

Residential Real Estate-Mumbai Metropolitan Region

Luxury segment remains a growth driver, whereas affordable and mid-segment slows down

MARCH 2025



Highlights



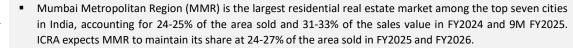


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Delay in new launches and steady sales momentum contributed to sustained reduction in the inventory overhang with years-to-sell (YTS) at a decadal low of 1.2 years as of December 2024 (2.8 years as of June 2020).

Area sold in the MMR market is likely to remain flattish in FY2025 and expand by 6-8% in FY2026.







■ The area sold in MMR had expanded by a robust 16% YoY in FY2024, supported by sustained end-user demand and healthy affordability. Subsequently, in 9M FY2025, the area sold in MMR remained flattish due to lower-than-anticipated launches, which are expected to spill over to FY2026. ICRA expects the area sold in FY2025 to remain largely similar to the previous year and increase by 6-8% in FY2026.



• The years-to-sell (YTS) for unsold inventory witnessed a sustained reduction in MMR to a decadal low of 1.2 years as of December 2024 from 2.8 years as of June 2020, supported by steady sales performance and calibrated launches. The YTS is expected to remain around 1.0 - 1.1 times as of March 2025 and March 2026. During FY2024, the area sold at 170 msf, outstripped the launches at 156 msf, resulting in a healthy replacement ratio of ~1.0 time. In 9M FY2025 as well, the replacement ratio remained around 1.0 time and is expected to remain around 0.9 − 1.0 times in FY2025 and FY2026.



• The average selling prices (ASP) in MMR have grown by 5% YoY during Q4 FY2024 to Q3 FY2025, driven by the increase in share of the luxury segment in area sold from 17% to 20% during this period. Thane has witnessed the highest growth in ASP in MMR at a growth of 10.6% YoY during Q4 FY2024 to Q3 FY2025.



■ ICRA's outlook on the sector is Stable. The area sold for ICRA's sample set is estimated to grow at a modest 1-3% in FY2025 and 5-7% in FY2026, and the collections are likely to increase by 10-12% in FY2025 and by another 11-13% in FY2026, backed by an increase in unit sales, hike in average selling price and a ramp-up in project execution. The gross debt levels may increase by 10-12% in FY2025 and by another 6-8% in FY2026. Nonetheless, the leverage, as measured by gross debt/cash flow from operations (CFO), is likely to remain comfortable in the range of 1.50-1.60 times in FY2025 and FY2026, supported by healthy cash flows.

Source: Propequity and ICRA Research; Top Seven Cities: Mumbai Metropolitan Region (MMR), National Capital Region (NCR), Bengaluru, Hyderabad, Pune, Kolkata, Chennai ICRA's sample set includes Sobha Limited, Ashiana Housing Limited, Puravankara Limited, DLF Limited, Brigade Enterprises Limited, Keystone Realtors Limited, Prestige Estates Projects Limited, Mahindra Lifespace Developers Ltd, Godrej Properties Limited, and Macrotech Developers Limited

Agenda











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