REAL ESTATE ECONOMY AND VALUATIONS

Research Analysis by Jawahar Reddy

Contents

Real Estate Economy and Valuations: Historical Insights and Future Trajectories

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Subject: Navigating Global Real Estate Trends: Price Movements and Valuations in India, UK, US, and UAE

Objective:

The real estate sector stands as a cornerstone of global economic activity, reflecting the interplay of wealth, urbanization, and human aspiration. From the bustling metropolitan centers of India and the established urban landscapes of the UK and US, to the rapidly expanding suburban regions of the Middle East, the industry's evolution over the past decade reveals a complex narrative of resilience, adaptation, and marked disparity. Yet, as we stand in 2025, the question looms: where is real estate headed in the next five years? This research embarks on a dual mission—to dissect the recent and historical performance of real estate across various markets and to forecast their trajectories through next five years. The future will be shaped by a combination of historical data, recent market trends, and broader macroeconomic factors. By integrating these elements, this study seeks to uncover patterns, highlight divergences, and offer a reasoned glimpse into the future of one of humanity's most enduring assets.

The scope of this study is deliberately expansive, covering regions: India, the UK, the US and the UAE. This segmentation allows for a granular examination of real estate dynamics, acknowledging that no single narrative fits all. The past decade—marked by economic booms, pandemics, technological leaps, etc.— offers a rich tapestry of data on price trends, housing demand, supply-side shifts, and investment flows.

The primary objective is twofold: to undertake a data-driven analysis of real estate markets, utilizing verifiable information from official reports, industry studies, and public records. Metrics such as annual price growth, transaction volumes, and construction activity will anchor this analysis, providing a factual backbone for each region. Second, it will project real estate trends from 2025 to 2029, synthesizing past and recent insights with contemporary drivers—economic policies, population growth, sustainability pressures, technological advancements, etc.—to offer original, reasoned predictions.

This paper is not merely a compilation of statistics; it aspires to bridge regions and timelines, offering a comparative lens on how real estate reflects and shapes societal progress. For Readers, investors, and scholars, it promises to be a resource for understanding where we have been, where we stand today, and where we are headed. Readers can expect a structured journey. As of March 2025, when this research is being written, the global real estate landscape stands at a crossroads. This study aims to chart its course through a detailed analysis.

Analysis of the Indian Real estate Property market

Over the past decade, India's real estate sector has navigated a complex landscape of economic cycles, regulatory overhauls, and shifting demand dynamics. From the highs of 2015's investment surge to the lows of COVID-19 disruptions in 2020, the market has witnessed both periods of rapid expansion and phases of stagnation. While metro cities like Mumbai, Bengaluru, and Delhi NCR have long dominated the industry in past, emerging metro hubs such as Hyderabad, Pune, and Ahmedabad have increasingly driven growth.

To provide a data-driven and representative analysis, this study focuses on India's top eight cities—Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, and Ahmedabad. These cities serve as proxies for national trends, given their significant share in housing transactions, price movements, and investment flows. The projections for 2025–2030 are primarily based on macroeconomic factors, market fundamentals, and the demand-supply dynamics that shape these key markets.

Unlike in fully developed real estate markets, historical data in India has limited applicability due to the sector's evolving nature. Indian real estate remains semi-organized, and the factors that influenced the market a decade ago are no longer fully representative of current or future trends. India's rising global significance, rapid economic expansion, and evolving regulatory environment mean that future real estate growth will be more influenced by contemporary economic indicators—such as GDP forecasts, inflation trends, and urbanization patterns—than by long-term historical averages. This is a common characteristic of emerging economies, where real estate markets are increasingly shaped by future economic potential rather than past performance. As a result, while past data provides some context, this research places greater emphasis on the most recent changes and forward-looking factors in shaping the trajectory of India's real estate market.

Recent Trends in Residential Property Prices and Market Activity

According to research by PropTiger, average property values across India's major cities have experienced robust growth, albeit at varying rates. While price appreciation in Hyderabad remained moderate after nearly a decade of rapid increases, all other cities in the analysis recorded double-digit annual growth.

The National Capital Region (NCR) led the surge, with average property values per square foot rising by an exceptional **49% year-on-year**, primarily driven by sustained demand for luxury homes amid a growing population of high-net-worth individuals (HNWIs). However, 2024 was an exceptional year for Indian real estate, and this surge should be viewed as an outlier. The limited number of transactions, with a good portion concentrated in the luxury segment, further amplified the price rise in Delhi NCR. Additionally, a decline in transactions in the previous quarter (-4%) created pent-up demand, which, in turn, pushed average prices per square foot higher in NCR.

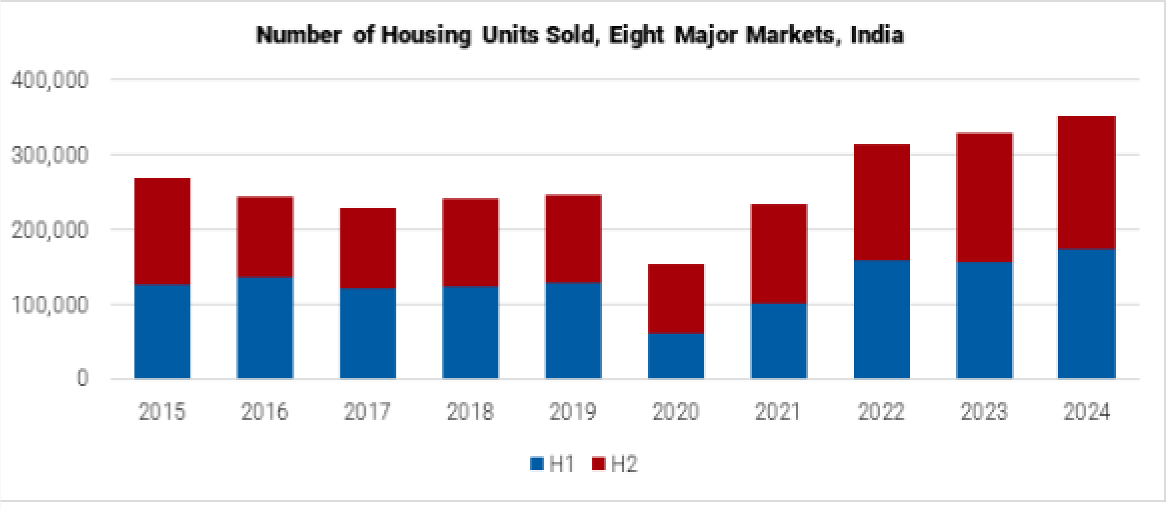
While the growth rates observed in 2024, as detailed in the forthcoming table, are not sustainable in the long run, they highlight the immense potential of Indian real estate to achieve consistent double-digit growth under favorable conditions. For the purpose of this analysis, we have not relied on Housing Price Index (HPI) fluctuations for India, as listings from private housing platforms provide a more accurate reflection of real-time market trends. These platforms capture data starting from the mid-market segment, offering a clearer picture of on-ground pricing dynamics and buyer sentiment.

The table below provides a detailed breakdown of average residential property prices per square foot across major Indian cities.

City	Average Price, Q4 2024, INR/sq ft	Average Price, Q4 2024, USD/sq ft	YoY, Q4 2024 vs Q4 2023
Ahmedabad	INR 4,402	USD 52	10%
Bengaluru	INR 7,536	USD 89	12%
Chennai	INR 7,173	USD 85	16%
Delhi NCR	INR 8,105	USD 96	49%
Hyderabad	INR 7,053	USD 84	3%
Kolkata	INR 5,633	USD 67	10%
MMR	INR 12,600	USD 149	18%
Pune	INR 7,108	USD 84	16%

USD to INR average – 84.46
Data Source: Prop Tiger Research and Global Property guide

According to Knight Frank, 177,371 residential units were sold across eight major markets in India during the second half of 2024, reflecting a 2.85% year-on-year increase. For the full year, total sales reached **350,612** units, marking a 12-year high and a **6.54**% annual growth.



Data source: Knight and Frank and Global Property guide

The factors driving this expansion including but not limited to shift in buyers preferences, Luxury segment growth, financial stability, liquidity, urbanisation and infrastructure development.

Shift Towards High-End Properties Drives India's Residential Market Growth

A notable shift in homebuyer preferences in India are toward premium properties which was evident in H2 2024, as high-end residential units dominated sales. Properties priced above INR 10 million accounted for **46% of total transactions**, reflecting a 29% year-on-year surge. This segment emerged as the primary growth driver of India's residential real estate market, while demand for mid-range and affordable properties declined as buyers increasingly sought higher-value homes.

"A clear shift toward premiumization has become the defining feature of the sector. The evolving buyer preferences are driven by aspirations for an enhanced lifestyle and confidence in India's economic trajectory," noted from Knight and Frank India research.

City-Wise Market Performance

- Mumbai retained its position as India's largest residential market, contributing 27% of total sales with **96,000 transactions**, its highest annual volume in 13 years.
- Hyderabad and Pune also recorded all-time high sales, benefiting from strong demand and infrastructure growth.
- Kolkata saw the strongest annual growth at 16%, followed by Ahmedabad (15%) and Hyderabad (12%), reflecting increased interest in emerging metro regions.
- NCR was the only major market to register a sales decline (-4% YoY), following an exceptionally strong 2023 performance. Limited inventory in mid- and affordable segments contributed to this dip. However, luxury properties priced between INR 20-200 million continued to perform well, driven by strong investor interest.

"NCR has historically been an investment-heavy market with speculative demand. Low inventory in key mid-range locations has impacted sales, but the luxury segment remains resilient," explained Knight Frank India.

With the surge in high-net-worth individuals (HNWIs), supported by a fast-growing economy, rising incomes, and increasing NRI interest, India's residential real estate market is poised for sustained growth. Recent rate reductions, large-scale infrastructure development, and political stability have created a favorable environment for homebuyers, driving both price appreciation and transaction volumes across metro cities.

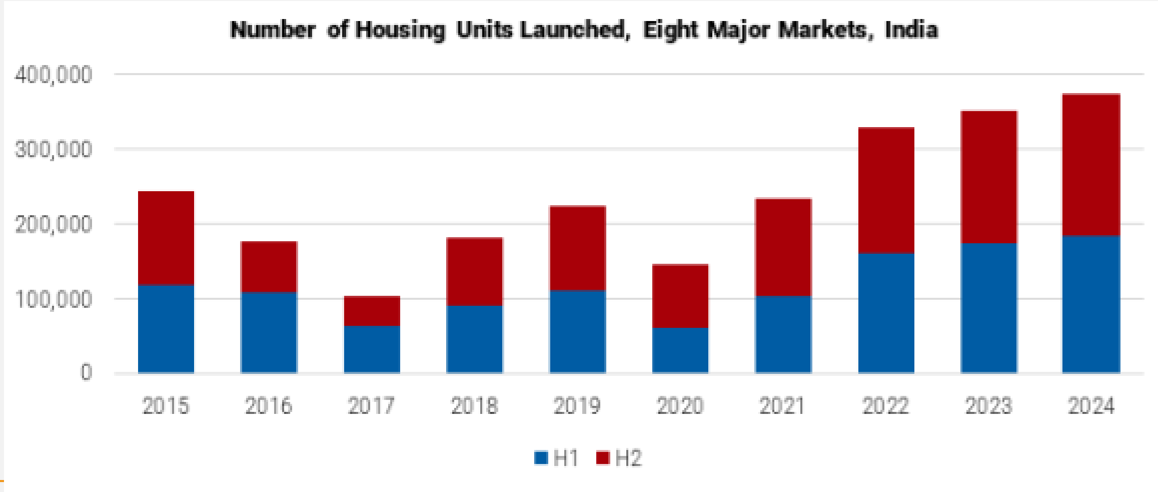
However, growth patterns will vary by location, influenced by space constraints and evolving demand dynamics. For instance, in the near term, price appreciation in Thane and Navi Mumbai is expected to outpace central Mumbai, driven by improved connectivity, infrastructure expansion, and greater affordability, making these regions attractive alternatives for buyers seeking value in a rapidly urbanizing landscape.

City	Number of Housing Units Sold, 2024	YoY, 2024 vs 2023
Mumbai	96,187	11%
National Capital Region (NCR)	57,654	-4%
Bengaluru	55,362	2%
Pune	52,346	6%
Hyderabad	36,974	12%
Ahmedabad	18,462	15%
Kolkata	17,389	16%
Chennai	16,238	9%

Data source: Global property guide and Knight and Frank

New Launches: Development Activity Gains Momentum

India's residential market continues to witness strong development activity, fueled by sustained demand growth for new residential units. According to Knight Frank, **189,535 residential units** were launched across eight major markets in H2 2024, marking a 6.85% year-on-year increase. On an annual basis, total residential launches reached **372,936 units**, reflecting a 6.33% growth over 2023—the highest annual volume recorded in the past 11 years.



Source: Global Property Guide

Mumbai led the market, contributing 26% of all new residential launches, followed by NCR and Pune, each accounting for 16%. Pune recorded the strongest year-on-year growth, with new launches surging 40%. In contrast, Hyderabad (-6%), Ahmedabad (-2%), and NCR (-3%) witnessed a decline in new supply, likely due to inventory absorption cycles, shifting developer focus, and regulatory factors.

City	Number of Housing Units Launched, 2024	YoY, 2024 vs 2023
Mumbai	96,470	4%
National Capital Region (NCR)	60,699	-3%
Pune	59,548	40%
Bengaluru	56,014	10%
Hyderabad	44,013	-6%
Ahmedabad	22,043	-2%
Chennai	17,431	7%
Kolkata	16,718	6%

Data source: Knight and Frank and Global Property guide

Inventory Trends: Balancing Supply and Sales Velocity

Since early 2022, the supply of new residential units has consistently outpaced sales, resulting in a gradual accumulation of unsold inventory. According to Knight Frank, unsold inventory increased by 5% year-on-year in H1 2024. While rising inventory levels may raise concerns, the sales velocity remains a key indicator of market health.

The Quarters to Sell (QTS) metric, which measures the time required to clear existing inventory based on sales over the previous eight quarters, continues to signal market improvement. Despite the higher inventory levels, QTS across India's eight major markets has steadily **declined from 9.5 quarters in H1 2021 to 5.8 quarters** (less than 18 months) in H2 2024, reflecting strong absorption rates and healthy demand fundamentals. It indicates that accumulated inventory is not a great concern and it wouldn't impede the strong real estate forecast in the future. QTS is currently least for Pune at 3.6 and highest for Ahmedabad at 7.7.

Sustained Growth in Residential Supply with Regional Variations

India's residential sector has witnessed record levels of new launches in recent years, a trend expected to continue through 2025. According to real estate consultancy Anarock, the top 11 listed developers in India plan to introduce **253.16 million square feet of new residential supply** across multiple cities, significantly expanding the country's housing pipeline.

While overall supply is on an upward trajectory, some moderation has been observed in markets like Hyderabad and Bengaluru, particularly in Hyderabad, where new launches have slightly slowed. However, this dip is anticipated to be very short-term, as the city's position as a key IT and back-office hub for the US continues to fuel demand, especially in the luxury and mid-premium segments. Bengaluru is also expected to perform well, though space constraints within the city may limit new unit additions in the central areas, shifting focus toward secondary sales. The new units will continue to rise in the sub-urbans of the metro areas.

Developers continue to prioritize the luxury segment, which remains the fastest-growing category due to shifting buyer preferences and rising disposable incomes. However, this trend has further exacerbated the shortage of affordable housing, posing a significant challenge—particularly for first-time buyers in the middle- and lower-income segments.

While the lack of affordable housing is a global concern, the scale of the issue in India is particularly pronounced. With a population exceeding 1.4 billion, the country faces an estimated shortfall of over 10 million affordable housing units, highlighting the urgent need for policy interventions and supply-side solutions to bridge this gap.

India's Rental Market: Growth, Challenges, and Emerging Trends

India's rental housing market has been experiencing strong growth in recent years, fueled by urban migration, rental reforms under the Model Tenancy Act (introduced in 2019), and a shift toward luxury developments. With a significant portion of new supply concentrated in the premium and high-end segments, many middle- and lower-income households are increasingly being priced out of homeownership, leading to higher rental demand in urban centers.

Given these trends, a December 2024 Reuters poll of local real estate experts projected that rents across India will continue rising, with annual growth expected to range between 7.5% and 10% in 2025. The fact that most new launches and available new stock in the country's urban centers are in the premium and high-end segment will have a deep impact as well, fueling upward growth in rents.

The Magicbricks Rental Index Report (Q4 2024) also highlights that the rental market is undergoing rapid value appreciation, with rents outpacing capital value growth in multiple cities. However, the report also urges caution, noting that demand fluctuations in some cities on a quarter-on-quarter basis suggest potential constraints in rental affordability.

"Rental affordability is becoming a growing concern, and a market shift seems imminent. In many cases, homeownership is now emerging as a more cost-effective alternative to renting," noted Magicbricks CEO Sudhir Pai. He further emphasized that favorable policy changes, including the budget relaxation for middle-class buyers and a 25-basis point reduction in the RBI's repo rate, are increasing purchasing power, potentially driving a shift from renting to homeownership in the coming years.

According to Magicbricks data, nationwide demand for rental properties increased by **4.1% year-on-year**, while the available stock of listed properties **declined by 4.9%,** further intensifying competition in the rental market. This supply-demand imbalance resulted in an 18.4% annual surge in the rental price index, highlighting the persistent upward pressure on rents.

Regionally, Delhi, Hyderabad, Navi Mumbai, and Bengaluru recorded the highest rental growth, with rates rising over **20% year-on-year**—a reflection of strong economic activity, migration trends, and limited new rental stock in key locations.

In nominal terms, the average monthly asking rent per square foot in India stood at:

- INR 41.9 for furnished units
- INR 36.56 for semi-furnished units
- INR 35.23 for unfurnished units

Mumbai remained India's most expensive rental market, with rents significantly exceeding the national average:

- Furnished units: INR 96.23 per sq. ft
- Semi-furnished units: INR 93.30 per sq. ft
- Unfurnished units: INR 78.26 per sq. ft

Despite short-term fluctuations, Magicbricks experts believe the rental sector remains resilient, with rapid rental inflation pushing affordability constraints but also unlocking new investment opportunities. As renters seek more cost-effective options, suburban and peripheral locations within metro areas are emerging as attractive rental hubs.

To maximize future returns, investors are likely to prioritize furnished properties, which command higher rental yields, and shift focus towards high-demand suburban markets, where rental growth potential remains strong amid ongoing urban expansion.

Additionally, the rise of hybrid work models and evolving lifestyle preferences have further reshaped rental demand, driving increased interest in spacious, well-equipped homes in suburban and peripheral areas. With improved connectivity and expanding infrastructure, these locations are becoming viable alternatives to traditional city-center rentals. Furthermore, corporate leasing and the influx of migrant professionals continue to support rental demand in key metro regions. Investors who strategically align their portfolios with these shifting preferences—by focusing on fully furnished, well-located properties—stand to benefit from sustained rental appreciation and higher occupancy rates in the coming years.

Average prices, rents and yields in the metros

(Sourced from Global property guide and Housing.com)

Average prices, rents, and yields—The figures presented below, sourced from the Global Property Guide and originally compiled from Housing.com, offer an estimated overview of prevailing rental rates, property prices, and rental yields across key markets. While these numbers may not be precise, they serve as a reasonable benchmark for understanding market trends and forming a representative basis for analysis. Readers should note that certain categories may reflect a broader range of properties. For instance, the 4+BHK category includes luxury villas and larger estates, which can push the average price higher than standard multi-bedroom apartments.

Mumbai

Apartment Type	Average Price to Buy (INR)	Average Monthly Rent (INR)	Average Rental Yield (p.a.)
Studio	42,39,732	12,264	3.47%
1BHK	96,12,120	28,980	3.62%
2BHK	1,92,82,704	59,220	3.68%
3BHK	3,37,99,164	1,01,052	3.59%
4+BHK	6,72,09,660	2,10,756	3.76%

Overall rental yield – 3.67%

Mumbai, across its six key locations—Andheri to Dahisar, Thane, Navi Mumbai, Central Mumbai, Mumbai Harbour, and South Mumbai—exhibits a high-cost real estate market with average apartment prices ranging from 4,239,732 INR for a studio to 67,209,660 INR for a 4+BHK and above, reflecting the city's premium on space. Monthly rents follow a similar upward trend, starting at 12,264 INR for a studio and reaching 210,756 INR for a 4+BHK, catering to the city's diverse residential demand. However, rental yields remain relatively modest, averaging between 3.47% for studios and 3.76% for 4+BHKs, with **an overall city average of 3.67**%, indicating that while Mumbai offers stable rental income, the high purchase prices temper the returns compared to other Indian cities like Delhi or Hyderabad.

Mumbai (Excluding Thane and Navi Mumbai)

Apartment Type	Average Price to Buy (INR)	Average Monthly Rent (INR)	Average Rental Yield (p.a.)
Studio	54,21,780	13,608	3.01%
1BHK	1,15,33,200	34,020	3.54%

2BHK	2,31,54,012	71,820	3.72%
3BHK	4,01,62,164	1,24,236	3.71%
4+BHK	7,81,40,160	2,52,588	3.88%

Overall rental yield -3.57%

Mumbai, across four of its key locations—Andheri to Dahisar, Central Mumbai, Mumbai Harbour, and South Mumbai—shows a premium real estate market with average apartment prices ranging from 5,421,780 INR for a studio to 78,140,160 INR for a 4+BHK, reflecting the high demand in these central and well-connected areas. Monthly rents are also elevated, starting at 13,608 INR for a studio and reaching 252,588 INR for a 4+BHK, catering to the city's affluent and professional demographic. Rental yields, however, remain modest, ranging from 3.01% for studios to 3.88% for 4+BHKs, aligning with the **city's average of 3.57%,** suggesting that high property costs limit returns. Thane and Navi Mumbai were excluded from this analysis to focus on Mumbai's core urban zones, as these suburban areas typically have slightly lower price points and different market dynamics, which could skew the averages and slightly dilute the representation of Mumbai's central real estate trends.

The data for Mumbai, averaged across four key locations—Andheri to Dahisar, Central Mumbai, Mumbai Harbour, and South Mumbai—reveals a significant influence of 4BHK+ properties, which include luxury buildings with more than four bedrooms, particularly concentrated in South Mumbai. This segment drives the notably high average price for 4+BHK apartments at 78,140,160 INR and monthly rents at 252,588 INR, reflecting the premium nature of these residences in one of India's most affluent areas. The inclusion of such high-end properties, often featuring expansive layouts and luxury amenities, contributes to the elevated costs and rental values, skewing the averages upward.

Kolkata

Apartment Type	Average Price to Buy (INR)	Average Monthly Rent (INR)	Average Rental Yield (p.a.)
1BHK	20,73,288	9,408	5.45%
2BHK	43,81,944	17,556	4.81%
3BHK	88,67,124	31,836	4.31%
4+BHK	2,26,27,332	78,792	4.18%

Overall rental yield – 4.71%

Kolkata, across its four key regions—South, East, North, and Central—presents a more affordable real estate market compared to cities like Mumbai, with average apartment prices ranging from 2,073,288 INR for a 1BHK to 22,627,332 INR for a 4BHK, reflecting the city's relatively lower cost of living. Monthly rents are also modest, starting at 9,408 INR for a 1BHK and rising to 78,792 INR for a 4+BHK, catering to a diverse demographic in this culturally rich metropolis. Rental yields in Kolkata are competitive, averaging between 4.18% for 4+BHKs and 5.45% for 1BHKs, with an **overall city average of 4.71%,** positioning it as a balanced market for investors seeking better returns than Mumbai (3.67%). Kolkata South stands out with the highest rental yield at 7.21% for 1BHKs, benefiting from strong demand and affordable pricing, whereas Kolkata East's 4+BHKs yield the lowest at 3.45%, likely due to higher purchase costs relative to rental returns.

Bangalore

Apartment Type	Average Price to Buy (INR)	Average Monthly Rent (INR)	Average Rental Yield (p.a.)
1BHK	42,82,740	20,076	5.63%
2BHK	80,85,000	34,104	5.06%
3BHK	1,51,30,080	57,204	4.54%
4+BHK	3,31,10,280	1,40,532	5.09%

Overall rental yield – 5.35%

Bangalore, spanning its five key regions—North, East, South, West, and Central—showcases a dynamic real estate market with average apartment prices ranging from 4,282,740 INR for a 1BHK to 33,110,280 INR for a 4+BHK, reflecting the city's status as a tech hub with growing demand for residential spaces. Monthly rents align with this upward trend, starting at 20,076 INR for a 1BHK and reaching 140,532 INR for a 4+BHK, catering to the city's professional and expatriate population. Rental yields in Bangalore are attractive, averaging between 4.54% for 3BHKs and 5.63% for 1BHKs, with an overall city average of 5.35%, positioning it as a strong investment destination compared to Mumbai (3.67%) and Kolkata (4.71%), though slightly below Delhi, driven by a balanced mix of moderate property prices and robust rental demand in this rapidly expanding urban center. Bangalore South offers the highest rental yield at 10.52% for 1BHKs, driven by lower purchase prices and strong rental demand, while Bangalore West's 3BHKs yield the lowest at 3.12%, reflecting higher property costs in this area.

