# Proptech will be a game changer for real estate

MY SPACE BY PREVINDRAN SINGHE

Technology in real estate has dramatically transformed the industry over the past few years. Proptech, as it is commonly called, is found in the start-up space, within real estate businesses and in education institutes working on technologies that influence the built environment. Proptech innovations range from digital portals and platforms to the latest in architecture, construction methods, materials and environmental alteration.

According to CREtech, more than US$14 billion (RM56 billion, or almost double the value of Malaysia's residential transactions) were invested in real estate tech start-ups in the first half of 2019. Proptech companies can be found in various categories in residential and commercial real estate and use virtual reality, blockchain and big data, among other innovative technoligies.

In my opinion, there is now clarity in proptech, heavily focused on the following key areas:

- Faster and more automated construction;
- Streamlined purchase processes; and
- Data that delivers insights on commercial real estate.

## 1 New Age construction

Few proptech companies achieve unicorn status (a valuation of more than US$1 billion), more so in Asia. One of them is Revolution Precrafted from the Philippines, which has attracted investment from Singapore venture capital firm k2Global.

Revolution seeks to speed up the construction of individual bespoke homes and resorts through modular construction. Unlike the traditional approach, in which most of the construction is done onsite, Revolution builds pre-fabricated units at its factories, one of which is in Pasir Gudang.

Pre-fabrication has tremendous benefits, especially in delivering products at a fraction of the price. I see this as the most revolutionary change in the Malaysian real estate market moving forward.

Even Amazon has got into the game, investing in Plant Prefab, which builds sustainable prefabricated homes. The company aims to cut construction time by 50% and reduce cost by as much as 25%.

The hospitality industry is also embracing modular construction. The Marriot New York will be the world's tallest modular tower. Revolution is also involved in building resorts around the world.

## 2 Making conveyancing faster

Real estate transactions in Malaysia have always been arduous and confusing and involve loads of paperwork. In the past, when developers or real estate agents met with buyers, there was always something to sign, which is tiresome.

DocuSign and Dotloop (recently purchased by Zillow) were early movers in taking the transaction process online via e-signatures. More recently, another start-up, Qualia, is putting all transaction documents inside one transaction nucleus, where developers, banks, agents and buyers can liaise with each other and see the complete transaction procedures. It is only a matter of time before these technologies reach our shores. We already have the Lesys Tenancy app for tenancy agreements.

In some countries, companies like Notarize are making remote notarisation of documents possible. Many authorities now allow notarisation of documents via webcam, making it possible for people to complete real estate transactions from anywhere.

Blockchain may also play an important role in real estate innovation. Dubai has already moved its real estate transactions into blockchain. Propy, an early leader in such technology, acts as a single digital location for developers, buyers, sellers and their agents to transfer properties via smart contracts.

## 3 Big data, IoT

Today, we have more data at our fingertips than at any other time in history. Developers and owners of office properties are now able to get information on how their assets are performing on various levels — from rental rates to energy efficiency — in real time.

Such data is easily gathered and collated and can be used with greater insight. A variety of start-ups, including Experanti IOT Sdn Bhd, help property managers make smarter decisions based on actual data rather than projections. This leads to faster and more accurate assessments.

Buildings can use data via the Internet of Things (IoT) to automatically adjust to the number of people inside them, the temperature outside and other factors to maximise tenant comfort and minimise energy costs.

Big data and virtual tour technology can create simulations that allow developers, consultants, architects and contractors to "visit" every corner of the building before even starting construction. This can assist in design development and cost management, besides helping future occupants envisage their new space.

Data is truly an important topic. The Malaysian corporate real estate industry needs to push for a strong data infrastructure to improve end-to-end efficiency, as the portfolios of many companies are highly diversified across sectors like offices, logistics, warehouses and leisure.

## 4 Advancement in virtual tours

In the past, viewing a property meant flipping through a folder of pictures. Then came the internet. With faster download speeds, we can now view hundreds of photos of a home on our phones. The subsequent innovation will be virtual tours.

There are already three-dimensional tours that let you click through a model of the home, and zoom in and out as you go. Our local portals have tools that allow developers and agents to film and present a virtual tour.

We know of some luxury real estate agents who use technologies such as Oculus to present a complete virtual reality experience. A potential buyer can walk through the home as if he or she were there.

In the future, we will see virtual staging (look up BoxBrownie), which lets agents select a variety of home or office decor styles and apply them to images of a property. The updated photos give viewers a better sense of what the property will look like furnished. Some virtual staging technologies allow users to select the type of furnishings they would like to see and customise their homes accordingly. This, for me, is game changing.

## 5 Smart homes

I think there is enough literature on smart homes in the market. The next phase, we reckon, will be voice-activated technology, the likes of Amazon's Alexa or Google Home. Smart home features will quickly evolve from an item on a wish list to a must-have in years to come. I was taken aback a few weeks ago to see my father-in-law use voice-activated commands to turn on electrical devices in his house.

The impact of 5G is another area of growth. It already starting to change the way cities and buildings are going to be powered. The accessibility of 5G and growth of artificial intelligence will enable more cities, authorities and developers to develop reactive and citizen-focused townships of the future. One only needs to look at China, where 5G is already implemented in many cities.

The growth of real estate tech presents a huge opportunity to find new approaches that can add value to the industry and to properties directly. For me, there is no end in sight to how technology will alter the way we live, play, work and invest. ∎

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