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NEWS / CITY NEWS / MUMBAI NEWS / Japanese MNC Bids Record Rs 2,238 Crore For Three-Acre BKC Plot

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Japanese MNC bids record Rs 2,238 crore for three-acre BKC plot

Nauzer Bharucha & Bobby Kurian / TNN / Updated: Jun 25, 2019, 11:24 IST



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Japanese conglomerate Sumitomo has submitted a whopping bid of Rs 2,238 crore for a three-acre plot in Bandra-Kurla Complex

KEY HIGHLIGHTS

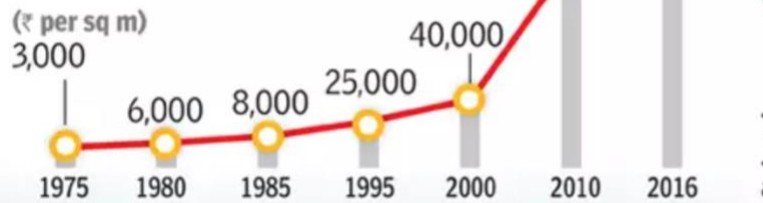
- A senior officer of the Mumbai Metropolitan Region Development Authority (MMRDA) said Sumitomo's was the sole bid submitted. "We are currently processing the bid," he told TOI.
- The plot bordering Jio Garden, along with two others, were put on the block several months ago but had found no takers as local developers face a liquidity crunch because of a stagnant property market.

MUMBAI: Japanese conglomerate Sumitomo has shaken Mumbai's dormant property market by submitting a whopping bid of Rs 2,238 crore for a three-acre plot in Bandra-Kurla Complex. It works out to around Rs 745 crore per acre, which is perhaps the largest land deal in the country per acre, said real estate sources.

A senior officer of the [Mumbai Metropolitan Region Development Authority](#) (MMRDA) said Sumitomo's was the sole bid submitted. "We are currently processing the bid," he told TOI.

THE RISE AND RISE OF BKC

A mosquito-infested marshy swamp just 40 years ago, Bandra-Kurla Complex (BKC) is today a thriving commercial-cum-residential centre with gleaming office buildings and fancy housing towers. And the growth story is reflected loud and clear in the **land price**



The 3-acre plot that a Japanese firm bought at a record ₹745cr/acre



SOME BIG LAND DEALS IN MUMBAI



2010 | Lodha Group bids ₹4,050 crore for 6.2 acres in Wadala

**Around
₹653cr/acre**

2007 | Purnendu Chatterjee-promoted TCG Urban Infrastructure and Hiranandani Group pays ₹1,041 crore for a two-acre BKC plot

**Around
₹520cr/acre**

Nov 2007 | Wadhwa Group bids ₹831 crore for plot measuring under two acres in BKC

2006 | Reliance bids ₹1,104 crore for 18-acre plot in BKC for building its convention centre

**Around
₹62cr/acre**

BKC's Evolution

1970 | Reclamation begins

1980 | Reclamation over. MMRDA offers land to govt departments

1980-90 | RBI, I-T, MMRDA open offices. Family court moves in

1990-2000 | Major banks buy land

2000-10 | Consulates move in

2010-18 | Diamond bourse opens. US Consulate moves in. Residential towers start coming up. Mumbai Cricket Association's centre set up

The plot bordering Jio Garden, along with two others, were put on the block several months ago but had found no takers as local developers face a liquidity crunch because of a stagnant property market.

"Sumitomo has paid an insane price, but it is obvious it wants a presence in a prime commercial enclave like the BKC," said an expert who tracks the property market. The reserve price for the plot was fixed at Rs 3.44 lakh per sq m.

In 2010, the Lodha Group had offered the highest bid of Rs 4,050 crore for MMRDA's 6.2-acre plot in Wadala. It worked out to Rs 653 crore per acre. However, the payment was spread in instalments over five years.

Mega BKC deal could perk up sluggish property market

The MMRDA official said Sumitomo will be entitled to use a floor space index (FSI) 4 on the plot, allowing it a built-up area of close to 10 lakh sq ft.

The diversified business giant plans to build a commercial office complex, which might house its Indian units as well. The bid may be routed through Sumitomo's real estate company, which wants to tap into the country's burgeoning rent-yielding office parks. Several global investors such as Blackstone, Brookfield, GIC of Singapore and Qatar Investment Authority have poured significant investments into buying income-generating office parks, which ride on the robust Indian services economy.

There is also the angle of growing economic and business ties between India under Modi and Japan's Shinzo Abe. And Sumitomo, being one of the oldest business groups in Japan, could be one of anchors of the expanding ties.

Several of Sumitomo's businesses have an Indian footprint, including [Sumitomo Mitsui Financial Group](#), NEC Corporation and Nippon Steel (which along with Arcelor Mittal bid for Essar Steel), among others. Sumitomo also owns Mazda Motors globally.

The deal has the potential to perk up Mumbai's sluggish real estate market, where most developers have struggled with tepid home sales for several years now. The unfolding liquidity squeeze, triggered by the NBFC rout, has made the outlook more sombre for real estate sector.

There are over 300 buildings in BKC, which have come up in phases since the mid-1980s. It was in 1977 that the state government decided to develop BKC into a commercial hub to decongest the overcrowded island city, especially the southern tip of Nariman Point. A government report said the region, hemmed in by the Western Railway tracks to the west, the airport to the north, LBS Marg to the east and the Mahim Creek to the south, would probably furnish the "best location for... an alternative centre of business".

The then Bombay Metropolitan Region and Development Authority was given the task of turning it into one. A series of land surveys and feasibility studies later, work commenced on the project in 1982-83 but gathered momentum in the early 1990s. Today, besides office towers, it is a lucrative residential destination too.
