

# INSIDE REALTY'S PIVOT FROM TOUCH TO TECH

India's legacy real estate businesses have resisted adopting technology for long. Is this about to change?



The new tools that have come into vogue over the past year are also constantly evolving. Drone site visits, for instance, are being offered in real-time to improve the quality of a virtual tour.

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Imagine a giant ballroom at an upscale hotel in south Bengaluru, Karnataka. A few hundred people have gathered for the launch of a real estate project. On the stage, there is an auction-like mood. The developers' team drums up excitement and drama. The base price of the premium homes on offer is about to be revealed. The crowd cheers as the rate changes, until it stops at the final cost tag.

This was how real estate firm Puravankara Ltd launched its projects in pre-pandemic times. The mega launches were held alongside multi-city broker meets. But when the pandemic struck in the summer of 2020, all the glitz and showmanship came to a grinding halt.

In June 2020, Ashish Puravankara had to make a critical decision. Sales had taken a hit due to the nationwide lockdown, but there was demand and customer queries were still pouring in. He decided not to hold back on launches, even though everything seemed to have changed in the blink of an eye. In June and July, the publicly listed firm Puravankara launched three projects virtually. The online launches were attended by about 30,000 participants. The projects were launched on the firm's website as well as on YouTube, Facebook and other digital platforms. "In 2019, we had created an online launch platform but didn't launch any project. The digital tools were there but we used them only now," said Puravankara, managing director of the Bengaluru-based real estate firm. "The virtual launches reinforced our trust that this could be done."

In March 2021, just before the jolt from the second wave of covid-19, the company launched Purva Clermont, its first project in Mumbai. It was launched virtually, and small batches of customers and investors were also invited to the site.

Within India's real estate ecosystem, where good news has been hard to come by over the past year, virtual project launches and online sales have been the talk of the town. Puravankara, 42, said it's only a small part of the larger tech stack that his firm is planning to put in place to future-proof the business.

The developer is looking to deploy an enterprise resource planning (ERP) system with the aim to go fully paperless and

launch a new app with an in-built payments mechanism for prospective customers. Already, the firm has implemented an artificial intelligence-based tool called Neurovision to improve its external communication and increase the odds of converting an advertisement into a sale.

All this talk of artificial intelligence (AI) and new tech is, in some ways, a radical departure. India's real estate sector, which is dominated by family-run legacy businesses, has resisted adopting technology for the longest time. Amid the consumer internet boom and digitalization of other traditional sectors such as manufacturing and agriculture, the housing industry has mostly remained a largely touch-and-feel business. After all, customers still want to see and experience a home before committing to what could be their most expensive purchase. Naturally, while the use of technology in real estate has ballooned globally, India has been a laggard due to low acceptance and a high dependence on intermediaries in a highly fragmented sector.

But the pandemic has changed everything. Virtual tours, drone site visits and videoconferences that simulate the physical experience of a property are becoming increasingly common. According to a recent Housing.com survey, proptech or property technology companies raised \$551 million in 2020 despite the pandemic, the highest ever compared to \$549 million in 2019. So far, \$2.4 billion has been invested in India's proptech industry across 225 deals as of March 2021. According to data from Tracxn, around \$208.18 million has already been raised by proptech firms this year.

## FIRST CONNECT IS ONLINE

As the second wave-induced lockdowns and restrictions were lifted in June 2021, about 2,000 homebuyers visited the Mumbai project sites of Macrotech Developers Ltd, which operates under the Lodha brand, every weekend. In the pre-covid era, customers would visit the site first, and then engage with the developer. But now, the first connect is online.

"This is a paradigm shift for the housing sector, and it has changed the way we work," said Prishant Bindal, chief sales officer, Macrotech. "Virtual visits or sales were negligible earlier. Now, there is a detailed discussion on Google Meet or Zoom and the quality of the customer connect has improved a lot. By the time they come on

site in person, most queries have already been taken care of," he added.

Earlier, if 2,000 people visited a project site, it would finally convert to about 120 bookings, which has now gone up to 180, Bindal said. "It's a 50% upswing."

Mumbai-based Macrotech, which is the largest residential developer in terms of sales and has homes in the affordable as well as ultra-luxury segments, has also been organizing drone shoots so that customers can see the outside view from every unit, besides getting a sense of the home's interiors. The residential sector was severely hit last year due to the pandemic-led lockdowns but surprisingly it recovered swiftly, aided by pent-up demand, lower home loan rates and a stamp duty cut in states such as Maharashtra. Recovery was robust until the second wave.

## PROPTech AND COVID

Proptech platforms were popular only to find and finalize properties in the pre-pandemic era, now full-stack solutions that support discovery, advisory as well as transactions are gaining ground, said Dhruv Agarwal, chief executive officer, Elara Group, in the Housing.com report. The Elara Group owns Housing.com, PropTiger.com and Makaan.com.

