

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

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### **Report description:**

The Real Estate Industry in India Market size is estimated at USD 0.33 trillion in 2024, and is expected to reach USD 1.04 trillion by 2029, growing at a CAGR of 25.60% during the forecast period (2024-2029).

#### Key Highlights

- The country's real estate market was affected by the COVID-19 pandemic. In addition, the residential sector was the worst hit as strict lockdown measures across major cities in India impacted housing sales as home registrations were suspended and home loan disbursement was slow. However, the sector recovered due to an increase in house sales, new project launches, and increasing demand for new office and commercial spaces, etc.
- 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 accommodation. The construction industry ranks third among the 14 major sectors in terms of direct, indirect, and induced effects in all sectors of the economy.
- In India, the real estate sector is the second-highest employment generator, after the agriculture sector. It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. Bengaluru is expected to be the most favored property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi, and Dehradun. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.
- According to Savills India, real estate demand for data centers is expected to increase by 15-18 million sq. ft. by 2025. Demand for residential properties has surged due to increased urbanization and rising household income. India is among the top 10 price-appreciating housing markets internationally. According to IBEF (India Brand Equity Foundation), FDI in this sector (including construction development & activities) stood at USD 55.18 billion from April 2000-September 2022.

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## Indian Real Estate Market Trends

### Increasing Demand for Affordable Housing

The high demand for affordable housing dominates the housing market. The current shortage of housing in urban areas is estimated to be 10 million units by India Brand Equity Foundation. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population. The real estate industry has benefited from the push for policy that has resulted in legislation like the Real Estate Regulatory Authority (RERA), the introduction of Real Estate Investment Trusts (REITs), and housing initiatives like PMAY (Pradhan-Mantri Awas Yojana) and SWAMIH (Special Window for Completion of Construction of Affordable and Mid-Income Housing Projects).

As of May 2, 2022, over one million housing units were completed across the north Indian state of Uttar Pradesh within the housing for all (HFA) program since 2014. According to Knight Frank, in 2022, over 328 thousand housing units were launched on the residential market across India. Even though there is a big demand for housing in the country, residential launches have been on a comparatively high level over the past few years. In 2022, the total number of completed houses in urban areas of India under the Pradhan Mantri Awas Yojana (PMAY, The Prime Minister's Housing Plan) reached 6.5 million.

Housing affordability in India was 3.2 in the financial year 2022, the same as the year before, according to HDFC Bank's data. According to the Reserve Bank of India, in the financial year 2022, banks in India advanced around two trillion Indian rupees (USD 24.44 billion) in housing loans almost reaching pre-COVID levels. This reflected renewed homebuyer sentiment, as an increasing number of Indians were investing in buying a residential property.

### Office Real Estate Witnessing Lucrative Growth

The Indian office real estate market has driven the growth of the commercial real estate sector in the past decades. Office real estate has been at the forefront of these developments. Once dominated by information technology, office spaces are being increasingly leased by other sectors such as BFSI (banking, financial services, and insurance), engineering, manufacturing, e-commerce, and co-working sectors. The sector has demonstrated consistently low vacancy and high absorption rates. The Indian city of Bengaluru was estimated to have the highest net absorption among grade-A office spaces in the Asia-Pacific region. In the first quarter of 2022, the central business district (CBD) was the most expensive area for renting office space in the Indian state of Bengaluru, with a rental rate of 144 Indian rupees (USD 1.76) per square foot per month, according to Colliers International.

Commercial real estate investments have increased as a result of the Real Estate Regulation & Development Act (RERA) and Real Estate Investment Trusts (REITs). REIT owns, manages, and funds income-producing real estate. Office properties have emerged as the most popular sector for investment among high-net-worth individuals (HNI) in India and international PE investors, who together represent the majority of all equity investments in Indian real estate. Investors of all stripes are drawn to this industry by the high rental rates and better profits. Smaller homes and larger families contributed to the country's increase in flex and co-working spaces.

According to Colliers International, in the first quarter of 2022, the Bandra-Kurla complex was the most expensive area for renting office space in the Indian city of Mumbai, with a rental rate of around 276 Indian rupees (USD 3.36 ) per square foot per month. Navi Mumbai offered office space at the lowest rate of around 67 rupees (USD 0.82) per square foot per month, among all sub-markets of Mumbai. The average rent for Mumbai office market space was around 138 rupees (USD 1.68) per square foot per month.

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## Indian Real Estate Industry Overview

India's real estate market is highly fragmented, with multiple players operating in the market. Higher competition among market players is impacting selling prices and land prices, further leading to oversupply in the market. Furthermore, the market is dominated by a few pan-India branded players and multiple local players. Some of the major developers in the country are Prestige Estates Projects, DLF, Prestige Group, Lodha Group, Oberoi Realty, etc.

### Additional Benefits:

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

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