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Despite challenges, B'luru to remain hot real estate market in 2025

E-khata, delayed approvals, are some challenges which still persist

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Residential demand growth in Bengaluru is expected to be flat in 2025. However, a growth is expected in commercial real estate, according to analysts who spoke to *DH*.

Micro-markets in the northern and eastern part of the city are set to become major residential and commercial areas, especially as the metro connectivity improves connectivity and due to the northern region's proximity to the airport, they added.

These regions, along with some of the suburbs, are expected to see strong sales. Prices will remain steady while rentals in areas with new properties may be at a slight premium, as per analysts.

In this environment, "Developers are expected to introduce deferred payment plans to boost sales and sustain the price levels," said Ravi Shankar Singh, Managing Director, Residential Transaction Services, Colliers India.

The Outer Ring Road, Whitefield, and Electronics City are some regions dominating commercial growth.

Analysts expect much of the development to shift to vertical growth, especially taller residential towers, though horizontal is also expected to continue.

"While outward expansion remains feasible for most major Indian cities presently, it is unlikely to be sustainable in the long term. Consequently, policymakers will need to formulate plans for managing vertical growth. Given land availability constraints, Bengaluru



Housing sales and Grade A office new supply

	2023	2024	YoY % change
Housing sales (in units)	63,980	65,230	2%
Grade A office new supply (in mn sq ft)	17.5	15.2	-13%

Source: Anarock Research, Colliers

is also expected to embrace this vertical growth trajectory eventually," explained Anshuman Magazine, Chairman & CEO, India, South-East Asia, Middle East and Africa, CBRE.

E-khata woes

On the flip side, the e-khata system rollout by the Bruhat Bengaluru Mahanagara Palike (BBMP) continues to be a

challenge in residential realty. It caused a dip in registered residential transactions in the city in 2024.

Anand Mohan, Head of Data Operations, Square Yards, said, "The system has faced challenges, such as significant server delays that have hindered property registrations and led to a decline in activity at sub-registrar offices." He ex-

pects the disruption to remain temporary.

Shantanu Mazumder, Executive Director, Bengaluru at Knight Frank, pointed out, "One challenge that developers are facing is on the timelines of approval. There is no check on authorities in terms of the timeline in which they complete their work such as approvals and infrastructure development works. This causes a lot of delay, especially in north Bengaluru where you need multiple approvals from various authorities. That needs to be taken care of."

Despite challenges, there will be plenty of new supply, as per analysts.

For example, Shriram Properties has three to four projects coming up for launch in the city in the first half of 2025 and sees Bengaluru as a key growth market over the next three years.

K Raheja Corp has an ongoing residential project in Koramangala, while Sumadhura Group has two residential projects in north and east Bengaluru set to be completed by 2027.

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KOLKATA: WHERE HOMES ARE NOW EXPENSIVE

The eastern metropolis, long an affordable market, now boasts of many premium and luxury housing projects

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In December, the iconic Howrah Bridge in Kolkata turned blue, as did the city's famous clock tower, a replica of London's Big Ben. The South City and Acropolis shopping malls got the same treatment, as did the conveyor belts at Netaji Subhas Chandra Bose airport.

The city had turned blue because its denizens had a sudden hankering for the utopian world depicted in James Cameron's film Avatar: the eye-catching sights were simply part of a marketing campaign by Godrej Properties Ltd (GPI) for 'Godrej Blue', its newest project in Kolkata. Last month, India's best-selling developer launched the premium project, built around a pond in the New Alipore area, with three- and four-bedroom residences. The 482 apartments, across seven towers, have a price range that would have been inconceivable a few years ago: ₹2.3-5 crore.

"It responds to Godrej Blue" has been brilliant in terms of sales. It mostly locals who are buying," said Subhasish Patraik, chief executive officer, west and east zone, at Godrej Properties. "The appetite for premium projects is still growing. We want to do more, including both premium and plotted projects."

In November, GPI acquired 53 acres in suburban Joka, which will launch a plotted development project this year.

Mumbai-headquartered GPI is one of the few national developers operating in Kolkata. The others include DLF Ltd, Shapoorji Pallonji Real Estate, Tata Realty, Phoenix Mills Ltd and Shriram Properties Ltd. But more may make a bet for the eastern metropolis given how its property market is heating up.

COMING OF AGE

Kolkata, which was the capital of India for more than a century under the British, is a city steeped in old-world nostalgia. However, it no longer enjoys the prestige it did in its heyday. Despite the fact that it has a large labour force, other cities have left it far behind as a centre for business. That perhaps is one of the reasons why the cost of living in Kolkata has always been low, whether it involves transportation, food, or most importantly, a roof over the head.

