A Study on Valuation of Real Estate Property in Guwahati Metropolitan City Area

Dr Sankar Thappa

Associate Professor

Dept. of Business Administration, USTM

sankarbhakta@yahoo.com

Mr Nripen Das

Research Scholar

Dept. of Business Administration, USTM

Abstract

There is a strong correlation between urbanization and economic development, since cities presently contribute approximately 60% to the GDP which is expected to increase to 75% by 2030. This also bears an effect on the development of Real Estate market. The India's urban areas make a major contribution to the country's economy and contribute to economic output, host a growing share of the population. According to estimates, the contribution of urban areas is expected to rise to 75% of GDP in 2030. The Guwahati city is rightly termed as the engines of economic growth and innovation. This pace and scale of urbanization is unprecedented in India. Consequently, a number of key policy and governance challenges have emerged in recent years as uncontrolled and unplanned urbanization have continued to add pressure on civic infrastructure systems, where urban India remains underserved by utilities and suffers from inadequate housing stock. The Guwahati city and many of the Indian cities in particular are dynamic, pulsating entities that have evolved over a long period of time having attracted a fair share of the country's population for religious, educational, and economic reasons.

This paper attempts to study the overall scenario of real estate in the Guwahati city area. This also tries to highlight on the valuation method used by the developers for pricing the real estate in the Guwahati city. It also tries to find out the method mostly used in practice for valuation of property in the Guwahati city.

Key Words: *Valuation, Real Estate, GMDA, GMC*

Introduction

There is a strong correlation between urbanization and economic development, where cities presently contribute approximately 60% to the GDP and which is expected to increase to 75% by 2030, also effect on the development of Real Estate market.

The Guwahati city is rightly termed as the engines of economic growth and innovation. This pace and scale of urbanization is unprecedented for India. Consequently, a number of key policy and governance challenges have emerged in recent years as uncontrolled and unplanned urbanization have continued to add pressure on civic infrastructure systems, where urban India remains underserved by utilities and suffers from inadequate housing stock. A recent study by a technical group constituted by MOHUPA has revealed that with population crossing 1.20 billion in 2011, the magnitude of housing shortage stood at 18.7 million units in 2012. Therefore, creating urban housing stock as a preventive strategy to contain ever-increasing slum population has become a top priority for sustainable urban planning and development. One of the foremost demands of the real estate industry across the country is to facilitate fast-track and transparent system of project approval procedures. The current procedures followed by local Governments, starting from receiving the application to giving the completion certificate, are ridden with a lack of clarity or structure, complexity of design and operation, inefficiency and uncertainty and time/resource consumption. Therefore, it is important to study the procedures that are leading to inefficient outcomes and that are giving scope for either disgruntlement of the developers or corruption.

Anecdotal evidence suggests that the process of approval involving statutory authorities of Central Govt, State Govt and Local Municipal Corporations takes 90 to 600 days. Delays in project approvals are estimated to have a huge bearing on the project cost. The single intervention in approval process that can make a huge difference was equivocally said to be e-based single window mechanism to enable coordination among the multiple authorities dealing with various permissions/approvals.

While the whole process mapping can be time consuming and long exercise, this report is aimed at process mapping of some critical processes e.g., building permission process, which can help in identifying the reform areas. For the purpose of detailed diagnosis, mapping of the implementation process needs to be undertaken, particularly in those critical processes that play a very important role.

History of Urbanization

The India's urban areas make a major contribution to the country's economy and contribute to economic output, host a growing share of the population. Cities have been at the heart of India's economic success - urban India accounted for 62-63% of the country's GDP in 2009-10.

Guwahati is a metropolitan city; it is an integral part of the process of urbanisation. It is a known fact that there is a strong correlation between urbanisation and economic development. The relationship between GDP growth and urbanisation exists because high population density provides scale benefits that boost productivity, which in turn enhances growth - a virtuous cycle.

With direct migration to urban areas accounting for 20-25% of the increase in urban population, India will see urbanisation spread across the nation and impact nearly all states. Census data indicates that India's urban population has grown from 286 million in 2001 to 377 million in 2011, which accounts for over 31% of the country's population. The number of urban cities and 17 towns has also increased from 5,161 in 2001 to 7,935 in 2011. Additionally, the number of 1 million plus cities has grown from 35 in 2001 to 53 in 2011.

Background of Real Estate in Guwahati

The Guwahati city and many of the Indian cities in particular are dynamic, pulsating entities that have evolved over a long period of time having attracted a fair share of the country's population for religious, educational, and economic reasons.

Rural poverty has a tendency to increase the urban immigration for employment which, in turn, expands the relative size of urban informal sector employment. The residual absorption of labour in the low productivity informal sector reduces the consumption expenditure per capita and thus inflates the ratio of urban poverty. Since industrial employment affects the share of informal sector employment negatively and the latter responds positively to migration from the rural to urban areas, it is quite likely that among the migrant workers large majorities are engaged in the informal sector.

Urbanisation can reduce overall poverty if the rural poor are attracted to the cities and find productive employment. It offers better education facilities, as also better health facilities, more opportunities to interact, better information base, larger market, and access to public services like bus transport. However, unless conditions are not adequately conducive, urbanization may only mean shifting rural poor to urban slums with far worse living conditions than in the rural areas.

Guwahati is an ancient urban area, largest city of Assam and also northeastern India. It is one of the fastest developing cities in India which is surrounded by the States of Nagaland, Meghalaya, Mizoram, Arunachal Pradesh, Tripura, and Manipur and is the Gateway to North Eastern Region of our country. Dispur is the capital of Assam which is located within the Guwahati city.

The Guwahati Municipal Corporation, the city's local government, administers an area of 216 km², while the Guwahati Metropolitan Development Authority (GMDA), the planning and development administers an area of 254 km². Guwahati Metropolitan Development Authority (GMDA) is the agency responsible for planning and development of the greater Guwahati Metropolitan Area, which is revising the Guwahati Master Plan and making bylaws.

