ANAROCK
VALUES OVER VALUE

Residential Market Viewpoints
PAN INDIA

Q2 2026

Foreword

Housing Sales Dip 6% Year-on-Year in Q2 2026; New Supply Remains Resilient Annually as Market Moves Toward Greater Equilibrium

Q2 2026 unfolded broadly on expected lines. Housing sales across the top seven cities moderated by 6% year-on-year to approximately 90,715 units, as geopolitical tensions in the Middle East and the resulting uncertainty prompted some homebuyers to defer purchase decisions. The moderation, however, appears cyclical rather than structural. Developer confidence remained firmly intact, with new launches rising 7% to nearly 1.06 lakh units. The Mumbai Metropolitan Region (MMR) and Bengaluru continued to dominate residential activity, accounting for 48% of total sales and 53% of new launches, underlining the continued strength of India's largest housing markets.

Beyond the quarterly numbers, two structural trends continue to define the residential market. Premiumisation gathered further momentum, with homes priced above ₹2.5 crore accounting for 22% of new launches, while the affordable segment (below ₹40 lakh) declined to just 6% of total supply. The shift reflects both evolving homebuyer preferences and developers' increasing focus on higher-value projects. At the same time, residential prices remained resilient, rising 7% year-on-year and 1% quarter-on-quarter, supported by healthy end-user demand, disciplined supply, and developers' ability to maintain pricing despite near-term uncertainty.

The medium-term outlook remains positive. As geopolitical risks gradually recede, buyer sentiment is expected to strengthen, supporting an improvement in housing demand during the second half of 2026. Reinforcing this confidence, India's leading listed developers have collectively guided for approximately ₹1.72 lakh crore of presales in FY27—around 10% higher than FY26—while Grade A developers acquired close to 3,000 acres of land during FY26, reflecting sustained confidence in future demand.

The long-term fundamentals of India's residential market remain firmly in place. Rising urbanisation, favourable demographics, increasing household incomes, infrastructure-led development, and strong aspiration for homeownership continue to provide a robust foundation for growth. While global events may influence sentiment in the short term, India's residential real estate story remains intact

ANUJ PURI
Chairman
Anarock Group

Key Highlights
Q2 2026 | Pan-India

NEW LAUNCHES

The residential market across India's top 7 cities recorded approximately 1,06,000 new unit launches in Q2 2026 - an 7% year-on-year increase over the approximately 98,600 units launched in Q2 2025, and a 16% quarterly moderation from the 1,26,300 units recorded in Q1 2026. The quarterly pullback reflects a measured developer recalibration in response to softened near-term buyer sentiment, even as the annual growth trajectory affirms continued medium-term confidence.

The key cities driving new launches were MMR, Bengaluru, Hyderabad, Pune, and NCR, collectively accounting for approximately 92% of total supply additions. In terms of budget segmentation, supply remained firmly oriented toward premium housing, with homes priced above INR 80 Lakh collectively accounting for approximately 75% of new launches in Q2 2026.

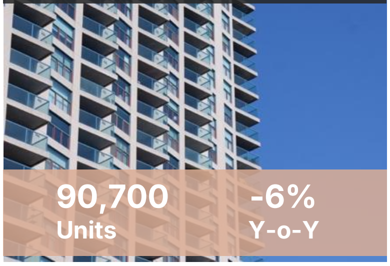
NEW LAUNCHES

SALES

The top 7 cities registered sales of approximately 90,700 units in Q2 2026 – 11% lower than the 1,01,650 units sold in Q1 2026 and 6% below the approximately 96,300 units recorded in Q2 2025. The sustained impact of geopolitical uncertainty stemming from the West Asia conflict – including dampened NRI investment flows from the Middle East and AI-related uncertainty in the IT-ITeS sector — continued to temper housing absorption across most markets.

MMR and Bengaluru together accounted for approximately 49% of total housing sales in Q2 2026, while NCR, Pune, and Hyderabad collectively contributed a further 42% share.

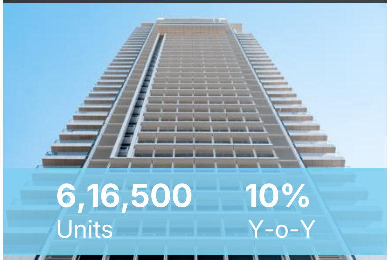
SALES



AVAILABLE INVENTORY

Available inventory across the top 7 cities stood at approximately 6,16,500 units by Q2 2026 end – a 3% quarterly increase from approximately 6,01,200 units at Q1 2026 end and a 10% year-on-year rise from approximately 5,62,100 units recorded at Q2 2025 end. The continued inventory build-up reflects new supply consistently outpacing absorption over successive quarters. MMR, Hyderabad, and NCR together accounted for approximately 63% of total available housing inventory.

