UPCOMING TRENDS OF DIGITALISATION IN REAL ESTATE SECTOR

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In this article, we will cover how the real estate sector is transforming from one that involves on-site involvement and people's skills to one that can be controlled digitally. We are going to discuss the various aspects of the real estate sector that are being picked up by this way of digitalisation and are going to completely transform this sector. We will cover in detail the upcoming trends of digitalisation in the Real Estate Sector whose major component is the Tokenisation of Assets, Fractional Ownership of Assets, Real Estate Investment Trusts (REITs), tech platforms and steps by central and state governments to stay in line with these trends.

Tokenisation of Assets is the process of converting real assets into digital tokens which represent fractional ownership of the assets. These assets can be bought, sold and traded through blockchain. Earlier, access to real estate investments was very expensive as one was required to have good quantum of money to enter the real estate market. However, through the tokenisation of assets, one can buy fractional parts of these real estate assets and trade them to reap their benefits. In fractional ownerships, there is lower initial investment and higher liquidity as compared to physical real estate. This would allow every citizen to be a part of this sector and is not restricted to be on the speculator's side.

With this idea, real estate properties could be traded like stocks in the share market with a natural regulatory body like National Stock Exchange (NSE) controlling these markets. This would open the gateway of the real estate market to retail investors as well. Tokenisation of these assets is straightaway eliminating the concept of primary and secondary markets. Primary markets are markets where assets are issued directly to the general public. Secondary Markets are those markets where investors trade assets between themselves. Tokenisation will allow issuers of assets to directly trade with the public through Initial Coin Offering (ICO). To understand ICO, one can compare it with an Initial Public Offering (IPO) in the share market.

The question now arises is," how is tokenisation of these assets is being done?" It is being done through Distributed Ledger Technologies (DLT). Blockchain is a subset of DLT through which tokenisation is being done. DLTs are digital systems that are able to store data decentrally across multiple computers. There are certain advantages of using DLT to trade assets. One of the most important benefits of DLT is that it is immutable, that is it is secured and transparent, and can be accessed worldwide by those who have access to the internet. In DLT, there is a feature of smart contracts that provides for the automation of agreements. Smart contracts are digital agreements where the performance of the contracts is done automatically by the DLT. It automatically performs the contract if the pre-conditions are met. It would involve the disbursement of funds, acquiring ownership of an asset once payment is done, etc. One of the key features of smart contracts is that it acts as an automatic alarm if the software finds any discrepancies within the contracts or the documents that are registered electronically. Currently, the delay in finding these discrepancies in the documents or contracts leads to legal battles which can be now avoided at the earliest. [1]

However, there are a few drawbacks to relying on DLT which are discussed as follows: -

In DLT, if someone fraudulently misrepresents himself to be the owner of an asset and injects that asset into the server, then it remains there permanently. It is necessary for DLT to have regulated validators who keep a check on these transactions consistently. Though DLT is considered secure and transparent, it is prone to cyberattacks and can lead to an invasion of privacy as it is holding the essential documents of a citizen with money and assets holding. From a legal perspective, such violations would attract the right to privacy which was held as a fundamental right under Article 21 of the Constitution in the ***K.S Puttaswamy case***[2]. In this case, the court emphasised on contours of privacy where individual is empowered is empowered to use privacy as a shield to retain personal control over information. Therefore, the regulating body of DLT would have to equip itself with a strong infrastructure in order to protect itself from any invasion of privacy of citizens. Also, it has to be whether the trade of immovable property through DLT would still be governed by the Transfer of Property Act or whether a specific legislation be formulated that will look at the transfer of property through DLT. Currently, in India, policies are being formulated to regulate DLT and tokenisation of

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[1] OECD (2020), The Tokenisation of Assets and Potential Implications for Financial Markets, OECD Blockchain Policy Series, www.oecd.org/finance/The-Tokenisation-of-Assets-and-Potential-Implications-for-Financial-Markets.htm.

[2] *K.S. Puttaswamy v Union of India* (2017) 10 SCC 1.

assets. However, how this pans out when there are legal disputes in these sectors has to be seen in our country.

