Choice
Institutional Equities

Realty – Q3FY26 Result Preview

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Realty: Developers, Flexible Office Space and Construction

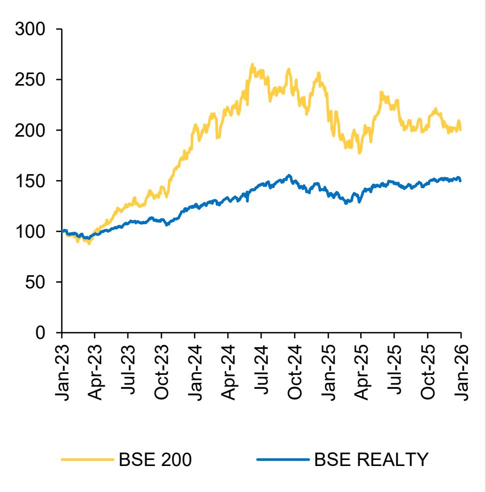
Q3FY26 Quarterly Results Preview

Sector View: Positive

Recommendation			
Company	**CMP (INR)**	**TP (INR)**	**Rated**
Godrej Properties Ltd (GPL)	1,993	2,520	BUY
Mahindra Lifespace Developers Ltd (MLIFE)	379	500	BUY
Sobha Ltd (SOBHA)	1,557	1,840	BUY
EFC (I) Ltd (EFCIL)	279	375	BUY
Awfis Space Solutions Ltd (AWFIS)	466	760	BUY
Smartworks Coworking Space Ltd (SMARTWOR)	462	630	BUY
PSP Projects Ltd (PSPPL)	818	720	REDUCE

*CMP as on January 09, 2026

Rebased Price Chart



Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE 200	100.6	(0.6)	(12.7)
BSE REALTY	49.8	20.7	7.6

Sectoral Overview:

Developers: Shift Towards Premiumisation Continues

- Housing sales in India's top 9 cities fell by 16% YoY in Q3FY26 to 98,019 units, marking the lowest quarterly sales in ~17 quarters. Slowdown was broad-based, with most cities posting declines except Navi Mumbai (up 13% YoY) and Delhi-NCR (up 4% YoY). Traditionally, Q3FY26 records strong sales momentum and new launches driven by the festive season. However, the **recent decline reflects a shift towards premiumisation**, as proven by value growth despite a contraction in volumes
- At the same time, new housing supply in Q3FY26 also declined by 10% YoY to 88,427 units, except Delhi NCR (up 29% YoY), Navi Mumbai (up 15% YoY) and Chennai (up 9% YoY), with supply contraction observed across cities
- Meanwhile, **the average housing prices** across India's **top seven cities rose** by approximately **8% YoY to INR 9,260 per sq. ft.**, led by **Bengaluru, Delhi-NCR and MMR**
- **SOBHA** is our top investment idea, the rationale being robust launches, healthy pre-sales, a strong balance sheet and good execution track record.

Flexible/Manage Office Space: Strong Leasing Environment

- Q3FY26 witnessed an **all-time high leasing activity** of 20.6 msf, up 20% QoQ. Bengaluru saw its highest-ever quarterly leasing of 8.1 msf, followed by 4.2 msf of Grade A space uptake in Delhi NCR. These two markets accounted for nearly 60% of the leasing activity, highlighting large deal closures and occupier expansion in these cities
- Total office space **absorption in 3QFY26 was ~22.2 msf** across India's top markets – Bengaluru, Mumbai and Delhi-NCR led this activity
- Flex office space is evolving beyond start-ups so as to serve enterprise and GCC requirements, increasing average lease sizes and revenue stability. **GCCs accounted for ~39% of this absorption**; technology, BFSI and flexible space operators were among key demand drivers
- In 2025, office space segment in India leased over 71.5 msf, an increase of 6% YoY. Bengaluru led with 22.1 msf, nearly one-third of demand, while Delhi NCR, Hyderabad, Chennai and Mumbai each recorded about 10 msf or a 13–16% share of the supply.
- Technology companies leased nearly 22 msf of office space in 2025, 37% of the demand, growing their footprint by 32% YoY. Other sectors, such as banking, finance and manufacturing also showed strong interest, that is, over 40% YoY growth. GCCs also played a major role, absorbing nearly 30 msf of office space, accounting for over 40% of the demand.
- **SMARTWOR** is our top investment idea, the rationale being strong demand, healthy occupancy rate at 90% in mature centres, well-managed top line, massive expansion year over year employing the lowest capex cost in the industry.

