

**Pre-sales growth of 18 listed players moderated from 43% YoY in FY23 to 17% in FY26, reflecting normalization after the strong FY22–25 upcycle. FY27 pre-sales growth for these listed developers is expected to moderate further to 10–15%, with clear divergence across companies. Growth for most listed players will continue to be driven largely by consolidation-led market-share gains. We expect SOBHA, Mahindra Lifespace Developers (MAHLIFE), and Arvind Smartspaces (ARVSMART) to significantly outperform, with >25% pre-sales growth. Prestige Estates (PEPL), Lodha Developers (LODHA), Godrej Properties (GPL), Keystone Realtors (RUSTOMJE), and Brigade Enterprises (BRGD) are expected to deliver moderate pre-sales growth of 15–20%. Overall, both volume and price growth are expected to remain moderate, with growth primarily driven by consolidation effects and company-specific expansion strategies. Regionally, Noida and Bengaluru are expected to see strong absorption, MMR should remain resilient, while Gurugram may witness moderation.**

### Divergence across developers and regions

Growth outcomes varied meaningfully across developers in FY26, with larger players maintaining steady expansion and mid-to-smaller players outperforming on sharper relative growth. PEPL, Puravankara (PURVA), and SOBHA stood out with higher FY26 pre-sales growth (76%, 48%, and 30% respectively), aided by a weak FY25 base. Regionally, Bengaluru saw heightened absorption, while Noida/Greater Noida also witnessed strong demand. However, listed developers continue to have limited supply exposure in Noida/Greater Noida, resulting in lower contribution despite robust underlying demand. MMR and Pune reflected more balanced absorption trends. Going forward, we expect divergence to persist across developers, with Bengaluru and Noida expected to see strong demand, MMR remaining resilient, and Gurugram likely to stay muted. Performance will continue to be driven by company-specific launch pipelines, scale advantages, and market presence.

### Healthy balance sheets

Most developers ended FY26 with strong balance sheets, supported by robust collections, prudent capital allocation, and improving cash flows. Leverage remains comfortable across the sector, despite aggressive business development activity. DLF (DLFU), Oberoi (OBER), SOBHA, RUSTOMJE, KPDL, and MAHLIFE (including JV assets) remain net cash positive. Other developers such as BRGD (residential segment), ARVSMART, and Sunteck (SRIN) have negligible net debt. While LODHA targets its DevCo to be debt free, ABREL is expected to be net debt free once its paper business sale materializes. Only PEPL and KALPATARU have debt levels on the higher side. PEPL's D/E is at 0.65x and not expected to go up in FY27.

### FY27 outlook: Normalization with select outperformance

While we expect the overall market to move into a slower growth phase in FY27, listed developers should continue to outperform the broader market due to consolidation, branded demand shift, and premium segment resilience. However, growth will be more selective and driven by execution strength rather than broad-based demand expansion.

### MAHLIFE and SOBHA expected to continue with the momentum

We like MAHLIFE, SOBHA, and LODHA, given their strong growth visibility, robust medium-term pipeline, and balance sheet strength. MAHLIFE and SOBHA are expected to be key outperformers in FY27, supported by a healthy project pipeline; both offer strong medium-term visibility, with pre-sales CAGR of ~20–25% over the next 3–4 years. We expect MAHLIFE to achieve ~Rs100bn in annual pre-sales by FY30, while SOBHA is also likely to sustain 20–25% pre-sales CAGR over the medium term.

Among large-scale developers (>Rs150bn pre-sales base), we prefer LODHA for its calibrated growth strategy and execution discipline. We expect it to deliver ~17% pre-sales growth in FY27 and sustain 10–15% CAGR over the next 4–5 years.

Overall, we prefer developers with strong balance sheets, diversified geographical presence, visible growth pipelines, and a proven execution track record.

