

Electoral politics, community building and real estate – Understanding the equation



ATUL GOEL

Let's get Real!

Indian electoral politics is first and foremost an exercise in building communities. The biggest deciding factor in our elections has always been demography. Politicians and political strategists do a phenomenal job of bringing together people with shared values, shared preferences, shared aspirations and shared beliefs. What starts as an electoral exercise then extends into community living. Because once the people rally together, bond together during election season, they are naturally compelled to want a continuation of that strong sense of community.

It is through this sense of community that real estate stories are built. In fact, community is a key factor in predicting the real estate appreciation potential of an area.

Look around you; can you identify an area that fulfils all other conditions for

real estate appreciation – good location, good connectivity, good amenities, good infrastructure, good civic facilities like schools, hospitals, etc – and yet, in spite of all this, has not shown appreciation beyond a point?

The answer to this seeming puzzle lies in one word – community. If the demographic in that area does not have the earning / buying potential, then that area will stagnate in term of real estate appreciation. Prices will hover around the mark that the resident, dominant demographic is capable of affording. And in spite of everything else like location etc being in its favour, the real estate in that area will simply not generate the kind of returns that it should.

Take another scenario – can you identify a 'posh' neighbourhood in the heart of the city, that has suddenly got a facelift, but in spite of the new look, the prices reach a point and plateau? Ever wondered why that is? Such a central location, everyone looks up to that area, everyone

makes complimentary noises when you say you live there... and yet, prices never really go through the roof? The answer again, is the demographic. Such areas are typically home to the affluent service class. Many of the residents are in very high positions in companies here or even abroad, or they have interesting, very well-paying careers like the Merchant Navy. But even though they are very well

paid, there is still a ceiling; and real estate prices can never burst through it.

Contrast this with the communities formed by business families, traders, entrepreneurs. Observe the real estate trajectory in these communities. Here too, the demands of the demographic dictate the value of the real estate. The difference is that this demographic has the muscle, the might to make demands that others can't even dream of making. Real Rich communities are built like this, with wealth generators leading the way and demanding that the real estate industry keeps up with their aspirations and expectations.



Electoral politics, then, is a barometer of real estate appreciation potential. It gives us accurate, unfailing insights into the community dynamics that dictate how a city develops. It shows us which areas are likely to be real estate hotspots, which areas are likely to flatten out beyond a point, and which ones are likely to never really take off, remaining stuck within the

limits of those that chose to live there. This is the best time to look around and understand the community demographics and their impact on real estate, besides the location, accessibility, infrastructure. That is the one thing that will help us in deciding which location is going to be best for us in terms of living a Real Rich life. And for me that is the biggest takeaway from the great Indian electoral process.

The sooner the better. Our Pune deserves it.
(The columnist is a leading real estate developer and the author of the seminal work on Real Estate, Real Rich – Getting Real About Real Estate)

REAL RICH

GETTING REAL ABOUT REAL ESTATE

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