

Research Article

Residential Real Estate in India 2024: Assessing Market Growth, Buyer Demand, and Regional Variations

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Abstract: India's residential property market has demonstrated remarkable growth in 2024, supported by strong economic fundamentals, rising demand for high-value properties, and a stable mortgage environment. Residential sales in major markets increased by 10.6% year-on-year in H1 2024, with premium properties driving 51% of total sales. Cities like Mumbai, Bengaluru, and Kolkata saw significant growth, while new launches also reached record highs, totaling 183,401 units. Despite a slight increase in unsold inventory, the market's fundamentals remain strong, with improved sales velocity and declining Quarters to Sell (QTS) metrics. The rental market saw a 14.60% year-on-year price increase, though supply constraints persist. Stable lending rates and government initiatives, such as the reintroduced PMAY subsidy scheme, have further boosted housing affordability and market resilience. However, regional disparities and labor market conditions continue to impact the sector. Overall, India's residential property market reflects robust demand, rising prices, and evolving buyer preferences, positioning it for sustained growth in the coming years.

Keywords: Residential Property, Housing Market, India 2024, Real Estate Trends, Mortgage Market, Rental Market, Economic Growth.

INTRODUCTION

The residential property market across India has evolved in the year 2024 due to well well-established economy, changing demography, and customer predisposition. This segment is among the most rapidly developing global real estate markets, distinguished by a significant upturn in the demand for upscale houses and apartments, with Mumbai, Bengaluru, and Kolkata being among the primary driving centers. The first half of 2024 only revealed that the residential sales grew by 10.6% yoy, demonstrating that the sector is flexible to global and domestic economic conditions (Knight Frank, 2024). Moreover, the growth of the sector is highly dependent on the current economic revival of India and the governmental attempts to enhance the accessibility of the housing market. The market has also been propelled by demand for better or high-value properties, where the share of better quality or high-value properties in the total stock sold in 2024 was 51%. This can be attributed to a change in consumers' preferences, given the increasing disposable income as well as the increasing need for an improved lifestyle. The prevalence of urbanization aspects and the increasing size of the middle-class population have yet again boosted the demand for residential units in metropolitan and tier II cities. At the same time, new project launches rose to a record high, with 183,401 units launched in H1 2024, reflecting continued confidence of developers in the growth of the sector (JLL India, 2024). The likes of such development show that the Indian real estate market is

not only in recovery mode, but it is also evolving to these new and changing tendencies.

However, some obstacles continue to present themselves as follows. Non-moving inventory has been slightly higher than the prior year, while the Key Builders Inventories turned more quickly by increasing speed and reducing the QTS figure. There has also been high activity in the rental sector, with an annualized rate of price increase at 14.60 %, while the issue of availability of properties in the market remains a challenge. Through enjoying steady lending rates and the revival of previously suspended Government initiatives like the revamped Pradhan Mantri Awas Yojana (PMAY), affordability concerns have been well contained, developing a steady mortgage market (Anarock, 2023). They also reflect the government's intention to see the growth in the residential property segment continue.

Market prognosis is still optimistic because of rising market confidence, better housing ratio, and favorable policies regarding operation. But regional variations in the form of market returns and the impact of the restrictions in the labour market highlight the necessity of more precise regional solutions. The Indian residential real estate market is a live example of a country on the path of urbanization and developing its economy. This report further explores these trends and gives a deeper insight into the factors that defined the market in 2024 and the future.

Housing Market Snapshot

It may be observed from the following figure that the Indian housing market has remained on a higher growth track in 2024. According to the information gathered from the Reserve Bank of India's All India House Price Index, which depicts a YoY 3.30 percent growth in Q1 of 2024–25. This growth may be attributed to steady growth in demand contributed by better market and economic conditions, especially among potential individuals and companies in both urban and semi-urban centers. According to the Reuters survey, house prices are expected to average at 6% in 2024, pointing to the strong consumer demand and a favorable perspective for the residential property market segment. Such data points reaffirm that the housing sector of India is more resistant to global economic fluctuations. The latest research shows that Mumbai remains a leader

in India's most expensive residential property market, with the highest average price per square foot at INR 26,780 or USD 321. This is in accord with the fact that the city is financial and commercial, resulting in high demand for premium properties. Closely behind Delhi and Gurugram focuses both cities have seen an improvement in infrastructure, corporate growth, and interest in the real estate sector. At the same time, affordable markets like Ahmedabad and Greater Noida have experienced the earth-shattering price appreciation, illustrating the heightened demand for properties located outside gateway cities (Knight Frank, 2024). These trends point towards an increase in market developments in both upper-end and low-cost housing markets.

