

GAINING momentum

Commercial real estate continues to offer better returns and is being preferred by many investors over residential properties



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Contrary to the popular belief, real estate is not always a risky gamble; provided the investor is well-informed about market conditions and ones' requirements and finances. Considering all of these, a commercial property is the most stable asset and attraction in real estate market today. Investing in commercial properties is proving to be more profitable than residential properties in the recent time.

Experts attribute multiple factors for it. Here are a few:

One of the major reasons is that as compared to residential properties, the ready-to-use commercial properties are wisely priced.

Secondly, commercial investment fetches higher rental value as compared to residential investment.

Thirdly, the commercial property developers have been offering lucrative plans such as assured return on investment till possession, lease guarantee for the property post possession, etc.

Gurugram has witnessed a major transformation in the last couple of years with the luxury real estate sector performing outstandingly.

"The NRIs investment along with decreasing value of rupee has increased the demand for the residential sector of Gurugram. There is a good demand for the commercial projects for retail and high-street format in the upcoming sectors such as Golf Course Extension Road and Southern Peripheral Road (SPR)," maintained Pankaj Bansal, director, M3M Group.

Furthermore, Amarjit Bakshi, CMD, Central Park, pointed out, "The responsibility of the developer in case of commercial

property is not over till every square inch of the property is productive."

On similar lines, Dr Ananta Singh Raghuvanshi, senior executive director, Experion

Developers shared, "If one examines the trend, commercial market is certainly favoured due to many positive reforms in India's REIT policy. Besides, the ROI on commercial property is by far higher. Investment in commercial properties can start as low as ₹20 lakh, unlike residential property that commands a higher price."

ASSURED RETURN, ASSURED SUCCESS

The return on investment is calculated in two ways in a commercial property. One being the rent which is approximately 8-9 per cent per annum of the cost of the property plus capital appreciation which is approximately 10 per cent annually thus giving a stable return of around 18-19 per cent per annum.

"I invested in a commercial and a residential property around two years back. I got assured return, a faster delivery, and much higher appreciation in my commercial asset as compared to the residential property. Our investment in commercial property proved to be a wise decision," said Gaurav Kumar, a

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local investor.

Industry experts feel that the real estate market is going through a consolidation phase. This in turn, has made investment in commercial real estate immensely beneficial for both who are looking to have regular monthly income from leasing their commercial properties and those who want to use the space for their own business and saving on monthly rent thereby.

Predicting the future of commercial segment and enlisting its positives, Pradeep Aggarwal, co-founder and chairman, Signature Global and chairman, ASSOCHAM National Council on Real Estate, Housing and Urban Development, said, "Future is

bright for the commercial segment, but it requires contemplation as investors need to establish the soundness of the location and its demand/supply dynamics. They need to ensure that the economy, job market, and population growth in the market is healthy."

Thus, it is the most ideal time to invest in commercial properties. Real estate is not the same as buying shares in a company.

Real estate is an asset class that investors can literally touch and feel. Yes, some building occupants may come and go and there may be ups and downs in building valuations over the course of its life. However, the property itself is not going to disappear.

A BRIGHT FUTURE

The real estate sector of

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