

# Investments in Real Estate

2023

Trends in Private Equity Investment in India: 2023

[knightfrank.co.in/research](https://knightfrank.co.in/research)



**Mumbai HO**

Knight Frank (India) Pvt. Ltd.  
Paville House, Near Twin Towers,  
Off. Veer Savarkar Marg, Prabhadevi,  
Mumbai 400 025, India  
Tel: 022 6745 0101 / 4928 0101

**Ahmedabad**

Knight Frank (India) Pvt. Ltd.  
Unit Nos. 407 & 408, Block 'C', The First,  
Behind Keshav Baugh, Party Plot,  
Vastrapur, Ahmedabad 380 015, India  
Tel: 079 4894 0259/ 4038 0259

**Bangalore**

Knight Frank (India) Pvt. Ltd.  
204 & 205, 2nd Floor, Embassy Square,  
#148 Infantry Road,  
Bangalore 560 001, India  
Tel: 080 4073 2600 / 2238 5515

**Chennai**

Knight Frank (India) Pvt. Ltd.  
1st Floor, Centre block, Sunny Side,  
8/17, Shafee Mohammed Road,  
Nungambakkam, Chennai 600 006, India  
Tel: 044 4296 9000

**Gurgaon**

Knight Frank (India) Pvt. Ltd.  
1505-1508, 15th Floor, Tower B,  
Signature Towers South City 1,  
Gurgaon 122 001, India  
Tel: 0124 4782700

**Hyderabad**

Knight Frank (India) Pvt. Ltd.  
Western Dallas Centre, 5th floor, Office #3,  
Hyderabad Knowledge City,  
Survey No. 83/1, Raidurg,  
Serilingampally Mandal, Ranga Reddy District,  
Telangana, Hyderabad, 500032, India  
Tel: 040 44554141

**Kolkata**

Knight Frank (India) Pvt. Ltd.  
PS Srijan Corporate Park  
Unit Number - 1202A, 12th Floor,  
Block - EP & GP, Plot Number - GP 2,  
Sector - V, Salt Lake, Kolkata 700 091, India  
Tel: 033 6652 1000

**Pune**

Knight Frank (India) Pvt. Ltd.  
Unit No.701, Level 7, Pentagon Towers P4,  
Magarpatta City, Hadapsar,  
Pune 411 013, India  
Tel: 020 6749 1500 / 3018 8500

# Contents

**01** Foreword  
Page no. 03

**02** Introduction to  
Private Credit in India  
Page no. 04

**03** Private Credit in  
Indian Real Estate  
Page no. 06

**04** Private Equity Investment in  
Real Estate Sector  
Page no. 13

- Overview of Private Credit Deals
- Trends in Private Credit Deals  
in Indian Real Estate

- Office Sector Investments
- Warehousing Sector Investments
- Residential Sector Investments
- Retail Sector Investments

**05** Outlook and Conclusion  
Page no. 26

# Foreword



## **Shishir Baijal**

Chairman and Managing Director

---

The Indian real estate investment landscape in 2023 navigated significant global uncertainties and evolving market dynamics. Investor caution prevailed due to geopolitical tensions, rising interest rates, and economic uncertainties.

Despite challenges, opportunities emerged in quality assets for long-term investment. The rise of private credit offered flexible financing opportunities, hastening project completion and fostering market liquidity.

Private equity investments totalling USD 3.0 bn in 2023 across office, warehousing, retail, and residential segments showcased a cautious approach by investors. The office sector emerged as the top performer, driven by limited but substantial transactions, while the warehousing sector maintained its status as an emerging choice among investors.

The outlook for the medium term remains promising with a strong domestic economy, record infrastructure investments, with subsiding challenges on global monetary policies that will play a key role in capital flows into the Indian real estate sector.

**The Knight Frank India Capital Market Report provides comprehensive insights into institutional private equity investments in the Indian real estate sector, covering overall inflows, key statistics, major trends, and enduring themes expected to sustain in the foreseeable future. Additionally, the credit space is captured in this version for a better understanding of the wider fund access for the sector.**

**We hope that the report proves valuable to you and contributes to your understanding of the Indian real estate investment landscape. We welcome your feedback and wish you and your loved ones safe and healthy times ahead.**

# Surge in Real Estate Credit driving growth in Residential and Commercial sectors

In recent years, the Indian real estate sector has experienced a notable surge in credit, as indicated by the data from the Reserve Bank of India (RBI). Specifically, the proportion of residential housing loans in the overall credit extended by Indian banks rose from 9.2% in 2013 to 14.2% by March 2023. Throughout this period, the allocation of loans toward commercial real estate (CRE) consistently ranged between 2.3% and 2.9% of the total loans disbursed.

The collective exposure of the banking system to the real estate sector has grown from 11.7% in 2013 to 16.5% in 2023. Notably, these loans are typically secured, and their adherence to loan-to-value (LTV) ratio regulations has contributed to curtailment of loan defaults at less than 2% over the same timeframe.



**GROWTH IN HOUSING AND COMMERCIAL LOANS**

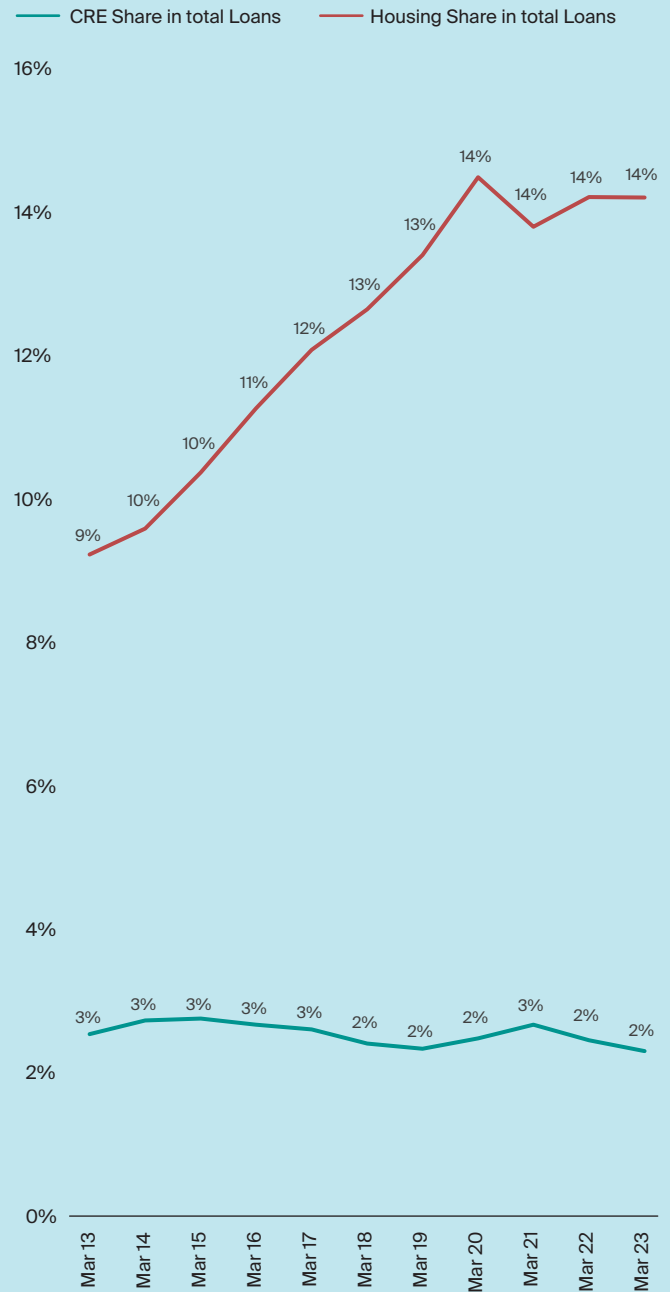


Source: RBI Statistics

Between 2013 and 2023, the total credit extended by Indian banks surged by 175% to reach INR 136,752 bn. Remarkably, credit allocated to housing (including Priority Sector Housing) escalated by 324% to INR 19,364 bn, while loans disbursed for commercial real estate rose by 150% to INR 3,146 bn.

Multiple factors have contributed to this surge in credit. The growth of the Indian economy, augmenting disposable incomes, and an increasing demand for both commercial and residential real estate, stand out as primary reasons.

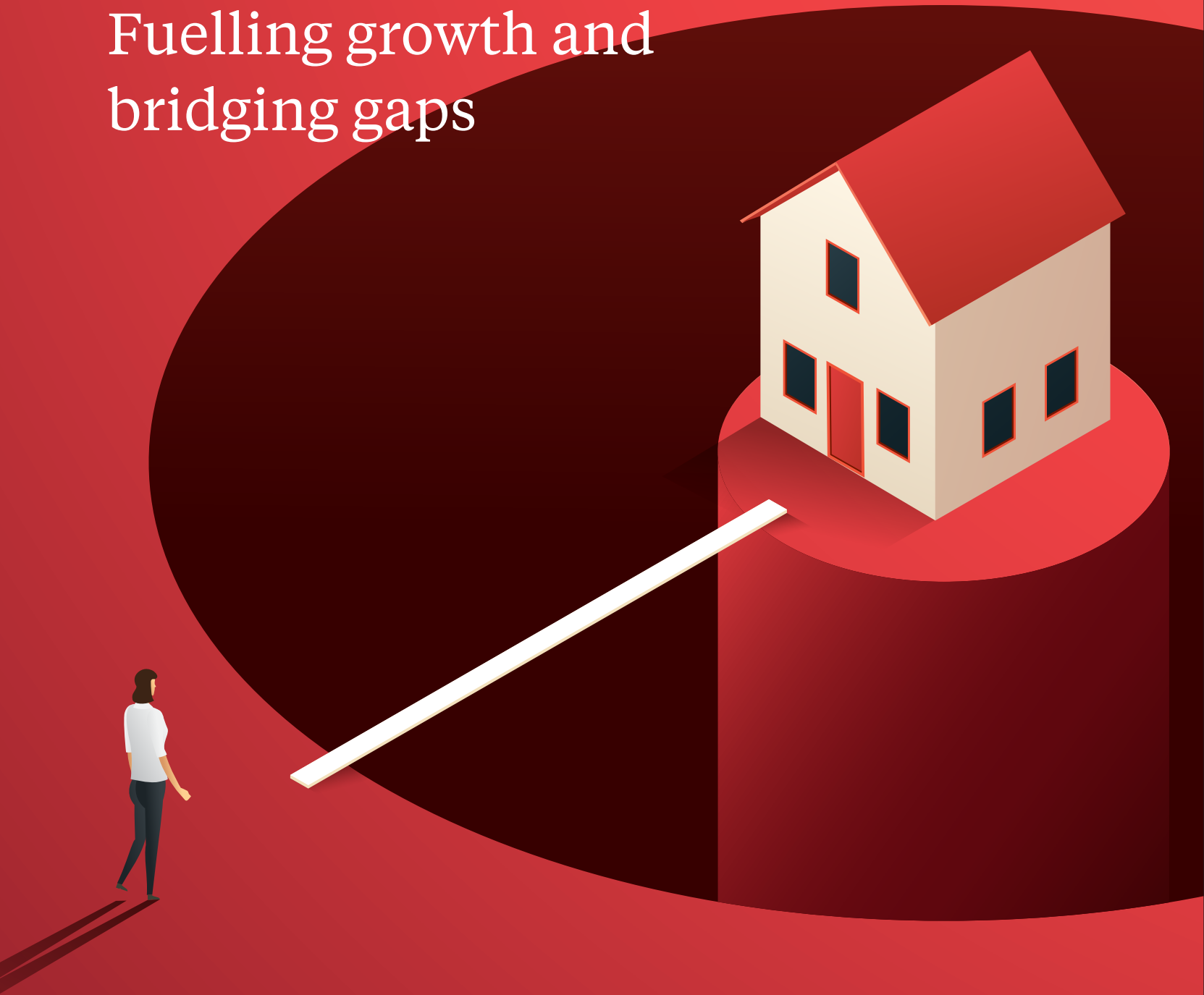
**SHARE OF COMMERCIAL AND HOUSING SECTOR AS A % OF TOTAL LOANS**



Source: RBI Statistics

Another pivotal factor influencing the rise in credit to the real estate sector is the government's emphasis on infrastructure development and the creation of smart cities. Substantial government investments in infrastructure projects like roads, railways, and airports have bolstered demand for commercial real estate. Additionally, the government's promotion of housing policies has facilitated easier access to homeownership, thereby driving the demand for housing loans.

