

Tech Tsunami Hits Real Estate

We are experiencing the most important transition the real estate industry has ever gone through, with changes happening around four distinct pillars that will greatly impact the sector. And they are taking place at the same time.

The Financial Model

The financial model, from ROI computation, to the funding process, to even the addressable products is being greatly disrupted.

The buzzword of 2017—blockchain—is here to stay and due to play an integral role in any industry. In real estate it allows not only for more transparency, but also facilitates the tokenization of assets, which in turn further facilitates the pooling of resources. That pooling is currently easily enabling a new business model: crowdsourcing.

Crowdsourcing is becoming more and more popular in many markets. It has expanded well beyond residential real estate and into the commercial space, with the potential to expand into urban infrastructure projects from building highways to toll gates. Certain markets have already privatized a few infrastructure projects and invited big companies to take part. With crowdsourcing quickly gaining in popularity, it is theoretically possible for a small town to pool its resources and invite its inhabitants to crowdsource the construction of a highway or a bridge.

Space arbitrage is poised to turn any property into a money-making machine. Already AirBnB turns any property or parts of a property into a hotel room for a few nights, but there are also companies at the moment creating marketplaces that enable property owners to rent out parking spaces to nearby workers or even backyard fences to advertising agencies or individual companies. Adding such variables drastically changes the equation for anyone owning a property, be it residential or commercial.

Building Technologies

Tesla's Solar Roof tiles can harness solar energy to add electricity to the grid, thereby turning homes from energy consumers to energy producers. Today there are many applications being developed that can turn the home into a self-sustaining structure, from water irrigation to smart agriculture that has the potential to enhance the importance of real estate.

Big Data is also being put into practice with asset outsourcing. Elevators can now be rented out to building owners as a pay-as-you-go service, using analytics to predict the traffic flow and servicing element, thereby maximizing use. With smart home applications developers could be able to understand, predict and adapt a home environment to the needs of its customers in a more personalized way.

The Buying Process

The buying process is being greatly challenged from many angles, be it real time market coordination using tech driven marketplaces, to the use of blockchain to record transactions and verify ownerships. Will anyone buy real estate online? The simple answer is yes. Buying a property is an emotional journey, and because it's an emotional journey, we will eventually rely on technology to enhance those emotions. Technology enhances emotions, it does not reduce them.

Let's look at the emotional touch points or signals that normal buyers look for to make a buying decision and compare that to what technology can do to emulate those signals.

Seeing Is Believing

The first touchpoint and perhaps the strongest signal, is to physically see the property. Camera technology has come a long way in the last decade, with megapixel camera phones that can take high-resolution images and video, and virtual reality and 360-degree pictures that give you eyes on the back of your head.

Hearing

Of course, it's easy for technology to relay this information, but let's go a step further. A 55 year old could be sitting in their home in Cairo enjoying a virtual tour of a property in Dubai, when suddenly Umm Kulthum starts setting the mood. Simultaneously, another viewer in New York of the same age could be listening to Sinatra. Technology merged with imagination can seamlessly, instantly and in a very relevant way enhance one's experience when making an emotional decision like buying a home.

Instant Staging

How many of people walk into a property and try to picture where the sofa goes? Well now software can instantly stage a home while someone is on a virtual tour to enable them to see what their next home could look like.

These examples are simply a glimpse of the endless possibilities that technology can help us achieve, by way of enhancing a potential customer's emotions.

Driverless Cars

One of the main benefits of driverless cars is of course no traffic. No traffic means that urban planning will drastically shift, and with it available land for development. Another very strong advantage of driverless cars will be parking—in that you simply may not need any. Ridding urban centers of prime parking lots will not only offer optimal development opportunities, but the fabric of building design itself will no longer be the same. Gone is the need for parking floors, driving ramps, etc. Buildings will no longer need to accommodate cars or drivers.

Only in the context of time will we ever be able to gauge the immense impact of technology on our everyday day life, however one thing is abundantly clear: it's impacting it for the better. Technology is enabling the real estate industry to do more, be more and strive for more.

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