

# Investments in Real Estate

Trends in Private Equity investments in India - 2024

2024

Knight Frank's comprehensive handbook showcasing trends in private equity (PE) investments within the Indian real estate sector across various asset categories.

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**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2024

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# Foreword



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The Indian real estate market in 2024 exemplifies a journey of recovery, resilience, and strategic evolution. While global uncertainties such as high interest rates, geopolitical tensions, and inflationary pressures led to a cautious investment climate in 2023, 2024 showcased a steady resurgence of investor confidence. Private equity (PE) investments in Indian real estate demonstrated a promising trajectory, growing from USD 3.1 bn in 2023 to an estimated USD 4.2 bn in 2024.

The rebound was fuelled by several factors including India's robust economic growth, measured fiscal policies, and the market's capacity to adapt to shifting global dynamics. Domestic private equity players emerged as significant contributors, complementing the traditionally dominant foreign investors, particularly in sectors like residential real estate. This growing domestic participation underscores the confidence of Indian investors in the market's long-term potential.

Alternative Investment Funds (AIFs) further solidified their role as key enablers of real estate growth, raising USD 7.5 bn since 2021 to fund residential, commercial, and logistics development. This shift toward structured and professionally managed investments has democratized access to real estate, making the sector more inclusive and transparent.

As global economic conditions show signs of stabilization, the Indian real estate market stands at the cusp of significant growth, bolstered by attractive valuations, government-led infrastructure development, and a strong demand outlook across sectors. These favourable conditions, combined with a reserve of undeployed capital, are expected to drive sustained investment activity in the coming years.

Knight Frank Capital Market Report 2024 offers a comprehensive analysis of institutional private equity investments in Indian real estate, covering key trends, capital inflows, sectoral allocations, and emerging opportunities. We aim to equip investors, developers, and stakeholders with actionable insights to navigate this dynamic landscape and capitalize on the sector's evolving potential.

We trust that this report will serve as a valuable resource, guiding decision-makers toward informed strategies in one of India's most promising investment arenas.

**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2024



# Wrapping 2024

**A Year of Recovery,  
Resilience,  
and Realignment**

As 2024 draws to a close, it will be remembered as a year of recalibration, where global economies worked towards stability amidst lingering challenges. The ongoing Russia-Ukraine conflict continued to disrupt energy markets and challenge geopolitical stability, underscoring the persistence of unresolved global tensions. The economic environment in 2024 was dominated by the aftermath of high inflation and aggressive interest rate hikes by major central banks, including the US Federal Reserve and the European Central Bank. While these measures aimed to curb inflationary pressures, they also heightened concerns over economic growth and triggered instability in regional banking sectors. Despite these hurdles, 2024 reflected significant global efforts to recalibrate for a more stable and resilient future.

This year also marked a notable political milestone with over 64 countries including the European Union, holding national elections, marking 2024 as a pivotal election year on a global scale. In the realm of monetary policy, the US Federal Reserve and the European Central Bank shifted their stances, initiating rate cuts after multiple rate hikes post 2020, signalling a potential shift towards economic stimulus.

Global stock markets reflected this shift, showing a marked improvement. The US Dow Jones index posted an impressive 18.45%\* YTD return, rising from 13.7% in 2023. The UK's FTSE 100 climbed 8.2%\*, buoyed by better-than-expected corporate earnings. Similarly, Singapore's STI Index rose 16%\* YTD, reflecting steady growth in the finance and real estate sectors, while Australia's ASX 200 advanced 10.03%\*, supported by gains in mining and technology stocks.

\* Data as on 6th December 2024

\*\* - India inflation 1 year average (Oct 2023 - Oct 2024)

India remained a standout performer, continuing to be one of the fastest-growing major economies globally. With a projected GDP growth rate of 6.6% in 2024, the country's economic momentum got fuelled by robust domestic consumption and strategic public infrastructure investments. Inflation moderated to 5.0%\*\* from 5.36% in 2023, thanks to the Reserve Bank of India's balanced approach of keeping interest rates steady while supporting growth and inflation management.

India's equity markets reflected this resilience. The Nifty50 posted a 13.7% YTD increase, while the Nifty Realty Index gained 38%. IPO activity surged, with 298 IPOs raising INR 1,406 bn as of October – a 22.6% increase in volume and a staggering 139% rise in funds raised compared to 2023. The Indian real estate sector stood out, contributing nearly INR 135 bn through IPOs, almost double the amount raised in 2023. This growth across residential, commercial, and retail segments highlights investor optimism and India's dynamic economic trajectory.

2024 showcased remarkable resilience and adaptability as economies recalibrated amid significant challenges. Political shifts, monetary policy adjustments, and improved market performance laid the groundwork for a more stable global outlook. India, in particular, continued to shine as a key player in the global economic landscape, driven by robust growth and investor confidence. Looking ahead, 2025 promises to be a year of sustained recovery and progress as the world continues to build on the foundations laid this year.

# Investments in Real Estate

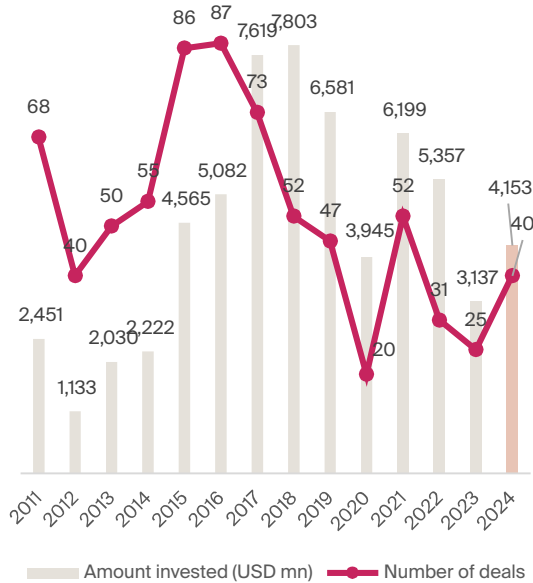




## 1. Trends in Private Equity Investment in India in 2024

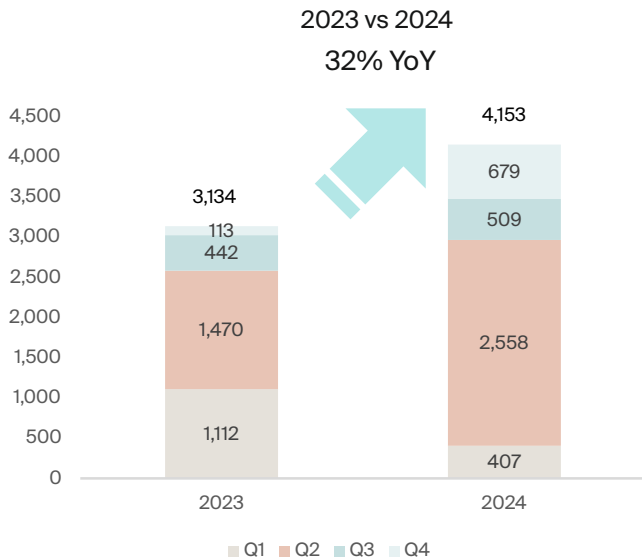
Figure 1

### Indian Private Equity Investment: Recovering Momentum in 2024



Source: Knight Frank Research, Venture Intelligence  
 \*Investments considered till 10th December 2024

Figure 2  
 PE investments in Indian Real Estate rise 32% in 2024.



Source: Knight Frank Research, Venture Intelligence.

The Indian real estate market witnessed a remarkable surge in private equity (PE) investments in 2024, defying persistent global economic headwinds that had tempered foreign investor sentiment in previous years. Despite challenges such as high global interest rates, geopolitical tensions, and inflationary pressures, PE investments in Indian real estate reached an impressive USD 4.2 bn in 2024, marking a 32% YoY increase compared to 2023.

