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Proptech Usage in Indian Real Estate

Key insights from GRI Club's online meeting with market experts

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GRI *Club*

 **kotak**
Alternate Asset Managers

Introduction

For more than 25 years, GRI Club's exclusive networking events have been providing unique opportunities for the industry's decision makers to exchange valuable insights and experiences, igniting deal flow and potential using the real estate market.

GRI Club reports provide the key takeaways from these events, including the most valuable insights, the most ardent discussions, and the most intriguing strategies.

This report captures insights from an online meeting on **Proptech Usage in Indian Real Estate**. Industry experts delved into technology's role in business and development, addressing challenges and opportunities in India's dynamic domestic market. The exchange also provided a valuable opportunity to learn from the experiences of other countries.



Summary





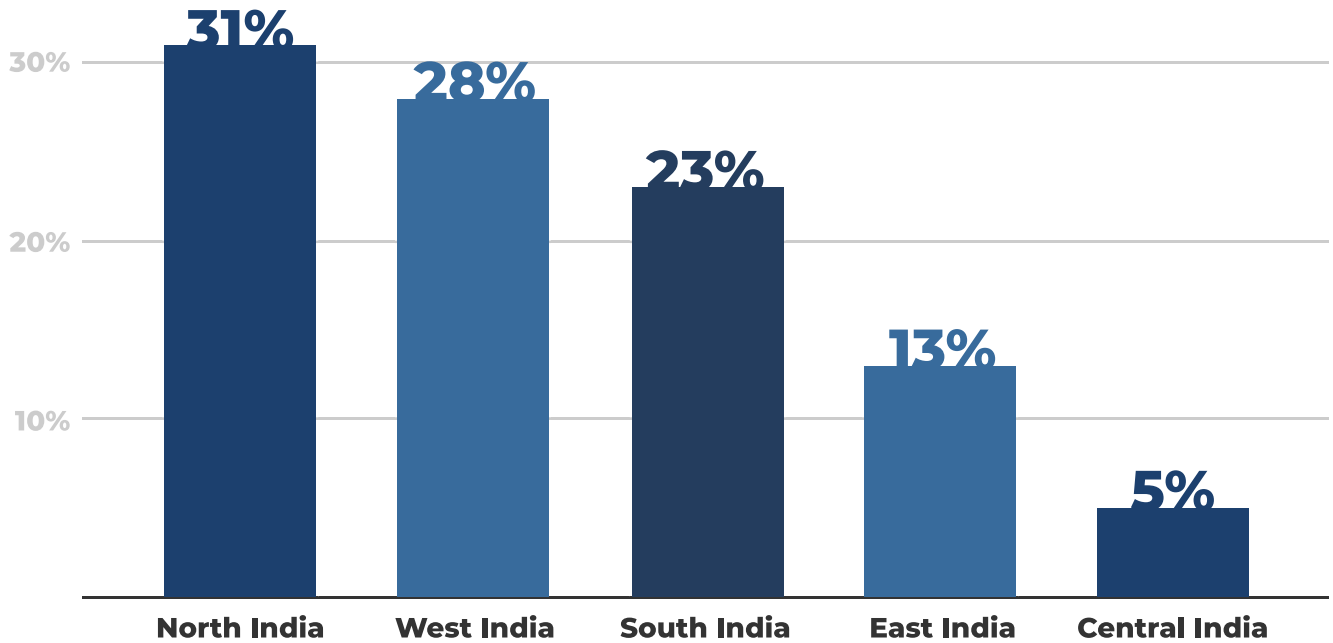
India's Proptech Ascendancy

As established by The Proptech Connection, a leading global advisory firm, the concept of Proptech is defined as anything impacting space, proving challenging to pinpoint precisely due to the changing ways in which space is utilised, particularly with diverse user cohorts and an increasing number of real estate use cases.

With around 18,000 of PropTechs globally, these innovative startups are viewed as a transformative force reshaping the real estate industry. In India, the dynamic evolution of the scene is marked by a surge in residential prices, the formation of REITs and the shift of foreign direct investment.¹

While Indian PropTechs, numbering between 2,000 and 3,000, are primarily smaller domestic players, their emphasis on end-to-end solutions, leveraging India's tech capabilities, is evident. Proficiency in English enhances their international appeal, facilitating seamless collaboration.¹

Share of PropTech-recognized startups in India between 2016 and 2022, by region

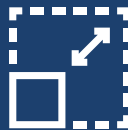


Source: Statista 2024

India's true strength, however, lies in developing customer-centric, tech-focused software, positioning it as a global hub for innovative solutions. This commitment to customer satisfaction and cutting-edge technology presents a unique advantage in the industry.