# Rise of Private Credit in Indian Real Estate: Fuelling growth and bridging gaps



The Indian real estate sector post pandemic has shown remarkable resilience, driven by rising demand for both residential and commercial properties, improved economic conditions, and supportive government reforms. These factors have attracted investors seeking lucrative opportunities. Reforms such as the Real Estate (Regulation and Development) Act (RERA) implemented in 2016 have significantly boosted investor confidence and transparency.

Consequently, private investors are now exploring alternative financing options like private credit due to its flexibility in structuring deals, tailoring financing solutions, and swiftly providing developers access to capital compared to traditional lenders. Furthermore, the increased involvement of international investors has strengthened the Indian real estate market, enhancing its growth prospects.

The rise of private credit has had positive effects on the Indian real estate. It expedites project completion by enabling developers' access to funds, ensuring timely delivery. Moreover,

it fosters innovation and diversification by supporting investments in specialized projects and new asset classes, thereby promoting market diversification and innovation. This heightened investment activity has increased market liquidity, making it more vibrant and attractive to all stakeholders.

Although the private credit market is still in its early stages, its future in the Indian real estate sector seems promising. With growing investor confidence, deals are expected to increase in size. Specialized debt funds specifically focused on Indian real estate, are poised to significantly mobilize capital and facilitate investment.

In essence, private credit is emerging as a crucial funding source, empowering Indian real estate developers to meet market demands and drive growth, thereby shaping the sector's landscape for years to come.

## Rise of Private Credit: Alternate Investment Funds

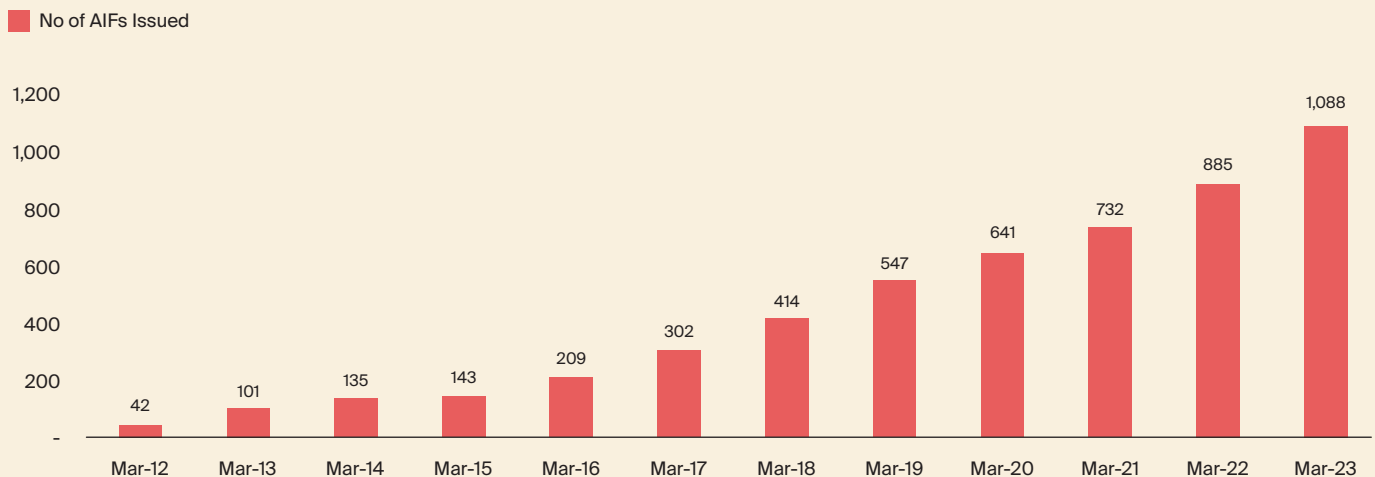
India's real estate sector presently contributes 7.3% to the country's GDP and is anticipated to double by 2047, thereby creating a wide variety of funding needs to support this projected growth. While the credit flow from the banking and NBFC segment has been robust, the lending terms are restrictive for business developers seeking opportunities for growth.

Alternative Investment Funds (AIFs) address this need by providing developers with alternative capital sources, enabling them to fund projects with flexible terms and achieve their growth targets. AIFs present developers with a broader spectrum of financing choices compared to traditional banks. This flexibility allows developers to structure financing

according to their specific requirements and risk tolerance. These funds cater to a diverse pool of investors, including High Net Worth Individuals (HNIs), institutional investors, and Non-Resident Indians (NRIs). By offering various risk-return profiles, AIFs attract investments from individuals and institutions looking to participate in India's real estate market growth.

Regulated by the Securities and Exchange Board of India (SEBI), AIFs operate within a regulatory framework ensuring transparency and investor protection. This regulatory supervision fosters trust and confidence in the AIF market, drawing more investors and fostering long-term growth of the sector.

### TOTAL NUMBER OF AIFs INCREASED 10x SINCE ITS INTRODUCTION



Source: RBI Statistics

**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2023

Since its inception in 2012, the number of Alternative Investment Funds (AIFs) has experienced an exponential rise. As per the Securities and Exchange Board of India (SEBI), the total assets under management (AUM) of all AIFs in India reached INR 8,449 bn by June 2023, marking a substantial growth of 4.7 times from INR 1,795 bn in 2018. Concurrently, total investments by these funds surged 4.6 times, reaching INR 3,503 bn.

The remarkable growth of AIFs can be credited to several factors including their efficient investment experience, functioning within a regulated platform, and the diverse range of investment structures and themes they offer. This combination of factors has significantly contributed to their attractiveness and the substantial expansion they've witnessed over the years.

**ACTIVITIES OF ALTERNATIVE INVESTMENT FUNDS (AIFs)**

Cumulative net figures as at the end of June 30 2023

(All figures in INR. Bn)

Category of AIF	Commitments Raised	Funds Raised	Investments Made
<b>Category I</b>			
Infrastructure Fund	0.2	58.0	50.0
Social Venture Fund	15.0	6.9	4.5
Venture Capital Fund	435.3	225.6	192.4
SME Fund	11.4	3.4	2.9
<b>Category I Total</b>	<b>637.4</b>	<b>294.0</b>	<b>249.8</b>
<b>Category II</b>	<b>6,961.3</b>	<b>2,702.4</b>	<b>2,528.3</b>
<b>Category III</b>	<b>850.6</b>	<b>744.8</b>	<b>725.0</b>
<b>Grand Total</b>	<b>8,449.3</b>	<b>3,741.3</b>	<b>3,503.1</b>

Source: SEBI

Note:

Category I AIFs include infrastructure funds, social venture funds, and venture capital funds.

Category II AIFs include private equity funds and debt funds.

Category III AIFs include hedge funds, real estate funds, and other specialized funds.

**INVESTMENTS BY ALTERNATIVE INVESTMENT FUNDS (AIFs)**

Type of Instruments (INR Bn)	FY21	FY22	FY23	Growth Since FY21
Unlisted Equity Shares/ Equity Linked Instruments/ LLP Interest	785	1,176	1,401	78%
Listed Equity (excluding Listed/ to be Listed on SME Exchange)	387	468	664	71%
Debt/ Securitised Debt Instruments	608	826	946	56%
Units of other AIFs	36	52	81	127%
Liquid Funds	70	98	127	82%
Listed/ to be Listed Securities on SME Exchange	0.5	0.5	1.3	151%
Others	119	220	160	35%
<b>Total</b>	<b>2,005</b>	<b>2,841</b>	<b>3,380</b>	<b>69%</b>

Source: SEBI

Note: Incremental data for AIFs



**SECTOR-WISE INVESTMENTS OF ALTERNATIVE INVESTMENT FUNDS (AIFs)**

Sector	FY21	FY22	FY23
Real Estate	24.6%	21.3%	20.1%
BFSI	20.3%	18.2%	18.1%
Healthcare	6.7%	7.1%	6.8%
IT/ITES	6.1%	7.3%	6.3%
Retail	8.3%	9.6%	3.2%
Others	34.0%	36.5%	45.4%

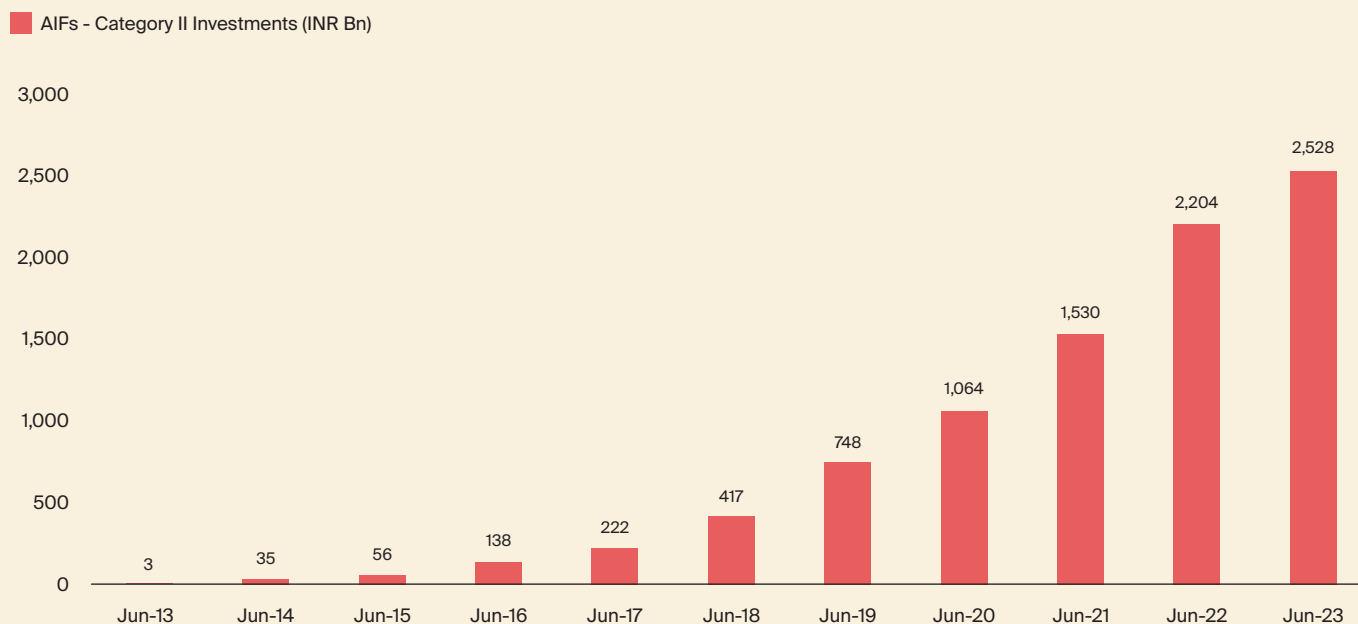
Source: SEBI

## Category II AIFs: A Booming Investment Opportunity in India

Category II Alternative Investment Funds (AIFs) represent a class of investment instruments regulated by the SEBI, primarily focusing on investments in unlisted companies through private equity and debt funds. The investment flow into Category II AIFs has displayed consistent growth over time.

Recent data as of June 2023, reveals a year-on-year expansion of 8.70%. This upward trajectory signifies the growing enthusiasm among investors in India for private equity and debt funds, indicating a sustained interest in this investment avenue.

