



# Construction and Real Estate

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# Industry Overview

## Introduction

Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. Bengaluru is expected to be the most favored property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

## Indian Real Estate Industry

### Attractive Opportunities

- Growing requirement of space from sectors such as education and healthcare, E-commerce and logistics
- Co-living market size across India's top 30 cities expected to grow more than double to reach USD 13.9 billion by 2025 from current size of USD 6.67 billion

### Policy Support

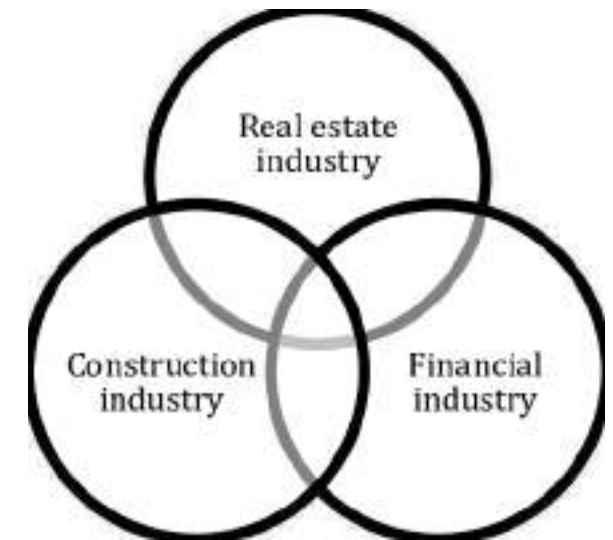
- Government has allowed FDI of up to 100% for townships and settlements development projects
- 60 million houses to be built under Housing for All scheme, 40 million in rural areas and 20 million in urban areas by 2022

### Increasing Investments

- Indian real estate attracted over USD 6.06 billion in investment in the year 2019
- Indian real estate sector attracted more than USD 5 billion in private equity inflow in 2019, out of which, around 66% invested in commercial real estate

### Robust Demand

- Demand for residential properties surged due to increased urbanization and rising household income
- About 10 million people migrate to cities every year, India among the top 10 price appreciating housing markets internationally



# REAL ESTATE INDUSTRY

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## Real Estate Lending

Lenders include banks, private lenders, credit unions, and government institutions playing a huge role in the real estate industry since all properties and developments use debts to finance their business.

## Brokerage

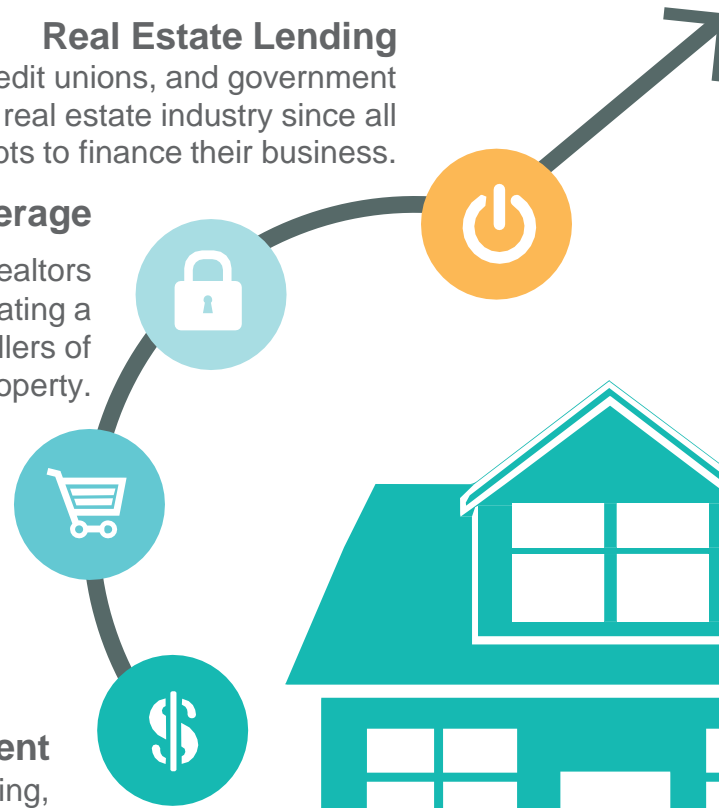
A team of real estate agents or realtors as employees who helps in facilitating a transaction between buyers and sellers of property.

