

Real Estate

1QFY26 Preview: Healthy start to the year

The listed real estate universe had a healthy start to the year despite moderation in demand as rising home prices have made affordability a growing concern for buyers, which has impacted the performance of broader industry. 1QFY26 witnessed broad based launches from all key players, with Delhi-NCR being the most active market. It witnessed multiple launches from reputed developers and irrespective of the ticket size, the response has been very encouraging. DLF's Privana and a township project by a Bengaluru based developer recorded a sell-out performance. Key highlights from the coverage universe include: i) DLF is expected to outperform others with the success of Privana North and we expect Keystone to report its best quarter with 3 new launches across the western and eastern suburbs of Mumbai, ii) Performance of Sobha and Oberoi shall be driven by the successful launch of the Noida project and a new tower at Elysian respectively and iii) With c. INR 80bn worth of launches, we believe Godrej Properties (GPL) could record pre-sales of INR 70bn, down 19% YoY. We expect our coverage universe to report pre-sales of INR 281bn, up 22% YoY. We maintain positive stance on the sector with DLF, Sobha and Keystone as our top picks.

- **Healthy start to the year:** Unlike in FY24, where the new supply in the initial months was large driven by a few developers, 1Q witnessed broad based launches from all key players. From the listed universe perspective, Delhi-NCR has been the most active market during the quarter with multiple launches by Tier-1 developers. Moreover, irrespective of the ticket size, the response to all key launches in this market has been very encouraging.
- **Expect coverage universe to report 22% YoY growth in bookings:** Among the coverage universe, DLF is expected to outperform others as it reported its 3rd sell-out in a row at the Privana North (Gurugram) project. We expect the company to deliver pre-sales of INR 115bn, up 80% YoY. Similarly, we expect Keystone to report its best ever quarter with pre-sales of over INR 9.5bn (up 55% YoY), aided by 3 new launches in the quarter with a cumulative GDV of c. INR 30bn. GPL had a successful launch in Bengaluru wherein it sold c. 75% of the launched inventory. Overall, it has launched c. INR 80bn worth of inventory across Bengaluru, Delhi-NCR and Pune in 1QFY26 and is expected to report quarterly pre-sales of INR 70bn, down 19% YoY. Lodha's pre-sales growth (expected to be 14-15% on a YoY basis) should be driven by 4 new launches across MMR, Thane and Bengaluru. For Sobha, the success of its maiden project in Noida, together with new inventory at Kochi should drive pre-sales performance this quarter. With a robust response to the new tower launch at Elysian (Goregaon), Oberoi is expected to report healthy pre-sales of INR 15bn. We expect our coverage universe to report pre-sales of INR 281bn, up 22% YoY.
- **Industry Trends:** Housing sales across top 7 cities declined 20% YoY in 1QFY26 to 96k units (Source: Anarock). As per Anarock, the increased geo-political actions along with elevated prices impacted the performance during the quarter. However, the report highlighted that the buyer sentiment is recovering led by declining inflation and repo rate cut by RBI. New supply also decelerated by 16% YoY to 117k units, where MMR and Delhi-NCR accounted for 48% of total launches. The contradicting trend in the performance of listed universe can be attributed to the fact that the core of the residential market has steadily shifted to the higher ticket sizes. Units priced under INR 5mn accounted for 54% of the total sales in the market in CY18 but now constitute just 22% (source: Knight Frank). On the other hand, the sales contribution of units priced over INR 10mn grew from 16% in CY18 to 49% in H1CY25.
- **DLF, Sobha and Keystone are our preferred picks:** We feel the residential cycle numbers are here to stay; while there could be a minor moderation. The demand-supply scenario is healthy directionally with high absorption and comfortable inventory levels. At current levels, DLF (Mar'26 TP: INR 1,000), Sobha (Mar'26 TP: INR 1,850) and Keystone (Mar'26 TP: INR 855) are our preferred picks. We raised our TP for Sobha as we assign 20% BDV premium to the residential business given the acceleration in project additions post the rights issue. Embassy Office Parks is our preferred pick in the REITs space.



