

RERA registrations are soaring and the affordable segment is catching up, says **M.A. SIRAJ**

# Upswing in Bengaluru realty

■■ HOUSING ■■

A positive sentiment is prevailing in the garden city's realty market thanks to the return of buyer confidence stemming from RERA and the promise of expanding businesses. Though most realtors and developers would stop short of describing it as 'bullish', a clear upswing in sales and inquiries is the hallmark of the market.

New launches have gone up appreciably and Bengaluru is inching closer to a demand-supply equilibrium in the mid-income segment category of ₹40-60 lakh. A recent report by realty portal 99acres.com states that the supply now (first quarter of 2018) remains short of demand by a mere 2% as opposed to 5% in the previous quarter. The city has also gained traction with institutional finance such as Canada Pension Plan Investment Board.

## Business expansion

New launches seem to have been waiting only for the developers to exhaust their promotional plans towards offloading the existing stock.

According to Farook Mahmood, MD of Silverline Realty and World President of the FIABCI, given the reasonable pricing, new projects have been selling well. He says the Prestige Group's Jindal City project sold nearly 800 apartments in recent months.

His optimism also stems from expansion plans of existing companies in Bengaluru. Certain recent acquisitions by software major Infosys have also boosted the prospects. The IT biggie recently acquired Panaya Inc., a leading provider of automation technology for software management.



**Now trending** Whitefield in the East and Electronics City in the South remain the cynosure of all eyes looking for office space

## Property deal

Silverline brokered a ₹650 crore (equivalent to \$1 million) deal in April for an SPV comprising Phoenix Mills and the Canada Pension Plan Investment Board which acquired 13 acres of land from the L&T near Jakkur en route the KIAL. At ₹50 crore an acre, this is said to be the highest price paid for a land parcel in this part of the city. A one million sq. ft. mall is slated to come up on this land.

Positive vibes owe themselves to affordable housing witnessing a spike in demand. Says Ashish R. Purvankara, MD, Purvankara Ltd., the last quarter of the company clocked one of the best sales vis-à-vis 10 to 12 last quarters. According to him, their first launch post-RERA saw 750 customers expressing interest, a number higher than the units up for sale by Provident Housing Limited, the affordable housing arm of the company.

## Robust off-take

Lalit Makhijani, Chief Marketing Officer, Godrej Properties, envisions 2018 to be a significant year as projects have shown good off-take

across cities. He says Godrej Properties logged a booking value of ₹5,083 crore and a total booking volume of 6.26 million sq. ft in the first quarter of 2018. This is said to be the highest ever sales in the company's history. Lalit attributes the rising trend to the City's consistent job creation capacity which attracts young population from all across India.

## Rising sales

According to Kamal Singal, CEO and MD, Arvind Smartspace, compared to the last few quarters, demand has picked up considerably in Bengaluru as is evident from Q4 of 2017-18 sales numbers. He says there was a 46% jump in Q4 of the last financial year in sales (number of units) compared to same quarter the previous year. "At the same time, average price increased by 4% during the same period. Inventory overhang has now dropped to around 26 months.

Bulk of the demand comes from the mid-market affordable segment. Figures bear it out that 42% of the total Q4FY 2017-18 sales took place in the sub-50 lakh bracket and 70% in the

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sub-75 lakh bracket," adds Singh.

## New launches

The enthusiastic upswing is borne out of the city witnessing launches of 20 new residential projects in the first quarter of this year, all from Grade-A developers. It is taken as a sign of hope after a considerable lull in the market.

Besides, the RERA implementation too has seen sufficient progress what with the RERA authority in the State receiving 2,100 project applications. Of these 1,500 real estate projects were approved and majority of them are located in Bengaluru. On another level, around 1,000 agents and brokers too have been registered under the Act.

## Rental market

The rental market too has retained its buoyancy with demand soaring in East and South zones. Whitefield in the East and Electronics City in the South remain the cy-

nosure of all eyes looking for office space even while Tumakuru Road with improved connectivity is emerging as the new destination.

This has also spurred BDA into announcing redevelopment of its old shopping complexes in Indira Nagar, HSR Layout, Koramangala, Sadashivnagar, Vijayanagar, Austin Town and R.T. Nagar. To boot, the BDA would enter into partnership with private developers for the purpose. However, with Revised Master Plan (RMP) being delayed, the developers are clueless about the official line on the city's future development.

## Positives converge

Singal bases his optimism on the new investments flowing into the sector with promise of transparency. Yet others see a silver line in better connectivity what with the Namma Metro spreading its wings all around.

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