## Sales and Marketing

Work with developers to sell buildings and units that firms create and commissions are earned for creating all marketing material and using sales agents to sell completed units.

## Development

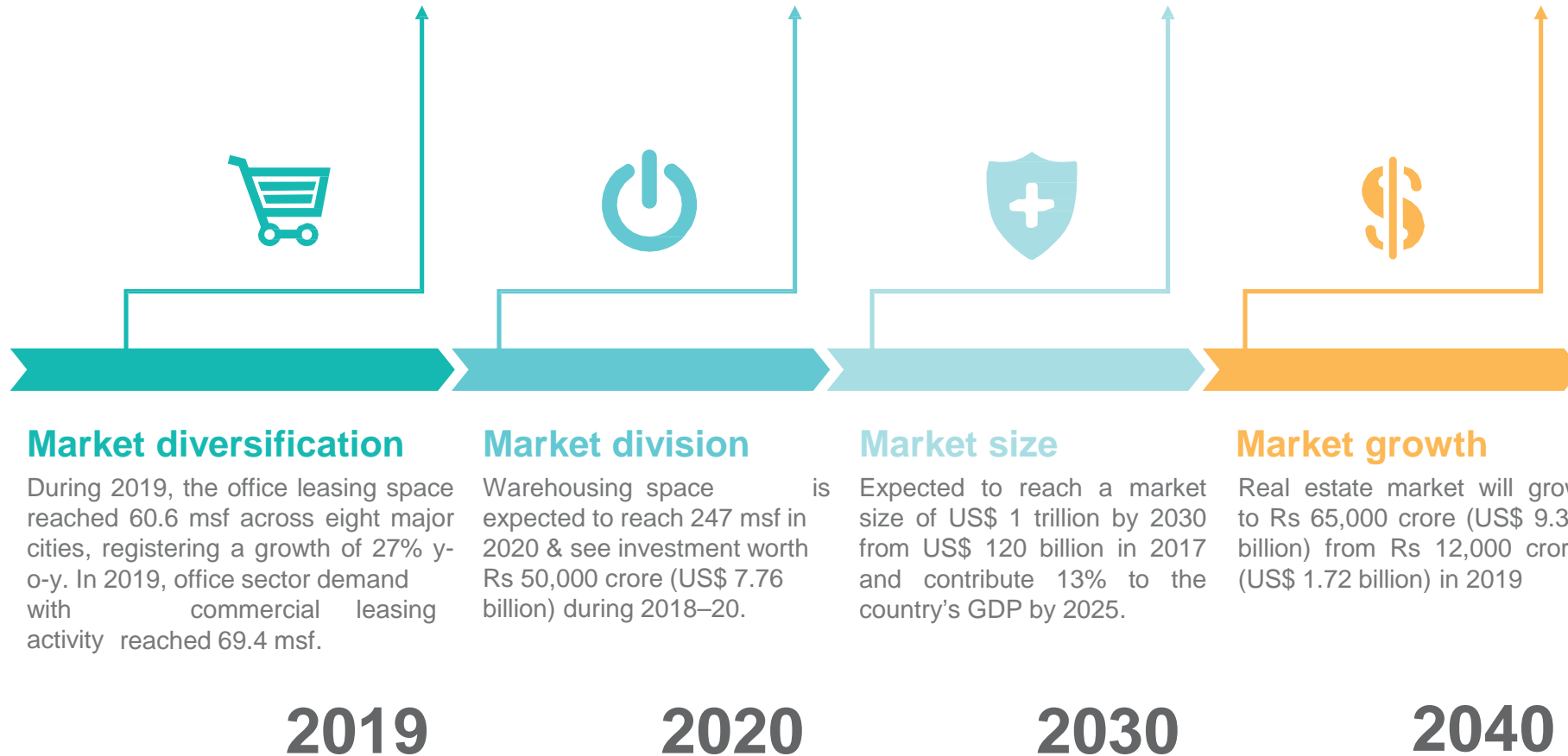
It is the process of purchasing raw land, rezoning, renovation and construction of buildings, as well as sale or lease of finished products to end-users.



