

Real Estate Trends in Hyderabad

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Abstract - Housing is main prerequisite for human being. It is a dream to own a house for every person. Every person in his/her life thought of owning a property for better living and shelter for family. Due to urbanization and ample opportunities in cities attract semi urban and rural people to cities and resulting growth of residential and commercial complexes. This paper attempts the growth real estate in Hyderabad and its trends.

Key Words: Hyderabad; Real estate; Urbanization

1. INTRODUCTION

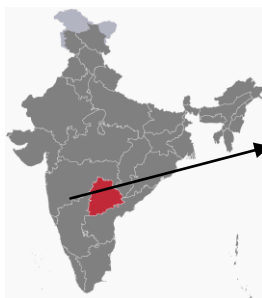
Human beings need basic essentials such as food, cloth and shelter. Due to rapid urbanization in major cities has attracted people from rural and semi urban areas to cities. This continuous movement of skilled and unskilled people to cities has resulted increase in housing and other infrastructure development.

The rapid urbanization can be seen in all major cities across India. Earlier the growth in housing sector is mainly due to manufacturing industries and other allied industries. After 1990's the impact of IT industry in India has seen exponential development in real estate industry.

The growth in IT market has further accelerated growth of real estate in Hyderabad.

1.1 LOCATION

Hyderabad is located 17 degrees 36 N latitude and 78 degrees 47 longitude and it is capital of Telangana state of India. It is emerging as one of the information technology hub after Bangalore and Chennai in southern India. It is also housing good number of Pharmaceutical Industries and Many Public Sector Undertakings and many restaurants and shops.



Map of Telangana



Hyderabad

Hyderabad is situated at an altitude of 536 meters and weather conditions are pleasant most of the times except

from April to June. The geographical area is 199.60 sqm. River Musi a tributary of river Krishna is passing through the city.

1.2 HISTORICAL IMPORTANCE

The importance of Hyderabad is way back in the year 1591; the city of Hyderabad was founded by the Qutb Shahi Sultan Muhammad Quli Qutb Shah in 1591 CE. Numbers of historical monuments were constructed by Mughals followed by Nizam. Under Nizam rule in 1724 with alliance with British rule number of infrastructure facilities was initiated such as railways, small industries and education.

After independence in 1947, Nizams were not willing to integrate Hyderabad state into newly formed India. Due to ongoing Telangana movement and Indian army annexed Hyderabad in 1948. In 1956 Hyderabad state was renamed as Andhra Pradesh under linguistic state, with capital city as Hyderabad.

After many years of protest and agitation, on 7th Feb 2014, central government has bifurcated Andhra Pradesh into two states Telangana and Andhra Pradesh.

Telangana is eleventh largest state in India and twelfth-most populated state with geographical area of 112,077 sq km and 35,193,978 populations as per 2011 census. As of 2019, the state of Telangana is divided into 33 districts.

1.3 Growth of Hyderabad

The population growth in Hyderabad is exponential ever since it was 1,79 million in 1971 to 6,81 million in 2011 and it crossed 13,97 million in 2019 (source Indianonlinepages.com 2020).

The population growth is more than 87% 2001 census to 2011 census. Decade wise population growth is as shown in Table 1.

Table1. Population Growth in Hyderabad

Growth of Population in Hyderabad		
Census	Population	Growth
1971	1,796,000	-
1981	2,546,000	41.8%
1991	3,059,262	20.2%
2001	3,637,483	18.9%
2011	6,809,970	87.2%

The rapid growth of population is due to better living standards, education facilities, employment opportunities in core industries and information technology and other ancillary sectors.

1.4 REAL ESTATE IN HYDERABAD

The word real estate relates to land with buildings along with any non movable assets such as crops, minerals or water bodies. The real estate business is dealing developing the raw areas or existing buildings releasing etc. (Dr Arun Kumar). The land may be built with renowned builders with fixed cost.

