

Bengaluru steady amid tech turbulence

Our recent trip to Bengaluru unpacked valuable insights into the housing and office market dynamics of the tech-driven city. Housing demand remains healthy though ‘approval issues’ for launches have resurfaced. In light of the sharp price increase and current ‘noise’ in the tech space, developers have intensified the focus on mid-income segment (INR25–30mn ticket size). Office leasing/RFPs are steady.

The Bengaluru market is relatively better placed to sustain its growth journey given robust job generation from GCCs (refer to [‘Making sense of housing cycle’](#)). The upcoming festive season will provide vital clues regarding the health of the market. Prestige Estates and Brigade (each rated **‘BUY’**) remain our top picks in the realty space.

Steady residential and office demand

Nearly ~60% of the residential demand in Bengaluru comes from people employed in the tech sector. Despite headwinds such as layoffs at IT companies (due to threat from AI) and recent developments like the hike in H1-B visa fee/potential implementation of the *‘HIRE Act’* in the USA, housing demand in Bengaluru has remained resilient with steady footfalls/enquiries.

Office leasing activity has also held firm. About 20msf RFPs are currently active in the top-7 cities with Bengaluru accounting for ~60%—driven primarily by robust demand from Global Capability Centres (GCCs).

Interestingly, the changing US policies may aid Bengaluru’s realty sector over the medium term due to higher offshoring ([Link](#)) and setting up of GCCs.

Launches – Approval issues resurface (albeit temporarily)

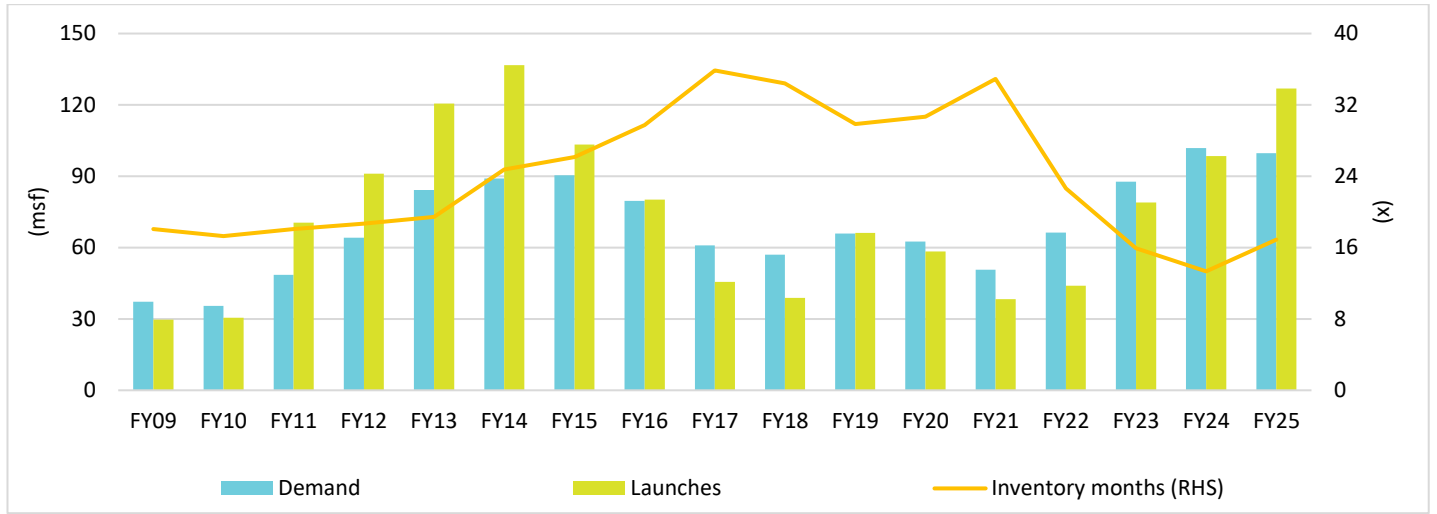
Bengaluru’s urban governance framework has undergone a change recently ([Link](#)) through the formation of the *‘Greater Bengaluru Authority’* (GBA). This has led to temporary delays in the approvals with certain launches scheduled for Q2FY26 now slipping to Q3FY26. Due to the slower launches, pre-sales in Q2FY26E are likely to be subdued. In this context, the upcoming festive season with a large number of launches assumes importance in determining the city’s sales trajectory.

