



SAMVAD

Igniting Thoughts of Tomorrow

REAL ESTATE SECTOR

WeChat

Mr. Ramprasad Padhi
CEO
MumbaiProperties



.....
CRM : A pre-requisite in Real Estate Sector

Featured

Doing Business in
Real Estate Sector

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September 2014

we school
S.P. MANDALI'S
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OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind’s eye needs to be nurtured and differently so.

WeSchool has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.



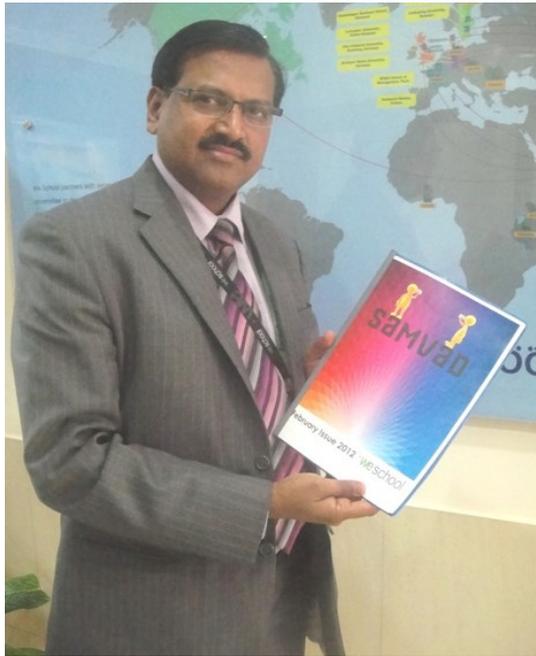
**Prof. Dr. Uday Salunkhe,
Group Director**

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director



Prof. Dr. Uday Salunkhe introducing the first issue of Samvad

OUR VISION

“To facilitate exchange of ideas that inspire innovative thought culture”

MISSION

To Dialogue

To Deliberate

To Develop

To Differentiate

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

Dearest Readers,

Greetings from Team Samvad!

It gives me and the entire Samvad Team immense satisfaction to bring to you the latest issue of Samvad on the theme “Real Estate Sector”.

The real estate sector has been the backbone of the Indian economy and has been a major contributor in the economic growth. The market size of real estate sector in India is projected to reach US\$ 180 billion by 2020. The expected growth rate of the industry is at a compound annual growth rate (CAGR) of 19% for the period 2010–2014, with Tier I metropolitan cities contributing to almost 40% of this growth.

To give you more insights on a career in this sector, we have Mr. Ramprasad Padhi, CEO, MumbaiProperties, a distinguished personality in the field of Real Estate. Hope the interview adds lot of value to your reading. The featured article gives an overview of how it is to do business in the current scenario within the sector and the risks and opportunities involved.

We are thankful for all the wonderful comments, compliments and suggestions for improvisation by you all and we are striving for the best. We hope with this issue we provide you with different perspectives on this sector. We will be happy to hear if you personally wish to enter this sector or have a vision to bring about a disruptive change at the grassroots level. It's time we ignite our thoughts in to actions for a better tomorrow.

Hope you will like reading this issue. Feel free to give us your feedback. The team will strive hard to make your readership experience more worthwhile.

Read Better to know Better...!!!

Best Regards,

Anurag Chatterjee

Editor

Samvad - Igniting Thoughts of Tomorrow

Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by both **Prof. Amarkant Jain** and **Prof. Deepa Dixit**. Their insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for her help in selecting the best Marketing articles. She is a part of our core Marketing faculty at WeSchool.

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We appreciate the efforts of **Prof. Ragini Mohanty** for selecting the most interesting articles in General Management domain.

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We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the PR activities of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.



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An Interview with Mr. Ramprasad Padhi

By: Team Samvad

Mr. Padhi is currently the CEO of MumbaiProperties. He has around 20 years of work experience in the Real Estate Industry and is also a distinguished WE School Mumbai Alumnus.

1. Could you please take us through your professional journey right from the start of your career ?

My first Real Estate deal started at the age of 18 while I was still in college, Real Estate Consulting was something that quickly caught my interest and went on to become my passion. I started Pinnacle Realty, in 1994, as a one stop boutique for all Realty needs. Incidentally, those were the times when the Real Estate Consulting Industry wasn't exactly a respected one and thus looked down upon given that there were, or for that matter still aren't, any entry barriers to this industry. My objective was to focus on making Pinnacle Realty a niche Realty Boutique, serving customers in the most unique way. It has been my sole aim to elevate the Real Estate Consulting Business in India via inspired standards. We were the first certified Realtor® in Mumbai and also the first to have our own website www.mumbaiproperties.com way back in 2002 when customers did not visualize of using Internet to buy and sell homes. Thus was born our brand, Mumbai Properties which leverages Technology to enable Realty Transaction. In last 12 years, Mumbai Properties has redefined the paradigm for Real Estate with the transition from pain to fun for all its clients. We have a distinct setup and work on processes which are customer centric and are ruled by our core values viz. Integrity, Honesty and Win-Win for all for all or No Deal, These Core Values have made



us the REALTOR® of choice for close to 100 Corporate Clients and more than 1,200 Individual Clients, who are part of the happy family called MumbaiProperties.

