



45<sup>th</sup>  
edition

KNIGHT FRANK-NAREDCO

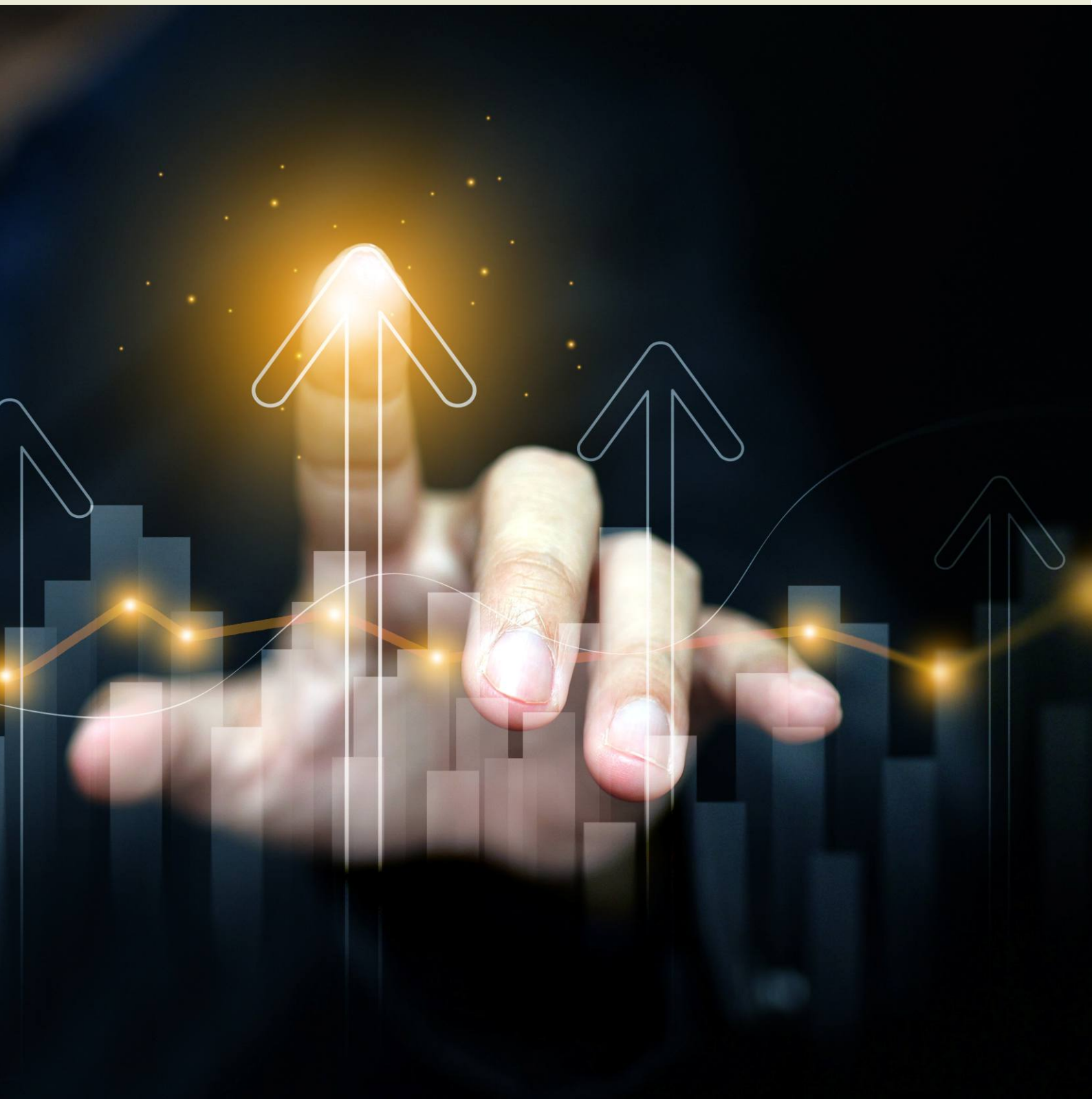
# Real Estate Sentiment Index

Q2 2025 (April-June 2025)

