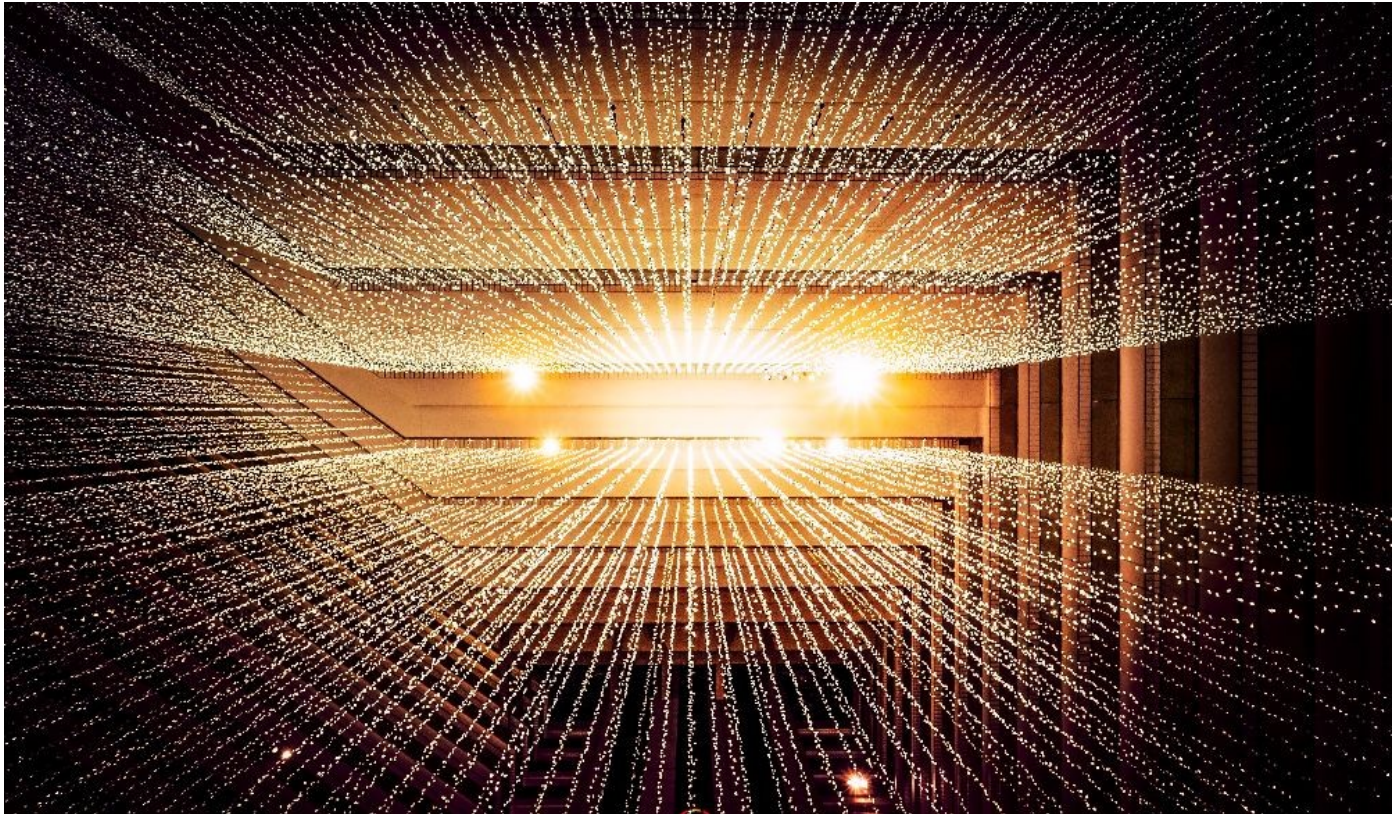


5 Trends in Real Estate Innovation

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Spanish Tit-Bits



Real estate innovation has dramatically changed the face of the business over the past several years.

Innovation happens in both the startup space and through university programs such as the Massachusetts Institute of Technology Real Estate Innovation Lab, which focuses on technologies that impact the built world. The lab works with innovations that range from digital platforms to the latest updates in architecture, construction materials, and environmental adaptation.

According to research from commercial real estate and tech experts from CREtech, more than \$12.9 billion was invested in real estate tech startups in the first part of 2019 alone. These tech companies span a range of categories in residential and commercial real estate and work with a variety of innovative technologies, including virtual reality, blockchain, big data, and more.

Real estate innovation centers on a few key areas, including:

- streamlined residential purchase processes,
- faster and more automated construction, and
- data that delivers insights on commercial real estate.

1. MAKING PURCHASES EASIER AND FASTER

Real estate transactions have traditionally been time-consuming, confusing, and full of complicated paperwork. In the past, real estate agents met with clients every time there was a document to sign, which was often an inconvenience for everyone involved.

