

The background of the entire page is a photograph of a modern, multi-story building with a glass and white facade, viewed from a low angle looking up. A large, solid green rectangular block is positioned on the right side of the page, partially overlapping the building image. To the left of this green block, there is a white rectangular area containing a grid of small red dots.

NATIONAL PRICE RISE IMPACT STUDY 2022



ABOUT CREDAI

The Confederation of Real Estate Developers Associations of India (CREDAI) is the apex body of private Real Estate developers in India, established in 1999, with a vision of transforming the landscape of Indian Real Estate industry and a mandate to pursue the cause of Housing and Habitat. Today, CREDAI represents 13,000+ developers across 221 city chapters in 21 states and plays an important role in policy formulation by representing the views of its members to various Ministries at regular intervals.

CREDAI strives to make the Real Estate industry organized and progressive by working closely with all stakeholders: Government representatives, policy makers, investors, finance companies, consumers, and real estate professionals. CREDAI is a recognized partner for the Government and is represented on several committees working in policy formulation. CREDAI engages in policy advocacy with the Government including Ministry of Housing and Urban Affairs, Ministry of Environment, Forests and Climate Change, Ministry of Finance, Ministry of Civil Aviation, Ministry of Skill Development & Entrepreneurship, Ministry of Labour & Employment and with agencies like Bureau of Indian Standards (BIS), Bureau of Energy Efficiency (BEE), NITI Aayog and others.

CREDAI also works on a social development agenda focused on welfare of construction workers through its skill development initiative and encourages its members to take up environment friendly construction practices.

PRESIDENT'S MESSAGE



There has been a steady increase in the prices of construction raw materials in the last 2 years. The prices further aggravated due to the on-going Ukraine-Russia war. The oil prices in the international markets are all time high including the Indian market and this has further added to the escalation of the prices.

In response to an outcry from majority of real estate developers, CREDAI undertook a survey among its member developers to understand the impact and implications of price hike on the real estate sector. Approximately 1,900 CREDAI members participated in the survey from various cities of the country, and the sentiment of the majority has been, there is a direct increase of approximately 20% in construction costs due to the increase in prices of construction materials which will impact the real estate selling prices.

I thank my fellow developers for participating in the survey and sharing their valuable feedback. The studies & surveys help us understand the challenges faced by members & take up the issues with the relevant ministries.

I am sure that you will find this survey report enriching & useful.

A handwritten signature in black ink, reading "Harsh Vardhan Patodia".

HARSH VARDHAN PATODIA

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RESEARCH METHODOLOGY

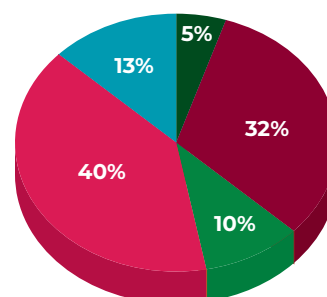
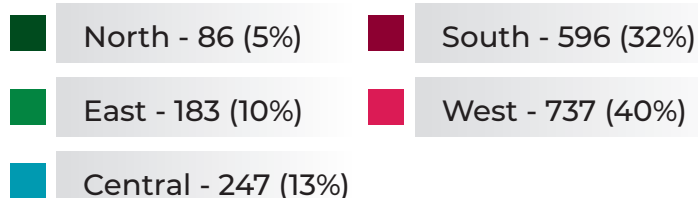
Period of Study:

29th March, 2022 to 11th April, 2022

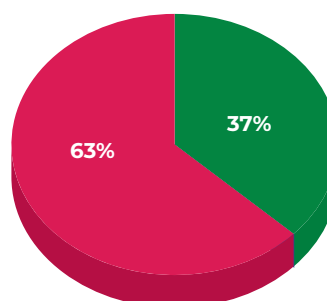
Sample Size:

1,849 Respondents

Respondents from Zone:



Respondents from Cities:



Questionnaire Type:

Close and Open Ended

Analysis Done:

National: PAN India Analysis of all 1,849 Respondents

State Analysis: 21 States

ZONAL CLASSIFICATION

NORTH ZONE

Delhi (NCR), Punjab, Haryana, Chandigarh, Uttarakhand, Jammu & Kashmir, Himachal Pradesh & Uttar Pradesh

