

VISAKHAPATNAM

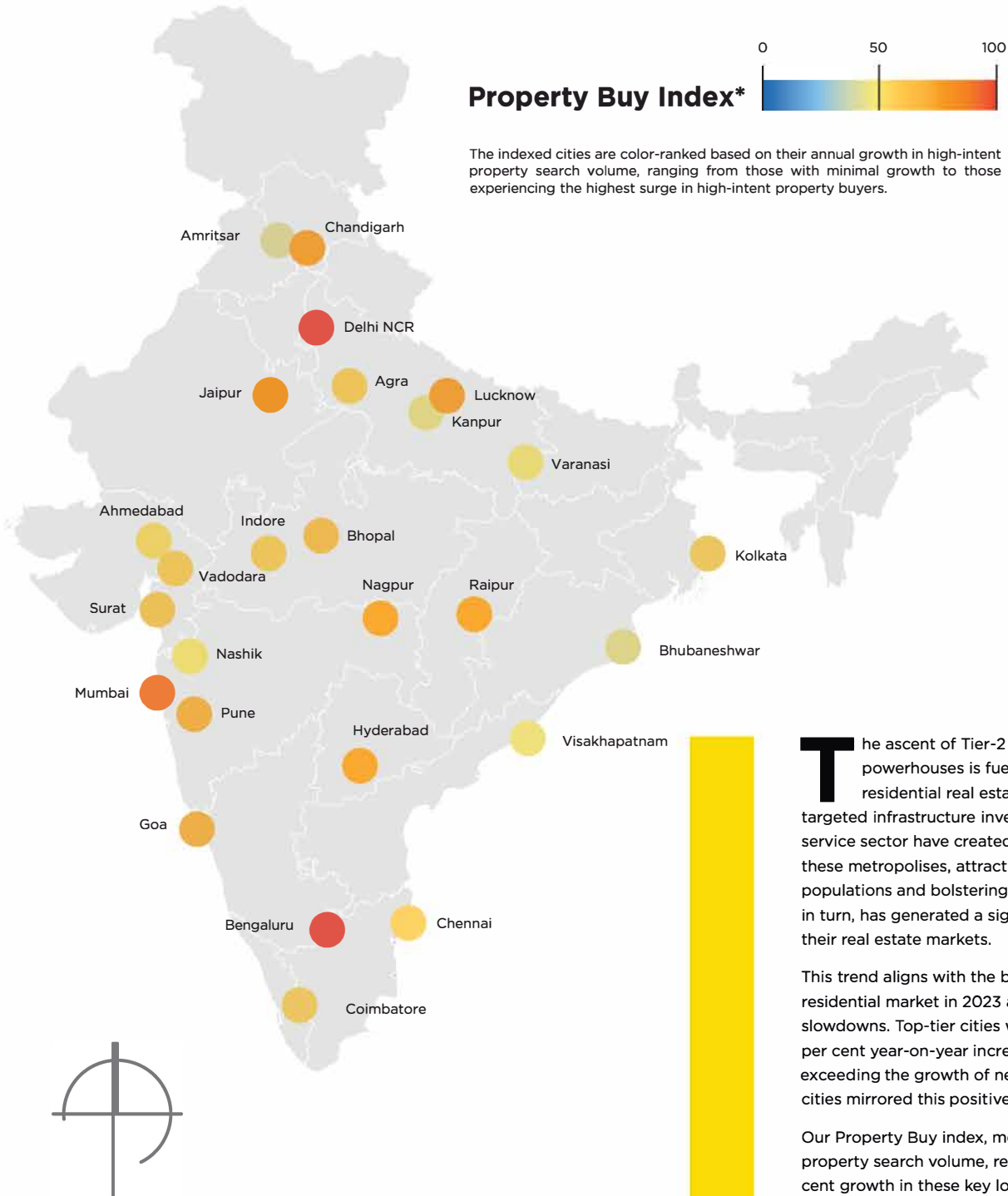
A REPORT ON RESIDENTIAL PROPERTY SEARCH TRENDS

2024



Tier-2 cities partake in realty growth

Register double-digit surge in high-intent property search volume in 2023



The ascent of Tier-2 cities as economic powerhouses is fuelling a robust demand for residential real estate. Enhanced connectivity, targeted infrastructure investments, and a thriving service sector have created a dynamic landscape in these metropolises, attracting upwardly mobile populations and bolstering consumer spending. This, in turn, has generated a significant multiplier effect on their real estate markets.

