

Over \$5 Bn Private Equity in Indian Real Estate in 2019, MMR and NCR Top Favourites

By : Editor Published On : 9 Jan, 2020 09:22 AM IST



The two mega regions comprised 53% share of total PE inflows (approx. USD 2.7 bn)

PE inflows in NCR rose massively from ~ USD 195 mn in 2018 to ~ USD 845 mn in 2019

PE continued focus on commercial real estate, pumped in over USD 3.3 bn (though inflows fell annually by 13% against 2018)

Residential real estate saw some green shoots of revival with inflows touching USD 395 mn in 2019 against USD 265 mn in 2018; 2020 could see even more interest

The retail sector received close to USD 970 mn PE funds in 2019 against USD 355 mn in 2018

Blackstone remains bullish on Indian real estate, pumps in over USD 1.8 bn in 2019 over USD 1.1 bn in 2018

INVC NEWS

Mumbai ,

Indian real estate attracted more than USD 5 bn private equity inflows in entire 2019 - recording a marginal drop of 2% against the preceding year - reveals ANAROCK's latest study. MMR and NCR were the top favourites for private equity investors in 2019; together, the two regions received close to USD 2.7 bn PE funds, comprising a whopping 53% overall share. Previously in 2018, rather than NCR, it was Hyderabad that was on top in the radar of private equity investors.

The commercial segment continued to lure investors in 2019, with total PE inflows crossing USD 3.3 bn - though reducing by 13% on yearly basis. Meanwhile, both the retail and residential segments saw an uptick in investments in 2019 against the preceding year.

“Total PE inflows in Indian real estate remained more or less the same in 2019 against 2018. However, NCR once again emerged as a major hotbed for private equity activity in 2019. Besides office real estate, the retail sector helped NCR gain traction from both foreign and domestic funds,” says Shobhit Agarwal, MD & CEO - ANAROCK Capital. “Notably in 2019, other than commercial real estate, the retail segment also garnered considerable attention from private equity, based on the high demand for organized retail spaces across the country. Residential saw some green shoots of revival in 2019 and this will continue in 2020 as the Government’s distress funds are deployed. In sharp contrast to previous years, investors are now showing a keen interest in last-mile funding for stuck/delayed residential projects. This, along with the Government support of INR 25,000 crore for stressed projects, will go a long way in relieving residential real estate from its woes.”

Segment-wise PE Inflows

Commercial real estate maintained its numero uno position, attracting USD 3.3 bn of PE funds in 2019 as against USD 3.8 bn in 2018

The retail sector was a major draw for PE funds in 2019, receiving total PE inflows of USD 970 mn in as against USD 355 mn in 2018 - an annual rise of over 170%

The residential sector received PE inflows of USD 395 mn in 2019 against USD 265 mn in 2018.

The high potential of logistics and warehousing notwithstanding, this segment attracted about USD 200 mn PE funds - a drop of nearly 50% against the previous year.

Mixed-use developments saw inflows of approx. USD 155 mn in 2019, as against USD 310 mn in 2018

City-wise Trends

While MMR remained the hottest investment destination for private equity funds, it was NCR that stood out in 2019. After MMR, the national capital region was the second-most attractive real estate destination for private equity players. Together, the two mega regions received PE inflows of USD 2.7 bn - a massive 53% overall PE share - in Indian real estate in 2019.

MMR saw 19% jump in total PE inflows in 2019 - from over USD 1.5 bn in 2018 to more than USD 1.8 bn in 2019.

NCR stood out with total PE inflows of over USD 845 mn in 2019 as against just USD 195 mn in 2018.

The IT hubs of Pune and Bangalore attracted private equity funds of approx. USD 390 mn and USD 615 mn respectively in 2019. Both cities saw inflows rise by 210% and 47% respectively in a year.

Hyderabad - the showstopper of 2018 - attracted private equity funds of just USD 440 mn in 2019 against USD 1.1 bn in 2018. This drop was expected as 2018 was a one-hit wonder rather than a steady trend.

PE players largely steered clear of the Chennai real estate market in 2019 - the city saw inflows decline by 45% in a year, from USD 675 mn in 2018 to USD 370 mn in 2019

Kolkata failed to garner any PE interest in 2019 as well. There were no investments in both the years.

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