SOUTH ZONE

Andhra Pradesh, Tamil Nadu, Telangana, Karnataka, Kerala, Andaman & Nicobar, Lakshadweep & Pondicherry

EAST ZONE

West Bengal, Assam, Arunachal Pradesh, Meghalaya, Jharkhand, Bihar, Manipur, Mizoram, Nagaland, Sikkim, Tripura & Odisha

WEST ZONE

Maharashtra, Goa, Dadra & Nagar Haveli, Daman & Diu

CENTRAL ZONE

Rajasthan, Madhya Pradesh, Chhattisgarh & Gujarat

QUESTIONNAIRE

Cost of construction has increased by how much % due to the recently continuously rising building material prices?

Upto 10%

10 - 20%

20 - 30%

More than 30%

As a result of the above, how much rise do you foresee in sale price?

No increase

Upto 10%

10 - 20%

20 - 30%

More than 30%

What is your expectation from the Government?

Government should intervene/ exercise control on building material prices

GST input credit on building material

Incentivise/ subsidise customers through stamp duty discount/ waiver etc.

Reducing interest rates

All of the above

Will you be able to sustain and deliver the project if no immediate measures are taken to provide relief?

Yes, but project will be delayed

Yes, will be able to sustain/ deliver in time

No, won't be able to sustain/ deliver

Will you be forced to temporarily stop procurement and shut construction sites if no solution is available immediately?

Yes

No

What's the most likely immediate impact due to the continuous price rise of building material?

Home buyers will have to pay more

Labour unemployment due to stoppage of work

Both

How many more months will you be able to continue your projects in case raw material prices do not correct?

Less than 1 month

1 - 3 months

3 - 6 months

Until completion

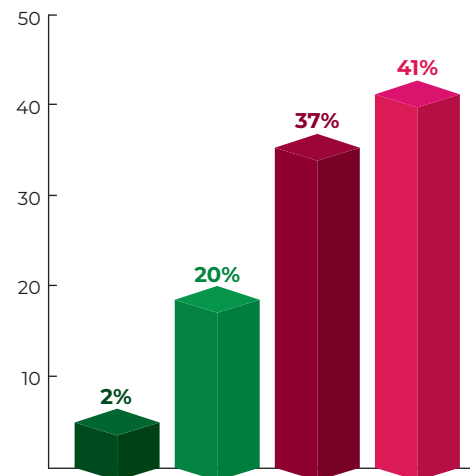
NATIONAL ANALYSIS

Respondents: 1,849 (Developers of CREDAI National)

- **78%** Developers have suggested that cost of construction has increased by more than 20% due to the recently continuously rising building material prices
- **65%** Developers foresee more than 10% price rise in sale prices
- **CREDAI** Developers expect the below from the Government:
 1. Government should intervene/ exercise control on building material prices
 2. GST input credit on building material
 3. Incentivise/ subsidise customers through stamp duty discount/ waiver
 4. Reducing interest rates
- **39%** Developers won't be able to sustain and deliver the project if no immediate measures are taken to provide relief
- **46%** Developers will be able to sustain and deliver the project if no immediate measures are taken to provide relief, however they anticipate a delay in delivery
- **66%** Developers feel forced to temporarily stop procurement and shut construction sites if no solution is available immediately
- **76%** Developers believe that both labour unemployment and increased prices for home buyers are the most likely immediate impacts due to the continuous price rise of building material
- **76%** Developers will be able to continue their projects only upto a maximum of 6 months in case raw material prices do not correct and reduce from current levels

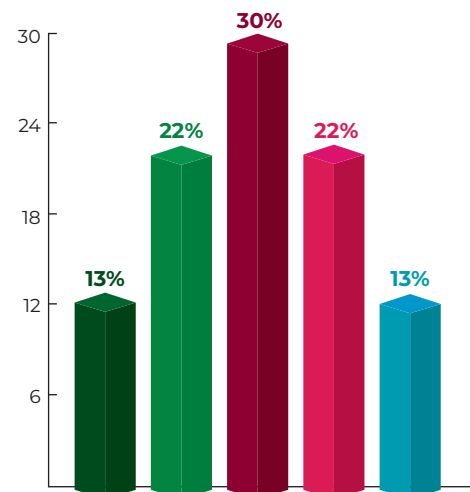
Cost of construction has increased by how much % due to the recently continuously rising building material prices?

