

## Impact of Rural India on American Real Estate Values

By **Cliff Hockley, CCIM, CPM**

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My wife, Julie, and I went on adventure in November of 2011. We traveled to Koothattukulam, Kerala, India to the Sreedhareeyam Ayurvedic Eye Hospital.

Just to set the stage, Koothattukulam is located 1.5 hours by car from the Cochin (India) airport in the middle of lush farmland in the rural part of Kerala, South India. The hospital itself is surrounded by rice paddies, rubber plantations, pineapple groves and all sorts of herbal plants.

We traveled this far because Julie has an irreversible eye condition, much like macular degeneration, which at some point will make her blind. We had been told that the potential existed to stop the deterioration of her vision. We came with very low expectations, but much to our surprise her vision improved during our visit.

Key ingredients to this eye treatment included, drinking special water, eating a strictly vegetarian diet (supplemented with hard boiled eggs) numerous massages and purges, of course no TV or computer and complete rest (not the American way). The food served was usually spicy Indian dishes so we ate as much as we could handle, then had nuts and biscuits to fill in.



The medical care was incredible. We were visited by doctors every day, and had excellent treatment from the nurses and the support staff. Everyone spoke rudimentary English but the main language spoken is Malayalam. On the other hand, there were numerous power failures every day and often had no water for a few hours. The walk to town was about 20 minutes though you could almost always find a *rickshaw* taxi (a motorcycle with room for two or three in the back), that would take you to town for 30 rupees (75 cents or so). The town of Koothattukulam has about 15,000 inhabitants. There are a couple of small hospitals, our hospital, a rubber refiner, a coconut oil refiner, catholic schools and about 100 small businesses. There were many jewelry stores, cell phone stores, a few grocery stores, vegetable stands, and a whole section of town was dedicated to furniture manufacturing. Each of the furniture factories had one to three employees who focus on one thing, for example one

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factory made beds, another made chairs, yet another made tables etc.

Most of the streets are unmarked, in terrible condition and with almost no sidewalks. Despite the poor condition of the roads people often ride three or four to a motorcycle. In the rural areas cars are still a luxury. The only way people stay safe on the roads is by driving slowly.

Americans need to realize that India is real competition for us. Cost of operations is much lower in India and Indians work much harder than we do. Even with the significant increase of the middle class (they get paid more), entry level Indians make about 4000 rupees a month, which translates into **eighty dollars a month**, often working over seventy hours a week (seven days a week, ten hours per day) with no paid vacations and no health insurance.

Even with the challenges created by corruption and a slow legal system, Indians speak English, work hard and are willing to compete in the international environment at a **significantly lower cost** than Americans. This means that American and international businesses will continue to send labor intensive jobs to India. In addition, Indian expatriate labor is powering the Middle East and the rest of the

world. Remember, there are over one billion two hundred million Indians as compared to one billion three hundred million Chinese and three hundred and thirteen million Americans.

As Americans, we need to continue to be extraordinarily creative and competitive in order to keep jobs onshore, rather than have them outsourced. If we do not, our unemployment rate will continue to rise. As our unemployment increases, even with increases in population, our housing need will stay flat and our need for commercial buildings will remain low. This will have a serious impact on future real estate investments in the United States, as it is employed Americans that pay rent for apartments and employees that fill office towers, industrial and retail buildings.

It is our job to fund education and help our children be more successful when competing with other countries. As investors, we need to understand the global marketplace is just that, global and our cities compete with cities in other parts of the world.

**Clifford A. Hockley** is President of Bluestone & Hockley Real Estate Services, greater Portland's full service real estate brokerage and property management company. **Founded in 1972**, Bluestone & Hockley's staff totals nearly 110 employees, including 20 licensed brokers. The company's property management division serves commercial buildings, apartments, condominium associations and houses in the Portland / Vancouver metro area, while the brokerage division facilitates both leasing and sales of investment properties throughout Oregon and Washington.

Cliff earned a degree in Political Science from Claremont McKenna College and holds an MBA from Willamette University. He is a Certified Property Manager and has achieved his Certified Commercial Investment Member designation (CCIM). Bluestone & Hockley Real Estate Services is an Accredited Management Organization (AMO) by the Institute of Real Estate Management (IREM). Cliff is a member of the Institute of Real Estate Management and was named Certified Property Manager of the year in 2001 and 2003. Cliff is a frequent contributor to industry newsletters.



Bluestone & Hockley offers **customized brokerage, property and asset management, as well as maintenance services** to property owners and investors throughout the Portland/Vancouver metro area. The company's full-service approach benefits busy property owners and investors, who know they can count on Bluestone & Hockley for high quality real estate services start to finish.