NATIONAL ASSOCIATION OF REALTORS - INDIA
NAR-India
Realty News

A MONTHLY PUBLICATION FROM NAR-INDIA
Vol.2, Issue 11, April 2024 Price: ₹20


During Q1, technology sector held the highest share in office leasing. P3


Average transacted value of land per acre rose by 46% in 2023. P8


Institutional investments in Indian Real Estate touched USD 1.0 Billion in Q1 2024. P9

Indian Realty Sector set to touch US$1.5 Trillion by 2034

While the market size of realty sector is estimated at US$482 billion, contributing 7.3% to the total economic output, there are better days for the realty sector, says a report by **Knight Frank India and CII.**

Supported by a growing economy, the real estate sector in India has transitioned significantly. India's real estate sector has forward and backward linkages with approximately 250 ancillary industries, and it is one of the highest employment generators after the agriculture sector, accounting for 18% of the total employment. In terms of output, the market size of India's real estate sector is currently estimated at USD 482 bn contributing 7.3% to the total economic output.

By 2034, India's real estate sector is expected to expand to USD 1.5 tn contributing 10.5% to the total economic output. Factors such as growing residential demand, increase in need for contemporary o□ce space, expanding hospitality, retail sector etc to cater to the growing consumption needs of the growing population with increased income levels, are adding an impetus to real estate sector in India. Furthermore, expanding e-commerce is catalysing the demand for warehousing and storage facilities in India providing a thrust to the industry. Additionally, in recent years, the growing use of telecommunication services has necessitated the need for data centres or data storage facilities in India. From a government policy perspective, various initiatives such as focus on a□ordable housing, smart city measures, tax deductions on housing loans etc have enabled investment opportunities in the real estate sector in India.

Residential

India's residential market has undergone significant changes over the last few decades.

Growing demand for luxury housing: Thus far, India has been largely categorised as a low-middle income country. While the mid-segment housing market continues to dominate the demand, there has been a growing demand for luxury housing (above INR 10 mn). In 2018, across the top 8 cities in India luxury housing comprised 16% of the total sales. In 2023, the share of this segment significantly increased to 34%, a substantial growth from 16% in 20186. Going forward, factors such as the growing economy, salary growth from the high paying services sector and growth in the numbers of HNIs and UHNIs, will continue to raise demand for luxury housing in India.

Estimating Residential Demand for 2034

India's population is expected to surge to 1.55 bn by 2034 with an estimated 42.5% of the population residing in urban centres. Urban cities in India will require an addition of 78 mn housing units by between 2024-34.

In terms of market value, the estimated residential demand has a potential to generate an additional output equivalent of USD 906 bn in in the next ten years.

Commercial Real Estate

The CRE market in India continues to outperform. In 2023, the top 8 cities in India registered office 8 transaction volume of 60 mn sq ft . Growth in the IT/BPM sectors, influx of global capability centres (GCCs), revival of India facing businesses, rise in flexible and coworking spaces are the key factors enabling transactions in India's office market. While the tech sector driven by the growth in artificial intelligence, data science etc will drive the demand for office space, the GCCs will potentially drive the office market in the next decade. By 2030, there will be an estimated 2400 GCCs across India as India emerges as global technology and services 9 hub . Assuming a similar pace of growth, the number of GCCs in India may scale up to 2880 by 2034.

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Residential Sales Resilient in Q1

The residential market too has sustained its momentum as it stepped into 2024 with sales growing at 9% YoY in Q1 2024. 86,345 units were sold in Q1 2024, a level exceeded only in Q4 2023 over the past six years. Sales grew across all markets in YoY terms with the exception of Bengaluru which saw sales dip marginally by 2% YoY. The highest sales volume and YoY growth were seen in Mumbai, with 23,743 units sold and a 17% increase compared to the previous year. This was fuelled primarily by the 259% spike in the sales of units priced over INR 10 million compared to the same period last year (Q1 2023).

The steady growth in demand has also put residential development into overdrive with the volume of units launched exceeding that of sales for the past six quarters. Kolkata saw the highest growth in units launched at 89% YoY and the 6,021 units that came online are a record high for the market.

Consistent with the upward trend seen in the past 11 quarters, the share of sales in the INR 10 million and above ticket-size grew significantly to 40% in Q1 2024 compared to 29% a year ago. The drop in the mid-segment sales can be viewed as a normal correction within a longer-term upward trend, however, the deceleration in the quarterly sales of units priced under INR 5 million during the quarter. The drop in the mid-segment sales can be viewed as a normal

Residential market sales grew across all markets except marginally in Bengalurun with the QTS of 5.9 quarters, **says Knight Frank India survey.**

correction within a longer-term upward trend, however, the deceleration in the quarterly sales of units priced under INR 5 million during the quarter.

The drop in the mid-segment sales can be viewed as a normal correction within a longer-term upward trend, however, the deceleration in the quarterly sales of units priced under INR 5 million has sustained for the past nine consecutive quarters and it has been the only segment that has not seen any growth in an otherwise strong market. Increasing prices, higher home loan rates and the comparatively adverse impact of the pandemic on homebuyers in this segment continued to weigh on demand.

Price levels have grown in tandem with demand across all markets in YoY terms. Even in sequential terms, prices have held steady or grown in all markets. Price levels in Hyderabad saw the most significant rise at 13% YoY as focus increasingly shifted toward the development of premium high-rise properties.

Homebuyers have been more inclined to acquire ready or near-ready inventory to minimise completion risk seen during past periods. However, the heightened demand over the past few quarters has depleted the stock of older inventory, and consumers are now increasingly willing to acquire newly launched properties at relatively lower prices. This is reflected in the average age of inventory decreasing to 15.9 quarters in Q1 2024 from 16.7 quarters during the year ago period. The unsold inventory level has increased 4% in YoY terms as fresh development activity has intensified. However, this must be read in conjunction with the sales momentum to arrive at a better assessment of market health.

The QTS level represents the number of quarters required for the existing unsold inventory to be consumed at the current rate of sales. A reducing QTS level depicts a market where demand is gathering momentum. The current QTS level of 5.9 quarters which is significantly better than the 6.7 level a year ago, signifies that the overall market traction has improved despite the increase in unsold inventory levels.

RESIDENTIAL SALES – Q1 2024

Market	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q1 2024 YoY growth %	Q1 2024 as % of 2019 Qtr. average
Mumbai	20,498	22,308	23,765	23,743	17%	156%
NCR	14,722	13,981	15,907	15,527	1%	145%
Bengaluru	12,857	13,169	14,630	13,133	-2%	109%
Pune	11,302	13,079	14,517	11,832	14%	144%
Hyderabad	7,055	8,325	9,200	9,550	15%	235%
Ahmedabad	3,757	4,108	4,023	4,673	11%	112%
Chennai	3,500	3,870	3,900	3,950	8%	93%
Kolkata	3,823	3,772	3,903	3,937	12%	140%
Total	**77,514**	**82,612**	**89,845**	**86,345**	**9%**	**140%**

Source: Knight Frank Research

AVERAGE PRICE CHANGES

Market	YoY change	QoQ change
Hyderabad	13%	2%
Bengaluru	9%	4%
Kolkata	7%	1%
Mumbai	6%	0%
NCR	5%	1%
Chennai	5%	2%
Pune	4%	1%
Ahmedabad	2%	0%

Source: Knight Frank Research

Indian Realty Sector set to touch US$1.5 Trillion by 2034

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To accommodate the burgeoning economic activity and formal employment, an estimated 2.7 bn sq ft of office space will be cumulatively required by 2034, i.e. an additional requirement of 1.7 bn sq ft in the next decade. As the sector scales up, the potential revenue generation from India's office real estate is estimated to be USD 125 bn in 2034.

Growth Prospects in India Warehousing

India's warehousing market is likely to witness a potential annual demand of 111 mn sq ft by 2034 a significant expansion from current annual leasing volume of ~65 mn sq ft and the sector has a capacity to generate a revenue of USD 8.9 bn during the next decade.