Focus on affordability intensifies

Average ticket size in Bengaluru has surged at a 19% CAGR over FY22–25 (driven by a 15% price CAGR), straining affordability and dragging sales volumes 3% YoY in FY25; consequently, developers have intensified the focus on affordability with emphasis on INR25–30mn ticket size. With low inventory levels of 16 months ([Link](#)), house prices are unlikely to decline (in fact, most developers believe they will continue to rise, albeit moderately); hence, cutting down on flat sizes (*a la* the FY12–21 period, during which average size of launched units in Bengaluru had declined ~21%) is the only viable option. We are enthused by the fact that Bengaluru developers are willing to embrace this strategy (unlike most of their peers in North and West India).

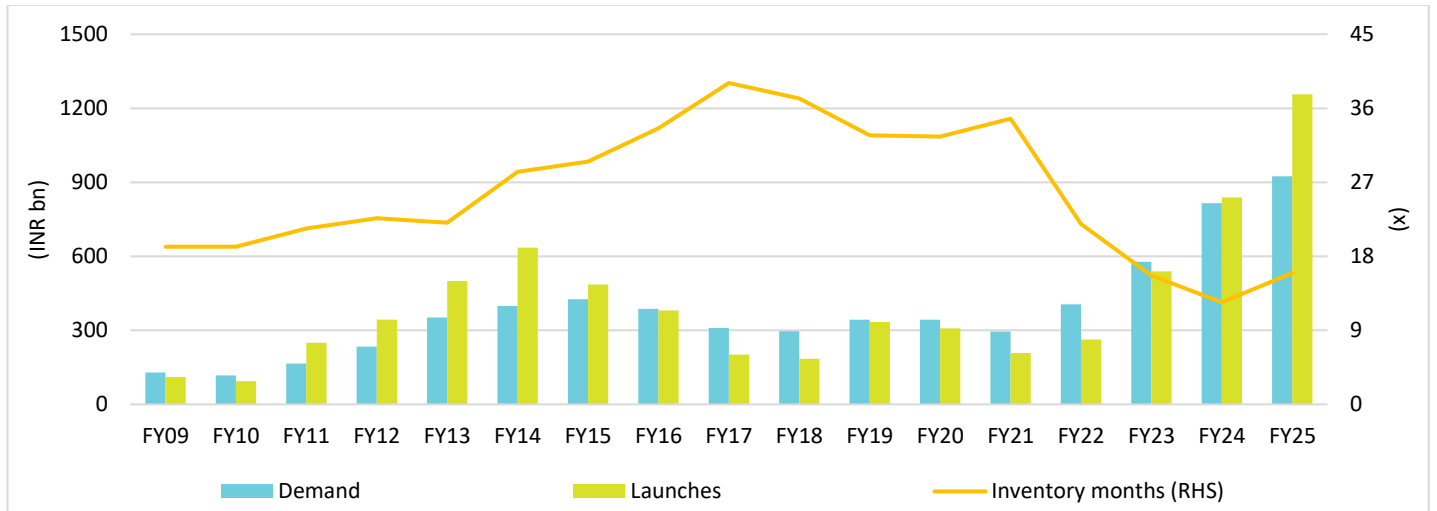
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Exhibit 1: Housing trends in Bengaluru over years (in volumes)



