



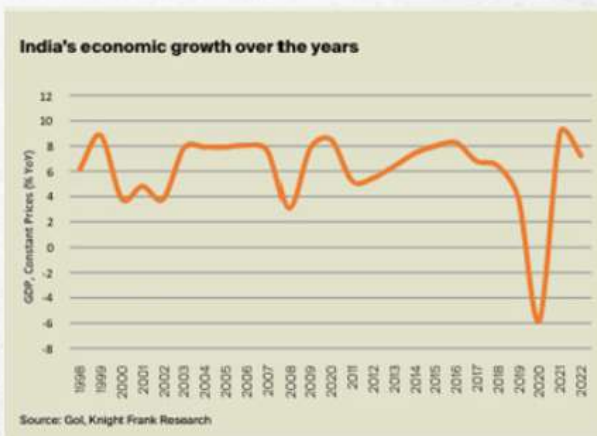
**Sudhakar
Vijayasarathy**

Founder Evalo

THE FUTURE OF VALUATION : EMERGING TRENDS AND OPPORTUNITIES

*Om thathpurushaaya vidhmahe suvarna pakshaya dheemahi
thanno garuda prajodhayaadhu*

INDIA'S ECONOMIC GROWTH & FIFTH LARGEST ECONOMY PREDICTION



Since the introduction of economic reforms and liberalization in 1991, India's economy has transitioned through multiple changes, with broad based developments across various sectors – manufacturing, services, financial and more. In the last 25 years, India's economy has grown at an average real rate of 6%, going through cycles of economic expansion and contraction. The size of the Indian economy has expanded from

USD 0.5 bn in 1998 to USD 3.4 bn in 2022, and is currently positioned as the fifth largest economy globally. emerging as one of the world's largest and fastest-growing economies. In this scenario, increasing the wealth of lower and upper-middle-class investors, several investment sectors offer opportunities to grow wealth over the long term while managing risk.

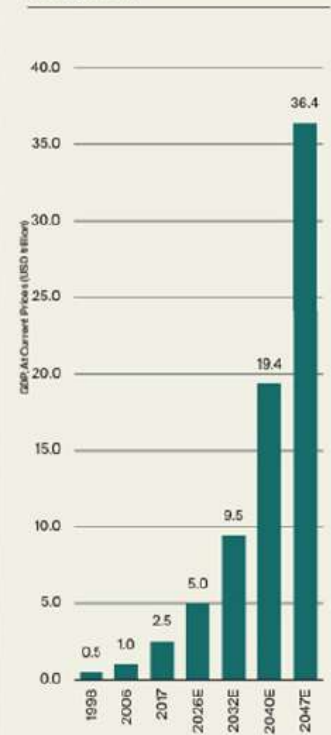
REAL ESTATE GROWTH & PREDICTION

Residential sales in India



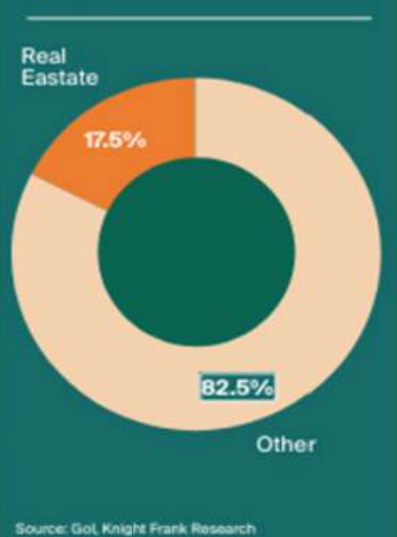
Source: RBI, Knight Frank Research. Note: Residential sales across top 8 cities in India, 2023 data is until Jun 2023

Size of India's economy, at current prices, USD tn



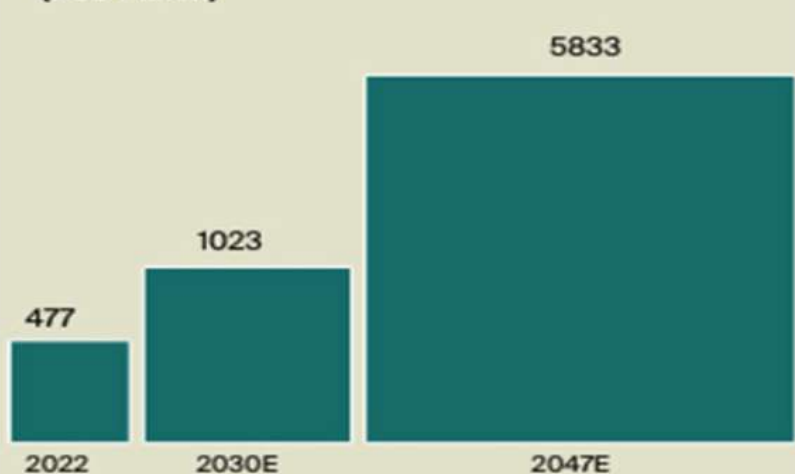
Source: Govt, Knight Frank Research

Real estate sector contributes 18% to the total employment in India



Source: Govt, Knight Frank Research

Multifold growth in India's real estate market size (USD billion)