July 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  
Knight Frank India

India's economy continues to demonstrate resilience amid a complex global backdrop marked by persistent trade disruptions and geopolitical uncertainty. Despite elevated tensions, including the recent diplomatic flare-up with Pakistan, India has managed to steer clear of widespread market volatility. Policymakers have maintained a tone of diplomatic composure while prioritising macroeconomic stability, and this has ensured continued investor confidence.

High-frequency indicators such as GST collections (₹ 2.4 tn.), e-way bill volumes, and robust PMI readings underscore the country's economic vibrancy. With CPI inflation easing to a six-year low at 3.2% and the RBI implementing its third consecutive rate cut – bringing the repo rate down by a cumulative 100 bps in H1 2025 – monetary conditions have turned significantly accommodative. These factors have collectively improved liquidity and supported demand in the real estate sector.

While residential markets have seen some near-term recalibration, especially in mid and lower ticket segments, the premium and luxury categories remain buoyant. Meanwhile, the office market continues to break historical leasing records, bolstered by the rapid expansion of Global Capability Centres and a rising wave of pre-commitments.

This edition of the Sentiment Index captures the evolving perspectives of real estate stakeholders, reflecting both the challenges and the enduring optimism that continue to shape the sector's growth trajectory.

We invite readers to delve into the detailed analysis provided in the subsequent sections of this report, which lay out the current and future projections of real estate sentiment across India, segmented by zone and stakeholder type. Each section aims to not only present data but also to interpret shifts in sentiment, helping stakeholders navigate through these evolving times with better insight.

The 45th edition of the Knight Frank-NAREDCO Real Estate Sentiment Index for Q2 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



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**G. Hari Babu**

National President – NAREDCO

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The Q2 2025 Knight Frank NAREDCO Real Estate Sentiment Index highlights a market that is regaining stability after a year of moderation. The Current Sentiment Score has improved to 56 from 54, while the Future Sentiment Score has risen to 61 from 56, signaling renewed confidence among stakeholders. This momentum is driven by sustained office leasing led by GCCs, third-party IT firms, and flex operators, along with continued strength in the premium residential segment.

Regionally, sentiment has recovered across all zones. The North has improved to 55 from its post-COVID low, while the South remains the strongest at 63, supported by strong commercial activity. The East and West continue at 61, reflecting steady demand in both residential and office markets. Developers' future sentiment has seen a notable rise to 63, reflecting improved liquidity, lower borrowing costs, and a sharper focus on high-quality inventory. Non-developer stakeholders, including financial institutions, are also showing greater confidence, aided by healthier asset performance.

Monetary easing, record GST collections, and robust PMI numbers have improved risk appetite, with 90 percent expecting stable or improved funding conditions. With structural demand intact and a disciplined approach, India's real estate sector is set for sustained growth through 2025.



