

Real Estate

Presales stable, strong launch pipeline

- Demand resilience broadens despite geopolitical overhang:** Our channel checks suggest the demand slowdown that weighed on H1CY26 is behind us, even as sales cycles in mid-income housing remain elongated. As per JLL and Anarock, top 7 city housing sales rose 3%/10% YoY/ QoQ in Q3CY26 (value +2% YoY), after declines of ~7% in Q1CY26 and ~6% in Q2CY26. More importantly for listed developers, new launches rose 18% YoY, showing that supply is returning on the back of firm EOI collections and conversions trajectory. The strongest evidence of demand resilience is at the branded end. The traction, spanning both western/northern (Oberoi, GPL) and southern (Prestige, Sobha) developers, reinforces our view that the slowdown was sentiment driven and geographically and segment concentrated rather than a broad-based structural pullback. Sales velocity remained stable with Bengaluru, Chennai witnessing 50-60%/30% launch sellout. NCR show strong show with 100% sellout for Oberoi and DLF. Mumbai remained stable at 30-35% and Pune 40-50%. With the upcoming festive season, Q3FY27 launch pipeline looks impressive as we expect new records from GPL, Prestige, Lodha, Mahindra Life and Sobha. We expect our coverage universe to meet presales guidance. We see strong P&L margin uptick from Q4FY27 from developers following CCM accounting as better margins projects move into deliveries. Grade-A branded developers with launch pipelines in MMR, Bengaluru and Hyderabad remain best placed to capture the recovery the softness concentrated in specific cities and segments rather than being broad-based.
- Office leasing stays at record levels:** Q3CY26 office absorption of ~21.0msf (+6% YoY, CBRE) took 9MCY26 to a record ~66.4msf, following record gross leasing of 24.6msf in Q2CY26. GCCs were again the anchor, leasing ~8.7msf (~41% of the total Q3CY26 absorption). The data does not support the concern raised earlier this year that AI-led workforce restructuring would stall office pre-commitments; demand has, if anything, strengthened through the year. For developers this works as a cash-flow cushion: rental-heavy portfolios (DLF/DCCDL, Phoenix Mills, Brigade, Prestige and Oberoi) earn occupancy-driven, escalating rentals that stay stable even when presales are lumpy.
- Sectoral underperformance driven by rising yield and likely interest rate hike; on ground grade A demand remains strong:** Escalating geopolitical tensions and the equity market correction during 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 be mixed with some companies making new records whilst others reporting strong sustenance in absence of new launches. Premium housing continues to outperform across geographies MMR/NCR/Pune and Bengaluru.
- Q2FY27 earnings trend:** We expect the aggregate revenue/EBITDA/PAT for the coverage universe to report YoY growth of 12.5/34.2/14.2%. On the aggregate level, we are expecting EBITDA margin to expand by 443.5bps YoY.
- Recommendations and top picks:** Presales momentum has held up better than the market feared, and the next leg of earnings growth depends on H2FY27 delivery mix from better margins projects launched in FY23 onwards. We therefore treat the Q2FY27 earnings print as margin led recovery following into rest of FY27 and more of timing/accounting issue. We prefer mixed-use developers with a high rental portfolio and stable presales. **Top picks:** PEPL, Oberoi Realty, Sobha, and Mahindra Lifespaces.

Company	CMP (INR/sh)	Reco.	TP (INR/sh)
DLF	662	BUY	752
Oberoi Realty	1,747	BUY	2,490
Sobha Developers	1,198	BUY	1,930
Brigade Enterprise	561	BUY	940
Kolte-Patil Developers	429	BUY	526
Prestige Estates	1,453	BUY	1,878
Phoenix Mills	1,877	BUY	1,951
Godrej Properties	1,598	BUY	2,258
Mahindra Lifespaces	355	BUY	612
Lodha Developers	1,131	ADD	1,299
ABREL	1,078	BUY	1,910

