

OPPORTUNITIES IN INDIAN REAL ESTATE POST COVID

How the Asset-Light Franchise Model can
redefine Indian Real Estate



A White Paper by : 360 Realtors & 360 Edge



Ankit Kansal

Founder & MD- 360 Realtors,
360 XLR8, 360 Edge

“

In current Indian Real Estate, asset-light-based franchise models with limited CAPEX & OPEX can bring tremendous opportunities for Indian Real Estate.

”

Backed by a large population an unprecedented rise in urbanization & expansion of the middle-income households with higher disposable income has resulted in large aggregate demand for real estate properties. Other macroeconomic

factors such as a reduction in home loan rates, correction in the value of rupee, attractive payment plans by developers to lure homebuyers & flight towards more income-generating hard assets such as Real estate are further fuelling the market in strong footing.

However, at the same time, Indian Real Estate is highly unorganized with a large number of transactions taking place through individual brokers alongside small & mid-sized enterprises. Although small brokers have a strong footing in their local markets, their unorganized nature, lack of institutional support & poor technological infrastructure is affecting their profitability and growth. In a post-COVID world, when the role of technology and digital marketing will further rise exponentially, a lack of such resources might be detrimental in overall growth.

A viable alternate is building asset-light franchise models that are underpinned on symbiotic sharing of resources & market know-how, credible institutional support, regularly qualified lead flows and prudent profit sharing between the franchisee and the parent company. Leveraging the infrastructure of the parent company, franchisees can successfully build asset-light businesses & grow fast without incurring high capital & operational expenses.

Like numerous other industries, the asset-light franchise model can be the game-changer in Indian real estate and give it the required facelift. It can create a lot of opportunities for smaller and mid-sized brokering houses to boost their earnings. Likewise, it can help professionals from various industries such as BFSI, automotive, & consulting to enter Real Estate.

360 *EDGE*
PARTNERS IN GROWTH

MAKE THE SMARTEST MOVE



TREMENDOUS UNDERLYING DEMAND IN INDIAN REAL ESTATE

Indian Real Estate continues to grow on the back of a growing population, rapid rate of urbanization & rise in the role of institutional capital inflow. Currently, the market is pegged at USD 830 billion and is expected to reach USD 1 trillion. Real Estate, alongside infrastructure, is the largest provider for employment following agriculture. Its contribution to GDP is roughly 8%, which further underscores its importance as one of the iron pillars of the economy. The Government of India (GOI) has also taken a host of initiatives to de-regularize the industry and systematically address the structural bottlenecks. Major policy makeovers such as GST, RERA and FDI policies have further enabled the industry to become more transparent and structured.



DESPITE COVID, INDIAN REAL ESTATE IS POISED TO GROW

The Real estate industry in India has not remained temporarily unscathed from the demand destruction caused due to the COVID crisis. Property sales in the major Real Estate markets have come down by 50-70%. The demand slowdown was relatively less visible in dynamic markets like Pune, Hyderabad, Bangalore & Noida. In other markets such as the Mumbai Metropolitan Region (MMR) & Gurgaon,

the slowdown was relatively more acute. However, despite the momentary slowdown, Real Estate, as an industry, is set to grow. In addition to the underlying demand pinned on a large population, spurred urbanization & attractive demographic dividend, the current favourable macroeconomic parameters will also support demand recovery in Indian Real estate.

The overall macroeconomic parameters are highly conducive for Real Estate to grow & flourish in India. Further to the capital injection initiatives by the government, the home loan rates are at an all-time low in India. Property prices have bottomed out over the years & inflationary pressures are under control. The government has also taken a host of policy decisions such as RERA, GST & demonetization to bring in more transparency into the Indian housing sector. 100% FDI has been allowed under the automatic route for township & infrastructure projects. The government is also mulling over 100% FDI for RERA-certified completed housing projects.



INFRASTRUCTURE STIMULUS

Smart City, Housing for all, PMAY-
More Housing demand



DIP IN THE VALUE OF RUPEE

Purchasing power of NRI will rise-
Portfolio Investments in Real Estate
will rise.



FDI IN REAL ESTATE

100% FDI under the automatic route for
townships, GOI mulling 100% FDI for
RERA certified completed projects- Rise in
Institutional capital in Real Estate



PROPERTY PRICES

Prices have bottomed out recently,
attractive offers & schemes- More
housing demand



HEALTHY MID-TERM ECONOMIC OUTLOOK

Manufacturing expansion, consumption-
driven economy, Make in India, Digital
India, healthy agriculture output - More
Housing & commercial real estate
demand



SLUMP IN STOCK MARKET

Pivot to income-generating hard
& safe assets - More Housing &
Commercial demand



INFLATION- FALL IN WPI

More housing demand



HOME LOANS

Reduction in home loans
Houses will become more
affordable.

