

47th
edition

KNIGHT FRANK-NAREDCO

Real Estate Sentiment Index

Q4 2025 (Oct-Dec 2025)

Dec 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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Foreword



Shishir Baijal

Chairman & Managing Director,
International Partner
Knight Frank India

As the year 2025 concluded, India's economy continued to demonstrate resilience amid a complex and evolving global environment. While geopolitical developments and shifting global trade dynamics have introduced uncertainty, domestic macroeconomic fundamentals remain strong. High-frequency indicators point to sustained economic momentum, supported by easing inflation, accommodative monetary conditions and continued public capital expenditure. Notably, real GDP growth is estimated at 8.2% in Q2 of FY 2025-26 significantly higher than 5.6% recorded in the corresponding period last year, reinforcing confidence in India's growth trajectory. Recent geopolitical developments in the subcontinent have been managed with restraint and diplomacy, ensuring minimal disruption to economic activity and investor confidence.

Against this backdrop, India's real estate sector continues to display stability and adaptability. The office market remains a key pillar of strength, supported by sustained occupier demand, particularly from Global Capability Centres. Residential markets, meanwhile, are adjusting to a more measured pace, with demand remaining anchored in end-user participation and developers adopting disciplined supply strategies aligned with market visibility.

The 47th edition of the Knight Frank-NAREDCO Real Estate Sentiment Index for Q4 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 Q4 2025 Knight Frank–NAREDCO Real Estate Sentiment Index shows that after a phase of mild moderation, confidence in the sector has strengthened. The improvement in current sentiment and the continuation of future sentiment in the optimistic zone indicate that the market is moving forward in a balanced and orderly manner.

The residential market is showing clearer signs of stability, with most stakeholders expecting activity to remain steady or improve over the next six months. Continued end-user participation and a disciplined approach to new supply are providing support to this segment. The office market remains positive as well, backed by steady leasing activity and ongoing corporate expansion. Overall, these trends point to a real estate sector that is progressing on a stable, balanced and fundamentals-driven growth path.

Sentiment around economic momentum has also improved, supported by a better macroeconomic environment, easing inflation and policy continuity. During Q4 2025, future sentiment scores across all regions recorded a modest uptick, with every zone remaining firmly in optimistic territory, reflecting broad-based confidence.

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.

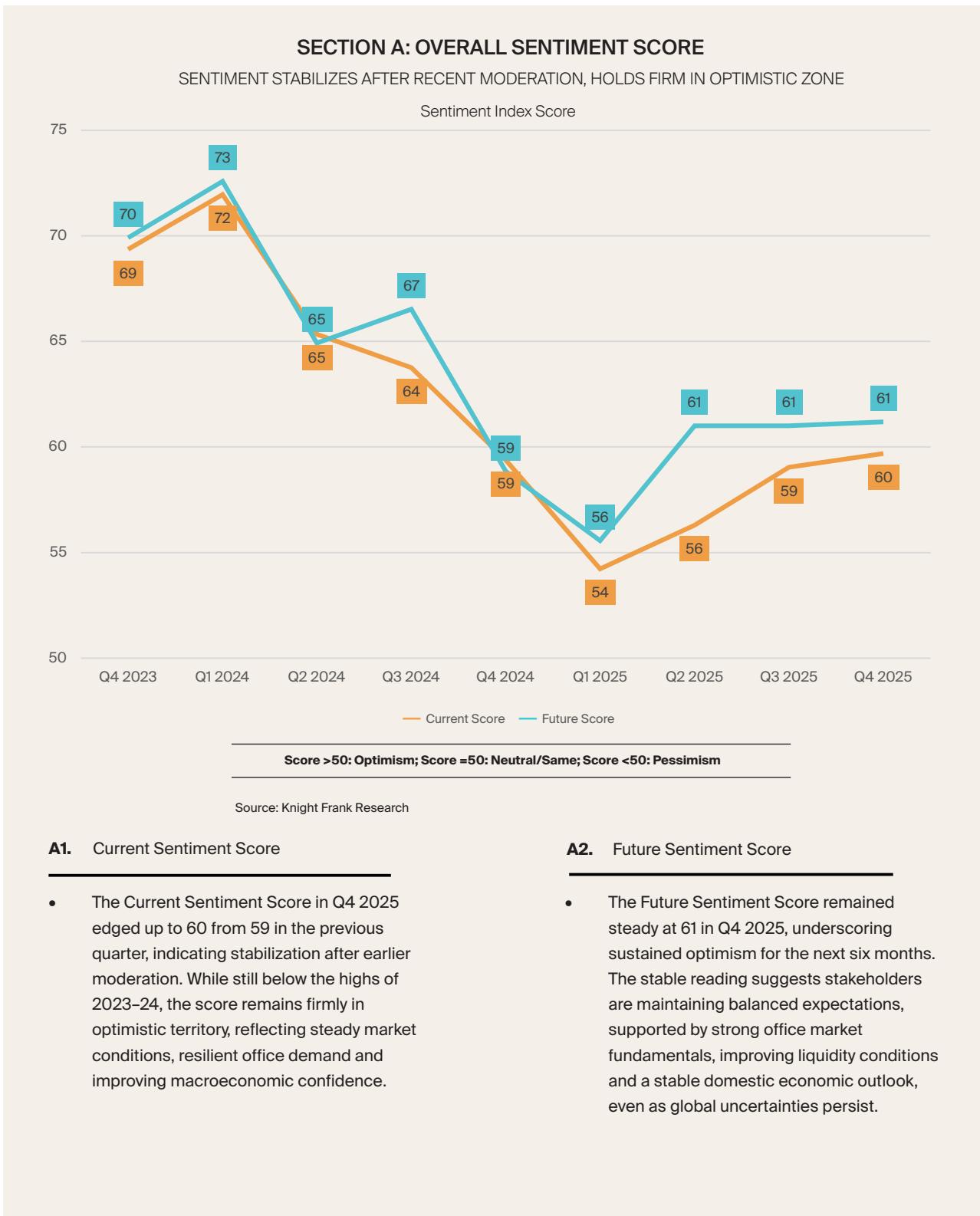
To present a holistic view of the real estate industry, the report is divided into two sections. Section A comprises two indices: The Current Sentiment Index that indicates the respondents' assessment of the present scenario compared to six months back, and the Future Sentiment Index that represents 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 October to December 2025 i.e., Q4 2025.

