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## STABLE GROWTH AHEAD

With the return of peace and easing pressures, will India's real estate market regain momentum and deliver sustained growth?

# CONTENTS

22



### COVER STORY

**Stable growth ahead**  
With the return of peace and easing pressures, will India's real estate market regain momentum and deliver sustained growth?



44

### 36 MAPPING INDIA'S DATA CENTRE REVOLUTION

'Integrated Data Centre Conclave 2026' examines the evolution of intelligent, secure and resilient infrastructure powering India's digital future.



52

### 44 BEYOND FENCING AND GUARDS

Infrastructure operators in India are integrating security, operations and intelligence to improve resilience and response capabilities.

### 52 ONE MACHINE, COUNTLESS JOBS

Specialised attachments are turning excavators into multi-functional machines, helping contractors maximise utilisation.

# STABLE GROWTH AHEAD

With the return of peace and easing pressures, will India's real estate market regain momentum and deliver sustained growth?

By Team CW



The Indian real estate sector has spent much of the past decade adapting to change. Regulatory reforms, demonetisation, RERA, COVID-19 and the subsequent recovery—each reshaped the market in different ways—with phases of lull followed by high growth. As geopolitical tensions in West Asia show signs of easing following moves towards a ceasefire between the US and Iran, the sector hopes to see a stabler external environment to emerge soon.

The geopolitical uncertainties have had an adverse effect on the sector till recently. Reportedly, the housing sales in top Indian cities dropped by 4% to 13% during Q1-CY226. Rising crude oil prices, supply chain disruptions, inflationary pressures and concerns over global economic growth have weighed on buyer sentiment. At the same time, affordability challenges continue to affect large sections of the residential market.

However, despite the moderation in sales, industry leaders, developers, workspace operators and researchers remain broadly optimistic. Most believe the current phase is less a downturn and more a transition towards sustainable growth after several years of exceptionally strong performance.

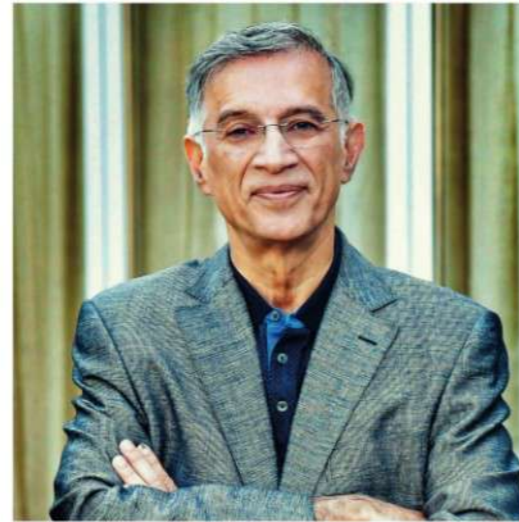
**A MARKET RESET?**

Most industry leaders believe that drop in housing sales shouldn't be viewed as a structural correction. Prasun Kumar, Chief Marketing Officer, Magicbricks, believes the market is undergoing a period of adjustment rather than distress. "The current slowdown is best described as a normalisation in housing demand rather than the beginning of a prolonged correction. Buyers remain active, but affordability concerns and global uncertainties have made them more selective and cautious, resulting in slower demand growth across several markets."

Industry experts believe that the current phase is less a downturn and more a transition towards sustainable growth.



Prasun Kumar, Chief Marketing Officer, Magicbricks



Dr Niranjan Hiranandani, Chairman and Managing Director, Hiranandani Communities

A similar sentiment is echoed by Dr Niranjan Hiranandani, Chairman and Managing Director, Hiranandani Communities. "It's not a slowdown; it's a normalisation. What we are witnessing is demand rotation across micro-markets, not a broad-based slowdown." For many developers, the moderation was inevitable after an extraordinary post-pandemic run that saw record sales, rising property prices and high demand.

