



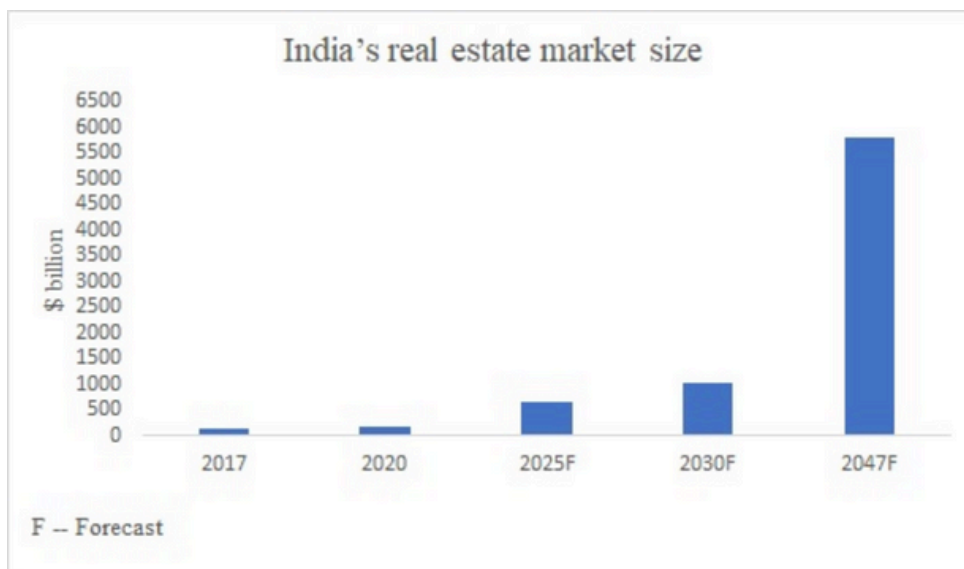
MOMENTUM BUILDS FOR A BREAKOUT IN INDIAN REAL ESTATE

AUGUST- 2025



The Indian real estate sector witnessed a strong growth in the past many years and is poised for an assuring growth in the future. The industry has undergone profound transformations, propelled by investor-friendly foreign direct investment (FDI) policies, increased transparency, and stringent regulatory measures. Initiatives like the Real Estate Regulation and Development Act (RERA), Real Estate Investment Trust (REIT) guidelines, the Benami Transactions (Prohibition) Amendment Act, and the Goods and Services Tax (GST) have collectively attracted significant global and domestic investments. While major metropolitan areas such as Delhi NCR, Hyderabad, Mumbai, Pune, Bengaluru, and Chennai continue to dominate real estate construction, Tier-II and Tier-III cities present substantial growth opportunities. These cities are poised for development, driven by burgeoning demand for housing and robust infrastructure.

Real estate is the second largest sector in India after agriculture in terms of providing employment opportunities. The Indian real estate landscape encompasses a diverse spectrum of players, ranging from small developers to large corporations, underscoring its status as one of the world's fastest-growing markets. Moreover, the infusion of technology and sustainability principles has redefined the contours of India's real estate. From smart homes integrating cutting-edge technology to data-driven insights guiding decision-making processes, the sector has been increasingly investing in technology. Sustainability has emerged as a focal point, influencing construction practices and designs with a focus on energy efficiency. This dual commitment to technology and sustainability underscores a forward-looking approach, aligning the sector with global standards and fostering innovation. In India, the real estate sector comprises of four sub sectors viz. housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. Market size of Indian real estate industry was \$180 billion in 2020 and is expected to reach \$650 billion in 2025.



