

Land prices soar in Telangana, Andhra on growth hopes

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HYDERABAD: Land prices have shot up in Telangana and Andhra Pradesh after a five-year hiatus following the announcement of a string of urban and rural development projects by the governments of the two states. Ever since Telangana was carved out of Andhra Pradesh in June last year, the two states are locked in a battle of one-upmanship as they try to woo foreign as well as domestic investors.

Over the last seven months, the Telangana Rashtra Samithi (TRS)-led government in India's newest state has announced plans to develop several new cities, temple towns, industrial parks and other infrastructure projects.

Realty prices in rural areas are also seeing a spurt as the TRS government begins the process of buying idle farm land, which it intends to distribute among the landless and marginalised sections of society. In the run up to state elections, the TRS had promised that its government will give away three acre of agricultural land to each landless and marginalised family in the state for free.

In Andhra Pradesh, the Telugu Desam Party-led government has announced plans to construct a world-class, greenfield capital city near Vijayawada, smart cities and air ports, besides industrial and coastal corridors.

The two governments had earlier announced plans to develop infrastructure for large, industry-specific parks for pharmaceuticals, aerospace and information technology among others. Over the past few months, top leaders and bureaucrats of the two states have extensively toured countries including Singapore and Malaysia pitching for big-ticket investments, promising easy approvals and large tracts of land.

According to Veera Babu, head of Cushman & Wakefield in Hyderabad, land prices in Telangana are lower compared with Andhra Pradesh, which means they offer scope of appreciation to investors. As against this, land prices in Andhra Pradesh have already peaked, thanks to the availability of power and water.

C Shekar Reddy, national president of Confederation of Real Estate Developers' Associations of India, says land prices in rural areas of undivided AP moved up during 2004-09 after several decades of lull, thanks to large-scale irrigation projects.

"Correction took place with global meltdown and regional agitations and political uncertainty, leading to a crash in rural realty prices. With governments in both states insisting on balanced regional growth, we are seeing upward movement in land prices in several pockets," he said. Reddy, however, added that land prices will see a correction if there is no corresponding development on the ground. An analyst with a real estate consultancy said land prices in and around Hyderabad suffered a fall over the past 4-5 years.