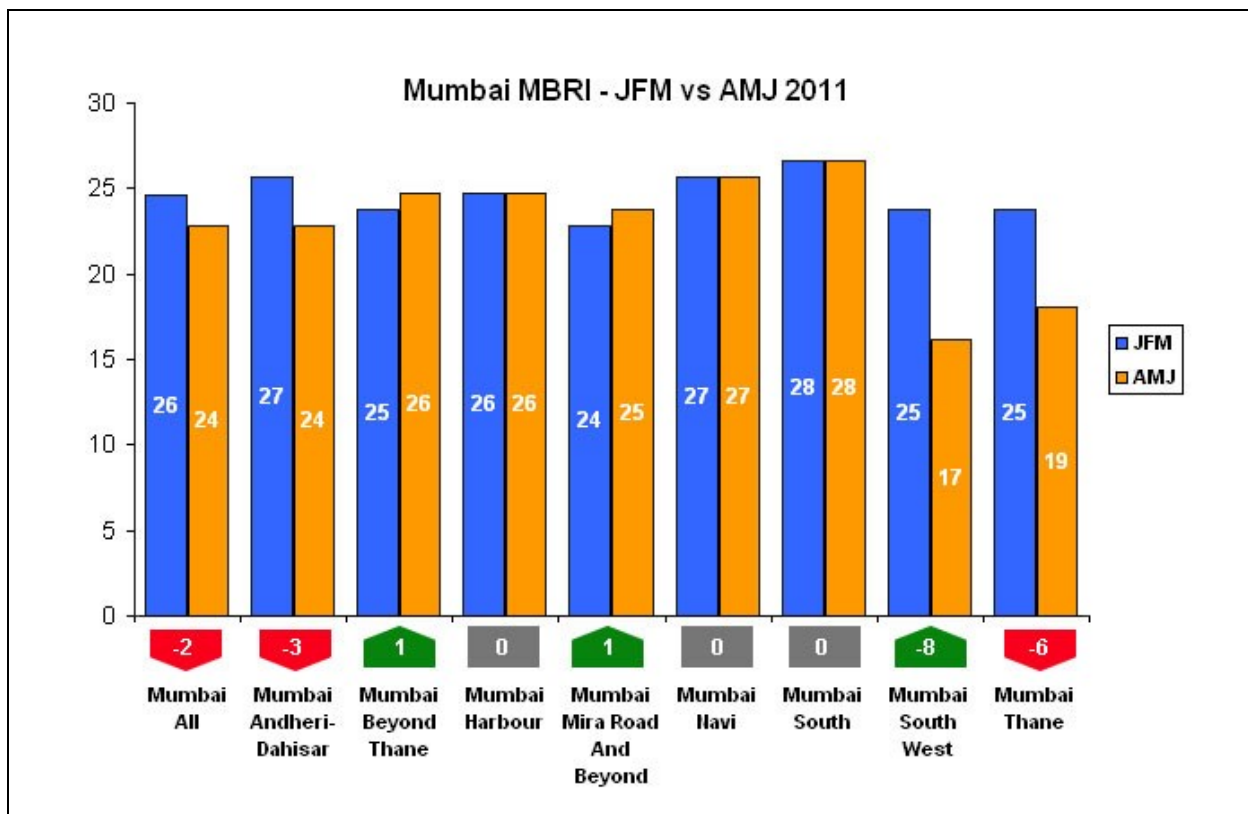


Time to buy property in Mumbai South-West & Thane - says Makaan.com Buy vs. Rent Index (MBRI)

Mumbai, 25th August 2011: A [property](#) seeker in [Mumbai](#) is confused between opting for a rented accommodation or giving that rental amount as EMI for buying a house. In the absence of a robust and reliable tool, these decisions were traditionally taken with gut feel or with the guidance of a close relative / friend, leaving scope for error. The latest report from Makaan.com, the fastest growing real estate website in India, recommends Mumbaikars to start exploring their property options. The Makaan.com Buy Vs Rent Index (MBRI) for the period April to June 2011 was released today with some interesting findings.

