

INTRODUCTION TO BASICS OF REAL ESTATE

Types of Investments and options
Categories, merits and demerits

Real estate as an Investment option
Growth factors, categories, merits and demerits

Terminologies in real estate
charges, SBA, FAR etc.

Construction Process

Construction Technologies

Conversion matrix

Ways to invest in real estate
Payment plans

TYPES OF ASSET CLASSES



INTANGIBLE ASSETS

Assets which are not in any physical shape, which we can not feel and touch.

- Stocks
- Mutual Funds
- Equity shares etc

TANGIBLE ASSETS

Assets which have physical shape and form, which we can feel and touch.

- Real Estate
- Gold
- Art Antiques
- Gems



1. MUTUAL FUNDS

Pros

- Liquidity – Easy to buy and exit
- Diversification – Can be invested in multiple instruments to avoid risk
- Less cost for bulk transactions
- Quick and painless process

Cons

- Cost to manage the fund – Fund management charges are being paid by investors
- Dilution -
 - While diversification averages your risks of loss, it can also dilute your profits.
 - Hence, you should not invest in more than 7-9 mutual funds at a time.



2. SHARES

Pros

- Liquidity – Easy to buy and exit
- Claim over asset and income –Enjoys a share of the incomes of the company
- Limited liability- the share of loss over and above the capital investment would not be borne by the investor.
- Quick and painless process

Cons

- Investors can't vote -
- Preferred shareholders do not have the same ownership rights in the company as common shareholders.
- Claim over asset and income –Enjoys a share of the incomes of the company
- High Risk
- Fluctuation in market price
- Dividend is not fixed or controllable.



1. GOLD

Pros

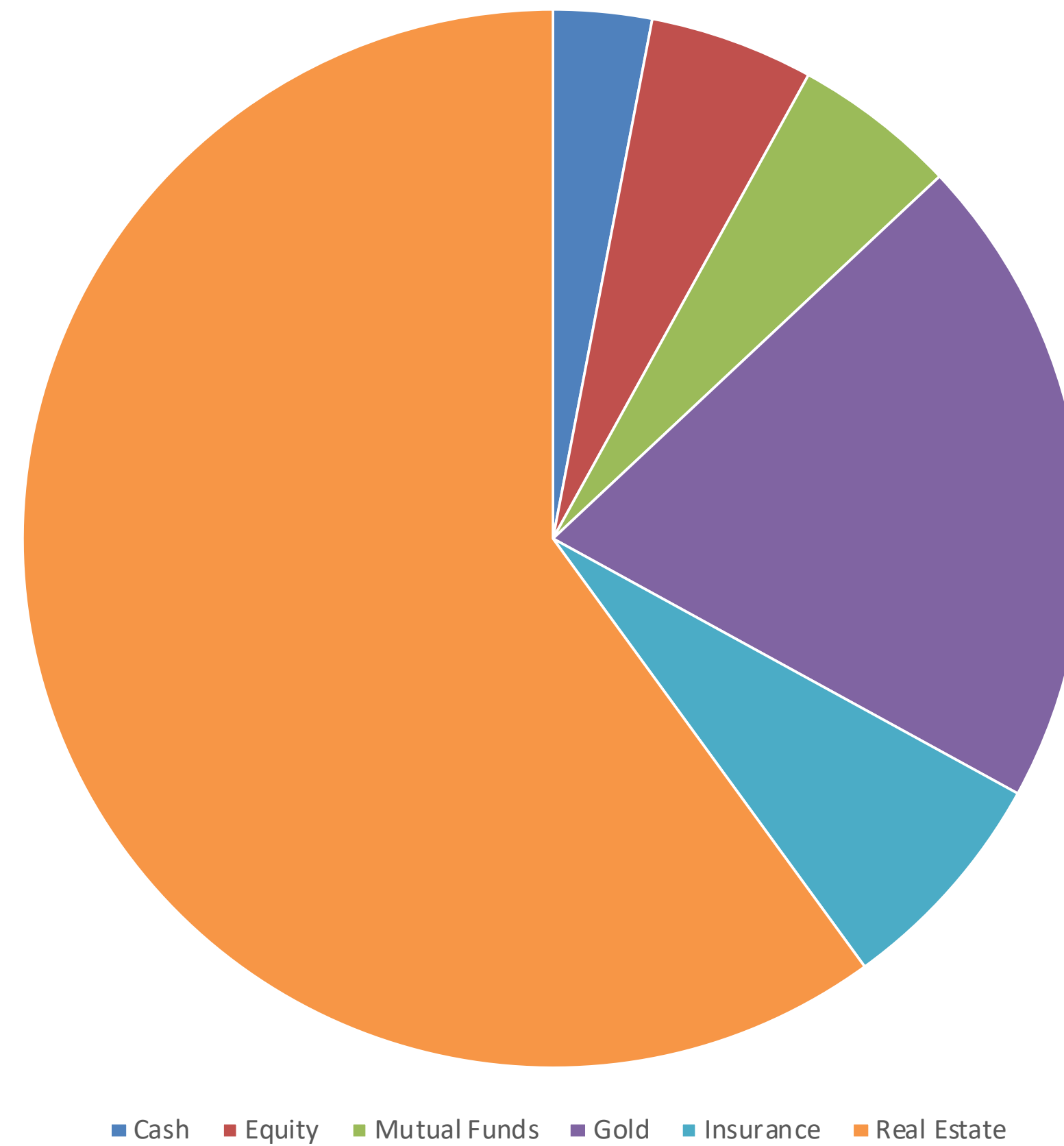
- Hedge against inflation - It has a direct relationship with inflation. During the periods of inflation, investors fear, stocks and debt funds could underperform. But, gold has historically performed well during inflation.
- Easy to liquidate – Can be converted into cash whenever needed.
- Holds its value for long time

Cons

- No steady/regular income
- Gold Coin – Banks do not buy back gold bar or coin once sold.
- Issue with the storage – Needs to pay locker charges every month