# 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.

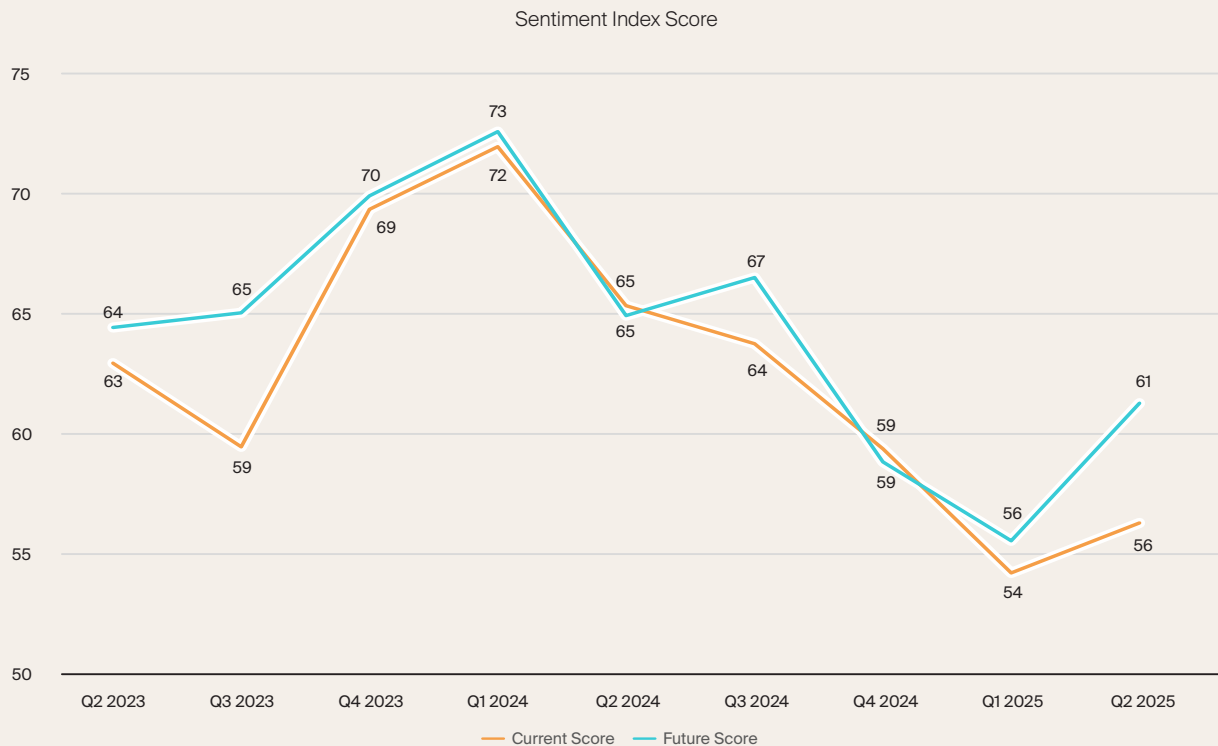
This survey edition is for the period April 2025 to June 2025 i.e., Q2 2025.



# Sentiment index survey findings

## SECTION A: OVERALL SENTIMENT SCORE

GRADUAL RECOVERY IN STAKEHOLDER SENTIMENT



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

Source: Knight Frank Research

### A1. Current Sentiment Score

- The Current Sentiment Score inched up to 56 in Q2 2025 from 54 in the previous quarter, snapping a four-quarter slide. While the score remains cautiously optimistic, this modest uptick suggests stakeholders are adjusting to the evolving economic landscape marked by monetary easing and fiscal momentum. Key contributors ensure a sustained surge in office leasing activity, particularly in Bengaluru, NCR, and Pune, amid easing inflationary pressures. However, residential markets remain in a phase of recalibration, especially in affordable and mid segments. The slight improvement reflects stabilizing expectations rather than a renewed bullish stance, with stakeholders still closely monitoring geopolitical developments and macroeconomic cues.

