INSTITUTIONAL RESEARCH

Real Estate

Strong recovery

- **Demand resilience broadens despite geopolitical overhang:** Our interaction with real estate stakeholders suggests demand for Grade-A listed developers remains resilient in the Top 6 micro-markets, even as broader cumulative real estate sales may have slowed down, with mid-income and mid-premium housing witnessing elongated sales cycles. Channel checks suggest strong traction across the luxury segment, a trend the street was not anticipating given the West Asia-driven wealth-effect concerns flagged earlier in the year. Recent key launches by Prestige Estates, GPL, ORL, Sobha, and MLIFE have seen strong EOI collections and conversions, a further sign of underlying demand resilience for branded developers. This shall translate into healthy presales bookings during Q1FY27. This EOI traction, spanning both southern (Prestige, Sobha, and GPL) and western (Oberoi, Mahindra Lifespaces) market developers, reinforces the view that the demand slowdown has been more sentiment-driven and geographically/segment-concentrated than a broad-based structural pullback, with visibility into Q2FY27 presales already looking encouraging ahead of the print. The West Asia conflict and the subsequent stock market correction impacted the wealth effect negatively and resulted in delayed deal closures; our analysis suggests residential sales across the top 7 cities declined ~6% YoY in Q1FY27, with the softness concentrated in specific cities and segments rather than broad-based.
- **Office leasing at multi-year highs; retail consumption sustains:** Commercial leasing has not shown cracks. Q1CY26 gross leasing hit 21.5msf, a 10.2% YoY increase, the strongest first quarter on record with pan-India vacancy dropping to a five year low of 14.7% and net absorption at a record 13.7msf. GCCs expanded their footprint 43% YoY to 10msf, taking a 45.5% share of total leasing, while CBRE separately reported GCCs alone leased a record 9.1msf in Q1CY26 (as per JLL report). This directly counters concerns, flagged in April, that AI-led workforce restructuring would create uncertainty around office pre-commitments. Instead, GCC space absorption accelerated rather than slowed through at least Q1CY26.
- **Feared headwinds fail to materialize; narrower-than-feared slowdown tempers H1FY27 caution:** Escalating geopolitical tensions and the equity market correction earlier in the year introduced a fresh layer of uncertainty across the coverage universe, but the impact has proven shallower than initially anticipated. On the commercial side, concerns around AI-led workforce restructuring diluting GCC and IT office pre-commitments have not materialized in the data so far, with GCC leasing volumes hitting record highs and pan-India vacancy touching a five-year low in the most recent quarter. The same seems to have reflected in residential presales. Against this backdrop, we now expect H1FY27 to see a milder deceleration in sales velocity than earlier feared, with presales moderation (less intense vs. earlier estimate) concentrated in luxury-focused and equity-market-funding-exposed segments in NCR and MMR, while premium housing and Bengaluru-centric demand should prove relatively resilient and, in select pockets, outperform Street expectations.
- **Q1FY27 earnings trend:** We expect the aggregate revenue/EBITDA/PAT for the coverage universe to report YoY growth of 15.5/35.7/14.6%. On the aggregate level, we are expecting EBITDA margin to expand by 55bps YoY.
- **Recommendations and top picks**: Following the West Asia war resolution, presales recovery has been stronger than our estimate of 3-6months of slowdown. Q1FY27 new launches saw robust absorption for our coverage universe, with SOBHA, GPL, and MLIFE likely to report the highest-ever 1Q presales. We prefer mixed use developers with high rental portfolio and stable presales. **Top picks:** PEPL, Oberoi Realty, Sobha, and Mahindra Lifespaces.

Company	CMP (INR/sh)	Reco.	TP (INR/sh)
DLF	651	BUY	709
Oberoi Realty	1,904	BUY	2,490
Sobha Developers	1,453	BUY	1,930
Brigade Enterprise	516	BUY	940
Kolte-Patil Developers	369	BUY	456
Prestige Estates	1,665	BUY	1,775
Phoenix Mills	2,070	BUY	1,951
Godrej Properties	2,057	BUY	2,194
Mahindra Lifespaces	371	BUY	612
Lodha Developers	1,100	ADD	998
ABREL	1,400	BUY	1,910

