

## Godrej Properties, Prestige Estates eye Rs 10K-cr sales booking club

Godrej and Prestige posted sales bookings of Rs 6,725 crore and Rs 5,461 crore, respectively, in 2020-21 (FY21)

Mumbai | Last Updated at September 8, 2021 22:23 IST

The real estate sector might have been caught off guard by the second wave of the Covid-19 pandemic, but large listed developers like Godrej Properties and Prestige Estates Projects soldier on undeterred. They aim to have sales bookings of Rs 10,000 crore in the next few years.

Godrej and Prestige posted sales bookings of Rs 6,725 crore and Rs 5,461 crore, respectively, in 2020-21 (FY21).

Godrej, the third largest listed developer, after DLF and Macrotech, posted 14-per cent growth in sales bookings. However, the company saw bookings of Rs 497 crore in the first quarter (Q1) of 2021-22 (FY22) - one of the lowest in the last few years, mainly due to the pandemic and lockdown in many cities it is present in.

DLF, the largest listed developer, did sales bookings of Rs 3,084 crore in FY21.

Macrotech did around Rs 5,968 crore in the previous financial year.

"We hope to breach Rs 10,000-crore booking value in 2022-23," the company's Chairman Pirojsha Godrej said in a recent analyst call.

In its latest annual report, the company stated it would invest around \$1 billion to acquire and develop properties to achieve higher growth. Godrej plans to launch 13 million square feet (msf) of new projects and phases in FY22.

It is also looking to scale up its business in Mumbai, its home market, after rapidly expanding in the National Capital Region (NCR) and Bengaluru.

The company has reshuffled its Mumbai management team and brought in a new chief executive officer to focus on Mumbai operations. It plans to launch mid-income housing and a fair amount of premium housing in Mumbai, the company's chairman said during a conference call recently.

Bengaluru-based Prestige, the fifth largest listed developer, is looking at Rs 10,000-crore sales bookings by 2024-25 (FY25).

"We expect Bengaluru to give us around Rs 4,500 crore of bookings, Mumbai Rs 2,000 crore, Hyderabad Rs 1,500 crore, Chennai and Noida Rs 1,000 crore each. We are working on the strategy and hope to meet our target by FY25," said Irfan Razack, chairman of Prestige Estates Projects.

The company is gearing up to launch three new projects in Mumbai across 6 msf in Mulund, Byculla, and Bandra areas. The success of these launches in a new market is key to Prestige Estates achieving its vision of Rs 10,000 crore of annual sales bookings by FY25, said Adhidev Chattopadhyay, vice-president-equity research at ICICI Securities, in a recent report.

The company has also started a fresh round of capital expenditure of Rs 3,500-4,000 crore over FY22-25 to regrow its rental portfolio, said Chattopadhyay.

Prestige sold a portfolio of commercial properties to private equity fund Blackstone for Rs 9,160 crore last year.

Prestige reported gross sales bookings of Rs 730 crore in Q1FY22 (Prestige share at Rs 530 crore), against Rs 460 crore in Q1FY21 (Prestige share at Rs 400 crore), which was up 59 per cent year-on-year (YoY) in value terms, led by 75 per cent of bookings coming from completed and ongoing projects in a Covid-impacted quarter, added Chattopadhyay.

According to the Prestige management, residential launches of 12-15 msf are lined up between September 2021 and March 2022 across South India, Noida (NCR), and Mumbai.

Abhishek Shukla, associate director, India Ratings & Research (Ind-Ra), said listed tier 1 residential real estate companies have seen floor space rise at a compound annual growth rate of 19.7 per cent from 2017-18 to 2019-20.

"Sales in FY21 rose 16 per cent YoY, even as the overall market dipped 29 per cent YoY. In FY22, Ind-Ra expects the overall floor space sold in the top eight cities of India to rise 25 per cent YoY in FY22," said Shukla.

<p><b>AIMING HIGH</b></p> <p><b>GODREJ PROPERTIES</b></p> <p>FY21 sales bookings <b>₹6,725 cr</b></p> <p>Q1FY22 sales bookings <b>₹497 cr</b></p> <p><b>Aim:</b> <b>₹10,000 cr</b> of bookings by FY23</p> <p><b>Plan:</b> <b>13 mn sq. ft</b> of launches in FY22</p> <p><b>PRESTIGE ESTATES PROJECTS</b></p> <p>FY21 sales bookings <b>₹5,461 cr</b></p> <p>Q1FY22 sales bookings <b>₹530 cr</b></p> <p><b>Aim:</b> <b>₹10,000 cr</b> of bookings by FY25</p> <p><b>Plan:</b> <b>15 mn sq. ft</b> of launches in FY22</p>	<p><b>VOICES</b></p> <p><b>WE HOPE TO BREACH ₹10,000-CR BOOKING VALUE IN 2022-23"</b></p> <p>PIROJSHA GODREJ, CHAIRMAN, GODREJ PROPERTIES</p> <p><b>WE EXPECT BENGALURU TO GIVE US ₹4,500 CR OF BOOKINGS, MUMBAI ₹2,000 CR, HYDERABAD ₹1,500 CR, CHENNAI AND NOIDA ₹1,000 CR EACH"</b></p> <p>IRFAN RAZACK, CHAIRMAN, PRESTIGE ESTATES</p>
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Sales for tier 1 players are likely to rise 45 per cent YoY as homebuyers continue to favour tier 1 players in a K-shaped recovery, he added.

**Chintan Lakhani, director- large corporate ratings at Brickwork Ratings, said while real estate and construction remained the most impacted sectors in India in the first half of FY21, there was some buoyancy in the second half (H2), with economic activity reviving and the downward trend seemingly reversing.**

**"Measures such as a stamp duty cut in Maharashtra, historically low-interest rates, pent-up demand, and improved sentiment provided the much-needed relief to the beleaguered sector before the second wave struck," said Lakhani.**

**He said while Q1FY22 was a near washout, the pace of sales is expected to gain traction in the remainder of FY22, with launches by marquee players.**

**"Large developers are well placed to benefit from this trend as the confidence of the buyers is tilted towards renowned names, especially for buying decisions related to under-construction assets. Increased discounts, freebies, and the festival season ahead, in addition to benign interest rates and regulatory measures, are expected to boost sales for real estate players from H2FY22 onwards, if the anticipated third Covid wave stays at bay," he added.**