### A2. Future Sentiment Score

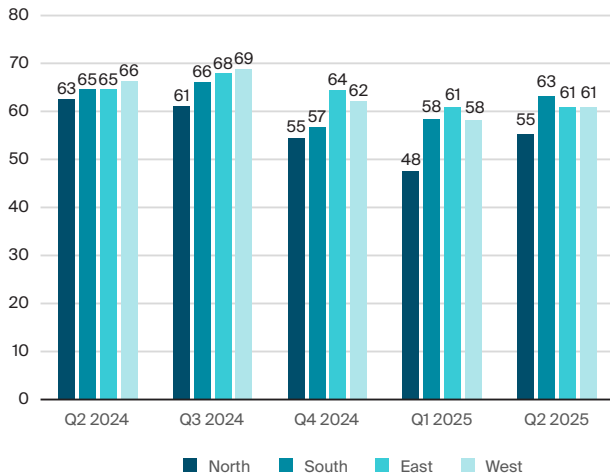
- The Future Sentiment Score rebounded to 61 in Q2 2025 from 56 in Q1 2025, marking the first upward shift after two consecutive quarters of decline. This recovery underscores renewed optimism among stakeholders, buoyed by easing interest rates, improving liquidity, and sustained demand from high-ticket residential buyers and corporate occupiers. The RBI's dovish monetary stance has reinforced confidence in near-term business expansion and investment plans. Despite concerns around global headwinds, India's relative economic stability and strong urban consumption are reassuring stakeholders of a positive trajectory. This uplift suggests stakeholders are beginning to look beyond short-term volatility and are anchoring expectations around structural demand fundamentals.

## SECTION B: FUTURE SENTIMENTS

### B1. Zonal Future Sentiment Score

IMPROVEMENT ACROSS ZONES;  
 NORTH REBOUNDS

#### Zonal Score



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

Source: Knight Frank Research

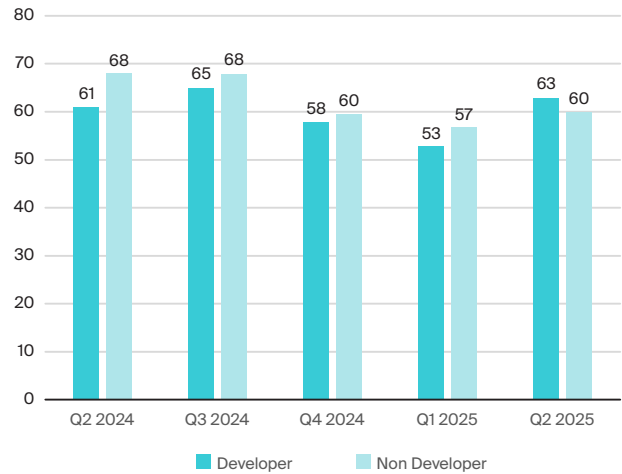
#### Findings

- In Q2 2025, sentiment scores across zones showed a synchronized rebound, with all regions remaining in the optimistic territory. The North Zone notably recovered from its post-COVID low of 48 in Q1 2025 to 55, signaling stabilization in stakeholder confidence. While Delhi-NCR witnessed continued price escalation, developers' shift towards premium inventory and ongoing infrastructure projects have supported a more balanced outlook.
- The South Zone sentiment score rose from 58 to 63, supported by robust commercial leasing in Bengaluru and Hyderabad, and sustained premium housing demand. Developers continue to align with evolving buyer preferences, especially in the INR 10-50 mn segments.
- The East Zone held steady at 61, reflecting confidence in affordable housing and consistent activity in Kolkata's mid-segment market, despite overall moderation in launches.
- The West Zone increased from 58 to 61, underscoring stability in markets like Mumbai and Pune where office absorption remains strong. The shift in developer strategy toward fewer, higher-end launches has helped maintain market equilibrium.
- Overall, the rebound across regions suggests renewed confidence, driven by supportive macro indicators and focused supply strategies that align with current demand dynamics.

