

REITs India- New Investment Avenue for Financing Urban Infrastructure in India

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Abstract : Indian Real Estate sector is the second largest employer after agriculture and is slated to grow at 30 percent over the next decade. Indian cities have shown tumultuous growth since last two decades. With the growing need of infrastructure, it has become inevitable for real estate sector to adopt more organized and transparent system of investment. SPVs such as REITs ensure transparency facilitating accessibility to invest in real estate for those who find it difficult to purchase real estate as an investment option with a realistic income expectation from their investment. RIETs or real estate investment trusts is an instrument of pooling funds similar to that of mutual funds. In a simpler term REIT is an Investment Vehicle in the form a trust which holds & manages large commercial rent-earning properties on behalf of investors and distributes most of its profit as dividends. REIT enables individual investors to invest their money in commercial real estate assets in a diversified portfolio and on the other hand provides fiscal liquidity to developers as easy exit option and channel funds for new projects. However, the success REIT is very much dependent on the taxation structure making such models attractive and adaptive enough for both developers and investors to opt for such investment option. This paper is intended to capture an overview of REITs with context to Indian real estate scenario.

Keywords : Indian real estate, real estate infrastructure trusts, urban finance, infrastructure investment trusts

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