About Anarock

Anarock is one of the leading independent real estate services companies operating across India and the Middle East. Established in 2017, Anarock draws upon a legacy of over three decades of real estate expertise and advises clients across various property sectors including residential, commercial, retail, hospitality, land, industrial and flexible workspaces.

With a team of over 2,300 professionals as of March 31, 2026, Anarock delivers integrated real estate solutions spanning investment banking, bespoke research, strategic advisory and valuations, project management and engineering services and enterprise community management. Backed by predictive AI/ML models and generative AI tools, CRM infrastructure and deep and long-standing relationships with developers, corporate occupiers, investors and government bodies, the Company combines market intelligence, technology and disciplined execution which we believe creates long-term value across the real estate lifecycle.

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About CREDAI

Confederation of Real Estate Developers' Associations of India (CREDAI) is the apex body of private Real Estate developers in India, established in 1999, with a vision of transforming the landscape of Indian Real Estate industry and a mandate to pursue the cause of Housing and Habitat. Today, CREDAI represents 13000+ Developers across 230 city chapters in 20 states and plays an important role in policy formulation by representing the views of its members to various Ministries at regular intervals.

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INDIAN *Real Estate*

Growth Trajectory, Sectoral Outlook and Geopolitical Crosscurrents

October 2026

Indian Economy | Residential | Office | Retail | Industrial & Warehousing | Hospitality | Data Centres



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Foreword

Anuj Puri
Promoter & Chairman Anarock



India enters the second half of 2026 as the fastest-growing large economy in the world, expanding 7.7% in FY26, and Indian real estate remains one of the clearest beneficiaries of that growth. The value of projects under construction has grown from USD94 billion to USD503 billion since 2009, and the contribution of the sector to GDP is on track to rise from 6% to 13% by 2030. It also remains the second-largest employment generator in the country after agriculture, supporting an estimated employment base of 30 million jobs by 2030. These are not abstract statistics: they describe a sector that has matured from a cyclical, credit-driven business into a structurally growing pillar of the Indian economy.

This has been a year that tested that resilience. The war that broke out in West Asia on 28 February 2026 disrupted shipping through the Strait of Hormuz and the Red Sea, pushed Brent crude toward USD110 a barrel by September, and pulled the rupee from around INR87.5 to nearly 96 against the US dollar. Construction costs rose an estimated 8-10% as steel, fuel and imported finishing materials became costlier, and CPI inflation climbed from 1.33% in December 2025 to 4.45% by July 2026. Yet through this period, the sector held its ground: residential sales value stayed above INR1.3 lakh crore for seven consecutive quarters on a base of INR6.3 lakh crore in FY26, Grade A office absorption held firm, driven by Global Capability Centres accounting for ~45% of total leasing in H1 2026, retail gross absorption hit a record 13 Mn sq ft in 2025, and Grade A warehousing supply expanded at a CAGR of ~20%.

This report brings together our latest research across the Indian economy and every major real estate asset class: residential, office, retail, industrial and warehousing, hospitality, and data centres. It also examines how geopolitical tensions this year have flowed through into construction costs, financing conditions and consumer sentiment. Balance sheet health across the sector has never been stronger: the aggregate net debt-to-equity ratio of listed real estate developers stands at just 0.05x, its lowest level since at least FY12, and private equity deal count rose 46% in FY26, from 41 to 60 deals.

None of this is reason for complacency. Crude oil prices, the rupee, and the pace of any resolution in West Asia will continue to shape input costs and buyer sentiment through the rest of FY27. However, the underlying case for Indian real estate remains intact: it is an urbanising, formalising, under-penetrated market with strong institutional capital behind it. I hope this report gives readers a clear, data-backed view of where the opportunity lies.

Foreword

Shekhar G. Patel
National President, CREDAI



India stands at a defining moment in its development journey. On the road to Viksit Bharat by 2047, real estate is no longer simply a builder of homes and offices. It has become one of the foundations on which economic and social progress rests, shaping how our people live, work, shop, travel and invest.

The journey of the sector mirrors that of the country. From a USD120 billion market in 2017, it has grown to an estimated USD600 billion today and is on course to reach USD1 trillion by 2030 and nearly USD5.8 trillion by 2047. The value of real estate under construction has grown more than five fold, from USD94 billion in 2009 to USD503 billion in 2025. Its share of GDP is expected to more than double from 6% in 2017 to about 13% by 2030, and employment to reach 30 million people, second only to agriculture.

Three enduring forces underpin this progress. The first is urbanisation. Close to 40% of Indians, or 600 million people, will live in cities by 2036, and towns and cities already contribute nearly 70% of national GDP. The second is formalisation. RERA, GST rationalisation, REITs and the newer SM REIT framework have built trust among homebuyers and investors and opened the sector to institutional capital. The third is the rise of India as a global hub for talent and capital, visible in the growth of GCCs, the entry of international brands and the spread of branded hotels into smaller cities.

This progress is also becoming more inclusive in its geography. Tier II and III cities are emerging as new centres of demand, and the opportunity remains vast, with organised retail penetration still at just 9%.

The challenges of 2026 have tested the sector, but they have not changed its direction. The task ahead is to build responsibly, with quality, transparency and sustainability at the core, and to create cities that are liveable and future ready. This report offers valuable insight for all stakeholders on that journey, and I commend Anarock for this timely work.

1. The Indian Economy: Growth Amid Global Crosscurrents

India remains the fastest-growing major economy in the world. However, the exceptional pace of growth seen in FY26 is set to moderate in FY27, as a high base and global uncertainty weigh on momentum. Real GDP grew 7.7% in FY26, up from 7.1% in FY25. In its June 2026 policy review, the Reserve Bank of India (RBI) projected growth easing to 6.6% in FY27. The World Bank's own FY27 forecast, also 6.6%, still implies India is growing at more than twice the pace of the global economy, which it expects to expand only 2.5%.

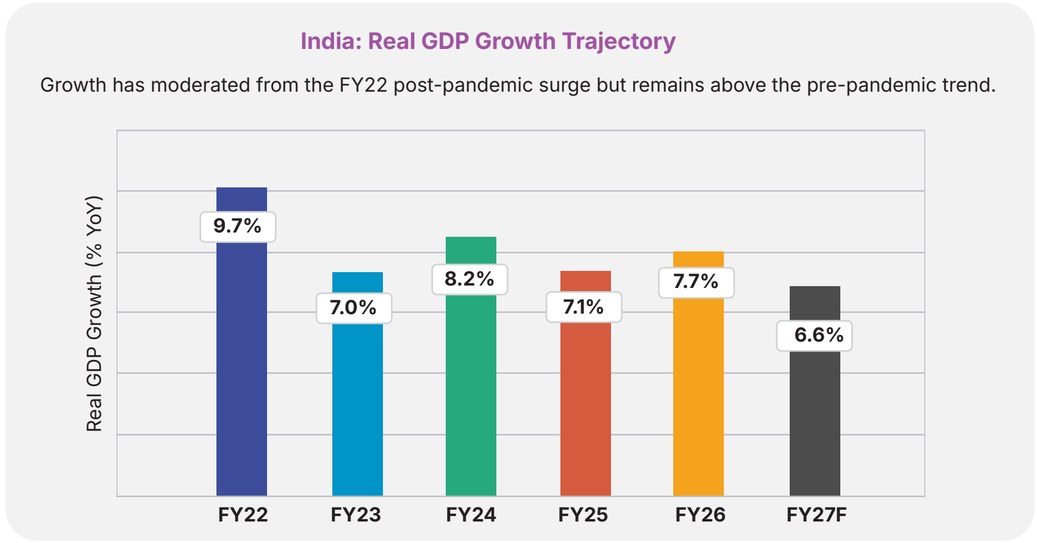

Chart 1.1: India's real GDP growth has moderated from FY22's post-pandemic surge but remains well above pre-pandemic trend.
Source: Anarock Research & Advisory

Inflation: The War's Clearest Transmission Channel

Consumer price inflation was unusually benign through late 2025, falling to a record low of 0.25% in October 2025 before normalising to 1.33% by December. The trajectory changed sharply after the West Asia war. Energy price pass-through pushed headline CPI inflation from 1.9% in February to 4.45% by July 2026, still within the tolerance band of the Reserve Bank of India which is 2-6%. However, it was the fastest sustained increase in over two years. The Monetary Policy Committee of the RBI has kept the repo rate unchanged at 5.25% through this period, maintaining a neutral stance while projecting FY27 CPI inflation at between 4.6% and 5.1%.

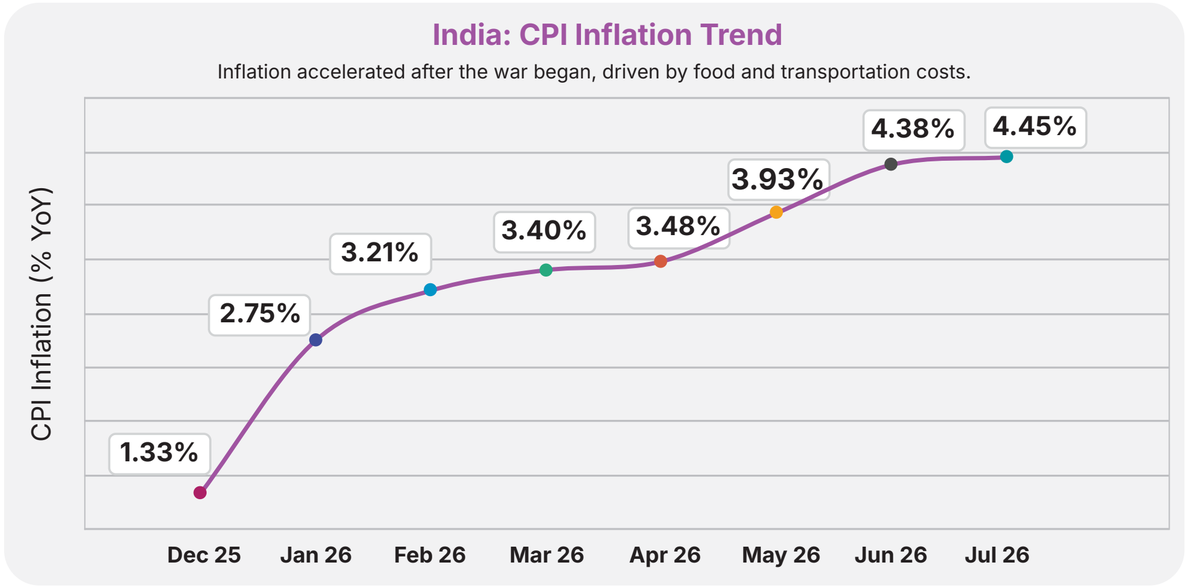

Chart 1.2: CPI inflation accelerated steadily after the war began, driven by food and transportation costs.
Source: Anarock Research & Advisory

Currency and External Sector

The rupee has depreciated from around INR87.5 per US dollar in January 2026 to approximately INR 95.8 by mid-September 2026, a decline of nearly 9% over the period, as elevated crude oil prices widened the import bill of the nation and fuelled dollar demand. The RBI has intervened repeatedly to manage volatility, including through FX swaps and by absorbing surplus banking-system liquidity. Foreign exchange reserves nonetheless touched an all-time high of USD740.8 billion for the week ended 28 August 2026, underscoring the broader external buffer available to policymakers even as the currency has come under pressure.

