

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

—  
October - December 2016

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



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# FROM NARASIMHA'S DESK...

*Counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite*

The Indian real estate market has been struggling with snowballing inventory and demand-supply disequilibrium for 3-4 years now. Just when the industry was heading towards a revival around the festive season, demonetisation deferred growth prospects. Consequential impact in the form of market anxiety, liquidity deficit and pressure on property rates may prolong recovery.

The year 2017, however, is anticipated to be a landmark period for real estate due to the implementation of several reformatory announcements such as RERA, Benami Transactions Act and GST Bill. These radical steps clubbed with counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite and help the market recoup.

Southern metros such as Hyderabad, Chennai and Bangalore are projected to see brighter days due to their



end-user driven markets and massive budget allocations for infrastructure upgrades. Delhi NCR and Mumbai, however, could take longer owing to an inventory overhang and inflated property prices. Nevertheless, changing economic scenario and consumer-friendly policies would pave the way to a transparent and organised industry in the forthcoming quarters.

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



## Pan India Trends



### HOME BUYING SENTIMENT

Apprehensions pertaining to several revolutionary policy reforms such as RERA, Land Acquisition Bill, GST Bill, *Benami* Transactions Act and demonetisation kept buyers in a state of dilemma. Fence-sitters continued to remain wary of investing and waited for price correction and market certainty.



### PROPERTY PRICES

Limited number of new launches due to an inventory overhang kept property prices under pressure. The cautious stance of homebuyers restrained capital appreciation across cities. The currency pullback move led the average 'ask' prices to either stagnate or dip in Oct-Dec 2016.



### RENTAL LANDSCAPE

The rental market across the top metros continued to remain buoyant as steady demand for properties kept vacancy levels in check. The prevailing market uncertainty due to multiple policy reforms compelled potential buyers to hold on to rented accommodations, augmenting demand and price points.



### SUPPLY

Piling unsold inventory led developers across the country to shift their focus towards offloading existing housing stock. Homebuyers, too, preferred ready homes over under-construction units. With the formalisation of RERA rules, new launches are expected to remain subdued in 2017.

## 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





## Market Movers

### **Government extends deadline for property regularisation**

The State government has extended the date for getting properties regularised to January 21, 2017 as a part of the *Akrama-Sakrama* scheme. The penalty fee for rural areas, too, has been slashed by 50 percent.

### **Delay in TDR policy stalls realty projects**

Several real estate projects have been stalled owing to delay in announcement of the new Transfer of Development Rights (TDR) policy. The government has asked the development authority and municipal body to hold back project approvals.

### **Satellite images to curb illegal constructions in Bangalore**

To curb rampant illegal construction activities in the city, the municipal body has decided to use satellite images, which will be placed over the existing maps to assess the degree of encroachment.

### **Key connectivity projects on the cards**

To enhance intra-city connectivity, alternate roads to airport, Whitefield-Byappanahalli suburban rail and Metro extension up till Outer Ring Road (ORR) are in the pipeline. Meanwhile, the ambitious Bus Rapid Transit System and the steel flyover projects were put on hold due to unviability.

### **BDA plans a Smart City in KG Layout**

Bangalore Development Authority (BDA) has proposed to develop Nadaprabhu Kempe Gowda (KG) Layout as a Smart City. The proposal involves developing sound infrastructure for IT Parks, an 11.7 km long and 150 ft wide road and provision for metro expansion in future.

## Demonetisation Strikes Bangalore



### **READY TO MOVE**

The initial repercussions of the currency ban move could be seen with a significant drop in demand for new residential properties. The negative sentiment and perceived uncertainty prevailing in the market has, thereby, resulted in buyers deferring their purchase decisions.



### **UNDER CONSTRUCTION**

The cash crunch slowed down construction work across the city in the first few weeks post the announcement. Consequently, there is an expected delay of 2-3 quarters in the completion of several residential projects, impacting the projected supply of fresh housing stock in 2017.



### **LAND**

Land transactions, which are heavily cash-dependent, bore the maximum brunt with many deals getting stalled and buyers withdrawing at the last moment.



### **RESALE**

Resale activity came to an immediate standstill. While buyers are expecting the prices to drop, sellers are in no hurry to sell their properties at discounted rates.



