

RESEARCH



# GUJARAT'S SHINING JEWELS:

THE INFRASTRUCTURE IMPETUS

AHMEDABAD

VADODARA

SURAT

# FOREWORD



**Shishir Baijal**

Infrastructure development has always been a great enabler for all of real estate. The proposed Delhi-Mumbai Industrial Corridor (DMIC) is the most ambitious infrastructure project of the Government of India that passes through eight states and two union territories, covering approximately 436,485 square kilometres, which is approximately 14 per cent of the geographical area of India.

Gujarat is among the first states in the country to begin groundwork for implementing the proposed industrial corridor. The state has been receiving the necessary financial assistance from the central and state governments for this purpose. The influence zone of the DMIC covers approximately 62 per cent of the geographical area of the state and three of the largest cities in Gujarat—Ahmedabad, Vadodara and Surat—fall within this zone.

The biggest node of the DMIC—the Ahmedabad Dholera Special Investment Region—is also located in Gujarat and work on this node is currently underway. However, the DMIC is not the only project that will propel real estate development within the district of Ahmedabad. Initiatives such as the upcoming Gujarat International Finance Tec-City (GIFT), in Gandhinagar, will also place both Ahmedabad and Gandhinagar in the same league as international financial hubs such as Dubai and Singapore.

All these initiatives will certainly pose new challenges. More importantly, they will showcase opportunities for all stakeholders in the real estate sector. Thus, taking into account the challenges and opportunities that the DMIC will create in Gujarat, we are happy to present a comprehensive report - **Gujarat's Shining Jewels: The Infrastructure Impetus.**

This report which is the first of a series of studies undertaken by the Knight Frank India research team on the Delhi-Mumbai Industrial Corridor, will serve as a ready reckoner for all stakeholders and others who wish to get an idea of its possible impact on the districts of Ahmedabad, Vadodara and Surat.

I hope you find this information relevant and useful. I look forward to hearing from you.

Best wishes,

**Shishir Baijal**

Chairman & Managing Director  
Knight Frank India Pvt. Ltd

shishir.baijal@in.knightfrank.co.in





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# GUJARAT'S SHINING JEWELS: THE INFRASTRUCTURE IMPETUS

## BACKGROUND

Like any other developing nation, India's economic growth is highly dependent on infrastructure expansion. The Central Government has recognised the importance of infrastructure in promoting the economic growth of the country – its ambitious '100 smart cities' programme is one of the major factors pushing development in recent times. The Prime Minister's 'Make in India' initiative, launched with the aim to turn India into a global manufacturing hub, has added to the infrastructure growth story. The recent developments in infrastructure, such as the Metro in various cities, Yamuna Expressway, the upcoming Gujarat International Finance Tec-City (Gift City) near Ahmedabad and the new airports that have come up in New Delhi, Hyderabad, Mumbai, Bengaluru and Kolkata, are at par with their international counterparts. Innovative ventures, such as the solar power project over the Narmada Canal, have added a new dimension to infrastructure development in the country.

The following are some of the projects that will prove to be game-changers for India:

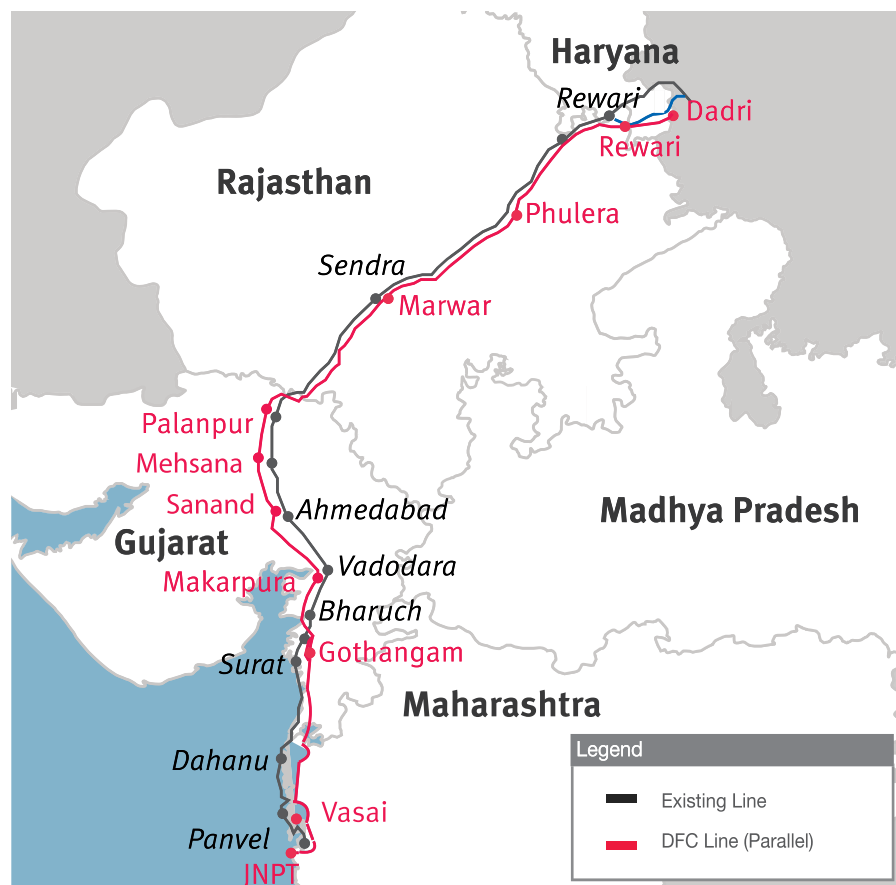
### a. The Dedicated Freight Corridor (DFC)

The construction of a dedicated freight corridor across the country marks a strategic initiative taken by the Indian Railways, which has essentially run

passenger and cargo traffic across the same network. The dedicated freight corridor (DFC) will be constructed along two corridors spanning a total length of 3,300 km. The Eastern DFC, starting from Ludhiana, in Punjab, will pass through the states of Punjab,

Haryana, Uttar Pradesh, Bihar and Jharkhand, and terminate at Dankuni in West Bengal. The Western DFC will span the distance between Dadri, in National Capital Region and Mumbai, passing through the states of Haryana, Rajasthan, Gujarat and Maharashtra.

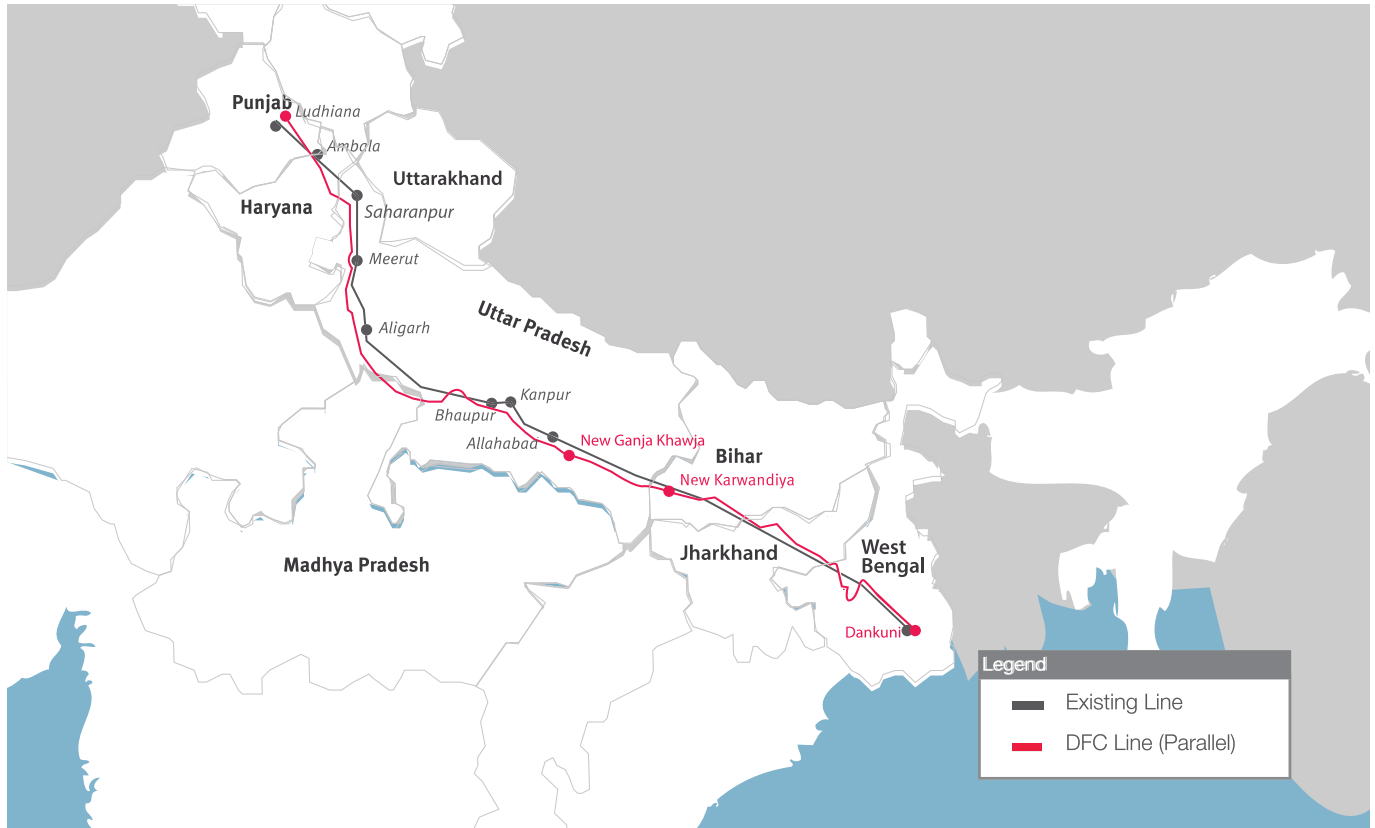
#### Dedicated Freight Corridor (Western)



Source: The Dedicated Freight Corridor Corporation of India Ltd.



## Dedicated Freight Corridor (Eastern)

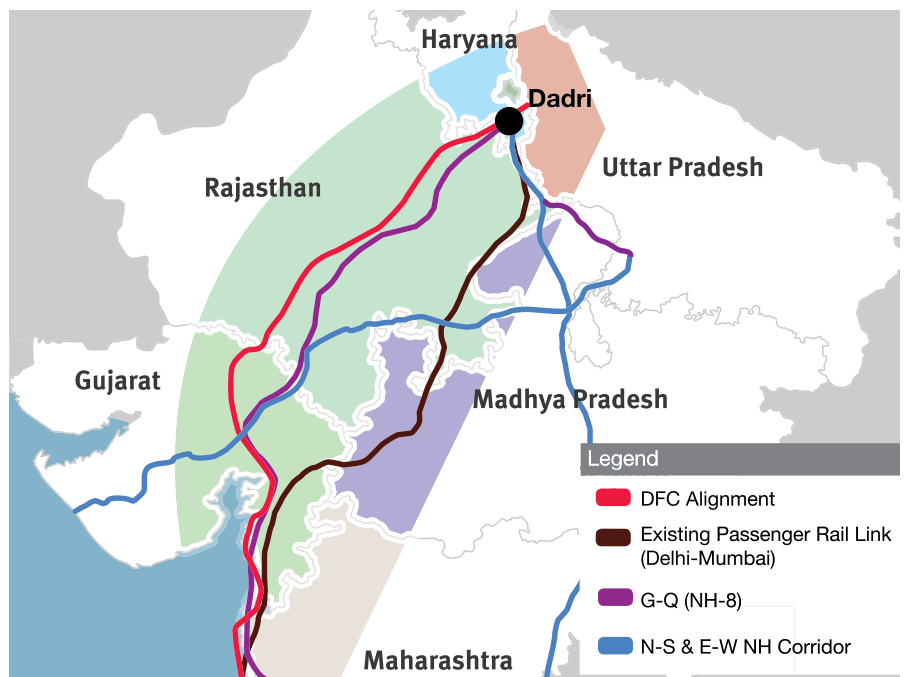


**Source:** The Dedicated Freight Corridor Corporation of India Ltd.

## b. The Delhi-Mumbai Industrial Corridor (DMIC)

The Delhi-Mumbai Industrial Corridor (DMIC) is among India's most ambitious infrastructure projects. It is being developed as a global manufacturing and investment destination, making use of the 1,483-kilometre long, high-capacity Western DFC. The plan is to develop new logistics hubs, manufacturing cities and residential townships along the DFC. The entire DMIC area passes through eight states and two union territories. The states falling in the DMIC zone include Uttarakhand, Delhi, Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra, while the union territories are Daman & Diu and Dadra & Nagar Haveli. The influence area of the DMIC is 436,485 sq km, which is 13.8 per cent of the geographical area of India.

### DMIC Influence Region



**Source:** The Delhi Mumbai Industrial Corridor Corporation Ltd.

### c. The Amritsar Delhi Kolkata Industrial Corridor (ADKIC)

The Amritsar Delhi Kolkata Industrial Corridor (ADKIC) is conceived along the lines of the DMIC and will be developed with the Eastern DFC and National Waterway-1 as its backbone.

The ADKIC will have an influence area of 150–200 km on either side of the Eastern DFC, and a total length of 1,839 km. It will pass through six states: Punjab, Haryana, Uttar Pradesh, Bihar, Jharkhand and West Bengal. The ADKIC and the Eastern DFC will be instrumental in the growth

of the northern and eastern territories of the country.

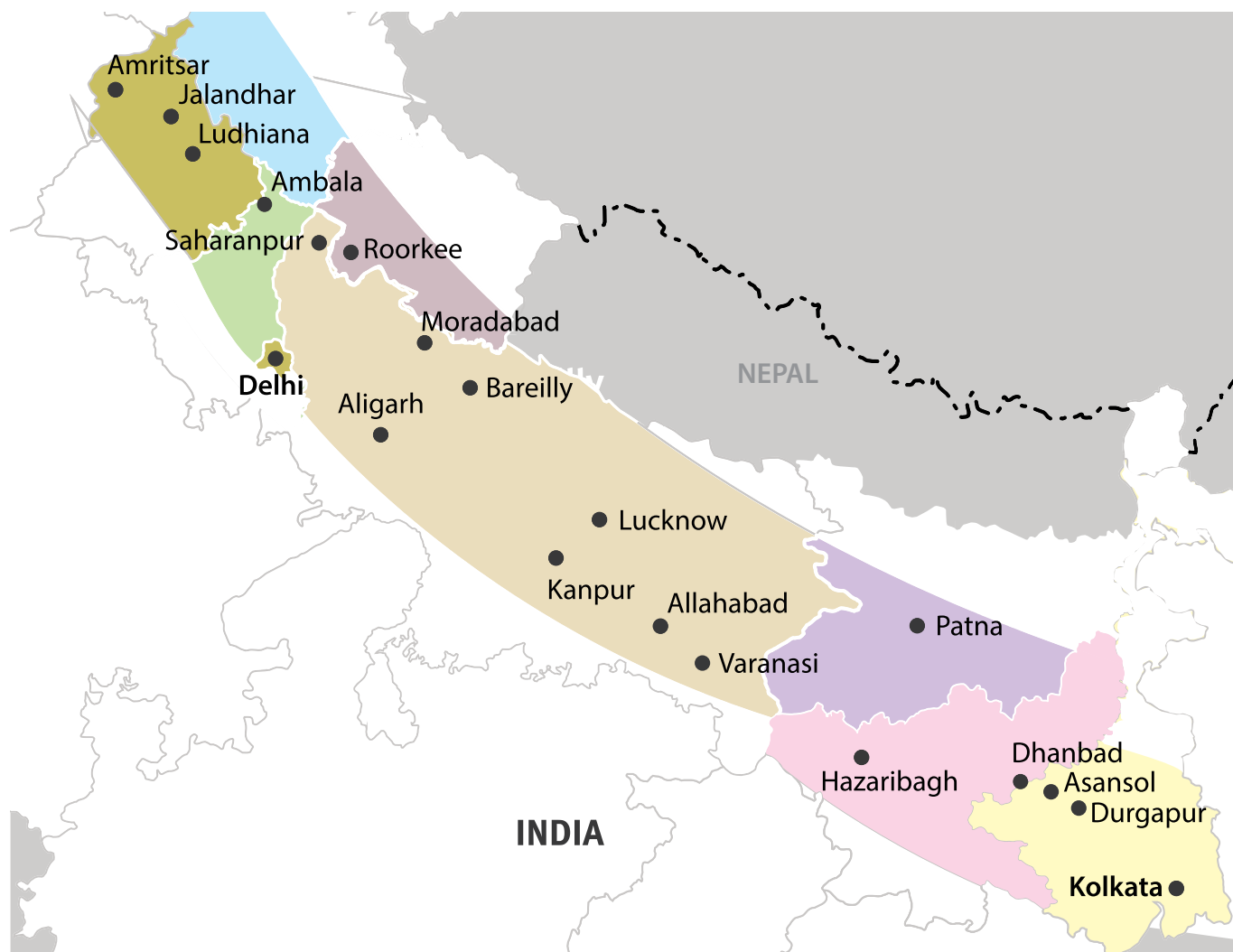
### d. The Chennai-Bangalore Industrial Corridor

The Chennai-Bangalore industrial corridor will be spread over 560 km and have an influence area covering parts of Karnataka, Tamil Nadu and Andhra Pradesh.

