

*Indian*

# Real Estate White Paper

**Wellness** Real Estate Assets

An Emerging **Investment Class** in **India**





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## Forewords

As an asset class, wellness Real Estate assets are growing in popularity across the world. In India as well, they are gaining momentum. As many regular Real Estate asset classes are going through cyclic lows, there is a growing propensity for alternate assets such as wellness. Interestingly, the growth in such Real

Estate assets is not just driven by cyclic trends but also by solid fundamental factors such as large population, huge aggregate demand for quality healthcare, the growing middle-class population in tandem with a rising health-related awareness amongst the Indian population. India's growing significance on the

global health tourism map is also fuelling demand for quality wellness Real Estate assets in the country.

Hospital buildings are one of the major components of wellness Real Estate assets. However, it is not just limited to such buildings. It comprises of a range of other assets such as diagnostic centres, physiotherapy centres, speciality healthcare centres, naturopathy etc. Likewise, it is also fuelling demand for other ancillary assets such as short stay & long stay hotels for families of patients, hostels for nursing staffs etc.



Hospital Office



Hospital Buildings



Diagnostic Centres



Pathology



Naturopathy



Physiotherapy



Nurse Hostels



# Global Wellness Real Estate Markets

As many of the regular Real Estate asset classes are going through their cyclic lows, there has been growing propensity amongst investors to scout for other alternative investment options. Amongst numerous investment alternatives, wellness is deepening its foothold. Globally there has been a notable rise in investments into such properties.

In the USA, around USD 9 billion has been traded in 2019 in the wellness investment. Likewise in the UK, USD 1.9 billion of capital has been poured into the burgeoning segment. Similar upbeat numbers have been chronicled in the Asia Pacific as well (Japan, Malaysia, & South Korea).



# Wellness Real Estate in India

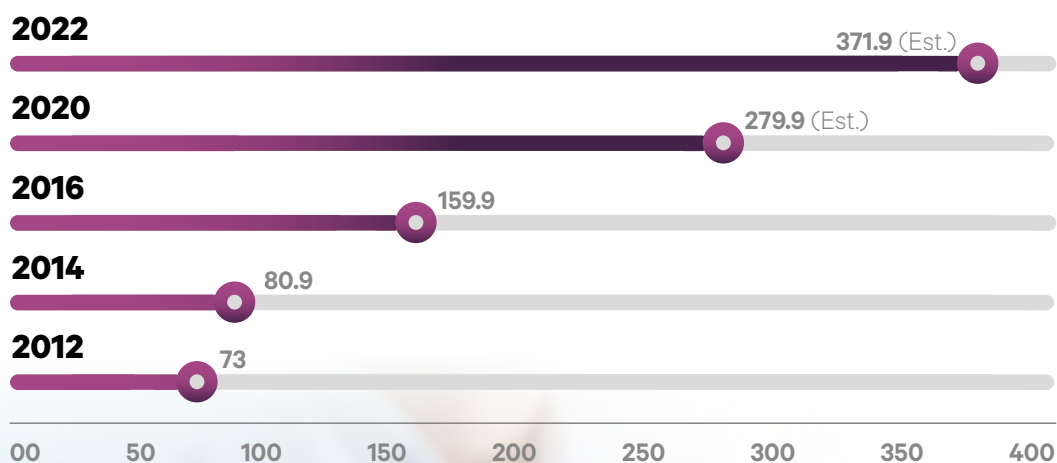
India with a 1.2 billion population, growing middle-class, & rising health awareness represents a massive market for Wellness Real Estate. Over USD 120 billion has been invested in healthcare Real Estate in recent years. By 2025, around USD 200 billion will be

further invested in health care infrastructure.

The hospital industry in India is expected to reach USD 132 billion in FY 2022 from USD 62 billion in 2017, growing at a CAGR of 16.3%. The private sector is emerging as a major service provider,

comprising of around 74% of the total industry. At present India, has 60,000 hospitals & lakhs of private clinics. The growth in the industry has also stemmed from 100% FDI allowed in the year 2000.

## Value of **Healthcare Industry** in **\$ Billion**



Source: SME Research

Despite booming private sector participation in the Indian Health Care industry, there are persistent gaps. Indian health care is still

underserved & constitutes just 4.1% of the overall national GDP. In contrast, in developed markets like the USA, healthcare

constitutes around 17% of the overall nation's GDP. As per WHO data, India has less than one doctor for every 1000 population.



