

Why Ahmedabad is a Hotspot for Real Estate Investors: Key Factors and Growth Drivers

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Ahmedabad has experienced a remarkable transformation in recent years. With its booming economy, impressive infrastructure development, and growing demand for properties, Ahmedabad has emerged as a hotspot for real estate investment.

Ahmedabad's real estate landscape reflects the city's rapid growth and urbanization. As one of India's major economic hubs, Ahmedabad boasts a diverse range of industries, including manufacturing, information technology, and services. This robust economic foundation has contributed to the rise of Ahmedabad's real estate market, making it an attractive destination for investors seeking lucrative opportunities. Moreover, the city's strategic location and improved connectivity have played a pivotal role in its real estate success.

In the following sections of this newsletter, we will explore the key growth drivers and delve into the reasons why Ahmedabad has become a prime destination for real estate investors. From the rising demand for housing and commercial spaces to the favorable investment climate and potential returns, we will provide you with valuable insights and analysis to navigate the dynamic real estate landscape of Ahmedabad. Let's unlock Ahmedabad's real estate potential and discover the opportunities that await investors in this flourishing city.



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Creative PropTech Pvt Ltd is a leading realty wealth management company with expertise in real estate research, advisory and end-to-end valuation services.

Newsletter HIGHLIGHTS

Highlight 01

Growing Demand

A strong surge in property demand in Ahmedabad has led to an upward trend in prices. This presents an opportunity for investors to benefit from price appreciation.

Highlight 02

Infrastructure Development

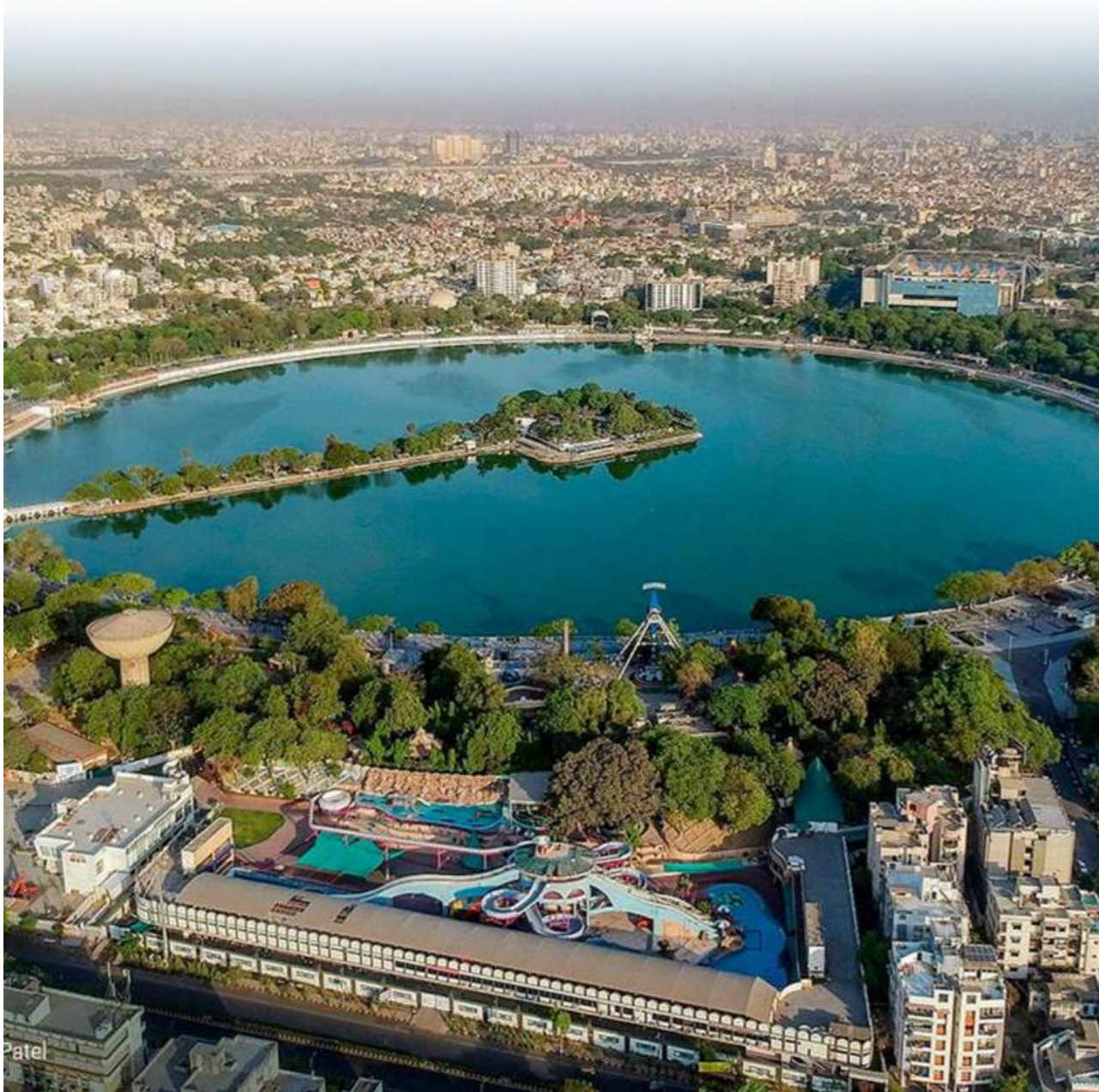
The Ahmedabad-Vadodara Expressway and the Ahmedabad Metro have improved connectivity and convenience, attracting homebuyers, investors, and businesses to the region.

