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Technology-Driven Real Estate Development: A Game Changer or Matter of Introspection?

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Authoured by Sujay Kalele, Founder & MD, TRU Realty

Rapid development in technology has pervaded various sectors that anchor the economy. This is an instance that is also applicable to the real estate industry. The Indian real estate industry is expected to hit US$ 180 billion by the end of 2020, with the housing sector predictably contributing around 11% to the country's GDP by that time. Besides contributing heavily to the economy, the real estate industry is also a major source of employment for people in India.

Apart from these conventional steerers of the real estate business, there is an additional catalyst which is expected to transform the industry as a whole – technology.

Inside Out Approach

It's time. There is no industry that has been spared by the disruption caused due to rapid tech advancement. Today, the rising influence of millennials, followed by an investment boom in technology-driven real estate, is reshaping the industry not just in India, but around the world. The ubiquitous availability of internet and the shared economy aspects is starting to change the way businesses operate.

But the question that arises is: What is the reason behind a delayed tech adoption in real estate industry? The reason is simplicity. To adopt new technologies like sensors, data analytics, and big data, which is likely to drive the realty market to innovate more, the usage has to be simple, easy to understand and operate, and accessible. The rise in labour productivity in the industry has stagnated for a long period of time, which means, new technologies will replace the old methods, but the process is going to be slow. While it's true that disruption has the power to develop and transform the market, but it may also cause changes in the business model.

A Wave of Change – An Opportunity or Drawback?

There are dozens of arguments against and in favour of the present-day technology-influenced wave of change. Some realtors may look at it as a boon, while others may notice the weaknesses in its adoption. The overwhelming embracement of technology, mainly; AI-driven chatbots, augmented reality (AR) and virtual reality (VR), 3D printing, project and property management softwares, client referral systems, and digital marketing to boost sales, advance operational efficiencies, uplift home décor experience, enhance performance, and offer better visuals is being disrupted by most start-ups more than ever, leading to overcrowding and clutter in the real estate sector. Thereby, diminishing the rewards of PropTech and enhancing tech-saturation in the community.

What's given less importance in the present-day scenario is the adoption of the aforementioned technologies that are not directly considerate towards the core problematic areas of the real estate industry, in other words, the key process of design and construction is left out. Besides, in a developing country like India, trust issues, regulatory approvals, delays, budget overrun, and quality issues still prevail, which have less chances of getting addressed in the technology-driven real estate development wave. Its time, realtors consider and change their approach for these primary, yet core issues.

Solution – What will Work?

Here are some of the aspects to ponder on if looking to sustain and endure success in the real estate industry –

1. Efficiency is Key

Efficiency is the driver when it comes to delivering a profitable real estate project. This industry has witnessed days where the projects were small, choices were limited, and business laws were restricted, so the professionals in the field have faced immense stress to make quick and right decisions at all times. What most realtors today have missed out is the need to think "inside out" before embracing advancements. To gain competitive advantage and deliver a high-quality, affordable property to a customer, the focus first needs to be laid on the basic factors such as estimated time given, actual time taken, and gaps in the execution process. Besides this, any wasteful practices must be eliminated, time bound delivery should be encouraged and rewarded, and methods like Kanban, Just in Time, Job Card should be implemented. The road to efficiency through technology is a process, it requires realtors to dive into the core of real estate business.

2. The Secret is Time Management
"Time is of the essence" – whether this saying applies to other sectors or not, it's crucial in real estate for long-term success & sustainability.
In this capital intensive industry, the developers must be at the top of their game when we talk about timing. Each activity that has a cost impact must be managed and scheduled in order to improve the cash flow for developers, which is of utmost importance and especially applicable in a sensitive market like today's, where there's cut-throat competition to keep you afloat.

3. Data – The new Gold
How often are real estate agents able to identify the top factors buyers are looking for in their property search? Agents face a hard time predicting what the homebuyers want, their expectations, and the drivers of it. Here's where presenting a combination of real estate data and property transparency will aid buyers in taking a strong step forward. Why would a homebuyer value a realtor providing data that is readily available on the web? This is where realtors will have to step in give buyers advice on factors that are beyond basic property metrics like local economic trends, neighbourhood appeal, and nearby amenities. With the use of IoT (Internet of Things), which is already transforming the construction site, realtors can provide valuable property insights to the potential customers.

4. A new Approach – Collaboration Tool
Over the past few years, with the advent of mobile devices and web technology, homebuyers have taken a step ahead in terms of their real estate search. Investors are on a lookout for realtors who are open to collaborating to find their new property, and uses collaboration tools that make the process quick, convenient and simple. Fortunately, software developers in the industry are helping realtors serve the best services to the clients, right from messaging and scheduling to managing documents.

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