

Realty firms post robust sales despite sectoral slowdown in FY19: Icra

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WITH THE REAL estate sector grappling with liquidity crisis on the back of slow sales and reduced availability of credit, major listed realty players have reported robust sales and increased project launches in FY19, says a report.

Top 10 listed entities, including Ashiana Housing, Brigade Enterprises, DLF, Godrej Properties, Mahindra Lifespace Developers, Oberoi Realty, Prestige Estates Projects, Puravankara, Peninsula Land and Sobha sold nearly 32.19 million sqft, registering a robust 44% growth over the previous year, rating agency Icra said.

Icra's Shubham Jain noted that despite GST related disruptions and the NBFC financing slowdown, these companies have reported healthy sales during last fiscal.

"Home-buyers are increasingly leaning towards developers with an established track record of on-time and quality project completion. Pricing also remains a key driver of purchase decisions.

"Thus, focused execution, resulting in timely deliveries, and developer emphasis on increasing affordability of residential projects, has supported sales levels for the larger listed players," Jain added.

He further said that due to liquidity crunch the sector has been going through a phase of consolidation, with smaller players, who have been finding it difficult to cope with the prevailing market conditions, losing ground to larger, more established players.

According to Icra, sales velocity in FY19 reflects the highest level achieved over the past five years, with strong sales of 10.99 million sqft having been registered in Q4FY19 alone.

Collections also remained high, standing at ₹16,814 crore during FY19, recording a growth of 13% over FY18, it said.



"In order to capitalise on healthy sales momentum, large listed players have increased the pace of project launches as well, with the same standing at a high 34.32 million sqft during FY19, depicting a robust 62% growth as compared to the previous year," Jain said.

In addition to the ramp-up in deliveries, sales momentum for the major listed developers has also been supported by a downtrend in average sales price, driven by increasing developer focus on affordability, the agency said.

The average sales price for the sample set stood at ₹6,633 per sqft in FY19 as compared to ₹7,158 per sqft in the previous year, registering a decline of 7.3%.

Consequently, the quarter-to-sell (QTS), which reflects the number of quarters required to sell the available inventory, has seen a declining trend over the past three years.

Icra notes that QTS, has declined to eight quarters in FY19 compared to 10 quarters in FY18 and 14 quarters in FY17.