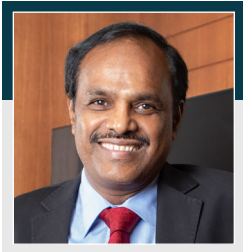


# Real EstateEDGE

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## Decoding India's Residential Real Estate: Demand, Pricing & Developer Strategy





An exclusive conversation with

### Murali Malayappan

Chairman & Managing Director  
Shriram Properties Ltd

**Mr. Murali Malayappan** is the Chairman and Managing Director of Shriram Properties Ltd. Under his guidance, supervision and mentorship, Shriram Properties today has emerged as one of South India's most credible mid-market and mid-market premium real estate developers.

Murali commenced his career in civil engineering with the state public works department in 1988, later joining Larsen & Toubro in 1995, where he played a pivotal role in establishing L&T Hitech City, a landmark in India's IT revolution. His exceptional talent attracted the attention of Shri R. Thyagarajan, Founder & Chairman of Shriram Group, leading to his appointment as head of Shriram Properties Limited in 1997.

Murali assumed the role of CEO at a young age and has since orchestrated a remarkable transformation for the company. Under his leadership, Shriram Properties Ltd has evolved from a modest venture in 1997-98 to a listed entity in 2021 with a diverse portfolio spanning cities such as Bangalore, Chennai, Coimbatore, Visakhapatnam, Kolkata, and Pune. The company operates across multiple sectors, with a primary focus on mid-market and mid-market premium housing, plotted developments, integrated townships, and IT parks.

An alumnus of IIM-Bangalore and Harvard Business School, Murali is a sought-after panelist and speaker at high-level national and international

seminars, forums, and prestigious business schools. He holds positions on the Governing Council of various real estate bodies in India and is regularly featured in national and international media.

India's residential real estate sector continues to witness steady growth, with buyer preferences evolving. Modern buyers seek homes with advanced amenities and smart technology. Developers are focusing on project feasibility, competitive pricing, and efficient cost management to meet demand for quality and innovation. Despite short-term changes, the industry remains optimistic, targeting improved amenities and technological integration to address evolving buyer expectations.

This edition of ASK Property Fund's Real Estate Edge entails an insightful interaction between **Mr. Murali Malayappan, Chairman and MD, Shriram Properties Ltd.** and **Dipali Gandhi, Head Research, New Initiatives and Communication - ASK Property Fund** entailing industry dynamic and prospects, with key highlights presented below.



**In Bangalore, both absorption and prices have risen by 9% CAGR each between 2017 and 2025 resulting in an absorption value CAGR of 19%. Is this increase in prices factored in recent land acquisitions while evaluating feasibility and project economics? How is the current softening in absorption likely to impact overall profitability?**

We follow a calibrated approach being competitive in established micro-markets where visibility on price upside and absorption is stronger, while remaining conservative in emerging corridors. In locations where absorption has softened temporarily, our focus shifts to project sizing, phased development, and cost discipline to protect margins. Overall, we believe prudent underwriting and market-specific assumptions help mitigate short-term volatility while preserving long-term profitability.

In Bangalore, the increase in prices has largely been factored into our recent land acquisitions, but in a calibrated and market-specific manner rather than through broad assumptions. We underwrite each project with conservative base pricing and rely on visible absorption momentum and infrastructure triggers to drive upside.

For instance, in East Bangalore (Whitefield-Sarjapur belt) & North Bengaluru, where absorption has remained relatively resilient due to sustained IT employment and infrastructure upgrades, our recent acquisitions were evaluated with current market pricing but conservative velocity assumptions. This allowed us to remain competitive on entry cost while still building in margin headroom through phased launches and premium product positioning.

In contrast, in Fringe Areas Beyond Kengeri: Localities further out on Mysore Road are seeing a dip in demand compared to central hubs as buyers prioritize immediate infrastructure over long-term speculative

growth, where absorption has seen temporary softening despite strong long-term fundamentals, we have adopted a more cautious approach. Project sizing has been optimized, launches are being staggered, and construction phasing is closely aligned with demand visibility. This ensures capital efficiency and protects profitability even in periods of slower sales momentum.

Overall, by differentiating our approach across micro-markets being competitive where price upside and absorption are visible, and conservative where demand is still normalising we believe prudent underwriting, disciplined cost control, and phased execution help mitigate near-term volatility while preserving long-term returns.