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## FY26 recap

Exhibit 1: Pre-sales of 18 listed developers

Bloomberg code	Pre-sales (Rs mn)						YoY growth				
	FY21	FY22	FY23	FY24	FY25	FY26	FY22	FY23	FY24	FY25	FY26
DLFU	30,850	72,730	1,50,580	1,47,770	2,12,250	2,01,430	136%	107%	-2%	44%	-5%
LODHA	59,680	90,240	1,20,280	1,45,200	1,76,200	2,05,300	51%	33%	21%	21%	17%
GPL	67,250	78,600	1,22,320	2,25,270	2,94,440	3,41,710	17%	56%	84%	31%	16%
OBER	32,795	38,814	51,000	39,925	52,808	54,472	18%	31%	-22%	32%	3%
PEPL	54,607	1,03,821	1,29,309	2,10,398	1,70,230	3,00,246	90%	25%	63%	-19%	76%
SOBHA	31,372	38,702	51,978	66,441	62,765	81,363	23%	34%	28%	-6%	30%
BRGD	27,667	30,227	41,070	60,125	78,470	74,230	9%	36%	46%	31%	-5%
KPDL	12,011	17,391	22,320	28,220	27,920	26,050	45%	28%	26%	-1%	-7%
SRIN	10,217	13,026	16,030	19,136	25,314	31,570	27%	23%	19%	32%	25%
ARVSMART	5,293	6,013	8,016	11,070	12,700	15,500	14%	33%	38%	15%	22%
ABREL	6,210	19,131	21,840	39,850	80,870	81,360	208%	14%	82%	103%	1%
PURVA	22,160	24,080	31,070	59,120	50,060	74,070	9%	29%	90%	-15%	48%
KALPATARU	-	21,140	29,570	32,020	45,310	52,810	NA	40%	8%	42%	17%
RUSTOMJE	-	18,510	16,050	22,670	30,280	40,230	NA	-13%	41%	34%	33%
RAYMONDR	3,990	9,680	16,100	22,480	23,120	30,230	143%	66%	40%	3%	31%
AREAL	6,170	4,320	8,340	10,170	10,800	17,010	-30%	93%	22%	6%	58%
SIGNATUR	16,903	25,900	34,698	72,691	1,02,900	82,200	53%	34%	109%	42%	-20%
MAHLIFE	6,950	10,280	18,120	23,290	28,050	34,060	48%	76%	29%	20%	21%
<b>Total</b>	<b>3,94,125</b>	<b>6,22,605</b>	<b>8,88,690</b>	<b>12,35,846</b>	<b>14,84,487</b>	<b>17,43,841</b>		<b>43%</b>	<b>39%</b>	<b>20%</b>	<b>17%</b>

Source: Company, Emkay Research

### Management commentary suggests continued momentum and focus on project execution

Commentary across developers suggest that residential demand remains healthy, with structural demand drivers intact despite macro concerns around AI and geopolitical tensions. Indicators such as customer inquiries, site visits, and launch traction remain encouraging, reflecting healthy on-ground demand. Guidance given by developers also reflects the same. Developers with small footprint have given higher growth guidance (MAHLIFE – 32-47%; SOBHA – 30%; ARVSMART – 30%; RUSTOMJE – 24%; BRGD – 21%), while large players (GPL, LODHA, PEPL) have given mid-teens growth guidance, except DLFU (flat) and OBER (did not share guidance; expect 5-10% growth).

Although some softness in footfalls was seen during the initial phase of Middle East tensions, the developers witnessed gradual improvement. Concerns related to AI and geopolitical tensions continue to evolve and will become clearer over time. Prices are expected to be stable, with more calibrated appreciation in contrast to that over FY23-25.

Apart from demand and pre-sales growth, developers are now increasingly focusing on project execution as well as improving collection efficiency which is also linked to project execution and profitability improvement. Large developers such as DLF and LODHA have indicated greater focus on profitability over aggressive pre-sales growth, while other developers are also prioritizing margin improvement.

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

**Exhibit 2: Pre-sales guidance**

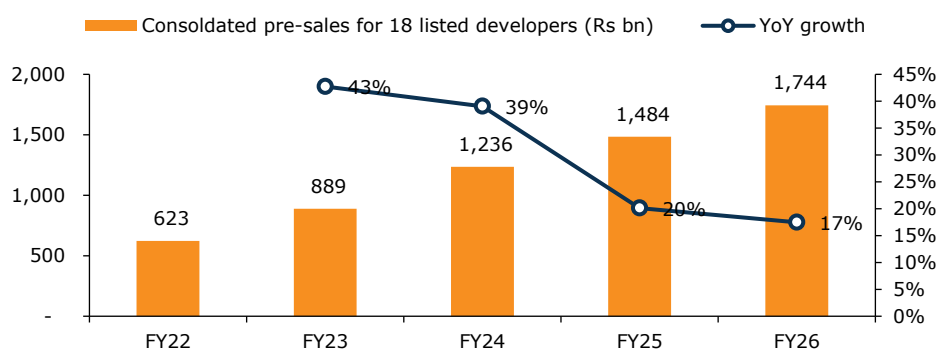
Bloomberg code	FY26A (Rs bn)	FY27 (Rs bn)	YoY	Comments
PURVA	74	112	51%	Guidance
MAHLIFE	34	45	32%	Guidance
SOBHA	81	106	30%	Guidance
ARVSMART	16	20	30%	Guidance
AREAL	17	22	29%	Guidance
SRIN	32	39	25%	Guidance
RUSTOMJE	40	50	24%	Guidance
SIGNATUR	82	100	22%	Guidance
BRGD	74	90	21%	Guidance
RAYMONDR	30	36	20%	Guidance
LODHA	205	240	17%	Guidance
PEPL	300	350	17%	Guidance
GPL	342	390	14%	Guidance
OBER	54	60	10%	Estimates
ABREL	81	84	3%	Estimates
KPDL	26	26	0%	Estimates
DLFU	201	200	-1%	Guidance
KALPATARU	53	NA		No guidance

