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INDUSTRY OVERVIEW – GLOBAL

Green Real Estate: How ESG Compliance is Rewriting Investment Rules

The real estate sector is undergoing a profound transformation, driven by the increasing integration of Environmental, Social, and Governance (ESG) standards. What was once seen as an optional commitment is now becoming a critical factor in how properties are developed, managed, and valued. This article explores how ESG compliance is reshaping the real estate investment landscape, backed by compelling data and innovative approaches.

The Rise of ESG in Real Estate: The adoption of ESG criteria in real estate has surged, with 60% of global investors incorporating these standards into their strategies. This shift is largely driven by heightened awareness

with climate change, social inequities, and governance failures. Investors are embedding ESG factors into every phase of the property lifecycle from due diligence to asset management. This rise in ESG considerations reflects a broader realization: properties that prioritize sustainability are not just ethically sound, but financially rewarding. The focus is no longer just on reducing carbon footprints, but on creating socially equitable spaces and implementing governance best practices to ensure long-term value.

Data-backed Insights:

- 60% of investors globally have integrated ESG into their real estate strategies.
- ESG now influences decisions from property acquisition to asset management.

Green-Certified Buildings: Outperforming the Market Green-certified buildings, particularly those certified under programs like LEED and ENERGY STAR, have consistently outperformed their conventional counterparts. These buildings generate higher rents, enjoy better occupancy rates, and command increased resale values.

Key Statistics: LEED-certified buildings in the U.S. achieve 3.7% higher rents and a 4% increase in occupancy compared to non-certified buildings.

- ENERGY STAR-certified properties report 2.7% higher rents and 9.5% higher occupancy rates.

Beyond rent and occupancy benefits, green-certified buildings also offer significant cost savings. By reducing operational expenses by up to 30%, they are becoming increasingly attractive to both investors and tenants alike.

Financial Impact:

- Operating expenses reduced by up to 30%.
- Net operating income increases by 5.9% for green-certified buildings.

ESG-Related Capital Flow into Real Estate: The flow of capital into ESG-compliant real estate has surged dramatically.



Investors and financial institutions are recognizing that sustainable, socially responsible properties carry less risk and often provide more reliable returns.

Major Trends:

- A Deloitte report highlights that companies with better ESG performance are seeing increased returns and valuations.
- In 2021, the Global Real Estate Sustainability Benchmark (GRESB) saw a 22% increase in the number of investors focusing on ESG standards, translating into increased capital inflows through green bonds and sustainability-linked loans.

The rise of financial instruments such as green bonds and sustainability-linked loans has further fueled the growth of ESG-compliant real estate. These financing options incentivize developers and investors to prioritize ESG practices, ensuring long-term profitability and regulatory compliance.

Innovative Capital Flow:

- Green bonds and sustainability-linked loans are increasing ESG-compliant investments.
- Regulatory pressure is encouraging greater ESG adherence, making it essential for investors to adapt quickly.

Innovative Approaches to ESG Compliance : As ESG compliance becomes more prominent, innovation is playing a critical role in shaping sustainable real estate. Developers and asset managers are embracing cutting-edge technologies to enhance their properties' sustainability and operational efficiency. For instance, smart building systems that optimize energy consumption and minimize carbon footprints are becoming standard features in new developments. Furthermore, the use of sustainable materials and environmentally friendly construction practices is gaining momentum. This approach not only meets ESG criteria but also drives down costs in the long run by reducing energy consumption and maintenance requirements.

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INDUSTRY OVERVIEW – GLOBAL

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Key Innovations:

- Smart building systems are optimizing energy use, reducing carbon emissions, and creating more efficient, sustainable properties.
- The growing use of sustainable materials and green construction techniques is pushing the boundaries of eco-friendly development.

ESG compliance in real estate is no longer a trend; it is a strategic imperative that is rewriting the rules of investment. Green-certified buildings are not only better for the environment but also outperform their conventional counterparts in terms of rents, occupancy rates, and operating costs. As capital continues to flow into ESG-compliant real estate, investors are recognizing the financial and environmental benefits of sustainable development.

Those who embrace this shift are not just contributing to a more sustainable future but also positioning themselves for significant financial gains. By staying ahead of regulatory changes and prioritizing innovation, real estate investors can ensure that their portfolios are resilient, profitable, and in alignment with the evolving demands of the market.