Hyderabad

Apartment Type	Average Price to Buy (INR)	Average Monthly Rent (INR)	Average Rental Yield (p.a.)
1BHK	27,63,096	17,052	7.41%
2BHK	63,20,832	26,628	5.06%
3BHK	1,13,37,396	45,108	4.77%
4+BHK	3,67,21,188	1,10,376	3.61%

Overall Rental yield – 5.21%

Hyderabad, encompassing all its locations, presents a balanced real estate market with average apartment prices ranging from 2,763,096 INR for a 1BHK to 36,721,188 INR for a 4+BHK, reflecting the city's growing appeal as a tech and business hub. Monthly rents are moderate, starting at 17,052 INR for a 1BHK and reaching 110,376 INR for a 4+BHK, catering to a diverse population of professionals and families. Rental yields in Hyderabad are notably attractive, averaging between 3.61% for 4+BHKs and 7.41% for 1BHKs, with an overall city average of 5.21%, positioning it as a strong investment option compared to cities like Mumbai (3.67%) and Chennai (4.62%), driven by competitive property prices and robust rental demand in this rapidly developing metropolis.

Chennai

Apartment Type	Average Price to Buy (INR)	Average Monthly Rent (INR)	Average Rental Yield (p.a.)
1BHK	37,80,000	13,020	4.13%
2BHK	62,71,020	25,116	4.81%
3BHK	1,04,35,068	45,192	5.20%
4+BHK	2,75,92,656	1,00,296	4.36%

Overall rental yield – 4.62%

Chennai, across all its locations, offers a stable real estate market with average apartment prices ranging from 3,780,000 INR for a 1BHK to 27,592,656 INR for a 4+BHK, reflecting the city's steady growth as a commercial and industrial center. Monthly rents are relatively affordable, starting at 13,020 INR for a 1BHK and rising to 100,296 INR for a 4+BHK, appealing to a broad demographic in this coastal city. Rental yields in Chennai are consistent, averaging between 4.13% for 1BHKs and 5.20% for 3BHKs, with an overall city average of 4.62%, making it a reliable investment destination compared to Mumbai (3.67%), though slightly below Bangalore (5.35%), supported by moderate property costs and steady rental income

Ahmedabad

Apartment Type	Average Price to Buy (INR)	Average Monthly Rent (INR)	Average Rental Yield (p.a.)
1BHK	26,58,684	14,448	6.52%
2BHK	51,36,768	21,084	4.93%
3BHK	85,27,848	30,072	4.23%
4+BHK	2,50,81,980	75,264	3.60%

Overall rental yield – 4.82%

Ahmedabad, covering all its locations, showcases an affordable real estate market with average apartment prices ranging from 2,658,684 INR for a 1BHK to 25,081,980 INR for a 4+BHK, reflecting the city's cost-effective living standards. Monthly rents are modest, starting at 14,448 INR for a 1BHK and reaching 75,264 INR for a 4+BHK, catering to a wide range of residents in this industrial and cultural hub. Rental yields in Ahmedabad are competitive, averaging between 3.60% for 4+BHKs and 6.52% for 1BHKs, with an overall city average of 4.82%, positioning it as a viable investment option compared to Kolkata (4.71%) and Chennai (4.62%), driven by low property prices and decent rental returns.

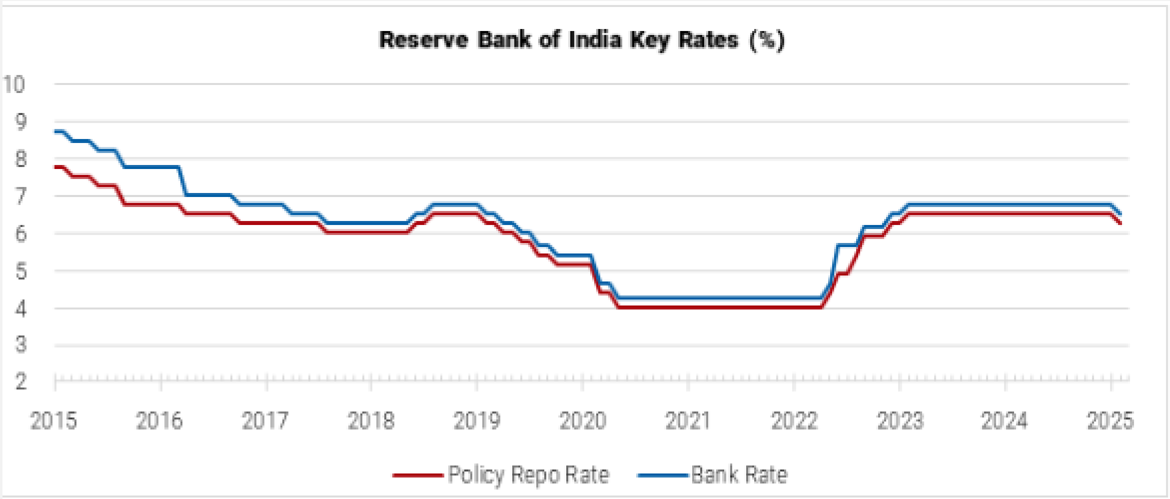
There are disparities in property prices and rental rates across the various locations and type of apartment within Pune and Delhi, reflecting their diverse market dynamics; however, the average rental yields remain attractive, with **Pune averaging around 4.28%** and **Delhi offering a higher return at approximately 7%**.

The rental prices, yields, and purchase prices for apartments across the seven cities were derived from data provided by the **Global Property Guide, which sourced its inputs from leading property listing platforms like Housing.com and Makaan**, focusing on mid-premium segments as of Q3 2024. However, these figures are rough estimates, as calculating rental yields and prices in India is inherently complex due to numerous influencing factors such as quality of construction, age of the property, aesthetics, connectivity, the number of new units sold, and the space of the apartments. For instance, while the per-square-foot cost in Chennai (7,173 INR) is marginally higher than in Hyderabad (7,053 INR), Hyderabad's apartments from 2BHK onward are pricier due to larger spaces, newer developments etc., highlighting how spatial and market dynamics affect pricing. Similarly, the 4+BHK category, which includes luxurious apartments and villas in prime locations, significantly inflates average prices—South Mumbai's premium properties, for example, notably drag up Mumbai's overall averages.

It's crucial to reiterate that these are estimates, and since the data is sourced from property listing firms, it tends to reflect mid-to-premium segments, often overlooking local registrations of older buildings or smaller apartments in less expensive areas, which are typically at the lower end of the price spectrum and sourced individually or through dealers. Consequently, the prices presented here may lean toward the higher end, and actual market conditions can vary widely based on hyper-local factors and individual property characteristics. Additionally, the rental yields are gross estimates, not accounting for taxes, maintenance costs, or vacancies, which could further adjust the net returns for investors.

Stable Lending Environment and Housing Finance Growth

The positive developments on the demand and supply sides of the real estate market are supported by a relatively stable lending ecosystem. The RBI's key policy rates remained unchanged from February 2023 to January 2025, with the Repo Rate at 6.50% and the Bank Rate at 6.75%, keeping home loan interest rates stable at around 8-11% across major banks. However, in February 2025, the RBI reduced the Repo Rate to 6.25%, which is expected to lower bank **lending rates by 25 basis points** (bps), further supporting housing affordability.



Data Source: RBI and Global Property guide

India's home loan market has remained relatively stable over 2023 and 2024, with floating-rate retail loans linked to the RBI's Repo Rate since October 2019. As a result, interest rates on home loans offered by major banks ranged between **8-11%**, varying based on loan type and borrower category. Despite marginal movements in minimum rates, the overall lending environment remained steady.

However, the recent RBI policy rate cut is expected to benefit homebuyers, particularly those in the affordable housing segment, as banks begin adjusting their rates.

As of March 2025, India's largest public and private banks advertised minimum home loan interest rates between **8.10% and 8.75%**, marking a 5-30 basis point reduction from levels reported in November 2024 by Forbes Advisor India.

Policy Support Driving Market Expansion

India's residential lending market has undergone significant transformation in recent years, fuelled by government initiatives such as:

- Real Estate Regulatory Authority (RERA) – improving transparency and accountability.
- Goods and Services Tax (GST) implementation – simplifying taxation.
- Stamp duty concessions & tax deductions on housing loans – incentivizing homeownership.
- "Housing for All" (PMAY) subsidy scheme – reintroduced in the 2024 budget to boost affordable housing.

These measures along with rate cuts and strong financial sector have contributed to a rapid expansion in housing credit, which grew from 3.2% of GDP in 2001-02 to 11.29% in 2023-24, as per the National Housing Bank (NHB).

Strong Growth in Housing Loans

According to RBI data, commercial banks—accounting for over 80% of total housing credit—saw a 36.5% year-on-year surge in home loans in FY 2023-24, followed by an 8.5% increase in the first 10 months of FY 2024-25, bringing housing credit to **INR 29.5 trillion (USD 342.1 billion)** as of January 2025.

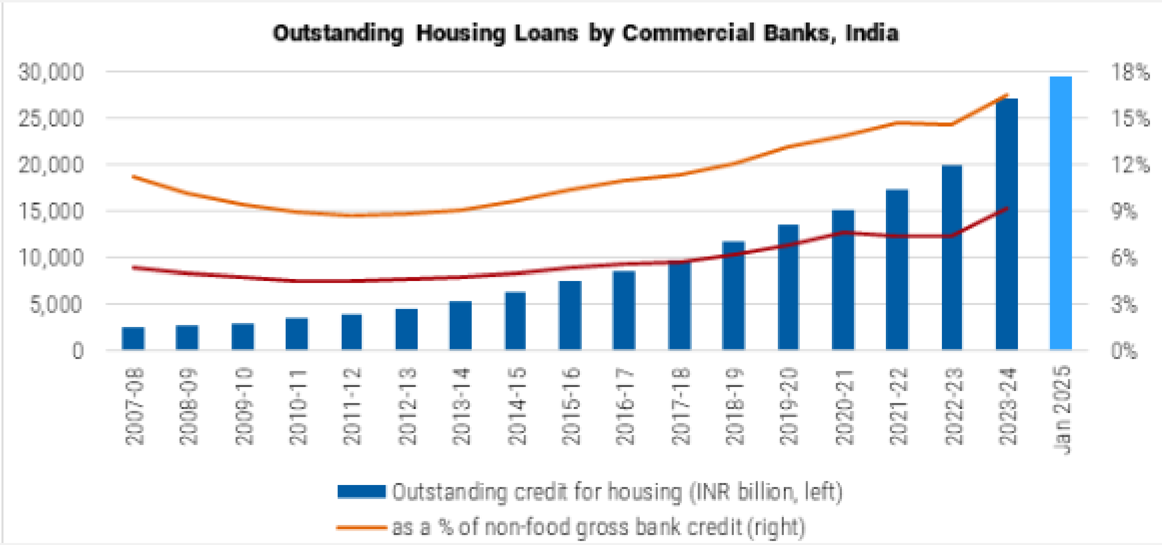
This growth is not only nominal but structural, with housing loans now representing 16.6% of non-food gross credit in 2023-24, up from 14.6% a year prior and significantly higher than the 11.1% average over the past 15 years.

Future Outlook: A Doubling Market

The expansion of India's home loan market is set to continue, with Nomura, cited by The Economic Times, projecting that the industry will more than double over the next five years, driven by:

- Favorable demographics – a young, growing workforce.
- Rising income levels – improving affordability.
- Acute housing shortage – sustaining demand.
- Government-backed affordable housing schemes – ensuring accessibility.

With mortgages expected to grow at 15% annually over the next decade, India's residential lending sector remains one of the fastest-expanding financial segments in the world, poised for sustained long-term growth with that prices of the Indian real estate sector will grow as well.



Source: RBI and Global property guide

India, widely regarded as the world's fastest-growing major economy, has consistently outperformed market expectations, maintaining an average annual real GDP growth of nearly 7% in the post-pandemic period, according to the International Monetary Fund (IMF).

In 2024, India's economy remains robust, with an estimated 7% annual growth, despite some moderation. The IMF projects further moderation to 6.5% in 2025 and 2026. However, long-term outlooks remain overwhelmingly bullish, with India poised to become a global economic powerhouse. Goldman Sachs projects that by 2075, India’s GDP will reach $53 trillion, second only to China ($57 trillion), surpassing the U.S. While long-term forecasts carry inherent uncertainties, they underscore India’s immense economic potential.

A significant boom in the real estate sector, particularly in finance and tech hubs, is anticipated as urban centers expand. However, achieving such growth requires a strong push from Tier 2 and Tier 3 cities, ensuring balanced economic development.

Key Growth Drivers: Demographics, Services, and Exports

According to Deloitte’s January 2025 economic outlook, India’s resilience is fueled by:

- Demographic Dividend – A young and growing workforce.
- Expanding Middle-Class Wealth – Driving consumption and investments.
- Rural Consumption – Bolstered by strong agricultural performance.
- Thriving Services Sector – A key driver of economic growth.
- High-Value-Added Manufacturing Exports – Strength in electronics, semiconductors, and pharmaceuticals, enhancing India's position in global value chains.

India’s Economic Outlook

India’s economic outlook remains strong, despite external challenges such as potential tariff threats from former U.S. President Donald Trump.

India’s exports to the U.S. exceed $70 billion, and while Trump’s proposed tariffs could have the impact of around $10 billion (estimated), this remains a **marginal effect on India's $4 trillion economy**. Given India’s diversified trade partnerships and growing domestic market strength, the broader impact is expected to be limited.

Key Trade Developments Supporting Growth

India is proactively expanding its global trade footprint, reinforcing its resilience:

- Aggressive Free Trade Agreement (FTA) Negotiations – India aims to finalize FTA deals with both Europe and the UK by the end of 2025, unlocking new export opportunities.

- Potential Relaxation of Trade Restrictions with China – A recalibration of trade policies could boost bilateral trade flows, particularly in critical sectors like electronics, pharmaceuticals, and renewable energy.

- Growing Influence in the Global South – Strengthening economic ties with developing nations enhances India's role in shaping global trade policies and supply chains.

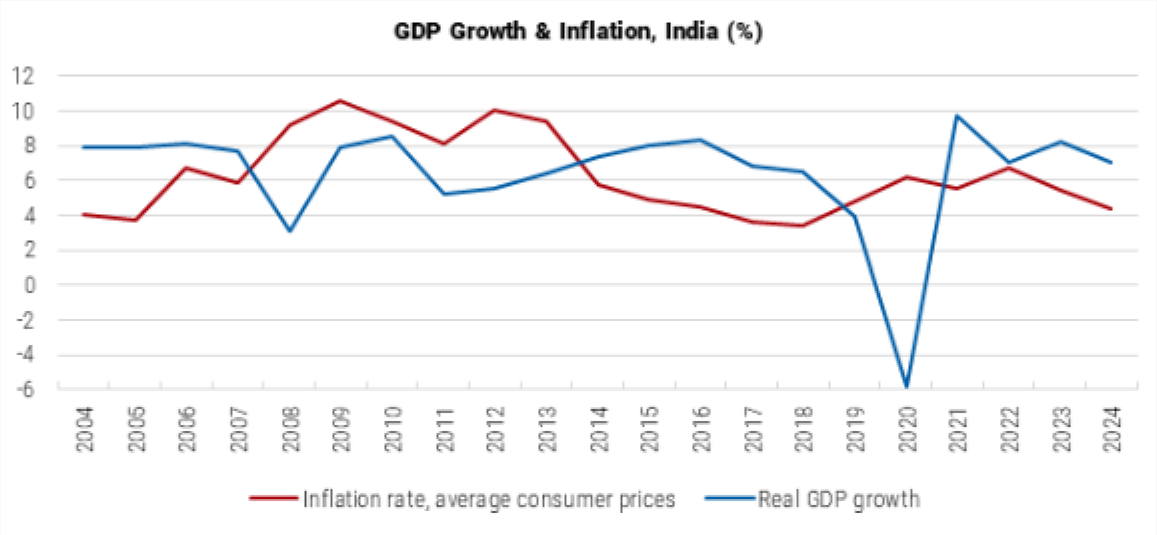
Long-Term Growth Prospects

With strategic trade expansion, a strong domestic economy, and increasing global influence, India is well-positioned for sustained long-term growth. While geopolitical uncertainties remain, India's diversification strategy and proactive trade policies will continue to drive economic momentum.

Inflation and Monetary Policy Outlook

India's Consumer Price Index (CPI) inflation has been on a **gradual downward trajectory**, easing from 7% in 2022 to 5.4% in 2023 and 4.4% in 2024. However, inflation has remained above the RBI's comfort zone, prompting the central bank to hold policy rates steady until February 2025, when the first rate cut since 2020 was announced.

With inflation dropping to 3.6% in early 2025, the RBI projects CPI inflation at 4.2% for 2025-26, while the IMF estimates 4.1% for the same period, assuming a normal monsoon it further enhances the stability to the economy.



Source: IMF and Global Property guide

India's Economic Progress and Labor Market Challenges

According to the latest IMF Article IV staff report, India has sustained strong economic growth in recent years while making significant progress toward its Sustainable Development Goals (SDGs). The 2023-24 SDG Index Report by NITI Aayog highlights notable improvements despite global challenges, with India's nationwide composite SDG score rising from 66 in 2020-21 to 71 in 2023-24.

Labor Market Dynamics: Progress and Challenges

Despite economic growth, India's labor market remains a key challenge for the government, which secured a third consecutive term in 2024. While overall unemployment has declined, concerns remain about youth employment and job quality:

- ILO estimates (2023): Unemployment fell to 4.2% (from 4.8% in 2022 and 6.4% in 2021).
- Youth Unemployment (Ages 15-24): Improved from 20.9% (2021) to 15.8% (2023).
- CMIE Estimates (Nov 2024): A higher 8% unemployment rate, down from 9.2% in June 2024.
- Periodic Labor Force Survey (Q4 2024):
  - Urban unemployment (all ages): 6.4%
  - Ages 15-29: 16.1%

While headline labor indicators show improvement, the IMF underscores the need for quality job creation in the formal sector. In 2023/24, employment rose by 27 million, with a record-high 9 million regular-wage jobs, exceeding the working-age population growth of 14 million. However, high informality remains a structural issue, requiring stronger formal-sector job generation that would increase the more demand for mid-premium real estate segments.

Despite global economic risks such as geopolitical tensions, trade protectionism, financial market volatility, and climate-related disruptions, India is expected to remain one of the world's fastest-growing economies. The IMF notes that India's expansion is gradually aligning with its potential, reinforcing long-term stability provides necessary impetus for the real estate expansion.

Investor Confidence and Policy Continuity

- Goldman Sachs Outlook: "The structural long-term growth story for India remains intact, driven by favorable demographics and stable governance," said Santanu Sengupta, Chief India Economist at Goldman Sachs Research.
- Fitch Ratings (August 2024): Affirmed India's 'BBB-' rating with a stable outlook, citing:
  - Strong medium-term growth prospects
  - Infrastructure development push
  - Digitization initiatives
  - Pro-business regulatory improvements

With a stable policy framework and continued economic reforms, India remains well-positioned for sustained long-term growth, balancing expanding domestic consumption, rising global trade influence, and evolving labor market dynamics.

Indian Real estate economy – Future outlook (2025-2029)

India is poised to become a global growth center, with an expected GDP growth rate hovering around the 7% mark, and long-term projections suggesting that its GDP could surpass $53 trillion in the next 50 years, potentially overtaking the USA, according to economic forecasts. Even if only a portion of this ambitious vision materializes, Indian real estate markets across Tier 1, Tier 2, and Tier 3 cities are set to experience significant capital appreciation, with Tier 1 metro cities like Mumbai, Delhi, Bangalore, Hyderabad, Chennai etc leading this transformative journey. Market experts are overwhelmingly bullish on the Indian real estate sector, projecting it to reach an **ambitious $1 trillion valuation by 2030** which is more than double the existing market, driven by rapid urbanization, a burgeoning middle class, and aggressive infrastructure expansion, including metro rail networks, smart city initiatives, and new airports. The sector, which has already witnessed a notable upswing in recent years, is expected to continue its upward trajectory, fueled by rising disposable incomes, increasing foreign direct investment (FDI), and favorable government policies like the Real Estate (Regulation and Development) Act (RERA). Political stability under a strong central government, coupled with a proactive foreign policy that positions India as a leader of the Global South and adeptly manages global relations, further bolsters investor confidence. Additionally, anticipated reductions in interest rates by the Reserve Bank of India, aimed at stimulating economic growth, alongside fast-tracked trade deals with the EU, UK, and other countries—accelerated by the "Trump effect" and India’s strategic global positioning—are expected to drive GDP expansion, creating a ripple effect on real estate demand. The shift towards sustainable and tech-enabled living spaces, the rise of co-living and co-working trends, and a growing demand for residential and commercial spaces as India’s urban population is projected to reach 600 million by 2030, collectively position Indian real estate as a cornerstone of the country’s economic growth story in the coming decades.

Based on a weighted analysis of the metros considered, the Indian real estate market is projected to grow **at an annual rate of 7% to 7.5% over the next five years**, with detailed metro-wise insights provided below.

Chennai:

Chennai’s real estate market has witnessed a rapid price surge in recent years, but growth is now expected to moderate to **a steady 7-8% annually** over the next five years. Premium locations already command high prices, with 3BHK apartments ranging from ₹2-3 crore (20-30 million). While new residential supply and expansion will primarily emerge in the suburbs, driven by infrastructure development, central areas will continue to appreciate due to strong demand and limited premium supply. Beachfront locations and well-developed zones like ECR Road will see sustained price growth, attracting ultra-high-net-worth buyers who are less sensitive to rising prices. With Chennai’s position as a major manufacturing hub, the upcoming Parandur airport, and Tamil Nadu’s growing economy, the city’s real estate sector is poised for stable expansion, making a 7-8% annual growth rate a realistic outlook.

With a steady 7-8% annual growth rate, the average price of a 2BHK apartment in Chennai, currently at approximately ₹62.7 lakh, is expected to rise to around ₹87-92 lakh in the next five years. Similarly, the price of a 3BHK, presently at ₹1.04 crore, is likely to reach ₹1.45-1.53 crore over the same period. Rental values will also increase proportionally (a 6 to 7% raise in rent is expected in Chennai, so the increase of 7% was considered), with the average monthly rent for a 2BHK growing from ₹25,100 to approximately ₹35,000, while a 3BHK's rent is expected to climb from ₹45,200 to ₹63,000. This growth will be driven by expanding infrastructure, demand in premium and suburban locations, and the city's overall economic momentum.

Mumbai

Over the next five years, Mumbai's 2BHK and 3BHK apartments are projected to appreciate at **an annual rate of 8%-10%**, with a base case of 9%, reaching approximately ₹2.96-3.02 crore and ₹5.19-5.30 crore, respectively, by early 2030. Similarly, 4BHK+ apartments, expected to grow at around 8% annually, will likely reach ₹9.88-10.10 crore (Average prices are higher due to drag from the big-ticket transactions). This price surge is driven by Mumbai's position as India's financial capital, ongoing infrastructure projects, and rising demand from businesses and ultra-high-net-worth individuals.

Thane and Navi Mumbai are set to experience higher growth, particularly Navi Mumbai due to the new airport and improved connectivity via expressways and metro expansion. South Mumbai (SOBO) will see more moderate growth due to limited supply, but the spillover effect from luxury sales will push up mid-segment housing prices artificially.

Rental growth will be relatively moderate at around 6% annually due to affordability concerns. By early 2030, 2BHK rents are projected to rise from ₹59,200 to approximately ₹79,300, and 3BHK rents from ₹1.01 lakh to around ₹1.35 lakh per month. The JLL Mumbai Residential Market research suggests that total residential sales value **could surpass ₹2 lakh crore by 2030**, supporting a 10% annual growth for mid-sized apartments.

Given Mumbai's continued expansion as a financial and investment hub, coupled with high-profile corporate leases such as Apple and Tesla securing premium spaces, the demand for prime real estate will remain strong. While South Mumbai's limited inventory will maintain price resilience, Navi Mumbai and Thane's affordability, coupled with enhanced infrastructure, may enable them to outpace South Bombay in percentage growth over the next five years.

