



46th
edition

KNIGHT FRANK-NAREDCO

Real Estate Sentiment Index

Q3 2025 (Jul-Sep 2025)

September 2025

The Real Estate Sentiment Index is developed jointly by Knight Frank India and the National Real Estate Development Council (NAREDCO). The objective is to capture the perceptions and expectations of industry players to gauge the sentiment of the real estate market.

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30th Years India
Anniversary

Foreword



Shishir Baijal
Chairman & Managing Director
Knight Frank India

As we enter the latter half of 2025, India's economy continues to display resilience amid a challenging global backdrop. Despite muted global growth and persistent trade frictions, domestic fundamentals remain strong – anchored by steady rural consumption, a gradual recovery in urban demand, and sustained government capital expenditure. The services sector, led by construction, trade, and financial services, continues to demonstrate buoyancy, reinforcing India's position as one of the world's fastest-growing major economies.

With the repo rate maintained at 5.5% after cumulative cuts earlier in the year and inflation conditions remaining benign during FY 2025-26 so far, with actual outcomes turning out to be significantly lower than projections, liquidity conditions have remained supportive of investment and housing demand. Real GDP growth for FY 2025-26 is projected at 6.8%, offering a stable macroeconomic foundation for the real estate sector.

The real estate industry mirrors this resilience. While low to mid ticket size residential segments have seen measured recalibration, demand for high ticket size residential segment remains robust, supported by rising incomes and consumer confidence. The office market, driven by continued GCC expansion and steady leasing momentum, underscores the sector's structural strength.

The 46th edition of the Knight Frank-NAREDCO Real Estate Sentiment Index for Q3 2025 encompasses the current and future sentiments concerning the real estate sector, the economic environment, and funding availability as perceived by supply-side stakeholders.

I hope that you will find it insightful and interesting, and I extend my deepest gratitude to all industry stakeholders for their participation in this survey.



Partners' take on the sector



Shri Parveen Jain

President, NAREDCO

The Knight Frank NAREDCO Real Estate Sentiment Index – Q3 2025 shows that India's real estate sector is in a stable and confident phase. The mood across the industry remains positive, supported by a steady economy, consistent policy direction, and healthy activity in both residential and office markets. Developers are moving with caution, focusing on quality projects, while financial institutions continue to show faith in the sector's long-term strength.

Premium homes and commercial spaces are driving much of the optimism, reflecting growing urban aspirations and steady business demand. While construction costs and selective supply planning have made developers more measured in their approach, liquidity and funding support remain strong.

Overall, the report signals a market that is resilient and forward-looking. The coming months are expected to bring balanced growth, shaped by careful planning, consumer confidence, and the continued maturity of India's real estate ecosystem.

Approach & Methodology

The Real Estate Sentiment Index is based on a quarterly survey of key supply-side stakeholders which include developers and non-developers, i.e., financial institutions including banks, Non-Banking Financial Companies (NBFCs) and private equity (PE) funds. The survey comprises questions pertaining to the overall economic momentum, funding availability, project launches, sales volume, leasing volume, prices, and rents. For each of the questions, respondents choose from the following options for which weightage has been assigned as follows: a) Increase/Increased (100 points), b) Somewhat Increase/Somewhat Increased (75 points), c) Same (50 points), d) Somewhat Decrease/Somewhat Decreased (25 points), and e) Decrease/Decreased (0 points). The Index is determined by calculating the weighted average score of the number of responses in each of these categories, across questions.

A score of 50 represents a neutral view or status quo; a score above 50 demonstrates a positive sentiment; and a score below 50 indicates a negative sentiment.

To present a holistic view of the real estate industry, the report is divided into two sections. Section A comprises two indices: The Current Sentiment Index that indicates the respondents' assessment of the present scenario compared to six months back, and the Future Sentiment Index that represents their expectations for the next six months.

Section B focuses on the analysis of future sentiments of the stakeholders on different aspects such as the geography of stakeholders, stakeholder type (developer/non-developer), outlook specific to the residential and office markets, and outlook on the economy and funding scenario at large.

