

REPORT | Q1 2025



GRI Residential India

Industry leaders share key insights
on the evolving housing market

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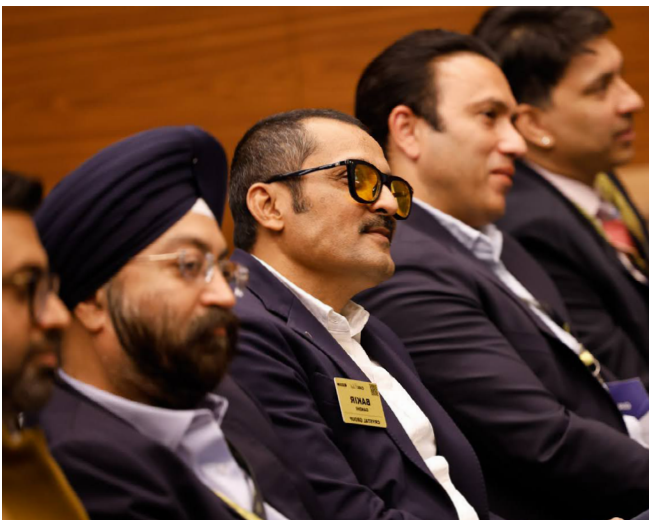
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INTRODUCTION

Since 1998, 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 **GRI Residential India**, a **GRI Club India** conference that brought together leading industry experts for dynamic roundtable discussions on key topics, including luxury property trends, family office investments, and diversification strategies for maximising ROI in today's evolving market.



CHECK OUT ALL THE PHOTOS FROM **GRI RESIDENTIAL INDIA**



HNWIs, NRIs, AND DOMESTIC INVESTORS FUEL LUXURY DEMAND

India's luxury residential real estate market is experiencing unprecedented expansion, driven by a combination of high-net-worth individuals (HNWIs), non-resident Indian (NRI) investors, and domestic buyers reallocating capital into prime properties.

The sector is not only outperforming expectations but is on track to deliver its third consecutive record-breaking year in sales. In the top seven cities, total residential sales in 2024 are projected to exceed INR 5.1 trillion, with more than 300,000 units sold, solidifying the luxury market's dominance within India's evolving real estate landscape.

One of the most significant shifts in this space is the growing market share of high-value transactions. The demand is particularly strong in Mumbai, Gurgaon, and Bangalore, where ultra-luxury residences have seen unprecedented absorption rates, highlighting a clear shift in buyer aspirations toward high-end, amenity-rich developments.

NOTICEABLE INCREASE IN THE DEMAND FOR HIGH-VALUE PROJECTS CHANGING LIFESTYLE PREFERENCES

Ticket Size Break Up - Sales (in INR)	2024 sales (No of units)	2023 sales (No of units)	2024 vs 2023 growth (%)	% share 2024 sales	% share 2023 sales
Less Than 50 Lakh	38,626	45,160	-14%	13%	17%
50 Lakh – 1.0 Crore	102,886	102,685	0.2%	34%	38%
1.0 Crore – 3.0 Crore	119,990	101,451	18%	39%	37%
3.0 Crore – 5.0 Crore	25,833	13,881	86%	9%	5%
Above 5.0 Crore	15,532	8,641	80%	5%	3%
Total	302,867	271,818	11%	100%	100%

Source: Real Estate Intelligence Services (REIS), JLL Research

Beyond individual buyers, family offices and institutional investors are also increasing their exposure to luxury real estate. Many of these investors are deploying capital into structured real estate funds and alternative investment vehicles, viewing luxury properties as a stable, appreciating asset class amid stock market volatility.

NRIs, in particular, are playing a key role in this expansion, actively acquiring premium properties in major Indian metros as part of long-term wealth preservation strategies. The trend aligns with global investment movements, where Indian investors have also demonstrated a strong appetite for luxury properties abroad, particularly in Dubai and the UK.

The emergence of luxury real estate as a preferred investment avenue can be attributed to several macroeconomic and market factors. The post-pandemic shift in investment behaviour has solidified real estate’s position as a reliable hedge against inflation and economic uncertainty.