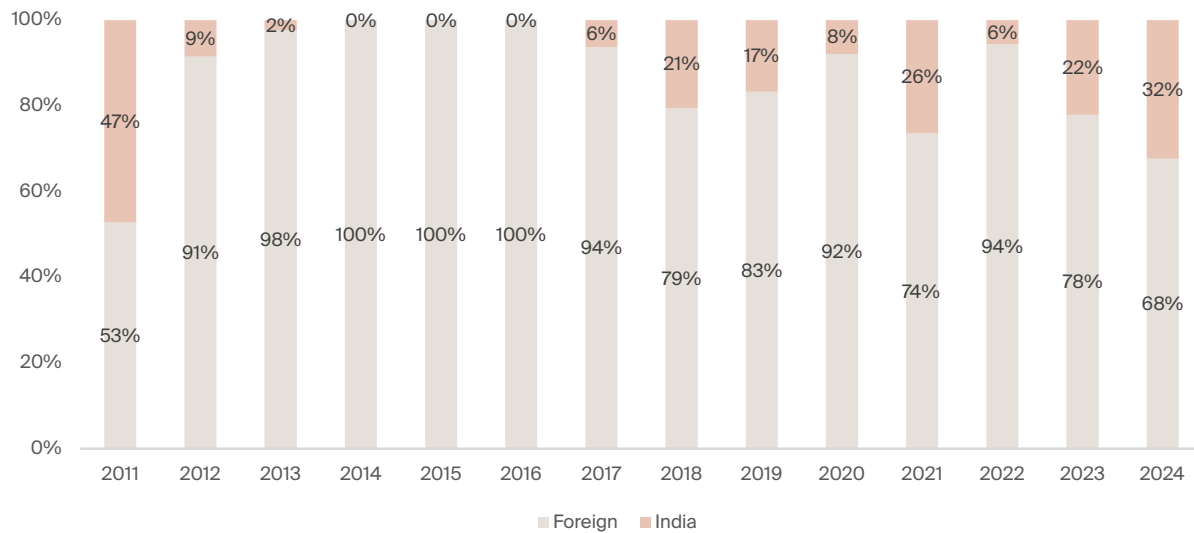
These investments were diversified across key sectors including office, warehousing, and residential real estate, showcasing the broad appeal of the Indian market. The country's strong economic fundamentals, underscored by its position as one of the fastest-growing economies globally, played a pivotal role in sustaining investor confidence. Additionally, a growing focus on multi-city deals helped attract substantial capital inflows, enabling the completion of several landmark transactions.

Significantly, the top 10 PE transactions in 2024 accounted for 75% of the total investments, reflecting a trend toward high-value, large-scale deals that underscore the market's attractiveness to institutional and strategic investors. This performance reaffirms the Indian real estate sector's resilience and its potential to offer robust returns.



**Figure 3**

Share of domestic investments reached its highest-level post 2011



Source: Knight Frank Research, Venture Intelligence

Foreign investors maintained a dominant presence on the Indian real estate private equity (PE) landscape in 2024, contributing 68% of the total investments during the year. A notable trend of increasing domestic participation, however, continues to reshape the market, marking a shift that has gained momentum post the COVID-19 pandemic.

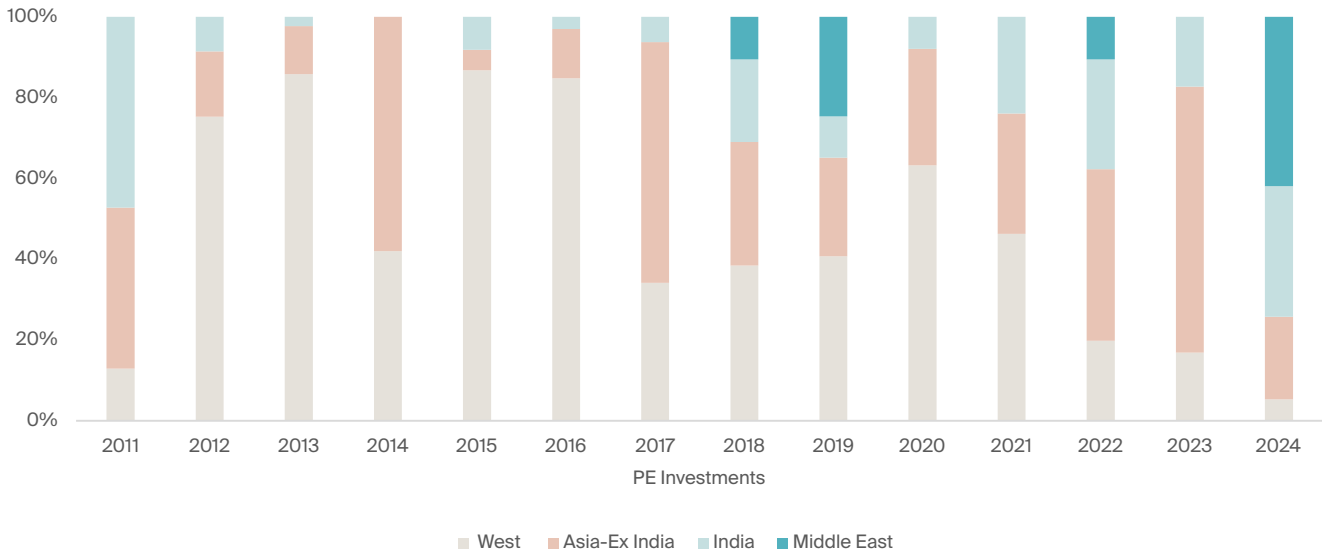
Conversely, domestic investors have emerged as significant contributors, with their share rising from 11% during the pre-pandemic decade to an average of 22% post-2020. This growth underscores increased capital availability within India and a heightened confidence in the resilience and long-term potential of the domestic real estate market.

Between 2011 and 2020, foreign investors accounted for a commanding 89% share of PE investments, which moderated to an average of 79% in the post-pandemic period of 2021-2024. This decline reflects the impact of global economic challenges including high interest rates and inflationary pressures, which have tempered the enthusiasm of certain international players.

**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2024

**Figure 4**

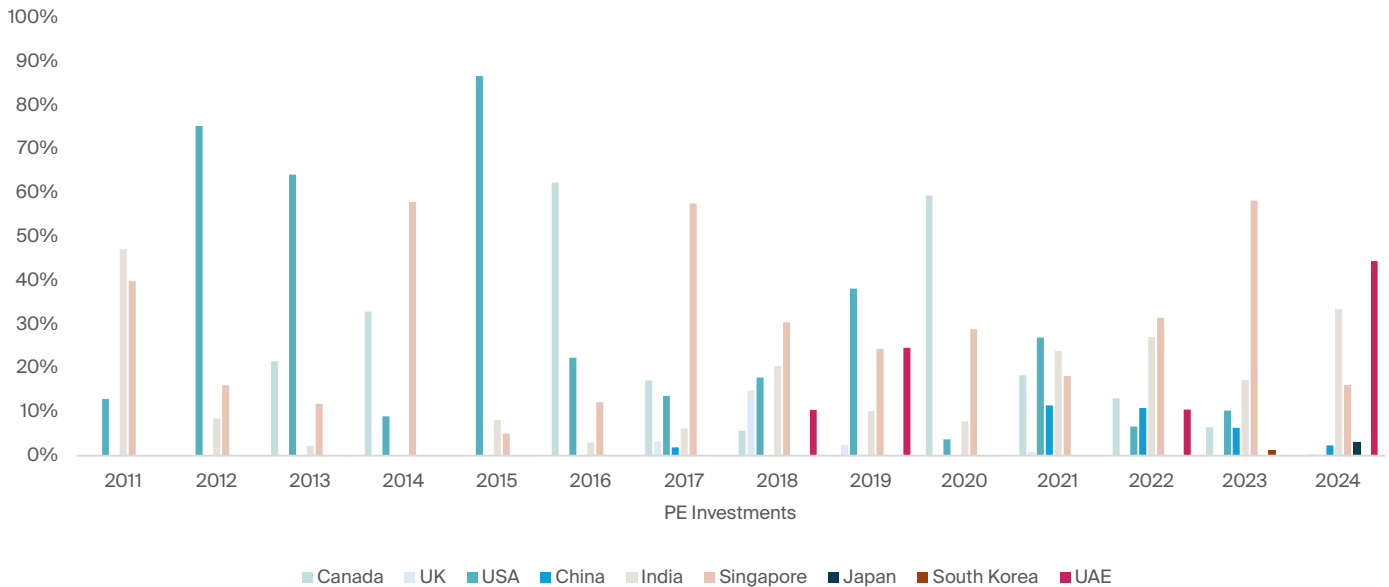
Share of investments from the West dips post Covid, shrinks to 5% in 2024.



Source: Knight Frank Research, Venture Intelligence

**Figure 5**

Middle East PE investors dominate investment in 2024. Indian investors follow as second highest investors.



