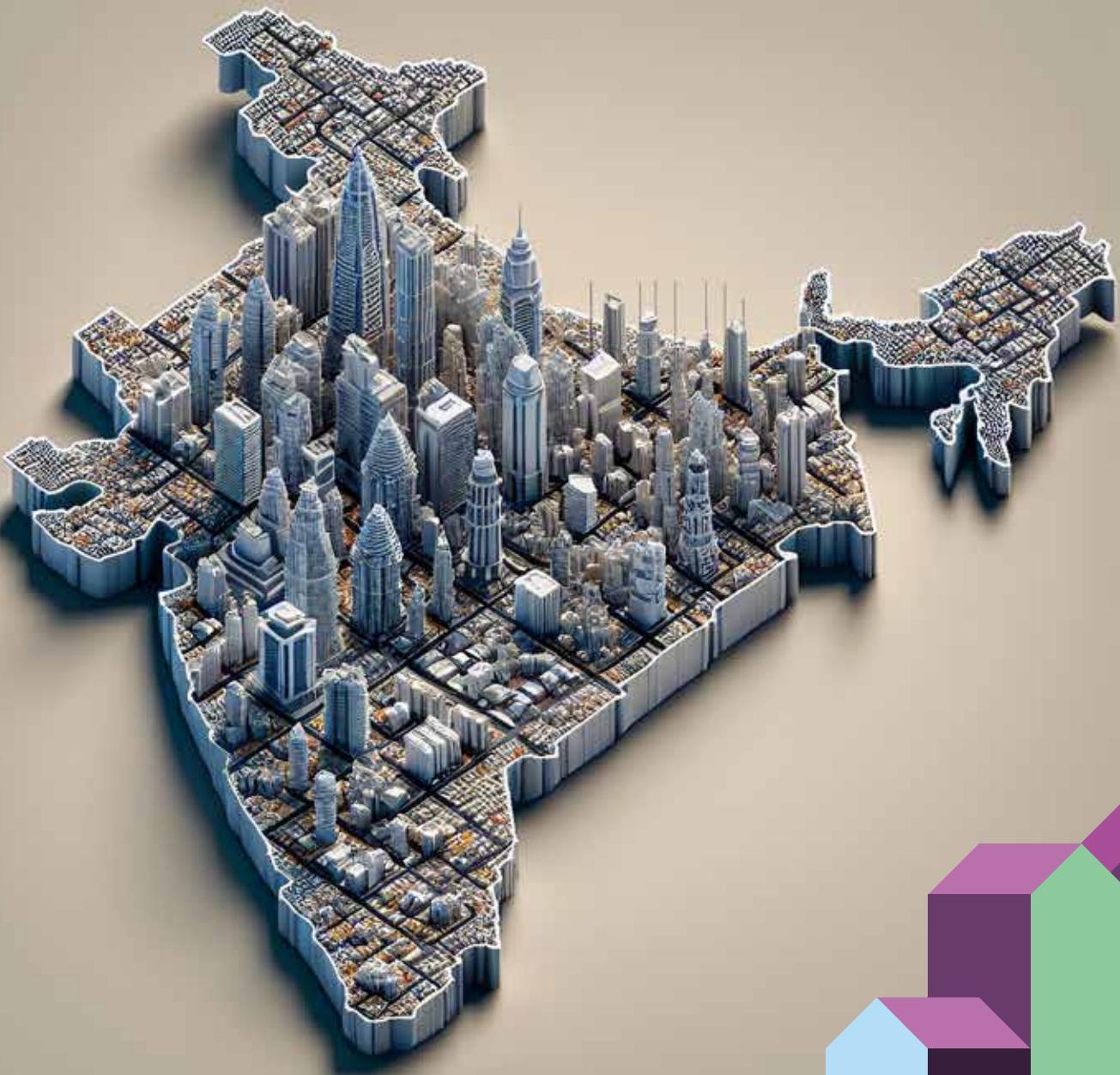


Jan 2026

Indian Residential Real Estate

A Review and the Road Ahead



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FOREWORD



India continues to demonstrate structural economic resilience, supported by private consumption contributing nearly 60% of GDP, a threefold increase in government capital expenditure since FY19, and a strong banking system with net NPAs near multi-decade lows. These fundamentals provide a stable foundation for long-term investment across asset classes, including real estate.

The residential real estate market in 2025 reflects this maturity. Housing sales across the top seven cities declined by 14% year-on-year; however, transaction value increased by 6%, crossing ₹6 lakh crore. This divergence clearly indicates a shift from volume-led activity to value-driven demand, supported by rising ticket sizes, premiumization, and improved pricing power.

Price trends further reinforce this transition. After muted growth between 2015 and 2019, residential prices rose over

50% during 2019–24 and moderated to a sustainable ~8% growth in 2025. This normalization reflects disciplined supply, stronger balance sheets, and end-user-led demand.

Demand composition has structurally evolved. The share of sub-₹75 lakh homes declined from ~60% in 2021 to ~32% in 2025, while luxury and ultra-luxury segments expanded rapidly, supported by higher incomes and lifestyle upgrades. Tier I markets—MMR, Bengaluru, and Pune—continue to lead, with emerging traction in select Tier II cities.

With lower interest rates, rising per capita incomes, strong infrastructure spending, and mortgage-to-GDP at just ~11%, India's real estate sector remains structurally under-penetrated and well positioned for sustained growth. This report presents a data-driven view of that opportunity.

Anuj Puri
Chairman, ANAROCK



India's residential real estate sector stands at a defining juncture, anchored by strong macroeconomic fundamentals and deep structural resilience. As highlighted in this report, India has emerged as a global "lighthouse economy," supported by robust private consumption, sustained government capital expenditure, a well-capitalized banking system with multi-decade low NPAs, and rising domestic investment. Collectively, these factors have created a stable and credible foundation for long-term growth in real estate and allied sectors.

The year 2025 marks a decisive shift in residential real estate from volume-led expansion to value-driven growth. Although housing sales across the top seven cities moderated, transaction value

rose beyond ₹6 lakh crore, underscoring market maturity. Higher ticket sizes, premiumization, and stronger pricing power now define demand. After a prolonged phase of subdued price movement, the sharp appreciation seen during 2019–24 has transitioned into a more balanced and sustainable growth path, reinforcing confidence among both end-users and investors.

A structural shift in demand is evident as affordable housing gives way to luxury segments, driven by higher incomes and evolving lifestyles. Tier I cities lead, Tier II markets gain traction, and larger, wellness-focused, amenity-rich homes redefine residential preferences.

