Hoskote and Tumkur are the two popular towns near Bangalore that have gained significant prominence in recent times. While Tumkur earned the ‘smart city’ tag during the union budget early this year, Hoskote, on the other hand, is proposed to be developed as a satellite town as told by the Karnataka government. Thus, CommonFloor shortlisted the two towns so as to analyse the realty prospects in the areas and make a comparative analyses. The report intents to make it convenient for prospective investors in selecting the right realty destination.

HOSKOTE

Overview

Hoskote, a taluk in Bangalore District, is located about 27 km away from the ‘Silicon Valley.’ The town lies at the intersection of NH-4 and NH-207 and, as such, is a busy town with both resident and floating population. Rapid industrialization in Hoskote in recent times has opened new opportunities for people whose primary occupation was agriculture and horticulture.

Hoskote is said to be another Navi Mumbai in the making in Bangalore belt. The region is being developed as a township with planned established industries and world-class connectivity.

The Karnataka government, recently, announced plans to develop Hoskote as a satellite town. Simultaneously, it withdrew the 2006 notification that prohibited private players to develop agricultural lands for residential and commercial development. This move will now permit builders to develop plots, paving way for a probable real estate boom.

Infrastructure: Currently, the town is well-connected to Bangalore by buses. The government also inaugurated a BMTC bus depot in the locality recently. The nearest railway stations to the area are Krishnarajapuram and Whitefield railway stations. Further, the town also houses a reputed medical college and research institute known as the MVJ Medical College & Research centre.

Industrial Development: The Karnataka Industrial Areas Development Board (KIADB) is seeing high demand for the 685 acre industrial belt of Narsarpur in Hoskote. This area already houses Volvo and Honda factories and many more big industrial set ups are in the pipeline.
**Connectivity:** Currently, the area has good connectivity with important areas in Bangalore. The town is about 20 minutes’ drive from Kempegowda International Airport and about 30 minutes away from the railway station. Time taken to reach the CBD is shortened by availing the metro from Byappanahalli that takes merely 20 minutes to reach M.G Road.

Further, the 6-lane super Highway to Chennai starts at Hoskote which is being developed all the way up to Sri Perambudur. This would considerably reduce travel time between the two cities.

**Factors for Growth:**
- A comprehensive plan for this Andhra Pradesh-Chennai-Bangalore-Mumbai business corridor, also called peninsular region Industrial Development corridor, has been drawn up and it aims to develop townships along the corridor. The Hoskote town will be benefitted from this development as land is available at relatively lower rates.
- Close proximity to Bangalore city.
- Two National Highways pass through this town. NH-4, connecting Bangalore to Chennai and NH-207 that passes through the town on the Western side.
- Satellite Town Ring Road (STRR) connects Hoskote to 9 other satellite towns namely Devanahalli, Doddaballapur, Dabaspet, Ramanagaram, Kanakpura, Anekal and Sarjapura.
- Intermediate Ring Road is proposed within the STRR for connecting the locality and the other towns around Bangalore.
- Industrial developments by KIADB, public and private sectors.

**Real Estate Growth in Hoskote**

The realty market trend in Hoskote is skewed towards large number of plots and layouts. It emerged as one of the top markets in Bangalore with available plots and layouts in 2014. The tremendous growth experienced over the last three years has led to an increase in property prices. Experts cite that there has been an appreciation of about 40 per cent year on year.

Currently, Whitefield, Old Madras Road and Varthur are well-established micro markets. This, in a way, has paved way for development beyond Whitefield at Hoskote. The residential market in Hoskote is relatively less saturated compared to Whitefield.

Besides good connectivity, other key factor driving growth in the area is its affordability. Since the area has been projected as an automobile hub, IT/ITES companies have refrained from investing heavily in this region as compared to Whitefield. Moreover, major developers are now seen developing this area as a major residential area for the people working here and also secondary area for investment in Bangalore.

**Major Challenges**
- Hoskote lacks organised and healthy development as most of the roads are narrow and congested within the core area of the town.
- The layouts are approved in the entire planning area.
- No compact development of industrial activities except KIADB industrial area.
- Lacks parking and other required facilities to compliment the industrial areas.
- No waste management plan has been taken up in the existing industrial areas till date.
TUMKUR

Overview

Tumkur, an industrial city in Karnataka, is situated at a distance of 70 km northwest of Bangalore along NH-206. Bangalore west has primarily developed over the years into a residential hub with Malleswaram, Yeshwantpur, Jalahalli being some of the prominent localities along the Tumkur road. With connectivity augmented through various civic infrastructure projects such as the upgraded NH-4 and the upcoming Metro line, this region is opening up further for residential, industrial, commercial and retail growth.