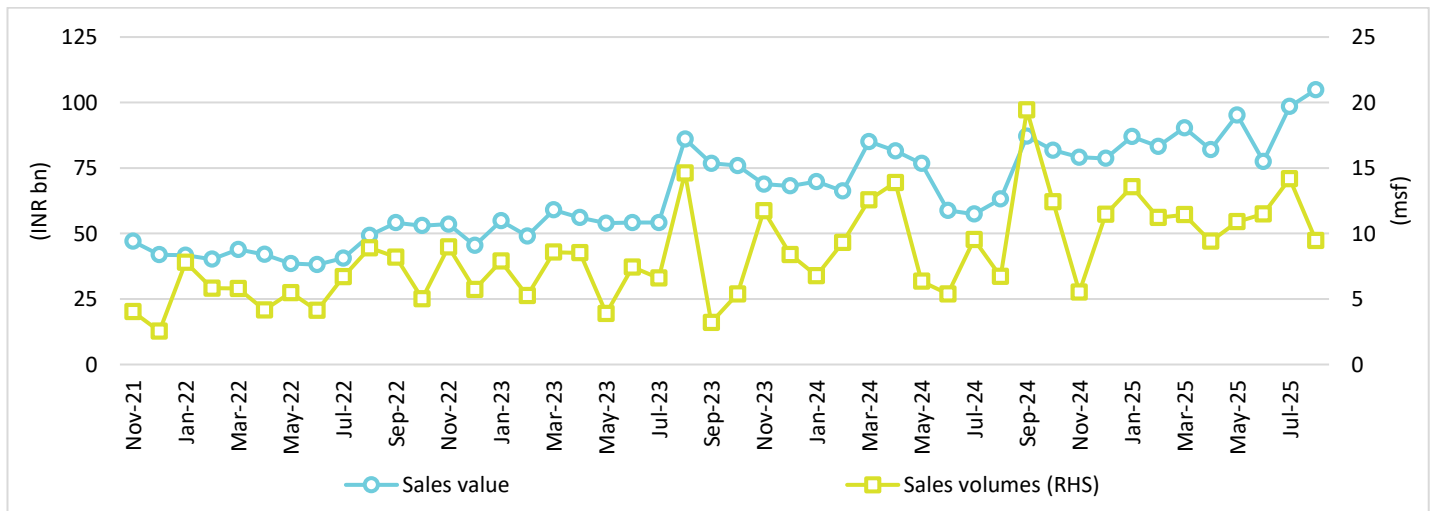
Source: PropEquity, Nuvama Research

Exhibit 2: Housing trends in Bengaluru over years (in value)



Source: PropEquity, Nuvama Research

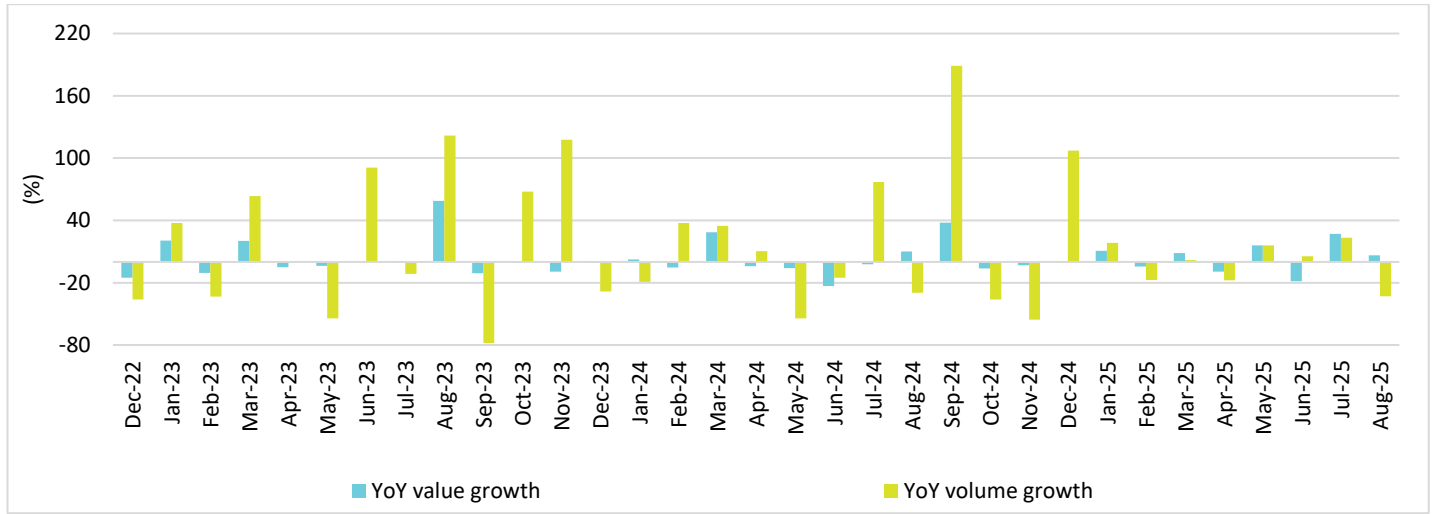
Exhibit 3: Sales value and volume trends