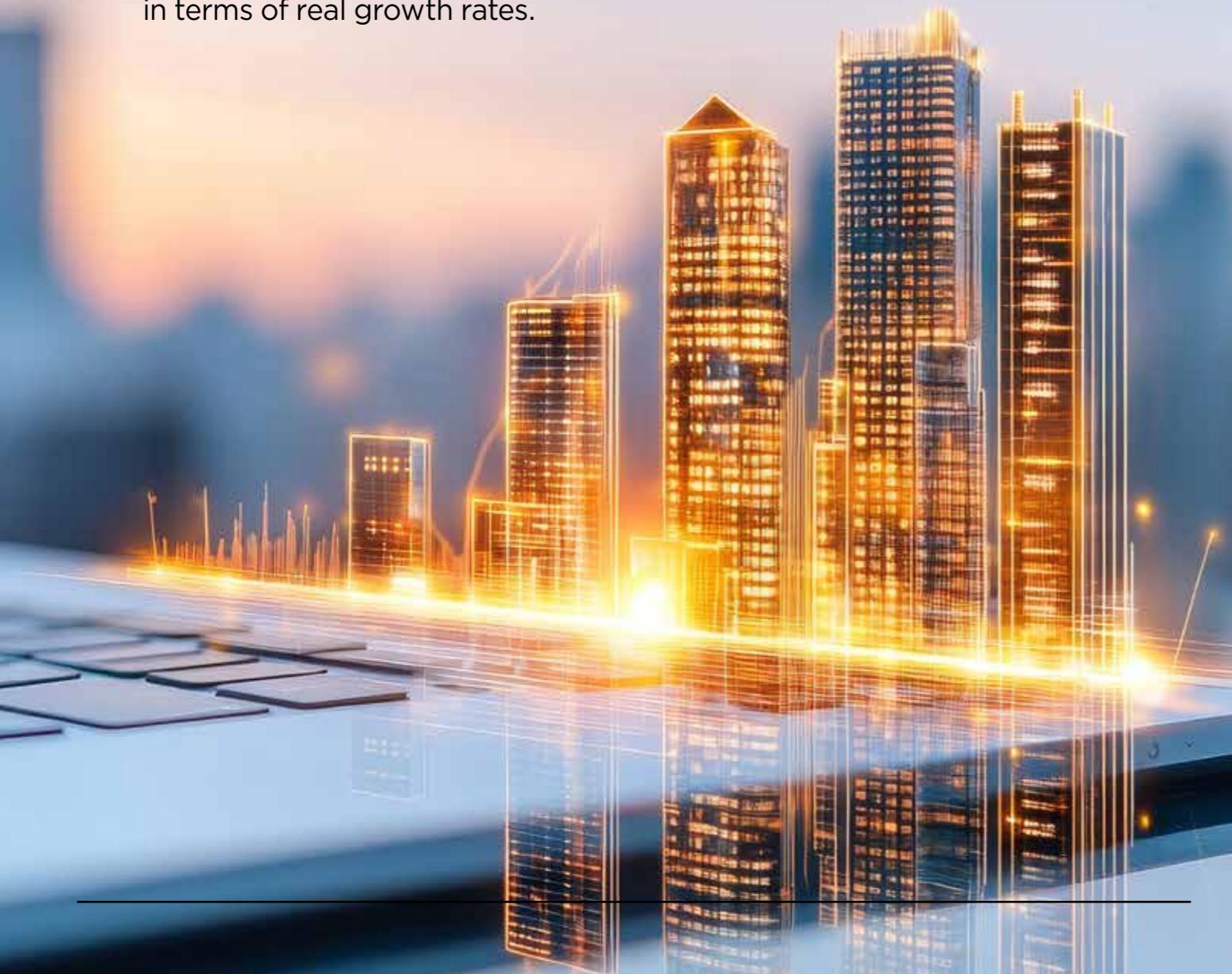
Looking ahead, the outlook remains firmly positive. Lower interest rates, rising per capita incomes, infrastructure-led urbanization, growth in Global Capability Centers, increased FDI inflows, and under-penetration of housing finance provide strong tailwinds. As India progresses toward a \$7.3 trillion economy and "Viksit Bharat 2047," residential real estate will remain a vital pillar of economic growth, capital formation, and inclusive development.

Dr. Rajeev Singh
Director General
Indian Chamber of Commerce

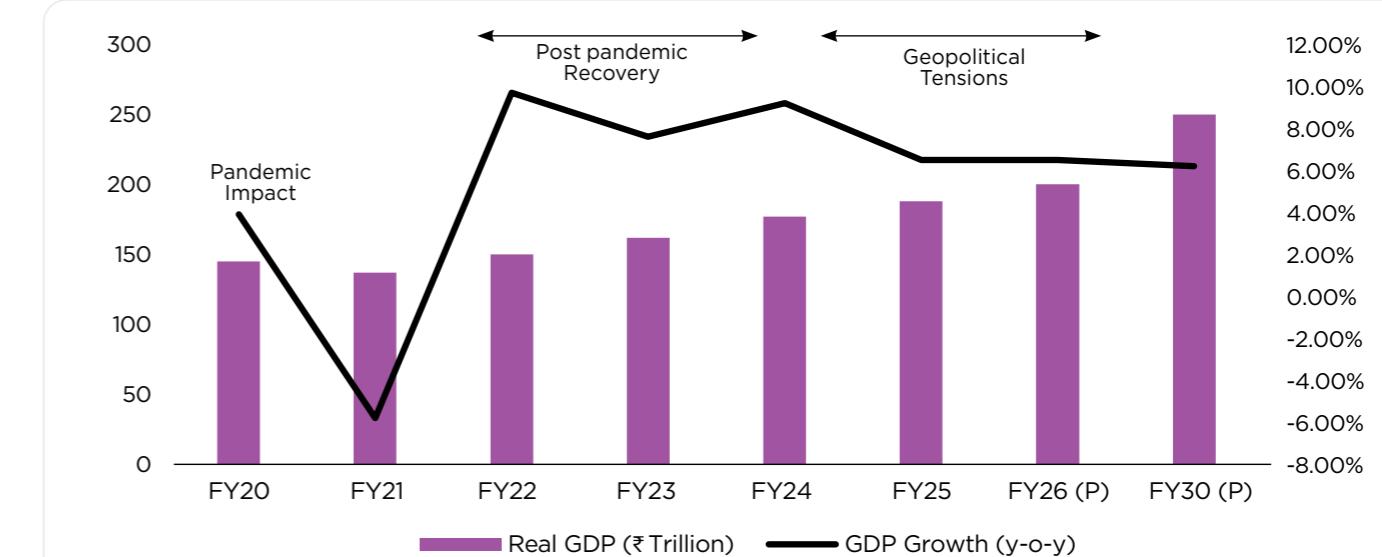
1

Navigating Global Volatility: The Indian “Lighthouse” Economy

India has emerged as a beacon of stability and growth in a global landscape characterized by “permacrisis.” As of late 2025, India has solidified its position as the 4th largest economy in the world by nominal GDP, consistently outperforming developed peers like the US, UK, and China in terms of real growth rates.



1.1 - Macro-Economic Trajectory (2020-2025)

