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## Impact of digital revolution on real estate investments

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Today, the technological advancements and digital disruption have pervaded all aspects of our lives be it at home, at work, or while shopping. They have brought about a digital revolution which is somewhat akin to the industrial revolution from 1900s. Many instruments of this digital revolution such as social media, web communication, e-marketing, sophisticated IT systems and software have changed how the people, economies, and markets interact with each other. They have not only helped industries become more efficient and growth-focused, but they are also at the core of new industries like e-commerce and online aggregators which have now become an integral part of our life and global economy.

The impact of this digital revolution on real estate industry is as profound as any other sector. Technological transformations have found their footing in all aspects of the real estate cycle - right from the designing and construction through marketing to the sale. Faster, more reliable and economical ways of information dissemination have brought a seismic change in both the demand and supply sides of the real estate industry.

The real estate buyers and investors are probably the ones who have benefited the most from the efficient flow of information in real estate. Now, it only takes a moment to choose from amongst thousands of online listings on the basis of area, facilities, prices and location. Once blooming, unorganized broking business in real estate has gone through tremendous change after the coming of massive listing aggregators like Housing.com, Magicbricks, Makaan, and 99Acres.com. Increased purchase options have pushed the brokerages down and the developers are offering myriad of other facilities and amenities to gain the edge in the highly competitive markets. Second home buyers and investors have also expanded on the cities and locations where they can consider the investments in order to maximize the returns on their real estate portfolio.

On the supply side, availability of new avenues for marketing has made it a lot easier for property owners to sell or rent their properties. For the developers who are looking to launch new projects, the advent of digital marketing platforms such as Facebook and Twitter has been a boon in generating interest and sales traction. In fact, most large developers like Raheja, Godrej, etc, have their own digital presence on the web which helps the PE players to make a dip-stick first hand analysis on prospective investment opportunities with such developers or similar in certain micro-markets. The developers have also learned to capitalize on the increased awareness in buyers regarding the environmental sustainability, and they are now using highly sophisticated design software to make their buildings more efficient, eco-friendly and aesthetically appealing. The time it takes in developing and delivering large projects such as townships or high-rise buildings has also reduced significantly. All this has led to a better financial health and improved consumer confidence for the real estate developers.

A further boost to the real estate market comes from improved information processing systems at financial institutions providing loans to developers and home buyers. The prospective borrowers have a range of competitive products to choose from and the processing time for such loans is virtually non-existent.

In addition to the improvements in the information flow, the quality of information itself has improved by leaps and bounds through Digital Revolution. Cloud computing and data driven statistical analytics has made the information more insightful and valuable. Data aggregators like Propstack.com and Propequity.com have already recognized this need and are already integrating analytical services to the centuries old business of real estate. Using specially designed software for data analytics, they are able to quantify the impact that a new express way, a new airport or metro-station, or a new hotel on the capital values and rentals in the area. Many large investors and fund houses currently outsource these services or are building in-house expertise to benefit from such information.

Areas where the digital revolution directly aides investing companies like ours..

1. Due-diligence & expansion of knowledge base. Due-diligence, being easier due to availability of up-to-date information like Bye-laws, Land Use plans etc along with important Acts & Judgements help us make informed decisions in identifying potential investments.
2. Since Title Records too are available online, it saves a lot of time and brings in efficiency in the due-diligence process
3. Some municipal corporations have made available online Approved Plans, leading to higher transparency and helps make informed decisions
4. Helps in risk mitigation thanks to updated information available through online data on website such as MOeF & CZMA
5. Online publishing of Rates for Registration of built property helps in cost comparisons & revenue projections by developers
6. Dependence of local brokers and consultants has reduced due to availability of most statutory provisions & market intelligence pertaining to most cities, enabling investment managers to take informed decisions without having the need to travel for every small information, hence a positive impact on time & cost implications

- 7. The online portals nowadays provide a lot of analytical data at retail level and this helps in far greater precision in intelligence gathering, trends and expected market directions.
  - 8. From the asset management point of view, due to availability of multiple databases, analytical tools, one can have better access to data, better asset management, portfolio benchmarking & investor reporting.
- Clearly, the Digital Revolution has made a significant impact on real estate markets. They are more agile, more competitive and better informed than ever before. To keep a strong foothold in these markets and have the competitive edge, it has now become essential for people and corporates to assess their ability to promptly respond to the technological advancements and be ready for the future.

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