Further, the ‘Smart City’ tag for Tumkur, recently announced by the Union government, has increased the prospects for realty growth in this city. It is proposed to be an integrated industrial township that is expected to address the housing, education, entertainment and medical needs of the residents. This will not only address the district’s grouse of being Bangalore’s poor cousin, but will also reduce pressure on the state capital’s resources. If the town is planned properly and smartly it will take a lot of pressure off Bangalore which is already suffering due to overcrowding.

Recent visit by the Prime Minister of India and setting up of food park in the area has made the area more developed and has seen tier 1 developers such as Tata housing, Sobha developers and Godrej properties to invest in the area. Great connectivity via Metro phase II and elevated roadways has made CF to study the area in great depth.

Growth Prospects

The proposed Mumbai-Bangalore Industrial Corridor is likely to leverage the residential, commercial and industrial infrastructure along with the existing, ongoing projects. The stretch is going to be an important economic hub catering to the city. The whole area with a cater zone of 4-5 km is going to flourish in the near future as and when the corridor develops commercially. The corridor is expected to connect the Bangalore city in the north western side of the city along Tumkur Road. Since the last 5-7 years, the area is witnessing high infrastructural growth such as Elevated Expressway, Bangalore-Mysore Infrastructure Corridor and Bangalore Exhibition Centre. Other ongoing infrastructure include Metro Rail Phase 1 and 2 and the Peripheral Ring Road. This facility along with the Expressway development are expected to significantly improve the characteristics of the area.

Since the last 4-5 years the area was one of the fastest developing micro-markets in the city, as is evidenced by the launch of some large real estate projects coupled with key infrastructure initiatives. Previously, the area was inhabited by low socio-economic profile people, working mainly in small-scale industries, garment industries etc. But now the area is witnessing the arrival of people working in global houses such as ITC, Volvo and Reliance etc. Additionally, there are large industrial land parcels available that are raising the growth potential. Hence, the capital appreciation coupled with rental returns are expected to be high in the long run.

Good Connectivity: The rise of this micro-market can also be contributed to improved connectivity through the NICE corridor to South Bangalore. Growth in demand for homes in North West part of the city has triggered the demand for residential units in Tumkur Road. The urban sprawl has led to land value appreciation in localities such as Jalahalli, Abbigere Magadi Road, among other areas. The region is being promoted as one of the large industrial hubs in the city, especially Peenya Industrial Area.
Major Challenges

* The residential growth of the area is largely driven by industrial development which is very one-sided.
* Due to rapid industrialization, the area is likely to face pollution problem in the coming years which may pose health hazards.
* The area lacks composite plan of development by the Authorities.

COMPARATIVE ANALYSES BETWEEN HOSKOTE & TUMKUR

Property Price Variations

Both markets are seen to be following a different growth pattern as far as prices are concerned. While Tumkur is seeing an upward growth, Hoskote has witnessed various ups and downs over the last one year.

Hoskote: Fig. 2 indicates that prices in Hoskote were approximately Rs 4,100 per sq. ft. in January 2014 which rose to Rs 4125 in February and in March it was Rs 4,115 per sq. ft. It considerably fell to Rs 3,830 in April same year. During May, post elections, prices appreciated to Rs 3,885 per sq. ft. Hence forth, prices have been on the rise, even though marginally.

Tumkur Road: On the other hand, property prices at Tumkur Road have been increasing over the last one year. Fig. 3 indicates that the price per sq. ft. in January was about Rs 4,434 which appreciated to Rs 4,554 in June. Interestingly, this increase was during the time of the general elections wherein property prices in most cities were depreciating or stagnant. Furthermore, prices increased to about Rs 5,335 per sq. ft. in August and later to Rs 5,638 in September. Thus, there has been a consistent rise in property prices over the last one year.
Different Property-Types

Hoskote: Fig. 4 indicates that the major types of properties available in Hoskote are plots and apartment culture is yet to enter this market. But lots of green fields are now being used for future developments. After plots, the second most prominent property-types are individual houses. Apartments and villas comprise only 12 and 9 per cent respectively.