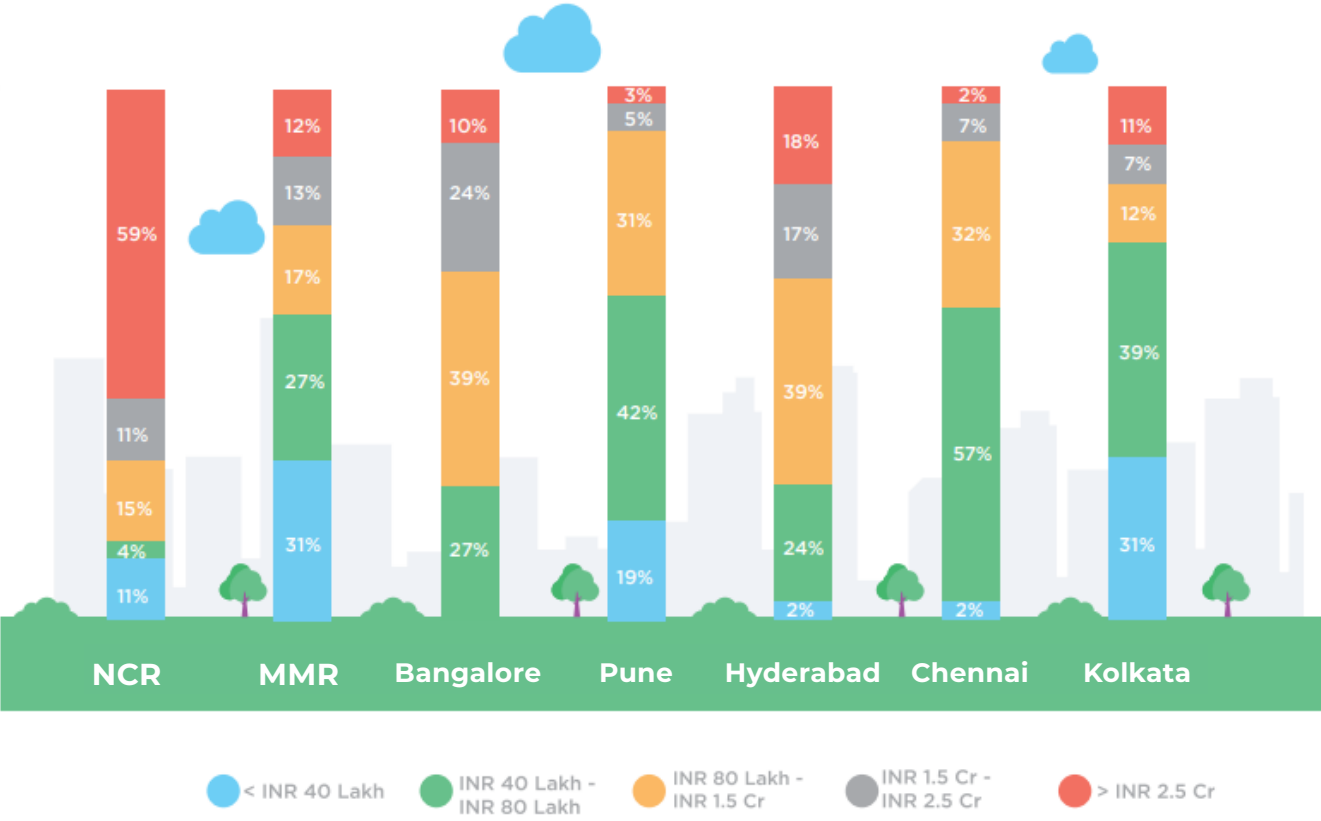
Additionally, ongoing infrastructure improvements, including metro expansions, expressways, and commercial hubs, have reinforced the attractiveness of key urban markets. The stock market’s sustained rally has also contributed to wealth creation, with capital from equity gains flowing into real estate.

» **Expanding across major metros and emerging markets**

While Mumbai remains the epicentre of India’s luxury real estate market, other metro cities such as Gurgaon, Hyderabad, and Bangalore are emerging as formidable contenders, attracting a new wave of high-net-worth buyers and investors. The expansion of luxury real estate beyond Mumbai is being driven by a combination of economic growth, infrastructure investments, and evolving consumer preferences.

Gurgaon, in particular, has become a prime destination for luxury residential projects, with record-breaking transactions reinforcing its status as a hub for UHNWIs. Similarly, Bangalore’s growing IT and financial sectors have supported the development of luxury residential enclaves, with a focus on high-rise penthouses and gated communities catering to C-suite executives, entrepreneurs, and international investors.

CITY WISE LAUNCHES - BUDGET SEGMENTATION



Source: Annual Residential Report 2024, Anarock (2024).

Beyond India's traditional metro markets, tier 2 and tier 3 cities are becoming increasingly attractive to developers and investors alike. Cities such as Surat, Indore, and Lucknow have experienced a surge in interest, thanks to rising local wealth, improved infrastructure, and increasing land values.

However, the investment strategy in these emerging markets differs from that of traditional luxury metros - instead of high-density residential towers, developers are focusing on plotted developments, which offer faster capital turnover, reduced financial risk, and better absorption rates compared to large-scale luxury apartment complexes.

With affluent buyers in tier 2 cities increasingly seeking larger plots, gated communities, and high-end amenities without the constraints of high-rise living, plotted developments are proving to be a highly strategic approach, particularly in cities where land appreciation is accelerating.

Unlike luxury high-rises that require extensive construction timelines and large upfront capital investments, plotted developments allow developers to monetise land faster while offering buyers flexibility in designing custom-built homes to meet shifting housing preferences.

Despite these opportunities, developers expanding into emerging markets must navigate key challenges, such as demand sustainability, consumer purchasing power, and the presence of established developers with local market expertise, which are crucial factors that influence project success.

Furthermore, the expansion of luxury housing into smaller cities is heavily reliant on infrastructure development. Improved connectivity through new highways, metro lines, and commercial districts are needed to drive long-term property value appreciation.



» Financial strategies for high-end developments

Despite the strong demand for luxury real estate, developers are facing increasing financial pressures, particularly due to escalating land costs and shifting capital availability. Over the past few years, land prices in prime urban markets have doubled, significantly impacting development economics and forcing developers to reconsider their investment strategies.

This surge in land costs, coupled with rising construction expenses, has made it increasingly challenging to maintain profit margins while keeping pricing attractive for high-net-worth buyers.

LAND PRICE ANALYSIS ACROSS TOP 8 GROWING MICRO MARKETS OF INDIA

Micro Markets	2020 (INR/sqft)	2024 (INR/sqft)	2030 (INR/sqft)	Land Price Appreciation Growth in next 5 years 2024-2030
Khopoli	2700	4200	16254	3.9x
Sanad	700	1900	6297	3.3x
Sonipat	2800	9829	29349	3.0x
GIFT City	4300	7500	20247	2.7x
Oragadam	2500	3800	6281	1.7x
Jewar	5000	7000	10482	1.5x
Doddaballapur	2700	3800	5726	1.5x
Mucheria	1100	1550	2400	1.5x

Source: Colliers

One notable strategy developers are using to navigate rising costs is the adoption of flexible pricing models and demand-driven project launches. Unlike in previous real estate cycles, where developers relied on speculative launches, today's market leaders are carefully timing their projects to align with buyer demand and market liquidity, resulting in record sales for projects associated with well-established developers.