As of 2021, 5 lakh hectares of land in India have been under usage for industrial purpose which comprises of 3,989 special economic zones, Industrial parks and estates and more. However, in the next 10 years to support the manufacturing activities in India, as estimated 20 lakh hectares of land, i.e. an addition of 15 lakh hectares will be needed to be allocated for industrial purposes, The exponential growth in required industrial land has the capacity to generate a revenue equivalent to USD 28 bn by 2034.

Retail real estate in India

As of 2023, organized retail consumption is estimated to be at 4.6% 11 of the total private consumption of individuals . This is significantly low in comparison to the developed markets such as the US, where retail consumption comprises 40% of the total private consumption of individuals. However, with growing income levels and the increasing propensity of households in India to consume, by 2034, when the size of the Indian economy is estimated to be USD 10.3 trn, the share of retail consumption is estimated to be 21% of the total private consumption.

Overview of Investment

Trends in India Real Estate

REITs

Over the past 5 years, India has welcomed the introduction of four REITs, focusing on both the office and retail sectors. Despite these advancements, the market capitalization to GDP ratio for Indian REITs remains modest at 0.3%, indicating significant growth potential in the REIT sector. A notable opportunity lies within the office sector itself, which currently represents only 10.9% of the total available office space in the top eight cities.

Private Equity in Indian Real Estate

Over the past two decades, private equity (PE) investments in the Indian real estate sector have demonstrated consistent and gradual growth. Particularly noteworthy is the sector's robust expansion over the last decade, with an average annual PE investment of USD 5.0 bn between 2013 and 2023, compared to the average annual PE investment of USD 1.9 bn observed between 2004 and 2012.

In 2023, private equity (PE) investments in the Indian real estate sector experienced a YoY decline of 44%, totalling USD 3.1 bn. Global geopolitical uncertainties and high interest rates worldwide contributed to investor caution, leading to limited market engagement.

From 2004 to 2016, private equity (PE) investments in the Indian real estate sector were predominantly focused on the residential segment. During this period, the residential space attracted a total investment of USD 19.8 bn, which was more than twice the USD 9.8 bn directed towards the office sector. However, there has been a consistent decline in the proportion of PE investments in residential real estate following the global economic downturn.

Between 2017 and 2023, the office sector attracted a total of USD 19.7 bn in PE investments. The growing prominence of the office sector can be attributed to relaxed regulations aimed at promoting Real Estate Investment Trusts (REITs), as well as the dominant presence of global corporate delivery centres, which have captured the attention of PE investors.

The average share of PE investments in the warehousing sector post-pandemic stood at 27%, consistently holding the second position as the second beneficiary of investments after the office sector.

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Office sector Leasing at 14.4 million sqft in Q1

The office sector in India witnessed a gross absorption of 14.4 million sqft in Q1, this year. However, absorption declined by 25% Q-o-Q and 3% YoY. Bengaluru led office leasing activity, followed by Delhi NCR and Hyderabad. The three cities together accounted for 65% of the leasing activity. Nearly half of the leasing during the quarter was led by expansionary initiatives by corporates across the top cities.

Development completions of about 9.8 million sqft were witnessed in Q1, a decline by 41% QoQ and 10% YoY. Bengaluru, Hyderabad and Delhi NCR drove supply during the quarter accounting for a cumulative share of about 72%. The non-SEZ segment dominated development completions with a share of 90%, compared to 88% during the same period in the previous year. Developers continued to exhibit their efforts towards sustainability, with more than half of the newly completed space during Q1 being green-certified (LEED or IGBC).

During Q1, technology companies held the highest share in leasing activity at 26%, with flexible operators following at 22%, engineering and manufacturing (E&M), and banking, financial services and insurance (BFSI) firms were the other prominent drivers accounting for 13% and 12% respectively. In Q1, leasing in the technology sector was largely driven by domestic companies – accounting for nearly half of the space take-up, as these firms leased office space for their expansionary activities. The cumulative share of technology companies and flexible space operators increased to 48% during the review quarter compared to 32% in the preceding quarter.

> During Q1, technology sector held the highest share in leasing followed by flexible operators, E&M and BFSI, says a survey by CBRE.

During Q1 space take-up by Global Capability Centres (GCCs) accounted for one-third of the overall India office leasing. Within the GCC space take-up, E&M companies contributed to over one-fourth share, followed by automobile firms.

Similar to the previous quarter, domestic firms dominated quarterly leasing with a share of 48%min Q1, primarily led by flexible space operators, technology firms and BFSI corporates. Space take-up by flexible space operators would be used to cater to managed offices and enterprise requirements from tenants.

Office space take-up was dominated by small (less than10,000 sqft) to medium-sized (10,000-50,000 sqft) transactions in Q1 with a share of 81%. The share of large-sized deals (greater than100,000 sqft) in Q1 increased to 8% from 5% during the same period in the previous year. Bengaluru and Hyderabad dominated large-sized deal closures in Q1, followed by Delhi-NCR and Chennai, while a few such deals were also reported in Kochi, Mumbai and Pune.

With sustained leasing activity led by persistent demand for quality investment-grade assets couple with moderating vacancy levels, rental growth was witnessed across select micro-markets in a few cities in Q1. During the quarter, quoted rentals witnessed a QoQ increase of 5-8% in Mumbai across select micro markets such as western suburb 1 and 2 and Thane; 1-4% in Bengaluru across CBD, EBD, ORR, PBD-O, PBD-W, NBD and NBD Manyata; 2-4% in Chennai across micro markets such as Mount-Poonamallee road, Ambattur and OMR zone 1 and 3; 1-4% in Hyderabad across micro-markets such as SBD, IT corridor 1 & 2; 2-3% in Gurgaon NH-8 (before Rajiv Chowk); 1-2% in Pune SBD west and 1-7% in Kolkata across micro-markets such as CBD, PBD, SBD and E PBD.

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AROUND NAR-INDIA (A ROUND UP OF REALTOR EVENTS ACROSS THE COUNTRY)

World Realtors Day Events

Kolkata celebrates World Realtor Day with food distribution

The Kolkata NAR-India members celebrated World Realtor Day in front of Lake Mall distributing food to people. "Let us continue to champion professionalism and elevate the standards of real estate service across India and the world," said members.

CSR food distribution in Bhopal

On the occasion of World Realtor Day, CSR activity was held on March 21 at the Jawaharlal Nehru Cancer Hospital and Research Centre in Bhopal. NAR-India members have distributed foods to patients' families, attendants, and hardworking staff in need.

Lunch for Ashram children

On the occasion of World Realtor Day, ORA celebrated the event at Pratibha Ashram, Dumuduma. Lunch arrangement was made for ashram's 40 orphan children, said Sheikh Mairajul Haque, President, ORA.

APPCC Chennai celebrates World Realtors Day

The APPCC, Chennai celebrated World Realtors Day today with URBANWRKS and Homes Collection with Earning and Learning event. A new vertical of fractional investment in vacation homes has been discussed during the event with substantial payout options exclusively for PROP members.

Narvigate 2024 drives good response from global delegates

Expressing deep gratitude for the participation and hospitality during Narvigate 2024 event in Goa, Mark Makoto Kitabayashi, 2024 NAR Global Coordinator, Asia-Pacific, said in his message that he is anxiously looking forward for future collaborations.

"I was energised by seeing the fast and vibrant growth of NAR-India in the last 16 years, and enthusiasm of members. I also want to extend my sincere thanks to the team's hospitality towards us, especially the Goa host team, and made our stay more enjoyable," said Kitabayashi.

According to Kitabayashi, he was able to talk to NAR-India members one on one, able to explain their relationships and benefit of IRM. "Many of them showed interest in attending our convention in Boston. I hope our team met your expectation and hope we were able to highlight our relationships, and opportunities that your members have," said Kitabayashi. He is keen to assist NAR-India members in all possible ways and looking forward for future collaborations.