The purpose of this corridor is to accelerate development in these states. Industrial clusters will be promoted along the corridor, which will boost industries operating in the area.



#### Amritsar - Delhi - Kolkata Industrial Corridor



Source: Knight Frank Research

The Dedicated Freight Corridor and the Delhi-Mumbai Industrial Corridor are the largest of these infrastructure projects in terms of expanse and

influence area. Table below displays the influence area of the DMIC in various states and union territories. Gujarat is among the states that will

be most impacted by the DMIC: nearly 62 per cent of the state falls in its influence area.

## DMIC Influence Area - Facts at a Glance

State/ union territory	Area of the state/ union territory (sq km)	Total area of the state impacted by the DMIC (sq km)	Percentage of the area of the state under the DMIC influence area (%)	Share of the state influence area in the total DMIC area [%]
Delhi	1,483	1,483	100	0.34
Haryana	44,212	26,410	60	6.05
Rajasthan	342,236	198,849	58	45.56
Gujarat	196,024	120,706	62	27.65
Maharashtra	307,713	56,760	18	13.00
Dadra & Nagar Haveli	491	491	100	0.11
Daman & Diu	122	122	100	0.03
Uttar Pradesh	238,566	28,265	12	6.48
Madhya Pradesh	308,144	2,866	1	0.66
Uttarakhand	53,566	533	1	0.12
	1,492,557	436,485	29	

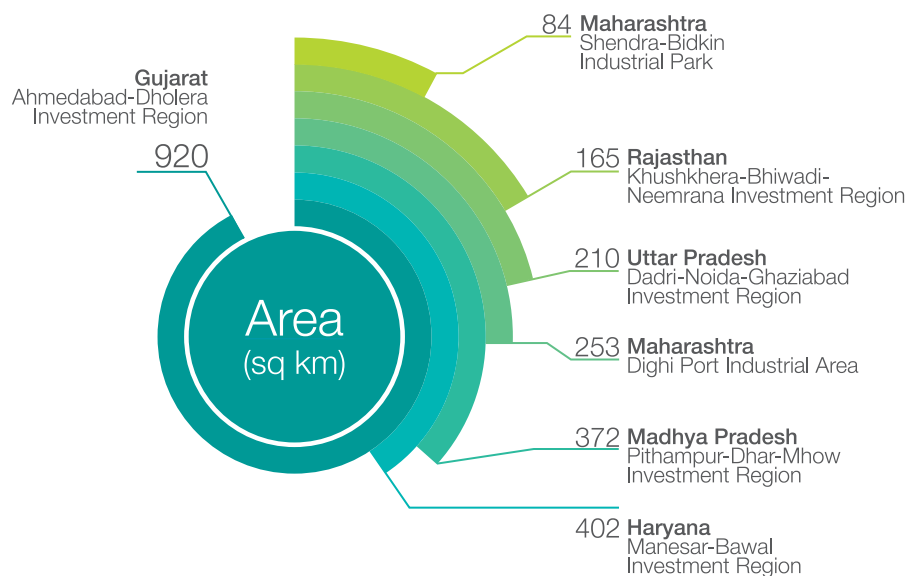
**Source:** Concept Paper Delhi-Mumbai Industrial Corridor and Knight Frank Research

To augment industrial development within the DMIC, there will be nodes consisting of integrated investment regions (IRs) and industrial areas (IAs). An investment region is a specifically-delineated region with a minimum area of 200 sq km and a maximum area depending on the state's potential.

The minimum expanse of an industrial area is set at 100 sq km. In both cases, the stipulated minimum area will be used for the establishment of manufacturing facilities for domestic and export-led production, along with associated services and infrastructure. In the first phase one node has

been identified in each of the DMIC influenced states to be developed into an investment region. With an area of 920 sq km, the Ahmedabad-Dholera Investment Region in Gujarat is the largest node, compared to those in other states.

## Nodes to be Developed in Phase I of the DMIC



Source: Knight Frank Research

## Fact sheet

**10<sup>th</sup>** Most populated State in the country

**7<sup>th</sup> LARGEST** State in the country in terms of area

### Produces

**91%** of India's requirement of soda ash

**66%** of the Nation's salt requirement

More than **35%** of India's chemicals

Contributes **45%** of the country's exports from SEZs

State's economy grew by **10%** YoY in 2003-04 & 2012-13

**BIG 2020 VISION**

"To make Gujarat a globally preferred place to live in and to do business through accelerated, balanced, inclusive and sustainable growth driven by robust social, industrial and physical infrastructure"

### Major policy initiatives



Electronics policy 2014-19



IT policy 2014-19



E-Governance policy 2014-19



Industrial policy 2015

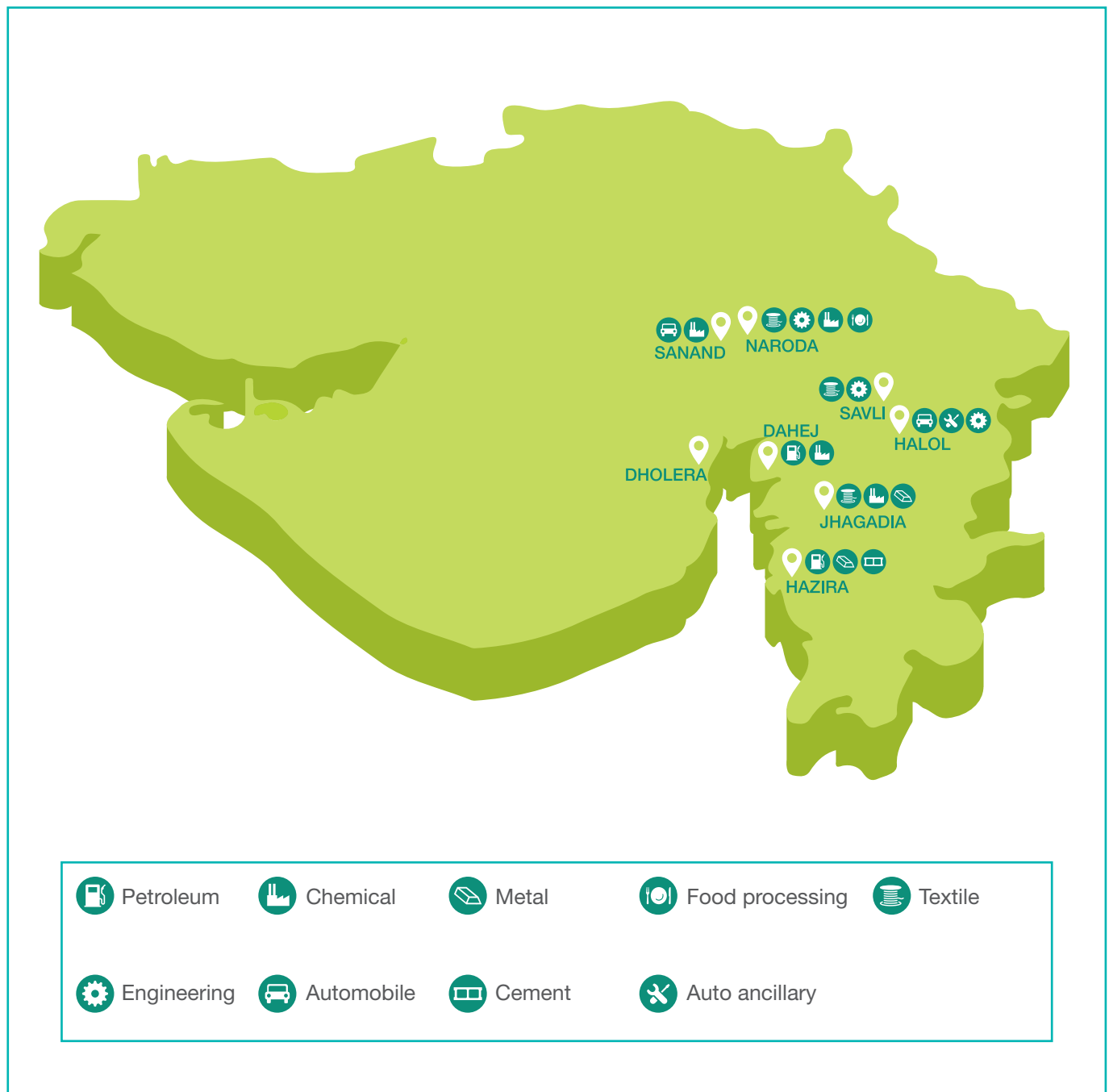


Gujarat is the most industrialised state in India and leads in the production of pharmaceuticals, soda ash, salt, plastics, petrochemicals and chemicals in the country. The state's

GDP, which grew at a CAGR of 10.3 per cent in the last ten years, stands at \$ 141 bn as of FY 2013-14. Gujarat's manufacturing sector constitutes more than 30 per cent of the state's GDP.

Gujarat is among the major beneficiaries of the DMIC. Besides the Ahmedabad-Dholera Investment region, four other nodes have been proposed on the DMIC corridor in the state.

### State Map Highlighting the Prominent Industrial Estates (Manufacturing Sector)



Source: Knight Frank Research

## Delhi-Mumbai Industrial Corridor – Gujarat nodes

DMIC Node	Investment Region/ Industrial Area	Proposed components
Node No. 12	Ahmedabad-Dholera Investment Region	<ul style="list-style-type: none"> <li>▸ Development of greenfield port at Dholera</li> <li>▸ Development of shipyard</li> <li>▸ Integrated logistics hub with container freight station</li> <li>▸ Development of 3,500 MW power plant</li> <li>▸ Integrated township</li> <li>▸ International airport at Dholera</li> </ul>
Node No. 14	Bharuch-Dahej Investment Region	<ul style="list-style-type: none"> <li>▸ Export-oriented industrial units/ SEZ</li> <li>▸ Truck terminal with warehousing</li> <li>▸ Development of captive power plant</li> <li>▸ Development of Vadodara airport</li> <li>▸ Feeder rail and road linkages with NH and DFC corridors</li> </ul>
Node No. 13	Vadodara-Ankleshwar Industrial Area	<ul style="list-style-type: none"> <li>▸ Truck terminal with warehousing</li> <li>▸ Integrated township</li> <li>▸ Development of captive power plant</li> <li>▸ Development of Vadodara airport</li> <li>▸ Feeder rail and road linkages with NH and DFC corridors</li> </ul>
Node No. 15	Surat-Navsari Industrial Area	<ul style="list-style-type: none"> <li>▸ Augmentation of Hazira port</li> <li>▸ Export-oriented industrial units/ SEZ</li> <li>▸ Integrated logistics hub</li> <li>▸ Development of Surat airport</li> <li>▸ Feeder rail and road linkages with NH and DFC corridors</li> </ul>
Node No. 16	Valsad-Umbergaon Industrial Area	<ul style="list-style-type: none"> <li>▸ Development of greenfield port at Maroli</li> <li>▸ Development of break-bulk &amp; ro-ro terminals</li> <li>▸ Agro/ food processing zone</li> <li>▸ Integrated logistics hub</li> </ul>

In order to sustain the rapid industrialisation in the state, the Government of Gujarat increased the scope of its industrial estates to a larger format, with the convergence

of SEZs, DMIC nodes and various industrial estates into a larger area, known as a Special Investment Region (SIR). The state government had initially planned to develop around 17

SIRs in the state in 2009, all in excess of 100 sq km in area each. However, it recently decided to focus on the development of Dholera, Mandal Becharaji and PCPIR-Dahej only.

## Special Investment Regions (SIRs) in Gujarat

SIR	Area (sq km)	District (s)	Major sectors
Dholera	920	Ahmedabad	Non-chemicals, heavy and light engineering, electronics, leather products, financial services, toys and sports goods
PCPIR-Dahej	453	Bharuch	Chemicals and petrochemicals, engineering, shipbuilding and SEZs
Mandal-Becharaji	102	Ahmedabad, Mehsana	Automobile industry, agro and food processing, ceramics and clay, logistics, wind and solar power

Source: Knight Frank Research

The proposed Delhi Mumbai Industrial Corridor (DMIC) covers approximately 62 per cent of Gujarat's land area and passes through Ahmedabad, Vadodara and Surat – one of the most industrialised regions of the country. The implementation of DMIC initiatives between Ahmedabad and Surat will lead to further development, industrialisation and improvement in infrastructure along this stretch. The groundwork has already begun between Ahmedabad and Dholera in the first phase.



AHMEDABAD





# AHMEDABAD

Ahmedabad, the commercial capital of Gujarat, is the largest city in the state. The city has been undergoing significant transition since the 2001 earthquake caused large-scale devastation. Nine years later, *Forbes* deemed Ahmedabad one of the fastest growing cities in the world, behind Chengdu and Chongqing, both in China. At the core of this development is a focus on infrastructure and manufacturing. The rapid pace of development sweeping Ahmedabad has now almost reached Gandhinagar. The two cities, along with Sanand, are set to form the largest urban agglomeration in Gujarat in the near future.

The Gujarat International Finance Tec-City (GIFT City) is located 12 km from Gandhinagar and 25 km from Sardar Vallabhbhai Patel International Airport. This heightened state of development in Ahmedabad is not restricted to the northern part of the city. Work on the Ahmedabad-Dholera Special Investment Region node of the DMIC has commenced, and this has fuelled real estate development on the Ahmedabad-Dholera stretch, southwest of Ahmedabad city. The proposed DMIC will tower above all the other infrastructure projects in the country. With Gujarat taking the lead in its implementation, cities on the DMIC in the state will reap immense benefits. Ahmedabad is the largest city in Gujarat and within the influence zone of DMIC. This locational benefit will augur well for the state's commercial capital.

## a. Social Infrastructure

In the *Voice of India's Citizens Survey* 2013 of India's city systems and quality of life, Surat and Ahmedabad topped the list of 11 cities, beating Mumbai and Delhi.

## Demographics

Ahmedabad District houses 11.94 per cent of the population of Gujarat, of which 84.04 per cent resides in its urban areas. The percentage of men

in urban areas is marginally higher than women. The district's overall literacy rate has moved up from 79.50 per cent in 2001 to 85.31 per cent in 2011. The literacy rate among men has seen a marginal increase, from 87.31 per cent in 2001 to 90.74

Research Laboratory (PRL) and the Development and Educational Communication Unit (DECU)—in Ahmedabad. Other reputed centres of higher education are also present in and around the city, and are imparting specialised training to many students.

