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REAL ESTATE (DEVELOPERS) | Q1FY27 Preview | 10 July 2026

Late-cycle consolidation; fundamental demand drivers intact

- **Lower sales (-6% YoY), launches (+7% YoY) continued to outpace sales; leading to a build-up of inventories (+10% YoY) across top 7 cities**
- **Expect developers to achieve higher sales (11.2% YoY), from the sale of ~15.6msf (-4.5% YoY) and higher realisations (+32% YoY)**
- **Premium demand robust; expect developers to deliver EBITDA growth of +300% YoY on the back of steady execution; prefer PEPL and SOBHA**

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Supply outpacing demand: Launches over Q1FY27 were higher by ~+7% (+4.8% CAGR over FY23-26) and continued to outpace sales for the second consecutive quarter. However, launches were ~-16% QoQ, as **developers moderated launches to accommodate weak near-term homebuyer sentiment**. MMR, BLR, PUN and NCR accounted for ~92% of total supply additions, with ~75% of the new supply being categorised as premium offerings.

Moderating sales velocity: Q1FY27 housing sales across major markets were -6% lower YoY (vs ~+3.6% CAGR over FY23-26), as the prevailing macro-economic uncertainty led to deferred purchase decisions. MMR and BLR accounted for ~48% of total sales volumes, with homebuyer preferences evolving in-line with developers' increasing focus on higher-value projects. **We expect developers under our coverage to deliver growth in booking values of ~+11.2% YoY**, given their focus on this segment.

Unsold inventory accumulating: Available inventory across major markets increased ~+10% YoY. The **accumulation of inventory was most pronounced in the Rs 20-100mn and Rs 200-500mn segments** with MMR, HYD and NCR accounting for ~63% of total available housing inventory.

Premium segment driving realisations: As the premium/luxury segments account for a majority of the sales (~54% over 1H CY26), we believe **that growth in average realisations (~+7% YoY vs ~+6.6% CAGR over FY23-26) is being driven increasingly by this segment and does not reflect broad-based demand.**

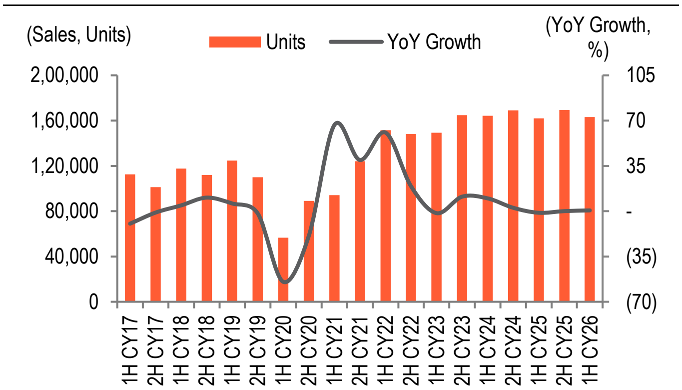
We believe that fundamental demand drivers are largely intact, supported by persistent urbanisation, stable employment and a benign interest rate environment. However, we expect the residential cycle to be in late-stage consolidation, as sales volumes have plateaued, launches continue to exceed sales and unsold inventories rise. We expect **developers with a robust pipeline of launches that enable them to maintain sales momentum and push average realisations to outperform; prefer PEPL and SOBHA**.