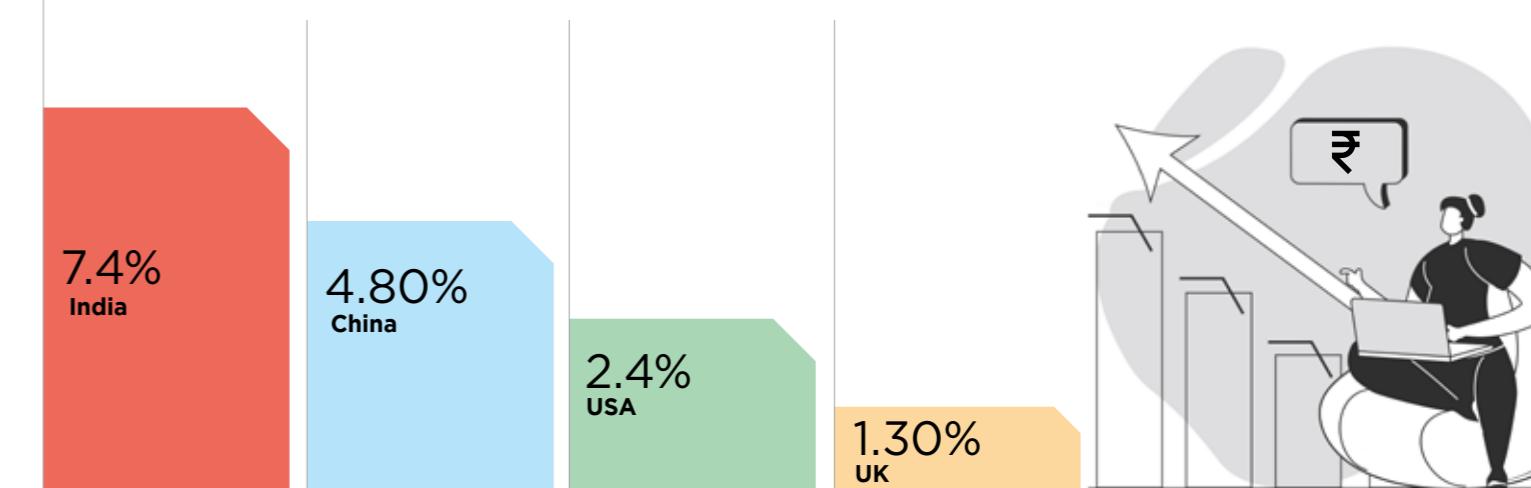


Source: Anarock Research & Advisory, Secondary Research

Driving Factors



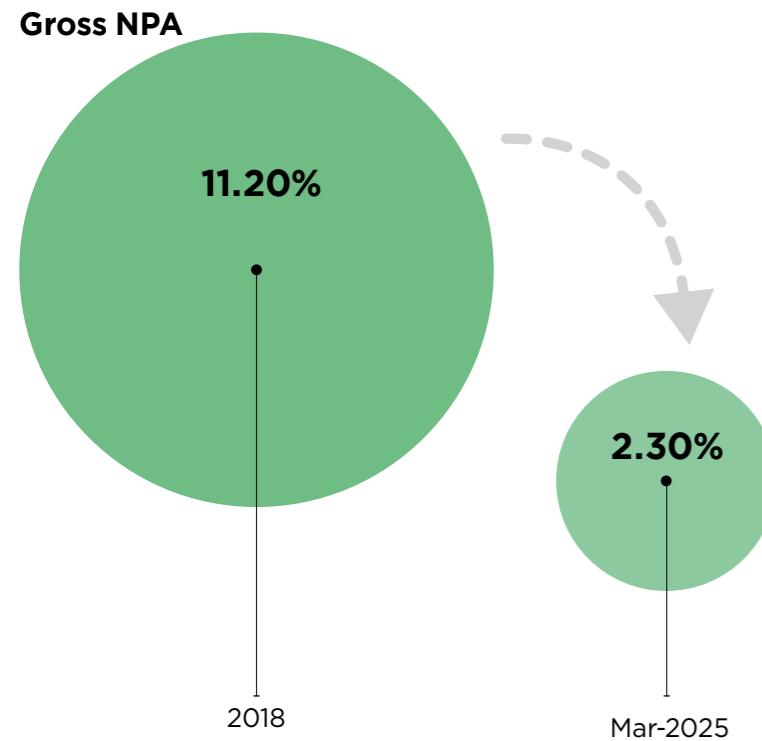
GDP Growth Comparison FY26 (Projected)



Source: Anarock Research & Advisory, Secondary Research

1.2 - Financial Sector Health & Credit Dynamics

A decade-long cleanup of bank balance sheets has culminated in the strongest banking sector health in 20 years.

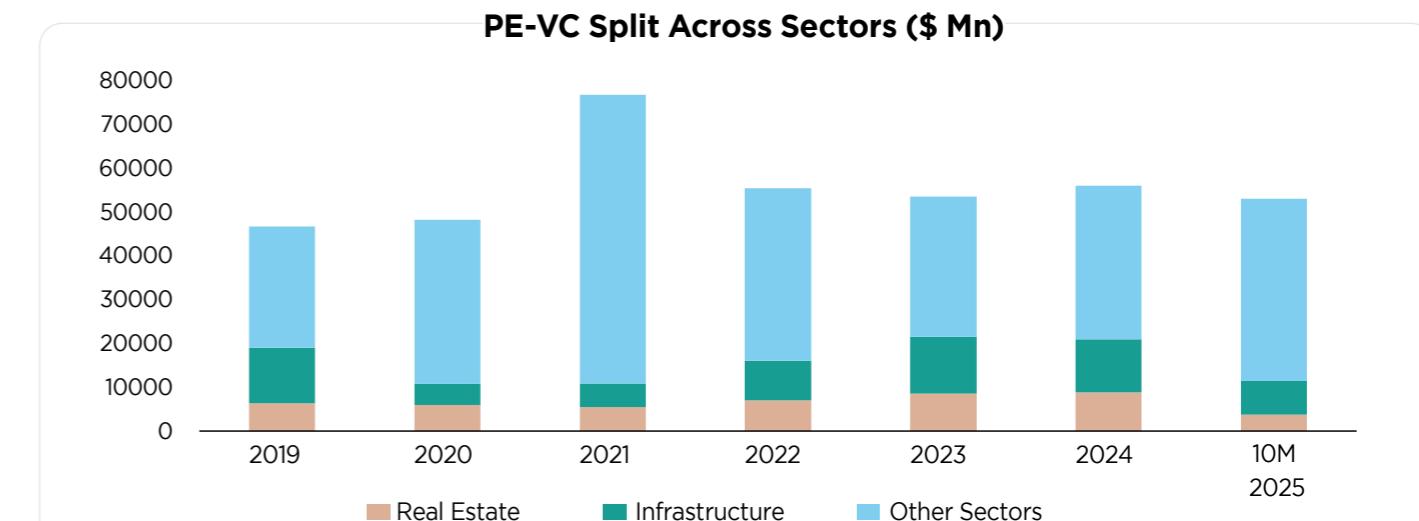


CPI General Index

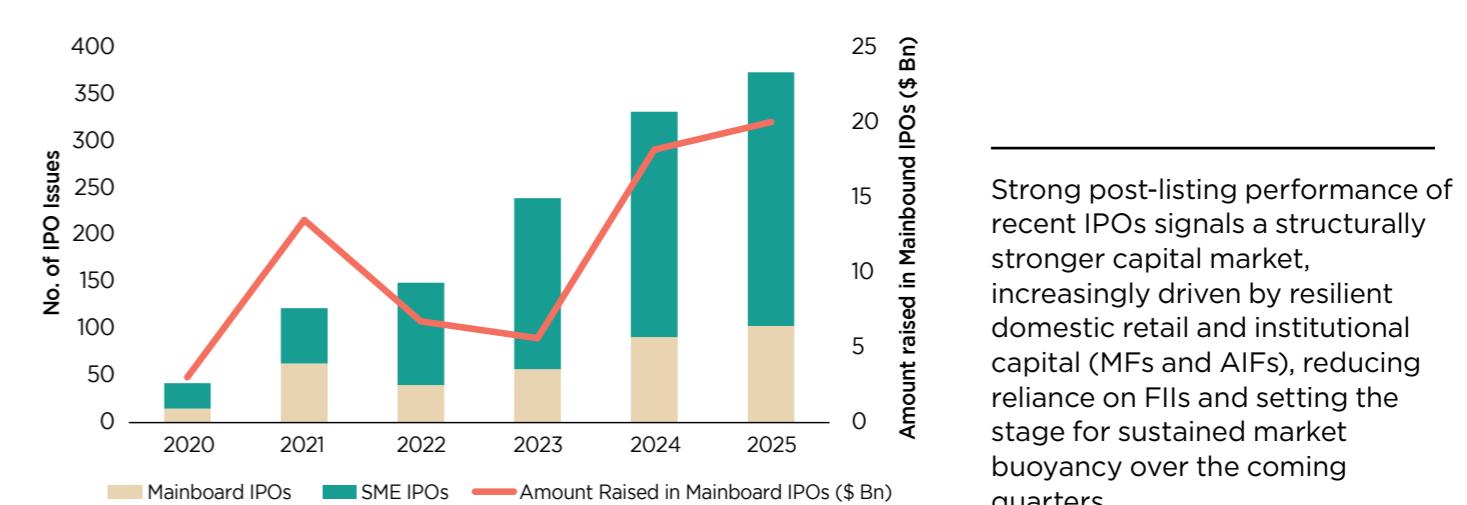


1.3 - Investment & The New Economy

India's investment landscape has shifted from traditional sectors to a technology-first approach.

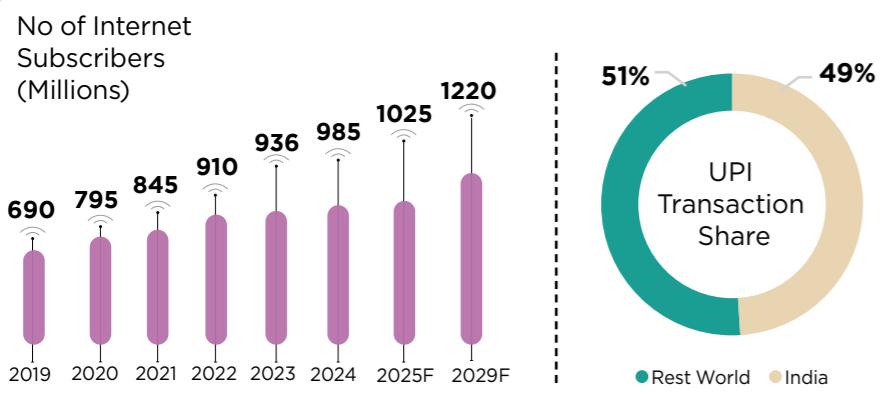


IPO Boom



1.4 - Structural Tailwinds

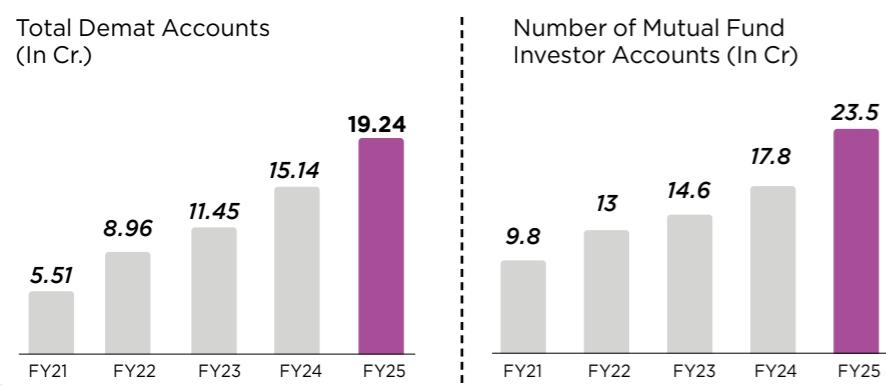
1.4.1 - Digitalization:



