

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

—
April - June 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 Apr-Jun 2017.



Contents

From Narasimha's Desk 03

CBO's perspective on current market sentiment

National Outlook 04

Snapshot of real estate ambience across top 8 metro cities

Market Indicators 05

Changes in capital rates and inventory status QoQ; and rental values YoY

Impact of RERA 06

Impact of Real Estate (Regulation and Development) Act, 2016 on the Indian real estate market

Market Movers 07

News that impacted Bangalore's realty market in Apr-Jun 2017

Bangalore at a Glance 08

Capital price movement in key micro-markets of Bangalore

East and South Bangalore 09

Key highlights - East & South Bangalore's capital and rental market

North, West and Central Bangalore 10

Key highlights - North, West & Central Bangalore's capital and rental market

Demand-Supply Analysis 11

Demand-supply trends of residential apartments in Apr-Jun 2017

Annexures 12

FROM NARASIMHA'S DESK...

Capital pricing has already corrected downwards and is unlikely to dip any further. On the contrary, increased compliance costs under RERA may propel housing prices.



While the first two months of 2017 witnessed the real estate industry grappling with the aftermath of demonetisation, the entire first half of the year saw the sector attempting to come to terms with other new regulations and the GST tax regime. Cautious homebuyers continued to remain wary of under-construction properties. Sales activity, however, encouragingly picked up in March and April. May 1 earmarked the dawn of the single largest reform in the history of Indian real estate through the implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA).

According to the data tracked by 99acres, total newly launched units in the first six months numbered around 62,000 across the top eight cities. While sales declined to about 1,20,000 units, down by approximately 10 percent in H1 2017 vis-à-vis H1 2016, the resale and rental demand remained robust. Resale inquiries on 99acres grew by 33 percent, YoY, in June 2017. Comparative affordability of fresh properties and availability of ready-to-move units in prime areas propelled demand in the secondary market.

With various states in advanced stages of notifying their respective RERA laws and authorities, we expect developers and primary channel partners to register their projects in the Jul-Sep quarter. The consumer confidence, too, is anticipated to revive substantially, September 2017 onwards. The fact that more than 70 percent new launches will be made under the Rs 50 lakh bracket will play a major market booster.

Pricing in real terms has already corrected downwards and is unlikely to dip any further. In fact, increased compliance costs under RERA may propel housing prices. Goods and Services Tax (GST), too, is a boon for the industry as many organised developers will be able to claim input tax credit and thus, improve their margins and pass on benefit to buyers. GST for under-construction projects is capped at 12 percent (18 percent on 2/3rd value), allowing some tax savings to buyers. Absence of indirect taxes on land is expected to propel land transactions substantially as owners may try and monetise their holdings.

Enjoying credit subsidy under Pradhan Mantri Awaz Yojana (PMAY),

affordable housing is also expected to receive a fillip. Demand may pick up in suburban locations, particularly in Mumbai. New infrastructure projects of national importance such as successful completion of metro's Phase I in Bangalore, planning of a new NCR airport in Jewar, Mumbai intra-city transport improvements etc. will also spur housing demand in these cities.

Tier II cities and smaller state capitals were less impacted by the above mentioned reforms and continue to witness robust demand. H2 2017 is anticipated to witness increased housing demand, even in these cities due to availability of affordable supply and a good quality of life. Many of these are also "Smart Cities" as identified by the government.

Narasimha Jayakumar
Chief Business Officer
99acres.com

National Outlook



HOME BUYING SENTIMENT

Buyers are diffident, perplexed and seeking clarity on two of the most radical reforms – RERA and GST. While housing sales and demand continue to be sluggish, fence sitters are expected to be back in the market once the said confusion paves way to a cleaner trade in the forthcoming quarters.



PROPERTY PRICES

Property prices maintained status quo across all metro cities. A few distressed sales as well as ambitious 'asks' could do little to pull the pendulum in one direction. Additionally, the capital market remained frigid as developers restricted new launches to get RERA-ready.