Guwahati is the most important trade hub in the North Eastern Region. It is a major wholesale distribution center, a marketing hub, and also a retail hub of the region. The Guwahati Tea Auction

Centre is one of the largest and busiest tea trading centres in the world. As in other cities, 'Mall culture' is now seen in Guwahati. Manufacturing is an important activity, although it is not comparable to those of India's rapidly growing industrial cities. The most important manufacturing industry in the city is the petroleum refinery of IOCL at Noonmati, which is known as Guwahati Refinery. The city contains the headquarters or regional offices of several manufacturing and business establishments, e.g., Numaligarh Refinery Limited (NRL). Bamunimaidam and Kalapahar are two major industrial estates of Guwahati. During the past two decades, businesses such as real estate development and finance have intensified. Retail and real estate have emerged as big players. Recent times have seen large scale retail chains such as Big Bazaar, Westside, Pantaloons, Salasar Mega Store, Hidesign, Wills Lifestyle, Blackberry, Van Heusan, Skipper, Mochi and Levi Strauss & Co. opening outlets in the city. Guwahati is home to the Guwahati Stock Exchange (GSE). The public financial institution North Eastern Development Finance Corporation Ltd (NEDFi) is also based in Guwahati. For the promotion of trade and industry of Assam there is a trade centre named Maniram Dewan Trade Centre at Betkuchi. With growing investment, especially by the private sector, the real estate market is reaching new heights. The demand for both residential and commercial real estate property is on the rise. Many real estate developers and builders have come up, and there is a competition among the builders.

Definition of Real Estate:

Real estate can be defined as Land plus anything permanently fixed to it, including buildings, sheds and other items attached to the structure.

The Planning Commission of India defines *'Real estate'* as land, including the air above it and the ground below it, and any buildings or structures on it. It is also referred to as *realty.*
Land together with any appurtenances attached thereto being immovable in character and enhancing utility of thereof is in common parlance considered as real estate. Being real, the property is not virtual in nature and it must be able to be seen and sensed.

Types of Real Estate Property:
With the advent of diversified human interests viz-a-vis activities, usage and utilities of real estate have become multifarious and multidimensional resulting categorization of real estate based such usages and utilities, viz.

    1. Residential property   2. Commercial property   3. Industrial property.

Residential Property
Properties exclusively dwelled as human shelter for private individuals in getting basic protection from nature's fury, general convenience and comfort based individual needs are classified as residential properties.

Commercial Property:

Properties not being residential properties, exclusively used for activities other than industrial activities, aimed at carrying out trading, services etc. to make profit are generally classified as Commercial Property.

Industrial Property:

Properties neither being residential nor commercial, exclusively used for activities aimed at carrying out production of good, items etc. for subsequent use in trade and commerce are generally classified as Industrial Property.

Valuation

Valuation is the process to evaluate the value of a property as on specific date and time. The value usually sought is the property's market value.

A main consideration to determine a property's value: the present worth of future benefits arising from the ownership of real property. Unlike many consumer goods that are quickly used, the benefits of real property are generally realized over a long period of time. Therefore, an estimate of a property's value must take into consideration economic and social trends, as well as governmental controls or regulations and environmental conditions that may influence the four elements of value:

- Demand - the desire or need for ownership supported by the financial means to satisfy the desire;
- Utility - the ability to satisfy future owners' desires and needs;
- Scarcity- the finite supply of competing properties and
- Transferability - the ease with which ownership rights are transferred.

Objectives of Valuation

a.   For sale and purchase of the fixed assets.

b.   For property Mortgage to financial organizations.

c.   For fixation of Rent/lease rent.

d.   For Revenue/Registration fees determination.

e.   For Taxation – Income Tax, wealth tax, Gift tax etc.

f.   For compensation fixation.

g.   For insurance purpose.

h.   For auction of property.

i.   To ascertain the cost of investment.

j.   To know the present wealth value. Etc.

Factors Affecting Valuation of Real Estate Property:

Value should consider the following factors at the time of valuation of real estate property which effect on the value for individual property.

    a.   Location

    b.   Amenities

    c. Infrastructure

    d. Disposable Income

    e.   Commercial potentiality

    f.   Availability of land

    g.   Demand & Supply

    h.   Affordability

    i.   Structure

    j.   Customization

    k.   Local Govt. Policy.

Method of Valuation:

There are three approaches to evaluate the Real Estate property i.e.

    1.   Sales Comparison Approach

    2.   Cost Approach

    3.   Income Capitalization Approach

Method 1 - Sales Comparison approach:

The Sales Comparison Approach is commonly used in valuing single-family homes and land. Sometimes called the market data approach, it is an estimate of value derived by comparing a property with recently sold properties with similar characteristics. These similar properties are referred to as comparable, and in order to provide a valid comparison, each must:

    • Be as similar to the subject property as possible;

    • Have been sold within the last year in an open and competitive market and

    • Have been sold under typical market conditions.

Method 2 - Cost Approach:

The cost approach can be used to estimate the value of properties that have been improved by one or more buildings. This method involves separate estimates of value for the building(s) and the land, taking into consideration depreciation.

Present market value of a property = Land Value + (Estimated cost of building and other structures standing on the plot – Depreciation of the building and other structures).

In case of some commercial / residential property situated in exotic /highly commercial demand area, the value arrived by this cost approach method does not reflect the present market value of a property as some additional factors act on it for which the present market value of the property becomes much more higher than the value arrived by this method.

Method 3 - Income Capitalization Approach:

The income capitalization approach is the third method of real estate valuation, and is based on the relationship between the rate of return an investor expects and the net income that a property produces. It is used to estimate the value of income-producing properties such as apartment complexes, office buildings and shopping centers. The income capitalization approach can be fairly straightforward when the subject property can be expected to have a future income, and when its expenses are predictable and steady.

Literature Review

a.   **AntoninaMavrodiy (2005)** focused on the main determinant factors of Real Estate prices. Investigation of Kiev real estate market confirms the influence of the different macro and micro factors on real estate market. In this study the effect of changes in GDP, income level, population in interest rate is examined. The analysis inferred the direct relationship between GDP, income level, population and housing prices, while changes in interest rate negatively affect price level. Estimation result also provided the evidence of the relationship between micro factors and housing prices. Location and qualitative attributes appear to have significant effect on the real estate prices.

b.   Manta Rinku described the process of urbanization in which increasing proportion of the country's population starts residing in urban areas. Urbanization is related to the core concern of Urban Geography. It stands for the study of Urban Concentration and Urban phenomena. By Urban Concentration what is meant is the different forms of urban setting; and by urban phenomena we mean all those processes that contribute to the development of urban centers and their resultant factors. According to Census an urban area is determined based on two important criteria, namely: (i) statutory administration; (ii) certain economic and demographic indicators. The first criterion includes civic status of towns, and the second entails

characteristics like population size, density of population, and percentage of the workforce in the non-agricultural sector.