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7353

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Financial summary: Q1FY27E

(Y/E March)	Net Sales (INR mn)			EBITDA (INR mn)			EBITDA margin (%)			APAT (INR mn)		
	Q1FY27	YoY (%)	QoQ (%)	Q1FY27	YoY (%)	QoQ (%)	Q1FY27	YoY (bps)	QoQ (%)	Q1FY27	YoY (%)	QoQ (%)
DLF	16,844	-38%	-7%	3,147	-14%	-23%	19	528	(396)	9,435	24%	-24%
Oberoi Realty	15,801	60%	-10%	8,610	65%	-10%	54	180	(39)	6,345	51%	-10%
Sobha Developers	12,949	52%	-35%	1,170	391%	-23%	9	624	138	602	342%	-35%
Brigade Enterprises	14,093	10%	-3%	3,457	7%	-5%	25	(73)	(49)	1,448	-3%	2%
Kolte-Patil Developers	1,235	50%	-50%	(198)	-24%	229%	(16)	1,545	(1,364)	(108)	-36%	-32%
Prestige Estates	27,226	18%	-33%	9,265	4%	-11%	34	(471)	837	2,545	-13%	-13%
Phoenix Mills	11,760	23%	-5%	7,028	25%	-6%	60	55	(103)	3,514	46%	-14%
Godrej Properties	9,126	110%	-74%	967	-140%	-81%	11	6,658	(450)	3,564	-37%	-46%
Mahindra Lifespaces	1,023	220%	-85%	(527)	-4%	20%	(52)	12,054	(4,500)	114	-40%	-87%
Lodha Developers	41,900	20%	-11%	12,514	27%	-11%	30	167	(10)	8,299	23%	-18%
ABREL	1,471	2%	79%	(538)	30%	-67%	(37)	(797)	15,941	(234)	-13%	-424%
Total	**1,51,957**	**15.5%**	**-28.6%**	**45,432**	**35.7%**	**-17.0%**	**30**	**434.8**	**409.7**	**35,758**	**14.6%**	**-23.3%**

Source: Company, HSIE Research

Valuation summary

Real Estate	Mcap (INR bn)	CMP (INR/sh)	Reco	TP	Adj. EPS (INR/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
DLF	1,577	651	BUY	709	17.8	19.4	23.8	35.7	32.8	26.8	108.0	43.3	31.6	9.1	10.2	11.5
Oberoi Realty	649	1,904	BUY	2,490	69.0	84.1	98.2	25.9	21.2	18.2	19.4	14.1	12.0	14.8	15.5	16.2
Sobha Developers	150	1,453	BUY	1,930	18.1	63.1	107.6	77.5	22.2	13.0	46.4	12.6	7.7	4.2	13.3	19.5
Brigade Enterprises	122	516	BUY	940	26.4	34.5	43.6	19.0	14.5	11.5	9.2	5.6	4.8	10.9	12.9	14.4
Kolte-Patil Developers	27	369	BUY	456	7.3	23.5	35.2	49.7	15.4	10.3	43.5	7.9	5.5	7.8	17.3	21.6
Prestige Estates	692	1,665	BUY	1,775	27.8	23.5	35.6	57.9	68.3	45.1	19.6	16.6	13.0	7.5	6.0	8.5
Phoenix Mills	714	2,070	BUY	1,951	34.2	4.1	4.1	58.4	492.7	492.7	28.5	23.1	19.9	11.0	12.4	13.1
Godrej Properties	581	2,057	BUY	2,194	61.1	66.9	84.3	33.6	30.7	24.4	(136.8)	163.8	44.9	9.8	8.2	7.4
Mahindra Lifespaces	79	371	BUY	612	4.0	4.0	4.0	93.4	93.4	93.4	(63.8)	24.6	9.9	8.3	9.0	10.2
Lodha Developers	974	1,100	ADD	998	34.4	39.7	49.7	28.4	24.6	19.6	21.0	16.5	13.5	15.7	15.6	15.9
ABREL	156	1,400	BUY	1,910	(16.5)	(18.2)	68.0	(84.7)	(77.1)	20.6	(63.5)	(76.5)	13.8	(8.0)	(5.6)	19.6

