



A Perspective from India on Affordable Housing

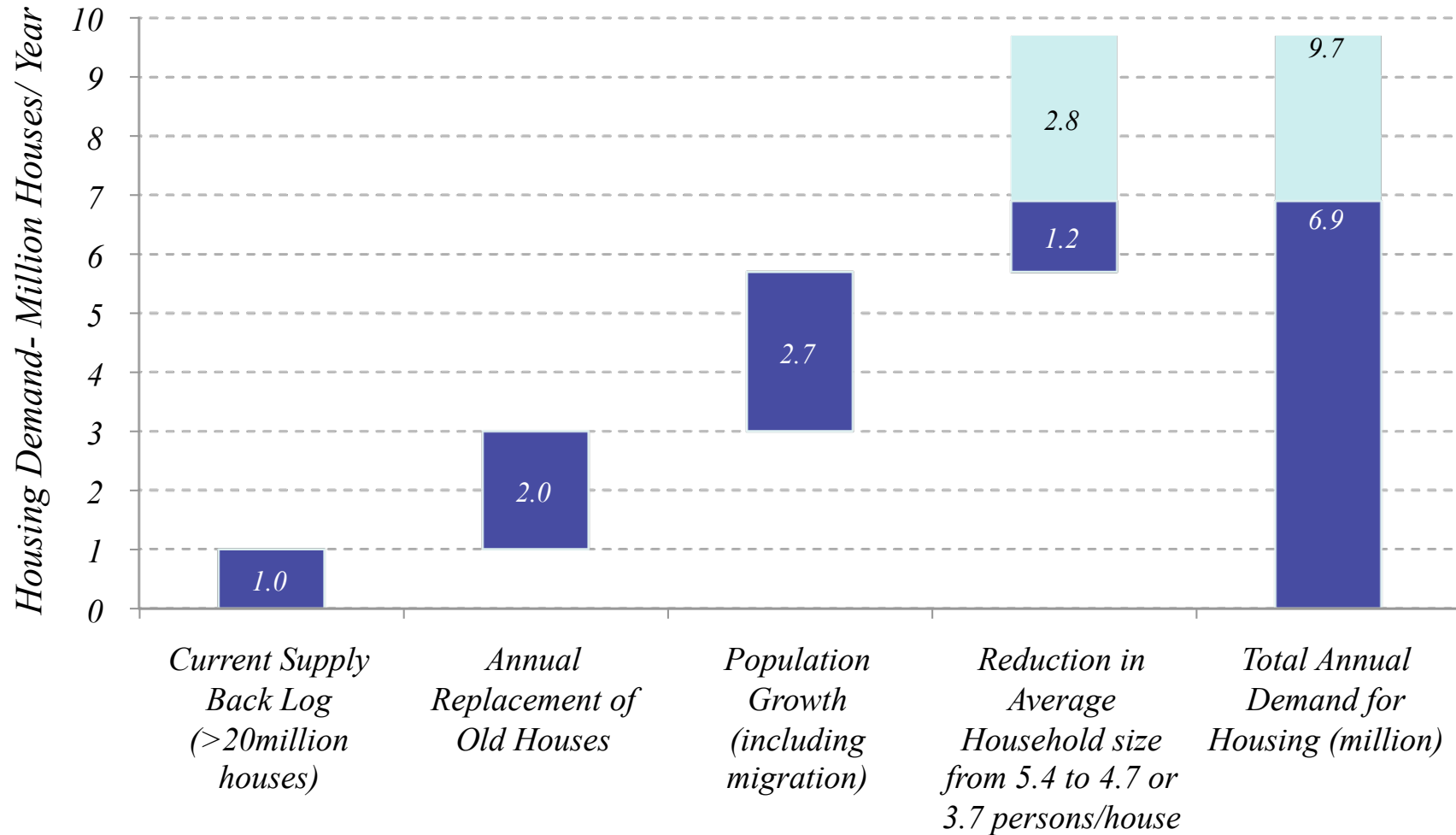
Rajesh Krishnan

The 5<sup>th</sup> Global Housing Finance Conference  
31<sup>st</sup> May 2012

- 1 Challenges to Affordable Housing Supply in India**
- 2 Our Approach to Enable Affordable Development**
- 3 Best practices from Xrbia**
- 4 Project Case Study – Hinjewadi, Pune**

