

RoofandFloor Intelligence Report

JAN 2020

New trends for the new year, What does the future hold?



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Introduction

It gives me extreme pleasure to introduce RoofandFloor Intelligence, a one of a kind intelligence report on customer sentiment in the real estate segment. Roofandfloor, the online real estate arm of the Hindu Group, has been in this market for the past 4 years. Over the years we have tied up with 1000+ builders and have helped over 1 million home buyers in making a well informed decision in their home buying process.

Our ability to be a successful matchmaker has boiled down to our diligence in gathering data about home buyers as well as properties, and making sure each home buyer gets the property she wants. We collect over 30 signals for every homebuyer--of her activities, her behaviour, her preference both implicit and explicit, and this allows us the confidence of making appropriate recommendations. It also gives us the confidence to prepare RoofandFloor Intelligence, something that we believe is extremely important intelligence to any decision maker in a business that deals with real estate, even if peripherally.

While most real estate reports give post facto analysis of what has happened in the market, RoofandFloor Intelligence goes one step ahead and gives intelligence that is derived from what the user is doing before making a purchase. In that sense it is predictive intelligence that allows businesses to be proactive rather than reactive when operating in the real estate sector. Using data analytics and visualisation, RoofandFloor Intelligence gives insights into changing user preferences, hot localities in a city, investment vs own use sentiment in the sector and a lot more.

Thejaswi Udupa

CTO, RoofandFloor



Market Sentiment

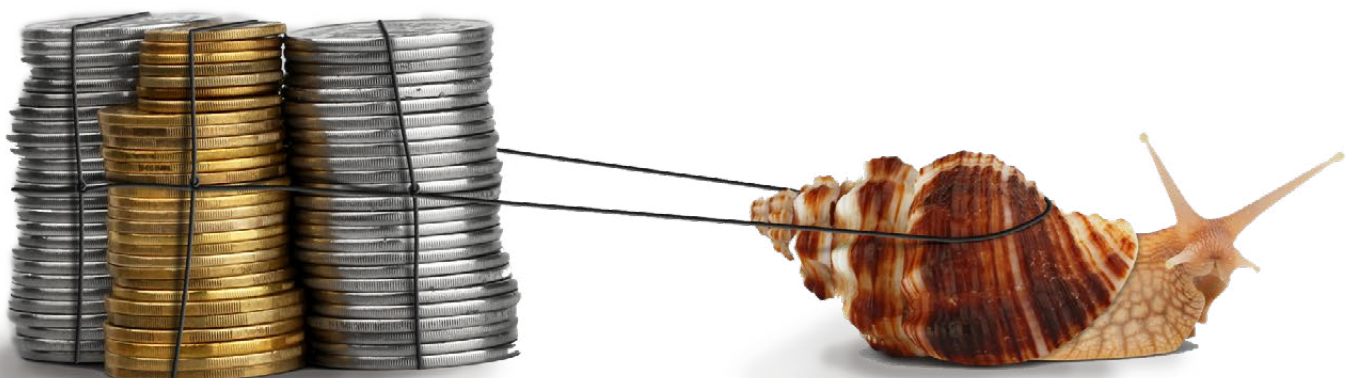
The year 2019 was a challenging year for the country's economy in the midst of what is being termed as the worst global slowdown in 11 years. The Indian economy's growth rate for FY 2019-20 is expected to be capped at about 5%, with unemployment rate reaching 7.7% in December 2019. This has deeply affected some sectors of the economy such as the automotive industry which seems to have taken a huge hit.

The real estate market however remains largely unaffected as investment in real estate is most often made with long term visibility and planning. In order to boost demand in the residential real estate market, the government has sought to inject liquidity in the hands of the buyers. Several measures were introduced in recent times to that effect, such as

- Slashing the repo rate multiple times,
- Creation of an Alternative Investment Fund for last-mile funding of stalled projects, and
- Relaxing of GST.

The high rate of unemployment and the investment slowdown has however made it quite difficult for the affordable residential property market to pick up more pace.

While we are yet to see the effects of the government's efforts to boost demand in the real estate market, we can hope that the government is able to create trust in the market for consumers looking for affordable homes.



With several steps taken to improve RERA compliance in Karnataka and create transparency between developers and homebuyers, we believe that the market in Bengaluru should be able to pick up in the coming year. The Karnataka RERA authority has planned to set up an independent conciliation cell to promote an alternate dispute resolution mechanism for speedy settlement of disputes (within 30 days).

We saw a spike in demand across the table in south Bengaluru with Electronic City Phase-I being the most popular in our user base. Reports suggest that about 37% of total residential projects launched in the previous 6 months in Bangalore were situated in South Bangalore. Multiple residential projects were launched in Doddakanelli, Akshayanagar and Bannerghatta Road. The increasing demand in Electronic City Phase-I that we have been able to capture may be one of the major reasons contributing to this trend.

There have been reports of improving infrastructure in Bengaluru, such as the connectivity of the metro with the eastern zone of the city, and the proposed suburban rail corridors connecting several parts of the city with the Kempegowda International Airport. We believe that these factors should lead to a relatively more equitable distribution of demand across the city in the coming years.

Among our users, we see a shift in demand for housing from the affordable segment to the mid-segment price bracket in various parts of these cities. Buyers looking to buy houses in the mid-segment price bracket demand more amenities and community features along with just a roof and a floor. We believe that over time these features will increase in importance to buyers and exert greater influence on real estate demand in these cities than they do at the moment.



Demand Distribution

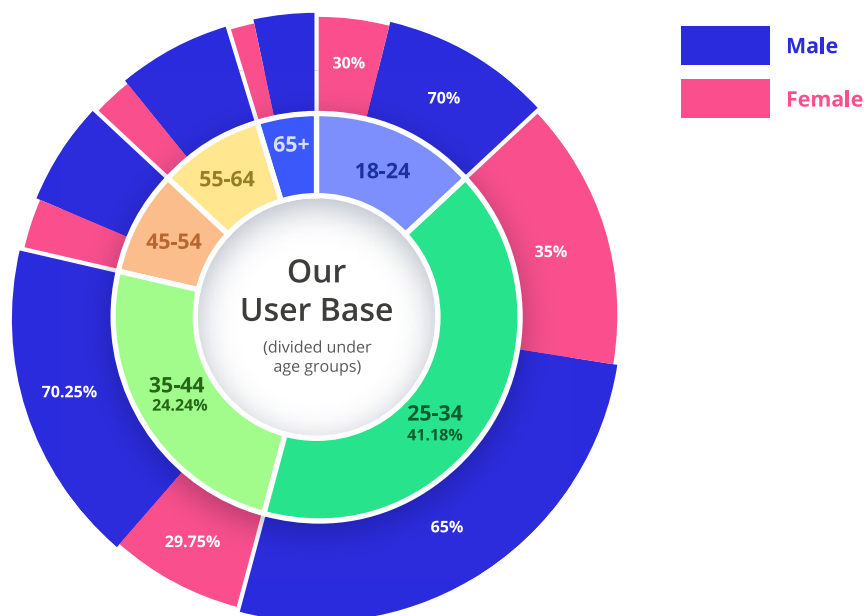
Bengaluru is regarded as the silicon-valley of India, with a large number of tech companies, MNCs, start-ups and an economic ecosystem of services built around these businesses. Bengaluru has become one of the most preferred locations to work among fresh graduates across the country perhaps due to the insufferable pollution in Delhi-NCR and skyrocketing real estate prices in Mumbai.

Chennai is also following in the footsteps of Bengaluru and slowly attracting a young workforce to the city. South Chennai is fast emerging as a prime destination for IT outsourcing with many functional tech parks and more under construction or being planned.

We have a broad user base, spread across various ages and financial capacity. In the month of January 2020, 91,257 users searched for residential property on our portal. The largest chunk of our users lies within the 25-34 years age group (41.18%), followed by the users falling within the 35-44 years age group (24.24%).

Demand distribution across age & gender

41.18% of our homebuyers are aged between 25 - 34, out of them 65% are male buyers



Out of these users, 12,848 unique users submitted their preferences in budget, property type, preferred areas, time in which they intend to purchase property, and their purpose of buying.

Budget Preferences

Our data shows a preference among our users for housing in the mid-segment price bracket over affordable housing. As mentioned in the previous section, the largest part of our users fall within the 25-34 year age group. We can therefore infer a general profile of the buyer driving the most interest on our website to be a young male professional with enough savings and ability to borrow money to afford a house that costs more than INR 40L.

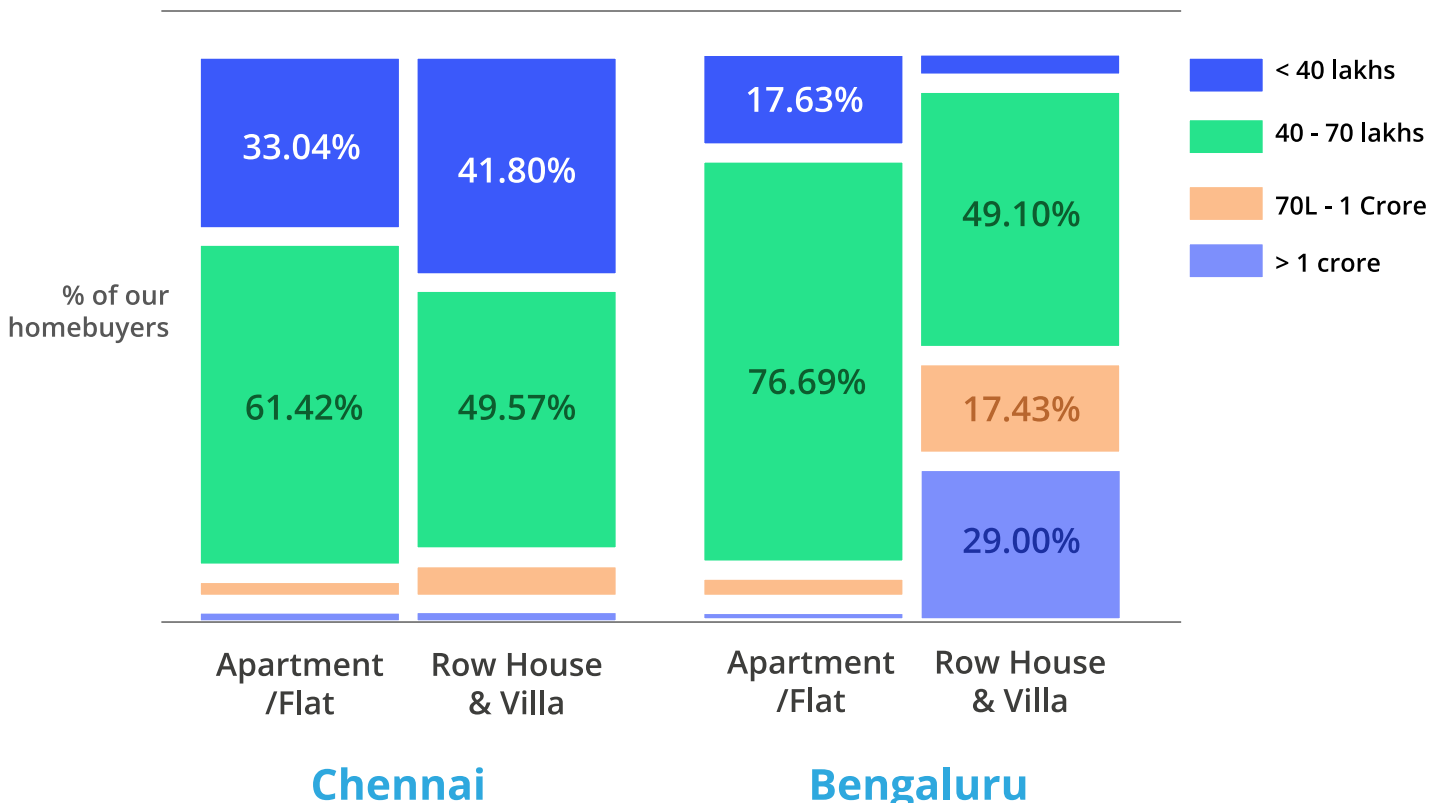
Across Chennai and Bengaluru, we noted the budget preferences of our users and found that:

In Chennai, 56.51% of our users wished to purchase a house within the mid-segment price bracket (INR 40L – 70L), while 35.22% of our users preferred affordable housing (< INR 40L).

