



Mumbai Residential Market Watch



In this report, we focus on the premium residential segment.

ECONOMY ROUND-UP

- India has continued to demonstrate strong resilience to global uncertainties in the first half of 2023 aided by supportive domestic demand conditions. This is evident by the impressive GDP growth of 7.2% in FY23 and the growth projection for FY24 at 6.5%.
- The central bank has played a commendable role in walking the tightrope between inflation and growth. Although there has been a 250 bps

increase in benchmark lending rates since early 2022, the hikes have been gradual and well-spaced out ensuring minimal impact on consumption, demand, and overall liquidity in the market.

- Domestic inflation dropped to the lowest in 25 months, with May 2023 registering a 4.25% growth. The RBI's inflation projection for FY24 currently stands at 5.1%, well within the tolerance zone of 2-6%.

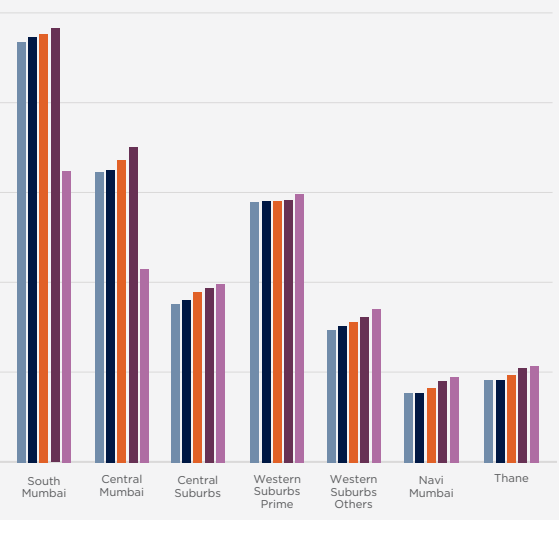
- The limits on capital gains through reinvestment in residential property were announced in the Union Budget FY24 which contributed to increased registrations of high-end properties, with investors trying to maximise gains from the erstwhile unlimited deduction benefit.

Steady Rise in Capital & Rental Values; New Completions Alter Market Dynamics

Average Capital Values for Completed Properties
(INR per sq. ft.)



Average Capital Values for Under-Construction Properties
(INR per sq. ft.)



Source: Savills India Research

PRICE TRENDS

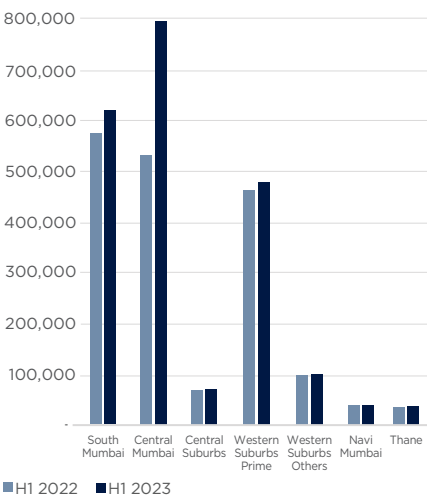
- Mumbai witnessed an average 8% YOY rise in capital values for completed as well as under-construction properties.
- The micromarkets of Central Mumbai, Navi Mumbai and Thane witnessed a significant increase of 10%-22% YOY in capital values on account of newer completions commanding higher prices because of better specifications than the existing buildings in the market.
- The market witnessed significant traction in the luxury segment. Large bungalows and prime

residences were preferred, especially by industrialist families and corporates (CEOs). For example, as per market news, Aditya Puri, the Bajaj Family, the Taparia family and Neha Bagaria (Jay Corp.), among others, have recently purchased properties in the micromarket of South Mumbai.

- Buyers are preferring larger homes and are also looking to upgrade from existing smaller apartments to larger ones in the vicinity. Hence, developers are focusing on constructing big-size apartments and penthouses to cater to buyer demand for larger homes in the luxury micromarkets of South Mumbai and Central Mumbai.

RENTAL TRENDS

(INR per month)



Source: Savills India Research

- During H1 2023, Mumbai witnessed an increase of 18% YOY in average rental values. The market gained momentum as end-users increasingly considered leasing larger homes, a result of rise in hybrid work culture.
- All micromarkets witnessed an increase in rental values, estimated in the range of 4%-50%. The micromarket of Central Mumbai recorded the maximum increase of 50% YOY due to the introduction of select new projects asking for higher rental values than the existing market average. Further, the other micromarkets witnessed a rise in values because of pent-up demand for rental properties due to redevelopment of dilapidated buildings in the city.
- The micromarkets of Western Suburbs Prime, Central Mumbai and South Mumbai witnessed significant enquiries for rental properties, especially the 2-BHK and 3-BHK configurations.

MUMBAI MICROMARKETS

South Mumbai: Cuffe Parade, Colaba, Nariman Point, Churchgate, Marine Drive, Napeansea Road, Malabar Hills, Breach Candy, Pedder Road, Altamount Road, Carmichael Road, Tardeo

Central Mumbai: Worli, Prabhadevi, Mahalakshmi, Lower Parel, Parel, Byculla, Wadala

Central Suburbs: Sion, Ghatkopar, Chembur, Powai, Chandivali, Kurla

Western Suburbs Prime: Bandra, Khar, Juhu, Santacruz

Western Suburbs Others: Vile Parle, Andheri, Jogeshwari, Goregaon, Malad, Kandivali, Borivali

Navi Mumbai: Airoli, CBD Belapur, Ghansoli, Kharghar, Nerul, Kopar Khairane, Palm Beach Road, Seawoods, Vashi

Thane: Thane, Ghodbunder Road

KEY TRANSACTIONS

Transaction: Sale
Location: Malabar Hill
Asset Type: Apartment
Area: 18,000 sq. ft.
Asset Description: Triplex penthouse with full sea view
Price: INR 252.5 Crore

Transaction: Sale
Location: Dadar
Asset Type: Land & Building
Area: 19,000 sq. ft.
Asset Description: ICICI Bank Apartments (G+7)
Price: INR 58.5 Crore

Transaction: Sale
Location: Bandra
Asset Type: Apartment
Area: 2,500 sq. ft.
Asset Description: 4-BHK apartment at a posh and premium location in Pali Hill
Price: INR 37.8 Crore

Source: Savills India Research



OUTLOOK FOR H2 2023

- We anticipate increased demand for larger homes in the premium markets of South Mumbai and Central Mumbai, especially from end-users.
- Prices for prime luxury properties may appreciate up to 2% in H2 2023 on HOH basis, on account of new project completions in the remaining half of the year that are likely to command higher prices hence pushing average prices northwards.
- The growth of robust infrastructure development in the city is expected to augur well for the growth of residential real estate. The newly completed exhibition and convention centre in Bandra is

expected to boost demand for residential properties in the vicinity. The market is already witnessing higher interest for serviced apartments for short-term stays, mainly from inter-city guests coming in for events.

- Several dilapidated old buildings are expected to go into redevelopment, especially in the micromarkets of Western Suburbs Others and Central Suburbs. Further, Grade A developers are scouting for redevelopment opportunities in the micromarket of South Mumbai and Central Mumbai. We anticipate this trend to push rental values northwards in these locations in the long-term.

Notes:

- Capital values are quoted prices on carpet area.
- Capital values for micromarkets of South Mumbai, Central Mumbai, Central Suburbs, Western Suburbs Prime and Western Suburbs Others are reflective of properties for INR 2 crore and above.
- Rental values for Navi Mumbai and Thane are reflective of 2-BHK configuration.

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