Another pressing concern in the sector is the contraction of traditional lending sources. Non-banking financial companies (NBFCs), which historically played a key role in funding real estate projects, have significantly scaled back their exposure to the sector. Banks have also tightened their real estate lending criteria, leaving developers with fewer options for securing large-scale funding through conventional routes.

In response, developers are increasingly turning to structured financing solutions, equity-based funding, and institutional partnerships. Several major players are leveraging private equity, alternative investment funds (AIFs), and joint ventures with foreign institutional investors to secure capital for high-end developments.

ASSET CLASS-WISE PRIVATE EQUITY FUNDING Y-O-Y

	1H FY24	1H FY25	
OFFICE	73%	17%	↓
RESIDENTIAL	8%	17%	↑
INDUSTRY & LOGISTICS	16%	66%	↑
others	3%	-	↓

Source: Anarock Research, 2024.

This shift is particularly evident in the luxury segment, where large-scale projects require significant upfront investments before generating sales revenue. Developers with strong brand equity and proven track records have an advantage, as they can access structured debt or hybrid financing at more favourable terms compared to smaller players.

At the same time, the rise of real estate investment trusts (REITs) and HNWI syndicates has opened new avenues for capital infusion. Family offices and private wealth managers are increasingly viewing luxury real estate as an asset class worth including in their investment portfolios. The success of high-value transactions has further fuelled confidence in the sector, with multi-million-dollar deals becoming more frequent among private investors.

Another emerging trend is the strategic consolidation of real estate players, particularly in the high-end segment. Post-COVID, there has been a wave of mergers, acquisitions, and partnerships, allowing larger, well-capitalised firms to acquire land banks and scale their operations more efficiently.

As a result, the industry is becoming increasingly dominated by top-tier developers, while smaller players pivot toward joint ventures and co-branding strategies to remain competitive.



EMERGING OPPORTUNITIES FOR PORTFOLIO DIVERSIFICATION

Expanding beyond metro regions, tier 2 and 3 cities are emerging as attractive investment destinations, driven by infrastructure growth and rising demand. At the same time, alternative residential asset classes such as co-living, senior housing, and branded residences are also gaining traction.

» The rise of tier 2 & 3 cities

While major metros such as Mumbai, Bangalore, and Delhi-NCR continue to dominate luxury and premium housing, developers are beginning to recognise the potential of emerging urban centres such as Jaipur, Coimbatore, Vishakhapatnam, Bhubaneswar, and Surat, driven by a combination of economic expansion, infrastructure development, and rising disposable incomes.

The economic transformation of these cities is playing a crucial role in making them attractive destinations for real estate expansion. Urbanisation, the growth of IT and manufacturing hubs, and government-backed infrastructure projects are accelerating real estate demand, particularly in regions that offer lower living costs and improving connectivity to metro cities.

NEW UNITS SUPPLY (FY 2019-20 TO FY 2023-24)

Cities	New Supply FY 2020	New Supply FY 2024	Total New Supply (FY 2020 - FY 2024)	Avg Yearly New Supply	% change (FY 2020 - FY 2024)
Ahmedabad	41,936	49,690	234,947	46,989	18%
Vadodara	18,562	13,319	82,408	16,482	-28%
Surat	14,255	17,543	70,253	14,051	23%
Nashik	12,032	11,918	61,444	12,289	-1%
Gandhi Nagar	6,658	14,736	53,399	10,680	121%
Jaipur	5,521	7,620	32,702	6,540	38%
Nagpur	6,069	6,598	27,286	5,457	9%
Mohali	5,377	2,450	18,333	3,667	-54%
Visakhapatnam	4,895	4,488	24,887	4,977	-8%
Bhubaneswar	2,109	8,340	23,146	4,629	295%
Mohali	5,377	2,450	18,333	3,667	-54%

Source: PropEquity, 2024.

With enhanced road networks, airport expansions, and metro systems, several tier 2 and 3 cities are witnessing a surge in housing demand, as both end-users and investors recognise the long-term prospects in these locations.

While these markets offer developers diversification and risk mitigation, they also present significant challenges. Unlike metro markets, which have well-defined demand patterns and established buyer segments, each tier 2 and 3 city functions as a unique micro-market, requiring developers to tailor their strategies to local consumer behaviour, land regulations, and economic conditions.

Developers in these smaller cities are also favouring plotted developments over large-scale apartment projects, as this model allows for quicker capital turnover, reduced financial risk, and steady demand from homebuyers who prefer independent housing over shared high-rise living.

Another compelling factor driving expansion into these cities is the rising cost of land in metros, which has made large-scale acquisitions prohibitively expensive. But, while land in emerging cities is still relatively affordable, prices have started appreciating rapidly as more developers enter the market.

TIER 2 CITIES WITNESSED A 94% SURGE IN RESIDENTIAL PROPERTY PRICES

S.No	Row Labels	FY (2019 - 2020)	FY (2020 - 2024)	Price
1	Agra	3692	7163	94%
2	Goa	5378	10219	90%
3	Ludhiana	3689	6973	89%
4	Indore	2767	4759	72%
5	Chandigarh	4566	7762	70%
6	Dehradun	4531	7612	68%
7	Ahmedabad	3259	5200	60%
8	Bhubaneswar	4659	7361	58%
9	Mangalore	4794	7527	57%
10	Trivandrum	4299	6621	54%

*Prices in INR per sq. ft.

Source: PropEquity, 2024.

