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Bigger homes, smaller pool: Housing supply misses affordability sweet spot



Bengaluru's housing market is building more homes for buyers who can afford to stretch their budgets than for those looking to keep theirs in check. In Q2 2026, nearly seven in 10 new homes launched across Bengaluru, Chennai and Hyderabad were 3BHKs or larger, even as demand remains heavily skewed towards more affordable 1BHK and 2BHK configurations. Of the 21,889 residential units were launched in Q2 2026, but only 6,071 units, or 27.7 per cent

, were 1BHK or 2BHK homes, as per NoBroker. Nearly 72 per cent of new supply comprised 3BHKs and larger homes. The mismatch was most pronounced in Hyderabad, where only 61 of 1,170 units launched were 1BHK/2BHK homes, or 5.2 per cent of supply. The post-pandemic preference for larger homes has encouraged developers to focus on 3BHKs and above, which offer better revenue and margin potential. At an average ₹10,450 per sq ft, a 1,000 sq ft home already starts at over ₹1 crore, making homeownership harder for households earning ₹60,000–80,000 a month. first-time buyers "While 1BHK and 2BHK homes continue to have demand, especially among first-time buyers and younger professionals, the preference for 3BHKs and larger configurations has become much stronger among families, upgraders and HNI buyers," said Bhavesh Kothari, Founder & CEO, Property First Realty. Developers are seeing the mix move accordingly. "At Concorde, our current portfolio is predominantly centred around 2,3 and 4 BHK homes, with 3 BHKs becoming increasingly important in our newer developments. We have a relatively limited presence in the 1 BHK segment, while 4 BHK and larger formats are largely restricted to select luxury developments," said Karthik M V, CSMO, Concorde. At Shriram Properties, 3BHKs have risen from 30 per cent to almost 65 per cent of the mix, with 75 per cent of the base being first-time buyers, said Vivek Venkateswar, Director, SMP, Shriram Properties. outpaced income The supply shift comes as prices have outpaced incomes. In Bengaluru, the average ticket size rose 84 per cent from ₹60.06 lakh in 2019 to ₹1.10 crore in Q2 2026, against a 72 per cent increase in household incomes. Hyderabad saw a 95 per cent rise in ticket size, from ₹53.42

lakh to ₹1.04 crore, while incomes grew 67 per cent . Chennai recorded a 91 per cent increase, from ₹52.66 lakh to ₹1.01 crore, against 70 per cent income growth. In Bengaluru, rising land and construction costs are making smaller homes harder to deliver in established locations. “Land prices in established Bengaluru micro-markets have risen considerably, and when you combine that with construction costs, infrastructure and other development expenses, it becomes challenging to offer genuinely affordable housing in some of the city’s most established locations. This is one reason we are seeing a greater concentration of premium and larger-format developments in established neighbourhoods. Smaller homes can still work, but buyers may have to compromise on size, amenities or other aspects to stay within a particular budget,” said Kothari. Karthik pointed to the economics behind the mismatch: “There is unquestionably demand for 2 BHK homes in Bengaluru. The challenge is that demand and economic viability are two different considerations. Every additional apartment increases the number of kitchens, bathrooms, doors, electrical and plumbing points, parking requirements and associated infrastructure. These costs are disproportionately high relative to the saleable area of a smaller apartment. At the same time, rising land and construction costs make it increasingly difficult to deliver a well-designed 2 BHK at the price point traditionally associated with the segment, particularly in established locations.” For developers, therefore, the issue is not simply demand but whether the numbers work. Arhanth Dinesh, Managing Director, Krishvi Group, said: “Demand alone does not determine what gets developed. The fundamental question is whether the configuration works within the land economics of a particular location. In established Bengaluru micro-markets, land is a significant component of the development cost. When that is combined with construction costs, statutory requirements, parking and the need to provide meaningful open and common spaces, creating a well-planned 2 BHK at a compelling ticket size becomes increasingly difficult.” Published on August 28, 2026