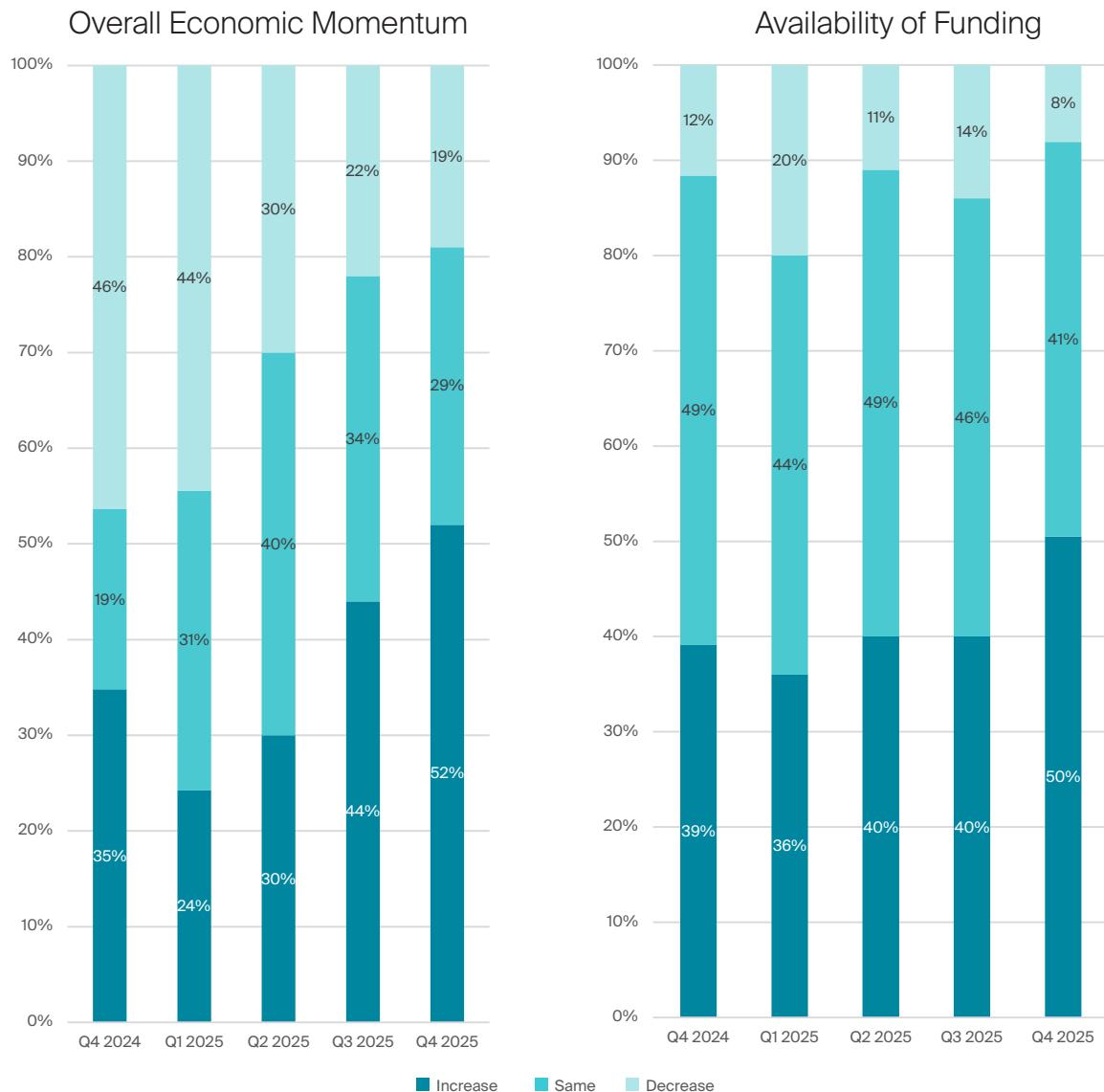


Sentiment index survey findings



A3. Economic Scenario and Availability of Funding

MACRO CONFIDENCE IMPROVES; LIQUIDITY CONDITIONS REMAIN SUPPORTIVE



Source: Knight Frank Research

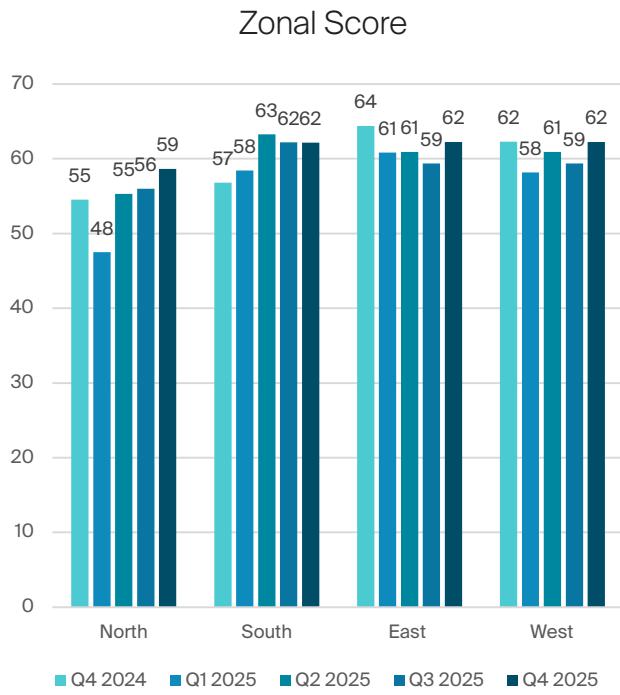
Findings

- Sentiment around economic momentum improved in Q4 2025, with more stakeholders expecting stability or improvement ahead. The outlook is supported by easing inflation and policy continuity. Real GDP growth is estimated at 8.2% in Q2 FY 2025-26 versus 5.6% a year ago, reinforcing optimism amongst the stakeholders.
- Sentiment on funding availability strengthened in Q4 2025, with a majority of stakeholders expecting conditions to remain stable or improve. Improved liquidity conditions, supportive policy measures and a focus on quality assets continue to support capital access, even as lenders and investors maintain a prudent and selective approach.

