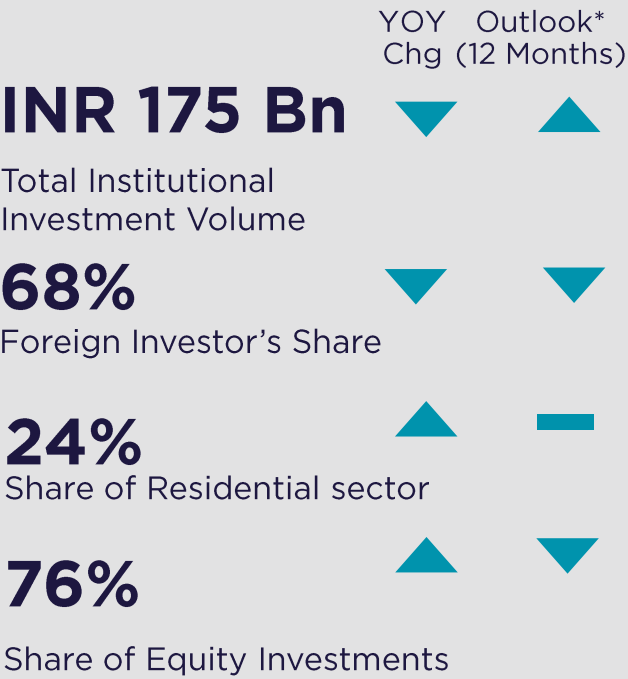
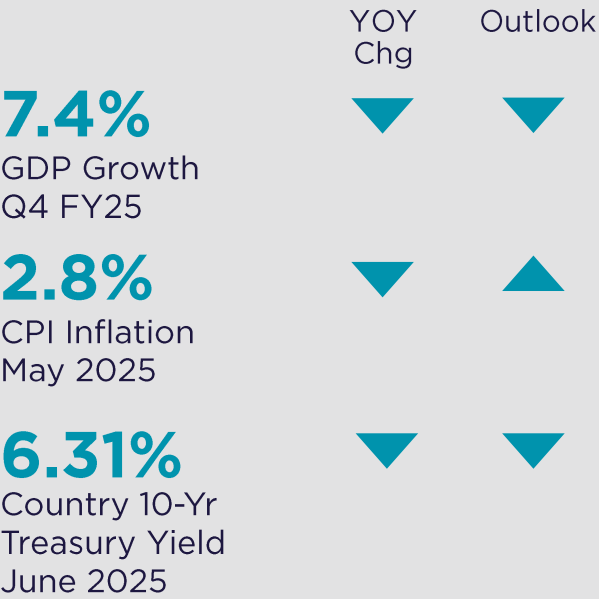


MARKET FUNDAMENTALS



ECONOMIC INDICATORS



Source: MoSPI, RBI.
10-year Treasury Yield as on 30th June 2025

ECONOMY: GDP GROWTH IMPROVES; INFLATION AT 6-YEAR LOW

India's GDP grew by 7.4% (higher-than-expectation) in the quarter ended Mar-25, picking up from 6.4% growth witnessed in the previous quarter. Construction sector registered 10.8% growth YOY in Q4-FY25, whereas the Financial, Real Estate & Professional Services sector expanded by 7.8% during the same period.

Inflation has tapered down to 2.8% as of Jun-25 month, a 6-year low, partly attributed to a favourable base effect and lower prices in essential food items. This gave room to India's central bank to cut rates sharply, resulting in a 50-bps repo rate cut and 100 bps CRR cut announcements in June-25, thereby attempting to boost growth and market liquidity in the economy.

