ANAROCK
VALUES OVER VALUE

Residential Market Viewpoints
PAN INDIA

Q1 2026

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Foreword

Middle East War Clouds Weigh on Q1 2026 Sales; Housing Volumes Dip 7% Quarterly But Rise 9% Year-on-Year

Q1 2026 presented a mixed picture for the residential real estate sector in India. The ongoing Middle East conflict cast a visible shadow on near-term demand, with housing sales across the top 7 cities declining 7% quarter-on-quarter to approximately 1,01,650 units in Q1 2026, down from 1,09,000 units in Q4 2025. Rising oil prices, construction cost inflation, and an air of geopolitical uncertainty prompted buyers – particularly in the March period – to adopt a more cautious stance. Prospective Middle Eastern NRI homebuyers, who invest significantly in Indian real estate, appear to have temporarily deferred investment decisions amid geopolitical uncertainty.

Despite the quarterly dip, the year-on-year picture remains encouraging. Against the low base of approximately 93,300 units sold in Q1 2025, housing sales rose 9% annually. MMR and Bengaluru together accounted for 48% of total Q1 2026 sales. Chennai recorded the highest 18% quarterly decline in sales, yet also posted the strongest annual gain of 31%, reflecting its improving supply-demand dynamics over the longer arc.

On the supply side, new launches across the top 7 cities rose 2% quarterly and a strong 26% year-on-year – from 1,23,850 units in Q4 2025 and 1,00,050 units in Q1 2025 to approximately 1,26,300 units in Q1 2026. MMR and Bengaluru led new supply additions with a combined 51% share of total launches. Hyderabad recorded the sharpest quarterly jump of 46%, while Chennai, NCR, Kolkata, and Pune witnessed quarterly declines in new supply as developers calibrated timelines to match prevailing demand conditions.

A key structural shift this quarter is the widening gap between new launches and housing sales. The former surpassed the latter – a trend reversal from the post-pandemic years, when housing sales consistently outpaced new supply. Consequently, available inventory rose 4% quarter-on-quarter and 7% year-on-year, crossing the 6-lakh mark to reach 6,01,200 units across the top 7 cities by Q1 2026-end.

Price movements across the top 7 cities remained firm, offering evidence of sustained market confidence despite softening in volume. Average residential prices rose approximately 7% annually—from INR 8,868/sqft in Q1 2025 to INR 9,456/sqft in Q1 2026—and 2% on a quarterly basis.

NCR recorded the steepest appreciation at approximately 15% year-on-year. This was driven largely by the expanding share of luxury and ultra-luxury supply. Bengaluru registered an 8% annual increase. The remaining cities posted moderate single-digit growth, suggesting a stabilisation in the pace of price appreciation after years of sharp gains.

The composition of new supply in Q1 2026 reflects a clear shift towards higher-value housing segments. Homes priced above INR 1.5 Cr – spanning the high-end, luxury, and ultra-luxury brackets — collectively commanded a 53% share of new launches. The upper mid segment (INR 80 lakh – INR 1.5 Cr) contributed 25%, while the lower mid segment (INR 40–80 lakh) and affordable category (below INR 40 lakh) accounted for 12% and a mere 10%, respectively. This supply profile aligns with the value surge visible in the sales data and reflects developer strategies focused on margin optimisation in an elevated cost environment.

Despite affordability pressures stemming from elevated prices, sustained end-user interest in aspirational homeownership remains a defining characteristic of the current cycle. While Middle Eastern NRI demand has temporarily moderated, domestic demand continues to hold up, supported by rising incomes, ongoing urbanisation, and aspirations for lifestyle upgrades. Overall, the strong long-term fundamentals of the Indian residential market remain firmly intact.

ANUJ PURI
Chairman
Anarock Group

Key Highlights

Q1 2026 | Pan-India

NEW LAUNCHES

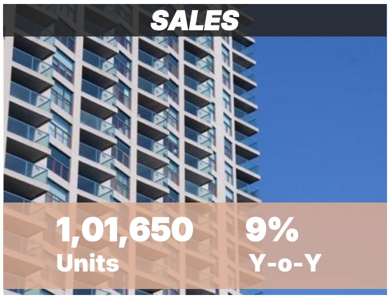
The residential market across India's top 7 cities recorded approximately 1,26,300 new unit launches in Q1 2026 - a robust 26% year-on-year increase over the approximately 1,00,050 units launched in Q1 2025, and a marginal 2% quarterly rise over the 1,23,850 units recorded in Q4 2025.

The key cities driving new launches were MMR, Hyderabad, Bengaluru, Pune, and NCR, collectively accounting for 92% of total supply additions. In terms of budget segmentation, supply remained firmly oriented towards higher-ticket projects, with high-end, luxury and ultra luxury homes priced above INR 1.5 Cr collectively accounting for around 53% of new launches.

