TECHNOLOGY IN INDIAN
REAL ESTATE

FROM SOUND BITES TO
ACTUAL IMPLICATION

REAL ESTATE

Companies are Racking up Investments to Expand Digital Bandwidth, Automate Processes, and Innovate Across the Value Chain

A SURVEY BY

360 REALTORS

Commitment | Honesty | Reliability

TECHNOLOGY
Will be the Game Changer

INVESTMENT
Commitment to Invest in Innovation

GROWTH
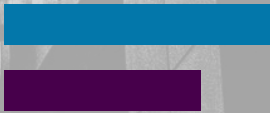Seamless Integration of Technology

Foreword

There has been steady and visible growth in investment in technology in Indian Real Estate in recent years.

Industry Real Estate leaders have been racking up investments to expand digital bandwidth, automate processes, and innovate across the value chain.

However, one event that has tectonically shifted the game and forced industry players not just to think pro-actively but act technically was the nationwide lock-down imposed last year.

Ironically, one of the biggest crises in recent years also ushered in a new era in the Indian Real Estate business. The upcycle in technology got a further thrust during the second lockdown.

Digital marketing spend is aggressively increasing and gradually eclipsing its conventional counterparts. AR & VR are no more just realty lexicon but are increasingly used to showcase properties to potential buyers.

Discerning investors and buyers are now using AR & VR to view homes virtually to realize how it appears while applying various paint schemes, texture and design, and furniture customizations.

The contours of technological adoption are no more just limited to the digital walkthrough and online marketing spend. Industry leaders are now contemplating various disruptive technologies such as IoT & smart devices, AI & Machine Learning, and Big Data.

Going forward, Big Data, AI, & machine learning are set to transform how data analytics will be played out in the Indian Real Estate transaction business. Industries will leverage the power of data to extract valuable insights, gain in-depth acumen, and make informed decisions.

Preferences, values, and choices of individual users will be examined deeply to offer the right set of property choices. Smart devices & IoT will be cohesively used in modern buildings to increase efficiency in energy consumption, ensure safety, and help in keeping track of maintenance.

The survey done by 360 Realtors is to further understand how technologies are disrupting the industry after the COVID-triggered crisis.

We have surveyed 150+ industry leaders comprising of CEO/ CXO/ CTO/ VP/ PE players to understand more about the evolving technological landscape of the Indian Real Estate industry.

The report offers some insightful data on the current adoption of technologies and how they will shape the industry in the times to come.

Ankit Kansal
Founder & MD, 360 Realtors

Report

How Real Estate Leadership Looks at IT Spending

43% of the respondents believe that leadership is fully committed to investing in technology.

Yet, 42% also suggest that the commitment is there but in partial values, which further takes us to an interesting point of whether technology investment has come off the curve or is it yet a part of the general lexicon and will need some time before seeing a full-scale across the stack "deployment."

At our level, we believe that industry leaders are committed to the seamless integration of existing processes with technology alongside investing in new technology assets and digital platforms to ensure coherent and hassle-free operations.

Like other industries, Indian Real Estate also understands that the reoccurrence of subsequent waves of the pandemic can't be completely negated. In the face of any crisis, incremental investments in technology would be required for the continuation of business.

Leadership commitment to invest in technology & innovation

| 43%	42%	8.7%	6.3%
Fully Committed	Partially Committed	Not Committed	Don't Know
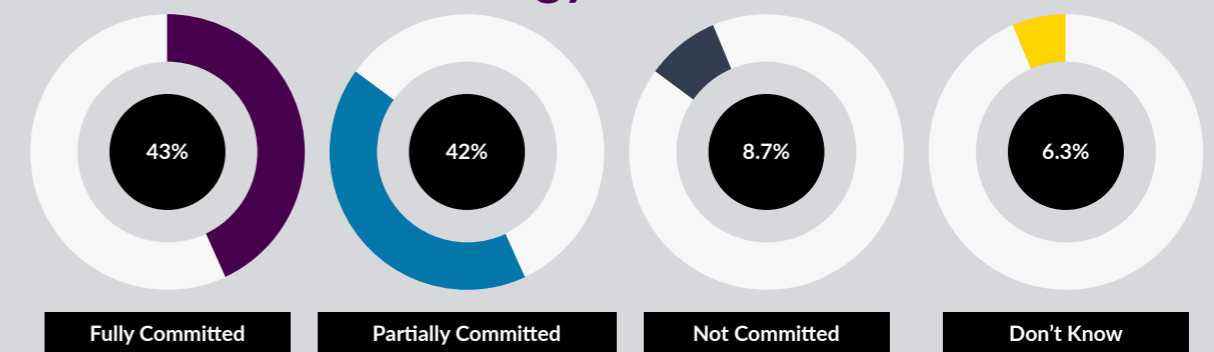
IT Spending As a Percentage of Total Budget

