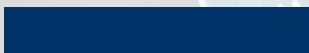




INSTITUTIONAL INVESTMENT IN INDIAN REAL ESTATE Q2 2024



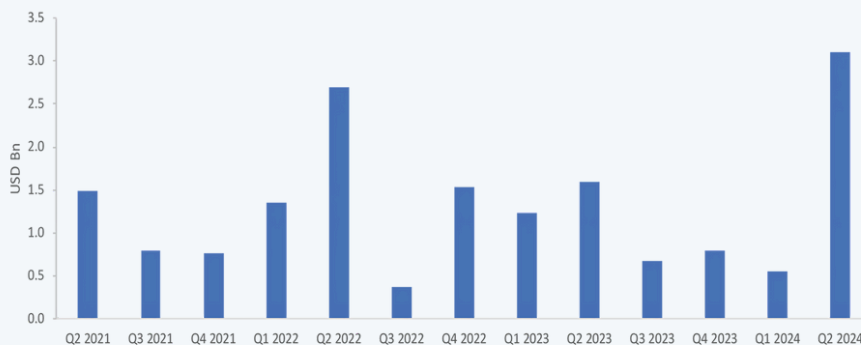


Amidst geopolitical challenges, Indian economy continued to expand. Robust economic growth, proactive government policies, focus on infrastructure development, and inherent demand for real estate assets provided a conducive environment to foreign and domestic investors. As institutional investments surged significantly during the second quarter of 2024, here is a detailed analysis of the investment scenario in Indian real estate sector to support investors in making informed decisions.

Key observations:

- **The highest investments post-pandemic** - Q2 2024 witnessed the highest investments in a single quarter post-pandemic, surpassing the USD 3 Bn mark.
- **Foreign investors dominated** - Foreign investments revived in Q2 2024, reaching the highest point in the past two years, after a weak start in the first quarter of 2024. It surpassed USD 2 Bn in Q2 2024.
- **Industrial & Warehousing assets drove investments** - The share of Industrial & Warehousing sector increased significantly from 8% in Q2 2023 to 48% in Q2 2024. This robust growth can be attributed to the rapidly expanding e-commerce and retail markets across the country.
- **Government policies strengthened investments** - The introduction of SM REITs increased the participation of small retail investors. This may attract foreign and domestic investors in the future.
- **Balanced risk-return ratio with portfolio diversification** - All the real estate asset classes witnessed significant investment growth in value terms during the current quarter. By diversifying their investments across various segments and geographies, investors aim to mitigate risks and enhance returns.

Institutional Investment Trend

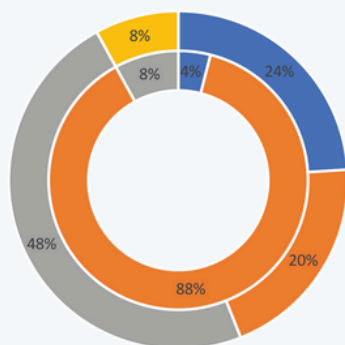


Source: Vestian Research

Institutional investments in the real estate sector surged significantly in the second quarter of 2024, reaching USD 3.1 Bn – the highest since the pandemic. Investments increased by 464% over the previous quarter and 96% over the same quarter a year ago. The significant growth in investments is attributed to favorable government policies such as the Production-Linked Incentive (PLI) schemes which have driven demand for warehousing assets across the country. India’s robust economic growth lured global and domestic investors, despite worldwide geopolitical challenges.

The second quarter of the past two years showed robust investment activities within their respective calendar years. This trend has continued in Q2 2024 as well, despite a weak start in Q1 2024. Additionally, the outcome of the elections in June and upcoming announcements in the Union Budget 2024 may set the tone for subsequent quarters, instilling stability and trust among investors.

Institutional Investment by Asset Type (Q2 2024 vs Q2 2023)



■ Residential ■ Commercial ■ Industrial & Warehousing ■ Diversified

Note: Commercial assets include office, retail, co-working, and hospitality projects.

Inner Circle = Q2 2023, Outer Circle = Q2 2024

Source: Vestian Research

Industrial & Warehousing sector reported a single large deal worth USD 1.5 Bn, accounting for 48% of the total investments received in Q2 2024. The deal concluded between Abu Dhabi Investment Authority (ADIA), KKR, and Reliance Retail Ventures Limited (RRVL). This high-value sole transaction significantly boosted the sector's investment share from 11% in Q1 2024 to 48% in Q2 2024, with a remarkable increase of 25X in value terms.

While residential assets secured USD 732.8 Mn in investments, commercial assets attracted USD 622.3 Mn, showcasing the diverse interests of investors. Residential assets positioned themselves as the second most attractive asset class for investors, accounting for 24% of the total investments in Q2 2024.

Despite the drop in commercial assets’ share, from 42% to 20%, the investments in value terms have increased by 169% over the previous quarter. Similarly, residential investments increased by 13X on year and 3X on quarter. Additionally, real estate sector witnessed USD 261.2 Mn investments in diversified assets, accounting for 8% of the overall investments in Q2 2024.

