Diversification of activities in the land management services market in Irkutsk

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Abstract. Land management services are formed within the land market (taking into account the demand for land). At the same time, the effectiveness and quality of these services is not the solution of individual problems, but the application of a systematic approach, the design of a "turnkey" project and registration of life support systems in government departments. This provides a positive background for the creation of an enterprise that promises to provide land management services and maintain life support systems. The analysis showed that the market of land management services in the Irkutsk region is not yet busy enough and has prospects for growth. A firm is encouraged to apply intensive growth strategies to become successful. The implementation of the strategy takes 3 years. For the first year a company has been entering the land management market. In the second year, the company needs to create and meet the general demand for cadastral works in new territorial markets. In the third year of the company's development, it is necessary to plan the expansion of services to a full range of survey work and enter the construction market. For this, the company is recommended to reduce prices for geodetic works at the expense of economies of scale. All stages of the company's development must have marketing research of the markets, as well as the study of additional and hidden opportunities. The land management services industry is very attractive and can provide a stable income. However, entering the land management services market requires large investments.

Today, the Irkutsk region has formed a fairly diverse market of land management services. More than 90 business entities have cadastral activities. Competition in the cadastral market is high. An exception is work with increased risks. As a rule, these risks are associated with the need to know the laws of land and civil codes, but not all cadastral engineers have sufficient knowledge. Also, risks are associated with the complexity of technological procedures of the state real estate cadaster in the preparation of the necessary documents. So, participants of the land management market still have the problem of forming land areas into the gardeners' partnership, which distribute areas from common shared ownership. The reason is disputes over the definition of boundaries, which are resolved only in court and significantly delay the process of order fulfillment. In addition, there is a free niche for the designation of the boundaries of municipalities, settlements and territorial zones provided for by the schemes of territorial planning of municipalities, and the formation of projects for land surveying.

It is also promising to consider works related to the assessment of the cadastral value. Any property from 1 January 2014 is taxed based on cadastral value. The cadastral value is nominally determined based on average estimates. Often the cadastral value exceeds the market value. There are cases when a detailed assessment of the cadastral value reduced the price of the area by 79% [1]. This forms another niche in the land management services market.
The Law of the Russian Federation "On the Cadastre of Real Estate Objects" made the dynamics of the land management services market positive. Thanks to him, land surveyors (and their customers) are free from the approval of projects (more precisely, descriptions - an integral part of them) by Rosnedvizhimost departments. Now the finished land management business is immediately transferred to the customer, and he submits the documents for cadastral registration [2].

The procedure for transferring a land plot for private use requires the preparation of a number of specific documents and turns for a potential owner into a significantly costly process, both in time and money. In addition, depending on the use of the land plot, the problem arises of creating the necessary infrastructure in accordance with modern regulatory requirements. At the same time, in order to design the infrastructure of a land plot (supply of electricity, water supply, heating, sewerage, ventilation, roads, information support), it is necessary to have all information about the structure that will be further operated and maintained. Thus, around the land market (taking into account the demand for land), there is a market for land management services. At the same time, the effectiveness and quality of these services is not the solution of individual problems, but the application of a systematic approach, the design of a "turnkey" project and registration of life support systems in government departments.

All this provides positive prerequisites for the creation of an enterprise that takes on the obligation to provide land management services and further maintenance of life support systems.

It is possible to expand the range of services of the company, for example: conducting an executive survey of ground and underground utilities, support of facilities under construction, monitoring critical facilities, counting earthworks, etc. It is also possible to diversify services: geological surveys, legal support, design and connection to engineering networks, innovation, design and construction.

The SWOT analysis showed that the Irkutsk region has 81, 7 and 4 firms in Irkutsk, Angarsk and Shelekhov, which provide land management services. These companies have different organizational and legal forms of ownership. They consist of: individual entrepreneurs - 2.1%, LLC - 60.1%, NPAO - 9.8%, PJSC - 5.4%, unitary enterprises (MUP) - 3.2%, FSUE - 3.2%, others - 16.2%.

