

The Savills logo consists of the word "savills" in a lowercase, sans-serif font, colored red, set against a solid yellow rectangular background.

savills

The Hotelivate logo features a stylized yellow 'H' icon above the word "HOTELiVATE" in a bold, uppercase, sans-serif font. Below it, the tagline "ELEVATION THROUGH INNOVATION" is written in a smaller, uppercase, sans-serif font.

HOTELiVATE
ELEVATION THROUGH INNOVATION

SPOTLIGHT

Building Smarter: Construction Cost Insights

2025

RESEARCH

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India's economic resilience, supported by strong domestic demand, infrastructure development and policy reforms, continues to drive steady growth in the real estate sector. At the same time, the sector is also evolving with a stronger focus on quality, sustainability and technology, reinforcing its position as a key long-term growth driver for the economy.

The country is witnessing a shift in demand, marked by rising investor confidence and global capital inflows. Occupiers are becoming more sophisticated, capital is more discerning, and expectations from built environments are evolving from mere functional spaces to integrated, future-ready ecosystems. This is evident across segments: the office sector continues to benefit from the steady expansion of technology companies and GCCs; organised retail is being reshaped by new formats; residential demand remains resilient and increasingly quality-led; and the industrial and logistics sector is benefiting from structural shifts in manufacturing, e-commerce, and supply chain modernisation.

Against this backdrop, construction cost dynamics are becoming increasingly strategic. Volatility in input costs, constraints around labour availability, geopolitical uncertainties, supply chain disruptions including energy supplies, and tighter project timelines are directly influencing feasibility, capital deployment, and development timelines. The ability to anticipate and manage these variables is fast becoming a key differentiator for both developers and investors.

This report seeks to bring these dynamics into sharper focus. By examining construction cost trends alongside sectoral shifts and evolving market drivers, it provides a clear view of how the sector is transforming.

While near-term conditions may require a measured approach, the underlying drivers of demand remain firmly intact. The next phase of growth will be defined not just by scale, but by the quality, efficiency, and sustainability of the spaces we create. Those who align early on with these shifts will be best positioned to lead in an increasingly fast-evolving market.



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India's hospitality sector is in the middle of one of its strongest sustained runs. Occupancy has held steady at approximately 67-68% nationally, average room rates have crossed INR 9,000 for the first time, and the development pipeline now exceeds 120,000 rooms – over half of existing branded inventory. Capital is following returns, and the structural drivers behind both appear durable.

But strong operating performance can obscure something that deserves equal attention – the cost of building the assets that deliver it. Development economics in Indian hospitality is more complex, and more consequential, than it appears. The gap between a well-underwritten project and a poorly-budgeted one is not marginal; it is the difference between a business that works and one that does not.

This is what makes this collaboration with Savills particularly timely. For the first time, hospitality development costs are examined alongside those of every other major asset class in India – office, residential, industrial & logistics, and retail – using a consistent analytical framework. The result is a picture that neither sector can produce alone. A hotel developer can now see not just what it costs to build a mid-market property in Tier-II cities, but how those costs compare to what an office developer or a warehousing operator faces in the same market, drawing on the same input cost environment.

Hotelivate's contribution draws on a survey of 597 hotels across 150 cities, approximately 40% of India's organised hotel inventory, with all figures adjusted to 2025 values. The findings reveal a sector where building construction costs have converged tightly across positioning tiers, where fit-out and financing costs are the real differentiators, and where the decisions made at the design stage have an outsized effect on eventual returns. The leisure segment's rapid rise, the non-linear economics of scale, and the significant variation in development cost by city tier, all point to a market that rewards disciplined planning and penalises assumptions carried over from one project to the next.

We hope this report serves as a practical reference, not just for hotel developers and investors, but for anyone trying to understand where hospitality sits within the broader capital allocation landscape of Indian real estate.



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Prologue

Savills India and Hotelivate have conducted extensive research to estimate construction costs for various asset classes across Indian cities. Hotelivate conducted a survey to gather insights on hotel construction costs from 597 hotels (80,321 rooms) across 150 cities, analysing variations based on asset positioning and across tiers between 2023 and 2025. In parallel, Savills India undertook a benchmarking exercise for construction costs across residential, retail, office, and industrial & logistics sectors, drawing on real-time data from awarded projects.

The findings indicate that between 2023 and 2025, the average construction cost escalation across sectors varies. The mall segment recorded the highest increase at 13.9%, driven by evolving facade designs, the addition of multiple basement levels, and an escalation in MEP and other associated costs. This was followed by the luxury residential segment at 12.8% and the mid-end residential segment at 11.9%, indicating sustained cost escalation across upper and mid-housing categories. The affordable residential segment also witnessed a notable increase of 11.1%, reflecting continued demand-led pressures, albeit at a relatively moderate pace compared to premium segments. In contrast, commercial office (7.0%), hospitality (6.5%), and Grade-A warehousing (5.8%) registered moderate increases, while general manufacturing (3.8%) reported the lowest growth, suggesting relatively stable construction cost conditions within the industrial sector.

Overall, the findings indicate that while cost pressures have remained a key concern, sectors have demonstrated strong adaptability through improved planning and execution strategies. As the industry further expands, maintaining a balance between cost efficiency and quality will be critical for developers. This will be essential to ensure sustainable growth and long-term value creation across the industry.



Introduction

The construction industry in India has shown considerable variability since 2020 due to various global economic conditions. The period from 2020 to 2022 was marked by disruptions due to the COVID-19 pandemic. As conditions improved, the sector saw strong recovery and growth across real estate segments between 2022 and 2024. This momentum continued into 2025 and the early part of 2026, with the sector demonstrating a more stable growth trajectory.

Construction costs during these years were influenced by a range of factors, most notably the volatility in key input materials such as steel, cement, and crude oil, along with fluctuations in labour costs. Supply chain disruptions, global commodity price movements, and geopolitical uncertainties contributed to periodic spikes in material prices, while labour availability and wage inflation further added to cost pressures. Additionally, logistics expenses and regulatory changes also played a role in shaping overall project costs.

This report presents an analysis of construction cost trends across select cities and tiers in India, covering key real estate sectors including hospitality, office, industrial & logistics, retail, and residential. It highlights cost variations within these sectors across cities and identifies the key factors influencing these trends.

India Construction Industry: An Overview

The construction industry in India plays a vital role in the country's economic growth by supporting infrastructure development and urban expansion. It is one of the major contributors to employment generation. In recent years, the sector has witnessed substantial growth, driven by a strong government focus on infrastructure and urban development.

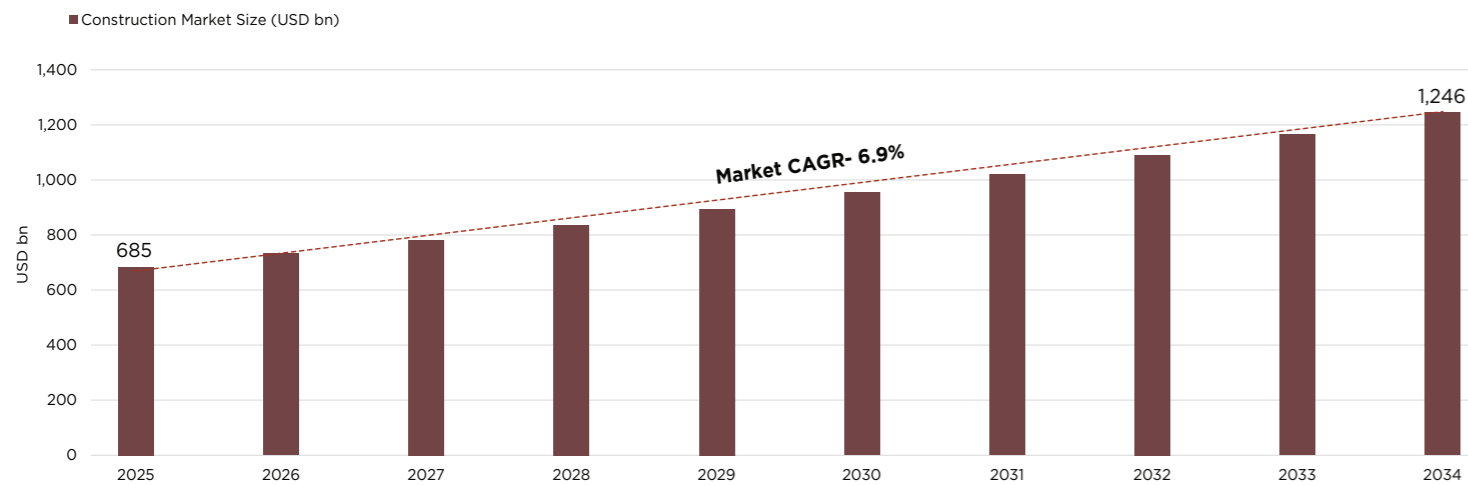
The Indian construction market is valued at USD 685 bn in 2025¹, driven by the office sector, primarily led by the growth of GCCs alongside expansion of manufacturing, warehousing, and supply chain infrastructure, and the expanding residential sector. The market is set for strong growth, supported by continued investments in infrastructure and urban

development, and is projected to grow to USD 1.2 tn by 2034, with a 6.9% CAGR.

Going ahead, real estate requirements are expected to evolve in line with changing tenant preferences, with greater focus on flexibility, sustainability, and smart building technologies, thereby supporting sustainable urban development in India.

¹ IMARC Group

INDIA CONSTRUCTION MARKET SIZE (2025-2034)



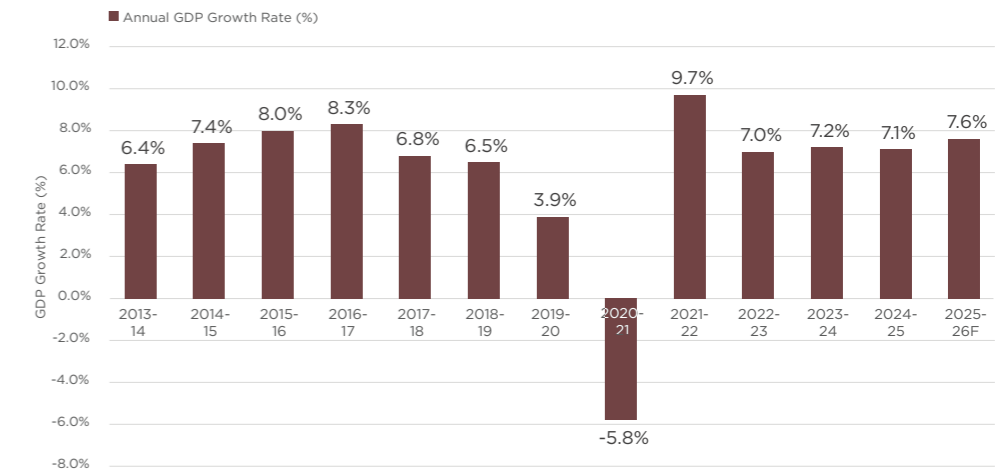
Source: IMARC Group



Economic Overview

The Indian economy continues to perform strongly, recording a robust GDP growth of 7.1% in FY 2024-25 (with FY 2022-23 as the base year) and maintaining its position among the fastest-growing major economies globally. This growth is supported by resilient domestic demand and stable macroeconomic fundamentals. GST collections touched an all-time high of INR 22.08 lakh crore, reflecting a 9.4% Y-o-Y growth in FY 2024-25, while the RBI's gold reserves crossed the USD 100 bn mark for the first time in October 2025, increasing gold's share in total forex reserves to nearly 15%, compared with about 7% a decade ago.

