

The logo for 99 acres, featuring the text "99 acres" in a bold, blue, sans-serif font. The background of the entire page is a low-angle photograph of several modern skyscrapers with glass facades, reaching towards a bright, hazy sky. The buildings are arranged in a way that creates a sense of depth and height.

**99 acres**

India's No.1 Property Portal

# INSITE REPORT

## Ahmedabad

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October - December 2016

[www.99acres.com](http://www.99acres.com)



## Methodology

The Insite Report by 99acres.com captures the quarterly capital trends and the annual rental analysis of residential apartments in key real estate markets – Delhi NCR, Mumbai Metropolitan Region (MMR), Bangalore, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad. In order to assess the prevailing sentiment, the report delves deep into demand and supply of properties across varied budget segments and occupancy stages. While demand is a function of queries received, supply is based on property listings posted on 99acres.com in Oct-Dec 2016.



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# FROM NARASIMHA'S DESK...

*Counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite*

The Indian real estate market has been struggling with snowballing inventory and demand-supply disequilibrium for 3-4 years now. Just when the industry was heading towards a revival around the festive season, demonetisation deferred growth prospects. Consequential impact in the form of market anxiety, liquidity deficit and pressure on property rates may prolong recovery.

The year 2017, however, is anticipated to be a landmark period for real estate due to the implementation of several reformatory announcements such as RERA, Benami Transactions Act and GST Bill. These radical steps clubbed with counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite and help the market recoup.

Southern metros such as Hyderabad, Chennai and Bangalore are projected to see brighter days due to their



end-user driven markets and massive budget allocations for infrastructure upgrades. Delhi NCR and Mumbai, however, could take longer owing to an inventory overhang and inflated property prices. Nevertheless, changing economic scenario and consumer-friendly policies would pave the way to a transparent and organised industry in the forthcoming quarters.

**Narasimha Jayakumar**  
Chief Business Officer  
99acres.com

## Pan India Trends



### HOME BUYING SENTIMENT

Apprehensions pertaining to several revolutionary policy reforms such as RERA, Land Acquisition Bill, GST Bill, *Benami* Transactions Act and demonetisation kept buyers in a state of dilemma. Fence-sitters continued to remain wary of investing and waited for price correction and market certainty.



### PROPERTY PRICES

Limited number of new launches due to an inventory overhang kept property prices under pressure. The cautious stance of homebuyers restrained capital appreciation across cities. The currency pullback move led the average 'ask' prices to either stagnate or dip in Oct-Dec 2016.



### RENTAL LANDSCAPE

The rental market across the top metros continued to remain buoyant as steady demand for properties kept vacancy levels in check. The prevailing market uncertainty due to multiple policy reforms compelled potential buyers to hold on to rented accommodations, augmenting demand and price points.



### SUPPLY

Piling unsold inventory led developers across the country to shift their focus towards offloading existing housing stock. Homebuyers, too, preferred ready homes over under-construction units. With the formalisation of RERA rules, new launches are expected to remain subdued in 2017.

## Market Indicators

	Capital Values	Rental Values	Supply
BANGALORE	↔	▲	▼
DELHI NCR	▼	▲	▼
MUMBAI	↔	▲	▼
CHENNAI	↔	▲	▼
PUNE	▼	▲	▼
HYDERABAD	↔	▲	▼
KOLKATA	↔	▲	▼
AHMEDABAD	▲	▲	▼

\* Capital values represent quarterly change \* Rental values represent yearly change \* Supply is basis properties listed on 99acres.com



## Market Movers

### **State notifies the formation of Real Estate Regulatory Authority**

Post notifying Real Estate (Regulation and Development) Act (RERA), 2016 rules, the Gujarat government notified the formation of a Real Estate Regulatory Authority in the state, making it the first in the country to do so.

### **Ahmedabad gets Smart City budget boost**

In a major boost for carrying out Smart City projects, Ahmedabad received the first instalment of Rs 194 crore from the Centre. Of the total amount, Rs 100 crore will be utilised as equity by the municipal body.

### **Ordinance to regularise residential encroachments passed**

The State government cleared an ordinance for regularising 75,000 residential encroachments on city land in five cities as per the Urban Land Ceiling and Regulation Act, 1976 (ULCR Act).