Early movers stand to benefit from securing large parcels at lower costs, positioning themselves ahead of future price surges. However, this also creates the risk of overestimating demand and miscalculating absorption rates, particularly in cities where large-scale migration and sustained economic activity have yet to be fully established.

Changing buyer preferences post-COVID are further shaping demand in these cities. Homebuyers today are seeking more space, better community living, and high-quality amenities, leading to increased demand for gated townships and plotted developments that offer more privacy and self-sustaining ecosystems.

Developers expanding into these markets must not only focus on housing supply but also on creating liveable communities, integrating essential infrastructure such as schools, hospitals, and retail centres to ensure long-term market stability and attractiveness.

Ultimately, successful expansion into tier 2 and 3 cities requires careful strategic planning, accounting for demand sustainability, buyer purchasing power, and government incentives that can impact real estate growth in these regions.

Market entry strategies should be phased and data-driven, allowing new players to assess buyer sentiment, absorption rates, and infrastructure readiness before committing to large-scale investments.

» **Alternative residential asset classes**

As urbanisation, shifting demographics, and changing lifestyle preferences create a need for more flexible, service-oriented housing solutions, developers and investors are broadening their scope beyond traditional models, increasing their focus into segments such as co-living, senior housing, and branded residences.

• **Co-living**

The growing demand for co-living and rental housing, particularly among young professionals in urban centres, has been a key trend shaping the market. Although the sector initially gained traction between 2017 and 2019 before facing disruptions during the COVID-19 pandemic, rising workforce mobility and affordability challenges are once again driving interest in flexible living solutions.

CO-LIVING IN INDIA: A SNAPSHOT

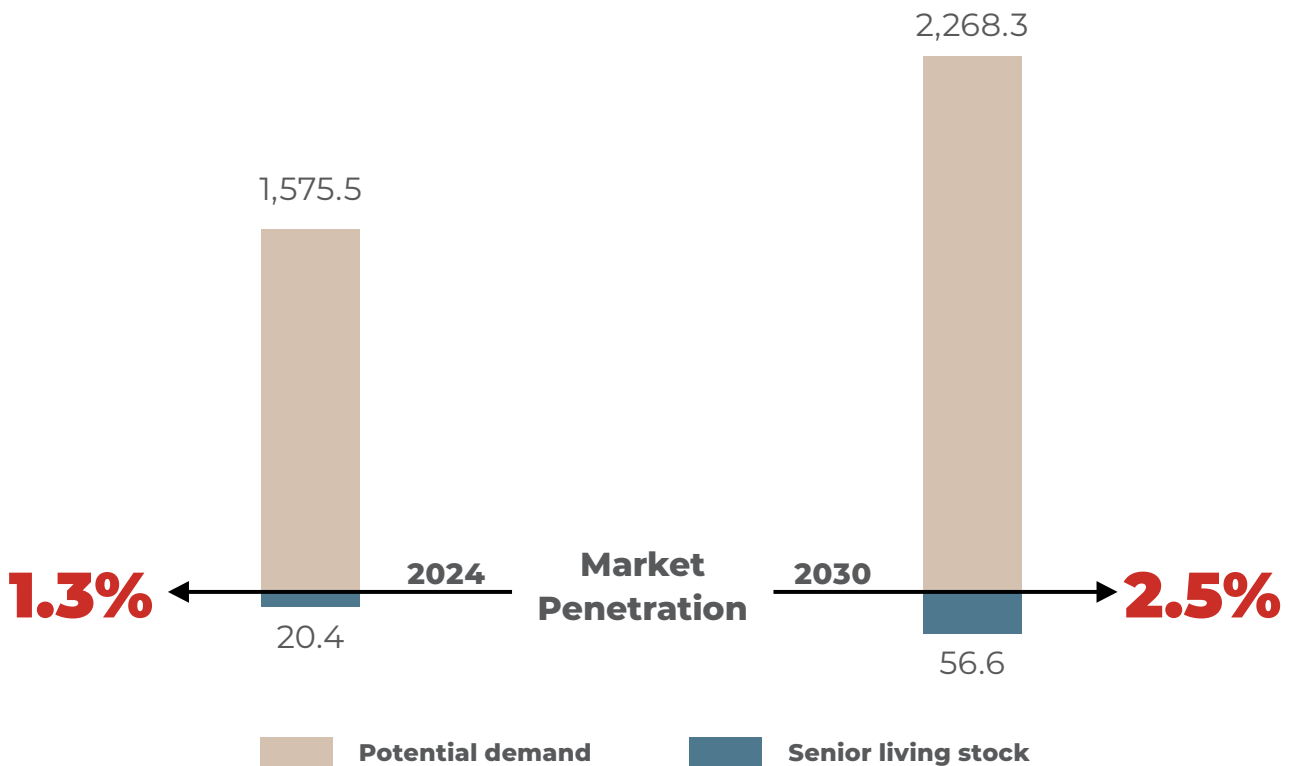
	Room Supply	Occupancy
Beds till 2019	200K+	85-90%
Beds till 2020	130K-140K	40-60%
Beds by Q4 2021	210K+	70%
Beds by 2024	450k+	-

The model, though promising, remains underdeveloped, with investors cautious about low rental yields, operational complexities, and market fragmentation. While demand is evident, institutional players remain hesitant to commit at scale due to property management challenges and uncertain long-term returns.

- **Senior housing**

Senior housing is another niche segment that has long struggled to gain mainstream acceptance but is now gradually becoming more viable. Historically, India's cultural emphasis on multigenerational living limited the demand for dedicated senior communities, but urbanisation and changing family structures are altering this dynamic.

MARKET PENETRATION OF ORGANISED SENIOR LIVING IN INDIA



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, 2024.