Pramod Dwivedi, President – Realty Division, Ambuja Neotia, says that the sector is moving into a balanced phase. "What we are witnessing is not a downturn but a recalibration after a strong post-pandemic run. Real estate remains fundamentally strong because urbanisation, rising incomes, and infrastructure development continue to support long-term demand."

Vivek Rathi, National Director – Research,



Pramod Dwivedi, President – Realty Division, Ambuja Neotia



Vivek Rathi, National Director – Research, Knight Frank India

Knight Frank India, attributes slowdown partly to a high-base effect following many years of robust sales. According to him, stronger developer balance sheets, improved transparency and healthier inventory levels distinguish the current environment from previous downturns.

Venkatesh Gopalakrishnan, Director, Group Promoter's Office and Managing Director, Shapoorji Pallonji Real Estate (SPRE), believes that the market is becoming disciplined. "The underlying fundamentals remain intact, supported by urbanisation, rising incomes, infrastructure-led development and sustained end-user demand. The focus is shifting from chasing volumes to creating long-term value."

Nitin Kansal, Chief Financial Officer, Max Estates, sees a change in buyer behaviour rather than demand decline. "Buyers have not disappeared; they have become deliberate. Deliberate buyers

The moderation in demand appears to be localised. While some cities have witnessed slow absorption, others are recording healthy demand.



Nitin Kansal, Chief Financial Officer, Max Estates



Venkatesh Gopalakrishnan, Director, Group Promoter's Office and Managing Director, Shapoorji Pallonji Real Estate (SPRE)

reward developers who offer genuine quality and certainty of delivery."

Harsh Jagwani, Managing Director, Notandas Realty, provides another perspective: "The first quarter is often a period when buyers explore opportunities across multiple residential segments before committing. Geopolitical developments have also introduced caution, resulting in delays in purchase decisions and agreement closures."

While some cities have witnessed slow absorption, others are recording healthy demand. Magicbricks indicates continued interest in Chennai and Navi Mumbai, suggesting that infrastructure improvements and local economic conditions are influencing buyer behaviour.

**UNEVEN IMPACT**

Although overall demand remains resilient, the



Harsh Jagwani, Managing Director, Notandas Realty

slowdown has not affected all housing segments equally. Affordable housing, for instance, remains under pressure. Rising land costs, increasing construction expenses and elevated property prices have collectively made the segment difficult for both—developers and buyers.

“The affordable housing segment is under maximum stress,” observes Dr Hiranandani. “This segment is the most interest-rate- and inflation-sensitive, and purchase decisions tend to be deferred quickly when monthly outgoings rise.”

Ambuja Neotia’s Dwivedi says that affordable category has steadily lost share in recent years as developers focus on projects with stronger margins and buyers gravitate towards larger homes. Knight Frank’s Rathi finds affordability as the big challenge. “Affordable housing faces the greatest pressure from rising land costs, construction costs, and affordability constraints.”

Mahesh Agarwal, Managing Director, Purti Realty, says: “The affordable housing sector has been comparatively more impacted because buyers in this category are generally very price-sensitive and frequently depend on financing.”

Priyanka Raju, Director, Kalyani Developers, says that rising costs have disproportionately affected entry-level buyers. “When costs go up, that’s the bracket with the least room to absorb it, so it slows down quicker.”

Jagwani of Notandas Realty sees a growing divergence between segments. “Affordable housing has been witnessing a downward trend for several years. Premium and luxury housing, meanwhile, continue to demonstrate resilience despite economic and global uncertainties.”

#### TOWARDS PREMIUMISATION

According to industry estimates, premium housing



Mahesh Agarwal, Managing Director, Purti Realty

The impact of conflict in West Asia has highlighted how India’s real estate sector is closely linked to global developments.



Priyanka Raju, Director, Kalyani Developers

accounted for nearly 63% of sales in 2025, up from 53% in 2024. Luxury housing sales have remained strong in Mumbai, Bengaluru, Delhi NCR, Hyderabad, Pune, and Chennai. Sumeet Chunkhare, Chief Marketing and Communications Officer, Sobha Ltd, says that affluent buyers are increasingly prioritising quality and lifestyle. “The premium and luxury housing segments have demonstrated strong resilience. Today’s homebuyers are prioritising quality, integrated townships, larger living spaces and superior amenities over purely price-driven considerations.”

