

Dynamics of Real Estate Economics: The Untold Conundrum

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Abstract. The amount of land on Earth is fixed and as a result of that our national / State boundaries are well defined. Even our own localities are well measured and the available land for housing is well marked. With Globalization in its full swing we witness societal changes as also changes in the family structure. Small families are now preferred to big families while bigger space is preferred to moderate spaces. As the role of the Government gets marginalized, employment opportunities in the formal sectors diminish but self employment and business ventures are on the rise. A large number of people are spontaneously getting engaged in real estate business which is apparently very lucrative and rewarding. This phenomenon is so prominent that we even find big business houses engaging in realty business and come across coinage of phrases like Promoter-Raj. Individuals are starting real estate business and subsequently diverting the profit earned into other form of business by horizontal expansion. The reward from real estate business is so prompt and appealing that it is becoming increasingly important for areas where financial capital is of utmost importance. Quick profit is thus channelized into promised stream of income for various sectors of the economy. It essentially happens because the capital involved in real estate deals is of an exclusive genre. It is a fluid that assumes the shape where it is poured in. Be it culture like production of films or be it media like running a daily or a Television channel this capital has an omnipresence character. That being so it commands a high bargaining power whereby it controls the framing of public policies even manipulating at times. The fundamental law of economics tells us that where there is profit savings it keeps pouring in and hence the attraction of lump sum profit draws excess supply of real estate dealers and to keep profit from falling they are undertaking various nefarious measures thereby disturbing and distorting the basic fabric of the society.