



REAL ESTATE

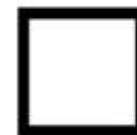


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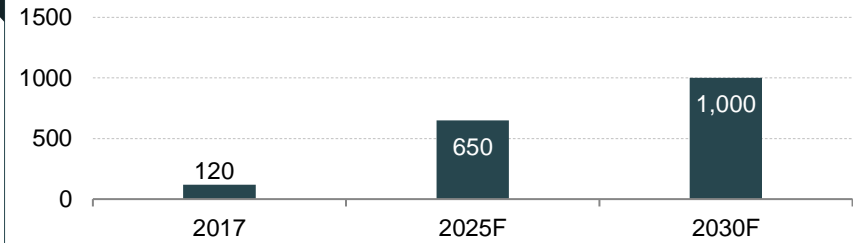
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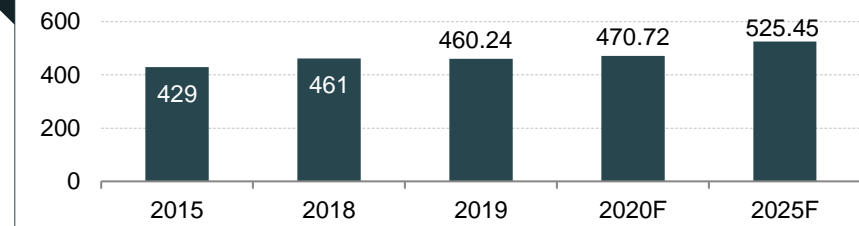


- Real estate sector in India is expected to reach US\$ 1 trillion by 2030. By 2025, it will contribute 13 per cent to the country's GDP.
- Rapid urbanisation bodes well for the sector. The number of Indians living in urban areas is expected to reach 525 million by 2025. More than 70 per cent of India's GDP will be come from urban areas by 2020.
- Construction is the fourth largest sector in terms of FDI inflow. FDI in the sector (includes construction development and construction activities) stood at US\$ 42.50 billion from April 2000 to March 2020.
- Government of India's Housing for All initiative is expected to bring US\$ 1.3 trillion investment in the housing sector by 2025.
- India's Global Real Estate Transparency Index ranking improved by a notch to 34 in 2019 on the back of regulatory reforms, better market data and green initiatives according to property consultant JLL.

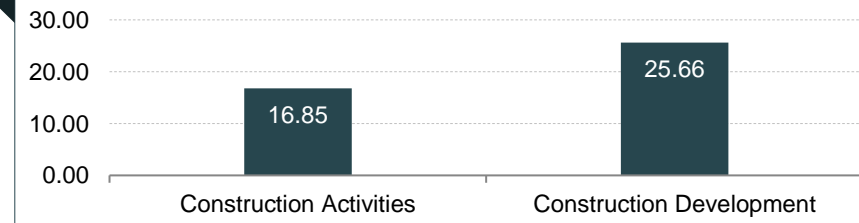
India's Real Estate Market (US\$ billion)



Urban Population in India¹ (million)



Cumulative FDI inflow¹ between April 2000-March 2020(US\$ billion)



Notes: E – estimated; P – Projected, F- Forecasted

Source: KPMG, World Bank, Census 2011, Credai-JLL report, ¹United Nations World Urbanization Prospects 2018, CBRE

ADVANTAGE INDIA

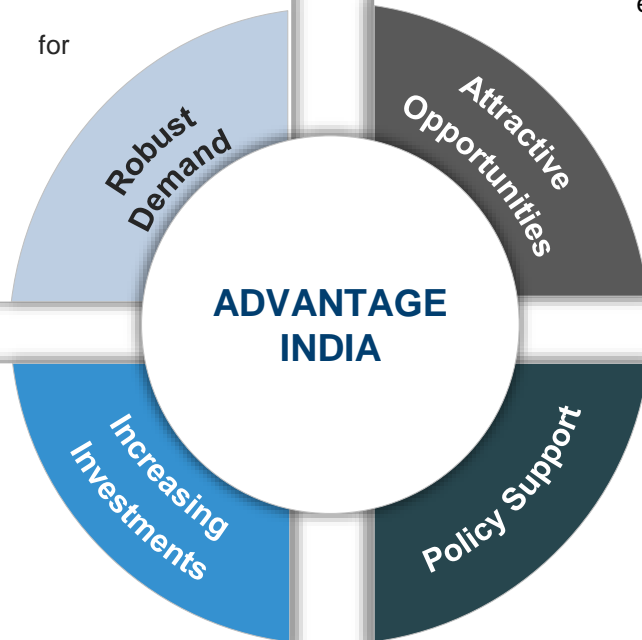


- Demand for residential properties has surged due to increased urbanisation and rising household income. India is among the top 10 price appreciating housing markets internationally.
- About 10 million people migrate to cities every year.
- Growing economy driving demand for commercial and retail space.

- Growing requirement of space from sectors such as education, healthcare, e-commerce and logistics.
- Growing demand of energy efficient and environment friendly architecture.

- Driven by increasing transparency and returns, there's a surge in private investment in the sector.
- Real estate attracted around Rs 43,780 crore (US\$ 6.26 billion) worth of investment in 2019.

- The Government has allowed FDI of up to 100 per cent for townships and settlements development projects.
- Under the Housing for All scheme, 60 million houses are to be built, which include 40 million in rural areas and 20 million in urban area by 2022.
- Real Estate (Regulation and Development) Act (RERA) 2016 will make the sector more transparent.
- GST rate is brought down to 5 per cent.

