



India Investment Market Watch Year-End 2023



- IMF raised India's growth forecast for FY 2023-2024 to 6.5%
- India 10-Year bond yield stands at 7.2% at the end of December 2023, no change on quarterly basis
- BSE Sensex and Nifty50 at historic peaks of 72,119.85 and 21,675.75 respectively on December 27, 2023

S&P BSE Realty Index

29th Dec. 2023	QOQ Change	YOY Change
6186.94	34%	79%

Source: BSE

Foreign institutional investors bet big on Indian real estate, despite uncertainty in global environment

In line with our forecast, private equity investment inflows into the Indian real estate sector amounted to USD 3.9 billion (INR 323 billion) during 2023, registering a 14% increase YOY. Despite intensifying global economic recessionary concerns and the geo-political situation posing challenges, PE investments in

Indian real estate sustained momentum as the sector provided favourable avenues for foreign and domestic institutional investors. Garnering a 75% share, foreign investors remained the primary contributors to investment activity in 2023.

Commercial office assets continued to remain the frontrunner

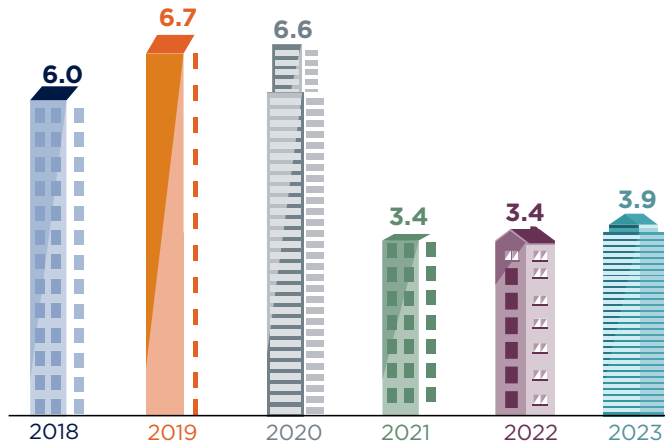
The commercial office segment maintained the pivotal position during 2023, garnering 65% share in the overall investment pie. The resilience

of investible grade office assets supported this dominance. Most investment came from foreign institutional investors and a majority was concentrated in Mumbai.

Expanding investible universe

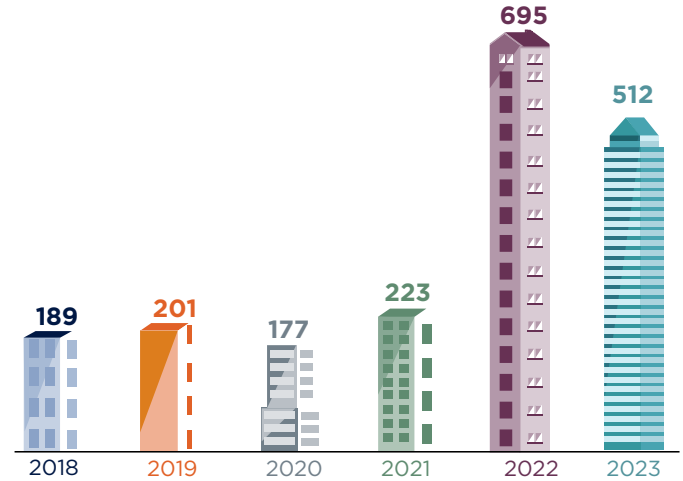
2023 marked the expansion of the investible universe in the Indian real estate sector with the evolution of new products such as REITs. In May 2023, the market witnessed the launch of India's maiden retail REIT, Blackstone-backed Nexus Select Trust.

India Institutional Investment in Real Estate (in USD bn)



Note: India institutional investments exclude fund raises and new platform formations.
Source: RCA and Savills India Research

Asia Pacific Investment: All Sectors including Real Estate (in USD bn)



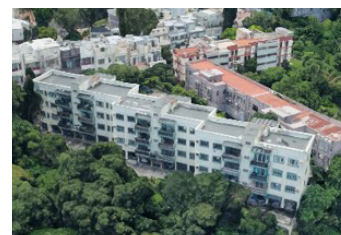
Source: RCA

Key Transactions - India

Investor	Investee /Asset	Investment Quantum (USD million)
Sumitomo	22-acre land parcel in Worli (Mumbai)	627
Alta Capital	Good Host Spaces	324
Allcargo Inland Park	56.5 acres of land in Farukh Nagar (Gurugram)	16

Source: Savills India Research
Note: USD 1=INR 83.26

Savills Key Transaction - APAC



Collective Sale of Civil Servants' Cooperative Building Societies in Jardine's Lookout, Hong Kong

GFA:
37,000 sq. ft.

