

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 illuminated with a warm, golden light, suggesting sunrise or sunset. The overall color palette is dominated by blues, purples, and yellows.

**99 acres**

India's No.1 Property Portal

# INSITE REPORT

## Pune

—  
April - June 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 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 Pune's realty market in Apr-Jun 2017

### Pune at a Glance **08**

Capital price movement in key micro-markets of Pune

### Pune **09**

Key highlights - Pune's capital and rental market in Apr-Jun 2017

### Demand-Supply Analysis **10**

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

### Annexures **11**

# 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

### ***Pimpri-Chinchwad Smart City project to be a game changer***

*Approval of the Pimpri-Chinchwad smart city project evoked positive sentiment in the city. The proposed development in Pimple Gurav and Pimple Saudagar is projected to boost the markets of neighbouring areas such as Akurdi, Bhosari, Spine Road, Chikhali and Moshi.*

### ***Infrastructure projects lift market sentiment***

*Key public projects such as Swargate-Pimpri Metro and the proposed Pune international airport are expected to stimulate the real estate in the city. While the ongoing metro development propelled enquiries around Shivaji Road, the latter harnessed considerable investment in the seven villages of Purandar Taluka, post the announcement.*

### ***Affordable housing gets a boost***

*Working towards 'Housing for All' mission, CREDAI announced the construction of 45,000 affordable units measuring 60 sq m in the city. Catering to the Economically Weaker Segment (EWS), the cost of each unit will be around Rs 18 lakh.*

### ***Lower vacancy fuels office rentals***

*Jostling with abysmal vacancy rates, office rentals in Pune are heading north. With limited availability of quality office spaces, the market opted for solutions ranging from conversion of non-performing retail spaces into offices to tenants pre-committing to under-construction projects.*

### ***Demolition drive against illegal buildings***

*The Pune Metropolitan Regional Development Authority (PMRDA) initiated a demolition drive to clear the city of illegal structures. A total of 1,650 such buildings are planned to be razed in the next six months.*

# Pune at a Glance

## Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Baner	6,000-7,200	-1%	-2%
Chinchwad	4,200-6,000	1%	-2%
Hadapsar	4,600-5,700	0%	-4%
Karve Nagar	8,000-9,000	0%	2%
Kharadi	5,200-6,200	0%	2%
Kothrud	8,000-9,700	0%	3%
Pimple Gurav	5,300-6,300	-2%	-1%
Wadgaon Sheri	5,000-6,500	-2%	0%
Wagholi	3,600-4,500	-1%	-2%
Wakad	5,200-6,100	0%	0%

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

## 99ACRES OUTLOOK

Measures such as a drop in lending rates coupled with radical policy reforms corroborated Pune's stable realty market. Implementation of RERA pushed up market sentiment, resulting in increased enquiries from prospective homebuyers and investors. However, expectations of price correction post GST kept buyers away from finalising deals. The secondary market outperformed the primary, with bulk demand remaining concentrated in peripheral areas. Properties priced within Rs 40-60 lakh remained the most popular amongst buyers.

New inventory supply remained passive due to the radical rules introduced under RERA that require builders to seek

multiple approvals before project announcement. Supply is likely to remain restricted in the upcoming quarters as well. With the enforcement of new standards, developers are expected to focus on the completion of existing under-construction projects and clearing off unsold inventory.

Moreover, the ever-thriving commercial segment is likely to witness enhanced absorption levels. Tenants' appetite for Grade A office spaces remained high. Therefore, conversion of defunct malls into quality office spaces and expansion of retail outlets to replenish the widening paucity in the city is anticipated to take place in the short term.

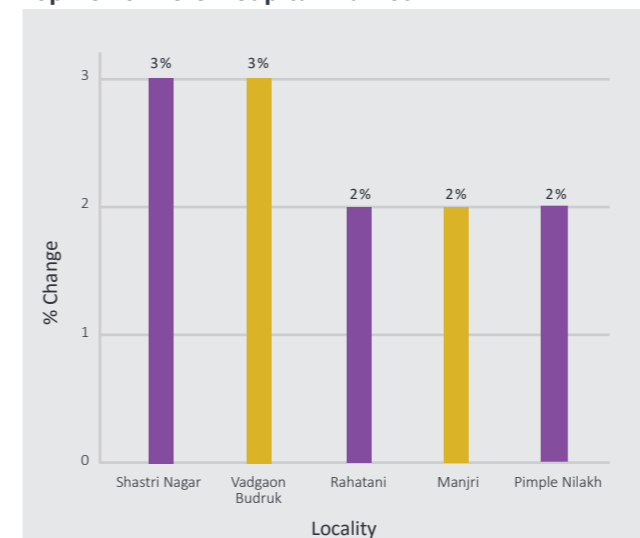
## PUNE

Mirroring the nation-wide sentiment, RERA and GST triggered a transient lull in Pune's residential market, too, impeding capital growth in Apr-Jun 2017. Non-compliance of builders with RERA resulted in sluggish sales of new projects and added pressure on unsold under-construction inventory. The resale market, however, remained unaffected by the new policy reforms and maintained status quo with respect to demand and average weighted property prices.