### B2. Stakeholder Future Sentiment Score

RENEWED OPTIMISM AMONG  
 DEVELOPERS AND INVESTORS

#### Stakeholder Score



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

Source: Knight Frank Research

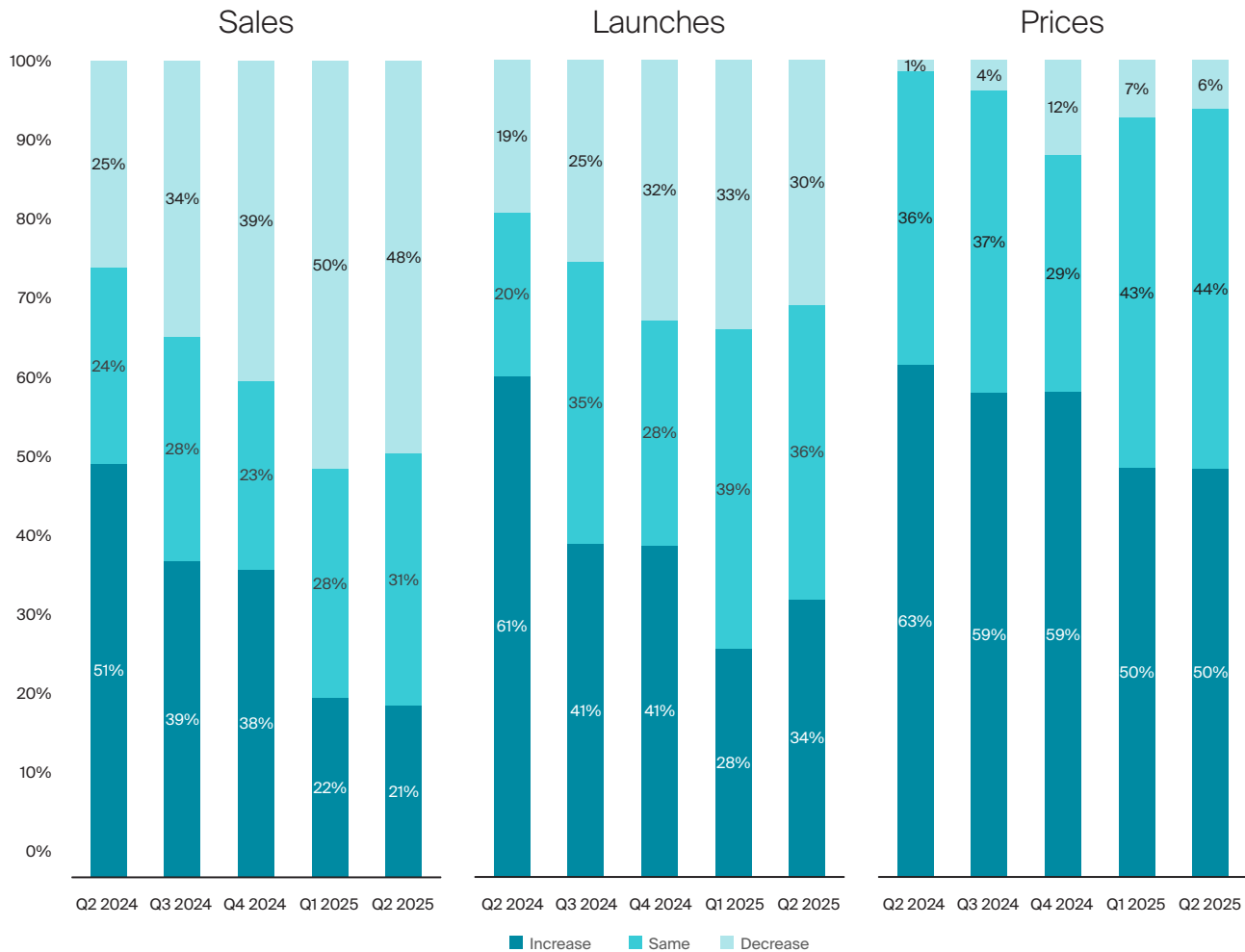
Note: Non-Developers include banks, financial institutions and PE funds

#### Findings

- In Q2 2025, developer sentiment rose sharply from 53 to 63, reflecting revived optimism driven by lower borrowing costs and continued strong momentum in premium categories.
- Non-developers including banks, NBFCs, and PE funds also registered a sentiment improvement from 57 to 60. Their positive outlook stems from the consistent performance of the office sector and healthier asset quality in large-ticket residential projects.
- While developers remain cautious in mid-market launches, funding institutions appear increasingly open to supporting quality inventory. Together, the uptick reflects growing alignment between capital availability and targeted demand across key urban agglomerations.