Source: Govt, Knight Frank Research

Home » Money & Banking

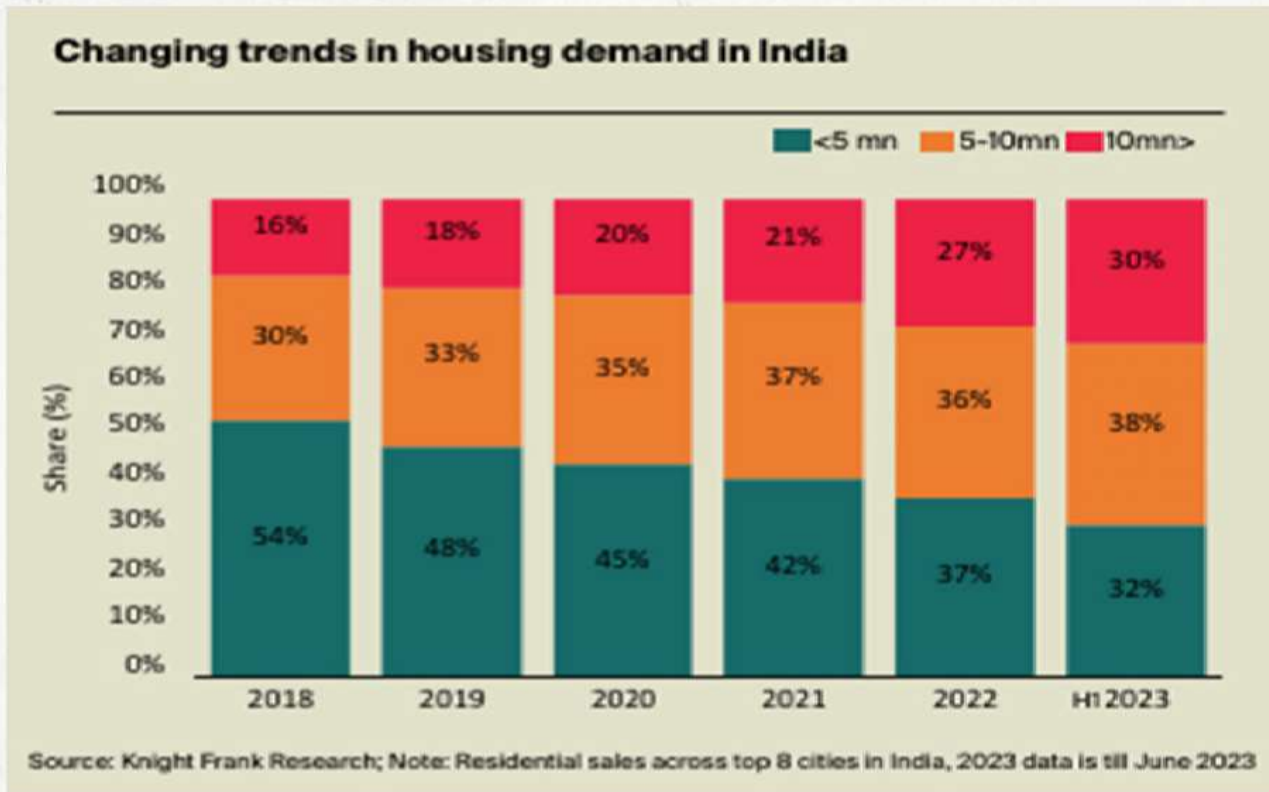
India's home loan market expected to double to ₹48-lakh cr in 5 years: SBI report

Updated - August 08, 2022 at 03:19 PM | August 8

India's home loan market, currently valued at 24 lakh crores, is expected to double in the next five years, mirroring the overall trend in the country's aspirations to become a \$5 Trillion Economy by then, State Bank of India said in a report.



THE CHANGING TRENDS



India's real estate market thrives on the back of long-term economic performance. Despite challenges like currency depreciation and policy shifts from 2013 to 2017, the sector regained momentum in 2021. Factors such as low interest rates and increased salaries propelled a significant resurgence in residential demand.



KEY OPPORTUNITY

In the coming years, India's economy is set to soar; thanks to factors like a young population, increasing income, and smart government policies.



This growth will touch every sector, including real estate. However, to keep growing steadily, the real estate industry must adapt to economic changes.

