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Real Estate Sentiment Rebounds as Stakeholders Show Confidence in Economic Stability

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India's real estate sector is witnessing a notable rebound in sentiment, with stakeholders showing renewed optimism driven by a stable macroeconomic outlook. According to the latest Real Estate Sentiment Index by Knight Frank India and the National Real Estate

Development Council (NAREDCO), both current and future sentiment scores have improved in the second quarter of 2025, signaling positive expectations for the remainder of the year.

The Current Sentiment Index, which reflects the real estate community's perception of the present economic and market conditions, rose to 67 in Q2 2025 from 59 in Q1. A score above 50 indicates an optimistic outlook. This improvement is attributed to strong economic indicators, robust housing demand, and consistent infrastructure developments across major cities.

Similarly, the Future Sentiment Index, gauging the outlook for the next six months, climbed to 70 in the latest quarter from 63 previously. The uptick reflects growing confidence among developers, investors, and financial institutions, despite global uncertainties and geopolitical tensions.

Industry experts believe that the Reserve Bank of India's decision to maintain policy rates and the government's continued push for affordable housing and infrastructure have supported this positive trajectory. The demand for residential and commercial properties remains resilient, with mid-income and luxury housing segments showing strong traction.

Developers are also reporting increased sales volumes, especially in Tier 1 and Tier 2 cities, where new project launches and favorable buyer sentiment have helped maintain market momentum. Commercial real estate is benefiting from steady leasing activity, particularly in IT and manufacturing hubs, as companies resume expansion plans.

While the overall outlook remains upbeat, stakeholders caution against potential challenges such as input cost pressures, high interest rates, and regulatory hurdles. Concerns over global economic headwinds, including inflation and currency fluctuations, also persist.

Shishir Baijal, Chairman and Managing Director of Knight Frank India, emphasized that the Indian real estate sector is on a path of stable recovery. He noted that consistent policy support and improved consumer sentiment are playing a crucial role in reviving confidence and sustaining growth.

With the festive season approaching and economic fundamentals appearing strong, industry players are hopeful that the upward trend in sentiment and market performance will continue into the latter part of 2025.