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Residential real estate poised for growth in 2024, says industry experts

By Faizan Haidar, ET Bureau • Last Updated: Dec 27, 2023, 02:24:26 PM IST

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Synopsis

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Representational image

Residential real estate sector witnessed yet another stellar year with launches likely to reach approximately 300,000 units by end-2023, a remarkable 11% higher than the previous record year of 2022.

In the last couple of years, the residential market has come out of a long period stagnancy in prices. Attracted by the prospect of capital gains, the residential market is currently witnessing huge participation from investors, according to international property consultant Cushman & Wakefield.

“Investors are displaying confidence by channelling funds into new launches and land transactions, indicating sustained interest and optimism in the Residential **real estate** sector. Although, not expected to undergo radical fluctuations, the market is anticipated to remain stable moving forward,” said Shalin Raina, Managing Director, Residential Services, India.

In NCR, areas like Dwarka Expressway, New Gurugram, and South of Gurugram (Sohna), SPR residential demand has seen a significant upswing, driven by keen interest from buyers towards mid-housing and massive infrastructure development in these locations.

“The spotlight on the mid-housing sector has been particularly noteworthy, reflecting the discerning preferences of homebuyers seeking the perfect blend of affordability and quality living,” said Pradeep Aggarwal, Founder & Chairman, Signature Global (India) Ltd.

The successful transaction of 82,612 housing units during the July-September quarter, showcasing a remarkable 12% YoY increase, marks a significant milestone for the industry as a whole.

“As we reflect on a transformative year for the real estate sector, witnessing an unprecedented surge in the demand for luxury homes, TARC Limited stands at the forefront of this paradigm shift. At TARC, our commitment to providing an enriching living experience is unwavering. Our upcoming projects in Delhi and Gurgaon redefine luxury living, integrating amenities that cater to the holistic well-being of our residents,” said Amar Sarin, CEO & MD of TARC Ltd.

Parvinder Singh, Chief Executive Officer, Trident [Realty](#) said the real estate sector in 2023 has seen a significant shift in investor and homebuyer sentiments, which has played a crucial role in shaping its growth trajectory.

“The focus has shifted towards luxury housing, independent floors, plotted development, and the growth of tier 2 cities, which have redefined the optics of the sector, leading to a robust year ahead,” Singh said.

One of the noteworthy trends has been the increased demand for premium and luxury residential properties in tier 2 cities, reflecting the growing aspirational living in non-metros. Homebuyers now prefer investing in well-planned tier 2 cities, leading to a healthy demand for premium and luxury housing in new markets.

“The market has experienced a surge in prospective buyers eagerly seeking high-end flats ranging from Rs 2 crore to Rs 100 crore. This unexpected demand has resulted in builders swiftly selling entire projects, with developers employing innovative strategies to manage the overwhelming expressions of interest compared to the available number of flats,” said Aman Sarin, Director & Chief Executive Officer, Anant Raj Limited.

Factors contributing to this positive trajectory include the country's high economic growth, improved consumer trust in the sector, and the noteworthy success of reputable players gaining maximum market share. The market is also well recognizing the execution capabilities of developers.

“Sales across all price brackets including luxury properties have surpassed the 2022 numbers overcoming all apprehensions related to the likely adverse impact on demand from the hike in interest rates on home loans and a surge in [property prices](#). Gurugram has been one of the brightest markets in terms of both sales and capital appreciation perspective. Rapid infrastructure development like Central Peripheral Road, Dwarka Expressway have played a huge part in it,” said Mohit Jain, Managing Director, Krisumi Corporation.

Reports indicated a surge in the Mumbai real estate market, where mid-segment home sales outpaced affordable housing, signifying a distinctive shift in homebuyer preferences. This shift underscores a rising demand for top quality communities along with increased levels of focus in post hand-over living experience.

“The evolving residential development market in NCR and MMR demonstrates an increased need for top-quality, on-time developments providing a community of joyful living. This trend seamlessly aligns with NeoLiv's vision of re-igniting the home-owning and living experiences,” said Mohit Malhotra, Founder & CEO, NeoLiv.

In 2023, the real estate landscape underwent a significant transformation, witnessing a shift towards luxury housing.

“The upcoming residential areas of Golf Course Extension Road and Dwarka Expressway have emerged as prominent destinations for premium residential projects. Ongoing infrastructure development and urban planning initiatives have further enhanced the appeal of these areas. As disposable incomes rise and the cohort of high-net-worth individuals expands, these trends are poised to define the real estate landscape in 2024,” said Vivek Singhal, CEO, Smartworld Developers.

The shift towards tier 2 cities is not only spurred by aspirational living but also infra upgradation, seamless connectivity, and supply of luxury projects catering to the demand of homebuyers. The booming [property market](#) in tier 2 cities sets the stage for a promising 2024.

“Consumers are opting for luxurious and modern spaces beyond the metros which pushed developers to respond with offerings that meet these expectations. The strategic expansion into non-metro markets in 2023 showcased the adaptability of the real estate sector, and the coming year promises even more exciting developments,” said Amrita Gupta, Director of Manglam Group and Founder President of CREDAI Rajasthan Women's Wing.

Cities like Jaipur, Udaipur, Chandigarh, Goa, Surat, Vadodara are now emerging with their own unique economic identities, presenting a promising prospect for growth and development.

“The rise of villas in Tier II cities is driven by a combination of urbanization, improved connectivity, affordability, and the desire for a higher quality of life. The trend will also positively impact the local economy through job creation, infrastructure development, and the growth of ancillary services,” said Yashank Wason, Managing Director, Royal Green Realty.

The demand for luxury real estate and holiday homes is expected to sustain its upward trajectory. Homebuyers are increasingly seeking opulence coupled with global design and décor exposure for an exquisite living experience. The discerning tastes of the NRI market further contribute to the positive outlook for the industry.

“The holiday home segment, in particular, presents exciting opportunities for growth in the coming year and we foresee Goa maintaining its spotlight. Driven by its unique blend of scenic beauty, cultural richness, and the growing trend of individuals seeking a second home for leisure and relaxation,” said Aditya Kushwaha, CEO&Director, Axis Ecorp.

The Indian construction industry is set for a massive leap in 2024, and with it the need for a larger, well supported workforce.

“Facing a 400% annual turnover rate and persistent labour shortages, it’s clear that the construction industry requires an overhaul of its approach to workforce management. Fair wages, skill building, safe working and clean living conditions, and job security are not just perks, but necessities to make the industry a sought-after place to work,” said Kezya D Braganca, founder, Bettamint , a construction technology company.

Prashant Rao, Managing Director, Poulomi Estates, a Hyderabad based real estate developer said government initiatives, including infrastructure projects and improved internal roads to alleviate traffic, played a pivotal role in the growth of sector.

“Simultaneously, there was a heightened realization among people about the importance of spacious homes, leading to a resurgence in real estate investments. This transformative year saw the emergence of a new housing segment in Hyderabad—the premium, ultra-rich, or large-format apartment category,” said Rao.