


**3,700** NEW UNIT LAUNCHES IN Q1 2021

**77%** SHARE OF MID SEGMENT IN NEW UNIT LAUNCHES (Q1 2021)

**14%** SHARE OF HIGH-END SEGMENT IN NEW UNIT LAUNCHES (Q1 2021)

### Sector recovery continues, launches record q-o-q rise

Bengaluru's developers are gradually getting back on track with project launches, backed by a revival in housing demand that is resulting in a decline in the inventory of ready-to-move in properties. While developers released less supply in the market in the last quarter, a 5% q-o-q growth was recorded with 3,700 units getting launched during Q1 2021. However, an 18% y-o-y drop in launches has been recorded when compared to Q1 2020 numbers, showing that sustainable recovery will take a few more quarters. This also speaks about developers continuing to adopt a cautious approach, particularly post the pandemic outbreak, in announcing launches and preferring to focus on completion and sale of their existing inventory on the back of a perceptible increase in buyer preference for ready-to-move in projects. Availability of labour at project sites enabling 75-80% resumption of construction activity compared to the pre-COVID levels, has also helped the developers focus on completion of their ongoing projects. Release of new supply in the city is thereby likely to remain muted and shall regain pace beyond a period of 6-9 months, following a further reduction in the existing inventory and advancement in construction activity of the earlier launched projects. During the quarter, while mid-segment projects continued to dominate with 77% share in new launches and a q-o-q growth of 39%, high-end segment accounted for 14% of the launches indicating an enhanced demand for the segment in the city's residential sector, when compared to the last quarter of 2020. However, small-scale developers have been holding back project launches due to liquidity concerns continuing to impact the affordable segment, which accounted for only 8% of the quarterly launches. With many of the prospective buyers now planning to purchase land as a long-term investment option, plotted developments by mid-scale developers are on a rise, particularly in the city outskirts like Attibele, Chikballapur, Anekal and Bommanahalli. Rising preference for self-owned homes at affordable prices has also prompted developers like Casagrand Builders, Concorde Group among others to launch mid-scale villa projects at these peripheral locations. Prominent large and mid-scale developers like Puravankara, Ajmera Group, Sobha Developers among others were the most active during the quarter and accounted for 31% of the launches. Preference for larger sized apartments, that gained prominence since the pandemic, continued to dominate as evident from 55% of the unit launches being of 3 & 4BHK configurations.

### Demand on an upward trajectory

The city's residential sector, which experienced significant improvement in property sales and enquiries during the last quarter of 2020, continues to witness similar demand momentum in Q1 2021 backed by rising end user demand particularly for mid-segment projects. Post the pandemic, while preference for ready to move in projects of reputed/established developers has increased among end users, high-end segment too has witnessed a boost in demand from both cash rich end users and investors. Low interest rates, stable property prices and pent-up demand have acted as catalysts for mid-segment buyers to invest in the residential asset class. Properties within a ticket price range of INR 50-80 lakh witnessed the highest traction among junior level professionals, followed by higher enquiries for projects within a price range of INR 80 lakh-1.2 cr. Gated apartment communities have also regained their demand to around 65-70% of pre-COVID levels. However, villas as part of gated projects even at off-beat locations also experienced a spike in demand with buyers preferring to invest in large and spacious homes away from the city crowd, post the pandemic. The affordable sector, though, has been witnessing lower launches post the pandemic. State government's initiative to lower stamp duty in order to boost sales in this segment has been a ray of hope for the developers. Last year, the state government had reduced stamp duty rates on properties priced less than INR 35 lakh, a recent declaration to lower the stamp duty from 5% to 3% for properties between INR 35-45 lakh has resulted in a positive impact on sales in the affordable segment. While buyers had been showing preference for physical site visits to close their purchase decisions, developers continue to offer options for both physical site visits and virtual walkthroughs that has helped maintain the pace of enhanced demand even amidst a recent spike in the Covid infection rates in the city. We anticipate housing demand to witness steady pace of recovery in the upcoming quarters as well, on the back of controlled supply and stable prices that would keep attracting interested buyers.

### Property prices stabilise while schemes and incentives continue to be on offer

Fast paced demand recovery has resulted in property price stabilization across micro-markets in the city, with few peripheral locations in the south and western quadrants continuing to witness a marginal 1-2% correction during the quarter. However, even with no further price decline, majority of the developers in the city continue to offer discounts and freebies to enhance the pace of sales, both in the ready-to-move in and new launch segments. While additional incentives are being offered for the ready-to-move in apartments, EMI holidays and tax benefits are mostly on offer for the newly launched projects, which has enabled higher sales conversion of enquiries in the city's residential market, as compared to the pre-Covid period. Landlords in the rental housing segment have started experiencing signs of relief and anticipate higher rate of recovery with employees returning gradually to their workplaces. However, with most of the offices planning to reopen by end of H1 2021, landlords in select submarkets continue to offer marginal rental reductions, while in others lower security deposits are being offered to attract tenants.