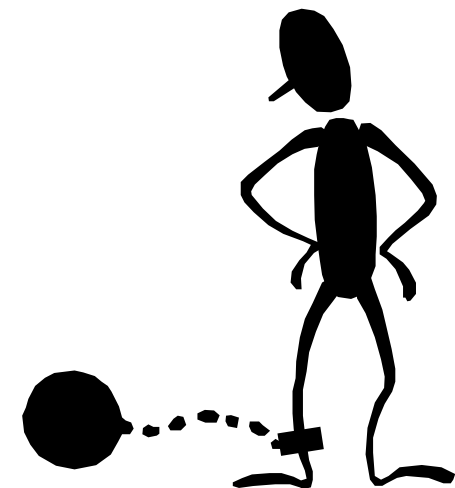
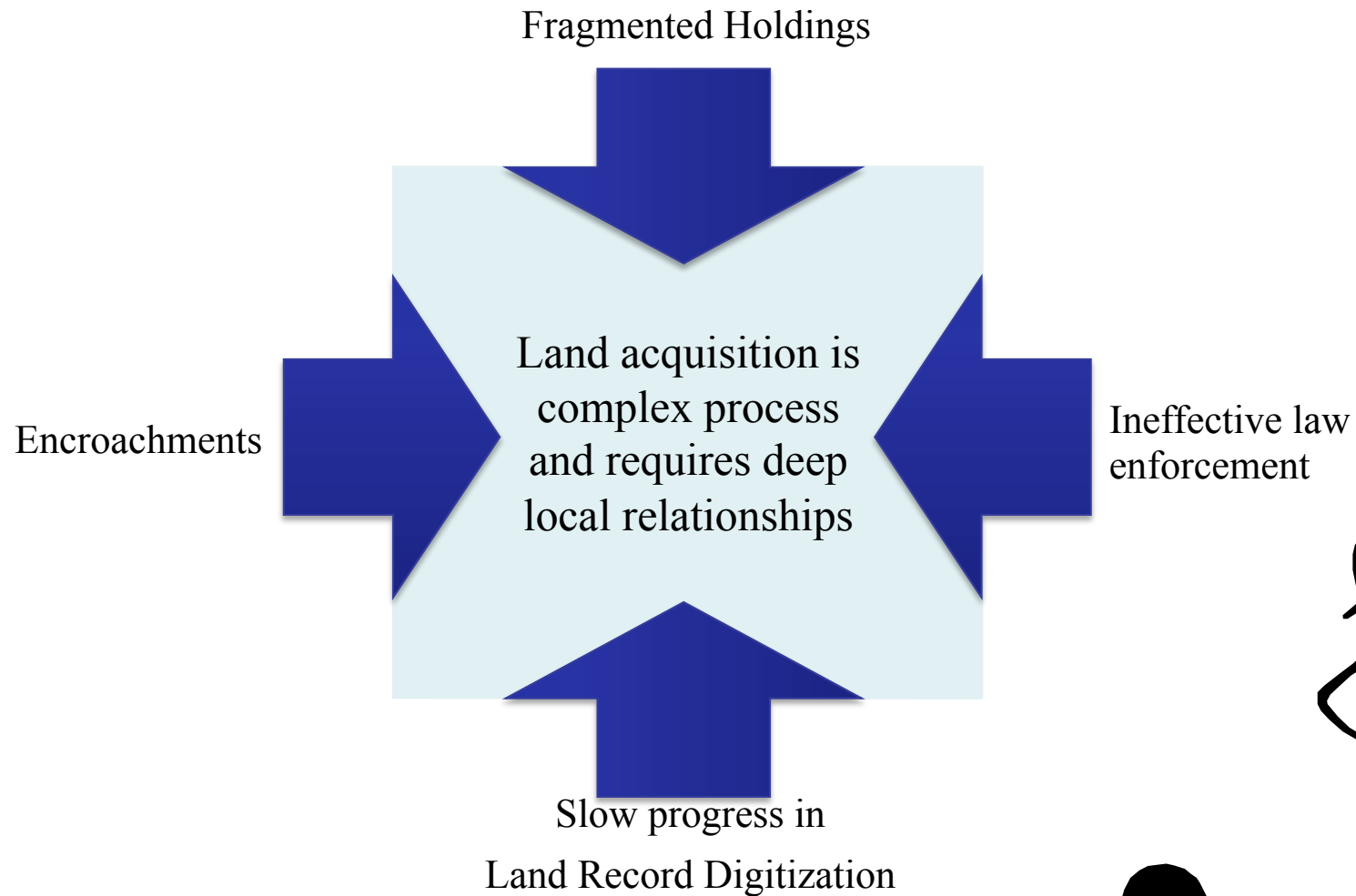


