

Bangalore's Resi Market

Key trends redefining the residential sector in one of India's top cities

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INTRODUCTION

For more than 25 years, GRI Club'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 Club 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's Resi Market**, the **GRI Club India** forum that brought together leading real estate professionals, developers, and stakeholders for expert-led discussions addressing the current trends and emerging challenges in the city's residential sector.



CHECK OUT ALL THE PHOTOS FROM **BANGALORE'S RESI MARKET**



TRENDS AND OPPORTUNITIES IN BANGALORE & BEYOND

India's residential real estate market is experiencing dynamic growth, currently valued at USD 477 billion and contributing about 7.3% to the nation's GDP. With projections aiming to reach USD 1 trillion by 2030, the sector is pivotal to achieving India's ambitious USD 5 trillion GDP target. Its expansion is not just critical but essential for aligning with global benchmarks, where real estate contributes over 15% to GDP.

Over the years, residential real estate has emerged as the dominant focus within the construction industry, overtaking commercial projects in scale and activity. This shift underscores the growing demand for housing, fueled by urbanisation and evolving lifestyle needs.

INDIAN RESIDENTIAL MARKET - Q3 2024



Source: CBRE Research.

The market has seen a remarkable recovery from the challenges posed by the pandemic, transitioning from a period of cautious revival to one of robust growth. Developers have reported strong financial performance, with sales consistently outpacing new supply, resulting in a fast-clearing inventory and a more stable sector that is predicted to break previous sales records.

A clear shift toward high-end housing has become a defining trend, with a growing emphasis on luxury housing and larger, more sophisticated homes. Affordable housing, once a significant focus, has seen a relative decline as developers cater to changing buyer preferences.

Bangalore's residential real estate market exemplifies robust growth, driven by vibrant demand and a steady supply pipeline. The city sees an impressive annual turnover of tens of thousands of units, with consistent new developments complementing rapid sales.

BANGALORE RESIDENTIAL MARKET - Q3 2024

~33,400

Sales in 9M 2024

~10,100

Sales in Q3 2024

~30,900

Unit launches in
9M 2024

~9,300

Unit launches in
Q3 2024

Source: CBRE Research.

Despite this growth, affordability challenges have emerged as a significant concern. Residential prices in Bangalore have risen sharply in recent years, with a notable shift from affordable housing to luxury and ultra-luxury segments. Properties in the lower price brackets are increasingly rare, as developers prioritise premium projects. The demand for high-end housing has surged, with luxury properties now forming a much larger portion of the market than in the past.

To bridge these gaps, developers and policymakers must focus on inclusivity and affordability. Expanding affordable housing, scaling up construction, and exploring build-to-lease models are critical steps. Additionally, regulatory reforms, such as tenant-landlord law adjustments, could foster a more mature rental market, attracting institutional investors and diversifying the sector.