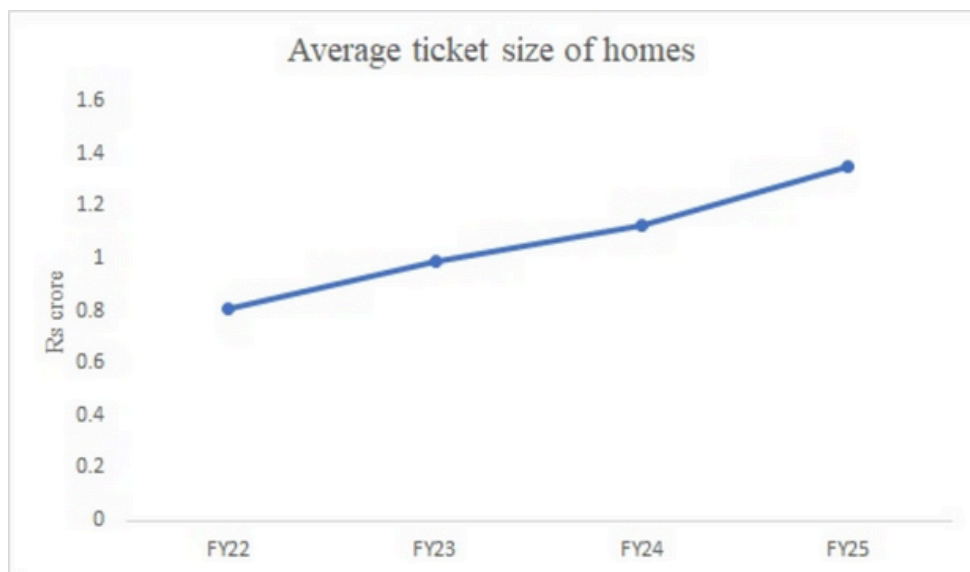
HOUSING SALES

The housing market across India's Tier 1 cities namely Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai, and Pune, witnessed a strong surge in demand in FY25, with primary housing sales reaching a record Rs 6,69,202 crore as compared to Rs 5,81,435 crore in FY24, indicating robust market appetite. National Capital Region (NCR) led in revenue contribution with a 25% share, followed closely by Mumbai Metropolitan Region (MMR) at 24%.



AVERAGE TICKET SIZE OF HOMES

The average ticket size of homes in India's Tier 1 cities has also seen a sharp increase, rising from Rs 81 lakh in FY22 to Rs 1.35 crore in FY25 –an approximate 66% growth. Average ticket size of homes was Rs 1.13 crore in FY24. In the context of real estate, 'average ticket size' refers to the average price of homes sold in a specific market.



INDIA'S TOP SEVEN CITIES LIKELY TO ADD 16.6 MILLION SQ FT OF MALL SPACE BY 2026

India's seven major cities, namely Hyderabad, Delhi-NCR, Mumbai, Kolkata, Chennai, Bengaluru and Pune, are likely to witness a fresh supply of 16.6 million (166 lakh) sq ft of prime retail spaces in shopping malls by the end of 2026. This surge will be led by Hyderabad and Delhi NCR, which together will account for nearly 65% of the new supply, highlighting their emergence as retail powerhouses. In 2022, these seven cities witnessed about 2.6 million (26 lakh) sq ft of new Grade A retail supply, while leasing clocked in at 3.2 million (32 lakh) sq ft. Likewise, 2023 saw 5.3 million (53 lakh) sq ft of new Grade A mall supply, while 6.5 million (65 lakh) sq ft space was leased. The demand-supply gap widened further in 2024 due to approvals slowing down because of general and state elections. New Grade A mall supply in 2024 was just 1.1 million (11 lakh) sq ft, while leasing was 6.5 million (65 lakh) sq ft.

