



REPORT | Q2 2025

BANGALORE GRI 2025

The latest real estate trends & opportunities
in India's thriving tech hub

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INTRODUCTION

Since 1998, GRI Institute's exclusive networking events have been providing unique opportunities for the industry's decision makers to exchange valuable insights and experiences, igniting deal flow and potential using the real estate market.

GRI Institute reports provide the key takeaways from these events, including the most valuable insights, the most ardent discussions, and the most intriguing strategies.

This report presents the insights from **Bangalore GRI 2025**, the first **GRI Institute India** conference in the region that brought together top real estate developers, investors, and stakeholders to explore the latest opportunities and innovations in India's thriving tech hub.



CHECK OUT ALL THE PHOTOS FROM **BANGALORE GRI 2025**



BANGALORE'S REAL ESTATE CHALLENGES

Bangalore's real estate market, like many others, is being reshaped by global geopolitical disruptions that affect its growth trajectory. Participants observed a shift from the traditional "VUCA" world - Volatile, Uncertain, Complex, and Ambiguous - to what they termed the "Age of Discontinuity."

In this emerging context, frequent and unpredictable disruptions are resetting expectations and compelling businesses to reassess strategies and respond with agility. International dynamics, such as trade policies initiated during the current Trump administration, continue to raise questions about global investment flows and the reliability of long-standing trade relationships.

Heightened trade tensions and the potential acceleration of dollarisation could trigger faster-than-expected shifts in global financial systems, prompting concerns about overdependence on foreign capital, particularly from the US, in Bangalore's commercial property sector.

Yet, amid this uncertainty, Bangalore retains a powerful advantage: its large, youthful population, which continues to fuel demand for housing and employment. While political and technological disruptions will undoubtedly challenge the market, they also present significant potential for innovation and long-term growth.

» **AI and technological disruption**

Bangalore's status as a leading tech hub makes it particularly exposed to the disruptive effects of artificial intelligence (AI) and automation. The city's growth has long been fuelled by job creation and foreign investment - both of which are increasingly influenced by rapid technological change.

One of the most immediate challenges lies in the labour market. As automation replaces traditional roles, real estate professionals will need to reskill to remain relevant. At the same time, AI opens new paths for operational efficiency, from streamlining processes to improving market intelligence.

Beyond internal operations, AI is reshaping how real estate assets are conceived, built, and managed. It is no longer a supplementary tool but a structural force with the power to redefine tenant expectations and business models. When integrated with machine learning and big data, AI enables deeper insight into consumer behaviour, paving the way for smarter, more sustainable developments tailored to evolving demands.

Nevertheless, the scale and speed of technological change present a growing mismatch with the industry's capacity to respond. This gap is especially visible in areas such as workspace design and residential planning, where long development cycles clash with fast-shifting market needs.

Compounding this pressure are demographic shifts, such as an ageing population, which will further alter demand for both housing and commercial spaces. Together, these forces call for a more agile, forward-looking approach to real estate development.

» Infrastructure and urban planning

Bangalore's infrastructure remains one of its most pressing hurdles to overcome. The city's rapid expansion has consistently outpaced infrastructure development, leaving public transport and urban services struggling to meet the demands of a growing population.

Although some progress has been made, particularly through the expansion of the metro network, traffic congestion remains a significant concern. This ongoing issue has raised questions about the long-term sustainability of Bangalore's real estate market.

A major obstacle is the fragmented approach to urban planning, with multiple government agencies overseeing different aspects of development, resulting in delays and policy inconsistencies. This lack of coordination has made it difficult to approve and deliver new projects efficiently.

There is growing consensus on the need for a cohesive master plan, with closer collaboration between government bodies and developers being essential to managing Bangalore's growth and ensuring that infrastructure upgrades are aligned with future needs.

Policies such as premium FSI (Floor Space Index), redevelopment incentives, and a renewed emphasis on urban regeneration are seen as steps in the right direction. However, their success will depend on consistent implementation and effective cooperation between agencies.



THE ROAD TO PROJECT LAUNCH

» Land acquisition in Bangalore

Although the city is often perceived as having vast tracts of developable land, particularly in suburban and peripheral areas, the land acquisition reality is far more complex. Developers must navigate state, central, and occasionally city-specific laws that often conflict or overlap.

A key impediment is the fragmentation of land ownership. In many outlying areas, large parcels are divided among multiple individuals or family members, making consolidation difficult. Developers often have to negotiate with several stakeholders, some of whom may be unaware of, or in disagreement over, a proposed transaction.

This is especially common in the case of agricultural land, which must be converted for residential or commercial use prior to development. The process of aligning the interests of all parties can be protracted and unpredictable, and in many cases, deals collapse at the final stages due to disagreements over terms or pricing.