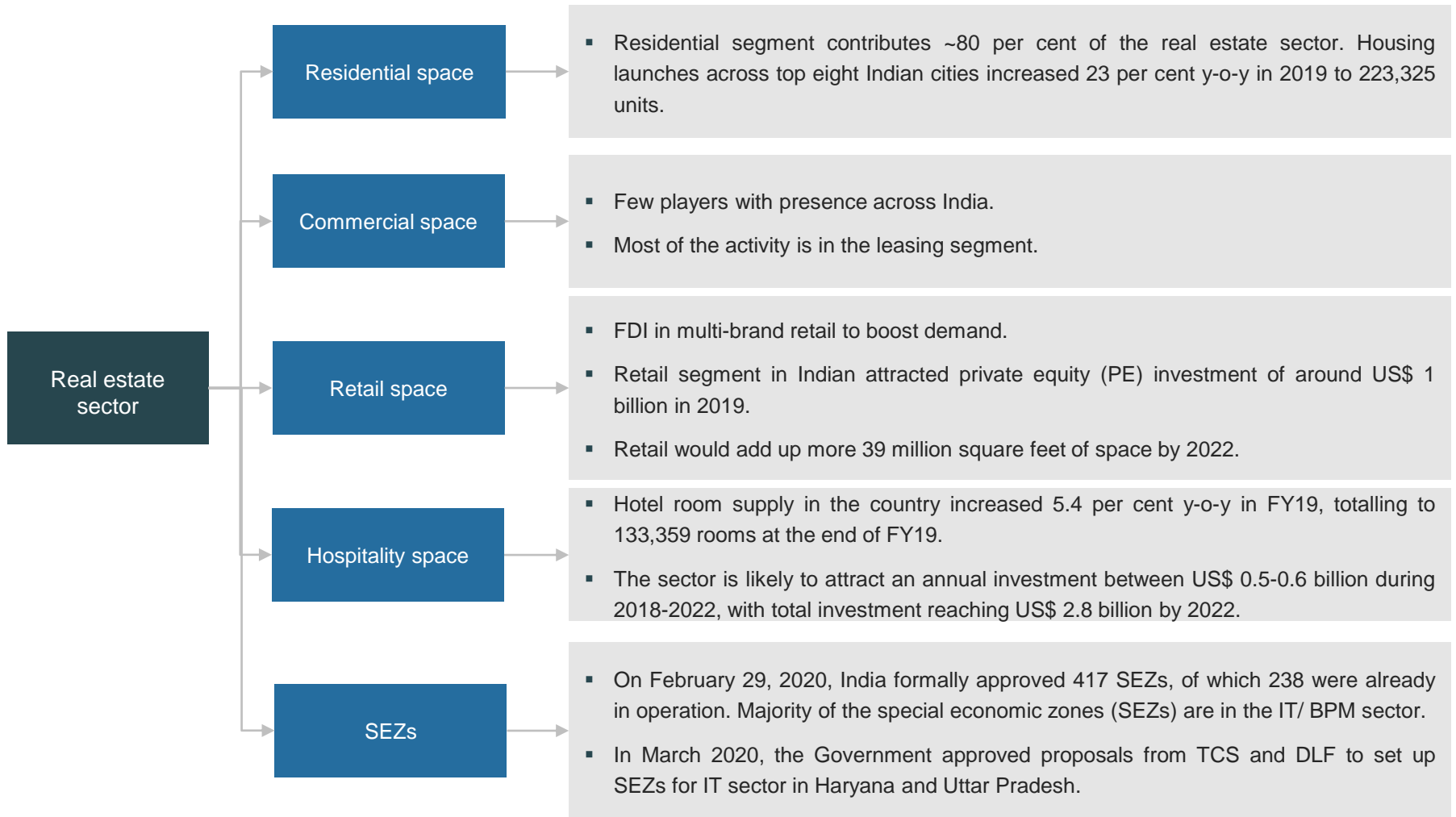


Source: KPMG, Report on Real Estate Sector in India – Corporate Catalyst India Pvt Ltd, USGBC, JLL India, Cushman & Wakefield, Knight Frank Active Capital, EY

MARKET OVERVIEW AND TRENDS



SEGMENTS IN THE INDIAN REAL ESTATE SECTOR



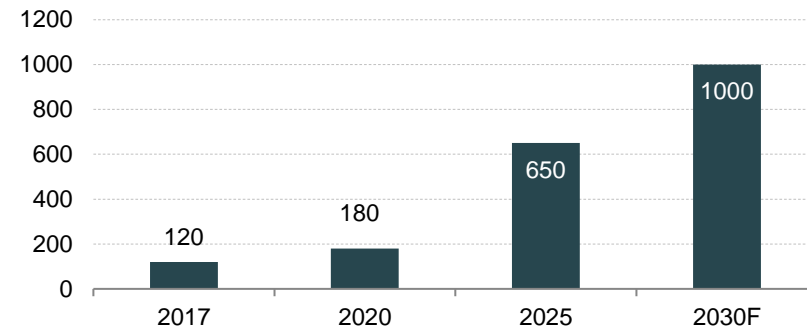
Notes: SEZ - Special Economic Zone. IT - Information Technology, BPM - Information Technology Enabled Services

Source: KPMG Cushman and Wakefield, CRISIL, JLL India, ANAROCK Property Consultants, Colliers Research, CBRE

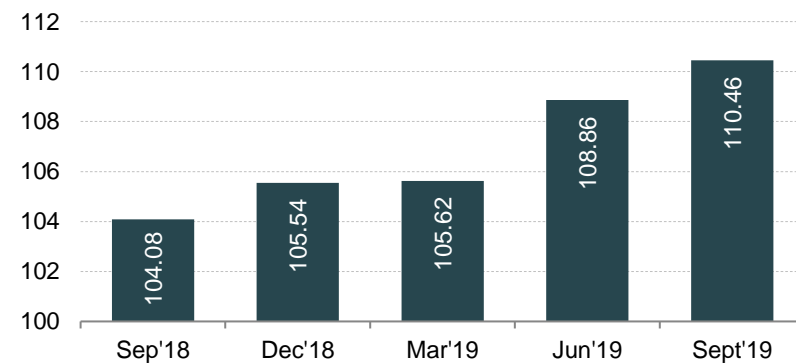
INDIAN REAL ESTATE IS A LARGE, GROWING MARKET...

- Real estate sector in India is expected to reach US\$ US\$ 1 trillion in market size by 2030, up from US\$ 120 billion in 2017. India's real estate market is estimated to grow at a CAGR of 19.5 per cent during 2017-2028.
- Increasing share of real estate in the GDP would be supported by increasing industrial activity, improving income level and urbanisation.
- The Government launched 10 key policies for the real estate sector:
 - Real Estate Regulatory Act (RERA)
 - Benami Transactions Act
 - Boost to affordable housing construction
 - Interest subsidy to home buyers
 - Change in arbitration norms
 - Service tax exemption
 - Dividend Distribution Tax (DDT) exemption
 - Goods and Services Tax (GST)
 - Demonetisation
 - PR for foreign investors

Market size of real estate in India (US\$ billion)



NHB India Housing Price Index*



Notes: CAGR - Compounded Annual Growth Rate; F - Forecast, Information is as per latest data available, *average of indices of all cities, P - Projected

Source: KPMG, Report on Real Estate Sector in India - Corporate Catalyst India Pvt Ltd, CBRE, National Housing Bank

DEMAND FOR RESIDENTIAL SPACE EXPECTED TO GROW SHARPLY

Scenario

- A localised and fragmented market presents opportunity for consolidation with only few large pan-India players like DLF.
- More foreign players might enter the market as FDI norms have eased.
- Furthermore, norms on land acquisitions is expected to be relaxed.