SALES

The top 7 cities registered sales of about 1,01,650 units in Q1 2026, 7% lower than the 1,09,000 units sold in Q4 2025 but around 9% higher than the 93,300 units recorded in Q1 2025. In value terms, transactions amounted to nearly INR 1.51 lakh Cr, reflecting a 5% quarterly decline but a 6% annual increase, as buyers continued to gravitate toward larger homes in established micro-markets.

MMR and Bengaluru together accounted for 48% of total housing sales in Q1 2026, while NCR, Pune and Hyderabad collectively contributed 42% share. Chennai recorded the highest quarterly drop of 18% but also the highest yearly gain of 31% among all cities.



AVAILABLE INVENTORY

Available inventory across the top 7 cities stood at approximately 6,01,200 units by Q1 2026-end: a 4% quarterly increase from approximately 5,76,600 units at the close of Q4 2025, and a 7% year-on-year increase from approximately 5,59,800 units recorded at the end of Q1 2025.

MMR, Hyderabad, and NCR together accounted for approximately 63% of the total available housing inventory. Bengaluru witnessed the highest quarterly and yearly increases of 12% and 24%, respectively.

TOP 7 CITIES

City	New Launches	Sold Units	Available Inventory	Avg. Price (INR/sf)
NCR	16,000	15,200	91,250	9,620
MMR	40,000	32,800	1,86,450	17,600
Bengaluru	24,400	16,450	72,800	9,310
Pune	16,000	15,300	84,200	8,220
Hyderabad	19,300	12,400	1,03,000	7,990
Chennai	5,400	5,300	33,500	7,165
Kolkata	5,200	4,200	30,000	6,290

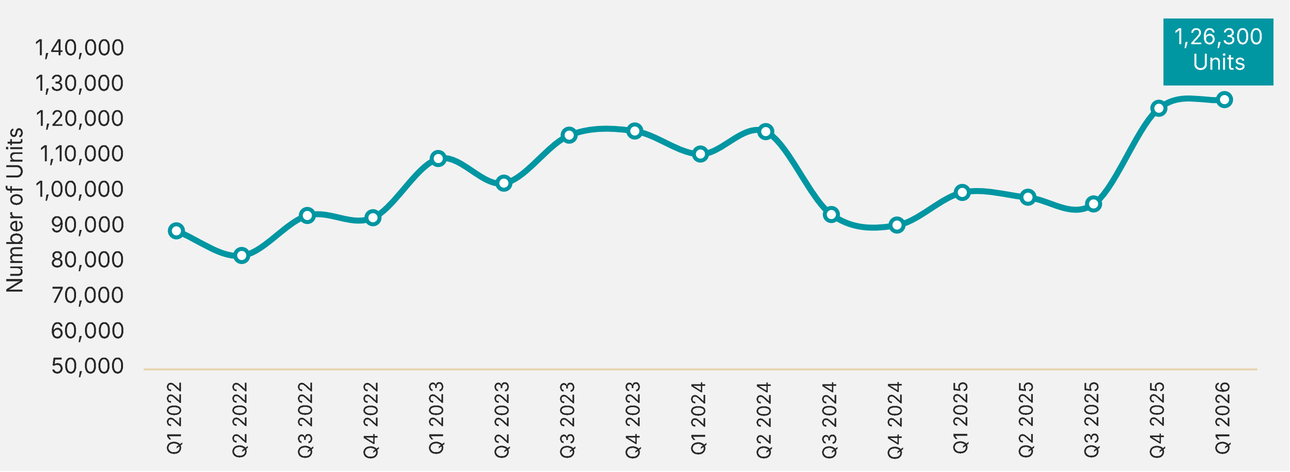
Notes:

- Pan-India refers to top 7 cities of India only.
- Average price in INR/sf as quoted on BSP on BUA.
- Available inventory includes units from projects that are launched but yet not sold, despite the launch timelines and construction progress.
- Rounding may result in minor variations between the stated and calculated values.

Budget Segmentation:
Affordable: < INR 40 Lakh
Lower Mid: INR 40 Lakh - INR 80 Lakh
Upper Mid: INR 80 Lakh - INR 1.5 Cr
High-end: INR 1.5 Cr - INR 2.5 Cr
Luxury: INR 2.5 Cr - INR 4 Cr
Ultra-Luxury: > INR 4 Cr

New Launch Supply Trend

Q1 2026 | Pan-India



1. Q1 2026 recorded approximately 1,26,300 new residential unit launches across India's top 7 cities, reflecting a 2% quarterly increase over Q4 2025 and a robust 26% annual rise over Q1 2025, when approximately 1,00,050 units were launched. This quarter's performance marks a **continuation of the upward supply momentum** that has characterised the market since Q3 2025, reaching its highest quarterly level in the current data series. The annual surge in new supply reflects **heightened developer confidence**, a healthy project pipeline, and strong land acquisition activity across most markets over the past year.

2. Notwithstanding the sustained launch activity, the quarterly moderation in sales — driven by external geopolitical headwinds and cautious buyer sentiment — has prompted developers in select markets to recalibrate their launch timelines. The widening gap between new supply (1,26,300 units) and sales (1,01,650 units) in Q1 2026 signals a modest shift in the demand-supply balance. Developers in markets with higher inventory overhang are expected to **adopt a measured approach to new launches** in the near term, focusing on inventory absorption ahead of fresh project announcements.