## Ahmedabad District: Demographic Indicators

Indicators	Ahmedabad District	Gujarat	India
Population	7,214,225	60,439,692	1,210,193,422
Population growth (2001- 2011) (%)	22.31	19.28	17.64
Population density/ sq km	890	308	382
Average literacy rate (%)	85.31	78.03	74.04

**Source:** Census of India, 2011

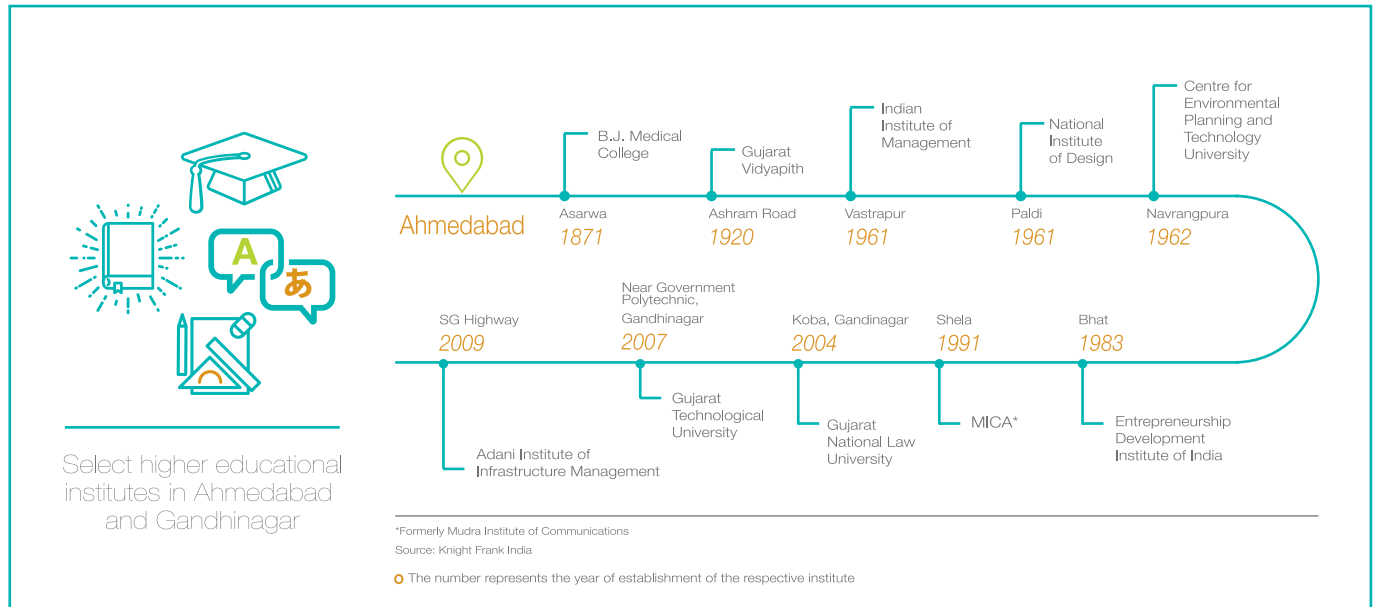
per cent 2011. Among women, however, it has moved up from 70.83 per cent in 2001 to 79.35 per cent in 2011. Ahmedabad's population density increased from 727 persons per sq km in 2001 to 890 persons per sq km in 2011.

## Educational institutes

Ahmedabad has long been one of the oldest centres of learning in the country. Schools and educational institutes, run either by the municipal corporation or privately-held trusts, dot the city. Ahmedabad and Gandhinagar together house many institutes of higher education, such as the eminent Indian Institute of Management at Vastrapur. The Indian Space and Research Organisation (ISRO) also has three of its centres—the Space Applications Centre (SAC), Physical

Ahmedabad is one of the most progressive districts in Gujarat and is ahead of the state on most demographic parameters. The city's social infrastructure is vibrant, which adds to its quality of life. Ahmedabad is one of the oldest centres of learning in India. Some institutes that are functional even in the present day were established during the pre-independence era. The city is also home to some of the best medical establishments in the country.

## Select Higher Educational Institutes in Ahmedabad and Gandhinagar



Source: Knight Frank Research

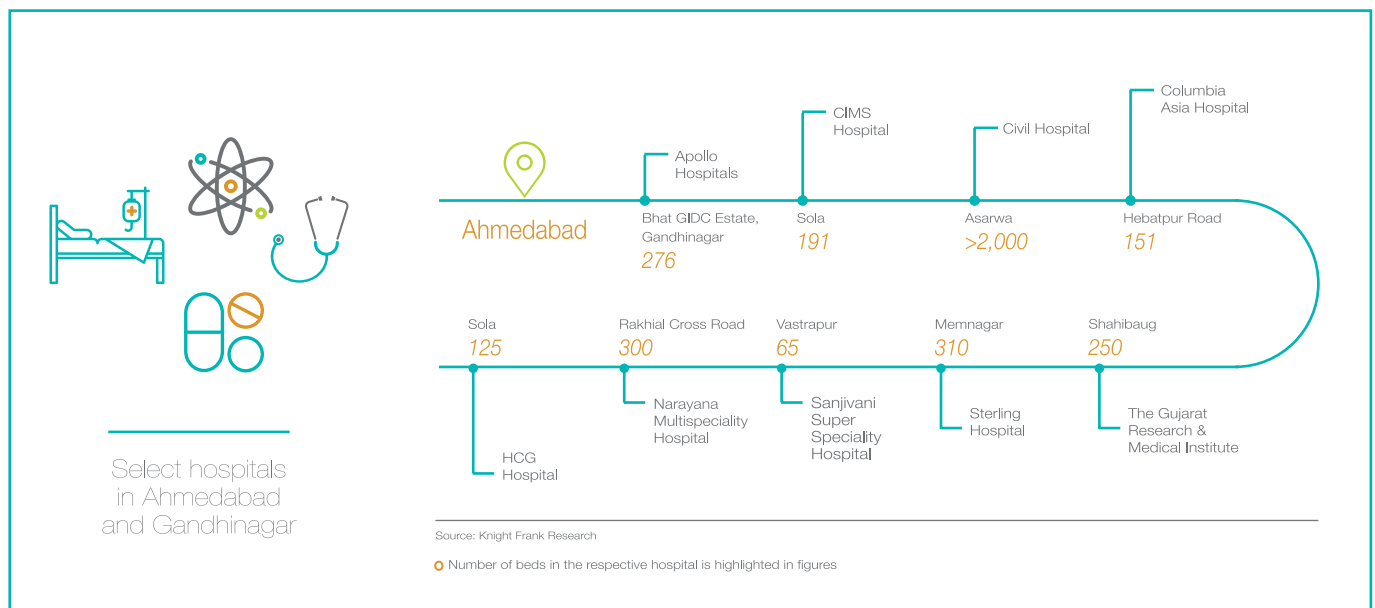
## Healthcare

Ahmedabad has some of the best medical establishments in the coun-

try. B.J. Medical College is one of the largest medical institutes in India. The country's first functional True Beam radiotherapy equipment for cancer

treatment was set up at HCG Cancer Centre, off the Sarkhej-Gandhinagar Highway (S.G. Road), Sola.

## Select Hospitals in Ahmedabad and Gandhinagar



Source: Knight Frank Research

# AHMEDABAD



## LEGEND

- Major Landmark
- Educational Institute
- Airport
- Bus Stand
- Railway Station
- City Boundary
- Expressway
- Highway
- Ring Road
- Major Road
- Rail Line
- BRTS Phase 1 (West)
- BRTS Phase 1 (East)
- BRTS Phase 2
- River
- Lakes/Ponds
- Vegetation

Map not to Scale

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## City at a Glance

<b>Airport: Hansol, 9 km from the city centre</b> 	<b>Proposed airport: Fedara, close to Dholera SIR</b> 	<b>Central railway station: Kalupur</b> 	<b>Bus station: Gita Mandir</b> 
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## b. Economic Drivers

### Manufacturing base

Ahmedabad, called the ‘Manchester of the East’, has traditionally been a manufacturing centre. The textile, chemical, pharmaceutical and gems and jewellery industries have been the main economic drivers of the city. Two of India’s largest pharmaceutical companies—Cadila Healthcare and Torrent Pharmaceuticals—have their corporate headquarters and a major presence in the city.

Ahmedabad is also home to other large corporate houses, such as Nirma Group, Adani Group and Arvind.

### Emerging automobile hub

Ahmedabad is an emerging automobile hub. In 2007, when Tata Motors was facing problems in Singur, West Bengal, it moved its plant approximately 2,000 km to Sanand, Gujarat. Later, Ford India also moved to Sanand. The foundation stone of the first of Maruti Suzuki’s three plants was recently laid at Hansalpur, 90 km from Ahmedabad. Hansalpur falls in the Mandal-Becharaji Special Investment Region. Honda Motorcycle and Scooter India has set up its base in Vithalpur, approximately 90 km from Ahmedabad. According to our study Honda Cars India is also planning to set up its manufacturing unit at Vithalpur.

Sanand also houses companies from other sectors – Coca Cola, Bosch, Colgate, Alstom Bharat Forge and Tevapharm India Pvt. Ltd are some of the companies housed here.

### IT/ITeS thrust

Gandhinagar has been attracting IT/ITeS companies in recent years. Infocity, in Gandhinagar, is the first integrated IT park in the state. Tata Consultancy Services is one of the big names based out of this IT park. Spread over 150 acres, the park has a mixed-use development—commercial and residential-of 2.5 million sq ft. There is approximately five lakh square feet of commercial space in the park. The facility is also close to the upcoming Gujarat International Finance Tec-City (GIFT City).

## GIDC Estates in Ahmedabad District with Area more than 100 Hectares

Indicators	Size of estate (hectares)	Type of industries	Distance from the city centre (km)
Kathwada	126.34	Engineering + Chemicals	15
Odhav	110.95	Engineering + Chemicals	14
Naroda	331.23	Engineering + Chemicals	17
Vatva	542.28	Engineering + Chemicals	12
Sanand	2,000	Engineering	25

**Source:** Gujarat Industrial Development Corporation (GIDC); Knight Frank Research



## Infocity Quick Facts

<p>In Gandhinagar, close to the upcoming GIFT City</p> 	<p>Approximately 25 km from Ahmedabad International Airport</p> 	<p>Mixed-use development of 2.5 million sq ft</p> 	<p>Commercial space of 5 lakh sq ft</p> 
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### c. Physical Infrastructure

Ahmedabad has a robust infrastructure that is augmented and upgraded regularly to meet the growing needs of the city. The city is well connected with all the major locations in the state via air, road and rail network. Direct flights connect Ahmedabad to Abu Dhabi, Dubai, Kuwait, Muscat, New York and Singapore.

Ahmedabad has undergone massive infrastructure development in the recent past. The Bus Rapid Transit System (BRTS), which did not achieve the desired results in New Delhi, has been a major success in Ahmedabad. The BRTS covers the entire city, and, with technological assistance, is able to provide the quickest, cheapest, safest, most comfortable and hassle-free rides. The entire system is managed by a computerised traffic management and signal control system in the Ahmedabad Municipal Corporation office. The air-conditioned buses are GPS enabled, and there is an e-ticketing and travel card service as well. As a standalone infrastructure project, the BRTS network covers the whole city and adds to existing infrastructure by providing connectivity to the exclusive bus corridor on the Sardar Patel Ring Road and

the regional railway network. The BRTS will also be linked to future infrastructure projects in the city, such as the upcoming Metro Link Express for Gandhinagar and Ahmedabad (MEGA). The integration of these projects will improve the overall connectivity within the city.

Ahmedabad has recently witnessed a couple of development initiatives that have improved the quality of life in the city: The Sabarmati Riverfront Development Project is an initiative that changed the face of Ahmedabad. Inaugurated on 15 August 2012, it is considered to be an innovative project in urban regeneration. The riverfront has walkways and eating joints, among other things. Work is still underway on some sections of the waterfront.

The Kankaria lake face lift project is another initiative that added to the quality of life in Ahmedabad. This project has also increased the attractiveness of Maninagar, one of the established locations in south Ahmedabad. 'Hauz-i-Qutb' or 'Qutb Hauz', commonly known as Kankaria lake, was built in the 15th century and is the largest lake in Ahmedabad. The lake underwent a massive face lift and was opened up to the public in 2008. It now has a zoo, kid's park, toy trains and a balloon safari.

Ahmedabad district has traditionally been a manufacturing hub and home to companies from the textiles and pharmaceuticals sectors. The district is gradually turning into a prominent auto hub in the country. Auto majors such as Tata Motors, Ford India and Maruti Suzuki have moved into the Sanand, Vithalpur and Mandal Becharaji stretch. The district is also home to other companies, such as Coca Cola, Bosch, Alstom Bharat Forge and Tevapharm India.

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## Economic Drivers at a Glance

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### Drivers

### Impact



#### Traditional manufacturing base

Ahmedabad is known as the 'Manchester of the East'. Other than textiles, companies from the fields of gems and jewellery, chemicals and pharmaceuticals have a major presence in the city. Approximately 24 per cent of the total investments in the state from 2 October 2006 to 31 March 2014 were made in the manufacturing sector in the district of Ahmedabad.



#### Emerging automobile hub

Sanand, approximately 30 km from Ahmedabad, is home to Tata Motors and Ford India. Maruti Suzuki has taken up space in Santhalpur in Mandal Becharaji, 90 km away from Ahmedabad. Honda Motorcycle and Scooter India is present in Vithalapur, 90 km Ahmedabad. Along with Sanand, Vithalapur, Mandal Becharaji and Halol (in the Panchmahal district), this area is developing as an auto hub. The presence of large companies has given Micro Small and Medium Enterprise (MSME) units in Ahmedabad district a boost. Around 26 per cent of the MSME units in the state are based in Ahmedabad district.



#### IT/ITeS thrust

Infocity, in Gandhinagar, is the first integrated IT hub in Gujarat and has been successful in attracting IT companies to the state. TCS is one of the big players that has taken up space in Infocity.



#### Infrastructure and entertainment zone development

The BRTS has been integrated with the existing infrastructure of the city and has been a success. Any upcoming infrastructure development, such as the Metro Link Express for Gandhinagar and Ahmedabad (MEGA), will be integrated with the existing network. This will improve the connectivity within the city. The Kankaria lake facelift and the Sabarmati Riverfront Development Project have added to the attractiveness of the city.



#### Home of major companies

Ahmedabad is the corporate headquarters of companies such as the Nirma Group, Adani Group, Cadila Healthcare, Torrent Pharmaceuticals and Arvind. This projects Ahmedabad as a city with a conducive business environment.

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**Source:** Knight Frank Research

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## d. Real Estate

### Residential market

The residential property market in Ahmedabad city has remained largely subdued. After achieving sales of around 16,000 units in the first half of the year in 2012, it recorded a new low in the first half of 2015 – only 7,750 units were sold in the first six months. As a result of the subdued demand, new launches have been restrained.

Integrated townships, developed largely in the western part of the city, are a new trend in Ahmedabad's residential real estate space. National-level developers such as Godrej Properties have moved into this space. Some of the integrated townships coming up in the city include Godrej Garden City, off S.G. Road; Shantigram by Adani Group, near S.G. Road; Applewoods by Sandesh Group on S.P. Ring Road; Smile City by Ganesh Housing Group, near S.P. Ring Road; and a project by Savvy Infrastructure near the Godrej Garden City project. The western and northern parts of the city have been witness to the lion's share of new developments in Ahmedabad. Other parts of the city, however, have developments on a much smaller scale.

### Central Ahmedabad

This is one of the most established micro-markets in the city and is endowed with well-developed social infrastructure. Prominent locations in Central Ahmedabad include Ashram Road, C. G. Road, Navrangpura, Paldi, Usmanpura and Vasna. Due to scarcity of space, this area does not provide room for large new project launches. However, the redevelopment of old residential buildings is prevalent here.

Though this is one of the oldest locations of the city, it is in huge demand, largely on account of its established infrastructure. This area also houses important government offices, such as the Reserve Bank of India and the Income Tax office.

### Average Capital Values in Select Locations of Central Ahmedabad

Location	Average capital values (₹/sq ft)
Ashram Road	5,000 - 6,500
C.G. Road	5,000 - 6,500
Navrangpura	5,000 - 6,000
Paldi	4,500 - 5,500
Usmanpura	5,000 - 6,000
Vasna	3,000 - 4,500

Source: Knight Frank Research

### North Ahmedabad

The prominent locations in this part of the city are Chandkheda, Motera, Ranip and Sabarmati. The region's proximity to Gandhinagar and the upcoming GIFT City has worked in its favour. Sardar Patel Stadium, Gujarat's largest cricket arena, is located at Motera. ONGC has a large establishment at Chandkheda. The move to improve connectivity between Gandhinagar and Ahmedabad will benefit locations such as Chandkheda and Motera.

