

Locality Report

Kalyan-Dombivli

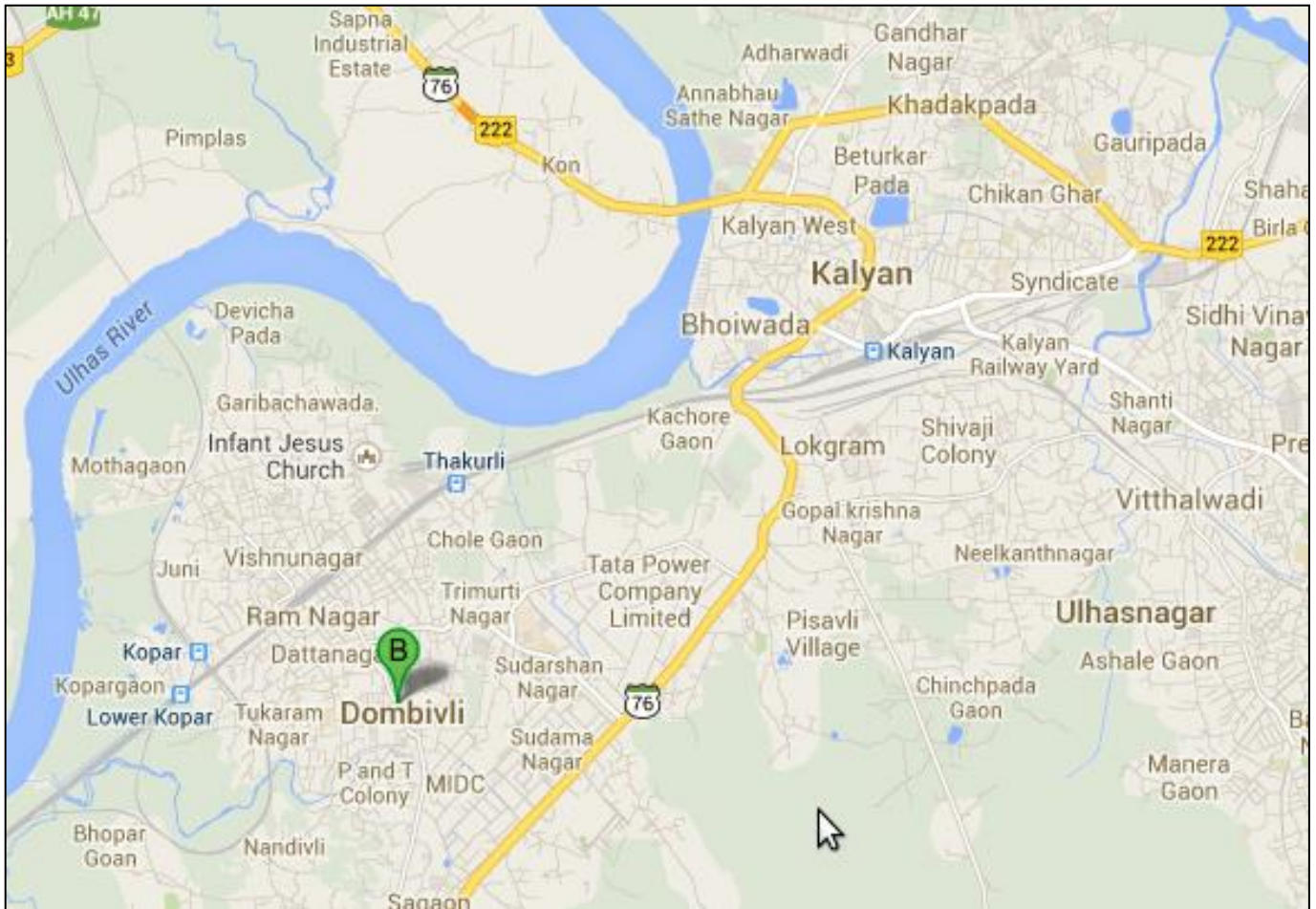


Fig: Kalyan-Dombivli political map (Source: Google Maps)

Overview

Kalyan-Dombivli is a twin city on the outskirts of Thane. It is governed by the Kalyan-Dombivli Municipal Corporation (KDMC) and forms a part of Mumbai Metropolitan Region (MMR). Kalyan lies on the east side of Ulhas River. It was once an important port. Though its significance has diminished as a port, there is still considerable trade that takes place in the city. The twin city has a large industrial belt to its south-east from Kalyan to Badlapur. There are several small and large industries concentrated on this belt.