ASSET CLASSES – PORTFOLIO THEORY

Standard Asset Class allocation across lifetime*



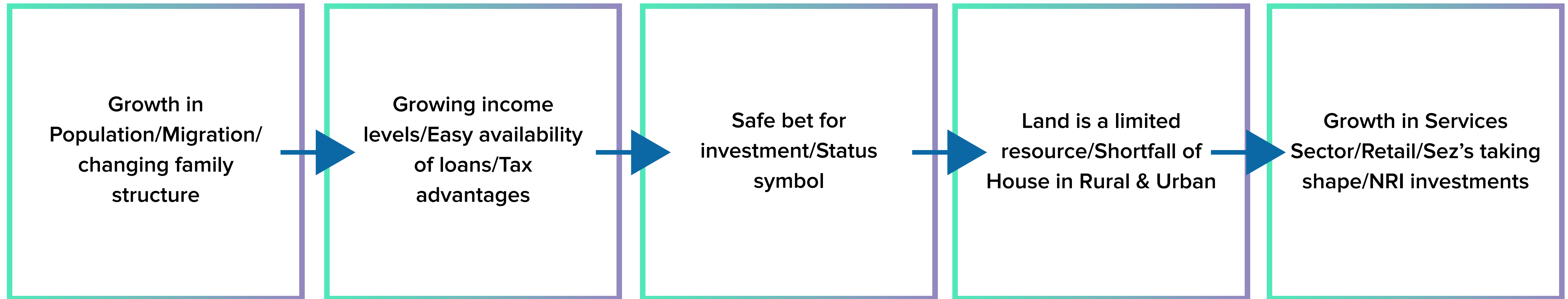
**LAST 10 YEARS INVESTMENT
AVENUES TO BEAT INFLATION**

Asset	Return
Bank FD	7%
PPF	8%
Equity (NIFTY)	12%
Real Estate	15% - 20%
Gold	+/- 10%

INVESTORS CAN BEAT INFLATION BY INVESTING IN ANY OF THESE INSTRUMENTS

*Disclaimer: Return percentage are based on investments made for minimum 5 years
Returns from Equities, Real Estate & Mutual Fund can vary depending on the quality of equities, funds & properties invested into

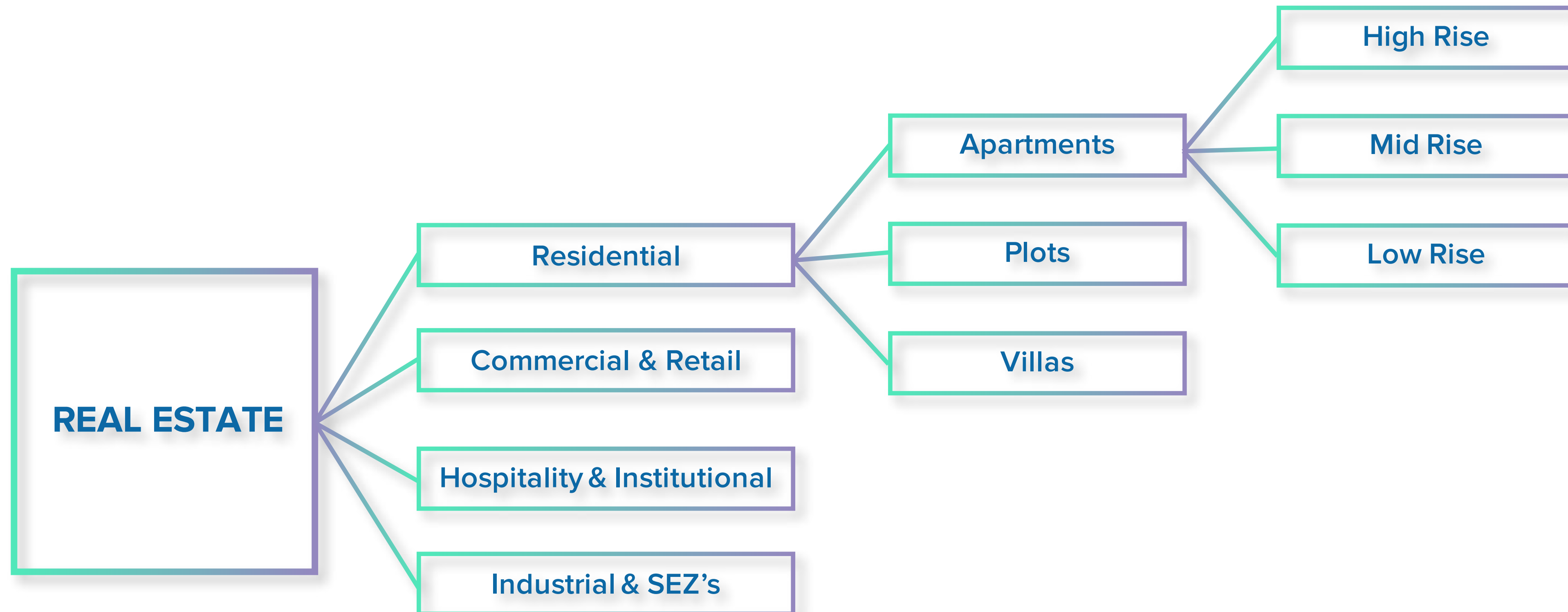
REAL ESTATE GROWTH FACTORS



MERITS AND DEMERITS OF REAL ESTATE INVESTMENT

Merits	Demerits
Cash Flow, Monthly income as rent	Difficult to liquidate
Property Value Growth	Maintenance cost
Income Tax Benefits	Property Taxes
Security	High Transaction cost

REAL ESTATE – CATEGORIES



APARTMENTS – TYPES

Studio Apartment

- Single room
- Bedroom with sitting area
- Washroom & Kitchenette

1-2-3 BHK

- 1-2-3 Bedroom
- 1-Hall (Drawing/Living/Dining) & Kitchen
- .5 can be termed as Study or Children's room

Duplex

- Residential Purpose
- 2 living units connected by an internal staircase

Pent House

- Apartment on Top floor
- More Amenities/Facilities

Loft

- Residential cum work place
- 2 Units connected by an Internal staircase

APARTMENTS – TYPES



Studio Apartment

Single room

Bedroom with sitting area

Washroom & Kitchenette

Pros

- Lesser cost
- Lower Rent
- Lower Electricity Bills
- Suitable for Singles and Couples
- Less effort for cleaning