This trend aligns with the broader recovery of India's residential market in 2023 after pandemic-induced slowdowns. Top-tier cities witnessed a remarkable 33 per cent year-on-year increase in property sales, exceeding the growth of new supply. Notably, Tier-2 cities mirrored this positive momentum.

Our Property Buy index, measuring online high-intent property search volume, revealed a staggering 48 per cent growth in these key locations. This sustained surge in online activity, coupled with rising investor and end-user interest, points towards Tier-2 cities becoming the next major drivers of India's residential real estate growth.

*Property Buy index is a comprehensive monthly metric tracking high-intent property buying search activity across 42 key cities in India. Serving as a leading indicator, it provides valuable insights into future demand trends and forthcoming on-ground transactions in the subsequent quarters.

Map is not to scale and is for representation purposes only.

Source: Housing Research

Visakhapatnam

Visakhapatnam (Vizag), situated on the southeastern coast of Andhra Pradesh, India, boasts a population exceeding two million¹, making it the largest city in the state. Positioned strategically along the Vizag-Chennai Industrial Corridor (VCIC), a crucial component of India's ambitious East Coast Economic Corridor, Vizag is a pivotal economic hub.

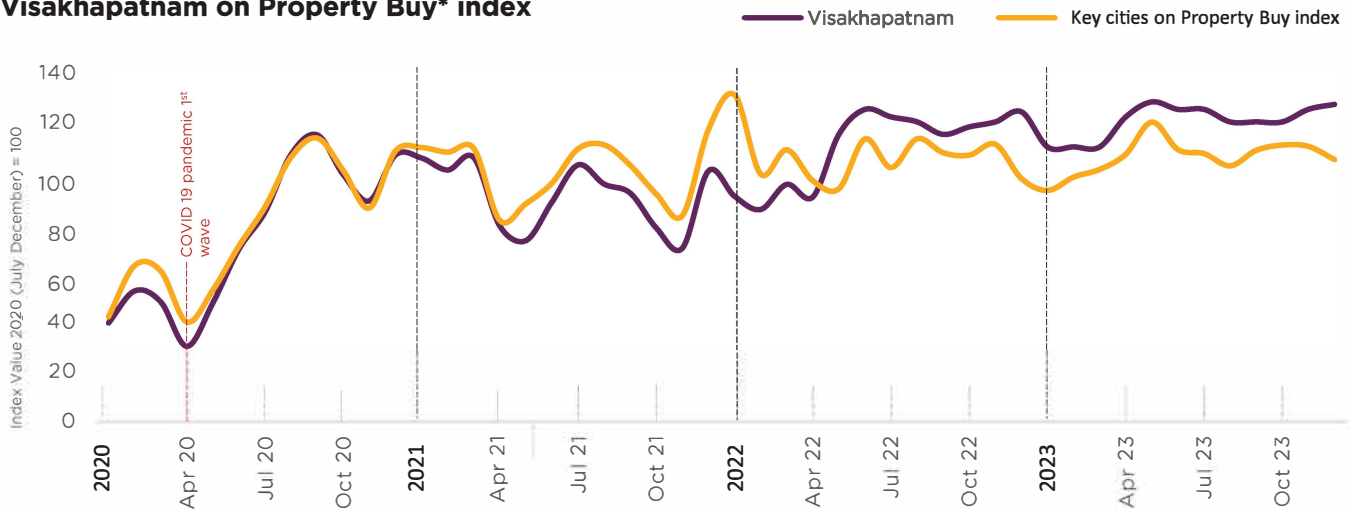
The city enjoys seamless connectivity with the National Highway 16 traversing through its expanse, facilitating access to major metropolitan centres like Chennai and Kolkata. Furthermore, Vizag is home to an airport witnessing a passenger traffic volume of approximately 2.2 million per annum (FY 24)², surpassing its counterparts in the state, including Vijayawada, Tirupati, Kurnool, and Rajamahendravaram. Moreover, the Visakhapatnam Port, an integral part of the city's infrastructure, not only grants access to national and international shipping routes but also stands as a cornerstone of Vizag's economy.