**India needs >6.9 million houses/ year. ~75% of this demand is in the affordable segment**



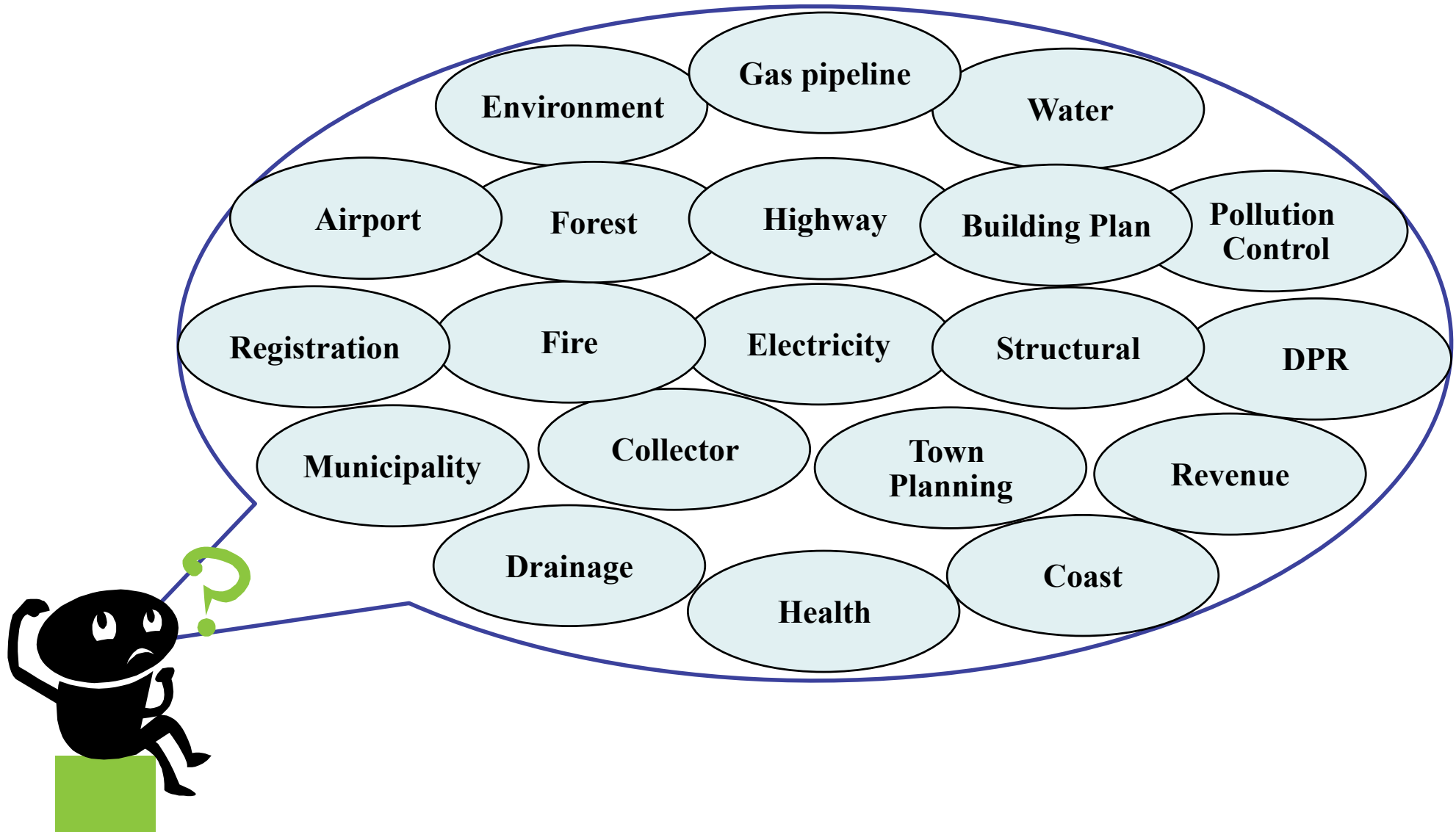
Source: Deutsche Bank Research

**India needs 300,000 acres of land to cater to demand of affordable housing segment**



*Source: Ministry of Housing Poverty and Urban Poverty Alleviation*