Real estate generally deals with land transactions, development of land, sale and development of commercial and residential buildings. Stake holders are land owners, developers real estate agents, tenants, buyers.

Hyderabad is a city of rich history and cultural heritage. The extent Hyderabad is 650 sq km with reference to master plans of 2013 and 2014. Due to growing opportunities, good education facilities and infrastructure facilities connecting nearby cities resulting rise in real estate market.

Major public sector undertakings established in 1970s there after film industry also moved to Hyderabad from Chennai. In those periods major areas in Hyderabad are Koti, Abids and Chikkadpalli. During the period 1980-91 has seen other areas are evolved and developed in rapid pace are Tarnaka, SR Nagar, Vegalraonagar, Motinagar, ECIL and Medchal. These areas become good residential and commercial hubs.

The real estate market has expanded rapidly after establishments of IT and IT related industries in 1991-2000. New areas such as Hi-tech city, Kondapur, Madhapur, Manikoda, Gachibowli become happening areas and attracted various skilled people from every corner of India and even overseas. Other surrounding areas also developed they are Nizampet, Kukatpalli, Pragatinagar, Bachipalli. After the construction of international airport at shamshabad and outer ring road witnessed growth in city in all directions and hi-tech city, Nanakramguda, Patanchervu, Shamirpet, Keesara, Tukkguda and Narsing.

The other reason for growth in real estate is due to Hyderabad metro line. Hyderabad metro system was inaugurated in Nov 2017 and it has reduced commuted time to 30 to 40 minutes and enhanced real estate sector.

2. REAL ESTATE PRICES AREA WISE HYDERABAD

The prices of apartments/flats are various major locations in Hyderabad are compiled and given as below. The major locations considered are Ameerpet, Banjara Hills, Jubilee hills, Begumpet, ECIL, Hitech city, kompally, Tarnaka, Barkatpura and Himayatnagr.

There is rise in prices 15 % (2015 compared to 2010) and the projected figures have been taken using linear regression using Microsoft excel.

Table 2 Area wise real estate prices- Hyderabad

AREA	YEAR				
	2010	2015	2020	2025	2030
AMEERPET (Price in Rs/SFT)	3473	4010	5995	7015	8678
BANJARAHILLS	4789	6234	8179	9791	11625
BEGUMPET	3442	4463	6413	7744	9487
HITECHCITY	3565	4753	6618	8032	9746
JUBLEEHILLS	4643	6144	10028	12323	15678
ECIL	2155	2193	4468	5252	7030
KOMPALLY	2109	7889	3754	10229	10631
TARNAKA	2764	4000	6698	8421	10794
BARKATPURA	3451	4200	6236	7414	9164
HIMYATNAGAR	3594	4556	6618	7947	9764

