



## Institutional investments in real estate rise 27% YoY at USD4.6Bn during Jan-Sep 2023; domestic investments up 1.7X

- Foreign investments saw a 47% YoY rise, while domestic investments surged 70% YoY
- Office sector continued to dominate at 63% share in total inflows
- Industrial & warehousing and residential sector witnessed a 3.5X and 2.6X YoY rise, respectively

**Gurgaon, 07 October 2023:** Institutional investments in Indian real estate touched USD4.6 bn during January-September 2023, a 27% YoY increase, highlighting the resilience and attractiveness of the market despite prevailing global challenges. It is worth noting that institutional investment inflows for 2023 have already reached 93% of the total inflows recorded in 2022, despite a clouded global economic environment. While foreign investments continued to lead with 77% share in total investments, domestic investments remained strong and witnessed a two-fold rise YoY at USD1.1Bn. Interestingly, domestic investments led investment activity in Q3 2023, forming 63% of the total investments, abutting the overall investment volume at USD0.8Bn for the quarter. While office assets saw moderation in inflows during the quarter, residential and industrial & warehousing segments witnessed a rebound accounting for about 78% of the total investment volume. India's sturdy economic growth, and a continued strong positive play of high-performance economic & market indicators are keeping the long-term confidence high amongst global & domestic investors.

### Top 5 PE investment deals in YTD 2023 –

Quarter	Year	Investor	Investee	Deal Value (USD Million)	City	Asset Class
Q2	2023	Brookfield India Real Estate Investments Trust and GIC		1400.0	Others/ Multi City	Office
Q2	2023	CPPIB	RMZ Corp	324.2	Mumbai	office
Q1	2023	Singapore-based fund	Pragati Group	200.0	Delhi NCR	Industrial & Logistics
Q3	2023	HDFC Capital Advisors	The house of Abhinandan Lodha	182.0	Others/ Multi City	Residential
Q1	2023	PAG Credit & Markets	M3M	180.9	Delhi NCR	Residential

Source: Colliers

### Top 3 PE investment deals in Q3 2023



Quarter	Year	Investor	Investee	Deal Value (USD Million)	City	Asset Class
Q3	2023	HDFC Capital Advisors	The house of Abhinandan Lodha	182.0	Others/ Multi City	Residential
Q3	2023	Qatar Investment Authority (QIA) UK-based property major Grosvenor's Diversified Property Investments business	Indospace	150.0	Others/ Multi City	Industrial & Logistics
Q3	2023	Kotak Alternate Asset Managers (Kotakalt)	Sify Technologies	72.2	Others/ Multi City	Alternatives

Source: Colliers

### Office sector continues to lead; Residential and Industrial and warehousing see traction

Investment inflows in the office sector rose 1.6X YoY during Jan-September 2023, at USD2.9 billion, led by select large deals in the sector. This robust performance underscores the sustained confidence of investors in the sector's growth potential and returns. There is an increased investor interest towards completed and / or preleased income yielding office assets, reflecting a conscious & cautious shift in investor strategies. Investors are actively forming large Joint Venture (JV) platforms to capitalize on emerging opportunities and participate in existing as well as upcoming office projects. While investors remain committed to office asset class during 2023, industrial & warehousing and residential sectors also saw a significant rebound.

“At a time when major global economies are weighed down by inflation woes, rising cost of capital and growth uncertainty, India’s real estate market stands strong, by navigating through difficult market conditions. The resilience of the market can be gauged in terms of heightened deal activity and amount of capital allocated across diverse asset classes. During the first nine months ended September 2023, overall institutional investments stood strong at USD4.6Bn, a 27% YoY rise, steered by long-term confidence in the region and avenues for diversification. While some volatility and uncertainty will remain in the short-term, the industry is well positioned for a robust 2023 and beyond,” said **Piyush Gupta, Managing Director, Capital Markets & Investment Services at Colliers India.**

### Investments inflows (USD mn) –

Asset Class	Q3 2022	Q3 2023	Q3 2023 vs Q3 2022 (% Change)	YTD 2022	YTD 2023	YTD 2023 vs YTD 2022 (% Change)
Office	694.3	79.1	-89%	1,802.8	2,886.9	60%
Residential	187.0	274.6	47%	276.5	707.9	156%
Alternate assets*	-	72.2	-	398.8	230.4	-42%
Industrial & Warehousing	20.0	340.3	1602%	199.8	690.6	246%
Mixed-use	100.8	27.2	-73%	408.8	42.3	-90%
Retail	-	-	-	491.8	-	-100%
<b>Total</b>	<b>1,002.1</b>	<b>793.4</b>	<b>-21%</b>	<b>3,578.5</b>	<b>4,558.1</b>	<b>27%</b>

\*Note: Alternate assets include data centres, life sciences, senior housing, holiday homes, student housing etc

YTD refers to the Jan-Sep period of the year

Source: Colliers

### City-wise investment inflows in Indian real estate (USD million)

City	YTD 2022	YTD 2023	YoY for YTD 2023	Investment Share % YTD 2023
Bengaluru	374.3	241.8	-35%	5%
Chennai	344.5	132.3	-62%	3%
Delhi NCR	754.2	492.0	-35%	11%
Hyderabad	-	127.3	-	3%
Kolkata	-	-	-	0%
Mumbai	477.3	585.8	23%	13%
Pune	9.4	-	-100%	0%
Others/ Multi-City	1,618.8	2,978.9	84%	65%
<b>Total</b>	<b>3,578.5</b>	<b>4,558.1</b>	<b>27%</b>	<b>100%</b>

Source: Colliers

### Domestic investors gain further ground with 1.7X rise in inflows during Jan-September 2023

Domestic investors have become more active in the market, contributing 23% of the total investments during this period, compared to an 18% share in the same period in 2022, infusing majority of the funds into residential sector. Nonetheless, foreign investments maintained their lead during Jan-Sep 2023, accounting for a 77% share of total investments with USD3.5 billion inflows. This was a 47% YoY surge compared to same period last year.

“The Indian real estate sector continues to demonstrate its allure as a resilient and promising investment destination, with both domestic and international investors showing relentless commitment to participate in its high growth phase. Investment inflows by domestic investors are specifically on the rise and have seen about 70% YoY rise during Jan-Sep 2023. About half of the total investments by domestic investors was directed towards residential assets during the period. This renewed interest in residential assets backed by stable interest rates is expected to drive heightened activity during the upcoming festive season; resonating upbeat confidence amongst investors, developers & homebuyers alike.” said **Vimal Nadar, Senior Director and Head of Research, Colliers India.**

### Investments in industrial & warehousing sector witnessed 3.5X rise YoY

Investment inflows into industrial assets have surged by a stirring 3.5 times, at USD690.6 million during Jan-September 2023. This remarkable growth can be attributed to the sustained expansion of the industrial sector, which has thrived on the surging consumption levels. India's bolstering manufacturing sector has been a prominent driver of this growth, advancing at an impressive pace owing to robust



demand and increased industrial output. Key indicators such as Index of Industrial production (IIP) in India increased 5.7% year-on year in July 2023 while India's Manufacturing Purchasing Managers' Index (PMI) rose 4% YoY at 57.5 in September 2023, signalling strong demand conditions and enhanced business sentiments within the manufacturing sector. Upturn in domestic consumption trends, rising demand from 3PL players indicate an attractive investment scenario in the foreseeable future.

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