Enhancing Expertise through CCIM's Educational Courses

As learning is a continuous process, there is an exceptional educational opportunity that could greatly benefit NAR-India members and associates within NAR-India. The Robert L. Ward Center for commercial real estate studies at the CCIM Institute provides a gold standard in professional education. The courses range from an introduction to commercial real estate to more advanced topics such as commercial real estate portfolio management, capital markets, and strategies for tenant representation, ensuring a well-rounded skill set for participants.

The CCIM institute provides a 150+ hour curriculum covering essential commercial real estate competencies, such as financial analysis, market analysis, user decision analysis, and investment analysis, culminating in a final comprehensive exam. Achieving the CCIM designation is a testament to one's commitment to excellence in the commercial real estate profession.

Their courses are meticulously designed to ensure that industry professionals remain at the forefront of the latest trends, are well-equipped in technology, and uphold the highest standards of ethical practice.

"I urge all members to consider enrolling in these courses to advance their careers and to continue elevating NAR-India's standard of professionalism and expertise in the real estate sector. We can discuss potential group enrolments and possibly host an informational session with a representative from the CCIM Institute to delve deeper into the benefits of their offerings," said Tarun Bhatia, Chairman - Global, NAR-India.

Members can reach out through **email: chair-global@narindia.com.** for further discussion on how we can incorporate CCIM's educational resources within our association's professional development agenda.

IREC 2024 in Kuala Lumpur during September 6-8

A landmark event in the world of real estate — IREC 2024 has been organised in Malaysia. This international gathering, scheduled for September 6-8 this year at the Grand Hyatt Kuala Lumpur, is appropriately themed as "Bridging Borders, Building Opportunities," according to Tarun Bhatia.

The International Real Estate Conference (IREC) is a premier forum that debuted in the Asian region in 2015. This event stands out as a melting pot for diverse real estate stakeholders, including realtors, investors, developers, and urban planners, among others. It presents an unmatched opportunity for participants to discuss current trends, exchange ideas, and network with peers globally.

The IREC 2024 is set to provide insights on economic outlook, investment opportunities, cultural and market differences, adoption of technology in real estate and global real estate trends and forecasting. The Malaysian Institute of Estate Agents (MIEA), the host and organiser of IREC 2024, is a renowned entity with a rich history of transforming real estate practice in Malaysia. This event, in partnership with NAR-US, assures a platform for extensive learning and collaboration.

In addition to knowledge sessions, the conference offers a tour and a networking dinner, ensuring a holistic experience for all delegates. As we believe that such engagements are pivotal for our collective growth and global networking, your participation is highly encouraged, said Tarun Bhatia, Chairman - Global, NAR-India.

There is a special offer for registration: "Buy 5, Get 1 Free," making it an opportune moment to plan as a group. For further details and registration, NAR-India members can write to **chair-global@narindia.com.** NAR-India members' participation will not only contribute to the collective wisdom of the gathering but also underline the significance of NAR-India on the international stage, said Tarun Bhatia.

Narvigate 2024 – Accolades keep pouring in

As President and on behalf of Vidarbha Realtors Association (VRA), I would like to congratulate Mr Amit Chopra, President, NAR-India and team GAR for organising a wonderful, amazing and knowledgeable convention which shall be remembered for a very long time. Great take aways, knowledge speakers, lots of learning , fully power-packed great entertainment, delicious food and great hospitality..

D S Nagra, President -VRA, Nagpur.

Narvigate 2024 Photos

The Narvigate 2024 convention photos ae now available through a link to the NARVIGATE 2024 photo albums featuring face recognition technology. All that a member has to do is to simply click a selfie and instantly he can find all the photos he is in. The link is:

https://memzo.co/m/NARVIGATE-2024549/9979

The members can click on view event photo gallery and use the 'more' drop-down option to choose the day/ ates.

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AROUND NAR-INDIA (A ROUND UP OF REALTOR EVENTS ACROSS THE COUNTRY)

CREA (I) Bengaluru celebrates World Realtors Day in style

The CREA (I) Bangalore did multiple activities (including CSR) on the World Realtors Day but significantly the managing committee and sub committee members of CREA (I) kickstarted a massive plantation drive recently.

Environment preservation while being in touch with earth on a piece of land is what realtors associate the most with and from this piece of land they have wished all NAR-India members a very happy world realtors day. It is hoped that "Desh ki Mitti ki Khusboo" will reach all and help all to grow with its fragrance.

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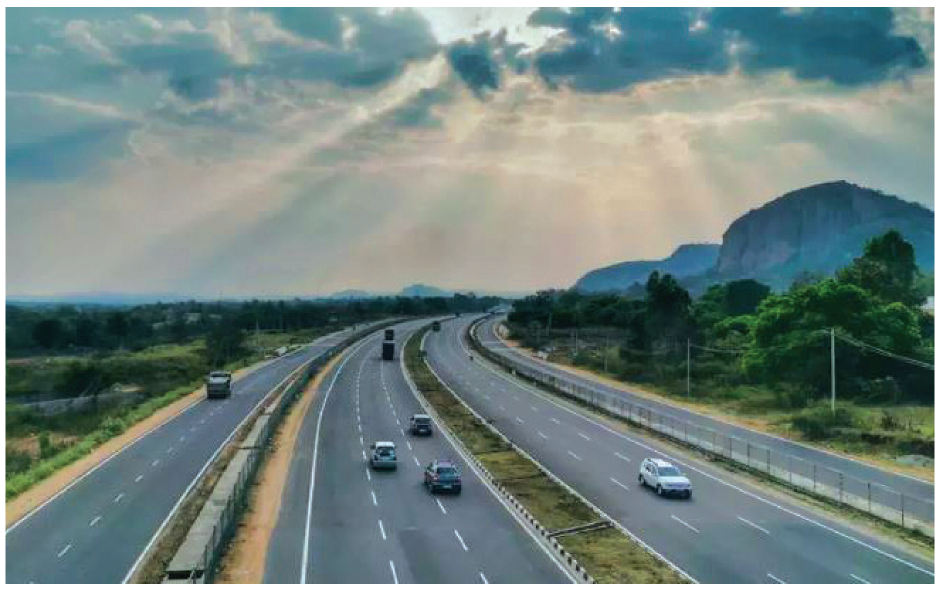
Dwarka Expressway-New Gurugram cluster captures 66% of Housing Sales

DELHI-NCR



The expressway has facilitated development of residential clusters and enabled smooth communication between Delhi and Gurugram, **says JLL survey.**

The Dwarka Expressway-New Gurugram (Gurgaon) cluster is expected to see more holistic development of real estate on the back of operational expressway. This is owing to the recent impetus being laid by the Government on the overall connectivity of different important hubs in the country.

The Dwarka Expressway-New Gurugram residential cluster is experiencing great buyer traction as a result of infrastructure enhancement and quality supply. Since reputed developers have launched residential projects, it has emerged as the hub of Gurugram's residential growth. The government's construction of the Dwarka Expressway is evident of the region's potential for expansion. It has facilitated the development of residential clusters along the expressway and enabled smooth communication between Delhi and Gurugram. It appears that the region has evolved into a priority development zone leading to the cluster's overall expansion.

In the CY 2023, a total of 12,409 housing units were sold in this submarket which was 66% of the overall sales in Gurugram. Sales were up by 67% as compared to 2022. These homes were worth a whooping INR ~25,000 crore. Interestingly, out of these 12,409 units, 97% were under construction at the time of sale. This shows the increasing consumer confidence in under construction projects as they are getting delivered on time.

"The Dwarka expressway – New Gurugram cluster has become the new hotspot for premium launches in Delhi NCR. In 2023, a total of 11,270 housing units were launched in this submarket, which was 69% of the overall launches in Gurugram. Launches were up by 166% as compared to the previous year as 4,231 units were launched in 2022. Notably, high-end projects are also getting launched in this submarket. 38% of the new launches in this cluster were priced at INR 2.5 crore or above. The project launches garnered good traction in terms of demand and few of them were fully sold in few days of the launch," said Dr Samantak Das, Chief Economist and Head Research & REIS, India, JLL.

