

MW MARKET WATCH

Q1 2017-18



Key Residential Trends - Bengaluru

Sentiments, New launches and Enquiries

- Bengaluru real estate market mostly remained muted due to the confusion over the impact of RERA and GST. Both the developers as well the consumers decided to remain passive until the government takes definitive steps in implementing the two revolutionary policy upgrades.
- Major share of enquiries can be attributed to the employees from IT and corporate sector. Another noticeable consumer segments were senior citizens and middle aged employees nearing retirement. Majority of the buyers were curious to know the extent of change in property prices.
- IT driven localities such as Whitefield, Sarjapur and commercially important areas in South Bengaluru attracted highest enquiry inflow. Buyers showed more enthusiasm towards compact 2 and 3 BHKs. Price expectancy for a 2 BHK ranged between Rs 40 to 50 lakhs, while for 3 BHK it was around Rs 65 to 75 lakhs. Properties situated in upmarket areas, priced in range of Rs 1 to 2 crore, also saw steady demand.
- With regards to new supply addition, many reputed developers withheld their new launches.

Sales Volumes, Inventory and Price Trends

- In contrast to steady inflow of enquiries, conversions remained moderate. Many of the deals which were in last stages of transaction got postponed.
- Several home buyers were expecting discounts of around 30 per cent. However, upon realizing that the developers are not willing to negotiate beyond 10 per cent, consumers shifted their buying decisions post implementation of GST and RERA.
- Since properties with OC were expected to remain unaffected by uncertainties resulting from the policy upgrades, ready to move apartments dominated the sales. Even resale properties which were available at depreciated values saw good uptake.
- There were no considerable changes in the average property prices. Developers chose to remain passive in terms of marketing activities until GST and RERA reaches a definitive stage. Some of the B and C category developers were however seen giving lucrative discounts of around 15 per cent.



Expected Likely trends during the Q2 2017-18

- Sales trend is expected to remain stagnant during the next quarter as home buyers will take at least two to three months to understand the effects of GST and RERA post the implementation. Even developers are expected to remain busy with GST and RERA related paperwork. Developers will also prefer to hold their new launches until they thoroughly gauge the market.
- Going forward, ready to move and resale properties will continue to drive the market during the upcoming quarter as well. On a positive note, the situation will help to clear out a considerable chunk of piled up inventory from the market.
- Prices of properties which fall under GST regime are expected to see marginal change depending upon how much benefit developers will be willing to pass on to the consumer.
- On infrastructure front, the quarter saw opening of the last section of the 42.3 km long Phase 1 of Namma metro. The 10.5 km stretch between Mantri Square Sampige Road and Yelachenahalli Metro stations is part of the Green Line.
- Construction work on the 74 km long Phase 2 has also begun. The phase will include two new lines: R V Road-Bommasandra (Yellow Line) and Gottiger-Nagawara (Red line) and 4 extension lines which will add up to the existing Purple and Green lines. The phase consists of around 61 stations of which 12 will be underground. Operations on the Rs 26,405 crore line are scheduled to begin in 2020.

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