Source: Knight Frank Research, Venture Intelligence

**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2024

The Indian real estate sector has witnessed significant transformations in its private equity (PE) investment landscape since 2011, driven by government led reforms that eased investment norms and encouraged foreign participation. Over the years, foreign capital has played a pivotal role in shaping the sector with investments from Western countries and Asia dominating the scene.

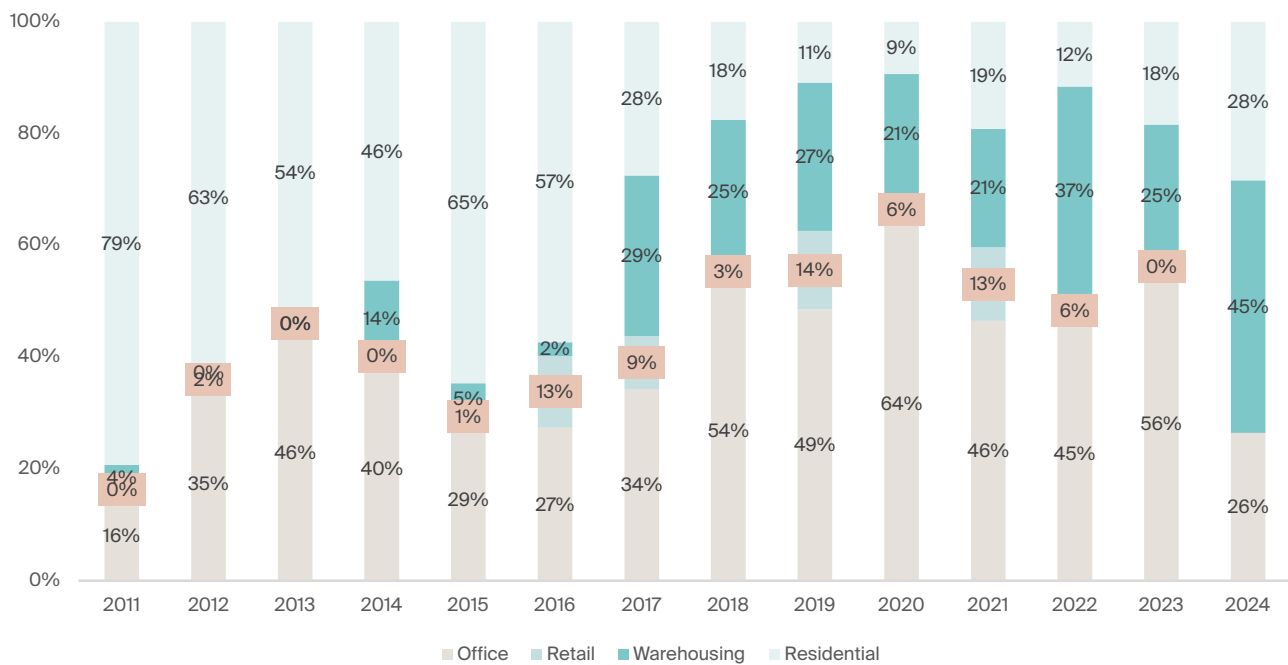
In terms of geographical distribution, the US and Canada emerged as dominant contributors during the early years, collectively averaging 45% of the total foreign investments between 2011 and 2020. Singapore followed closely, contributing an average of 29%, highlighting the increasing prominence of Asian investors in the Indian real estate market. However, post 2020, global economic challenges including repeated interest rate hikes in North America, led to a consistent decline in Western investments. The share of investments from the West plummeted to 5% in 2024, compared to their peak dominance in the previous decade.

This retreat of Western capital paved the way for Asian and Middle Eastern investors to step into the spotlight. Middle Eastern investors accounted for 42% of the total investments in 2024, marking their highest share to date. Concurrently, Indian investors demonstrated remarkable growth, increasing their share to 32% in 2024, a significant rise from an average of 10% in the pre-pandemic years (2011-2020). This growth underscores the strengthening financial capacity and confidence of domestic players in the long-term potential of Indian real estate.

Notably, this shift signals a structural evolution in the investment landscape. The increasing participation of Indian PE investors, alongside growing interest from the Middle East, highlights a diversification of capital sources. This trend positions the Indian real estate sector for sustained growth, driven by a more balanced mix of domestic and international investments that adapt to evolving global market dynamics.

Figure 6

Office sector takes a backseat as Warehousing sector leads; Share of Residential rise to highest level since 2017



Source: Knight Frank Research, Venture Intelligence

Over the years, private equity (PE) investments in Indian real estate have undergone significant shifts, with the warehousing sector emerging as the dominant force in recent years. As the e-commerce industry expanded, there was a notable surge in demand for large-scale storage facilities to accommodate the growing volume of online transactions. This growth, combined with ongoing supply chain disruptions that required businesses to maintain higher inventory levels, has made warehousing the preferred asset class. As a result, the warehousing sector has consistently attracted the largest share of capital in recent years.

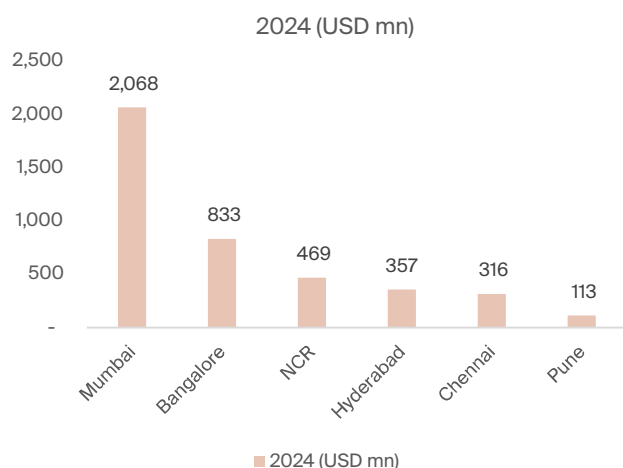
At the same time, the residential sector has experienced a resurgence, reclaiming its position as the second-most attractive investment segment in 2024. This resurgence is driven by strong demand fundamentals such as rising urbanization, population growth, and a shift in consumer preferences toward premium housing. Domestic investors, with their deeper understanding of the local market, have capitalized on opportunities within the residential sector, leading to a strong recovery in investment levels.

In contrast, the office sector, once a leader in real estate investments, saw a decline in its share since 2020. However, Office sector continues to remain resilient, supported by factors such as the return to workplaces, increasing office absorption, and strengthening rental values. The retail sector has experienced a mixed recovery, with investment levels fluctuating. The retail market continues to attract interest, particularly in prime locations with a strong potential for long-term growth. However, the availability of ready quality assets continues to pose a challenge.

This combination of a strong warehousing market and the return of investor interest in residential real estate signals a broader shift in the Indian real estate market. The evolving investment landscape underscores the importance of diversification, with warehousing and residential real estate offering strong growth potential in the coming years. As both sectors adapt to changing market conditions, they are poised to remain key investment opportunities, aligning with global trends while leveraging India's domestic strengths to attract both local and foreign capital.

**Figure 7**

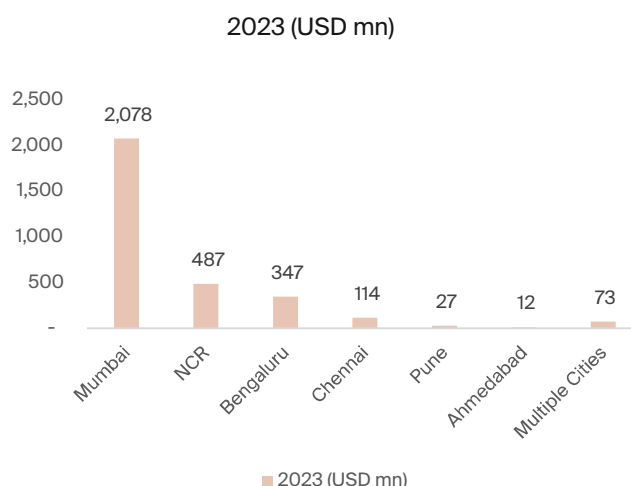
### Mumbai continues to dominate PE investments in 2024



Source: Knight Frank Research

In 2024, Mumbai continued to dominate the Indian real estate investment landscape, attracting USD 2.1 bn, a figure that mirrors the previous year's performance, with only a slight decline from USD 2,078 mn in 2023. Other key cities in India, such as Bangalore (USD 833 mn), NCR (USD 469 mn), and Hyderabad (USD 357 mn), contributed significantly to the total investment pool. Although Pune saw a modest increase in investment, reaching USD 113 mn in 2024 compared to just USD 27 mn in 2023, it remains a smaller player relative to Mumbai and Bangalore.