While there is growing consumer interest, the operational intensity and long-term service management requirements make it a difficult segment for developers to scale effectively. Many are now integrating senior living components into larger mixed-use developments, where independent senior residences are co-located with healthcare facilities, recreational amenities, and family housing, creating a more attractive and sustainable model.

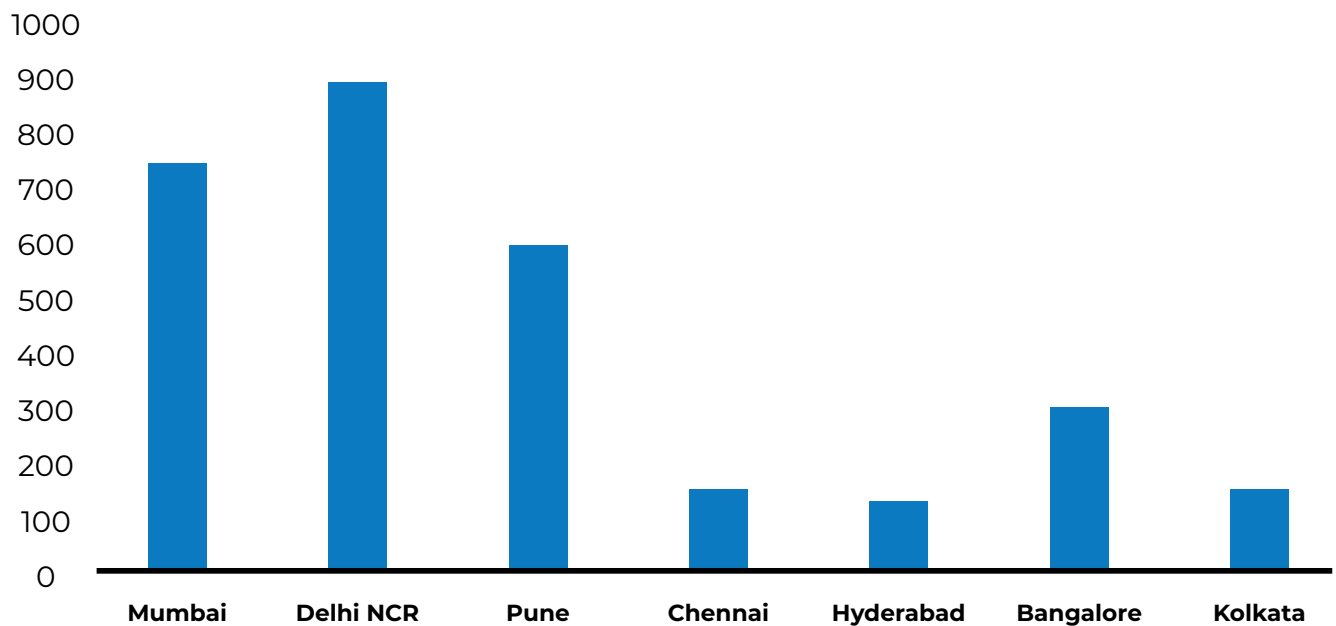
- **Branded residences**

Branded residences, particularly those linked to global hospitality groups, are also emerging as a prestige-driven housing segment, combining hotel-like amenities, concierge services, and the reputations of renowned luxury brands to attract HNWIs seeking exclusivity, convenience, and a service-oriented living experience.

The model has proven effective in commanding an increased price premium over comparable non-branded properties, particularly in metro locations with strong demand from international and NRI buyers.

While traditionally limited to luxury developments, branded residences are now expanding into the upper mid-market category, as affluent professionals seek managed living environments with added convenience and service offerings.

TOTAL OPERATIONAL & PLANNED BRANDED RESIDENCE UNITS ACROSS INDIA



Source: CREDAI & Noesis, 2024.

While these alternative residential formats hold promise, developers and investors remain cautious about their scalability and financial viability, since success in these segments hinges on clear market positioning, operational efficiency, and sustained demand.

Unlike traditional residential sales, co-living, senior housing, and branded residences require ongoing service management, making developer exit strategies more complex and necessitating strong market expertise to ensure profitability.

» Securing capital amid funding complexities

Rising land acquisition costs, regulatory hurdles, and shifting investor sentiment are reshaping how developers secure funding and allocate capital. While diversification presents significant growth opportunities, it also introduces capital allocation risks, making a well-structured financial approach essential to navigating these challenges effectively.

While conventional residential developments continue to attract financing, niche segments such as senior living, student accommodation, and workforce housing face greater challenges. Domestic and offshore investors prioritise scalable, high-yield projects, making smaller or lower-margin asset classes less appealing.

Compounding the issue, NBFCs, once a key funding source for real estate, have scaled back their exposure to the sector, forcing developers to explore alternative funding models. Domestic banks have also become increasingly selective, favouring developers with strong financial track records, proven execution capabilities, and large-scale projects.

In response, many developers are turning to structured solutions to sustain growth. Private equity and debt financing have emerged as preferred funding routes, reducing dependence on conventional bank loans while offering greater flexibility in capital deployment.



Additionally, institutional investors and family offices are selectively backing high-value residential projects, particularly in the luxury and branded residences segment, where premium pricing and brand-driven sales provide stronger returns and market stability.

Meanwhile, REITs, though primarily focused on commercial assets, are being considered for residential applications, particularly in the build-to-rent (BTR) sector, which has gained traction in global markets.

However, despite growing interest in alternative residential segments, institutional capital remains cautious due to market uncertainty, scalability concerns, and the lack of historical performance data.

Projects requiring long-term operational expertise and tenant management add further complexity, making large-scale investment difficult to justify for major investors.

