

Powering the Next Decade: India's Real Estate Finance Transformation Story

ANAROCK
INVESTMENT BANKING



Foreword

India's real estate sector will absorb roughly ₹50 Lakh Cr of capital over the next decade. The question is no longer whether the demand is there — urbanisation, rising household incomes, and a generational shift toward formal housing have settled that argument. The question is whether the capital that funds this demand will be efficient, accountable, and broad-based, or whether the sector will repeat the structural failures of the 2018–19 NBFC cycle. The decisions of the next three years on capital allocation, regulatory design, and product innovation will determine whether real estate reaches its trillion-dollar potential or stalls at half of it.

The past decade re-engineered the sector quietly but completely. Demonetisation in 2016 cut through informal capital. RERA reset the developer–buyer contract. GST forced formalisation. The collapse of IL&FS in 2018 and DHFL in 2019 exposed the fragility of an NBFC-led financing model that had been the sector's primary growth engine. COVID-19 stress-tested every balance sheet that survived. The sector that emerged is smaller in player count, more institutional in ownership, and structurally more disciplined — though that discipline has come at the cost of access for almost everyone outside the top thirty developers.

Housing finance is the elephant in the room. At over ₹38 Lakh Cr, mortgage credit is by far the largest component of real estate financing in India, dwarfing every other vehicle combined. Around it, a more complex financing stack has emerged: five listed REITs with a combined market capitalisation of roughly ₹2.1 Lakh Cr, a maturing Alternative Investment Fund industry filling the mid-risk gap NBFCs vacated, and a growing GIFT City IFSC channel through which sovereign wealth and pension capital is beginning to enter Indian real estate at scale.

Banks have re-entered selectively. NBFCs have recalibrated. Institutional capital, both domestic and foreign, is now doing what NBFC retail lending used to do — only with longer holding periods and tighter underwriting.

Shobhit Agarwal
CEO
ANAROCK Capital



The structural gaps are now harder to ignore. Affordable housing — the segment with the largest demand–supply gap and the highest social return — remains chronically underfunded by formal capital. Tier II & Tier III developers are still locked out of institutional lending. Capital concentrates in the same five cities and the same fifteen sponsors.

The SWAMIH Fund was a meaningful intervention for stalled projects, but it does not address the upstream problem: institutional capital still treats most of the Indian real estate market as un-bankable. This is no longer a capital availability problem. It is a capital architecture problem.

This report tackles that architecture in three parts. The first maps the financing canvas — the macroeconomic backdrop, the regulatory machinery, and the changing behaviour of banks, NBFCs, and AIFs. The second examines the modern capital market — REITs and InvITs as institutionalised public-market vehicles, and the SWAMIH Fund as a government-led intervention for distressed inventory. The third focuses on the housing loan market, the ₹38 Lakh Cr segment that ultimately determines whether the demand on the ground can find the credit it needs.

Real estate financing in India today looks fundamentally different from what it did a decade ago. It is more institutional, more regulated, and more accountable. But the next phase will not be won by adding more vehicles for the same set of borrowers. It will be won by extending the financing stack — to the affordable segment, to the smaller developer, to the cities outside the top five.

Whether Indian real estate becomes a trillion-dollar industry will depend less on how much capital enters it, and far more on how far that capital is willing to travel.

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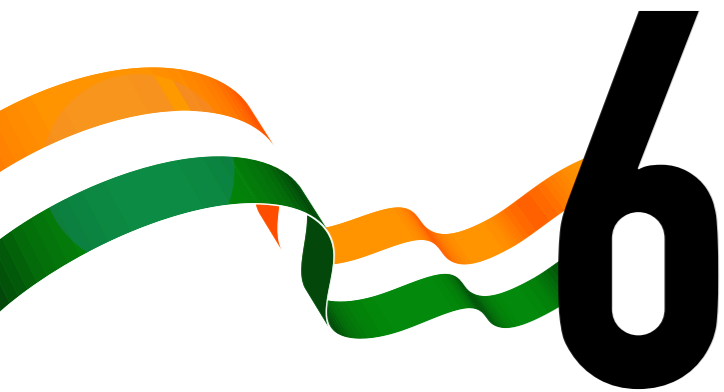
The Housing Loan Landscape in India

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Navigating Global Headwinds — Why India Stays Structurally Sound

Setting the Tone



Key Pillars Driving Economic Growth & RE Sector Transformation in India (2010-25)

Resilient GDP Growth

India's real GDP for FY2025-26 is estimated to grow by 7.6% under the revised base-year series, up from 7.1% in FY2024-25, reaffirming its position as the world's fastest-growing major economy for the 4th consecutive year. FY27 growth is projected at 6.8-7.2%.

Fiscal Consolidation

The Government's FY2021-22 commitment to bring the fiscal deficit below 4.5% of GDP by FY26 has been achieved, with the FY26 revised estimate standing at 4.4%, in line with the Budget Estimate. The FY27 fiscal deficit target has also been maintained at 4.4%, supporting a continued decline in the debt-to-GDP ratio.

Global IPO Leader

India's primary market recorded a landmark year in FY26, with 219 companies listed and ₹1.8 Lakh Cr (~USD 20 Bn) raised through IPOs — the highest annual fundraising on record. The mainboard segment alone accounted for 108 IPOs, mobilising a record ₹1.7 Lakh Cr.

The Innovation Engine

India has emerged as one of the world's largest startup ecosystems, aligned with the vision of Viksit Bharat 2047.

- As of Dec 2025, the country had 200,000+ DPIIT-recognised startups & 120+ unicorns with a combined valuation of USD 350+ Bn.
- >51% of startups now originate from Tier II & Tier III cities, while 45% have at least one woman Director/Partner.
- Funding access has also strengthened, with the Fund of Funds (FoF) supporting 140+ AIFs that have invested ₹25,500+ Cr across 1,370+ startups.

1 MACROECONOMIC RESILIENCE

Robust GDP growth, effective inflation management, and fiscal discipline supporting economic health

2 RESIDENTIAL REAL ESTATE RESURGENCE

Increased homeownership aspirations, shift to organized developers, and focus on affordable and mid-income housing

3 TRANSFORMATIONAL POLICY REFORMS

RERA (2016), GST (2017), and insolvency laws enhancing transparency and ease of doing business.

4 ROBUST COMMERCIAL & INDUSTRIAL GROWTH

Steady Grade-A office leasing from IT/GCCs, plus strong warehousing demand from e-commerce

5 URBAN DEMOGRAPHIC DIVIDEND

Rapid urbanization, a youthful population, and rising disposable incomes driving demand.

6 ACCELERATED INFRASTRUCTURE DEVELOPMENT

Major investments in national highways, railways, and metros improving connectivity and economic productivity

Consumer Confidence

In Q1 2026, new housing launches (1,26,300 units) surpassed sales (1,01,650 units) for the first time since the pandemic, driving inventory of 6+ Lakh units — up 7% YoY.

Luxury Housing Boom

Average residential prices across the top 7 cities rose 7% YoY to ₹9,456/sf in Q1 2026, with NCR leading growth at 15%, driven by luxury and ultra-luxury housing demand.

Shift to Premium Housing

Affordable housing (< ₹40 Lakh) accounted for just 10% of new supply in Q1 2026, down from 26% in 2021, while premium homes priced > ₹1.5 Cr comprised 53% of new launches.

Office Market Recovery

Net office leasing across the top 7 cities reached a record 58.2 Mn sf, up 17% from 49.9 Mn sf in 2024.

Warehousing Growth

Warehousing stock increased more than threefold (>3x) in 7 years, rising from 180 Mn sf (2018) to 605 Mn sf (2025).

Data Centre (DC) Explosion

India's data centre capacity is expected to exceed 2 GW by 2026 from 1+ GW currently, with industry estimates projecting a fivefold (5x) expansion to 8+ GW by 2030.

Infrastructure Expansion

India has the world's 2nd largest road network, with National Highways spanning 1,46,560 km.

In FY26, NHAI surpassed its highway construction target by 15%, completing 5,313 km with capital expenditure of ₹2.44 Lakh Cr.

Vishal Srivastava

Head - Corporate Finance & Managing Director ANAROCK Capital



Budget Segmentation:

Affordable: <₹40 Lakh
 Lower Mid: ₹40 Lakh - ₹80 Lakh; Upper Mid: ₹80 Lakh - ₹1.5 Cr
 High End: ₹1.5 Cr - ₹2.5 Cr
 Luxury: ₹2.5 Cr - ₹4.0 Cr; Ultra Luxury: >₹4.0 Cr



India Real Estate Financing Canvas

1

The Need

India's real estate sector, a key economic driver, is projected to reach ~USD 1 Tn by 2030 and USD 5-7 Tn by 2047, with potential to exceed USD 10 Tn.

This growth is driven by urbanization, population expansion, and government initiatives like "Housing for All" and Pradhan Mantri Awas Yojana.

Given its capital-intensive nature, financing is critical across land acquisition, construction, and execution. CRE lending supports large-scale developments, ensures steady cash flows, and unlocks growth opportunities.

Policy support, including REITs, continues to attract investment and strengthen the sector.

Key Trends

A housing shortage of
~10 Mn units
in urban areas
+
~25 Mn units
of **affordable housing**
needed by 2030

