

# PE Players Go Slow on Realty Investments

Though number of deals has increased, capital infusion declined to ₹3,890 cr in June quarter

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**Mumbai:** With private equity funds getting more selective in their investment approach, coupled with the absence of large platform deals, there is a decline in their investment into the real estate sector in value terms.

Private equity real estate firms made 16 investments amounting to \$579 million (₹3,890 crore) during the quarter-ended June 2016. The volume of investments was down about 23.8% from the 21 investments worth \$868 million (₹5,831 crore) in the same period of the previous year, showed data from Venture Intelligence.

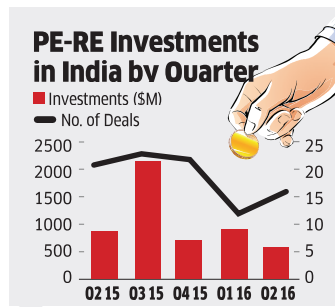
“It’s a transition period with most funds either raising or looking to raise funds and are in exit mode as they are keen to exhibit their performance to investors. In this scenario, investments have

taken a backseat. Although activity or volume is slowing down due to the absence of big-ticket deals, investment appetite continues to be robust,” said Arun Natarajan, founder of Venture Intelligence, which focuses on private equity and venture capital database.

However, compared to the immediate previous quarter that had witnessed 12 investments amounting to \$902 million (₹6,060 crore), the volume of investments was up 33%.

“Big-ticket platform deals were a strong phenomenon in the past 15-18 months. However, the June quarter has witnessed more number of smaller transactions and that explains the rise in the number of deals even though aggregate investment amount has declined,” said Natarajan.

Private equity players are also of the view that the due diligence process is getting longer even as they



are witnessing a rise in investment proposals. Funds are also focusing more on certain segments such as commercial realty that are performing relatively well.

“Demand for capital has been ri-

sing and private equity firms are also keen to invest, but they are getting selective in terms of choosing a right partner. Many funds, including ours, are keen on last-mile funding or inventory purchase on grade A commercial projects and are awaiting the right kind of supply. We are also in the process of raising a new commercial fund focusing on pre-leased commercial assets and would be aggressively deploying the capital in the next few quarters,” said Rubi Arva, executive vice-chairman of Milestone Capital Advisors that is managing around 26 million sq ft assets in India.

The latest figures take the tally of private equity real estate investments in the first six months of 2016 to 196 deals worth \$635 million (₹4,266 crore), down 18% compared with 239 deals worth \$959 million (₹6,443 crore) in the same period of 2015.