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PE investment in realty to exceed \$4 b in 2017: Knight Frank report

Shift seen from residential to office, retail assets

OUR BUREAU

Hyderabad, September 19

Private equity investment in Indian real estate is estimated to exceed \$4 billion this year, according to a report by Knight Frank India.

Samantak Das, Chief Economist and National Director-Research, Knight Frank India, in a statement said, "The dominance of institutional funds in the private equity investments' pie reflects long-term confidence in India's strong economic fundamentals. In line with the change in the investors' profile we have observed a dramatic shift in capital movement from

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the residential sector to pre-leased office and retail assets."

Private equity investments into Indian real estate had almost stagnated between 2011 and 2014. However, the reforms initiated under the new government since 2014 brought about a paradigm shift in investors' interest. From an average investment of \$2.1 billion in 2011-14, capital flows rose 57 per cent to an average of \$3.3 billion between 2015 and mid-Septem-

ber 2017. In 2017, the number of deals dwindled to 13, just over one-fourth of the tally in 2010. However, the average investments per deal increased 10-folds to \$246 million per deal.

Bulk of the investments in 2016-17 went into pre-leased properties. Investments into development sites saw a sharp drop due to the low-risk appetite among investors.

The share of private equity investments into residential projects nearly halved from 50 per cent in 2011 to 28 per cent in 2016 and further dropped to a meagre 4 per cent in 2017

The office market that accounted for 29 per cent of PE funds in 2011, today stands at almost two-third (66 per cent) of the investments into the Indian real estate.