### Average Capital Values in Select Locations of North Ahmedabad

Location	Average capital values (₹/sq ft)
Chandkheda	2,500 - 3,000
Motera	2,800 - 3,500
New Ranip	2,500 - 3,000
Sabarmati	3,500 - 4,000

Source: Knight Frank Research

### West Ahmedabad

Along with North Ahmedabad, the West Ahmedabad micro-market is witnessing a majority of new

project launches. Its proximity to the upcoming auto hub of Sanand adds to its locational advantage. Bodakdev, Bopal, Jodhpur, Prahlad Nagar, Satellite and Vastrapur are some of the prominent locations in this part of the city. This micro-market has many new developments coming up on S.G. Road, such as residential units, shopping malls, commercial spaces and automobile showrooms. Some of the showrooms of major car brands present on this stretch are those of Porsche, BMW, Audi, Triumph, DC, Vikas Motorland, Jaguar, Land Rover, Range Rover, Nissan, Volvo, Toyota, Rolls-Royce, Harley-Davidson, Honda, Skoda and Mercedes-Benz. New project launches in West Ahmedabad have spilled beyond the Sardar Patel Ring Road on the Sanand-Sarkhej Road.

### Average Capital Values in Select Locations of West Ahmedabad

Location	Average capital values (₹/sq ft)
Bodakdev	6,000 - 7,000
Bopal	3,200 - 3,800
Jodhpur Char Rasta	5,800 - 6,500
Prahlad Nagar	3,800 - 4,200
Satellite	5,000 - 6,000
Thaltej	4,500 - 5,000
Vastrapur	5,500 - 6,000
Vejalpur	3,000 - 3,500

Source: Knight Frank Research

### South Ahmedabad

CTM, Ghodasar, Maninagar, Narol and Vatva are some of the prominent locations in South Ahmedabad. Due to space constraints, very few large new projects are being launched in this micro-market. However, it is witnessing the redevelopment of old residential units into builder floors. Its proximity to the Ahmedabad Vadodara

Expressway, National Expressway-1, has worked in favour of south Ahmedabad. Vatva GIDC, located in this micro-market, houses various industries, such as plastics, chemicals, paints and pharmaceuticals. The famous Kankaria lake is also situated in South Ahmedabad.

#### Average Capital Values in Select Locations of South Ahmedabad

Location	Average capital values (₹/sq ft)
Ghodasar	2,800 - 3,400
Isanpur	2,800 - 3,400
Maninagar	3,000 - 3,500
Narol	1,700 - 2,200

**Source:** Knight Frank Research

#### East Ahmedabad

Naroda GIDC is located in this part of the city. Reliance Industries is the major player in Naroda GIDC. Hansol, Naroda, Nikol and Shahibaug are some of the prominent locations in east Ahmedabad. Among these, Shahibaug is well developed and is the most important location in this part of the city.

#### Average Capital Values in Select Locations of East Ahmedabad

Location	Average capital values (₹/sq ft)
Hansol	2,000 - 2,500
Naroda	1,700 - 2,200
Nikol	1,800 - 2,400
Odhav	1,800 - 2,200
Shahibaug	6,500 - 7,500

**Source:** Knight Frank Research

#### Office market

After clocking a net absorption of close to 4.50 lakh square feet in the third quarter of 2014, the absorption of office space, in Ahmedabad, has been on a decline. In the quarter ending March 2015, the net absorption dropped to approximately 1.60 lakh square feet. This was largely attributed to IT/ITeS and manufacturing companies not taking up new space in the city. With approximately 2.50 lakh square feet of new office space in the pipeline, the decline in net absorption has led to a marginal increase in vacancy levels. Rentals have remained stable, but, going forward, they are likely to be under pressure. Vacancy levels in the quarter ending March 2015 were close to 35 per cent.

Ashram Road is Ahmedabad's central business district. Some of the prominent buildings on this road include the offices of the Reserve Bank of India, Gujarat Chamber of Commerce & Industry and the Income Tax department. Due to lack of space and relatively few new developments in this locality, office developments are moving to S.G. Road, in the western part of the city. Shapath TV, the tallest commercial space in Ahmedabad, is located on S.G. Road. Other locations of office activity include C.G. Road, Prahlad Nagar, Satellite and Ashram Road.

#### Average Rentals in Ahmedabad Office Market

Location	Average rentals (per sq ft)
C. G. Road	35 - 42
Ashram Road	33 - 38
Prahlad Nagar/ Satellite	30 - 33
S.G. Road	30 - 35

**Source:** Knight Frank Research

#### Retail market

Ahmedabad has 14.10 million square feet of mall space as on June 2015. Some of the prominent malls in the city are AlphaOne, Himalaya Mall, Iscon Mega Mall and 10 Acres-Ahmedabad City Mall. Most present day retail development is along S.G. Road, in the northwest part of the city.

Transactions were tepid in the retail space in Ahmedabad. According to our study, the vacancy levels in the malls in Ahmedabad are among the highest – much higher the national average of around 16 per cent. It is worth noting that no new malls have come up in the city in the last 24 months. Rentals have been stable largely due to limited supply.

#### Mall Rentals in Ahmedabad



Locations	Rentals per month (₹/sq ft/month)
Ashram Road	100-130
C.G. Road	90-120
Chandkeda	50-80
Koba	60-70
S.G. Road	80-100

**Source:** Knight Frank Research





## Select Malls in Ahmedabad

 Malls	 Location	Built-up area (sq ft)	Total retail area (sq ft)
10 Acres – Ahmedabad City Mall	Kankaria	500,000	375,000
AlphaOne Mall	Vastrapur	1,200,000	705,000
Gulmohar Park Mall	Satellite	331,000	222,000
Himalaya Mall	Memnagar	425,000	270,000
Iscon Mega Mall	S.G. Road	492,000	330,000

Source: Malls of India (2013-16)

## e. Upcoming Infrastructure Developments

Ahmedabad has witnessed numerous infrastructure developments in the recent past, such as the BRTS and the Sabarmati Riverfront Development

Project. Going forward, the city will receive an infrastructure thrust on a much larger scale. Such infrastructure developments will give the necessary impetus to real estate in the city. The proposed Delhi-Mumbai Industrial Corridor will give a boost to the real estate sector within the city as well as the district of Ahmedabad.

The residential property market in Ahmedabad is subdued at present. New residential developments are coming up largely in the western and northern parts of the city. Integrated townships are a new trend, concentrated primarily in the city's western locations. Ashram Road is the central business district of Ahmedabad. However, due to lack of space here, new office developments are coming up in locations such as Sarkhej–Gandhinagar Highway (S.G. Road) and Prahlad Nagar.

## Upcoming Infrastructure Projects

Drivers	Description
DMIC	This megaproject covers most of Ahmedabad district. Work on the Ahmedabad-Dholera stretch, the largest node on the DMIC, has begun.
Special Investment Regions (SIR)	Ahmedabad is close to the Mandal-Behcaraji SIR and Dholera SIR. Groundwork on the Ahmedabad Dholera SIR has already started.
MEGA	The foundation stone of the metro rail connecting Ahmedabad and Gandhinagar has been laid.
GIFT City	The international financial centre coming up in Gandhinagar is equidistant from Ahmedabad and the state capital.
Bullet train	Going forward, Ahmedabad will have bullet train connectivity with Mumbai.

Source: Knight Frank Research



## Delhi-Mumbai Industrial Corridor (DMIC)

Once complete, this industrial corridor will tower over all the other infrastructure projects in the country. The DMIC covers most of western India. Of the eight states and two union territories through which it will pass, Gujarat is among the first states that has started the groundwork for this huge project. Work on upgrading road connectivity between Ahmedabad and Dholera is underway.

The Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, approved the

construction of trunk infrastructure worth about ₹2,784.83 crore for the Dholera Special Investment Region (DSIR). Dholera is envisaged as a Smart City. The trunk infrastructure will be created within a 22.5-square-kilometre 'Activation Area' of the DSIR on the Delhi-Mumbai Industrial Corridor (DMIC) in Ahmedabad district. The DSIR is spread over 920 square km. In its first phase, it will cover 153 sq km, and work will begin in the Activation Area, which will act as a catalyst for attracting further investments from investors. Components of the trunk infrastructure

approved by the cabinet committee include roads, water and sewage treatment plants, a common effluent treatment plant and other services. The trunk infrastructure development is proposed to commence in 2015-16 and is likely to be completed by 2018-19.

## Dholera Special Investment Region (DSIR)

DSIR is the biggest of the seven nodes in the DMIC. Gujarat is among the first states in the country to prepare a clear, well-defined policy on special investment regions (SIRs).







Dholera, in Ahmedabad district, is located about 100 km from the district headquarters and is within the influence zone of the DMIC. Dholera is close to the coastline, and is surrounded by water on three sides. The Gulf of Khambhat is to the east, Bavaliari creek is to the north and Sonaria creek lies to its left.

Currently, Dholera is well connected to Ahmedabad and Vadodara via an all-weather road. The National

Highway (8A till Bagodara) is in good condition. However, road upgrading work is in progress on some stretches of Amreli Road, Bagodara Road and State Highway 6. The nearest rail head (narrow gauge) for Dholera is Bhavnagar, 34 km away, and the nearest port site is 11 km away. There is a power station in Vadavi; four 220-KV sub-stations in Salajada, Viramgam, Dhankia and Barwala; and four 132-KV sub-stations in Sabarmati, Viramgam, Dhandhuka and Barwala.

The basic approach while developing Dholera is to deliver the city by 2040 as a diversified destination, assured of world-class, sustainable infrastructure to host interactive, citizen-friendly services that will inspire the future of cities in India. The project area is spread over 35,000 hectares, and will include manufacturing facilities, business centres, open spaces and residential development for people working in the SIR. The land use at Dholera SIR will be as follows:





### Proposed Land Use of the Dholera Special Investment Region (DSIR)

	Land use	Area (ha)	Percentage share (%)
	Industrial	14,000	40
	Residential	8,400	24
	Open spaces	7,000	20
	Commercial	2,100	6
	Transport	2,100	6
	Institutional	1,400	4

**Source:** Industrial Extension Bureau, Government of Gujarat

The proposed Delhi Mumbai Industrial Corridor (DMIC), the upcoming Gujarat International Finance Tec-City (GIFT City) and the Metro-Link Express for Gandhinagar and Ahmedabad (MEGA) are set to be the major growth drivers in Ahmedabad District. Efforts to improve connectivity between Ahmedabad and Mumbai through a bullet train and the extension of the Ahmedabad Vadodara Expressway (National Expressway 1) till Mumbai, will act as catalysts in the transformation of Ahmedabad District.

### Distribution of Industries in the Processing Zone of Dholera Special Investment Region (DSIR)

Zones	Industries	Area (sq km)	Percentage share (%)
 <b>Knowledge zone</b>	Biotechnology	14	10
	Gems & jewellery		
	IT/ITeS		
	Financial services		
	Other services		
 <b>Light manufacturing</b>	Textiles & garments	42	30
	Electronics		
	Leather products		
	Toys & sports goods		
	Ceramics & toiletries		
	Packaging		
	Other light industry		
 <b>Trading &amp; logistics</b>	Trading & logistics	14	10
	Furniture		
	Ceramics		
 <b>Engineering zone</b>	Auto/auto ancillaries	55	40
	Machinery		
	Agri & allied products		
	Metallurgical products		
<b>Anchor industries</b>	Other industries	14	10

**Source:** Industrial Extension Bureau, Government of Gujarat



With respect to the proposed infrastructure development, an international airport is proposed at Fedara, 20 km from the DSIR and about 80 km from Ahmedabad. The state government has allocated approximately 1,700 hectares of land between the villages of Pachchham, Valinda and Pipali for the proposed international airport. It has also allocated 2,057 hectares of land for a port at Dholera. The port will be connected by road to the Ahmedabad-Bhavnagar Highway, about 11 km away. A rail connection to Dholera is also in the pipeline.

Development has now reached Bavla, around 30 km from Ahmedabad and about 20 km from Sanand. Beyond Bavla on NH-8A (Ahmedabad-Rajkot Highway), there is not much sign of any development till Bagodara. Beyond Bagodara, however, numerous advertisements for sale—especially of plots of land—dot both sides of the road connecting Bagodara to Pipali.

There are two residential projects on either side of State Highway 6 leading to Bhavnagar, closer to Dholera. One of them is even offering an investment scheme for plots of land. Work has come to a standstill in one of the projects, but is going on in full swing in the other.

### **Metro Link Express for Gandhinagar and Ahmedabad (MEGA)**

The metro rail project connecting Ahmedabad to Gandhinagar will add to the existing infrastructure. Work on the Metro Link Express for Gandhinagar and Ahmedabad (MEGA) has begun. The Chief Minister of Gujarat, Anandiben Patel, recently laid the foundation stone for the first phase of the MEGA at Vastral. Work on the initial six km of the Vastral-Thaltej route will be completed by September 2016. The project length is 83 km, of which, around 38 km will be completed in Phase-1.

Going forward, Ahmedabad's growth areas will be concentrated on the stretch between Ahmedabad and Dholera, Sanand-Sarkhej Road and north Ahmedabad. Bavla, a micro-market on the Ahmedabad-Dholera stretch, holds immense potential for the future. The city's improving connectivity with Gandhinagar will benefit the micro-markets in north Ahmedabad, while Sanand's growing importance will assist in the expansion of Ahmedabad city on Sanand-Sarkhej Road.



The metro rail route covering east Ahmedabad is divided into two parts: Route one, starting from Paldi, will lead to the civil hospital, covering Jamalpur, Danilimda, Chandola lake, Isanpur, Ghodasar, Hatkeshwar, Rakhiyal, Ajit Mill, Bapunagar and Memco Sports Complex (mainly elevated). Route two, starting from Jamalpur, will lead to Vadaj, covering Gita Mandir, Kalupur Railway Station and Civil Hospital. The route covering west Ahmedabad will cover APMC, Vasna, Anjali, Paldi, Parimal Garden, Panjara Pol, Vijay Cross Roads, Navrang Six Roads, and Usmanpura to Vadaj, which will lead to Gandhinagar via Ranip and Sabarmati railway station.

## Smart City/ Global Financial Hub

The Gujarat International Finance Tec-City (GIFT City) is developed as a smart city and will serve as a global financial hub. The idea behind the project is to provide national and international financial players a self-sufficient city comparable with global standards. GIFT City is conceptualised as a global financial and IT services hub, and will be treated as a 'deemed foreign territory'.

The project is implemented by Gujarat International Finance Tec-City Company – a 50:50 joint venture between Gujarat Urban Development Company and Infrastructure Leasing and Financial Services Company. The upcoming GIFT city, at Shahpur village, on the banks of Sabarmati river, is being built on a 3.58 sq km land parcel, around 25 km from Sardar Vallabhbhai Patel International Airport, Ahmedabad, and about 12 km from Gandhinagar. Once complete, GIFT City will generate 500,000 direct and an equal number of indirect jobs. It is well connected by the state and national highways. Going forward, it will also be connected by MEGA and the BRTS services. This global financial hub will be a mixed-use development. Of the proposed built-up area, 42 mn sq ft will be dedicated to

commercial space; residential space will occupy 14 mn sq ft; and six mn sq ft will cater to social infrastructure.

### Land use Break-up of GIFT City

Land use	Area (mn sq ft)
Commercial	42
Residential	14
Social infrastructure	6

**Source:** GIFT City

Among other things, GIFT City will have a multi-service SEZ on 261 acres of land, of which 131 acres will be dedicated to a processing area, and the rest, to a non-processing zone. A finance centre and associated social infrastructure will be housed on 625 acres of land.

GIFT Tower One and Gift Tower Two have come up and infrastructure work for the first phase has been completed. Power cables, fibre optic networks and pipelines have been put in place, while the cooling system is being set up.

Though the project is still underway, the allocation of space has begun. Some of the major companies that have been allocated space at GIFT City are the State Bank of India (SBI), Bombay Stock Exchange (BSE), Bank of India (BOI), Bank of Baroda (BOB), HDFC Bank, the Noida-based World Trade Centre, Tata Communications and Oracle. In the healthcare sector, a 200-bed, multi-specialty hospital by Ahmedabad-based Sterling Group will come up at this centre. Reliance Capital has also been allocated space at GIFT City very recently. According to our survey, many more financial institutions and renowned developers from Mumbai and Bengaluru are

showing interest in taking up space at GIFT City. YES Bank recently received the nod from Reserve Bank of India (RBI) to start IFSC Banking Units (IBUs) at GIFT City.