Source: PropEquity, Nuvama Research

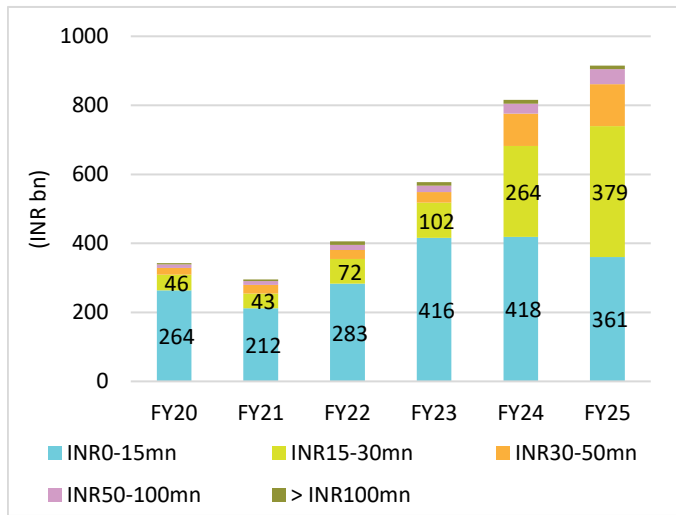
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Exhibit 4: Divergence in value versus volume sales growth seen in FY25