GDP GROWTH TREND (%)



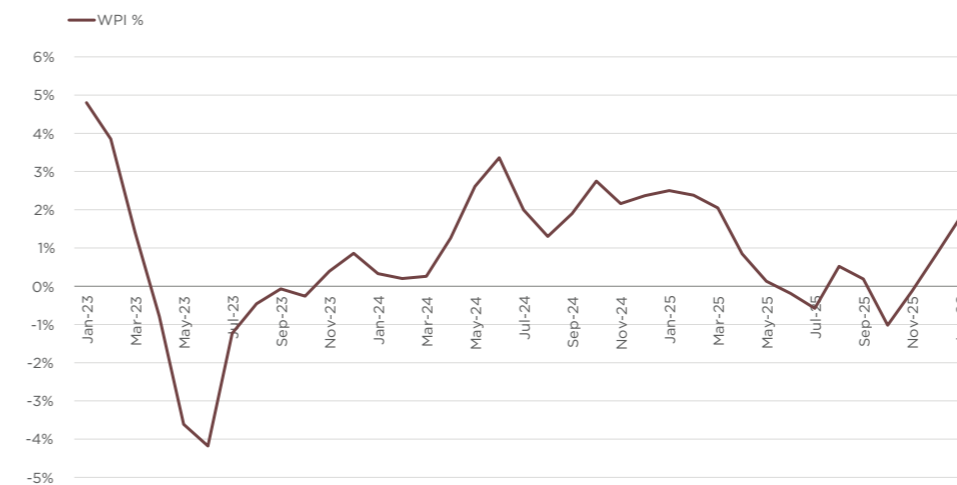
Source: Ministry of Statistics and Program Implementation, Government of India, RBI

This strong macroeconomic momentum carried into 2026, with foreign exchange reserves reaching an all-time high of USD 728.5 bn in the opening quarter. However, with rising geopolitical tensions, including the recent escalation of the US-Israel-Iran conflict, the global economic outlook has become more

uncertain. Despite these uncertainties, India is expected to remain one of the fastest-growing major economies, with GDP growth for FY 2026-27 projected in the range of 6.8% to 7.2%, supported by

strong domestic consumption, continued government capital expenditure, and sustained investor confidence. By 2030, India is expected to become the world's third-largest economy, with a projected GDP of USD 7.3 tn.

WHOLESALE PRICE INFLATION (WPI) TREND



Source: Ministry of Statistics and Program Implementation, Government of India

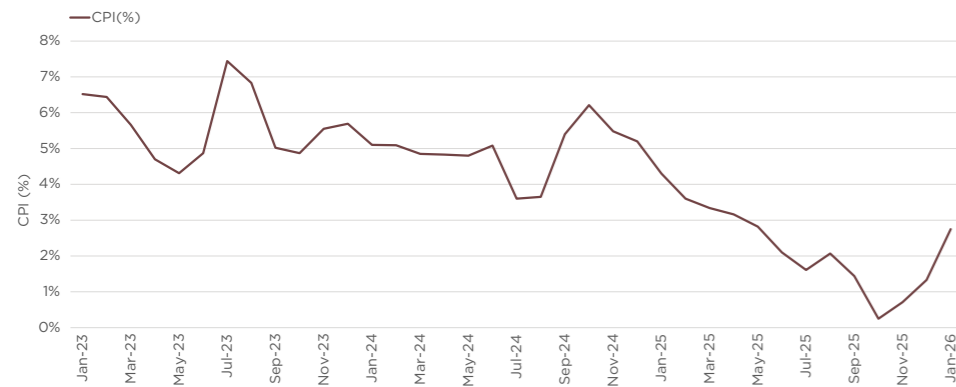
Wholesale Price Inflation (WPI) and Consumer Price Inflation (CPI)

Inflation has largely remained within the Reserve Bank of India's (RBI) tolerance band compared to the volatility seen in previous years. The RBI thus undertook an easing monetary cycle, cutting the repo rate by a cumulative 125 basis points, from 6.50% to 5.25%, to support economic growth amid easing inflation.

WPI witnessed significant volatility over the past three years. After declining sharply into negative territory during mid-2023, WPI gradually recovered through late-2023 and 2024, supported by rising prices of primary articles and manufactured products. The momentum moderated again through 2025, with WPI easing and briefly turning negative in the latter part of the year, reflecting softer commodity prices. However, the trend reversed at the start of 2026, with WPI rising to around 1.8% in January 2026, indicating a gradual pickup in wholesale price pressure.

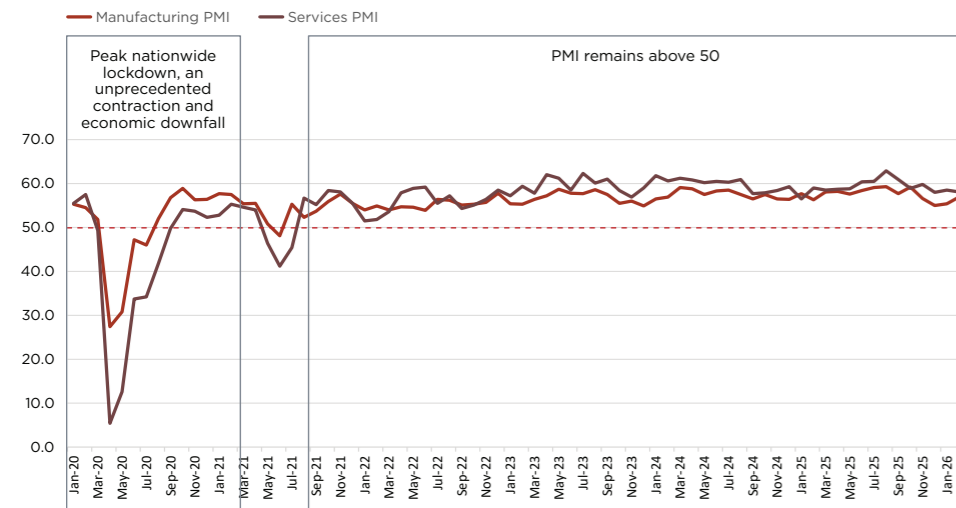


CONSUMER PRICE INFLATION (CPI) TREND



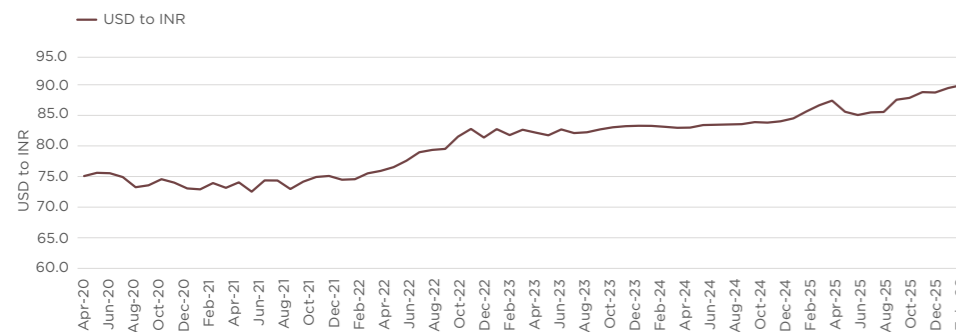
Source: Ministry of Statistics and Program Implementation, Government of India

MANUFACTURING AND SERVICES PMI



Source: S & P Global PMI

FOREIGN EXCHANGE RATE (USD TO INR)



Source: Reserve Bank of India

CPI inflation, after remaining elevated for an extended period, moderated significantly through 2025, reaching a record low of 0.3% in October 2025, supported by moderating food prices and GST rate cuts.

Manufacturing and Services PMI

Business activity remained robust in 2025, with the Manufacturing PMI rising to a 17-year high of 59.3 in August 2025. The services sector also recorded strong expansion, with the Services PMI reaching a 15-year high of 62.9 in the same month, reflecting improved market conditions, rising new orders, and supportive government policies. So far in 2026, economic activity has remained in the expansionary zone, with the Manufacturing PMI at 56.9 and the Services PMI at 58.1 in February, indicating continued strength in both sectors.

Foreign Exchange Rate

The RBI has been promoting greater internationalisation of the Indian rupee through policy measures such as recalibration of the foreign portfolio investor (FPI) regime and initiatives to facilitate cross-border trade settlement in rupees. In 2022, the RBI introduced a mechanism for international trade settlement in Indian rupees, enabling partner countries to settle transactions through Special Vostro Rupee Accounts (SVRAs). By 2023-2025, banks from several countries had been authorised to open SVRAs to facilitate trade settlement in Indian currency. These initiatives are expected to expand the use of the rupee in international transactions and strengthen its role in the global financial system.

Construction Material Costs and Key Price Trends

Hotelivate and Savills India conducted a thorough analysis to estimate construction costs across the major cities of India for hospitality, office, retail, residential, and industrial & logistics sectors. The prices of commonly used materials in construction were estimated across cities to arrive at the overall cost of construction. These materials include cement, steel, crude oil, copper, glass, and wood, along with labour wages. This section highlights the crucial elements of construction.

CRUDE OIL FOB PRICE (INDIAN BASKET)



Source: Ministry of Petroleum & Natural Gas, Government of India

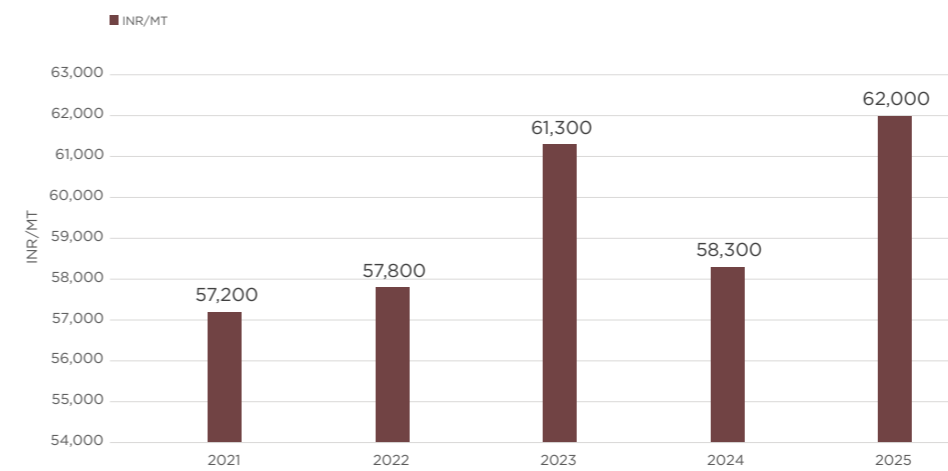
International Crude Oil Prices

International crude oil prices have been quite volatile from 2020 to the early part of 2026. Prices dropped in 2020 due to the COVID-19 pandemic and then bounced back in 2021 as the economy recovered. In 2022, prices escalated to USD 116.0 per barrel due to the Russia-Ukraine war, thereby increasing logistics

and construction costs. From 2023 to 2025, prices fluctuated between USD 60-90 per barrel. The recent tensions in

the Middle East in early 2026 may further escalate logistics and energy costs for the construction industry.

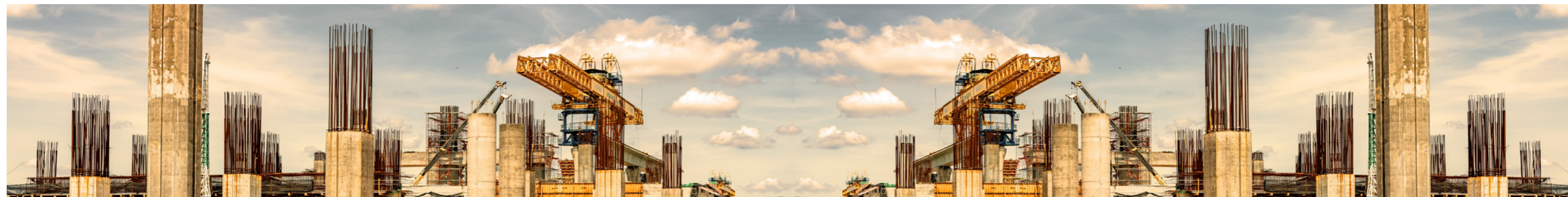
REINFORCEMENT STEEL PRICE (PER MT)



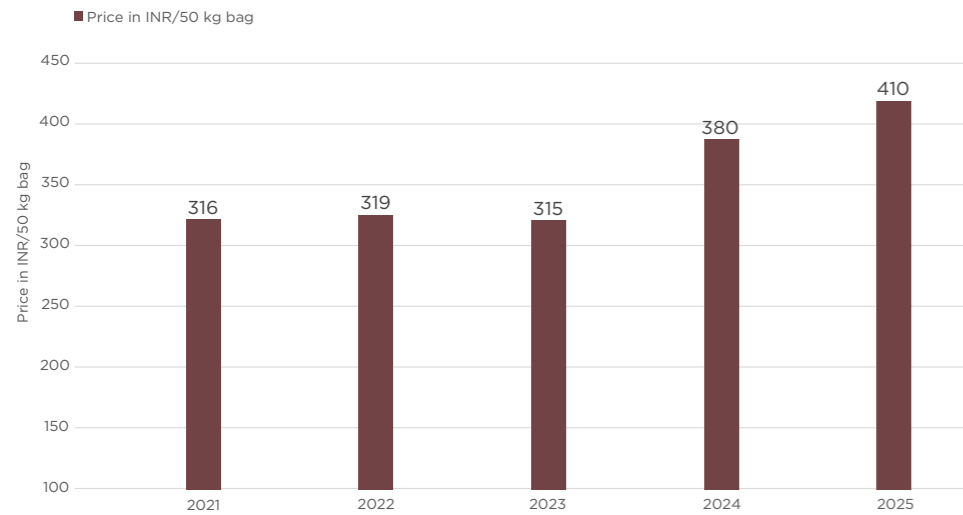
Source: Savills India Construction Cost Benchmarking Data

Reinforcement Steel Prices

Reinforcement steel prices have experienced moderate fluctuations from 2021 to 2025. Prices have gone up from INR 57,200 per MT in 2021 to INR 61,300 per MT in 2023 due to strong demand from real estate construction activities. Prices softened in 2024 amid favourable supply conditions and easing raw material costs, but have gone up again in 2025 to nearly INR 62,000 per MT, supported by renewed construction demand and infrastructure spending.