In Bengaluru, 73.92% of our users wished to purchase a house within the mid-segment price bracket (INR 40L – 70L), while 16.79% of our users preferred affordable housing (< INR 40L).

Bengaluru being a bigger and more expensive market than Chennai has been visibly attracting a higher proportion of buyers in the mid-segment price bracket compared to Chennai where affordable housing commands a high popularity.

Most of the buyers in Bengaluru & Chennai fall within the mid-segment price bracket (40 - 70 Lakhs)



Preferences In Type Of Housing

Based on responses collected from our users in January 2020, we concluded that there was little change in the trend observed over the years in Bengaluru and Chennai. Apartments continue to be preferred over row houses or villas, the relative demand for apartments being higher in Bengaluru compared to Chennai.

To begin with, let's look at some of the major differences between apartments and row houses or villas or even plots of land in order to better observe this trend. Some of the major factors affecting people's decision to buy an apartment or a villa are:

- **Budget** - While there is no dearth of high-end luxury apartments in Chennai and Bengaluru, villas cost a lot more than apartments of the same size and in the same area. The high cost of villas or independent houses in general as compared to apartments can be attributed mainly to the shared cost of land and utilities in apartment complexes. Land value appreciates as a city becomes more crowded, which drives up the cost of villas faster than apartments, making it a bigger investment.
- **Investment** - If seen solely from an investor's perspective, there are different considerations that go into this decision. As discussed above, land value appreciation results in prices of villas increasing faster than prices of apartments making them a more attractive investment in that regard. It is however also more difficult to sell off a villa as compared to an apartment, which can create a liquidity problem for a short-term investor.
- **Usage** - Villas, row houses and plots provide more private space in and around the house than an apartment in the form of a garden, car parking etc. providing a better option for larger families, especially with kids and pets.
- **Privacy** - Villas offer greater privacy than apartments.
- **Maintenance and Security** - Apartments are usually maintained by maintenance agencies in a more organised and systematic manner as compared to a villa or a row house where personal attention to the maintenance of the house is required. Specialised security agencies are also engaged by big developers to ensure safety of the complex. The costs of good maintenance and security gets divided across all the residents of an apartment complex and therefore does not burn a large hole in their pockets.
- **Location** - While apartment buildings are easier to find in the more densely populated areas of the city, row houses and villas tend to be more readily available in sparsely populated areas or more towards the outskirts of a city.

Bengaluru & Chennai

Bengaluru and Chennai are two of the most prominent real estate markets in south India, being preferred locations for job seekers. With a large number of established and up-and-coming tech parks and improving social infrastructure, Chennai and Bengaluru attract both self-use buyers and investors.

Through this report, we highlight some of the trends that can be seen emerging from the preferences submitted by our users and try to gauge the market sentiment as far as it can be extrapolated from their preferences. In January 2020, around 12,848 users across Bengaluru and Chennai exhibited an interest in buying homes and submitted specific preferences of type of property. 17.44% of these users indicated that they are seriously interested in entering the market soon. We believe that almost all of such users are looking to enter the market within the next 6 months.

By the end of this report, we will try to answer a few questions about the market sentiment in Chennai and Bengaluru:

- Who are these buyers?
- Why do they want to buy a house?
- Where do they want to buy a house?
- How much are they willing to spend?
- What factors determine the buyers' budget?
- Does their budget vary with the location of the house?
- What kind of properties do buyers prefer to purchase and why?

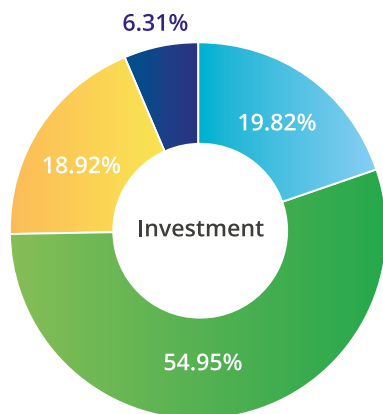
Purpose of homebuying

We also asked our users if they are looking for property for their own use or if its solely for the purpose of an investment. Some of our users submitted this data and enabled us to distinguish data provided by pure investors from the data provided by users who are looking to buy property for their own use.

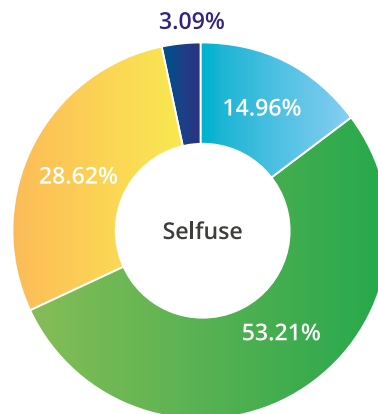
We believe that it is important to create this distinction as behaviour of investors and self-use buyers are dictated by different considerations. Self-use buyers concentrate on the day to day challenges associated with the purchase, such as access to schools, hospitals, grocery stores, and most importantly, how long it will take for them to commute to and from work. Self-use buyers do not lay as much emphasis on the proposed long-term development of the area as much as the investors who rely on such development for returns on their investment.

Chennai

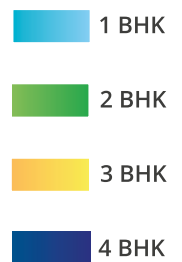
Homebuyer BHK preference



Homebuyers in Chennai looking for investment

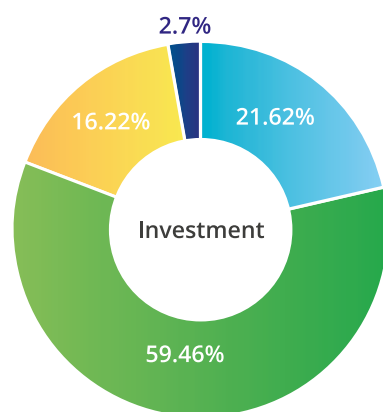


Homebuyers in Chennai looking for selfuse

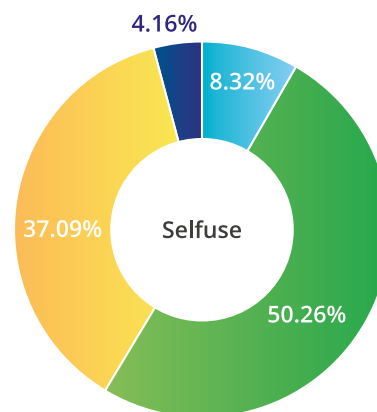


Bengaluru

Homebuyer BHK preference



Homebuyers in Bengaluru looking for investment



Homebuyers in Bengaluru looking for selfuse

11.44% of our users in Bengaluru and 11.69% of our users in Chennai, who chose to indicate their purpose of buying property, were interested in purchasing property for the purpose of investment.

In both cities, the investors were most interested in purchasing properties in the affordable range.

2 BHK properties within the affordable property range were the most popular among investors in the month of January, 2020 in both Bengaluru and Chennai. The second most favourite combination for investors were 1 BHK properties in the same price bracket.

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Chennai



Apartment vs Row Houses

We do not see much deviation from the trend over the past few months which showed Chennai to have a greater demand for row houses and villas, compared to Bengaluru. In January 2020, we collected over 10,000 preferences from our users interested in buying property at different locations in Chennai, of which 74% were interested in apartments.

Chennai is attracting a large number of people to come to the city to work and settle down, which is resulting in overcrowding of certain areas and a rise in the demand for apartments. This phenomenon however is being countered to some extent by the fact that Chennai has been reported to have . A daily commute of 10 km in Chennai does not cause as much annoyance as the same commute in Bengaluru.

We understand from the healthy distribution of demand between apartments and row houses in Chennai that users looking for affordable housing in Chennai value their privacy and the space available to them more than reducing their daily commute. This is also a factor of the high demand for apartments in the south zone of Chennai.

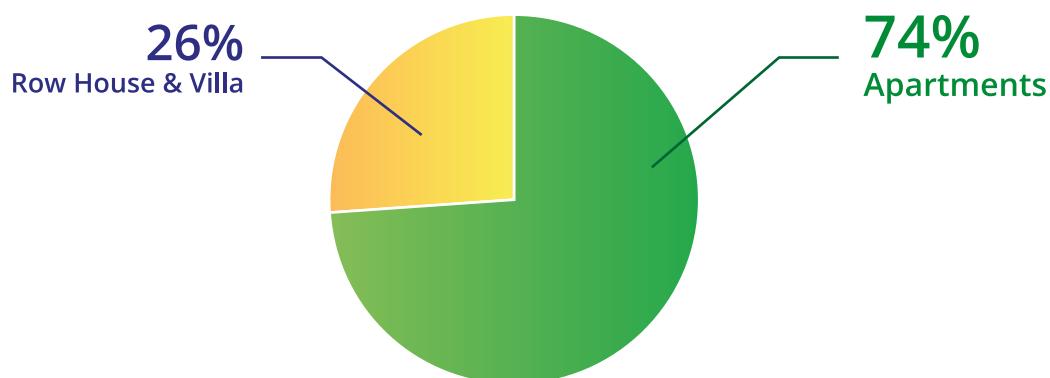
We noted that of our users in Chennai who are looking to spend up to INR 40L, having also specified their preference of property type, 69.55% were interested in purchasing apartments with the remaining users exhibiting an interest in buying Villas.

While villas are usually more expensive than apartments and users with more money to spend can afford to spend on villas, the highest proportion of our users looking to buy apartments still fall within the mid-segment price bracket. Our users who can afford houses in this segment seem to value the ease of living, greater value for money and benefits of location offered by apartments.