**CONSISTENT GROWTH IN CATEGORY II AIFs**



Source: RBI Statistics

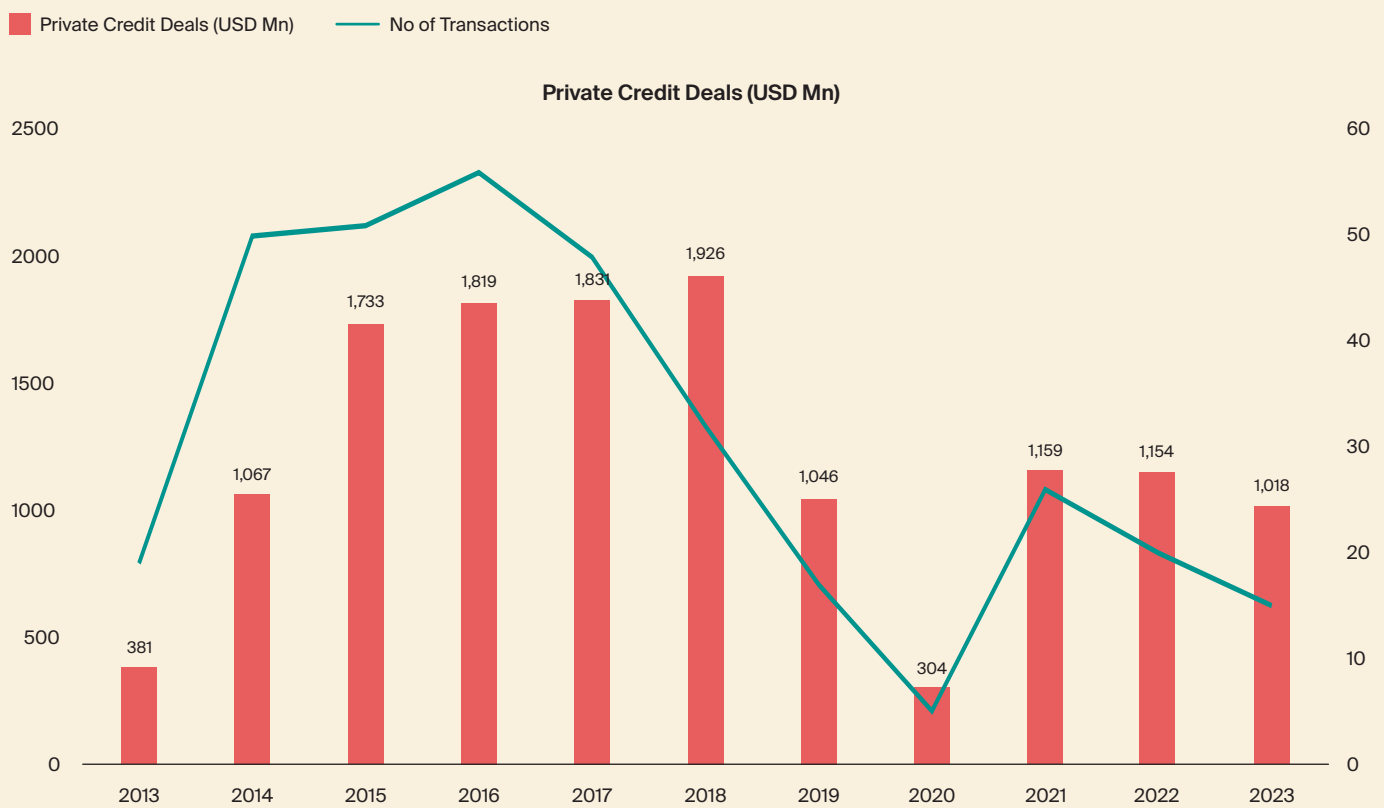
Overall, Category II AIFs can be a valuable investment option for sophisticated investors who are comfortable with high risks and a long investment horizon. They offer the potential for high

returns through exposure to unlisted companies with significant growth potential.

# Private Credit: Fuelling India's Real Estate Boom

Over the past decade, private credit has swiftly risen within the Indian real estate market. As the market continues to mature and regulatory frameworks evolve, private credit is poised to assume an even more substantial role in propelling the sector's growth.

## PRIVATE CREDIT DEALS IN INDIAN REAL ESTATE



Source: Knight Frank Research, Venture Intelligence  
Note: Deals considered until 12<sup>th</sup> December 2023

Between 2013 and 2023, the Indian real estate sector garnered private credit totalling USD 13.4 bn in the non-debt segment, averaging around USD 1.2 bn annually, except for the initial and COVID-19 pandemic years. Although private credit investments in India did not come to a halt during the COVID-19 pandemic in 2020, they did experience a notable slowdown compared to preceding years.

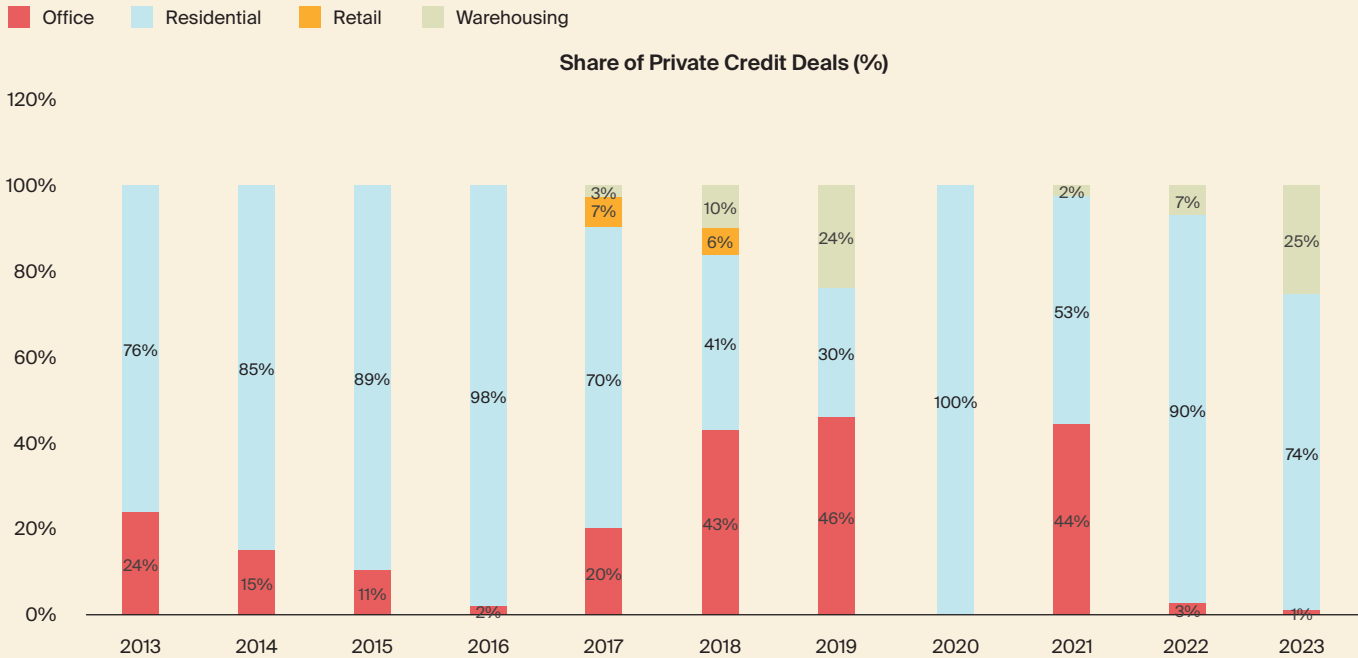
However, in 2021 and 2022, the Indian private credit market showed signs of recovery, witnessing a steady increase in investment activity. As the global economy rebounded from the pandemic, businesses regained confidence and embarked on expansion and growth initiatives. This surge in demand for

financing bolstered activity in the private credit market.

Consequently, private credit funds attracted substantial capital inflows from investors seeking alternative investment avenues. This influx of capital facilitated market growth, enabling private credit lenders to offer financing to a broader spectrum of businesses.

Overall, the combination of a favourable economic environment restored investor confidence, and conducive market conditions contributed to the robust recovery of the private credit market in 2021, 2022, and 2023.

**RESIDENTIAL SECTOR ROPED IN MAJORITY OF THE PRIVATE CREDIT INVESTMENTS**



Source: Knight Frank Research, Venture Intelligence  
Note: Deals considered until 12<sup>th</sup> December 2023

**PRIVATE CREDIT INVESTORS FAVOURED RESIDENTIAL SECTOR**

Investor Type	Private Credit Investment (USD Mn)
Indian	8,144
Foreign	4,870
Co-Investment	425
<b>Grand Total</b>	<b>13,439</b>

Source: Knight Frank Research, Venture Intelligence

Over the past decade, there has been a considerable increase in private credit investments directed towards the Residential sector. Flexibility of lending terms in a down cycle for the housing market ensured takers for this route.

In contrast, the Office sector received 20% of the total private credit investments. The Office sector has been more appealing to Private Equity (PE) investors over the years.

Furthermore, within the private credit landscape, the Warehousing sector comprised 6% and the Retail sector constituted 2% of the total investments since 2023. The Warehousing sector received total investments worth USD 852 mn, while the Retail sector obtained investments totalling USD 251 mn.

**MUMBAI RECEIVED HIGHEST PRIVATE CREDIT INVESTMENTS FOLLOWED BY NCR**

City	Private Credit Investments (USD Mn)	% Share
Mumbai	4,957	37%
NCR	2,799	21%
Bengaluru	2,743	20%
Hyderabad	1,000	7%
Pune	927	7%
Chennai	723	5%
Ahmedabad	211	2%
Kolkata	81	1%
<b>Grand Total</b>	<b>13,439</b>	<b>100%</b>

Source: Knight Frank Research, Venture Intelligence

Mumbai held the largest share of private credit investments with 37% (USD 4,957 mn) followed by NCR at 21% (USD 2,799 mn) and Bengaluru at 20% (USD 2,743 mn). These three cities jointly contributed 78% of the total private credit transactions received in the Indian real estate sector since 2023.

As majority of the private credit investments were inclined towards the residential segment, all the three cities benefited from the developing residential markets, thus attracting larger funding.

## Outlook

The landscape of private credit in India promises an exhilarating trajectory, primarily fuelled by multiple pivotal factors. The sector's robust growth witnessed a deployment of over USD 1 bn in select transactions during 2023, instigating a sustained upward momentum. This trend is projected to persist, buoyed by an upsurge in investor interest and the evolving demands of Indian enterprises.

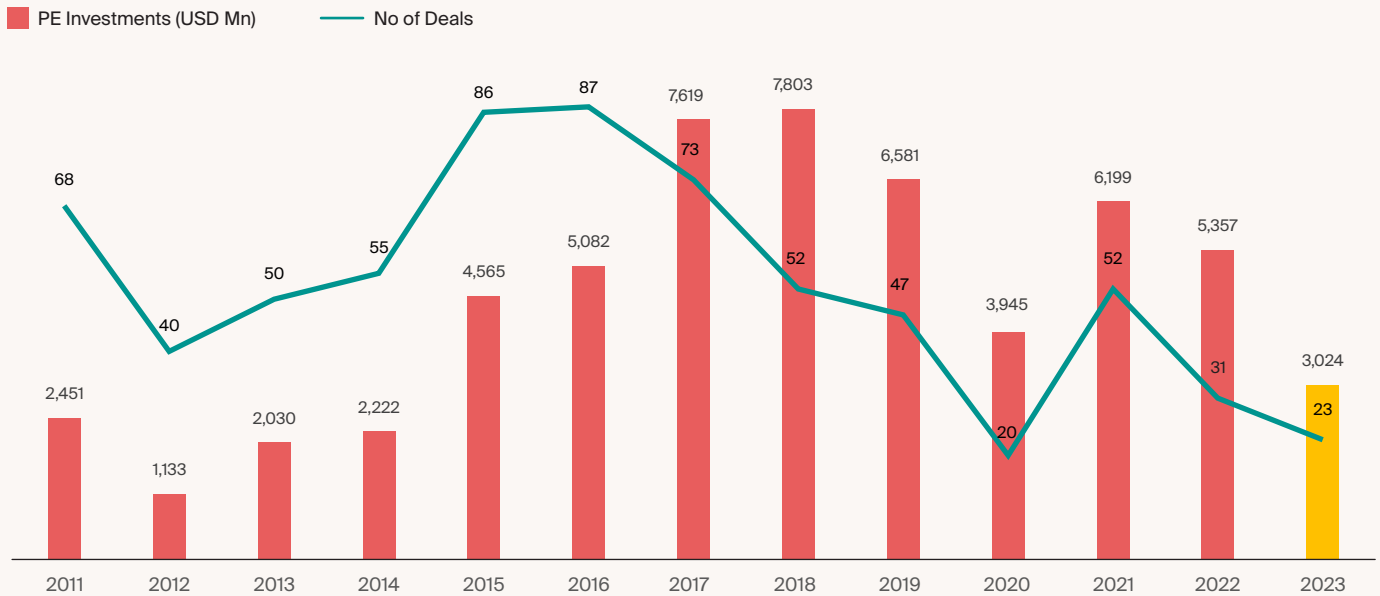
Private credit entities have adeptly bridged gaps left by traditional financiers like NBFCs and SCBs. The government's supportive stance towards Alternate Investment Funds (AIFs) and Foreign Portfolio Investments (FPIs) has fostered a conducive regulatory environment, propelling the growth of private credit.