While Mumbai's position as the leading investment destination remained unchanged, the growth of South India in the investment



Source: Knight Frank Research

landscape was noteworthy. The share of South Indian cities in the total investments rose sharply from 17% in 2023 to 36% in 2024. Bengaluru received USD 833 mn, making it the second-largest recipient of real estate investments in India, followed by Hyderabad with USD 357 mn and Chennai with USD 316 mn.

Looking ahead, a detailed examination of the various asset classes such as office spaces, residential properties, retail establishments, and warehousing facilities, will provide a clearer understanding of the investment dynamics shaping India's real estate sector in 2024.

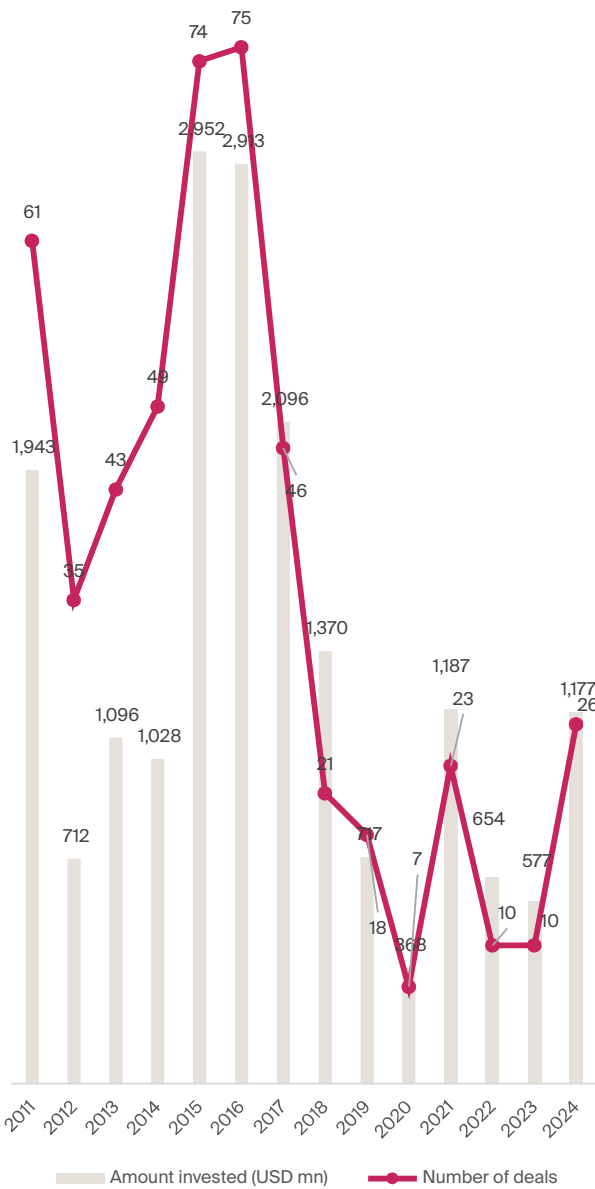
# PE INVESTMENTS IN RESIDENTIAL



# PE Investments in Residential

Figure 8

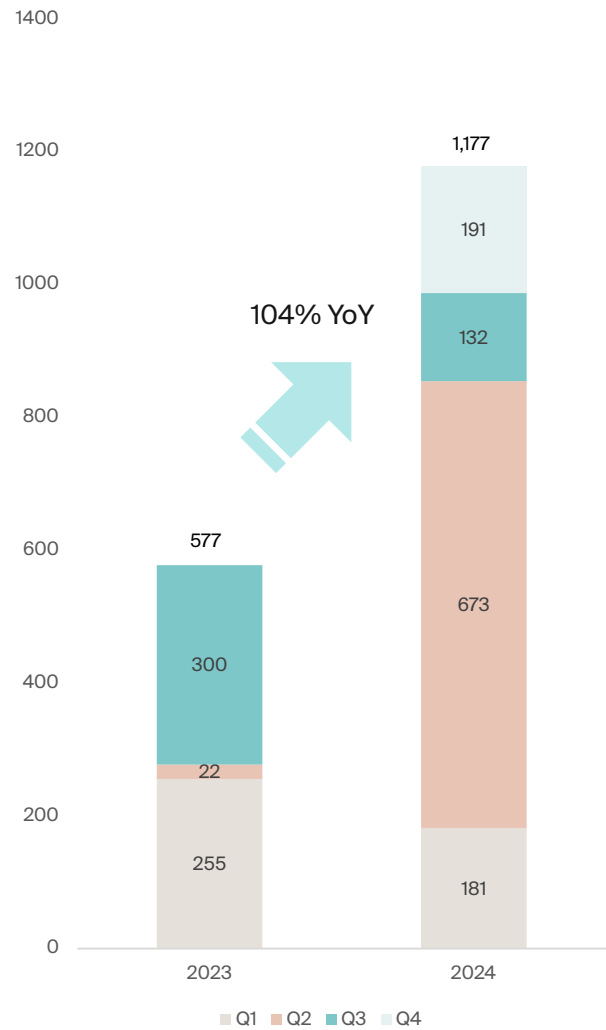
PE investments in Residential Sector surges in 2024



Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 10th December 2024

Figure 9

PE investments in Residential Sector rose 104% YoY in 2024



Source: Knight Frank Research, Venture Intelligence

The residential sector witnessed significant growth in 2024 with domestic Private Equity (PE) investments playing a pivotal role in driving this momentum. As India's population expands and urbanization accelerates, there is a sustained demand for accessible and quality housing, creating substantial investment opportunities that are being recognized by PE investors.

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During 2024, PE investments in the residential sector saw a remarkable surge, reaching USD 1.2 bn, surpassing the total investments of 2022 and 2023. This increase was driven primarily by domestic capital which now constitutes 70% of the investment pie, while foreign investments made up 30%. This shift reflects growing confidence in the domestic market and investor preference for local opportunities. Mumbai, Bengaluru and Delhi-NCR attracted the highest investments with Mumbai leading at USD 406 mn, followed by Bengaluru at USD 403 mn, and Delhi-NCR at USD 202 mn.

Equity funding dominated the landscape with 75% of the total investments in 2024 coming from equity sources. This highlights investor confidence in the residential sector's growth potential, signalling that they are more willing to take on higher stakes in developments as opposed to relying on debt. The residential sector is increasingly seen as a lucrative destination for long-term capital, with a growing number of projects being funded at early stages, demonstrating investor optimism about the sector's future.

In addition to the substantial rise in investments, the distribution of funds across the country illustrates the broad appeal of India's residential market. The nationwide interest indicates that the sector's growth is not confined to one region but is a pan-India phenomenon, driven by strong demand in both established and emerging cities.

This surge in PE investments, coupled with favourable government policies and the sector's inherent growth potential, positions India's residential real estate market for sustained long-term growth. The involvement of both domestic and international investors, alongside the sector's increasing reliance on equity, marks a transformative phase in its development, ensuring that it remains an attractive investment option moving forward.

**Table 1**

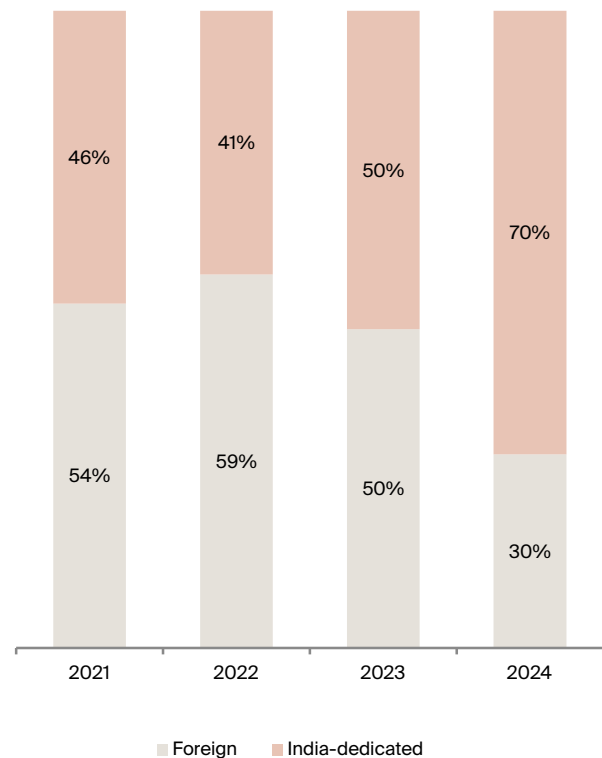
PE investments received across India in Residential Sector

