MARKET IN MINUTES
Savills Research

India | H1 2024

Mumbai Residential Market Watch

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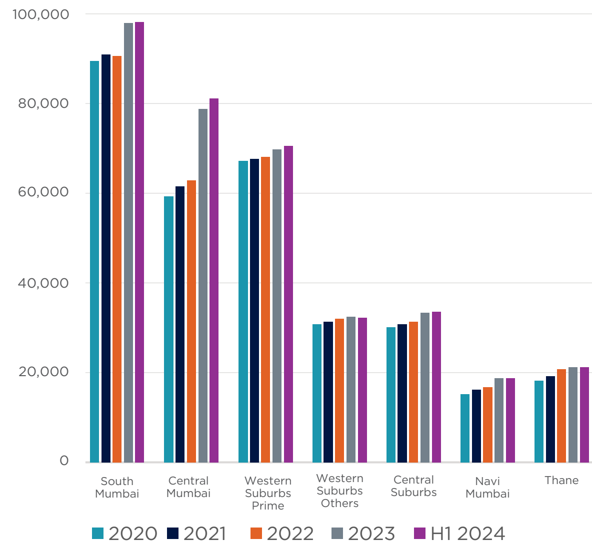
In this report, we focus on the premium residential segment.

ECONOMY ROUND-UP

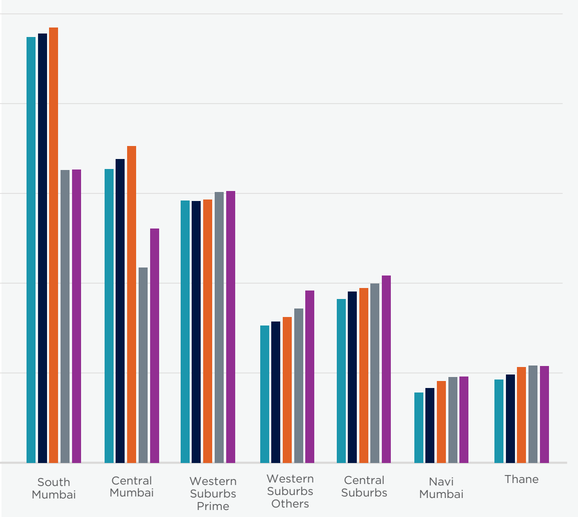
- The world's largest democratic exercise took place in the form of the 2024 general elections in India. The National Democratic Alliance (NDA) secured a third consecutive term, with Narendra Modi entering his third term as Prime Minister.
- India's real GDP grew by 8.2% in FY24, surpassing the 7.0% expansion in FY23. Macro-economic indicators point to resilient domestic activity in FY25, with real GDP growth projected at 7.2% for the full year. Forbes expects India to be the third largest economy by 2027.
- Domestic inflation dropped to a 12-month low of 4.75% in May 2024. The RBI has projected India's headline inflation rate at 4.5% for FY25, comfortably within the target range of 2-6%.
- The policy repo rate remained unchanged at 6.5%. The stability in the policy rate, along with moderated inflation, has fostered an encouraging environment for housing demand and boosted investor confidence.
- GST collections for the Centre reached INR 20.18 lakh crore in FY24, marking an 11.6% YOY increase. Collections hit a record high of INR 2.10 lakh crore in April 2024, reflecting a strong start to the current fiscal year and demonstrating the country's resilience and buoyancy, driven by robust domestic demand and investment activity.

> Infrastructure Upgrades Bolstering Capital & Rental Values

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



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



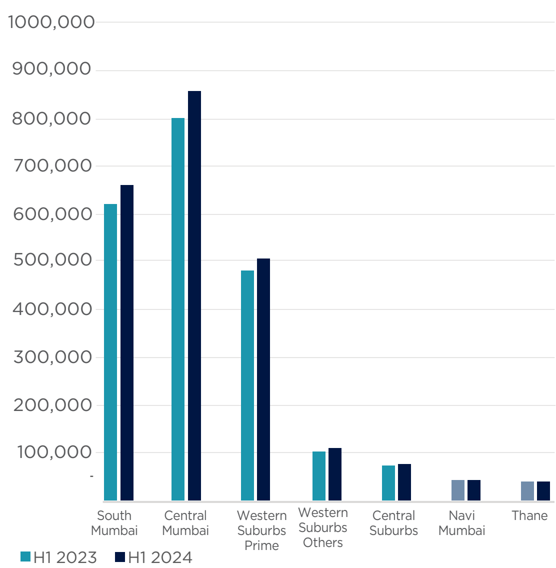
Source: Savills India Research

PRICE TRENDS

- During H1 2024, Mumbai witnessed an average 3% YOY rise in capital values for completed properties and a 5% YOY increase for under-construction properties.
- The micromarkets of Central Mumbai and Western Suburbs Others witnessed a significant increase of 12%-21% YOY in capital values on account of introduction of a few under-construction properties that were launched at prices higher than the existing market average. Further, properties that are nearing completion have registered 10%-15% appreciation in capital values.
- The market witnessed significant traction in demand under the luxury segment. Larger spaces in bungalows and prime residences were preferred due to the increasing trend of hybrid working, especially by professionals in the financial services industry and legal domain.
- Developers are focusing on constructing big-sized apartments and penthouses to cater to buyer demand for larger homes in the premium micromarkets of South Mumbai, Central Mumbai and Western Suburbs Prime.

