

Mumbai property registration scales yet another peak, records best May ever

Synopsis

The robust demand and its conversion into actual sales has helped the setting a new record for the month of May ever. Both registrations and revenue earned by the state exchequer during the month has created new benchmarks.



With over 9,630 property registrations, state exchequer fetches stamp duty revenue worth over Rs 714 crore, up 166% on year.

Property registration in Mumbai, the country's largest and most expensive real estate market, has maintained its record-setting momentum in May despite increased ready reckoner, stamp duty and turn of interest rate cycle.

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The country's financial capital witnessed the registration of over 9,630 property deals in May, showed data from the Inspector General of Registration, Maharashtra. While registration numbers rose 80% from a year ago, the state exchequer fetched 166% higher revenue at Rs 714 crore, highest ever for the month of May.

"The [Mumbai property](#) market held steady despite the pressures of inflation, rising input costs and rise in stamp duty. Owing to a paradigm shift in attitude, home buyers, who now consider ownership important for long term stability, were keen on completing their purchases while the affordability remained within the acceptable range," said Shishir Baijal, CMD, [Knight Frank India](#).

Interestingly, the performance was driven by mid-income and [affordable housing](#) segments that maintained buoyancy despite the state government raising ready reckoner values and stamp duty rates from April 1.

"Post the onset of the pandemic, [homebuyers](#) have realized the importance of owning a home which has resulted in a spike in the average number of units booked on a monthly basis from the third quarter of 2020...The Mumbai region property market touched the peak of Rs 2.15 lakh crore in terms of the value of units sold following the reduction in stamp duty," said Boman Irani, President, CREDAI-MCHI while highlighting the positive impact of stamp duty cut.

Many homebuyers advanced their purchase by filing in March 2022 while registering them in April and May 2022, effectively saving 1% metro cess that

was implemented from April 1, on their deals. Around 37% of property registrations executed in May were filed in March at an effective stamp duty rate of 5%. While 2% of all properties registered in May were filed in April. Remaining 60% of them were filed in May 2022 having an effective stamp duty rate of 6%, showed the Knight Frank India analysis.

Irani added that the CREDAI-MCHI will continue to liaise with the relevant authorities to share insights and recommendations to help steer the industry towards momentous growth and help turn homebuyers' dreams of owning a home into a reality.

According to Baijal, while mounting economic pressures will play their part, other factors like rise in household savings and mid to long term financial stability as well as strong economic outlook, will help continue the home buying momentum going forward.

Homebuyers' focus remained on residential properties priced at Rs 1 crore and below that made up 46% of registrations during the month, while properties above Rs 5 crore contributed 5% of the total deals.

Maximum share of property registrations with ticket size of Rs 5 crore and below were recorded in the western suburb micro market, while high value ticket sizes of up to Rs 20 crore luxury micro market like central Mumbai recorded the largest share contribution.

As per the revised ready reckoner rates, the highest increase has been in the Thane municipal limits at an average of 9.48%, while rates in greater Mumbai were increased by 2.34%. In addition to this, the government has also implemented 1% Metro cess on stamp duty in Mumbai, increasing the cost of property acquisition in the city.

Mumbai has been setting new benchmarks with property transactions lately after the state government announced a limited-window stamp duty reduction.

The significant but limited-period stamp duty reduction window that ended on March 31, 2021, was a catalyst for the city's residential market. While stamp duty rebates are not available now, the deals have continued to flow in.

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