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Realty Landscape Looks Fertile for More IPOs

Real estate public issues generated ₹13,553 crore in 2024 so far, nearly double the amount raised last year

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Bengaluru: Driven by strong demand across residential, commercial, and retail segments, Initial Public Offerings (IPOs) by real estate developers, housing finance companies (HFCs), and real estate investment trusts (REITs) with underlying assets such as Grade A offices and malls are likely to see continued momentum in the near-term.

Furthermore, several companies, including flexible space operators and Small and Medium REITs (SM-REITs), along with other real estate developers, are poised to file for their IPOs with the regulator.

"Since 2021, housing finance companies have formed a majority proportion of the IPOs within the real estate domain at 46%. This was followed by REITs at 22% and real estate developers at 17% who have accessed the primary market. The positive outlook for IPO activity in India is underpinned by higher investment in infrastructure, favourable demographics, and higher consumer spending supported by a conducive regulatory fram-

Through the Roof

Developers, housing finance cos (HFCs), and real estate investment trusts (REITs) file IPOs

Portion of the IPOs in realty domain

HFCs	REITs	Developers
46%	22%	17%

Developers raised funds via IPO since 2021

Macrotech Developers, Shriram Prop, Bajaj Housing Finance, Awfis Space Solutions etc



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ework," said Badal Yagnik, chief executive officer, Colliers India.

The increasing momentum in the Indian real estate sector has prompted a growing number of companies to pursue initial public offerings (IPOs) as a means of capital generation to support their expansion strategies. In 2024, real estate IPOs generated a staggering ₹13,553 crore, nearly doubling the amount raised in 2023. This significant uptick can be attributed to several factors including increased housing demand, a surge in office leasing activities, strategic growth

moves by co-working space providers and residential development companies.

"The listing of flexible workspace providers on capital markets marks a pivotal moment, underscoring the trust and prominence this niche segment has achieved. While institutional investor interest has steadily grown over recent years, the oversubscription of Awfis' initial public offering (IPO), along with expected IPOs from other flexible workspace providers, signals strong acceptance of this emerging sector among inves-

tors, markets and clients.

Today, flexible spaces hold a robust position, attracting diverse clients including GCCs and large corporates from various industries and demographics," said Sumit Lakhani, deputy CEO of Awfis Space Solutions.

In the post-pandemic landscape, the primary drivers of IPO activity have been housing finance companies (HFCs), real estate investment trusts (REITs) and developers. The developers who raised funds via IPOs since 2021 till date are Macrotech Developers Shriram Properties, Bajaj Housing Finance, Awfis Space Solutions, Aadhar Housing Finance and Apts Value Housing Finance India.

The increased number and volume of public issues enhance confidence in an environment characterized by higher corporate earnings, growing participation from both retail and institutional investors, and sufficient liquidity in the market. As of October 20, 2024, there have been 123 new issues across various sectors, surpassing the total number of IPOs that occurred in 2023, of these 47 real estate IPOs were listed since 2010 with more

than ₹30,000 crore raised from over 20 IPOs in the post-pandemic era of 2021 onwards, Colliers mentioned.

The real estate sector, a critical driver of India's GDP, has experienced a substantial increase in IPOs in recent years, particularly following the COVID-19 pandemic. Since 2021, the Indian stock exchanges have recorded 21 real estate IPOs, a significant rise compared to the 11 listings that occurred during the prior four-year span from 2017 to 2020.

According to the report, in this post-pandemic landscape, these 21 real estate firms have collectively raised ₹31,900 crore through their IPOs, which is more than double the capital accumulated in the previous four years, underscoring a robust resurgence in the sector's attractiveness to investors and capital markets. Investment traction in initial public offerings (IPOs) within the real estate sector has been predominantly driven by housing finance institutions, which accounted for 46% of the capital raised from 2021 to 2024. Real Estate Investment Trusts (REITs) followed, securing a 22% share of the total capital.