### B3. Residential Market Outlook

#### PREMIUM HOUSING DEMAND SUPPORTS MARKET STABILITY



Source: Knight Frank Research

#### Findings

- Residential market sentiment in Q2 2025 remains cautiously positive, with 70% of stakeholders expecting either stable or higher launches. This marks a gradual improvement from 67% in Q1 2025, driven by rising confidence in the premium housing segment, particularly units priced above INR 10 mn. Developers have moderated launches in mid and affordable segments, focusing instead on demand pockets showing resilience such as South Chennai, West Hyderabad, and East Bengaluru.
- Sales expectations have stabilized, with 52% of stakeholders anticipating flat or improved sales in the coming six months, marginally up from 50% last quarter. However, the lower ticket segments continue to face affordability headwinds, even as financing schemes and price incentives grow more prevalent.
- Price sentiment remains strong: 94% of stakeholders foresee stable or increasing residential prices, holding steady from Q1. Price growth remains most prominent in Bengaluru, NCR, and Chennai, each recording double-digit YoY increases in H1 2025. This strength is underpinned by demand for lifestyle-centric projects and limited new supply in top-performing micro-markets.
- Overall, developers are navigating demand heterogeneity with greater agility, reflecting a maturing and more strategic supply-side approach.

#### B4. Office Market Outlook

##### OFFICE MARKET SENTIMENTS REMAINS RESILIENT



Source: Knight Frank Research

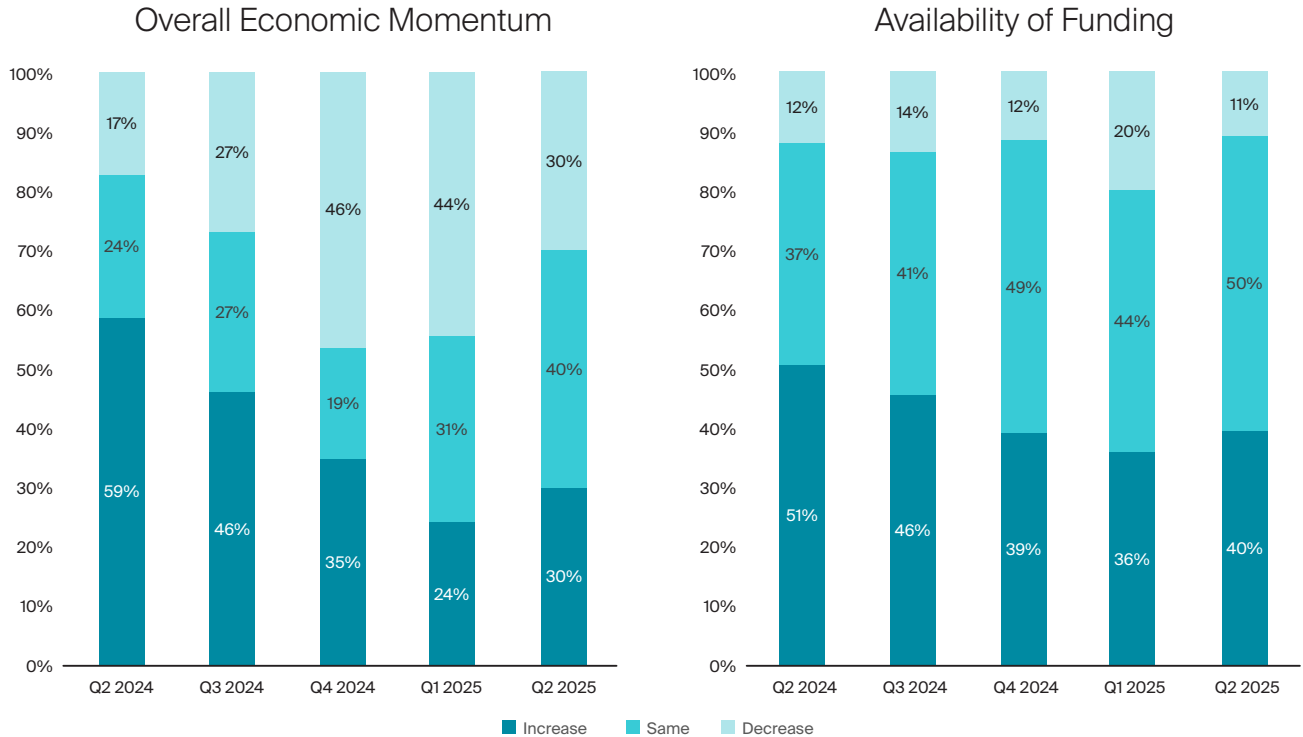
#### Findings

- Stakeholder sentiment in the office segment remains robust in Q2 2025. Around 66% expect office supply to remain stable or increase, holding steady from Q1 2025, despite tight development pipelines. New completions continue to lag demand, particularly in key markets like Bengaluru, Hyderabad, and Pune, where Grade A availability remains limited. Developers continue prioritizing high-performing residential projects, which have constrained near-term commercial supply.
- Leasing sentiment remains strong, with 80% stakeholders expecting either stable or rising activity. While marginally lower than Q1's 82%, optimism is sustained by exceptional GCC-driven leasing in Bengaluru and NCR, and an increasing presence of third-party IT firms and flex space operators. Flex and managed office spaces now constitute a growing share of leasing, as companies seek agility and scalability.
- Rents are expected to continue their upward trend: 93% of respondents anticipate rents will remain stable or increase – up from 91% in Q1. The ongoing supply-demand mismatch, particularly in high-specification office properties, is supporting this bullish rent outlook.
