

Realty Bytes

August 2022





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Expert's opinion

The Indian real estate market has proven its resilient nature as it withstands the fluctuations in terms of supply chain challenges, loan rates and the ever-changing macro economic factors.



The industry has been identified as one of the integral sources that can fuel India's growth on the back of forthcoming attitude of industry players to adopt proptech and innovations along with associations driving policies through government support. The industry moves from traditional to modern ways of operating standards, which also paves the way for bringing varied roles through gender diversification. This makes it a perfect landscape to paint the progressive career journey of the Indian workforce in the sector.

Commercial real estate is functioning at a high due to a surge in demand in co-working spaces, as well as offices being opened with 50% occupancy rates post the ease in COVID-19 protocols. The focus on leasing activities, logistics management and operational efficiencies has increased to ensure healthy and sustainable demand supply chain. There is a rise in utilising touchless sensor-operated buildings and assets, heating, venting and air conditioning (HVAC) options and creating small open zones within commercial spaces, such as offices, to focus on employees wellbeing.

Residential real estate has become promising with new launches and infrastructure construction boom in metro cities. There is an increase in sales along with a rise in capital investment due to inflation.

With the onset of COVID induced lockdown, real estate players are now investing largely

in implementing technologies, such as artificial intelligence (AI), robotic process automation (RPA), virtual reality (VR), to dominate the market by streamlining operational challenges and screening customer profiles ahead of any discussions. New-age technology has also smoothened payment mechanisms and leasing flexibilities for customers, enabling a better customer experience.

With the high rise in eco-friendly and sustainable customer real assets buying, especially in metro cities in commercial and residential categories, focus on environmental, social and governance (ESG) is another upcoming trend in the industry. Investors and buyers are interested in sustainable solutions, such as use of solar, wastewater management and robotic technologies to reduce overall carbon footprint of the buildings.

In this quarter's Realty Bytes newsletter, we analysed how a traditional industry is adopting new technological advancements, innovation and bringing operational efficiencies, with an emphasis on the impact of changing human workforce landscapes.

Sumeet Abrol

Partner

Lead Advisory

Grant Thornton Bharat

Evolving organisational frameworks

in the real estate sector

Existing in an environment of constant digital and data disruptions, organisations across sectors are trying to revise their customer strategy for a changing market.

Real estate sector has also not been isolated from these changes. As per latest statistics, there has been a major change in the demographic of home buyers, where the average age of home buyers in India has reduced to 30 years. This has created a need for real estate companies to revisit their strategy around customer experience, product portfolio and internal processes. A direct consequence of this is the need for real estate firms to create a leaner, more agile and customer-centric workforce.

The real estate sector has also been the focus of multiple deals, where investors are value investing in companies across the spectrum. The biggest of these deals saw Brookfield Asset Management Inc invest close to USD 150 million in IL&FS Financial Services Limited-headquarters.



Scan this code to read our monthly
Dealtracker about deal activity in India

We have distilled the following insights from our experience of working with clients in the real estate sector.

01 Flatter, leaner hierarchy

We have witnessed an uptick in real estate companies moving to a leaner, decentralised structure where the decision-making power is delegated to functional/business units. This helps in ensuring a stronger governance on project snags, as well as quicker resolutions in case of escalations. The business divisions could be basis geography, product or even customer segment – depending on the strategy of the organisation. These divisions are self-sufficient, with certain functions operating centrally to allow for collaboration (HR, finance, marketing, etc.)

02 Project-based teams

As a natural progression to the hierarchical based management, we have also seen considerable success in real estate teams adopting a project team-based structure, resulting in a matrix organisation.

These teams are self-sufficient and agile, which allows the management to work efficiently by assembling the most suitable team under a project manager. These project teams can be created around specific tasks which a business owner is responsible for. For example, a project team centred around reducing operational costs through vendor management/construction cost management. This is one of the most innovative and efficient ways of structuring an agile workforce, however, it requires a strong and structured mechanism to ensure a seamless way to bring these teams together.

03 Central strategy management office

An increasing number of organisations are finding it useful to set up a central strategy management office which acts as an information and governance funnel between executive team and business heads. This allows for the CEO and executive teams to free their bandwidth from operational tasks, without losing stronghold on governance. The strategy management office (SMO) is primarily responsible for ensuring a regular reporting to the executive team on various aspects of the business. In more mature organisations, the SMO also evolves to become the central R&D function tasked with identifying growth opportunities and evaluating investments.

04

Dedicated customer experience office

The new ways of working have increased the importance of customer experience. Real estate companies are now taking on a serious role in ensuring a smooth and efficient customer experience, from enquiry to post-allocation. Management is investing in the training for sales and marketing to provide a world-class experience to their customers and strengthens their competitive advantage. CSAT scores have been an imperative measure of performance across all departments and levels. A few organisations even have a separate customer experience department to oversight the experience from pre to post-sale.

05

IT as a core function

As smart homes tend to make their way into India, real estate organisations have seen a paradigm shift with regards to their IT department. Previously, IT would be a support function, doing only transactional work and managing internal IT systems. However, in the digital era, the IT department has now become a core function to promote cross-functional expertise and new-age digital initiatives.

06

Sustainability as a focus

New-age buyers are becoming increasingly conscious and want to invest in sustainable spaces. The environmental standards that real estate companies are expected to adhere to have seen a drastic change. Globally, many real estate organisations have introduced roles such as the chief sustainability officer in their management team. While this trend has not yet caught up in India, there has been a large focus in investments to bring the right talent on board, that can drive this initiative within the spaces created.