Evidenced by the Category II AIF market reaching INR 6.96 tn, investor enthusiasm for this asset class remains robust. High net worth investors are drawn to private credit for its potential to offer diversified fixed income portfolios with attractive returns, solidifying its status as an increasingly sought-after investment option.

# Investments in Real Estate Trends in Private Equity Investment in India in 2023

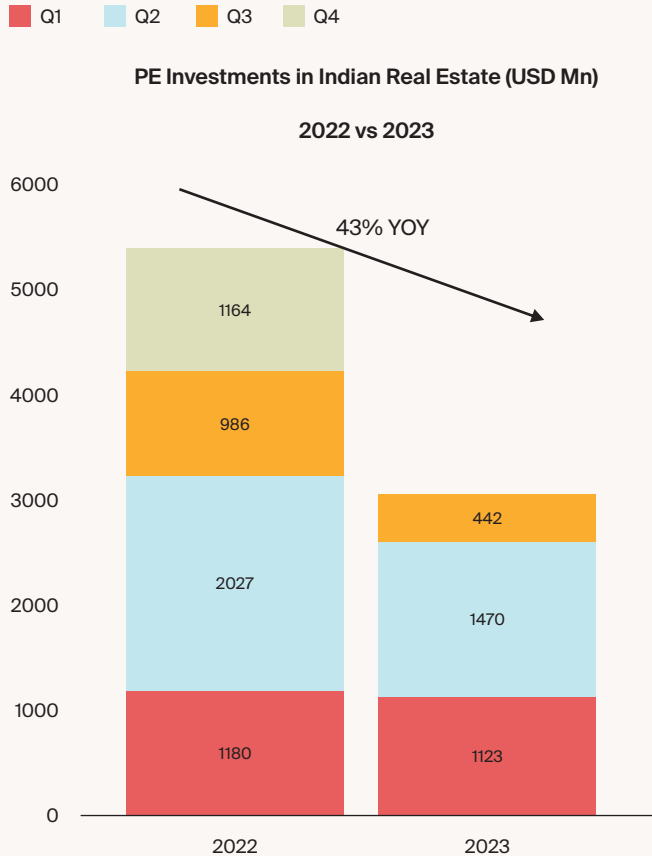


**CAUTION AMONG GLOBAL INVESTORS: REAL ESTATE RECEIVES USD 3.0 BN IN 2023**



Source: Knight Frank Research, Venture Intelligence.  
\*Investments considered till 12<sup>th</sup> December 2023

**INVESTORS OPT FOR A CAUTIOUS APPROACH, LEADING TO A CONSERVATIVE SHIFT IN STRATEGIES**



Source: Knight Frank Research, Venture Intelligence.

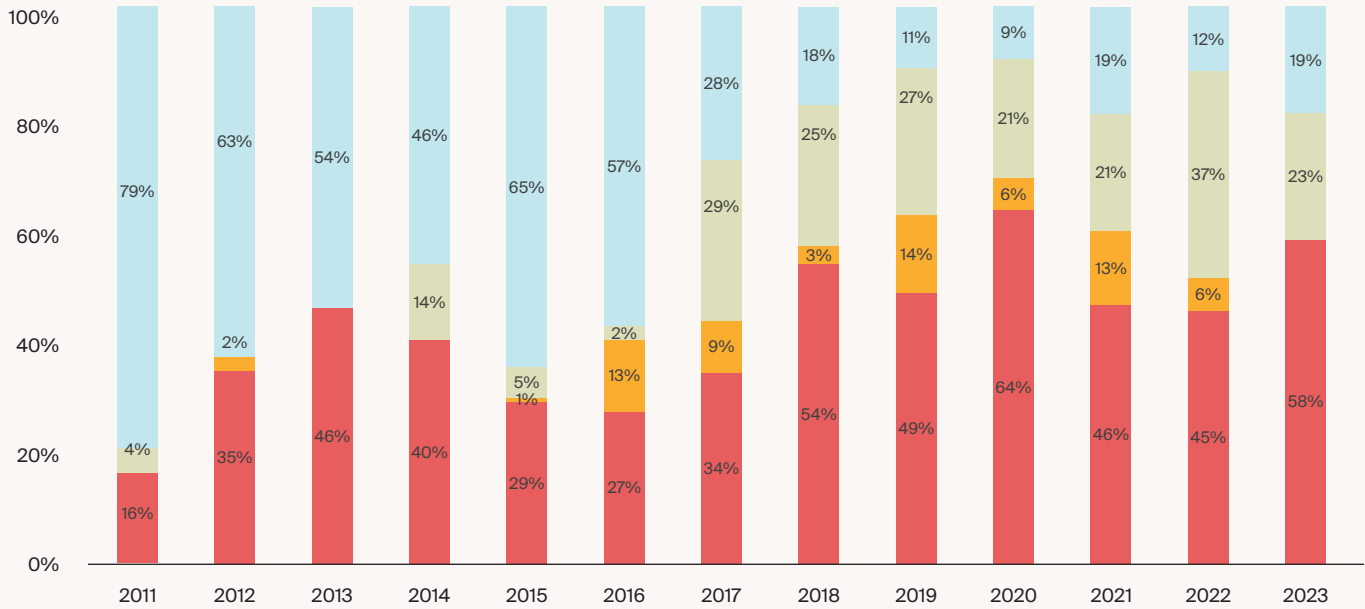


**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2023

**OFFICE CONTINUES TO REMAIN THE MOST PREFERRED CHOICE AMONG INVESTORS**

Office Residential Retail Warehousing

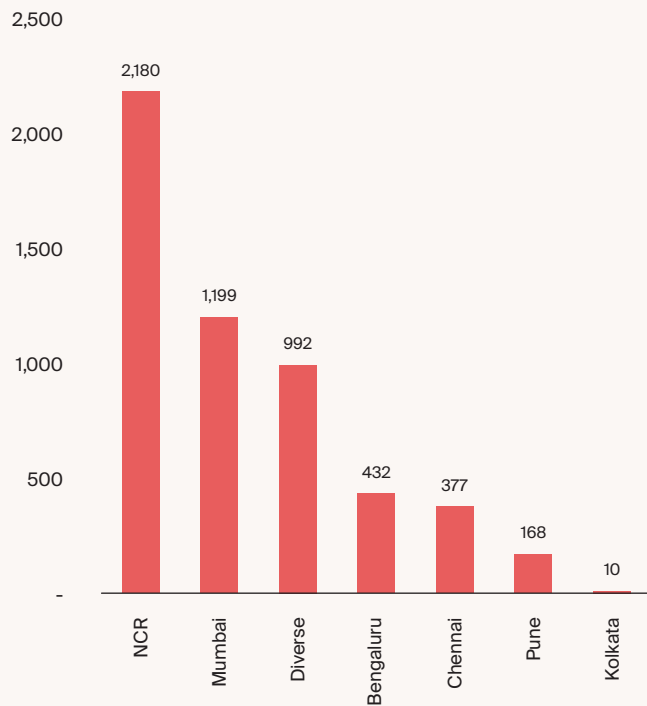
**Share of PE Investments in Indian Real Estate (%)**



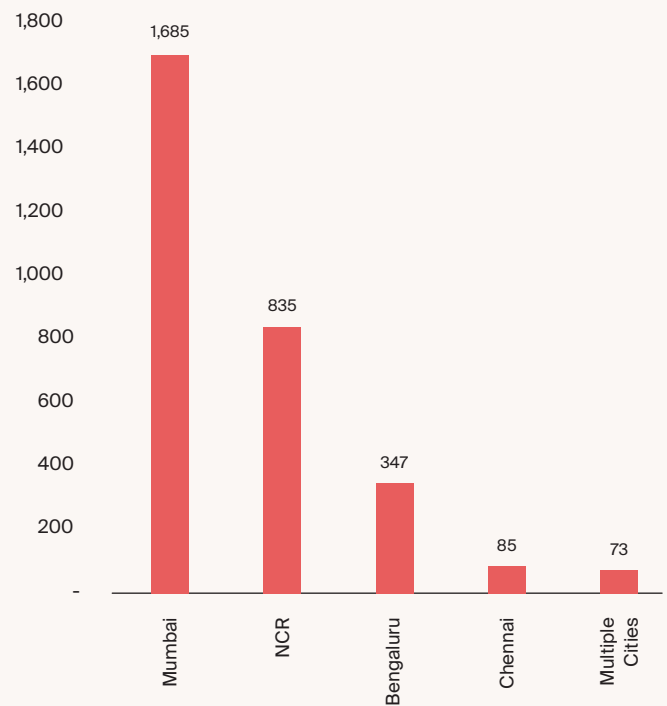
Source: Knight Frank Research, Venture Intelligence