c.   **Bui ThiHien, Thao (2013)** : This study was an initial market research to assist the case company in assessing the potential and attractiveness of the Vietnamese commercial real estate market as a destination for retail and office property investment. As a consequence, all key subjects in this research are based on the case company's interests. The thesis is divided into two main themes: theoretical framework and empirical study. First, the theoretical framework reviewed and collected theories which were utilized as a guideline for market analysis. The main focus was to explore the potential of the Vietnamese commercial real estate market in light of the case company's current situation. The chosen theories were: PESTLE for macro environment analysis. The empirical study followed the theories in a systematic manner. The main findings revealed that the Vietnamese commercial real estate market has massive potential if the case company is prepared to take the risks. As an emerging market, Vietnam involves a number of country risks and the competition within the commercial real estate industry is intense. Therefore, it is recommended that the case company should identify its directional strategies clearly first, before deciding whether it should expand internationally or domestically because of the nature of its home market. Once the directional strategies have been identified, if the case company is still interested in Vietnam, Ho Chi Minh City is the author's recommendation for the investment destination, utilizing joint venture as the entry mode with a focus on retail and office properties.

d.   **Borthakur, Manjit&Nath, Bhrigu Kumar** (2012): During the last 20 years, the Guwahati metropolitan area has undergone phenomenal change in urban landscape that resulted in the loss of natural land cover. As a result, the surface temperature of the city has increased and a prominent urban heat island is formed in and around the settlement areas. All these have severe environmental and health consequences. The land use regulation plan of GMDA's Mater Plan can be a tool for sustainability of natural land cover. But the continuous intervention of human settlement to natural land covers in Guwahati Metropolitan Area has revealed the failure of land use zoning and regulatory action. The metropolitan development authorities should have strict regulation in the green belt and eco sensitive areas of the city. Social forestry in the green belt areas, light color surfaces in residential units, plantation in the roof of buildings and trees along by the roads, may be some counter measures of the heat island effect in Guwahati.

e.   **Dr. Babawale& Dr. Omirin M.M**. (2011): This study confirmed that individual characteristics of valuers in particular, and that of the firms they work for to a lesser degree, contribute significantly to valuation accounting for approximately 53% of inaccuracy in real estate valuation in the study area. This is in line with Levy and Schuck (1999).In particular, the valuers' years of experience and level of exposure made the strongest contribution to valuation inaccuracy in the study area. Experience and exposure of valuers refers to the duration, scope and depth of valuers' practice which have direct implications on skill acquisition and expertise. The average number of valuations undertaken by valuers over a given period of time also made

unique significant contributions at the desired level of significance probably because this has a direct correlation with skill acquisition and expertise. In a similar study conducted in the UK by Bretten& Wyatt (2002), the respondent valuers were of the opinion that the principal cause of valuation inaccuracy is the knowledge and experience of valuers regarding the property type and more particularly the location. Going by the results, older and larger firms have not turned their long years in practice and/or their size to any advantage for improved services as inaccuracy is a phenomenon common to all firms in the study area regardless of their size and age.

Need of the Study

The purpose of this study is to development of theoretical and practical bases of the system of real property valuation in the current conditions of market relations and improving the real property valuation by identifying the characteristics of the factors affecting in valuation of Real Estate property within the area of Guwahati Metropolitan city.

Objectives of the Study

Although practice of valuation of real estate has, over the years, evolved need for application of various factors influencing such valuation, nonetheless there is absence of absolute uniformity in their application considering diversity in social taste, regulations as well as fluctuating eco-political scene in a particular given area.

Therefore, valuation is always comparative and relative and therefore cannot be a product of captive breeding i.e. is a stereo type product. More than understanding the technicalities of the factors governing valuation of real estate, applicability of a particular factor or factors assumes more significance in a given situation and as such it poses a huge challenge to a professional valuer who is often academically equipped to understand and put into use technicalities of factors governing valuation of real estate properties than applicability of such factors in a particular situation or place which has extraordinary influencing factors like that of eco-political as well as social taste and inherent regulations in the form of legislations.

This instant research strives to embark upon a sincere endeavour to discuss in details such additional influencing factors governing real estate valuation peculiar to a particular situation to evaluate theoretical aspects for future application for more meaningful and prudent real estate valuation.

There is no similarity in characteristics of the above mentioned factors depending upon Nation, Region, City, Municipal area, outside of Municipal area etc. for which value of a particular property situated in that locality may vary from the other similar constructed property situated in other locality. Considering the above the main objectives of the study would be as follows:

(1) To understand the procedure followed in the valuation of Real Estate property.

(2) To analyse the factors determining the valuation of Real Estate property.

(3) To know the various method of real estate valuation.

(4) To find out the method mostly used in valuation of real estate in Guwahati.

(5) To find out if there are problems/challenges in the methods of valuation being practiced in Guwahati.

Research Methodology

The nature of this study is descriptive research. Purposive or non-probability sampling technique has been used for collecting the information for the study. Convenience Sampling Method is being used for designing the sample. A sample size of 30 has been used for the study. Data are collected from both Primary source and Secondary source. Primary data are collected through questionnaire. Secondary data are collected from secondary sources like reports, Journals, Internet and office literatures. In some cases to have an idea of practice of methods interview was conducted among the practicing valuers, builders, consultants etc. For analysis and interpretation simple percentage, histogram, mean score are being used for the study.

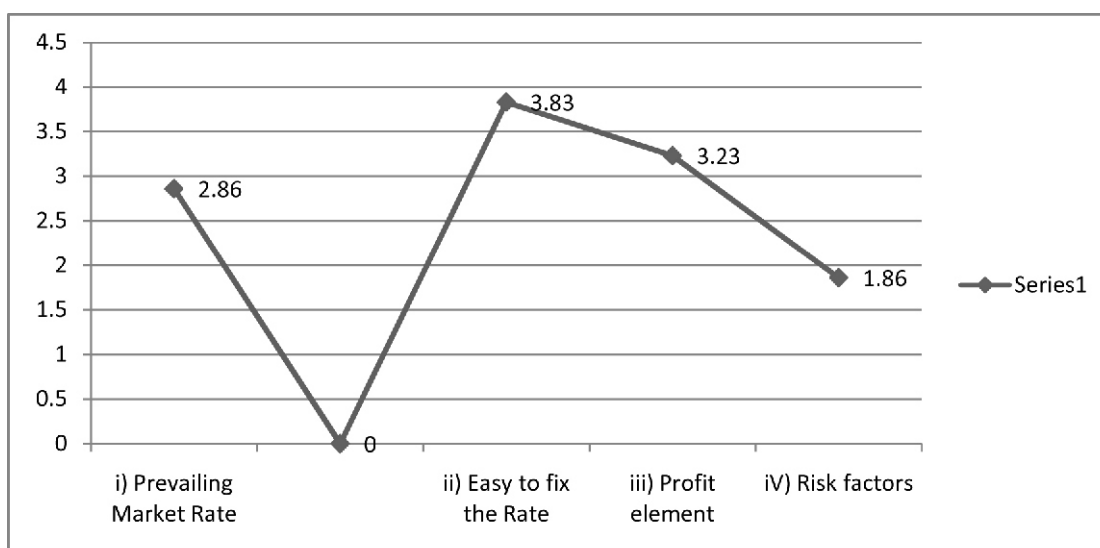## Analysis and Interpretation:

