

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.

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INSITE REPORT

Pune

—
January - March 2017

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

Increased FSI for Transit Oriented Development (TOD)

In order to address the housing and urbanisation challenges of Pune, the state government has raised the Floor Space Index (FSI) around Transit Oriented Zones, Bus Rapid Transit System (BRTS) and metro corridors to four.

Proposal to hike property and water tax

The Pune Municipal Commissioner's budget proposed a 12 and 15 percent hike in property and water tax, respectively. This might adversely impact home buying sentiment across the city.

Infrastructure overhaul on the cards

In addition to the allocation of Rs 451 crore for the third line of metro rail (Shivajinagar-Hinjewadi), Pune is anticipated to benefit from the development of other infrastructure projects including international airport, flyovers and underpasses.

Proposal to develop Ring Road into an economic corridor

The state government has proposed to develop the upcoming eight-lane ring road as an economic corridor. The road will provide better connectivity and comprehensive development around Pune and Pimpri Chinchwad.

PMC tightens noose on property tax defaulters

The Pune Municipal Corporation (PMC) has initiated raids and sealed properties to dig out property tax defaulters. This is despite reporting a 35 percent surge, YoY, in digital property tax payments.



Pune at a Glance

Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Baner	5,800-6,900	1%	1%
Bavdhan	5,700-6,700	-1%	1%
Hadapsar	5,000-6,100	3%	6%
Hinjewadi	4,700-5,600	-1%	-3%
Kharadi	5,200-6,200	1%	0%
Kothrud	7,700-9,600	1%	5%
Pimple Saudagar	5,800-6,900	2%	0%
Sinhgad Road	4,500-6,000	-1%	2%
Wagholi	3,600-4,500	-3%	-2%
Wakad	5,200-6,200	0%	0%

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

99ACRES OUTLOOK

Uncertainty surrounding several central government schemes and changing housing policies due to the formulation of Real Estate (Regulation and Development) Act have led to multitude of challenges in Pune's real estate market. The city currently sits on an inventory which might take two years to clear. In the wake of this, developers have turned defensive and restricted new launches by over 45 percent in the last one year. This has subsequently limited the chances of price growth. However, speculations around a price dip in the city might flounder as demand and supply are expected to inch closer in the forthcoming quarters. The state of panic and confusion led many homebuyers to defer their buying decisions.

Nonetheless, governmental endeavours to boost affordable housing reaped results with a consistent rise in demand as

well as supply of houses priced within Rs 40 lakh. While the category is yet to reach equilibrium with preference outweighing availability, a breakthrough is expected in a few quarters from now. Accordingly, fringes are expanding due to the presence of land parcels at low cost and the trend is likely to continue with proposed infrastructure projects such as metro rail and ring road projects connecting the outskirts to city centre.

Contrary to the residential sector, commercial market in the city witnessed sustained demand in Jan-Mar 2017. The ready-to-move inventory supply, however, is meek as the ongoing office projects might take over two years to complete.

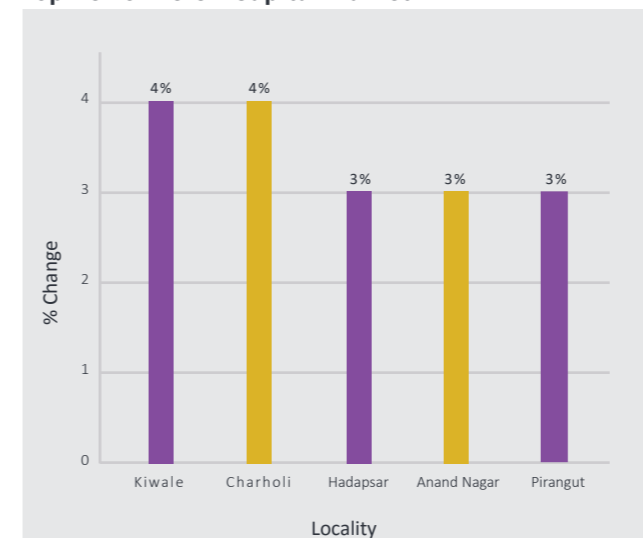
PUNE

Similar to other metro cities, Pune, too, is struggling to recover from distressed sales and weak market sentiment triggered by demonetisation. Formation of a new government at Pimpri Chinchwad Municipal Corporation (PCMC) and allocation of budget for the Pavana Pipeline Project (PPP), road infrastructure and other civic projects have instilled some stability in the city's realty.

