2001)

Figure 1.32 - Gujarat State-wide water grid
(Source: Socio-Economic Review of Gujarat, 2009-2010*Census 2001)
There are 55 SEZs as of now in Gujarat covering around 27,125 hectares. These SEZs are engaged with a few parts, for example, biotechnology, control, craftsmanship/craftsman, pearls and gems and port based multi-items. Dahej SEZ is a 1700 hectare multi-item plot. Kandla SEZ, SUR SEZ and Surat Apparel Park are the three practical SEZs in Gujarat.

**Table 1.4**

Gujarat Special Economy Zone

<table>
<thead>
<tr>
<th>SR NO.</th>
<th>NAME OF THESEZ</th>
<th>TYPES OF SEZ</th>
<th>AREA (in Hect.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dahej SEZ, Vagra, Bharuch</td>
<td>Multiproduct</td>
<td>1700</td>
</tr>
<tr>
<td>2</td>
<td>Gandhinagar Electronic SEZ</td>
<td>EHTP</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>Mega IT Projects SEZ, Gandhinagar</td>
<td>IT/ITES</td>
<td>22</td>
</tr>
<tr>
<td>4</td>
<td>Bio-Tech Park SEZ, Vadodara</td>
<td>Bio-Tech</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Surat Apparel Park SEZ</td>
<td>Apparel</td>
<td>56</td>
</tr>
<tr>
<td>6</td>
<td>Ahmedabad Apparel Park SEZ</td>
<td>Apparel</td>
<td>38</td>
</tr>
<tr>
<td>7</td>
<td>ShilpGram-Handicrafts SEZ, Bhachau, Kutch</td>
<td>Handicraft timber based activities</td>
<td>15</td>
</tr>
</tbody>
</table>

(Source : India Brand Equity Foundation)
Figure 1.33 - GIDC as Developer – Special Economic Zones
(Source : India Brand Equity Foundation)
Gujarat SEZ success story so far:

- Gujarat has three operational SEZs covering 506 hectares; these are:
  - Kandla SEZ
  - SUR SEZ
  - Surat Apparel Park
- Seven Notified and operational SEZs, covering 9,810 hectares
- 15 Notified SEZ covering 6,114 hectares
- 22 formally approved SEZs in Gujarat covering 7,702 hectares
- 8 In-principle approval covering 2,993 hectares

1.5.5 SPECIAL INVESTMENT REGIONS (SIR)

Gujarat is the principal state to have passed the Special Investment Regions (SIR) law. The SIRs are being produced as worldwide mechanical centers with world-class foundation and reception of worldwide prescribed procedures. Fitting specialists have been set up to give single-window clearances and offer compelling question settlement.

Gujarat is setting up 13 SIRs; every project district has more than 100 sq km region and is under different phases of advancement.

Dholera SIR (around 100 kms from Ahmedabad) is being produced as one of the greatest SIR in Gujarat with high availability through interstates and metro rail to Ahmedabad and other close-by urban communities. The SIR will have its own particular global airplane terminal. Around 40% of the range is devoted for auto/auto subordinate, agro items and plastic items and 30% is committed to material and 10% for IT/ITe Sand Gems and Jewellery. It is evaluated that the SIRs will make more than 800,000 occupations in future, supporting more than 2.5 million individuals.
Figure 1.34 - 13 Similar SIR planned in the state
(Source: India Brand Equity Foundation)

Figure 1.35 - SIRs Status
(Source: India Brand Equity Foundation)
Figure 1.11 - Planned infrastructure for Dholera SIR
(Source: India Brand Equity Foundation)

Figure 1.12 - Large-scale investment regions surrounding mega cities
(Source: India Brand Equity Foundation)
Dedicated Freight Corridor (DFC) and Delhi Mumbai Industrial Corridor (DMIC):
A Dedicated Freight Corridor (DFC) is being set up between Mumbai and Delhi by Indian Railways to give world-class foundation and empowering strategy system for mechanical action in high-affect zones encompassing it. DMIC is a high-affect modern range inside 150km separation on both the sides of DFC. Of the 20 modern hubs distinguished crosswise over six states where DFC passes, six have been proposed for Gujarat alone.
DMIC is a mega infra-structure undertaking of USD 90 billion with the monetary and specialized guide from Japan, covering a general length of 1483 kms between the political capital and the business capital of India, i.e. Delhi and Mumbai.
It is expected to triple industrial output over the next five years.