AVAILABLE INVENTORY



TOP 7 CITIES

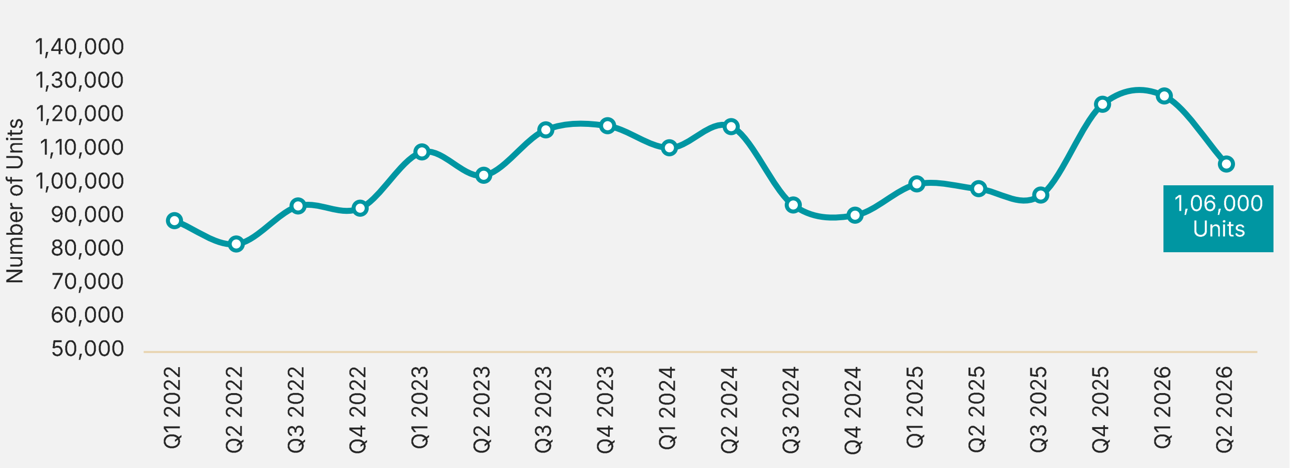
City	New Launches	Sold Units	Available Inventory	Avg. Price (INR/sf)
NCR	11,200	13,350	89,100	9,810
MMR	34,550	28,700	1,92,300	17,780
Bengaluru	21,700	15,300	79,200	9,450
Pune	12,700	13,100	83,800	8,300
Hyderabad	17,000	11,300	1,08,700	8,090
Chennai	5,300	5,100	33,700	7,250
Kolkata	3,550	3,850	29,700	6,345

Notes:
- Pan-India refers to top 7 cities of India only.
- Average price in INR/sf as quoted on BSP on SBUA.
- 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

Q2 2026 | Pan-India



1. Q2 2026 recorded approximately 1,06,000 new residential unit launches across India's top 7 cities – an 7% annual rise over the approximately 98,600 units launched in Q2 2025, and a 16% quarterly decline from 1,26,300 units in Q1 2026. The **annual growth reflects continued developer confidence**, with large and listed developers drawing on significant land parcels acquired through 2024 and 2025 to maintain healthy launch pipelines. The **quarterly moderation, however, reflects a measured recalibration** in response to subdued buyer sentiment – driven by the prolonged West Asia conflict and AI-related uncertainties within the IT-ITeS sector – that has extended absorption timelines in some of the top 7 cities.

2. With new supply (1,06,000 units) outpacing housing sales (90,700 units) for a second consecutive quarter, the demand-supply balance has tilted further toward an inventory-accretive environment. Developers in markets with elevated overhang are expected to adopt a more **selective and calibrated approach to new launches** in the near term, prioritising project execution and existing inventory absorption over aggressive new supply additions.