Sumit Kumar

sumit.kumar@jmfl.com | Tel.: (91 22) 66303089

Sourabh Gilda

sourabh.gilda@jmfl.com | Tel: (91 22) 66303114

Tushar Wankhede

tushar.wankhede@jmfl.com | Tel: (91 22) 62241795

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Charts

Exhibit 1. Estimates for 1QFY26

| Pre-sales (INR b) | 1QFY26E | 4QFY25 | 1QFY25 | YoY % | QoQ % | FY25 | FY26E | YoY % |
|--------------------------|--------------|--------------|--------------|------------|------------|--------------|--------------|------------|
| DLF | 115.0 | 20.4 | 64.0 | 80% | 465% | 212.2 | 226.1 | 7% |
| Lodha | 46.0 | 48.1 | 40.3 | 14% | -4% | 176.4 | 220.3 | 25% |
| GPL | 70.0 | 101.6 | 86.4 | -19% | -31% | 294.4 | 329.8 | 12% |
| Oberoi | 15.5 | 8.5 | 10.7 | 45% | 82% | 52.8 | 70.1 | 33% |
| Sobha | 19.0 | 18.4 | 18.7 | 1% | 4% | 62.7 | 86.4 | 38% |
| Keystone | 9.5 | 8.5 | 6.1 | 55% | 11% | 30.3 | 40.3 | 33% |
| Sunteck | 6.0 | 8.7 | 5.0 | 20% | -31% | 25.3 | 33.6 | 33% |
| Coverage Universe | 281.0 | 214.2 | 231.2 | 22% | 31% | 776.1 | 903.0 | 16% |

Source: Company, JM Financial

Note: Keystone in its pre-quarter update has announced its 1QFY26 pre-sales at INR 10.68bn

Exhibit 2. Comments on launches/sales

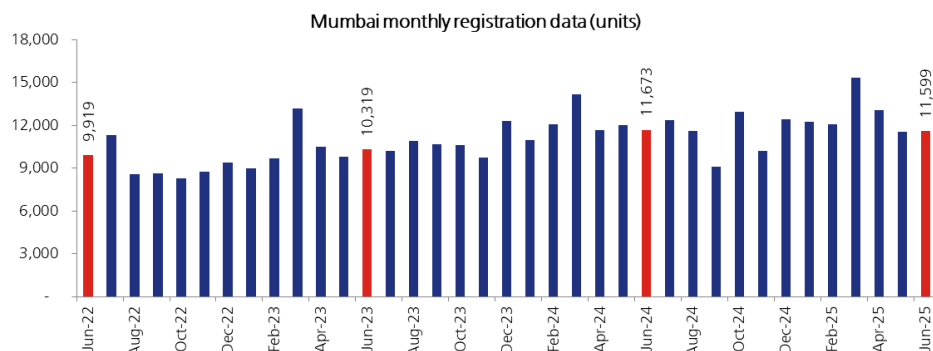
| Company | Remarks on 1QFY26 performance |
|----------|---|
| DLF | Expect it to report bookings of INR 115bn (c. 60% of annual guidance) on the back of 3 rd consecutive sell-out at Privana |
| Lodha | Company launched new projects at Alibaug, Thane and Bengaluru along with the last tower at NCP, Wadala. Lodha is expected to report bookings of INR 46bn, up 14% YoY |
| Oberoi | Performance will be driven by healthy response to new tower at Elysian which can drive the 1QFY26 presales to INR 15.5bn |
| Sobha | With successful launch of its maiden project in Noida, we expect pre-sales of INR 19bn, up 40% YoY/QoQ. |
| Keystone | Best ever quarter driven by 3 new project launches in the western and eastern suburbs of Mumbai |
| Godrej | The launch in Bengaluru garnered strong response with c. 75% of launched inventory getting absorbed. It has launched 5 new projects/phases during the quarter and we expect quarterly pre-sales to reach INR 70bn |
| Sunteck | Healthy sustenance sales across all ongoing projects. It has received OC for Avenue 4, ODC. |