## Key Highlights

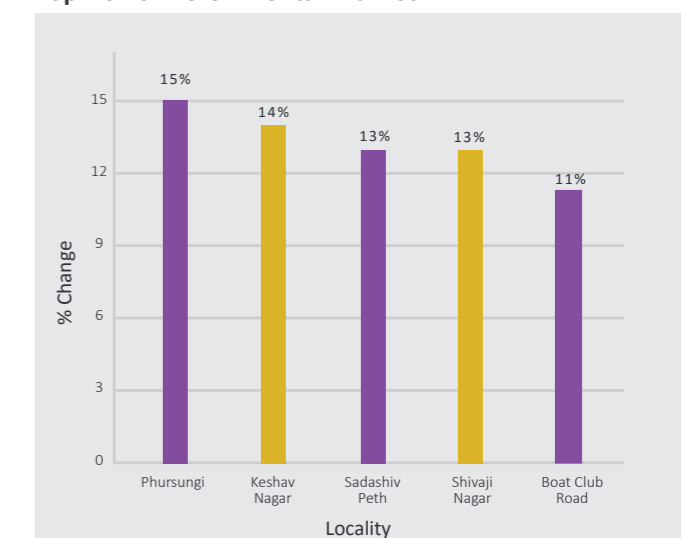
- With limited enquiries and fewer transactions, Pune's housing market remained despondent. A few localities, however, registered growth in their average capital values in Apr-Jun 2017. North and South-east Pune were the most preferred residential hubs, principally due to the affordability quotient.
- Vadgaon Budruk and Shastri Nagar led the pack with three percent capital growth, each, QoQ. While the former grew on the back of affordability and contiguity to Mumbai-Pune Bypass Road, the latter benefitted from its strategic location near the New Airport Road, a premium housing market near Viman Nagar.
- Following suit, Manjri witnessed a two percent hike in capital values, QoQ. Lower ticket size and proximity to Hadapsar acted as growth drivers for the newly emerging suburb.
- The rental market in the city remained strong in areas close to the city centre. Availability of premium housing stock, easy access to social amenities and proximity to office spaces kept the market afloat with two percent average rental hike, YoY.
- Peripheral Business District (PBD), Phursungi, topped the rental charts with 15 percent average growth, YoY, backed by improved interest from working populace. Rapidly developing Keshav Nagar also remained a preferred rental pocket amidst the tenant community owing to its proximity to the popular IT hub, Kharadi, and availability of rental inventory across all budget brackets.
- Following suit, Shivaji Nagar and Boat Club Road witnessed an average rental uptick of 11-13 percent, each, YoY. On the contrary, housing belts, which noted dipping rental 'asks' include Bhosari, Chikhali, Talegaon and Bavdhan. These areas saw a decline of 4-7 percent in weighted rentals over the last one year.
- Although the overall housing market remained muted, the office space and retail segment were on a rise and received renewed interest from corporate giants. Defunct malls across the city are being converted into quality office spaces to accommodate the global titans. On the retail front, expansion of successful shopping malls has been under contemplation to meet the demand from international brands.

## Top Performers - Capital Market



\* %change represents quarterly capital movement

## Top Performers - Rental Market



\* %change represents yearly rental movement

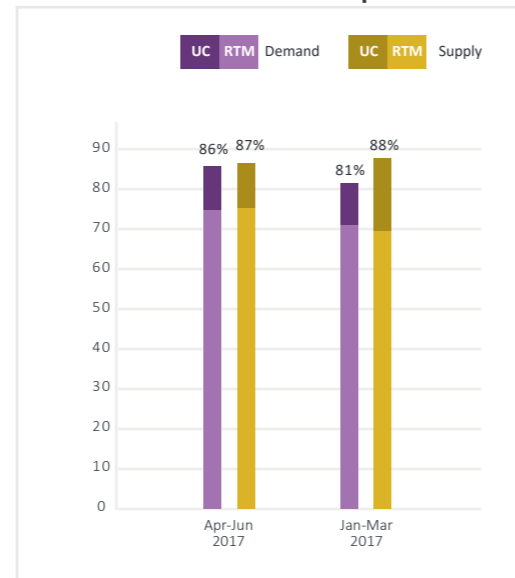
### DEMAND-SUPPLY ANALYSIS

Pune's real estate market remained tepid in Apr-Jun 2017. As the enactment of RERA rules ushered a new era of hope and transparency, cautious homebuyers were seen entering the the market again, albeit not with full force. Resale market, which had brutally suffered at the hands of demonetisation, also garnered homebuyers' attention. New supplies, however, remained restricted in the quarter as the builder community grappled with new registration norms under RERA.

