

India Residential Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The India Residential Real Estate Market size is estimated at USD 227.26 billion in 2024, and is expected to reach USD 687.27 billion by 2029, growing at a CAGR of 24.77% during the forecast period (2024-2029).

There is a massive demand for affordable housing in many parts of the country, propelled by rapid urbanization. Apart from it, there is a significant increase in demand for luxury and big housing spaces due to the need for better lifestyles.

Key Highlights

-One of India's most powerful economic foundations is real estate. Rapid urbanization, changing consumer behaviour, regulatory reforms, and the pandemic's impact are all driving this pillar's evolution. The real estate industry has begun to recover after the pandemic. The year 2021 was a watershed moment in India's residential real estate sector. The strong momentum in the housing market is expected to continue in 2022-2023, with sales likely to reach pre-pandemic levels.

-Implementing initiatives that generate demand and encourage people to buy real estate propels the market forward. Ready-to-move-in apartments have been in high demand among buyers in the residential category. In these circumstances, however, educating customers better and managing expectations is critical. The trends that have been observed are revolutionary. In India, the real estate industry is undergoing a technological transformation. Throughout the industry, several cutting-edge strategies and solutions are being implemented. The market's growth trajectory has accelerated due to these new developments.

-One of the most well-known developments in home automation exemplifies an excellent combination of technology and real estate. These venues have a huge potential to attract a diverse range of investment opportunities and forward-thinking individuals. Due to long wait times and increasing project failures, under-construction properties gradually lose their allure. As a result, ready-to-move-in homes are gaining popularity. To align with this viewpoint, many builders have adopted the business

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strategy of building first and selling later. This popular European and American home concept makes inroads into India's real estate market.

-With the requirement that Real Estate Investment Trusts (REITs) have 80% of their underlying assets operational and income-generating, such properties have become a more viable investment option than traditional options. It is a low-risk method of diversifying one's investment portfolio. Even though the pandemic has strained rental cash flow, a strong and upward-trending long-term picture is anticipated. Property ownership is becoming more popular. Although this has aided in the formation of positive consumer sentiment toward residential real estate, the government's and banking industry's support got things going. The convergence of these two elements improved demand and supply metrics. After spending a significant amount of time working indoors, many homeowners have realized the utility of larger homes.

Residential Real Estate in India Market Trends

Increasing Demand for Big Residential Spaces Driving the Market

- Despite biting inflation and higher interest rates, the real estate market has gradually recovered from COVID-19 lockdowns. According to a new report by industry experts, sales of residential properties in India's top cities increased by 24% in the July-September quarter of 2022 compared to the same period in 2021. According to the report, total sales in the third quarter of 2022 were 1,08,817 units, up from 87,747 units in the same quarter of 2021. This report includes Bengaluru, Chennai, Hyderabad, Kolkata, Thane, Mumbai, Navi Mumbai, Pune, and Delhi-NCR as Tier-1 cities.

- The need for a lifestyle upgrade among homebuyers, low-interest rates, comparatively low prices, and the pandemic's renewed need for home ownership have been the primary drivers of sales growth. Developers strategically responded to the demand momentum and shift in sentiment by launching 160,806 units in H1 2022, 56% more than in the same period in 2021. Mumbai's 44,200 home unit sales volume accounted for 28% of total sales among the top eight markets. Regarding annual percentage growth, home sales in the NCR increased 154% yearly to 29,101 units. NCR had the second-highest share of sales among the country's top eight real estate markets.

- Low-interest rates, the best affordability levels, healthy wage growth, and a waning pandemic with less risk of further disruptions have created a favorable environment for homebuyers who have rediscovered the need for new and better housing. While financial stress remains a significant factor for developers across markets, healthy and sustained homebuyer activity should pave the way for gradual price increases, allowing them to weather increases in critical input costs such as cement and steel.

Central and State Governments Pushing Toward Affordable Housing Driving the Market

- The Indian real estate sector is expected to reach USD 1 trillion by 2030, with affordable housing playing a key role in this growth. With a population growing at a rate of 2.1% per year on average and the low purchasing power of a significant portion of our population, meeting the 40 million urban housing demands once seemed like a distant dream. However, things have changed in the last few years, with the government making several important announcements (some examples) to promote affordable housing. It has emerged as one of the most dynamic segments of the Indian real estate market.

- The technology used to build houses at a faster pace was innovative under the Pradhan Mantri Awas Yojana-Urban (PMAY-U), which was launched to address urban housing shortages, including slum dwellers, by ensuring a pucca house to eligible urban households, particularly the Light House projects in six States as part of the Global Housing Technology Challenge - India (GHTC -India) initiative. The initiative ushered in a new era in Indian construction technology, giving impetus to the Make in India initiative. LHPs will pave the way for a new ecosystem in which globally proven technologies will be used for cost-effective, environmentally friendly, and faster construction. The benefits of these LHPs are numerous, primarily durability, climate resilience,

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and affordability.

- However, there is still a significant supply shortage in this segment, with more people looking to buy in urban areas where the emphasis has been on high-value properties. While not many financiers were willing to finance customers looking for affordable housing a few years ago, most of the industry's big names are now entering affordable housing to make it a viable business model. They are entering the affordable housing sector to address the market's current demand-supply imbalance. Many such projects have emerged in Tier II and III cities, fueling growth in those towns and cities.

Residential Real Estate in India Industry Overview

The Indian Residential Real Estate Market is highly fragmented, with a huge number of local and regional players and a few global players. Some major players are Godrej Properties, Prestige Estate, DLF, Phoenix Mills, L&T Realty Ltd, Omaxe Ltd, and many others. The top listed developers' share of the Indian residential market is predicted to rise to 29% in FY24 from 25% in FY21, owing to a robust pipeline of residential project launches. Large firms have financial resources to their advantage, whereas small businesses can compete effectively by building expertise in local markets.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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