For developers too, a data-driven digital approach that offers granular insights can result in improved predictability of the market value of a property along with better risk management and consumer engagement.

In July, Anarock Property Consultants launched an AI and machine learning-based proptech solution 'Astra' that claims to boost primary housing sales by 12-15%. Developed with its data analytics partner G-Square Solutions, the system's algorithm can analyse customer behaviour data to yield accurate leads, thereby boosting marketing efficiency, reducing costs, and delivering an engaged user experience to developers and their customers. It will be open for commercial use from September.

Anarock typically gets thousands of customer leads across multiple projects, following which the call centre identifies serious buyers and then, the sales wing usually conducts a follow-up. After this, the process moves towards site visits. Anarock's chief strategy officer Samil Mishra said that the new tool will help in predicting leads that have a higher propensity to convert into bookings. "We have used this program on the huge data that Anarock has for over a year."

Out of 100 leads, roughly 20-25% would fall under the 'serious' category. The whole system then tries to engage with

## mint SHORT STORY

### WHAT

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### MOREOVER

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by delivering on time. Everyone went to social media because it is the best way to advertise. Developers also didn't have the money to go back to print advertising," Bhagat said. "Covid may have accelerated tech adoption but in terms of on-site technology, there's still a lot that can happen."

Xanadu, which offers large and mid-sized developers a slew of integrated services including sales, marketing, pricing and customer engagement, saw a spike in business since the first wave of the pandemic as stress rose in the sector, said Vikas Chaturvedi, chief executive officer, Xanadu Realty.

As people stayed isolated, proptech firms used a variety of means to enable social interaction. Tech-led shared-living firm Colive recently launched a social networking app for students and young professionals. "Club Colive" also offers thousands of curated co-living spaces across cities, organized by property type, meal plans, locations and budget. Its users can make a choice based on these parameters.

NoBrokerHood, the society super app by NoBroker.com, even launched features to enable access control via integration with Aarogya Setu to ensure that people with high covid risks are stopped at the gate. The app also helped housing societies manage the quarantine of covid-positive residents and organize vaccine camps.

## THE FUTURE IS 'PHYGITAL'

No matter how crucial technology may have become in the post-covid world, it's certain that it will not deter homebuyers from physically checking properties and browsing sample flats.

Karle Infra Pvt. Ltd, which is developing a 62-acre township in north Bengaluru, has been offering virtual site visits for all potential customers, although earlier such visits were restricted to non-resident Indians (NRIs) mainly. It collected customer information and preferences through its Sales Buddy app, which assisted its sales team to deliver a more personalized pitch. "Going forward, the process will be a combination of virtual and physical but at some point of time, people will buy a home online," Anil Varghese, assistant vice-president, sales and marketing, Karle Infra, said. "It's like buying insurance, where you don't need an agent and you just do it on your own. Customer trust is still low towards developers. As that improves, the virtual play will evolve further."

"The sales engine is not only in house but also outsourced to the digital sales verticals of specialized outlets by developers who still want to preserve the brand name

that 37% of homebuyers were willing to close the deal after one site visit. About 60% were willing to use a digital platform to buy or rent a home. Developer credibility and virtual tours were among the top drivers for closing the deal online. Respondents in the 25-35 years age group were more open to closing the transaction online.

Lodha's Bindal said customer behaviour and preferences have changed drastically in a few months. In pre-covid times, a weekend visit would last an hour and the discussion would be dominated by a male member of the family with price being the key concern. "Virtual discussions sometimes last 2-3 hours and the whole family participates. Women today are an active part of the discussion, and a lot of (the) focus is on amenities, decks or balconies and there are questions about schools and hospitals in the vicinity. If virtual (negotiations) comprised just 5% of the whole process, it is 30% now. It will evolve further," Bindal said. Most of Lodha's virtual meets are led by closing managers who are women. About 50% of its sales managers who close transactions are also women.

However, Bindal said that in the few cases where a token amount is deposited after a virtual sales meet, it often gets cancelled. It is only when a customer pays a physical visit that a deal is assured. Technological advancements are expected to continue as homebuyers prefer reviewing projects online. "Tech-enabled developments such as home automation, contactless elevators, Wi-Fi-enabled self-sustained complexes and voice-enabled homes are the way forward," said Reeza Sebastian Karimparan, president, residential business at the real estate firm Embassy Group.

This year, Puravankara plans to launch about 14 million sq ft of premium, mid-market residential and it will be a physical-virtual process. "We are deploying some amount of AI that will analyse data and customer behaviour," Puravankara said. "We also want to apply more technology on our project sites and create a dashboard to see how many engineers reported to work, how much material was used, how much sq ft of tiles were laid. Based on that, the demand note should be sent, not just via the (current) monthly basis. In the next 6-8 months, we are also aiming to go fully paperless and digital...and that includes customer application forms."

Specialized organizations such as Xanadu Realty, Justo and Anarock are increasingly becoming more relevant for mid-segment and large developers

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