SECTION B: FUTURE SENTIMENTS

B.1. Zonal Future Sentiment Score

ZONAL SENTIMENTS REBOUND MODESTLY;
OPTIMISM BROAD-BASED ACROSS REGIONS



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

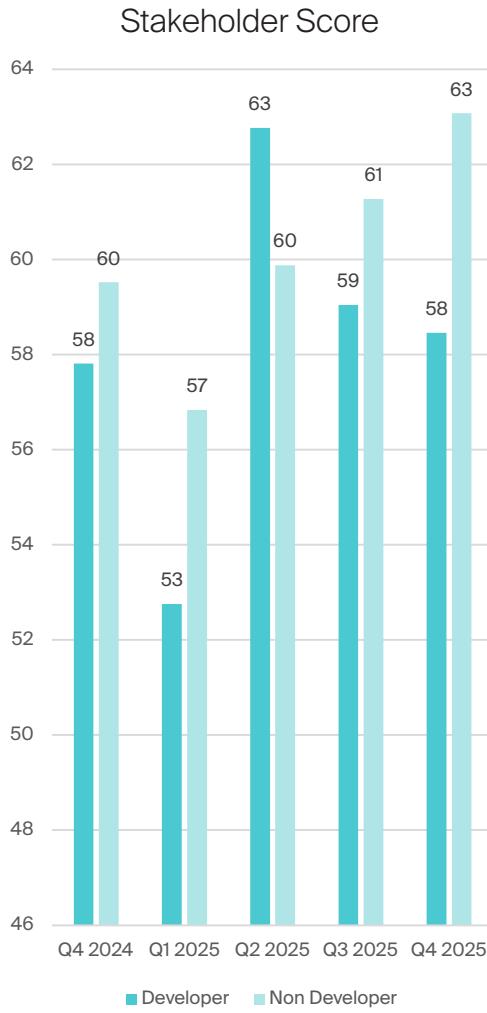
Source: Knight Frank Research

Findings

- Zonal future sentiment scores improved modestly in Q4 2025, with all regions remaining firmly in the optimistic zone.
- The North Zone recovered to 59, reflecting stabilising sentiment following earlier softness in the previous quarters, aided by steady office traction and infrastructure momentum.
- The South Zone sustained its leadership position at 62, supported by robust leasing activity in Bengaluru and Hyderabad and resilient high ticket size housing demand.