Cons

- Limited Space/Congested
- Not suitable for more than 2 people

APARTMENTS – TYPES



1-2-3 BHK

1-2-3 Bedroom

1- Hall (Drawing/ Living/ Dining) & Kitchen

.5 can be termed as Study or Children's room

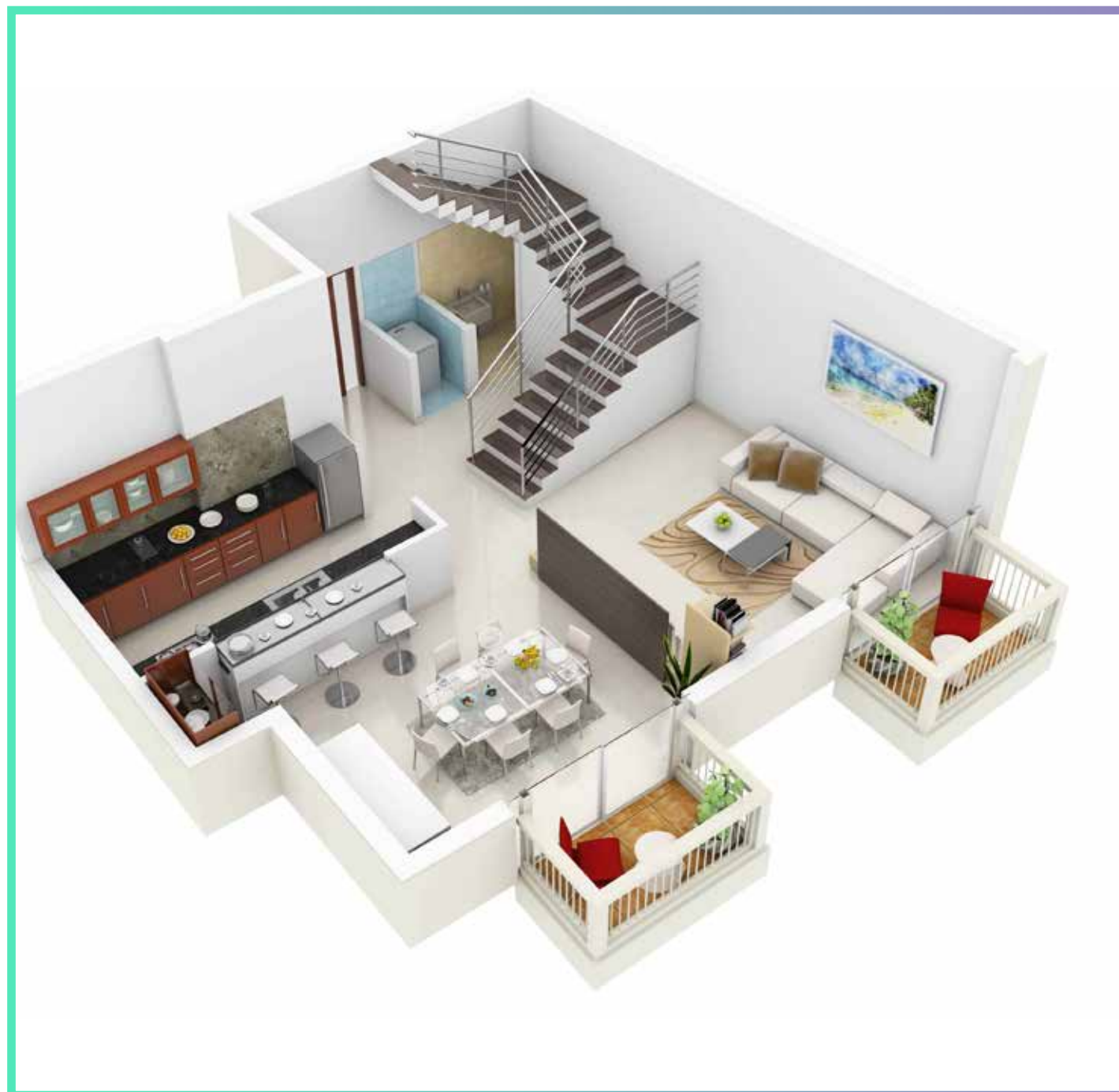
Pros

- Appreciation value is high
- Security
- Amenities
- Easy to maintain

Cons

- Noisy and interfering neighbours
- Rules and Regulations

APARTMENTS – TYPES



Duplex

Residential Purpose

2 living units connected by an Internal Staircase

Pros

- More Spacious
- Security
- Amenities

Cons

- Difficult to maintain 2 floors

APARTMENTS – TYPES



Pent House

Apartment on Top floor

More Amenities / Facilities

Pros

- More Spacious
- Top most floor, more airy
- Private amenities like garden, Swimming pool, terrace etc.

Cons

- Expensive
- Private amenities need to be maintained by owner

VILLA



- Villa is an independent house for luxury/ultra premium living, all villas with similar structures, in single gated community.
- Opened from all the four sides.
- Special private amenities like garden, car parking, pool, Jacuzzis etc in villa itself.

Pros

- Individual home – No interference of neighbours, solitary life.
- Avoid some issues: Some important issues which you can avoid is the parking issues, lift issues etc.
- More Spacious
- Can be renovated anytime without disturbing other by owner's choice.
- Noise free and polluted free zone.

Cons

- Amenities maintenance cost would be higher.
- Expensive than apartments
- No socializing



Villaments

- Apartment cum Villa
- Interconnected apartments



Villaments

- Single wall is connected between two houses



Row Houses

- Houses connected in a row connected with two walls connected



- Super Build-up area = Sellable area
- Build-up area = Plinth area
- Carpet area = Usable area

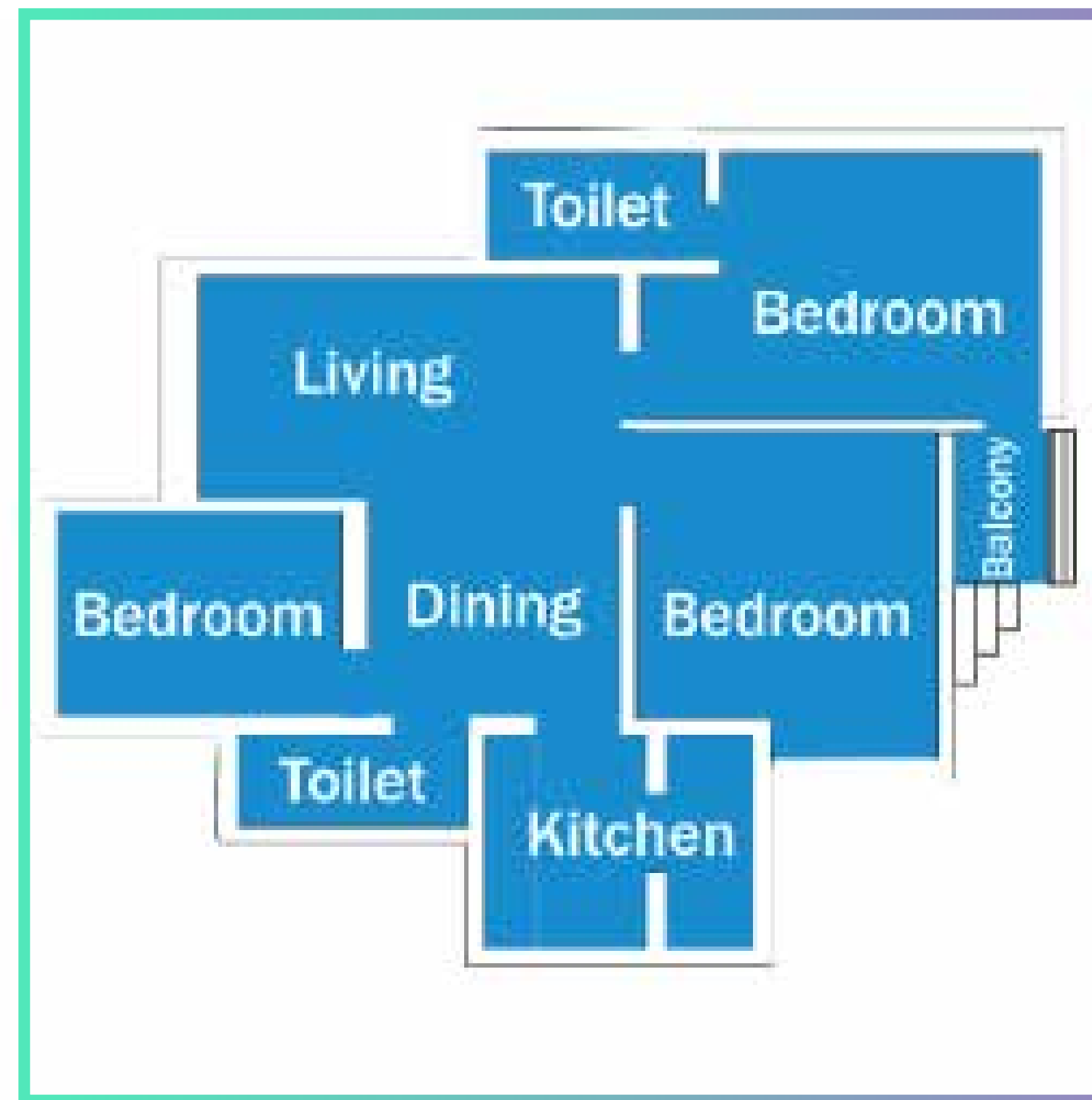
Carpet Area is the area enclosed within the walls, actual area to lay the carpet. This area does not include the thickness of the inner walls. It is the actual used area of an apartment/office unit/showroom etc