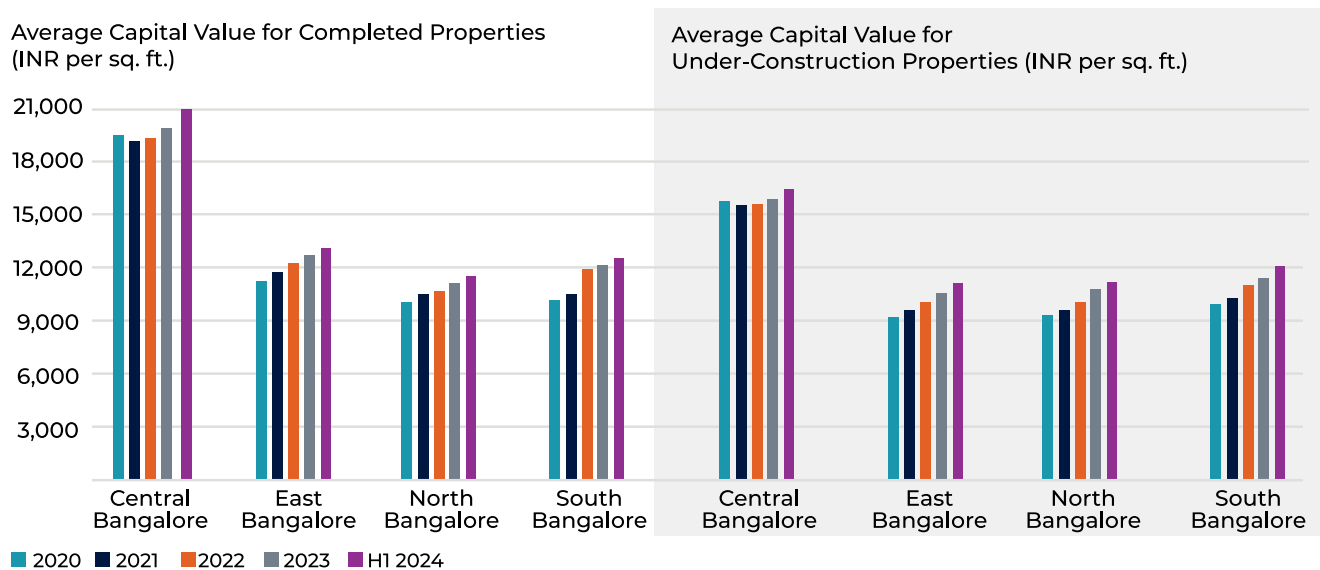


BANGALORE'S RISING RESIDENTIAL PRICES

Propelled by infrastructure advancements, the booming tech sector, and rising demand for premium and luxury housing, Bangalore's residential real estate market is witnessing significant growth.

Among these areas, Whitefield stands out as a preferred market, experiencing a sharp rise in property values. Its appeal is bolstered by a robust ecosystem of schools, offices, and social infrastructure, as well as improved connectivity through the expanding metro network. Despite challenges like congestion and limited land availability, Whitefield's landlocked nature and self-sustaining community reinforce its long-term investment potential.

However, this growth has brought rising property prices, reflecting the impact of escalating costs across multiple dimensions. Factors such as surging land prices, increased expenses for materials, labour, and construction, and stringent regulatory requirements have significantly driven up average property values. For developers, balancing these cost pressures while maintaining profitability is an ongoing challenge.



Source: Savills India Research.

To address these hurdles, developers are adopting strategies that prioritise efficiency and innovation. Pre-construction planning and advanced technologies are being leveraged to accelerate project timelines, with many now targeting completion within 12-14 months, aligning with global best practices.

Amid these complexities, understanding buyer preferences and delivering tailored, high-value offerings have proven to be key differentiators. Developers who align their projects' design and amenities with consumer lifestyles have successfully achieved price premiums, underscoring the importance of personalisation and market adaptability in sustaining demand and maximising growth in Bangalore's competitive real estate market.

» **Wellness and community as pillars of luxury living**

Bangalore's luxury housing market is undergoing a transformation, driven by matured buyer preferences and an increasing focus on experiences that extend beyond the physical product. While aesthetic design and smart features remain essential, the real distinction now lies in offering lifestyle-centric solutions that redefine modern luxury, reflecting broader trends in consumer behavior, where functionality, exclusivity, and personalisation take centre stage.

To meet these changing expectations, developers are elevating design standards with sophisticated facades, high-quality finishes, and thoughtfully crafted construction materials that resonate with the aspirations of discerning buyers. Features such as cladding, which enhances aesthetics with only a marginal cost increase, are becoming commonplace in premium projects, enabling developers to achieve higher valuations.

Amenities, once considered optional enhancements, have now become integral to the luxury housing proposition, further reinforcing this holistic approach. Today's projects routinely feature expansive offerings, such as modern clubhouses that serve as community hubs, equipped with fitness centres, swimming pools, lounges, and fine dining options.

THE MOST PREFERRED AMENITIES AMONG POTENTIAL HOMEBUYERS



Source: Magicbricks Research, 2024.

Specialised additions like curated sports programs and events underscore the growing emphasis on functionality and lifestyle enrichment, aligning luxury housing with broader trends in wellness and community engagement.

These offerings elevate the living experience by fostering exclusivity and convenience, enabling luxury housing to transcend its traditional definition. By integrating such services, developers not only differentiate their projects but also cater to the growing clientele seeking a seamless blend of luxury and practicality.

This focus on lifestyle-driven innovation is especially critical in prime urban areas where space constraints challenge traditional approaches to luxury. Developers are responding with creative solutions that prioritise comfort and functionality, particularly as post-pandemic trends see buyers favouring larger homes with configurations such as four-bedroom layouts.

These homes are increasingly viewed as multifunctional spaces, accommodating living, working, and leisure under one roof. This blending of elements reflects how developers are addressing emerging consumer expectations while navigating spatial challenges in a competitive urban landscape.

