

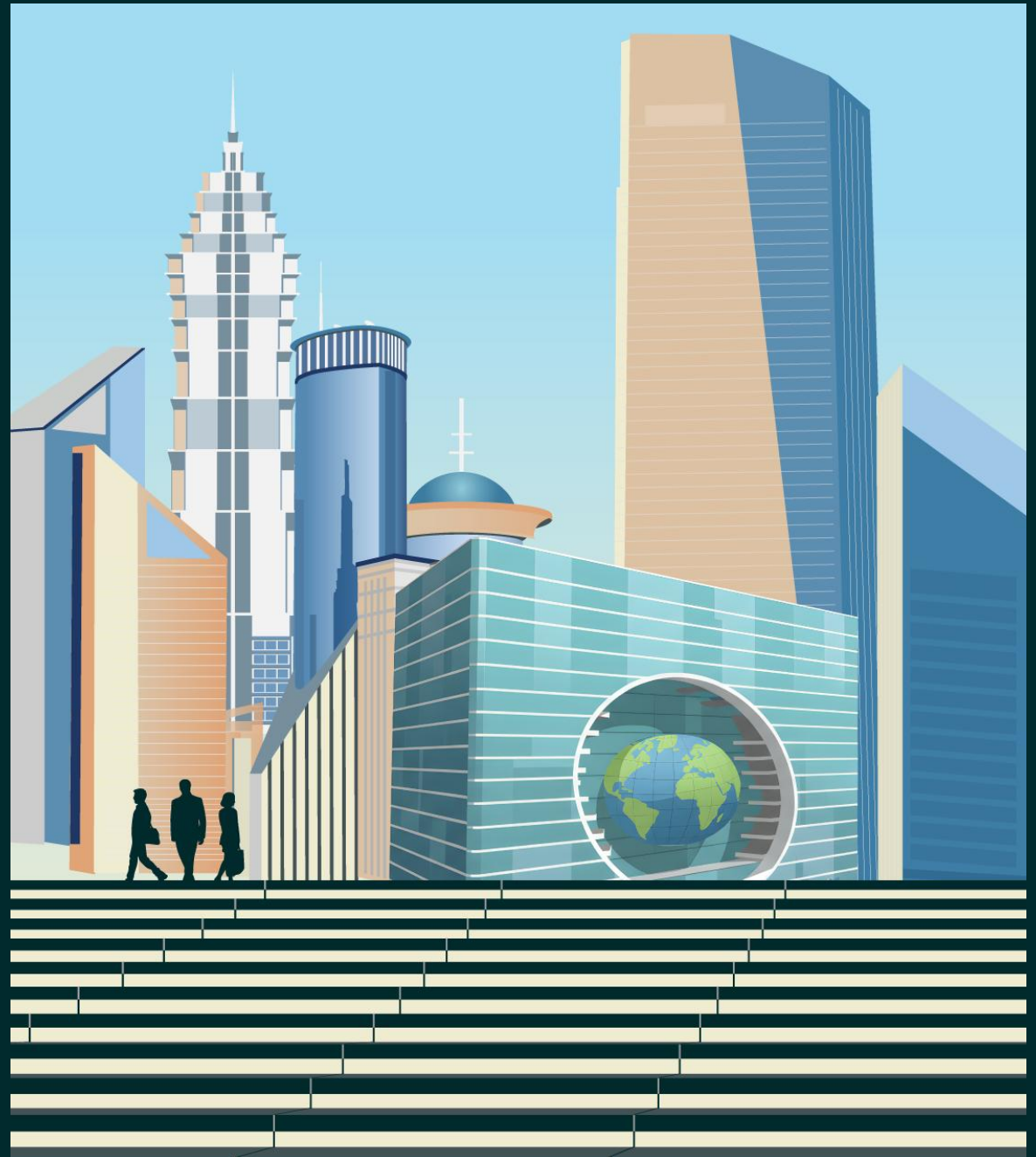
Intelligent Investment

India Residential Market Outlook 2026

REPORT

CBRE RESEARCH
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CBRE





Anshuman Magazine
Chairman & CEO
India, South-East Asia, Middle
East & Africa, CBRE



Abhinav Joshi
Head of Research, India, Middle
East & North Africa, CBRE

Foreword

We are pleased to present the **India Market Outlook 2026**, our premier market intelligence report delivering a distilled perspective on the nation's evolving real estate landscape. Anchored by data-driven rigour and institutional expertise, this publication aims to decipher the structural shifts and strategic trajectories defining the sector's current momentum.

India's economic landscape continues to be characterised by a resilient growth baseline and a disciplined fiscal framework, albeit increasingly tested by global volatility. While robust public capital expenditure sustains domestic momentum, systemic risks—particularly within energy markets—necessitate a calibrated outlook. In this environment, proactive trade diplomacy and strategic project de-risking could serve as vital buffers, providing the policy visibility essential for sustained investment.

The office sector is set to surpass the 1-billion-sq.-ft. threshold in 2026, driven by investment-grade supply and the expansion of GCCs into high-complexity R&D roles and product ownership. This multi-dimensional ecosystem is being redefined by a structural pivot towards AI-driven workforce strategies, where occupiers increasingly prioritise future-ready, high-performance environments to sustain long-term institutional growth.

Parallel to this, the industrial and logistics sectors are transitioning towards manufacturing-led growth and institutional-grade warehousing, bolstered by new-age automation and deepening in-city delivery networks. Simultaneously, the retail landscape is being reshaped by experiential flagship formats and destination malls, as investment-grade supply and high-street corridors drive the steady expansion of the organised footprint.

Notably, the residential sector is moving towards market equilibrium, led by premium demand and disciplined supply-demand parity. At the same time, structural REIT reforms and sustained investment momentum are accelerating institutional maturity, driving a resurgence in international capital and long-term equity inflows into India's real estate sector.

Collectively, these shifts underscore a market moving towards a sophisticated era of institutional-grade maturity. We trust this report will serve as a definitive framework for navigating the complexities of the 2026 landscape and informing your strategic capital objectives.

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01

Economy

India's 2026 economic outlook is characterised by a resilient growth baseline and maturing fiscal framework, though this stability is increasingly being tested by ongoing global geopolitical volatility. While nominal GDP is projected to expand by 10.5% this fiscal, supported by a firm public capex outlay of INR 12.2 lakh crore, external pressures—particularly in global energy markets—pose a primary systemic risk. In this context, the government's continued focus on proactive trade diplomacy to secure preferential access to economies representing nearly three-quarters of global GDP, alongside project de-risking via credit support, could provide a vital strategic buffer and the policy visibility essential for sustained investment across sectors.

