

RETURN OF NRIs

Experts are of the view that various policy initiatives now herald a sustainable revival for the real estate industry and foreign investors are once again turning their attention to this asset class which has always been closest to their heart

PROFWRITER

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Riding on a wave of economic reforms, improving transparency and better governance, foreign investments in Indian real estate are set to scale new heights. With last year allowing 100 per cent FDI (foreign direct investment) in construction development and REITs (real estate investment trusts) now in place for commercial real estate, the Indian real estate industry will see increasing investment inflations from NRIs (non-resident Indians). And overall, the implementation of the Real Estate Regulation and Development Act (RERA) and Goods and Services Tax (GST) has brought transparency in India's real estate market. Besides, the recent changes in the policies and rules of the Reserve Bank of India (RBI), which have proved to be more lenient for the NRIs, have enabled a large chunk of foreign investors to invest in Indian real estate market.

When it comes to investments, NRIs can pick and choose from a variety of asset classes. After the most common mode of investment by NRIs—the bank fixed deposits, mutual funds, direct equity investments in bond and government securities—the real estate market has emerged as a major attraction for the NRI investors in Indian markets. "The equity markets draw considerable interest as they have performed consistently with a CAGR (compound annual growth rate) of 12-13 per cent over the last five years. Real estate investments in Delhi, Mumbai and Bangalore have seen CAGR growth of 2-3 per cent over the same period," says Shalajit Jacob, CEO - GCC (Middle East), Anarock Property Consultants, adding, "While equities may score higher than real estate in terms of capital appreciation, they do not share some of the additional benefits of real estate. For instance, a residen-

MRG World forays into affordable housing with an investment of ₹200 crore

WATCHTOWER

A Gurugram-based business conglomerate, MRG World has recently announced its venture in affordable housing sector with an investment of ₹200 crore in developing its first affordable housing project 'The Balcony', in Sector-93, Gurugram. Located across 75-acre site, 10 km from NH-8, the project enjoys easy connectivity to Gurgaon Expressway and KI Airport due to its strategic location. The project will be developed in 5 acres of land, offering 2-BHK apartments with a variety of unit plans with their unit areas ranging from 677 sq.ft. to 770 sq.ft. The total built-up area of the project would be approx. 5 lakh sq.ft., which will house eight towers with a total of 731 units.

All their projects will be aimed at enhancing the lifestyle and living standards under Pradhan Mantri Awas Yojana (PMAY). Rajat Goyal, joint managing director, MRG World, said, "Commencing with The Balcony, we will be launching five more projects this year in affordable segments under PMAY." The project is being sold via applications where the final end users would be selected via lucky draw.



REALTORS' FORUM

The recent home loan data indicates that with development focus gradually reaching to peripheral regions, tier II & III cities have attracted homebuyers. Experts speak...

Urbanisation across India has been growing at a faster rate, this is more so in tier II and tier III cities. This, along with advantages of schemes like PMAY, are resulting in higher demand for such homes; consequently, tier II and III cities of India have attracted home buyers' interest. The parameters as aid down recently by the Indian government do not support affordable housing in metro and tier I cities.



NIRANJAN HIRANJANI, President, NAREDCO

As these cities are growing more rapidly, return of investment is also increasing very rapidly. Cities like Ahmedabad, Chandigarh, Pune, Kochi and so are on rise in terms of investment in realty sector. The smart city initiative has also increased the demand of these cities. Once the project is completed it will raise the cost drastically in these cities too.



SNEHDEEP AGGARWAL, Founder & Chairman, Bhartiya City

According to govt. estimates, India has a housing shortage of around 11 million. Most of this shortage is in tier II and III cities. The data for last few years clearly shows that demand is higher in these cities as compared to metros. With the spread of banking and NBFC channels, people are now applying for loans even in these cities, which is further increasing the demand for home loans and in turn demand for property.



GOBHAV PODDAR, Director & CEO, Bhumiika Group

We are certainly witnessing a movement towards tier-I and tier-II cities. An improved infrastructure, connectivity, affordability and higher return on investment have made these markets attractive for end users and investors. Further the government has also taken many initiatives which is driving the realty demand in these cities directly and indirectly.



VIKRAM S. GILL, Vice President - S&M, Experton Developers

tial property also comes with the additional benefit of rental yield. Moreover, real estate investment carries a relatively lower risk and comes with considerable tax benefits—but only for resident Indians but NRIs, as well.

Previously, NRIs traditionally invested in high-end luxury properties back home. For end-users, such properties offered them the international lifestyle they are accustomed to. For investors, luxury properties generated sizeable rental income. According to Jacob, while the end-user demand for Indian luxury properties continues albeit on a more muted note, many NRI investors have now turned their focus to affordable and mid-segment housing. This is because the Indian government has provided considerable incentives to buyers of such housing segments, and also because such properties are in higher demand and therefore give a higher rental yield as well as better long term appreciation.

While the government's positive measures have resulted in recovery of residential segment, the reforms brought have also put India offside and retail segments, and emerging segments such as logistics and warehousing on a global map. "Earlier, NRIs heavily invested in the residential segment, as it yielded heavy returns. But now, the scenario has moved to the commercial segment. The reason being good capital appreciation and rental yield of commercial assets owing to the increasing demand of Grade A offices, IT parks, logistics centres and now formation of REIT. All these have been successful in boosting the commercial real estate space and also attracting NRI investment attention," avers Ashish Bhandari, CEO, Bhumiika Group.