Highlight 03

Commercial Growth

The establishment of new industries and multinational corporations has resulted in increased real estate prices in the commercial sector, making it an attractive destination for investment.

Introduction: Ahmedabad Estate 2023



Ahmedabad, the largest city in the state of Gujarat, India, has been garnering significant attention in the real estate sector due to its growing prominence as a thriving economic hub. In this section, we aim to explore why Ahmedabad has become an attractive destination for real estate investors. By delving into the city's economic growth, key industries, and government initiatives, we will uncover the factors that contribute to Ahmedabad's appeal in the real estate market. The year 2023 began on a positive note for Ahmedabad, with a significant increase of 20-25% quarter-on-quarter in housing demand. The supply of properties also witnessed a growth of 1-2% during the same period. Additionally, average property rates surged, indicating a favorable market trend.

The residential real estate market in Ahmedabad witnessed a significant increase in new launches during the first quarter of 2023. A total of 4,817 units were launched, reflecting a growth of 13% on a quarterly basis and 12% on a yearly basis. The mid-segment dominated the quarterly launches, accounting for 55% of the total, followed by the affordable category with an 18% share.

The North submarket of Ahmedabad recorded the highest number of quarterly launches. This increase can be attributed to the rising office leasing activity and proposed infrastructure facilities in the GIFT city region. With improved metro and road connectivity, the North, North Peripheral, and West Peripheral submarkets have witnessed a concentration of luxury and high-end segment launches.

On the other hand, the Eastern submarkets in the old city area primarily saw affordable and mid-segment launches. The sanctioning of nine new town planning schemes, particularly in the eastern and southern submarkets, is expected to contribute to further residential development, especially in the affordable segment. Capital values in Ahmedabad experienced a growth of 2-3% on a quarterly basis, primarily driven by increased sales momentum in the North submarket. However, rental values remained relatively stable across the city during the quarter. Looking ahead, it is anticipated that property prices in Ahmedabad will continue to increase due to the impending revisions in Jantri rates (ready reckoner rates for stamp duty calculation) starting from April 15, 2023. These rate revisions, coupled with rising FSI costs and other associated expenses, are likely to be passed on to homebuyers. Overall, the residential real estate market in Ahmedabad continues to show promising growth, with the mid-segment leading the way in terms of new launches.

The city's expanding infrastructure and favorable investment climate contribute to its appeal for both developers and investors. With the upcoming completion of significant projects and the continuous development of various submarkets, Ahmedabad presents opportunities for those seeking to invest in the real estate sector.