Source: Company, JM Financial

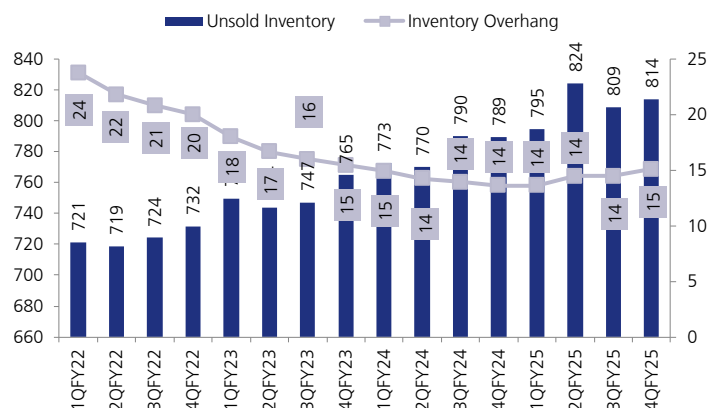
Exhibit 3. Expect healthy mid-teen growth from office REITs

| Annuity Portfolios (INR mn) | 1QFY26E | 1QFY25 | 4QFY25 | YoY | QoQ |
|-----------------------------|---------|--------|--------|------|-------|
| Phoenix Mills | | | | | |
| Revenue | 9,687 | 9,041 | 10,163 | 7% | -5% |
| EBITDA | 5,522 | 5,310 | 5,597 | 4% | -1% |
| PAT | 2,539 | 2,325 | 2,688 | 9% | -6% |
| Nexus | | | | | |
| Revenue | 5,922 | 5,538 | 5,803 | 7% | 2% |
| EBITDA | 4,028 | 3,735 | 3,980 | 8% | 1% |
| PAT | 1,220 | 1,396 | 1,143 | -13% | 7% |
| EOP REIT | | | | | |
| Revenue | 11,096 | 9,342 | 10,858 | 19% | 2% |
| EBITDA | 8,676 | 7,515 | 8,430 | 15% | 3% |
| PAT | 2,101 | 1,788 | -2,429 | 18% | -187% |
| Mindspace REIT | | | | | |
| Revenue | 7,117 | 6,277 | 6,811 | 13% | 4% |
| EBITDA | 5,233 | 4,520 | 4,870 | 16% | 7% |
| PAT | 1,283 | 1,283 | 869 | 0% | 48% |
| Brookfield REIT | | | | | |
| Revenue | 6,325 | 5,738 | 6,201 | 10% | 2% |
| EBITDA | 4,569 | 4,137 | 4,478 | 10% | 2% |
| PAT | 848 | 501 | 741 | 69% | 14% |

