

**Bengaluru, Oct – Dec, 2008**  
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## Bengaluru: The IT capital of India

In this report we will be analyzing the real estate market in the garden city and IT capital metropolis of Bengaluru. The review period is from October to December 2008. Bengaluru has well established itself as the Silicone Valley of the east. The thriving metropolis is home to a large number of IT and ITeS firms, besides other MNCs and corporate giants. A large number of skilled people have adopted Bengaluru as their city of choice, and this rapid growth has transformed the real estate market as well. The real estate prices have increased sharply over the last few years, and the city ranks amongst the most expensive real estate cities in India. Let us now look how the real estate slowdown has impacted the scenario in Bengaluru.



## Executive Summary

Makaan.com pioneered the concept of "Affordable Housing", way back in 2007. We have been advising our clients to focus on Affordable Housing, as the demand from end users will continue to grow in this price bracket. When you read this edition of Makaan IQ, the following 6 important points will come out:

1. 86% of property seekers from Bengaluru are searching for projects costing < Rs. 40 Lacs, while 11% are looking for properties costing between 40-75 Lacs
2. 7-18% is the decline in demand for residential properties in Bengaluru during the review period.
3. Affordable Housing budget (<40 Lacs) suffers from a huge supply-demand gap. While end users are willing to buy properties costing less than 40 Lacs, there are not enough properties in preferred locations, in this price range
4. With a 32% share of property seekers, Bengaluru South is the sub-city most in demand
5. B.T.M. Layout and Banashankari are the localities where maximum appreciation of prices has occurred in the review period while maximum decline has been observed in Whitefield and Chandapura. A more detailed list of Movers and Shakers is available inside this report
6. The most popular, the most expensive and the least expensive localities of Bengaluru can also be found in this report

Commenting on the report, Aditya Verma, Business Head Makaan.com says "Bengaluru is a very important market for us, and the detailed analysis of the real estate demand and supply trends reveals what we have been advocating for a long time, i.e. Affordable Housing. Developers who start focusing on this price bracket stand to gain the most, especially during the current times."

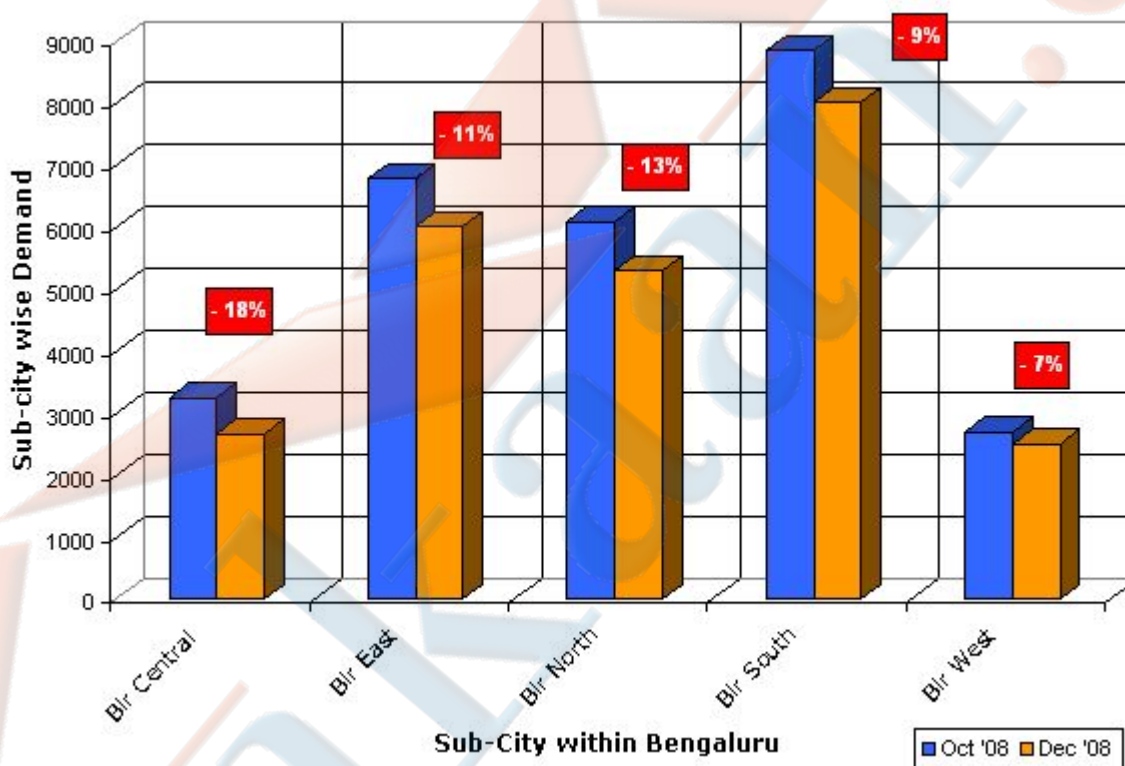




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### The Demand Side Equation: Where's the action happening?