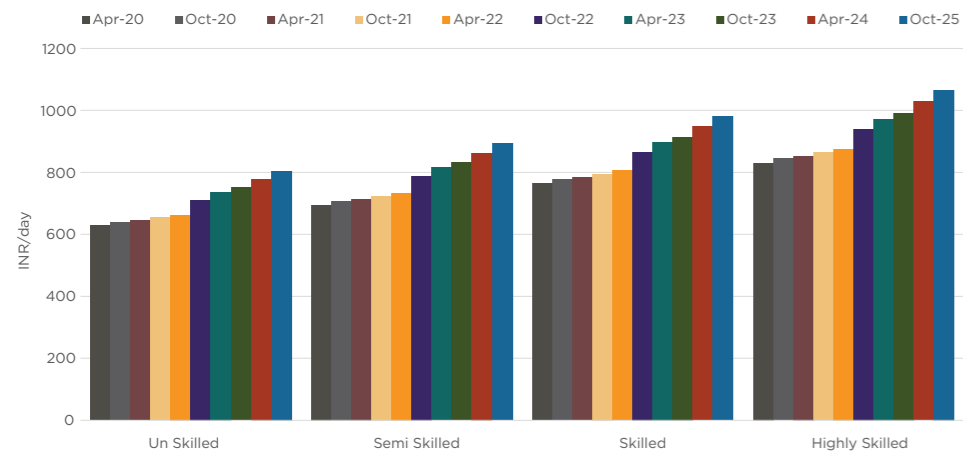


CEMENT PRICE (INR PER 50 KG BAG)



Source: Savills India Construction Cost Benchmarking Data

MINIMUM CONSTRUCTION LABOUR WAGES (INR/DAY)



Source: Ministry of Labour & Employment, Government of India
Note: Labour Wage includes Variable Dearness Allowance (VDA) in INR/day



The availability of skilled and affordable labour in India, in comparison to other developing economies, contributes to lower construction costs.

Cement Prices

Cement prices have shown an upward trend from 2021 to 2025. After remaining stable until 2023, prices have risen steeply to INR 380 in 2024 and then to INR 410 in 2025. This reflects higher input costs and sustained demand from infrastructure and construction. The rise is attributed to higher input costs such as energy, transportation, and raw materials, along with sustained demand from residential construction and infrastructure development.

Construction Labour Wages

Labour is an important element in the construction sector and directly affects the productivity of projects. The minimum construction wage has risen by about 23% between April 2020 and April 2024, which is a result of the growing demand for labour and inflation, thereby pushing up the cost of construction.



Construction Cost Overview: Trends and Insights



Hospitality Sector

The Indian hotel industry had another strong year. Occupancy held steady at approximately 67-68% on a nationwide basis, while average room rates moved higher, growing by high single digits to low double digits across most markets, with national averages in the range of INR 9,000-9,100, up about 8-9% Y-o-Y. For a business that is inherently cyclical and one that has already seen over three years of strong performance, these are noteworthy results. Not all markets moved together. Certain markets such as Goa and Lucknow experienced some softening due to new supply entering the system. This is neither surprising nor concerning; periods of strong performance tend to attract capital, and supply, in time, has a way of balancing outcomes. External factors also played

a role. Torrential monsoons disrupted connectivity across parts of Himachal Pradesh, Sikkim, and Uttarakhand, while geopolitical developments affected business across the country during May and June 2025, with similar disruptions being seen again. These events tend to influence short-term performance but rarely alter long-term direction.

On the supply side, activity remains robust. More than 50,000 branded rooms were signed during 2025, and the development pipeline now exceeds 120,000 rooms, over half of the existing branded inventory. These are levels last seen more than a decade ago and reflect a simple reality: when returns are attractive, and demand appears durable, capital follows.

Taken together, the picture is a familiar one. The industry is growing, supply is responding, and periodic imbalances will occur, but the underlying drivers remain intact. For a business built on long-term trends rather than short-term events, this is what matters most.

Typical Facilities for Hotels

The facilities profile of Indian hotels continues to exceed global benchmarks across segments. Even budget and mid-market properties typically offer multiple F&B outlets, meaningful event spaces, and amenities such as pools and spas. This reflects a distinctly Indian focus on full-service offerings, shaped by strong demand for weddings and banqueting, as well as the availability of cost-effective service staff.

TYPICAL FACILITIES FOR HOTELS BY POSITIONING

Positioning	Hotels	Inventory	Average Land Parcel (acres)	GFA/Key	Average Base Room (sqm.)	Average No. of F&B Outlets	Total Banqueting Space (sq. ft.)	% of Hotels with Pool	% of Hotels with Gym	% of Hotels with Spa
Budget/Economy	94	10,265	1.5	524	20.7	1.1	1,805	34%	80%	10%
Mid-Market	142	11,176	1.5	741	26.5	1.4	5,381	70%	83%	35%
Upper Mid-Market	155	20,681	3.2	819	29.8	1.8	8,658	93%	95%	64%
Upscale	111	17,783	4.9	1,193	34.2	2.2	12,826	97%	97%	94%
Upper Upscale	54	11,650	8.8	1,455	41.2	3.0	15,646	100%	98%	98%
Luxury	41	8,766	16.9	1,679	49.5	3.5	16,041	100%	100%	100%
Average	597*	80,321*	4.3	1,039	30.8	1.9	8,714	81%	91%	61%

Source: Hotelivate * Total

Construction Costs for Hotels by Positioning

Across positioning tiers, from Budget to Luxury, core building construction costs remain within a relatively tight band of INR 4,351 to INR 4,832 per sq. ft. The primary variation lies in fit-out costs (MEP and FF&E), which range from approximately INR 3,014 per sq. ft. in budget hotels to INR 5,041 per sq. ft.

in luxury properties. The implication is straightforward: constructing the building is largely a commodity, while aligning it to brand standards is where meaningful cost differences emerge. Both building and fit-out costs increased steadily between 2023 and 2025, rising by about 6.5% on average. Construction timelines, averaging 43 months, are significantly longer than typical benchmarks in western

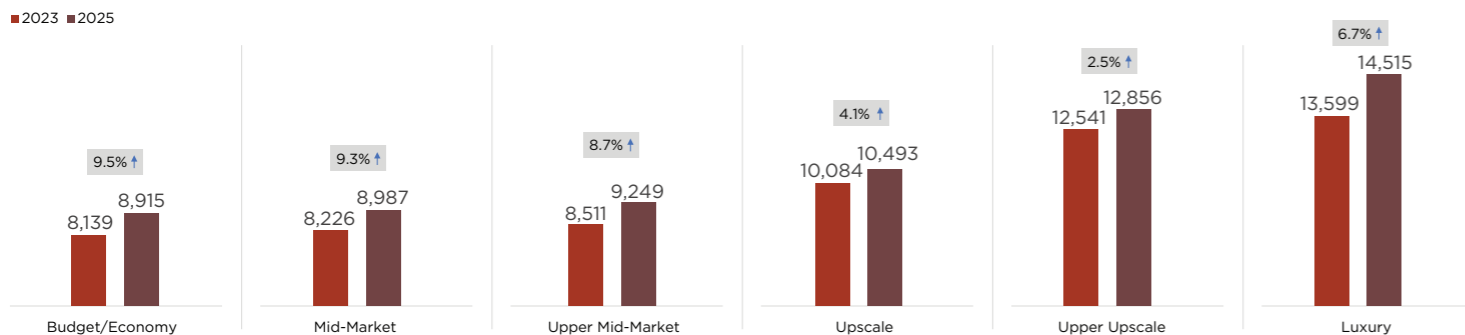
markets and add meaningfully to overall project costs as well. Delays driven by approvals, planning inefficiencies, funding gaps, legal disputes, and execution challenges continue to influence the final cost of development. Further details on construction tenure are provided in the annexure.

CONSTRUCTION COSTS FOR HOTELS BY POSITIONING (PER SQ. FT.): 2023 VS 2025

Positioning	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E (INR/sq. ft.)			Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Budget/Economy	4,153	4,527	9.0%	1,763	1,893	7.4%	1,074	1,131	5.3%	1,149	1,364	18.7%	8,139	8,915	9.5%
Mid-Market	4,292	4,571	6.5%	1,388	1,500	8.1%	1,426	1,617	13.4%	1,120	1,299	16.0%	8,226	8,987	9.3%
Upper Mid-Market	3,986	4,351	9.2%	1,798	1,969	9.5%	1,433	1,649	15.1%	1,294	1,280	-1.1%	8,511	9,249	8.7%
Upscale	4,633	4,815	3.9%	2,067	2,119	2.5%	2,127	2,188	2.9%	1,257	1,371	9.1%	10,084	10,493	4.1%
Upper Upscale	4,573	4,778	4.5%	2,426	2,469	1.8%	2,620	2,570	-1.9%	2,958	3,039	2.7%	12,541	12,856	2.5%
Luxury	4,426	4,832	9.2%	2,067	2,164	4.7%	2,838	2,877	1.4%	4,268	4,642	8.8%	13,599	14,515	6.7%
Average	4,352	4,661	7.1%	1,952	2,055	5.3%	2,035	2,123	4.3%	2,275	2,467	8.4%	10,614	11,306	6.5%

Source: Hotelivate; Other Costs include Soft Costs, Interest During Construction (details provided in the annexure), and Pre-Opening Expenses

VARIATION IN CONSTRUCTION COSTS FOR HOTELS BY POSITIONING: 2023 VS 2025



Source: Hotelivate

Building construction remains the single largest cost component across all segments, but its dominance diminishes significantly as positioning rises. For Upper Upscale and Luxury hotels, MEP and FF&E

together account for nearly as much as building construction, a reflection of higher specifications, brand standards, and the nature of high-end fit outs. Another important factor, often overlooked, is land

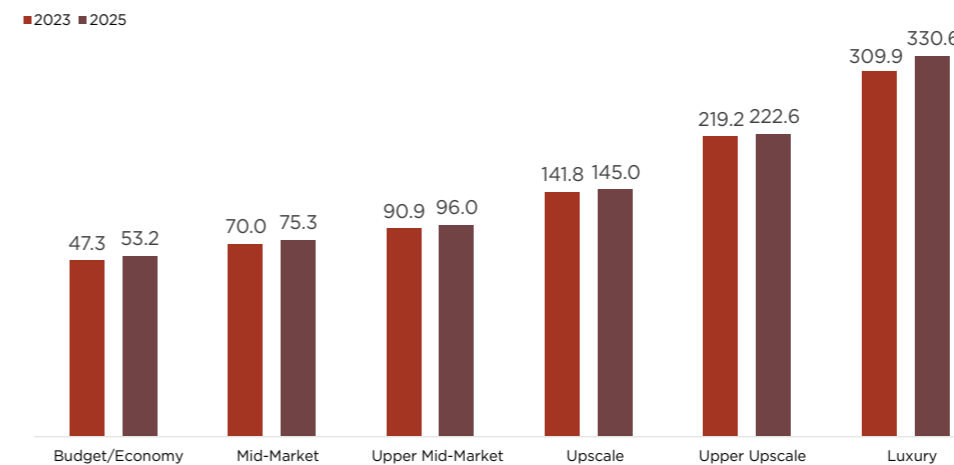
cost. It remains a key variable in overall project returns. While the analysis in this section excludes land cost, a detailed breakdown has been provided in the annexure for reference.