RENTAL LANDSCAPE

Rental market in the top eight metros either benefitted or stood resilient in the face of colossal market distractions. Slow implementation of RERA and uncertainty over GST are at play here. Average 'asks' charted an upward course across metros, barring Delhi NCR.



SUPPLY

Residential supply in inventory-laden metros of Mumbai and Delhi NCR condensed further with bare minimum new launches. Secondary market, which remained unaffected by RERA and GST, stood strong. New projects are expected to be on the back burner till the market gains more clarity.

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



IN FOCUS

Real Estate (Regulation and Development) Act, 2016

NEW LAUNCHES TAKE A HIT

As builders shelved new launches due to market distractions emerging from tightened norms and tedious paper work to get the RERA-compliant stamp, the market recorded over 40 percent fall in fresh supply in H1 2017 against H1 2016. The supply is anticipated to be meek in the forthcoming quarters, too.

SALES VOLUME NOSEDIVE

The market remained in a contemplative mode in H1 2017, awaiting clarity over RERA. Buyers and investors opted to stay on the back foot leading to plummeting sales volume. Against 135,016 housing units sold across top metros in H1 2016, the number went down by over 10 percent to be at 120,755 in H1 2017.

EXECUTION SEES A LAG

Implementation shortfalls across states such as absence of regulatory authorities and diluted norms highlight that India is still coming to grips with the new mandates. So far, 19 states and Union Territories have notified RERA rules. The Government has set a deadline of July 30 for all states to put RERA mechanisms in place.

CAPITAL MARKET PLATEAUS

Trust deficit among buyers marred sales, thereby putting capital 'asks' under pressure. Among the worst-hit markets, NCR recorded a 20 percent correction in residential property prices over the past 18 months, culminating into a negative return for investors.

Market Movers

Namma Metro's Green Line commences

The 24 km long metro line running between Sampige Road and Yelachenahalli opened for public in June 2017. The line connects to the Majestic Station, where commuters can interchange to the Purple Line. Its completion has led to the culmination of the 42 km long first phase of Namma Metro.

State allocates budget for development of core areas

The Karnataka government allocated Rs 1792 crore for the development of Central Business District (CBD) areas in a bid to get shortlisted in the next list of Smart Cities. The city failed to make it to the list last year since only outskirts areas had been proposed under the development plan. This time, prime areas such as KR Market, City Railway Station and Ulsoor Lake will be taken up for retrofitting.

Industries around Bellandur Lake on the hit list

The government took a stiff stand against the growing pollution around Bellandur Lake and ordered the industries around it to shut down. It mandated an inspection and setting up of Sewage Treatment Plants (STP) in all residential buildings in the area.

State revises stamp duty regime for large urban plots

The revised method for levying stamp duty on land parcels converted for non-agricultural use is anticipated to increase the cost of transactions in premium areas. Under the new regime, values of plots between five and 7.5 guntas will be assessed at 70 percent, whereas, those between 10 and 20 guntas at 40 percent.



Bangalore at a Glance

Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Bannerghatta Road	3,600-4,800	1%	2%
Electronic City	3,300-4,400	2%	6%
Hennur	4,400-5,600	1%	10%
Jayanagar	8,500-9,200	-2%	8%
JP Nagar	3,800-5,400	-1%	0%
Kanakapura Road	3,900-5,000	1%	4%
Old Madras Road	3,300-4,800	2%	-2%
Ramamurthy Nagar	3,500-4,200	2%	4%
Silk Board	4,000-5,000	2%	-5%
Whitefield	4,100-5,300	2%	5%

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

99ACRES OUTLOOK

The cumulative impact of demonetisation and RERA, and speculations over Goods and Services Tax (GST) Bill hit new residential launches in Bangalore, bringing them almost to a halt in Apr-Jun 2017. Transactions dropped to as low as 20 percent of the enquiries since buyers awaited price correction on the back of the new tax regime, the impact of which will unfurl in the forthcoming quarters. The city reported a few sales in May 2017 as developers rolled out pre-GST schemes.