Hyderabad

Hyderabad's real estate market is projected to experience steady growth, with 2BHK and 3BHK apartments **appreciating at 5% annually for the next two years, followed by accelerated growth of 9%-10% over the subsequent three years**. This will result in 2BHK prices reaching approximately ₹97-99 lakh and 3BHK prices touching ₹1.75-1.80 crore by early 2030. Meanwhile, 4BHK+ apartments are expected to grow at an average of 8% annually, reaching around ₹5.50 crore. Rental prices will also see an upward trend, increasing at 6% annually, bringing 2BHK rents to ₹35,650 and 3BHK rents to ₹60,400 by early 2030.

This growth trajectory is driven by Hyderabad's status as a premier tech hub and major infrastructure developments, such as the Metro Rail expansion and ongoing road network improvements. After a phase of rapid real estate expansion in the past few years, the market is likely to witness a short-term stabilization due to a surge in construction activity. However, the long-term outlook remains highly optimistic, given Hyderabad's reputation as one of India's fastest-growing cities with a superior standard of living (ranked one in the quality standard of living among all metros). Over the last decade, the city has transformed with significant investments in business districts and residential projects, making it a top choice for homebuyers, investors, and developers.

Hyderabad has firmly established itself as the "back office of the USA," with tech hubs concentrated in Gachibowli, Hitech City, Madhapur, and Nanakramguda. Consequently, prime locations like Kondapur, Jubilee Hills, Banjara Hills, and Kokapet are expected to see sustained demand, particularly for premium and luxury residences. Professionals in high-paying IT roles, particularly those in leadership positions, are increasingly seeking upscale apartments and villas near these employment hubs, fueling demand for high-end gated communities and luxury housing projects in the suburbs and along the Outer Ring Road (ORR).

Developers are shifting focus from affordable housing to premium and luxury projects, capitalizing on the rising number of high-income earners. This trend is evident in the increasing number of exclusive gated communities and villa developments catering to those seeking a blend of convenience, sophistication, and world-class amenities. Hyderabad's real estate landscape is poised for a major transformation, with premium properties playing a dominant role in shaping the market's future growth.

Bangalore

Bangalore, India's Silicon Valley, continues to experience strong residential demand, infrastructure upgrades, and commercial expansion. While the city has witnessed double-digit growth in the past, its real estate market is expected **to grow at a baseline rate of 8% annually** over the next five years, with variations between 7-9% depending on the micro-market. Despite moderating growth compared to previous years, Bangalore remains a highly attractive investment destination, driven by its thriving tech ecosystem, startup culture, and ongoing infrastructure development. The city's status as India's leading IT and innovation hub ensures continued demand for housing and commercial spaces, particularly from high-income professionals. Major projects such as Namma Metro Phase 2 & 3, Peripheral Ring Road (PRR), Satellite Town Ring Road, and the Bangalore-Chennai Expressway will decongest key corridors and fuel real estate expansion. A proposed second airport, complementing Kempegowda International Airport (KIAL), could further boost Bangalore's global connectivity and unlock real estate potential in new areas. Rising salaries and changing lifestyle preferences are also increasing demand for premium and luxury housing.

North Bangalore, Sarjapur Road, Outer Ring Road (ORR), and Whitefield continue to be prime investment destinations due to their proximity to IT hubs and strong rental demand. Koramangala, Indiranagar, and HSR Layout remain strongholds for mid-to-luxury segments, with limited inventory pushing prices upward. Suburban developments are expected to cater to the growing demand for luxury gated communities and high-end apartments, particularly with improved last-mile connectivity. With an anticipated 8% annual price appreciation, property values and rental yields are expected to grow accordingly. 1BHK apartments, currently priced at ₹42.8 lakh, are projected to reach between ₹62.9-64.6 lakh over the next five years, with rents rising from ₹20,000 to ₹28,500-30,000. Similarly, 2BHK units priced at ₹80.8 lakh could appreciate to ₹1.18-1.23 crore, with rents increasing from ₹34,100 to ₹48,500-52,000. For 3BHK apartments, currently valued at ₹1.51 crore, prices are expected to reach ₹2.20-2.30 crore, with rents rising from ₹57,200 to ₹80,000-85,000. Larger 4BHK units, currently priced at ₹3.31

crore, could appreciate to ₹4.80-5.05 crore, with rental values increasing from ₹1.40 lakh to ₹1.90-2 lakh per month.

Bangalore's real estate market remains a lucrative investment opportunity, supported by infrastructure development, IT sector growth, and rising income levels. While the city has faced challenges with traffic congestion, upcoming metro expansions and road projects are set to unlock further growth. The premium and luxury segments will see sustained demand, particularly in well-connected suburban and high-end urban localities, as professionals seek homes that offer convenience, lifestyle amenities, and proximity to key business districts.

Ahmedabad

Ahmedabad's real estate market is poised for steady growth over the next five years, with property prices expected to rise at an **annual rate of 7.5%** on average, within a range of 7% to 8.5%. This growth will be driven by strong infrastructure development, increasing demand, and sustained economic expansion. Emerging areas such as Shela, Gota, Thaltej, and some other prime areas are expected to offer opportunities for appreciation, while the rental market is also set for significant growth, particularly in 2025, as economic expansion, the presence of top-tier educational institutions, and rising migration continue to fuel demand. The ongoing Smart City initiatives and the development of GIFT City further strengthen the investment potential, with rental yields in key areas anticipated to remain between 3% and 5%. Ahmedabad's population is projected **to reach 10 million by 2030**, which will further accelerate the demand for housing, while proposed infrastructure projects, including new roads, flyovers, and metro lines, will improve connectivity and overall market attractiveness. The IT sector is also expected to gain prominence, contributing to employment opportunities and increasing housing demand.

Several macroeconomic and policy factors contribute to Ahmedabad's positive real estate trajectory. Gujarat's strong economic outlook, characterized by high GDP growth rates, continues to support property market expansion. Government backing, both at the state and central levels, is playing a critical role in maintaining healthy market dynamics, while the Gujarat office property market has demonstrated resilience and outperformance in terms of value and transaction volume. The ongoing development of GIFT City remains a key driver, ensuring long-term residential demand and price stability. Additionally, discussions about Ahmedabad potentially hosting the 2036 Olympics, coupled with large-scale infrastructure planning, could further enhance the city's appeal. The combination of these factors suggests that Ahmedabad will maintain robust real estate price growth over the next five years, averaging 7.5% annually.

With this projected appreciation, current property prices are expected to see significant increases. A 1BHK apartment, currently priced at ₹26.6 lakh, is estimated to rise to ₹38.3–39.8 lakh in five years, with rental values increasing from ₹14,400 to ₹20,600–21,500 per month. Similarly, a 2BHK apartment, now valued at ₹51.4 lakh, could appreciate to ₹74.0–77.3 lakh, with monthly rents increasing from ₹21,100 to ₹30,500–32,000. For 3BHK apartments, currently priced at ₹85.3 lakh, prices are projected to reach ₹1.22–1.28 crore, while rental values could increase from ₹30,100 to ₹43,200–45,500. Larger 4BHK apartments, currently priced at ₹2.51 crore, may appreciate to ₹3.61–3.77 crore, with monthly rental values rising from ₹75,300 to ₹1.08–1.14 lakh. These price increases reinforce Ahmedabad's position as a strong investment destination, offering steady capital appreciation and rental income potential over the next five years.

Kolkata

Kolkata's real estate market is expected to see steady growth in the coming years, with property prices projected to rise at an average rate of **6% annually over the next five years**, within a **range of 5% to 7%**. A Reuters survey has projected a home price increase of 6.5% in 2025 and 7.5% in 2026 for major cities, including Kolkata. The city is anticipated to maintain its status as the most affordable major real estate market in India, potentially reaching new affordability peaks by 2025. Kolkata is expected to benefit from the steady addition of new inventory. The real estate market is predicted to experience an upward trajectory, particularly in the premium and mid-range segments, driven by increasing demand. The expansion of IT hubs, continuous metro connectivity improvements, and rising commercial developments are set to support long-term price appreciation, making Kolkata an attractive destination for real estate investments.

The city’s real estate sector is undergoing significant changes, with both residential and commercial demand growing. The premium office space market is expected to gain traction alongside the rising popularity of retail and co-working spaces, reflecting the increasing business and entrepreneurial activity. Sustainability has also become a major focus area, aligning Kolkata with the broader trends in India’s real estate sector, which is poised for substantial long-term growth. As a central hub for Northeast India, Kolkata holds a strategic position that could drive higher growth in the future, although the next five years are expected to maintain a more measured pace. Given its affordability and ongoing infrastructure improvements, analysts suggest that 2025 could be an opportune time to invest in the city's real estate market.

With an estimated annual price appreciation of 6%, property values in Kolkata are set to rise significantly over the next five years. A 1BHK apartment, currently priced at ₹20.7 lakh, is projected to appreciate to ₹27.7–29.0 lakh by 2030, with monthly rents increasing from ₹9,400 to ₹12,300–12,800. Similarly, a 2BHK apartment, presently valued at ₹43.8 lakh, is expected to grow to ₹58.5–61.3 lakh, with rental values rising from ₹17,600 to ₹23,000–24,000 per month. For a 3BHK apartment, currently priced at ₹88.7 lakh, prices are forecasted to reach ₹118.4–124.0 lakh, while monthly rents could increase from ₹31,800 to ₹41,600–43,500. Larger 4BHK properties, presently valued at ₹2.26 crore, may appreciate to ₹3.02–3.16 crore, with rental values expected to rise from ₹78,800 to ₹1.03–1.08 lakh per month. With an estimated rental yield of around 4%, Kolkata’s real estate market offers a balanced combination of affordability, appreciation potential, and rental income, making it a favorable destination for investors over the next five years.

Delhi NCR:

Delhi-NCR's real estate market is expected to witness an average **annual growth rate of 6%** over the next five years, driven by strong demand in key regions such as Noida, Gurgaon, and central parts of Delhi. These areas are set to experience higher price appreciation due to their strategic locations, established commercial hubs, new airport, and ongoing infrastructure developments. As the national capital, Delhi benefits from robust connectivity to global markets, ensuring a steady influx of investments and migration, which further fuels housing demand. However, challenges such as strained infrastructure, congestion, and persistent pollution levels could slightly temper growth, limiting large-scale expansion in certain areas. Despite these constraints, the region remains one of the most sought-after real estate markets in India, with price appreciation largely dictated by demand-supply dynamics and the premium associated with living in or near the country's administrative and economic center.

Pune

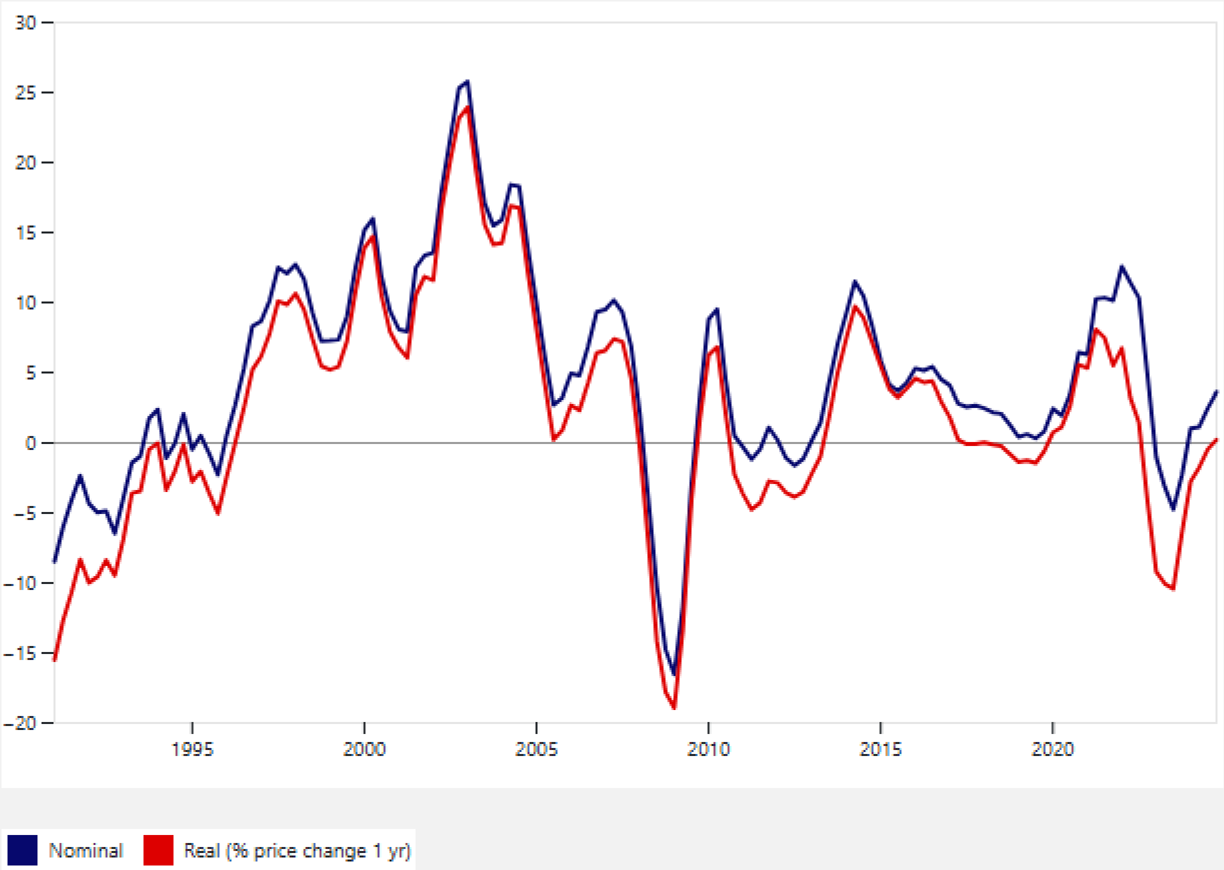
The future outlook for Pune's real estate market remains highly positive, with certain areas experiencing double-digit growth in recent years. Between the end of 2021 and the end of 2024, capital values in key micro-markets like Hinjewadi and Wagholi appreciated by an impressive double digit growth rate, reflecting strong demand and sustained investor confidence. High-end and premium localities such as Koregaon Park, Aundh, and Baner continue to command premium prices, witnessing near double-digit annual growth, reinforcing Pune’s position as a lucrative real estate destination. One of the other factors driving this growth is the increasing migration from Mumbai, as Pune offers a comparable quality of life, close proximity to Mumbai, and significantly lower property prices while still providing similar business and professional opportunities. The city’s thriving IT sector and its status as an educational hub attract a large influx of professionals and students, further fueling housing demand. In the short term, premium luxury properties are expected to appreciate at above-average rates, while properties near metro stations and business hubs are also poised for strong price appreciation. Some experts anticipate double-digit growth in select high-demand areas. Overall, Pune’s real estate market is projected to grow at an annual rate of 8-10% over the next five years, **with a baseline appreciation of 8.5%.**

Analysis of UK Real estate Property market

The UK residential property market has undergone significant transformations over the past decade, influenced by economic policies, global events, and regional dynamics. This research examines house price trends, transaction volumes, interest rates, rental market developments, and macroeconomic factors from 2015 to 2024, drawing on official statistics and industry reports. It provides insights on how real estate will move over the next five years.

According to the Nationwide Building Society, the UK housing market saw an acceleration in price **growth in Q3 2024**, with annual house price appreciation reaching **2.48% year-on-year**, up from 1.15% in the previous quarter. This increase brings the average house price to **GBP 266,640**, narrowing the gap to just 2.4% below the all-time high of GBP 273,235 recorded in Q3 2022. However, when adjusted for inflation, accurate house prices remained relatively stable, showing a slight year-on-year decline of 0.44%. *(Source: Nationwide Building Society)*. At the end of 2024, the average price was GBP 268,000.

UK house price annual changes



(Source: Global Property Guide)

Across the UK, house prices increased in all regions **except East Anglia**, which recorded a slight decline. Northern England continued outperforming the South, driven by greater affordability and accessibility, particularly in the face of still-elevated (but gradually improving) mortgage costs. London remained the most expensive housing market, **with an average price of GBP 524,685** (USD 682,384)—nearly twice the national average.

Average House price, by Submarket

Submarket	Q3 2024 Price (£)	Annual Change (%)	Q3 2023 Price (£)	Annual Change (%)	Q3 2022 Price (£)
North	161,066	3.21	156,051	-2.04	159,309
Yorkshire and The Humber	206,493	4.27	198,030	-5.37	209,261
North West	215,807	4.99	205,553	-3.50	212,998
East Midlands	232,390	1.76	228,373	-5.51	241,699
West Midlands	243,599	1.02	241,130	-2.42	247,120
East Anglia	270,906	-0.79	273,066	-5.60	289,266
Outer South East	336,253	0.61	334,215	-5.40	353,276
Outer Metropolitan	424,345	1.92	416,365	-4.44	435,709
London	524,685	2.01	514,325	-3.78	534,545
South West	303,522	0.64	301,600	-6.26	321,725
Wales	207,113	2.50	202,065	-5.44	213,684
Scotland	184,471	4.33	176,814	-4.16	184,496

Source: Nationwide BS and Global Property Guide

Residential property transactions in the first nine months of 2024 **rose by 3.3% year-on-year** compared to the same period in 2023. Though overall transactions remain 7% below the pre-pandemic average (2014-2018). However, experts suggest that this gap may narrow in the coming months as market conditions continue to strengthen.

Meanwhile, housing starts and completions remain **well below long-term averages**, largely due to persistent challenges in the private housebuilding sector. Rising construction costs, elevated interest rates, and subdued buyer demand over the past year have made project viability more difficult. Despite these hurdles, industry analysts are optimistic about 2025 and thereafter, forecasting a market rebound fuelled by stronger consumer confidence, higher household spending, and potential fiscal support measures.

Monetary Policy, Rental Market Trends, and Economic Outlook

Interest rates on new loans remain high, but signs of relief have emerged following two consecutive 25-basis-point rate cuts by the Bank of England (BoE) in August and November 2024. More rate cuts are expected in the future. This has contributed **to a 23.5% year-on-year increase** in mortgage approvals during the first nine months of 2024, signaling a gradual recovery in the housing market.

The rental market remains strong, driven by persistent supply-demand imbalances and affordability challenges in homeownership. According to the Office for National Statistics (ONS) Price Index of Private Rents, **average private rents rose 8.4% year-on-year in October 2024**, reflecting the growing pressure on tenants amid limited housing supply.

Following a sharp economic slowdown in 2023, the UK economy is now on a path to moderate recovery, supported by easing inflation and improving market confidence. The new government, formed after the July 2024 general election, has outlined pro-growth reforms and increased investments in key sectors, including housing development. While these measures have yet to produce a significant market impact, the UK's position as a global financial hub, combined with strong economic fundamentals, suggests that a market revival is only a matter of time.

The Historical Evolution of the UK Real Estate Market

The UK housing market experienced rapid growth in the early 2000s, fueled by low interest rates, high consumer confidence, and easy access to mortgage credit. By Q3 2007, property prices had peaked, driven by strong economic growth and a surge in international investment, particularly in London and the South East.

The 2008 global financial crisis marked a sharp downturn, leading to a steep 18.6% decline in house prices by Q1 2009. The recovery was slow but steady, aided by the Bank of England's (BoE) low-interest-rate policies. While housing markets across the UK suffered, London proved more resilient, benefiting from sustained international capital inflows. Many regions, however, did not recover to pre-crisis price **levels until 2013.**

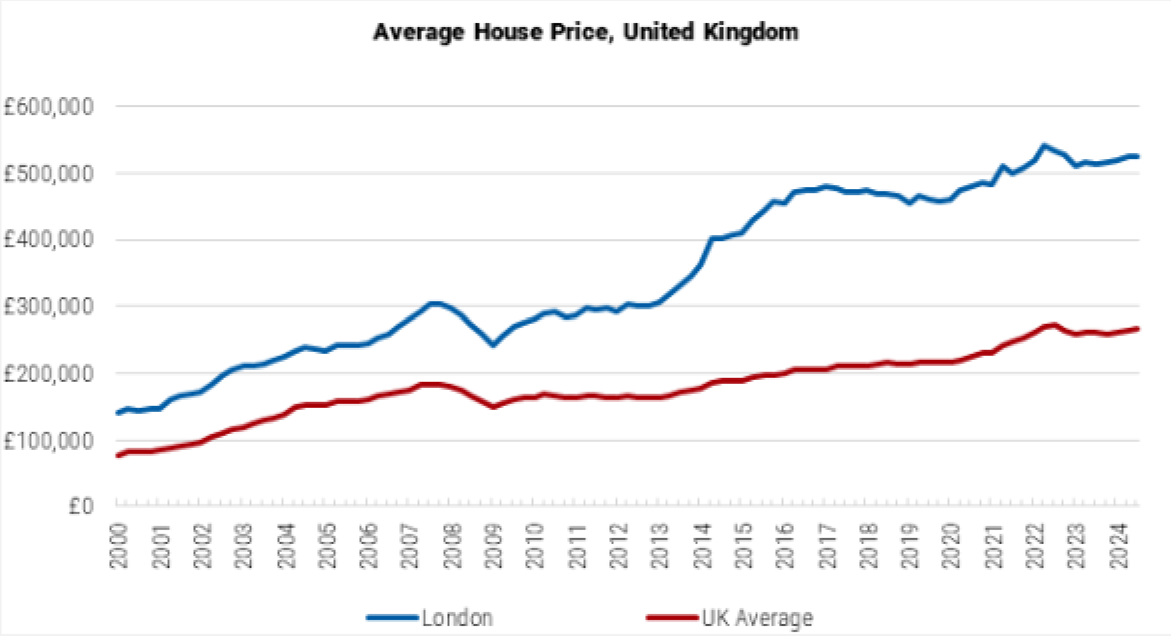
Between 2014 and 2016, the market saw a strong resurgence, driven by a housing supply shortage, low borrowing costs, and rising demand. However, the 2016 Brexit referendum introduced uncertainty, weakening buyer sentiment despite favorable mortgage rates and continued GDP growth.

The COVID-19 pandemic initially stalled the housing market in 2020, but a swift rebound followed, mainly due to government interventions such as the Stamp Duty holiday and record-low interest rates. **By 2021, house prices surged nearly 10% annually** in rural and suburban areas as remote work fueled demand for larger homes with outdoor space. This growth, however, slowed in late 2022 as rising inflation and interest rate hikes dampened buyer confidence.

In 2023, the market underwent a correction, with house prices declining for four consecutive quarters, reaching a **-4.7% year-on-year drop in Q3 2023**. Transaction volumes fell significantly, with mortgage approvals **plummeting by 31.7% year-on-year**, reflecting higher borrowing costs and weakened demand as the BoE maintained interest rates at 5.25%.

By 2024, signs of recovery emerged, as demand rebounded and mortgage approvals rose by 23.5% year-on-year, suggesting a gradual stabilization of the housing market.

The below graph highlights the average house prices of UK from 2000 and compared it with London. The dip is visible during 2008 financial crisis, during Brexit terms and during the previous year.

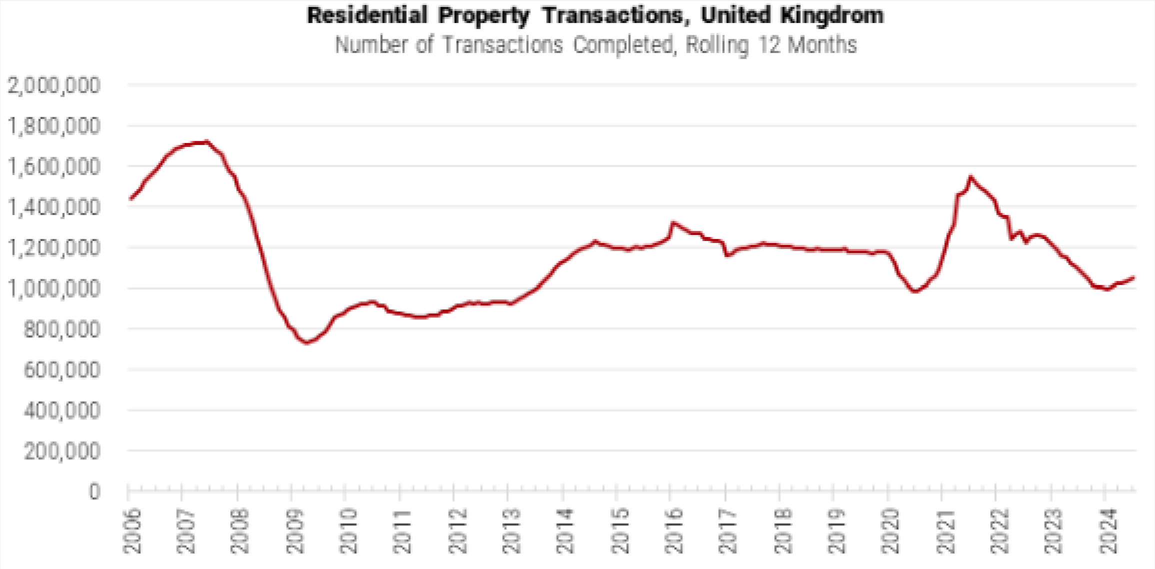


Source: Nationwide BS through global property guide

Market Demand and Transaction Trends

In September 2024, approximately **94,800 residential property transactions** were completed across the UK, according to HM Revenue & Customs (HMRC). September typically sees a slowdown in activity as families aim to finalize moves before the start of the school term. However, the recent easing of mortgage rates following the Bank of England's August rate cut likely encouraged some buyers to enter the market. On a year-on-year basis, sales completions **rose by 1.98%** compared to September 2023, though they remained 6.75% below the 2017-2018 average. Experts anticipate that this gap could gradually close in the coming months, provided borrowing costs remain stable and anticipated further rate cuts.