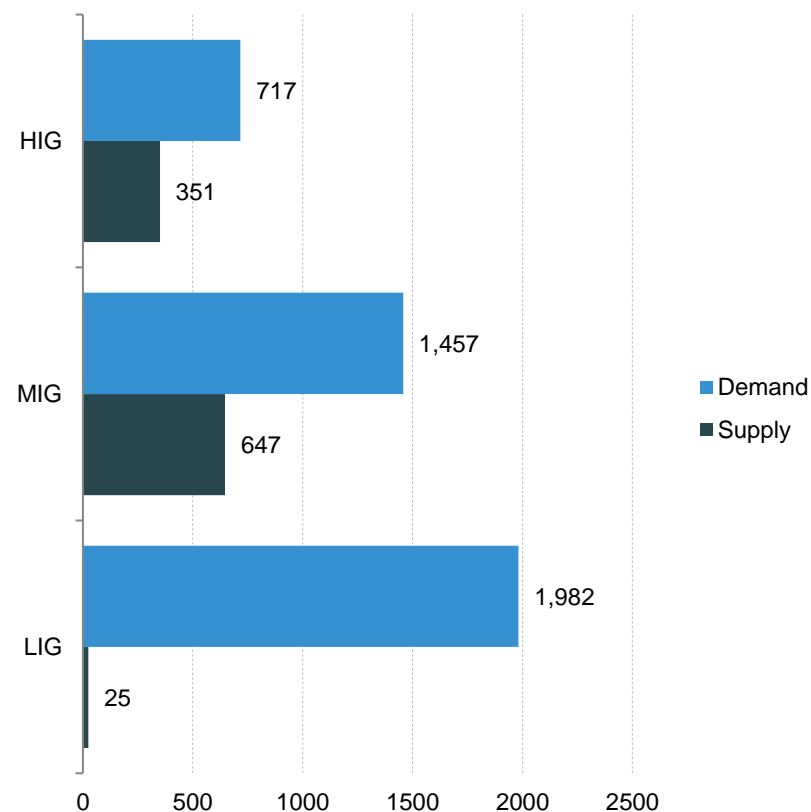
Key drivers

- Rapid urbanisation.
- Growth in population.
- Rise in the number of nuclear families.
- Easy availability of finance.
- Repatriation of NRIs and HNIs.
- Rise in disposable income.

Notable trends

- Housing sales reached 2.61 lakh units in 2019 across seven major cities.
- NCR (National Capital Region) is expected to generate maximum demand in MIG and HIG category followed by Bengaluru.
- Developers are now focussing on affordable and mid-range categories to meet the huge demand.

Cumulative Housing Demand-Supply in Top 8 Cities ('000 units) 2016-20

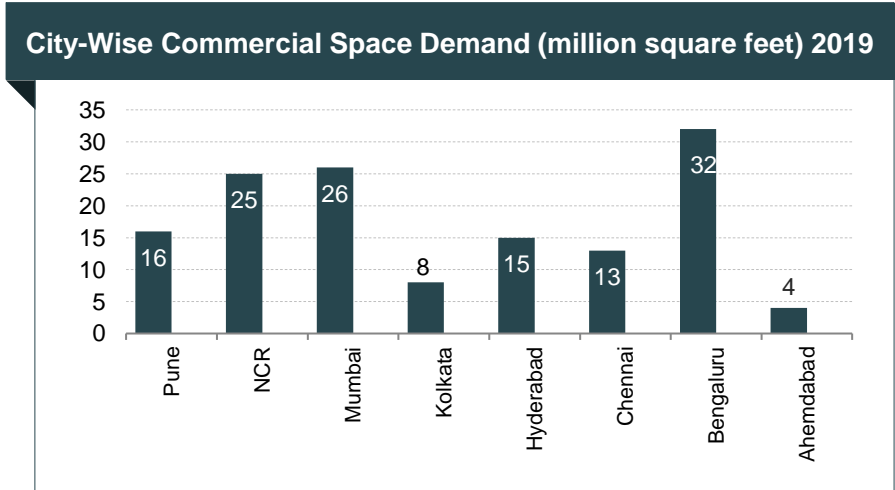
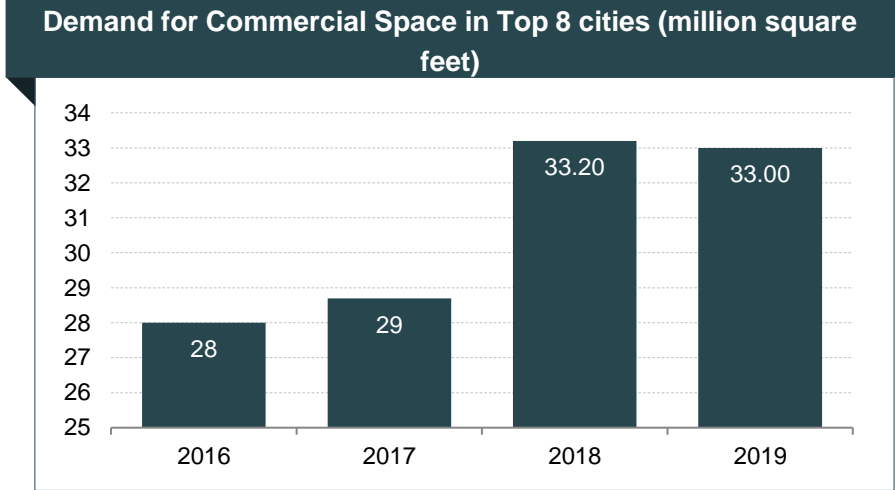


Notes: LIG – Low Income Group, MIG - Middle Income Group, HIG - High Income Group

Source : Cushman and Wakefield, Anarock Property Consultants

METROS DRIVING DEMAND FOR COMMERCIAL SPACE

Scenario	<ul style="list-style-type: none"> Few large developers with a pan-India presence dominate the market. Operating model has shifted from sales to lease and maintenance. By 2023, commercial space is expected to reach at 50 msfa mainly driven by sectors - IT-BPO, pharma, engineering and manufacturing.
Key drivers	<ul style="list-style-type: none"> Rapid growth in service sectors: IT/BPM, BFSI and Telecom. Rising demand from MNCs. Demand for office space in tier II cities.
Notable trends	<ul style="list-style-type: none"> In 2019, the demand for office sector with commercial leasing activity reached 69.4 mn sq ft. Business activity is shifting from CBDs to SBDs and tier I to tier II cities. Co-working space across top seven cities reached 12 msf by end of 2019.