A quarter of the respondents have suggested that the total IT spending is less than 5% of the total budget. 31.3% of the respondents surveyed have indicated spending ranging b/w 5 -10%.

Close to 13% have demonstrated spending of over 10%, whereas 11% have said that the spending is over 15%. A little less than a fifth do not have the exact knowledge of IT spending.

The IT spending data revealed by the survey is in sync with the global data. Globally, the spending on IT & technology by Real Estate companies are in the range of 7-8%. In India as well Real Estate companies' technology spending is synonymous with global trends.

IT Spending as a % of total budget

| 25%	31.3%	12.8%	11%	20%
0-5%	5-10%	10-15%	More than 15%	Don't know
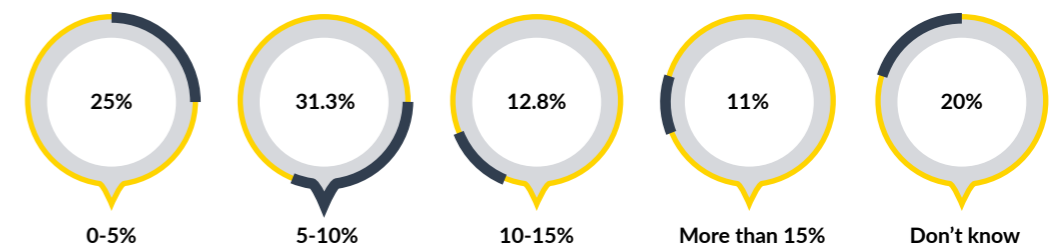
Survey Insights on the Increase in IT Spending

The current pandemic has altered the way technology spending is carried out in most of the industry.

From the contours of boardroom discussion, funds are now increasingly spent in innovation, technology, digital asset creation, automation of marketing, etc.

Has IT Spending Increased in your Organization?

Response	Percentage
Yes	62%
No	24%
Don't know	14%
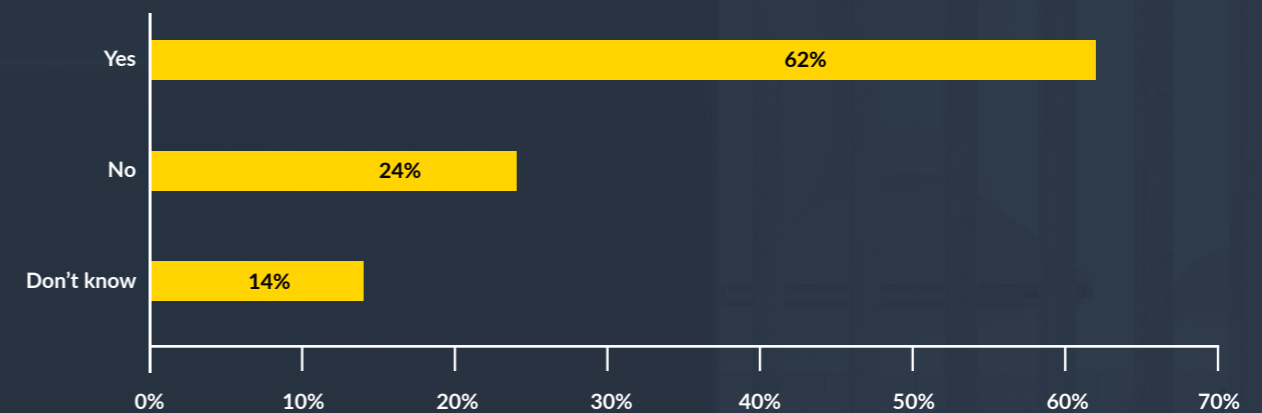
In this regard, on being asked whether the IT spending of the respondents' organization has increased, 62% replied in an affirmative tone. 24% have suggested in a negative connotation. The remaining respondents have replied that they don't know about the actual change in spending.