Transacted price:
USD 150 million

Vendor:
Collective Sale

Purchaser:
Local Investor

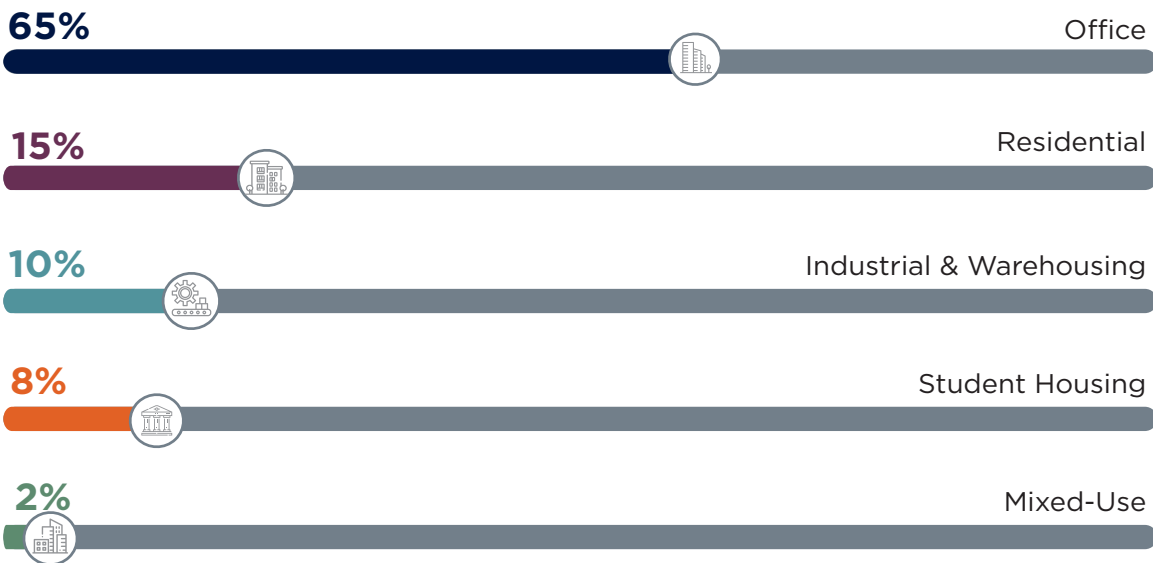
REIT Spotlight

Key Financial Metrics for REITs for quarter ending September 2023

	Embassy Office Parks REIT	Mindspace Business Parks REIT	Brookfield India REIT	Nexus Select Trust
Total Area (mn sq. ft.)	45.2	32.3	25.3	9.9
Occupancy	83%	87%	88%	97%
Incremental Leasing (sq. ft.)	1,200,000	770,000	500,000	200,000
In-Place Rents (INR/sq. ft./month)	85	67	82	154
NOI (INR mn)	7,189	4,912	3,467	3,909
EBITDA (INR mn)	7,349	4,579	3,353	3,734
Distribution (INR/unit)	5.53	4.79	4.40	2.98
Dividend Yield (Annualised)	7.4%	6.1%	7.3%	9.6%
Price Movement (YOY)	-13%	-14%	-26%	NA
Market Capitalisation (INR mn)	284,927	185,443	105,784	188,012
Gearing	41%	25%	63%	16%

Note: In-place rents for Nexus Select Trust is reflective of average rent for retail portfolio.
Source: REIT Quarterly Filings, BSE

Sectoral Split of India PERE Investment 2023



Source: Savills India Research

Outlook for 2024

In 2023, we needed to exercise caution, emanating out of global geopolitical uncertainties and a high interest rate environment. However, India remains a bright spot in the global economy against a recessionary backdrop of developed markets. This is supported by the country witnessing peak demand for the office segment during 2023 as well as robust end-user interest in the residential segment. The industrial and warehousing segment, too, witnessed a rise in demand. India will most likely

maintain this momentum in 2024 and is expected to clock in approximately USD 3.5 billion - USD 4.0 billion (INR 291 billion - INR 333 billion) of private equity investment in real estate across segments.

Against the backdrop of limited investible grade assets, we may witness muted investments in the office segment. However, alternate segments such as life sciences, data centres and student housing are likely to gain prominence in 2024 as growth drivers are in place for these industries.

We anticipate gradual widening of the investor base with new investors entering the Indian market as well as stepping up of investments, particularly from Asian institutional investors in 2024. As evidenced in 2023, several Japanese investors stepped up their commitment in real estate across formats ranging from direct purchase to forming joint ventures.

Please contact us for further information

Diwakar Rana
Managing Director
Capital Markets
diwakar.rana@savills.in

AUTHORS

Diksha Gulati
General Manager
diksha.gulati@savills.in

Shashwat Srivastava
Assistant Manager
shashwat.srivastava@savills.in

Megha Maan
Director
megha.maana@savills.in

RESEARCH & CONSULTING

Arvind Nandan
Managing Director
arvind.nandan@savills.in

MEDIA

Chinmoyee Kalita
Corporate
Communications Lead
chinmoyee.kalita@savills.in

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