TOP 7 CITIES

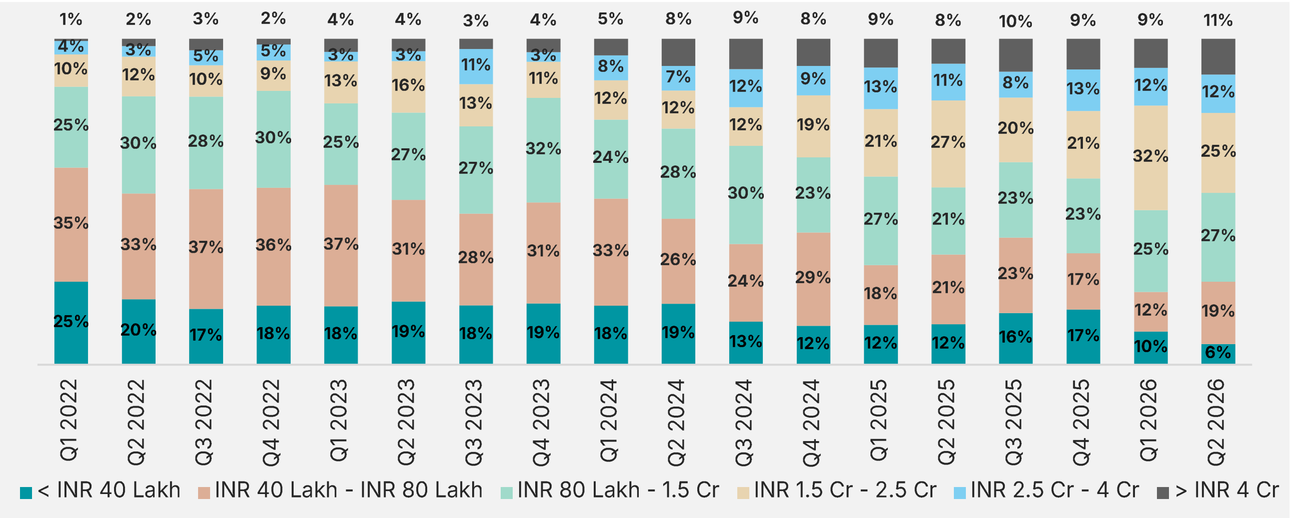
In Q2 2026, **MMR continued to lead pan-India launch activity** with approximately 34,550 units — roughly 33% of total new supply across the top 7 cities. Bengaluru followed with approximately 21,700 units and a share of approximately 20%, while Hyderabad recorded approximately 17,000 units, constituting 16% of total launches. Pune and NCR contributed approximately 12,700 and 11,200 units, representing 12% and 11% of new supply respectively. Chennai and Kolkata contributed comparatively smaller pipelines of approximately 5,300 and 3,550 units.

Quarter-on-quarter, all cities recorded declines in new supply. NCR and Kolkata registered the steepest quarterly falls of 30% and 32%, respectively, while Pune declined 21%. MMR fell 14%, Hyderabad 12%, and Bengaluru 11%. **Year-on-year, Hyderabad led with a 53% surge** in launches; Bengaluru and Kolkata each posted 42% annual gains; and MMR grew 23% annually. NCR, Chennai, and Pune recorded annual declines of 40%, 38%, and 11%, respectively.

City	Q2-2026	Q1-2026	Q2-2025	Q-o-Q	Y-o-Y
NCR	11,200	16,000	18,800	-30%	-40%
MMR	34,550	40,000	28,200	-14%	23%
Bengaluru	21,700	24,400	15,300	-11%	42%
Pune	12,700	16,000	14,200	-21%	-11%
Hyderabad	17,000	19,300	11,100	-12%	53%
Chennai	5,300	5,400	8,500	-2%	-38%
Kolkata	3,550	5,200	2,500	-32%	42%

New Launch Supply Trend

Q2 2026 | Pan-India by Budget Segmentation



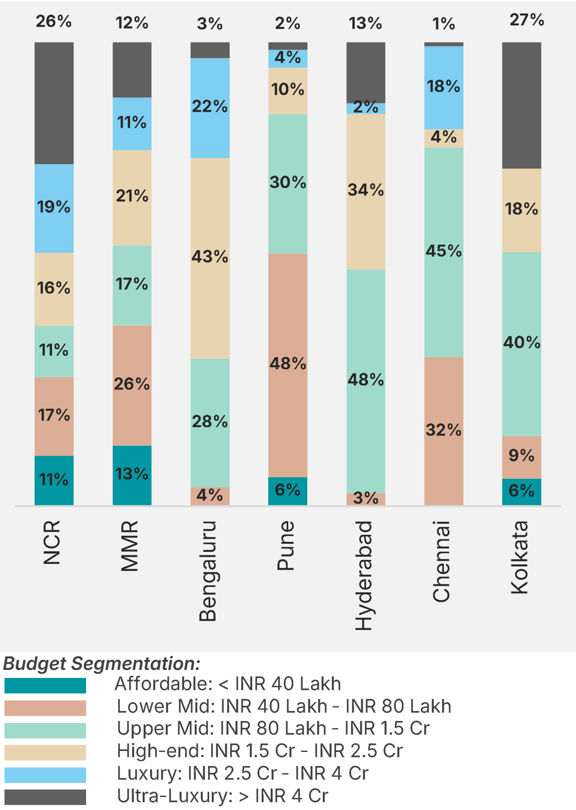
1. In Q2 2026, **the upper mid segment** (INR 80 lakh – INR 1.5 Cr) **emerged as the single largest share** of new supply at approximately 27%, followed by the high-end segment (INR 1.5 Cr – INR 2.5 Cr) at 25%. Homes priced above INR 1.5 Cr – spanning the high-end, luxury, and ultra-luxury brackets – collectively accounted for approximately 48% of total new launches, while the lower mid segment (INR 40–80 lakh) contributed 19%. The affordable category (below INR 40 lakh) contracted to just 6% - the lowest proportion since Q1 2022.

