

# Indian Real Estate



“Building the Future of India’s Growth”

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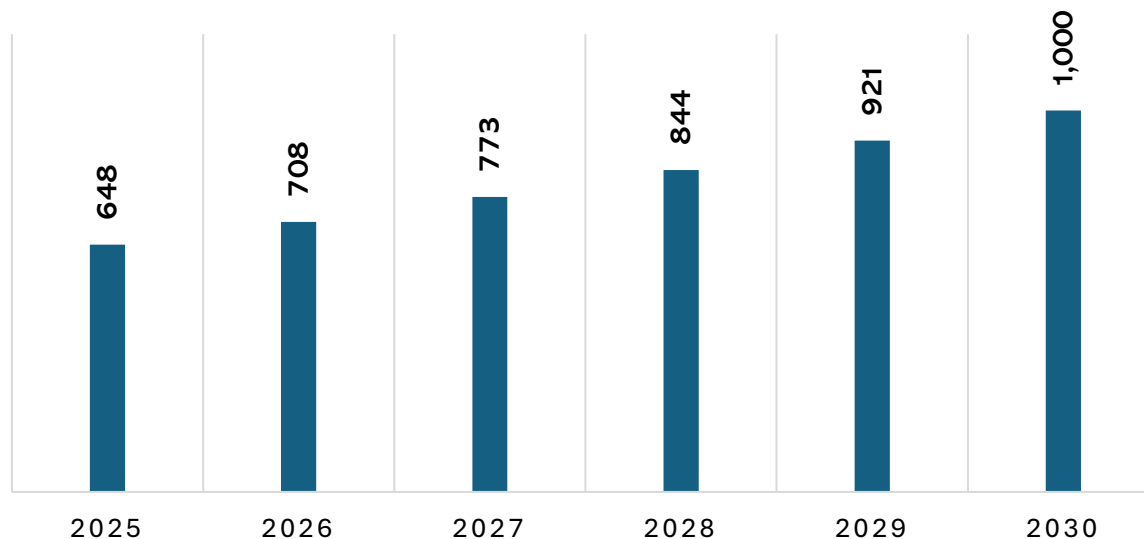
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# Sector Overview

India's Real Estate sector has emerged as a structurally significant component of the national economy, underpinned by strong employment generation, rising formalization, and long-term demand visibility. As of 2025, the sector is valued at USD 648 billion and is projected to scale to approximately USD 1 trillion by 2030, implying a CAGR of ~9.2%.

The year 2025 marked a definitive shift from post-pandemic buoyancy to a mature, value-driven cycle. While macroeconomic headwinds—including IT sector layoffs and hardening property prices—moderated sales volumes, the sector demonstrated structural maturity through robust capital appreciation and a qualitative pivot toward luxury and premium segments. Grade-A developers now dominate the landscape, focusing on "future-ready" living spaces to meet the demands of a young, consuming economy

## INDIAN REAL ESTATE MARKET SIZE (US\$ BILLION)



- **K-Shaped Recovery (2026):** The market is projected to follow a "K-shaped" trajectory, where luxury and premium segments consolidate dominance while the affordable sector faces "existential headwinds" due to high input costs.
- **Infrastructure-Led Growth:** Capital appreciation will be driven by **connectivity-centric developments**, such as the **Jewar International Airport** (impacting NCR) and the **Mumbai Trans Harbour Link (MMR)**.
- **Interest Rate Catalysts:** Potential RBI rate cuts are viewed as vital catalysts that could revive demand in budget-sensitive segments by 2026.
- **Emerging Asset Classes:** Beyond traditional residential units, **Senior Living, REITs, and fractional ownership** are expected to gain significant traction as investors seek higher yields.
- **Economic Pillar:** Real estate is poised to remain a key pillar as India moves toward becoming the **world's third-largest economy by 2030**, supported by rapid urbanization and digital land-record adoption.

# 2025: A YEAR OF SCALING NEW HEIGHTS WITH STRUCTURAL STRENGTH



Throughout 2025, the Indian real estate industry achieved historic milestones and structural maturation, fueled by India's emergence as a global "lighthouse economy" with resilient domestic demand and proactive fiscal policies.

## Residential Segment

### Value Over Volume

While overall sales units marginally dipped by 1% to 348,207 units, the total transaction value in the top seven cities increased by 6%, crossing the INR 6 lakh crore mark.

### Premiumization Shift

For the first time, units priced at INR 10 million and above accounted for 50% of total annual sales and 57% of new launches.

## Commercial Office

### Total Stock Milestone

The Indian office market officially crossed the 1 billion square feet milestone in Q3 2025.

### Absorption Records

The sector recorded a historic net absorption of 61 million square feet (MSF) in 2025, representing a 25% Year-on-Year (YoY) increase.

## Investment & Capital

### Decisive Recalibration

Institutional inflows moderated to INR 31,377 thousand crores in 2025, marking a 29% annual decline as the market transitioned into a normalization phase.

### REIT Sector Maturation

During 2025, Indian REITs consistently outperformed broad market indices, while the introduction of Small and Medium REITs (SM REITs) further democratized the asset class.

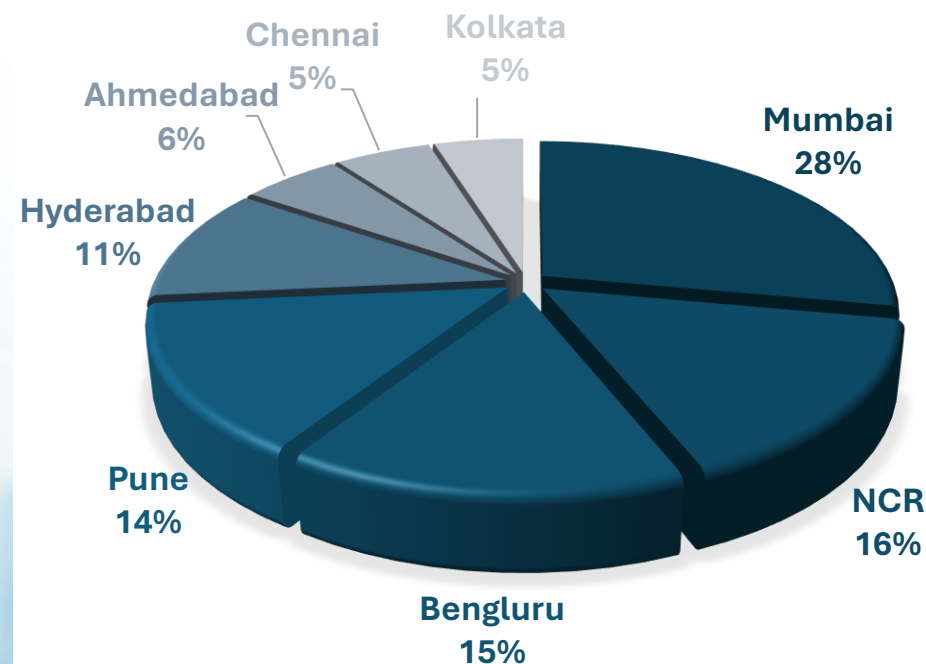
## The strategy of "Go Big or Go Home"

While the total number of land deals across India dipped slightly from 133 in 2024 to 126 in 2025, the total area transacted surged by approximately 50% (from 2,514 acres to 3,772 acres). Developers are clearly pivoting away from smaller, fragmented acquisitions in favor of strategic, large-scale parcels. Despite elevated land prices in key cities, developers continued to make aggressive bets in 2025. High-value transactions, such as Goisu Realty's purchase of commercial plot in Mumbai at INR 2,539 crore for ~13.02 acres and Aakar Developers residential deal worth INR 2,120 crore for ~10 acres, highlights this trend.

# Residential Segment

Parameter	H1 2025	H1 2025 (YoY)	H2 2025	H2 2025 (YoY)
Launches (housing units)	3,62,148	-3%	1,82,444	-4%
Sales (housing units)	3,48,207	-1%	1,78,006	0%

Note – 1 sq m = 10.764 sq ft Source: Omnifin Research



## RESIDENTIAL SALES 2025

India's residential real estate market in 2025 experienced a phase of measured consolidation. While sales volumes moderated, prices remained resilient across major cities. Demand was led by the mid-to-premium segment (INR 10–50 million), accounting for 50–70% of total transactions.

