



AGARWAL ESTATES[®]
TRUST Redefined

‘Under Construction’ Vs ‘Ready to move in Property’



Happy Homes... Happy Families

One Stop, All Solutions - Real Estate Services

Founded by NRI/Techie (Ex-Cisco/TCS/HP/Dell/Atos Origin)

A Venture to Redefine TRUST with a unique concept of

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From Confusion to Perfect Clarity

Should you buy

‘Under Construction’ or ‘Ready-To-Move-In’



“Should I buy a new property or a ready-to move-in property?”

“Will ‘under construction property’ give me better value?”

“Will the work be completed on time or

Will it burn my pockets?”

“Is the ‘ready-to-move-in’ property a much more viable option?”

These are few of the questions that tend to bother not only to the first-time buyers but also to those who are looking for investment. It is not easy to decide whether to buy an ‘under construction’ property or a ‘ready-to-move-in’ property. Buyers should weigh pros and cons of both options before making a final decision.



There would be many builders, agents or even banks who will entice you to buy or invest in those properties from which they would have business benefit. But, you as a buyer should be well informed and should not make any hasty decision since it involves your hard earned money and there are always some sentiments attached to your dream home.

Our Motto is KEY: Knowledge Empowers You!

Knowledge empowers you to make informed decisions

We at Agarwal Estates are well skilled at understanding clients' needs. We are able to deliver an unparalleled service and honest, insightful advice.

Under Construction Properties

From homebuyer' perspective, it matters to understand whether they should go for ready-to-move-in property or under construction one as there are various implications attached to this decision.

The Pros



- The best part of an 'Under construction' property is that you get a "Brand new Home".
- 'Under-construction' houses are generally cheaper in comparison with 'ready-to-move-in' houses. There is a significant price difference of 20 to 30 per cent between them.
- Mostly it is of better construction quality as the industry is ever changing and the infrastructure level as well. Monitoring the construction is an added advantage.
- 'Under construction' flats are available now-a-days in fine numbers. Home buyers have wide array of choice with respect to apartment complexes in their preferred location. Prices too are competitive.
- The rule of thumb for homebuyers' is to choose projects under RERA. The projects which are launched after the advent of RERA are far better placed to get delivered.
- Moreover, home loan services make the purchase affordable. With a down-payment of generally 20% of the property price and rest of the payments through EMIs each month it is easier to manage funds.
- Initially the EMIs are low and they vary as the construction of the project progresses. This actually proves much more affordable to buyers.
- You can always hire your interior designer to design your home as you always wanted. This is not feasible in ready to move in flats.
- New constructions usually have more and better amenities more open space as compared to older properties. Some builders even offer modern internal fittings, VOIP, CCTV, Fibre network for internet and Smart Homes. For instance Brigade Metropolis constructed in 2011 does not have CCTV facility while Brigade Lakefront constructed in 2018 has this facility.
- New Constructions may have better design and optimised floor space as builders get experienced gradually in developing large complexes.

- Choices of floor or location are much wider. Since many new projects are available and coming up in various localities, choices in terms of location, floor and direction are numerous.
- Generally, many 'Under Construction' properties are located in the outer areas of the city and good price appreciation only happen due to future development. Although this does not prove to be right in every case but the level of potential it holds in terms of appreciation is much more.
- With respect to social networking, opportunities to make new friends are better as everybody is new. It gets easier to gel with people.

The Cons



- You pay interest on your loan (a staggering 10% at least), which of course is real cash flow and is an additional cost which needs to be added to the price of the property.
- Under-construction projects suffer the risk of delayed possession, cancellations or even bankruptcies. Moreover, we cannot disregard the **implementation of RERA** which ensures that the project is viable and will be completed in the set time frame.
- While the property is under construction, you do not get any rental income or immediate tax benefit, which could contribute in a big way to your monthly loan payment.
- You would need to furnish the property before you move in or rent it out. And that adds up to the cost. It takes minimum Rs. 4 lacs for interior of a 2 BHK flat and it increases by approximately Rs. 100,000/- per additional bedroom.
 - To get your home furnished, it takes minimum three months. May face losses terms of rental income and/ or tax benefit.
 - Even after you move in, there might be construction going on. It can jeopardize your safety and security, and also lead to dust and noise pollution.



