



RESIDENTIAL REAL ESTATE

Despite moderate sales growth in Q1 FY2025, area sold in the top seven cities to increase by 10-12% YoY in FY2025 on a high base of FY2024

September 2024





[Click to see full report](#)

The area sold in top seven cities in India is likely to increase by 10-12% in FY2025 on a high base of FY2024.

Despite the enhanced launch pipeline, the years to sell (YTS) is expected to sustain at around 1.0 times in FY2025.



- **ICRA expects the area sold in the top seven cities in India to increase by 10-12% in FY2025, supported by the sustained strong demand driven by the aspiration for home ownership and upgrade, and healthy, albeit moderating affordability.** Area sold witnessed a moderate growth of 7% in Q1 FY2025 due to deferment of launches to subsequent quarters. The sales remained resilient in FY2024 with growth of 19% YoY reaching a decadal high of 714 msf.



- **ICRA expects the launches to be at a decadal high of around 767 msf in FY2025, growth of 12% YoY.** The replacement ratio remained healthy at 1 times in FY2024 on the back of robust sales and calibrated project launches and is likely to sustain at 1 times in FY2025. Despite the enhanced launch pipeline, the YTS is expected to remain comfortable at around 1.0 times in FY2025.



- **The average sale price (ASP) rose by 11% YoY in FY2024** due to a change in the product mix with a higher share of luxury units and pricing flexibility arising out of healthy sales and the resultant lower inventory overhang. **ICRA expects the ASP to further increase by 4-6% in FY2025.**



- **ICRA's outlook on the residential real estate sector is Stable.** ICRA expects the overall sales velocity, collections and inventory position to remain healthy. The gross debt levels of ICRA's sample may grow by around 6-7% in FY2025, given the increased land acquisition for new business development by developers in addition to the increase in construction finance debt due to a ramp-up in project execution. Nonetheless, the leverage measured by gross debt/cash flow from operations, is expected to be comfortable at 1.55-1.60 times in FY2025 (1.63 times in FY2024), supported by healthy cash flow from operations.

1 ICRA's outlook on sector



2 Trends in key operational metrics in the top seven cities



3 Emerging trends in the residential real estate sector



4 Key metrics of ICRA's sample set



5 ICRA rating actions





ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Rajeshwar Burla	Group Head & Senior Vice President	rajeshwar.burla@icraindia.com	091 40 6939 6443
Anupama Reddy	Co-Group Head & Vice President	anupama.reddy@icraindia.com	091 40 6939 6427
Tushar Bharambe	Sector Head & Assistant Vice President	tushar.bharambe@icraindia.com	091 22 6169 3347
Chintan Chheda	Senior Analyst	chintan.chheda@icraindia.com	091 22 6169 3363





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!