

Riding a Real estate Roller Coaster !!!!

It's well established that Real estate is main source of speculation. Money works for them who invests in real estate, 24 X 7 !!! Be it a developer / investor / house hold occupier. Every individual would like to grow the money faster, safer & smarter way and that's the base for Existence for Real estate market. In Developing countries like ours markets are happening !!! Real Estate is slow to react to macroeconomic trends. Real estate is a regional market first, a national market second, and finally an international market. Those most likely to make costly mistakes are real estate speculators entering unfamiliar markets with insufficient study. So understanding the market dynamics is an important phenomenon and investment strategy should be based on that. When to enter? at what price to be enter ? and when to exist ? are very important events for any investor in real estate. The thin line between investment & speculation need to be understood well. Profitable real estate speculation requires balancing several simultaneous viewpoints i.e. Local Markets, Micro & Macro economic trends.

Defining Speculation

"Speculation is a financial action that does not promise safety of capital investment along with the return on the principal sum. Speculation typically involves the lending of money for the purchase of assets, equity or debt but in a manner that has not been given thorough analysis or is deemed to have low margin of safety or a significant risk of the loss of the principal investment."

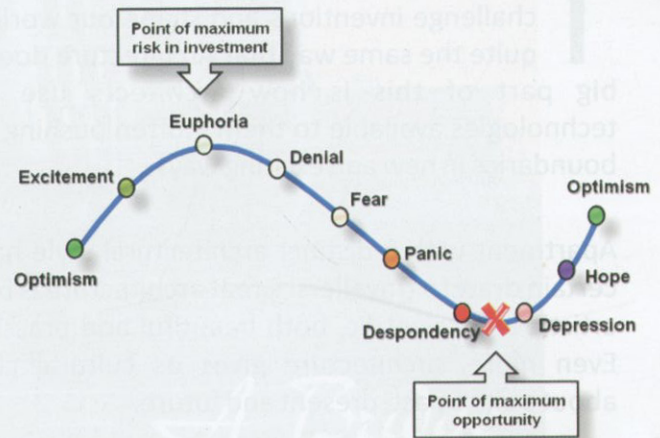
Sometimes the term 'speculation' is used to signify something about the time horizon of the investor. In some cases, the term is used to denote short-term investors, rather than those who buy and hold. Speculation can be used to describe a world in which investors' expectations

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way. When arbitrage speculators enter the market, adding liquidity, it is reasonably assumed that these are mostly short term investors, as arbitrage investors by their nature tend to buy and sell more rapidly than most other investors.

Today's Real estate market in growing mega cities like Ahmedabad has still lot of potential. There are many projects/properties on offer which are lying within the affordable price range. Today's market is a buyer's market. Growing middle class and employment opportunities and quick availability of housing finance has made buying a piece of real estate simpler and faster. There is a thin line between investment & speculation. One needs to check for following points prior entering to real market speculation, **How big can this opportunity get ? What is the worst possible case ? What are the relative probabilities of achieving a high, moderate, low, and loss rate of return? Is the investment worthwhile given the expected outcome? How to exist & Cash out?**

Real estate is always been a most rapidly growing market, Rate of returns are and will be highest & safest over a period of time in real estate. So for investors / buyers this is a time to watch out for speculative prices, identifying & locking the deal for properties at correct prices!!