- The newly constructed properties also have associated hassles like no phone / internet / cable connections, lack of basic amenities and daily operational issues.
- With an under-construction property, there is always the chance of the builder not handing the possession on time. The delay is may be because of the dispute in the land, cash crunch, no objections from various authorities. Builders usually start the construction after obtaining most of the necessary permits. Many a times, there may be few more permits required but builders start the construction without waiting for them.

- The **financial implications** of the delay are many. There is the double whammy of having to pay EMI's on the home loan as well while paying rent for the current accommodation. Buyers tend to lose out on a chunk of tax benefits on interest payment towards their housing loan if they do not get possession within a considerable span of having availed of the loan.
- Most of the new construction is on slightly remote areas because land is either not available in prime area or available at non-viable price for project.
- Builders sometimes increase the price in the middle of construction citing rising cost of construction. Although, the projects launched after the implementation of RERA ensure that such practices do not come in the market.
- Under construction housing complexes count on the possibility that areas surrounding will develop in future. Buyers should take expert advice before investing in any property.
- Another concern is that you cannot guarantee whatever is promised as the final product/flat. Make sure that you have checked the credibility of the builder beforehand. Do not blindly believe what you see in Model flats.. Sample flats are built and decorated in such a way that it entices you. But when you get the possession in actual, you would realise that many things are not as expected which causes disappointment.
- Another concern is over commitment by the builder/ developer. For example – Some builders make false commitments that Municipal Corporation Water Supply will be made available in the society after 3-6 months of completion of construction of society but it never happens.
- All the legal approvals at the time of handover from builder may not be obtained by builder, like Occupancy Certificate (OC). Home owners 'even struggle to get A-Khata.
- You need to pay maintenance and sinking fund in advance for the first couple of years instead of paying monthly/quarterly in a ready-to-move-in society.
- Carpet area is currently 30% less compared to Super built up area (March-2015). In 2004 it used to be 20% less and in 2009 (start of construction) it was 25%. So new construction costs additional 10% in terms of less carpet area.
- Initial teething problems need to be resolved for couple of months. All the processes and vendors are not in place like milk, car wash, maid, newspaper, in-house tutor/dance teacher / coach etc.

Ready-To-Move-In Properties

The resale housing market offers home buyers a chance to side-step the risks of buying under-construction properties that are prone to inordinate delays. Just like in the newly constructed properties, there are both Pros and Cons in buying a 'ready-to-move-in' property. Anybody who wants buy or invest in such properties should weigh the options, and then finalize the deals.

The Pros



- The primary benefit of buying a possession-ready house is that you **save on rent**. And, if you do not plan on using it as your residence, you can let it out on rent and start earning an income right away. Moreover, you enjoy your tax benefits immediately with ready-to-move-in properties which are actually not possible in under-construction properties. With under-construction it is usually possible after possession of the property or registration.
- There is no question of being misled and getting disappointed at a later stage about the quality of products used. You can see the physical 'ready to move in' flat rather than the future plan of an 'under construction' flat.
- Sinking fund is already in place for major upgrades.
- The ready-to-move-in properties do not attract GST. That means a property buyer can save 12% GST straightaway. This benefit may change from time to time as per Govt. policy.
- Legal issues are known before hand or resolved and the buyer is aware of the status of A-khata prior to purchase
- **You buy what you actually see**
- Prime locations are available at fair and relevant market price.
- Basic amenities and facilities are usually available and teething operations issues are resolved
- Initial teething issues are already solved. Vendor issues are settled.
- Carpet area is more in comparison to new constructions. (in the range of 5% to 10%).

