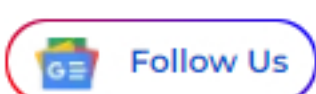


Indian real estate market achieves record growth in 2023, surpassing projections

The Indian real estate market's exceptional growth trajectory in 2023 not only signifies resilience but also points toward a promising future, offering a myriad of opportunities for investors across various segments.

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The Indian real estate market witnessed an unprecedented surge in 2023, surpassing all expectations and setting new records. This dynamic market is now a beacon of opportunities for both domestic and international investors, propelling the economy to greater heights. Inflows into the Indian real estate sector soared to an impressive \$5.1 billion in 2023, with land acquisitions accounting for a staggering 40 percent of this surge. Domestic developers took the lead, capturing 42 percent of overall investments, while international investment funds adopted a cautious approach. Despite projections of a tapering in capital inflow, strategic investments in residential and industrial sectors continue to drive the market forward.

The fractional ownership [market](#), valued at \$5.4 billion in 2020, is forecasted to reach \$8.9 billion by 2025, boasting a robust Compound Annual Growth Rate (CAGR) of 10.5 percent. This approach offers retail investors access to Grade A office properties, encouraging portfolio diversification within SEBI's regulatory framework. The residential sector emerges as a focal point for growth, buoyed by sustained demand, stable interest rates, and robust GDP expansion. Notably, there's a surge in demand for mid- and high-priced residential properties.

Commenting on this, Vineet Dawar, Sr Vice President, Sales and Strategy, Elan Group, said, "This year, the sector proved its mettle, navigating through challenges and emerging stronger than ever. Particularly the residential segment, notably luxury housing, outperformed itself, attracting the attention of end-users and buyers alike. In the NCR region, Gurgaon emerged as the most sought-after location, complemented by booming infrastructure developments. Within Gurgaon, the Dwarka Expressway stood out as the most preferred micro-market, especially for the residential segment. 2023 proved to be a year of new heights for the Indian real estate market. Both new launches and home sales experienced significant improvements last year and are expected to maintain the same momentum in 2024 as well."

A recent Q3 2023 report by Knight Frank highlights stakeholders' optimism, with 63 percent anticipating an upswing in residential launches over the next six months, further fueling the market in 2024. The current quarter reflects this positivity, showcasing robustness in residential sales and pricing parameters, and instilling confidence among stakeholders for sustained growth.

Vivek Singhal, CEO, Smartworld Developers, said, "Today's homebuyers seek more than just a residence; they seek a [lifestyle](#) that encompasses exclusive amenities like expansive leisure areas, fitness facilities, and more. In 2023, the real estate landscape underwent a significant transformation, witnessing a shift towards luxury housing. This evolution reflects a nuanced change in buyer preferences, where larger, multifunctional spaces that seamlessly integrate work and leisure have become paramount."

The surge in sales of luxury units, as highlighted by Anarock and CBRE South Asia Pvt Ltd's reports, underscores this paradigm shift. Notably, the 151% YoY sales increase in luxury residential properties during Q1 2023, with Delhi-NCR witnessing a staggering 216% surge in high-end unit sales, reinforces this trend.

Singhal added, "The National Capital Region (NCR), notably Gurugram, widely recognized as the Millennium City, has consistently spearheaded this growth trajectory. The upcoming residential areas of Golf Course Extension Road and Dwarka Expressway have emerged as prominent destinations for premium residential projects. Ongoing infrastructure development and urban planning initiatives have further enhanced the appeal of these areas. As disposable incomes rise and the cohort of high-net-worth individuals expands, these trends are poised to define the real estate landscape in 2024."

Knight Frank's New Horizon Outlook 2024 report unveils a promising forecast for the Asia-Pacific real estate landscape, including commercial, residential, and capital markets. Projections indicate a substantial 43.7 percent increase in [logistics](#) supply in 2024, easing the tight supply conditions in the region. Despite this surge, average rent is expected to maintain an upward trajectory, albeit at a more moderate pace due to resilient demand.

Mohit Malhotra, Founder & CEO, NeoLiv, observed, "2023 was a landmark year for the Indian residential real estate market, with continued consumer demand resulting in strong annual sales. Reports indicated a surge in the Mumbai real estate market, where mid-segment home sales outpaced affordable housing, signifying a distinctive shift in homebuyer preferences. This shift underscores a rising demand for top quality communities along with increased levels of focus in post hand-over living experience. As we venture into 2024, the prevailing momentum is expected to continue as a large segment of the urban middle class is looking at buying their first home or upgrading their existing dwellings. Navigating this [industry](#) shift, well-funded, professionally-managed and with continual focus on customer centricity, new age development companies are coming to the forefront to fulfil the aspirations of mid-income homebuyers."

Increased interest from homebuyers is attributed to favourable dynamics around homeownership, stable mortgage rates, and rising property prices, making [India](#) an attractive investment destination. The Indian real estate market's exceptional growth trajectory in 2023 not only signifies resilience but also points toward a promising future, offering a myriad of opportunities for investors across various segments. As the market gears up for 2024, all indicators point to a sustained and robust growth phase, bolstering the nation's [economy](#) and investor confidence alike.