Additionally, land aggregation, once a common strategy for consolidating smaller parcels into larger, more developable tracts, has become increasingly difficult in Bangalore. Due to the fragmented nature of land ownership, corporate developers often struggle to acquire large contiguous plots, especially when multiple family members hold partial stakes.

» The impact of legal and title issues

Securing clear and marketable land titles is a time-consuming process fraught with complications, often acting as a major obstacle in the development cycle. These challenges are amplified by the fragmented nature of land ownership and the diverse legal frameworks in India.

Ownership disputes and unclear titles are common, especially with properties passed down through generations. Succession and inheritance laws, such as Hindu succession laws and Muslim personal laws, further complicate the verification process.

The varying interpretations of these laws across different communities often result in multiple parties claiming rights to the same land. Additionally, encumbrances, such as mortgages, unpaid dues, or ongoing legal disputes, can impede land transfers.

Inconsistent land records also present a significant challenge. In many cases, these records are incomplete or fragmented, requiring developers to rely on local authorities and multiple vendors for documentation. This increases both the time and cost of the acquisition process and heightens the risk of errors or omissions.

» Regulatory and approval complexities

While land acquisition is a major hurdle, obtaining the necessary approvals to commence construction presents its own significant challenges, stretching timelines and increasing costs.

The Comprehensive Development Plan (CDP) for the city, which outlines future growth and zoning guidelines, expired in 2015 and has not been fully replaced, leaving developers working with outdated guidelines, which creates confusion over permissible land uses.

The absence of clear, modern plans complicates land-use conversion approvals, especially for agricultural land. Developers often have to rely on ad hoc zoning changes or wait for government approval on a case-by-case basis, leading to unpredictable timelines and project risks.

The approval process is further hindered by the involvement of multiple government agencies, each with its own regulations and timelines. Key bodies, such as the Bangalore Development Authority (BDA) and the Bangalore Metropolitan Region Development Authority (BMRDA), are often inefficiently coordinated.

There is no standardised process for fast-tracking approvals or providing transparency on pending applications, forcing developers to navigate a maze of paperwork, meetings, and inspections, each of which can take weeks or months to complete.

In Bangalore, the presence of numerous water bodies, buffer zones, and protected areas adds another layer of complexity to the planning process. Securing environmental clearances can be lengthy and is often delayed by concerns about impact assessments or disputes with local communities over development consequences.

Moreover, the issue of illegal constructions and the retroactive enforcement of building codes has made developers more cautious when working with existing buildings or land. The government's increased focus on cracking down on unauthorised constructions means developers must not only follow the approval process, but also anticipate enforcement actions related to previously non-compliant properties.



» Local connections and practical solutions

Land acquisition is not only governed by legal and regulatory frameworks but also by the importance of local connections and on-the-ground knowledge, often depending on cultivating relationships with local stakeholders.

Participants discussed the vital role of local brokers, who understand the nuances of the land market in specific areas, help developers navigate the complexities of land deals, and facilitate negotiations as intermediaries between developers and landowners.

The need for strong relationships with local government authorities was also emphasised. While national and state-level regulations are important, interactions with local authorities are critical for navigating bureaucratic hurdles such as expediting approvals and providing quicker access to essential documents or clearances.

The role of technology in improving the acquisition process is another key consideration as advances in land records digitisation and software that tracks ownership and legal documents provide developers with more real-time access to information.



MARKET POTENTIAL FOR RETROFITTING AND ADAPTIVE REUSE

Unlike many global cities where retrofitting is driven by the need to adapt to rapidly changing office and residential space demands, Bangalore is now recognising the importance of upgrading older assets to remain competitive.

While the city's commercial stock is relatively young compared to global markets, certain older areas, particularly within the Central Business District (CBD), present compelling opportunities for retrofitting.

With tenants increasingly seeking modern amenities - such as wellness features, efficient air conditioning, and enhanced energy performance - older office buildings are increasingly viewed as prime candidates for adaptive reuse.

One of the main advantages of retrofitting is its potential to unlock value in older buildings, especially in prime locations where land acquisition costs are rising. Adaptive reuse projects in central areas often command substantial rent premiums, as these upgraded spaces offer cost-effective alternatives to new, high-rent buildings.

The financial case for retrofitting is also compelling. Although the initial capital expenditure for retrofits can be significant, the returns on investment can be substantial, with renovated properties attracting higher rental rates that are essential for maintaining profitability in an increasingly competitive market.

» Challenges in redevelopment projects

While the market potential for retrofitting in Bangalore's commercial real estate sector is promising, the process is not without challenges, particularly due to the structural limitations of older buildings. Many of these properties were not designed with modern requirements in mind, making it difficult to retrofit them to meet current standards.