**MUMBAI AND NCR MAINTAIN TOP SPOTS FOR INVESTMENTS IN 2023**

**2022 (USD Mn)**



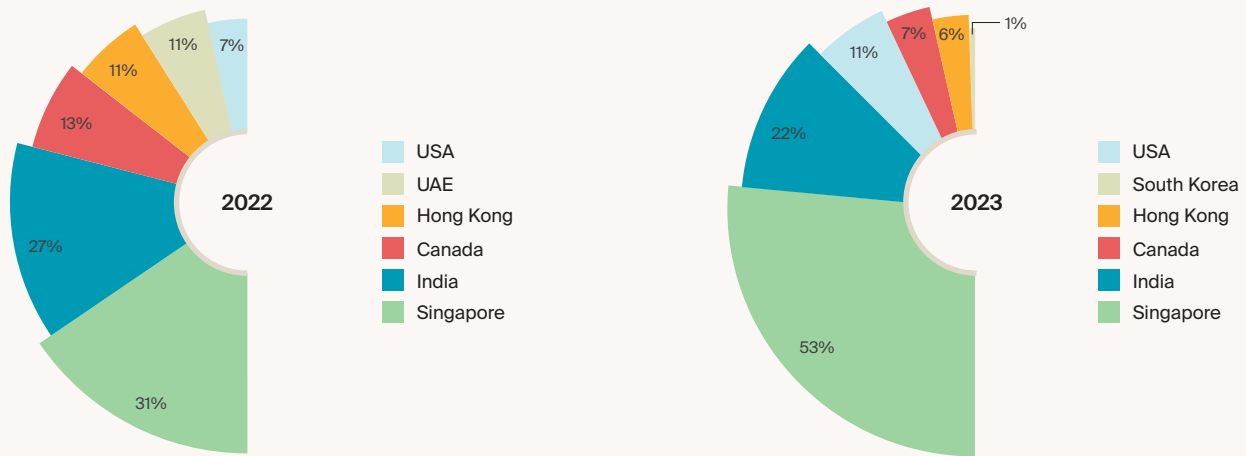
**2023 (USD Mn)**



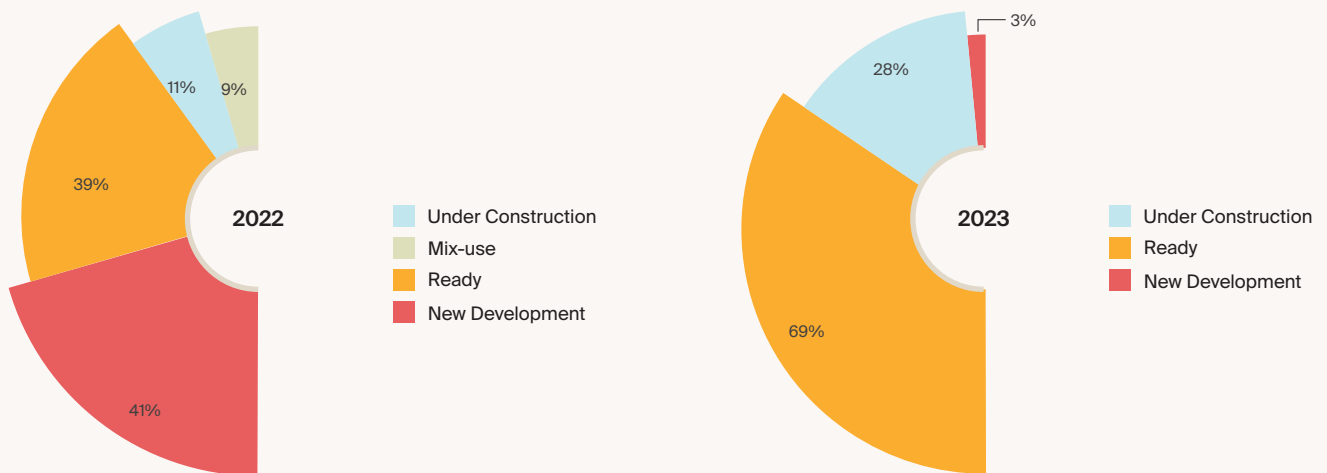
Source: Knight Frank Research

**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2023

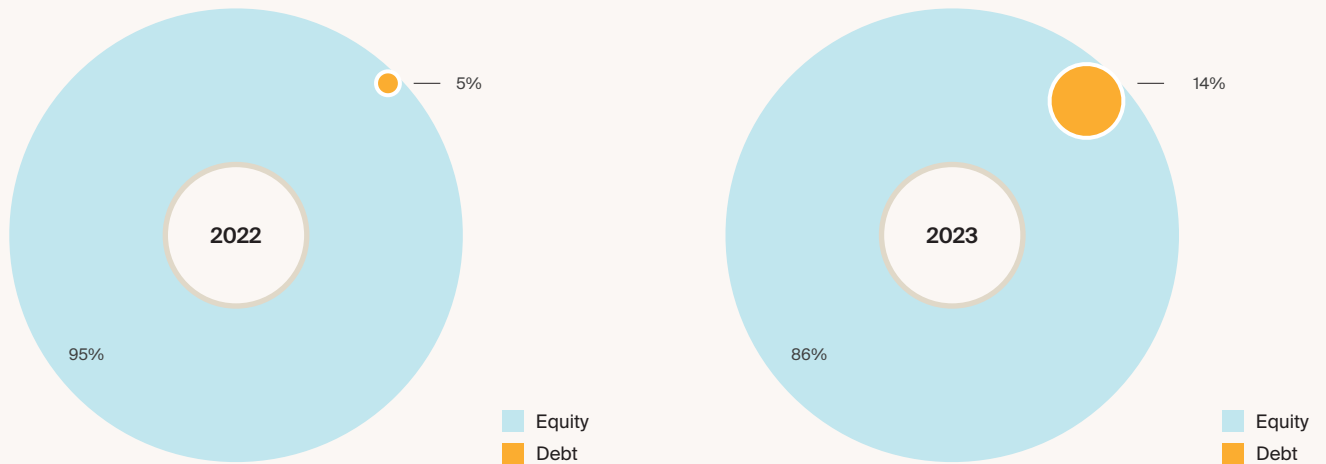
**ASIAN INVESTORS LEAD AS WESTERN COUNTRIES FEEL IMPACT OF RISING INTEREST RATES**



**INVESTORS PRIORITISE CAPITAL PROTECTION, CHOOSING SAFER READY ASSETS**



**PRIVATE EQUITY PLAYERS PERSIST IN EXPLORING EQUITY, HOWEVER, DEBT WITNESSES A STEADY RISE**



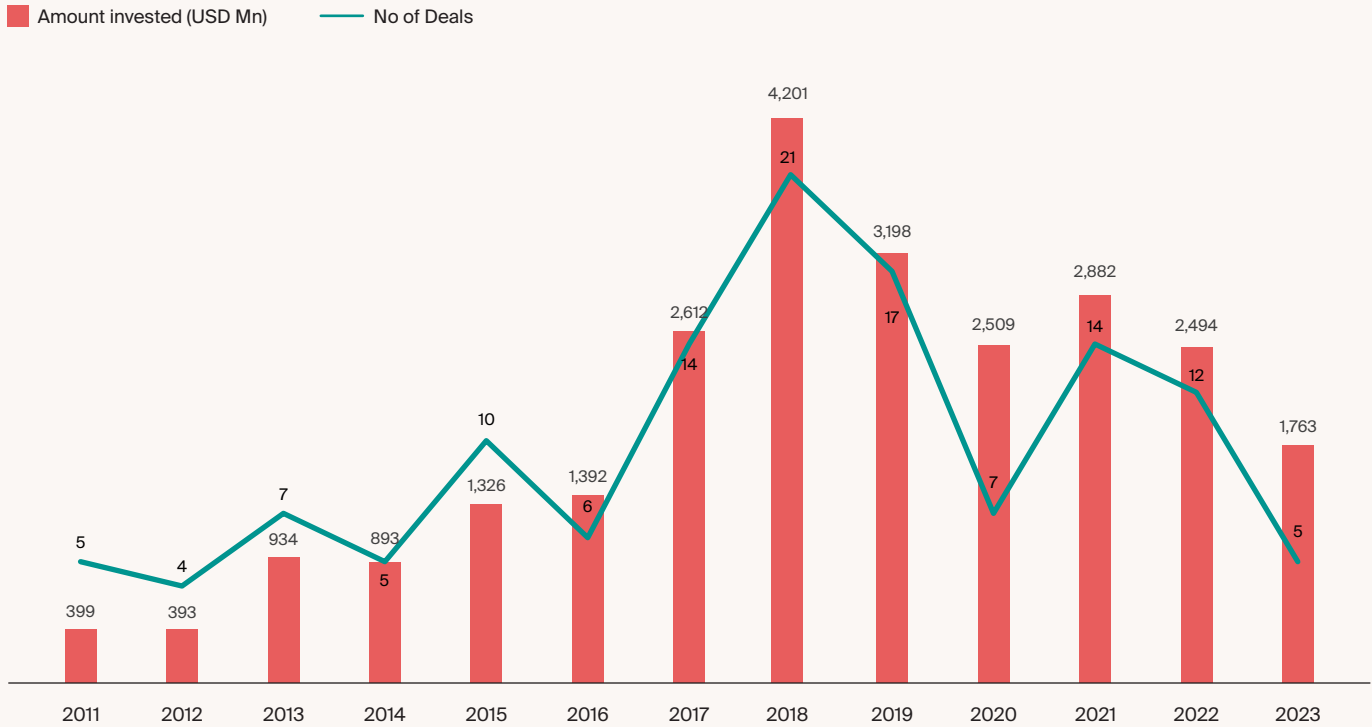


- Private equity (PE) investments totalling USD 3.0 bn flowed into various sectors of the Indian real estate market in 2023, encompassing office spaces, warehousing and residential segments.
- In comparison to 2022, PE investors in 2023 opted for a more cautious approach, leading to a 44% YoY decline in PE investments.
- Geopolitical uncertainties and high interest rates globally, contributed to investor wariness, resulting in limited market engagement. Since March 2022, the US Federal Reserve and the Central Bank of Canada implemented multiple interest rate hikes, bringing current rates to 5.50% and 4.50% respectively, nearly doubling from pre-pandemic levels. This surge in interest rates has curbed investment activities from these nations due to increased capital costs and concerns about a potential recession.
- The impact was relatively moderate, with some substantial transactions in the office and warehousing sector.
- Investors strategically positioned themselves across sectors, with the office industry securing the highest share of investments.
- Foreign PE investors remained the primary contributors accounting for 78% of the total investments in 2023. However, over the past two years, India has experienced heightened interest from investors in the Middle East and Asia regions, partly due to Western PE investors' susceptibility to rising interest rates and partly due to rising wealth in these regions.
- The distribution of private equity investments during this period saw the office taking the lead with 58%, followed by warehousing at 23%, and residential properties at 19%. The retail sector did not witness any PE deal in 2023.
- Mumbai and the National Capital Region (NCR) received the largest proportion of investments across sectors in 2023 among Indian cities.
- In 2023, more than 69% of total investments were channelled into readily available assets, signalling the cautious stance adopted by investors.
- Despite prevailing global apprehensions impacting investments, resurgence is anticipated once interest rates reduce.



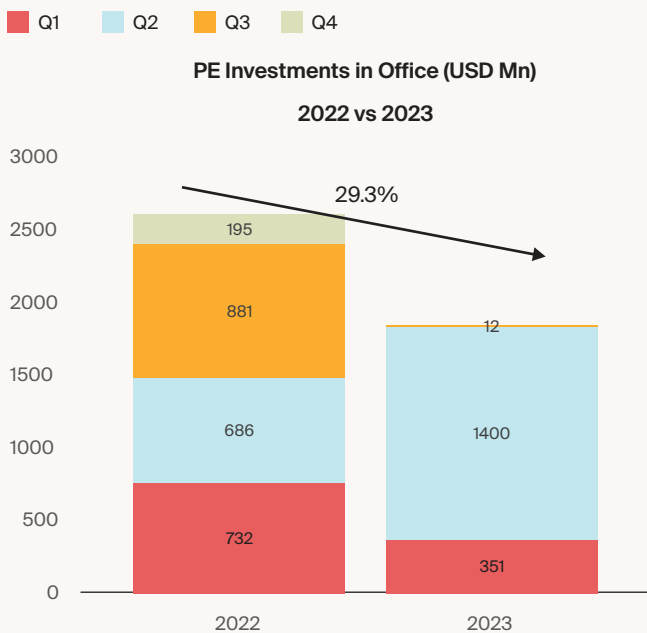
# Office sector investments

THE OFFICE SECTOR REMAINED THE TOP RECIPIENT OF INVESTMENTS IN 2023



Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 12<sup>th</sup> December 2023

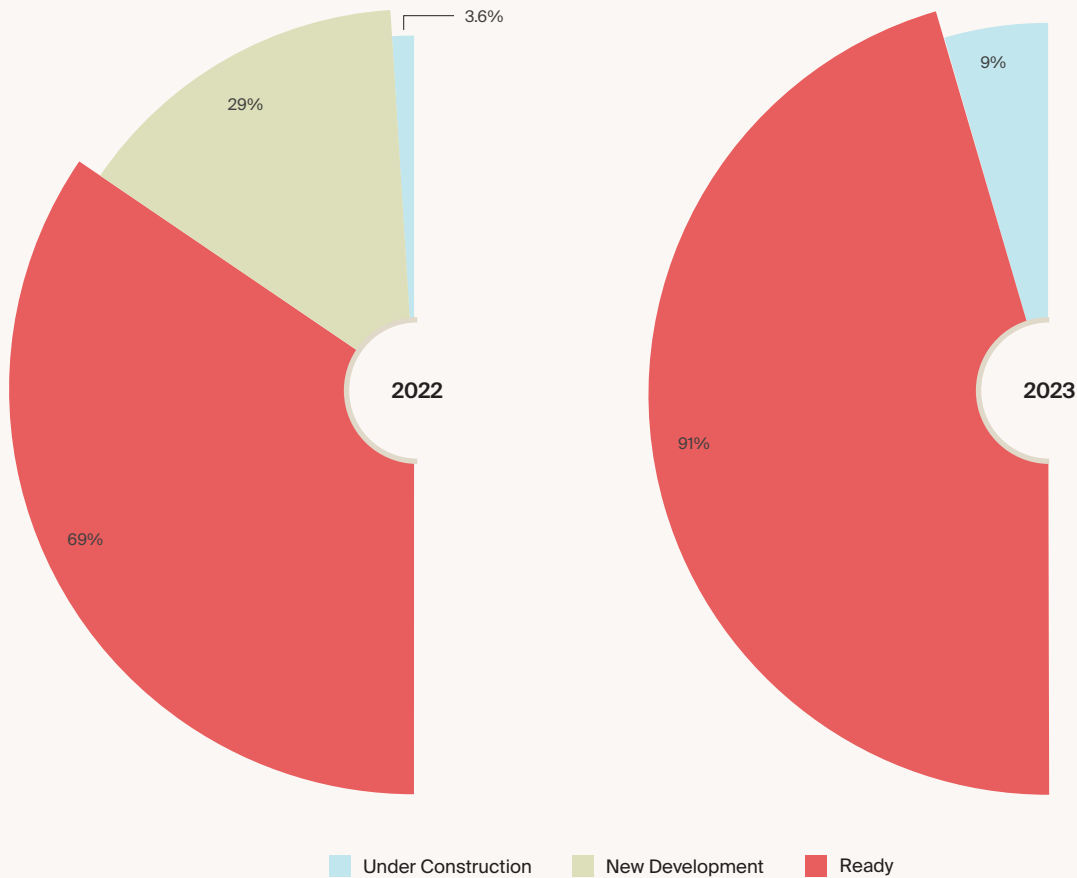
OFFICE SECTOR INVESTMENTS DECLINED BY 29.3% IN 2023



Source: Knight Frank Research, Venture Intelligence.



