

The logo for 99 acres, featuring the text "99 acres" in a bold, blue, sans-serif font. The background of the entire page is a low-angle photograph of several modern skyscrapers with glass facades, reaching towards a bright, hazy sky. The buildings are arranged in a way that creates a sense of depth and height.

**99 acres**

India's No.1 Property Portal

# INSITE REPORT

## Bangalore

—  
January - March 2017

[www.99acres.com](http://www.99acres.com)



## Methodology

The Insite Report by 99acres.com captures the quarterly capital trends and the annual rental analysis of residential apartments in key real estate markets – Delhi NCR, Mumbai Metropolitan Region (MMR), Bangalore, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad. In order to assess the prevailing sentiment, the report delves deep into demand and supply of properties across varied budget segments and occupancy stages. While demand is a function of queries received, supply is based on property listings posted on 99acres.com in Jan-Mar 2017.



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# FROM NARASIMHA'S DESK...

*Home loan interest subsidies, infrastructure status to affordable housing and change in the holding period of LTCG tax are expected to spur the market*

The year 2016 drew to a culmination with jitters instigated by some of the most radical alterations in the history of Indian real estate. RERA, GST Bill, demonetisation and Benami Transactions (Prohibition) Amendment Act surfaced as game-changing policies that brought anxiety and distractions to the housing market. Nevertheless, they promise greater transparency, optimism and lucrative returns for investors in the long term.

The realty market across the country reposed in the first quarter of 2017. Several initiatives announced in the Union Budget 2017-18 talked about enhancing infrastructure, improving connectivity and providing affordable housing. Home loan interest subsidies, infrastructure status to affordable housing and change in the holding period of LTCG tax are expected to spur the market. In tandem with the improving buyer sentiment, listings and page views on 99acres.com are at an all-time high, with the site having almost 60% page view share\* and 48% time share\*\* against players in the same space.

At a city-level, Delhi NCR and Mumbai saw minimal changes in property prices, restricted new



launches and a revival in enquiries during the quarter. Southern counterparts such as Bangalore and Hyderabad thrived on the back of government initiatives, commercial expansion, and emergence of IT hubs. Chennai, however, battled degeneration of residential housing stemming from political crisis and natural calamities.

The latter half of 2017 is speculated to see realty bounce back, provided the current leakages in the system are effectively plugged.

**Narasimha Jayakumar**  
Chief Business Officer  
99acres.com

Data source: SimilarWeb

\*Page View Share is the market share of total webpages viewed on site

\*\*Time Share is the market share of total time spent on site



## National Outlook



### HOME BUYING SENTIMENT

Union Budget 2017-18 triggered a positive wave after a nationwide slowdown gripped the market post currency ban. A recovery in enquiries and transactions across metros reflects a revival in homebuyer interest. Ready units in the affordable housing segment garnered maximum traction.



### PROPERTY PRICES

Popularity of low-budget homes proliferated due to focus on mass housing. Property prices remained under pressure as developers prioritised offloading existing stock and retreated from launching new projects at revised prices. Bangalore and Hyderabad narrated better stories than other metros.



### RENTAL LANDSCAPE

Prospective homebuyers refrained from finalising purchase decisions due to uncertain market conditions and hopes of further price correction. The rental business, subsequently, benefited. Average 'asks' across metros, barring Pune and Chennai, received a fillip, YoY.



### SUPPLY

New launches contracted further due to partial implementation of RERA, uncertainty over GST Bill, and a mammoth inventory overhang across metros. Supply in the secondary market soared following demonetisation, as investors made desperate attempts to exit real estate equity.

## Market Indicators

	Capital Values	Rental Values	Supply
BANGALORE	▲	▲	▼
DELHI NCR	▼	▲	▼
MUMBAI	◀▶	▲	▼
CHENNAI	◀▶	▼	▼
PUNE	◀▶	◀▶	▼
HYDERABAD	▲	▲	▼
KOLKATA	◀▶	▲	▲
AHMEDABAD	◀▶	▲	▲

\* Capital values represent quarterly change \* Rental values represent yearly change \* Supply is basis properties listed on 99acres.com





## Budget & Realty



### Affordable housing receives infrastructure status

Availability of funds at lower interest rates and associated tax sops would propel developers to build more economical units. The allowance of 100 percent tax deduction for affordable housing projects delivered within five years instead of the earlier mandate of three years would also help bridge the lacunae of 20 million houses in the time to come.



