

2021



PROPTech

THE FUTURE OF REAL ESTATE
IN INDIA



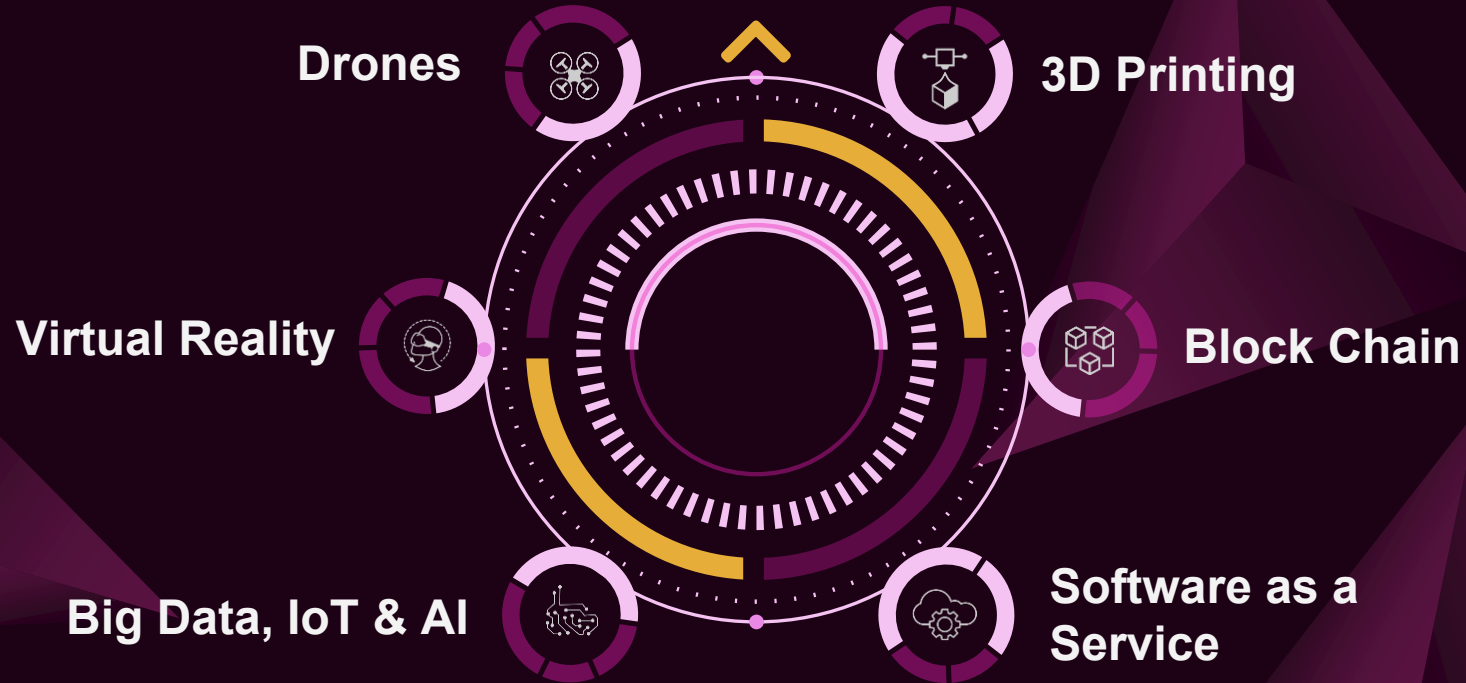
^PROPTech

is one small part of the wider digital transformation of the property industry. It describes a movement driving a mentality change within the real estate industry and its consumers regarding technology-driven innovation in data assembly, transaction, and the design of buildings and cities

SEGMENTATION - A MANY DIFFERENT THINGS



TECHNOLOGY **ENABLERS** IN REAL ESTATE



GENESIS – WAVES OF CHANGE

First Wave

1980 - 2007

- Launch of companies providing technology-based services for marketing, computer-aided design and data analytics driven by use of personal computers

Second Wave

2008 - 2019

- Use of technologies such as cloud computing, big data, smartphones and mobile internet in real estate sector with consumer experience taking centrestage