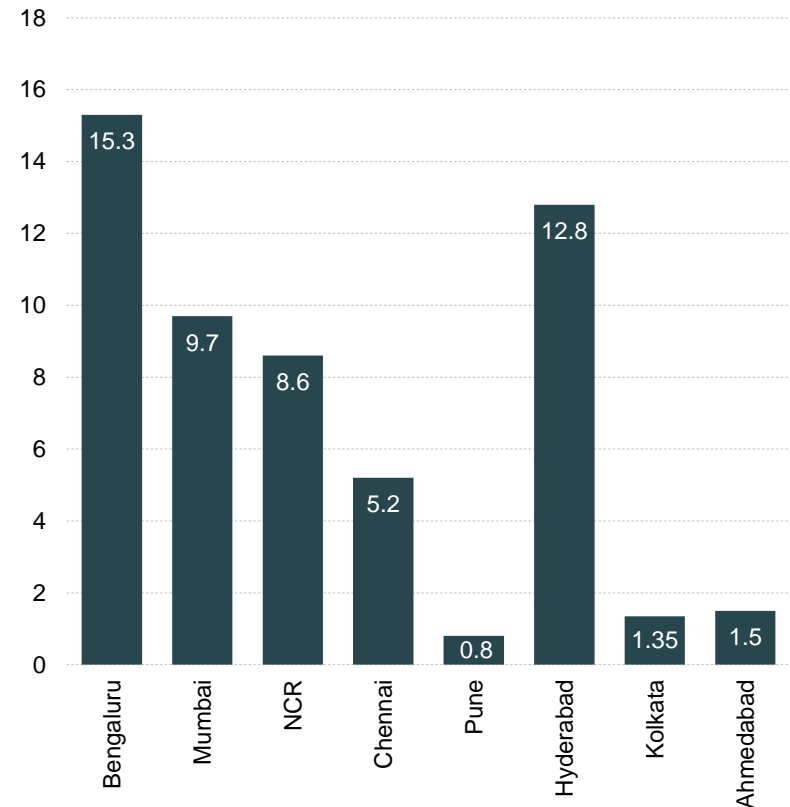


Notes: MNC - Multinational Corporation, BFSI - Banking, Financial and Insurance Services, CBD - Central Business District, SBD - Special Business District, NCR - National Capital Region, msf - million square feet
Source: Cushman and Wakefield

OFFICE MARKET OVERVIEW

- Office market has been driven mostly by growth in BPM/IT, BFSI, consulting and manufacturing industries. Moreover, many new companies are planning a foray into Indian market due to huge potential and relaxed FDI norms.
- Grade-A office space absorption is expected to cross 700 msf by 2022, with Delhi-NCR contributing the most to this demand.
- During 2019, the office leasing space reached 60.6 msf across eight major cities, registering a growth of 27 per cent y-o-y.
- In 2019, Bengaluru saw the highest volume of office space leased at 15.3 msf, followed by Hyderabad at 12.8 msf.

Net Office Space Leasing in 2019 (million square feet)

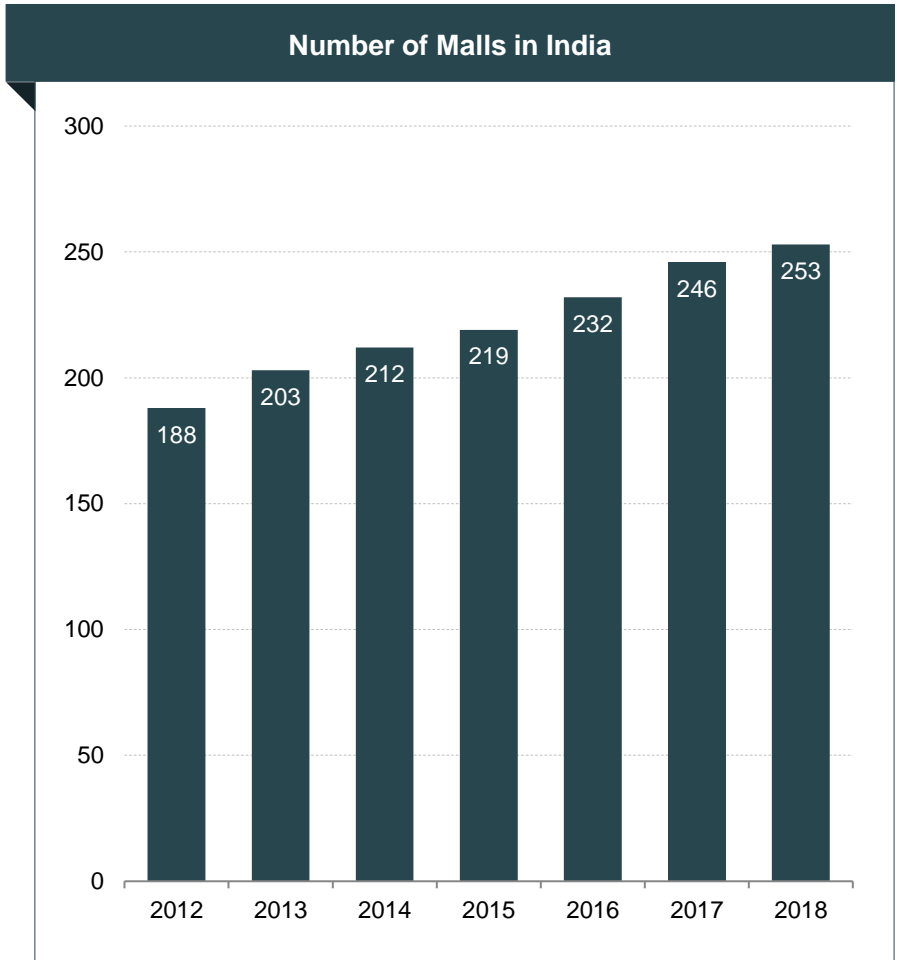


Notes: BPM - Information Technology Enabled Service. msf – million square feet

Source: Knight frank JLL India, Livemint, Colliers International, CBRE, JLL

RETAIL SPACE LIKELY TO SEE STRONG GROWTH

Scenario	<ul style="list-style-type: none"> Currently, retail accounts for a small portion of the Indian real estate market. Organised retailers are few and the organised retail space is mostly developed by residential/office space developers.
Key drivers	<ul style="list-style-type: none"> Booming consumerism in India. Organised retail sector is growing 25-30 per cent annually. Entry of MNC retailers. India's population below 30 years of age and having exposure to global retail is expected to drive demand for organised retail.
Notable trends	<ul style="list-style-type: none"> Around 32 new malls with area of 13.5 msf were expected to start operations in 2019, Mumbai, NCR, Bengaluru and Kolkata witnessed highest growth in retail real estate during 2019. Retail sector attracted US\$ 1 billion in 2019.