Bibliography : **Deloitte Report on ESG in Real Estate**: Insights into how real estate companies are integrating ESG standards and the financial benefits resulting from improved ESG performance. **Global Real Estate Sustainability Benchmark (GRESB)**: Annual reports that provide detailed statistics on ESG adoption and capital flows in the real estate sector. **LEED and ENERGY STAR Certification Data**: Studies from the U.S. Green Building Council and ENERGY STAR on the financial performance of green-certified buildings. **CBRE and JLL Reports**: Research on the operational efficiency of green-certified buildings and the financial benefits of ESG compliance.

PEOPLE OF REAL ESTATE

Nikunj Gupta's Journey in Shaping Navi Mumbai's Skyline

In this edition of People of Real Estate, we had the opportunity to speak with Mr. Nikunj Gupta, Promoter Director of Adhiraj Developers, Mumbai. An ISB graduate and second-generation developer, Mr. Gupta leads one of the largest residential projects in Navi Mumbai, which also boasts the city's tallest towers. His journey in real estate is one of innovation, resilience, and a deep commitment to improving everyday living through functional, efficient, and aesthetically pleasing spaces.

From Passion to Purpose: A Journey into Real Estate: Mr. Gupta's entry into real estate wasn't driven solely by business ambitions but by a deeper passion for creating functional, efficient spaces that enhance daily life. "Real estate is where one lives, breathes, and interacts with family and friends. Creating spaces that are functional, efficient, and offer great views allows you to make everyday living better for every customer," he says. This philosophy continues to guide his work, as he strives to balance functionality with aesthetics in every project.

Shaping the Industry Through Innovation and Adaptation: Mr. Gupta has witnessed the cyclic nature of real estate first-hand, navigating both highs and lows. "Since I started, the industry has seen its cyclicity with alternating lows and highs. The introduction of new formats like data centres and warehousing has changed the landscape, while PropTech has transformed property management," he explains. Technologies like drones and lidar are making property audits more efficient, while sustainability and urbanization are set to shape the future. "We're likely to see more green building initiatives and increased urbanization, especially in emerging cities," Mr. Gupta predicts.

A Project of Passion: Building Navi Mumbai's Tallest Towers: One of Mr. Gupta's most rewarding projects is the construction of Navi Mumbai's tallest towers—55-story structures that stand out not just for their height but for their design innovation.

"The building has a unique swivel structure with a sky lounge on every fifth floor. It's a project of passion, and while it may not always be rewarding financially for the developer, it certainly creates strong value for our consumers," he reflects. This project is a clear embodiment of Mr. Gupta's belief in pushing boundaries to create lasting value.

Overcoming Setbacks: The Impact of COVID-19 Like many in the real estate sector, Mr. Gupta faced significant challenges during the COVID-19 pandemic. "Covid was possibly the biggest setback as it created a big impact on our contract workers and project timelines," he recalls. Despite the hurdles, his focus remained on delivering the best possible product. "Delivering the best version of the product contemplated is what makes customers happy and sustains brand equity," he adds, highlighting the importance of maintaining quality even in tough times.

Advice for Aspiring Real Estate Professionals: For those looking to enter the real estate industry, Mr. Gupta emphasizes the importance of continuous learning and building strong relationships. "Constantly educate yourself. Make long-lasting partnerships with people who have the right intent. The financial side of things is as important as the practical," he advises. Understanding customer needs is also crucial. "What your customers want and use may be different from your perception—speak to them frequently."

Balancing Passion and Finance: Mr. Gupta draws on the wisdom of his elders when it comes to balancing passion with financial success. "My older generation has a simple philosophy—if we are creating value for our customers, the rewards will follow. It can take time, and there will be ups and downs, but if you are passionate about creating value, finances will follow sooner or later," he says.

This long-term perspective has been key to his success in an industry where financial rewards often come after years of hard work and dedication.