This survey edition is for the period July 2025 to September 2025 i.e., Q3 2025.

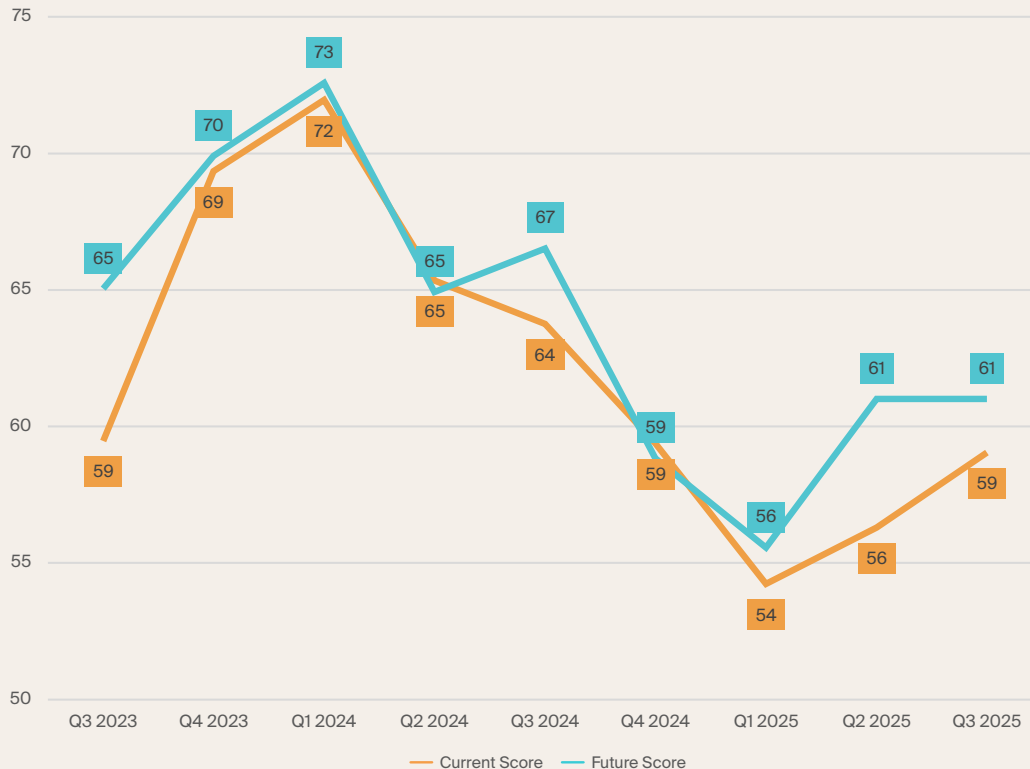


Sentiment index survey findings

SECTION A: OVERALL SENTIMENT SCORE

GRADUAL RECOVERY IN STAKEHOLDER SENTIMENT

Sentiment Index Score



Score >50: Optimism; Score =50: Neutral/Same; Score <50: Pessimism

Source: Knight Frank Research

A1. Current Sentiment Score

- The Current Sentiment Score rose to 59 in Q3 2025 from 56 in the previous quarter, indicating improving confidence among stakeholders. The uptick reflects strengthening market fundamentals, steady office leasing activity, and easing inflationary pressures. The optimism also stems from improved liquidity and stable policy signals, reinforcing confidence in sustained sectoral growth.

