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Real Estate

Sector update

- **DLF** (BUY)
- **Oberoi Realty** (BUY)
- **The Phoenix Mills** (BUY)
- **Prestige Estates Projects** (ADD)
- **Brigade Enterprises** (BUY)
- **Godrej Properties** (SELL)
- **Sunteck Realty** (BUY)
- **Sobha Ltd** (BUY)

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INDIA

Real Estate

Residential: Déjà Vu FY22

Q4FY21 saw residential sales volumes across India's Tier 1 residential cities rising 9% YoY and 32% QoQ. Accordingly, all listed developers are expected to report strong sales bookings for the second consecutive quarter. Heading into FY22E, the Covid induced lockdowns across India bring a sense of '*déjà vu*' and we expect near-term headwinds for residential sales. However, as seen from the experience of FY21, FY22E is again likely to be a tale of two halves with H2FY22 expected to make up for lost sales in H1FY22. While trajectory of the second Covid wave will determine exact timing of recovery, we believe that developers have become agile and incorporated digital footprint in their sales and marketing strategy and will be able to manage labour shortages better this time around. We expect the long-term trend of industry consolidation to sustain with larger, organised developers continuing to gain market share. We reiterate our BUY rating on DLF, Oberoi Realty, Brigade Enterprises and Sobha in the residential space.

- **Q4FY21 industry volumes crossed pre-Covid levels:** After a virtual washout in Q1FY21 owing to Covid-19 lockdown, residential sales for the remainder of FY21 have seen a continuous upward trajectory from Q2FY21 onwards, as per Liases Foras. Q4FY21 (Jan-Mar'21) saw overall sales in terms of units improving to ~69,700 units, which is up 9% YoY and 32% QoQ. The QoQ rise in absorption was accompanied by rise in new launches which grew 26% QoQ to ~58,850 units as developers went ahead with new launches after focusing on monetising ready inventory in the previous two quarters. The Southern markets of Bengaluru, Hyderabad and Chennai saw QoQ rise in sales across the board along with the MMR market seeing a strong uptick owing to stamp duty waiver being offered till the end of March 2021. Hence, the listed, organised players are expected to clock strong sales across the board as most developers launched several new projects during the quarter. Pricing of the leading developers' Q4FY21 new launches does not suggest any weakening of prices and these developers' projects continue to command a 15-20% premium to the market.
- **Near-term headwinds, listed developers to benefit from industry consolidation:** Heading into Q1FY22, the second Covid wave across Indian and regional lockdowns may lead to a temporary lull in new launches until the situation improves across the country. However, we believe that the trend of market share gains for large, organised players will continue to become stronger and we expect a slew of new launches in H2FY22E similar to what panned out in FY21, where H2FY21 saw a strong bounce back in sales momentum across the board. Developers have also learnt from last years' experience and have re-aligned their business model to drive more sales through digital channels and have implemented cost-savings measures across the board to account for Covid related disruptions. With property prices remaining stable, low mortgage rates and developers' continued focus on monetising ready/near-completion inventory, demand drivers remain intact for the residential space.
- **Labour issues to be less pronounced this time around:** As per our channel checks, in spite of strict lockdowns, especially in the state of Maharashtra, labour availability at developers' construction sites remains between 70-80% of the normal capacity. A number of initiatives on the part of developers such as provision for accommodation at the project site, food and other provisions has led to migrant labourers being less reluctant to return to their hometowns. Hence, we expect a short-term blip in the pace of construction activity in FY22E until the waning of the second Covid wave across India.