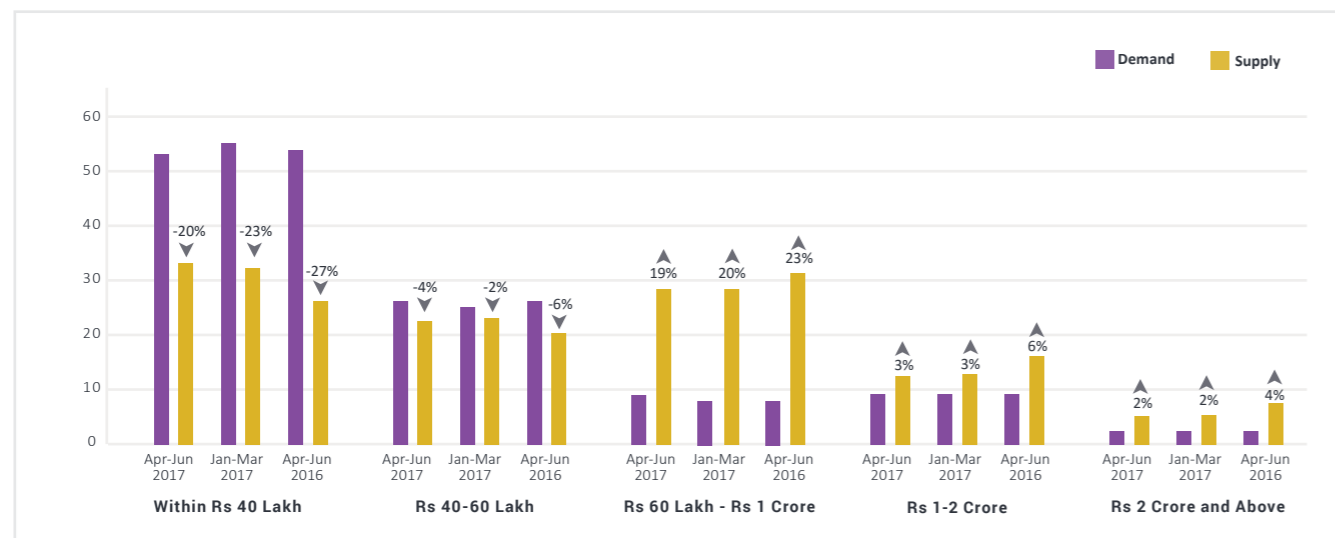
#### Key Trends

- Housing demand in Pune continued to remain skewed towards ready-to-move units in Apr-Jun 2017. Hovering perplexity on the completion of under-construction projects corroborated the trend. Only projects by reputed developers in various stages of development garnered traction.
- With builders rushing to complete their existing projects to escape stringent penalties under RERA, the overall supply of ready-to-move units increased by 10 percent, QoQ. New launches, however, reeled under pressure, impacting the availability of under-construction units across the city.
- Despite deferred purchase by anxious homebuyers, affordable housing segment (within Rs 40 lakh) continued to rule the roost with demand standing at almost 55 percent in Apr-Jun 2017. Supply of such projects also inched up marginally as some projects in Handewadi, Bhosari and Hadapsar neared completion.
- Resale properties in mid-income and high-income segments captured homebuyers' interest significantly. Both the categories, nonetheless, struggled with demand-supply disequilibrium. While preference outstripped availability in mid-income bracket, the high-income category exhibited a reverse scenario of excessive inventory as against demand.

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	Apr-Jun 2017	% Change
Akurdi	5810	0
Alandi	3800	1
Alandi Road	3900	0
Ambegaon	5360	1
Ambegaon Budruk	4850	0
Anand Nagar	6000	-6
Aundh	9250	-1
Balewadi	6650	1
Baner	7170	-1
Baner-Pashan Link Road	7750	2
Bavdhan	6700	1
Bhosari	5200	1
Bhosle Nagar	14100	-6
Bhugaon	5150	-3
Bibwewadi	8000	-2
Boat Club Road	15600	1
BT Kawade Road	7000	1
Camp	8500	0
Chakan	3300	0
Charholi	5150	1
Chikhali	4300	-2
Chinchwad	5970	1
Dhanori	5150	1
Dhayari	5200	1
Dighi	4470	0
Erandwane	12520	0
Fatima Nagar	6525	-1
Hadapsar	5500	0
Handewadi	4350	1
Hinjewadi	5620	0
Kalewadi	5500	2
Kalyani Nagar	9350	-4
Karve Nagar	9000	0
Katraj	5520	2
Katraj-Kondhwa Road	5250	-1