Source: Anarock Research & Advisory, Industry Reports



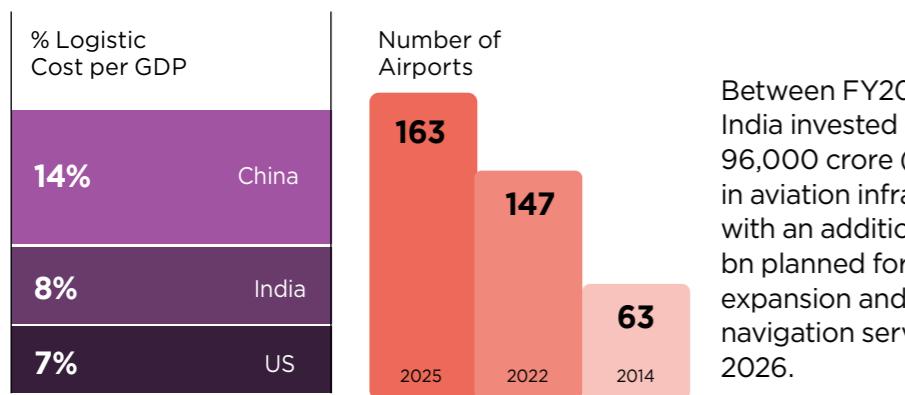
1.4.2 - Retail Investor Explosion:



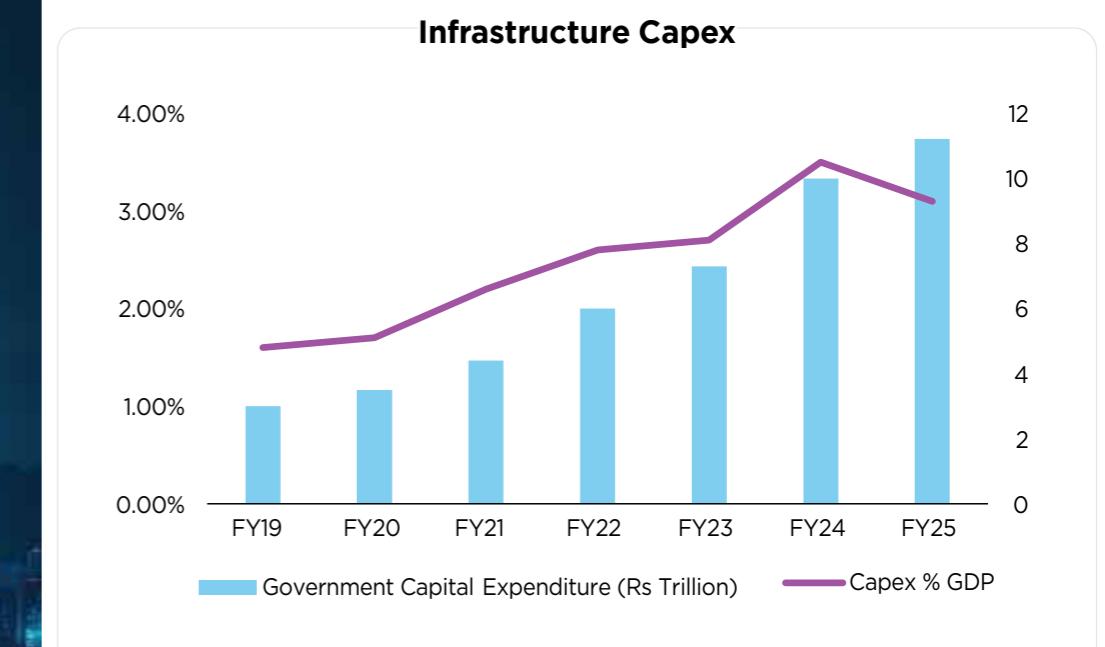
Source: Anarock Research & Advisory, Industry Reports

1.4.3 - Infrastructure Capital Expenditure:

Logistics costs dropped to 8% of GDP via better roads, rail network, new Airports and PM Gati Shakti, saving \$27 - 54 Billion annually.

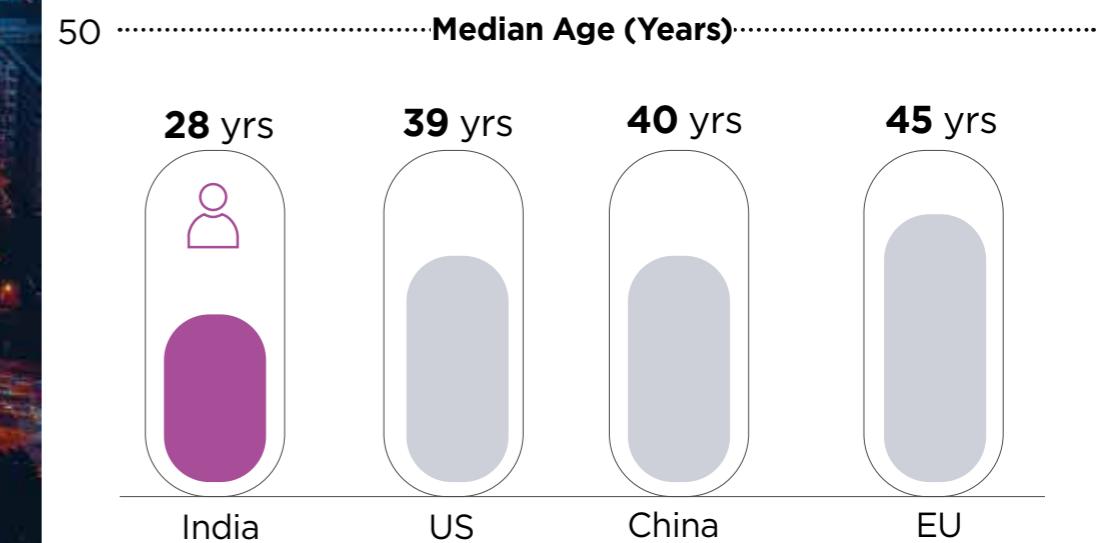


Source: Anarock Research & Advisory, Industry Reports



 Infrastructure capex has expanded at an ~25% CAGR over the past six years, driving lower logistics costs by reducing transit times, improving multimodal connectivity, and cutting inventory holding and fuel expenses across supply chains.

1.4.4 - Demographic Dividend



 With a median age of 28, India's young population continues to drive domestic consumption, which remains the primary engine of GDP.

1.5 - Strategic Outlook (Next 5 Years: 2026-2030)



Manufacturing Surge

Manufacturing's share of GDP is expected to rise from 14% to 20% by 2030, driven by the PLI schemes and the electronics boom (which saw a 37% export surge in 2025).



Energy Transition

India aims for 450 GW of renewable capacity, attracting an estimated \$200+ Bn in green investments by 2030



Third Largest Economy

India is on a firm track to overtake Germany to become the world's 3rd largest economy by 2030



Digital Contribution

The digital economy is projected to contribute 20% of GVA by 2030 (up from ~11% currently), outpacing traditional sectors like agriculture.

India's outlook is "Stable with Upward Bias." The transition from a consumption-led to an investment-led growth model.

