

# ANAROCK

INVESTMENT BANKING



## FLUX

QUARTERLY MARKET MONITOR  
FOR CAPITAL FLOWS IN REAL ESTATE

# Q3 2019

# Key Highlights

# Q3 2019



01

Equity in Grade A commercial assets has been the flavour of the season



02

Consolidation among NBFCs gaining momentum



03

Co-working & Co-living operators are attracting capital in form of Equity and Structured Debt



# Latest Blog

## Over USD 25 Bn worth of REIT launches in next 3 years – ANAROCK



Commercial REITs may raise over USD 25 Bn for Indian real estate over the next three years, research by ANAROCK Capital reveals. This involves the listing of more than 150 Mn sf 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.

Currently, the top 7 cities have close to 550 Mn sf Grade A office supply – of which 310-320 Mn sf is REITable as of now. 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.

Bengaluru-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. 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%.

[PREVIOUS BLOG >](#)

**Shobhit Agarwal**  
MD & CEO  
ANAROCK Capital





Q3 2019

## Key Deals



Capital Provider



Recipient



Location



Asset Class



Deal Amount\*

Blackstone

Indiabulls  
Real Estate

Mumbai

Commercial

₹ 6,000 Cr

Blackstone &  
Salarpuria Sattva

Tanglin Retail  
Realty

Bengaluru

Commercial

₹ 2,800 Cr

DCCDL

DLF

NCR

Portfolio

₹ 2,800 Cr

₹ Structured Debt   ₹ Equity   ₹ Mezzanine

\* Numbers rounded off to the nearest 100

Source: ANAROCK Capital Market Research

# Movement of Capital Inflow

Pan India  
↑ 44%



JAN-SEP 2019

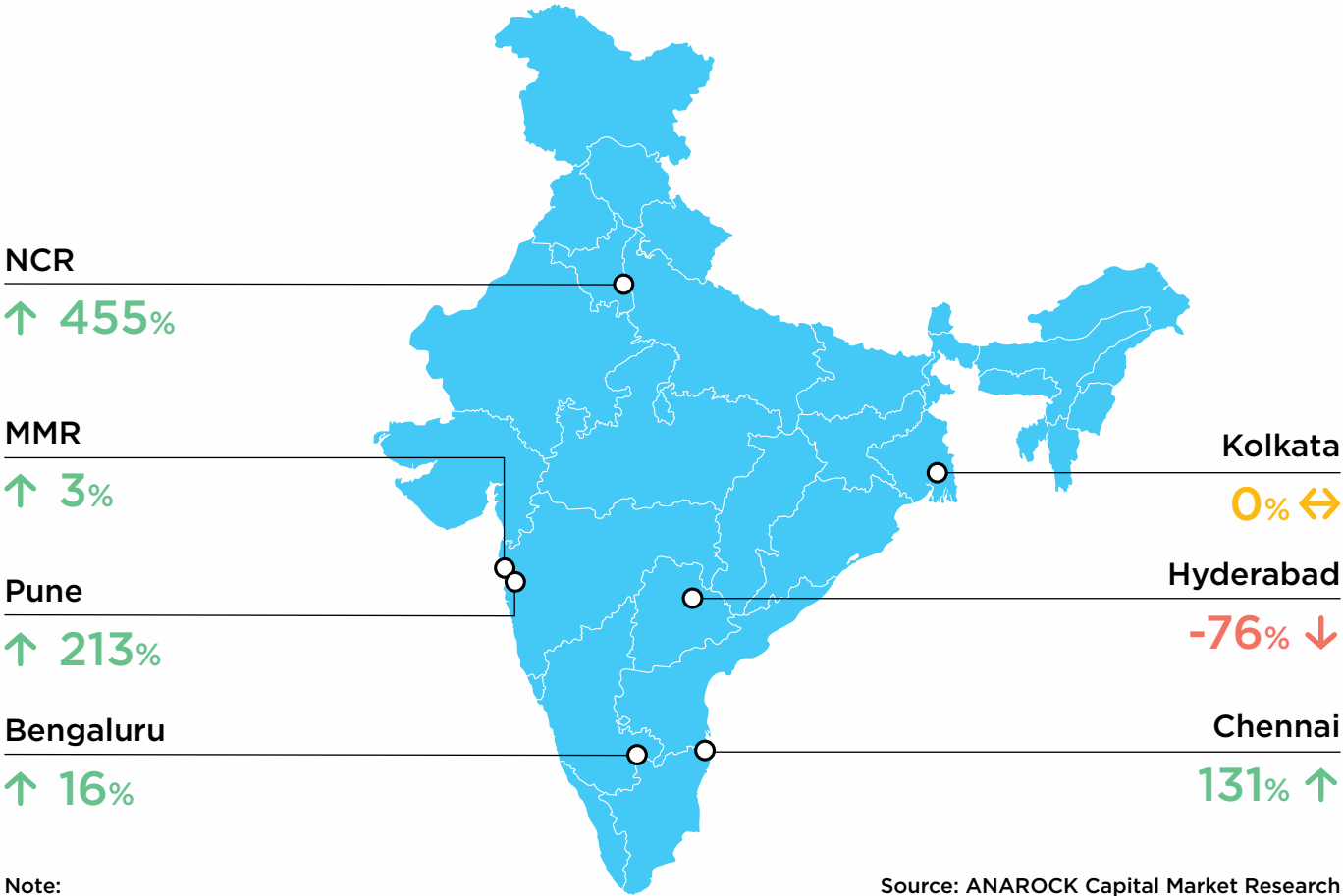
USD 4,639 Mn

vs



JAN-SEP 2018

USD 3,231 Mn



Note:  
Comparison for Jan to Sep 2018 vs 2019  
Data represents Private Equity transactions