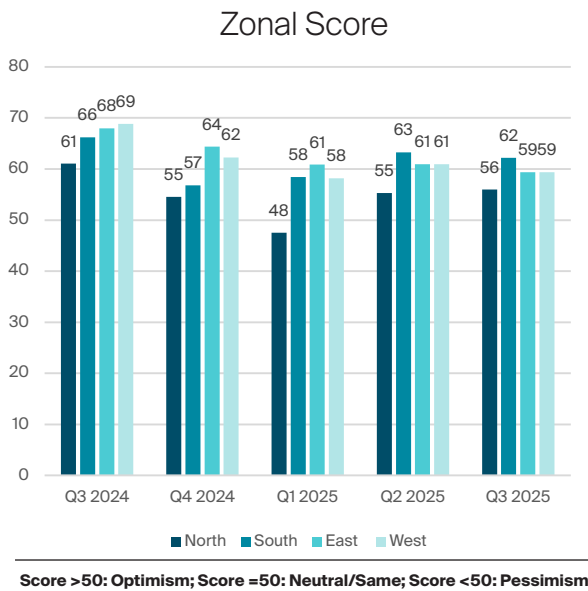
A2. Future Sentiment Score

- The Future Sentiment Score remained stable at 61 in Q3 2025, maintaining its position in the optimistic zone. The steady score indicates balanced stakeholder expectations. Developers and investors foresee sustained traction in premium residential and office markets, buoyed by strong occupier demand and stable interest rates. Although global uncertainties persist, India's domestic stability, continued infrastructure expansion, and healthy consumer spending underpin confidence in the next six months.

SECTION B: FUTURE SENTIMENTS

B.1. Zonal Future Sentiment Score

SLIGHT MODERATION IN ZONAL SCORES; NORTH REBOUNDS



Source: Knight Frank Research

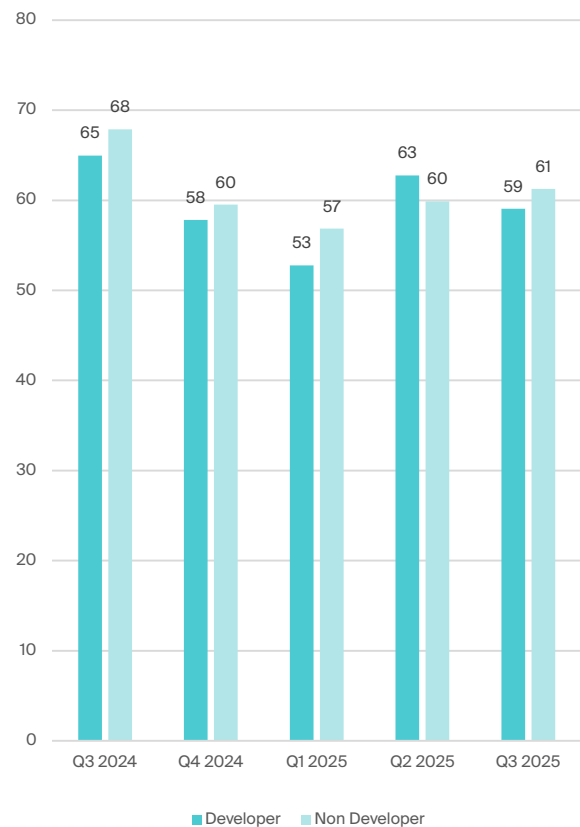
Findings

- Zonal sentiment trends in Q3 2025 suggest stability across most regions, with optimism prevailing nationwide.
- North Zone continued its gradual recovery, improving marginally to 56, supported by office traction in Delhi-NCR.
- The South Zone remained the most buoyant at 62, even though the score moderated by one point. The robustness is propelled by strong leasing in Bengaluru and Hyderabad and resilient premium housing activity.
- The East Zone eased slightly to 59, reflecting moderation in launches in first 3 quarters of 2025 compared to the same period in 2024.
- The West Zone also witnessed a slight moderation from 61 in Q2 2025 to 59 in Q3 2025, where office absorption in Mumbai and Pune offset the measured momentum in residential sector.
- Overall, the zonal consistency highlights balanced optimism supported by fiscal steadiness and sustained urban demand.