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Financial summary: Q2FY27E

(Y/E March)	Net Sales (INR mn)			EBITDA (INR mn)			EBITDA margin (%)			APAT (INR mn)		
	Q2FY27	YoY (%)	QoQ (%)	Q2FY27	YoY (%)	QoQ (%)	Q2FY27	YoY (bps)	QoQ (%)	Q2FY27	YoY (%)	QoQ (%)
DLF	13,444	-18%	5%	3,147	-14%	-23%	23	124	(867)	9,435	24%	-24%
Oberoi Realty	15,611	-12%	20%	8,610	65%	-10%	55	2,590	(1,866)	6,345	51%	-10%
Sobha Developers	16,600	18%	30%	1,170	24%	-23%	7	37	(486)	602	342%	-35%
Brigade Enterprises	11,602	-16%	4%	3,457	7%	-5%	30	641	(289)	1,448	-3%	2%
Kolte-Patil Developers	3,678	165%	-60%	(198)	-24%	229%	(5)	1,332	(474)	(108)	-36%	-32%
Prestige Estates	27,687	14%	3%	9,265	4%	-11%	33	(329)	(562)	2,545	-13%	-13%
Phoenix Mills	11,287	1%	5%	7,028	25%	-6%	62	1,167	(747)	3,514	46%	-14%
Godrej Properties	8,397	13%	66%	967	-140%	-153%	12	4,438	4,762	3,564	-37%	-46%
Mahindra Lifespaces	1,251	612%	-87%	(527)	-4%	-277%	(42)	27,115	(4,527)	114	-40%	-87%
Lodha Developers	52,465	38%	5%	12,514	27%	-11%	24	(206)	(442)	8,299	23%	-18%
ABREL	1,692	75%	-10%	(492)	-31%	-12%	(29)	4,449	79	(248)	39%	-28%
Total	1,62,022	12.5%	0.5%	45,432	34.2%	-7.9%	28	443.5	(249.6)	35,758	14.2%	-22.7%

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	1,640	662	BUY	752	17.8	19.4	23.8	37.5	34.4	28.1	114.0	46.5	33.9	17.8	19.4	23.8
Oberoi Realty	635	1,747	BUY	2,490	69.0	84.1	98.2	25.5	20.9	17.9	20.0	14.6	12.4	69.0	84.1	98.2
Sobha Developers	128	1,198	BUY	1,930	18.1	63.0	107.6	66.2	19.0	11.1	41.6	11.0	6.7	18.1	63.0	107.6
Brigade Enterprises	183	561	BUY	940	19.8	25.9	32.7	29.0	22.2	17.5	14.0	9.1	7.7	10.9	12.9	14.5
Kolte-Patil Developers	33	429	BUY	526	(5.0)	22.8	34.5	(86.3)	19.0	12.6	(58.3)	10.3	7.2	(5.0)	22.8	34.5
Prestige Estates	626	1,453	BUY	1,878	27.8	23.5	35.6	52.3	61.7	40.8	19.2	16.2	12.6	27.8	23.5	35.6
Phoenix Mills	671	1,877	BUY	1,951	34.2	42.5	50.4	56.0	45.1	38.0	27.2	22.0	18.9	34.2	42.5	50.4
Godrej Properties	481	1,598	BUY	2,258	61.1	66.9	84.3	33.6	30.7	24.4	(135.3)	161.8	44.4	61.1	66.9	84.3
Mahindra Lifespaces	76	355	BUY	612	14.0	16.0	20.0	24.9	21.8	17.4	(61.9)	22.6	8.7	14.0	16.0	20.0
Lodha Developers	1,128	1,131	ADD	1,299	34.4	39.7	49.7	33.0	28.6	22.8	25.8	20.5	16.8	34.4	39.7	49.7
ABREL	120	1,078	BUY	1,910	(10.3)	(9.0)	57.9	(104.9)	(120.4)	18.6	(42.7)	(75.0)	15.5	(10.3)	(9.0)	57.9

