



Sarjapur Road, Bengaluru

Transformation from a trade center to rapidly developing IT corridor

Micro Market Overview Report

January 2018




About Micro Market

Sarjapur Road is a 21 km stretch, that begins from St. Anthony's Friary Church at Koramangala along the Hosur road and passes through Agara village, Ambalipura, Carmaram, Dommasandra and ends at Sarjapur.

Previously, the entire stretch was underdeveloped and had the presence of villages with the residents primarily involved in farming activities. Bengaluru's remarkable evolution as a preferred IT-ITeS hub has led to the development of numerous micro markets and Sarjapur Road in the south-east precinct of the city is one of the beneficiaries. Planned campuses of IT-ITeS giants such as Infosys and Wipro, primarily led to a large-scale advancement of this region.

Major IT clusters such as Whitefield, Electronic City and other IT Parks along the Outer Ring Road (ORR) have good accessibility via Sarjapur Road. This has also been a key driver for the rapid growth of commercial and residential developments across this region. Availability of large land parcels abutting the main road or near the arterial roads paved the way for this region's development as a favoured location for real estate projects.



Sarjapur is emerging as a premium residential and IT hub in the south-east of Bengaluru.



Sarjapur Road is well-connected to key IT clusters of Bengaluru via NH-4 and NH207.

Connectivity

Sarjapur Road is well-connected to the major IT hubs of Bengaluru (Electronic City & Whitefield) and other IT Parks along the ORR. With the signal-free corridor initiative, travel time has also reduced significantly. Sarjapur Road is also well-connected to Koramangala, Silk Board and Marathahalli. Most of the high traffic junctions now have flyovers or underpasses and the area is well connected to NH-207 (towards Hoskote/Kolar) and NH-4 (towards Hosur), which makes commuting to offices and schools easier

Distance from major landmarks :

- Kempegowda International Airport : **50 km**
- MG Road : **13 km**
- Forum Mall, Koramangala : **6.5 km**
- Electronic City : **10 km**
- Whitefield : **15 km**

