

ANALYSING HOUSING PRICES IN METROPOLITAN AREAS OF INDIA

PROJECT SUBMITTED BY

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1. Introduction

Since the inception of the theory and idea of development, the common feature that emerged in different point of time is the developmental gap that emerged in different parts of the world and also among various parts of a country in a particular time period. This disparity in development, like many other indicators, has also been reflected in India. Traditional development theories believed that agriculture, industrialisation, urbanisation, are significant ingredients of growth, and, ultimately important prerequisites for achieving development. Within the economy itself, the status of growth of a state can be judged through its performance in agricultural and industrial production, performance of service sector and urbanisation, and their impact through their contribution in income and employment generation at the national level. Thus, house price behaviour may also reflect some short of developmental status of the households of a country. Keeping in view the above fact of rapid urbanisation and regional disparities, it is not unexpected that it may lead to some sort of differences in regional house prices, where housing and real estate are considered as major sources of physical and financial asset. This also leads to the differences in the dynamics of house price determination. It simply means that there might be shift of house prices in cities from average, in the country, depending upon its economic status. For instance, average house prices in the poorer provinces might be lower than the national average. Similarly, for richer states, the urban house prices, on average might be higher than the national average.

The Times of India (2012) report indicates that housing prices in India witnessed the steepest rise in the world in the last 10 years since 2001. "House prices in India have increased by 284% in real terms, after allowing for inflation equivalent to an average annual rise of 14%. The upward movement could be due, significantly, to, rapid urbanisation, increase in population, migration from rural areas as a result of unsatisfactory performance in agriculture and expectation for better livelihood, in terms of greater earning possibilities in urban areas. Only couple of cities registered price decline in the last quarter of 2011. Hence, this paper focuses upon residential property prices in metropolitan cities in India, more specifically, on the study of fifteen metropolitan cities located at different parts of the country consisting Delhi, Mumbai, Bengaluru, Kolkata, Chennai, Jaipur, Lucknow, Hyderabad, Pune, Surat, Ahmedabad, Patna, Faridabad, Kochi and Bhopal. Due to their locations, the cities are having regional

characteristics. Against this background, the basic question that arises is whether these fifteen metropolitan cities act as a single market or they work separately as segmented independent metropolitan housing markets within the country. In other words, does the Law of One Price (LOOP) hold true in the housing market of the fifteen metropolitan cities of India. Although a number of studies have been conducted for some countries to determine the convergence of house prices in the respective regions, to the best of our knowledge, no such study has been conducted for India.

"The housing market has maintained its prudence and discipline primarily due to a high number of new launches over the last year, and momentum is continuous. Increasing supply has kept the price rise moderate and productive, drawing both the end user and long-term investors," Liases Foras MD Pankaj Kapoor said.

CREDAI National President Boman Irani said the ongoing momentum in quantum of sales across the country is a clear reflection of positive homebuyer sentiments and validates the conducive nature of the market.

"We are also witnessing record breaking numbers due to the pent-up demand from Covid and despite the price rise, we expect this trend to continue for the rest of the fiscal year — on the back of a relatively stabilised repo rate and lending eco-system," he said.

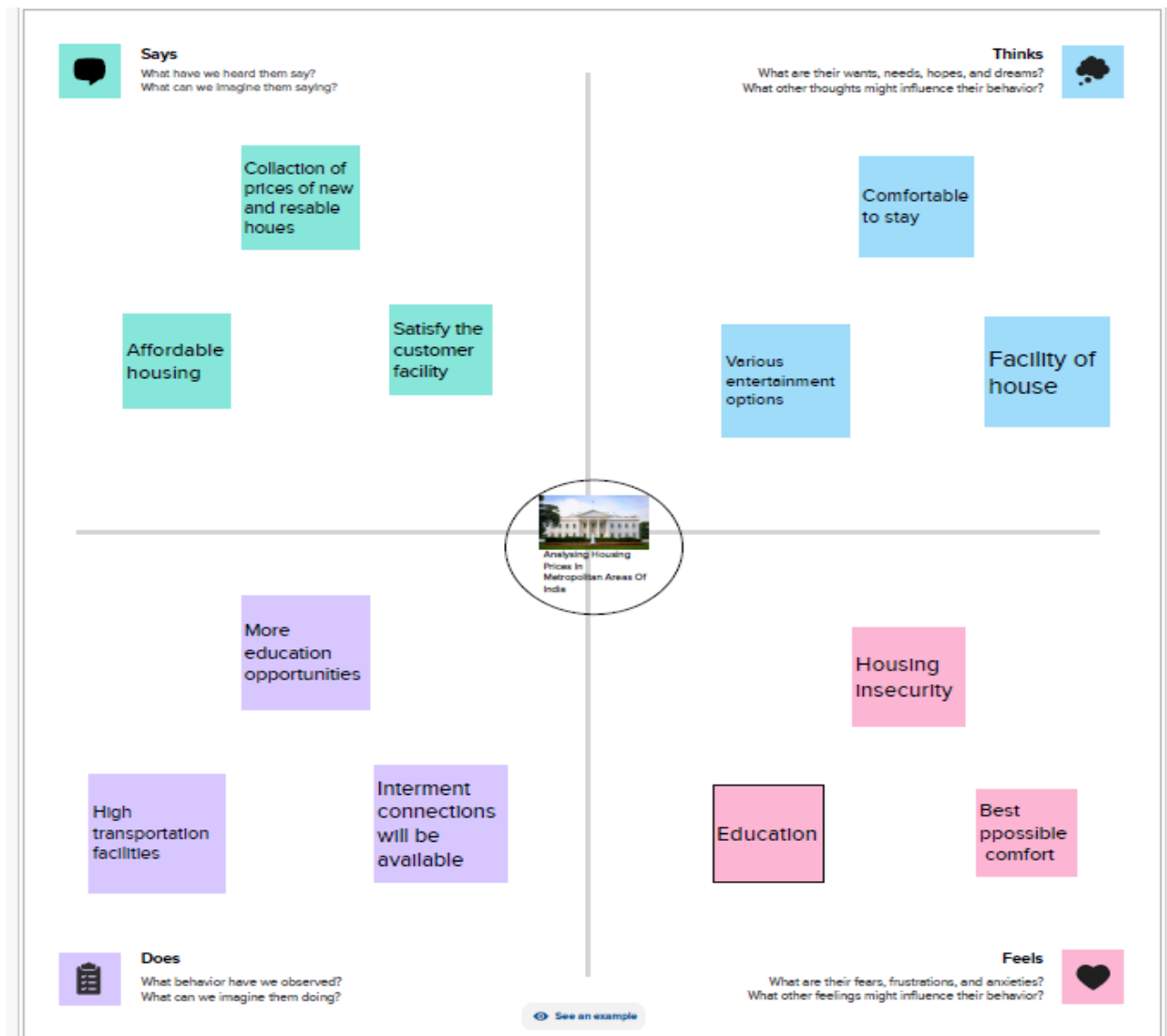
Irani said the upcoming festive season will help in further boosting the sales and sustain the momentum through the start of 2024.

"Over the last 10 quarters, there has been a consistent upward trend in housing prices across the country. With repo rate stabilizing since February 2023 at 6.5 per cent, homebuyers' sentiments remain positive due to greater visibility on monthly EMIs," said Peush Jain, Managing Director, Occupier Services, Colliers India.

MILESTONE 1: Define Problem /Problem Understanding

- ❖ Specify the business problem
- ❖ Business requirements
- ❖ Literature Survey
- ❖ Business Impact

Empathy Map



Brainstorming Map

