

Realty – Q2FY26 Result Preview

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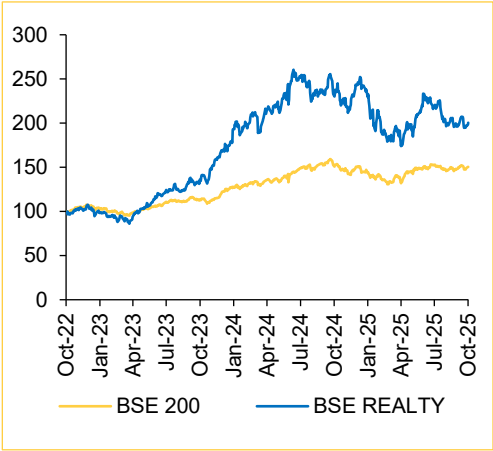
Realty- Developers, Flexible Office Space and Construction
Q2FY26 Quarterly Results Preview

Sector View: Positive

Recommendation			
Company	CMP (INR)	TP (INR)	Rated
Godrej Properties Ltd (GPL)	2,033	2,500	BUY
Mahindra Lifespace Developers Ltd (MLIFE)	358	500	BUY
Sobha Ltd (SOBHA)	1,462	1,800	BUY
EFC (I) Ltd (EFCIL)	305	465	BUY
Awfis Space Solutions Ltd (AWFIS)	596	750	BUY
PSP Projects Ltd (PSPPL)	764	720	REDUCE

*CMP as on October 08, 2025

Rebased Price Chart



Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE 200	(33.5)	(34.6)	(12.0)
BSE REALTY	(50.1)	(57.8)	(28.6)

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Sectoral Overview: Realty – Developers, Flexible Office Space and Construction

Developers: Dip in overall volume is offset by strength in premium housing segment

- In Q2FY26, **housing sales in India's top 7 cities** declined **9% YoY to 97,080 units**, even as the **total sales value rose 14% YoY to INR 1.52 lakh crore** — reflecting continued preference for **premium and luxury homes**. Despite softer volumes, the market remained resilient, with **sales outpacing new supply** and **1% QoQ growth** during a seasonally slow quarter, signaling strong end-user confidence.
- Looking at city-wise sales, the **Mumbai Metropolitan Region (MMR)** led sales with **30,260 units**, followed by **Pune (16,620 units)** and **NCR (13,920 units)**, though all 3 saw **double-digit declines YoY**. In contrast, **Chennai and Kolkata** bucked the trend, reporting **33% and 4% YoY growth**, respectively. Together, **MMR and Pune** contributed nearly **half of total housing sales** and dominated new project launches, underscoring their continued leadership in India's residential market.
- The market continued to tilt towards **higher-value housing**, with **luxury units (INR 1.5 crore and above)** forming **38% of new supply** and **premium homes (INR 80 lakh–INR 1.5 crore)** contributing another **24%**. The **mid-segment (INR 40–80 lakh)** accounted for **23%**, while **affordable housing (below INR 40 lakh)** made up **16%**, underscoring a clear demand shift towards the upper end of the market. Unsold inventory remained steady at around **5.62 lakh units**, marginally lower than last year, as **sales momentum absorbed most of the new supply**.
- Meanwhile, **average housing prices** rose **9% YoY to INR 9,105 per sq. ft.**, led by **NCR (+24% YoY)** and **Bengaluru (+10% YoY)**. The broader market now appears to be entering a **phase of price moderation** after 3 years of sharp increases, supported by sustained demand and disciplined supply.
- We expect a **strong H2FY26E** for developers as **RBI's 50 bps rate cut** is expected to enhance housing affordability and buyer sentiment, driving real estate demand through the remainder of FY26. The second half, particularly **Q4FY26E** is also **seasonally strong**, supported by **festive tailwinds and year-end purchase momentum**.

