

The logo for 99 acres, featuring the text "99 acres" in a bold, blue, sans-serif font. The background of the entire page is a low-angle photograph of several modern skyscrapers with glass facades, reaching towards a bright, hazy sky. The buildings are arranged in a way that creates a sense of depth and scale.

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# INSITE REPORT

## Pune

—  
October - December 2016

[www.99acres.com](http://www.99acres.com)



## Methodology

The Insite Report by 99acres.com captures the quarterly capital trends and the annual rental analysis of residential apartments in key real estate markets – Delhi NCR, Mumbai Metropolitan Region (MMR), Bangalore, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad. In order to assess the prevailing sentiment, the report delves deep into demand and supply of properties across varied budget segments and occupancy stages. While demand is a function of queries received, supply is based on property listings posted on 99acres.com in Oct-Dec 2016.



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# FROM NARASIMHA'S DESK...

*Counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite*

The Indian real estate market has been struggling with snowballing inventory and demand-supply disequilibrium for 3-4 years now. Just when the industry was heading towards a revival around the festive season, demonetisation deferred growth prospects. Consequential impact in the form of market anxiety, liquidity deficit and pressure on property rates may prolong recovery.

The year 2017, however, is anticipated to be a landmark period for real estate due to the implementation of several reformatory announcements such as RERA, Benami Transactions Act and GST Bill. These radical steps clubbed with counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite and help the market recoup.

Southern metros such as Hyderabad, Chennai and Bangalore are projected to see brighter days due to their



end-user driven markets and massive budget allocations for infrastructure upgrades. Delhi NCR and Mumbai, however, could take longer owing to an inventory overhang and inflated property prices. Nevertheless, changing economic scenario and consumer-friendly policies would pave the way to a transparent and organised industry in the forthcoming quarters.

**Narasimha Jayakumar**  
Chief Business Officer  
99acres.com

## Pan India Trends



### HOME BUYING SENTIMENT

Apprehensions pertaining to several revolutionary policy reforms such as RERA, Land Acquisition Bill, GST Bill, *Benami* Transactions Act and demonetisation kept buyers in a state of dilemma. Fence-sitters continued to remain wary of investing and waited for price correction and market certainty.



### PROPERTY PRICES

Limited number of new launches due to an inventory overhang kept property prices under pressure. The cautious stance of homebuyers restrained capital appreciation across cities. The currency pullback move led the average 'ask' prices to either stagnate or dip in Oct-Dec 2016.



### RENTAL LANDSCAPE

The rental market across the top metros continued to remain buoyant as steady demand for properties kept vacancy levels in check. The prevailing market uncertainty due to multiple policy reforms compelled potential buyers to hold on to rented accommodations, augmenting demand and price points.



### SUPPLY

Piling unsold inventory led developers across the country to shift their focus towards offloading existing housing stock. Homebuyers, too, preferred ready homes over under-construction units. With the formalisation of RERA rules, new launches are expected to remain subdued in 2017.

## Market Indicators

	Capital Values	Rental Values	Supply
BANGALORE	↔	▲	▼
DELHI NCR	▼	▲	▼
MUMBAI	↔	▲	▼
CHENNAI	↔	▲	▼
PUNE	▼	▲	▼
HYDERABAD	↔	▲	▼
KOLKATA	↔	▲	▼
AHMEDABAD	▲	▲	▼

\* Capital values represent quarterly change \* Rental values represent yearly change \* Supply is basis properties listed on 99acres.com



## Market Movers

### ***Pune metro receives a green nod***

The highly delayed Pune metro project finally received a nod from the Union cabinet, spreading cheer among realty stakeholders. In addition to this, several other infrastructure projects such as new bus corridors from Aundh to Shivaji Nagar and Bopoti to Sancheti Junction have been proposed.

### ***PMC offers an amnesty scheme to tax defaulters***

Relaxing the noose, Pune Municipal Corporation (PMC) extended an amnesty scheme for illegal property owners and tax defaulters. The scheme successfully brought 10,000 unassessed properties under scrutiny, thereby curbing illicit developments across the city.