DATA + STRUCTURE



SPEED + SIZE



ESG + REPORTING



EASE OF USE

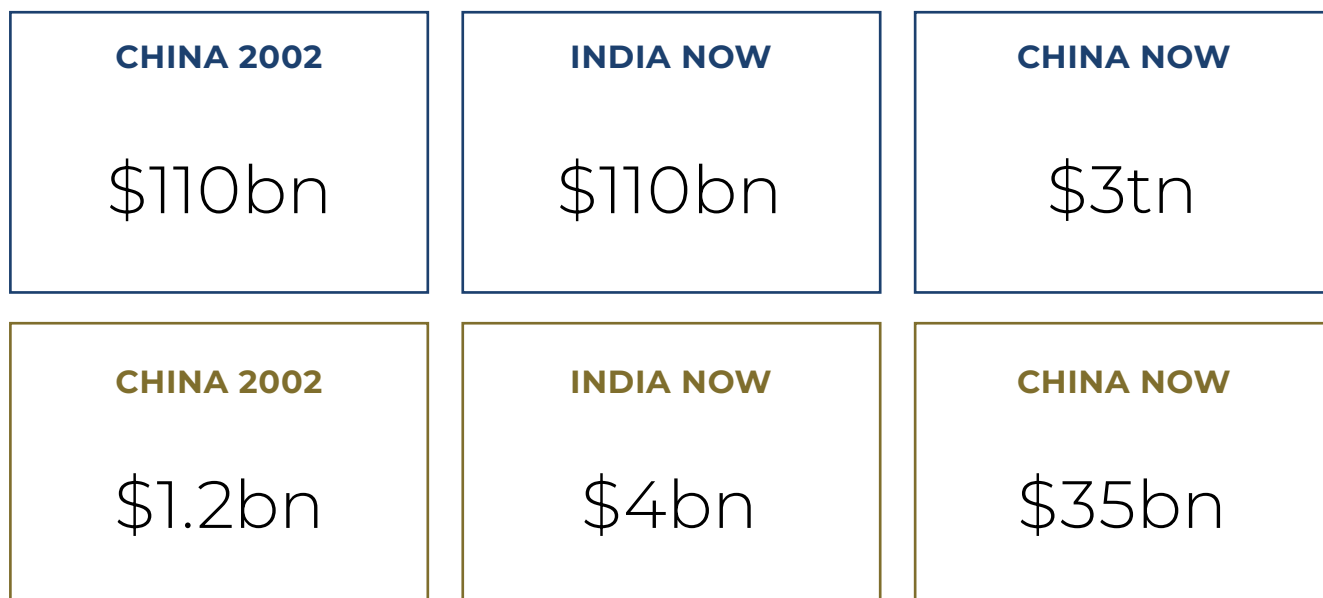


**TECH STACK
INTEGRATION**

Source: Stephen Macdonald - [The Proptech Connection](#), presented at "GRI Club: Proptech Usage in Indian Real Estate"

REPORT

A parallel drawn between India and China's real estate markets, with India's current \$110 billion market resembling China's in 2002, signifies significant potential in the Proptech sector.¹



■ Real estate market size ■ Brokerage market size

Source: Stephen Macdonald - [The Proptech Connection](#), presented at "GRI Club: Proptech Usage in Indian Real Estate"

This insightful comparison suggests a promising trajectory for investors and tech innovators in India, mirroring China's remarkable growth over the past two decades.

As many innovations within PropTech globally echo concepts that have already been explored, India has a valuable advantage. By examining global examples, investors and developers have the opportunity to learn from the challenges faced by other players.¹ The focus is on not just understanding but practically applying these insights, which promises a more efficient path in adopting and constructing real estate technology solutions.

Despite the positive outlook, there's a call for diversity in the PropTech sector, emphasising the need for a broader focus beyond residential transactions.



Source: Stephen Macdonald - [The PropTech Connection](#), presented at "GRI Club: PropTech Usage in Indian Real Estate"

Execution is deemed crucial in addressing the challenge of fragmentation within the Indian real estate market. Factors like aggregation and the potential network effect emerge as attractive considerations for international investors.