### Infrastructure sector gets a shot in the arm

Recognising the role that infrastructure plays in spurring economic growth, the central government earmarked Rs 3.9 lakh crore for the development of roadways, railways, metro and airways. Thrust to the connectivity quotient is anticipated to translate into huge benefits for realtors and investors alike.



### Rural housing grabs the limelight

A colossal amount of Rs 23,000 crore has been allocated under *Pradhan Mantri Awas Yojana* (PMAY) and Rs 19,000 crore towards the *Pradhan Mantri Gram Sadak Yojana* (PMGSY). While the former targets replacement of 1 crore *kachha* houses by 2019, the latter aims to improve the connectivity of all rural habitations of the country.



### Homebuyers to benefit from subsidies

The government announced subsidies of three and four percent for buyers opting for home loans worth Rs 12 lakh and Rs 9 lakh, respectively. Loan applicants, however, need to have an annual income under Rs 18 lakh and Rs 12 lakh. Further, they must invest in properties having a carpet area equal to or less than 600 sq ft and 900 sq ft. This would mean a relief of over Rs 2 lakh for property buyers.



### Holding period for LTCG tax reduces

The holding period for long term capital gains (LTCG) tax has been reduced from three years to two years. Until now, home owners would have to hold on to their property for at least three years to avoid short term capital gains tax, which has a higher tax implication than LTCG tax.



### Changes in tax norms for multiple property owners

The tax deduction available on loan repayment for a second home has been limited to a maximum of Rs 2 lakh. Until now, there was no ceiling on the tax deduction for investing in second homes. This might discourage investors from investing in multiple properties.

## Market Movers

### State budget promises infrastructure boost

Infrastructure development in Bangalore is set to receive a massive push as the Karnataka State budget allocated Rs 4,410 crore towards road widening, railway expansion and model townships in the city.

### City to get strengthened connectivity

The state government has given a nod to the suburban rail and metro link along ORR. While the metro rail, with an estimated cost of Rs 4,200 crore, will cover 13 stations, the suburban rail has been allocated Rs 345 crore in the first phase.

### BBMP introduces 'ground' rule to curb building plan violations

The Bruhat Bengaluru Mahanagara Palike (BBMP) proposed to confiscate the ground floor of all G+4 constructions to ensure compliance to building bye-laws. The authority plans to issue a 'release' certificate after validating the adherence of the final layout to the approved building plan.

### Water crisis jeopardises urban living

India's Silicon Valley is facing a grave water crisis owing to the illegal dumping of waste coupled with mass untreated sewage. The recent fire at Bellandur Lake has posed a serious threat to the residents of the city who are battling an ecological imbalance, with 98 percent lakes encroached upon.

### Ambiguity persists around Akrama Sakrama scheme

The fate of illegal buildings in Bangalore remains uncertain as the Supreme Court has put the *Akrama Sakrama scheme* on hold. The scheme aims to regularise illegal constructions and impose penalties on unapproved construction plans.





# Bangalore at a Glance

## Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Bannerghatta Road	4,000-6,000	3%	2%
Electronic City	3,500-4,200	1%	4%
Hennur	4,200-5,300	1%	4%
JP Nagar	4,300-6,000	4%	1%
Kanakpura Road	3,500-5,000	-1%	-3%
Old Madras Road	3,000-5,000	4%	-2%
Sarjapur Road	3,500-5,000	-1%	5%
Silk Board	3,500-5,000	1%	3%
Whitefield	3,500-5,500	2%	0%
Yelahanka	4,000-5,000	2%	4%

\* Average 'ask' rates have been calculated as per listings posted on 99acres.com in the current quarter

## 99ACRES OUTLOOK

Fresh supply in Bangalore suffered at the hands of demonetisation, partial implementation of Real Estate (Regulation and Development) Act and *Bruhat Bengaluru Mahanagara Palike's* (BBMP) initiative to free lake beds and storm water drains of encroachment. While the *Cauvery* Water row reached a settlement, the *Akrama Sakrama* scheme got stayed. The demolition drive against land encroachment continued in certain pockets, however, its severity scaled down over the months. A major takeaway for the city's realty market in Jan-Mar 2017 came from the State's budget session, which allocated hefty funds for infrastructure development.