Commercial office space demand
by GCCs & IT sector
1.2 Bn sf
2030P

Retail developments to be
operational across top 7 cities
41 Mn sf
2028

India's **Data Center capacity**
will grow fivefold (5x) to
8+ GW
by 2030

India's Urban Population



676 Mn
2035P
900 Mn
2047P



India RE Sector - Projected Market Size

USD 1 Tn
2030P
USD 5-7 Tn
2047P



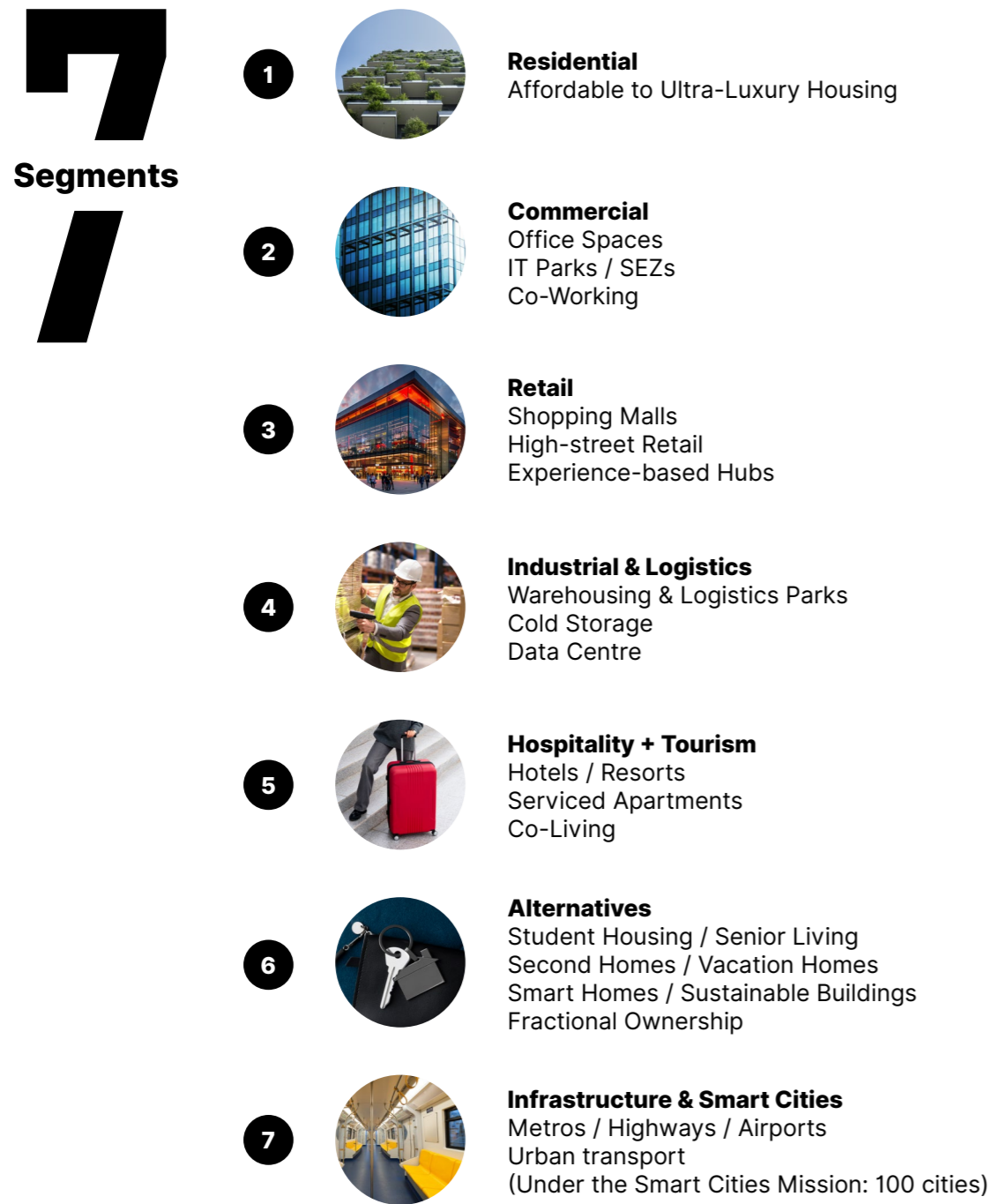
Policy Tailwinds

- RBI Repo Cut
- 100% FDI Townships
- National Real Estate Policy 2025 (single window + green incentives)

P = Projected

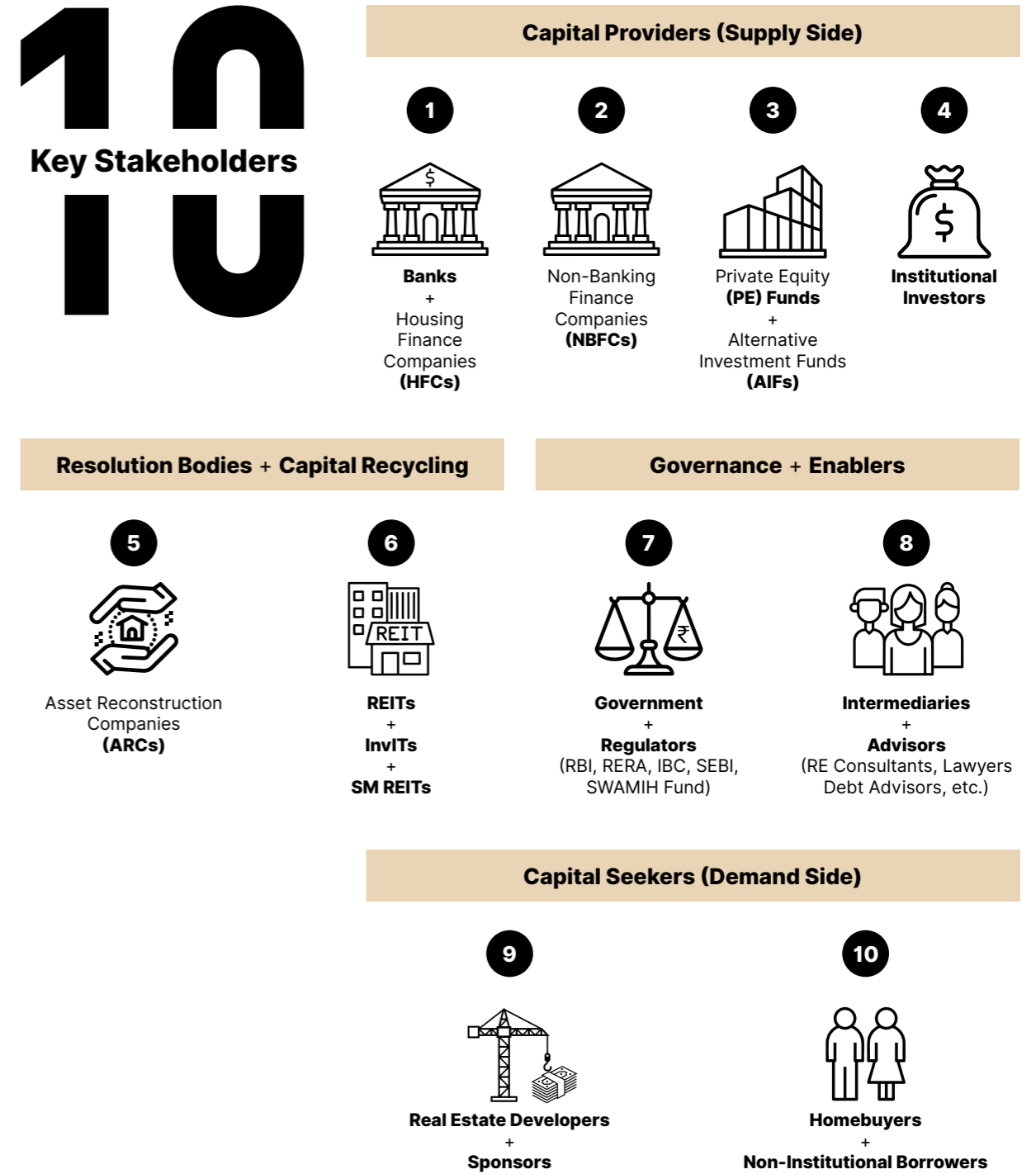
Source: IBEF & ANAROCK Research

India Real Estate Canvas: Diverse & Evolving

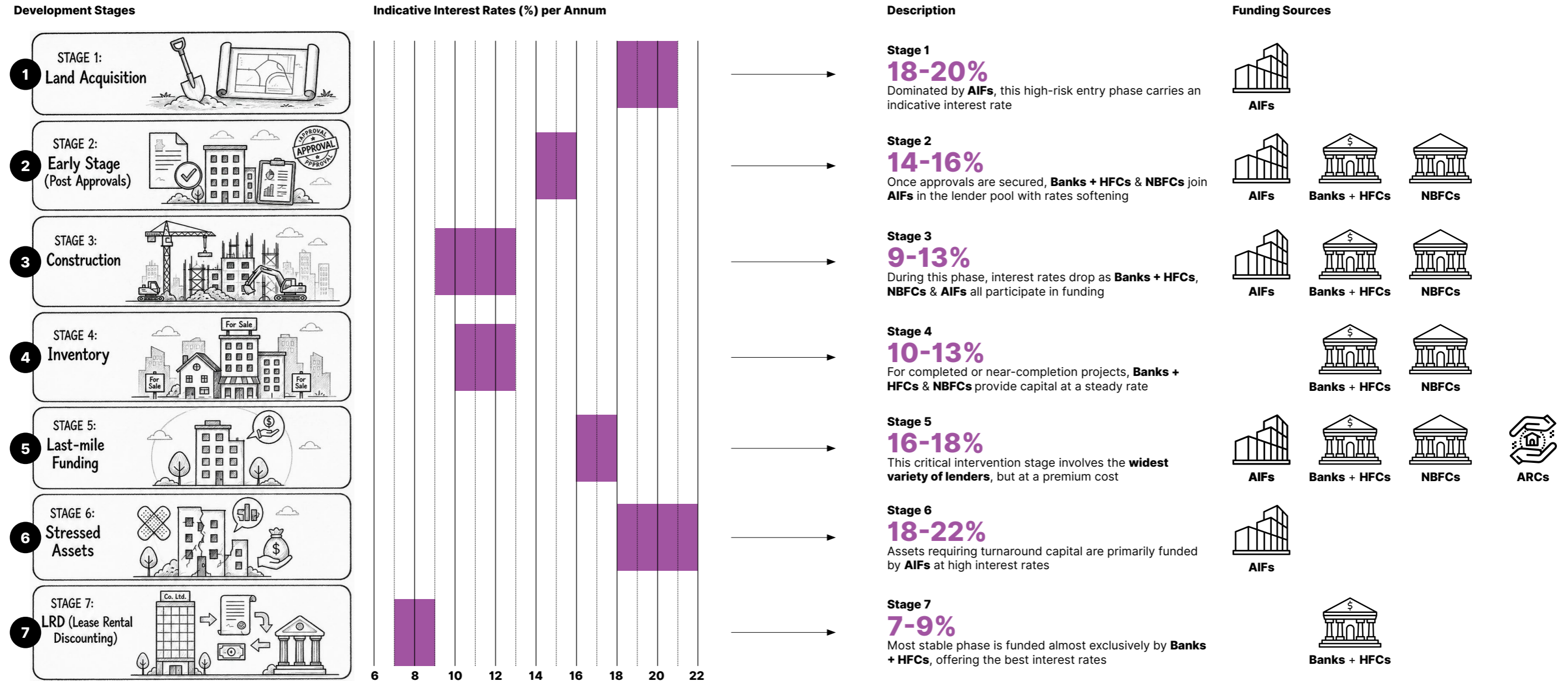


India Real Estate Financing Ecosystem: Key Stakeholders

India's real estate financing eco-system is quite layered, with multiple stakeholders playing distinct but interconnected roles.



Real Estate Capital Lifecycle: Indicative Interest Rates & Funding Sources by Development Stage



7 Pain Points

India Real Estate Financing: Complex, Constrained & Challenging

1) Regulatory Hurdles
Policy changes, complex approvals, & bureaucratic delays increase project costs and financing difficulties.

2) Restricted Bank Funding
The RBI prohibits banks from funding land acquisitions and approvals, forcing developers to rely on NBFCs, AIFs, or Private Equity (PE).

3) Stringent Lending Norms
Banks require high equity contributions and strict Debt Service Coverage Ratio (DSCR) compliance.

4) High Cost of AIFs
NBFCs & private lenders charge higher interest rates, raising project costs. Since 2022, NBFCs can fund only approved projects, restricting land financing and leaving AIFs as the primary option for land acquisition.

5) Land Acquisition Challenges
Legal disputes, title issues and regulatory clearances cause delays & funding roadblocks.