5.25%	USD740.8 Bn	~95.8
Repo rate	Forex reserves (28 Aug 2026)	USD/INR (mid-Sep 2026)

Source: Anarock Research & Advisory

The combination of a still-strong growth outlook, a resilient external buffer, and a central bank actively managing currency and liquidity conditions gives India more room to absorb an external shock than most large emerging markets. The extent to which the West Asia conflict evolves through the rest of FY27 remains the single largest swing factor for both the inflation and currency outlook, a theme this report returns to in Chapter 9.

2. Indian Real Estate: The Growth Story

Indian real estate has grown from a USD120 billion market in 2017 to an estimated USD600 billion in 2025 and is projected to reach USD1 trillion by 2030 and nearly USD5.8 trillion by 2047. This is not simply a story of housing prices rising; it reflects deepening integration of the sector into the formal economy, its expanding contribution to national output, and its position as the second-largest source of employment after agriculture of the country.

Indian Real Estate: Market Size Trajectory

Market size is projected to reach USD1 trillion by 2030 and nearly USD5.8 trillion by 2047.

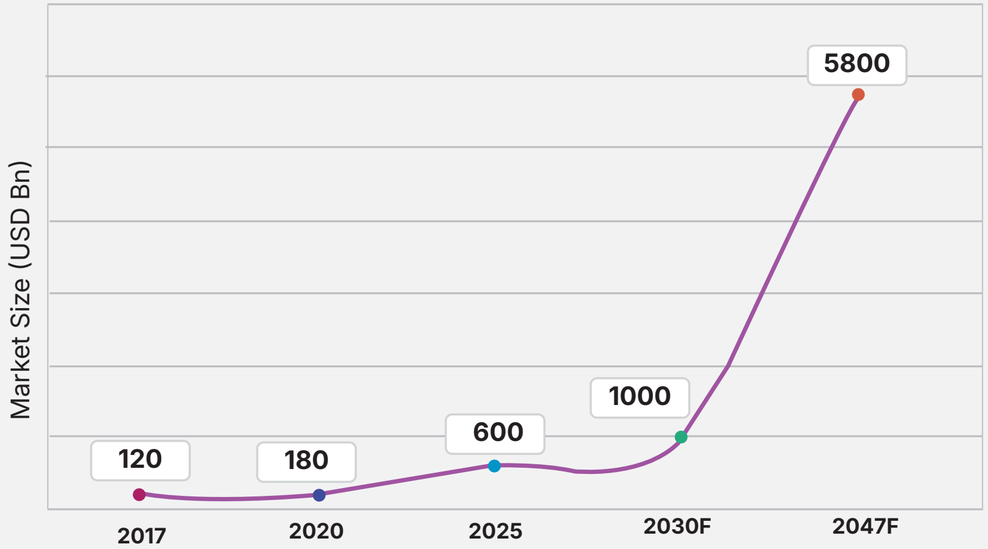

Chart 2.1: Indian real estate's market size trajectory, 2017-2047(F).
Source: Anarock Research & Advisory

A Growing Pillar of the Economy

Real estate's contribution to India's GDP is estimated to more than double, from 6% in 2017 to approximately 13% by 2030. Employment in the sector is projected to grow correspondingly, from 9.2 million people in 2016 to an estimated 30 million by 2030, cementing its position as the second-largest employment generator in the country after agriculture

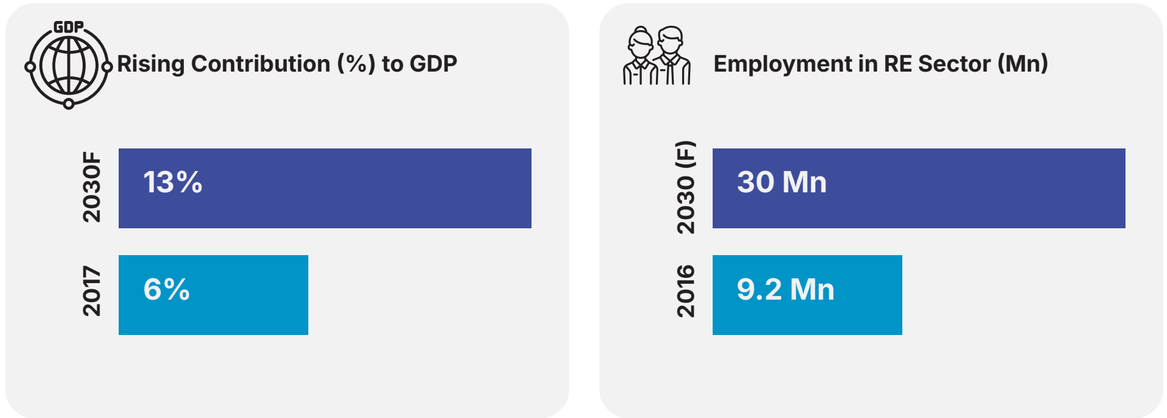

Chart 2.2: Real estate's rising contribution to GDP and employment, current vs. 2030 forecast.
Source: Anarock Research & Advisory

A Growing Pillar of the Economy

The total value of real estate under construction across residential, office, retail and warehousing has grown from USD94 billion in 2009 to USD503 billion in 2025, a more than five-fold increase. Within this, the share of the residential segment has risen from 48% to 85% over the same period. This reflects both the scale of housing demand and the relatively smaller (though fast-growing) base of commercial asset classes. Office remains the largest commercial category by value, while warehousing, though still a small share of the total, has grown from a near-zero base in 2009 to over USD10 billion in 2025.

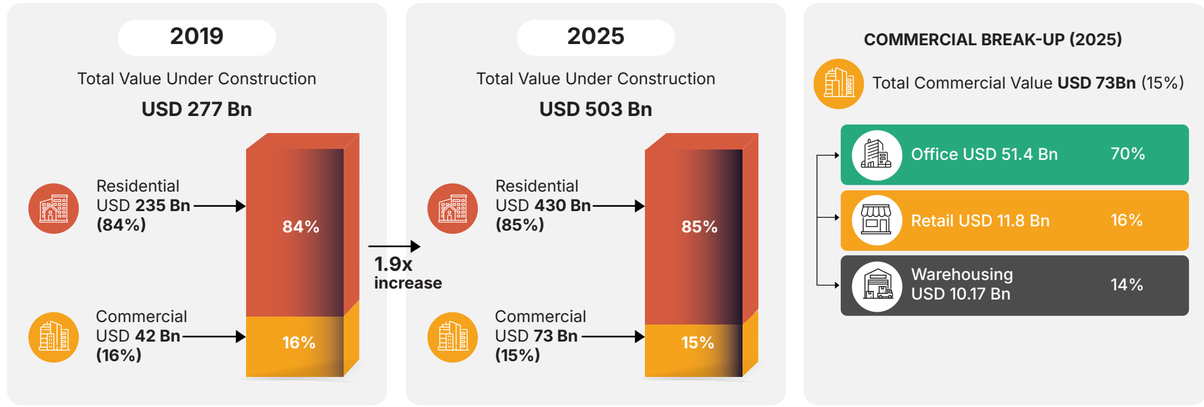



Chart 2.3: Value of real estate under construction by sector, 2019 vs. 2025.
Source: Anarock Research & Advisory

Table 2.1: Value of Real Estate Under Construction by Sector (USD Bn)

Sector	2009 (USD Bn)	2009 Share	2019 (USD Bn)	2019 Share	2025 (USD Bn)	2025 Share
Residential	45	48%	235	84%	430	85%
Office	29	31%	36	13%	51.4	10%
Retail	20	21%	5	2%	11.8	2%
Warehousing	0.2	0%	1	0%	10.17	2%
Total (Resi. + Comm.)	94	100%	277	100%	503	100%

Source: Anarock Research & Advisory. Sector shares are of the combined residential and commercial (office, retail, warehousing) total for that year. This table provides the underlying figures for Chart 2.3.

The chapters that follow examine each of the major asset classes in turn, residential, commercial office, retail, industrial and warehousing, hospitality, and data centres, before turning to how 2026's geopolitical tensions have affected the sector and what lies ahead.

3. Residential Sector

Residential remains the largest and most closely watched segment of Indian real estate, accounting for 85% of the value of real estate under construction in 2025. Annual sales value across the top 7 cities has grown from INR2.35 lakh crore in FY22 to INR6.3 lakh crore in FY26, a compound growth of over 27% per year, even as unit sales volumes have grown more modestly, reflecting a sustained shift toward higher ticket sizes.

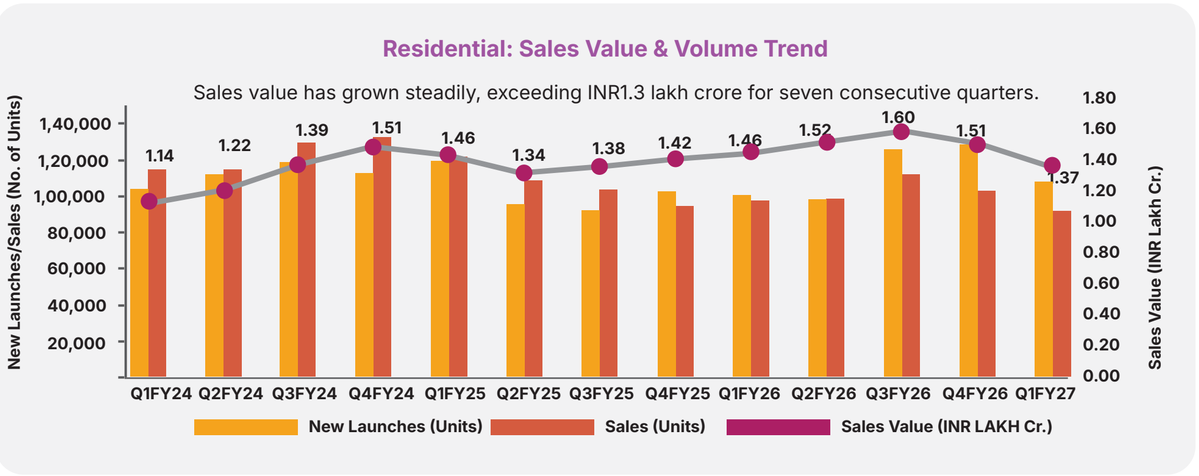

Chart 3.1: Residential sales value has grown steadily on both an annual and quarterly basis, with quarterly sales value exceeding INR1.3 lakh crore for seven consecutive quarters.
Source: Anarock Research & Advisory

INR6.10 lakh Cr FY26 sales value	**~23.5%** Q1 FY27 vs. full-year FY27 target	**7** Consecutive Qtrs > INR1.3 lakh Cr

Source: Anarock Research & Advisory

Premiumisation Continues to Reshape Supply

The most significant structural shift in residential supply has been the rise of premium housing. High-end, luxury and ultra-luxury categories together accounted for just 12.6% of new supply in FY22; by FY26 that combined share had grown to 45%. Affordable and lower-mid segments, by contrast, have both roughly halved their share of new supply over the same period, from 24.6% to 13.6% and from 36.9% to 18.0% respectively