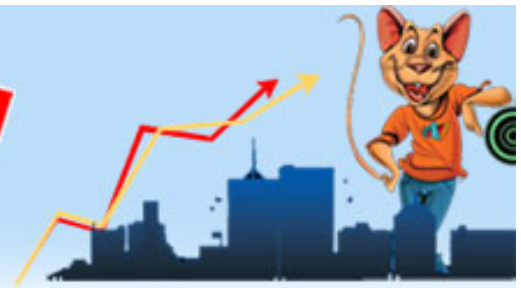
Real estate sector has witnessed slowdown in the last few months, globally. The Indian market has not been immune to the global meltdown. We will now look at the Bengaluru property market, and determine the trends in demand for properties to buy, during the review period. 46% of the property seekers from Bengaluru were not looking for a property in any specific area and were willing to purchase a property anywhere in Bengaluru, as long as their essential property requirements were being met. This means that if a property seeker wanted to buy a 2 BHK apartment for 34 Lacs, he/she was willing to buy anywhere in Bengaluru. The other 54% seekers were more specific in their location preference. We will now focus the remaining analysis on these 54% of property seekers. For the purpose of this analysis the city of Bengaluru has been broadly divided into five sub-cities. The following trends come out, looking at the plots below:



**Plot 1: Demand for Residential properties to Buy**

- Demand for properties has certainly declined in Bengaluru during the review period. Demand has come down by 7 to 18 %, depending on the sub-city.

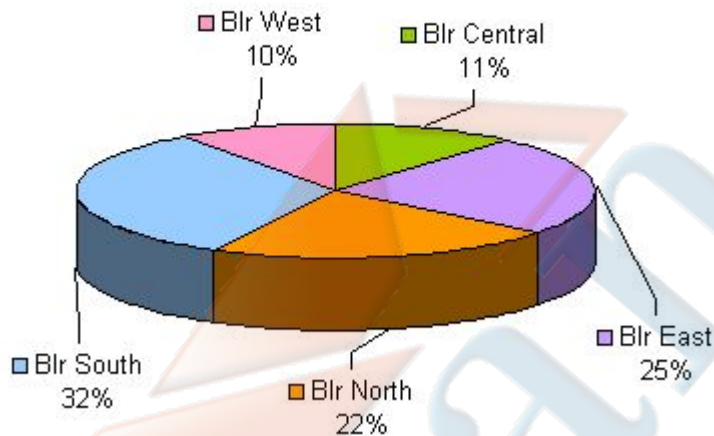




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- Demand in Bengaluru Central has declined the most (by 18%) while demand in Bengaluru West has declined the least (by 7%)
- Bengaluru South stands out as the property hot spot most in demand, followed closely by Bengaluru East and North. Together, these three account for 79% of the demand from Bengaluru.