We believe that the survey has chronicled some valuable inputs. Firstly, spending will be used in maintaining backend systems and infrastructure.

Over the years, Real Estate advisories have invested in CRM tools, cloud-based services, digital media platforms, etc. and they will continue to invest in such tools & technologies going forward.

Increased IT Spending in Real Estate

Legend:
- Don't Know
- Less Likely
- Likely
- Most Likely

	Maintain IT Sys & backend infrastructure	Transform business process & innovation	Invest in futuristic technologies
Don't Know	6.25%	12.50%	11.30%
Less Likely	12.50%	19.40%	23.80%
Likely	43.75%	42.50%	46.80%
Most Likely	37.50%	25.60%	18.10%

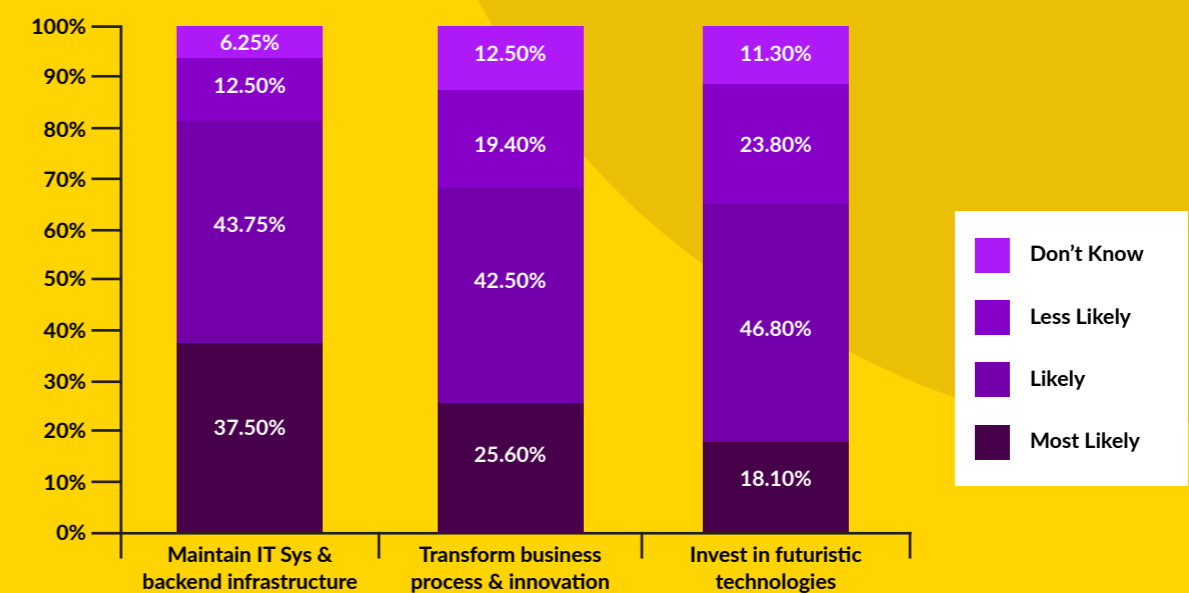# Insights on Category-wise Increase in IT Spending

IT spending in Real Estate is on an upturn. 37.5% of respondents believe that increased spending is most likely towards maintaining IT systems and backend processes. 25.6% of the respondents believe that most likely the surge in investments is towards transforming business processes and innovation. 18.1% believe that increased spending is most likely directed towards investments in futuristic technologies.

Secondly, investments will be directed towards transforming existing processes with increased adoption of technologies. Demand for AR/ VR tools will rise.

Similarly, as the fear of another wave can't be completely ignored, Real Estate advisories will spend more money on remote working software, cloud-based services, HR planning software, etc. that can ensure seamless services in the face of a potential crisis. Technologies like chatbots that have hitherto seen limited application will see a spike in usage.

Thirdly, investments in futuristic technologies such as AI, machine learning, and smart devices will finally move from soundbites to substance. The use of cloud-based technologies has already illuminated Real Estate players about big datasets and deriving data-backed granular insights out of them.