Several factors have driven the demand for housing in Tier II cities, such as government policies, improved accessibility, and lower prices. Among all the zones, Ahmedabad is the best market for growth since the impact of industrialization and the rising employment rate is more home buyer population. Similarly, Greater Noida has the benefit of being within the NCR and location advantage in terms of infrastructure, such as Jewar Airport, which is quickly becoming a catalyst for real estate. These cities are termed new age India's homebuyers' preference, where connectivity and affordability are decisive parameters of choice (Anarock, 2023).



Figure 1: Average residential property price per square foot, by city.

DEMAND HIGHLIGHTS

India's real estate market also appears to be in good health this year; there is a projected 10.6% year-on-year increase in residential sales in eight major cities during the first half of 2024. Collectively, a sales volume of \$ 173,241 units was achieved in this regard, further asserting the sector's resilience amidst a volatile global economy.

The reasons for this growth are stable mortgage rates and increasing disposable income, as well as the introduction of the PMAY subsidy scheme back in 2020 (Knight Frank, 2024).

In the shift of demand and supply forces, the following has been identified as a proper trend: There has been an increase in the sales of premium properties. Luxury units with costs above INR 10 million registered 51% YoY sale growth and accounted for 41% of the overall gross in H1 2024. It has attributed this shift to the need for large, better quality houses, with the new additional amenities when buying a home, especially given the relevance of the home space during the COVID-19 pandemic. It has also been noted that an increase in luxury housing is even more prominent across the metros and cities, as high earning professionals and investors look for affordable, quality homes for more than just the instinct of the moment (JLL India, 2024).

Region-wise, Mumbai alone holds 27% market share with NCR India at 17% and Bangalore at 16%. Mumbai had understandably taken the lead owing to the principal business hub of India, and apart from that, a tremendous related infrastructural growth over the years, which has included, but not limited to addition of metro lines and the completion of the coastal roads. Although it became a slightly lesser market with a 4% decrease in sales owing to its record-breaking year in 2023, NCR remains an important market, driven by requirements for both luxury and affordable housing (Anarock, 2023).

On the other hand, Bengaluru continues to stay vibrant, going by the enhanced IT industry, where the young working population, business executives, both expatriate and Indians, still seek to live in mid to high-end residences.

Kolkata emerged as a standout performer, registering the highest year-on-year growth in sales at 25%. This growth is attributed to rising economic activity, improved infrastructure, and relatively affordable property prices compared to other major cities. The city’s burgeoning demand highlights the increasing importance of tier-2 markets in India’s residential real estate landscape. Together, these regional variations reflect the multifaceted nature of demand across India, showcasing opportunities for growth and diversification in the residential property sector.

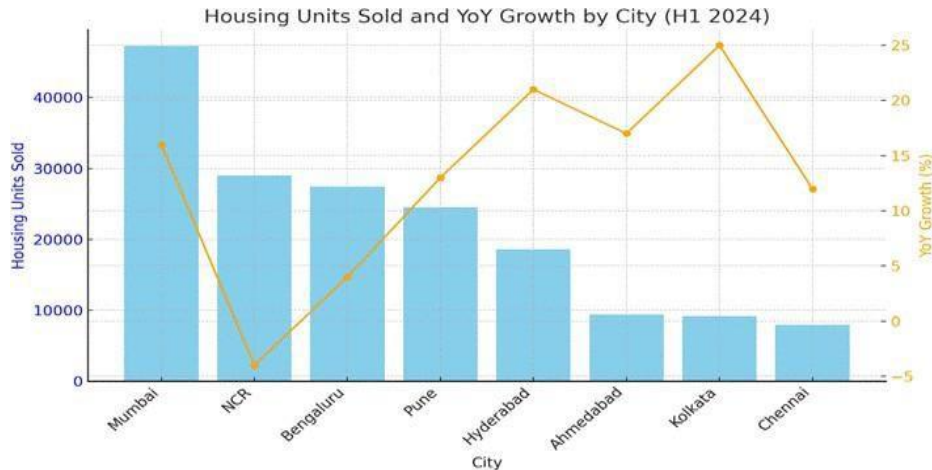


Figure 2: Housing Units Sold And YoY Growth By City (H1 2024)

Supply Highlights

The Housing industry in India experienced a historic high in new product offerings in the residential real estate segment in H1 2024, with as many as 183401 new launches. It shows the belief of developers in the increased risk-adjusted returns in the sector due to strong fundamental demand drivers and a supportive macroeconomic environment. Market: Mumbai topped the market with 26 % of the total new launches, proving the fact that Mumbai is the most active market in India. The Mumbai developer has preferred the luxury housing and mid housing segments to fulfill the requirements of the luxury and the affordable housing segments, which are in high demand (Knight Frank, 2024).