### ***Stringent green norms imposed by PMC***

PMC tightened green building norms by directing errant builders to replant trees cut during the construction tenure. The authority plans to conduct site surveys and penalise the defaulters by barring them from constructing new projects.

### ***South Pune to have an airport in Purandar***

The proposal to develop a second airport at Purandar in South Pune is expected to influence realty sentiment and housing demand in the adjoining pockets of Hadapsar, Bhosle Nagar and Magarpatta City.

### ***Hinjewadi to undergo a decongestion drive***

The Hinjewadi Industrial Association (HIA) has suggested decongestion plans for the western IT hub by constructing a road between Mahalunge and Infosys Phase I Circle Road. Widening of existing road network will bode well for the locality's realty landscape.

## Demonetisation Strikes Pune



### **READY TO MOVE**

The entire market witnessed a slowdown in sales as an immediate aftermath of demonetisation. Possession-ready properties were no exception to this trend.

There are projections that some developers might offer incentives to buyers and higher commissions to brokers to bait customers. A substantial price correction, however, is not on the cards.



### **UNDER CONSTRUCTION**

Mired by cash crisis, construction activities in new projects nearly stalled across the city. Prospective buyers withheld their investment plans as deliveries are likely to

get further delayed. Enquiries and site visits reduced by 40 percent in the first month post the currency ban move. New launches are expected to be subdued in the first half of 2017.



### **LAND**

The residential plot market in Pune recorded a steep fall in sales volume. Hinjewadi, Charholi, Wagholi and Lohegaon, which have surplus residential land, are

anticipated to see a price-correction of 15-20 percent in the forthcoming quarters.



### **RESALE**

With resale market being largely wheeled by cash component, transactions witnessed a new low post demonetisation. As market value of secondary properties in many areas

is higher than their Ready Reckoner rates, buyers delayed purchase decisions, anticipating the prices to smoothen by 10-20 percent. Sellers in the luxury market might offer attractive discounts to offload existing stockpile.



### **RENTAL**

Regardless of the move, the rental market in Pune exhibited stability. Preferred areas close to IT hubs such as Magarpatta, Hadapsar and Hinjewadi may witness rental 'asks' moving

north by 10-15 percent over the next one year.

# Pune at a Glance

## Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Baner	5,900 - 6,890	-2%	1%
Bavdhan	5,700 - 6,700	0%	2%
Hadapsar	4,500 - 5,950	3%	-1%
Hinjewadi	4,800 - 5,600	-5%	-3%
Kharadi	5,000 - 6,100	-2%	-4%
Kothrud	7,550 - 9,400	2%	4%
Pimple Saudagar	5,750 - 6,700	-3%	1%
Sinhgad Road	4,450 - 6,000	3%	1%
Wagholi	3,650 - 4,650	1%	0%
Wakad	5,150 - 6,100	-1%	-3%

\* Average 'ask' rates have been calculated as per listings posted on 99acres.com in the current quarter

## 99ACRES OUTLOOK

Pune enters 2017 on a positive note backed by several policy announcements made last year.

Subsequently, the lack of synergy between buyers and builders in Pune over price correction is also expected to recede as the new tax rate is decided under the GST Bill. Condensing multiple taxes at different levels into one, GST Bill would be a potent game changer, ensuring improved transparency, reduced prices and a wider buyer base.

In lines with the GST Bill, Real Estate Regulatory Act (RERA) is another measure on the cards. Maharashtra has been the first State to implement the Act and propose measures to ensure conducive business environment and fair property

deals. Though the last quarter of 2016 witnessed a slowdown in realty landscape across the country, housing demand in Pune is anticipated to revive in the next two-three quarters with marginal price correction.

Since Pune has all the favorable demand drivers firmly set in place with robust IT, automobile and manufacturing base, homebuyer interest is likely to rebound in 2017. New launches, on the other hand, would remain subdued in the first half as developers await final verdict on new policies. The second half, however, is speculated to witness a fresh supply of residential stock.

## PUNE

Weakened realty sentiment due to lack of clarity on key policy announcements such as RERA, demonetisation and GST Bill subdued 'ask' prices in several localities, translating into a stagnant market in Oct-Dec 2016.