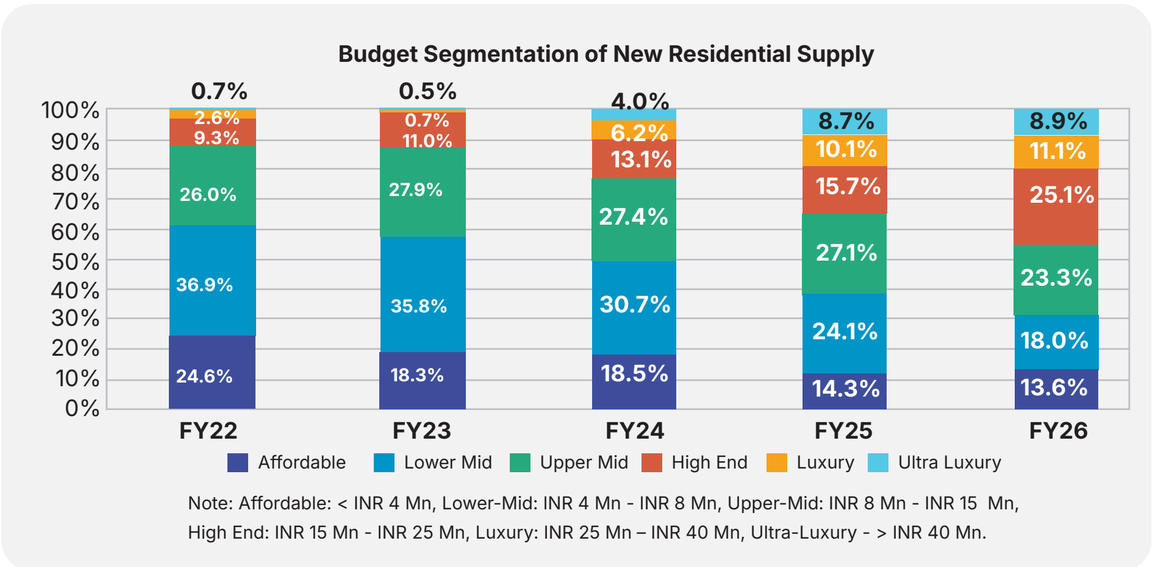

Chart 3.2: Budget segmentation of new residential supply, FY22-FY26.
Source: Anarock Research & Advisory

City-wise Concentration

The Mumbai Metropolitan Region (MMR) remained the single largest residential market by sales value in FY26, at 34% of the INR6.3 lakh crore total across the top 9 cities, followed by the National Capital Region at 22% and Bengaluru at 15%. Chennai posted the sharpest annual growth in sales value among major cities, while Delhi-NCR and Bengaluru also grew strongly, even as MMR itself saw a modest year-on-year decline in value terms.

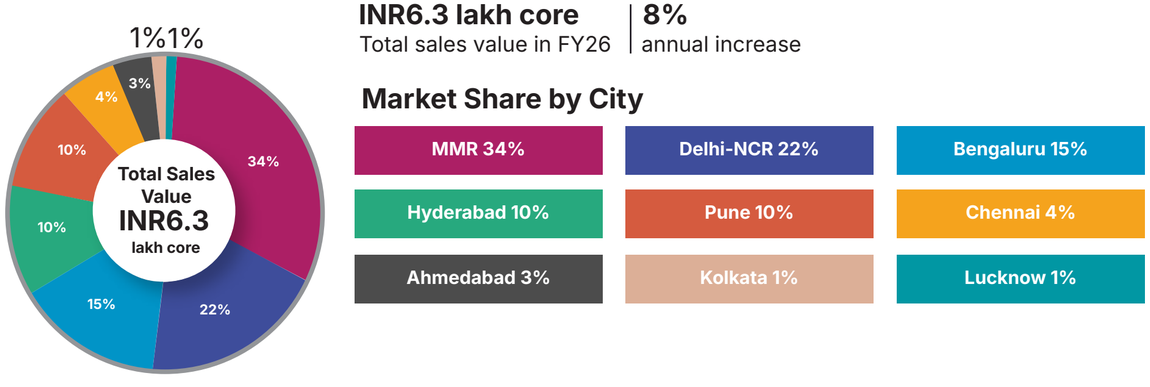

Chart 3.3: FY26 residential sales value by city (top 9 cities, INR6.3 lakh crore total).
Source: Anarock Research & Advisory

Listed Players: Presales Guidance Points to Continued Growth

Combined FY27 presales guidance across listed residential developers stands at approximately INR1.85 lakh crore, an aggregate growth of 22% over FY26 actuals. The large majority of listed players are guiding double-digit growth for FY27, with several mid-sized listed players guiding 40% or higher growth off smaller bases, while larger, more established listed players are consolidating growth in the 14-21% range.

4. Commercial Office

India's Grade A office market enters the second half of 2026 from a position of strength. Net absorption across the top 7 cities has grown from 26.3 Mn sq ft in 2018 to a projected annualised run-rate close to 2025's 58.2 Mn sq ft, and vacancy, while it has ticked up from cyclical lows, remains within the range seen through most of the past decade. New completions have kept broad pace with absorption, avoiding the sharp oversupply cycles seen in some past years.

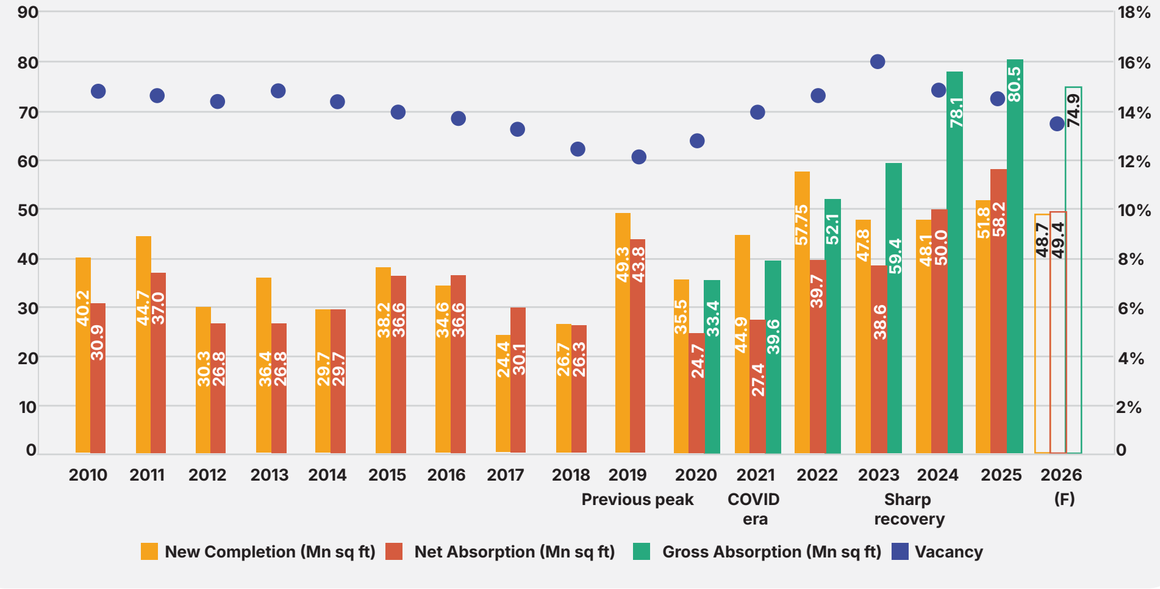

Chart 4.1: Grade A office demand-supply dynamics across the top 7 cities, 2010-2026.
Source: Anarock Research & Advisory

Occupier Mix Continues to Diversify

IT-ITeS, once the dominant driver of Indian office leasing at 42% of demand in 2019, has fallen to 26% of leasing by H1 2026. The gap has been filled by a more diversified base of occupiers: BFSI has nearly tripled its share to 19%, and flexible workspace operators (coworking) now account for a quarter of all leasing, up from 15% in 2019. This diversification has made aggregate office demand considerably less dependent on the hiring cycle of any single sector.



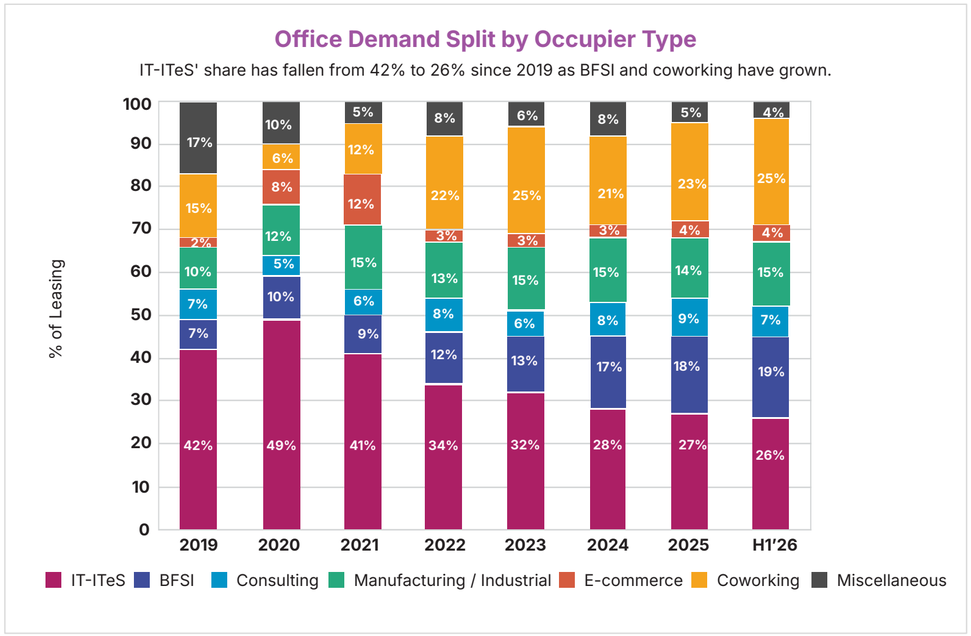

Chart 4.2: Office demand split by occupier type, 2019-H1 2026.
Source: Anarock Research & Advisory

Institutional Momentum: REITs and Global Capability Centres

Two structural demand drivers underpin the resilience of the office market. First, India's listed office REIT sector has grown its combined leasable area roughly six-fold since FY19, from 32.7 Mn sq ft to 200.1 Mn sq ft by FY26, reflecting sustained institutional confidence in the asset class. Second, Global Capability Centres (GCCs) accounted for approximately 45% of total office leasing in H1 2026, with Bengaluru alone contributing close to 40% of all pan-India GCC leasing. India is expected to host over 3,000 GCCs by 2030, up from around 1,800 in 2024, drawn by a talent pool that ranks as the second-largest source of STEM graduates globally, with software engineering costs roughly 90% below those in developed markets.