As the demand for housing rises, it means more business for the valuation industry. It's essential for us to seize this opportunity, adopt the right mindset, and ensure we have the necessary tools to navigate this shift effectively.

THE TRANSITION TO DIGITIZATION IN VALUATION

The Indian real estate sector has come a long way. Gone are the days when real estate valuation relied on manual processes and tools like typewriters.

The transition to software like Word and Excel revolutionized the industry by streamlining calculations and data management. These tools facilitated faster analysis and reporting, marking a significant improvement in efficiency.

THE RISE OF EFFICIENT SOFTWARE SOLUTIONS

Today, the real estate valuation landscape is witnessing a paradigm shift towards more sophisticated software solutions. These solutions use advanced algorithms, big data analytics, and artificial intelligence to enhance accuracy and speed in valuation processes.

From cloud-based platforms to machine learning models, these tools empower valuers with comprehensive insights and predictive capabilities.

The advent of technology has transformed the industry, making it more efficient and data-driven.

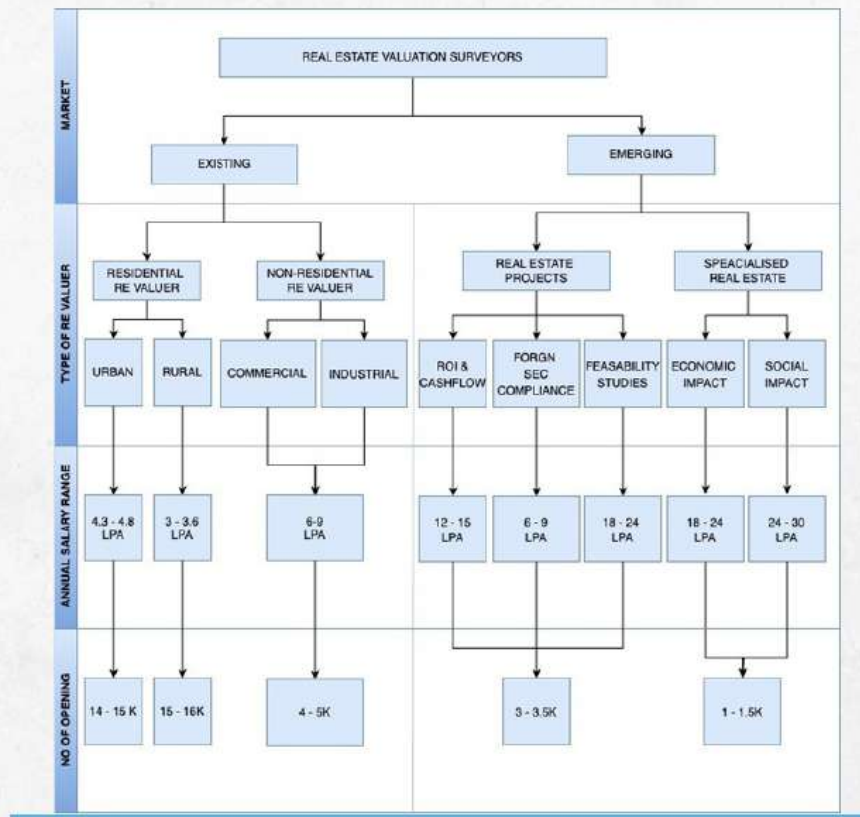
It is the need of the hour to shift from traditional methods and embrace technological proficiency in order to meet the demands effectively.

THE SUPPLY-SIDE GAP

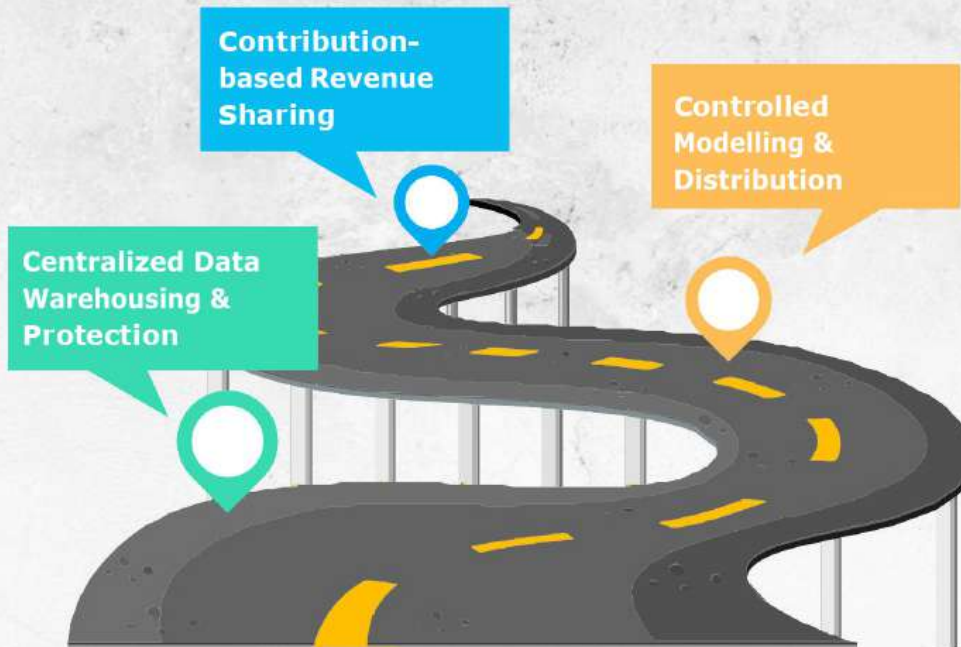
By 2047, the projected housing requirement in the nation is a staggering 230 million, signaling a remarkable surge in demand. However, this soaring demand sharply contrasts with the current supply, underscoring the urgent need for action.