% BREAK-UP CONSTRUCTION COSTS FOR HOTELS BY POSITIONING: 2023 VS 2025

Positioning	Building Cost		MEP Cost		FF&E Cost		Other Costs	
	2023	2025	2023	2025	2023	2025	2023	2025
Budget/Economy	51.0%	50.8%	21.7%	21.2%	13.2%	12.7%	14.1%	15.3%
Mid-Market	52.2%	50.9%	16.9%	16.7%	17.3%	18.0%	13.6%	14.5%
Upper Mid-Market	46.8%	47.0%	21.1%	21.3%	16.8%	17.8%	15.2%	13.8%
Upscale	45.9%	45.9%	20.5%	20.2%	21.1%	20.9%	12.5%	13.1%
Upper Upscale	36.5%	37.2%	19.3%	19.2%	20.9%	20.0%	23.6%	23.6%
Luxury	32.5%	33.3%	15.2%	14.9%	20.9%	19.8%	31.4%	32.0%
Average	41.0%	41.2%	18.4%	18.2%	19.2%	18.8%	21.4%	21.8%

Source: Hotelivate; Other Costs include Soft Costs, Interest During Construction (details provided in the annexure), and Pre-Opening Expenses

DEVELOPMENT COST PER KEY (IN INR LAKH)



Source: Hotelivate

Construction Costs for Hotels by Positioning (per key): 2023 vs 2025

The overall average development cost (excluding land) stands at INR 1.36 crore per key, with the median at approximately INR 1.04 crore. The cost range from Budget to Luxury is 6.2x, broadly consistent with the 2023 survey's 6.5x ratio, showing the relative structure of development economics has remained stable, even as absolute costs have risen. While per-key costs rise 6.2x from Budget to Luxury, the cost per square foot rises only 1.6x (INR 8,915 to INR 14,515). The difference in cost per room is mainly driven by space, as luxury hotels have about 3.2x more space per room than budget hotels (GFA of 1,679 sq. ft. vs 524 sq. ft.), along with higher fit-out costs and other costs.

A closer look at the data highlights a few key observations:

- **Fit-Out Costs - The Primary Cost Driver:** On a per-key basis, fit-out costs (MEP + FF&E) range from approximately INR 17.3 lakhs for budget hotels to INR 1.19 crore for luxury properties.
- **Urban vs Leisure - A Narrowing Gap with Nuance:** Leisure hotels cost only 14% less per key than urban hotels despite being 36% smaller on average (avg. 91 keys vs 135 keys for urban). The reasons are well established: spread-out, low-rise construction reduces basement costs but increases

infrastructure spend.

- **Scale Economics - The 150-Key Inflection Point:** It is generally expected that building more rooms would add economies of scale, bringing down the overall costs per key. However, hotel size (number of keys) has a non-linear relationship with development cost per key, and the direction of that relationship changes depending on where a hotel sits on the positioning spectrum. For mid-market and below positioned hotels, keeping inventory under 150 keys saves approximately 20% per key, as room-area optimisation dominates. For upper mid-market and above, going beyond 150 keys adds up to 35% per key, as non-room area expansion (ballrooms, multiple pools, expanded

F&B) quickly outweighs any construction economies of scale.

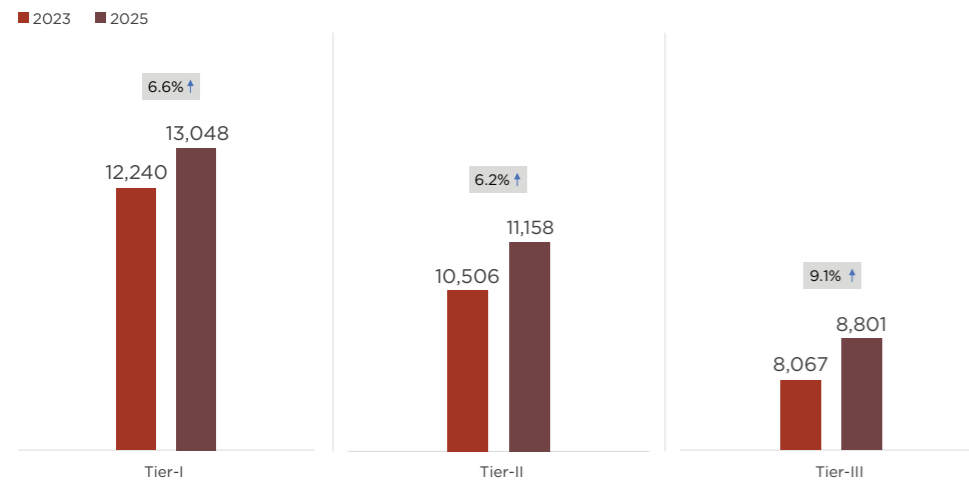
- **Large Hotels (300+ Keys) - Disproportionate Cost Escalation:** Hotels with 300+ keys cost INR 2.58 crore per key, which is 2.7x higher than sub-100-key properties (INR 96.3 lakh), while building only 1.2x more gross floor area per key (GFA of 1,201 sq. ft. vs 997 sq. ft.). The gap is driven by a higher basement share (14% to 32%), a 3x rise in interest during construction as a percentage of project cost, and higher fit-out costs. As a result, development cost per sq. ft. increases from INR 9,238 to INR 15,019, a 63% premium.

CONSTRUCTION COSTS FOR HOTELS BY TIER (PER SQ. FT.): 2023 VS 2025

Tier	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E (INR/sq. ft.)			Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Tier- I	4,324	4,619	6.8%	2,031	2,171	6.9%	2,100	2,213	5.4%	3,785	4,045	6.9%	12,240	13,048	6.6%
Tier- II	4,687	5,054	7.8%	2,078	2,144	3.2%	2,295	2,352	2.5%	1,446	1,608	11.2%	10,506	11,158	6.2%
Tier-III	3,768	4,096	8.7%	1,591	1,753	10.2%	1,467	1,654	12.7%	1,241	1,303	5.0%	8,067	8,801	9.1%
Average	4,352	4,661	7.1%	1,952	2,055	5.3%	2,035	2,123	4.3%	2,275	2,319	8.4%	10,614	11,306	6.5%

Source: Hotelivate
 Note: Other Costs include Soft Costs, Interest During Construction (details provided in the annexure), and Pre-Opening Expenses

VARIATION IN CONSTRUCTION COSTS FOR HOTELS BY TIER: 2023 VS 2025



Source: Hotelivate

Tier-III hotels average 1,142 sq. ft. of GFA per key, around 20% more than Tier-I cities (955 sq. ft.). Yet these cost 33% less per key (INR 1.04 cr vs INR 1.55 cr) and 32% less per sq. ft. (INR 8,801 vs INR 13,048). This is not a case of smaller size driving lower costs, but of a location premium. Tier-I cities face higher contractor rates, more complex regulations, deeper basements, and significantly higher IDC due to larger loans and longer approval cycles. Although construction is cheaper in Tier-III cities, land costs as a share of total project cost are slightly higher than in Tier-I cities, indicating that land is not insignificant and still adds a meaningful burden for developers in secondary markets.



Office Sector

The office market is witnessing a mature phase of growth, with improving occupier confidence and a shift towards quality-driven demand. Corporations are increasingly prioritising Grade-A, sustainable, and flexible workspaces that enhance employee experience and align with global standards. Demand remains diverse, led by sectors such as technology, BFSI, engineering & manufacturing, and the continued expansion of global capability centres. In 2025, across the top six cities², gross office absorption remained robust at 75.2 mn sq. ft., matching the previous year's peak despite global uncertainties. Leasing activity remained anchored by GCCs, accounting for 38% of overall gross absorption during the year. On the supply side, new office completions increased by 26% Y-o-Y to 58.2 mn sq. ft. The overall vacancy rate declined marginally to 14.8% in 2025 from 15.2% a year ago, supported by steady leasing momentum.

Typical Facilities for the Office Sector

In office projects, a significant share of space is allocated to the core building structure and building services. The remaining space is distributed across vertical transportation, safety systems, basement parking, and utility areas, supporting efficient building operations.

This outlines an indicative break-up under typical conditions, broadly aligned with industry averages; however, allocations may vary by project based on tenant requirements and design considerations and will continue to evolve with changing tenant preferences and market trends.

TYPICAL FACILITIES FOR THE OFFICE SECTOR

Facility Category	Components	Typical Area Break-up
Building Structure & Core Areas	Structure, lobby, corridors, and staircases	75.0%
Building Services (MEP)	HVAC, electrical, plumbing, DG backup, and fire pump rooms	10.0%
Vertical Transportation	Lifts, escalators, and lobbies	1.0%
Safety & Security Systems	Fire systems, CCTV, and access control	1.0%
Basement/Parking Structure	Parking structure, ramps, and ventilation	10.0%
Utility and Support Areas	Plant rooms, STP, and service areas	3.0%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a. Applicable for Super Built-Up Areas and not for Plot Areas
 b. Typical percentage break-up of areas is totalled to 100% only
 c. Indicative break-up of areas under typical conditions, however, varies from client to client

² Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune

Construction Costs for Office Sector

Across India's office sector, total development costs have increased by 6.4%-7.6% between 2023 and 2025, driven

largely by a sharp 20-22% rise in MEP and 7-8% of FF&E costs. This reflects higher tenant fit-out specifications, increased services intensity, and inflation in imported

components. Total construction costs are relatively higher in Mumbai, Pune, and Ahmedabad, while being lower in Chennai and Kolkata.

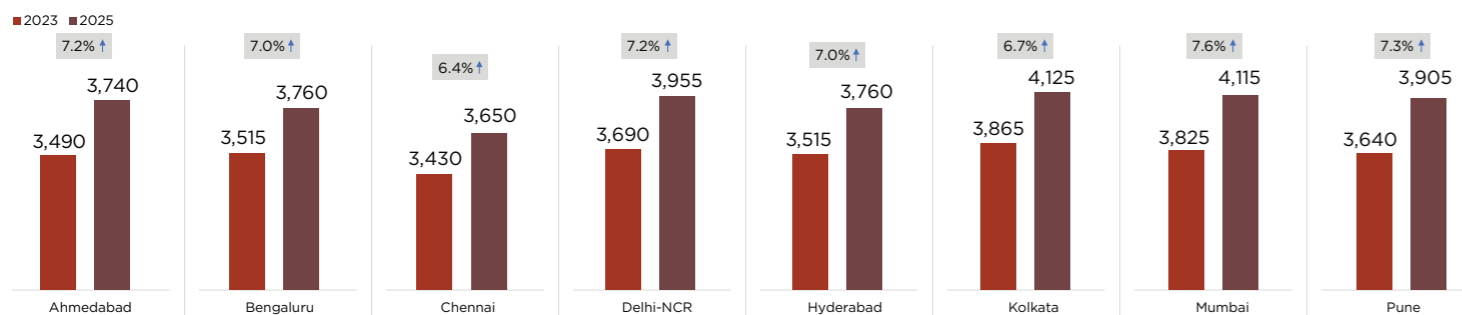
CONSTRUCTION COSTS FOR OFFICE SECTOR (PER SQ. FT.): 2023 VS 2025

City	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E (INR/sq. ft.)			Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Ahmedabad	2,059	2,057	-0.1%	1,082	1,309	21.0%	105	112	6.7%	244	262	7.4%	3,490	3,740	7.2%
Bengaluru	2,074	2,068	-0.3%	1,090	1,316	20.7%	105	113	7.6%	246	263	6.9%	3,515	3,760	7.0%
Chennai	2,024	2,008	-0.8%	1,063	1,278	20.2%	103	110	6.8%	240	256	6.7%	3,430	3,650	6.4%
Delhi-NCR	2,177	2,175	-0.1%	1,144	1,384	21.0%	111	119	7.2%	258	277	7.4%	3,690	3,955	7.2%
Hyderabad	2,074	2,068	-0.3%	1,090	1,316	20.7%	105	113	7.6%	246	263	6.9%	3,515	3,760	7.0%
Kolkata	2,280	2,269	-0.5%	1,198	1,444	20.5%	116	124	6.9%	271	289	6.6%	3,865	4,125	6.7%
Mumbai	2,257	2,263	0.3%	1,186	1,440	21.4%	115	123	7.0%	268	288	7.5%	3,825	4,115	7.6%
Pune	2,148	2,148	0.0%	1,128	1,367	21.2%	109	117	7.3%	255	273	7.1%	3,640	3,905	7.3%
Average	2,137	2,132	-0.2%	1,123	1,357	20.8%	109	116	6.4%	253	271	7.0%	3,621	3,876	7.0%