Third Wave

On - going

- Digital acceleration in real estate sector to multiply with necessitated use of technology in the current COVID-19 pandemic scenario



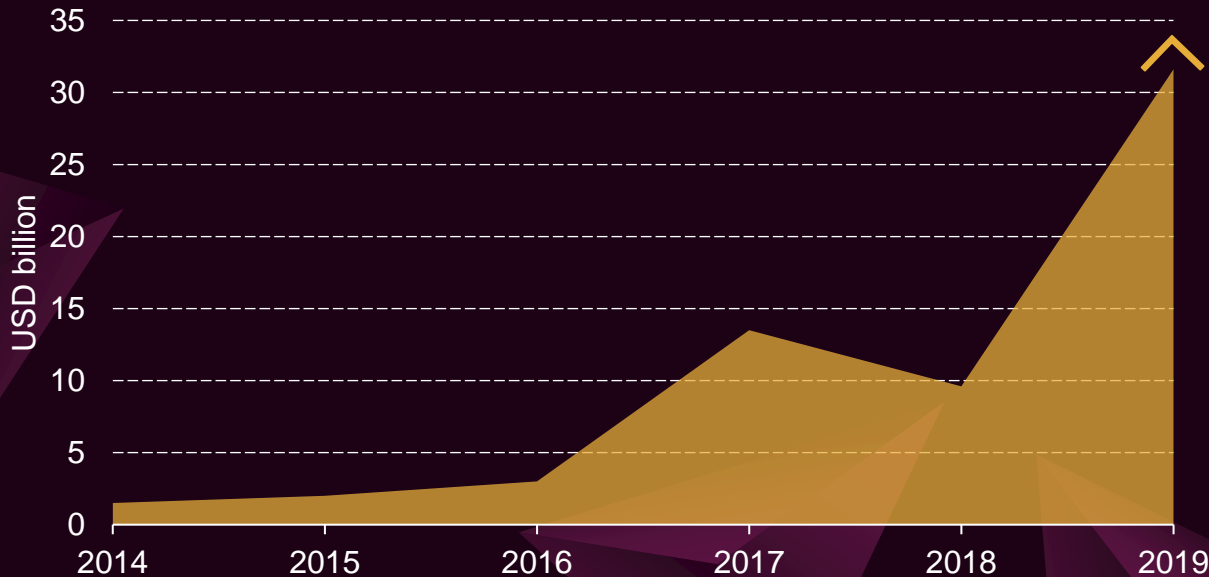
PROPTech [^]GLOBAL RECALL

USD **31.6** BN

➤ Record high investment in 2019

PROPTech – THE **SUNRISE** SECTOR

Global Investment Trend in PropTech



USD **31.6** BN

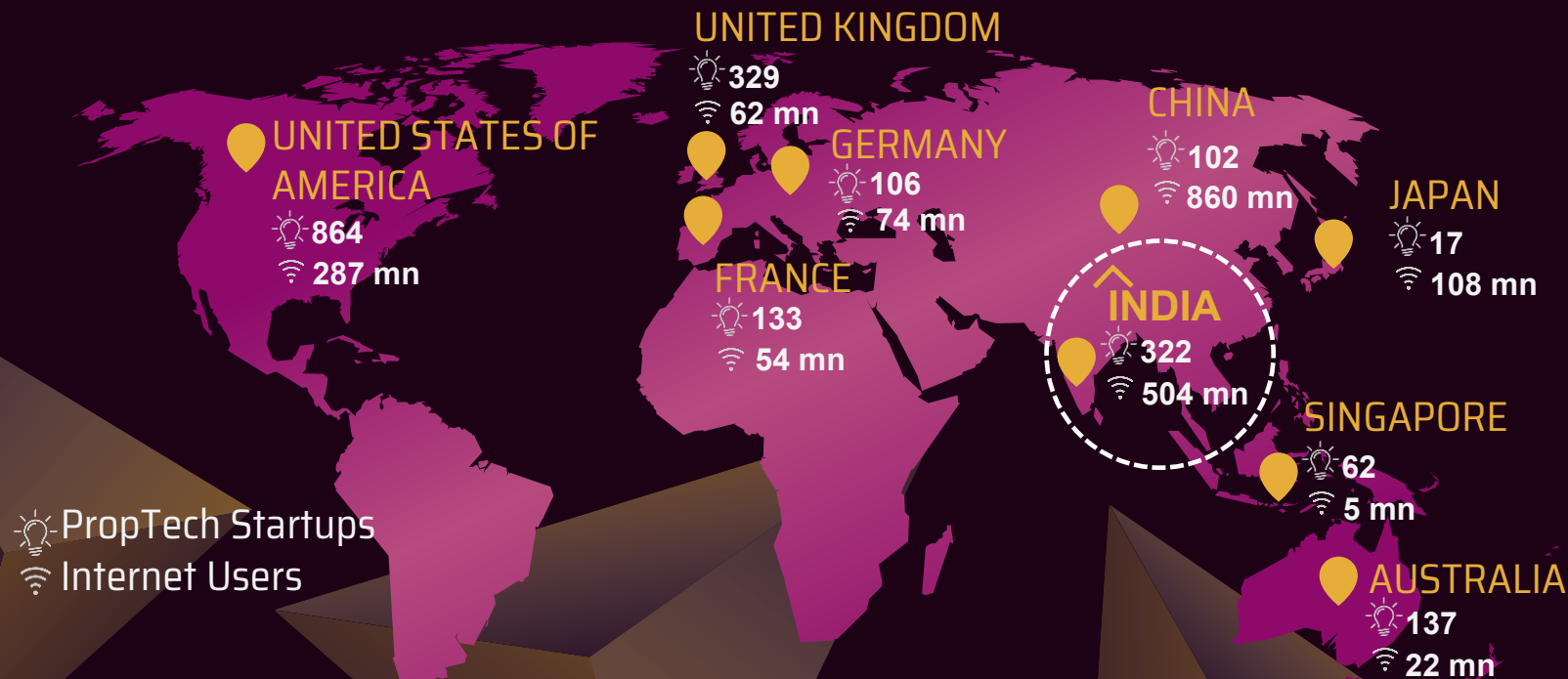
Record high investment
in 2019



4,053

PropTech startups
globally as of 2019

LEADERS IN WEST, OPPORTUNITIES IN EAST



PROPTech IN [^]INDIA



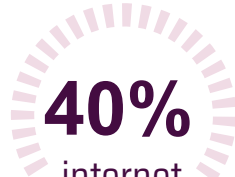
DRIVERS FOR **DIGITAL** TRANSFORMATION IN INDIA