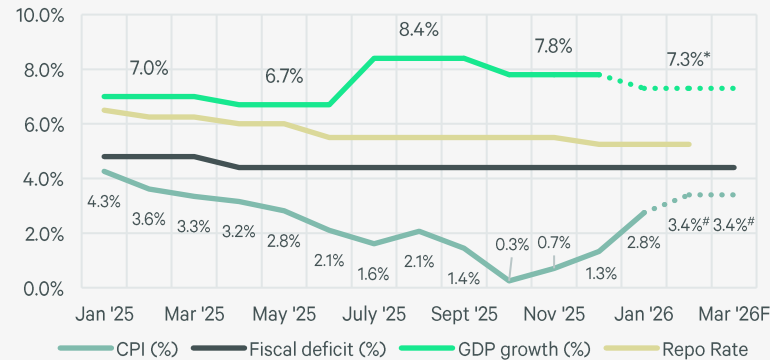
India's Economy in 2025: A Brief Revisit

Macro-stability: Sustaining momentum in a "Goldilocks" environment

India's economy in 2025 experienced a "Goldilocks moment"—a rare equilibrium of high growth and record-low inflation. Real GDP is estimated to have expanded by 7.4% in FY2026 (revised to 7.6% in February 2026)¹, catalysed by a 9.3% surge in the services sector² and 7.0% growth across manufacturing and construction³. This resilience persisted despite a volatile global backdrop and structural softness in the Indian rupee, which depreciated by ~4% during 2025. Although announcements linked to the U.S.-India trade deal briefly strengthened the INR to 90 against the USD in early February 2026, recent geopolitical tensions have since outweighed those gains, pushing the currency back towards the 92-level as of March 2026.

Another defining trend in 2025 was the easing of inflation. Consumer Price Index (CPI) inflation fell to a historic low of 0.25% in October 2025, averaging ~2.1% in FY2026⁴. This environment provided the Reserve Bank of India the necessary headroom to implement cumulative repo rate cuts of 125 basis points, reducing the rate to 5.25% by December—a level maintained through February 2026. Fiscal consolidation also remained on track; the fiscal deficit is estimated at 4.4% of GDP for FY2026⁵, while the current account deficit narrowed to 0.8% in the first half of the current fiscal⁶.

Figure 1.1: India's CPI, repo rate, fiscal deficit and GDP growth trends (January 2025-March 2026F)



Source: MoSPI, RBI, Union Budget 26-27, CBRE Research, Q1 2026

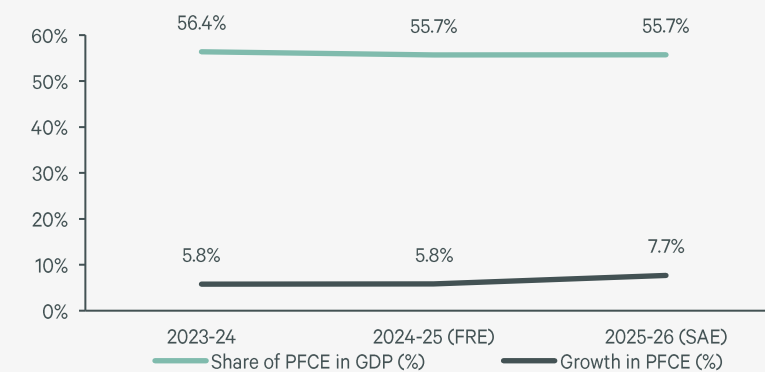
Source: 1. Reserve Bank of India's Monetary Policy Committee and NSO and MoSPI, February 2026, 2. April-September 2025 figures, Economic Survey 2025-26, January 2026, 3. Manufacturing and construction in the secondary sector have been estimated to achieve a growth rate of 7.0% at constant prices in FY2026, FAE, MoSPI, January 2026, 4. RBI MPC, February 2026, 5. Union Budget 2026-27, February 2026, 6. Economic Survey, January 2026, Note: India's CAD widened to 1.3% of GDP (USD 13.2 bn) in the October-December quarter of FY2026; 7. Union Budget 2025-26, February 2025, 8. The Ministry of Finance, September 2025; 9. Government's response in Rajya Sabha, February 2026, 10. Federation of Automobile Dealers Associations, January 2026 *Note: The Q4 figure (7.3%) is a derived estimate based on the average required to align with the FY26 real GDP projection of 7.6%; #Note: Feb/Mar CPI (3.4%) are derived estimates calculated to align with the Q4 CPI projection of 3.2%.

Rebound in domestic consumption aided by tax concessions

Domestic demand fuelled India's growth momentum in 2025, catalysed by the Union Budget 2025-26's landmark income tax reforms and the subsequent GST 2.0 rationalisation. By raising the effective zero-tax threshold to INR 12 lakh (inclusive of rebates), the government exempted nearly 10 million additional taxpayers, significantly boosting middle-class disposable income⁷. The GST 2.0 regime further amplified the impact in September 2025 by shifting a vast array of daily essentials and mass-market goods to the 5% slab (down from 12% and 18%)⁸. Consequently, the nation's private final consumption expenditure (PFCE) is projected to have expanded by 7.0% in FY2026, hitting 61.5% of GDP—the highest share since FY2012 (adjusted to 55.7%¹ following the February 2026 GDP rebasing to the 2022-23 base year, as reflected in Figure 1.2).

The resurgence in consumption was further supported by a recovery in rural demand, underpinned by a favourable monsoon and a 3.6% agricultural GVA growth⁹. High-frequency indicators reinforced this trend: UPI transactions reached INR 230 lakh crore during April-December 2025⁹, while two-wheeler sales in CY2025 touched 2.03 crore¹⁰, reflecting broad-based consumption momentum spanning both urban and rural markets.

Figure 1.2: India's PFCE trends (FY2024-FY2026F)



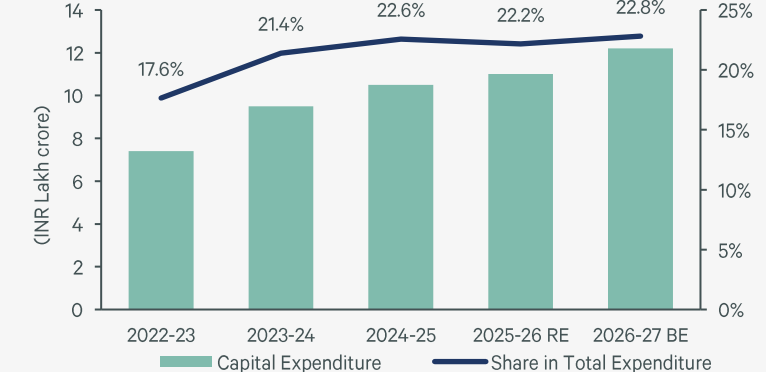
Source: MoSPI, CBRE Research, Q1 2026

Strategic infrastructure push through public capex

Throughout 2025, the government maintained a strong emphasis on capital expenditure to bridge investment gaps and modernise national infrastructure. The public capex outlay for FY2026 reached ~INR 11.2 lakh crore⁵, with funds directed towards the creation of productive assets.

This sustained capex push, representing nearly 3.1% of GDP⁵, served as a key catalyst for the construction sector's robust performance during the year. By enhancing multi-modal connectivity under the PM Gati Shakti framework, the government also aims to reduce logistics costs and incentivise greater private-sector participation across the manufacturing and warehousing sectors.