Q4FY21 industry volumes crossed pre-Covid levels

Table 1: Tier-1 cities residential absorption (sales bookings)

(Units)

City	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Ahmedabad	7,876	7,540	2,959	4,856	6,062	6,990	(7.3)	15.3
Bengaluru	9,729	8,386	3,028	4,847	5,816	9,997	19.2	71.9
Chennai	2,689	2,757	1,445	2,341	2,584	3,621	31.3	40.1
Hyderabad	5,144	5,029	2,190	3,405	4,457	5,943	18.2	33.3
Kolkata	3,487	3,130	1,488	2,496	2,626	3,054	(2.4)	16.3
MMR	17,812	16,797	6,421	10,251	15,010	18,012	7.2	20.0
NCR	11,902	9,937	3,929	6,236	6,242	9,130	(8.1)	46.3
Pune	11,079	10,419	4,943	7,865	9,930	12,950	24.3	30.4
Overall	**69,718**	**63,995**	**26,403**	**42,297**	**52,727**	**69,697**	**8.9**	**32.2**

Source: Liases Foras, I-Sec Research

After a virtual washout in Q1FY21 owing to Covid-19 lockdown, residential sales for the remainder of FY21 have seen a continuous upward trajectory from Q2FY21 onwards, as per Liases Foras. Q4FY21 (Jan-Mar'21) saw overall sales in terms of units improving to ~69,700 units, which is up 9% YoY and 32% QoQ. The QoQ rise in absorption was accompanied by rise in new launches which grew 26% QoQ to ~58,850 units as developers went ahead with new launches after focusing on monetising ready inventory in the previous two quarters. The Southern markets of Bengaluru, Hyderabad and Chennai saw QoQ rise in sales across the board.

Table 2: Tier-1 cities residential launches/supply

(Units)

City	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Ahmedabad	7,347	8,945	2,006	2,046	3,143	2,764	(69.1)	(12.1)
Bengaluru	7,393	10,339	2,320	1,542	5,754	5,863	(43.3)	1.9
Chennai	2,310	3,788	1,638	175	3,624	2,691	(29.0)	(25.7)
Hyderabad	5,545	4,649	200	1,515	4,682	12,202	162.5	160.6
Kolkata	2,403	1,598	179	762	596	1,328	(16.9)	122.8
MMR	17,558	21,947	1,998	6,760	14,009	17,211	(21.6)	22.9
NCR	8,317	4,497	1,499	2,624	4,711	8,139	81.0	72.8
Pune	16,634	17,105	1,200	3,167	10,249	8,660	(49.4)	(15.5)
Overall	**67,505**	**72,868**	**11,040**	**18,591**	**46,768**	**58,858**	**(19.2)**	**25.9**

Source: Liases Foras, I-Sec Research

With developers continuing to offer discounts of 5-10%, low mortgage rates of ~7-8% and pent-up demand along with Work from Home need for houses, large and organised developers have been able to effectively drive sales through digital channels by leveraging their brand strength.

Table 3: Mumbai Metropolitan Region (MMR) residential absorption

(Units)

Suburb	Q4FY20	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Island City	642	466	631	(1.7)	35.4
Western Suburbs	2,135	1,935	2,951	38.2	52.5
Central Suburbs	1,683	1,421	2,193	30.3	54.3
Thane	1,830	1,410	2,128	16.3	50.9
New Mumbai	1,975	2,068	1,885	(4.6)	(8.8)
Central Suburbs Extended	5,303	4,839	5,678	7.1	17.3
Western Suburbs Extended	2,355	2,203	2,007	(14.8)	(8.9)
Panvel	874	668	539	(38.3)	(19.3)
Total	**16,797**	**15,010**	**18,012**	**7.2**	**20.0**

Source: Liases Foras, I-Sec Research

The Mumbai Metropolitan Region (MMR) saw a 20% QoQ rise in absorption to ~18,000 units as the stamp duty waivers, low interest rates and attractive discounts/payment schemes led to a 50% QoQ jump in absorption in the Western and Central suburbs of MMR along with Thane.