Consistent commercial expansion, especially towards the North, coupled with burgeoning connectivity via the metro salvaged buyer sentiment. Ready properties continued to rule the roost, this time especially due to the lack of complexity in the tax incidence as opposed to under-construction properties, which will invite an effective

12 percent tax under GST, starting July 1, 2017. Inventory in the resale market remained copious, however, low negotiations led to poor sales. The pressure to offload the piling inventory was felt not only amongst private developers but also the government. Bangalore Development Authority (BDA) halted construction of new apartments, modified their sales procedures and initiated several new schemes to divest a whopping 3,500 housing units in the city.

Poor buying sentiment benefitted the rental market for the third successive quarter, post the Centre's currency ban move. With clarity on GST and complete implementation of RERA, experts anticipate a recovery in sales in the upcoming quarters. New infrastructure proposals, too, are expected to lead Bangalore towards a realty resurgence.

SOUTH AND EAST BANGALORE

The silver lining in the realty landscape of the two IT-dominant hubs of Bangalore started to fade in Apr-Jun 2017 as buyers took a back seat owing to ambiguity over the two radical reforms – RERA and GST. The zones were swamped with unsold inventory across budget segments, keeping average weighted property prices under pressure.

Key Highlights

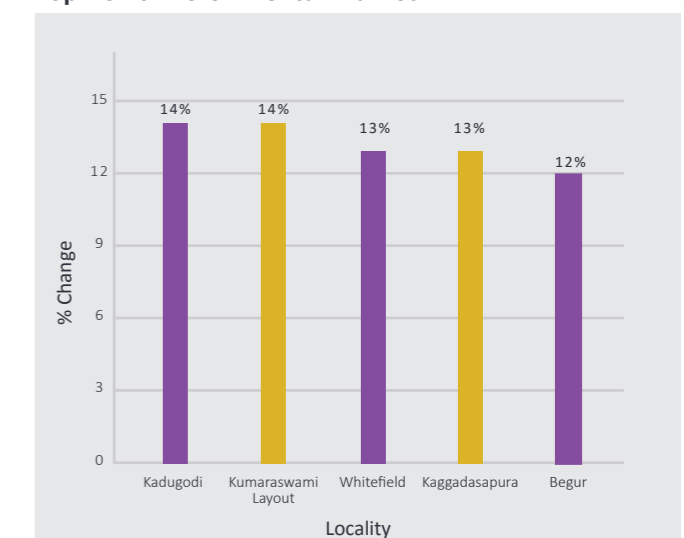
- While property enquiries maintained pace, transactions dipped significantly in the quarter ending June 2017. The marginal increase in the average weighted prices in Apr-Jun 2017, across the two zones, was largely attributed to the artificial hike in 'ask' rates in anticipation of GST.
- Under-construction inventory heavy locales such as Banashankari, Hulimavu and Rayasandra in the South and Hoodi and Kadugodi in the East reported price appreciation to the tune of three to four percent.
- Resale, ready-to-move-in inventory in the established locales of CV Raman Nagar and Mahadevpura found some takers. The localities, consequently, registered a price growth of six and four percent, respectively, QoQ.
- Poor infrastructure in Electronic City pushed several buyers to price-competitive locations such as Rayasandra, Bommanahalli and Hongasandra. These areas, located along the Hosur Road, witnessed average capital values appreciating by three to four percent in Apr-Jun 2017, as against Jan-Mar 2017.
- Premium localities of Jayanagar and JP Nagar reported flat property 'asks' in Apr-Jun 2017 against Jan-Mar 2017, due to limited housing demand in comparison to the available inventory levels.
- The rental landscape narrated a merrier story with a four percent hike in average weighted prices, YoY. More than 60 percent of the tracked localities recorded positive price movement between Apr-Jun 2017 and the same quarter previous year.
- Despite soaring inventory, Kadugodi and Whitefield reported a 14 and 13 percent hike in rentals, respectively, YoY. Such a hike is largely a function of price movement in premium properties and service apartments in the IT dominated areas.
- Towards South, Kumaraswami Layout, Banashankari, and Basavangudi, which witnessed moderate hike in rental rates, are expected to see a boom on the back of the recently commenced metro link running between Sampige Road and Yelachenahalli.