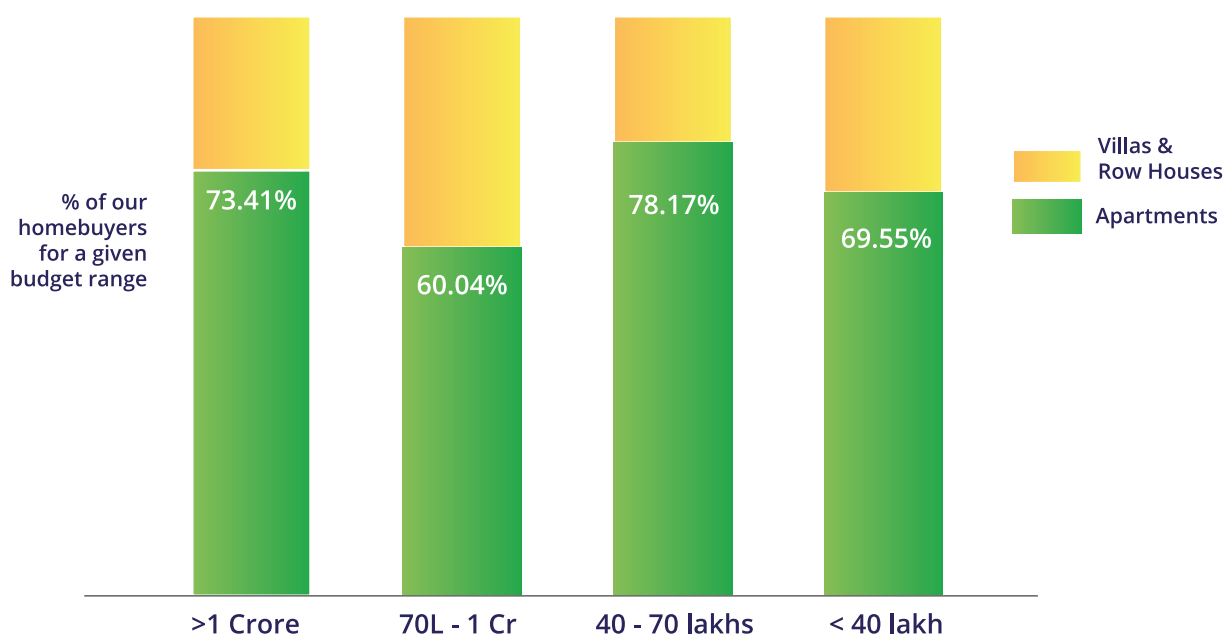
In the mid-segment price bracket of INR 40L – 70L, 78.17% of our users, having also specified their preference of property type, were inclined to purchase apartments with the remaining looking to purchase villas.

Apartments vs Row Houses

74% of our users prefer to buy apartments



Distribution of user demand across property types in Chennai



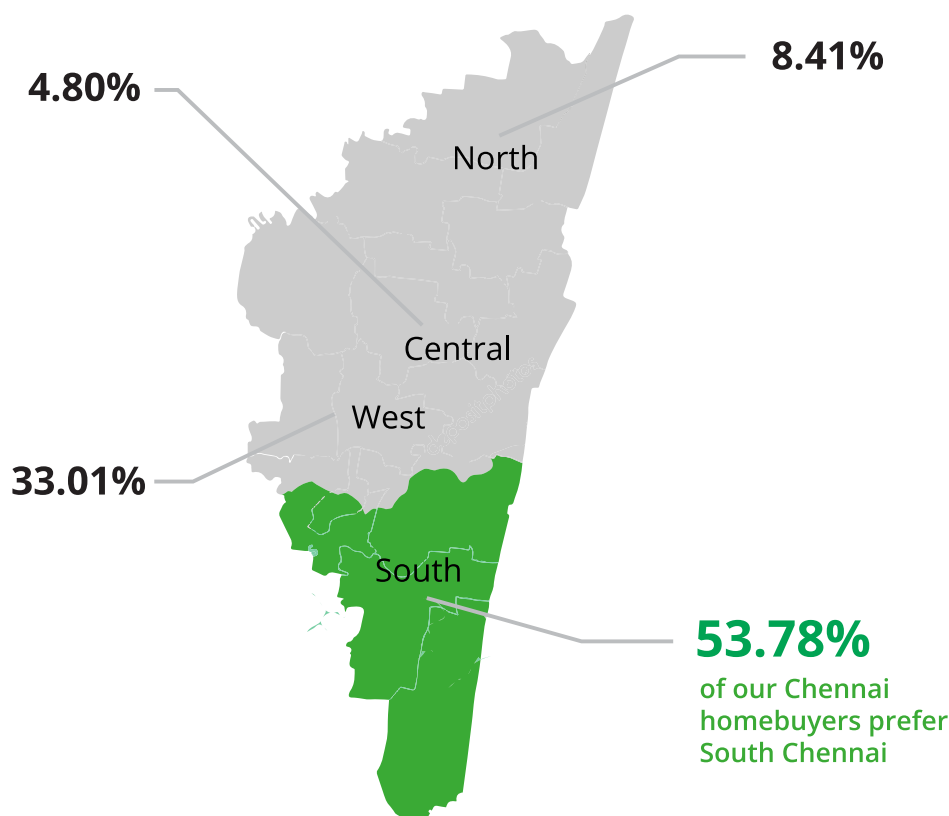
Demand For Apartments in Chennai (under each price segment)

78.17% of people in the budget range 40 - 70 lakhs prefer apartments

Across all segments in Chennai, the demand for row houses remains significantly lower than the demand for other property types.

Zone Wise Analysis

We have divided Chennai into four major zones, namely, North, West, South and Central.



Location preference for our users in Chennai

Chennai as a market is known to be quite stable even during times of a general slump in the market due to the developers restricting the launch of new projects and focusing on affordable housing as compared to luxury apartments. The stability of the market is also attributable to the fact that the economy of the city does not depend solely on the most affected sectors of the slowing economy but also on the services industry. The real estate market has also gathered buyer confidence since its decline in 2017 after the implementation of the Tamil Nadu RERA.

Being a major port city, a large amount of cargo flows through Chennai that initially aided the urban development around major roads and highways. Chennai has now developed into a major business hub in South India supported by both services and manufacturing jobs. With multiple tech parks, 40 operational SEZ's, over 2 lakh MSME units and about 2.6 Billion USD received in FDI in 2018-19, Chennai is one of the most lucrative places in the country for job seekers.

Attracting a huge talent pool of people wishing to work in the IT industry and the manufacturing sector, Chennai has also focused on developing civic infrastructure with development of new roads, new metro rail and monorail corridors and also a second airport.

South Zone

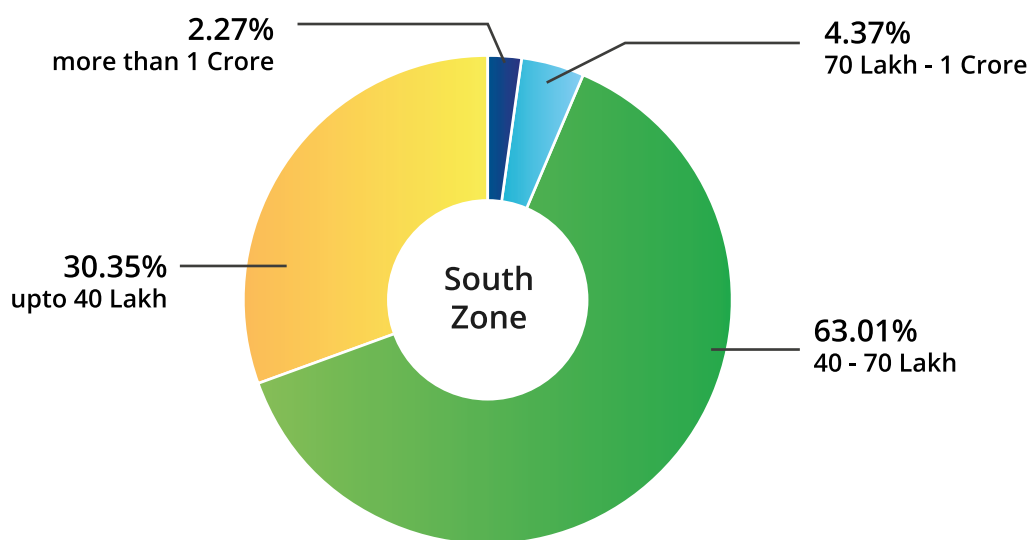
South Chennai remained the zone that generated maximum buyer interest in Chennai due to the ample number of employment opportunities generated by IT-ITeS companies and robust social infrastructure. South Chennai is well connected with the centre of the city due to the development of OMR and ECR, has varied sectors apart from IT-ITeS which are driving its growth such as automobiles, telecom, auto ancillary and manufacturing. Apart from OMR and ECR, it also has ORR and IRR which connect the south zone to the north through west Chennai.

There are also multiple projects in the pipeline such as the expansion of the airport, the Chennai Peripheral Ring Road, and expanded monorail and metro rail corridors.

South Chennai is also host to a large retail industry in numerous shopping malls to cater for the needs of the people living in this area. There are also a lot of prominent educational institutions and renowned hospitals which make South Chennai an attractive destination for families to settle down.

53.8% of our users looking for housing in Chennai preferred looking for houses in South Chennai.

Among the users looking for housing in South Chennai, the mid-segment price bracket (INR 40L - 70L) commands the greatest demand at 63.01% of all interest generated in this zone. 30.35% of the users looking for housing in this area preferred affordable housing (< INR 40L).

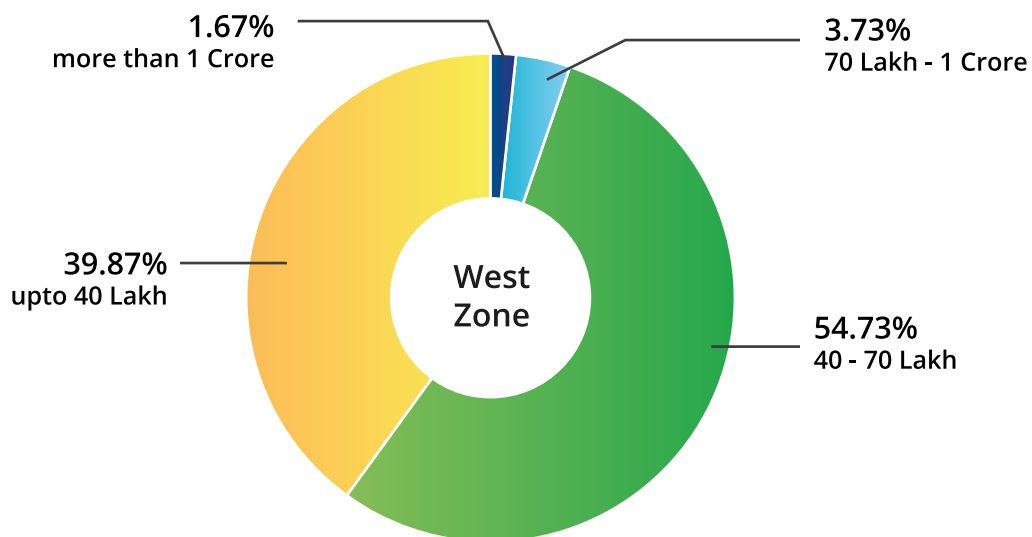


Budget preferences of buyers interested in South Chennai

West Zone

West Chennai is the biggest manufacturing hub of the city housing major industrial estates and industrial parks. The difference in the economic profile of the buyers in South and West Chennai is the direct product of the kind of economic opportunities created in both the zone. While the highly industrial west zone creates more blue-collar jobs, south zone has a large number of mid-level IT employees. The west zone does however have a lot of engineering colleges such as Hindustan Institute of Engineering Technology, Meenakshi College of Engineering and Sri Sairam College.

33% of users interested in purchasing property in Chennai prefer the west zone of the city. The demand in this zone in Chennai is dominated by the mid-segment price bracket (INR 40L – 70L) at 54.73% while the affordable housing segment (< INR 40L) generated 39.87% of the interest generated in this zone.