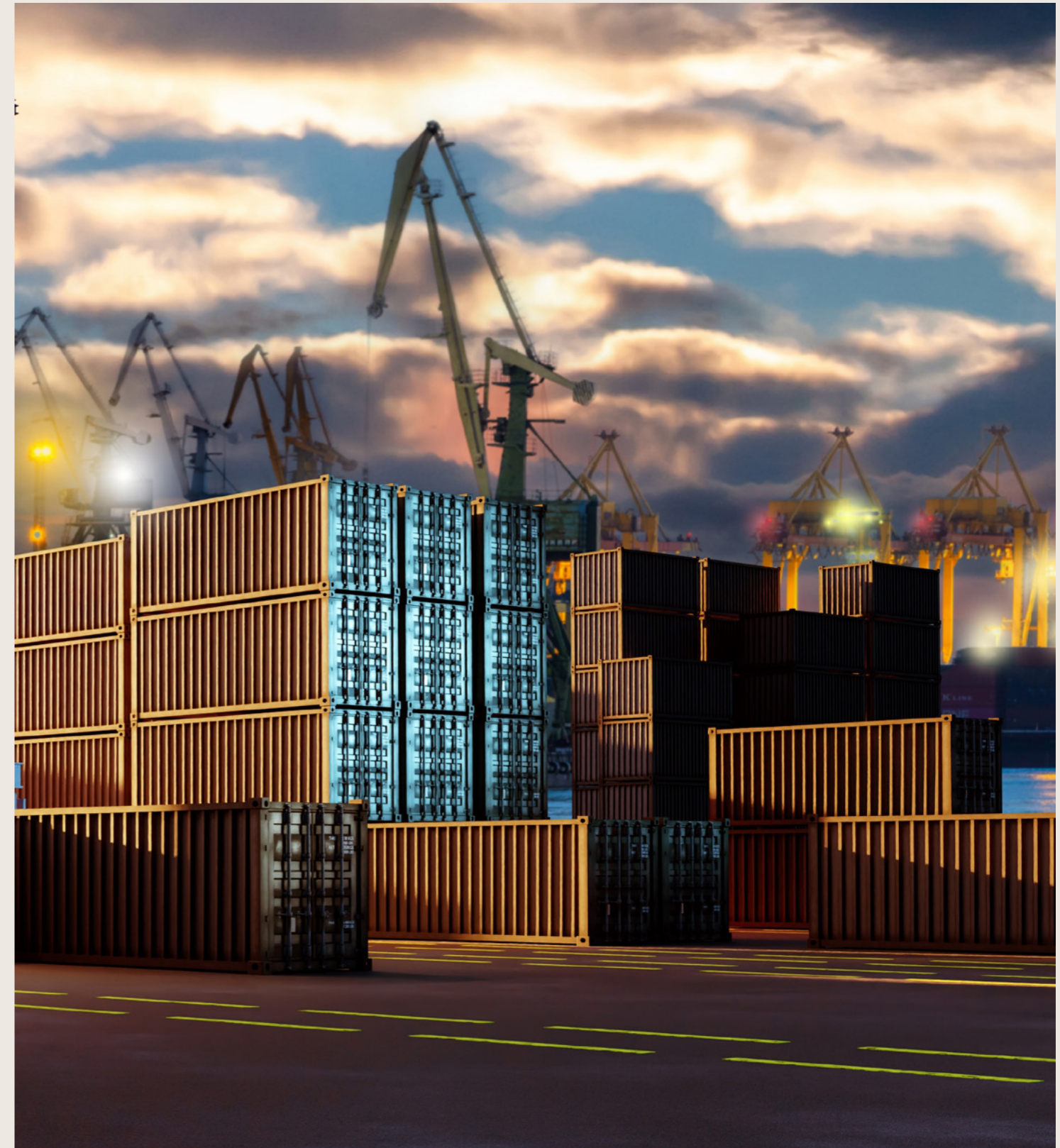
Source: Savills India Construction Cost Benchmarking Data

Note: Trade cost estimate for BUA (RCC structure) of ~4-5 lakh sq.ft.
 Basis: Approximate cost per sq.ft. based on past experience
 Variability: Subject to change based on detailed design parameters (specifications assumed constant)
 Included: Building construction + associated surrounding infrastructure works
 Partially Included: Common area finishes (lift lobby & staircase only)
 Excluded: Land development works, shared utilities (project-specific), office fit-out costs, land, legal, approvals, and financing costs

VARIATION IN CONSTRUCTION COSTS FOR THE OFFICE SECTOR: 2023 VS 2025



Source: Savills India Construction Cost Benchmarking Data

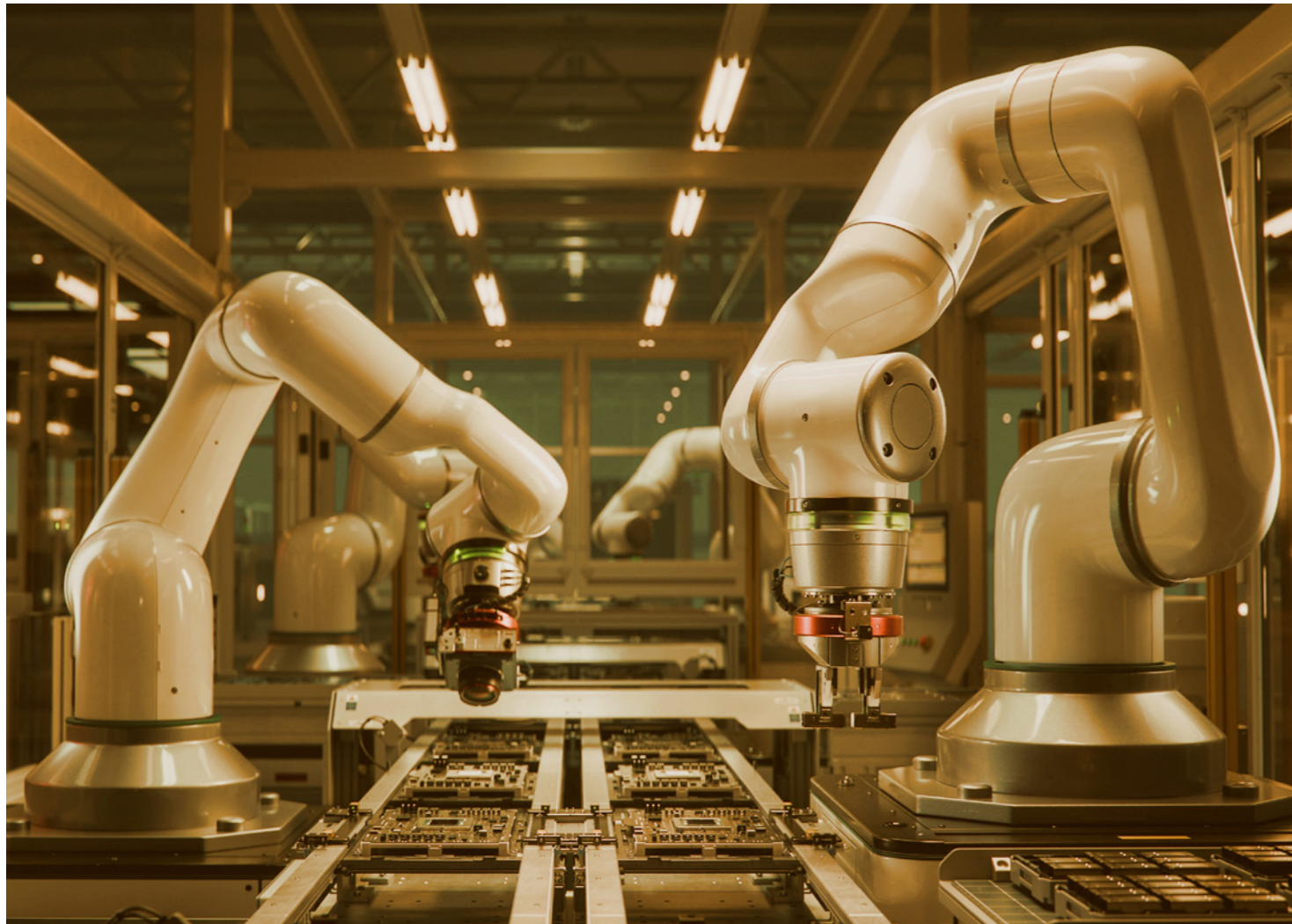


Industrial & Logistics Sector

The sector recorded absorption ranging from 27.7 mn sq. ft. to 76.5 mn sq. ft. between 2020 and 2025, with the highest absorption of 76.5 mn sq. ft. recorded

in 2025. With businesses increasingly outsourcing warehousing and distribution functions, 3PL providers continued to lead overall occupier activity. On the supply side, the sector is expanding at a CAGR of 24% during 2020-2026, reflecting sustained development momentum across

major warehousing and industrial clusters. Despite notable supply additions, the overall vacancy rate declined marginally to 11.1% in 2025, from 12.4% in 2024, supported by steady occupier demand, higher pre commitments, and a continued preference for Grade-A facilities.



General Manufacturing

Typical Facilities for General Manufacturing

In general manufacturing facilities, space allocation is mostly driven by production requirements, having the largest share, followed by warehousing and storage, which support inventory management, and the utilities and plant services. The remaining space is distributed across administrative functions, maintenance areas, and employee facilities, enabling efficient workflow and workforce support.

This outlines an indicative break-up under typical conditions, broadly aligned with industry averages; however, allocations may vary by project based on tenant requirements and design considerations and will continue to evolve with changing tenant preferences and market trends.

TYPICAL FACILITIES FOR GENERAL MANUFACTURING

Facility Category	Components	Typical Area Break-up
Production / Manufacturing Area	Factory floor and assembly areas	56.0%
Warehousing & Storage	Raw material storage and finished goods storage	15.0%
Utilities & Plant Services	Boilers, compressors, electrical rooms, DG sets, and fire pump rooms	9.0%
Administration & Office Areas	Offices, meeting rooms, and admin support spaces	10.0%
Maintenance & Technical Support Areas	Tool rooms, workshops, and equipment repair areas	5.0%
Employee Facilities	Canteen, locker rooms, rest areas, pantry, and security rooms	5.0%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a. Applicable for Super Built-Up Areas and not for Plot Areas
 b. Typical percentage break-up of areas is totalled to 100% only
 c. Indicative break-up of areas under typical conditions, however, varies from client to client

Construction Costs for General Manufacturing

Across key Indian manufacturing hubs, total direct costs show a relatively moderate increase, averaging 3.8%

between 2023-2025, significantly lower than other asset classes. However, total construction costs are relatively higher in Ahmedabad while being lower in Chennai, and other cities reflecting

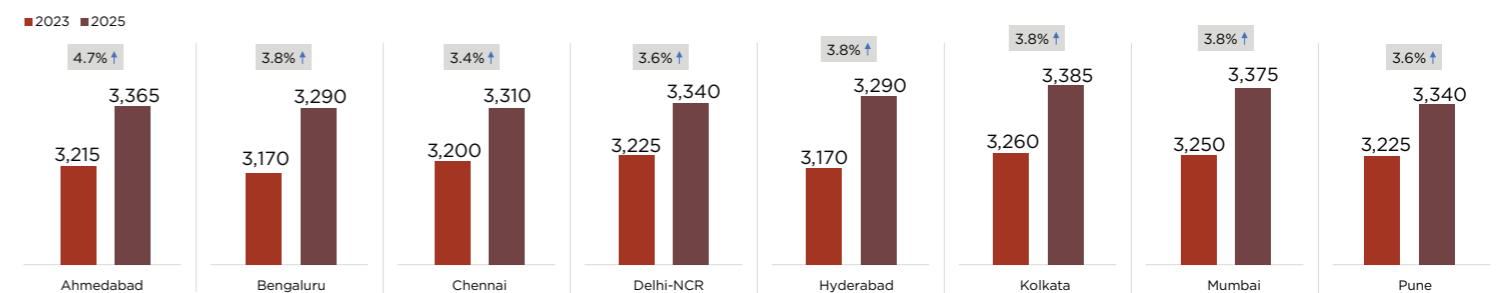
gradual upgrades in plant specifications, automation, and compliance, rather than broad-based inflationary pressures.

