

REaVIEW

Dear Readers,

REaVIEW is a monthly news digest bringing to our clients and well-wishers news updates on major developments in the realty industry. The periodical will keep the readers updated on the significant changes and trends affecting real estate development within the country as well as globally, thus helping them in taking informed and calculated investment decisions

Responsibly yours,

Sunil Kumar V
Founder & Managing Director
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INDIAN REAL ESTATE SEES STRONG INVESTMENT MOMENTUM IN 2026



India's real estate sector has entered 2026 on a strong note, signaling renewed investor confidence and a structural shift in the market's evolution. According to recent industry reports, institutional investments in Indian real estate reached \$1.4 billion in Q1 2026, marking the highest first-quarter inflow since 2022 and a significant 74 percent year-on-year growth.

While global uncertainties continue to influence capital flows, the sector's resilience is evident. More importantly, the nature of investments is changing, and this shift has important implications for emerging markets like Kerala.

A SHIFT TOWARDS INSTITUTIONAL AND DOMESTIC CAPITAL

A Shift Towards Institutional and Domestic Capital

One of the most defining trends in 2026 is the growing dominance of domestic institutional capital. Nearly 72 percent of total investments in Q1 came from domestic investors, indicating a strong internal confidence in India's long-term real estate growth story.

This marks a gradual shift from dependence on foreign capital to a more self-sustaining

investment ecosystem. In an environment shaped by geopolitical uncertainties and cautious global sentiment, domestic investors are playing a stabilizing role.

For markets like Kerala, this trend is significant. It suggests that real estate growth will be driven not just by external inflows, but by local wealth creation, NRI capital, and regional investor confidence.

COMMERCIAL REAL ESTATE LEADS THE GROWTH STORY



Commercial Real Estate Leads the Growth Story

The investment pattern in Q1 2026 clearly highlights one major trend: commercial real estate is leading the sector.

- Commercial assets accounted for nearly 80 percent of total investments
- Over \$1.1 billion flowed into office and commercial spaces
- Growth is driven largely by the expansion of Global Capability Centers (GCCs)

India's position as a global hub for IT, consulting, and back-office operations continues to fuel demand for high-quality office infrastructure.

While cities like Bengaluru, Mumbai, and Hyderabad remain key beneficiaries, this trend is gradually expanding to emerging urban centers.

For Kerala, particularly Kochi and Thiruvananthapuram, this signals a long-term opportunity. As infrastructure improves and talent pools strengthen, the state is well-positioned to attract knowledge economy investments and commercial developments.

RESIDENTIAL INVESTMENTS SLOW, BUT DEMAND REMAINS STRONG

Interestingly, while overall investments surged, institutional investments in residential real estate declined sharply, dropping to around \$0.2 billion in Q1 2026.

However, this does not indicate a weakening of the housing market. Instead, it reflects a temporary shift in investor preference toward commercial assets offering higher yields and stability.

End-user demand for housing across India continues to remain strong, supported by:

- Urbanization and nuclear families
- Rising incomes and lifestyle aspirations
- Increased preference for quality living spaces

In Kerala, this trend is even more nuanced. The residential market continues to be driven by NRIs, retirees, and lifestyle buyers, making it less speculative and more consumption-led.



INDIA'S REAL ESTATE BECOMING MORE STRUCTURED AND TRANSPARENT

Beyond investment volumes, a deeper transformation is underway. India's real estate sector is gradually moving from a fragmented, developer-driven model to a more institutional, transparent, and professionally managed ecosystem.

Key enablers include:

- Regulatory frameworks such as RERA

- Increased participation from institutional investors
- Greater financial discipline and governance standards

This transition is critical. It enhances trust, reduces risk, and improves long-term sustainability, making real estate a more credible asset class for both domestic and global investors.

EMERGING SEGMENTS SHAPING THE FUTURE



The growth story of Indian real estate is no longer limited to traditional housing and office spaces. Several emerging segments are gaining traction:

- Senior living communities
- Co-living and rental housing models
- Data centres and logistics infrastructure
- Fractional ownership platforms

Industry experts also point to a strong rise in luxury housing and lifestyle-driven

developments in 2026, reflecting evolving consumer aspirations.

These trends align closely with Kerala's strengths, particularly in:

- Senior living and wellness - driven communities
- Tourism-linked real estate
- Premium and second-home developments

WHAT THIS MEANS FOR KERALA'S REAL ESTATE MARKET

While Kerala operates at a different scale compared to metro cities, the national trends offer clear directional insights:

1. Stronger Investor Confidence

The surge in institutional investments reinforces real estate as a stable asset class, benefiting even regional markets.

2. Opportunity in Commercial Expansion

With the expansion of GCCs and service industries, cities like Kochi can evolve into secondary commercial hubs.

3. Continued Strength in Residential Demand

Kerala's housing market, driven by end users rather than speculation, remains structurally strong.

4. Growth of Lifestyle and Thematic Developments

Projects that combine hospitality, wellness, and community living will see increased traction.

OUTLOOK

The Indian real estate sector in 2026 is not just growing, it is maturing. The shift towards domestic capital, the dominance of commercial investments, and the emergence of new asset classes all point to a more stable and future-ready industry.

For Kerala, this is an opportune moment. With its strong human development indicators, global NRI connect, and improving infrastructure, the state is well-positioned to align with these broader trends.

As the market evolves, the focus will increasingly shift from just building spaces to creating integrated, future-ready living and working environments.

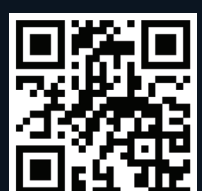


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