



Q3 2024

# Institutional Investment in Indian Real Estate

# Key Observations

Rapid infrastructure developments, coupled with favourable government policies and growing demand for real estate assets lured domestic and foreign investors to invest in India's real estate sector. Despite a drop in investments after receiving record investments in the second quarter of 2024, the outlook remains positive.



## **Institutional investments increased annually**

Institutional investments in real estate increased by 41% in Q3 2024 compared to the same period a year earlier, reaching USD 0.96 Bn. However, it sharply declined from USD 3.1 Bn record investments received in the previous quarter.

## **Foreign investors' participation increased**

Share of foreign investors in total investments increased to 46% in Q3 2024 from 27% a year earlier.

## **Commercial assets dominated investments**

Commercial assets dominated investments with USD 684.5 Mn in Q3 2024, accounting for 71% of the total investments received during the quarter.

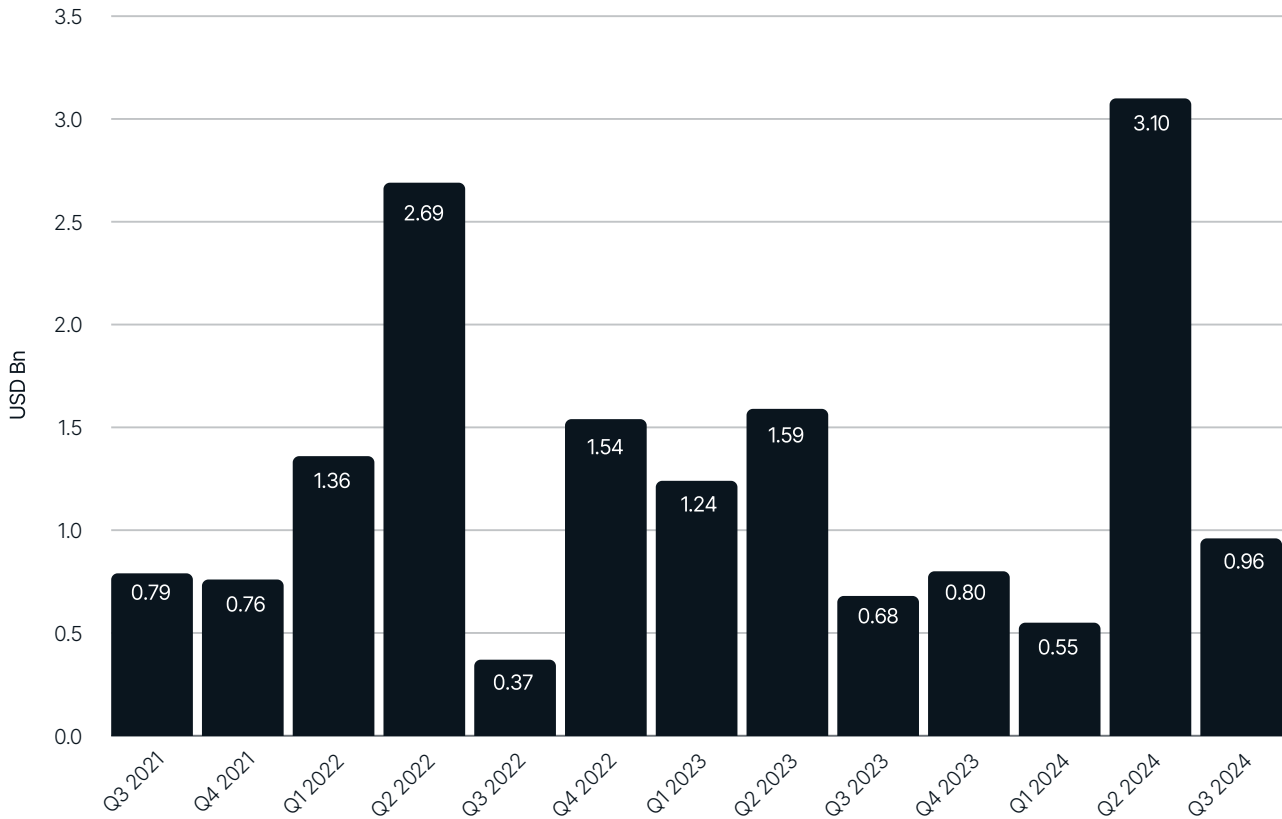
## **Proptech platforms garnered traction**

Proptech platform companies received investments worth USD 212 Mn during Q3 2024.

