

The Digital Divide: Impact on Bangalore's Real Estate Market

Dr. Gunasheela C.

Associate Professor, Department of Economics, Maharani Cluster University, Bengaluru – 560 001

DOI: <https://doi.org/10.51244/IJRSI.2026.1306000285>

Received: 08 May 2026; Accepted: 14 May 2026; Published: 06 July 2026

ABSTRACT

The rapid digitization of the Indian economy has introduced a paradoxical shift in the real estate sector: while technology enhances transparency and efficiency for some, it deepens the 'Digital Divide' for others. This article examines the structural impact of digital inequality on property valuation, market liquidity, and urban development in India. With a specific focus on Bangalore, the study highlights how the city's dual identity as a global tech hub and a traditional urban centre creates a fragmented market. It argues that digital infrastructure, such as high-speed connectivity and access to PropTech platforms, has become a primary determinant of asset value, effectively creating a 'connectivity premium' that risks marginalizing neighbourhoods and stakeholders lacking digital integration.

Keywords: Digital Divide, PropTech, Property Valuation, Real Estate Liquidity, Connectivity, e-Governance

INTRODUCTION

As India marches toward a projected \$5.8 trillion real estate market by 2047, a subtle but powerful force is reshaping the landscape: the Digital Divide. While 'PropTech' (Property Technology) is revolutionizing how we buy and sell homes, it is simultaneously creating a two-tier market. This is nowhere more visible than in Bangalore, India's Silicon Valley, where digital literacy and infrastructure are becoming just as important as a property's square footage.

Objectives of the Study

The primary objective of this study is to analyze the multi-dimensional impact of the digital divide on India's real estate sector, using Bangalore as a critical focal point. Specifically, the article aims to:

- **Examine the Correlation Between Connectivity and Valuation:** To investigate how access to high-speed digital infrastructure and smart-home capabilities directly influences property pricing and rental yields in Bangalore's prime residential hubs.
- **Assess Market Liquidity and Transactional Efficiency:** To compare the speed and transparency of real estate transactions between digitally integrated 'Tech Corridors' and traditional, underserved neighbourhoods.
- **Evaluate the Role of Digital Public Infrastructure (DPI):** To analyze the effectiveness of government initiatives like **Kaveri 2.0** and **e-Khata** in reducing information asymmetry and mitigating the risks associated with land disputes.
- **Identify Socio-Economic Barriers to Entry:** To highlight how the lack of digital literacy and formal digital footprints prevents lower-income groups and the informal sector from accessing modern real estate investment and ownership opportunities.
- **Forecast Future Urban Development Trends:** To determine how the digital divide will shape the future geographic expansion of 'Greater Bengaluru,' identifying the potential for 'digital dead zones' in peri-urban areas.

METHODOLOGY

To analyze the impact of the digital divide on Bangalore's real estate sector, this study utilizes a mixed-methods approach, combining quantitative data with qualitative observations:

- **Data Collection:** Analysis of secondary data from government portals (Kaveri 2.0, Bhoomi), real estate aggregators (99acres, MagicBricks), and industry reports from CREDAI and NASSCOM.
- **Comparative Geographic Analysis:** A 'spatial' comparison between high-tech clusters (Whitefield, Bellandur) and traditional residential hubs (Malleshwaram, Chikkapet) to measure disparities in property appreciation and listing speeds.
- **Technological Assessment:** Evaluation of current Digital Public Infrastructure (DPI) implementation, specifically the adoption rate of e-Khatas and 5G-ready developments across different city zones.
- **Market Sentiment Mapping:** Review of buyer behaviour trends among Bangalore's IT workforce versus the informal labour sector to identify barriers to digital market entry.
- **Limitation:** The study focuses primarily on urban and peri-urban Bangalore, acknowledging that rural land digitisation follows a different trajectory under state-wide land reform policies.

DISCUSSION

1. The Two Faces of Bangalore's Real Estate

Bangalore represents a unique microcosm of the digital divide. On one hand, you have the 'Tech-Enabled Elite' in corridors like Whitefield and Sarjapur; on the other, the 'Digitally Distant' in older, unorganized neighborhoods.

