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Top 5 realty market movers in South India

The southern real estate markets are robust, dynamic and are led by end-user demand


By Shivam Agarwal | 25 March 2022 2:57 AM IST



In essence, this quote captures the trajectory of the Indian real estate sector in recent times.

The Indian real estate sector is one of the fastest growing sectors in the country. The sector experienced a radical change in 2020-2022 when the teething problems posed by the pandemic ushered dynamic challenges like never before. However, it made a quick recovery with demand gaining momentum. According to an industry report, the real estate market is all set to reach a market size of \$1 trillion by 2030 and will contribute 13 per cent to the GDP by 2025. While the real estate market in every Indian state has its own character, the South remains the largest market, and it will continue to determine trends across India.

The southern real estate markets are robust, dynamic and are led by end-user demand. Unlike other key markets, the southern cities have been able to limit the extent of the market slowdown in the recent past by decreasing the number of new launches and focussing on completing their projects on time. There is also substantial land available for development in the region. Some key South Indian cities such as Bengaluru, Hyderabad and Chennai have emerged as one of the best-performing and preferred real estate markets in the country.

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Factors like availability of well planned infrastructure and presence of strong employment opportunities led by the IT/ITeS sector and manufacturing industry, have augmented the attraction of the southern markets. Additional factors like good connectivity, excellent healthcare facilities and pleasant climate in the Southern cities have increased the sale of property in the peripheral areas as buyers shifted their preference towards affordability and connectivity. The region has also witnessed a big chunk of investments flowing from the Non-Resident Indians (NRIs) in the recent past, who are attracted to this part of the country because of the stability that the market has shown over the years. Some of the key wheels driving the real estate market in South India include the following.

Efficient Infrastructure: As mentioned earlier, the public infrastructure and transportation facilities available play a critical part in driving the economic growth of this particular market. In the southern part of India, these facilities are continually evolving with more people and companies making this part of the country their new base. This prioritisation given to infrastructure in the South has compelled consumers to reconsider where they live. For example - Bengaluru has new infrastructure projects in the pipeline ranging from metro linking the entire city with the airport, to interior regions, to railway networks connecting the suburbs.

Further, Chennai has emerging projects supporting road infrastructure to reduce the traffic on the express highways. Similarly, even Hyderabad is charging towards developing systems to promote easy and accessible connectivity. The pace of work happening in these cities is truly amazing. With all these emerging and present robust infrastructure projects, South India makes property investment vastly appealing.

Strong IT and startup growth: The South has been at the forefront of creating a breeding ground for innovation and creativity. Bengaluru, the startup capital of India has been the inception place to many big companies like Ola and Flipkart. Along with Chennai and Hyderabad, these 3 cities are among the top 10 for start-ups in the country. This is the primary reason for the increase in corporate and commercial real estate demand in the south, which is growing and is on an upward trajectory. Hyderabad has emerged as one of the prime hotspots for outsourcing business for the US, UK, and Europe markets. With more foreign investors looking to set their IT bases in the prime locations of South India, the scope for corporate real estate is on a roll.

NRI investments: The combination of the vast presence of infrastructure, high capital appreciation and established developer brands makes South India an attractive destination for offshore investments. The NRI investors have always been interested towards investing in Indian real estate market which helps them connect back to their roots. It is on developers and markets to make the most of this inbound opportunity. Also, the dollar to rupee exchange is at levels that allows NRIs to continue with their investment. **Availability of land:** The land prices in South are reasonable compared to Western & Northern parts of the country. The southern cities are less saturated and hence offer vast availability of land at reasonable prices, in various growth zones. This makes these markets all the more affordable, and therefore is reason for the vast increase in housing demand in these regions.

High retail growth: The key markets in South India have seen a sharp rise in retail and commercial growth in recent years. Well-known chains of malls, supermarkets and leading retail stores have opened their businesses catering to the rising demand. To cater to today's on-the-go generation with pristine tastes, international and premium Indian brands among others have made their presence felt in the South.

To conclude, the above factors have acted as a catalyst towards driving the growth in real estate in South part of India. South Indian cities like Bengaluru, Hyderabad and Chennai are growing at a fast pace with presence of a dynamic professional class and a well-developed corporate ecosystem.

The rapid rise of the co-working segment has also brought more focus on real estate in South India and it will only further thrive in the coming years. In the 'new normal' that has emerged, homebuyers are consciously looking for smart flexi-homes in verdant green spaces, and this has driven two segments of real estate – peripheral suburbs and self-sustained townships. The next few years look promising for real estate players in South India, especially for those who have diversified their portfolios and have the expertise to add value and capitalise on opportunities in both soaring and challenging times.

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