Tumkur Road: Fig. 9 shows the types of properties available for sale on Tumkur Road. Interestingly, apartments are the most common property-type here with total availability of about 45 percent followed by villas and independent houses with 29 and 26 per cent respectively.

Supply and Absorption

Hoskote: Figure 6 indicates the supply and absorption in Hoskote. It can be seen that the supply and absorption has been continuously increasing from 2011 to 2014. The supply in 2012 was approximately 500 units which rose to approximately 2300 units in 2013 and to 3300 units in 2014. The absorption, on the other hand, was more or less 500 units in 2012 which increased to approximately 1400 units in 2013 and approximately 500 units in 2014.
Tumkur Road: Fig. 7 indicates the supply and absorption in Tumkur Road. It can be seen that the supply was high in the year 2012, around 7000 units were supplied and approximately 6000 units were absorbed in 2012. In 2011, the supply was approximately 900 units and the absorption rate was also on par with supply. In 2013, the supply was approximately 600 units and the absorption was around 300 units.

![Supply & Absorption in Tumkur Road](source: Real Insights by CommonFloor.com)

Market Segmentation

**Hoskote:** As expected, Fig. 8 clearly indicates that the area houses maximum affordable properties (below Rs 40 lakh). Unlike Tumkur Road, the region has far less number of luxury properties i.e. between Rs 70 lakh to Rs 1.20 crore. In the mid-segment there are 24 per cent properties (between Rs 40 - 70 lakh). Ultra-luxury projects with prices above Rs 1.2 crore have only 9 per cent market share.

![Market Segmentation in Hoskote](source: Real Insights by CommonFloor.com)

**Tumkur Road:** Interestingly, Fig. 9 indicates that there are only 18 per cent affordable properties (below Rs 40 lakh) available in the region. On the contrary, around 39 per cent of the properties in Tumkur Road are in the luxury segment i.e. between Rs 70 lakh to Rs 1.20 crore. Mid-segment consists of 24 per cent properties (between Rs 40 - 70 lakh). Ultra-luxury projects have 18 per cent of market share in the locality with prices above Rs 1.2 crore.

![Market Segmentation in Tumkur Road](source: Real Insights by CommonFloor.com)
**BHK-Wise Availability**

**Tumkur Road**: Fig. 10 clearly shows that 3BHKs dominate this road comprising of about 60 per cent of the total market share. Interestingly, 2BHK has only 30 per cent availability while 1BHK has merely 10 per cent. There is high demand for large homes in this area due to ample land availability at relatively affordable prices.

**Fig. 10: BHK-wise Availability  Source: Real Insights by CommonFloor.com**

**Hoskote**: Fig. 11 shows that 2BHKs dominate this region comprising of about 43 per cent of the total market share. Interestingly, both 1 & 4BHK have about 16 per cent availability while 3BHK has about 25 per cent.

**Fig. 11: BHK-Wise Availability  Source: Real Insights by CommonFloor.com**

**Rental Trends**

**Hoskote**: As per data with CommonFloor, the average rent for a 2BHK apartment in Hoskote is approximately Rs 11,000 per month while it ranges between Rs 5,500 to Rs 15,000 per month. In case of a 3BHK apartment the average rent is approximately Rs 20,000 per month where the price ranges between Rs 15,000 to Rs 30,000 per month.

For a 1BHK individual house the average rent in the locality is approximately Rs 7,200 per month while the rent ranges between Rs 3,000 to Rs 9,000 per month. A 2BHK individual house-type fetches an average rent of Rs 10,000 per month while the rent ranges from Rs 6,000 to Rs 15,000 per month. In case of a 3BHK individual house the average rent is approximately Rs 15,000 per month the rent structure ranges from Rs 7,000 to Rs 25,000 per month. As per data, the average rental yield in Hoskote is approximately 2.3 per cent.
**Tumkur Road:** As per CommonFloor data, the average rent for a 2BHK apartment in Tumkur is approximately Rs 14,000 per month while it ranges within Rs 9,000 to Rs 17,000 per month. In case of a 3BHK apartment, the average rent is approximately Rs 19,900 per month while prices range between Rs 14,000 to Rs 27,000 per month. For Individual house, a 2BHK fetches a rent of approximately Rs 11,000 per month while it ranges between Rs 6,000 to Rs 30,000 per month. The weighted average rent in Tumkur is approximately Rs 17,800 per month.

