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Bengaluru Property Prices Surge, Experts Warn of Hype-Driven Market

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Bengaluru’s residential real estate market is witnessing a sharp surge in property prices, with rates climbing by up to 79% over the past five years. However, analysts caution that this growth may be driven more by speculative hype than actual value or infrastructure improvements.

Recent data from ANAROCK and other real estate consultants show that key micro-markets such as Sarjapur, Bagaluru, and Whitefield have seen some of the steepest increases, with price appreciation ranging from 58% to 90%. Demand has been especially strong in the mid- and premium housing segments, fueled by investor sentiment and aggressive pre-sales pricing by developers.

A report by Housing.com highlighted that 62% of Indian homebuyers accelerated their purchase decisions out of fear that prices would rise further. This fear of missing out (FOMO) has become a major driver of demand, even as affordability and inventory challenges persist.

Social media platforms like Reddit have become sounding boards for concerned buyers. One Bengaluru resident shared their experience of buying a flat for ₹1.2 crore, only to find the same unit available later at ₹10 lakh less. “Don’t fall for FOMO,” the buyer warned in a viral post.

Developers are reportedly capitalizing on this sentiment, with staggered price hikes creating the illusion of increasing value. However, experts argue that underlying fundamentals, such as connectivity, job growth, and infrastructure, are not keeping pace with the rapid price escalation.

Meanwhile, data also suggests that mid-range housing launches fell by 29% in 2024, according to NoBroker, limiting options for first-time and middle-income buyers. This shortage, combined with high investor activity, is contributing to inflated prices and lower rental yields.

Despite steady demand, concerns about the sustainability of such rapid appreciation persist. Analysts warn that any slowdown in the tech sector or reduction in NRI interest could lead to price stagnation or even correction in overvalued areas.

With the average national home price growth forecast at 6%–7% annually, Bengaluru’s extraordinary gains raise questions about long-term affordability and market stability.