Figure 1.3: India's capex growth trends (FY2023-FY2026F)



Source: Budget 2026-27, CBRE Research, Q1 2026

Top Trends Expected to Shape India's Economic Trajectory in 2026

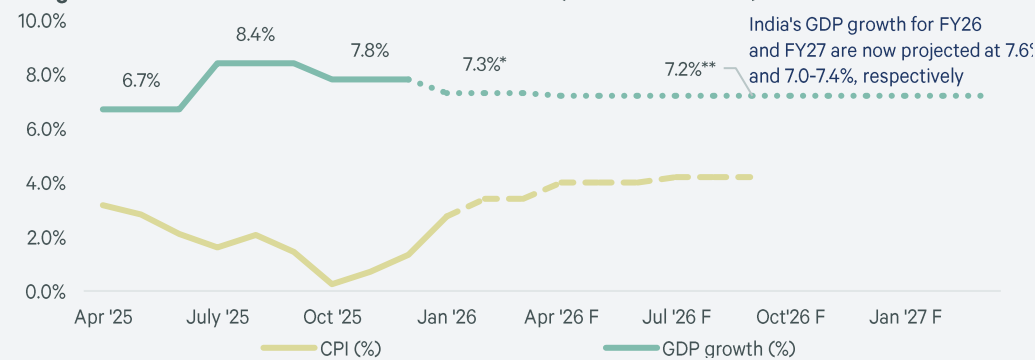
01 Fiscal prudence and the growth baseline

The Union Budget 2026-27 reinforces a trajectory of fiscal discipline, with FY2027 nominal GDP projected to grow by 10.5%¹. This outlook is supported by a strong near-term momentum, as real GDP growth reached 7.8% in Q3 FY2026 (refer to Figure 1.4), lifting the full-year estimate to 7.6%². Consequently, the real GDP growth baseline for FY2027 is now positioned at 7.0-7.4% range, surpassing initial Economic Survey projections of 6.8-7.2%³. In tandem, the RBI MPC (February 2026) adjusted its CPI inflation forecast to 4.0% for Q1 FY2027, reflecting a modest upward adjustment while remaining within the target band⁴. Central to this stability is the government's commitment to a 4.3% fiscal deficit target for the next financial year, with a further glide path to 3.8% by FY2028. This is further supported by a gradual decline in the central government's debt-to-GDP ratio, projected at 55.6% for FY2027 and a medium-term target of 50.0% by FY2031¹. This fiscal roadmap aims to reduce the sovereign interest burden, thereby securing the long-term capital necessary for sustained public infrastructure investment.

02 Strategic trade breakthroughs amidst heightened global uncertainties

India's 2026 economic outlook is shaped by a strategic expansion of its trade network, even as heightened geopolitical volatility weighs on the domestic growth trajectory. Renewed tensions in the Middle East—primarily involving Iran, Israel, and the U.S.—have reintroduced significant uncertainty into global energy markets^{##}. With roughly 20% of the world's oil and gas supply transiting the Strait of Hormuz, supply-chain disruptions remain a key systemic risk for India's energy-sensitive economy. Against these external pressures, the country's proactive trade diplomacy could emerge as a critical institutional buffer. The India-U.S. Interim Trade Agreement, ratified in February 2026, has successfully de-escalated bilateral frictions. Following a U.S. Supreme Court ruling that invalidated broad emergency tariffs, a subsequent Section 122 proclamation introduced a temporary 15% global import surcharge⁵; importantly, the framework preserves zero-duty treatment for USD 10.03 billion of identified Indian industrial exports⁶, providing essential policy predictability for key sectors, including textiles and electronics. This diplomatic momentum is mirrored globally. In January 2026, India concluded a landmark Free Trade Agreement with the EU-27, granting preferential access to 99% of shared trade value. Alongside the India-UK Comprehensive Economic Thoroughfare Agreement (slated for April 2026) and the Australia ECTA, these agreements potentially secure preferential market access to economies representing approximately 70% of global GDP⁷ (refer to Figure 1.5). India's investment landscape reflects these diverging forces of regional risk and structural opportunity. While the country's FDI inflows experienced notable volatility in 2025-26—largely driven by increased profit repatriation—foreign institutional investors (FIIs) recorded a net equity outflow of ~INR 1.6 lakh crore⁹. As global uncertainties continue to test market resilience, these treaty-based frameworks are expected to anchor investor sentiment by providing the policy visibility necessary for long-term capital commitments.

Figure 1.4: India's GDP and CPI inflation forecast (FY2026-FY2027F)

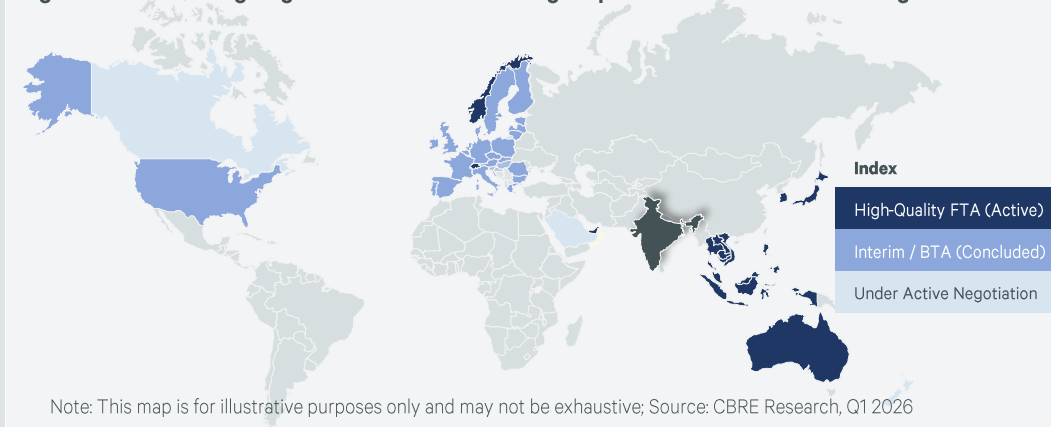


Source: NSO, MoSPI, and RBI MPC, CBRE Research, Q1 2026

*Note: The Q4 figure (7.3%) is a derived estimate based on the average required to align with the FY26 real GDP projection of 7.6%.

**Note: On 27 February 2026, India's Chief Economic Advisor revised the country's FY27 GDP growth forecast to 7.0-7.4% range. The 7.2% figure represents the average of that projection range. #Note: Feb/Mar CPI (3.4%) are derived estimates calculated to align with the Q4 CPI projection of 3.2%.

