

Realty: Q4FY26 Quarterly Results Preview

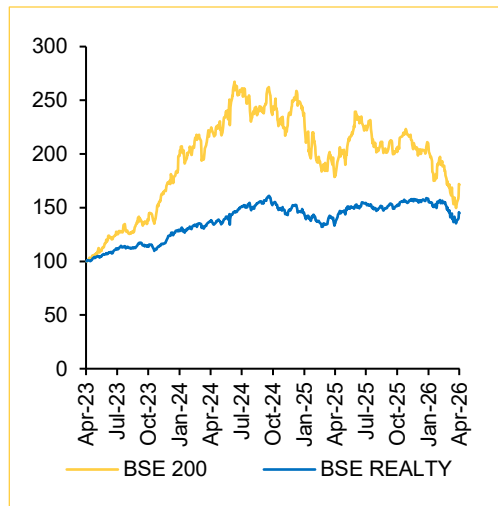
Steady Demand for Developers, Workspace Leasing Accelerates

Sector View: Positive

Recommendation			
Company	CMP (INR)	TP (INR)	Rated
Godrej Properties Ltd (GPL)	1,694	2,520	BUY
Mahindra Lifespace Developers Ltd (MLIFE)	343	500	BUY
Sobha Ltd (SOBHA)	1,293	1,840	BUY
EFC (I) Ltd (EFCIL)	199	375	BUY
Awfis Space Solutions Ltd (AWFIS)	309	590	BUY
Smartworks Coworking Space Ltd (SMARTWOR)	397	630	BUY
PSP Projects Ltd (PSPPL)	670	720	REDUCE

*CMP as on April 09, 2026

Rebased Price Chart



Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE 200	71.5	(23.1)	(4.3)
BSE REALTY	44.9	5.4	7.4

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Sectoral Overview:

Developers: Steady Demand, Supply Momentum Builds

- Pre-sales:** Housing sales across India's top seven cities declined ~7% QoQ but rose 9% YoY to 1,01,675 units in Q4FY26. In value terms, sales fell 5% QoQ yet grew 6% YoY to INR 15.1 Bn. The sequential weakness reflects global uncertainty, rising cost and softer demand from Middle-eastern investors – traditionally a key contributor. Most markets saw QoQ declines; Hyderabad was broadly stable, Chennai was down the most (-18%); NCR, Pune, and Kolkata fell 8–10% each. Despite this, Chennai recorded the strongest YoY growth (+31%) on a low base. MMR and Bengaluru together contributed ~48% of total sales this quarter
- Launches:** Housing supply remained resilient in Q4FY26, with launches at 1,26,265 units, up 2% QoQ and 26% YoY. MMR and Bengaluru drove over half of total additions. Hyderabad posted the strongest QoQ growth (+46%), while Chennai, NCR, Pune and Kolkata saw declines. Developers continued to focus on mid and premium segments – units priced at INR 15–25 Mn formed 32% of supply, followed by units above INR 25 Mn at 20% – with limited traction in affordable housing (below INR 4 Mn)
- Inventory:** Unsold inventory across the top seven cities rose 4% QoQ and 7% YoY to over 6,01,000 units by end of Q4FY26. Bengaluru recorded the highest increase in unsold stock, with inventory rising 12% QoQ and 24% YoY, followed by Hyderabad
- Average Price Realisation:** In spite of a slowdown in sales, residential price continued to inch up, rising 2% QoQ and 7% YoY across the top cities. Driven by increased supply in the luxury and ultra-luxury segments, NCR recorded the highest annual price appreciation of over 15%, followed by Bengaluru with a 8% rise
- SOBHA** is our top investment idea, the rationale being robust launches, healthy pre-sales, a strong balance sheet and good execution track record

Flexible Workspace: Strong Occupancy & Leasing Traction

- Demand:** Office leasing across India's top seven cities remained strong in Q4FY26 at 18.3 msf, but decreased 11% QoQ at an all-time high base. Simultaneously, it increased 15% YoY, driven by demand from Tech, BFSI and GCC. Bengaluru (+18% YoY to 5.3 msf) and Hyderabad (+100% YoY to 3.4 msf) together accounted for ~8.7 msf (~45–50% share). Notably, Mumbai, too, saw 23% YoY rise to 2.7 msf and Pune more than doubled its annual growth, reaching 2.5 msf
- Supply:** Office stock supply in Q4FY26 rose by 19% YoY, totalling 11.8 msf. Bengaluru led supply additions with a 47% share, followed by Delhi-NCR at 17%. Chennai and Mumbai also saw notable completions, each contributing about 1.5 msf this quarter
- Occupancy Level:** With demand outpacing supply, vacancy level across the top seven cities declined by nearly 90 bps YoY to 15.3% at the end of Q4FY26
- Rentals:** Average office rentals across the top seven cities witnessed an uptick of around 6% YoY (roughly INR 90–92 psf), reflecting sustained demand for Grade A office spaces
- Flexible Workspace:** Gained further traction, contributing ~3.9 msf (~21% of total leasing, up from ~14% YoY), highlighting rising enterprise adoption. Demand continued to strengthen, with leasing by flex operators rising ~77% YoY, supported by scalability needs of enterprises and GCCs
- SMARTWOR** is our top investment idea, the rationale being strong demand, healthy occupancy rate of 90% in mature centres, well-managed top line, and massive expansion YoY by employing the lowest capex cost in the industry