Tech startups such as DocuSign and Dotloop were early innovators in bringing the transaction process online through the ability to e-sign documents. Now, startups such as Qualia are putting all transaction documents inside one transaction hub where lenders, agents, and clients can interact and view all stages of the transaction.

Companies like Notarize are making remote notarization of documents possible. Many states now allow notarization of documents via webcam, making it possible for people to complete real estate transactions from anywhere.

Blockchain, a universal digital ledger, may also play an important role in real estate innovation. Propy, an early leader in blockchain technology for real estate, uses the Ethereum blockchain as the base of a platform that acts as a single digital location for buyers, sellers, and their agents to transfer properties via smart contracts.

2. VIRTUAL TOUR INNOVATION

In the past, previewing a property meant flipping through a book of small black and white pictures. Then came the internet. With faster download speeds, we can now cycle through hundreds of photos of a home on our phones. The next phase of real estate innovation is virtual tours. There are several types of real estate virtual tours:

- Companies like Matterport create complete three-dimensional tours that let you click through a model of the home, zooming in and out as you go.
- Some luxury real estate brokers have used technologies such as Oculus for a complete virtual reality experience. A potential buyer can get the experience of walking through the home as if they were there.
- BoxBrownie and other companies offer virtual staging, which lets agents select a variety of home decor styles and apply them to images of a home. The updated photos give viewers a better sense of what the home will look like furnished. Some virtual staging allows the user to select the type of furnishings they'd like to see and customize the output accordingly.

3. CONSTRUCTION MEETS THE DIGITAL AGE

Few tech companies achieve unicorn status (a valuation of more than \$1 billion). One of them is Kattera, a manufacturing startup that has raised \$1.2 billion in funding so far.

Kattera seeks to speed up the construction of individual homes and commercial real estate through modular construction. Instead of doing most of the work at the construction site, Kattera builds pre-fabricated walls and modules at its factories. Pre-fabrication has a few key benefits, like avoiding weather delays and reducing construction waste.

Another startup, Plant Prefab, has received an investment from Amazon for its vision of creating sustainable home-manufacturing factories. Plant Prefab's goal is to cut construction time in half and reduce costs by as much as 25%. The company's houses are smart homes customized to owners' comfort and preferences. In the end, they'll deliver energy savings.

Hotel brands, including Marriott, are also embracing modular construction. Marriott is planning to build the world's tallest modular tower in New York City. Hilton recently opened the first modular hotel in the San Francisco area.

4. BIG DATA CREATES AN OPPORTUNITY FOR DEEPER KNOWLEDGE

We have more data at our fingertips than at any other point in history. This presents a tremendous opportunity for innovation. Real estate developers and owners need information on how their properties are performing on a variety of levels, from rental rates to energy efficiency.

This data can be easily gathered, tabulated, and turned into actionable insights. A variety of startups, including Bowery, Enertiv, and Buildium, help property managers make smarter decisions based on actual data rather than projections. This leads to faster and more accurate appraisals.

Buildings can also use data gathered through smart technology to automatically adjust to the number of people in the building, the weather, and other factors that maximize tenant comfort while minimizing energy costs.

Big data can be used to create 3D models and virtual reality simulations that let developers, construction teams, architects, and lenders tour a building in detail before they even break ground. This can prevent costly mistakes and help future tenants visualize their new space.

5. SMART HOMES AND THE FUTURE OF REAL ESTATE INNOVATION

In the last decade, the internet of things has changed how our homes function. Some of the biggest technology giants have invested in and acquired smart home technology. Two prime examples are Google's development of the Nest thermostat into a line of smart home projects and Amazon's purchase of the smart doorbell company Ring.

Last year, Amazon announced a partnership with Lennar to put Wi-Fi, smart locks, doorbells, thermostats, and lights, all powered through Alexa, into new homes. Don't be surprised if you see smart refrigerators that let you know when you're running low on your favorites or water faucets that fill a cup to a precise amount based on your voice instruction soon.

How important is voice-activated technology? A recent survey by the National Multifamily Housing Council found that 43% of respondents said they were interested in or wouldn't rent without voice-activated virtual assistants like Amazon's Alexa or Google Home. More than a third said they already owned such devices. Smart home features have quickly evolved from a wish-list amenity to a must-have.

One of the biggest challenges of more prevalent technology is the transfer of a smart home to its new occupants. In the past, you simply turned over the keys. Now, with smart homes, it's important to make sure the former occupant's data, including passwords and search histories, is completely deleted.

Similarly, problems can arise with new owners getting access to all of the information they need to best use the smart home systems. While smart homes can make life more enjoyable, they do add a new level of complexity for both owners and renters.

We're still in the early days of real estate innovation. The next phase of design and technology may focus on how autonomous vehicles will change our urban landscape. There's no end in sight to how much technology will change the way we live, work, invest, and play.

Source: www.fool.com