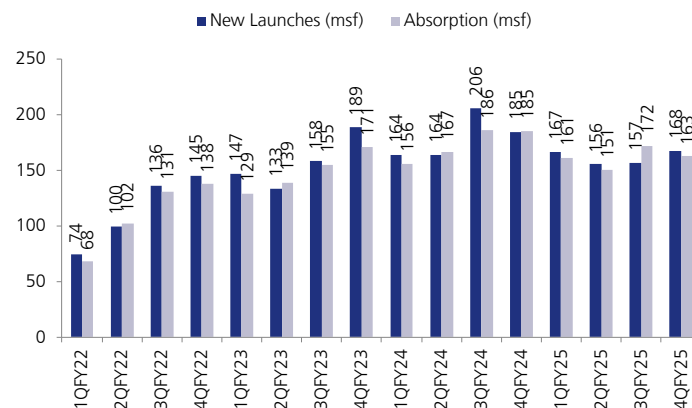
Source: Company, JM Financial

Exhibit 4. Mumbai property registrations were steady in Jun'25

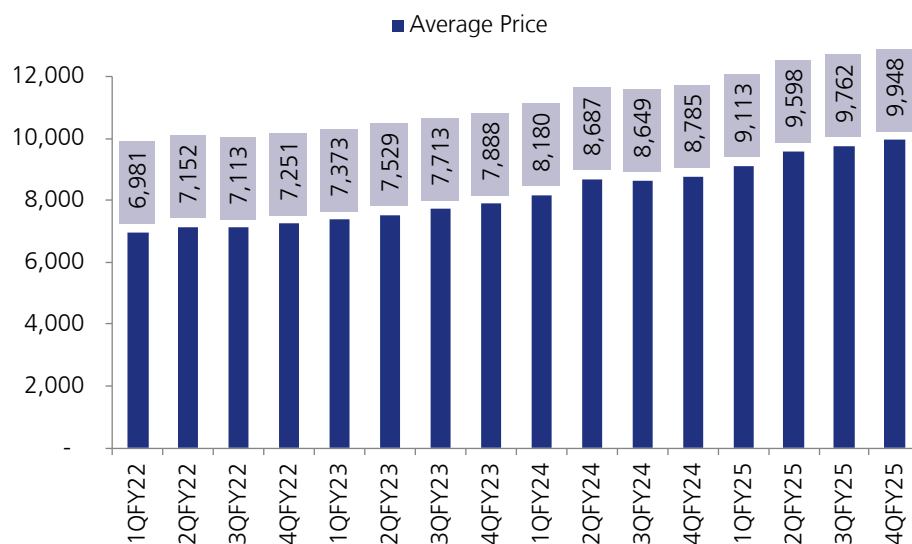
Source: IGR, JM Financial

Exhibit 5. Tier 1 cities unsold inventory and inventory overhang

Source: PropEquity, JM Financial

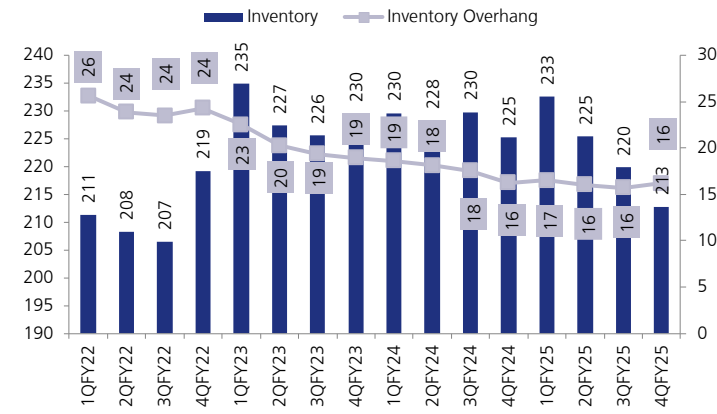
Exhibit 6. Tier 1 cities new launches and absorption

Source: PropEquity, JM Financial

Exhibit 7. Tier 1 cities average price/sq. ft.

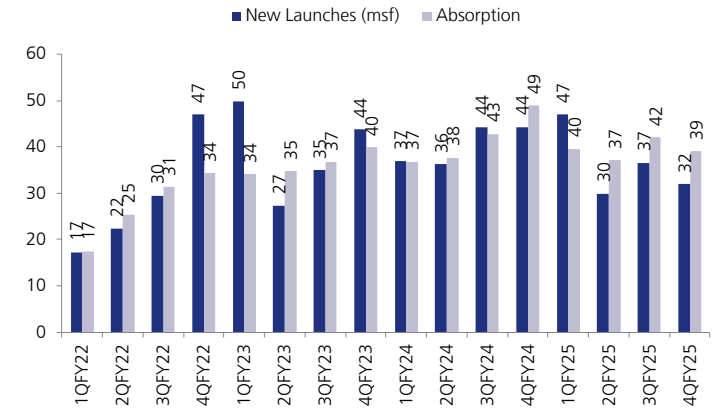
Source: PropEquity, JM Financial

Exhibit 8. MMR inventory maintained at 16 months...