Figure 1.5: India's ongoing and recent trade deals give potential access to ~70% of global GDP



Note: This map is for illustrative purposes only and may not be exhaustive; Source: CBRE Research, Q1 2026

Source: 1. Union Budget 2026-27, February 2026; 2. NSO & MoSPI, February 2026 (under new measurement framework with base year revised to 2022-23); 3. Chief Economic Adviser, 27 February, 2026; 4. RBI MPC, February 2026; 5. After the U.S. Supreme Court invalidated previous emergency tariffs on 20 February 2026, the White House invoked Section 122. A 15% surcharge now serves as the baseline for non-exempt imports; 6. PIB, GoI, February 9, 2026; 7. Statement by India's commerce minister noting that the country has secured market access to 70% of global GDP, largely under zero-duty conditions. This follows the conclusion of nine FTAs in the last three years covering 38 countries—including the 27-nation EU, four-nation EFTA, UK, Australia, New Zealand, and the U.S.—alongside existing arrangements with the Japan, South Korea, and ASEAN nations. PIB, 12 February 2026; 8. The RBI Annual Report (May 2025) confirms that while gross FDI reached USD 81 bn in FY2025, net FDI was moderated by USD 51.5 bn in repatriation and disinvestment, characterising the phase as a sign of investment cycle maturity rather than a dilution of investment appeal; 9. NSDL, December 2025. ##Note: Global energy market conditions remain fluid amid evolving geopolitical developments in West Asia. Policy responses and transitional arrangements around crude supply chains—including temporary waivers for shipments already in transit—underscore the dynamic nature of energy security considerations and supply adjustments.

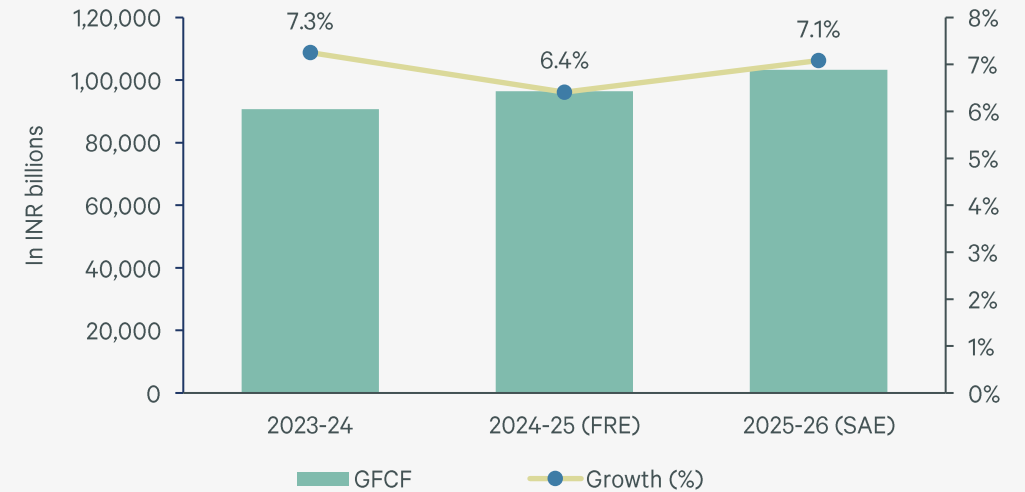
Top Trends Expected to Shape India's Economic Trajectory in 2026

03 Capex expansion: Urban integration and capital de-risking

The country's economic outlook continues to be fuelled by a sustained emphasis on infrastructure-led development, as reflected in the Union Budget 2026-27, which proposes an increase in public capital expenditure to ~INR 12.2 lakh crore, accounting for ~3.1% of GDP for FY2027¹. These allocations support initiatives such as lowering India's logistics costs and strengthening its economic corridors, including seven high-speed rail connections identified in the Budget. A pillar of this fiscal strategy is the City Economic Region (CER) framework, designed to harness the shared potential of linked urban centres through seamless infrastructure networks. This programme is supported by a proposed allocation of INR 5,000 crore per CER over five years via a reform-linked "challenge" mechanism. Furthermore, the Union Cabinet has approved an INR 1 lakh crore Urban Challenge Fund to catalyse investments through market-led financing, with central assistance covering up to 25% of project costs, contingent on mobilising private or alternative capital².

To further accelerate private sector participation, recent policy measures have also pivoted towards de-risking mechanisms and credit support structures, seeking to make projects more financially attractive and secure for private investors. Such initiatives align with a broader upward trend in macroeconomic data, which shows India's gross fixed capital formation (GFCF) grew by an estimated 7.1% in FY2026³ (refer to Figure 1.6). The momentum was bolstered by the previous Budget's (2025-26) provision of INR 1.5 lakh crore in 50-year interest-free loans to states—a long-tenor capital support scheme that expanded the capacity of state and local authorities to deliver infrastructure. By combining these established fiscal foundations with newer market-linked urban investment schemes, the government aims to create a more resilient, de-risked environment for large-scale capital deployment.

Figure 1.6: Increasing share of GFCF (FY2024-FY2026F)



Source: MoSPI, CBRE Research, Q1 2026

04 Stronger bank balance sheets and capital market deepening

India's financial sector enters 2026 with one of its strongest balance sheet positions in decades, supported by asset quality improvement and steady credit expansion. Gross non-performing assets (NPAs) were at multi-year lows of about 2.15% as of September 2025⁴, based on the RBI's stability assessments, while outstanding credit by scheduled commercial banks has increased by 14.5% Y-o-Y as of December 2025⁵. A visible shift underway is the greater use of market-based funding channels alongside traditional bank lending, helping in diversifying sources of capital for corporates and infrastructure projects.

Policy measures in the Union Budget 2026-27 also aim to deepen these markets; for instance, the introduction of Total Return Swaps (TRS) on corporate bonds facilitates institutional risk distribution and improves bond market liquidity. Further maturing the landscape, the Securities Market Code, 2025 (currently under Parliamentary Standing Committee review) seeks to consolidate fragmented legacy laws into a unified framework⁶. These structural reforms, alongside the proposed rationalisation of FEMA rules⁷, are intended to simplify cross-border capital flows and sustainably lower the cost of capital across the economy.

Source: 1. Union Budget 2026-27, February 2026. 2. PIB, February 2026; 3. NSO and MoSPI, February 2026; 4. RBI's Trends and Progress Report, December 2025. 5. Economic Survey 2025-26, January 2026. 6. The Securities Markets Code, 2025, following its introduction in December 2025, proposes to consolidate three legacy acts (SEBI Act 1992, SCRA 1956, and Depositories Act 1996) into a unified, principle-based framework. This "Super Code" is designed to enhance protection for India's over 12-crore unique investors and introduces a statutory Securities Market Ombudsperson with quasi-judicial powers to pass binding compensation awards, formalising the existing grievance redressal mechanism. 7. Recent RBI notifications, specifically the FEMA (Export and Import of Goods and Services) Regulations, 2026 and updates to the Non-Debt Instrument (NDI) framework, have transitioned foreign investment rules towards a principle-based regime. Key rationalisations include greater flexibility in valuation methodologies—moving away from rigid pricing caps towards internationally accepted standards—and eased requirements for downstream investments and reporting, aimed at reducing regulatory friction for inbound equity capital.

02

Residential

Having navigated a historic growth cycle, India's residential sector entered a phase of normalisation in 2025. This shift raises a critical question: What trajectory will the sector follow from this inflection point?