Approval process is tedious and can take upto 3 years to receive the necessary 30-70 permissions



Banks don't lend for Land acquisition  
in India



Non-banking financing is  
limited and expensive

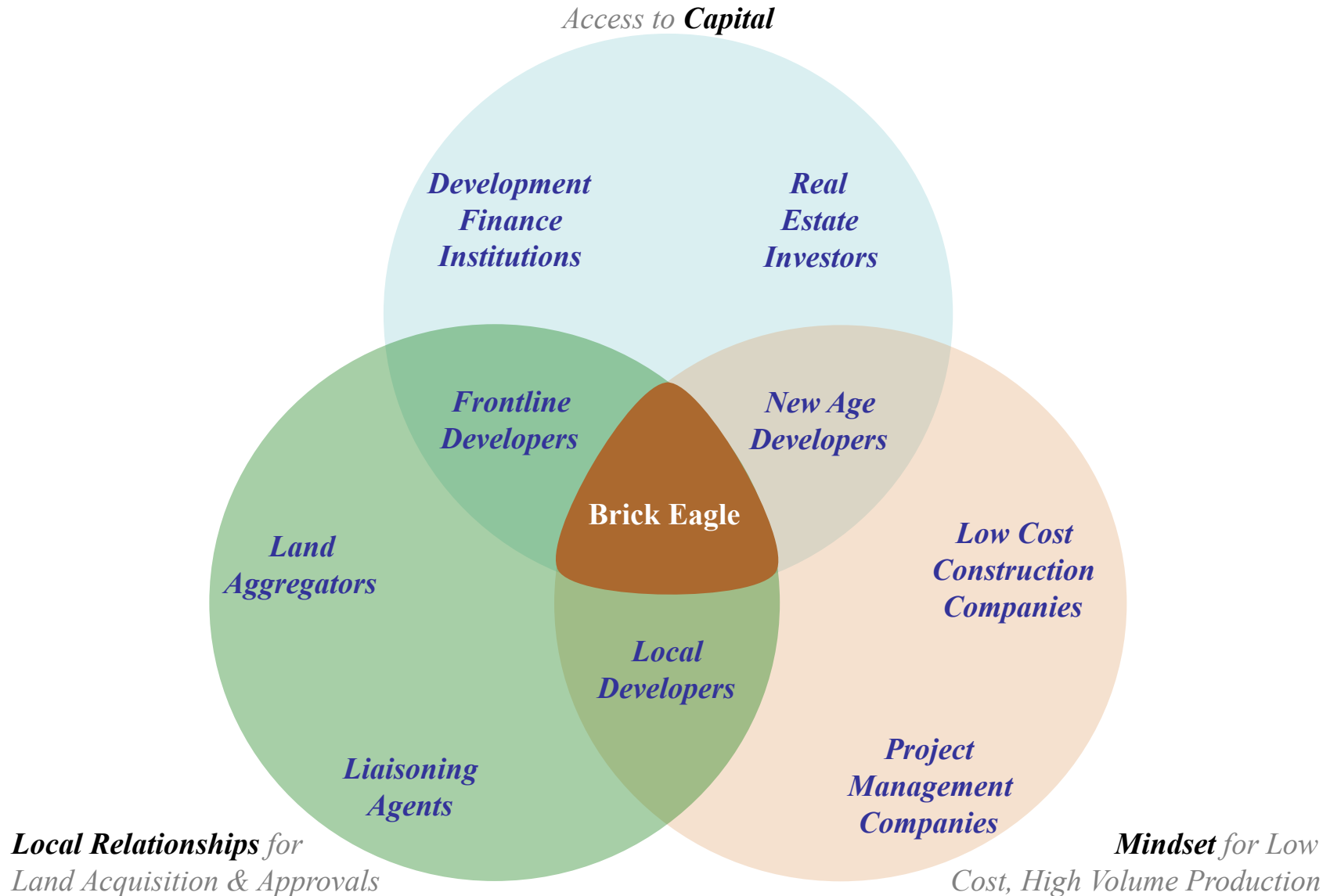
Developer's cost of land finance is  $> 25\%$  p.a