6) Funding Constraints
High interest rates and limited institutional funding impact developers, especially smaller firms.

7) Refinancing & Stressed Assets
Stricter RBI norms make loan refinancing & debt restructuring difficult, while non-performing assets (NPAs) reduce future borrowing capacity.


Real Estate Funding Sources: What This Means for Borrowers

Funding Source	Cost	Approval Timeline	Leverage	Refinance Access
Banks	Lowest	Slowest + Approvals Needed	Conservative, 60-70%	Easiest for Stabilised Assets
HFCs	Low to Moderate	Moderate Timelines	Housing-focused, 60-70%	Good for Housing Refinance
NBFCs	Moderate to High	Fast & Flexible for pre-RERA	Higher, 60-70%	Common, Takeout to Banks Post RERA
AIFs/Funds	High	Fastest for High-risk	Highest, up to 70%	Structured Refinance to Bank Debt
ARCs	High + Haircuts	Case-by-Case Approach for Stressed Assets Only	Project-specific	Restructuring-Focused


Key Takeaways




Banks + HFCs
Cheapest Capital,
Slower Approvals



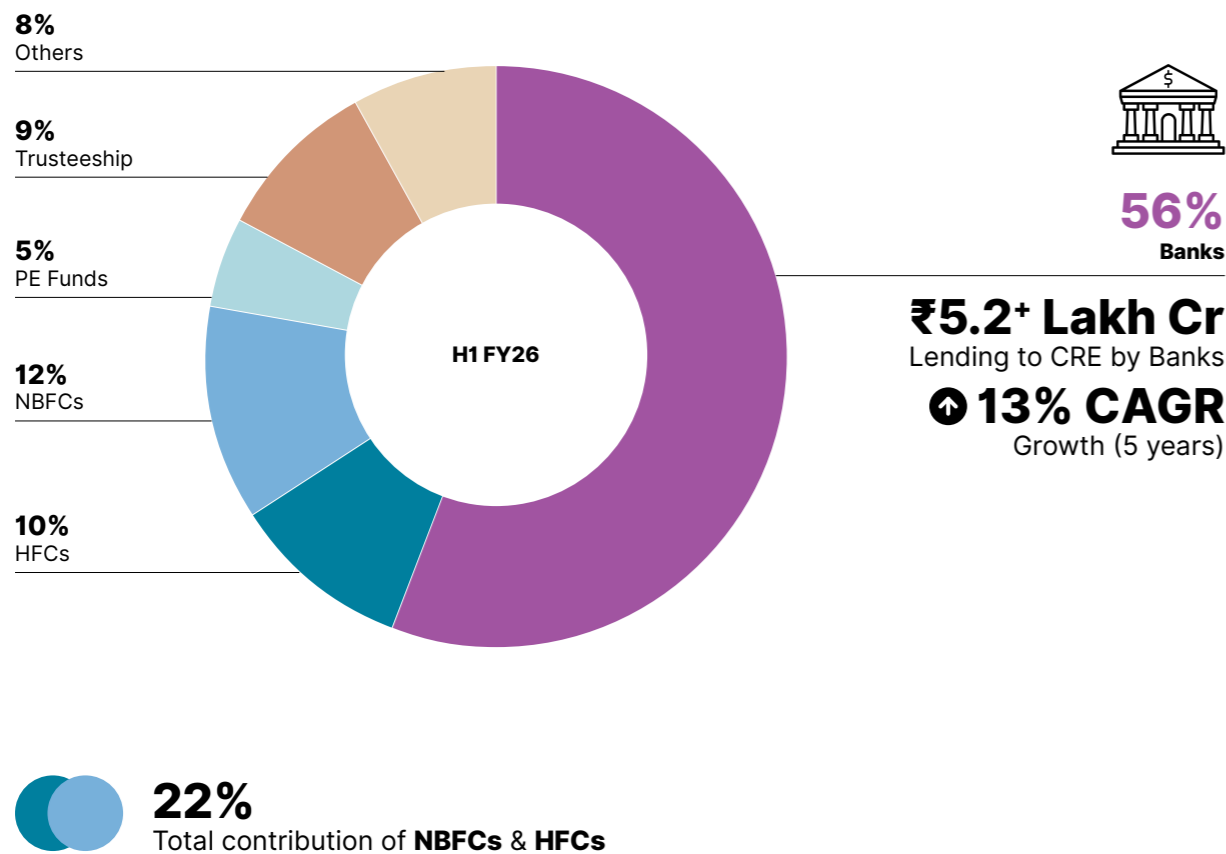
AIFs NBFCs
Faster Execution with
Higher Cost



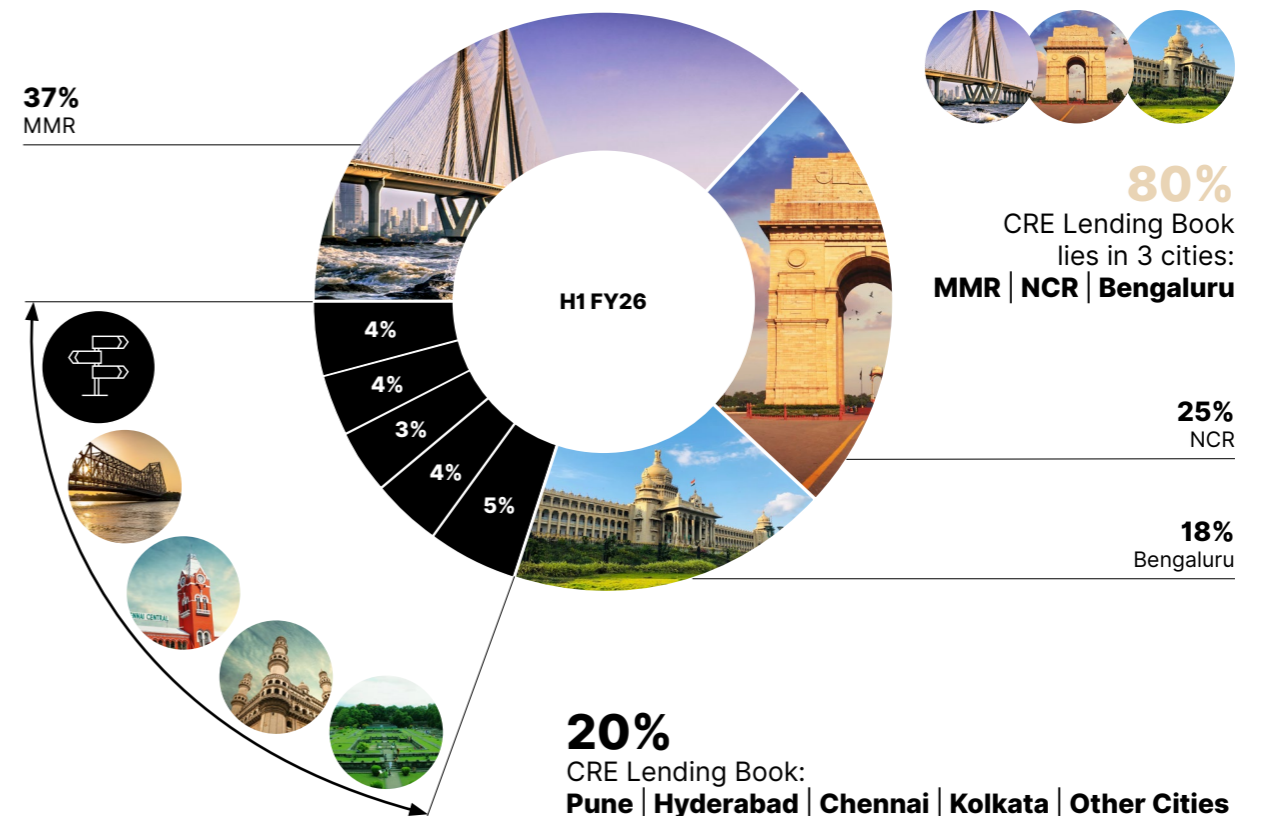
ARCs
Focuses on Stressed
Asset Resolution



Top 7 Cities Commercial Real Estate (CRE) Exposure: By Lender Category



Overall CRE Lending Book: By Geographical Distribution



Note: HDFC LTD. included in Bank due to M&A
In absence of adequate information of portability of trusteeship data to relevant lender set, the above percentage is limited.
Actual representation will go through change on trustee allocation to relevant lender set.



Juxtaposing the Transformation of India's RE Sector & RE Financing

India's real estate financing is rapidly evolving due to regulatory reforms, innovative funding, and shifting lending practices driven by the sector's transformation.

NBFCs & HFCs Boom (2010-17)

NBFCs & HFCs emerged as key real estate lenders with higher risk appetite and flexible funding across land, construction, and last-mile needs. Their share in overall CRE lending (Banks + NBFCs) rose from ~13%[^] in FY10 to ~40%[^] in FY18.

Key Advantages

- 1) Flexible norms and lighter due diligence
- 2) Higher LTVs (up to ~80-90% of project cost)
- 3) Faster approvals and disbursements
- 4) Strong liquidity (MFs, insurers, foreign capital)
- 5) Cash flow-based lending

Key Challenges

- 1) Over-leveraging and elevated risk-taking
- 2) High exposure to land funding and promoter cash-outs
- 3) ALM mismatches due to short-term borrowing funding long-term loans

Major Players

Indiabulls | DHFL | JM Financial | Piramal Capital

Banks as Key Lenders (Pre-2010)

Banks once dominated RE financing, largely focused on construction funding, while HFCs catered to homebuyers. However, RBI restrictions limited their participation in early-stage land financing.

Key Challenges

- 1) Tight lending norms and lower LTVs
- 2) Restrictions on land and approval-stage funding
- 3) Rising NPAs due to project delays

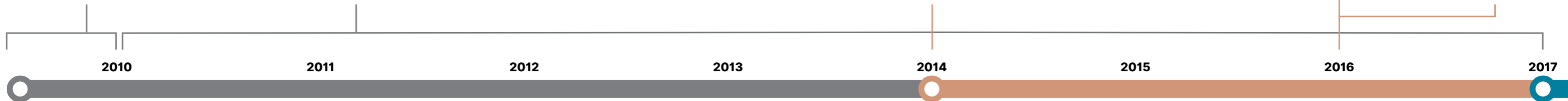
As Non-Performing Assets (NPAs) surged, banks' share in overall CRE lending (banks + NBFCs) declined from ~87% in FY10 to ~60% in FY18.



BANKS



NBFCs + HFCs



Stage 1: Fearless

- Largely investor-driven
- Unregulated & localised
- Landlord driven

Stage 2: Regulated

- Investor-driven
- Towards being regulated & localised
- End-users re-enter; corporates kicking in

[^] RBI & ANAROCK Research

[^] IBEF



Demonetization (2016)

The withdrawal of high-value currency notes in 2016 reshaped real estate funding.