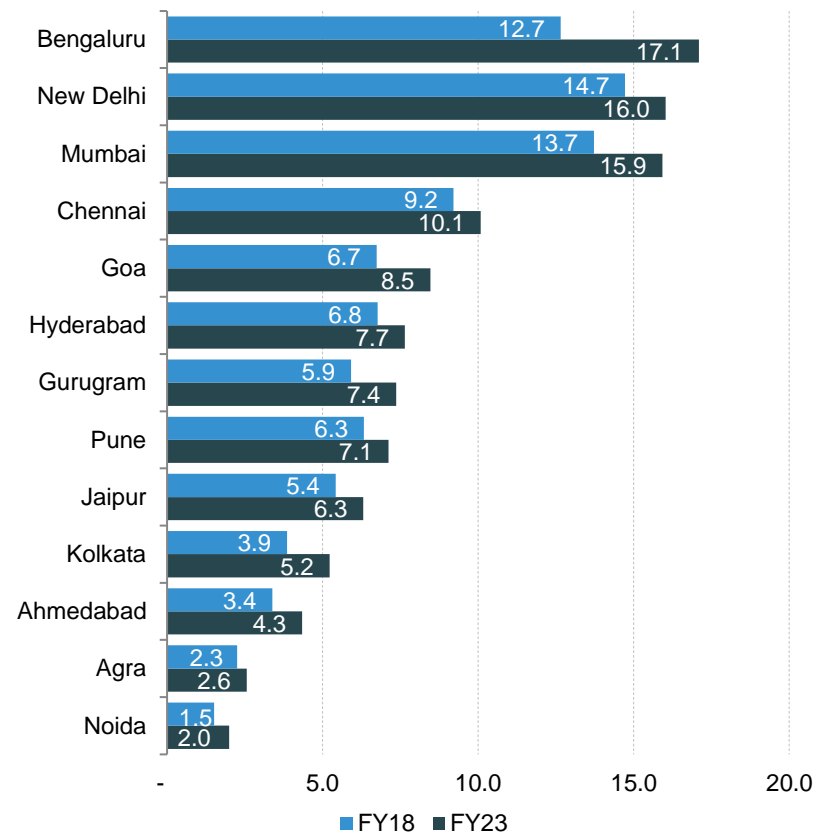


Source: : Cushman and Wakefield, CBRE, JLL India, Real estate intelligence service (JLL), Anarock

HOSPITALITY MARKET TO WITNESS LARGE INCREMENTAL CAPACITY

<p>Scenario</p>	<ul style="list-style-type: none"> NCR and Mumbai are by far the biggest hospitality markets in India, followed by Bengaluru, Hyderabad and Chennai. Besides hotels, the hospitality market comprises of service apartments and convention centres.
<p>Key drivers</p>	<ul style="list-style-type: none"> A robust domestic tourism industry. The increasingly global nature of Indian businesses is boosting business travel. Tax incentives for hotels and higher Floor Space Index (FSI).
<p>Notable trends</p>	<ul style="list-style-type: none"> Service apartments appear particularly attractive within the hospitality space. Government initiatives to promote tourism in tier II and tier III cities is generating significant demand for hotels in such cities, especially budget hotels.

Branded Hotel Rooms Inventory in Major Indian Cities ('000)



Notes: RevPar - Revenue per available room
Source: : Cushman and Wakefield, Hotelivate

STRATEGIES ADOPTED



STRATEGIES ADOPTED

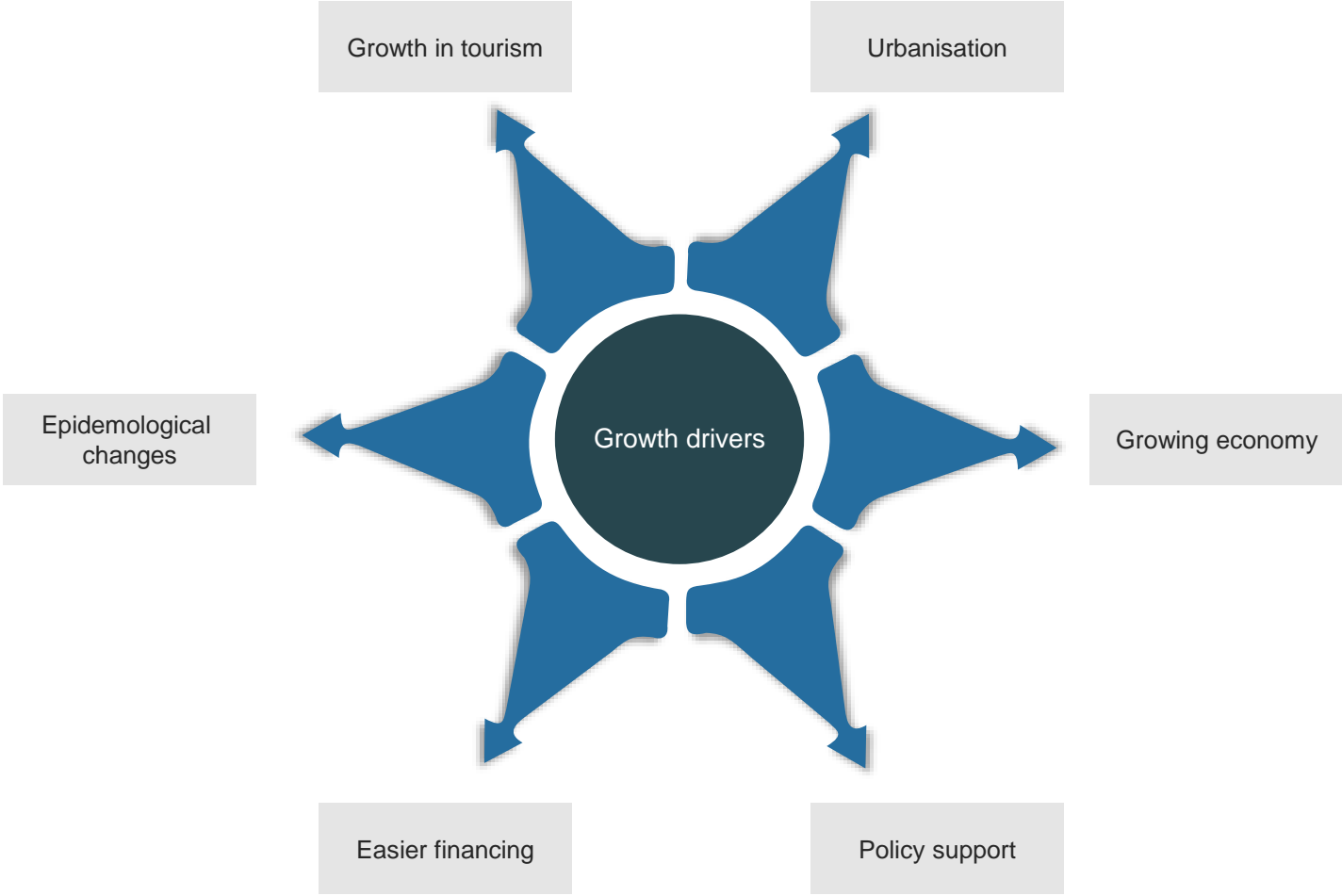
Diversified portfolio	<ul style="list-style-type: none">▪ Having a diverse portfolio of residential, commercial and township developments.▪ Companies have projects in various strategic geographic locations in order to diversify risks .▪ Focus on the growth of lease business.▪ Housing finance companies and private equity (PE) companies have started focusing on affordable housing.
Backward integration	<ul style="list-style-type: none">▪ An architectural, structural and interior studio and a metal and glazing factory.▪ Interiors, wood working factory, and concrete block making plant.
Merger & Acquisition (M&A)	<ul style="list-style-type: none">▪ In September 2019, DLF sold over nine acres of land in New Gurugram to American Express for about Rs 300 crore (US\$ 42.92 million).▪ Raymond sold its 20 acres Thane land to Xander-backed VRSA for Rs 700 crore (US\$ 98 million).▪ In January 2020, RMZ Corp entered into a strategic and equal partnership with Mitsui Fudosan (Asia) Pte Ltd to expand its business footprint.▪ Iconic RK Studios property, located in suburban Chembur, was acquired by Godrej Properties.
Risk management in land sourcing	<ul style="list-style-type: none">▪ Joint venture (JV) with land owners instead of amassing land banks. For example – Oberoi Realty, a Mumbai based realty firm, adopted this strategy while entering the NCR region.▪ On July 23, 2020, Sunteck Realty entered a joint development agreement with landowners to construct a housing project in the Mumbai Metropolitan Region (MMR), having a revenue potential of Rs 5,000 crore (US\$ 709.32 million) over the next five-seven years.
Superior execution	<ul style="list-style-type: none">▪ Outsourced support functions.▪ Focus on delivery capability.▪ Development of world class infrastructure.▪ Rationalising costs.