MBRI is a tool that aims to help property seekers make informed choice between buying and renting of property in top Indian cities / sub-cities. When it comes to Mumbai, the city is divided into 8 sub-cities and MBRI is calculated for each sub-city to enable seekers make informed choice in their respective areas of interest. Let's look at some recommendations for buying Vs. renting property in Mumbai



Buying destinations in Mumbai

Typically if the MBRI for a city / sub-city is between 1-20 it denotes that it is much less expensive to buy a home than to stay on rental in these cities / sub-cities. [Property](#) seekers looking at investing here are advised to buy a property than staying on rentals. The current MBRI release identifies **Mumbai South - West and Mumbai Thane** as the two sub-cities where property seekers will be advised to buy rather than stay on rent. If one compares the MBRI for these two sub-cities with the data for Jan-March'11, MBRI has dropped by 8 & 6 points respectively (see chart for details). This drop can be attributed to correction in property prices and/or hardening of rentals in these sub-cities thereby making them a preferred buying destination.

Neutral destinations in Mumbai

The Sub-cities of [Mumbai](#) **Andheri-Dahisar** and **Mumbai Mira Road and Beyond** fall under the neutral category. These sub-cities have an MBRI of 21-25 which denotes that it is relatively more expensive to buy a home than to stay on rental, in these sub-cities. This is a neutral range and [property](#) seekers looking at investing here are advised to take the final decision based on their financial situation. It is, however, interesting to note that MBRI for Mumbai Andheri-Dahisar has dropped by 3 points compared to its Jan-March'11 figure (see chart for details). This drop can be attributed to, correction in property prices and/or hardening of rentals here. The drop, however, is not significant to bring this sub-city in the buying destination category.

Rental destinations in Mumbai

According to the report, [Mumbai](#) sub-cities of **Mumbai beyond Thane, Mumbai Harbour, Mumbai Navi and Mumbai South** are recommended for renting over buying. These sub-cities have an MBRI value of 25+ indicating that it is much more expensive to buy a home than to stay on rental. If one compares the MBRI for these sub-cities with the data for Jan-March'11, MBRI has remained unchanged for all sub-cities except Mumbai beyond Thane where it has increased by 1 point (see chart for details). This increase can be attributed to further hardening of property prices and/or softening of rentals in this sub-city. Property seekers investing here are advised to stay on rental rather than buying the property.

Overall Mumbai city trend

If one compares the current MBRI report with the previous report (for period of Jan-March'11) one observes that the current MBRI for Mumbai city is 24 which is a drop of 2 MBRI points. This indicates that there has been an overall softening in property prices and/or hardening of rentals in the city over the past 3 months. This has shifted the Mumbai city preference from a rental destination (in Jan-March'11) to neutral destination.

The MBRI for 7 Indian cities and their sub-cities for April – June'11 is given in the table below

Makaan.com Buy Vs. Rent Index (MBRI)				
City	MBRI (January-March) 2010	MBRI (April-June) 2011	Variance	Recommendation
Mumbai All	26	24	▼ -2	Neutral
Mumbai Andheri - Dahisar	27	24	▼ -3	Neutral
Mumbai Beyond Thane	25	26	▲ 1	Rent
Mumbai Harbour	26	26	■ 0	Rent
Mumbai Mira Road and beyond	24	25	▲ 1	Neutral
Mumbai Navi	27	27	■ 0	Rent
Mumbai South	28	28	■ 0	Rent
Mumbai South-West	25	17	▼ -8	Buy
Mumbai Thane	25	19	▼ -6	Buy
Pune All	24	25	▲ 1	Neutral
Pune	24	25	▲ 1	Neutral
Ahmedabad All	19	23	▲ 4	Neutral
Ahmedabad West	18	26	▲ 8	Rent
Ahmedabad East	18	25	▲ 7	Neutral
Ahmedabad North	20	18	▼ -2	Buy
Delhi All	28	29	▲ 1	Rent
Delhi East	37	34	▼ -3	Rent
Delhi North	40	35	▼ -5	Rent
Delhi South	30	36	▲ 6	Rent
Delhi West	32	30	▼ -2	Rent
Dwarka, Delhi	44	44	■ 0	Rent
Faridabad	19	19	■ 0	Buy
Ghaziabad	23	22	▼ -1	Neutral
Greater Noida	21	29	▲ 8	Rent
Gurgaon	19	20	▲ 1	Buy
Noida	18	17	▼ -1	Buy
Bangalore All	18	19	▲ 1	Buy
Bangalore Central	27	27	■ 0	Rent
Bangalore East	15	17	▲ 2	Buy
Bangalore North	16	16	■ 0	Buy
Bangalore South	17	17	■ 0	Buy
Bangalore West	16	16	■ 0	Buy
Hyderabad All	25	19	▼ -6	Buy
Hyderabad	18	14	▼ -4	Buy
Secunderabad	31	23	▼ -8	Neutral
Chennai All	17	16	▼ -1	Buy
Chennai South	19	17	▼ -2	Buy
Chennai North	18	16	▼ -2	Buy
National	21	22	▲ 1	Neutral