Key Impact

- 1) Liquidity crunch as cash-led and land deals slowed
- 2) Greater reliance on banks & NBFCs for funding
- 3) Increased transparency & sector formalization
- 4) Rise of alternative funding (REITs, structured finance)
- 5) Long-term institutionalization, attracting ~USD 64 Bn* in FDI (Apr 2000-Jun 2025) across construction and real estate development



DeMo



IBC / NCLT (2016)

Introduced in May 2016, the Insolvency and Bankruptcy Code (IBC) streamlined insolvency resolution through the National Company Law Tribunal (NCLT) framework, reshaping real estate financing. It enhanced transparency, discipline, and investor confidence in real estate funding.

Key Impact

- 1) More cautious lending, with a shift towards structured, asset-backed financing over risky land deals
- 2) Stronger homebuyer protection after the 2018 insolvency ruling
- 3) Increased focus on stressed assets and special situation funding (SSFs)
- 4) Strategic shift toward JVs and asset-light models; greater preference for income-generating assets, ready assets over under-construction projects



IBC/NCLT

REITs (2014)

To enable structured and transparent access to alternative investments, the Securities and Exchange Board of India introduced Real Estate Investment Trusts (REITs) in 2014.

REITs function similarly to mutual funds, pooling investor capital into income-generating real estate assets and distributing returns largely through dividends.



REITs

InvITs (2016)

The SEBI also introduced InvITs, extending the REIT model to infrastructure. InvITs pool investor capital to invest in revenue-generating infrastructure assets.



InvITs

Goods & Services Tax - GST (2017)

Key Impact

- 1) Unified tax structure, improved transparency & formalization
- 2) Lower construction costs through (ITC) benefits
- 3) Boost to affordable housing via lower GST rates (~1%)
- 4) Reduced tax evasion and stronger investor confidence



Real Estate Regulation & Development Act - RERA (2017)

Key Benefits

- 1) Greater transparency through mandatory project registration
- 2) Stronger homebuyer protection via escrow mechanisms
- 3) Reduced fund diversion & project delays
- 4) Improved access to institutional financing
- 5) Shift toward formal funding channels
- 6) Better project discipline and financial planning



Rise of REITs & PE Funds (2017)

REITs and PE funds gained traction as RERA strengthened investor confidence.



Emergence of ARCs

Before 2016, ARCs played a limited role, as real estate stress remained largely unrecognised and was managed within the traditional lending system.

Post the implementation of the IBC in 2016, recognition of stressed assets increased significantly, leading to higher deal activity for ARCs.



NBFC Crisis: IL&FS (2018)

Burdened with USD 13 Bn** in debt, the IL&FS Group defaulted on its obligations, triggering widespread market panic. Subsequently, the GoI intervened by superseding the board through the NCLT.



AIFs as a New Funding Avenue (2018)

AIFs emerged as a key funding source for developers, especially after the 2018 NBFC crisis. As of Dec 2025, real estate accounted for the largest share (~12%) of total AIF investments (~USD 8 Bn), as per the SEBI.

Types of AIFs in Real Estate

- 1) Category I: Limited RE exposure (start-ups & infra)
- 2) Category II: Most active in RE debt & equity
- 3) Category III: Hedge/short-term strategies (some RE exposure)

Key Drivers

- 1) Flexible structures (mezzanine, last-mile funding)
- 2) Access to long-term capital
- 3) Appetite for stressed/stalled projects
- 4) Policy support (e.g. SWAMIH Fund, 2019)
- 5) Rising global institutional interest
- 6) Focus on affordable housing & last-mile funding
- 7) Revival of distressed assets (via SSFs)
- 8) Strong participation from PE-backed AIFs

Challenges & Outlook

- 1) Higher cost of capital versus traditional lenders
- 2) Limited retail participation (HNIs/institutional-heavy)
- 3) Evolving regulations may reshape fund structures



DHFL Collapse (2019)

The Dewan Housing Finance Corporation Limited (DHFL) defaulted on ~USD 12 Bn*** of debt, leading to insolvency and a major disruption in NBFC-led real estate financing.

Key Impact

- 1) Funding crunch as NBFCs—key lenders post bank pullback—faced a liquidity squeeze
- 2) Restricted capital flows, with banks cutting exposure to NBFCs amid NPA concerns
- 3) Heightened stress for developers already impacted by DeMo, RERA, and GST
- 4) NBFC share in overall CRE lending (Banks + NBFCs) fell from ~40% in FY18 to ~15% in FY25



Peak Phase of ARCs (2018-20)

Following the IL&FS and DHFL crisis, ARCs played a key role in acquiring distressed real estate assets and reviving stalled projects. Alongside initiatives like SWAMIH, they enabled last-mile funding and project completion.

Post-2021, ARCs evolved into specialist players focused on resolving legacy stress and special situation assets.



SWAMIH Fund: The Change Catalyst (2019)

Launched by the GoI in 2019, the USD 2 Bn SWAMIH Fund, managed by SBICAP Ventures, was created to provide last-mile funding to stalled affordable and mid-income housing projects, particularly RERA-registered ones.

Key Impact

- 1) Revived 100+ stalled projects, supporting homebuyers
- 2) Restored lender and investor confidence
- 3) Strengthened last-mile financing & structured debt models

Overall, SWAMIH has been instrumental in unlocking stressed yet viable housing projects and stabilizing real estate funding.



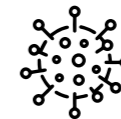
A Severe Blow to RE Financing COVID-19 Shock (2020-21)

Key Challenges

- 1) Liquidity crunch as sales dropped amid lock-downs
- 2) Restricted financing due to cautious lenders
- 3) Project delays from labour shortages and disruptions
- 4) Weak demand driven by job losses and uncertainty
- 5) Rising construction costs from supply chain issues
- 6) Decline in office leasing with WFH & remote work
- 7) Sharp slowdown in retail and hospitality revenues

Key Impact

- 1) More selective lending, favouring established developers
- 2) Rise in distress funding and AIF-led capital
- 3) Shift in investment towards I&L and data centre



2017

2018

2019

2020

2021

Stage 3: Controlled

- Regulated
- End-user driven
- Corporate houses' rising presence

Few Prominent AIFs focusing on Real Estate

HDFC Capital | Kotak RE Fund | Piramal Fund | Motilal Oswal
Bain Capital | Oaktree | PAG | SSG Capital | Cerebrus
Investec | Nippon | SC Lowy | ASK Fund | HSBC FPI



Embassy Office Parks REIT 2019

1st REIT IPO in commercial office space
Oversubscribed, high investor interest



Mindspace Business Parks REIT 2020

Expands in REIT market depth
in commercial office space

Post-COVID: A Risk-aware Environment (2022 onwards)

Key Trends

- 1) Selective return of bank lending towards Grade-A developers
- 2) Strong capital inflows into premium residential, logistics, industrial, and tech-led commercial assets
- 3) Tighter scrutiny of retail and hospitality projects
- 4) Rising use of alternative funding such as PE, REITs, mezzanine debt, and bonds
- 5) Growing adoption of ESG and green financing
- 6) Stricter lending norms with lower LTVs and stronger cash flow requirements
- 7) Preference for well-located urban and mixed-use developments



NBFC Landscape (2022)

Regulatory Tightening: Following the IL&FS and DHFL crisis, the RBI tightened NBFC regulations and aligned them more closely with banks, particularly for real estate lending.

Lending Restriction: Under the April 2022 circular, NBFCs can disburse real estate loans only after obtaining all key project approvals.

Key Implications

- 1) Stricter compliance and due diligence by NBFCs
- 2) Possible funding delays for projects lacking approvals

Overall, the framework aims to reduce bad loans and strengthen sector stability.



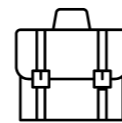
NBFCs



Brookfield REIT 2021
Diversified REIT sponsorship in commercial office space

SM REITs (2024)

Small and Medium REITs (SM REITs), introduced by the Securities and Exchange Board of India in 2024, are a new investment vehicle in India. They enable retail investors to pool their funds & participate through fractional ownership in smaller real estate assets than traditional REITs.



Amidst Rising Global Conflict (2024 onwards)

Key Trends

- 1) Strong housing sales, particularly by first-time buyers
- 2) Luxury segment growth driven by HNIs
- 3) Rising investment in data centres, warehousing, and co-living
- 4) Bank lending to CRE growing (~13%[^] CAGR, FY21-FY25), with preference for established developers
- 5) Increasing focus on ESG and green financing
- 6) NBFCs shifting toward structured, lower-risk deals
- 7) AIFs & private credit leading last-mile & distressed funding
- 8) REITs & InvITs emerging as key CRE funding channels
- 9) Established developers largely tapping public equity markets for capital (USD 2.99 Bn was raised through IPOs/QIPs in FY25 by RE developers)



Nexus Select Trust REIT 2023
(India's 1st retail-focused REIT)

2021

2022

2023

2024

2025

2026

Stage 4: Cautious Revival

- Regulated
- End-user driven; investors re-enter
- Corporate houses dominating

Stage 5: Renewed Growth

- End-user driven; investors continue
- Price appreciation
- Corporate houses dominating

[^] RBI

RBI's Regulations on Project Financing (2025)

Effective 1st Oct, 2025, the RBI introduced a comprehensive project finance framework to strengthen oversight of long-tenor infrastructure and industrial lending.

It applies across banks, NBFCs, HFCs, co-operative banks, and AIFs — covering infrastructure and non-infrastructure projects, including CRE and CRE-RH. Existing financially closed projects are largely exempt, except where future stress or resolution is involved.

Project Lifecycle

Three defined phases — **Design** (planning, approvals, financial closure), **Construction** (financial closure to pre-DCCO), and **Operational** (commercial operations through loan repayment) — form the structural backbone of the framework.

Loan Structure & Safeguards

- 1) ≥51% repayment must flow from project cash flows
- 2) Lender agreements and financial closure mandatory before disbursement
- 3) Defined project completion timelines with DCCO^{^^}
- 4) Minimum consortium exposure norms enforced
- 5) Standby Credit Facility (SBCF) permitted to cover cost overruns

Delay & Stress Management

- 1) Stress flagged via defined credit event triggers (default, DCCO extension)
- 2) Early resolution planning mandated under prudential norms
- 3) DCCO extension: Up to 3 yrs (infra) & 2 yrs (non-infra)
- 4) Limited cost overruns/scope changes permitted without downgrade (subject to compliance)

Monitoring & Documentation

- 1) Disbursements linked to project progress and approvals
- 2) Minimum (50-75%) land availability required before funding
- 3) Independent Engineer certification mandatory for progress validation
- 4) Continuous monitoring, CRILC^{^^^} reporting, & resolution tracking
- 5) Mandatory project database & disclosures by lenders



Knowledge Trust REIT 2025
Largest Office REIT in India by Gross Asset Value (GAV) & Net Operating Income (NOI)



SWAMIH Fund 2.0 (2026)

Announced in the Union Budget 2025-26 by our Honourable Finance Minister Nirmala Sitharaman, a corpus of ₹15,000 Cr allotted to support completion of ~1 Lakh housing units across affordable and mid-income, stalled / stressed housing projects.