2. The credit rating agencies does not expect sharp movement in short term in Infra sector for 2014-15, do you think the newly elected government could break this forecast?

The new Union Budget 2014-15 has actually enforced a positive impact to the infrastructure sector. The proposals in the Union Budget 2014-15 are neutral for the construction sector in the short-term, though the government's emphasis on infrastructure creation is a positive in the medium-to-long term. It has in fact proposed ambitious targets for infrastructure development. This could create a ripple effect for the Realty & Infra sector. The Infra sector does need more investments and government has made its intent very clear that only attracting private sector in infrastructure creation is the way out.

3. Recently, some private equity firms have exited their investments in real estate companies and locked in good returns, how do you see the future of Indian Real Estate Industry going forward?

Though the new Union Budget 2014-15 did not hand out SOPS to the Real Estate sector per se, the pass-through tax status for REITs and measures to encourage FDI in the sector are a very big positive. Many private equity firms are upbeat given the ROI on past investments continue to fund Category A & B developers, the need of the hour is also to get to smaller developers with good credentials and viable projects. The concept of townships where land banks are still available can boost the region's realty market with active participation of the PE firms. I envisage more transparency in the realty sector and healthy ROI for the PE Firms who are bullish on this sector and are diligent in the valuation process of real estate, which is still not on scale with the developed economies.

4. Energy sector is one of the important components of Infra sector, according to you what major reforms are necessary in this sector?

Over dependency on the energy sector is not always good for the country and hence I feel, it should be a balanced approach. The energy sector, being vibrant, viable and profitable, should in essence contribute to reduced tariff and better consumer services.

The government should review the reforms and make necessary amendments as and when needed. Currently I think we need to introduce the concept of achieving low tariffs through competitive bidding in Ultra Mega Power Projects (UMPP), thus giving various concessions to the Infra sector of India.

5. Many new players are getting into the Affordable Housing Business. Do you expect more and more players to join and how do you see its future?

The Affordable Housing Business needs a shot in the arm from the government, given the red tape and bureaucracy that plagues the real estate sector. Defining what exactly is the measure of affordability in Tier 1,2 & 3 cities, and laying down the norms would attract serious players with deep pockets. Given long gestation period, the Affordable Housing sector needs reforms from the government in terms of tax sops, lower interest rates and quick clearances of building permissions. Till such time, Developers see more sense in making townships/projects as per the demand of a particular locale and not many of them veer towards affordable housing. But for the teeming middle class, Affordable housing is the mantra to own a home and the government would do its bit by pushing reforms and be committed to make more Indians house owners. I foresee a huge market potential for Affordable Housing and committed developers taking the dive, provided there is ample supply of clear title land banks and cheaper funds for them from the banks.

6. Are you affiliated with any NGO or does your organization conduct any CSR .

As the Vice-President of AREA [Association of Real Estate Agents, Mumbai], I am at the forefront of my Association's CSR activities. We organize annual Blood Donation camps, in our bid to raise awareness for children afflicted with Thalassemia. We support many social initiatives of Rotary, one of them being School Wheels and Gramothan. Mumbai Properties contributes 1% of its turnover for social causes and picks up deserving cases which need these resources. My

firm Greenworld Landscapes, which contributes to the social greener of the city works on No Profit basis and assists local MLA's to enhance the green cover of Mumbai and plant, nourish and adopt more trees, so that we leave a greener city for the future generation.

7. What are the various achievements and awards that you have received and cherish the most?

In order to conduct the Real Estate business in way that is professional and standardized, I started off by getting my REALTOR® credential from NAR USA back in 2001 and was amongst the first few Indian Realty consulting firms to be given the REALTOR® accreditation. The high point was that I was among the few Realtors instrumental in getting NAR USA to come to India to promote business of Realtors between India and USA. Thus was born NAR India, whose sole focus has been to organize the Realtor business in India. I was on the Governing Body for one year on NAR India.

I am the Founder Member of AREA (Association of Real Estate Agents, Mumbai), which is non profit organization that has prominent Realtors in Western Mumbai as its members and promotes business through effective networking. I headed PR & Technology at AREA for 4 years and now I am the Vice-President for 2014-16 term. My quest for knowledge is never ending and I keep updating myself on all facets of Realty and I currently have these certifications like:

1. Certified International Property Specialist (CIPS)
2. Transnational Referral Certification (TRC)
3. Real Estate Brokerage Management
4. Expand Your Market
5. 'Train The Trainer Course' conducted by Gail Lyons, at Delhi
6. 'Hi-Impact Leadership-Blueprint for Success' by Shiv Khera, July 2011 at Mumbai

7. 'Selling Skills' by Shiv Khera- July 2011

8. Lastly, what skill sets would you advice our readers to work on to make it big in the Realty Consulting sector?

The Consulting Business can be an enriching career, both in terms of enormous work satisfaction coupled with financial rewards for the smart & hard working Realtor.

