

# Real Estate Investment Trust (REIT)

The future of real estate investing.

By

## 99acres



Start Small



Convert Easily



High Profit



Diversified Portfolio



[Link to this prototype](#)

## Problem Identified

- Real estate investment is known to deliver high returns in the long run and provide a steady cash flow.
- The real estate sector in India is also expected to reach US\$1 trillion in market size by 2030 and contribute 13% to the country's GDP by 2025.
- However the real estate market is majorly driven by the well-to-do and wealthy families of older generations due to its high investment and costs.
- This makes it close to impossible for most youngsters to invest in real estate, especially when India has the greatest youth population in the world( with more than 808 milion people under 35 )
- There is a need to create real estate investment more accessible, understandable and practical for any person, not just the wealthy.

## Who is facing this problem?

Age 18-30



Age: 23 Yohan

Occupation: Works as a plant engineer at a car company for 12 hrs and 6 days a week.

Hobbies: Football, Video games, TV shows and Movies  
An only child and lives far away from his parents. He wants to invest his hard earned money wisely. His father owns a few properties in his hometown and he has seen how profitable it has been, however he doesn't have enough money to invest in a property.

He doesn't have much knowledge about Stocks and Investments.

Nevertheless he researches about properties to invest in and stumbles across the REIT section of 99 Acres. He finds it to be reasonably priced and suitable for his budget

Age 31-50



Age: 35

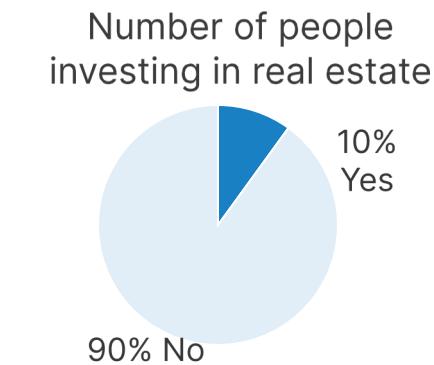
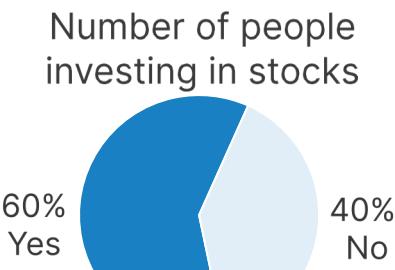
Occupation: Housewife, with savings from multiple investments made by her personally.

Hobbies: Baking, Cooking, Stitching, Painting. Has 3 siblings that are successful and wealthy. She wants to make a name for herself and prove to her husband, siblings and the rest of her family that she can be financially independent. But with her busy life of being a mom of 5, She doesn't get the time to research stocks like she used to.

A friend recommends her to try REITs as they are up and coming and provide good returns. She sits down every Sunday to study more about the market and the properties on 99acres.

## Validation of Problem

( From a survey of 39 people and 10 interviews )



The data shows that there is a large number of people investing in stock market but not in real estate. When interviewed, it was found that

**72%** believed that real estate was too expensive

**50%** believed that it was highly illiquid

**40%** believed that its profit was only over long term

**35%** believed that there was no proper information about real estate investment

Its a fixed asset with low returns. I stay away from real estate. Solely because its not liquid. Overall its too much work and money for not much benefit. Crypto and online stocks are best.



I love investing in stocks. I know real estate is a great investment too. But none of my friends do it and I don't even have that much money to invest. Maybe when I'm much older and richer I'll give it a shot.



The number of individual investors in the market has increased by a whopping 142 lakh in FY21, with 122.5 lakh new accounts at CDSL and 19.7 lakh in NSDL, the report said. Also, the share of individual investors in total turnover on stock exchange has risen to 45% from 39% in Mar'20, as shown by NSE data.

A report by *The Economic Times (ET)* stated.

The demand for residential rental houses in top seven cities in India has increased by 10-20 per cent in 2022 as compared to the pre-pandemic period in 2019. The demand for rental houses has spiked, and in most places, it has outstripped the supply.

This has pushed the prices up.



| **Refined Problem Validation:** Though there is interest in investing in stocks, and a demand for rental properties, the number of youngsters investing in real estate is very less. The problem is there is a gap between the affordability and profits that real estate holds and the ability of the youth to invest. How can we capitalize on this growing market? Where can we as 99acres position ourselves to build a new initiative?