City	Investment (USD mn)
Bengaluru	406
Mumbai	403
Delhi-NCR	202
Hyderabad	92
Pune	46
Chennai	28
Total	1,177

Source: Knight Frank Research, Venture Intelligence

**Figure 10**

Share of Foreign Players Rises in 2024

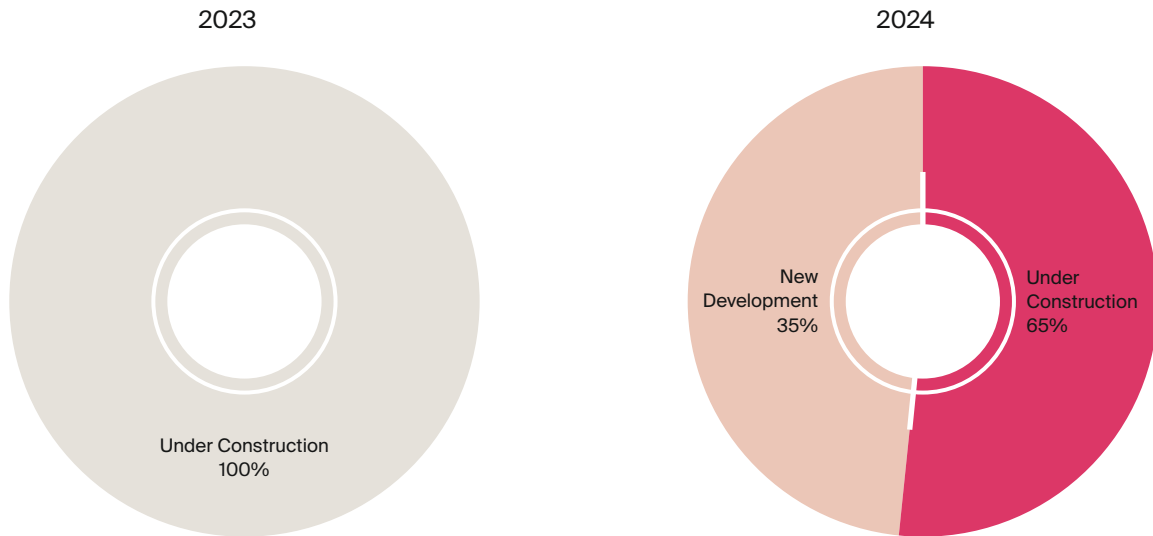


Source: Knight Frank Research, Venture Intelligence



**Figure 11**

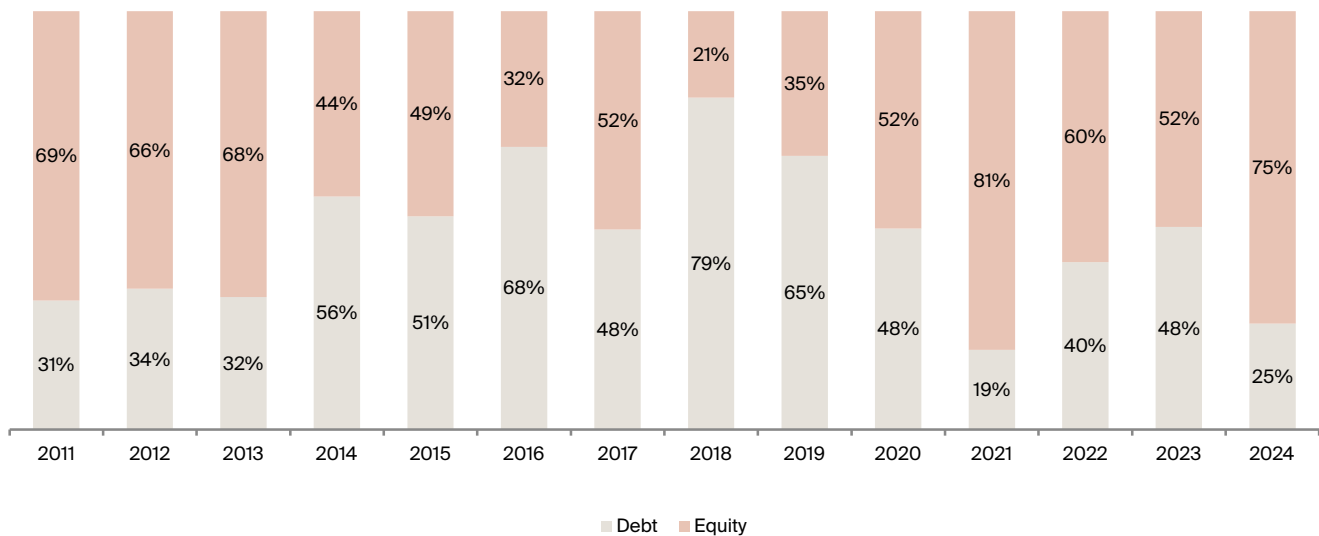
Investments observed both in under-construction properties and new developments.



Source: Knight Frank Research, Venture Intelligence

**Figure 12**

High-risk, high reward: Equity investments in Residential Sector surge as investors chase higher returns