Table 4: Mumbai Metropolitan Region (MMR) unsold inventory

(Units)

Suburb	Q4FY20	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Island City	16,481	16,448	16,673	1.2	1.4
Western Suburbs	44,109	42,057	43,735	(0.8)	4.0
Central Suburbs	48,752	47,301	48,521	(0.5)	2.6
Thane	30,624	28,998	27,520	(10.1)	(5.1)
New Mumbai	21,011	19,813	18,511	(11.9)	(6.6)
Central Suburbs Extended	82,449	79,241	77,095	(6.5)	(2.7)
Western Suburbs Extended	40,430	38,935	40,182	(0.6)	3.2
Panvel	14,689	15,000	14,755	0.4	(1.6)
Total	**298,545**	**287,793**	**286,992**	**(3.9)**	**(0.3)**

Source: Liases Foras, I-Sec Research

The National Capital Region (NCR) saw a 46% QoQ rise in absorption to ~9,130 units led by strong QoQ jump across the major regions of Gurugram, Noida/Greater Noida and Faridabad.

Table 5: National Capital Region (NCR) residential absorption

(Units)

Suburb	Q4FY20	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Gurugram	3,648	2,772	3,283	(10.0)	18.4
Greater Noida	2,377	1,375	2,447	2.9	78.0
Noida	1,123	604	1,040	(7.4)	72.2
Ghaziabad	1,455	735	1,149	(21.0)	56.3
Bhiwadi	542	311	315	(41.9)	1.3
Faridabad	432	306	690	59.7	125.5
*Other Suburbs	360	139	206	(42.8)	48.2
Total	**9,937**	**6,242**	**9,130**	**(8.1)**	**46.3**

Source: Liases Foras, I-Sec Research, *Other suburbs include Bahadurgarh, Dharuhera, North Delhi, Sonepat & West Delhi

Table 6: National Capital Region (NCR) unsold inventory

(Units)

Suburb	Q4FY20	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Gurugram	39,555	33,464	33,279	(15.9)	(0.6)
Greater Noida	68,773	65,708	64,599	(6.1)	(1.7)
Noida	24,997	23,093	23,478	(6.1)	1.7
Ghaziabad	31,365	30,497	29,720	(5.2)	(2.5)
Bhiwadi	8,169	7,190	6,795	(16.8)	(5.5)
Faridabad	4,798	4,324	5,620	17.1	30.0
*Other Suburbs	3,637	3,292	3,086	(15.1)	(6.3)
Total	**181,294**	**167,568**	**166,577**	**(8.1)**	**(0.6)**

Source: Liases Foras, I-Sec Research, *Other suburbs include Bahadurgarh, Dharuhera, North Delhi, Sonepat & West Delhi

Prices have remained stable across cities

Table 7: City-wise price movement

(Rs/psf)

City	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Ahmedabad	3,210	3,229	3,203	3,260	3,261	3,233	0.1	(0.9)
Bengaluru	5,485	5,481	5,462	5,500	5,452	5,465	(0.3)	0.2
Chennai	5,026	5,075	5,185	5,173	5,133	5,134	1.2	0.0
Hyderabad	5,625	5,639	5,681	5,777	5,800	5,885	4.4	1.5
Kolkata	4,251	4,206	4,191	4,193	4,156	4,137	(1.6)	(0.5)
MMR	12,286	12,112	12,147	12,058	12,023	12,049	(0.5)	0.2
NCR	4,607	4,605	4,598	4,624	4,648	4,661	1.2	0.3
Pune	5,219	5,231	5,229	5,239	5,255	5,313	1.6	1.1
Overall	**6,704**	**6,682**	**6,701**	**6,732**	**6,736**	**6,795**	**1.7**	**0.9**

Source: Liases Foras, I-Sec Research

As per Liases Foras, weighted average transacted prices across tier-1 cities have remained stable in FY21 in spite of Covid related disruption. Developers continue to offer a combined discount of 5-10% including stamp duty/registration fee waiver, cash discounts, online booking discounts, free domestic appliances and builder subvention/deferred payment schemes.