In my 20 years career, I have found these skill sets to be the most important differentiator between a Star Performer and Average Realtor :

1. Deep Insight into the Real Estate Market
2. Financial and Legal Knowledge
3. Responsiveness
4. Excellent in Communication
5. Negotiation Skills
6. Networking with HNI's and Fellow Realtors
7. Team Player with Problem Solving Attitude
8. Technological Skills
9. Multi-Tasking Abilities as every day is a fire-fighting for resources, for a realtor.

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Doing Business in Real Estate Sector

By: Diva Nadar, 1st year MMS & Rohin Jacob, 1st year PGDBM, SIMSREE, Mumbai

Real Estate is defined as land with anything which is permanently attached with it, such as underdeveloped land, houses, office buildings, retail shops etc. Its major components are housing, retail, hospitality and commercial estates. It is one of the best avenues for investment as property prices are always assumed to go up unless recession hits. Besides, the prospect of a steady, fixed rental income is also a lucrative proposition.

But the huge capital requirement and the relatively less liquidity in Real Estate are a few drawbacks of this Sector. Also, if the value of the property decreases, the entire investment suffers a loss. One can invest in the Real Estate Sector through instruments like Real Estate Investment Trusts (REITs), Exchange Traded Funds (ETFs) or other infrastructure funds which allow relatively lower capital and provide a relatively higher degree of liquidity whilst remaining invested in the Real Estate Sector.

The Real Estate Sector is gradually recovering from the severe downturn of 2008 financial crisis. However, with increased availability of capital, economic reforms, recovery in asset prices and increasing number of transactions, the global Real Estate Sector is entering a broad 'Up-cycle'. From a global perspective, investors are increasingly looking at emerging markets as their preferred investment destinations due to their high potential for growth and also relatively acceptable risk tolerance levels.

Indeed, according to EY, of the top 5 global investment destinations in Real Estate Sector, 4 of them are emerging markets – India, China, Qatar and Chile. The 5th market, Canada witnessed robust economic growth and managed to tide over the financial crisis better than most other countries. These nations are followed by the

Central and Eastern European Nations like Bulgaria, Croatia, the Czech Republic, etc. These economies achieved record growth and progress from 1990s to the 2008 financial progress. Even after the financial crisis, they unleashed privatization and implemented labour reforms which attracted a flood of foreign capital.

The economies of United States and Western Europe continue to struggle in the face of the global recession. However, they have the potential to move back to a faster growth trajectory in Real Estate in the coming years. Amongst the European markets, Germany is the preferred investment destination for Real Estate due to its inherently stronger economy, followed by France, Spain and U.K. owing to stabilization of the economy and a strengthening debt market.

The Real Estate markets in Europe and the United States are expected to see consolidation in the coming years due to implementation of Alternative Investment Fund Managers Directive (AIFMD), the Basel III norms and Solvency II directives, which will create a credit crunch and hence lead to operational optimization.



Image source: <http://ireoworldblog.com/2011/01/21/punjab-government-rules-for-nri-property-sale/>

The China real estate bubble has started to face deflation. Property sales have slowed down and prices have fallen. China's property market accounts for 15% of its GDP and hence is a crucial part of its economy. To control the bubble from bursting, the local governments have eased purchases and reduced new constructions. Any sharp downturns have not been predicted, yet investors have started to become apprehensive to put their money in China real estate.

From the Indian stand-point, the real estate business has gone through its ups and downs. In 2005, the government had made foreign investments in real estate convenient through the FDI. Private-equity funds and other investments amounted up to \$15 billion.

However, during the 2008 global slowdown, the Indian real estate sector was badly hurt. Market had a huge cash crunch and many projects faced the brunt. The inflation faced by the country added to its woes. This was apparent in the declining sales volume in 2013. However, currently Indian real estate projects a positive outlook. The economy is overcoming its turbulent times; the current government is stable and has a pro-business outlook. It is projected that the market size of real estate in India would be around \$180 billion by 2020.

According to Cushman and Wakefield, around \$28 billion have been invested into Indian real estate during the 1st half of 2014 through private equity and other investors. Housing investment accounted for about 5-6% of GDP of India. Growth in residential sectors has been 43% and that of office has been 58% in the cities during the 1st quarter of FY '15. This rise has been due to urbanization and increasing IT/ITeS sector respectively. Also, it is expected that retail space in shopping malls in key cities will double this year.

Investments and requirements for housing are ever increasing. In India, debt instruments such as Non-Convertible Debentures (NCDs) are popularly used for investments because of the high risk involved and long time periods of the projects.

The real estate business also faces some challenges. The construction delays due to the huge number of construction permits or their late approval by the government makes the process lengthy. Unavailability of land, especially in the urban areas; lack of clarity of the land titles and the variations of the policies in different states are some other issues. This business also has its share of nefarious practices such as threatening people to vacate lands, malpractices towards buyers and violating buyer's commitments.