Disciplined developer launches, infrastructure upgrades, and a shift toward higher-value projects supported year-on-year price growth of 5–19%, reflecting evolving buyer preferences and sustained market confidence.

# India Residential 2026: Capitalizing on Urbanization, Premiumization, and Green Living

The Indian residential market is entering a phase of **sustained and broad-based momentum**, with **2026 new launches projected to cross 300,000 units**, exceeding earlier market peaks.

Growth is being driven by strong buyer confidence, rising disposable incomes, and a clear shift toward **lifestyle-led housing upgrades**. While the mid-segment continues to anchor demand, the luxury and high-end segments are witnessing accelerated traction, supported by increased HNI and NRI participation, alongside expanding opportunities in Tier II and III cities.

## Key Trends to Watch



**Wellness and Sustainability**



**Alternative Investment Models**



**Urban Reshaping**

# Commercial (Office) Segment

Leasing activity surges to nearly 60 Mn sq. ft. in 9M 2025 – the highest on record for the first three quarters; 9M supply reaches ~41 Mn sq. ft.

India's office market remains on a strong growth trajectory in 2025, supported by resilient occupier demand, record leasing momentum, and a structural shift toward premium, sustainable assets.

Expansionary sentiment remains high across domestic corporates and Global Capability Centre's (GCCs), while workplace transformation and ESG priorities are reshaping leasing decisions.

With a robust supply pipeline concentrated in high-quality tech parks and stable macroeconomic fundamentals, the market is positioned for sustained performance through the remainder of 2025.

In 2025, GCCs drove 38% of absorption, third-party IT surged 117% YoY, and flexible workspaces reached 18.6 MSF. Bengaluru led activity, with strong growth in Chennai, Hyderabad, and Pune.

Vacancy tightened to 15.1%, supporting rental growth, while USD 706M PE inflows and REITs (>9% of stock) highlighted strong investment. By 2030, total supply in top cities is projected at 1,306 MSF, with GCC expansion and smart, energy-efficient buildings shaping the market.

## Macroeconomic Strength Supporting Office Market

India's GDP forecast for FY26 has been revised upward to 7.3%, supported by 8.2% Q2 growth, strong domestic demand, and government capital spending.

The RBI's 25 bps repo rate cut to 5.25% has reduced borrowing costs, encouraging corporate expansion and long-term investments.

This stable macroeconomic environment provides a margin of safety for businesses, keeping India's office market active amid global uncertainty.

# Key Market Trends 2025



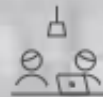
**Global Capability Centre's** : India's GCC sector has expanded to over 1,700 hubs employing 1.9 million staff, with global leadership roles projected to reach 30,000 by 2030 where India is transitioning from an outsourcing model to establishing in-house units (GCCs) for global entities.



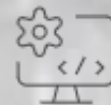
**The REIT** market now represents over 9% of the total office stock across the top eight cities, reflecting increasing institutionalization and investor confidence.



**Sustainability & ESG:** Sustainability is no longer optional; 61% of Grade A office space in India is now green-certified, with India ranking third globally in LEED-certified projects.



**Pre-commitment Activity:** Due to a tightening supply of ready Grade A space, occupiers are increasingly pre-committing to under-construction developments, particularly in major tech hubs like Bengaluru.



**Resurgence of IT Services:** After a subdued period, third-party IT service providers re-emerged as a major force, leasing approximately 17.1 million sq. ft. in 2025—a 117% YoY increase. However, the medium-term outlook remains subdued.



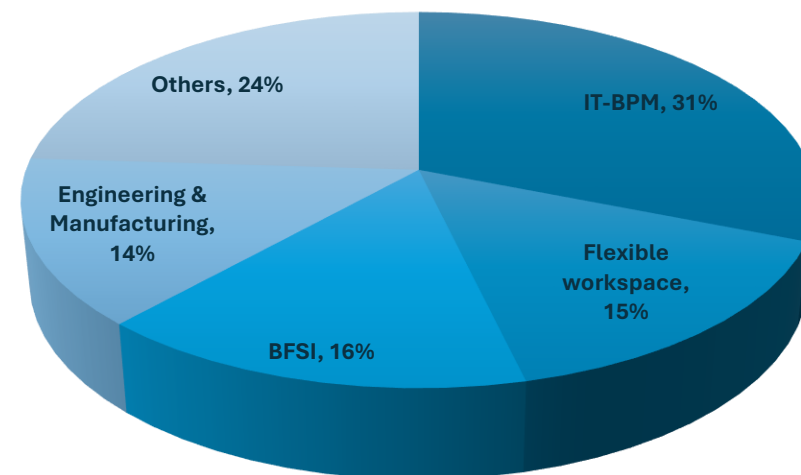
**Flex Space Maturation:** Flexible workspace operators have moved from a peripheral alternative to a critical component of corporate strategy, accounting for roughly 15% to 22% of annual demand.

# India's Office Market Records Historic Net Absorption of 61 MSF in 2025, Up 25% YoY

City	Net Absorption 2024 (MSF)	Net Absorption 2025 (MSF)	Y-O-Y % Change
Mumbai	10.9	9.6	-12%
Delhi NCR	6	10.9	82%
Bengaluru	14.2	14.4	1%
Chennai	2.4	7	192%
Pune	5	8.2	64%
Hyderabad	7.9	9.1	15%
Kolkata	1.5	1.4	-7%
Ahmedabad	1.2	0.8	-33%
<b>PAN India</b>	<b>49.1</b>	<b>61.4</b>	<b>25%</b>

India's office sector closed 2025 with its strongest performance on record, registering **net absorption of 61.4 million square feet (MSF)** across the top eight cities,

This marks a robust **25% year-on-year (YoY)** increase. Rental growth was observed across all the top eight cities, led by **Hyderabad** and **Mumbai** (12–14% YoY), while Ahmedabad, Delhi NCR, and **Chennai** posted gains in the 6–9% range.



**Distribution of Occupier Trends in 2025**

**IT-BPM** – Information Technology & Business Process Management

**BFSI** – Banking, Financial Services, and Insurance

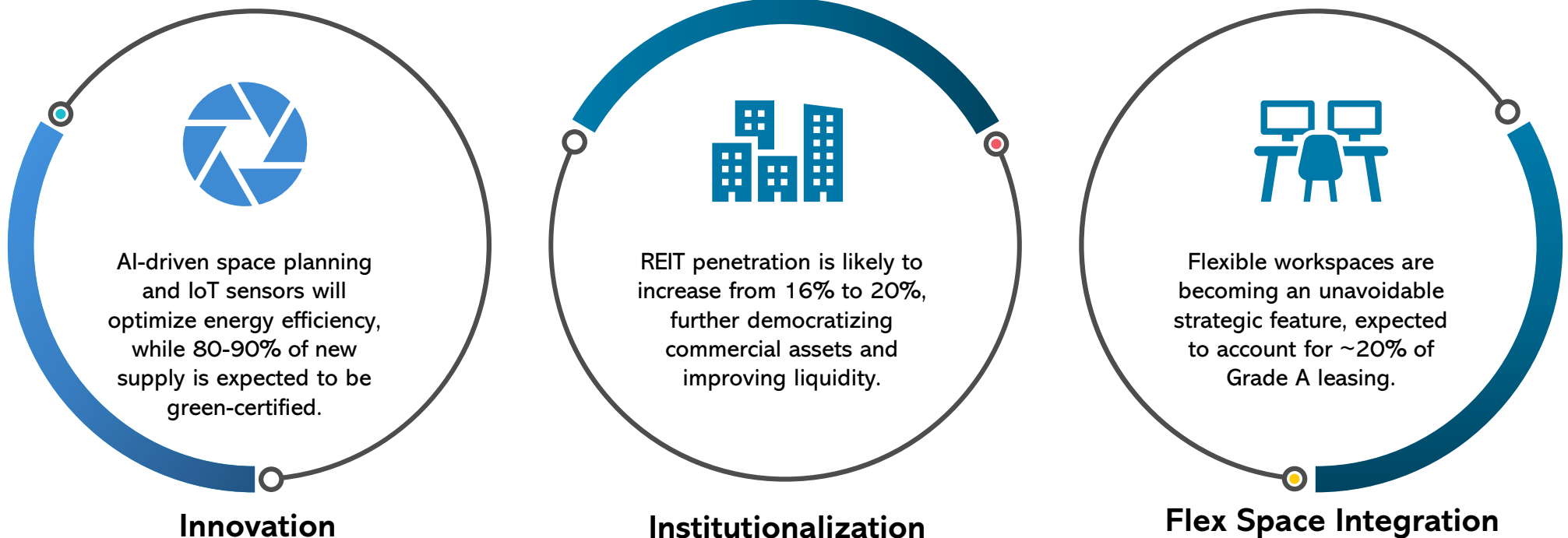
# India Office 2026

## The Agility Era and the Strategic Flight to Quality

In 2026, India's office market is expected to build on its strong fundamentals, with activity increasingly shaped by **flexibility, quality, and long-term value creation**. Leasing demand will remain broad-based across technology, financial services, and manufacturing occupiers, while **GCCs continue to anchor expansion decisions** and influence space requirements.