## Why should we solve this problem now?

Real estate growth	The organised retail real estate sector is expected to increase by 28% to 82 million square feet by 2023
Individual investors growth	The number of individual investors in the market has increased by a whopping 142 lakh in FY21, with 122.5 lakh new accounts at CDSL and 19.7 lakh in NSDL, the report said. Also, the share of individual investors in total turnover on stock exchange has risen to 45% from 39% in Mar'20, as shown by NSE data.
Limited Exposure/ Untapped market	In India, very few domestic Mutual Funds invest in REITs, and the actual exposure to real estate is very limited. One can also invest in REITs through mutual funds.
Minefield of Data	Being the leading player in the real estate sector, 99acres will have more data and insights about properties, their factors, environment, managers and which market to target

### Value Generated

#### For users

- Diversified portfolio 
- Ability to invest in real estate at a lesser cost 
- Highly liquid 
- Enjoy the benefits of the real estate market 

#### For 99acres

- Tapping into a new market with great potential and profit
- Increase in revenue
- First mover advantage
- Making real estate investment mainstream and accessible

### Brand and Mission

*“Launched in 2005, 99acres.com, India’s leading property portal, deals with every aspect of the consumers’ needs in the real estate industry.”*

From this we understand that solving this problem is well within the branding, purpose and mission of 99acres.

# Solutions

## Crowdfunding Real Estate

Crowdfunding real estate are for those who want to join others in investing in a bigger commercial or residential deal. The investment is made via online real estate platforms, which are also known as real estate crowdfunding. This still requires investing capital, although less than what's required to purchase properties outright.

99acres could create a platform to connect investors who are looking to finance projects with real estate developers.



## Solution prioritization

(Goal is to find a solution that requires minimum capital, low risk, low time cost and tech effort, high liquidity and good returns; rated at 1 being lowest and 3 highest )

Prioritization Parameters →	Capital Requirement	Risk	Time, cost and tech effort required	Liquidity	Returns	Overall
Crowdfunding Real Estate	Medium(2)	Medium(2)	Medium(2)	Low(1)	Medium(2)	9
REITs	Low(3)	Low(3)	Medium(2)	High(3)	High(3)	14
House Flipping	High(1)	High(1)	Medium(2)	Medium(2)	High(3)	9

## REITs



REIT(Real Estate Investment Trust)is created when a corporation (or trust) uses investors' money to purchase and operate income properties. It is best for investors who want portfolio exposure to real estate without a traditional real estate transaction.

Like regular dividend-paying stocks, REITs are a solid investment for stock market investors who desire regular income. REITs afford investors entry into nonresidential investments, such as malls or office buildings, that are generally not feasible for individual investors to purchase directly.

More importantly, REITs are highly liquid because they are exchange-traded trusts. In other words, you won't need a real estate agent and a title transfer to help you cash out your investment.

99acres could start a new initiative of REITs in the platform.

