

Real Estate

Consolidation coming

- Strategic consolidation across regions:** The residential segment continued to witness stable demand, particularly in the mid-income and luxury housing categories. This trend is supported by favorable economic conditions and positive buyer sentiment. Real estate sector is entering a phase of strategic consolidation post a blockbuster FY24. Q4FY25 is expected to reflect a moderation in momentum, driven by delayed approvals, slower conversion of Expressions of Interest (EOIs) to sales and a high base effect. While aggregate YoY pre-sales for the quarter are estimated to grow by ~16%, growth is visible across developers who secured approvals and launched projects during Q4FY25 as the underlying demand remains resilient, particularly in core metro markets. Developers are increasingly adopting a calibrated launch strategy, prioritizing margin protection and operational efficiency over aggressive volume-led growth. Developers like Prestige Estates, Oberoi and Sobha are poised to benefit from deferred launches in FY26, even as FY25 may see partial underperformance versus guidance/expectations.
- Mid-income to luxury driving demand, aiding the pre-sales momentum:** The Indian real estate sector continues to exhibit robust structural demand, although Q4FY25 may reflect moderation due to certain approval challenges. However, players like Godrej Properties (INR 101bn, +7% YoY), Sobha (INR 18bn, +22% YoY), and Macrotech (INR 48.1bn, +14% YoY) clocked stable Q4FY25 pre-sales, aided by strong absorption of new launches (c.40-50%+). With approval delays and a strategic shift toward phased launches, is likely to result in a YoY decline in Q4FY25 pre-sales for select developers. That said, pre-sales conversion cycles are elongating owing to delayed decision-making in some markets like NCR whilst demand in other micro-markets like Bengaluru, MMR, and Pune remains stable. We see growth slowing down for NCR as prices are at peak, ticket sizes are at peak and investors to end-user ratio is at peak. Other Southern and MMR markets are driven by higher share of end-user demand in mid-to upper luxury segment, which we expect will grow at 2x of NCR at 15-20% in FY26, aided by stable pricing and recent 50bps interest rate cuts.
- Office doing much better whilst retail consumption is seeing slowdown:** Q4FY25 is shaping up strongly for the annuity portfolio. Gross office leasing for FY25 is on track to exceed 60msf, driven by GCC expansion, BFSI, and flex-space operators. Prime business districts are witnessing 5-7% YoY rental growth with declining vacancies, particularly in Bengaluru, Pune, and Hyderabad. Organised retail continues to thrive with >90% occupancy in Tier 1 cities and strong traction from fashion, F&B, and electronics segments, but growth has slowed down due to shift in consumption trends towards travel and high inflation in mid-segment. ESG-compliant assets and hybrid office formats are gaining acceptance, and developers with large annuity portfolios are well-positioned to benefit from the consumption-led revival.
- Approval challenges largely solved but global macro risks a watch point:** Post stakeholder engagement and policy streamlining, the industry is witnessing faster approvals. While domestic demand drivers remain intact, rising input costs due to potential global tariff wars - especially in steel, cement, etc. could pressure developer margins. Moreover, macro volatility globally may impact MNC-driven leasing in the commercial segment. However, healthy domestic end-user demand and limited speculative supply act as natural buffers.
- Q4FY25 earnings trend:** We expect the aggregate revenue/EBITDA/PAT for the coverage universe to report YoY growth by 5.5/7.5/-3.3%. On an aggregate level, we are expecting EBITDA margin to improve by 57bps YoY.
- Recommendations and stock picks:** We prefer mixed use developers with high FY26 growth potential and a large presence in end user driven market. **Top picks:** Oberoi Realty, Sobha, PEPL, and Mahindra Lifespaces.