1. **Use of Valuation method**:

Method followed for fixing the price of Flat/floor	**No. of Respondents**	**Percenta ge**
i) Sale comparison method	0	0
ii) Cost approach method	30 Nos.	100%
iii) Income approach method	0	0
iv) Other than above method	0	0
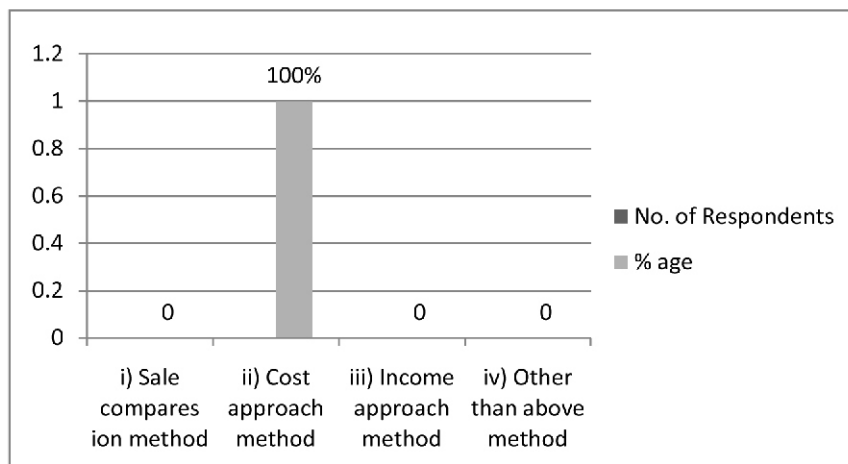
Interpretation: From the above analysis it has been found that most of the developers follow the cost approach method. Other methods are not being practiced In the market of Guwahati.

**2.   Reasons for selection of particular method**

Reason for selecting the method (rating the following factors 0-4)	
0-Not Important, 1- Less Important, 2- Imporatant,3- Very Important, 4- Important,	Mean score
i) Prevailing Market Rate	2.86
ii) Easy to fix the Rate	3.83
iii) Profit element	3.23
iv) Risk factors	1.86

Interpretation: From the above analysis it has been found that the reason for selecting the cost approach method is easy to fix rate as it has got highest mean score from the response of respondents.

3.   **Regarding price range of Flat**:

Present Sale Price of flat/floor	No of Respondents	Percentage
a. Rs. 2000.00 - Rs. 2500.00	0	0
b. Rs. 2500.00 - Rs. 3000.00	6	20%
c. Rs. 3000.00 - Rs. 3500.00	14	46.66%
d. Rs. 3500.00 - Rs. 4000.00	8	26.66%
e. Rs. 4000.00 - Rs. 4500.00	1	3.33%
f. Rs. 4500.00 and above	1	3.33%
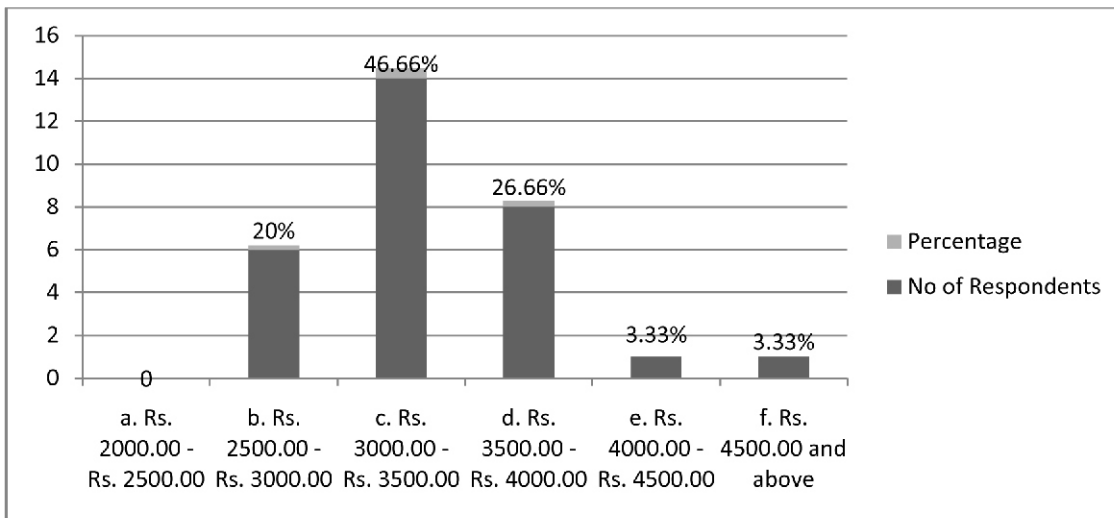
Interpretation: From the above analysis it has been found that the range of rate for property majority falls in the range of Rs. 3000-3500. Which is followed by Rs.3500-40000.