Interest from foreign companies has been tepid, largely on account of ambiguity over issues concerning taxation and dispute resolution. In its quest to make GIFT City a worthy competitor against big regional financial centres in Dubai and Singapore, the state is expected to dilute its decades-long prohibition rule on liquor for GIFT City. According to the GIFT City authorities, prohibition regulations will be much more liberal for the 'deemed foreign territory'.

Heightened development in the project area, especially in the last few years, has not gone unnoticed by developers in the residential property space, and they have come up with projects in proximity to the upcoming GIFT City. Real estate development is visible beyond Shahpur, on the Gandhinagar bypass road, especially near Dhaulakuan village. However, our survey reveals that work at most of these project sites has come to a standstill. This is an indication of the subdued response from customers.

## Faster connectivity

A bullet train service between Mumbai and Ahmedabad has been proposed. This service will reduce the travel time between the two cities from 8-9 hours to around 2 hours. There are also plans to improve road connectivity with Mumbai. National Highway 8, a very busy highway, connects Ahmedabad to Mumbai. To provide better road connectivity, the existing National Expressway 1, connecting Ahmedabad to Vadodara, is proposed to be extended to Mumbai. The road between Ahmedabad and Mumbai has a major bottleneck at Sardar Bridge in Bharuch. The construction of a new bridge next to Sardar Bridge is underway, and is expected to be completed by 2016.



## f. Concluding Remarks

Ahmedabad has undergone numerous infrastructure improvements in the past, such as the implementation of the BRTS and the development of new entertainment zones. However, the enormity of infrastructure developments in the pipeline will ensure new growth corridors in Ahmedabad district in the near future. Going forward, the Ahmedabad-Dholera stretch, north Ahmedabad towards Gandhinagar, and Sanand Sarkhej Road are the three growth corridors with considerable potential. We expect the micro-markets along these growth corridors to hold great potential for real estate development in the coming years.

Bavla, on the Ahmedabad-Dholera stretch, is one such promising

micro-market. It is equidistant from Ahmedabad and Sanand and is well connected to both.

The proposed metro and improving connectivity with Gandhinagar will ensure that Ahmedabad will grow towards the north. We anticipate micro-markets such as Chandkheda and Motera in north Gujarat, to gain importance, largely because of improvements in infrastructure. Sanand's importance and availability of land in west Ahmedabad will ensure that the city will continue its growth along the Sanand-Sarkhej Road.

Residential developments will dot these growth corridors, with north and west Ahmedabad having the

lion's share of new project launches. Increased FSI of 4 along BRTS corridors, in Ahmedabad, will provide enormous potential for real estate development within the city.

The lack of space in established locations such as Ashram Road will ensure that micro-markets like S.G. Road and Prahlad Nagar continue to be in demand for commercial space. The IT/ITeS and BFSI sectors will continue to be prime drivers of office space in Ahmedabad. Improvements in infrastructure due to implementation of DMIC in Ahmedabad district will bring more companies to Ahmedabad and this will fuel demand for office space in the future.



**VADODARA**





# VADODARA

Vadodara is the cultural capital of Gujarat, and the third largest city in the state, after Ahmedabad and Surat. It has a long and rich history, and was known by various names, such as 'Sanskari Nagari', 'Sayaji Nagari' and 'Kala Nagari', in the past. It is also one of the most cosmopolitan and industrialised cities in India. Vadodara is home to some of the biggest names in the corporate world – Alembic Pharmaceuticals established the first modern factory here in 1907, after which, companies such as Sarabhai Chemicals and Jyoti Group of Companies set up their bases in Vadodara in the 1940s. In the 1960s, companies such as Gujarat Refinery and Indian Oil Corporation moved into the city. Proximity to industrial cities such as Bharuch (80 km via NH-8) and Ankleshwar (90 km via NH-8) works in Vadodara's favour. The DMIC passes through Vadodara and this will fuel further growth of the city. Infrastructure developments as a result of DMIC will lead to further industrialisation of the district.

## a. Social Infrastructure

### Demographics

Vadodara District is home to 6.98 per cent of Gujarat's population, 49.59 per cent of which resides in the urban areas. The percentage of men in urban areas is a slightly higher than women. However, population growth in the district has been on a decline since 1991. Our study suggests that this is largely on account of decline in birth rate due to family planning measures. The literacy rate in the district is higher than the state and national averages, but below the other two prominent

### Vadodara District: Demographic Indicators

Indicators	Vadodara District	Gujarat	India
Population	4,165,626	60,439,692	1,210,193,422
Population growth between 2001–2011 (%)	14.38	19.28	17.64
Population density/ sq km	552	308	382
Average literacy rate (%)	78.92	78.03	74.04

**Source:** Census of India, 2011

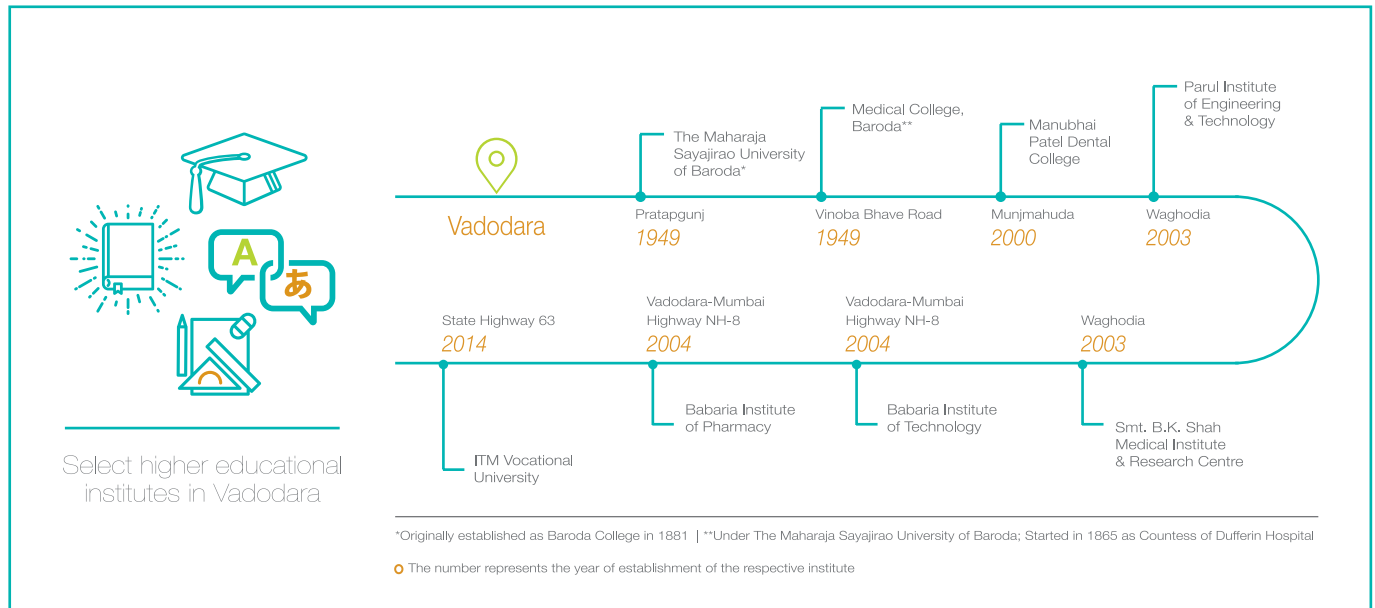
districts of Surat and Ahmedabad. It has, in fact, improved over the decade, moving from 70.76 per cent in 2001 to 78.92 per cent in 2011. The literacy rate among men has improved marginally, but has increased significantly among women, going up from 60.73 per cent in 2001 to 72.03 per cent in 2011. The population density in the district has moved up from 482 persons per sq km in 2001 to 552 persons per sq km in 2011.

### Educational institutes

The Maharaja Sayajirao University of Baroda (MS University), the largest university in Gujarat, is based in Vadodara. Higher education in Vadodara was synonymous with MS University; however, other institutes of higher learning have come up in the city over the years.

Vadodara is the cultural capital of Gujarat and home to The Maharaja Sayajirao University of Baroda – the largest educational institute in the state. Vadodara fares fairly well compared to the state on demographic parameters, except on the per cent of population growth parameter during 2001–2011. The literacy rate among men has improved marginally in 2011 compared to 2001. Among women, however, the literacy rate has improved significantly in 2011 compared to 2001.

## Select Higher Educational Institutes in Vadodara



Source: Knight Frank Research

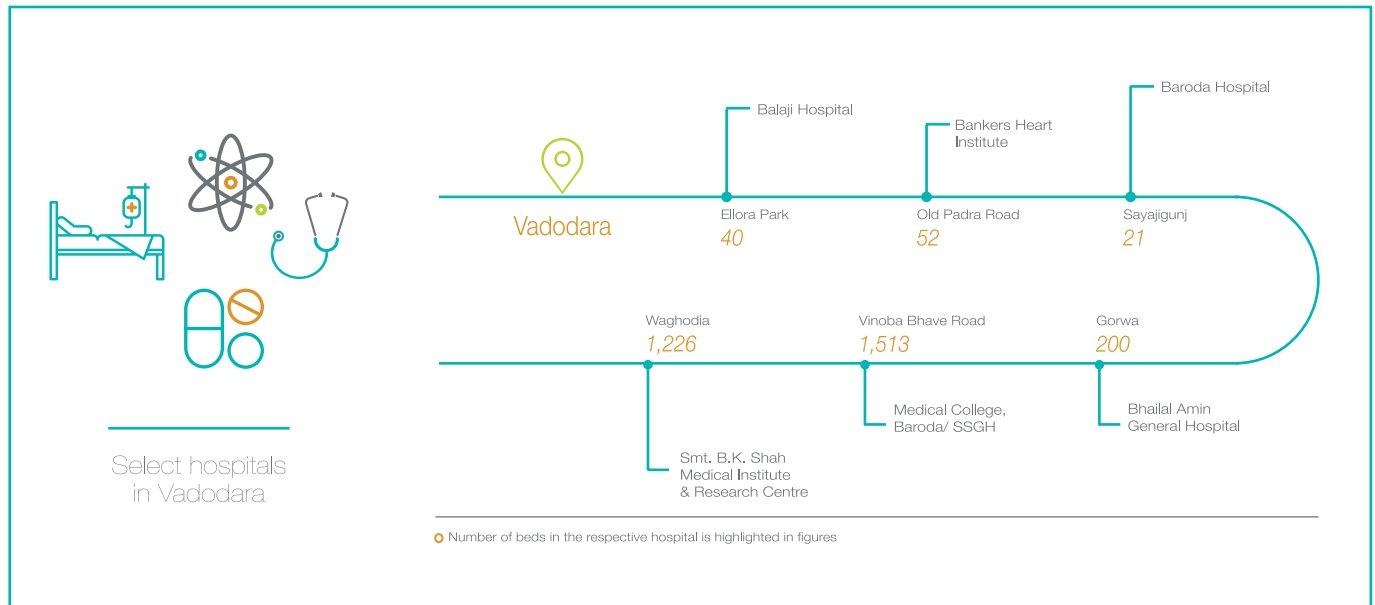
## Healthcare

Vadodara has a well-established medical infrastructure. Medical

College, Baroda, is the oldest hospital in the city, the origins of which date back to pre-independence days. Since

then, many state-of-the-art hospitals have come up in Vadodara.

## Select Hospitals in Vadodara



Source: Knight Frank Research

# VADODARA



Map not to Scale

Shihor

## City at a Glance



**Airport: Harni,**  
7 kms from  
city centre



**Central Railway  
Station: Sayajiganj**



**Bus station:  
Pratapganj**

## b. Economic Drivers

### Industrial City

Since the 1960s, Vadodara has been one of the most industrialised districts in Gujarat. Except for minor blips, the pace of industrialisation has increased steadily and remains one of the major drivers of the economy of the district today. Vadodara houses some of the biggest names in the corporate world. Companies started setting up their industrial units here in the early 1900s. In the 1960s, companies such as Gujarat Refinery and Indian Oil Corporation moved into Vadodara. Major companies close to Gujarat Refinery include Gujarat State Fertilizers & Chemicals (GSFC) and Indian Petrochemicals Corporation (IPCL, now owned by Reliance Industries). Other major companies in Vadodara are Heavy Water Board,

Gujarat Industries Power Company, Oil and Natural Gas Corporation (ONGC) and Gas Authority of India (GAIL). There are a host of companies operating out of Makarpura GIDC, in south Vadodara. GEA Process Engineering (India) Private and GEA Pharma Systems India, at Dumad village, Savli Road, are some of the other companies present in the district. Banco Products (India) is located near Bhaili Railway Station, Padra Road; and Sun Pharma Advanced Research Company (SPARC) is at Tandalja village.

There are 12 functional GIDC estates in the district. Halol, home to General Motors, is in Panchmahal district, 45 km from Vadodara city. Five other GIDC estates are present in the district, each more than 100 hectares in area.

The industrial estates in Vadodara district are also home to many global companies. Apart from General Motors, international companies that have units in Vadodara district include TBEA, TOTO, John Deere Equipment, Sondex Heat Exchanger, Bombardier, El Duopont India, Ryan Engineering, A Schulman Plastics and Nexans Polycab. The presence of numerous international companies in the district adds to Vadodara's image and helps in attracting similar companies and more investments.

Vadodara is one of the most industrialised districts in Gujarat, and its proximity to industrial centres such as Bharuch and Ankleshwar adds to its attractiveness. The entire stretch from Vadodara to Kosamba village in Surat district, on National Highway 8, connecting Vadodara and Mumbai, is dotted with industrial units.

### GIDC Estates in Vadodara and Panchmahal District with Area more than 100 Hectares

District	Name	Size (hectares)	Type of industries	Distance from Vadodara city centre (km)
Vadodara	Por Ramangamdi	134.44	Engineering	25
	Nandesari	271.67	Chemicals	20
	Waghodia	315.94	Engineering	25
	Makarpura	355.94	Engineering	9
	Savli	814	Engineering	30
Panchmahal	Halol	461	Engineering	45

**Source:** Gujarat Industrial Development Corporation (GIDC); Knight Frank Research



## Emerging automobile hub

The entire stretch from Sanand-Vithalpur-Mandal Becharaji and Halol form the automobile hub of the state. Even though Halol falls in Panchmahal district, it is well connected with Vadodara and is only about 45 km from the city centre. Halol is home to General Motors, Hero MotoCorp, Apollo Tyres and Ceat Tyres. The connectivity from Halol to the dedicated freight corridor of the DMIC will be provided through Vadodara.

According to our study General Motors plans to shut its plant at Halol by second half of 2016. The company however, plans to invest \$1 billion in India by 2020. This will go towards doubling capacity at its factory in Talegaon, Maharashtra and launching new models.

## Emerging knowledge centre

L&T has established its Knowledge City alongside NH-8 in Ankhhol village. A capacity expansion initiative, the Vadodara manufacturing facility of L&T was inaugurated in July 2012, on an 18-acre plot adjacent to L&T Knowledge City. MasterCard, a payment network major, recently opened its tech hub in the city – the company's largest tech hub outside the US.

Microsoft partnered with the Vadodara Chamber of Commerce & Industry (VCCI) to launch a 'Digital Experience Centre' in the city.

The centre will be managed by Microsoft's distributor Ingram Micro and will help small-to-medium businesses (SMBs), entrepreneurs, and institutions gain first-hand experience of modern technologies on devices running Microsoft software, including Windows apps and Office 365. Vadodara is also the headquarters of Indusface, the information security firm.

## Exclusive producer of dolomite and fluorspar

Vadodara is the exclusive producer of dolomite and fluorspar in Gujarat, offering scope for tremendous growth in the processing industries. There are reserves of approximately 7,200 lakh tonnes of dolomite and 116 lakh tonnes of fluorspar in the district. Vadodara accounts for as much as 98 per cent of the total production of dolomite in Gujarat.

## Production of non-conventional energy

Vadodara is home to the country's largest canal-top solar power plant. A total of 483 solar tablets measuring 6.5 x 2.3 m have been laid along the Narmada Canal from Sama to Chhani, in north Vadodara, over a 3.5-km stretch. Apart from generating clean power, the solar panel covering the canal helps in maintaining the temperature of the canal and prevents the water from evaporating. Power generated through this plant is used to run five pumping generators situated along the Saurashtra branch canals to draw water and supply it for irrigation purposes. The fact that this project is based in Vadodara adds to the branding of the city. With the government's increased focus on the production of non-conventional energy, Vadodara is likely to attract investments in future.