Real estate sales continued to dwindle, however, several transactions were noted in March 2017. A majority of the buyer base remained wary of investing ahead of

the formalisation of RERA regulations. The situation of piling inventory worsened as several investors of under-construction homes re-entered the secondary market in a desperate bid to exit their investments. This subsequently restricted price growth as well as new launches in several locations across the city. The trend is expected to spill over to the next quarter as buyers would have ample opportunities to negotiate 'ask' prices.

Among the top metros, Bangalore recorded the lowest office space vacancy levels at four percent, highlighting a stable demand-supply equilibrium, particularly across the IT hubs. However, the current situation is a clear indicator of the space crunch in the city, a positive sign for the residential market suffering due to lack of housing sales.

## SOUTH AND EAST BANGALORE

After a brief period of lull post demonetisation, East and South Bangalore's realty landscape has started showing a silver lining with end-users returning to the market. The Jan-Mar 2017 quarter witnessed a slight upswing in property enquiries and sale transactions across budget categories.

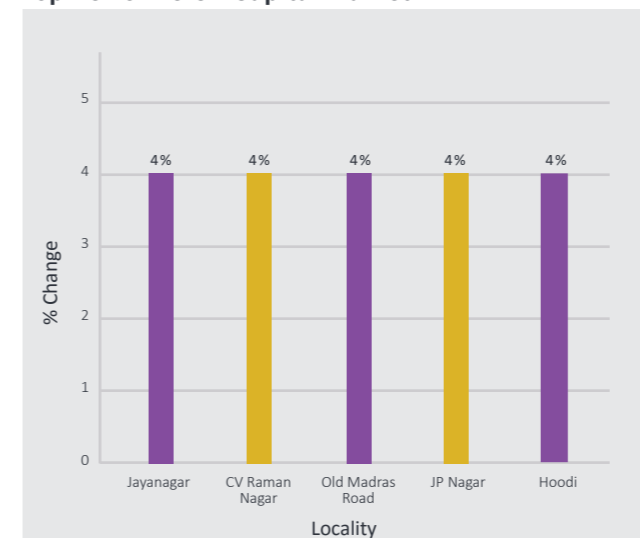
### Key Highlights

- Despite recovering sales volume, the piling residential inventory across East and South zones kept price growth restricted to a percent, each, in the current quarter, vis-a-vis the previous.
- While the overall market exhibited stagnancy, slight price variations were observed on the back of a few premium projects garnering healthy traction in localities such as Arakere, Bannerghatta Road and Hongasandra in the South. Healthy demand was noted by end-users in the ticket size of Rs 40-80 lakh across the zones.
- Second time in a row, Jayanagar, emerged as the top grosser. Demand-supply disequilibrium in this centrally located and well-connected locality is pushing capital rates up, QoQ.
- Substantial absorption of premium residential developments in JP Nagar in the South and Hoodi in the East pushed the average property rates by a perceptible margin of four percent, each, in Jan-Mar 2017 as compared to Oct-Dec 2016.
- The rental market in the IT/ITes dominated zones continued to flourish. Demonetisation gave an

additional push to this segment leading to an overall hike of three percent in rental rates in the current quarter, vis-a-vis the same quarter previous year.

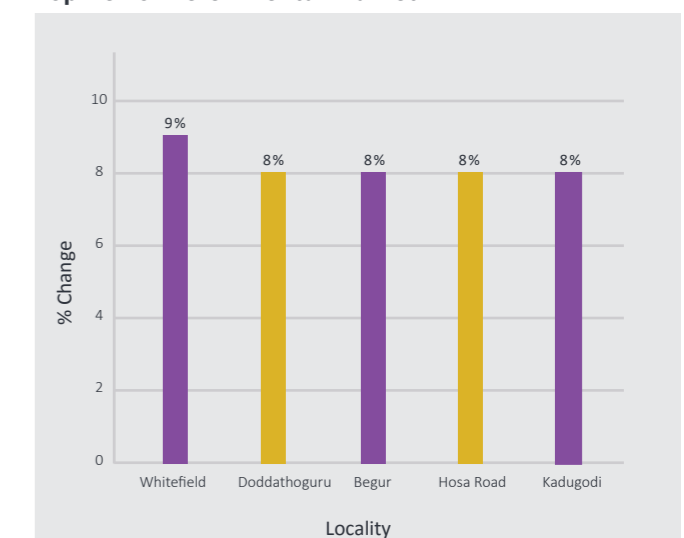
- While the capital market of Whitefield, the IT hub of the East, remained subdued, the locality emerged at forefront of the rental landscape and recorded an average hike of nine percent between Jan-Mar 2016 and Jan-Mar 2017.
- Kadugodi, the pocket friendly neighbour of Whitefield, too, garnered healthy traction from the tenant community and posted an eight percent price rise in the same time span.
- The southern zone exhibited a similar trend where maximum rental activity was noted in areas near the IT hub - Electronic City. Subsequently, localities such as Hosur Road, Begur and Doddathoguru registered an eight percent hike in rental values, YoY.
- Land values across the two zones remained largely subdued in the current quarter. Peripheral areas such as Hoskote and Sarjapur-Attibele Road saw a few transactions resulting into a surge in land rates to the tune of one to three percent, QoQ.