The Cons



- Chances of getting deceived are higher. One has to be very vigilant and should hire a first class real estate consultant who could advise very appropriately with respect to property documents and the entire end to end process of property purchase. **Moreover, the buyer has to scrutinize all the small prints, take expert opinion and should be 100 percent confident about the title of documents and if the property in question is free from all encumbrances.** Rigorous study of property documents is very important.
- The price appreciation in case of 'ready-to-move-in' properties is generally lower than under construction properties. Most probably in case of 'ready -to -move- in' properties which are

older than five years, good level of development is already visible and a fine appreciation has also taken place.

- The buyer can definitely save 12% GST however, the cost of the property is quite higher than the under construction property and requires instant funding which not be possible for many people although they get instant fulfilment and gratification of getting property in hand.
- A downside that comes with a ready-to-move-in home is that you have no idea of how well it has been constructed in terms of materials used and strength of its foundation. Many times the society has been maintained quite well and the flats are also shown to customers post proper cleaning and painting which will definitely give a fair look to the apartment. But, you will not have an idea about the quality of construction and the fittings inside. A possession ready, resale property, apart from the inherent higher cost has few more disadvantages. The choice of the properties in the resale market is limited. Choice in terms of floor preference and view gets narrowed down. Moreover, you have to do more leg work to arrange for documentation in case of resale properties.
- **We need to understand that** categorically the price of under-construction properties is low in comparison to ready-to-move-in properties. Now, if we speak about the city Bangalore, it is other way round because the variation in percentage of Migrants has been seen over the years, the land prices have gone up and consequently the prices of under-construction properties as well.
- Maintenance factor: The concerns in an old flat (Leakage/Wear and tear) will exist no matter which Builder it is. A lot of time and energy is spent to resolve these concerns and adds to buyer's burden. We also have less information on the type of building materials used.
- The cost of maintenance keeps increasing in a ready to move in property owing it to natural wear and tear etc.



- The key factor to be considered when opting for a resale property is the title clearance-the passing of ownership of the house from seller to the buyer. A lot of legal work is required to ensure everything is in order.

- The payment has to be completed usually

within a span of two months. Even if you are going for a home loan, you have to pay the down-payment, registration charges and other miscellaneous charges at the same time.

- With respect to Social networking, it takes longer than usual to gel with neighbours and other residents of the society due to obvious reasons.

Summary

Under Construction: The joy of owning your own new house and customizing the interiors to turn it into your own home nullifies the pain, headache and hard work involved in opting for New Construction.

Ready-To-Move-In: In 'ready-to-move-in' properties, people have already occupied the flats and hence information about the area, maintenance, locality, shopping centres, and utility centres is readily available. So, you get what you actually see.

Please note in any property, there are common risks like Land dispute (ownership, near lake, SC/ST land), and Legal approval by Government.

Usually builder quote only the base price in the advertisement, but the base price is not all that you pay. Other expenses include Car Park, Floor Rise, Preferred Location, Club House, BESCOM/BWSSB, Legal, additional hidden expenses, Advance maintenance, Sinking fund, GST etc. As a thumb rule, additional 15% of base price should be calculated as other expenses.

For ready-to-move-in property, the price is all inclusive. As in the under-construction property, in 'ready to move in' too you have to pay the stamp duty and registration charges. Additionally, the stamp duty and registration charges are more expensive. There is a difference of almost 20% between guidance value and market value in Bangalore; for other Metro cities across India, it is around 50%. For example, if the market value of the flat is higher by Rs. 20 lakhs than the guidance value, you will have to pay additional Rs. 20 lakhs $6.6\% = 1.32$ lakhs towards stamp duty and registration charges.

Agarwal Estates can guide you very efficiently in both the cases

**** For ready-to-move-in properties- From the right location to the best flats in any society.**

**** For under-construction properties- From the right location to the best units floor-wise in the right tower or block. We have the expertise to guide you through the master plans and layouts.**


Do reach out to **us** for any query or clarifications. Transparency being our offering and strength, endeavours us to partner with our customers to demystify the aspects of property transactions; consequently, there are no hidden costs and facts. We empower our customers through our KEY (Knowledge Empowers You!) initiative. We have been constantly getting acknowledged by our existing customers about the **KEY series we share with them.**

WHY Agarwal Estates?