### **RENTAL**

The disruption caused by demonetisation has minimally impacted the rental market with a negligible drop in enquiries. The micro-markets near IT hubs continue to remain upbeat with a probable hike in rental 'asks' expected in the mid to long term.

# Bangalore at a Glance

## Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Bannerghatta Road	3,550 - 6,000	-1%	-8%
Electronic City	3,145 - 4,080	1%	5%
Hennur	4,050 - 5,180	1%	5%
JP Nagar	4,200 - 6,300	-1%	5%
Kanakapura Road	3,740 - 4,800	1%	-1%
Old Madras Road	3,550 - 4,500	0%	-4%
Sarjapur Road	4,000 - 6,900	1%	10%
Silk Board	2,700 - 4,650	-1%	4%
Whitefield	4,050 - 5,150	1%	0%
Yelahanka	3,825 - 4,750	2%	4%

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

## 99ACRES OUTLOOK

The momentary civil unrest over Cauvery water and market anxiety cropping from multiple factors such as the civic body's demolition drive against land encroachment and *Akrama-Sakrama* penalties jeopardised the growth of an otherwise progressive real estate landscape of Bangalore in Oct-Dec 2016. The Centre's demonetisation move and the delay pertaining to formalisation of RERA rules further dampened market sentiment.

The year 2017 is speculated to usher transparency into the functioning of the sector, paving the way for a revival in housing demand. The affordable and mid-segment

housing will continue to strive on the back of a flourishing commercial market.

While sales are expected to be muted temporarily with wary buyers anticipating softening of property prices, the city is unlikely to see a heavy price correction, if any, owing to a meek gap between circle rates and market prices.

The upcoming quarter, nevertheless, may offer some of the best bets for smart investors looking to crack a good deal and make an investment, which would yield healthy rewards in the future.

## SOUTH AND EAST BANGALORE

Lack of occupancy certificates, city-wide drive to tackle encroachment of storm water drains (*rajkaluves*) and National Green Tribunal's order on buffer zone marred realty sentiment in Oct-Dec 2016. Despite this, property prices did not alter and stayed stable in key micro-markets close to IT hubs in East and South Bangalore.

### Key Highlights

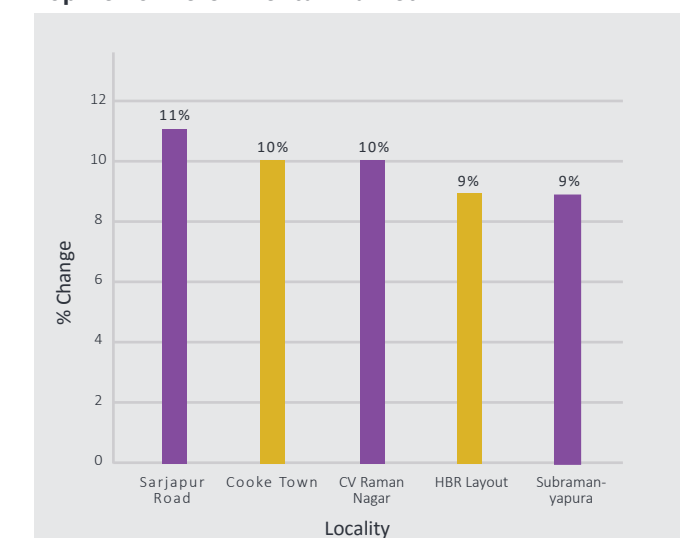
- South and East Bangalore saw a revival in demand, especially in the affordable housing category, in H2 2016. Sellers, however, refrained from hiking 'ask' rates, keeping capital growth under check.
- Healthy commercial and retail absorption and ample availability of luxury housing stock led Jayanagar to top the growth charts and record a five percent growth in average weighted prices, QoQ.
- Prominent housing belts such as Kodichikkanahalli, Doddathoguru and Electronic City in South Bangalore garnered interest from end-users due to availability of ready inventory. In East Bangalore, Old Madras Road, Kundalahalli and HBR Layout continued to attract the developer community and witnessed a few new project launches.
- Meanwhile, Bannerghatta Road, Bommasandra and Begur bore the maximum brunt of the civic body's demolition drive against encroachment and saw housing prices dipping by six to eight percent, QoQ.
- Demand for residential plots, too, remained meek and led the average rates to slip in Oct-Dec 2016, albeit minimally. Land rates in southern localities such as Hessarghatta and Magadi Road subsidised by six and 11 percent, respectively, QoQ.
- The rental market remained buoyant with East and South zones recording an annual growth of three percent. Availability of mid-income housing stock and improved commercial absorption propelled demand.
- Sarjapur Road in the East topped the rental rankings by posting 11 percent growth YoY, owing to its proximity to the IT hub of Whitefield. In the South, Subramanyapura and Kanakapura Road recorded an average rental growth of nine percent, each, YoY.
- Average rentals of builder floors moved up by two percent over the last one year with Ramamurthy Nagar and KR Puram in the East topping the growth charts owing to seamless connectivity to Whitefield and relative affordability to residential apartments.

