

## BANGALORE



One of the developers in the Township market in Bangalore, Bhartiya City is in the process of expanding their operations. The uniqueness of Bhartiya offerings is their ability to cater to a broad segment of buyers. Arjun Aggarwal, chief executive officer, Bhartiya City, talks about their success mantra, how was the year 2013 for the Bangalore real estate market and their plans for the year 2014. Excerpts from the interview:

### 'IT sector helped Bangalore real estate sail smoothly in 2013'

**Why is this segment witnessing so much growth in the city?**

Growth is driven by demand from IT professionals and middle-income families and this is driven primarily by end users and not just investors. Proximity to workplaces and good transport connectivity are the major drivers.

**Several developers have entered this niche segment? Was supply aligned with demand in the area?**

Though several developers have entered into this segment, Bangalore witnessed a burgeoning population as an after effect of migration from other cities and towns to Bangalore city.

The increasing number of nuclear families and migration of people to metros owing to prospects of employment and the natural growth of population in Bangalore drove the growth of the real estate sector in the city. Though there is a demand-supply mismatch, apartments in Bangalore realised good price appreciation in the last five years. But the demand has been steady against the robust supply and there has been steady increase in average price appreciation in the city.

**Which areas do you expect to see maximum real estate development in this segment in the year 2014? Why?**

The Hebbal-Devanahalli stretch is fast emerging as a premium residential hub. Availability of land at relatively reasonable rates and key infrastructure developments has spurred developers to launch premium projects in the area.

The international airport and the improved connectivity to the city through the four-lane Bellary Road has triggered the rush to the northern corridor. In the last 10 years, southern and east corridors saw a lot of action.

The next phase of growth will be towards Hebbal, Thanisandra and Bellary Road. The Elevated Expressway will also positively impact residential development in the region. North Bangalore holds immense potential in terms of real estate development.

**You are in the township development segment? What do you think is the future for this segment.**

Given the infrastructure constraints that our metropolitan cities like Bangalore face

today, townships or cities within a city have been able to command premium owing to sustained demand. This accounts for the steady increase of real estate market and township projects.

There is a significant need-gap for townships and thus we responded to this opportunity with Bhartiya City, India's largest 125-acre design led integrated township under the municipality city limit near Hebbal in Bangalore.

**What is your expectation from the Bangalore market overall in 2014?**

The Bangalore real estate market has been very strong with demand for projects.

Based on the current rate of launches and the annual absorption trend, the residential market in Bangalore seems to be in a balanced state.

Property market in 2014 will be driven by end users and the year 2014 may experience a very positive shift from the earlier years and will bring in the much required stability in the property market.

"Location" will be the top most purchase consideration for home buyers in the year 2014. The preference for "location" is higher than "price" that was the biggest influencer for property purchase over the last few years.

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#### POLICY PERSPECTIVE

### Impressive funding for Bangalore realty

The country's IT capital, Bangalore, has attracted the lion's share of private equity (PE) investments in the real estate sector, approximately 42 per cent of Rs 4,716 crore (roughly \$755 million) of the investment that has flowed in between January and September in the year 2013.

Bangalore has outpaced all other metro markets, attracting three times the share of investments of Pune, the second biggest with an equity flow of Rs 780 crore, accounting for 16.53 per cent of the PE deal volume. Mumbai attracted 15.26 per cent, or Rs 720 crore, NCR received Rs 612 crore, a 12.97 per cent share of the investment pie, as per data shared by the consultancy firm Cushman & Wakefield.

Bangalore's impressive performance has been led by QIA's (Qatar Investment Authority) investment of \$300 million for a 24 per cent stake in an SPV of IT park developer RMZ Corp. Overall, PE investment in Indian real estate has grown by 26 per cent over the similar nine-month period in 2012, with Bangalore reporting a 78.93 per cent increase.

Source: *The Times of India*