### Top Performers - Capital Market



\* %change represents quarterly capital movement

### Top Performers - Rental Market



\* %change represents yearly rental movement

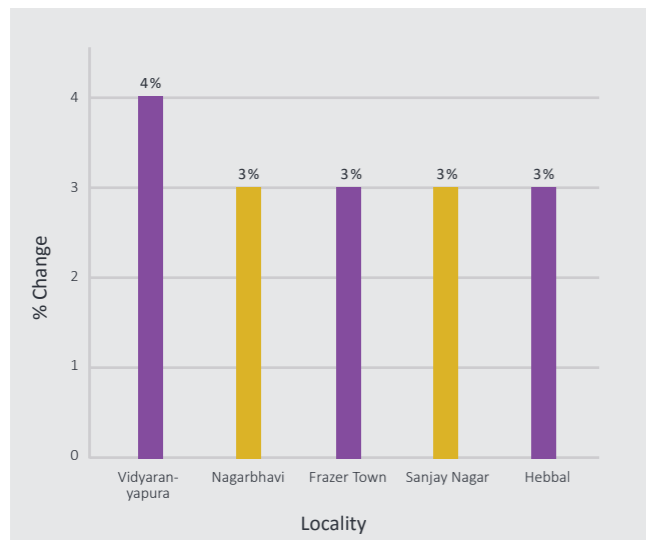
### NORTH, WEST AND CENTRAL BANGALORE

The North, West and Central zones witnessed subdued market sentiments in comparison to the East and South regions of Bangalore. The rigorous demolition drive against encroachment dejected the buyer community. The three zones witnessed stagnancy in the current quarter as sellers restrained from hiking the 'ask' rates.

#### Key Highlights

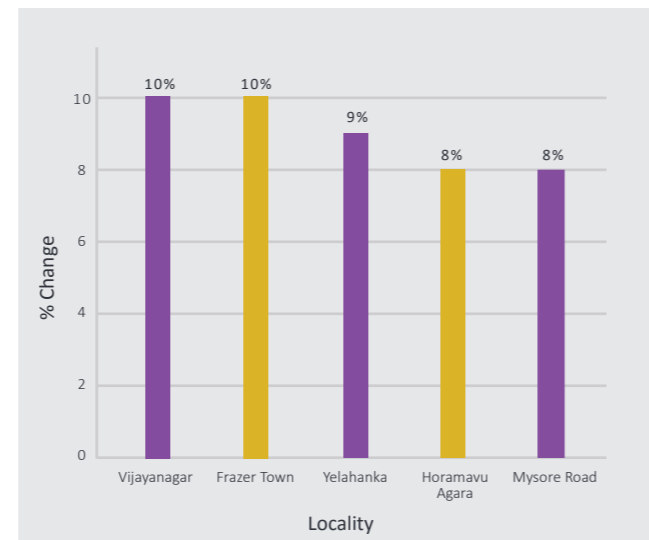
- A massive pile-up of ready-to-move properties across the developed areas of North and West Bangalore restricted price growth in the current quarter. However, after a mute spell in the first two months, several transactions were reported in March 2017.
- Frazer Town maintained its position amongst the top five grossers from Oct-Dec 2016 to Jan-Mar 2017. Demand outweighed supply of residential apartments here, giving sellers an opportunity to push 'ask' rates up in the locality.
- Sanjay Nagar and Hebbal in the North, which together accounted for more than 500 ready-to-move units lying vacant until January 2017, witnessed a few transactions resulting in moderate price movements in the quarter.
- Yelahanka and RT Nagar continued to attract budget homebuyers, however, the demolition drive dampened buyer sentiments and restricted price growth. While Yelahanka recorded a meek two percent price rise in Jan-Mar 2017, RT Nagar reported stagnant rates.
- Mysore Road garnered healthy interest from homebuyers and investors alike, but failed to register enough deals. Development of metro and the proposal to connect the Mysore-Magadi Road to Kempegowda Layout strengthened investment prospects of the region, resulting in a two percent rise in apartment values and a three-four percent hike in land rates in the current quarter.
- The rental market of all three zones flourished as buyers refrained from investing due to lack of clarity over RERA rules. While Central Bangalore posted a six percent rise in rental rates this quarter, as compared to the same quarter previous year, the northern and western zones recorded a four and three percent respective rise in rentals in the same time span.
- Affordable rental destinations such as Yelahanka and Horamavu Agara in the North and Mysore Road in the West emerged as the top-grossers in the period between Jan-Mar 2016 and Jan-Mar 2017 with a nine to eight percent spike in rental rates.