The SIDA government's efforts to improve the ease of doing business, is evident from the World Bank Doing Business Report (2018) rankings published in the last quarter of 2018, where India ranked 77th among 190 countries assessed in the index. This has been a significant improvement from the previous performance. "The impact of reforms has been reflected in the number



of investments received by the real estate sector. Of the total institutional investments of US\$ 30 bn. during 2009-2018, US\$ 20 bn. was invested in 2014-2018. During the same period, the share of foreign investments more than doubled to 70 per cent in 2018 from 31 per cent in 2009," enlists Ramesh NRE CEO & country head, JLL India. According to a World Bank report, as Jacob updates, India received USD 70 billion in remittances in 2018—with a sizeable portion going into real estate. NRI investments into Indian real estate are led Indian-expatriates from UAE, USA, UK and Canada.

In terms of Indian cities, Bengaluru, Mumbai, Pune, Hyderabad, Chennai and Delhi-NCR currently attract the lion's share of NRI investments. "Gurugram has emerged as one of the key NRI investment regions in the past few years. It is also known as the NRI hub. The success story of Gurugram real estate development, capital value appreciation and low-IT tax made billionnaires out of humble workers has gone global. This has generated more interest from investors," asserts Ashish Ori, an executive director, DLF Home Developers Ltd.

NRIs generally prefer investing in properties in their home state or city, largely because they are more familiar with those territories and invariably have family or friends who can handle the management and renting aspects. However, more experienced investors with sufficient knowledge about other cities—or those working with reputed real estate consultants—do leap into other cities as well. "Investments are not only happening in large metro-

politan cities of India, as many investors are actively looking for opportunities in tier 2 cities to capitalise on the growth story there. They can be assured of good rental yields and capital appreciation once infrastructure like airports, medical centres and other facilities start coming up in the near future," avers Surendra Hirani, founder & director, House of Hirani.

Having burnt their fingers on dubious developers in previous years, NRIs are prefer to park their investment with reliable, organised builders who register their projects under the RERA and are generally known for transparent business practices. "RERA has provided additional protection to buyers, safeguarded their interests and the norms are ensuring that the delivery of the ongoing projects takes place in a time-bound manner," says Mohit Goyal, CEO, Omaze Pvt. Ltd.

NRIs have always been interested in investing in Indian real estate sector. "Right off NRI on a positive note that this government is expected to address the concerns relating to reforms brought so far. For example, implementation of RERA regulations across the states uniformly will improve buyers' confidence. It should also create a single window clearance mechanism at the national level for easy approval. The government should also work to release the public land holding for the creation of additional affordable and mid-income housing. The need of the hour is also to significantly lower interest rates, thereby, improving affordability, liquidity and boosting housing demand."

Realistic Realtors wins 'Best Warehouse Leasing Consultant' award

One of India's largest commercial real estate advisory firms, Realistic Realtors has won the title of 'Best Warehouse Leasing Consultant' across India at the recently concluded 2nd Annual Future Warehouses Summit & Awards 2019 in Mumbai. The group has 20 office spaces across the country and is serving across 350 plus cities. The company is best known to offer its clients in India a complete spectrum

of professional services in the field of commercial and residential real estate. John Thomas, group director, Realistic Realtors, said, "We are thankful to the jury for showing faith in us. Being awarded the best warehouse leasing consultant means a lot for us, it always comes as a great inspiration to continue the effort. We hope to keep striving and providing the best service to the customers in times to come."

Realistic Realtors is recognised in the Indian real estate industry for its specialised leasing and investment advisory services. Bringing a gamut of strategic, operational and consultancy services, its focus is to attain global service standards with local expertise. Market analysis reports, widespread reach, professional network, pragmatic solutions and its valued advisory are the hallmarks of its success and deliveries.



Shapoorji Pallonji strengthens its presence in NCR with launch of Joyville Gurugram phase 2

After the successful Phase 1 launch of Joyville Gurugram, Shapoorji Pallonji Group, one of India's most trusted developers, has announced the launch of new phases at Joyville Gurugram (Sector-92). Under the new phases the company has launched around 586 apartments with different unit configurations of 2-BHK and 3-BHK sizes. Shapoorji Pallonji has entered the NCR with the launch of its first residential project under

the institutional housing brand 'Joyville' in Gurugram in January 2019 and sold more than 400 flats at the launch. The new phase is a US\$ 200 million platform by Shapoorji Pallonji, ABB, IFC and Actis to develop aspirational housing projects in India. 10 state four projects have been launched under this platform in Gurugram, Haryana (Sector 92), 31st Cross (New Mumbai) and Hinwah (near Kolkata).

Joyville Gurugram is spread over 18 acres of land and offers 75 per cent open space with more than 31 playful activities to its residents. All the amenities are designed keeping in mind the working needs of home buyers. Speaking at the launch, Sriram Menon, MD, Joyville Shapoorji Housing, said "The overwhelming response from homebuyers during the phase one launch has encouraged us to launch the new phases within a short span of time."

REALTY ROUND-UP