1.6 - The Real Estate Renaissance: A Pillar of \$7.3 Trillion India

1.6.1 - Real Estate: Contribution & 5-Year Performance

The sector's contribution to India's GDP has nearly doubled in significance over the last five years, moving from a recovery phase in 2020 to a premiumization phase in 2025



1.6.2 - Why Real Estate is the Key to India's Future (2025-2030)

The Urbanization Wave

By 2030, an estimated 600 million Indians will live in cities. This creates a recurring demand for 25 million additional homes, ensuring the sector remains a multi-decade growth engine.

Infrastructure Multiplier

For every ₹1 invested in real estate, the economy realizes a multiplier effect of nearly 2x due to its linkages with 250+ ancillary industries (Cement, Steel, Paints, Electronics).

REITs and Institutionalization

Since India's first REIT listing in 2019, the market has grown to ~USD 18 bn in capitalization, delivering attractive 6-7% yields—outperforming mature REIT markets such as the USA (3-5%) and Singapore (5-6%) despite its nascent stage.

Digitalization (PropTech)

The government's move to 100% digitize land records by December 2025 is expected to reduce litigation by 40%, significantly lowering the "risk premium" for foreign investors.

1.6.3 - Strategic Outlook: The Road to 2047

As India moves toward its goal of becoming a "Viksit Bharat" (Developed India) by 2047, the real estate sector's trajectory is unprecedented.

Indian real estate not just as a property play, but as a macro-economic necessity. With mortgage-to-GDP still at ~11% (vs 50%+ in US/China), the room for credit-fueled expansion in India is immense and structurally sound.

2

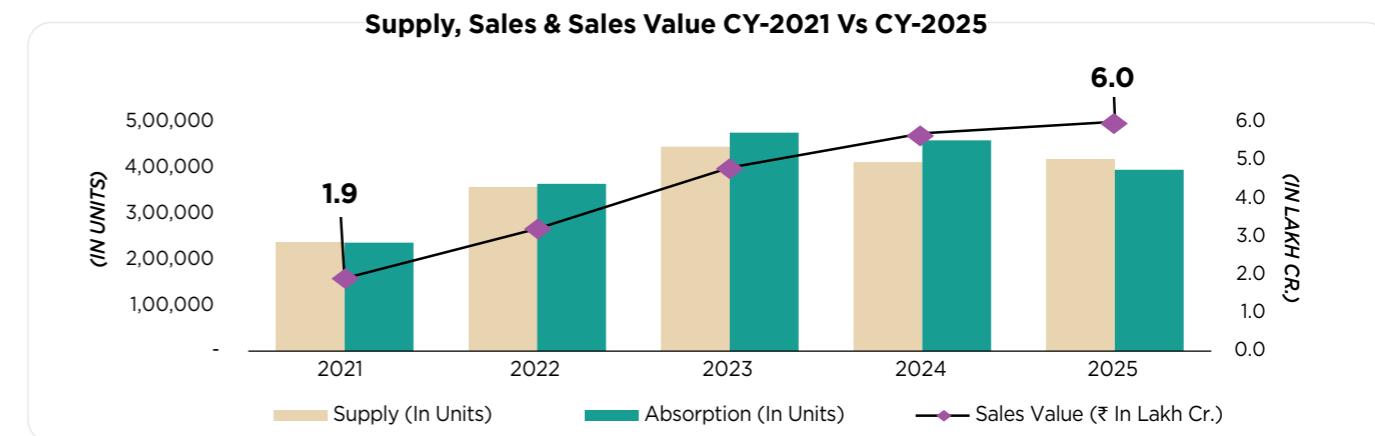
From Growth to Groundbreaking Homes

India's residential real estate market in 2025 entered a phase of strategic recalibration, marked by a clear divergence between transaction volumes and value realization. While overall housing sales moderated amid price inflation and macroeconomic uncertainties, the market demonstrated notable resilience through sustained demand for premium and luxury housing.



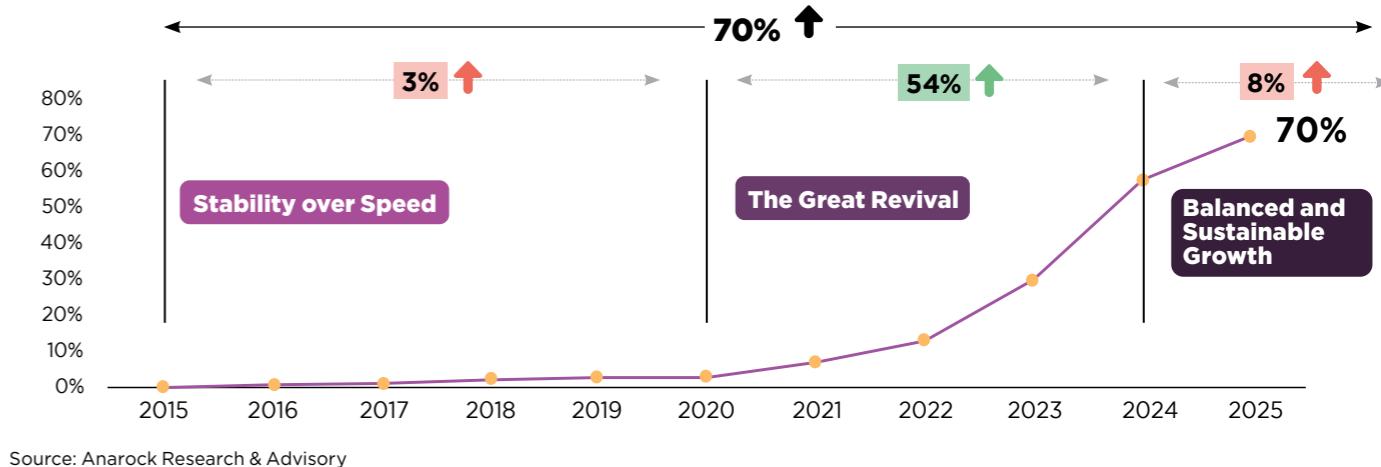
2.1 - A year defined by value over volume and visible confidence

Sales Volume vs. Value: Housing sales in India's top seven cities declined by 14% in 2025, falling to approximately 395,625 units from 459,645 units in 2024. Despite this drop in volume, the total sales value rose by 6%, surpassing ₹6 lakh crore for the year.



2.2 - Residential Sector: Price Index Movement

Between 2024 and 2025, price growth moderated to ~8%, indicating a healthier, more sustainable market supported by genuine demand rather than speculation.



Stability over Speed

From 2015 to 2019, Indian real estate saw a muted ~3% price growth, reflecting a period of consolidation driven by regulatory changes, cautious buyers, and excess inventory.



The Great Revival

The period 2020 to 2024 marked a dramatic turnaround, with prices surging by ~54%. Post-pandemic recovery, strong end-user demand, infrastructure push, and grade-A developers higher contribution in new supply fueled with improved buyer confidence witnessed one of the strongest growth cycles in decades.