### SIGNIFICANT PROJECTS LAUNCHED IN Q1 2021

BUILDING	LOCATION	DEVELOPER	UNITS LAUNCHED	RATE*(INR/SF)
Sobha Windsor	Whitefield	Sobha Developers	739	7,200
Purva Promenade (part of Purva Palm Beach)	Hennur Road	Puravankara Projects Limited	152	6,750-6,820

#### RESIDENTIAL INDICATORS Q1 2021

Y-O-Y Change    12-Months Forecast

New Launches



Units Sold



Average Capital Values (INR/sf)





## RENTAL VALUES AS OF Q1 2021

SUBMARKET	AVERAGE QUOTED RENT (IND/MONTH)	QoQ CHANGE (%)	YoY CHANGE (%)	SHORT TERM OUTLOOK
<b>High-end segment</b>				
Central	150,000-350,000	0%	0%	—
South	60,000-120,000	0%	0%	—
East	85,000-300,000	0%	15%	—
North	70,000-200,000	0%	0%	—
<b>Mid segment</b>				
Central	70,000-100,000	0%	0%	—
South East	24,000-40,000	-1%	-9%	—
North West	23,000-33,000	0%	-7%	—
West	18,500-25,000	-2%	-13%	▼
East	23,500-32,000	0%	-8%	—

## SIGNIFICANT PROJECTS COMPLETED IN Q1 2021

BUILDING	LOCATION	DEVELOPER	UNITS LAUNCHED	UNIT SIZE (SF)
Kolte Patil Mirabilis	Horamavu	Kolte Patil Developers	640 (386 received OC)	436-715

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION IN Q1 2021

BUILDING	LOCATION	DEVELOPER	UNITS LAUNCHED	EXPECTED COMPLETION
Sumadhura Eden Gardens	Whitefield	Sumadhura Group	1,113	Q2 2021
Salarpuria Sattva Opus	Tumkur Road	Salarpuria Sattva	278	Q2 2021

Data collated from primary and secondary resources. Estimations are subject to change

\* Rental and capital values have been depicted only for key sub markets

\*\* Quoted capital value on carpet area based on agreement values which includes, Base Rate, Car Parking Charges, Internal Development Charges, etc.

The above values for high-end segment are for units typically of 2,000-4,000 sq

The above values for mid segment are for units typically of 1,600-2,000 sq

Affordable housing has been defined as units with a carpet area of 60 sq.mt in metros / 90 sq.mt in non-metros and value up to INR 45 lakhs

## KEY TO SUBMARKETS

## High-end Segment

**Central:** Lavelle Road, Palace Cross Road, Off Cunningham Road, Ulsoor Road, Richmond Road, Sankey Road

**South:** Koramangala, Bannerghatta Road, JP Nagar,

Banashankari

**Off Central:** Frazer town, Benson Town, Richards Town,

Dollars Colony

**East:** Whitefield, Old Airport Road

**North:** Hebbal, Jakkur, Devanahalli

**North-west:** Malleshwaram, Rajajinagar, Yeshwanthpur

## Mid Segment

**Central:** Brunton Road, Artillery Road, Ali Askar Road, Cunningham Road

**East:** Whitefield, Old Airport Road, Old Madras Road, Budigere Cross

**South-east:** Sarjapur Road, Outer Ring Road (Marathahalli- Sarjapur), HSR Layout, Hosur Road

**South:** Jayanagar, J P Nagar, Kanakapura Road, Bannerghatta Road, BTM Layout, Banashankari

**North:** Hebbal, Bellary Road, Yelahanka, Doddaballapur Road, Hennur Road, Thanisandra Road

**Off Central-I:** Vasanth Nagar, Richmond Town, Indiranagar

**Off Central-II:** Cox Town, Frazer Town, Benson Town, etc.

**North-west:** Malleshwaram, Rajajinagar, Tumkur Road

**Far South:** Electronic City, Attibele, Chandapur

**West:** Mysore Road, Uttarahalli Main Road, Magadi Road

## CAPITAL VALUES AS OF Q1 2021

SUBMARKET	AVERAGE QUOTED CAPITAL VALUE (IND/SF)	QoQ CHANGE (%)	YoY CHANGE (%)	SHORT TERM OUTLOOK
<b>High-end segment</b>				
Central	18,000-30,000	0%	0%	—
South	9,000-12,500	0%	14%	—
East	7,500-11,500	0%	3%	—
North	8,000-12,500	0%	2%	—
<b>Mid segment</b>				
Central	9,500-15,000	0%	0%	—
East	4,600-5,800	0%	-7%	—
South East	4,900-6,100	0%	-7%	—
North	5,300-6,500	0%	-9%	—
South	5,500-7,000	0%	-4%	—
Off Central I	8,000-12,000	0%	0%	—
Off Central II	7,500 - 8,900	0%	-4%	—
North West	6,300-7,000	0%	-7%	—
Far South	3,450-3,900	-2%	-9%	—
West	3,750-4,300	-2%	-9%	—

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