



Indian Luxury Rentals: From Idle Assets to Institutional Behaviour

India's luxury housing market has moved into a new phase. Premium homes – typically priced above roughly ₹1 crore – now account for about half of all sales in the top eight cities, according to Knight Frank's 2026 analysis of the 2025 market. That is a profound change from the pre-pandemic years, when the sub-₹50 lakh segment dominated volumes and most high-end homes were purchased purely for self-use or long-term legacy.

Today, wealthier Indian families, NRIs and global Indian allocators are starting to treat high-end homes as working assets. The question is no longer just, "What is the right address?" but also, "What is the rent roll?" This quiet shift is creating the foundations of a build-to-rent and semi-institutional leasing market in India's luxury segment.

A different global backdrop

Globally, the environment for wealth has changed. Prime residential in established hubs such as London and parts of Europe has faced higher taxation and tighter foreign-buyer rules, while Dubai's boom has pushed yields down from peak levels. Against this backdrop, the centre of gravity for many Indian families is swinging back home.

Knight Frank's Wealth Report shows that Indian ultra-rich now hold about 32% of their wealth in residential assets, the highest share among major wealth-management categories. Importantly, a growing proportion of those homes – especially second and third homes – are being put out to rent. For globally mobile families, a well-located Indian home has become both a lifestyle anchor and a source of disciplined rupee cash flow.

Inside the Indian luxury market

On the ground, three patterns stand out.

First, the premiumisation of sales. In 2025, one in two homes sold in India's top eight cities was priced above ₹1 crore. This has pulled developers, lenders and investors



towards better-located, higher-spec projects where both end-user depth and rental demand are stronger.

Second, the depth of ultra-luxury. In 2024, just 59 homes priced above ₹40 crore changed hands across seven major cities, but they absorbed about ₹4,754 crore of capital, and 17 of those deals were above ₹100 crore. Most of this activity was concentrated in Mumbai's marquee micro-markets, with Delhi-NCR and a handful of other cities making up the balance. These are long-horizon, legacy-driven purchases – but more of them now come with a rental plan from day one.

Third, the rise of professional management. Managed villa platforms in Goa, branded city rentals in Mumbai or Gurugram, and developer-run leasing desks have reduced the friction of being a landlord. Owners are increasingly willing to hand over day-to-day management in return for transparent reporting and a stable, if unspectacular, yield.

Build-to-rent, Indian style

India does not yet have a mature, listed build-to-rent (BTR) market. What it does have is a series of moves that rhyme with BTR behaviour.

Global developers are starting to commit large amounts of capital to lease-led residential products. Sumitomo Realty's multi-billion-dollar plan to develop and hold luxury apartments in Mumbai on a build-to-lease basis is the clearest recent example. Family offices, meanwhile, are consolidating holdings – a stack of floors in a Worli or Lower Parel tower, or a cluster of villas in North Goa – and treating them as long-term rental portfolios rather than scattered personal investments.

SEBI's small and medium REIT (SM-REIT) framework, introduced in 2024, is an important enabler in the background. By allowing ₹50-crore-plus pools of rent-yielding assets, including residential, to be wrapped into listed vehicles, it creates a future pathway for professionally managed luxury rental portfolios to become investible for a wider base of investors.



Why it matters for investors

For Indian UHNI and HNI investors, the institutionalisation of luxury rentals offers three advantages.

- It allows them to keep core lifestyle and legacy assets in India, while still demanding a measure of yield discipline from those holdings.
- It creates the conditions for cleaner exits over time – whether through portfolio sales to other families, to institutions, or, eventually, to REIT-like vehicles.
- It anchors more of their global allocation in a market where they understand the social, political and legal context better than in most foreign jurisdictions.

The risks are real: regulatory complexity for NRIs, liquidity constraints in ultra-luxury, and over-concentration in a few micro-markets all need active management. But for investors comfortable with rupee exposure and willing to back strong operators, the direction of travel is clear. Indian luxury real estate is being redefined not only by what you own, but by how professionally that ownership is managed.