Overview: Commercial Real Estate Ahmedabad 2023

Ahmedabad experienced a strong surge in leasing activity during the first quarter of 2023. The gross leasing volume (GLV) witnessed 18% growth compared to the previous quarter.

The IT-BPM sector led the way in leasing, accounting for 22% of the total activity, closely followed by the BFSI and Professional Services sectors, each with a 20% share. The SBD area, covering Sarkhej-Okaf to South of Sola-Science City, emerged as the most preferred office submarket.

Prominent locations like Sindhu Bhavan Road, Thaltej, and Iskcon Ambli Road witnessed significant leasing activity. The introduction of Phase-I metro enhanced accessibility to major submarkets, and the upcoming Phase-II Metro connecting GIFT City and Ahmedabad is expected to further stimulate commercial growth in the SBD area.

Also the demand for flex space is projected to remain strong, particularly among FinTech, FMCG, and BFSI companies, as they increasingly opt for managed office spaces.

Ahmedabad experienced a healthy supply of new office spaces in the beginning of 2023. The majority of these completions were in the PBD submarket, followed by SBD and CBD. Looking ahead, the city anticipates increase in the office supply in the next three years, with mainly concentrated in prime submarkets like GIFT City and SBD. However, the increase in vacancy.

Rents in Ahmedabad continued to show improvement, with quoted rents rising by 2-3% compared to the previous quarter. This upward trend is mainly driven by tighter vacancy levels in superior-grade buildings.

Moving forward, rents in select quality assets with limited vacancies and high demand, particularly in submarkets like GIFT City and SBD, are expected to further increase. However, the addition of new supply in the coming years could potentially stabilize the city's rental market.



01 CBD

CG Road, Ashram Road, Paldi, Navrangpura, Ambawadi, Usmanpura, Naranpura

02 SBD

SG Highway, Thaltej, Prahladnagar, Okaf, Iscon-Ambli Road and Sindhubhavan Road

03 PBD

Science City, Adani Shantigram, Gota, Motera, Chandkheda, Mindspace IT-SEZ and Gandhinagar.

04 Gift City

HGIFT City and GIFT SEZ designated area

05 East Ahmedabad

Shahibaug, Vatva, Maninagar, Vastral, Odhav, Naroda, Narol

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Upcoming Infrastructure In Ahmedabad



AHMEDABAD-VADODARA EXPRESSWAY



AHMEDABAD METRO

Ahmedabad-Vadodara Expressway

The Ahmedabad-Vadodara Expressway, also known as National Expressway (NE) 1, has brought about a significant transformation in the real estate sector. This 93 km-long corridor has reduced travel time between Ahmedabad and Vadodara to just an hour, making it an attractive destination for homebuyers, investors, and property owners. The improved connectivity and convenience offered by the expressway have spurred a surge in demand for residential properties along its route. This, in turn, has led to increased infrastructure development and investment opportunities in the region.

The realty impact of the Ahmedabad-Vadodara Expressway is evident in the rising popularity of areas located along its stretch. The reduced travel time has made these regions more accessible, thereby enhancing their desirability among potential homebuyers and investors. The convenience of commuting between Ahmedabad and Vadodara has resulted in a surge in demand for residential properties, leading to a boom in the real estate market. Developers have recognized the potential of these areas and have invested in infrastructure projects to cater to the growing housing needs of the population.

Additionally, the expressway has opened up opportunities for commercial development along its route. The improved connectivity has attracted businesses and industries to set up their operations in the vicinity, boosting economic growth and creating job opportunities. As a result, the real estate market has witnessed increased demand for commercial spaces, further contributing to the overall growth of the region.

Ahmedabad Metro

The Ahmedabad Metro, a rapid transit system aimed at improving commuting options and reducing traffic congestion, has had a significant impact on the real estate sector in Ahmedabad. With the metro partially operational, residents now have access to a secure, eco-friendly, and fast mode of transportation. This enhanced connectivity has increased the desirability of areas along the metro route, leading to a surge in housing demand. Developers have recognized the potential and are investing in building projects in key localities along the metro route, further driving real estate growth in the city.