#### Top Performers - Capital Market



\* %change represents quarterly capital movement

#### Top Performers - Rental Market



\* %change represents yearly rental movement

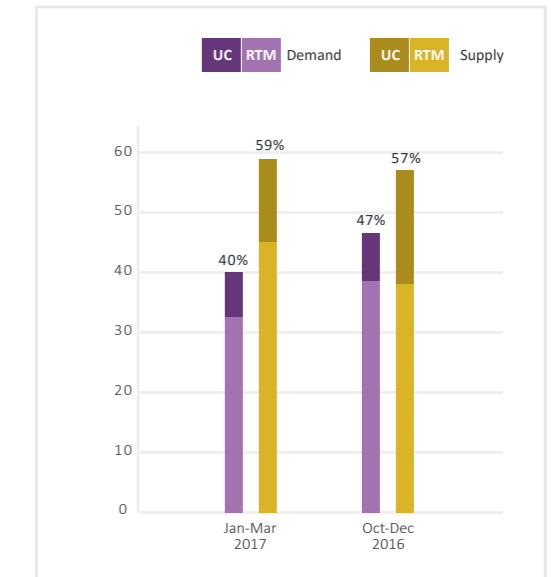
### DEMAND-SUPPLY ANALYSIS

Disparity in demand and supply of residential properties remained apparent in Bangalore in Jan-Mar 2017. Wary homebuyers enquired but refrained from finalising deals as they waited for clarity over RERA, Akrama Sakrama scheme, and the demolition drive against illegal constructions. Developers restricted new launches and continued focusing on offloading the existing inventory.