The city, with its affordable housing focus, is the cheapest of India's top property markets, behind the Delhi National Capital Region, Mumbai Metropolitan Region, Pune, Hyderabad, Bengaluru and Chennai. When these cities embraced premium and heavy homes, price-sensitive and conservative market Kolkata bucked those boom cycles and stuck to budget and mid-market housing focus. But that is changing.

Today, the 'Gateway to the East' has expanded in size as a real estate market, both in sales and launches. Aspiring young professionals, a thriving community of small and medium businesses, and non-resident Indians have shown an appetite for premium and luxury homes.

Tapping that growing demand, developers such as Godrej Properties Ltd, Merlin Group, Primarc Group, and Anubha Neotia Group are bringing in contemporary, premium homes, opening up new real estate frontiers in the city.

The numbers bear witness to this recent shift. Between 2020 and 2024, average property prices rose around 33% in Kolkata as developers launched larger and more premium homes targeted at business families, young professionals, first-generation entrepreneurs, non-resident Indians (NRIs) and people belonging to the city but settled elsewhere in India. Residential real estate values, too, have shot up.

In 2023, Kolkata sold 23,030 units, overtaking Chennai, which sold 21,820 units. Sales of affordable homes—those priced at 10% to 15% less—dropped from 62% in 2020 to 45% in 2024, as per estimates by Anarock Property Consultants.

On real estate site 99acres.com, new bookings in projects have three- and four-bedroom residences priced above 380 lakh and going up to 75 crore. There are several five-bedroom projects, along with villas and row houses.

"A little over a decade ago, Bhopal was a bigger property market than Kolkata. The fact that it is the third most populated metropolitan region is a big driver for real estate. The city has shown issues in terms of economic activity, but it was a market due for growth," said Pankaj Kapoor, managing director, Liasis Foras, a research and advisory firm.

Simply put, Kolkata, a city that traces its origins back to 1690, is finally coming of age as a real estate market.



A file photo of under-construction apartments in Kolkata. The 'Gateway to the East' has expanded in size as a real estate market, both in sales and launches.

PREMIUM IN, AFFORDABLE OUT

Dark Street, which apparently got its name from a deer park around the home of Sir Elijah Impey, the chief justice of the Supreme Court of Calcutta, is one of the city's best-known localities. The downtown area, a hub of culture and entertainment, is dotted with bakeries, pubs, restaurants and cafes. Soon, the area will also feature a housing project by the Merlin Group. The homes in the yet-to-be-named super-luxury project will be priced at an eye-popping 47-18 crore. The developer already has a luxury project, 'Merlin Azure', under construction in the upscale Ho Chh Minh Sarani neighbourhood. The four-bedroom residences in that project will be priced at over 10 crore.

"The demand for spacious and luxury units has increased significantly. In recent years, we have observed a demand surge in prime localities such as Park Street, Loudon Street, Shakespear Sarani, Chowringhee, Ballygunge, and the Byassaree. This growth has been driven by strong interest and enthusiasm from the [NRI] segment, which has played a pivotal role in shaping this trend," said Sushil Molta, chairman, Merlin Group.

There is no dearth of buying power in the city, say developers and property analysts. As per the Hurun Rich List 2024, Mumbai has 386 billionaires, the highest in India. Kolkata has 68, far fewer, but more than Ahmedabad, Pune, Surat and Gurugram.

Price was a very important factor for homebuyers, but that has started to change, said Iresha Agarwal, director, Srijan Realty. "There is improved affordability, and also a lifestyle upliftment element in play, where the mindset of seeing rather than spending has reversed. 2BHKs are not preferred anymore in Kolkata but just in the premium segment, but even in the mid-segment," Agarwal said.

Billboards of projects splashed across the city clearly indicate that 3.45 million sq ft, air-conditioned homes, soft-spoken swimming pools, villas and duplexes are everywhere.

The shift from affordable to premium is evident across projects in Kolkata. In 2021, 'The Royal Ganges', a project by the Gangas in the mid-market Bhatnagar locality, was launched in 2023 with homes priced a little over 500 lakh. The per sq ft price has since risen by 20-25% thanks to demand. But even after their significant rise since the covid-19 pandemic, Kolkata's price points are still lower than those

of other cities. That could change now, at least on the premium front. The demand for such housing has made developers confident about launching larger, more expensive houses.

In its luxury project 'The Vin New Town', a planned satellite city on the eastern fringes, Shriram Infrastructure Development Corporation Ltd sold the apartments in the lower floors for 13.5-4 crore. Last year, it started selling the four-bedroom homes from the 20th to 26th floor for 15 crore.

