

THE TIMES OF INDIA

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WORLD ENVIRONMENT DAY

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KHURSHID CALLS IT LOCAL EVENT AS
NO LEADER FROM INDIA INVITED **16**

175
YEARS

JAYALALITHAA, MAMATA TO SKIP
CHIEF MINISTERS' CONFERENCE
ON NATIONAL SECURITY **9**

Bangalore's realty CEOs become entrepreneurs

Top Execs Ride On End-User Demand

Anshul Dhamija &
Bobby Kurian | TNN

Bangalore: Top executives at legacy real estate developers have turned entrepreneurs to float own enterprises in Bangalore's property market, which saw record high residential launches in the first quarter of 2013.

South-based commercial realty giant Embassy Group CEO Gopi Krishnan quit to start own firm Fortius Infra last month. DivyaSree Developers CEO Santosh Martin is moving out to take the entrepreneurial plunge in a sector usually mired in government controlled approvals and fierce price wars.

But Bangalore's end user driven property market with stable pricing and availability of distressed land assets have lured real estate professionals to take business risks. Cushman & Wakefield said Bangalore was the only metro to report a whopping 144% growth in residential unit (11,622) launches in January to March quarter.

While NCR and Chennai reported a 39% decline in new launches, Mumbai and Hyderabad reported a 3% and 89% decline respectively, said a recent report from the global real estate consultancy.

Bangalore's annual residential market is worth Rs 25,000 crore by value, with leading player Sobha Developers notching up sales worth Rs 2000 crore, or having about 8% share. Developers like Prestige and Brigade also figure in the top list in a heavily fragmented residential market.

Earlier this year, Ozone-group CFO Shashidhar Pai joined hands with investment banker Vinod Menon at Citus Ventures, which focused on picking up distressed assets and turning them into saleable assets. "It's a great time to start if you don't have legacy issues and debts to manage," said Menon, who along with Pai, has launched projects worth Rs 1500 crore.

Shivaram Malakala of Habitat Ventures and Mike Holland of Assetz are among the early examples of professionals turned entrepreneurs, who have entered the city's fast changing real estate landscape, home to over 500 active real estate developers. These professionals turned

MARKET DYNAMICS

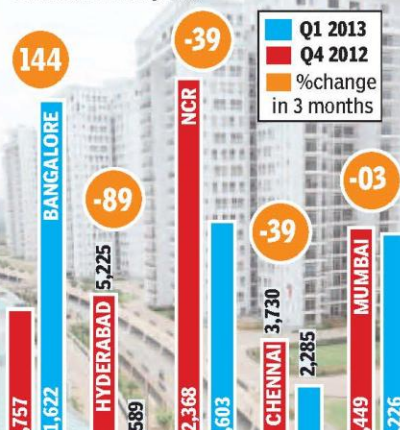
2012 ▶

35,500 residential units launched in Bangalore

This created a glut in the realty market

48% of them were in **South Bangalore** (Koramangala, Sarjapur Road, HSR Layout, Jayanagar, JP Nagar, Bannerghatta Road, Kanakapura Road)

33% were in **North Bangalore** (Banaswadi, Hebbal, Bellary Road, Hennur, Yelahanka, Jakkur, HBR Layout)



LAUNCH OF NEW RESIDENTIAL UNITS

Developers prefer standalone apartment complexes as land costs are high. But buyers prefer gated communities which come with a host of amenities and security features.

Jackbastian Nazareth | CEO, PURAVANKARA PROJECTS

Homes priced between Rs 30 lakh and Rs 40 lakh do not require marketing at all, but the only challenge they face is the land cost going up

Prashanth Sambargi | PARTNER, MARS REALTY

Compiled by: Asfiya Faisal; Source: Cushman & Wakefield and Knight Frank

entrepreneurs are well versed with fund raising, dealing with tenants, landlord owners, and knowing what sells.

"What stands this new breed of developers apart is their almost zero ego and limited greed," said Amit Bagaria, founder chairman of Asipac, a development management consultancy firm marketing projects worth over Rs 9,000 crore. "This is one of the few cities where the top 10 players have less than a third of the market share," he added.

Former Embassy CEO Gopi Krishnan believes that Bangalore realty market is receptive to new ideas, innovations, and new developers. "And the fact that there is enough end user demand is what made me decide to start

something of my own," he said. In fact, the city's real estate recovery has also attracted the gen next of textile families like Gokaldas, Texport and Bhartiya who are entering the sector.

Historically, the trend in the real estate industry has seen professionals from local companies boarding international property consultancy firms. "In the last two years the trend has been of real estate professionals turning entrepreneurs. This is particular to Bangalore's rather corporatized and mature market," said CBRE Deputy MD (South India) Ram Chandani. He added that Chennai and Hyderabad have seen glimpses of this trend, while Mumbai and Delhi are still untouched.

PRICE MOVEMENT

10-15%

was the price appreciation on Tumkur Road, Magadi Road, Hebbal and Whitefield while prices moved up in single digits in the rest of the city in 2012

2013 ▶

● North Bangalore will continue to be a sought-after market owing to projects like high-speed rail link, the elevated expressway to BIA.

● South Bangalore will see healthy absorption level owing to the IT/ITeS populace engaged in offices along the Outer Ring Road.

● Whitefield, in the east, will continue to attract buyers, owing to proximity to workplaces, retail and social infrastructure.