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# Setting the foundation for success

We dive into conversation with **Shakti Nath CMD, Logix Group**, on the state the real estate sector and where the industry is headed

**Rapid urbanization, positive demographics and rising income levels have seen the real estate industry grow manifold. How do you appraise the sector's performance?**

Real estate in India is the second largest employer after agriculture and is slated to grow at 30% over the next decade.\* Increase in income levels has indeed raised aspirations and this has been encouraging for the housing segment. At the same time, affordable housing too has received an impetus in the form of favourable government policies and incentives. Increasing migration of workforce across the country has made significant contribution to real estate's growth – housing as well as commercial.

Going by data, the housing sector alone contributes 5-6 per cent to the country's Gross Domestic Product (GDP). The private equity investments in real estate increased 26 per cent to a nine-year high of nearly Rs 40,000 crore (US\$ 6.01 billion) in 2016\*.

The real estate sector's performance has also played a crucial

role in the overall development of the country's core infrastructure. The Central Budget has now accorded infrastructure status to affordable housing projects which is going to bring the Housing-For-All vision one step closer to fruition.

What is also worth noting with regard to the real estate industry is the increased level of transparency and consumer focused approach. This has helped shore up confidence from all stake holders. Global as well as domestic investors are now viewing Indian real estate as a worthwhile investment. The construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US\$ 24.28 billion in the period April 2000-December 2016\*.

Responding to an increasingly well-informed consumer base and, bearing in mind the aspect of globalisation, Indian real estate sector has shifted gears and accepted fresh challenges. It is well on its way to changing paradigms and, in my opinion, the future, despite the challenges, seems bright and heartening.



\* Source: IBEF

**How do you see Real Estate Investment Trust's impacting the real estate industry?**

The general mood pertaining to REITs is bullish in India. With the Securities and Exchange Board of India looking to tweak norms to encourage investments, there is reason to believe that

there are quite a few positives to be reaped from the introduction of REITs. Several countries such as the USA, Australia, Singapore and Hong Kong have quite successfully implemented REITs to the benefit of their own real estate industries.

"Uncertainty is no more in question with a very progressive government at the Centre and new opportunities are flocking to India."

**Shakti Nath,**  
CMD, Logix Group

Talking about impacts, REITs have the potential to bring in more investment in real estate while bringing down the risks involved. For investors who are averse to investing in physical purchase of property due to the risks involved, REIT is an alternative. Investors can buy and sell units of REIT on the stock exchange as and when required,

making investment easier to liquidate compared to physical property transaction.

The minimum required to be put into an REIT is Rs. 2 lakh as of now.\*\* It could provide an opportunity for investors who, otherwise, do not get the opportunity to invest in commercial real estate because of high capital values. Since 90% of the profit generated needs to be distributed as dividend in REIT, it could provide a stable income for unit holders.\*\*

Overall, the real estate industry is very likely to receive a positive impetus through REITs. Besides, REITs might also be crucial in meeting rising housing needs and in helping balance urbanisation through creation of better infrastructure e.g. affordable housing and Smart Cities.

\*\*Source: The Hindu

**How has the Logix Group evolved to meet the changing buying & investing habits of consumers/investors?**

It is safe to say that consumers have become more aware of the various nuances of real estate

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and this reflects in their choices. Logix group has actively taken cognisance of this trend. We are making sure that any information that helps a consumer make a buying choice is made available. Basically, we are putting in a lot of effort to engage and interact with consumers.

More and more people today are opting to stay in integrated residential complexes which make it easy for them to commute to their workplaces or leisure spots. Besides other factors, such choices are also being influenced by the convenience of having easy access to essential amenities such as community

centres, hospitals, sports facilities and other such amenities. We at Logix have paid close attention to the current trends in consumer preferences and all our projects are designed to cater to such requirements.

An important part of our evolving practices is the commitment to bringing down Turn-Around Time. Through efficient resource mobilisation and adherence to global standards, we strive to reduce Turn-Around Time to lowest possible levels.

Investors' sentiment towards Indian real estate has been largely positive. There are certain flaws, no doubt, that need to be managed. Increased transparency and better organisation in this sector is something that investors are looking forward to. Again, Logix has taken all the necessary steps to engage investors in every possible way so that they feel confident about expected returns. Our entire hierarchy of operations is crystal clear and well-managed. In short, Logix has always been on its toes to readily meet the changing paradigms.