4. **Problems faced in fixing price for Flat:**

Problems faced in the method used for fixing	No of Respondents	Percentage
a. Related to price	22	73.33%
b. Related to profit	8	26.66%
c. Related to Bank finance	0	0
d. Related to valuation	0	0
e. Related to any others	0	0
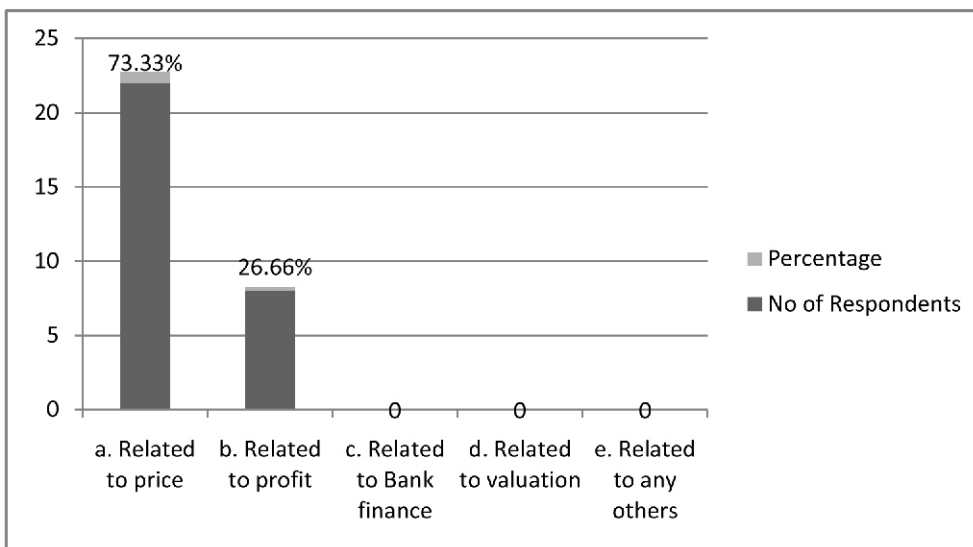
Interpretation: From the above it has been found that most of the developers faced problems relating to fixing prices in relation to the valuation method which is 73% and related to profit is 27%.

5. **Share of land with owner:**

Share of land owner (% age of total project)	No of Respondents	Percentage
a. 25% - 30%	0	0
b. 30% - 35%	9	30%
c. 35% - 40%	15	50%
d. 40% - 45%	5	16.66%
e. 45% - 50%	1	3.33%
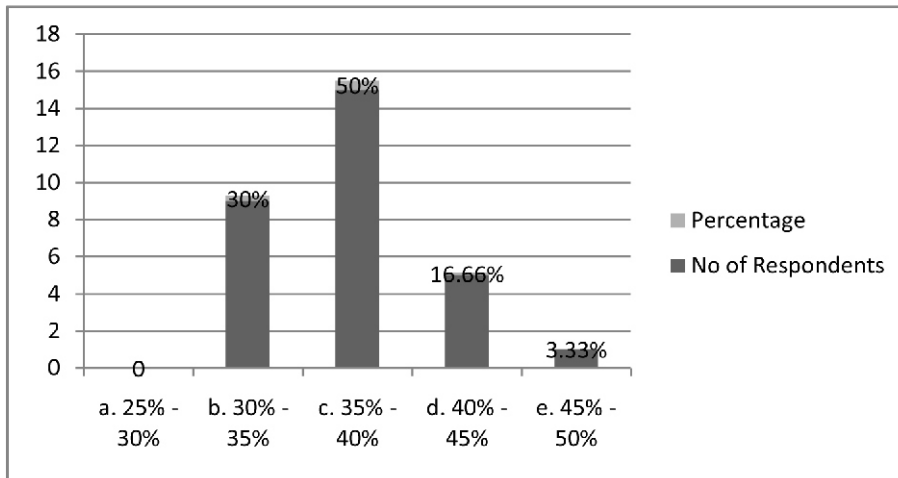
Interpretation: From the above analysis it has been found that in case of 50% of the property the developers shared or exchanged with the owners of the land for developing the project.

6. **Share of legal expense in total cost:**

Legal Expenses (% age on total project cost) :	No of Respondents
a. 0.05% - 0.1%	15
b. 0.1% - 0.5%	8
c. 0.5% - 1.0%	7
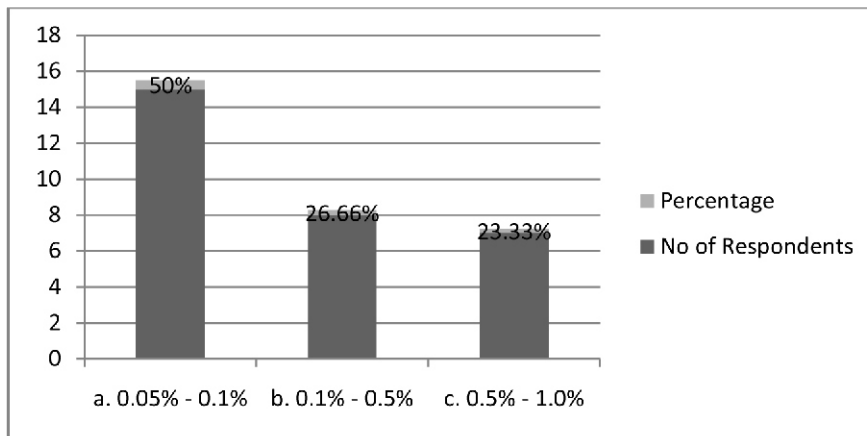
Interpretation: From the above analysis it has been found that in case of total cost of the property the Legal expenses contributes 0.5-1% which is agreed by 50% of the respondents.

7. Preparation of Drawing & Estimate including NOC from GMDA/GMC

ii. Preparation of Drawing & Estimate including NOC from GMDA/GMC	No of Respondents	Percentage
a. 0.5% - 1.0%	4	13.33%
b. 1.0% - 1.5%	21	70%
c. 1.5% - 2.0%	5	16.66%
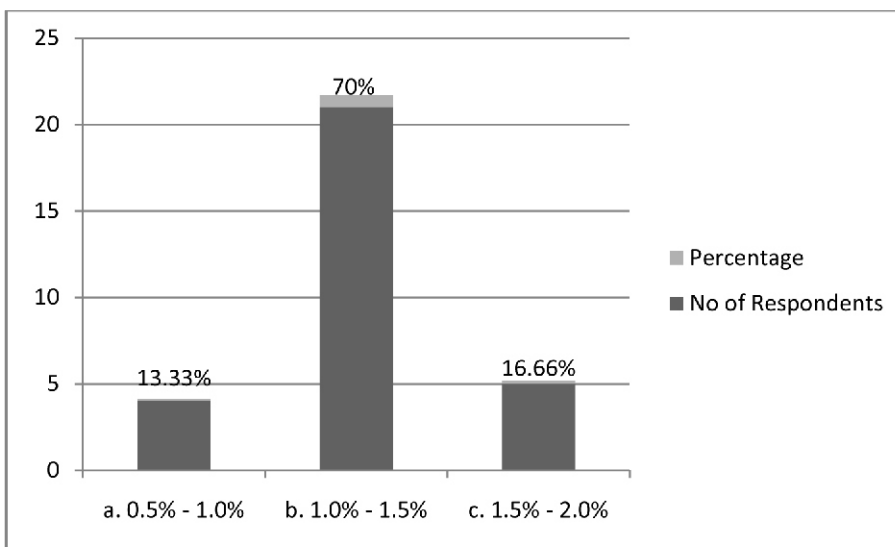
Interpretation: From the above analysis it has been found that in case of total cost of the property the preparation of drawing and estimating including NOC from GMDA expenses contributes 1.0-1.5% which is agreed by 70% of the respondents.

