

## RESIDENTIAL REAL ESTATE

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Launches likely to rise by 4-7% in  
FY2027; YTS to remain comfortable

MARCH 2026



## 1 Trends in key operational metrics in the top seven cities



## 2 Emerging trends in the residential real estate sector



## 3 Key metrics of ICRA's sample set



## 4 ICRA's outlook for top seven cities



## 5 ICRA rating actions on residential real estate portfolio





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*The area sold across seven cities is expected to witness marginal growth of 0-3% in FY2027 to 635-655 msf; the ongoing conflict in West Asia and its impact on macroeconomic conditions pose downside risks to these estimates.*

*Years-to-sell (YTS) is likely to remain comfortable at around 1.4-1.6 years as of March 2027.*



- Area sold across the top seven cities\* in India is estimated to decline by 0–3% to 625–645 million square feet (msf) in FY2026 (a 2% YoY dip in 9M FY2026), primarily due to a contraction in project launches and a high base effect. A marginal growth of 0–3% in FY2027 is expected in area sold, supported by slightly higher demand in mid and luxury categories amid an expected rise in new launches. However, prolonged conflict in West Asia could directly impact economic activity and create downside risks to the full year estimates.



- Launches across top seven cities declined marginally by 3% YoY during 9M FY2026 due to delayed approvals and are estimated to contract by 1–4% to 645–665 msf in FY2026. ICRA projects the launches to recover with 4-7% growth in FY2027, supported by spillover launches, comfortable unsold inventory levels, smoothening of the e-khata process in Bengaluru, and easing regulatory approvals following the Supreme Court ruling in MMR and Pune. With launches expected to outpace sales, the years-to-sell (YTS) is likely to rise to 1.4 years as of March 2026 (PY: 1.1 years) and around 1.4 – 1.6 years as of March 2027, while remaining comfortable.



- Following a 15% growth in average selling prices (ASP) in FY2025, it is expected to further rise by 6-8% in FY2026 (8% YoY growth witnessed in 9M FY2026) driven by a higher proportion of the premium segment in the overall sales mix. ASPs are projected to rise moderately by 4-7% during FY2027 on a high base.



- Despite decline in overall sales in FY2025 and 9M FY2026, the luxury segment outperformed, with sales rising 18% and 10%, respectively. Its share of total sales rose sharply to 37% in FY2025 and 42% in 9M FY2026, from 21% in FY2020, amid a sharp decline in affordable segment and a largely stable mid-segment. The sales mix is expected to remain skewed towards mid and luxury segments in FY2027.



- ICRA's outlook on the residential real estate sector is Stable. Amid sectoral consolidation, reputed developers are well-positioned to outperform industry trends, driven by continued market share gains and improving buyer confidence. Over the past two to three years, these developers have materially deleveraged, supported by healthy operating cash flows and capital raising through QIPs and IPOs. While leverage may rise modestly in FY2026–FY2027 to support growth, the levels are expected to remain comfortable.

Source: Propequity and ICRA Research; \*Top seven cities: Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai Metropolitan Region (MMR), National Capital Region (NCR), Pune; ICRA's sample set: Sobha Limited, Ashiana Housing Limited, Puravankara Limited, DLF Limited, Brigade Enterprises Limited, Keystone Realtors Limited, Prestige Estates Projects Limited, Godrej Properties Limited, Macrotech Limited, Kalpatru Projects International Limited and Aditya Birla Real Estate Limited.

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