Source: Company, Emkay Research

### Momentum continues, albeit at a slower rate

Despite macro headwinds in FY26, including Indo-Pak tensions at beginning of the fiscal, higher US tariffs during most of the fiscal, and Middle East tensions toward the end, momentum in residential real estate remained strong. FY26 pre-sales for 18 listed companies (Exhibit 1) grew 17% YoY, as structural demand drivers were intact during the fiscal. Growth was both volume and price driven.

Although growth moderated in FY26 (vs 20% in FY25, 39% in FY24, and 43% in FY23), this largely reflects the high base effect and normalization following the upcycle witnessed during FY22-25 with a more mature nature of demand. The upcycle was supported by limited quality supply in key regions, increasing preference for branded developers, price appreciation, and euphoric demand seen in the premium segment.

**Exhibit 3: Pre-sales of 18 listed developers**

Source: Company, Emkay Research

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## Pre-sales growth varied across developers

Growth trends varied across companies. SOBHA and PEPL outperformed peers, with higher pre-sales growth in FY26, aided by a weak FY25 base that was impacted by regulatory challenges. Developers with large footprints, such as LODHA and GPL, reported mid-teens growth, whereas those with smaller footprints like MAHLIFE, ARVSMART, SRIN, RUSTOMJE, and RAYMONDR delivered stronger growth.

Although a significant number of listed companies reported pre-sales growth in FY26, DLFU, BRGD, ABREL, OBER, and SIGNATUR witnessed flat growth or de-growth. DLFU intends to maintain pre-sales at current level (~ Rs200bn), while BRGD slipped (reported 5% decline) due to launch delays arising from regulatory approvals. On the other hand, ABREL, OBER, and KPDL saw muted growth due to limited launches. SIGNATUR witnessed a significant decline in pre-sales due to moderation in demand in the Gurugram market.

## Bengaluru saw strong absorption; MMR and NCR remained healthy

Region wise, Bengaluru remained one of the strongest markets in FY26 for listed players; all developers received a healthy response, except ABREL due to limited launches (Exhibit 4). MAHLIFE and ARVSMART also witnessed healthy traction in their launches at Bengaluru. MMR continued to demonstrate steady growth across premium and luxury segments, while Pune witnessed moderation (Exhibit 5). The Mumbai luxury housing market continued to be strong; Godrej Trilogy, Prestige Nautilus, Kalpataru One Worli, and Lodha portfolios in South Central witnessed healthy response.

**Exhibit 4: Pre-sales by major developers in Bengaluru**

(Rs mn)	FY25	FY26	YoY growth
GPL	50,890	88,010	73%
LODHA	7,300	24,000	229%
PEPL	77,485	1,02,083	32%
SOBHA	36,420	44,780	23%
PURVA	28,034	45,183	61%
ABREL	29,160	19,526	-33%
BRGD	50,000	48,250	-4%

Source: Company, Emkay Research

**Exhibit 5: Pune pre-sales by major developers**

(Rs mn)	FY25	FY26	YoY growth
GPL	34,090	36,590	7%
LODHA	25,200	22,600	-10%
KPDL	24,480	22,310	-9%
ABREL	3,120	6,509	109%

Source: Company, Emkay Research

In NCR, growth moderated in the Gurugram market, while Noida and Greater Noida markets remained healthy. Launches in the premium segment by developers such as SOBHA, ABREL, and PEPL received encouraging response. PEPL forayed into NCR in FY26 and recorded pre-sales of Rs100bn in its first year of operations (33% of total pre-sales in FY26), predominantly from The Prestige City project in Indirapuram, Ghaziabad. Similarly, SOBHA witnessed healthy pre-sales of Rs24.6bn from NCR (30% of its total pre-sales in FY26), driven by its foray into Greater Noida in FY26. Other dominant developers with large footprints in the region (GPL, DLFU, SIGNATUR) saw moderation in FY26, primarily due to limited launches.

