

For big investors, there's no equity in real estate

Ramsurya Mamidenna

■ ramsurya.mamidenna@hindustantimes.com

MUMBAI: With the economy going slow and real estate projects running years behind delivery dates, middle-level corporate executives are moving away from property en masse.

Executives from companies such as TCS and Cisco, with investible surpluses of ₹15-20 lakh annually, traditionally invest in property, but are now turning to the equity markets, and have been enjoying returns in the region of 18% to 25%, according to investment managers.

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HNI'S ARE INVESTING IN DEBT INSTRUMENTS WITH ASSURED RETURNS, AND DON'T HAVE MUCH FAITH IN REAL ESTATE ANY MORE

NCR (national capital region) over the years. Two of them are running four-five years beyond promised date. The third one is completed, but I am not able to sell," said Delhi-based Vikas Sharma, who works with Cisco, a global IT company. "Over the past year, I have invested in PMS (portfolio management service) and have been getting

good returns," he said.

Sharma invests about ₹12-15 lakh annually.

Under PMS, an investor and a portfolio manager enter into a contract where the investor gives a fixed sum and the manager invests on his behalf using the investor's demat account.

According to Trustline Holdings, a boutique investment advisory, investors have seen returns upward of 20-25% via PMS. "Over the past year, I have seen an increase of salaried people coming to me for PMS," says Chennai-based N Arunagiri, founder of Trustline. "These people want to get out of their real estate holdings. Most of

them have investible surplus of about ₹25-35 lakh."

Jaikrishnan, a senior TCS executive in Chennai, said he and his peers have been allocating more of their investments to equities, "as all of us have burnt their fingers in real estate."

Within real estate, investors have changed their pattern for real estate. "They are now investing in debt instruments, say, debentures, where they are assured of a fixed return. These are also backed by corporate guarantees and post-dated cheques," said Nishant Agarwal, of ASK Wealth Advisors. "HNIs don't have much faith in the upside of real estate."