

Real Estate Current Sentiment Index Score at a decadal high: Knight Frank-NAREDCO Real Estate Sentiment Index Q1 2024

Mumbai, May 19, 2024: The Knight Frank-NAREDCO Real Estate Sentiment Index Q1 2024 (January – March) report unveils an unprecedented surge in market confidence amongst the supply side of real estate, marking a significant milestone in the sector. The **Current Sentiment Index Score soared to 72**, ascending from last quarter’s 69, and setting a decadal high. This remarkable achievement is underscored by the robust economic landscape in India, with stakeholders across the board expressing heightened confidence and optimism.

Driven by a strong domestic economy, **the Future Sentiment score** also saw an uplift, climbing from **70 in Q4 2023 to 73 in Q1 2024**. This positive trajectory reflects stakeholders’ sustained optimism regarding the Indian economy and the enduring demand in the real estate market.

The residential market outlook in Q1 2024 is particularly promising, with 82% of respondents anticipating a rise in residential prices. Similarly, the office market outlook remains buoyant, with stakeholders confident in the performance across leasing, supply, and rent over the next six months.

The quarterly Knight Frank-NAREDCO report provides a comprehensive analysis, through a primary survey, of current and future sentiments in the real estate sector, considering the economic climate and funding availability as perceived by supply-side stakeholders and financial institutions. A score of 50 indicates neutrality, scores above 50 signal positive sentiment, and scores below 50 denote negative sentiment.

Current and Future Sentiment Scores

Score/Quarter	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Current Sentiment Score	68	62	61	59	57	63	59	69	72
Future Sentiment Score	75	62	57	58	61	64	65	70	73

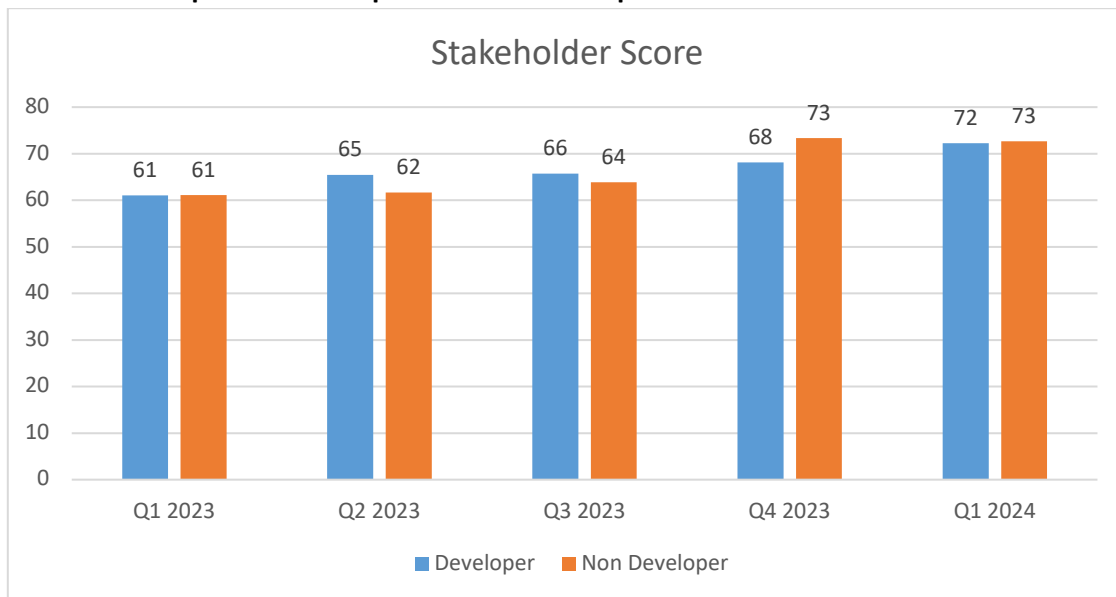
Source: Knight Frank India

Sentiments of Developers and Non-Developers Inch Up further in the Optimistic Zone

The Developer Future Sentiment Score scaled up from 68 in Q4 2023 to 71 in Q1 2024. With strong buyer sentiment for property and the Reserve Bank of India’s (RBI) consistent policy on the repo rate for over a year, real estate developers remain optimistic about sector growth over the next six months.