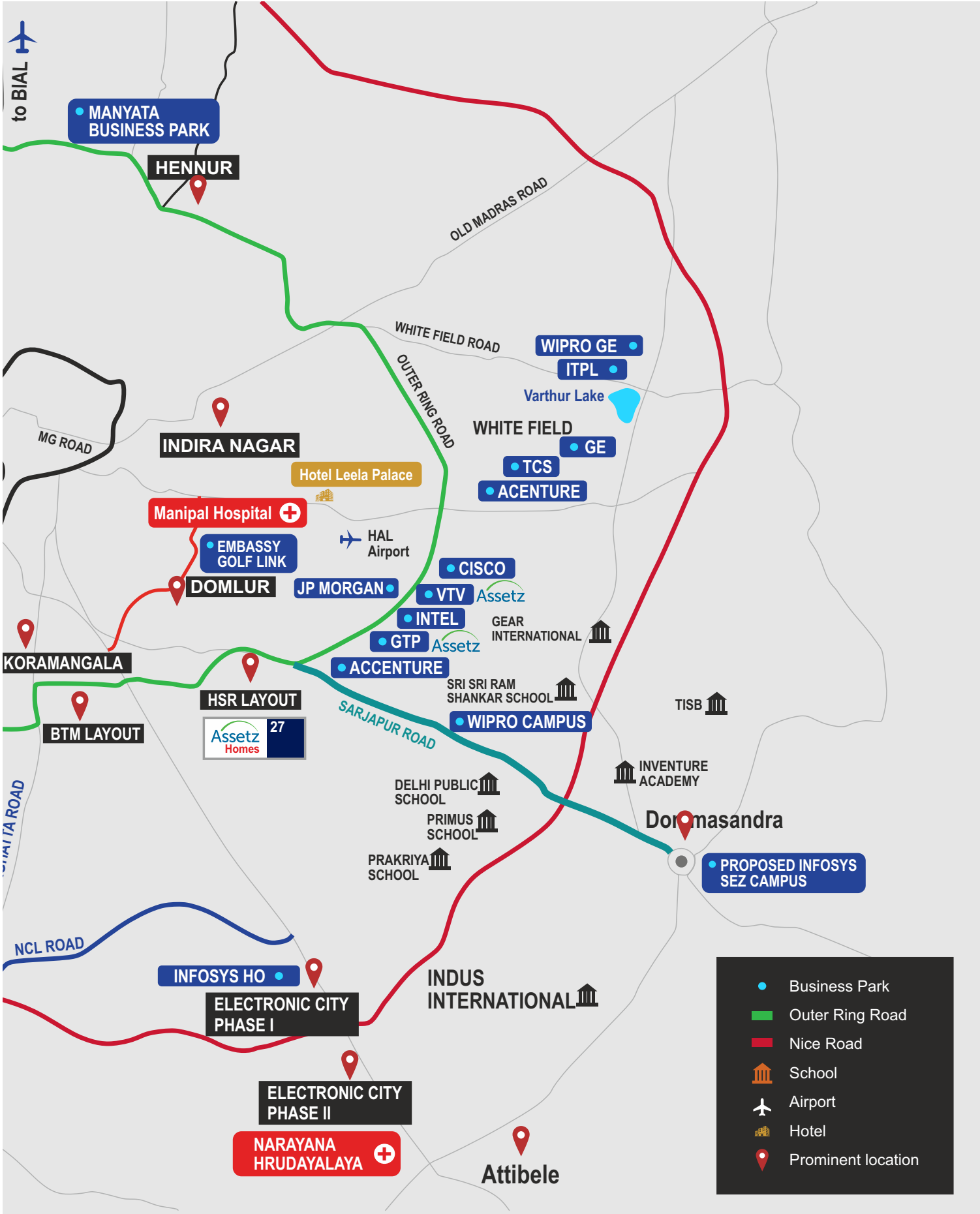
Major Growth Drivers

- Proposed road widening (6-lane) will reduce the traffic congestion and help in the development of this stretch as a preferred residential destination. As a result, the property prices may also improve in the future periods.
- Availability of large land parcels has been attracting large-scale projects to this region. This will eventually give opportunities for many businesses to flourish along the Sarjapur Road.
- Improving social infrastructure including schools, hospitals and retail spaces has led to the large-scale development of this stretch as a preferred residential hub.
- Upcoming Infosys campus is likely to create massive employment opportunities and drive demand for residential and retail developments along this stretch.



The upcoming Infosys campus would augment employment opportunities driving demand for residential and retail developments in Sarjapur.

Location



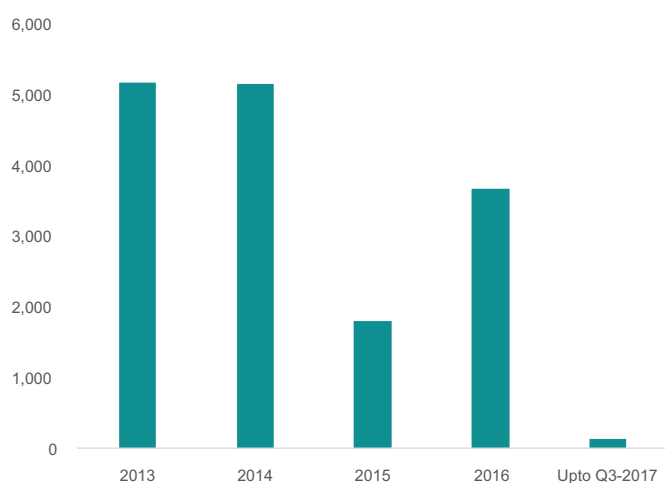


Sarjapur is an emerging micro market where 50% & 30% of the developments are ready to move in and nearing completion respectively.

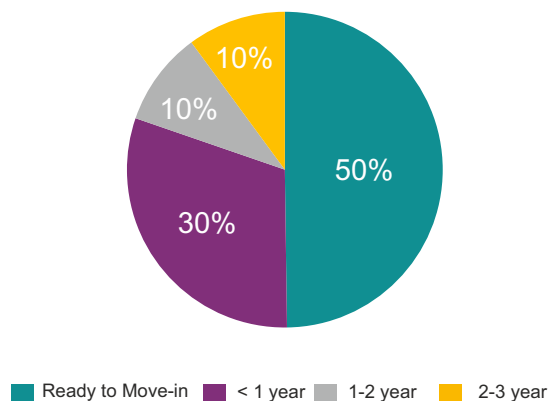
Residential Market Assessment

In the recent years, Sarjapur Road has witnessed significant residential developments and now has a presence of various types of developers and projects. Strong end-user demand has been a key driver for this region and real estate developers have flocked this micro market for executing their portfolio expansion plans.