Interestingly, the stressed micro-market of central Mumbai in the MMR, which has a significant unsold inventory, has seen a number of deal closures in FY21 as investors look to exit these projects which are now complete. As per our channel checks, units having a quoted price of Rs60-100mn before the lockdown continued to see transactions happening at 20-30% discount to quoted prices vs 10-15% pre-Covid as home buyers also sought to take advantage of the stamp duty waiver of 2% available till 31st March, 2021.

Indicative pricing in the select new launches by leading developers in Q4FY21 do not suggest any weakening of prices and these developers continue to command a 15-20% premium to the market for their projects across cities.

Unsold inventory remains high

Table 8: Tier-1 cities unsold inventory

(Units)

City	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Ahmedabad	69,812	71,217	69,653	66,794	63,875	59,649	(16.2)	(6.6)
Bengaluru	100,255	102,208	99,130	95,670	95,608	91,474	(10.5)	(4.3)
Chennai	76,747	77,778	78,053	75,529	76,569	75,639	(2.8)	(1.2)
Hyderabad	45,954	45,574	43,355	42,411	42,636	48,895	7.3	14.7
Kolkata	56,076	54,544	52,851	50,991	48,961	47,235	(13.4)	(3.5)
MMR	293,376	298,529	291,332	2,88,794	2,87,793	2,86,992	(3.9)	(0.3)
NCR	186,734	181,294	177,425	1,69,099	1,67,568	1,66,577	(8.1)	(0.6)
Pune	149,039	155,725	149,308	1,43,492	1,43,811	1,39,521	(10.4)	(3.0)
Overall	**977,993**	**986,869**	**961,107**	**9,32,780**	**9,26,821**	**9,15,982**	**(7.2)**	**(1.2)**

Source: Liases Foras, I-Sec Research

Table 9: City-wise months of unsold inventory

City	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Ahmedabad	27	28	71	41	32	26	(9.7)	(19.0)
Bengaluru	31	37	98	59	49	27	(25.0)	(44.3)
Chennai	86	85	162	97	89	63	(26.0)	(29.5)
Hyderabad	27	27	59	37	29	25	(9.2)	(14.0)
Kolkata	48	52	107	61	56	46	(11.2)	(17.0)
MMR	49	53	136	85	58	48	(10.4)	(16.9)
NCR	47	55	135	81	81	55	0.0	(32.0)
Pune	40	45	91	55	43	32	(27.9)	(25.6)
Overall	**42**	**46**	**109**	**66**	**53**	**39**	**(14.8)**	**(25.2)**

Source: Liases Foras, I-Sec Research

Unsold inventory, in terms of units, remains high at ~916,000 units in Q4FY21, although down 7% on a YoY basis as developers' focus on monetising ready/near-completion inventory and lower launches has led to some relief on this front.

The MMR and NCR markets continue to have over 48 months of unsold inventory whereas Southern markets such as Bengaluru, Hyderabad as well as Pune have relatively lower inventory levels of ~25-32 months of inventory. However, as highlighted earlier, ~50% of the inventory in MMR and NCR consists of stuck projects and will not qualify as inventory for a prospective homebuyer who is concerned about project delivery.

We believe markets where residential prices hover between Rs5,000/psf and Rs6,000/psf will continue to see demand for properties as construction and land cost/approval costs for a standalone building is at least Rs4,000/psf, leaving an EBITDA margin of 20-25% for developers, which is reasonable considering the risks involved in land titles, obtaining approvals and the cyclical demand seen in the sector.

Hence, we believe, Southern markets of Bengaluru, Chennai and Hyderabad and Western city of Pune will continue to attract demand for units priced in the range of Rs2.5mn-Rs10mn, while sales in luxury projects may be strong in select projects depending on the developer's brand pull, location, pricing, size of the project and stage of execution.

Organised players will continue to benefit

While YoY/QoQ sales volumes of listed developers may appear volatile depending on the number of launches/activations in a specific quarter, the broader theme of ready inventory and new launches from listed developers continuing to see strong buyer interest remains intact. This is reflected across the board with strong response to activation schemes for completed/nearing completion inventory even in H1FY21 where Indian cities continued to be under lockdown.