2. The **budget mix widened this quarter** as developers added a larger share of mid-priced product alongside their premium pipelines, with the combined lower mid and upper mid segments (INR 40 lakh–INR 1.5 Cr) rising to 46% of launches from 37% in Q1 2026. **Affordable housing continued to lag**, constrained by rising land and construction costs that make entry-level projects less viable for developers relative to higher-margin premium and luxury product.

TOP 7 CITIES

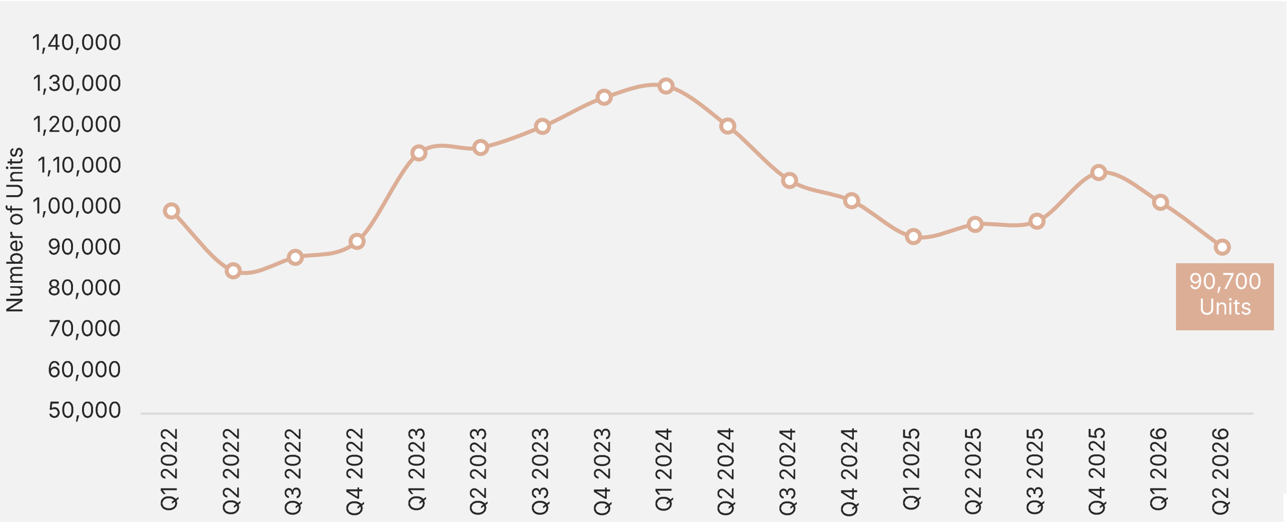
Among the top 7 cities, **Bengaluru recorded the highest concentration of premium supply**, with 68% of new launches priced **above INR 1.5 Cr**. NCR followed at 61%, also carrying the highest share of luxury and ultra-luxury supply among all cities, with 45% of launches priced above INR 2.5 Cr. Hyderabad and Kolkata followed with 49% and 45% of new supply, respectively, priced above INR 1.5 Cr, while MMR's share stood at 44%, keeping a relatively even spread of launches across price bands.

Pune carried the lowest concentration of premium supply among the top 7 cities, with only 16% of new launches priced above INR 1.5 Cr, and the **highest combined affordable and lower mid share** at 54%, reflecting sustained demand from first-time and income-sensitive buyers. Chennai followed with 23% of launches priced above INR 1.5 Cr and a 32% affordable-plus-lower-mid share. MMR and NCR carried affordable-plus-lower-mid shares of 39% and 28%, respectively, while **Bengaluru and Hyderabad remained the most premium-oriented markets**, with combined affordable and lower mid shares of just 4% and 3%. The limited affordable supply across most cities points to continued **room for targeted policy and financing support** to address affordable-housing needs.



Housing Sales Trend

Q2 2026 | Pan-India



1. The Indian residential real estate market recorded sales of approximately 90,700 units across the top 7 cities in Q2 2026, reflecting an 11% quarterly decline from the 1,01,650 units sold in Q1 2026. On an annual basis, sales fell 6% from approximately 96,300 units absorbed in Q2 2025. The decline is largely attributable to **cautious buyer sentiment stemming from the ongoing West Asia conflict**, its impact on construction and financing costs, and growing unease within the IT-ITeS sector over AI-related workforce disruption, which together prompted a section of buyers to defer purchase decisions during the quarter.

2. 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 cautious approach in the near term. **Sustained price appreciation** over recent quarters has further tempered affordability in select segments, adding to the moderation in transacted volumes during Q2 2026.