This section examines the themes set to define this year: segment recalibration, enduring market resilience, and the expansion of rental housing and branded residences.



Residential Market Performance in 2025: A Brief Revisit

Housing sector stabilises amidst disciplined supply infusion¹

Navigating a high base effect and inherent market cyclicity, India's residential sector entered a phase of reconfiguration in 2025, marked by an equilibrium between supply and absorption. **New launches and sales exceeded 270,000 units** each during the year, reflecting developers' calibrated approach to inventory management. Consequently, the unsold inventory overhang contracted to ~10%, the lowest level since 2019.

Mumbai, Bengaluru, and Pune remained the primary contributors to overall housing sales in the country, supported by robust end-user demand and new supply across emerging growth corridors.

High-end housing emerges as the leading segment, fuelling value-led growth¹

While the high- and mid-end residential segments continued to experience robust demand, a paradigm shift emerged during the year. The high-end category (INR 1.25 to 3 crore)* eclipsed the historically dominant mid-end bracket (INR 75 lakh to 1.5 crore)* for the first time, accounting for a 27% share of total sales. This shift can be attributed to a growing appetite for upgraded living environments and premium project attributes.

Notably, as absorption increasingly shifted towards higher-ticket inventory, average transaction values witnessed a surge, which helped offset the normalisation in unit sales volumes.

Premium and luxury housing continue their upward trajectory¹

The premium and luxury residential segments maintained strong momentum during the year, underpinned by sustained demand from affluent and discerning homebuyers, recording over 30% growth in annual sales. Another notable trend was the expansion of branded residences, particularly across Delhi-NCR and Hyderabad.

In fact, Delhi-NCR, Mumbai, and Hyderabad remained the dominant luxury housing markets, collectively capturing ~90% of total luxury sales, with Gurugram emerging as the primary contributor to regional absorption.

Responding to these dynamics, developers launched roughly 52,000 luxury units in 2025—marking a 38% Y-o-Y expansion—effectively aligning new supply with the prevailing high-demand environment.

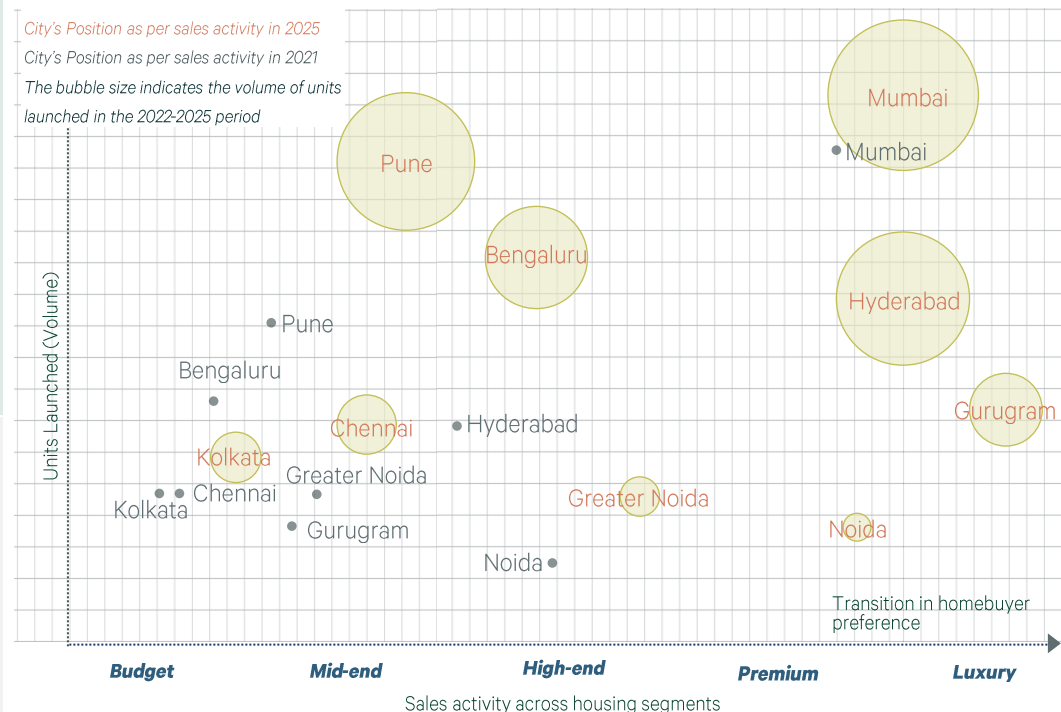
Capital availability, low delinquency reinforce the housing market

Funding availability for residential real estate remained robust, with aggressive capital deployment from domestic banks alongside growing participation from private credit funds. This sustained liquidity and competitive financing environment helped compress the overall cost of capital. As a result, distressed-asset opportunities remained limited, prompting stressed capital platforms to explore alternative avenues.

On the consumer side, scheduled commercial banks (SCBs) reported resilient mortgage portfolios, with home loan GNPA's standing at ~0.9%, according to the RBI's latest Financial Stability Report².

Greater availability of capital, coupled with healthy mortgage balance sheets, helped maintain underlying buoyancy across the residential market.

Figure 2.1: Mapping residential market trends across key cities in 2025 vs 2021



Note: This matrix presents a qualitative assessment by CBRE Research of changes in the share of sales across housing segments between 2021 and 2025. Bubble size reflects the total number of units launched during 2022-2025. Individual cities' positioning is indicative and based on CBRE Research's judgement and should be interpreted as an illustrative representation of broad market trends rather than a precise quantitative measure.

*Definition of segments as per ticket size (INR) for Mumbai & Delhi-NCR: Affordable - up to 45 lakh; Budget - 45 lakh-1 crore; Mid-end - 1-1.5 crore; High-end - 1.5-3 crore; Premium - 3-6 crore; Luxury - 6-50 crore and Ultra Luxury - 50 crore and above. For Bengaluru & Hyderabad: Affordable - up to 45 lakh; Budget 45-75 lakh; Mid-end - 75 lakh-1.5 crore; High-end - 1.5C-2.5 crore; Premium - 2.5-5 crore; Luxury - 5-50 crore and Ultra Luxury - 50 crore and above; for Pune, Chennai & Kolkata: Affordable - up to 45 lakh; Budget - 45-75 lakh; Mid-end - 75 lakh-1.25 crore; High-end - 1.25-2.5 crore; Premium - 2.5-4 crore; Luxury - 4 crore and above.

