

RESIDENTIAL REAL ESTATE

Area sold will continue to slide in FY2026e; larger players will outperform

SEPTEMBER 2025



Agenda













Highlights



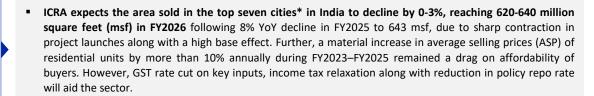


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Area sold in top seven cities reduced by 5% YoY and 6% QoQ in Q1 FY2026; overall, area sold is estimated to decline by 0-3% in FY2026.

The replacement ratio is likely to sustain at around 1.0 time in FY2026 (0.9 times in FY2025).







■ ICRA projects the launches in the top seven cities to grow by 4-7% to around 630-650 msf in FY2026. This is likely to be supported by the spillover of launches from the previous year and current comfortable unsold inventory. The launches in FY2025 declined by 14% to 604 msf due to delayed approvals and on account of the high base effect. Given the moderations in sales velocity and expected calibrated launches, the years-to-sell (YTS) is anticipated to remain comfortable at 1.0 – 1.1 times in FY2026 (PY: 1.1 times).



Driven by increasing share of luxury housing, ASPs saw sustained material hike by 11% in FY2024 and 16% in FY2025 and is further estimated to improve by 6-8% in FY2026. Moreover, low inventory overhang, comfortable YTS and industry consolidation also helped in better pricing power of prominent developers.



ICRA's outlook on the residential real estate sector is Stable. Given the consolidation, the performance of reputed players is anticipated to outperform the broader underlying industry trends. Reputed players continue to gain market share, reflecting growing buyer confidence. Along with policy reforms like Goods and Service tax (GST) and Real Estate Regulatory Authority (RERA), the same have reshaped the sector accelerating consolidation and favouring developers with strong execution and governance. Over the past 2-3 years, these developers have substantially deleveraged through strong operating cash flows and/or fund raises through Qualified Institutional Placement (QIP)/ Initial Public offer (IPO). While debt may rise moderately in FY2026 to support growth, leverage is 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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