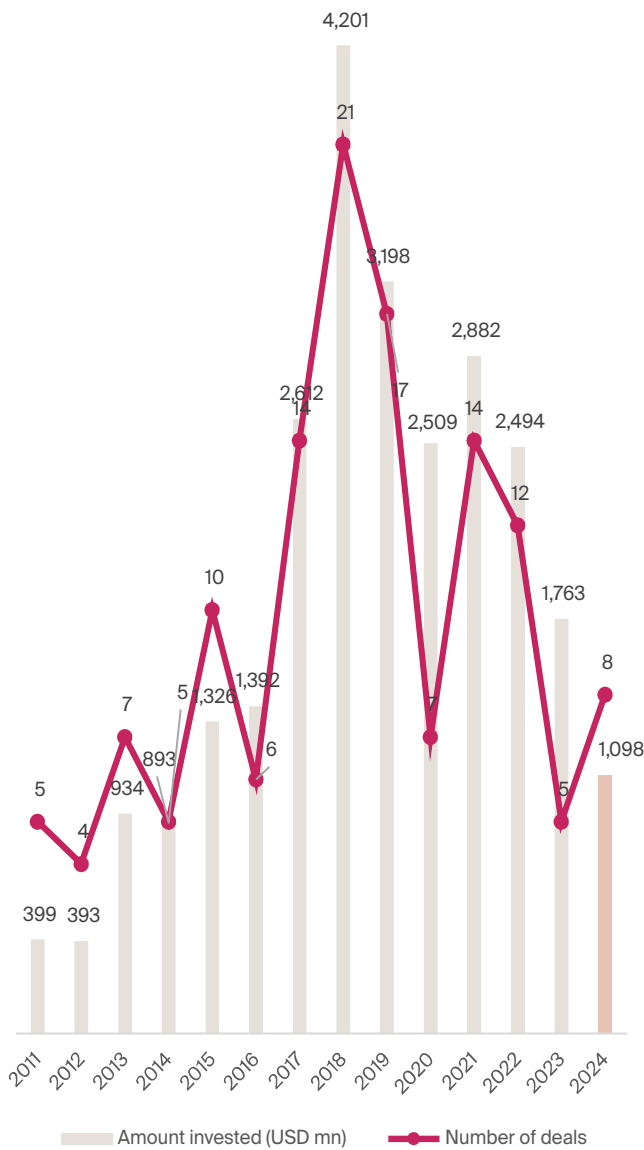


Source: Knight Frank Research, Venture Intelligence

## PE Investments in Office Sector

Figure 13

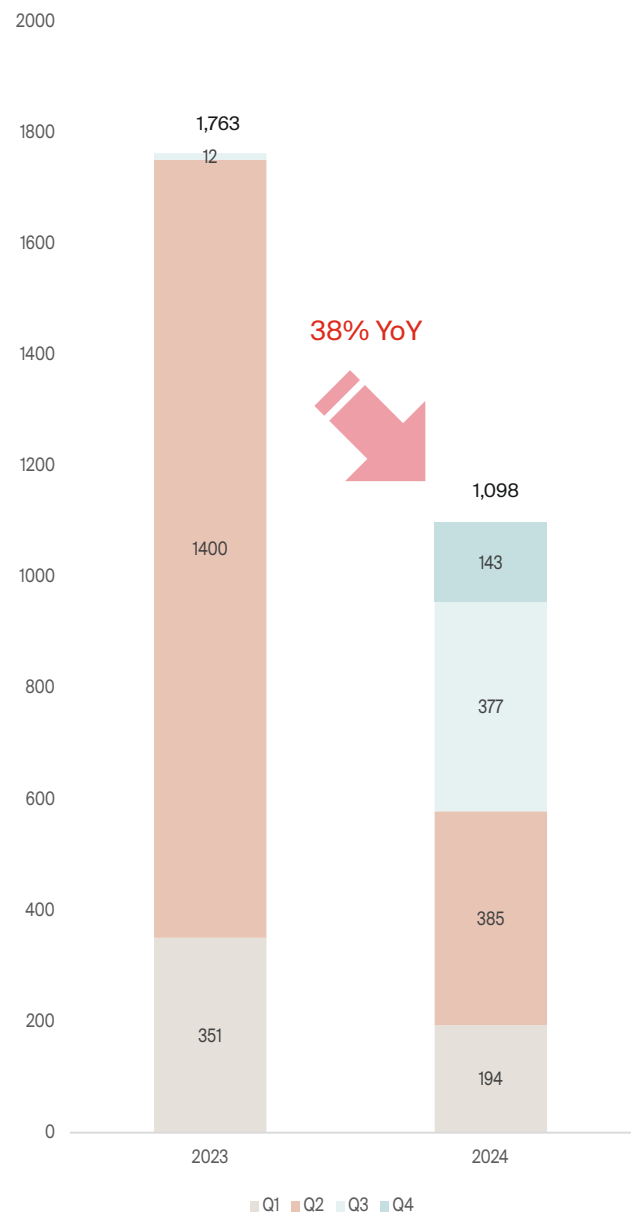
Office Real Estate feels the pinch in 2024.



Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 10th December 2024

Figure 14

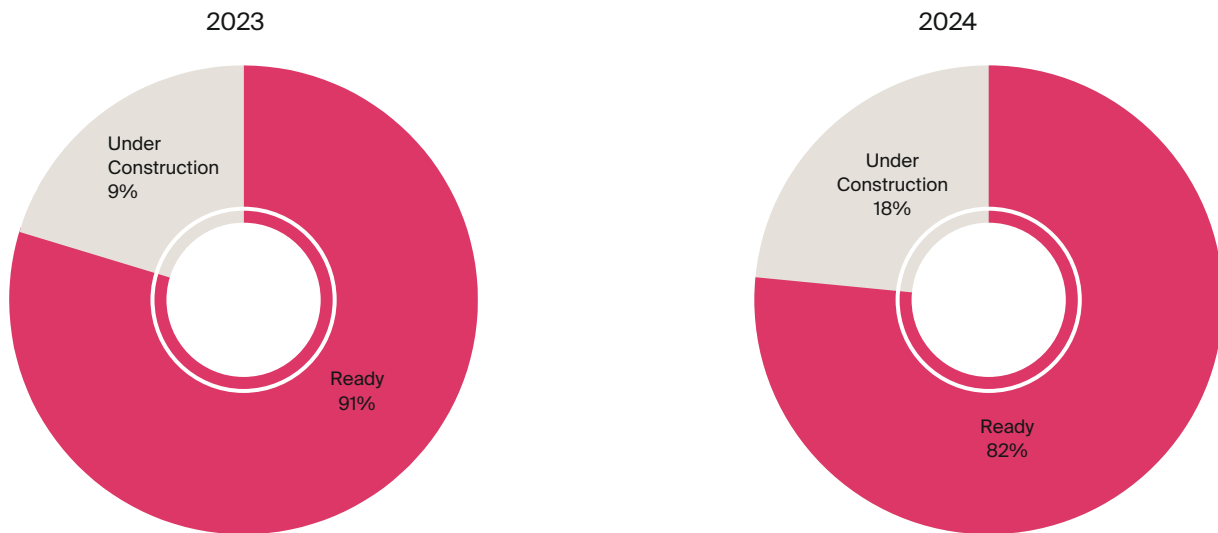
PE investments in Office Sector declined by 38% in 2024.



Source: Knight Frank Research, Venture Intelligence

Figure 15

Investors opt for safer investment avenues, exercising caution in their approach



Source: Knight Frank Research, Venture Intelligence

Despite a decline in total investments in the office sector in 2024, the sector remains a key player in the Indian real estate market, attracting a total of USD 1,098 mn in PE investments. However, when compared to 2023, this represents a 38% YoY decline.

While foreign investment in office assets has traditionally been strong due to their stable returns and high demand, the reduction in investments from foreign players in 2024, which remained the highest investor in this sector, contributed to the overall decline in office sector investments.

Nevertheless, demand for Grade A office spaces in prime locations continues to be robust, driven by ongoing urbanization and the need for modern, high-quality workspaces.

In 2024, there was a continued preference for ready assets with 82% of the investments directed toward completed office spaces, while just 18% went to projects under construction. This shift in preference towards ready-to-use properties reflects a more cautious approach by investors who are increasingly prioritizing assets that provide immediate rental income over those that carry the uncertainties associated with ongoing developments.

Geographically, major cities like Bengaluru, NCR, Hyderabad, and Mumbai have emerged as key hubs for office investments. These cities have witnessed strong economic growth and are attracting

considerable PE interest. The demand for office spaces in these cities is driven by factors such as burgeoning IT sectors, government initiatives, and expanding infrastructure, cementing their position as key investment destinations.

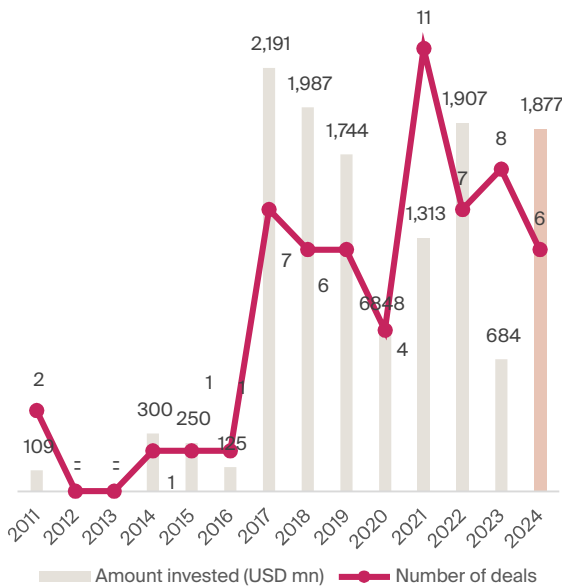
Looking ahead, the outlook for office investments remains positive, albeit with evolving requirements. As businesses continue to embrace hybrid and flexible work models, the demand for collaborative and adaptable office spaces is expected to grow. Moreover, with limited availability of Grade A office spaces in prime locations, rental rates are projected to rise, enhancing the attractiveness of Indian office assets for PE investors seeking long-term capital appreciation.

In conclusion, lack of investment grade supply led to decline in investment in the office sector, however, its potential for PE investment remains significant. By embracing innovative solutions and aligning with the changing needs of modern businesses, the office sector can continue to be a critical part of India's real estate landscape, driving long-term growth and offering valuable investment opportunities.

## PE Investments in Warehousing

Figure 16

Warehousing Sector led the investment space, received investments worth USD 1,877 mn in 2024.



Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 10th December 2024

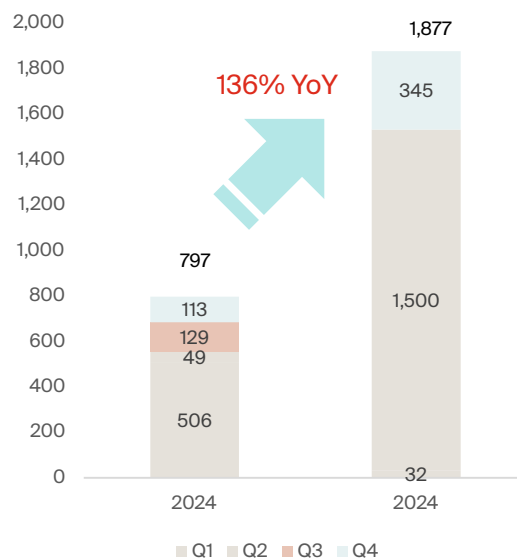
The warehousing sector saw a remarkable surge in investments in 2024, with total PE investments reaching USD 1,877 mn, a significant increase from USD 684 mn in 2023. This growth highlights the growing interest in the warehousing segment, driven primarily by the robust expansion of e-commerce, logistics, and third-party logistics (3PL) facilities, all of which are capitalizing on the rise of online retail and supply chain optimization.

