



Residential Real Estate - Hyderabad

Highest inventory overhang among
the top seven cities as of June 2025

September 2025



1 Outlook on Indian residential real estate segment



2 Trend in key metrics for Hyderabad



3 Trend in key metrics for top micromarket



4 Rating actions in ICRA's residential real estate portfolio





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In Q1 FY2026, area sold in Hyderabad declined by 11% YoY and ICRA estimates area sold to dip by 3-5% in FY2026, owing to high inventory in the mid and luxury segment with moderate sales velocity.

Hyderabad has the highest inventory overhang among the top seven cities. Moderate sales momentum contributed to the rise in inventory overhang with an increase in years-to-sell (YTS) at 2.0 years as of June 2025 from 1.4 years as of March 2024.



- Hyderabad ranks third among the top seven cities in India in terms of area sold during FY2025 and Q1 FY2026. While its share of total area sold across these cities remained stable at 21–24% during FY2022 to FY2024, it declined to 18% in FY2025 due to a sharp drop in area sold. The share is projected to hover at 17–18% in FY2026.



- Hyderabad recorded a decadal high of 171 msf in area sold in FY2024, registering a strong ~37% CAGR over FY2022–FY2024. However, FY2025 saw a sharp 34% YoY drop, driven by slower sales in mid and luxury segments amid rising property prices, decline in launches due to delays in approvals and supply recalibration by developers. Moreover, regulatory actions by HYDRAA (Hyderabad Disaster Response and Asset Protection Agency) result in a cautious approach from both developers and buyers in FY2025. ICRA projects a further 3–5% dip in area sold in FY2026, reflecting continued market moderation.



- New Launches in Hyderabad declined by 54% to 93 msf in FY2025 due to approval delays on account of state elections and cautious developer activity amid peak unsold inventory levels of 247 msf as of December 2023. However, the launches are up by 10% YoY in Q1 FY2026 and ICRA expects the launches to grow by 8-10% in FY2026, supported by spillover from few delayed launches in FY2025.



- The years to sell (YTS) for unsold inventory witnessed a sustained reduction in Hyderabad to a decadal low of 1.4 years as of March 2024 from peak of 2.1 years as of March 2021, supported by healthy sales performance and calibrated launches. However, owing to a reduction in sales in FY2025 and in Q1 FY2026 (YoY), YTS increased to 2.0 years as of June 2025, marking the highest level in the past seven quarters. ICRA expects the YTS to remain 2.0-2.1 years as of March 2026.



- Over the past five years, the luxury housing segment in Hyderabad has seen a notable rise to 41-45% in FY2025 in both sales area and new launches from 25-29% in FY2021, driven by evolving consumer preferences for premium living and higher disposable incomes. Despite this momentum, the recent deceleration in sales velocity within the luxury segment suggests that developers may adopt a more measured approach to new launches in the near to medium term.



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