INTERNET BOOM


2nd largest
internet user base in
the world




40%
internet
penetration



500 million
smartphone users
by 2020




71%
internet users aged
between 20 - 49 years



RAPID URBANISATION

416 million
more urban dwellers to
be added by 2050



PRO BUSINESS

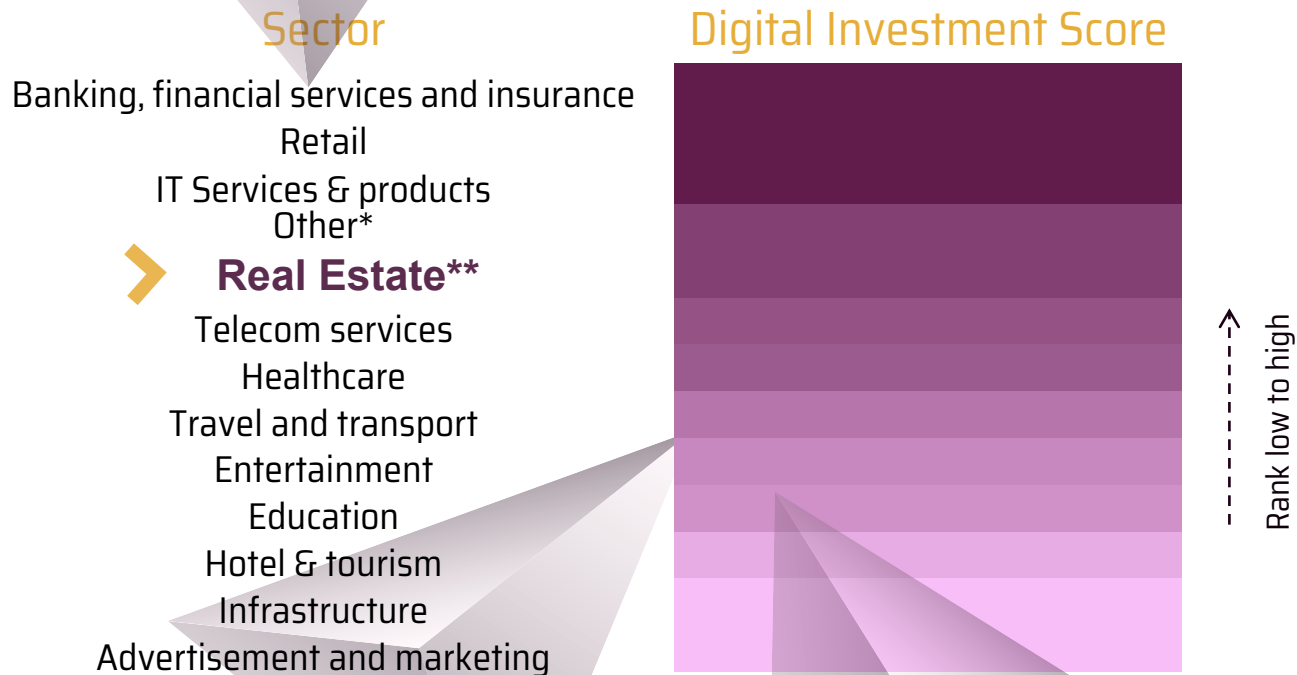
63rd rank
Ease of doing
business



GOVERNMENT INITIATIVES

Digital India (2015)
Smart Cities Mission (2015)
Foreign Direct Investment Policy

TECHNOLOGY PENETRATION ACROSS SECTORS



Source: Venture Intelligence, Housing Research

*Others include Manufacturing, Energy, Shipping and Logistics and other services ** Real estate includes deals and investments in real estate asset, PropTech and other real estate companies

***Digital Investment Score is calculated through weights on number of deals, total investment and investment in the digital space in the particular sector.

The investments tracked include private equity, venture capital, debt, PIPE (Private investment in public entity), project level investments, pre-IPO private equity deals, at the early, growth and late stage

PRIVATE MARKETS



REAL ESTATE

Investment
(2015 - 2020)

USD **239** BN

USD **36** BN

Decadal CAGR
(2010 - 2020)

18 %

10 %

REAL ESTATE



PROPTech

Investment
(2015 - 2020)

USD **36** BN

USD **2.1** BN

Decadal CAGR
(2010 - 2020)

10%

57%

PROPTECH MILESTONES IN INDIA

Real estate sector
dependent on
traditional ways

BEFORE

Emergence of online
marketplaces

2000 - 2010

- Online classified portals like Magicbricks, 99 acres enter the market

Entry of tech-based
startups across
segments

2011 - 2019

- Startups in segments such as shared economy, interior design services, furniture rentals, etc.
- At USD 530 million, investments in PropTech cross the USD 500-million mark in 2018