Key Benefits

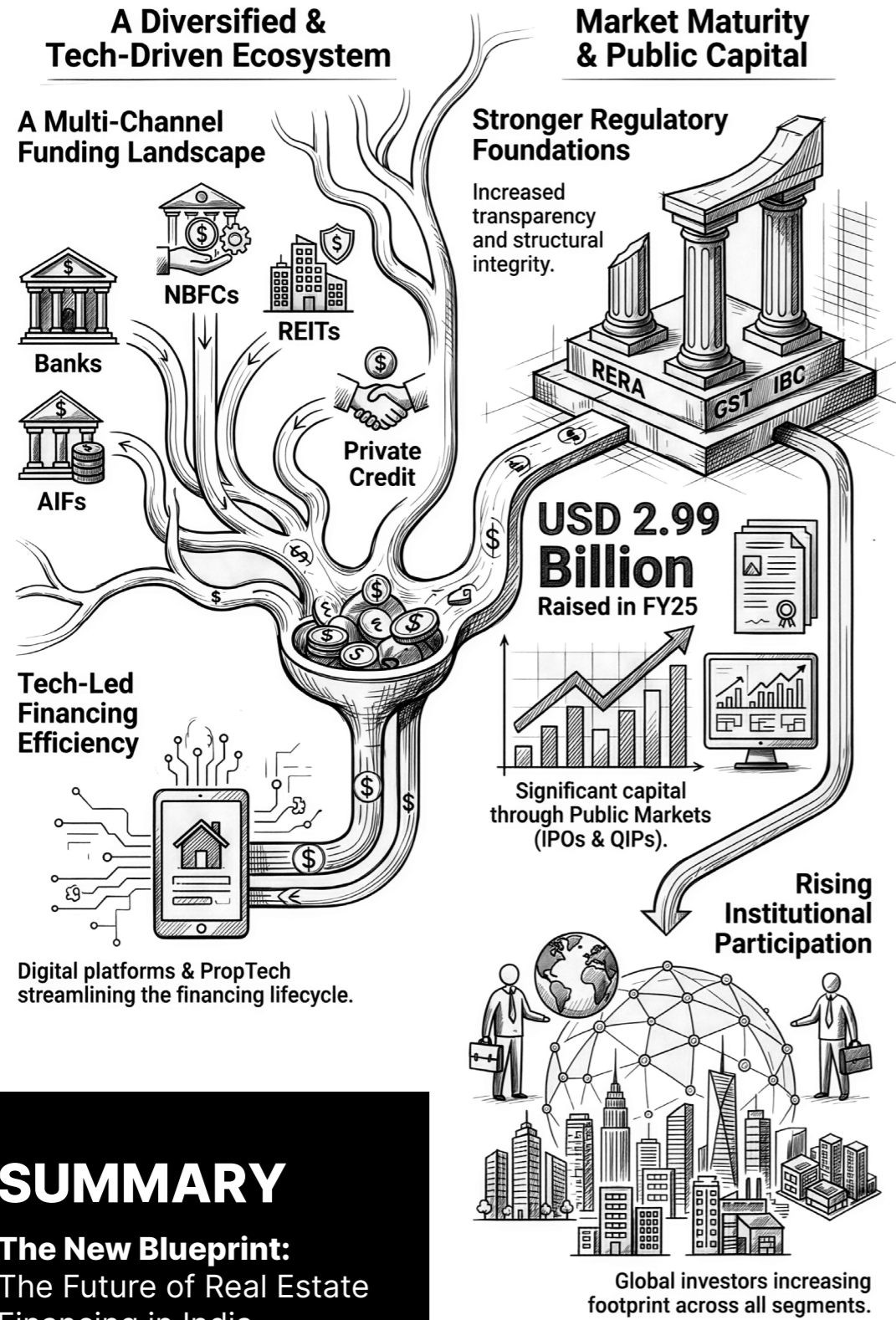
- 1) Structured as a blended finance platform with participation from the Govt., banks, and private investors
- 2) Focus on last-mile funding near completion projects, stuck due to liquidity constraints
- 3) Support homebuyers impacted by delayed projects and dual EMI-rent burden



Bagmane Prime Office REIT 2026

^{^^} DCCO = Date of Commencement of Commercial Operations
^{^^^} Central Repository of Information on Large Credits

EVOLUTION: Bank-Centric to a Diversified, Tech-Driven, and Regulated Ecosystem



SUMMARY

The New Blueprint:
The Future of Real Estate Financing in India



2 Core Vehicles of Real Estate Financing in India

2



Introduction

India has traditionally relied on investment classes such as bank deposits, gold, real estate, and government schemes for wealth-building. While bank deposits offered safety, real estate remained a favored asset class, driven by its tangible nature.

However, direct real estate investments come with high costs and liquidity challenges. Infrastructure development also faces funding constraints, leading to the need for alternative investment avenues.

The Rise of Alternative Investments

To provide structured and transparent investment options in alternative investments the Securities and Exchange Board of India (SEBI) introduced Real Estate Investment Trusts (REITs) in 2014 and Infrastructure Investment Trusts (InvITs) in 2016, aligning with global practices to attract capital into these critical sectors.

REITs and InvITs operate like mutual funds, pooling investor capital into income-generating assets and distributing returns primarily through dividends.

REITs

REITs allow investors to participate in commercial real estate without direct ownership.

They must distribute at least 90% of rental income as dividends, ensuring steady returns. Additionally, property appreciation offers potential capital gains.

Listed REITs in India

6

- Embassy Office Parks REIT 2019
- Mindspace Business Parks REIT 2020
- Brookfield REIT 2021
- Nexus Select Trust REIT 2023
- Knowledge Realty Trust REIT 2025
- Bagmane Prime Office REIT 2026

6 Listed REITs in India: Price & Market Cap Movement (Since Inception)

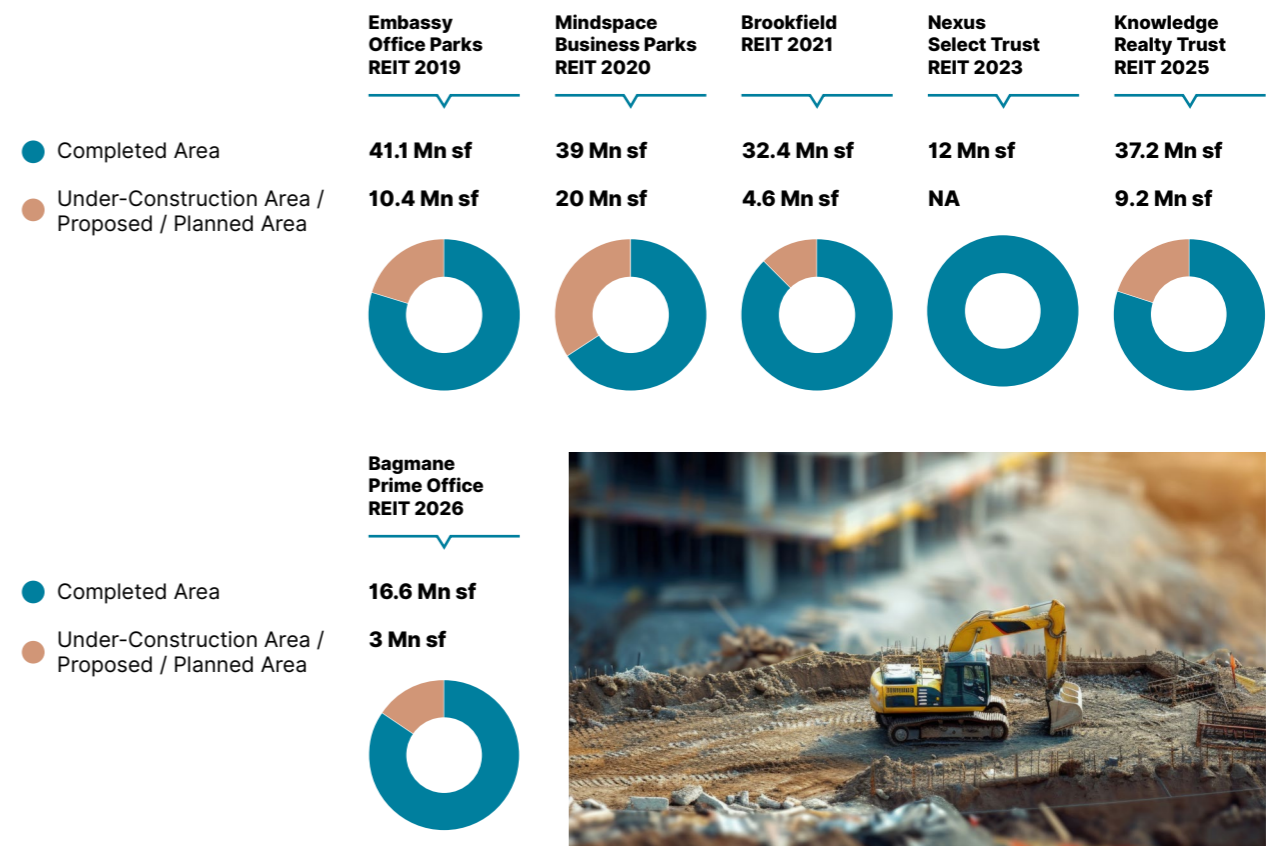
	Embassy Office Parks REIT 2019	Mindspace Business Parks REIT 2020	Brookfield REIT 2021	Nexus Select Trust REIT 2023	Knowledge Realty Trust REIT 2025
Listing Price/Unit	₹300	₹275	₹275	₹100	₹103
Current Market Price/Unit ¹	₹425	₹461	₹322	₹159	₹116
Issue Size	₹4,750 Cr	₹4,500 Cr	₹3,800 Cr	₹3,200 Cr	₹4,800 Cr
Current Market Cap ¹	₹40,000 Cr	₹30,510 Cr	₹26,639 Cr	₹23,523 Cr	₹51,439 Cr

	Bagmane Prime Office REIT 2026
Listing Price/Unit	₹104
Current Market Price/Unit ¹	₹104
Issue Size	₹3,405 Cr
Current Market Cap ¹	₹35,393 Cr

Source: screener.in
1= Data as of 15th May 2026



REITs Peer Comparison (as of 31st Dec 2025)



Source: Investor Presentations & Websites; Compiled by ANAROCK Research



CapitaLand India Trust (CLINT or the Trust) (2007)

Singapore's first listed property trust, CLINT was listed on the Singapore Exchange Securities Trading Ltd. (SGX-ST) in August 2007 as the **first Indian property trust in Asia**. Managed by CapitaLand India Trust Management Pte. Ltd., a subsidiary of CapitaLand Investment, it owns **prime, income-yielding assets across India:**

- Bengaluru
- Chennai
- Hyderabad
- Pune
- Mumbai MMR

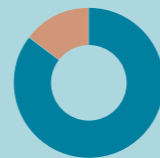
- 8** IT Business Parks
- 3** Industrial Facilities
- 1** Logistics Park
- 3** Data Centres

