

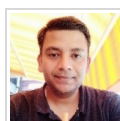


Fresh takes, in-depth analysis and opinions from our esteemed panel of

Hotelized urbanism: The new real estate business model

Unless the developers find a way to generate stable cash flows from the assets they have already developed, their business model will soon become obsolete.

Prashant Das Oct 05, 2020, 02.15 PM IST



Prashant Das
Associate Professor, EHL Lausanne



In different parts of the country, [hotel developers](#) are offering real estate investment opportunities to retail investors packed with hospitality services. However, the pre-pandemic innovations will be

inadequate to address the new landscape. The innovations must be more radical.

As the climate changes, the world population swells, and global threats like Covid-19 turn more real than ever before, it is time we transformed our business models. Yes, we shall eventually conquer the menace of the current pandemic. But our world will have changed forever in the aftermath. In all our prudence, we must stay ready for the next crisis in an increasingly globalized world.

Real estate as a service

While the new urbanism introduced in 1980s was somewhat successful in developed nations, a lack of political will has mostly rendered the movement as utopia elsewhere. On the one hand, people still commute too far from their residences for work, recreation, education, and shopping.

On the other hand, the one-off “develop-to-sell” real estate business model is not sustainable in the long run: Urban land is limited and urban sprawl must be curbed at any cost to sustain our future generations. If our commitment to sustainability is sincere, we shall soon have no more land available for real estate development.

Unless the developers find a way to generate stable cash flows from the assets they have already developed, their business model will soon become obsolete. Consumers would agree that the “[Software As A Service \(SAAS\)](#)”, although innovative, has been overdone in recent months. Yet, real estate developers could take cue from this trend.

Sharing economy is not dead

As leading universities and corporations of the world have successfully shown, our transportation activity had been excessive. More recently, people have been working from home (WFH) at an unprecedented scale, but have done so in poorly equipped facilities (“home”). Sharing economy has evolved as a pragmatic solution to our increasingly overcrowded urbanities.

We just need to rethink its operationalization. The onslaught of

sanitary concerns must be addressed through new technology and innovative design. The sharing economy must stay in business.

The “asset light” strategy of hotel chains (wherein hotel companies do not offer hotel facilities, but hospitality operator services) is a remarkable trend. Real estate developers must evolve on similar lines but learning from the mistakes of hoteliers.

The build-to-sell real estate business model is, anyway, fraught with innumerable risks including spotty cash flows with extreme sways. The new normal will force for real estate players to offer their expertise as services to secure relatively stable cash flow streams.

In the hotelized urbanism, here are a few ways in which real estate businesses will reinvent themselves:

Community spaces as a service (CoSAAS)

Developers will retain multi-use flexible community spaces within their build-to-sell projects. The notoriously monotonous daily life of WFH households and their need to venture out of their homes for a change or to access professional-quality facilities (such as printshop, video-conferencing, and socializing) is a subtle call for CoSAAS.

These architectural innovations will serve as shared places for work and education during daytime and recreational/e-shopping hubs otherwise. Urban designers will infuse immersive technology to make shopping (and remote interactions) more reliable and engaging experience for users.

CoSAAS will require a strong interface with external parties and state-of-the-art technology. For example, employers may demand Blockchain-based record of employee check-in and check-out. Cinemas and performing-art theaters will want to ensure a fair revenue-sharing mechanism for the contents they stream.

Educational institutions would want specific pedagogic materials, proctoring services, and interactive technology installed. These needs also hint at the necessity of on-demand pool of new-breed, multifaceted staff who will administer these flexible services. Real estate companies must have a more diverse human-resources

team to address the new needs.

A new breed of relationship managers for the diverse set of third-parties will be integral to real estate payrolls.

New design

Beyond CoSAAS, architectural design warrants a drastic rethinking in the residential sector. In many communities where CoSAAS may not be feasible, a large number of households will be spatially constrained.

A WFH area must be squeezed into an already cramped residential facility. Designer will need to defend each decision on space-allocation to single-uses such as dining halls, lavish toilets or master bedrooms.

Innovative furniture (such as sound-proof bunk-beds) with adequate provision for visual and audible privacy will come into vogue. Affordable materials, layout and furniture that could help achieve such compact designs will see increased demand. A real estate developer must be ready to exploit the new opportunities.

