

Japan's Sumitomo buys land in Bandra Kurla Complex for Rs 2,238 crore

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In the biggest land deal in the country, Japanese company Sumitomo has bought a three-acre land parcel in the tony [Bandra Kurla Complex](#) of Mumbai from the city's nodal agency Mumbai Metropolitan Regional Development Authority (MMRDA) for Rs 2,238 crore.

Given that the 12,486 square metres plot has a buildable area of 650,00 square metres or 699,400 square feet, the deal works out to be about Rs 32,000 a sq ft. Recently, Blackstone bought 700,000 sq ft property in One BKC building in the same area for Rs 2,600 crore or Rs 37,000 a sq ft.

“Though the price quoted by Sumitomo was on the higher side, it sounds reasonable as it was for self-use,” said Anuj Puri, chairman of Anarock Property Consultants.

Sumitomo was expected to house its buildings on the plot. Sources said that it was given deferred payment option for towards the land deal. But this could not be independently verified. The plot C-65 in the G Block was leased to Goisu Realty (a unit of Sumitomo) for 80 years for Rs 2,238 crore, [MMRDA](#) said after its meeting on Monday, which was chaired by Maharashtra chief minister Devendra Fadnavis.

“We expect more and more [companies](#) to show enthusiasm towards the ever developing BKC,” Fadanvis said.

BKC did not see any major land deal since 2008. In 2016, BKC’s nodal agency [MMRDA](#) withdrew the bid to auction a three-acre plot. [MMRDA](#) had set a reserve price of Rs 1,500 for the plot or Rs 500 crore per acre.

RECENT BIG LAND DEALS

City	Buyer	Seller	Area (acres)	Price (₹ crore)
Mumbai	Sumitomo	MMRDA	3.00	2,238
Gurugram	DLF	HSIDC	11.76	1,496
Mumbai	Runwal	CCI	8.00	530
Mumbai	Godrej Properties	RK Studios	2.00	185

According to analysts, Mumbai is seeing expensive land deals despite lacklustre home sales. The Runwal Group recently entered into an agreement with Cable Corporation of India (CCI) to acquire an eight-acre land parcel for Rs 530 crore (Rs 66.3 crore per acre) in Borivali in the Western suburbs of Mumbai. According to a report released by ICICI Securities recently, Runwal's deal with CCI is more expensive than Oberoi Realty's purchase of 25 acres' land for Rs 1200 crore (Rs 48 crore per acre) in the same area in 2015.

Among other costly deals, it also mentioned Godrej Properties' recent purchase of RK Studios' two-acre land in Chembur in Central Mumbai for Rs 185 crore. Also, there is the Runwal Group's project for 13 acres located adjacent to its Runwal Bliss project in Kanjur Marg (Eastern suburbs). It is expected to be completed for Rs 500 crore.

“While the number for recent land deals point to prices sustaining, there is still limited clarity on the funding of structures for these deals. Many deals may involve staggered payment for the land subject to certain land conversion/project approvals being received,” said Adhidev Chattopadhyay, analyst at ICICI Securities.

Chattopadhyay added that in many cases, the buyer of the land may take on the existing debt of the seller in that project and adjust it against the cost of purchase. Or, the buyer may have to sign an agreement so that he can arrange for funding in the next 6-12 months.