Over the first nine months of 2024, the UK recorded over **785,000 residential property transactions**, reflecting a 3.3% year-on-year increase compared to the same period in 2023. England accounted for 84% of total transactions, while Wales recorded the highest year-on-year growth at 5.57%, indicating stronger demand in regional markets. The following graph indicates residential property transactions over the period



(Source: HMRC and Global property guide)

Buyer Sentiment and Market Outlook

Industry experts predict continued growth in buyer activity, though short-term market fluctuations remain possible due to borrowing cost uncertainties and potential changes in property taxation. The October 2024 RICS UK Residential Market Survey, based on insights from real estate professionals, reported a further rise in agreed sales and new buyer inquiries.

- The headline net balance for new buyer inquiries stood at 12% in October, slightly below 13% in September, yet marking four consecutive months of positive readings.
- For agreed sales, 9% of respondents reported an increase in transaction volumes, up from 5% the previous month. This marks the third consecutive month of rising sales activity, following a prolonged period of declining transactions over the past two years.

The following table presents residential property transactions recorded in the first nine months of 2024: (Source: HMRC)

Location	**Completed Residential Property Transactions, Jan-Sep 2024**	**Completed Residential Property Transactions, Jan-Sep 2023**	**YoY, Jan-Sep 2024 vs Jan-Sep 2023**
England	659,520	635,920	3.71%
Wales	73,530	69,650	5.57%
Scotland	33,960	33,050	2.75%
Northern Ireland	18,010	17,420	3.39%
UK Total	**785,020**	**756,040**	**3.83%**

Market Momentum and Policy Impacts

These trends indicate a gradual recovery in the housing market, driven by easing interest rates and a surge in transactions ahead of upcoming tax changes. According to RICS, **buyers are rushing to complete purchases before changes to Stamp Duty thresholds take effect in March 2025**. However, analysts caution that the recent increase in bond yields, following the Autumn Budget, may create headwinds as it influences general lending conditions.

While housing activity is expected to remain strong in the short term, market fluctuations could occur once transaction costs rise in April 2025. Key policy changes include a reduction in the Stamp Duty threshold for **first-time buyers from £425,000 to £300,000** and an increase in additional stamp duty for buyers purchasing a second home. These adjustments will likely cause short-term turbulence, leading to a temporary slowdown in both prices and transaction volumes. However, once the initial shock settles and further interest rate cuts materialize, the market is expected to regain stability in the medium term.

UK Housing Starts, Completions, and Market Outlook

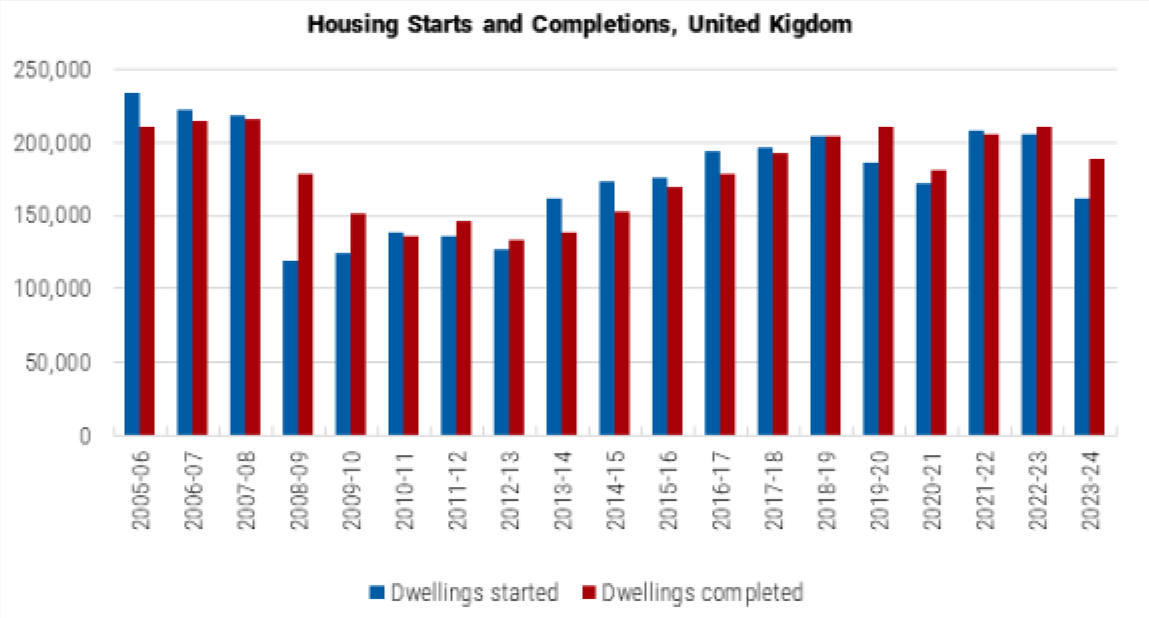
The UK housing market saw a mixed performance in Q2 2024, with housing starts reaching 31,660 dwellings, reflecting a 6.4% increase compared to Q1 2024, according to the Office for National Statistics (ONS). However, on a **year-on-year basis, housing starts declined sharply by 60.3%,** primarily due to the expiration of the transition period into new building regulations in June 2023. In anticipation of higher compliance costs, developers fast-tracked project commencements before October 2023, leading to a peak in Q2 2023 and a subsequent drop in new housing starts from Q3 2023 to Q1 2024.

At the same time, housing completions in Q2 2024 totalled 51,960 dwellings, marking a 27.8% quarter-on-quarter increase and a 9.1% rise from Q2 2023.

Annual Trends and Regional Distribution

For the 2023/24 financial year (April 2023 - March 2024):

- Housing starts totalled 162,130, reflecting a 21.1% year-on-year decline.
- Completions stood at 188,237, down 10.7% from 2022/23.



Source: ONS and Global property guide

The majority of construction activity was concentrated in **England**, which accounted for **80.6%** of total housing starts and **85.7%** of completions, followed by Scotland with 10.6% of starts and 8.8% of completions. The following table provides details on Housing starts and Housing completions by submarket.

	Housing Starts			Housing Completions		
	Q2 2024	QoQ Q2 2024 vs Q1 2024	YoY Q2 2024 vs Q2 2023	Q2 2024	QoQ Q2 2024 vs Q1 2024	YoY Q2 2024 vs Q2 2023
England	25,510	7.8%	-64.8%	44,550	31.4%	10.7%
Wales	1,101	62.9%	-19.2%	1,340	19.6%	20.7%
Scotland	3,340	-14.4%	-25.9%	4,550	4.1%	-6.6%
Northern Ireland	1,800	13.9%	14.6%	1,520	20.6%	7.8%
UK Total	**31,660**	**6.4%**	**-60.3%**	**51,960**	**27.8%**	**9.1%**

Source: ONS and Global property guide

Dr. David Crosthwaite, Chief Economist at The Building Cost Information Service (BCIS), noted: *"While quarterly data for housing starts and completions looks promising, the annual decline in starts is concerning. Private enterprises, the primary drivers of new housing supply, continue to operate at levels comparable to the COVID-19 period, significantly below the long-term trend."*

The private housebuilding sector remains constrained by rising construction costs, elevated mortgage rates, and reduced buyer demand, impacting the financial feasibility of new projects. According to PwC UK's latest Construction and Housebuilding Outlook, developers are also seeking clarity on key industry concerns, including:

- Unlocking planning constraints to facilitate new projects.
- Incentivizing volume housebuilders to expand output.
- Creating conditions for SMEs to compete effectively in the sector.
- Addressing labour shortages and productivity challenges in construction.

Rental market

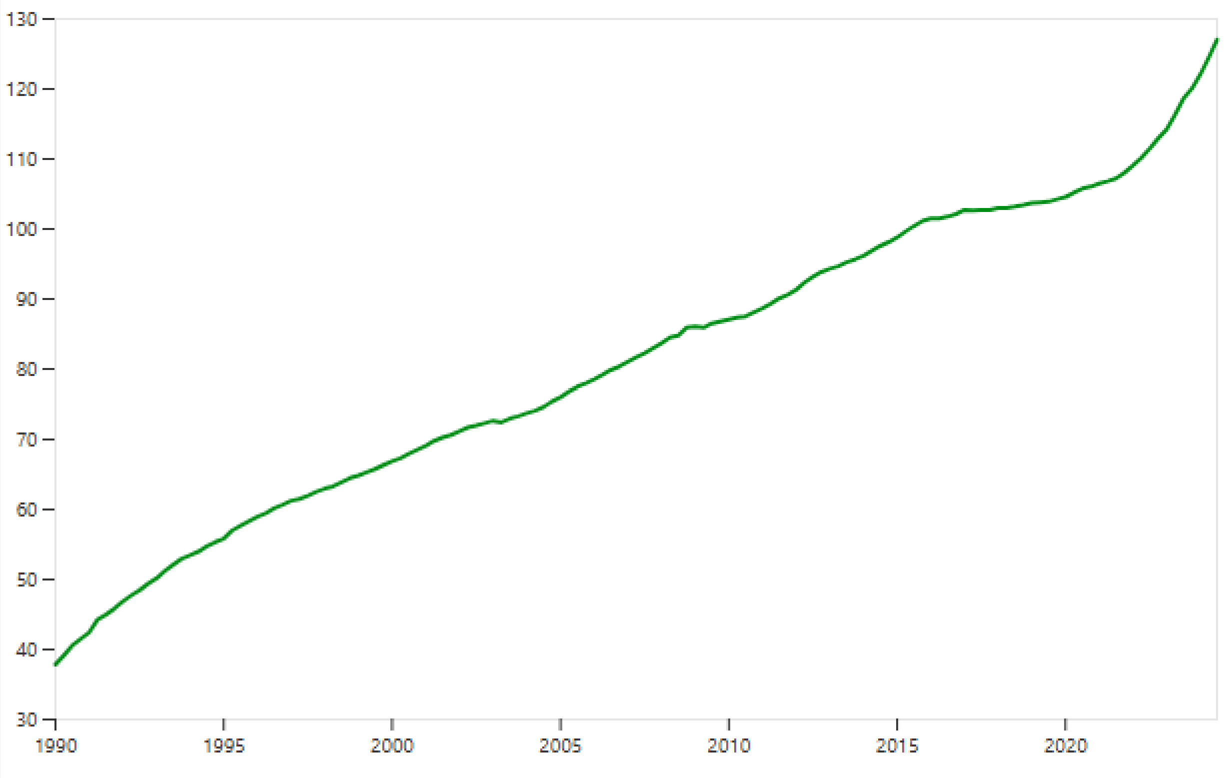
UK Rental Market Trends

While rental price inflation shows signs of easing in some regions, the UK rental market remains under significant pressure, driven by reduced demand for home purchases, limited rental supply, and landlords passing on higher mortgage costs following the prolonged period of elevated interest rates in 2022 and 2023.

According to the Office for National Statistics (ONS) Private Rents Price Index (PIPR), nationwide rental **prices increased by 8.7% year-on-year in October 2024**, up from 8.4% in 2023 and 5.2% in 2022. This acceleration was primarily fuelled by England, where private rents rose by 8.8% year-on-year, compared to 8.1% in October 2023 and 5.1% in October 2022. In contrast, rental growth in Wales (7.9%) and Scotland (6.6%) slowed from the sharp increases recorded in 2023 (9.7% and 11.5%, respectively). The latest available data for Northern Ireland also suggests a gradual cooling in rental inflation, with growth moderating to 9.0% in August 2024.

Despite these variations, rental affordability remains a growing concern across the UK, particularly in **urban centers where wages have struggled to keep pace with escalating rents**. London continues to experience some of the highest rental pressures, with annual rental growth exceeding the national average due to a persistent supply-demand imbalance. Additionally, regional cities such as Manchester, Bristol, and Birmingham have seen strong rental increases, driven by population growth, expanding job markets, and a surge in demand for rental properties among young professionals and students. As a result, the gap between rental costs and median household income has widened, reinforcing affordability constraints and prompting a shift towards more flexible living arrangements, such as co-living spaces and build-to-rent developments.

By considering 2015 as base rent figure (100), the below graph explains the change on nominal rent over the period in UK. (Source: OECD and Global Property guide)



As of Q4 2024, the average **gross rental yield in the United Kingdom stands at 6.73%**, reflecting a slight decline from 7.02% recorded in Q2 2024. Rental yields continue to vary across major cities, with higher returns observed in regional markets compared to London.

Gross Rental Yields by City (Q4 2024):

London – 5.1%
Manchester – 6.65%
Liverpool – 8.11%
Birmingham – 7.33%
Edinburgh – 5.32%
Glasgow – 7.77%
Bristol – 6.77%
Leeds – 6.79%

(Source: Global Property Guide & Rightmove)

Regional Variations in Rental Growth

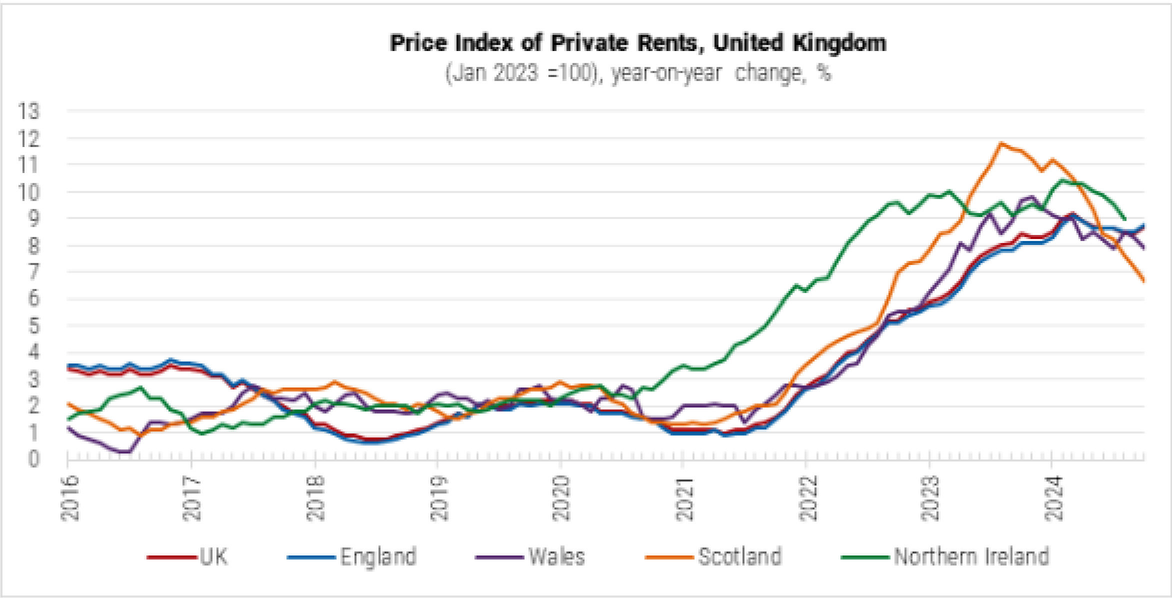
Among English regions, rental price inflation remained above the national average in:

London (10.4%) – the highest rental inflation in the country.
North West (9.7%) – reflecting strong tenant demand.
East Midlands (9.1%) – driven by affordability pressures and urban migration.

Meanwhile, the slowest rental price growth was recorded in Yorkshire and The Humber (5.9%), suggesting some stabilization in the region.

The ONS clarifies that the PIPR index measures price changes across the entire stock of privately rented properties, rather than just new leases or advertised rents. As a result, recent shifts in the rental market take approximately six months to be fully reflected in the index.

Private rent changes in UK



Source: ONS and Global Property guide

Trends in Private Rents Across Great Britain

Since the ONS statistical series began nine years ago, average private rents in Great Britain have surged by nearly 39%, reaching GBP 1,307 (USD 1,705) in October 2024. Rental costs vary significantly based on unit size:

- GBP 1,049 (USD 1,368) – One-bedroom units
- GBP 1,190 (USD 1,552) – Two-bedroom units
- GBP 1,338 (USD 1,745) – Three-bedroom units
- GBP 1,984 (USD 2,588) – Four-bedroom or larger units

Regional Disparities in Rental Costs

The highest average rents were recorded in London, East of England, South East, and South West, reflecting strong demand in these regions. In contrast, the North East reported the lowest average rents, making it the most affordable rental market in the country.

Table details rental prices for sub-market

Market	October 2024	Annual change	October 2023	Annual change	October 2022
England	GBP 1,348 (USD 1,758)	+8.8%	GBP 1,239 (USD 1,616)	+8.1%	GBP 1,146 (USD 1,495)
East of England	GBP 1,186 (USD 1,547)	+8.0%	GBP 1,098 (USD 1,432)	+6.1%	GBP 1,035 (USD 1,350)
East Midlands	GBP 848 (USD 1,106)	+9.1%	GBP 777 (USD 1,014)	+6.8%	GBP 728 (USD 950)
London	GBP 2,172 (USD 2,833)	+10.4%	GBP 1,968 (USD 2,567)	+10.0%	GBP 1,789 (USD 2,334)
North East	GBP 694 (USD 905)	+7.7%	GBP 644 (USD 840)	+5.5%	GBP 611 (USD 797)
North West	GBP 870 (USD 1,135)	+9.7%	GBP 793 (USD 1,034)	+8.0%	GBP 734 (USD 958)
South East	GBP 1,336 (USD 1,743)	+8.2%	GBP 1,234 (USD 1,610	+7.3%	GBP 1,150 (USD 1,500)
South West	GBP 1,145 (USD 1,494)	+6.2%	GBP 1,078 (USD 1,406)	+7.2%	GBP 1,006 (USD 1,312)
West Midlands	GBP 901 (USD 1,175)	+8.7%	GBP 829 (USD 1,081)	+8.0%	GBP 767 (USD 1,001)
Yorkshire and The Humber	GBP 801 (USD 1,045)	+5.9%	GBP 757 (USD 988)	+7.6%	GBP 703 (USD 917)
Wales	GBP 766 (USD 999)	+7.9%	GBP 710 (USD 926)	9.7%	GBP 647 (USD 844)
Scotland	GBP 976 (USD 1,273)	+6.6%	GBP 916 (USD 1,195)	11.5%	GBP 821 (USD 1,071)

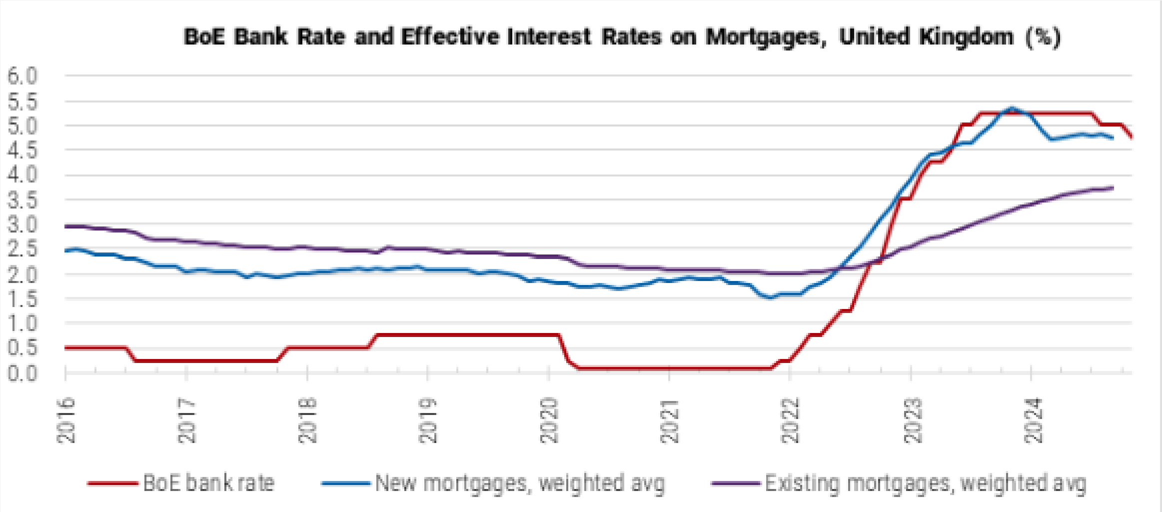
(Source: ONS, Global property guide and exchange rate is 1 GBP = $ 1.30)

Interest Rate Trends and Monetary Policy Outlook

While interest rates on new loans in the UK remain elevated, they have now moved past their peak observed in 2023. After maintaining its policy rate unchanged for a year, the Bank of England (BoE) implemented three consecutive 25-basis-point cuts—in August, November 2024, and February 2025—bringing the current rate to 4.5%.

In its latest monetary policy statement, the BoE acknowledged progress in disinflation, noting that external shocks have largely subsided, though domestic inflationary pressures are easing at a slower pace.

"Given the evolving economic landscape, a measured approach to policy adjustment remains necessary. Monetary policy will need to stay sufficiently restrictive for an extended period until the risks of inflation sustainably returning to the 2% target diminish further," the central bank stated.



Source: BOE and global property guide

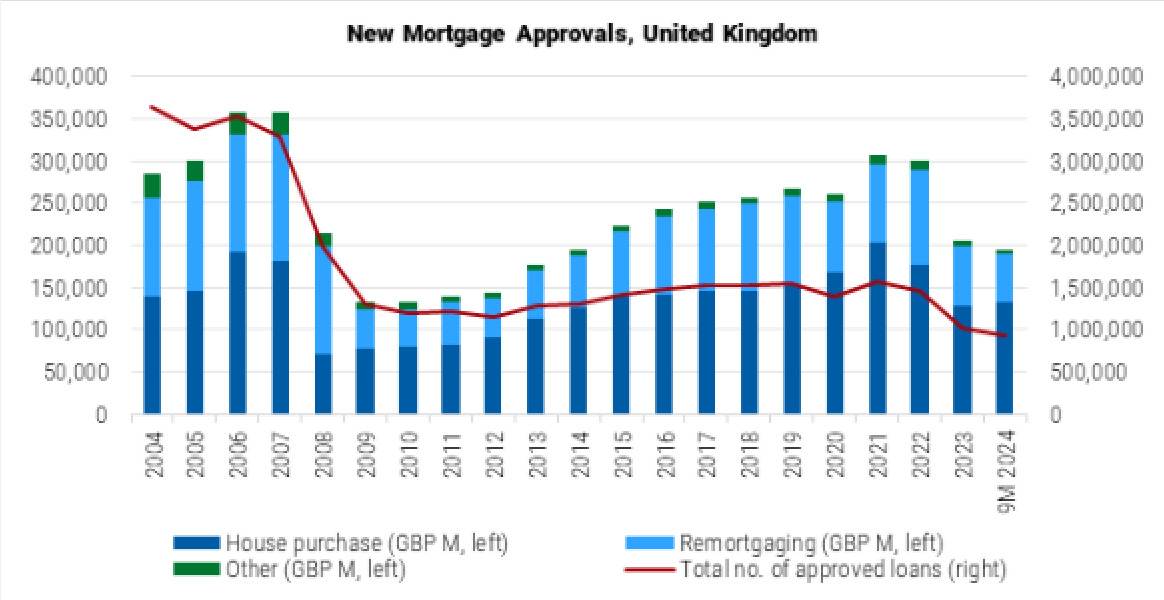
Mortgage Market Trends and Recovery in the UK

The average effective interest rate on new mortgages in the UK, as reported by the Bank of England (BoE), stood at 4.76% in September 2024, marking a decline from 5.01% a year earlier. However, rates remain significantly above the 2.84% levels seen in 2022 and prior years. A similar trend has been observed across both floating- and fixed-rate mortgages, regardless of the initial rate fixation period.
Interest Rate Variations by Loan-to-Value (LTV) Ratio

According to BoE's latest data on quoted interest rates, the most competitive mortgage rates are available on low loan-to-value (LTV) products:

5-year fixed mortgage (95% LTV) – 5.13%
5-year fixed mortgage (75% LTV) – 4.08%
5-year fixed mortgage (60% LTV) – 3.95%

Despite the recent trend of declining rates on new mortgages, the average effective interest rate on existing mortgages remains high, reflecting a lag in adjustments. As of September 2024, it stood at 3.74%, still above the levels recorded a year and two years ago.