Dombivli is a town in Kalyan tahsil, located at a distance of six kilometers from Kalyan and 20 km from Thane. The availability of local trains from Dombivli has made it a prominent suburb of MMR. Dombivli has seen a rise in population in recent years, by the people who work in Mumbai and settle down here. The Maharashtra Industrial Development Corporation (MIDC) has developed a big industrial complex around Dombivli.

Kalyan junction is currently one of the major railway stations on the central line of the Mumbai Suburban Railway network. It is also the third busiest station in the suburban railway network, after Thane and Andheri. The Dombivli railway station is a station on the central line and has regular local trains in both up and down directions.

Kalyan-Dombivli's real estate has recently witnessed a boom, primarily due to the increasing prices in Mumbai suburbs and growing demand for affordable housing in Mumbai. A proposal for extending the Navi Mumbai metro rail to Kalyan too has fueled the growth for housing in Kalyan-Dombivli.

Factors driving real estate growth

- 1) The primary factor driving the real estate sector in Kalyan-Dombivli is the sky-rocketing prices in Mumbai suburbs, coupled with the growing demand for affordable housing. Mumbai continues to attract migrants who come to the financial capital with hopes of employment opportunities. This has increased the demand for affordable housing. Yet, the present capital values have led a huge gap in demand and supply, though there is unsold inventory of up to four years. As such, the demand for housing has spilled over to the peripheral areas and areas of MMR.

Property values in the Kalyan and Dombivli area offers projects within the affordable range. For example, the average property value in Dombivli East is about Rs 5,440 per sq. ft while it is about Rs 6,040 per sq. ft in Dombivli West. The average property value in Kalyan East is about Rs 5,230 per sq. ft while the average property value in Kalyan West is about Rs 5,920 per sq. ft.

- 2) Another factor driving the demand is the availability of industrial belts and improving infrastructure around the area. Both Kalyan and Dombivli have an industrial belt up to Badlapur. This provides very good employment opportunities for people residing around the region.
- 3) The City and Industrial Development Corporation (CIDCO) has planned to extend its Belapur-Taloja metro rail service up to Kalyan and Ulhas Nagar. This is expected to give a big boost to the economy as well as real estate around Kalyan. MMRDA has also planned to lay down road networks including a 29 km Kalyan ring road in Kalyan region.
- 4) Kalyan and Dombivli have very good connectivity to parts of Mumbai and other cities via the Kalyan-Shilphata Road, Agra Road and National Highway 4. This also increases the growth prospects of the region. The proposed Navi Mumbai International Airport is at a distance of less than 35 kms.

Residential market analysis

The Kalyan-Dombivli region's residential real estate is driven by end-users as well as investors as the region has a good mixture of under-construction and ready-to-occupy projects.

i) Capital and rental values

Table 1 gives the capital values as well as rental values in Kalyan-Dombivli region. The capital values and rental values are calculated per sq. ft.

It can be seen from the table that the weighted average property values in Dombivli West is higher (Rs 6,040 per sq. ft) than those of Dombivli East and Kalyan. The rental values are higher in Kalyan East and Dombivli East compared to Kalyan West and Dombivli West.



Area	Capital values			Rental values		
	Weighted Avg per sq. ft	Max per sq. ft	Min per sq. ft	Avg per sq. ft	Min per sq. ft	Max per sq. ft
Dombivli East	5,440	14,200	3,900	15	22	8
Dombivli West	6,040	5,900	4,600	12	15	10
Kalyan East	5,230	9,100	2,000	17	25	9
Kalyan West	5,920	12,300	3,300	11	14	8

Table 1: Values per sq. ft in Kalyan-Dombivli

ii) Affordability drives sales

Kalyan and Dombivli real estate is primarily driven by buyers looking for affordable housing with a smaller ticket price compared to those of Mumbai suburbs. The major segments in the region are the affordable and economic segment (between Rs 40-70 lakh). This is evident from the graphs below.