Source: Company, HSIE Research

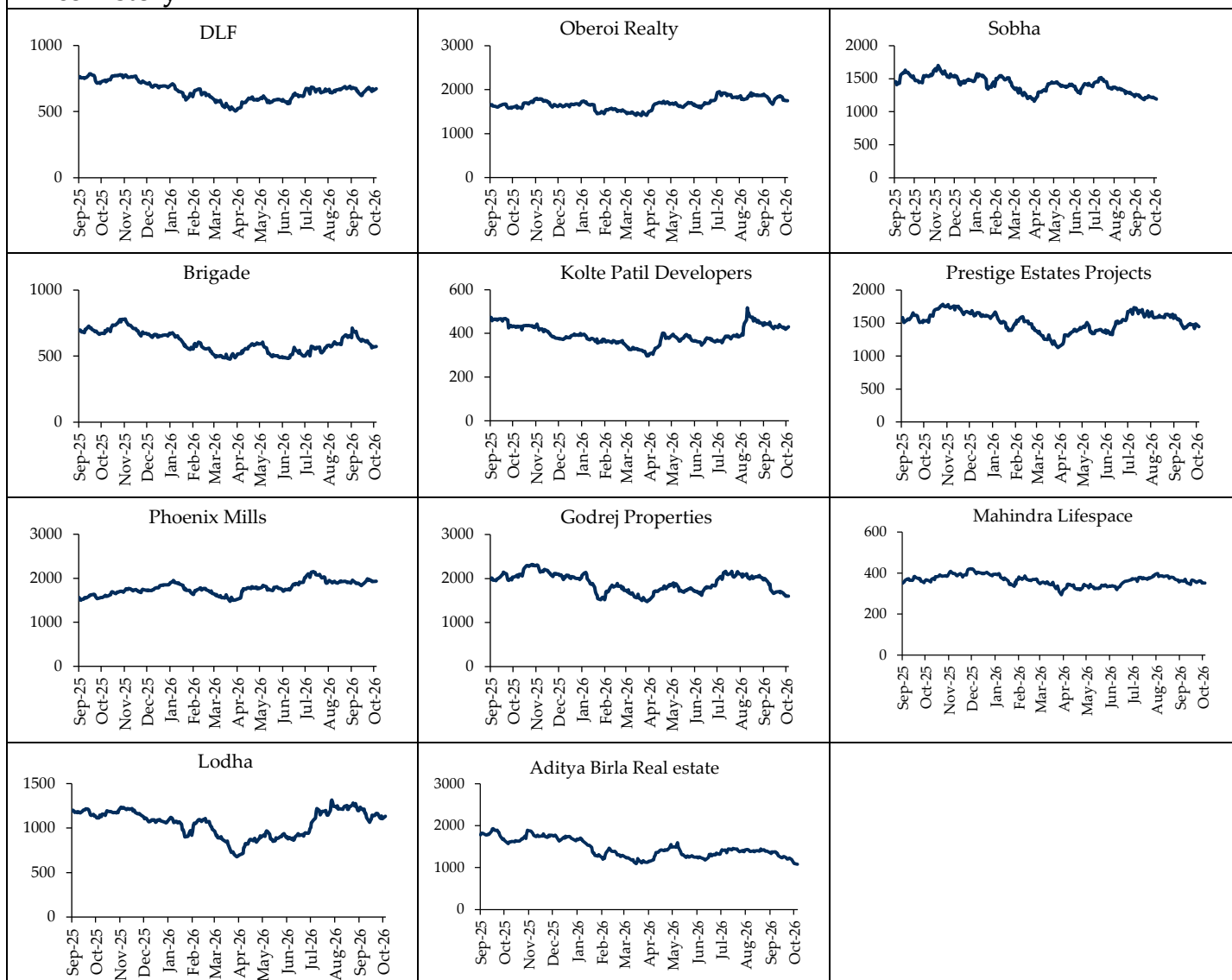
Presales summary estimates

In INR mn	2QFY27E	2QFY26	YoY (%)	1QFY27	QoQ (%)
Brigade Enterprise	18,500	20,340	-9%	10,600	75%
DLF	12,500	43,200	-71%	6,500	92%
Godrej Properties	75,000	85,050	-12%	86,500	-13%
Kolte-Patil	11,000	6,700	64%	6,200	77%
Mahindra Lifespaces	9,100	7,520	21%	9,200	-1%
Oberoi Realty	92,500	12,990	612%	10,500	781%
Prestige Estate	68,000	60,173	13%	65,700	4%
Sobha Developers*	22,063	19,026	16%	36,500	-40%
Lodha Developers	51,000	45,600	12%	46,300	10%
ABREL	2,900	17,000	-83%	3,290	-12%
Total	3,62,563	3,17,599	14%	2,81,290	29%

Source: Company, HSIE Research, * actuals as reported

Real Estate: Q2FY27 Results Preview

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

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