STARTUPS - REDEFINING REAL ESTATE INDUSTRY

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Background

There is no doubt that last decade India has witnessed rapid change at various front. Whether it is the adoption of digitization, access to information, policy changes, tax structures, internet usage, or colonial culture. This has led to change in mindset, lifestyle, likings and priorities. Some people might call it a cultural shift. Although the majority of these changes have been experienced in urban India, Bharat still has a presence. One of the factors behind these changes is Startups and Startup Culture. It has changed dynamics of some Industries and Consumer behaviour. Real Estate Industry is no exception.

Real Estate Industry has remained one of the largest job creator and key to economic activity. However, a large part of the sector has remained unorganized and has been viewed with suspicion by regulators. Bringing about structural change in a country like India is always a challenge, and the same applies to reforms in the real estate sector. However, startup culture is slowly redefining the industry and overcoming its previous weaknesses. In this article, I have tried to highlight certain changes in the real estate industry that have been driven by startups

Startups & Real Estate Industry

India is the third-largest country in the world in terms of the number of startup ventures, after the United States and China. The growth of startups in the real estate sector has been slower than in other industries, but these initial steps give a glimpse of how the industry is going to take shape in the future. The use of technology in the real estate sector has led to the rapid adoption of technology tools and platforms. The way businesses are done, processes are followed, transactions are executed, products are designed, marketed, sold, and funded have all started to change the way they were traditionally done. Startups in the real estate space are commonly known as proptech, contech, or CRETech. The sector has seen four waves of tech innovations since 2007, including:

- The dot-com boom and the rise of online aggregators
- The use of data analytics and virtual experience to provide customer-specialized services
- The use of IoT, drones, and augmented reality
- AI, ML, blockchain, and the metaverse

These innovations are changing the way real estate is done, and they are likely to have a major impact on the industry in the years to come.

Change

It is interesting to analyse how some of the products, processes & services have evolved because of Startup Culture

1. **Buy, Sell, Rent & Manage Property** - Online marketplaces, platforms for broker networks, platforms for direct sale by homeowners, software/platforms enabling property management, tools/platforms enabling renters/buyers to find property, lead generation, helping make a buying decision, democratising homebuying, etc.

Some of the Startups in and around the Space are

Magicbricks/ 99 Acres – Platform offering variety of services, including property listings, home loans, and brokerage services.

IndusNet - Automating Digital Marketing (from Lead to Sales cycle)

BHIVE Workspace – Coworking & Managed Offices

Relation Realtech - Unit bookings through App based Technologies & reduce 1-2-1 interaction

Sell.Do - Online selling portal, virtual site visits, online payment options, and video conferencing & calendar scheduling tools

PinClick - a simplified, trust driven & unbiased home-searching experience (Online & Offline fulfilement)

SuqareYards - Integrated platform for real estate & mortgages

The HouseMonk – Helps property managers and landlords market, sell and manage their rental portfolio through it's SaaS platform

NestAway/ Zenhomes – CoLiving apartments for young professionals

Reloy – Homeowners Loyalty Programme & Digital Amenities Programme

Nomadgao – CoLiving & CoWorking

GoStops - provide young travellers with safe and social spaces at prices

2. **Construction Technologies** – The adoption of innovative solutions such as Building Information Modeling (BIM), the Internet of Things (IoT), Robotics, Automation, Predictive Analytics, and Drones for surveying and monitoring construction sites is part of this trend. Many products and services that are part of physical real estate are being innovated or digitally transformed to improve sustainability, efficiency, and comfort. Smart automation and IoT applications can be deployed in wired, wireless, or hybrid formats to address multiple practical constraints. They can be used for home automation, energy efficiency automation, and building management systems. Many solutions address space and design-related issues. These technologies improve efficiency, safety, and cost-effectiveness in the construction process.

Some of the Startups in and around the Space are

BuildTrack - IoT platform deployed to control or monitor electrical devices and sensors in any physical real estate space

75F - Innovating Building System industry by taking a fresh approach to HVAC, lighting and building controls.

Drona Automations - Solves problems occurring from sewage to space though robotics & automation

DSP Design - a 360° Architecture, Design and Smart Building Advisory Firm

Smartvizs - Platform that provides a greater perception and understanding of the space and design intent and strengthens collaborative design review.