TOP 7 CITIES

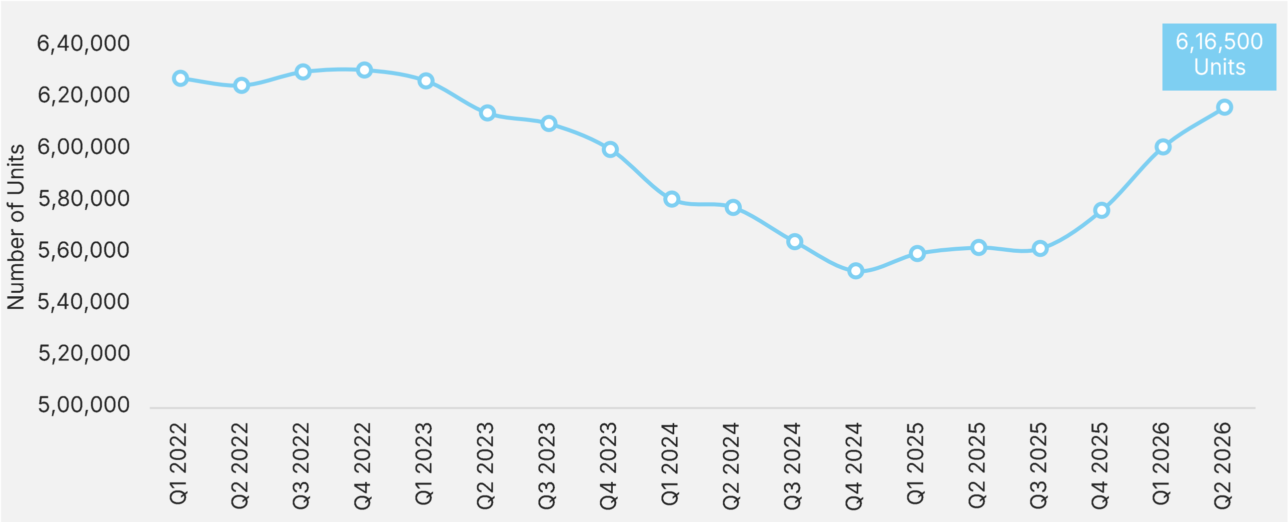
Among the top 7 cities, **MMR continued to record the highest sales volume** with approximately 28,700 units in Q2 2026, representing 32% of total pan-India sales, though this was a 13% decline from Q1 2026. Bengaluru, with 15,300 units sold (17% share), registered a 7% quarterly dip but posted a 1% annual increase. NCR and Pune accounted for 15% and 14% of overall sales, respectively, with approximately 13,350 and 13,100 units. **MMR, Bengaluru, NCR, Pune, and Hyderabad together accounted for 90% of all sales** in Q2 2026.

On a year-on-year basis, Kolkata recorded the strongest sales growth at 10%, rising from 3,500 units in Q2 2025 to 3,850 units in Q2 2026. Hyderabad and Bengaluru posted annual gains of 3% and 1%, respectively, the only other cities to register growth. **Pune recorded the steepest annual decline** at 15%, followed by MMR at 8% and NCR at 7%. Chennai posted an 11% annual decline, with sales activity across most cities remaining below year-ago levels this quarter.

City	Q2-2026	Q1-2026	Q2-2025	Q-o-Q	Y-o-Y
NCR	13,350	15,200	14,300	-12%	-7%
MMR	28,700	32,800	31,300	-13%	-8%
Bengaluru	15,300	16,450	15,100	-7%	1%
Pune	13,100	15,300	15,400	-14%	-15%
Hyderabad	11,300	12,400	11,000	-9%	3%
Chennai	5,100	5,300	5,700	-4%	-11%
Kolkata	3,850	4,200	3,500	-8%	10%

Available Inventory Trend

Q2 2026 | Pan-India



1. India's top 7 cities recorded available housing inventory of approximately 6,16,500 units in Q2 2026, rising nearly 3% from approximately 6,01,200 units at Q1 2026-end and approximately 10% from 5,62,100 units at Q2 2025-end. Inventory build-up continued for a second consecutive quarter in 2026, extending further above the 6-lakh mark first crossed in Q1 2026, as **new supply additions continued to outpace the slower pace of sales absorption** during the quarter.

2. The rise in available inventory reflects the **continuing gap between new launches and sales**, even as both moderated during the quarter. Developers maintained active supply pipelines built up over preceding quarters, while buyers exercised greater caution amid geopolitical uncertainty and cautious IT-sector sentiment. Should new launches continue to outpace sales absorption in subsequent quarters, available stock is likely to accumulate further, which could exert **downward pressure on price growth in inventory-heavy markets** over time.