Below are the services of companies engaged in geodetic activities and the percentage of a particular service to the total number of firms:

1. Engineering survey services: geodetic - 82.0%, geological - 22.0%, geophysical - 7.6%, environmental - 7.6%, drilling - 18.4%, mine surveying - 1.0%, blasting - 2.1%, laser scanning - no more than 5.0%, satellite navigation, aerial photography - no more than 3.0%, electrical measuring work - 3.2%;
2. Real estate services: real estate / land registration - 30.0%, property valuation - 5.4%, sale / lease of real estate abroad - 1.0%;
3. Land management services: cadastral works - 19.5%, energy supply - 5.4%, technical inventory - 5.4%, forestry - 1.0%;
4. Programming services: software development - 1.0%, automation of production processes - 1.0%;
5. Design services: buildings - 2.1%, linear objects - 5.4%, artificial structures - 5.4%, project approval - 1.0%, engineering systems design - 11.9%, architectural and construction design - 16.3%;
6. Construction services: roads - 4.3%, artificial structures - 1.0%, housing construction - 2.1%, installation of heating / water supply / sewerage systems - 3.3%, electrical work - 6.5%, drilling - 18.4%, facade works - 2.1%;
7. Legal services: litigation in courts - 6.5%, legal support - 10.8%.
8. Repair services: repair of external engineering networks - 1.0%, repair of heating / water supply / sewerage systems - 3.3%, interior decoration - 1.0%;
9. Expert services: industrial safety expertise - 4.3%, energy audit - 1.0%, technical expertise of buildings - 1.0%;
10. Trade: real estate - 1.0%, geodetic equipment - 1.0%.

Thus, we can conclude that the market of land management services in the Irkutsk region is still not busy enough and has opportunities for development.

At the stage of setting up a land management services firm, the following steps are required.
1. Project commissioning: registration of entrepreneurial activity, collection of the necessary documents, etc.
2. Providing the enterprise with fixed assets:
   - Office space, garage (rent);
   - Personal computers, software and office equipment;
   - Measuring instruments (tacheometers, levels, auxiliary devices, etc.);
   - Transport;
   - Production and household inventory;
   - Other types of fixed assets.
3. The company’s activities require an authorized capital of 1,500,000 rubles. Part of the need for working capital is covered by a loan of 400 thousand rubles, which is fully repaid by the beginning of the second year.
4. To be admitted to cadastral works, a company needs to obtain an SRO (self-regulatory organization) certificate by the end of the 1st quarter, which will cost 240 thousand rubles. Subsequent membership fees will amount to 12 thousand rubles / quarter. You can pay for SRO certificates using a one-year installment plan. In addition, in order to obtain an SRO certificate, it is necessary to provide technological equipment for the enterprise. This is the purchase of a set of tacheometric equipment, and you also need to have at least one cadastral engineer on staff.
5. By the end of the 1st quarter, it is necessary to recruit the staff of the company.
   1 field team was completed: a surveyor engineer (with a driver’s license) and a surveyor technician;
   Support Personnel: wall stamp installer.
   Administrative and management personnel: director; accountant;
   Sales Personnel: Sales Manager;
6. To make the development of the enterprise stable, it is necessary to ensure the demand for the services provided. This will be done by a marketing services company. Its main task is to study the real estate market and create a centralized demand for at least 640 plots in the first year.

To implement the development process, the firm is recommended a strategy of intensive growth. To identify opportunities for intensive growth, I. Ansoff suggested using a convenient method called "product and market development matrix". Such a matrix indicates three main types of intensive growth opportunities [3] (table 1).

| Existing Markets | New products                  |
|------------------|-------------------------------|
| Existing products| New products                  |
| More intense market penetration | Product development |
| Expanding market boundaries | Diversification |

The implementation of the intensive growth strategy takes 3 years and includes the following steps.

First year. The company is entering the land management market. The company needs to ensure a positive reputation and strengthening of its positions through the quality of services provided, pricing policy and delivery times. It is also not unimportant to determine the needs of customers and their possible satisfaction.

