

### ECONOMIC OVERVIEW: GDP growth in FY23 beats estimates; domestic economy resilient

India's real GDP grew at 6.1% y-o-y as of the quarter ending March 2023, as against 4.4% witnessed in the previous quarter and 4.1 % growth recorded during the same period last year. Overall, the GDP growth for FY-23 was 7.2%, which was better than market estimates. While private sector consumption recorded muted growth (due to high inflation rates), the services sector drove economic growth led by expansion in trade, transport and hotels. The manufacturing sector also contributed to the quarterly growth on the back of a 4.5% y-o-y expansion. Inflation is expected to moderate in FY-24 as compared to FY-23 which is a positive factor for household consumption outlook. RBI estimates the GDP forecast for the current financial year (2023-24) at 6.5%. Government's focus on capital expenditure and an uptick in private investments are likely to improve the manufacturing activity in the country.

The widely tracked high-frequency indicators, such as the monthly GST collections and the Purchasing Managers Index (both Services and Manufacturing), continue to exhibit strength as of June 2023. These indicators suggest that, despite global headwinds, the domestic growth story in India remains resilient.

### INVESTMENT OVERVIEW: Robust quarterly PE inflows; Office sector regains the lead

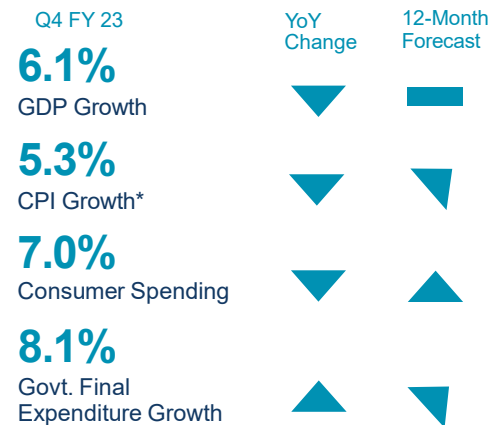
The investment activity recorded in Q2 was INR 158.5 bn (USD 1.92 Bn) which was 63% higher than the previous quarter's activity and 60% higher than the activity recorded in Q2-22. Office segment regained its 'most preferred asset class' status by capturing almost 65% of the total quarterly PE flows, largely driven by operational asset acquisitions across Delhi NCR, Mumbai and Hyderabad. These deals are focused on large single-ownership mature office assets in these cities. Foreign investors accounted for nearly 84% of the investment flows driven by Singapore, Canada and USA-based institutions. Q2-23 also saw the listing of India's maiden retail REIT 'Nexus Select Trust' which raise close to USD 390 Mn (INR 32 bn) from its share sale in May 2023.

H1-2023 witnessed a cumulative inflow of close to INR 246.8 bn (USD 2.99 bn) which is 51% higher than H1-22, mainly driven by investment in the office segment and also increased investments in alternate segments like L&I and data centers. Equity investment constituted about INR 203.7 bn (USD 2.47 bn) during H1-23, accounting for 87% of the total inflows.

### Fund-raising activity limited in Q2, H2-23 to witness office focused fundraise

The second quarter witnessed a total of USD 304 Mn in fundraising focused on the residential and L&I segment. Many office sector-focused fundraising plans were announced during the quarter amounting to USD 912 Bn. This is largely driven by two major institutional players planning to focus on existing commercial asset portfolio expansion in the next few years. A prominent global real estate investment group had announced the closure of USD 30.4 bn fundraising, a significant amount of which is expected to be invested in the logistics and data centre segment in the APAC region, especially India.