With Q4FY21 seeing a further relaxation of lockdowns across Indian cities, the listed, organised players are expected to clock strong sales across the board as most developers launched several new projects during the quarter.

Heading into Q1FY22, the second Covid wave across Indian and regional lockdowns may lead to a temporary lull in new launches until the situation improves across the country. However, we believe that the trend of market share gains for large, organised players will continue to become stronger and we expect a slew of new launches in H2FY22E similar to what panned out in FY21, where H2FY21 saw a strong bounce back in sales momentum across the board.

Developers have also learnt from last years' experience and have re-aligned their business model to drive more sales through digital channels and have implemented cost-savings measures across the board to account for Covid related disruptions.

Table 10: Quarterly sales volumes of major listed players

Company	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21E	YoY (%)	QoQ (%)
Godrej Properties:								
Sales Volumes (msf)	1.6	3.6	2.5	1.7	2.4	3.5	(3.1)	46.1
Sales Value (Rs mn)	11,890	23,830	15,310	10,740	14,880	24,000	0.7	61.3
DLF:								
Sales Volumes (msf)	NA	NA	NA	NA	NA	NA	NA	NA
Sales Value (Rs mn)	7,310	3,250	1,520	4,700	10,220	7,650	135.4	(25.1)
Prestige Estates:								
Sales Volumes (msf) – PEPL share	1.3	1.7	0.6	1.3	2.2	2.0	18.3	(10.5)
PEPL Sales Value (Rs mn)	10,932	9,963	3,982	8,381	15,752	14,050	41.0	(10.8)
Sobha:								
Sales Volumes (msf)	1.1	0.9	0.7	0.9	1.13	1.34*	47.7	18.0
Sales Value (Rs mn)	7,261	6,945	4,877	6,899	8,876	10,720*	54.4	20.8
Brigade Enterprises:								
Sales Volumes (msf)	1.1	1.1	0.4	1.0	1.5	1.3	23.3	(15.2)
Sales Value (Rs mn)	6,035	6,512	2,499	5,760	9,232	7,800	19.8	(15.5)
Oberoi Realty:								
Sales Volumes (msf)	0.2	0.1	0.0	0.1	0.5	0.7	385.4	37.3
Sales Value (Rs mn)	3,033	2,303	242	3,273	9,708	14,000	508.0	44.2
Sunteck Realty:								
Sales Volumes (msf)	0.2	1.4	0.1	0.2	0.3	0.4*	(75.5)	5.7
Sales Value (Rs mn)	3,254	6,080	1,012	2,000	3.492	3,710*	(39.0)	6.2

Source: Companies, I-Sec Research, *Sobha and Sunteck have already reported Q4FY21 sales bookings

