MARKET IN MINUTES

Savills Research

India | Year-End 2025

Bengaluru Residential Market Watch

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In this report, we focus on the premium residential segment.

ECONOMY ROUND-UP

- India's economy maintained a solid traction through 2025, supported by resilient demand and steady investment activity. The RBI revised its full-year FY26 GDP growth to 7.3% from 6.8% earlier, reflecting strong macroeconomic fundamentals despite intermittent tariff tensions that added volatility to external trade during the year.
- During July-September FY 2025-26, GDP grew strongly at 8.2%, a six-quarter high, underscoring sustained momentum in manufacturing, services, and investment activity.
- The government introduced GST 2.0, shifting to a simplified 5%–18% two-slab structure. Lower GST on construction materials such as cement, steel, tiles and electrical materials is expected to reduce construction costs and support housing demand (Refer to our report GST 2.0 – Lower Construction Costs and a Boost for Real Estate for details).
- Retail inflation generally remained on a disinflationary path through 2025, consistently easing over the year before falling to a historic low of 0.3% in October 2025. The decline was driven by a combination of GST-related price moderation, softening commodity prices, and favorable supply conditions.
- The benchmark lending rate was reduced cumulatively by 125 basis points during the year, from 6.50% in January to 5.25% in December 2025, with policymakers shifting to neutral stance supporting credit growth and domestic demand.

REGULATORY ANNOUNCEMENTS IN KARNATAKA

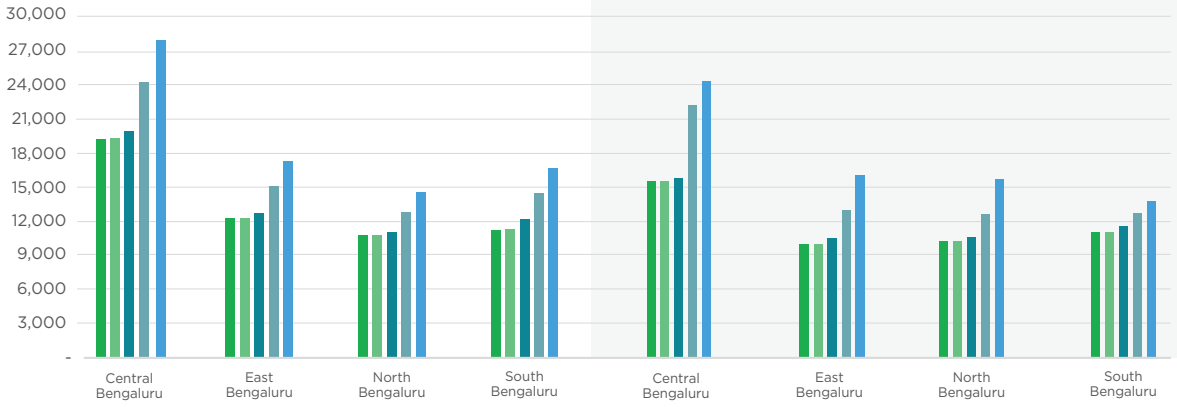
- In December 2025, the Karnataka Government announced plans to implement the new Karnataka Apartment Bill 2025, designed to update outdated laws, clarify transfer of common area to buyers and land ownership, and enhance governance and dispute resolution between developers and apartment residents by incorporating a formal grievance redressal mechanism.
- In August 2025, the Karnataka government notified an amendment to the Karnataka Fire Force Act, introducing a 1% fire cess on new multi-storey and high-rise buildings, including residential projects, to support upgrades in fire-safety and emergency infrastructure.



> Connectivity, Infrastructure, and Amenities Drive Bengaluru's Premium Residential Market

PRICE TRENDS

Average Capital Values for Completed Properties (INR per sq. ft.)



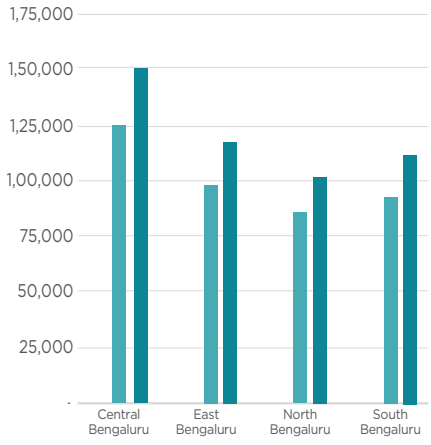
Average Capital Values for Under-Construction Properties (INR per sq. ft.)

