

## India's REIT and InvIT market to witness INR 11.6 tn in new investments, with AUM doubling to INR 20 tn by 2030: Avendus Capital

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Avendus Capital, India's leading investment bank, has released its latest report on India's REIT and InvIT market, highlighting that the asset class could unlock an additional investment pool of INR 11.6 tn over the next five years, surpassing INR 20 tn of AUM by 2030. The report examines how rising interest rates are increasing the relevance of infrastructure and real assets in investment portfolios, with REITs and InvITs emerging as inflation-protected, stable income-generating instruments.

The report identifies multiple structural drivers that could unlock significant new sources of capital for India's REIT and InvIT market. As per the report's estimates, among the largest sources are domestic mutual funds and insurance firms, that are set to deploy ~INR 4.6 tn and ~INR 3.2 tn by 2030, respectively. Domestic pension funds' participation is another key lever, set to incrementally invest INR c.2.2 tn by 2030. Cumulatively, domestic institutional investors have utilised only 7.5% of their existing regulatory limits for investing in REITs and InvITs, implying an INR 7 tn opportunity for incremental investment.

On the supply side, the report unpacks key REIT and InvIT sectors including roads, office, retail, transmission, renewables, telecom, and logistics infrastructure, that are expected to double their TAM by 2030 from INR 10 tn in 2026. At 1.5% of GDP, India's REIT and InvIT market remains significantly underpenetrated compared to mature global counterparts such as the United States, Australia, Singapore and Japan, where business trusts account for 5% to 12% of GDP.

**Gaurav Sood, Managing Director and Head, Equity Capital Markets, Avendus Capital** said, "India's REIT and InvIT market is in the ninth year of its multi-decadal growth journey, with 32 listed trusts currently representing an AUM of INR 10 tn and a combined market capitalisation of INR 5 tn. At a time when investors globally are reassessing portfolio construction amid structurally higher interest rates, we believe that stable, income-generating structures such as REITs and InvITs are emerging as one of the most significant long-term opportunities in India's capital markets."

**Gaurav Arora, Managing Director and Head, Infrastructure & Real Assets Investment Banking, Avendus Capital** said, "India is entering a pivotal phase in the evolution of its real assets capital-raising journey. The growing pipeline of monetisable infrastructure and real estate assets require massive pools of long-duration capital. REITs and InvITs are uniquely positioned to financialize cash-generating core assets and recycle capital to develop the next generation of projects. With the real assets market deepening across sectors, we estimate an addition of INR 10 tn in AUM across the existing and emerging infra and real assets sectors over the next five years."

The report also introduces a framework for evaluating REITs and InvITs, highlighting that as the asset class matures, investors must move beyond distribution yields to a more comprehensive metric, equity IRR, which generally trends at a 200-700 bps premium to 10-yr G-Sec across sectors from a long-term base case perspective. According to the report, long-term returns are influenced not only by current distributions but also by entry

valuation, distribution growth, NAV evolution and terminal value, an often under-analysed factor that can materially impact return outcomes across asset classes.

The report highlights that new investment avenues are further set to broaden participation in India's REIT and InvIT market. Passive ETF products could bring in over INR 240 bn with just a 2% incremental allocation to the asset class, enabling access to a wider investor base, while potential global index inclusion could unlock more than INR 1 tn over the next five years. FII, retail investors, HNIs and Family Offices are expected to invest an additional INR 1.5 tn by 2030. Together, these drivers point to a multi-year expansion in capital allocation to India's REITs and InvITs market.

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**Avendus Capital**, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best-in-class track record of domestic and cross-border transactions. Avendus' wide range of clients is testimony to its ability to serve them throughout their life cycle – from growth stage funding to large-sized transactions, M&A advisory and access to public markets.

**Avendus Capital Inc.**, New York and **Avendus Pte Ltd.**, Singapore are both Avendus Group entities offering services to clients in the US and Southeast Asia respectively.

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