### Top Performers - Capital Market



\* %change represents quarterly capital movement

### Top Performers - Rental Market



\* %change represents yearly rental movement



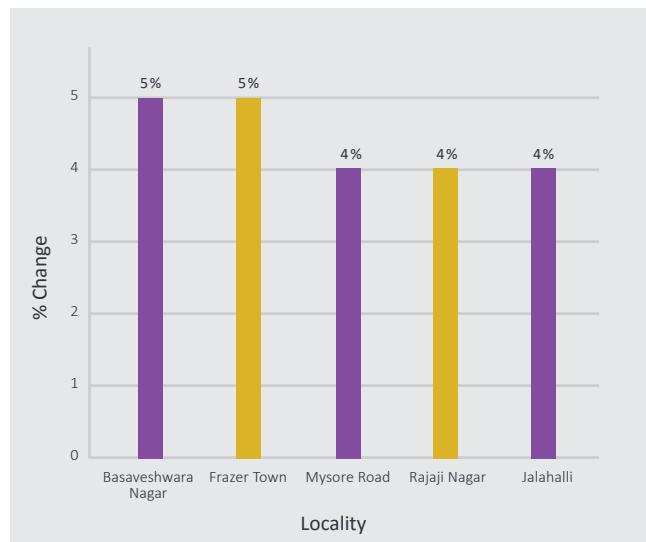
### NORTH, WEST AND CENTRAL BANGALORE

While North, West and Central Bangalore recorded a spike in property transactions in the festive month of October, the demonetisation move resulted in a void for a month, impacting overall demand and price points. The micro-markets are speculated to see a revival in demand with a number of new projects nearing completion in Q1 2017.

#### Key Highlights

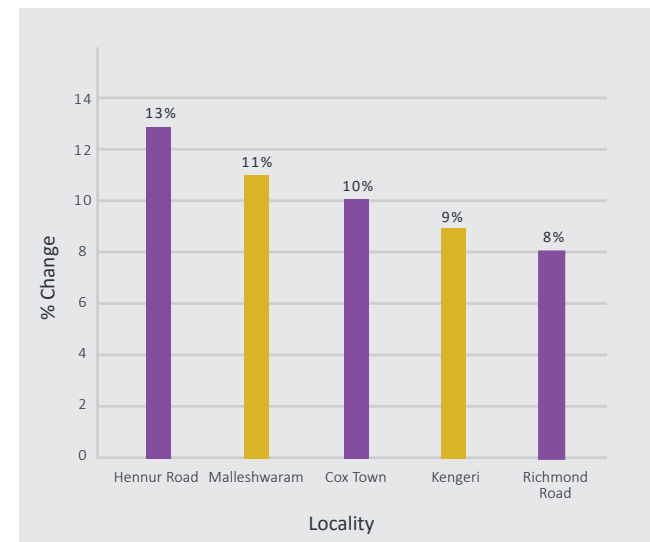
- In tandem with the overall sentiment of the city, the capital prices in North, West and Central Bangalore remained muted in Oct-Dec 2016.
- In the West, Mysore Road garnered interest from homebuyers on the back of development of Global Tech Village and witnessed property prices going up by four percent, QoQ. On the other hand, Yelahanka in the North, registered a two percent growth despite the ongoing demolition drive over land encroachment.
- Improved connectivity and affordable housing projects boosted the residential land prices in Doddaballapur and Devanahalli in North Bangalore, resulting in a six percent hike in plot rates, QoQ.
- The micro-markets of Bidadi, IVC Road and Tumkur Road recorded a drop in residential land rates owing to the delay in execution of the Smart City project and deferred implementation of the ITIR project.
- The rental market recorded an annual growth of six percent with major share occupied by localities nesting in North Bangalore.
- Hennur Road posted a healthy growth of four percent in capital values and 13 percent hike in rental 'asks', YoY, owing to its proximity to airport and seamless connectivity to ORR.
- Rental 'asks' in Ulsoor in Central Bangalore rose by four percent with Namma Metro Phase 1 project playing a major role in attracting the tenant community.
- The rental market of builder floors also remained buoyant with a three percent uptick in average rental values, YoY.
- Nagawara and RT Nagar in the North continued their growth trajectories and recorded an eight percent hike in rental rates, each, YoY. While Nagawara garnered healthy interest due to the presence of Gottigere-Nagawara Metro corridor in its vicinity, ample availability of mid-income rental stock benefitted the market of RT Nagar.
- Other localities such as Mathikere, Rajaji Nagar and Basaveshwara Nagar also recorded healthy growth to the tune of 3-7 percent, YoY, in rental 'asks'.