The efficient functioning of the enterprise requires securing the scope of work. Therefore, in the first year, it is planned to carry out cadastral work at 633 plots [4]. To ensure such a volume of work, it is necessary to conduct an active marketing program. Also, during the year, it is necessary to make a territorial expansion of the market. This amount of work can be provided by 2 territorial regions. It is necessary to provide a thickening of the geodetic network in all territorial markets in order to serve citizens. Land use provides for changing the boundaries of the site, donation, inheritance, construction of new facilities and connection of communications. All this should be reflected in the cadastral plan. Expansion of the geodetic network saves citizens money for further maintenance of the sites. Cost savings are achieved by reducing the length of the geodetic line, which is very laborious. By the end of
the first year, taking into account the latent needs of citizens, it is necessary to develop a marketing program to identify new types of services and stimulate demand for them, as well as to cover new territorial markets.

In the first year, 2 territorial markets will be covered, a geodetic support network will be created, a marketing program for diversification and demand stimulation will be drawn up, new territorial markets will be identified.

Second year. In the second year of its existence, the company needs to create and meet the general demand for cadastral works in new territorial markets.

Also, taking into account the demand for registration of rights to lease land from the forest fund, the company can participate in tenders for the introduction of federal lands of the forest fund into circulation. Volume market 1800 hectares. [5].

In accordance with the Federal Law "On the contractual system in the field of procurement of goods, works, services to meet state and municipal needs", you must pay an application for participation in the auction, which is 200 thousand rubles. After winning the auction, you must pay a bank guarantee in the amount of 860 thousand rubles [6]. After that, it is necessary to make a decision on hiring a field surveyor in the company, creating a cameral group (cadastral engineer; manager for registering objects on cadastral records) and purchasing additional equipment.

It is also necessary to make a decision to hire workers on a contract basis.

To ensure large objects for 3 years of its development, the company needs to make a decision to purchase a license for access to electronic trading. The cost of the license is 250 thousand rubles [6].

Third year. In the third year of the company's development, it is necessary to plan the expansion of services to a full range of survey work and enter the construction market.

For this, the company is advised to expand the market among the private sector. Providing in this market not only survey services, but also design (maintenance) of modern life support systems. At the same time, it is necessary to create an innovation department.

Among the existing firms, the newly created company will stand out for the following key advantages: flexible prices, high quality, further service at favorable prices.

The prices for carrying out cadastral works for the newly created company will be lower than for existing companies. The cost of rendering services for one site is 10.0 thousand rubles, compared to the price of competitors in 15.0 thousand rubles. At the same time, the company will offer long-term cooperation at favorable prices.

For this, the company is recommended to reduce prices for geodetic works due to economies of scale.

One of the most laborious processes in cadastral work is the maintenance of the theodolite path to the object [7]. Therefore, it is necessary to carry out work in one concentrated area.

Marketing activities are key to achieving economies of scale. Their main task is to find a capacious territory for the provision of services. For this, the territory of the private sector in the city of Irkutsk will be allocated. There are 1350 parcels in the highlighted area [8]. To establish ownership rights, each owner must provide information about the property to the cadaster database. Thus, each owner has a need to carry out cadastral work, otherwise the citizen does not have the opportunity to make transactions with the land plot and buildings located on it. In addition, from 01.01.2014, property tax is calculated on the basis of the cadastral value of the land plot, which is averaged and, in most cases, overestimated by the municipal authorities. To reduce property tax, it is necessary to reassess the cadastral value of the site.

However, if a company relies on economies of scale, it becomes highly dependent on the volume of demand.

The analysis of the firm's stability shows that with a 2-fold decrease in demand, the cost of the services rendered increases to 15.0 thousand rubles. However, if you refuse long-term service at low prices, the cost of services can be reduced to 10.0 thousand rubles by saving on costs associated with network expansion.
Further, the company needs to develop the development and production of its own life support equipment and mobile topographic complexes.

At all stages of the company's development, it is necessary to conduct marketing research of the markets, as well as the study of additional and hidden opportunities.

The land management services industry is very attractive and can provide a stable income. One thing, the land services market is in constant flux, and any transaction is associated with paperwork. Therefore, land management services will always be in demand. In addition, the variety of such services provides great opportunities for the development of the company. However, entering the land management services market requires large investments. So, according to preliminary estimates, to enter the market, the company will need about 1.5 million rubles of initial capital.

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