Top Performers - Capital Market



* %change represents quarterly capital movement

Top Performers - Rental Market



* %change represents yearly rental movement

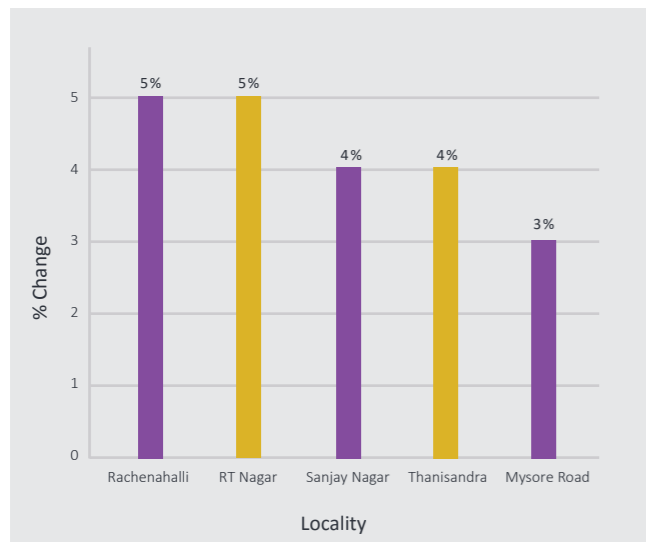
NORTH, WEST AND CENTRAL BANGALORE

While the northern quadrant continued to be the expansion ground for commercial office spaces, the western quadrant witnessed a buoyant residential market by virtue of infrastructure developments in the pipeline. Central Bangalore, too, remained resilient to the impact of RERA and GST, especially due to the dominance of ready properties over under-construction units.

Key Highlights

- All three zones, independently, registered a marginal price rise in Apr-Jun 2017, as against Jan-Mar 2017. Lack of buyers failed to deter home owners from quoting the desired rates for their properties.
- Majority of the buyer activity remained concentrated towards the developing commercial hubs near Devanahalli, Thanisandra and Hebbal in the North. As a result, locales such as Rachenahalli, RT Nagar, Sanjay Nagar and Thanisandra emerged as top grossers on the capital charts with four to five percent appreciation in average weighted prices, QoQ.
- The commencement of the Green Line of the Phase I of Namma Metro is touted to play a significant role in boosting the realty market of connected areas including Rajaji Nagar and Malleshwaram. Though, in the current quarter, the two localities witnessed a price correction of five percent, each, they are expected to remain buoyant in the forthcoming quarters.
- The proposal to develop metro stations along the Nandi Infrastructure Corridor Enterprise (NICE) Road amended buyer sentiment along the stretch. Mysore Road continues to tread a growth trajectory with three percent price appreciation, QoQ, primarily due to improving connectivity in the region.
- In the rental landscape, the central and northern quadrants remained popular amongst the tenant community and posted a growth of four and five percent, respectively, YoY. The western quadrant, however, suffered at the hands of slow paced commercial and industrial growth.
- Frazer Town and Horamavu continued to appear in the list of top rental grossers with 12 and 15 percent appreciation, respectively, YoY. Availability of quality housing near prime connectivity links and the Manyata Tech Park kept rental demand robust in the two areas.
- Land deals were hit in the quarter owing to ambiguity over regularisation of government land. The areas which stand to benefit from the State government's decision include Devanahalli, Anekal, Magadi, Nelamangala, Hoskote and Malur.