» From developers to curators

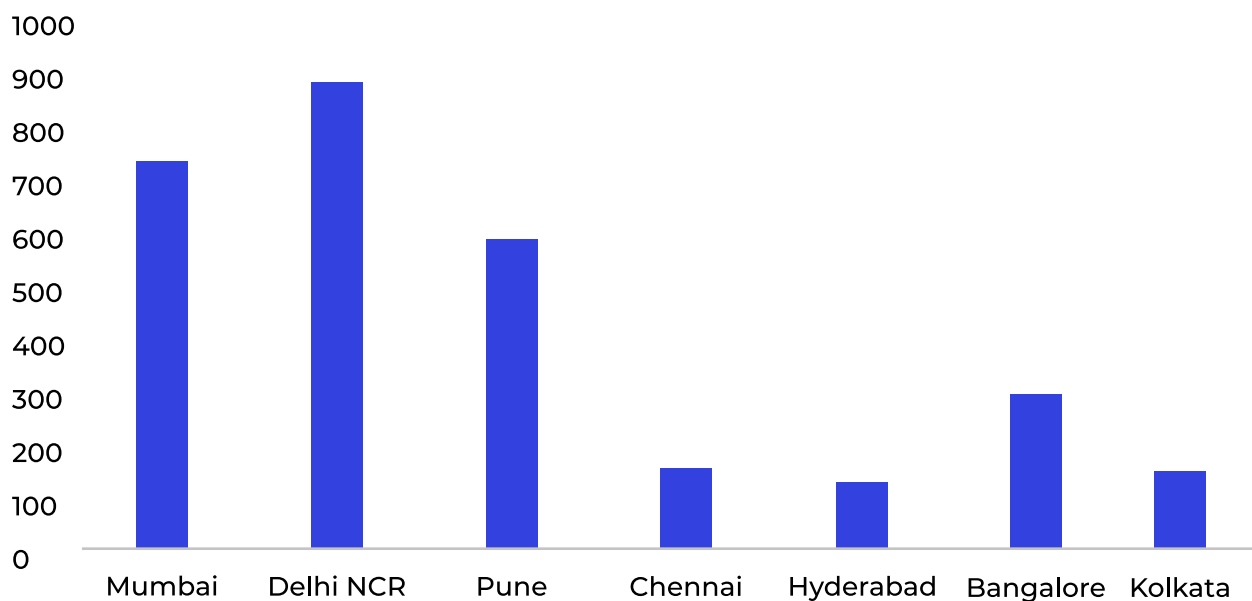
The real estate development landscape has undergone a marked evolution in recent years, reflecting broader shifts in how projects are conceptualised and executed. Developers, once responsible for managing every aspect of a project - from land acquisition to construction and sales - are now embracing a more specialised and collaborative approach.

Land acquisition still remains a foundational responsibility for developers, forming the bedrock of any project, but other critical functions, such as construction and sales, are increasingly outsourced to third-party experts.

By leveraging the specialised skills of subcontractors and professional teams, developers can achieve greater efficiency, optimise costs, and deliver higher-quality results. This delegation also allows developers to focus on the strategic oversight and vision necessary to navigate an ever-competitive market.

Nowhere is this shift more apparent than in the luxury and ultra-luxury real estate segments, where buyer expectations are highest. The use of specialised subcontractors ensures that these high-end projects meet exacting standards of quality and innovation.

TOTAL OPERATIONAL & PLANNED BRANDED RESIDENCE UNITS ACROSS INDIA



Source: CREDAI & Noesis, 2024.

With construction technologies advancing rapidly, developers can offer unique designs and superior craftsmanship, catering to the sophisticated tastes of affluent buyers. This collaborative model not only enhances execution but also enables developers to allocate more resources to creating aspirational living experiences.

A key development in this space is the rise of branded residences, a concept that combines luxury living with the prestige of globally recognised brands. Inspired by the success of projects in markets like Dubai and Miami - where partnerships with names such as Porsche and Mercedes have redefined exclusivity - this trend is gradually gaining momentum in India.

These residences offer more than just a home; they represent a lifestyle aligned with the brand's identity, appealing to high-net-worth individuals who value distinction and status. As the Indian market begins to adopt branded residences, developers are recognising the potential of this model to meet the dynamic demands of luxury buyers.

