

Q4 of FY21 sees recovery in housing prices as pandemic tapers: CARE Ratings

All India Housing Price Index rose 2.7% YoY in Q4FY21. Going forward, movement in HPI would be influenced by demand-side factors as well as inventory levels

Raghavendra Kamath | Mumbai June 23, 2021 Last Updated at 19:42 IST



Photo: Bloomberg

Housing prices appeared to be recovering in Q4 of FY21 as the economy emerged gradually from the pandemic, CARE Ratings said today.

The All India Housing Price Index moved at a rate of 2.7 per cent YoY in Q4FY21 to 285.1, from 278.1 in Q4FY20. This growth the RBI HPI was apparently a major step in upwards, as it had risen from 1.1 per cent in Q2 to 2.2 per cent in Q3 of the year.

However, the second wave that came in April disrupted the sector. While some pent-up demand could emerge during the year, the impact on prices in FY22 would tend moderate, it said.

Going forward, the movement in HPI would be influenced by demand-side factors as well as inventory levels. Relief provided on the supply side, such as stamp duty and other facilities by the government for the real estate sector as part of the Atmanirbhar package will also influence the prices to an extent.

But more importantly, the cost factor will weigh heavily on this sector. There are countering factors at work and the rating firm expects that for the year, the ability of the sector to push prices beyond 2-3 per cent may not be possible.

This too will not be evenly spread across cities and the larger cities like Mumbai, Delhi, Kolkata and Chennai could remain relatively flat with virtually no growth, CARE Ratings said.

Growth in HPI across cities in Q4

Metro cities