End note

In commercial real estate, traditional owners allocate some budget to “tenant improvement (TI)” wherein the facility is adapted to the needs of a new tenant. In hotels, too, a (often large) budget is required of owners in the name of “property improvement plan (PIP).”

However, TI and PIP are based on an optimistic assumption that the operator has more bargaining power. However, the coSAAS model as I propose is multi-partite: a real estate company owns the facility and offers its own (or outsourced) operator. The facility is used by retail customers (inhabitants), but must also adhere to specific needs of third parties (with whom the users interface): Employers, educators, entertainers, etc.


As such an arrangement could potentially reduce the traffic on the road and enhance community engagement of inhabitants (which

has known socio-economic and civic benefits), it is fair to expect regulatory incentives to encourage such developments, and keep them affordable.

If executed well, hotelization of real estate supported by a multidisciplinary and technology-intensive approach could be humanity's next response to sustainability and pandemics.

DISCLAIMER: The views expressed are solely of the author and ETRealty.com does not necessarily subscribe to it. ETRealty.com shall not be responsible for any damage caused to any person/organisation directly or indirectly.

- RealtyCheck
- Software As A Service
- SAAS
- Community spaces as a service
- coSAAS
- Hotel developers



Prashant Das
Associate Professor, EHL Lausanne

Dr. Prashant Das is an Associate Professor of Real Estate Finance and Director of REFE Institute at EHL Lausanne- HES.SO University of Applied Sciences and Arts, Western Show more..

Other Authors ▶



[View More >](#)

Other RealtyCheck



Growth of gated working communities post Covid19

Gautam Saraf

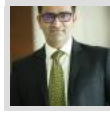
Managing Director-Mumbai, Cushman & Wakefield, India



Decoding real estate in post Covid-19 era

Raveendra Balivada

Head of Investment Advisers, HDFC Securities



Real Estate: Throwing surprises along the way

Subbhash Hotchand Udhwaani

Founder, Elysium Capital

[View More >](#)

Growth of gated working communities post Covid19

It is during this period that gated work campuses gained popularity among corporates, for whom innovative building designs and structures became the key to growth in a fast-developing and highly competitive world.

Gautam Saraf Sep 22, 2020, 02.24 PM IST



Gautam Saraf

Managing Director-Mumbai, Cushman & Wakefield, India

[+ Click Here to Read This Story](#)

Decoding real estate in post Covid-19 era

Many have been contemplating that the real estate market is set for an elongated lull for another 2-3 years. But on the flip side there are few real estate companies and investors who think otherwise.

Raveendra Balivada Jul 29, 2020, 04.16 PM IST



Raveendra Balivada
Head of Investment Advisers, HDFC Securities

[+ Click Here to Read This Story](#)

Real Estate: Throwing surprises along the way

Recent studies all suggest how Work from Home (WFH) has become a norm and it's possible to migrate a lot of the working population in the information technology sector to this new model.

Subhash Hotchand Udhwaani Jul 09, 2020, 01.42 PM IST



Subhash Hotchand Udhwaani
Founder, Elysium Capital

[+ Click Here to Read This Story](#)

RERA Authorities - An urgent need for course correction

Three years is a decent time horizon to reflect on the functioning of an Authority, set up under a regulatory law, at least to gauge the direction, desire, and determination, with which it has taken on the mantle prescribed for it under the law.

Abhay Upadhyay Jun 22, 2020, 07.33 PM IST



Abhay Upadhyay

Member, Central Advisory Council, RERA, Ministry of Housing and Urban Affairs

[+ Click Here to Read This Story](#)

Circuit protection devices: Often overlooked devices at home

The National Fire Protection Association states that faulty or damaged electrical equipment cause 69% of all electrical fires.

Saurabh Goel May 19, 2020, 01.59 PM IST



Saurabh Goel

President, Havells India

[+ Click Here to Read This Story](#)

Confronting the Covid-19 pandemic in a region from planners' lens

The logic to focus on Transit Oriented Development (ToD) and to abruptly increase Floor Area Ratio (FAR) along the ToD corridor without any judicious thinking behind the number (FAR) has impacted the balanced regional development.

Dr. Vinita Yadav May 19, 2020, 01.48 PM IST

Dr. Vinita Yadav



Head, Department of Regional Planning, School of Planning and Architecture

[+ Click Here to Read This Story](#)

Covid-19 & Real Estate: The last straw or the proverbial regenerative fire of the phoenix!

