

MW MARKET WATCH

Q1 2017-18



Key Residential Trends - MMR

Sentiments, New launches and Enquiries

- The nationwide pre RERA and pre GST slowdown was also noticeable in Mumbai Metropolitan Region (MMR) during the quarter. Maharashtra RERA was among the first states to launch RERA on 1st May 2017 making MMR and Pune the first major cities in India to come under the ambit of the landmark Act.
- The month of April witnessed a marginal surge in enquiries owing to aggressive marketing strategies adopted by the developers. Unsure about how RERA will impact the market, developers seemed determined to clear out maximum inventory before the arrival of RERA.
- The market took a back seat during May and June as developers got busy with RERA registration process. Furthermore, projects without occupation certificate were not allowed to be advertised until they are registered with RERA. Hence, enquiries were largely inclined towards ready to move as well as resale properties.
- Middle income buyers appeared to be fairly active as compared to upper middle and HNI classes. Investor driven demand continued to remain stagnant.
- Affordable micro markets such as Virar, Mira Road, and Badlapur saw good demand for ready and resale properties costing in the range of Rs 35 to 60 lakh. Micro-markets such as Chembur and Thane had higher enquiries for studio and compact sized 1 BHK apartments costing under Rs 85 lakh.
- There were no major new launches during the quarter as developers opted to focus on registering their under construction projects. Developers also waited to see the effects of GST on the sector.

Sales Volumes, Inventory and Price Trends

- Though there were enquiries in the market, conversion rates saw a down-ward trend as cautious buyers demanded more time to close the deals.
- Owing to RERA, under construction projects were virtually out of the market for a better part of the quarter. As a result of demand and availability, ready and resale units dominated the absorption figures during the quarter.
- As opposed to the widespread anticipation, there was not much movement in property prices during the quarter. Discount levels too largely remained unchanged. Buyers were offered discounts of around 5 per at the last stage of negotiations.



Expected likely trends during the Q2 2017-18

- The market is expected to remain subdued at-least till the end of the next quarter. Though most of the developers are expected to register their projects by the official deadline of 31st July, it will take some time for the market to settle down. Both buyers and developers are expected to spend some more time in understanding and observing the effects of RERA as well as GST.
- The auspicious period of Dussera, in October, is expected to witness many new project launches. By this time the effect of GST on property values will also become clearer. Until then developers will try to keep the prices stable.
- Key ongoing transport infra projects in the region include Metro Line III (Colaba-Bandra-SEEPZ), Metro Line VII (Dahisar-Andheri via Western Express Highway) and Metro Line IIB (DN Nagar-Dahisar). Operations on the 33.5 km long Line-3 are expected to commence by 2022. Tunnelling work on the underground line is scheduled to begin by October 2017.
- Other key upcoming infrastructure projects include the Navi Mumbai Airport and the Mumbai Trans-Harbour Link which are expected to be completed by 2019 and 2020 respectively.
- Furthermore, the MSRDC has also initiated the process of selecting a consultant to carry out feasibility study for 11-km tunnel road between Borivali and Thane. The link pass beneath Sanjay Gandhi National Park and Yeoor Hills. The development will greatly reduce the travel time between the two suburbs.

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