Upcoming Infrastructure In Ahmedabad

The ongoing construction and expansion of the Ahmedabad Metro have sparked optimism among real estate experts. The completion of the remaining sections of the metro is expected to further enhance intra-city and inter-city connectivity, resulting in smoother commutes and reduced dependence on roads. This improved accessibility is likely to attract more commercial and residential developments along the metro route. As the metro's completion timeline approaches, property prices in the city are anticipated to witness a boost, making it an attractive investment opportunity for buyers and investors alike.

Moreover, the Ahmedabad Metro, combined with other major infrastructure projects like the Mumbai-Ahmedabad Bullet Train, is set to create a positive ripple effect on the real estate market. The reduced commuting time and enhanced connectivity provided by the metro will encourage the growth of commercial and residential properties across the areas where the metro service is accessible. This increased development activity is expected to drive property prices higher and contribute to the overall growth of the real estate sector in Ahmedabad.

Mumbai-Ahmedabad High-Speed Rail Corridor

The Mumbai-Ahmedabad High-Speed Rail Corridor, often referred to as the Bullet train project, is set to revolutionize transportation in India. This ambitious railway project aims to connect the two major cities of Mumbai and Ahmedabad with high-speed trains, reducing travel time significantly. With 12 stoppages along the route, including key cities like Thane, Surat, and Vadodara, the Bullet train is expected to enhance connectivity and accessibility for commuters. The project is scheduled for completion by Dec 2023, marking a significant milestone in India's transportation infrastructure.

The real estate impact of the Mumbai-Ahmedabad High-Speed Rail Corridor is expected to be substantial. The regions along the proposed corridor are likely to emerge as new hotspots for real estate investment. Developers and financiers are likely to show keen interest in expanding their projects along the stretch, capitalizing on the improved connectivity and accessibility offered by the Bullet train. As a result, there will be a surge in demand for housing in these areas, leading to an increase in property prices.

The Bullet train project will not only transform transportation but also have a ripple effect on the real estate market. The enhanced connectivity and reduced travel time will attract businesses, industries, and job opportunities to the cities along the corridor. This, in turn, will fuel the demand for housing, both residential and commercial. The cities of Mumbai, Thane, Surat, Vadodara, and Ahmedabad are expected to witness a boost in real estate development, with developers focusing on creating modern infrastructure and amenities to cater to the growing demand.

the Mumbai-Ahmedabad High-Speed Rail Corridor is set to bring about a significant real estate transformation in the regions it traverses. The improved connectivity

Why to Invest In Ahmedabad

- **The Strong Demand and Price Appreciation:** Ahmedabad is witnessing a significant increase in property demand across various localities, creating a demand-rich market. This surge in demand is leading to an upward trend in property prices. Investing in Ahmedabad real estate at this time presents an opportunity for substantial price appreciation, allowing investors to sell their properties at a higher profit in the future.
- **Increase in Property Sales:** The real estate market in Ahmedabad has experienced a notable surge in property sales, particularly after key initiatives like demonetization and RERA compliance. The implementation of RERA has restored confidence in the real estate sector, leading to an increased demand for properties. According to a report in The Times of India, residential property sales in Ahmedabad witnessed a 10-15% growth in the financial year 2022-23. With an annual growth rate of 2-5% in the real estate sector, investing in Ahmedabad offers the potential for high returns.
- **Ahmedabad Smart City Project:** The Ahmedabad Smart City Project is a significant initiative for Gujarat and positions Ahmedabad among the first 20 smart cities in India. This project aims to enhance connectivity, develop an integrated transport network, foster inclusiveness, and strengthen the city's resilience. The implementation of the smart city project is expected to attract more residents and businesses, further driving the demand for properties in Ahmedabad and creating favorable conditions for real estate investors.
- **Rapid Commercial Growth:** Ahmedabad is experiencing robust commercial growth, making it an attractive destination for real estate investment. The city is witnessing the establishment of new industries, BPOs, KPOs, IT companies, and multinational corporations, resulting in increased real estate prices in the commercial sector.