New launches were up 60% in Kolkata, one of the fastest-growing rates among significant markets throughout the nation. This steep increase is attributed to factors such as urban development, infrastructure and development and increased investors in the area. Thus, centers such as Mumbai and Ahmedabad witnessed a marginal decrease in new supply, probably because developers are cordially managing the format of the stock situation in some areas and being cautious to keep a better supply-demand balance (JLL India, 2024). Fluctuations in new launch trends between different cities demonstrate market phenomena and specific savvy of developers to continue their expansion in the future, solving the problem of excess supply.

While new supply has picked up momentum with as many new launches in the first half of H1 2024, the market reflected a 3 per cent YoY rise in unsold inventory. But the Quarters to Sell or QTS, which measures the efficiency of sales, increased, showing a better sales velocity. With this detail in mind, the improvement in QTS indicates that as supply levels increase, demand in ethos has also increased, allowing developers to shorten the time needed to rebalance inventory. This is an ideal market given that buyers are also consistently interested, and the right marketing techniques are employed (Anarock, 2023).

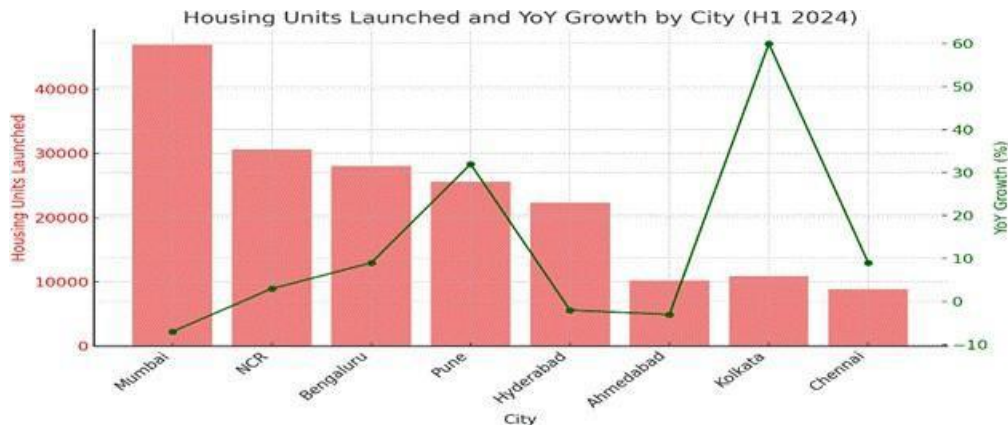


Figure 3: Housing Units Launched And YoY Growth By City (H1 2024) Rental Market Highlights

Current market conditions of the rental housing in India saw 2024 having a 14.60% YoY increase in Rental Index amidst growing demand against limited stocks available. Nationally, rental supply was down to 3.10% due to limited ability to address emerging demand for rental housing, particularly in urban areas. Mumbai outcompeted the list and became the most costly rental market with an average of 77,500 INR (929 USD) for a 2 BHK flat. This has been due to the following factors: lack of empty space in the city, the constant flow of young, money-

earning professionals, and a significant need for excellent rental units. On the contrary, other cities like Greater Noida and Ahmedabad have recorded the highest growth in rental demand, attributable to affordability, the Jewar Airport project, and growing industrial corridor Knight Frank, 2024; Anarock, 2024).

Conversely, the rental demand has gone down in Bengaluru and Hyderabad mainly due to work from home engagements, which have devoid the IT sector employees of the need to reside in urban structures. Nevertheless, these cities have solid long-term fundamentals as modern technology markets possessing a large commercial real estate stock, generating housing needs. Key issues for the rental market in 2024: geographical differences, affordable rents versus increasing prices, and scarcity of space. Future course needs to be set as the government remains fully aware of incentivising rental housing development, together with the continuous shift in the tenants' profile, rentability and affordability prospects indicate the sector has more challenges and opportunities that it has to face in the future (JLL India, 2024).