H1-25 INSTITUTIONAL INVESTMENTS SUGGEST POSITIVE MOMENTUM

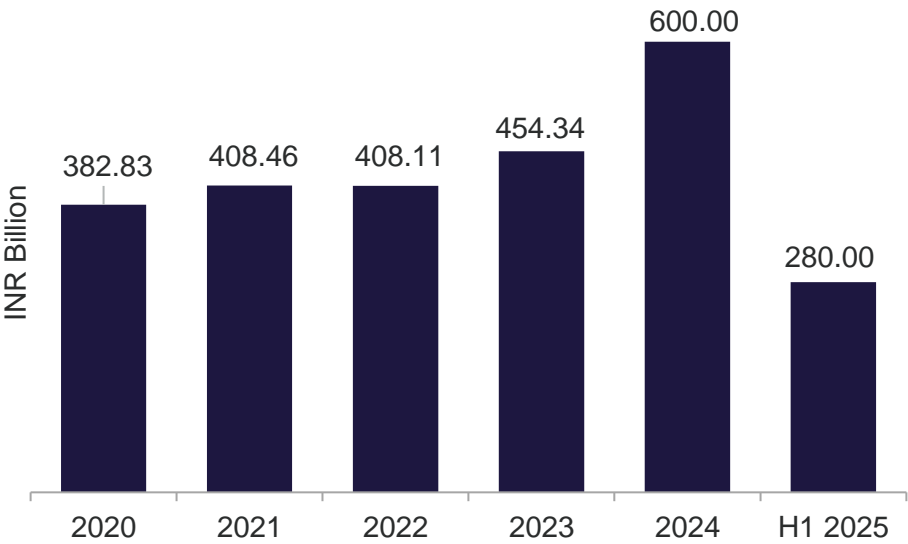
Institutional investment activity in real estate during Q2-25 recorded a total of INR 175 bn (USD 2.05 bn), up 67% QOQ. Consequently, H1-25 institutional investment stands at USD 3.3 bn, i.e., nearly half the total investment volume witnessed in 2024 (USD 7.1 bn). After a slow start to the year, foreign investors share in Q2-25 grew, standing at 68%, while domestic investors contributed the remaining 32%.

Residential sector was most attractive in Q2-25, having received 24% share of inflows, followed by the Office sector at 22% and Retail sector at 19%. At a city level, Mumbai garnered 42% of quarterly investment in Q2-25, followed by Kolkata and Delhi NCR at 19% and 16%, respectively. AIFs have initiated deployment of funds raised in 2024.

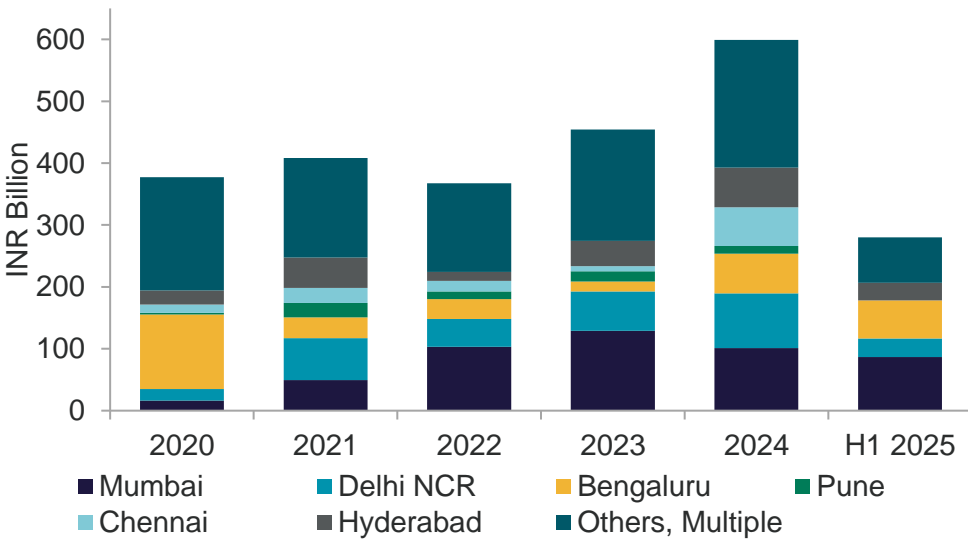
In the overall institutional fund deployment during Q2-25, equity investments had 76% share, followed by debt financing at 24%. Institutional investments from the US has crossed USD 1 bn mark in H1-25 itself, whereas it was USD 700 mn in calendar year 2024.

