



Integrow INSIDER

When Capital Grows Up:
The Institutionalisation of Indian Real Estate

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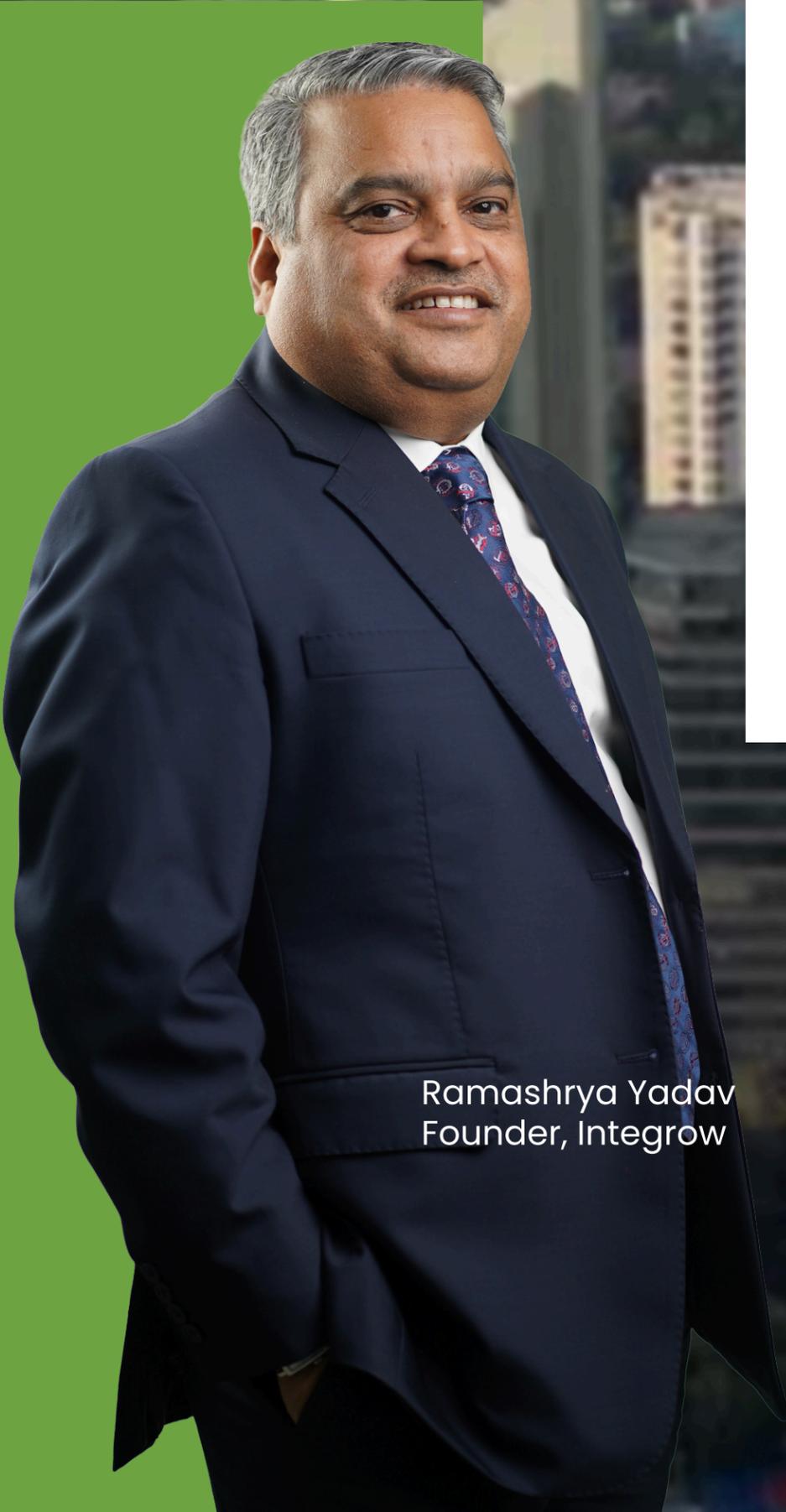
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FOUNDER'S NOTE

