ASK Property Fund

Real Estate EDGE

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Navigating India's Luxury Real Estate Landscape

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Post recording an exceptional performance during 2021 through 2023, overall housing sales across top seven cities recorded a 4% decline, with approximately 4,59,650 units sold in 2024 compared to 4,76,530 units in 2023. The decline in housing sales can be attributed to a surge in average capital values (top 7 cities) which have increased by 21% on a YOY basis in Q4 2024 vis-à-vis Q4 2023 (Source: Anarock).

While the increase in prices have impacted the overall residential sales, the demand for homes in the luxury segment continued to see an upward trend in 2024. Strong and sustained demand growth in this segment can be attributed to the rising affluence, increasing aspirations, shift in buyer preferences for high-end units.

The landscape of the luxury residential real estate segment is itself undergoing a transformation driven by evolving prefer-ences and global trends. Apart from location, spacious living, exclusivity, opulence, privacy, design and architecture, tech enabled homes, buyers are seeking homes that offer top tier amenities, eco-friendly and community living, capital appreciation and rental opportunities.

In this month's Real Estate Edge, **Mr. Amit Goyal, Managing Director,** India Sotheby's International Realty shares his insights on the luxury housing concept in India, upcoming trends, demand drivers and outlook on the segment with **Ms. Dipali Gandhi, Head - New Initiatives, Research and Communication** - ASK Property Fund.

Q A

The definition of luxury real estate may differ from urban vs non-urban vs holiday homes vs villas etc. How would you define luxury and uber luxury real estate in the Indian context?

At India Sotheby's International Realty, we define luxury real estate as properties starting at ₹ 8 crore, with ultra-luxury beginning at ₹ 40 crore and above. That said, these price benchmarks are fluid, varying across cities and micro-markets. They will be higher in prime locations of a city like Mumbai.

Now let's come to what's common across luxury real estate in India - location, quality of residents, space, amenities like private pools, concierge services, and top-notch finishes by globally acclaimed architects/designers.

Uber-luxury, elevates the concept further, offering unmatched exclusivity with bespoke features such as expansive layouts, sprawling green spaces or golf courses, and iconic addresses like Lutyens' Delhi, Worli, or Malabar Hill. Even holiday homes and villas, though in a separate category, embody similar hallmarks of exclusivity, prime locations, and an integrated lifestyle benefit.

How has the landscape of luxury real estate supply evolved over the last decade?

Over the last decade, the luxury real estate landscape in India has undergone a remarkable transformation. Self-built bungalows, once a hallmark of affluence,

are giving way to community living in villas and high-rise luxury apartments. Today's buyers gravitate towards the assurance that comes with established Indian developers, or branded residences and serviced apartments, by globally acclaimed names.

In short, gated communities with world-class amenities, and uncompromising quality, be it a villa development or a high-rise condominium have become the gold standard for luxury living. This shift reflects evolving preferences for convenience, security, and a curated lifestyle.

Which factors have propelled the growth of luxury real estate in recent times and how are these factors likely to evolve in the coming years?

We believe there's a growing recognition that luxury real estate is the only asset class that serves a triple purpose-it offers a lifestyle enhancement with long-term wealth creation and trophy assets that can create intergenerational legacies.

Break it down further and several factors have led to a post-covid boom in luxury real estate.

Economic growth has led to rising affluence, with India now home to approximately 13,600 UHNIs as of 2024-a 6% increase from last year. This number is projected to grow by 50% by 2028, far outpacing global averages. Additionally, over 850,000 HNIs currently reside in India, a figure expected to nearly double to 1.65 million by 2027. Notably, 20% of these millionaires are under 40, signalling the influence of young wealth creators.

The first wave of luxury real estate buying in 2021 was driven by the post-COVID need for more space and better homes, with the work-from-home trend. Over time, financially savvy HNIs and UHNIs have shifted focus, reallocating capital market gains into tangible assets like luxury real estate. Our 2024 luxury real estate outlook survey shows affluent buyers are now prioritizing capital appreciation as much as lifestyle upgrades. Limited supply in prime areas adds a scarcity premium, ensuring steady price growth, while luxury properties remain a reliable hedge against inflation.

Infrastructure developments such as the Navi Mumbai Airport, Mumbai's Coastal Road, Atal Bridge, and NCR's expressways, Noida International Airport have significantly boosted property values, making luxury real estate an even more attractive proposition.

