

MARKET FUNDAMENTALS

	YOY Chg (12 Months)	Outlook
INR 158 Bn Total Institutional Investment Volume	▲	▲
51% Foreign Investor's Share	▲	▲
40% Share of Office sector	▲	▼
65% Share of Equity Investments	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
5.4% GDP Growth Q2 FY25	▼	▲
5.22% CPI Inflation December 2024	▼	▼
6.8% Country 10-Yr Treasury Yield December 2024	▼	▲

Source: MoSPI, RBI.
10-year Treasury Yield as on end-Dec 2024

ECONOMY: GDP GROWTH SLOWS; INFLATION WITHIN COMFORT

India's real GDP growth for the Sept-24 quarter falls to almost seven quarter low level of 5.4% and significantly lower than the 6.7% growth recorded in the previous quarter. This slowing of activity was primarily attributed to a slowdown in the manufacturing sector growth to merely 2.2%.

The manufacturing sector, along with Construction sector, was one of the primary drivers of GDP growth in the last few quarters as it recorded ~7.0% growth in the previous quarter. Some of the reasons for it could be slowing investment due to election uncertainty, and also excess capacity in the manufacturing sector in India currently. On the positive side though, construction sector continues to grow above 7.5% as of Q2-FY25.

The spike seen in CPI inflation in the month of October has been considerably down to ~5.2% level as of Dec-24 month, thereby allaying fears of sustained inflationary condition in the economy. This has increased the possibility of rate cut been delivered by the RBI as of early-2025.

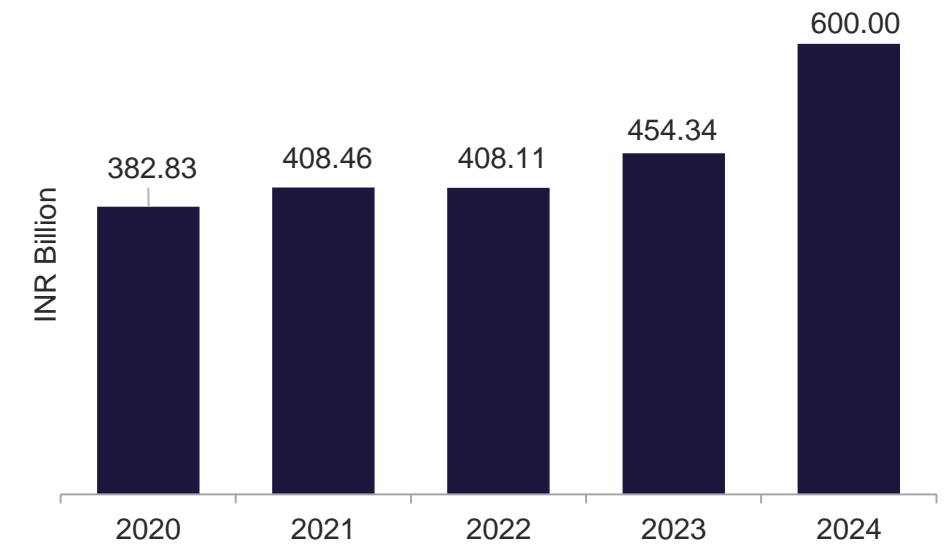
2024 PE AND REIT FUND DEPLOYMENT AT 7-YEAR HIGH

Institutional investment activity in real estate during Q4-24 recorded a total of INR 158 bn (USD 1.9 bn), rising 80% q-o-q and 5% y-o-y. Foreign investors share in Q4-24 stood at 51%, while domestic investors and REITs contributed 25% and 24% share, respectively. Office sector was most attractive in Q4-24 having received 40% share of inflows, followed by retail sector at 24% and residential sector at 20%.