When an Industry Evolves, Capital Evolves With It

When I began my journey in real estate over two decades ago, the industry was very different from what it is today. It was a period of expansion. Cities were growing rapidly and opportunity was everywhere. Decisions were often driven by conviction and speed. Capital was available, and the focus was on building, scaling, and participating in India's growth story. This phase played an important role in shaping modern urban India. It created the physical and economic backbone that continues to support the country's progress. Over time, however, I witnessed a gradual shift. As the industry expanded, the nature of capital began to change. Investors became more aware, more experienced, and more deliberate in their approach. The conversation moved beyond opportunity alone. Greater importance was placed on execution, transparency, and consistency. Capital began to align itself with platforms and teams that demonstrated discipline over long periods of time. This transition reflects the natural evolution of any maturing industry. In its early stages, growth is driven by momentum. In its mature stages, growth is sustained by discipline. The Indian real estate sector is now firmly entering this next phase. Capital is becoming more thoughtful in how it is deployed, and this is strengthening the overall ecosystem. I believe this evolution is both necessary and positive. It lays the foundation for a more resilient and institutional real estate environment, one that can attract long term capital and support India's continued urban and economic development. The decade ahead will not simply be about growth. It will be about building with responsibility, managing with discipline, and creating platforms that endure beyond cycles.



Ramashrya Yadav
Founder, Integrow

INDIAN REAL ESTATE

From Gold Rush to Grown Up

How India's most chaotic real estate market quietly became one of its most credible

Analysis - February 2026

In 2007, a mid sized developer in Noida launched a residential township with 4,000 units, collected money from eager buyers, and began construction. By 2015, the towers stood half built, the developer had disappeared into litigation, and buyers who were still servicing home loans had nowhere to go.

Their story was not an exception. It defined the era.

Between 2005 and 2012, Indian real estate was driven more by momentum than by structure. GDP expanded at nearly 7.5 percent annually. A new middle class was emerging. Cities were swelling. Capital flowed in aggressively. Bank credit to real estate crossed ₹6 lakh crore. Private equity firms committed close to USD 25 billion. Thousands of developers launched projects on thin margins and bold projections. Hard questions were rarely asked because few required them.

Then, over the course of four years, the system was forced to recalibrate.

RERA in 2016 fundamentally changed the operating framework. Developers were required to register projects, ring fence buyer funds, and comply with defined delivery standards. Demonetisation the same year disrupted liquidity in a sector that had historically relied on cash flows. GST in 2017 reshaped compliance and cost structures. In September 2018, the collapse of IL&FS triggered a broader credit tightening across the shadow banking system. NBFCs, which had been funding more than half of developer borrowing, sharply reduced exposure. Construction activity slowed. An estimated USD 63 billion worth of residential projects remained stalled across the country.

The crisis did not create India's real estate problem. It revealed structural weaknesses that had been building for years.

What followed was consolidation rather than collapse. Developers without balance sheet strength, governance systems, or execution credibility gradually exited the market. The survivors were more disciplined and far more focused on capital efficiency. The debt to equity ratio of India's top listed developers, which peaked at 0.55 in FY2017, declined to 0.05 by FY2025. Balance sheets strengthened materially.

Institutional capital responded.

Real estate focused Alternative Investment Funds raised over ₹74,000 crore across more than 120 funds by June 2023. Private equity investment reached USD 5.1 billion in 2023 and increased further to USD 6.7 billion in 2025. India's office market recorded 89 million square feet of gross leasing in 2024 across the top eight cities, the highest level on record. Listed REITs crossed ₹1,00,000 crore in market capitalisation. Long term institutional investors began increasing exposure. Underlying these shifts is a demographic force that remains constant. India's urban population stands at approximately 500 million and is projected to reach 675 million by 2035. Roughly 30 people per minute continue to migrate from rural areas to urban centres. Demand for residential, commercial, logistics, and digital infrastructure assets continues to accumulate.

The demand story was never in doubt. What remained uncertain was institutional credibility. For much of the past two decades, the sector struggled to align capital discipline with structural demand. That alignment is now strengthening. The expansion era has ended. What is emerging in its place is a more accountable, transparent, and institutional real estate market.