## What is Real Estate?

Real estate is any real property consisting of land and improvements such as fixtures (i.e. access door, lighting, awnings, etc.), buildings, roads, structures, and even utility systems.

# Business Opportunities





# Government Schemes and Licenses

## Government Initiatives

Government of India along with the governments of respective States has taken several initiatives to encourage development in the sector. The Smart City Project, with a plan to build 100 smart cities, is a prime opportunity for real estate companies. Below are some of the other major Government initiatives:



In order to revive around 1,600 stalled housing projects across top cities in the country, the Union Cabinet has approved the setting up of Rs 25,000 crore (US\$ 3.58 billion) alternative investment fund (AIF).



Under Pradhan Mantri Awas Yojana (Urban) (PMA (U)), 1.12 crore houses have been sanctioned in urban areas, creating 1.20 crore jobs.



Government has created an Affordable Housing Fund (AHF) in the National Housing Bank (NHB) with an initial corpus of Rs 10,000 crore (US\$ 1.43 billion) using priority sector lending short fall of banks/financial institutions for micro financing of the HFCs.



# Plant and Machinery

## Earthmoving equipment



### Excavators

Popular earthmoving vehicles that feature a bucket, arm, rotating cab, and movable tracks used for digging trenches and breaking holes to lifting away waste and excavating mines



### Backhoe

Also called a rear actor or back actor — is a type of excavating equipment, or digger, consisting of a digging bucket on the end of a two-part articulated arm.



### Loaders

A heavy equipment machine used in construction to move aside or load materials such as asphalt, demolition debris, dirt, snow, feed, gravel, logs, raw minerals, recycled material, rock, sand, woodchips, etc. into or onto another type of machinery



### Bulldozers

A large and heavy tractor equipped with a substantial metal plate used to push large quantities of soil, sand, rubble, or other such material during construction or conversion work and typically equipped at the rear with a claw-like device to loosen densely compacted materials.

# Plant and Machinery

## Earthmoving equipment



### Skid Steer Loaders

A small, rigid-frame, engine-powered machine also known as skidsteer with lift arms that can attach to a wide variety of labor-saving tools or attachments.



### Trenchers

A piece of construction equipment used to dig trenches, especially for laying pipes or electrical cables, for installing drainage, or in preparation for trench warfare.



### Motor Scrapers

A piece of heavy equipment used for earthmoving which can transport its load to the fill area where the blade is raised, the back panel of the hopper, or the ejector, is hydraulically pushed forward and the soil or clay load tumbles out.



### Crawler Loaders

Heavy-duty earth-moving machines that give you the big power of a dozer and the heavy loading and lifting power.



# Plant and Machinery

## Construction Vehicles



### Wheeled Loading Shovel

A vehicle attached with shovel designed to perform heavy-duty tasks in earthwork and construction operations and also used to transport materials from one place to another.



### Dumpers

A vehicle designed for carrying bulk material, often on building sites consists of open 4-wheeled vehicle with the load skip in front of the driver that makes it different from dump trucks.



### Tippers

Used for taking dumps for construction as well as coal, it is a heavy-duty truck chassis fitted with an open-top body, used for carrying aggregate, crushed rock, soil and other bulk materials to and from construction sites.



### Trailers

An unpowered vehicle towed by a powered vehicle commonly used for the transport of goods and materials sometimes also known as recreational vehicles, travel trailers, or mobile homes with limited living facilities where people can camp or stay.

# Plant and Machinery

## Material Handling Equipment



### Cranes

A type of machine, generally equipped with a hoist rope, wire ropes or chains, and sheaves, that can be used both to lift and lower materials and to move them horizontally.



### Conveyors

A common piece of mechanical handling equipment that moves materials from one location to another, especially useful in applications involving the transport of heavy or bulky materials.



### Forklifts

A powered industrial truck used to lift and move materials over short distances developed in the early 20th century by various companies, including Clark, which made transmissions, and Yale & Towne Manufacturing, which made hoists.