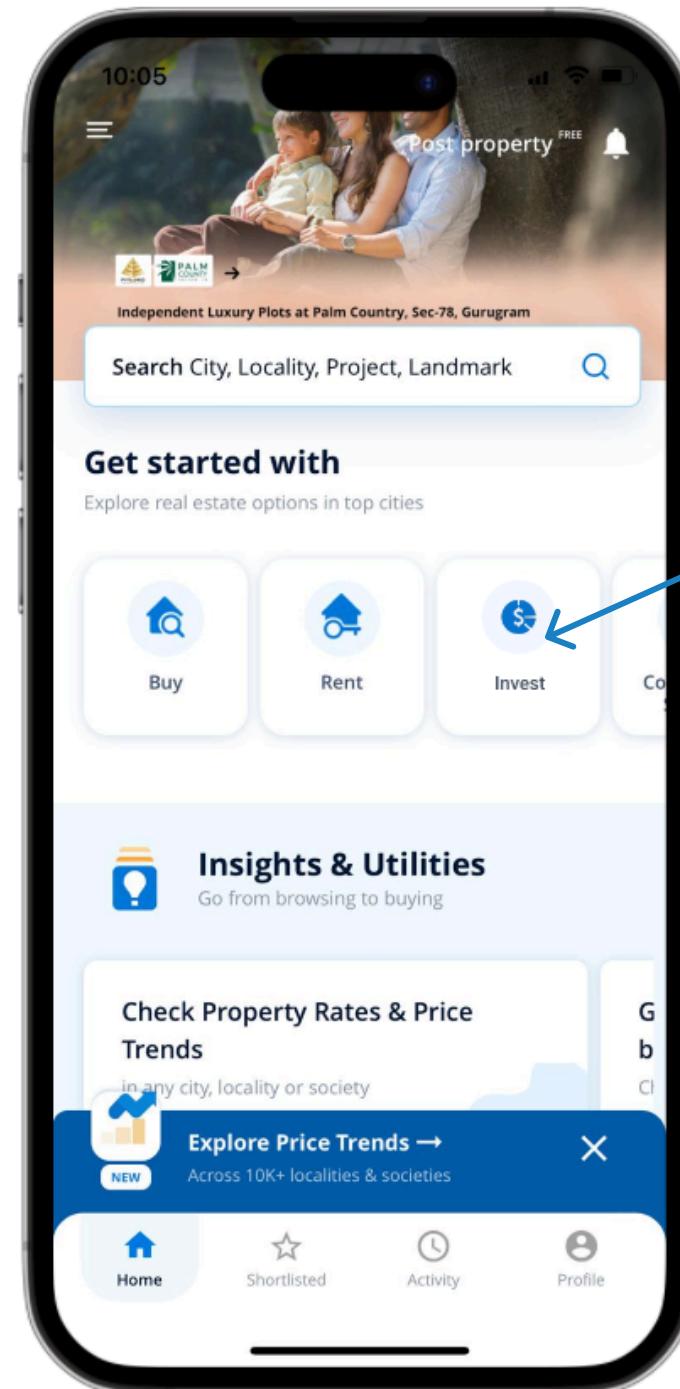
## House Flipping

House flipping is for people with significant experience in real estate valuation, marketing, and renovation. It requires capital and the ability to do, or oversee, repairs as needed. Ideally an investor will buy a property at a low price, undertake the repairs and renovation before putting it on the market again for a higher price. It proved as a good source of income for millions in the USA, however only slowly gaining traction in India. 99acres could capitalize on this new untapped market of real estate selling.

99Acres will provide a platform for customers to buy and flip houses at a profit, streamlining the process as well as certifying and overseeing the repairs and renovations. It creates better reliability for the people buying the flipped house, as well as make the flipper's job easy.

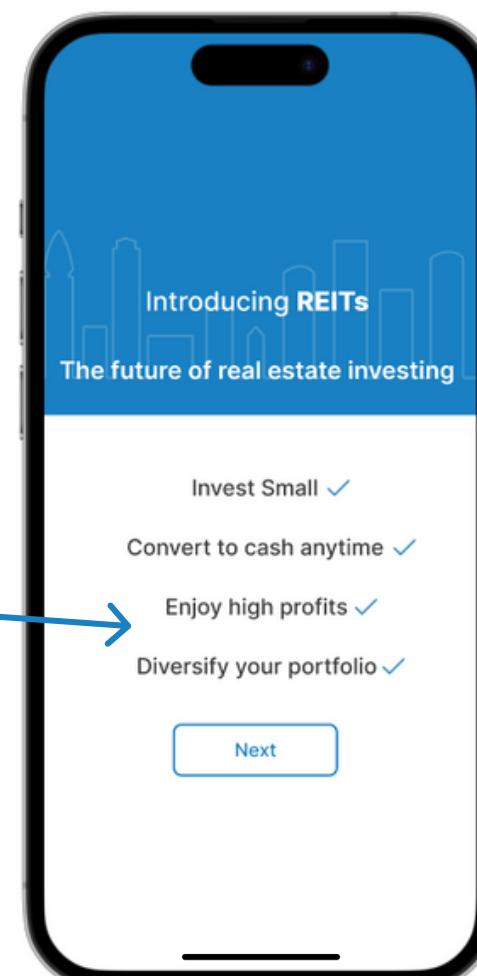


## Chosen Solution : REITs

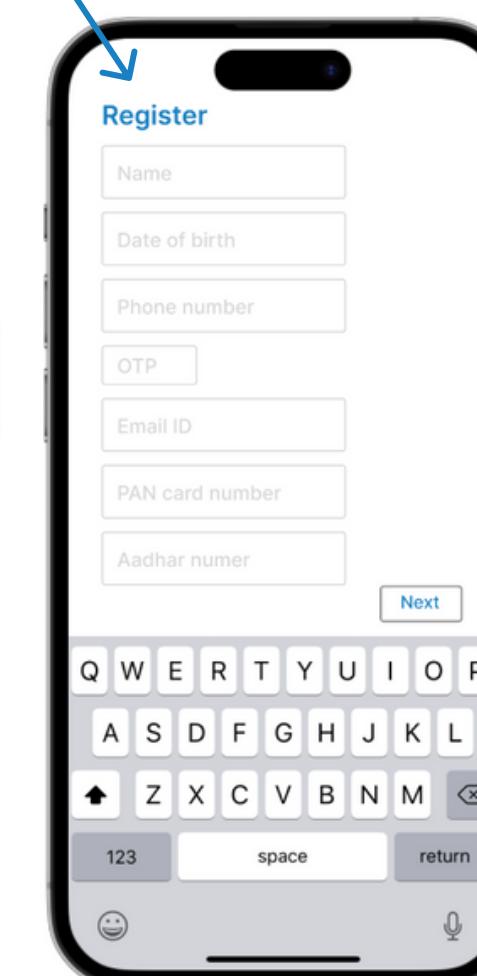


Upon opening the 99acres app or website, customers will see a new option called Invest