Investors continue to show a strong preference for warehousing assets, particularly in the rapidly growing e-commerce and logistics subsectors. With e-commerce set to continue its rapid expansion, the demand for modern, efficient warehouse spaces remains on the rise. Additionally, the growing need for optimized supply chains, coupled with advancements in technology, has fuelled further growth, particularly in Tier-II and Tier-III cities, where the pace of infrastructure development is accelerating.

Government initiatives like the National Logistics Policy and the creation of industrial corridors have significantly boosted investor confidence in the warehousing market. These measures aim to streamline logistics, reduce transportation costs, and improve infrastructure, creating a favourable environment for businesses

Figure 17

Investments in Warehousing Sector surged 136% YoY in 2024



Source: Knight Frank Research, Venture Intelligence

to thrive. Despite these advances, challenges such as land acquisition and infrastructure bottlenecks persist, requiring attention to fully unlock the potential of the sector.

In 2024, a shift in investment preferences was evident, with 98% of funds directed toward ready-to-use assets, indicating investor confidence in completed properties with immediate income-generation potential. Only 2% was allocated to under-construction projects.

Figure 18

Investors opt for safer ready assets, due to dearth of available quality assets



Source: Knight Frank Research, Venture Intelligence

The warehousing sector's future remains promising with sustained growth driven by the ongoing expansion of logistics, manufacturing, and e-commerce businesses. As demand for modern, tech-enabled warehouses continues to rise, PE investors are well-positioned to capitalize on the sector's growth trajectory.

In conclusion, the warehousing sector emerged as the top investment destination in 2024. Its strong fundamentals,

favourable government policies, and continued growth in e-commerce and logistics make it an attractive option for investors. As the market matures and overcomes existing challenges, the sector is poised to play a key role in India's real estate landscape, contributing to the country's economic growth and positioning warehousing as a vital asset class in the years to come.

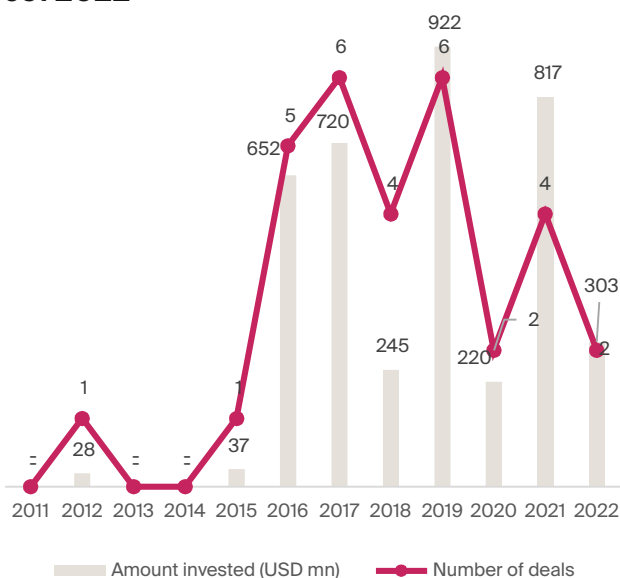




## PE Investments in Retail

Figure 19

Retail Sector did not witness any deals post 2022



Source: Knight Frank Research, Venture Intelligence  
\*Investments considered till 10th December 2024

The retail sector saw limited PE investment activity in 2024 with no new deals recorded, largely due to global economic uncertainties and higher interest rates, prompting a cautious investor stance. However, a key development occurred with the acquisition of Vega City Mall in Bengaluru by Nexus Select Trust for USD 105.3 mn, signalling that prime retail assets still attract investor interest despite broader market challenges.

This deal highlights the resilience of high-quality retail properties which continue to appeal to investors seeking stable, long-term returns. The listing of a retail REIT is expected to bolster investor confidence and could pave the way for further listings, rejuvenating the sector.

Looking ahead, the retail sector is expected to gradually regain momentum. The listing of a retail REIT has already begun to inject confidence into the market, offering a regulated and transparent investment avenue. This could pave the way for further listings, potentially reinvigorating the sector and attracting new investments. As consumer spending rises and omnichannel retail strategies become more widespread, the long-term outlook for the sector remains positive.

In conclusion, while 2024 may have seen a slowdown in retail PE investments, developments such as the Nexus Select Trust acquisition highlight the sector's potential. As the market adapts

Table 2

Investor interest in the retail sector has expanded beyond major metros in last few years

Cities	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
Bhubaneswar	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.

to changing consumer preferences and economic conditions, the retail sector is poised for recovery, with renewed interest from investors expected in the near future.

Investment platforms remain optimistic about the growth prospects of the retail sector, particularly as retail sales rebound. The rise of e-commerce has no doubt transformed the retail landscape, but the relevance of physical stores, especially for experiential retail and luxury brands, remains undeniable. Furthermore, the growing trend towards organized retail formats, offering greater scalability and efficiency, presents lucrative investment opportunities.

In the coming years, the retail sector is expected to witness a resurgence in PE investments, driven by the rebound in retail sales, growing consumer spending, and the increasing adoption of omnichannel retail strategies. As investors become more comfortable with the evolving retail landscape and the opportunities presented by organized retail formats, the sector is poised for significant growth and transformation.

In conclusion, as the sector adapts to changing consumer behaviour and embraces new technologies, it is poised to attract renewed interest from PE investors, contributing to its continued growth and evolution.

# The AIF Revolution: Catalysing Growth in Indian Real Estate



Alternative Investment Funds (AIFs), regulated by the Securities and Exchange Board of India (SEBI), have emerged as a key driver of growth in the Indian real estate sector. These privately pooled investment vehicles allow investors to diversify their portfolios beyond traditional assets such as stocks and bonds, offering access to non-conventional opportunities in private equity, venture capital, real estate, and more.

From 2012 to December 2024, SEBI has registered approximately 1,434 AIFs, of which 56 focus on real estate, with a notable majority of 50 registrations occurring after January 2021. This highlights the post-COVID boom in real estate activity and the growing appeal of AIFs as a capital channel in this sector.

Since 2021, real estate-focused AIFs have announced plans to raise a total of USD 13.1 bn, of which USD 7.5 bn has already been raised, reflecting strong investor confidence in India's real estate market. These funds have focused predominantly on Tier-1 cities, investing across residential, commercial, and logistics segments, where demand continues to grow robustly.

**Table 2**

### Real Estate AIF Fundraising Goal

Fundraising Goal (USD bn)	Amount Raised (USD bn)
13.1	7.5

Source: Company Announcements

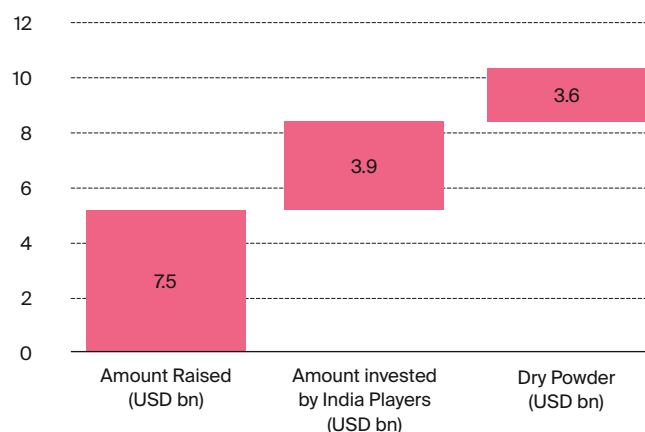
The emergence of AIFs signifies a structural shift in the investment landscape for Indian real estate. The infusion of capital through these funds is driving innovation, fostering new project launches, and bolstering the sector's financial resilience.

**Available dry powder, coupled with expected return of foreign investment inflows, to spur growth going ahead.**

Between January 2021 and December 2024, Indian private equity (PE) funds have deployed USD 3.9 bn into real estate projects. However, with a cumulative fundraising of USD 7.5 bn, approximately USD 3.6 bn remains as dry powder, ready to be deployed in future investments. This sizable reserve positions the sector for robust growth in the coming years as the funds seek to capitalize on high-yield opportunities across residential, office, and warehousing segments.