This bustling port and a diverse industrial landscape of steel, aeronautics, and pharmaceuticals propel the city's economic growth. Special Economic Zones in Madhurawada and Gambheeram boost the service sector, attracting national and multinational organisations.

This economic vibrancy extends to the residential market, elevating Vizag as Andhra Pradesh's premier real estate hub. In 2023, Vizag consistently outpaced the national index and currently trends 22 points higher on our Property Buy index, indicating robust, high-intent online homebuying search activity. The upcoming international airport at Bhogapuram, the opening of the Infosys development centre, and other administrative and political shifts further stimulated the residential market, underscoring Vizag's promising trajectory.

In analysing the trends, it is noted that a significant portion of property buyers in Vizag are seeking apartments in the city's northern micro-markets along the AH45 (Asian Highway). These areas allow convenient access to the commercial hubs of Dwarka Nagar, the SEZ in Madhurawada, and the existing airport. Delving deeper into the micro-trends of the city, Madhurawada, the emerging IT hub, stands out as the most sought-after locality in Vizag (INR 4,500-6,500 per sq ft), followed by its adjacent locality, Pothinamallayya (INR 3,500-5,500 per sq ft). In the southern micro-market, Kurmannapalem and Gajuwaka lead the way with property values ranging from INR 3,000-5,000 per sq ft and INR 4,500-6,500 per sq ft, respectively.

Visakhapatnam on Property Buy* index



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While these areas currently dominate Visakhapatnam's property demand dynamics, localities like Sheela Nagar near the existing airport and Yenada along AH5 are also gaining traction. Additionally, peripheral localities such as Atchuthapuram, Lankelapalem, and Kothavalasa in the southern region, as well as areas near the Bhogapuram airport, are witnessing increased interest from homebuyers for residential plots and apartments.

The escalating demand for properties has fuelled prices upward across Visakhapatnam, particularly in key micromarkets in the north like Madhurawada and Pothinamallayya Palem, where capital values have surged by an impressive 10-15 per cent. Established areas like MVP Colony and Seethammadhara boast the highest property prices, ranging from INR 8,500-10,500 per sq.ft. This mirrors a broader trend in major Tier-2 cities, where property values are steadily approaching those of India's top cities.

The surge also underscores a shift in homebuyer appetite, as prospective buyers are increasingly gravitating towards gated communities offering an array of amenities such as clubhouses, open spaces, and recreational facilities, over traditional low-rise homes. The property market in Vizag has also garnered NRI interest, especially for high-ticket-size properties.

In a nutshell, Visakhapatnam's residential realty is booming, driven by demand from both end-users and investors. In the coming decade, locales along AH45 are set for continual growth, due to the expanding service sector and upcoming infrastructure such as the metro network proposed along this road. Additionally, the forthcoming international airport at Bhogapuram will unlock potential areas towards the north of the city-centre. The overall positive momentum indicates that Visakhapatnam is poised to remain the frontrunner in Andhra Pradesh's residential real estate landscape.

¹United Nations, Housing Research

²Airport Authority of India (FY 24 includes April-December 2023), Housing Research

Visakhapatnam prime realty hubs



*Prime realty hubs are the zones with high volume and high intent search activity.
 **Data and insights presented reflect online search activity trends for buying an apartment on Housing.com for the period of January–December 2023.
 ***Average prices as per new supply for apartments.
 #Size of the influence zones indicates the volume of search activity.