- With rising pre-commitments, supply bottlenecks, and strong enterprise expansion plans, the office market is set to retain its growth momentum in the second half of the year.



## B5. Economic Scenario and Availability of Funding

### IMPROVED LIQUIDITY CONDITIONS SUPPORT OPTIMISM



Source: Knight Frank Research

### Findings

- Stakeholder sentiment on India's economic momentum improved modestly in Q2 2025, with 70% expecting conditions to remain stable or strengthen, up from 55% in Q1 2025. This optimism is supported by key indicators such as easing CPI inflation, record GST collections, and strong PMI figures. The RBI's proactive monetary policy, which included a cumulative 100-bps rate cut by mid-2025, has helped unlock liquidity, boosting credit flows and investor sentiment.
- Despite lingering global uncertainties, including softening external demand and tariff-related concerns from the US, stakeholders remain anchored in India's relative economic stability. Infrastructure spending, coupled with healthy export of services, continues to support growth across sectors.
- Funding sentiment remained steady, with 90% of respondents expecting capital access to remain unchanged or improve. The share of stakeholders anticipating an improvement rose to 40% in Q2 2025 from 36% in Q1 2025. This shift reflects a greater credit appetite among lenders, especially for structured, low-risk inventory in the premium residential and commercial segments. While cautious underwriting continues in the affordable housing space, increased funding availability overall signals a more favourable financing environment.

## Concluding remarks

The Q2 2025 Sentiment Index reflects a cautiously improving outlook, with both current and future scores rebounding after multiple quarters of decline. Residential markets are adjusting to shifting demand patterns, with high-ticket segments maintaining strength, while the office sector continues to outperform, led by strong GCC and Third-Party IT leasing. Monetary easing, robust economic indicators, and improved liquidity have supported this sentiment shift. Stakeholders are cautiously optimistic, realigning strategies to tap into evolving market opportunities. As structural fundamentals remain intact, India's real estate sector is well-positioned to sustain its growth trajectory in the coming quarters, despite external uncertainties.



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National Real Estate Development Council (NAREDCO) is established as an autonomous self-regulatory 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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