

Housing construction

Industry Code (as per CMIE Prowess): 0101060101000000'

June 2022

Overall Industry Risk Score: **13/20 | Marginally Favourable**

Sample Size: 24 Companies

Median Rating Value of sample size: A-

Individual Parameters Contributing to the Score

Demand & Supply Balance



8/20

Moderate Over Supply

The unsold inventory across eight major cities of the country stood at ~ 9 lac units as of March 2022 as compared to ~7 lac units in March 2021. The residential sales during Q4FY22 showed a significant improvement of 71% from ~58 thousand units in Q4FY21 as compared to ~99 thousand units in Q4FY22. The overall recovery in economic activity coupled with incentives provided by the central and the state governments particularly to promote affordable housing are likely to lead to a recovery in the sector. Various resolution plans are also being worked out for projects which have got stuck due to funding constraints.

Extent of Competition



12/20

Neutral

The industry has been fragmented & also localised in nature. The enactment of legislations like RERA is setting the tone for sector to get organised. The emergence of pan India players and increasing number of players attracting investment from marquee investors is a key development.

Regulatory Risk



16/20

Stable Regulatory environment

Introduction of RERA 2018 for improving transparency has made the sector favourable for the end customers. The reduction of GST rate earlier and recently, the stamp duties in some states is favourable for this industry. However, the funding to the real estate sector from the banking sector continues to be a significant constraint, given that the funds from the non-banking sector have slowed down in the last 2 years.

Input Related Risk



16/20

No supply disruptions / very narrow price band or fluctuations

Largely, the labour availability issues have been addressed for housing construction but there is a risk of an increase in prices of commodities such as steel and cement in the near to medium term.