The anticipated growth momentum in Indian PropTechs is expected to persist, even in challenging circumstances. Drawing lessons from global examples, the country has a strategic opportunity to efficiently adopt or build technology, leveraging its ability to start anew to avoid the pitfalls of retrofitting other technologies to fit the needs of the India market.¹

¹ Source: Stephen Macdonald - [The PropTech Connection](#), presented at "GRI Club: PropTech Usage in Indian Real Estate".

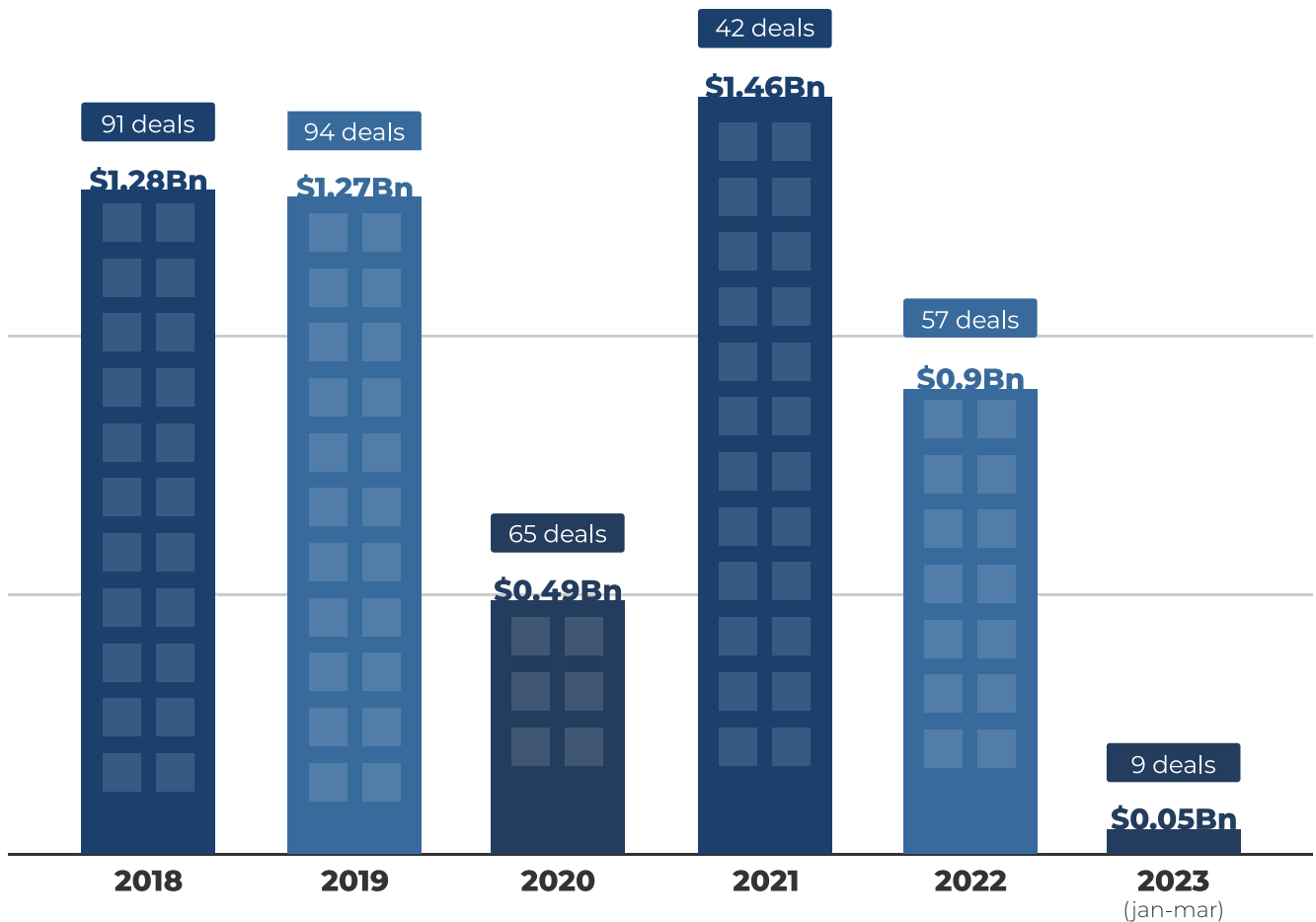
Tech's Eco-Conscious Revolution

Cutting-edge technologies, such as AI, VR, and IoT, are reshaping the real estate sector. These innovations are driving operational efficiencies, cost savings, and transforming property management and investment decisions.