### % Demand in OND '08



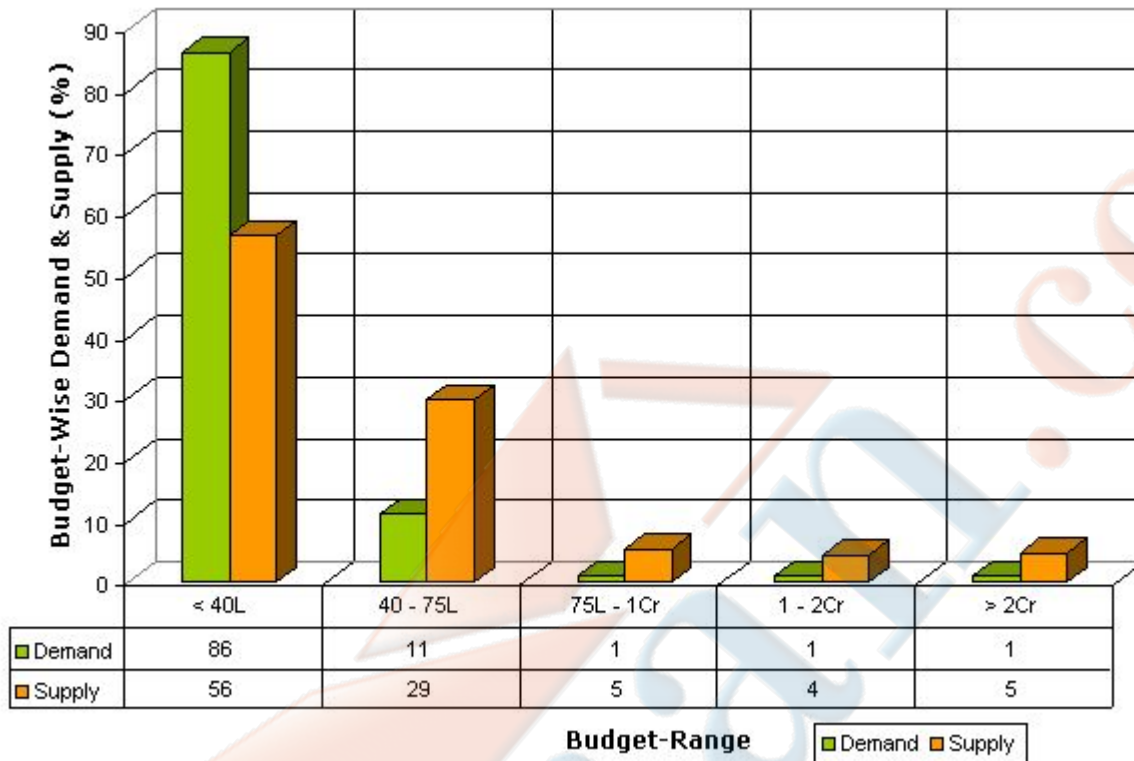
*Plot 2: % demand in different sub-cities*

- 32% of property seekers from Bengaluru are searching for properties in South Bengaluru.
- The demand in the Bengaluru South is triple that of Bengaluru West and Central. The demand in Bengaluru North is twice the demand in Bengaluru Central

### The Demand - Supply Equation: Residential properties to Buy

In the last section, we looked at the demand situation within Bengaluru for residential properties to buy. Another demand side equation we need to look at is what exactly are property seekers looking for? We have done a budget-wise demand and supply comparison, which essentially gives us insights into what is the price range where maximum demand exists. We have some very interesting trends, if we look at the plot below.





**Plot 3: Budget-wise demand & supply for properties to buy**

- 86% of property seekers from Bengaluru are searching for residential properties costing less than Rs. 40 Lacs. Affordable Housing is definitely in high demand in Bengaluru, much in line with the current trend across major Indian cities
- The supply of properties costing above Rs. 40 Lacs is more than the demand, signifying that seekers have enough options to choose from, in this range, but there are not too many seekers looking at this price segment.
- 11% of seekers are comfortable with the price range of Rs. 40-75 Lacs while only 3% property seekers look for properties that cost above Rs. 75 Lacs.
- The demand equation clearly indicates a huge appetite for properties in the Affordable Housing segment (< 40 Lacs). However, there are not enough properties in the preferred localities

Bengaluru reinforces our view that like 2008, 2009 is also shaping up as the Year of Affordable Housing. Over the past few years all major developers have been focusing on higher end of the price band, which now has fewer takers. The strategy over the next few years for developers must be to marry their projects specification with the actual demand, to creating sustainable businesses.



## ↑ Movers

We define Movers as the localities that appreciate the most during the review period. Below is the list of "Movers" from Bengaluru.

#	Locality	Avg. Rates*		% Appreciation
		Oct '08	Dec '08	
1	B.T.M. Layout	2948	3458	17
2	Banashankari	3682	4286	16
3	Koramangala	3773	4375	16
4	Hebbal	2734	3156	15
5	Sarjapur Road	1809	2034	12
6	Yelahanka	2913	3205	10
7	Sahakar Nagar	3300	3603	9
8	Maleshpalya	2080	2201	6
9	Bannerghatta	2600	2743	5
10	Vidhyaranyapuram	2724	2810	3

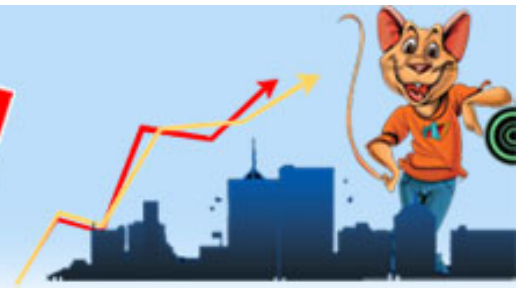
## ↓ Shakers

We define Shakers as the localities that depreciate the most during the review period. Below is the list of "Shakers" from Bengaluru.