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**Exhibit 6: NCR pre-sales by major developers**

(Rs mn)	FY25	FY26	YoY growth
GPL	1,05,230	74,120	-30%
SOBHA	12,490	24,550	97%
ABREL	34,250	37,426	9%
DLFU	2,12,250	1,78,140	-16%
PEPL	-	1,00,152	NA
SIGNATUR	1,02,900	82,200	-20%

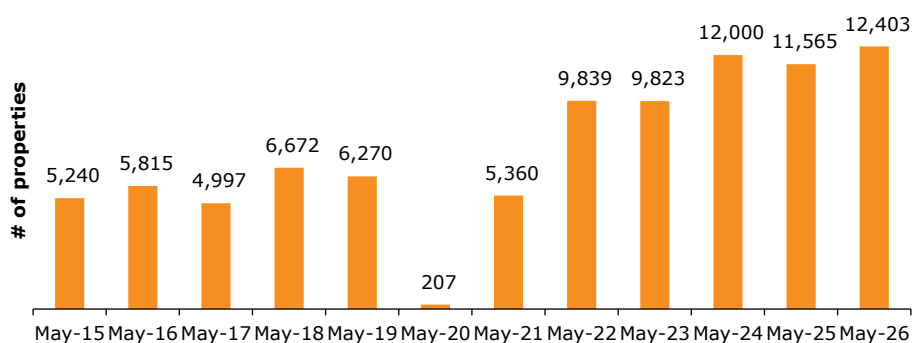
Source: Company, Emkay Research

### MMR remains resilient

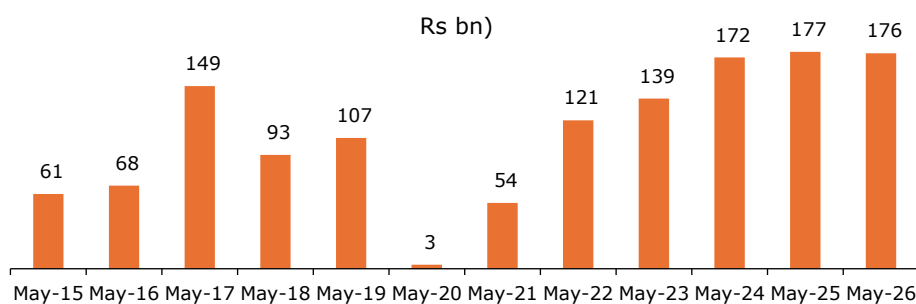
The MMR market continues to be resilient. Property registrations in Mumbai witnessed a 7% YoY uptick in May-26; 12,403 properties were registered (7% YoY, 13% MoM), with Rs10.5bn (-1% YoY) of stamp duty generated.

In FY26, Mumbai saw 150,628 real estate property registrations (5% YoY), with stamp duty of Rs136bn (5% YoY), translating to properties valued Rs2,272bn. FY27 has also started on a positive note, with the first two months witnessing 26,688 properties registered, valued at Rs368bn (5% YoY).

Listed developers have witnessed strong traction in recent launches. ABREL's residential project 'Birla Taranya' in Thane achieved bookings of Rs10bn within the first three months of launch. Similarly, MAHLIFE's Rainforest project near Kanjurmarg has seen an encouraging response, and we expect sales bookings of Rs9-10bn in 1QFY27.

**Exhibit 7: Property registrations in Mumbai**

Source: IGR Maharashtra, Emkay Research

**Exhibit 8: Total property value registered**

Source: IGR Maharashtra, Emkay Research

## Q4FY26 recap

### Strong quarter supported by new launches

Q4 witnessed healthy pre-sales growth of 18%/49% YoY/QoQ, respectively, for the 18 listed companies (Exhibit 6). Growth was supported by an uptick in new launches during the quarter. Developers like GPL, BRGD, ARVSMART, ABREL, MAHLIFE, PURVA, RAYMONDR, and KALPATARU reported strong Q4 pre-sales growth due to the new launches.

The Middle East tensions did not have a significant impact during the quarter and were more pronounced during the initial phase, primarily on the luxury segment. On the cost front, companies expect a 5-6% increase, impacting margins by 0.2-0.5%.