Supply additions are set to reach new highs, largely skewed toward **next-generation, Grade A+ developments** that align with occupier preferences for sustainability and enhanced workplace experiences. Even with elevated completions, the market's depth of demand is likely to preserve **balanced vacancy levels** and support **continued rental upside in established, low-vacancy business districts**.

### Key Trends to Watch



# Commercial (Retail) Segment

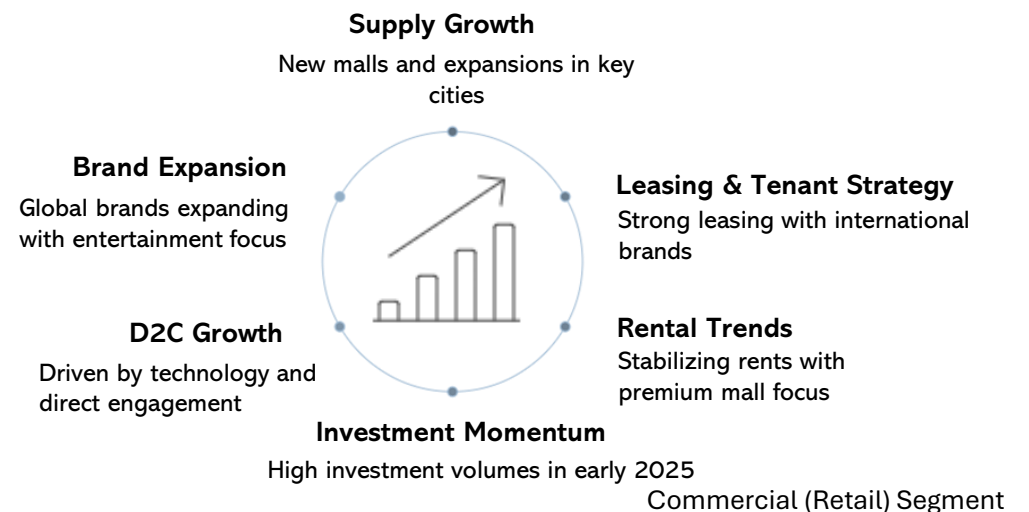
## Segment Overview

India's retail and consumer sector delivered a resilient and growth-oriented performance in 2025, marked by record expansion in physical retail infrastructure and a decisive recovery in investment activity by the third quarter. Retail leasing and new supply reached historic highs, led by key markets such as Hyderabad, alongside a clear shift toward premium, experience-driven formats.

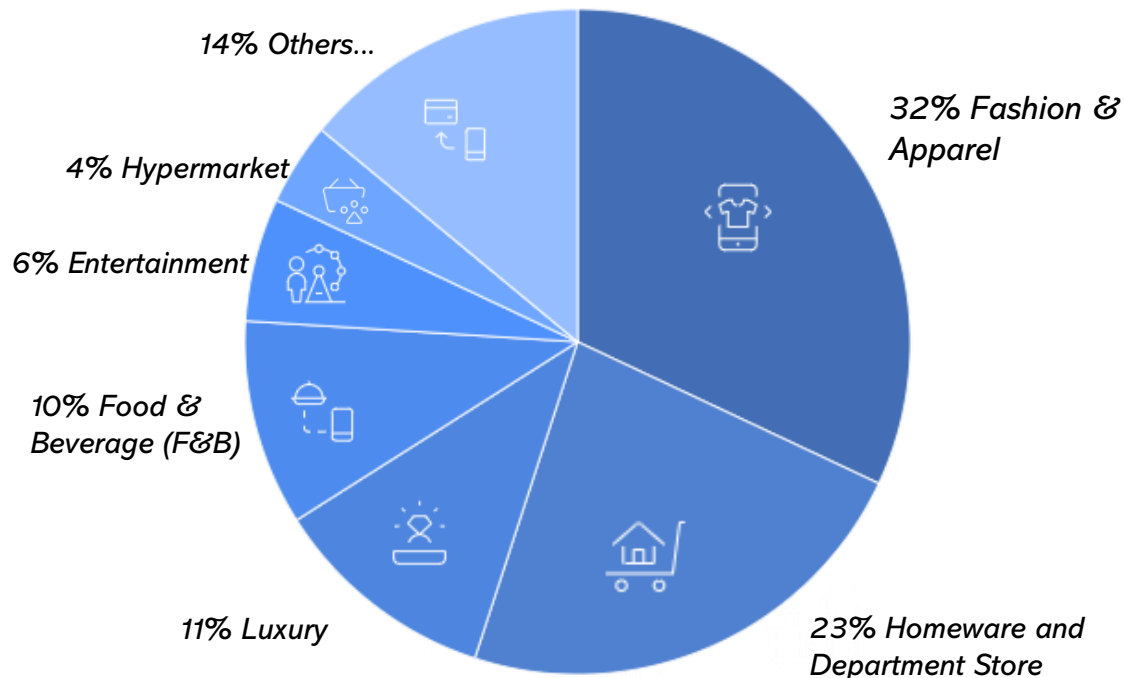
After a **measured Q2**, deal-making rebounded strongly in **Q3**, supported by significant transactions across fashion, food & FMCG, and the rapidly scaling e-commerce and quick-commerce segments.

Sustained investor confidence, reinforced by capital market activity and strategic focus on premiumization, **D2C** offline expansion, and technology adoption, positions the sector for continued long-term growth.

### India Retail Outlook Cycle



# India Retail Leasing 2025 :Key Highlights



- Fashion, F&B and D2C brands drive expansion, while 47+ Mn sq. ft of retail space under construction signals strong long-term growth.
- New retail supply rises sharply to 4.3–6.3 Mn sq. ft, led by Hyderabad, with 15 new malls opening across key cities
- Malls and high streets share demand evenly, contributing ~45% and ~48% of total leasing respectively.
- Retail leasing hits a three-year high, reaching 8.9–12.5 Mn sq. ft, up 50%+ YoY.

## Distribution of Transaction Activity by Industry

India's retail leasing rose sharply in 2025, reaching between 8.9 Mn and 12.5 Mn sq. ft, the highest level in three years;

As per report by CBRE South Asia. This marked a year-on-year increase of over 50% compared to 2024, supported by higher retail completions and continued store expansion by brands across major cities.

# India Retail 2026: Easing Scarcity through Experiential and Luxury Reinvention

After a prolonged phase of supply constraints, India's retail real estate market is poised for a **notable expansion in 2026**, supported by the delivery of **approximately 5.9 Mn sq. ft. of new mall space**, largely dominated by **Grade A+ assets**.

The sector's evolution is being shaped by **premiumization and the entry of global luxury brands**, increasingly through strategic partnerships with leading Indian retail platforms. At the same time, while metro cities continue to anchor retail activity, **Tier II markets are emerging as the next growth frontier**, driven by rising discretionary spending and improving development capabilities.

## Key Trends to Watch



Mall designs are shifting away from traditional anchor-led layouts toward experience-driven designs with higher allocations for F&B, leisure, and "phygital" experiences.

### Experiential Formats



Despite the mall supply surge, established high streets continue to see firm rentals and steady demand across all major urban corridors.

### High Street Resilience



The purchasing preferences of Gen Z and Gen Alpha are increasingly guiding household decisions in fashion and technology, forcing retailers to reinvent store formats for higher productivity.

### Consumer Shifts

# Senior Living Market

The India senior living market was valued at USD 3.55 billion in 2025 and is projected to be USD 14.14 billion by 2031, registering a robust CAGR of 25.92%.