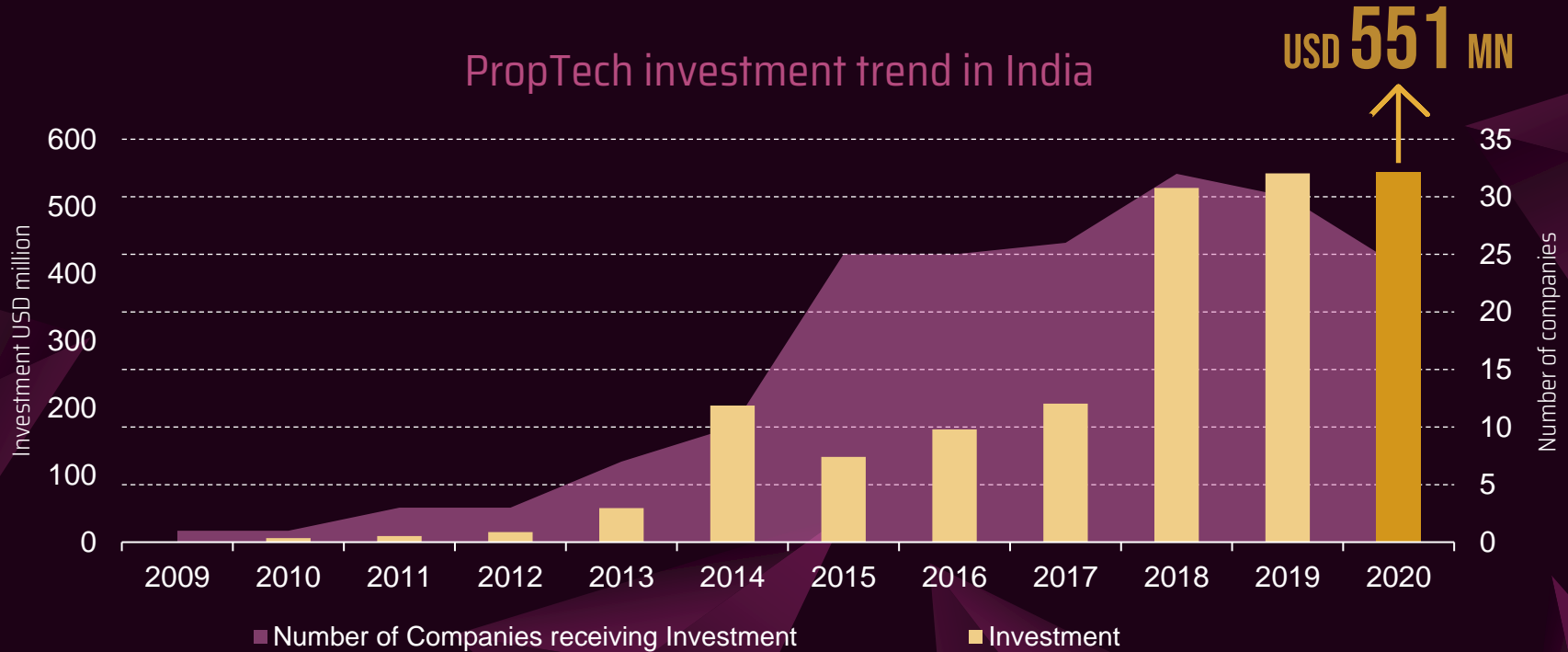
Acceleration in adoption
of technology due to
current pandemic

NOW

- PropTech industry in India clocked record high investment of USD 551 million in 2020 despite the economic uncertainty, surpassing the USD 549 million investments in 2019