TOP 7 CITIES

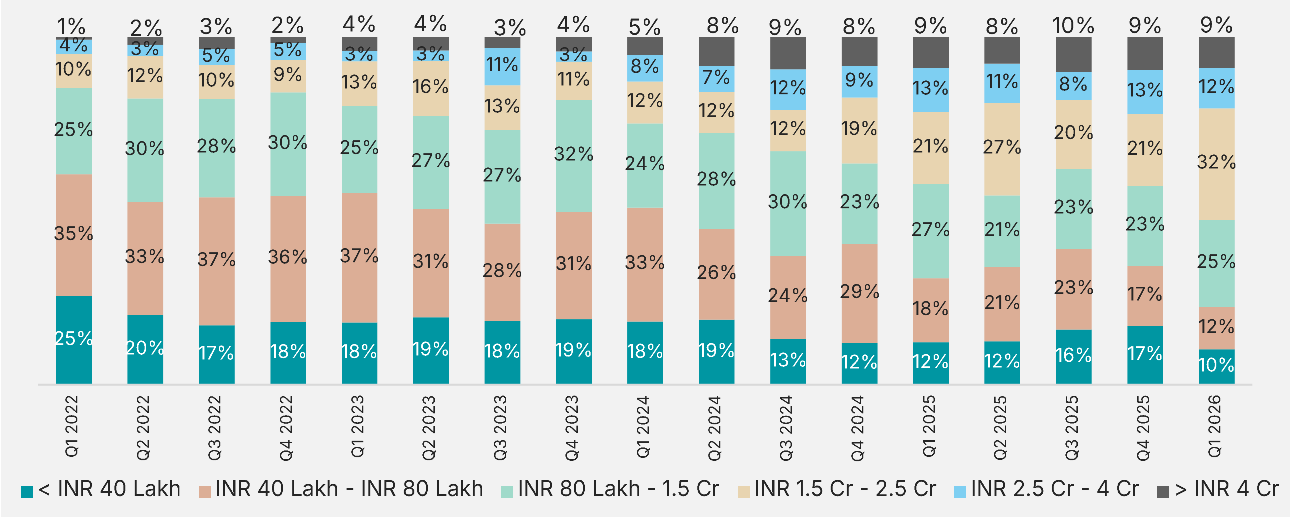
In Q1 2026, **MMR continued to lead Pan-India launch activity** with about 40,000 units, accounting for roughly 32% of total new supply across the top 7 cities. **Bengaluru followed** with close to 24,400 units and a **share of around 19%,** while Hyderabad recorded approximately 19,300 units, constituting 15% of launches. NCR and Pune each accounted for approximately 13% of the total supply, with a supply of 16,000 units. Chennai and Kolkata saw comparatively smaller pipelines of approximately 5,400 and 5,200 units respectively, keeping their shares in the low single digits.

Quarter-on-quarter, **Hyderabad registered the highest growth in new supply** with a 46% increase over Q4 2025, followed by Bengaluru at 7% and MMR at 6%. NCR, Pune, Chennai and Kolkata recorded declines of 17%, 9%, 28% and 10% respectively, as developers in these cities chose to moderate new launches and focus on ongoing project absorption. **On an annual basis, Hyderabad again led with an 87% surge** in launches, while NCR and MMR posted strong gains of 44% and 30%, and Bengaluru and Chennai grew by 17% and 14%; Pune and Kolkata saw marginal year-on-year declines in new supply.

City	Q1-2026	Q4-2025	Q1-2025	Q-o-Q	Y-o-Y
NCR	16,000	19,250	11,100	-17%	44%
MMR	40,000	37,650	30,750	6%	30%
Bengaluru	24,400	22,900	20,850	7%	17%
Pune	16,000	17,500	16,900	-9%	-5%
Hyderabad	19,300	13,250	10,300	46%	87%
Chennai	5,400	7,500	4,750	-28%	14%
Kolkata	5,200	5,800	5,400	-10%	-4%