The government has taken many initiatives in the real estate sector. It has started the land pooling policy. Digitization of land titles, Land Acquisition Resettlement and Rehabilitation Act 2013 (LARR), single window clearance for permits and introduction of REITs are some other measures taken to bring in more transparency.

REITs will provide an exit avenue for investors and reduce the high debt levels of investors. The rising Indian economy due to the increase in the working class, growth in service sector, urbanization and expansion of cities would be some of the factors driving the real estate sector in the long run.

The global scenario for real estate appears positive in general. However, caution needs to be exerted for China and European nations. With the high expectations from the Indian economy in the coming years, one should definitely watch out for the Real Estate Sector in India.

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Real Estate Investment Trusts (REITs)

By: Vishnu Batra, MBA –2014-2016, NMIMS, Mumbai

Real Estate Investment Trusts have been in the news recently on account of the guidelines issued by SEBI for REITs to come into existence within the regulatory framework. Both wholesale and retail investors shall now have another avenue to invest in the real estate sector through a regulated fund route.

Investopedia defines REITs as “a security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. REITs typically offer investors high yields, as well as a highly liquid method of investing in real estate.”

In other words, REIT is a trust-like company which owns, and in most cases operates income-producing real estate assets, and majority of the earnings of which are distributed to its shareholders regularly as dividends.

These trusts initially originated in USA in 1960s, and are now functional successfully in around 20 countries of the world- including Australia, Singapore, UK, France, Japan, etc.

REITs can broadly be classified as –

- Equity REITs
- Mortgage REITs
- Hybrid REITs

The most popular are the Equity REITs, which typically own and operate fully completed and income-generating real estate assets of commercial nature such as office buildings, commercial and residential buildings, hospitals, shopping malls and complexes.

How do the REITs work?

In its simplest form, REITs are the real estate equivalent of equity mutual funds. The listed REIT shall raise money from a pool of investors and utilize the same for buying income-

producing real estate assets, to draw rental and capital gains regularly. Most of the gains obtained shall then be distributed to the unit holders or investors of the REIT in form of dividends. REITs thus facilitate investors to acquire a diverse portfolio of real estate assets, or easy liquidity for their completed real estate projects, in a tax-efficient way.

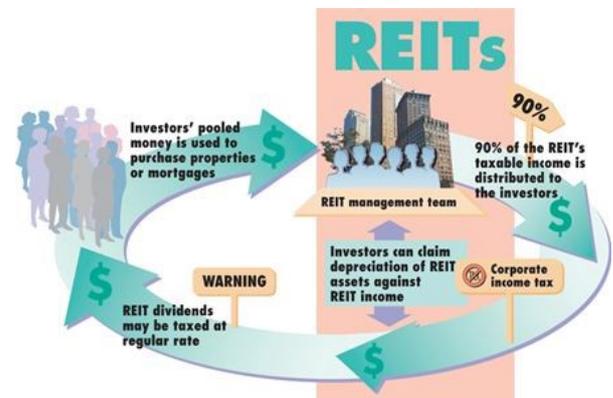


Image source: realtyfact.com

India, the REIT system shall work as follows-

The REITs shall buy commercial property that generates rental income for a period of at least 10-15 years. All the rental income shall be distributed to the investors in the trust. The funds will be closed-ended, though they will be listed on the stock markets, where they can be sold to other investors. When the tenure of the fund ends, the REIT will sell its holdings in the underlying property and distribute the proceeds to investors.

A brief overview of the various parties involved in a REIT-

The benefits of REITs

REITs are beneficial to both the investors and the real estate industry as a whole, in various ways. REITs will be able to act as a swift source of finance to the cash-starved Indian property

developers, who have been suffering from one of the highest interest rates of Asia, through buying their developed property, and allowing them to start fresh projects or investing in units of the REITs. REITs will help the overleveraged companies in getting themselves deleveraged.

Investors with lower risk appetite will have promising and secure investment options in the real estate. They shall also bring in increased transparency in the sector by adopting better corporate governance, disclosures and financial transparency practices. Regular dividend payment by the trust shall benefit investors who seek a continuous flow of income. There will be increased possibility for disposal of Non-Performing Assets by financial institutions, as they can sell such NPAs to the REITs and realize a fair value for them. Equity financing would also improve the debt-equity balance in the market.

There are many factors that favour the establishment of REITs in India. The vast and fast-paced real estate sector of India requires reliable and transparent investment vehicles like the REITs in order to prosper, draw in more FDI, contributing more to the national GDP, and emerging as one of the largest real estate markets of the world in the near future.

SEBI guidelines with regards to REITs

REITs are required to invest only in diverse commercial real estate properties, either directly, or through some Special Purpose Vehicles [SPVs]. The REIT is bound to hold a controlling interest of not less than 50% of the equity share capital or interest.

SEBI has further mandated that at least 80% of the value of the REIT assets shall be in completed revenue generating properties. In order to provide flexibility, it has been allowed to invest the remaining 20% in other assets as specified in the proposed regulations, e.g. listed or unlisted debt of companies, developmental properties, MBS, government securities, money market, etc.