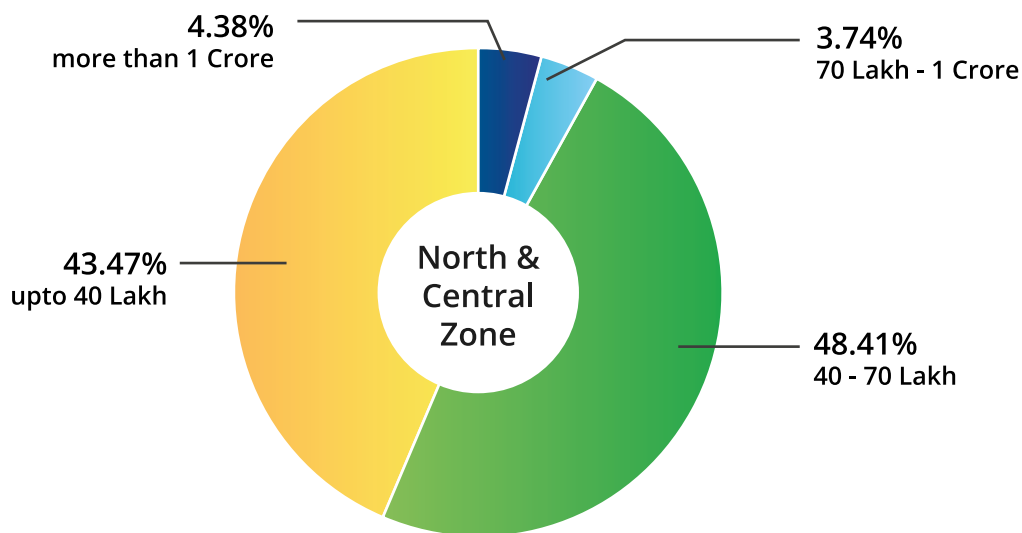
Budget preferences of buyers interested in West Chennai

There are however news reports of infrastructure development which might affect the composition of the demand for this zone. As discussed above, development of the peripheral ring road, metro and monorail corridors will improve its connectivity with the south and the north zone. There is also a plan for building a second airport in the city to cater to the large amount of cargo flowing through Chennai which might highly benefit West Chennai.

North & Central Zones

North and Central zones of Chennai have reaped the benefits of Chennai's ports for centuries. They do not however have the same factors (industrial and IT parks) which drive demand in the South and the West zone. Chennai already is one of the more traffic friendly cities in the country, leagues ahead from all the major metropolitans. With the city's plans to improve connectivity between the four zones with better roads and other forms of civic infrastructure, these zones should see more demand in the time to come.

As of now however, only 13.2% of our users also showed interest in the north and the central zones of Chennai. While 58% of the users looking for houses in the north zone preferred houses in mid-segment price bracket (INR 40L - 70L), 51.3% of the users looking for houses in the central zone preferred affordable houses (< INR 40L).



Budget preferences of buyers interested in North & Central Chennai

We can however see how demand in these zones is driven by their connectivity to the south and the west zones. While 3% of the users looking for property in north zone looked for luxury and ultra-luxury houses (> INR 70L), 17% of the users interested in the central zone showed interest in this segment of the market. This may be attributed with the good connectivity between the central and the south zone, with the south zone being more commercially inclined to produce white-collar jobs.

Luxury and Ultra-luxury housing

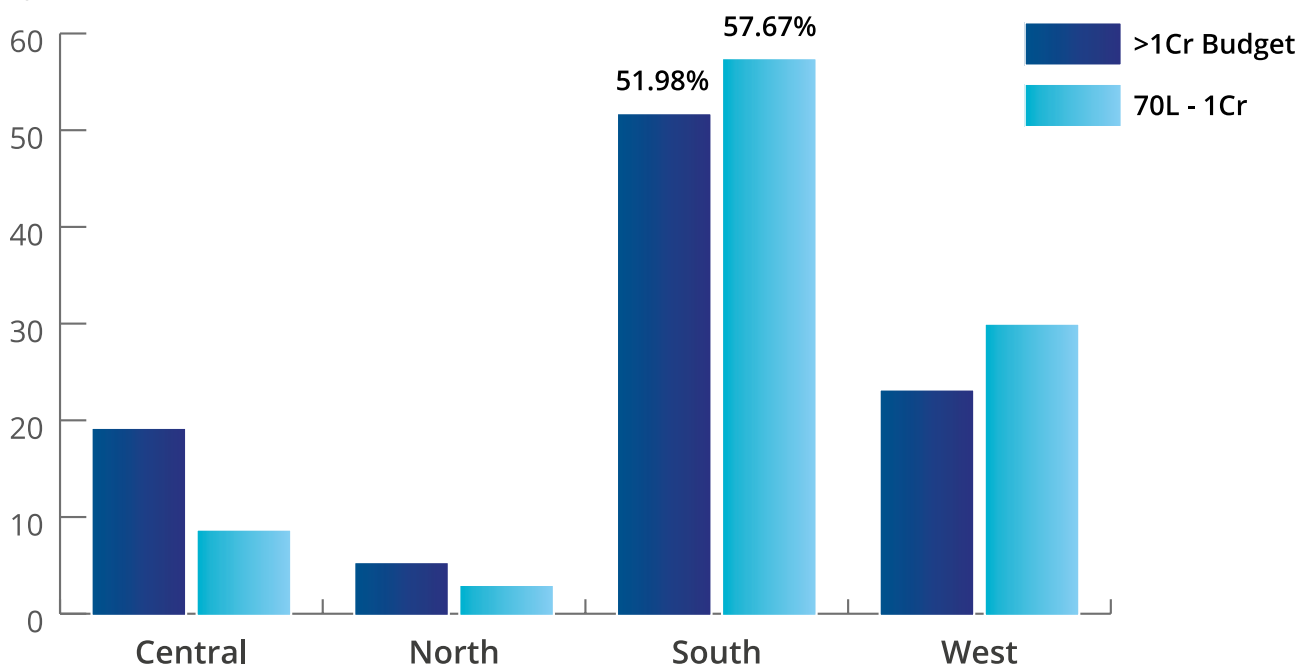
Luxury Amenities



While the majority of the market and correspondingly our users exhibit an interest in buying property in the mid-segment or the affordable range, i.e. < INR 70L, Chennai has a considerable market for luxury and ultra-luxury real estate.

In line with the market at different price brackets, the south zone of the city also generated the highest interest among the users looking to purchase luxury and ultra-luxury properties. 55.6% of our users looking for luxury and ultra-luxury property in Chennai focused on the south zone of the city followed by the west zone at 27.72% of our luxury and ultra-luxury user base.

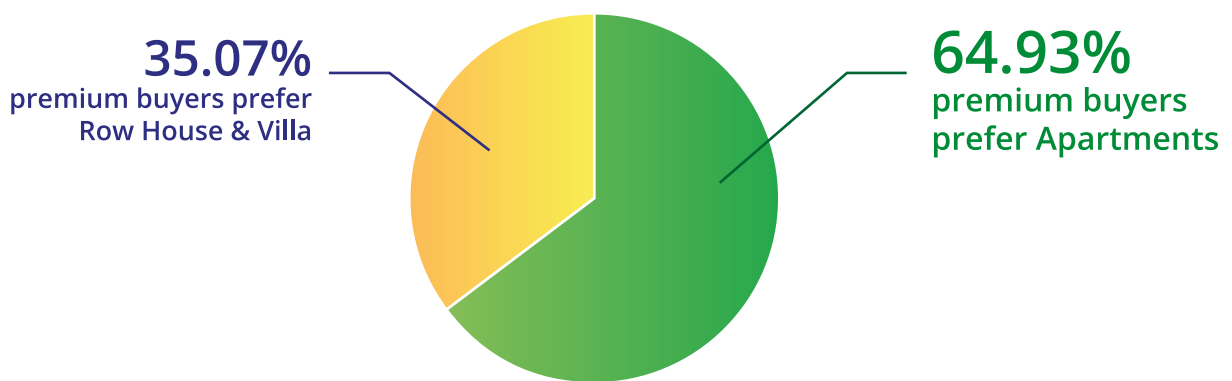
% of premium homebuyers



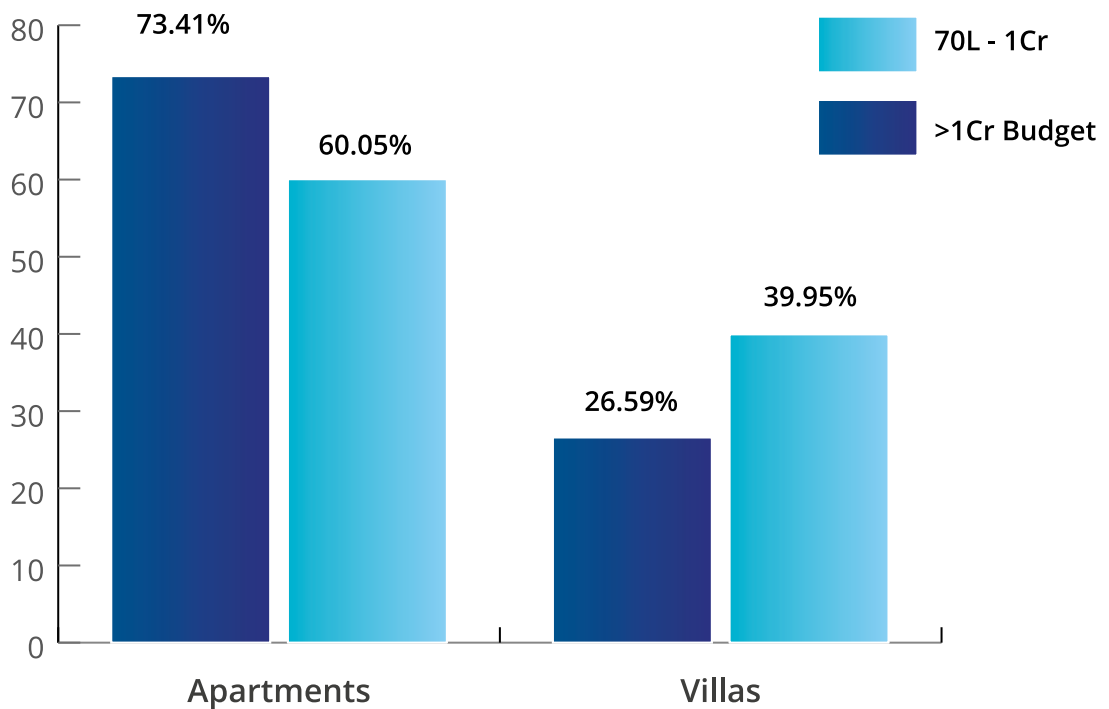
Location preferences of premium (70L + budget) home buyers in Chennai

64.93% of our users looking to purchase luxury and ultra-luxury apartments, having also expressed their choice of property type, leaned towards apartments, with the remaining looking to purchase villas.