As the funding landscape evolves, successful developers are adopting hybrid financial models that combine traditional residential sales with selective investments in alternative housing formats.

By diversifying revenue streams while mitigating risk, this approach ensures financial sustainability and strengthens developers' ability to navigate the complexities of an increasingly dynamic real estate market.

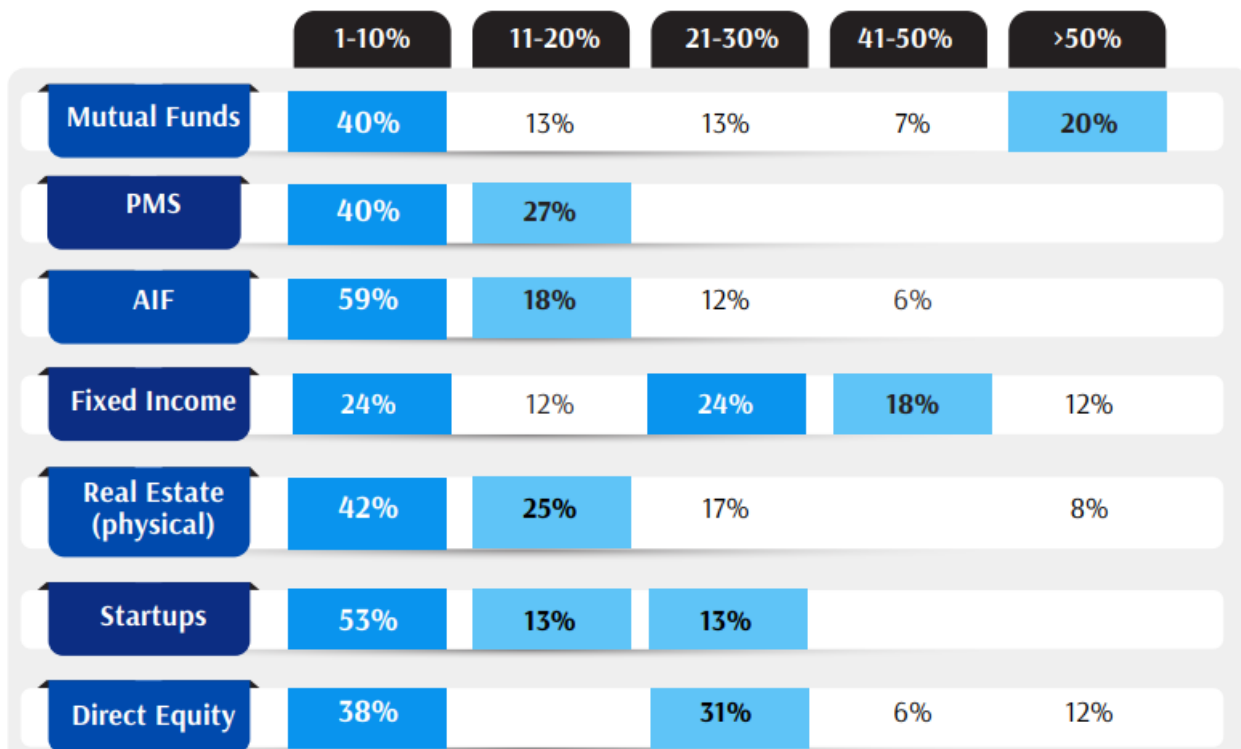


LEVERAGING FAMILY OFFICE & HNWI CAPITAL

India's family offices are emerging as a major force in residential real estate investment, with capital allocations rising significantly over the past decade. Traditionally focused on generational wealth through land banks and direct ownership, they are now formalising structures, professionalising asset management, and diversifying their portfolios.

Since 2018, the number of family offices in India has surged from 45 to 300 according to PwC, reflecting the rapid expansion of wealth among high-net-worth families. Many industrialist families are transitioning their wealth into structured investment vehicles, driven by a new generation of heirs who favour institutionalised asset management over direct ownership, accelerating the financialisation of real estate investment.

