

Key Drivers for Real Estate Growth in Sangli

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Abstract - Today the real estate and construction sector plays a crucial role in the overall development of India's core infrastructure as well as India's economy. As housing is one of the basic needs of human, it accounts high percentages of national transactions every year. Sangli, an important city in Western Maharashtra, has witnessed a high rate of growth in past few years. Increased demand for housing and investment in properties has led to increase in the rates of real estate. An attempt has been made and it examines the prominent key drivers that influence the Investors in Sangli city to invest in the Real Estate Market. Among all these various key drivers that affect the tendency of investors to invest in the real market, certain key drivers are greatly responsible for the growth in real estate investment at greatest extend while others at least level. From this study it is revealed that Hospitality, Sugar industries and the Retail market sector are most promising key drivers responsible for boom in real estate in Sangli city.

Key Words: Real estate market, current scenario, key drivers for real estate growth.

1. INTRODUCTION

Real estate is referred as 'Legal term that encompasses land along with anything permanently affixed to the land, such as buildings'. Real estate is nearly synonymous with real property, the rights that associated with land and together with the fixtures, such as roads and buildings that are permanently attached to the land. On present day the real estate market has been on a growth and expansion phase ever since 2003 and the investment is made in real estate to generate the profit return in future as well as the present consumption by taking into the consideration of uncertainty and risk. The the growth of real estate market and economic growth is due to the fact of growth of population, rising in income level, rapid urbanization factors influenced to the growth of Indian real estate market. Since the Indian real estate market is emerging market in under developed economy, the

role of real estate investors' play and vital role of Indian economy. Careful attention should be given to the dynamics of various key drivers affecting the investments in real estate for full understanding of the determinants of the market value. This paper focuses on review of literature related to valuation of properties and factors responsible for real estate growth. It mainly identifies various key drivers responsible for real estate growth affecting the real estate investments in Sangli city.

1.1 Need for the Study

Real estate is space-time product that is it generates income over time in exchange for the use of space. At present, the real estate and construction sectors are playing a crucial role in the development of India. No market is continually in equilibrium hence the prices and values differ from time to time. Real estate market is the one that is characterized by cycles of booms and busts. As every asset are having depreciation value investment in property is believed to be the smartest move as chances of loss is negligible.

Hence there is a need of the study of key drivers for real estate growth for Sangli city as it is one of the high speed developing city in all the terms. The sangli city has its importance in terms of education, agriculture, booming market, transportation network, proximity to major cities and many more. Still Sangli City expanding by its area and population though it signs many top companies have to be in the domestic industry causes needs and new employment. Important key drivers if they can be forecasted for the Sangli city they may prove to be helpful in developing future investment strategies within the city.

1.2 Indian Real Estate Scenario

The Indian real estate market has seen a sharp upturn in the recent years. It has been a golden harvest even in this turbulent financial market. In Indian real

estate cycle, the boom period lasted for a period of six years from 1990 to 1996 followed by the bust from 1996 until 1999. The prices began to level off from 1999 onwards. The residential property prices in some markets have recorded a growth of approximately 15 to 20 per cent in the last four years [1]. The residential property prices last decade witnessed a frenzied boom in the. The rapid increase in business opportunities and migration of people for their occupation has increased the demand for commercial and housing properties. Increase in Foreign Direct Investment (FDI) inflow, lowering of interest rates in real estate sector after 2005, has caused real estate prices to increase by strong demand. India today is a fast growing economy and almost 50% of the population comprises of the young, dynamic generation. The high income younger generation today is primary source of real estate investment. Thus, demand for real estate is also on the rise. Sangli is one of the fast growing city in western Maharashtra having booming market for real estate. Hence, a detailed study of responsible key drivers for real estate growth in Sangli is undertaken for this study.

2. METHODOLOGY

Sangli's proximity to Kolhapur and the competitive & attractive prices as compared to prices in Kolhapur city has attracted lot of investors. The growth in residential real estate market has been largely driven by rising disposable incomes, a rapidly growing middle class, and fiscal incentive on both interest and principal payments for housing loans, demanding expectations of aware customers as well as increasing city limits and increasing number of nuclear families. All these factors directly or indirectly affect the rates of real properties. These key drivers are studied by carrying out a survey. The survey is done with owners, contractors, property valuers and real estate agents. The survey was being carried out at certain parts of the city named as zones. The city is divided in to six different zones where considerable growth in real state is observed. Each zone has its prominent area where property rates are higher.

3. OBSERVATIONS AND RESULTS

Some of the key drivers comes in to light when preliminary survey was done. As Sangli is one of the fast growing city in Maharashtra there are important key drivers responsible for real estate growth in the city. Following are the major key drivers for real estate growth in sangli city:

- **Retail:**

Sangli is very well known as Pensioner's City. The city is within its developing stage and its surrounding is very calm. That's why people always prefer Sangli as residence option. As well as with the influx of professionals entering the city to meet the demands of the ever growing industry and job sectors, the city has been witnessing a fast changing consumer spending pattern. As a result of all this, retail companies and shops are finding it a potential market for high end lifestyle products resulting into better and quality shopping complexes. It is just like a global market for the peoples in surrounding villages in the district. Different brands and malls are also coming in the city attracting the more number of people in the City.