This progression reflects the broader trend of developers moving beyond traditional roles to become curators of lifestyle and experience, redefining what it means to create value in the modern real estate landscape.



THE NEXT GENERATION HOME

The concept of “future-ready homes” has evolved significantly to align with changing buyer expectations, particularly as the pandemic redefined homes as multifunctional spaces for work, education, and family life. Developers are now prioritising designs that seamlessly blend functionality with enhanced lifestyles, integrating thoughtful layouts and premium services.

Adaptability lies at the core of this transformation. Flexible layouts and multi-purpose spaces are now essential, catering to shifting family dynamics and modern work patterns. In the luxury segment, this adaptability is paired with exclusivity and personalisation, as affluent buyers seek homes that reflect their individuality and cultural values.

Amenities such as pools, gyms, and clubhouses have gone from optional features to essential elements of future-ready homes. To differentiate, developers now prioritise curated experiences like exclusive community events, advanced sports training, and specialised housekeeping over traditional concierge services.

Technology acts as the cornerstone of these advancements, bridging innovation and practicality. Features like charging stations for electric vehicles, smart home systems, and enhanced power capacity have become standard.

The evolution of future-ready homes also goes beyond individual properties, as developers move from isolated projects to interconnected ecosystems that foster belonging and continuity. These communities cater to diverse demographics and asset classes, delivering consistent brand experiences across residential, commercial, and senior living spaces.

In the super-luxury market, these communities offer a unique value proposition: exclusivity and connection. Buyers pay a premium not just for the property but for access to a curated network of like-minded individuals, adding emotional resonance to the investment and driving demand for these high-end developments.

» **Co-living & Student housing**

Affordability remains a significant challenge in India’s residential market, particularly for the country’s large population of migrants. These individuals, often relocating for work or education, face a persistent mismatch between available housing options and their specific needs.

Most new residential projects cater to larger, two-bedroom units, leaving a critical gap for affordable, compact housing tailored to single migrants and young professionals. This unmet demand presents a compelling opportunity for developers to innovate and address the unique requirements of this demographic.

Densification offers a proven solution to optimise urban land use while addressing affordability. Cities like Mumbai demonstrate how increasing housing density can accommodate growing populations and boost developer returns. However, thoughtful planning is crucial to ensure that quality and functionality are not compromised in the process.

The urgency for scalable urban planning is particularly evident in Bangalore, where rapid urbanisation and a 2.5% annual migration rate are straining limited resources. Compact, innovative housing designs and diversified options are essential to address the needs of millions of urban migrants while maximising land use efficiency.

While student housing caters to individuals at the start of their journey, co-living serves young professionals in shared spaces. As these individuals gain financial independence, their expectations move toward affordable, well-designed housing that prioritises privacy and aligns with their lifestyles.

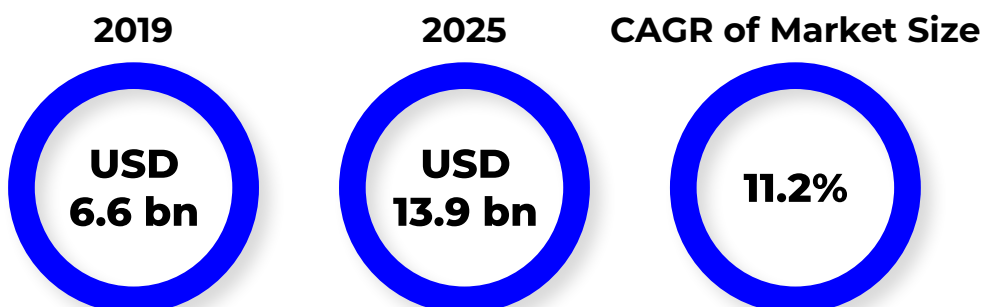
EMERGING HOTSPOTS FOR STUDENT HOUSING

Area	Prominent Higher Educational Institutes Hubs*	Monthly Accommodation Cost**
South	JP Nagar, Banerghatta Road, Jayanagar	₹ 10,000 - ₹ 12,000
North-West	Malleswaram, Rajajinagar	₹ 9,000 - ₹ 10,000
Central	Cox and Langford Town	₹ 9,000 - ₹ 11,000

Source: Propacity, 2024. *Note: This data has been accumulated from secondary research including, news articles, market research reports, and websites of companies that offer student housing in India. **Costs calculated for 2 BHK shared by 4 occupants [Cushman and Wakefield-SAPFI 2019 Report]

This transition underscores the growing demand for housing solutions that go beyond shared models. Compact, city-centric housing that balances affordability, premium design, and convenience can fill this gap, particularly for higher-income individuals who find existing co-living options insufficient.