- The East Zone improved to 62, driven by steady mid-segment residential demand.
- The West Zone also strengthened to 62, underpinned by steady commercial market activity in key cities and a calibrated residential development approach.
- Overall, the improvement of zonal scores indicates broad-based confidence supported by steady urban demand and improving macro conditions.

B2. Stakeholder Future Sentiment Score

DEVELOPERS REMAIN MEASURED; INSTITUTIONAL STAKEHOLDERS TURN MORE CONFIDENT



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

Source: Knight Frank Research

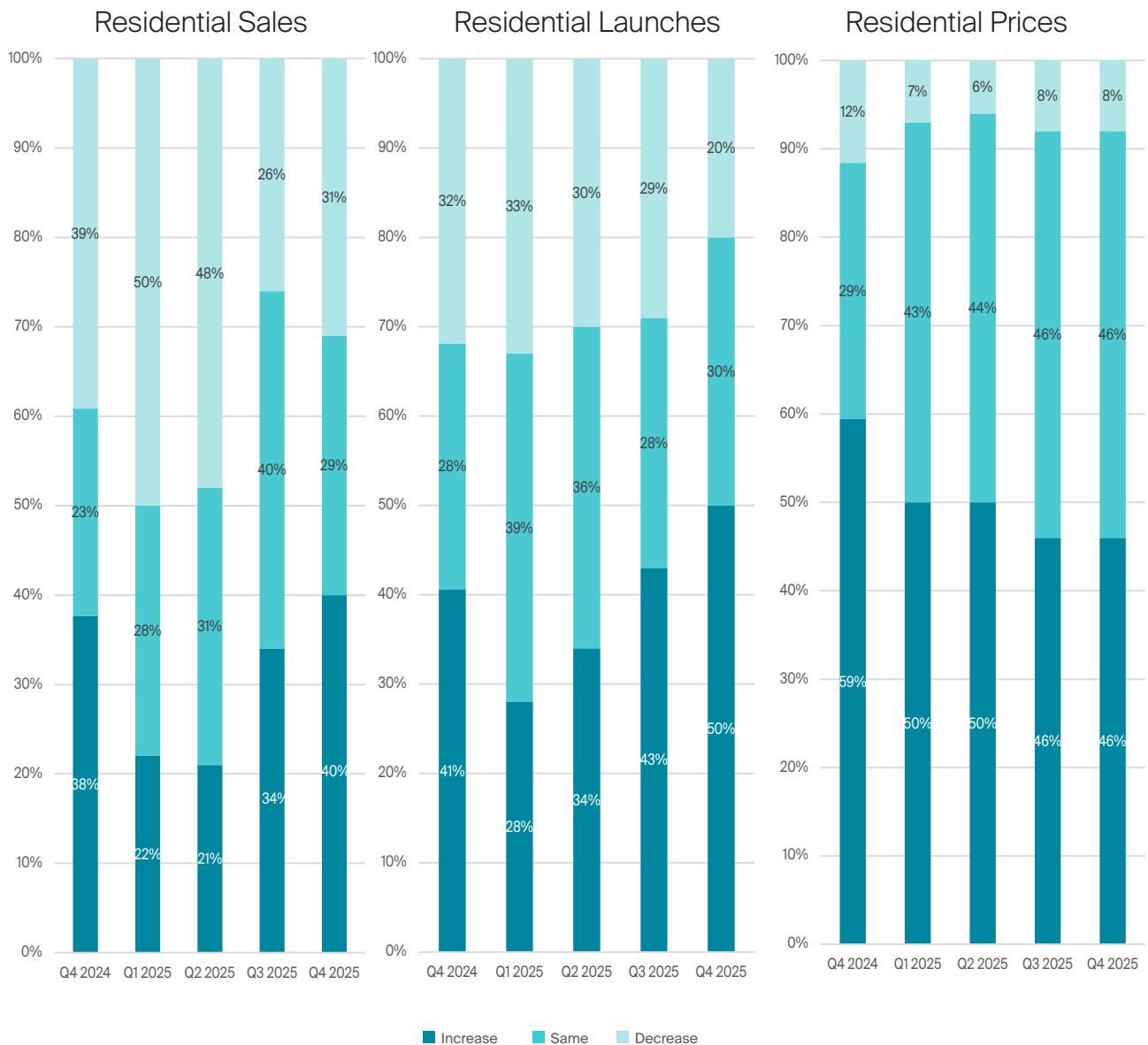
Note: Non-Developers include banks, financial institutions and PE funds

