

# Real Estate Industry In India - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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## Abstracts

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

India's real estate market was affected by the COVID-19 pandemic. The residential sector was the worst hit as strict lockdown measures across major cities 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 agriculture. It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short and 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 industry reports, 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.

## India 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 the 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).

In 2023, a target of 45,70,082 houses in the West Bengal state of India was allocated by the Ministry of Rural Development. 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 the financial year 2023-24, 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 1,58,37,128.

Housing affordability in India was 3.3 in the financial year 2023, as compared to 3.2 in 2022, according to industry experts. As reported by the Reserve Bank of India, in the financial year 2022, banks in India advanced around INR 2 trillion (USD 24.44 billion) in housing loans, almost reaching pre-COVID levels. This reflected renewed homebuyer sentiment, as an increasing number of Indians have been investing in buying residential property, which continues to this day.

### 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. 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 Bengaluru, with a rental rate of INR 144 (USD 1.76) per square foot per month, according to industry experts.

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 industry experts 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 INR 276 (USD 3.36) per square foot per month. Navi Mumbai offered office space at the lowest rate of around INR 67 (USD 0.82) per square foot per month among all sub-markets of Mumbai. The average rent for Mumbai office market space was around INR 138(USD 1.68) per square foot per month.

## India 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.

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