**Looking Ahead: Opportunities and Challenges:**

As the real estate sector continues to evolve, Mr. Gupta sees opportunities in senior living and purpose-built student housing. "With nuclear families on the rise and the need for wellbeing and healthcare services, the senior living industry is bound to grow," he notes. He also highlights affordable housing as a key area of opportunity, especially in the sub-40 lakh bracket. "Affordable housing needs incentives and easier finance options to give it a push. The majority of demand is still in this segment, but supply is constrained due to cost issues and the lack of easy finance," he points out. As for challenges, the ability to adapt to changing market dynamics and customer expectations remains critical. However, Mr. Gupta's optimism is unwavering. "When your customers compliment you on your first delivery, it always feels worth the effort. Keep learning and growing from there," he concludes, highlighting the importance of resilience and continuous growth in a competitive industry.

Mr. Nikunj Gupta's journey in real estate is a story of passion, innovation, and persistence. From overcoming challenges like the pandemic to creating iconic structures in Navi Mumbai, he continues to push the boundaries of what's possible in real estate. His commitment to customer satisfaction, combined with a forward-thinking approach, makes him a standout figure in the industry. As the real estate sector evolves, Mr. Gupta's insights offer valuable lessons for both seasoned professionals and newcomers alike.

INDUSTRY OVERVIEW – INDIA

Bengaluru's Smart City Leap: How Tech-Driven Infrastructure is Boosting Real Estate Value

As part of India's Smart City Mission, Bengaluru is focusing on creating a sustainable, technology-enabled urban environment. With projects ranging from smart traffic management systems to data-driven governance and IoT-enabled utilities, the city is becoming more efficient and resilient. These developments are directly influencing the real estate market, making certain areas more attractive to both investors and residents.

Smart Infrastructure: The Backbone of Real Estate Growth : Bengaluru's shift towards smart infrastructure is a major catalyst for real estate appreciation. Neighborhoods like Whitefield and Electronics City have benefitted from improved public utilities such as smart street lighting, energy-efficient buildings, and intelligent waste management systems. These enhancements are creating more sustainable living spaces, increasing demand for properties in these areas. The introduction of IoT sensors across the city for monitoring air quality, traffic flow, and energy consumption has also streamlined urban management, resulting in reduced costs and better resource allocation. For investors, this tech-driven efficiency adds to the appeal of real estate in Bengaluru's tech-forward zones.

Smart Mobility: Reducing Congestion, Increasing Connectivity:

Bengaluru's smart mobility solutions have played a crucial role in easing the city's notorious traffic congestion. Smart traffic systems, expanded metro lines, and dedicated infrastructure for electric vehicles (EVs) have made commuting faster and more efficient. This improved connectivity has led to rising property prices, especially in neighborhoods with enhanced transportation links, such as Whitefield and Yeshwantpur. The expansion of the Namma Metro has been a key driver of real estate growth, particularly around newly connected areas. With the increasing emphasis on EV adoption and last-mile connectivity solutions like app-based bike rentals, Bengaluru's mobility solutions are making the city more livable and accessible, further enhancing its real estate market.

Tech Hubs: Fueling Demand for Commercial and Residential Spaces:

Bengaluru's status as a global technology hub continues to attract multinational corporations and start-ups, fueling demand for both commercial and residential real estate.



Areas such as Hebbal and Devanahalli are seeing rapid growth due to the development of tech parks and proximity to Kempegowda International Airport. For example, Devanahalli, a developing tech hub, has witnessed a surge in real estate values due to its growing commercial ecosystem. The strategic location and future infrastructure projects like the Peripheral Ring Road are expected to further enhance property values in this region.

Real Estate Outlook: Smart Cities, Smarter Investments:

According to a report by Knight Frank, Bengaluru's real estate market has seen an average annual price increase of 4-6%, with certain smart city-linked areas like Whitefield experiencing up to 10% growth. This upward trend highlights the impact of smart city infrastructure on property prices, making Bengaluru an attractive investment destination.

Integrow's Role in Bengaluru's Real Estate Revolution:

As Bengaluru continues its journey towards becoming a full-fledged smart city, the demand for innovative real estate solutions is rising. Integrow is at the forefront of this evolution, helping bridge the gap between cutting-edge urban planning and real estate growth. With a focus on sustainability, smart infrastructure, and tech-enabled solutions, Integrow is contributing to the city's transformation while creating opportunities for investors.