Source: Bank of England and Global Property guide

Mortgage Lending Rebounds After Prolonged Decline

Following a period of contraction, where the total value of mortgage approvals dropped by 2% year-on-year in 2022 and by 31.7% in 2023, lending activity has begun to recover.

- In the first nine months of 2024, 930,733 new mortgage loans were approved, totalling GBP 195.3 billion (USD 258 billion)—a **23.5% increase year-on-year.**

- By the end of Q3 2024, new mortgage approvals for house purchases alone (which account for 68% of total approvals) reached GBP 133.5 billion (USD 176.4 billion), surpassing the entire annual total reported in 2023.

Outstanding Mortgage Balances and Market Outlook

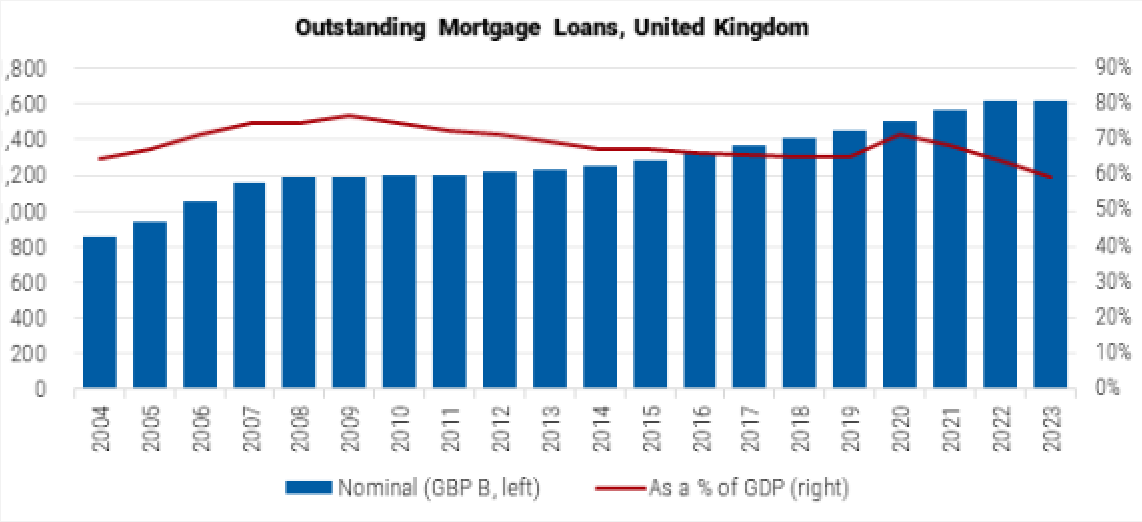
The total value of outstanding mortgages held by the UK financial system reached **GBP 1.64 trillion** (USD 2.16 trillion) in September 2024 and is projected to resume annual growth after a 0.1% contraction in 2023. According to **EY's latest forecast**, net mortgage lending is expected to expand by:

- 1.6% in 2024
- 2.6% in 2025
- 3.3% in 2026

As affordability improves, lending activity is expected to strengthen further.

Mortgage Market Relative to GDP

After a pandemic-induced surge in 2020, the UK mortgage market has returned to a gradual decline relative to GDP, moderating to 59.5% of GDP in 2023 at current prices.



Source: Global property guide

UK Real Estate Economy: Future Outlook (2025–2029)

The UK residential real estate market has shown resilience despite economic challenges such as high interest rates, inflation, and post-pandemic adjustments. Over the next five years, house price growth is expected to continue at a moderate pace, influenced by factors like falling mortgage rates, persistent housing shortages, wage growth outpacing inflation, and regional variations. This reserach intends to project how UK real estate market is expected to move in the next 5 years.

Below are the key projections:

1. Current Baseline (2024)

- **Average UK House Price (End of 2024):** £268,000 (HM Land Registry, December 2024)

2. Forecasted Annual Growth Rates (2025–2029)

Several leading real estate analysts have provided five-year forecasts, with slight variations based on economic assumptions:

- **Savills (February 2025):** Predicts a cumulative growth of 21.6% from 2024 to 2028, implying an average annual growth rate of approximately 4.0% over four years. Extending this trend to

2029 with a slight tapering due to affordability constraints suggests **an average of 3.5–4.0%** annually over five years.

- **Knight Frank (March 2025):** Forecasts 2.5% growth in 2025, with a cumulative rise of around 15–17% by 2029, **averaging 3.0–3.5% per year**.

- **Zoopla (February 2025):** Expects 2.5% growth in 2025, with a five-year cumulative increase of 12–15%, or roughly **2.5–3.0% annually**, reflecting increased supply moderating price rises.

- **Office for Budget Responsibility (OBR, October 2024):** Projects house price growth at 1.1% in 2025, rising to **2.5%** annually from 2026 onward, totalling around 13–14% by 2029.

Synthesized Projection: This research predicts an average annual growth rate of **2.75%** for 2025–2029. While this is slightly below the midpoint of the 3.0–3.5% range derived from industry forecasts, it is deemed apt considering current geopolitical risks (e.g., ongoing tensions in Ukraine, potential trade disruptions post-Brexit), domestic economic uncertainties (e.g., Autumn Budget 2024 tax changes and increase in stamp duty etc), and affordability pressures that may cap buyer demand. This conservative estimate balances optimism from improving lending conditions with caution over global and local headwinds.

3. Cumulative Growth and Monetary Rise

- **Starting Point (End of 2024):** £268,000.

- **Annual Growth Rate:** 2.75%.

- **Calculation:**

  - 2025: £268,000 × 1.0275 = £275,370
  - 2026: £275,370 × 1.0275 = £282,943
  - 2027: £282,943 × 1.0275 = £290,724
  - 2028: £290,724 × 1.0275 = £298,719
  - 2029: £298,719 × 1.0275 = £306,934

- **Cumulative Growth by 2029:** £306,934 - £268,000 = £38,934, or approximately **14.53%** over five years.

- **Range Estimate:**

  - At 2.5% annually: £268,000 × (1.025)^5 ≈ £303,295 (13.17% rise, or £35,295).
  - At 3.5% annually: £268,000 × (1.035)^5 ≈ £318,614 (18.89% rise, or £50,614).

- **Projected Rise:** The average UK house price could increase by **£35,000 to £50,000**, reaching **£303,000 to £319,000** by the end of 2029, with the base case at £306,934 (2.75%).

4. Regional Variations

Growth will differ by region, reflecting affordability, demand, and supply dynamics:

- **North West and Northern Ireland:** Stronger growth of 15–17% over five years (3.0–3.5% annually), potentially raising averages from £266,417 (Yorkshire, 2024) to £310,000–£320,000 by 2029, driven by affordability and investment appeal.

- **London:** Slower growth of 12–14% (2.5–2.75% annually), with prices rising from £548,939 (2024, NerdWallet) to £620,000–£640,000 by 2029, constrained by high baseline costs and weaker demand recovery. We expect London demand to be stable but the prices to grow at slightly slower rate. The prices and rentals raised in London at higher rate in the past, but it is expected to be cooled down next few years.

- **South East and East of England:** Moderate growth of 13–16% (2.75–3.25% annually), lifting prices from £336,253 (Outer South East, Q3 2024) to £390,000–£400,000, balancing demand with supply increases.

- **Range Context:** At 2.5% (at lower end), northern regions might see £305,000–£310,000, while at 3.5% (higher end), London could hit £650,000–£670,000, though affordability caps limit upper-end growth.

5. Key Drivers of Growth

- **Falling Interest Rates:** The Bank of England's base rate, at 4.5% in March 2025, is projected to fall to 4% by end-2025, reducing mortgage rates from 4.76% (Q3 2024) to 4.0–4.3% by 2027 (OBR), enhancing affordability and supporting 2.75% growth.

- **Housing Shortage:** Demand continues to exceed supply, with Zoopla noting a seven-year high in listings in 2025, yet a structural deficit persists, underpinning price rises (Zoopla, February 2025).

- **Wage Growth:** Earnings growth of 6% in 2024 outpacing inflation (2.4% projected for 2025, IMF) bolsters purchasing power, though geopolitical risks may moderate this driver's impact.

- **Policy Support:** Labour's target of 1.5 million homes by 2029 could boost supply long-term, but short-term delays may sustain price pressure (Labour Manifesto, 2024).

6. Potential Risks

- **Geopolitical Instability:** Escalating conflicts (e.g., Ukraine-Russia) or trade disruptions could raise inflation or delay rate cuts, capping growth below 2.75% (but being host to one of the global financial hub, London and fundamentally strong economy, going below 2.75% is unlikely).

- **Economic Slowdown:** GDP growth of 1.7–2.1% (Deloitte) may weaken if consumer confidence falters, potentially reducing demand and limiting rises to 2.5%.
- **Inflation Resurgence:** Service inflation at 3.7% (CCN, February 5, 2025) could prompt tighter monetary policy, pushing mortgage rates up and constraining growth.
- **Supply Increase:** More flats and new builds (Zoopla, CBRE) might ease pressure, particularly in urban areas, potentially aligning growth closer to 2.5%.

7. Summary of Revised Projections

- **Average Annual Growth Rate:** 2.75% (range: 2.5–3.5%).
- **Cumulative Growth (2025–2029):** 14.53% (range: 13.17–18.89%).
- **Monetary Rise:** £38,934 (range: £35,000–£50,000).
- **Projected Average Price by 2029:** £306,934 (range: £303,000–£319,000).

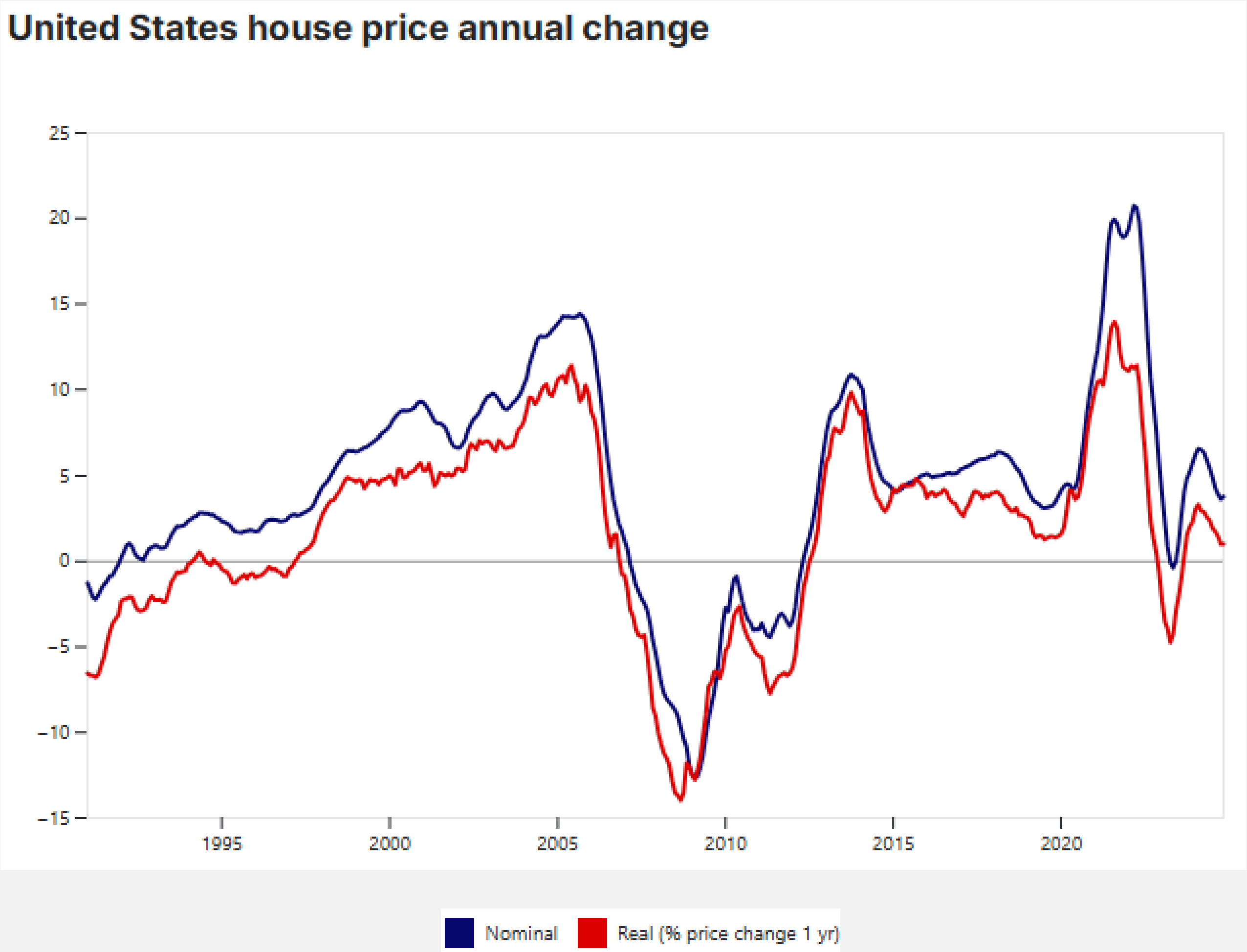
The UK real estate market is set for moderate growth at 2.75% annually, yielding a £38,934 rise to £306,934 by 2029. This conservative estimate reflects geopolitical risks and affordability constraints, falling below the 3.0–3.5% midpoint of industry forecasts but aligning with cautionary economic outlooks. Northern regions may outperform with 3.0–3.5% growth, while London and the South East hover at 2.5–3.0%. The range of £303,000–£319,000 captures potential variability, with key drivers like falling rates and housing shortages balanced against risks like inflation and global instability.

Analysis of the US Real estate Property market

The US housing market has experienced sustained price growth, driven by low housing inventory, strong demand, and fluctuating interest rates. However, the pace of appreciation has moderated in recent months, reflecting a gradual cooling from post-pandemic highs.

According to the S&P CoreLogic Case-Shiller Index, US home prices increased by 4.25% year-on-year (seasonally adjusted) in August 2024, or 1.91% when adjusted for inflation. This marked the 15th consecutive month of record-high index levels, although price growth has slowed for eight straight months. By December 2024, the annual growth rate had further eased to **3.92%.**

The S&P Case-Shiller 20-City Composite Index reported a **4.48%** price increase in 2024, while the 10-City Composite Index recorded a **5.10**% annual rise. Both indices have moderated from their March 2024 peaks of 8.3% and 7.5%, respectively, signalling a more measured market trajectory.



(Source: S&P Global Real Estate Index Data and global property guide)

US Housing Market Trends: Regional and Price Performance

As of August 2024, New York, Las Vegas, and Chicago led the S&P Case-Shiller 20-City Index, recording annual home price increases of 8.1%, 7.3%, and 7.2%, respectively. Twelve metro areas outpaced the national average growth rate of 4.25%, while Denver and Portland, OR remained the slowest-appreciating markets in the index. Overall, the Northeast continues to perform strongly, reflecting robust demand and sustained price appreciation.

See table below for year-over-year and five-year average performance of S&P 20-City Index metros.

Metro Area	August 2024 YoY, %	August 2024 5Y annualized, %	Metro Area	August 2024 YoY, %	August 2024 5Y annualized, %
Atlanta	3.67	10.22	**Miami**	5.06	12.61
Boston	5.50	8.56	**Minneapolis**	2.03	6.11
Charlotte	4.98	11.25	**New York**	8.10	9.33
Chicago	7.23	7.59	**Phoenix**	2.07	10.95
Cleveland	6.90	8.85	**Portland**	0.81	6.61
Dallas	1.58	9.28	**San Diego**	5.74	11.00
Denver	0.67	7.45	**San Francisco**	2.78	5.99
Detroit	5.98	8.17	**Seattle**	5.18	9.13
Las Vegas	7.28	9.22	**Tampa**	1.65	11.90
Los Angeles	5.91	9.12	**Washington DC**	5.44	7.15

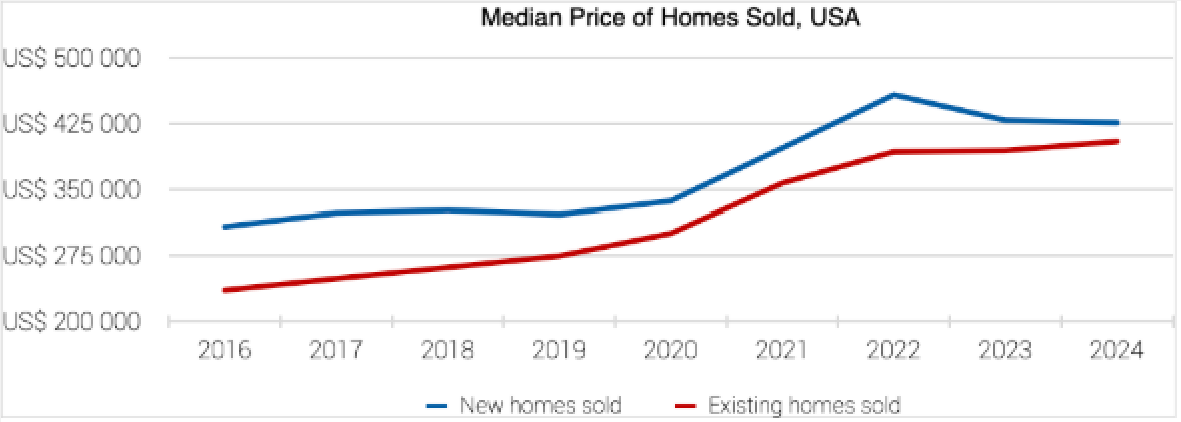
(Source: S&P Dow Jones Indices, CoreLogic, and Global Property Guide)

Median Home Prices: New vs. Existing Homes

As of September 2024, the median price of new homes sold remained stable, rising marginally by 0.05% year-on-year to **USD 426,300**, according to the US Census Bureau. In contrast, the National Association of Realtors (NAR) reported a 3.00% year-on-year increase in the median price of existing homes, reaching USD **404,500**.

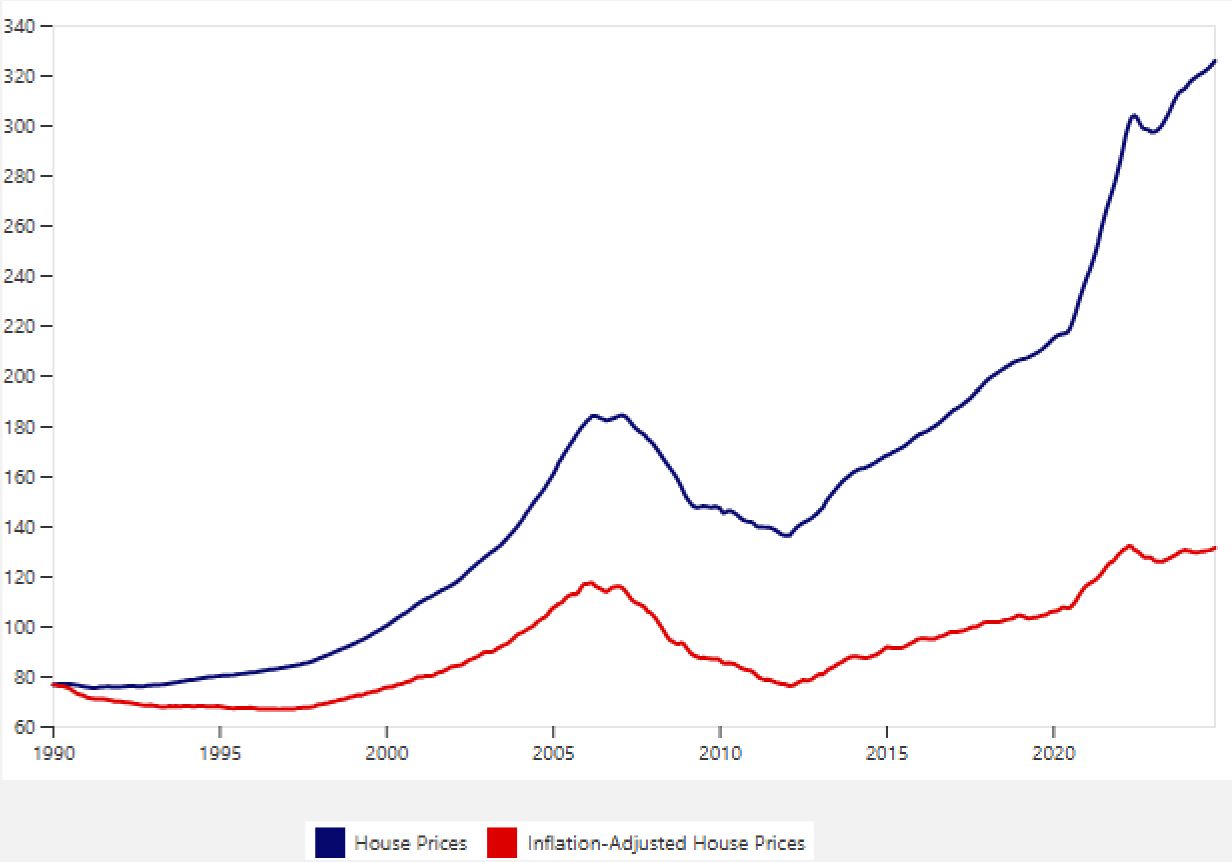
For full-year 2024, the NAR forecasts a 3.62% increase in the median price of existing homes, while new home prices are projected to decline by 0.86%. The price gap between new and existing homes has narrowed, with new homes selling at a 5% premium in September 2024. This is a significant shift from 2021–2023, when new homes were priced 20% to 30% higher than existing homes.

See graph below for historical trends in median home prices for new and existing homes.



(Source: NAHB, US Census Bureau, NAR)

Below graph provides the historical changes in the House Price index in US



(Source: S&P Global Property and Global property guide)

Regional Price Growth: September 2024

On a regional level, all four US regions recorded year-over-year price increases in the median sales price of existing homes:

Northeast – 6.0% growth, the highest among all regions.
Midwest – 5.0% increase, showing strong demand in affordable markets.
South – 0.8% rise, reflecting a more stabilized market.
West – 1.7% increase, despite being the most expensive region.

See table below for median sales prices in September 2024 and corresponding year-over-year changes.

	Median Sales Price, Sep 2024	YoY, Sep 2024 vs Sep 2023
Northeast	USD 467,100	6.0%
Midwest	USD 306,600	5.0%
South	USD 359,700	0.8%
West	USD 616,400	1.7%

(Source: NAR and global property guide)

Historical Evolution of the US Housing Market

Over the past two decades, the US housing market has undergone significant transformations, shaped by periods of rapid expansion, severe downturn, and gradual recovery.

2000–2008: The Boom and Subsequent Collapse

The early 2000s saw an unprecedented housing boom, fueled by easy access to credit, speculative investments, and strong economic growth. Home prices surged, reaching their peak in 2006, as buyers took advantage of low-interest loans and relaxed lending standards. However, this unsustainable growth was built on shaky foundations, particularly in the subprime mortgage sector.

In 2008, the housing bubble burst, triggering the global financial crisis. Property values plummeted, with the S&P CoreLogic Case-Shiller 10-City and 20-City Composite Indices **declining by over 35%** from their 2006 peak. Foreclosures skyrocketed, housing starts and completions dropped to record lows, and the US economy entered a deep recession. Unemployment soared, and stricter lending requirements further suppressed demand, leaving an oversupply of unsold homes.

2012–2020: Recovery and Expansion
By 2012, the housing market began its slow recovery, supported by:

- Historically low interest rates set by the Federal Reserve.
- Gradual economic stabilization and job market improvement.
- Demographic shifts, with millennials entering homeownership age.

As demand rebounded, new home construction gained momentum, with annual housing starts surpassing one million by 2014. This period saw consistent price appreciation, with home values steadily climbing. The COVID-19 pandemic in 2020 triggered an unexpected housing surge, as remote work and lifestyle changes fuelled demand for larger suburban homes. Supply constraints, low mortgage rates, and government stimulus measures further accelerated price growth. **By 2021, housing authorizations reached their highest levels since the early 2000s.**

2022–Present: Market Cooling and Affordability Challenges

After two years of rapid growth, the Federal Reserve's aggressive interest rate hikes in 2022 to combat inflation significantly cooled the market. Higher mortgage rates reduced affordability, dampening demand and leading to a decline in housing starts.

