77,460 flats worth 3k crore unsold in Mumbai metro region: Report

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MUMBAI: As many as 77,460 apartments worth Rs 3,044 crore remain unsold in Mumbai, Thane and Navi Mumbai.

Of these, 2,600 units (or 3.35%) are fully constructed, said a survey carried out by JLL India along with the Maharashtra Chamber of Housing Industry (MCHI-CREDAI). Developers claimed it's a positive sign, considering last year's figure of completed-yet-unsold apartments was 3,094.

The report released on Wednesday showed that in Mumbai and Thane, just 1.1% and 1.3% of the total unsold units are ready for possession, respectively. In Navi Mumbai, the proportion is much higher at 8.1%.

The total unsold inventory would take more than 30 months to sell, it added. MCHI-CREDAI president Dharmesh Jain said the Mumbai Metropolitan Region was now looking at a stable period. "Considering the average four-year cycle for a 30-storey building, an inventory of 2.5 years is not much," he added.

"Sluggish sales could also be because most of these 2,600 units are priced above Rs 1 crore, which is an unaffordable range for many end-users. While developers may think ticket sizes offered by them are justified, the market seems to think otherwise," said the research report.

In Mumbai, the western suburbs from Vile Parle to Goregaon have 205 completed-yet-unsold units in the range of Rs 2 crore and above. A major chunk of the unsold units are concentrated in Navi Mumbai. Flats priced below Rs 65 lakh are situated in emerging areas of Navi Mumbai like Ulwe, Karanjade, Dronagiri, etc., or on far-away stretches off Ghodbunder Road in Thane.

Buyers are holding on to their purchase decisions, expecting a price correction in this weak market; their preference is to buy into completed projects. Data shows that while 18% buyers bought houses in the launch phase, 27% did so nearing completion. Even after completion, it takes developers at least two quarters to sell the entire remaining inventory.

"The market has become largely end-user-driven and investors no longer park funds in residential real estate as the high returns that it was once known for have considerably diminished," the report said.

"There is a clear mismatch in demand and supply of product offerings. Even though end-users would like to buy in upcoming areas, they do not. The reason being a lack of social and physical infrastructure — highly needed to attract end-users — in these locations. In such a scenario, developers need to gauge market sentiment and reduce ticket sizes to align with more realistic prices. They need to redesign the larger flats into smaller unit sizes, wherever possible. Sales will improve if this happens," said the report.