Construction: Long-term Order Book Visibility

We expect 3QFY26 to deliver **steady operational performance** for the construction sector, supported by healthy execution environment, strong government-led capex and improving private-sector project awards.

Source: Choice Institutional Equities

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Q3FY26E Preview: Realty – Developers, Flexible Office Space and Construction

Developers

Q3FY26E Preview: Companies under our coverage (3) are expected to report pre-sales (INR Mn) growth of 2.2/59.2% QoQ/YoY. Collections (INR Mn) are expected to grow by 129.3/86.8% QoQ/YoY.

What to watch out for: Company-specific updates related to progress on launches and business development and absorption of launches.

Stance: We maintain a positive stance on the sector. 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/Manage Office Space

Q3FY26E Preview: Companies under our coverage (3) are expected to report revenue growth of 1.6/30.8% QoQ/YoY, EBITDA margin of 50.8% (vs. 49.1% and 37.8% in 2QFY26 and 3QFY25, respectively) with 5.1/75.6% QoQ/YoY growth, while PAT is anticipated to increase by 23.1/22.4% QoQ/YoY.

What to watch out for: Progress on annual seat addition targets and company-specific updates on order inflow for the D&B segment.

Stance: Supported by strong tailwinds in India's managed office and flexible workspace market, we remain optimistic about the sector. 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

Q3FY26E Preview: For PSPPL, the quarter is likely to be characterised by stable revenue growth, margin discipline and long-term order book visibility. It is expected to respectively report Revenue/EBITDA growth of 19.1/69.1% YoY. The EBITDA margin is expected to come in at 8.0% (+236 bps YoY).

What to watch out for: Order execution, guidance on EBITDA margin and any possible update on business mix from Adani and non-Adani group companies.

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

Sectoral View:

Our recommendation is positive for selective buys, promoters with disciplined supply, a strong balance sheet and execution track record, focus on mid-to-premium living segments, where demand is the least elastic. In the Flex-space segment, we favour operators with high enterprise-client stickiness.

Risk Associated with Our View:

Possible escalation in land acquisition and construction cost, probable squeeze in long-term IRRs for developers. For the Flex-space players, a feared global slowdown in IT spending could dampen enterprise 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	Q3FY26E	Q3FY25	YoY %	Q2FY26	QoQ %	Comments
Pre-sales	**84.82**	54.46	55.7	85.05	(0.3)	▪ We expect pre-sales to decrease marginally by 0.3% QoQ and grow by 55.7% YoY to INR 84.82 Bn with an uptick expected in Q4FY26E. Collections to see a healthy increase of 66.9% QoQ and 121.1% YoY to INR 67.86 Bn. SOBHA has a strong project launch pipeline, leading to a projected acceleration in pre-sales growth in the second half of the year
Collections	**67.86**	30.69	121.1	40.66	66.9	▪ **Watch Out For:** Absorption of new launches worth INR 186 Bn done in H1FY26**.** Possible increase in FY26 business development target of INR 200 Bn

MLIFE						
INR Bn	Q3FY26E	Q3FY25	YoY %	Q2FY26	QoQ %	Comments
Pre-sales	**8.13**	3.34	143.4	7.52	8.1	▪ We anticipate pre-sales to increase by 8.1% QoQ and by 143.4% YoY to INR 8.13 Bn. Collections to see strong growth of 9.2% QoQ and 69.5% YoY to INR 6.21 Bn. Seasonally, it is a strong quarter and, driven by a strong launch pipeline (subject to approvals), we expect pre-sales growth to rebound in H2FY26E
Collections	**6.21**	3.67	69.5	5.68	9.2	▪ **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 20Bn), Bhandup Phase 1 (~INR 30Bn), Citadel Phase 3 (~INR 30Bn) and Mahalaxmi (~INR 17Bn)