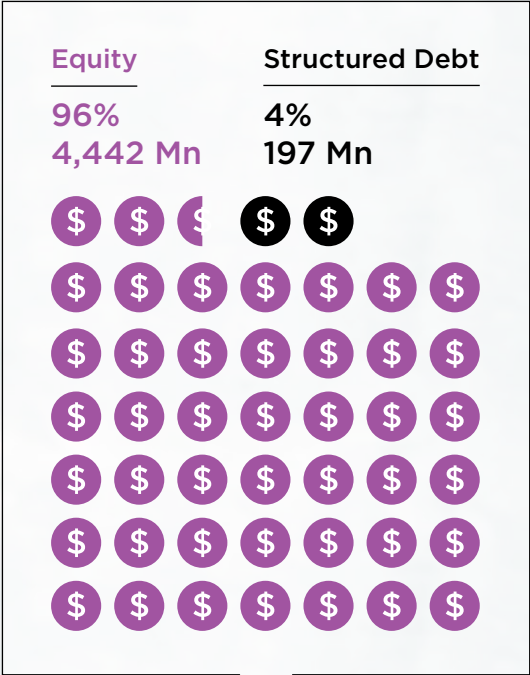
Source: ANAROCK Capital Market Research



# Equity vs Structured Debt Funding

**JAN-SEP 2019**

Total Funding Received  
**USD 4,639 Mn**



**JAN-SEP 2018**

Total Funding Received  
**USD 3,231 Mn**



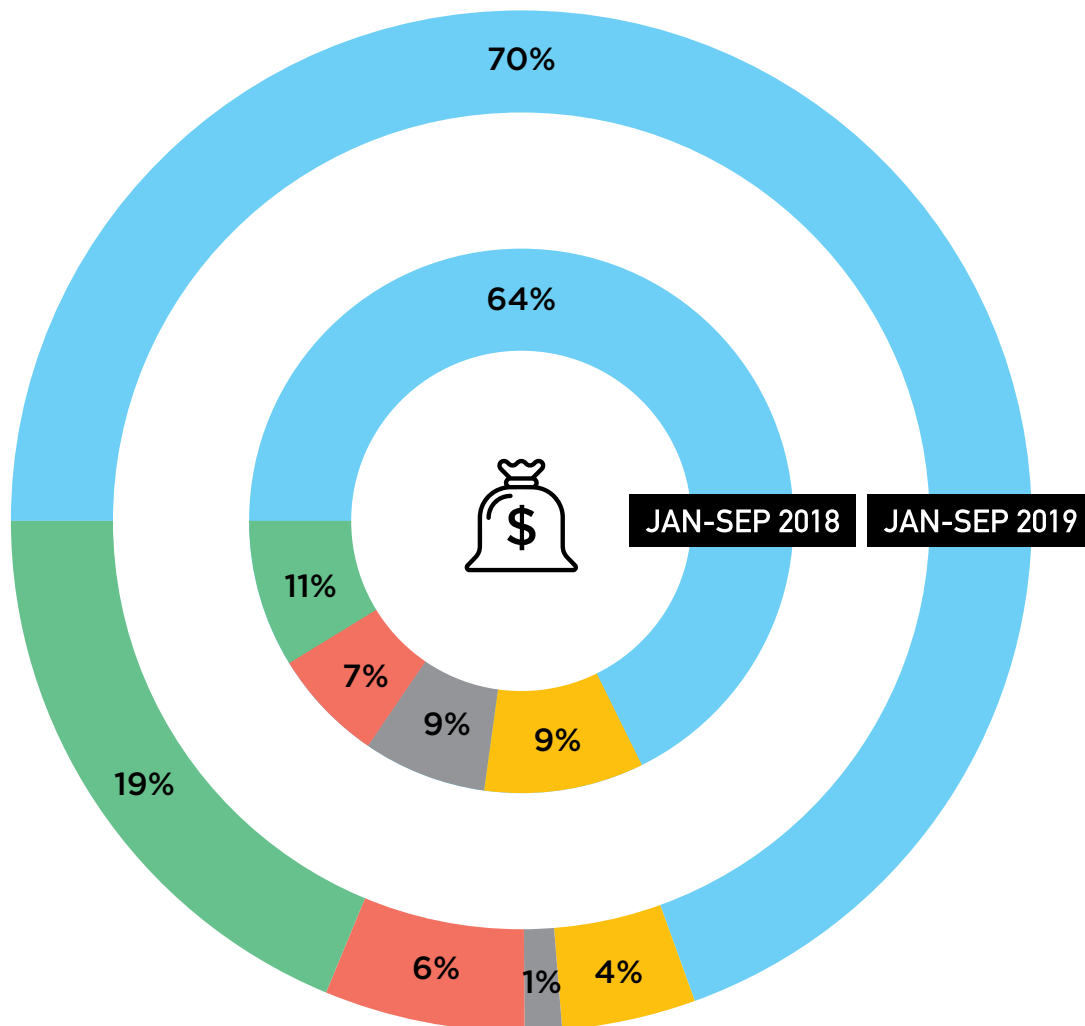
**VS**



Note: Data represents Private Equity transactions

Source: ANAROCK Capital Market Research

# Asset Class wise Funding



Retail



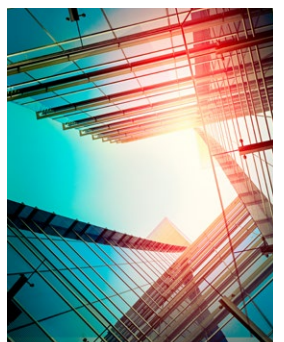
Residential



Mixed-use

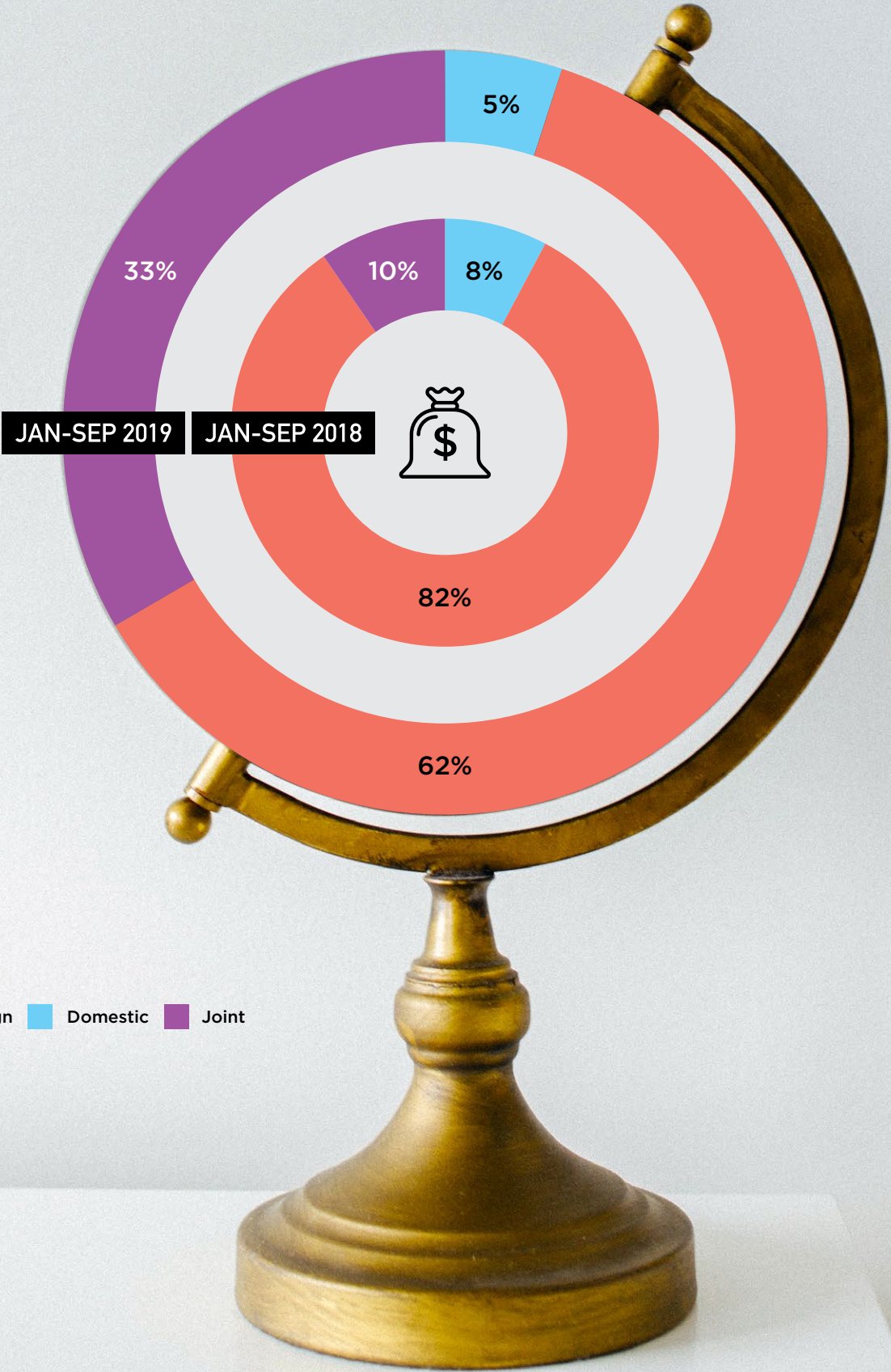


Logistics & Warehousing



Commercial

# Domestic vs Foreign Funding



Foreign Domestic Joint

Note: Data represents Private Equity transactions

Source: ANAROCK Capital Market Research