For making an initial offer, a REIT must possess assets worth INR-500 Crore, at a minimum. The

minimum issue size for the initial offer is set at INR-250 Crore. Moreover, the REIT is compelled by the law to distribute at least 90% of its distributable cash flows to its investors as dividend, compulsorily on a half yearly basis. It is also prescribed that the borrowings and deferred payments of a REIT at a consolidated level must not exceed 49% of the total value of the REIT assets.

The union budget provided for a tax pass-through status for REITs. It means that the income generated by trusts would be taxable in the hands of investors, and the fund shall be considered a pass-through entity and therefore exempt under income tax. However, further attention is needed to sort the various tax related ambiguous issues.

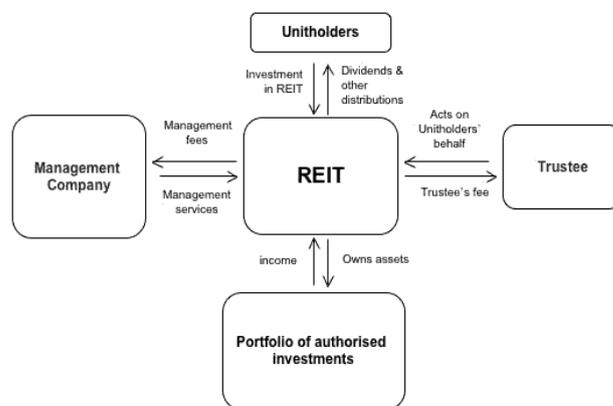


Image source: www.hektarreit.com

Issues that need to be addressed-

REIT investors are ultra-low risk investors and expect to enjoy regular yield. For investors in Singapore, fixed deposit rates are 1-2%, yields of existing REITs are at 6-7%, and government bond yield at 2-3.5%. In India, FD is 8-9.5% and benchmark bond yield around 8.5%. So, REITs in India have to provide a spread of 3-5% in order to be attractive.

The current REIT structure promotes the property developers to be REIT managers, a clear conflict of interest. For example, commercial assets in the information technology (IT) parks are supposed to be leased out to IT clients, but they have been leased to financial and non-IT companies at times to earn higher rental and better occupancy rates. The developer holds this legal risk but if he sells this to a self-managed REIT

vehicle, it is the REIT vehicle, which would then be holding this risk, and when unfolded, the losses shall be passed to the ignorant investors.

The reason that benefit of investing in REITs is the capital appreciation over and above a regular yield needs to be dwelled upon in detail. .

The market price of the REIT is derived based on the demand-supply of the REIT. Thus, it is a function of performance of the REIT, the general sentiments in the economy and REIT markets in particular. Hence, if the value of the underlying assets of a REIT appreciates then the book value of the REIT increases, however, the market price may/may not reflect this. The graph below shows the effect of the global financial crisis of 2008 on the stock price while the value of the underlying asset remains stable



Image source: <http://www.moneycrashers.com/real-estate-investment->

Conclusion

The success of REITs in any country depends on that country's capability to customize the rules and regulations governing REITs in such a way that they fit into their own markets. The REIT Regulations of India are well-conceived, and are quite elegant for bringing in the globally accepted practices to the real estate sector of India, as also for reviving the interest of both domestic and global investors in the Indian real estate industry.

The most obvious benefits from REITs in India are easy and secure investments in real estate, convenient diversification of investments, exit opportunities for the cash-starved property developers, better liquidity situation in the industry, increased accountability and transparency, and greater FDI in the real estate sector of India. However, much of the success for REITs in India will depend on tax regulations and policies.

The large amount of INR 5 billion is set to ensure that only the large and well-established players enter the Indian REIT market initially, while the retail investors participate in it later as the market grows further.

The vision is that the real estate developers will use their own funds and those of the banks to create earning assets, and then sell them to REITs, thus freeing funds for further projects. REITs, thus fulfil a valid investment need for individuals. REITs rental income could be used for generating inflation-adjusted income. As these trusts take off, a new category of real estate investors will start appreciating this unique quality.

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Mobile Applications - A New Marketing Tool in Real Estate Sector

By: Prerna Malhotra, PGDM (2013-2015), KJ Somaiya, Mumbai

Introduction

India has experienced an unprecedented rise in the number of Mobile Users in India so much so that it is slated to surpass internet surfing from work, home or cafes. According to a recent report of Ernst & Young titled “Rebirth of E-commerce in India”, 67% people access internet via mobile. The shift is mainly due to convenience, better security and VAS that mobiles offer.