**Affordable Housing becomes unviable if Developers have to fund land acquisitions  
and wait for 3 years to receive all approvals before realizing cashflows**

# Affordable Housing Supply Challenges



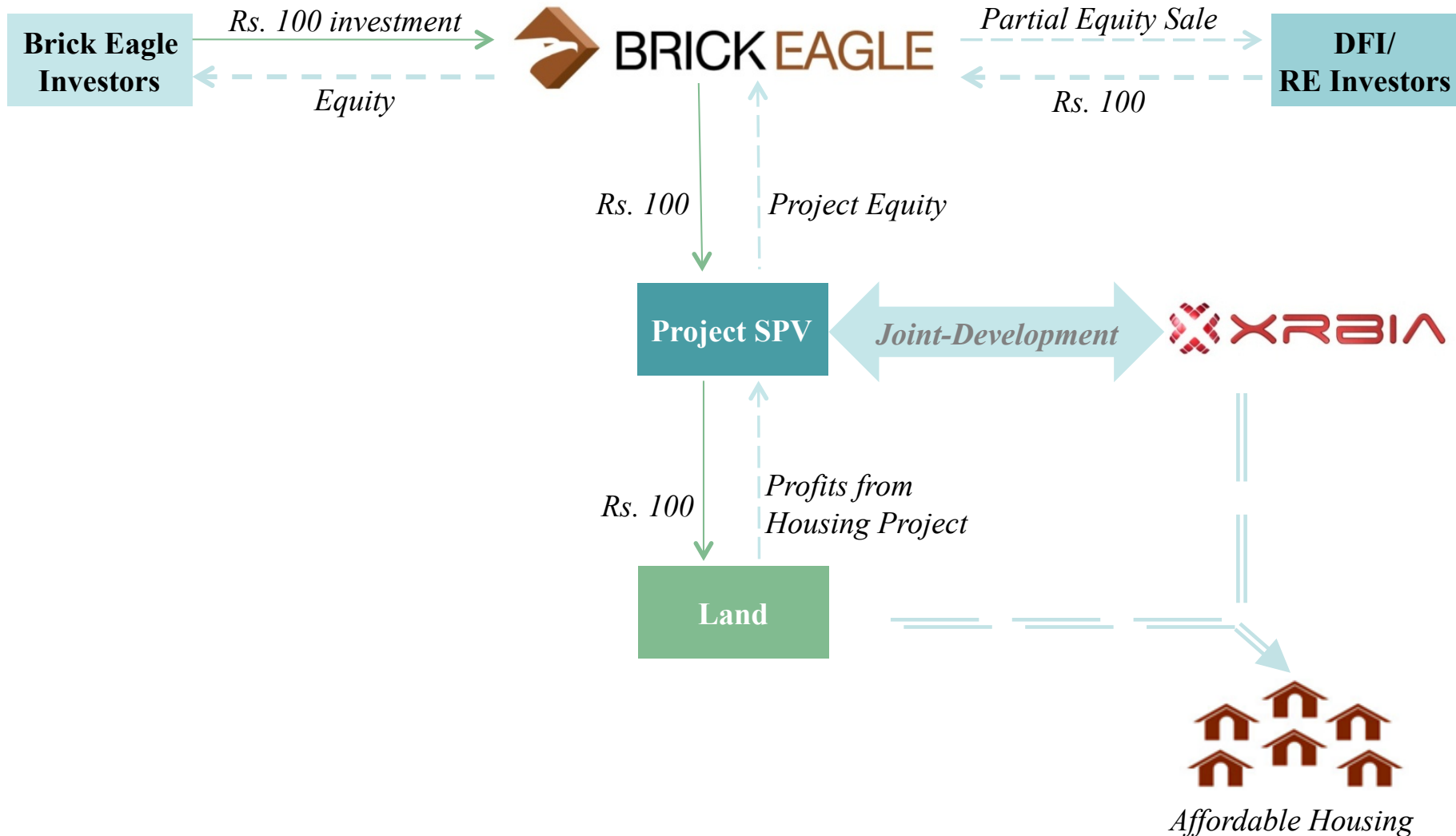
Brick Eagle brings together key ingredients required to enable affordable housing development



