How information technology is changing real estate industry in India

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Abstract
This paper would explore, how information technology i.e. e-commerce and web portals in particular are affecting real estate industry in India. Real estate in any part of the world is that industry where the transactions of high value occur. This is that industry where nobody without any experience would try to put its hands. In this industry every deal is based upon the information. The more information you have the more comfortable you will be. In the older time, even today, the deals in real estate market were being done with the help of brokers and the agents. Nobody would dare to invest money in real estate market without any experience of handling such transactions. But now, with the advent of information technology, websites and e-commerce portals, obtaining information has become easy. IT, today, is changing the way the deals are done in real estate industry. This paper makes an attempt to find out what kind of changes IT is bringing to real estate industry and whether these changes are beneficial or detrimental to the industry.

Keywords: real estate, IT, real estate India

Introduction

Real estate industry is that industry where people deal in buying, selling, leasing and rental of the properties. The deals in this industry are generally of high value, commercial nature and involve a lot of legal formalities as well as attract stamp duty too. A common man, who does not have any knowledge and experience of any such transaction take the help of brokers and agents who help their clients regularly in closing the deals. The help of dealers or the brokers is also taken in searching, bargaining, communicating and conducting business in real estate. The transactions and the positions of the parties depend upon the type of knowledge the parties have with themselves. Taking help from brokers and agents become necessary, because they do have that kind of information and knowledge about the properties available for sale, rental or lease. At present, with the advent of IT or e-commerce, people are getting information about the properties from online portals and the role of agents and brokers is getting limited day by day. Here we will try to find out what kind of impact, information technology is putting over the real estate industry where the customer are getting information, making transactions, contacting with interested parties through the help of online portals.

Objectives of the Study

1. To understand how real estate industry works.
2. To discuss the role of agents and brokers in real estate industry.
3. To compare the traditional method of closing the deals and digital method of closing the deals in real estate.
4. To find out what impact e-commerce is putting on the real estate industry.

Research Methodology

This research is based upon the secondary data. All the data and information has been taken from the books, article and the websites already available. The data and the information used in this study has already been published at different places which have been mentioned in the references for further study by the user.

Traditional Way Of Business In Real Estate Industry

- **Phase I: Listing of property in the market:** First of all, the owner of the property, who is a potential seller or landlord list the property in a database which is managed by local real-estate agents' board. In this database, the property is listed offline from where all the agents can search for the properties and can contact the potential seller. The residential houses or the commercial properties etc. can also be published in the newspaper for sale. The local database is not very common one and is not practiced at all the places in India. Generally, the potential seller contacts the agent or the broker and asks him to find a buyer/tenant for his property. This act of the owner or the seller can also be categorized as 'listing of the property'. Making the agents aware about the intention of selling or renting out the property is also considered as a listing activity.

- **Phase II: Search of Buyer:** Now, through multiple sources of information i.e. from the newspaper, offline database or through the agents, the potential buyer gets to know about the properties available. In this stage, agents play a very important role. They show the buyer appropriate houses according to this requirement in the form of location, size, prices and features and make him

understand about the features of the properties and the facilities that he may get in that property. It depends whether the buyer is interested in owning that property or he just want to occupy it temporarily for rent. If the buyer is thinking about owning a property then he will see it with a long run prospective and will consider the features more rigourously and if he just want to live in for a temporary or a short period then he may compromise with few features. The agents want to make the buyer convince that a particular property is best for him.

- **Phase III: Evaluation of the property:** In this phase, the buyer will evaluate the property by visiting it personally. The buying transaction in real estate industry is not like other business in which the transactions are of low value and buyer buy the goods just with a short description and review of others. As, the value of transactions in real-estate is high enough, so buyer would personally evaluate the property with so many criteria some of which may be like value, neighborhood, location, surroundings, distance from market, distance from the place of employment etc. most of the buyers will not be getting the property fulfilling all his requirement and he may have to compromise on few of them. The evaluation of property here is the most important task because it will decide whether the buyer will accept or reject the property.

- **Phase IV: Negotiation between buyer and seller:** After the buyer has identified a house, he will make offer to the seller through agent. In this phase, agent plays a really prominent role as he will ask the buyer to make an offer and will try to convince the buyer as well as the seller to agree upon a particular price. If the deal is not closed due to any reason then all the efforts of the agents will be in vain and he will not be getting any money from either of the party. The buyer will try to make offer of the minimum amount possible whereas the seller will be demanding more and more, whereas, the agent will try to close the deal in between where both the parties get satisfied.

Modern (Digital) Way of Business in Real Estate Industry
Here we will discuss how the e-commerce, internet or the digital means like websites and other portals are supporting the real estate transactions in the industry. There are so many websites and platforms which play a really important role in closing transactions in this industry. They have improved the connectivity between buyers and sellers and have provided with the facility of more enhanced, feature rich and extensive database of the properties. Now, we will discuss all the four phases of transactions again but now in the modern way or e-commerce way.

- **Phase I: Online Listing of property:** The task of listing the properties is done online and on the website made available by the webmasters or the big companies especially for this purpose. The listing is free up to some extent and if the seller wants more features like adding more number of photos or more description need to be provided then that website many charge some amount. In this case, the best thing is that they seller will not have to contact any agent and he can enter the information about his property like features, price, rent, location, facilities etc. with images. When this information is published, the same is stored in an online database of the website like a local real-estate agents in case of traditional way. This database can be accessed openly by the interested parties online and they can even communicate the the potential seller for any queries. This provides the better connectivity between buyer and seller through email, phone, web chat, SMS and other similar services.