#### Top Performers - Capital Market



\* %change represents quarterly capital movement

#### Top Performers - Rental Market



\* %change represents yearly rental movement

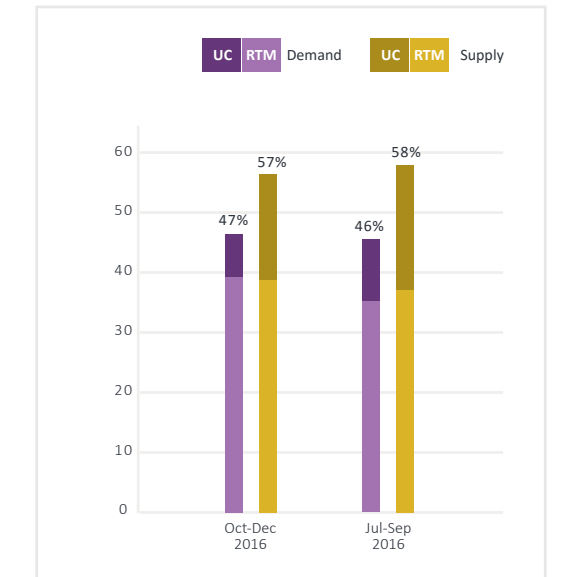
### DEMAND-SUPPLY ANALYSIS

The quarter Oct-Dec 2016 was marked by various distractions and battles pertaining to demonetisation, *Akrama Sakrama* scheme and the mass drive against illegal constructions in the city. Consequently, new projects took a backseat and investors withdrew from the market. This adversely impacted both demand and supply of housing stock in Bangalore.