TOP 7 CITIES

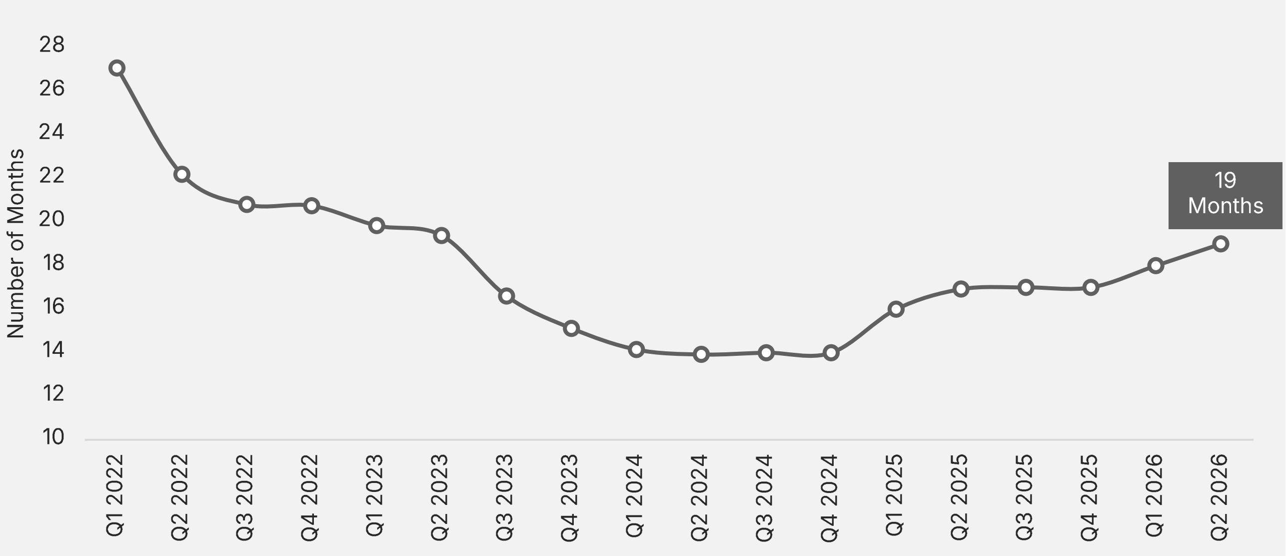
MMR continues to hold the largest share of total available inventory at 31%, with approximately 1,92,300 units, registering a 3% quarterly and 9% annual increase. Hyderabad, accounting for 18% of total pan-India inventory, recorded a 6% quarterly rise and an 11% annual increase as new supply additions continued to outpace sales. NCR's available inventory declined 2% quarterly but remained broadly flat year-on-year, representing approximately 14% of total inventory with 89,100 units.

Bengaluru recorded the sharpest build-up in the available inventory, rising 9% quarter-on-quarter and 34% year-on-year to 79,200 units, driven by sustained new supply additions against a comparatively moderate pace of absorption. **Pune's inventory remained largely stable**, edging down marginally on a quarterly basis while rising 4% annually to 83,800 units. Chennai's inventory rose a modest 1% quarter-on-quarter and 5% annually to 33,700 units, while Kolkata's available stock eased 1% quarterly but rose 10% annually to 29,700 units.

City	Q2-2026	Q1-2026	Q2-2025	Q-o-Q	Y-o-Y
NCR	89,100	91,250	89,000	-2%	0%
MMR	1,92,300	1,86,450	1,77,000	3%	9%
Bengaluru	79,200	72,800	58,900	9%	34%
Pune	83,800	84,200	80,200	0%	4%
Hyderabad	1,08,700	1,03,000	98,000	6%	11%
Chennai	33,700	33,500	32,000	1%	5%
Kolkata	29,700	30,000	27,000	-1%	10%

Inventory Overhang Trend

Q2 2026 | Pan-India



1. The inventory overhang across India's top 7 cities rose to approximately 19 months in Q2 2026, up from around 18 months in Q1 2026. This increase reflects the **combined effect of a 3% rise in available inventory and an 11% quarterly decline in sales absorption**. While the current overhang remains well below the 25+ months recorded in early 2022, the pace of increase over the past two quarters points to a market that will need faster absorption to prevent further stock build-up.

2. By the end of Q2 2026, **inventory overhang widened across most of the top 7 cities** on a year-on-year basis, led by Bengaluru's 29% increase and Pune's 15% rise, as available stock continued to build faster than sales could absorb it. NCR and Chennai were the exceptions, with overhang easing 5% and 15% year-on-year, respectively, pointing to comparatively steadier sales momentum in these markets. The pan-India overhang metric, while still below the highs of 2022, will **require closer alignment between new launches and 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	9,810	2%	13%	18	-2%	-5%
MMR	17,780	1%	4%	18	4%	13%
Bengaluru	9,450	2%	8%	15	8%	29%
Pune	8,300	1%	5%	16	3%	15%
Hyderabad	8,090	1%	6%	27	5%	5%
Chennai	7,250	1%	4%	18	3%	-15%
Kolkata	6,345	1%	6%	21	-3%	1%