### Hoists

A device used for lifting or lowering a load by means of a drum or lift-wheel around which rope or chain wraps; may be manually operated, electrically or pneumatically driven and may use chain, fiber or wire rope as its lifting medium.

# Plant and Machinery

## Tunneling and Handling Equipment



### Concrete Mixers

A device that homogeneously combines cement, aggregate such as sand or gravel, and water to form concrete.



### Road Making Machines

Various machines used in the construction road available in varying sizes to be applicable in small as well as large construction sites, generally considered to be heavy-duty equipment.



### Road Rollers

A compactor-type engineering vehicle used to compact soil, gravel, concrete, or asphalt in the construction of roads and foundations.



### Hot mix plants

Plant that is used for mixing the dry warm aggregate, padding, and Asphalt for homogeneous mixture at the required temperature widely used to the construction of highway, city road and parking lot.



# Raw Materials



Fired bricks and clay blocks



Cement composites



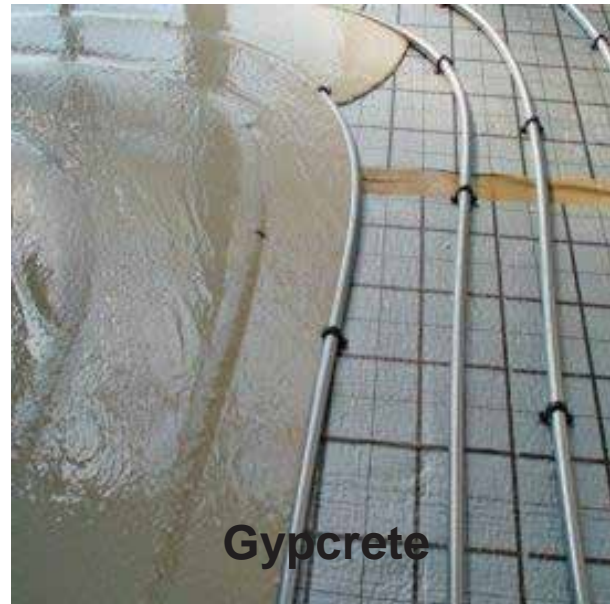
Foam



Concrete



# Raw Materials





# Ideal Location

## Zoning Regulations

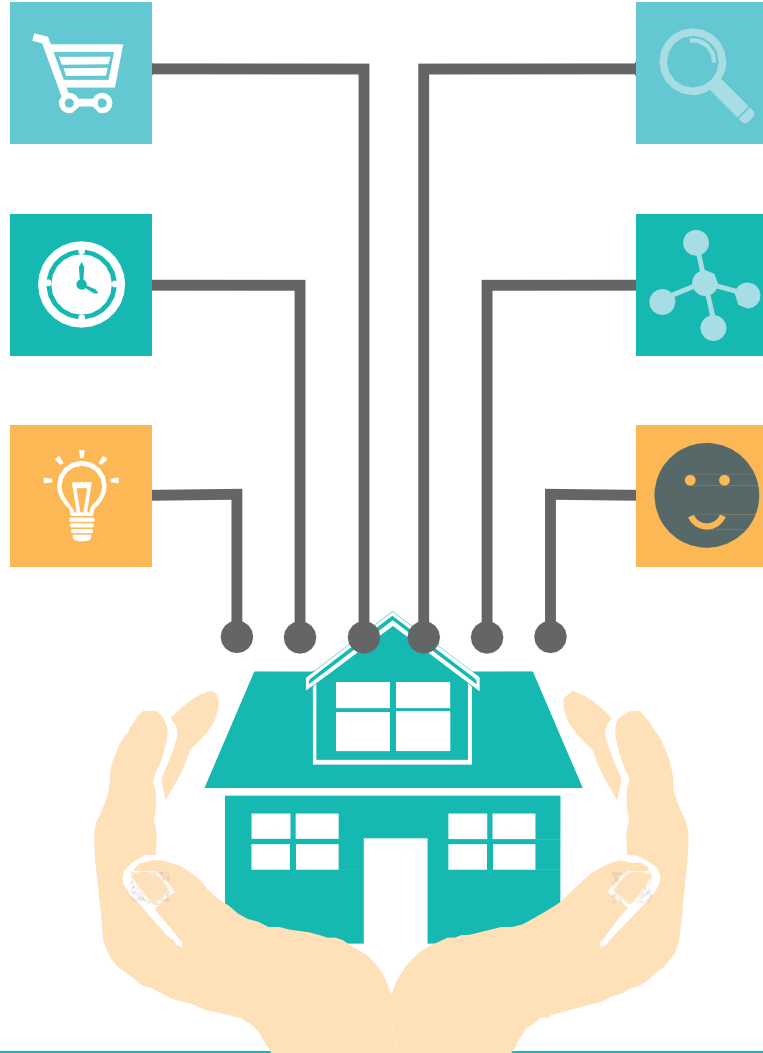
Specify what type of real estate development could be done on the said site - residential, commercial, or industrial & also dedicates the limit of the size and bulk of structures that can be developed on a piece of land.

