

K.J.SOMAIYA INSTITUTE OF MANAGEMENT STUDIES & RESEARCH

Course : PGDM – RM – 2016 – 18 Batch – IV Trimester End Term Exam

Sub : PROPERTY MANAAGEMENT

Date of Exam : 12/09/2017

Time : 1.5 Hours

Marks: 25

**Note : (i) Apply the theoretical framework for the case study
(ii) Quality and not Quantity will be given due weightage for Marks**

I. Attempt the following Case Study (Compulsory)

The Property Market

The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of 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) investments in both the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

Market Size

The Indian real estate market is expected to touch US\$ 180 billion by 2020. The housing sector alone contributes 5-6 per cent to the country's Gross Domestic Product (GDP). In the period FY 2008-2020, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs. The private equity investments in real estate increased 26 per cent to a nine-year high of nearly Rs. 40,000 crore (US\$ 6.01 billion) in 2016.

Sectors such as IT and ITeS, retail, consulting and e-commerce have registered high demand for office space in recent times. The office space absorption in 2016 across the top eight cities amounted to 34 million square feet (msf) with Bengaluru recording the highest net absorption during the year. Information Technology and Business Process Management sector led the total leasing table with 52 per cent of total space uptake in 2016. Mumbai is the best city in India for commercial real estate investment, with returns of 12-19 per cent likely in the next five years, followed by Bengaluru and Delhi-National Capital Region (NCR).

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Investments

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as residential spaces. The real estate sector in India is expected to attract investments worth US\$ 7 billion in 2017, which will rise further to US\$ 10 billion by 2020. India has been ranked fourth in developing Asia for FDI inflows as per the World Investment Report 2016 by the United Nations Conference for Trade and Development. According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US\$ 24.29 billion in the period April 2000-March 2017.

Looking at this scenario, many Real Estate companies have blocked a lot of real estate space beforehand; one of the big developers of Mumbai Runwal has started developing properties in Mumbai.

Runwal – The Beginning

Runwal group was established in 1978 by its visionary founder - Chairman - Mr. Subhash Runwal. Almost four decades later, today the group executed over 65 projects and has brought smiles to over 25,000 happy families in all parts of Mumbai. Runwal Group is known for excellent work with utmost professionalism and guaranteeing customer satisfaction. It is well known for its thoughtful planning, architectural excellence, abundant greenery, open spaces and latest amenities. Besides world class amenities, excellent architecture and thoughtful planning, each project is a well-crafted creation that provides its residents with top-notch security.

The group is also a pioneer in the retail arena, with developments like the R Mall and its flagship project – R City Mall being a landmark in Mumbai. The latest in its repertoire of superlative residences are three stunning projects – Runwal Greens, Runwal Bliss and Runwal Forest located at Mulund and Kanjurmarg. Each project is spread across a large expanse with huge open green spaces and premium amenities, fulfilling the dream of every home-buyer to live in the lap of nature away from hustle and bustle even while being in the city.

Runwal Greens

Runwal Greens, Mulund is the most luxurious residential, retail and commercial project in the central suburbs of Mumbai. The premium residential project that has 8 of the tallest residential towers in Mulund spread across 22 acres offering 7 acres of open green spaces which have been landscaped by internal designers. The podium level comprises or aesthetically designed garden areas, landscaped central greens, jogging and cycling tracks running along the perimeter, three swimming pools, various sports facilities and a world class club house. The towers are designed to not only create a high aesthetic appeal. Open expanses offer infinite opportunities. The residences at Runwal Greens take this philosophy to heart and offer you luxury amidst 6.5 acres of open spaces. Situated in the suburb of Mulund with easy access to all parts of Mumbai, the luxurious 3, 3.5 & 4 Bedroom Homes also offer views of the hills & bay.

Project Highlights

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- Large 20 acres development
- Ready & Operational state of art clubhouse
- MahaRERA registered for Phase II: P51800000271 (T5 - T8)
- OC received for 2 towers & Part OC received for 2 towers in Phase 1
- Integrated high street retail – R Galleria

Location & Facilities

Mulund is amongst the fastest growing localities of the Central Suburbs of Mumbai. With numerous educational, medical, health, fitness, lifestyle, entertainment and recreational facilities. Located next to Fortis Hospital on Mulund-Goregaon Link Road with easy accessibility from all key locations. Less than five minutes' drive from the Eastern Express highway. The project offers easy access to Mulund – Goregaon Link Road, LBS Marg, Eastern Express Highway, Thane, Navi Mumbai and the Island city. Located with 1000+ feet frontage with excellent visibility & approx. 13 ft high ceiling (3.90 m). Flexible shop size and customised combining options available (570 sq.ft to 1107sq.ft) on ground & 1st floor. R Galleria, Low maintenance charges as compared to malls. A monopolistic business opportunity, with a captive audience within a 1.5 km radius. Ideal for doctors, lawyers, consultants, spa/salons, ATMs and banks, pharmacies, quick service restaurants, small format retail chains, dry cleaners, gyms and nursing homes. Easily accessible from all key locations: Nahur suburban railway station at walkable distance. Eastern Express Highway - 2 mins away South Mumbai via Eastern Freeway - 30 mins Powai reachable in 15 mins Navi Mumbai via Airoli bridge - 30 mins International Airport / BKC via SCLR reachable in 30 mins. International facility Management Company for maintaining common areas. Bare Shell structure to fit your requirements.

Runwal Greens is now facing challenges as the completion date has been postponed 2019, the buyers who have already paid the amount for the flats are now getting agitated as there has been further delay & they still have to pay rents currently. To add to their woes the 28 % GST on new constructions has been added to the customers who are unwilling to pay the amount as some of them have paid the full amount before the GST. Some home buyers are not sure if the project is RERA certified. The marketing department of Runwal is a big fix.

Questions :

1. ***Runwal Group wants to hand over the R Galleria for Maintenance, Management and also Marketing the stores (tenants) for this mall to Knight Frank Associates (KFA). If you are the team of KFA prepare a strategy road map for the following for the next 1 year w.e.f 1st October 2017 – 30th September 2018 :***
 - (a) ***Marketing Strategies for the Tenants (Stores)***
 - (b) ***Mall Management***
 - (c) ***Mall Maintenance SOP's***
2. ***The marketing for Runwal Greens (Residential) has been outsourced to Space India. Design a one pager brochure on what can be the key selling points for this project based***

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on the details given in the case ?

- 3. If Runwal Greens wants to launch a B2B Marketing Strategy for selling their residents as a corporate tie – up in bulk, how do you think the entire design of sales Management should be ? Identify an excellent plan for connecting with the corporates ?*

- 4. How Runwal Greens create a Digital and Social presence and even crate customers outside Mumbai. Explain any 3 Digital tools & any 3 Social Media tools for the same ?*