Fig 1 – Estimates

	1Q27E	1Q26A	y/y (%)	4Q26A	q/q (%)
Booking Values (Rs mn)					
PEPL	108,397	106,717	1.57	72,694	49.11
GPL	73,155	70,820	3.30	101,630	(28.02)
OBER	10,473	16,387	(36.09)	16,734	(37.42)
SOBHA	36,561	20,790	75.86	20,390	79.31
Area Sold (msf)					
PEPL	8.68	9.55	(9.07)	4.94	75.79
GPL	4.23	9.55	(55.75)	7.30	(42.11)
OBER	0.30	0.35	(15.16)	0.36	(16.18)
SOBHA	2.34	1.44	62.19	1.33	75.60
Avg. Realisations (Rs psf)					
PEPL	12,482	11,175	11.70	14,715	(15.17)
GPL	17,310	7,416	133.42	13,922	24.34
OBER	34,944	46,389	(24.67)	46,801	(25.34)
SOBHA	15,655	14,438	8.43	15,331	2.11
Revenue (Rs mn)					
PEPL	66,504	23,073	188.23	40,738	63.25
GPL	10,092	4,346	132.23	34,581	(70.82)
OBER	17,288	9,876	75.06	17,498	(1.20)
SOBHA	12,065	8,519	41.62	19,878	(39.31)
EBITDA (Rs mn)					
PEPL	22,715	10,552	115.26	11,152	103.68
GPL	(1,475)	(2,433)	(39.37)	5,222	(128.24)
OBER	17,288	9,876	75.06	17,498	(1.20)
SOBHA	2,734	238	1,047.95	1,522	79.66
EPS (Rs)					
PEPL	27.40	6.79	303.52	5.81	371.93
GPL	14.27	19.92	(28.37)	21.57	(33.86)
OBER	19.96	11.59	72.30	19.34	3.21
SOBHA	16.20	1.27	1,171.97	8.59	88.62

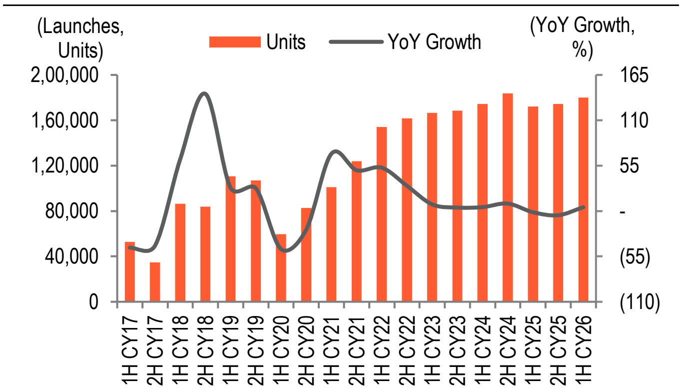
Source: Company, BOBCAPS Research

Fig 2 – Sales moderating (+1.32% YoY over 1H CY26)



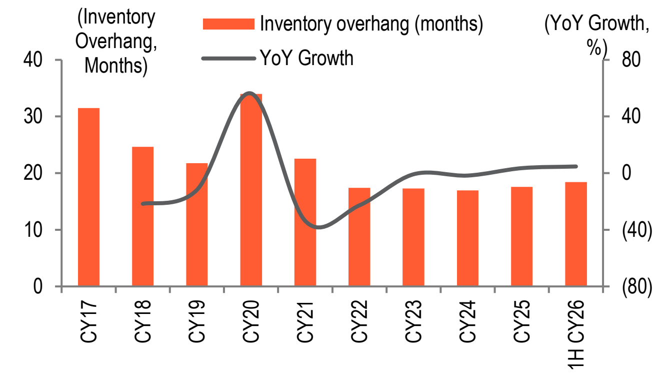
Source: Knight Frank, BOBCAPS Research

Fig 3 – Launches outpacing sales (+4.6% YoY over 1H CY26)



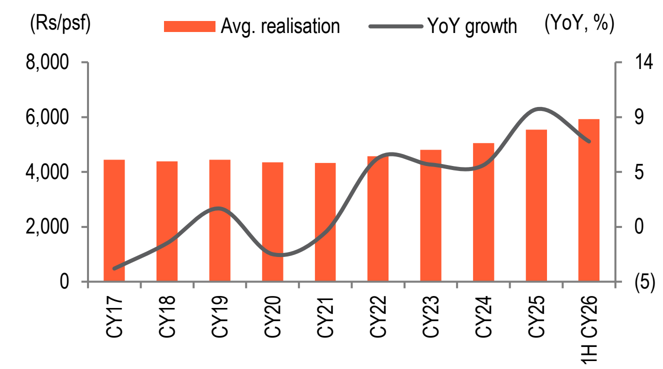
Source: Knight Frank, BOBCAPS Research

Fig 4 – Accumulating inventory (+4.6% YoY)



Source: Knight Frank, BOBCAPS Research

Fig 5 – Realisations under pressure (+7% YoY)



Source: ANAROCK, BOBCAPS Research

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Note: Recommendation structure changed with effect from 21 June 2021

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