India Office and Flexible Work Space Market: Office Market Sustains Momentum on Tech and Domestic Demand

- In Q2FY26, **net office space absorption** across India's top 8 cities rose **35% YoY to 16.3 msf**, reaching nearly **87% of the full-year absorption of 50.7 msf** recorded in CY24.
- During the quarter, technology companies drove the office space take-up with a share of **24%**, followed by **flexible space operators at 21%** and engineering and manufacturing (E&M) firms at **15%**. Global Capability Centres (**GCCs**) leased **7.5 msf, accounting for 38% of the overall office leasing in Q2FY26**, with tech and E&M companies contributing to over half of the total GCC leasing volume.
- In Q2FY26, **domestic firms** — led by flexible space operators and technology companies — **held over 46% of office space take-up** and, in 9M 2025, Indian firms accounted for the largest share in leasing as compared to their American counterparts.

Construction

Execution for companies is expected to remain subdued in Q2FY26 which is generally a seasonally weak quarter due to widespread heavy rainfall. Order execution should pick up in H2FY26E.

Source: Anarock, CBRE & Choice Institutional Equities

Q2FY26E Preview: Realty – Developers, Flexible Office Space and Construction

Developers

Q2FY26E Preview: Companies under our coverage (2) are expected to report pre-sales (INR Mn) growth of (15.5)/19.9% QoQ/YoY. Collections (INR Mn) are expected to grow by 19.2/21.8% QoQ/YoY.

What to watch out for: Commentary on pricing trends across the industry and company-specific updates related to progress on business development and approval of key launches.

Stance: We maintain a positive stance on the sector but, 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, respectively. SOBHA is our top investment idea.

Flexible Office Space

Q2FY26E Preview: Companies under our coverage (2) are expected to report seat addition of 15,000 during the quarter. Revenue growth for Rental/Design & Build (D&B) segments is expected to grow by 34.1/36.1% YoY. Revenue/EBITDA/PAT is anticipated to increase by 41.9/51.9/9.9% YoY.

What to watch out for: Progress on annual seat addition targets and company-specific updates on order inflow for the D&B segment. We have a buy Rating on 2/2 stocks.

Stance: We remain optimistic about the sector, supported by strong tailwinds in India's managed office and flexible workspace market, propelled by the growth of GCCs, IT services, and the expanding domestic start-up ecosystem. EFCIL is our top investment idea.

Construction

Q2FY26E Preview: Coverage companies (1). PSP Projects is expected to report Revenue/EBITDA growth of 23.6/7.8% YoY. EBITDA margin is expected to come in at 5.6% (-82 bps YoY).

What to watch out for: Guidance on EBITDA margin and any possible update on business mix from the Adani-Group vs non Adani group companies.

Stance: We have a 'Reduce' stance on PSPPL.

Source: Choice Institutional Equities

Developers Coverage Universe

GPL						Comments
INR Mn	Q2FY26E	Q2FY25	YoY %	Q1FY26	QoQ %	
Pre-sales (INR Bn)	58.34	51.98	12.2	70.82	(17.6)	<ul style="list-style-type: none">We expect pre-sales to decrease by 17.6% QoQ and grow by 12.2% YoY to INR 58.34Bn. Collections to see healthy increase of 28.0% QoQ and 17.3% YoY to INR 46.98Bn. Seasonally, it is a weak quarter and pre-sales growth will be much stronger in H2FY26E, driven by a strong launch pipeline.Watch Out For: Absorption of new launches worth INR 85.0Bn done in Q1FY26. Outlook for new business development opportunities and possible increase in FY26 Business Development target of INR 200Bn.
Collections (INR Bn)	46.98	40.05	17.3	36.70	28.0	

MLIFE						Comments
INR Mn	Q2FY26E	Q2FY25	YoY %	Q1FY26	QoQ %	
Pre-sales (INR Bn)	3.86	3.97	(2.9)	4.49	(14.1)	<ul style="list-style-type: none">We anticipate pre-sales to decrease by 14.1% QoQ and 2.9% YoY to INR 3.86Bn. Collections to see strong growth of 19.9% QoQ and 35.3% YoY to INR 6.21Bn. Seasonally, it is a weak quarter and we expect pre-sales growth to rebound in H2FY26E, driven by a strong launch pipeline, subject to approvalsWatch Out For: Guidance on launch schedule of its upcoming launch pipeline of INR 70–80Bn which are pending for approval. Key projects include Hopefarm (~INR 20Bn), Bhandup Phase 1 (~INR 30Bn), Citadel Phase 3 (~INR 30Bn) and Mahalaxmi (~INR 17Bn). Progress on the Environmental Clearance (EC) and National Green Tribunal (NGT) challenge in Mumbai.
Collections (INR Bn)	6.21	4.59	35.3	5.18	19.9	

