

Recent Trends in Changing Residential System: Land Market in Urban Area

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Mysoore is one of the most preferred residential locations in Karnataka. Interestingly, many are finding it convenient and comfortable to live in Mysoore and commute to Bangalore for work. The reason for this is that the time it takes to cover the 140 km between Bangalore and Mysoore is less than the hours-long queuing travel in Bangalore city traffic. The widening of the Bangalore-Mysoore road to create an expressway has led to greater demand for land not only in Mysoore city proper but the small towns and farm land along the road as well.

Mysoore, the seat of power of the former princely rulers of the old Mysore state, is the shining example of real estate growth in India. The real estate market of Mysoore is witnessing tremendous growth for the last few years. The Bangalore-Mysoore corridor and the opening of offices of software giants like Infosys, Wipro, Microsoft, First American Corporation, Accenture, IBM, Cognizant Technologies, Honywell, etc., has spurred growth and the consequent demand for residential land. It is just not the IT companies alone that have found Mysoore an ideal location. Other prestigious companies like S. Kumars, Kirtikars, Genetec, Venkatesh, Rad and Taylor, LassenTourist and Bhattach Earth Movers have set shop in the city.

Profile of Mysoore: Mysoore city was considered as the most important cultural capital of Karnataka state and also this is one of the last-est growing cities next only to Bangalore. It is known as the cultural hub of the state. The city is spread over an area of 128.42 sq.km, with a total population of 7, 07, 179 persons according to 2001 census. The city is

Objectives

To examine the changing value scenario of residential market especially high rise apartment buildings from 2000 to 2010. To identify the areas which have high profitability in the construction of apartment buildings in Mysoore Urban Area. To find out the upcoming residential developments in Mysoore Urban Area.

Methodology

The present study is based on primary and secondary data. Primary data pertains to the survey of the city and identifying the areas which consists of high concentration of apartments. The secondary data was collected from the real estate agencies relating to their property. They also provide information on the construction of apartment buildings. They also provide information on the availability of land of services available, kind of occupancy, and other urban information. The sub-registers of transactions from 2000 to 2010, was useful to obtain data about the profitability in the construction of single houses and flats assessed taking into consideration that the land cost for single house will be 1, where as for the flat it will be 16. Wherein the plot of an average size of 40 x 60 size is taken estimation. And the number of sites in each apartment is four.

Recent Trends in Residential Land Market: In recent period, residential land market is very active in Mysoore. The general aspiration of people in Mysoore is to own their own land and construct house on it. Bangalore is one of the Tier cities for IT & ITES along with Mangalore, Hubli-Dharwad and Belgaum. Due to aggressive promotion by State Govt. of Karnataka, Mysoore is fast catching up as the next IT Destination.

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Table-1 – Rent for single house (March 2010)

Locality	Area(Sq.ft)	Housarent (Approx. INR)	Average rent for 600 Sq Ft. (20x30 plot size)
Jayalakshimpuram	1704	9636	3393
Sarasawathipuram	1200	7000	3500
Vijayanagara	1087	7235	3994
Kuvempunagara	1555	8500	3280
Gangothri	2630	7750	1768
Gokulam	1293	12300	2708
Siddhartha Nagar	1708	14200	4989
Yadavagiri	1105	8375	4548
Vorlikoppal	1075	8000	4465
J.P.Nagara	2600	12000	3000
Bogadi Road	1300	5000	2308
Lakshimpuram	1137	10000	5277
N.S.Mahala	720	3900	3343
V.V.Puram	1500	8500	3400
Vidyayanyapuram	1500	8000	3200
Vivekanandanagar	1000	5000	2100
Brindavan Extn	650	7500	5294
Udayagiri	1200	8000	4000
Malagiri Extn	2000	8500	2550
Rajy Nagar	1200	6500	3250

Table-2 – Rent for Flats (March 2010)

Location	Area (sq.ft.) Average	Flat Rent INR (Average)	Average rent in flat (20x30 plot size)
Gokulam	962	10400	6486
Hebbal Industrial area	1100	8833	4818
Jayalakshimpuram	1562	11750	4513
Vijayanagara	1167	8500	4370
Vorlikoppal	1275	10250	4824
Lakshimpuram	1420	16000	6781
Yadavagiri	980	8500	5204
Siddhartha Nagar	2800	20000	4286

Source: data downloaded from www.mysoreclick.in

increased not only within the city but also in the fringe areas as far as 20-30 Kms. of Mysoore. This has motivated the land investors to purchase land because of greater profits in land market, causing increase in land prices all across the micro markets. Apart from this, BMCI (Bangalore Mysoore Infrastructure

Corridor) has also added a hike to the land value in the city, as this Infrastructure Corridor will reduce the travel time between Bangalore and Mysoore to a great extent and people will prefer to stay back in Mysoore and work in Bangalore because of the peaceful nature of the city. The land values of residential land market

from 2000-2010, shows drastic change chiefly owing to economic development and population growth.

Changing Housing System in Mysoore Urban Area: Nowadays there is a rapid concentration of high rise apartment buildings in specific areas. The causes for larger backing for apartment is related to several factors such as environment of the areas, good social security, landscape of the neighborhood, socio economic culture etc.

However, the rate of construction of houses has decreased due to the prevailing trend of economic recession. Added to this problem, there is an increasing growth of employment in IT sector which is again mounting the demand for houses. The builders are pursuing alternative schemes in utilizing the recession effects chiefly by going in for low cost housing schemes. Due to the recession, although the land value has slightly dropped, yet the real estate market is resistant for the change, and the land holders are still in the making for the market to intensify the prices and the supply of land has stagnated.