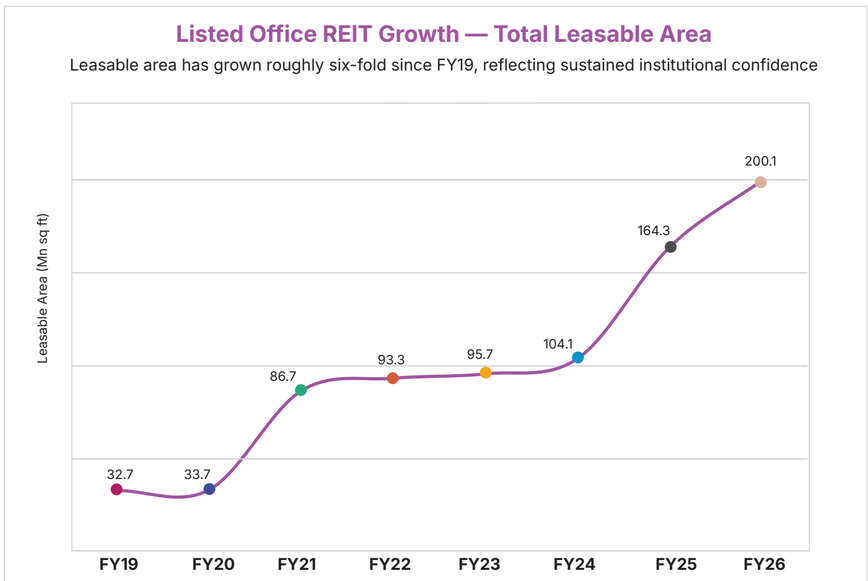

Chart 4.3: Listed office REIT total leasable area, FY19-FY26.
Source: Anarock Research & Advisory

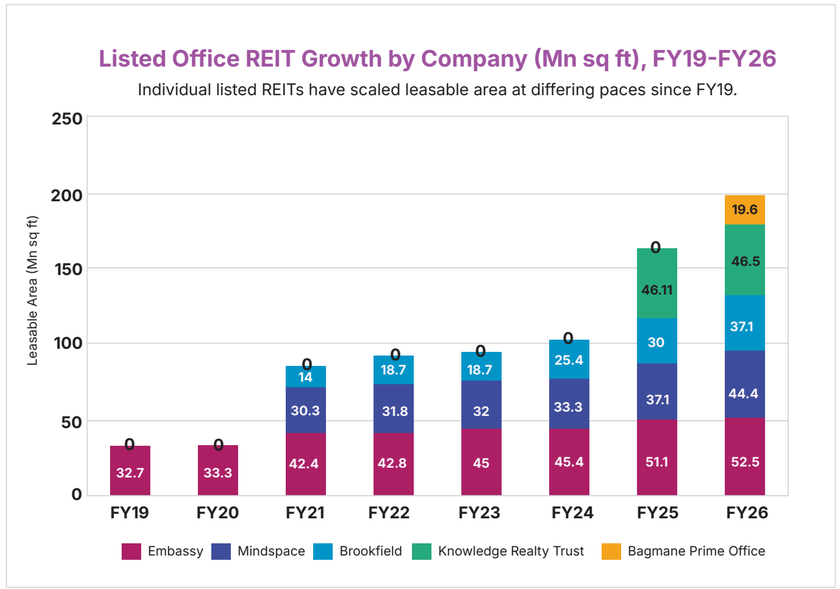

Chart 4.4: Listed office REIT growth by company, FY19-FY26.
Source: Anarock Research & Advisory

Global Capability Centres: Scale, Talent and Leasing

India's GCC base has grown from around 620 in 2005 to approximately 2,100 by 2025, and is on track to cross 3,000 by 2030, a compound annual growth rate of roughly 17%. The draw is a combination of scale, talent and cost: India is home to the world's second-largest pool of STEM graduates after China, at an estimated 4.9 million . Average software engineer salaries in India run approximately USD5,500-6,500 a year, roughly 90% below the USD65,000-90,000 range seen in the UK, Australia and the United States.

Table 4.1: Global Talent and Cost Comparison

Country	Avg. Software Engineer Salary (USD/yr)	STEM Graduates (Mn/yr)
India	5,500 – 6,500	3.1
China	30,000 – 40,000	4.9
USA	80,000 – 90,000	0.6
Philippines	8,500 – 9,500	0.25
UK	65,000 – 75,000	0.4
Australia	60,000 – 70,000	0.06
Russia	15,000 – 20,000	0.5
Iran	500 – 1,000	0.2
Indonesia	8,500 – 9,500	0.3
Japan	40,000 – 50,000	0.2

Source: Anarock Research & Advisory

This Bengaluru-led concentration, already noted above, is clearly visible in the city-wise leasing breakdown below.

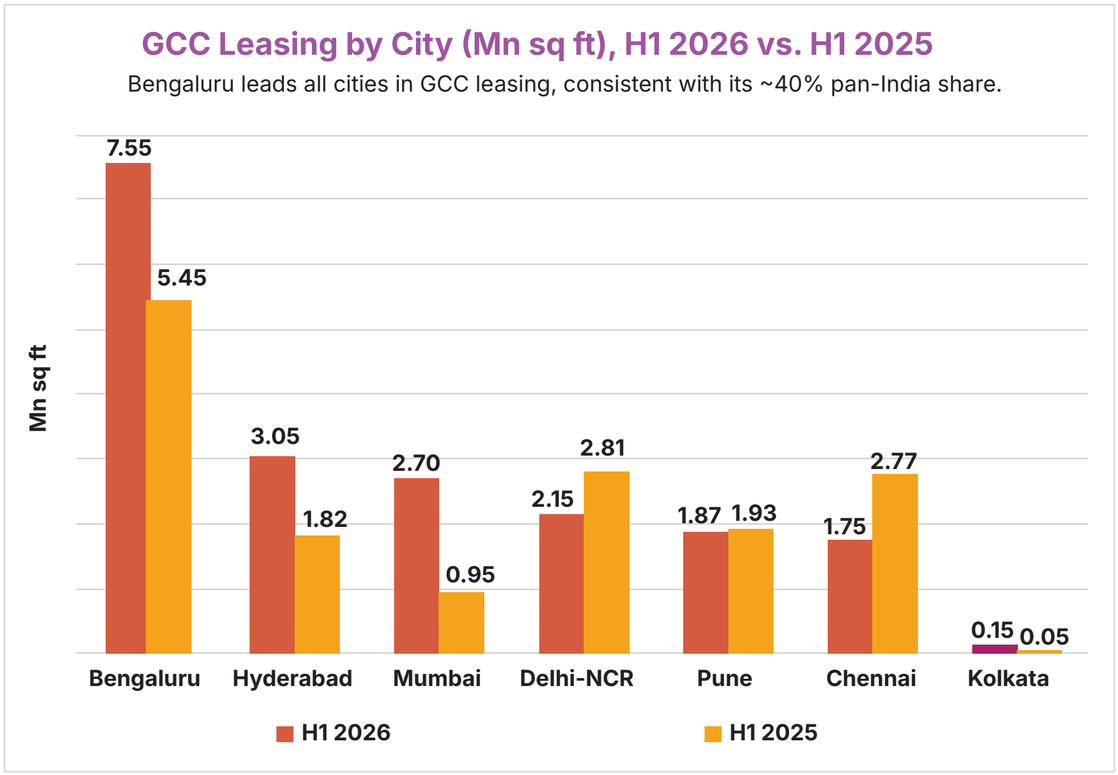

Chart 4.5: GCC leasing by city (Mn sq ft), H1 2026 vs. H1 2025.
Source: Anarock Research & Advisory



5. Retail Sector

Organised retail leasing reached a record 13 Mn sq ft of gross absorption in 2025, its strongest year in over a decade, before slowing in H1 2026 as geopolitical uncertainty led some retailers to delay expansion decisions. Vacancy across Grade A malls in the top 7 cities nonetheless remained near a decade-low of approximately 7.5%, reflecting how constrained new supply has kept the well-performing segment of the market tight even through a period of demand hesitation.

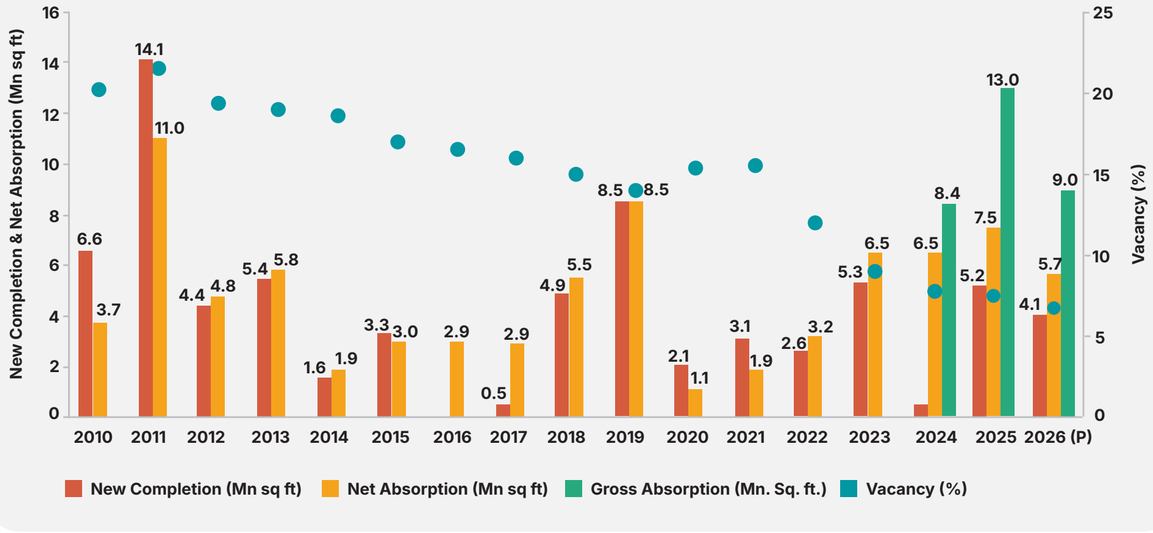

Chart 5.1: Retail sector demand-supply dynamics across the top 7 cities, 2010-2025 with 2026 projected.
Source: Anarock Research & Advisory

Tenant Mix: A Shift Toward Experience-Led Retail

Apparel has remained the anchor category of Indian retail leasing, holding a share in the 23-37% range every year since 2020. The more notable shift has been in entertainment, which has strengthened from a 2% share in 2021 to 17% by H1 2026, as the tenant mix continues to move toward experience-led formats rather than pure merchandise retail.

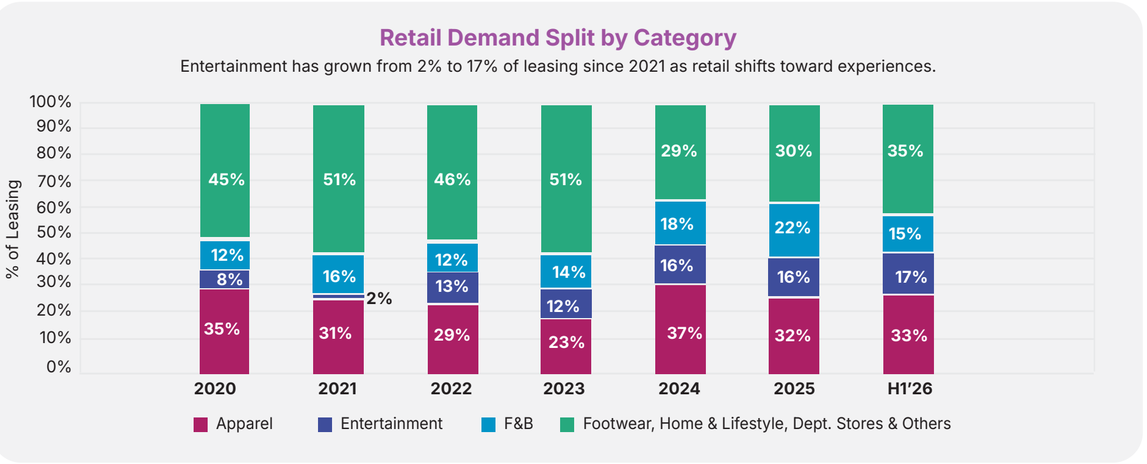

Chart 5.2: Retail demand split by category, 2020-H1 2026.
Source: Anarock Research & Advisory

Quality Still Commands a Premium

The gap between well-positioned and poorly positioned malls remains stark. Grade A malls with leadership positioning operate at vacancy levels of just 5-7% in most cities, compared with Grade C mall vacancy that runs as high as 35% in some markets. This bifurcation underscores that India's retail story is as much about quality and positioning as it is about aggregate supply. At the same time, India's organised retail penetration remains just 9%, far below the 85% seen in the United States, 55% in Malaysia and 20% in China, pointing to a large runway for further formalisation as incomes rise and more international brands enter the market.