Source: 1. CBRE Research, Q1 2026; 2. Financial Stability Report, Reserve Bank of India, December 2025

Top Trends Expected to Shape India's Residential Sector in 2026

01 Robust fundamentals and calibrated supply to maintain market equilibrium Housing sales expected to track a steady trajectory; value vs. volume divergence likely to sustain

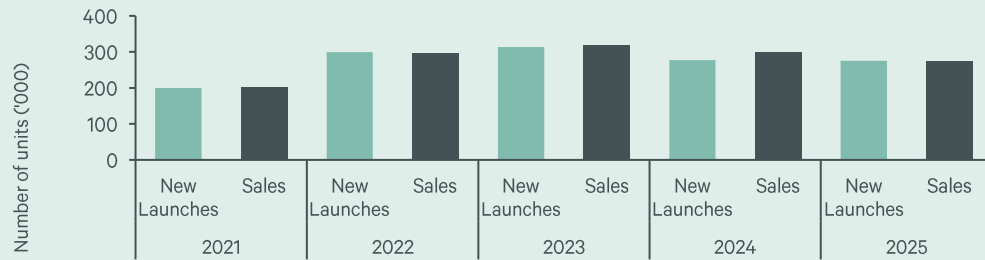
As the residential sector transitions from its cyclical peak towards normalisation, it remains anchored in robust structural fundamentals, including sustained end-user demand, active investor participation, rising household incomes, and ongoing infrastructure upgrades. Crucially, continued expansion in the commercial office market is expected to have a cascading effect on residential sales. Consequently, CBRE Research expects housing sales to maintain a stable trajectory through 2026.

A defining market shift has been the emergence of a 'flight-to-quality' trend, creating a pronounced divergence between 'sales volume' and 'sales value'. In 2025, while total sales volume moderated by ~8%, sales values grew by ~15%. Looking ahead, unit volumes are likely to remain range-bound, while overall sales value is anticipated to remain elevated. This outlook is reinforced by Q3 FY2026 earnings commentary from prominent listed developers, who project sales value growth of 10-15% for FY2026, with similar momentum expected in FY2027¹.

Developers to adopt a calibrated approach amidst sustained land acquisition

Amidst the market's reconfiguration phase, developers are continuing to adopt a highly calibrated, execution-focused strategy. They are aligning new launches with demand realities, rather than speculative expansion, which is likely to keep unsold inventory contained. At the same time, long-term confidence remains evident through sustained land acquisition activity, totalling ~USD 5.5 billion across 2,500 acres between 2024 and 2025².

Figure 2.2: Residential supply-demand dynamics (2021-2025)



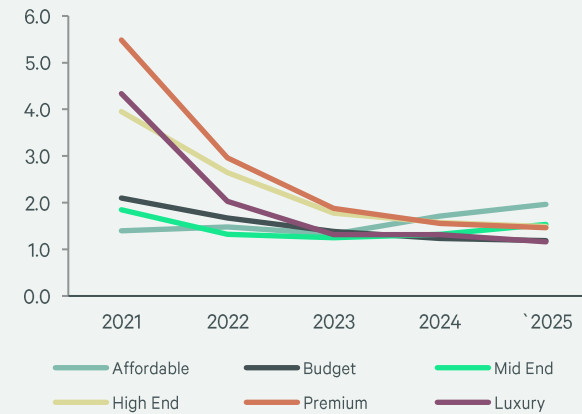
Source: CBRE Research, Q1 2026

02 Supply-demand parity to sustain inventory discipline amidst limited housing credit risk exposure

Fundamental discipline has reshaped the housing landscape, compressing inventory overhang from an average of 3.5-4.0 years in 2021 to a healthy 1.2-1.5 years in 2025 (as shown in Figure 2.3). Moving forward, despite a normalisation in sales velocity, the equilibrium witnessed in recent years is expected to persist in 2026, keeping the overhang largely range-bound. This signals a healthy, mature market environment rather than one under stress.

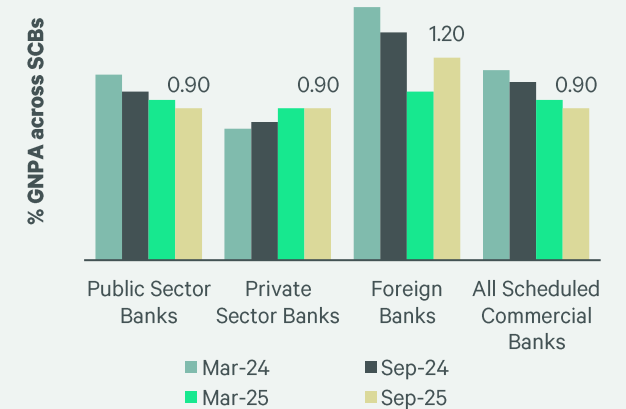
Credit health mirrors this resilience, with the RBI's December 2025 Financial Stability Report citing home loan GNPA at ~0.9%³. While mortgage books remain healthy, the regulator cautions against 'credit interconnectedness'—specifically, the risk that higher unsecured consumption debt could strain household balance sheets.

Figure 2.3: Inventory overhang percentage across housing segments (2021-2025)



Source: RBI Supervisory Returns and Staff Estimates; CBRE Research, Q1 2026

Figure 2.4: GNPA in housing loans across scheduled commercial banks¹



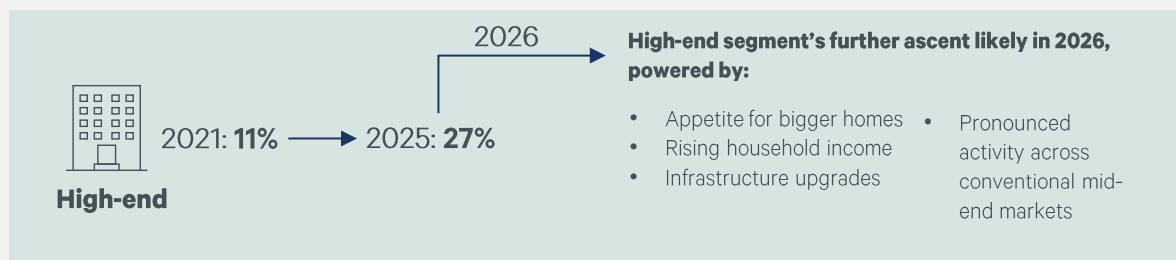
1. Prominent listed developer's Q3 FY 26 earnings call transcript, January-February 2026; 2. Real Capital Analytics, VCCircle, CBRE Research, Q1 2026; 3. Financial Stability Report, Reserve Bank of India, December 2025

Top Trends Expected to Shape India's Residential Sector in 2026

03 High-end housing emerges as a new market anchor, evolving buyer profiles set to differentiate luxury demand

The structural pivot: High-end segment poised to broaden presence across traditionally mid-end markets

In 2026, the high-end segment is likely to further expand its presence across major cities, cementing its position as a primary volume driver. This transition reflects growing aspirations for larger homes and rising disposable incomes, among other factors. Consequently, homes in the INR 1.25 to 2 crore-range are projected to increasingly solidify as the market's 'sweet spot', with the trend likely to be more pronounced across traditionally mid-end markets such as Bengaluru, Chennai, and Noida.



