Building Luxury Amid Rising Costs

Developers are navigating construction cost inflation and logistical hurdles while investing in self-sustaining infrastructure across emerging high-end residential corridors.



From raw materials to labour and logistics, rising input costs are adding to the financial pressures of real estate development.



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Rising construction costs are complicating real estate development, particularly in emerging luxury corridors where developers must deliver premium homes alongside supporting infrastructure. Higher material and labour prices, supply-chain disruptions, site-access constraints and delays in utility connections are adding to the pressure. The challenge is to provide reliable water, power, sewage, waste management and road networks without compromising quality or long-term value.

According to Savills India's Construction Cost Insights 2025, luxury residential construction costs rose 12.8% between 2023 and 2025, while Anarock estimates overall construction costs increased 34% between 2021 and 2025. Developers are responding through strategic procurement, value engineering, technology and phased investments.

Dr. Niranjan Hiranandani, founder and chairman, Hiranandani Communities, advocates that distinguishing avoidable expenditure from value-creating investment. Early supply-chain commitments, local sourcing and technology-led waste reduction, he says, can help control costs while preserving durability and customer experience.

Chandresh Mehta, executive director, Rustomjee Group, highlights the importance of examining every stage of development, from material sourcing and construction timelines to infrastructure planning. He identifies BIM as an important tool for improving coordination, reducing rework and controlling costs. Rohan Khatau, director, CCI Projects, points out that in Mumbai, material movement, limited site access and contractor coordination can affect project economics as significantly as material prices.

Managing Infrastructure and Logistics

The challenge becomes more pronounced in emerging corridors, where public utilities and supporting infrastructure may not keep pace with residential development. Saket Mohta, MD, Merlin Group, stresses that developers must account for land availability, utility access, multiple-agency coordination and the timely sourcing of materials and skilled manpower. Amrita Gupta, director, Manglam Group and CEO, Manglam Spa & Resorts Pvt. Ltd., similarly advocates phased infrastructure deployment and evaluating investments because of their lifecycle value rather than merely their initial costs.

> "Infrastructure should be deployed in phases, with investments evaluated based on their long-term lifecycle value rather than solely on their initial costs."
>
> **AMRITA GUPTA,**
> Director, Manglam Group and CEO, Manglam Spa & Resorts

Ronak Morbia, CMD, Arisinfra Solutions Ltd., highlights the supply-chain dimension, noting that specialised systems such as solar installations and water treatment often depend on a limited supplier base.

Technology and Value Engineering

Developers are increasingly relying on technology and planning discipline to maintain execution efficiency. Abhishek Jain, COO, Group Satellite, points to BIM and ERP-based project monitoring, while Sarveshaa SB, CMD, Bhadra Group, highlights value engineering, phased infrastructure investment and vendor partnerships. In South-west Bengaluru and Kengeri, he sees opportunities to integrate utilities, mobility and resident amenities with improving connectivity.

Parvinder Singh, CEO, Trident Realty, emphasises the need for smarter procurement, resource allocation and project management, while Avneesh Sood, director, Eros Group, highlights the importance of infrastructure readiness and efficient resource utilisation.

Anil Godara, MD, J Estates, advocates adopting rooftop solar, energy-efficient systems and rainwater harvesting to reduce dependence on conventional resources.

Bobby Solipuram, CMD, Lumbini Constructions, says bulk procurement agreements and design-stage value engineering have helped reduce project timelines by 20-25%, lowering holding and financing costs.

The Long-term Value Equation

Beyond construction efficiency, developers are increasingly looking at the larger ecosystem. Pawan Sawhney, MD & CEO, iUSTUS, is of the view that integrated destinations combining residential, retail, commercial, healthcare and educational facilities.

Pawan Sharma, MD, TRG Group, highlights the logistical complexities of utility deployment, vendor coordination and last-mile connectivity in commercial developments. Yash Miglani, MD, Migsun Group, highlights integrated planning and decentralised infrastructure as key to developing emerging locations.