International Retailers Entering India

International retail entry has accelerated sharply, with brands entering India rising from 8 in 2021 to 28 in 2025 alone, a cumulative 88 brands over the last five years. Beauty, cosmetics and wellness has emerged as the leading category among new entrants at 41% of leasing, ahead of footwear, bags and accessories at 26% and fashion and apparel at 18%.



Chart 5.4: International brands entering India, by year.
Source: Anarock Research & Advisory

Table 5.1: Leading Categories Among International Retail Entrants

Category	Share of Leasing
Beauty, Cosmetics & Wellness	41%
Footwear, Bags & Accessories	26%
Fashion & Apparel	18%
Home & Furnishing	11%
Food & Beverage	4%

Source: Anarock Research & Advisory

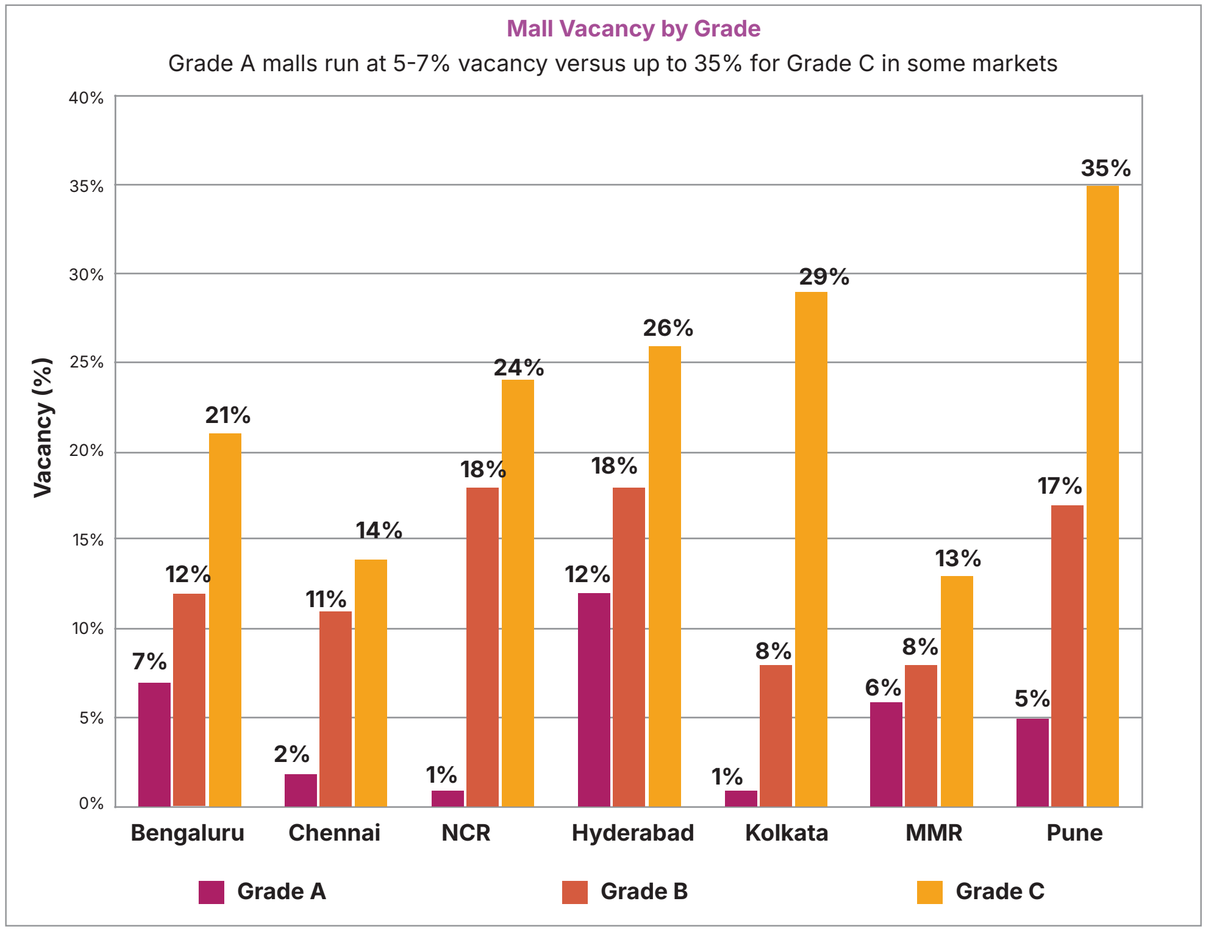

Chart 5.3: Mall vacancy by grade, across key cities.
Source: Anarock Research & Advisory



6. Industrial & Warehousing

Warehousing has been one of the fastest-growing real estate asset classes over the past five years. Total stock across the top 8 Tier-I cities has grown from 294 Mn sq ft in 2021 to 493 Mn sq ft in 2025 and is projected to reach 750 Mn sq ft by 2028.Grade A stock has grown at a compound annual rate of approximately 20% over this period, which is more than twice the pace of Grade B stock.

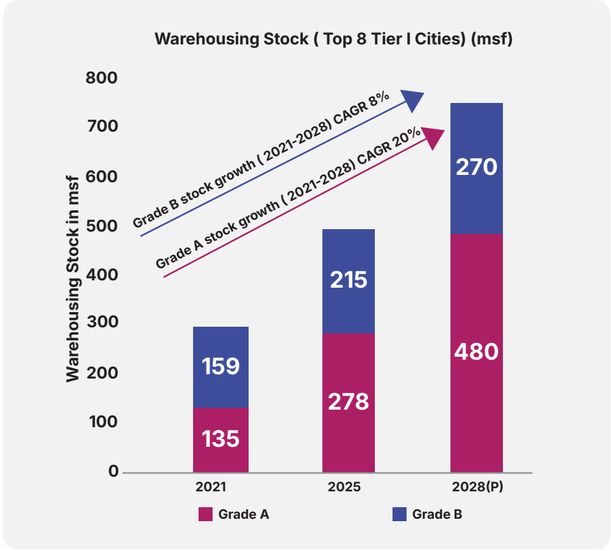

Chart 6.1: Warehousing stock growth across the top 8 Tier-I cities, 2021-2028(P).
Note: Top 8 Cities: MMR, NCR, Bengaluru, Hyderabad, Pune, Chennai, Kolkata, Ahmedabad
Source: Anarock Research & Advisory

Supply Outpaces Absorption, But Demand Fundamentals Remain Intact

For the first time in several years, new supply outpaced net absorption in H1 2026, with 42.7 Mn sq ft of new supply against 34.8 Mn sq ft of absorption across the top 8 cities. Tier 1 cities continued to dominate both supply (86%) and absorption (78%), though Tier 2 and 3 markets are gradually gaining share as e-commerce and 3PL operators expand their networks beyond the largest metros. Grade A space now accounts for 59% of total absorption, up from 55% a year earlier, continuing the steady shift of the segment toward formalisation.

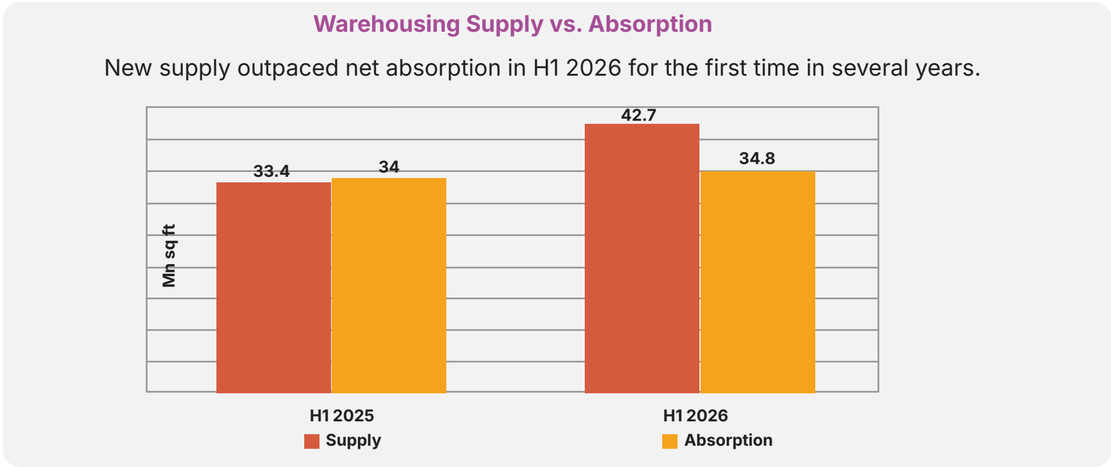

Chart 6.2: Warehousing supply vs. absorption and tier mix, H1 2025 vs. H1 2026.
Source: Anarock Research & Advisory

By occupier type, 3PL and e-commerce operators together account for the majority of storage-based warehousing demand, while auto and ancillary manufacturers lead light-manufacturing-based warehousing take-up.The segment is exposed to global trade through export-oriented manufacturing and logistics, making it one of the asset classes most directly affected by geopolitical developments this year.

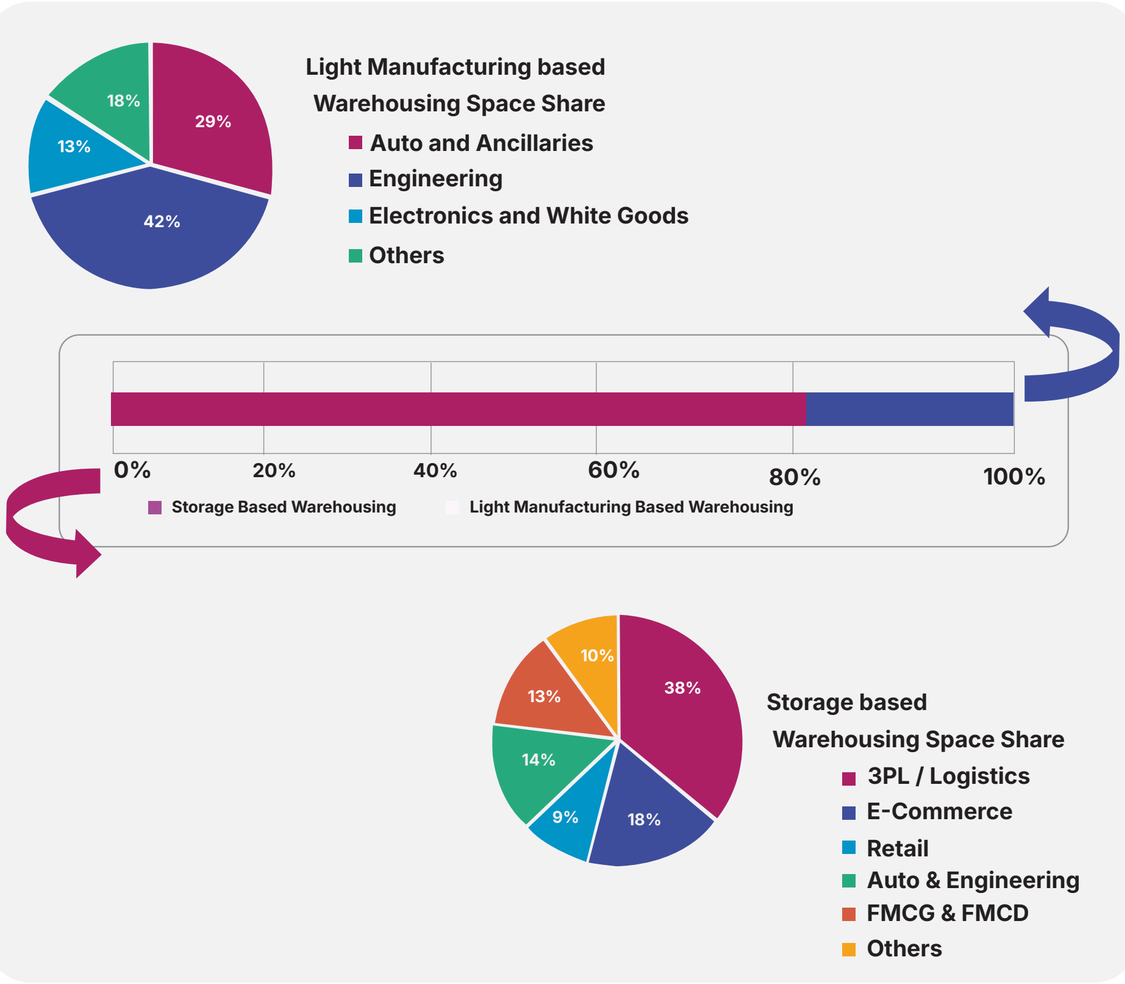

Chart 6.3: Warehousing Stock (Grade A Vs Grade B)
Source: Anarock Research & Advisory