#	Locality	Avg. Rates*		% Depreciation
		Oct '08	Dec '08	
1	Whitefield	2321	1875	19
2	Chandapura	1334	1085	19
3	Padmanam Nagar	4026	3290	18
4	Devanahalli Road	424	348	18
5	Bommanhalli	2594	2143	17
6	Banaswadi	3185	2664	16
7	Kanakpura Road	2252	1885	16
8	Brookefield	3050	2672	12
9	HSR Layout	4225	3783	10
10	Hosur Road	1778	1600	10

\* Avg. Rates are in Per Sq. Feet





## Most Popular Localities

The most popular localities, in terms of sellers marketing their projects more in these localities, as compared to other areas, is as follows:

#	Locality	Avg. Rates* in OND
1	Devanahalli Road	386
2	Electronic City	2149
3	Bannerghatta	2671
4	Sarjapur Road	1921
5	Whitefield	2098
6	Hosur Road	1689
7	JP Nagar	3934
8	Hebbal	2945
9	CV Raman Nagar	2513
10	Outer Ring Road	3086



## Most & Least expensive localities

The most and least expensive localities from Bengaluru have been listed below.

#	Most Expensive	Avg. Rate*
1	Sadashiva Nagar	14741
2	CBD	11794
3	Ulsoor	9836
4	Langford Town	9349
5	Jayanagar	8333
6	Indira nagar	7468
7	Benson Town	7291
8	Frazer Town	7088
9	Kumaraswami Layout	6588
10	Malleswaram	5299

#	Least Expensive	Avg. Rate*
1	Devanahalli Road	386
2	Anekal	782
3	Mysore Road	1021
4	Jigani	1069
5	Chandapura	1209
6	Hosur Road	1689
7	Jalahalli	1789
8	Bellari Road	1817
9	Sarjapur Road	1921
10	Kanakpura Road	2068

\* Avg. Rates are in Per Sq. Feet





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### About Makaan.com

Makaan.com is an online real-estate service promoted by People Interactive; the consumer Internet division of the Anupam Mittal led People Group. This site was conceived to explore and invent opportunities in the online real-estate space, and within an year of its launch managed to attract more than 11.3 Lac unique visitors per month and 4.25 Lac listed properties, making Makaan.com India's fastest growing real estate portal. Makaan.com is committed to helping users make wise and profitable decisions related to buying, selling, renting and leasing of properties, in India and key global geographies. The site aims to be user friendly, and has recently launched 'Makaan Mobile'- India's 1st and only SMS based mobile application for property sellers, in addition to introducing services such as ClickPay – an offering that enables a property seller to list multiple properties in one ad and Smart Broker, which allows real estate agents to create their own online banner advertisement. Makaan.com has Pan India presence, with physical offices in top 10 cities of India, including Delhi, Mumbai, Kolkata, Bangalore, Chennai, Hyderabad, Ahmedabad, Pune, Chandigarh and Kochi.

### About People Interactive

People Interactive was founded in 1997 to help architect India's Internet landscape. Today it is one of India's leading Internet companies and boasts brands such as Shaadi.com, Shaadi.com Centres, Fropper.com, Makaan.com and Astrolife.com. The company is focussed on discovering and developing scalable Internet business models around communities and classifieds. It prides itself in being a pioneer of Indo-centric Internet business models and believes in innovation led growth.

The company won the IT People Award 2007 for Excellence in Information Technology, and was also awarded the Red Herring Asia Top 100 Awards in 2006. In September 2007 Business Today recognized the company's flagship brand – Shaadi.com as one of the Top 10 Marketers in the country. Shaadi.com was also felicitated at the WEB18 'Genius of the Web' Awards 2007, as the best E-Commerce site (Matrimony), and Shaadi.com Centres won the 'Franchisor of the Year Award' for the third consecutive year in 2007. People Interactive was also named as one of the Top 500 companies in Deloitte Technology Fast 500 – Asia Pacific Awards 2007. People Interactive is a Sequoia Capital backed company and is part of the Anupam Mittal led People Group.

### Contact Details:

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