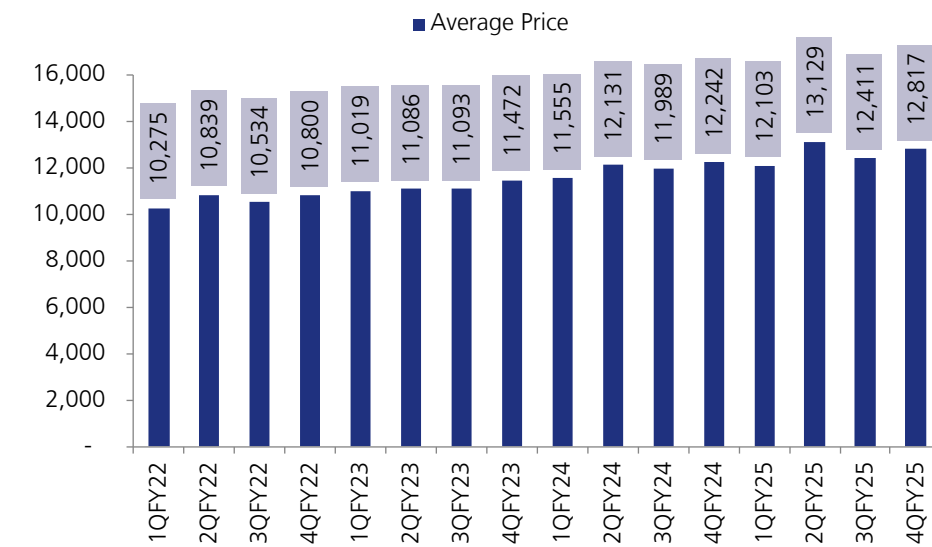
Source: PropEquity, JM Financial

Exhibit 9. ...as supply continues to lag demand



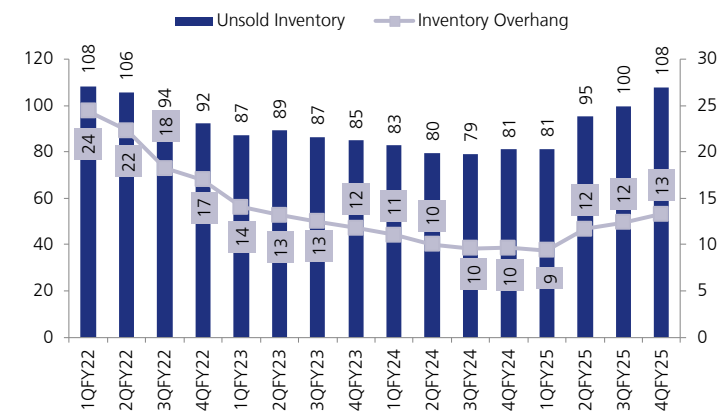
Source: PropEquity, JM Financial

Exhibit 10. In 4QFY25, MMR witnessed 5% YoY growth in pricing



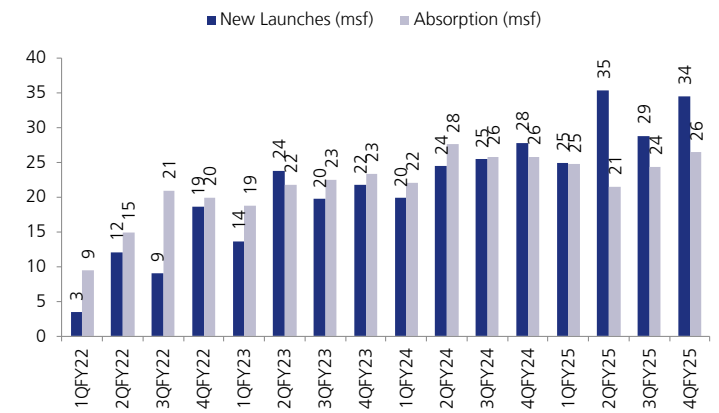
Source: PropEquity, JM Financial

Exhibit 11. Bengaluru witnessing gradual rise in inventory...