New Launch Supply Trend

Q1 2026 | Pan-India by Budget Segmentation



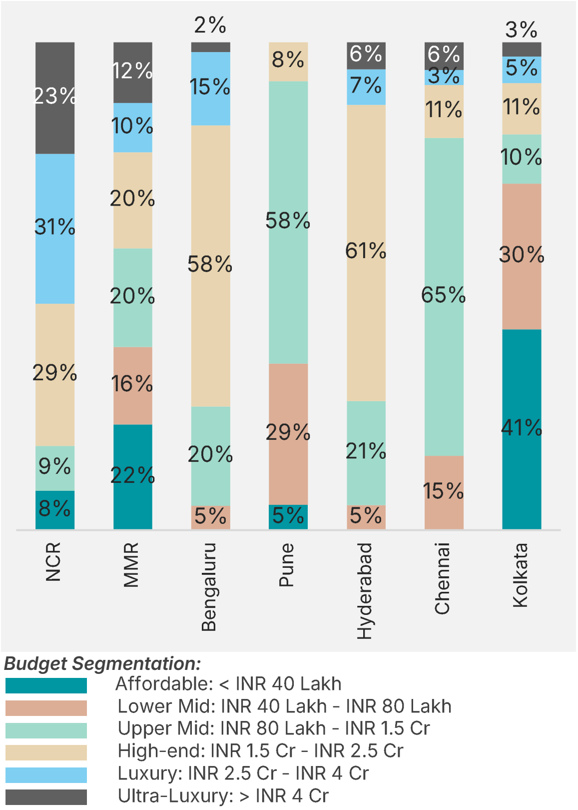
1. In Q1 2026, **homes priced above INR 1.5 Cr collectively dominated new supply with a 52% share** — comprising the high-end (INR 1.5 Cr – INR 2.5 Cr) segment at 32%, luxury (INR 2.5 Cr – INR 4 Cr) at 12%, and ultra-luxury (above INR 4 Cr) at 8%. The upper mid segment (INR 80 lakh – INR 1.5 Cr) contributed 25%, while the lower mid segment (INR 40–80 lakh) and affordable category (below INR 40 lakh) accounted for 12% and 10%, respectively. This supply mix reflects a **clear shift toward premium and aspirational housing**, consistent with **developer strategies focused on higher margins amid rising construction costs,** partly attributable to geopolitical pressures on oil and input prices.

2. The **sustained compression in affordable and lower mid-segment launches** across most cities reflects escalating land acquisition costs, construction input inflation, and reduced policy incentives that make premium development more economically viable for developers. Concurrently, **robust end-user demand in the high-end bracket** — from urban professionals, dual-income households, and NRI buyers — continues to reinforce developer confidence in the premium supply pipeline.

TOP 7 CITIES

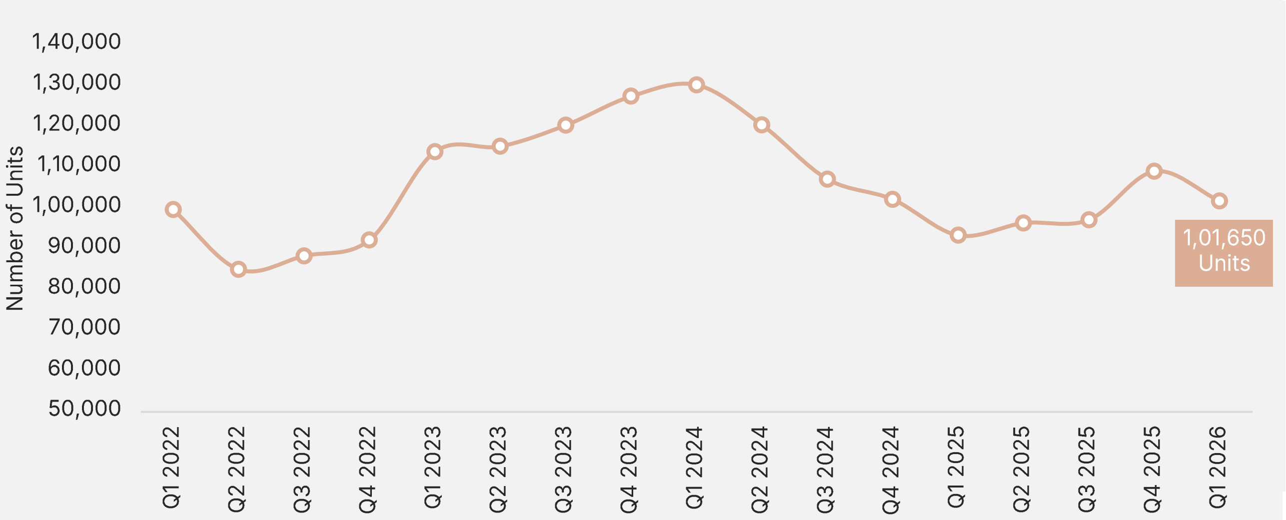
Among the top 7 cities, **NCR recorded the highest concentration of luxury and ultra-luxury supply**, with 54% of its new launches priced above INR 2.5 Cr. **Bengaluru and Hyderabad maintained a dominant presence in the high-end and above segment**, with approximately 75% and 74% of new supply, respectively, priced above INR 1.5 Cr. MMR directed 56% of its new supply below INR 1.5 Cr, reflecting its continued focus on the sub-luxury segments to cater to its wide buyer base.

Pune focused predominantly on the upper mid and lower mid segments, with approximately 87% of new supply falling within the INR 40 lakh to INR 1.5 Cr price band. Chennai directed approximately 80% of its launches into the same INR 40 lakh to INR 1.5 Cr range. **Kolkata maintained the highest proportion of affordable and lower mid supply among all cities**, with 71% of new launches priced below INR 80 lakh, reflecting the sustained demand from first-time homebuyers and income-sensitive segments in the market. The relatively modest share of affordable supply across most of the top 7 cities underlines the **need for targeted policy and financing support if the market is to meaningfully address mass-housing requirements** in the coming years.