SOBHA						Comments
INR Mn	Q2FY26E	Q2FY25	YoY %	Q1FY26	QoQ %	
Recorded Pre-sales (INR Bn)	19.03	11.79	61.4	20.79	(8.5)	<ul style="list-style-type: none">SOBHA reported Q2FY26 pre-sales at INR 19.03Bn, down 8.5% QoQ on a high base and up 61.4% YoY. Q2FY26 average price realisation came in at INR 13,648 /sq ft, down 8.6% QoQ and up 7.7% YoY. We expect Collections to increase 0.8% QoQ and 30.3% YoY to INR 17.92Bn.Watch Out For: Guidance on timeline of launch of its robust pipeline of 17.67 msf, which SOBHA plans to launch in the next 4 – 6 quarters. Potential legal or other risks which could delay this launch pipeline.
Collections (INR Bn)	17.92	13.75	30.3	17.78	0.8	

Source: Choice Institutional Equities

Flexible Workspace and Construction Universe

AWFIS						Comments
INR Mn	Q2FY26E	Q2FY25	YoY %	Q1FY26	QoQ %	
Revenue	3,980	2,183	36.1	3,347	18.9	<ul style="list-style-type: none"> Office Rental Segment: Revenue is expected to increase by 31.2% YoY to INR 2,865Mn. The growth in Q2FY26E 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 Q2FY26 is expected to increase by 63.6% YoY to INR 1,115Mn supported by improved order execution.
EBITDA	1,382	1,002	37.9	6,440	9.2	
EBITDAM %	34.7	34.26	46 bps	37.8	(309) bps	
PAT	111	386.7	(71.3)	99.8	11.2	

EFCIL						Comments
INR Mn	Q2FY26E	Q2FY25	YoY %	Q1FY26	QoQ %	
Revenue	2,533	1,664	52.2	2,196	15.3	<ul style="list-style-type: none"> Office Rental Segment: Revenue is projected to increase by 41.1% YoY to INR 1,259Mn. Q2FY26E and H1FY26E revenue is expected to see healthy growth on a low base. However, it would be relatively weaker than H2FY26E as seat addition is normally done in the first half, which starts contributing to revenue in the second half. This would to a higher seat utilisation and improved margin in H2FY26E. Design & Build (D&B): Revenue is anticipated to increase by 36.1% YoY to INR 1,051Mn on a low base. Management remains confident of achieving 60% YoY revenue growth in the Design & Build (D&B) segment over the next two years, supported by a robust and expanding order book. Furniture Manufacturing: Revenue is expected to increase by 74.5% QoQ to INR 222Mn on a low base. Management has guided for 50–60% capacity utilisation in FY26E, with the majority of the capex already incurred.
EBITDA	1,345	793	69.5	1,022	-31.5	
EBITDAM %	53.1	47.7	654 bps	46.6	543 bps	
PAT	716	366	95.8	467	53.4	

PSPPL						Comments
INR Mn	Q2FY26E	Q2FY25	YoY %	Q1FY26	QoQ %	
Revenue	7,245	5,860	23.6	5,178	39.9	<ul style="list-style-type: none"> Operational Performance: We expect improved performance in Q2FY26 on a low base with revenue growth of 39.9% YoY to INR 7,245Mn. Overall, Q2FY26 is expected to be a seasonally weak quarter due to less order execution because of heavy monsoon. We expect order execution to pick up in H2FY26E, particularly in Q4FY26 driven by order execution of new projects.
EBITDA	405	376	7.8	248	63.5	
EBITDAM %	5.6	6.4	(82) Bps	12.1%	81 bps	
PAT	113	208	(45.8)	4.3	2537	

Source: Choice Institutional Equities

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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 statis 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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