WorkInSync / Smarten Spaces - platform for all your workplace needs enabling hybrid working models

Landeed – Making Land Transactions as easy and smooth as trading

LiveSpace - Interior Design & Décor Platform

3. **Construction Process Workflows/ ERPs /CRMs** - Technology is being used to solve problems throughout the construction project lifecycle, from processes like cost planning and estimation, procurement and vendor management, real-time information access, and predictive analytics. Some solutions also help to facilitate collaboration among project partners (architects, designers, building product manufacturers, etc.). From pre-construction to closeout, technology has enabled complete process control and efficient project delivery across all stages of engineering, procurement, and construction. Some solutions also help to facilitate the transparent exchange of transaction data across the stakeholders of a real estate company, such as the builder, its channel partners, and the customers. The traditional approach to every single process in the real estate sector is labour-intensive, but this will have to change as technology and automation can make the process much more efficient. Some of the Startups in and around the Space are

BuildSupply - Creates ecosystem of software, e-commerce and finance and provide a one stop solution for activities throughout the construction project lifecycle

Highbar - Standard ERP integrating complex 5-Dimensional Project Management systems

ITAakash – ERP also offering solutions like CRM, HCM, Project Management, Property/Facility Management and Inventory Management

DaeBuild CRM - End-to-end pre-sales and post-sales automation solution with White Labelling Options

GeraWorld - Application offers functionalities from property purchase till the end of the warranty period also provides seamless integration with other ERP system

Propiti - a platform to connect all the rental stakeholders together to manage all the processes and information

ListEz - B2B SaaS prop-tech startup that aims to simplify and enable the real estate broker community by hand-holding them in their entire business lifecycle

4. **Marketing Tools** - Powered by Billions of data and/or Brokers Network

Some of the Startups in and around the Space are

Careersocially - Intelligent tool (gauge the sentiments of the audience) that is actively helping developers to expand their broker network based on the project attributes and get accelerated project sales

Totality/ Insomniacs - set of technology products, which eventually will help a Realtor optimise their spending, improve pre-sales/ sales/marketing team efficiencies, drive lead level engagements

Propacity – Helping Brokers manage & grow their business

Agent iChat – AI Chatbot built for Lead generation

Realiti - Enables marketing team's dream to target customers for every unit home individually or in any combination of their choice

eXp Realty - offers a virtual campus to embrace Metaverse technology for enhancing customer engagement on a large scale for brokers

5. **Branding** - Transform the way brands interact with customers

Some of the Startups in and around the Space are

Sparrow Interactive - Design and Build solution for creating Brand Centres of RE projects

Baetho – Storytellers & a no code platform which allows to create solutions that are capable of elevating the customer experience

6. **Democratising Homebuying** - Various customer-centric products help homebuyers make informed decisions. Some of them create advanced analytics that provide buyers with accurate and precise information about real estate. They use AI and ML to address the problem of information asymmetry in the real estate market. These AI-centric solutions may integrate a large amount of property data, social data, economic and market indicators, and environmental insights.

Some of the Startups in and around the Space are

Liases Foras / Propall / Aurum / Propsoch / Zapkey - bringing in a scientific approach to property pricing and for developing a reliable market database

Propcheck/ Nemmadi – HomeInspection & Area Measurement using tech

HedgeHomes- End to End home buoying Platform

Teal - Re-engineering property due diligence in India

PropertyPistol, NoBrokers - a one stop shop for customers not only for property search and allied services such as packers and movers, home-cleaning and painting, legal verification, rental agreements, home loans, interiors, payments, and any other home-related services

7. **Funding/Investing**

Fractional ownership platforms or real estate exchanges use blockchain technology to enable liquidity and reduce investment risk in commercial real estate. Some of the startups in this space include MYRE Capital, Alt DRX, Alt RealTech, Aurum WiseX, and Strata.

Credo - A home loan marketplace that helps users compare and apply for home loans

Early-stage, venture, and debt investments are also being made in the real estate sector. Some of the startups in this space include Gruhas and Oakbridge Capital.

Virtual data rooms are secure online platforms that help with many aspects of the deal process and automated workflow. They provide integration and secured access that connects to investment banks, advisory firms, and proprietary IT systems. Virtual data rooms also have translation facilities, AI-based technology to shift and appraise vast data, auto-allocation of documents, and AA functionality for smart reading, categorizing, and allocating documents. Some of the startups in this space include Drooms.