Meanwhile, the Non-Developer Future Sentiment Score, which includes banks, financial institutions, and private equity funds, remained stable at 73 across Q4 2023 and Q1 2024. Although institutional investors have maintained a cautious stance, their confidence in the Indian economy has notably increased during this period.

Uptick in Developer and Non-Developer Future Sentiment Scores



Source: Knight Frank Research

Note: Non-Developers include banks, financial institutions and PE funds

Shishir Bajjal, Chairman and Managing Director, Knight Frank India, said, “The significant rise of the Current Sentiment Index Score within the optimistic territory is driven by India’s robust economic landscape. Confidence among stakeholders has surged, with Indian enterprises, including those in the real estate sector, anticipating gains from a flourishing domestic economy. The 8.4% GDP growth in Q4 2023 exceeded expectations, solidifying India’s position as the fastest-growing major economy globally. This growth reflects stakeholder optimism about the economy and sustained real estate demand, setting a promising tone for the real estate sector with ample opportunities for investment, expansion, and prosperity.”

Hari Babu, President-NAREDCO, said, “The Knight Frank NAREDCO Real Estate Sentiment Index for Q1 2024 paints a buoyant outlook for the Indian real estate sector. With the Current Sentiment Index rising from 69 to 72 and the Future Sentiment Score climbing from 70 to 73, stakeholders demonstrate unwavering optimism, driven by the government’s commitment to aggressive economic growth. India maintains stability and offers fertile ground for real estate growth. The highest recorded Current Sentiment Index within the past decade underscores notable trends in residential and office segments, with significant upsurges in new launches, sales, and prices. NAREDCO remains committed to driving the real estate sector towards a path of sustainable prosperity and inclusive development.”

Residential market outlook reflects enhancement in sales and launches

In Q1 2024, the residential market outlook reflects enhanced optimism on parameters of residential sales and launches, as stakeholders remain confident of the sustained demand momentum to drive activity in the market.

In this quarterly survey, **73% of the respondents expect residential sales to increase** in the next six months as compared to 65% in the previous quarter. The positive homebuyer sentiment and stability in home loan interest rate has led stakeholders to expect that growth in demand will prevail in the residential sector in the next six months.

In Q1 2024, **80% of survey respondents** were of the opinion that residential launches will improve in the next six months.

82% of the survey respondents in Q1 2024 expect residential prices to increase in the next six months. However, during Q4 2023, 65% of survey respondents held a similar view.

Strong Future Outlook for Residential Market

Q1 2024	Residential Sales	Residential Launches	Residential Prices
Increase	73%	80%	82%
Same	15%	8%	18%
Decrease	12%	12%	0%

Source: Knight Frank Research

Office market outlook exhibits buoyancy on all parameters

The office outlook exhibited buoyancy on leasing and supply parameters as survey respondents remained confident about this sector in the next six months. Stakeholders opined that demand in India’s office market will bolster in the next six months and give a fillip to new supply as well.

In Q1 2024, **74% of survey respondents expect office leasing to improve** in the next six months. In the previous quarter, 69% of survey respondents held a similar opinion.

58% of survey respondents expect office supply to improve in the next six months. In the previous quarter, 62% of respondents held a similar opinion. With strong momentum in office leasing, the outlook towards new supply has also strengthened in the near term.

In Q1 2024, **65% of the survey respondents expect office rents to increase**. In Q4 2023, a similar percentage or 53% of the survey respondents held a similar view.

Buoyancy in Office Market Outlook

Q1 2024	Office Leasing	New Office Supply	Office Rents
Increase	74%	58%	65%
Same	15%	27%	29%
Decrease	11%	15%	6%

Source: Knight Frank Research

Economic Scenario

Based on the findings of the survey 68% **respondents** in Q1 2024 indicated an increase in their expectations on economic momentum. As India’s domestic economy continues to remain steady, it is anticipated that business and consumer optimism would strengthen further.

In Q1 2024, 58% of survey respondents expect an increase in funding availability in the next six months. In Q4 2023, 57% of survey respondents had a similar opinion.

Q1 2024	Overall Economic Momentum	Availability of Funding
Increase	68%	58%
Same	23%	23%
Decrease	9%	19%

Source: Knight Frank India

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