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Real Estate Sentiment Strengthens in Q2 2025 Amid Policy Support and Rising Demand

July 31, 2025

– Categories: Real Estate



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The real estate market in India showed notable improvement in the second quarter of 2025, according to the Knight Frank–NAREDCO Real Estate Sentiment Index. This index, a joint effort between Knight Frank, a global real estate consultancy, and the National Real Estate Development Council (NAREDCO), tracks confidence levels among developers, investors, and financial institutions across the country. The latest report highlights increased optimism

driven by macroeconomic stability, enhanced liquidity, favorable government policies, and robust demand in both premium residential and commercial segments.

The positive shift in sentiment reflects growing confidence in the sector's fundamentals. Market participants cited consistent economic indicators, including controlled inflation and supportive monetary policy, as key factors enabling this recovery. Liquidity conditions have improved as banks and financial institutions resumed lending, easing previous credit constraints that had weighed on development activity.

Policy measures introduced by both central and state governments have also played a significant role. Initiatives aimed at streamlining approvals, boosting affordable housing, and incentivizing sustainable building practices have been welcomed by the industry. These reforms have helped create a more conducive environment for investment and project execution.

Demand, especially in the premium housing segment, showed a marked uptick, fueled by urbanization trends and increased disposable incomes. The commercial real estate sector likewise experienced renewed interest, with growing demand for office space in major metropolitan areas reflecting a recovering economy and expanding corporate activities.

Analysts note that this improvement in sentiment could translate into increased project launches, higher sales volumes, and greater investor participation in the coming quarters. However, they caution that sustained momentum will depend on maintaining favorable economic conditions and continued policy support.

The Knight Frank–NAREDCO index provides a comprehensive gauge of market confidence, reflecting real-time feedback from key stakeholders. Its findings serve as a valuable tool for policymakers and industry leaders to assess market dynamics and tailor interventions accordingly.

Overall, the Q2 2025 report signals a positive trajectory for India's real estate sector, highlighting the impact of strategic policy action and underlying demand strength in driving sectoral revival. This outlook offers encouragement to developers, investors, and homebuyers alike as the market continues its path to recovery.