7. Hospitality

India's hospitality sector delivered rate-led growth through the year to June 2026, with Average Room Rate (ARR) up 10-12% year-on-year to INR7,900-8,100, and occupancy improving a more modest 3-5 percentage points to 64-66%. The combined effect pushed RevPAR (Revenue per Available Room) up 17-19% year-on-year to INR5,056-5,346, among the strongest RevPAR growth the sector has posted in recent years.

ARR
INR7,900-8,100
Stable | ▲ 10-12% YoY

OCCUPANCY
64-66%
Stable | ▲ 3-5pp YoY

RevPAR
INR5,056-5,346
▲ 1-3% MoM | ▲ 17-19% YoY

BRANDED SIGNING

KEYS SIGNED
28,268
8% vs 26,069 (YTD June '25)

PROPERTIES
259
6% vs 245 (YTD June '25)

SIGNINGS BY KEYS - CITY TIER MIX (%)

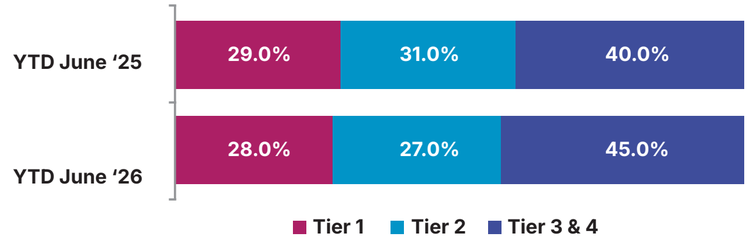

Chart 7.1: Hospitality key indicator growth (YoY), YTD June 2026.
Note: Data YTD June, Source: Anarock Research & Advisory, HVS Anarock

Branded Pipeline Tilts Toward Smaller Cities

Branded hotel signings reached 28,268 keys across 259 properties in the year to June 2026, up 8% and 6% respectively over the same period last year. Notably, the composition of this pipeline continues to shift: Tier 3 and 4 cities now account for 45% of all branded keys signed, up from 40% a year earlier, as domestic branded operators expand beyond the traditional metro and Tier 1 markets. Domestic tourism has also acted as a strong cushion for the sector against any softness in inbound international travel linked to geopolitical developments this year.



8. Data Centres & Emerging Asset Classes

India's data centre capacity crossed approximately 1,700 MW (IT load) in 2025 on the back of a record 440 MW of new supply added during the year. It is projected to grow by a further ~30% in 2026 to reach approximately 2,200 MW as 500 MW of additional capacity comes online, marking the third consecutive year of accelerating capacity additions for the segment.

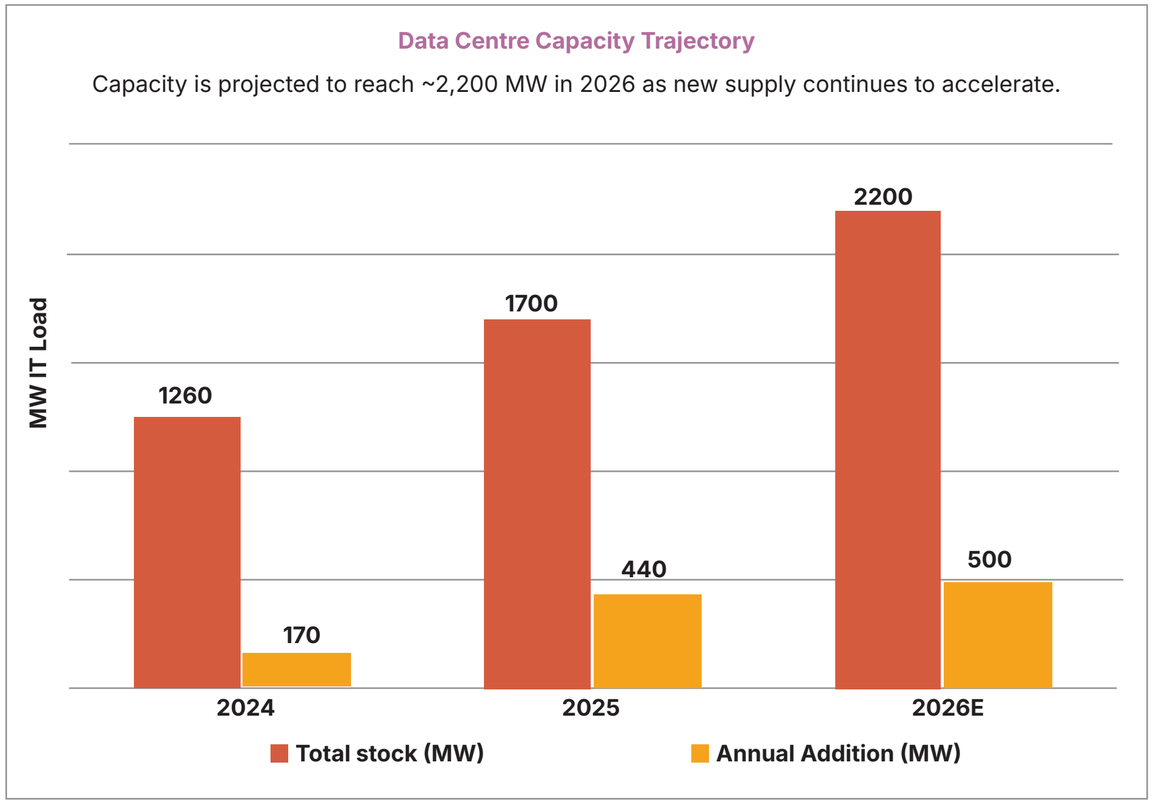

Chart 8.1: Data centre capacity trajectory, 2024-2026(E). City-wise share is shown separately in Chart 8.2.
Source: Anarock Research & Advisory

Beyond Mumbai and Chennai: Tier II Cities Enter the Map

Mumbai continues to dominate India's data centre capacity with a 53% share of the operational total, followed by Chennai at 20% and Delhi-NCR at 10%. The more significant recent development has been the emergence of Tier II hubs, including Ahmedabad, Visakhapatnam, Patna, Bhopal, Kochi and Jaipur, which are gaining traction on the back of 5G rollout and data-localisation requirements. Combined Tier II operational capacity is on track to cross 100 MW by the end of 2026.

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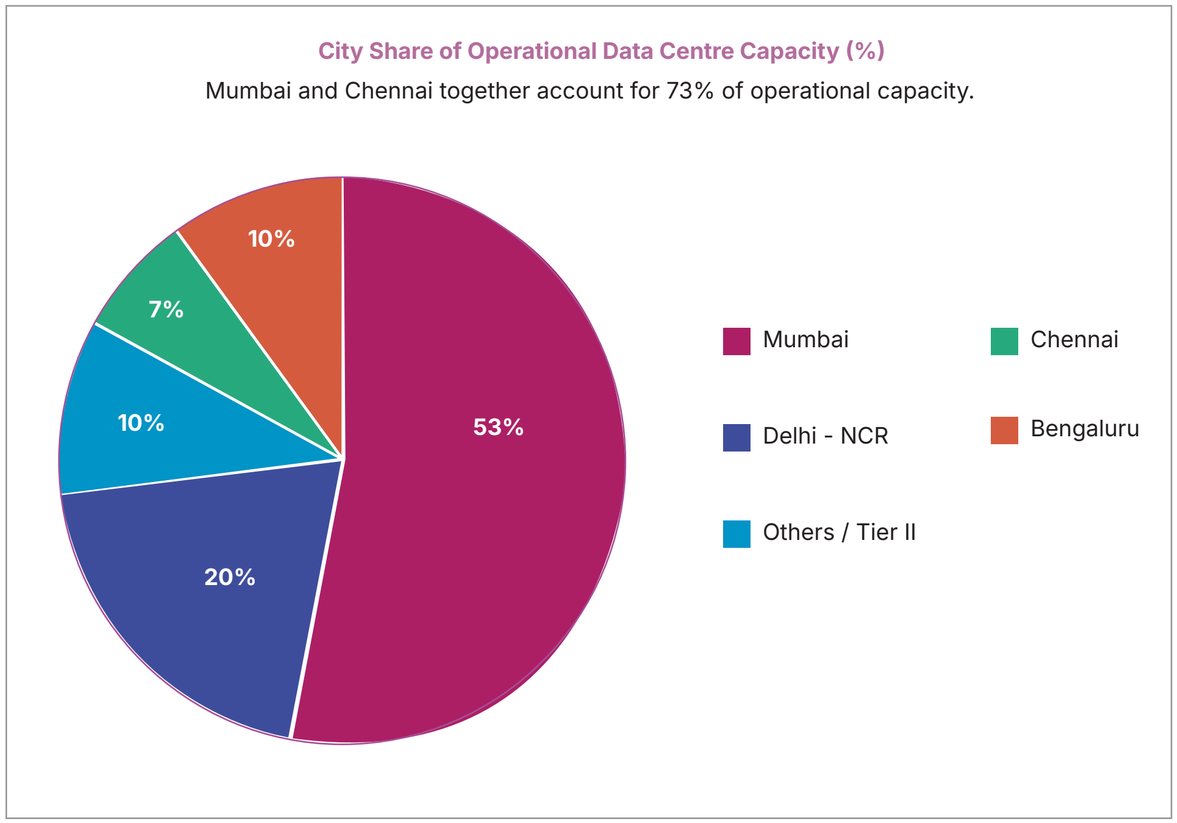

Chart 8.2: City share of operational data centre capacity (%).
Source: Anarock Research & Advisory

Data centres have emerged as one of the most actively pursued alternate asset classes by both developers and institutional capital, alongside private equity interest in industrial and logistics real estate more broadly,a theme this report picks up in Chapter 10 alongside the broader capital markets outlook for the sector.



