ASK Property Fund

# Real Estate EDGE

Edition 8 |

## Participating in India's Residential Growth Story Through Real Estate Private Credit

## India's Residential Market is Entering a More Institutional Phase

India's residential real estate market is moving into a more mature and institutional phase, supported by rising incomes, end-user demand, premiumisation and stronger developer balance sheets. As the sector deepens, investors are increasingly looking for ways to participate in this growth without assuming direct project-level execution risk. Private credit offers one such structured route through Real Estate AIFs which are well positioned to channel this opportunity. Real Estate AIFs can aggregate domestic and offshore capital and deploy it in areas where traditional lenders are often restricted.

## A Structured Route to Housing-led Growth

Private credit in real estate was earlier used mainly for refinancing, lender exits, last-mile funding or stressed situations. With residential sales improving, demand has now shifted towards growth capital for project acquisitions, redevelopment, land purchases and entry into new micro-markets. Emerging formats such as plotted developments, second homes and villas are also opening up opportunities where buyer demand is evident, but traditional lenders remain cautious due to perceived execution or market risk.

## Residential Real Estate Offers Structural Alignment With Private Credit

Residential real estate is well suited to private credit because it is self-liquidating and supported by structural housing demand across price points and micro-markets. While banks and NBFCs remain focused largely on established developers, construction finance and approved projects with defined end-use, private credit can address funding gaps with more flexible, project-specific capital. Funds can assess risk at the asset level, structure capital around the stage of the project, and link repayments to sales and cash flows. The typical three- to five-year tenor also aligns well with UHNIs, family offices and domestic investors seeking asset-backed yield with defined downside protection.

## Successful Investing Requires More Than Attractive Yields

For investors, this creates access to secured residential exposure with governance, covenants and active asset management built into the transaction. The opportunity, however, should not be viewed only through the lens of yield. Selection matters. Investors should evaluate the sponsor and fund manager's track record on governance, exits and developer partnerships, along with leadership stability, team depth, risk and asset management practices, fund's performance vs benchmark returns, fund management grading by rating agencies (like Crisil, CARE, etc.) security structure, covenant discipline and exit clarity.

## Disciplined Selection Drives Long-Term Outcomes

Residential private credit offers a structured way to participate in India's housing growth, provided capital is deployed with discipline and clear risk controls. Its strength lies in funding viable projects backed by visible demand, credible sponsors, robust security, enforceable covenants and defined repayment visibility. For investors, the asset class provides secured, asset-backed exposure to residential real estate, where returns are driven by rigorous underwriting, strong governance, active monitoring and disciplined exits.

For further information, please contact:

**DIPALI GANDHI**
Business Development-Investments and Lead Communications
ASK Property Fund
**dipali.gandhi@askinvestmentadvisors.com**