- **Phase II: Search Functionality:** Where the web portals and online technology provides advantages to the seller to list its properties, it also give advantage to the buyer to make him capable to search property over the internet. There are some websites which provides local real-estate database listing facility, where the property will be listed in the database customized to a particular location. In that case, the buyers in that particular location will be able to find the specific property in their area. In that case, the seller will have to accept few very specific terms and conditions and if the listing is successful then it will eliminate the role of agent agents. So, we can say that this functionality poses some threat to the role of the agents.

- **Phase III: Evaluation without walk-through:** The technology has advanced that much in this industry that a user can evaluate the property without even personal visit. The web portals ask the seller to post some images of the property or the video and the buyer will be presented a mini tour of the house online. The websites like www.quickr.com provides this functionality. On this website, you can see even the neibhourhood, surrounding and other areas inside and around the property without actually visiting the site. Again, this will elimitate the role of agent who is supposed to show the property to the buyer in the traditional method. Many websites out there provides a full 360 degree view of the property and give a feel like the viewer is actually visiting the site. Earlier in the traditional method of transaction the agents did have the right to show property to the buyer because either they do have the keys of that particular property or they have access to the seller. Now, this feature also poses a threat to the role, need an existence of the agents.

- **Phase IV: Internet Negotiation:** Due to online listing, evaluation and searching of the properties, the parties, i.e. buyer and seller can negotiate too on the online platform. They can use the options like 'bid' and 'offer' available on the web portals. They are intimated about the bids and offers of the counter parties through email, control panel, SMS or other services that are offered by the e-commerce partner. Some websites provide a facility under which the buyer can offer a price without revealing his identity. In the same ways, seller can list a property without revealing his information online. In the traditional method of closing the transaction, the role of agent is most important because he brings the parties close and finally helps them arrive at a price where both the parties become satisfied. But now in digital style of closing the deals, the agent's role can be fully eliminated. This creates a real panic situation for the real estate agents.

Advantages of Online real-estate portals
Online real-estate portals have a lot of advantages over

traditional system of doing transactions and they can be discussed as below:

To the Seller
- Large network for listing
- Concealed Identity
- More offers
- Images can be posted
- No repeated visits by different buyers
- Online terms and conditions
- No need of personal interaction
- Saving of time and efforts
- No need to make requests to the agents

To the buyer
- Search functionality with custom search features.
- Concealed Identity
- Huge database with wide options
- More properties to choose from
- Saving of time and efforts
- Counter offer possible
- Unrestricted contact options
- A lot of time for bargaining without personal visits
- Anytime online visits
- Images can be downloaded and evaluated later on

To the industry
- More players in the market
- More satisfied parties in the industry
- More innovations can be expected
- Less chances of misrepresentation
- More encouragement to genuine buyers and sellers

Threats to real-estate industry
No doubt, these online portals and e-commerce are providing ample opportunities to the buyers and sellers who want to deal in real-estate and it can flourish the real-estate industry but at the same time, it poses some threats to this industry which can be discussed as under.
- **Agents may get eliminated:** As discussed earlier, in the modern way of dealing, the need of agent will be less and their role will be limited or they will be eliminated from the system. Not only this, the online database of the properties remove their monopoly status too because in the earlier times the information related to the properties were available only with the agents but now anyone can publicly view the information of the listed properties.
- **Dependence on electronic means:** Dependence on electronic means like internet and mobile apps may hamper the growth of the industry. As it will be possible only for those people who to do the transactions that have access to these things.
- **Increases Capitalism:** these portals are very costly and are operated by the big business houses, which enhances the capitalism. It will eliminate the chances of making money by the small agents of the brokers. People who use these online channels are ready to pay online to get more features and in this case only the big business houses are making money.

Challenges for online system of real-estate
There are few challenges also who can limit the growth of online portals and the way they process real-estate transactions.
- **Lack of norms:** In India, still there is a lack of norms regarding online transactions of real-estate. You can simply list, publish, view, select and talk about a property, but for making a legal contract you will have to go through a legal process which is not possible online. There is a need for proper set of norms through which parties can make contracts online through these portals.
- **More developed infrastructure:** The infrastructure of these online portals is very basic. There is a need for more advanced infrastructure where the properties can be booked, rented, leased and even bought and sold. It will require a lot of formalities like online contracts, government permissions, change in law and payment systems etc.
- **Online Scams:** As buyers and sellers can keep their identity secret and unrevealed, there are a lot of chances of scams in these portals. People may take advance rent or any upfront payment and thereafter they may elope. In this case, it will be difficult to rely upon these kinds of services. There is a need to make improvement in this area too.
- **Online Closing of transactions:** Even today, you cannot close the transactions online. There are a lot of big companies who are showing their interest in making this functionality available. It requires a lot of funding and government permissions which is not easy. So, a lot of work can be done in this area too.

Conclusion
The online technology is expanding day by day. Real estate industry is that one where the information is required to make the deals. In the traditional times, the agents were the source of information and their role was very prominent. Now, people have started making transactions through online web portals which list and displays properties online. Even today, due to the lack of infrastructure, norms, government permissions and funds etc. only the half of the activities related to real-estate can be processed online. For full transactions, a lot of work is required to be done in this area. If the e-commerce portals keep on working in this direction, then it may develop this industry a lot but at the same time, it may pose significant threat to the middlemen, agents and the brokers. But at the same time, they can take it as an opportunity. They can also use the online database available to get information about the properties. Not all the buyers are tech-savvy. The agents can learn how to extract information related to their properties in their areas and how to contact buyers and sellers with that information. They can also expand their activities by picking up the relevant properties from these portals. Only those agents, who will keep working by keeping themselves updated with the new and latest technology, will be able to survive whereas others may get eliminated.

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