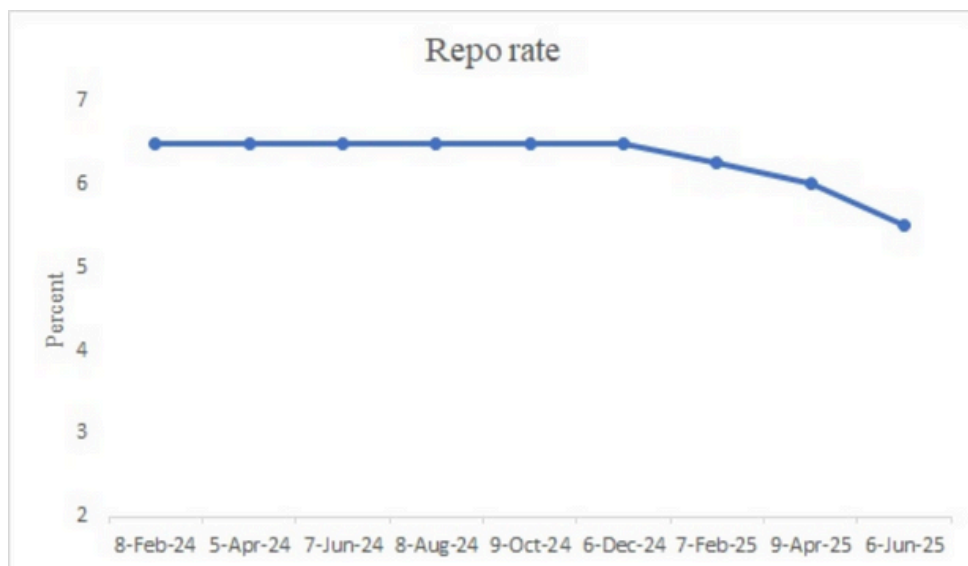
TAILWINDS FOR INDUSTRY

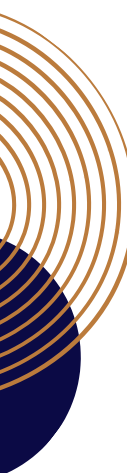

Rise in urbanization to create demand for residential real estate in urban India: Urbanization provides an impetus to housing demand in urban areas as migrants from rural areas require dwelling units. In 2020, about 35% of the Indian population lived in urban areas of the country and this share of urban population is expected to increase to about 40% by 2030. This trend in urbanization has pushed the demand for houses in urban areas. People from rural areas move to cities for better job opportunities, education, avail better lifestyle etc. Urbanization has a twin impact on housing demand. On the one hand, it reduces the area per household, and on the other, there is a rise in the number of nuclear families, which leads to the formation of more households.

Affordability led by disposable income: India's per capita income, a broad indicator of living standards, rose from Rs 63,462 in FY12 to Rs 99,404 in FY23. Going forward, the per capita income is expected to continue its growth trajectory. This will be an enabler for domestic consumption. Increasing disposable income, typically, has a positive correlation with demand for housing units as it increases the affordability.

Nuclearisation (rise in nuclear families): Nuclearisation refers to the formation of multiple single families out of one large joint family; each of these families live in separate houses while the ancestral house may be retained or partitioned to buy new houses. Nuclearisation in urban areas is primarily driven by the changing lifestyle of people, individualism, changing social/cultural attitudes and increased mobility of labor in search of better employment opportunities. These trends are expected to continue in future.

Repo rate cut by RBI: The Reserve Bank of India's decision to lower the repo rate brings renewed optimism for the real estate sector. Lower interest rates translate into more affordable home loans, which are expected to boost homebuying sentiment. Lower lending rates will directly enhance home loan affordability, particularly in interest-sensitive categories like mid-income and affordable housing. Reduced EMIs are expected to significantly improve buyer sentiment and encourage first-time homebuyers to enter the market. The reduced interest rates will also encourage developers to take on new projects, boosting construction activity and creating employment opportunities. The RBI's decision to cut the repo rate by 50 basis points from 6.00% to 5.50% on June 6, 2025 marking the third consecutive reduction, is expected to provide a much-needed boost to real estate demand. Homebuyers are expected to benefit from improved home loan affordability, particularly first-time buyers and those targeting affordable housing, provided banks pass on the rate cut to consumers. For developers, the reduced cost of borrowing could ease financial pressure, aid in clearing unsold inventory, and offer relief across segments.





Infrastructure development across India is driving growth in the real estate sector: The development of infrastructure plays a key role in enhancing the demand for residential real estate. Infrastructure development leads to increase in connectivity through railways, air, and road, reducing commute time. Well planned transportation infrastructure attracts investments and business, which further creates demand for commercial and residential real estate. Also, other infrastructure development, such as medical facilities, educational institutions, entertainment hubs, retail markets, business centers, schools, retail outlets etc., promote real estate prices as these infrastructure projects are the most preferred aspect for residential real estate buyers.

Technology is revolutionizing residential real estate in India: With the rise in technological advancements, various sectors have gone through transformations including the residential real estate sector. The fusion of technology in residential real estate sector is enhancing transparency, efficiency, and innovation in the industry across property search, financing, management etc. Technology enabled the easy discovery of properties in the diverse and vast residential real estate market in India with efficiency and user-friendly platforms. Online property listing platforms offer detailed information about different types of properties with high resolution images coupled with Virtual Reality (VR) and Augmented Reality (AR) features, which enhance the property viewing experience for buyers.