Figure 1.13 - DMIC: Proposed modules in Gujarat
(Source: Government of Gujarat)
Table 1.5
DMIC nodes in Gujarat

<table>
<thead>
<tr>
<th>DMIC Node</th>
<th>Investment required (USD Mn)</th>
<th>Employment envisaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palanpur-Sidhpur-Mehesana</td>
<td>1600</td>
<td>53500</td>
</tr>
<tr>
<td>Ahmedabad-Dholera</td>
<td>11000</td>
<td>250000</td>
</tr>
<tr>
<td>Vadodara-Bharuch</td>
<td>2400</td>
<td>84000</td>
</tr>
<tr>
<td>Bharuch-Dahej</td>
<td>6850</td>
<td>250000</td>
</tr>
<tr>
<td>Surat-Navsari</td>
<td>2300</td>
<td>84000</td>
</tr>
<tr>
<td>Valsad-Umbergaon</td>
<td>6100</td>
<td>69000</td>
</tr>
</tbody>
</table>

(Source: Government of Gujarat)

Figure 1.14 - Delhi-Mumbai Industrial Corridor

(Source: Government of Gujarat)
The area under the Delhi-Mumbai Industrial Corridor (DMIC) falling in Gujarat includes:

- 62 per cent of total area (18 districts out of 26)
- 74 per cent of population (37 million).

Gujarat’s share of the Delhi-Mumbai dedicated freight corridor (DFC) of 1,500 km is 38 per cent (564 km).

The state’s regions falling in this corridor are:

- The Ahmedabad-Dholera investment region
- The Vadodara-Ankleshwar industrial area
- The Palanpur-Mehsana industrial area
- The Bharuch-Dahej investment region
- The Surat-Navsari investment area
- The Valsad-Umbergaon industrial area

Different areas incorporate the Gujarat International Finance-Tec City (GIFT), joint effort between Gujarat Urban Development Company Limited (GUDC) and Infrastructure Leasing and Financial Services Co Ltd (IL&FS). It is being created as a focal fund and business region.

1.5.6 LAND ACQUISITION

Land obtaining in Gujarat is nearly a smooth procedure. Before, Gujarat Industrial Development Corporation (GIDC) has distinguished, obtained, created and assigned land effectively for any of enormous modern tasks. GIDC has gained around 30,500 hectares of land and dispensed 17,508 hectares of created arrive and 4,685 hectares of raw land.

The Government of Gujarat has set up 'Gujarat International FinanceTech-City Company Limited' (a joint-wander between Gujarat Urban Development Corporation Limited and Infrastructure Leasing &Financial Services) to create and actualize the task.

1.5.7 VIBRANT GUJARAT

Among all states, Gujarat is drawing the most astounding financial specialist consideration. Amid the "Vibrant Gujarat" summit, investment of INR21t (USD450b) was conferred duty, which would produce potential work for more than six million
individuals. The accomplishment of 2011 the summit can be seen from the way that Gujarat marked project MOUs proportionate to all investment MOUs set up together previously. In the meantime, finish of projects in Gujarat is vastly improved than the all-India normal. At present, 66% of the tasks conferred in 2005 have been shut and 75% of SSI projects submitted in 2009 have been shut.

Gujarat Government is envisaging investment of ~$300 billion in various infrastructure projects through its vision document Blueprint for Infrastructure in Gujarat (BIG 2020).

1.5.8 ADVANTAGE OF GUJARAT

FACILITATING INFRASTRUCTURE

Gujarat has phenomenal foundation as thought about to the different states. There are 42 ports, 13 local air terminals and one universal air terminal. The state likewise has Broad Street and rail organizes. The urban and rustic regions have 24-hour control supply. A 2,200 km gas-matrix supplies gas to the modern regions. There are 83 item bunches, 202 mechanical bequests, 60 unique monetary zones (SEZ) and up and coming framework on the Delhi-Mumbai Industrial Corridor (DMIC). Very nearly 33% of the DMIC project is occurring in Gujarat alone. A Dedicated Freight Corridor (DFC) is being set up amongst Mumbai and Delhi. Of the 20 mechanical hubs distinguished crosswise over six states where DFC passes, six have been proposed for Gujarat alone.