Table 11: Q4FY21 expectations and FY22 launch plans of listed developers

Company	Q4FY21 expectations and FY22 launch/sales pipeline
DLF	DLF clocked Q3FY21 net sales bookings of Rs10.2bn on the back of strong response to launch of independent floors/plots in Gurugram which contributed Rs3.5bn of sales along with Camellias project (11 units sold for Rs2.8bn) and balance sales from national devco/other projects of Rs3.9bn. We expect DLF to clock Q4FY21 sales bookings of Rs7.7bn excluding sales from any new launches. DLF has outlined a long-term plan to launch and develop ~35msf of projects having potential sale value of Rs360-400bn. Of this, DLF intends to launch ~8.6msf over the next 18 months (Q4FY21-FY22E) across plots/mid-income housing/independent floors in Gurugram, Chandigarh and New Delhi in a phased manner. For FY22-23E, DLF is targeting an annual booking run-rate of at least Rs40bn vs. pre-Covid levels of Rs20-25bn on the back of new launches.
Godrej Properties	In its Q3FY21 results call, Godrej Properties' (GPL) management had highlighted the company's intent to target 12 new launches in Q4FY21). As per our channel checks, GPL has launched 6-7 new projects along with new inventory in 2-3 ongoing projects in Q4FY21. Hence, we expect GPL to match its Q4FY20 sales bookings of Rs23.8bn which implies a 10% overall YoY growth in FY21 sales bookings at Rs64.9bn on a FY20 base of Rs59.2bn. Heading into FY22E, the company is targeting sales bookings of at least USD1bn or Rs70-75bn as it has a strong pipeline of launches.
Oberoi Realty	After recording its highest ever quarterly sales bookings in five years in Q3FY21 at Rs9.7bn, Oberoi Realty (OBER) is all set to clock another record quarter with an estimated Rs14bn of sales bookings. While sustenance sales from existing projects may see a QoQ dip, two new launches during the quarter - Oberoi Elysian at its Garden City, Goregaon project having ~362 units (234 3BHKs and 128 4BHKs) with unit ticket sizes ranging from Rs45-60mn+ and sixth tower F at Sky City, Borivali may contribute sales of Rs7-8bn. Heading into FY22E, we expect the Thane launch sometime in H1FY22 subject to waning of Covid impact along with completed inventory in Goregaon, Worli and Mulund projects driving sales and we expect the company to clock over Rs30bn of sales bookings each in FY22-23E.
Prestige Estates	Prestige Estates (PEPL) reported gross sales bookings of Rs20.3bn in Q3FY21 (PEPL share at Rs15.8bn) which was up 55% YoY in value terms led by strong response to new launches in Hyderabad (Tranquil) and Chennai (Windsor Park) which contributed to over 30% of the quarter's sales value. As per PEPL management, there is a large pipeline of residential launches lined up over the next couple of quarters across South India (Prestige Smart City), Noida (NCR) and Mumbai (Jasdan Classic project). We expect Q4FY21 to see continued sales momentum for PEPL and expect the company to clock Rs14bn of sales bookings driven by a mix of ongoing projects and new launches.
Sobha Limited	As per Sobha's business update, the company has achieved its highest ever quarterly gross sales bookings in Q4FY21 at 1.34msf worth Rs10.7bn which is up 48% YoY in volume terms and 54% YoY in value terms. A strong QoQ uptick in Bengaluru and continued momentum in Kochi/Gurugram markets has enabled Sobha to cross pre-COVID sales bookings. For H2FY21, the company has achieved its guidance of achieving a YoY growth in sales bookings (up 25% YoY in volume and 38% YoY in value) and has ended FY21 with flattish gross sales volumes of 4.01msf worth Rs31.4bn (Sobha share at Rs24.8bn). While quarterly sales volumes may remain volatile depending on Covid induced lockdowns and pace of new launches, we model for 4.7/5.0ms of gross sales volumes in FY22E/FY23E, respectively.
Brigade Enterprises	While Q2FY21 saw sales bookings bouncing back to pre-Covid levels of 1msf worth Rs5.8bn, Q3FY21 saw Brigade (BRGD) clock its highest ever quarterly sales bookings of 1.53msf worth Rs9.2bn (up 42% YoY in volume terms and up 53% in value terms). We expect continued momentum in Q4FY21 as well with 1.3msf of sales bookings worth Rs7.8bn. we have built in sales bookings of 4.2msf in FY21E (flat YoY) and 5.0msf each in FY22/23E on the back of a strong launch pipeline across mid-income projects in Bengaluru, Hyderabad and Chennai.
Sunteck Realty	Sunteck Realty's (SRIN) Q4FY21 sales bookings of Rs3.7bn were up 6% QoQ driven by continued momentum in ODC, Goregaon project (Rs2.0bn), BKC projects (Rs0.9bn) and Naigaon (Rs0.8bn). While H1FY21 sales bookings of just Rs3.0bn were impacted by Covid, the strong bounce back in H2FY21 with sales bookings of Rs7.2bn has enabled SRIN to report FY21 sales bookings of Rs10.2bn (down 16% YoY) and collections of Rs7.8bn (up 9% YoY). As per SRIN's management, in light of the sales momentum sustaining for completed/launched inventory, the company is targeting to launch the Naigaon Phase III and Vasai/Vasind projects in FY22E which is expected to boost sales in FY22-23E.