## Physical infrastructure

Vadodara is well connected by air, road and railways. National Highway 8 connects Vadodara to Ahmedabad and Mumbai, while National Expressway 1 connects Vadodara to Ahmedabad. Vadodara Airport is located at Harni, a northeast suburb, and presently caters only to domestic flights. The physical infrastructure in Vadodara is not on the same scale as Ahmedabad and Surat, but movement within the city is hassle free and smooth, even during peak hours.

Vadodara is one of the most industrialised districts of Gujarat. There are 12 functional GIDC estates in the district, five of which are greater than 100 hectares in area. The automobile hub of Gujarat stretches from Sanand, Vithalpur, Mandal Becharaji to Halol, in Panchmahal district, 45 kilometres from Vadodara city centre. General Motors and Hero MotoCorp are present in Halol.

## Economic Drivers at a Glance

Drivers	Impact
 <b>Traditional industrial city</b>	<p>Vadodara has traditionally been home to companies from the pharmaceutical and chemical sectors. Post-independence refineries have come up in the district. Apart from GIDC estates, companies are also present across the district.</p>
 <b>Presence of international companies</b>	<p>International companies have set up bases in and around Vadodara. Apart from General Motors, other international companies include TBEA, TOTO, John Deere, Bombardier, Sondex Heat Exchanger and Nexans Polycab. The influx of such international companies has been instrumental in attracting more companies and investments to the district. Of the total investments in the state between 2 October 2006 and 31 March 2014, in the manufacturing and services sector, 7.70 per cent was made in Vadodara district.</p>
 <b>Proximity to industrial hubs</b>	<p>Vadodara's proximity to industrial centres such as Bharuch (80 km via NH-8) and Ankleshwar (90 km via NH-8) adds to Vadodara's attractiveness.</p>
 <b>Emerging automobile hub</b>	<p>Sanand, Halol and Mandal Becharaji form the upcoming automobile hub in Gujarat. Halol, in Panchmahal district, is approximately 45 km from Vadodara. General Motors and Hero MotoCorp have their presence in Halol. The presence of auto majors in the district has also contributed to the rise of Micro Small and Medium Enterprises (MSMEs) in and around Vadodara. Of the total MSME units in the state, 4.70 per cent are based in Vadodara district. From around 307 units in the district as of March 2007, the number of MSME units has increased to 12,312 as of March 2014.</p>
 <b>Emerging knowledge centre</b>	<p>Vadodara has traditionally been a manufacturing centre, and is slowly transforming into a knowledge centre. L &amp; T has established its Knowledge City in Vadodara.</p>
 <b>Exclusive producer of dolomite and fluorspar</b>	<p>Vadodara is the exclusive producer of dolomite and fluorspar in the state, thereby providing enough scope for growth in processing industries.</p>
 <b>Production of non-conventional energy</b>	<p>Vadodara is home to country's largest canal-top solar power plant. Such initiatives give a new face to industrialisation of the district. With the government's increased focus on the production of non-conventional energy, Vadodara is likely to attract investments in the near future.</p>

Source: Knight Frank Research

## c. Real Estate

### Residential market

Even though upcoming developments dot the outskirts of the city, not much action is visible on the ground in most projects. In some instances, residential developments have come up but basic infrastructure such as metalled roads and electricity are conspicuously absent. Compared to Ahmedabad and Surat, where new residential developments are largely restricted to select pockets, Vadodara is a completely different market. In Vadodara, new developments are spread out in all directions, in the outskirts of the city. Till a few years ago, National Highway 8, which connected it to Ahmedabad and Mumbai, was outside the city limits. Presently, the developments have spilled beyond National Highway 8 at Ajwa Road and Sama-Savli Road. In the southern part of the city, residential developments have reached Alamgir village across National Highway 8.

New residential projects are also coming up in proximity to the industrial estates. This is evident even in industrial estates such as Savli and Halol, which are located more than 30 km away from the city. Very few new developments are coming up in the established micro-markets of RC Dutt Road and Old Padra Road. In most cases, new developments in such established micro-markets cater to the premium segment of the market.

### West and north-west Vadodara

This part of the city largely houses emerging locations such as Gotri Road, Gorwa, Chhani Jakat Naka and Race Course Circle. Though this is one of the emerging pockets of the city, social infrastructure is in place and is easily accessible from the central business district of Alkapuri. Zenith Tins, Bharat Electronics and Container Corporation of India are some of the major units present in Chhani. Developments have also

started coming up along the Gorwa-Undera Road due to its proximity to the Gujarat Refinery.

### Average Capital Values in Select Micro-markets of West and North-West Vadodara

Location	Average capital values (₹/sq ft)
Channi .....	2,500 - 3,500
Gorwa .....	3,000 - 4,000
Gorwa-Undera Road .....	2,000 - 2,600
Gotri .....	4,500 - 5,500

Source: Knight Frank Research

### North and east Vadodara

Harni Road, Sama-Savli Road, Ajwa Road (within the precincts of National Highway 8) and VIP Road are some micro-markets in this part of Vadodara that are witnessing many new developments, most of which are located within the precincts of National Highway 8. There are instances wherein the developments have spilled beyond the city limits. Developments are also coming up close to GIDC estates of Savli and Halol.

### Average Capital Values in Select Micro-markets of North and East Vadodara

Location	Average capital values (₹/sq ft)
Ajwa Road .....	2,200 - 3,000
Harni .....	2,000 - 3,000
Sama-Savli Road .....	2,200 - 3,000
VIP Road .....	2,500 - 3,500
Waghodia Road .....	2,000 - 3,000

Source: Knight Frank Research

### South Vadodara

A few affordable housing projects are coming up in Tarsali, but the hotbed for real estate activity in south Vadodara is Manjalpur – one

### Average Capital Values in Select Micro-markets of South Vadodara

Location	Average capital values (₹/sq ft)
Manjalpur .....	3,800 - 5,000
Tarsali .....	1,500 - 2,000

Source: Knight Frank Research

of the finest locations in the city. Its attractiveness lies in the fact that it is next to GIDC Makarpura, is well planned and has a vibrant social infrastructure. Manjalpur is also home to the corporate office of ONGC Petro additions (OPaL). New project launches in this part of the city have reached Alamgir village beyond the National Highway 8 towards Mumbai.

### Central and south-west Vadodara

Alkapuri, Vasna Road, Sayajigunj,

### Average Capital Values in Select Micro-markets of Central and South-west Vadodara

Location	Average capital values (₹/sq ft)
Akota .....	3,000 - 4,000
Alkapuri .....	3,500 - 5,500
Atladara .....	1,800 - 2,600
Old Padra Road .....	3,000 - 5,000
Vasna Bhayli Road .....	1,500 - 2,000
Vasna Road .....	2,700 - 3,800

Source: Knight Frank Research

Kalali and Atladara are some of the micro-markets in this part of the city. Alkapuri is the central business district of Vadodara and houses government offices and exclusive residential bungalows. Sayajigunj is home to the famous MS University. Atladara houses companies such as Gujarat Automotive Gears, Sun Pharmaceutical Industries and Sterling Biotech. Few notable developments are coming up in the established micro-markets of Alkapuri and RC Dutt Road are targeted towards the premium segment.

### Office market

Vadodara has largely been an industrial town. This, to a great extent, explains the lack of well-developed commercial spaces within the city. Alkapuri, RC Dutt Road and Old Padra Road are the central business districts in the city. Companies from the Banking, Financial services and

Insurance (BFSI) sector are the prime drivers of office space in the city. These are located largely in old commercial buildings in and around the central business districts.

#### Average Office Rentals in Vadodara

Location	Rentals (₹/sq ft/month)
Alkapuri	20 - 25
RC Dutt Road	18 - 22
Manjalpur	12 - 15
Tandalja	16 - 18
Old Padra Road	20 - 25
Sayajigunj	15 - 17

**Source:** Knight Frank Research

New residential developments in Vadodara are concentrated in the outskirts of the city and extend beyond the National Highway 8 at Ajwa Road, Sama-Savli Road and Alamgir village. However, not much action is visible on the ground in most of these residential projects. In some instances, residential developments have come up but basic infrastructure, such as metalled roads and electricity, are conspicuously absent.





## d. Upcoming Infrastructure Developments

### Upcoming Infrastructure Projects

Drivers	Description
DMIC	This megaproject will be the single major growth driver for Vadodara's economy. A host of initiatives linked to the DMIC, such as the upgrade of the present airport for international operations, is underway.
Internal infrastructure	The Vadodara Municipal Corporation has planned to construct a number of railway over bridges, bridges and flyovers in the city. These initiatives will improve connectivity within the city.
Faster connectivity with Mumbai	The proposed bullet train between Mumbai and Ahmedabad will have a stop at Vadodara. The travel time will come down from around 5–6 hours to 1 hour and 30 minutes. The existing National Expressway-1 between Ahmedabad and Vadodara is proposed to be extended to Mumbai. Work on the new bridge over the Narmada river, next to Sardar bridge in Bharuch, is underway. These initiatives will improve road connectivity between Ahmedabad and Mumbai, and Vadodara will be one of the major beneficiaries.
Proposed educational hub	The state government plans to make Chokari village, 30 km from Vadodara and around 17 km from Padra, into an educational hub by setting up three universities on a 1,000-acre campus. These universities will be in addition to the existing MS University. It will add to Vadodara's image as a seat of learning and further augment qualified manpower that the city produces.

**Source:** Knight Frank Research

### Delhi-Mumbai Industrial Corridor (DMIC)

The proposed Vadodara-Ankleshwar Industrial Area is the 13th node of the DMIC. Groundwork on this stretch of the proposed DMIC has not yet started but related works like upgradation of the existing airport for international operations is underway. This proposed industrial area will be located along the dedicated freight corridor. The region is heavily industrialised and houses companies from sectors such as engineering, ceramics, petroleum, petrochemicals, chemicals, pharmaceuticals and textiles. The key industrial estates in this region are Ankleshwar and Jhagadia. The implementation of DMIC initiatives in this area will lead to improvements in infrastructure. Some of these are already underway.

The airport at Harni presently caters only to domestic flights. Work is underway to prepare the airport for international operations. A new terminal building is under construction for this purpose. The foundation stone of the same was laid in 2009. Work on the new terminal is expected to be completed by March 2016. It is also proposed that Vadodara be made into the aircraft maintenance hub of western India.

To improve connectivity to this industrial area, the development of feeder road links is also on the anvil. These would include connectivity to National Highway 8, the golden quadrilateral and the augmentation of the Jambusar-Vadodara, Vadodara-Rajpipla and Rajpipla-Ankleshwar-Dahej links. Road connectivity will be improved to ensure uninterrupted freight and passenger movement to the region. Contracts for power supply to the dedicated freight

corridor between Rewari, in Haryana, and Makarpura, in Vadodara, have already been awarded. The proposed Makarpura junction, near Vadodara, on the dedicated freight corridor, will serve the rail connectivity requirements of the industrial area.

As a part of the development of the industrial area, it is envisaged that augmentation plans for the Ankleshwar-Jhagadia stretch be included under this project. It is also proposed that the industrial area will offer opportunities for IT/ITeS and biotech companies. To assist companies in this area, a knowledge hub/skill development centre is proposed to be developed. A truck terminal, with facilities for servicing/repairing, warehousing with state-of-the-art inventory management and

communication system to facilitate third party logistics, is also proposed for this region. A captive power plant for this industrial area is in the pipeline as well. The region will be provided with an integrated township with residential, institutional, commercial and leisure/recreation infrastructure.

### Internal infrastructure

Connectivity within the city is good and movement is hassle-free. There are a few flyovers under construction, even in the present day. The Vadodara Municipal Corporation has ambitious plans to improve infrastructure in the city, and has the following projects to prepare the city for 2030, by when the population of Vadodara is expected to reach 42 lakh.

Groundwork on the Vadodara–Ankleshwar stretch of the proposed DMIC has not yet begun but related works, such as the upgrade of the existing airport for international operations, is underway. Other measures, such as the proposed faster connectivity between Mumbai and Ahmedabad, will benefit Vadodara. Prominent among these are the proposed bullet train connectivity between Mumbai and Ahmedabad, and the extension of the Ahmedabad Vadodara Expressway (National Expressway 1).

## Upcoming Bridges and Flyovers in Vadodara



Vishwamitri River Bridge on the 30 m road from Sama to Harni

Widening of the Vishwamitri River Bridge, near the Vadsar landfill site on the 40 m Ring Road

Widening of the Vishwamitri River Bridge near Kashiben Govardhandas Patel Children's Hospital

Widening of the Vishwamitri River Bridge Near to Mangal Pandey Marg



Widening of the Shastri railway overbridge

Railway over bridge between Vishwamitri and Vadodara stations, across the Ahmedabad–Mumbai B.G. railway line at Vadodara railway station over the existing Alkapuri under pass

Widening of the Pratapnagara railway overbridge

Railway overbridge over the railway crossing on the 36 m road from Atladara to Manjalpur, near Suryadarshan Township



**Road flyover bridge**

Flyover bridge on Gotri-Harinagar Junction

Flyover bridge at IPCL Circle on the 40 m Ring Road

Flyover bridge at Makarpura-Sushain Junction on the 40 m Ring Road

Flyover bridge on the 40 m Ring Road at Tarsali Junction

Elevated road overbridge from Genda circle to Akshar chowk

Elevated road overbridge from Fatehgunj to Narmada Bhavan

Flyover bridge on the 40 m Ring Road at Vrundavan Junction

Flyover bridge on the 40 m Ring Road at Sardar Estate Junction, Waghodia Junction and Mahesh Complex Junction



**Remodelling of the underpass**

Underpass near Alkapuri railway station

Underpass near Dinesh Mill Jetalpur

Underpass near Priyalaxmi Mill

Underpass near Parshurambhatha



**Canal bridge**

Railway over bridge on the 30 m road from Chhani to Gorwa, along the canal

**Source:** Vadodara Municipal Corporation

### Educational hub

Vadodara has traditionally been a seat of learning and is home to MS University, the largest university in Gujarat. Going forward, the state government plans to make Vadodara an educational hub by establishing three more universities in the district. This was proposed in the state budget 2014-15 and accepted by the state

assembly in July 2014. The venue for the proposed educational hub is Chokari village, 30 km from Vadodara and around 17 km from Padra. These institutions will be spread over 1,000 acres of land. Going forward Vadodara may have an All India Institute of Medical Sciences (AIIMS). Feasibility studies for the same, on land near Chokari village, have been carried out.

The industrial character of Vadodara district will gain strength after the implementation of related DMIC works. Vadodara has been, and will continue to be, an industrial district. It will take some time for IT/ITeS companies to move here in a big way. Manjalpur, in south Vadodara, will continue to be one of the finest residential addresses in Vadodara city. The micro-markets of Alkapuri and RC Dutt Road will continue to be in demand from upper class residents.

### e. Concluding Remarks

Vadodara has been, and will continue to be, an industrial city. The implementation of the DMIC in the district will attract more companies to the many industrial estates present here. Efforts to attract companies from the IT/ITeS sector are in the plan for the near future.

According to Knight Frank, there are no specific growth corridors in Vadodara but pockets that will continue to do well. Once the upgrading of the domestic airport is complete, the micro-markets of Harni Road, Sama-Savli Road and VIP Road will begin to witness some traction. Residential developments are also expected along Sama-Savli Road, especially closer to Manjusar

village, next to the GIDC Savli. Other micro-markets that hold promise for the future are Ajwa Road, Waghodia, Gotri and Gorwa. Manjalpur, in South Vadodara, will continue to be one of the finest residential addresses in the city and command a premium. Established locations such as Alkapuri and RC Dutt Road will also have an edge over other locations in the city and continue to be in demand from the premium segment.

Over the short to medium term, the central business districts of Alkapuri, RC Dutt Road and Old Padra Road will continue to have the lion's share of office space in Vadodara.





SURAT



# SURAT

Surat, previously known as Suryapur, is the second largest city of Gujarat and also its second most populated city. One of India's most vibrant cities, it is a step ahead of Ahmedabad on some parameters. Famous for its diamond industry, Hazira in Surat district is home to some of the biggest names in the corporate sector. In 1994, a pneumonic plague epidemic broke out in India, with Surat as its epicentre. Since then, it has been one of the cleanest and fastest growing regions in the country. The cornerstone of this development is the adoption of technology and augmentation of necessary infrastructure by the city administration, to cope with the growing needs of the city. The district falls within the influence zone of the DMIC. The proposed Surat-Navsari Industrial Area is the 15th node of the DMIC. The implementation of DMIC initiatives in the district will launch Surat into a different league. Numerous infrastructure initiatives are currently underway in the city, and many more are in the pipeline.