INDUSTRIALLY DEVELOPED STATE

Gujarat is the "petro capital" of India, contributing 34 for each penny to petrochemicals and 27 for every penny to the country”s chemicals and pharmaceuticals business. It has accomplished the refinement of being a standout amongst the most mechanically created states. Representing 5 for each penny of the aggregate Indian populace, Gujarat contributes 21 for every penny to India”s fares and 13 for every penny to its modern creation. The mechanical part had a 12.5 per cent development in 2009.
AVAILABILITY OF SKILLED MANPOWER
Gujarat has great instructive foundation with premier organizes in fashion, design, infrastructure arranging and pharmaceuticals. Likewise, there are mechanical preparing establishments in each locale for preparing manpower for shop floor level. The State Government has numerous activities to energize development in the training segment.

POLICY SUPPORT
Gujarat is the main state in India where the State Government has encircled strategies in every single key segment, for example, industry, control, ports, roads, IT, horticulture, minerals and tourism. Gujarat’s Industrial Policy, 2009, offers alluring motivating forces and concessions for planned financial specialists.

GROWING ECONOMY AND INDUSTRY
Gujarat announced a 16 for every penny year-on-year development in GDP at current costs in 2007-08. A powerful budgetary development and nearness of different industry areas with driving national and worldwide organizations makes it a standout amongst the most appealing project goals in the county.

INVESTMENT DESTINATION OF CHOICE
As per the viewpoint for corporate projects by the Reserve Bank of India (RBI), Gujarat positions first in private corporate interests in the county. According to Deutsche Bank examine paper on framework investment situation in India, 2007,
Gujarat offers the most ideal viewpoint for infrastructure projects.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Gujarat</th>
<th>All-states</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GSDP as a percentage of all states’ GSDP</td>
<td>7.8</td>
<td>100.0</td>
<td>CMIE, as of 2007-08, current prices</td>
</tr>
<tr>
<td>Average GSDP growth rate (%)&lt;sup&gt;a&lt;/sup&gt;</td>
<td>15.6</td>
<td>11.8</td>
<td>CMIE, 2000-01 to 2007-08, current prices</td>
</tr>
<tr>
<td>Per capita GSDP (US$)</td>
<td>1,355.7</td>
<td>992.5</td>
<td>CMIE, as of 2007-08, current prices</td>
</tr>
<tr>
<td><strong>Physical infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installed power capacity (MW)</td>
<td>13,908.1</td>
<td>159,398.5</td>
<td>Central Electricity Authority, as of March 2010</td>
</tr>
<tr>
<td>GSM cellular subscribers (No)</td>
<td>26,160,079</td>
<td>456,586,162</td>
<td>Cellular Operators Association of India, as of June 2010</td>
</tr>
<tr>
<td>Broadband subscribers (No)</td>
<td>322,656</td>
<td>4,981,976</td>
<td>As of October 2008</td>
</tr>
<tr>
<td>National highways (km)</td>
<td>3,245</td>
<td>70,548</td>
<td>Ministry of Road Transport &amp; Highways, Annual Report 2008-09</td>
</tr>
<tr>
<td>Major and minor ports (No)</td>
<td>1 + 41</td>
<td>12 +187</td>
<td>Ministry of Shipping</td>
</tr>
<tr>
<td>Airports (No)</td>
<td>14</td>
<td>133</td>
<td>Airport Authority of India</td>
</tr>
<tr>
<td><strong>Social Indicators</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Literacy rate (%)</td>
<td>69.1</td>
<td>64.8</td>
<td>Census of India, 2001</td>
</tr>
<tr>
<td>Birth rate (per 1,000 population)</td>
<td>22.6</td>
<td>22.8</td>
<td>Ministry of Health and Family Welfare, RHS Bulletin, March 2008</td>
</tr>
</tbody>
</table>

**Figure 1.15 - Gujarat in figures**
(Source: Government of Gujarat)
1.5.9 GUJARAT : FUTURE

A few urban communities of Gujarat are ready to profit uncommonly from the few super projects embraced by the Gujarat government in the previous couple of years. The undertakings would expand Gujarat’s offer in modern, benefit, and farming development of county and will help the general national economy. The state accomplished its development by reliably moving to next level of development empowering agents. Over some stretch of time, the state moved from group approach (83 bunches) to mechanical homes (180 bequests), and after that to SEZs (55 at present). Testate is presently making substantial foundation like DMIC, DFC, MMLP, and SIR to take the industrial development of the state to the following level.
Table 1.6