B2. Stakeholder Future Sentiment Score

DEVELOPERS TREAD CAUTIOUSLY;
NON-DEVELOPERS MAINTAINS STEADY OPTIMISM

Stakeholder Score



Source: Knight Frank Research

Note: Non-Developers include banks, financial institutions and PE funds

Findings

- Developer sentiment moderated to 59 from 63, reflecting pragmatic caution as they balance elevated input costs and slower lower to mid-segment sales.
- Non-developer stakeholders, including banks and private equity funds, sentiments improved slightly to 61 from 60 in the previous quarter, signalling steady confidence in structured, premium-grade assets.
- The alignment between cautious developers and optimistic financiers points to sustained confidence anchored in liquidity and asset quality.

B3. Residential Market Outlook
IMPROVEMENT IN OVERALL RESIDENTIAL SENTIMENT

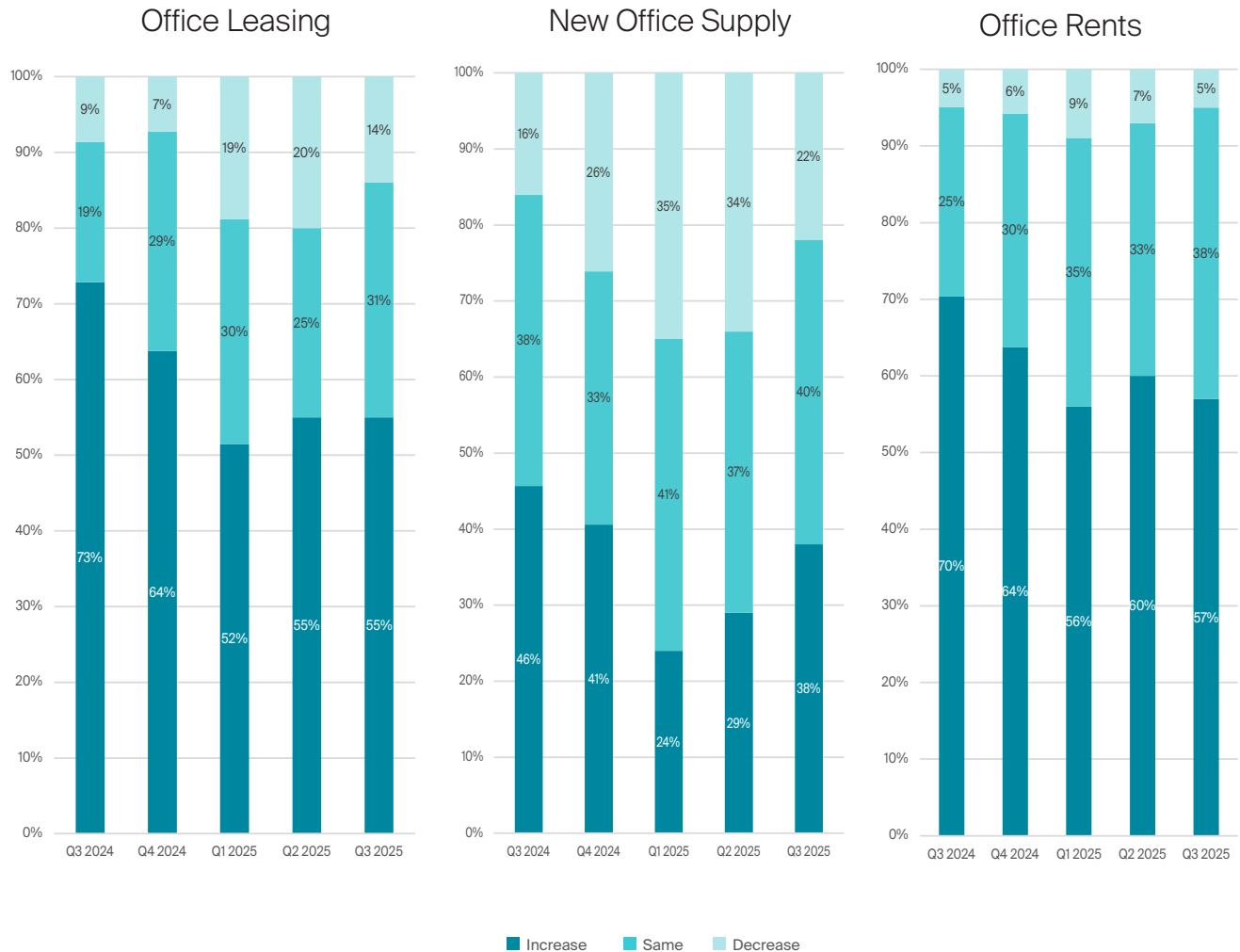


Source: Knight Frank Research

Findings

- Sentiments for launches in residential has improved slightly, with 71% expecting launches to stay flat or rise, up from 70% in the previous quarter. Developers are pacing supply, prioritising higher-ticket projects while moderating low to mid ticket size rollout to avoid inventory build-up.
- For residential sales, optimism has inched up due to rate cuts, subvention schemes and other offers to support affordability. Demand is anchored by high ticket size segments; mid to low ticket size segment lags, with increasing QTS.
- The sentiment for residential pricing is firm, with 92% anticipating stable or higher prices, inching down from 96% in the same period last year. Markets such as NCR, Bengaluru, and Hyderabad continue to drive this price momentum, posting Y-o-Y increase of 13%–19% in Q3 2025 compared to the same period last year.

