

YoY Change 12-Month Forecast

INR 89.5 Bn

Investment Volume Q4 2022



78%

Foreign investors' share Q4 22



63%

Share of Residential-segment Q4 22



21%

Share of Office-segment Q4 22



19%

Share of Debt Investments Q4 22



ECONOMIC INDICATORS

Q2 FY 23	YoY Change	12-Month Forecast
6.3% GDP Growth	▲	■
5.8% CPI Growth*	▲	▼
7.5% Consumer Spending	▼	▲
9.7% Govt. Final Expenditure Growth	▲	▲

* September 2022

Source: Oxford Economics, RBI

ECONOMIC OVERVIEW: GDP growth in Q2-FY22 on expected lines; economy exhibits resilience

India's real GDP grew by 6.3% y-o-y as of quarter ending September-2022, as against 8.4% y-o-y growth recorded last year same period. GDP growth was largely contributed by a pickup in private consumption expenditure and healthy service sector growth. This growth figure came in close to RBI's previously projected rate of 6.0%- 6.5% for the quarter.

The widely tracked high frequency macroeconomic indicators, such as the monthly GST collections and the Purchasing Managers Index (both Services and Manufacturing), have been exhibiting strength until the last month of the year 2022. Therefore, domestic economic activity is likely to remain resilient in the near-term despite headwinds from high inflation, rising interest rates and the global geopolitical stress. The recent decline in CPI inflation to an eleven-month low figure of 5.8% as of December 2022, as against 6.7% at the September quarter end is a positive for the economy. The December quarter witnessed rate hikes by the RBI, and the benchmark repo rate now stands at a 3-year high of 6.25% although lower inflationary pressures are likely to result in a pause in rate hikes in upcoming quarters.

INVESTMENT OVERVIEW: Annual PE inflows remain strong; commercial office continue to dominate

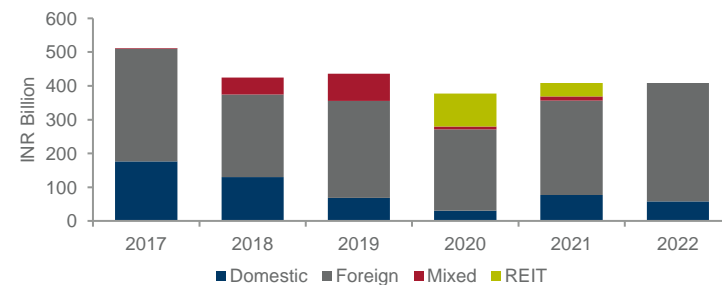
The fourth quarter recorded private equity investment inflows of INR 89.5 bn (USD 1.08 bn), a 50% drop in investment receipts as compared to the previous quarter but of similar value as seen during the same period last year (Q4-21). Multi-city investments accounted for ~75% of the fund inflows in Q4, with a major QIP equity investment in Macrotech Developers and structured debt investment in Shapoorji Pallonji Real Estate group. Amongst cities, Mumbai (35%) witnessed highest share of inflows, closely followed by Delhi (32%) and Pune (25%). Residential segment witnessed highest investor interest during the quarter with inflows of INR 56.12 bn (USD 0.68 bn), accounting for almost 63% share. With improving sales growth in luxury segment units and revival in housing sales, there is healthy investor confidence in the residential sector. The quarterly inflow into office segment stood at INR 19 bn (USD 0.23 bn) and industrial segment witnessed inflows of INR 15 bn (USD 0.17 bn).

For the whole year, total investment inflow recorded was close to INR 408 bn (USD 5.23 bn). In 2022, multi-city investments accounted for 39% share in total inflow followed by Mumbai alone with 28% share, and Delhi at 12%. Commercial office segment took the highest 33% share in total investments, followed by residential sector with 26% share and industrial segment at 23%. Foreign Investors accounted for almost INR 350 bn (USD 4.44 Bn) with investment inflows from entities in Canada (36.11%), Singapore (18%) and USA (14%). Foreign investment inflows were majorly in office and industrial segments.

Fund raising activity for commercial and retail segment announced in early 2023

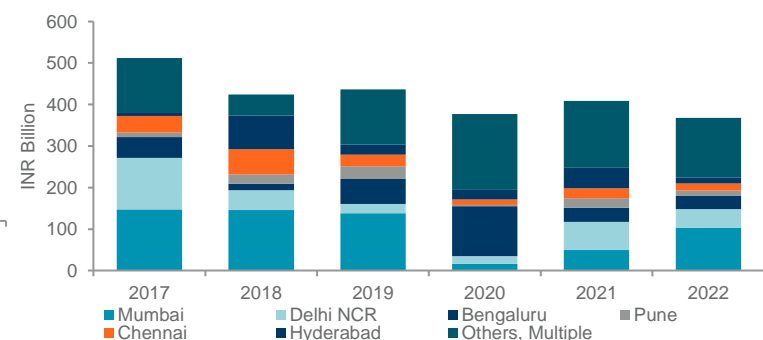
This year witnessed a fund raise announcement of close to USD 2.37 bn in office and residential segment, driven by Kotak-ADIA, Hines India and Capita Land. With the DRHP filed with SEBI, India's maiden Retail REIT IPO is expected to launch over next few weeks for USD 500 million. Kotak Mahindra Bank, after its successful fund-raise for office and residential sector in recent past, has plans to raise USD 1.0 bn to par-take in the growing data centre business in India, as colocation data centers are expected to add around 1460 MW of installed capacity in India over next 4-5 years.