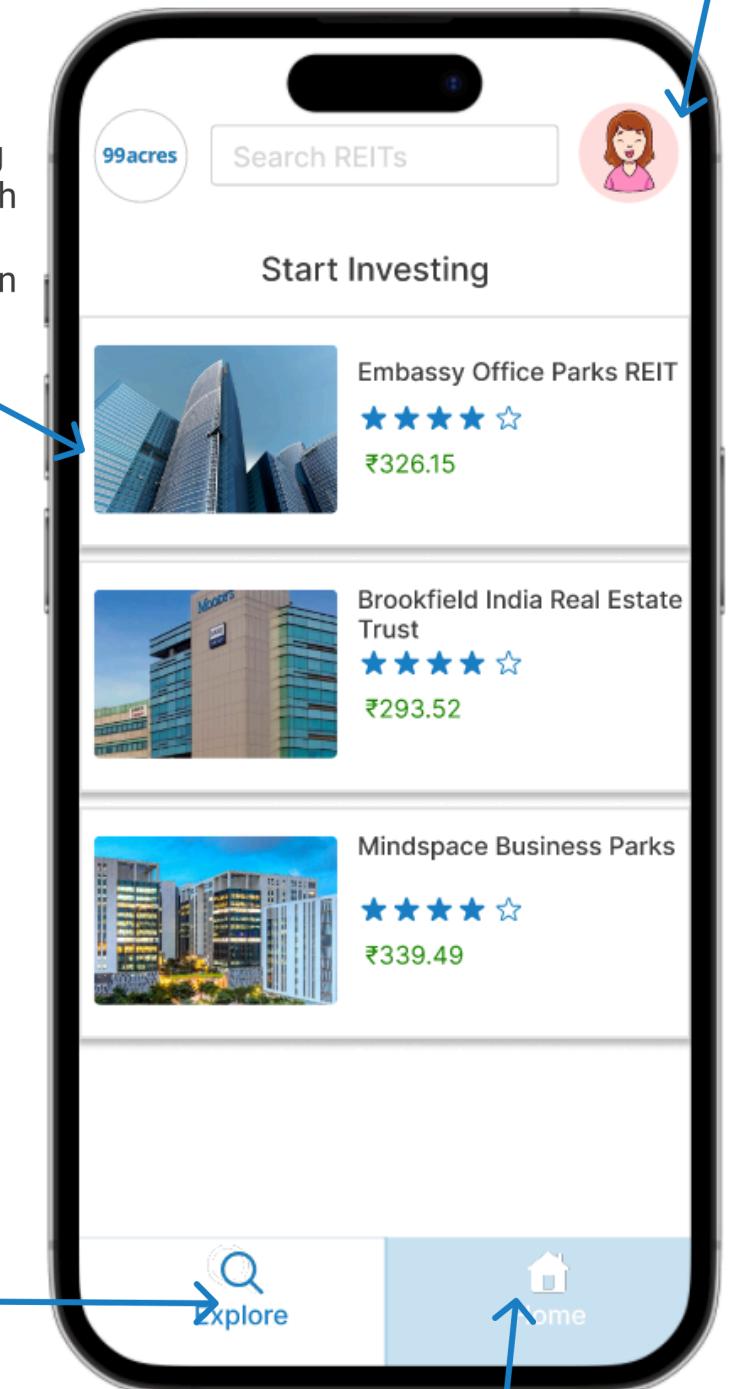
Key features of the solution,  
Clean and simple UI



One time registration and verification



Thumbnail of the REIT containing the picture, star rating/review with the price indicated in green, alerting the customers to invest in this REIT

