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TIMES PROPERTY

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HOUSING FOR ALL
 This scheme will immensely benefit the Low-income Group (LIG) and Middle-income Group (MIG) buyers by providing lower interest rates than before. In case anyone wants a home above the Rs 12 lakh limit, then the buyer can avail the non-subsidised loan. It simply means that if the buyer who is looking for a home loan of Rs 17 lakh, then he/she will be eligible for a subsidy benefit of upto Rs 12 lakh at the rate of 3 per cent, whereas the remaining loan amount of Rs 5 lakh would be non-subsidised. As a direct consequence of increased cash reserves in the banks, there has been a general lowering of home loan interest rates, as announced by various banks. With the reduction in interest rates, the demand for homes is expected to receive a boost. It is expected that it would improve the confidence of the middle-income group buyers who earn Rs 8-15 lakh per annum. Only first-time home buyers, who do not possess a home anywhere else in the country can avail subsidy benefit. Prior to this, the subsidy was available for loans upto Rs 6 lakh. But currently, it has been hiked to Rs 9 lakh and Rs 12 lakh.

Our realty experts weigh the pros and cons of REITs and discuss ways through which they could further impact the realty market. The timing couldn't be more perfect as the country awaits its first REIT listing to go live. **Read on...**

Getting it REIT

Kanchan Gogate
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Real Estate Investment Trust (REIT) has been a long pending demand of the Indian real estate sector, as it is one of the legitimate ways to

bolster institutional funding. Thus, global and domestic investors are optimistic about their prospects.

REITs IN INDIA: A BEGINNING
 The Securities and Exchange Board of

India (SEBI) had proposed a regulatory framework for REITs on October 10, 2013, under the REIT Regulations, 2013. However, no single REIT has been listed in the country. According to experts, there were several

roadblocks for REITs in India. However, last year's budget addressed many of these queries. And finally, this year, the country's maiden listing under REITs is expected in the first quarter of 2018.

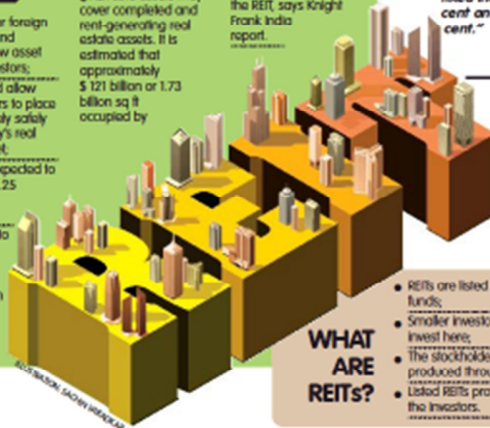
THE POTENTIAL OF REITs IN INDIA

- It will trigger foreign investment and provide a new asset class for investors.
- REITs would allow retail investors to place funds relatively safely in the country's real estate market.
- REITs are expected to create a Rs 1.25 trillion opportunity.
- According to a RICS and Cushman & Wakefield report, Indian commercial real estate

offers investment opportunity worth \$43-\$4 billion across the top eight cities.

- REITable assets may cover completed and rent-generating real estate assets. It is estimated that approximately \$ 121 billion or 1.73 billion sq ft occupied by

GRE (Commercial Real Estate) across office, retail and warehouse segments could potentially benefit from the REIT, says Knight Frank India report.



WHAT ARE REITs?

- REITs are listed on stock exchange, just like the mutual funds.
- Smaller investors who cannot invest in realty assets can invest here.
- The stockholders of a REIT earn a share of the income produced through real estate investment.
- Listed REITs provide liquidity, thus providing easy exit to the investors.

Experts speak

11 Apart from benefits such as improving funding for the sector and a new investment vehicle for the public, there are also immense gains on account of elevated transparency and governance standards."

■ **SAMANTAK DAS**,
 chief economist & national director - research, Knight Frank India

11 REITs are more tax-efficient and provide better post-tax income to investors, buyers and sellers. REITs provide for a fixed income plus an equity upside during its life. With the interest rates reducing, REITs are expected to provide a fixed income return in excess of seven per cent and overall returns of about 14-15 per cent."

■ **AMIT GOENKA**,
 MD & CEO, Nitya Finance Services

11 The regulations still have room for changes, especially on the tax front. We hope REITs will play a defining role in shaping the sector. Asset availability and pricing continue to be challenging."

■ **BALAJI RAGHAVAN**,
 chief investment officer of Real Estate Investments, RE Asset Management