Rising home prices have made homeownership increasingly out of reach, particularly for first-time and lower-income buyers. This has driven more people toward renting, leading to higher demand and rising rents across the country. Housing affordability remains a critical issue, prompting policymakers to explore solutions such as:

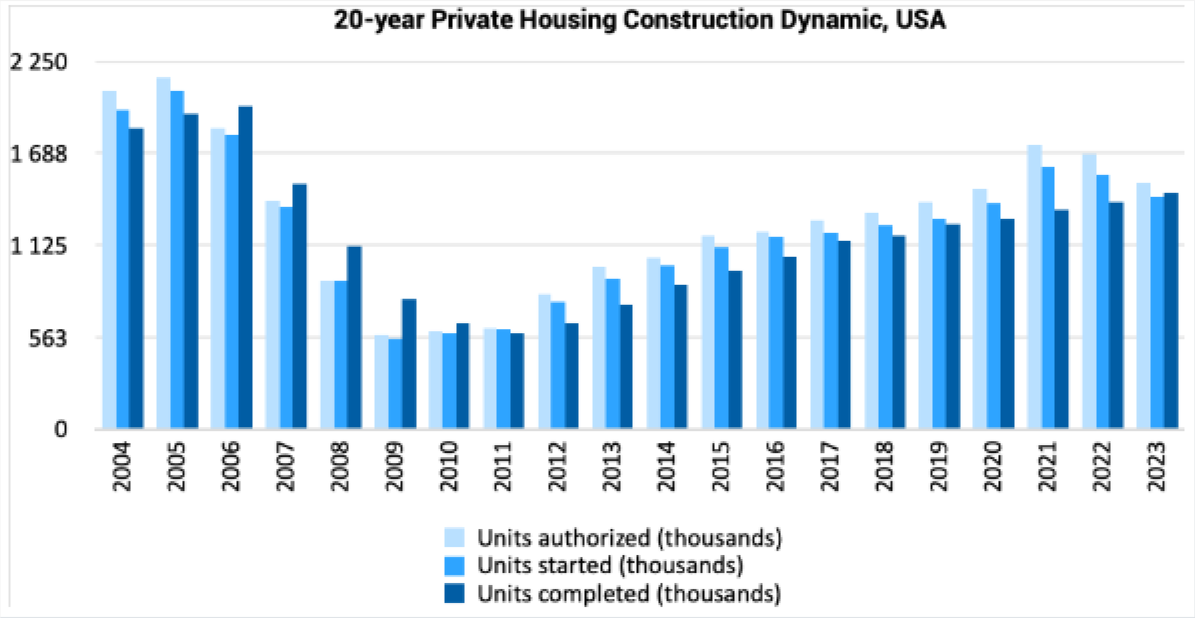
- Zoning reforms to increase housing supply.
- Incentives for affordable housing development.
- Programs to assist first-time buyers in entering the market.

While the long-term fundamentals of the housing market remain strong, challenges such as interest rate fluctuations, affordability constraints, and supply shortages will shape its trajectory in the coming years. The historical fall from 2006 peak can be attributed from the below table:

Index	2006 Peak		2012 Through		
	Level	Date	Level	Date	From Peak, %
National	**184.61**	**Jul-06**	**134.00**	**Feb-12**	**-27.4%**
20-City	206.52	Jul-06	134.07	Mar-12	-35.1%
10-City	226.29	Jul-06	146.45	Mar-12	-35.3%

(Source: Global property guide and S&P Dow Jones Index & CoreLogic)

The 20 years private housing construction can be attributed from the below graph



Source: US Census Bureau and global property guide

New Homes vs. Existing Homes: Diverging Market Trends

Despite a modest retreat in mortgage rates, home purchase activity remains subdued, with existing home sales near multi-year lows. In September 2024, sales of existing homes declined 3.5% year-on-year, reaching a seasonally adjusted annual rate (SAAR) of 3.84 million—the slowest pace since 2010, according to the National Association of Realtors (NAR).

One of the primary constraints on the existing home market is the "lock-in effect", where homeowners with low fixed mortgage rates are hesitant to sell their properties and take on higher borrowing costs. Fannie Mae's September Economic Development Forecast noted:

"The lock-in effect remains strong, as the majority of mortgage borrowers hold loans with rates significantly below current market levels. This continues to keep many potential homebuyers and home sellers on the sidelines."

New Home Sales Outperform in a Tight Inventory Market

In contrast, the new home market has demonstrated resilience, as homebuilders have adapted to supply shortages and affordability constraints. Developers have focused on:

- Constructing smaller, more affordable homes to attract first-time buyers.
- Offering incentives, such as mortgage rate buydowns, to mitigate the impact of rising interest rates.

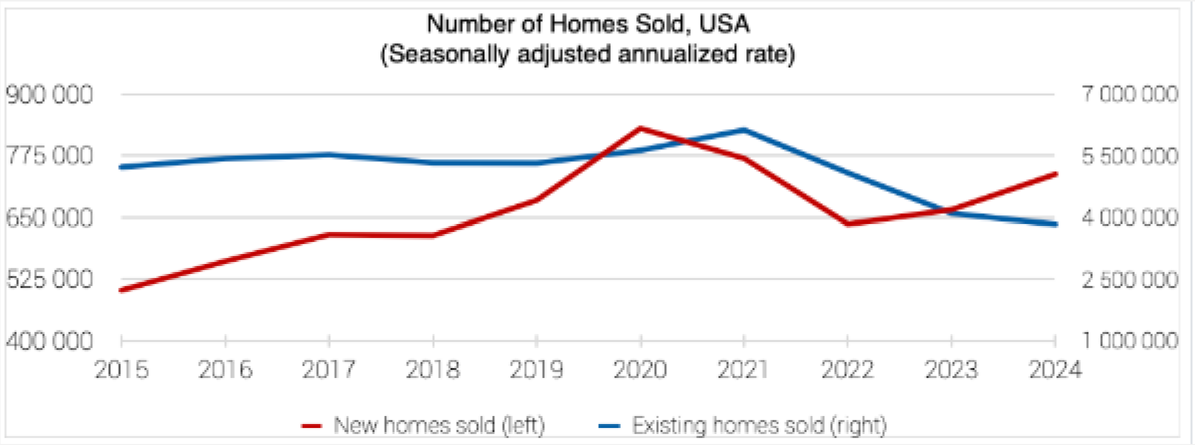
As of September 2024, the US Census Bureau reported that sales of newly built single-family homes increased 6.3% year-on-year, reaching a SAAR of 738,000 units—the highest level since May 2023.

Market Outlook: The Path to Stability

A more balanced housing market will depend on:

- More existing homeowners listing their properties, despite the lock-in effect.
- Continued strength in homebuilding activity to alleviate inventory shortages.

With gradual improvements in inventory, the market is expected to move toward greater stability in 2025.



Source: Global property guide and NAHB

Regional Trends in New and Existing Home Sales (September 2024)

New Home Sales: Strongest Growth in the Midwest and South

In September 2024, new home sales showed the strongest growth in the Midwest and South, recording year-over-year increases of **14.9% and 14.7%, respectively**. The South remained the dominant region, accounting for **64.6% of all new home sales**, reflecting its position as the most active hub for new construction in recent years.

The Northeast saw a notable month-over-month rebound, with new home sales rising 21.7% compared to August 2024. However, activity remained 22.2% below the levels recorded in September 2023, indicating an overall slowdown in the region. Meanwhile, the West reported no significant month-over-month change but remained down 10.9% year-over-year, reflecting weaker demand and affordability constraints.

Existing Home Sales: Regional Divergences

In the existing home market, the Northeast continued to underperform, as low inventory and rapid price appreciation further strained affordability. In contrast, the West was the only region to report year-over-year growth in existing home sales, signalling a potential stabilization in demand despite lingering affordability concerns.

	New Homes Sold, Sep 2024	YoY, Sep 2024 vs Sep 2023	Existing Homes Sold, Sep 2024	YoY, Sep 2024 vs Sep 2023
Northeast	28,000	-22.2%	460,000	-6.1%
Midwest	77,000	14.9%	900,000	-5.3%
South	477,000	14.7%	1,720,000	-5.5%
West	156,000	-10.9%	760,000	5.6%
Nationwide	**738,000**	**6.3%**	**3,840,000**	**-3.5%**

Source: Global property guide, US Census bureau and NAR

Decline in Foreign Home Purchases in the US (April 2023 – March 2024)

Foreign investment in the US housing market saw a sharp decline, with overseas buyers purchasing 54,300 homes between April 2023 and March 2024—a **36.47% year-over-year** drop, marking the lowest level since the National Association of Realtors (NAR) began tracking since 2009.

According to NAR Chief Economist Lawrence Yun, multiple factors contributed to this slowdown:

"The strong US dollar has made American real estate significantly more expensive for foreign buyers. Additionally, historically low housing inventory and escalating prices have constrained home sales for both domestic and international buyers."

Foreign Buyer Spending Drops Despite Rising Prices

During the reporting period ending March 2024, the total dollar volume of foreign home purchases fell 21.2% year-over-year to USD 42.0 billion. However, rising property values drove the average foreign buyer purchase price up 21.9% to USD 780,300.

- Resident foreign buyers (recent immigrants and US visa holders) accounted for USD 22.6 billion in existing home purchases, representing 54% of all foreign transactions, though this was a 3.4% decline from the previous year.

- Non-resident foreign buyers (based abroad) represented 46% of total foreign sales volume, purchasing USD 9.4 billion in existing homes—a steep 35% year-over-year drop.

Foreign Buyers' Market Share and Purchasing Trends

Foreign homebuyers held a **smaller share of the US market**, making up:

- 1.3% of all existing home sales (down from 1.8% the previous year).
- 2.0% of total home sales volume (previously 2.3%).

Notably, 50% of foreign buyers paid in cash, significantly higher than the 28% of domestic buyers who did the same. Additionally, 45% of foreign buyers purchased properties for vacation use, rental investments, or a combination of both.

Foreign Buyer Demographics and Preferred US Markets

In the April 2023 – March 2024 period, Canada reclaimed its position as the leading source of foreign homebuyers, accounting for 13% of total international purchases. China and Mexico followed closely, each representing 11% of foreign buyer transactions, while India comprised 10% and Colombia 4%. Other notable sources of foreign demand included Brazil, the United Kingdom, Germany, Cuba, and Israel.

Top US Destinations for Foreign Homebuyers

Florida remained the most sought-after state, attracting 20% of all foreign home purchases. Texas climbed to second place with a 13% share, followed by:

California – 11%
Arizona – 5%
Georgia – 4%

Additional high-demand markets for international buyers included New Jersey, New York, North Carolina, Illinois, and Michigan, reflecting diverse investment preferences across different regions.

US Housing Stock and Construction Trends

As of mid-2023, the US Census Bureau estimated the nationwide housing stock at 145.3 million units, with the South holding the largest share (39%), followed by the West (22%), Midwest (21%), and Northeast (17%). Among individual states, California, Texas, and Florida had the largest housing inventories, each exceeding 10 million units. The most notable year-over-year increases in housing stock (over 2%) were recorded in Utah, Idaho, South Dakota, and Texas.

Composition of US Housing Stock

According to **2023 American Community Survey estimates**, the distribution of housing units was as follows:
▪ **67.4% – Single-unit properties**
▪ **27% – Multi-family properties**
▪ **5.6% – Mobile homes, vans, RVs, boats, and other housing types**

Housing Completions: A Decade of Growth with a Recent Slowdown

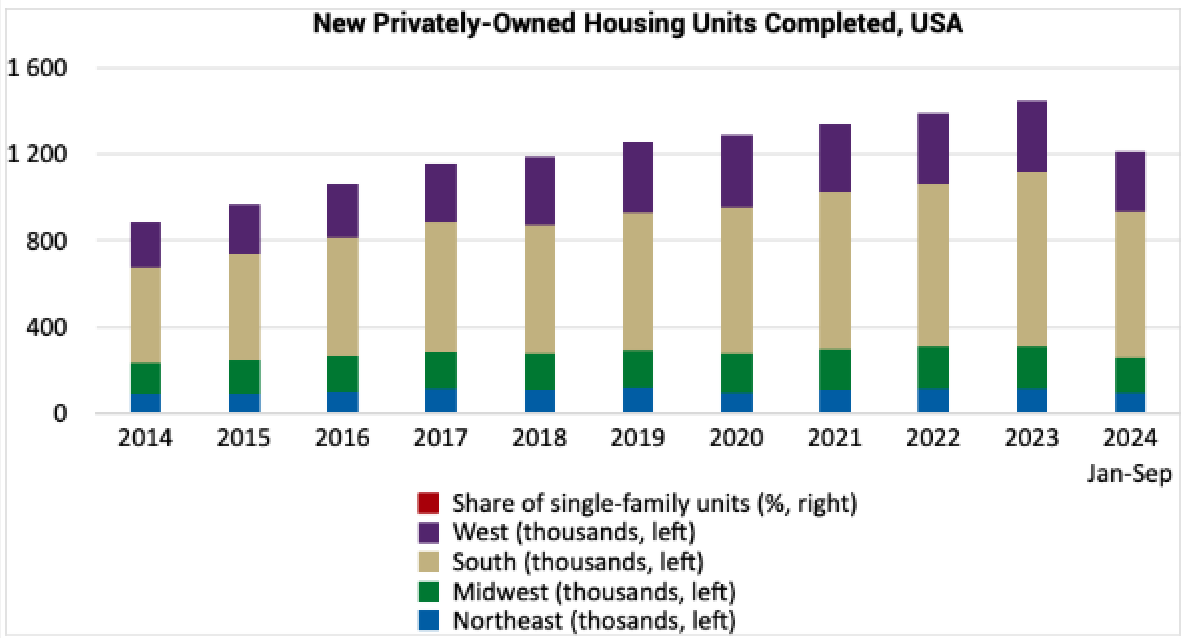
Over the past decade, new private housing completions have grown annually, but the pace slowed significantly post-pandemic. Between 2014 and 2019, the average annual growth rate stood at 8.7%, while between 2020 and 2023, it declined to 3.7%, based on US Census Bureau data.

2024 Housing Completions: Regional Distribution and Trends

In the first nine months of 2024, 1.2 million housing units were completed across the US, a 13.7% increase compared to the same period in 2023. The seasonally adjusted annual rate (SAAR) for September 2024 stood at 1.68 million units.

Regional distribution of completions in 2024 (9 months):

▪ South – 55.6% of all new completions
▪ West – 23%
▪ Midwest – 13.8%
▪ Northeast – 7.7%



Source: US Census Bureau and Global Property guide

Notably, while single-family homes continue to dominate, their share of total housing completions has been declining:
▪ 2022: 73.5%
▪ 2023: 68.9%
▪ 2024 (First Nine Months): 62.4%

This shift signals a growing focus on multifamily developments, likely driven by affordability concerns, urbanization trends, and increasing rental demand.

Persistent Housing Undersupply and Declining New Construction Activity

Despite steady growth in new housing deliveries, the US housing market remains significantly undersupplied, particularly in the affordable housing segment. This chronic shortage continues to drive rising prices and exacerbate affordability pressures nationwide, according to industry experts.

The Emerging Trends in Real Estate 2025 report by PwC, citing John Burns Research and Consulting, estimates a 1.8-million-unit gap between total housing demand—including single-family, multifamily, and manufactured homes—and the current supply.

*"To close this deficit and meet additional housing needs from demographic growth, second-home demand, and housing replacement, the US will need to construct **18 million housing units** over the next decade (2024–2033) to restore balance between supply and demand,"* PwC reports.

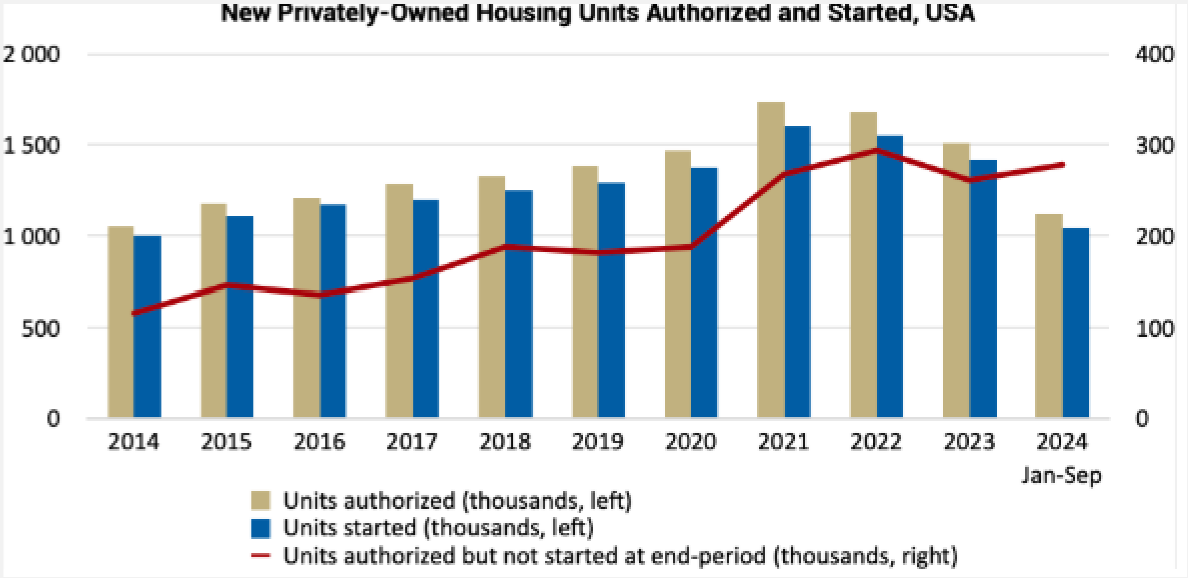
Declining New Construction Indicators

While the need for new housing remains urgent, forward-looking construction indicators have been on a downward trend since 2021.

▪ Building Permits: In the first nine months of 2024, a total of 1.1 million units were authorized for construction across the US, reflecting a 3.3% decline year-over-year. The seasonally adjusted annual rate (SAAR) for September 2024 stood at 1.43 million units.

▪ Housing Starts: Over the same period, just over 1 million units were started, marking a 3.4% decline compared to the previous year. The SAAR for September 2024 was reported at 1.35 million units.

Additionally, the number of authorized units that remain unstarted has been steadily rising, reaching 278,300 units as of September 2024. This trend suggests delays in construction activity, potentially due to labor shortages, financing constraints, and rising material costs.



Source: US Census Bureau and Global Property Guide

Shift in Housing Development and Affordability Concerns

In the first nine months of 2024, single-unit properties dominated new housing activity, accounting for 68% of all private housing units authorized and nearly 75% of all housing starts. The wave of multifamily apartment deliveries, particularly concentrated in the Sunbelt region, has gradually slowed after several years of heightened activity, according to PwC.

Homebuilder Sentiment and Market Confidence

The National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI), which measures homebuilder confidence in the single-family residential sector, stood at 43 in October 2024, reflecting a two-point increase from the previous month. However, with the index remaining below 50, a majority of developers continue to report weak market conditions, citing concerns over current and future sales activity, as well as subdued buyer demand.

Housing Affordability as a Growing National Concern for US

Housing affordability remains a critical challenge for US consumers, with Bloomberg describing it as the worst housing crisis in decades. The issue has gained prominence in the 2024 election cycle, with both presidential candidates proposing policies aimed at expanding supply, moderating demand, and providing financial assistance to qualifying households.

PwC notes that housing policy experts widely agree on the need for more affordable supply to address the crisis, particularly for low- and moderate-income households. However, the feasibility of achieving this goal remains highly dependent on cost dynamics and political negotiations at the local, state, and federal levels.

US Rental Market Trends and Yield Performance

According to Global Property Guide research, gross rental yields for residential units in the US averaged **6.10% in Q3 2024**, reflecting a 0.17 percentage point increase from 5.93% in Q1 2023. Regional variations were significant, with **Chicago recording the highest rental yield (9.11%),** followed by Atlanta (7.57%) and Miami (7.31%). In contrast, San Francisco, Seattle, Los Angeles, and Boston reported the lowest yields, all below 5%.

Rental Inflation Stabilizing After Pandemic Surge

No major shifts in rental yield dynamics are expected in the near term, as rental inflation appears to have stabilized following the rapid price surges of 2021–2022.

▪ The Zillow Rent Index recorded a 3.3% year-on-year increase in September 2024, a sharp decline from 10.3% in September 2022 and 13% in September 2021.

Regional and Property Type Variations

According to Zillow's September 2024 data, among the 20 largest US metro areas, the highest annual rent growth was observed in:

▪ Detroit (5.4%)
▪ Washington, DC (4.8%)
▪ Chicago (4.8%)

Conversely, rental growth remained below 2% in Denver, San Diego, Tampa, Atlanta, Phoenix, and Dallas.

Additionally, single-family homes outpaced multifamily residences in rent appreciation, with annual growth at 4.3% for single-family units compared to 2.5% for multifamily properties.

US Rental Market Trends and Vacancy Rates (Q3 2024)

In Q3 2024, the nationwide median asking rent for vacant units reached **$1,523 per month**, reflecting a **4.2%** year-over-year increase, according to the US Census Bureau. While still rising, this growth rate was significantly **lower than the 9.6% increase in 2023 and 10.9% in 2022**, indicating a gradual cooling in rental inflation.

Regional Variations in Median Asking Rents

The West recorded the highest median rent and the strongest year-over-year growth, followed by the South, Northeast, and Midwest.

▪ Northeast: $1,664 (vs. $1,611 in Q3 2023) → 3.3% increase
▪ Midwest: $1,182 (unchanged from Q3 2023) → No growth

- South: $1,493 (vs. $1,427 in Q3 2023) → 4.7% increase
- West: $1,934 (vs. $1,830 in Q3 2023) → 5.7% increase (highest growth)

Rental yields

Rental yields of all major metros in 2024 are as follows:

City	Average rental yield
New York	5.33%
Chicago	8.18%
Miami	7.38%
Los Angeles	4.62%
Las Vegas	5.28%
Orlando	7.99%
San Diego	5.27%
Washington	5.61%
Boston	4.56%
Houston	7.01%
Philadelphia	7.89%
Atlanta	7.27%
Seattle	4.62%
San Francisco	4.40%
Portland	6.11%

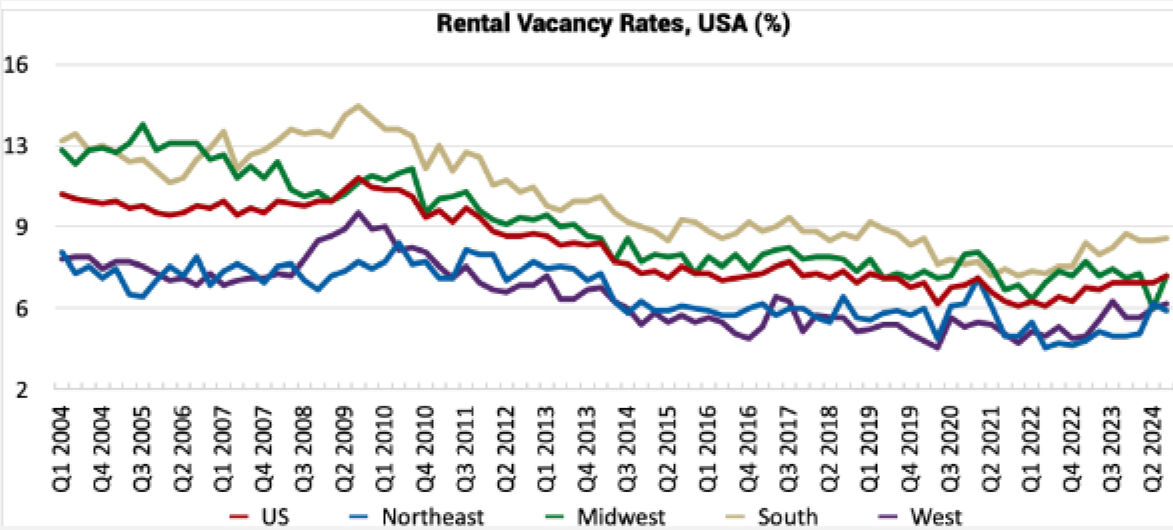
Source: Global property guide

From the above table Chicago has the highest rental yields and the SF, LA and Boston has the lowest rental yields. This analysis covers all the area and it is across different dwellings across all the locations of the city. **The luxurious apartments in the main metros has the lowest yield, 4 BHK apartment in Manhattan has the yield rate of around 1.20%.**

Rental Vacancy Rates: Low Availability Sustains Demand

With home prices generally rising faster than rents, rental properties remain in high demand, keeping vacancy rates historically low. As of Q3 2024, **the US rental vacancy rate stood at 6.9%,** only slightly up from 6.6% in Q3 2023 but still well below historical levels from a decade ago.