Source: Savills India Research

- Bengaluru's premium residential average capital values remained firmly on an upward trajectory in 2025, supported by infrastructure momentum and a skewed supply pipeline. Under-construction projects recorded around 13%-15% YoY growth, wherein East and North Bengaluru led the appreciation by around 23%–24% YoY, reinforced by metro expansions, infrastructure upgrades in ORR, and airport-led connectivity improvements. South Bengaluru recorded around 8% appreciation amid price competition and sustained end-user demand despite higher new launches, while Central Bengaluru registered average capital value appreciation at approximately 9.5% YoY, due to limited new supply, constrained land availability, and higher land acquisition costs which capped incremental price growth, though values remain elevated in absolute terms due to its core location advantage.
- Completed premium residential projects also posted steady gains by approximately 12%-14% YoY, reflecting a rising preference for ready-to-move assets. Central Bengaluru continued to command the highest completed project values by 15%-16% YoY while East, North, and South Bengaluru recorded balanced growth by nearly 14%–15% YoY.
- The converging price differential between under-construction and completed projects signals a maturing market, as buyers prioritise delivery assurance and downside protection, driving pricing discipline and calibrated launches.

RENTAL TRENDS

(INR per month)



Source: Savills India Research

- Rental values for completed premium residential projects recorded strong, broad-based growth in 2025, with citywide rents rising by 18%–20% YoY, underscored by limited ready inventory and sustained corporate and expatriate demand.
- Central Bengaluru led rental appreciation by nearly 21% YoY on the back of persistent demand in established locations such as Mission Road, Lavelle Road, Cunningham Road, while South Bengaluru followed closely with an increase by 20.5% YoY, supported by steady absorption and improving metro connectivity.
- East and North Bengaluru recorded around 18%–20% YoY rental growth, driven by office-led demand and preference for larger, amenity-rich homes, while limited ready supply, stable white-collar employment, and infrastructure upgrades continue to underpin income resilience in Bengaluru's premium residential market.

BENGALURU MICROMARKETS

Central Bengaluru: Lavelle Road, Palace Cross Road, Cunningham Road, Frazer Town, Benson Town, Richards Town, Ulsoor Road, Richmond Road, Sankey Road

South Bengaluru: Koramangala, Bannerghatta Road, JP Nagar, Banashankari, Jayanagar, Basavangudi, HSR Layout, Sarjapur Road, Kanakapura Road

East Bengaluru: Whitefield, Old Airport Road, Indira Nagar, Domlur, Bellandur

North Bengaluru: Hebbal, Jakkur, Devanahalli, Yelahanka

KEY TRANSACTIONS

Transaction: Sale
Location: Lavelle Road
Asset Type: Land Parcel
Area: 25,824 sq. ft.
Asset Description: Land parcel with a bungalow
Price: INR 165.6 Crore

Transaction: Sale
Location: Jayamahal Extension
Asset Type: Duplex Apartment
Area: 12,800 sq. ft.
Asset Description: Project Savyasachi Sarayu
Price: INR 64 Crore

Transaction: Sale
Location: Sadashiva Nagar
Asset Type: Residential plot
Area: 9,840 sq. ft.
Asset Description: Vacant plot
Price: INR 55.5 Crore

Source: Savills India Research

YoY COMPARISON

10,164 units
2024

14,186 units
2025

Source: Savills India Research

Premium launches in Bengaluru surged around ~40% YoY in 2025, led by strong demand momentum. South and North Bengaluru emerged as key contributors, accounting for 49% and 42% of the new launches respectively.



OUTLOOK FOR 2026

- North and East Bengaluru are expected to outperform in terms of capital value appreciation in 2026, driven by expanding metro links, upcoming ring roads and policy-driven infrastructure upgrades.
- Demand for plotted and branded eco-tech luxury homes is expected to draw developers toward premium projects in Devanahalli, Doddaballapura and Whitefield, offering greater flexibility and ROI potential.
- Smart technology has become essential in premium homes, with 2026 buyers seeking seamless automation for comfort, energy efficiency, and security, spanning app-controlled systems, smart access, and future-ready infrastructure.

Notes:

- Capital values are reflective of properties priced INR 2 crores and above
- Average capital value for projects is the quoted base price on saleable area
- Average quoted rentals are for 3-BHK apartments
- The quoted capital and rental values for the current year are as of December 2025
- Sale prices in key transactions are indicatives prices.

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