- Upto 10% - 32 (2%)
- 10 - 20% - 361 (20%)
- 20 - 30% - 689 (37%)
- More than 30% - 767 (41%)



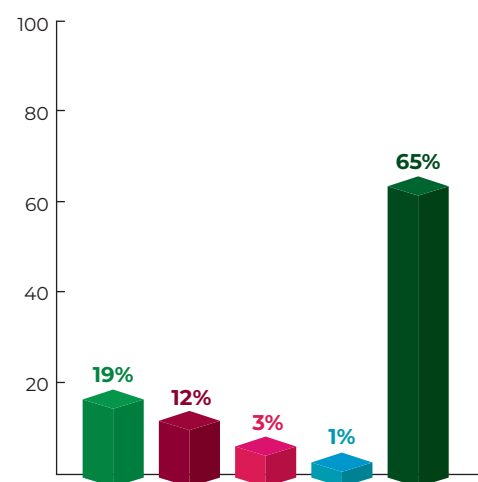
As a result of the increase in raw material prices, how much rise do you foresee in sale price?

- No increase - 248 (13%)
- Upto 10% - 403 (22%)
- 10 - 20% - 549 (30%)
- 20 - 30% - 411 (22%)
- More than 30% - 238 (13%)



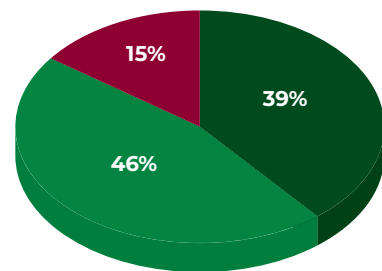
What is your expectation from the Government?

- Govt. Intervention - 350 (19%)
- GST - 226 (12%)
- Customer - 49 (3%)
- Reducing IR - 16 (1%)
- All of the above - 1,208 (65%)



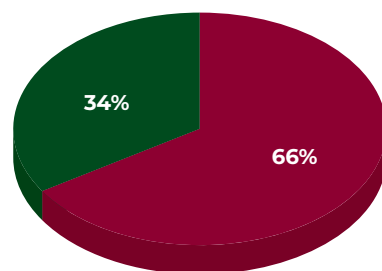
Will you be able to sustain and deliver the project if no immediate measures are taken to provide relief?

- Yes, but project will be delayed - 712 (39%)
- Yes, will be able to sustain/ deliver in time - 847 (46%)
- No, won't be able to sustain/ deliver - 290 (15%)



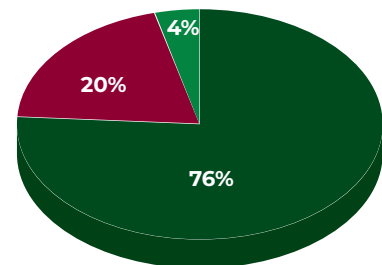
Will you be forced to temporarily stop procurement and shut construction sites if no solution is available immediately?

- No - 630 (34%)
- Yes - 1,219 (66%)



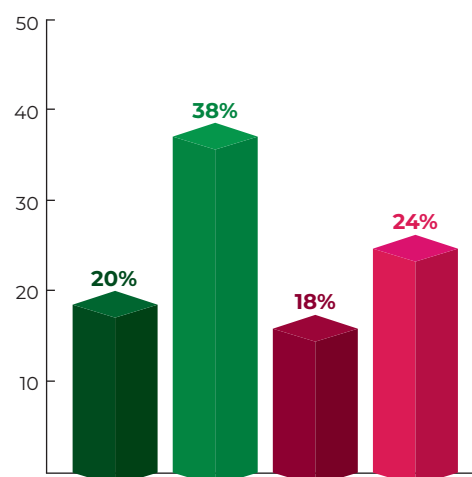
What's the most likely immediate impact due to the continuous price rise of building material?

- Home buyers will have to pay more - 362 (20%)
- Labour unemployment due to stoppage of work - 76 (4%)
- Both - 1,411 (76%)



How many more months will you be able to continue your projects in case raw material prices do not correct?

- Less than 1 month - 369 (20%)
- 1-3 months - 701 (38%)
- 3-6 months - 342 (18%)
- Until completion - 437 (24%)



LEADERSHIP



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PRESIDENT ELECT



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