CO-LIVING MARKET SIZE TOP-30 CITIES

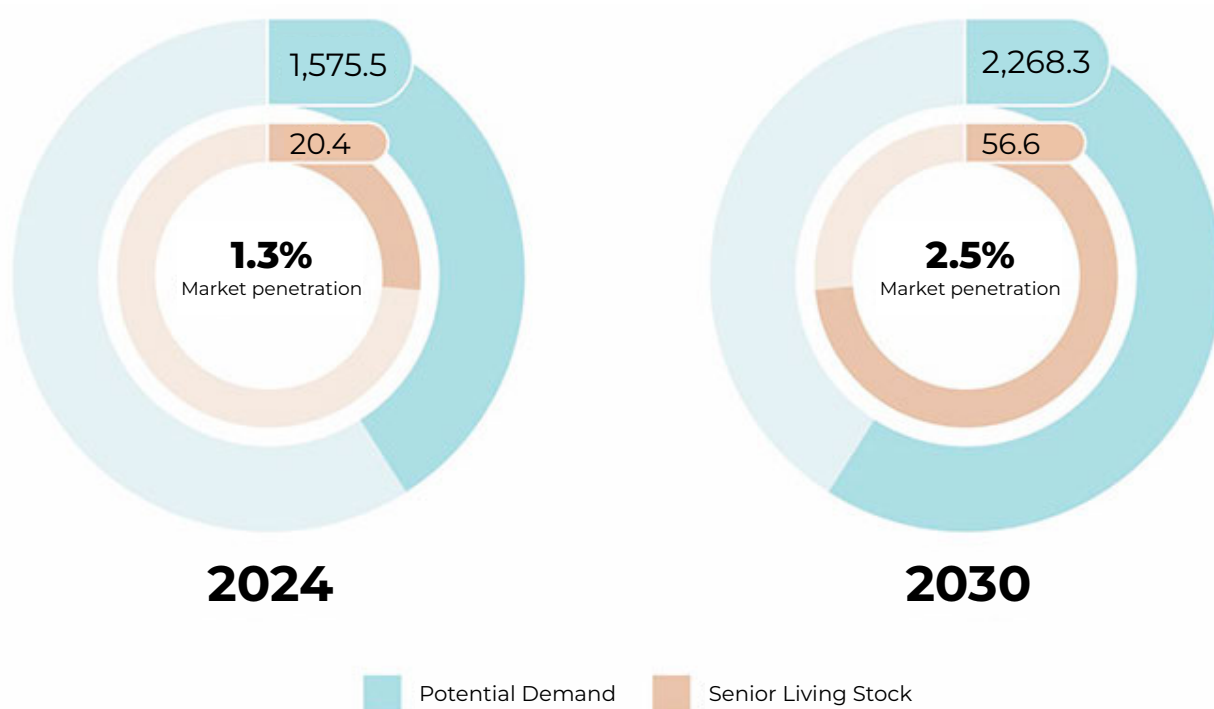


» Senior housing & Intergenerational communities

The “wisdom generation” represents a growing demographic with distinct needs and significant potential. Unlike previous generations focused on survival and savings, today’s elders are financially independent, debt-free, and possess substantial disposable income.

With children often financially secure, their focus has shifted toward enhancing their quality of life, driving demand for innovative senior living solutions that move beyond traditional models to more dynamic and empowering approaches.

SENIOR LIVING STOCK BASIS LAUNCHES, IN UNITS



Note: Figures in thousand units; Market penetration is calculated as the senior living stock divided by the potential demand. Source: United Nations World Population Prospects 2024, Longitudinal Ageing Study of India (LASI), JLL Research.

Modern senior living has progressed from outdated “old-age homes” into lifestyle-driven communities offering independence, comfort, and engagement. These environments combine thoughtful design - such as anti-skid flooring, natural light, integrated health monitoring, and voice-activated smart home systems - with personalised services like concierge assistance, housekeeping, and preventive healthcare to ensure safety and holistic well-being.