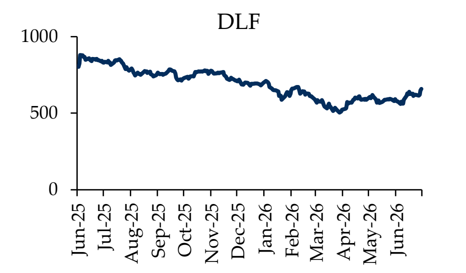
Source: Company, HSIE Research

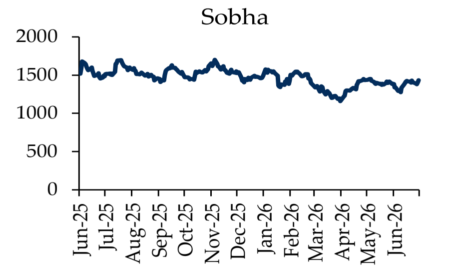
Presales summary estimates

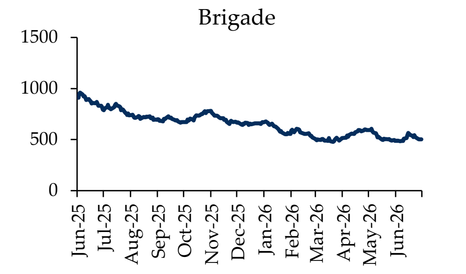
In INR mn	1QFY27E	1QFY26	YoY (%)	4QFY26	QoQ (%)
Brigade Enterprise	6,500	11,200	-42%	25,100	-74%
DLF	7,500	1,14,500	-93%	39,700	-81%
Godrej Properties	88,500	70,800	25%	1,01,600	-13%
Kolte-Patil	6,000	6,100	-2%	7,000	-14%
Mahindra Lifespaces	13,500	4,500	200%	16,300	-17%
Oberoi Realty	8,500	16,300	-48%	16,733	-49%
Prestige Estate	65,000	1,21,264	-46%	76,900	-15%
Sobha Developers*	36,561	20,788	76%	20,300	80%
Lodha Developers	45,835	44,500	3%	58,900	-22%
ABREL	4,000	4,225	-5%	42,800	-91%
Total	**2,81,896**	**4,14,177**	**-32%**	**4,05,333**	**-30%**

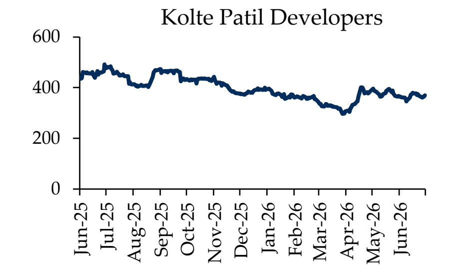
Source: Company, HSIE Research, * actuals as reported

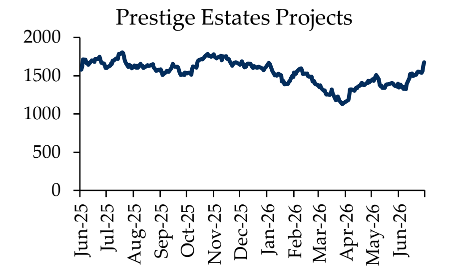
Price history

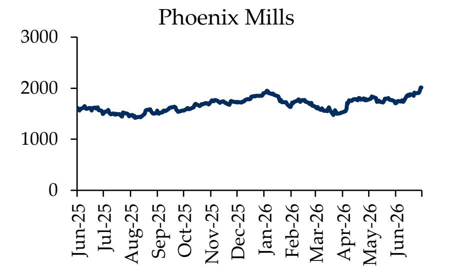


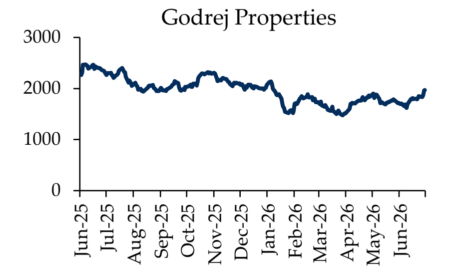


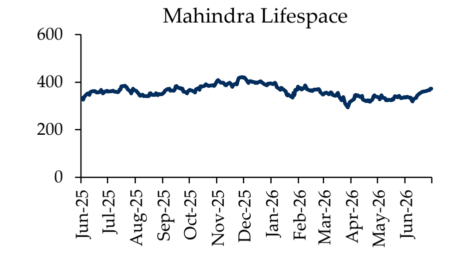


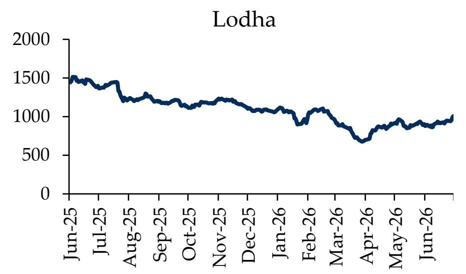












Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:
We, **Parikshit Kandpal, CFA, Jay Shah, CA and Aditya Sahu, MBA** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.
Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.
Any holding in stock – YES
HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:
This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.
Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.
This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.
If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.
Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.
This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.
HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.
HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com