Built up Area is the carpet area plus the thickness of outer walls and the balcony

Super Built Area: is the built up area plus proportionate area of common areas such as the lobby, lifts shaft, stairs, etc. The plinth area along with a share of all common areas proportionately divided amongst all unit owners makes up the Super Built-up area. Sometimes it may also include the common areas such, swimming pool, garden, clubhouse, etc.

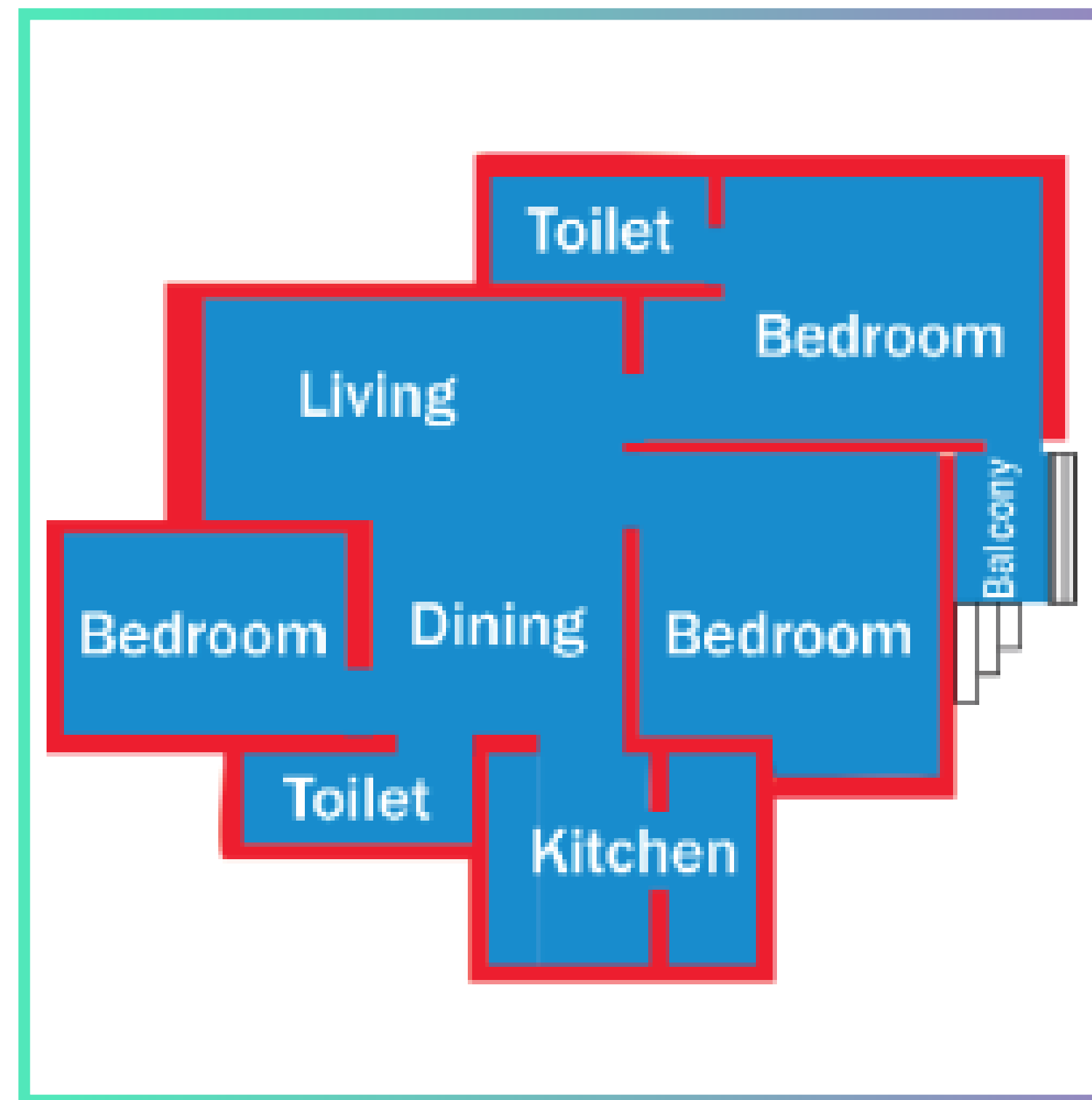
CARPET AREA

The area between the walls that is actually usable space in house, can be calculated by multiplying length and breadth.



