

PROPERTY

Indian demand for high-rises rubs up against outdated building codes

Wealthy people's desire for 'sky villas' stymied by standards lagging Asian peers



A render of Excel Group of Builders' 35-story, 115-meter Bellissima project in Mumbai. India's building code is limiting developers' ability to build tall and supertall buildings, which are in demand by the wealthy. (Excel Group of Builders)

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December 17, 2025 09:31 JST

RAJASTHAN, India -- India's property developers are struggling to cash in on rising demand for high-rise apartments, particularly from wealthy individuals, as the South Asian nation's outdated building codes stymie construction.

In Mumbai, Noida and Bengaluru's real estate markets, appetite is growing for large apartments on the upper floors of tall buildings -- dubbed "sky villas" by the wealthy -- in the 30 million rupee (\$331,000) to 70 million rupee price band. These are sought after for their clear views and ability to insulate occupants from the city crowds below.

In Mumbai and the National Capital Region centered on Delhi, height has become a clear economic differentiator, with the price curve steepening beyond the 45th- to 50th-floor threshold, according to Alok Priyadarshi, founder of Homely Yours, a property technology startup. In micromarkets such as Worli, Lower Parel and Prabhadevi in Mumbai, apartments above the 50th floor can attract as much as 30% or more over midrise stock.

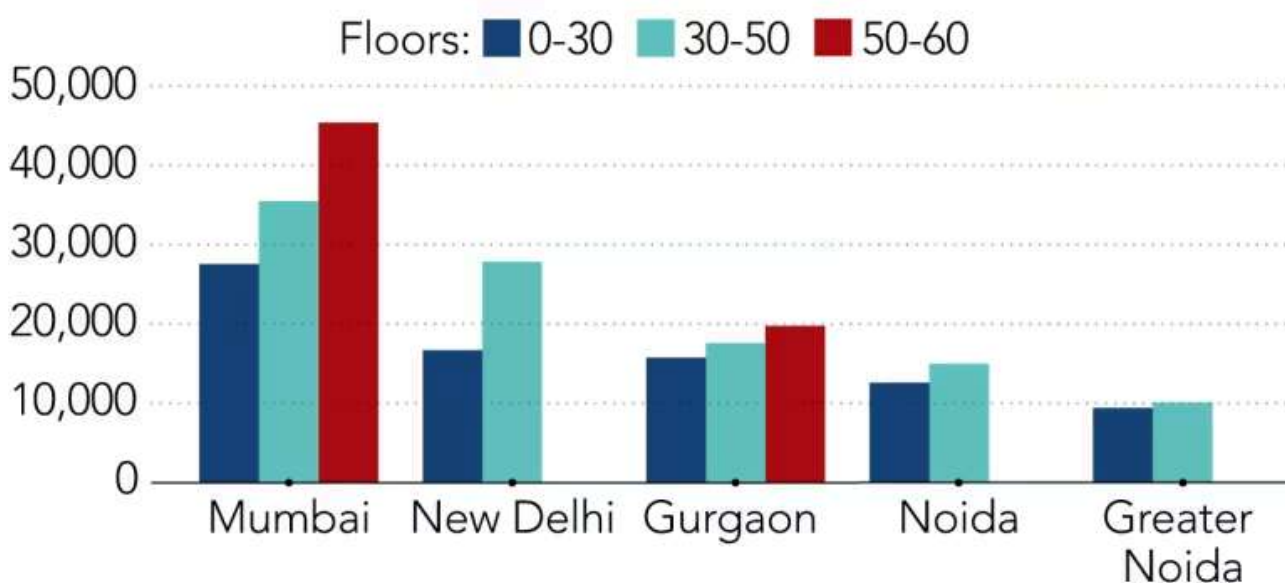
"In other micromarkets, a 50-floor to 60-floor tower will command a 15% to 30% premium over buildings capped at 30 floors, and a 10% to 18% premium over those in the 30-floor to 50-floor band," he added.

With the price of apartments increasing with their height, such developments present an attractive commercial proposition for real estate companies, especially as they [pile into premium properties](#) and cut back on more affordable new homes as wealthy individuals continue to drive the market.

But India's building code has not evolved as rapidly as its real estate market, especially in cities like Mumbai, where "vertical growth is no longer a luxury but a necessity," according to Shraddha Kedia-Agarwal, director of real estate company Transcon Developers.

All but one of India's tallest completed buildings stand below the 300-meter threshold of the supertall buildings category, as set by the Council on Vertical Urbanism, which defines and stewards responsible density in cities worldwide.

Higher floors command higher prices in India's real estate market *(Average property rates in Mumbai and the National Capital Region, in rupees per square foot by floor)*



There are no 50- to 60-floor buildings in New Delhi, Noida and Greater Noida
Source: MagicBricks

India's tall building code applies to buildings 50 meters to 250 meters high. Despite revisions in the last decade, the code "is aligned with midrise behavior," according to Srinivas P. Anchuri, chief consultant at Hyderabad-based architectural and design firm Anchuri and Anchuri. And like other regulations relevant to tall buildings -- such as the wind and seismic codes and fire and life safety provisions -- it isn't aligned with Asian best practices.

Due to these deficiencies in standards, "designers 'overdesign' in the name of safety," Anchuri said. This conservative bias can push up overall development costs by 3% to 7%, he estimates, particularly in structural systems and fire-safety provisions.