**Figure 20**

### USD 3.6 bn waiting to be invested



Source: Knight Frank Research

Note: Data considered from 1st Jan 2021 to 10th Dec 2024

### Global Trends Supporting Indian Real Estate

Recent macroeconomic trends have further brightened the investment outlook for Indian real estate. Global monetary policies, including the European Central Bank's (ECB) interest rate cuts and the US Federal Reserve's (Fed) potential move towards rate easing, are expected to redirect foreign capital flows into emerging markets like India. Coupled with attractive valuations in Indian real estate, this provides a compelling case for increased foreign participation.

India's real estate sector is well-positioned to benefit from this renewed investor interest. Prime locations and growth-oriented segments such as warehousing and office spaces, are expected to attract a significant share of capital. Furthermore, as Western economies stabilize and investor confidence rebounds, foreign inflows are likely to complement the domestic capital already raised, accelerating market activity.

### A Fertile Ground for Growth

The convergence of domestic dry powder, global investor interest, and a conducive regulatory framework presents an unprecedented opportunity for the Indian real estate market. Developers and investors alike stand to benefit from this synergy, with the potential to drive sustainable growth across key asset classes.

Looking ahead, AIFs are expected to play an even larger role in shaping the real estate sector, fostering innovation, and catering to the evolving needs of a dynamic and increasingly globalized economy.

## OUTLOOK

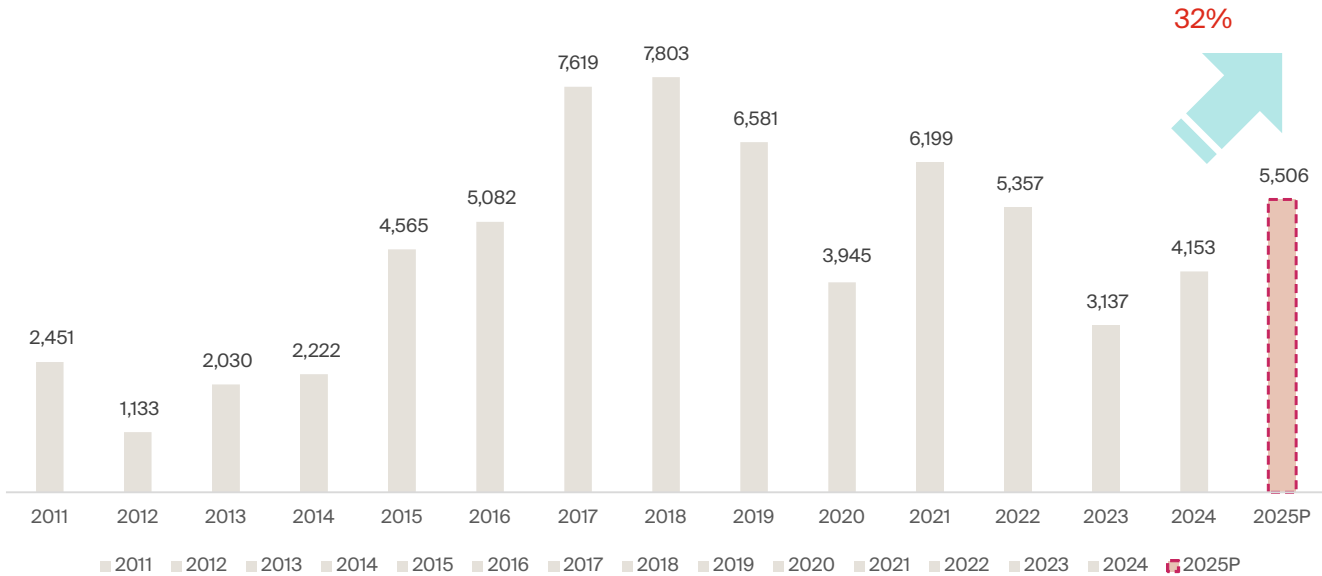
Private equity (PE) investments in Indian real estate have historically been a key driver of the sector's expansion, with trends reflecting the evolving macroeconomic landscape. Over the years, PE inflows have shown resilience, adapting to global challenges while capitalizing on emerging opportunities.

The investment activity in Indian real estate showed a robust recovery, growing from USD 3.1 bn in 2023 to USD 4.1 bn in 2024. While geopolitical tensions and high interest rates initially tempered investor enthusiasm, the resilience of the Indian economy and improving global conditions have begun to restore investor confidence.

**INVESTMENTS IN REAL ESTATE**  
TRENDS IN PRIVATE EQUITY INVESTMENTS IN INDIA: 2024

**Figure 21**

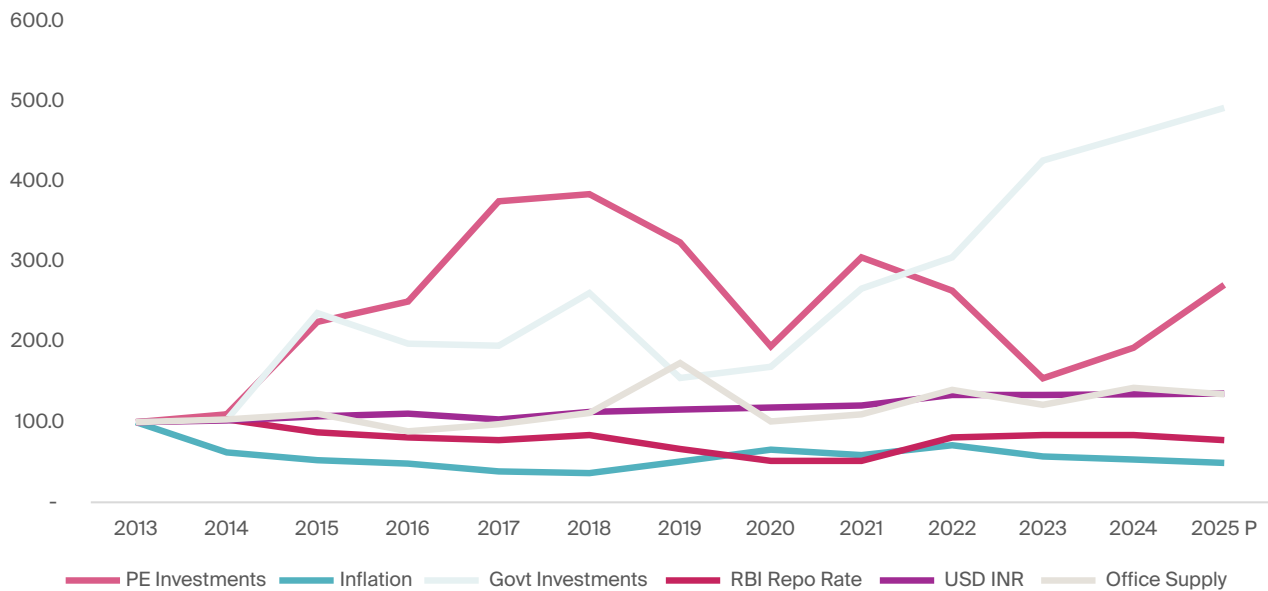
Indian real estate PE investments projected to surge by 32% YoY to USD 5.5 bn in 2025



Source: Knight Frank Research

**Figure 22**

Chart 20: Factors impacting PE investments in India.



Source: Knight Frank Research

# 2025

## A Rebound on the Horizon

Based on Knight Frank's investment forecasting model, private equity (PE) investments in India have shown a strong correlation with key factors such as government spending, currency fluctuations, inflation, interest rates, and office supply in recent years. These variables have demonstrated significant explanatory power in influencing PE investment trends. Considering the projected movement of these variables over the next year, as per assumptions from key agencies and our analysis, **we forecast a 32% year-on-year increase in PE investments in India, reaching USD 5.5 billion.**

# Charting

## the Future

India's real estate market is entering a phase of renewed optimism as domestic and international investors recalibrate their strategies to align with the evolving market dynamics. With USD 5.5 bn of projected investments in 2025, the sector is set to maintain its growth trajectory, supported by a combination of government policy measures, resilient demand, and attractive valuations.

The road ahead may still present challenges, but the sector's ability to adapt and capitalize on opportunities underscores its potential to deliver sustainable returns for investors. As global and domestic capital flows converge, the Indian real estate market is well-positioned to emerge as a preferred destination for private equity investments in the coming years.



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

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