Country's top developers are present in this cluster. Various mixed use projects having retail options for the residents are also coming up in these micro markets which would provide daily convenience options to the residents such as daily needs stores, pharmacy, and F&B outlets.

"Around 175 acres of land across 17 separate deals valued at over INR 3,100 crore have been acquired by real estate developers since 2022 in this submarket. Apart from outright purchases, developers have signed JDAs/JVs for over 30 acres in last year in this submarket to develop real estate projects" said Ritesh Mehta, Senior Director, and Head (North and West), residential services and developer initiative, JLL India.

Over 11,000 housing units were completed in 2023 in this cluster. This submarket holds 29,742 under construction units in the pipeline. Notably, 45% (13,476) of the under-construction inventory is likely to get completed in 2024. This shows the dynamism of construction activities in this region and the opportunities for buyers to select from new stock.

This submarket's average capital value in 2023 was approximately INR 10,000 per sq. ft, a 15% rise from 2022. A more reasonable price increase should be anticipated as the launches in each of the submarket's segments continue to roll out. Given the strong demand from buyers, new phases of previous projects are entering at greater prices.

With the expressway getting operational, the future looks bright for the entire real estate sector in the region. All stakeholders will benefit from this important public infrastructure project that will also have a positive impact on all types of assets. Retail and commercial developments will follow in the future.

In the coming years, we will continue to see the launch of commercial and retail projects, as well as a growing supply of high-quality residential properties. Developers will keep on purchasing land parcels to start new residential developments in line with increasing demand. Residential launches will continue to gain momentum across all price bands.

*Note: Data includes only apartments. Row houses, villas and plotted developments are excluded from analysis. New Gurugram-Dwarka expressway cluster includes sectors 79-113 and sectors 36A and 37D.

Dwarka Expressway and New Gurugram cluster	2022	2023	% Growth (y-o-y)	% share in Gurugram sales/ launches in 2023
Sales (No of units)	7,413	12,409	67%	66%
Launches (No of units)	4,231	11,270	166%	69%

Source: REIS, JLL Research

Robust Growth in Residential Launches in Q1

CHENNAI

There has been a steep rise in unit launches driven by suburban south submarket in Q1, **says Cushman & Wakefield survey.**

During the first quarter, Chennai's residential sector saw healthy launches of over 5,490 units, recording a significant growth of 86% on a q-o-q basis. Majority of these launches were concentrated in the suburban south II submarket, which accounted for 63% share. Prominent residential areas within this submarket, including Vandalur-Kelambakkam Road, Porur and Kattupakkam, contributed the most. Suburban North submarket followed next with a 28% share in quarterly launches, with significant activity observed in areas such as Perambur and Korattur. Leading developers such as Casagrand Builder Pvt Ltd, Shriram Properties and Radiance Realty Developers made significant contributions to launches during the first quarter.

The quarter saw strong activity in plotted developments, particularly in the southern suburban submarkets. Over 3,700 residential plots were launched, indicating a growing interest for plots among buyers.

All segments witness growth in launches in Q1; mid-segment share stood highest

In Q1, more than 3,500 units were launched in the mid-segment accounting for 64% of total launches, nearly doubling from the share seen in previous quarter. Key suburban areas, such as Vandalur-Kelambakkam Road, Porur, and Kattupakkam, emerged as prominent locations for mid-segment launches. High-end and luxury segments also saw notable growth accounting for 28% of quarterly unit launches, marking a threefold increase in the segment's launches on a y-o-y basis. Perambur, Saligramam, Korattur and Navalur stood out as preferred locations for the high-end offerings.

Affordable segment contributed 8% to the quarterly launches, exhibiting significant growth compared to previous quarters.

Select submarkets witness marginal rise in capital values

Within mid-segment category, submarkets like Off Central II, Suburban South I, Suburban South II and Suburban North saw a q-o-q growth in capital values ranging from 2% to 5%. The end-user-driven demand in residential hotspots within Suburban South I and II submarkets may contribute to marginal price appreciation in the upcoming quarters. Rental values in off central II, suburban south I, and suburban south II saw a slight increase of 1% to 3% on q-o-q basis.

CHENNAI RESIDENTIAL MART – CAPITAL VALUES AS OF Q1

Submarket	Average quoted rental value (Rs/sqft)	QoQ change (%)	YoY change (%)
HIGH-END SEGMENT			
Central	23,000 – 27,000	0%	0%
Off Central I	18,000 – 23,000	0%	0%
Off Central II	15,000 – 17,500	0%	3%
East Coast Road	7,000 – 9,500	0%	0%
MID-SEGMENT			
Central	14,000 – 18,000	0%	0%
Off Central I	15,000 – 17,000	0%	0%
Off Central II	10,000 – 11,500	5%	9%
Suburban South I	6,000 – 7,900	2%	5%
Suburban South II	5,000 – 7,800	2%	6%
Suburban North	5,200 – 7,500	5%	6%
Suburban West	5,700 – 8,000	1%	1%
East Coast Road	5,000 – 6,500	0%	0%

Source: Cushman & Wakefield Research

Industrial & Warehousing Supply at 7 million sqft in Q1

Amidst steady leasing, new supply inched towards 7 million sq ft during Q1 2024, the highest in last two years. Around 33% of the new Grade A developments in the first quarter was concentrated in Delhi NCR. Industrial and warehousing leasing activity across the top five cities remained buoyant during Q1 2024 at 7 million sq ft. Mumbai and Chennai led the demand with about 55% share. Interestingly, leasing in Chennai, especially remained robust, with industrial & warehousing space take-up in Q1 2024 almost twice the leasing activity in corresponding period of last year. Across the top five cities, Bhiwandi in Mumbai with 1.7 million sq ft of Grade A demand, was the most active market for Q1 2024. Bhiwandi was followed by Oragadam in Chennai, which surpassed leasing activity of Chakan Talegoan in Pune for the first time in a while.

Third-party logistics players (3PL) continued to be the top occupiers of industrial and warehousing space, contributing to over 40% in the total warehousing demand. 3PL space uptake was driven by healthy activity in Chennai particularly. The city accounted for about 43% of the overall 3PL activity in the top five cities. Interestingly, at the Pan-India level, retail players accounted for 16% of the demand during the quarter, followed by engineering and automobile players with 12% share each.

"While 3PL players continued to drive industrial & warehousing leasing activity, demand from Retail, Engineering and Automobile players too accounted for a significant share in Q1 2024. It is noteworthy to see that the cumulative share of these three sectors have risen from 26% in Q1 2023 to 40% in Q1 2024. This signifies changing consumption patterns and hints at opportunities emerging in the sector from the steady demand diversification." says Vijay Ganesh, Managing Director, Industrial & Logistics Services, Colliers India.

Industrial and warehousing remained buoyant during Q1 with Mumbai and Chennai leading the demand with 55% share, **says Collier's survey.**

Both retail and E-commerce segment witness over 2X surge in leasing

E-commerce segment has seen robust growth post Covid-19 and witnessed 2.3X times leasing during Q1 2024 compared to the same period in 2023. With increased focus on digital infrastructure and changing consumption patterns, E-commerce segment is further likely to warm up and create more demand for warehouses. Moreover, the rise of Q-commerce players is also likely to catalyze demand for bigger hub-warehouses.

Warehousing space uptake by retail players also witnessed heightened traction in Q1 2024 and witnessed more than twice the demand a year ago. The expansionary activity is being driven by strong retail activity across cities, especially in large department stores. Favorable consumption pattern has the potential to translate into healthy demand for warehousing space in the upcoming quarters.