Distribution of demand across property types in Chennai luxury & ultra - luxury housing



% of premium homebuyers



Top Micro-Markets

The top 5 micromarkets to look out for in Chennai according to our user demand statistics are:

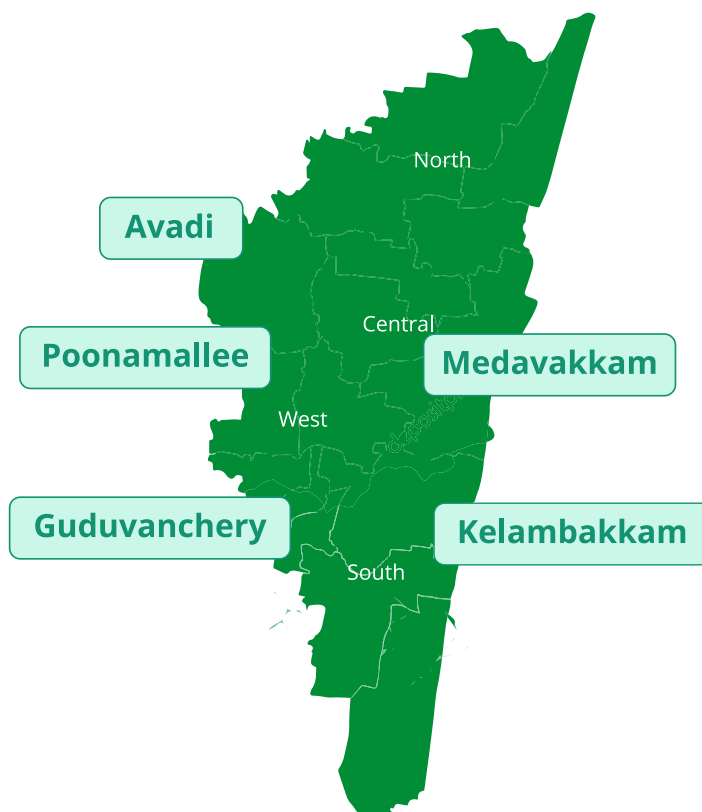
1. Avadi

One of the most prominent markets in the city, it is popular among the people working in the industrial and defence sector and to some extent even IT professionals due to connectivity to the Indiabulls IT Park and DLF IT Park. This area is well connected to developed localities like Anna Nagar, Guindy, Poonamallee and Ambattur via NH76 and also has good suburban railway connectivity. Presence of several educational and healthcare facilities and robust infrastructure development.

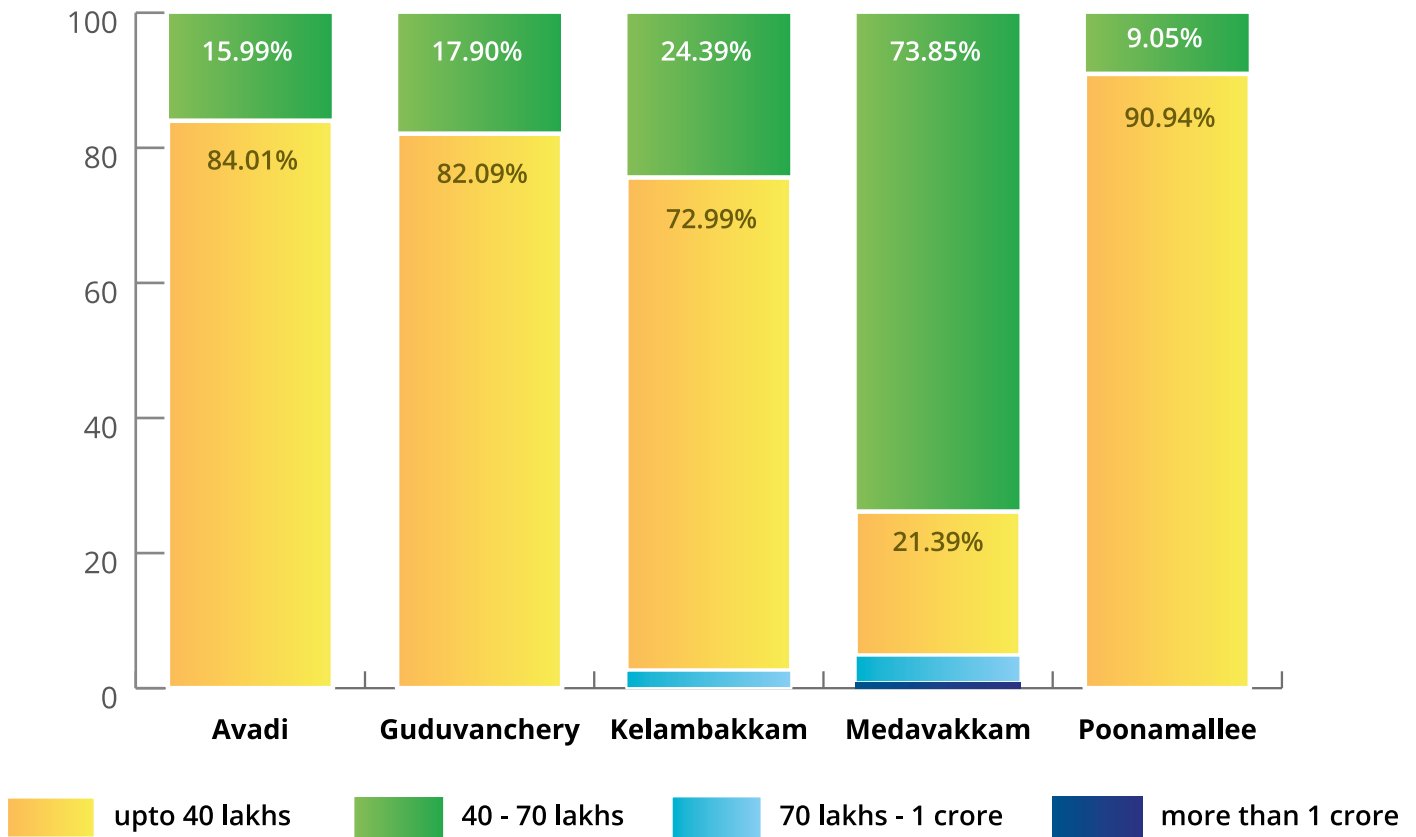
2. Guduvanchery 3. Kelambakkam 4. Madavakkam 5. Poonamallee

While the demand across the city showed a trend of higher demand for property in the mid-segment price bracket, the demand in the top micromarkets in the city showed a propensity towards affordable housing (< INR 40L) due to the industrial hub in West Chennai and its contribution to the blue collar job market.

Top 5 micromarkets in Chennai



Budget preferences of buyers in top micromarkets of Chennai



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Bengaluru



Apartment vs Row Houses

Bengaluru attracts a large part of the labour force working in, or looking to work in, technology focused companies and back-end offices of large multi-nationals. The traffic conditions in Bengaluru are a common point of complaint among the city's residents and generate a tendency among people to look for accommodation close to their place of work. As discussed later in this report, major tech parks situated in South and East of Bengaluru attract most of the buyers and overcrowd the markets with easy access to these parks.

It cannot be denied that the establishment of these commercial hubs in places like Electronic City and Whitefield brought a lot of developers to these areas and will continue to do so in the future. As per the Bengaluru Development Plan 2031, residential area in Electronic City is poised to be increased from 232 Hectares to 490 Hectares. The BDP 2031 also shows residential area in Doddanekundi-Whitefield increasing from 955 Hectares to 1752 Hectares.

With such concentrated buyer demand in these areas among several others benefiting from not only large MNCs but also countless start-ups, such as in Koramangala, it should come as no surprise that in Bengaluru, out of the total 6093 responses collected, 89.6% of the users looked for apartments over row houses or villas.

A large demographic of our users in Bengaluru are interested in buying apartments under the 70L price tag. These buyers, presumably in their 20s and 30s, are looking to purchase the more cost effective and location friendly apartments, compared to villas and row houses which make more financial sense for the older buyers, who also have the wherewithal for such an investment.

We found that the proportion of apartment buyers to people interested in villas and row houses in Bengaluru decreases steadily as the budget of the buyers increases. We noted that of our users in Bengaluru who are looking to spend up to INR 40L, having also specified their preference of property type, 97.17% were inclined to purchase apartments.

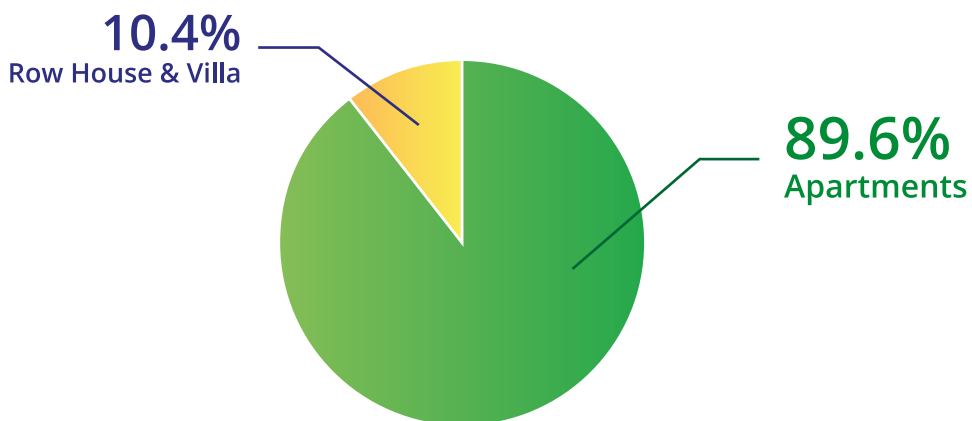
In the mid segment price bracket of INR 40L – 70L, 93% of our users, having also specified their preference of property type, were inclined to purchase apartments.

Younger homebuyers run the risk of a change in job location within or outside Bengaluru or having to move for any other reason. In such a scenario, buying a home can become a huge burden as they would now need to pay regular EMIs along with their own rent. An important consideration in homebuying, at least for most young homebuyers, is the ease with which the house can be rented out.

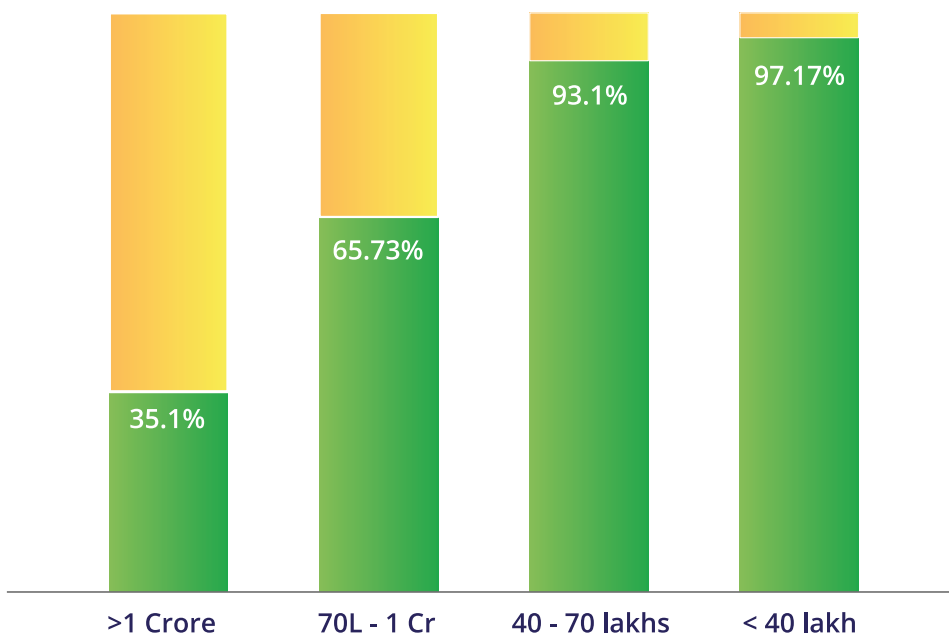
Apartments, especially ones well located, within range of schools, hospitals, shopping malls, metro stations and commercial hubs can very easily be rented out. This factor might contribute to a large extent to the popularity of affordable and mid-segment apartments among the younger homebuyers.

