

YoY Change 12-Month Forecast

INR 231.5 Bn
Investment Volume Q2 2024



76.3%

Foreign investors' share Q2 24



56%

Share of L&I -segment Q2 24



82%

Share of Asset Acquisition Deals Q2 24



62%

Share of Debt Investments Q2 2024



ECONOMIC INDICATORS

2024	YoY Change	12-Month Forecast
7.0% GDP Growth	▼	▼
4.5% CPI Growth	▼	▼
6.1% Consumer Spending	▲	▲
7.0% Govt. Final Expenditure Growth	▼	▲

Source: Oxford Economics, RBI

ECONOMIC OVERVIEW: Quarterly GDP growth beats estimates; domestic economy resilient

India's real GDP grew by 7.8% in the first quarter of 2024, resulting in annual growth rate of 8.2% for FY24 from the last revised estimate of 7.6%. The FY23 GDP growth figure was 7%. This significant growth was primarily driven by the manufacturing sector, which experienced a remarkable 9.9% year-on-year increase. The tertiary sector, encompassing trade, hotels, real estate, and defence, also showed strong performance with a 7.6% annual growth rate. In addition, June's GST collections rose by 8% year-on-year, reflecting robust domestic transaction volumes. The manufacturing PMI for the month of June increased from 57.5 from previous month to 58.3, driven by strong demand and leading to the fastest hiring rate in over 19 years. Furthermore, the services PMI set new records, growing from 60.2 to 60.5 in June 2024, fuelled by a surge in both domestic and international orders.

INVESTMENT OVERVIEW: Highest Quarterly Investment Inflow; Industrial sector outshines all

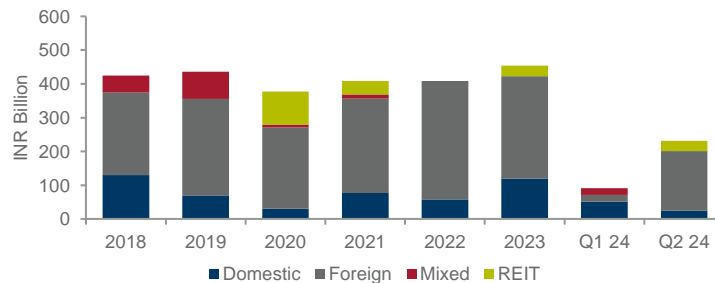
Q2 2024 witnessed massive investment inflows amounting to INR 231.5 Bn (USD 2.77 Bn), marking a 1.5x growth quarter-on-quarter and a 39% increase year-on-year. The Logistics & Industrial (L&I) segment led the charge this quarter, accounting for a dominant 56% of quarterly investments thereby resulting in four times higher than last 12 quarter average for the sector. Notably, just one asset acquisition deal of USD 1.54 Bn resulted in L&I segment dominating inflow during the quarter. Foreign investors played a significant role, contributing 76% of the total investments, with 73% of their funds directed towards the L&I sector during the quarter while the remaining focused into office and residential segments. About 82% of the total quarterly inflow were deployed in asset acquisition deals. Notably, 62% of the total quarterly inflows were deals with combination equity and structured debt (mixed type) while pure equity infusion deals constituted only 25%. Multi-city deals were dominant, with 59% share in quarterly inflows; while in city focused investments Delhi NCR witnessed 19%, followed by Hyderabad (10%) and Bengaluru (8%).

For the first half of 2024, investment flows reached a record high of INR 322.8 Bn (USD 3.9 Bn), driven largely by strong Q2 inflows. This represents an 26% increase compared to the same period last year. The L&I sector dominated, capturing 41% of the total H1 inflows, followed by the office sector at 31% and the residential sector at 26%. Amongst cities, Delhi NCR emerged as the leader with 16.3% of the investment share, while a significant 42% of the investments were spread across multiple cities in H1 2024.

Tepid Fund-Raising Activity in Q2, Outlook for H2-2024 looks better

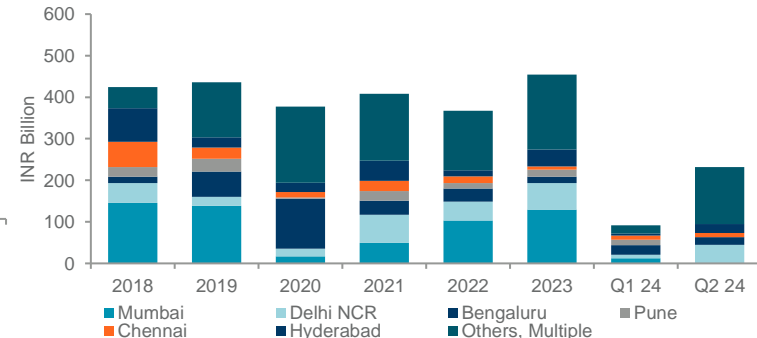
Second quarter marked lukewarm fundraising activity totaling USD 238.2 Mn, predominantly driven by the office segment accounting for 84% of the total. H1 2024 recorded USD 800 Mn in fundraising. However, there is optimism as Embassy REIT plans to secure USD 400 Mn in funds, earmarked for debt repayment and strategic land acquisitions in Chennai. Furthermore, ASK property fund is looking to raise USD 239 Mn mostly targeting self-liquidating mid-income and affordable residential segments in prominent cities like Bengaluru, Pune, Mumbai and Delhi-NCR.

