



# Bengaluru Residential Market Watch



In this report, we focus on the premium residential segment.

## ECONOMY ROUND-UP

- India recorded a robust GDP growth of 7.7% in the first half of FY24 exceeding all forecasts. Amidst new geo-political conflict in the Middle East, India recorded strong growth aided by supportive domestic consumption and impressive growth in manufacturing. Owing to the healthy growth, RBI has revised GDP growth projections for the current financial year from 6.5% to 7.0%.
- Domestic inflation softened in the last few months of 2023, with October

reporting a 4.9% growth. However, food inflation remains a short-term headwind for the Indian economy. The RBI's inflation projection for FY24 currently stands at 5.4%, well within the tolerance zone of 2-6%.

- Despite high inflation making its way back in few months through 2023, the RBI has played a commendable role in achieving high growth while keeping the repo rate unchanged at 6.5% since Feb 2023. This has helped in boosting consumer confidence, especially in real estate, resulting in robust sales during the year.

## KARNATAKA REGULATORY ANNOUNCEMENTS

- The Karnataka state government has revised the guidance values for properties in the state after five years. The new values have come into effect from October 1 and increased by an average of 25 to 30% compared to the old guidance values.

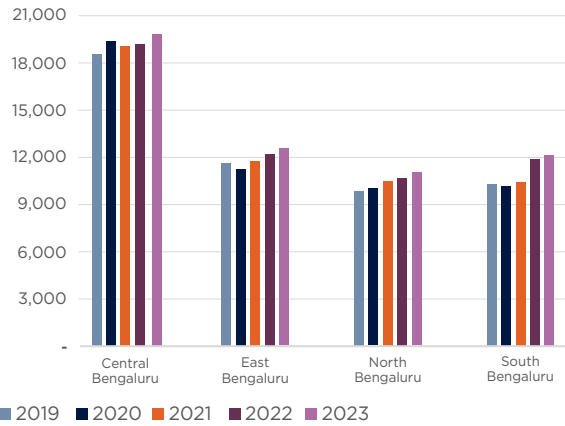




# Sustained Growth in Capital and Rental Values

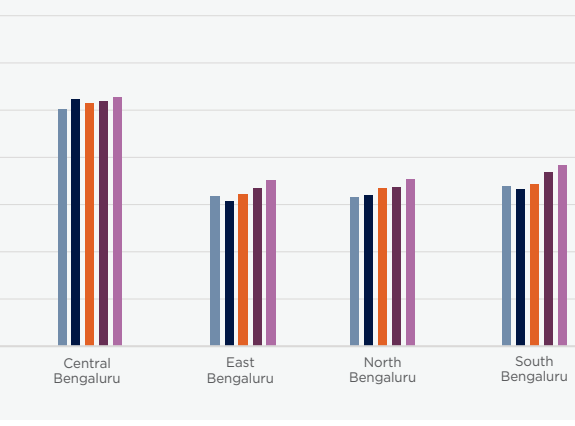
## PRICE TREND

### Average Capital Value for Completed Properties (INR per sq. ft.)



Source: Savills India Research

### Average Capital Value for Under-Construction Properties (INR per sq. ft.)



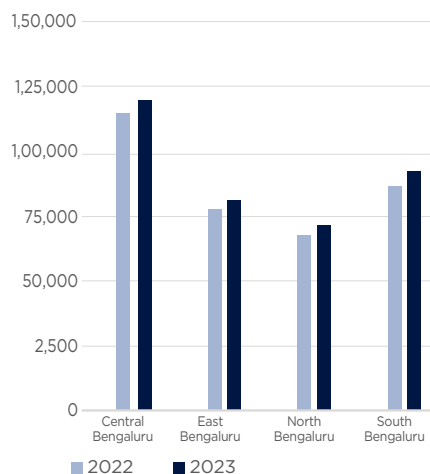
- Bengaluru's premium residential market has witnessed robust growth during 2023, owing to strong demand from home buyers, reflected in the rise in capital values.
- Under-construction projects saw a relatively higher growth averaging 3.9% YOY compared to about 3.0% YOY increase in completed projects.
- East Bengaluru witnessed the highest capital value appreciation in under-construction projects at

5.3%, as new projects with higher specifications were launched. North Bengaluru recorded similar growth of 5.1% over the previous year.

- Completed projects have seen an average growth of 3-3.5% YOY in Central, East and North Bengaluru in 2023. The completion of the new metro route in Eastern Bengaluru and new commercial developments in North Bengaluru have been the major driving factors for capital appreciation in these markets.