-Mordor Intelligence



## Market drivers:

- Rapid increase in the population aged **60 years and above**,
- Steady decline of traditional multi-generational households.
- Rising disposable incomes among the middle class .

These factors are improving affordability and demand for **premium retirement communities** offering integrated healthcare, wellness programs, and lifestyle amenities. Geographically, developers are expanding beyond established southern markets into **northern and western metropolitan regions**, supported by favorable state-level incentives that reduce transaction costs for senior buyers.



March-2025: Launched “Seniors First” initiative in Bengaluru, offering 24/7 helplines, concierge services, and frailty assessments tailored for elderly patients



January-2025: Many developers face liquidity issues due to over-leveraging and a lack of funding options. Fluctuating costs of raw materials and labor add financial strain to developers.



October-2024: Raised USD 20 million seed funding from General Catalyst to build an integrated tech platform combining health, wellness, and social services.

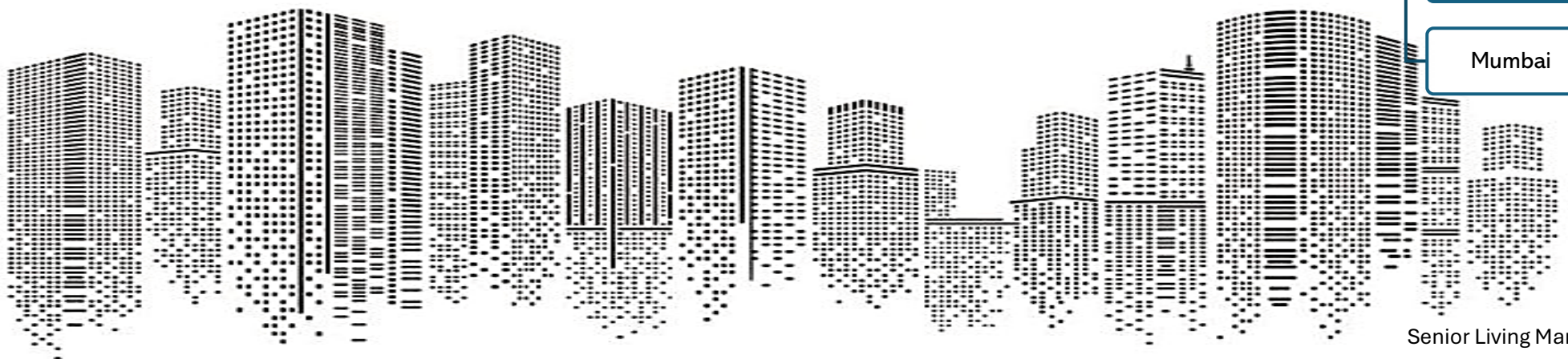
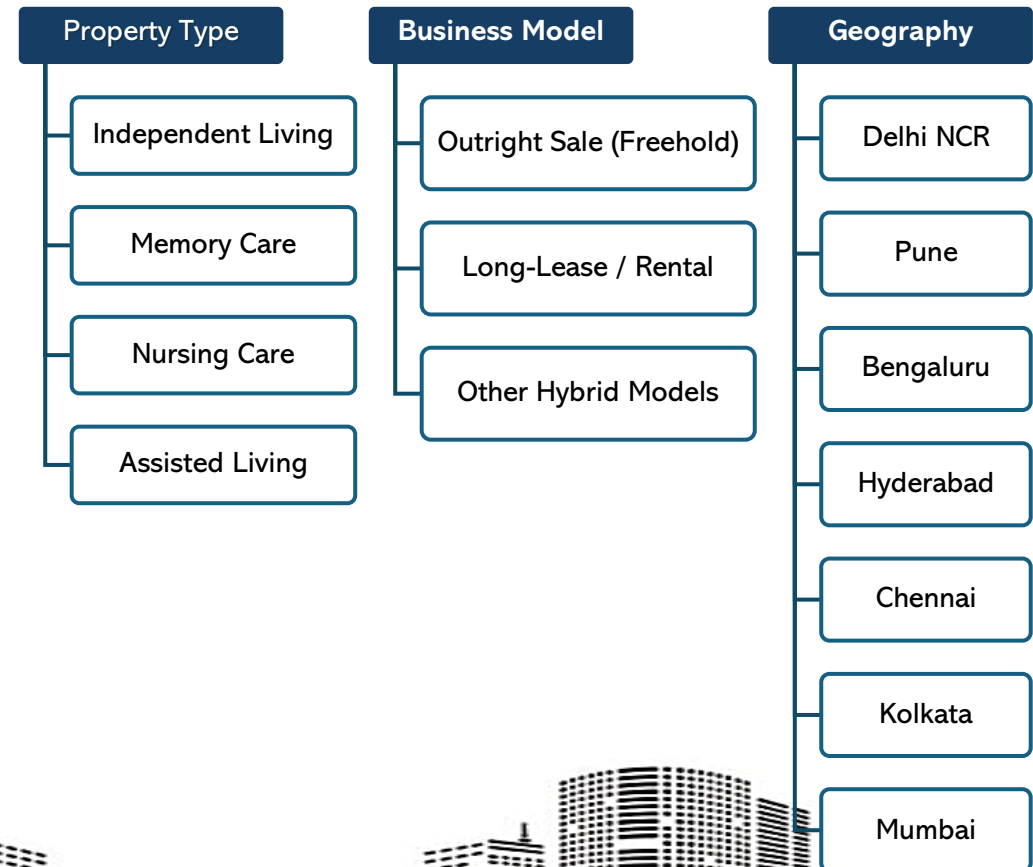


November-2024: Completed USD 516 million merger with Quality Care India, adding 38 hospitals to its network.

# Senior Living Market-Analysis & Developments

## Highlights:

- **By property type**, independent living led with 64.50% of the India senior living market share in 2025, while assisted living is projected to expand at a 27.35% CAGR through 2031.
- **By business model**, the Outright Sale (Freehold) format held 62.70% of the India senior living market size in 2025, whereas the Long-Lease / Rental model is growing at a 26.62% CAGR during 2026-2031.
- **By age group**, residents aged 65-74 years accounted for 41.90% of the market in 2025; the 75-85 years cohort is set to grow fastest at a 26.84% CAGR to 2031.
- **By city**, Bengaluru captured 19.20% of the market in 2025; Hyderabad is on course for the highest 2026-2031 CAGR of 26.99%.



# Key Data of Top Cities in India

Ahmedabad			Chennai		
Residential property price range (INR / Sq. Ft)	Lower Range	Higher Range	Residential property price range (INR / Sq. Ft)	Lower Range	Higher Range
Central (Ambavadi, Navrangpura)	5,150	6,490	Central (Anna Nagar, Kilpauk)	13,128	18,729
East (Nikol, Vastral)	2,400	3,300	North (Kolathur, Pelambur)	5,250	8,083
North (Chandkhera, Motera)	2,600	3,430	South (Perumbakkam, Kelambakkam)	5,760	6,500
South (Aslali circle, Vatwa)	1,700	2,300	West (Porur, Mogappair)	6,646	8,896
West (Bopal, Prahlad Nagar)	3,300	5,700			
Commercial property rent range (INR / Sq. Ft / month)			Commercial property rent range (INR / Sq. Ft / month)		
Central business District	40	55	Central business District	70	95
Peripheral Business District	55	60	Peripheral Business District	38	70
Hyderabad			Kolkata		
Residential property price range (INR / Sq. Ft)			Residential property price range (INR / Sq. Ft)		
Central (Banjara Hills, Jubilee Hills)	13,400	16,020	Central (Park Str, Rawdon Str, Ballygunge)	11,000	22,100
East (LB Nagar, Nacharam)	6,100	7,307	East (Kankurgachi, Salt lake)	5,400	9,600
North (Kompalli, Sainikpuri)	5,145	7,909	North (Madhyamgram, BT Rd, Jessore Rd)	2,600	6,100
South (Rajendranagar, Bandlaguda)	6,950	9,624	Rajarhat New Town	3,500	8,000
West (Kokapet, Manikonda)	9,220	12,500	South (Tollygunge, Behala, Narendrapur)	2,650	21,700
Commercial property rent range (INR / Sq. Ft / month)			Commercial property rent range (INR / Sq. Ft / month)		
Central business District	55	65	Central business District	70	105
Peripheral Business District	30	65	Peripheral Business District	27	65

Data compiled from various sources including Knight Frank (H22025), and Omnifin Research; continued on next page.