8. **Connection of electricity/transformer and other expenses**:

iii. Connection of electricity/transformer and other expenses	No of Respondents	Percentage
a. 0.2% - 0.5%	1	3.33%
b. 0.5% - 1.0%	5	16.66%
c. 1.0% - 2.0%	24	80%
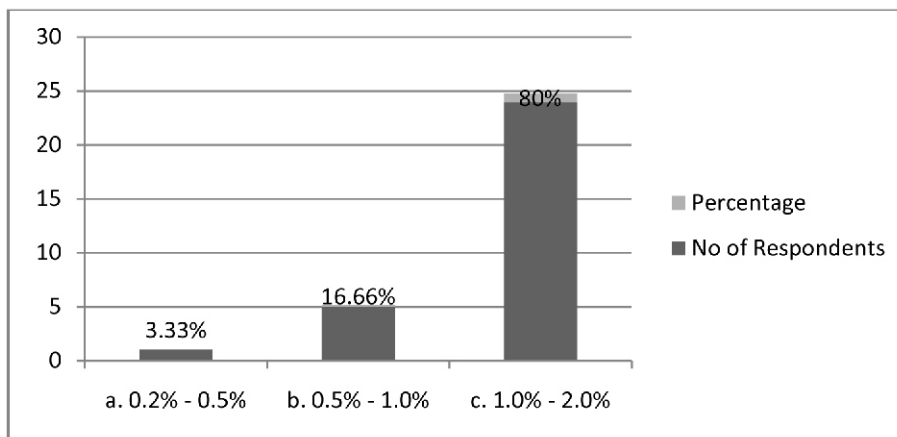
Interpretation: From the above analysis it has been found that in case of total cost of the property the connectivity expenses contributes 1-2% which is agreed by 80% of the respondents.

9. **Site development, Boundary wall, Gate etc.**

Site development, Boundary wall, Gate etc.	No of Respondents	Percentage
a. 0.2% - 0.5%	4	13.33%
b. 0.5% - 1.0%	1	3.33%
c. 1.0% - 1.5%	7	23.33%
d. 1.5% - 2.0%	18	60%
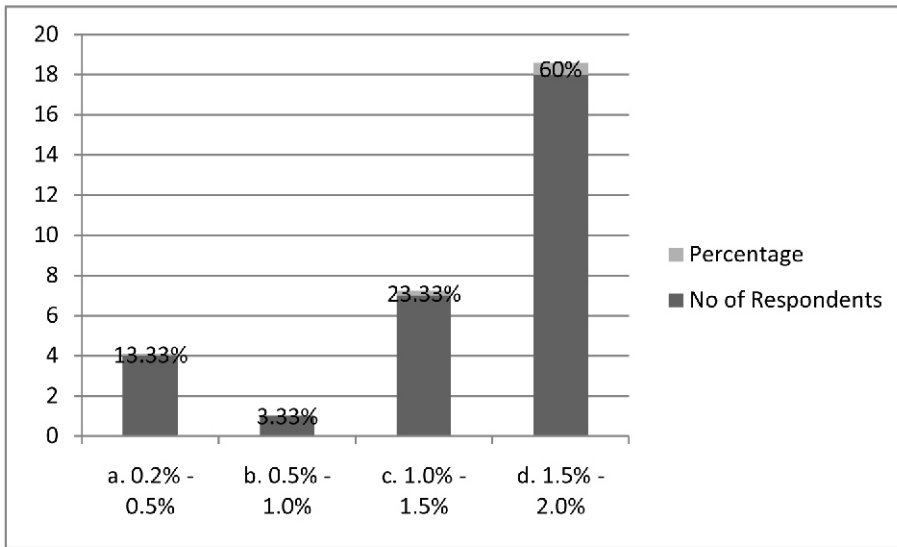
Interpretation: From the above analysis it has been found that in case of total cost of the property the site development, Boundary wall, Gate etc. expenses contributes 1.5-2% which is agreed by 60% of the respondents

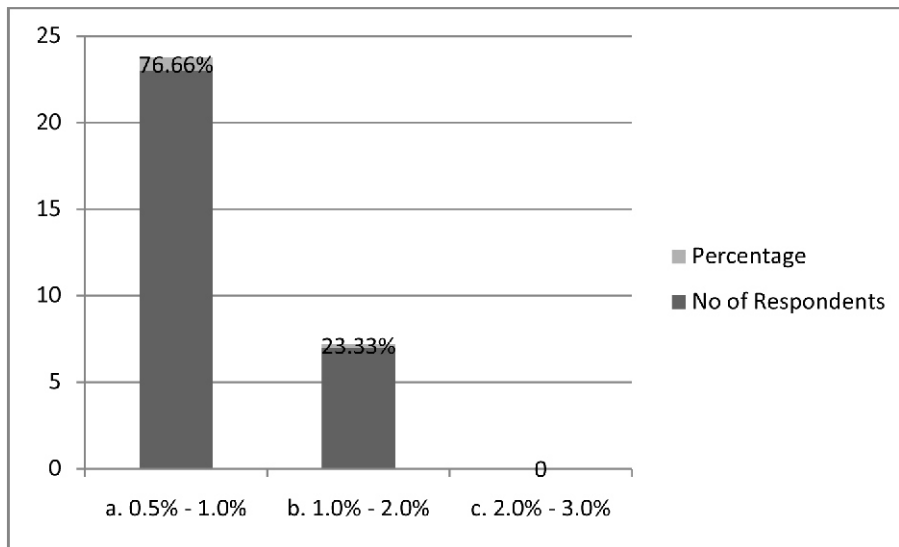| Supervision cost of the project	No of Respondents	Percentage
a. 2.0% - 3.0%	8	26.66%
b. 3.0% - 4.0%	20	66.66%
c. 4.0% - 4.0%	2	6.66%
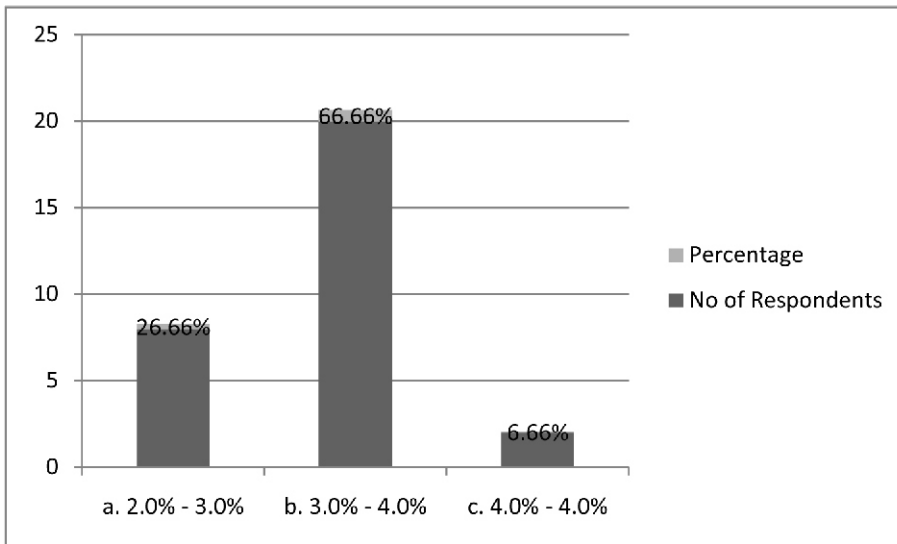
Interpretation: From the above analysis it has been found that in case of total cost of the property the supervision expenses contributes 3.0-4% which is agreed by 67% of the respondents