PRIVATE MARKETS CONTINUE INVESTMENT MOMENTUM

PropTech investment trend in India

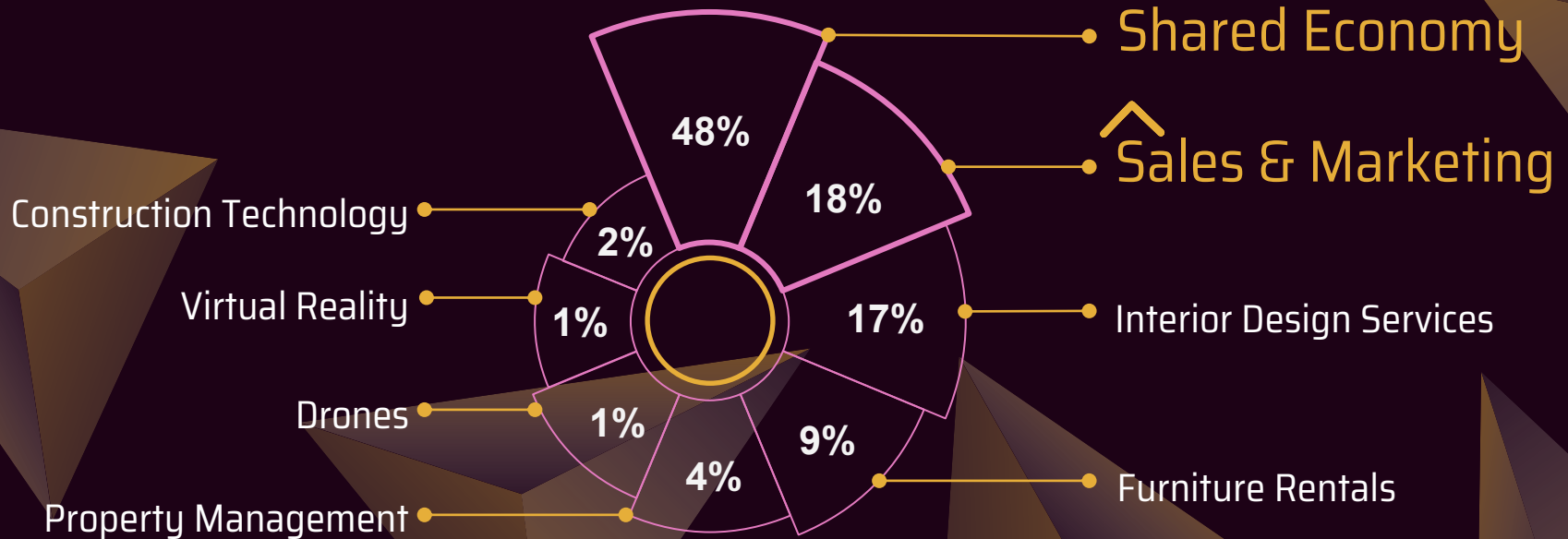


Source: Venture Intelligence, Housing Research

The investments tracked include private equity, venture capital, debt, PIPE (Private investment in public entity), project level investments, pre-IPO private equity deals, at the early, growth and late stage

LUCRATIVE SEGMENTS

Segment-wise share of flow in PropTech in India (2015-2020)



Total PropTech Investments (2015 - 2020) : USD 2.1 billion

BUSINESS PLATFORMS - THE **BLUECHIP** SEGMENT

	PRIVATE EQUITY INVESTMENTS (USD MILLION)		CAGR 2015-2019 (PERCENTAGE)	AVERAGE DEAL SIZE (USD MILLION)	
	2015	2020		2015	2019
SALES & MARKETING >	26	70	22%	4	70
SHARED ECONOMY	60	198	27%	7	33

BUSINESS PLATFORMS VALUE ADD ^

Online Marketing

Targeted and cost-effective consumer outreach

> 500 million
internet users; ~1
billion by 2025

Possible

Data can be
measured for
