

One-bedroom units make a come back in Mumbai

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Single-bedroom apartments help builders hold the price line, as there is less room for bargaining

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They keep cash flowing and the sales register ticking, as small apartments bring down the ticket size.

Single bedroom apartments are back in demand in Mumbai.

Of late, over a dozen projects offer single bedroom apartments, commonly referred to as 1-BHK (bedroom-hall-kitchen). These small-sized apartments had almost disappeared from the portfolio over the last four to five years.

Mr Sandeep Reddy, CEO, Groffr.com, a group buying portal, said such apartments always sell, though developers shun building them as they consume more FSI (floor space index), the area allowed to be built on a given plot.

STRONG PIPELINE

The pipeline looks strong. Many developers who have never ventured into this segment before are going in for them with the overall scenario looking bleak, he said.

PropEquity, a real estate analytics and research firm, said new home sales in Mumbai Metropolitan Region were down 58 per cent to 11,473 units this January-March quarter as compared with 27,676 units in the same period

last year.

In general, single bedroom units are between 400-700 sq. ft.

Developers must have understood that they bring in cash flows and keep sales going, more so as smaller apartments bring down the ticket size. More importantly, they help builders hold the price line, as the lower price tags reduce the leeway for bargaining, said Mr Reddy.

MARKET NEED

Mr Mayur Shah, Senior Vice-President, Sales and Marketing, Hubtown, said market surveys and analysis indicated a need for one-BHKs along the Jogeshwari-Vikhroli Link Road in suburban Goregoan.

Hubtown is building about 100 such units alongside two- and three-BHKs in a 400-apartment tower on the Link Road.

Neighbouring developers were not building them and hence it made sense to offer the product, he said.

Mr Shah said the number of units depended on the number of floors and ideally, the lower floors of up to five or six would have the one-BHKs.

On pricing, he said the rate was the same as charged for larger apartments at Rs 11,000 a sq. ft in addition to the floor-rise of Rs 90.

Mr Shah, however, was firm that it should not be seen as a recession product, as the configuration was built in when the project was designed.

Hubtown is also planning one-BHKs in Bandra East, near BKC, an uptown locality. The one-BHK apartments in two of its other projects in Thane and Mira

Road have been sold out.

PRICE/PREFERENCE

Dr Samantak Das, Director, Research and Advisory Services, Knight Frank India, said there has to be price correction or a preference correction on the part of home buyers for sales to happen.

Home seekers have been on a wait-and-watch mode for the past one-and-a-half years on expectations of price correction and this has led to a rise in rents across Mumbai.

People are willing to compromise on space rather than on location. Hence, it does make sense to buy a one- or 1.5-BHK and then sell and move on to a two- or three-bedroom apartment in a couple of years.

Most people pride themselves in owning a house and this does provide an opportunity. As for developers, it will help them showcase a diversified portfolio, he said.

On the real estate scenario, Dr Das does not see much of an improvement in the next two to three quarters.

This too hinges on the macro-economic indicators improving in the coming quarter, the impact of which can only be seen in the next two quarters, he said.

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