**With income levels lagging price growth, how are buyers reacting? Are you facing objections or challenges regarding pricing?**

Over the medium to long term, we expect the market to move toward equilibrium, where price growth aligns more closely with income growth and product differentiation. Developers who are able to deliver well-designed homes with clear value propositions are better positioned to sustain demand, even in a moderating price environment.

Over the last five years, buyers have become more discerning as price growth in key markets like Bangalore has outpaced income growth. This has increased price sensitivity, but it has not led to a structural slowdown in demand. Instead, buyers are placing greater emphasis on value, developer credibility, and execution quality.

We have seen some moderation in absorption in select micro-markets where price appreciation has been sharp and supply has entered at higher base levels. However, this appears cyclical rather than purely price-driven. End-users remain active, though decision cycles have lengthened as buyers evaluate options more carefully.



Projects with clear differentiation strong locations, efficient layouts, thoughtful design, and visible infrastructure triggers have absorbed price increases better. Commoditised offerings without a strong value proposition are seeing greater resistance.

We are addressing this through product optimisation and disciplined execution: right-sizing units to enhance affordability, phasing price increases alongside construction progress, and offering calibrated payment structures without diluting pricing integrity.

Overall, we expect the market to move toward a more sustainable equilibrium, with price growth aligning more closely with income growth. Developers with strong balance sheets, prudent underwriting, and differentiated products will continue to sustain healthy absorption.

**?** **What influences project velocity in micromarkets, and what features attract today's buyers? As the average buyer age drops to the early 30s, are preferences shifting?**

As Gen Z and younger millennials begin purchasing homes earlier, technology-enabled living has become a baseline expectation. Smart home features, digital interfaces, and efficient layouts are no longer premium differentiators. We are also seeing first-time buyers increasingly opting for compact yet premium homes that balance affordability with aspirational living. Amenities, community spaces, and sustainability features play a growing role in purchase decisions.

**?** **Which new corridors are emerging in Bangalore given ongoing traffic issues? What are the top 2-3 factors you look out for while planning new launches?**

Currently, North Bengaluru, Whitefield, and Electronic City continue to demonstrate strong residential traction. When evaluating new launches, we focus on

three core factors: connectivity and infrastructure visibility, proximity to employment hubs and social infrastructure, and long-term livability of the micro-market. These elements together support sustainable demand and project velocity.

**?** **Co-working, co-living, and senior living are expanding— which segment offers the best potential for developers, and why?**

While we are not currently active in co-living, co-working, or senior living segments, each presents meaningful opportunities. However, these asset classes require specialised operating models, focused capital allocation, and strong execution capabilities.

From a developer's perspective, success in these segments depends on scale, operational expertise, and clarity of target audience. We continue to evaluate such opportunities selectively, aligned with our strategic priorities and core competencies.





### With limited bank and NBFC land funding, how are you sourcing growth capital?

Our strong credit track record and long-standing relationships with institutional partners have consistently enabled access to growth capital. We continue to follow an asset-light strategy, supported by platform partnerships and internal accruals.

While we pursue outright land acquisitions selectively where risk-adjusted returns are compelling, our primary focus remains on capital-efficient growth. This disciplined approach has ensured that capital availability has not been a constraint on our expansion plans.



### What is your outlook for the Indian residential sector over the next decade?

The Indian residential sector is undergoing a structural transformation backed by strong long-term fundamentals. Urbanisation, nuclear families, and a young aspirational workforce continue to drive sustained housing demand across leading metros and select Tier-2 cities.

Over the next decade, we expect demand and absorption to remain healthy, though more calibrated than

past upcycles. Buyers are increasingly pragmatic seeking “attainable luxury”: well-designed, amenity-rich, sustainable homes within efficient footprints. Affordability, supported by stable interest rates and formal income growth, will remain a key demand driver.

On the supply side, launches are likely to stay disciplined, with the industry firmly shifted to demand-led, phased development. Regulatory reforms and balance sheet discipline have accelerated consolidation, enabling organised developers and strong regional players to expand into national platforms.

We anticipate moderate, sustainable price appreciation aligned with income growth and cost inflation, with premiums for differentiated products offering strong location, design, and delivery assurance.

Remote and hybrid work trends are also reshaping demand toward suburban and satellite corridors that combine value with connectivity.

Looking ahead, homes will increasingly function as integrated lifestyle spaces supporting productivity, wellness, and sustainability. Developers who align with these evolving needs, while maintaining pricing and execution discipline, will lead the next phase of India’s housing growth.

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