Company	CMP (INR/sh)	Reco.	TP (INR/sh)
DLF	663	BUY	988
Oberoi Realty	1,625	BUY	2,302
Sobha Developers	1,184	BUY	2,459
Brigade Enterprise	973	BUY	1,400
Kolte-Patil Developers	338	BUY	480
Prestige Estates	1,199	BUY	1,914
Phoenix Mills	1,548	BUY	1,952
Godrej Properties	2,016	ADD	2,672
Mahindra Lifespaces	314	BUY	700
Macrotech Developers	1,215	ADD	1,311

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Financial summary: Q4FY25E

(Y/E March)	Net Sales (INR mn)			EBITDA (INR mn)			EBITDA margin (%)			APAT (INR mn)		
	Q4FY25E	YoY (%)	QoQ (%)	Q4FY25E	YoY (%)	QoQ (%)	Q4FY25E	YoY (bps)	QoQ (%)	Q4FY25E	YoY (%)	QoQ (%)
DLF	17,078	-20%	12%	4,612	-39%	15%	27	(832)	84	7,604	-17%	-28%
Oberoi Realty	16,933	29%	20%	10,349	31%	21%	61	114	45	7,398	-6%	20%
Sobha Developers	13,150	72%	7%	1,180	90%	75%	9	83	348	580	718%	167%
Brigade Enterprises	16,564	-3%	13%	4,744	10%	15%	29	322	38	2,612	27%	11%
Kolte-Patil Developers	5,770	10%	65%	475	-789%	86%	8	954	92	339	-225%	34%
Prestige Estates	24,258	12%	47%	8,208	-1%	39%	34	(441)	(183)	2,249	61%	1171%
Phoenix Mills	10,743	-18%	10%	6,040	-4%	9%	56	823	(47)	2,509	-23%	-1%
Godrej Properties	12,835	-10%	32%	1,195	-3%	334%	9	71	647	2,322	-51%	47%
Mahindra Lifespaces	3,135	20x	87%	(186)	-66%	-27%	(6)	37,274	927	526	-26%	-334%
Macrotech Developers	41,647	4%	2%	12,831	23%	-2%	31	476	(118)	8,452	27%	-11%
Total	1,62,112	5.5%	17.2%	49,449	7.5%	17.4%	31	57.0	2.8	34,591	-3.3%	4.5%

Source: Company, HSIE Research

Valuation summary

Real Estate	Mcap (INR bn)	CMP (INR/sh)	Reco	TP	Adj. EPS (INR/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
DLF	1,641	663	BUY	988	12.2	14.9	17.4	54.3	44.4	38.1	75.0	59.8	41.1	7.5	8.6	9.4
Oberoi Realty	591	1,625	BUY	2,302	58.0	60.4	74.3	28.0	26.9	21.9	29.5	27.4	20.4	15.2	14.7	15.5
Sobha Developers	127	1,184	BUY	2,459	18.5	44.1	75.8	64.1	26.8	15.6	33.6	22.4	10.7	6.7	14.6	22.4
Brigade Enterprises	237	973	BUY	1,400	18.7	21.0	24.8	52.1	46.4	39.2	26.6	24.4	18.3	11.2	11.5	12.4
Kolte-Patil Developers	26	338	BUY	480	7.3	23.7	36.0	46.2	14.3	9.4	19.2	9.2	4.0	6.2	22.6	24.0
Prestige Estates	516	1,199	BUY	1,914	12.1	20.7	34.8	99.4	57.9	34.4	26.0	20.8	13.2	4.2	6.9	10.7
Phoenix Mills	530	1,548	BUY	1,952	62.1	80.3	43.3	24.9	19.3	35.8	25.7	20.5	16.6	10.6	11.7	12.1
Godrej Properties	607	2,016	ADD	2,672	23.0	29.6	25.9	87.8	68.0	77.9	3,381.4	553.9	238.7	5.6	5.7	3.4
Mahindra Lifespaces	49	314	BUY	700	11.2	13.5	15.4	28.1	23.2	20.3	39.0	27.9	8.5	8.9	9.7	10.1
Macrotech Developers	1,208	1,215	ADD	1,311	20.6	32.3	36.0	59.1	37.6	33.8	37.1	26.7	22.6	11.2	14.3	15.4