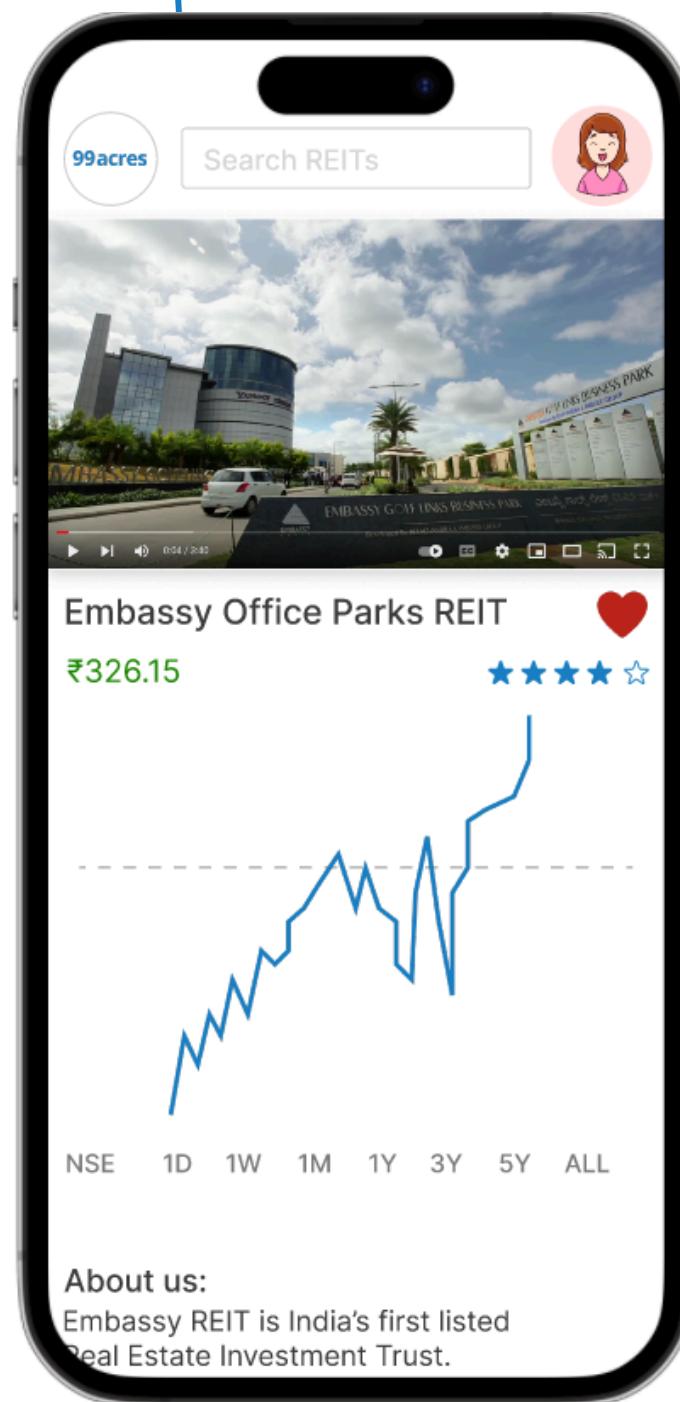


Explore page that leads people to the up and coming REITS, news feed, courses etc.

Home page for easy navigation to the user's invested REITs and Courses enrolled in.

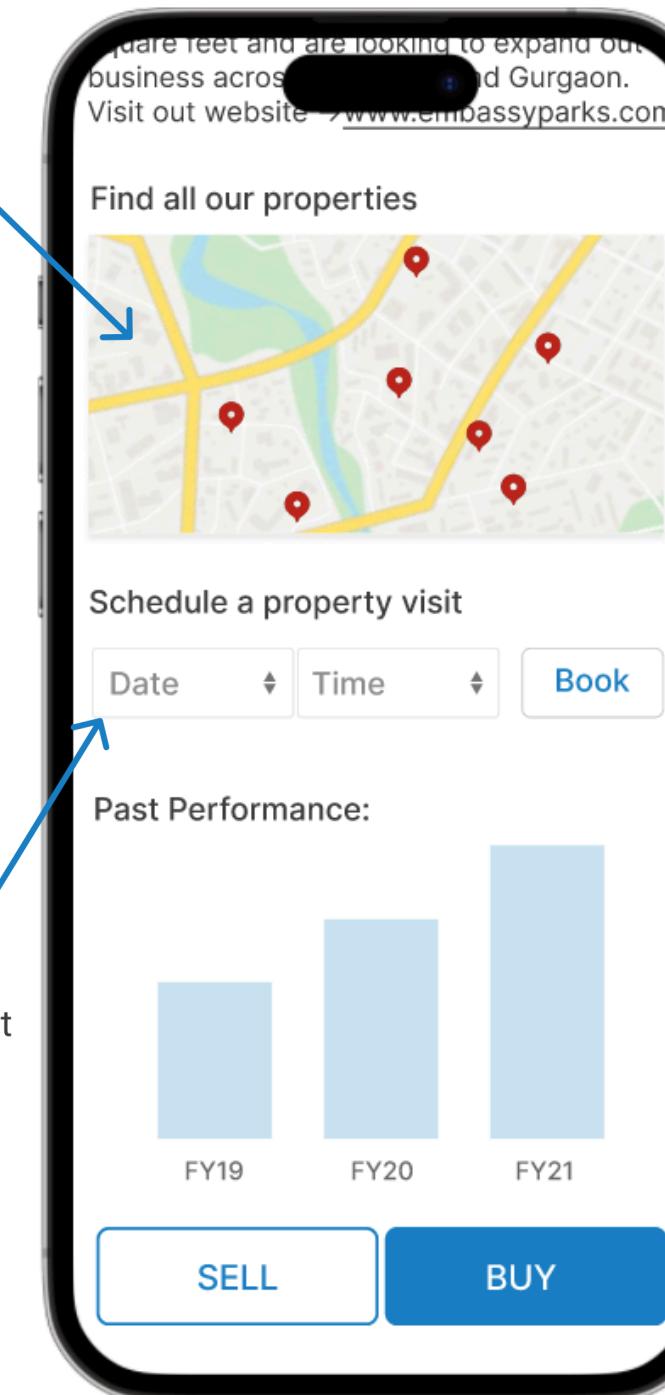
[Link to this prototype](#)

