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Delhi NCR and Bengaluru Lead Housing Price Surge as 1–BHK Demand Climbs

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India’s housing market is showing renewed vigor, with the national Housing Price Index (HPI) rising eight points year–on–year to reach 132 as of March 2025, according to a report by REA India and the Indian School of Business. Delhi NCR led the gain with an impressive 42–point rise, while Bengaluru followed with a 29–point increase, though recent data suggests some price stabilization in the city. Notably, demand for 1–BHK units surged as

their HPI jumped from 176 to 217, indicating a shift toward smaller, more affordable housing configurations, even amid high property costs.

Larger homes also drew attention as the 3–BHK segment saw a 12–point jump in March, while 2–BHK units remained the preferred choice for middle–class urban buyers, holding steady with an index of 132.

Economists say the current cycle reflects a more mature housing market, with stabilizing prices and healthy demand driven by rising incomes, evolving lifestyles, and hybrid work models even in the face of global economic headwinds and cautious sentiment. Assistant Professor Shekhar Tomar from ISB remarked that the market is moving beyond speculative surges and aligning with long–term fundamentals.

On a regional level, Hyderabad posted a 25–point annual increase and the highest quarter–on–quarter gain, though signs of cooling are emerging. Ahmedabad’s index climbed from 113 to 121, supported by demand for affordable 1–BHK units and investor interest in rental yields. Chennai saw a modest eight–point year–on–year rise but slipped three points quarter–on–quarter, signaling a brief slowdown. Buyers in Chennai are also shifting preference toward 1–BHK units, with 3–BHK configurations losing traction.

Kolkata recorded a 15–point gain, with 1–BHK units dominating demand due to tighter budgets and limited living space. In the Mumbai Metropolitan Region, the HPI rose just five points annually, constrained by its high base, though demand for 1–BHK units remained firm.

Pune stood out as the only major city to register a decline, with the index falling four points year–on–year and quarter–on–quarter amid uncertainties in the IT sector. Still, demand for premium 3–BHK units among serious buyers held up.

Overall, while housing prices continue to climb across most cities, there are early indications of moderation ahead, supported by improving supply and more balanced demand dynamics.