Key Highlights

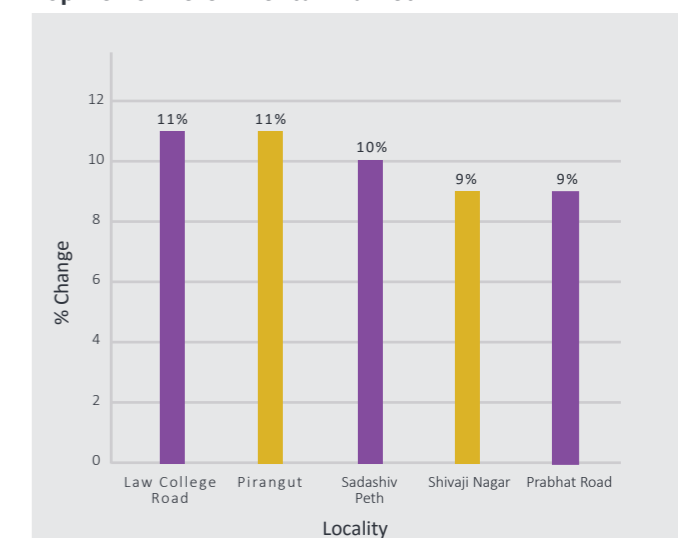
- Despite modest absorption rate, average weighted capital rates and rental 'asks' in Pune maintained status quo in Jan-Mar 2017. Developers were seen tempering their new projects leading to a 45 percent reduction in launches, YoY.
- Defying the tide, more than 50 percent of the tracked localities reported moderate hike in average capital rates, QoQ. Housing pockets under PCMC's purview posted healthy demand and price appreciation.
- Proposed infrastructure projects such as PPP and ring road helped Charholi score a price appreciation of four percent in Jan-Mar 2017, as against the previous quarter. The cluster is strategically located at Bhosari-Chakan industrial belt.
- Following suit, Kiwale, Hadapsar and Anand Nagar recorded a quarterly capital hike of 3-4 percent, each. Lower ticket sizes, multiple residential options across all budget categories, proximity to workplaces and planned Bus Rapid Transport System (BRTS) contributed to the growth story of these areas.
- Pirangut in the West continues to attract first-time homebuyers owing to its affordability quotient.
- Proximity to Paud Road, Pune-Bangalore Highway and development of internal arterial roads offering direct connectivity to Hinjewadi Phase 3 acted as growth drivers for the region.
- While peripheries remained the preferred choice for investors and end-users, city centres garnered popularity among the tenant community, majorly students, for their easy access to social amenities.
- Commencement of new academic session acted as a growth facilitator for educational hubs such as Law College Road and Shivaji Nagar, that observed a significant rental hike of 11 percent each, YoY. Additionally, Pune Metropolitan Regional Development Authority's (PMRDA) budget approval for the third metro line connecting Hinjewadi and Shivajinagar also contributed to the spike in rental rates.
- City centres – Sadashiv Peth and Prabhat Road – also recorded a rental hike to the tune of 9-10 percent, YoY. While Sadashiv Peth benefitted from its inclusion in the Wada redevelopment plan proposed by PMC, rentals in Prabhat Road shot up due to paucity of rental inventory.

Top Performers - Capital Market



* %change represents quarterly capital movement

Top Performers - Rental Market



* %change represents yearly rental movement

DEMAND-SUPPLY ANALYSIS

Multiple project deliveries and higher resale stock in the current quarter enhanced the availability of ready units by over 10 percent in Jan-Mar 2017, as compared to Oct-Dec 2016. The demand for under-construction apartments, on the other hand, has been witnessing a slump post the currency ban by the Centre. Like other metros, Pune, too, is struggling to overcome the anxiety and uncertainties caused by several other policy initiatives such as RERA and GST Bill.

