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India's outbound capital increases by 92% in 12 months to Q1 2019: Knight Frank Report

Singapore overtakes Hong Kong as Asia-Pacific's top source for outbound capital

Mumbai – Knight Frank, the independent global property consultancy, today launches the 2019 edition of its flagship report, *Active Capital*. According to the report, India's outbound capital into commercial real estate increased by 92% to US\$0.7bn in 12 months to Q1 2019. United Kingdom, Netherlands, Germany, United States of America and Australia were the top destination countries of Indian capital investments. Inbound cross border investment volumes into Indian commercial real estate accounted to US\$2.6bn in 12 months to Q1 2019.

Knight Frank's Active Capital 2019 report delves into the sources and destinations of cross-border investments in commercial real estate and highlights five themes shaping the next phase of global real estate investment: late cycle investing, capital gravity, the reinvention of capital, 'ownership' and the value of data.

Asia-Pacific outbound capital

Between Q1 2018 and Q1 2019, total outbound capital from Asia Pacific dropped 34% (from US\$88bn to US\$57bn), coming in third behind North America (US\$110bn) and Europe (US\$104bn), due in part to the significant fall in outbound capital from China and became net importer of capital.

In the same period, **Singapore** overtook **Hong Kong**, recording a 23% increase in outbound capital. According to the report, **Singapore** has already invested more than US\$4 billion into **China**, **South Korea**, the **UK** and **Australia** in Q1 2019, reflecting several landmark cross-border deals.

Top 5 global destinations of India's outbound cross border investments into commercial real estate:

Source Country	Global Destination	Investment Volumes (12-months to Q1 2019)
India	United Kingdom	\$328,785,177
	Netherlands	\$132,434,671
	Germany	\$116,137,513
	United States of America	\$71,076,989
	Australia	\$67,630,260

Source: Knight Frank/RCA

Top capital exporting countries globally (Figures in US\$)

#	Source country	12-months to Q1 2018	12-months to Q1 2019
1	United States of America	61,021,268,985	59,628,414,693
2	Canada	23,348,695,211	50,407,714,161
3	Germany	19,892,706,157	24,494,043,903
4	Singapore	17,706,485,351	21,856,679,460
5	United Kingdom	14,101,204,634	18,534,994,383
6	France	12,609,470,691	18,187,000,601
7	Hong Kong	18,237,800,416	11,452,839,115
8	Switzerland	6,774,522,298	11,214,040,082
9	South Korea	8,784,839,873	8,926,651,311
10	China	34,589,536,143	5,782,042,060
30	India	373,082,757	716,064,610

Source: Knight Frank/RCA

Neil Brookes, Asia-Pacific Head of Capital Markets, Knight Frank, said, “In the past 12 months, outbound capital from Asia-Pacific, and Singapore in particular, has sought out alternative asset classes in Western markets while reducing their exposure to retail assets in the region, previously thought of as a core asset class.”

Shishir Bajjal, Chairman & Managing Director, Knight Frank India, said, “With geopolitical factors coming into play, prolonged global economic cycle and interest rate in late cycle investment is prompting cross-border capital flows. The Indian investors are increasingly looking at international commercial real estate assets to diversify risk and increase their returns.”

Asia-Pacific inbound capital

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With investment volumes of US\$704,143,457, Singapore was the biggest capital source country for the Indian commercial real estate between Q1 2018 and Q1 2019, followed by Australia (investment volume – US\$ 98,647,399) and Japan (investment volume – US\$25,356,029).

India ranks 20th in the aspect of top capital importing countries, globally.

Top 5 global source countries of cross border investments into India’s commercial real estate:

Source Country	Destination Country	Investment Volumes (12-months to Q1 2019)
Singapore	India	\$704,143,457
Australia		\$98,647,399
Japan		\$25,356,029
China		\$21,138,726
Hong Kong		\$11,108,963

Source: Knight Frank/RCA

Between Q1 2018 and Q1 2019, **China** was a net importer of capital and Asia Pacific’s largest recipient of cross-border capital, edging ahead of **Australia**. **South Korea** was the only other Asian entrant in the top 10 destinations globally for cross-border investment.

Top capital importing countries globally (Figures in US\$)

#	Destination Country	12-months to Q1 2018	12-months to Q1 2019
1	United States of America	54,157,903,628	80,882,031,454
2	United Kingdom	41,549,085,817	34,851,878,141
3	Germany	33,591,633,316	24,369,581,105
4	France	11,404,812,756	18,229,163,913
5	Spain	14,969,095,823	16,317,263,062
6	China	9,134,327,834	14,294,951,229
7	Australia	11,172,278,439	13,126,630,875
8	Netherlands	13,941,398,883	12,696,783,194
9	Poland	6,270,069,668	5,831,363,083
10	South Korea		

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		2,323,960,448	5,729,007,207
20	India	3,923,417,354	2,586,188,946

Source: Knight Frank/RCA

Into extra time

The report discusses the implications for real estate investors in the late cycle environment, arguing that many markets will not see returns hit recent highs.

*“With ongoing trade tensions and heightened economic uncertainties, many Asia-Pacific central banks have opted for a more dovish stance on their monetary policies as economies start decelerating. In the past six months alone, five Asia-Pacific central banks have cut their benchmark interest rates following weaker than expected Q1 2019 GDP growth,” said **Nicholas Holt, Asia-Pacific Head of Research, Knight Frank.***

*“While this will support real estate pricing, given the stage in the cycle, investors searching for higher returns are increasingly pivoting towards alternative assets and fringe markets,” **Holt** added.*

Ends

Visit knightfrank.com/activecapital for additional topics and the digital edition of Active Capital 2019

Note to Editors:

Five Themes Shaping Active Capital

Extra Time: The report delves into the implications for real estate investors at a time when many major economies are experiencing prolonged economic cycles.

Capital Gravity: Using our suite of gravity models, the report analyses the factors preceding rising cross-border investment sources and destinations.

Reinvention: As pricing of central business assets hits new highs, and a dearth of development finance reins in new supply, investors are seeking the next gateway cities and emerging fringe locations.

Nownership: Occupier appetite for real estate is increasingly about the services available, rather than just the space itself. The report considers the opportunities this creates for investors in this sector.

All Change: Increasingly, data is being valued as a commodity class of its own. The report examines the value of data and how it can benefit valuation models.

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About Knight Frank

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 15,000 people operating from 418 offices across 60 markets. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit www.knightfrank.com.

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