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

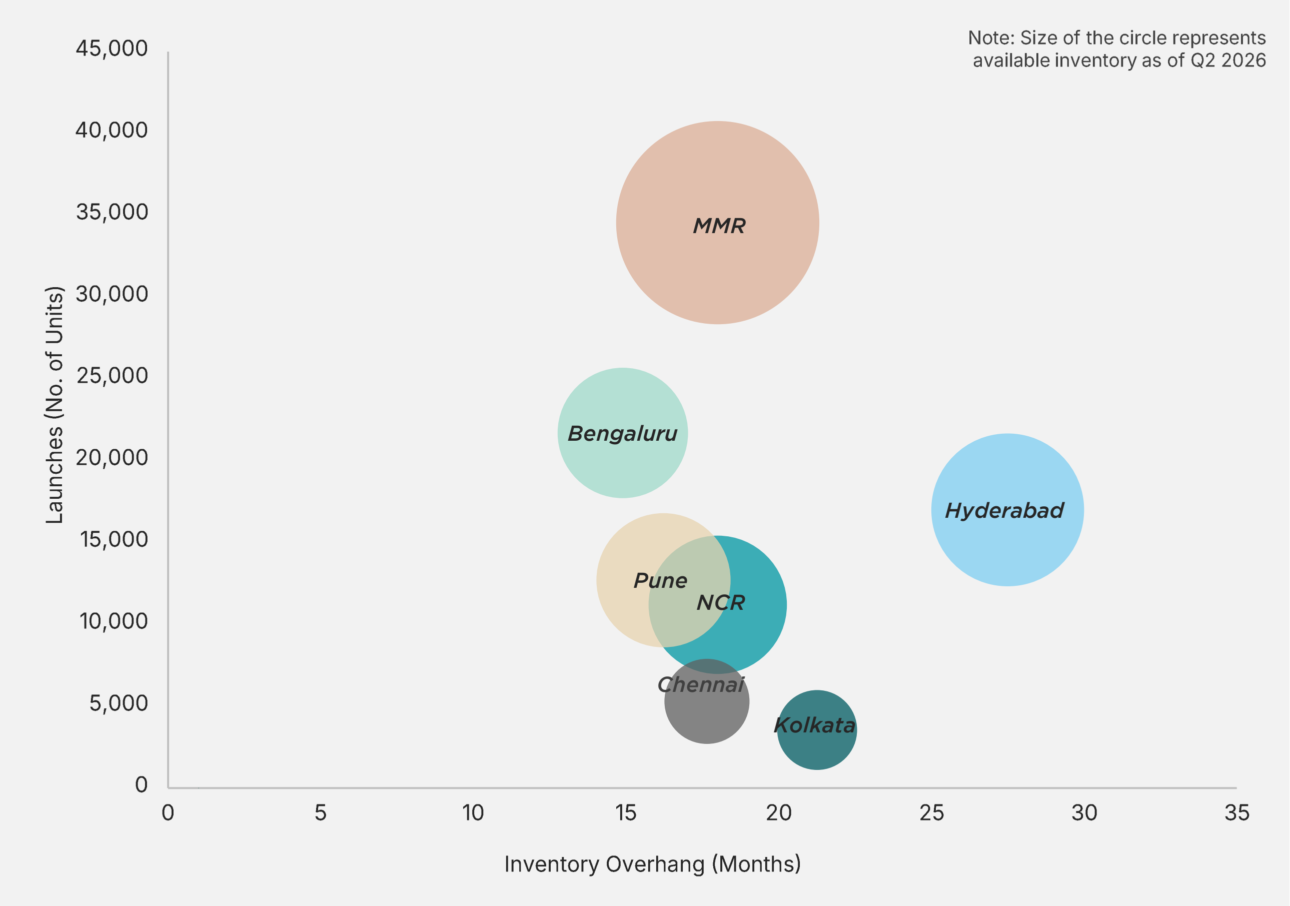
*In months

1. Average residential property prices across the top 7 cities **continued their steady upward movement** in Q2 2026. Collectively, the cities recorded a **7% annual and a 1% quarterly increase**, with the pan-India average rising from INR 8,990/sqft in Q2 2025 and INR 9,456/sqft in Q1 2026 to INR 9,575/sqft in Q2 2026.

2. **NCR led price appreciation with a 13% year-on-year movement**, 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, Pune, Hyderabad, Chennai, and Kolkata — registered **price growth in the 4–6% range**, pointing to a steady pace of appreciation across top 7 Indian cities this quarter.

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

Q2 2026 | Pan-India



1. **Hyderabad recorded the highest inventory overhang** at 27 months in Q2 2026, reflecting the cumulative effect of sustained launch activity from prior quarters against a slower pace of absorption. Housing sales in the city declined 9% quarter-on-quarter even as new launches **remained among the highest in the country, further widening the supply-absorption gap**. MMR, despite commanding the highest new supply and available inventory, presents a considerably steadier picture with 18 months of overhang.

