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BANGALORE

PROPERTY CAPSULE

2018



BANGALORE

The city popular for being the most resilient real estate market in the country succumbed to the pressures of demonetisation, Real Estate (Regulation and Development) Act (RERA) and Goods and Services Tax (GST) in 2017. The year 2018, however, started off on a comparatively positive note with some improvement in sales and a huge jump in enquiries for properties priced within Rs 40 lakh. Noticeably, a trimming down of unsold inventory from over one lakh residential units in the previous year to close to seventy thousand in 2018 cheered the market. New launches, subsequently, witnessed an uptrend with around 30,000 new units being added to the market in the year. Most of the new project launches took place in the southern realty hotspots of Electronics City, Chandapura and Sarjapur.

Average weighted property prices largely remained stagnant in Bangalore. Some popular regions such as Jayanagar, Whitefield and Hebbal posted a growth of 1-3 in property values. Rental values, however, went up by four percent, YoY.

A gradual uptick in demand, robust office space absorption and affordable housing inventory are seen as strong tailwinds for a revival in the Bangalore residential market. Courtesy Namma metro expansion and infrastructure upgrades around the city's peripheries, the emerging housing hubs of Hosa Road and Hulimavu in the South, Kengeri and Nayandahalli in the West, and Thanisandra in the North are likely to witness maximum number of new project launches in 2019.

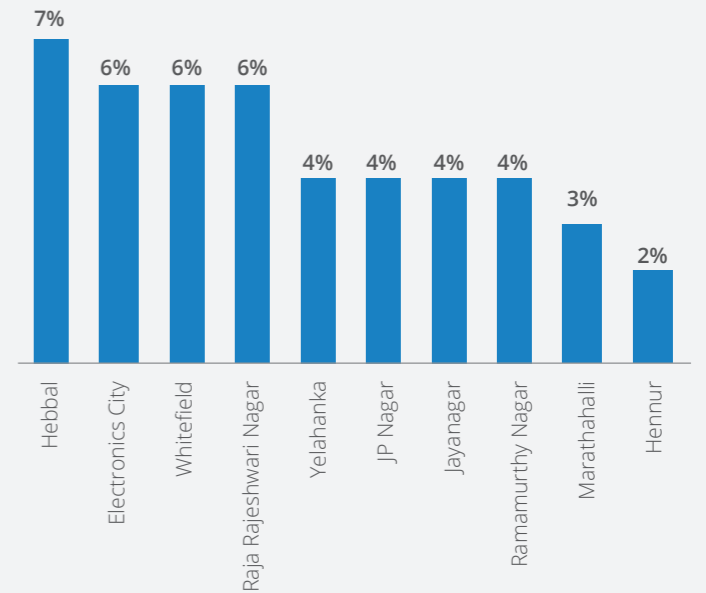
GROWTH INDUCERS

- Digitalisation of land conversion and property registration processes in Karnataka aimed at simplifying the procedures and reducing the incidents of harassment or undue delays by the authorities.
- The fast-paced implementation of Karnataka RERA improved buyer sentiment, translating into enhanced sales volume. The State approved over 1,500 real estate projects, majority in Bangalore. Approximately 100 agents have also been registered under the Act.
- The proposal to regularise the B Khata properties under the corporation limits cheered thousands of homeowners. By paying a certain conversion fee, the properties can now be converted to A Khata. The move is anticipated to improve property rates as such units will now be able to gain a legitimate status.
- The announcement of a single window clearance system for building approvals is expected to expedite the construction process and augment the overall status of the real estate market across the State.
- Infrastructure development continued to be on the radar of the Karnataka government. In addition to approving and funding the extension of Namma metro to multiple places in the city, the government announced the development of six inter-connected elevated corridors in Bangalore. The projects will not only fight traffic congestion across Bangalore, but also improve the city's liveability index.

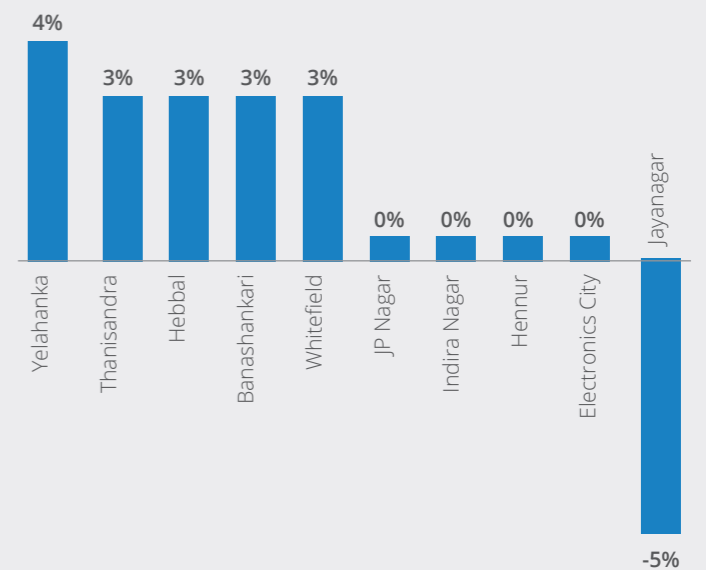
GROWTH IMPEDIMENTS

- Developers struggled with submitting audit report on Karnataka RERA website, delaying new projects launches and registration of projects under RERA.
- Bruhat Bengaluru Mahanagara Palike (BBMP) cracked a whip on the development of unauthorised commercial units in residential complexes of the city. Notices were issued to traders violating the zoning regulations in the residential areas. While the move will curb illicit construction in the city, it has also curbed commercialisation in residential areas.
- Delay in the commencement of Smart city project is expected to hamper growth
- Land acquisition woes led the civic body to cancel bids for the construction of the Namma Metro Phase 2 project. The move has led to an inordinate delay in the implementation of the project.
- Delay in completion of residential projects marred homebuyers' sentiment in Bangalore.

YOY CAPITAL PRICE MOVEMENT IN POPULAR LOCALITIES OF BANGALORE



YOY RENTAL PRICE MOVEMENT IN POPULAR LOCALITIES OF BANGALORE



MARKET INDICATORS

	Jan-Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019*
Capital Values	^	^	^	^	^
Rental Values**	^	^	v	^	^
Residential Inventory	^	^	v	^	^

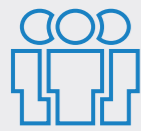
* Projected price movement and inventory status

**Rental values depict annual change in average 'asks' for respective quarters

RERA IN FOCUS



Registered Projects
1,637



Registered Agents
1,232



Complaints Resolved
528

*Data shows approximate registrations till December 28, 2018
** Source: Karnataka's RERA website

DEC

Civic body cancels bids for Metro Phase II citing land acquisition woes

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IN NEWS

JAN

Namma metro Phase 2 receives funding from

FEB

State approves extension of Namma Metro line 4 to Airport

APR

Karnataka RERA mandates permanent approval for projects

MAR

Karnataka RERA releases information on 1,300 projects across the State

MAY

BDA initiates online payment of property tax

JUN

RBI increases repo rate by 25 basis points; Centre identifies homebuyers as financial creditors

JUL

Karnataka government announces single window clearance for building approvals

AUG

Defence Ministry frees land for infra projects in Bangalore; Govt allows delinking of B Khata properties from Akrama Sakrama

NOV

State approves 65 km-long peripheral ring

OCT

Bannerghatta Road widening project begins

SEP

Issuance of land records goes digital