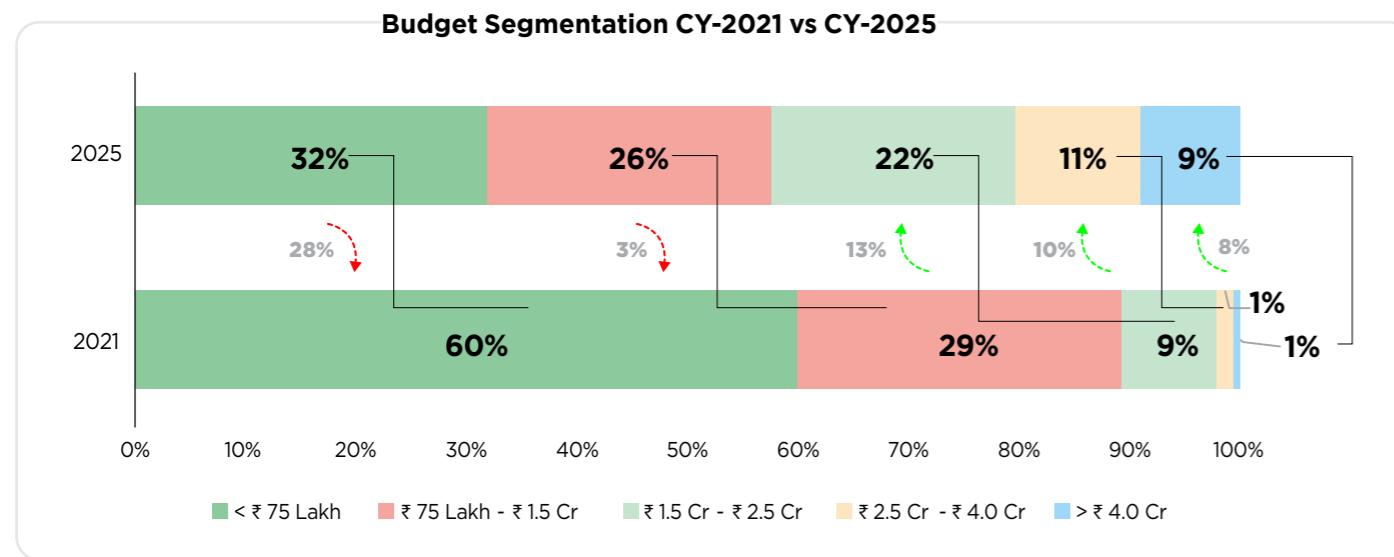


Balanced and Sustainable Growth

Between 2024 and 2025, price growth moderated to ~8%, indicating a sustainable market supported by genuine demand rather than speculation.



2.3 - Budget Segmentation: Luxury Grows at the Cost of Affordable



Source: Anarock Research & Advisory

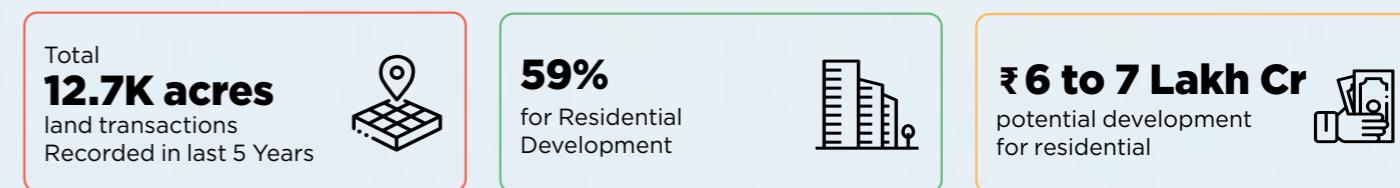
The budget segmentation trend from CY2021 to CY2025 highlights a maturing residential market, characterized by rising incomes, evolving lifestyle aspirations, and stronger buyer confidence clearly favoring high end to luxury and ultra-luxury housing segments over affordable and mid end housing.

The luxury & ultra luxury segment ₹ 2.5 Cr. to above ₹ 4 Cr. was almost negligible in 2021-22 but gained momentum post-2023, reaching 9% and 11% respectively by 2025. This signals increased participation from high-net-worth individuals, investors, and lifestyle upgraders. MMR & Delhi-NCR lead in supply of units under this category, followed by Hyderabad and Bengaluru.

₹ 75 Lakh - ₹ 1.5 Cr. segment has remained relatively stable around 29-31% between 2021 and 2024, currently easing slightly to 26% in 2025. This segment continues to act as the core demanded among the first-time homebuyers who are largely supported by salaried end-users.

The ₹ <75 lakh segment, which dominated the market in 2021 at 60%, has consistently lost share, declining to 32% by 2025. This reflects rising property prices and improved buyer affordability, increased purchasing power of individuals by introducing new tax slabs/regimes pushing buyers into higher ticket sizes.

2.4 - Land transactions are scaling new heights, with residential development emerging as the dominant driver



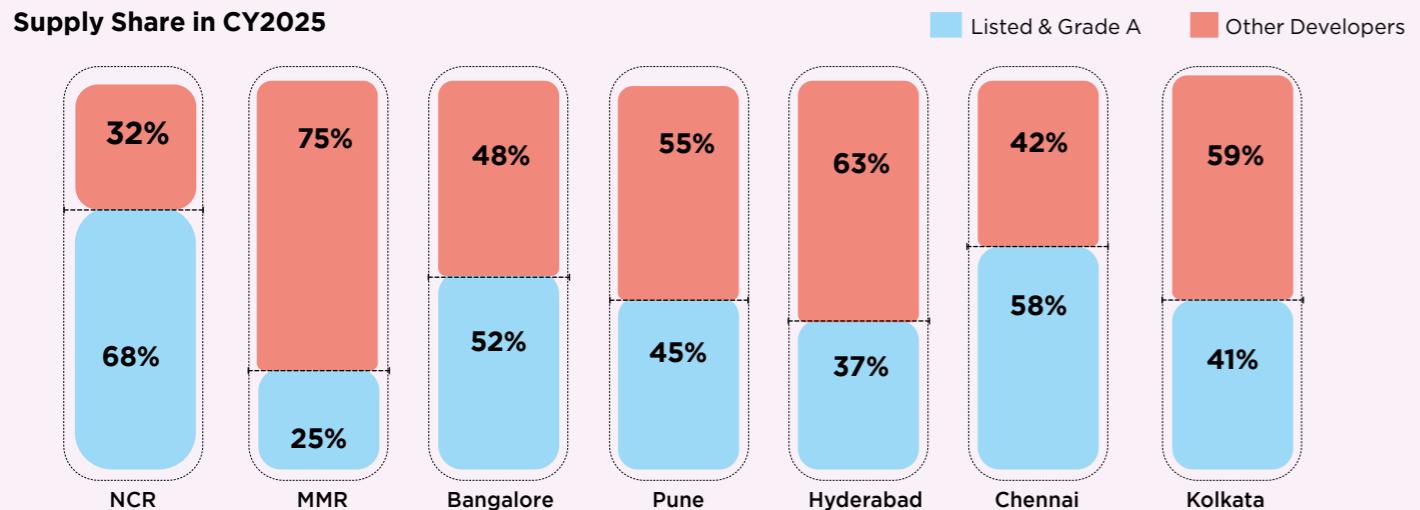
Total Area (in Acres)



Source: Anarock Research & Advisory, Industry Reports



2.5 - Listed & Grade-A Developers share are getting bigger and bigger - reached 45% from 28% in last 5 Years