2. NCR records 18 months of overhang, easing 2% from the previous quarter and 5% year-on-year, pointing to gradually **improving sales momentum in the National Capital Region**. Pune registers 16 months of overhang, up 3% quarterly, reflecting a market where supply additions continue to broadly track demand absorption. **Bengaluru, despite recording the sharpest quarterly and annual rise in available inventory among all cities, maintains the lowest overhang levels** at 15 months, aided by sustained technology-sector employment and steady end-user demand. Chennai and Kolkata record overhang periods of 18 and 21 months, respectively, with both markets continuing to favour measured launch strategies amid extended absorption timelines.

Way Forward

A More Balanced Market Emerges as Structural Drivers Sustain Medium-Term Confidence

India's residential real estate market closes H1 2026 in a phase of measured recalibration rather than structural weakness. The moderation in sales through Q2 2026 – driven by the prolonged West Asia conflict, its effect on construction costs, and rising caution within the IT-ITeS sector over AI-related workforce disruption — reflects a temporary pause in buyer activity rather than any erosion in underlying demand. Core growth drivers, including steady urbanisation, rising household incomes, and sustained aspiration for homeownership, remain firmly in place across the top 7 cities.

The widening gap between new launches and sales through the first half of 2026 has pushed available inventory past 6.16 lakh units, placing inventory management ahead of aggressive fresh launches as the dominant developer priority through the remainder of the year. Cities carrying higher overhang, particularly Hyderabad, are likely to see developers pace new project announcements more deliberately, prioritising the absorption of existing stock over expanding pipelines further.

The monetary policy backdrop continues to offer support. Sustained repo rate accommodation and improving liquidity conditions are helping developers manage construction financing even as input costs remain elevated, providing a cushion against sharper moderation in project activity.

This financing environment, combined with steady institutional capital flows into the sector, continues to strengthen developer balance sheets. Listed and well-capitalised developers, in particular, remain positioned to sustain construction momentum and meet delivery commitments, strengthening buyer confidence at a time when execution track record is weighing more heavily on purchase decisions than in previous cycles.

Pre-sales activity is expected to gradually regain pace through the second half of 2026 as buyer sentiment stabilises alongside easing geopolitical pressure. The recent widening of new supply across the INR 40 lakh–INR 1.5 Cr price bands is likely to persist, as developers balance premium-segment margins with the need to keep absorption timelines manageable across a broader base of buyers.

Looking beyond the immediate quarters, the residential real estate sector's fundamentals remain shaped by structural drivers that have consistently supported its expansion. As West Asia tensions ease and IT-sector sentiment stabilises, the coming quarters are likely to see renewed momentum in both domestic and NRI demand, gradually narrowing the current gap between supply and absorption across India's top 7 cities.

KEY TRENDS TO WATCH IN THE COMING QUARTERS

1. **Budget mix anticipated to continue rebalancing toward mid-segment housing,** with developers widening launch pipelines across the INR 40 lakh–INR 1.5 Cr band to broaden their buyer base beyond premium-led demand

2. **Absorption-linked launch calibration likely to intensify in overhang-heavy markets,** as developers pace new supply against prevailing sales velocity rather than prior-quarter momentum

3. **Market share to concentrate further among large, well-capitalised developers,** as buyers increasingly favour financially sound players with consistent delivery track records amid cautious sentiment

4. **NRI demand recovery expected to gather pace as regional tensions ease,** with Middle Eastern investor interest likely to return first to premium and luxury micro-markets.

About Anarock

Anarock is a leading independent real estate services company 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 all property sectors including residential, commercial, retail, hospitality, land, industrial and logistics, data centres and flexible workspaces.

With a team of over 2,600 professionals, Anarock delivers integrated real estate solutions spanning investment banking, bespoke research, strategic advisory and valuations, project management and engineering services and digitised community management. Backed by a proprietary AI-led ecosystem, advanced CRM infrastructure and strong relationships with developers, occupiers, investors and government stakeholders, the firm combines market intelligence, technology and disciplined execution to create long-term value across the real estate lifecycle.

For more information, please visit www.anarock.com

Follow us on:

AUTHORS:

ABHAI MANI CHATURVEDI
Sr. Vice President – Research and Advisory | abhai.mani@anarock.com

SUMEET SINGH NEGI
Vice President – Research and Advisory | sumeet.negi@anarock.com

PALLAVI MERUGA
Senior Manager – Research and Advisory meruga.pallavi1@anarock.com

EDITOR:

PRIYANKA KAPOOR
Sr. Vice President – Research and Advisory | priyanka.kapoor@anarock.com

For bespoke research requirements, please connect with:

DR. PRASHANT THAKUR
Executive Director & Head of Research and Advisory
prashant.thakur@anarock.com

Anarock Property Consultants Pvt. Ltd.
1002, 10th Floor, B Wing, ONE BKC, Plot No. C-66, G Block Bandra Kurla Complex,
Mumbai 400 051