According to Anil RG, Managing Director, Concorde, affluent buyers are less dependent on financing and are increasingly prioritising lifestyle, larger living spaces, wellness-focused amenities and long-term asset appreciation. Mallanna Sasalu, CEO-South, Puravankara Ltd, believes demand is becoming more micro-market specific. Well-connected locations with social infrastructure and employment opportunities continue to attract buyers even when broader sentiment softens.

Kansal observes: “The clearest split today is less about price band and more about who is buying—investor-led demand versus end-user demand.” That shift is becoming significant as speculative activity reduces and genuine end-user demand gains prominence.

#### GLOBAL PRESSURES

The impact of conflict in West Asia has highlighted how India’s real estate sector is closely linked to global developments. Higher fuel prices, supply chain disruptions and shipping delays have affected a range of construction materials, increasing project costs and putting pressure on margins. “The most exposed inputs are the globally traded ones — copper, aluminium and steel foremost,” says Kansal of Max Estates.



Sumeet Chunkhare, Chief Marketing and Communications Officer, Sobha



Anil RG, Managing Director, Concorde



Mallanna Sasalu, CEO – South, Puravankara

While residential real estate has entered a phase of consolidation, commercial real estate has been displaying resilience.

According to Ambuja Neotia, steel, copper, aluminium, bitumen, and imported mechanical equipment have all witnessed cost pressures.

Puravankara’s Sasalu observes that the impact has extended beyond traditional construction materials. “The impact has been felt mostly in materials linked to natural gas, including paints, vitrified and ceramic tiles, and cables.”

Luxury developers have been particularly exposed because of their reliance on premium imported products. Anjana Sastri, Director – Marketing, Sterling Developers, says, “Developers need to put in place a robust system of strategic implementation to ensure the successful completion of projects.”

According to Vishal Vincent Tony, Managing Director, Aratt Developers, aluminium, steel, ceramic products and petrochemical-based materials have been among the categories most affected by recent disruptions. “Aluminium production has been affected by higher energy costs while steel prices have been influenced by rising transportation and fuel expenses. Ceramic products and petrochemical-based materials have also experienced inflation.”

Despite these challenges, developers appear better prepared than in previous cycles. Long-term procurement agreements, supplier diversification, value engineering and greater localisation have become common strategies for managing volatility. Sobha’s backward integration model, for example, provides greater control over supply chains and helps reduce exposure to market fluctuations.

NRIs are playing an increasingly significant role in sustaining demand, particularly in premium and luxury housing. “We are witnessing interest from NRIs in luxury residences, branded developments, integrated townships and premium apartments,”



Anjana Sastri, Director – Marketing, Sterling Developers



Vishal Vincent Tony, Managing Director, Aratt Developers

says Dr Hiranandani.

According to Sasalu of Puravankara, the rupee depreciation has made Indian real estate attractive to overseas buyers making prices feel affordable to them. Developers report rising demand from overseas Indians for premium apartments, gated communities, plotted developments and villas. For many, this demand has helped offset some of the caution displayed by domestic buyers during the first quarter.

**COMMERCIAL RESILIENCE**

While residential real estate has entered a phase of consolidation, commercial real estate has been displaying resilience. Office leasing remains one of the strongest-performing segments today. According to CBRE, gross office absorption during Q1-CY2026 stood at 20.7 million sq ft, while other industry estimates place total office leasing at 21.5 million sq ft during the same period. This is driven by demand from GCCs, technology firms, financial institutions, and flexible workspaces.

Dr Hiranandani believes that India's structural advantages continue to underpin demand. "The commercial real estate sector has remained resilient despite broader economic uncertainties. India's position as a global services and technology hub continues to support demand for Grade A office spaces."