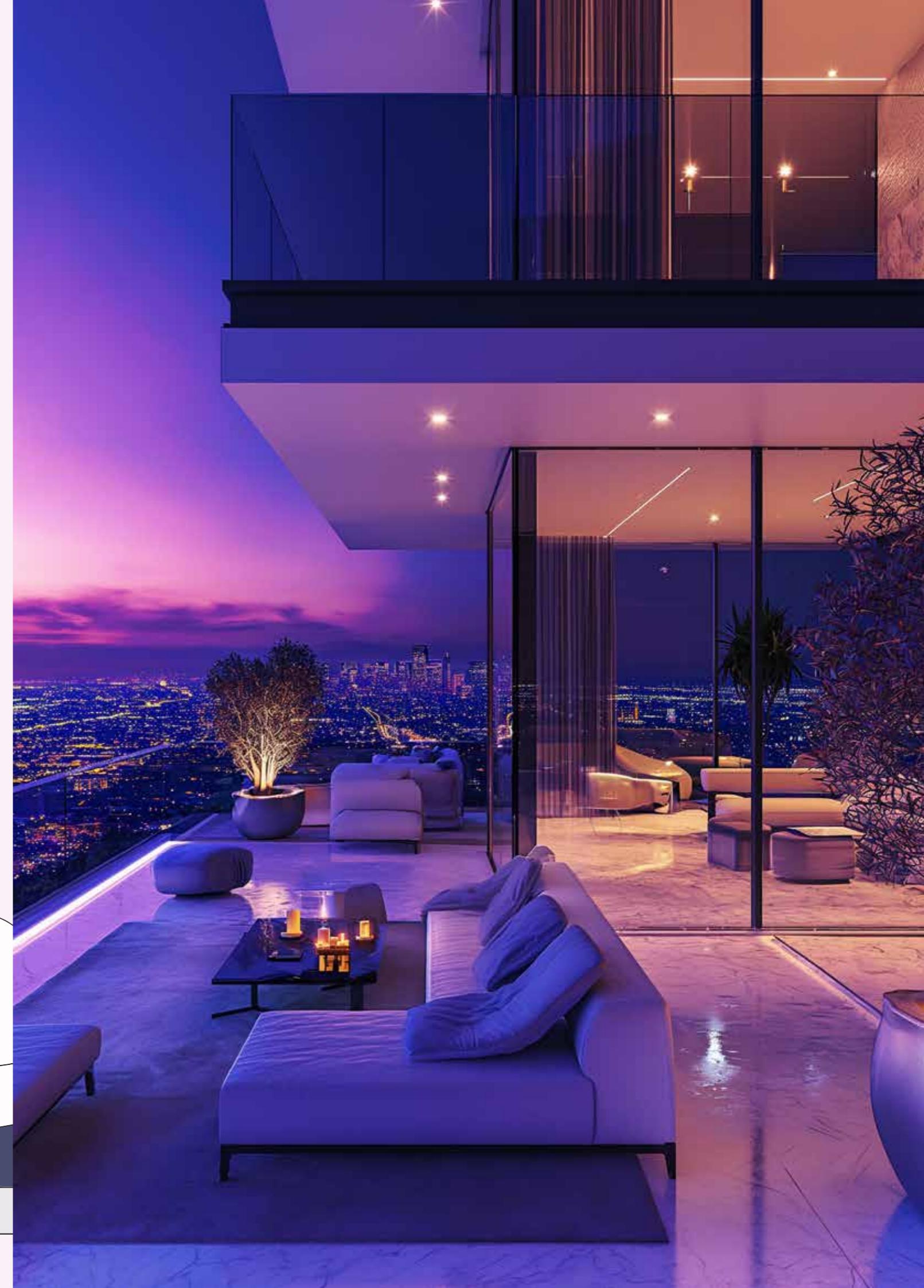
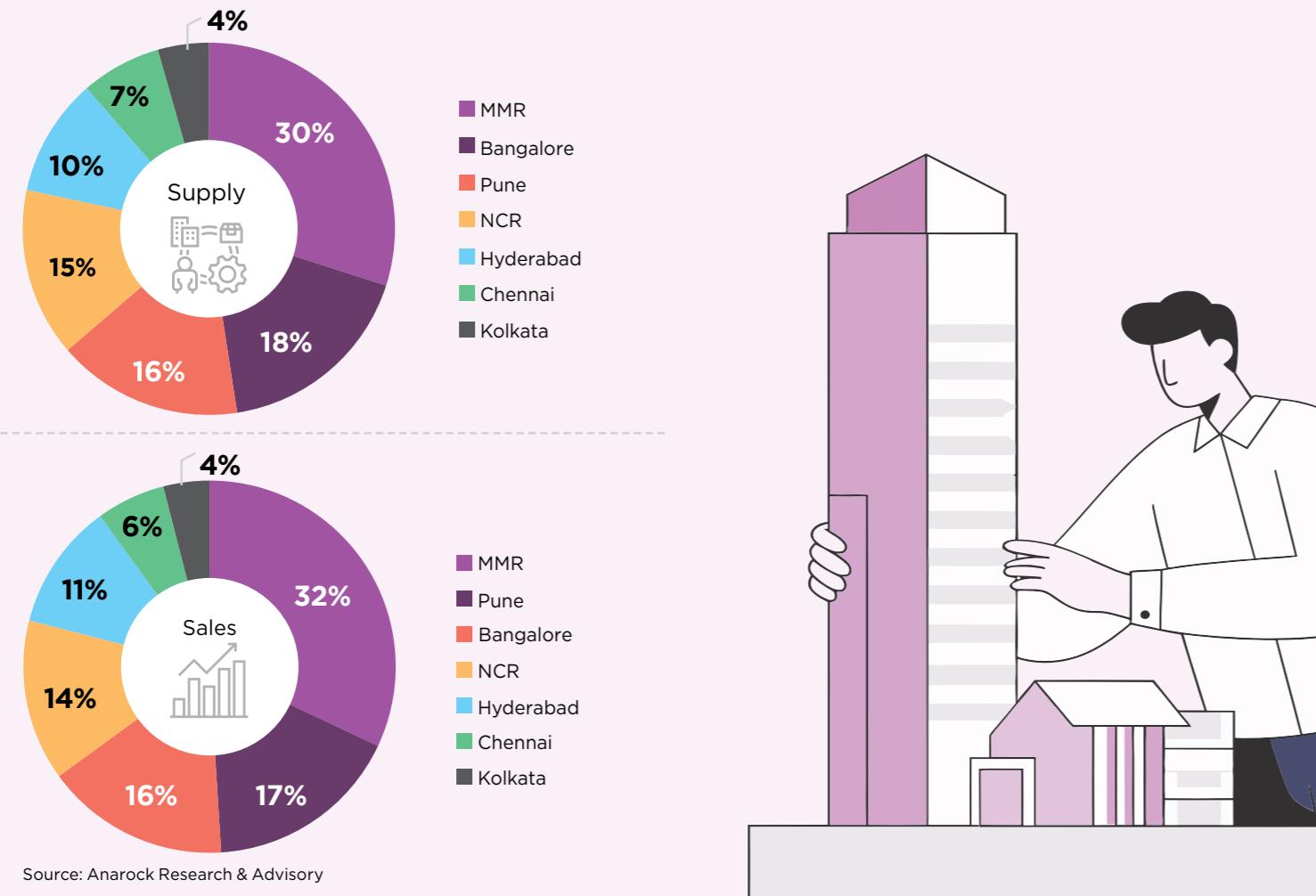


Source: Anarock Research & Advisory

Geographic Performance CY2025

2.6 - City Share: MMR, Pune and Bengaluru Leading the Pack

Top Seven Cities Share in Supply & Sales



2.7 - The new rules of residential real estate—designed by demand, defined by aspiration

Structural shift from volume-led to value-led housing demand

Luxury Housing: Demand Re-rating

1 Ultra Luxury (₹40 Cr+) segment sales recorded a sharp rise of nearly 66% in 2025 compared to 2024.

2 The Mumbai Metropolitan Region accounted for over 70% of ultra-luxury home sales during 2024-25.

3 Luxury (₹4 Cr+) sales share: ~18-20% of total sales in Top 7 cities (vs -1-2% in 2019).

4 Luxury sales CAGR (CY21-CY25): ~28-30%

5 Average ticket size: +35-40% vs pre-COVID baseline

6 Capital allocation shift: Developers prioritizing margin over volume

The Upsize Effect: Bigger Homes are Boosting Real Estate Revenue

All the top 7 cities continue to witness rise in unit by 40%; NCR topped the list with a remarkable 90% surge in unit size between 2022 to 2025