Valued at **SG\$ 3.8 Bn** (as of 31st Dec 2025)

Commercial Office | Industrial | Logistics | Data Centre

Listing Price/Unit	SG\$ 1.18
Current Market Price/Unit*	SG\$ 1.04
Issue Size	SG\$ 518 Mn
Current Market Cap*	SG\$ 1.54 Bn

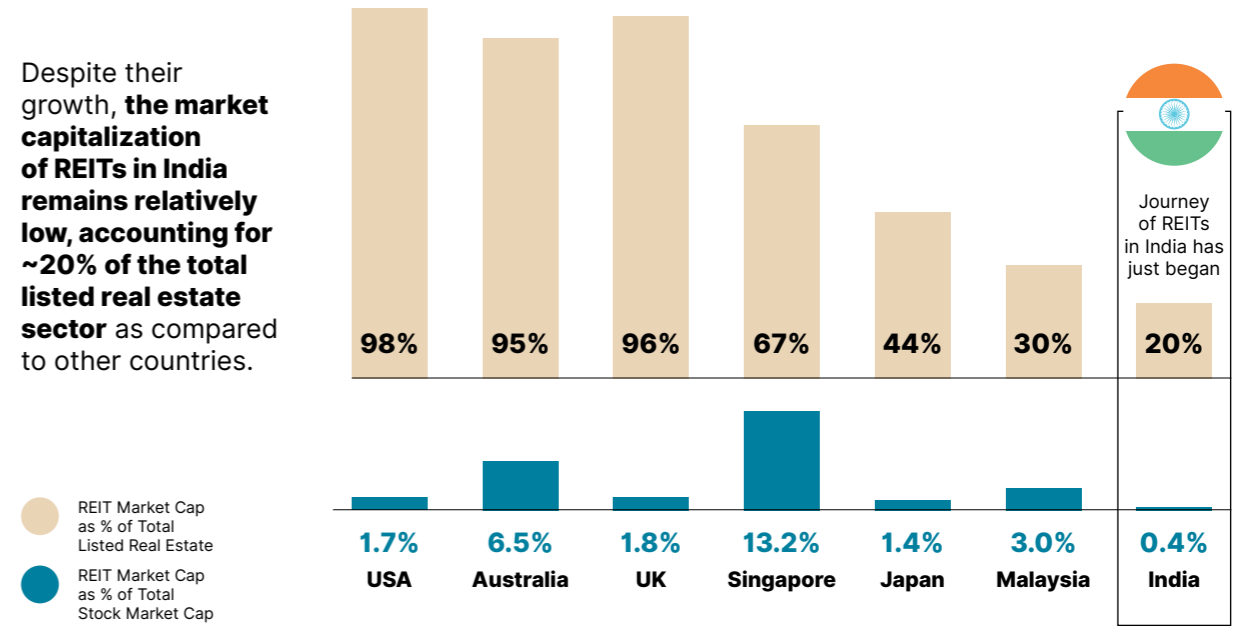
● Completed Area **21.7 Mn sf**
● Under-Construction / Proposed / Planned Area **3.7 Mn sf**



Note: 1 Singapore Dollar (1 SG\$) = ~INR 70
* Data as of 31st Dec 2025

India on a Global Pedestal: REIT Market Cap Performance (as of Q3 FY26)

Despite their growth, **the market capitalization of REITs in India remains relatively low, accounting for ~20% of the total listed real estate sector** as compared to other countries.



REIT Potential Office Stocks

REITs are transforming commercial real estate by allowing developers to move from a “develop-and-hold” model to a “develop-and-monetize” approach, unlocking liquidity from completed, income-producing assets.

Despite this progress, only about 37% i.e. 198 Mn sf of the total 520 Mn sf of REIT-worthy office stock across the top 7 cities is currently listed under the five active REITs.

India's Office Stock listed under 5 REITs

~198 Mn sf
~37%
 of
 Total REIT-worthy Office Stock (Top 7 Cities)
520 Mn sf
 (H1 FY26)

With government support & expanding participation through direct equity, mutual funds, and ETFs, REITs are poised for future expansion & long-term growth in India's real estate sector.

Source: European Public RE Association, Dec 2025
Indian REITs Association (IRA), Data till Sep 2025

The SEBI requires REITs:

- 1) To invest **at least 80% of their assets** in income-yielding CRE
- 2) To distribute **at least 90% of their rental income** as dividends

Success Stories & Impact

Case Study 1 AIF-led Land Acquisition Platforms

Real estate AIFs are increasingly adopting integrated models that combine land acquisition, funding, and development within a single platform. Unlike traditional funding structures, these AIFs directly control execution, improving governance, timelines, and project delivery.

A key example is **NeoLiv Realty**, founded by former executives of Godrej Properties. The platform deploys institutional capital for land acquisition and in-house development of mid-income and plotted housing projects in cities such as Sonipat and Jaipur.



Another example is **Welspun One Logistics Parks**, which operates a vertically integrated warehousing platform controlling the entire lifecycle - from land sourcing and acquisition to development and leasing

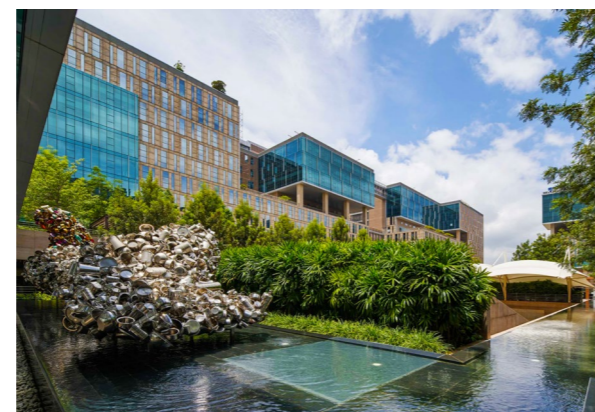
The model highlights a shift toward institution-driven, execution-focused real estate development.

Case Study 2 Brookfield India REIT's (2025) Acquisition of Ecoworld Office Campus in Bengaluru

In 2025, Brookfield India REIT acquired the "Ecoworld" office campus in Bengaluru for ~₹13,125 Cr. The deal covered ~7.7 Mn sf of Grade-A office space, with ~94% occupancy.

The transaction monetized mature income-generating assets through the REIT platform and strengthened Brookfield's Bengaluru office portfolio.

It remains one of India's largest REIT-led office acquisitions and reflects the growing asset-recycling trend in commercial real estate.



InvITs

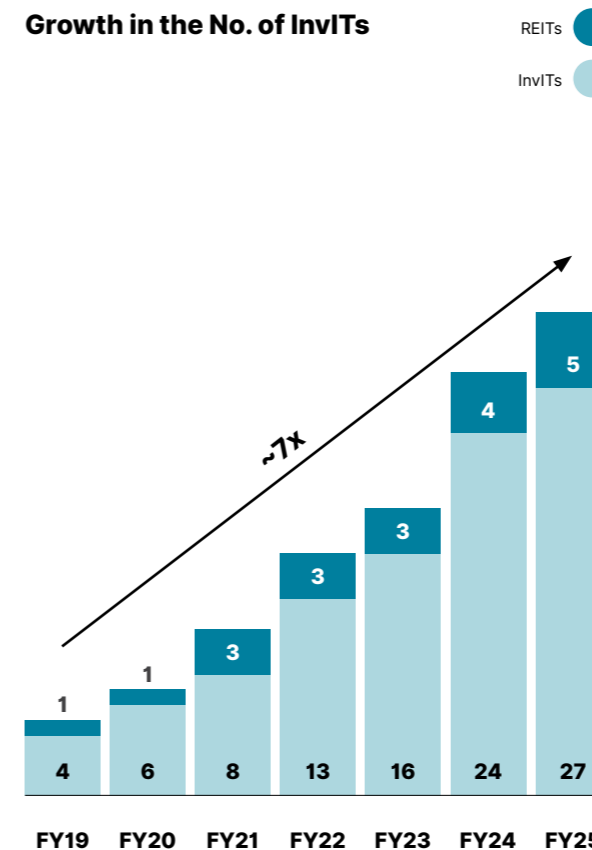
InvITs (Infrastructure Investment Trusts) are similar to REITs but focus on infrastructure assets like roads, airports, power plants, pipelines, and telecom towers.

They pool investor money to own and operate income-generating infrastructure projects. Returns come from stable cash flows such as tolls, user charges, and long-term contracts.

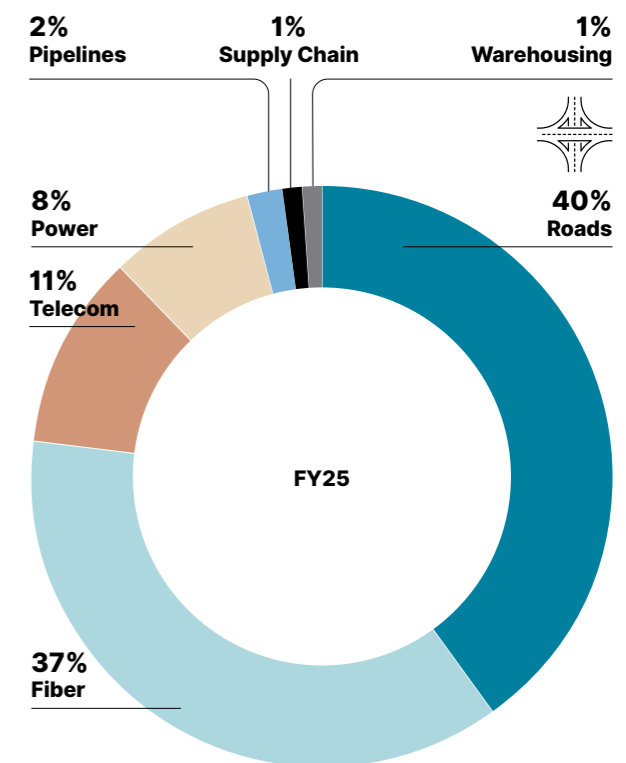
Infrastructure is critical for India's goal of becoming a USD 30 Lakh Cr economy by 2047. The government is heavily investing via programs like Gati Shakti, National Infrastructure Pipeline (NIP), Make in India, and PLI schemes.

While transport, fiber, telecom, and power still dominate funding, focus is expanding to pipelines, warehousing, supply chain, and more.