Apartments vs Row Houses

74% of our users prefer to buy apartments



Distribution of demand across property types in Bengaluru

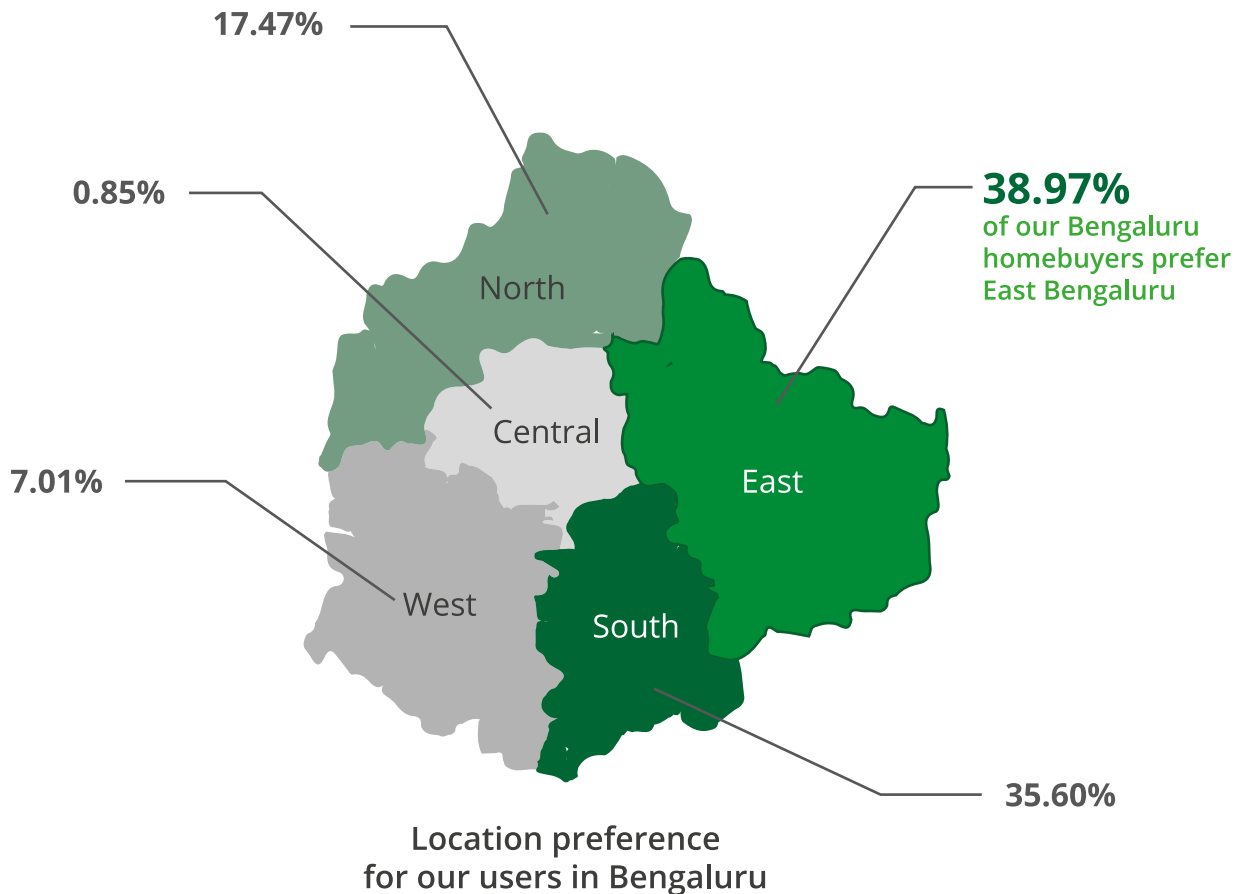


Demand For Apartments

91.17% of people in the budget range less than 40 lakhs prefer apartments

Zone Wise Analysis

Based on the data collected from our users, we have categorised Bengaluru into five major zones, namely, North, East, South, West and Central.



East Zone

East Bengaluru is currently one of the most active business zones in the country. This area is home to a large number of tech companies spread across various tech parks and also to the scores and scores of residential buildings which have mushroomed around these parks. While this area is witnessing swift development in both residential and commercial sense, it is still far from becoming a complete concrete jungle due to some interspersed stretches of greenery.

Some parts of this region become a sight to behold in the monsoons with trees such as eucalyptus and coconut showing all possible shades of green. There are also quite a few lakes in this zone such as Bellandur Kere, Vatur Kere, Yellamallappachetty Kere and KR Puram Kere.

With all the commercial activity underway in this part of the city, a large amount of traffic passes through this zone. Hence the need for a developed civic infrastructure along with basic features & facilities. With the proposed expansion of the metro line beyond Baiyappanahalli well under way, this area is poised to be one of the most well connected in the city with a combination of ample roadways, train routes and Metro.

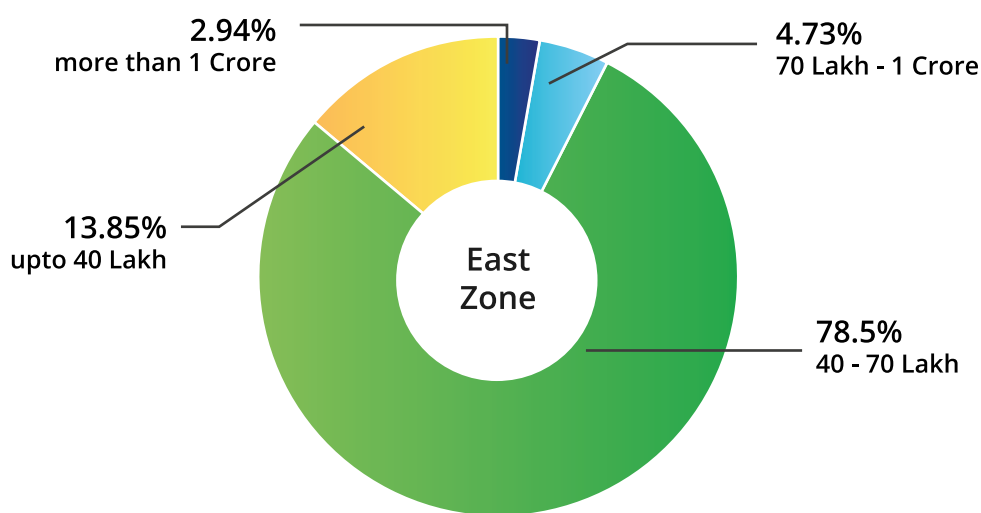
When not commuting for work, one can also find a choice of clubs, movie theaters, markets to visit. Bengaluru's second Hard Rock café is also planned to open in Whitefield some time later this year. Apart from all the avenues for recreation, this area also has a good number of educational institutions and hospitals for catering to all kinds of family needs.

Keeping all these factors in mind, it is not very surprising to find that in January 2020, East Bengaluru maintained and further consolidated its position at the top of our user demand table in the city of Bengaluru with 39% of our users exhibiting an interest in purchasing property in this region. In our previous reports, we have attributed such a high user interest in this region to the high concentration of IT-ITeS companies and realistic property prices. We also witnessed a shift in preferences among our users over the last few months, from affordable housing to the mid-segment price bracket in this zone.

The realistic property prices in this area combined with its potential to rise significantly in the future are providing people enough incentive to expand their budget when buying property, especially if the same is for the purpose of investment.

78.5% of the users interested in the East Bengaluru region were found to be interested in the mid-segment price bracket (INR 40 – 70 L). This month, we witnessed a sharp downturn in the interest generated by affordable housing (< INR 40L) in this zone, which settled at 13.85% for the month of January 2020.

The trend over the next few months will be able to tell us if this month was merely an anomaly or if this zone of the city is witnessing a major shift in market sentiment. Our numbers for last year showed more interest among users in the affordable housing segment. Unless the demand for more expensive houses continues its popularity among our users, we cannot conclusively say that the market sentiment is shifting in this area.



Budget preferences of buyers interested in East Bengaluru

South Zone

The south zone of the city recorded the maximum interest from our users after East Bengaluru with 20% of our users looking for property listings in this zone. The south zone also benefits from factors similar to the ones benefitting East Bengaluru, i.e. employment opportunities at IT companies located in Electronic City, BTM Layout and Koramangala. Electronic City Phase-I was the most popular market across Bengaluru.

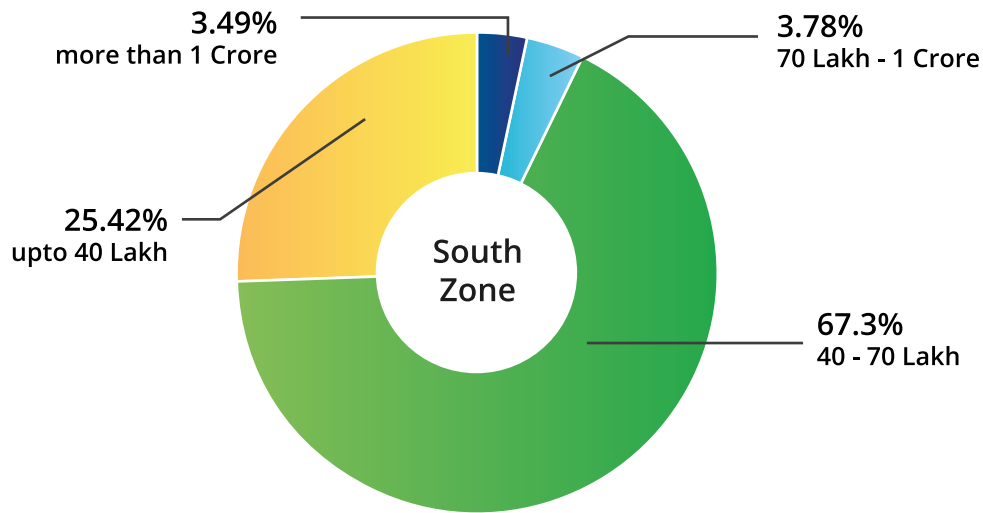
While East Bengaluru and Electronic city house the biggest corporates, Koramangala can quite fairly be termed as the start-up hub of the country. This area has served as the launching pad for multiple unicorns like Flipkart, Ola and Bigbasket. It is still home to a lot of start-ups determined to become the next big thing to come out of this region.

Good living conditions along with a strong civic infrastructure and metro connectivity makes the south zone one of the best places to live in the city. South zone of the city is home to a lot of educational institutions such as Christ College, Jyothi Nivas College, St John's Medical College and Hospital. Koramangala and some surrounding areas have been well known for its night life and a wide selection of restaurants, cafes and bars for quite a few years. With the closure of a lot of such establishments in Indiranagar, Koramangala has seen a supplemental rise in the number of patrons it hosts every weekend.

The start-up culture, tech parks, colleges and a burgeoning night life makes South Bengaluru the ideal destination for youngsters. Even if a large part of this demographic does not purchase houses, it certainly drives up the rentability of residential properties in this area making it the ideal place for investment.