Video Presentation and tour of the various properties. The company can also choose to make a fun and engaging video to grab the viewer's attention



## Wireframes

Investors can use the map to locate the properties and get a hands on experience



Editable theme.  
The aim of the company is to build a brand and trust

Property or Industrial visit where if the investor is doubtful, can schedule a personal visit with the company where they present and pitch the REIT

## How it works

- All existing REITs will be registered on the 99Acres portal.
- Customers who are new to the concept of REITs will be introduced and educated to it with courses and trial programs.
- 99Acres will provide an indepth view of the REITs in the market and frequent updates about the environment and value of the property via emails, notifications and text messages.
- Customers will soon be able to see real estate news on the 99acres platform.
- For every REIT invested in, 99acres will take a commission of 0.15% initially. As the demand and transactions grow, we can look at expanding it to 0.2%.
- When the customer clicks on BUY, they will be taken to a payment gateway.
- The customer can schedule for property visit or find out more about the various properties and its climate, the managers, the company and its events.

## Future Scope

- Customer care helpline, for people doubtful about the reit and needing more clarification.
- Courses to understand how exactly companies invest in properties and how the funnel leads them to the dividend they receive
- Celebrity endorsement and influencer campaigning
- Expanding to other types of property investment like REIGs, Houseflipping, Crowdfunding and shared property

## Tech, effort and time

- 99acres already has a minefield of data about properties. We can use it to our advantage by understanding which types of REITs are more profitable and recommending it to our investors.
- The MVP should take a quarter, followed by 1-2 iterations or improvements of it in the next quarter, resulting in a total of 6 months.

[Link to this prototype](#)

## Revenue Estimation

- Taking the whole India's population 1.4 Billion, First we deduct the lower income groups @30% to arrive at 1 Billion people
- Next we split the population by age: <18, 18-25, 26-60, 60+ and assume their respective %s to be 30%,15%, 50% and 5% respectively
- <18 and 60+ are removed for this estimate.
- We are left with 150 Million people in 18-25 (15%) and 500 Million people 26-60 (50%).
- Now assuming that out of the two groups 20% are willing to invest in REIT in the 18-25 and 40% are willing to invest in 26-60 group.
- We arrive at 30 Million from 18-26 and 200 Million from 26-60.
- The product that we bring is similar to the services provided by stock exchange pages. So we will use past market value data of similar platforms to arrive at a future estimation or prediction
- Upstox past market values are 0.48%, 0.85%, 1.58%, 5%, 7%, 8.75%. Multiply this with the 200 Million and 30 Million and we arrive at the number of investors in our platform.
- Those numbers are further multiplied with the avrg amount invested that year and commission charged (0.15%). Here lets assume that 18-25 invested 5000 and 26-60 invested 30000 as a best case scenario.
- Next adding the two groups we find the following data.