SOBHA						
INR Bn	Q3FY26E	Q3FY25	YoY %	Q2FY26	QoQ %	Comments
Recorded Pre-sales	**21.2**	13.9	52.3	19.0	11.2	▪ SOBHA reported Q3FY26 pre-sales at INR 21.2 Bn, up 11.2% QoQ on a high base and up 52.3% YoY. Healthy pre-sales growth was driven by a strong launch pipeline. We expect collections to decrease 13.4% QoQ and increase 19.9% YoY to INR 17.7 Bn
Collections	**17.7**	14.8	19.9	20.5	(13.4)	▪ **Watch Out For:** Guidance on the launch timeline of its robust pipeline of 17.67 msf over the next 4–6 quarters. Tracking of project execution schedule. Possible legal or other risks which could delay this launch pipeline

Source: Choice Institutional Equities

Flexible/Manage Workspace Universe

AWFIS						
INR Mn	Q3FY26E	Q3FY25	YoY %	Q2FY26	QoQ %	Comments
Revenue	**3,838**	3,177	20.8	3,669	4.6	▪ **Office Rental Segment**: Revenue is expected to increase by 24.0% YoY to INR 3,017 Mn. The growth in Q3FY26E revenue and margin will be driven by newly-added seats as well as increased occupancy across its established centres
EBITDA	**1,386**	1,073	29.2	1,323	4.7	
EBITDAM %	**36.1**	33.8	234 bps	36.1	4 bps	▪ **Construction and Fit-out Vertical**: Awfis Transform Segment revenue for Q3FY26 is expected to increase by 12.1% YoY to INR 821Mn supported by improved order execution
PAT	**216**	152	42	160	35.0	

SMARTWOR						
INR Mn	Q3FY26E	Q3FY25	YoY %	Q2FY26	QoQ %	Comments
Revenue	**4,250**	3,177	33.8	4,248	0.1	▪ **Total Revenue**: Revenue is expected to increase by 33.8% YoY to INR 4,250 Mn. Growth in Q3FY26E revenue and margin will be driven by newly-added seats as well as increased occupancy across its established centres
EBITDA	**2,732**	1,073	154.7	2,701	1.1	
EBITDAM %	**64.3**	33.8	3,052 bps	63.6	68.6	
PAT	**48**	143	(66.7)	(31)	NM	

Source: Choice Institutional Equities

Flexible/Manage Workspace Universe

EFCIL						
INR Mn	**Q3FY26E**	**Q3FY25**	**YoY %**	**Q2FY26**	**QoQ %**	**Comments**
Revenue	**2,540**	1,772	43.3	2,546	(0.2)	▪ **Office Rental Segment**: Revenue is projected to increase by **37.9% YoY to INR 1,328 Mn**. Q3FY26E and H2FY26E revenue is expected to see healthy growth on a low base. 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 H2FY26E
EBITDA	**1,276**	927	37.8	1,108	15.2	▪ **Design & Build (D&B):** Revenue is anticipated to increase by **47.4% YoY to INR 996 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 over the next two years
EBITDAM %	**50.3**	52.3	(203) bps	43.5	673 bps	
PAT	**593**	405	46.5	567	4.6	▪ **Furniture Manufacturing:** Revenue is expected to increase by **62.3% YoY on a low base to INR 216 Mn**. The management has guided for **50–60% capacity utilisation in FY26E**

Source: Choice Institutional Equities

Construction Universe

PSPPL						
INR Mn	**Q3FY26E**	**Q3FY25**	**YoY %**	**Q2FY26**	**QoQ %**	**Comments**
Revenue	**7,507**	6,302	19.1	7,029	6.8	▪ **Operational Performance**: We expect improved performance in Q3FY26 and **revenue growth of 19.1% YoY to INR 7,507 Mn and PAT growth of 279.5% YoY.** This is in line with the management guidance of INR 20 Bn revenue and 8% EBITDA margin in H2FY26. We expect order execution to pick up in H2FY26E as most of the Adani Group projects began mobilisation in Q2FY26, which is expected to drive sustained execution momentum through H2FY26
EBITDA	**601**	376	69.1	499	20.3	
EBITDAM %	**8.0**	5.6	236 bps	7.1%	90 bps	
PAT	**250**	66	279.5	162	54.6	

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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