DOMESTIC VS FOREIGN INVESTMENTS



Source: Economic Times, Cushman & Wakefield Research

INVESTMENT VOLUME – CITY-WISE



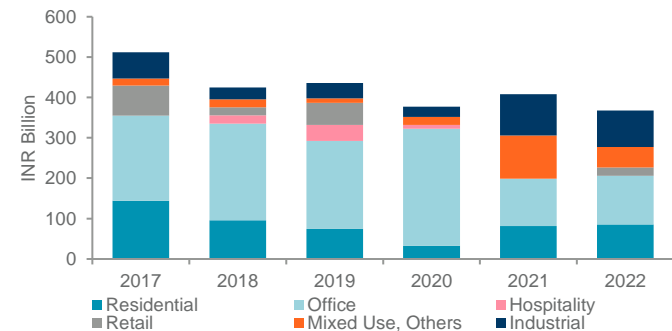
More Office Focused REITs in the works

After spearheading successful office REITs, Blackstone Group in association with Panchashil Group and Salarpuria Sattva are planning to launch another office REIT of close to 45 million SF portfolio. This portfolio is spread across Mumbai, Bengaluru and NCR and is expected to be valued at INR 75 bn (USD 0.95 bn). Another REIT in the works is DLF-GIC portfolio of 35-40 million sf of commercial (office-retail) assets.

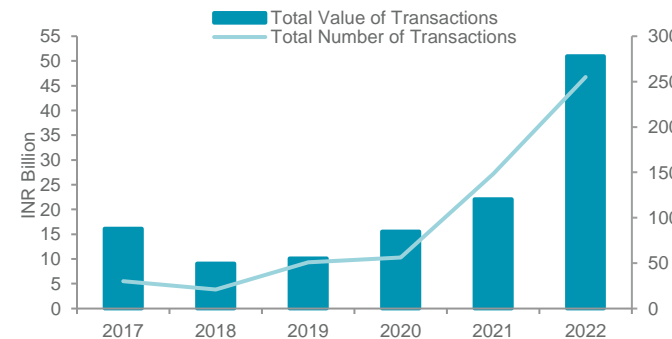
Corporate Transactions in Real Estate

The quarter recorded corporate transaction volumes of INR 17.22 bn (USD 0.21 bn), a q-o-q increase of 24%. Bengaluru constituted a majority share of 57% of the total investment volume during the quarter, followed by Mumbai with a 26% share. Overall, year 2022, witnessed a transaction value of close to INR 56.96 bn (USD 0.65 bn) which is 2.2x times from that seen on y-o-y basis.

INVESTMENT VOLUME – ASSET-WISE



CORPORATE TRANSACTIONS VOLUME



Outlook

Indian real estate segment witnessed a sizeable amount of fund inflows in year 2022, despite gradually growing fears around rising global economic uncertainty. Foreign investors share in overall investments continued to grow since last four years. With close to a 100 million sf of commercial (retail and office) REIT underway, the confidence exhibited around India's commercial real estate market outlook is noteworthy and positive. Segments such as Office, Retail, Residential and Logistics-Industrial is likely to sustain traction. Therefore, the market breadth is likely to remain strong in the near future.

SIGNIFICANT INVESTMENT TRANSACTIONS – Q4 2022

INVESTOR	INVESTEES	TRANSACTION TYPE	CITY	INVESTMENT (INR BILLION)
Consortium*	Macrotech Developers	Residential	Multiple	35.5
Kotak Performing RE Credit Strategy Fund-I	Embassy REIT	Commercial	Multiple	16.5
HDFC Capital Advisors	SP Real Estate	Residential	Mumbai	15.8

*Consortium includes Capital Group, UBS, ADIA, USS, William Blair and Nomura

SIGNIFICANT CORPORATE TRANSACTIONS – Q4 2022

BUYER	BUYER'S SECTOR	TRANSACTION TYPE	CITY	INVESTMENT (INR MILLION)
Continental Automotive Components	Automobile Components	Office	Bengaluru	7,517
Central Depository Services	BFSI	Office	Mumbai	815
Zivaansh Technologies LLP	IT-BPM	Office	Pune	472

PLATFORMS FORMED – 2022

INVESTORS	TRANSACTION TYPE	INVESTMENT (INR BILLION)
Kotak Investment Advisors Limited	Residential	79.4
WSB Real Estate Debt Fund II	Residential	5.0

Sources: Economic Times, Cushman & Wakefield Research

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