Large scale projects underway to maintain high growth rate

<table>
<thead>
<tr>
<th>Special Investment Regions</th>
<th>Planned industrial development over more than 100 sq km; 13 such SIRs at various stages of development.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCPIR</td>
<td>Dedicated petro-chemical region; more than $90 billion investment already made.</td>
</tr>
<tr>
<td>Delhi Mumbai Industrial Corridor (DMIC) Corridor (DMIC)</td>
<td>Dedicated freight and railway corridor for mega-industrial development.</td>
</tr>
<tr>
<td>SEZs</td>
<td>55 SEZs notified</td>
</tr>
<tr>
<td>GIFT</td>
<td>Creating Gujarat as a financial hub of India</td>
</tr>
<tr>
<td>BIG 2020</td>
<td>Planned infra development of $200 billion by 2020</td>
</tr>
<tr>
<td>Multi-Model logistic park</td>
<td>To provide logistics support to nodes coming under DFC</td>
</tr>
<tr>
<td>Twin Cities</td>
<td>Creating planned mega cities by extending boundaries</td>
</tr>
<tr>
<td>Interlinking of Rivers</td>
<td>To boost agricultural growth</td>
</tr>
<tr>
<td>IT-ITeS</td>
<td>To boost service sector contribution</td>
</tr>
<tr>
<td>Vibrant Gujarat,2011</td>
<td>7936 MoUs worth USD 450BN investment in the state signed</td>
</tr>
<tr>
<td>Biotech Parks</td>
<td>Impetus to pharmaceutical and biotech industries</td>
</tr>
<tr>
<td>Port Developments</td>
<td>Capacity expansion to 1000 MMT by 2020</td>
</tr>
</tbody>
</table>

Large-scale of improvement has occurred on the "300-km Gandhinagar-hmedabad-Anand-Vadodara-Bharuch-Surat" extend and is additionally seeing real advancement now.
1.5.10 DEVELOPMENT OF MAJOR CITIES OF GUJARAT

1.5.10.1 AHMEDABAD - GANDHINAGAR

- According to Forbes magazine of the World's Fastest Growing Cities, Ahmedabad was named as one of the three Indian urban communities best situated to develop and rise as a worldwide powerhouse.
- In Dec, 2011, a main research firm IMRB appraised Ahmedabad as the best of India's mega cities.
- It is a house to numerous instructive foundations, for example, Indian Institute of Management (IIM), Center for Environmental Planning and Technology (CEPT), NIFT and so forth.

Economy/Industries

- It is a mechanical center point for materials and is otherwise called "Manchester of India ".
- The city is home to numerous mechanical parts, for example, chemicals, textiles, medications and pharmaceuticals, agro and sustenance preparing enterprises. A few business aggregates, for example, Adani Group, Reliance Industries, Nirma Group of Industries, Cadilla Pharmaceuticals, Arvind Mills, and so on are available in Ahmedabad.
Figure 1.43 - Development in Gujarat  
(Source: Government of Gujarat)

Key economic drivers

- After liberalization, the territory of Gujarat, there has been an enormous ascent in assembling, mechanical innovation, development, and business divisions.
- An increment in interests in materials, chemicals, agro and nourishment handling and so forth, has made Ahmedabad a becoming mechanical focus in the county.
- The city has seen some real development through advancement of SEZs, inns, townships, and GIFT and so on.
Figure 1.44 - Leading companies of India have a base in Ahmedabad  
(Source: Government of Gujarat)

Figure 1.45 - Cities with population more than 4 million  
(Source : India Brand Equity Foundation)
Figure 1.46 – Ahmedabad - Gandhinagar (Not to scale)
(Source: Government of Gujarat)
REAL ESTATE SCENARIO

Residential

- National real estate players are entering Ahmedabad now. Godrej Properties, Adani Real Estate and now as of late Tata-Arvind Real-home joint wander declared a major township project in Ahmedabad.
- Like different markets, the lull in real estate advertise has affected interest for real estate in the city and hindered advance of some substantial scale township projects. Nonetheless, there is additionally a noteworthy retention in premium Residential projects.
- A few extravagance projects are additionally coming up in the city.

Commercial

- Apart from CG road, SG highway is presently another retail and business center point of the city.
- Commercial request is for the most part from corporate houses and managing an banking/finance/insurance sectors.
- IT/ITeS in the city is at an early stage and is relied upon to increment quickly with the extension of IT organizations moving out to key IT areas because of expanded representative and infrastructure cost.

