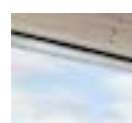


Premium, luxury housing sees strong capital inflow as investors focus on long-term wealth, say experts

Investors are turning to premium and luxury residential real estate as a long-term wealth strategy, driven by rising ticket sizes, stronger absorption, and resilient capital appreciation.



By Anshul
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India's premium and luxury residential real estate segment is witnessing an upswing, driven by rising ticket sizes, faster absorption of high-end launches, and growing investor confidence across major metros. Experts say the trend reflects a shift from speculative buying to wealth consolidation, with investors seeking long-term stability alongside lifestyle upgrades.

According to Pakshal Sanghvi, Managing Director of Sanghvi Realty, "In the last 12–18 months, the premium and luxury segment has entered one of its most active phases. Earlier, homes in the ₹3–5 crore bracket were the fastest-moving category in premium housing. Today, the ₹6–10 crore bracket is selling with the same level of ease. This indicates a rise in buyer confidence and spending capacity rather than just price inflation."

Jason Samuel, Director at House of Swamiraj, added that "The average ticket size of residential sales has risen consistently, supported by demand for larger homes with private amenities and flexible living spaces. Metro-adjacent markets are witnessing a surge in launches, especially in Bengaluru, Pune, NCR and Mumbai's peripheral hubs, where branded residences and gated villa communities are gaining preference. Rising transaction values, steady absorption and widening geographic interest signal sustained momentum in the premium housing segment."

Sudeep Bhatt, Director Strategy at Whiteland Corporation, points to data from Delhi NCR, where "average ticket sizes in first half of FY2025 surged by 56%, the steepest rise among major Indian cities. While overall unit sales may be flat, transactions in the ₹5 crore and above category are accelerating sharply—led primarily by Gurugram's prime corridors, including the Dwarka Expressway."

Manik Malik, CEO of BPTP, adds that CBRE's first half of calendar year 2025 data shows luxury home sales have surged 85% year-on-year, with NCR alone witnessing a 17% rise in average property prices.

"This is backed by both rising ticket sizes and a 30% growth in luxury project launches, driven by demand from HNIs, NRIs, and aspirational end-users," he said.

Developers are responding to demand by launching more premium products.

Rohit Kishore, CEO of Hero Realty, said, "Almost every major launch in the last few years has positioned itself in the premium category. Demand momentum has been exceptional, particularly in markets like the Delhi NCR region, where premium housing has outpaced the broader residential segment."

Salil Kumar, Director – Marketing & Business Management, CRC Group, said, "What we're seeing today goes beyond strong capital inflow. It reflects a shift in investor sentiment. Homebuyers now view luxury real estate not as a discretionary purchase, but as a durable, future-focused wealth asset. Backed by rising affluence, enhanced infrastructure, and a more mature consumer base, luxury homes are now delivering sustained long-term returns that surpass traditional investment options."

Financial metrics and long-term returns

Investors considering premium properties are advised to focus on long-term returns rather than immediate yield.

Sanghvi notes that "premium residential assets behave differently from mid-income homes, so investors should evaluate them through a long-term lens. Yield alone cannot be the decision-maker, because luxury rentals typically offer 2–3%. The real focus should be on expected IRR over a 7–10 year horizon, capital appreciation patterns, developer credibility, and market depth."

Bhatt echoes this, saying, "For premium residential assets, Expected Internal Rate of Return (IRR) is the most essential metric. Investors must align their target IRR with a keen understanding of economic cycles. Entering at a cyclical trough and exiting close to a market peak remains the most effective strategy for maximising capital gains, the primary driver of returns in premium real estate."

Santosh Agarwal, CFO & Executive Director at Alpha Corp, adds, "Decision-making at this level must go beyond price and sentiment, evaluating core financial metrics such as rental yields, expected IRR, investment horizon, and the asset's performance across economic cycles."

Ankush Kaul, President – Sales, Marketing & CRM at Central Park, adds that investors are "more focused on fundamentals—benchmarking IRRs, achievable rental yields, realistic holding periods, and understanding the maturity of each micro-market. With prices firming up, financial discipline is essential: buyers should stress-test EMIs, review cash flows, and assess long-term resilience rather than just near-term affordability."

Manish Agarwal, Managing Director of Satya Group and President, CREDAI Haryana, adds, "For investors, it's critical to evaluate both capital appreciation and rental yield, balancing the potential IRR with realistic holding periods and an understanding of local market cycles. With property prices and interest rates on the rise, affordability must be viewed through a lens of resilience; stress-testing EMIs, assessing cash flows, and choosing proven, stable locations ensure long-term capital appreciation."

Affordability and risk management

As ticket sizes rise amid higher interest rates and elevated property prices, experts emphasise the need for disciplined affordability assessment.

Sanghvi recommends that "first home loan payments should stay between 30% and 35% of household income. Buyers must also consider full cost of ownership beyond base price—maintenance, interiors, upgrades and renovation cycles."

Bhatt stresses the importance of stress-testing EMIs.

"Calculating EMI affordability at an interest rate 200 bps above current levels provides a far more realistic view of long-term exposure. Buyers should approach premium real estate as a disciplined, equity-building investment, not a highly leveraged bet designed to create sustainable long-term wealth."

Kishore added, "Premium homes command higher upfront and carrying costs, so the first step is to evaluate the total cost of ownership, including EMIs, maintenance, and long-term lifestyle commitments. Even in a high price environment, these fundamentals reduce long-term risk and enhance appreciation potential."

Premium real estate as an inflation hedge

Experts agree that high-end residential assets remain a strong hedge against inflation.

Sanghvi said, "Premium real estate remains one of the most effective inflation hedges because it is a hard asset with intrinsic value, limited supply, and strong replacement cost economics."

Bhatt noted that the asset class provides diversification, with "low correlation with equity and debt markets," and recommends maintaining a strategic real estate allocation as a core wealth anchor.

Malik added, "From a portfolio perspective, real estate offers low volatility, asset tangibility, and currency protection—particularly relevant for NRIs. Smart portfolios now include 15–20% allocation to high-quality real estate, balancing growth with stability."

Robin Mangla, President at M3M India, summarised the investor approach: "Premium real estate continues to be a strong inflation hedge because of limited supply, intrinsic value, and its ability to retain demand across cycles. Investors should balance it with diversified assets—equity, debt, and alternatives—to maintain liquidity and stability while benefiting from long-term appreciation in prime locations."