CURRENT PORTFOLIO ALLOCATION OF FAMILY OFFICES TOWARDS EACH OF THE FOLLOWING ASSET CLASS



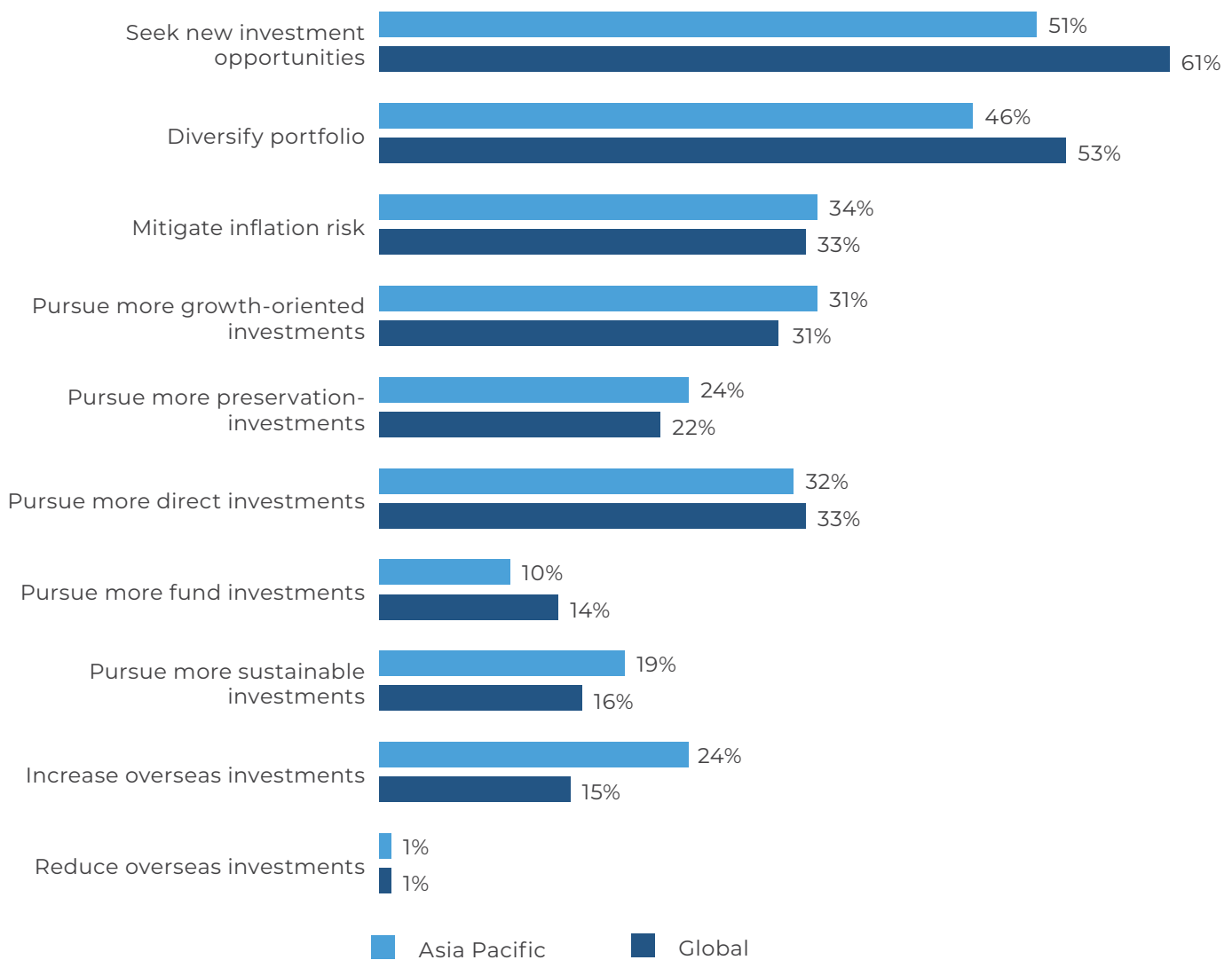
Source: Sundaram - Eleveight industry interactions, 2024.

» From direct ownership to funds and co-investments

Historically, UHNWIs and industrialist families preferred direct ownership of land and built assets, viewing real estate as a long-term generational wealth-holding instrument. However, the new generation of investors is shifting towards structured financial products, prioritising liquidity, risk-adjusted returns, and capital appreciation over asset-heavy ownership, aligning their strategies with global investment trends.

Many industrialist families are transitioning their wealth into structured investment vehicles, co-investing with institutional investors, and leveraging professional fund managers to optimise returns while mitigating risk. AIFs and REITs have become preferred investment channels, offering diversified exposure, passive income, and greater liquidity compared to traditional real estate holdings.

FAMILY OFFICES TOP THREE INVESTMENT PRIORITIES FOR 2024



Source: Deloitte Private & Raffles Family Office, 2024.

Debt-based real estate investments are also attractive in the current high-interest-rate environment, with structured credit funds offering increased fixed returns, far exceeding the typical rental yields in the market.

Another emerging trend is the growing allocation of capital to offshore real estate markets. Many family offices are diversifying into global hubs such as London, Dubai, and Singapore to hedge against local market fluctuations, with the expansion being

facilitated through private real estate funds, cross-border co-investment platforms, and direct equity stakes in overseas developments.

Despite this shift towards structured investments, direct ownership remains relevant, particularly for strategic land parcels and trophy assets in prime urban locations. Still, the prevailing trend is clear: family offices are moving from passive real estate holders to active financial participants, leveraging institutional partnerships, professional governance structures, and alternative investment models to maximise returns while maintaining exposure to the residential real estate sector.

» **Challenges and opportunities in deploying family office capital**

While the growth potential of family offices and UHNWIs is undeniable, capital deployment remains slow due to trust barriers, regulatory hurdles, and evolving market dynamics. Unlike institutional investors, they prioritise legacy preservation over aggressive growth, making them highly selective when allocating capital and choosing investment managers.

Family offices generally favour fund managers who demonstrate strong governance, proven track records, and transparent investment structures. Despite ample capital availability, they take longer to commit funds than institutional investors, conducting rigorous due diligence before engaging in large-scale transactions.

Regulatory complexity further complicates capital deployment, as many family offices navigate the intricacies of structured investment vehicles, including compliance requirements, tax structures, and governance regulations.

With AIFs and REITs expanding investment opportunities, adoption is progressing as investors explore their potential for risk management, liquidity, and long-term growth.

Another notable trend is the growing presence of international family offices in the Indian real estate market, driven by interest in premium residential developments and high-yield structured debt funds. As foreign investors adapt to India's regulatory landscape and market cycles, capital inflows are steadily increasing.

The growth of family office participation in Indian residential real estate will be shaped by the evolution of investment frameworks that cater to their needs. Developers offering institutional-grade investment products, transparent governance, and scalable opportunities will attract more capital, while those embracing professional asset management and structured financing will gain greater flexibility and stronger returns.



COSTS, MARGINS, AND ROI IN THE HOUSING SECTOR

Profitability in residential real estate development is under increasing pressure as construction costs, regulatory expenses, and marketing expenditures continue to rise. While developers traditionally targeted EBITDA (earnings before interest, taxes, depreciation, and amortisation) margins of 25-35%, actual profitability varies significantly based on location, project structure, and market cycles.