CONSTRUCTION COSTS FOR GENERAL MANUFACTURING (PER SQ. FT.): 2023 VS 2025

City	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E (INR/sq. ft.)			Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Ahmedabad	1,704	1,783	4.6%	932	976	4.7%	354	370	4.5%	225	236	4.9%	3,215	3,365	4.7%
Bengaluru	1,680	1,744	3.8%	919	954	3.8%	349	362	3.7%	222	230	3.6%	3,170	3,290	3.8%
Chennai	1,696	1,754	3.4%	928	960	3.4%	352	364	3.4%	224	232	3.6%	3,200	3,310	3.4%
Delhi-NCR	1,709	1,770	3.6%	935	969	3.6%	355	367	3.4%	226	234	3.5%	3,225	3,340	3.6%
Hyderabad	1,680	1,744	3.8%	919	954	3.8%	349	362	3.7%	222	230	3.6%	3,170	3,290	3.8%
Kolkata	1,728	1,794	3.8%	945	982	3.9%	359	372	3.6%	228	237	3.9%	3,260	3,385	3.8%
Mumbai	1,723	1,789	3.8%	943	979	3.8%	358	371	3.6%	228	236	3.5%	3,250	3,375	3.8%
Pune	1,709	1,770	3.6%	935	969	3.6%	355	367	3.4%	226	234	3.5%	3,225	3,340	3.6%
Average	1,704	1,769	3.8%	932	968	3.9%	354	367	3.7%	225	234	4.0%	3,214	3,337	3.8%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a) Cost per sq. ft. indicated are exclusive of all taxes
 b) For a BUA of around 2.5-3 lakh sq. ft.
 c) This is an approximate cost per sq. ft. based on our experience. However, the same depends on detailed design parameters
 d) This is only for buildings along with associated infrastructure works around the building; however, this does not include land development works and shared utilities

VARIATION IN CONSTRUCTION COSTS FOR GENERAL MANUFACTURING: 2023 VS 2025



Source: Savills India Construction Cost Benchmarking Data



Grade-A Warehousing

Typical Facilities for Grade-A Warehousing

The space allocation in Grade-A warehousing facilities is largely driven by storage efficiency, with warehouse storage accounting for the majority share. Loading and unloading zones support smooth logistics. The remaining space is attributed to utilities, office functions, maintenance, and overall facility management.

This outlines an indicative break-up under typical conditions, broadly aligned with industry averages; however, allocations may vary by project based on tenant requirements and design considerations and will continue to evolve with changing tenant preferences and market trends.

TYPICAL FACILITIES FOR GRADE-A WAREHOUSING

Facility Category	Components	Typical Area Break-up
Warehouse Storage Area	Racking systems and storage floor area	70.0%
Loading/Unloading & Dock Areas	Loading docks and staging areas	12.0%
Office & Administration Areas	Offices, meeting rooms, and admin support spaces	7.0%
Utilities & Building Services	Electrical rooms, fire pump rooms, and DG	7.0%
Maintenance & Support Areas	Workshops, equipment rooms, and repair areas	1.0%
Employee Facilities	Restrooms (including drivers), pantry, and security rooms	3.0%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a. Applicable for Super Built-Up Areas and not for Plot Areas
 b. Typical percentage break-up of areas is totalled to 100% only
 c. Indicative break-up of areas under typical conditions, however, varies from client to client.

Construction Costs for Grade-A Warehousing

Across India's Grade-A warehousing sector, total construction costs have recorded a moderate increase of 4.8-6.1%

between 2023 and 2025, with a uniform rise across building, MEP, and ancillary components. Unlike offices, the relatively lower escalation reflects standardised designs and cost-efficient construction

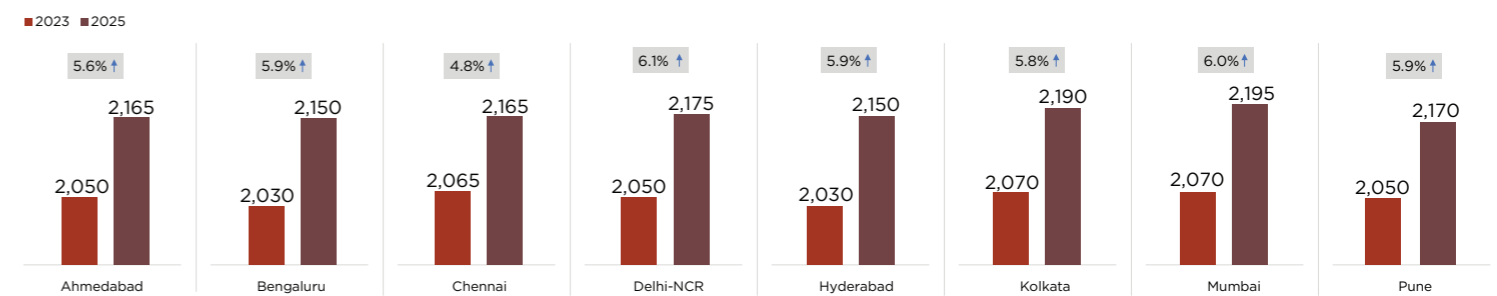
practices. Delhi-NCR and Mumbai show slightly higher growth of 6.1% and 6.0%, respectively, while cities such as Chennai remain more stable.

CONSTRUCTION COSTS FOR GRADE-A WAREHOUSING (PER SQ. FT.): 2023 VS 2025

City	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E (INR/sq. ft.)			Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Ahmedabad	1,333	1,407	5.6%	451	476	5.5%	82	87	6.1%	185	195	5.4%	2,050	2,165	5.6%
Bengaluru	1,320	1,398	5.9%	447	473	5.8%	81	86	6.2%	183	194	6.0%	2,030	2,150	5.9%
Chennai	1,342	1,407	4.8%	454	476	4.8%	83	87	4.8%	186	195	4.8%	2,065	2,165	4.8%
Delhi-NCR	1,333	1,414	6.1%	451	479	6.2%	82	87	6.1%	185	196	5.9%	2,050	2,175	6.1%
Hyderabad	1,320	1,398	5.9%	447	473	5.8%	81	86	6.2%	183	194	6.0%	2,030	2,150	5.9%
Kolkata	1,346	1,424	5.8%	455	482	5.9%	83	88	6.0%	186	197	5.9%	2,070	2,190	5.8%
Mumbai	1,346	1,427	6.0%	455	483	6.2%	83	88	6.0%	186	198	6.5%	2,070	2,195	6.0%
Pune	1,333	1,411	5.9%	451	477	5.8%	82	87	6.1%	185	195	5.4%	2,050	2,170	5.9%
Average	1,334	1,411	5.8%	451	477	5.8%	82	87	6.1%	185	196	5.9%	2,052	2,170	5.8%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a) Cost per sq. ft. indicated are exclusive of all taxes
 b) For a BUA of around 2.5-3 lakh sq. ft.
 c) This is an approximate cost per sq. ft. based on our experience. However, the same depends on detailed design parameters
 d) This is only for buildings along with associated infrastructure works around the building; however, this does not include land development works and shared utilities

VARIATION IN CONSTRUCTION COSTS FOR GRADE-A WAREHOUSING: 2023 VS 2025



Source: Savills India Construction Cost Benchmarking Data



Malls

The sector is undergoing a transformation driven by rising consumption, rapid urbanisation, and increasing digital adoption. Supported by favourable demographics and higher disposable incomes, the country is emerging as one of the fastest-growing retail markets globally. Organised retail continues to expand across major metropolitan cities through high-quality malls and vibrant high streets, while retailers are increasingly entering Tier-II and Tier-III cities to tap into new consumption markets. New retail developments are evolving into lifestyle destinations that combine shopping, dining, and entertainment, enriching the overall consumer experience. Growing participation from institutional investors is further supporting the sector's transition towards a more organised, professionally managed, and investment-grade retail real estate market.

Typical Facilities for Malls

In shopping malls, space is primarily driven by retail areas that are leased out, accounting for the largest share. Circulation areas ensure smooth visitor

movement, and entertainment and F&B zones increase the footfall. For efficient operations, the remaining space is distributed across back of house, building services, and parking.

This outlines an indicative break-up under typical conditions, broadly

TYPICAL FACILITIES FOR MALLS

Facility Category	Components	Typical Area Break-up
Retail Leasable Area	Anchor stores and vanilla stores	48.0%
Circulation Areas	Atriums, passages, and common areas	12.0%
Entertainment & F&B	Food court, restaurants, and multiplex	12.0%
Back of House (BOH)	Storage, staff areas, and service corridors	7.0%
Services	HVAC, electrical, plumbing, and DG backup	7.0%
Parking Facilities	Basement/podium	14.0%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a. Applicable for Super Built-Up Areas and not for Plot Areas
 b. Typical percentage break-up of areas is totalled to 100% only
 c. Indicative break-up of areas under typical conditions, however, varies from client to client

aligned with industry averages; however, allocations may vary by project based on tenant requirements and design considerations and will continue to evolve with changing tenant preferences and market trends.

Construction Costs for Malls

Construction costs for malls across major Indian cities witnessed a 13.8% to 14.0% increase between 2023 and 2025, with an average escalation of 13.9%, indicating a largely uniform trend across markets.

Cities such as Ahmedabad, Bengaluru, Chennai, Hyderabad and Kolkata recorded a 14.0% increase, while Delhi-NCR, Mumbai and Pune observed a marginally lower growth of 13.8% to 13.9%. The consistent rise is primarily attributed to the

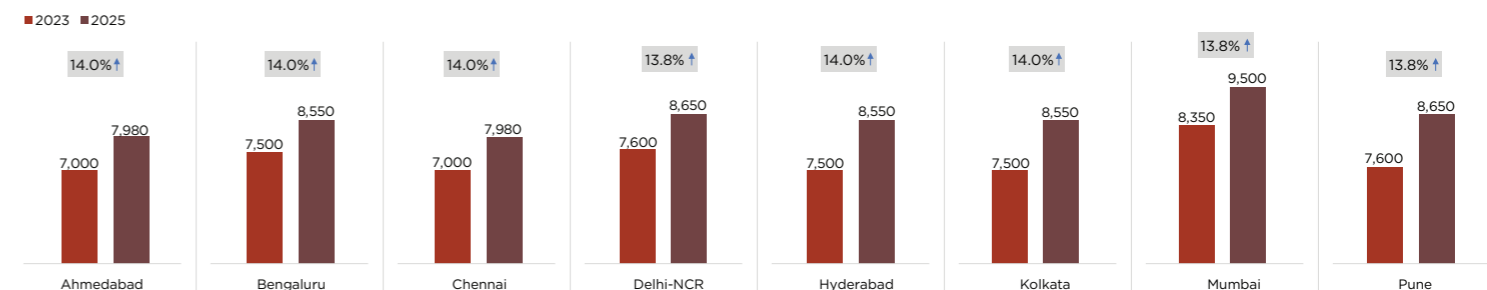
standardised and MEP-intensive nature of mall developments, coupled with sustained increases in material, energy and logistics costs, as well as the evolving shift towards experience-led retail formats.

CONSTRUCTION COSTS FOR MALLS (PER SQ. FT.): 2023 VS 2025

City	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Ahmedabad	3,850	4,389	14.0%	2,450	2,793	14.0%	700	798	14.0%	7,000	7,980	14.0%
Bengaluru	4,125	4,703	14.0%	2,625	2,993	14.0%	750	855	14.0%	7,500	8,550	14.0%
Chennai	3,850	4,389	14.0%	2,450	2,793	14.0%	700	798	14.0%	7,000	7,980	14.0%
Delhi-NCR	4,180	4,758	13.8%	2,660	3,028	13.8%	760	865	13.8%	7,600	8,650	13.8%
Hyderabad	4,125	4,703	14.0%	2,625	2,993	14.0%	750	855	14.0%	7,500	8,550	14.0%
Kolkata	4,125	4,703	14.0%	2,625	2,993	14.0%	750	855	14.0%	7,500	8,550	14.0%
Mumbai	4,593	5,225	13.8%	2,923	3,325	13.8%	835	950	13.8%	8,350	9,500	13.8%
Pune	4,180	4,758	13.8%	2,660	3,028	13.8%	760	865	13.8%	7,600	8,650	13.8%
Average	4,128	4,703	13.9%	2,627	2,993	13.9%	751	855	13.9%	7,506	8,551	13.9%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 Cost Basis: Cost per sq. ft. is exclusive of all applicable taxes and cess
 Scope: Trade costs for BUA (RCC structure) of ~4-5 lakh sq. ft.
 Nature of Estimate: Approximate, based on past experience; subject to detailed design parameters (specifications assumed consistent across locations)
 Included: Building construction + associated surrounding infrastructure works
 Applicable Areas: Only for common areas; not applicable to retail spaces
 Partially Included: HVAC applicable only for common areas
 Excluded: Land development works, shared utilities (project-specific), land, legal, approvals, and financing costs

VARIATION IN CONSTRUCTION COSTS FOR MALLS: 2023 VS 2025



Source: Savills India Construction Cost Benchmarking Data



Residential Sector

The sector continued to demonstrate strong momentum in 2025, supported by robust end-user demand, easing inflation, and a cumulative 125 bps reduction in benchmark lending rates, which improved housing affordability. Demand increasingly shifted towards the luxury segment in cities such as Bengaluru, Mumbai, and Delhi-NCR, as homebuyers prioritised larger homes and better amenities. Capital values of luxury residential units in Bengaluru increased by about 12-15% Y-o-Y, while luxury residential floors in Delhi rose by 16%, alongside a 9% increase in land prices. In contrast, select lifestyle markets such as North Goa saw a mild 3-5% correction in capital values of villas due to temporary supply overhang.

