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Residential Real Estate-Pune

Inventory overhang at decadal low, despite slowdown in sales momentum

FEBRUARY 2025

Highlights

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The years-to-sell (YTS) in the Pune market was at a decadal low of 0.7 years as of December 2024, primarily due to delay in new launches.

Area sold in the Pune market is expected to shrink by 6-8% in FY2025 and remain flattish in FY2026.

- Pune is the third largest residential real estate market among the top seven cities in India, accounting for 18% of the area sold in FY2024 and 9M FY2025. Share of Pune in top seven cities is expected to remain at 17-18% in FY2025 and FY2026.
- The area sold in Pune grew at 14% YoY in FY2024, supported by sustained end-user demand and healthy affordability. In 9M FY2025, there was a 9% contraction in the area sold in Pune due to lower-than-anticipated launches, which are expected to spill over to FY2026. ICRA expects the area sold to shrink by 6-8% in FY2025 and remain flattish in FY2026.
- The years to sell (YTS) for unsold inventory witnessed a sustained reduction in Pune to a decadal low of 0.7 years as of December 2024 from 1.6 years as of June 2020, supported by steady sales performance and calibrated launches. The YTS is expected to remain around 0.6 times as of March 2025 and March 2026. During FY2024, the area sold at 129 msf, outstripped the launches at 124 msf, resulting in a healthy replacement ratio of ~1.0 time. In 9M FY2025, due to lower launches, the replacement ratio improved to 0.8 times and is expected to remain below 1.0 time in FY2025 and FY2026.
- The average selling prices (ASP) in Pune have grown at a CAGR of 5.1% to Rs. 6,573 psf in Q3 FY2025 from Rs. 6,177 psf in Q3 FY2024, driven by the increase in share of mid-income and luxury segment sales. The southeast region has witnessed the highest growth in ASP in Pune with CAGR growth of 6.6% during Q3 FY2024 to Q3 FY2025.
- ICRA's outlook on the sector is Stable. The area sold (across top 7 cities) 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 1.5-1.6 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

Agenda

1 Outlook on Indian residential real estate segment

2 Trend in key metrics in Pune

3 Rating actions in ICRA's residential real estate portfolio

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Thank You!