# Key Data of Top Cities in India

Delhi and NCR			Mumbai		
Residential property price range (INR / Sq. Ft)	Lower Range	Higher Range	Residential property price range (INR / Sq. Ft)	Lower Range	Higher Range
Delhi (Dwarka)	11,000	14,000	Central Mumbai (Lower Parel, Worli)	32,671	95,354
Delhi (Greater Kailash II)	27,000	40,000	Central Suburb (Ghatkopar, Mulund, Powai)	22,494	31,045
Faridabad (Sec 82, 88)	3,300	6,500	Navi Mumbai (Panvel, Khargar)	8,455	10,500
Ghaziabad (Raj Nagar Extn, NH-24 By pass)	4,300	7,000	Vashi	18,684	20,330
Greater Noida (sec 1, Omicron I)	4,200	6,800	Peripheral Central Suburb (Badlapur, Dombivali)	5,028	9,896
Gurugram (Sec 77, 81)	5,300	8,000	Western Suburb (Mira Road, Virar)	8,077	11,203
Noida (Sec 78, 143)	7,500	8,000	South (Tardeo)	77,082	77,849
<b>Commercial property rent range (INR / Sq. Ft / month)</b>			Thane (Naupada)	22,167	22,452
Delhi (Central Business District), Aerocity	220	410	Thane (Ghodbunder Road)	12,077	12,157
Delhi (Secondary Business District)	90	260	Western Suburb (Andheri, Goregaon, Borivali)	25,285	79,922
Gurugram – Golf Course Road	120	205	Western Suburb (Dahisar)	15,594	16,806
Gurugram – Cyber City, MG Road, NH 48	85	140	Western Suburb (Bandra West)	75,158	79,922
Noida	50	108	<b>Commercial property rent range (INR / Sq Ft / month)</b>		
Faridabad	60	70	Central Business District	200	279
			Bandra Kurla Complex and Off BKC	237	446
			Secondary Business District	102	232
			Peripheral Business District	56	100

Data compiled from various sources including Knight Frank (H22025), and Omnifin Research; continued on next page.

# Key Data of Top Cities in India

Pune			Bengaluru		
Residential property price range (INR / Sq. Ft)	Lower Range	Higher Range	Residential property price range (INR / Sq. Ft)	Lower Range	Higher Range
Central (Koregaon Park, Kothrud, Erandwane)	15,799	19,501	Central (Langford Town, Lavelle Road)	15000	32,000
Central (Boat club Road)	20,124	21,182	East (KR Puram, Marathahalli, Whitefield)	4800	12,500
East (Karadi, Wagholi, Dhanori, Hadapsar)	8,103	11,004	North (Hebbal, Yelahanka, Thani Sandra, Hennur)	4600	13,000
West (Aundh, Baner, Hinjewadi, Wakad)	10,033	16,350	South (Sarjapur Rd, Kamakura Rd, Electronic City, Bannerghatta Rd)	4200	13,000
North (Moshi, Chikali, Chakan)	3,857	6,859	West (Yeshwantpur, Malleswaram, Rajajinagar, Tumkur Rd)	3700	18,100
South (Ambegaon, Undri, Kondhwa)	5,617	8,869	<b>Commercial property rent range (INR / Sq. Ft / month)</b>		
<b>Commercial property rent range (INR / Sq. Ft / month)</b>			Central business District	130	210
Central Business District	84	144	Peripheral Business District	55	95
Secondary Business District	67	195	Outer Ring Road	100	125
Peripheral Business District	48	112			

## S

### Strength

- ❑ Rapid Urbanization & Migration
- ❑ Strong Housing Demand
- ❑ Government Infrastructure Initiatives
- ❑ Diverse Market Segments
- ❑ Prop-Tech Adoption
- ❑ Tax Benefits & Incentives

## W

### Weaknesses

- ❑ Complex Regulatory Environment
- ❑ High Land Costs
- ❑ Limited Affordable Housing
- ❑ Over-Leveraging & High Debt
- ❑ Transparency Issues
- ❑ Project Execution Risks

## O

### Opportunities

- ❑ Smart Cities & Tech Integration
- ❑ Tier-II & Tier-III City Expansion
- ❑ Commercial & Co-working Demand
- ❑ Sustainable Green Buildings
- ❑ REITs & Investment Models
- ❑ Suburban Growth (Remote Work)

## T

### Threats

- ❑ Economic Volatility & Inflation
- ❑ Policy & Regulatory Changes
- ❑ Intense Market Competition
- ❑ Environmental & Climate Risks
- ❑ Technological (AI) Disruption
- ❑ Global Economic Uncertainty

## PM Awas Yojna (PMAY)

• **PMAY-U 2.0 launched (Sept 2024):** Targets 1 crore urban families with assistance up to ₹2.5 lakh per house over 5 years; over 10 lakh houses already sanctioned by Oct 2025.

• **Progress & Budget:** Since 2015, 95.51 lakh pucca houses completed under PMAY-U; FY26 allocation stands at INR 19,794 crore for PMAY-Urban.

• **Recent initiatives:** Angikaar 2025 campaign (Sept–Oct 2025) across 5,000+ ULBs accelerated verification and completion; latest approval cleared 1.41 lakh houses in 14 states, focusing on women empowerment and social inclusion.

### Social Inclusion Focus:

- 6.31 lakh houses sanctioned for women
- 2.2 lakh for Scheduled Castes
- 51,181 for Scheduled Tribes
- 5.35 lakh for Other Backward Classes
- 163 for transgender individuals



## PMAY-Gramin (Rural):

• **PMAY-G extended (Aug 2024):** Cabinet approved continuation to build 2 crore additional pucca houses (FY25–FY29), raising the total target to 4.95 crore houses by March 2029.

• **Progress & Funding:** As of Jan 2026, 3.86 crore houses sanctioned and 2.92 crore completed; FY26 budget allocation is INR 54,232 crore with assistance of INR 1.20 lakh (plain areas) and ₹1.30 lakh (NE/Hill states) per house.

• **Beneficiary support:** Targets houseless and kutcha-house families, with added benefits including 90–95 days of MGNREGA employment and financial aid for toilet construction.

## Income Tax

### SIMPLIFIED TDS FOR NRI PROPERTY SALES

- Resident buyers can deduct and deposit TDS using a **PAN-based challan**, removing the need for a TAN from Oct 1, 2026.

### CPSE REAL ESTATE REIT MONETIZATION

- Government plans to monetize CPSE-owned real estate through REIT structures.
- PSUs can unlock commercial property value while retaining operational control.
- Expands investment opportunities and improves REIT market liquidity and depth.

### MASSIVE INFRASTRUCTURE CAPEX – INR 12.22 LAKH CRORE

- Capital expenditure raised to INR 12.22 lakh crore, including INR10,000 crore Urban Challenge Fund and INR 8,000 crore for AMRUT.
- High-speed rail links between Hyderabad, Bengaluru, and Chennai to enhance regional connectivity.
- Expected to boost suburban housing demand and drive growth in Tier-2 and Tier-3 real estate markets.

## Real Estate (Regulation and Development) Act, 2016 [RERA]

The Real Estate (Regulation and Development) Act, 2016 (RERA) was enacted to enhance transparency and protect homebuyers in India's real estate sector. It mandates the registration of projects and agents, ensuring accountability and timely project delivery. It aims to reduce project delays and property fraud.