**Exhibit 9: Quarterly pre-sales**

Pre-sales (Rs mn)	Q4FY25	Q3FY26	Q4FY26	YoY	QoQ
DLFU	20,360	4,190	39,670	95%	847%
LODHA	48,100	56,200	58,900	22%	5%
GPL	1,01,630	84,210	1,01,630	0%	21%
OBER	8,530	8,364	16,730	96%	100%
PEPL	69,574	41,836	76,973	11%	84%
SOBHA	18,357	21,150	20,393	11%	-4%
BRGD	24,482	17,500	25,210	3%	44%
KPDL	6,310	6,050	7,140	13%	18%
SRIN	8,704	7,340	10,643	22%	45%
ARVSMART	3,810	3,310	6,120	61%	85%
ABREL	57,380	25,361	42,879	-25%	69%
PURVA	12,820	14,140	35,470	177%	151%
KALPATARU	17,240	8,700	18,330	6%	111%
RUSTOMJE	8,540	8,370	13,460	58%	61%
RAYMONDR	6,360	7,430	15,190	139%	104%
AREAL	2,500	6,030	2,700	8%	-55%
SIGNATUR	16,200	20,200	15,400	-5%	-24%
MAHLIFE	10,550	5,720	16,330	55%	185%
<b>Total</b>	<b>4,30,897</b>	<b>3,40,381</b>	<b>5,06,838</b>	<b>18%</b>	<b>49%</b>

Source: Company, Emkay Research

### Balance sheet remains healthy for most developers

Balance sheet continues to be healthy for most of the listed players. DLFU (DevCo), OBER, SOBHA, RUSTOMJE, and MAHLIFE (including JV assets) remain net cash positive. LODHA targets its DevCo to be debt free. Other developers' debt levels are at comfortable levels, except for PEPL and KALPATARU. PEPL's D/E is at 0.65x and not expected to go up in FY27, with significant launches lined up; once the REIT of its rental assets portfolio and hotel IPO materialize, we expect PEPL's net debt to moderate.

Fund raising over the past two years, strategic partnerships with the institutional investors, and prudent cash flow management (higher collections and margins) have led to healthy balance sheets for developers. This is despite aggressive business development in FY26. Hence, we expect balance sheets to strengthen further as cash flows are likely to be utilized toward debt servicing.

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

**Exhibit 10: Net debt position**

Net debt (Rs mn)	FY24	FY25	FY26
DLFU	-15,470	-68,480	-1,16,600
LODHA	30,100	39,900	53,700
GPL	61,980	32,690	68,730
OBER	12,460	1,570	-3,458
PEPL	77,880	67,165	87,711
SOBHA	12,630	-6,300	-7,930
BRGD	25,903	9,620	22,780
KPDL	-250	-50	-6,000
SRIN	700	-750	2,930
ARVSMART	-410	270	790
ABREL	24,820	35,750	35,140
PURVA	21,510	29,490	24,820
KALPATARU	99,830	93,100	82,690
RUSTOMJE	3,591	-5578	-918
SIGNATUR	11,600	8,800	2,000

Source: Company, Emkay Research

**Exhibit 11: Net debt to equity**

Net debt to equity (x)	FY25	FY26
DLFU	-0.16	-0.26
LODHA	0.20	0.23
GPL	0.19	0.36
OBER	0.01	-0.02
PEPL	0.44	0.54
SOBHA	-0.14	-0.17
BRGD	0.17	0.33
KPDL	-0.01	-0.50
SRIN	-0.02	0.08
ARVSMART	0.05	0.12
ABREL	0.93	0.95
PURVA	1.70	1.39
KALPATARU	3.75	2.01
RUSTOMJE	-0.20	-0.03
SIGNATUR	1.21	0.11

Source: Company, Emkay Research

**Collection growth remains strong**

Q4 collection growth stood at 18%/17% YoY/QoQ, respectively, for the 18 listed companies (Exhibit 1). PEPL, SRIN, ARVSMART, KALPATARU, AREAL, and MAHLIFE witnessed healthy growth in Q4. Collections over FY22-26 saw 25% CAGR, supported by strong pre-sales and improving execution.

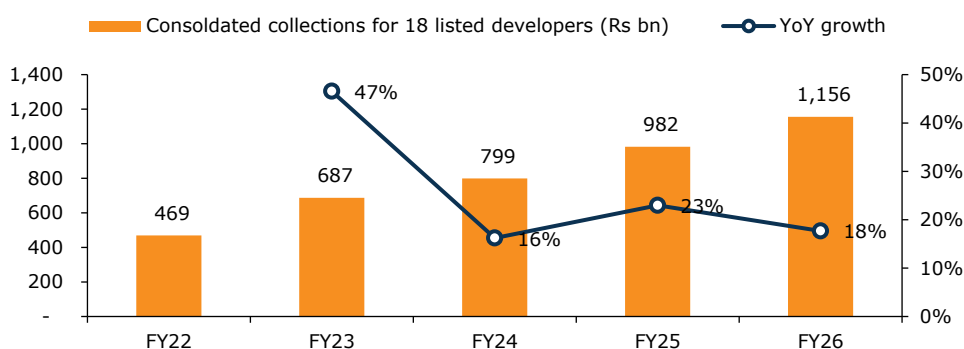
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Exhibit 12: Consolidated collection of 18 listed developers

