

IS COVID-19

the Inflection Point that will Force

Real Estate

to finally go

Digital



In-depth Commentary – by
360 Realtors

Concept Note

After the outbreak of the deadly COVID-19, the global economy has come to a standstill. Originating in the Wuhan district of China, COVID-19 has spread like a wildfire around the globe. Experts believe it is a Black Swan, whose adverse impact will reverberate around the global economy. Economic activities have halted as most of the nations are enforcing lockdown to contain further spread. India, where registered cases have increased at an alarming rate in the last few days, has also implemented nationwide lockdown.

The nationwide lockdown has badly undermined the Real Estate sector as well & is hinting towards a poor Q1 Sales for most of the developers. As this is a festive time in India, there are enough serious homebuyers in the country. However, many homebuyers have deferred their decision to purchase property & would like to wait till normalcy is restored. Others are willing to buy but are unable to do so due to a complete shutdown.

Nevertheless, as every dark cloud has a silver lining, the recent crisis is once again forcing industry players to go digital, actively embrace the online mediums & adopt newer innovations

The retail sector is feeling the heat. Since the beginning of March, footfalls in retail stores & malls started plummeting. The situation further deteriorated after the mandatory lockdown was announced for 3 weeks. The office industry is also badly impacted, which otherwise is showing healthy growth. In 2019, more than 60 million sq. Ft. of leasing activities took place in India, demonstrating robust demand. However, due to closure in business activities temporarily alongside travel bans, most of the occupiers will wait.

Nevertheless, as every dark cloud has a silver lining, the recent crisis is once again forcing industry players to go digital, actively embrace the online mediums, & adopt newer innovations. For the past few years, we have been listening to a lot about e-meetings, virtual walkthroughs, online transactions & much more. There was growing advocacy for Real Estate to adopt the online route but most such discussions were restricted to academic contours.

The current COVID-induced crisis might be the inflection point where the industry will actively push itself towards adopting newer technologies & innovations and take a substantive part of the transaction process online. The outbreak of COVID followed by quarantines & social distancing is going to force Indian realtors & marketers to adjust & adapt. A major behavioural change will be seen amongst buyers as well.

Digital Launches & E-Meetings in India

After the outbreak of the perennial COVID-19, many major developers postponed their new launches & are waiting for things to normalize. However, there are numerous big projects which are already in soft launch stages & a considerable amount of marketing budgets have been invested. Such projects are now launching digitally. Many major developers including Godrej & Prestige have launched their projects online. They have also offered additional features such as online document verification to continue operations seamlessly.

Institutional channel partners such as 360 Realtors have also aggressively adopted the digital channels & are engaging customers through numerous online platforms such as virtual meetings, webinars & video conferencing. Channels partners are increasingly relying on e-meeting platforms such as Google Hangouts, Zoom & Skype, etc.

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Going forward, there will be a spurt in usages of such applications in Indian Real Estate. Brokers & channel partners will like to interact with customers more over the web. Interestingly, tools such as e-meetings do not take away the human interaction component, which is the cornerstone of any successful realty transaction. It simply means that the channel partner, developer & the buyer do not necessarily need to sit in the same room. They can interact & discuss with each other, simply sitting at their home & using their mobile or laptop.



Tele-conferencing



Webinar



Virtual Meetings



Digital Launch

Future of Virtual Realty

The Dawn of Virtual Walkthroughs

Following the crisis, the Real Estate industry will see more emphasis on immersive technologies such as Virtual Reality (VR) & Augmented Reality (AR), etc. The AR & VR debate has been in the industry for some time. However, this might be a crucial point when the Real Estate industries will start witnessing wide-scale applications of AR/VR. The AR/VR market in the world is currently estimated to be over USD 150 billion & is poised to grow at the rate of around 76% annually. Major industries where it is increasingly used are education, entertainment, gaming, healthcare, etc. Going forward, Real Estate will be one of the major beneficiaries of the AR/VR-led innovations.

AR/VR can enable discerning buyers to learn about a property without the need for a site visit. Buyers can get a 360-degree view of the layout of the floor plans, site & flat layouts, etc. Likewise, they can get a 3-D visualization of all the amenities. Buyers can also take a walkthrough of individual flats, their interiors & then make an informed decision. The latest tools are coming up with intuitive navigation interfaces that can help buyers to zoom & rotate to see minute details. Similarly, they can select possible interior furnishings, designs, texture & color, etc. to know how the house will look. This can give a lot of insights to the buyer, which even an actual site visit might not render.

The Real Estate industry will see increased applications of such technologies worldwide. Virtual Reality in Real Estate alone is expected to reach USD 2.6 billion in 2025.

Future of Virtual Realty by 2025



GAMING
\$ 11.6 Billion



HEALTHCARE
\$ 5.1 Billion



ENGINEERING
\$ 4.7 Billion



LIVE EVENTS
\$ 4.1 Billion



VIDEO
\$ 3.2 Billion



REAL ESTATE
\$ 2.6 Billion



RETAIL
\$ 1.6 Billion



MILITARY
\$ 1.4 Billion



EDUCATION
\$ 700 Million

Seamless Online Transactions

Till recent years, it was nearly impossible to imagine that Real Estate will be traded completely online just like equities. However, in the foreseeable future, we are going to see a rise in online transactions wherein from payment transfers to document verifications & transfer of ownership, everything will be conducted digitally. This will bring a tremendous amount of speed alongside a reduction in transaction costs. Disturbing events such as COVID are forcing behavioural changes not just amongst the sellers but also amongst the buyers, who will now rely on the web more. Meanwhile, in order to push ahead seamless online transactions, the industry will need to focus more on transparency, user convenience & contain fraudulent practices.

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Benefits of online Real Estate Transaction



Digital Disruptions in Real Estate Transaction Space will continue to Unfold

The previous decade witnessed the rising role of technologies in Indian Real Estate. It saw notable growth in search & discovery platforms, Real estate analytics, augmented & virtual reality & much more. It also saw the emergence of the tech-enabled transaction space aimed at bringing in more customer satisfaction, simplifying the process of business transactions & expediting the liquidation process. However, when compared to the global Proptech space, in India the role of technology in Real Estate is still in its nascent days. From 2016 to 2018, around USD 10.3 billion was poured into the global Proptech industry. In between that time, around USD 242 million has been invested in the Indian Proptech space. Nevertheless, despite being an industry in its early stages, Indian Proptech is set to grow at a seismic pace.

The growth will be further backed by the rise in institutional money. Numerous Venture Capitals (VCs), HNIs & Private Equity (PE) players are realizing the potential in the Indian Proptech space & willing to pour the required capital.

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The government's strict yet necessary stance of social distancing & quarantine in the wake of the COVID-19 outbreak is also making the industry realize the pressing need to rely on online Real Estate transaction. We are living in a time where periodic uncertainties (such as COVID), political threats & natural disasters will continue to disrupt life & economic cycles. No matter how much we try to run away from them, they are bound to happen. So it is essential for industry to think of innovation-driven calibrated responses that mitigate the risk to a greater extent. In the foreseeable future, digitization & usage of technology will continue to grow in Indian Real Estate. The emphasis will be on process automation, harnessing the power of digital analytics to offer usable consumer insights along with developing full-stack technologies to develop the transaction space.

Policy overhauls such as RERA in conjunction with the growing need for transparency will fuel growth for more innovation, technology & adoption of digital processes. Fintech & Proptech will continue to blend together to come up with solutions that can facilitate seamless online transactions from start to finish.



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