- **One Stop, All Solutions** – Real Estate service provider
- **Professionalism:** Founded by NRI/Techie, well-laid out process
- **Credentials: CRISIL Verified, 275+ Reviews** in Facebook, 100+ recommendations in LinkedIn

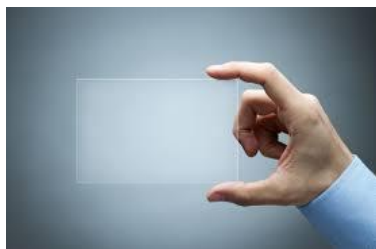
KEY: Knowledge Empowers You!

The decision to buy an 'under construction' or 'ready-to-move-in' property should be taken only after getting all the facts right in place. At times, you might find that an 'under construction' property seems to be cheap as you tend to overlook other expenses. Please find below a snapshot of total expenses, including the other expenses:

<div> AGARWAL ESTATES One Stop, all solutions - Real Estate Service! Sales@agarwalestates.com +91 81233 01122, +1 512 234 5100 </div> <div>  AGARWAL ESTATES™ TRUST Redefined </div>		
Typical COST SHEET from Builder for 2BHK Flat		Range
Flat No.	D505	
Flat Super Built-up Area(Sft)	1314	
Base Rate/Sft (Rs.)	4,790	
Floor Rise Charges/sq ft (Rs 20 per floor)	100	Rs. 15-30/-
Preferred Location Charges/Sft	100	Rs. 50-300
Total Basic Rate/Sft	4,990	
Total:Basic Cost of the Flat (Rs.)	65,56,860	
Car parking	3,00,000	Rs. 1.5 - 4.5 lacs
Total Basic Cost	68,56,860	
Water & Power Charges @ Rs.150/Sft	1,97,100	Rs. 125-200/-
VAT	2,20,086	4-5%
Service Tax	2,93,260	4-6%
Club House Membership	1,50,000	Rs. 1 lac to 3 lacs
Legal Charges	25,000	Rs. 20,000 - 40,000/-
Total Cost (Including Other expenses)	77,42,306	
Advance Maintenance @ Rs 3/sq ft for 1 year	47,304	Rs. 2.5 - 4/-
Sinking Fund	65,700	Rs. 50 per sqft
Stamp Duty: 1%@ of Sale Deed Value	77,173	Guidance value may be lower
Registration Fees: 5.6% of Sale Deed Value	4,32,169	Guidance value may be lower
GRAND TOTAL	83,64,652	
Registration & Stamp Duty shall be paid at the time of Registration		
Water & Power, Car parking, Club house fee etc may vary from builder to builder.		
GST, Registration charges will vary based on Govt rules.		
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Agarwal Estates Unique Differentiator

Agarwal Estates, One Stop, All Solutions - Real Estate services venture, utilizes the promoter's extensive experience in process implementation, service delivery and standard methodologies to suit the requirements of the real estate market in India. This has helped us in delivering high quality services - on time - and also enabled us to successfully launch the concept of: **All we need is your autograph!**



TRANSPARENCY is the CORE VALUE of Agarwal Estates

Being a **transparent** organization, we empower our customers through our revolutionary concept and key initiative called as KEY (**Knowledge Empowers You**). We share all the information with customers to enable them to make informed decisions. We have been constantly getting acknowledged by our existing customers about the **Knowledge** we share with them.

Agarwal Estates provides end-to-end solutions:

- **Real estate advisory:** Overseas investments, buy-back options, Flexible investment amount, etc.
- **Buy/sell/rent property:** Understanding your needs and providing the right solutions
- **Property and tenant management:** Peace of mind, guaranteed rent
- **Home loans:** Free consultancy, awareness about hidden charges, maximum savings
- **Home décor & interiors:** Six weeks completion for a standard 3 BHK starting at Rs 3+ lakhs
- **Allied services:** Property tax, Electric meter transfer, Vastu, etc.

ONE STOP, ALL SOLUTIONS - REAL ESTATE SERVICES



Agarwal Estates aspires to empower customers with the **right knowledge** to enable them to make the **right decisions** at the **right time**.



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