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THE MOST FAVOURED REAL ESTATE SEGMENT

'Residential Realty Remains Best Asset Class for Investors'

Attracts 56% of overall investment in first half of 2017, says a JLL India report

Kailash Babar & Sobia Khan

Mumbai | Bengaluru: Residential real estate has remained the most favoured asset class for investors as the segment attracted 56% of the overall investment in the first half of this year. Residential projects, including townships across India, received investments worth ₹9,000 crore, more than double the funds attracted by office and commercial projects, showed a JLL India report.

Such amount of investments include equity and debt investments from both domestic and foreign institutions.

"The office asset class saw lower investment in the first half of 2017 compared with a year-ago period due to a lower number of equity deals. The residential segment, on the other hand, has cornered more than half the total investments during this period, thanks to the growing confidence among institutional investors owing to policy reforms," said Shobhit Agarwal, managing director, capital markets and international director, JLL India.

While Real Estate (Regulation and Development) Act, 2016 (RERA) and Goods and Services Tax (GST) have already

Policy Reforms Help Sector

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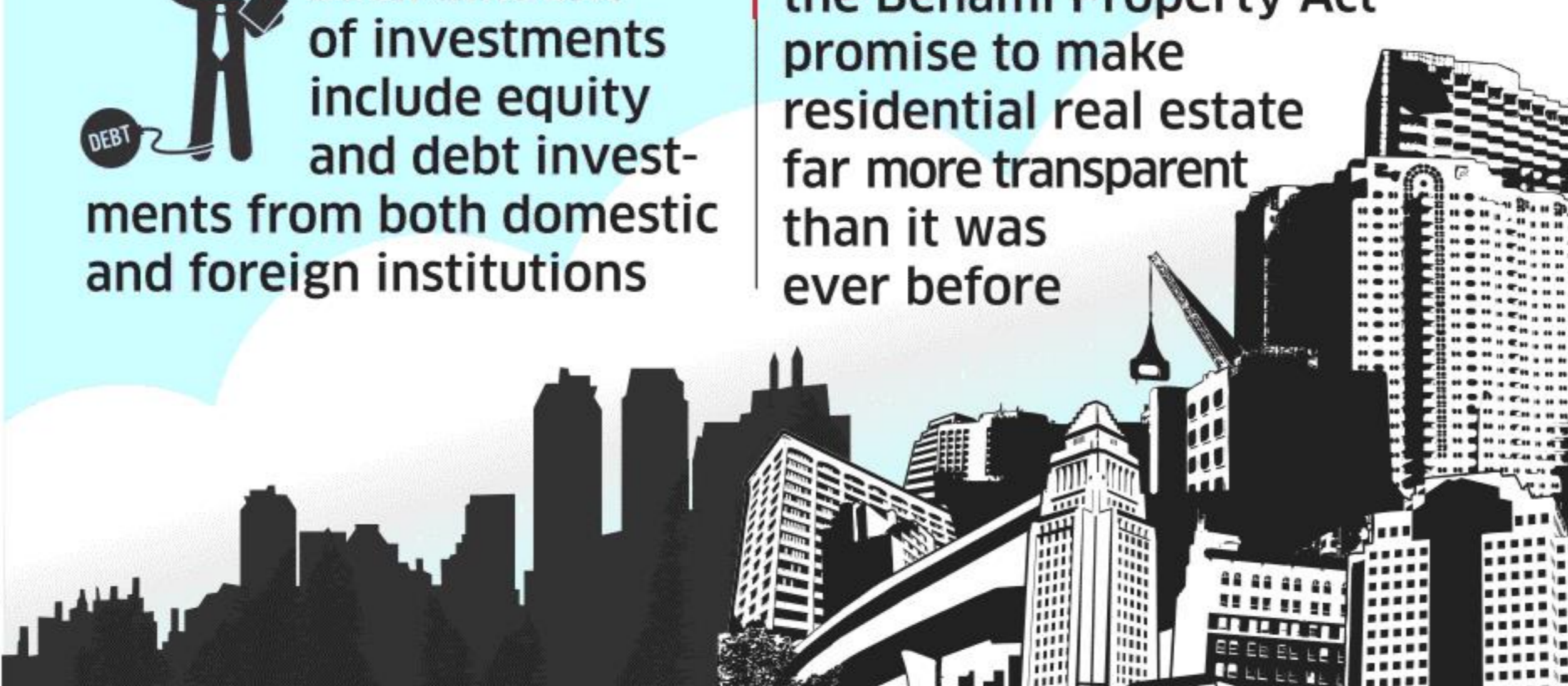
Major Deals

Piramal Fund Management extended a loan of ₹1,800 crore to Lodha Developers

Sare Homes raised ₹435 crore from Altico Capital and KKR for a Gurgaon township project

Revival in residential realty

While RERA and GST have already been implemented, demonetisation as well as the Benami Property Act promise to make residential real estate far more transparent than it was ever before



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In one of the largest investment transactions that took place during the quarter included Piramal Fund Mana-

gement extending a loan of ₹1,800 crore to Lodha Developers. In another deal, Sare Homes raised ₹435 crore from Altico Capital and KKR for a Gurgaon township project.

According to experts, the preference for investment is led by the demand for homes with burgeoning middle class

in the country and the push for affordable housing.

"While everybody's bullish about offices due to the demand-supply situation, we also need to consider that mortgage to GDP ratio in our country is less than 10%, which implies that the residential story will go on for the next 20 years and therefore, will continue to attract capital. We have started seeing more equity-oriented deals in residential space than debt. Investment transactions for office properties have usually been lumpy and therefore, a single office deal can skew the statistics in India," said Ambar Maheshwari, chief executive officer, Private Equity, Indiabulls Asset Management Company.

On Wednesday, the Reserve Bank of India reduced the repo rate by 0.25 basis points to 6%, which is expected to help enhance homebuyers' affordability and revive demand for housing. According to experts, the move is likely to impact sales positively in the upcoming festive season.

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