The Valuers' Community comprises two categories: Valuers in Practice and Valuers in Service. The below image illustrates the supply-side gap, also signifying opportunities in the Mortgage Sector for Valuers in Service.

CAREER OPPORTUNITIES FOR REAL ESTATE VALUERS IN SERVICE



A ROADMAP TO READINESS



CENTRALIZED DATA WAREHOUSING & PROTECTION

Centralized data warehousing and protection are fundamental components of the digital ecosystem for valuers, ensuring the secure storage and management of sensitive property data.

By consolidating data into centralized repositories, valuers can streamline operations, enhance data quality, and improve efficiency in the valuation process.

Robust data protection measures, such as encryption and access controls, are crucial for safeguarding the confidentiality and integrity of property information, thereby maintaining compliance with regulatory standards.

Prioritizing data security helps valuers mitigate the risks of data breaches and privacy violations, build trust and confidence among clients and stakeholders

Centralized data warehousing and protection not only facilitate regulatory compliance but also demonstrate the valuer's commitment to safeguarding client data, ultimately contributing to business success and sustainable growth in the digital era.

WHAT IS NEXT

The key aspect of last-mile digitization in Indian valuation involves incorporating regional and localized data sources into digital platforms. These encompass property records, land surveys, government databases, and region-specific market trends.

Through the digitization of such data and its integration into centralized systems, valuers gain access to a more thorough and precise understanding of property values and market dynamics nationwide.

This advancement not only enhances efficiency and accuracy but also contributes to the concept of "Atma Nirbhar" (self-reliance).

ESG FRAMEWORK?

The next big move is not just about upgrading software and automating processes anymore. The genuine catalyst for change lies in the forward-thinking and proactive integration of the ESG framework.

ESG stands for Environmental, Social, and Governance. It's a framework used by companies and investors to evaluate a company's operations and its impact on society and the environment.

THE FUTURE

AI-driven Valuation Models: Machine learning algorithms are increasingly being employed to analyze vast amounts of data and derive precise property valuations. These models factor in diverse parameters such as location, amenities, market trends, and historical data to generate accurate assessments.

Blockchain for Transparency: Blockchain technology is gaining traction in real estate valuation for its ability to provide transparent and immutable records of property transactions. This enhances trust and reduces the risk of fraud, thereby improving the overall credibility of valuation processes.

Virtual Reality (VR) and Augmented Reality (AR): VR and AR technologies are revolutionizing property inspections and visualization. Valuers can now conduct virtual tours of properties and assess them.

The advent of technology has transformed the industry, making it more efficient and data-driven. With rapid advancements in AI, the future of real estate valuation in India holds even more exciting prospects.

CONCLUSION

As the Indian economy continues to flourish, the real estate sector is poised for exponential growth, leading to an increased demand for valuation services. It is important for stakeholders in the valuation industry to equip accordingly and adapt to emerging trends and technologies to meet this growing demand effectively.

One of the key challenges in the Indian real estate market is the supply-demand gap, which underscores the importance of valuers in practice to expand. Embracing data warehousing initiatives will be crucial in consolidating vast amounts of data and facilitating informed decision-making.

Moving forward, the ESG Framework (Environmental, Social, and Governance) is expected to play a significant role in reflecting the industry's evolving priorities towards sustainability and ethical practices.

Things that were unimaginable in the yesteryears are inevitable today.

Unequivocally, the future will be shaped by advanced technologies such as AI models, blockchain, augmented reality (AR), and virtual reality (VR). These innovations hold the potential to revolutionize valuation practices, enhance accuracy, and provide stakeholders with deeper insights into the market.

As the Indian real estate sector continues its upward trajectory, embracing technology-driven solutions and staying attuned to evolving market dynamics will be essential for valuation professionals to thrive in this dynamic landscape.