## **Chennai received half of the investments**

Chennai dominated with 48% of the total investments received during Q3 2024. The city recorded investments in industrial & warehousing, commercial, and residential sectors.

# Institutional Investment Trend



Source: Vestian Research

Institutional investments in real estate sector increased by 41% in Q3 2024 compared to the same period a year earlier, reaching USD 0.96 Bn. However, it sharply declined from USD 3.1 Bn record investments received in the previous quarter. Despite this significant quarterly decline of 69%, the outlook remains positive as investment nearly touches a billion dollar mark.

Investments in the first nine months of 2024 have already surpassed the total for 2023, despite a slow start in Q1 2024. Moreover, the first nine months of 2024 received investments worth USD 4.61 Bn, an increase of 31% compared to the same period a year earlier.

Amid prevailing geopolitical challenges, India’s robust economic growth continues to attract both foreign and domestic investors. Rising prominence of work-from-office policies and growing office markets are expected to boost investor confidence, setting a positive tone for coming quarters.



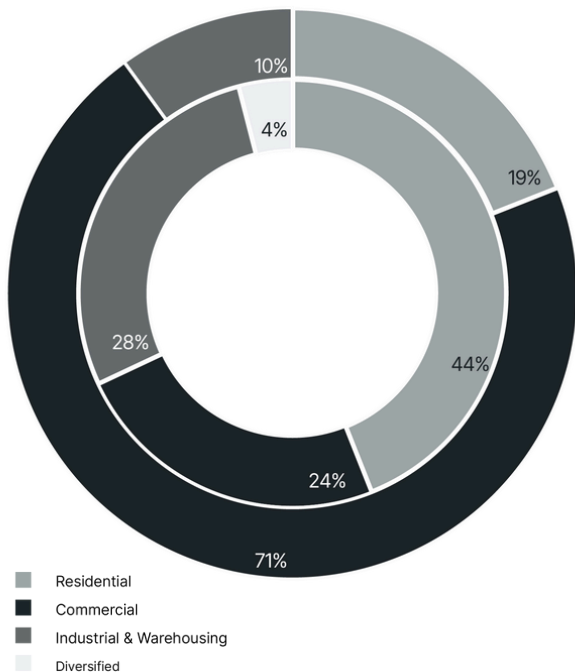
# Institutional Investment by Asset Type

## (Q3 2024 vs Q3 2023)

Commercial assets dominated investments with USD 684.5 Mn in Q3 2024, accounting for 71% of the total investments received during the quarter. Moreover, the share has increased from 24% in Q3 2023 to 71% in Q3 2024. In terms of value, investments surged by 317% compared to the same quarter in the previous year.

Residential sector received investments worth USD 181.1 Mn in Q3 2024, registering an annual decline of 39% and a quarterly decrease of 75%. Moreover, the share has also declined from 44% in Q3 2023 to 19% in Q3 2024.

Industrial & warehousing sector recorded a single deal valued at USD 95 Mn, with its share declining to 10% in Q3 2024 from 28% in the same quarter of the previous year. In value terms, investments during the third quarter of 2024 reduced by 50% on year and 94% on quarter. Government is targeting to reduce logistics cost to 5-6% of the GDP the current 8-9% currently, which may boost industrial and warehousing sector, further attracting investments.



Note: Commercial assets include office, retail, co-working, and hospitality projects.  
 Inner Circle = Q3 2023, Outer Circle = Q3 2024  
 Source: Vestian Research