In high-growth markets, premium residential projects can achieve margins at the upper end of this range, sometimes exceeding 35% in exceptionally strong conditions, which are becoming more challenging as rising input costs and financing constraints weigh on developers. In volatile market conditions, margins can fall to 20% or lower, particularly in segments where pricing power is weaker or sales velocity slows.

To manage capital constraints, many developers are partnering with landowners through joint development agreements (JDAs), though this approach significantly compresses margins. Depending on location and land demand, landowners typically capture 25-40% of total revenue, limiting the ability of developers to maximise profitability compared to outright land purchases.

Another challenge developers face is cost unpredictability across different phases of the project lifecycle. While initial feasibility studies often indicate healthy margins, actual returns depend on timing, execution efficiency, and macroeconomic conditions at the time of sales and delivery.

To sustain profitability, developers are adopting flexible pricing models, optimising project timelines, and leveraging phased launches to improve absorption rates and manage capital outflows.

Those with strong brand positioning and customer loyalty benefit from greater pricing power, enabling them to protect margins even as costs rise. In contrast, newer developers or those expanding into unfamiliar markets often face higher acquisition costs and marketing expenses, leading to greater margin volatility.








» How to mitigate increasing development costs

Profitability in residential real estate is becoming increasingly complex as developers face mounting cost pressures across multiple fronts. While land acquisition has traditionally been the largest expense, rising construction costs, regulatory compliance fees, and marketing expenditures are now playing an equally significant role in shaping project margins.

A sharp increase in raw material prices and a persistent shortage of skilled labour continue to push costs higher, with cement, steel, and aluminium experiencing double-digit price hikes over the past two years. To prevent project delays and retain skilled workers, developers are offering higher wages and implementing workforce retention strategies, further adding to overall expenses.

PRICE/COST CHANGE OF KEY CONSTRUCTION COMPONENTS (OCT 24)

	Key construction material prices				Labour costs
	 Steel	 Cement	 Copper	 Aluminium	 Private sector
1 year (vs Oct 2023)	-1%	-15%	19%	5%	25%
2 years (vs Oct 2022)	-9%	-25%	26%	7%	80%
5 years (vs Oct 2019 – pre pandemic levels)	57%	30%	91%	57%	150%

Note: Prices for steel, cement, copper and aluminum are based on dealer-level costs as per Colliers' internal costing framework; Overall values are exclusive of GST. Changes in labour costs are as per market rates in the private sector for Grade A developments in tier I cities.

Source: Colliers, 2024.

Beyond construction, regulatory compliance and approval delays have become major financial burdens, with some developers reporting that approval-related costs now rival or even exceed construction expenses. Changes in environmental clearance norms, municipal development charges, and premium FSI (Floor Space Index) pricing have further inflated budgets, extending project timelines and tightening margins.

Developers also face increased financing expenses and extended capital lock-in periods while awaiting permits, adding further strain to project viability. Many are now factoring these extended approval processes into their financial planning, adjusting pricing models to account for holding costs and capital deployment delays.

In response to these challenges, industry players are turning to supply chain optimisation and advanced construction technologies to drive cost efficiency. Precast construction methods, AI-driven cost administration tools, in-house contracting teams, and sophisticated project management systems are being leveraged to minimise material wastage, enhance operational efficiency, and accelerate construction timelines.

CONSTRUCTION COST FOR VARIOUS ASSET CLASSES (INR/Sqft)

RESIDENTIAL

	Key Consideration	Bangalore	Chennai	Delhi	Hyderabad	Mumbai	Pune
High Rise Luxury Apartments	Floors: 30+	4,020 to 4,700	4,000 to 4,650	4,100 to 4,650	4,000 to 5,000	4,250 to 5,000	4,050 to 4,750
Mid Rise Luxury Apartments	Floors: 15+	2,600 to 3,00	2,550 to 2,950	2,650 to 3,050	2,600 to 3,000	2,750 to 3,200	2,650 to 3,050
Standard/Affordable Apartments	Floors: 5 to 12	2,240 to 2,600	2,200 to 2,600	2,300 to 2,650	2,250 to 2,600	2,350 to 2,750	2,250 to 2,650

Source: JLL India, 2024.

Cost pressures extend beyond construction and approvals - sales and marketing expenses are also playing a critical role in overall project profitability. In premium markets, where competition among high-end residential projects is fierce, companies are allocating significantly larger budgets to marketing and customer acquisition to maintain absorption rates and brand visibility.

Although often underestimated in feasibility studies, these costs can range from 5% to 17% of total project revenue, depending on factors such as location, developer brand strength, and reliance on brokerage networks. Established developers with strong brand equity typically spend less on marketing, benefiting from higher referral rates, repeat buyers and leveraging in-house sales teams, while reducing dependence on external brokerage commissions.

For newer developers or those entering unfamiliar markets, the cost of brand positioning, digital campaigns, and broker networks is considerably higher, often pushing marketing expenses toward the upper end of the spectrum.

Additionally, the shifting role of digital marketing in luxury home sales is a key point of consideration, with developers acknowledging that while digital platforms have expanded reach and improved lead generation, they have not fully replaced traditional sales channels for high-value transactions.

Luxury homebuyers continue to prioritise a personalised sales experience, reinforcing the importance of physical site visits, experience centres, and relationship-driven sales processes. Developers catering to UHNWIs and NRI buyers are investing in high-touch engagement strategies such as private previews, concierge-led sales, and curated real estate showcases - initiatives that come with higher costs but deliver stronger conversion rates and long-term customer loyalty.



Founded in 1998 in London, GRI Club currently brings together more than 19,000 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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