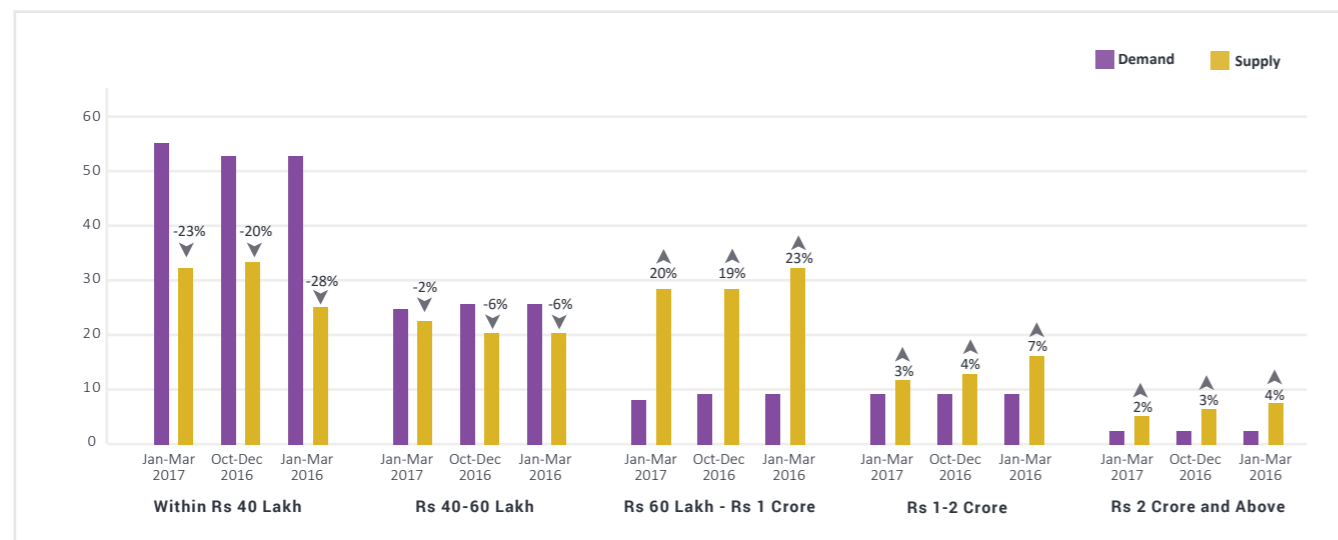
Key Trends

- Affordable housing segment (within Rs 40 lakh) captured maximum inventory supply at 32 percent in Jan-Mar 2017. Several buyer-incentivising schemes led to a greater traction for this category in Pune. However, new launches recorded a dip as cash strapped developers jostled for project completion.
- Availability of mid-income housing segment surged by three percent, resulting in a narrower gap between demand and supply.
- While outstripping demand in the lower ticket sizes accorded an upward price movement, premium projects felt the pinch in the backdrop of surplus inventory and limited consumers.
- Properties priced between Rs 60 lakh and Rs 1 crore budget bracket captured the second highest market share with 28 percent supply.
- Supply of luxury and ultra-luxury housing declined marginally as several investors, unwilling to negotiate, withdrew their properties from the market. Developers, too, were reluctant to dispose units at discounted prices and chose to withhold inventory.

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 - APARTMENTS

Locality	Jan-Mar 2017	% Change
Akurdi	5800	1
Alandi	3750	3
Alandi Road	3900	-2
Ambegaon	5300	0
Ambegaon Budruk	4850	0
Anand Nagar	6350	3
Aundh	9300	1
BT Kawade Road	6925	0
Balewadi	6570	-1
Baner	7250	1
Baner-Pashan Link Road	7575	1
Bavdhan	6650	-1
Bhosari	5150	-2
Bhosle Nagar	16000	-1
Bhugaon	5300	-2
Bibwewadi	8140	-1
Boat Club Road	15415	-3
Camp	8500	-1
Chakan	3360	-1
Charholi	5100	4
Chikhali	4375	1
Chinchwad	5900	-2
Dhanori	5100	1
Dhayari	5150	2
Dighi	4467	0
Erandwane	12550	0
Fatima Nagar	6590	-3
Hadapsar	6150	3
Handewadi	4220	0
Hinjewadi	5600	-1
Kalewadi	5400	-2
Kalyani Nagar	9720	0
Karve Nagar	9020	0
Katraj	5430	-3
Katraj-Kondhwa Road	5300	-2

CAPITAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
Keshav Nagar	5400	-1
Kharadi	6180	1
Kiwale	4800	4
Kondhwa	5487	1
Koregaon Park	12400	2
Kothrud	9630	1
Law College Road	15000	-2
Lohegaon	4700	-2
Lullanagar	7000	1
Magarpatta	7875	-1
Mahalunge	5850	-2
Manjri	4900	-2
Marunji	5490	-1
Mohamadwadi	5700	1
Moshi	4350	0
Mundhwa	5430	-4
Narhe	4700	2
NIBM	6100	-1
Nigdi	6410	-3
Pashan	7600	-2
Pashan-Sus Road	6785	-3
Paud Road	8200	-1
Phursungi	4300	0
Pimple Gurav	6350	1
Pimple Nilakh	7010	0
Pimple Saudagar	6900	2
Pirangut	3750	3
Pisoli	4400	1
Prabhat Road	15600	-4
Punawale	5100	-3
Rahatani	6050	1
Ravet	5600	0
Sadashiv Peth	10500	2
Salunke Vihar	6540	1
Sasane Nagar	5100	-2

Annexure

CAPITAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
Senapati Bapat Road	12800	-1
Shastri Nagar	8000	3
Sinhagad Road	6000	-1
Sopan Baug	9850	-4
Sus	5470	-1
Talegaon	3550	-2
Talegaon Dabhade	3720	-3
Tathawade	5745	-1
Thergaon	6000	1
Tingre Nagar	5120	-4
Undri	4700	-1
Vadgaon Budruk	4875	-4
Veerbhadra Nagar	7600	-2
Viman Nagar	8000	0
Vishrantwadi	5980	-1
Wadgaon Sheri	6600	0
Wagholi	4500	-3
Wakad	6130	0
Wanowrie	7150	-1
Wanwadi	7000	-4
Warje	6750	1
Yerwada	7380	1

RENTAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
Akurdi	15	-6
Ambegaon	16	-3
Ambegaon Budruk	12	0
Anand Nagar	16	-9
Aundh	20	8
Balewadi	16	-3
Baner	16	-3
Baner-Pashan Link Road	16	-3
Bavdhan	15	-9

RENTAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
Bhosari	15	-6
Bhusari Colony	19	-1
Bibwewadi	16	3
Boat Club Road	30	7
BT Kawade Road	17	-8
Chakan	10	-5
Chikhali	11	-8
Chinchwad	16	0
Dange Chowk	16	-3
Dhanori	14	-7
Dhayari	11	-8
Erandwane	22	5
Hadapsar	17	3
Handewadi	12	0
Hinjewadi	14	-7
Kalewadi	15	3
Kalyani Nagar	24	2
Karve Nagar	18	-3
Katraj	14	-10
Katraj-Kondhwa Road	12	-4
Keshav Nagar	15	4
Kharadi	17	3
Kondhwa	14	-7
Koregaon Park	27	4
Kothrud	20	5
Law College Road	25	11
Lullanagar	17	-3
Magarpatta	21	5
Manjri	12	-8
Moshi	11	0
Mundhwa	16	3
Narhe	11	0
NIBM	14	-7
Nigdi	16	-3
Pashan	16	-3

Annexure

RENTAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
Pashan-Sus Road	15	-6
Paud Road	21	8
Phursungi	13	4
Pimple Gurav	16	7
Pimple Nilakh	17	3
Pimple Saudagar	17	3
Pirangut	10	11
Pisoli	11	5
Prabhat Road	24	9
Rahatani	17	3
Ravet	13	0
Sadashiv Peth	22	10
Salunke Vihar	15	-6
Sasane Nagar	13	-7
Senapati Bapat Road	25	9
Shastri Nagar	22	0
Shivaji Nagar	24	9
Sinhagad Road	14	-4
Sopan Baug	21	8
Talegaon	10	-5
Thergaon	16	7
Tingre Nagar	16	7
Undri	11	0
Vadgaon Budruk	13	-7
Veerbhadra Nagar	16	3
Viman Nagar	23	5
Vishal Nagar	17	6
Vishrantwadi	17	0
Wadgaon Sheri	17	0
Wagholi	11	-8
Wakad	16	7
Wanowrie	17	-3
Wanwadi	16	-6
Warje	15	-3
Yerwada	21	5

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