Prospects

- Increasing impression of worldwide organizations in Gujarat is relied upon to fuel "Quality" of real estate in the city.
- Expansion of Ahmedabad Municipal Corporation limits, expanding network, and framework improvement are required to additionally lead development of real estate.
- A wide item product is accessible in Ahmedabad residential apartments, plotted schemes, bungalows, farm houses, and commercial as well as retail spaces

Residential real estate in Ahmedabad

- The west zone, primarily containing spots, for example, Dadra, Haveli and the western zone including places like Bodakdev, Thaltej, Prahaladnagar, Shilaj etc have seen better increase in the course of recent years contrasted with different areas at Ahmedabad
Locations, for example, Bopal, Gota, Chandkeda etc are conspicuous forthcoming private areas.

1.5.10.2 SURAT

As indicated by The City Mayors Foundation, Surat positions fourth in a global investigation of speediest creating urban areas on the world.

Economy/Industries

- It is one of the quickest developing urban areas in India as far as financial flourishing and has enrolled one of the most elevated GDP development rates of 11.5% more than 2006-2007.
- Surat is home to many textile and precious diamond businesses. It is otherwise called the precious diamond capital of the world. It added to 42% of world's aggregate unpleasant jewel cutting and cleaning; 10 out of 12 assortments of precious stones in the world are handled in India, adding to $ 10 billion, which from roughly 65% of the aggregate jewel sends out from India.
- Surat is developing as a potential center point for IT/ITeS, Chemicals and Petrochemicals, and Ports segments.
- A expansive petrochemical complex, a pearls and gems stop and midway advanced Surat SEZ are relied upon to help mechanical and financial development of the city.
- The city has pulled in a sizeable measure of Foreign Direct Investment (FDI) in different parts like vitality and oil and gas.
- An investment of INR 3000 Crore has been made in the Hazira LNG terminal undertaking. The port offices would draw in sizeable investment.
Figure 1.47 - Industrial Development in Surat
(Source: Government of Gujarat)

Key Economy Drivers
Existing projects, for example, textiles, weaving and precious stones, alongside blasting real estate and up and coming port-based businesses will keep on being key drivers of Surat's economy.

Major Development

<table>
<thead>
<tr>
<th>Expansion of Hazira Port</th>
<th>A container terminal is proposed at Hazira, which will facilitate imports and exports.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRTS</td>
<td>Work on two routes to be developed under Phase 1 on Surat Navsari and Dumas resort-canal road and Sarthana Jakaatnaka has started</td>
</tr>
<tr>
<td>Upgradation of Airport</td>
<td>Construction of a new terminal building equipped with modern facilities has been completed in a record one year. Further, construction of a second runway and expanding the current runway to 2500 m have been proposed.</td>
</tr>
<tr>
<td>SEZ</td>
<td>1.50 hectare, SURSEZ at Sachin catering to diamond, jewelry and textile industries 2.56 hectare Surat Apparel Park at Vanj 3.74 hectares gems and jewelry SEZ at Ichapor</td>
</tr>
<tr>
<td>SIR</td>
<td>195 Sq. KM SIR is proposed at Hazira, 28 kms from Surat. Focus industries would be chemical and petrochemical industries, port and port-based industries, and heavy engineering industries</td>
</tr>
<tr>
<td>Proposed Outer ring road</td>
<td>a 66 KM ring road proposed by 2014 to provide easy access to future twin cities of Navsari and Surat</td>
</tr>
<tr>
<td>DMIC Node</td>
<td>DMIC node at Surat-Navsari envisage investment of more than $6 billion and more than 84000 new employment</td>
</tr>
</tbody>
</table>
REAL ESTATE SCENARIO

Residential

- Real home is another developing business in Surat. The housing segments are a standout amongst the most favored sections in Surat.
- Surat is growing every which way and driving property engineers are thinking of a wide range of reasonable and luxury housing.
- Large-scale NRI interest is likewise observed in Surat.

Commercial

- Commercial request mostly includes textile office space; corporate workplaces, banks, and the money related segment and so forth.
- The retail property area is developing too with more multiplexes, shopping centers and retail shops coming up.
Real Estate in Surat

- The focal and western zone of Surat is seeing significant interest for real estate: Adajan (Rs. 3,000 - 3,500/sqft). Vesu - Canal Road (Rs. 3200 - 4200/sqft), GhodDod Road - Rs. 4000 - 5000/sq. ft and so on.
- In business space area close Ring Road - (Rs 7500/Sq ft) textile market zone (4000 - 6000/Sqft), Parle Point-Rs.4000-6000/Sqft VN University Road - new Rs. 3500 - Rs. 5000 have significant demand

1.5.10.3 VADODARA

Vadodara is equidistant to urban areas like Ahmedabad and Surat along NH-8. Further, the mechanical center point like Halol-Salvi and Bharuch are near Vadodara and henceforth the city is developing quickly. Because of the nearness of various instructive foundations in the city, a wealth of gifted and scholarly labor is accessible for different businesses and for R&D exercises.