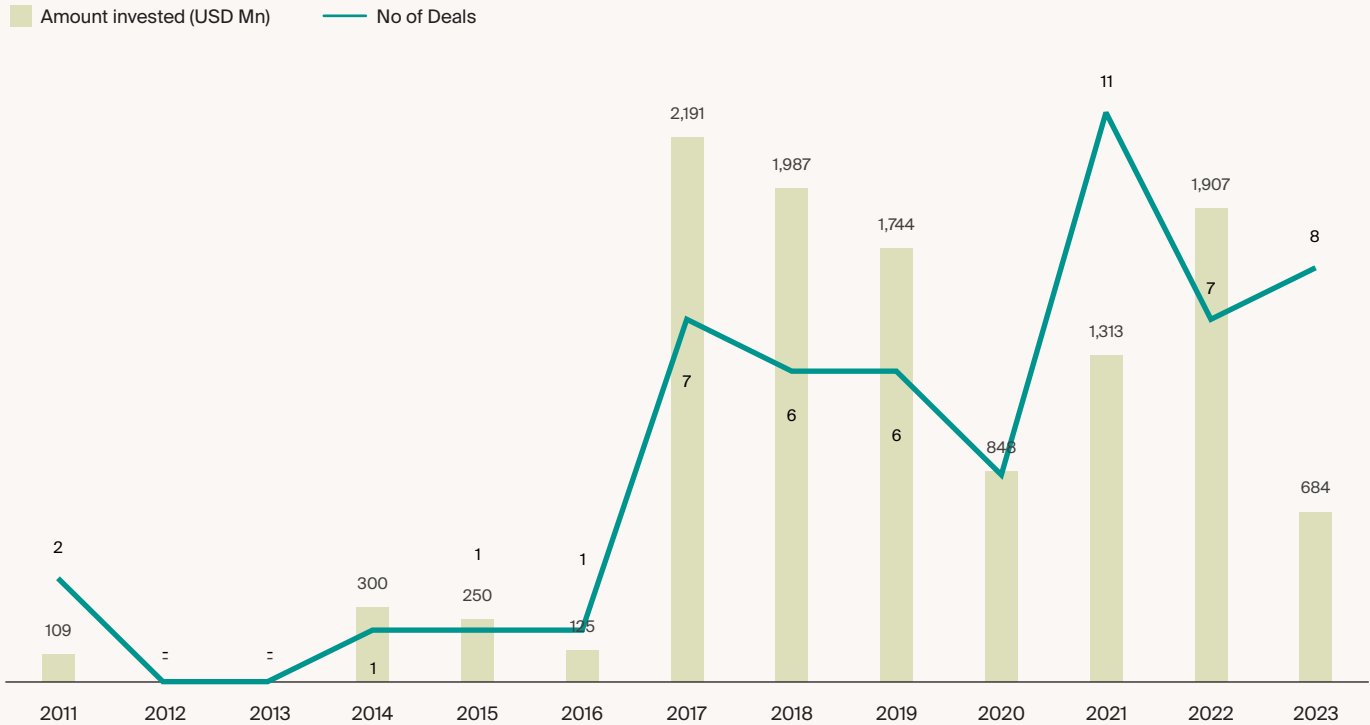
INVESTORS FAVORED READY ASSETS



- During 2023, the office sector attracted investments totalling USD 1.8 bn.
- PE investments in the office sector declined by 29% YoY in 2023. Although notable deals occurred such as the USD 1.4 bn deal between GIC and Brookfield India Real Estate Trust REIT in H1 2023, the latter half of 2023 saw a subdued trend in PE investments.
- Approximately 91% of the investments in 2023 were directed towards ready assets, while 9% were allocated to developments under construction, indicating a tendency among investors to avoid risks.
- Mumbai, NCR, and Bengaluru emerged as primary destinations for office investments in 2023.
- The outlook for PE investment in Indian office assets remains optimistic. The demand for office spaces is expected to grow, while the supply of such spaces is foreseen to be limited. These conditions are likely to drive up rental rates, making Indian office assets attractive to PE investors.

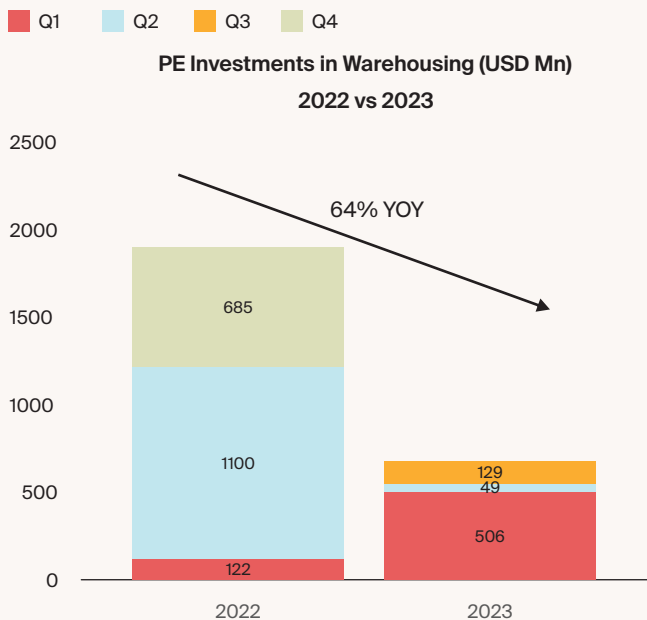
# Warehousing sector investments

WAREHOUSING SECTOR RECEIVED INVESTMENTS WORTH USD 684 MN IN 2023

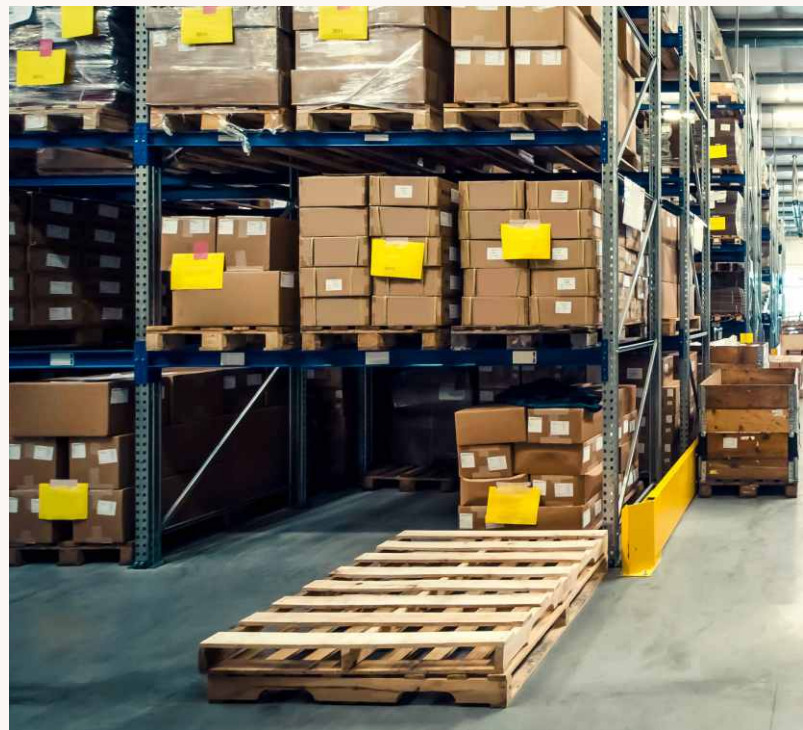


Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 12<sup>th</sup> December 2023

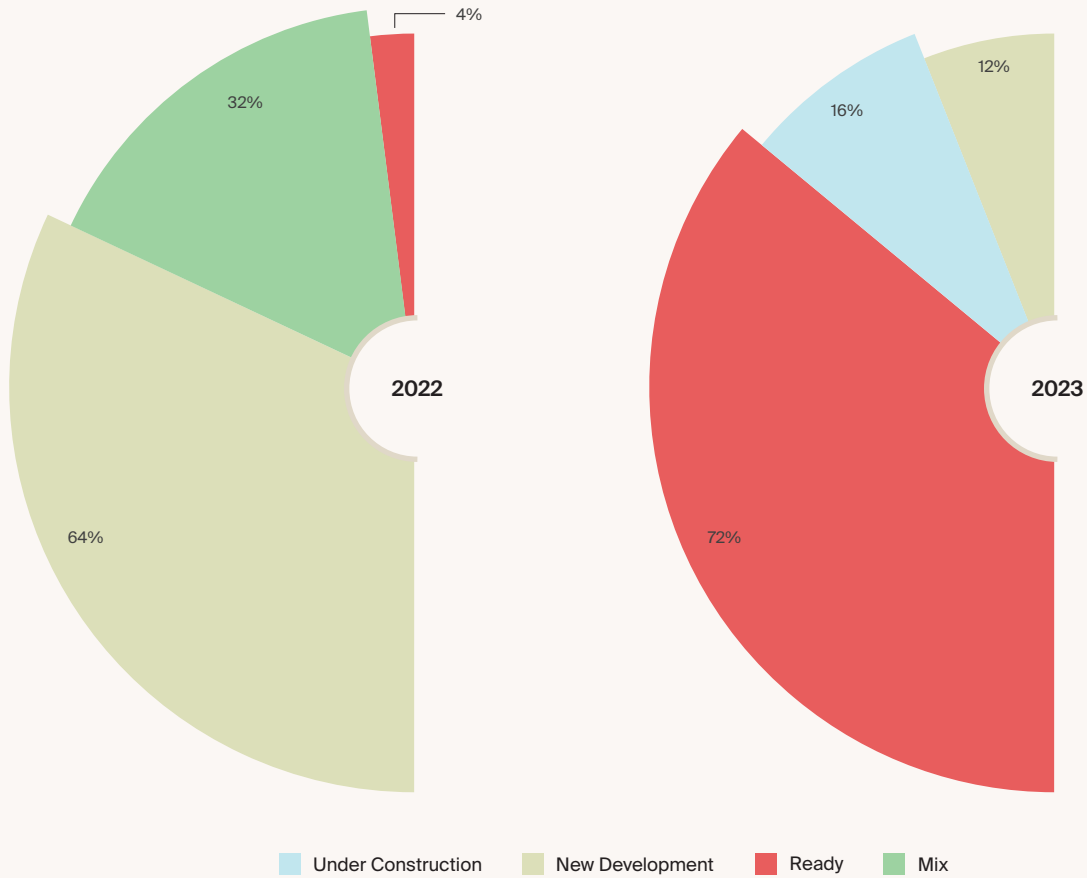
INVESTMENTS IN WAREHOUSING SECTOR DIPPED  
64% YOY IN 2023



Source: Knight Frank Research, Venture Intelligence.