Now integrating big data with AI and machine learning software can take the game of data analytics to the next level. It can help in the exhaustive but systematic evaluation of a large chunk of probable alternatives and identify the best fit. Likewise, the use of smart devices will also be a party to more favorable socio-economic dynamics and hence will see an uptake in usage.
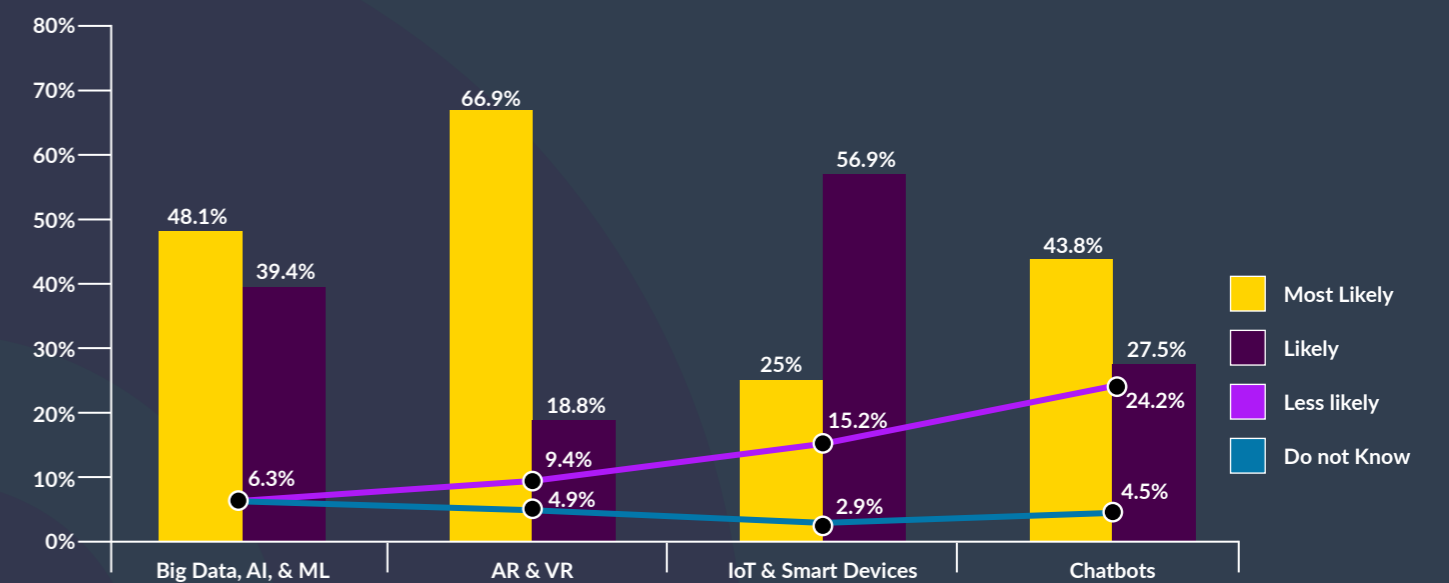
Impact of Various Technologies in the Next 12-36 Months

As per the survey, 48.1% of respondents believe investments in Big Data, AI, & ML are most likely set to rise. Likewise, a little less than 67% believe that investments in AR & VR are mostly likely to spiral upwards.

A quarter of the survey respondents have revealed that investments in IoT & smart devices are most likely expected to increase. Around 44% of respondents suggested that investments in chatbots will rise significantly.