### Key Highlights

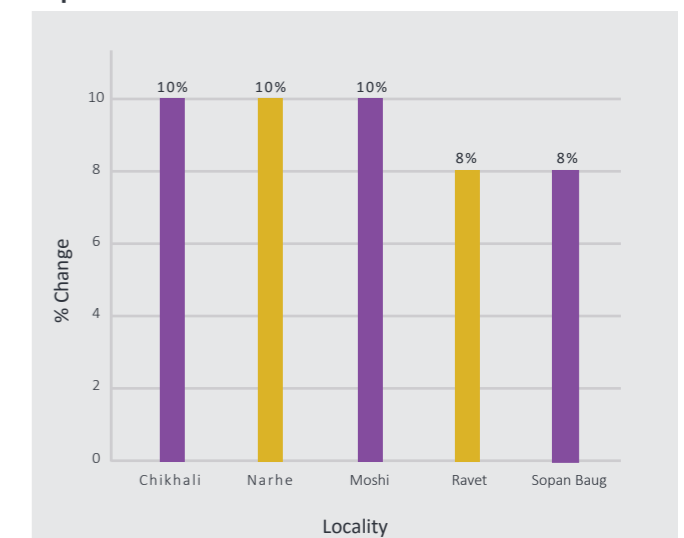
- Maharashtra will be the first state to implement RERA early next year and has already rolled a draft for public suggestions towards the same. Diluting unhealthy practices, the nucleus of the draft will entail stern norms for those indulged in realty malfunctioning, ensuring better transparency.
- Many localities managed to tide over the recent economic fallout. Areas close commercial hubs such as Charholi, Nigdi and Kalyani Nagar reported 3-4 percent capital growth, each, QoQ, backed by improved liveability index.
- Pirangut in the West, recorded four percent capital appreciation owing to affordable housing stock and a robust road network, which connects it to Mumbai Pune Bypass Road and Hinjewadi. The pocket remained a preferred home buying destination for a major chunk of the IT/ITeS workforce operating from Hadapsar, Kothrud, Hinjewadi and Wakad.
- A historically popular pocket, Sadashiv Peth, also seized a position among top performers. Stationed close to the city center, average capital values here rose on account of demand superseding supply.
- Fence-sitters further held back their purchase decisions, particularly in the peripheral locations of Pune due to market uncertainty. This helped the rental market garner better traction.
- Located close to the city fringes, Chikhali, Narhe and Moshi, reported 10 percent annual rental appreciation, each. Presence of manufacturing hubs and engineering companies in the vicinity propelled rates in these housing belts.
- Other suburban pockets that witnessed annual rental appreciation included Ravet and Sopan Baug. While Ravet harnessed higher demand owing to lower rates and strategic development, Sopan Baug being a premium address of Pune, saw rental hike on the back of scarce property supply against boisterous demand.
- A green signal for the metro link and road projects spurred positive sentiments during the last quarter of 2016. Nigdi, Akurdi and Hinjewadi emerged as key beneficiaries, especially wrt rental demand.

Top Performers - Capital Market



\* %change represents quarterly capital movement

Top Performers - Rental Market



\* %change represents yearly rental movement

### DEMAND-SUPPLY ANALYSIS

Like other metros, Pune also suffered a jolt due to the Centre's demonetization move resulting into a sudden drop in demand and delay in project completions in the last quarter of 2016. Nevertheless, the quarter witnessed demand for housing units priced within Rs 40 lakh inching up for the fourth quarter in succession. Supply, however, fell by a massive 20 percent, indicating a colossal misalliance.

