

## Residential Real Estate- Mumbai Metropolitan Region

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

MARCH 2025





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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.*



- Mumbai Metropolitan Region (MMR) is the largest residential real estate market among the top seven cities in India, accounting for 24-25% of the area sold and 31-33% of the sales value in FY2024 and 9M FY2025. ICRA expects MMR to maintain its share at 24-27% of the area sold in FY2025 and 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. There 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

## 1 Outlook on Indian residential real estate segment



## 2 Trend in key metrics in MMR



## 3 Rating actions in ICRA's residential real estate portfolio





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# Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Senior Vice-President & Group Head	<a href="mailto:ashish.modani@icraindia.com">ashish.modani@icraindia.com</a>	022 – 6169 3300
Anupama Reddy	Vice-President & Co-Group Head	<a href="mailto:anupama.reddy@icraindia.com">anupama.reddy@icraindia.com</a>	040 - 6939 6427
Sweta Shroff	Assistant Vice-President & Sector Head	<a href="mailto:sweta.shroff@icraindia.com">sweta.shroff@icraindia.com</a>	124 - 4545 307
Chintan Chheda	Senior Analyst	<a href="mailto:chintan.chheda@icraindia.com">chintan.chheda@icraindia.com</a>	022 – 6169 3363





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# Business Development/Media Contact Details

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





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