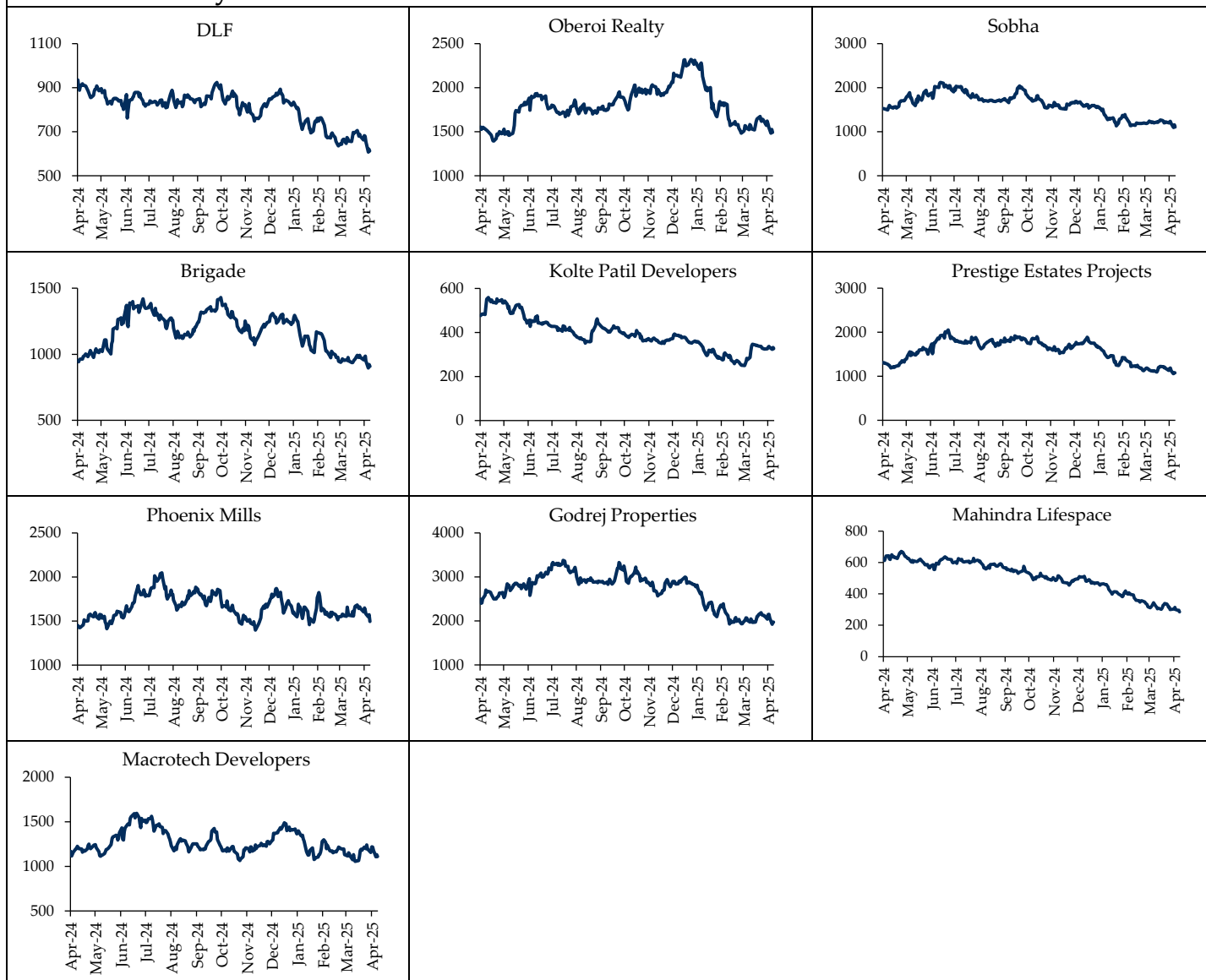
Source: Company, HSIE Research

Presales summary

In INR mn	4QFY25E	4QFY24	YoY Growth (%)	3QFY25	QoQ Growth (%)
DLF	25,000	14,620	71%	1,20,900	-79%
Oberoi Realty	15,000	17,643	-15%	19,200	-22%
Sobha Developers*	18,357	15,040	22%	13,886	32%
Brigade Enterprises	23,000	22,430	3%	24,900	-8%
Kolte-Patil Developers	6,500	7,408	-12%	6,800	-4%
Prestige Estates	72,000	47,068	53%	30,100	139%
Godrej Properties*	1,01,630	95,190	7%	54,460	87%
Mahindra Lifespaces	5,500	10,860	-49%	3,300	67%
Macrotech Developers*	48,100	42,300	14%	45,100	7%
Total	3,15,087	2,72,559	16%	3,18,646	-1%

Source: Company, HSIE Research, * actuals as reported

1 Yr Price history



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

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