Nationally, the MBRI for India has moved from 21 points in JFM'11 to 22 points in AMJ'11 maintaining a neutral destination for the country as a whole. At the city level MBRI for cities like Delhi (+1), Pune (+1), Ahmedabad (+4) and Bangalore (+1) have shown an upward movement over the last 3 months. On the other hand, MBRI for cities like Mumbai (-2), Hyderabad (-7) and Chennai (-2) reflected a downward trend. Among the cities covered under the study, the cities of Chennai, Hyderabad & Bangalore are recommended for buying

over renting. The city of Delhi NCR is recommended for renting over buying whereas the cities of Mumbai, Pune and Ahmedabad are in the neutral zone.

Makaan.com Buy vs Rent Index is the first of its kind in the Indian real estate market, and covers the major Indian cities of [Ahmedabad](#), [Bangalore](#), [Chennai](#), [Delhi-NCR](#), [Hyderabad](#), [Mumbai](#), and [Pune](#).

Launched in October-December 2010 quarter, Makaan Buy vs. Rent index is a quarterly initiative and will be updated every 3 months. This is the 3rd release of the index findings. The detailed findings can also be accessed at <http://www.Makaan.com/MBRI>

About MBRI

MBRI is a numerical value, arrived at after taking into account several factors including average capital value of property, average rental value, rental yield, historical capital price movement, historical rental movement and inflation. A low MBRI indicates that it is much less expensive to buy a home than to stay on rental whereas a high MBRI denotes that it is much more expensive to buy a home than to stay on rental. MBRI has been collated both at city and sub-city level.

How to interpret MBRI?

MBRI of 1-20: This denotes that it is much less expensive to buy a home than to stay on rental, in these cities / sub-cities. Property seekers looking at investing here are advised to buy a property than staying on rentals.

MBRI of 21-25: This denotes that it is relatively more expensive to buy a home than to stay on rental, in these cities / sub-cities. This is a neutral range and property seekers looking at investing here are advised to take the final decision based on their financial situation.

MBRI of 25+: This denotes that it is much more expensive to buy a home than to stay on rental, in these cities / sub-cities. Property seekers looking at investing here are advised to rent a property rather than buying.

Selection of cities

- **Coverage** - The MBRI covers [Ahmedabad](#), [Bangalore](#), [Chennai](#), [Delhi-NCR](#), [Hyderabad](#), [Mumbai](#), and [Pune](#). Other cities may be added in subsequent issues. These cities account for over 80% of the Indian [Real Estate](#) market.
- Factors that have been taken into consideration while selecting the cities:
 - **Population** – The [real estate](#) sector is dependent on the demand of houses, which in turn is dependent on the population. Populous and ever growing urban agglomerates like Mumbai and NCR have an ever growing demand for housing.
 - **Economic Importance** – Cities which are hubs of certain industries have constant influx immigrants from across the country, which also creates a strong demand for housing – beyond the needs of the resident populations – e.g. Bangalore, Pune. Hence such cities have also been included

Methodology

- **Coverage** - Each city is divided in sub-cities (micro-markets) and micro-markets into localities. Prices of properties are obtained across micro-markets through listings on makaan.com as well as makaan.com's nationwide sales force
- **Database** - The current Index comes from 32 micro-markets across the above cities. The Index is based on minimum database size of 20,000 data points every month

- **New & Resale properties** - The MBRI database includes a good representation of new as well as resale properties. Most reports on the property sector today are based on new developments, whereas actually new properties are relatively small % of the [real estate](#) supply with resale being the majority of supply
- **Index algorithm** - The Index is calculated quarter-on-quarter for each of the above cities & sub-cities. It is a derived index using an advanced algorithm which factors in the average value of properties available for sale and rent.

About MakaanIQ.com

MakaanIQ is an initiative by real estate website Makaan.com, to provide information, intelligence and tools to help property seekers and real estate industry players take informed property decisions. MakaanIQ offers a host of services for the benefit of the home buyers including latest news on the Indian real estate sector and analysis of the property trends across major Indian cities. The Makaan.com Property Index (MPI) and Makaan.com Buy v/s Rent Index (MBRI) are two periodical indexes released by MakaanIQ that track capital and rental prices in various cities in India. These indexes are referenced by most Tier 1 media companies in the country.

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