There are some concerns about complexity and cost, but the implementation of technologies not only showcased tangible financial returns and short payback periods, but also contributed to enhanced efficiency, customer satisfaction, and improved user experience.



Year-on-year funding trend analysis of proptech startups



Source: Fintrackr, Tracxn

Procurement Management

The landscape of procurement is undergoing a revolutionary transformation, driven by cutting-edge technologies, notably AI and predictive analytics.

The tangible outcomes include the facilitation of analysis of historical data, ongoing market trends, and supplier performance through the lens of artificial intelligence.

Optimised inventory levels and the empowerment of proactive decision-making strategies are also enhanced by these technological advancements, ensuring a more informed and agile approach across various aspects of real estate operations.

Amidst these technological strides, blockchain emerges as a disruptive force, with a pivotal role as an enabler of transparency, traceability, and, significantly, the tokenization of carbon credits—an exemplary instance of technology meeting sustainability initiatives.

Design and Construction

The construction industry has undergone digitisation and automation of many aspects, facilitating resource management, predictive analytics, and collaboration among stakeholders using a shared database.

The evolution from conventional design methods to advanced 3D modelling signifies a profound shift in the architectural and design landscape. The use of sophisticated tools redefines how design processes unfold, going beyond visual aids to becoming integral components for in-depth cost and time evaluations.

\$741 Mn

Funding across
7 deals

Hospitality

Major Players: Oyo, FabHotels, Treebo, Braveistay

Growth Rate: 94% growth in revenue per available room (revPAR) in 2022 vs 2021. Tourism and hospitality sector to earn \$ 50.9 Bn by 2028.

\$413 Mn

Funding across
13 deals

Co-working

Major Players: WeWork India, IndiQube, Awfis, Innov8, Table Space

Growth Rate: To reach \$1.78 Bn at CAGR of 7% over next 5 years.

\$345 Mn

Funding across
29 deals

Real Estate

Major Players: Square Yards, Nobroker, 99acres, Housing, PropTiger

Growth Rate: To reach US\$ 1 trillion by 2030 from US\$ 200 billion in 2021.

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\$300 Mn
Funding across
9 deals

Property Management

Major Players: Square Yards, NoBroker, Anarock, NestAway, Stanza Living
Growth Rate: To reach \$22.04 Bn (globally) by 2023 at a CAGR of 8.8%.

\$297 Mn
Funding across
16 deals

Interior Design and Decor

Major Players: Livspace, Homelane, DesignCafe, Square Yards, Sunday Design
Growth Rate: To reach \$28.6 Bn at CAGR of 10.3% over next 5 years.

\$271.1 Mn
Funding across
5 deals

Mortgage and Finance

Major Players: Square YardsLoanKuber, PropReturns, Easy, Aviom, Andromeda
Growth Rate: To grow at CAGR of 20.58% during FY22-FY27.

\$240 Mn
Funding across
13 deals

Construction Tech (E-commerce)

Major Players: Infra.Market, Brick&Bolt, PowerPlay, Project Hero, OnSite
Growth Rate: To grow at AAGR of 6% from \$701.7 Bn 2022 over next 5 years.

\$180 Mn
Funding across
5 deals

Co-living

Major Players: Stanza Living, Colive, HooLiv, Hyphen, Crib, Ishtra, ZoloStays
Growth Rate: To double by 2025 to \$13.92 Bn from current \$ 6.67 Bn.

\$179 Mn
Funding across
8 deals

Furniture and Rental Tech

Major Players: UrbanLadder, Pepperfry, Furlenco, Rentomojo, Sunday Design
Growth Rate: To reach \$34 Bn at CAGR of 13% by 2025.

Source: Fintrackr

Design and Construction

The emphasis on achieving net-zero goals by 2050 highlights the pivotal role of technology in operations and management. Building Management Systems (BMS) stand out as a unique solution, seamlessly integrating with real-time data monitoring and playing a key role in enhancing energy efficiency, water conservation, and waste reduction.

In the past, reliance on conventional BMS and manual data processes was the norm. Technology emerges as a critical tool in addressing operational challenges, where the risks of inaccuracies associated with manual data entry can impede effective planning.

Its significance extends further to achieving significant milestones, including favourable energy consumption ratings and platinum certification for green buildings.

The value of technological interventions becomes evident over time, contributing to overall cost reduction in the long run. While initial cost considerations may deter some developers, the heightened awareness among occupiers, who meticulously scrutinise carbon footprints and building performance, underscores the importance of embracing innovative initiatives.