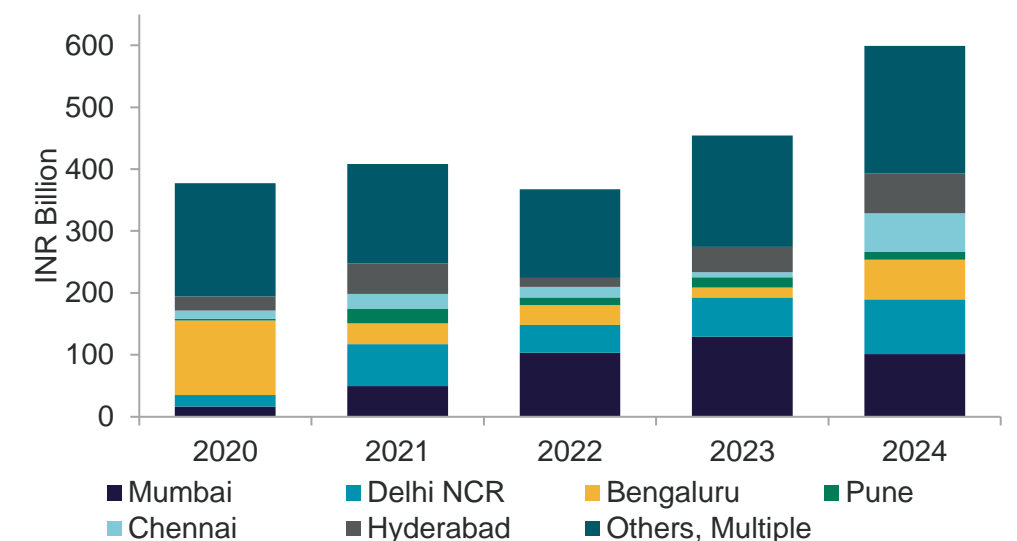
Year 2024 saw institutional inflows of INR 600 bn (USD 7.1 bn), a growth of 31% y-o-y, recording highest volume since year 2017. The office sector received 36% share in investment during the year, followed by warehousing and residential sectors with 28% and 24% share, respectively. On a standalone basis, Mumbai garnered 17% of annual investment, followed by Delhi NCR and Hyderabad at 15% and 11%, respectively.

Foreign investors share stood at 56% in 2024, rendering it their lowest share in annual investment volume since 2016. Domestic funds and REITs increased their share by 3 and 5 percentage points to 27% and 11%, respectively, during the year.

INSTITUTIONAL INVESTMENT VOLUME

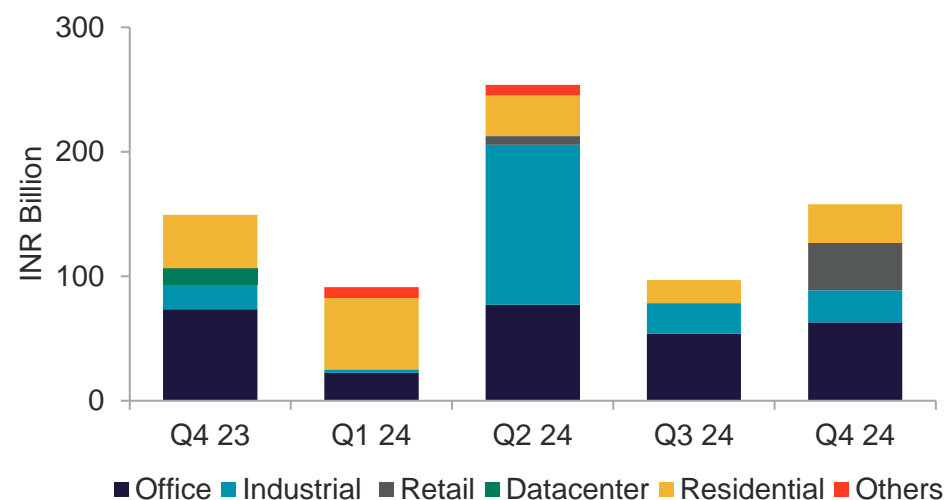


INSTITUTIONAL INVESTMENT SALES VOLUME BY CITY

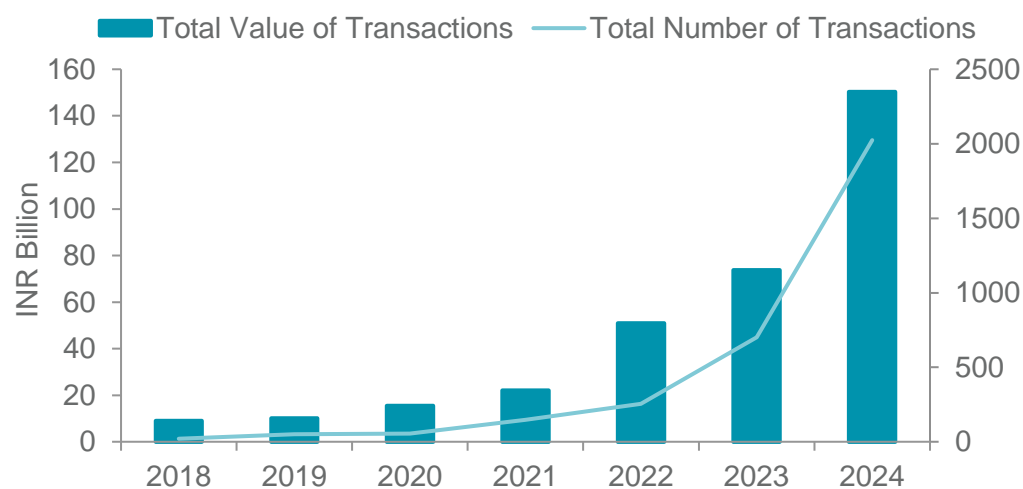


Source: (added 3rd party data source if used)