The financial facilities for the construction also are not very encouraging. The cost of construction material too has made a distinctive mark of peak prices. Making the total cost of construction very high, this rate of increase has never been experienced during the past several decades. All these factors have made construction very unattractive. Therefore apartment system is able to cater to more dwellings at a reasonably low cost. These apartments are generally constructed upto a maximum of four stories. However, the dangers expected in the multi-story apartment construction is that if the trend continues towards apartments, then this may alter the nature of the city outlook, thereby changing the heritage nature of the city. The urban regulation board permits for this form of construction with some limitations.

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In Gokulam, Jayalakshimpuram, Vorlikoppal, Sarasawathipuram, Kuvempunagara, Vijayanagara, and Siddharthanagar areas where the land value / land rent is highest in the city, the demand for houses is also very high. The high rents particularly in these areas is due to the occupancy of high income residents mostly NRIs, big business houses, industrialists, or professionals and people of high social class. Table-1 and Table-2 shows the distribution of house rent and flat rent of Mysoore city.

Estimation of Profitability: The cost of construction is estimated for both apartment and single houses in different localities in Mysoore. The average market value is compared to the cost of construction and the profits are analyzed. These profits vary between different areas depending upon the land value, nature of neighborhoods, distance to the city center, infrastructure and affecting in the neighborhoods etc.

Areas of High Profitability: Yadavagiri, Sarasawathipuram, Jayalakshimpuram, Vorlikoppal, Siddharthanagar, Itteggodu (Lalitha Mahal road), Gokulam have high profits area. These areas are the posh localities, with high income residents, mostly rich and influential. The neighborhood consists of elegant mans, good roads and boulevards, with fashionable commercial areas and restaurants. The social life is intensely sophisticated with a cosmopolitan culture. Hence, the profits in apartment construction are fully guaranteed in these areas. Consequently, these areas become the primary grounds for constructing apartments. Siddharthanagar, Itteggodu (Lalitha Mahal road), have high profits area. The neighborhood consists of the foothills of Chamundi Hills, adjacency to Lalitha Mahal Palace, Beautiful Karanji Lake, and Race Course. Sarasawathi Puram is located in just 2 kilometers away from the city center and it is adjacent to Gokulashali Lake and Mysoore University Campus.

Areas of Medium Profitability: Hebbal Industrial Area, Metagalli, Vijayanagar I, J.P.Nagara, Vijaya-

nagar II, Vijayanagar III, Rajendranagar, Gyalimpuram, Benihantapur Extension, Brindavan Extension, Kuvempunagar and Lakshimpuram have medium profits. These areas are the upcoming areas in terms of real estate business.

Areas of Low Profitability: Vijayanagara IV, Sharadedde Nagar, Ramakrishna Nagar, Vivekananda Nagar have low profits chiefly due to long distance from the city. Profit estimation based on construction cost and market value of houses indicate that the high profits in the construction of houses are observed in Hebbal Industrial Area, Sarasawathipuram, and Yadavagiri. Medium profits are seen in the areas of Vijayanagar I, II and III stage, Siddhartha Nagar, Itteggodu, Ramakrishnanagar, J.P. Nagar, Rajayy Nagar, Bogadi road and Chamundipuram. Low profits in Lakshimpuram, Brindavan Extension, Sharadeddevinagar, and so on.

Comparison of Profitability in The Construction of Housing And Apartment System: As compared to the profits of apartment buildings and housing, apartment buildings have high profits than the housing. The land values are an important aspect locally. The higher the land value is generally 3-4 times higher than the construction cost of a house. Therefore this is causing hindrance to the construction of houses in urban areas. But in apartment construction the land value will be shared by many flatowners which will reduce the total cost of construction considerably. The areas having low and medium land values such as Vijayanagar IV, Sharadeddevinagar, Ramakrishnanagar, and Vivekanandanagar are gaining less profitability because of distance from the city centre and unattractive neighborhoods. However the profitability in Vijayanagar I, II, Benihantapur Extension, Lakshimpuram, Hebbal Industrial Area, Gokulam, Siddhartha Nagar, Itteggodu (Lalitha Mahal road), Yadavagiri, and Sarasawathipuram is high. It is closer to the industrial work place, where Infosys, Wipro, and other IT companies are concentrated. These apartments are generally having the

high income IT officials making the profits in apartments longer.

Other Upcoming Residential Developments in Mysoore City: Multinational companies from France and Saudi Arabia are interested to purchase land. Construction of ORR (Outer Ring Road) has gained Mysore greater attention from land buyers to the locations around the road. Shankar and Brigade group of builders are the pioneers in the construction of apartments in Mysore. They have several ongoing and future projects mostly related to the construction of apartment and other large scale construction and apart from the above buildings there are numerous ones which have recently launched in the city.

Conclusion: The nature of housing structures are dramatically changing towards the construction of apartment buildings and the traditional single housing system is becoming costlier for construction and maintenance. Hence this leads to impact on heritage value of the city. Various multinational companies are getting interested in the land around Mysore, this is causing serious hitch to the future land market situation. The liberalization policy seems to be a good indication for the development of Mysore. But it also has many drawbacks on the changing housing system from single house, to duplex and apartments, which may spoil the heritage image of the city. In present situation apartment system is the most appropriate in terms of accommodating more houses and people within reasonable cost of construction to individual house holder. The consequence of this change has affected the general architectural style of the city and endangered the heritage image of the city.

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