- Northeast: 5.4% (lowest vacancy rate nationally)
- Midwest: 6.2%
- West: 6.4%
- South: 8.5% (highest vacancy rate, above national average)



Source: US Census Bureau and Global property guide

Homeownership Trends and Future Market Shifts (Q3 2024)

As of Q3 2024, the US homeownership rate stood at 65.5%, reflecting a marginal decline from the previous year, according to US Census Bureau data. The remaining 34.4% of housing units were tenant-occupied, highlighting the continued demand for rental housing.

Regional Homeownership Variations

Homeownership rates varied by region, with the **Northeast and West below the national average**, indicating a **higher proportion of renters**, while the **Midwest and South had higher ownership rates**.

▪ **Northeast: 62.2%** (below national average)
▪ **West: 61.0%** (below national average)
▪ **Midwest: 70.1%** (above national average)
▪ **South: 67.2%** (above national average)

Future Outlook: Potential Decline in Homeownership Rates

While the homeownership rate has remained relatively stable in recent years, the post-pandemic economy may introduce long-term affordability challenges, even with expected interest rate cuts, according to the International Monetary Fund (IMF).

The IMF's latest assessment suggests that if housing costs continue rising faster than incomes, the market could experience:

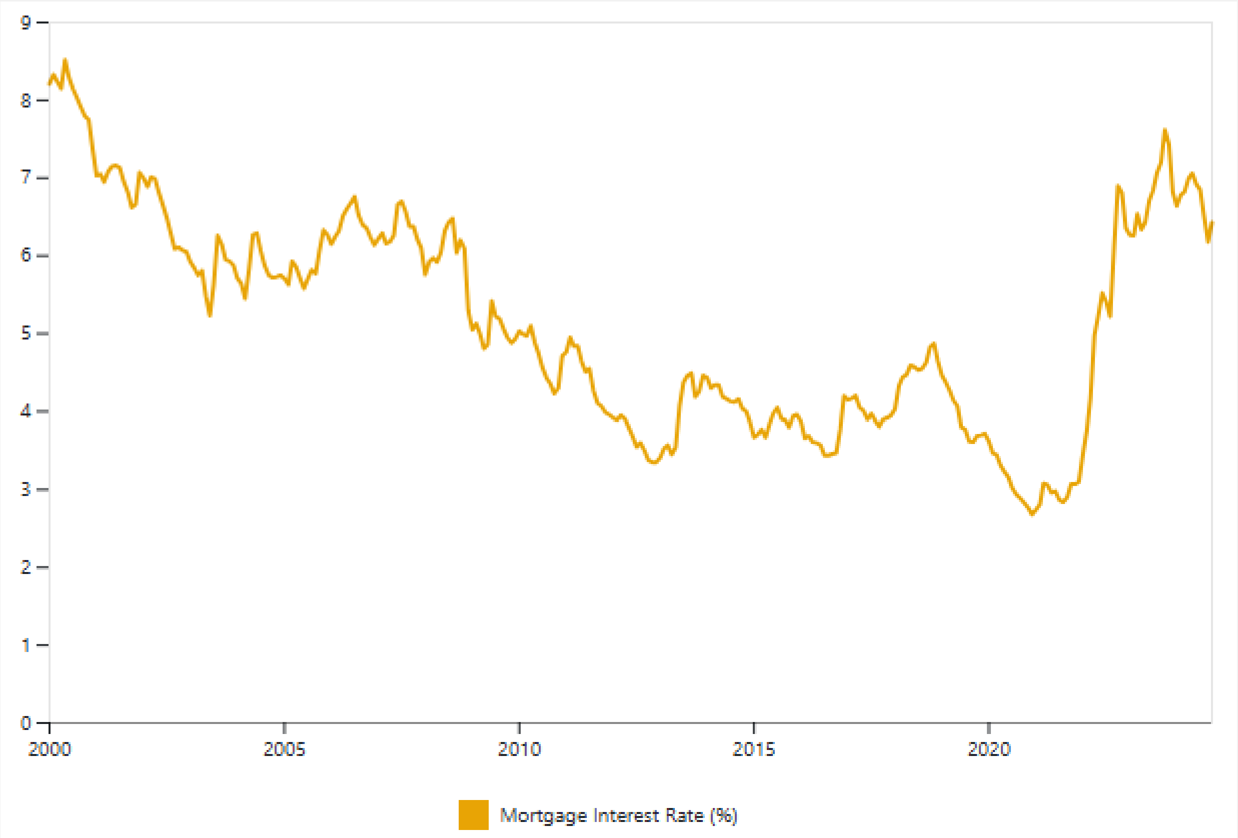
▪ A gradual decline in homeownership rates with more households shifting to rentals.
▪ Slower household formation, as affordability pressures delay home purchases.
▪ Increased demand for smaller, more affordable housing units, particularly among younger and lower-income buyers.

Federal Reserve Rate Cut and Impact on Mortgage Rates (Q3 2024)

At the end of September 2024, the US Federal Reserve implemented its first interest rate cut following a series of consecutive hikes in 2022 and 2023. The federal funds target range (FFTR) was lowered by 0.5 percentage points to 4.75%–5.00%, reflecting progress toward inflation targets and an overall assessment of economic activity.

In its policy statement, the Federal Open Market Committee (FOMC) noted:

"Recent indicators suggest that economic activity has continued to expand at a solid pace. The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent and judges that the risks to achieving its employment and inflation goals are roughly in balance."



Source: Global Property Guide

Impact on Lending and Mortgage Rates

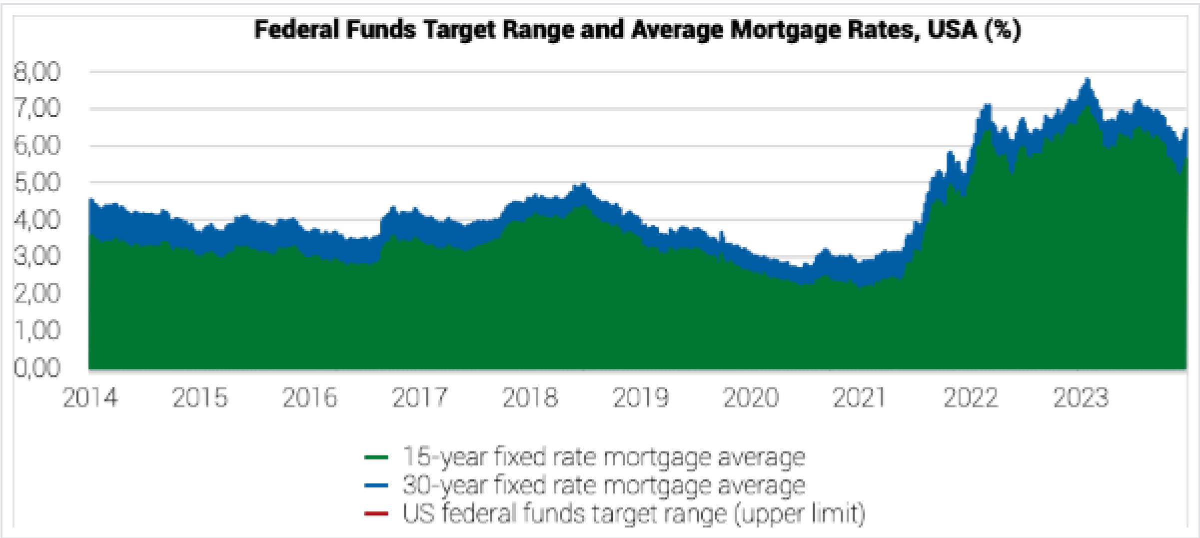
The FFTR reduction led to a corresponding drop in the bank prime loan rate, which fell from 8.50% to 8.00%. However, mortgage rates have yet to reflect this shift. According to Freddie Mac's weekly report (October 17, 2024):

▪ 15-year fixed-rate mortgages averaged 5.63%.
▪ 30-year fixed-rate mortgages averaged 6.44%.

Both indicators increased for the third consecutive week, though they remain more than one percentage point lower than a year ago.

Interest rates on mortgages:

	Avg Interest Rate October 17, 2024	YoY	Avg Interest Rate October 19, 2023	YoY	Avg Interest Rate October 20, 2022
15-year FRM	5.63%	↓	6.92%	↑	6.23%
30-year FRM	6.44%	↓	7.63%	↑	6.94%



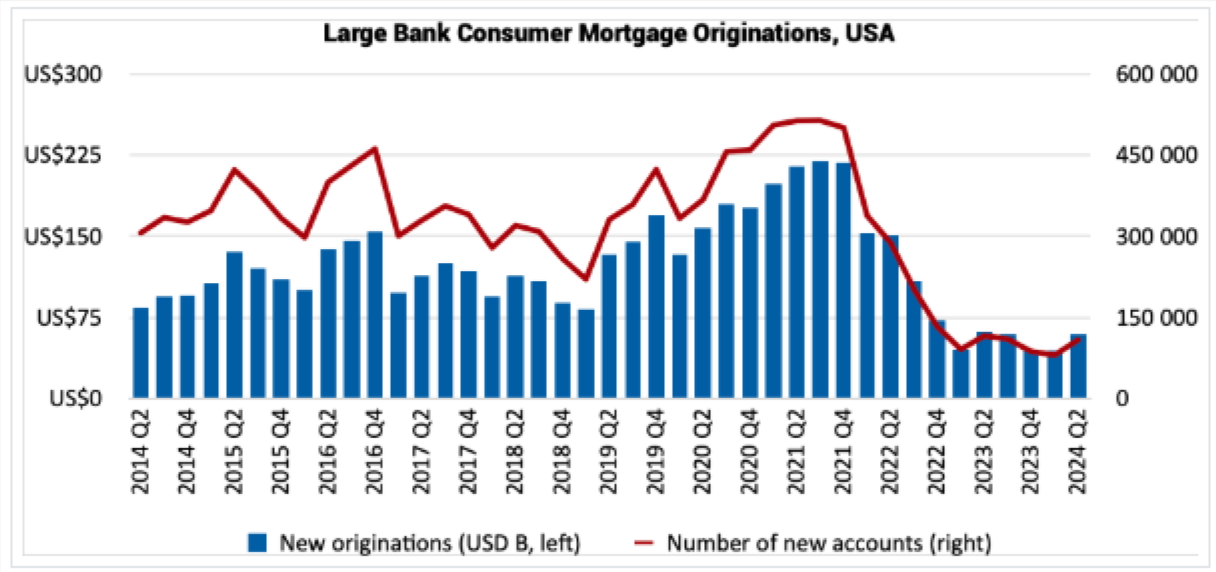
Source: Global Property Guide, FRED, Freddie Mac

Decline in Mortgage Originations Amid Elevated Interest Rates (Q2 2024)

Persistently high interest rates have led to a sharp decline in new mortgage loan originations compared to pre-2022 levels. According to data from the Federal Reserve Bank of Philadelphia, large banks issued approximately **108,000 new mortgage accounts in Q2 2024**, with a total **loan value of $59.6 billion**. This represents a 3.3% year-over-year decline, down from 116,000 accounts ($61.7 billion) in Q2 2023. The drop is even more pronounced compared to 2021, when mortgage originations peaked at 513,000 accounts ($214.5 billion).

Despite the slowdown, credit quality among mortgage borrowers remains strong. The Federal Reserve Bank of Philadelphia's quarterly report highlighted:

"Mortgage originations in the second quarter of 2024 fell 3.3% year-over-year and remain historically low. However, mortgage portfolio credit quality is robust, with a median current credit score of 791 for large bank mortgage customers."



Source: Federal reserve bank of Philadelphi and Global property guide

US Mortgage Market Trends and Borrower Resilience (2023–2024)

Despite rising interest rates in the past two years, the majority of existing mortgages remained insulated from their impact, according to the International Monetary Fund (IMF). The IMF's latest staff report highlights that:

"During the pandemic, both corporate and household borrowers locked in low rates at long maturities, paying down higher-cost, floating-rate debt. Around half of all mortgages were refinanced or reset at lower rates through home sales between 2020 and 2021. As a result, by the end of 2021, over 95% of mortgages were locked in at historically low, fixed rates."

Mortgage Market Growth and Distribution

The total value of outstanding mortgage debt increased 3.1% year-over-year in 2023, reflecting a slower expansion compared to 6.7% in 2022 and 9.1% in 2021. Growth was driven by multifamily residential mortgages (+5.0%) and farm properties (+6.0%), while:

- One-to-four-family residential mortgages grew by 2.8%.
- Commercial property mortgages rose by 3.0%.

According to Federal Reserve Economic Data (FRED), as of Q2 2024, total US mortgage stock stood at $20.3 trillion, distributed as follows:

▪ One-to-four-family residential mortgages: 69.3%
▪ Commercial property mortgages: 18.1%
▪ Multifamily residential mortgages: 10.8%
▪ Farm mortgages: 1.8%

Relative to the US economy, the total mortgage market was equivalent to 77.4% of GDP in 2023, down from 85.6% in 2021 and well below the 2007 peak of 105.9% of GDP.

Homeownership and Mortgage Trends

According to 2023 estimates from the US Census Bureau's American Community Survey:

▪ 60% of owner-occupied housing units in the US carried a mortgage, down from 64% a decade ago.
▪ 6% of homeowners had multiple mortgages, a decline from 11% ten years earlier.

US Real estate Economy – Future outlook (2025–2029)

The US residential property market is poised for moderate growth over the next five years, shaped by economic recovery, policy influences, and demographic shifts. Current analysis projects house price trends from 2025 to 2029, considering historical data, current conditions, expert forecasts, and the potential impact of Trump's policies and migration patterns, with a focus on national averages and regional variations.

Historical Context and Current Baseline

The US housing market has seen significant price appreciation over the past decade, driven by low interest rates, population growth, and supply constraints. The median price of existing homes, per NAR data National Association of Realtors Data, increased from **$208,500 in 2014 to an estimated $404,500 in September 2024, reflecting an average annual growth of about 6.5**%. **New home prices, per the US Census Bureau New Residential Sales Press Release, rose from $283,300 in 2014 to $426,300 in September 2024**.

For projections, the baseline is set at $404,500 for existing homes and $426,300 for new homes, based on September 2024 data.

Expert Forecasts and Synthesized Projection

Several sources provide insights into future growth:

- **Naroda real estate investments** forecasts 3.8% annual growth for the coming 5 years and on the optimistic basis they expect 5.6% growth and on pessimistic scenario the growth would be 1.5%.

- **U.S. News Housing Market Index** predicts a 17% rise from 2024 levels by 2029, implying an average annual growth of 3.2%, per U.S. News Housing Predictions which consider the predictions of several researches which provides for change in the range of 14.3% to 17.3%.

- **Bankrate** suggests moderate growth, with prices rising above inflation, aligning with 3.0–3.5% annually, per Bankrate Housing Forecast.

With the impending trade war looming but the impact of the same on real estate is not expected too much and, the average annual growth rate of **3.25%** for real estate is expected for 2025–2029, balancing optimism from easing rates with caution over affordability. This rate, within the 3.0–3.5% range, reflects expert consensus and current economic trends.

Projected Growth Calculations

Using the compound annual growth rate (CAGR) the price for the year 2029 would be:

- **Existing Homes (Base Case, 3.25%):**

  - 2025: \$404,500 × 1.0325 ≈ \$417,646
  - 2026: \$417,646 × 1.0325 ≈ \$431,412
  - 2027: \$431,412 × 1.0325 ≈ \$445,810
  - 2028: \$445,810 × 1.0325 ≈ \$460,851
  - 2029: \$460,851 × 1.0325 ≈ \$476,558

  Cumulative Growth: (\$476,558 / \$404,500) - 1 ≈ 17.85%

  Monetary Rise: \$476,558 - \$404,500 = \$72,058

- **New Homes (Base Case, 3.25%):**

  - 2025: \$426,300 × 1.0325 ≈ \$440,204
  - 2026: \$440,204 × 1.0325 ≈ \$454,710
  - 2027: \$454,710 × 1.0325 ≈ \$469,833
  - 2028: \$469,833 × 1.0325 ≈ \$485,585
  - 2029: \$485,585 × 1.0325 ≈ \$501,978

  Cumulative Growth: (\$501,978 / \$426,300) - 1 ≈ 17.78%

  Monetary Rise: \$501,978 - \$426,300 = \$75,678

- **Range Estimate:**

  - At 3.0% annually:

    - Existing Homes: \$404,500 × (1.03)^5 ≈ \$468,217 (15.77% rise, or \$63,717)

        - New Homes: $426,300 × 1.15927 ≈ $494,000 (15.91% rise, or $67,700)

    - At 3.5% annually:

        - Existing Homes: $404,500 × (1.035)^5 ≈ $484,127 (19.67% rise, or $79,627)

        - New Homes: $426,300 × 1.19618 ≈ $510,000 (19.67% rise, or $83,700)

Thus, the projected price range by 2029 is $468,000–$484,000 for existing homes and $494,000–$510,000 for new homes, with base cases of $477,000 and $502,000, and monetary rises of $64,000–$80,000 and $68,000–$84,000, respectively.

Regional Variations and Quarter-to-Quarter Growth

Regional disparities are pronounced, with coastal areas like the West and Northeast facing higher prices and slower growth due to affordability, while the South and Midwest see stronger demand from migration:

- **West:** Median price $616,400 in September 2024, expected 2.5–3.0% annual growth, reaching $700,000–$720,000 by 2029.

- **South:** Median price $359,700, projected 3.5–4.0% growth, potentially $430,000–$450,000 by 2029, driven by migration to Florida and Texas.

- **Northeast:** Median price $467,100, moderate growth of 2.5–3.0%, to $530,000–$550,000 by 2029.

- **Midwest:** Median price $306,600, strong growth of 3.5–4.0%, to $370,000–$390,000 by 2029.

Residential Property Transactions

Transaction volumes reflect market activity:

- **Existing Home Sales:** 4.08 million units in January 2025, up 2% YoY, per NAR Existing-Home Sales, indicating recovery from 2023's 4.09 million.

- **New Home Sales:** 657,000 units in January 2025, down from 734,000 in December 2024, per US Census Bureau New Residential Sales, showing builder resilience.

Interest Rates and Their Effect on Real Estate Prices

The Federal Reserve's rate, at 4.5–4.75% in 2025, is expected to ease to 4.25% by 2026, reducing mortgage rates from 6.44% (October 2024) to 5.5–6.0% by 2029, boosting demand and supporting price growth.

Rental Market Trends

Rental prices have moderated, with the Zillow Observed Rent Index showing a 3.3% YoY increase in September 2024, per Zillow Home Value Index. Vacancy rates are tight at 6.9% in Q3 2024, per US Census Bureau Quarterly Residential Vacancies and Homeownership, indicating continued demand pressure which is expected to continue in future at moderate rate

Supply and Demand Dynamics

A persistent undersupply, estimated at 1.8 million units, per PwC Emerging Trends in Real Estate, supports price growth. New construction completions reached 1.2 million units in January–September 2024, up 13.7%, but housing starts declined 3.4% to 1 million, per US Census Bureau Monthly New Residential Construction.

Macro-Economic Environment and Effects

- **GDP Growth:** US economy can anticipate between 2% - 3% in 2025 and a moderate growth in GDP is expected for next 5 years.

- **Inflation:** 2.4% in September 2024, per BLS Consumer Price Index Data, Trump's tariffs are expected to increase the inflation in the short run but it is expected that there will not be an adverse impact of inflation on the real estate in long term.

- **Unemployment:** 4.1% in September 2024, per BLS Current Employment Statistics, reflecting a stable labor market and unemployment is expected to be reduced in the projected period.

These conditions suggest a supportive economic backdrop for moderate real estate price growth.

Trump's Policies and Their Potential Impact

Potential policies from a Trump administration, such as extending the Tax Cuts and Jobs Act, could stimulate economic growth and attract investors. His proposed "gold card" scheme, could draw wealthy foreigners, potentially increasing demand for luxury real estate. However, its impact on major cities like New York and San Francisco may be limited, given existing high prices and affordability constraints. Deregulation could spur construction, but the effect is secondary to interest rates and economic growth.

Migration Patterns and Their Impact on Real Estate

Migration from high-tax states (e.g., California, New York) to low-tax states (e.g., Florida, Texas) is expected to continue, driven by tax advantages and lifestyle factors. Florida, with preferential property taxes and beach appeal, may experience a hike in luxury real estate, with median prices potentially rising 4.0–4.5% annually, reaching $480,000–$500,000 by 2029, per Redfin Housing Market Data. Texas could see similar growth, with Dallas reaching $420,000–$430,000. Conversely, San Francisco and New York City, already expensive, may face moderate rises of 2.5–3.0%, to $1,400,000–$1,450,000 and $650,000–$670,000, respectively, due to affordability issues and pre-existing high rates, per Zillow Home Value Index.

Key Drivers of Higher Prices

Beyond economic factors, several drivers could push prices higher:

- **Trump's Gold Card Scheme:** Attracting wealthy investors, though likely not enough to significantly lift major city prices due to limited scale.
- **Migration Trends:** Continued movement to low-tax states like Florida and Arizona, boosting demand and prices in these regions.
- **Luxury Real Estate Demand:** Beach destinations like Florida may see increased luxury property demand, with preferential tax laws enhancing appeal.
- **Infrastructure Investment:** Potential Trump policies on infrastructure could indirectly benefit real estate, particularly in developing areas.
- **Low Inventory:** Persistent undersupply, with only 1.24 million unsold existing homes in February 2025, per NAR Existing-Home Sales Accelerated 4.2% in February, supports price pressure.
- **Wage Growth:** Real incomes rising above pre-pandemic levels, per IMF Country Overview USA, could enhance buyer purchasing power.

Potential Risks

- Economic slowdown if GDP growth dips below 2% can adversely impact the economy.
- Inflation resurgence delaying rate cuts, raising borrowing costs would discourage the individuals to seek the real-estate.
- Geopolitical risks can impact economic growth, adding uncertainty.

Summary Table of Projections

Category	2024 Median Price	2029 Projected Price	Monetary Rise (2024–2029)	Annual Growth Rate
Existing Homes	$404,500	$477,000	$72,500	3.25%
New Homes	$426,300	$502,000	$75,700	3.25%

The above table projections based on synthesised baseline growth rates.

Conclusion

The US real estate market is anticipated to see continued, albeit moderated, growth from 2025 to 2029. Existing and new home prices are expected to rise by approximately $73,000 and $76,000 respectively from 2024 levels, with an average annual growth rate of 3.25%. Trump's policies and migration patterns will influence regional dynamics, with low-tax states like Florida seeing stronger growth, while cities like San Francisco and New York face moderate rises due to affordability. The range of $468,000–$484,000 for existing homes and $494,000–$510,000 for new homes captures potential variability, reflecting economic and policy uncertainties.