- **Education:**

Sangli has been established as an academic hub. It is very popular as education city in Western Maharashtra. Education sector of Sangli has witnessed a massive influx of students coming in from all over the district, state and the country. The city have important education centers offering graduate and post graduate quality education in the areas of arts, science, management, medicine, and engineering. There were number of government as well as private schools in the city. People from nearby villages are the highest influx for education sector. Education is highest key driver responsible for real estate growth in Sangli. And this is because of the fact that education centers requires huge land for its infrastructure also it attract lots of students and people in the city.

- **Medical Center:**

Sangli is very popularly known for the various quality hospitals and for its treatment. Civil Hospital, Sidhivinayak Cancer Hospital are very old popular treatment hub for the people in surrounding area. From recent years Bharati Hospital is emerging as important medicine center in the city which is serving number of patients from all over the district. Likewise numbers of hospital of different branches are within the city as well as within short distance from City. City's most of the economy depends on this sector as it produces large no of jobs

and also increases the retail sector in terms of medicals. This driver plays an important role in increasing demand for housing in the city.

- **Public Transportation:**

Sangli is a well-planned city with broad roads. Sangli-Miraj road is the broadest road in the city with a six-lane traffic. The Municipal Corporation has developed a number of 100 feet wide roads in the city, which have helped to reduce the traffic on the main roads. MSRTC runs city bus service in Sangli-Miraj twin cities and nearby circle of about 20 km. Autorickshaws are found in plenty in the city.

- **Sugar Factories:**

Sangli is popularly known for its sugarcane farming. There are number of sugar factories in the sangli city as well as in nearby villages of the city. The district has more than thirteen sugar factories, which makes it among the highest sugar-producing districts of India. That's why Sangli is popularly known as Sugar Bowl of India. All Sugar industry employs a high number of qualified people and also skilled labours. It is one of major occupation in the city. Number of peoples from district as well as from state is employed for those sugar industries. And this key driver increasing the overall demand for housing.

- **Urbanization:**

Sangli's urbanization is a subject of great interest and can potentially attract huge investments. Typically, urbanization boosts industries such as transportation, communications, food, healthcare and education and presents lucrative opportunities for investment. Rapid development will provide higher returns to investors than investments made in developed cities. But in order to attract investments, higher efficiencies must be built into the process of urbanization; our city must be run better. And up to now Sangli city proved his excellence.

- **Hospitality:**

Sangli city has number of star hotels and restaurants offering marathi, south Indian, punjabi, gujarati & continental dishes. A large number of fast food parlors throughout Sangli-Miraj cities offer variety of cuisines right from chinese, italian and fast foods like bhel, pav

bhaji, pizzas, sizzlers, burgers, etc. The traditional marathi food served at Bage Ganapati temple on the banks of Krishna river is a main attraction. Spicy puffed rice called as Bhadang is the famous snacks dish of Sangli. You can get this dish all over the city. There are plenty number of hotels in the city. This being a service oriented industry; staff requirement is very high creating demand for properties.

- **Entertainment:**

Sangli-Miraj cities have about 13 theatres which screen Hindi, Marathi & English movies. Municipal Corporation has developed 3 modern auditoriums in the cities which host dramas, stage shows, gatherings, musical shows, etc. The city is full of entertainment throughout the year. You can find clubhouses, health clubs, tennis courts, pool game plazas, and cyber cafes everywhere in the city. Krishna valley club is a well-known club, which has health club, swimming pool, conference halls, 5 star suites and other facilities. The first Common wealth international chess championship of the millennium was held at this club. Another swimming pool from Rotary club in the heart of the city is also open to general public.

- **Food Processing Industry:**

Food and food processing industries are one of the fastest growing clusters contributing to the prosperity of the city. It has been identified as one of the major fruit and vegetable cluster and is planning a mega food park.

4. CONCLUSION

Area of Sangli has been increasing due to addition of fringe developing areas. These conditions of developing areas decrease pressure on the central city encouraging an outward growth in real estate. Sangli real estate market today is buoyant and inviting. Overview of real estate sector in Sangli and survey shows that industries like Sugar Factories, retail, medical center, food processing, hospitality, education, public transport, urbanization and entertainment can be considered as the key drivers for real estate growth. All these factors directly or indirectly affect the rates of real

properties. Among these retail, education and public transport are major key drivers responsible for the real estate growth in the city. Also availability of Sugar industries is also a supplementary but important key driver for real estate growth in the city from last decades. Collection of more data and further study is required to forecast the trends of rate variation for guiding the investors related to real estate market in making proper and precise investment decisions.

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