City-wise Share in Institutional Investment (Q2 2024)



Multi-city
61%



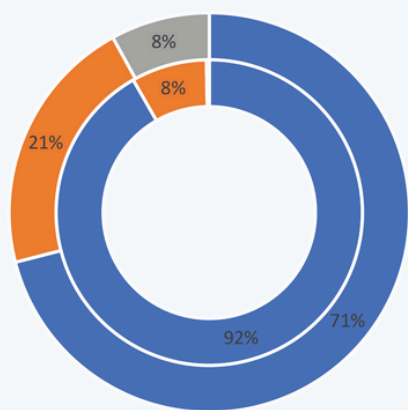
Mumbai
13%



Hyderabad
12%

Source: Vestian Research

Institutional Investment by Investor Type (Q2 2024 vs Q2 2023)



Note: Co-investment refers to joint funding by foreign and domestic investors; Inner Circle = Q2 2023, Outer Circle = Q2 2024
 Source: Vestian Research

India's GDP expanded by 7.8% in the last quarter of FY2024, surpassing expectations. This led to a conducive environment for investments, attracting both domestic and foreign investors.

Foreign investors accounted for the highest share, 71%, of the total investments received during the second quarter of 2024 as they flocked to India to capitalize on its robust economic growth. In terms of value, foreign investments surged by 52% on year, indicating renewed interest from foreign investors after a cautious approach in the first quarter of 2024.

On the other hand, domestic investors accounted for around 20% share of the total investments in Q2 2024, which has declined significantly from 98% a quarter earlier. However, investments in value terms increased by 18% over the previous quarter. Co-investments rose by 47X from USD 5.5 Mn in Q2 2023 to USD 260.2 Mn in Q2 2024, accounting for 8% of overall investments.

Key Institutional Investment Deals (Q2 2024)

Investor	Developer/Partner	Sector	Location	Approx. Amount (in USD million)
KKR, ADIA	Reliance Retail Ventures	Industrial & Warehousing	Multi-city	1,500
GIC, Xander	Waverock	Commercial	Hyderabad	265
ADIA, Kotak PE	Prestige Group	Residential	Multi-city	240
Blackstone	Indiabulls Real Estate	Diversified	Mumbai	148
Mitsui	DLF	Commercial	NCR	120

Source: Compiled by Vestian Research



USD 1.5 Bn investment in Reliance Retail Ventures warehousing assets by KKR and Abu Dhabi Investment Authority (ADIA) was the largest deal concluded by value in Q2 2024, accounting for 48% of the total investments.

GIC and Xander acquired a commercial building situated in Hyderabad’s Financial District from the joint venture between Allianz Group and Shapoorji Pallonji Group. Furthermore, Prestige Group received USD 240 Mn from Abu Dhabi Investment Authority (ADIA) and Kotak AIF to develop residential projects in Bengaluru, Mumbai, Goa, and NCR. It is the largest investment deal in the residential sector during Q2 2024.



Outlook

Post-pandemic, Q2 2024 has turned out to be one of the best quarters for the real estate sector in terms of investments. India's robust economic growth attracted substantial investments in the sector, surpassing the USD 3 Bn mark in a single quarter post-pandemic. Moreover, investments are expected to increase in the future with growing demand for office spaces amid work-from-office mandates, inherent demand for housing, and rapid growth in e-commerce & offline retail markets.

Despite a sluggish start to the investment in Q1 2024, the second quarter of 2024 witnessed an uptick in investments. Interestingly, investments rose in value terms in Commercial, Industrial & Warehousing, and Residential sectors, indicating foreign investors’ interest in diversifying their portfolio. This diversification is expected to contribute to the overall growth of the real estate industry and unlock new investment opportunities in the future.

A significant surge in the Industrial & Warehousing sector depicts rapid growth of e-commerce in India. As India moves towards a consumption-driven economy, this trend is expected to bolster the e-commerce industry, boosting investments in the future.

Demand for residential assets inflated significantly in recent years due to the government’s push for ‘Housing for All’ scheme, growing population, aspiration to own a house, and an increase in per capita income. As RBI is expected to cut repo rates in the coming months, it may attract foreign investors to actively participate in the residential sector. On the other hand, investments in commercial assets are expected to be boosted by the introduction of SM REITs. In a nutshell, the Indian economy is expanding rapidly and investments in every asset class of real estate are expected to grow along with it.

About Vestian

Vestian, is a leading contemporary workplace solutions firm specializing in occupier-focused services for commercial, residential, industrial, retail, and hospitality sectors. Our service portfolio includes Integrated Service Delivery, Project Services, Investment & Consultancy Services, Transaction Advisory Services, Retail Business Solutions, and Integrated Facilities Management Services.

We prioritize client strategic goals, ensuring excellence and consistency in service delivery. Our experienced team, blending global best practices with local expertise, provides integrated real estate solutions for all real estate requirements. Moreover, the belief in our corporate philosophy - Delivering Measurable Results - helps us to provide solutions, in keeping with global delivery standards.

Vestian is certified in both quality management systems and environmental health & safety standards - ISO 9001, ISO 14001, ISO 37001 and ISO 45001. We are also a member of the Indian Green Building Council.

Investment & Consultancy Services (ICS), Vestian's research and investment solutions arm, delivers end-to-end advisory services to multinational and Indian corporations, investors, private equity funds, financial institutions, government entities, and real estate developers across tier-I, II, and III cities nationwide.

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