

INFRASTRUCTURE THE IMPACT ON REAL ESTATE



THE INFRASTRUCTURAL GROWTH IS THE CATALYST FOR THE REAL ESTATE INDUSTRY

Why are some countries further developed than others?

What makes this difference...

There are many reasons and answers to this question, one of them is that the incontrovertible fact of these developed countries have superb physical infrastructure. Throughout the years, infrastructure is set out to be the key driver of a country's economy and is thought to play a crucial role in determining the value of properties in any particular region. Therefore, improvement in a country's infrastructure development tends to be one of the key factors affecting the long-term growth of a country.

Infrastructure planning plays a crucial role in implementing a significant influence on the real estate development taking shape across the city. With greater and better accessibility, connectivity, as well as infrastructural development, several real estate developers have the opportunity to change a once under-developed area into habitable zone to match the new urban development. The growth of infrastructure and its features add value to the housing and real estate projects located in the city.

Although, infrastructure is one of the key concerns to have the most significant impact on real estate and can also offer significant opportunities for ones looking to invest in commercial property or businesses. Yet, developers need to be cautious before announcing any of their projects in relation to which sector of the society they are focusing upon and what infrastructures are announced near to the locality. Major public infrastructure stimulates sectors of the real estate property market, both directly and indirectly. No matter where in the world you are, property always rises to the occasion around appropriate infrastructure.

"INFRASTRUCTURE IS NOT JUST BRICKS AND MORTAR, BUT A BRIDGE TO THE FUTURE"



IMPACT ON BUYERS

- ❑ The area and conditions of infrastructure development influences the buying choices and property prices. Infrastructure being tied with other construction aspects and being in poor condition will result in a decrease of the whole surrounding area's value
- ❑ Nowadays, buyers are more aware in assessing their properties meticulously, therefore clients seek for a better quality of life and destinations on any type of project scale
- ❑ Some segment of buyers avoid to buy properties in areas with less infrastructure, therefore some developers had to lead in this respect
- ❑ A developed neighborhood ranging from residential units up to external influences, such as a proper infrastructure will assure clients an escalation in the property value. In spite of that, infrastructure is thought to be critical due to the limitation of manufacturers to complete it successfully

IMPACT ON DEVELOPERS

- ❑ Infrastructure project becomes a part of USP for the developers or property owners in the real estate industry
- ❑ Areas with good transport networks will have a positive impact on the residential property prices as a result of ease in the accessibility to those properties
- ❑ Developers are shifting out to urban outskirts to create new communities and estates to ease the pressure on the urban areas
- ❑ Deteriorating infrastructure results in businesses becoming more inefficient, and less buyers, less business productivity and inevitably less workforce
- ❑ Developers depend on two important factors before constructing any project, cost and time. Therefore, these factors are looked up in any infrastructural site

Both Developers and buyers tend towards either investing and constructing a Transit-Oriented Development (TOD) community or for clients looking toward buying properties in TOD, where these areas promote relationship between dense, compact urban form and public transport use. These developments provide well planned, sustainable and innovative approach considering prime locations, residential, commercial, educational, and leisure spaces with walking distances and superior infrastructure developments.

THE FOLLOWING COMPONENTS OF INFRASTRUCTURE IMPACTS ON REAL ESTATE VALUE

Transport Systems

Transport systems and environment quality are vital in the determination of residential property prices


Public Utilities

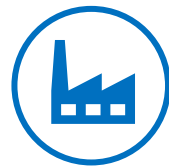
Real estate is valueless when it has no utilities, such as water and electricity


Educational Facility

This quality has a direct influence on the residential property


Commercial Developments

High-income residents will search for a residence that contains leisure facilities, parks, amenities and etc.


Industrial Developments

Industrial sites cause various negative externalities, such as noise, etc. which may reduce residential property value

FACTORS TO CONSIDER BEFORE INVESTING IN A PROPERTY AROUND AN INFRASTRUCTURE PROJECT

Probably implementation time-frame, including the phasing of considerable modules

Value drivers in relation to logistic convenience, employment generation, rise in trades and businesses, etc.

The improvement and land-use plan of the city, by how a certain project fits into the larger development plan

Overall, one should develop a particular project in regard to three main factors - demand, supply and economic viability in order to assess whether or not the premium is justified

Since, property development forms a significant component of infrastructure and other public projects, therefore, the need for infrastructure renewal and development and other public projects across Egypt will remain critical for many years to come and, as a result, the property development aspects will rise more opportunities for the private sector to interfere and accomplish successful projects.

Railway Systems

Networks

Utility systems

Education

Healthcare

Social infrastructure
