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Villa rents fall in India as global companies cut back on expat budgets

FRIDAY, 29 MARCH 2013



Villa rents in Bangalore, India's hub for the country's burgeoning IT sector and popular with expats, are falling.

In the last year rents for high end villas have almost halved, falling between 25 and 30%, and at the same time supply has increased, according to property professionals.

Property consultant L J Hooker India has reported that rental values at Palm Meadows, one of the city's most sought after addresses, have

slipped to Rs 3 lakh a month from Rs 4 lakh a month a year ago.

Property consultant DTZ India said that rents for premium villas in Whitefield, where rentals for the largest and the best units had risen to between Rs 2.5 lakh and Rs 4 lakh per month, are currently falling.

'Budgets for most corporates have been reduced reflecting the tighter global markets. We have also seen many companies trying to reduce expat headcounts to save money,' said Alexander Moore, chief executive officer of L J Hooker India.

Moore estimated that in the first three months of 2013, only 50 expats relocated to Bangalore as against a 100 reported in the same period a year ago. He added that European companies in particular have lowered their budgets.

The highest residential rental reported last year was Rs 4.25 lakh a month for a large house with a private pool in the gated community of Epsilon, known as the city's Beverly Hills. However two or three years ago Epsilon saw some of its properties fetch rentals in excess of Rs 7 lakh a month, with one property rented by Cisco's globalization head Wim Elfrink fetching a monthly rental of Rs 17 lakh a month.

Prashanth Sambargi, partner at Mars Realty, a city based real estate advisory firm, added that corporates have moved to renting bigger apartments for their chief employees and this is another reason why rents on villas have been falling.

Some apartment rents are growing as a result, with increased of 5% to 15% depending on size. According to DTZ India Whitefield, the Outer Ring Road, and Sarjapur Road in the middle and lower end of the apartment market have seen the highest rental rises.

These are areas where locals tend to rent and a spurt in local IR jobs has boosted this segment of the residential rental market.

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