Communal aspects, including structured programmes, health screenings, and recreational activities, further enhance physical and mental health, creating a sense of belonging and purpose.

Intergenerational communities build on this concept, blending senior living with broader residential developments to encourage cross-generational connections. By dedicating spaces for elders within larger townships, developers recreate the essence of traditional Indian joint families in a modern context. These setups foster mutual respect and support, as younger residents assist their elders and engage in shared activities, bridging generational gaps and strengthening community ties.

This integration appeals to families seeking a balance between closeness and autonomy, transforming elder care into a seamless part of community life. By combining emotional connection with practical support, developers position intergenerational communities as aspirational housing options, where lifestyle and relationships take precedence over cost.



Image: GRI Club

CAPITALISING ON BANGALORE'S HOUSING POTENTIAL

With yields aligning favourably, India's residential real estate market is witnessing a surge in capital inflows from private equity firms and foreign investors. These players are extending their investment horizons from traditional five-to-seven-year cycles to longer-term commitments of 10-15 years, recognising the potential for compounding returns even in a high-interest rate environment.

The rising prominence of rental housing is also transforming investment opportunities. Yield-based rental models, particularly in Bangalore, are gaining traction, appealing to younger, mobile demographics seeking flexibility over ownership.

Innovative concepts, such as membership-based housing that allows residents to live across multiple cities, offer scalable, lifestyle-driven solutions that align well with investors seeking steady income streams and diversified portfolios.

The maturation of the REIT (Real Estate Investment Trust) market is another critical driver of change. Although primarily established in commercial real estate, REITs are poised to become a key exit strategy for residential projects by combining operational and asset components.

The anticipated growth of small and medium-sized REITs (SM-REITs) is also set to enhance market liquidity, attract institutional investors, and provide developers with scalable investment structures to meet evolving market demands.

Rising property values, integrated service offerings, and robust sales velocity are further solidifying the residential sector's appeal to investors. Early adopters of hybrid models that blend real estate with operational services are already realising significant financial rewards. As operational efficiencies improve and rental yields strengthen, the sector is increasingly positioned as a compelling avenue for long-term investment in India's urbanisation story.

» Financing strategies in luxury real estate

As Bangalore's luxury housing market expands, the ultra-luxury segment presents significant opportunities while posing unique challenges. Slower sales cycles, rising development costs, and heightened buyer expectations have intensified the pressure on developers to secure financing and maintain liquidity. Institutional investors, key players in this segment, remain highly selective, favouring developers with strong track records and sound financial practices.

Investor preferences are shaped by factors that include the type of development - such as low-rise villas and high-rise apartments - and the equity contributions made by developers. Financing challenges in this space are compounded by discrepancies between actual sales and reported cash flows, often caused by upfront cash payments and delayed registrations.

These misalignments complicate underwriting decisions, making transparency a crucial criterion for attracting institutional funding. Developers operating under listed or corporate structures have a distinct advantage, offering robust balance sheets and consistent financial reporting that align with investor expectations.

Rising land prices, compliance costs, and inflationary pressures have further strained project economics, pushing luxury property prices to record levels. While some developments command significant premiums per square foot, this escalation has heightened investor sensitivity, particularly for properties exceeding certain thresholds.

To navigate these challenges, both developers and investors are adopting more strategic and data-driven approaches. Projects with strong demand visibility, minimal regulatory risks, and reputable developers are increasingly prioritised for investment.

Debt-equity management has emerged as a cornerstone of financial resilience, with developers securing higher equity contributions upfront to strengthen financial ratios and improve cash flow management. Industry consolidation has also bolstered established developers, enabling them to leverage their scale and reputation to attract funding and mitigate risks effectively.

Ultimately, maintaining liquidity and sustaining project momentum remain critical for developers targeting the luxury segment. As institutional investors increasingly prioritise transparency, scalability, and credibility, the ultra-luxury market will reward those who combine disciplined financial management with innovative execution, setting new standards for success in this rapidly growing sector.



Image: GRI Club



Founded in 1998 in London, GRI Club currently brings together more than 18,000 senior executives spread across 100+ countries, operating in both real estate and infrastructure markets.

GRI Club's innovative discussion model allows free participation of all executives, encouraging the exchange of experiences and knowledge, networking, and business generation.

GRI Club Members also have access to our exclusive online platform to learn more about other members and their companies, correspond, schedule meetings, and receive unrestricted access to all GRI Club content.

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