Policy fillip, pricing recalibration imperative to unlock affordable housing

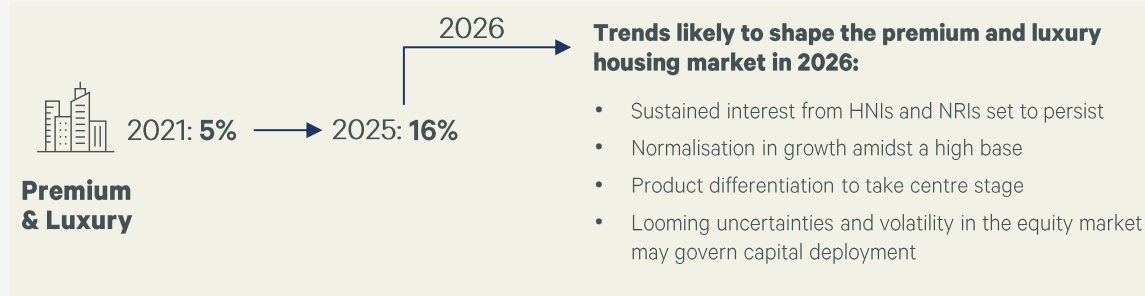
While project viability in the affordable segment remains constrained by elevated input costs and the withdrawal of certain fiscal incentives, the segment maintains its significance amongst homebuyers. A strategic government-led recalibration—particularly through a reassessment of price and area ceilings and reinstating targeted fiscal incentives (*for developers and end-users*)—could help re-invigorate this segment. According to CBRE Research, such measures could restore the segment's market share closer to pre-COVID levels (25-30%), potentially adding ~60,000 annual new launches¹.

1. Assuming that the shares of other housing segments remain stable and the government reinstates both supply and demand-side incentives; Source: CBRE Research, Q1 2026

Luxury outlook: Reconfiguration and the flight to exclusivity

The luxury segment continues to attract strong interest from HNIs and NRIs. However, following the historic highs recorded in 2025, CBRE Research anticipates a reconfiguration in growth rates due to a high base effect. Volatility in equity markets and global macroeconomic uncertainties may introduce greater investment caution among these buyer cohorts, resulting in a more measured pace of capital deployment compared with the aggressive expansion seen in previous years.

In this maturing market environment, product differentiation has become increasingly critical. Affluent buyers are becoming more discerning, evaluating not only product specifications but also exclusivity and community alignment.



Branded residences gain traction; developers leverage global brand partnerships

Luxury housing continues to be rooted in bespoke lifestyles and impeccable service, even as its definition broadens to incorporate tailored experiences and globally aligned design standards. As affluent buyers place greater emphasis on exclusivity and curated communities, developers are forging alliances with premier hospitality and designer brands. At the same time, evolving investment structures such as the Sale and Leaseback (SLB) model are opening additional capital deployment avenues, enabling developers to scale their presence in the branded residences segment. This expansion was reflected in the significant influx of new supply in 2025, largely concentrated in Delhi-NCR and Pune.

Looking ahead, demand for branded residences is expected to remain robust, supported by homebuyers' preference for turnkey professional management, globally benchmarked service standards, and well-defined operating frameworks. This sustained interest is evident in the robust development pipeline across tier-I cities, while global brands are increasingly partnering with established regional developers and selectively evaluating opportunities in emerging tier-II destinations such as Goa, Jaipur, and Ahmedabad.

Top Trends Expected to Shape India's Residential Sector in 2026

04 Capital values to chart moderate growth; monetary easing and rising incomes may cushion affordability

Capital value appreciation is projected to moderate, with future growth increasingly influenced by project fundamentals and infrastructure connectivity. At the same time, family incomes are set to improve; household income is projected to rise by 8-10% rise in 2026¹, a trend aligned with SBI Research's projection of the country's transition towards upper-middle-income status by 2030².

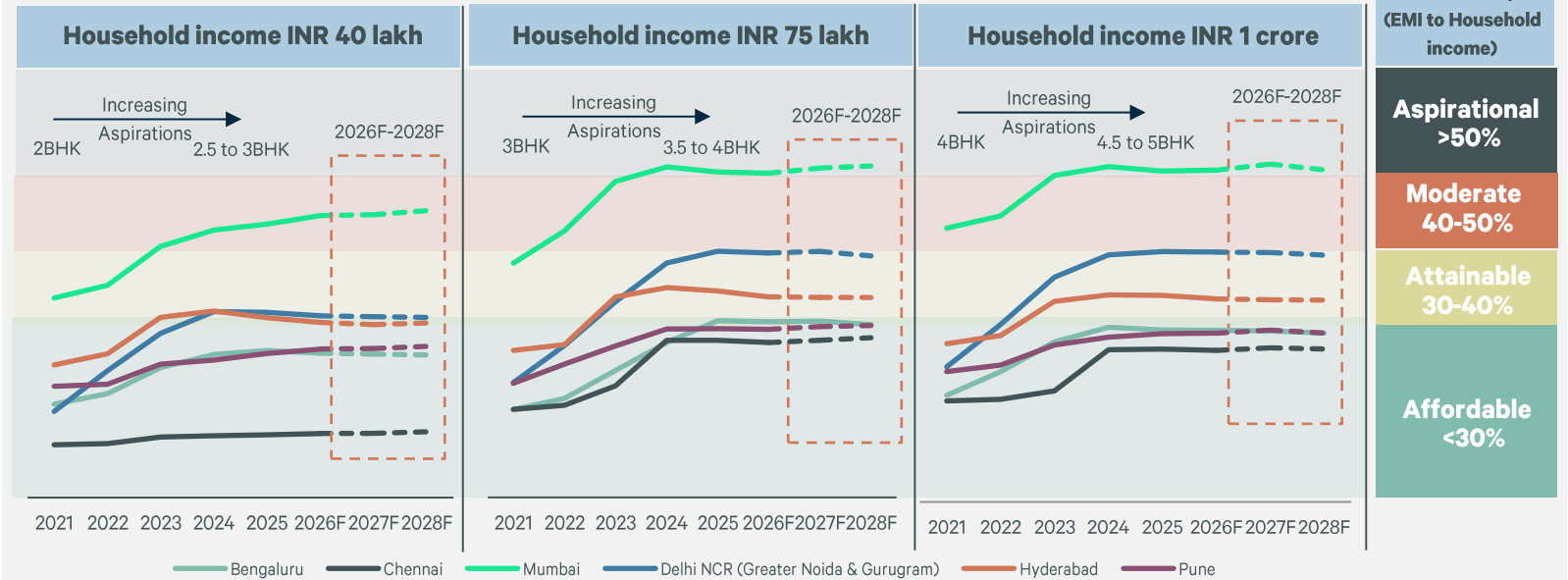
This income growth coincides with favourable policy interventions—notably the rationalisation of GST on construction materials and the RBI's aggressive monetary easing. As household income growth is expected to outpace capital value appreciation, these conducive policies are likely to help cushion affordability pressures.

To quantify these market dynamics, CBRE Research has developed a Housing Affordability Index (refer to Figure 2.5). This index evaluates the interplay among capital values, mortgage rates, and household incomes across major tier-I cities. Across three distinct annual household income brackets—INR 40 lakh, INR 75 lakh, and INR 1 Crore—the index maps the affordability movement in conjunction with the rising family income and evolving homebuyer aspirations from 2021 to 2028.