Economy/Industries

- The modern development of Vadodara goes through the brilliant passageway and is otherwise called "Gateway to the Golden Corridor", as all the rail and roadways that connection, Delhi, Ahmedabad and Mumbai likewise go through Vadodara, including the Delhi Mumbai Industrial Corridor (DMIC).
- Many extensive chemicals and petrochemicals, pharmaceuticals, biotechnology, glass, designing, and tobacco enterprises have nearness in Vadodara.
- Large state Public Sector Undertakings (PSUs, for example, Gujarat Alkalis and Chemicals Limited (GACL) and Gujarat Fertilizers and Chemicals Ltd. (GSFC) and some exclusive assembling plants are situated in Vadodara.
- There has been noteworthy interest in the chemicals and pharmaceutical Sectors.
- Vadodara has tremendous scope for development in preparing projects, for the most part since it is an elite maker of dolomite and fluorspar
Key Economy Drivers

- Proximity to two of the greatest business urban communities of Gujarat-Surat and Ahmedabad and modern centers like Bharuch and Halol-Salvi
- IT/ITeS base expanding in Vadodara
- Comparatively high proficiency rates and expanding modern and IT investments

![Figure 1.16 - Industries in Vadodara](Source: Government of Gujarat)

Major Development

<table>
<thead>
<tr>
<th>Upcoming Indian Institute of Information Technology (IIIT)</th>
<th>Highly advanced IIIT at cost of 130 cr CHANGE TO INR MN/BN to boost IT in State</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMIC Node</td>
<td>DMIC node at Vadodara-Bharuch envisages investment of more than $2.5 billion and would create more than 84000 new employment</td>
</tr>
<tr>
<td>Auto hub</td>
<td>General Motors present at Halol</td>
</tr>
<tr>
<td>Augmentation of present National Highway 8 (NH8)</td>
<td>Between Ahmedabad and Vadodara to a 10-lane expressway in next three years.</td>
</tr>
<tr>
<td>Expressway</td>
<td>Ahmedabad-Vadodara-Surat-Mumbai expressway is under construction.</td>
</tr>
<tr>
<td>BRTS</td>
<td>To augment existing infrastructure</td>
</tr>
</tbody>
</table>
Apart from Indian companies, Chinese companies are also starting industrial base in Vadodara: for e.g. Chinese company TBEA will be setting up a Rs 2500 crore green-energy project in Karjan town of Vadodara district.

**Biotechnology SEZ (14.7 hectares) at Salvi**

**Engineering SEZ by Suzlon (101 hectares) at Waghodia IT/ITeS SEZ by NaiPlanInfra (220 hectares) at Waghodia**

**Development underway**

This hub would cater Western India

**Vadodara-Rajpipla highway Rajpipla-Ankleshwar-Dahej**

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**REAL ESTATE SCENARIO**

- Currently, development in Vadodara has turned out to be stale. Be that as it may, given quick industrialisation in the encompassing regions, it could be a
decent portion for low-to-mid-advertise private fragment and warehousing and so on.

- The city's real estate is additionally worth following because of expanding IT/ITeS impression.

Figure 1.51 - Gujarat act as a Gateway to land lock Northern states of India
(Source: Blueprint for Infrastructure in Gujarat (BIG 2020))
1.6 FACTORS AFFECTING REAL ESTATE SECTOR IN GUJARAT

The real estate division certainly is on the ascent, with the development push being given by essential factors, for example, demographics, loan costs, area and the condition of the economy, which influence the costs of property in the county.

Late real estate insights in India demonstrate certain that property valuations have improved. The real estate segment unquestionably is on the ascent, with the development push being given by critical factors, for example, demographics, loan fees, area and the condition of the economy, which influence the costs of property in the county. Remedy experiences with respect to the opportune time for buy of property, value accelerations, subsidence in the real estate showcase and different markers, help in settling on profitable buy choices. Anyway, what are these variables which drive real estate costs in the subcontinent?

