

Tata Realty turns to commercial projects on weak home sales

LOSING GROUND. Close to 40% of its housing project inventory in Mumbai remains unsold

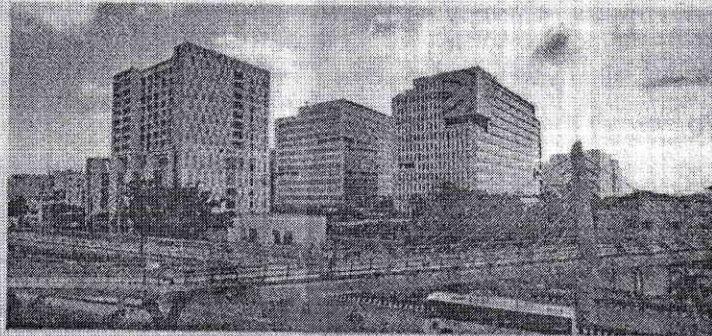
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A high overhang of unsold inventory in the residential segment is pushing Tata Realty and Infrastructure Ltd to focus more on its commercial and infrastructure segments.

Registration data of some of its housing projects in Mumbai show total unsold inventory close to 40 per cent. Many of these projects were launched in 2018.

These include Tata La Montana Phase 3 in Pune, Tata Value Homes in Palghar, Tata Serein in Thane and Tata Amantra in Thane. Tata La Montana Phase 4, an under-construction project launched in 2022, showed only five units registered of the total 66 units on offer.

The data was made available by data analytics firm CRE Matrix. In fact, in its financial results for FY23 and the March quarter, Tata Realty has stated,



REALTY BITES. Economic slowdown, low residential sales, and fair valuation gains have impacted operating income of the realtor

“The slowdown in the economy, due to adverse conditions and temporary low residential sales in its projects, coupled with non-recurring fair valuation gains, had resulted in skewed operating income, which in the management’s view was transient and temporary in nature.”

The company’s statement has to be placed in the context of the residential sector seeing a boom in sales since 2020 and other real estate developers reporting record sales in their

projects. Tata Realty is focused more on premium homes rather than the affordable segment, with ticket size of ₹2 crore and above.

LOSS EXPANDS

On a standalone basis, the company’s loss in FY23 expanded to ₹146.2 crore from ₹5.2 crore a year ago, while revenue from operations were flat at ₹127 crore. In the March quarter of FY23, the company reported a loss of nearly ₹30 crore, up from the ₹20-crore loss reported in

the December quarter though it was less than the ₹48-crore loss reported year ago.

Tata Realty’s MD and CEO, Sanjay Dutt, told *businessline* that the company’s residential segment has been growing 26 per cent annually over the last five years. Its ready-to-move inventory has also come down from around 4,000 units to 400 during that period.

“So we have sold more,” he said. According to him, the company had recently taken board approval to launch housing projects with a revenue potential of ₹13,000 crore over the next four years. This would translate into eight million sq ft (msf).

COMMERCIAL PROJECTS

With respect to its commercial portfolio, Dutt said that it currently has about 10 msf, which will increase to 18 msf in the next five years, with land banks that it owns. Of this, 2 msf is expected to come up in the current fiscal year.