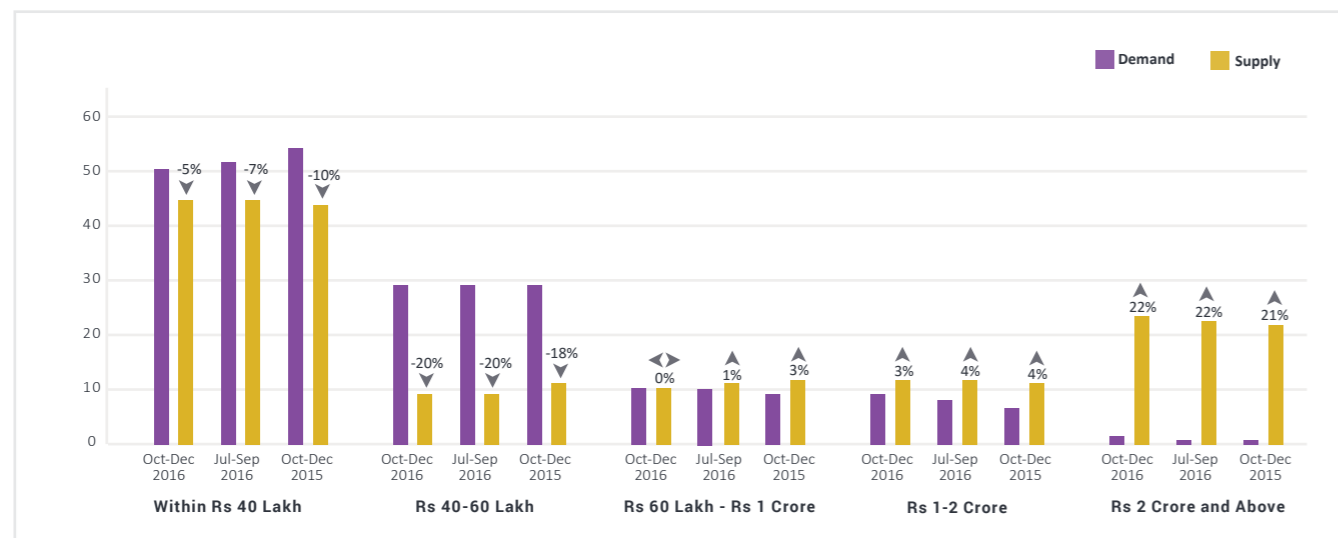
#### Key Trends

- The most popular - affordable housing segment - continued to suffer on account of inadequate supply. Awaiting clarity on Development Control Regulations (DCR) norms that are likely to alter Floor Space Index (FSI) and applicability of transfer of development rights, builders refrained from launching new projects.
- While configurations in the price bracket of Rs 1-2 crore and beyond were least preferred across Pune, marginal yet continuous traction from HNIs and NRIs exhibited upward movement in their demand and supply graphs.
- Largely preferred by the service class, demand for units in Rs 40-60 lakh bracket surpassed supply by 20 percent. While higher returns drove the developer community to luxury and ultra-luxury projects, fresh supply in this category stands long ignored.
- Delay in project timelines and stalled construction activities, veered focus of wary homebuyers to ready-to-move units, resulting in an improved demand of such units by two percent in Oct-Dec 2016 vs. the quarter ending September 2016.

Distribution of Residential Apartments



Graph depicts the availability of residential apartments wrt other property types, QoQ, along with the distribution of under-construction and ready stock



Graph depicts the fluctuation in supply wrt demand for residential apartments in various budget categories

## Annexure

### CAPITAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Akurdi	5730	1
Alandi	3655	-4
Alandi Road	3960	1
Ambegaon	5300	0
Ambegaon Budruk	4870	1
Aundh	9200	1
Balewadi	6670	2
Baner	7200	-2
Baner Pashan Link Road	7510	-3
Baner-Sus Road	6200	1
Bavdhan	6710	0
Bhosari	5230	0
Bhosle Nagar	16220	-3
Bhugaon	5400	-4
Bibwewadi	8260	3
Boat Club Road	15845	-6
BT Kawade Road	6950	-3
Camp	8625	1
Chakan	3380	3
Charholi	4925	3
Chikhali	4330	-4
Chinchwad	6020	1
Dhanori	5065	0
Dhayari	5035	-2
Dighi	4450	-4
Erandwane	12540	0
Fatima Nagar	6790	0
Hadapsar	5950	3
Handewadi	4200	-3
Hinjewadi	5675	-5
Kalewadi	5530	-2
Kalyani Nagar	9730	4
Karve Nagar	8980	2
Katraj	5620	0
Katraj-Kondhwa Road	5400	0

### CAPITAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Keshav Nagar	5475	-2
Kharadi	6100	-2
Kiwale	4625	-6
Kondhwa	5450	-3
Koregaon Park	12100	1
Kothrud	9490	2
Law College Road	15350	0
Lohegaon	4780	1
Lullanagar	6900	-1
Magarpatta	7950	0
Mahalunge	5980	-1
Manjri	5000	-4
Marunji	5525	-3
Mohamadwadi	5620	0
Moshi	4335	1
Mundhwa	5650	-1
Narhe	4600	-6
NIBM	6150	-2
Nigdi	6600	3
Pashan	7780	1
Pashan-Sus Road	6975	0
Paud Road	8300	-2
Phursungi	4320	3
Pimple Gurav	6265	-1
Pimple Nilakh	7000	0
Pimple Saudagar	6790	-3
Pirangut	3650	4
Pisoli	4350	-1
Prabhat Road	16200	2
Punawale	5270	0
Rahatani	6000	-1
Ravet	5625	0
Sadashiv Peth	10340	4
Salunke Vihar	6448	-3
Sasane Nagar	5225	-1

# Annexure

## CAPITAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Senapati Bapat Road	12873	-2
Shastri Nagar	7650	-4
Sinhgad Road	6057	3
Sopan Baug	10260	-3
Sus	5507	-2
Talegaon	3633	2
Talegaon Dabhade	3833	2
Tathawade	5779	0
Thergaon	5925	-3
Tingre Nagar	5325	-1
Undri	4750	1
Vadgaon Budruk	5200	-5
Veerbhadra Nagar	7740	2
Viman Nagar	7993	-1
Vishrantwadi	6012	0
Wadgaon Sheri	6577	0
Wagholi	4650	1
Wakad	6132	-1
Wanowrie	7200	-4
Wanwadi	7300	3
Warje	6700	-2
Yerwada	7328	0

## RENTAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Akurdi	16	3
Ambegaon	12	0
Ambegaon Budruk	12	0
Anand Nagar	16	-3
Aundh	19	-3
Balewadi	16	3
Baner	16	-3
Baner-Pashan Link Road	16	7
Bavdhan	15	0

## RENTAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Bhosari	13	-7
Bhosle Nagar	22	5
Bhusari Colony	18	-5
Bibwewadi	16	0
Boat Club Road	30	0
BT Kawade Road	17	6
Chakan	10	6
Chikhali	11	10
Chinchwad	16	3
Dange Chowk	15	4
Dhanori	15	4
Dhayari	11	0
Erandwane	22	2
Hadapsar	15	0
Handewadi	12	5
Hinjewadi	15	4
Kalewadi	15	0
Kalyani Nagar	24	0
Karve Nagar	17	-6
Katraj	14	-7
Katraj-Kondhwa Road	12	-4
Keshav Nagar	15	4
Kharadi	16	0
Kondhwa	14	0
Koregaon Park	27	0
Kothrud	19	0
Law College Road	24	0
Lullanagar	16	-3
Magarpatta	21	5
Manjri	12	0
Moshi	11	10
Mundhwa	16	3
Narhe	11	10
NIBM	14	0
Nigdi	16	3

# Annexure

## RENTAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Pashan	16	-3
Pashan-Sus Road	15	0
Paud Road	19	0
Phursungi	12	0
Pimple Gurav	15	7
Pimple Nilakh	17	0
Pimple Saudagar	16	0
Pisoli	11	0
Prabhat Road	25	4
Rahatani	17	3
Ravet	13	8
Sadashiv Peth	22	5
Salunke Vihar	16	0
Sasane Nagar	13	0
Senapati Bapat Road	25	2
Shastri Nagar	23	2
Shivaji Nagar	23	0
Sinhgad Road	14	4
Sopan Baug	22	8
Talegaon	10	-5
Tathawade	15	4
Thergaon	16	3
Tingre Nagar	16	3
Undri	11	0
Veerbhadra Nagar	16	3
Viman Nagar	23	7
Vishal Nagar	17	3
Vishrantwadi	17	0
Wadgaon Sheri	17	0
Wagholi	11	0
Wakad	16	3
Wanowrie	17	3
Wanwadi	17	3
Warje	15	4
Yerwada	21	5



\*All prices are per sq ft rates \*Capital change depicts quarterly alterations in average 'asks' \*Rental change depicts yearly alterations in average 'asks'

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