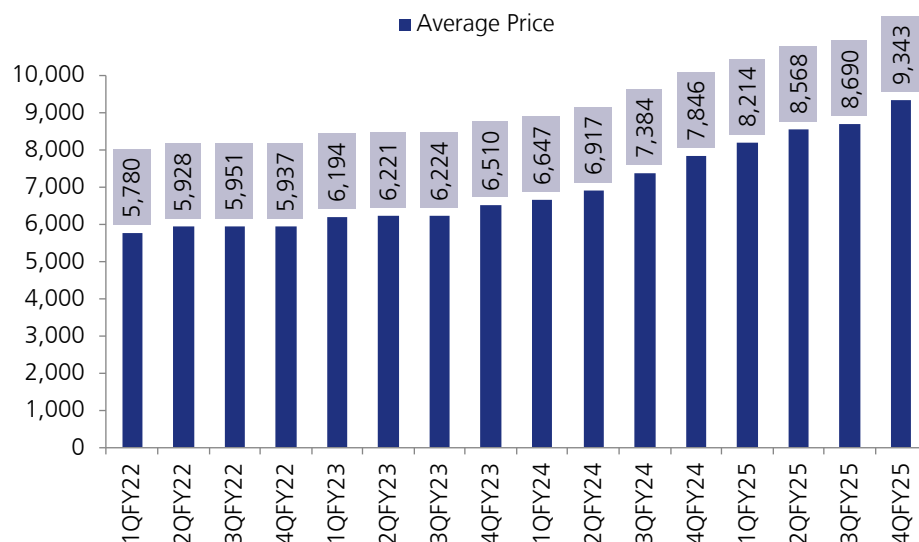


Source: PropEquity, JM Financial

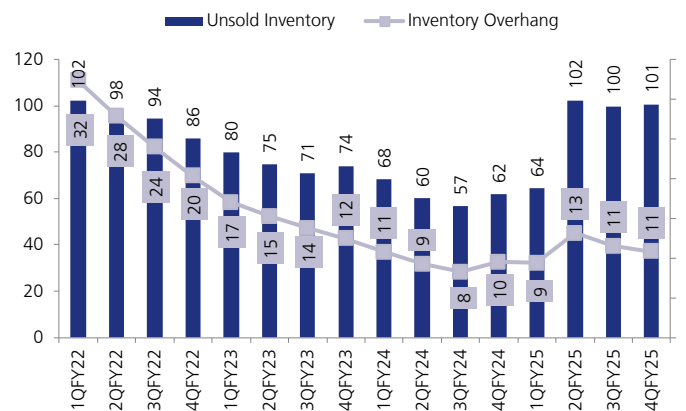
Exhibit 12. ...led by higher supply



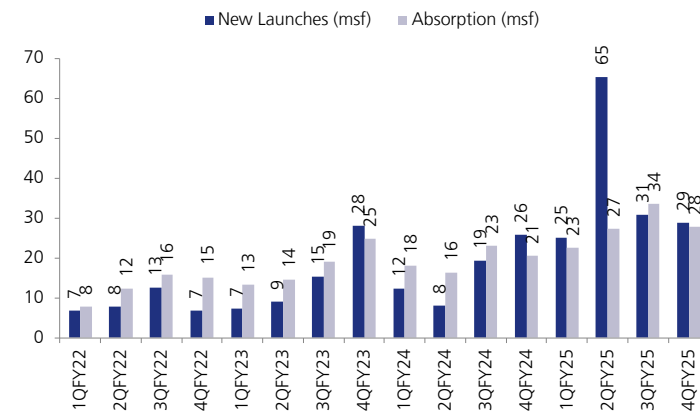
Source: PropEquity, JM Financial

Exhibit 13. Bengaluru – Average realization up 19% YoY in 4QFY25

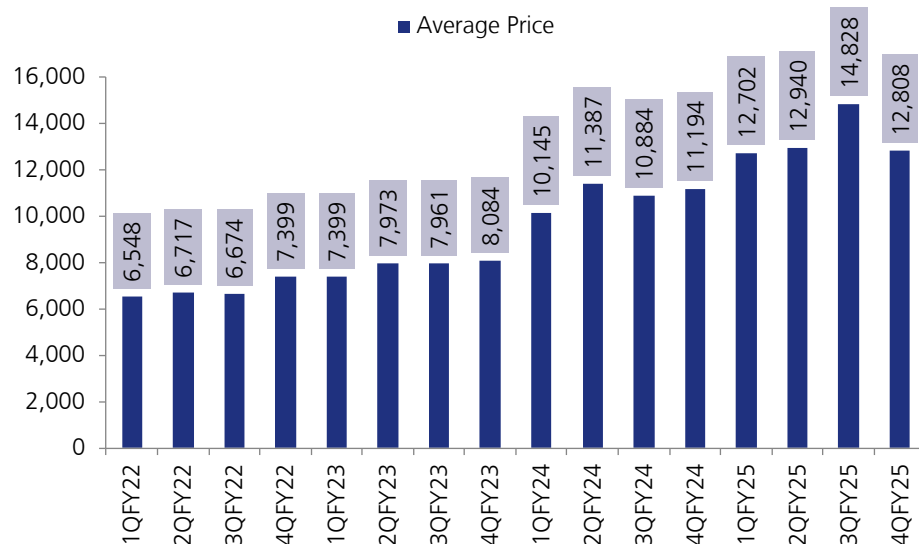
Source: PropEquity, JM Financial

Exhibit 14. NCR – Inventory since 2QFY25 skewed by DDA supply

Source: PropEquity, JM Financial

Exhibit 15. Ex-DDA units, supply lags demand

Source: PropEquity, JM Financial

Exhibit 16. Delhi-NCR witnessed 14% YoY growth in pricing

Source: PropEquity, JM Financial

Exhibit 17. Real Estate comps – DLF, Sobha and Keystone are our top picks

| Company | CMP | Mcap (INR bn) | TP | Rating | Upside (%) | EV/Pre-sales | | | EV/EBITDA | | | EV/OCF | | | Pre-sales CAGR |
|-------------------|-------|------------------|-------|--------|---------------|--------------|-------|-------|-----------|-------|-------|--------|-------|-------|-------------------|
| | | | | | | FY25 | FY26E | FY27E | FY25 | FY26E | FY27E | FY25 | FY26E | FY27E | FY25-27E |
| DLF | 836 | 2,070 | 1,000 | BUY | 20% | 7.2 | 6.7 | 6.3 | 17.9 | 16.8 | 15.7 | 31.2 | 16.7 | 9.1 | 7% |
| Macrotech | 1,368 | 1,360 | 1,480 | BUY | 8% | 6.4 | 5.1 | 4.1 | 22.8 | 18.2 | 14.6 | 20.3 | 15.2 | 12.4 | 25% |
| Godrej Properties | 2,304 | 694 | 2,600 | BUY | 13% | 2.6 | 2.3 | 2.0 | 11.7 | 10.3 | 9.1 | 13.3 | 11.1 | 8.9 | 13% |