Housing Sales Trend

Q1 2026 | Pan-India



1. The Indian residential real estate market recorded sales of approximately 1,01,650 units across the top 7 cities in Q1 2026, reflecting a 7% quarterly decline over Q4 2025, when approximately 1,09,000 units were sold. However, on an annual basis, the market registered a 9% year-on-year rise over Q1 2025, when approximately 93,300 units were absorbed. The quarterly dip is largely attributable to the **cautious buyer sentiment triggered by the ongoing Middle East conflict**, its upward pressure on oil and construction prices, and the consequent deferred purchase decisions — particularly in the March period when the impact was most pronounced.

2. The geopolitical uncertainty also **weighed on NRI investment sentiment**. Middle Eastern homebuyers, who represent a meaningful share of NRI investment in Indian real estate, appear to have **adopted a wait-and-watch approach in the near term**. Furthermore, years of consistent price appreciation have modestly strained affordability in certain segments.

TOP 7 CITIES

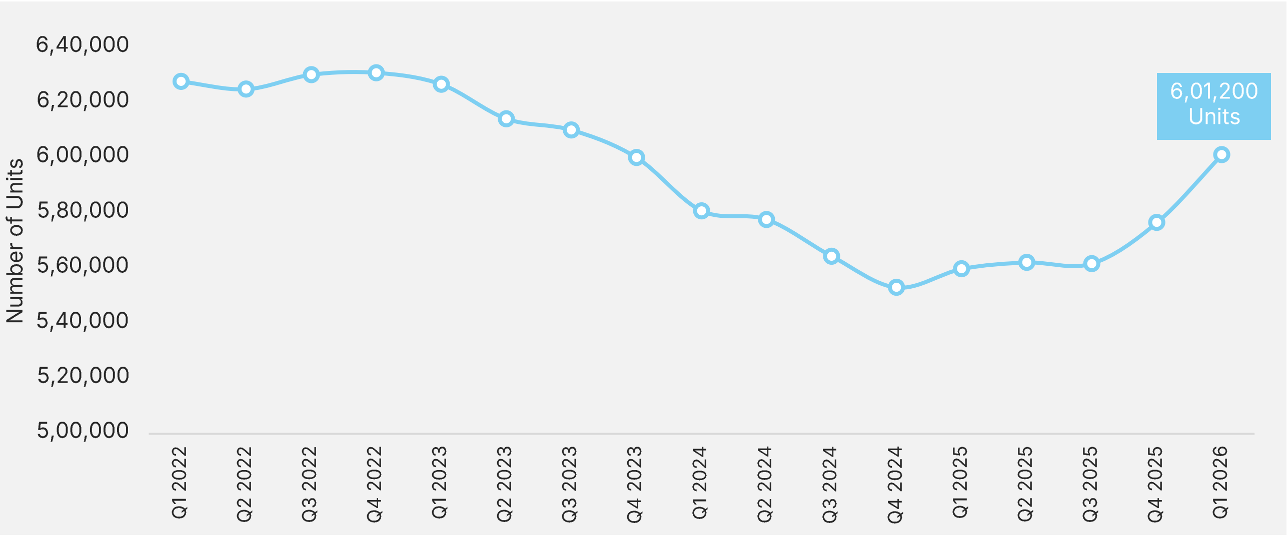
Among the top 7 cities, **MMR maintained its dominance** with approximately 32,800 units sold in Q1 2026, representing 32% of total pan-India sales — though this was a 5% decline from Q4 2025. Bengaluru, with 16,450 units sold (16% share), registered a 5% quarterly dip but posted a 10% annual growth. NCR and Pune each accounted for 15% of overall sales with approximately 15,200 and 15,300 units, respectively. MMR, Bengaluru, NCR, Pune, and Hyderabad together accounted for 91% of all sales in Q1 2026.

On a year-on-year basis, **Chennai emerged as the standout performer with the highest annual growth of 31%,** rising from 4,050 units in Q1 2025 to 5,300 units in Q1 2026. Hyderabad recorded a 23% annual rise, and NCR posted a 21% year-on-year increase. **Pune was the only city to register an annual decline** of 5%. Kolkata posted a modest 8% year-on-year rise, while MMR recorded a 4% annual uptick.

City	Q1-2026	Q4-2025	Q1-2025	Q-o-Q	Y-o-Y
NCR	15,200	16,500	12,550	-8%	21%
MMR	32,800	34,700	31,600	-5%	4%
Bengaluru	16,450	17,250	15,000	-5%	10%
Pune	15,300	17,000	16,100	-10%	-5%
Hyderabad	12,400	12,450	10,100	0%	23%
Chennai	5,300	6,500	4,050	-18%	31%
Kolkata	4,200	4,600	3,900	-9%	8%

Available Inventory Trend

Q1 2026 | Pan-India



1. India's top 7 cities recorded available housing inventory of approximately 6,01,200 units in Q1 2026, rising 4% from approximately 5,76,600 units at Q4 2025-end and 7% from approximately 5,59,800 units at Q1 2025-end. This marks the **first instance in recent quarters where available inventory has crossed the 6-lakh mark**.

