

Publication	Day & Date	Edition
Estate World	July- August 2013	National

STRATEGY: LICENSING DEALS GET REAL ESTATE UPWARD

Postal Registration No. L-2/HR/FBD/287/12-14 | VOL. 2 NO.8 | 16th July to 15 August 2013 | ₹ 100

EstateWorld

INDIA'S REAL ESTATE MAGAZINE www.estateworld.in

TRENDS
MY OFFICE IS **NEXT DOOR**

PRACTICE
THE PROMISE OF EDUCATION IN A **DEVELOPER'S SOCIETY**

PERSPECTIVE
LESSENING OF **PRIVATE EQUITY FUNDS**

INVESTMENT
TOP 10 LUXURY PROJECTS IN SOUTH MUMBAI

(UN) BROKERING REAL ESTATE

HOW FINLACE IS TRANSFORMING REALTY TRANSACTION FROM PEOPLE TO PROCESS

SATYENDRA TOMAR
Director, Finlace Consulting Pvt. Ltd.

PAWAN JASUJA
Director, Finlace Consulting Pvt. Ltd.

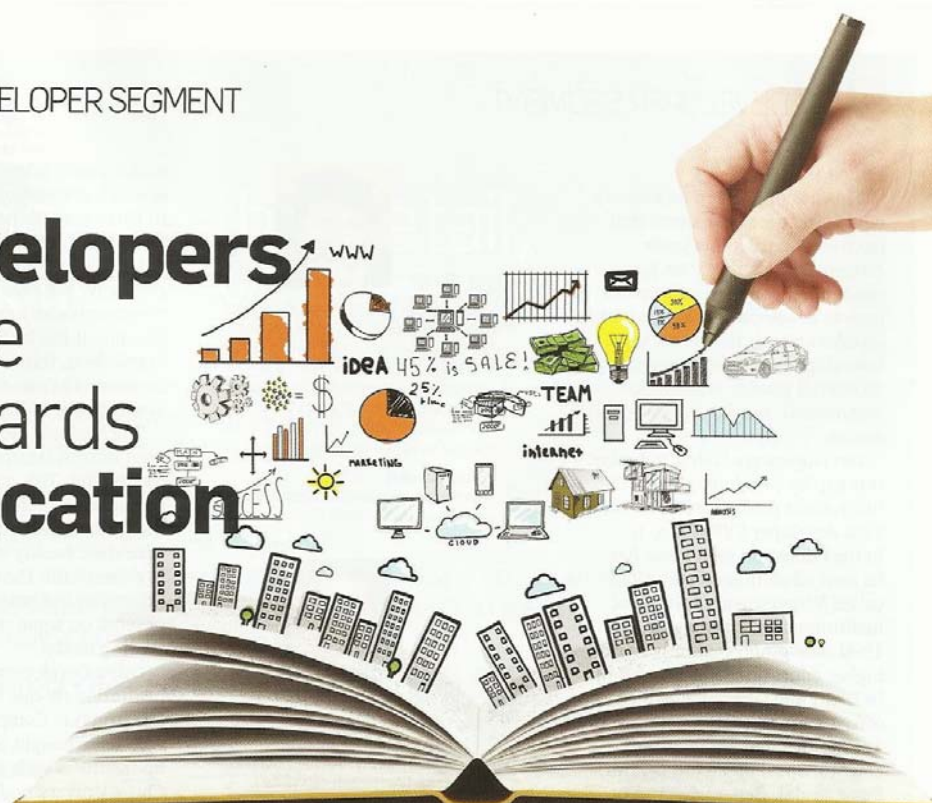
A PUBLICATION OF **FRANCHISE INDIA**
Your growth is our business

15 PROMISING BROKERS IN DELHI NCR

finlace, NETAMBIT HOMEWISER, INVESTORS CLINIC, FAVISTA, neobriX, boji, PRITHVI, Sirohi, CG, WARG, My PROPERTY CONSULTANT, intown, REINET India, CZA To Z

EW / DEVELOPER SEGMENT

Developers Drive Towards Education



New avenues open up for real estate developers in their support for education
By **Collin Furtado**

Education is one of the key fundamentals for the growth of any nation. However, the government cannot fight this battle against illiteracy alone and has turned to corporates for support. Developers being a key player in this battle are providing a helping hand by developing educational institutions all over the country. Tie-ups between many developers and educational institutions are seen in many township projects in various places. Infrastructure being a key part of the education sector, real estate developers have taken to this concept.

Market for education in India

India is fortunate to have huge population of youth and being a service-driven economy has emerged as a strong potential

market for investments in training and education sector. In a report published by Grant Thornton named 'Education in India: Securing the demographic dividend', the Kindergarten to 12 sector is expected to reach US\$ 50 billion in 2015 from nearly half that amount in 2008. This figures show an estimated compound annual growth rate of (CAGR) of 14%.

