

## Residential Real Estate – Chennai

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**Sales likely to grow by 2-5% in  
FY2027; YTS stays comfortable**

**January 2026**





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*ICRA estimates area sold in Chennai to grow by 2–5% YoY and launches by 4–7% YoY in FY2027.*

*Overall years-to-sell (YTS) is expected to rise with the estimated launches outpacing sales, however, YTS to remain comfortable at 1.6–1.7 years as of March 2027.*



- **Chennai residential real estate recorded healthy sales performance during FY2021 to FY2024 with CAGR growth of 15% to 26 million square feet (msf), driven by sustained end user demand and healthy affordability.** However, this growth rate moderated to 2% in FY2025 on a high base, with decline in area sold in affordable segment, while mid and luxury segments posted marginal growth. Overall, during FY2021-FY2025, Chennai saw a CAGR of 11% compared to 18% witnessed across top seven cities in India.



- **Area sold during H1 FY2026 stood at 16 msf (+by 17% YoY) primarily driven by accelerated launches during this period (by +20% YoY), though the second half is expected to remain flattish due to high base of last fiscal.** Overall, ICRA projects the area sold to see a moderate growth of 5-7% in FY2026 and 2-5% in FY2027 supported primarily by end-user demand along with a steady launch pipeline.



- **Chennai saw 31 msf launches in FY2025 (CAGR of 20% over FY2021–FY2025), supported by steady demand and improved connectivity backed by infrastructure upgrades, including metro network expansion and city-wide drain network development aimed at improving flood resilience.** Further, ICRA estimates 5-7% increase in launches for FY2026 and 4-7% in FY2027 driven by comfortable inventory levels and sustained demand from mid and luxury segments.



- **The years-to-sell (YTS) improved to 1.2 years by March 2024 from 2.0 years in March 2021, supported by healthy sales momentum in Chennai.** However, with launches outpacing sales in FY2025 and H1 FY2026, YTS rose to around 1.4 years as of March and September 2025. It is expected to remain stable at 1.4–1.5 years as of March 2026 and inch up further to 1.6–1.7 years as of March 2027, led by higher launches. Historically, from credit perspective, YTS below 2 times highlights a comfortable inventory level in the market.



- **Historically, housing sales in Chennai have been concentrated in the mid-income segment.** However, since FY2023, buyer preferences have shifted towards larger, premium homes, driving a rise in luxury housing share. In H1 FY2026, luxury launches overtook mid-income for the first time, comprising 42% of total launches—up from 19% in FY2025 and 8% in FY2021. In FY2026 and FY2027, ICRA expects luxury housing to maintain a dominant share in overall sales while the mid segment will continue to witness steady traction.

# Agenda

1

Key Updates – Chennai residential real estate



2

Trend in key metrics in Chennai



3

Trend in Key Metrics for Top Micro-markets



4

Indian Residential Industry Outlook



5

Rating Actions in ICRA's Residential Real Estate Portfolio



6

Annexure





# ICRA Analytical Contact Details

| Name            | Designation                            | Email  | Contact Number  |
|-----------------|--|--|-----------------|
| Ashish Modani   | Senior Vice-President & Group Head     | <a href="mailto:ashish.modani@icraindia.com">ashish.modani@icraindia.com</a>     | 020 - 6169 3300 |
| Anupama Reddy   | Vice-President & Co-Group Head         | <a href="mailto:anupama.reddy@icraindia.com">anupama.reddy@icraindia.com</a>     | 040 - 6939 6427 |
| Pulkit Varshney | Assistant Vice-President & Sector Head | <a href="mailto:pulkit.varshney@icraindia.com">pulkit.varshney@icraindia.com</a> | 080 - 4332 6427 |
| Sanjay Virani   | Senior Analyst                         | <a href="mailto:sanjay.virani@icraindia.com">sanjay.virani@icraindia.com</a>     | 040 – 6939 6417 |





# ICRA Business Development/Media Contact Details

| Name            | Designation  | Email  | Contact Number |
|-----------------|--|--|----------------|
| L Shivakumar    | Chief Business Officer                                       | <a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>           | 022-61693304   |
| Sai Krishna     | Head - Research Sales and Investor Connect                   | <a href="mailto:sai.krishna1@icraindia.com">sai.krishna1@icraindia.com</a>       | 9840774883     |
| Rohit Gupta     | Head Business Development – Infrastructure Sector            | <a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>                   | 0124-4545340   |
| Vivek Bhalla    | Head Business Development – Financial Sector                 | <a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>       | 022-61693372   |
| Vinita Baid     | Head Business Development – East                             | <a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>         | 033-65216801   |
| Shivam Bhatia   | Head Business Development – Corporate Sector – North & South | <a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>     | 0124-4545803   |
| Sanket Kulkarni | Head Business Development – Corporate Sector – West          | <a href="mailto:sanket.kulkarni@icraindia.com">sanket.kulkarni@icraindia.com</a> | 022-6169 3365  |
| Naznin Prodhani | Head - Group Corporate Communications & Media Relations      | <a href="mailto:communications@icraindia.com">communications@icraindia.com</a>   | 0124-4545860   |





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