In the past couple of years, we, at Grant Thornton Bharat, have worked with many leading real estate organisations. We have witnessed the needs of the sector changing and have helped multiple clients redesign their structures to better meet the changing strategic priorities. Our main takeaway from the experience has been to ensure that the

structures should be agile, responsive and future-looking to ensure that the organisation is able to swiftly adapt to the change in demand. This is only possible by ensuring teams are structured in a way that people are empowered and accountable to deliver on the strategy.



Industry speaks

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Real estate, as a sector and as an industry, is going through a heap of changes which does not only affect the business, but the way organisations are structured. Many organisations are currently prioritising making the management hierarchy and systems leaner, centralising management, and dividing into certain groups to drive efficiency and productivity and thus, better results.

Ritika Mathur

Partner, Human Capital Consulting, Grant Thornton Bharat

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In the recent times, real estate industry adapted change in organisational structure by moving from single hierarchical pattern to a latent matrix type of management so as to address complexities in execution of projects and customer service. This is a win-win situation for both the real estate workforce and the industry as it brings together a larger variety of competencies that could find application in other business segments as the focus is more on processes than on functions. The professionals can create opportunities to grow, learn, explore and chalk out their future career trajectory, according to their interest while industry players will be benefited by an experienced talent pool available for various kind of projects and industries. The empathetic and structured approach will enable the young workforce to expand their horizons across industries and asset classes. In addition, there is, today, a greater focus on gender diversity & inclusion so as to mirror the societal imperatives in this regard and this finds expression in our hiring practices as well.

Lt Col Milan Khurana (Retd)

Executive Director – HR, Admin & IT (Prestige Group)

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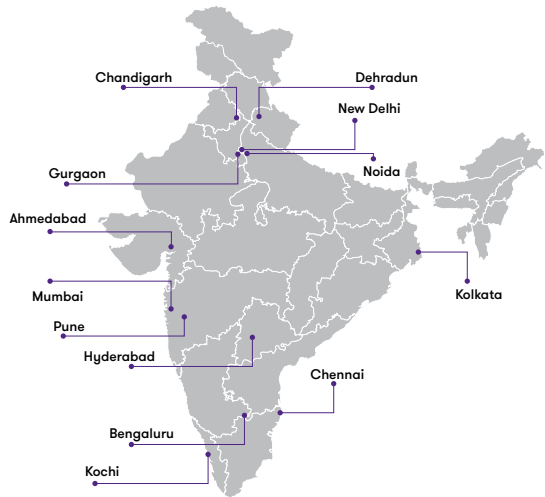
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Acknowledgements

Contributors

Sumeet Abrol
Ritika Mathur
Mohit Mathur
Eva Tewari

For queries, please write to

Sumeet Abrol
Partner, Lead Advisory
E: sumeet.abrol@in.gt.com

Editorial review

Pratishtha Nangia
Pranjal Bhatnagar

For media queries, please contact

E: media@in.gt.com

Design

Saurabh Mishra



Contact us

To know more, please visit www.grantthornton.in or contact any of our offices as mentioned below:

NEW DELHI

National Office,
Outer Circle, L 41,
Connaught Circus,
New Delhi - 110001
T +91 11 4278 7070

NEW DELHI

6th Floor, Worldmark 2,
Aerocity,
New Delhi - 110037
T +91 11 4952 7400

AHMEDABAD

Unit No - 603 B, 6th Floor,
Brigade International
Financial Center,
GIFT City Gandhinagar,
Ahmedabad - 382355
T +91 79 6900 2600

BENGALURU

5th Floor, 65/2, Block A,
Bagmane Tridib, Bagmane
Tech Park, CV Raman
Nagar,
Bengaluru - 560093
T +91 80 4243 0700

CHANDIGARH

B-406A, 4th Floor,
L&T Elante Office Building,
Industrial Area Phase I,
Chandigarh - 160002
T +91 172 4338 000

CHENNAI

9th floor, A wing, Prestige
Polygon, 471 Anna Salai,
Mylapore Division, Teynampet,
Chennai - 600035
T +91 44 4294 0000

DEHRADUN

Suite No 2211, 2nd Floor,
Building 2000, Michigan Avenue,
Doon Express Business Park,
Subhash Nagar,
Dehradun - 248002
T +91 135 2646 500

GURGAON

21st Floor, DLF Square,
Jacaranda Marg,
DLF Phase II,
Gurgaon - 122002
T +91 124 462 8000

HYDERABAD

Unit No - 1, 10th Floor,
My Home Twitza, APIIC,
Hyderabad Knowledge
City,
Hyderabad - 500081
T +91 40 6630 8200

KOCHI

6th Floor, Modayil Centre Point,
Warriam Road Junction,
MG Road
Kochi - 682016
T +91 484 406 4541

KOLKATA

16th floor, Ambuja Eco-Centre,
Plot No. 4, EM Bypass, EM Block,
Salt-Lake Sector-V, Kolkata,
West Bengal - 700091
T +91 33 4444 9300

MUMBAI

11th Floor, Tower II,
One International Center,
SB Marg Prabhadevi (W),
Mumbai - 400013
T +91 22 6626 2600

MUMBAI

Kaledonia, 1st Floor, C
Wing, (Opposite JSJ
Office),
Sahar Road, Andheri East,
Mumbai - 400069

NOIDA

Plot No 19A, 2nd Floor,
Sector - 16A,
Noida - 201301
T +91 120 485 5900

PUNE

3rd Floor, Unit No 310-312,
West Wing, Nyati Unitree,
Nagar Road, Yerwada
Pune - 411006
T +91 20 6744 8800

For more information or for any queries, write to us at GTBharat@in.gt.com



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