Bloomberg code	Collections (Rs mn)						YoY growth				
	FY21	FY22	FY23	FY24	FY25	FY26	FY22	FY23	FY24	FY25	FY26
DLFU	25,100	46,490	56,510	86,550	1,17,790	1,38,670	85%	22%	53%	36%	18%
LODHA	50,520	85,980	1,06,030	1,12,500	1,41,800	1,51,500	70%	23%	6%	26%	7%
GPL	43,890	65,401	89,910	1,14,360	1,70,470	1,99,650	49%	37%	27%	49%	17%
OBER	16,443	30,957	78,959	41,788	43,829	42,500	88%	155%	-47%	5%	-3%
PEPL	50,752	74,664	98,055	1,19,548	1,20,661	1,85,146	47%	31%	22%	1%	53%
SOBHA	22,169	31,727	43,058	50,344	55,184	70,670	43%	36%	17%	10%	28%
BRGD	23,132	40,827	54,238	67,469	72,496	74,760	76%	33%	24%	7%	3%
KPDL	11,283	15,748	19,021	20,700	24,330	26,890	40%	21%	9%	18%	11%
SRIN	7,796	10,532	12,508	12,356	12,560	14,330	35%	19%	-1%	2%	14%
ARVSMART	3,258	5,952	6,000	8,760	9,420	10,990	83%	1%	46%	8%	17%
ABREL	1,535	3,514	8,620	13,230	27,060	33,419	129%	145%	53%	105%	23%
PURVA	-	7,860	22,580	36,100	39,370	42,570	NA	187%	60%	9%	8%
KALPATARU	-	15,830	22,360	27,140	36,590	48,970	NA	41%	21%	35%	34%
RUSTOMJE	-	11,490	18,630	22,030	23,260	26,210	NA	62%	18%	6%	13%
RAYMONDR	2,600	6,500	12,720	15,150	18,710	17,250	150%	96%	19%	23%	-8%
AREAL	5,200	3,930	5,310	5,700	6,470	11,030	-24%	35%	7%	14%	70%
SIGNATUR	-	-	21,020	31,065	43,800	40,100	NA	NA	48%	41%	-8%
MAHLIFE	7,580	11,520	11,650	13,850	18,310	21,070	52%	1%	19%	32%	15%
<b>Total</b>	<b>2,71,257</b>	<b>4,68,922</b>	<b>6,87,178</b>	<b>7,98,640</b>	<b>9,82,110</b>	<b>11,55,725</b>	<b>73%</b>	<b>47%</b>	<b>16%</b>	<b>23%</b>	<b>18%</b>

Source: Company, Emkay Research

Exhibit 13: Consolidated collections of 18 listed developers



Source: Company, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

## FY27 forecasts

### Overall residential market to remain stagnant

Following strong pre-sales growth during FY22-25, the residential market saw growth moderating in FY26 (reflecting a high base and normalization after the upcycle). We believe four indicators—office leasing, corporate earnings, wages, and interest rates—are key indicators for real estate demand. Going forward, owing to uncertainties revolving around AI and geopolitical tensions, we remain cautious on the overall residential real estate outlook and expect growth to further slow down.

**Exhibit 14: Leading indicators for housing demand**

Indicator	r (correlation coefficient)	R <sup>2</sup> (coefficient of determination)
Office leasing	0.8	0.64
EBITDA of BSE-listed companies	0.84	0.71
Employee expenses of BSE-listed companies	0.74	0.55
Weighted average housing lending rate	-0.14	0.02

Source: Company, Knight Frank, Emkay Research

### Office leasing activity

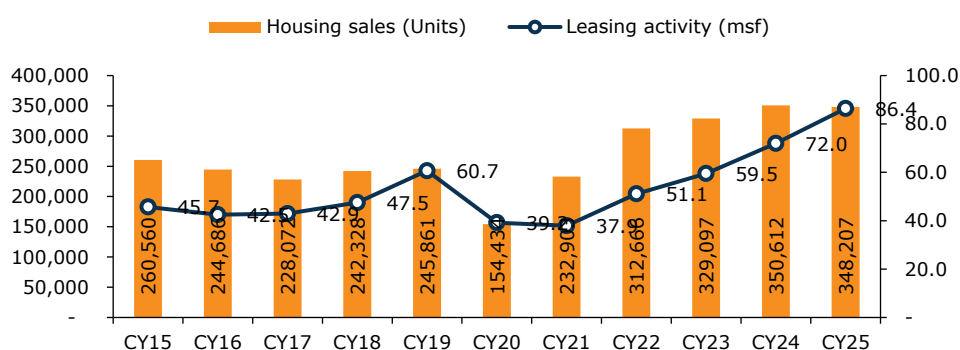
Housing sales in India have strong linkage with office leasing activity; our analysis suggests that a high correlation exists between the two variables ( $r = 0.80$ ;  $R^2 = 0.64$ ). Office leasing acts as a key proxy for employment generation, business expansion, and income visibility.

