Spike in foreign funding for Indian realty

The residential market could receive up to $1b in investments this year

SINGAPORE

Residential property in India is expected to receive $1 billion (Dh3.67 billion) investment this year, given its attractive rate of returns averaging 20-22 per cent per annum, an industry expert has said.

"Private Equity funds in Indian real estate have already raised $420 million (Dh1.5 billion) in the first two months of this year, compared to $520 million for the whole of last year," said Rubi Arya, executive vice-chairman of the Mumbai-based Milestone Capital Advisors Ltd.

Mid-segment housing and affordable housing can take returns to as high as 20-22 per cent per anum through hybrid investing, that is capital security plus equity upside, she said.

$420m

What private equity funds in India real estate have raised.

"We feel that with the Real Estate Bill mandate, availability of deals for private equity firms will certainly go up," she said, adding that the reforms in the will also help further accelerate fundraising and investment opportunities both for residential and commercial sectors. "With such positive developments, the India story is growing by leaps and bounds and it is just a matter of time until this sector begins its upward journey once again, albeit after a prolonged period of gloom."

Costs stabilising

Costs of construction are stabilising with fuel prices down. "Investors can look forward to far higher transparency and ease of doing business with developers with the recently passed real estate bill. This has led to a lot of warming up of Non-Resident Indians (NRIs) and foreign direct investments towards Indian real estate," she said.

The availability of foreign capital will increase as the government permits NRI investments into domestic alternate investment funds. The Real Estate Investment Trusts will see listings by developers and thus lift the commercial reality market to a highly profitable investment climate, according to Arya.

— *PTI*