## Accessibility and Visibility

Accessibility refers to how convenient it is to get to the site, while visibility refers to how easy it is to be seen from a major highway or other landmark structures.

## Context and Characteristics

The context and characteristics of a site refer to its properties, relative to its urban and natural environment - the topography of the area.



## Surrounding Land Use and Competition

Land use refers to the modification of the natural environment into built environments, while land competition is said to occur when multiple real estate companies compete to acquire a land.

## Proximity to Demand Generators

A well-placed office building in the proximity of a residential site or a hotel/school could greatly increase the value of a site in due time.

## SWOT Analysis

SWOT analysis encompasses the intangibles in acquiring a real estate, and it is required to clearly itemize the weaknesses and the strengths of a land, accounting for factors not previously considered, and also for detecting the threats and opportunities of it.

# Marketing of the Business



## **Set Yourself Up For Social**

Make sure to have social media accounts on all the big networks (Facebook, Twitter, Pinterest, Google+, and even Instagram to share snaps of house pics). Interact with users, share good press, and promote your properties.

## **Add Social Sharing To Property Pages**

Chances are, home shoppers are eager to share their top housing pics with friends and family, so make it easy for home buyers to email and share various properties online by adding social sharing buttons.

## **Keep An Eye On The Competition**

What are other realtors in your area doing? What do their websites look like? How active are they on social media? Take note of what competitors are doing – then avoid their mistakes and replicate their success!

# Marketing of the business (cont.)



## Saddle Up For Social Ads

With organic reach dwindling on many popular social networks like Facebook, paid Facebook ads are often the most effective way to get in front of clients.



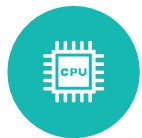
## Animated Video

Consider outsourcing a quality animated video for your real estate businesses.



## Pinterest Boards

Create a Pinterest board for a single property that, in addition, to property photos, highlights major benefits of the area.



## Mobile-friendly site

Consider creating a mobile app that potential buyers can use to review listings.



## Create a Newsletter

Send your email subscribers the stuff they're looking for – notices about upcoming open houses, new houses on the market, news about seminars you're offering in the area, etc.



# Marketing of the Business (cont.)



## **Make Yourself Easy to Contact**

Put your contact info on every page of your website. Ideally, make an impressive contact us page that grabs attention.

## **Make Use of Local Images**

Showcase the best that your area has to offer, with high-quality, beautiful photos of local town landmarks and familiar sites.

## **Create an Irresistible Content Offer to Capture Leads**

Offering free eBooks in exchange for an email address (and zip code, in the case of real estate) is a great way to capture leads.

