

## Residential Real Estate-Pune

Sustained end-user demand to drive 12-14% growth in area sold in Pune in FY2024

**JANUARY 2024** 



#### **Highlights**





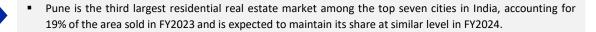
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Calibrated launches and healthy sales momentum contributed to notable reduction in the inventory overhang with an improvement in years-to-sell (YTS) at 0.8 years as of September 2023 from 1.8 years as of September 2020.

Area sold in the Pune market is expected to expand by 12-14% in FY2024, supported by continued enduser demand.









■ The area sold in Pune grew at 28% YoY in FY2023, supported by strong end-user demand and healthy affordability despite headwinds such as increasing interest rates. ICRA expects the area sold to increase by a further 12-14% in FY2024, on the high base of FY2023.



■ The years to sell (YTS) for unsold inventory witnessed a sustained reduction in Pune to 0.8 years as of September 2023 from 1.8 years in September 2020, driven by improved sales velocity and calibrated launches. The YTS is expected to remain around 1 time as of March 2024. During FY2023, the area sold at 113 msf, outstripped the launches at 109 msf, resulting in a healthy replacement ratio of ~1.0 times, which is expected to be sustained at a similar level in FY2024.



The average selling prices in the Pune market have witnessed a healthy uptick and have grown by 11% to Rs. 6,108 psf in Q2 FY2024 from Rs. 5,505 psf in Q1 FY2023, driven by the increase in share of mid and luxury segments during this period.



■ ICRA's outlook on the residential real estate sector is Stable and it expects the overall sales velocity and collections to remain healthy for its sample set. The sales are estimated to grow by 15-17% in FY2024 and ~11-12% in FY2025, and the collections are likely to increase by 19-21% in both FY2024 and FY2025, supported by an expected increase in unit sales, hike in average selling price and a ramp-up in project execution. The gross debt levels may increase by 17-19% in FY2024 and remain at similar levels in FY2025. Nonetheless, the leverage, as measured by gross debt/CFO, is likely to remain comfortable between 1.70-1.75 times in FY2024 and 1.55-1.60 times in FY2025, supported by healthy cash flows.

### **Agenda**











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