



EMERGING TRENDS IN BANGALORE'S RESIDENTIAL MARKET

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The subprime crisis of US was an unprecedented one in size and scale causing Global Recession. It had a universal impact in which all financial systems and banking industry got impacted. Liquidity dried up and new hiring stopped completely.

In India interest rates went up and Banks stopped lending to developers. More or less all industries were badly hit including the IT sector. As such Bangalore Real Estate had to pass through a difficult phase.

Reserve Bank of India stepped in to help Developers restructure loans. Developers also went aggressive on raising equity, land monetization and reducing debt. The home loan interest rates also came down. The first signs of revival in the Real Estate Sector in Bangalore were seen in June 2009

There is a clear indication now that the demand is picking up for all segments from residential to commercial. Inventories are getting absorbed and developers are launching new projects.

The economy is now on a growth path. Employment scenario has drastically improved. IT, Auto, and other industries are back in full swing. The city has one of the highest per capita income. The south will continue to lead the economic development. Overall, the Bangalore Real Estate Sector looks very promising not just for the time being but for a very long run.

Some of the trends which we are going to see in the residential market because of emergence of Bangalore as a fast growing metropolitan on one hand and the lessons which recession has taught us on the other hand are going to be: demand for quality homes, value for money, coming up of suburbs, gated and integrated townships, sustainable communities, stability of prices, return of investor sentiments and transparency in dealing with the customers.

A typical homebuyer is today looking for quality and value for money. Homes are bought for a life time and people expect at least no construction related problem once they have brought the property. Developers who will be able to build reputation on these lines will be the most sought after ones.

From location point of view, city centres are fully congested and new Bangalore has to emerge in suburbs. This will not only reduce the burden on the main city but also ease traffic, pollution and overcrowding of structures amongst others. For this connectivity

and infrastructure has to improve like the coming up of outer ring road, six-laning of Bellary road, and Hosur road expressway. Another reason in the shift towards living in suburbs would be the close proximity to office, as many of the firms have set up and are in the process of setting up their works and offices in the suburbs, thereby reducing the commuting time.

Over the years, the Bangalore buyer has also become very selective and wants to have all facilities in a safe environment. Gated communities with integrated township are going to be on an uptrend. There has to be a proper balance between exterior and interior amenities. Stress will have to be laid on open layouts, green spaces, community hall; leisure and entertainment facilities, shopping complex etc. The buyer is also getting environment sensitive and looking for complexes which are eco friendly with aspects such as waste management, plantation, energy conservation and water harvesting.

In Bangalore there is going to be demand for all kinds of residential categories - Luxury, semi-luxury, standard apartments, villas, plotted development etc

Besides, there is an emerging demand for affordable housing. It will be nice if a kind of public private partnership can be arrived at in this segment in which government comes out with more conducive policies and people in that segment are made eligible for loans etc. This will also require new kind of technology where the construction time is reduced and more of pre-fabricated material comes into use.

On the price front, stabilization around the current levels is being witnessed and this trend is likely to continue for some time given the developers' focus on volumes. Also, long term investors are returning to the real state sector. In particular, they have started investing in Bangalore given the price affordability as compared to cities like Mumbai and Delhi.

On their part, customers are now much more aware of the issues in real estate purchase. They not only want hassle free transactions but also delivery as per promise. This has driven the organized players to achieve higher levels of transparency, which would do a world of good to the industry.

On the whole, the demand is back in the real estate sector in Bangalore and poised for more organized and quality oriented development.