## a. Social Infrastructure

### Demographics

The district is home to 10.06 per cent of the population of Gujarat, 56.96 per cent of which resides in its urban areas. The percentage of men living in urban areas is significantly higher than women. At 42.24 per cent between 2001 and 2011, the population growth in the district is the highest in the state – much higher than the population growth averages at the state and national levels. One of the primary reasons for this rapid increase between 2001 and 2011 is the huge inflow of migrants to the diamond and textile industry in the district. At 1,337

### Surat District: Demographic Indicators

Indicators	Surat District	Gujarat	India
Population	6,081,322	60,439,692	1,210,193,422
Population growth between 2001–2011 (%)	42.24	19.28	17.64
Population density/ sq km	1,337	308	382
Average literacy rate (%)	85.53	78.03	74.04

**Source:** Census of India, 2011

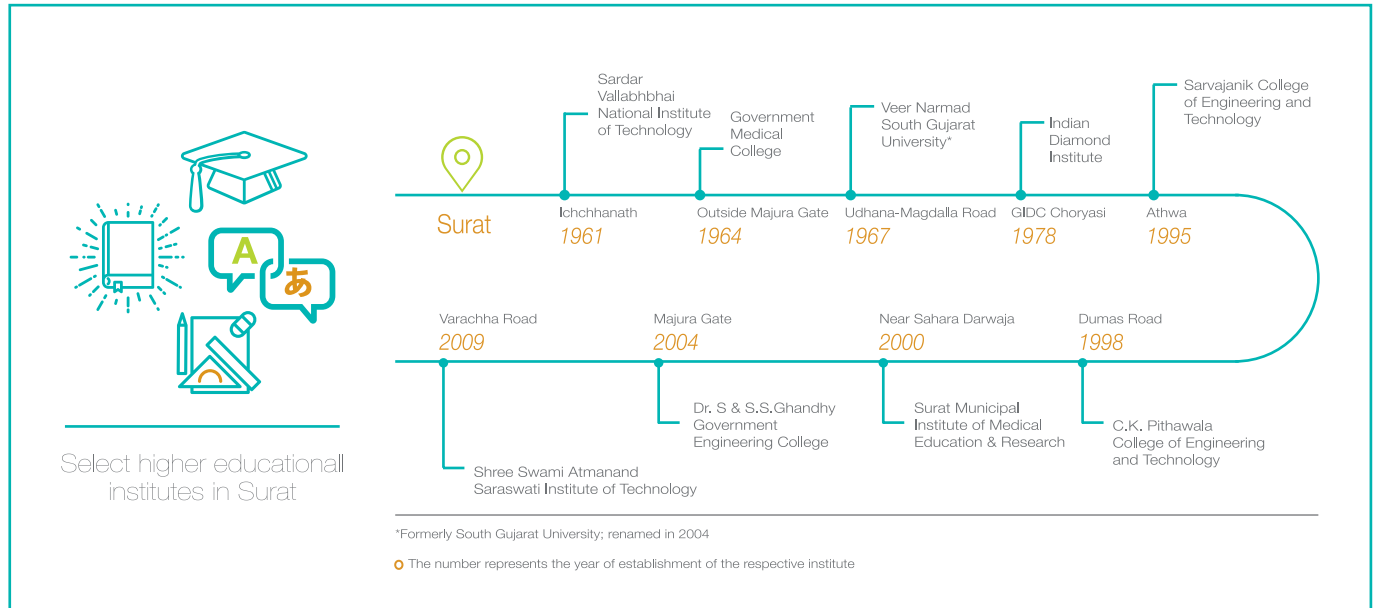
persons per sq km, the population density in Surat district is the highest in the state. The population density per sq km in the district has also moved up from 968 persons in 2001 to 1,337 persons in 2011. The literacy rate in the district moved up from 77.62 per cent in 2001 to 85.53 per cent in 2011. On the literacy rate parameter, Surat is slightly better off than Ahmedabad. The male literacy rate moved from 83.83 per cent in 2001 to 89.56 per cent in 2011, while the female literacy rate moved from 69.87 per cent in 2001 to 80.37 per cent in 2011.

### Educational institutes

Surat has a well-established education infrastructure in the city. Apart from medical and engineering colleges, the city is also home to a theological university—Al Jamea tus Saifiyah—an Islamic Arabic Academy for Dawoodi Bohras. Most colleges in the district are affiliated to the Veer Narmad South Gujarat University.

Surat, the diamond capital of India, is one of the most vibrant cities in the country. On demographic parameters, it is ahead of Ahmedabad. Surat is one of the most literate districts in the state of Gujarat, with a literacy rate of 85.53 per cent. Among men, the literacy rate is close to 90 per cent. Among women, it has improved significantly in 2011 compared to 2001.

## Select Higher Educational Institutes in Surat



Source: Knight Frank Research

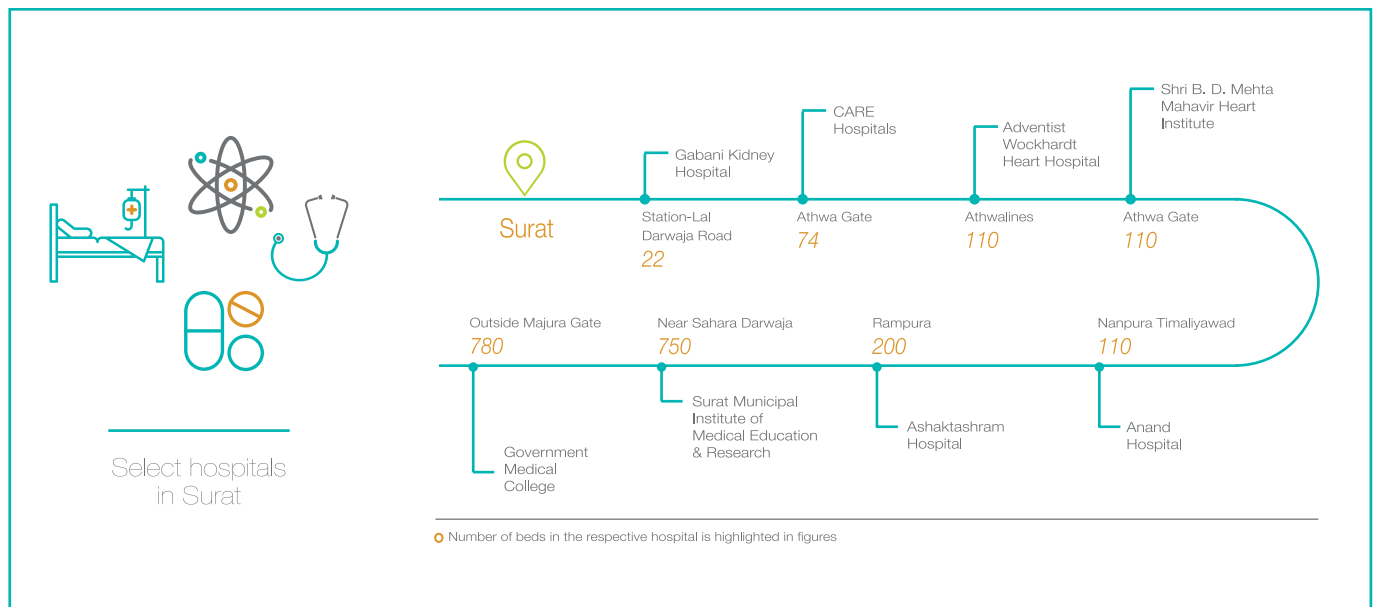
## Healthcare:

Surat's medical infrastructure is well

established. Apart from government support towards healthcare in the city,

there are a number of private super-specialty hospitals in Surat.

## Select Hospitals in Surat



Source: Knight Frank Research



# SURAT



## LEGEND

- Major Landmark
- Educational Institute
- Airport
- Bus Stand
- Railway Station
- City Boundary
- Highway
- Major Road
- Rail Line
- River
- Lakes/Ponds
- Vegetation
- BRTS Route



## City at a Glance:



**Airport: Magdalla,**  
14 km from the  
city centre



**Central railway  
station: Suryapur  
Gate, Varachha**



**Bus station:  
Lal Darwaja,  
Varachha**

## b. Economic Drivers

### Manufacturing hub

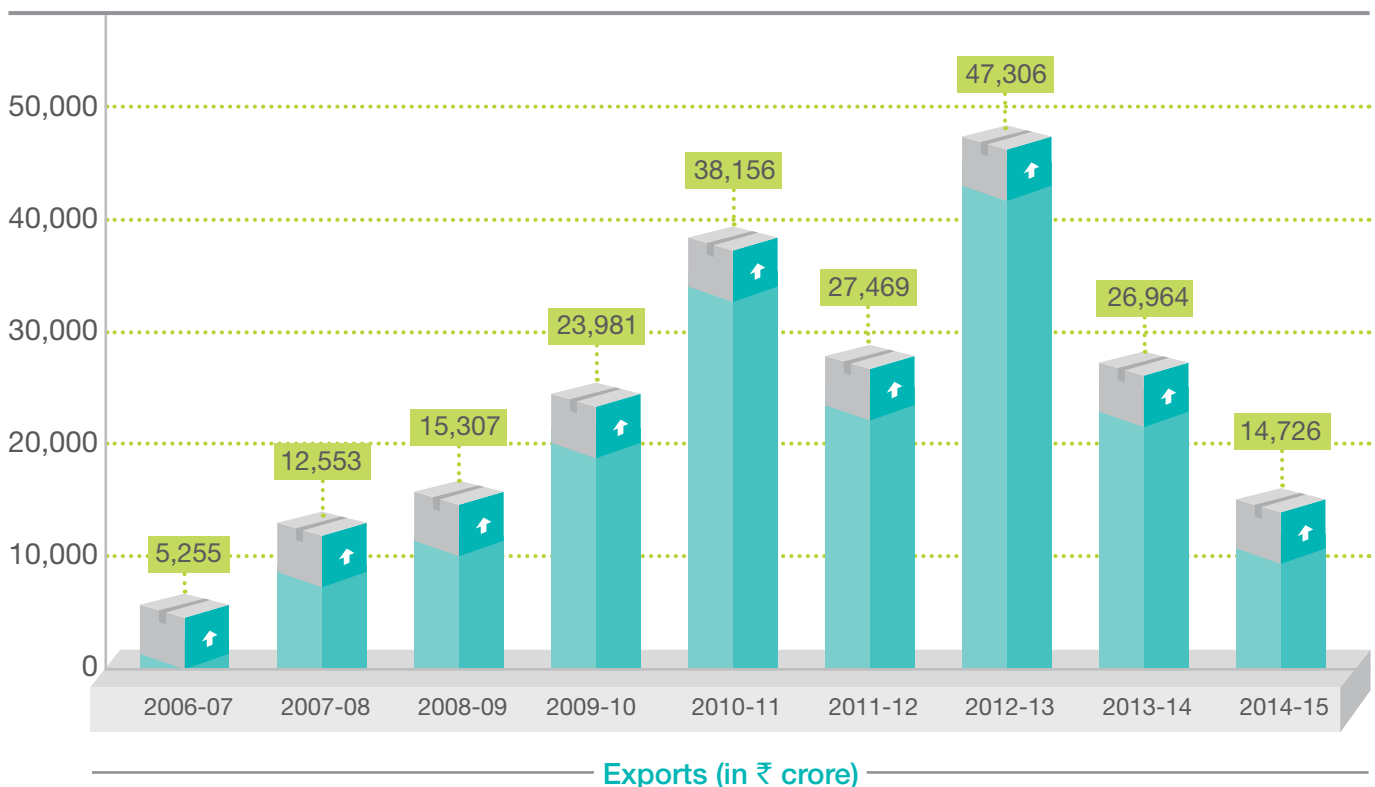
Diamond Nagar, on the right of the Surat Kamrej Highway, is one of the most visible signs on entry into Surat through the Kamrej crossing on the National Highway 8. A few kilometres further down on the Surat-Kamrej Highway, into the city, the textile market is visible on both sides of the Ring Road. Diamonds and textiles are the two major sectors that have been present in Surat since the early 1900s. The Surat Special Economic Zone (SuRSEZ) at Sachin and the Gems

and Jewellery SEZ at Ichchhapore are the hubs of the diamond industry in Surat. The year-wise exports of diamonds from SuRSEZ touched a peak of more than ₹47,000 cr, but experienced a sharp decline in the following two years. This decline is due to several reasons, competition from China being one of them. According to an industry report, in 2012, there were concerns of Surat-based diamond processing units relocating to China, which was constantly pushing for direct deals with African governments, thereby locking up the supply of rough diamonds and severely denting the

employment scenario in Surat. The two per cent import duty on polished diamonds imposed by the government from January 2012 is also impacting the polished diamond exports severely. The appreciation of the dollar against the rupee in the recent past is also one of the reasons for the decline of exports of diamonds in terms of value.

Surat is slowly gearing up to compete with Ahmedabad in the textile sector, especially in denims. Recently, four new denim plants with a capacity of about 100 million meters per annum have come up in the city. According

### Diamond Exports from SuRSEZ



Source: SuRSEZ

to our study, about half a dozen more textile makers are expected to set up large denim manufacturing facilities in Surat. Companies such as Ultra Denim, R&B Denims, Anubha Industries and Shri Rajlaxmi Denim already have their presence in Surat. Shri Rajlaxmi Denim has a plant at Palsana with a planned capacity of 30 million meters. Ultra Denim has invested ₹100 crore to set up a 30 million meters unit, which is expected to start operations in near future.

### Industrial hub

Hazira, approximately 30 km from the Surat city centre, has a huge presence of companies from the corporate world, from the engineering and chemicals sectors. Essar, Kribhco, Shell, Larsen & Toubro, Reliance Industries, NTPC, ONGC, GAIL and Gujarat State Petroleum Corporation are some of the companies present here. Hazira has a deep-water Liquefied Natural Gas (LNG) terminal and a multi-cargo port. The large presence of companies in Hazira has fuelled residential development around Bhesan Road and Dumas Road.

There are 12 functional Gujarat Industrial Development Corporation (GIDC) estates in the district, three of which are more than 100 hectares in size. According to the data published in March 2014, Surat district is home to 44 per cent of the total MSMEs in Gujarat. The number of MSMEs in the district increased from 1,225

units as of March 2007 to 116,183 as of March 2014. Surat has received around 25 per cent of the total investments coming into the state in the manufacturing and services sector between 2 October 2006 and 31 March 2014.

### Better governance

The Surat Municipal Corporation (SMC) has entered into a partnership with Microsoft India to transform Surat into a smart city. SMC has selected Microsoft India for process automation and citizen services. With Microsoft India and its partner ecosystem, the city administration is evaluating technology infrastructure to meet the growing needs of the people of Surat. Several e-governance and citizen-centric solutions developed by Microsoft India have already been implemented in the city. These include government administration systems, citizen services and a customised platform for the city's police department, in collaboration with Surat Traffic Education Trust. In addition to these, Microsoft India has embarked on an exercise to map the existing infrastructure to get an idea of how the city can build upon its current resources and develop long-term plans to better serve the citizens of Surat.

Surat, Allahabad and Visakhapatnam are among the 16 global locations that the technology giant IBM has chosen for its smart cities programme to help them address challenges such

Gems and jewellery, textiles and companies from the engineering and chemicals sectors have a major presence in Surat. Gems and jewellery is concentrated largely in the Surat Special Economic Zone (SuRSEZ) at Sachin and the Gems and Jewellery SEZ at Ichchhapore. Hazira is home to companies from the engineering and chemicals sectors, and also has a deepwater liquefied natural gas (LNG) terminal and a multi-cargo port.

### GIDC Estates in Surat District with Area more than 100 Hectares

Name of the estate	Size of the estate (hectares)	Type of industries	Distance from Surat city centre (km)
Pandesara	218.27	Engineering + Chemicals	4
Sachin	749.35	Engineering + Chemicals	13
Ichhapore Bhatpore Hazira	1347.88	Engineering + Chemicals	30

**Source:** Gujarat Industrial Development Corporation (GIDC); Knight Frank Research

as waste management and citizen services. Under the programme, IBM sends a team of experts to each of the chosen cities, where they spend three weeks working closely with the city staff and analyse data about critical issues faced by its local bodies.