### CAPITAL VALUES - APARTMENTS

Locality	Apr-Jun 2017	% Change
Keshav Nagar	5450	1
Kharadi	6200	0
Kiwale	4775	-1
Kondhwa	5500	0
Koregaon Park	12000	0
Kothrud	9660	0
Law College Road	14950	0
Lohegaon	4800	2
Lullanagar	7100	1
Magarpatta	7800	-1
Mahalunge	5900	1
Manjri	5000	2
Marunji	5400	-2
Mohamadwadi	5720	0
Moshi	4350	0
Mundhwa	5430	0
Narhe	4780	2
NIBM	6050	-1
Nigdi	6350	-1
Pashan	7450	-2
Pashan-Sus Road	6850	1
Paud Road	8300	1
Phursungi	4330	1
Pimple Gurav	6220	-2
Pimple Nilakh	7150	2
Pimple Saudagar	6900	0
Pirangut	3400	1
Pisoli	4300	-2
Prabhat Road	15400	-1
Punawale	5175	1
Rahatani	6200	2
Ravet	5400	-4
Sadashiv Peth	10560	1
Salunke Vihar	6500	-1
Sasane Nagar	4900	-4

# Annexure

## CAPITAL VALUES - APARTMENTS

Locality	Apr-Jun 2017	% Change
Senapati Bapat Road	13000	2
Shastri Nagar	8250	3
Sinhgad Road	6100	2
Sopan Baug	10000	2
Sus	5185	-5
Talegaon	3600	1
Talegaon Dabhade	3800	2
Tathawade	5820	1
Thergaon	6000	0
Tingre Nagar	5300	0
Undri	4700	0
Vadgaon Budruk	5000	3
Veerbhadra Nagar	7300	-4
Viman Nagar	7730	-3
Vishrantwadi	5950	-1
Wadgaon Sheri	6500	-2
Wagholi	4450	-1
Wakad	6100	0
Wanowrie	7280	2
Wanwadi	7000	0
Warje	6780	0
Yerwada	7290	-1

## RENTAL VALUES - APARTMENTS

Locality	Apr-Jun 2017	% Change
Akurdi	16	0
Ambegaon Budruk	12	0
Anand Nagar	15	-9
Aundh	20	8
Balewadi	17	6
Baner	16	3
Baner-Pashan Link Road	16	3
Bavdhan	15	-6
Bhosari	13	-7

## RENTAL VALUES - APARTMENTS

Locality	Apr-Jun 2017	% Change
Bhosle Nagar	23	2
Bhusari Colony	18	-3
Bibwewadi	16	-3
Boat Club Road	30	11
BT Kawade Road	16	0
Chakan	8	-17
Chikhali	11	-4
Chinchwad	16	7
Dhanori	15	0
Dhayari	11	0
Erandwane	21	0
Hadapsar	17	0
Handewadi	12	4
Hinjewadi	14	-3
Kalewadi	14	-3
Kalyani Nagar	24	2
Karve Nagar	18	3
Katraj	14	-4
Katraj-Kondhwa Road	12	-4
Keshav Nagar	16	14
Kharadi	17	6
Kondhwa	13	-7
Koregaon Park	26	2
Kothrud	20	5
Lullanagar	16	3
Magarpatta	21	5
Manjri	13	4
Moshi	11	5
Mundhwa	16	10
Narhe	11	0
NIBM	13	0
Nigdi	16	0
Pashan	17	3
Pashan-Sus Road	16	3
Paud Road	21	11

# Annexure

## RENTAL VALUES - APARTMENTS

Locality	Apr-Jun 2017	% Change
Phursungi	15	15
Pimple Gurav	16	10
Pimple Nilakh	17	0
Pimple Saudagar	17	6
Pirangut	10	-9
Pisoli	12	9
Prabhat Road	26	9
Punawale	11	0
Rahatani	15	-6
Ravet	13	4
Sadashiv Peth	22	13
Salunke Vihar	15	0
Sasane Nagar	13	-4
Senapati Bapat Road	25	6
Shastri Nagar	22	2
Shivaji Nagar	27	13
Shivane	10	11
Sinhgad Road	13	0
Sopan Baug	20	11
Talegaon	9	-5
Tathawade	14	4
Tingre Nagar	16	7
Undri	11	0
Vadgaon Budruk	13	8
Veerbhadra Nagar	15	-3
Viman Nagar	23	5
Vishal Nagar	17	3
Vishrantwadi	17	3
Wadgaon Sheri	17	3
Wagholi	11	0
Wakad	16	7
Wanowrie	17	0
Wanwadi	16	0
Warje	15	3
Yerwada	21	8

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