future decisions

Cost of reach -
INR 0.2 - 0.7 /
person

Interactive
consumer
experience



Reach

425 million
newspaper
subscribers



Targeted
Marketing

Not possible as no
control on circulation



Quantification

No measurement
matrix



Cost

Cost of reach -
INR 0.2 - 1 /
person



Engagement

Not interactive
for consumers

Offline Marketing

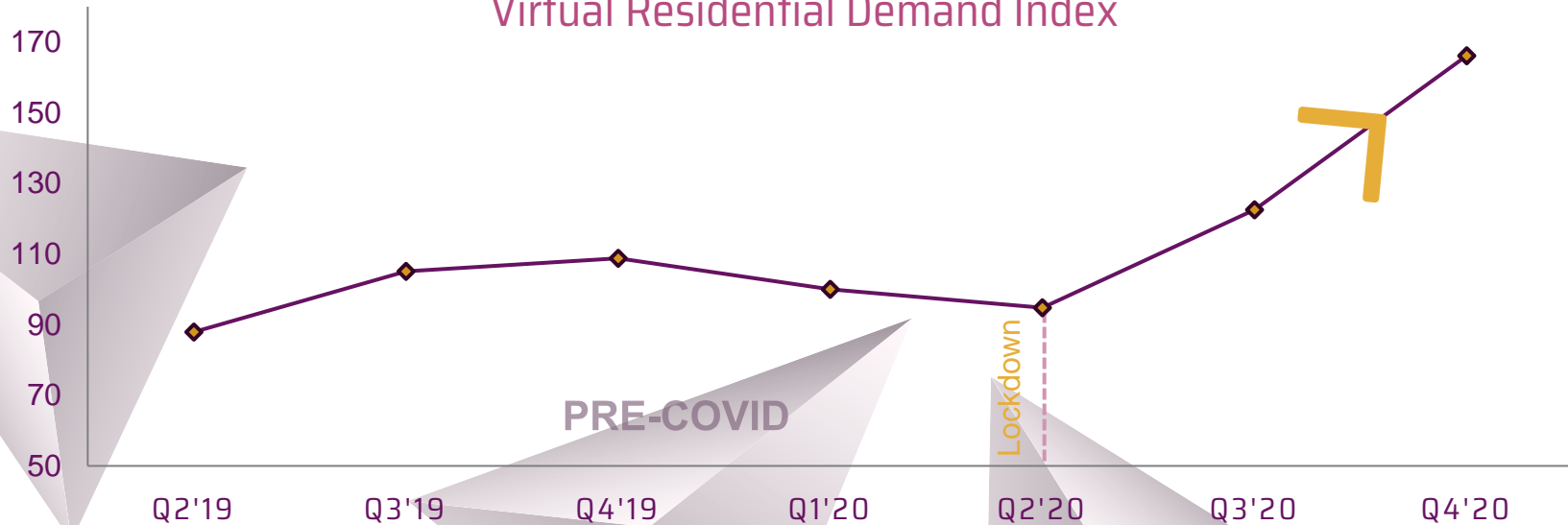
The background of the image is a composite of several elements. At the top, there are several overlapping, semi-transparent geometric shapes in shades of yellow and gold. Below these, an aerial view of a dense city skyline, likely Dubai, is shown. This cityscape is framed within the screen of a smartphone, which is positioned diagonally across the lower half of the image. The phone's screen shows the city buildings and a body of water. The overall color palette is dominated by dark tones, with the yellow and gold geometric shapes providing a strong contrast.

