

Q1 **FY 19-20** MUMBAI

Pivoting Towards Affordability

FOREWORD

The Mumbai Real Estate market continues to reel under high pressure of unsold inventories. Average property prices have eased out by around 2% on a Quarterly basis. However, the fundamental of the market remains strong as intake of housing units have increased by 3%, when compared to a quarter before. In Q1, FY 2019-20, a total transaction of over 18,500 units has been recorded, as per the research 360 Realtors.

The MMR remains primarily an end-user driven market with demand concentration happening in the INR 75 lacs- 1.5 Crores segment. There is also limited yet visible demand in the luxury segment. As buyers are pivoting more towards the affordable segments, developers are reading the pulse. New launches are mostly taking place in the central & western suburbs along with other satellite towns such as Thane & Navi-Mumbai etc.

Interestingly work has begun on a host of stuck projects, as deep-pocketed bigger developers are expanding their foothold. As the market will continue to consolidate, the industry will move towards further organization.

Ankit Kansal
Founder & MD, 360 Realtors



Mumbai Metropolitan Region

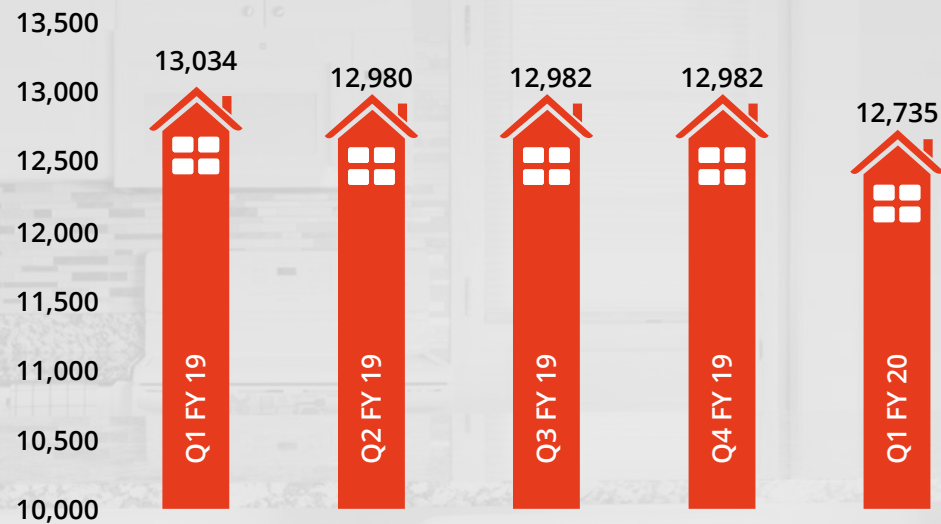
Key Markets: Andheri, Mulund,
Thane, Powai

Currently, Mumbai along with its extensions (Thane & Navi Mumbai) are primarily an end-user driven market with limited involvement of the investor fraternity. Around 90% of the market is run by the end-users, who are mostly vying for budget property in the range of INR 75 lacs- 1.5 crores.

Looking at the current trend, developers are also focusing more on the affordable segment. Recent times have seen a host of new launches from Piramal, Chandak, Paradigm, etc. in the affordable segment.



Average Property Prices in MMR (INR/ Sq. Ft.)



Source: 360 Realtors Research

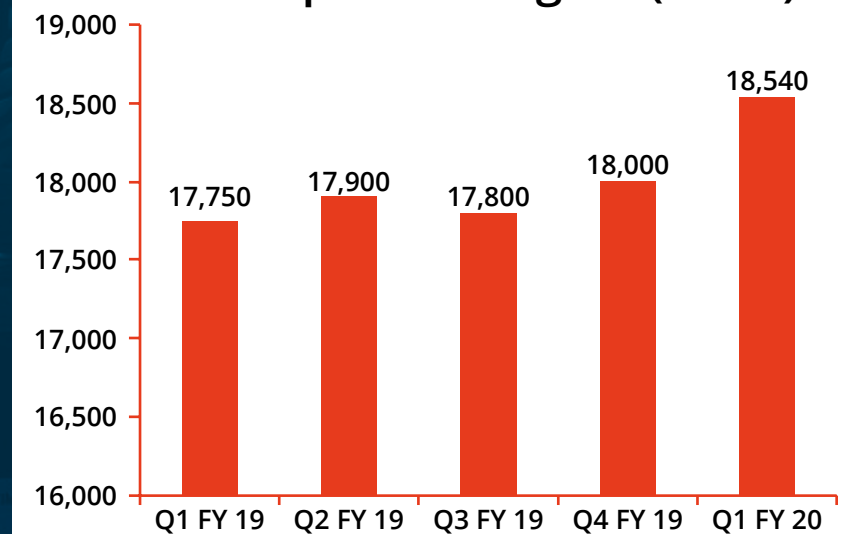
As the market is driven by end-users with more focus on affordable projects, prices have moved downward in the MMR. Average prices are pegged at INR 12,735/ sq. ft in Q1 FY 20, easing out by 1.9% Q/Q. The downward trend in prices is