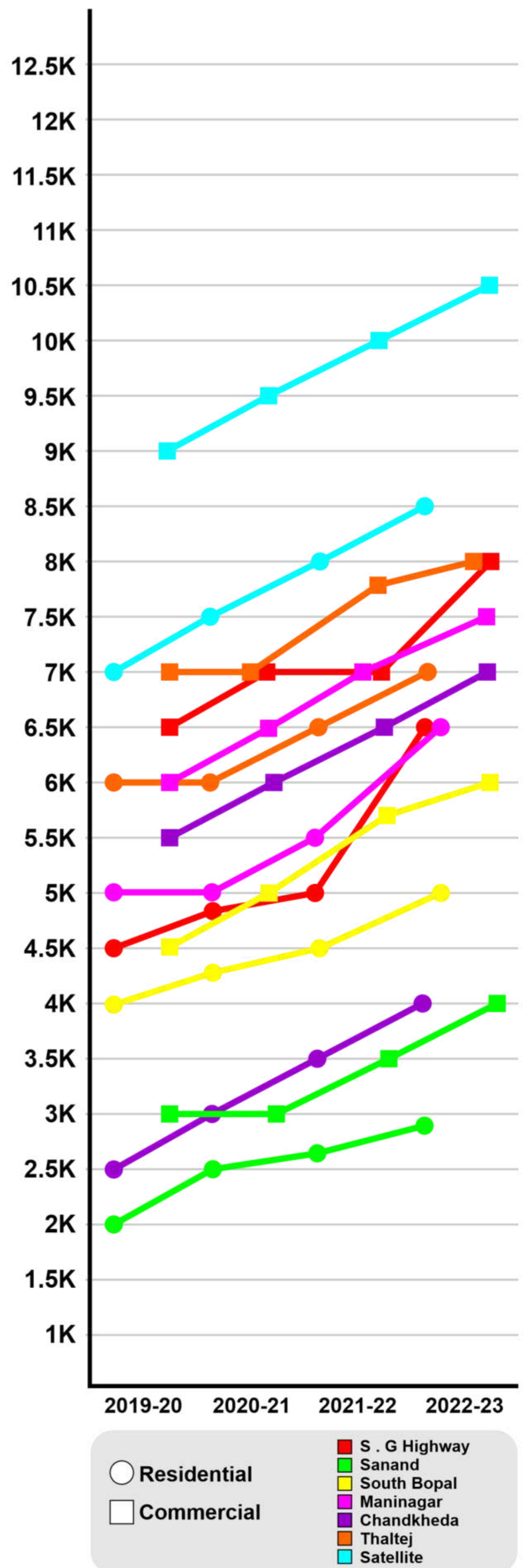
The presence of numerous multinational and global corporations in Ahmedabad is fueling the demand and development of both residential and commercial real estate. Investing in commercial real estate in Ahmedabad offers the potential for high returns on investment.

- **Growth of Satellite Ahmedabad:** Satellite Ahmedabad is emerging as a highly popular area for real estate investment. This region offers commendable infrastructure, including well-maintained roads, reliable power supply, efficient sewage and drainage systems, and ample water supply. The availability of a large inventory of properties in the Satellite area further contributes to its appeal among investors, making it a sought-after choice for real estate investment.
- **Excellent Upcoming Projects:** Ahmedabad is witnessing the development of impressive real estate projects across residential and commercial sectors. Renowned builders and developers are introducing new projects in the city, offering diverse options for investors. These upcoming projects add to the growth potential of Ahmedabad's real estate market, further increasing its popularity among real estate investors.