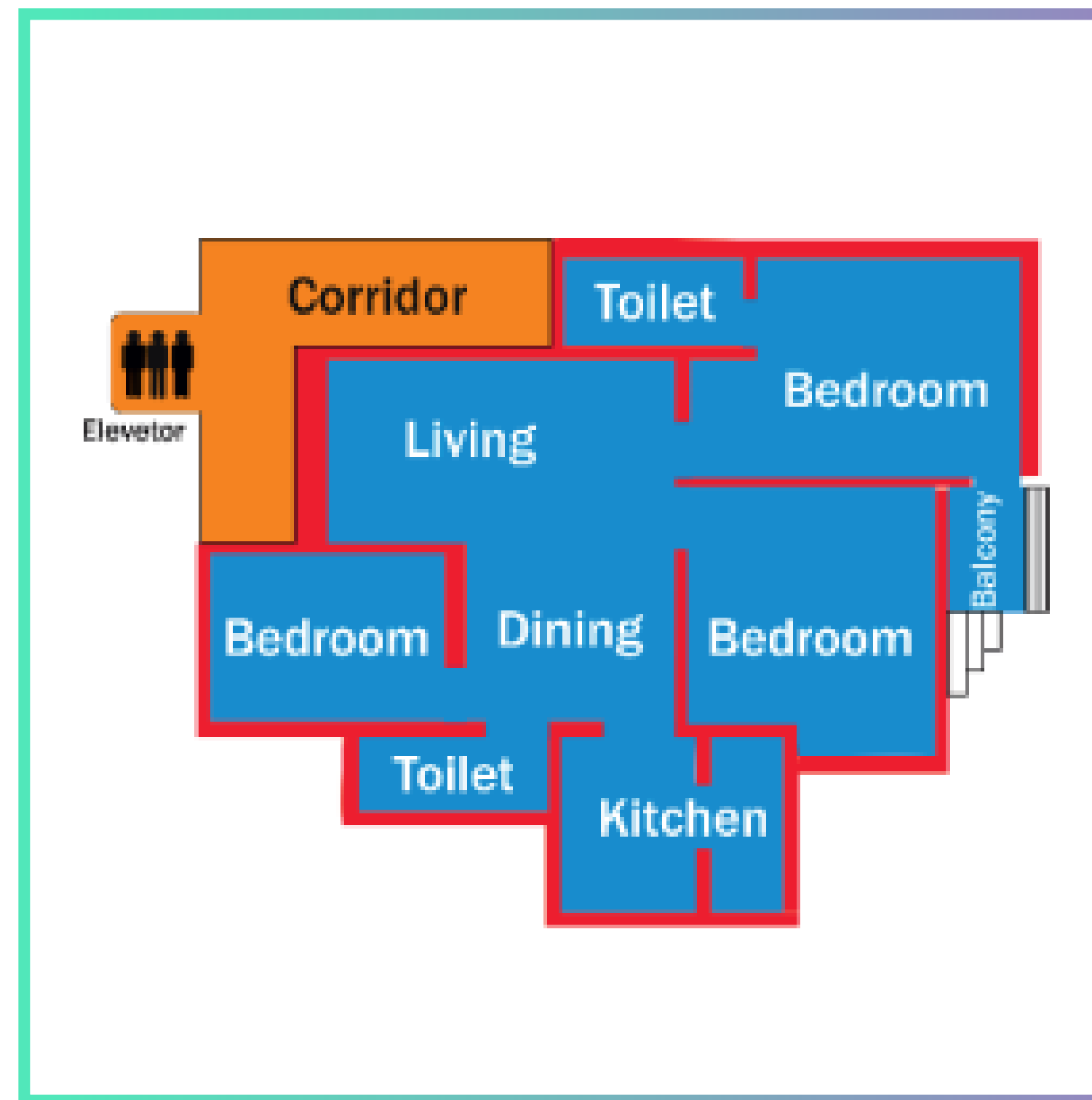
BUILT UP AREA

Carpet area + area used by width of the walls. Generally built up area is not calculated separately, it is included in loading factor.



SUPER BUILT UP AREA

Carpet area + terrace + balconies + areas occupied by walls + area occupied by common/shared construction (e.g. lift, stairs, club house). Generally builders use loading factor on carpet area to arrive at super built-up area. For example, if carpet area is 500, and loading factor is 1.3, then super built-up area is $500 \times 1.3 = 650$.



EDC

- EDC – External Development Charge
- EDC is levied by the government on the developer and, in turn, passed by the developer to the buyer.
- This charge includes development charges for water supply, sewerage, storm water drainage, roads, street lighting, community buildings, horticulture, public health, road maintenance, and street lighting maintenance.

BSP

- BSP – Basic selling price
- The BSP amount is calculated by multiplying the super area of the apartment with the rate specified in the developer's rate card.

IDC

- IDC – Internal Development Charge
- It is levied by the developer on the buyer for developing infrastructure within the complex

IFMS

- IFMS – Interest free maintenance security
- In most of the situations, the maintenance charges are paid by the possessors after the RWA/local authority is elected which generally happens after 2 years following possession. Therefore, the builder charges this amount for the first 2 years in the account where he is responsible for the maintenance of the entire society.

PBC

- PBC – Power backup charges
- These are the charges for the power back provided by the developer and is charged per KVA (Kilo Watt Hour)

FFC

- FFC – Fire Fighting Charge
- Charged by the developer for installing fire safety devices and fire fighting equipments

Club Membership

- Club membership charges for using the facilities of the club
- A buyer needs to pay club membership fee even if he does not wish to use the club

EEC

- EEC – External electrification charges
- This is the price charged by developer to lay down wires and cables from electricity consumption meter to the Apartment.

CPC

Builder's charges separately for the car parking there are different types of car parking charges buying a car parking is mandatory in most of the projects in luxurious projects the numbers of mandatory car parking depends on the type of accommodation and the size of the apartment. Normally in case of a villas or independent floor charges for car parking is included in the prices.

- **Covered Car Parking** – Covered Car Parking: - means car parking in the basement area.
- **Open Car Parking** – Means car parking on the ground surface.
- **Stilt Car Parking** – it's a kind of covered car parking provision on the ground floor since the ground floor of the building doesn't have apartments.
- **Back to Back Parking** – a provision of back to back parking is also provided in some project in which the length of the parking area is increased thus allowing 2 cars to park in the same it is a cost effective car parking if you compare it to buying of two car parking's but it also gives you trouble if you want to take the car out from parking which is behind.

Preferred Location Charges (PLC)

- Preferred location charge is an additional which a home buyer pays while booking a unit which he prefers because of its location, height or direction.
- Eg. Floor preference (low/ high), vastu preference (east facing), highway facing, park facing etc.
- The PLC cost on an apartment is charged per sq ft.
- The PLC amount is calculated by multiplying the super area of the apartment with the rate specified in the developer's rate card.

Goods and Service Tax

Government charges GST on under construction property at a 1% for affordable homes and 5% for remaining, mandatory for the properties launched after 1st April'19.

Stamp Duty and Registration

- These are the charges payable by the buyer to the government for taking the possession of the property; different cities have different registration charges.
- The government keeps on changing these charges from time to time.
- The charges applicable at the time of registration are to be borne by the buyer.