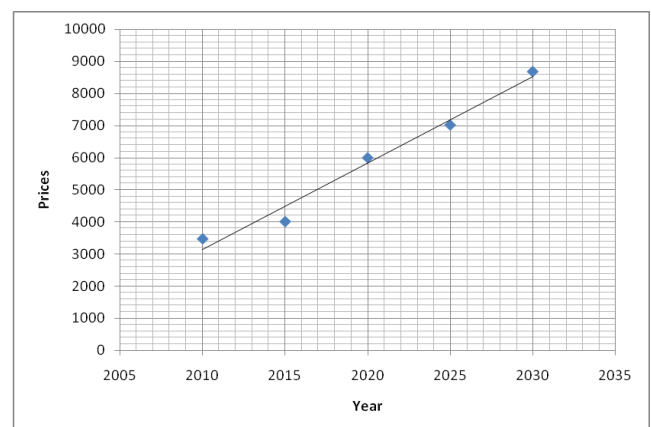


Figure-1 Forecasting of House Prices - Begumpet/Hyderabad

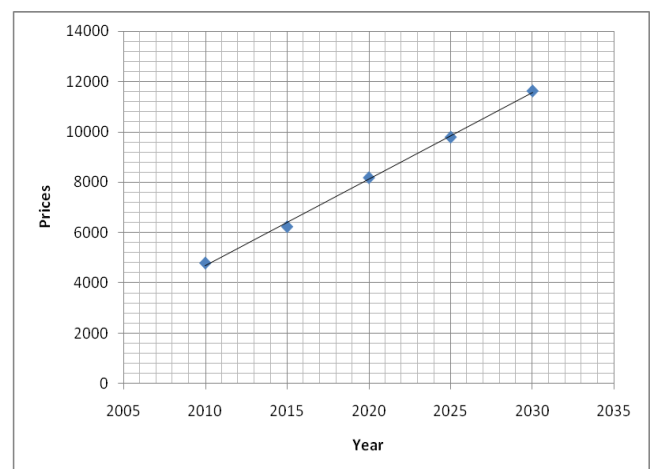


Figure-2 Forecasting of House Prices - Banjara Hills/Hyderabad

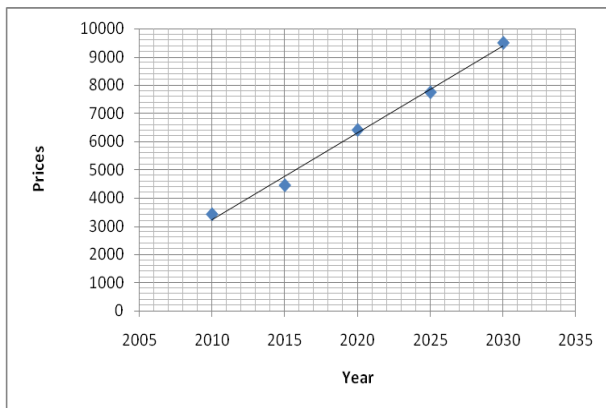


Figure-3 Forecasting House Prices-Begumpet/Hyderabad

3. HYDERABAD METROPOLITAN DEVELOPMENT AUTHORITY AND ITS FUNCTIONS

The Hyderabad Metropolitan Development Authority is the urban planning agency of Hyderabad formed in the year 2008. HMDA is formed after merger of HUDA, BPPA, HADA and CDA.

HMDA is an urban planning body formed in **2008** by merging the erstwhile HUDA, BPPA, HADA, and CDA. HMDA is a high power body chaired by the Chief Minister of Telangana. HMDA covers 7 districts, 70 mandals, 1032 villages including Greater Hyderabad Municipal Corporation consisting of 175 villages and 40 municipalities consisting of 138 villages and remaining 719 villages under jurisdiction of the HMDA (source hmda.gov.in). HMDA was set up for the purpose of planning, coordination, supervising, promoting and securing the planned development of Hyderabad metropolitan region.

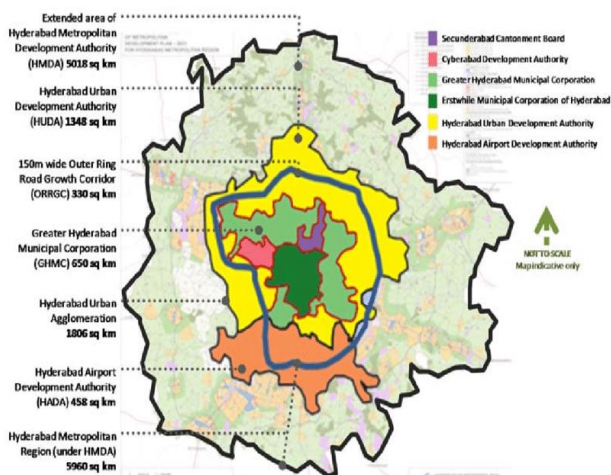


Figure-4 Hyderabad Metropolitan Area Map 2013 (source Development plan preparation in Indian Cities Talat Munshi, B Adhvaryu, Rutul Joshi, Kalgı Shah 2019)

4. RERA ACT

The Real Estate (Regulation and Development) Act, 2016, (RERA) is an act passed by the Indian parliament. The RERA seeks to protect the interests of home buyers and also boost investments in the real estate sector. The act came into effect 2017, each state has passed with notifications and having list of builders and their registration. The act RERA aimed as simpler for home buyers to purchases simpler and transparent.