### **Retail Trade Policy on the anvil**

With an aim to revive retail business in the state, the government is mulling over introducing a Retail Trade Policy. The policy also calls for the formation of a regulatory framework to ensure smooth functioning of the retail sector.

### **Government to revise Jantri rates**

In order to bridge the huge gap between the circle rates and market values and to curb the unaccounted cash component in property transactions, the Gujarat state government has planned for rapid revision of the *Jantri* rates (circle rates).

## Demonetisation Strikes Ahmedabad



### **READY TO MOVE**

As a sudden aftermath of the demonetisation move, Ahmedabad witnessed a slowdown in the number of enquiries and sales volume for fresh ready-to-move inventory. Several potential buyers withheld property purchase decisions due to prevailing market uncertainties.



### **UNDER CONSTRUCTION**

With majority of the under-construction projects in Ahmedabad nearing completion, the city experienced minimal impact on this category of homes. The possession timelines of these projects are, however, expected to suffer and might get delayed by a quarter or two.



### **LAND**

Land deals took a major hit with no transactions reported in the month following the demonetisation announcement. Sellers retreated from the market and refrained from conducting distressed sales. Buyers are still anticipating smoothening of land 'asks' in the near future.



### **RESALE**

The currency ban move had a cooling effect on the resale market. The cash-driven luxury housing segment bore the maximum brunt as both sellers and buyers took a back seat, fuelling speculations of a possible price correction in the mid-term.



### **RENTAL**

Demonetisation took a toll on the enquiries received in the rental landscape. The market still remained upbeat, keeping vacancy levels in check. The drop in property purchases is anticipated to fuel rental demand, which may put an upward pricing pressure over the next one year.

# Ahmedabad at a Glance

## Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Bodakdev	5,355 - 6,460	3%	6%
Chandkheda	2,150 - 2,720	2%	4%
Gota	3,020 - 3,350	2%	3%
Maninagar	3,060 - 3,850	-1%	5%
Naranpura	3,550 - 4,470	-1%	1%
Satellite	4,930 - 5,830	3%	3%
South Bopal	3,320 - 3,870	2%	3%
Thaltej	4,675 - 6,120	-2%	4%
Vastrapur	4,200 - 5,230	1%	2%
Vejalpur	3,000 - 3,500	2%	1%

\* Average 'ask' rates have been calculated as per listings posted on 99acres.com in the current quarter

## 99ACRES OUTLOOK

The Centre's demonetisation move in the last quarter of 2016 infused uncertainty in the market. However, the year 2017 is anticipated to bring some vitality with sales volume reviving in the residential sector. The government's plan to rapidly revise the *Jantri* rates may instil stability in property price movement in the short-term. Rapid absorption of retail and commercial spaces will provide an impetus to the residential demand in the city with affordable and mid-income housing dominating the landscape.

The implementation of the Real Estate Regulatory Act (RERA) would infuse more transparency and compliance in the working of the sector and thereby, boosting buyer sentiment.

The inventory levels are expected to remain stable with developers restricting new launches to maintain demand-supply equilibrium. In the long term, prices are expected to appreciate on the back of increasing input costs to developers coupled with growing demand from migrant population and NRI investors.

## AHMEDABAD

Mirroring the first half of the year where Ahmedabad recorded healthy demand from NRIs and HNIs in luxury and ultra-luxury segments, festive fervor helped the last six months remain robust, too, with a spike in real estate transactions. Despite demonetisation, demand for housing units in the price bracket of Rs 30-60 lakh remained upbeat.

