

# Udupi rapidly transforming into real estate investment destination

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*Backed by [factors](#) such as seamless road connectivity, ample property options at affordable prices, Udupi is quickly turning into a coveted residential destination.*



While the Udupi region has historically been known as a religious destination owing to its many temples and religious institutions, the area has also seen economic growth and activity recently. The impetus from the government and its initiatives has influenced the real estate market, and this market has benefitted largely through investments from NRIs in the recent past. There are a number of people from the region who have infused funds into the residential and commercial markets despite having moved away from the Udupi region. This has helped the region transform from a quiet and relatively slow real estate market to a stable residential and commercial market.

Additionally, the growth of [Manipal](#) as a university town has played a huge part in contributing to the infrastructural development. Since one has to pass Udupi to reach Manipal, the place and region has also benefitted with better infrastructure. It is not uncommon to see a number of high-rise buildings in the area which has been developed largely over the recent past. The market in Udupi is predominantly affordable, and most developments offer good commercial space for showrooms as well as residential dwellings for families.

Other factors contributing to the growth of this region include the growth of Mangalore city (being an hour away from Udupi), active local entrepreneurship in the region, the growing manufacturing sector, and successful local technology companies offering good [employment](#). These are some of the factors that have turned Udupi into a lucrative market for real estate developers.

One of the major drivers of growth is infrastructure and better connectivity– the development and expansion of National Highway 66 to be exact.

There has also been significant growth in the industrial sector with the establishment of manufacturing units that has led to increase in [employment](#). The growing education sector has aided the growth of local

The fact that Udupi provides connectivity to the student town of Manipal has been a driver of growth, with the influx of people due to the exposure the student town brings. Finally, the region is only an hour's drive away from the Mangalore [airport](#), and added to the appreciation in land prices in the region, these factors have all contributed to the appeal of the region from a real estate perspective.

## Price trends

Currently, the average capital value in Udupi and Manipal is around Rs. 3500 per square foot and the average in the district as such is between Rs. 2500 and Rs. 2750 per square foot.

In terms of the property developments themselves, they were largely investor-driven in the past. However, the recent appreciation of property prices has led many local end-users to liquidate assets and seek investments into real estate to upgrade their lifestyle as well as lower capital gain tax. Despite these developments, the ratio of investors to end-users is still relatively high and will only drop if there's more growth in the region and further influx of people.

To accurately understand the demography of investors, it's important to assess three facts – birth, migration and ageing – with regard to their [real estate investments](#). Most investors are either born in the Udupi district or have moved away from the region with their parents still living there, and this plays a huge role in their investment. In the past, there was limited employment in the region, driving opportunity-seekers to migrate to the Middle East or bigger cities like Bombay or Bangalore. However, most of these individuals still want a piece of property in their hometowns so that they have a place to grow old in. Understanding the Udupi-based investors' roots and migration patterns helps understand their needs and consequently, their [real estate investment](#) patterns.

## Infrastructure

The infrastructural development of National Highway 66 has hugely contributed to connectivity. The airport and the Mangalore port are now a lot closer and more accessible with the extension of the highway. Additionally, NH 66 connects Kerala and Karnataka to Goa and this has helped the free flow of goods and services between these areas.

While the infrastructure of the Udupi region is commendable in terms of roads, there's still improvement required with respect to sewerage. Given the rate of growth, it's important to take initiative towards another major challenge which waste management, before the area's population grows further.

## Key micro-markets

In the Udupi District, some of the micro-markets are - Manipal, Ambalpadi, Santhekate, Karkala, and Brahmavar. Each of these areas brings its own unique advantage into the mix – for instance, Manipal is a student town that brings in a young crowd from all over the country. By providing industrial and entrepreneurial opportunities, the surrounding areas are major factors that contribute to the growth and appeal of Udupi.

## Investment potential

With low capital values, the investment potential is still positive in this region. In fact, investors who act early will stand to gain a lot, since additional growth and development in this area are inevitable.

Currently, an investor can expect an ROI between 10per cent and 20per cent on average, and rental yields stand at an average of around 4-5per cent.