# Marketing of the Business (cont)



01

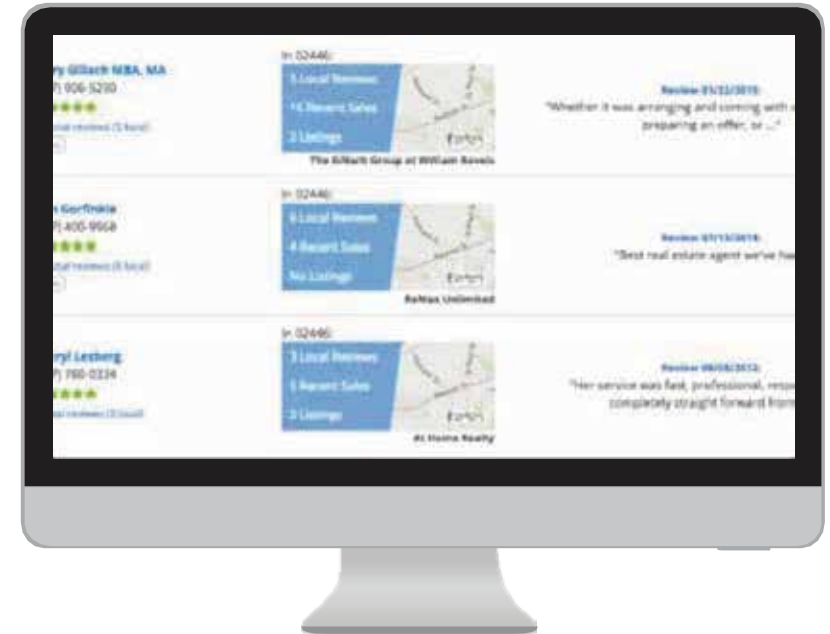
## Build Your Google My Business Page

Setting up a Google My Business account makes it easy for users to find you in Google Search, Google Maps, and Google+.

02

## Consider Going Niche

Become the go-to real estate agent for dog owners, families with kids, divorced individuals, etc.



03

## Host a Webinar

Host a “12 Little-Known Things to Look For In A New Home” webinar, providing a Q&A at the end for questions.

04

## Ask for Testimonials From Former Clients

Showing that real, live people endorse your services means the world to potential clients. Make the most of these testimonials by placing them strategically on your website and sharing them now and then on social networks.



# Marketing of the Business (cont)



## **Hire a Photo Professional**

Hire a professional photographer (preferably with experience photographing homes and architecture), or, if you have sophisticated equipment and are confident in your abilities, have your own hand at it.

## **Create a Virtual Tour**

Virtual tours are a great way to give a comprehensive, accurate preview of the property for potential buyers.

## **Local Sponsorship**

Consider helping sponsor local festivals, sports teams, or school events. Signing up as a local sponsor often means getting your business a spot on t-shirts, program pamphlets, or flyers.

# Investment in Real Estate

## Rental Properties



Owning rental properties can be a great opportunity for individuals with do-it-yourself (DIY) and renovation skills, and have the patience to manage tenants. However, this strategy does require substantial capital to finance upfront maintenance costs and to cover vacant months.

## Real Estate Investment Groups (REIGs)



REIGs are ideal for people who want to own rental real estate without the hassles of running it. Investing in REIGs requires a capital cushion and access to financing. REIGs are like small mutual funds that invest in rental properties.

## House Flipping



House flipping is for people with significant experience in real estate valuation, marketing, and renovation. House flipping requires capital and the ability to do, or oversee, repairs as needed. Real estate flippers are distinct from buy-and-rent landlords.

## Real Estate Investment Trusts



REIT is best for investors who want portfolio exposure to real estate without a traditional real estate transaction. A REIT is created when a corporation uses investors money to purchase and operate income properties. REITs are bought and sold on the major exchanges.

## Online Real Estate Platforms



The investment is done via online real estate platforms, also known as real estate crowdfunding. It still requires investing capital. Online platforms connect investors who are looking to finance projects with real estate developers.

# Property Registration Process



01



## Verification of the title of the property

The documentation of property varies based on whether the property has been bought from a developer or is it a secondary sale. The obligation for the verification lies on the buyer, prior to the registration.

## Estimation of the property value

One has to estimate the value of the property in area for paying the stamp duty. It will be calculated a percentage of higher of the actual price paid for the property or the circle rate in area.



02

03



## Preparation of the stamp papers

Required to buy non-judicial stamp papers equivalent to the value of the stamp duty. One can purchase stamp papers online or from licensed stamp vendors.

## Getting the sale deed ready

Involves preparation of the sale deed and get it typed on the stamp papers. It is prepared by an authorized attorney on behalf of the buyer.



