

# Building a house? Here are 6 ways to reduce construction costs



While you may have that dream home in mind that entails an elaborate design, it will also cost more to build.

## Synopsis

To identify a good architect and contractor, take inputs from your friends or relatives who have built homes from scratch recently. Before finalising, visit the completed houses and talk to owners. Follow these six steps to keep costs low while building a home.

Reports suggest more and more people are looking for plots to build homes on. **Property** search sites like Magicbricks.com say there is an increased demand for residential plots. However, while buying a plot is easy, constructing a **house** on it is not. The most challenging aspect is keeping costs under control. “If built with all due diligence, one can make significant savings on overall **construction** costs,” says Prashant Thakur, Director & Head – Research, Anarock Property

BY

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Architect Hafeez Contractor agrees. "By doing little little things right, you can reduce construction cost by 12-15% or increase the carpet area by 15%," he says. So how much can you save? It depends on the area available for construction. Though it varies from place to place, the average construction cost for a house would be around Rs 1,500 per square feet. The construction quality is also a determining factor. A luxury **home** with all the high end fixtures and fittings can cost Rs 2,000 per square feet to build. Settling for slightly less can set you back by Rs 1,500 a square feet. If you are okay with just the basics, Rs 1,200 a square feet should be enough. If you are planning to build a 2,000 square feet home, your construction budget will be around Rs 30 lakh. Saving 12%-15% of that works out between Rs 3.6 lakh and Rs 4.5 lakh. Therefore, it makes sense to follow the simple tips given below to keep down costs.

### **The right plot**

Try and choose a plot that is even and at road level. "If the plot is uneven or rocky, it may increase the cost of construction as one will have to deploy extra material or equipment to level the plot of land," says Thakur.

### **Good architect & contractor**

Though hiring a good architect will cost you money, you will be able to save much more on construction costs. According to Thakur, a good architect can actually optimise the available space and save costs. "Increasing the number of shared walls will optimise space and increase the carpet to build up ratio," says Contractor.

"Since most cost overruns are caused by construction delays, one must select a good contractor who follows deadlines and completes the work on time," says Thakur.

**"By doing little little things right, you can reduce construction cost by 12-15% or increase the carpet area by 15%."**

*— Hafeez Contractor, Architect*

To identify a good architect and contractor, take inputs from your friends or relatives

who have built homes from scratch in the recent past. Before finalising, visit the completed houses and talk to the owners. Make sure that you are visiting homes similar to what you are planning to construct. If you are planning to build a 1,500 square feet home, there is little point in surveying a 5,000 square feet luxury villa.

Once you select an architect or **builder**, the next step is to draw up a detailed agreement which will be beneficial to both parties. Make sure this agreement mentions the exact fees, who gets the material, work completion and payment times lines, penalty for delays, percentage to be kept as retention money, provisions if the parties want to discontinue the agreement, etc. Make sure the final payment—to be paid at the time of possession—and retention money—to be paid after 3-6 months—are big enough to keep the contractor engaged in the project.

Contractors who promise to ‘finish the entire work and give you the house key’ usually charge around 10% of the construction cost. Should you try to save this money by taking charge of the construction? You can if you have time. However, please note that the entire 10% can’t be saved because you will be forced to hire sub contractors. Stick to a simple design if you are planning to manage it yourself.

### **Go with standard design**

While you may have that dream home in mind that entails an elaborate design, it will also cost more to build. It is better to stick to the commonly used grid structure as it is stable and able to withstand loads. A fancier structure may look good, but could also be less stable. “Though structural engineers can make fancy forms strong with additional RCC, it will increase the total cost of the building by 5-6%,” says Contractor.

### **Buy locally and in bulk**

One of the cardinal principles of low cost **housing** is to source material locally – be it cement, bricks and blocks, doors and windows, tiles, bathroom fittings or pipes, etc. For example, natural laterite stone is a good substitute for bricks or cement blocks in most part of the western ghats region and can save construction costs. While buying in bulk can save costs, be careful about its storage.

### **Use latest technology**

The concept of pre-engineered buildings (PEBs), which is popular in industrial constructions, is slowly spreading to residential constructions as well. In simple terms, PEBs are galvanised iron steel structures and the flooring and walls are done with cement and gypsum particle boards. The main advantage is faster construction and lower costs. “Since the pre-engineered buildings are lighter, foundation costs will be much lesser. The significant reduction in construction time will reduce labour costs also,” says Rahul Kadri from IMK Architects and Urban Planners.

### **Consider life cycle costs**

“People should not confuse low cost housing with low quality housing or low amenity housing. Low cost housing is about reducing costs with same amenities and qualities,” says Contractor. This is because while constructing a house, one needs to consider not just the initial costs, but also the total costs it will incur during its life, which is usually around 30-50 years. “With the help of an architect, select materials that will last longer and at the same time will not be very costly. This will help you to reduce repair or replacement costs in future,” says Kadri. A well designed house can also reduce recurring expenses like electricity. “A well ventilated and lit house along with good green materials can help bring down the cost and overall maintenance in the future,” says Thakur.

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