As per data, the average rental yield in Tumkur is 2.5 per cent. The highest rental yield in different BHKs is for 1BHK apartment which is approximately 6.86 per cent. A 2BHK apartment has an average rental yield of 3.28 per cent while a 2BHK individual house has an average rental yield of approximately 3.21 per cent. For a 3BHK individual house, the average rental yield is approximately 2.45 per cent.

**Existing Land-use**

**Hoskote**

![Image](source: Real insights by CommonFloor.com)
Fig. 13: Shows the Existing land-use and realty projects in Tumkur Road

Source: Real insights by CommonFloor.com
SWOT ANALYSES

Hoskote

S
* Hi-tech knowledge-based industries and large industrial projects
* Some industries are expected to relocate to Hoskote for infrastructural development of Bangalore Urban and rural districts

O
* Logistics for Information Technology and Floriculture sector
* Establishment of farms on modern techniques

W
* Lack of local entrepreneurship
* Absence of perennial source of water
* Mediocre socio-economic infrastructure

T
* Logistics for Information Technology and Floriculture sector
* Establishment of farms on modern techniques

Tumkur

S
* Fast-track express highway passing through this district acts as a catalyst in boosting industrial growth.
* Proposed broad-gauge railway is expected to boost connectivity for industrial and residential growth.

O
* Good communication network and technical education.
* IT/ITeS and IT-enabled services to bolster growth.

W
* Unhealthy competition amongst the same category of industries has resulted in large number of sick industries.
* Lack of local initiatives and entrepreneurship.

T
* Prevailing recession in general industries has resulted in poor interest for investments in industrial sector.
* Lack of local labour force.
CONCLUSION

Tumkur vs Hoskote

* Tumkur has immense potential for future real estate development once it gets converted into a smart city and a good industrial hub. Moreover, infrastructural development will also benefit the micro market. Long-term appreciation is assured as West Bangalore strengthens its value proposition as a growth corridor. However, it is recommended that, in the short term, investors must shy away from luxury and high-end residential options at this point of time.

* Going by the trend, Tumkur road is mostly preferred by end-users as it houses several commercial and retail complexes coupled with few industries. On the other hand, Hoskote is an investors’ delight since the region is still developing at this stage and ‘real’ developments are expected to be seen only 5 years down the line. This region is where all the action will happen in the next 5-10 years. Proximity to the Airport, ease of access to the city (via Bellary Road), Manyata Tech Park, good infrastructure, etc. are a few reasons why North Bangalore is the no. 1 investment destination in Bangalore Real estate.

* From ROI point of view, Tumkur road is on a better note than Hoskote as seen above.

* Due to commercial nature of Tumkur Road, there is also good demand from the warehousing segment. At present Grade B commercial space is prevalent in the area with rents varying from approximately Rs 35 to Rs 50 per sq. ft. Demand is likely to rise in the future especially post commencement of the metro project and the suburban railway system.

* Tumkur Road project has eased up congested roadways in the residential cum industrial western quadrant, making travel easy to North Karnataka at one end and Mumbai at the other end. The elevated road and the NH has made life easy for 1.3 lakh daily commuters. The region has also been identified by leading developers as high potential growth area.

* Both Peenya and Yeshwantpur industrial areas along Tumkur Road are an added advantage. The residential areas that have gained from these industrial zones are Yeshwantpur, Jalahalli and HMT layout. And the rise in popularity of this region and the catchment market can be attributed to three key reasons - availability of land for future development, growth of healthcare facilities and improved connectivity through NICE Ring Road.

* According to Hoskote master plan, 35 per cent of the total area is proposed to be residential whereas in Tumkur the proposed land-use for residential area is approximately 28 per cent. As for commercial space, Tumkur road holds the first stage with approximately 10 per cent land-use which is only 3 per cent in case of Hoskote.

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<th>Tumkur Road</th>
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Table 1: Ratings between Tumkur Road and Hoskote

Source: Real Insights by CommonFloor.com

* Table 1 gives the ratings of both localities based on various parameters. The ratings are on a scale of 1 to 10 wherein 1 is the worst while 10 is the best. Hence, if we take an overall picture, then Tumkur Road scores better ratings than Hoskote.
Disclaimer: In the above report, Project and Listings data has been considered from January 2014 to September 2014.

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