8. **Accelerators** – In addition to product- and process-centric startups, there are thematic accelerators that help startups by identifying, nurturing, and validating innovative startups that can address specific challenges and deliver significant cost savings, revenue maximization, and overall process efficiencies. Some of the startups in this space include Brigade REAP.

Impact

Key solutions offered by startups include automation of tasks, data-driven decision-making, and the utilization of artificial intelligence (AI) and machine learning (ML) algorithms for predictive analytics. These solutions have offered much-needed transparency, streamlined transactions, and better access to data, practices unheard of in the industry before. Additionally, startups are using VR-AR-3D technology to showcase properties to buyers and improve property showcasing. They are also using smart home technologies and maintenance optimization to improve the efficiency of homeownership. However, there is still a long way to go in terms of the adoption of these technologies by the real estate industry.

Startup Performance

According to data compiled by Fintrackr, real estate startups in India have raised nearly $2.4 billion between January 2021 and March 2023. This comprises 39 growth-stage companies that raised $2.25 billion and 69 early-stage startups that raised $145 million. The real estate industry attracted $551 million in investments in 2020, slightly more than $549 million in 2019. Venture capital-backed real estate companies raised $10.6 billion by July 2021, a nearly 28% surge from the same period a year earlier and the largest spend on record, according to data compiled by Crunchbase. Even though most of India's real estate industry transactions, worth over $1.4 billion, happen offline, over 50% of purchasing decisions start with an online search. This indicates the growing influence of real estate startups in India.

If you are considering investing in a real estate startup in India, here are some tips:

- Do your research. Before you invest in any real estate startup, it is important to do your research and understand the company's business model and its competitive landscape.

- Invest in companies with a strong team. The team is one of the most important factors in the success of a real estate startup. Make sure that the company has a strong team with experience in the real estate industry and in technology.

- Invest in companies with a clear vision. The company should have a clear vision for how it plans to disrupt the real estate industry. Make sure that you understand the company's vision and that you believe in its ability to execute on its plan.

Initiatives at Government

Some of the Initiatives by Government are as follows

1. Digitisation of Land Records to create Comprehensive and transparent land registry system.

2. Emergence of Smart Cities with smart infrastructure, energy management, waste management, and citizen engagement.

3. Online platforms for property registration, wherein one can register and track the progress of their applications digitally (by some of the States).

4. The implementation of technology in RERA has made it easier for home buyers to access information, file complaints, and track the progress of their cases.

5. Some municipal corporations have adopted solutions for property tax management which includes online payment systems, assessment tools, and digital records to streamline the collection and management of property taxes.

6. Government agencies are increasingly using data analytics and predictive modelling to gain insights into real estate trends, market dynamics, and urban planning. These technologies help in making informed decisions related to infrastructure development, land use planning, and housing policies.

Wayforward

Further Investment and collaboration between Startups, established real estate companies, and technology firms shall revolutionise the real estate sector and make it more transparent, efficient, and accessible to a wider audience.

Next big thing in the Space

- Super apps are disrupting the industry by providing enhanced and more targeted information and products. They can also allow businesses to access large volumes of customer data, which can be used to generate insights for the expansion of their products and services. Additionally, super apps can provide a seamless, integrated, contextualized, and efficient experience within the property industry. Super apps that acquire users through messaging, mobile payment, ride-hailing, or food delivery can integrate more offerings, including property and real estate-related services as their reach grows.

- Hyper care is a customer-focused approach to providing support that collaborates with real estate developers, owners, and operators to deploy fully integrated technology solutions that meet end-users' expectations.

- Climate tech is a field of technology that focuses on developing environment-friendly solutions for the real estate industry. This includes decarbonizing buildings, completing the booking, selection, and transaction process online, and even transforming buildings into revenue-generating clean power plants.

- Virtual worlds are digital environments that are becoming increasingly popular. Startups are deploying digital offices, residences, and retail outlets in virtual worlds. This could lead to a generational shift from brick-and-mortar real estate to virtual real estate. Crypto-centric residential communities are also being developed, where residents will purchase their land titles in the form of a non-fungible token (NFT) for both the virtual and real worlds.

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