In Bangalore Current Charges :

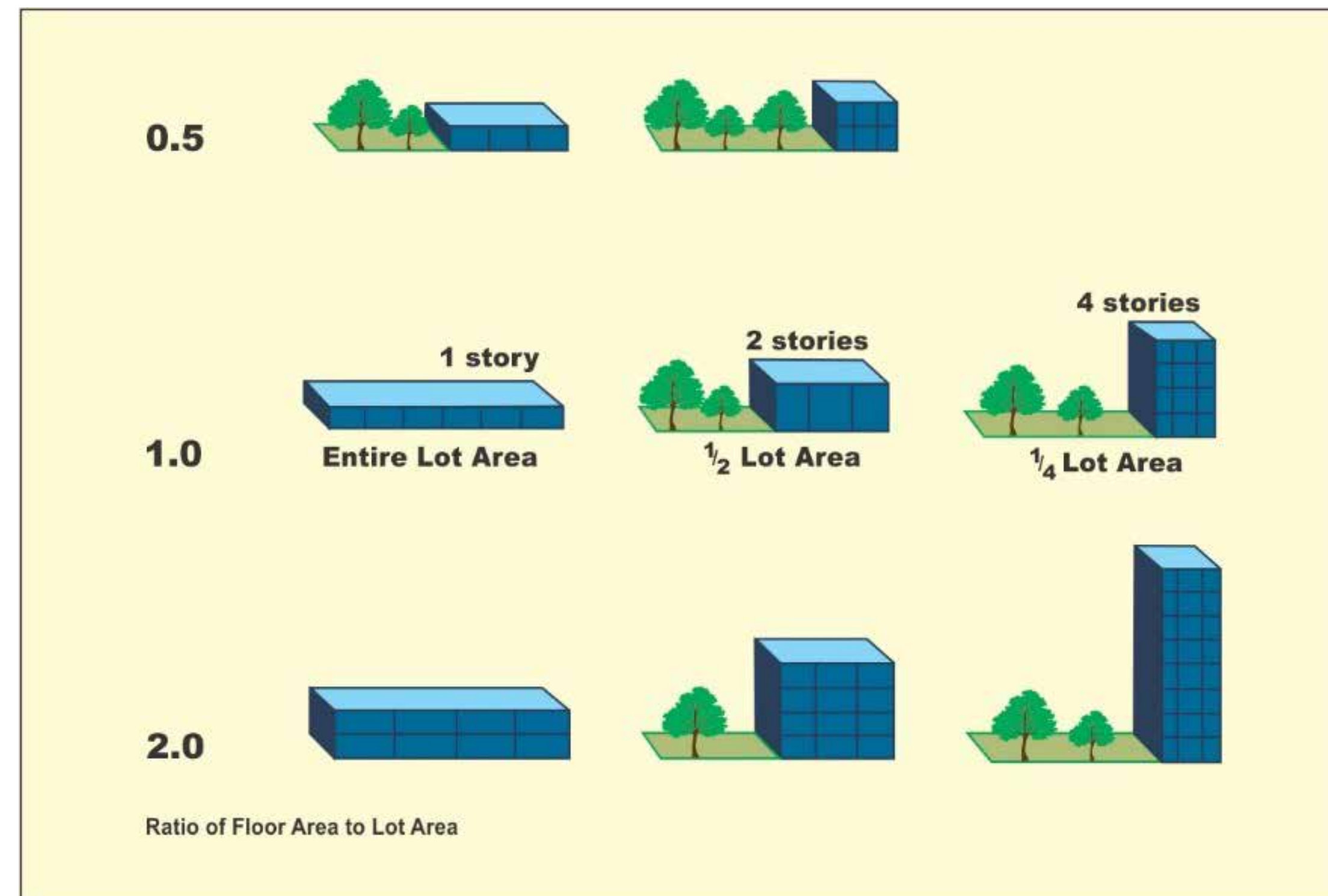
Stamp duty is 5.65% of saleable area.

Registration fee – 1% of saleable area.

In Mumbai :

Stamp duty is 6% and registration fees is 1%.

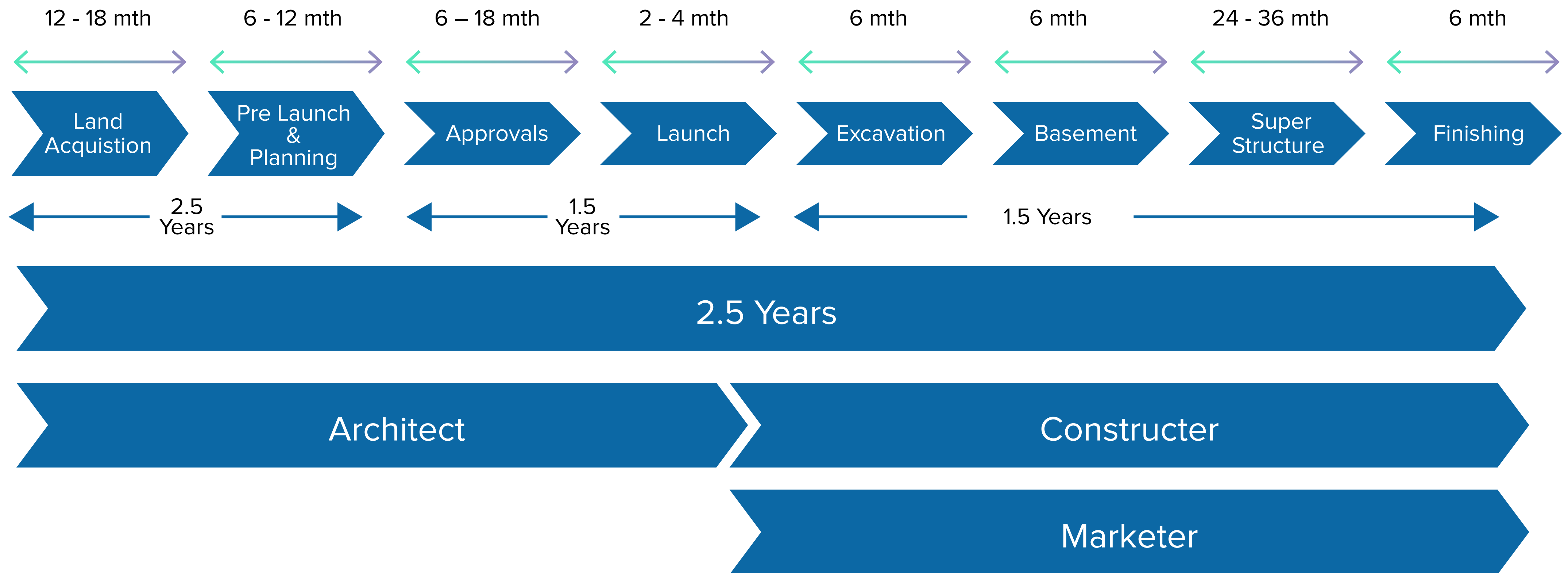
FSI – FLOOR SPACE INDEX FAR – FLOOR AREA RATIO



Floor Area Ratio = (Total covered area on all floors of all buildings on a certain plot, Gross Floor Area) / (Area of the plot)

CONSTRUCTION PROCESS

Ideal time for G+20 floor construction completion



Mivan Technology

Merits

- Seismic resistant
- Durable
- Reduced construction time
- Reduced requirement of skilled labour
- Negligible labour intensive
- Smooth finish
- Negligible maintenance required
- Limited wastage

Demerits

- Visible finishing lines
- Less scope of modification/alterations
- Requires uniform planning
- Can have contraction cracks

PCC technology - Plain Cement Concrete

This stands for Plain Cement Concrete or Portland concrete in general. This is composed of cement, sand and aggregate but are not used for load bearing structures like RCC.