INVESTMENT VOLUME SHARE BY SECTOR



OFFICE SALE TRANSACTIONS



FUND RAISE AIF CAT-II, REITS AND QUALIFIED INSTITUTIONAL PLACEMENT

The fourth quarter recorded total fundraising of USD 1.7 bn. Majority of the funds raised in Q4-24 was by a developer for scaling its residential and commercial development rapidly in the years ahead, while an office-focused REIT had raised funds through a QIP. Mixed-use funds (office and residential) had 42% share in Q4-24 fund raise, whereas the Office and Residential sectors got the remaining 30% and 28% share, respectively.

Overall, funds raised by Category II AIFs, REITS and developers through QIPs in 2024 amounted to USD 4.5 bn, which is 1/3rd of the funds raised in 2023. The Residential sector focused funds and mixed-use funds (office + residential) had 36% share each in annual fund raise, while the Office and Logistics sector funds got 23% and 5% share of fund raising.

REITS AND INVITS

In Q4-24, Nexus REIT acquired retail assets in Hyderabad and Bengaluru for USD 350 Mn and 104 Mn, respectively. Four listed REITs in India have distributed a total of INR 2,754 crore (USD 327 Mn) to their unitholders during the first half of the current financial year, as per data from the Indian REITs Association (IRA). This represents an almost 14% increase from Rs 2,417 crore distributed in H1 of the previous fiscal year.

COMMERCIAL OFFICE PURCHASE BY CORPORATES

Q4 2024 recorded sale transaction volumes of INR 48.9 Bn (USD 582 Mn) in the commercial office sector, a 44% jump y-o-y and a 4% less than Q3-24. During Q4-24, Mumbai continued to drive transaction value with 52% share, followed by Pune (22%) and Hyderabad (11%).

2024 recorded sale transactions of INR 150 Bn (USD 1.8 Bn), a 2X rise from last year. The number of corporate office purchase transactions in 2024 were 3X as compared to 2023.

OUTLOOK

For year 2025, we believe the positive investor sentiment is likely to prevail as real estate has been through a growth trajectory across majority asset classes in India. Given the limited availability of quality grade asset for immediate acquisition, the trend of securing early and mid development stage projects is expected to rise. With substantial dry powder ready for deployment, CAT II funds are set to drive investments in 2025

OUTLOOK

- For 2024-25, the Reserve Bank of India (RBI) projected India's real GDP growth at 6.6 per cent, with risks evenly balanced.
- GDP forecast was revised lower by RBI in a recent Jan-25 assessment owing to slower-than-expected Sept-24 quarter results, although it's widely perceived as temporary.
- Institutional inflows to real estate continues to remain strong, with 2024 recording highest volume since 2019.
- Diversification of funds to various asset classes within CRE remains healthy, signaling a broad-based interest amongst investors.

Source: (added 3rd party data source if used)

KEY INVESTMENT ACTIVITY

PROPERTY TYPE	INVESTOR	INVESTEES	CITY	INVESTMENT (INR Billion)
Warehouse	Blackstone	LOGOS India	Chennai, Delhi NCR	17.25
Retail	Nexus Select (REIT)	Blue Horizon Hotels	Bengaluru	8.77
Residential	HDFC Capital	Runwal Enterprises	Mumbai	11.51
Warehouse	Alta Capital	IndoSpace	Pune, Sri City (AP)	8.40

SIGNIFICANT CORPORATE TRANSACTIONS

BUYER	Buyer's Sector	INVESTMENT (INR Million)	TYPE	CITY
Nippon Life India Asset Management Limited	BFSI	4,860	Office	Mumbai
Amazon	IT-BPM	4,501	Office	Mumbai
The Federal Bank	BFSI	3,295	Office	Mumbai

PLATFORMS FORMED

INVESTORS	TYPE	Investment (USD Million)
Arka Investment Advisory	Residential	89.3
Industrial Investment Trust Limited	Mixed	59.5

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