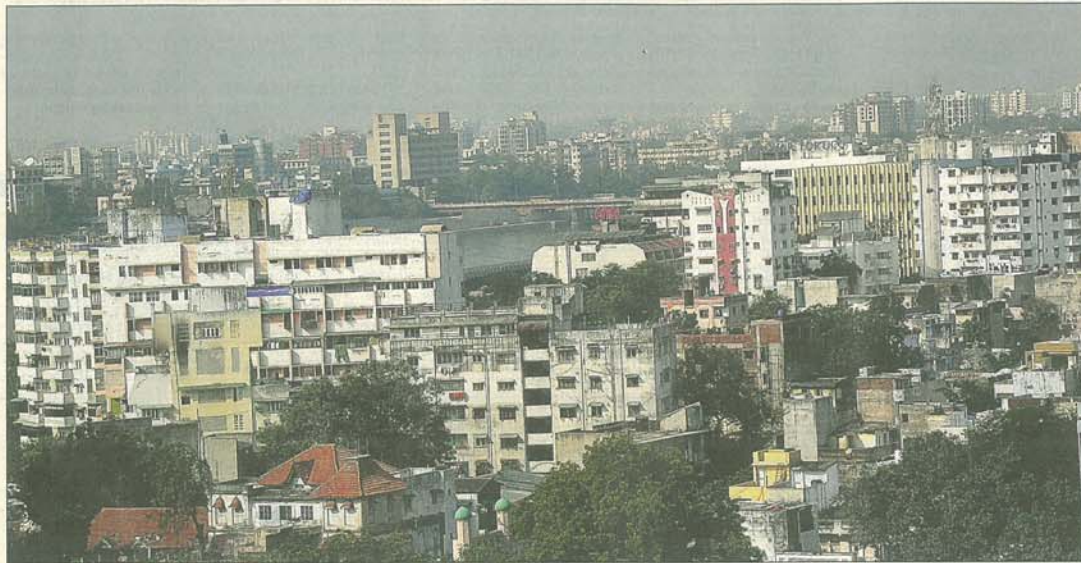


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KEVIN ANTAO

OF AFFORDABILITY AND AMENITIES

To keep the development movement going and for overall growth of the housing sector in Ahmedabad developers should ensure that affordable housing stock is made available

Home buyers face challenges while deciding "when" to purchase houses. While favourable economic conditions lead to higher incomes for home buyers, it also leads to spiraling real estate prices making it difficult for a buyer to purchase homes even given their higher incomes. On the other hand, during economic downturns while real estate prices decline, people

become skeptical about their incomes and adopt a more cautious approach to purchases. Creation and availability of Affordable housing is the answer to this home-buyers dilemma and can ensure healthy housing demand across different sections of the society. From the Developer's point of view, to keep the money rolling and to narrow demand - the Supply gap creation of 'Affordable Housing' is must. Speculation beyond limit

will lead to slowdown and create a scope for price bubble. **HOUSING AS A FOUNDATION** Home ownership is a proven driver of household wealth; it is also a tangible asset that can be passed on to next generation. In countries like India, especially in cities like Ahmedabad, owning a property is something which is of common interest and it is backed by steady and genuine demand. A strong housing

sector further serves as an engine for economic growth and employment. In developing countries like India, it contributes as much as 20% of GDP. Moreover, housing plays an important role in the development of financial sectors, especially capital markets.

AFFORDABLE HOUSING Defining affordable housing in India is a difficult task given that at every square kilometer of the country, the dynamics of the market are different. Affordable housing can be defined using three key parameters viz. income level, size of dwelling unit and affordability. While the first two parameters are independent of each other, the third parameter is

correlated to income and property price, and hence can be termed a dependent parameter. The LIG (Low Income Group) and MIG (Middle Income Group) segment, which has the highest demand, are genuine home seekers looking for Affordable Housing. MIG and LIG are growth drivers of any housing market and play a critical role in housing consumption. Affordable and low-cost housing are often interchangeably used, but are quite different from each other. Low-cost housing is generally meant for EWS (Economically Weaker Section) category and comprises bare minimum housing facilities, while affordable housing is mostly meant for LIG and MIG and includes basic decent amenities, and facilities and services which provide quality of life and raise Living standards.

GROWTH DRIVERS FOR HOUSING DEMAND IN AHMEDABAD URBANISATION:

Rising income levels are leading to a sizeable middle class segment. Urbanisation is an "index of transformation from traditional rural economies to modern industrial one." Ahmedabad's urban population is registering exponential growth rate. As per an estimate, the city's population by the end of 2011 will cross 65 lacs. Urbanisation can be described as a product of demographic explosion and poverty induced rural-urban migration. This situation has resulted in pressure on urban infrastructure and in an increase in housing demand.

RIISING INCOME LEVELS:

The economic growth is also expected to dramatically change India's income pyramid by creating a sizeable layer of middle class. This middle class segment is expected to be the primary driver for affordable housing. In case of Ahmedabad, the entrepreneur mindset of people, development and growth of service and manufacturing sector has created tremendous job opportunities, thereby boosting the income level of people.

IN THE LONG RUN

Today Ahmedabad is witnessing genuine housing demand in the affordable housing segment. Currently, lot of supply is coming within the city, especially the eastern and western outskirts of Ahmedabad. Many leading developers are coming up with township projects with many housing options. In addition to this, as soon as the Development Plan will be revealed by Ahmedabad Urban Development Authority (AUDA), huge quantum of urban land will be available for urban development. To keep the development movement going and for overall growth of the housing sector in Ahmedabad developers should ensure that affordable housing stock is made available. Also, to keep the housing demand long and sustained, developers should focus on making the housing stock available across all income groups of people, particularly LIG & MIG.

Anushrav Bhatt

QUICK BYTES

■ AFFORDABLE HOUSING CAN BE DEFINED USING THREE KEY PARAMETERS VIZ. INCOME LEVEL, SIZE OF DWELLING UNIT AND AFFORDABILITY.

(The author is a city-based housing planner, civil engineer and lawyer)