Top Performers - Capital Market



* %change represents quarterly capital movement

Top Performers - Rental Market



* %change represents yearly rental movement

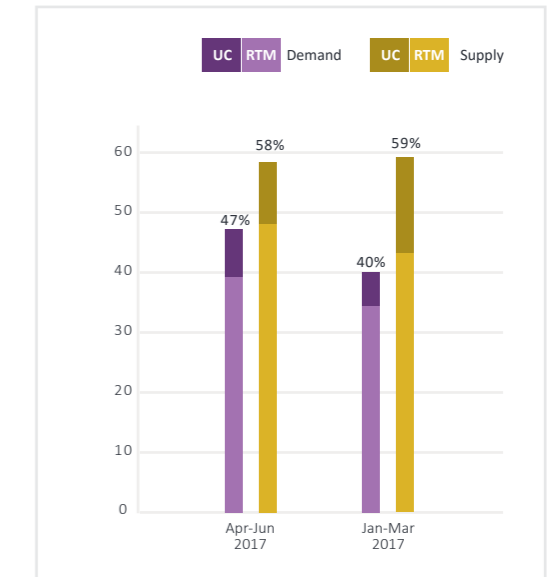
DEMAND-SUPPLY ANALYSIS

Surplus housing inventory coupled with ambiguity over key policy reforms afflicted Bangalore's new project market in the current quarter. Developers in Bangalore refrained from launching new projects. Housing demand continued to be restricted to the IT corridors in the peripheral locations. Holistically, muted market sentiment worsened the demand- supply harmony in the city.

