

Silver lining in Bengaluru residential market; Panathur–Varthur & Thanisandra to see price appreciation of 61% & 55% respectively by 2020: Knight Frank Report

Proximity to major employment hubs to push price appreciation in Panathur–Varthur and Thanisandra regions

Bengaluru, December 16, 2015: Knight Frank India today launched the second edition of its **Residential Investment Advisory Report 2016** for the Bengaluru market. This report identifies the top investment destinations in Bengaluru for the next five years (till 2020) and also reviews the performance of the previously recommended destinations.

Key takeaways

- Thanisandra, in the north, is currently priced at ₹4,800 per sq ft and is expected to touch an average price of ₹7,450 per sq ft by 2020.

This region has optimum employment opportunities, enhanced physical infrastructure and easy access to social infrastructure. It will also benefit from the upcoming metro rail node at Nagawara and the scheduled Peripheral Ring Road (PRR) project.

- Panathur–Varthur, located in the east, has a current average price of ₹4,350 per sq ft and is expected to touch an average price of ₹7,000 per sq ft by 2020.

This belt enjoys proximity to two major employments hubs in the city – Whitefield and the ORR stretch; additionally, the upcoming connectivity of the metro rail at Kundanahalli and the PRR project will add sheen to it as a prime location with investment potential.

- Despite the presence of IT/ITeS companies, South Bengaluru, comprising areas such as Koramangala, Bannerghatta Road, Sarjapur Road and others, will witness slackened price growth due to severe traffic congestion, a lack of substantial incremental employment opportunities and poor infrastructure development.

- The industrial tag in the past and the launch of relatively higher-priced residential projects in select micro-markets presently are impacting the price momentum in West Bengaluru. While metro connectivity towards Mysore Road is expected to boost the region’s growth potential, it will require a larger quantum of incremental employment opportunities and social infrastructure before it can be considered an investment destination in the five-year horizon.

Top residential investment destinations

| Rank | Location | City | 2015 | | | 2020E | | | Price growth | |
|------|------------------|-----------|---------------------|-------|-------|---------------------|-------|-------|-------------------|-------|
| | | | (Prices in ₹/sq ft) | | | (Prices in ₹/sq ft) | | | 2015 – 2020 | CAGR |
| | | | Min. | Max. | Avg. | Min. | Max. | Avg. | | |
| 1 | Panathur–Varthur | Bengaluru | 3,300 | 5,400 | 4,350 | 5,300 | 8,700 | 7,000 | 61% | 10.0% |
| 2 | Thanisandra | Bengaluru | 3,800 | 5,800 | 4,800 | 5,900 | 9,000 | 7,450 | 55% | 9.2% |

Source: Knight Frank Research

Says **Dr Samantak Das**, ‘Since our first edition in 2012, Bengaluru’s residential market has remained resilient despite a slowdown in the country’s overall economic scenario. Our previous recommendations of Hebbal and K.R. Puram have witnessed price appreciation in the range of 67% and 33%, respectively, during the last three years, which was markedly higher than the price growth in the city. Going forward, we believe that incremental employment and upcoming infrastructure projects will give a substantial push to the residential markets of East and North Bengaluru. Considering this, we have identified new investment destinations, namely Thanisandra and the Panathur–Varthur belt, where we expect a price rise of 55% and 61%, respectively, by 2020.’

According to **Satish B N**, ‘We have identified the locations, namely Thanisandra and Panathur–Varthur, on the basis of their connectivity to employment hubs as well as enhanced social and physical infrastructure. Since both these locations are also expected to witness incremental employment of over 80,000 employees, they will surely attract a significant population wanting to settle down nearby. Additionally, planned infrastructure transport projects, such as the metro and the Peripheral Ring Road, will benefit both

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Varthur Road and Thanisandra, connecting them seamlessly to other parts of the city, thus making them potential destinations for residential investment in Bengaluru.’

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