



FAST FACT

INVESTORS HAVE NOW REALISED THAT WHEN A CITY ATTRACTS INTERNATIONAL STUDENTS, IT ALSO BRINGS WITH IT A HUGE DEMAND FOR RENTAL ACCOMMODATIONS

PUNE IS OXFORD OF THE EAST. HOW IS THIS FACT INFLUENCING ITS PROPERTY MARKET?

Vibha Singh gets some answers to the main question about how do the educational institutes drive the realty growth of Pune

QUICK BYTE

THE ECONOMIC DEVELOPMENT OF THE CITY HAS GAINED MOMENTUM IN RECENT YEARS, OWING TO THE PRESENCE OF NUMEROUS QUALITY ACADEMIC, EDUCATIONAL AND RESEARCH INSTITUTES ALONG WITH MANUFACTURING, IT/ITES SECTORS, THEREBY, PROVIDING EMPLOYABILITY OPTIONS. SINCE, THERE IS A LONG TERM QUALITY DEMAND AND SUPPLY BOTH, IN TERMS OF EDUCATION AND EMPLOYMENT, THERE IS INCREASED DEMAND FOR PROPERTY INVESTMENTS IN PUNE.



The real estate development in Pune has witnessed a sea change in the recent years and education is an important factor that has influenced this positive change. Presence of old educational institutes such as Fergusson College, Film and Television Institute of India (FTII) and others that have been offering quality education, has attracted students from different parts of the world. Besides, a number of management institutes and deemed universities that have come up recently in this city, have played an important role in maintaining the quality of education provided by the old educa-

tional institutes. Apart from higher education, Pune district also has a number of international and boarding schools that provide for an overall development of a child. Due to this, Pune is perceived as an ideal location for quality schooling and higher education. Shantanu Mazumder, director, Knight Frank, Pune says, "The city was once referred to as a pensioners' paradise, a couple of decades back and has now transformed into the Oxford of India due to the presence of several reputed colleges and other top-class academic institutions. While the city is reputed for its educational institutions,

it has been a constant feeder to strong manufacturing, automobile, IT and service sectors in the city which primarily consume the maximum real estate in the city."

A number of students who come to study in Pune from India and abroad, prefer staying in owned houses than at a rented place. Shaillesh Puranik, managing director, Puranik Builders Pvt. Ltd, feels that "Quality education is the main reason that attracts many home buyers to Pune. Also, youngsters aiming for settling in Pune, due to the growing IT industry in this city, prefer studying in educational institutes and then working here. Due to this, the young generation finds it more feasible to buy a house in Pune than staying in a rented apartment."

This adds to the demand for residential homes in Pune which is directly influenced by the presence of educational institutes. According to a Kalnataru spokesperson, "With the growing trend of corporates moving to cities like Pune, we are seeing an increasing trend of families preferring to purchase an apartment, making a long term investment decision while their children are still studying, which not only helps them in creating an asset for them but also offers them the convenience of having a house in case their children decide to settle down in the same city."

Investors have now realised that when a city attracts international students, it also brings with it a huge demand for rental accommodations. In future, these students might also migrate and start working in the

same city for a long term, automatically creating a demand for property. Anuj Bhandari, treasurer, CREDAI Pune Metro says, "As high rentals and city hotels are expensive, people prefer to invest in Pune's realty thus influencing the property market. Also, due to the healthy environment, job seekers consider taking up jobs in the city. They buy property and live in it and if they have to shift to another city, then they sell the flat or give it on rent which gives them good returns. Therefore, there is an increase in the number of residential construction and leisure spaces such as malls, multiplexes."

Girish Shah, EVP - marketing and sales, Godrej Properties Ltd, agrees, "The economic development of the city has gained momentum in recent years, owing to the presence of numerous quality academic, educational and research institutes along with manufacturing, IT/TTeS sectors, thereby, providing employability options. Since, there is a long term quality demand and supply both, in terms of education and employment, there is increased demand for property investments in Pune."

Sumeet Bhatia, office head, Pune, Cushman & Wakefield says, "After graduation, this working population forms the target clientele for builders. Also, the retail market of the city has seen a pick-up in retail streets like FC Road, adjoining such educational institutes. Additionally, the growth of the IT-ITeS sectors which have been the demand driver for commercial space leasing activity in the city, can be accredited to the huge

availability of talent pool in the city. Thus, the distinction of being an educational hub has contributed positively to the growth of real estate across all asset classes in Pune."

With increasing demand for housing, Kishor Pate, CMD - Amit Enterprises Housing Ltd says, "Reputed developers make it a point to source plots in areas that have ready access to these institutes by private and public transport. Large schools too have responded by ensuring that their own school bus services reach all parts of the city. In fact, access to schools and colleges is an important criterion for families who are looking for homes in Pune. For that reason, property prices also tend to be higher in locations which are close to established educational institutions. Nevertheless, the marginal premium that home buyers pay for this convenience is still far lower than it is in cities like Mumbai, Bengaluru and Delhi. Nor does the proximity to schools

and colleges necessarily carry the same market clout in all cities."

In a city like Mumbai, home buyers are primarily concerned with buying flats that allow them to travel to and from work. In smaller cities like Pune, reaching work is not as serious a challenge. The public transport system may not be cutting-edge, but most families find that their personal vehicles suffice for most commuting purposes. A cursory study of pricing trends certainly indicates that residential properties which are near to a couple of good secondary schools appreciate better than others. Savvy property investors know that even in a recessionary market, a city's social dynamics do not vary far from the norm. With shopping, healthcare and workplace access not necessarily posing as serious constraints, families in Pune, nevertheless give utmost importance to the needs of their children. It is not without reason that developers in Pune, whose project locations justify such claims, highlight proximity to schools in their promotions. "Most families in Pune see such proximity both, as a cost-saving advantage, as well as a source of peace of mind. Thanks to the fact that prestigious and established educational institutions are not transient by nature, these advantages are locked into a location over many years. It is therefore, also much easier to sell such properties later on. This is an important investment factor that everyone considering the purchase of a home in Pune should take into consideration," Pate concludes.

- ▶ Students prefer to buy their own apartment then stay in rented property.
- ▶ Families purchase an apartment as a long term investment decision.
- ▶ Property prices higher in locations close to established educational institutions.
- ▶ Residential demand driving growth in luxury sector.
- ▶ Property near educational institution have good resale value.