

MUMBAI

The year 2017 was a landmark year for the Indian real estate market with Mumbai being no exception. Opening to the aftermath of the currency ban move, housing sales across Mumbai, Navi Mumbai and Thane plunged by 20 percent until January 2017 alone. In the subsequent quarter, transactions descended further as cash-strapped homebuyers remained distraught. The impact of the currency ban move trickled down to the affordable housing segment, too, which reported meagre traction, even in the peripheral areas of Navi Mumbai and Thane.

Prices in the secondary market plummeted by a margin on account of hefty discounts offered by owners. The progress towards effective implementation of Maharashtra-RERA (Real Estate (Regulation and Development) Act) spiked hopes of a revival. Though buyer sentiment improved by Q3 2017, it failed to revive sales volume. The ambiguities pertaining to RERA and subsequently, Goods and Services Tax (GST) marred builder sentiment, resulting in a downfall in new launches by 35 percent between January and June 2017 (as compared to the same period last year). This helped the city inch closer to demand-supply equilibrium.

A slew of infrastructural reforms and MAHARera progress have cumulatively helped the market rise from the impasse. The year 2018 seems sunnier on the back of fast-paced registration process under RERA, which is anticipated to help the market regain foot, evoke buyer confidence and revive sales.

GROWTH INDUCERS

- MahaRERA rolled out multiple verdicts in favour of homebuyers, resulting in enhanced buyer confidence. While a Mumbai builder was ordered to refund a booking amount of Rs 26 lakh, another developer in Thane was directed to pay interest on delayed possession.
- Infrastructure overhauls are expected to drive realty investments in Mumbai. While the two new metro rail corridors between Thane-Bhiwandi-Kalyan and Lokhandwala-Jogeshwari-Kanjurmarg have been approved, 41 infrastructure and public development projects have also been proposed to be started in the city by March 2018.
- The recently approved Bandra-Versova Sea Link will also add value to the city's realty landscape, especially the locales in the Western Suburbs of Mumbai.
- Safeguarding the buyer interest, Brihanmumbai Municipal Corporation (BMC) standardised the size of lobby areas outside lifts and common staircases. While buildings higher than 70 m or 22 floors can have a lobby area twice the size of the lift area,

those with a height between 24 m and 70 m can have a lobby areas 1.5 times of the lift size.

- Maharashtra government limited the time for issuance of Commencement and Occupation Certificates to 30 and eight days, respectively. This is another step towards safeguarding buyers against inordinate delays in possession of housing units.