Impact of various technologies in next 12- 36 Months

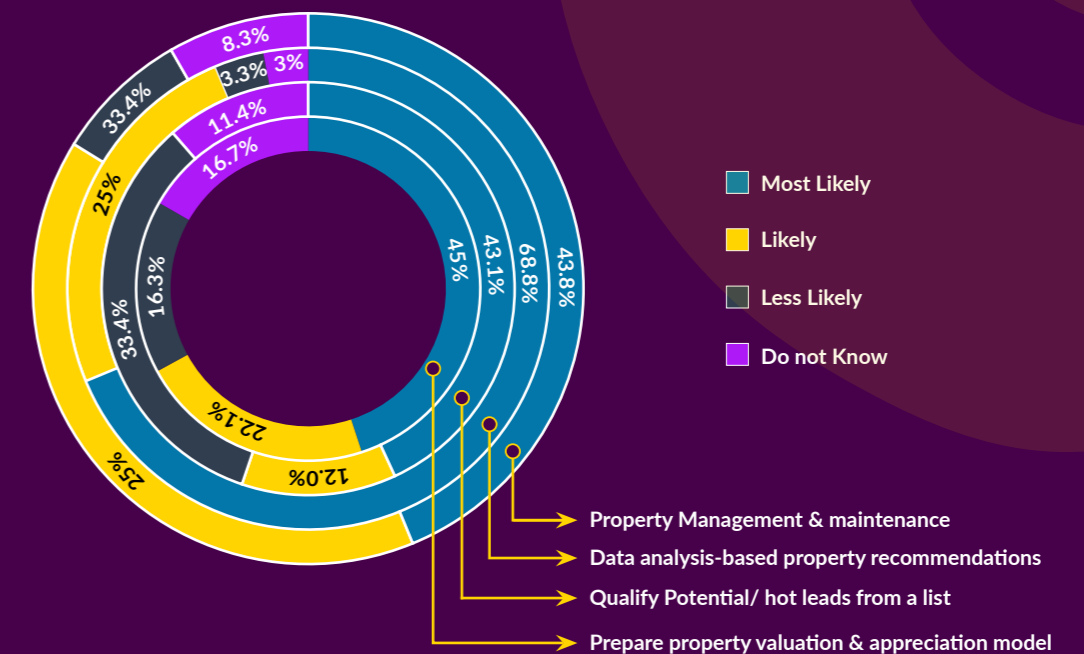| Technology	Most Likely	Likely	Less likely	Do not Know
Big Data, AI, & ML	48.1%	39.4%		6.3%
AR & VR	66.9%	18.8%	9.4%	4.9%
IoT & Smart Devices	25%	56.9%	15.2%	2.9%
Chatbots	43.8%	27.5%	24.2%	4.5%

Impact of Big Data, AI, & ML in the Next 12-36 Months

AI is set to become a major tool used for property valuation, trend analysis, price forecasting, and property management. The use of the cloud has already enabled property listing companies and advisories to move big datasets into the cloud and conduct property analysis to give detailed inputs to users.

Impact of Big Data, AI, & ML in next 12-36 months

Legend:
- Most Likely
- Likely
- Less Likely
- Do not Know

- Property Management & maintenance
- Data analysis-based property recommendations
- Qualify Potential/ hot leads from a list
- Prepare property valuation & appreciation model

However, most analyses are restricted to property valuation and prediction based on a few metrics such as property type, carpet area, property price ranges, and location, among other parameters.

However, AI will enable integrating property data with large pipelines and algorithms of other valuable social data such as logistics, social amenities & public utilities, rainfall rates, sunlight availability, automobile intensity, pollution levels, recreational activities in the district, and much more to give a more precise and accurate insight on the property market.

This will not just help potential buyers to identify the right property fit but also help brokerage houses and listing agencies to speed up the entire business cycle.

Already in countries like the USA, property advisories such as Zillow, Redfin, Trulia, Compass, etc. are using Big Data-backed AI models to give actionable inputs to buyers. In India, we are using a basic AI-based model.

However, the implications of advanced AI & machine learning platforms are trending forward across the industry. Interestingly, with every transaction concluded, the AI platform further evolves thereby setting the ground for faster adoption.