"Regulatory, scientific and interdisciplinary frameworks must evolve to match the scale and complexity of Asian supertall practice," Anchuri said.

Local administrative circumstances can also present a barrier: Despite clear guidance for structures up to 250 meters, projects that exceed 120 meters in Mumbai, the only city currently with buildings over 250 meters tall, are pushed into a committee-based approval process.

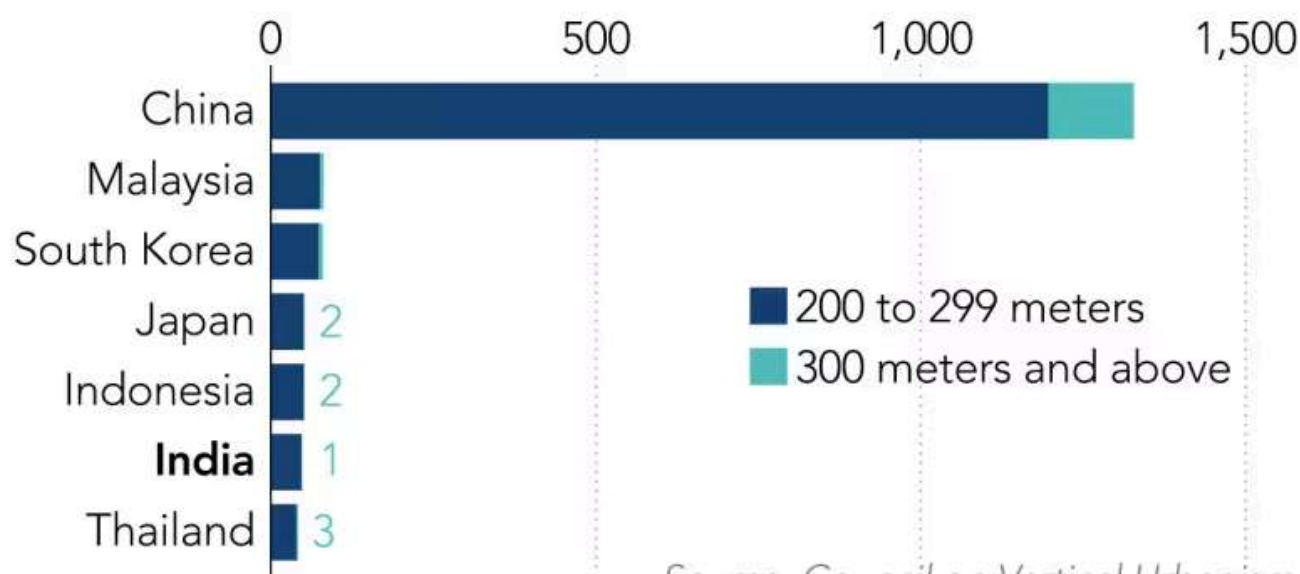
"Developers must navigate [this process] without any codified benchmarks," said Kedia-Agarwal.

Virendra Vora, promoter and managing partner of developer Excel Group of Builders, said the approval process "is influenced by geography and local regulations, and considered on a case-by-case basis, which when coupled with strict zoning, floor-area-ratio limits and higher financial risk, can discourage developers."

Reliance on approval by external experts isn't conducive to supertall development, agreed Anchuri, pointing out that cities like Shanghai, Shenzhen, Guangzhou, Busan, Seoul and Dubai confidently approve 300- to 600-meter towers because they are designed in accordance with highly advanced, performance-based frameworks.

India lags Asian peers in the number of tall and supertall buildings

(Number of buildings 200 meters and above)



Source: Council on Vertical Urbanism

In Bengaluru, where the tallest existing building stands 160 meters high, the city's planning authorities process high-rise proposals, but some need additional clearances from the airport authority and defense authority. Involving multiple agencies can require iterative design revisions, which invariably extend timelines and add to consultancy and financing overheads.

Depending on the complexity of the tower and the number of expected changes, in Bengaluru, "most developers provide a 10% to 15% cost buffer, with higher contingencies in pockets subject to stricter aerodrome constraints," said Anil R.G., managing director of property developer Concorde.

In Mumbai, buffers to accommodate uncertainty inflate development costs by 12% to 18%, Kedia-Agarwal said.

The costs stemming from the outdated building codes extend out to cities themselves. Urban planners say tall buildings are key to limiting unplanned urban sprawl and creating dense cities that work well.

Building denser, more affordable homes may also become a bigger concern for developers if luxury demand begins to cool: Most analysts in a recent Reuters poll expected it to do so within five years due to rising land prices and development costs.

"In India, density is especially important in view of the population," Sarfaraz Momin, founding partner of Mumbai-based urban design company StudioPOD, told a webinar ahead of the Council on Vertical Urbanism's Asia conference in Mumbai earlier this month, noting this is "why the country needs supertall buildings not just for its affluent."

Instead of allowing a city to grow into places it was never meant to be in and then expect infrastructure to catch up, authorities should plan for the next 50 years and design infrastructure networks in concentrated areas, Momin said.

"Supertall buildings come into the picture in dense, compact and walkable cities supported by state-of-the-art infrastructure," he said.

Charu Bahri is a contributing writer.

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