

One Reit may enter market annually for next 3-5 yrs: IRA chief

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India's real estate investment trust (Reit) sector is set for robust expansion, with at least one new Reit expected to enter the market each year over the next three-five years. This growth trajectory builds on rising occupancies, surging leasing activity, and increasing investor interest.

"We expect that probably one player, on average every year, will continue to launch their Reit in the short-to-medium term. We feel short-to-medium will be three to five years," said Alok Aggarwal, managing director (MD) & chief executive officer (CEO), Brookfield India Real Estate Trust and chairman of the Indian Reits Association (IRA).

For a market that has seen only five Reits since the investment instrument was allowed in 2014, getting one a year would mean a significantly high rate of growth. Some upcoming Reits include Blackstone-backed Bengaluru developer Bagmane, which is reportedly planning a ₹4,000-crore Reit initial public offering (IPO). Another one

likely is DLF-GIC JV firm DLF Cyber City Developers Limited (DCCDL), which houses all of DLF rental assets of office space and malls, but has said it has no immediate plans for Reit listing. The next one is reported to be Blackstone, Sattva Group and Panchshil Realty-backed Reit. On the purely retail side is Phoenix Mills, which recently acquired Canada Pension Plan Investment Board's (CPPIB's) shares in its subsidiary Island Star Mall Developers Private Ltd. It said in an investor presentation the move opened up monetisation through a possible Reit.

Currently, India's five publicly-listed Reits — Brookfield India Real Estate Trust, Embassy Office Parks Reit, Mindspace Business Parks Reit, Nexus Select Trust, and Knowledge Realty Trust — manage assets of ₹2.25 trillion with a combined market capitalisation of over ₹1.5 trillion as of August.

Cumulative distributions have surpassed

₹24,300 crore since inception, with ₹1,559 crore paid out in Q1 FY26 alone, a 13 per cent surge year-on-year (Y-o-Y). For the full 2024-25 (FY25), cumulative distribution by the four Reits reached ₹6,070 crore from ₹5,366 crore in FY24, a Y-o-Y growth of 13 per cent.



THE GROWTH TRAJECTORY BUILDS ON RISING OCCUPANCIES, SURGING LEASING ACTIVITY, AND INCREASING INVESTOR INTEREST

Reits are mandated to distribute at least 90 per cent of their taxable income.

According to regulations of the Securities and Exchange Board of India (Sebi), Reits' distributions are returns which can be in the form of dividends, interest, amortisation of debt received from special purpose vehicles (SPVs), other income or a combination of these above-mentioned aspects. Reits have to mandatorily list on Indian exchanges.

The combined market capitalisation of all five listed Reits crossed ₹1.5 trillion while they together hold more than 175 million square

feet of Grade A office and retail space as of Q1 FY26. With occupancies for major listed players climbing from the early 80 per cent range to the late 80 per cent, projections indicate that they could exceed 90 per cent soon.

Aggarwal further emphasised the sector's momentum. "India's Reit market has moved beyond its early phase to become a reliable investment avenue for both institutional and retail investors," he added.

Leasing trends further illustrate the sector's vitality, with India witnessing around 90 million square feet of activity over the past two years — up from 70-80 million square feet five years ago. This surge is driven in part by the expansion of global capability centres (GCCs), which currently number about 1,700 and are expected to reach 3,000 within the next five-seven years. Their annual revenue is projected to double from \$60 billion to \$120 billion, shifting from back-office functions to strategic operations that leverage India's talent pool.

Aggarwal noted that diversification into new sectors such as data centres and logistics was taking place, beyond the current focus on

office and retail spaces. He said while office demand remains high, particularly for Grade A assets, supply-demand imbalances in specific micro-markets — like Mumbai's Bandra Kurla Complex — are driving rental growth.

Despite these shortages, overall supply is expected to match demand, with tenants securing leases more quickly amid optimistic market conditions. Addressing concerns about yields in an inflationary environment, he added that Reits offer a compound annual growth rate (CAGR) of around 12 per cent — 6-7 per cent from quarterly distributions and the rest from capital appreciation.

This structure provides tax efficiency, with 50-80 per cent of distributions often tax-exempt, making effective returns higher than they appear. Compared to equities, which might yield 1 per cent in dividends with 11-12 per cent growth, Reits deliver a more balanced mix, with rentals typically rising in line with inflation. The sector's appeal is bolstered by recent government reforms, including GST changes that reduce costs and spur consumption. Aggarwal added the measures will free up capital for developers.