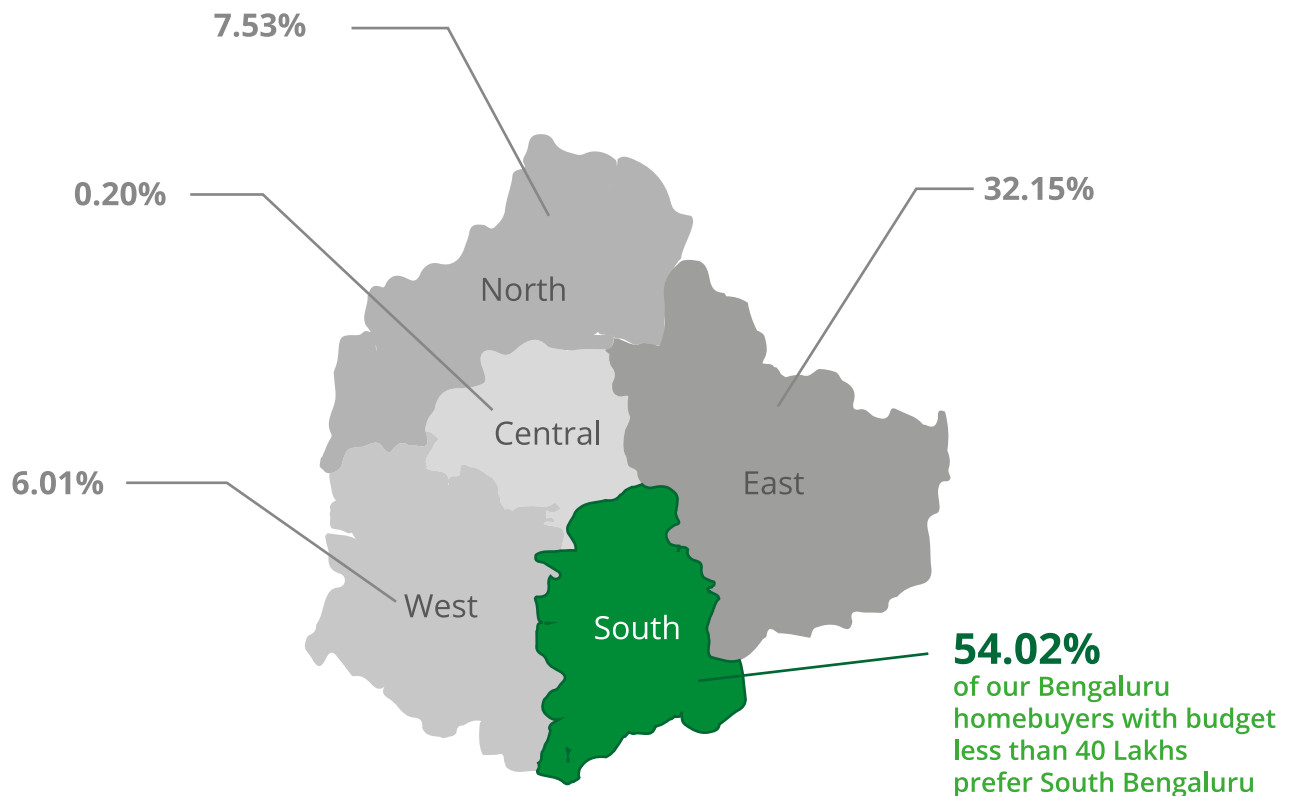
A large part of the supply in this region comes from the many residential projects located in and around Electronic City and HSR Layout. With further development of civic infrastructure this area in the works and the future land use planning skewed largely towards residential buildings, the demand for houses in this area is bound to increase manifold in the future.

In this region, we observed a relatively healthier distribution of demand between affordable and mid-segment housing. 25.42% of the users interested in this region preferred to look for affordable housing (< INR 40L) while 67.3% of users preferred houses in the mid-segment price bracket (INR 40L – 70L). This can be attributed to this area having perhaps the largest proportion of young people in the city.



Budget preferences of buyers interested in South Bengaluru

This zone also recorded the greatest interest in the affordable housing segment in the city. 39.78% of users looking for affordable housing in the city preferred the south zone of the city. As the general trend in a mostly service oriented economy goes, buyers' budget increases mostly in direct proportion with their age. The popularity of this area in the affordable housing segment is testament to this trend and our observations that this zone of the city is most popular with the youth of the city.



Affordable Housing Demand

North and West Zones

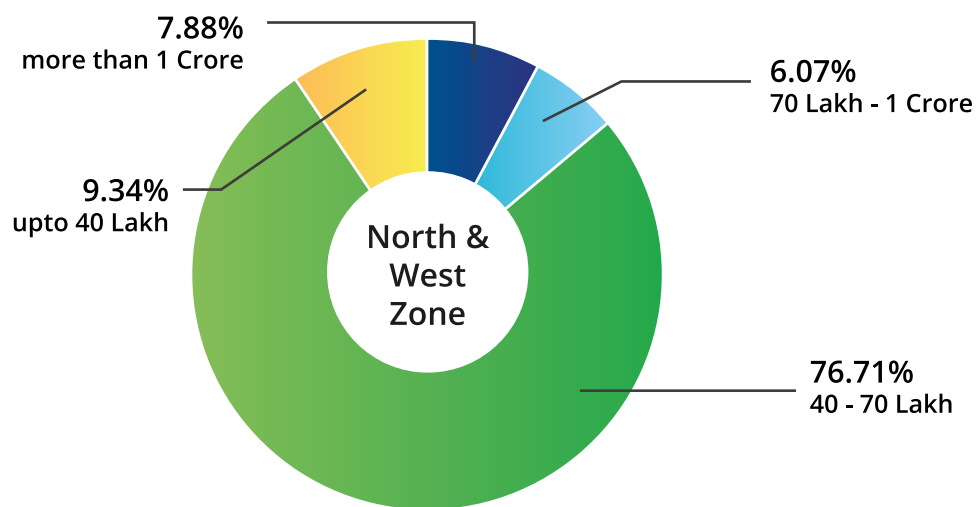
The North of Bengaluru benefits mainly from the Kempegowda International Airport which has given a boost to the real estate market in Devannahalli, Thanisandra, Hennur, Yelahanka etc. This along with IT parks such as Manyata Tech Park, upcoming metro and suburban rail projects, premier educational institutions, hospitals and vast stretches of green make it a strong area of interest for real estate developers.

While the west zone is not too far away from Koramangala and correspondingly the entire south region of the city, there is no metro connectivity between these parts which causes a serious traffic hazard for people travelling between these parts on a daily basis. Demand in West Bengaluru is supported by a good metro connectivity and industrial areas. This area is bound to see a growth in investment into civic infrastructure and residential projects from builders in the future due to its connectivity with Mysore.

The west zone of the city mostly comprises of old houses built by long term residents of the city. It has been home to famous actors, politicians, cricketers and artists and even houses the Ranga shankara theatre for arts and the Aurobindo ashram. One can also find a lot of parks in this part of town, along with numerous places suited for recreational activities with the family or just a nice dinner out.

January 2020 saw North Bengaluru lose its position as the second most interest generating zone in the city to the south-eastern zone. The north and the west zones generated a combined interest of 40.1% of our users looking for property listings in Bengaluru.

76.71% of the users looking for houses in these zones prefer mid-segment housing, while affordable housing generated a frugal 9.34% user interest in the two zones combined.



Budget preferences of buyers interested in North & West Bengaluru

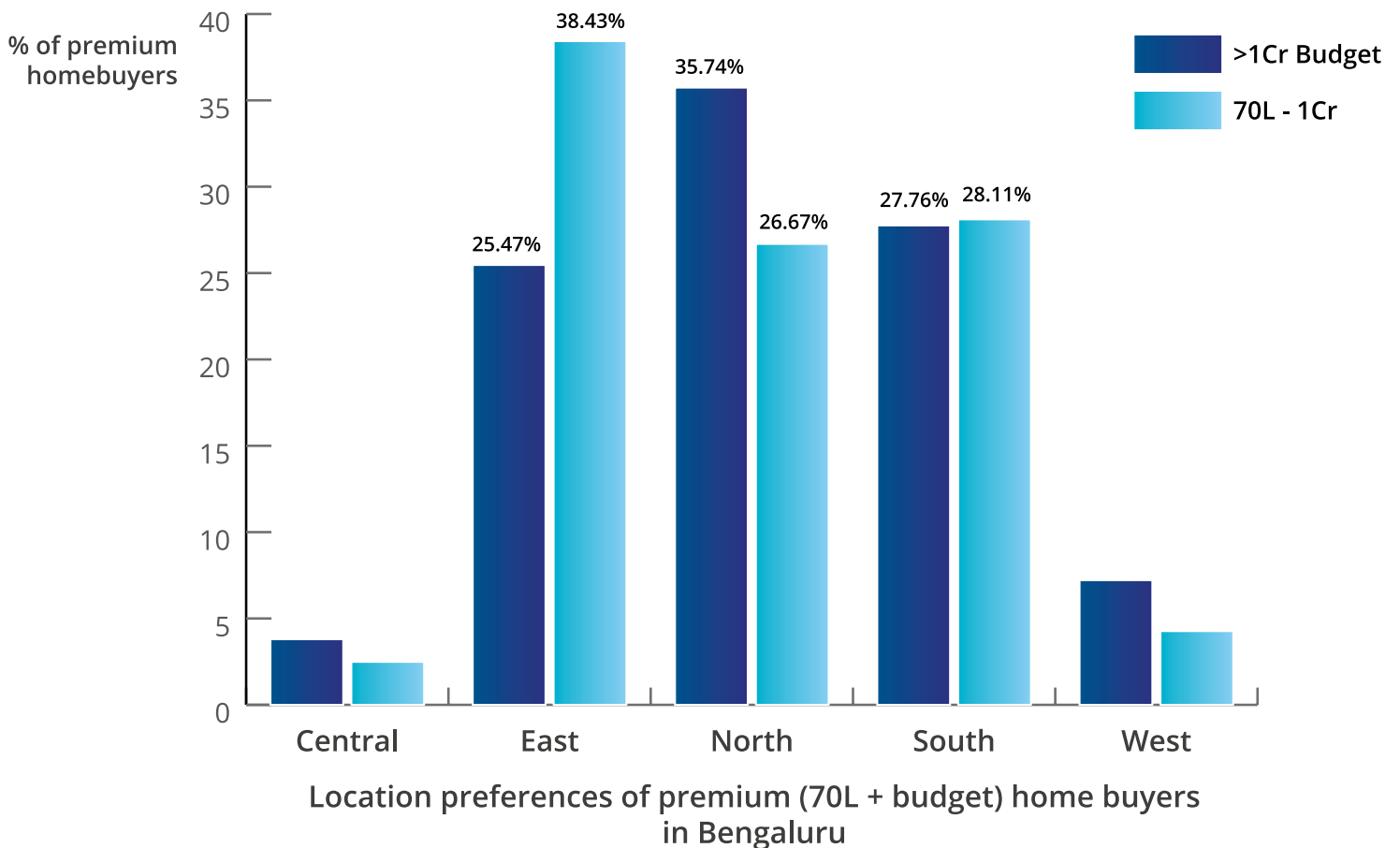
Luxury and Ultra-luxury housing in Bengaluru

Luxury Amenities



While the majority of the market and correspondingly our users exhibit an interest in buying property in the mid-segment or the affordable range, i.e. < INR 70L, Bengaluru has a considerable market for luxury and ultra-luxury real estate.