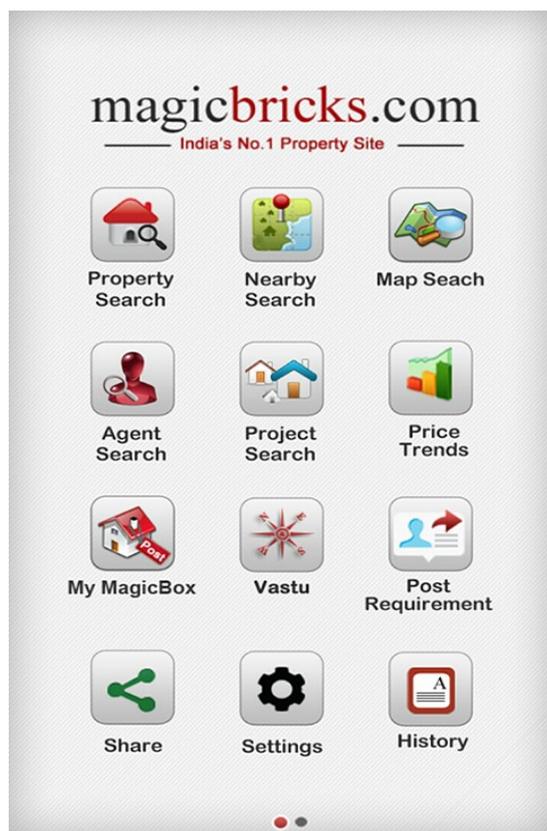


Image Source :

https://lh4.ggpht.com/JMkbR3q_Zws2kuXuFp4NfH2QMfc7lofp66

From being a gadget of luxury and sophistication, smart phones have gone on to become a broad-based phenomenon in the Indian mobile

phone market. According to a report by Neilson Report titled “Smartphone: The Emerging Gadget of Choice for the Urban Indian”, about 89% of the Smartphone users (27 million urban Indians) spend their time on mobile apps of which women use various apps for maximum duration. This clearly indicates that there exists a huge potential market for mobile apps for both men and women

According to a survey report titled “: “Seven shades of mobile”, conducted by Insights Now for AOL and BBDO 2012, there exists seven mobile moments, where each segment represents moments that share similar underlying motivators. The seven segments identified are:

Accomplish: In this moment users are managing their activities and lifestyle to gain a sense of accomplishment.

Socialize: Active interaction with other people

Prepare: Active planning in order to be prepared for upcoming activities.

Me Time: Seeking relaxation and entertainment in order to indulge oneself or pass the time.

Discover: Seeking news and information that open the mind to new things

Shop: Focusing on finding and purchasing a product or service.

Express: Myself Expressing passions and views to others

But how can a realtor benefit through the use of a mobile applications. How does he go about planning and implementing a mobile application and use to his benefit?

Mobile App for Realtors

Realtors, themselves have a lot of advantages if they use Mobile Applications rather than depend on their Sales Representatives. Gives the end customers benefits like :

- ◆ Give Customers lightning fast communications channels, one touch calling and GPS maps and directions to your locations.
- ◆ Give Customers the option to request appointments via mobile applications.
- ◆ Give Customers the ability to share your locations and info through social Media, text and email.
- ◆ Articles, Videos, Podcasts, etc can allow to share information with your client.



Image source:

<http://m.c.linkedin.com/mpr/mpr/p/2/005/04e/191/2fobiff.jpg>

Using WEB 2.0 using Mobile Apps.

Word of Mouth is an important form of Marketing in the Real Estate Sector. Since all the data points out that the young generation is getting increasingly conscious of getting an accommodation quite early in their lives, the role of Social Media and the web is getting increasingly important to attract the young customer into buying an apartment.

- ◆ Some of the Real Estate Sector Businesses which are increasingly using such things are as follows:
- ◆ Event Calender – Instant access to all open house listings, seminars and Community Events.
- ◆ QR Codes and QR Scanners – Users can gain instantaneous access to your mobile applications and listings.
- ◆ Integrating Facebook, Twitter, Blogs, Instagram and every possible Social Networking Platforms.
- ◆ Using Affiliate Marketing as a tool and hiring 3rd Party to write good things about the Business on the web in the form of Blogs and Share it on various platforms.

Conclusion

Today, mobile Apps are being widely used across a variety of sectors as a marketing tool. However, it is only through clear understanding of the objectives behind the development of mobile app that they can serve as an effective means to not only engage the existing customer base but also acquire new customers as well.

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CRM - A Prerequisite in Real Estate Sector

By: Adhish Kumar Sinha , PGDM- EBiz (2013-15), WE School, Bengaluru

The real estate sector in today scenario is not only important & contemplating sector but biggest growth driver of our economy with the expected growth to reach to reach USD 676 Billion by 2025 as per KPMG report. FICCI reports that this sector is experiencing growth at a rate of about 20% per annum and has been contributing about 5-6% to India's GDP. It is the second-largest employment-generating sector after agriculture. Not only does it generate a high level of direct employment, but it also spurs the demand in over 250 ancillary industries.

With the large number of ongoing projects in both residential and commercial real estate, buyers have colossal options to make regarding their investment decisions. The main challenge for any player in this sector lies in threshold of segmenting the market they want to target, efficient and effective marketing campaigns and communication, sustainable struggle to build strong pipeline and convert the prospects into customers. Customer experience and satisfaction is the key factors for the real estate developers and strategic technologies like Customer Relationship Management (CRM) can play vital role in this.