	2023	2024	2025	2026	2027	2028	2029
Prediction Total Revenue	14M	25M	47M	147M	206M	257M	670M
Revenue Growth YoY		76%	86%	216%	40%	25%	171%

[Click here to check my working notes/excel sheet](#)

## Landing Page

### What users had to say

- According to this Estimation, the REITs and Invest Section of 99acres in the next 8-9 years will have a growing share in the total revenue of 99acres.
- These calculations were made by taking into account the best, ideal and worst case values to arrive at the total revenue of 99acres and the revenue of REITS

99acres should really add this REITs. I know a few of my friends who are really into stock market. This will look great in their portfolio

Its really interesting to see that I can invest in property at such a low price. This initiative will be great to create awareness about it because not many know.

If Phil Dunphy is on the page, I'm sold XD

Its a new term and I've never heard of it. But I'm surprised it hasn't gone viral in India. This is great for stock traders and people who want to buy real estate.

### Page Stats

147 page views

95 unique visitors

50 Start Investing

30.4% Conversion ratio

4.85 Average user rating

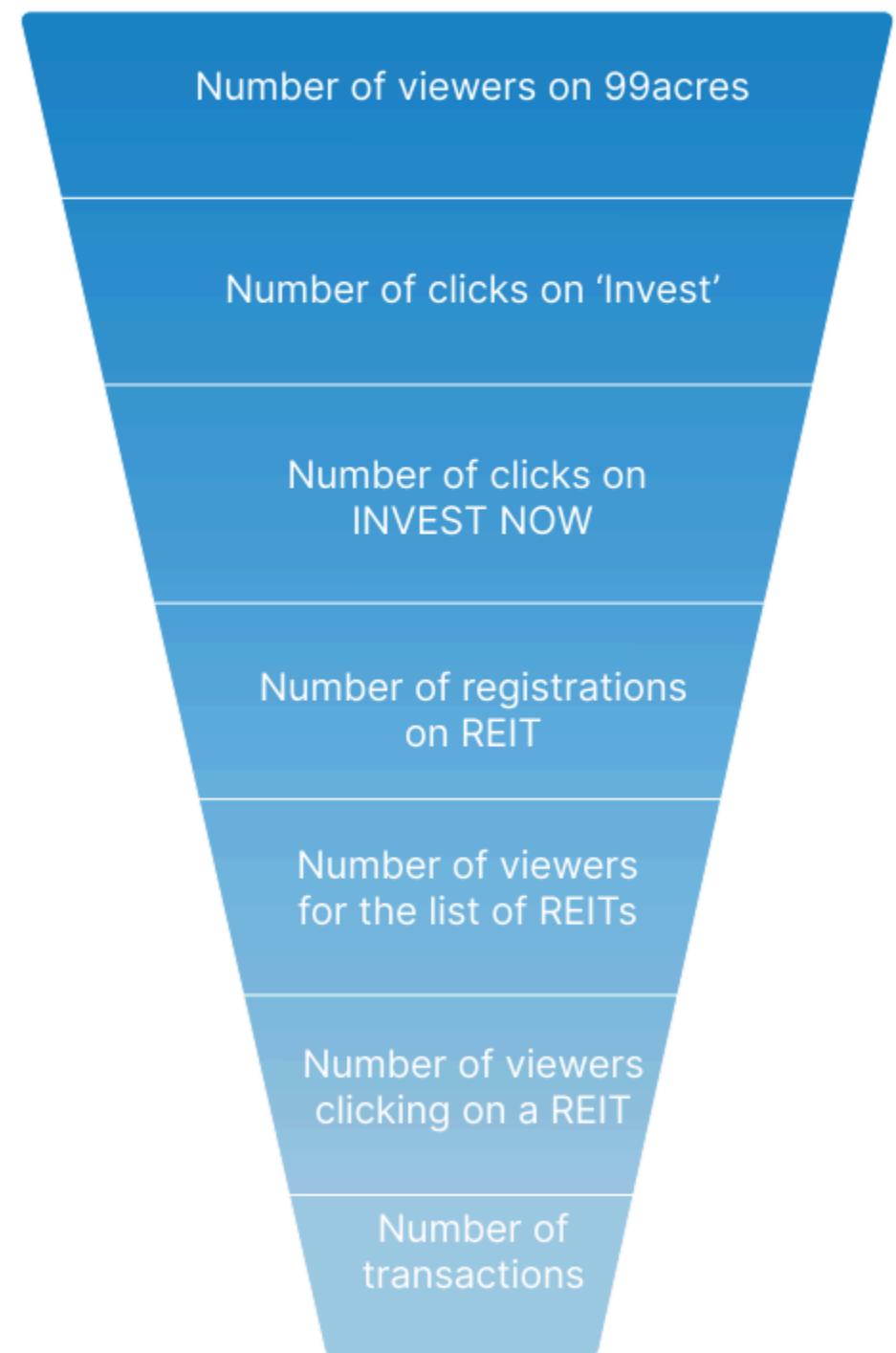


# Metrics

**Purpose:** To determine the success of REITs

★ **North star metric:** Total number of REITs transactions

Type of Metric	Formula	Why this metric?
Adoption Metric	$\frac{\text{Number of transactions from REITs}}{\text{Total number of transactions on 99acres}}$ <p>(or)</p> $\frac{\text{Number of users for REIT}}{\text{Total number of users on 99acres}}$	This metric is used to measure the number of transactions or the number of users on the new Invest section; REITs
Conversion Metric	$\frac{\text{Number of transactions per unique customer for REIT}}{\text{Total number of visitors for REIT}}$	This metric measures the total number and rate of successful conversions that directly contribute to REITs
Retention Metric	$\frac{\text{No of transactions per unique customer}}{\text{Number of customers making more than one transaction over a period of 6 months}}$	The metric measures the repeat orders or customers on the platform, to determine the retention rate.
Revenue Metric	$\frac{\text{Total revenue from REIT}}{\text{Total revenue of 99acres}}$	This metric measures the amount and % of revenue that REITs made and contributed to the total revenue
NPS	$\frac{\text{Total number or \% of positive ratings - Total number or \% of negative ratings}}{\text{Total number of users}}$	This metric measures customer experience and predicts business growth.



## Pitfalls & Solutions

### 1. People preferring other investment apps to 99acres

When investment platforms that consolidate all stocks and investments exist, people may hesitate to try 99acres solely for its real estate investment curation.

When home loans are usually associated with banks, property sites still provide assistance in home loans. If that service can be successful, so can REITs.

99acres can make real estate investment simple, quick and easily available for the general public, while also being a leader in the property market. What will set 99acres apart is the additional services that we provide, unique only to us like REIT property visit, free investment courses, Easy UI and portfolio management



