

RESEARCH**[SECTOR REPORT] REAL ESTATE (DEVELOPERS)**

Favour scale and execution in a normalising market cycle

SUMMARY**[SECTOR REPORT] REAL ESTATE (DEVELOPERS)**

- Market entering a phase of hyper-supply; expect moderation in avg. realisations (in line with CPI) driven by the recalibration of demand
- Demand to continue consolidating behind Grade-A developers with a focus on quality and consistency in the execution of projects
- Prefer developers with strong pipelines, low leverage, and premium positioning – PRESTIGE (BUY) and SOBHA (BUY)

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REAL ESTATE (DEVELOPERS)

30 March 2026

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Yashas Gilganchi
 Research Analyst
 research@bobcaps.in

Cycle transitioning to measured growth: After a strong post-Covid upcycle (2022–2025), the residential market is entering a “**hyper-supply**” phase, with launches outpacing sales and early signs of demand moderation. While sales volumes declined ~0.6% in CY2025, **value growth (+8.9%) was driven by higher realisations**, pointing to a normalising pricing environment.

Demand shifting to value from exuberance: Homebuyer preferences evolved structurally towards **larger, amenity-rich homes**, with 3BHK+ share rising to ~52%. However, rising prices, macro uncertainty, and affordability constraints are expected to **recalibrate demand toward value-driven purchases**, pushing volumes, avg. unit size and price growth lower going forward.

Favourable long-term fundamentals intact: Despite near-term headwinds, the sector remains structurally strong, supported by **urbanisation, income growth, and rising working-age population**. Demand is increasingly consolidating towards **Grade-A developers** that now account for ~45% of supply, benefiting from brand trust, execution, and access to capital.

Growth to normalise; cashflows to strengthen: Over FY26E–FY29E, **booking value growth is expected to moderate (~10.4% CAGR)**, as **collections grow faster (~18.4% CAGR)** on execution-led cash flow realisations. Margins and balance sheets are improving sector leverage.

Prefer scale, balance sheet strength, and execution: Constructive on the sector, we **initiate coverage with a BUY on GODREJPROP, PRESTIGE, SOBHA and OBEROIRLTY**. Developers with **strong pipelines, low leverage, and premium positioning** are best placed to gain market share in a consolidating and more disciplined market cycle.

Recommendation snapshot

Ticker	Price	Target	Rating
GPL IN	1,505	2,211	BUY
OBER IN	1,457	1,754	BUY
PEPL IN	1,173	1,928	BUY
SOBHA IN	1,228	1,853	BUY

Price & Target in Rupees | Price as of 27 Mar 2026



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 Phone: +91-22-61389300
 Name of the Compliance Officer: Mr. Sameer Khobrekar
 Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
 For any queries or grievances, you may contact the Grievance Officer.
 Name of the Grievance Officer: Mr. Manoj Pawar
 Email ID: head-customer@bobcaps.in; Phone no: 0+91-22-69417333

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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