? Please share your views on the emergence of concepts like branded residencies.

Yes, branded residences from global names such as Four Seasons, Trump Towers, Armani always have takers amongst the wealthy, we see that it is the high-end luxury projects from India's top developers that continue to remain a favourite amongst the discerning ultra-luxury home buyers.

? Which non-urban locations are gaining traction in luxury real estate?

Non-urban luxury real estate is doing particularly well in the most-sought after beach and hill destinations, such as Goa, Alibaug, Dehradun, and Kasauli. These markets are a hit with buyers looking for more than just a home-they're seeking tranquillity, a better work-life balance, and a break from city chaos. Add modern amenities and improved connectivity, and these locations have become the go-to choice for luxurious holiday homes, which often double up as a primary home as well, for many who can choose to work from anywhere.

The other strong trend in luxury demand are farmhouses and villa developments at drivable distances from the main city of residence of UHNI families.

? What would be the share of investment demand in luxury real estate market and how has the capital value appreciation been in the last few years?

Investment demand has been a strong driving force in the luxury real estate market, thanks to the segment's resilience and consistent appreciation, especially post-COVID. Capital values in hotspots like Mumbai and Gurugram have skyrocketed by over 50% in just two years.

Even rental yields have seen a healthy boost. Spacious, well-located properties in Bengaluru, Gurgaon, and Mumbai now offer 3-4% returns, up from the pre-COVID average of 1.5-2%. In North Goa, sought-after villas are commanding annual rental yields of over 5%, making luxury real estate an appealing mix of lifestyle and investment potential.

? What are the trends you have witnessed in buyer profiles?

The luxury real estate market continues to be driven by a strong domestic base, though there's a modest return of interest from NRIs. Younger buyers, particularly those aged 30-45, are making their mark in this space, fuelled by the rise of unicorns, start-ups, and tech entrepreneurship. The buyer profile is a dynamic mix of industrialists, entrepreneurs, CXOs, movie and sport stars and professionals like lawyers and doctors, hailing from both Tier 1 and Tier 2 cities. This spectrum reflects the evolving aspirations across India's economic landscape.

? How have the preferences of buyers evolved over the years and what are the parameters they watch out for before buying?

Today's luxury real estate buyers have clear priorities that go beyond just square footage. Peer-to-peer living is a major draw-high-rise condominiums have become exclusive networking hubs, symbolizing status and success. For the ultra-wealthy, owning a property in iconic locations like Lutyens' Delhi remains the ultimate statement of achievement. Equally important is quality and design.

Prime location is non-negotiable, with buyers seeking properties that combine exclusivity with excellent connectivity. Top-notch amenities are also a must-have, from golf courses and concierge services to wellness areas, sustainability features, and cutting-edge tech integration.

How popular is the rental market within the luxury real estate market space?

The luxury rental market is on the rise, fuelled by demand from expatriates, top corporate executives, and professionals. Prime areas like Bandra-BKC-Worli in Mumbai, and Vittal Mallya Road in Bengaluru, and Golf Course Road, Jorbagh, Malcha Marg, and West-end in Delhi-NCR are leading the charge. These locations not only command high yields but also cater to a discerning clientele seeking premium living spaces with top-tier amenities and connectivity.

Has fractional ownership in the luxury space gained traction with the announcement of SM REITs/ otherwise? How do you perceive this model going forward?

Fractional ownership in luxury real estate is still in its early stages but is steadily gaining traction, especially with the buzz around SME REITs. This model opens the doors to high-value properties at more accessible entry points. While not yet mainstream, its potential is undeniable as innovative new-age companies and forward-thinking investors continue to explore and refine this concept.

What kind of growth do you envisage in the Luxury Real Estate market in the coming years and which segments and cities are likely to drive this growth?

We firmly believe that luxury real estate is on a strong growth trajectory, powered by a mix of rising affluence and shifting buyer preferences. With India maintaining its position as the fastest-growing global economy, the number of HNIs and UHNIs is set to expand, which should keep the momentum going. The supply is currently lagging demand in some of the most coveted zip codes. Developers have already recognised this opportunity, and we will see more luxury launches in villa developments, high-end apartments and luxurious holiday homes, by top developers. Cities like Mumbai, Delhi-NCR, Bengaluru, and Goa will continue to lead this growth.

For further information, please contact:

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