A SHIFT IN MINDSET

It wasn't easy for Paloma Sengupta to convince her parents to move out of their ancestral joint family home in north Kolkata's Shyanbazar neighbourhood, close to the now infamous 103 Kar Medical College. The building was up for redevelopment, and Sengupta's parents could either opt for a two-bedroom apartment or a financial compensation as their share. Sengupta, 45, suggested that they buy an apartment in a new locality instead.

Last November, she flew down from Singapore, where she works as a marketing vice-president, to register the property—a three-bedroom residence in a gated community in Basha, south Kolkata, that cost around 91.2 crore.

Kolkata has the highest population of people over 60 years among all the cities, many of them living in decades-old family homes all their lives, as the youth migrated to cities such as Bengaluru and Mumbai for better jobs. The next generation now wants to buy a modern home in gated communities for their parents or to invest in a city they may return to someday.

"In terms of options, we were spoilt for choice when we were searching for apartments, but most were beyond our budget, which was 80-90 lakh. But there was nothing below 11 crore. We then had to stretch our budget to get something we liked," said Sengupta.

Developers have been eyeing the Rajarhat-New Town area, which has seen big demand from young professionals, as a new frontier for the city's real estate market.

Aniruddh Bhowmik returned to Kolkata in 2022 with his wife Anjana and five-year-old son, after working in Bengaluru for over a decade. He had lost his father to covid and wanted to live close to his mother. Bhowmik, 44, a data consultant at a US-based tech firm, bought a three-bedroom apartment in New Town for 87.8 lakh. Since then its value has appreciated by 20%.

"Honestly, my wife was quite apprehensive about moving back, but the experience has been good so far. The roads and infrastructure in New Town are far better than in Bengaluru. I don't spend half my time commuting as I did there, and the

WHAT

Kolkata is finally seeing its property market come of age. Known for its affordable homes, the city is now witnessing a shift in premium housing starts.

WHY

Developers have launched a slew of premium and luxury projects in Kolkata to cater to growing demand from aspiring professionals, entrepreneurs, and non-resident Indians.

BUT

Bengal has long been perceived to be a state that's not conducive to doing business. It is critical to have a strong commercial office market if the residential market is to grow further.

harsh summer aside, the quality of life is much better," said Bhowmik.

THE BUSINESS END OF THINGS

For decades, West Bengal has been perceived to be a state that is not business friendly. One of the consequences of this less-than-desired image is that Kolkata's retail and office markets have a lot of scope for growth. Some business groups are now moving to tap that potential.

For instance, Mumbai's Phoenix Mills Ltd is currently building a million sq ft mall, the largest in Kolkata, in the upscale Alipore area. The hospital sector, too, is booming. In 2024, Anubha Neotia Group opened four hotels in West Bengal with Indian Hotels Company Ltd as the managing partner, of which three were in Kolkata. It is also planning to develop a mall in New Town as well as a second-home project in Raichak.

"We will do second-home projects with at least three tiers in Kolkata. It is also planning to develop a mall in New Town as well as a second-home project in Raichak. There is also huge demand for warehouses," said chairman and managing director M. Murali.

Bijoy Agarwal, managing director, Saitta Group said it is also important to have a thriving commercial office market for the residential market to grow. "Growth of the office sector, particularly IT-led businesses, is crucial," he said.

In December, chief minister Mamata Banerjee inaugurated Infosys Ltd's soft-

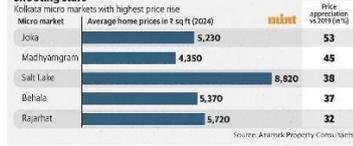
BARGAIN-PRICED?

Kolkata is getting pricier but remains India's cheapest top-tier city

Average residential price in the top cities, ₹ 2024



Shooting stars



Source: Anarock Property Consultants

SOURCE: IN HOUSE DEVELOPMENT

ware development centre in New Town. Infosys is expected to employ around 4,000 people on the campus. Banerjee said the centres would help other IT companies to come to West Bengal. A new Silicon Valley is also coming to New Town and could potentially create 75,000 jobs with an investment of ₹2,000 crore, she added.

But the state government needs to do much more. For starters, it needs to follow through on the promise in its Budget last February to revisit two major land acquisition bottlenecks—the archaic Urban Land Ceiling Act and West Bengal Land Reforms

Act. A year since that announcement, not much has changed.

"When developers want to build a shopping mall or a large project, which requires land above the ceiling of 300 sq metres, they have to form multiple companies to buy land. That creates complexities over titles," said Confederation of Real Estate Developers Association of India Bengal president Sidharth Pansari, who is also managing director of the Primarc Group.

"To do a project on government land means every transaction of sales or resale needs approval, which takes months." The bill is Banerjee's court.



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"Growth of the office sector, particularly IT-led businesses, is crucial," he said. In December, chief minister Mamata Banerjee inaugurated Infosys Ltd's soft-