

RESIDENTIAL REAL ESTATE

Launches likely to grow by around 15% in FY2024 and reach decadal high

September 2023



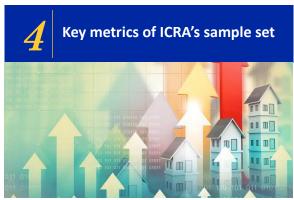
Agenda













Highlights



The area sold is likely to increase by 8-9% in FY2024 on a high base of FY2023, supported by continued enduser demand and healthy affordability. The launches are expected to be at a decadal high of around 680 msf in FY2024.









- ICRA expects the area sold in the top seven cities in India to increase by 8-9% to 650 msf in FY2024 on a high base of FY2023. In FY2023, sales in the residential real estate sector across the top seven cities in India remained resilient with 603 million square feet (msf) of area sold, a growth of ~34% year-on-year (YoY), backed by strong end-user demand and healthy affordability. This was despite an increase in the policy rates translating to higher home loan interest rates. In Q1 FY2024, the area sold increased by 11% YoY.
- ICRA expects the launches to be at a decadal high of around 680 msf in FY2024 (higher 15% YoY) and the launches in Q1 FY2024 were at 131 msf, on an aggregate basis, across the top seven cities. Consequently, the replacement ratio is estimated to inch to slightly above one time in FY2024, compared to 0.98 in FY2023.
- The average sale price (ASP) rose by 11% in FY2023 on a YoY basis and is expected to further increase by 4-6% in FY2024. This is driven by 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's outlook on the residential real estate sector is Stable. Though the sales growth rate is likely to moderate in FY2024 on a high base of FY2023, ICRA expects the overall sales velocity, collections and inventory position to remain healthy. The net debt levels may increase by around 19-21% in FY2024, 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, net debt/cash flow from operations, is expected to be comfortable between 1.1 times and 1.3 times in FY2024, supported by healthy cash flows.



Name	Designation	Email	Contact Number
Rajeshwar Burla	Group Head & Senior Vice President	rajeshwar.burla@icraindia.com	091 40 4547 4829
Anupama Reddy	Co-Group Head & Vice President	anupama.reddy@icraindia.com	091 40 4547 4829
Neha Mittal	Sector Head & Assistant Vice President	neha.mittal@icraindia.com	0124 – 4545 365
Pulkit Varshney	Assistant Vice President	pulkit.varshney@icraindia.com	080-43326427

















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
Vipin Saboo	Head Business Development – Corporate Sector - West & East	vipin.saboo@icraindia.com	022-61693348
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Media & Communications	communications@icraindia.com	0124-4545860



















© Copyright, 2023 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.



Thank You!