Early-stage investment had 48% share in Q2-25, followed by 38% for core asset acquisitions and 14% share for under-construction projects. Many real estate developers are exploring high-yield credit opportunities, particularly for land financing, given the limited availability of such funds owing to stringent regulations imposed on NBFCs by the central bank.

INSTITUTIONAL INVESTMENT VOLUME

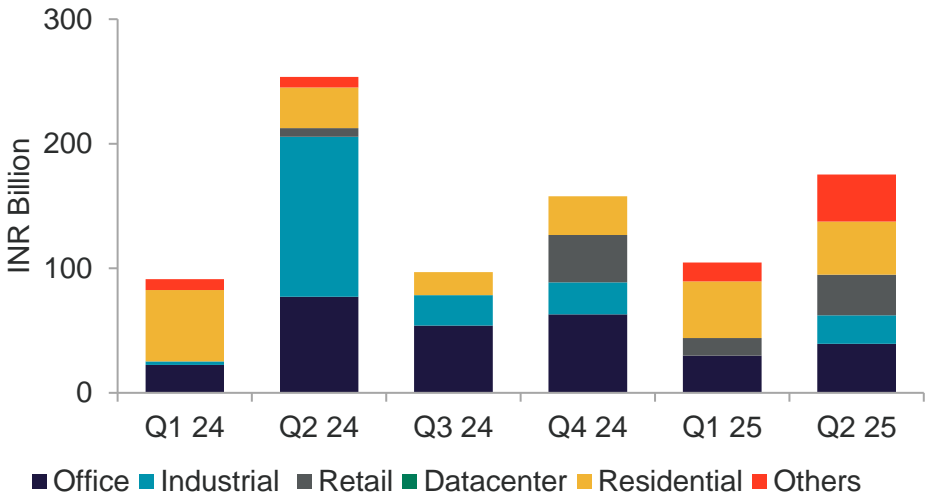


INSTITUTIONAL INVESTMENT SALES VOLUME BY CITY

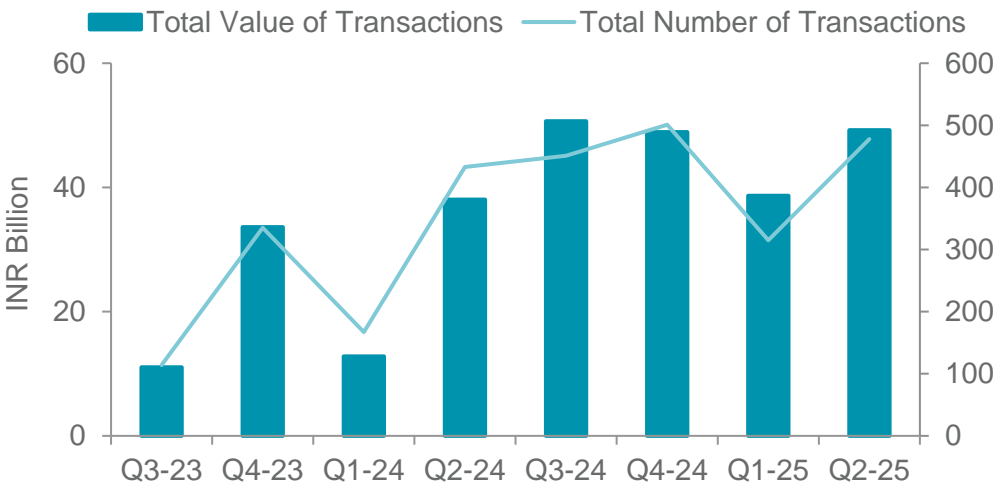


Source: (added 3rd party data source if used)

INVESTMENT VOLUME SHARE BY SECTOR



OFFICE SALE TRANSACTIONS



Source: (added 3rd party data source if used)
1 USD = 85.4 INR

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

The second quarter recorded total fundraising of USD 934 mn, up 3x on YOY basis and 32% on QOQ basis. Office focused funds had 51% share in Q2-25 fund raise, while the Residential sector attracted 31% share. The Hospitality and Mixed-use funds (office and residential) had 9% share each during the quarter.