GROWTH IMPEDIMENTS

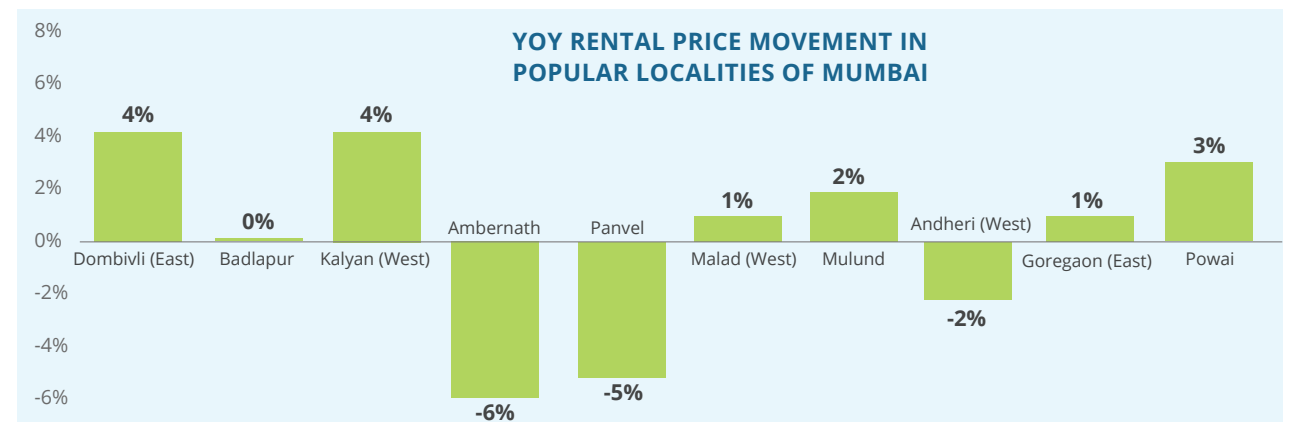
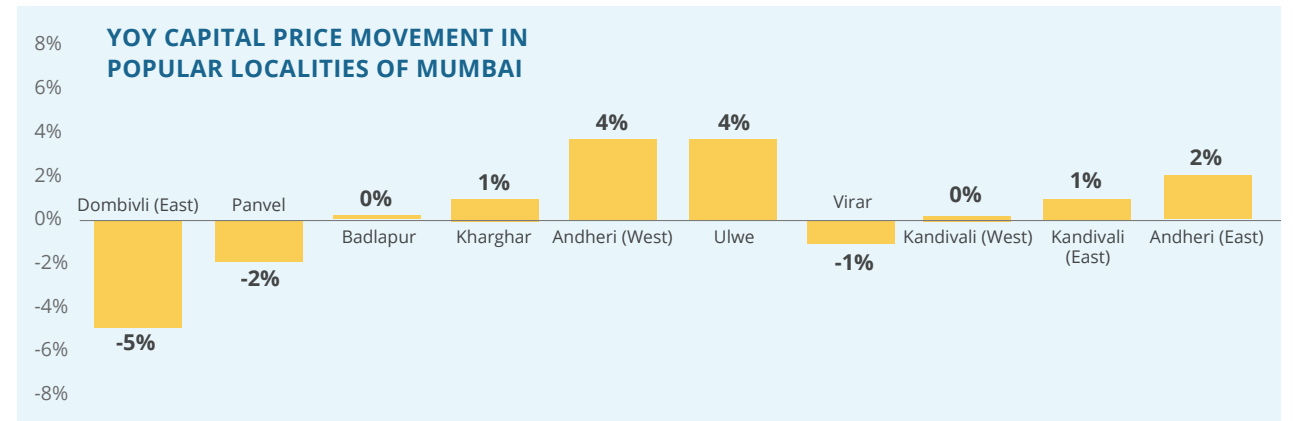
- The ban on construction of real estate projects to control pollution has been a growth dampener for almost a year now. The move has played a major role in keeping new launches at bay in Mumbai. The High Court's decision to continue with the ban could further impact the new project market in 2018.
- The restriction on development of realty projects along Mumbai Metro route III is expected to impede market sentiment.
- A pile-up of 3.5 lakh unsold housing units in Mumbai Metropolitan Region (MMR) might keep prices under check and hamper the growth of realty investments.

MARKET INDICATORS

	Jan-Mar 2017	Apr-Jun 2017	Jul-Sep 2017	Oct-Dec 2017	Jan-Mar 2018*
Capital Values	↔	↔	↑	↑	↔
Rental Values**	↑	↑	↑	↑	↑
Residential Inventory	↓	↓	↑	↑	↑

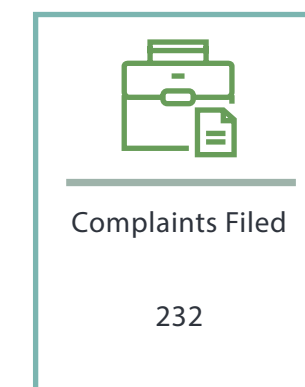
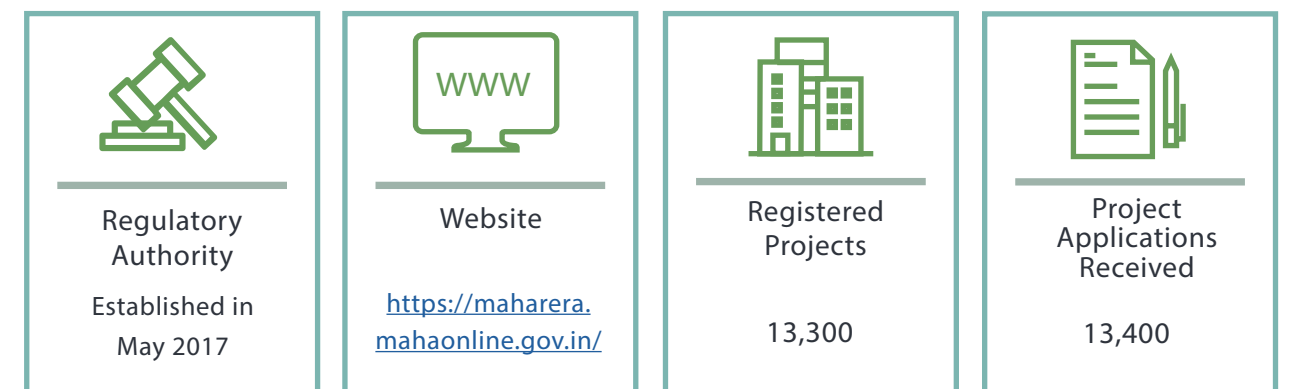
* Projected price movement and inventory status