As a result, Surat is one of the cleanest cities in the country. Even though its population density is among the highest in the state, movement within the city is hassle free.

## Physical infrastructure

Surat is well connected by rail and road. The city falls on the Ahmedabad–Vadodara–Mumbai railway line and is well connected to most of the major cities in the country. Two national highways—National Highway 8 and National Highway 6—pass through Surat. Air connectivity with Surat is limited at present. It is connected only with New Delhi via a single flight in a day.

SMC has been regularly augmenting the existing infrastructure in the city. Surat is home to numerous flyovers and bridges across the Tapi river and its many creeks. Some of these links are under construction and many more are in the pipeline. Among these is the well-known Pandit Dindyal Upadhyay Cable Stay Bridge across the Tapi river, between Athwa and Adajan, which is under construction at present.





Surat is the third city in Gujarat to have a BRTS, after Ahmedabad and Rajkot. While the BRTS in Ahmedabad is much talked about and has covered most locations in the city, Surat is testing new territory with the BRTS. There are only two BRTS routes operational in Surat and plans to include other areas in the future are underway. The new service has been operational in the city since 26 January 2014 on the Udhana Darwaja-Sachin GIDC Naka stretch (10.20 km). The second stretch from Dumas Resort-Canal Road to Sarthana Jakat Naka—approximately 20 km—opened recently.

## BRTS Network in Surat

	Stretch	Status
 Phase-I	Udhana Darwaja to Sachin GIDC Naka	operational since Jan 2014
	Dumas Resort-Canal Road-Sarthana Jakat Naka	opened recently

Source: Knight Frank Research

## Economic Drivers at a Glance

Drivers	Impact
 <b>Traditional manufacturing hub</b>	Surat has traditionally been the hub for the diamond industry in the country. The textiles sector also has a major presence in the city. Surat is slowly catching up with Ahmedabad in the field of denims. The immense job opportunities that the district offers is the primary reason for huge inflow of migrant population into Surat.
 <b>Industrial hub</b>	Hazira, in Surat district, is home to major companies from the corporate sector, such as Essar, Kribhco, Shell, Larsen & Toubro, Reliance Industries, NTPC, ONGC, GAIL and Gujarat State Petroleum Corporation. Hazira Port is a deep-water liquefied natural gas (LNG) terminal and multi-cargo port. Large scale industrialisation in and around Hazira has fuelled the demand for houses in locations along Bhesan Road and Dumas Road.
 <b>E-governance</b>	The adoption of e-governance by the Surat Municipal Corporation has translated into efficient management of the city.
 <b>Physical infrastructure</b>	The city has a number of flyovers to ensure smooth movement. BRTS services started in Surat in 2014. This service is presently available only on two stretches of the city.

Source: Knight Frank Research

## c. Real Estate

### Residential market

The prime driver of the residential market in Surat is the massive industrialisation in Hazira. Most new developments in Surat are coming up on both sides of the Tapti river, moving closer to Hazira. Basic infrastructure is still being laid out around the developments on the left bank of the Tapti. Work is underway even on major roads such as Hazira-Adajan Road. The left bank of the Tapti is dotted with villages enveloped by new developments. Some of the villages surrounded by new high-rises include Pal Gam and Bahata Gam.

### Established locations

The main city centre of Surat is Ghod Dod Road, which ends at Parle Point on Surat Dumas Road. It houses offices, shopping malls and residential establishments. However, due to lack of space on this main artery of the city, there is little scope for new developments. A kilometre away from the end of Ghod Dod Road at Parle Point is City Light Road – one of the most well-established micro-markets in Surat. The area is sandwiched between Surat-Dumas Road and Magdalla-Udhana Road. This road houses high-rise apartments and even has a small commercial centre.

#### Average Capital Values in Established Micro-markets in Surat

Micro-market	Average capital values (₹/sq ft)
Ghod Dod Road	4,500 - 6,000
City Light Road	4,000 - 5,000

**Source:** Knight Frank Research

### North Surat

Adajan is the most established micro-market in this part of Surat, and offers scope for fresh developments. Most new developments in this part of the city are coming up in

the micro-markets of Pal, Palanpur, Bhesan Road, Green City Road, Jahangirpura and Jahangirabad. The development of internal roads in most of these micro-markets is in progress. Residential developments in this part of Surat are cheaper compared to others that are coming up along Surat-Dumas Road.

#### Average Capital Values in Select Micro-markets in North Surat

Micro Market	Average capital values (in ₹/sq ft)
Adajan	2,800 - 3,800
Pal	2,500 - 3,500
Palanpur	2,500 - 3,000
Green City Road	2,500 - 3,000
Jahangirpura	2,000 - 2,500
Jahangirabad	2,500 - 3,000

**Source:** Knight Frank Research

### South and west Surat

Surat-Dumas Road holds the real estate development together in this part of the city. This road has few residential developments but that is

#### Average Capital Values in Select Micro-markets in West and South Surat

Micro Market	Average capital values (in ₹/sq ft)
Althan	3,000 - 4,000
Vesu	3,500 - 4,500
Sachin	1,400 - 1,800
Bamroli	2,500 - 3,000
Bhimrad	2,700 - 3,200
Magob	3,300 - 5,000

**Source:** Knight Frank Research

New residential developments in Surat are coming up on both sides of the Tapti river, especially towards Hazira. Infrastructure is in place largely around most of the developments on the right bank of the river, and infrastructure development is underway around most of the new developments on the left bank. Commercial space comes at a premium in Surat. Established markets, such as Atwa Gate, are still much in demand. New office buildings are coming up in growth areas such as Dumas Road and Canal



compensated by the fact that most roads merging on this road from the right, such as Udhana-Magdalla Road, Maharana Pratap Road and Vesu Main Road, have been witnessing developments on a massive scale. Althan and Vesu are the major micro-markets in this part of Surat that are witnessing maximum developments. Other micro-markets in this part of Surat that are witnessing real estate development on a limited scale are areas along GIDC Sachin, Bamroli, Maroli-Navsari Road, Bhimrad and Magob.

### Office market

Commercial space in Surat comes at a premium. While established

locations such as Athwa Gate have their own charm, rentals, even in upcoming locations such as Vesu, are comparable with the most prime locations in the city. Traditional industries such as textiles and diamonds are established in traditional business districts such as Athwa Gate. BFSI is largely the prime driver of new office space in Surat. New office spaces are coming up in the new growth areas such as Dumas Road and Canal Road. Titanium Business Hub, Square One and Raghuvir Business Park are some of the new office spaces coming up in Surat.

### Average Office Rentals in Surat

Location	Rentals (₹/sq ft / month)
Adajan	16 - 18
Athwa Gate	55 - 60
Ghod Dod Road	40 - 45
Majura Gate	50 - 55
Mota Varachha	20 - 25
Piplod	45 - 48
Ring Road	45 - 50
VIP Road Vesu	40 - 50

Source: Knight Frank Research



## d. Upcoming Infrastructure Developments

Surat has witnessed many infrastructure developments in the past. There are a number of projects in the pipeline

that will boost infrastructure developments in the city and district even further.

### Upcoming Infrastructure Projects

Drivers	Description
<b>Delhi-Mumbai Industrial Corridor (DMIC)</b>	Work on this stretch of the DMIC has not yet begun. However, the development of some of its components are underway. This mega-project will be single major growth driver for Surat's economy.
<b>Diamond Research and Mercantile City (DREAM City)</b>	Work on DREAM City has commenced, and it has already started fuelling real estate developments in select micro-markets.
<b>New railway station</b>	The move to modernise Surat railway station is underway. This will be the country's first model railway station according to international standards.
<b>Faster connectivity</b>	Going forward, the bullet train connecting Ahmedabad and Mumbai will have a stop at Surat. The travel time between Mumbai and Surat will be reduced from close to four hours to around an hour. National Expressway-1, which connects Ahmedabad to Vadodara, will be expanded to Mumbai and pass through Surat. The proposed metro project and flyovers will lead to faster connectivity within the city.

**Source:** Knight Frank Research

### Delhi-Mumbai Industrial Corridor (DMIC)

Surat falls in the influence zone of DMIC. Work on the DMIC has not yet started but some works related to the Surat-Navsari DMIC node are underway. The modernisation of Surat Airport is also in process. The proposed Surat Navsari Industrial Area is the 15th node of the DMIC and will be located along the dedicated freight corridor of the DMIC. Some of the major proposals for this industrial area are as follows:

The development of Hazira Port as a mega container hub port is proposed under the DMIC. The industrial area will offer opportunities to companies from the IT/ITeS and biotechnology sectors. A skill upgrading centre is also proposed for this industrial area. An integrated agro/food processing zone, with the necessary backward and forward links, will be developed as part of the Surat-Navsari Industrial Area. An integrated logistics hub, a captive power plant, an integrated township and a container terminal are also proposed for the industrial area. The development of feeder road will be undertaken to ensure smooth connectivity of the industrial area. A broad gauge rail link is also proposed between Surat (Gothangam) and Hazira.

### Diamond Research and Mercantile City (DREAM City)

On the lines of GIFT City, coming up in Gandhinagar, a DREAM City is set to come up at Khajod village in southwest Surat. The location is around seven kilometers from Surat Airport, next to the Sachin-Palsana Highway (State Highway 168). Anandiben Patel, the Chief Minister of Gujarat, laid the foundation stone of the DREAM City on 15 February 2015. Spread over 2,000 acres, this is expected to be Gujarat's third smart city, after GIFT and Dholera Smart City. An SPV called Diamond Research and Mercantile City Company will be set up by the state government for the

implementation of the project. DREAM City is expected to be completed by December 2019.

DREAM City will house 10,000 offices in 10 inter-connected towers with a total office space of approximately 91 lakh square feet. There will be a parking facility for around 35,000 cars and 70,000 two-wheelers. Once complete, this project is expected to generate employment opportunities for around 6.50 lakh people. The project cost is estimated at ₹15,000 crore. DREAM City will have physical and social infrastructure comparable to global standards. Wi-Fi connectivity, smart and intelligent systems, supportive backup facilities, an international convention centre, air connectivity, an elevated monorail and skill development initiatives in diamond

sector are other amenities that will enhance the DREAM City.

### Modernisation of the railway station

The move to modernise Surat railway station is underway. This will be the country's first model railway station as per international standards. An SPV in partnership with the Government of Gujarat, Surat Municipal Corporation (SMC) and the railway ministry will be launched soon for the implementation of the project. SMC had suggested a multi-mode transit plaza for different mass transport systems such as the BRTS, metro, city bus, private vehicles, auto rickshaws, two-wheelers and pedestrians. The civic body had offered its land near the railway station to be utilised on a revenue sharing

model. Land belonging to the Gujarat State Road Transport Corporation (GSRTC), near the railway station, and the railway yard land of the Indian Railways will also be used to develop the project.

### Faster connectivity

The proposed bullet train service connecting Ahmedabad and Mumbai will have a stop at Surat. The travel time between the two cities will be reduced from four hours to around an hour. National Expressway-1, which connects Ahmedabad to Vadodara will be extended to Mumbai and will pass through Surat. In addition to the flyovers present in the city and the ones under construction, a few more railway over bridges are in the planning stage.

## Proposed Railway Over Bridges in Surat

Name	Stage	Nature (no. of lanes)
Railway over bridge in Udhana yard on the Bhusaval railway line, near Sai Baba Temple	under planning	two + two
Flyover bridge on the 30 m wide T.P. Road joining Balaji Bungalows & Mahalaxmi Society at Yogi Chowk Junction in Varachha	under planning	two + two
Railway over bridge on R.C.No. 437 on Ahmedabad-Mumbai Line joining Udhana and Limbayat	under planning	Four

**Source:** Surat Municipal Corporation

The BRTS is currently operational only in two sections in the city. Going forward, the BRTS services will cover more areas of the city.

### Proposed BRTS Routes in Surat

 Phase-II	Stretch	Status
	Adajan Patiya to Jahangirpura	in the pipeline
	Adajan Patiya to Pal	
	Pal to ONGC	
	Anuvrath Dwar to St. Thomas School junction	
	St. Thomas School junction to Daksheshwar Mahadev Junction (connect to Phase-I)	
	Magob to Hirabaug	
	Hirabug to Gajera Circle	
	Gajera School to Jahangirpura	
	Gajera to Kosad EWS Aavas	

Going forward, the proposed Surat–Navsari industrial Area node of the DMIC will be the biggest economic driver of Surat district. The DREAM City in southwest Surat will be another growth driver in the future. This project has taken off and has begun to fuel residential development in the surrounding micro-markets of Althan and Vesu. The industrialisation of Hazira is another important factor that will fuel the growth of residential development in Surat.

**Source:** Knight Frank Research

Initial studies for metro services in Surat are underway. A special purpose vehicle (SPV) of the Government of Gujarat and Government of India (GOI) will soon carry out a feasibility study and prepare a detailed project report

(DPR). Once that is done, it will be sent to the Union Ministry of Urban Development. The technical partner for this project will be the Delhi Metro Rail Corporation (DMRC).



## e. Concluding Remarks

There are two growth corridors in Surat: the Sachin-Palsana highway and the micro-markets along the Surat-Dumas Road. Further development of Hazira and the upcoming DREAM City are the major growth drivers for both these corridors.

Micro-markets such as Althan and Vesu, close to the Sachin Palsana highway, will be the direct beneficiaries of the upcoming DREAM City. Residential projects in both these micro-markets are already being marketed highlighting their proximity to the upcoming DREAM City. Ghod Dod Road and City Light Road will continue to hold their edge over the other micro-markets. Developments in

north Surat will move up after the infrastructure in those locations takes shape. Their proximity to Hazira works in their favour but the lack of proper infrastructure takes away some of the appeal to some extent.

Going forward, Surat-Dumas Road and micro-markets alongside will hold the future for the development of all real estate verticals—residential, retail and office space—in Surat.

The e-governance initiatives of the Surat Municipal Corporation and its initiatives to improve infrastructure within the city will help Surat retain its image as one of most vibrant and fast-growing cities in the country. The upcoming DREAM City will further strengthen Surat's position in the diamond business.

The Surat Dumas Road and the Sachin Palsana highway are the future growth corridors in Surat. Both these roads are close to Hazira, Surat Airport and the upcoming DREAM City at Khajod village. Althan and Vesu are two micro markets, along these two roads, that hold lot of potential in the future. Going forward, established micro-markets such as Ghod Dod Road and City Light Road will hold their edge over others.





Mare  
Arabico

Ahmedabad

DELHI

Agra

Kanpur

Surat

Vadodara

Bhopal

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#### ADVISORY

##### **Saurabh Mehrotra**

National Director

[saurabh.mehrotra@in.knightfrank.com](mailto:saurabh.mehrotra@in.knightfrank.com)

#### CAPITAL MARKETS

##### **Rajeev Bairathi**

Executive Director

[rajeev.bairathi@in.knightfrank.com](mailto:rajeev.bairathi@in.knightfrank.com)

#### INDUSTRIAL & LANDLORD REPRESENTATION

##### **Balbir Singh Khalsa**

National Director & Head - Ahmedabad

[balbirsingh.khalsa@in.knightfrank.com](mailto:balbirsingh.khalsa@in.knightfrank.com)

#### RESEARCH

##### **Dr Samantak Das**

Chief Economist & National Director

[samantak.das@in.knightfrank.com](mailto:samantak.das@in.knightfrank.com)

#### AUTHORS

##### **Pankaj Toppo**

Vice President, Research

[pankaj.toppo@in.knightfrank.com](mailto:pankaj.toppo@in.knightfrank.com)

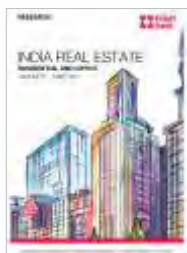
##### **Ankita Nimbekar**

Lead Consultant, Research

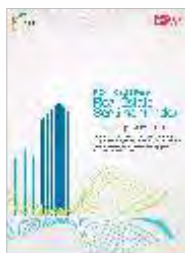
[ankita.nimbekar@in.knightfrank.com](mailto:ankita.nimbekar@in.knightfrank.com)

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