

Expectations for construction activity remain strongly positive

- **Total workloads remain firm in Q2**
- **Output, employment and profit margins are all expected to increase further over the next twelve months**
- **Skill shortages continue to be a key issue for the sector**

The Q2 2013 RICS India Construction Market Survey shows that total workloads* at the headline level rose further, with the net balance improving from +16 to +25 despite the more challenging macro-economic environment. Significantly, respondents in the private housing category were most positive but workloads appear to be rising in most sectors including both commercial and infrastructure. A noticeable exception is the private industrial sector although even here, the decline was more modest than in the preceding three month period.

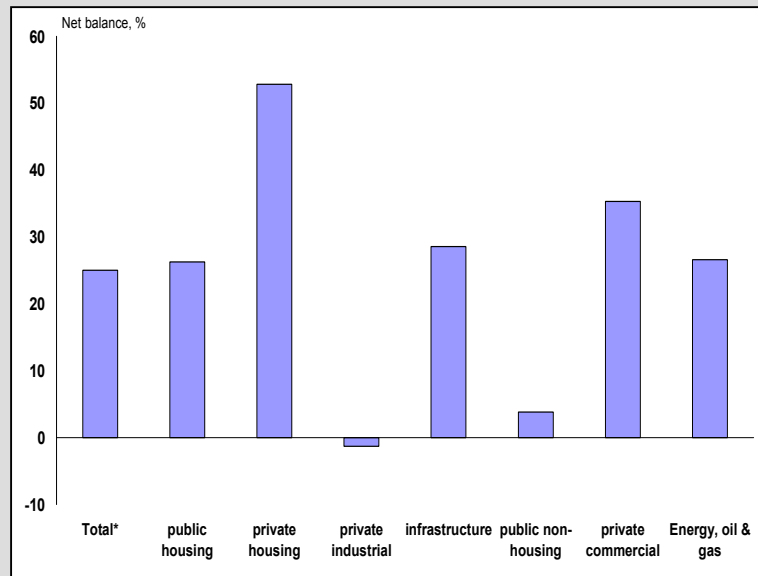
Looking forward, respondents to the survey remain generally upbeat. Workloads are expected to continue increasing at a healthy pace over the next twelve months with the numbers for both employment and profit margins more upbeat than in the first quarter. The average anticipated increase in construction output over the next twelve months according to contributors to this survey is around 7% while the rise in employment and profit margins is put at between 5 and 6%.

Respondents report that a shortage of skilled labour remains the biggest factor limiting activity with almost 90% of respondents highlighting this issue. Other obstacles regularly mentioned by contributors include financial constraints and problems to do with planning and regulation. The survey also reported that skills shortages are still visible across all areas (quantity surveyors, other construction professionals, bricklayers, plasterers, plumbers, carpenters, and electricians).

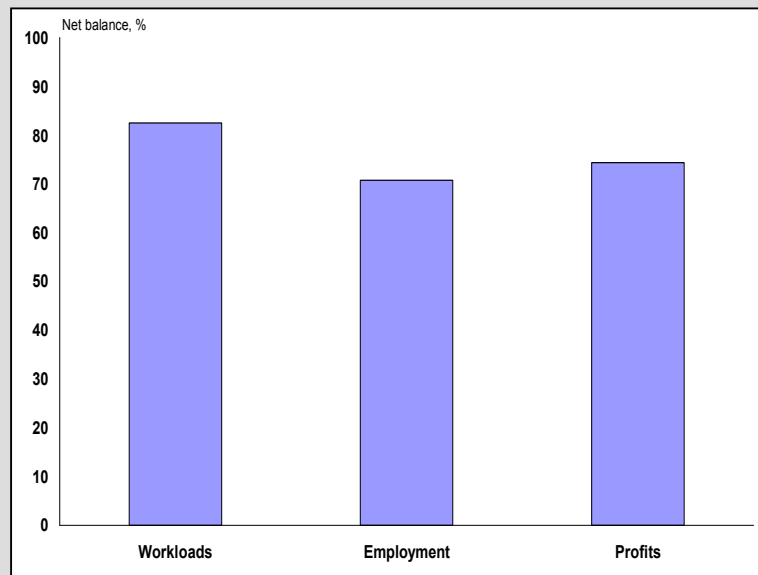
The survey also suggests that sustainability remains an important issue with almost 40% more responses suggesting that clients will increase their budget allocations in this area than reduce them. Finally, in response to the question on the prevalence of Building Information Modelling (BIM), the results show that around one-third of those completing the survey have increased their usage of BIM compared with the preceding quarter. Significantly, this is most visible in the areas of design and cost management.