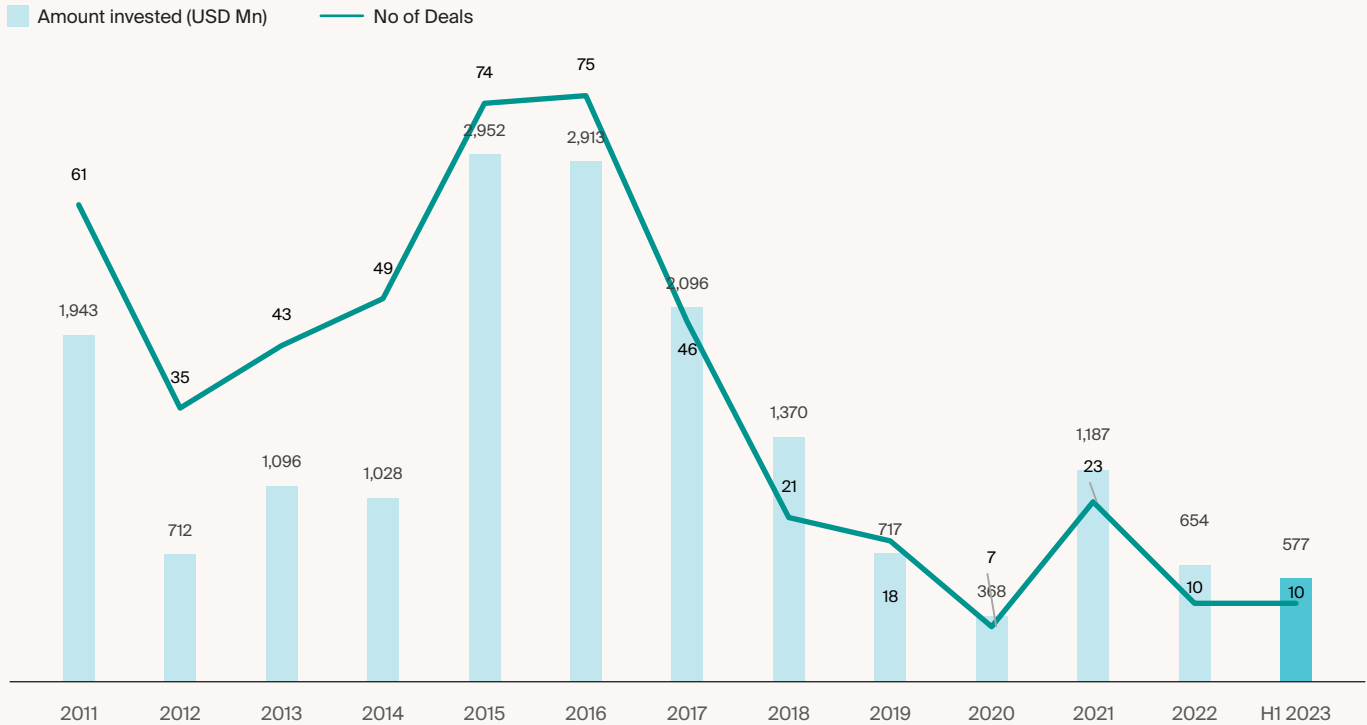
READY ASSETS SEE SURGE IN WAREHOUSING TRANSACTIONS IN 2023



- Investment in the warehousing segment contracted in 2023, totalling USD 684 mn, a notable decrease from the USD 1.9 bn recorded in 2022.
- The scarcity of high-quality ready assets also played a role in the decline of investments within the warehousing sector.
- PE investors are actively pursuing various subsectors within the warehousing market, focusing on segments such as e-commerce, logistics and 3PL (third-party logistics) facilities.
- Despite the decrease in PE investment observed in the warehousing sector during 2023, the outlook for this asset class remains positive. Anticipated growth in the demand for warehouse space driven by the expansion of logistics and manufacturing companies, is expected to attract PE investment in the warehousing sector.

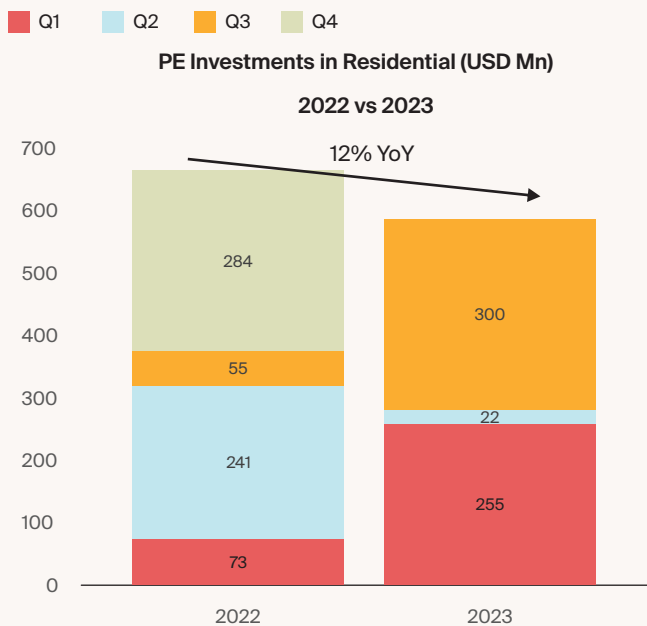
# Residential sector investments

RESIDENTIAL SECTOR RECEIVED INVESTMENTS WORTH USD 577 MN IN 2023

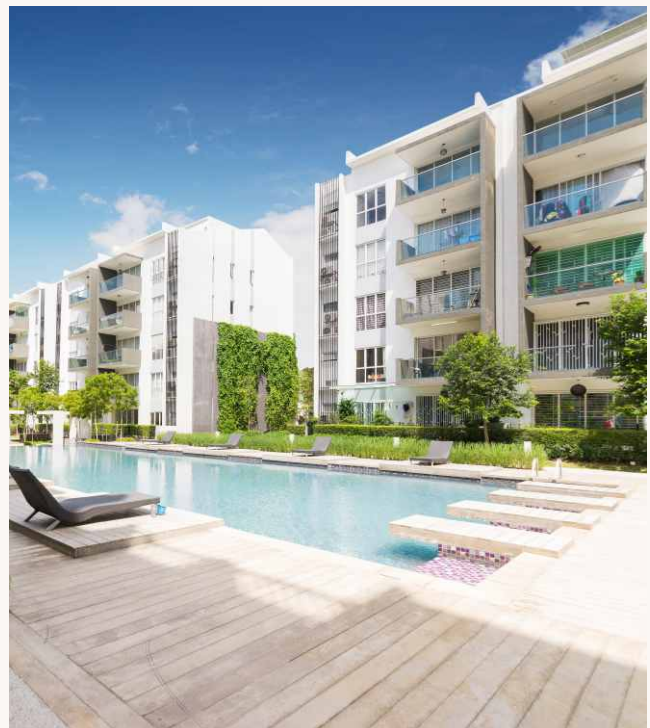


Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 12<sup>th</sup> December 2023

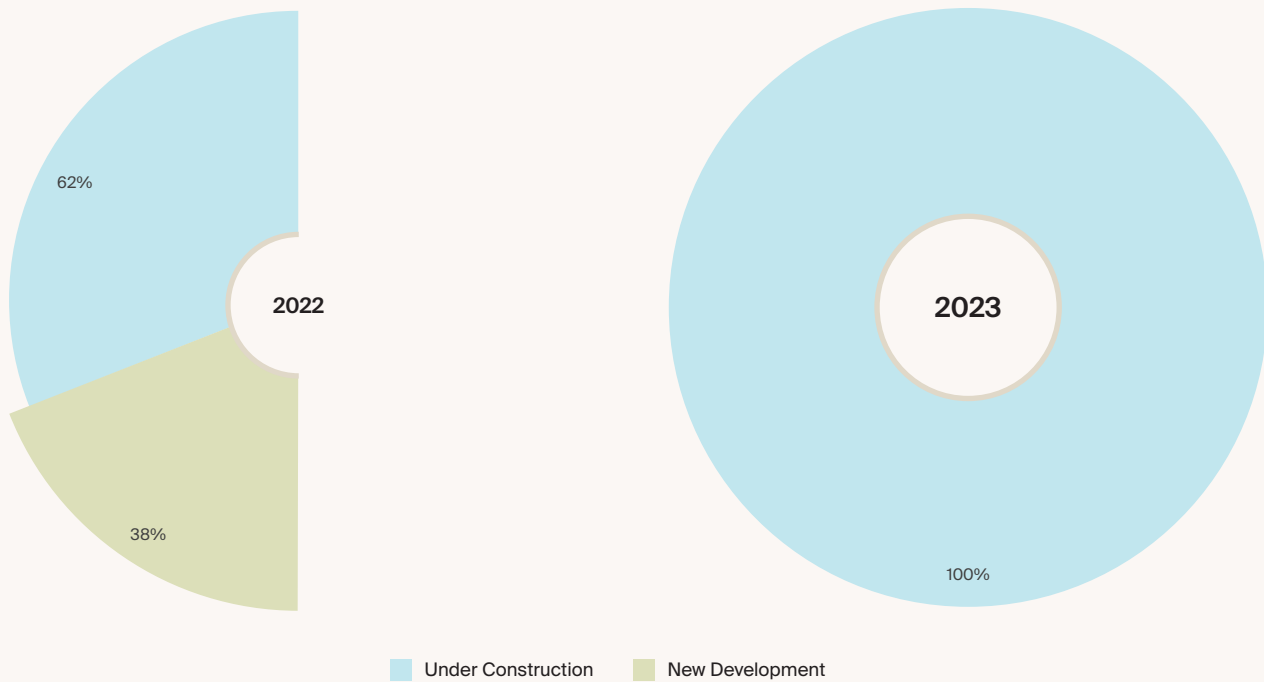
PE INVESTMENTS IN RESIDENTIAL SECTOR DIPPED 12% YOY IN 2023



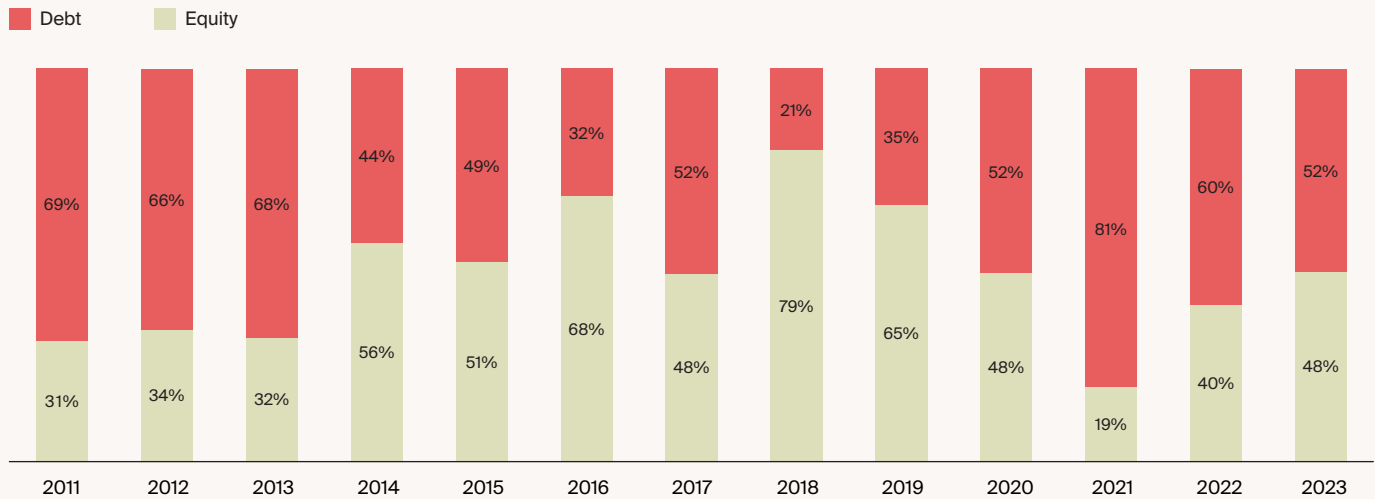
Source: Knight Frank Research, Venture Intelligence.