HEADWINDS FOR INDUSTRY

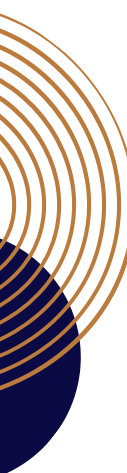

Regulatory hurdles: The real estate industry is subject to extensive regulation, and any negative adjustments in governmental policies or the regulatory framework can negatively influence the sector's performance. Significant delays in procedures related to acquiring land, determining land use, initiating projects, and obtaining construction approvals are common. Changes in policy applied retrospectively, along with regulatory obstacles, could affect profitability and diminish the appeal of both the sector and the companies active within it.

High property prices: Property prices in Indian markets have gone way beyond the buying capacity of the common man. The widening gap between property prices and income growth poses a significant challenge for the new buyer. Though several affordable projects have entered into the market. But unfortunately, a majority of the projects with 'affordable' tag is coming up in the peripheries where the trunk infrastructure is not in place. This is a classic case where the supply is vacant.

RECENT DEVELOPMENTS

Government proposes bill for online property registration, documents: The Department of Land Resources, Ministry of Rural Development, Government of India, has prepared a draft 'The Registration Bill 2025' to align it with a modern, online, paperless and citizen centric registration system. Once enacted, the Bill shall replace the pre-Constitution Registration Act, 1908. The Registration Act, 1908 has served as a cornerstone of the document registration system in India for over a century. It provides a legal basis for the registration of documents affecting immovable property and other transactions. Over time, the role of registered documents has grown significantly in both public and private transactions, often forming the basis for financial, administrative, and legal decision-making. It is therefore essential that the process of registration is robust, reliable, and capable of adapting to evolving societal and technological developments.





In recent years, the growing use of technologies, evolving socio-economic practices, and increasing reliance on registered documents for due diligence, service delivery, and legal adjudication have underscored the need to create a forward-looking registration framework. Several states and union territories have already introduced innovations such as online document submission and digital identity verification under the existing 1908 Act. Further, it is equally important to clearly delineate the roles and responsibilities of registering officers, enabling them to uphold the integrity and reliability of the registration process in a manner consistent with applicable law. Building upon these advancements, there is now a need to provide a harmonized and enabling legislative framework to support secure, efficient, and citizen-centric registration practices across the country. The Registration Bill, 2025 has been designed to realize this vision.

Govt approves construction of 2.35 lakh houses under PMAY: The government approved construction of 2.35 lakh houses under the Pradhan Mantri Awas Yojana (PMAY) on June 18, 2025. The houses would be constructed under the Pradhan Mantri Awas Yojana – Urban 2.0 (PMAY-U 2.0). The total houses approved are 2,34,864 for nine States – Assam, Bihar, Chhattisgarh, Gujarat, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Uttar Pradesh. PMAY-U 2.0 is being implemented through four verticals – Beneficiary Led Construction (BLC), Affordable Housing in Partnership (AHP), Affordable Rental Housing (ARH) and Interest Subsidy Scheme (ISS). So far, the total number of houses sanctioned under PMAY-U 2.0 is 7,09,979.

OUTLOOK

The real estate industry in India is expected to grow in coming future, with expectations indicating a market size of \$1 trillion by 2030. This growth will be fueled by factors such as increasing urbanization, infrastructure development, and evolving consumer preferences. India's urban population is expected to continue to rise on the back of economic growth. The urban population is expected to increase to nearly 40% by 2030 from 31% of the total population in 2010. India's robust economy, rising per capita income, and regulatory improvements like RERA, are likely to fuel real estate growth. Further, India's real estate market is likely to attain significant momentum on account of repo rate cut by the RBI. It will empower prospective buyers to confidently invest in their dream projects, further boosting the realty sector and facilitating an upward trajectory. The future of the industry looks very prosperous and is certain to do much better in the ongoing decade. Other dynamics will continue to influence the different touchpoints of the real estate industry, such as land prices, buyer behavior, demand-supply dynamics, cost of raw materials, and demographic shift etc.





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