BANGALORE
PROPERTY CAPSULE
2019
Bangalore saw the launch of around 200 new projects in 2019 against 350 in 2018. Of all new projects this year, over 40 percent belonged to low-to-mid income housing category (Rs 25-50 lakh). This validates the developers’ efforts towards matching the demand for compact budget houses. Resultantly, average property prices in the city did not witness any major alterations. On the demand front, housing belts near the IT/ITeS corridors such as Sarjapur Road, Kanakapura Road, Electronic City, Whitefield and Jakkur continued to be the prime choices of the homebuyer community.

While civic issues such as the ongoing water crisis in the city, and economic put-offs such as the revision in the GST slabs hampered the city’s growth, sales witnessed some improvement, YoY. The year reported the sale of around 28,255 units in H1 2019, about 25 percent up from the same period in 2018. The third quarter, however, plagued by the inauspicious ‘aadi’ period, saw sales declining by a margin. The last quarter, too, could not stir end-users from their state of inertia.

Overall, the unsold inventory in the city dipped by 30 percent, from 93,000 units in Q1 2019 to 70,000 units in Q4 2019.

The city did not witness any change in current property tax rates. Further, a total of 2,906 project registrations under Karnataka RERA spoke of the improving state of real estate in the city.

**GROWTH INDUCERS**

- Approval of 30,000 low-cost homes under Pradhan Mantri Awas Yojana (PMAY), eased rules for beneficiaries under ‘Housing for All’ by 2022, unchanged property tax rates and new building bye-laws strengthened the realty market in 2019.

- Fast-paced project registrations under Karnataka RERA and dispute resolution firmed up the buyer sentiment. Project registrations went up from 1,500 in 2018 to over 3,000 in 2019. The authority reportedly resolved 30 percent of the total complaints.

- The State added another wing to the Town Planning Department for expediting the approval of building projects. Further, single-unit residential buildings on 60x40 sq ft plot area were freed from seeking permission from the Bruhat Bengaluru Mahanagara Palike (BBMP).

- Some crucial connectivity project announcements such as Yelachenahalli-Anjanapura Metro corridor, a double-decker flyover from JC Nagar to Shanthinagar Bus Station, an underpass at Goraguntepalya Junction and road widening projects at Tannery Road and Sarjapur Road lifted sentiment. Besides, the authority also approved the allocation of Rs 2,000 crore for Phase 2 of the Namma Metro and modified the Peripheral Ring Road (PPR) project.

- The city continued to be India’s healthiest office market for co-working spaces with 7.8 million sq ft of absorption in Q3 2019. Improved business policies, seamless infrastructure and access to multiple coworking options contributed to the trend.

**GROWTH IMPEDIMENTS**

- The cancellation of the 21 km-long Hoskerehalli-Marathahalli Metro line, a part of the Phase 3 of Namma Metro, marred the housing sentiment in the areas alongside the proposed corridor. The link was planned to connect Old Airport Road via HAL, Konena Agrahara, Murugeshpalya, Domlur, Command Hospital, D’Souza Circle, Vellara Junction and Town Hall.

- Despite the city’s inclusion in the Smart City Mission after much deliberation, Bangalore continued to lag in the implementation of smart city projects.

- Depleting groundwater levels and the proposed construction ban spanning five years were significant causes of worry for realtors during the year as they hampered not only the development activities but also the investment scenario in the city.

- The introduction of a new rule by the city’s Stamps and Registration Department in 2019 is likely to slow down the registration process of housing units that are not a part of the guidance value book. However, the apartment blocks measuring up to 5,000 sq ft will remain unaffected.

**MARKET INDICATORS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Values</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>Rental Values</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>Supply</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
</tr>
</tbody>
</table>

*Projected price movement and inventory status
**Rental values depict annual change in average asks for respective quarters