B4. Office Market Outlook
OFFICE MARKET SENTIMENTS REMAINS RESILIENT

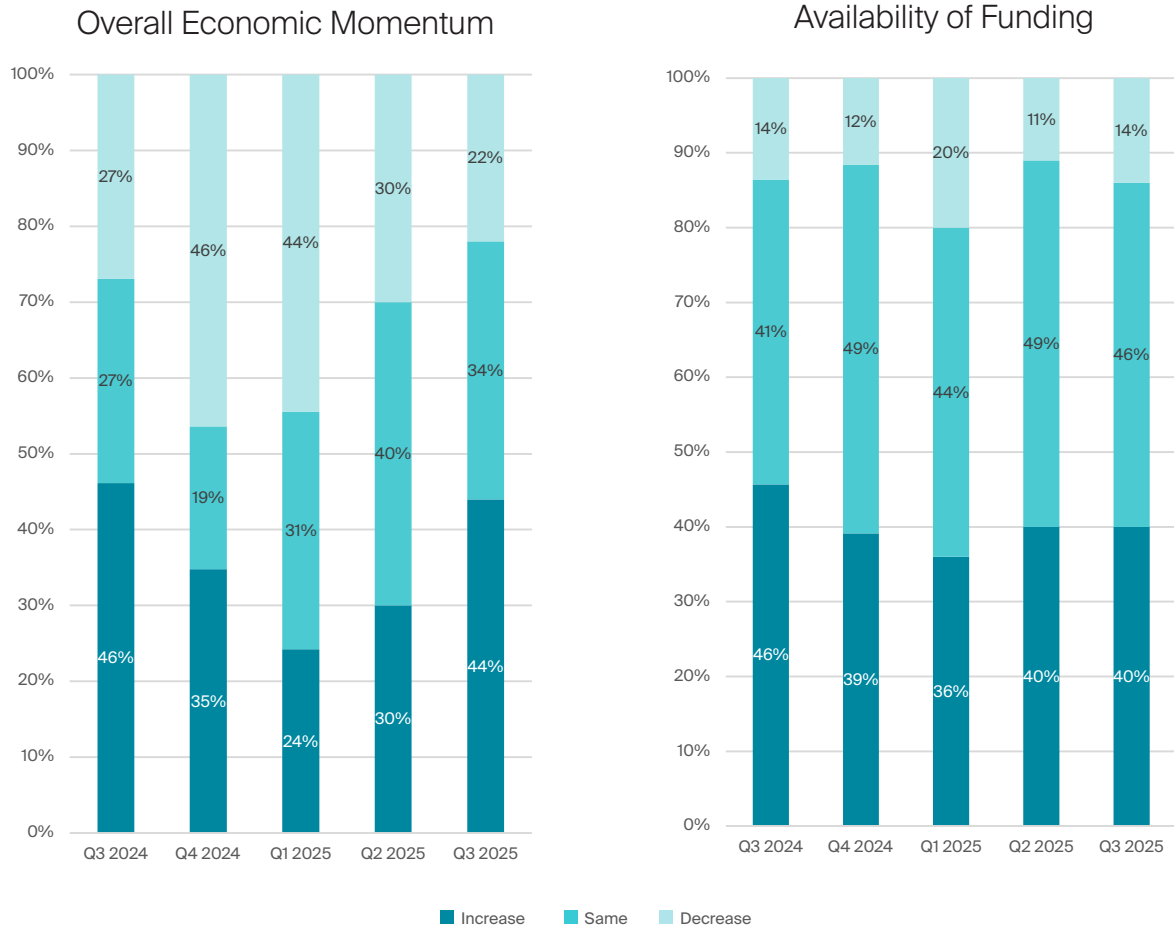


Findings

- Leasing sentiment remains robust with a slight improvement in the share of respondents expecting activity to either increase or remain unchanged over the next six months. Strong GCC and IT-led occupier demand continues to underpin confidence, complemented by sustained traction in flex and managed spaces.
- Stakeholder sentiment on new office supply improved slightly in Q3 2025, with 78% of stakeholders anticipating stability or moderate growth. While supply pipelines remain tight, developers are treading with a measured approach, balancing new project planning with sustained residential focus.
- Expectations of rental growth remain upbeat, with 95% of respondents anticipating stability or further increases. Limited Grade A availability, steady occupier absorption, and rising pre-commitments continue to support a firm rental outlook across major metros.
- The office sector sustains its position as the most resilient real estate segment, supported by strong fundamentals, healthy occupier pipelines, and balanced optimism among stakeholders heading into the next quarter.

B5. Economic Scenario and Availability of Funding

IMPROVED LIQUIDITY CONDITIONS SUPPORT OPTIMISM



Source: Knight Frank Research

Findings

- Stakeholder confidence in India's macro-momentum improved further, with 78% expecting stability or growth. Easing inflation and robust fiscal spending are reinforcing optimism.
- Funding sentiment also remains steady – 86% foresee unchanged or better liquidity conditions, aided by the RBI's accommodative stance and active capital deployment toward premium housing and commercial assets.

Concluding remarks

The Q3 2025 Sentiment Index reaffirms the resilience of India's real estate sector. Both current and future scores remain in the optimistic zone, reflecting confidence anchored in strong macro fundamentals, policy support. While residential momentum stays in the positive zone, the office segment continues to propel overall sentiment. With moderated inflation, steady funding flows, and enduring occupier demand, stakeholders anticipate a sustained, stable growth trajectory while approaching 2026.