Source: Companies, I-Sec research

Appendix: Real Estate Regulator, a game changer

H2FY17 saw major disruption in the form of demonetisation, which led to a virtual washout in terms of new sales with buyers shying away from home purchases on expectations of prices dropping and developers holding back launches owing to weak market conditions and imminent introduction of the Real Estate (Regulation and Development) Act, 2016 (RERA) and the implementation of the Goods & Services Tax (GST) in H1FY18.

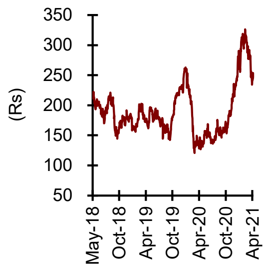
While RERA implementation saw initial teething problems with various states amending the laws as per their preference and few states delaying the implementation, issues have gradually smoothened out from a procedural standpoint with most developers reporting a smooth transition under the RERA regime. However, while organised and large developers will continue to function smoothly under RERA, we believe smaller and unorganised developers will gradually weed out of the market owing to the following reasons:

- Developers can no longer launch projects without approvals and have to wait for a minimum 6-12 months on an average to launch a project post purchasing a land parcel.
- Developers need to maintain an escrow account for each project (can be defined as an entire piece of land or a cluster of buildings) and cannot divert funds to other projects until the construction funding for the existing project has been met through customer collections.
- There are penalties levied for delay in execution and handover of units and developers cannot abandon/leave a project.

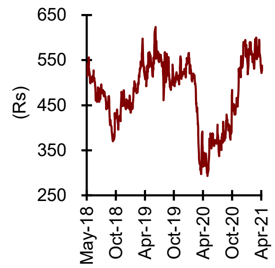
While there may still be many smaller developers who will eventually graduate to an organised way of working under RERA, large and organised developers will have a clear advantage owing to stronger balance sheets, higher customer confidence in delivery capabilities and transparency in pricing and absence of cash component in transactions post demonetisation.

Price chart

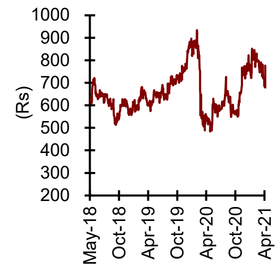
DLF



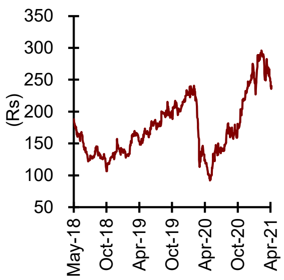
Oberoi Realty



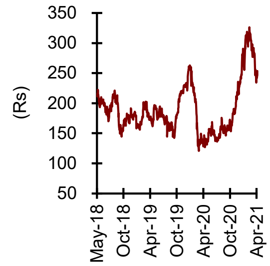
The Phoenix Mills



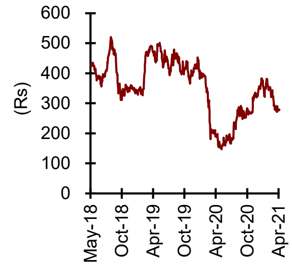
Brigade Enterprises



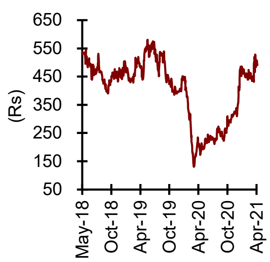
Godrej Properties



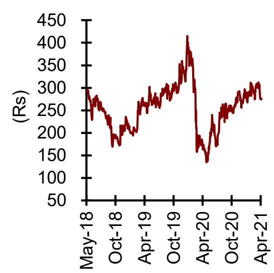
Sunteck Realty



Sobha Ltd



Prestige Estates Projects



Source: Bloomberg

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