

PE Interest Builds Up in Retail Realty

Sector beats expectations by getting 8% of the total PE investments in first 5 months

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Bengaluru | Mumbai: India's retail real estate sector received \$149 million, or about ₹1,000 crore, of private equity investment in the first five months of 2016, according to a report by JLL India. This accounted for 8% of the total PE investment in India during the period, beating expectations of most analysts and marking a turnaround after the lack of investor interest since 2008 barring the singular exception of 2012.

With PE investment in the segment exceeding that in 2007, some experts said it might well cross the previous high seen in 2008.

"India's growing reputation across the globe as an investment destination, thanks to Prime Minister Narendra Modi's jaunts, coupled with the slowdown in China's economy, has led to an upswing

Great Expectation

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GOVT'S EFFORTS TO MAKE REAL ESTATE SECTOR AND VARIOUS SUB-SEGMENTS OF IT MORE COMPETITIVE AND ORGANISED ARE YIELDING RESULTS

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Industry expects more investments to come in owing to improvement in consumer sentiment amid faster economic growth

in private equity investment flowing into the country," said Shobhit Agarwal, managing director of capital markets at JLL India.

Experts said the government's efforts to make real estate sector and various sub-segments of it more competitive and organised are yield-

ing results. Infrastructure development around retail hubs will push the growth further and attract more funds inflow, they said.

"With the simultaneous growth in quality real estate and infrastructure, Indian retail sector can prove to be a game changer, if developed in a

planned manner. It is important that the development of organised retail is done in line with the infrastructural developments in that area, in order to maintain the much-needed equilibrium, especially in urban areas," said Rubi Arya, executive vice-chairman of Milestone Capital Advisors.

Arya said the recent relaxation in FDI norms will attract many foreign retail brands, thus increasing the need for quality spaces. Access to public transport, parking facilities and closeness to upcoming residential zones will prove catalysts for retail to flourish, she said.

Suresh Sunagaravelu, executive director retail, hospitality and new business at Prestige Estates Projects said, "There will be traction from private equity funds once real estate investment trust takes off in the country." The company plans to have 3 million sq ft of mall space ready by 2018.