## Key Highlights

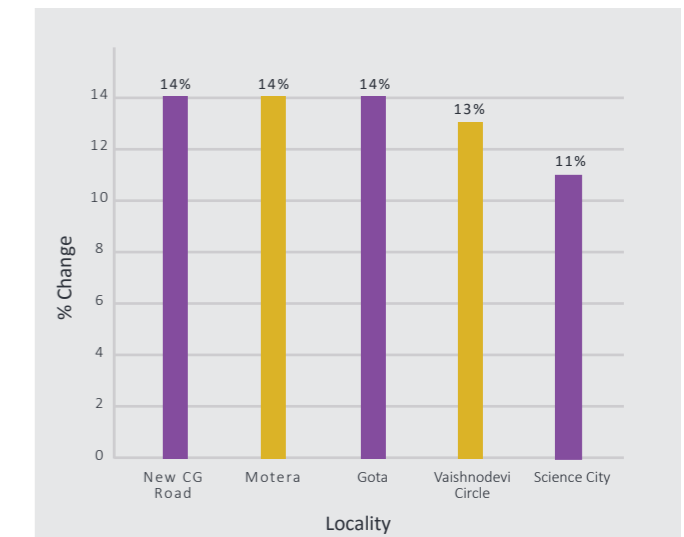
- The average housing prices in Ahmedabad remained stable, recording no alterations in Oct-Dec 2016 over the previous quarter. The western quadrant ruled the roost owing to unwavering demand from NRI and HNI communities.
- Post demonetisation, the realty growth slowed down marginally. The sluggishness was evident with a sudden dip in sales volume and property registrations.
- The prime residential micro-markets of Prahlad Nagar, Sabarmati and Ambavadi maintained their status quo and recorded five, five and three percent QoQ growth in property prices, respectively. Ample availability of luxury housing stock, well-built physical and social infrastructure and their proximity to Central Business Districts (CBDs) were the prime growth catalysts for the localities.
- The rental market of Ahmedabad remained buoyant and recorded five percent annual growth with industrial development generating employment opportunities and driving leasing demand.
- Healthy leasing activity in the malls located along the SG Highway resulted in the housing pockets such as Gota, Shilaj, Vaishnodevi Circle, Bopal, South Bopal record robust rate of absorption in both capital and rental markets, ensuring positive price movement. Further, seamless connectivity to SP Ring Road and affordable residential units continue to attract end-users, investors and tenants, alike.
- New CG Road and Gota maintained their top positions as preferred rental localities by recording 14 percent growth each, YoY. While the former benefitted from its proximity to Shahibaug and IT Park, steady demand for mid-income stock kept prices moving up in Gota.
- There was a significant decline in supply and net absorption of Grade A quality office spaces during this quarter, leading to vacancy levels heading north in the city. Locations such as SG Highway, Satellite and Prahlad Nagar were the most impacted and thus, are heading towards a possible price correction in commercial rents in the next 2-3 quarters.

## Top Performers - Capital Market



\* %change represents quarterly capital movement

## Top Performers - Rental Market



\* %change represents yearly rental movement

### DEMAND-SUPPLY ANALYSIS

To cater to the increasing housing demand, the city witnessed several project deliveries across varied budget categories, with West Ahmedabad ruling the roost in Oct-Dec 2016. Meanwhile, East Ahmedabad countersigned maximum project completions in the Rs 25-40 lakh budget segment. The developer community is finally seen in sync with the homebuyers' preference.