Anshuman Magazine, Chairman and Chief Executive Officer – India, South-East Asia, Middle East and Africa, CBRE, says that Global Capability Centres (GCCs) have become one of the defining drivers of the office market. "Despite global uncertainty, India's office sector posted 20.7 million sq ft of absorption in Q1-2026, up 5% year-on-year, with GCC leasing."

Jagwani of Notandas points to the breadth of occupier demand supporting the sector. "India's

Developers report rising demand from overseas Indians for premium apartments, gated communities, plotted developments and villas.

**At a glance**

- 20.7 million sq ft office absorption in Q1-CY2026
- 21.5 million sq ft office leasing recorded during Q1-CY2026
- 34% growth in luxury apartment sales year-on-year
- 44-45.5% share of office leasing contributed by GCCs in Q1-CY2026
- 20- 25.9% share of flexible workspaces in leasing activity
- 84 million sq ft office leasing recorded across India's leading cities during 2025
- 4-13% decline in housing sales across top cities in Q1-CY2026
- 9.1 million sq ft GCC leasing recorded during Q1-CY2026
- NRI share in property purchases estimated at 18-20% in 2025
- IT-BPM and BFSI remained among the largest office occupier segments

office market has continued to perform steadily despite heightened global uncertainty. Demand from IT-BPM, BFSI and other occupier groups continues to support leasing activity across major cities."

**RISE OF FLEXIBLE WORKSPACES**

The office market is seen benefiting from the evolution of workplace strategies. Mukul Pasricha, Founder and CEO, Spring House Workspaces, believes that uncertain economic conditions are encouraging occupiers to adopt flexible real estate models. "In uncertain environments, organisations tend to be more cautious about long-term capital commitments. Conventional office leases frequently call for large upfront investments in infrastructure, fit-outs, and lengthy lock-in times. Flexible workspace solutions offer a more flexible option."

Rajat Kapur, Regional Managing Director, The Executive Centre (TEC), argues that flexibility has become a strategic requirement. "Flexibility, therefore, is no longer just a nice-to-have but a strategic advantage to companies. Workspace



Anshuman Magazine, Chairman and Chief Executive Officer – India, South-East Asia, Middle East and Africa, CBRE

providers who can give flexible and fully-managed workspaces will be more desirable than those that cannot." According to Kapur, GCCs accounted for 45.5% of office leasing activity during Q1-CY2026, while flexible offices contributed around 26%.

Aashit Verma, Founder, Hanto Workspace, observes that companies seek operational agility today. "Clients are now favouring shorter tenure contracts with renewal options, rather than committing to single, long-term agreements. This approach allows them to address cost uncertainties more effectively in their overall workspace operations."

According to Manas Mehrotra, Founder, 315Work Avenue, occupiers today demand far more than desk space—they seek technology-enabled, wellness-oriented, scalable environments that can adapt to distributed workforce models.

**GOOD OLD RENTALS**

The rental housing market is witnessing a similar shift. Dwivedi of Ambuja Neotia says that rising home prices and affordability concerns are encouraging young professionals to postpone home ownership. Meanwhile, Dr Hiranandani points to workforce mobility, urban migration and changing lifestyle preferences as key drivers behind growing rental demand.

Tony of Aratt Developers notes that rental housing is benefiting from the same economic forces influencing homeownership decisions. As professionals seek greater flexibility and delay large financial commitments, rental demand has strengthened across major urban centres. The result is a property market that is becoming increasingly diversified. Housing, offices, rentals and managed workspaces are responding differently to the same macroeconomic pressures, creating multiple growth avenues within the sector.

For developers, the future belongs to those capable of combining financial discipline with execution excellence.



Mukul Pasricha, Founder and CEO, Spring House Workspaces



Rajat Kapur, Regional Managing Director, The Executive Centre (TEC)



Aashit Verma, Founder, Hanto Workspace



Manas Mehrotra, Founder, 315Work Avenue

**REINVENTION MODE**

As buyers become selective and market conditions complex, developers are focusing on execution, customer experience and operational efficiency rather than short-term sales incentives. The industry's response reflects a recognition that in an uncertain environment trust and delivery matter more than discounts.