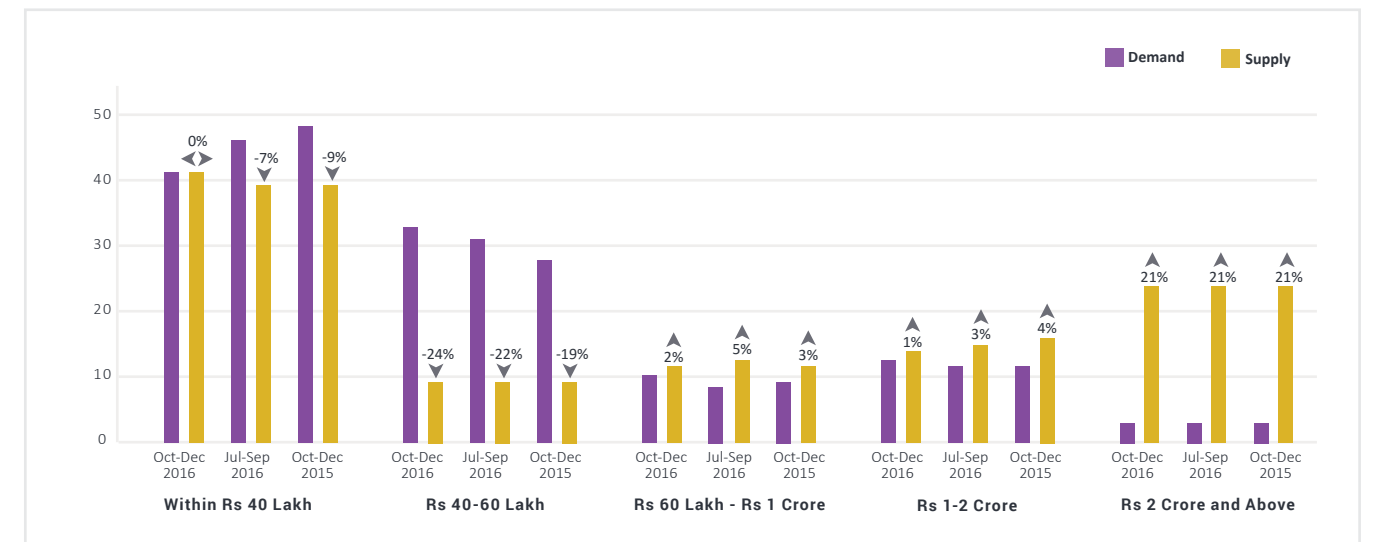
#### Key Trends

- Affordable housing segment continued to dominate the popularity charts and captured over 40 percent of the total demand for residential apartments. While demand outstripped supply in previous quarters, addition of fresh housing stock helped in meeting the city's appetite in Oct-Dec 2016.
- Demand for properties priced within Rs 40-60 lakh inched north, QoQ, and superseded its supply. Developers seeking clarity over the new TDR policy and civic body's demolition drive leading to project delays contributed to this mismatch.
- The availability of ready-to-move housing stock surged by four percent in Oct-Dec 2016 with South and East Bangalore reporting maximum concentration. Preference for ready homes also augmented by three percent. However, supply of such properties still failed to meet the growing demand.
- Demand for under-construction projects dipped by three percent, QoQ, whereas the supply dropped by four percent. While buyers' interest was largely skewed towards ready homes, developers, too, were seen refraining from new launches and focussing on completing their existing projects.

#### 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 apartments in various budget categories

## Annexure

## CAPITAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Oct-Dec 2016	% Change
Akshaya Nagar	3883	2
Arekere	4200	0
Babusapalaya	3517	-4
Banashankari	5500	4
Banaswadi	4950	-3
Bannerghatta	5025	-6
Basavangudi	9900	2
Begur	3975	-8
Begur Road	4275	1
Bellandur	5933	1
Bommanahalli	4100	0
Bommasandra	2875	-4
Brookefield	5350	1
BTM Layout	5700	-3
Channasandra	3825	-2
Cooke Town	8800	-1
CV Raman Nagar	5250	0
Doddanekkundi	5175	1
Doddathoguru	3525	4
Gottigere	3725	3
Gunjur	4100	3
Haralur Road	6000	3
Harlur	5600	2
HBR Layout	4525	4
Hongasandra	3175	-5
Hoodi	4967	0
Hosa Road	4500	2
Hosur Road	4300	-1
HSR Layout	5100	-2
Hulimavu	4800	3
Indira Nagar	9225	3
ITPL	5100	-6
Jayanagar	8900	5
Kadugodi	4075	-1
Kalyan Nagar	4683	4

## CAPITAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Oct-Dec 2016	% Change
Kasavanhalli	5250	4
Kodichikkanahalli	4300	4
Koramangala	9000	3
KR Puram	3967	-3
Kudlu Gate	5425	2
Kundalahalli	5100	4
Mahadevpura	5000	2
Marathahalli	5583	1
Murugeshpalya	4850	-8
Old Airport Road	6725	4
Panathur	4800	1
Ramamurthy Nagar	3925	-3
Singasandra	3950	-1
Subramanyapura	5200	4
TC Palaya	3367	-1
Uttarahalli	4325	2
Varthur	4350	-1

## RENTAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Oct-Dec 2016	% Change
AECS Layout	18	-5
Akshaya Nagar	13	0
Arekere	16	0
Banaswadi	16	0
Bannerghatta Road	15	0
Basavangudi	22	2
Begur	14	8
Begur Road	13	0
Bellandur	20	3
Bommanahalli	16	7
Bommasandra	11	5
Brookefield	18	6
BTM Layout	17	-8