THE UNORGANIZED NATURE OF INDIAN REAL ESTATE TRANSACTION SPACE

Despite one of the massive industries in India laced with tremendous growth opportunities, Indian Real Estate is highly unorganized in the country. The industry is run with the help of individual brokers, small and mid-sized brokerage houses with limited technology and marketing bandwidth. Currently, in the major metros in India, there are roughly 1 million brokers out of which only ~ 50,000 make an income of more than a million annually.



Total Brokers
1 MILLION



Brokers Earning
**NRI 1 MILLION-
50,000**

Pressing Need for a more Sophisticated Approach

To grab the opportunity in the current market and grow, one requires a more sophisticated approach. From a broker, one has to transform into a sophisticated consultant. These consultants are professionally trained to be more service-oriented & customer-centric. Likewise, they need to be RERA-certified, which is now a mandatory requirement. Similarly, they have to work in a networked fashion in an organized setup to step up their game and attain higher profitability.



PART-TIMER & ONE-MAN-SHOW



AN INDIVIDUAL BROKER



PROFESSIONAL APPROACH



FULL-TIME NETWORKED & USER-DRIVEN

360 EDGE

An Initiative to Revolutionize the Current Market Through Franchise Network

Powered by 360 Realtors, one of India's largest Institutional Channel Partners (ICP), 360 EDGE Franchise Office is a One-Stop-Realty shop where customers can Buy and Invest in both Residential/ Commercial real estate projects across 20 cities of India with 500+ developers across 5800+ projects.

360 EDGE Franchise Office has a team of like-minded, entrepreneurial and trained Business Associates who work on a commission-sharing model. The business

associates work full-time with the Franchise Owner & pay an Annual fee to get associated with the Franchise office.

This business model is both scalable & asset-light which allows easy expansion of unlimited growth. It creates a win-win situation and an apt and interdependent working environment for all the stakeholders involved.





Sahil Kapoor

National Head, 360 Edge



We had a chance to interact with Mr. Sahil Kapoor, National Head - 360 Edge the asset- light franchisee model of 360 Realtors.



Mr. Kapoor has recently been roped in from RE/MAX and will be heading the franchise vertical for 360 Realtors. Mr. Kapoor shared his opinion on a host of topics such as how the current broker-led market is highly unorganized & how with the help of institutional quality support, brokers can increase their profitability and market share.



FAQ

Q- Why do you think this is a favourable time to start a real estate venture in India?

Ans- Despite the slowdown in Real Estate in the past two months, Real Estate in India is set to grow at a remarkable pace. A population of 1.2 billion, a rate of urbanization that is currently pegged at 31% and growth in middle-income households will drive the demand in a positive direction. Although economic recovery following the nationwide lockdown can take roughly two quarters from here, the underlying sentiments look upbeat. Already there is a huge demand and supply gap, roughly to the tune of 25 million units. If not properly addressed, the gap will further widen.

Hence, there is enough demand in Indian Real estate which is not going to reverse soon. The times are opportune to enter the space and make a profitable venture.

Q- How is 360 Edge different from other brokerage business models?

Ans- 360 Edge has been formed to transform the way the regular brokerage space works. The current market is highly competitive, despite the abundance of demand. There are over 1 million active brokers, yet less than 5% of them are making INR 1 million annually. Amidst such intensifying competition, one needs to have good training, marketing support, qualified leads & tech capabilities to evolve and expand. Also, it is essential to have a pipeline of saleable and quality products.

In individual capacity or small setup types of capabilities, brokers generally do not have so many resources. The prime objective of 360 Edge is to bridge the gap and provide brokers and small brokerage houses the required resources and impetus to build successful businesses. The vision is to build reliable & trained professionals who are service-oriented and act as a customer-centric advisory.

Q- And how will 360 Edge accomplish this?