**Rental values depict annual change in average asks for respective quarters



IN FOCUS

MAHARASHTRA REAL ESTATE (REGULATION AND DEVELOPMENT) ACT

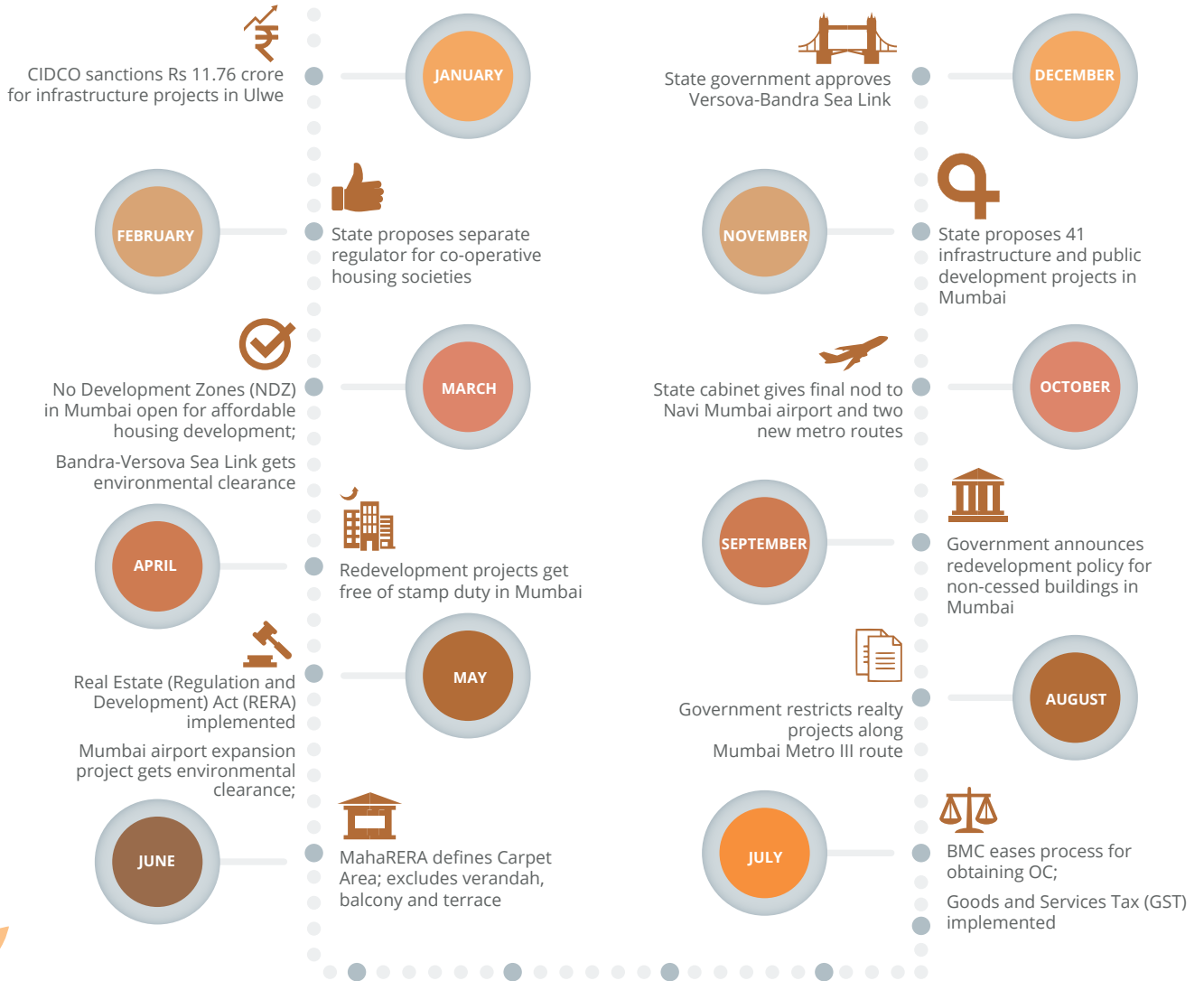


*Data shows approximate registrations till December 27, 2017

** Source: State's RERA website

THE YEAR GONE BY...

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