The last time we saw a real estate bull run, the interest rates on housing loan were down to 7%. We are back there in double quick time already.

Jasmeet Chhabra May 04, 2020, 09.25 AM IST



Jasmeet Chhabra
Managing Partner, Cerestra Advisors

[+ Click Here to Read This Story](#)

Is COVID-19 final nail in the coffin for residential real estate?

Given that the sector has limited reliance on capital market debt - not more than 10-15% of the total debt of most listed players, they would be able to conserve some liquidity over the next two months.

Harsha Sodhani Apr 06, 2020, 01.08 PM IST



Harsha Sodhani
Associate Director, India Ratings and Research

[+ Click Here to Read This Story](#)

Real estate's battle with Covid-19

The mid-income consumer story remains strong, family savings and appetite to invest into the value market has been fundamental to Indian ethos. This event will hence be viewed as one of the best times to invest on the back of historically low prices.

Amit Goenka Mar 26, 2020, 12.45 PM IST



Amit Goenka
MD & CEO, Nisus Finance

[+ Click Here to Read This Story](#)

Mumbai, Pune stamp duty reduction relief to homebuyers

The government of Maharashtra, on Friday, announced a 1% stamp duty concession for the next two years and other related charges

Niranjan Hiranandani Mar 12, 2020, 04.04 PM IST

Niranjan Hiranandani
CMD, Hiranandani Constructions

[+ Click Here to Read This Story](#)



TRENDS

PE investments into real estate up a tad in first 9 months • MahaRERA dismisses investor's plea against builder • Ultratech Cement profit dips by 53% in Q2 2017 • DB Realty to raise stake in DB (BKC) Realtors • Now, register your property online in Noida and Greater Noida • Milestone Capital looks to raise up to Rs 1,000 crore to invest in warehousing • Amazon leases 4.5 lakh sq ft of office space in Chennai • LIC Housing withdraws NCLT plea against DB Realty • Moody's confirms Lodha's B2 rating; outlook stable • Citibank sells Chennai land to TIL Healthcare for Rs 80 crore

EDITOR'S PICKS

Construction of Jaypee Kalypso Court resumes under UP-RERA's new rehabilitation model • Real estate demand expected to plunge 50-70% in FY21: CRISIL • Akme Star HFC's net profit dips 26% in Q1 FY21 • Turnover of tile manufacturers may decline upto 25% in FY21: ICRA • SKV to invest \$5 million for next five years in managed office space segment • UP-RERA to conduct forensic audit of Ansal API projects • UP-RERA to conduct forensic audit of Supertech's Supernova project • JK Cement's profit dips 62% in Q1 FY21 • HomeLane raises Rs 60 crore from Stride Ventures, other investors • Overall sales volume for real estate inventory to dip by 40-60%: ICRA

INDUSTRY NEWS

Retail News • Auto News • Health News • Telecom News • Energy News • IT News • Technology News • CFO News • IT Security News • BFSI News • Government News • Marketing & Advertising News • Hospitality News • Travel News • HR News • Legal News

FEATURES

IndustrySpeak • City • Careers • Data & Analytics • RealtyTV • RealtyCheck • Delhi-NCR • Pune • Mumbai • Chennai • Hyderabad • Kolkata • Ahmedabad • Social Analytics

CONTACT US

ADVERTISE WITH US

We have various options to advertise with us including Events, Advertorials, Banners,

SIGN UP FOR

ETREALTY NEWSLETTER

Get ETRealty's top stories every morning in your email inbox.

125000+ Industry

FOLLOW US

@ETREALTY

Follow @ETRealty for the latest news, insider access to events and more.

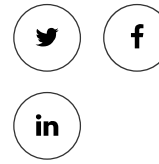
Mailers, Webinars etc.

Please [contact us](#) to know more details.

Leaders read it everyday

JOIN NOW

Morning Daily Lighting News



[About Us](#) • [Contact Us](#) • [Advertise with us](#) • [Newsletter](#) • [RSS Feeds](#) • [Embed ETRealty.com](#)
[Widgets on your Website](#) • [Privacy Policy](#) • [Terms & Conditions](#) • [Guest-Post Guidelines](#) • [Sitemap](#)



Copyright © 2020 ETRealty.com. All Rights Reserved.