# Brick Eagle Business Model



Brick Eagle acquires lands and promotes affordable housing in partnership with developers





# Overcoming 'Cheap' Image Perception



Xrbia branding projects an aspirational lifestyle, shedding the poor quality image of affordable housing

An underwater photograph of a man and a young boy swimming together. The man is in the foreground, swimming towards the right, with the boy on his back. Both are wearing goggles and dark swim trunks. The water is clear and blue, with light rays filtering through from above.

tourism.xrbia.com

THE ONLY NON-BAILABLE  
offence in our country?  
Not wearing  
bermudas on Sundays.

A graphic of a postage stamp. The stamp features the Xrbia logo, a red flower, and the text 'THE REPUBLIC OF XRBIA' around the top edge. A circular postmark is visible over the stamp.

x30

XRBIA

Visas On Arrival

# Modern Compact Design



Our designs are efficient with optimum space utilization, fitting 3 bedrooms comfortably in 550 sq ft



3 BHK Flat Layout: 550 Sq ft (51 sq m)  
Priced at INR 1,100,000 or **USD 20,000/ unit**

Standardization of design and construction technique enables assembly line process for mass production

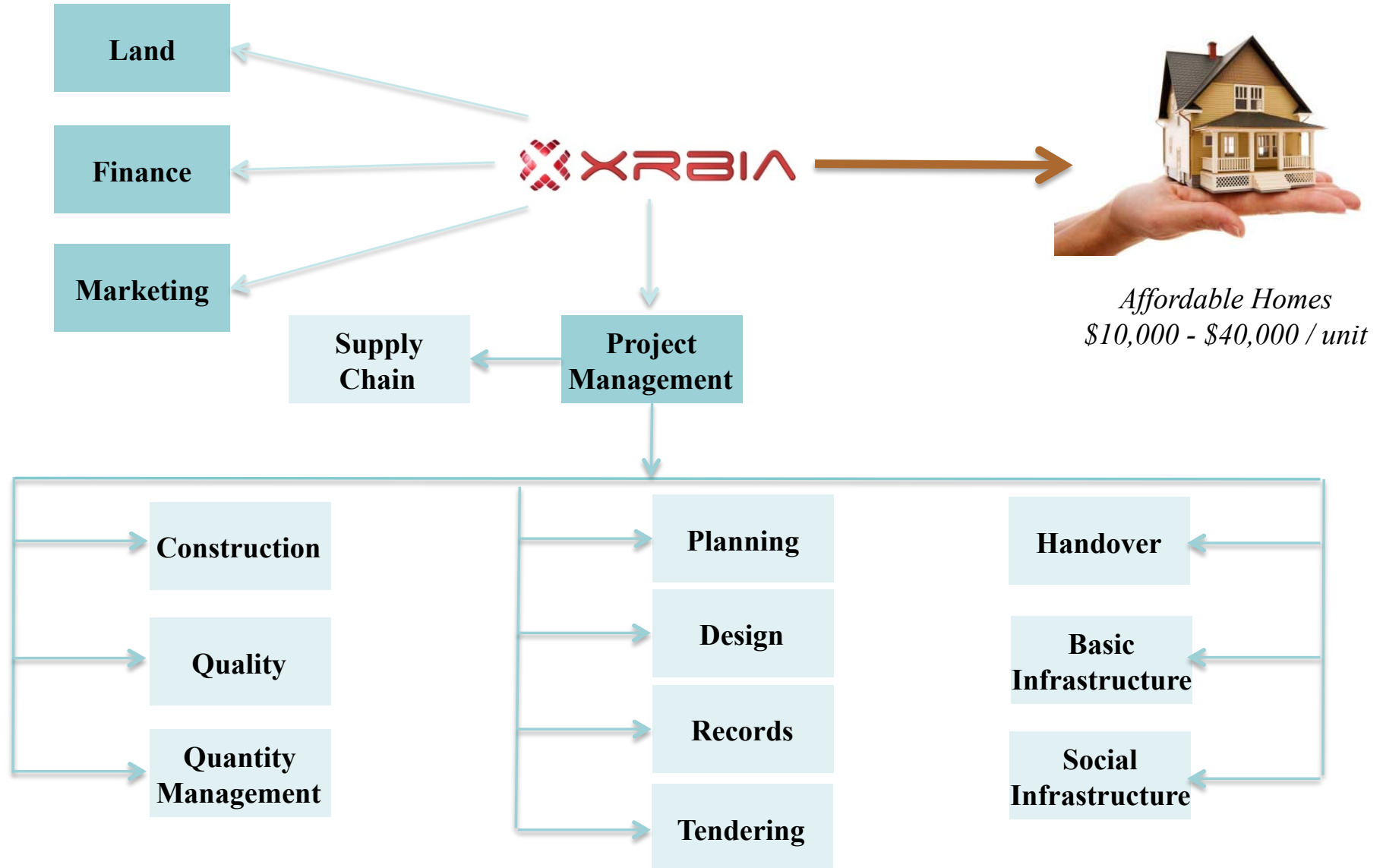


1 BHK Flat Layout: 330 Sq ft (31 sq m)  
Priced at INR 660,000 or **USD 12,000/ unit**



2 BHK Flat Layout: 450 Sq ft (42 sq m)  
Priced at INR 900,000 or **USD 16,400/ unit**

Xrbia achieves scale and efficiency through its outsourcing model



# Cost Analysis



Xrbia's development cost is <USD 22/ sq ft, which enables us to offers homes at <USD 40/sqft