2. The increase in available inventory is a direct outcome of healthy developer launch momentum meeting a moderated absorption pace. Developers maintained their supply pipelines based on the strong demand environment of preceding quarters, while buyers exercised caution amid geopolitical uncertainty in Q1 2026. This represents a **trend reversal from the post-pandemic period, when housing sales consistently outpaced new supply**. If new launches continue to exceed sales in subsequent quarters, the available stock may accumulate further, which could exert pressure on price growth in inventory-heavy markets.

TOP 7 CITIES

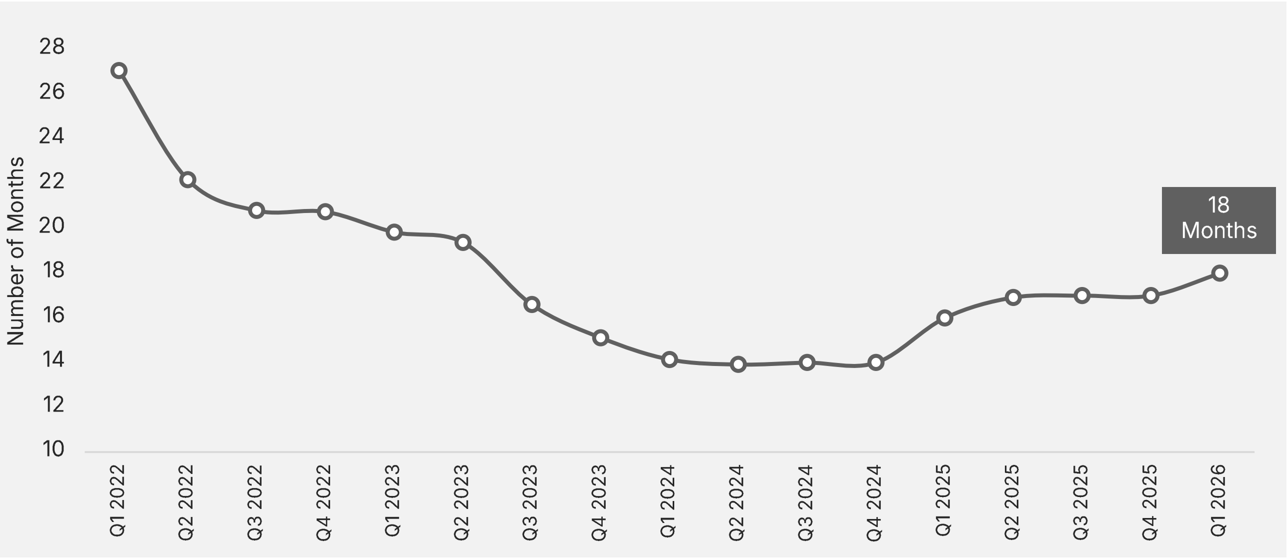
MMR continues to hold the largest share at 31% of total available inventory with approximately 1,86,450 units, registering a 4% quarterly and 4% annual increase. Hyderabad, accounting for 17% of total pan-India inventory, recorded a 7% quarterly rise and a 5% annual increase as new supply additions outpaced sales. NCR's available stock grew 1% quarterly and 8% annually, representing approximately 15% of total inventory with 91,250 units.

Bengaluru stood out with the highest quarterly increase of 12% and an annual surge of 24%, reaching 72,800 units — driven by accelerated developer activity capitalising on the city's robust end-user demand in the technology corridor. Pune's inventory remained broadly stable, rising 1% quarterly and 3% annually to 84,200 units. **Chennai's inventory stayed nearly flat quarter-on-quarter** at 33,500 units, registering a 15% annual increase. Kolkata's available stock rose 3% quarterly and 7% annually to 30,000 units.

City	Q1-2026	Q4-2025	Q1-2025	Q-o-Q	Y-o-Y
NCR	91,250	90,450	84,500	1%	8%
MMR	1,86,450	1,79,200	1,80,100	4%	4%
Bengaluru	72,800	64,900	58,700	12%	24%
Pune	84,200	83,500	81,400	1%	3%
Hyderabad	1,03,000	96,100	97,950	7%	5%
Chennai	33,500	33,450	29,100	0%	15%
Kolkata	30,000	29,000	28,050	3%	7%

Inventory Overhang Trend

Q1 2026 | Pan-India



1. The inventory overhang across India's top 7 cities increased to approximately 18 months in Q1 2026, rising from around 17 months in Q4 2025. This **uptick reflects the combined effect of a 4% rise in available inventory and a 7% quarterly decline in sales**. While the current overhang of 18 months remains substantially lower than the 25+ months recorded in early 2022, the upward trend in Q1 2026 warrants close monitoring.