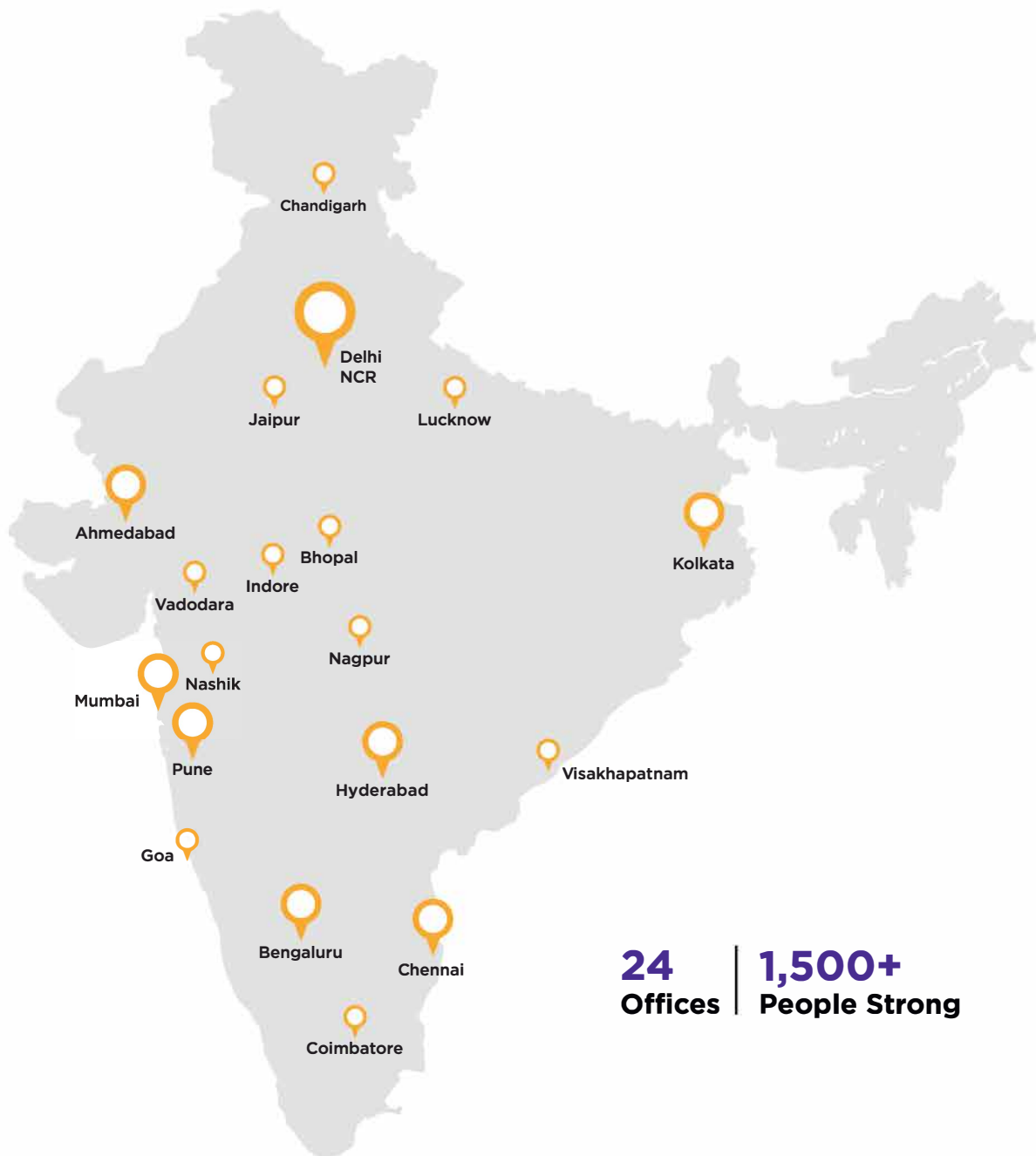
Map is not to scale and is for representation purposes only.

Source: Housing Research

About Housing.com

Established in 2012 and acquired by REA India in 2017, Housing.com stands as India's premier prop-tech platform. Operating across 24 offices in Tier I and II cities, and serving homeowners, seekers, landlords, developers, and brokers, the company ensures exceptional services across listing segments. As a subsidiary of the global proptech leader REA Group Ltd. headquartered in Melbourne, Australia, REA India oversees Housing.com, Makaan.com, and PropTiger.com

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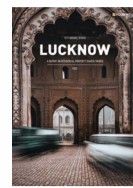
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