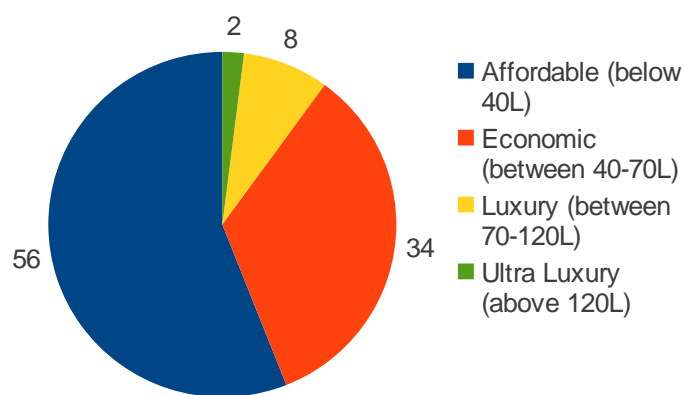
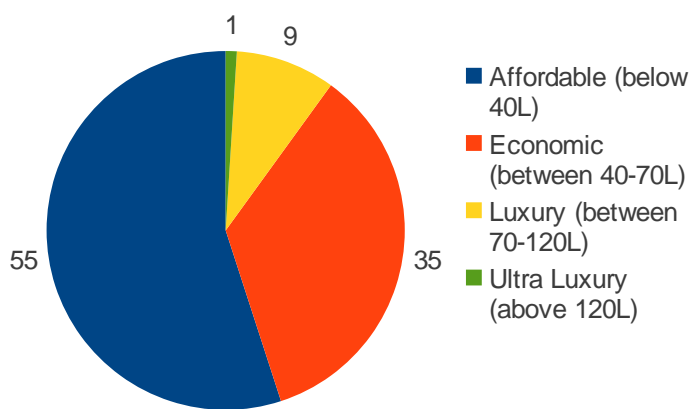


Fig i: Percentage market segmentation in Dombivli

Fig ii: Percentage market segmentation in Kalyan

Source: Real Estate Insights by CommonFloor

It can be seen from the graphs that housing in both Kalyan and Dombivli are majorly driven by affordable housing, followed by economic housing. In total, the market is driven by project ticket size of less than Rs 70 lakh.

lii) Apartments beat houses

The region witnesses more apartment projects compared to builder floor apartments and independent houses. For example, according to secondary research of properties in the market, out of the projects available for sale in Dombivli, about 70 per cent are apartments while about 11 per cent are builder floor apartments and 19 per cent are independent

houses. Similarly, in Kalyan, about 80 per cent of the total available projects are apartments, while 9 per cent are builder floor apartments and 11 per cent are independent houses.

Even in terms of renting, there are more apartments available than houses. In Dombivli, there are about 63 per cent apartments and about 34 per cent houses available for rent, while in Kalyan, about 73 per cent of the available projects are apartments and 16 per cent are houses.

It can be seen from the CommonFloor listing data that out of the property listings available, the trend is more towards selling and renting apartment projects than houses. Most of the projects available in Kalyan and Dombivli region for sale and rent are 1BHK apartments followed by 2BHK and 3BHK apartments, as shown in the graph below.

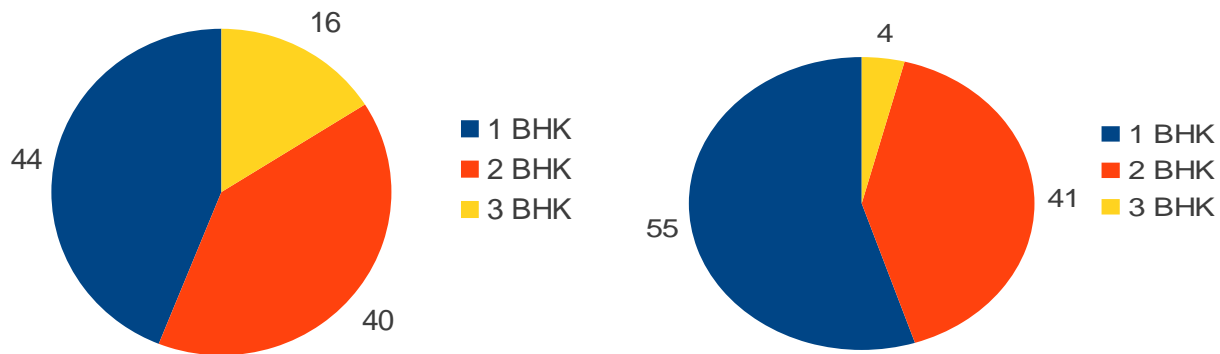


Fig vii: Apartment configurations for sale (%) **Fig viii: Apartment configurations for rent (%)**

