

Sobha promoters to foray into hotels, US market; to set up investment arm

Venkatesha Babu
Isha Rautela
Bengaluru

The Menon family, promoters of real estate giant Sobha, known for its expansive ventures in both domestic and Middle East (primarily Dubai) markets, is charting a new course which will see it establish hotels and an investment arm and foray into the US market.

PNC Menon, chairman emeritus of Sobha, recently unveiled the group's multi-faceted expansion strategy in an interaction with *businessline*.

"We are embarking on a journey into the hospitality sector, with plans to construct a portfolio of at least eight hotels, each with an investment of around \$80 million which comes to around \$700 million," said Menon.

It plans to establish these



PNC Menon, chairman emeritus of Sobha

properties across locations including Kochi, Ahmedabad, Dubai and across Europe. "After we complete eight projects, I will stop investing my money and instead only be a manager. We will not put our money into physical assets."

REALTY BUSINESS

The Sobha Group's current business in Dubai alone stands at a staggering ₹38,000 crore, according to

Menon, while it garners around \$400 million per annum in revenue from its listed Indian operations. Discussing the potential within these markets, Menon said, "Dubai is poised to reach a maximum of \$5 billion, and India's ceiling is between \$1 billion and 1.5 billion. To onboard our next phase of growth, we have decided to enter the US market in a big way."

The US market, Menon said, will offer the company a \$10-billion growth opportunity, over the next decade.

Although it has yet to secure a parcel of land, it has already set up a team for its US operations and Menon says the group has set a target of reaching \$10 billion in revenue within a decade from the American market alone. Given the size of the operations, the company is preparing to establish a formidable presence, led by three CEOs, and has identi-

fied Texas as its initial market.

Simultaneously, the group has also established its investment arm, Sobha Investments, with a substantial commitment of \$2 billion in investments over two years. "For this vertical, our focus will shift away from real estate, channeling the \$2 billion exclusively into sectors beyond real estate," Menon said, but refused to elaborate on the investment strategy.

A HEDGING STRATEGY

Explaining the rationale for the diversification strategy, Menon said it would serve as a buffer against the cyclical nature of the real estate industry.

Once the process is complete, Sobha will operate across four distinct business verticals: real estate, hotels, allied businesses and strategic investments, Menon added.