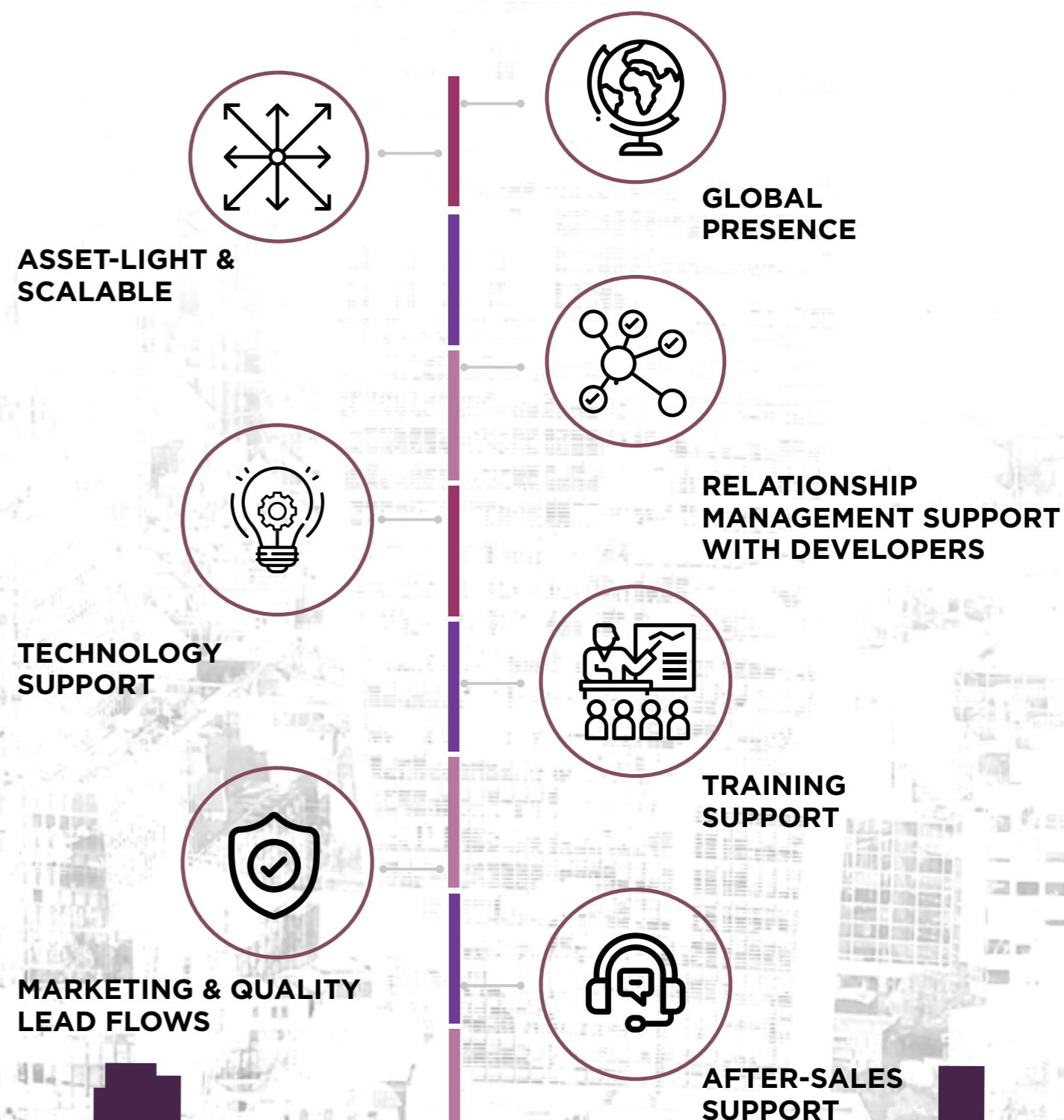
Ans- The franchise will get to use the credible brand name of 360 Realtors, which will help in easy brand credibility & brand recall. In the capacity of a franchise, one would be able to market and sell projects from around 400+ Grade-A developers, with whom 360 Realtors has tie-ups.

We will offer them training backed with practical knowledge and experience. Likewise, as 360 Realtors enjoys a high commission on sales, the same will be passed on to the franchise, which will be instrumental in multiplying their income. 360 Edge will also offer timely payment of brokerage, with the help of their MOUs with developers.

We will offer them training backed with practical knowledge and experience. Likewise, as 360 Realtors enjoys a high commission on sales, the same will be passed on to the franchise, which will be instrumental in multiplying their income.

Apart from these supports, one of the biggest benefits of getting associated with 360 Edge is access to quality leads. In the post-COVID world, digital channels will be instrumental in driving marketing. 360 Realtors has invested heavily in developing cutting-edge technology and digital capabilities, which can be leveraged by franchises owners. Backed by 360 quality leads, franchises can generate more business.

WHY 360 EDGE?



360 EDGE FRANCHISE MODEL

Q- How can the existing infrastructure of 360 Realtors be helpful for franchises?

Ans- The infrastructure of 360 Realtors can be optimally utilized which will enable the franchise owner to spend less on overheads & fixed assets. Also, the sales force can be hired on a commission basis, which will further ease out overheads. The parent company has already built an extensive technology infrastructure which can be seamlessly adopted by the franchise, without spending anything on technologies. 360 Realtors already has ground presence in 42 offices across 9 countries that will further benefit franchises.





360 REALTORS

PRESENCE
IN 9 COUNTRIES
GLOBALLY

23546+
SATISFIED
CUSTOMERS

350+
REPUTED
DEVELOPERS

42+
CITIES
IN INDIA