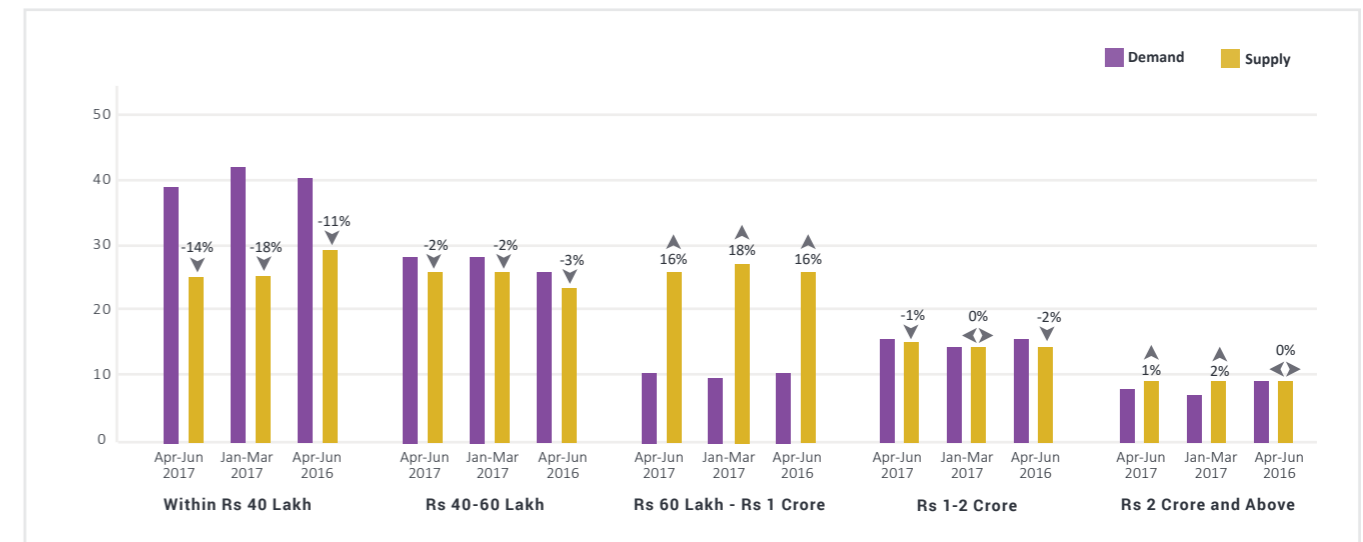
Key Trends

- While the demand-supply disequilibrium in the city trimmed down from 19 percent in Jan-Mar 2017 to 11 percent in Apr-Jun 2017, it continued hurting the realty stakes.
- Supply of ready-to-move-in inventory spiked significantly and stood at 84 percent in Apr-Jun 2017 with resale units holding a prominent share. To avoid RERA wrath, several developers stalled their ongoing under-construction projects and deferred development until the market regains clarity.
- Despite a slight dip in demand, the affordable housing category (within Rs 40 lakh) continued to be the most popular amongst buyers. Special incentives by the government helped the segment retain the interest of both buyers and developers.
- Worst hit during demonetisation, demand in the resale market recouped marginally. Homebuyers hailing from high-income, luxury and ultra-luxury segments returned to the market.
- While demand in luxury segment (Rs 1-2 crore) showed a two percent growth, QoQ, high-income (Rs 60 lakh-1 crore) and ultra-luxury (Rs 2 crore and above) housing category inched up marginally in Apr-Jun 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	Apr-Jun 2017	% Change
Akshaya Nagar	4100	3
Arekere	4550	-1
Babusapalaya	3200	-3
Banashankari	6000	3
Banaswadi	4950	-1
Bannerghatta	5200	1
Basavangudi	9800	1
Begur	4000	1
Begur Road	4250	-1
Bellandur	5950	0
Bommanahalli	4300	3
Bommasandra	3000	2
Brookefield	5500	2
BTM Layout	5820	-1
Cooke Town	8800	0
CV Raman Nagar	5000	6
Electronic City	4120	2
Gottigere	3700	2
Harlur	5600	-1
HBR Layout	4900	3
Hongasandra	3600	3
Hoodi	5350	3
Hosa Road	4575	-2
Hosur Road	4517	1
HSR Layout	5300	1
Hulimavu	5200	4
Indira Nagar	9575	0
ITPL	5400	2
Jayanagar	9170	-2
JP Nagar	5400	-1
Kadugodi	3917	3
Kaggadasapura	4000	-2
Kalyan Nagar	4500	2
Kanakapura Road	4950	1
Koramangala	9230	-1

CAPITAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Apr-Jun 2017	% Change
KR Puram	4150	1
Kudlu Gate	5700	2
Kundalahalli	5000	-3
Mahadevpura	5350	3
Marathahalli	5650	-1
Old Airport Road	6700	-1
Old Madras Road	4775	2
Padmanabhanagar	5250	-4
Ramamurthy Nagar	4170	2
Rayasandra	4100	4
Sarjapur Road	4800	2
Silk Board	4200	2
Subramanyapura	5100	0
TC Palaya	3500	2
Uttarahalli	4050	0
Varthur	4450	-1
Whitefield	5200	2

RENTAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Apr-Jun 2017	% Change
Akshaya Nagar	15	7
Arekere	17	-3
Banashankari	16	7
Banaswadi	17	3
Bannerghatta Road	15	3
Basavangudi	21	2
Begur	14	12
Begur Road	13	0
Bellandur	19	-3
Brookefield	18	6
BTM Layout	18	-5
Cooke Town	21	5
CV Raman Nagar	16	7

Annexure

RENTAL VALUES

EAST AND SOUTH BANGALORE - APARTMENTS

Locality	Apr-Jun 2017	% Change
Domlur	25	-2
Electronic City	15	7
Gottigere	12	0
Haralur Road	18	9
HBR Layout	18	3
Hoodi	17	3
Hosa Road	14	8
Hosur Road	16	7
HSR Layout	20	3
Hulimavu	14	4
Indira Nagar	28	12
ITPL	17	-3
Jayanagar	21	0
JP Nagar	16	3
Kadugodi	16	14
Kaggadasapura	18	13
Kalyan Nagar	17	3
Kanakapura Road	13	8
Kasavanhalli	17	6
Koramangala	26	6
KR Puram	13	8
Kumaraswami Layout	16	14
Kundalahalli	18	3
Marathahalli	20	11
Murugeshpalya	20	3
Old Airport Road	21	-2
Old Madras Road	17	-11
Panathur	18	6
Ramamurthy Nagar	13	8
Sarjapur	14	-10
Sarjapur Road	20	8
Subramanyapura	12	0
TC Palaya	12	10
Uttarahalli	12	0
Whitefield	18	13