10. **Preoperative Expenses**:

Pre operative Expenses	No of Respondents	Percentage
a. 0.5% - 1.0%	23	76.66%
b. 1.0% - 2.0%	7	23.33%
c. 2.0% - 3.0%	0	0

Interpretation: From the above analysis it has been found that in case of total cost of the property the pre-operative expenses contributes 0.5-1% which is agreed by 76% of the respondents.

11. Marketing Expenses

Marketing expenses	No of Respondents	Percentage
a. 1.0% - 2.0%	27	90%
b. 2.0% - 3.0%	3	10%
c. 3.0% - 4.0%	0	0
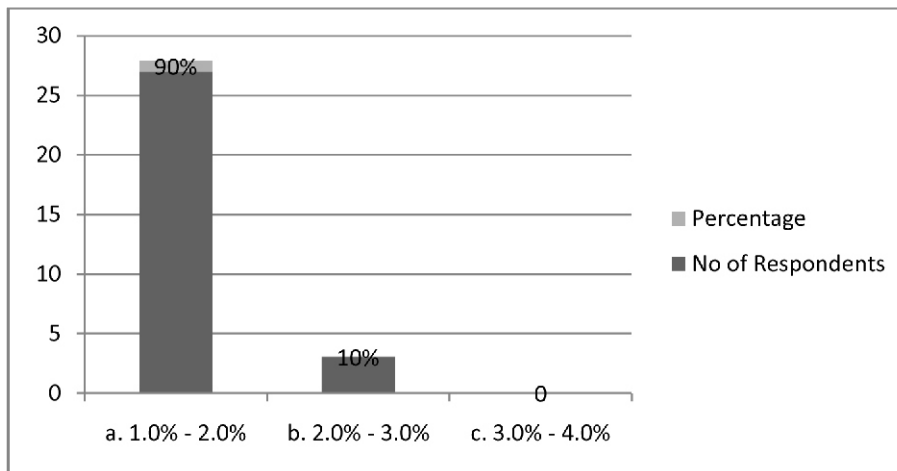
Interpretation: From the above analysis it has been found that in case of total cost of the property the Marketing expenses contributes 1.0-2% which is agreed by 90% of the respondents
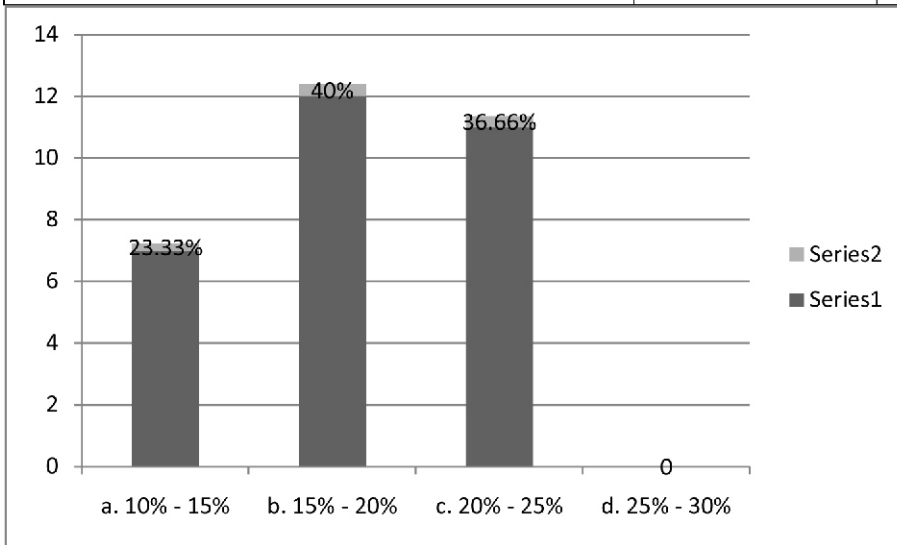
12. Other misc. expenses