| Oberoi Realty | 1,869 | 680 | 1,885 | HOLD | 1% | 9.5 | 7.1 | 5.4 | 27.1 | 20.3 | 15.4 | 15.5 | 20.8 | 15.5 | 33% |
| Sobha | 1,520 | 163 | 1,850 | BUY | 22% | 1.8 | 1.4 | 1.2 | 8.8 | 6.8 | 5.9 | 14.2 | 5.3 | 6.6 | 26% |
| Keystone Realtors | 637 | 80 | 855 | BUY | 34% | 2.5 | 1.9 | 1.3 | 12.4 | 9.3 | 6.7 | 6.8 | 13.5 | 9.4 | 36% |
| Sunteck Realty | 442 | 65 | 615 | BUY | 39% | 2.3 | 1.7 | 1.4 | 10.5 | 7.9 | 6.5 | 15.7 | 12.8 | 10.5 | 27% |

Source: Company, JM Financial

Exhibit 18. DLF trading at 4.5x 1 year forward P/B



Source: Bloomberg, JM Financial

Exhibit 19. Sobha – slightly above +1SD



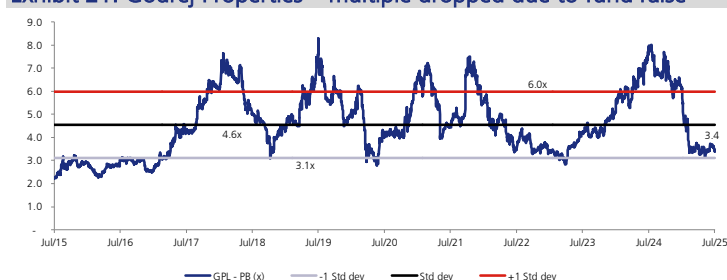
Source: Bloomberg, JM Financial

Exhibit 20. Lodha consolidating near +1SD



Source: Bloomberg, JM Financial

Exhibit 21. Godrej Properties – multiple dropped due to fund raise



Source: Bloomberg, JM Financial

Exhibit 22. Similar to DLF, Oberoi is trading at healthy premium



Source: Bloomberg, JM Financial

Exhibit 23. Keystone Realtors has lot of room to catch up



Source: Bloomberg, JM Financial

Exhibit 24. Sunteck’s multiple is slightly above the historical average



Source: Company, JM Financial

APPENDIX I

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SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.comGrievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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