Source: Livemint, Economic Times

GROWTH DRIVERS

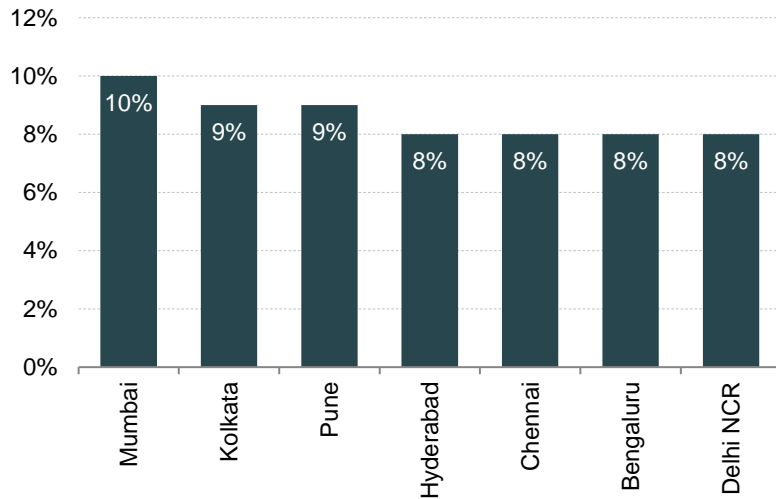


REAL ESTATE BEING DRIVEN BY POLICIES AND GROWING ECONOMY

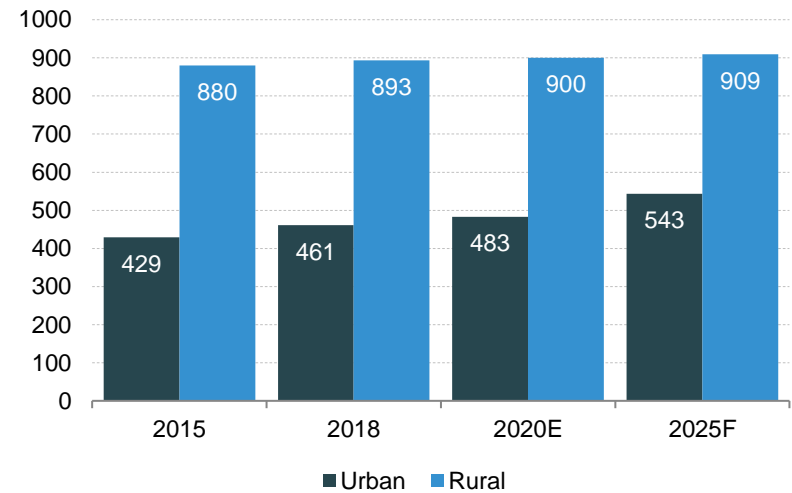


ECONOMIC GROWTH ALONG WITH GROWING URBANISATION IS BOOSTING REAL ESTATE DEMAND

Growth in Household Incomes in Indian Cities (2019)



Population breakdown of India (million)



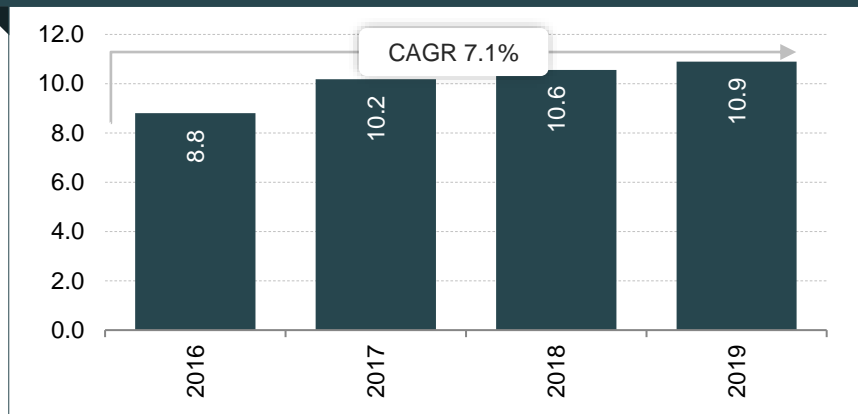
- The Indian economy has experienced robust growth in the past decade and is expected to be one of the fastest growing economies in the coming years.
- India's urban population is expected to reach 525 million by 2025, up from an estimated 461 million in 2018.
- Rising income and employment opportunities have led to more urbanisation and more affordability for real estate in cities.

