

Asian Real Estate Fund

The economic downturn in the global markets has not affected allocations to Asian real estate all that much. According to a report in *The Economic Times* newspaper, private equity real estate funds actually increased their allocations to Asian markets marginally in 2008, to over \$16 billion.

According to global property news service Property Wire some international real estate funds are actually seeking to partner with developers in Asian markets, particularly China, to get into an emerging market at bargain rates.

There are opportunities in India too for Asian real estate funds. Of course, falling incomes have led to a drop in demand for luxury housing, but there are still investment avenues open to prudent investors.

According to a report titled 'India30 Real Estate Opportunities in Tier III Cities' by international property services firm Jones Lang LaSalle, real estate markets in India's third-tier cities will continue to offer attractive returns to investors. "...with 41 % of the country's wealth, the potential of these tertiary markets is clearly evident," Cities like Ahmedabad, Chandigarh, Kochi, Jaipur and Nagpur look especially attractive, the report says.

The Indian economy continues to grow, albeit at a slightly lower pace, and supply of housing still hasn't kept pace with demand. Besides, incomes in these third-tier cities are also increasing, contributing to the growth in real estate demand. And Asian real estate funds can capitalize on these opportunities.

Kotak Realty Fund is one of India's first private equity funds, with a focus on real estate and real estate intensive businesses. The fund invests in all the main property asset classes. These include residential (townships, luxury residential, low-cost housing, golf communities), hospitality (hotels and serviced apartments), office (core and business parks), shopping centres etc.