These are like paste to for finishing of flooring and irregularities in wall to make a smooth surface. This is also used for DPC(damp proofing course).

Prefabricated construction

Prefabrication refers to the process of assembling components of a building remotely before installing it at the site.

It has completely changed the face of modern-day construction pattern by facilitating faster execution and on-time delivery of homes. Prefabrication involves effective cooperation from architects and developers to determine the exact size and structure of a building.

Frame Structures - Types of Frame Structures

Frame structures are the structures having the combination of beam, column and slab to resist the lateral and gravity loads. These structures are usually used to overcome the large moments developing due to the applied loading.

Flat Slab Technique

It is recognized that Flat Slabs without drop panels can be built at a very fast pace as the framework of structure is simplified and diminished. Also, speedy turn-around can be achieved using an arrangement using early striking and flying systems.

Flat slab construction can deeply reduce floor-to –floor height especially in the absence of false ceiling as flat slab construction does act as limiting factor on the placement of horizontal services and partitions. This can prove gainful in case of lower building height, decreased cladding expense and pre-fabricated services.

CONVERSION MATRIX TO SQFT

1 Sq Yard = 9 sq Ft

1 Sq Mt = 10.70 sq Ft

1 cent = 435.6 sqft

1 Acre = 43560 sqft

1 Gunta = 1089 sqft

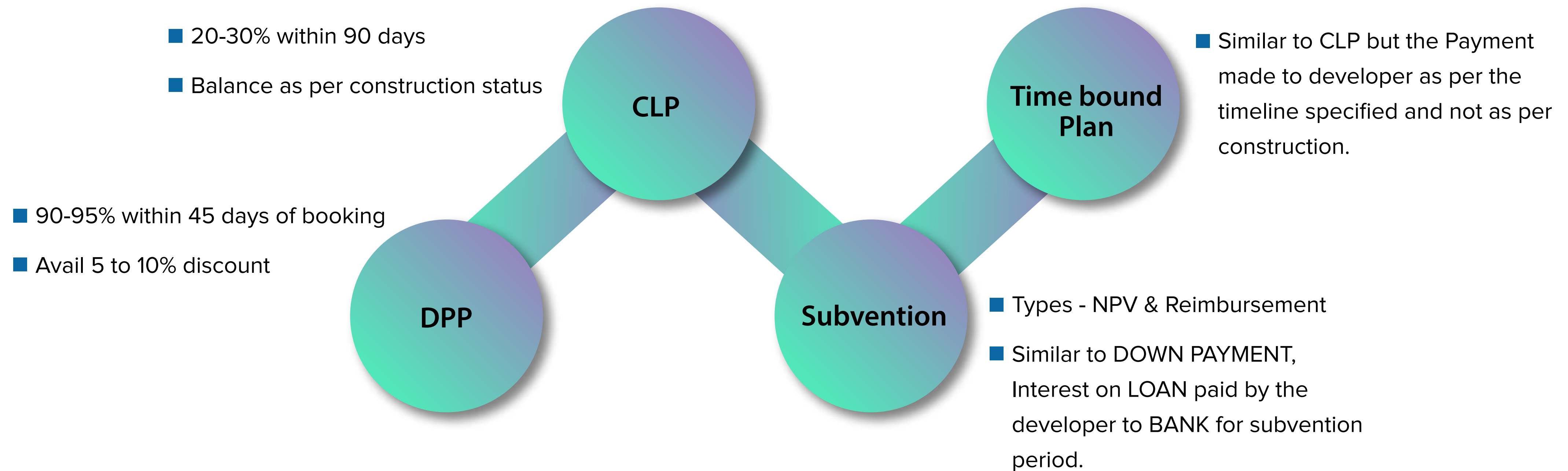
1 Katha = 600 sqft

1 bigha = 17,424 sqft

WAYS OF INVESTING IN REAL ESTATE

Payment schedule is provided by the builder mentioning details of how the buyer needs to pay for the property and at what stages the other charges are payable by the buyer. The different types of

payment schedule are: -



DOWN PAYMENT PLAN



In this payment plan 95% of the cost of the property is paid within 30 to 45 days of the booking in the project and the remaining 5% is paid at the time of possession.

For encouraging this payment plan all the builders give handsome down payment rebates varying from 7% to 15%.

The percentage of rebate depends upon the construction status of the project and the financial requirement of the builder.

It is the most risky payment plan as 95% of the cost of the property reaches the builder without any kind of construction.

TIME BOUND PLAN



This is a payment plan which is normally scattered over a period of 3 years or till possession as per RERA.

The buyer of the property needs to pay for the property according to the schedule provided by the builder the buyer of the property has to pay irrespective of the fact that the construction of the property is happening or not.

It is also a risky payment plan for the buyer but a very convenient plan for the builders as he is getting his payment from the buyers of the property irrespective of the construction of the project.



This payment plan is also normally scattered over a period of 3 years or till possession as per RERA but as this is linked with construction it stretches till the time the construction of the property is not completed.

The buyer of the property has to pay in accordance with the construction of the property however the first 20% -30% payment in most of the project is time linked which is an industry standard this is the most used payment plan by the buyer as it involves least risk since **buyer doesn't need to pay if the construction is not happening.**

This payment plan also forces the builder to speed up construction as he cannot demand any money from the buyer till the time committed construction stage of the project has not reached.

Subvention means financial support; this is the safest payment plan as it involves three parties : Buyer, Builder and Bank. The bank only gets involved if the project is 100% safe and it is also popularly known as No Pre EMI Plan.