Development Costs (INR per sq ft)	Market Comparable	Xrbia	Key Drivers for cost reduction
Material Cost	500	400	Design Standardization
Labor Cost	350	250	Assembly Line Processes
Basic Infrastructure	100	100	-
Social Infrastructure	100	100	-
Marketing	100	50	Economies of Scale
Overheads	150	100	Outsourcing
Financing	400	200	Shorter Working Capital Cycle
<b>Total Development Costs (INR)</b>	<b>1700</b>	<b>1200</b>	<b>~30% lower costs</b>
<b>Total Development Costs (USD)</b>	<b>30.9</b>	<b>21.8</b>	<b>compared to market</b>



- ✓ Local farmers trained for construction work
- ✓ Local tribal woman trained to produce all tiles required for the project
- ✓ Water treatment plant, 80% water recycled
- ✓ All last mile services such as water, power, gas, telecom and cable being metered
- ✓ No Bricks or wood (low carbon footprint)

## Project Case Study: Hinjewadi, Pune



# Project Location

The project is ideally located close to the Hinjewadi IT park, which is a major employment center



Actual Photo of the project site



**Xrbia acts as Urban Local Body, responsible for roads and infrastructure including power, water and telecom**



**Actual Photo of the project site**

**Xrbia charges a premium for retails and commercial space to improve profitability of the project**



# Key Highlights



Xrbia homes sold at **USD 10,000 - 30,000**

Closest market alternatives at USD 60,000

Township ideally  
located close to  
IT SEZ

State of art amenities  
including club house,  
Swimming pool,  
community plaza etc

Modern Design by  
one of India's most  
famous Architects

Delivery to end  
customer within  
24 months of booking