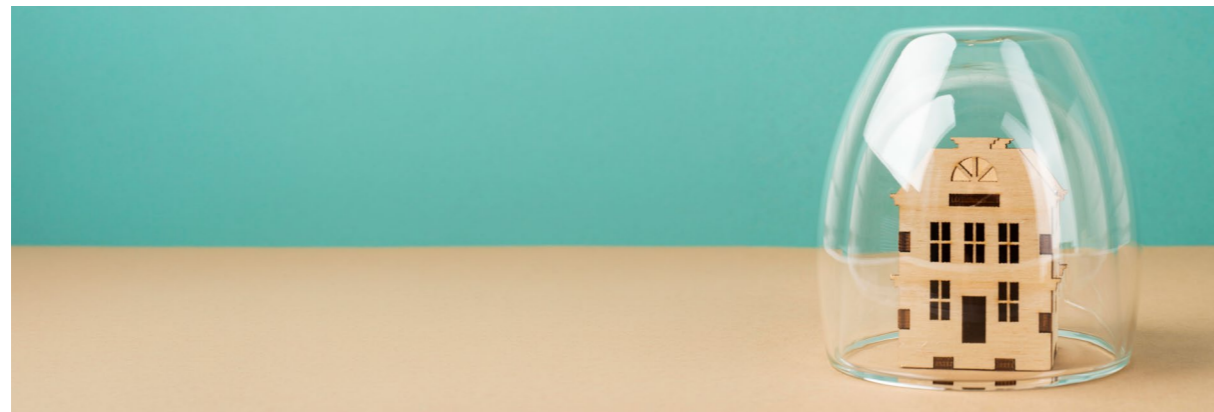
Growth in the No. of InvITs



Sector-wise Split for AUM for InvITs



Source: CRISIL; REITs & InvITs: Driving Trillions into Infrastructure Growth | IBEF



SM REITs

Small and Medium REITs (SM REITs), introduced by SEBI in 2024, are a new investment vehicle focused on smaller CRE assets (valued between ₹50 Cr and ₹500 Cr).

They make real estate investing more accessible to retail investors, a segment that was previously largely dominated by institutions and HNIs.

Growth Drivers

- 1) Retail access: Lower ticket sizes make entry easier
- 2) Diversification: Adds a new asset class to portfolios
- 3) Steady income: Rental yields from commercial assets
- 4) Regulatory support: Clear SEBI framework boosts transparency and trust

Challenges

- 1) Limited track record
- 2) Liquidity concerns
- 3) Low awareness

SM REITs in India

6

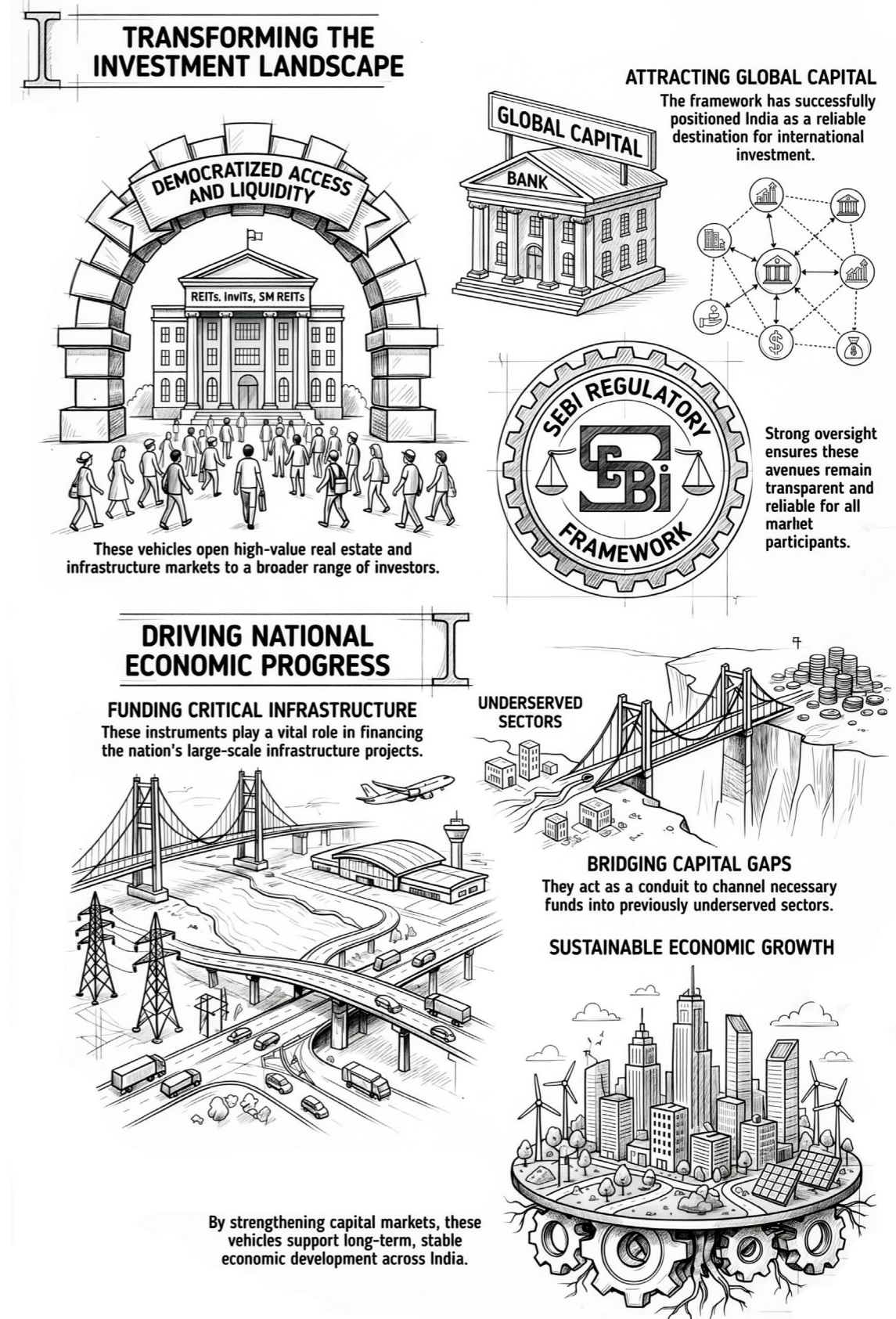
Property Share Investment Trust 2024	hBits Investment Trust 2025
Impact R SM REIT 2024	Amsa SM REIT 2025
Emberstone SM REIT 2024	Yield Foundry SM REIT 2025

Why REITs, InvITs & SM REITs Matter?

- 1) **Unlock private capital:** Reduce dependence on government funding and bank lending
- 2) **Broad investor base:** Attract pension funds, insurers, and retail investors
- 3) **Stable income:** Offer regular dividends from income-generating assets
- 4) **Professional management:** Experts handle operations and asset performance
- 5) **Better efficiency:** Improve project lifecycle, cost control, and sustainability

They make infrastructure financing more efficient, scalable, and investor-friendly.

SUMMARY The New Era of Indian RE Investments: REITs, InvITs & SM REITs

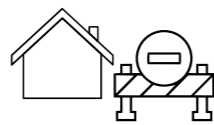




The Background: Addressing Stalled Projects

India's real estate sector has experienced significant growth post-independence, becoming the **2nd largest job generator** in the country. Expected to reach a market size of USD 1 Tn* by 2030, this sector plays a crucial role in economic development. However, it has faced challenges, including stalled projects due to financial distress, regulatory hurdles, and economic slowdowns, leaving homebuyers in distress.

To tackle this crisis, the SWAMIH (Special Window for Affordable and Mid-Income Housing) Fund was launched in 2019 to provide last-mile financing and revive stalled residential projects.



Share of Stalled Units Pan India Affordable + Mid-income
(as of 2019)

4.5+ Lakh
Homes

1,500+
Residential Projects requiring

~₹55,000 Cr
Funding

Operational Framework & Eligibility

The SWAMIH Fund operates as a **Category II Alternative Investment Fund (AIF)** under SEBI regulations, managed by **SBICAP Ventures Ltd.**

The fund had an initial corpus of ₹12,500 Cr, later increasing to ₹15,530 Cr by Dec 2022.

Eligible projects must be:

- RERA-registered
- Stalled due to financial constraints
- Net-worth positive
- 90% of FSI being developed as Affordable or Mid-Income Housing
- At least 30% completed

* Source: IBEF - Real Estate Industry Report Nov 2024

Success Stories & Impact

Over 58,596 homes completed so far under SWAMIH, with 1,00,000+ expected, benefiting 2.38 Lakh people. The fund has successfully completed projects like **Rivali Park, Amrapali, Lodha Upper Thane, Pyramid Urban, and Naman Premier**, among others.



Case Study 1
Rivali Park Wintergreen (MMR)

Despite strong sales in 2019–20, the project stalled due to the NBFC liquidity crisis. SWAMIH Investment Fund I provided ~₹180 Cr in last-mile funding, enabling completion within 1.25 years (Apr–May 2021) and benefiting 683 homebuyers.

By Oct 2021, the fund achieved a full exit, underscoring the effectiveness of last-mile funding in reviving stressed real estate projects.



Case Study 2
Amrapali Group Projects (NCR)

A ₹650 Cr investment aimed at completing 6,950 units across 6 out of 27 stalled projects. As of Jan 2025, 3,350 units have been handed over and SWAMIH's intervention inspired confidence for other FIs who invested ₹1,500 Cr in remaining stalled projects.

50,000 homes have been completed as on 17th Feb, 2025, Union Finance Minister Nirmala Sitharaman handed over keys to homebuyers of several completed projects.

Challenges & Emerging Issues



SWAMIH Fund 2.0: Scaling Up for Greater Impact

₹4.8+ Lakh Cr
Worth of Affordable & Mid-Income Stalled Housing Units Pan India (2024)

4.5+ Lakh
Homebuyers Affected (2024)

“

72. Under the Special Window for Affordable and Mid-Income Housing (SWAMIH) **50,000 dwelling units in stalled housing projects have been completed**, and keys handed over to home-buyers. Another **40,000 units will be completed in 2025**, further helping middle-class families who were paying EMIs on loans taken for apartments, while also paying rent for their current dwellings.

73. Building on this success, **SWAMIH Fund 2** will be established as a blended finance facility with contribution from the Government, banks and private investors. **This fund of ₹ 15,000 Cr will aim for expeditious completion of another 1 lakh units.**”



Source: Page 13, Point 72, Budget 2025-2026, Speech of Nirmala Sitharaman, Minister of Finance on February 1, 2025 <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/feb/doc202521493201.pdf>

Our **Honourable Finance Minister Smt. Nirmala Sitharaman** announced the launch of **SWAMIH Investment Fund II** in the Union Budget 2025-26, with a corpus of **₹15,000 Cr** to target another **1 Lakh** Stalled Housing Units

Key Features

- 1) Blended Finance Model:** Receive investments from the Govt., banks, NBFCs, and private investors to create a diversified funding pool
- 2) Targeting Affordable & Mid-Income Housing:** Focuses on projects where the majority of units are priced <₹2 Cr in MMR, <₹1.5 Cr in NCR, and <₹1 Cr in other cities
- 3) Support for Middle-Class Families:** Aims to help homebuyers struggling with both EMIs & rent due to project delays
- 4) Higher Investment per Project:** Expected to provide more funding per project to ensure completion
- 5) Faster Implementation:** Adopt a streamlined process to identify, evaluate, & approve funding for stalled projects within a shorter time frame



Source: Compiled by ANAROCK Research

SUMMARY SWAMIH Fund Impact: Reviving Homebuyers' Dreams

STALLED PROJECTS



Reviving India's Stalled Housing Projects
The fund acts as a crucial intervention to restart and complete stuck residential developments.