While this is tremendous growth for the primary and secondary education sector in India, the Higher Education sector in India has been growing at even higher rate. According to the report '40 million by 2020: Preparing for a new paradigm in Indian Higher Education' released by Ernst & Young expects to see a CAGR of 18% till 2020. Currently this sector receives more than Rs. 46,200 crore which is expected to rise to over Rs.2,32,500 crore by 2020.

This shows the huge market for education in India; however, the only thing that is lacking is the infrastructure.

Role of Real Estate in Education

With the education sector on the rise, developers are looking to collaborate with educational institutions to provide top class educational facilities in their townships or special economic zones (SEZ). The presence of educational institutions also attracts companies to such townships and SEZ's in order to benefit from the educated youth that graduate from there. This in turn attracts buyers in a hope that their children can not only benefit for the best quality education but also the job opportunity available. Ultimately, it not only benefits the society but addresses the country's shortage of

EW / DEVELOPER SEGMENT

skilled labour.

This has opened up an entirely new market for developers that have been until a few years concentrating entirely on just residential, commercial or retail project development. With emphasis on education at the centre of township projects brings about an overall market demand for commercial, residential and retail spaces.

Developers are trying to bridge this gap by developing educational institutions themselves. One such developer SVP Group is in the education sector and has its own educational institutions called Vishveshwarya Group of Institutions which was started in 1999. The group currently has its higher education institutes set up in Dadri and Ghaziabad which offer Pharmacy, Engineering and Technology and Management courses. Speaking about this Mr. Sunil Jindal, General Secretary, Vishveshwarya Group of Institutions said, "Being a leading corporate group of India, we understand the requirement of talent and expertise in changing economy. To create a unique study environment, redefine academic excellence and impart quality knowledge in students in a stimulating and innovative atmosphere, we established Vishveshwarya Group of Institution in 1999 by Dr. M Vishveshwarya only."

Tie-ups between developers and education institutions

Recently many developers tied up with top educational institutions to set up these schools and universities all over India. BCC Infrastructures who is developing their township project Bharat City has tied up with Bal Bharti Schools to set up their educational institution for the people residing in this township. Speaking about the tie-up, Mr. Kumar Bharat, Director, BCC Infrastructures Pvt. Ltd. said, "Bal Bharti School within the township will make life easy and safe for the kids. The school has skilled



Apart from VGI, SVP has developed Jindal Business School, Noida and Vishveshwarya School of Business at Pune and all institutions are established and developed under a separate division of education by SVP Group rather than vicinity of SVP that focus on higher education."

Sunil Jindal
General Secretary, Vishveshwarya Group of Institutions



Ansal API's successful foray in the field of education few decades ago, vis-à-vis Ansal Institute of Technology (AIT), Sushant School of Art and Architecture (SSAA), Sushant School of Design (SSD) and Chiranjiv Bharti Schools (CBS) are considered as benchmarks for quality education. These schools have carved a niche by offering quality educational programs and providing the best faculty and facilities to promote academic excellence for over two decades. The AIT, SSAA and SSD, are now under the umbrella of a state university titled Ansal University."

Sanjay Sharma
Chief, Corporate Communications, Ansal API

teachers, extra-curricular activities and all the modern facilities."

Ansal API has set up India's first self-contained academic township. For the Sushant Megapolis township it has recently tied-up with Educomp Solutions Ltd., which will run the Millennium School in Megapolis. Apart from Noida, Ansal API is looking towards Lucknow, to create a self-sustaining township through Sushant Golf City. "World renowned G.D Goneka Public School having affiliation with international universities are coming up in order to create highly paid world-class job

to the young talents in which India is a rich destination. The top schools in Uttar Pradesh have bought land from Ansal API which they are developing in collaboration with the company. We eventually intend to create university enclaves," said Mr. Sharma. It has further tied-up with Maple Bear, India, to open Learning Centres and Canadian Pre-schools across North India.

The business model that is usually used in such tie ups is a build-and-rent model. This means that the developer acquires the land and builds the infrastructure for the education facility and the institute is given to run the school or college. Education institutes either pay rent or work on some sort of revenue sharing model.

Other developers-education institution tie-ups include Hindustan Construction Company (HCC) who have bought 500 acres to set up institutes such as Symbiosis, Christ University, Institute of International Business Relations of Germany, Switzerland-based hospitality Management Institute Ecole Hoteliere de Lausanne and Educomp at its Lavasa project. GMR too has tied up with Canada-based Schulich School of Business to build a campus in Shamsabad, Andhra Pradesh.

Many of real estate developers entering this market are keen to ride on the \$80 billion plus growth of the education sector. Some developers are looking at other fields in the education sector such as MARG which has tied up with US-based Virginia Tech University for a research campus in its SEZ, Marg Swarnabhoomi, near Chennai.

This is the latest avenue for real estate developers to grow in these troubled times. In this way, developers are not only seeking their own growth and sustenance in the industry, but are also inculcating the spread of education and literacy throughout India. By providing the infrastructure needed, their efforts are helping to create a more brighter and literate India. ©EW