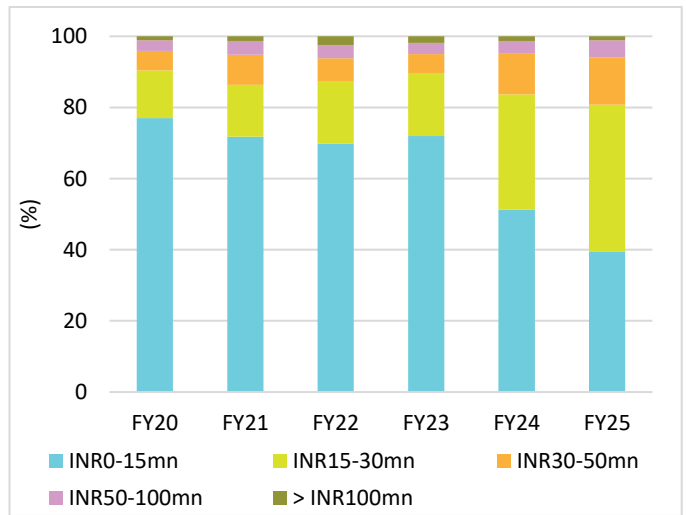
Source: PropEquity, Nuvama Research

Exhibit 5: Bengaluru sales by segment



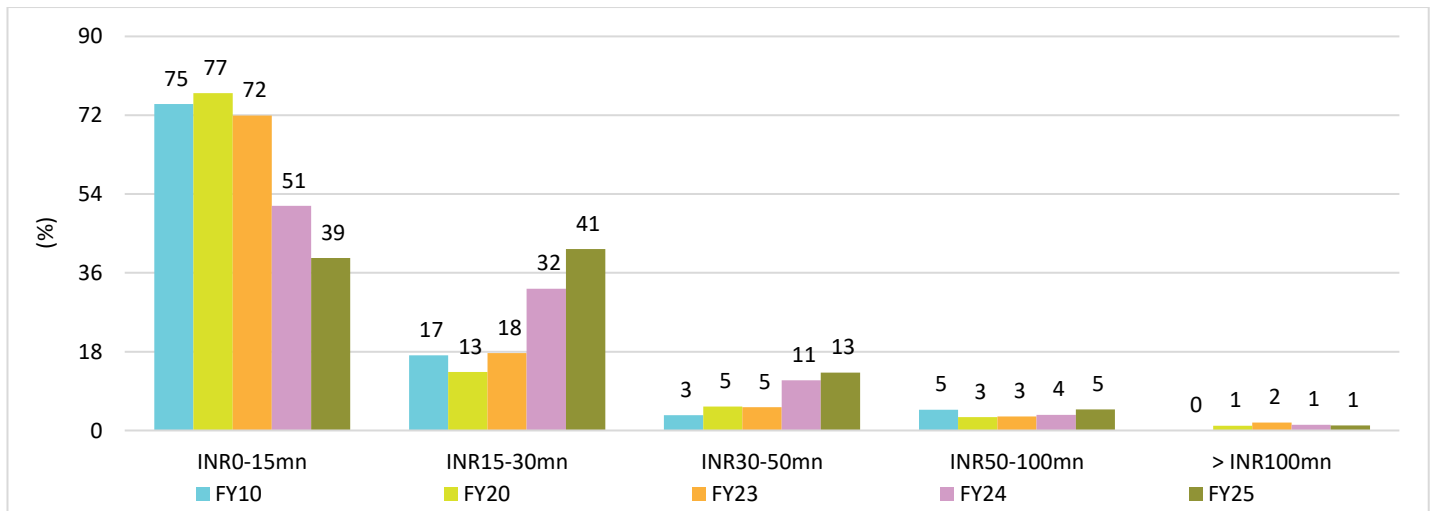
Source: PropEquity, Nuvama Research

Exhibit 6: Split of sales in Bengaluru sales by segment



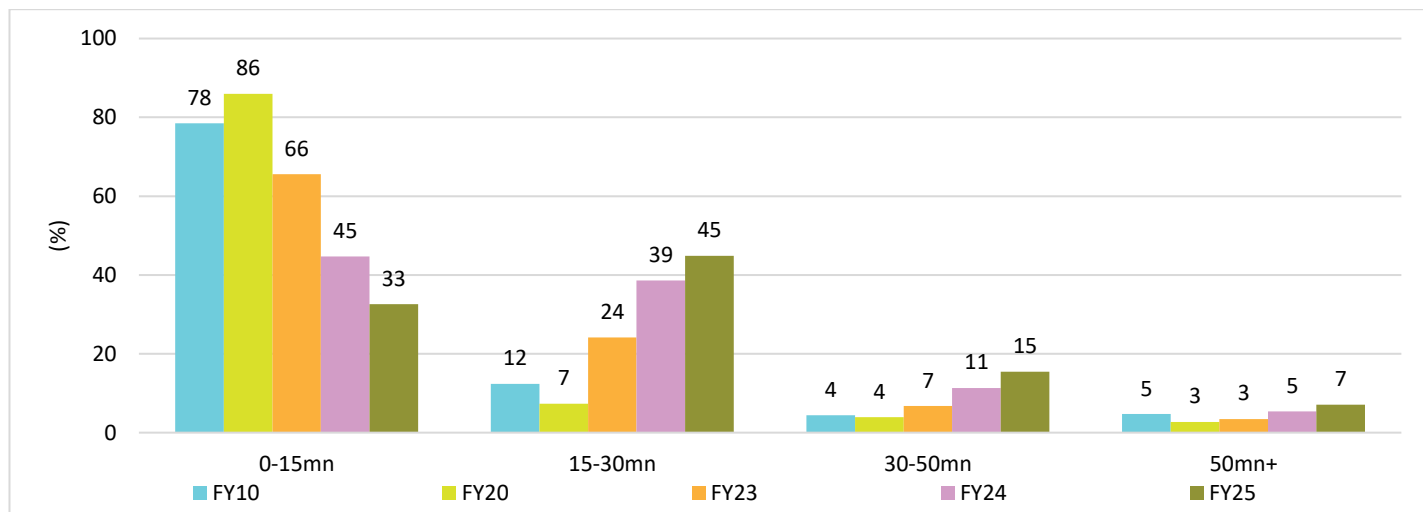