RENTAL TRENDS

(INR per month)



Source: Savills India Research

- During H1 2024, Mumbai witnessed an increase of 6% YOY in average rental values. The market gained momentum as end-users increasingly considered leasing larger homes in projects with amenities.
- All micromarkets witnessed an increase in rental values, estimated in the range of 3%-8% YOY. The rise in rental values can be partly attributed to pent-up demand for rental properties due to redevelopment of dilapidated buildings in the city.
- Properties located near metro stations witnessed a substantial increase in rental values. The convenience of a quick and reliable commute to major business hubs and entertainment districts is highly sought after by homebuyers.

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

Western Suburbs Prime: Bandra, Khar, Juhu, Santacruz

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

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

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

Thane: Thane, Ghodbunder Road

KEY TRANSACTIONS

Transaction: Sale
Location: Worli
Asset Type: Apartment
Area: 13,433 sq. ft.
Asset Description: Apartment with full view of the Arabian Sea
Price: INR 116 Crore

Transaction: Sale
Location: Malabar Hill
Asset Type: Apartment
Area: 2,280 sq. ft.
Asset Description: 4-BHK apartment with full sea view
Price: INR 21 Crore

Transaction: Lease
Location: Worli
Asset Type: Apartment
Area: 4,720 sq. ft.
Asset Description: Apartment at a premium location in Worli
Price: INR 21 Lakhs

Source: Savills India Research

OUTLOOK FOR H2 2024

- We anticipate increased demand for larger homes in the premium micromarkets of South Mumbai and Central Mumbai, especially from end-users.
- Prices for prime luxury properties may appreciate up to 4% in H2 2024 on HOH basis. This would be on account of new project completions in the remaining part of the year that are likely to command higher prices, hence pushing average prices northwards.
- We expect consistent demand for rental properties in most micromarkets, mainly due to significant ongoing redevelopment activity. Rental values are likely to appreciate up to 2% during H2 2024 on HOH basis.
- The growth of robust infrastructure development in the city is expected to augur well for the growth of residential real estate. Some key infrastructure upgrades are mentioned below:
  - The Mumbai Trans Harbour Link (Atal Setu), which became operational in January 2024, has enhanced connectivity between select locations in South and Central Mumbai and Navi Mumbai leading to a reduction in travel time by 30-45 minutes during peak hours. This will likely prove to be a booster to demand for residential properties in the satellite city of Navi Mumbai as well as in South and Central Mumbai. The construction of this project has resulted in relocation decisions by homebuyers, in favour of locations connected by the bridge. This has led to social and economic dislocation, which is likely to have a ripple effect on the real estate market, especially in Navi Mumbai.
  - The Mumbai Coastal Road project, which became operational in H1 2024, is expected to ease traffic congestion and improve access to southern parts of the city, boosting property values in locations like Worli, Nariman Point and Cuffe Parade. The construction of the Coastal Road is expected to open up new beachfront development opportunities, potentially leading to the creation of luxury residential and commercial complexes in the long-term.
- We expect to see a boost in prices of properties located in the premium micromarkets of South Mumbai, Central Mumbai and Western Suburbs Prime in the upcoming quarters with the now operational Coastal Road (from Marine Drive-Worli) and the soon-to-be-operational Metro Line 3 (Colaba-Bandra-SEEPZ). Phase 1 of this metro line (between Aarey and BKC) is anticipated to be operational by the end of September 2024, and Phases II and III (from BKC to Colaba) are scheduled to be operational by December 2024.

Savills Property Services (India) Private Limited
One Lodha Place
26th Floor, Unit No. 2604
Senapati Bapat Marg
Lower Parel
Mumbai 400013
Maharashtra, India

Please contact us for further information

Shveta Jain
Managing Director
Residential Services
shveta.jain@savills.in

AUTHORS

Diksha Gulati
General Manager
Research & Consulting
diksha.gulati@savills.in

Megha Maan
Director
Research & Consulting
megha.maan@savills.in

Arvind Nandan
Managing Director
Research & Consulting
arvind.nandan@savills.in

MEDIA

Chinmoyee Kalita
Corporate Communications Lead
chinmoyee.kalita@savills.in

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 South Mumbai, Central Mumbai, Central Suburbs, Western Suburbs Prime and Western Suburbs Others are reflective of 3-BHK configurations.
- Rental values for Navi Mumbai and Thane are reflective of 2-BHK configurations.

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Savills, the international real estate advisor established in the UK since 1855 with a network of over 700 offices and associates globally.