

Indian real estate market saw significant change during 2005-14: Report

The opening up of realty sector to FDI in 2005 initiated the entry of new avenues for funding.

Indian real estate market witnessed a significant change in the last decade mainly backed by opening up of FDI in the sector and shift in preference to high-rises over traditional low-rise structures, according to a report.

The opening up of the sector to foreign direct investment in 2005 initiated the entry of new avenues for funding, and capital inflow witnessed a spike, property consultant CBRE said in its report titled 'Inflection Point: Ten years of organised real estate in India (2005–2014)'.

Restrictive legislations till 2004 provided limited scope of funds for the sector. However, opening up of the sector to FDI in 2005 opened up new avenues for investment, it said.

As per the report, the capital inflows into the sector witnessed a spike especially in 2007 and 2008 when private equity investment was close to USD 14 billion.

"The economy opened up for investments around 2005, which was instrumental in spurring broad-based fundamental growth across various sectors — accelerating consumption and heightening investment inflows," CBRE South Asia Chairman and Managing Director Anshuman Magazine said.

India's housing landscape shifted from largely independent low-rise plotted developments to high-rise apartment complexes, mainly to meet the over increasing demand for homes, the report said.

"Investment-grade office space formed the mainstay of the evolution of the organised real estate sector in the country, which witnessed a shift from traditional central business districts of leading cities across India to new peripheral/suburban business districts in the last decade," it said.

From a little over 90 million sqft in 2005 to more than 400 million sqft in 2014, country's investment grade office stock has undergone a generational shift in its composition, structure and spread backed by the private sector as well as intervention by the government.

The retail landscape also underwent significant changes over the last decade.

"The period was marked by the rising popularity of malls among shoppers and retailers, as against the decline of major high streets. Going forward, technology and e-commerce will co-

exist alongside malls and high streets in a comprehensive retail real estate eco-system," Magazine said.