Outdated infrastructure, inadequate Heating, Ventilation, and Air Conditioning (HVAC) systems, and non-compliance with updated building codes pose significant hurdles and require substantial investment, especially for tenants in sectors such as tech and finance, who expect high-performance spaces.

Another key challenge is the coordination required between multiple stakeholders, particularly in buildings with strata ownership. In many older commercial properties, different individuals or entities own separate portions of the building, which can complicate decision-making and the implementation of large-scale renovations.

Convincing multiple owners to agree on a unified redevelopment plan is a time-consuming task. Developers often face difficulties in agreeing on the scope of the project and ensuring that profits from the upgrade are fairly shared, leading to delays and additional costs.

The operational challenges of retrofitting are also considerable, particularly when buildings remain occupied. Long-term tenants can be resistant to the disruptions caused by major renovations, requiring developers to adopt careful planning and phased execution to minimise disruption to daily operations.

Negotiating with tenants to ensure that renovations do not interfere with their business operations is often necessary, but this can result in longer timelines. The delicate balance between preserving tenant satisfaction and completing the retrofitting project on schedule is a key consideration for developers.

» **Government initiatives and FSI regulations**

Government regulations play a pivotal role in shaping the potential for retrofitting and redevelopment in Bangalore. One of the key tools influencing developers in the region is the Floor Space Index (FSI), which dictates the maximum construction allowed on a given plot of land.

As the city continues to expand, the government has begun increasing the FSI in certain areas, making it a primary driver of redevelopment. Developers now see this as an opportunity to significantly increase the built-up area of ageing buildings, allowing for demolition and rebuilding with more rentable space.

This is particularly advantageous in prime areas of the city, where land prices are high. By boosting the yield from redevelopment, higher FSI makes such projects financially more attractive, justifying the costs of demolition and reconstruction that might otherwise be unfeasible.

However, the regulatory environment is not without its challenges. Even when FSI increases are promised, the implementation process is often complex, with developers facing lengthy application and approval procedures that can slow down redevelopment and increase costs.

The situation is further complicated by the regional variation in how FSI is applied across Bangalore, since local municipal bodies govern the city, and FSI rules can differ between neighbourhoods and districts. This lack of standardisation adds complexity for developers, who must navigate varying regulations depending on the location of the property.

In addition, there is growing demand for government incentives aimed at retrofitting older buildings to improve energy efficiency and sustainability. In markets such as the US and Europe, similar initiatives have successfully stimulated retrofitting through tax incentives, grants, or favourable financing options.

Such policies remain limited in India, and real estate leaders are increasingly eager to see whether the Indian government will offer more support for sustainable building initiatives, particularly as demand for energy-efficient properties continues to rise.

As demand for net-zero buildings and eco-friendly properties grows, buildings that fail to meet these standards may struggle to attract tenants, particularly multinational corporations with stringent sustainability targets. Retrofitting older buildings to meet these standards can enhance their market value, making them more competitive in an increasingly eco-conscious market.

» **Emerging trends for new asset classes**

The discussion also explored how retrofitting older commercial properties can unlock opportunities for new asset classes, particularly as market demands evolve. As tenant needs shift, new types of spaces - such as medical office buildings, last-mile logistics centres, and flexible workspaces - are emerging as key areas for retrofitting.

One of the most prominent trends is the conversion of old office buildings or retail spaces into last-mile logistics centres. With the rapid growth of e-commerce, there is increasing demand for smaller warehouses located closer to residential areas to enable faster delivery times.

These spaces do not require the high-end specifications typically demanded by office tenants but can still meet the growing needs of the logistics sector. This shift reflects a broader trend in how urban real estate is being utilised, with properties repurposed to serve the needs of a changing economy.

Another notable opportunity is the potential for medical office buildings in Bangalore - this asset class remains relatively new in India, but the need for specialised healthcare spaces in urban centres is rising.

Medical office buildings require specific design considerations, such as proximity to major transport hubs and healthcare infrastructure - factors that many existing office buildings could be adapted to accommodate.

The flexibility to transform properties for diverse uses is also reflected in the growing trend of flexible office spaces, driven by the rise of co-working and hybrid work models. This trend is particularly pertinent in the current climate, as businesses increasingly seek short-term leases and flexible layouts to accommodate fluctuating workforce needs.



ADAPTING RESIDENTIAL REAL ESTATE TO THE EVOLVING DEFINITION OF LUXURY

The concept of luxury in Bangalore's residential real estate market has evolved significantly, driven by changing consumer preferences and lifestyle shifts. What was once defined by spacious, high-end homes in prime, centrally located areas is now increasingly characterised by experiential living, personalised spaces, and sustainability, rather than traditional markers of size or exclusivity.