PRIVATE CREDIT IS QUIETLY RESHAPING INDIAN REAL ESTATE

For decades, banks were the primary source of capital for Indian real estate. By 2017, total bank and NBFC exposure to the sector exceeded ₹8 lakh crore. NBFCs alone accounted for nearly 40 to 50 percent of incremental developer financing, particularly during construction stages where traditional bank lending was constrained. Credit was available, and the system functioned with relative continuity. That structure changed rapidly after 2018. The collapse of IL&FS triggered a systemic reassessment of risk across India's shadow banking sector. NBFC lending to real estate declined by approximately 25 percent over the following two years. Liquidity tightened. Many lenders shifted focus toward asset quality preservation rather than new credit deployment. Developers who had historically depended on refinancing suddenly faced limited options. This created a structural gap. Projects that were fundamentally viable but required structured, execution linked capital found fewer traditional lenders. The demand for capital did not disappear. The supply of appropriately structured capital did. Private credit emerged to fill this gap. Alternative Investment Funds focused on real estate credit scaled significantly during this period. As of June 2023, over ₹74,000 crore had been raised across more than 120 real estate focused AIF schemes. The share of private credit in total real estate financing increased steadily, particularly in mid stage and last mile funding scenarios. Globally, private credit has followed a similar trajectory. The global private credit market has grown from approximately USD 500 billion in 2015 to over USD 1.7 trillion in 2024. India's real estate market is now reflecting this broader shift toward alternative, non bank capital providers. Private credit offers structural advantages in the current environment. Unlike traditional lending, private credit structures can align capital deployment with construction progress, asset performance, and defined milestones. This improves capital efficiency and reduces timing mismatches between funding and execution. It also enables more precise risk pricing. Institutional investors have increasingly allocated capital toward these strategies. Pension funds, sovereign wealth funds, and global investment managers have expanded exposure to Indian real estate credit through structured vehicles and platform level partnerships. This shift is not cyclical. It reflects a long term change in how real estate is financed. Banks continue to play an important role, particularly in completed and stabilised assets. However, private credit has become an essential component of the capital stack, especially during development and transitional phases. As India's real estate market continues to institutionalise, capital structures are becoming more diversified, more disciplined, and more aligned with execution realities. Private credit is no longer a peripheral participant. It is becoming core infrastructure for the sector's continued growth.



HOW SERIOUS CAPITAL ACTUALLY THINKS

Capital, at scale, behaves differently from capital in abundance.

Institutional investors such as pension funds, sovereign wealth funds, and insurance companies allocate capital with a fundamentally different objective. Their primary mandate is not short term outperformance. It is long term preservation and predictable compounding. Globally, pension funds alone manage over USD 56 trillion in assets. Insurance companies manage over USD 35 trillion. Sovereign wealth funds collectively manage more than USD 11 trillion. These institutions allocate capital across decades, not quarters.

This time horizon changes decision making.

Institutional capital prioritises downside protection before upside potential. The first question is not how much can be earned, but how much can be lost. Risk is evaluated not only in terms of asset value, but also execution capability, capital structure, and governance visibility.

Consistency becomes more important than acceleration.

Institutional investors favour platforms and assets that demonstrate stable performance across cycles. Volatility reduces allocation comfort. Predictability increases it. This is reflected in allocation trends. Globally, alternative assets including real estate, infrastructure, and private credit have grown from approximately 7 percent of institutional portfolios in 2000 to over 23 percent today.

Within real estate specifically, capital has shifted toward income generating and execution visible strategies.

India has begun reflecting this broader shift. Institutional investment in Indian real estate has exceeded USD 50 billion cumulatively since 2010. REIT ownership has expanded institutional participation in commercial assets. Private credit and structured financing vehicles have enabled more controlled exposure during development stages.

Transparency and governance now directly influence capital flows. Institutional investors increasingly allocate capital toward managers and platforms that demonstrate alignment, reporting discipline, and execution consistency. This alignment reduces uncertainty and improves long term capital confidence.

Scale amplifies this behaviour.

As capital pools grow larger, their tolerance for unpredictability declines. Preservation of capital becomes structurally more important than maximisation of short term returns. This is the defining characteristic of serious capital. It does not chase momentum. It aligns with durability.



THE POWER SHIFT

WHO GAINS AND WHO GETS LEFT BEHIND IN THE DISCIPLINE ERA

Structural shifts in industries do not affect all participants equally. They redistribute advantage.

Indian real estate is entering such a phase.

Over the past decade, capital availability has become more selective. Between 2018 and 2023, the number of active developers across major cities declined by approximately 40 percent, while the market share of the top developers increased significantly (Source: ANAROCK, PropEquity). Consolidation accelerated as access to capital increasingly aligned with execution credibility and financial discipline. Developers with stronger balance sheets gained advantage. Listed developers reduced leverage meaningfully. The average debt to equity ratio among leading listed real estate companies declined from approximately 0.55 in FY2017 to 0.05 in FY2025 (Source: ANAROCK Research, company filings). Lower leverage improved capital access and reduced refinancing risk.

Institutional capital reinforced this trend.

Private equity investment in Indian real estate exceeded USD 50 billion cumulatively since 2010, with a growing share allocated toward established platforms and income producing assets (Source: JLL, CBRE). Institutional investors prioritised governance, transparency, and execution consistency.