Findings

- Stakeholder sentiment diverged moderately in Q4 2025, with developers remaining cautious at 58 amid calibrated supply strategies, while institutional stakeholders improved to 63, reflecting stronger confidence in asset quality and liquidity conditions. The gap highlights a market where capital providers remain supportive even as developers maintain disciplined growth approaches.

B3. Residential Market Outlook

RESIDENTIAL OUTLOOK IMPROVES WITH STRONG FUNDAMENTALS AND DEMAND STABILITY



Source: Knight Frank Research

Findings

- The residential market outlook in Q4 2025 indicates improving stability, with a higher proportion of stakeholders expecting activity to either remain steady or improve over the next six months compared to earlier quarters.
- Developers continue to closely align new supply closely with demand visibility, adopting calibrated launch strategies and maintaining prudent inventory management.
- While sales momentum has moderated from earlier peaks, sustained end-user participation continues to provide support for market activity.
- Strong underlying fundamentals and improving financing conditions are reinforcing confidence across residential markets.
- Overall sentiment suggests that the residential sector is transitioning into a more balanced phase, characterized by steady demand and controlled supply additions.

B4. Office Market Outlook

OFFICE SECTOR POISED FOR CONTINUED STRENGTH AMID ROBUST LEASING AND RENTALS



Source: Knight Frank Research

Findings

- Office market sentiment remains firmly positive in Q4 2025, supported by a strong share of stakeholders expecting leasing activity to either remain stable or improve over the next six months.
- Leasing momentum continues to be underpinned by sustained occupier demand, particularly from Global Capability Centres across key markets.
- Limited availability of Grade A space across major cities has encouraged early commitments and pre-leasing activity, reflecting occupiers' forward-looking space requirements.
- Sentiment around new office supply has improved, indicating expectations of a stronger development pipeline ahead, even as current availability remains constrained.
- The supply-demand imbalance continues to place upward pressure on rentals, with a majority of stakeholders expecting rents to remain firm or see further improvement.
- Overall, the office market sentiment reflects confidence in sustained activity levels, supported by strong fundamentals, improving supply visibility and continued occupier expansion plans.

Concluding remarks

After moderation in recent quarters, sentiments have largely stabilised with both current and future sentiment scores remaining firmly in the optimistic zone at 60 and 61 respectively. Residential future sentiments have shown improvement, driven by sustained end-user participation and a disciplined approach to new supply additions. Meanwhile, the office sector continues to anchor overall confidence. Supported by improving macroeconomic visibility and steady funding conditions, the overall stakeholder sentiment indicates a gradual, fundamentals-led growth trajectory for India's real estate sector.



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Vivek Rathi
National Director - Research
Vivek.Rathi@in.knightfrank.com

Ankita Sood
National Director - Research
Ankita.sood@in.knightfrank.com

Rishabh Soni
Lead Consultant - Research
Rishabh.Soni@in.knightfrank.com



Preeti Singh
Additional Director General - National Real Estate Development Council
naredco@naredco.in
www.naredco.in

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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