

# India Investment Market Watch

## Q2 2024



- IMF projects India's growth forecast for FY 2024-2025 at 6.8%
- India 10-year bond yield stands at 7.0% at the end of June 2024, a

- decline of 0.1 percentage points on a quarterly basis
- BSE Sensex registered a historic peak of 79,671.58 on June 28, 2024

### S&P BSE Realty Index

28th June 2024	QOQ Change	YOY Change
8,634.76	21%	108%

Source: BSE

### Strong macro-economic fundamentals facilitate momentum in PE investment activity in Indian real estate

Private equity investment inflows into the Indian real estate sector amounted to USD 1.1 billion (INR 96 billion) during Q2 2024, at par with that recorded in the corresponding period in the previous year. Further, the inflows during H1 2024 stood at USD 1.7 billion (INR 142 billion) as compared to USD 1.2 billion (INR 95 billion) in H1 2023, registering a 42% YOY increase. India's strong macro-economic scenario, reflected in high growth rate, increased consumption from strong domestic demand, as well as reducing current account deficit and fiscal deficit, has aided in keeping investor confidence intact.

### Commercial office segment leads; residential picks up pace

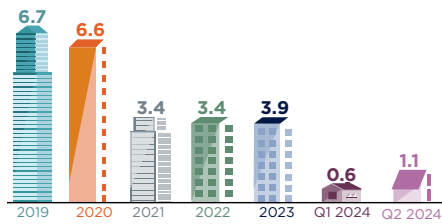
The commercial office segment witnessed pivotal position during Q2 2024, garnering a 51% share in the overall investment pie. Noteworthy, investment in the residential segment picked up pace, as it stood a

close second with a 47% share. This could be attributed to the sector's attractiveness due to sustained demand as well as constant infusion of new projects that are being funded by institutional investors. A majority of investments in the residential segment came from foreign institutional investors in development assets in Bengaluru and Mumbai.

### Rising interest from Asian investors

Indian real estate has been a constant recipient of foreign investments on the back of robust domestic demand and policy support. Further, the market is witnessing a substantial rise in investor confidence from the APAC region. As per our recent report, *Private Equity In Indian Real Estate: Rising Opportunities\**, the share of Asian investors in Indian real estate grew from 15% during 2019-2020 to 47% during 2021-2023. During H1 2024, over 70% of the investment was contributed by Asian investors. A significant majority of this was concentrated in office and residential assets in Bengaluru and Hyderabad.

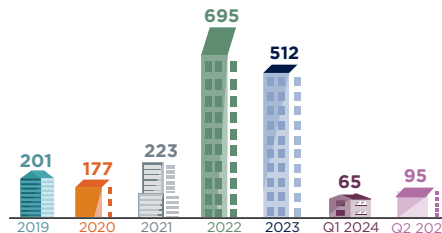
### Institutional Investment in Indian Real Estate



Source: RCA and Savills India Research

Note: India institutional investments exclude fund raises and new platform formations

### Asia Pacific Investment: All Sectors including Real Estate



Source: RCA

### Key Transactions - India

Investor	Investee	Investment Quantum (USD million)
GIC and Xander Investment Management Partnership	Allianz Group and Shapoorji Pallonji Group	263
Abu Dhabi Investment Authority (ADIA) & Kotak AIF	Prestige Estates	240
Mapletree Investments	Adarsh Developers	228

Source: Savills India Research

### Savills Key Transaction - APAC

Singapore - Fraser Residence River Promenade			
GFA	Transacted Price	Vendor	Purchaser
112,935 sq. ft.	SGD 141 million	Frasers	Tuan Sing Holdings Limited

### REIT Spotlight

Key Financial Metrics for REITs for quarter ending March 2024				
	Embassy Office Parks REIT	Mindspace Business Parks REIT	Brookfield India REIT	Nexus Select Trust
Total Area (mn sq. ft.)	45.4	33.2	25.5	9.9
Occupancy	85%	84%	82%	98%
Incremental Leasing (sq.ft.)	1,693,000	900,000	591,000	260,000
In-Place Rents (INR/sq. ft./month)	87	69	84	155
NOI (INR mn)	7,656	4,768	4,608	4,166
EBITDA (INR mn)	7,580	4,492	4,563	3,943
Distribution (INR/unit)	5.22	4.77	4.75	2.09
Dividend Yield (Annualised)	5.7%	5.6%	7.5%	6.6%
Price Movement (YOY)	18%	5%	-9%	NA
Market Capitalisation (INR mn)	349,924	203,761	111,778	193,253
Gearing	41%	28%	52%	16%

Note: In-place rents for Nexus Select Trust is reflective of average rent for retail portfolio.

Source: REIT Quarterly Filings, BSE

\* Savills India Report, April 2024 | [Private Equity In Indian Real Estate: Rising Opportunities](#).

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### Savills

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