Developers rethink IPO plans as housing market cools, sentiment becomes muted

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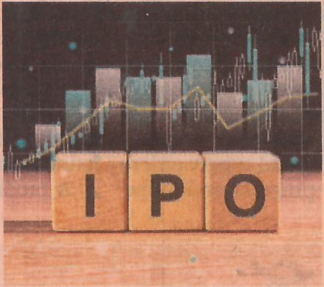
Several real estate companies that had been preparing to tap the public markets are rethinking their listing strategies, with some shelving their plans and others pushing back timelines, as weaker housing demand and a more cautious investment climate weigh on sentiment.

Until late last year, the sector was expected to see about ₹15,000 crore worth of initial public offerings (IPOs) across FY26 and FY27, led by Noida-based BPTP Ltd, M3M group-owned Smartworld Developers, Gaursons India, and Mumbai-based Wadhwa group.

WEST ASIA CONFLICT

Sector watchers and investment bankers said higher costs driven by recent fuel price hikes and inflation amid broader macroeconomic headwinds have tempered investor appetite. The mood has shifted from upbeat in 2025 to far more measured in 2026.



The realty skyline

- Two real estate IPOs so far in 2026, both in the Reit segment

₹3,405 crore offering by Blackstone-backed Bagmane Prime Office Reit

₹244.65 crore offering by SM Reit PropShare Celestia

Deals in the sector

Segments	Q4 2025 Volume	Q4 2025 Value ($ mn)	Q1 2026 Volume	Q1 2026 Value ($ mn)	Q2 2026 Volume	Q2 2026 Value ($ mn)
Total mergers & acquisitions	15	493	20	335	22	367
Private equity	11	1,590	13	458	13	1157
Total	26	2,083	33	793	35	1,524

Source: GT Bharat

"Yes, 2026 has been a calmer year than 2025, especially when it comes to IPOs. Last year was noticeably more upbeat. The market was in a better mood, and there was a good appetite for taking more risks. The mood has changed this year. Companies and bankers are being more careful, and it seems like many are waiting for the dust to settle before going ahead with new listings," said Shobhit Agarwal, chief executive officer (CEO) of Anarock Capital.

BPTP Ltd, which had first outlined plans for a public listing way back in 2010, had revived that strategy with a proposal to raise about ₹5,000 crore through an IPO. Smartworld Developers, which is partnering with Tribeca Developers — the licenced partner of the Trump Organization in India — to develop Trump Residences, was looking to raise between ₹4,000 crore and ₹6,000 crore. However, people familiar with the matter said those plans have since been shelved.

The Wadhwa group is also learnt to have been exploring an IPO to raise between ₹2,000 crore and ₹2,500 crore, while North India-focused Gaursons India had also been evaluating a listing, although its plans are yet to materialise. Queries sent to BPTP, Smartworld Developers, the Wadhwa group and the Gaursons group did not elicit a response until press time.

Industry executives attributed the growing caution largely to the slowdown in the residential property market, which accounts for the bulk of sales and also portfolio for most developers in India.

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"The residential sector has seen a slowdown in sales and, accordingly, developers have become more cautious, not only with their launch pipelines but also with plans to tap the capital markets," said a senior industry executive directly involved in discussions with developers.

Residential sales during January-June grew just 1 per cent from a year earlier, according to Knight Frank. Its data also showed sales fell 4 per cent year-on-year in the first quarter. Separately, Anarock estimated that housing sales across India's seven largest cities declined 6 per cent year-on-year in the second quarter.

The sector has seen only two IPOs so far in 2026, both in the real estate investment trust (Reit) segment, which is largely backed by income-generating office assets. Blackstone-backed Bagmane Prime Office Reit launched a ₹3,405 crore offering, while SM Reit PropShare Celestia raised ₹244.65 crore.

The offerings reflected sustained investor appetite for commercial real estate, where demand continues to outstrip supply. According to research firm Vestian, office space absorption reached a record 23.9 million sq ft by June 2026, while new completions stood at 15 million sq ft, leaving an unmet demand of 9 million sq ft.

"While some real estate companies may be holding back their IPO plans, this should be viewed as a tactical pause rather than a sign of any structural weakness in the sector or the broader market. An IPO is a once-in-a-lifetime exercise that requires significant management time and bandwidth, and companies may choose to wait until they have strengthened certain aspects of the business or have a stronger performance track record to present to investors," said Bhavesh A Shah, managing director and head of investment banking at Equirus.

More broadly, India's primary market has also slowed sharply. During the first quarter of FY27, ended June, only nine IPOs raised a combined ₹3,794 crore, according to Prime Database.

By comparison, FY26 recorded 112 IPOs that together raised ₹1.78 trillion. Shah, however, said the broader equity capital markets remained constructive, with the potential to raise as much as $20 billion by December 2026.

The outlook for the real estate sector, however, is less upbeat than it was in previous years. The Knight Frank-Naredco Real Estate Sentiment Index, which measures current and future sentiment on the sector, economic conditions and funding availability, eased to 48 in the second quarter of 2026 from 49 in the previous quarter, remaining below the neutral mark of 50.

A reading above 50 signals optimism, while a score below 50 reflects pessimism.

The sequential fall in the index underscores the caution prevailing across the industry amid an uncertain global environment. Sentiment continues to be weighed down by geopolitical tensions, volatile energy prices and persistent inflationary pressure.

Even as IPO activity loses momentum, institutional investment has remained resilient. A partner overseeing the deal lifecycle at Grant Thornton Bharat said transaction volumes, spanning mergers and acquisitions, private equity investments and qualified institutional placements, more than doubled in April-June compared with the same period last year, while deal value rose 83 per cent to $2.3 billion. "The majority of transactions involved investments in commercial assets by Reits and private equity funds, underscoring investor preference for commercial and annuity-generating assets," he added.