04

# Property Registration Process



05



## Payment of the stamp duty and registration charges

Once the stamp papers are ready, one can pay the stamp duty through the collector of stamps. Registration charges have to be paid prior to the registration of the property.

## Approach the sub-registrar for registration

Take an appointment with the sub-registrar for the registration of the sale deed. Go to the sub-registrar's office along with two witnesses. All parties involved need to carry their identification documents.



06

07



## Documents submission

Submit the requisite documents such as No Objection Certificate (NOC) if the building is located in city collector's land, ID and address proof, DD or cash for payment of stamp duty, etc.

## Completion of registration

Once all the documents are verified, registration process will get completed. Collect the duly registered documents and sub-registrar will handle the original documents while maintaining a copy.

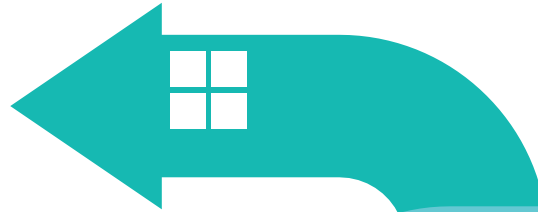


08

# Colleges



**Symbiosis Centre For  
Management and Human  
Resource Development  
(SCMHRD), Pune**  
MBA in Business Management

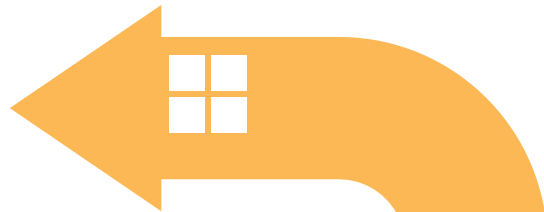


**Manav Rachna  
University (MRU),  
Faridabad**

MBA in Real Estate Management

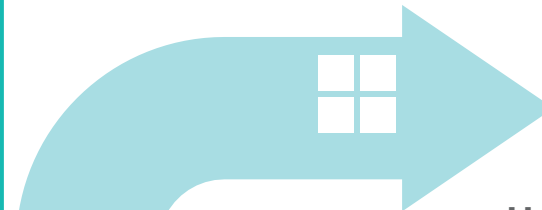


**University Business School  
(UBS), Chandigarh**  
MBA in Human Resource  
Management



**University of Petroleum Energy  
Studies (UPES), Dehradun**

Master of Business Administration





# Future of the Industry

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform, which will allow all kind of investors to invest in the Indian real estate market. It would create an opportunity worth Rs 1.25 trillion (US\$ 19.65 billion) in the Indian market in the coming years.

Responding to an increasingly well-informed consumer base and bearing in mind the aspect of globalization, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones.

Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralized processes to source material and organize manpower and hiring qualified professionals in areas like project management, architecture and engineering.

The growing flow of FDI in Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.



# Future of the Industry

According to a report by NITI Aayog, the Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi approved short-term and long-term initiatives to address the issues ailing the construction sector.

These initiatives, inter alia, include:

- (i) PSUs/ Departments may seek the consent of the contractors/ concessionaires to transfer the arbitration cases initiated under the promenaded Arbitration Act to the amended Arbitration Act, wherever possible;
- (ii) In case of claims where the PSU/ Department has challenged the Arbitral Award, 75% of the award amount may be paid by the PSU to the contractor/concessionaire against margin free Bank Guarantee;
- (iii) All PSUs/ Departments issuing public contracts may consider setting up Conciliation Committees/ Councils comprising of independent subject experts in order to ensure speedy disposal of pending or new cases;
- (iv) Item-rate contracts, may be substituted by EPC (turnkey) contracts, and PSUs/ Departments may adopt the Model EPC contracts for construction works; and
- (v) Department of Financial Services, in consultation with Reserve Bank of India, may evolve a suitable one-time scheme for addressing stressed bank loans in the construction sector

**Major Impact:** These initiatives are expected to help in improving the liquidity in the short run and reform the contracting regime in the long run. Given the significant multiplier effect the construction sector has on the economy, these measures are expected to give a major boost to economic growth. As the sector provides the largest segment of direct and indirect employment, the revival of the sector would also help in significant employment generation.





Thank you