A hand holding a smartphone with a glowing blue digital cityscape on the screen. The cityscape is composed of various skyscrapers and buildings, some with glowing windows and circular light effects around them. The background is dark, making the blue glow stand out.

Breaking Digital Frontiers

The office market has integrated a spectrum of digital tools into their value chain, incorporating solutions like SAP and Salesforce alongside tenant and complaint management software.

The transition, however, encounters complexities, particularly in domains requiring human intervention. The challenge extends beyond recognizing digital's importance to ensuring its comprehensive adoption.

To overcome these challenges, strategic initiatives have been employed. The deployment of cross-functional teams, involving a central digital champion, the IT team, and end-users, has emerged as an effective approach.

This collaborative effort has successfully addressed hurdles in sales, marketing, and other areas heavily reliant on human interactions, ensuring the seamless integration of digital tools.

Parallel strategies involve skill upgrades and tailored solutions to meet user-specific needs. Motivation and accountability play pivotal roles in change management, fostering an environment conducive to embracing digital tools.

Moreover, the integration of digital tool use with internal audits establishes a robust framework for adherence and continual improvement.

Some of the mentioned initiatives were VGOT, to ensure the installation of communicable energy metres for real-time monitoring, digital tracking of waste generation, segregation, and recycling in real-time. The tech-driven approach also extends to sewage treatment plants and cooling towers, resulting in chemical-free treatment and reduced reliance on water tankers.

The focus on technology-driven solutions signifies a comprehensive approach to addressing both the carbon footprint and operational efficiency of buildings, contributing significantly to environmental impact.

This holistic vision reframes structures not as static entities but as dynamic contributors to sustainable practices, emphasising the transformative synergy between technology and ecological consciousness.





Pioneering Global Insights

Exploring global real estate technology trends underscores the recommendation for a proactive investment approach. This involves insightful evaluations of emerging PropTech solutions, typically in their early stages, fostering a strategic and forward-looking stance.

Executing this proactive strategy entails thorough assessments followed by the integration of these technologies into real-life projects.

One noteworthy PropTech tool is a construction management solution known as Open Space. Addressing challenges in design and construction coordination, it employs a 3D camera for real-time site image capture. This cloud-based tool not only facilitates communication among construction, property management, and sales teams, but also enhances prospect tenant interactions, providing valuable insights into project progression.

Another significant tool, VTS, plays a pivotal role in streamlining leasing processes. By aggregating data from various touchpoints, it ensures comprehensive communication across brokers, internal teams, and clients. This centralised data repository improves engagement efficiency, offering a holistic view of interactions and requirements.

Top 15 Revenue generating proptech startups in FY22

Name	Latest Valuation	Revenue	Profit - Loss
Infra.Market	\$4 Bn	₹6,236 Cr	₹186 Cr
Oyo	\$9.6 Bn	₹4,781 Cr	₹-1,940 Cr
Livspace	\$1.2 Bn	₹570 Cr	₹-645.2 Cr
HomeLane	\$250 Mn	₹426 Cr	₹-151 Cr
Square Yards	\$700-900 Mn	₹382 Cr	₹-225 Cr
Anarock	Unknown	₹296 Cr	₹28 Cr
Awfis	\$110 Mn	₹257 Cr	₹-57 Cr
Pepperfry	\$462 Mn	₹247 Cr	₹-194 Cr
Urban Ladder	Unknown	₹226.49 Cr	₹-9.63 Cr
CoWrks	Unknown	₹175 Cr	₹-169 Cr
Fab Hotels	\$120 Mn	₹149.61 Cr	₹-5.9 Cr
Furlenco	\$110 Mn	₹129 Cr	₹-151 Cr
Stanza Living	\$490 Mn	₹115 Cr	₹-417 Cr
Rentomojo	\$113 Mn	₹105 Cr	₹-13 Cr
NestAway	\$225 Mn	₹57.8 Cr	₹-94.9 Cr



Founded in 1998 in London, GRI Club currently brings together more than 15,000 senior executives spread across 100+ countries, operating in both real estate and infrastructure markets.

GRI Club's innovative discussion model allows free participation of all executives, encouraging the exchange of experiences and knowledge, networking, and business generation.

GRI Club Members also have xaccess to our exclusive online platform to learn more about other members and their companies, correspond, schedule meetings, and receive unrestricted access to all GRI Club content.

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