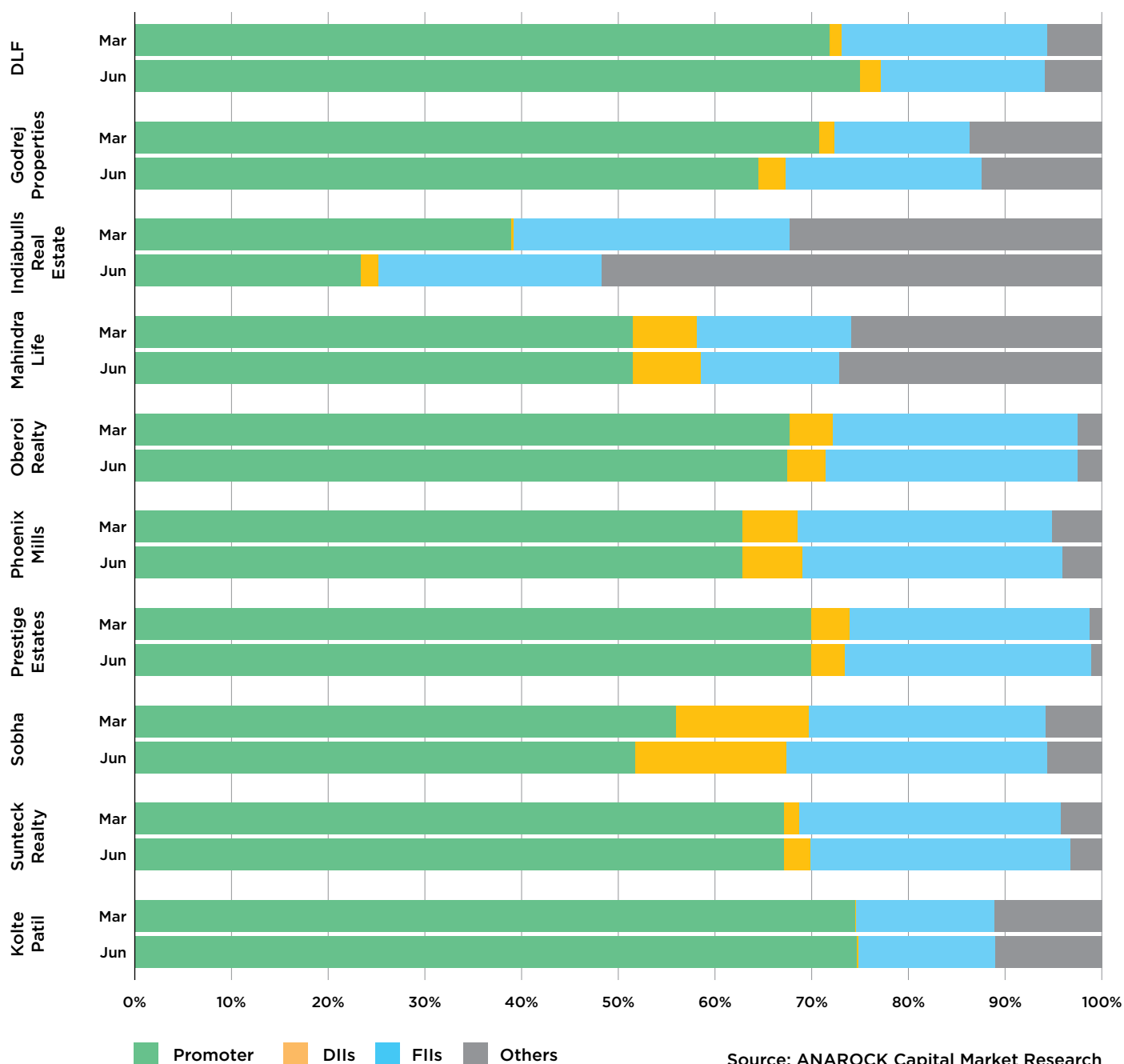
# Share Holding Movement in Top Listed Companies in H1 2019

A considerable movement was seen in the shareholding pattern of top 10 listed real estate companies between March & June, 2019.

While companies like Godrej Properties and Sobha Developers witnessed a sharp increase in FII holding; largely offloaded by the promoters, DLF witnessed a reverse movement.

DLF's promoter holding increased by 310 bps and domestic institutional holding increased by 100 bps which absorbed 440 bps reduction in FII's holdings.

Indiabulls witnessed a sharp fall in promoter holding by 15.5% due to the partial stake sale to Embassy.



Source: ANAROCK Capital Market Research

## About ANAROCK

ANAROCK is India's leading independent real estate services company with a presence across India and the Middle East. The Chairman, Mr. Anuj Puri, is a highly respected industry veteran and India's most prominent real estate thought leader. The Company has diversified interests across the real estate lifecycle and deploys its proprietary technology platform to accelerate marketing and sales.

ANAROCK's services include Residential Broking and Technology, Retail, Investment Banking, Hospitality (via HVS ANAROCK), Land Services, Warehousing and Logistics, Investment Management, Research and Strategic Consulting. The Company has a unique business model, which is an amalgamation of traditional product sales supported by a modern technology platform with automated analytical and reporting tools. This offers timely solutions to its clients, while delivering financially favourable and efficient results.

ANAROCK has a team of over 1800 certified and experienced real estate professionals who operate across all major Indian and GCC markets, and within a period of two years, has successfully completed over 300 exclusive project mandates. ANAROCK also manages over 80,000 established channel partners to ensure global business coverage.

Our assurance of consistent ethical dealing with clients and partners reflects our motto - Values Over Value.

Visit [www.anarock.com](http://www.anarock.com)

## Connect with us!



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