Large sized deals account for over 50% of the industrial & warehousing space demand

During Q1 2024, large deals (>200,000 sq ft) accounted for 51% of the demand, a significant rise from about 40% share during 2023. Amongst these larger deals, 3PL companies continued to account for the bulk of share. However, the rise in share of large deals was driven by large space uptake, particularly by retail and E-commerce players during the quarter. Chennai followed by Mumbai dominated the proportion of large-sized deals across the top five cities.

"While the average quarterly industrial and warehousing space demand in the last two years has been at around 6 million sq ft, average incremental supply has been comparatively lower. With continued healthy leasing activity in last few quarters, developer confidence seems to have significantly improved. With a Grade A supply pipeline of about 23-25 million sq ft for the year 2024, supply is likely to closely follow demand trend across the top five cities of the country. Overall, an upbeat start to the year holds potential to translate into a healthy performance by the industrial & warehousing sector in 2024." says Vimal Nadar, Senior Director & Head of Research, Colliers India.

Vacancy levels largely remain rangebound amidst rising supply and healthy demand

Supply infusion during the quarter was almost in line with the leasing activity, indicating improved developer confidence for the industrial and warehousing sector. At 11% by the end of first quarter, vacancy levels however increased by 120 bps as compared to Q4 of last year on account of churn and exits in the industrial and warehousing space. Amidst healthy demand and supply, rentals remained rangebound and rose by about 8% in select micro markets of Chennai and Pune.

TRENDS IN GRADE A GROSS ABSORPTION (MILLION SQ FT)

City	Q1 2024	Q1 2023	Q4 2023	YoY change	QoQ change
Chennai	1.9	1	1.6	90%	19%
Mumbai	1.9	1.8	1.5	6%	27%
Delhi NCR	1.4	2.1	1.4	-33%	0%
Pune	1.3	1.4	2.3	-7%	-43%
Bengaluru	0.5	0.7	0.9	-29%	-44%
Total	**7**	**7**	**7.7**	**0%**	**-9%**

Source: Colliers **Note- Data pertains to Grade A buildings**

TRENDS IN GRADE A SUPPLY (MILLION SQ FT)

City	Q1 2023	Q4 2023	Q1 2024	YoY change	QoQ change
Bengaluru	0.5	1.1	1.4	180%	27%
Chennai	1.2	0.9	1.3	8%	44%
Delhi NCR	1.1	2.0	2.3	109%	15%
Mumbai	1.3	0.2	1.0	-23%	400%
Pune	1.7	2.2	0.9	-47%	-59%
Total	**5.8**	**6.4**	**6.9**	**19%**	**8%**

Source: Colliers **Note- Data pertains to Grade A buildings**

TOP 5 DEALS IN Q1 2024

City	Quarter of Transaction	Year	Property Name	Tenant	Industry	Area (Sq. ft)	Cluster
Pune	Q1	2024	Ascendas Park	MLL	3PL	500,000	Chakan Talegaon
Chennai	Q1	2024	Indospace III - Ullavur	DHL	3PL	490,324	Oragadam
Mumbai	Q1	2024	Antariksh Green	DMart	Retail	400,000	Bhiwandi
Chennai	Q1	2024	ESR	Foxconn	Electronics	320,044	Oragadam
Bengaluru	Q1	2024	Sumadhura Logistics Park	Zomato	E-commerce	300,000	Hoskote Narsapura

Source: Colliers **Note: Data pertains to Grade A buildings for top five cities- Bengaluru, Chennai, Delhi NCR, Mumbai and Pune**

Land Transactions in India

CITYWISE VALUE OF LAND ACQUIRED

City	Value of land in 2023 (Rs crore)	Number of land deals in 2023
MMR	11,222	24
Delhi-NCR	9,120	36
Hyderabad	3,478	10
Bengaluru	3,413	14
Pune	1,412	7
Chennai	1,220	8
Kolkata	644	2
Ludhiana	445	3
Ahmedabad	415	2
Nagpur	365	2
Others	469	3

Source: JLL Research

LAND TRANSACTIONS IN INDIA – AN OVERVIEW

City	Land area (acres) in 2023	Number of deals in 2023
Delhi NCR	414.8	36
Ludhiana	320.0	3
Ahmedabad	37.6	2
MMR	288.9	24
Pune	47.4	7
Bengaluru	304.5	14
Kolkata	12.9	2
Nagpur	167.0	2
Hyderabad	71.5	10
Chennai	208.5	8
Others	73.4	3

Source: JLL Research

In a significant development, average transacted value of land per acre rose by 46% in 2023 over previous year, **says JLL survey.**

An estimated 1,947 acres of land has been acquired by real estate developers in 2023 across the country, according to JLL survey. Whereas in 2022, it was 1,603 acres required by various developers valued at Rs 18,112 crore. There has been a 78% increase in the value of land acquired by real estate developers. In all, last year witnessed 111 deals involving development potential of 176 million sqft. While the value of the land has been estimated at Rs 32,203 crore by real estate developers, 70% of the land acquired has been proposed for residential developments.

According to JLL, JDAs are not included in the analysis. Only outright purchases by real estate developers have been considered for the study. The development potential is estimated on the permissible FAR/FSI allowed in the respective micro markets where the land has been transacted. Sales potential is estimated considering the loading component of the development potential area and the average saleable price in the respective micro markets where the land has been transacted.

The study reveals certain interesting aspects in real estate transaction in the country. The number of deals increased by 1.73x in 2023. The number of deals with transacted value of Rs 100 crore per acre or above in 2022 is 10. Whereas the number of deals with transacted value of Rs 100 crore per acre or above in 2023 is 13. The average value of the land transacted touched Rs 16.5 crore per acre in 2023, up from Rs 11.3 crore in 2022. The number of land transactions increased from 64 in 2022 to 111 in 2023.

In a significant development, more than 1,000 acres of land has been acquired in Delhi-NCR, Ludhiana and Bengaluru alone. In 2023, Delhi-NCR led both in terms of the number of land deals and area acquired with ~415 acre across 36 separate land deals valued at Rs 9,120 crore. In a related development, select established players have acquired multiple land parcels across Delhi-NCR. Out of 415-acre, 264 acre (64%) valued over Rs 5,300 crore was acquired in Gurugram alone. This was followed by Noida with over 59 acres (14%) land acquired valued at Rs 1,775 crore. Delhi, Faridabad and Sonipat contributed the rest. Ludhiana had a share of 16% in land acquired as a large transaction for residential development was concluded there.

The MMR has recorded the highest transacted value of land at Rs 11,222 crore which translates into average transacted value of Rs 39 crore per acre which is 2.3x of the average pan India land value.

The Delhi-NCR led in terms of the number of land deals with a total of 36 deals locked in 2023, followed by MMR with 24 deals.

The average transacted value of land per acre in 2023 is Rs 16.5 crore, up by 46% y-o-y over 2022.

Outlook:

Going forward in 2024, we expect land transactions to remain steady with developers expanding their land banks on the back of expected moderation in interest rates, growing demand for housing and support from institutional funding agencies.

Infrastructure changes, specially enhanced metro connectivity between various micro-markets, will throw up new pockets of growth within each city.

The launches of new residential projects are expected to strengthen further through new land acquisitions in strategic locations and growth corridors.

Strategic land acquisitions by real estate developers in tier 2 and 3 cities is expected to continue to leverage the rising demand for quality projects.

Small REITs to make Big Waves in India

Discover India's real estate revolution: New small and medium-sized REITs set to democratise property investment, making it accessible to retail investors, **says Savills survey.**

India's forthcoming small and medium-sized real estate investment trusts are set to boost retail investment in real estate, but at the expense of the growing fractional ownership sector.

In November, the Security & Exchange Board of India announced that it had approved the regulatory framework for small and medium-sized REITs (SM REITs), which will allow REITs with a minimum asset value of INR500 million ($6 million) to be created.

The original REIT legislation from 2014 stipulated a minimum size of INR5 billion ($60 million) and the four REITs listed are much larger, with a combined market capitalisation of nearly $10 billion.