source: secondary research

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The above graphs give the apartment configurations across the various regions of Kalyan and Dombivli. It can be seen that the most available configurations are 1BHK apartments, followed by 2 and 3BHK apartments. The approximate area of a 1BHK apartment is in the range of 250-850 sq. ft. The approximate area of a 2BHK apartment is in the range of 630-1,380 sq. ft while a 3BHK apartment has a covered area of 800-1,670 sq. ft.

Kalyan and Dombivli are witnessing buyers who buy property from the point of investments as well. The following table gives the average rental yield across the two regions.

Area	1 BHK	2 BHK	3 BHK
Dombivli East	2.4	2.38	-
Dombivli West	2.41	2	-
Kalyan East	3.06	2.54	-
Kalyan West	2.47	2.38	11.84

Table 2: Rental yield (%) across different regions of Kalyan and Dombivli

One can infer from the table above that 1 and 2BHK apartments most bought properties from the point of renting. One can also see that 1BHK apartments have a higher rental yield than 2BHK apartments, due to their proximity to the industrial area, and people working in this industrial belt prefer to stay in a 1BHK apartment. The only exception is Kalyan West, where the rental yield is as high as almost 12 per cent for a 3BHK apartment.

iv) Projects offered and absorbed

The region offers a plethora of projects. Since January 2010, there were a total of 97 projects that were supplied in Kalyan-Dombivli. Out of these, there are about 26 projects that were completed and 71 ongoing projects. The following table gives the number of projects being launched in the last four years and the percentage of units that were absorbed.

Area	No. of projects	Total units	Completed projects	Ongoing projects	Percentage units sold
Dombivli East	22	14,310	4	18	63
Dombivli West	7	914	2	5	72
Kalyan East	12	1,507	2	10	52
Kalyan West	56	14,920	18	38	41

Table 2: Projects launched and percentage units absorbed

Source: Real Estate Insights by CommonFloor

From Table 2, it is evident that the maximum number of projects were launched in Kalyan West, followed by Dombivli East, while Dombivli West witnessed the maximum absorption (72 per cent) of residential units, followed by Dombivli East with 63 per cent absorption. This also shows that Dombivli has a higher percentage of absorption than Kalyan, owing to its industrial belt and proximity to Mumbai compared to Kalyan.

Following are some of the active developers and their upcoming projects since January 2013.

Builder_name	Name	Total_units
Lodha Group	Lodha Casa Bella City	3600
Nirmal Lifestyle	Platano Apartment	546
Raunak Group	Raunak City III	364
Mehta Group	Mehta Amrut Pearl	264
Mohan Group	Mohan Altezza	250
Lodha Group	Lodha Casa Paseo	1000
Laxmi Housing Builders & Developers	Laxmi Kailash Garden	300
Versatile Housing	Versatile Valley	350
Ajmera Realty and Infra India Ltd	Ajmera New Era	360
OSSKC	Sai Sharnam	315

Table 3: Builders and projects in Kalyan-Dombivli

Source: Real estate insights by CommonFloor

Challenges

The biggest challenge currently facing Kalyan-Dombivli is the lack of sufficient civic and social infrastructure as well as major highways directly connecting the region to Mumbai suburbs and South Mumbai, where the central business districts (CBDs) are located. The major mode of transportation is the Mumbai local train. Hence, it is time consuming for people to travel from Kalyan-Dombivli to the Mumbai CBDs. However, the region is more suitable for people looking for affordable housing as well as people working in Thane and Navi Mumbai.

Future growth prospects

- 1) With property values in Greater Mumbai (Island city and suburbs) skyrocketing and the lack of affordable houses, people are looking at buying property around this region. With increasing construction costs in Mumbai and Navi Mumbai, several developers too are coming up with projects around Thane and Kalyan-Dombivli. Hence, one may expect a good supply and demand of residential projects in the region.
- 2) The MMRDA is planning to come up with some major highways in the Kalyan area. Similarly, there is a proposal to extend the Navi Mumbai metro to Kalyan. These will hugely enhance the connectivity and accessibility to the