Property management is another significant area wherein the role of AI will trend forward. Property managers deal with a multitude of data about tenant profiles, tenant applications, inspection requests, etc
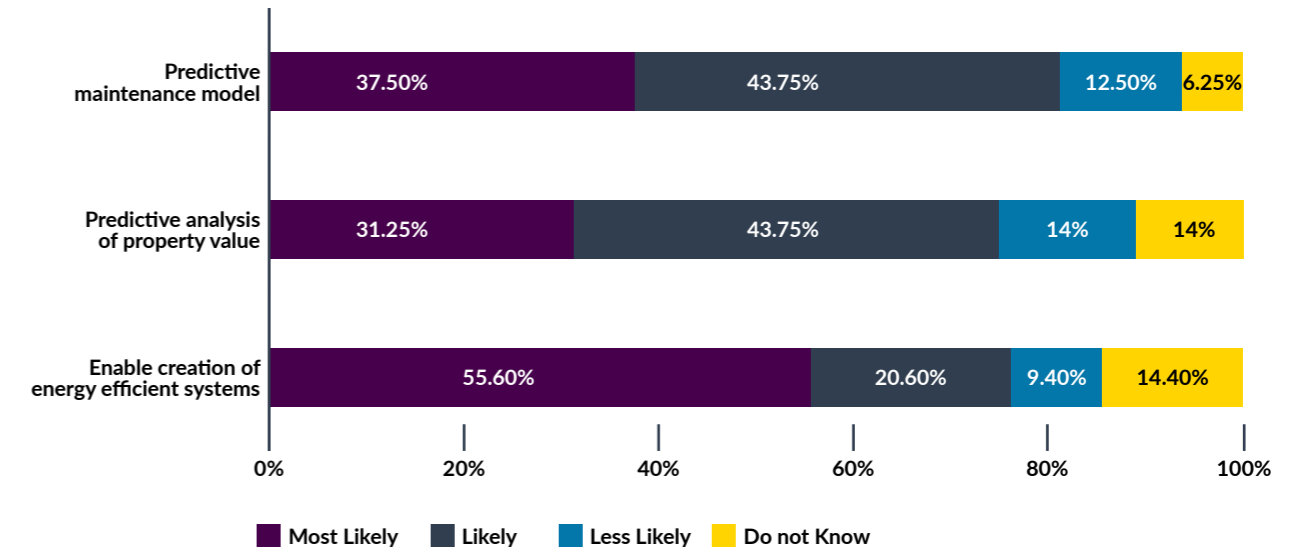
Applying AI can streamline the data process, systematically automate mundane tasks, and lower redundancies, thereby bringing in an unprecedented amount of efficiency.
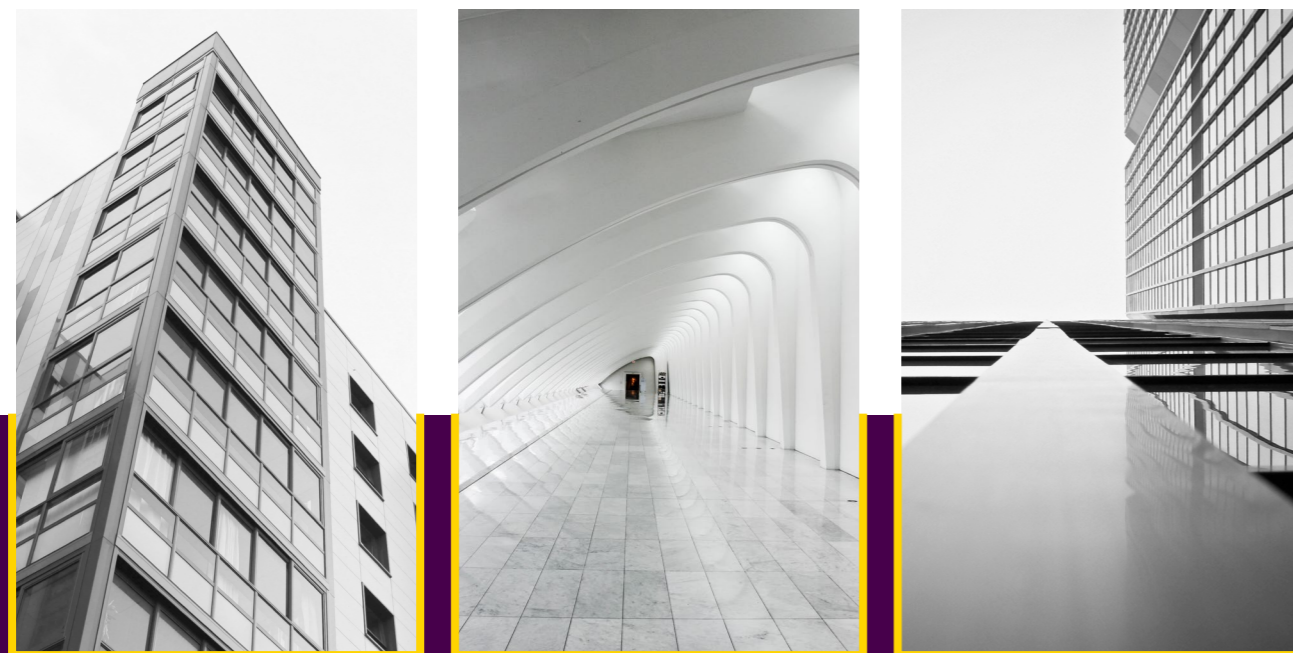
Impact of IoT & Smart Devices in the Next 12-36 Months

The demand for smart devices & IoT is poised to grow in Indian Real Estate. Soon, the deployment of 5G will take place, which will increase the existing speed of the internet multiple folds, thereby giving a huge push to the smart devices and IoT in Indian Real Estate.