Source: PropEquity, Nuvama Research

Exhibit 7: Share of various ticket sizes in housing demand in Bengaluru



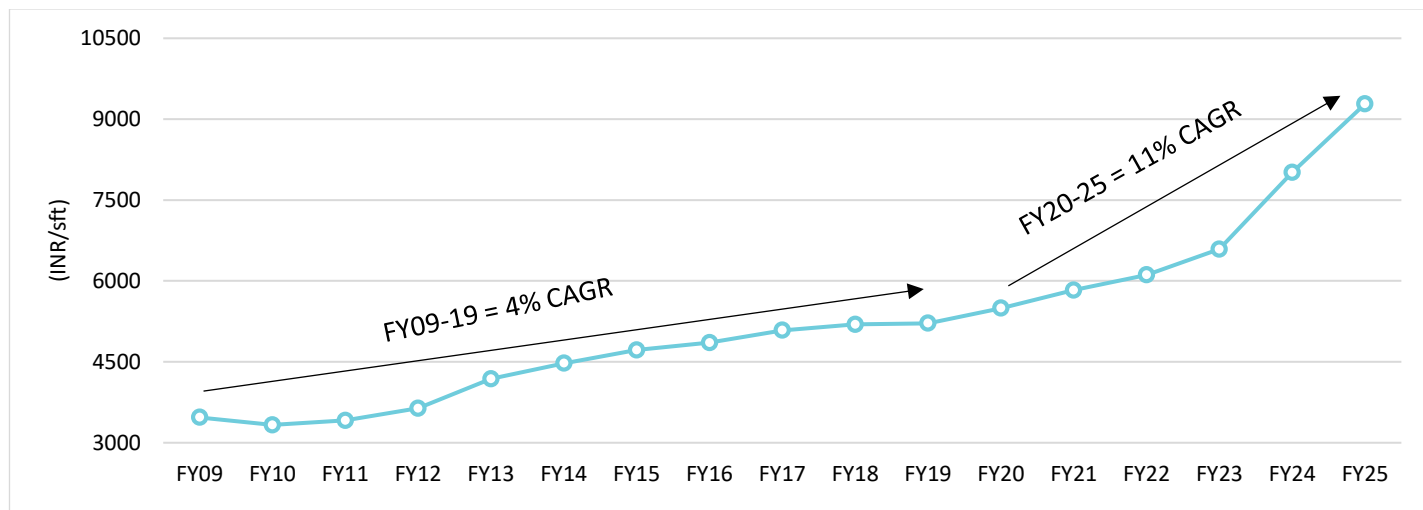
Source: PropEquity, Nuvama Research

Exhibit 8: Share of various ticket sizes in residential launches in Bengaluru