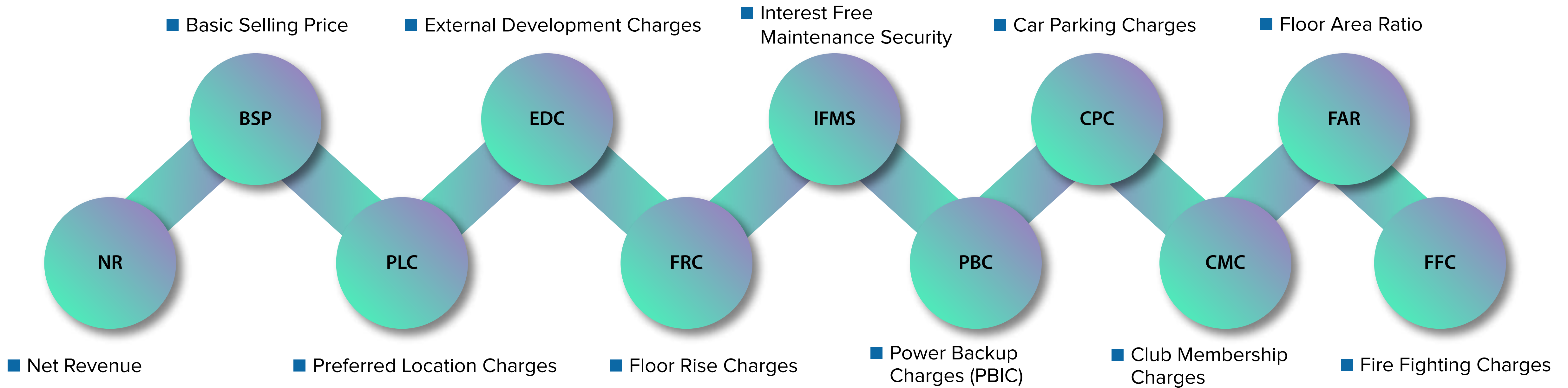
This payment plan normally comes with a No EMI till particular date or till possession.

How this works: -

- 15% of the cost of the property is contributed from the buyer at the time of booking.
- Bank contributes 80% of the cost of the property for which No EMI/Interest is paid by the buyer for the period committed in the scheme; the EMI/interest accrued on this is paid to the bank by the builder.
- 5% of the cost of the property is contributed from the buyer at the time of booking and his EMI for the complete loan starts.
- For a buyer to be eligible for the scheme he needs to take a home loan though during the period of the scheme buyer doesn't need to pay anything to the bank as an EMI or Interest.
- Builders normally uses this payment plan as a sales technique. Also some builders charge different rates if the buyer wants to opt for this payment plan.

Kindly note that the buyer though needs only 15% of the cost of the property for booking under this scheme but taking a home loan is mandatory for this payment plan and buyer should be eligible for the amount of home loan required against the property.

COMMON TERMS TO REMEMBER



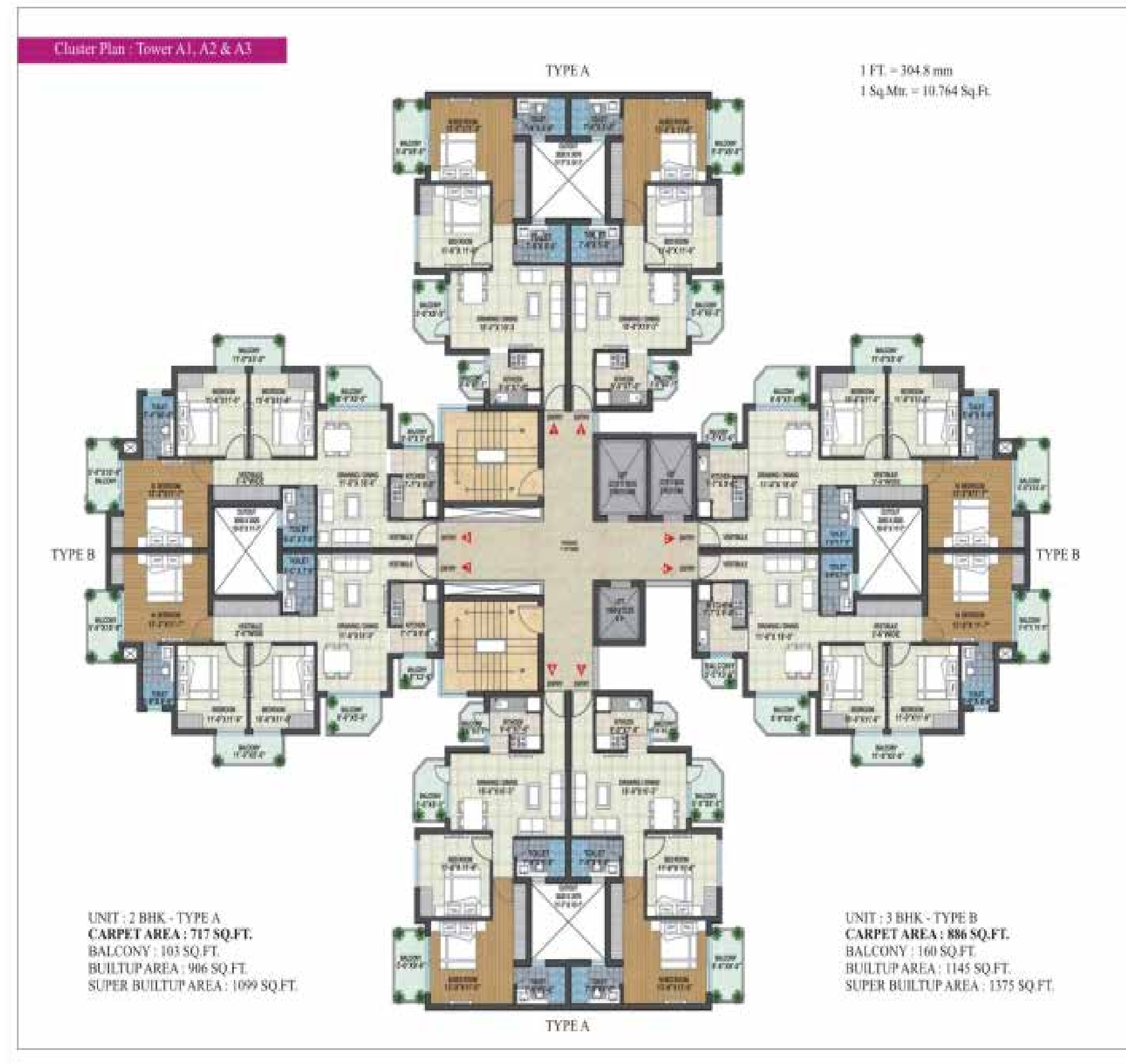
LOCATION MAP/PLAN



MASTER PLAN/ LAYOUT



CLUSTER PLAN: TOWER A1, A2 & A3



TYPE D15 - TWO BED

TYPE D15 - TWO BED SALEABLE AREA: 1199 SQFT

TOWER - G
FLOORS - 1 to 30

AREA (sq. ft)	
Carpet Area	: 756
Sit Out / Deck Area	: 56
Utility Area	: 21
External Wall Area	: 90
Share of Common Area	: 276

(1sq. m = 10.76 sq. ft.)



ARTISTIC IMPRESSION / PROPOSED ELEVATION



eLuminate

■ square
yards

THANK YOU FOR YOUR ATTENTION