### 4. Lack of trust in the investment

With a new type of investment, customers may be apprehensive about spending their money on it. Especially people that are risk averse and unaware

REITs are designed to be tax efficient. The government has given them pass-through status. That means; when the REIT receives the rentals and distributes to its shareholders, it will be treated as a pass-through flow and will not be taxed.

The REIT assets are normally secured by long term leases and therefore there is no risk to the REIT investor.



### 2. Not enough REITs on the platform

Without an adequate number of REITs it won't be possible to garner a large audience.

India is set to have its first REIT for retail assets. Furthermore, the concept of REITs is new but slowly gaining momentum in India.

"We expect a lot more REITs to happen over the next one year given that all REITs have done well in spite of uncertainties," Ramesh Nair, chief executive officer for the property consultancy firm's Indian operations, said in an interview with Bloomberg Television. "Going forward, there would also be industrial and retail REITs, while office REITs will continue."

99acres can easily gain a first mover advantage by capitalizing on this growing market



### 4. Customers not understanding the concept of REIT

There's a chance of customers not understanding the concept of REITs even after reading the explanations or learning about it.

99acres will provide all the information necessary for even a first time investor to participate in the real estate market with ease. Every step is explained and free trial and course is provided to better equip the customer in investing. With the right budget, customer care can also be set up to talk to the investors directly



# THANK YOU

FOR YOUR ATTENTION

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The screenshot shows the homepage of the 99acres website. At the top, there is a large banner featuring a man and a woman looking at each other, with the text '#KabTakPuchoge' overlaid. The header includes navigation links for 'For Buyers', 'For Tenants', 'For Owners', 'For Dealers / Builders', 'Insights NEW', and a 'Post property FREE' button. Below the banner is a main search bar with categories like 'Buy', 'Rent', 'New Launch', 'Commercial', 'Plots/Land', 'Projects', and 'Post Property FREE'. A search input field says 'Search "Farm house in Punjab below 1 cr"'. To the left of the search bar is a dropdown for 'All Residential'. At the bottom of the page, there are sections for 'Recent searches', 'Continue browsing...', and a guest user profile.

99acres Buy in Western Mumbai ▾

For Buyers For Tenants For Owners For Dealers / Builders Insights NEW Post property FREE

#KabTakPuchoge

Buy Rent New Launch • Commercial Plots/Land Projects Post Property FREE

All Residential ▾ Search "Farm house in Punjab below 1 cr"

Recent searches: ⏪ Buy in Bhubaneswar , Independent Hou... ⏪ View all searches

Continue browsing...

Buy in Western Mumbai Explore New City

**Apartments, Villas and more**  
in Western Mumbai

Guest User

Your Recent Activity

No activity yet! Start browsing properties and projects and track them from here.