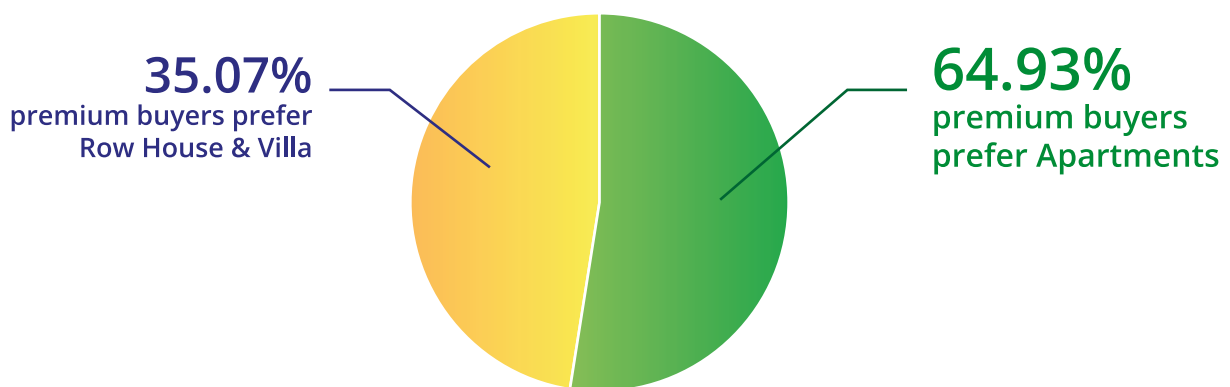
The east zone of the city, commanding the greatest interest across all of our users looking for property in Bengaluru, naturally leads the demand in this segment as well. 32.17% of our users looking for luxury and ultra-luxury property preferred to look in the east zone. North zone of the city was a close second in the luxury and ultra-luxury market among our users with 31.07% of our users looking for luxury and ultra-luxury property preferring the north zone.



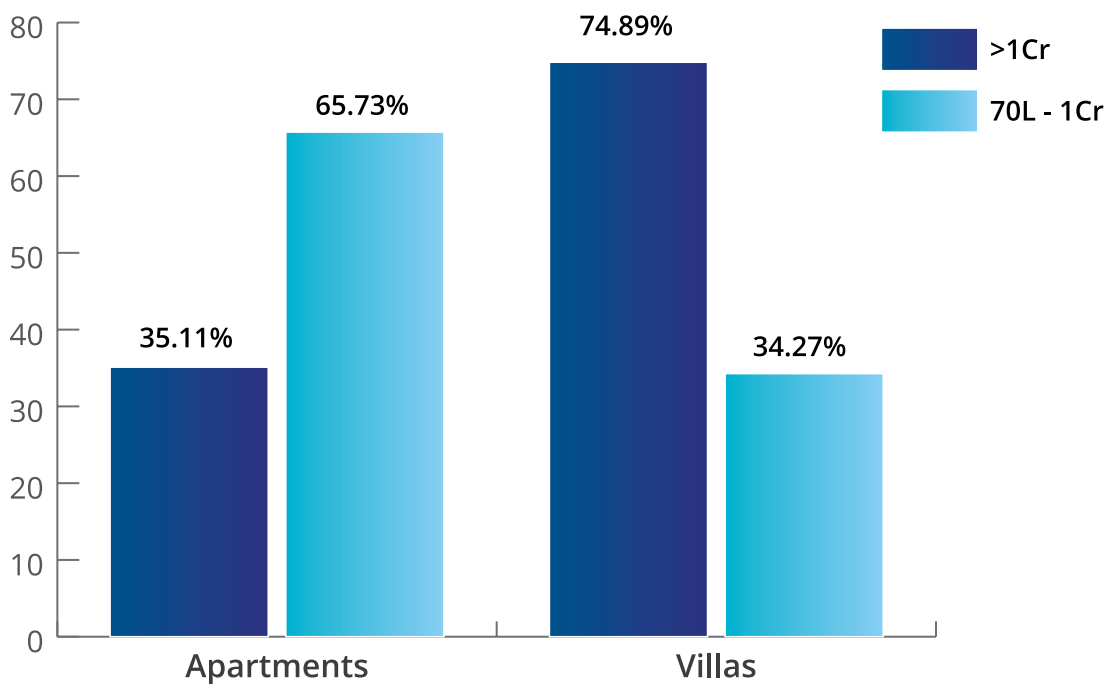
Of the users who provided their preference of property type along with their budget, 51.41% were inclined to purchase luxury and ultra-luxury apartments while 46.27% of such users are looking to purchase villas in Bengaluru.

While the affordable and mid-segment market in Bengaluru appears to be heavily skewed towards apartments, as the budget of the user increases, they become equally likely to purchase a villa as compared to an apartment.

Distribution of demand across property types in Bengaluru luxury & ultra - luxury housing



% of premium homebuyers



Top Micro-Markets

The top 5 micromarkets to look out for in Bengaluru according to our user demand statistics are:

1. Electronic City Phase I

One of the biggest tech parks in the country, a major business hub with some of the largest tech conglomerates working in the space. This area is well connected to other parts of the city by road with bus service being the main source of public transport. This market has close access to good educational institutions from schools to business schools, shopping malls and hospitals making it one of the strongest real estate markets in the city.

2. Off Sarjapur Road

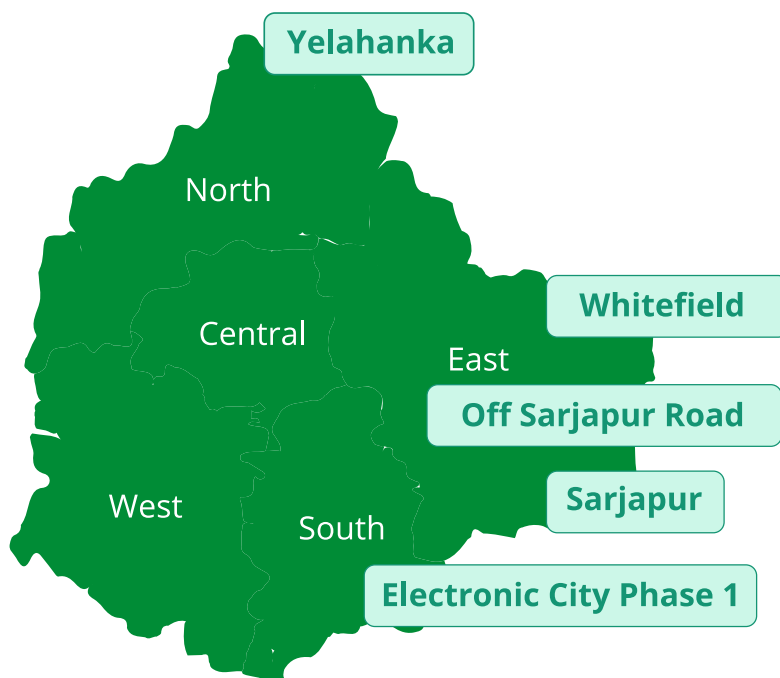
3. Sarjapur

4. Whitefield

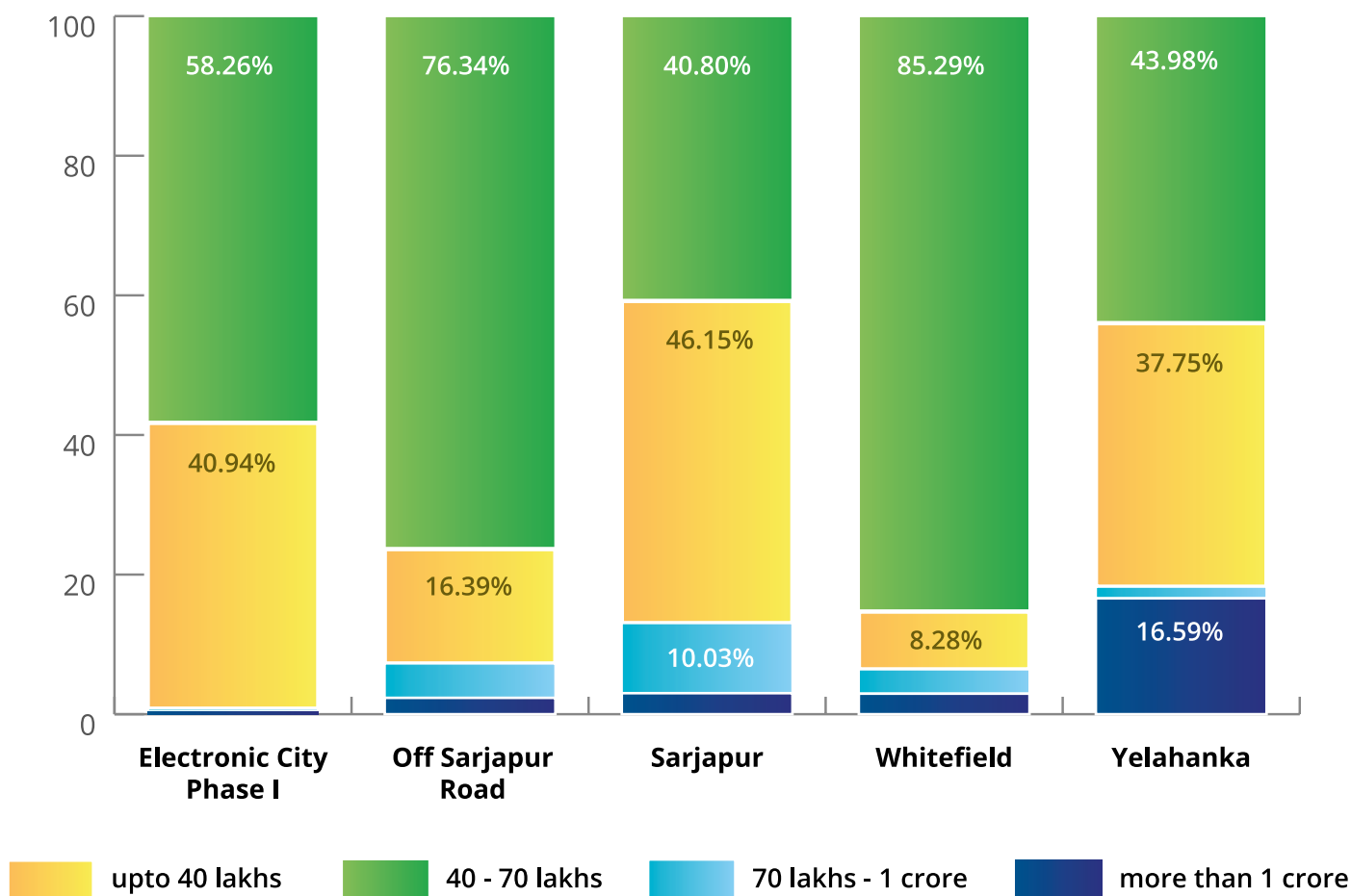
5. Yelahanka

In all of the aforementioned micromarkets, most of our users preferred apartments in the mid-segment price bracket (INR 40L – INR 70L), with the exception of Sarjapur, where the demand for affordable housing (< INR 40L) still dominated the market.

Top 5 micromarkets in Bengaluru



Budget preferences of buyers in top micromarkets of Bengaluru



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Outlook

We noted that in large parts of Bangalore and Chennai, the demand for houses in mid-segment price brackets was relatively greater than the demand for affordable housing. This could either mean that people have more money to spend or that the people who can afford to enter the market has reduced. In the midst of the global economic slowdown, the latter seems more probable. The number of preferences submitted by our users has definitely declined, if that is any indication of the market.

As mentioned before, both the central and the state government have been trying to inject demand in the market and generate more trust between developers and homebuyers. We are hoping to see considerable growth in demand in the market in the coming year. Areas in proximity to large employers in Bangalore and Chennai continue to generate interest. Peripheral zones to such areas should also pick up further if the authorities infuse more capital in infrastructure development.

We have been working towards capturing the sentiment and preferences of our users to develop a picture of the buyers that are looking to enter the market. With every edition of this report, we wish to provide greater insights into our user base and hope that over time it becomes more and more useful to our readers.