***The headline net balance for total construction workloads is an unweighted average and the number is obtained by taking the average of all of the sectors (in net balance terms) covered in the survey**

Workloads - last 3 months



Expectations - 12 months ahead

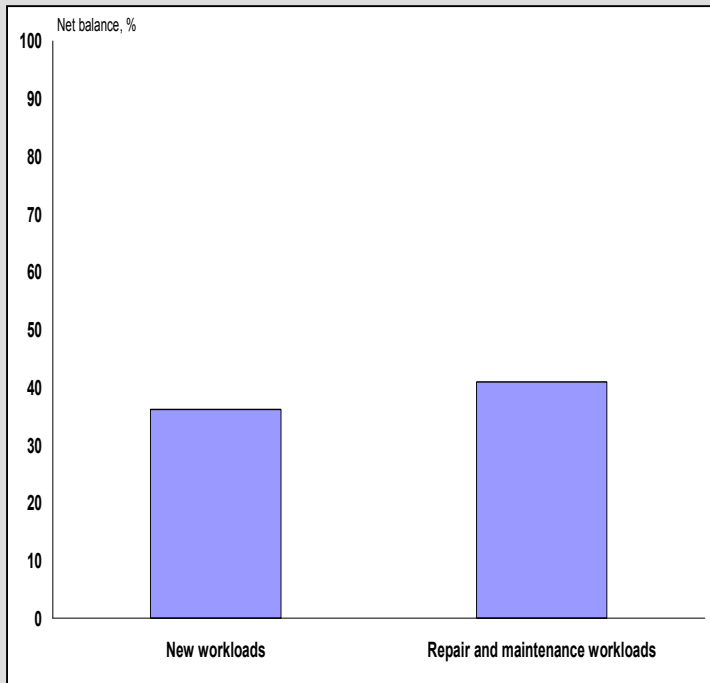


About:

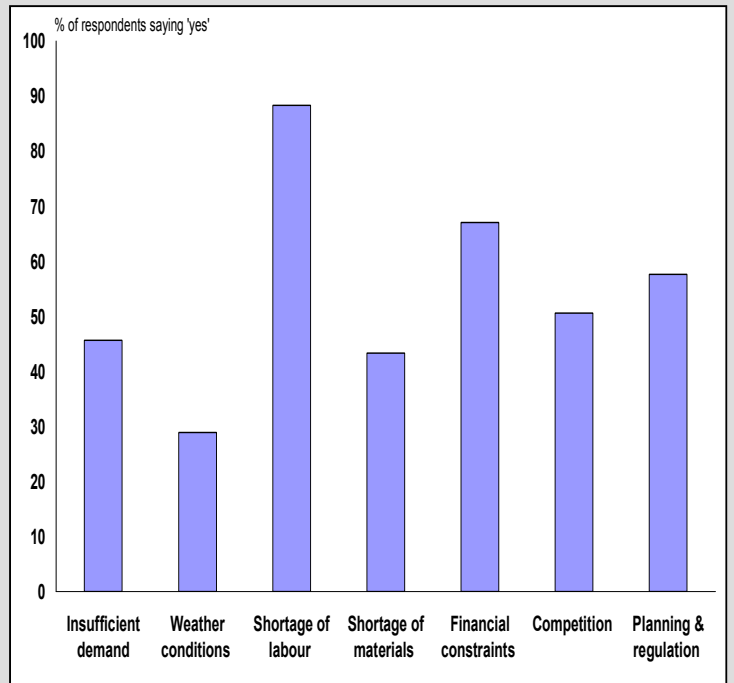
The **RICS India Construction Market Survey** is a quarterly sentiment survey of respondents who operate in the construction market sector. See back page for further details.