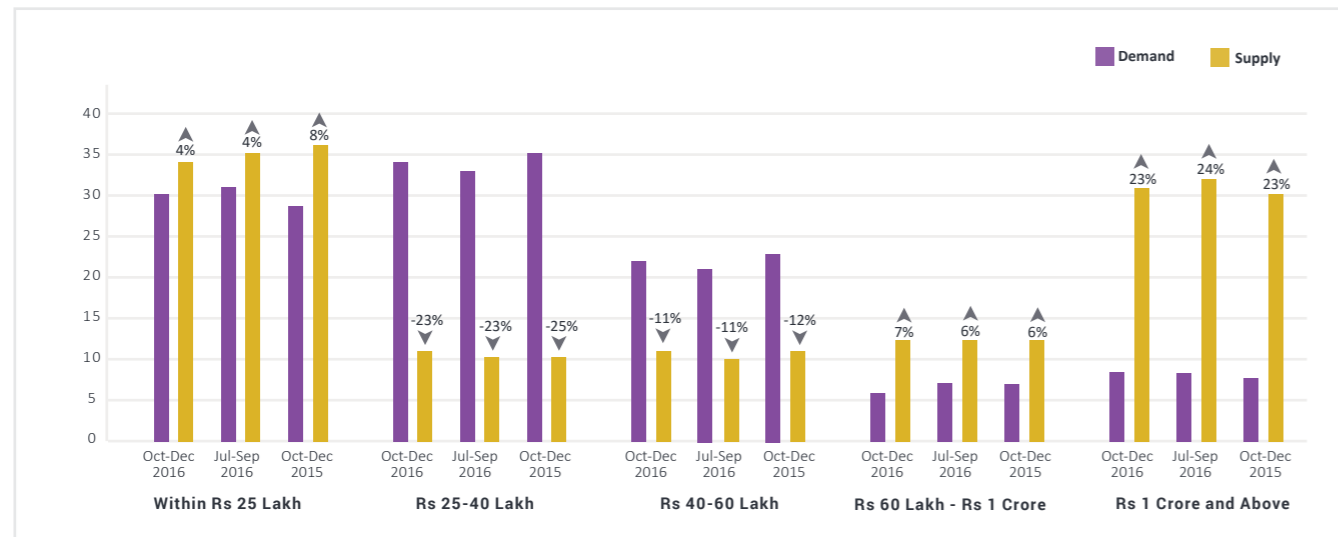
#### Key Trends

- The demand-supply gap edged closer for properties priced within Rs 25 lakh with developers restricting addition of new supply. Ample availability of housing stock and healthy demand, especially from the industrial workforce for such properties kept the vacancy levels in check.
- On the contrary, the Rs 25-40 lakh price segment captured the lion's share, with developers shifting focus to cater to this segment. Although the demand for properties in Rs 25-40 lakh and Rs 40-60 lakh price brackets dipped marginally in the current quarter as compared to last year, the availability in both the categories continued to be limited, affirming an imbalance prevailing in the market.
- The limited popularity of housing stock in the Rs 60 lakh to Rs 1 crore price bracket could be witnessed with the demand-supply gap heading north. While the supply of properties priced above Rs 1 crore dropped by a margin, it had minimal or no impact on the demand for such properties in Oct-Dec 2016 as compared to the previous quarter. Both these segments showcased a disparity in the offerings and the current market.

Distribution of Residential Apartments



Graph depicts the availability of residential apartments wrt other property types, QoQ, along with the distribution of under-construction and ready stock



Graph depicts the fluctuation in supply wrt demand for residential apartments in various budget categories

## Annexure

### CAPITAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Ambawadi	6200	3
Bodakdev	6350	3
Bopal	3650	1
Chandlodia	2975	-1
Drive in Road	5100	0
Ghatlodia	3850	-1
Ghuma	3550	-4
Gota	3250	2
Gurukul	5720	-3
Jagatpur	3200	0
Jodhpur	5850	0
Memnagar	5100	2
Motera	3350	3
Naroda	2150	-2
Narol	2030	0
Navrangpura	6030	-2
New CG Road	3225	3
New Ranip	3000	0
Nikol	2150	2
Paldi	5500	1
Prahlad Nagar	5800	5
Sabarmati	3100	5
Sardar Patel Ring Road	3150	-2
Satellite	6200	3
SG Highway	3650	0
Shela	3000	-1
Shilaj	3250	2
South Bopal	3925	2
Thaltej	5390	-2
Vaishnodevi Circle	3350	2
Vasna	3850	3
Vastral	2183	4
Vastrapur	5430	1
Vatva	1825	-4
Vejalpur	3580	2

### RENTAL VALUES- APARTMENTS

Locality	Oct-Dec 2016	% Change
Ambawadi	14	0
Anand Nagar	14	7
Bodakdev	15	0
Bopal	11	0
Chandkheda	7	0
Drive in Road	14	0
Ghatlodia	11	5
Gota	8	14
Gurukul	13	0
Jivraj Park	12	0
Jodhpur	15	7
Makarba	13	8
Maninagar	11	10
Memnagar	13	-7
Motera	8	14
Naranpura	14	0
Navrangpura	15	7
Nehru Nagar	14	0
New CG Road	8	14
Paldi	13	4
Prahlad Nagar	16	3
Ramdev Nagar	15	7
Sargasan	7	8
Satellite	15	7
Science City	10	11
SG Highway	10	0
South Bopal	11	0
Thaltej	14	4
Vaishnodevi Circle	9	13
Vasna	12	5
Vastrapur	15	4
Vejalpur	12	0

\*All prices are per sq ft rates \*Capital change depicts quarterly alterations in average 'asks' \*Rental change depicts yearly alterations in average 'asks'

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