"Maintaining product quality, transparency, financial viability and delivery commitments remains the most effective strategy for sustaining customer confidence and long-term growth," says Dr Hiranandani.

Developers are introducing innovative payment plans and customer-focused initiatives to boost buyer confidence. For instance, Kalyani Developers is offering milestone-linked payment options and focusing on enhanced customer engagement to build buyer confidence. Sobha has been investing in customer experience and digital engagement. "We continue to invest in customer experience, digital engagement and thoughtfully designed developments that align with evolving buyer preferences," says Chunkhare of Sobha.

Developers are introducing innovative payment plans and customer-focused initiatives to boost buyer confidence.

Market snapshot	
Indicator	Latest trend
Housing sales in top cities	Down 4-13% year-on-year in Q1-CY2026
Office absorption	20.7-21.5 million sq ft in Q1-CY2026
GCC leasing share	35-45%
Flex workspace share	20-26%
Luxury apartment sales	Up 34% year-on-year
Affordable housing	Under pressure across major cities

At Ambuja Neotia, the emphasis is on community creation and lifestyle-led development.

"Consumers today are purchasing experiences and communities, not merely homes," opines Dwivedi of Ambuja Neotia.

Purti Realty is focusing on technology-enabled engagement and streamlined customer interactions. According to Purti's Agarwal, the company is focusing on technology-enabled customer engagement, transparent communication and improved service platforms to strengthen buyer confidence.

Opines Jagwani of Notandas: "True luxury is not only about the product itself but also about the overall experience provided to the customer. We have streamlined our systems through efficient management and technological support while remaining committed to our deliverables and timelines."

Developers are also adapting product offerings to align with changing preferences. Magazine

of CBRE believes premiumisation, wellness-focused design and mixed-use developments will continue shaping future demand. "Developers who combine quality, execution discipline and adaptability will be best placed to navigate near-term volatility while capturing India's long-term growth story."

For Puravankara, consistency remains the preferred strategy. "We keep the customer at the centre of everything we do," says Puravankara's Sasalu. "Our business is built to absorb challenges and cost pressures rather than react to every market fluctuation."

**A STABLE OUTLOOK?**

The sector's challenges have not disappeared. Oil prices remain vulnerable to geopolitical developments, inflation continues to affect affordability and global economic uncertainty persists. The overwhelming view across the industry, however, is that the fundamentals supporting Indian real estate remain intact.

According to Kumar of Magicbricks, the market is adjusting to a more measured growth trajectory. Knight Frank's Rathi reaches a similar conclusion. "What is slowing is primarily the pace of growth rather than demand itself. Buyers are taking longer to make decisions due to uncertainty surrounding global economic developments."

For developers, the future belongs to those capable of combining financial discipline with execution excellence. "We believe developers with strong governance, robust balance sheets and a differentiated value proposition will be best positioned to navigate evolving market dynamics," says Gopalakrishnan of SPRE.

Max Estates's Kansal succinctly captures the prevailing industry mood: "In an uncertain market, people pay for certainty. Buyers are gravitating to credible developers who offer quality and confidence." Jagwani of Notandas believes that the long-term trajectory remains positive despite periodic fluctuations.

The growth witnessed during the post-pandemic years may be difficult to replicate immediately. Affordable housing requires renewed policy support, construction costs remain elevated and geopolitical risks have not disappeared entirely.

The forces that transformed Indian real estate over the past decade are firmly in place: urbanisation, infrastructure expansion, rising incomes, growing GCC activity, institutional investment and participation by NRIs.

If stability gradually returns to global energy markets and consumer confidence improves, the current pause could ultimately mark the beginning of a balanced phase of growth—one that may be slower than the recent boom but potentially stronger, steadier, and sustainable. 