Analysis of UAE Real estate Property market

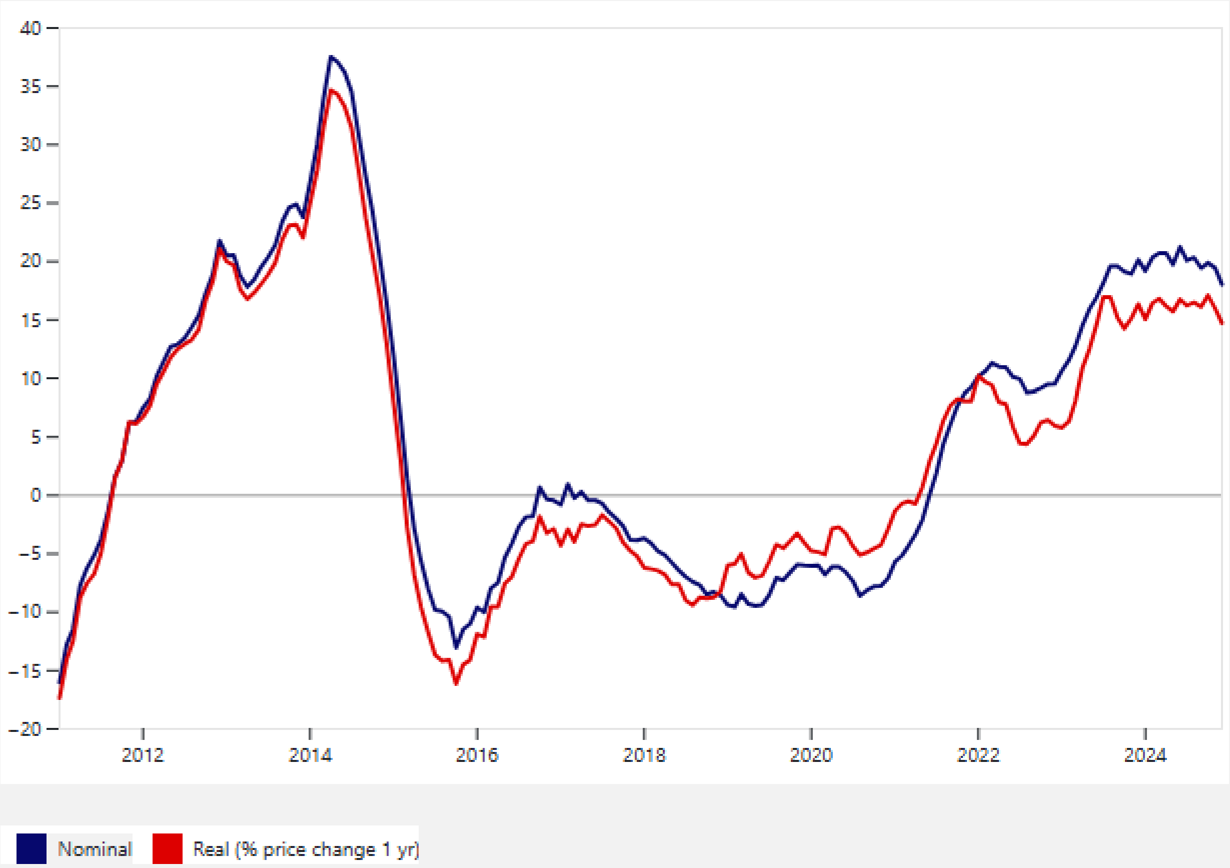
Dubai Residential Property Market Performance (November 2024)

Dubai's All-Residential Property Price Index (RPPI) recorded a strong **annual increase of 19.46%** (15.97% inflation-adjusted) in November 2024, according to Reidin.com. This follows double-digit growth since January 2023, with price surges of 20.14% in 2023, 9.53% in 2022, and 9.25% in 2021. In contrast, the market saw price declines in previous years, with drops of 7.12% in 2020, 6% in 2019, and 8.56% in 2018.

Property Type Breakdown

▪ **Apartments:** Prices surged 19.43% year-on-year (15.83% inflation-adjusted) in November 2024, in line with the 18.33% increase recorded in 2023. On a quarterly basis, apartment prices rose by 1.94% (1.31% inflation-adjusted).

▪ **Villas:** Prices increased sharply by 20.28% year-on-year (16.77% inflation-adjusted), following an exceptional 22.23% growth in 2023. Quarter-on-quarter, villa prices rose by 3.32% (2.68% inflation-adjusted).



Source: Global property guide

Dubai's Primary vs. Secondary Market

▪ **Primary Market:** The average purchase price of residential properties in Dubai's primary market reached AED 1,558 (USD 424) per square foot in Q3 2024.

▪ **Secondary Market:** In the secondary market, prices averaged AED 1,332 (USD 363) per square foot during the same period.

Abu Dhabi's Real Estate Market: Steady Growth Amid Rising Demand (November 2024)

Abu Dhabi's residential property market continued its upward trajectory in November 2024, though at a more subdued pace compared to Dubai. The All-Residential Property Price Index (RPPI) recorded a 10.16% year-on-year increase (6.94% inflation-adjusted). On a quarterly basis, prices rose 2.18% (1.54% inflation-adjusted) over the three months leading to November.

Property Type Breakdown

▪ **Apartments:** Prices increased 9.88% year-on-year (6.67% inflation-adjusted), accelerating from 2.83% in the previous year. Quarter-on-quarter, apartment prices were up 2.11% (1.48% inflation-adjusted).

▪ **Villas:** Prices rose 11.51% year-on-year (8.25% inflation-adjusted), following a 10.05% gain in the previous year. Quarter-on-quarter, villa prices saw a modest 2.46% increase (1.83% inflation-adjusted).

Comparison with Dubai: ValuStrat Property Index Insights

According to ValuStrat, Dubai's residential property market saw a substantial 28.9% year-on-year price increase in Q3 2024, with a 6.7% quarterly rise. In contrast, Abu Dhabi's price index registered a more moderate 5.3% annual increase and 1.7% quarterly growth during the same period.
Surging Demand and Record-Breaking Transactions

Real estate transactions reached record highs in both Dubai and Abu Dhabi:

▪ Dubai: 180,987 transactions in 2024, a 36.5% increase from the prior year (*Property Finder*).

▪ Abu Dhabi: 14,662 transactions, a modest 4% annual increase.

Across the UAE's four major emirates—Abu Dhabi, Dubai, Sharjah, and Ajman—the total real estate transaction value in 2024 reached **approximately AED 893 billion (USD 243.1 billion),** with over 331,300 transactions recorded.

Economic Growth and Diversification Efforts (2020–2025)

The UAE economy expanded by approximately 4% in 2024, following 3.6% growth in 2023, 7.5% in 2022, and 4.4% in 2021. This growth reflects strong non-oil sector performance, particularly in tourism, real estate, trade, and financial services, as the country continues its economic diversification efforts.

Key factors driving growth in 2024 included:

▪ Higher oil prices in early 2024, boosting fiscal revenues.

▪ Major infrastructure investments, particularly linked to Dubai Expo's legacy projects and the UAE Vision 2030 initiative.

▪ Expanding tourism and real estate sectors, attracting foreign capital.

Looking ahead, the International Monetary Fund (IMF) projects UAE's annual GDP growth at 5% for 2025, while the World Bank provides a more conservative estimate of 4.1% annual growth over the next two years.

The UAE remains one of the wealthiest nations globally, with a GDP per capita (PPP) of $77,251 in 2024, according to IMF data.

Historical Evolution of Dubai's Real Estate Market (2002–2024)

Between 2002 and 2008, **Dubai's property prices nearly quadrupled**, as the city became a global investment hub, attracting significant foreign capital after the 2006 foreign property ownership law.

▪ **Mega-projects launched during this boom included:**

- Jumeirah Garden City ($95 billion)
- Dubailand ($64 billion)
- The Lagoons ($25 billion)
- Palm Jumeirah ($14 billion)
- The World ($14 billion)

However, the global financial crisis in 2008 triggered a severe downturn, leading to:

▪ Plummeting transaction volumes.

▪ Nearly half of UAE's construction projects (worth AED 1.1 trillion or $300 billion) being halted or cancelled.

As the economy rebounded post-crisis, Dubai's housing market surged between 2012 and 2014, with average annual house price growth of 21.5%. However, from 2015 to 2020, the market declined due to factors such as:

▪ Excess housing supply, which weighed on prices.

▪ Government interventions, including federal mortgage caps and VAT implementation in 2018.

▪ Property registration fees, which increased transaction costs.

▪ The COVID-19 pandemic in 2020, which briefly stalled market activity.

Post-Pandemic Recovery and Market Expansion (2021–2024)

Following the pandemic-induced contraction, Dubai's housing market began recovering in 2021, with prices rising:

▪ Dubai: +9.25% (2021), +9.53% (2022).

▪ Abu Dhabi: +1.56% (2021), +1.46% (2022).

From 2023 to 2024, demand surged further, with:

▪ Dubai house prices rising by an annual average of ~20%.

▪ Abu Dhabi house prices increasing by an average of ~8%.

Dubai's real estate transactions reached record highs in 2024, with:

▪ 180,987 transactions, a 36.5% increase from 2023 (*Property Finder*).

▪ Total transaction value reaching AED 522.5 billion ($142.25 billion), a 27.2% increase year-over-year.

Surge in Sales Transactions and Market Activity (Q1–Q3 2024)

Dubai's real estate market maintained strong momentum in 2024, with notable growth in both sales transactions and overall market activity, according to Reidin.com.

▪ **Apartment Sales:** 102,800 units were sold in Q1–Q3 2024, reflecting a **40% year-on-year** increase compared to the same period in 2023.

▪ **Villa & Townhouse Sales:** 22,900 units were sold in the first three quarters of 2024, marking an 18% annual increase.

Below graph provides the information the sale of residential transactions in Dubai.

Source: Global Property guide

Record Transaction Volumes and Market Growth in Abu Dhabi

The total number of real estate transactions in Abu Dhabi reached a record high of 14,662 units in 2024, reflecting a 4% increase from the previous year, according to Property Finder. This resulted in a total transaction value of **AED 47.92 billion** (USD 13.05 billion).

The existing property market played a significant role in this growth, with:

▪ 4,320 transactions for existing properties, up 53.4% year-on-year.

▪ Total transaction value of existing properties at AED 9.27 billion (USD 2.52 billion), marking a 34.7% increase from 2023.

Foreign Ownership & Residency Policies Driving Demand

The UAE has introduced progressive foreign ownership policies, particularly in Dubai and Abu Dhabi, making it easier for expatriates to invest in real estate.

▪ **Golden Visa Program (2019):**

- Grants 5- to 10-year renewable residence visas for foreign investors, skilled professionals, and entrepreneurs.

- Allows 100% business ownership without the need for a national sponsor.
- Enables expats to live, work, and study in the UAE with greater stability.

These incentives continue to attract international investors, further fueling the UAE's real estate sector.

Residential Supply Expansions

Dubai Housing Supply Trends

Dubai saw the completion of 38,500 new residential units in 2024, following:

- 39,000 units in 2023
- 41,000 units in 2022
- 44,000 units in 2021
- 40,000 units in 2020 (Source: *JLL MENA and Global property guide*).

This brought Dubai's total housing stock to approximately 757,500 units by end-2024, with high completion rates largely driven by Expo 2020's legacy developments.

Abu Dhabi Housing Supply Trends

In Abu Dhabi, 6,000 new residential units were delivered in 2024, bringing the total housing stock to about 290,100 units.

Rental Yields in Dubai and Abu Dhabi (2024)

Dubai Rental Yields *(Source: Reidin.com, November 2024)*

- Overall gross rental yields: **6.97%,** slightly down from 7.13% in 2023.
- Apartments: **7.39**%, compared to 7.52% in the previous year.
- Villas: **5.26**%, down from 5.61% in 2023.

Abu Dhabi Rental Yields

- Overall gross rental yields**: 6.75%,** up from 6.27% in 2023.
- Apartments: **7.29%**, compared to 6.65% in 2023.
- Villas: **5.00%**, slightly down from 5.08% in the previous year.

According to a Global Property Guide study (Q4 2024), the national average rental yield stood at 4.87%, down from 5.16% in Q1 2024 and 4.93% in Q3 2023. However, Dubai (6.4%) and Abu Dhabi (5.80%) continued to maintain above-average rental yields. These figures differ slightly from Reidin's estimates due to variations in inputs and sample sizes.

Dubai Rental Market Trends (for 2024)

▪ Overall residential rents: +16.85% year-on-year.

▪ Apartments: +17.36% year-on-year.

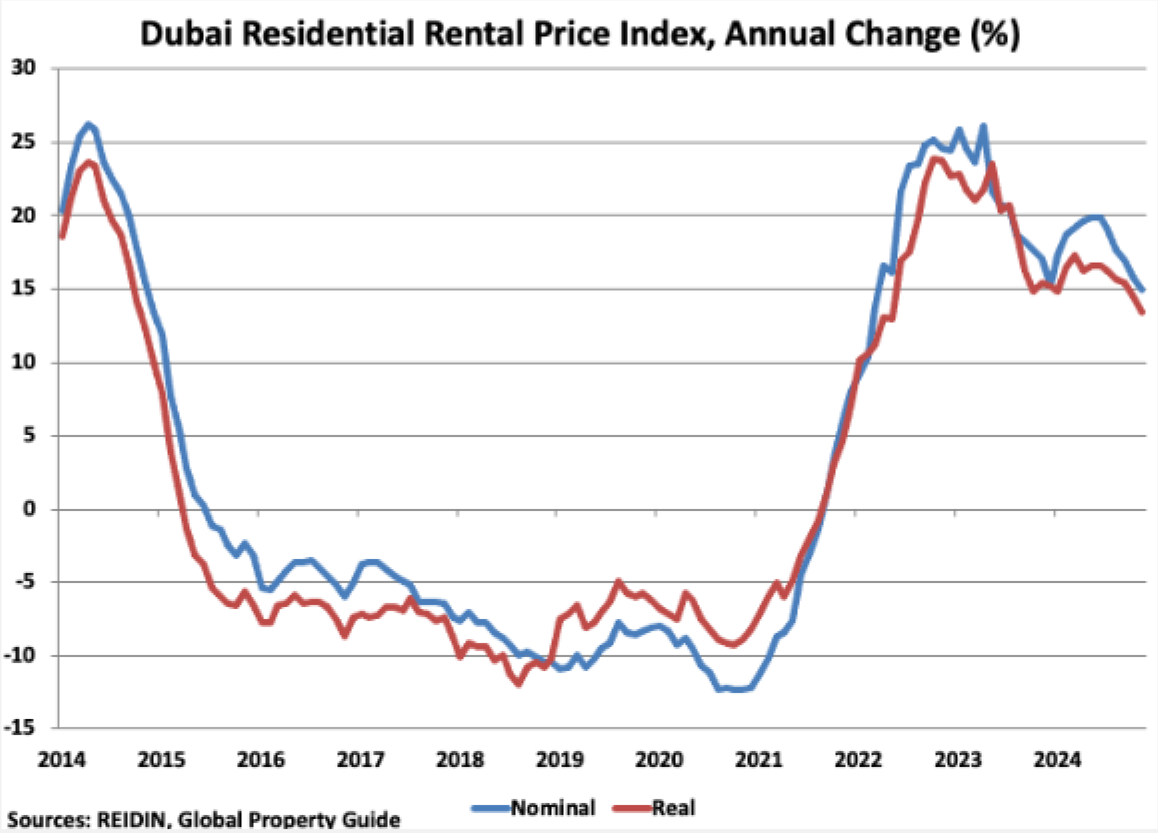
▪ Villas: +12.92% year-on-year.

Abu Dhabi Rental Market Trends (for 2024)

▪ Overall residential rents: +18.35% year-on-year.

▪ Apartments: +20.1% year-on-year.

▪ Villas: +9.68% year-on-year.



Rental Market Trends in Dubai and Abu Dhabi (Q3 2024)

High-End Residential Rents in Dubai ***(Source: Q3 2024 Market Reports and Global property guide)***

Rental prices in Dubai's luxury developments remained elevated in Q3 2024, reflecting strong demand for premium living spaces.

▪ **DIFC (Dubai International Financial Centre):**

- 1-bedroom: AED 135,000 (USD 36,754) per annum.
- 3-bedroom: AED 250,000 (USD 68,064) per annum.

▪ **Downtown Dubai (Home to Burj Khalifa):**

- 1-bedroom: AED 137,500 (USD 37,435) per annum.
- 3-bedroom: AED 280,000 (USD 76,231) per annum.

▪ **Palm Jumeirah (World's Largest Man-Made Island):**

- 1-bedroom: AED 175,000 (USD 47,645) per annum.
- 3-bedroom: AED 350,000 (USD 95,289) per annum.

▪ **Sheikh Zayed Road (Dubai's Main Skyscraper Hub):**

- 1-bedroom: AED 95,000 (USD 25,864) per annum.
- 3-bedroom: AED 160,000 (USD 43,561) per annum.

Premium Residential Rents in Abu Dhabi

While Abu Dhabi's rental market showed moderate growth, both apartment and villa rents rose by an average of 4% year-on-year in Q3 2024.

▪ **Central Abu Dhabi:**

- 1-bedroom: AED 60,000 (USD 16,335) per annum.
- 2-bedroom: AED 107,500 (USD 29,267) per annum.
- 3-bedroom: AED 137,500 (USD 37,435) per annum.

▪ **Corniche:**

- 1-bedroom: AED 69,000 (USD 18,786) per annum.
- 3-bedroom: AED 147,500 (USD 40,158) per annum.

▪ **Al Khalidiya / Al Bateen:**

- 1-bedroom: AED 75,000 (USD 20,419) per annum.
- 3-bedroom: AED 162,500 (USD 44,241) per annum.

▪ **Al Raha Beach:**

- 1-bedroom: AED 80,000 (USD 21,780) per annum.
- 3-bedroom: AED 177,500 (USD 48,325) per annum.

▪ **Marina Square:**

- 1-bedroom: AED 65,000 (USD 17,697) per annum.
- 3-bedroom: AED 135,000 (USD 36,754) per annum.

Mortgage Market Trends in the UAE (December 2024)

In December 2024, the Central Bank of the UAE reduced its key overnight deposit facility rate by 25 basis points to 4.40%, following the US Federal Reserve's third consecutive rate cut. This move marked the third straight reduction since September 2024. Given that the UAE dirham (AED) is pegged to the US dollar (AED 3.67 = USD 1), mortgage interest rates in Dubai typically follow US Fed rate movements.

After two years of rising rates aimed at curbing inflation, mortgage rates in the UAE have started to decline, now ranging between 2% and 6%, with a maximum repayment tenure of 25 years.

Mortgage Transactions in Dubai

Dubai's real estate market remains largely driven by cash buyers, making it less sensitive to mortgage interest rate fluctuations.

- Total mortgage transactions in 2024: AED 185.8 billion (USD 50.6 billion) across 35,700 deals.
    - Transaction value surged by over 50% year-on-year.
    - Number of mortgage transactions grew by 7%.

Breakdown of Q3 2024 Transactions (Dubai): *(Source: ValuStrat and Global property guide)*

- Mortgage transactions: 10,118 deals
- Cash transactions: 14,977 deals *(excluding off-plan sales)*
- Mortgage-backed sales value: AED 19 billion (USD 5.2 billion)
- Cash transactions total value: AED 28 billion (USD 7.6 billion)

Mortgage Market in Abu Dhabi

Unlike Dubai, Abu Dhabi's property market relies more heavily on mortgage financing.
Breakdown of Q3 2024 Transactions (Abu Dhabi):

- Mortgage transactions: 2,594 deals
- Cash transactions: 1,495 deals *(excluding off-plan sales)*
- Mortgage-backed sales value: AED 13.5 billion (USD 3.7 billion) *(nearly 3x the value of cash deals)*
- Cash transactions total value: AED 4.2 billion (USD 1.1 billion)

Average Property Prices, Rental Rates, and Yields in Dubai & Abu Dhabi (November 2024)

Dubai

- Studio: USD 190,579, Avg. Rent: USD 1,247
- 1 BHK: USD 352,300, Avg. Rent: USD 2,042
- 2 BHK: USD 592,703, Avg. Rent: USD 3,403
- 4+ BHK: USD 3.3 million, Avg. Rent: USD 10,209

- Average Gross Rental Yield: 6.4%

Abu Dhabi

- Studio: USD 232,779, Avg. Rent: USD 1,126
- 1 BHK: USD 313,095, Avg. Rent: USD 1,588
- 2 BHK: USD 517,288, Avg. Rent: USD 2,609
- 3 BHK: USD 680,642, Avg. Rent: USD 3,176
- 4+ BHK: USD 827,389, Avg. Rent: USD 3,743

- Average Gross Rental Yield: 5.79%

UAE Real Estate Economy – Future outlook (2025–2029)

The UAE's real estate sector, particularly in Dubai and Abu Dhabi, is expected to maintain strong momentum over the next five years, driven by economic diversification, foreign investment, and infrastructure expansion. **With an annual expected growth projection of 5% for Dubai and 4% for Abu Dhabi—and 6–8% for luxury properties**—the market is positioned for sustained appreciation in property values and rental yields.

Projected Property Prices and Rental Rates by 2029

Using compound annual growth rates (CAGR), the estimated prices and rental rates for Dubai and Abu Dhabi by the end of 2029 are:

Dubai (5% Growth, 6-8% for Luxury Properties)

- Studio: ~USD 243,094, Avg. Rent: ~USD 1,590

- 1 BHK: ~USD 449,408, Avg. Rent: ~USD 2,604

- 2 BHK: ~USD 756,259, Avg. Rent: ~USD 4,341

- 4+ BHK (Luxury, 6-8% growth):

  - USD 4.41M–4.85M, Avg. Rent: USD 13,657–15,002

- **Average Yield Projection: 6.89%–7.85%**

Abu Dhabi (4% Growth, 6-8% for Luxury Properties)

- Studio: ~USD 283,566, Avg. Rent: ~USD 1,372
- 1 BHK: ~USD 381,404, Avg. Rent: ~USD 1,935
- 2 BHK: ~USD 630,250, Avg. Rent: ~USD 3,178
- 3 BHK: ~USD 829,153, Avg. Rent: ~USD 3,869
- 4+ BHK (Luxury, 6-8% growth):
  - USD 1.1M–1.21M, Avg. Rent: USD 5,008–5,501
- **Average Yield Projection: 5.43%–6.09%**

These projections indicate stable rental yields, with stronger returns in Dubai due to higher foreign demand and luxury market expansion.

Key Drivers of UAE's Real Estate Growth

1. **Continued Economic Growth & Diversification**
   - The UAE economy is projected to grow at 4–5% annually, driven by non-oil sectors (tourism, finance, technology).
   - Expo 2020 legacy projects, Vision 2030, and large-scale infrastructure investments ensure long-term demand.
2. **Sustained Foreign Investment & HNI Inflows**
   - The UAE continues to attract global investors due to favorable tax policies, Golden Visas, and full business ownership rights.
   - Dubai's luxury segment is particularly benefiting from global high-net-worth individuals (HNIs) relocating their assets.
3. **Rising Rental Demand & Market Resilience**
   - Dubai's strong expatriate workforce and growing digital nomad culture continue fuelling rental demand.

- Abu Dhabi's government-driven economic expansion ensures steady long-term housing demand.

4. **Stable Monetary Policy & Lowering Interest Rates**

   - Mortgage rates are expected to decline as the UAE Central Bank mirrors US Federal Reserve cuts.
   - Lower interest rates will further boost home sales, increasing overall real estate market liquidity.
   - The UAE's credible monetary and fiscal policies further bolster investor confidence. The pegging of the Dirham to the U.S. Dollar reflects the strength of the UAE economy, ensuring stability and reinforcing trust in its financial system.

5. **Infrastructure & Mega-Projects Driving Growth**

   - Dubai Creek, Palm Jebel Ali, and new airport expansions enhance connectivity and attract investments.
   - Abu Dhabi's cultural and tourism districts

6. **Insulation from Regional Conflicts**

   - One of the key drivers of UAE's real estate growth is its insulation from conflicts in the Middle East. Historically, regional tensions and wars have had minimal impact on the UAE, reinforcing its position as one of the safest countries and an attractive investment destination.

Potential Risks & Market Challenges

1. **Oversupply in Some Segments**

   - Dubai's rapid real estate development may outpace demand, particularly in mid-range housing.
   - However, government measures like property supply control and off-plan sales regulations are stabilizing the market.

2. **Global Economic Uncertainty**

   - Potential recessionary pressures in key investment markets (China, Europe, US) could affect luxury demand.

    - However, the UAE's status as a safe-haven mitigates downside risks.

3. **Geopolitical Factors & Oil Price Volatility**

    - While Middle Eastern geopolitical tensions have historically had a limited impact on the UAE, a significant spillover of regional instability could pose risks to investor confidence and potentially slow the country's booming real estate market.

    - However, UAE's economic diversification and strong fiscal policies cushion these risks.

Future Outlook: 2025–2030

- Dubai's luxury market to see 6–8% annual appreciation, fuelled by HNI migration and prime-location scarcity.

- Rental yields to remain stable (6.89–7.85%), ensuring continued investor interest.

- Abu Dhabi's property market to grow at 4% annually, supported by public infrastructure and diversification plans.

- Lower mortgage rates in 2025–2027 to further stimulate property demand.

This research paper marks my first attempt at analyzing real estate trends, and I sincerely thank the readers for their time and engagement. A significant portion of this study is based on historical data and insights from the Global Property Guide, which served as a primary source due to its credibility and in-depth market research. Additionally, insights from other esteemed institutions, including Knight Frank, government bodies, reserve banks, and various public forums, have been referenced throughout. All sources have been duly cited wherever possible to ensure transparency and accuracy. I hope this research provides valuable insights and contributes to a deeper understanding of the ***India, the UK, the US, and the UAE*** *real estate markets.*

Conducting research of this nature requires extensive data analysis, historical evaluations, and an understanding of recent market trends. I am deeply grateful to ***Global Property Guide*** *and their data sources that have enabled me to analyze and project future real estate trends. I extend my appreciation to their, researchers, consultants, and professionals who have contributed to building comprehensive databases that support meaningful research. The data and insights used in this study have been solely for analytical purposes, with no intent of plagiarism. Every effort has been made to duly cite all sources, and if any citation has been unintentionally omitted, I welcome the opportunity to acknowledge and incorporate them.*

With this, I conclude my research with gratitude and a commitment to continuous learning and improvement.