Historically, Bangalore's luxury market centred around high-rise apartments in the CBD, such as Kingfisher Towers and Embassy Boulevard, where proximity to work and social spaces was a priority. However, with the rise of remote working and more time spent at home, the emphasis has shifted towards space, privacy, and enhanced in-home amenities.

Luxury is no longer merely about owning a large, expensive home, but about experiencing a premium lifestyle in a holistic and balanced way. Today, luxury homes often feature wellness amenities, such as gyms, spa facilities, and meditation rooms, alongside green spaces and sustainable features, including solar panels, rainwater harvesting systems, and energy-efficient designs.

The definition of luxury has also become increasingly fluid, with individual preferences driving diverse tastes. Some buyers prioritise living in the heart of the city, close to shopping malls, restaurants, and cultural hubs, while others seek expansive, tranquil properties on the outskirts, offering privacy and a closer connection to nature.

This shift has led to a more varied luxury real estate market, catering to different tastes and lifestyles. New projects focus not only on luxurious finishes but also on bespoke design elements, tailored experiences, and distinctive architectural styles that reflect the individual tastes and aspirations of the residents.

» Price and value perception in luxury real estate

Another significant development in Bangalore's luxury real estate market is the shift in price perceptions. Traditionally, luxury properties were associated with high price points, typically above INR 50 million for prime locations.

However, as the market becomes more inclusive, developers are targeting a broader audience, with properties priced between INR 10-50 million now being considered "luxury" by many consumers.

This shift in price brackets also reflects a change in what buyers value. With luxury living becoming more accessible, developers are offering large-scale townships or gated communities that combine luxury features - such as private gardens, golf courses, wellness centres, and high-end security - all in suburban or outlying areas.

The pricing for these developments is still perceived as more affordable compared to exorbitant prices in central city locations. For example, a 10-acre development on the city's outskirts can command luxury pricing due to the lifestyle experience it offers, despite not being in a central location. This change allows developers to sell properties at premium prices, even in areas that were once outside the luxury market.

There is also a growing desire for homes that align with personal values such as sustainability, wellness, and design. Buyers are increasingly willing to pay a premium for properties that offer experiential value, even if they are not situated in traditional hotspots.

For instance, eco-friendly homes or those featuring innovative design elements can now command premium pricing, as these properties offer unique lifestyle benefits that go beyond traditional luxury markers.

This evolving market also reflects a broader global trend: the premiumisation of consumer goods and services. Just as brands like Mercedes-Benz and Apple have created aspirational products offering more than functional value, Bangalore's real estate developers are positioning their properties as aspirational living spaces that satisfy deeper desires for a particular lifestyle.

» **The influence of infrastructure on high-end developments**

The evolution of luxury real estate in Bangalore is closely linked to the city's infrastructure development, with growing demand for improvements becoming increasingly urgent. Yet, the availability and quality of these developments remain inconsistent, making their impact on the premium market a key issue of debate.

As land prices rise, particularly in the city centre, developers are increasingly looking to build in suburban areas and the outskirts. These locations offer larger plots, more expansive homes, and exclusive amenities at more affordable prices, but the lack of developed roads, public transport systems, and other infrastructure can undermine the luxury experience.

For these suburban communities to be truly luxurious, the quality of infrastructure must meet the high expectations of potential buyers. If residents are faced with long commutes on poorly maintained roads or limited access to quality public transport, the perceived value of these luxury developments can be significantly reduced.

Access to key roads, airports, and commercial hubs is also a critical determinant of a property's value. Proximity to business districts such as Whitefield, Electronic City, and Koramangala can make properties on the outskirts more attractive, provided infrastructure improves to enable easy commutes and access to urban amenities.

With the growing trend of luxury developments beyond the city centre, connecting these areas to the rest of Bangalore becomes crucial. The expansion of road networks, along with the ongoing development of metro lines, expressways, and bridges, will play a vital role in shaping the appeal of suburban luxury properties.



Founded in 1998 in London, the GRI Institute currently connects over 19,000 senior leaders operating across the real estate and infrastructure sectors from 110+ countries.

The Institute's signature meeting model, focused on knowledge exchange and trend-setting, fosters a continuous exchange of experiences, ideas, and solutions to connect the most innovative minds in development, investment, and policymaking.

By encouraging open dialogue, rigorous analysis, and redefining possibilities, the GRI Institute stands as a beacon of clarity, driving global transformations in the built environment.

Our mission is to forge connections, transform knowledge into impact, and elevate every interaction - creating opportunities that will shape the future of cities.

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