Source: Anarock, CBRE & Colliers

Our Coverage Universe

Developers

Q4FY26E Preview: Companies under our coverage (3) are expected to report pre-sales (INR Mn) growth of 9.8/(6.6)% QoQ/YoY. Collections (INR Mn) are expected to grow by 51.3/9.3% QoQ/YoY.

Watch out for: Company-specific updates related to progress on launch schedule, business development and absorption of launches.

Stance: We retain a '**Positive**' stance on developers, underpinned by sustained demand for branded and premium residential developments and strong launch pipelines across key urban markets. Within that, growth trends could be different for individual companies depending upon their presence in the market segments (Luxury, Premium and Affordable) with BUY on 3/3 stocks.

Flexible Workspace

Q4FY26E Preview: Companies under our coverage (3) are expected to report revenue growth of 8.4/33.9% QoQ/YoY with EBITDA margin of 50.3% (vs. 49.6% and 50.3% in Q3FY26 and Q4FY25, respectively). EBITDA growth is anticipated to be 10.0/33.8% QoQ/YoY, while PAT is expected to increase by 7.6/80.8% QoQ/YoY (YoY growth mainly supported by profit after tax for SMARTWOR in Q4FY26E vs losses after tax in Q4FY25).

Watch out for: Progress on annual seat addition targets, average rentals and occupancy. Also, company-specific updates on order inflow for the D&B segment and furniture manufacturing vertical.

Stance: We retain a '**Positive**' stance on flexible workspace, supported by increasing adoption of asset-light and flexible leasing models and strong enterprise-led demand. Our optimism is facilitated by the growth of GCCs, IT services and the expanding domestic start-up ecosystem. We have a Buy Rating on 3/3 stocks

Construction

Q4FY26E Preview: For PSPPL, the quarter is expected to witness healthy revenue growth along with margin expansion, owing to improved execution of its order book. It is expected to respectively report Revenue/EBITDA growth of 5.3/27.1% and 27.1/114.2% QoQ and YoY. EBITDA margin is expected to come in at 8.1% (+139/329 bps QoQ/YoY, respectively).

Watch out for : Order execution, growth in orderbook and guidance on EBITDA margin.

Stance: We retain a '**Reduce**' stance on PSPPL.

Sectoral View:

While near-term growth may normalise, the sector remains structurally well-positioned. We, therefore, reiterate our **Positive** stance, with a preference for large, branded developers, given their superior execution, balance sheet strength and demand visibility.

The Flex-space segment remains in a structural upcycle, supported by evolving workplace strategies and increasing institutional participation. We prefer scaled operators with strong enterprise focus and execution capabilities.

We reiterate our estimates for Q4FY26E, we will review management commentary and take appropriate action thereafter.

Risk Associated with Our View:

Possible escalation in land acquisition & construction cost and probable squeeze in long-term IRRs for developers. For the Flex-space players, a feared global slowdown in GCC/IT spending could dampen seat take-up.

High-conviction Investment Ideas:

We continue to remain positive on **SOBHA** and **SMARTWOR**.

Source: Choice Institutional Equities

Developers Coverage Universe

GPL						
INR Bn	Q4FY26E	Q4FY25	YoY %	Q3FY26	QoQ %	Comments
Pre-sales	86.75	101.63	(14.6)	84.21	3.0	<ul style="list-style-type: none"> We expect pre-sales to increase by 3.0% QoQ and decrease by 14.6% YoY to INR 86.75 Bn with an uptick expected in Q4FY26E. Collections to see a healthy increase of 84.4% QoQ and 13.4% YoY to INR 78.97 Bn. GPL has a strong project launch pipeline, which will drive pre-sales growth in FY27E Watch Out For: Absorption of new launches, possible delays in the launch schedule and guidance for the FY27 business development target
Collections	78.97	69.61	13.4	42.82	84.4	
MLIFE						
INR Bn	Q4FY26E	Q4FY25	YoY %	Q3FY26	QoQ %	Comments
Pre-sales	14.80	10.55	40.3	5.72	158.7	<ul style="list-style-type: none"> We anticipate pre-sales to see a steep increase of 158.7% QoQ on a low base and 40.3% YoY to INR 14.80 Bn. Collections are also expected to see a strong growth of 58.0% QoQ and 30.8% YoY to INR 6.10 Bn. Seasonally, it is a strong quarter, driven by a robust launch pipeline Watch Out For: Guidance on launch schedule of its upcoming launch pipeline of INR 70–80 Bn, which is pending for approval. The key projects are – Hopefarm (~INR 20 Bn), Bhandup Phase 1 (~INR 30 Bn), Citadel Phase 3 (~INR 30 Bn) and Mahalaxmi (~INR 17 Bn)
Collections	6.10	4.66	30.8	3.86	58.0	
SOBHA						
INR Bn	Q4FY26E	Q4FY25	YoY %	Q3FY26	QoQ %	Comments
Recorded Pre-sales	20.39	18.36	8.1	21.15	(6.2)	<ul style="list-style-type: none"> SOBHA reported Q4FY26E pre-sales at INR 20.39 Bn, down 6.2% QoQ on a high base and up 8.1% YoY. We forecast collections to decrease 21.4% QoQ and 15.1% YoY to INR 15.59 Bn Watch Out For: Guidance on the launch timeline of its robust pipeline of 17.67 msf in the next 4–6 quarters. Tracking of project execution schedule. Possible legal or other risks which could delay this launch pipeline
Collections	15.59	17.85	(15.1)	19.85	(21.4)	

