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Residential Real Estate - National Capital Region

Area sold in NCR to reach a decadal high in FY2025

March 2025

Highlights

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Area sold in the National Capital Region (NCR) is expected to report sharp expansion of 32-34% in FY2025 and is likely to be maintained at similar levels in FY2026.

In the NCR, the replacement ratio is likely to inch around 1.2 times as of March 2025 (0.8 time as of March 2024) on account of the significant increase in launches.

- **The area sold in NCR improved significantly by 37% YoY to 79 million square feet (msf) in 9M FY2025** supported by sustained strong end-user demand and healthy, albeit moderating affordability. ICRA expects the area sold in NCR to grow by ~32-34% to 100-106 msf in FY2025, reaching a decadal high and maintaining similar levels in FY2026.
- **NCR reported sales of 279 msf during FY2022 - 9M FY2025,** while the new launches were at 243 msf. In 9M FY2025, the new launches in the NCR market increased by 114% to nearly 85 msf compared to 40 msf in 9M FY2024. Backed by low inventory levels and healthy sales velocity, the replacement ratio stood at 0.8 times in FY2024, which increased to 1.1 times in 9M FY2025 on account of robust launches during the period. ICRA estimates the replacement ratio to be around 1.2 times in FY2025 and FY2026.
- **The years-to-sell (YTS) witnessed a considerable reduction in NCR to 0.9 years** as of December 2024 from 2.3 years in September 2021, driven by continued strong end-user demand. The YTS is likely to remain comfortable at 0.7-0.8 year as of March 2025 and March 2026 (0.8 year as of March 2024).
- **The average selling price (ASP) in NCR grew by about 24% on a YoY basis in FY2024**, which is the highest growth among the top seven cities supported by low inventory and increasing share of sales from the luxury segment. The price grew by about 31% YoY in 9M FY2025 in the NCR, mainly driven by the increase in the share of the luxury segment in the overall sales mix.
- **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 the rising unit sales, hike in average selling price and a ramp-up in project execution. The gross debt levels are likely to be higher 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 estimated to remain comfortable in the range of 1.5-1.6 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

1 Outlook on Indian residential real estate segment

2 Trend in key metrics in NCR

3 Rating actions in ICRA’s residential real estate portfolio

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Thank You!