Table 1.7

<table>
<thead>
<tr>
<th>Major Developments</th>
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<tbody>
<tr>
<td>Towards mega city</td>
</tr>
<tr>
<td>Ahmedabad-Gandhinagar-Sanand together planned as mega city</td>
</tr>
<tr>
<td>Emerging as Auto Hub</td>
</tr>
<tr>
<td>Sanand is emerging as the next auto hub of India with Tata Motors, Ford and Bombardier operating plants or making investments. PSA Peugeot Citroen, Maruti Suzuki have announced plans to set up plants; Bajaj Auto and Hindustan Aeronautics are exploring the option of setting up plants;</td>
</tr>
<tr>
<td>Upgrading spread in higher education</td>
</tr>
<tr>
<td>Apart from the existence world-class educational institutions like IIM (A), NID, NIFT etc in Ahmedabad, the Indian Institute of Technology, Gandhinagar (IIT-GN) at Palej will be constructed at the budget of Rs 1,200 crore.</td>
</tr>
<tr>
<td>BRTS – The Bus Rapid Transit System is a high - speed corridor dedicated for CNG buses.</td>
</tr>
<tr>
<td>BRTS system is being implemented and until date is been most successful such system.</td>
</tr>
<tr>
<td>DMIC - The proposed Dedicated Freight Corridor (DFC)</td>
</tr>
<tr>
<td>DMIC nodes like Sanand, Dholera etc are expected to fuel industrial growth of Ahmedabad.</td>
</tr>
<tr>
<td>Sabarmati Riverfront development</td>
</tr>
<tr>
<td>Development of 11.5 km stretch on banks of the river Sabarmati will house many parks, commercial complexes, and walkways.</td>
</tr>
<tr>
<td>Gujarat International Finance Tech City (GIFT) - GIFT</td>
</tr>
<tr>
<td>Spread across 500 acres of land, GIFT will be a global IT hub for financial services and a financial center for select product markets.</td>
</tr>
<tr>
<td>Special Economic Zones (SEZs)</td>
</tr>
<tr>
<td>Work on 20 hectares Santal IT SEZs, 54 hector Chaodi IT/ITE SEZ, Haripar Pharma SEZ.</td>
</tr>
<tr>
<td>Special Investment Regions</td>
</tr>
<tr>
<td>Sanand-Virangam SIR and Dholera SIR</td>
</tr>
<tr>
<td>Augmentation of Major road</td>
</tr>
<tr>
<td>Apart from development of Ahmedabad-Vadodara Expressway; work is being carried out on Bagdogra-Bhavnagar highway; Bagdogara-Surendra Nagar-Radhapur</td>
</tr>
<tr>
<td>World’s largest Cancer Care Centre</td>
</tr>
<tr>
<td>Gujarat Cancer Society has kick started the fundraising for the development of World’s largest Cancer Care Centre</td>
</tr>
</tbody>
</table>

(Source: Blueprint for Infrastructure in Gujarat (BIG 2020))
1.6.1 DEMOGRAPHICS

Demographics are the information that depicts the piece of a populace, for example, age, race, sexual orientation, wage, movement examples and populace development. These measurements are a regularly ignored yet huge factor that influences how real estate is valued and what sorts of properties are sought after. Significant moves in the Demographics of a country can have a large impact on real estate trends for several decades.

For instance, the baby boomers who were conceived in the vicinity of 1945 and 1964 are cases of a statistic slant with the possibility to essentially impact the real estate advertise. The change of these baby boomers to retirement is one of the additionally fascinating generational patterns in the most recent century, and the retirement of these children of post war America, which started in 2010, will undoubtedly be seen in the market for a considerable length of time to come. (For more on the baby-boomer trend, see Boomers: Twisting the Retirement Mindset.)

There are various ways this sort of statistic move can influence the real estate advertise, however for a financial specialist, some key things to ask may be: I) how might this influence the interest for second homes in well known get-away zones as more individuals begin? Or, on the other hand ii) How might this influence the interest for bigger homes if livelihoods are littler and the kids have all moved out? These and different inquiries can enable speculators to limit the sort and area of possibly alluring real estate investments well before the pattern has begun.