Impact of IoT and Smart Devices in next 12-36 months

Category	Most Likely	Likely	Less Likely	Do not Know
Predictive maintenance model	37.50%	43.75%	12.50%	6.25%
Predictive analysis of property value	31.25%	43.75%	14%	14%
Enable creation of energy efficient systems	55.60%	20.60%	9.40%	14.40%

Scale: 0% — 20% — 40% — 60% — 80% — 100%

Legend: ■ Most Likely ■ Likely ■ Less Likely ■ Do not Know

Smart devices will regulate & optimize the consumption of lighting, electricity, cooling, etc. thereby increasing power efficiency. It is estimated that on average, smart devices will reduce power and water consumption by 15%.
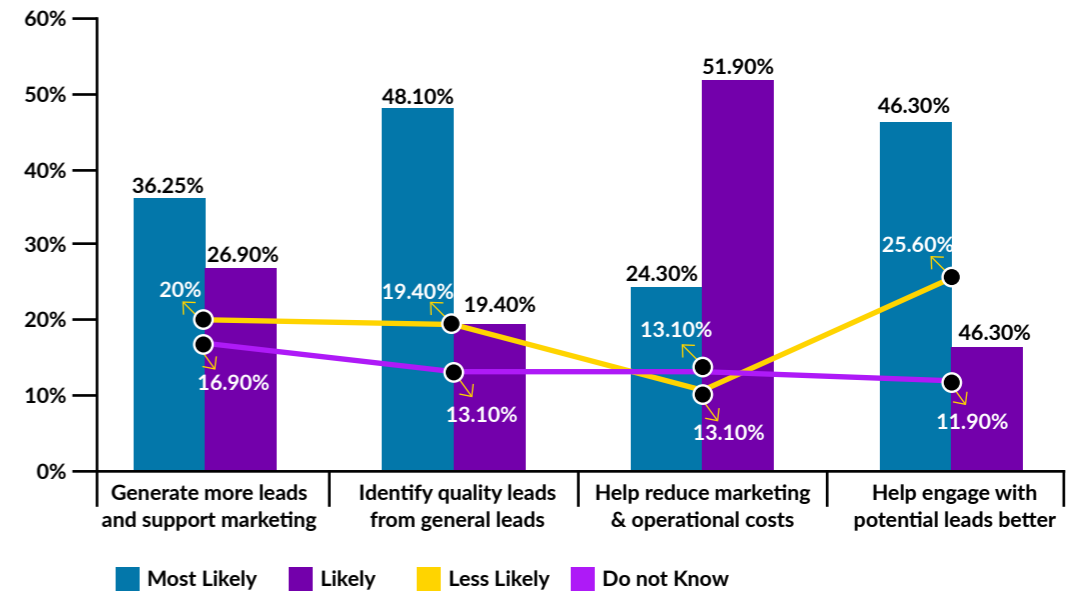
IoT & smart devices will also facilitate comprehensive evaluation and inspection of home equipment. These devices can study past usage data of individual devices and predict their maintenance lifecycle. Through the aid of a comprehensive data management system, they can predict the overall value of a home.

Impact of Chatbots in next 12-36 months

Legend: Most Likely | Likely | Less Likely | Do not Know

Categories: Generate more leads and support marketing | Identify quality leads from general leads | Help reduce marketing & operational costs | Help engage with potential leads better

Values shown: 36.25%, 26.90%, 20%, 16.90% | 48.10%, 19.40%, 19.40%, 13.10% | 24.30%, 51.90%, 13.10%, 13.10% | 46.30%, 46.30%, 25.60%, 11.90%

It will also facilitate addressing multiple customer queries simultaneously, thereby taking the overall effectiveness through the roof. As the effectiveness enhances, the marketing and operational cost will reduce.

Based on the level of engagement with individual customers, chatbots will also help in identifying hot leads with the lot thereby helping in more targeted action and eventually achieving better conversion rates.

Chatbots will also help in gathering actionable market insights following multiple discussions with various customers. This will further aid brokerages in making data-backed decisions.

Impact of Chatbots in the Next 12-36 Months

Chatbots are set to simplify the Real Estate transaction process. It will automate the sales cycle and will improve the overall efficiency. Chatbots will help in seamless customer requirements gathering and know their needs better.