9. Geopolitical Tensions: Impact & Resilience

The war between the United States, Israel and Iran, which began on 28 February 2026, has been the single largest external shock to the Indian economy and real estate sector this year. Disruption to shipping through the Strait of Hormuz, the transit point for roughly a fifth of global crude oil supply and a significant share of India's own energy imports, added to parallel tensions in the Red Sea. Together, these pushed Brent crude from around USD70/barrel in January 2026 to nearly USD110/barrel by September, with a brief spike toward USD80-82/barrel in March, a mid-year lull, and a sharper renewed climb through the third quarter.

Rupee and Brent Crude Through the 2026 War

Both the rupee and Brent crude have moved sharply since the war began in February 2026.

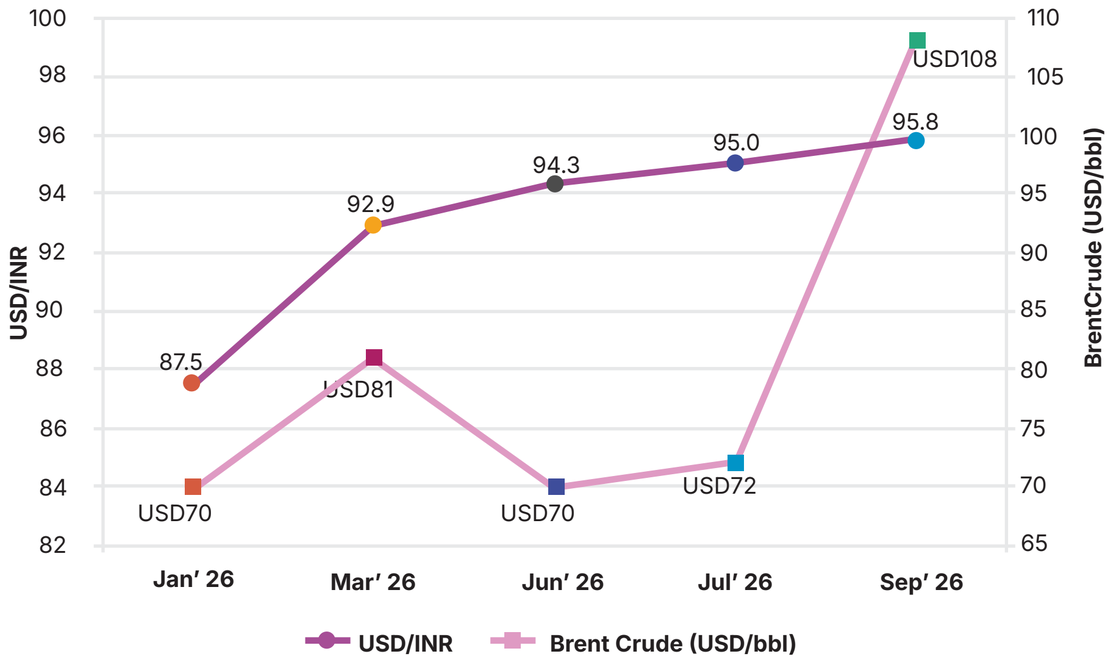

Chart 9.1: The rupee and Brent crude have both moved sharply since the war began, with renewed pressure through August-September 2026.
Source: Anarock Research & Advisory

The rupee has weakened by nearly 9% against the US dollar since January 2026, reflecting the wider import bill and broader risk-off pressure on emerging-market currencies, even as the Reserve Bank of India has intervened actively to manage the pace of depreciation.

Construction Costs: An 8-10% Increase, Concentrated in a Few Inputs

Total construction costs are estimated to have risen 8-10% since the war began, but this increase is concentrated in a small number of import- and fuel-linked inputs rather than spread evenly. Steel (TMT) prices have jumped an estimated 20%, as prices reached approximately INR72,000/tonne, the sharpest increase of any major input. Fuel and site logistics costs have risen 15-20% on crude oil above USD100/barrel, and finishing materials such as imported tiles, glass and hardware have seen 8-12% escalation as shipping reroutes around the Cape of Good Hope add cost and time to global supply chains.

Construction Cost Escalation by Component

Fuel and site logistics costs have seen the steepest war-driven escalation.

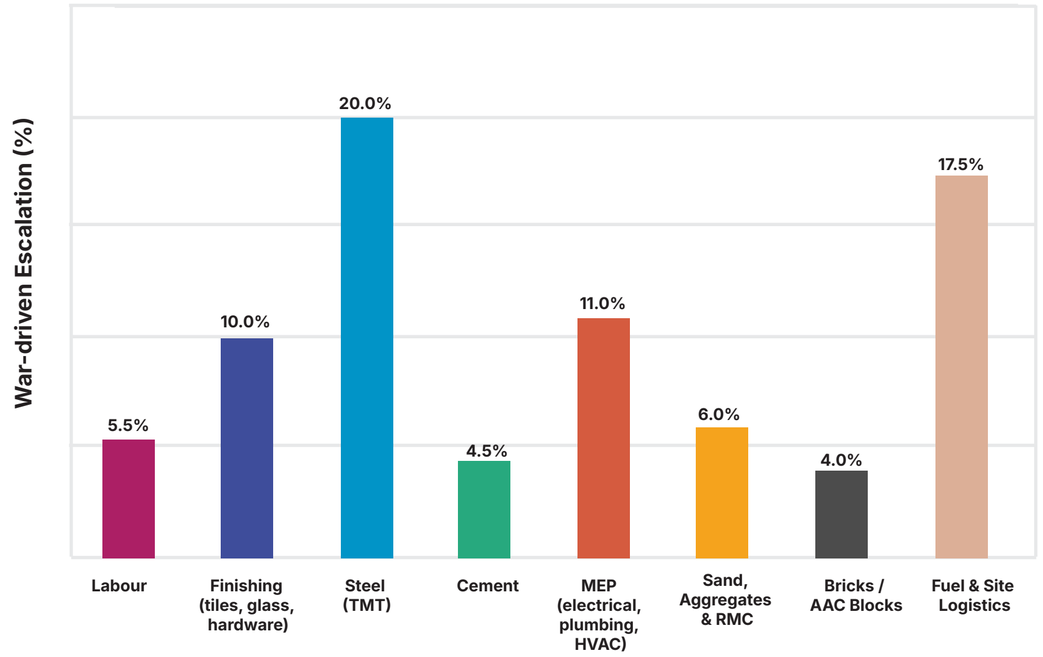

Chart 9.2: Construction cost build-up by component and the escalation attributed to the 2026 war.
Source: Anarock Research & Advisory

Impact Varies Significantly by Asset Class

The demand of the residential segment has been the most impacted, as the fuel-inflation-EMI transmission chain weighs on affordability and NRI buyer sentiment softens alongside currency volatility. Office leasing has proved comparatively resilient, cushioned by long-cycle GCC commitments that are largely insulated from short-term macro volatility. Retail and hospitality sit in between: both have seen discretionary and travel-linked demand soften, but essentials-led retail and domestic tourism have provided meaningful cushions. Industrial and warehousing demand has softened on the export side even as e-commerce-linked domestic demand and the broader "China+1" sourcing shift toward India remain structurally intact.

Table 9.1: Near-Term Impact of the 2026 War by Real Estate Segment

Segment	Near-Term Impact	What Cushions It	Severity
Residential	Buyer sentiment softening; affordability pressured via the fuel-inflation-EMI chain; NRI demand easing	Premium demand stays active; limited speculative supply; strong developer balance sheets	HIGH
Office Leasing	New leasing decisions slowing; expansion timelines stretching	GCC demand intact (~40% of leasing); pre-committed deals continue	NEUTRAL
Retail Leasing	Discretionary spending dips; luxury and fashion segments most affected	Essentials segment stable; organised retail growth continues	MODERATE
Hospitality	Airfares spike; corporate travel budgets cut; international arrivals decline	Domestic tourism acts as a strong cushion	MODERATE
Industrial & Warehousing	Export demand softens; logistics cost pressure rises	E-commerce and 3PL demand remains strong; "China+1" sourcing strategy stays intact	NEUTRAL

10. Way Forward

Indian real estate enters the second half of FY27 with its strongest balance sheets in over a decade. The aggregate net debt-to-equity ratio of listed real estate developers has fallen from a peak of 0.55x in FY17 to just 0.05x in FY26, the lowest level since at least FY12, aided by strong presales cash flows and sustained deleveraging across the listed universe. This financial strength is the single most important buffer for the sector against near-term cost and currency volatility.

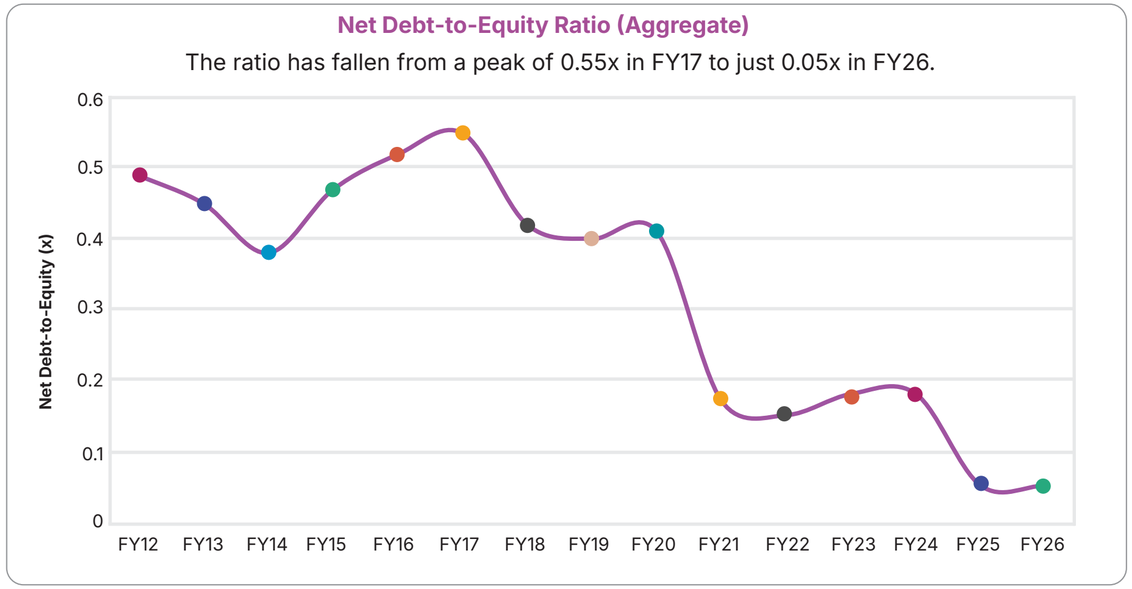

Chart 10.1: Aggregate net debt-to-equity ratio of listed real estate developers, FY12-FY26.
Source: Anarock Research & Advisory

Capital Continues to Flow In

Private equity investment into Indian real estate rose to USD4.3 billion in FY26 across 60 deals,a 46% increase in deal count over the 41 deals recorded in FY25, even as the total dollar value invested has stayed in a relatively narrow USD3.7-4.4 billion range over the past five years. Industrial and logistics assets and office attracted the largest share of FY26 funding, though data centres and mixed-use developments are emerging as fast-growing categories for institutional capital.