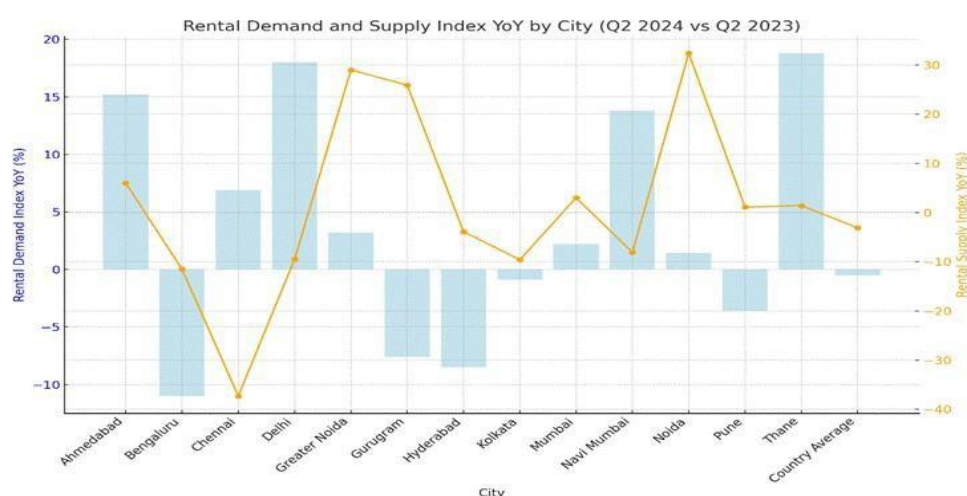


Figure 4: Rental Demand And Supply Index YoY By City (Q2 2024 Vs Q2 2023)

Mortgage Market

The mortgage market in India has established itself and has been growing more progressively and stably by sound policies on the one hand and strong demand on the other. Among all the outstanding loans as of the end of July 2024, housing loans totaled INR 28,101 billion (USD 336.2 billion), rising by 36.5% compared to the same period of the last year. This growth has been driven by increasing demand for homeownership and housing, particularly in light of the ongoing government incentives such as the Pradhan Mantri Awas Yojana (PMAY) subsidy scheme. The reinstatement of the scheme has assisted in enhancing the housing equity by raising the level of first-time buyers. Other programs, like the stamp duty rate cuts in several states, have increased housing demand. Also, Indian lenders have benefited from the stability in the key interest rates since February 2023, which has been set by the Reserve Bank of India (RBI), making the lending environment predictable and stable, which further supplements the mortgage market.

This progress would not have been achievable without the support of financial institutions. Banks and housing finance companies have significantly contributed by expanding their credit offerings to facilitate this advancement. This has been enabled by the strong embrace of online products and services in the current market landscape. The health of the lending system has also been ensured by the RBI regulation of the lending business, since it keeps an eye on asset quality

to keep liquidity intact. This is so because housing is increasingly becoming a significant factor in individual wealth building; therefore, the mortgage product market is expected to grow even more. and under the backing of the macro policies. It is a positive move showing a good future for both the Indian real estate sector and the financial market.

	August 2024	January 2023	Min Offer Movement Aug 2024 vs Jan 2023
State Bank of India	8.50% to 9.65%	8.55% to 10.50%	-0.05 pp
Bank of India	8.40% to 10.80%	8.30% to 10.25%	+0.10 pp
HDFC Bank	8.75% to 9.95%	8.65% to 9.50%	+0.10 pp
ICICI Bank	9.25% to 10.05%	8.40% to 9.50%	+0.85 pp
Axis Bank	8.75% to 9.10%	8.60% to 9.05%	+0.15 pp
Kotak Mahindra Bank	8.70% to 8.75%	8.30% to 9.10%	+0.40 pp
Bank of Baroda	8.40% to 11.10%	8.50% to 10.10%	-0.10 pp
Punjab & Sind Bank	8.50% to 10.00%	8.25% to 9.35%	+0.25 pp
Indian Overseas Bank	8.40% to 10.60%	8.95% to 9.05%	-0.55 pp
Canara Bank	8.40% to 11.75%	8.60% to 10.80%	-0.20 pp

Figure 5: Selected banks home loan interest rates (as reported by Forbes Advisor India)