Notes: E – Estimate, F – Forecast

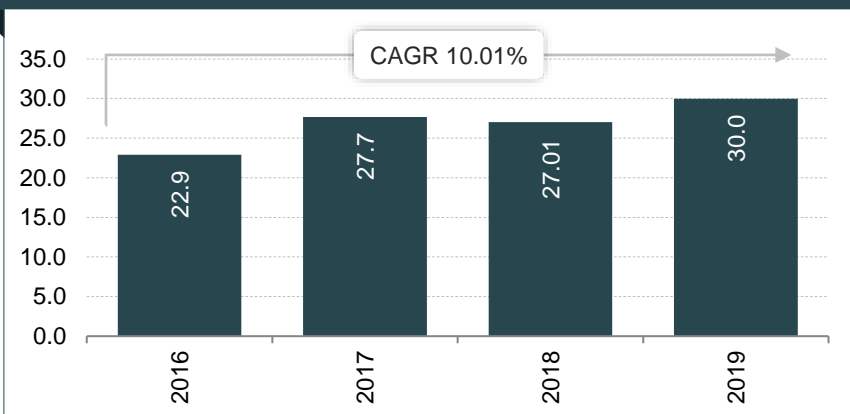
Source: IMF World Economic Outlook Database, JLL, *United Nations World Urbanization Prospects 2018

RISING TOURIST NUMBERS BOOSTING THE HOSPITALITY SECTOR

Foreign Tourists Arrivals in India (million)



India's Foreign Exchange Earnings From Tourism (US\$ billion)



- During 2019, foreign tourist arrivals (FTAs) in India stood at 10.9 million, achieving a growth rate of 3.20 per cent y-o-y.
- The Government of India has set a target of 20 million FTAs by 2020 and double its foreign exchange earnings.
- India's tourism and hospitality industry is anticipated to touch US\$ 418.9 billion by 2022.
- During 2019, India earned US\$ 30.0 billion in foreign exchange from tourism, recording a y-o-y growth of 4.80 per cent. Foreign exchange earnings (FEEs) from tourism in India grew at a CAGR of 8.96 per cent during 2007-19.
- The growing inflow from tourists is expected to provide a fillip to the hospitality sector.
- Medical tourism sector in India is gaining momentum with a target of attracting 8 million medical tourists into the country by 2020.

Notes: CAGR is up to 2019, CY – Calendar Year

Source: Ministry of Tourism

GOVERNMENT POLICIES ARE HELPING THE REAL ESTATE SECTOR PROSPER

Ease in housing finance

- In order to boost affordable real estate, housing loans up to Rs 3.5 million (US\$ 54,306) in metro cities were included in priority sector lending by the RBI in June 2019. Loans under priority sector lending are relatively cheaper.
- Housing loans account for more than half of retail loans.

Housing for economically weaker section

- In Union Budget 2019-20, the Government extended benefits under Section 80-IBA of the Income Tax Act till March 31, 2020 to promote affordable housing in India.
- In February 2018, National Urban Housing Fund (NUHF) was approved with an outlay of Rs 60,000 crore (US\$ 9.27 billion).
- On July 09, 2020, Union Cabinet approved the development of Affordable Rental Housing Complexes (AHRCs) for urban migrants and poor as a sub-scheme under Pradhan Mantri Awas Yojana – Urban (PMAY-U).

FDI

- The Government has allowed 100 per cent FDI for townships and settlements development projects.
- Provision for reduction in minimum capitalisation for FDI investment from US\$ 10 million to US\$ 5 million to boost urbanisation.
- In January 2018, the Government allowed 100 per cent FDI in single-brand retail trading and construction development without Government approvals.

REITs

- Real Estate Investment Trusts (REITs) in non-residential segment will open channels for both commercial and infrastructure sector. In March 2019, Embassy Office Parks, India's first REIT, went public.
- First REIT raised Rs 4,750 crore (US\$ 679.64 million) and was launched in early 2019 by global investment firm, Blackstone, and realty firm, Embassy group.

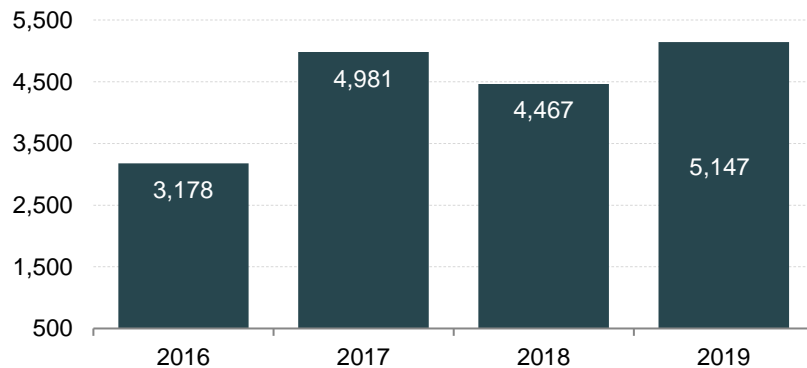
Land Acquisition Bill

- In December 2014, the Government passed an ordinance amending the Land Acquisition Bill.
- This ordinance is intended to speed up the process for industrial corridors, social infra, rural infra, housing for the poor and defence capabilities.

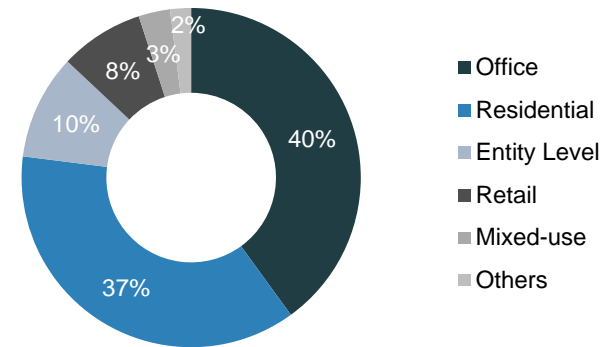
Source: Government of India, News Sources

PE INVESTMENTS ON THE RISE

PE/VC Investments in Indian Real Estate (US\$ million)



Distribution of Institutional Investment in India (2014-19)