## RENTAL TREND

### (INR per month)



Source: Savills India Research

- With professionals returning to the city owing to many companies mandating a hybrid mode, the rental market has seen a sharp growth in 2023, especially in the 3-4 BHK segment.
- While South and North Bengaluru saw the highest rental growth of 6-7% YOY in premium residential developments, Central and East Bengaluru recorded a growth of 4-5% during the same period.
- The rental market for premium housing in Central Bengaluru remains robust, with rents significantly higher than the average rents of other micromarkets. While select luxury properties in pockets of Koramangala, Indira Nagar, MG Road, etc. command a higher rent of INR 150,000-175,000, the city average remains INR 60,000-100,000.

### BENGALURU MICROMARKETS

**Central Bengaluru:** Lavelle Road, Palace Cross Road, Cunningham Road, Frazer Town, Benson Town, Richards Town, Ulsoor Road, Richmond Road, Sankey Road

**South Bengaluru:** Koramangala, Bannerghatta Road, JP Nagar, Banashankari, Jayanagar, Basavangudi, HSR Layout, Sarjapur Road, Kanakapura Road

**East Bengaluru:** Whitefield, Old Airport Road, Indira Nagar, Domlur, Bellandur

**North Bengaluru:** Hebbal, Jakkur, Devanahalli, Yelahanka

## KEY TRANSACTIONS

**Transaction:** Sale  
**Location:** Kodigehalli  
**Asset Type:** Villa  
**Area:** 6,078 sq. ft.  
**Asset Description:** Unit in Palm Meadows  
**Price:** INR 21.0 Crore

**Transaction:** Sale  
**Location:** Sadashiva Nagar  
**Asset Type:** Apartment  
**Area:** 700 sq. ft.  
**Asset Description:** Unit in Vista 450  
**Price:** INR 8.25 Crore

**Transaction:** Sale  
**Location:** Koramangala  
**Asset Type:** Apartment  
**Area:** 4,233 sq. ft.  
**Asset Description:** Unit in G Corp Residences  
**Price:** INR 5.50 Crore

Source: Savills India Research

## YOY COMPARISON



With 5,898 units launched in 2023 in the premium segment, Bengaluru saw a 45.5% YOY growth reflecting the improved demand that sustained over the last couple of years. East Bengaluru accounted for 66% of the new launches while South Bengaluru contributed 24%.



## OUTLOOK

- Owing to enhanced metro connectivity to the key IT corridor of Whitefield, residential activity is likely to receive more traction in key localities of Eastern Bengaluru, resulting in the appreciation of capital and rental values of premium properties by 10-15% in the coming 1-2 years.
- New investments in infrastructure along with the development of office parks in North Bengaluru are likely to propel new launches by leading developers with a healthy price

### Notes:

- Capital values are reflective of properties priced INR 2 crores and above.
- Average capital value for projects is the quoted base price on saleable area.
- Average quoted rentals are for 3-BHK apartments.
- The quoted capital and rental values for the current year are as of December 2023.
- Sale prices in key transactions are indicative prices.

appreciation in 2024. With the availability of land at relatively lower price points, plotted development is likely to see a healthy demand.

- The latest upward revision in guidance values in Karnataka by an average of 25-30%, is expected to negatively impact sales in the short term.
- As many analysts estimate<sup>1</sup> RBI to kickstart rate cuts from the middle of 2024, domestic consumption is likely to see its positive impact during the latter half of the year. This will give a further boost to an already upbeat residential segment in the country, resulting in higher sales.

<sup>1</sup> <https://shorturl.at/xEMR8>

**Savills Property Services (India) Private Limited**  
15th Floor, SKAV SEETHALAKSHMI Corporation No.21, Kasturba Road Bengaluru 560 001 Karnataka, India

Please contact us for further information

**Shveta Jain**  
Managing Director  
Residential Services  
shveta.jain@savills.in

**Sarita Hunt**  
Managing Director  
Bengaluru  
sarita.hunt@savills.in

### AUTHORS

**Raghudeep Ganugu**  
Senior Manager  
Research & Consulting  
ganugu.raghudeep@savills.in

**Megha Maan**  
Director  
Research & Consulting  
megha.maan@savills.in

**Arvind Nandan**  
Managing Director  
Research & Consulting  
arvind.nandan@savills.in

### MEDIA

**Chinmoyee Kalita**  
Corporate  
Communications Lead  
chinmoyee.kalita@savills.in

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