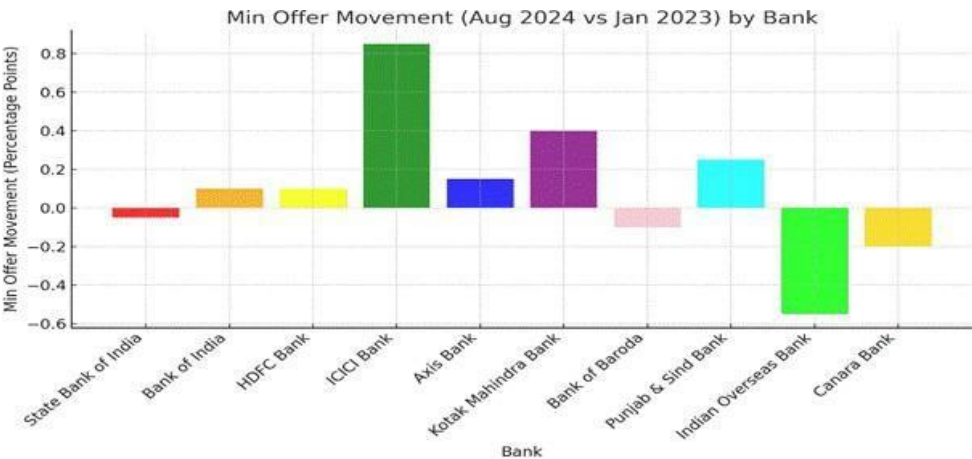


Figure 6: Min Offer Movement (Aug 2024 Vs Jan 2023) By Bank Socio-Economic Context

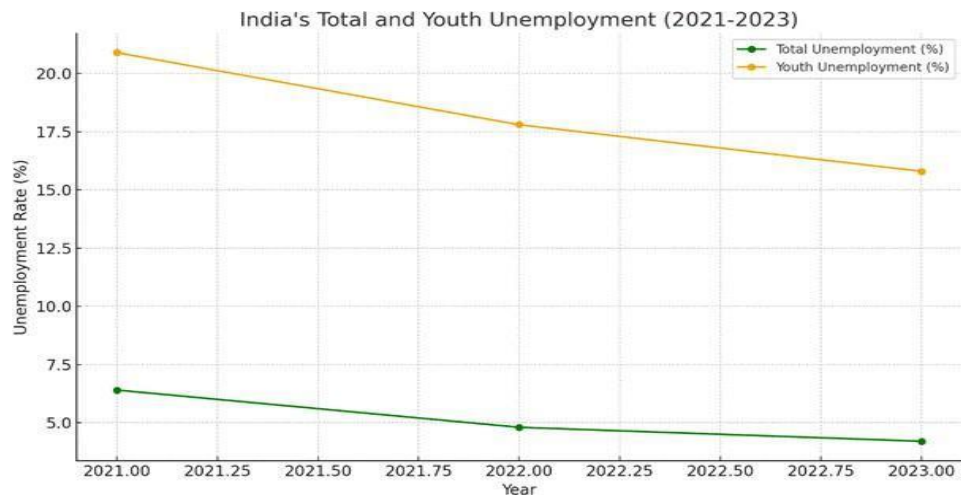


Figure 7: India's Total And Youth Unemployment (2021-2023)

CONCLUSION

The report of the Indian residential property market in 2024 is an epitome of dynamism, growth, and changing buyer profile characteristics. In H1 2024, whereas residential sales have increased by 10,6% y-o-y and newly launched units were at a maximum level in a decade – 183 401 units, still, the increase remained

driven by demand for affordable housing, stable mortgage rates, the growth of people’s disposable incomes, and the subsidy programme of the reintroduced PMAY scheme. Among the cities, Mumbai has been one of the most important markets for residential property due to the city’s position as the financial capital of India, and among other cities, there

are Bengaluru and Kolkata. The growth of volume of premium properties, with 51% contribution to the total transactions, also supports the theory that there is a change in behavior towards purchasing high-end homes. Furthermore, new rental prices continued to rise at a year-on-year rate charging 14.60 percent in comparison to the previous year, demonstrating that demand for housing remains firm and supply is still an issue.

Despite expected long-term growth, certain issues include regional distribution, inventory that remains unsold, and many problems concerning the labor market. While new launches and better sales velocity indicate confidence on the part of the developers, a 3% inch up in the inventory that remains unsold recommends supply-side optimization. Also, problems connected to the labor market, such as unemployment, remain as big factors that influence SA, particularly in the already mentioned small cities, in terms of housing affordability and availability.

However, due to the vigorous governmental support, immense popularity of real estate among the Indian population, and steadily improving affordability of dwelling houses, the Indian residential property market remains rather optimistic and ‘young’, thus carving out its place as one of the most promising segments globally.

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