REITS

According to the Indian REITs Association (IRA), the four listed real estate investment trusts (REITs) in India distributed a total dividend of INR 15.53 Bn in the fourth quarter of the financial year 2024-2025 (Q4FY25). This represents an increase of nearly 13 percent from INR 13.77 Bn distributed in Q4FY24. For FY25, the cumulative distribution by the four Reits - Brookfield India Real Estate Trust, Embassy Office Parks Reit, Mindspace Business Parks Reit, and Nexus Select Trust - reached INR 60.7 bn.

As of mid-May 2025, Indian REITs manage gross AUM of approximately INR 1.63 trillion, with a market capitalization exceeding INR 980 Bn. Portfolios of these REITs encompass over 126 msf of completed grade A office and retail space across India.

COMMERCIAL OFFICE PURCHASE BY CORPORATES

Q2 2025 recorded sale transaction volumes of INR 49.2 Bn (USD 575 Mn) in the commercial office sector, up 29% and 27% on YOY and QOQ basis, respectively. During Q2-25, Mumbai continued to drive transactions with 60% share in value terms, followed by Pune (20%) and Chennai (13%). Total number of commercial office purchase transactions by corporates in Q2-25 was 12% more than the average deal count of last four quarters.

OUTLOOK

In the first half of 2025, institutional investments have crossed 46% of the overall activity recorded in 2024, which was a record year, suggesting a positive momentum for CRE investments. The REIT market, too, is reflecting this sentiment as all listed office REITs have delivered better returns than the NSE Realty Index in FY25, after previous two years of relatively sub-par performance. Platform-level deals between investors and Real Estate players is likely to gain momentum and this is going to facilitate the next phase of greenfield asset development. With the availability of private capital and introduction of new funds, debt financing is likely to achieve new highs in the coming quarters.

OUTLOOK

- For FY26, the RBI has projected India’s real GDP growth at 6.5 per cent, with risks evenly balanced.
- RBI projects inflation for FY26 at 3.7 per cent, with risks evenly balanced.
- Private Equity investment activity in Indian real estate to improve in H2 2025, as global headwinds impacting investor’s sentiments subside.
- With another sizeable office REIT IPO listing expected in Q3-25, India’s total listed REIT portfolio could likely comprise of ~165 MSF of completed office & retail assets, rendering it a formidable market within the APAC region.
- After RBI’s move to cut key policy rates in the last couple of quarters, the cost of borrowing has moderated slightly. Some Real Estate companies and REITs in India are raising short term funds by issuing commercial papers (CPs) for repayment of existing debt and working capital purpose.

KEY INVESTMENT ACTIVITY

PROPERTY TYPE	INVESTOR	INVESTEE	CITY	INVESTMENT (INR Billion)
Residential	Ares Asia, SC Lowy	Century Real Estate	Bengaluru	18.50
Residential	Alpha Wave Global	Oberoi Realty	Mumbai	12.50
Mixed	Max Estates	Delhi One Project	Delhi NCR	14.00
Office	Nuvama and Cushman &Wakefield	Kotak Alt	Delhi NCR	7.50
Retail	Blackstone	South City Projects	Kolkata	32.50

OFFICE SALE TRANSACTIONS

BUYER	Buyer’s Sector	INVESTMENT (INR Million)	Area (Sq. ft.)	CITY
Bagmane Constructions Private Limited	Real Estate	6,120	595,900	Chennai
JM Financial Products Limited	BFSI	1,490	119,800	Mumbai
EFC Estate Private Limited	Real Estate	810	122,092	Pune

FIRST CLOSE / AMOUNT RAISED (USD MILLION)

Fund / REIT / Company	Sector	Amount Raised	Target Fund Size
Eldeco and HDFC Capital	Residential	176.0 (Platform deal)	176.0
Knowledge Realty Trust REIT (Blackstone and Sattva)	Office	164.0 (Pre-IPO deal)	726.0
ASK Curated Luxury Assets Fund	Residential	58.6	225.0

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Outlook: the outlook represents our forward-looking view of key market indicators over the next 12 months, based on current market trends, economic conditions, policy developments, and available data. Projections are indicative and may be adjusted as market dynamics evolve

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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