Megha Maan, Director, Research & Consulting at Savills India, says: "India's REITs have been a great success but we still only have a small number of trusts targeting institutional investors. Smaller REITs will allow retail capital to flow into real estate in a regulated fashion."

A consultation paper published last May revealed that SEBI sees smaller REITs as a way to bring emerging fractional real estate ownership platforms under its regulatory umbrella.

The past decade has seen a flurry of new fractional ownership platforms for real estate, both in India and worldwide. These platforms aggregate the funds of retail investors in order to buy properties which would be out of reach to an individual. SEBI said the Indian investors via such platforms typically invested around INR1 million ($12,000). Estimates of the size of the market vary, but it is believed to more than $5 billion of assets under management.

However, SEBI raised concerns about such platforms, due to their lack of regulation. Its concerns include investor protection, lack of transparency in valuations and management fees. The replacement of such platforms by REITs, "would not only help develop the real estate market but also provide investor protection measures and lead to an orderly development of this sector and the market", the paper said.

SEBI proposes that any person or entity which facilitates or has facilitated fractional investment in real estate must register an SM REIT manager, fulfilling certain eligibility criteria. Those who do not fulfil the criteria will be required to wind up their operations.

Sponsors will be required to have skin in the game and hold at least 15% of an SM REIT's units for at least three years. SM REITs will have to be listed and have at least 20 investors aside from the sponsor and related parties. SEBI proposes a minimum investment and unit size of INR1 million. SM REITs will also be subject to a similar regulatory and tax regime as their larger cousins.

"The rapid growth of fractional ownership platforms demonstrates the demand for real estate investment from retail investors in India and existing platforms will give the market a head start", says Maan.

"However, some platforms will inevitably fail to meet the required standards and others will prefer to liquidate rather than take on the costs of managing listed entities," she adds.

NATIONAL ASSOCIATION OF REALTORS - INDIA
NAR-India
Realty News
April 2024

Institutional investments in Indian Real Estate touched USD 1.0 Billion in Q1 2024

Institutional investments in Indian real estate sector touched USD 1.0 billion in the first quarter of 2024, signalling a steady and positive start to the year. While this was a 40% drop compared to the same period last year, India's real estate investments showed improvement on a sequential basis registering 21% QoQ rise. Foreign investments retained their dominance, forming 55% of the total inflows during the quarter. Domestic investments too witnessed a notable rise at 15% YoY in Q1 2024. The share of domestic inflows in overall institutional investments continued to rise to 45% in Q1 2024, compared to 24% in Q1 2023. Apart from the core asset classes such as office, institutional investments in industrial & warehousing and residential segments were noteworthy in the first quarter. The segments received capital inflows to the tune of USD 0.2 billion and USD 0.1 billion respectively in Q1 2024, forming a combined 28% of the total investments.

"At USD 1 billion, institutional investments into Indian real estate have started on a steady positive note. Interestingly, domestic investors are increasingly gaining more ground in Indian real estate. It is evident in the whopping 45% share in Q1 2024 investments, a marked surge from prior years. Within domestic institutional investments, office and residential assets formed about 66%, reflecting a strategic approach to align with India's growth trends. This also underscores growing confidence of diversified spectrum of investors across multiple investment strategies including credit and acquisitions," said Piyush Gupta, Managing Director, Capital Markets & Investment Services at Colliers India.

- Foreign inflows led at 55% share; APAC region contributed to over 82% of the foreign inflows in Q1 2024
- Domestic investors infused ~ USD 0.4 Billion in Q1 2024, 15% higher than corresponding period last year
- Office continued to drive capital inflows with a commanding 57% share in Q1 2024 followed by industrial and warehousing
- Hyderabad and Pune attracted over half of the inflows during the quarter

Office and industrial continue to drive investment inflows

At USD 0.6 billion, office sector accounted for 57% of the total investment inflows during Q1 2024. Foreign investments remained predominant, driving over two-thirds of the sector's inflows, reinforcing the confidence of global funds in the fundamentals of commercial office real estate in India. Institutional investors continued their preference for completed and pre-leased income-yielding office assets as compared to greenfield developments. With a collective 81% share, Bengaluru and Hyderabad were the leading markets for office investments, mirroring the robust office demand seen in these cities this quarter. Bengaluru and Hyderabad emerged as frontrunners for demand of Grade A office space in Q1 2024, cumulatively accounting for more than half of the India leasing activity. Overall office demand across the top six cities also remained robust, at 13.6 million sq ft, marking a remarkable 35% increase compared to the same period last year.

Following a remarkable surge in investments in industrial and warehousing assets in 2023, the segment maintained its momentum, capturing an 18% share of total inflows in Q1 2024. A steady investment inflow of USD 0.2 billion during the quarter, similar to the same period previous year, indicated sustained growth in the particular segment. As the segment evolves, and micro-fulfillment centers, dark stores and AI-driven supply chain becomes more prevalent, consolidation and institutionalisation will pick up pace, further driving global capital in the coming years.

"With IMF's projected GDP growth rate of 5.7% in 2024, India continues to garner significant investor interest within the APAC region. In Q1 2024, the APAC region contributed to over 82% of foreign inflows in India's real estate sector, with investments predominantly focused on office assets followed by industrial & warehousing segment. The surge in investments by APAC countries such as Singapore can be attributed to a combination of factors including favorable investment climate, strong demand fundamentals across core & non-core segments within real estate, and strategic alliances in the form joint venture platforms. Amid evolving global capital trends, India's real estate market promises significant growth potential and will continue to attract global capital from diverse regions," said Vimal Nadar, Senior Director and Head of Research, Colliers India.

INVESTMENT INFLOWS (USD MILLION)

Asset Class	Q1 2023	Q4 2023	Q1 2024	Q1 2024 vs Q1 2023 (% YoY Change)	Q1 2024 vs Q4 2023 (% QoQ change)
Office	907.6	135.5	563.0	-38%	315%
Residential	361.1	81.0	102.6	-72%	27%
Alternate assets*	158.2	418.7	21.0	-87%	-95%
Industrial & Warehousing	216.3	187.1	177.7	-18%	-5%
Mixed use	15.1	-	130.8	766%	-
Retail	-	-	-	-	-
Total	1,658.3	822.3	995.1	-40%	21%

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

CITY-WISE INVESTMENT INFLOWS IN Q1 2024

City	Q1 2024	Q1 2023	Investment share in Q1 2024 (%)	YoY change (%)
Hyderabad	257.9	-	26%	-
Pune	254	-	26%	-
Bengaluru	203.2	196.6	20%	3%
Chennai	121	-	12%	-
Mumbai	30.7	40.8	3%	-25%
Delhi NCR	29.2	380.9	3%	-92%
Others/ Multi City	99.1	1,040.00	10%	-90%
Total	995.1	1,658.30	100%	-40%

Source: Colliers

TOP FIVE DEALS IN Q1 2024

Investor	Q1 2024	Q1 2023	Investment share in Q1 2024 (%)	YoY change (%)
GIC	Waverock	257.9	Hyderabad	Office
Edelweiss Capital	MFAR Developers	178.0	Bengaluru	Office
Ivanhoe Cambridge +LOGOS		132.3	Pune	Industrial & warehousing
CLINT		93.3	Pune	Office
Cholamandalam Investment and Finance Company Limited	DLF	88.8	Chennai	Mixed use

Source: Colliers

Hyderabad and Pune attract over half of the inflows during the quarter

In Q1 2024, Hyderabad and Pune collectively attracted over 50% of the investment inflows in India, notably drawing substantial capital into office spaces and industrial & warehousing assets. These cities, alongside Bengaluru, solidified their positions as prime destinations for office sector investments. At the same time, investments in Industrial and warehousing assets were concentrated in Pune, Chennai, and Delhi-NCR, indicating robust industrial activity in these cities.

Economic Outlook aids PE investments in Realty growth

Indian economy's promising outlook added with quality real estate and an enabling environment will assure manifold growth in investments into the real estate sector, says Savills survey.