1.6.2 INTEREST RATES

Interest rates likewise majorly affect the real estate markets. Changes in Interest rates can extraordinarily impact a man's capacity to buy a private property. That is on account of as the loan fees fall, the cost to get a home loan to purchase a home reductions, which makes a higher interest for real estate, which drives costs up. Alternately, as Interest rates rise, the cost to acquire a home loan builds, consequently bringing down request and costs of real estate.

Be that as it may, when taking a gander at the effect of financing costs on a value project, for example, a real estate investment trust (REIT), as opposed to on private real estate, the relationship can be thought of as like a security's association with loan fees. At the point when Interest rates decay, the estimation of a security goes up in
light of the fact that its coupon rate turns out to be more attractive, and when financing costs increment, the estimation of securities decreases. Likewise, when the loan fee decreases in the market, REITs’ exceptional returns turn out to be more alluring and their esteem goes up. At the point when financing costs increment, the yield on a REIT turns out to be less appealing and it drives their incentive down. (To learn more about these effects, see How Interest Rates Affect Property Values.)

1.6.3 LOCATION

Buildings, real estate and properties, situated in business and market regions, hold higher incentive than their partners in the residential areas. It is regular to discover specialists citing a higher cost for structures in all around created and endorsed settlements and ranges as against those in the lesser created and up and coming zones. Correspondingly structures which are developed on freehold arrive tend to charge a higher valuation than those on leasehold plots.

1.6.4 AMENITIES

The valuation of properties with better infrastructural capacities and present day conveniences are costlier than those which neglect to give appropriate electric associations, phone lines, water sewerage offices and all other framework, for example, group focuses, youngsters parks, swimming pools, recreation centers, parking areas or general stores. Valuation of property is obviously in view of the accessibility of necessities and offices associated with comfortable housing.

1.6.5 THE ECONOMY

Another key factor that influences the estimation of real estate is the general strength of the economy. This is by and large measured by monetary markers, for example, the GDP, business information, fabricating movement, the costs of products, and so on. Comprehensively, when the economy is slow, so is real estate.

Be that as it may, the cyclicality of the economy can have varying affect distinctive sorts of real estate. For instance, if a REIT has a bigger level of its interests in inns, they would normally be more influenced by a financial downturn than a REIT that had put resources into office structures. Inns are a type of property that is
exceptionally touchy to monetary movement because of the sort of rent structure inalienable in the business. Leasing an inn room can be thought of as a type of here and now rent that can be effortlessly stayed away from by inn clients should the economy be doing inadequately. Then again, office inhabitants for the most part have longer-term rents that can't be changed amidst a monetary downturn. Therefore, in spite of the fact that you ought to know about the piece of the cycle the economy is in, you ought to likewise be mindful of the real estate property's sensitivity to the economic cycle.

1.6.6 INFRASTRUCTURE

Infrastructural advancement is a standout amongst the most vital variables which impact real estate costs in India. The nearness of roads, air terminals, flyovers, shopping centers and transport terminals and different offices in the region of the property, helps in esteem acceleration of the same. Connectivity is a standout amongst the most vital prerequisites for financial specialists looking towards buying area or property. This prompts the idea which clarifies an ascent in the valuation of property which is all around associated with stimulation center points, therapeutic offices, instructive establishments, retail markets and business focuses, alongside other day to day facilities.

1.6.7 COMMERCIAL REAL ESTATE

Places, for example, Noida, Gurgaon, Pune, Hyderabad, Navi Mumbai and Andheri-Borivili in Mumbai, are striking cases of business improvement which have influenced the valuation of property in these regions. The improvement of shopping centers, IT workplaces and Special Economic Zones close local locations help in chopping down the time and vitality squandered in driving to working environments and increment the cost of real estate in the territory.

1.6.8 DISPOSABLE INCOME

Properties which are situated in agricultural regions or those overwhelmed by assembling units pull in a lower cost than those arranged close to the IT center points. The valuation of property is in guide extent to the quantum of extra cash in the hands of the buyer or the larger part of populace around there.
1.6.9 AVAILABILITY OF LAND

In places where there is abundant land accessible for private purposes or advancement of real estate, the diagram mirroring the valuation of property demonstrates a slower ascend than in regions where arrive is relatively rare.

1.6.10 DEMAND AND SUPPLY

Interest for real estate in a specific region is contrarily corresponding to its supply. As the supply or accessibility of real estate decreases, the valuation of property increments. Changes in populace are the key drivers for request. Alongside an expansion in the quantity of individuals occupying a specific zone, the notoriety of a specific region as far as individuals needing to be a piece of the region additionally builds its cost.