Historically, between 2021 and 2024, the EMI-to-household income ratio experienced an upward adjustment. This period was characterised by a tightening monetary cycle, with the repo rate moving from 4.0% to 6.5% alongside capital value growth exceeding household income.

Looking ahead to the 2026-2028 period, the current trajectory signals a definitive pivot towards stabilisation. As household income growth is likely to outpace property prices, the EMI-to-income ratio is projected to plateau and is expected to cushion affordability.

Figure 2.5: Housing Affordability Index across India's key cities (2021-2028F)



- Household income: INR 40 lakh in 2021
- Preferred unit configuration: 2BHK (1,250 to 1,600 sq. ft., saleable area)
- Aspirational upgrade as incomes rise: 2.5 to 3 BHK (2,000 to 2,250 sq. ft., saleable area)
- Delhi-NCR: Greater Noida
- Mumbai: Ext. Western Suburbs, Thane, Navi Mumbai
- Bengaluru: North, South
- Pune: Kharadi, Hadapsar
- Chennai: OMR Zone II
- Hyderabad: Bachupally, Kollur

- Household income: INR 75 lakh in 2021
- Preferred unit configuration: 3BHK (2,000 to 2,250 sq. ft., saleable area)
- Aspirational upgrade as incomes rise: 3.5 to 4 BHK (3,300 to 3,700 sq. ft., saleable area)
- Delhi-NCR: Extended Golf Course Road, NPR
- Mumbai: Western Suburbs - Andheri (W)
- Bengaluru: East, West
- Pune: Viman Nagar, Yerwada
- Chennai: South - Nanganallur
- Hyderabad: Raidurg, Kondapur

- Household income: INR 1 Crore in 2021
- Preferred unit configuration: 4BHK (2,800 to 3,000 sq. ft., saleable area)
- Aspirational upgrade as incomes rise: 4.5 to 5 BHK (3,900 to 4,300 sq. ft., saleable area)
- Delhi-NCR: Extended Golf Course Road, NPR
- Mumbai: Western Suburbs - Andheri (W)
- Bengaluru: East, West
- Pune: Viman Nagar, Yerwada
- Chennai: South - Nanganallur
- Hyderabad: HITEC City, Raidurg, Kondapur

Degree of affordability (EMI to Household income)
Aspirational >50%
Moderate 40-50%
Attainable 30-40%
Affordable <30%

Index assumption: The INR 40 lakh income bracket reflects affordability across distinct micro-markets. The INR 75 lakh and INR 1 crore brackets examine affordability within the same locations, with differentiation based on project positioning (high-end vs. premium). As household incomes rise—based on growth projections from Oxford Economics (February 2026)—preferred unit configurations are considered in line with aspirational housing upgrades, rather than treated as fixed benchmarks. Capital values represent micro-market averages and may vary at the individual project level. | Source: CBRE Research, Q1 2026

Source: 1. Oxford Economics, February 2026; 2. SBI Research, January 2026

Top Trends Expected to Shape India's Residential Sector in 2026

05 Evolving residential funding landscape

Bank dominance and moderating costs

In 2025, domestic banks remained the primary source of residential funding, reducing the sector's reliance on high-cost debt. This trend is expected to intensify in 2026, driven by repo rate reductions and competitive lending pressures.

Pivot to land and growth capital

With stress at cyclical lows, the volume of distressed opportunities has declined. As a result, alternative capital platforms are pivoting their strategies towards land financing and early-stage growth capital, areas where institutional bank capital remains restricted. Simultaneously, there is renewed interest in private equity deployment, with several investment platforms now actively exploring residential partnerships.

Strategic deployment: tier-II and tier-III developers

Special situations funds are adapting by moving beyond top-tier corporate players. Funding is increasingly directed towards tier-II and tier-III developers who, despite strong delivery track records, often lack access to conventional institutional credit.

06 Rental housing: Institutionalisation set to gain prominence

The rental housing market is witnessing a definitive shift towards institutionalisation, with capital platforms increasingly active in establishing a footprint. This shift is particularly evident in segments such as student housing, co-living, and senior living, which are gaining traction as viable asset classes. Simultaneously, industrial and worker housing is emerging as a new focus area. With manufacturing and warehousing activity expanding, there is a tangible volume-led opportunity to provide organised accommodation for the industrial workforce.

However, the expansion of these rental housing platforms may be hindered by the limited availability of high-quality inventory suitable for institutional investment. The current market landscape remains fragmented, dominated by unorganised operators and properties that often fall short of institutional compliance and safety standards.



Source: CBRE Research, Q1 2026

Research Contacts

Abhinav Joshi

Head of Research, India, Middle East and North Africa
abhinav.joshi@cbre.co.in

Vidhi Dheri

Director, National Research Operations
vidhi.dheri@cbre.co.in

Rajorshi Sanyal

Senior General Manager
raajorshi.sanyal@cbre.com

Uttaresh Venkateshwaran

General Manager
uttaresh.venkateshwaran@cbre.com

Swati Sisoudiya

Senior Associate
swati.sisoudiya@cbre.com

Residential

Mohamed Atif Khan

Deputy General Manager
mohamedatif.khan@cbre.com

Aditi Kashyap

Assistant Manager
aditi.kashyap@cbre.com

Economy

Rajorshi Sanyal

Senior General Manager
raajorshi.sanyal@cbre.com

Uttaresh Venkateshwaran

General Manager
uttaresh.venkateshwaran@cbre.com

Simran Sawant

Senior Associate
simran.sawant@cbre.com

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CBRE

Business Line Contacts

Consulting & Valuations

Vamshi Nakirekanti

Head Valuation & Advisory Services, India & Southeast Asia

vamshi.krishna@cbre.co.in

Divya Goyal

Executive Director,
Head - Investment Risk Monitoring, India

divya.goyal@cbre.co.in

Sumit Arora

Head - National Operations & Workplace Strategy, Consulting,
India

sumit.arora@cbre.co.in

Alok Kumar Puri

Associate Executive Director,
Head of Business Development & Alternate Assets

Alok.Puri@cbre.co.in

Saurabh Khare

Senior Director,
Head – National Operations for Valuation Advisory Services,
India

Saurabh.Khare@cbre.co.in

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CBRE

Business Line Contacts

Leasing Services

Ram Chandnani

Managing Director,
Leasing Services, India
ram.chandnani@cbre.co.in

Capital Markets

Gaurav Kumar

Managing Director & Co-Head,
Capital Markets, India
gaurav.kumar@cbre.co.in

Consulting & Valuations

Rami Kaushal

Managing Director,
Consulting & Valuations, India, Middle East & Africa
rami.kaushal@cbre.co.in

Capital Markets

Nikhil Bhatia

Managing Director & Co-Head,
Capital Markets, India
nikhil.bhatia@cbre.co.in

Global Workplace Solutions

Rajesh Pandit

Managing Director,
Global Workplace Solutions, India & Property
Management, India, SE Asia, Middle East & North Africa
rajesh.pandit@cbre.co.in

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