There is always different approach of sales strategies by each builder, sometime it become confusing to the buyers. There is no check on quality of works and handing over period in some transactions. In some cases cash crunch developers used to divert funds from one project to other causing delay in handing over projects.

Hence RERA has been introduced to bring transparency and improve the customer assurance in the real estate sector. It came amidst rising complaints of fraud against the developers. Some features of RERA act is as given below

4.1 FORMATION OF RERA

Real Estate Regulation Authority, or more commonly known as RERA, is an Act introduced by the government of India to protect the interests of homebuyers. Launched in May 2017, the Act aims to regulate the sector with the purpose of boosting customer confidence and transparency.

The act has been brought to protect the interest of the buyer from various aspects which are linked with purchase of home from developers.

Under RERA act helps in various issues such as delays in project delivery, construction quality, project approvals, pricing etc.

4.1.1 POOR QUALITY OF CONSTRUCTION

If the quality of construction is poor and any structural defects found, it the responsibility of promoter to fix such defects under clause no 12 of RERA, it will have to be fixed by the developer. The Act also states that such a defect will have to be fixed within 30 days of notice, without any charge. RERA not covers other repairs such as plumbing; painting etc may fade due to wear and tear. As per clause no 15, Buyers should maintain properties under formation of societies in keeping their complex corridors etc which are not covered in RERA once allotment was done.

4.1.2 FALSE PROMISES BY BUILDERS

It is mandatory for every builder must show their registration. Under RERA act the builders cannot advertise which are not be delivered to the buyer. Any changes and modifications in project require consent of Buyer under clause no 14.

4.1.3 PROJECT CLERANCES

All the builders must register in RERA and obtain all clearances which are required for any project. The clearances have to be informed to buyer. Such project clearances safeguard the project and help in timely completion of the project.

4.1.4 COMPLAINT ADDRESSAL

Complaints related to builder, agent has to be resolved by the builder within 120 days of filing and if there is any non compliance can lead to imposing penalty on promoter.

4.1.4 PROJECT DELAYS

Generally construction projects may be delayed on several reasons. If the projects delayed to force majeure, RERA act cannot be evoked. If the delays happened due to promoters it will be compensated under RERA under clause no 7.6 Also, if you don't want a refund, you will be entitled to an interest every month, starting from the due date.

4.1.5 CARPET AREA IS THE MEASURE IN AGGREMENT OF SALE

As per clause no 26 of RERA, the sale agreement shall referred to carpet area of the [apartment/Plot] to the total carpet area of all the [Apartments/Plot] of the project which makes a check in inflated rates for the area that buyer is not using.

4.1.6 FORMATION OF SOCIETIES TO AP REGISTRATION

As per clause no 19, RERA act also helps in applying formation of societies for projects by developer/promoter.

5. CONCLUSIONS

The real estate sector has observed good growth during the period 1991-2000. After 2000 the growth is exponential due to establishment of IT Sector in Hyderabad. The growth has become noticeable after introduction of metro corridor.

Hyderabad city has expanded beyond outer ring road resulting various gated communities and townships.

There is also adverse effect due to development of city; the negative aspects cannot be ignored. The concrete towers and

Growth of population has created unwanted traffic congestion, air pollution and water scarcity. The government bodies must be more vigilant and implementing strong norms in approving various projects by promoters. The environmental pollution is more dangerous and to be addressed in implementing various projects either by government or by private agencies.

DISCLAIMER

The data presented in this article has been collected from leading websites, and research reports and acts. In this article there is no way to criticize government policies and not referred to any promoter.

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