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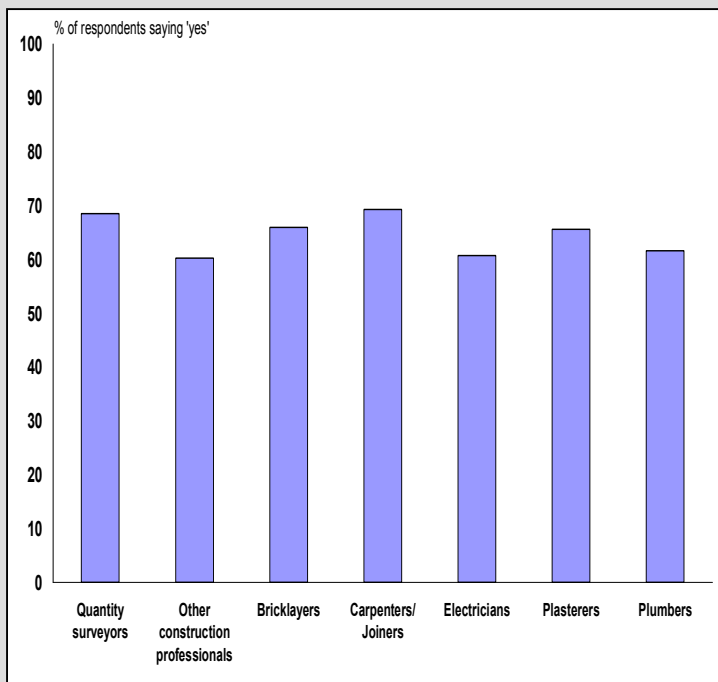
Workloads (New or R&M)



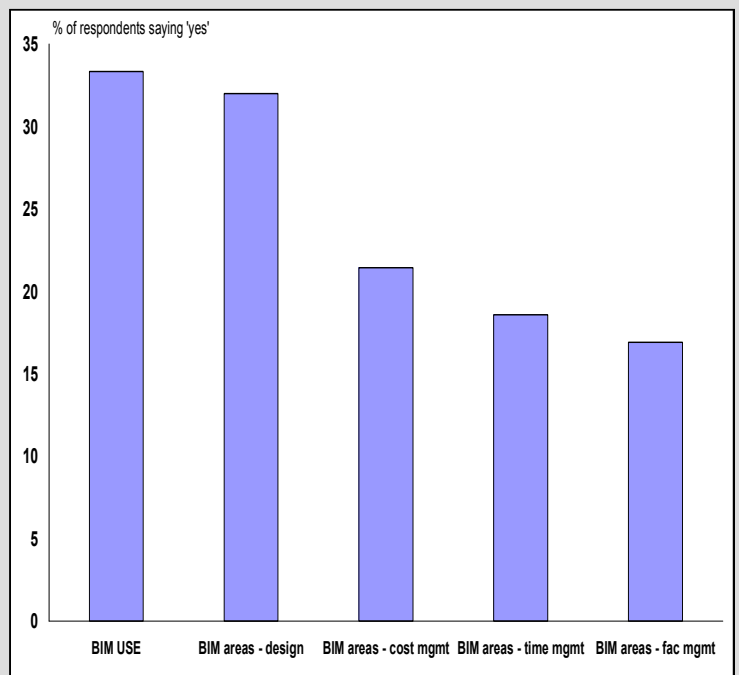
Factors limiting activity



Skills shortages



BIM - change over past 3 months



Notes to editors / Contacts

About:

- The **RICS India Construction Market Survey** is a quarterly sentiment survey of respondents who operate in the construction sector.

Questions asked:

1. How has the level of your company's workload in your area changed, comparing the **latest three months** with the previous three months? (up/ same/ down)
2. How has the level of new enquiries for projects changed from clients, comparing the **latest three months** with the previous three months? (up/ same/down)
3. How have workloads for new developments and repair and maintenance changed comparing the **latest three months** with the previous three months? (up/ same/ down)
4. Main factors currently limiting your building activity?
5. Has your company (or your contractors) experienced skills shortages in your area in the **latest three months**?
6. How have per unit input costs changed, comparing the **latest three months** with the previous three months? (up/ same/ down)
7. For a unit of output, has the price of finished buildings risen, fallen or remained unchanged, comparing the **latest three months** with the previous three months? (up/ same/ down)
8. Has the usage of BIM increased or decreased comparing the **latest three months** with the previous three months?
9. Has the requirement for sustainable solutions increased or decreased comparing the **latest three months** with the previous three months? How many branches do these relate to?
10. Over the **next twelve months**, what change do you predict in these three areas of your company/department's activity? (Workloads, employment, profit margins)?

Net balance data:

- **Net balance = Proportion of surveyors reporting a rise in workloads minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).**

- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.

- Net balance data can range from -100 to +100.

- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.

- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).

- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.

- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

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