

# Comparative Analysis of Zoning And Effects on Different Real Estate Segments

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**Abstract-** Zoning regulations play a crucial role in shaping urban development and influencing real estate market dynamics. This paper examines the comparative impact of zoning on different real estate segments, including residential, commercial, and industrial properties. The study evaluates how zoning laws affect property values, land use efficiency, and investment potential. Using case studies from various urban centers, the research highlights the advantages and challenges associated with zoning policies and provides insights into optimizing zoning regulations for sustainable urban growth.

**Keywords-** Zoning, Real Estate, Urban Planning, Land Use, Property Values, Investment, Development, Sustainability.

## I. INTRODUCTION

Zoning is a regulatory tool used by urban planners to control land use and guide city development. It determines permissible activities within designated areas, influencing real estate values, infrastructure development, and economic growth. This paper aims to analyse how different zoning policies impact various real estate segments and assess their effectiveness in fostering balanced urban development.

Urban zoning regulations categorize land into residential, commercial, and industrial zones, each with distinct implications for property values and market trends. The effectiveness of zoning policies varies across regions, depending on economic conditions, population growth, and government regulations. This study provides a comparative analysis of zoning effects on real estate sectors, identifying best practices for optimizing land use planning.

Urban growth and land use planning are critical determinants of how cities evolve, and among the most influential tools in this process is zoning. Zoning regulations define and control the use of land within specific geographical areas, thereby shaping the built environment and influencing property markets. These regulatory frameworks categorize land into different zones such as residential, commercial,

industrial, and mixed-use, each with specific permissible activities, building norms, and development parameters.

This research paper undertakes a comparative analysis of zoning and its effects on different real estate segments—residential, commercial, and industrial. The objective is to understand how zoning impacts the **market value, functionality, and investment potential** of properties within these categories. While zoning is primarily intended to ensure organized urban development, its implications go beyond physical planning. It directly affects economic viability, investment decisions, infrastructure demand, and even the socio-environmental quality of life.

In the context of growing cities like Ahmednagar, where rapid urbanization is influencing land use dynamics, such an analysis becomes increasingly important. The adoption of the Unified Development Control and Promotion Regulations (UDCPR) in Maharashtra has further standardized zoning norms, providing a timely opportunity to assess its implications at the micro-level.

Through this comparative study, the research aims to highlight both the benefits and limitations of zoning policies and propose insights for investors, planners, and policymakers to optimize land use and real estate development strategies.

## II. METHODOLOGY

### 1. Site Visit:

#### a. Residential Property:





### b. Commercial Property:



### c. Industrial Property:



## 2. Site Survey:

A site survey is a crucial component in real estate valuation, providing firsthand data on property characteristics, land use, and zoning compliance, site surveys help assess the

real-world impact of zoning regulations on property values, market demand, and investment trends. This methodology ensures accuracy and supports the findings obtained from secondary data sources.

Site Survey involves, Geographic Information System (GIS) tools are used to map property locations and zoning boundaries, Photographic evidence is collected to document site conditions and zoning enforcement, Market data on property prices and rental values is recorded for comparative analysis & all the legal documents related to property i.e. 7/12 extract, Assessment Paper, N.A Order,

## 3. Market Analysis:

Market analysis is vital for understanding the economic impact of zoning on real estate valuation. By integrating secondary data with primary market insights, this study provides a comprehensive evaluation of how zoning influences property values, demand, and investment trends. It involves recent market trends, recent sales & current marketing condition the market value.

## 4. Preparing Valuation Report of all the properties:

Valuation Reports are prepared with the help of O-1 form with all the details of the property i.e. details related to the land & building. A valuation report provides a comprehensive assessment of a property's market value based on zoning regulations, location, demand, and economic factors. The valuation report evaluates residential, commercial, industrial, and mixed-use properties, considering factors such as zoning impact, property condition, and market trends.