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National Real Estate Development Council (NAREDCO) is established as an Industry body in 1998 under the aegis of Ministry of Housing and Urban Affairs, Govt. of India, with the mandate to (a) induce transparency and ethics in real estate business and transform the unorganized Indian real estate sector into a matured and globally competitive business sector, and (b) create and sustain an environment conducive to the growth of real estate industry in India, partnering industry and government alike through advisory and consultative processes. It is hailed as the apex national body for the real estate industry and has been working as a single platform where Government and public would discuss various issues and opportunities face to face which would result in speedy resolution of issues.

The National Real Estate Development Council strives to be the collective force influencing and shaping the real estate industry. It seeks to be the leading advocate of developing standards for efficient, effective, and ethical real estate business practices, valued by all stakeholders of real estate sector and viewed by them as crucial to their success. NAREDCO works to create and sustain an environment conducive to the growth of the real estate industry in India, partnering industry and government alike through advisory and consultative processes.

NAREDCO's mission is to improve the confidence level in the Real Estate sector across all the key decision-making tiers in professional practices. One of their key professional mandates is to develop an index to assess the market sentiment in order to enhance the confidence levels of lenders, investors and consumers while making lending and / or investment decisions. NAREDCO has partnered with Knight Frank and FICCI to publish a quarterly Real Estate Sentiment Index to fulfil this endeavour.

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