Investment Hotspot In Ahmedabad

- **S.G. Highway:** This area is one of the fastest emerging localities in Ahmedabad. It is well-connected to the city center and offers good social infrastructure. The average sale price for properties in this area ranges from Rs. 3,000 to 4500 per square foot.
- **Sanand:** Located on the outskirts of Ahmedabad, Sanand is known for its good infrastructure and low cost of living. It is a hub for commercial properties and offers excellent connectivity to Ahmedabad. The average sale price for properties in Sanand ranges from Rs. 1,500 to 2,000 per square foot.
- **South Bopal:** South Bopal is a newer residential area in Ahmedabad that is well-connected and offers a lot of green spaces. It is located near shopping malls, entertainment centers, schools, and hospitals. The average sale price for properties in South Bopal ranges from Rs. 3,500 to 4,000 per square foot.
- **Maninagar:** Maninagar is one of the older neighborhoods in Ahmedabad and offers a comfortable living environment. It has good amenities such as schools, hospitals, and parks. The average sale price for properties in Maninagar ranges from Rs. 4,500 to 5,000 per square foot.
- **Chandkheda:** Chandkheda is a neighborhood located near the Sabarmati River and offers good connectivity to the city center. It is preferred by working professionals and families and has amenities like schools, hospitals, and parks. The average sale price for properties in Chandkheda ranges from Rs. 2,200 to 2,500 per square foot.
- **Thaltej:** Thaltej has transformed from a small village to a luxurious residential area. It is well-connected to the city center and offers good schools, hospitals, and restaurants. The average sale price for properties in Thaltej ranges from Rs. 5,000 to 6,000 per square foot.
- **Satellite City:** Satellite City is a popular residential neighborhood in Ahmedabad with excellent social infrastructure. It is well-connected and offers a range of business and residential options.

Rate Range Per Sq.Ft. on SBUA



Conclusion & Key Highlights



- Ahmedabad's real estate market is experiencing positive growth, with an increase in housing demand and property rates.
- The residential sector in Ahmedabad is witnessing significant new launches, with the mid-segment dominating the market.
- The North submarket of Ahmedabad is experiencing a concentration of luxury and high-end segment launches due to improved infrastructure and connectivity.
- The sanctioning of new town planning schemes is expected to contribute to further residential development, especially in the affordable segment.
- Ahmedabad's commercial real estate market is witnessing strong leasing activity, with the IT-BPM sector leading the way.
- The SBD area is the most preferred office submarket, attracting significant leasing activity.
- Flex space is in demand among FinTech, FMCG, and BFSI companies.
- Rents in Ahmedabad are showing improvement, particularly in select quality assets with limited vacancies and high demand.
- The Ahmedabad-Vadodara Expressway has transformed the real estate sector, increasing demand and infrastructure development along its route.
- The Ahmedabad Metro and the Mumbai-Ahmedabad High-Speed Rail Corridor are set to enhance connectivity, stimulate development, and boost property prices in the region.

Conclusion & Key Highlights



Creative PropTech Pvt Ltd is a leading realty wealth management company with expertise in real estate research, advisory and end-to-end valuation services. Over the years, we have explored the most innovative ways to provide scalable solutions to our esteemed lenders, corporates, investors and private equity partner with our multi-faceted think tank of industry experts that include engineers, economists, financial planners and actuaries.

We are prowess in the field of risk assessment, credit underwriting, analytics, data science and valuation with a research base approach that enables us to deliver profound and radical solutions in real estate valuations services. We have the expertise to underwrite and value both tangible and intangible assets such as immovable properties, plants, machinery, brand, equity, business, goodwill or patents. We have built the fully Automated Valuation Software PropValue to offer an accurate and quick property valuation.

Our realty wealth management services offer a range of investment solutions that suffice the financial needs of businesses and individuals. Our Wealth Management Services emphasise the simple, reliable and transparent approach while offering financial solutions to meet the modern-day demands of organisations and professionals.

We operate in leading financial hubs in India such as Mumbai, Navi Mumbai, Pune, Indore, Bhopal, Surat, and Ahmedabad and extend services to a strong client base across the cities. Our portfolio of esteemed clientele encompasses several prestigious banks and financial institutions.

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