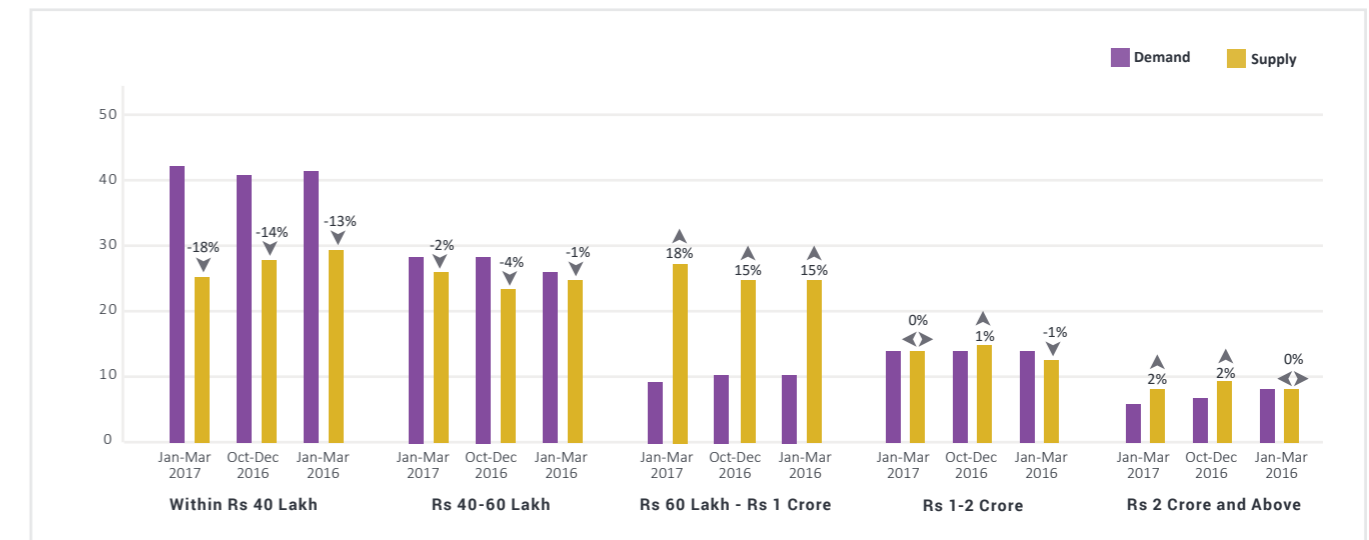
#### Key Trends

- Preference for apartments suffered significantly in the current quarter due to weak buyer confidence over timely project deliveries. Better negotiations in the builder floor market, especially for the re-sale inventory, led to a slight shift in homebuyer interest.
- While availability of apartments witnessed a marginal hike, the share of ready stock on sale leaped noticeably by approximately 10 percent. This was largely triggered by several investors looking to exit the market amid waning real estate sentiments.
- The affordable housing segment continued to garner maximum interest, however, its share of supply reduced marginally in Jan-Mar 2017, vis-a-vis Oct-Dec 2016. This widened the gap between demand and supply of properties priced within Rs 40 lakh from 14 percent to 18 percent, in the current quarter.
- The mid-income housing segment witnessed a slight increase in its availability, while demand maintained a status quo. This helped the city cover up the borderline mismatch in demand and supply of properties valued between Rs 40 and Rs 60 lakh.
- Preference and availability of properties falling in the budget bracket of Rs 1-2 crore, too, reached a perfect balance in Jan-Mar 2017.

#### Distribution of Residential Apartments



Graph depicts the availability of residential apartments wrt other property types, QoQ, along with the distribution of under-construction and ready stock



Graph depicts the fluctuation in supply wrt demand for residential properties in various budget categories

## Annexure

## CAPITAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Jan-Mar 2017	% Change
Akshaya Nagar	4000	3
Arakere	4600	2
Babusapalaya	3300	-6
Banashankari	5550	1
Banaswadi	5000	1
Bannerghatta	5150	2
Basavangudi	9700	-2
Begur	3950	-1
Begur Road	4300	1
Bellandur	5925	2
Bommanahalli	4175	2
Bommasandra	2950	3
Brookefield	5400	1
BTM Layout	5850	3
Channasandra	3850	1
Cooke Town	8780	0
CV Raman Nagar	4700	4
Doddanekkundi	5300	2
Doddathoguru	3575	1
Gottigere	3620	-3
Gunjur	4250	4
Haralur Road	5320	-11
Harlur	5650	1
HBR Layout	4775	2
Hongasandra	3500	3
Hoodi	5200	4
Hosa Road	4650	3
Hosur Road	4470	4
HSR Layout	5230	3
Hulimavu	5000	4
Indira Nagar	9575	4
ITPL	5000	-2
Jayanagar	9400	4
Kadugodi	3820	-6
Kalyan Nagar	4425	3

## CAPITAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Jan-Mar 2017	% Change
Kodichikkanahalli	4200	-2
Koramangala	9300	3
KR Puram	4100	3
Kudlu Gate	5600	3
Kundalahalli	5150	1
Mahadevpura	5200	4
Marathahalli	5720	2
Old Airport Road	6750	0
Old Madras Road	4700	4
Padmanabhanagar	5450	4
Panathur	4950	-1
Ramamurthy Nagar	4100	3
Silk Board	4100	1
Subramanyapura	5100	-2
TC Palaya	3425	2
Uttarahalli	4070	-6
Varthur	4475	3

## RENTAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Jan-Mar 2017	% Change
AECS Layout	19	6
Akshaya Nagar	14	8
Arakere	17	0
Banashankari	17	6
Banaswadi	16	0
Bannerghatta Road	16	7
Basavangudi	21	3
Begur	14	8
Begur Road	13	0
Bellandur	20	3
Brookefield	18	6
BTM Layout	18	-8
Cooke Town	23	7

## Annexure

## RENTAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Jan-Mar 2017	% Change
CV Raman Nagar	16	7
Doddathoguru	14	8
Domlur	24	4
Electronic City	15	4
Gottigere	12	0
Haralur Road	18	-3
HBR Layout	18	3
Hoodi	17	6
Hosa Road	14	8
Hosur Road	15	7
HSR Layout	21	3
Hulimavu	14	0
Indira Nagar	25	0
ITPL	18	6
Jayanagar	20	-3
JP Nagar	17	3
Kadugodi	14	8
Kalyan Nagar	17	3
Kanakapura Road	13	4
Kodihalli	17	6
Koramangala	25	2
KR Puram	13	0
Kundalahalli	18	6
Mahadevpura	18	6
Marathahalli	19	6
Murugeshpalya	19	0
Old Airport Road	21	-7
Old Madras Road	17	-11
Panathur	18	6
Ramamurthy Nagar	13	0
Sarjapur Road	20	5
Subramanyapura	12	0
TC Palaya	13	0
Uttarahalli	12	4
Whitefield	18	9

