

India can raise over \$25 bn With REITs in next 3 years - ANAROCK

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MUMBAI, MAHARASHTRA, INDIA, October 9, 2019 /EINPresswire.com/ -- Over 150 mn sq. ft. rent-yielding office properties could get listed in top 7 cities in 3 yrs; this is 25-30% of the total Grade A office space in India

- Top 7 cities have close to 550 mn sq. ft. Grade A office supply; of this 310-320 mn sq. ft. is REITable currently
- Prestige, RMZ Corp, K Raheja Corp, Godrej Properties & Panchshil Realty gearing up for REITs
- Global heavyweight investors eyeing India's revving REIT machine
- Residential REITs still a distant reality; low rental yields major roadblocks

Commercial REITs may raise over \$25 billion for Indian real estate over the next three years, research by ANAROCK Capital reveals. This involves the listing of more than 150 mn sq. ft. of rent-yielding Grade A office properties across the top 7 cities - covering 25% to 30% of the overall Grade A office space in these cities.

Shobhit Agarwal, MD & CEO – ANAROCK Capital says, "Currently, the top 7 cities have close to 550 mn. sq. ft. Grade A office supply - of which 310-320 mn sq. ft. is REITable as of now."



Shobhit Agarwal, MD & CEO - ANAROCK Capital

The recent success of India's first listed real estate investment trust (REIT) offers much-needed hope to the beleaguered real estate sector. The enthusiastic response to Embassy Office Parks' REIT launch - and its more-than-satisfactory performance - is priming investors for similar REIT opportunities, which in turn will open up more funding avenues for the sector. Several large developers are keen to list their commercial assets.

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Shobhit Agarwal, MD & CEO – ANAROCK Capital

Bangalore-based Prestige Group plans to list its first commercial REIT very soon and has already started segregating its residential, office, retail and hospitality businesses. It may also launch a retail REIT as and when

the opportunity arises. Other players in the REIT fray are RMZ Corp, K Raheja Corp, Godrej Properties and Panchshil Realty.

REITs will help commercial developers improve their liquidity by unlocking the value of their

assets to raise capital. For big and small investors, it is a highly de-risked investment route offering annual returns of as much as 12-14% over the long-term - an attractive proposition when viewed against more volatile asset classes.

"Since REITs are a proven success in developed nations, global investors are keen to capitalize on India's high demand for Grade A commercial real estate," says Shobhit Agarwal. "For domestic investors, REITs are an

opportunity to invest in commercial real estate at fairly lower entry levels and add an attractive level of diversification to their portfolios."

While the commercial office sector will dominate Indian REIT listings for the next couple of years, retail and logistics REITs are sure to follow. However, Indian residential REITs remain at best a distant possibility. The draft Model Tenancy Act, 2019 will make rental housing a more attractive investment play - but for Indian residential REITs to succeed as they have in countries like Singapore and the US, rental yields on Indian housing need to significantly surpass the current 1-3%.

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