Typical Facilities in Residential Developments

For residential developments, significant space is allocated to dwelling units, while the remaining space for circulation, amenities, and parking support to ensure smooth functionality and better livability. The nature and scale of amenities vary distinctly across segments – affordable housing focuses on essential, space-efficient facilities catering to the general community needs; mid-segment developments incorporate a wide range of lifestyle amenities such as clubhouses, landscaped areas and fitness centres; while luxury developments focus on premium, experience-driven offerings including high-end wellness facilities, expansive open spaces and curated recreational spaces, reflecting a shift from functionality to lifestyle and exclusivity.

This break-up given below is indicative under typical conditions; however, allocations may vary by project based on buyer requirements and design considerations and will continue to evolve with changing buyer preferences and market trends.



Residential: Affordable Segment

Space allocation in the affordable segment is primarily driven by residential units, which account for the largest share, ensuring efficient use of space and optimal cost management.

RESIDENTIAL: AFFORDABLE SEGMENT

Facility Category	Components	Typical Area Break-up
Residential Units (Apartments)	Living rooms, bedrooms, kitchens, bathrooms, and balconies	65.0%
Building Structure & Core Areas	Structure, corridors, staircases, lift lobbies, and parking stilts	20.0%
Utilities & Building Services	Electrical rooms, plumbing systems, water tanks, and DG backup	5.0%
Vertical Transportation	Lifts and associated equipment	3.0%
Amenities & Community Spaces	Multipurpose hall, small recreation areas, and gyms	5.0%
Support & Service Areas	Security rooms, maintenance rooms, and waste management areas	2.0%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a. Applicable for Super Built-Up Areas and not for Plot Areas
 b. Typical percentage break-up of areas is totalled to 100% only
 c. Indicative break-up of areas under typical conditions, however, varies from client to client



Residential: Mid-Segment

In midsegment residential developments, space allocation is balanced with units accounting for 50% of the total area. Greater emphasis is on amenities, parking, utilities, service areas, and overall experience.

RESIDENTIAL: MID-SEGMENT

Facility Category	Components	Typical Area Break-up
Residential Units (Apartments)	Living rooms, bedrooms, kitchens, bathrooms, and balconies	65.0%
Building Structure & Core Areas	Structure, corridors, staircases, lift lobbies, basement parking, ramps, and parking stilts	20.0%
Utilities & Building Services	Electrical rooms, plumbing systems, water tanks, HVAC in common areas, and DG backup	5.0%
Vertical Transportation	Passenger lifts and associated equipment	3.0%
Amenities & Community Spaces	Clubhouse, gym, landscape areas, and children's play areas	5.0%
Support & Service Areas	Security rooms, maintenance rooms, and waste management areas	2.0%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 a. Applicable for Super Built-Up Areas and not for Plot Areas
 b. Typical percentage break-up of areas is totalled to 100% only
 c. Indicative break-up of areas under typical conditions, however, varies from client to client



Residential: Luxury Segment

The luxury residential segment allocates a significant share to units, with a higher proportion dedicated to building structure, premium amenities, service areas, and spacious core areas. The design emphasises lifestyle and comfort, supported by high-end facilities.

Construction Costs for Affordable Residential Segment

Construction cost growth for the affordable residential segment during 2023-2025 remained elevated across all cities, led by Delhi NCR and Pune (12.7%), followed by Mumbai (12.4%). Ahmedabad (9.2%), and Kolkata (7.8%) witnessed the lowest cost escalations, indicating relatively softer cost pressures compared to other cities.

RESIDENTIAL: LUXURY SEGMENT

Facility Category	Components	Typical Area Break-up
Residential Units (Apartments/Villas)	Large living areas, multiple bedrooms, premium kitchens, luxury bathrooms, and balconies/terraces	60.0%
Building Structure & Core Areas	Structure, grand lobbies, corridors, staircases, lift lobbies, basement parking, ramps, and parking stilts	22.0%
Utilities & Building Services	Advanced HVAC, electrical systems, plumbing, water treatment, DG backup, and smart building systems	7.0%
Vertical Transportation	High-speed passenger lifts and service lifts	3.0%
Amenities & Lifestyle Facilities	Clubhouse, swimming pool, gym, spa, landscape gardens, and sports facilities	6.0%
Support & Service Areas	Security rooms, maintenance rooms, and waste management areas	2.0%

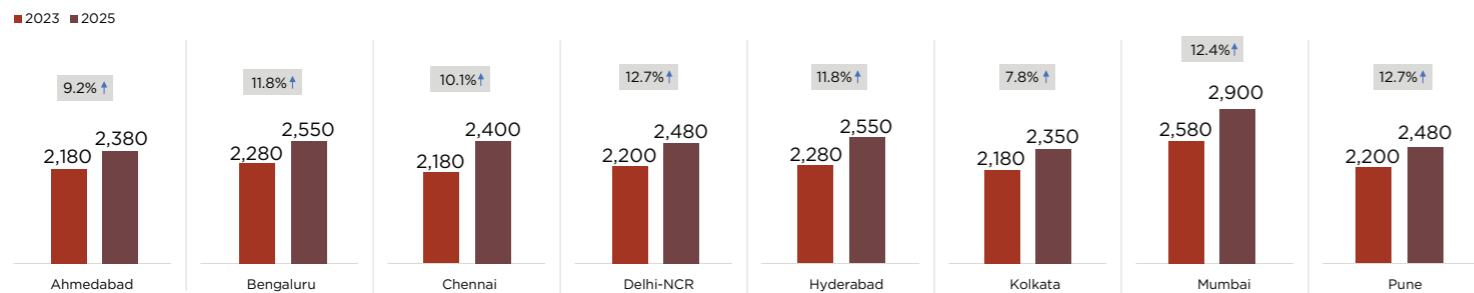
Source: Savills India Construction Cost Benchmarking Data
 Note:
 a. Applicable for Super Built-Up Areas and not for Plot Areas
 b. Typical percentage break-up of areas is totalled to 100% only
 c. Indicative break-up of areas under typical conditions, however, varies from client to client

CONSTRUCTION COSTS FOR AFFORDABLE RESIDENTIAL SEGMENT (PER SQ. FT.): 2023 VS 2025

City	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E & Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Ahmedabad	1,482	1,666	12.4%	392	524	33.7%	305	190	-37.7%	2,180	2,380	9.2%
Bengaluru	1,550	1,785	15.2%	410	561	36.8%	319	204	-36.1%	2,280	2,550	11.8%
Chennai	1,482	1,680	13.4%	392	528	34.7%	305	192	-37.0%	2,180	2,400	10.1%
Delhi-NCR	1,496	1,736	16.0%	396	546	37.9%	308	198	-35.7%	2,200	2,480	12.7%
Hyderabad	1,550	1,785	15.2%	410	561	36.8%	319	204	-36.1%	2,280	2,550	11.8%
Kolkata	1,482	1,645	11.0%	392	517	31.9%	305	188	-38.4%	2,180	2,350	7.8%
Mumbai	1,754	2,030	15.7%	464	638	37.5%	361	232	-35.7%	2,580	2,900	12.4%
Pune	1,496	1,736	16.0%	396	546	37.9%	308	198	-35.7%	2,200	2,480	12.7%
Average	1,537	1,758	14.4%	407	553	35.9%	316	201	-36.4%	2,260	2,511	11.1%

Source: Savills India Construction Cost Benchmarking Data
 Note:
 Cost Basis: Cost per sq. ft. is exclusive of all applicable taxes and cess
 Scope: Trade costs for BUA (RCC structure) of ~7-8 lakh sq. ft.
 Nature of Estimate: Approximate, based on past experience; subject to detailed design parameters (specifications assumed consistent across locations)
 Included: Building construction and associated surrounding infrastructure works
 Excluded: Land development works, shared utilities (project-specific), land, legal, approvals, and financing costs
 HVAC: Not applicable for the affordable segment

VARIATION IN CONSTRUCTION COSTS FOR AFFORDABLE RESIDENTIAL SEGMENT: 2023 VS 2025



Source: Savills India Construction Cost Benchmarking Data

Construction Costs for Mid-End Residential Segment

Overall cost change is strong and uniform across cities, with most markets clustered

around 11.5-12.5%. Mumbai is the clear outlier on the upside (14.9%), while Pune (9.0%) and Delhi-NCR (10.5%) show the lowest cost escalation.

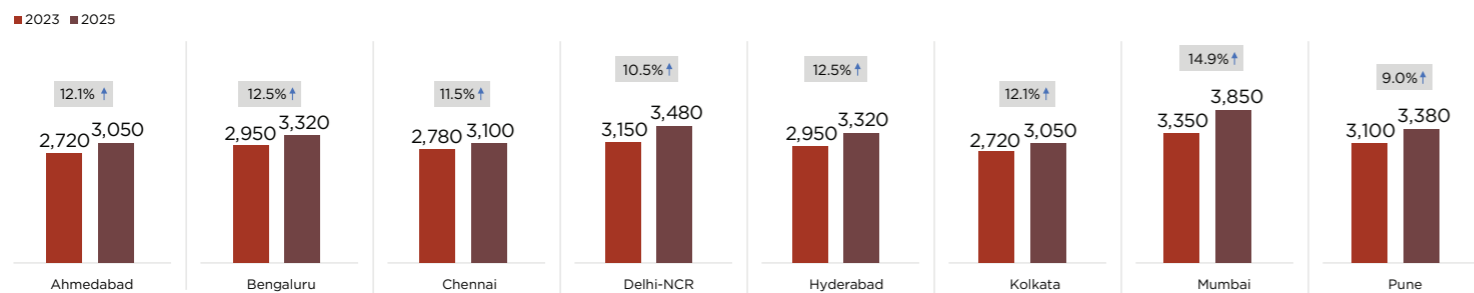
CONSTRUCTION COSTS FOR MID-END RESIDENTIAL SEGMENT (PER SQ. FT.): 2023 VS 2025

City	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E & Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Ahmedabad	1,714	1,922	12.1%	544	610	12.1%	462	519	12.3%	2,720	3,050	12.1%
Bengaluru	1,859	2,092	12.5%	591	664	12.4%	502	564	12.4%	2,950	3,320	12.5%
Chennai	1,751	1,953	11.5%	556	620	11.5%	473	527	11.4%	2,780	3,100	11.5%
Delhi-NCR	1,985	2,192	10.4%	631	696	10.3%	536	592	10.4%	3,150	3,480	10.5%
Hyderabad	1,859	2,092	12.5%	591	664	12.4%	502	564	12.4%	2,950	3,320	12.5%
Kolkata	1,714	1,922	12.1%	544	611	12.3%	462	519	12.3%	2,720	3,050	12.1%
Mumbai	2,111	2,426	14.9%	671	771	14.9%	570	655	14.9%	3,350	3,850	14.9%
Pune	1,953	2,129	9.0%	620	676	9.0%	527	575	9.1%	3,100	3,380	9.0%
Average	1,868	2,091	11.9%	594	664	11.8%	504	564	11.9%	2,965	3,319	11.9%

Source: Savills India Construction Cost Benchmarking Data

Note: Cost Basis: Cost per sq. ft. is exclusive of all applicable taxes and cess
 Scope: Trade costs for BUA (RCC structure) of ~7-8 lakh sq. ft.
 Nature of Estimate: Approximate, based on past experience; subject to detailed design parameters (specifications assumed consistent across locations)
 Included: Building construction and associated surrounding infrastructure works
 Excluded: Land development works, shared utilities (project-specific), land, legal, approvals, and financing costs

VARIATION IN CONSTRUCTION COSTS FOR MID-END RESIDENTIAL SEGMENT: 2023 VS 2025



Source: Savills India Cost Benchmarking Data

Construction Costs for Luxury Residential Segment

Construction cost growth remains broad-based and elevated between 12-13%,

with Mumbai standing out as the highest (15.1%), reflecting intense demand and cost pressures, followed by Bengaluru,

Delhi-NCR, and Hyderabad, each at 12.9%, and Kolkata (10.8%).