The Indian economy demonstrated remarkable resilience, achieving a growth rate of 7.2% in FY23 with even higher growth projections for the next year. Expanding manufacturing and services, as well as robust GST collections are powering the economy. According to the January 2024 edition of World Economic Outlook published by the International Monetary Fund (IMF), India is anticipated to maintain its position as the fastest-growing major economy, with a projected GDP growth rate of 6.7% in FY2024, underscoring its endurance. Forbes expects India to be the third largest economy by 2027.

The real estate sector, with an approximately 7.3% share in India's GDP, has undergone significant transformations, particularly in its financing landscape post the pandemic, as private equity funds regained confidence. Policies and reforms have further bolstered this environment, facilitating private equity investors' deployment of capital into the real estate sector.

Consequently, traditional asset classes like commercial office, retail, and residential have witnessed continued private equity investments in recent years. This trend has set in motion a virtuous cycle of development, with fund inflows growing in tandem with the sector's expansion.

While the past has witnessed positivity amid uncertainties, the future looks secure and more interesting. There is clear evidence of investor confidence as they increasingly favour alternative assets, such as industrial & warehousing, life sciences, data centres and student housing real estate. This report endeavours to illuminate the emerging trends within private equity investments and the opportunities that lie ahead for discerning investors.

The real estate sector in India has experienced the power of policy support in the last decade. Sustained economic growth with continued policy reforms catalysed these investments further, especially the private equity investors that invested USD 10.7 billion (INR 843 billion) in the last three years (2021-2023), spread across just under 100 deals.

The initial years of the current decade witnessed about 30 transactions each year, which has progressed over 25% in numbers as well as by 13.7% in investment value, reaching USD 3.9 billion. The average deal sizes across the years have been in the range of USD 100120 million (INR 8.3-9.9 billion) during 2021-2023.

The office segment, a well-established asset class in India, garnered the maximum share at 51% over the last three years, followed by industrial & warehousing at 20%. As investors shifted their focus onto other asset classes, investments diversified into sectors like data centres, life sciences, student housing etc.

Emerging Trends:

India's real estate market saw a sustained growth post-Covid with an all-time high demand for office spaces in 2023. This was complemented by robust end-user interest in the residential segment. The industrial & warehousing segments witnessed a growth in the post-pandemic period as well. Importantly, there is a notable shift in investment avenues. Whether it is the source of funds or its destination, the Indian private equity investment market is displaying some interesting trends.

Recent Trends in PE Investment Landscape

1 Rising interest in land transactions

Share of land transactions in the overall PE investments rose from 5% in 2021 to 26% in 2023.

2. Diversification into alternatives

During 2021-2023, India witnessed USD3.1 billion (INR238 billion) of PE investments in alternatives, constituting about 29% share in the overall investments.

3. Heightened interest by Asian investors

Share of investments flowing in from Asian investors grew from 15% during 2019-2020 to 47% during 2021-2023.

3. Private Equity in Indian Real Estate:

Rising Opportunities Private Equity in Indian Real Estate:

The share of land transactions in overall PE investments in the Indian real estate market has increased from a mere 5% in 2021 to 26% in 2023. In absolute terms, the quantum of land deals has grown six times in 2023 from that registered in 2021.

4. Opportunity for Investors

India's position in the investment universe is remarkably distinct. The Indian real estate sector holds a plethora of opportunities across the most prominent office sector and for the growing alternatives, for various stakeholders. In this section, we present our estimates of investment opportunity in commercial offices, industrial & warehousing as well as the life sciences segment.

4.1 Investment Opportunity in Office Real Estate Segment

The Indian office market has shown remarkable recovery after the disruptions caused by Covid and other global headwinds. Indian office real estate has consistently witnessed gross leasing of approximately 55 million sq. ft. on an annual basis (barring the COVID impact) as per our Realistic scenario. The segment would require an equivalent amount of office stock to be introduced perpetually on an annual basis to be able to meet the demand. This demand may range between 40 million sq. ft. and 70 million sq. ft. based on our Conservative and Optimistic scenarios.

We estimate the investment potential in office real estate in India to range between USD 2 billion (INR 175 billion) and USD 4 billion (INR 305 billion) on an annual basis, based on our Conservative and Optimistic scenarios. Realistically, as per our estimates, office real estate in India holds the potential to attract institutional investments amounting to USD 3 billion (INR 240 billion) on an annual basis. This can be jointly funded by private equity investments, developers' own funds, or joint development agreements.

4.2 Investment Opportunity in the Industrial & Warehousing Real Estate Segment

The industrial & warehousing segment in India has recorded an impressive growth over the years owing to greater emphasis on the manufacturing sector along with penetration of e-commerce beyond Tier I and Tier II cities. The demand has been on an upward trajectory in the last three years recording an average annual absorption of 46 million sq. ft. While the absorption in 2023 recorded a growth of 12.7% compared to 2021, Tier II and Tier III cities registered a robust growth of 44% during the same period, indicating a growing demand beyond Tier I cities. This healthy growth in demand has been led by growth in the manufacturing sector, the contribution of which to overall absorption increased from 14% in 2021 to 24% in 2023. Similarly, the retail sector's contribution rose from 8% in 2021 to 14% in 2023.

The Indian industrial & warehousing real estate segment has witnessed leasing of approximately 46 million sq. ft. across Tier I, Tier II and Tier III cities on an annual basis. And holds the potential to attract institutional investments amounting to USD 1.2 billion (INR 99 billion) on an annual basis.

4.3 Investment Opportunity in the Life Sciences Real Estate Segment

India has the potential to create a demand for approximately 96 million sq. ft. of life sciences research and development real estate from 2021 till 2030.

5. Afterword

The ascent of private equity investments in India's real estate market is noteworthy. In order to draw greater investments, concerted action is necessary. The market needs to create a larger pool of assets and the ecosystem must create a bridge for investments to find the market attractive. The promising outlook of the Indian economy over the next few years, added with quality real estate and an enabling environment will assure multifold growth in investments into the real estate sector.

Sector	PE investment
Office	51%
Industrial and warehousing	20%
Residential	13%
Mixed use	5%
Retail	4%
Student housing	3%
Life sciences	2%
Data centre	2%

Source: Savills India Research

CITYWISE CUMULATIVE PE INVESTMENTS IN LAND (2021-23)

City	PE investment in Land
Mumbai	57%
Delhi-NCR	10%
Hyderabad	8%
Bengaluru	7%
Chennai	6%
Pune	2%
Tier II	10%

Source: Savills India Research
Note: Tier II cities: Aurangabad, Cuttack, Hosur and Surat.

SPLIT OF PURPOSE OF LAND INVESTMENTS (2021-23)

Sector	PE investment
Office	68%
Industrial and warehousing	11%
Data centre	8%
Residential	5%
Mixed use	4%
Retail	4%

Source: Savills India Research

SPLIT OF PE INVESTMENTS INTO ALTERNATIVES (2021-23)

Sector	PE Investment %
Industrial and warehousing	69%
Student housing	11%
Life Sciences	10%
Data Centre	10%

Source of Funding for PE Investments

Country	2019-20	2021-23
Asia	15%	47%
North America	69%	32%
Europe	5%	3%

Source: Savills India Research, MSCI Real Capital Analytics

GST on Brokerage & Sales Commission to Agent Outside India

By CMA Pounraj Ganesan

In this regard applicable rules and provisions under various GST laws as follows:

Section 2 sub-section (5) of the CGST Act, 2017 – Agent
As per Section 2 sub-section (5) of the CGST Act 2017, "agent" means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another.

Section 2 sub-section (11) of the IGST Act 2017 – Import of services
As per Section 2 sub-section (11) of the IGST Act 2017, "import of services" means the supply of any service, where–
(i) the supplier of service is located outside India;
(ii) the recipient of service is located in India; and
iii) the place of supply of service is in India

Section 2 sub-section (13) of the IGST Act 2017 – Intermediary
As per Section 2 sub-section (13) of the IGST Act 2017, "intermediary" means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account.