INVESTMENTS LARGELY OBSERVED IN UNDER-CONSTRUCTION PROPERTIES IN 2023



DEBT INVESTMENTS SEE A STEADY RISE IN RESIDENTIALS IN THE LAST TWO YEARS

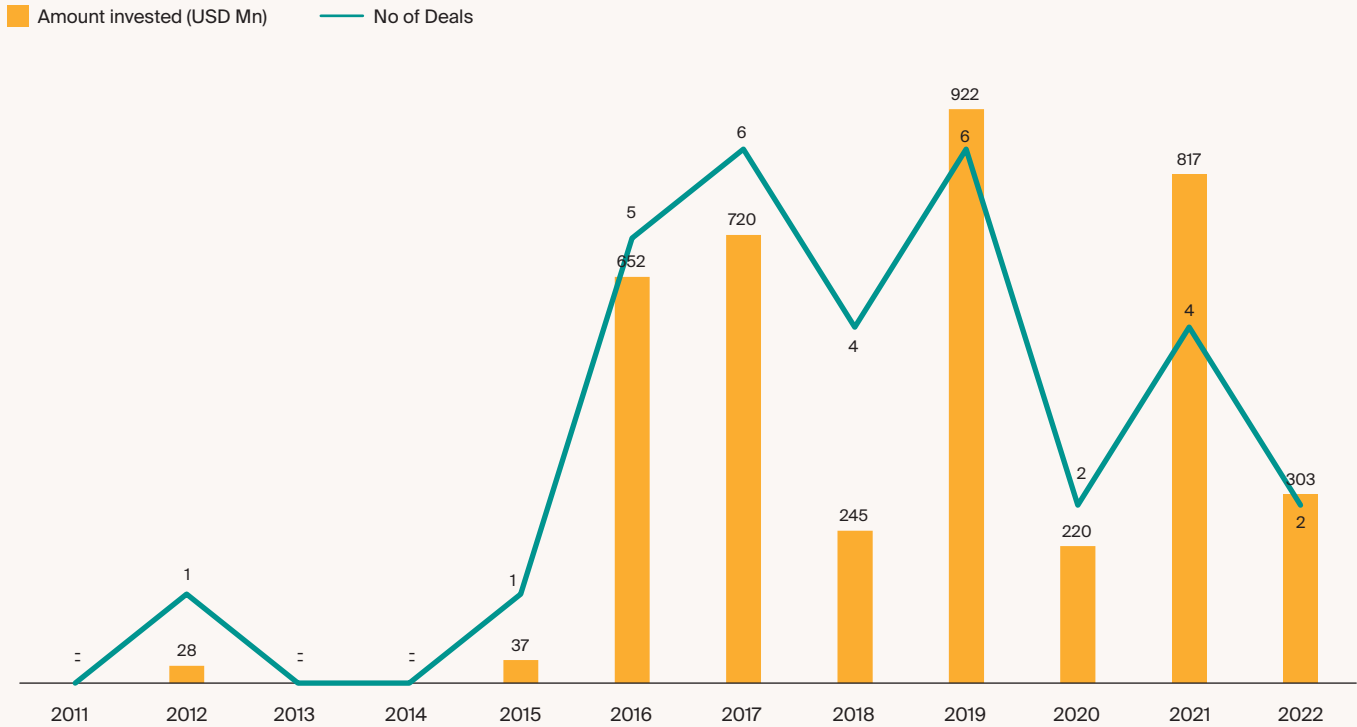


Source: Knight Frank Research, Venture Intelligence

- Residential sector attracted USD 577 mn in investments during 2023, down 12% YoY.
- All PE investments in the residential sector were focused on under-construction projects.
- Foreign PE players accounted for 82% of the private equity investments in the residential sector.
- There has been a noticeable uptick in debt investments, with the share of PE investments via the debt route averaging 44% over the last two years.
- NCR and Bengaluru emerged as leading investment destinations, driven by development stage transactions involving prominent global players.

# Retail sector investments

RETAIL SECTOR DID NOT WITNESS A DEAL IN 2023



Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 12<sup>th</sup> December 2023





**INVESTOR INTEREST IN THE RETAIL SECTOR HAS EXPANDED BEYOND MAJOR METROS IN RECENT YEARS**

City	Amount invested (USD Mn)	Number of deals
Mumbai	1,664	9
Bengaluru	512	2
Pune	483	5
Chandigarh	267	2
Hyderabad	197	2
NCR	192	2
Ahmedabad	123	1
Lucknow	115	1
Chennai	106	2
Nagpur, Amritsar	100	1
Indore	61	2
Bhubaneshwar	46	1
Kolkata	77	1
<b>Grand Total</b>	<b>3,944</b>	<b>31</b>

Source: Knight Frank Research  
Note: The Grand Total represents investments since 2011.

- The retail sector did not observe any PE deal in 2023. Heightened economic concerns globally and higher interest costs have made investors more cautious over large investments.
- The listing on a retail REIT will likely lead to increased interest among investors in the coming year.
- Investment platforms, optimistic about growth prospects of the retail sector, are expected to continue making capital commitments as we witness a rebound in retail sales.



## Outlook

The subdued investment activity witnessed in recent times in emerging markets like India stemmed from high interest rates and geopolitical uncertainties, prompting cautious investor behaviour. US economic recession concerns further impacted sentiment, slowing investments in various sectors. However, amidst this backdrop, certain trends emerged, shaping the real estate investment landscape in India in 2023.

Throughout the year, the office segment remained investor's favourite due to the resilience exhibited by high-quality office assets while the warehousing sector continued to remain the second choice for PE investors.

Despite ongoing global uncertainties, India's strong economic fundamentals prompted RBI to revise the GDP growth forecast upward to 7% for FY 2024, driven by robust domestic consumption and government infrastructure spending. Urbanization trends, evolving consumer preferences, and government initiatives like "Housing for All" and "Smart Cities Mission" are key drivers fostering investment in real estate.

Emerging trends such as alternative asset classes, beyond traditional office and retail spaces, emphasising sustainability and technology-driven solutions, are reshaping the sector.

Going ahead, the Indian real estate industry presents attractive opportunities for PE investors. However, due to ongoing uncertainties in the investment landscape driven by high interest rate in major economies, prolonged geopolitical tension, and shifting investment preferences with growing interest from Asian investors in Indian real estate, we are abstaining from issuing an annual PE forecast for the upcoming year. As global challenges ease, the Indian economy's resilience and the advantageous economics of real estate assets are expected to have a positive impact on PE investment activities in the sector.

## KEY CONTACTS

### **Shishir Bajjal**

Chairman and Managing Director  
shishir.bajjal@in.knightfrank.com  
-----

### CAPITAL MARKETS

#### **Viral Desai**

Senior Executive Director  
viral.desai@in.knightfrank.com  
-----

### INDUSTRIAL & LOGISTICS SERVICES

#### **Viral Desai**

Senior Executive Director  
viral.desai@in.knightfrank.com

### **Balbirsingh Khalsa**

Executive Director  
balbirsingh.khalsa@in.knightfrank.com

### **Pinkesh Teckwani**

National Director  
pinkesh.teckwani@in.knightfrank.com  
-----

### OCCUPIER STRATEGY AND SOLUTIONS

#### **Viral Desai**

Senior Executive Director  
viral.desai@in.knightfrank.com  
-----

### PROJECT MANAGEMENT

#### **Deben Moza**

Senior Executive Director  
deben.moza@in.knightfrank.com  
-----

### FACILITIES & ASSET MANAGEMENT SERVICES

#### **Sathish Rajendren**

Senior Executive Director  
sathish.rajendren@in.knightfrank.com  
-----

### ADVISORY & VALUATION

#### **Gulam Zia**

Senior Executive Director  
gulam.zia@in.knightfrank.com

#### **Rajeev Vijay**

Executive Director - Advisory  
rajeev.vijay@in.knightfrank.com

#### **Saurabh Mehrotra**

Executive Director - Advisory  
saurabh.mehrotra@in.knightfrank.com  
-----

### RESEARCH

#### **Vivek Rathi**

National Director  
vivek.rathi@in.knightfrank.com  
-----

### AHMEDABAD

#### **Balbirsingh Khalsa**

Branch Director  
balbirsingh.khalsa@in.knightfrank.com  
-----

### BENGALURU

#### **Shantanu Mazumder**

Executive Director  
shantanu.mazumder@in.knightfrank.com  
-----

### CHENNAI

#### **Srinivas Ankipatti**

Senior Director  
srinivas.ankipatti@in.knightfrank.com  
-----

### HYDERABAD

#### **Joseph Thilak**

National Director, Occupier Strategy & Solutions  
joseph.thilak@in.knightfrank.com  
-----

### Kolkata

#### **Abhijit Das**

Senior Director - East  
abhijit.das@in.knightfrank.com  
-----

### NCR

#### **Mudassir Zaidi**

Executive Director - North  
mudassir.zaidi@in.knightfrank.com  
-----

### PUNE

#### **P Vilas**

Branch Director  
p.vilas@in.knightfrank.com  
-----

## REPORT AUTHORS

### **Naresh Sharma**

Assistant Vice President - Research  
naresh.sharma@in.knightfrank.com  
-----

## GRAPHICS & DESIGN

### **Nitin More**

Assistant Vice President  
- Graphics & Design  
nitin.more@in.knightfrank.com  
-----

## Your partners in property

We like questions, if you have got one about our research, or would like some property advice, we would love to hear from you.

INDIA REAL ESTATE  
RESIDENTIAL AND OFFICE MARKET  
R1 | 2023



INDIA WAREHOUSING MARKET  
REPORT | 2023



BENGALURU URBAN FLOOD  
REPORT - 2023



THINK INDIA THINK RETAIL  
- HIGH STREETS REAL ESTATE  
OUTLOOK - 2023



### RESEARCH

**Vivek Rathi**  
National Director - Research  
[vivek.rathi@in.knightfrank.com](mailto:vivek.rathi@in.knightfrank.com)

### CORPORATE - MARKETING & PUBLIC RELATIONS

**Piyali Dasgupta**  
Director - Corporate Marketing & Public Relations  
[piyali.dasgupta@in.knightfrank.com](mailto:piyali.dasgupta@in.knightfrank.com)

Knight Frank Research Reports  
are available to download at  
[knightfrank.com/research](https://knightfrank.com/research)



The statements, information, data and opinions expressed or provided herein are provided on "as is, where is" basis and concerned parties clients are required to carry out their own due diligence as may be required before signing any binding document. Knight Frank (India) Private Limited (KFIPL) makes no warranties, expressed or implied, and hereby disclaims and negates all other warranties, including without limitation, implied warranties or conditions of merchantability, fitness for a particular purpose, or non-infringement of intellectual property or other violation of rights including any third party rights. Further, KFIPL does not warrant or make any representations concerning the accuracy, likely results, or reliability of the use of the statements, information and opinions as specified herein. The statements, information and opinions expressed or provided in this presentation / document by KFIPL are intended to be a guide with respect to the purpose for which they are intended, but in no way shall serve as a guide with regards to validating title, due diligence (technical and financial), or any other areas specifically not included in the presentation. Neither KFIPL nor any of its personnel involved accept any contractual, tortious or other form of liability for any consequences, loss or damages which may arise as a result of any person acting upon or using the statements, information, data or opinions in the publication, in part or full. The information herein shall be strictly confidential to the addressee, and is not to be the subject of communication or reproduction wholly or in part. The document / presentation is based on our understanding of the requirement, applicable current real estate market conditions and the regulatory environment that currently exists. Please note: Any change in any one of the parameter stated above could impact the information in the document/presentation. In case of any dispute, KFIPL shall have the right to clarify.