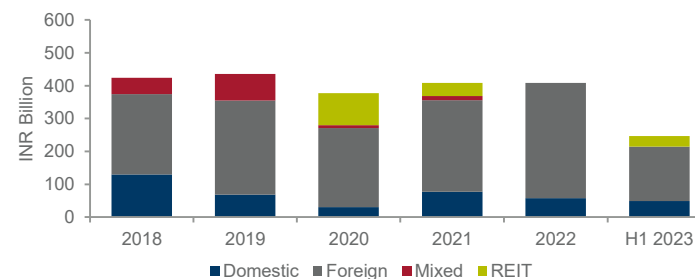
#### ECONOMIC INDICATORS



\* June 2023

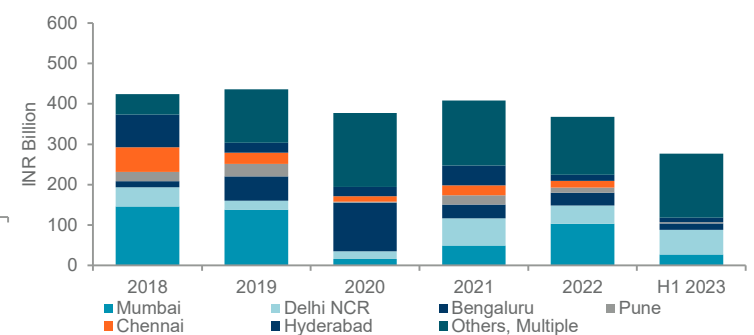
Source: Oxford Economics, RBI

#### DOMESTIC VS FOREIGN INVESTMENTS



Source: Economic Times, Cushman & Wakefield Research

#### INVESTMENT VOLUME – CITY-WISE



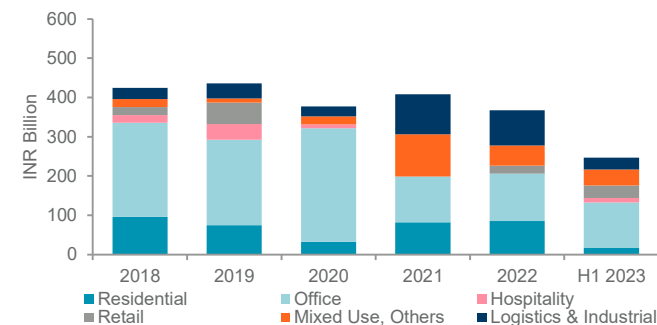
### Office REIT and InvITs expected this year

After the successful listing of India's maiden retail REIT, a new office REIT by a consortium of prominent asset owners with a total of 45 million sf is expected by the end of the year. NDR Warehousing, based in Delhi NCR, is evaluating its maiden INR 2,000 Cr InvIT by listing its ~19msf portfolio across India.

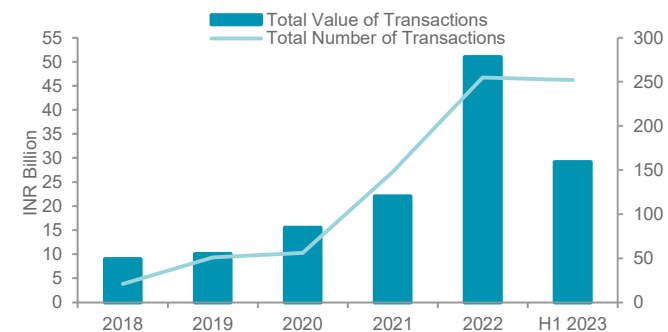
### Corporate Transactions in Real Estate

The quarter recorded corporate transaction volumes of INR 21.4 bn (USD 260 mn), close to 2x growth on both q-o-q and y-o-y basis. This was largely driven by the increase in average deal size (INR 129 mn vs INR 89 mn in Q1 2023). In 2022, quarterly average investments of INR 146.3 Mn over 347 deals ( 87 deals per quarter) was witnessed. Mumbai (46%) and Pune (31%) continue to see the highest share of the total corporate space take up in this quarter.

### INVESTMENT VOLUME – ASSET-WISE



### CORPORATE TRANSACTIONS VOLUME



### Outlook

India's economy is projected to grow at 6.5% according to the latest RBI forecast, and inflation is likely to come down to RBI's comfort band. However, the global macroeconomic situation continues to be subdued. However, India continues to show resilience. PE inflows during the first half of the year came in at USD 2.99 bn, which is higher than the same period from the previous year but still lower than that seen in the same period in 2019 and 2021. Limited availability of quality assets in the commercial office and retail segments is resulting in subdue of quarterly inflows. However, many institutional players active in Indian real estate have aligned their fund-raising efforts recently which is expected to drive the demand for quality assets in the near term.

## SIGNIFICANT INVESTMENT TRANSACTIONS – Q2 2023

INVESTOR	INVESTEES	TRANSACTION ASSET	CITY	INVESTMENT (INR BILLION)
GIC & Brookfield REIT	Multiple	Office	NCR Delhi, Mumbai	57.52
Lumina Cloud Infra REIT	K Raheja	Data Centre	Mumbai	24.65
REIT	Nexus Select Trust	Retail	Multiple Cities	32.05

## SIGNIFICANT CORPORATE TRANSACTIONS – Q2 2023

BUYER	BUYER'S SECTOR	TRANSACTION TYPE	CITY	INVESTMENT (INR MILLION)
Redbricks	Flexible Workspace	Office	Mumbai	360
Sanjay Chemicals	Engineering & Manufacturing	Office	Mumbai	360
National Realty	Real Estate	Office	Mumbai	809

## PLATFORMS FORMED – Q2 2023

INVESTORS	TRANSACTION TYPE	INVESTMENT (USD MILLION)
Real Estate Special Opportunities Fund IV	Residential	183
Welspun One Logistics Park Fund	Logistics and Industrial	121

Sources: Economic Times, Cushman & Wakefield Research

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