Section 13 sub-section (8) (b) of the IGST Act 2017 – The place of supply
Place of supply of services where location of supplier or location of recipient is outside India: As per Section 13 sub-section (8) (b) of the IGST Act 2017, The place of supply of the following services shall be the location of the supplier of services, namely:

(b) intermediary services

Section 5 sub-section (4) of the IGST Act 2017 – RCM
The integrated tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

Notification No. 10/2017- Integrated Tax (Rate) New Delhi, the 28th June, 2017
Government of India
Ministry of Finance (Department of Revenue)
Notification No. 10/2017- Integrated Tax (Rate)
New Delhi, the 28th June, 2017

G.S.R. 685(E).- In exercise of the powers conferred by sub-section (3) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government on the recommendations of the Council hereby notifies that on categories of supply of services mentioned in column (2) of the Table below, supplied by a person as specified in column (3) of the said Table, the whole of integrated tax leviable under section 5 of the said Integrated Goods and Services Tax Act, shall be paid on reverse charge basis by the recipient of the such services as specified in column (4) of the said Table:-

Facts of the case : As per the GST definition, the liability to pay taxes arises at the time and place of supply. It is very important to understand the term 'place of supply' for determining the right tax to be charged on the invoice.

Hence, The Agent Services are in the nature of Intermediary Services, therefore the Place of Supply provisions as per Section 13(8)(b) of IGST Act, 2017 is applicable which states that Place of Supply shall be the Location of the Supplier and accordingly in this case the Location of the Commission Agent which is Outside India. That means the Location of the Supplier is Outside India (Non-Taxable Territory) the Location of the Recipient is in India (Taxable Territory) but the Place of Supply is also Outside India, therefore the Transaction is Not Treated as Import of Services.

FAQ on GST Chapter 21 Q No. 25 issued by CBI&C on 15-12-2018

Q25. An exporter gets an order from a Selling agent to whom he pays commission. Will it be taxable under GST?

Ans. Situation II- Selling agent is located outside India:

The foreign agent, who facilitates the supply of goods, is covered within the definition of intermediary. Since the supplier is outside India and recipient is in India, place of supply would be as per section 13 of IGST Act, 2017. The place of supply of service for services provided by intermediary would be the location of service provider, i.e. the place where he is registered. Since a foreign agent is located outside India and not registered in India, the commission paid to him will not be taxable.

Courtesy: www.taxguru.in

Sl.No.	Category of supply of services	Supplier of service	Recipient of service
1	Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient.

Taxation of Debt Funds

By Khushi Shah

Debt funds are mutual funds that invest predominantly in debt instruments that provide fixed-income like government securities, corporate and government bonds, money market instruments, etc. The principal objective of these mutual funds is to offer relatively stable returns, making them perceived as low-risk investment alternatives when compared to equity mutual funds or hybrid funds which primarily allocate assets into equities. As a result, debt funds stand out as the favoured investment option for individuals seeking a dependable source of passive income.

Taxation of Debt Mutual funds before 1st April 2023

As per the provisions of the Income Tax Act, 1961, the gains from the sale of debt mutual funds are considered to be Short-Term Capital Gains: If the debt mutual fund unit is sold within 36 months (three years) of purchase, the gains are termed short-term capital gains (STCG). These short-term capital gains were taxed at slab rates. Long-Term Capital Gains: If they were sold after 36 months, then the gains were termed long-term capital gains (LTCG). These long-term capital gains were taxed at 20% with an indexation benefit or 10% without indexation. Indexation benefit means the gains made by investors were adjusted for inflation.

Taxation of Debt Mutual funds after 1st April 2023

The Finance Minister on 24th March 2023, announced an amendment to the Budget 2023 in the capital gains tax on debt funds which will be applicable from 1st April 2023. As per this amendment, LTCG on debt mutual funds will no longer have the benefit of indexation. Therefore, debt mutual funds will now be taxed at the applicable slab rates. Moreover, indexation benefits will not be available for LTCG on gold mutual funds, hybrid mutual funds and international equity mutual funds. Consequently, mutual fund houses are likely to be adversely affected as investors may prefer to invest directly in debt securities rather than debt mutual funds to avoid AUM fees/charges.

The change may also impact the attractiveness of these mutual funds as an investment option, as the tax burden on the profits may increase.

Impact of the Proposed Changes

The recent changes have sent a shock wave across the debt market and especially for retail investors. Experts believe that this move will crash the debt market in the country as the returns will no longer be as attractive for the common investors. This move will bring the returns from debt mutual funds at par with the bank FDs.

Many believe that this will provide a push for the bank deposits that have not risen as much as the credit demand in the past 12 months. Investors will likely prefer the less risky investment options like fixed deposits as there will be no tax exchange and this may lead to less inflow of funds towards debt mutual funds. These funds will therefore have to rely purely on their ability to provide better risk-adjusted returns to attract investors and make investments in debt mutual funds profitable.

The proposed changes in the taxation of debt mutual funds will be tolled into effect from 1st April 2023 and which will bring them in line with FDs and NCDs. The corporate bond market may gain from the proposed but mutual funds houses focusing on fixed-income mutual funds may face a negative impact. Investors, however, have the chance to continue to reap the benefits of indexation by investing in debt mutual funds before 31st March 2023.

Courtesy: www.taxguru.in

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Published by NAR India. For all communications regarding newsletter, contact :
K RAMKUMAR, Chairman - Newsletter.
Mobile: 9543600999. email: chairmannewsletter@narindia.com, gm@narindia.com,
Editor: V Nagarajan (Member, APPCC, Chennai); Mobile: 9176627139

Real Estate Roundup

- Bank of America leases over 0.1 million sq. ft. office space in Mindspace, Malad West, Mumbai.
- Tata Projects picks up over 0.12 million sq. ft. office space on lease in Powai, Mumbai
- DRA Homes to invest INR 150 cr. to develop Grade-A office complex in Chennai
- WeWork India leases 0.13 million sq. ft. office space in Olympia Cyberspace, Chennai
- Edelweiss invests INR 325 cr. in Delhi-based Prateek Realtors and INR 450 cr. in Bengaluru-based Suruchi Properties
- Macrotech Developers to raise INR 125 cr. through issue of debentures
- K Raheja enters an agreement to jointly develop a 2.5-acre land parcel into a luxury residential project in Worli, Mumbai
- Prestige Group acquires a 62.5-acre land parcel in Indirapuram Extension, Ghaziabad for INR 468 cr.
- DLF plans to raise INR 600 cr. through issue of debentures for refinancing of its existing debts
- Sunteck Realty leases out Sunteck Icon building in BKC, Mumbai to Bennet, Coleman & Co for 29 years
- Embassy Office Parks REIT to acquire Embassy Splendid TechZone business park in Chennai for INR 1,269 cr.
- Piramal Enterprises invests over

INR 500 cr. in a portfolio of projects by Puravankara Group in Bengaluru

- Hindustan Construction Company set to raise INR 350 cr. through a rights issue
- Ricardo Constructions, an entity promoted by the Shapoorji Pallonji Group, raised INR 505 cr. from Asia Pragati Strategic Investment Fund
- Migsun Group to invest INR 426 cr. to develop mixed-use project in Lucknow
- Prestige Group acquires a 21-acre land parcel in Bengaluru for INR 450 cr. for residential development
- SC Lowy, the Hong Kong based hedge fund, invests INR 275 cr. in the debt of Pune based developer Pharande Township and INR 100 cr. in the Srinagar-Banihal Expressway Ltd.
- DLF to invest INR 2,200 cr. to build shopping mall in Gurugram
- Ferns Estates, the Bengaluru-based hospitality firm, buys 75-keys luxury hotel and an adjacent 2-acre land parcel for INR 175 cr. from a local developer in Goa

Source: Savills