

# Indian real estate expected to reach USD 1.5 tn by 2034: Report

A recent report predicts that India's GDP has the potential to reach USD 10.3 tn by 2034 and upcoming demand could lead to USD 906 bn worth of new homes by 2034

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It is projected that the value of the Indian real estate sector will reach an estimated USD 1.5 trillion by 2034, constituting 10.5 per cent of the total economic output by then. In 2023, the sector's market size was approximately USD 482 billion, contributing 7.3 per cent to the total economic output. The residential market is expected to lead with a value of USD 906 billion, followed by the office sector contributing USD 125 billion. Land for manufacturing activities is estimated to generate a value of USD 28 billion, driven by rising demand in India, while warehousing is projected to yield revenues of USD 8.9 billion, reveals a Knight Frank India report in association with the Confederation of Indian Industry (CII) titled 'Indian Real Estate: A Decade from Now'.

According to the report, India's economic growth in the next decade will depend heavily on several factors, including a growing young population, bolstered domestic manufacturing, infrastructure development, and urban expansion. Under favourable conditions for these drivers and assuming an annual two per cent depreciation of the Rs to USD exchange rate, India's GDP could potentially reach USD 10.3 trillion by 2034.

## Residential real estate by 2034

India's population is expected to surge to 1.55 bn by 2034 with an estimated 42.5 per cent of the population residing in urban centres. As per the estimates from Knight Frank Research and CII, to accommodate the burgeoning urban population, urban cities in India will require an addition of 78 mn housing units between 2024 and 2034.

By 2034, it is estimated that a substantial portion of the population will be in the lower-middle and upper-middle-income brackets, consequently, generating housing demand for the affordable



segment, gradually transitioning towards the mid-segment. The proportion of High-Net-Worth Individuals (HNIs) and Ultra High Net Worth Individuals' (UHNIs) households in India is expected to rise from three per cent to nine per cent by 2034, also driving significant demand for luxury housing. This surge in demand will have the potential to generate an additional market value output of approximately USD 906 bn over the next decade.

## Commercial real estate by 2034

In 2008, the top eight cities in India cumulatively accounted for 278 mn sq ft office stock, which has now increased to 900+ mn sq ft. In the last few years, Tier-II and Tier-III cities in India have also witnessed a rising demand and supply for office real estate in India. Factors such as business expansion, low costs, infrastructure development, rise of IT and the services industry, and the availability of talent are some of the key drivers of growth in office stock in Tier-II and Tier-III cities. These factors, along with increase in formal workforce in India, will further generate demand for adequate volume of office space in India.

To accommodate the promising economic activity and growth in

formal employment, an estimated 2.7 bn sq ft of office space will be required by 2034, i.e. an additional requirement of 1.7 bn sq ft in the next decade. As the sector scales up, the potential revenue generation from India's office real estate is estimated to be USD 125 bn in 2034.

The report expects Global Capability Centres (GCC) to potentially drive the office market in the next decade. By 2030, there will be an estimated 2,400 GCCs across India as it emerges as global technology and services hub. Assuming a similar pace of growth, the number of GCCs in India may scale up to 2,880 by 2034.

Gulam Zia, senior executive director, research, advisory, infrastructure, and valuation, Knight Frank India, says, "In the coming decade, India's economic ascent will be marked by an unprecedented surge, with the real estate sector poised to be a cornerstone of this transformative journey. We anticipate the Indian real estate sector to grow to a USD 1.5 trillion powerhouse by 2034, constituting a remarkable 10.5 per cent of the nation's economic output. This journey about sustainable progress, anchored in resilience and adaptability, is paving the way for a brighter, more prosperous tomorrow."