One of the key examples of tokenisation of assets is Real Estate Investment Trusts (REITs). It is a collective investment scheme that empowers an investor to invest in income-generating real estate assets by purchasing units of it. Investments are made in assets such as shopping malls, office spaces, hotels, and apartments and these assets are rented with the aim of generating income for unitholders. [3] In this system, A promoter or individual can pool ₹50 crore or more from at least 200 investors to issue units for acquiring and managing real estate assets, allowing investors to earn income without having day-to-day control over operations[4]. Though these are not tokenised on DLT, they are traded through the stock market and are regulated under a security laws framework. In India, REITs came into being in 2019. So, only 6 years have passed and there is potential of REITs to expand in India. It shows that REITs in India are at a nascent stage. As the regulatory framework develops, investors will gain confidence in potential of REITs and tokenisation of assets in the near future.

Digital tech platforms are developing that are aiming to make use of this era and convert the real estate sector into a digital market. One such example is Alt DRX. Alt DRX is a tokenised real estate marketplace that has recently raised USD 2.7 million as a part of the pre-series A funding round. The investors include Qatar Development Bank, Hindustan Media Ventures, and Times of India Brand Capital with Harsha Bhogle (the golden voice of cricket) and Richard Rekhy (former CEO of KPMG India) as its angel investors. [5]Alt DRX intends to facilitate real estate trading via its digital app where the transaction units will be Square Feet Area (SQFA). The denomination of these tradable digital assets will be ALT. SQFT. Alt DRX intends to trade real estate through their mobile application and trade will happen in a square feet area. These tradable digital assets will be called ALT.SQFT. To ensure the security of their ecosystem, the application is assuring to safeguard data storage and all core functionalities through a multi-layered security architecture. This app also follows the model of fractional ownership, thereby targeting middle class to have access to the real estate. This would be backed by blockchain

[3] Aashika Jain, 'What Are REITs And How Do They Work?' (Forbes, September 6 2021) < https://www.forbes.com/advisor/in/investing/what-are-reits-and-how-do-they-work/> accessed 8 June 2025

[4] *SEBI Notification on Small and Medium REITs*, Gazette of India (Extraordinary), Part III, 8 March 2024 https://indianreitsassociation.com/wp-content/uploads/2024/04/SEBI-Notification-on-SM-REITs.pdf accessed 8 June 2025.

[5] Syed Afsha Ali, 'Alt DRX Secures $2.7 Million in Fresh Funding to Revolutionize Digital Real Estate' (*Business Outreach*, 5 May 2025) https://www.businessoutreach.in/alt-drx-raises-fund-revolutionize-digital-real-estate/ accessed 8 June 2025.

technology which would keep the data secure and transparent. [6] This is the first app and if this app is even to see pinch of success, other founders and conglomerates would engage their teams to look into further avenues.

Now, we are going to cover some of the trends that are being implemented toward digitalisation of real estate sector. In the most recent update, central government through the Ministry of Rural Development has drafted a bill named 'The Registration Bill 2025'. This bill is at the stage where it is inviting suggestions from the public till 25.06.2025. This bill is looking to replace the 117-year-old 'Registration Act, of 1908'. One of the key features of this bill is that this bill is facilitating online registration. In this, the bill enables the presentation, admission and issuance of necessary documents electronically. There will be verification mechanisms like Aadhar-based authentication which will be permitted[7].

The other update is that Chandigarh is planning to digitise its land records of the entire Union Territory (UT) under the central government's Naksha project. It will involve acquiring a database of land which will be created by integrating aerial and field surveys along with modern GIS Technology[8]. Maharashtra has also launched an online tenant verification system integrated with the Crime and Criminal Tracking Network and Systems (CCTNS). This development will ease the process by reducing police station visits, and streamlining rental approvals.

Conclusion

Even though it seems that building such a digital infrastructure and functioning trade of assets does not seem plausible, Indian government and the world would aspire to find solutions to adopt such strategies to implement digitalisation of assets. In today's era, data is the new oil and as the world is going digital, every developing and developed country would have to be prepared for this in order to stay ahead with time. It would be difficult for those who are resistant to the new era and stick to the traditional methods.

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[6] Alt DRX | World's First Digital Real Estate Marketplace

[7] Department of Land Resources, Ministry of Rural Development, *Registration Bill, 2025* (2025) https://cdnbbsr.s3waas.gov.in/s3d69116f8b0140cdeb1f99a4d5096ffe4/uploads/2025/05/20250526906486876.pdf accessed 8 June 2025.

[8] HT Correspondent, 'Chandigarh to digitise land records under central government's 'Naksha' project' (*Hindustan Times*, 31 May 2025) https://www.hindustantimes.com/cities/chandigarh-news/chandigarh-to-digitise-land-records-under-central-government-s-naksha-project-101748293098943.html accessed 8 June 2025.