## Annexure

## RENTAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Oct-Dec 2016	% Change
Cooke Town	22	10%
CV Raman Nagar	17	10%
Doddathoguru	14	8%
Domlur	24	4%
Electronic City	14	8%
Gottigere	12	0%
Haralur Road	20	8%
HBR Layout	18	9%
Hoodi	16	0%
Hosa Road	13	8%
Hosur Road	16	-3%
HSR Layout	21	3%
Hulimavu	14	8%
Indira Nagar	25	7%
ITPL	17	0%
Jayanagar	21	5%
JP Nagar	16	0%
Kadugodi	13	0%
Kanakapura Road	12	9%
Kodihalli	20	5%
Koramangala	26	4%
Kundalahalli	17	-6%
Mahadevpura	18	3%
Malleshpalya	16	3%
Marathahalli	19	0%
Murugeshpalya	19	6%
Old Airport Road	21	-5%
Old Madras Road	17	-15%
Panathur	18	0%
Sarjapur	11	-15%
Sarjapur Road	20	11%
Singasandra	14	8%
Subramanyapura	12	9%
Uttarahalli	12	0%
Whitefield	17	6%

## CAPITAL VALUES

NORTH, WEST AND CENTRAL BANGALORE APARTMENTS

Locality	Oct-Dec 2016	% Change
Basaveshwara Nagar	6500	5
Benson Town	9983	-3
Budigere	4700	2
Cox Town	7225	2
Frazer Town	8400	5
Hebbal	5817	-3
Hegde Nagar	5433	3
Hennur	5050	1
Hennur Road	5625	3
Horamavu Agara	4250	1
Hormavu	4183	1
Jakkur	4950	4
Jalahalli	5467	4
Kengeri	3650	-6
Malleshwaram	11517	-3
Mysore Road	4650	4
Nagarbhavi	4075	-5
Nagawara	4900	-8
RT Nagar	5000	-7
Rachenahalli	5150	4
Raja Rajeshwari Nagar	4200	2
Rajaji Nagar	12483	4
Richmond Town	10825	0
RMV Extension	7050	0
Sahakara Nagar	5825	-5
Sanjay Nagar	6867	-7
Thanisandra	5200	4
Ulsoor	10100	1
Vidyaranyapura	4117	-1
Vijayanagar	5800	1
Yelahanka	4900	2
Yeshwanthpur	7333	0



# Annexure

## RENTAL VALUES

NORTH, WEST AND CENTRAL BANGALORE  
APARTMENTS

Locality	Oct-Dec 2016	% Change
Basaveshwara Nagar	17	3
Cox Town	22	10
Frazer Town	22	5
Hebbal	15	4
Hennur	16	3
Hennur Road	17	13
Horamavu Agara	14	0
Hormavu	15	7
Jakkur	14	4
Jalahalli	16	3
Kengeri	12	9
Malleswaram	26	11
Mathikere	15	7
Mysore Road	14	8
Nagarbhavi	13	0
Nagawara	14	8
RT Nagar	14	8
Raja Rajeshwari Nagar	12	0
Rajaji Nagar	18	6
Richmond Road	26	8
Richmond Town	28	-3
Sahakara Nagar	15	0
Thanisandra	15	7
Ulsoor	28	4
Vidyaranyapura	12	0
Vijayanagar	14	0
Yelahanka	13	8
Yeshwanthpur	19	-5

## CAPITAL VALUES

BANGALORE - LAND

Locality	Oct-Dec 2016	% Change
Anekal	1400	0
Anjanapura	4489	2
Attibele	1544	2
Bidadi	1300	-1
Chandapura	1675	3
Devanahalli	1592	6
Doddaballapur	1622	6
Hessarghatta	1100	-6
Hoskote	1600	0
HRBR Layout	13100	5
IVC Road	1069	-3
Jigani	1600	2
Judicial Layout	9664	3
Kalkere	3517	2
Kasturi Nagar	10678	-1
Kodigehaali	6017	-7
Magadi Road	2139	-11
Malur	1000	-4
MCECHS layout	6050	3
Nandi Hills	1486	1
Nelamangala	1350	3
OMBR Layout	10300	0
Rajankunte	1600	3
Sarjapur	1578	-4
Sarjapura - Attibele Road	1961	1
Tumkur Road	1647	-3





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