



Sunil Pareek
Chief Investment Officer, Assetz Property Group

Sunil Pareek, Chief Investment Officer, Assetz Property Group, talks to **Realty+** about the establishment of Assetz Property Group in India, he goes on to share the sector changes he has witnessed over the years.

How has been Assetz journey into the Indian real estate market?

Established in India in 2006, Assetz Property Group is a multi-faceted real estate development company. Assetz started its journey in Bangalore by building and delivering two world-class IT tech parks in Bengaluru: Vrindavan Tech Village (now Embassy Tech Village), India's first Platinum LEED certified IT SEZ and Global Technology Park – both projects have won awards for design and innovation.

After establishing a footprint in commercial development, Assetz started its residential business in 2012, and since then has focused on building a brand with design, quality and sustainability as its main tenets. Today, Assetz is one among the top developers of Bangalore with a portfolio of large-scale, mixed-use residential townships (Marq and 63°East), luxury apartment developments (Here & Now and 38 & Banyan) and eco-designed row houses (Soul & Soil, Earth& Essence and Leaves & Lives).

Assetz has also diversified into the warehousing business by partnering with Logos (Asia-Pacific logistics specialist) to set up a warehousing development and management platform. In less than a year Logos India has tied up over USD 400mn from global investors for acquisition and development of warehouses across India. Earlier this year, the warehousing platform has completed a couple of acquisitions with few others in the pipeline.

Backed by over USD 600mn of capital across commercial, residential and warehousing that was gradually built up over the last decade, Assetz has potential to develop over 50 mnsft across these asset classes over the next 5-7 years.

What are the changes you have witnessed over the years?

Over the last decade, there have been industry shaping changes in this sector mainly on account of growing technology influences, regulatory and tax reforms, improved customer awareness/preferences, and consequential repose of confidence by the institutions.

Now with RERA in the system, there is no doubt that the industry as a whole will consolidate, leaving no place for fly-by-night businesses. And, the developer and customers will benefit in the long run.

Apart from which, consumer awareness/ preferences and empowerment for residential or rental assets are influencing design and delivery. With the millennials also beginning to join the decision-making group, the market has started witnessing new sub-classes of assets in flexible office spaces, living spaces, etc.

The capital providers too have iterated investment strategies and are aligning gradually towards stable developers with platform level partnership approaches. Risk-return pricing of domestic NBFCs/funds saw a cycle and are expected to settle down towards a more fundamental approach. And, the implementation of IBC was a major move and its benefits will be seen in a few years.

Gradually, developers have started to acknowledge and imbibe greater transparency, corporate governance and sharper business focus which will yield longer term value and stakeholder returns.

Which real estate segment are you investing in majorly in India?

Assetz has verticalized all its resources into segments in which there is already a critical mass viz. residential, commercial and warehousing; each of these verticals function independently with dedicated management teams and capital.

The environment is opportune to consolidate our residential business towards a market leadership position in Bangalore thereby making it a focus area for Assetz. Plans are in place to increase a tied-up residential project portfolio from 12mn to around 17mn over the next two years. With the existing strong patronage of domestic and global capital partners on the young, robust in-house delivery team, Assetz will be known as a brand for delivering well designed, high quality, sustainable products in a timely manner, and be consistently among the top tier developers.

And, in the warehousing space Assetz along with Logos has a headstart among the new vintage platforms in warehousing. With two recent acquisitions, the platform is set for accelerated growth in acquiring more spaces in the next couple of years.

What mechanism are you looking at for raising funds?

Currently, residential and warehousing continues to be the businesses that would consume major capital. For the residential sector, Assetz continues the approach of project-based funding, majority through equity deals, in the near term and scale up to a platform-based approach when the valuation outlook is right for the segment. Assetz has a large fund for the warehousing segment already in place and continues to be approached by for commercial platforms which we are evaluating.

Are you looking at any partnerships to expand your business in India geographically or in terms of business segments?

We are exploring emerging asset classes of the organized home sharing market and only after identifying the right business model will we explore partnerships with global players to achieve better technology, operations excellence and rapid scalability.

What are your perspective of Indian markets compared to the developed global markets?

While Indian real estate markets have come a long way in addressing uncertainties (and associated risks), there still are areas where differences are evident. Some of the notable areas we should look at improving are land title and litigation timelines, uncertainty of statutory approval cycles, changing investment regulations and other local development bye-laws that bring about a mismatch between residential and commercial assets. These factors create varied perception of pricing risks and commensurate return expectations for investors. On the other hand these factors did not deter both

domestic and foreign investments in the segment with foreign funding into the sector being more than USD 10bn in last three years alone. Indian real estate has great potential in all the segments that keeps us strongly committed in India.

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