Ultimately, developers cannot control every movement in material prices or the availability of public utilities, but they can control how projects are planned, procured and executed.

IN SPOTLIGHT

Arkade Developers Acquires Bhandup Land for ₹1,800-Cr. Project

Arkade Developers Ltd. has acquired 100% of the shareholding in Woollen and Textile Industries Ltd. for ₹146 crore, with the entire consideration paid. The acquisition includes a 14,363.60 sq.m. land parcel in Bhandup (West), Mumbai, where the company plans to develop a premium residential project with an estimated Gross Development Value (GDV) of ₹1,800 crore. This marks Arkade Developers' second acquisition in Bhandup (West), reinforcing its expansion across high-growth residential micro-markets in the Mumbai Metropolitan Region (MMR).

Commenting on the acquisition, Amit Jain, CMD, Arkade Developers, said, "Bhandup has evolved into a sought-after residential destination, supported by improving connectivity, infrastructure and rising homebuyer aspirations. This acquisition aligns with our vision of creating value-driven developments in strategically located micro-markets. Our focus on trust, timely delivery and quality construction will guide our growth as we unlock the potential of this land parcel."

He adds, "We are strengthening our presence across MMR's central corridor through projects such as Arkade Earth in Kanjurmarg, Arkade Nest in Mulund and Arkade Rare in Bhandup. We are also set to launch our flagship project in Thane in FY27, further advancing our ambition to build a future-ready portfolio across the region."

Landmark Group Plans ₹15,000-Cr. Expansion across NCR

Landmark Group has announced two major NCR developments with a combined estimated sales potential of ₹15,000 crore. These comprise Landmark One, a 2.1 million sq.ft. Grade A+ office project on Golf Course Extension Road, Gurugram, and a proposed integrated development on Dwarka Expressway.

Landmark One has an estimated sale value of ₹4,000 crore. The group has secured ₹330 crore from SBI for its first phase, involving a construction cost of ₹481 cr. Under construction, the project is scheduled for completion by May 2033, as per RERA. It will feature office spaces, retail, F&B outlets, business centres and an executive club.

Separately, the group has acquired over 22 acres on Dwarka Expressway for a mixed-use development comprising a five-star hotel, branded serviced apartments, premium retail and corporate offices. The project, currently in the planning stage, has an estimated sales potential of ₹11,000 cr.

Sandeep Chhillar, founder & chairman, Landmark Group, said the developments reflect the group's ambition to strengthen its NCR presence through large-scale, quality-led projects.

IN FOCUS



Pioneer Urban Launches ₹3,500-Cr. Alura Residences in Gurugram

Pioneer Urban Land & Infrastructure Ltd. has recently launched Alura, an ultra-luxury serviced residences development in Pioneer District, Sector 62, Golf Course Extension Road, Gurugram. With an investment exceeding ₹3,500 crore and projected sales realisation of over ₹9,000 crore, the project marks a significant addition to the company's portfolio.

Spread across 6.99 acres, Alura will comprise approximately 250 residences across two towers, with homes ranging from 7,000 to 15,000 sq.ft., including duplexes and penthouses. Designed by globally renowned architecture firm Skidmore, Owings & Merrill (SOM), the development will feature private elevator lobbies, expansive balconies, floor-to-ceiling glazing and customisable layouts.

At the launch, Manish Periwal, CMD, Pioneer Urban, said, "Alura builds on the company's four-decade legacy in Gurugram, with a focus on architectural excellence, thoughtful planning and hospitality-led living."

The development will offer 1.5 lakh sq.ft. of club facilities, including dining, wellness, sports and recreational amenities, alongside concierge, housekeeping and valet services. Alura has received WELL certification and IGBC Platinum pre-certification. Construction is underway, with completion targeted for Q2 2031. The Experience Centre and sample residence are now open for prospective buyers.