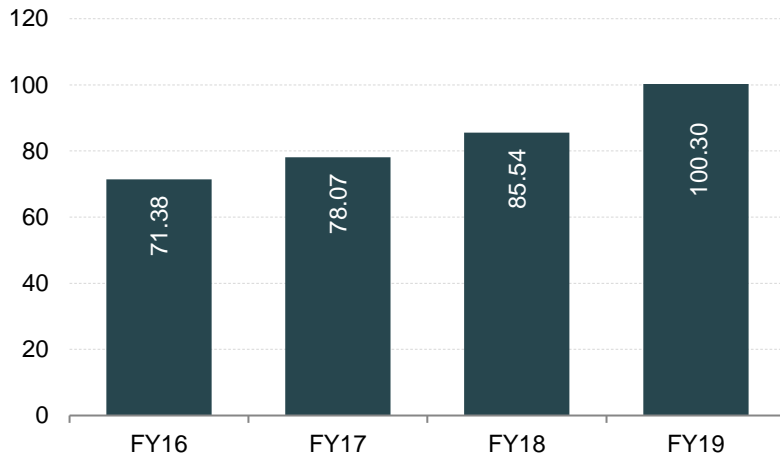
- RBI proposed to allow banks to invest in real estate investment trusts and infrastructure investment trusts, attracting more institutional investors to such assets. Indian Banks, which are allowed to invest about 20 per cent of their net-owned funds in equity-linked mutual funds, venture capital (VC) funds and stocks, could invest in these trusts within this limit.
- Between 2009-19, Indian real estate sector attracted institutional investment worth US\$ 30 billion and received US\$ 5.15 billion in 2019.
- Investment from private equity (PE) players and VC funds reached US\$ 4.47 billion in 2018 and US\$ 1.47 billion in Q12019 in the sector. Real estate attracted around US\$ 14 billion from foreign PE players between 2015 and Q32019.
- Institutional investment into Indian real estate sector stood at US\$ 712 million during Q4FY20.

Note: PE – Private Equity, VC – Venture Capital

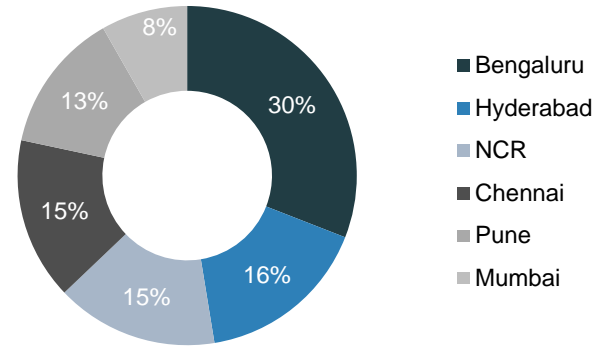
Source: EY, JLL India

SEZs EMERGING AS AN EXTENSION OF REAL ESTATE BUSINESS

SEZ exports from India (US\$ billion)



City-Wise Distribution of SEZs in 2019



- 100 per cent FDI permitted for developing townships within SEZs with residential areas, markets, playgrounds, clubs, recreation centres, etc.
- Export from SEZs reached Rs 7.01 lakh crore (US\$ 100.30 billion) in FY19 and grew by about 14.5 per cent to Rs 3.82 lakh crore (US\$ 54.66 billion) in April-September 2019.
- In March 2020, proposals from TCS and DLF to set up SEZs for IT sector in Haryana and Uttar Pradesh was approved by the Government.
- Industry players, including realtors and property analysts, are rooting for the creation of "Special Residential Zones" (SRZs) along the lines of SEZs.

Source: Ministry of Commerce and Industry, SEZ website

OPPORTUNITIES



NICHE SECTORS EXPECTED TO PROVIDE GROWTH OPPORTUNITIES

Education

- NCR is expected to have the highest incremental demand from the education sector during the period of 2015-20.
- The rising young population of India is expected to drive this space.

Healthcare

- The healthcare market is expected to reach US\$ 372 billion by 2022.
- India requires additional 1.1 million beds.
- India needs to add 2 million hospital beds to meet the global average of 2.6 for every 1,000 people.

Senior citizen housing

- Emergence of nuclear families and growing urbanisation have given rise to several townships that are developed to take care of the elderly.
- A number of senior citizen housing projects have been planned. The segment is expected to grow significantly in the future.
- The segment in India can reach US\$ 7.7 billion in market size by 2030 according to a study by the Ministry of Commerce and Industry.

Service apartments

- Growth in the number of tourists has resulted in demand for service apartments.
- This demand is likely to grow and presents opportunity for the unorganised sector.

Hotels

- FTAs in India is expected to reach 15.3 million by 2025, which is expected to lead to an increase in demand for hotels.

Notes: NCR – National Capital Region

Source: Cushman and Wakefield, Fitch Ratings, Report on Healthcare, Telemedicine and Medical Tourism In India – ASA and Associates LLP, Ministry of Tourism

TOP CITIES TO CONTRIBUTE TO GROWTH

Ahmedabad	<ul style="list-style-type: none">▪ Upcoming office space likely to boost hospitality segment.
Bengaluru	<ul style="list-style-type: none">▪ Corporate clients expected to provide steady growth to room demand.
Chennai	<ul style="list-style-type: none">▪ Emerging as promising commercial destination with Chennai-Bengaluru Industrial Corridor – likely to witness strong demand.
Hyderabad	<ul style="list-style-type: none">▪ Room demand is expected to be driven by commercial and office space projects in the city.
Kolkata	<ul style="list-style-type: none">▪ Projects like Light Rail Transport System, Monorail, Eco-Park, and Airport expansion are likely to boost travel, which will result in increase in demand for the hotel industry.
Mumbai	<ul style="list-style-type: none">▪ Improved infrastructure, new airport terminal and upcoming airport in Navi Mumbai is expected to drive hotel industry's growth.
NCR	<ul style="list-style-type: none">▪ Higher floor space index and inclusion of hotel projects in infra lending lists provide a positive outlook for the hotel market in NCR.
Pune	<ul style="list-style-type: none">▪ IT parks are attracting global players and increasing traffic. New business units are likely to increase business conferences and events, which in turn will boost the demand for hotels.

Source: Cushman and Wakefield

KEY INDUSTRY ORGANISATIONS



The Confederation of Real Estate Developers' Associations of India (CREDAI)

National Secretariat, 703, Ansal Bhawan,
16, Kasturba Gandhi Marg, New Delhi – 110 001
Tel: (011) 43126262/43126200
Fax: 91 11 43126211
E-mail: info@credai.org
Website: www.credai.org

Builders' Association of India (BAI)

G-1/G-20, Commerce Centre, J. Dadajee Road,
Tardeo, Mumbai – 400034
Tel: 91 22 23514134, 23514802, 23520507
Fax: 91 22 23521328
E-mail: bai@vsnl.com, baihq.mumbai@gmail.com
Website: www.baionline.in

USEFUL INFORMATION



- BFSI: Banking, Financial Services and Insurance
- CAGR: Compound Annual Growth Rate
- CBD: Central Business District
- FDI: Foreign Direct Investment
- FSI: Floor Space Index
- HNI: High Net-worth Individual
- GOI: Government of India
- INR: Indian Rupee
- IT/BPM: Information Technology/Information Technology enabled Services
- MNC: Multinational Corporation
- NRI: Non Resident Indian
- SBD: Special Business District
- SEZ: Special Economic Zone
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

EXCHANGE RATES

Exchange Rates (Fiscal Year)

Year INR	INR Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49

Exchange Rates (Calendar Year)

Year	INR Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89

Source: Reserve Bank of India, Average for the year

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