

FDI's Share in Real Estate will touch 26% by Mar '07

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'Study on Future of Real Estate Investment in India' brought out by ASSOCHAM says real estate market is growing @ 30% pa

FDI's share in domestic real estate market will shoot up by at least 10% by March 2007 and touch about 26% level from 16% of fiscal 2005-06, in view of growing interest of global real estate players into Indian real estate market and increasing demand of office space particularly in IT & BPO, according to The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

The overseas investments will also be finding larger space in Indian SEZs and increasing number of shopping malls that will naturally fatten their share in real estate market, adds findings of the 'Study on Future of Real Estate Investment in India' brought out by ASSOCHAM.

Since, ASSOCHAM expects cut throat competition to emerge between domestic and overseas investors in real estate, the Study forecasts that of estimated US\$ 60 billion future market size of real estate business in India, the share of foreign investments will be within the range of US\$ 25-28 billion by 2010.

In 2003-04, India received total FDI inflow of US\$ 2.70 billion of which only 4.5% was committed to real estate sector. In 2004-05 this increased to US\$ 3.75 billion of which, the real estate share was 10.6%.

However, in 2005-06, while total FDIs in India were estimated at US\$ 5.46 billion, the real estate share in them was around 16%. The Study, nevertheless projects that in 2006-07, total FDIs will touch about US\$ 8 billion in which the real estate share is estimated to be about 26.5%.

Commenting on Study, ASSOCHAM President, Mr. Anil K Agarwal said, leading international investors like Royal Indian Raj International, Blackstone Group, Goldman Sachs, Emmar Properties, Pegasus Realty, Citygroup Property Investors, Lee Kim Tah Holdings, Salim group, Morgan Stanley and GE Commercial Finance Real Estate are showing keen interest and establishing their presence in domestic real estate business.

Companies: Overseas Real Estate Investors Plan (in US\$)

Royal Indian Raj Intl'
2.9 billion

Citygroup Property Investors
125 million

Blackstone Group
1 billion

Lee Kim Tah Holdings
115 million

Goldman Sachs
1 billion

Salim group
100 million

Emmar Properties
800 million

Morgan Stanley
70 million

Pegasus Realty
150 million

GE Commercial Finance Real Estate
63 million