Other misc. expenses	No of Respondents	Percentage
a. 2.0% - 3.0%	30	100%
b. 3.0% - 4.0%	0	0
c. 4.0% - 5.0%	0	0
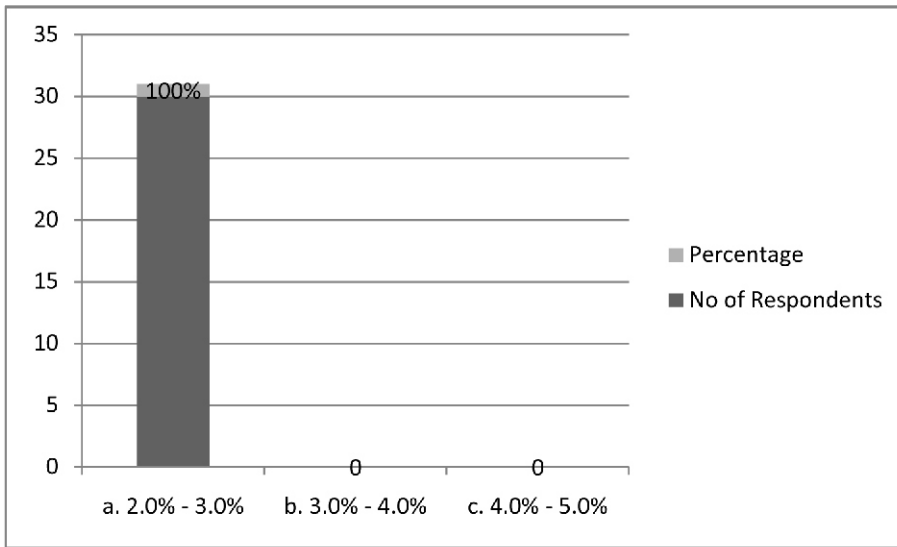
Interpretation: From the above analysis it has been found that in case of total cost of the property the miscellaneous expenses contributes 2-3% which is agreed by 100% of the respondents

13. Expenses for Additional Items

Expenses for Additional Items (%age of civil cost) : (Tiles/marble flooring, False ceiling, Decorative doors, windows, Internal & External decoration, Modular Kitchen, Amenities etc.)	No of Respondents	Percentage
a. 10% - 15%	7	23.33%
b. 15% - 20%	12	40%
c. 20% - 25%	11	36.66%
d. 25% - 30%	0	0

Interpretation: From the above analysis it has been found that in case of total cost of the property the additional expenses contributes 15-20% which is agreed by 40% of the respondents

Findings of the Study:

- It has been found that most of the developers follow the cost approach method. Other methods are not being practiced in the market of Guwahati.
- It has been found that the reason for selecting the cost approach method is easy to fix rate as it has got highest mean score from the response of respondents
- It is found that the range of rate for property majority falls in the range of Rs 3000-3500. Which is followed by Rs.3500-40000?
- It has been found that most of the developers faced problems relating to fixing prices in relation to the valuation method. It is 73%. And related to profit is 27%.
- It has been found that in case of 50% of the property the developers shared or exchanged with the owners of the land for developing the project.
- It has been found that in case of total cost of the property the Legal expenses contributes 0.5-1% which is agreed by 50% of the respondents.
- It has been found that in case of total cost of the property the preparation of drawing and estimating including NOC from GMDA expenses contributes 1.0-1.5% which is agreed by 70% of the respondents.
- It has been found that in case of total cost of the property the connectivity expenses contribute 1-2% which is agreed by 80% of the respondents.
- It has been found that in case of total cost of the property the Site development, Boundary wall, Gate etc. expenses contributes 1.5-2% which is agreed by 60% of the respondents
- It has been found that in case of total cost of the property the supervision expenses contributes 3.0-4% which is agreed by 67% of the respondents
- It has been found that in case of total cost of the property the pre-operative expenses contributes 0.5-1% which is agreed by 76% of the respondents
- It has been found that in case of total cost of the property the Marketing expenses contributes 1.0-2% which is agreed by 90% of the respondents
- It has been found that in case of total cost of the property the miscellaneous expenses contributes 2-3% which is agreed by 100% of the respondents
- It has been found that in case of total cost of the property the additional expenses contributes 15-20% which is agreed by 40% of the respondents

Conclusion

From the study it has been found that most of the developers follow the cost approach method. Other methods are not being practiced in the market of Guwahati. The reason for selecting the cost approach method mostly by the developers is that under this method it is easy to fix the rate. The range of rate for property majority falls in the range of Rs 3000-3500. Most of the developers faced problems mostly relating to fixing prices in relation to the valuation method.

Reference

Antonina,M.(2005). Factor analysis of Real Estate Prices, PhD thesis submitted to National University 'Kyiv-Mohyla Academy', Page no.-1,2,4.

Arjun P. T. (2005) . Valuation of Immovable Properties, seminar paper submitted in All India National Seminar of IIV(India) held on Dec'2005 at Udaipur.

Arun K.(2005). Valuation of Flat, seminar paper submitted in All India National Seminar of IIV(India) held on Dec'2005 at Udaipur.

Banerjee D. N.(2011) . Principles& Practice of Valuation.-Eastern Law House, Fifth Edition,page 3,4,5.

Bandyopadhya, D. (2006),' Real Estate Marketing and Valuer, seminar paper submited in All India National Seminar of IIV(India) held on Dec'2006 at Mysore.

Babawale, G.K., &Koleosho H. A. (2006). Real Estate Valuation in Nigeria; Implications in a Globalizing World' Paper Presented at the International Conference on the Built Environmental Innovations, Policy and Sustainable Development. Covenant University, Ota, Nigeria.

Borthakur, M &Nath, B.K. (2012). *International Journal of Scientific and Research Publication*, Vol.-2, Issue-II, ISSN 2250-3153.

Bui ThiHiem, T. (2013). Analysis of the Vietnamese Commercial Real Estate Market. Page no.-5,6,92,93. Unpublished Thesis.

Babawale G.K. & Omirin M.M. (2011). *Mediterranean Journal of Social Science*-Vol.-2, no.-3, Sept.2011, page-12,31.

Colborne, A. &Hall, P. (1993). The profit method of valuation, *Journal of Property Valuation and Investment*, 11(1), pp. 43-49.

Edge, A.J. (2002). The Globalization of Real Estate Valuation, xxii International Conference, Washington, D.D., USA.

French, N. (2004). The valuation of specialised property: A review of valuation methods,*Journal of Property Investment and Finance*, 22(6), pp. 533-541.

Kar, D. (2005). Valuation of mortgage of Urban real estate, seminar paper presented in All India National Seminar of IIV(India) held on Dec'2005 at Udaipur.

Maruthachalam M.V.(2006). Valuation by Composite Rate Method, seminar paper presented in All India National Seminar of IIV(India) held on Dec'2006 at Mysore

Manta R. Research paper on 'Urbanisation and Growth of small Towns in Assam' published by Deptt. Of Geography,Guwahati University, Assam. Page-1 to 10.

Rao C.H.(2006), Valuation of properties located at Special Economic' , seminar   paper presented in All India National Seminar of IIV(India) held on Dec'2006 at Mysore