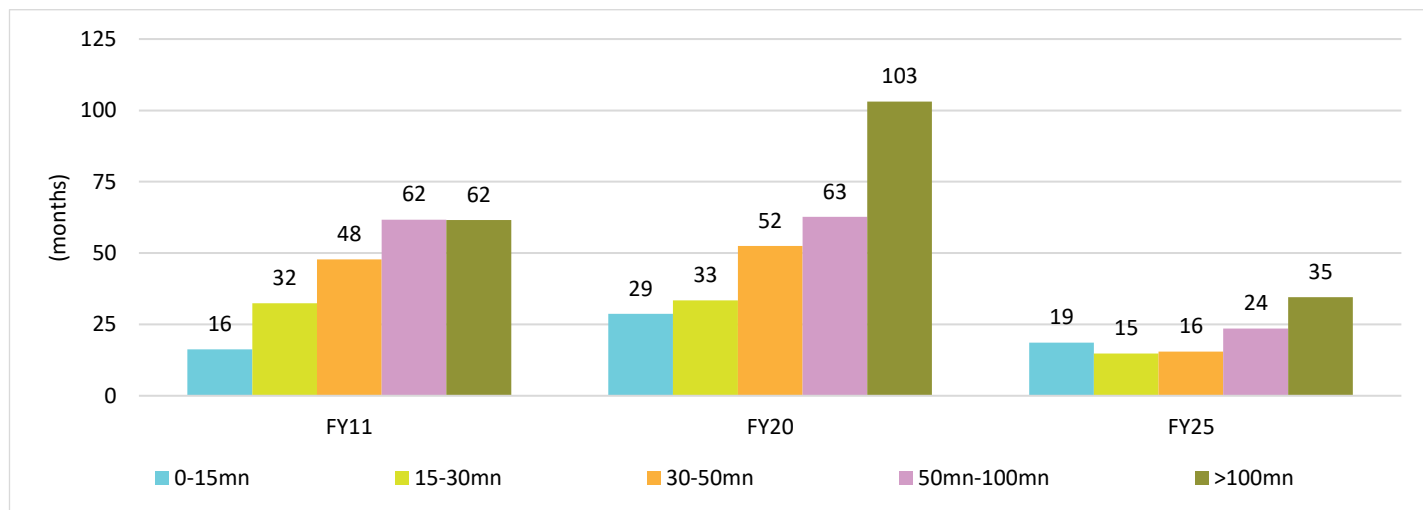
Source: PropEquity, Nuvama Research

Exhibit 9: Steep surge in prices in Bengaluru post-covid



Source: PropEquity, Nuvama Research

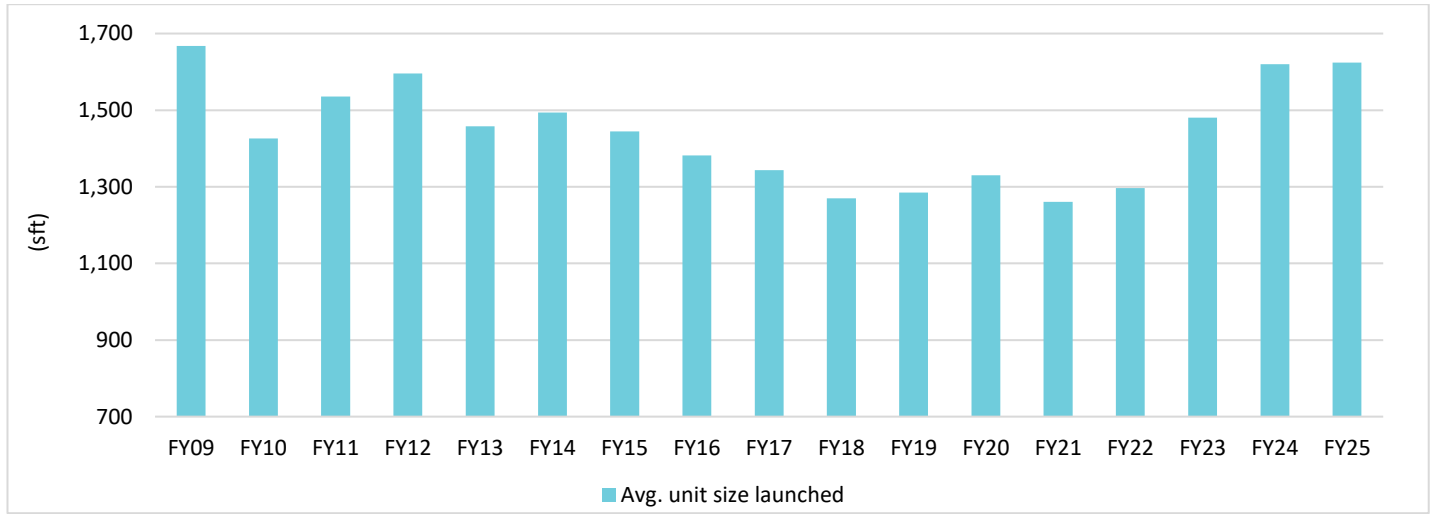
Exhibit 10: Unsold inventory months across different ticket sizes