The office market reflects this concentration clearly.

Over 80 percent of Grade A office stock in India's top cities is now owned or controlled by institutional investors, large developers, or REIT platforms (Source: JLL India Office Market Report). Institutional ownership has increased steadily over the past decade.

Capital is aligning with predictability.

Platforms that demonstrate disciplined capital deployment, operational visibility, and execution consistency continue to attract funding across cycles. Access to capital is increasingly determined by credibility rather than expansion alone. At the same time, momentum driven operating models are losing structural advantage. Developers dependent on continuous refinancing, opaque capital structures, or aggressive expansion strategies face higher funding costs and limited credit availability. The cost of capital has become more sensitive to governance, execution track record, and balance sheet strength.

This is a defining shift.

Advantage is moving toward platforms that align capital discipline with operational execution. Over time, this redistribution strengthens the overall ecosystem. It improves capital efficiency, enhances investor confidence, and supports more sustainable growth. Structural shifts do not happen suddenly. They happen gradually, and then become permanent. Indian real estate is now firmly in this transition.



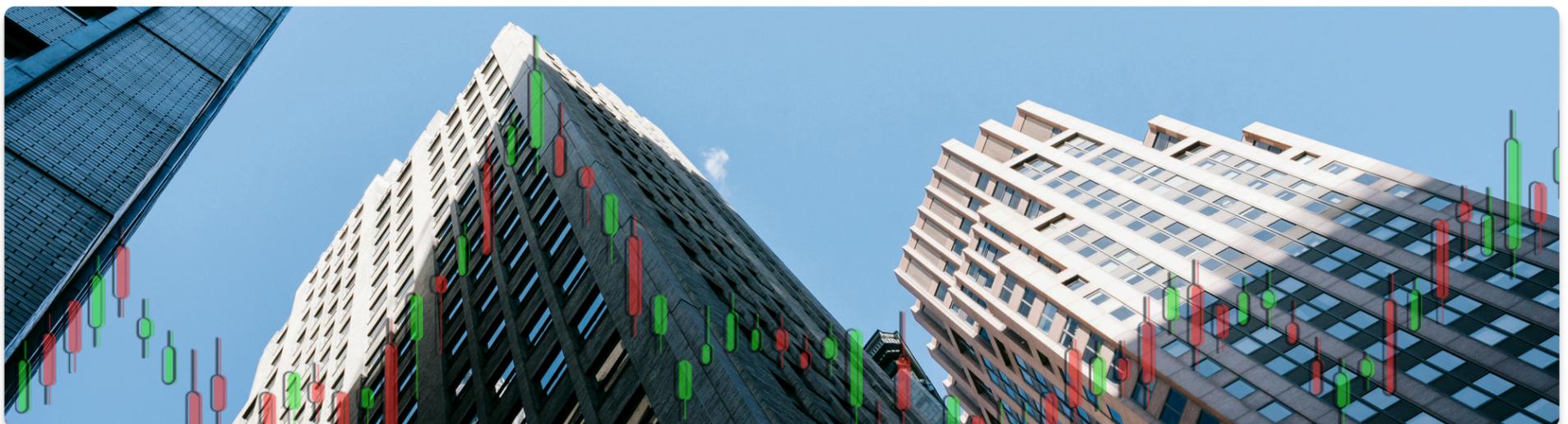
WHAT THIS MEANS FOR CAPITAL ALLOCATORS

As real estate markets mature, the behavior of capital changes with them. Allocation decisions that were once driven by market momentum and sectoral optimism become increasingly governed by structural discipline. Sophisticated allocators pension funds, sovereign vehicles, insurance capital, and institutional AIFs do not simply follow growth. They follow governance. As Indian real estate undergoes this institutionalisation, capital will naturally concentrate with platforms that are built to receive it.

Institutional capital operates by a distinct set of priorities. Preservation of principal precedes return generation. Execution visibility matters as much as projected yield. Governance structures, transparency of reporting, and consistency of process are not secondary considerations; they are the primary filters through which allocation decisions are made. Predictable compounding, over time, outweighs the promise of exceptional but volatile returns.

The structural consequence of this shift is concentration. As the market matures, capital does not distribute itself more broadly; it narrows. It moves toward platforms with demonstrated execution discipline, institutional-grade infrastructure, and the operational credibility to perform across cycles. Platforms designed around these principles are not merely better positioned; they are structurally aligned with where institutional capital is going.

In institutional markets, capital does not follow expansion. It follows discipline.



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