Source: Choice Institutional Equities

Flexible Workspace Coverage Universe

AWFIS						
INR Mn	Q4FY26E	Q4FY25	YoY %	Q3FY26	QoQ %	Comments
Revenue	4,150	3,397	22.2	3,818	8.7	<ul style="list-style-type: none"> Office Rental Segment: Revenue is expected to increase by 22.4% YoY to INR 3,295 Mn. The growth in Q4FY26E revenue and margin will be driven by newly-added seats as well as increased occupancy across its established centres Construction and Fit-out Vertical: Awfis Transform segment revenue for Q4FY26E is expected to increase by 22.2% YoY to INR 854 Mn supported by improved order execution
EBITDA	1,515	1,159	30.7	1,392	8.8	
EBITDAM %	36.5	34.1	238 bps	36.5	3 bps	
PAT	224	112	99.0	217	3.2	
SMARTWOR						
INR Mn	Q4FY26E	Q4FY25	YoY %	Q3FY26	QoQ %	Comments
Revenue	5,220	3,584	45.6	4,721	10.6	<ul style="list-style-type: none"> Total Revenue: Revenue is expected to increase by 45.6% YoY to INR 5,220 Mn. Growth in Q4FY26E revenue and margin will be driven by newly-added seats as well as increased occupancy across its established centres
EBITDA	3,388	2,324	45.8	3,058	10.8	
EBITDAM %	64.9	64.8	6 bps	64.8	12 bps	
PAT	93	(83)	NM	15	535.1	

Source: Choice Institutional Equities

Flexible Workspace Coverage Universe

EFCIL						Comments
INR Mn	Q4FY26E	Q4FY25	YoY %	Q3FY26	QoQ %	
Revenue	2,805	2,110	32.9	2,696	4.0	<ul style="list-style-type: none"> ▪ Office Rental Segment: Revenue is projected to increase by 19.2% YoY to INR 1,430 Mn. Q4FY26E revenue is expected to see healthy YoY growth on a low base. Also, seat addition is normally done in the first half, which starts contributing to revenue in the second half. This would, in turn, lead to a higher seat utilisation and improved margin in Q4FY26E ▪ Design & Build (D&B): Revenue is anticipated to increase by 43.7% YoY to INR 1,200 Mn on a low base. Supported by a robust and expanding order book, the management remains confident of achieving 60% YoY revenue growth in the Design & Build (D&B) segment in the next two years ▪ Furniture Manufacturing: Revenue is expected to increase by 130.9% YoY to INR 175 Mn on a low base. The management has guided for 50–60% capacity utilisation in FY26E
EBITDA	1,220	1,093	11.6	1,117	9.2	
EBITDAM %	43.5	51.8	(830) bps	41.4	207 bps	
PAT	604	480	25.9	624	(3.3)	

Source: Choice Institutional Equities

Construction Coverage Universe

PSPPL						Comments
INR Mn	Q4FY26E	Q4FY25	YoY %	Q3FY26	QoQ %	
Revenue	8,555	6,729	27.1	8,128	5.3	<ul style="list-style-type: none"> ▪ Operational Performance: We expect improved performance in Q4FY26E with revenue growth of 27.1% YoY to INR 8,555 Mn and PAT growth of 306.7% YoY to INR 263 Mn. We expect increased execution of the Adani order book, which will drive revenue growth and a more stable margin profile in FY27E
EBITDA	693	323	114.2	545	27.1	
EBITDAM %	8.1	4.8	329 bps	6.7	139	
PAT	263	65	306.7	178	47.5	

Source: Choice Institutional Equities

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Large Cap*

BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months

Mid & Small Cap*

BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months

Other Ratings

NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change

Sector View

POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap

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