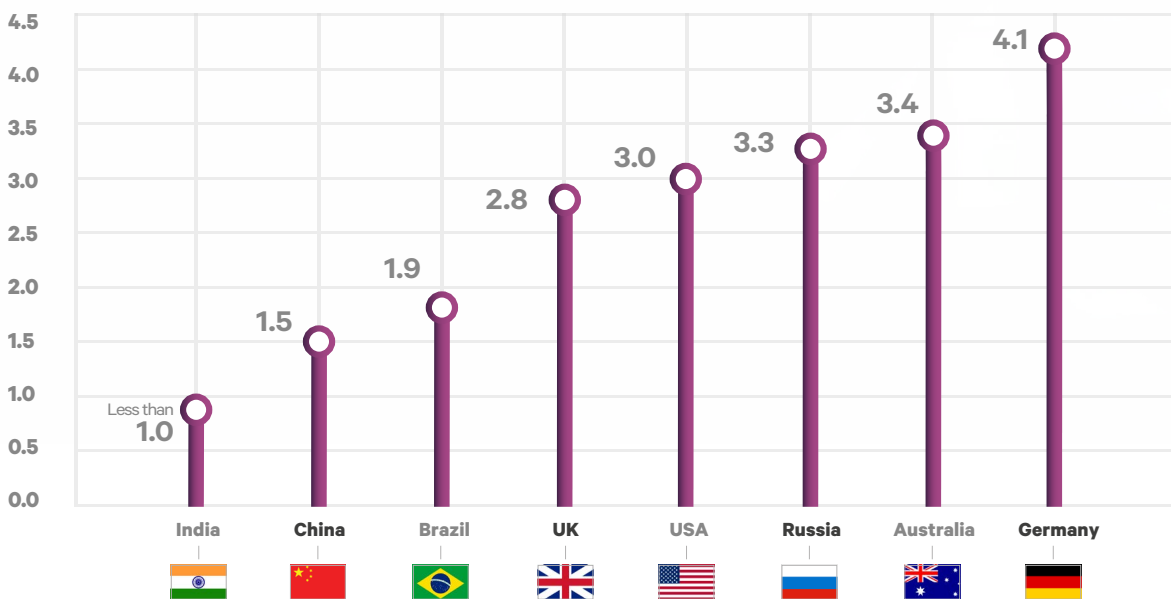


There is a visible demand-supply mismatch at the moment, which will continue to fuel demand in the market. In addition, the govt.

is also changing gears from a service provider to payer thereby enabling more private sector participation. Private entities are

partnering with PPPs to enhance the overall access in the market.

### Country-wise Doctor to Population (1000) Ratio



Source: WHO

India is also a major medical tourism industry as the overall market is estimated at around USD 3 billion. India is receiving a large number of medical tourists from various emerging economies

of the world such as Afghanistan, African nations, Central Asia, GCC nations, & Iraq etc. Likewise, it is also witnessing a sizeable number of tourists from the USA, Australia, Canada, & Russia, as

the nation is consolidating its position as a quality medical hub with cost-effective services. In the past 5 years, the inflow of medical tourists has grown at a CAGR of around 42%.

### Major source Countries of Medical Tourists



# 360 Realtors as a Wellness Real Estate Facilitator

Recently, 360 Realtors has launched its Commercial Real Estate division. The vertical will also be dealing actively in wellness space that will include hospital buildings, diagnostic centres, pathologies, speciality healthcare centres, & nursing homes.

Searching & finding the right type of wellness asset comes with its own challenge. Compared to other

commercial assets, one might not require a high budget building for healthcare. A relatively low budget building can also serve the purpose. (This also ensures benefit of higher returns as a result of the price premiums achieved from the sale of wellness lifestyle real estate units-for the developer.) However, it needs to have good connectivity, preferably near to a mass-commute centre (metro or transit lines). Likewise,

it should have good footfall & waste management facilities. It is also beneficial to have low budget hotel accommodation & nursing staff accommodation facilities in the vicinity. Due to its tedious nature, such deals generally take a long for closure. Industry experts believe that on an average deal takes around 6-9 months for the closure.





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