The Rise of REITs in India: Why the Time is Now for Retail Investors

India's real estate market is witnessing a major transformation with the growing popularity of Real Estate Investment Trusts (REITs). For retail investors, REITs offer a new avenue to invest in commercial real estate with smaller capital outlays. As REITs gain traction, they are becoming an attractive option for those looking to diversify their portfolios while securing consistent returns. With India's REIT market steadily expanding, now is a pivotal moment for retail investors to seize this opportunity.

What Are REITs?

REITs are investment vehicles that allow individuals to own a share in income-generating commercial properties, such as office spaces, malls, and warehouses. Unlike traditional real estate investments, REITs provide the benefit of liquidity, as they are traded on stock exchanges, and investors can earn regular income through dividends. REITs are mandated to distribute at least 90% of their earnings to shareholders, making them a reliable source of passive income.

India's REIT journey began in 2019 with the launch of Embassy Office Parks REIT, followed by the entry of other players such as Mindspace Business Parks REIT and Brookfield India REIT. Since then, REITs have gained significant attention from retail and institutional investors alike.

Why REITs Are Gaining Momentum:

Lower Entry Barriers for Retail Investors: Historically, investing in commercial real estate required large sums of capital, making it out of reach for retail investors. REITs have dramatically lowered this entry barrier, with the initial investment starting as low as INR 50,000. This has opened doors for a wider audience to gain exposure to high-grade commercial properties without the financial burden of direct ownership.

The number of retail investors in Indian REITs has steadily grown, with participation rates increasing by more than 25% annually since 2020, according to the National Stock Exchange (NSE). This trend reflects the growing appeal of REITs among individual investors who want a piece of the commercial real estate pie.

Steady Returns in a Low-Interest Environment: One of the key reasons for the rise of REITs is their ability to generate stable and attractive returns. With bank interest rates remaining low, REITs offer a more appealing alternative to traditional savings instruments. Indian REITs have consistently provided annual returns of 8-10%, with dividends being a key draw for income-focused investors. For example, Embassy Office Parks REIT has delivered an average return of 15% per annum since its listing. This consistent performance, coupled with a strong demand for commercial properties, has strengthened the value proposition of REITs as a reliable source of regular income.

Diversification and Professional Management: REITs allow investors to own a diverse portfolio of commercial properties without taking on the full risk of owning a single property. This diversification across locations and property types reduces risk while offering exposure to high-demand commercial assets. Moreover, REITs are managed by professionals with deep industry expertise, ensuring optimal asset management and value creation. The liquidity offered by REITs also sets them apart from traditional real estate investments. Unlike owning property, which can take months to sell, REITs can be bought and sold like stocks, giving investors flexibility and ease of access to their capital.

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Strong Market Performance and Future Growth:

The Indian REIT market has performed impressively in recent years, with listed REITs consistently delivering strong returns. As of 2023, the total market capitalization of Indian REITs stands at over INR 70,000 crore, and this figure is expected to grow further with new REITs entering the market.

Market forecasts suggest that India's REIT sector could expand to INR 1 lakh crore by 2025, driven by the increasing institutional interest and the demand for Grade A commercial spaces. With favorable regulations and rising urbanization, the commercial real estate sector in India is poised for long-term growth, making REITs an increasingly attractive option for investors.

Why Retail Investors Should Act Now:

For retail investors, REITs offer the perfect blend of stability, regular income, and long-term growth potential. With a growing number of commercial properties being added to REIT portfolios and the steady demand for quality office spaces, the outlook for REITs remains positive. Furthermore, as more opportunities emerge, retail investors stand to benefit from the early adoption of this asset class.

At Integrow, we are closely following the evolution of India's REIT market, constantly exploring innovative ways to create value for investors. As the sector continues to expand, Integrow is committed to offering unique opportunities that leverage this momentum and deliver robust returns for our clients.



As REITs gain prominence, retail investors can expect more innovative investment vehicles that tap into the growing commercial real estate space, ensuring they are well-positioned to benefit from this emerging trend. Now is the time for retail investors to take advantage of the growing REIT market in India, and with Integrow leading the way, investors can look forward to being part of the next wave of real estate innovation.

Co-Living and Co-Working Spaces: The Evolving Preferences of Millennial and Gen Z Investors

Millennials and Gen Z are reshaping the global real estate landscape, driving a surge in demand for co-living and co-working spaces. These younger generations, characterized by their preference for flexibility, community-oriented living, and a modern work-life balance, are gravitating towards spaces that offer a blend of convenience, affordability, and collaborative environments. As a result, co-living and co-working spaces have become thriving sectors for both developers and investors.