Post-2016, office leasing activity gained strong momentum, driven by growth in IT services, GCCs, BFSI, engineering services, and start-ups. This led to higher job creation and migration to urban centers. Recovery accelerated after the pandemic, as hiring resumed and office attendance improved.

Rising employment and post-lockdown shift in preference toward larger homes supported housing demand in premium and mid-premium segments across major cities.

While AI and geopolitical-related uncertainties may have an impact on leasing, at present, leasing remains robust on the back of strong demand from GCCs.

**Exhibit 15: Leasing activity**



Source: Knight Frank, Emkay research

### Employee compensation

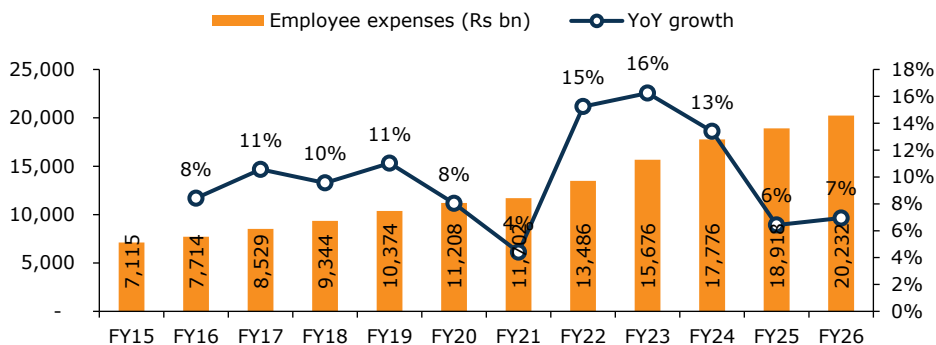
Housing sales also exhibit strong linkage with employee compensation; our analysis suggests that a high correlation exists between the two variables ( $r = 0.74$ ;  $R^2 = 0.55$ ). Employee compensation directly influences affordability, purchasing power, and upgrade potential. Further, higher income visibility encourages home ownership.

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions.com). The residential upcycle witnessed during FY22–25 was supported by wage growth. Apart from wage growth, the period witnessed ESOP monetization, broader wealth creation, and capital

market activities (IPOs, etc) that led to strong absorption. The trend was particularly visible across MMR, Bengaluru, and NCR.

However, employee compensation growth started showing signs of moderation in FY25 and FY26 as hiring activity normalized and corporate cost optimization initiatives increased. There has been moderation in overall wealth generation and with the current uncertainties, we expect growth moderation in housing absorption.

**Exhibit 16: Employee expenses of BSE-listed companies**



Source: Emkay Research

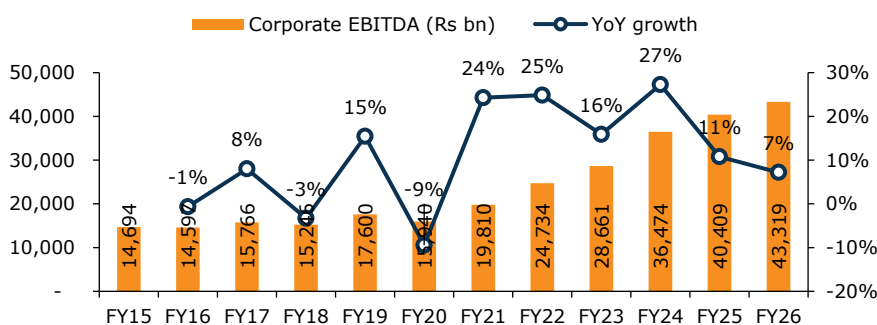
**Corporate earnings**

Housing sales also exhibit strong linkage with corporate earnings; our analysis suggests that a high correlation exists between the two variables ( $r = 0.84$ ;  $R^2 = 0.71$ ).

The FY22–25 period witnessed healthy corporate profitability across several sectors. EBITDA expanded at 20% CAGR over FY21-25. Improved profitability translated into better salary increments, hiring activity, bonuses, and higher management confidence. Strong corporate earnings also created a wealth effect through stock market performance, ESOP monetization, and higher disposable income.

Going forward, moderation in earnings growth as reflected in FY25 and FY26 may influence housing demand through slower income growth, cautious hiring, and lower discretionary spending.