DOMESTIC VS FOREIGN INVESTMENTS



Source: Economic Times, Cushman & Wakefield Research

INVESTMENT VOLUME – CITY-WISE



InvTs & REITS

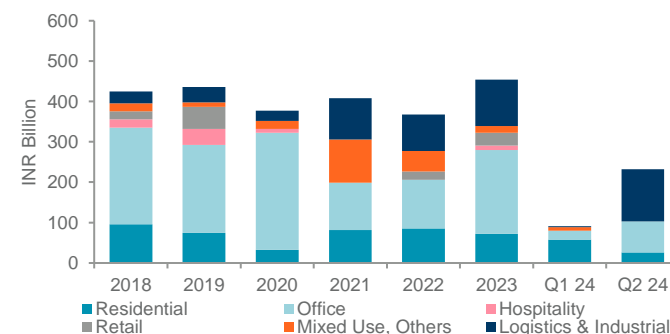
Within months of SEBI's notification, several fractional ownership platforms have begun registering under the SM REIT regulations for income-generating properties, including commercial assets and rental housing. Brookfield REIT is set to acquire a dominant stake in 3.3 msf portfolio at Worldmark Aerocity, New Delhi worth USD 720 Mn. Looking ahead, IndoSpace, is planning to float an InvIT to raise USD 700-800 Mn, marking this as largest L&I InvTs to be listed till date.

Corporate Transactions in Real Estate

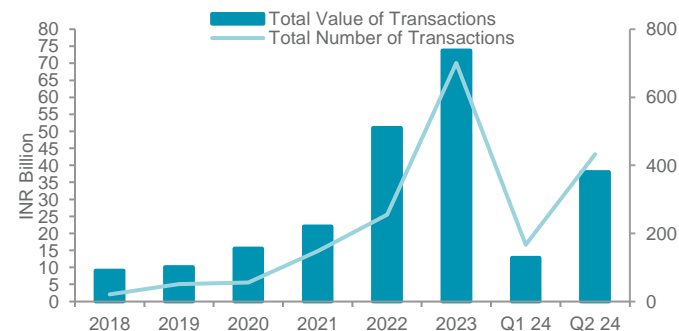
The quarter recorded corporate transaction volumes of INR 38.02 Bn (USD 456 Mn), a 2.9 X jump q-o-q and a 72% jump on y-o-y basis. Mumbai continued to drive transaction value with 55% share in total, followed by Hyderabad at 18% share.

The first half of 2024 witnessed close to INR 50.81 Bn (USD 610 Mn) transactions, 75% to 1.28 times higher than same period in last two years.

INVESTMENT VOLUME – ASSET-WISE



CORPORATE TRANSACTIONS VOLUME



Outlook

While the risk of global recession has receded, there are rising concerns on inflation impacts given the geopolitical tension impacting the international trade. However, with current estimates for GDP growth at 8.2%, India's resilience narrative is now further strengthened. The PE inflows reflects this steady confidence in India RE sector which now exhibits a strong office leasing activity, steady high-end luxury residential sales and sustained L&I activity. The PE inflows is likely to cross USD 5.5 Bn mark for the year 2024, given the momentum inflow. With SM REITs regulations, more avenue of REIT investment is expected to come up in near term.

SIGNIFICANT INVESTMENT TRANSACTIONS – Q2 2024

INVESTOR	INVESTEES	TRANSACTION ASSET	CITY	INVESTMENT (INR BILLION)
ADIA & KKR	Reliance Retail	Industrial	Multiple	128.6
Daibiru Corporation	Atrium Place Project	Office	Gurugram	10.33
IFC	Tata Realty	Office	Chennai	8.25

SIGNIFICANT CORPORATE TRANSACTIONS – Q2 2024

BUYER	BUYER'S SECTOR	TRANSACTION TYPE	CITY	INVESTMENT (INR MILLION)
Microsoft	IT-BPM	Office	Hyderabad	2672.3
Godrej Industries Ltd.	Real Estate	Office	Mumbai	1570
Advanced Realty Private Limited.	Real Estate	Office	Mumbai	1215

PLATFORMS FORMED – Q2 2024

INVESTORS	TRANSACTION TYPE	INVESTMENT (USD MILLION)
ASK Property Fund	Multiple	239
CTRLS DATACENTERS	Data Centre	263

Sources: Economic Times, Cushman & Wakefield Research

ARUN P NAIR

Manager, Research Services

+91 22 67715555

arun.nair@cushwake.com

SUVISHESH VALSAN

Senior Director, Research Services

+91 22 67715555

suvishesh.valsan@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 52,000 employees in 400 offices and approximately 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.