Source: PropEquity, Nuvama Research

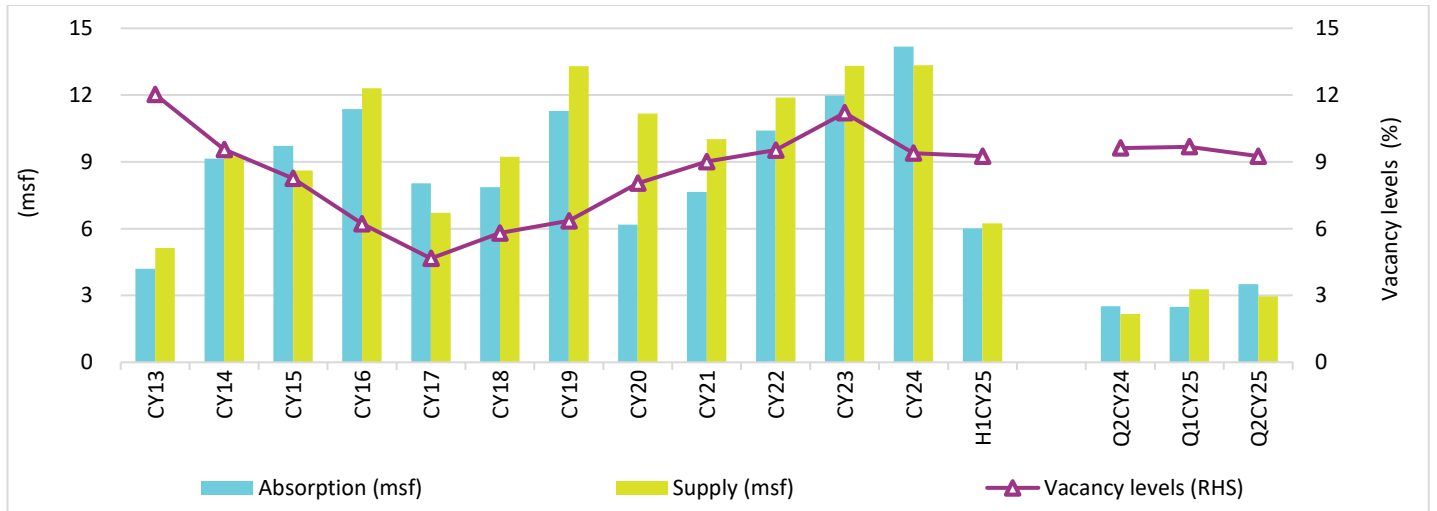
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Exhibit 11: Average size of units launched over years



Source: PropEquity, Nuvama Research

Exhibit 12: Office demand, supply and vacancy



Source: Cushman Wakefield, Nuvama Research

All price charts cannot be included given the large of number of companies in our coverage. Specific charts may be available upon request

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