### New Updates in RERA:

- Stricter penalties for project delays
- Faster dispute resolution: 60 days (reduced from 90 days)
- Fast-track approvals for green-certified buildings
- Mandatory compliance clearance from April 2025

## Digitization of Property and Land Records

With DILRMP (Digital India Land Records Modernization Program), Under DILRMP -

### As of December 2025:

- **Land records computerized:** 95.09% (6,25,137 out of 6,57,397 villages)
- **Cadastral maps digitized:** 68.02% (2,52,51,446 out of 3,69,86,358 maps)
- **Sub-Registrar Offices computerized:** 94.95% (5,060 out of 5,329 SROs)
- **SROs integrated with land records:** 87.48% (4,669 out of 5,329 SROs)

### Key Initiatives:

- **ULPIN (Bhu-Aadhaar):** 14-digit unique ID for land parcels implemented in 29 states/UT's
- **Bhoomi Samman:** 168 districts achieved Platinum Grading (99%+ completion)
- **New components:** Aadhaar integration, computerization of revenue courts

## FDI Policy

FDI is prohibited in real estate business and construction of farmhouses. However, 100 percent FDI is permitted under automatic route in construction-development projects (which would include development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships) but subject to certain conditions. **FDI inflows in construction (infrastructure) activities till June 2025 Reached INR 3,15,768 crore (USD 36.85 billion).**

## SWAMIH Fund 2.0

### Major Developments:

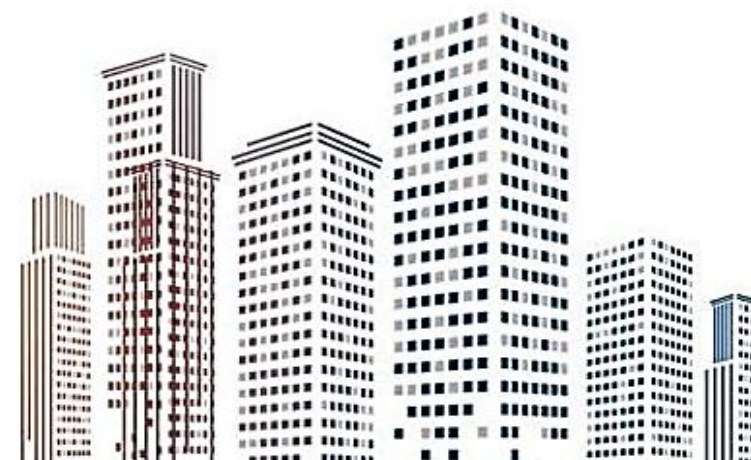
**Corpus:** INR 15,000 crore announced in Union Budget 2025-26

**Seed capital:** INR1,500 crore allocated

**Target:** Complete 1 lakh additional stalled housing units

## GST on Real Estate

The GST 2.0 reforms (from September 22, 2025) introduced a simplified two-slab system of 5% and 18% and reduced GST on construction materials, including **cement (28% → 18%)**, potentially lowering housing costs by 3–5%. Resale properties and land remain GST-exempt but are subject to stamp duty and registration charges.



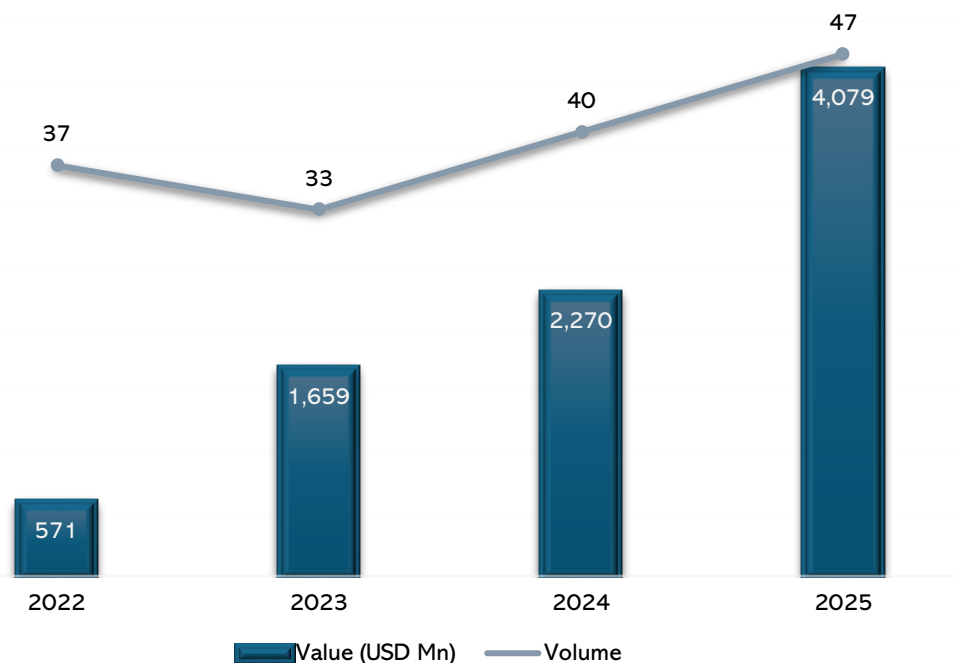
# Investments in the Industry

Private equity activity in Indian real estate during 2025 presents a nuanced picture, reflecting differences between industry-level investment activity and asset-level capital deployment.

According to Grant Thornton, private equity and venture capital activity remained resilient in 2025, with the real estate sector recording approximately USD 4.1 billion in deal value, supported by strategic stake acquisitions, portfolio transactions, and platform investments. The accompanying chart reflects rising deal values and volumes, signaling growing institutional participation and consolidation.

In contrast, Knight Frank’s Trends in Private Equity Investment in India – H2 2025 notes that direct PE inflows into real estate assets declined to USD 3.46 billion in 2025 from USD 4.90 billion in 2024 (~29% YoY decline). This suggests that while overall deal activity strengthened, capital deployment shifted away from new asset acquisitions toward portfolio and platform-led transactions.

## PE/VC Activity



Source: GT Bharat Deal tracker 2025

## Future Outlook

Investment momentum in India’s real estate sector is expected to remain constructive in 2026, supported by improving asset fundamentals, expanding institutional participation, and increasing diversification across asset classes. Industry estimates indicate that private equity investments are likely to remain stable at USD 6.5–7.5 billion in 2026, broadly in line with strengthened capital deployment observed in 2025.

## Investments in the Industry

Embassy, Brookfield and Mindspace collectively own ~129 million sq ft of Grade-A offices that ride the secular growth of Global Capability Centers and high-end flex-space. With the listing of Knowledge Realty Trust (KRT) and market chatter of couple of other listings in the near-to-medium term, **Commercial Real Estate is set to be the backbone of REIT ecosystem in India.**

Nexus Select Trust's 9.8 million sq ft retail-mall platform was **India's first non-office REIT** (May 2023) and has posted double-digit tenant sales growth as consumption rebounds.

**Logistic Parks, Data Centers** and even purpose-built **student-housing portfolios** are maturing under private ownership; several developers have publicly stated their intention to REIT these assets as soon as they cross SEBI's stabilized- asset thresholds. Notified in Mar'2024, SM REIT pulls the fractional ownership platforms into the REIT regulations. According to CBRE Research's 2025 update, India's SM REIT market potential is expected to exceed USD 75 billion, drawing from a pool of more than 500 million sq. ft. of eligible office, logistics, and retail asse

Name of the REIT	Sector	Issue Price (in INR)	Current Price* (in INR)	Div Yield (%)*
Embassy Office Parks	Office	300.00	436.01	0.09
Mindspace Business Parks	Office	275.00	493.00	4.88
Brookfield India Real Estate Trust	Office	275.00	361.90	4.96
Nexus Select Trust	Retail	100.00	158.39	2.77
Knowledge Realty Trust	Office	100.00	121.50	1.27

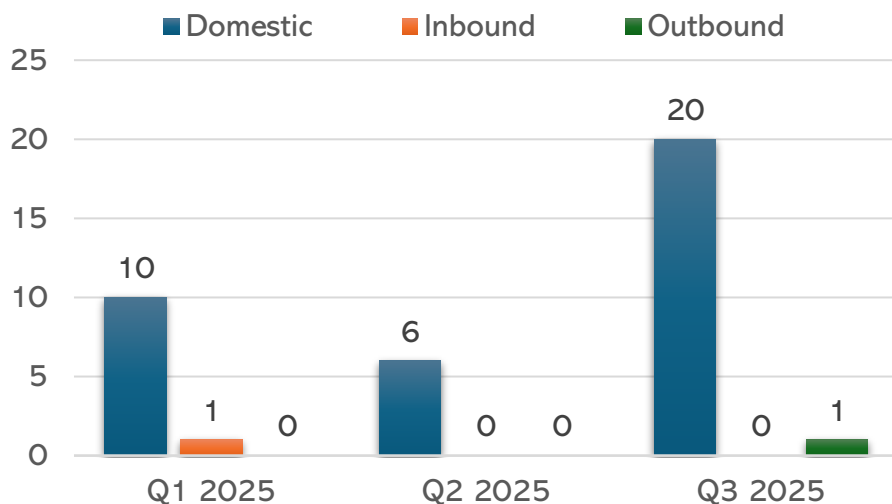
**With a market cap of around USD 18 billion, as of Sep'25 and the potential to cross USD 25 billion by 2030, REITs in India are supported by deep office market demand, rising institutional-grade stock, and a proactive regulatory environment.**