## CAPITAL VALUES

NORTH, WEST AND CENTRAL BANGALORE APARTMENTS

Locality	Jan-Mar 2017	% Change
Basaveshwara Nagar	6350	-2
Benson Town	9683	-3
Budigere	4700	0
Cox Town	7125	2
Frazer Town	8650	3
Hebbal	5983	3
Hegde Nagar	5550	2
Hennur	5100	1
Hennur Road	5700	1
Horamavu Agara	4300	1
Horamavu	4217	1
Jakkur	4850	-2
Jalahalli	5350	-2
Kengeri	3650	0
Malleshwaram	11667	1
Mysore Road	4750	2
Nagarbhavi	4200	3
Nagavara	4600	2
RT Nagar	4750	0
Rachenahalli	4550	-4
Raja Rajeshwari Nagar	4075	-3
Rajaji Nagar	12550	1
Richmond Town	10825	0
RMV Extension	6900	-2
Sahakara Nagar	5825	0
Sanjay Nagar	7000	3
Thanisandra	5100	-2
Ulsoor	9850	-2
Vidyaranyapura	4300	4
Vijayanagar	5400	-7
Yelahanka	5000	2
Yeshwanthpur	7000	-5



# Annexure

## RENTAL VALUES

NORTH, WEST AND CENTRAL BANGALORE  
APARTMENTS

Locality	Jan-Mar 2017	% Change
Cox Town	21	5
Frazer Town	23	10
Hebbal	16	0
Hennur	16	3
Horamavu Agara	13	8
Jakkur	13	4
Jalahalli	15	-3
Kengeri	11	0
Malleswaram	26	6
Mysore Road	14	8
Nagarbhavi	14	0
Nagavara	15	7
RT Nagar	14	-4
Raja Rajeshwari Nagar	12	-4
Rajaji Nagar	18	6
Richmond Road	29	6
Richmond Town	29	6
Sahakara Nagar	16	3
Thanisandra	15	0
Ulsoor	27	2
Vidyaranyapura	12	5
Vijayanagar	17	10
Yelahanka	13	9
Yeshwanthpur	19	6

## CAPITAL VALUES

BANGALORE - LAND

Locality	Jan-Mar 2017	% Change
Anekal	1325	2
Anjanapura	4300	-4
Attibele	1550	0
Bidadi	1300	4
Chandapura	1600	0
Devanahalli	1600	2
Doddaballapur	1522	1
Hessarghatta	950	-10
Hoskote	1644	3
HRBR Layout	9050	0
IVC Road	950	1
Jigani	1600	0
Judicial Layout	9650	3
Kalkere	3700	0
Kasturi Nagar	10700	0
Magadi Road	2200	1
Malur	1000	0
MCECHS layout	6075	1
Nandi Hills	1575	0
Nelamangala	1350	0
OMBR Layout	9900	-4
Sarjapur	1650	0
Sarjapura- Attibele Road	1950	1
Tumkur Road	1675	2





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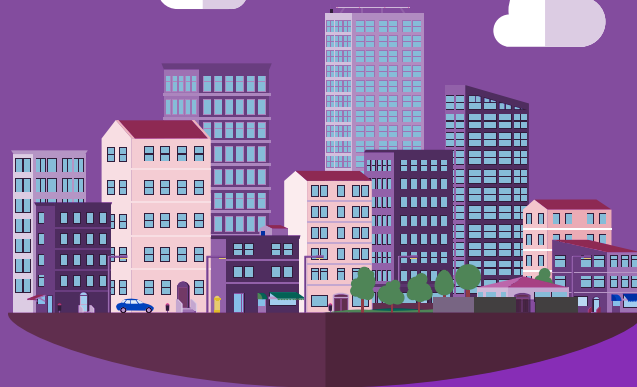
Over 8 lakh  
property  
listings



Genuine  
listings with  
photographs



More than  
1.4 lakh  
projects



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