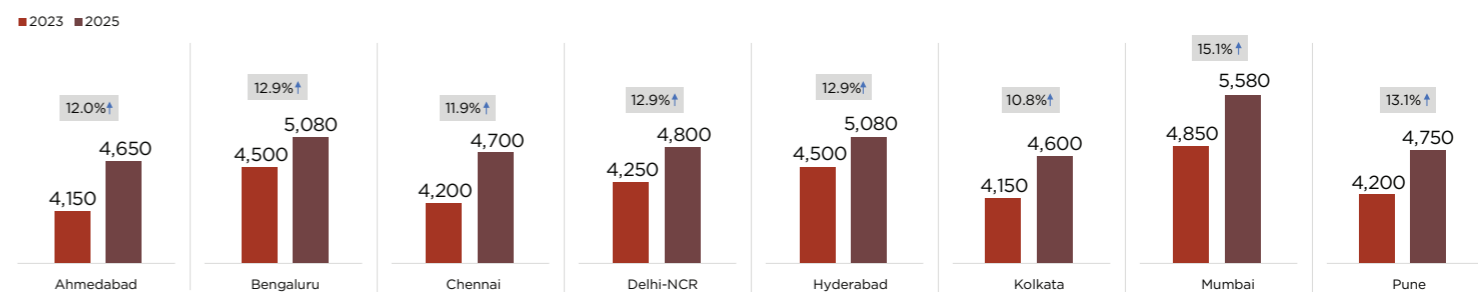
CONSTRUCTION COSTS FOR LUXURY RESIDENTIAL SEGMENT (PER SQ. FT.): 2023 VS 2025

City	Building Cost (INR/sq. ft.)			MEP (INR/sq. ft.)			FF&E & Other Costs (INR/sq. ft.)			Total Development Cost (INR/sq. ft.)		
	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change	2023	2025	% Change
Ahmedabad	2,324	2,604	12.0%	955	1,070	12.0%	872	977	12.0%	4,150	4,650	12.0%
Bengaluru	2,520	2,845	12.9%	1,035	1,168	12.9%	945	1,067	12.9%	4,500	5,080	12.9%
Chennai	2,352	2,632	11.9%	966	1,081	11.9%	882	987	11.9%	4,200	4,700	11.9%
Delhi-NCR	2,380	2,688	12.9%	978	1,104	12.9%	893	1,008	12.9%	4,250	4,800	12.9%
Hyderabad	2,520	2,845	12.9%	1,035	1,168	12.9%	945	1,067	12.9%	4,500	5,080	12.9%
Kolkata	2,324	2,576	10.8%	955	1,058	10.8%	872	966	10.8%	4,150	4,600	10.8%
Mumbai	2,716	3,125	15.1%	1,116	1,283	15.0%	1,019	1,172	15.0%	4,850	5,580	15.1%
Pune	2,352	2,660	13.1%	966	1,093	13.1%	882	998	13.2%	4,200	4,750	13.1%
Average	2,436	2,747	12.8%	1,001	1,128	12.7%	914	1,030	12.7%	4,350	4,905	12.8%

Source: Savills India Construction Cost Benchmarking Data

Note: Cost Basis: Cost per sq. ft. is exclusive of all applicable taxes and cess
 Scope: Trade costs for BUA (RCC structure) of ~7-8 lakh sq. ft.
 Nature of Estimate: Approximate, based on past experience; subject to detailed design parameters (specifications assumed consistent across locations)
 Included: Building construction and associated surrounding infrastructure works
 Excluded: Land development works, shared utilities (project-specific), land, legal, approvals, and financing costs
 Applicability: Not applicable for ultra-luxury category

VARIATION IN CONSTRUCTION COSTS FOR LUXURY RESIDENTIAL SEGMENT: 2023 VS 2025



Source: Savills India Construction Cost Benchmarking Data



Summary of Variation in Average Construction Cost by Sector

The malls segment recorded the highest increase at 13.9%, driven by evolving facade designs, the addition of multiple basement levels, and an escalation in MEP and other associated costs. This was followed by the luxury residential segment (12.8%) and the mid-end residential segment (11.9%), indicating sustained cost escalation across upper and mid-housing categories. The affordable residential segment also witnessed a notable increase of 11.1%, reflecting continued demand-led pressures, albeit at a relatively moderated pace compared to premium segments. In contrast, commercial office (7.0%), hospitality (6.5%), and Grade-A warehousing (5.8%) registered moderate increases, while general manufacturing (3.8%) reported the lowest growth, suggesting relatively stable construction cost conditions.

VARIATION IN AVERAGE CONSTRUCTION COST BY SECTOR 2023 VS 2025

Asset Class	Variation in Average Construction Cost (INR/sq. ft.)		
	2023	2025	% Change
Hospitality	10,614	11,306	6.5%
Office	3,621	3,876	7.0%
General Manufacturing	3,214	3,337	3.8%
Grade-A Warehousing	2,052	2,170	5.8%
Malls	7,506	8,551	13.9%
Affordable Residential Segment	2,260	2,511	11.1%
Mid-End Residential Segment	2,965	3,319	11.9%
Luxury Residential Segment	4,350	4,905	12.8%

Source: Hotelivate and Savills India

End Note

The construction industry in India is expected to witness steady growth, supported by rapid urbanisation, increasing migration to cities, and continued infrastructure investments and urban development initiatives. Demand across sectors, including residential, retail, office, industrial & logistics, and hospitality, is likely to remain robust, driven by economic expansion and rising domestic consumption, and continued growth in tourism.

However, the cost dynamics are expected to remain closely linked to broader macroeconomic movements. Interest rate fluctuations will directly influence developers' cost of capital, with elevated rates potentially tightening liquidity and increasing financing costs. At the same time, volatility in crude oil prices, often influenced by geopolitical

uncertainties, can have a cascading effect on construction costs through higher prices of key inputs such as cement, steel, and petrochemical-based materials. Additionally, currency fluctuations further elevate costs by increasing the price of imported construction materials and equipment.

Evolving consumer preferences are also reshaping construction specifications and cost structures. The increasing demand for premium-grade assets, green-certified buildings, and technology-enabled infrastructure is leading to higher upfront development costs. This shift is particularly evident across malls and residential developments, which have seen relatively higher increases, driven by evolving facade designs, the addition of multiple basement levels, and an escalation in MEP and other associated costs. In

contrast, commercial office, hospitality, and warehousing segments have registered more moderate cost increases, while general manufacturing has reported the lowest growth, indicating relatively stable construction cost conditions in this segment.

While material and labour costs may continue to see moderate upward pressure, the growing adoption of advanced construction technologies, improved project planning, and strategic procurement practices are expected to partially offset cost escalations. The rising emphasis on ESG frameworks will further influence construction approaches, encouraging the use of energy-efficient systems and environmentally responsible materials.



Acronyms and Abbreviations

3PL	Third-Party Logistics	FMCG	Fast-Moving Consumer Goods	Mn	Million
BFSI	Banking, Financial Services, and Insurance	FMCD	Fast-Moving Consumer Durables	MT	Million Tonnes
Bn	Billion	FOB	Free on Board	PE	Private Equity
BUA	Built-Up Area	FPI	Foreign Portfolio Investor	PLI	Production Linked Incentive
CCTV	Closed Circuit Television	FY	Financial Year	PMI	Purchasing Managers Index
CAGR	Compound Annual Growth Rate	GCC	Global Capability Centres	RBI	Reserve Bank of India
CPI	Consumer Price Inflation	GDP	Gross Domestic Product	STP	Sewage Treatment Plant
DG	Diesel Generator	GFA	Gross Floor Area	SVRA	Special Vostro Rupee Accounts
ESG	Environmental, Social, and Governance	GST	Goods and Services Tax	Tn	Trillion
EV	Electric Vehicle	HVAC	Heating, Ventilation, and Air Conditioning	USD	United States Dollar
F&B	Food and Beverage	IDC	Interest During Construction	VDA	Variable Dearness Allowance
FF&E	Furniture, Fixtures, and Equipment	INR	Indian National Rupee	WPI	Wholesale Price Inflation
		MEP	Mechanical, Electrical, and Plumbing	Y-o-Y	Year-on-Year

Disclaimer

Hospitality Data is self-reported. Costs exclude land unless stated. Results should be used as benchmarks and guidelines, not project-specific estimates.



Annexure

CONSTRUCTION TENURE FOR HOTELS

Positioning	Min (months)	Avg (months)	Median (months)	Max (months)
Budget/Economy	12	32	30	72
Mid-Market	8	38	36	144
Upper Mid-Market	20	43	36	139
Upscale	20	49	48	84
Upper Upscale	28	53	48	117
Luxury	24	54	50	108
Overall	8	43	38	144

Source: Hotelivate

INTEREST DURING CONSTRUCTION OF HOTELS

IDC Range	Avg IDC %	Min Tenure (months)	Avg Tenure (months)	Max Tenure (months)
Less than 5%	2.9%	8	40	139
5% - 9.9%	7.0%	12	44	113
10% - 14.9%	12.7%	18	50	117
15% or more	23.9%	24	54	144
Total / Average	12.3%	8	43	144

Source: Hotelivate

LAND COST FOR HOTELS

Positioning	Land Cost as a % of Development Cost	Land Cost/key	Land Cost/sq. ft.
Budget/Economy	30.9%	20,74,803	3,504
Mid-Market	23.7%	21,55,373	2,560
Upper Mid-Market	19.8%	21,92,805	2,206
Upscale	15.8%	25,21,973	2,094
Upper Upscale	8.5%	20,41,150	1,207
Luxury	11.4%	42,22,263	1,943

Source: Hotelivate

Construction Tenure for Hotels

Notably, construction tenure does not vary significantly by city tier (Tier-I: 44 months, Tier-II: 42 months, Tier-III: 43 months) or location type (Urban: 42 months, Leisure: 44 months). This confirms that approval timelines and statutory requirements and poor planning and execution - not physical construction complexity - are the primary driver of how long Indian hotel projects take to build, regardless of where they are located.

Interest During Construction of Hotels

IDC is frequently treated as a residual in development budgets - plugged in at a flat percentage after other costs are set. The data suggests this is a significant mistake. IDC is highly sensitive to project size, city tier, and tenure, and the post-pandemic low in IDC rates is creating false comfort for projects now entering development. The average IDC for the surveyed subset stands at 12.3% of total project cost - a meaningful improvement from the 14.8% reported in the 2023 survey. This reduction reflects lower benchmark interest rates in the post-pandemic period, greater use of construction moratoriums and refinancing. The single most effective lever available to reduce IDC is construction tenure.

Land Cost for Hotels

Land cost data is presented separately, given the wide variation by ownership structure and timing of acquisition. As a share of total project investment (including land), the figures indicate an inverse relationship with positioning - budget and economy developments tend to carry a proportionally higher land burden.



Savills

Savills is a global real estate services provider listed on the London Stock Exchange. Savills operates from over 700 owned and associate offices, employing more than 42,000 people in over 70 countries throughout the Americas, the UK, Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

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Savills India is a group company of Savills PLC and is a premier professional international property consulting firm. With full-service offices in Bengaluru, Mumbai, Delhi-NCR, Chennai, Pune, Hyderabad, Kolkata and Ahmedabad, the firm serves occupiers, investors and developers of real estate.

Savills India provides services across office leasing, project management, capital markets, valuations, research, consulting, industrial and logistics and residential services. Started in India in 2016, the company employs over 900 professionals.



Hotelivate

Hotelivate is a new-age hospitality consulting firm delivering specialised services to clients across the Asia Pacific region. Backed by a diverse team of seasoned professionals, the firm brings together decades of experience across multiple hospitality verticals to offer a comprehensive and integrated consulting approach. The firm currently has offices in Delhi, Mumbai, Bangkok, Dubai, Jakarta, and Singapore.

The founding partners of Hotelivate are reputed hospitality consultants who have advised, supported, and nurtured thousands of clients for over two decades. Their deep industry expertise and client-centric mindset form the foundation of the firm's success. Through a focused, empathetic, and innovative approach, Hotelivate serves a wide spectrum of industry stakeholders across every phase of the hospitality lifecycle. By offering end-to-end consulting solutions, the firm eliminates the need for multiple advisors, ensuring seamless execution for its clients.

Core Services of the firm include Strategic Advisory (Feasibility Studies, Valuations, Management Contract Negotiations), Executive Search, Investment Advisory, Asset Management, Project Execution Planning & Advisory and Owners' Representation. In addition, Hotelivate hosts some of Asia Pacific's most successful conferences, namely Hotel Investment Conference – South Asia (HICSA) and Tourism Hotel Investment & Networking Conference (THINC); THINC Indonesia, THINC Middle East and THINC Sri Lanka & Maldives.

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