**- Anarock**

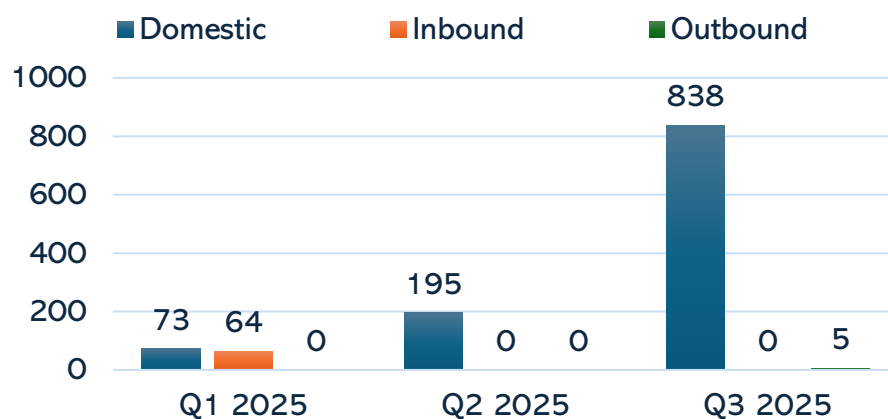
\*As on 2<sup>nd</sup> January 2026

# Mergers & Acquisitions Trends

Volume of Deals in Real Estate Sector



Value of Deals in Real Estate Sector (USD million)



## USD 1,491 million

Brookfield India Real-estate

acquiring 100% stake in

Trust Arliga Ecoworld Business Parks Pvt Ltd

## USD 641 million

The Phoenix Mills Ltd.'s

acquiring 49% stake in

Island Star Mall Developers Pvt Ltd

## USD 22 million

Arkade Developers Ltd.'s

acquiring 100% stake in

Filmistan Pvt Ltd - Studio of 4-acre land parcel

## INR 3,250 crore/USD 377 million ~ Approx

Blackstone

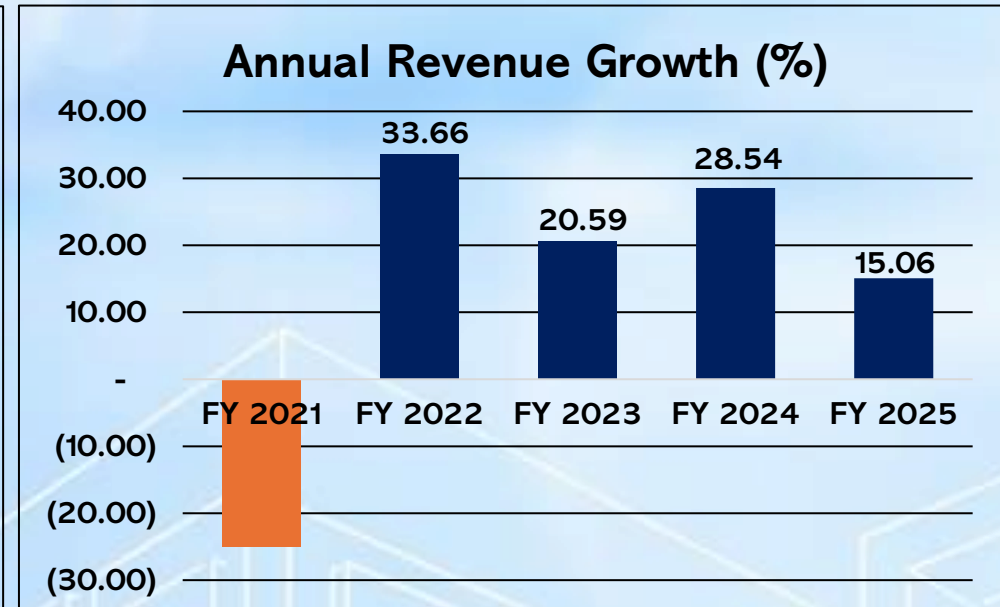
acquiring 100% stake in

Kolkata's South City Mall

**“September 2025: SEBI reclassified Real Estate Investment Trusts as equity instruments, enabling index inclusion and facilitating mutual fund allocations that broaden retail participation.”**

# Real Estate Industry in Numbers

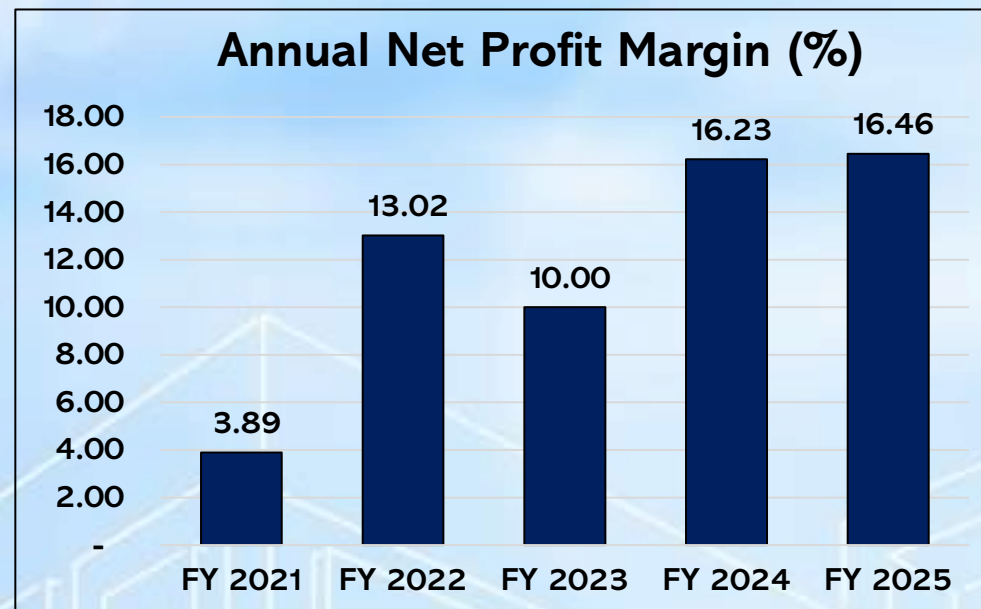
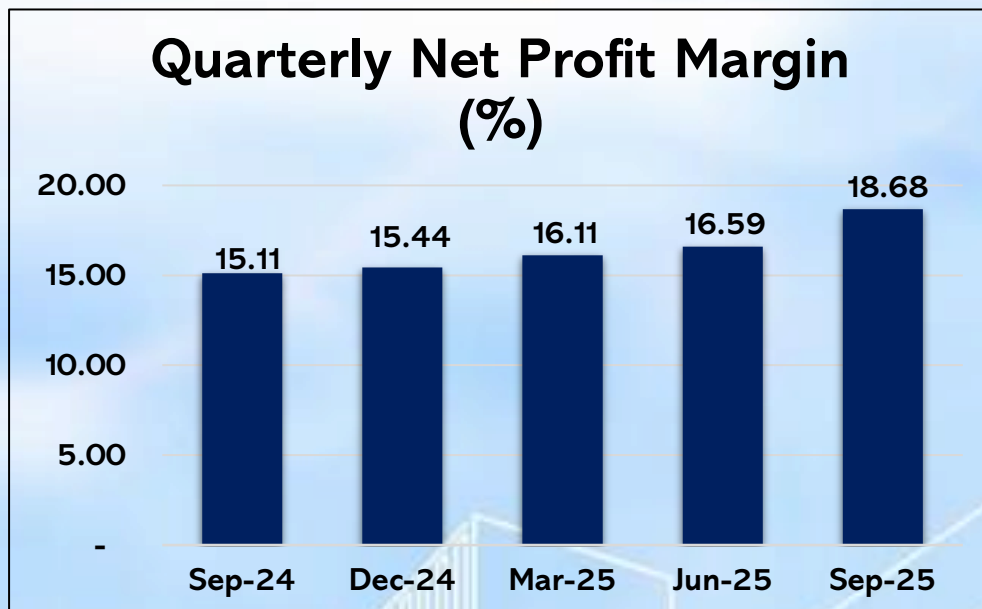
## Median Quarterly & Annual Revenue Growth Rates



**Strong Quarterly Momentum Post-Correction:** Quarterly revenue growth rebounded sharply to 16.67% following a contraction of approximately 11.5% in Jun-25, signaling recovery from a temporary setback. The earlier decline likely reflected project execution delays, slower conversions, or inventory digestion phases typical in cyclical real estate markets. The subsequent acceleration demonstrates renewed sales momentum, driven by fresh launches, improved buyer sentiment, and pent-up demand materialization across key micro-markets.