**Exhibit 17: EBITDA of BSE-listed companies**



Source: Emkay Research

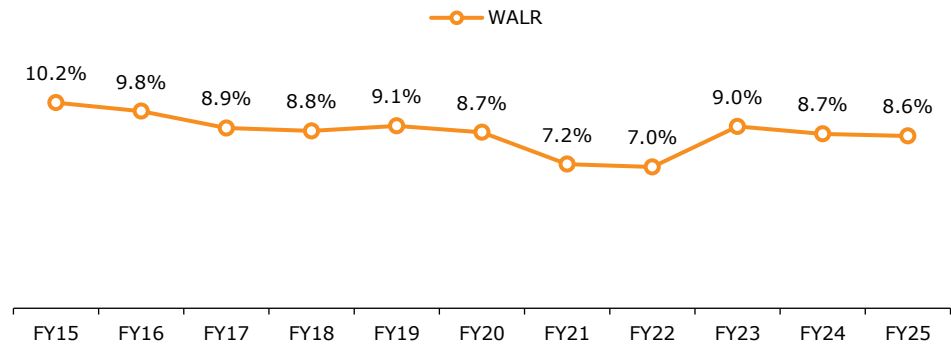
**Weighted average lending rate (WALR)**

The residential uptick during FY22–25 was not driven by a single factor, but rather a combination of supportive conditions.

Although WALR does not exhibit a strong linkage with residential housing sales, lower WALR improves affordability and reduces financing costs for homebuyers. Lower EMIs can increase purchase capacity and encourage upgraded purchases. FY21 and FY22 saw low WALR of 7.2% and 7%, respectively, which increased to 8.6% in FY25 and is now currently at 7.6%.

We believe WALR is likely to increase due to higher inflation amid ongoing Middle East tensions, which may hit housing volume absorption.

**Exhibit 18: Weighted average lending rate for housing loans**



Source: RBI, Emkay Research

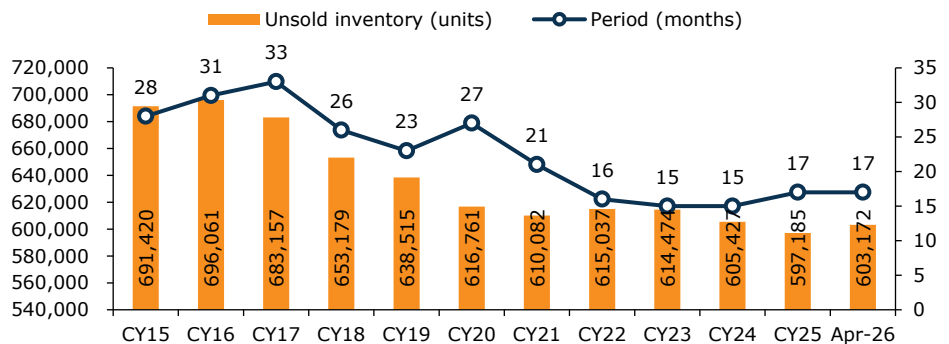
**Inventory cycle and launch discipline**

Unsold inventory reached cyclical lows around 2021 after several years of demand absorption and limited new supply additions. There was a visible scarcity of inventory in premium and luxury segments.

Simultaneous occurrence of macro improvements and lower inventory, especially in premium and luxury segments, led to strong absorption for listed players. Branded players accelerated launches and expanded pipelines to capitalize on improving demand conditions.

However, launches have started moderating following peak absorption levels witnessed during the upcycle. Inventory levels have also begun to gradually increase, suggesting that the market is moving toward a more balanced supply-demand environment.

**Exhibit 19: Inventory levels of top-8 regions**



Source: PropEquity, Emkay Research

**Price appreciation**

Residential prices have witnessed meaningful appreciation over the last four years, supported by strong demand, constrained quality supply, and premiumization. While price appreciation supported realization growth and profitability for developers, sustained increases could influence affordability and elongate purchase decision cycles.

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**However, listed developers continue to grow, albeit at slower pace**

The above indicators suggest that overall housing sales are likely to remain stagnant or may witness a decline. Growth moderation in pre-sales, guidance provided by listed players, and ongoing pressure on the affordable housing segment suggest the same. However, we believe listed developers will continue to grow, albeit at a slower pace compared to previous year.

One of the key drivers for strong growth reported by listed developers in previous years was the consolidation in real estate, with buyers preferring branded/listed developers. The consolidation is still underway, with market share continuing to shift toward listed developers, which should support the growth of listed players despite an expected stagnant outlook for overall residential real estate.

Further, listed developers remain focused on the premium segment, with average ticket size typically at Rs20-50mn. The affluent population is expanding at higher rate in India. We expect demand in the segment to remain relatively more resilient compared to affordable and luxury segments.

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