


MARKET WATCH

Q3 2016 - 17



Key Residential Trends - MMR

Sentiments, New launches and Enquiries

- Third quarter of FY 2016-17 began well for the real estate market in Mumbai. The month of October witnessed surge in enquiries as the market started opening up post monsoon.
- However, the demonetization drive, launched in November, brought a sudden dip in the number of enquiries. Most of the buyers remained busy with banking operations which kept them away from the market. However, the flow of enquiries picked up in December with majority of buyers anticipating significant drop in property prices.
- Overall, buyers expected discounts in the range of 20 to 30 per cent. Compact 1 and 2 BHK apartments remained the most enquired configurations. Affordable and middle income markets like Thane, Taloja, Panvel, Badlapur, Mira Bhayandar and Ambernath were some of the most enquired locations. Ready to move properties saw a considerable growth in demand.
- The quarter witnessed very few new launches. In view of slow market, majority of the developers preferred to clear their existing inventory before launching new projects or phases.

Sales Volumes, Inventory and Price Trends

- Increase in enquiries and site visits did not generate enough conversions. Sales remained subdued as customers chose to hold back their buying decisions. This was mostly a result of considerable difference, which existed between expected and actual property values. Many of the buyers preferred to wait till the annual budget, hoping for major policy announcements that would bring down the prices.
- Contrasting the strong price-fall speculations, the average capital values continued to remain stable. With the backdrop of rising input costs and steady demand the developers did not have any strong reasons to reduce their prices.
- Subvention remained popular amongst young salaried buyers, having relatively lower capacity to pay their own contribution. Buyers with serious intent were offered price reductions of up-to a maximum of 10 per cent during the final stages of the deal.
- To convince fence sitting buyers that prices will not fall any further, developers were offering price guarantee schemes. Through this scheme developers assured to pay back the difference in case capital value at the respective project fall in the future.

Expected likely trends during the Q4 2016-17

- Going forward, the market is expected to remain unchanged during the next quarter. There are enough enquiries for apartments in the city, however, buyers are likely to wait until the upcoming municipal elections which is scheduled in February 2017.
- On the price front, developers are expected to stay firm on their prices during the upcoming quarter as well. Very few new launches are expected during the next quarter as developers will try to sell off their existing inventory.



- Major upcoming infra development projects in the city include the Rs 11,000 crore coastal road that will provide swift connectivity between South Mumbai and Western Suburbs, the Metro line II and line III and the Navi Mumbai International Airport. All the three projects are in initial stages of development.

Key new launches during the quarter

Developer	Project	Location	Additional Details
Sheth Corp	Sheth Zuri	Thane	The project will consist of 600 apartments in 1 BHK, 2 BHK compact, 2 BHK and 3 BHK formats with carpet area of 428 sq ft, 515 sq ft, 650 sq ft and 786 sq ft respectively. The base price for the apartments will be Rs 9,900 per sq ft and the project is expected to be completed by Mar-2020.

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