Impacts of AR & VR in the Next 12-36 Months

Augmented Reality and Virtual Reality (AR & VR) are going to become one of the sought-after technologies in Indian Real Estate, thanks to the incredible value they can bring in the customer lifecycle.

A home purchase is a tedious & lengthy process requiring iterations of site visits. However, AR & VR can greatly simplify the process by enabling discerning buyers to watch their properties virtually.

In this way, both buyers and sellers can systematically rationalize and optimize their time.
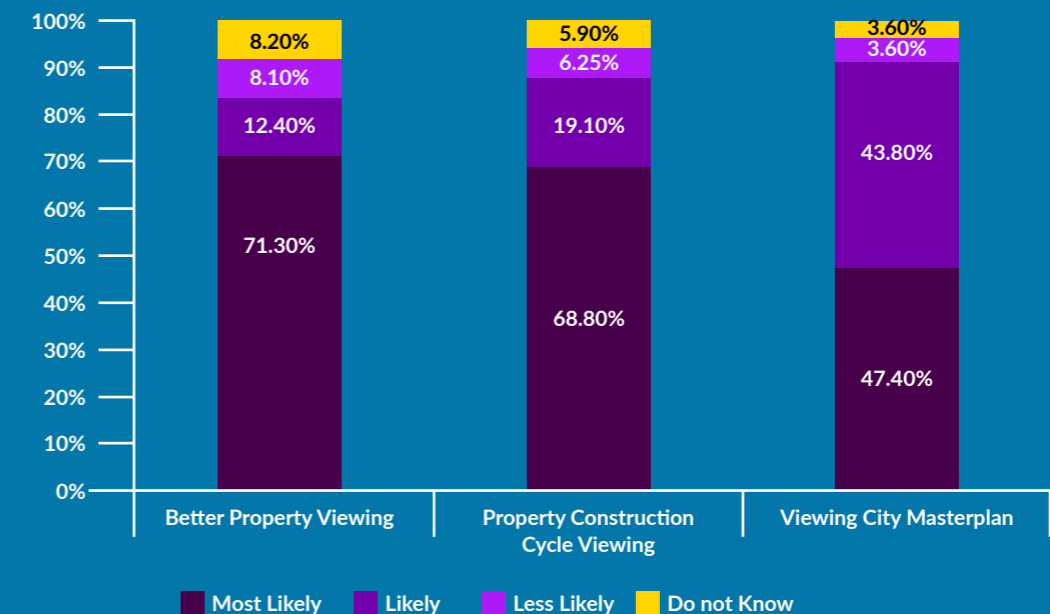
Moreover, through the use of immersive technologies, developers and brokers can engage better with their customers, help them finetune their decision-making, and hence eventually earn more ROIs.

AR & VR are also highly helpful for architects, construction engineers, etc. as they can systematically view the construction of large projects and city masterplan over the web, rather than through continuous site visits.

AR and VR-enabled rendering will also help them to identify any anomaly or defect at the initial phase itself and course correct the action. In a 2-D drawing, which is often cumbersome, such benefits are missing.

Impact of AR & VR in next 12-36 months

	Better Property Viewing	Property Construction Cycle Viewing	Viewing City Masterplan
Do not Know	8.20%	5.90%	3.60%
Less Likely	8.10%	6.25%	3.60%
Likely	12.40%	19.10%	43.80%
Most Likely	71.30%	68.80%	47.40%

Legend: Most Likely, Likely, Less Likely, Do not Know

Conclusion

Indian Real Estate is set for a change, as technologies will start moving from sound bites to see real implications. Digital consumerism in India is evolving, and Real Estate players are also tapping into the virtual world to ride the wave. No doubt, the pandemic has been one of the biggest harbingers of change and enabled or rather forced industry players to think digitally and technically.

However, going forward the investments in Real Estate will be backed by long-term strategic interest, as realty players are also increasingly realizing the significance of technology in Indian Real Estate. Technologies can play a pivotal role in optimizing the operational process, simply the transaction cycle, drive engagement, and eventually improve the ROI significantly.

Technologies such as AR &VR, AI & ML, and smart devices are set to see a steep jump in demand. As 5G will be rolled out soon, the push towards digitization will further get a strong thrust in the coming time. The time has finally come when a relatively demure industry such as Real Estate has started embracing technology as a growth enabler.

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