also due to major developers cutting down on rates to knock off the existing inventory. The Mumbai region currently has an inventory of around 250,000 & hence developers are coming up with attractive offers to reduce the pile.

As prices are correcting, transaction volumes are rising in MMR with major traction visible in Central & Western suburbs. In Q1 FY 20, overall transactions stood at 18,540 rising by around 3% on a Q/Q basis. As buyers are now gradually pivoting from high-end properties to more affordable one, emerging micro-markets such as Andheri, Powai, Oshiwara, Mulund, Powai, etc. are featuring prominently on the radar.



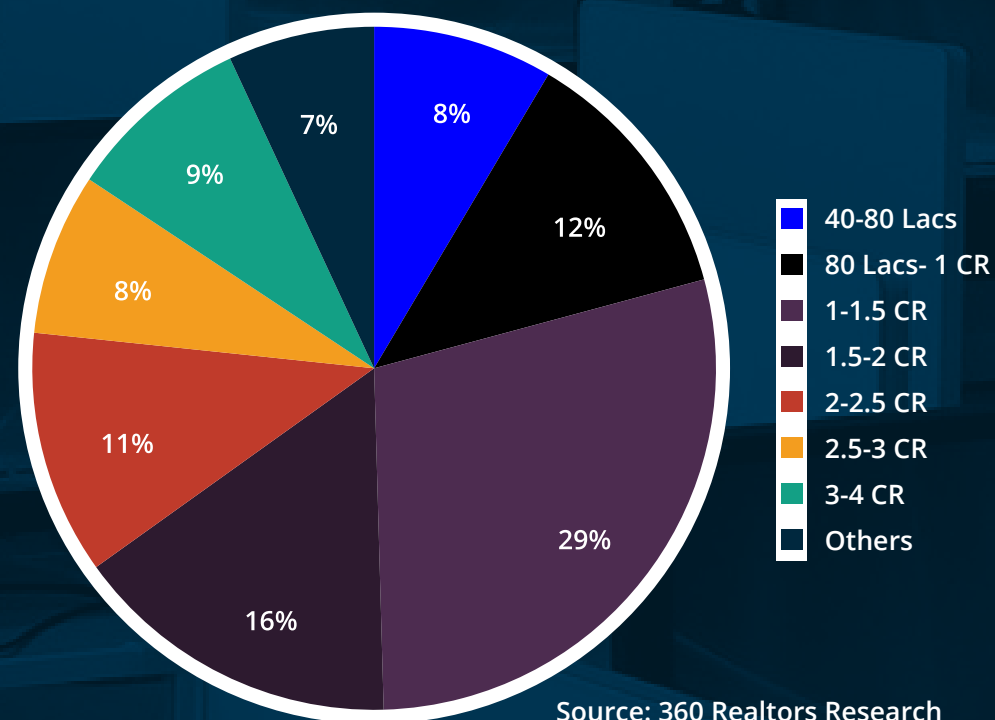
Quarterly Intake in Mumbai Metropolitan Region (MMR)



Source: 360 Realtors Research

The central & western suburbs in recent times have also seen a rise in commercial activities, which is further giving the buying boost to the market. Proximity to major IT & industrial parks along with growth in retail activities & enhancement in the social infrastructure (schools, hospitals, etc.) will continue to feed into demand for quality residential units.

Budget wise split (Q1 FY 20)



As discussed earlier a majority of the tractions are taking place in the INR 80 lacs- 1.5 crore segment, as it constitutes more than 40% of the market tractions. There are also visible activities seen in other segments such as 1.5 – 2 crores & 2-2.5 crores as collectively these segments constitute around 27% of the overall market activities.



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