## 5. Comparing the Market Value of all properties:

Market value is a critical factor in real estate valuation, representing the price a property can fetch in an open and competitive market. The market value of properties is compared across residential, commercial, industrial, and mixed-use zones. The analysis considers factors such as location, demand-supply dynamics, infrastructure availability, and zoning restrictions. Comparing the market value of different properties highlights the direct impact of zoning regulations on real estate pricing. While commercial and mixed-use properties tend to appreciate faster, residential and industrial properties are influenced by location and infrastructure. A well-balanced zoning policy can ensure sustainable market growth and fair property valuation.

**6. Identifying the effect of zoning on Market Value:**

Zoning significantly impacts market value by controlling land availability, development potential, and property usage. While strict zoning can enhance property values in certain segments, flexible policies promote balanced growth and sustainable real estate markets. A well-planned zoning system ensures economic stability and investment attractiveness across different real estate sectors. The effect such as Location, Annual Appreciation, Rental Yield & Risk Level are considered which directly affect on the market value.

**7. Selecting the property for Investment:**

Investing in real estate requires careful consideration of various factors, including location, zoning regulations, infrastructure growth, and market trends. Future development potential plays a crucial role in determining the long-term appreciation and profitability of an investment. This study examines the key criteria for selecting properties that offer high growth potential while considering the impact of zoning, economic trends, and planned infrastructure projects.



*Flow Chart*

**III. ZONING REGULATIONS**

Parameter	Residential Zone (R)	Commercial Zone (C)	Industrial Zone (I)
Zone	Residential Zone	Commercial/Agriculture Zone	Mixed Zone
FSI (Floor Space Index)	Base FSI = 1.10	Base FSI = 2.40	Base FSI = 1.10
Building Height	8m	30m	7m (CC)
Setbacks	Front: 3m Side/Rear: 1.5m	Front: 30m Side/Rear: 6m	Front: 35m Side/Rear: 6m
Parking	Not Available	Available (Including Employee)	Available (Including Employee)
Pollution Tolerance	Very low	Medium	Medium
Noise Level	Low	Medium	High
Public Utility Compatibility	Schools, parks, dispensaries – Available at 1km radius circle	Transport terminals, fire stations, substations, ATMs – Available at 5km radius circle	Warehousing, power substations, effluent treatment plants. - Available far away for the place.
Future Development	Developing Residential Area	Developing Commercial Area	Developing Commercial cum Agricultural Area

**IV. COMPARATIVE ANALYSYS**

SR. NO.	FACTORS	RESIDENCIAL PROPERTY	COMMERCIAL PROPERTY	INDUSTRIAL PROPERTY
1.	LOCATION	RESIDENCIAL /COMMERCIAL ZONE	COMMERCIAL/ AGCULCURE ZONE	MIXED ZONE
2.	MARKET VALUE	Rs.60,42,000/-	Rs.6,10,20,000/-	Rs.1,81,21,000/-
3.	ANNUAL APPRECIATION(%)	6-10%	12-20%	10-15%
4.	RENTAL YIELD (%)	3-5%	6-10%	7-12%
5.	RISK LEVEL	LOW-STEADY DEMAND	MEDIUM - DEPENDENT ON BUSINESS CYCLES	HIGH - ZONING & ENVIRONMENTAL REGULATIONS

**V. RESULT**

INVESTMENT GOAL	BEST PROPERTY TYPE	REASON
STABLE INCOME/LOW BUDGET	RESIDENCIAL PROPERTY	LOW RISK, STEADY RENTAL INCOME
SHORT TERM GAINS	COMMERCIAL PROPERTY	QUICK APPRECIATION DUE TO PROPERTY IN PRIME LOCATION
LONG TERM GROWTH	INDUSTRIAL PROPERTY	HIGH RENTAL INCOME WITH MODERATE APPRECIATION

**VI. CONCLUSION**

- For Long Term Growth: Industrial Property as it provides High Rental Income but has High level of Risk.
- Short Term Gains: Commercial Property as it is located in Prime Location so high chances of quick appreciation.
- Stable Income or Low Budget: Residential Property as it has low risk & steady rental income.

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