

Festive housing demand to stay healthy, but growth likely to moderate

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According to industry experts, rising property prices are altering buyer behaviour

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India's residential real estate market is expected to see healthy housing demand during the 2026 festival season, even as sales growth is expected to moderate from the sharp expansion seen in previous years.

The festival period, starting with Ganesh Chaturthi and running through Diwali, typically accounts for a larger share of annual housing activity and is expected to support sales in the second half (H2) of the year. However, developers are becoming more calibrated in their launch strategies, while homebuyers are showing greater scrutiny around prices, payment terms, and product quality.

“The 2026 festival season is expected to see country-level residential sales higher compared with the 2025 festival period,” said Vivek Rathi, national director of research at Knight Frank India. However, the pace of growth is likely to moderate compared with previous festival years. Therefore, more flexible payment plans and better incentives from developers may be required to support sales this time around.

Rathi said there was no broad-based reduction in launches, with developers continuing to focus on location, ticket size, pricing, and absorption potential. Residential launches across the top eight cities rose 4 per cent year-on-year (Y-o-Y) in the first half of 2026, indicating continued developer activity, he said.

Anarock group expects housing sales in the top seven cities during the third quarter (July through September/Q3) of 2026 to be 3-4 per cent higher than in the previous quarter. Anarock group uses the calendar year when reporting quarterly housing sales data. The cities recorded around 90,700 units of sales in the second quarter (April through June/Q2) of 2026. On a Y-o-Y basis, however, sales could remain broadly flat compared with around 97,000 units sold in Q3 2025, said Santhosh Kumar, vice-chairman, Anarock group.

Launch activity is likely to remain strong. Nearly 97,000 units were launched across the top seven cities during July-December 2025, and Anarock expects launches in Q3 2026 to be up to 10 per cent higher Y-o-Y, with a strong pipeline also expected in the fourth quarter (October through December/Q4).

Developers are also seeing continued demand for premium housing, with buyers increasingly looking for differentiated products, amenities, and lifestyle offerings, said Hrishikesh Parandekar, chief executive officer, Kolte-Patil Developers. Purchase decisions are being influenced by product quality, location, brand, payment flexibility, and the overall value proposition, he said.

Festival launch calendar fills up

Signature Global plans to launch two large housing projects in Gurugram in H2 2026-27 (FY27), with a combined revenue potential of Rs 10,000-12,000 crore. Pradeep K Aggarwal, founder and chairman of Signature Global, said one of the projects has been timed for Dussehra and Diwali, when buyers in the market have traditionally shown a preference for closing deals.

Aggarwal expects the festival season to outperform last year, citing steady demand in the mid-income and premium segments. The company expects the September-December period to see an improvement in site visits and sales closures and remains on track to meet its Rs 10,000 crore full-year presales target for FY27, he said.

Embassy Developments is planning residential projects worth around Rs 10,000 crore for the remainder of the year, largely in Bengaluru, along with a smaller project in Gurugram. Aditya Virwani, managing director (MD) of Embassy Developments, expects the industry to remain broadly flat in terms of sales compared with last year.

He said unit volumes could decline slightly, while price appreciation may not be strong enough to offset the fall in volumes. "The industry can be flat from last year to this year," Virwani said.

Meanwhile, developers continue to maintain sizeable launch pipelines. Bengaluru-based Krishvi group is preparing projects in Bengaluru with a combined estimated development value of around Rs 1,050 crore.

"Buyers today are taking a more considered approach to residential purchases," said Arhanth Dinesh, MD, Krishvi Group.

According to industry experts, rising property prices are altering buyer behaviour. Anarock's consumer sentiment survey found that 65 per cent of respondents were at least moderately concerned about the rise in housing prices, while 40 per cent viewed the increase as a long-term trend. Yet, 44 per cent intended to proceed with their planned purchase. Among those delaying or cancelling purchases, affordability was cited by 44 per cent, followed by a lack of suitable properties within budget at 32 per cent.

“Price appreciation is changing what, where and when buyers purchase, rather than fundamentally weakening housing demand,” Kumar said.

Developers are responding with targeted payment schemes rather than widespread price cuts. A developer said it had introduced festival payment plans across select projects to provide greater flexibility to buyers while maintaining the underlying value proposition.

This comes at a time when homebuyers are particularly looking at 3BHK units in the price range of Rs 90 lakh to Rs 1.5 crore, according to an Anarock survey of 8,200 homebuyers. It added that demand for homes priced above Rs 1.5 crore had almost doubled to 27 per cent in the first half (H1) of 2026, from 13 per cent in H1 2021.

Ashish Jerath, president (sales and marketing) at Gurugram-based Smartworld Developers, said the trend may strengthen demand during the festival season, especially for units in the premium segment (Rs 1.5 crore to Rs 3 crore) and luxury segment (Rs 10 crore and above).