2. By the end of Q1 2026, the inventory overhang had increased across most cities on a year-on-year basis, reflecting the **gradual build-up of unsold inventory** over successive quarters of aggressive supply addition. On a quarterly basis, NCR and Chennai saw their overhang reduce by 4% and 5%, respectively, suggesting improved sales velocity in those markets. The pan-India overhang metric, while elevated from the lows of 2023-24, **remains within a manageable range**, provided new supply is calibrated against prevailing absorption rates in the coming quarters.

CAPITAL VALUES & INVENTORY OVERHANG – TOP 7 CITIES

City	Avg. Base Selling Price (INR/sf)	Q-o-Q (%)	Y-o-Y (%)	Inventory Overhang*	Q-o-Q Change	Y-o-Y Change
NCR	9,620	3%	15%	18	-4%	8%
MMR	17,600	1%	4%	17	3%	16%
Bengaluru	9,310	2%	8%	14	10%	25%
Pune	8,220	2%	5%	16	2%	21%
Hyderabad	7,990	2%	6%	26	2%	9%
Chennai	7,165	1%	4%	17	-5%	-14%
Kolkata	6,290	3%	6%	22	2%	10%

Average price in INR/sf as quoted on BSP on BUA

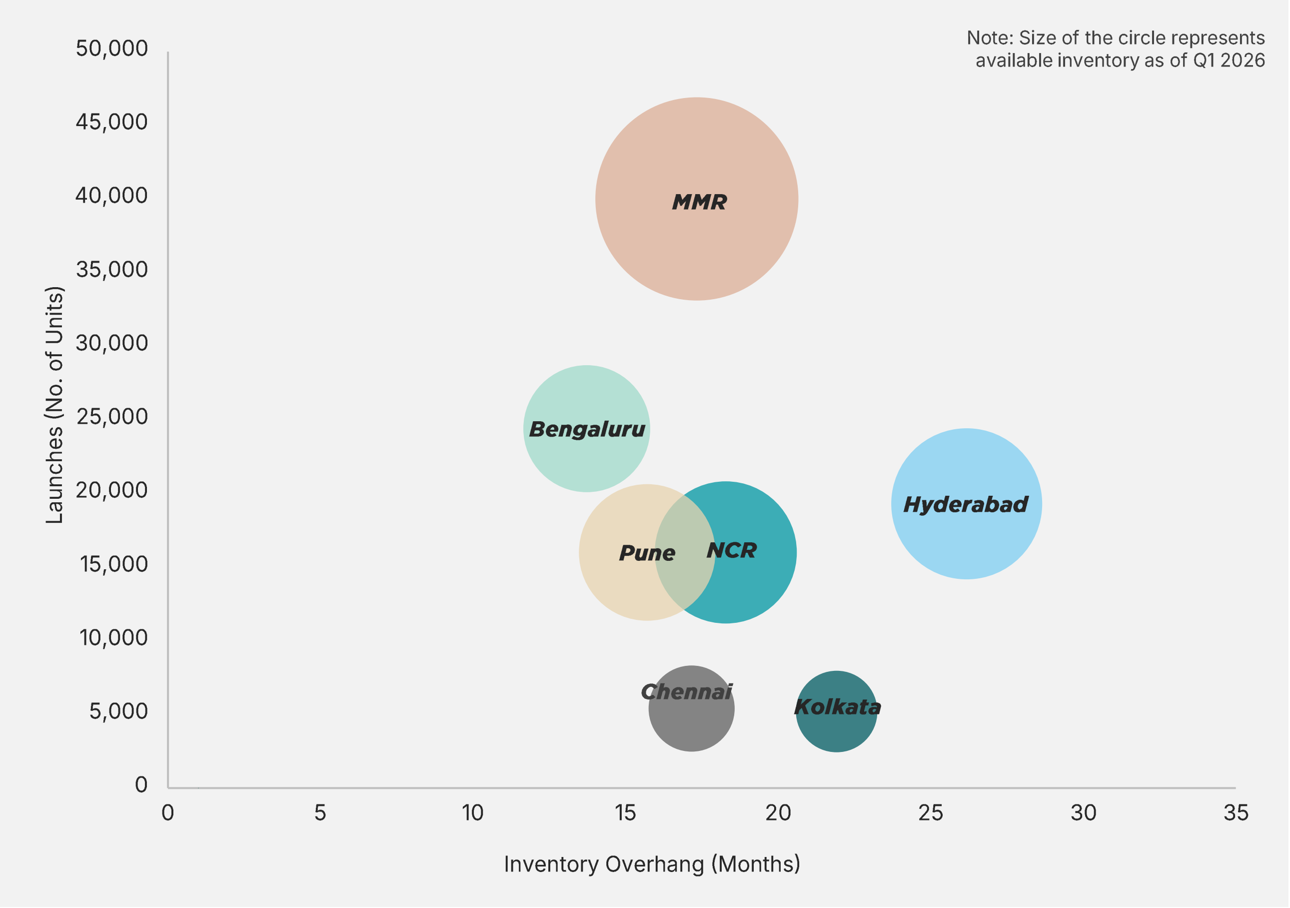
*In months

1. Average residential property prices across the top 7 cities continued their measured upward movement in Q1 2026. Collectively, the cities recorded a **7% annual and a 2% quarterly increase**, with the pan-India average rising from INR 8,868/sqft in Q1 2025 and INR 9,260/sqft in Q4 2025 to INR 9,456/sqft in Q1 2026.