New Launch Supply



Age of Inventory (Launches between 2013 to Q3 2017)



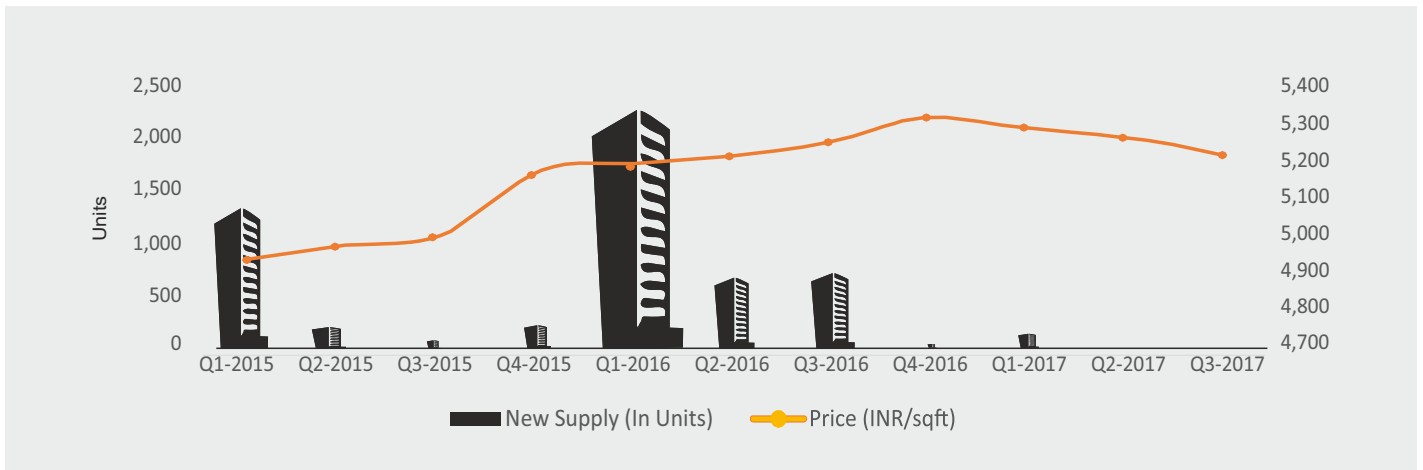
- Since 2013, around 16,000 residential units have been added in this region, of which 65% launches were added during 2013-14, followed by 23% in 2016.
- Due to an economic slowdown and presence of massive unsold inventory, the new launch activity slowed down post-2014. Further the triple tsunami of DeMo, RERA and GST impacted the market and as a result, the launches in 2017 were minuscule as compared to the previous years.
- This region has a significant presence of ready-to-move-in or nearing completion projects. With 50% ready-to-move-in and 30% due to complete in the next 12 months or so, the region surely seems flooded with a choice of properties for the homebuyers. Due to the large-scale presence of such units, the new launches were restricted during the past few years.
- With significant presence of almost ready units, ongoing and upcoming projects are likely to face stiff competition from the existing projects along the Sarjapur Road.



Sarjapur Road's average price as of Q3 2017 is around INR 5,200/-sft

Residential Market Assessment


Micro Market Price Movement wrt Supply



- As depicted above, the average prices have corrected by around 2% between Q4-2016 and Q3-2017. Low demand amidst existing unsold inventory has led to a marginal price correction in the region.
- The supply addition in 2015 and 2016 was led by projects such as Euphoria by Ahad Builders (685 units) and 63 Degree East by Assetz Homes (1,608 units)
- Whilst new launches almost doubled in 2016 as compared to the previous year, they dropped drastically in 2017 due to the triple tsunami of DeMo, RERA and GST and presence of around 4,900 unsold units.

Outlook

- Sarjapur Road's residential market is going through a minor correction considering that there is a dip in demand amidst presence of significant unsold stock.
- Although there is significant unsold stock in the micro market, the supply addition has been minimal in the recent periods. As a result, we believe that the market equilibrium will soon be restored and the absorption is likely to improve in the future periods.



Due to the strategic location advantage, Sarjapur Road is likely to witness significant new launches in the future periods.

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