CAPITAL VALUES

NORTH, WEST AND CENTRAL BANGALORE APARTMENTS

Locality	Apr-Jun 2017	% Change
Basaveshwara Nagar	6500	2
Benson Town	9900	2
Budigere	4700	0
Cox Town	7300	2
Frazer Town	8600	-1
Hebbal	6050	1
Hegde Nagar	5567	0
Hennur	5150	1
Hennur Road	5750	1
Horamavu	4250	1
Jakkur	4900	1
Jalahalli	5450	2
Kengeri	3700	1
Malleshwaram	11100	-5
Mysore Road	4900	3
Nagarbhavi	4300	2
Nagavara	4700	2
RT Nagar	5000	5
Rachenahalli	4800	5
Raja Rajeshwari Nagar	4200	3
Rajaji Nagar	11950	-5
Richmond Town	10700	-1
RMV Extension	7000	1
Sahakara Nagar	5750	-1
Sanjay Nagar	7300	4
Thanisandra	5300	4
Ulsoor	10125	3
Vidyananyapura	4400	2
Vijayanagar	5500	2
Yelahanka	4970	-1
Yeshwanthpur	7150	2

Annexure

RENTAL VALUES

NORTH, WEST AND CENTRAL BANGALORE
APARTMENTS

Locality	Apr-Jun 2017	% Change
Cox Town	27	8
Frazer Town	23	10
Hebbal	16	0
Hennur	16	3
Hennur Road	18	6
Horamavu	16	15
Jakkur	13	0
Jalahalli	15	0
Kengeri	11	-4
Malleswaram	25	4
Mathikere	14	-13
Mysore Road	13	0
Nagarbhavi	13	4
Nagavara	15	12
RT Nagar	14	-3
Raja Rajeshwari Nagar	12	-4
Rajaji Nagar	18	3
Richmond Road	29	2
Richmond Town	28	8
Sahakara Nagar	15	7
Thanisandra	15	7
Ulsoor	21	-5
Vidyaranyapura	13	13
Vijayanagar	15	7
Yelahanka	13	4

CAPITAL VALUES

BANGALORE - LAND

Locality	Apr-Jun 2017	% Change
Anekal	1350	2
Anjanapura	4400	2
Attibele	1630	5
Bidadi	1350	4
Chandapura	1700	6
Devanahalli	1550	-3
Doddaballapur	1600	5
Hessarghatta	1000	5
Hoskote	1600	-3
HRBR Layout	12380	-2
IVC Road	1000	5
Jigani	1600	0
Judicial Layout	9380	-3
Kalkere	3650	-1
Kasturi Nagar	11200	5
Magadi Road	2350	7
Malur	1003	0
MCECHS layout	6150	1
Nandi Hills	1520	-3
Nelamangala	1300	-4
OMBR Layout	9867	0
Sarjapur	1800	9
Sarjapura-Attibele Road	2000	3
Tumkur Road	1850	10



99acres

India's No.1 Property Portal

FIND BEST OPTIONS TO BUY, SELL, RENT PROPERTY

Mobile App
on Android
and iOS



Price trends and
property advice
platform



Over 8 lakh
property
listings



Genuine
listings with
photographs



More than
1.4 lakh
projects



CONTACT US

0120 4879400 | Monday - Friday | 9:30 AM to 6:30 PM IST | Email: content@99acres.com