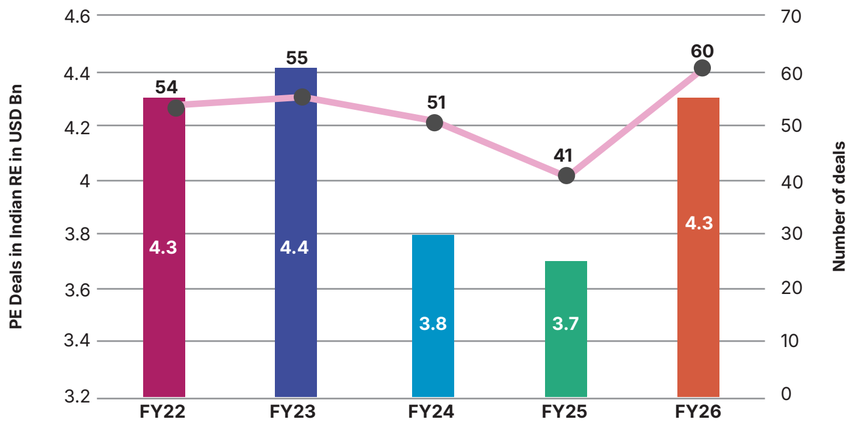

Chart 10.2: Private equity investment trend in Indian real estate, FY22-FY26.
Source: Anarock Research & Advisory

Policy Tailwinds

A decade of regulatory reform continues to underpin institutional confidence in the sector. The Real Estate (Regulation and Development) Act (RERA) has fundamentally improved developer accountability and project delivery timelines. GST rationalisation, including a September 2025 reduction in the GST rate on cement from 28% to 18%, has begun to ease construction costs, partly offsetting the war-driven escalation discussed in Chapter 9. The continued expansion of REITs and the newer SM-REIT framework is deepening capital markets access for both commercial and, increasingly, residential-adjacent real estate, with the Union Budget 2026 further encouraging monetisation of public real estate assets through dedicated REIT structures. Looking ahead, sustained implementation of these reforms should deepen institutional and retail participation further, reinforcing capital markets access for the sector through FY27 and beyond.

Asset Class Outlook

Office and industrial & warehousing emerge as the most attractive segments on a combined view of growth potential, demand strength and supply discipline, while residential retains high growth potential but carries moderate supply risk given the pace of new launches in premium categories. Retail offers more moderate but stable return characteristics, constrained by limited quality supply rather than demand.

Table 10.1: Indian Real Estate — Opportunity vs. Risk by Asset Class

Asset Class	Growth Potential	Demand Strength	Supply Risk	Investment Attractiveness
Residential	High	Moderate	Moderate	High
Commercial – Office	High	High	Moderate	High
Commercial – Retail	Moderate	Moderate	Low	Moderate
Industrial & Warehousing	High	High	Moderate	High

Source: Anarock Research & Advisory

Way Forward: The Next Decade

India's real estate sector closes FY26 having absorbed a significant external shock, a Middle East war that pushed oil prices toward USD110 a barrel, weakened the rupee by nearly 9%, and lifted construction costs by 8-10%, without derailing its structural growth story. Residential sales value has held above INR1.3 lakh crore a quarter for seven consecutive quarters, office absorption has stayed firm on Global Capability Centre demand, and warehousing and data centre capacity continue to expand at double-digit rates. With balance sheets at their strongest in over a decade and continued policy support, the sector enters the next decade from a position of structural strength rather than cyclical recovery.

USD1 Trillion	40%	3,000+	0.05x
Market size by 2030, en route to USD5.8 trillion by 2047	Share of Indians in cities by 2036, up from 31% in 2011	GCCs expected in India by 2030, up from ~1,800 in 2024	Net debt-to-equity: the sector's strongest balance sheet in a decade

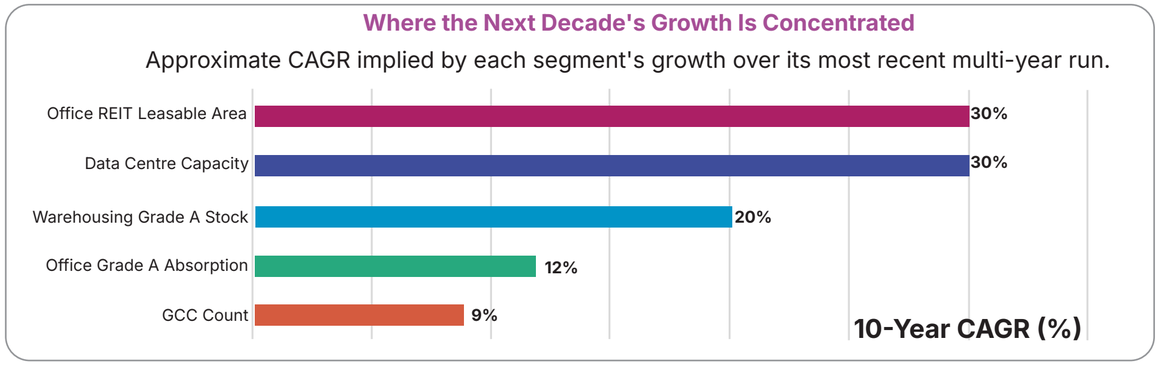

Chart WF.0: Approximate multi-year CAGR by segment, based on figures cited in this chapter.
Source: Anarock Research & Advisory

Residential: Urbanisation as the Structural Engine

India's urban population is projected to grow from around 37% of the population today to roughly 40%, or 600 million people, by 2036, with towns and cities already contributing close to 70% of national GDP. This structural shift, not any single policy cycle, is the primary long-run demand driver for residential real estate. Sustained in-migration and rising household formation should keep demand structurally supported over the decade: residential sales value has already compounded from INR2.35 lakh crore in FY22 to INR6.10 lakh crore in FY26, a base that even a more moderate pace than the last four years' growth would carry meaningfully higher through the early 2030s. Beyond conventional housing, senior living, student housing and lifestyle-led branded residences are emerging as the next wave of residential sub-segments, catering to an ageing population, a growing student base and rising demand for curated, amenity-led living, and are increasingly being positioned as institutionally investable formats in their own right.

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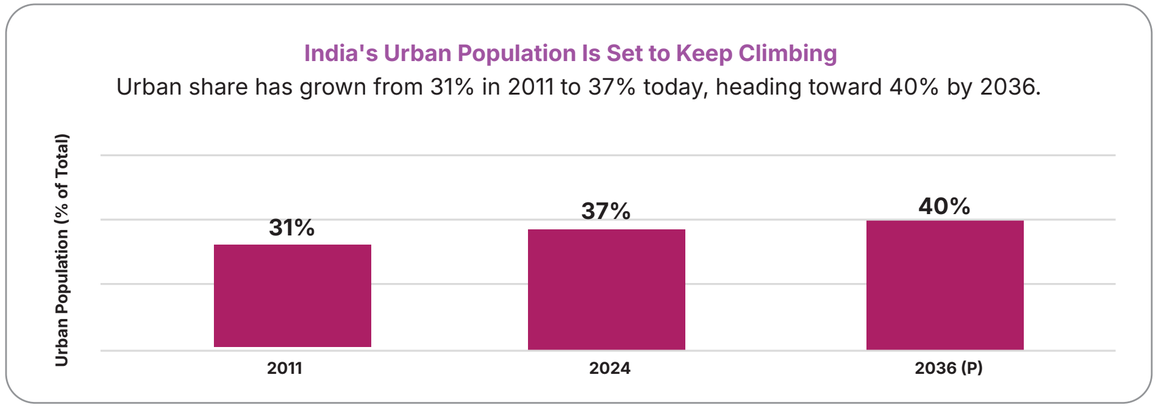

Chart WF.1: India's urban population share, 2011 actual to 2036 projected.
Source: Anarock Research & Advisory

Commercial Office: Grade A Supply Races to Keep Up

Grade A office absorption across the top 7 cities has more than doubled in under a decade, from 26.3 Mn sq ft in 2018 to annualised run-rate near 58.2 Mn sq ft in 2025, and listed office REITs alone have grown their combined leasable area six-fold since FY19, from 32.7 to 200.1 Mn sq ft. With GCCs on track to cross 3,000 by 2030 and REITs continuing to expand their pipelines, Grade A office stock is likely to see sustained double-digit growth through the decade.

Retail: A Supply-Constrained, Tight-Vacancy Market

India's organised retail penetration remains just 9%, against 85% in the US, 55% in Malaysia and 20% in China, pointing to a large formalisation runway. But that demand is chasing limited quality supply: Grade A mall vacancy sits at a decade-low 5-7% even as Grade C vacancy runs as high as 35% in some markets, a bifurcation that reflects how few new large-format Grade A malls have been delivered relative to demand. International brand entries have accelerated from 8 in 2021 to 28 in 2025, intensifying competition for scarce Grade A space. Developers are responding by converging on a Grade A-only supply strategy built around omnichannel integration, malls doubling as fulfilment and experience hubs rather than pure-play retail boxes, since Grade C stock is increasingly unviable in a digitally-integrated retail landscape. Absent a meaningful new Grade A supply pipeline, vacancy in the segment is likely to stay structurally tight over the medium term.

Warehousing & Data Centres: The Decade's Fastest-Growing Asset Classes

Warehousing stock across the top markets has grown from 294 Mn sq ft in 2021 to 493 Mn sq ft in 2025 and is projected to reach 750 Mn sq ft by 2028; sustaining anything close to the ~20% CAGR seen in Grade A stock over this period would put the segment within reach of 1 billion sq ft by the early 2030s, driven by 3PL, e-commerce and manufacturing-linked demand. The next phase of growth is increasingly plotted rather than built purely at scale: industrial plotted development and infrastructure-linked land parcels along dedicated freight corridors and expressway networks are emerging as the preferred format for occupiers seeking build-to-suit flexibility. Data centres are growing even faster on track to more than double capacity again by 2030 even if growth moderates from the ~30% pace of the past two years, as GCCs, hyperscalers and AI-linked compute demand continue to converge on India as a capacity hub.

Hospitality: A Broadening Institutional Allocation

Hospitality is benefiting from a similar structural tailwind: rising domestic travel, branded operators expanding beyond the metros into Tier II and III markets, and a shift toward asset-light management contracts over ownership-heavy models. As disposable incomes rise and both leisure and business travel normalise through the decade, branded room supply and average rates are positioned for sustained growth, making hospitality an increasingly credible institutional allocation alongside the sector's more established asset classes.

Institutional Capital: Funding the Next Decade

Private equity investment into Indian real estate held in a USD3.7-4.4 billion annual range through FY22-FY26 even through a year of war-driven volatility, while deal count rose 46% in FY26 alone, taking cumulative five-year inflows to approximately USD20 billion. REITs are increasingly the vehicle through which this capital is deployed: having proven the model in office, where listed leasable area has grown six-fold since FY19, REIT-style structures are now being explored for warehousing, data centres and, prospectively, income-generating residential formats such as senior living and rental housing, widening the investable universe for institutional and retail capital alike. Family offices, historically concentrated in listed equities, are also emerging as a meaningful allocator to real estate, drawn by improved post-RERA transparency and REIT and fractional-ownership vehicles that lower the ticket size for direct exposure. If deal activity continues compounding even at a fraction of the pace seen in FY26, cumulative institutional inflows over the next decade could run to several multiples of the past five years' total, concentrated in office, warehousing, data centres and, increasingly, residential.

Crude oil prices, the rupee, and the pace of any resolution in West Asia will continue to shape input costs and buyer sentiment through the rest of FY27, and a further, more sustained energy price shock remains the clearest risk to this trajectory.

None of this is guaranteed, but balance sheets are the strongest in a decade, and the underlying demand drivers, urbanisation, formalisation, institutional capital, are structural rather than cyclical. The next decade will be defined less by whether growth continues than by which asset classes and cities capture the largest share of it.