**Annual Growth Normalization After Peak Expansion:** Annual revenue growth moderated to 15.06% in FY2025 from a peak of 33.66%, following a multi-year expansion cycle. The deceleration reflects normalization after exceptional post-pandemic growth, with FY2022's 25.03% contraction marking the COVID-disrupted base. While growth rates have tapered, the sustained double-digit expansion underscores healthy underlying demand, particularly in mid-premium segments. Developers are balancing launch pipelines and pricing strategies to maintain revenue trajectory amid rising input costs and competitive intensity.

# Median Annual & Quarterly Net Profit Margins



**Strong Quarterly Performance:** Quarterly net profit margins rose steadily to 18.68%, supported by stronger pricing power and cost discipline. Despite softer volumes in Q2–Q3 FY25 (including ~20% YoY decline across top cities in Q2 CY25), robust demand for premium housing (INR 1 crore+) sustained price appreciation and realizations. Higher collections, improved efficiencies, and a better project mix drove margin expansion in Q3 FY25.

**Annual Margin Recovery:** Annual net profit margins recovered sharply from 3.89% to 16.46% in FY2025, reflecting structural improvement. The post-COVID recovery evolved from volume-led growth to value-led expansion, with premium and luxury housing gaining share. Developers’ focus on higher-margin projects supported operating leverage and sustained profitability.

# Profitability (Return) Ratios

## Return on Equity (ROE)



## Return on Capital Employed (%)



**Strong ROE Recovery:** Return on Equity rebounded sharply from a pandemic low of 1.51% in FY2021 to 10.73% in FY2025, reflecting improving profitability and efficient capital deployment. The consistent upward trajectory from FY2023 onwards demonstrates strengthening operational performance, with ROE rising 74% from 6.16% to 10.73% over two years as margin expansion and asset turnover gains drove shareholder value creation.

**ROCE Stabilization at Healthy Levels:** Return on Capital Employed recovered from 8.00% in FY2021 to stabilize around 12.77% in FY2025, indicating efficient utilization of total capital. After peaking at 13.78% in FY2020, ROCE normalized in the 12-13% range post-recovery, supported by disciplined capital allocation, reduced debt costs, and improved project execution. The stable ROCE despite business expansion reflects operational maturity and sustained returns on invested capital.

## Valuation Ratios : Price/Book Value Multiple (x)

**Sustained Valuation Premium Amid Sector Recovery:** The Price/Book Value multiple expanded significantly from 1.13x in FY2020 to 3.70x in FY2025, reflecting strong investor confidence in asset quality and growth prospects. The median P/BV surged to peak at 4.85x in FY2024 before moderating, indicating a valuation recalibration as the sector transitioned from recovery to normalized growth. The current multiple remains substantially above pre-pandemic levels, underscoring improved fundamentals, enhanced profitability, and sustained demand for quality real estate assets.



**Convergence with Sectoral Benchmarks:** The company's P/BV multiple tracked closely with the Real Estate Index, which rose from 1.99x to 5.34x, demonstrating sector-wide rerating driven by improving balance sheets and favorable housing dynamics. The slight divergence in FY2025, with the index at 5.34x versus the median at 3.70x, suggests selective valuation differentiation within the sector, potentially driven by variations in leverage, execution capabilities, and geographic exposure across developers.

\*P/B = Market Price per Share / Book Value per Share. It helps to assess value of a stock in comparison to its book value per share.

## Valuation Ratios : Price/ Earnings (x)

**Sharp Median P/E Expansion Reflecting Earnings Recovery:** The median Price/Earnings multiple surged from 17.18x in FY2020 to peak at 48.08x in FY2024, driven by strong earnings momentum and investor optimism around the sector's growth trajectory. The dramatic rally from 23.59x in FY2023 to 48.08x in FY2024 coincided with the sharp recovery in net profit margins, as developers benefited from premium housing demand and operational leverage. The subsequent moderation to 37.74x in FY2025 suggests valuation normalization as earnings growth stabilized, though multiples remain elevated compared to pre-pandemic levels.



**BSE Sensex Stability Amid Sectoral Volatility:** In contrast to the median's volatility, the BSE Sensex P/E remained relatively stable, ranging between 23.59x and 29.53x throughout the period. This divergence highlights the outsized rerating of real estate stocks relative to broader market indices, as the sector experienced a stronger earnings rebound and benefited from structural tailwinds including urbanization, premiumization, and improved developer credibility. The narrowing gap between median (37.74x) and Sensex (23.68x) in FY2025 indicates some valuation convergence, though real estate continues to trade at a significant premium to the broader market.

\*P/E = Market Price per Share / Earnings per Share. In simple terms, it tells us how much price we must pay for 1 Rs. of earnings.

## Valuation Ratios : EV/EBITDA (x)

**Volatile EV/EBITDA Trajectory with Recent Peak:** The EV/EBITDA multiple expanded significantly from 7.63x in FY2020 to reach 21.98x in FY2024, reflecting strong cash flow generation and investor confidence in the sector's earnings quality. The sharp spike in FY2024 coincided with peak profitability and robust pre-sales momentum, as developers capitalized on strong housing demand and operational efficiencies. The subsequent moderation to 19.32x in FY2025 suggests valuation recalibration as growth rates normalized, though the multiple remains substantially elevated compared to the pre-pandemic and early recovery period.



**Cyclical Valuation Pattern Reflecting Sector Dynamics:** The EV/EBITDA multiple exhibited cyclical behavior, peaking at 16.22x in FY2021 during the initial recovery phase before declining to 12.20x in FY2023 amid macroeconomic headwinds and softer volumes. The recovery to 21.98x in FY2024 underscores renewed optimism driven by improving fundamentals, deleveraged balance sheets, and sustained premiumization trends. The current multiple of 19.32x, while lower than the FY2024 peak, reflects continued investor appetite for quality real estate franchises with proven execution track records and healthy cash flow profiles.

\*The EV/EBITDA multiple is a financial metric used to assess the relative valuation of a company to evaluate a company's overall financial health.

EV = Market Value of Equity + Market Value of Debt and Preference shares – Cash & Investments | EV/EBITDA = Enterprise Value / EBITDA

# Data Sources and Credits

## Companies (samples) covered as part of the Industry

- DLF
- Marcotech Lodha
- Godrej Properties
- Oberoi Realty
- Phoenix Mills
- Prestige Estates
- Brigade Enterprises
- Sobha Limited
- Mahindra Lifespace Developers
- Suntech Realty
- Kolte Patil Developers
- Ahluwalia Construction
- Purvankara Ltd
- DB Realty
- Arvind Smartspace
- NESCO Ltd
- NBCC
- Nirlon Ltd
- Anant Raj

- India Real Estate Residential and Office Market – H1 and H2 2025 Knight Frank.
- “Indian Residential Outlook” by CBRE [2025]
- “India Office Figures Q3” by CBRE [2025]
- “India residential market dynamics: Q3 2025“ by JLL
- “Think India Think Retail 2025” by Knight Frank
- “Deal tracker November” by GT [2025]
- “India Capital MarketBeat” by Cushman & Wakefield
- “Global Real Estate Transparency Index 2025” by JLL
- “Real estate @2047: Road to Viksit Bharat” – by EY & Credai
- “M&A and PE deal insights”-GT [2025]
- “India REITs Taking a Stride” Q2 FY26 by ANAROCK

### Other sources:

- Financial and Valuation Ratios compiled from ET Prime.
- Mordor Intelligence
- India Brand Equity Foundation (IBEF)
- Reserve Bank of India
- The Week
- NASSCOM
- Aurum Prop Tech
- Business Standard
- Economic Times | Industry
- Confederation of Indian Industry (CII) – Media releases
- Prop News Time
- Pib.gov.in – Press releases
- Sansad.in

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