MARKET IN MINUTES

Savills Research

India | Year-End 2024

Bengaluru Residential Market Watch

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ECONOMY ROUND-UP

- India's GDP growth slowed significantly to 5.4% in July-September FY 2024-2025, marking the lowest growth rate in seven quarters. RBI lowered its real GDP growth projection for FY 2024-25 to 6.6% from the earlier estimate of 7.2%.
- As of October 2024, India's headline inflation rate has risen to 6.21% marking the highest inflation rate in over a year, significantly exceeding market expectations.
- RBI has maintained its repo rate at 6.5% for the 11th consecutive time, citing concerns over inflation and the uncertain global growth outlook. This monetary policy stance aims to foster consumer confidence across various sectors, despite the challenges posed by rising prices.

REGULATORY ANNOUNCEMENTS IN KARNATAKA

- In December 2024, the Bangalore Development Authority (BDA) announced a new policy requiring flat buyers to pay a one-year maintenance fee upfront to address financial challenges arising from unoccupied flats and delayed owner payments.
- The Karnataka State Cabinet has approved Namma Metro's Phase 3A line from Sarjapur to Hebbal, costing INR 28,045 crores, featuring a 36.6 km stretch with 17 elevated and 11 underground stations, connecting East Bengaluru's IT hub to northern localities.



> Enhanced infrastructure elevating capital and rental values

PRICE TREND

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



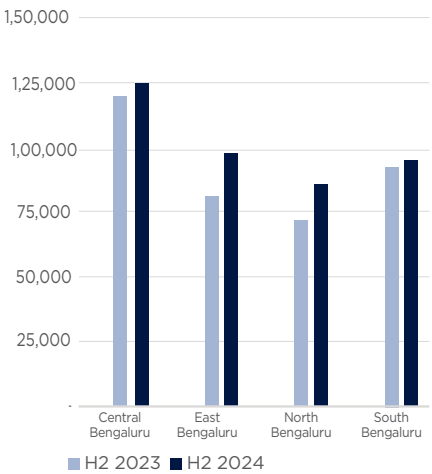
Average Capital Value for Under-Construction Properties (INR per sq. ft.)

Source: Savills India Research

- Bengaluru's premium residential market witnessed growth in under construction projects averaging 25% YOY compared to about 19% YOY rise across completed projects.
- East and Central Bengaluru noted a steep YOY growth of 19-22% across completed projects in December 2024. The strong preference for ready-to-move-in properties, along with the appeal of Central Bengaluru and the completion of the new metro route in Eastern Bengaluru, have been the major driving factors behind the capital appreciation.
- Central Bengaluru micromarket recorded a remarkable annual increase of 31% in average capital values. Notably, East, South and North Bengaluru have also emerged as key hotspots, witnessing significant YOY floor price increases of 24%, 21% and 20% respectively. This is primarily due to the high demand for luxury floors, coupled with rising input costs.

RENTAL TREND

(INR per month)



Source: Savills India Research

- The city witnessed an increase in average rental values by 10% YOY in H2 2024. The East and North micromarkets experienced the highest growth in average rentals, with YOY increases of 20% and 19%, respectively.
- The rental market for premium housing in Central Bengaluru remains robust, with rents significantly higher than the average rents of other micromarkets. In fact, select luxury properties in pockets of Koramangala, Indira Nagar, J.P Nagar, etc. command a higher rent of INR 150,000 – 165,000.

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: Whitefield
Asset Type: Apartment
Area: 7,650 sq. ft.
Asset Description: A unit in Windmills of Your Mind
Price: INR 9.33 Crore

Transaction: Sale
Location: Koramangala
Asset Type: Apartment
Area: 6,000 sq. ft.
Asset Description: Unit in K Raheja Vivarea
Price: INR 8.20 Crore

Transaction: Sale
Location: Whitefield
Asset Type: Apartment
Area: 4,600 sq. ft.
Asset Description: Unit in Prestige Lake Vista
Price: INR 5.40Crore

Source: Savills India Research

YOY COMPARISON

5,898 units
2023

10,164 units
2024

With 10,164 units launched in 2024 in the premium segment, Bengaluru saw a 72% YOY growth reflecting a robust demand that sustained over the last couple of years. The majority of new launches were recorded in South and East Bengaluru accounting for 47% and 38% respectively. Meanwhile, North and Central Bengaluru collectively contributed 15%.



OUTLOOK FOR 2025

- The development of newer IT parks and office spaces in North and East Bengaluru are expected to drive housing demand. The demand for ultra-luxury properties in Bengaluru's outskirts, especially in Whitefield and Devanahalli, is anticipated to surge in 2025, fueled by high-net-worth individuals seeking expansive living spaces, tranquil surroundings and premium amenities.
- Enhanced connectivity through Namma Metro Phase 2 and the Peripheral Ring Road is set to transform areas like Kanakapura Road, Sarjapur Road and Yelahanka into thriving residential hubs, attracting both homebuyers and investors.
- Prime luxury property prices in Bengaluru are expected to increase in the range of 2-4% in early 2025, driven by high-end project completions expected to elevate average market prices.

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 2024
- Sale prices in key transactions are indicatives prices

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