Sunteck to Brigade, major listed realtors hike residential prices by 10%

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Bengaluru-based developer Puravankara has initiated a similar increase in prices

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Major property developers in the country have increased residential prices by 8-10 per cent due to rise in input prices, such as cement, steel and so on.

For instance, Mumbai-based Sunteck Realty has increased prices across its projects by an average 8-10 per cent over the past few months, said its Chairman and Managing Director (MD) Kamal Khetan.

“Higher input costs of materials like cement and steel have led to a marginal increase in price,” said Khetan. Cement and steel prices have risen by 50 per cent in the past six months, said realtors.

Khetan said its buyers appreciate the company’s locations, product quality design, and pace of construction. “We have not seen any depression in demand after the marginal price hike,” said Khetan.

Bengaluru-based Brigade Enterprises has increased prices by 10 per cent in projects where it has received good response; otherwise the increase has been 2-5 per cent, said Pavitra Shankar, executive director, Brigade Enterprises. “The cost of doing business has increased — be it due to inflation in commodities like fuel and steel, goods and services tax regime changes, Real Estate (Regulation and Development) Act compliance, or ensuring extra safe workspaces and vaccinations for all workers,” said Shankar.

Shankar said buyers are willing to spend more if they get the right product from the right developers.

Another Bengaluru-based developer Puravankara has initiated a similar increase in prices. “The real estate sector also witnessed an increased consolidation of branded realty players and unpredictability in the prices of primary raw materials. These factors may have contributed to a judicious price hike between 2 per cent and 5 per cent across our projects in Puravankara and Provident Housing,” said Ashish R Puravankara, MD, Puravankara.

DLF, the country's largest developer, however, increased prices for its yards and independent floors by higher margins due to huge demand, said sources in the know. The spokesperson for DLF did not comment, saying the company is in a silent period ahead of its earnings.

For instance, the prices of its plots in Gurugram have gone up from Rs 1.5 lakh per square (sq.) yard (Rs 16,666 per sq. feet) to Rs 2.25 lakh per sq. yard (Rs 25,000 per sq. feet) within six to eight months, indicating a rise of 50 per cent, said sources.

The prices of its independent floors have gone up from Rs 2.75 crore for 316 sq. yards to Rs 3.75 crore for 500 sq. yards since October last year, added sources.

Tata Realty and Infrastructure (TRIL) has increased prices by 1-3 per cent across its 11 projects. "Serious buyers are fine with the increase. They see value in our projects," said Sanjay Dutt, MD and chief executive officer at TRIL.

Mumbai-based Oberoi Realty has not increased prices yet but might do so at some point in time, said its Chairman Vikas Oberoi. "Commodities are at an all-time high and input costs are going up," said Oberoi.

Anuj Puri, chairman of Anarock Property Consultants, said despite demand being low because of the second wave of the Covid-19 pandemic, the overall operating costs for developers have also gone up in the last few months, with many offering safety protocols to their workers on site and taking care of their vaccinations and other medical needs.

"Additionally, in the last one year, amid offers and discounts, many developers saw their stock getting cleared after housing demand surged during the pandemic, thus giving them the leverage to increase prices. This has ultimately caused some developers to increase prices," said Puri.

Property consultant Knight Frank on Thursday said the price levels in four of the eight markets were observed to remain at the same level or grew marginally year-on-year in the first half (H1) of 2021.