FUND INTERVENTION & ACTION



Delivering Tangible Relief to Homebuyers

Thousands of families are finally receiving the keys to their long-awaited homes.




EXPANDED IMPACT & FUTURE

Relaxing Criteria to Increase Impact

Easing eligibility rules is necessary to bring more stalled projects under the fund's umbrella.

Reaching Millions of LIG & MIG Families

Broader criteria will unlock housing for Low and Middle Income Groups across India.







The Housing Loan Landscape in India

3

Introduction

India's housing finance sector encompasses a diverse range of stakeholders, including banks, Housing Finance Companies (HFCs), Non-banking Financial Companies (NBFCs), and regulatory bodies like the RBI and the National Housing Bank (NHB).

The sector has seen a remarkable growth in recent years due to factors like lower interest rates, urbanization, and government policies.

Housing Loan Scorecard (By Market Share)



** Following the HDFC Ltd. merger with HDFC Bank in July 2023, the HFC segment's share declined to 18% in FY24 and H1 FY25, down from 34% in FY23.

Key Trends

Housing prices are surging, with Delhi-NCR leading the price table.



↑ 15% (YoY)
Increase in Housing Prices
Delhi-NCR

Luxury housing is expanding, but **affordable housing remains crucial**, with 25 Mn units needed by 2030.

The market is also witnessing evolving trends such as the rise of **affordable housing**, **green home loans**, and financing options for **co-living spaces**.

₹33 Lakh H2 FY26
Average Size of Individual Housing Loan
↑ 65% (FY20 - H2 FY26)

₹38 Lakh Cr
Total Outstanding Individual Housing Loan
(as on Feb 2026)

Gov Initiatives

Pradhan Mantri Awas Yojana (PMAY) aims for "Housing for All," offering credit-linked subsidies and direct financial assistance on home loans for EWS, LIG, and MIG. PMAY-Urban 2.0 was launched on 1st Sep 2024 for a five-year period, targeting 1 crore additional urban houses.

As of Feb 2026, over 13.61 Lakh houses have been sanctioned under PMAY-U 2.0 across 16 States & UTs. On the rural side, PMAY-Gramin has been extended through FY29 to construct 2 crore additional rural houses with a total outlay of 4.95 crore rural homes.

For FY26-27, the MoHUA has received a total allocation of ₹85,500 Cr, with PMAY Urban (both phases) receiving ₹18,600 Cr.

₹54,800+ Cr
↑ 70% (YoY)
Actual PMAY Spending in FY26

₹85,500+ Cr
Budget Allocated to MoHUA for FY27

Affordable Housing Finance Companies (AHFCs) are expected to grow assets under management AUM by 20-21% in FY26-27, outpacing the broader mortgage sector's projected 18-19% growth.

↑ 20% - 21%
AHFCs' Expected AUM Growth Trajectory in FY26-FY27



EWS = Economically Weaker Section (EWS)
LIG = Low-Income Group
MIG = Middle-Income Group

~₹38 Lakh Cr
Size of Housing Loan Market in India (Feb 2026)

13% CAGR
Growth

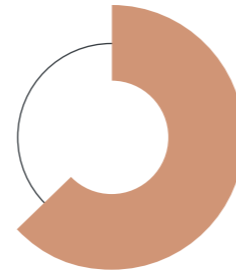
India's Top 5 HFCs

Top 5

- LIC Housing Finance
- Bajaj HFC
- Piramal Capital
- PNB Housing
- Tata Capital Housing

~63%

Collective share in the total individual housing loan market among HFCs



Market Trends / Developments



Digital Transformation

Co-lending & fintech innovations are expanding credit access



Younger Borrowers

Average applicant borrower age dropped from 35 (FY15) to 25 (FY26)



Loan Ticket Size Shift

Big ticket loans (>₹ 25 Lakh) are rising, while smaller loans (<₹ 10 Lakh) are declining, primarily due to rising property prices, higher borrowing capacity of individuals and inflation

Key Drivers

- 1) Repo Rate Cut:** The RBI cut the repo rate four times during 2025 - from 6.50% in Jan 2025 to 5.25% by Dec 2025. The Apr 2026 MPC meeting kept the rate unchanged at 5.25%.
- 2) COVID-19 Impact:** Increased demand for larger homes in suburban & Tier II /Tier III cities
- 3) Rising Property Prices:** Despite inflation-driven affordability headwinds, real estate retains its position as the preferred asset class for 63% of Indians, marking a 4% expansion in investor preference (ANAROCK Homebuyer Sentiment Survey H1 2025)

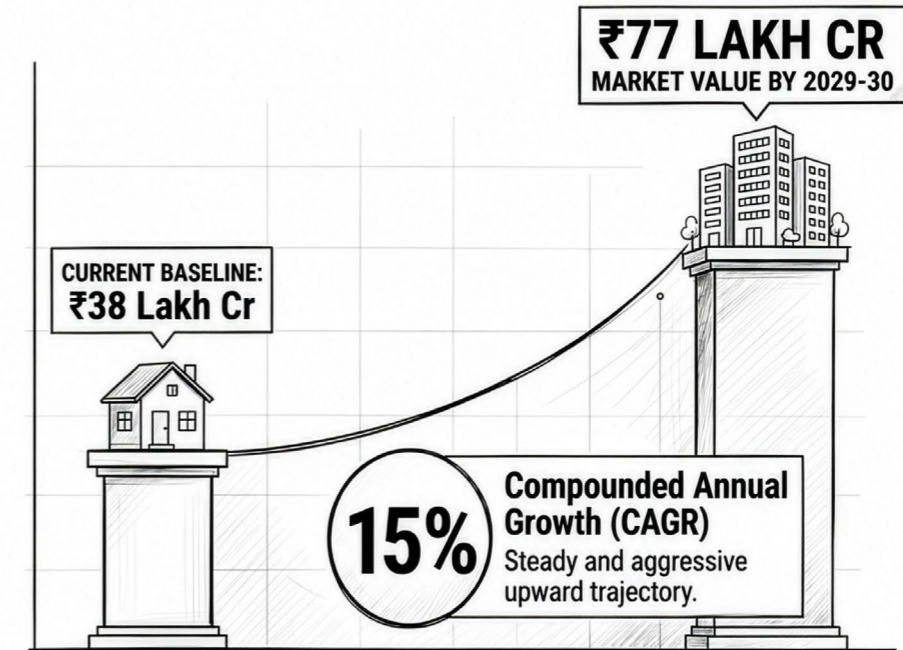
Key Challenges

- 1) Rising NPAs:** High-risk loans (>₹5 Lakh) require stricter due diligence
- 2) Limited Credit Data:** 95% of the urban homeless belong to LIG / EWS, highlighting the need for small-ticket loans
- 3) Property Liquidation Issues:** Semi-urban and rural properties face resale difficulties
- 4) Thin Interest Margins:** HFCs struggle with competition and lower rates

Source: CRIF Highmark, CRISIL MI&A, ANAROCK Research & Industry Sources

OUTLOOK

India's Housing Loan Market: The ₹ 77 Lakh Cr Opportunity



FOCUS ON LIG & MIG FAMILIES



Growth driven by housing demand from Low and Middle-Income Groups.

MARKET CATALYSTS & DRIVERS

SWAMIH FUND REVITALIZATION

Revives stalled projects to provide tangible relief and housing to millions

DIGITAL LENDING TRANSFORMATION

Technology is streamlining access to credit and accelerating berpe aquisitioq

RELAXED ELIGIBILITY CRITERIA

Broadening project inclusion will further enhance the impact of govrpmcat fuads.

Note: 1 Lakh Crore = 1 Trillion

Navigating Global Headwinds — **Why India Stays Structurally Sound**

Ongoing geopolitical tensions — Russia-Ukraine, the Israel conflict, and US-Iran friction — are creating ripple effects across global economies. For India, the near-term implications are real but manageable.

India's real estate fundamentals remain firmly intact. Domestic demand continues to lead — homebuyer confidence is high, infrastructure investment is accelerating, and the economy's growth trajectory is largely insulated from external shocks.

On the financing side, the RBI's evolving project finance framework, deepening capital markets, and the growing role of private credit are collectively strengthening the lending ecosystem.

Developers with strong balance sheets, low leverage, and completed inventory are well-placed to weather the volatility — and well-positioned to access capital on favourable terms.

Where The Pressure Shows

- 1 Rising crude prices push up input costs across cement, steel, plastics, and logistics
- 2 Persistent inflation could delay rate cuts, keeping borrowing costs elevated and moderating near-term housing demand
- 3 A softer rupee likely to add further pressure on imported materials and developer margins
- 4 Global uncertainty is likely to keep institutional & foreign investor appetite cautious in the near term

Make in India — Turning Headwinds into Opportunity

Global supply chain disruptions and geopolitical realignments are paradoxically accelerating India's manufacturing rise. As multinationals diversify away from other high-risk geographies, India is emerging as a preferred production hub — driving demand for industrial parks, warehousing, logistics corridors, and worker housing.

A stronger domestic supply chain for construction materials will progressively shield the sector from import cost pressures and currency volatility.

Make in India isn't just a policy slogan anymore; it's becoming a structural tailwind for real estate — and a compelling new avenue for project finance and structured lending.

6 Segments Built for Resilience

- 1 Premium Residential in Tier I cities, backed by end-user demand
- 2 Grade-A Office assets, powered by sustained GCC & AI-sector expansion
- 3 Data Centres & AI infrastructure — the fastest-growing real estate asset class
- 4 Industrial & Logistics real estate — the backbone of Make-in-India
- 5 REIT-backed, income-generating assets offering stability and liquidity in uncertain markets
- 6 Private credit and structured debt — filling the gap as banks tighten project lending norms

The Bottom Line

Geopolitical headwinds may create short-term friction — higher costs, tighter liquidity, cautious capital flows — but they are unlikely to alter India's long-term real estate story. As global supply chains rewire in India's favour and the AI economy takes root, the country is uniquely positioned to convert external disruption into domestic opportunity.

The financing landscape is evolving in step — with private credit, infrastructure debt, and capital market instruments providing the depth and flexibility that the next phase of India's real estate growth will demand. Quality assets, disciplined developers, manufacturing and technology-linked real estate stand to emerge stronger as the market rewards resilience over speculation.

Want to talk business?

Connect with our industry experts!



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About ANAROCK

ANAROCK is the leading independent real estate services company with a visible presence across India, Middle East, USA and Singapore. The Company has diversified interests across the real estate lifecycle and deploys its proprietary technology platform to accelerate marketing and sales on behalf of its clients.

Over the last eight years, ANAROCK has expanded from being a residential-focused organization to complementary sectors including retail, commercial, hospitality, logistics & data centres, industrial and land. The firm also specialises in strategic advisory, investment banking, research & valuations and offers app based flexible workspaces and society management services. ANAROCK has developed proprietary technology that is adopted across all its businesses.

ANAROCK has a team of over 2,500 experienced real estate professionals who operate across all major markets in India and the Middle East.

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