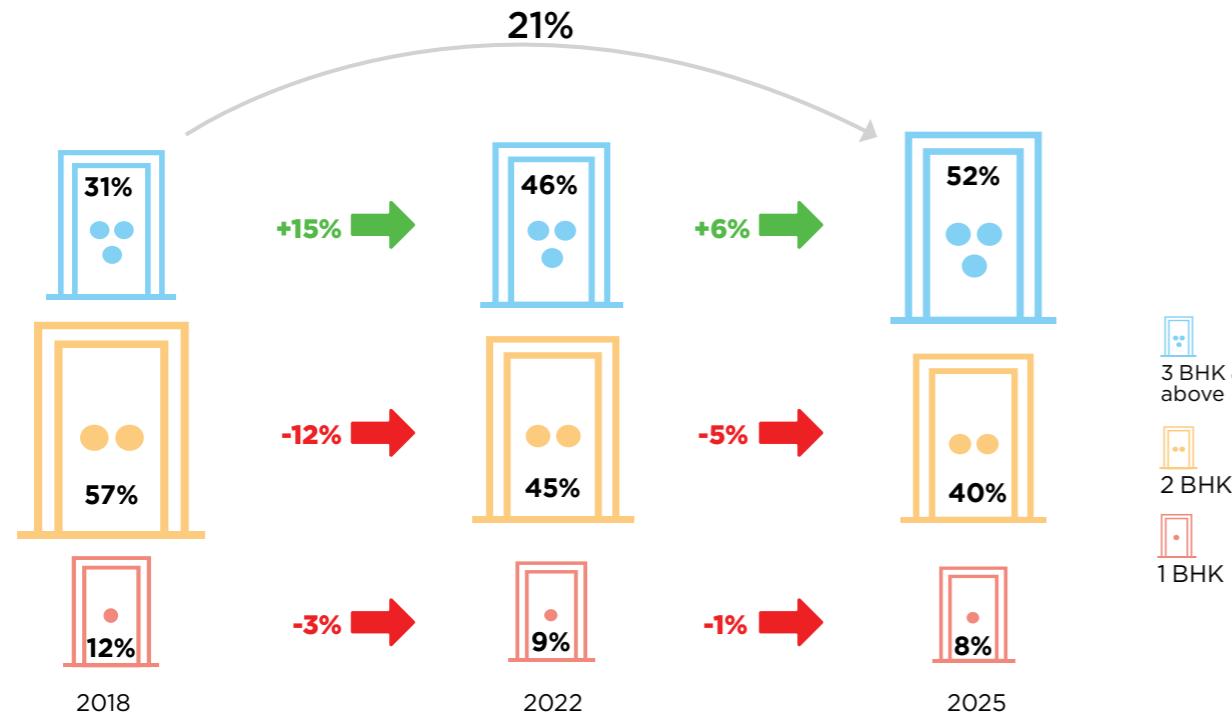
Year	MMR	NCR	Bangalore	Pune	Hyderabad	Chennai	Kolkata	PAN INDIA
2021	810	1300	1300	956	1550	1275	1075	1180
2022	830	1375	1175	966	1775	1200	1150	1210
2023	795	1890	1484	1085	2299	1260	1124	1420
2024	862	2435	1650	1135	2103	1445	1149	1540
2025	903	2466	1790	1127	2600	1561	1151	1657

Source: Anarock Research & Advisory

Unit Upsizing: Bigger Homes

3BHK+ share in buyer preference: ~45-50% (vs ~30% in 2018)

The Trend: Homes are Getting Bigger



Source: ANAROCK Homebuyer Sentiment Survey

Upgrade buyers: ~60% of premium segment demand with Amenity & Wellness Premium

Projects with wellness-led positioning
70-75% of premium launches

Price premium:
+10-12% for amenity-rich communities

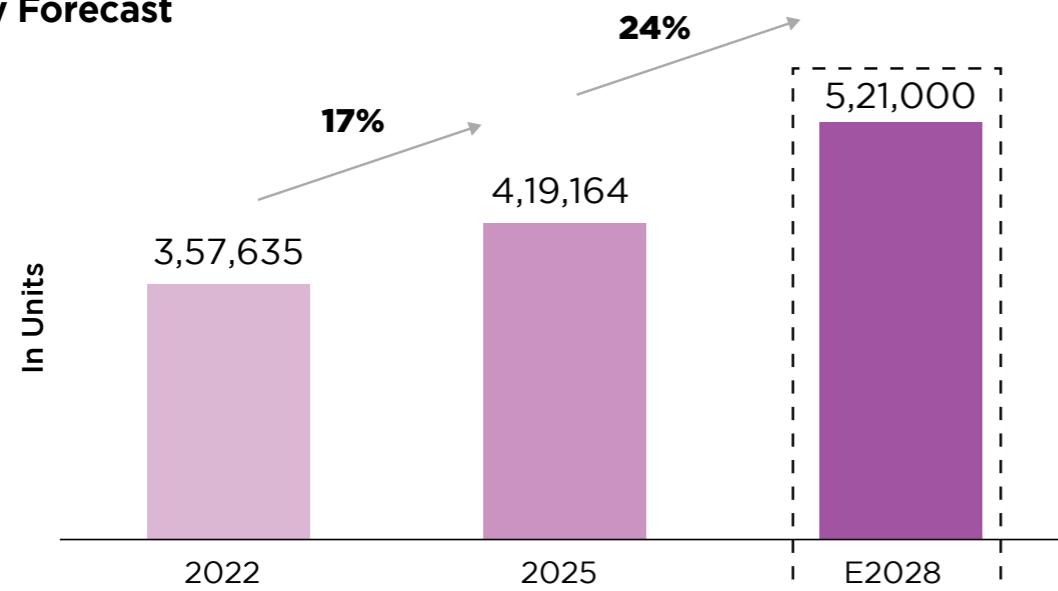
Key conversion drivers:
Clubhouse scale, fitness, co-working, green open spaces. Lifestyle differentiation increasingly replaces location arbitrage



2.8 - Forecast Estimates - The Movement Will Continue

Momentum isn't slowing—it's compounding

Supply Forecast



Source: Anarock Research & Advisory

- Residential supply recorded a 17% increase between 2022 and 2025, reaching approximately 4.19 lakh units, and is likely to grow by a further 24% by 2028.
- Capital pricing is expected to appreciate 24% in 2028 from 2025 but expecting a tremendous growth of 75% in 2028 when compared to 2022.



2.9 - Growth Drivers

Lower Rates, Higher Confidence in Real Estate

Year	2022	2023	2024	2025
Repo Rate	6.25%	6.50%	6.50%	5.25%

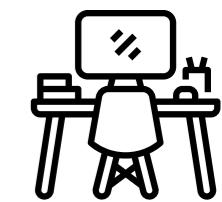
- RBI's decision to cut the repo rate by 25 bps to 5.25% (in December 2025) is a positive trigger for the real estate sector, as cheaper loans improve housing affordability.



Job Creation Through GCCs Driving Realty Momentum

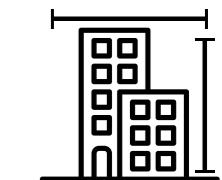
Year	2025	2030
No. of GCC's	1700	2400
No. of Employees	19 Lakh	28 Lakh

- This job-led growth is supporting rental appreciation, accelerating the development of new business districts, and strengthening long-term momentum in the real estate market.



Infra-Led Development Unlocks New Realty Corridors

- The ₹1.5 lakh crore interest-free loans to states, alongside India's US\$ 1.723 trillion infrastructure push between FY24 and FY30, will significantly accelerate connectivity and unlock new real estate corridors to support long term growth and beneficial to emerging locations.



Per Capita Growth Driving Real Estate Expansion

- India's per capita income is projected to rise 29% by 2028 from 2025, up from 20% between 2022-2025, according to the IMF. This surge in earnings is set to fuel stronger demand for residential and commercial properties, accelerating growth across the real estate sector.



Rising FDI Inflows Power Long-Term Realty Growth

- The strong momentum continues in FY26, as \$50.36 billion inflows in the first half already account for nearly 62% of FY25 levels, signalling sustained foreign interest, improved liquidity, and a positive long-term outlook for the real estate sector.



About ANAROCK

ANAROCK is the leading independent real estate services company with a visible presence across India and the Middle East. The Company has diversified interests across the real estate lifecycle and deploys its proprietary technology platform to accelerate marketing and sales on behalf of its clients.

Over the last eight years, ANAROCK has expanded from being a residential-focused organization to complementary sectors including retail, commercial, hospitality, logistics & data centres, industrial and land. The firm also specialises in strategic advisory, investment banking, research & valuations and offers app based flexible workspaces and society management services. ANAROCK has developed proprietary technology that is adopted across all its businesses.

ANAROCK has a team of over 2200 experienced real estate professionals who operate across all major markets in India and the Middle East.

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About ICC

The Indian Chamber of Commerce (ICC) is one of India's oldest and most respected national chambers of commerce and industry, established in 1925 by pioneering Indian industrialists, with guidance from Mahatma Gandhi and led by Mr. Ghanshyam Das Birla.

ICC, acts as a crucial bridge between industry and government to foster economic growth, policy advocacy, and inclusive development, with a pan-India presence and international offices, promoting entrepreneurship, sustainability, and innovation for nearly a century. It has 25 international chapters and 11 regional offices in New Delhi, Mumbai, Kolkata, Hyderabad, Jaipur, Patna, Guwahati, Bhubaneswar, Agartala, Siliguri and Ranchi. The chamber has an impressive member database of 2500 +members spread across various sectors.

The Chamber plays an active role in policy advocacy, economic research, business facilitation and international trade promotion, regularly organizing high-profile summits, conferences and initiatives that address key national and global business challenges. The chamber continues to play an important role in strengthening the Indian economy.