Some of the typical challenge in real estate sector:-

Lack of indigenous information:-

Multiple database are formed in respect to tenants, leads, prospects and customer relationship with some elementary contact information, which often leads to duplication of data. But no proper information related to purchase cycle is maintained when a leads is turned into customer and factor effecting his/her buying decision.

Right target audience:-

Each real estate project holds distinguish and peculiar features in terms of locale, pricing, post-sales services and other related offerings. It is a very challenging task for a real estate developer to communicate to the right set of audience or targeted prospective buyers to emblazon their value proposition.

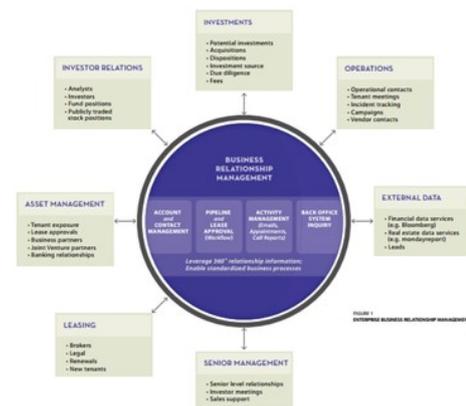


Image Source: <http://hipercept.com/>

Pipeline building:-

The lead-to-prospects-to-customer conversion ratio in real estate need quite a long time. So, it is imperative to maintain a sprouting pipeline of leads for the sales funnel through rigorous and effective lead generation campaigns, upscaling footfall and managing the leads productively is a big challenge.

Non-standard business processes:-

When every lease or transaction is unique and the associated proceeding to execute is exclusive and manual, inordinate administrative effort and errors occur.

Multiple CRM:-

Many real estate companies are having systems that comes up with a CRM module or there are departmental implementations of CRM. These are targeted for one group and cannot be extended to the rest of the organization function.

Meaning of CRM?

CRM stands for Customer Relationship Management. It is a strategy used to learn more about customers' needs and behaviours in order to develop stronger relationships with them. Good customer relationships are at the heart of business success. (Source www.cio.com)

Need of CRM:-

Handling Prospects:-

CRM offers different assortment to track and manage conducive communication with the prospects. It also provide productivity apparatus to enhance sales effectiveness by endorsing a structured sales processes and centralizing prospect communications, including management of quotations, and contracts.

Market segmentation:-

Understanding and using data from CRM and external listed data, customer targeting campaigns based on numerous customer attributes can be managed. CRM helps in improving segmentation scalability for targeting huge numbers of prospects.

Managing Leads:-

CRM empower the developer for leads to be generated from numerous customer interaction points and enables high lead conversion ratio by understanding leads based on intelligence.

Adding mobility:-

By integrating the CRM system with email system and making it available on mobile devices, the flow of information can be made seamless and boundless.

Effective marketing campaign:-

Beyond using CRM for market segmentation and taking account of customer preferences, CRM can effectively manage sets of promotions and campaigns to different group of prospects and customers.

Manage touch points:-

CRM facilitate tracking of meeting, emails and phone calls for reporting and follow up activity. Sales management can easily report on sales activities, such as last contact and upcoming activities.

Decision making:-

Increased analytics to make operating and strategic decisions about revenue targets, costs and capital structuring. Additionally identifying new productive methods of acquiring customers through the data generated during promotional activities.

Establishing Relationship:-

Lots of detail related to customers, prospects are captured which can be analysed in establishing relationship with customers and prospects through wishing them on occasion ,conveying the details about upcoming properties or sending referral scheme .

Conclusion:-

Through the stated advantages, it is clear that acceptance of CRM can brings lots of advantage to the real estate firms. In the absence of CRM, companies are missing the opportunity to take competitive edge over the competitors. And failing to attract more and more prospects by understanding their requirements and planning perfect marketing campaign in order to succeed.

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Policies and Trends - Changing Real Estate Business

By: Ronica Ravinder Singh, PGDM -EBIZ(2013-2015), WE School, Bengaluru & Rishi Kachroo, PGDM -EBIZ(2013-2015), WE School, Mumbai

Indian economy experienced robust growth in the past decade and is expected to be one of the fastest growing economies in the coming years. The performance of real estate sector depends largely on the performance of the economy and the businesses. Thus, a special focus on infrastructure and real estate development is important.

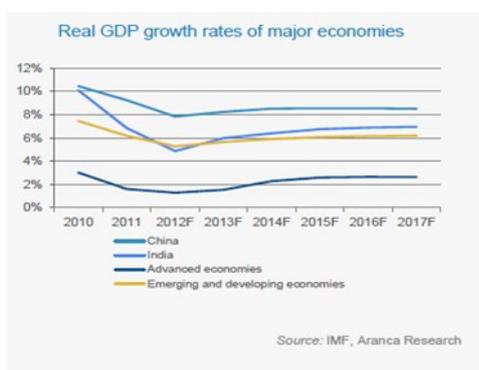


Image Source: http://bonnycrest.com/images/hospice_med2.jpg

Real Estate Business Prospects: Introduction of *Real Estate Investment Trusts* which is still at a very nascent stage should help attract new funding, improving debt-equity balance and transparency levels. REITs can be of various types such as Equity, Mortgage, hybrid and sector specific. SEBI has also attempted to safeguard interests of property investors through stringent disclosure norms, related party transactions and valuation of assets. The liberalisation of FDI norms in smart cities should bring in more funds. Union Budget 2014 will help home borrowers not only save more money but also gives a boost to the real estate sector. Extra tax benefits for borrowers, with raised deduction limit for home loan interest payment for self-occupied properties and principal repayment limit has been increased.