2. **NCR** led price appreciation with a **15% year-on-year gain**, driven by the concentrated supply of luxury and ultra-luxury projects in the region. Bengaluru followed with an 8% annual increase. The remaining five cities — MMR, Chennai, Hyderabad, Pune, and Kolkata — registered **price growth in the 4–6% range**, indicating **moderation in price escalation** compared to the double-digit appreciation witnessed in earlier years.

Inventory Overhang v/s New Launch Supply v/s Available Inventory

Q1 2026 | Pan-India



1 **Hyderabad** recorded the **highest inventory overhang** at 26 months in Q1 2026, reflecting the cumulative **effect of aggressive launch pipelines** from prior quarters combined with continued price sensitivity among homebuyers. Despite recording the highest quarterly new launch growth of 46%, housing sales in Hyderabad were broadly flat quarter-on-quarter, further widening the supply-absorption gap in the city. **MMR**, despite commanding the highest new supply and available inventory, presents a considerably more **balanced picture** with only **17 months of overhang**.

2 NCR records 18 months of overhang, down 4% from the previous quarter, suggesting a gradually improving sales momentum in the capital region. Pune registers 16 months of overhang, reflecting **balanced market conditions** where supply additions align reasonably well with demand absorption. **Bengaluru**, despite recording the highest quarterly and annual increase in available inventory, maintains the **lowest overhang at 14 months** — driven by robust technology-sector employment and consistent end-user demand. Chennai and Kolkata record overhang periods of 17 and 22 months, respectively, with both markets continuing to adopt **measured launch strategies** amid extended absorption timelines.

Way Forward

Strong Structural Foundations Sustain Confidence Amid Near-Term Geopolitical Headwinds

India's residential real estate market enters FY27 with a phase of measured caution balanced by strong long-term structural fundamentals. The dip in housing sales in 1Q 2026—largely driven by the ongoing Middle East conflict and its cascading impact on buyer sentiment, NRI demand, and rising construction costs—reflects a temporary disruption rather than any structural weakening. Core demand drivers such as rapid urbanisation, rising incomes, and aspirational homeownership remain firmly intact across both metropolitan and emerging cities.

Year 2027 is expected to be a defining year for the sector, with over 4 lakh units across the top 7 cities now approaching completion. In this backdrop of elevated construction costs, developers are likely to prioritise execution and timely delivery over aggressive new launches, resulting in heightened construction activity and relatively moderated supply additions. This shift is expected to reinforce buyer confidence, particularly as timely delivery becomes a key decision factor.

At the same time, the monetary policy environment continues to provide a supportive tailwind. Improved affordability due to repo rate adjustments, along with better liquidity conditions, is enabling developers to maintain construction momentum and optimise delivery timelines.

This virtuous cycle of lower financing costs, stronger developer cash flows, and improving buyer confidence is expected to strengthen as geopolitical uncertainties gradually ease.

Pre-sales momentum is expected to strengthen progressively through the remainder of 2026 as listed developers collectively target robust growth trajectories backed by strong execution capabilities. Institutional capital flows into the sector continue to reinforce developer balance sheets, facilitating not only timely project completions but also enabling the launch of new developments that cater to diverse buyer segments. This financial stability within the development community translates directly into enhanced consumer confidence, as homebuyers increasingly prioritise purchasing from financially sound developers with proven track records of on-time delivery.

Looking beyond the immediate quarters, the sector's trajectory remains anchored in powerful structural drivers that promise sustained growth. The coming quarters are likely to see this potential translate into tangible outcomes — with expanding homeownership, healthy absorption rates, and a more balanced market defining India's residential real estate landscape through 2026 and beyond.

KEY TRENDS TO WATCH IN THE COMING QUARTERS

1. **Inventory management likely to become a critical developer priority** as available stock crosses the six-lakh mark across the top 7 cities.

2. **High-end and luxury segments (>INR 1.5 Cr) poised to sustain supply dominance,** with developers doubling down on premium positioning to protect margins amid rising construction and land costs.

3. **Senior living and age-targeted housing to emerge as a distinct supply category,** with developers increasingly carving out dedicated senior living projects within larger township developments.

4. **Flex and co-living formats set to expand in high-employment corridors,** driven by sustained in-migration into technology and services hubs.

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About Anarock

Anarock is a leading independent real estate services company with a presence across India, Middle East, Singapore, and USA. The Company has diversified interests across the real estate value chain and deploys its proprietary technology platform to accelerate marketing and sales across its businesses.

Over the last eight years, Anarock has expanded from being a residential-focused organisation to complementary sectors, including retail, commercial, hospitality, industrial & logistics, data centres, 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 a team of over 2500 certified and experienced real estate professionals.

For more information, please visit www.anarock.com

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