# City-wise Share in Institutional Investment (Q3 2024)



**48%**

Chennai

**22%**

Multi-city

**21%**

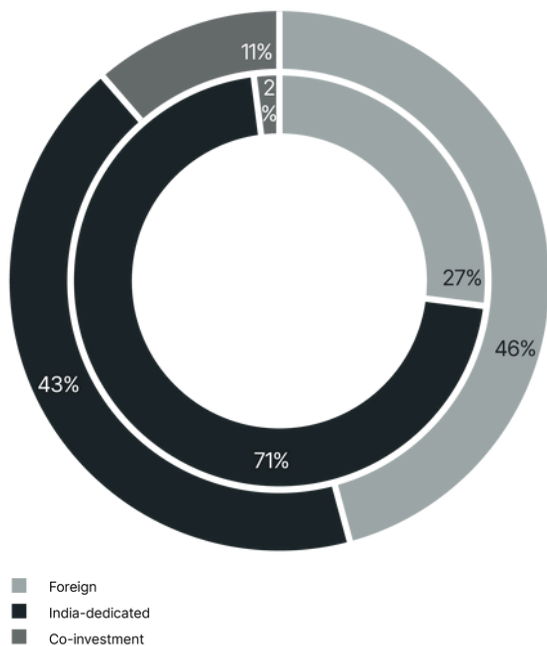
Mumbai

# Institutional Investment by Investor Type

## (Q3 2024 vs Q3 2023)

Confidence of foreign investors has been boosted in the past one year on the back of stabilizing world economy, Indian economy's robust performance, and rapid infrastructure developments. As a result, the share of foreign investors in the total investments increased to 46% in Q3 2024 from 27% a year earlier. In value terms, foreign investments surged by 139% in Q3 2024 compared to Q3 2023. However, it reduced by 80% compared to the previous quarter.

Domestic investors accounted for 43% of the total investments received in Q3 2024. However, the share dropped significantly from 71% in the same quarter a year earlier. In terms of value, domestic investors contributed USD 415 Mn, registering a quarterly decline of 35% and a yearly reduction of 15%. Additionally, contribution of co-investments rose to 11% in Q3 2024 from a mere 2% in Q3 2023, with investment value increasing ninefold from USD 12.1 Mn in Q3 2023 to USD 109.8 Mn in Q3 2024.



Note: Co-investment refers to joint funding by foreign and domestic investors  
Inner Circle = Q3 2023, Outer Circle = Q3 2024  
Source: Vestian Research

# Key Institutional Investment Deals

## (Q3 2024)

Investor	Developer/Partner	Sector	Location	Approx. Amt (USD Mn)
Keppel Land	RMZ Corporation	Commercial	Chennai	252
JV Ventures	Terminus Group	Commercial	Multi-city	200
IFC	Tata Realty & Infrastructure	Commercial	Chennai	100
Actis & Mahindra	Mahindra	Industrial & Warehousing	Chennai	95
CapitaLand	Aurum Ventures	Commercial	Mumbai	84

Source: Compiled by Vestian Research

A USD 252 Mn investment by Keppel Land to acquire One Paramount 1 Tech Park in Chennai was the largest investment deal by value recorded during Q3 2024. This deal accounts for 26% of the total investments in the current quarter.

JV Ventures invested USD 200 Mn in Terminus Group to establish a hospitality development platform focused on managing and developing mid-luxury hotels across south Indian cities. Moreover, IFC invested USD 100 Mn in Tata Realty & Infrastructure (TRIL) for redevelopment and refinancing of Ramanujan Intellian Park in Chennai, aiming to raise standards of Green commercial spaces.



# Outlook

Institutional investments in real estate increased by 41% in Q3 2024 compared to the same period a year earlier. Investments are anticipated to grow further on the back of stabilizing global economic outlook and India's robust economic growth coupled with rapid infrastructure developments.

As major economies of the world started to grow gradually, participation of foreign investors increased in Indian real estate sector. The share of foreign investors is expected to grow further on the back of growing confidence of investors in India's growth story. Simultaneously, domestic investors are also likely to benefit from expanding real estate markets, unlocking more opportunities for participation.

While office and residential sectors continue to lead investments, emerging asset classes such as industrial and warehousing, data centers, proptech platforms, co-working, senior housing, and co-living are expected to witness significant traction in the future.

Growing popularity of e-commerce and quick commerce platforms, inherent demand for residential assets, data localization policies, and reforms in manufacturing sector are likely to drive the next wave of growth, further boosting investment prospects. Furthermore, institutional investors are expected to broaden their scope of investments to tier 2 and tier 3 cities in the future.





## About Vestian

Vestian is a global corporate real estate services firm dedicated to providing end-to-end real estate solutions for businesses worldwide. With a commitment to transparency and innovation, Vestian helps companies align their real estate strategies with their business objectives.

Offering a comprehensive suite of services including portfolio solutions, transaction management, advisory services, design & build services, project services, and facility management, Vestian specializes in creating customized real estate strategies that drive operational efficiency, enhance workplace experience, and support overall business growth. Serving a diverse range of industries including Office, Industrial, Retail, and Healthcare, Vestian partners with businesses of all sizes, from startups to Fortune 500 companies, to maximize the potential of their real estate assets globally.

Vestian transforms real estate management into a strategic asset, driving growth, efficiency, and innovation.

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