Government has emphasised the importance of availability of cheap credit to make housing affordable for economically weaker sections, lower income groups and middle income groups segments of the population. Later this year India is likely to enact the *Real Estate Regulation Bill*, which seeks to improve regulation over real estate agents and the quality of land registry records. Lower inflation numbers have increased expectations of a rate cut. The increased attractiveness of real estate as an investment class will also result in a major revival of the second homes market. Investment in the real estate sector in January-March, 2014, has more than doubled to \$800 million from the previous quarter of only \$317 million, mainly driven by corporate land sales. Low-cost housing, which found several mentions in BJP's 2014 election manifesto, is likely to get infrastructure status, making it easier for real-estate developers to get finance from banks and for longer tenures, and eventually increasing the supply of houses.

Technological advancements: Real Estate Businesses across the globe have made significant financial investment in tools and technology. Below mentioned are some of the latest trends that will change the way real estate business operate for good.

SaaS ERP route to manage end-to-end business processes, client interactions and ever-growing data. There are Enterprise IT Services for the Real Estate Value Chain Services such as: Portal Services, Strategy Services, BPR & Integration,

Business Intelligence, ERP and Project Management. With help of tools for collaboration and sharing information quickly, like enterprise software - leads to faster, cleaner transactions. Social revolution assists in lead generation and marketing. An online *geographic information systems (GIS)* provides commercial and residential real estate companies with the information they need to analyze market potential and trends. Virtual communities facilitate buyers to come together and get better deals through collective bargaining. Flexi homes help home buyers to customise their apartments - customer touch point. Sell houses through the *online marketplace model* (TVH selling house over ecommerce player "Snapdeal"). *Mobile devices* like smartphones, tablets, and other new technologies help agents to access information at any-time, anywhere. Cloud-based apps are also leading the way for increased efficiency. Apps like *Evernote and Dropbox* have been huge for agents helping consumers to keep track of notes and files, like contracts and disclosures. *E-signature* technology is starting to gain popularity too, helping customers to get their documents signed quickly and easily via iPad.

Flip side of technology: The immediacy the consumer expects in response time is a challenge for real estate agents. So much information available online that it can be very confusing for the customer. Huge investments go into developing the proper technology. Challenge for tools to work together in a seamless way for the consumer.

Issues and Hurdles to Growth: Sector has mostly witnessed a not-so-healthy and disorderly growth due to unregulated space. Also, there are absences of standardisation, lack of adequate knowledge-sharing etc. Due to burden of high construction cost since long which is also a primary reason for high home prices in most micro markets. Also, real estate agents are too often untrained and unscrupulous in India.

Scope of improvement:

Anita Arjundas (MD & CEO, Mahindra Lifespace

Developers Ltd) suggested various measures for improvement such as Regulatory reforms: Streamline regulations to reduce time of approvals, Fiscal reforms: Enhance export competitiveness, reduce housing ownership cost, Financial reforms: Improve access to capital, attract FDI, Land reforms: Revamp the land acquisition process to stress greater accountability, Labour pool: Invest in skill development initiatives at the workmen level and in urban planning.

Future - Indian real estate business catering to changing needs: Changing composition of Indian demographics with an increase in ageing index provides an impetus for development of an organized senior-living sector is at a relatively nascent stage in India. This new perception calls for provision of facilities to suit the needs and preferences of the age-group. The Government is likely to provide additional benefits for the development of this critical housing segment.

Summary

Real Estate Industry Offers Huge Entrepreneurial Opportunities with technology advances, the social media explosion and the numerous funding solutions available. With an understanding of the various real estate entrepreneurship strategies, proper implementation, assessment, and adjustment where necessary, one can make substantial profits.

Government's new plans and initiatives are already in pipeline for removing policy roadblocks and introducing regulations. We can expect new project launches in near future to push economic growth. The transactions of real estate generates huge revenue, which in turn can be used for the creation of infrastructure, reducing national debt, attract more investments from abroad and generally uplifting the country.

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We invite articles for the October 2014 Issue of Samvad.

The Theme for the next month: October 2014 - “Entrepreneurship”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles : 25th October, 2014**
- Please name your file as: <YourName>_<title>_<section name e.g. Marketing/Finance>
- Subject line: <YourName>_<Course>_<Year>_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Like our Fb pg: [Samvad.WeSchool.Student.Magazine](#).

Samvad Blog

As said by Ann Morough Lindburg, “Good communication is as stimulating as black coffee and just as hard to sleep after.” Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

<http://samvadwe.blogspot.in/>

Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!



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