IS INDIA READY TO BUY ^ HOME ONLINE?

INDIA READY TO BUY HOME ONLINE

VIRTUAL RESIDENTIAL DEMAND INDEX SHOWS UPTICK POST LOCKDOWN

Virtual Residential Demand Index



PRE-COVID

Lockdown

Source: Housing Research

*Virtual Residential Demand Index is a barometer to gauge online consumer interest for residential properties for buying within a given period in the top eight cities. Base: Q1 2020

60%

People willing to **explore**
buy / rent options online

37%

Homebuyers willing to
close deal virtually after
one site visit

87%

Prefer smartphones to
explore digital platforms

58%

Potential homebuyers online
willing to explore other digital
residential services

Interior design services
Property management services
Furniture rentals

MAGNETS TO ONLINE PLATFORMS

Developer's credibility

Virtual reality

End-to-end assistance

Discount and freebies



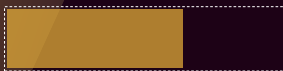
Rank low to high

MUMBAI MOST READY TO BUY HOMES ONLINE

READINESS METER

Least Ready

Most Ready



AHMEDABAD

MUMBAI

BENGALURU

DELHI NCR

PUNE

HYDERABAD

CHENNAI

KOLKATA

*Score for readiness meter for each city is calculated through weights on number of respondents wanting to close the deal completely online or after one site visit, number of internet users and population in each city

Source: Census of India (2011), IMAI 2019, Housing Research

KEY TAKEAWAYS >

- PropTech sector **globally** clocked **~USD 70 billion** (2014 – 2019)
- Private market investment in PropTech in India clocked **USD 551 million** in 2020 – **the highest ever**, compared to USD 549 million in 2019
- Sectors such as IT products and services, banking and financial services (BFSI), retail, real estate, and telecom services rank highest on Housing.com's Digital Investment Score for sector attractiveness for investments in the digital space
- **USD 2.4 billion** invested in PropTech in **India** between 2009 – 2020
- **PropTech** investments in India have grown by CAGR (2010 – 2020) of **57%**, compared to a **10%** growth in the overall real estate sector

KEY TAKEAWAYS >

- Average deal size of investments in **business platforms** grew to **USD 70 million** in 2020, **overshadowing shared economy**, which had a deal size of USD 33 billion during the same period
- **Virtual Residential Demand Index** touched 166 in CY Q4 2020 compared to 123 in the preceding quarter
- **37%** people ready to buy / rent home **entirely online** or after one site visit
- **Mumbai** most ready to buy a home online amongst top metros
- COVID-19 pandemic **accelerates** the use of technology across sectors

2021



PROPTech

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**For more research insights contact
research@housing.com**

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