Why Co-Living and Co-Working Spaces Appeal to Millennials and Gen Z

Millennials and Gen Z individuals prioritize experiences over material possessions. For them, the traditional notions of property ownership or long-term rental agreements are being replaced by the need for flexibility, social interaction, and the ability to work and live in spaces that foster creativity and collaboration.

Co-Living: Affordable, Flexible, and Community-Focused: Co-living spaces, where individuals rent private rooms within a shared, fully furnished apartment, have become popular among young urban professionals and students. The concept appeals to those who seek affordable, short-term housing options with built-in amenities such as Wi-Fi, housekeeping, and utilities, eliminating the complexities of managing these services independently. According to a report by Knight Frank, co-living occupancy rates in major Indian cities like Bengaluru and Mumbai hover around 85%, underscoring the strong demand for such spaces. Co-living also fosters a sense of community, a vital factor for Millennials and Gen Z who value social connections and shared experiences. Common areas, social events, and networking opportunities make these spaces attractive for young professionals seeking a balance between privacy and communal living. Moreover, as urbanization increases and real estate prices rise, co-living provides an affordable alternative to traditional renting, with average rents in co-living spaces being 15-20% lower than traditional rental options.

Co-Working: Flexible Workspaces for the Digital Generation : The rise of remote work, freelancing, and the gig economy has fueled the growth of co-working spaces. For Millennials and Gen Z, who value flexibility in their work environment, co-working spaces offer the perfect solution.



These spaces provide professional, well-equipped environments without the long-term commitment or overheads of a traditional office lease. In India, the co-working sector has seen rapid expansion, with major players like WeWork, 91Springboard, and CoWrks dominating the market. According to a report by JLL, the co-working sector accounted for 15% of all office space absorption in 2022, with occupancy rates in key metros averaging 80-90%. The demand for flexible workspaces is expected to continue rising, especially as companies adopt hybrid working models post-pandemic. The benefits of co-working spaces go beyond just desk space. They offer networking opportunities, a professional environment for freelancers and small businesses, and access to a range of amenities such as meeting rooms, high-speed internet, and shared services—all at a fraction of the cost of maintaining a private office.

Investment Opportunities in Co-Living and Co-Working: The growing popularity of co-living and co-working spaces presents a lucrative investment opportunity. These sectors have shown resilience and profitability, particularly in cities with high urban migration and a growing pool of freelancers and remote workers.

High Profitability and Return on Investment: Both co-living and co-working spaces offer higher yields compared to traditional real estate investments. Co-living properties can generate yields of 8-10% due to high occupancy rates and demand for affordable housing. Similarly, co-working spaces are seeing robust demand, leading to stable cash flows and consistent returns for investors. For example, Stanza Living, a co-living operator, reported a 30% increase in occupancy rates in 2023, driven by the demand from young professionals and students. Investors are attracted to the strong potential for capital appreciation, as these spaces cater to the evolving needs of Millennials and Gen Z in metropolitan hubs.

Successful Projects and Future Trends: Projects like WeWork India and Colive have seen significant success, capitalizing on the shift towards flexible living and working. WeWork India achieved a 90% occupancy rate in 2023, while Colive, which offers co-living spaces in cities like Bengaluru, Chennai, and Pune, expanded its portfolio to accommodate the rising demand. With the increasing acceptance of hybrid work models and the desire for flexible living arrangements, the co-living and co-working sectors are expected to grow exponentially over the next decade. Developers and investors who recognize the potential of these emerging markets will likely see strong returns, especially in urban centers with a high concentration of young professionals and start-ups.

Millennials and Gen Z are redefining the real estate landscape, and co-living and co-working spaces are at the forefront of this transformation. As the demand for flexible, community-oriented living and working arrangements continues to rise, investors have a unique opportunity to capitalize on these trends. For those looking to diversify their portfolio and tap into the future of urban living and workspaces, the co-living and co-working sectors offer compelling returns and long-term growth potential. The evolving preferences of Millennials and Gen Z are shaping the future of real estate, and with the right investment approach, the rewards could be substantial.