- **The Connected Corridor:** In areas like Outer Ring Road (ORR) and Electronic City, real estate is entirely digital. Listings are AI-driven, site visits are done via VR (Virtual Reality), and transactions are increasingly paperless through portals like the government's Kaveri 2.0.
- **The Traditional Fringe:** In peri-urban areas and older clusters like parts of Chikkapet or Laggere, property deals still rely on word-of-mouth and physical documentation. These areas often lack the high-speed fiber-optic 'backbone' that premium buyers now consider a non-negotiable utility.

2. Impact on Property Valuation and Liquidity

The digital divide isn't just about convenience; it's about value.

- **Connectivity Premium:** 'Digital infrastructure' is now a specific line item in property valuation. Buildings pre-fitted with IoT sensors, high-speed fiber, and smart home capabilities command a 15–20% premium in the Bangalore rental market.
- **Liquidity Gap:** Properties listed on major digital aggregators (99acres, Housing.com) close deals significantly faster. Owners who lack the digital literacy to navigate these platforms or live in areas with poor digital mapping find their assets are 'less liquid' meaning they stay on the market longer and often sell for less than their true market value.

3. The Shift in Buyer Demographics

Recent data from 2025 suggests a shift in how the tech-savvy workforce interacts with the market.

- **The 'Caution' Factor:** With AI-led shifts in the IT sector, high-end tech professionals in Bangalore have become more cautious. They use sophisticated data-analytics tools to track price trends, wait for market corrections, and demand 'Grade A' digital features.

- **Exclusion of the Informal Sector:** Conversely, the informal workforce vital to the city's economy is often excluded from modern real estate financial products (like REITs) or transparent digital registries because they lack the digital footprint or literacy required to participate.

4. Governance and the 'Digital Public Infrastructure' (DPI)

The Indian government has attempted to bridge this gap through initiatives like ULPIN (Unique Land Parcel Identification Number) and e-Khata systems. In Bangalore, the recent introduction of self-correction tools for e-Khatas is a step toward transparency.

Digital Public Infrastructure Initiatives:

INITIATIVE	IMPACT ON BANGALORE REAL ESTATE
Kaveri 2.0 Portal	Reduces middleman interference; speeds up registration.
Digital Land Records	Lowers the risk of litigation, which has historically plagued Bangalore land deals.
5G Rollout	Driving demand for 'Edge Computing' real estate and smart commercial hubs.

CONCLUSION: THE 'FIBER-TO-THE-HOME' MANDATE

In Bangalore, the digital divide is morphing from a social issue into a real estate hazard. For a city that houses the world's largest tech workforces, 'location, location, location' is being replaced by 'location, bandwidth, transparency.' As the city expands into 'Greater Bengaluru,' developers who ignore the digital needs of the lower-and-middle-income segments risk creating 'dead zones' areas that are physically reachable but digitally invisible to the modern economy. Bridging this divide isn't just a social goal; it's a prerequisite for a stable, inclusive real estate market in the decade to come.

REFERENCES

1. Bhattacharaya, S., & Tiwari, S. (2023). Digital transformation in the Indian real estate sector: A study of market dynamics and investor sentiment. *Journal of Urban Economics and Management*, 15(4), 45–58.
2. Federation of Indian Chambers of Commerce and Industry (FICCI). (2024, October). *PropTech 2.0: Bridging the digital divide in India's urban centers*. FICCI Knowledge Report.
3. India Brand Equity Foundation (IBEF). (2024, December). *Real estate industry in India: Sectoral report and digital adoption trends*. <https://www.ibef.org/industry/real-estate-india>
4. Jiang, L., et al. (2023). Transparency and market efficiency: The role of online platforms in reducing property price mismatches. *Journal of Property Research*, 40(2), 112–129. <https://doi.org/10.1080/09599916.2023.2214509>
5. KPMG India. (2025, March). *The digital evolution of Indian real estate: Impact of Kaveri 2.0 and e-governance on urban markets*. KPMG Thought Leadership Series.
6. Ministry of Housing and Urban Affairs (MoHUA). (2024). *Digital India land records modernization programme (DILRMP): Progress report 2023-24*. Government of India.
7. Saputra, A., & Putri, R. (2024). Valuation processes in the digital age: Integrating bidding and engagement data into real estate metrics. *International Journal of Digital Assets*, 5(1), 88–102.