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WHAT DO REAL ESTATE INVESTORS REALLY WANT?

Chris Barbier, Investment Management Industry Principal, Yardi®

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INVESTORS REALLY WANT?

Featuring Chris Barbier from Yardi

Today's investors not only want more information but easier access to it. That requires the assimilation and distribution of financial and operational data, from the portfolio level to operational aspects of individual properties. Advanced software solutions can perform these and many other operations efficiently and drive better decision-making for investors, says Chris Barbier, Investment Management Industry Principal for Yardi®.

People invest in real estate assets or debt with the expectation of making a return on their investment through periodic distributions and increased asset value. Although that fact has remained largely unchanged over time, some elements of the investment process are evolving, most notably investor expectations for timely access to information wherever they are, from any device.

Ownership vehicles for real estate investments include partnerships, closed-end and open-ended funds, REITs and more. Regardless of the myriad of complex structures, tax considerations and rules that apply to any particular investment vehicle, investors' priorities remain constant: optimised returns, timely capital solicitations, efficient

management of the subscription agreement process, consistent communication across the investment lifecycle, and accurate determination of distributions. What's changing is how those priorities are being met.

EVOLVING INVESTOR EXPECTATIONS

The changes in investor expectations over the past several years parallel technological advances. Paper reports, back-and-forth emails and spreadsheets have been rendered obsolete, superseded by the online and remote convenience that real estate investors experience in other aspects of their daily lives. Investors expect their real estate investment information to be accessible when and where they want it.

Current and prospective investors also follow their real estate investments' value and income production more closely than in previous eras. Those elements include a property's day-to-day operational elements like rental income, leasing activity, marketing and capital improvements.

Investor reporting used to be primarily confined to financial performance. Investors realise that property operations affect asset value. Aware that property operations affect cash flow and ultimately give rise to distributions and higher asset value, today's investors want not only the results but what's driving them.

Full asset oversight, combined with drill-down clear to the asset and tenant levels, lowers risk at the operational level, and is a key consideration for investors.

TECH SHAPES EXPECTATIONS

This expansion of investor expectations has prompted many investment managers to adopt technology platforms capable of delivering full visibility and access into portfolio performance, along with the ability to evaluate investment options and select assets most likely to maximise ROI.

A single connected investment management platform is the technology of choice for many real estate investment managers because it creates one source of the truth for real estate asset operational and financial data, giving investors clarity into their holdings and helping to identify risks. Such systems can assimilate all property prospecting, preliminary underwriting, rent and expense data, loan abstracts, maturing debt by property and owner, asset ratings, valuation tracking, occupancy trends and more. Compiling the data into market analyses and automating electronic distributions are also simplified when operational and investment systems are connected.

End-to-end investment platforms also help investors evaluate their best-performing properties against target properties, see where rents and expenses exceed the comp set, tie capital calls to investment lifecycle data, access quarterly reports, and understand how a given asset will impact their overall investment allocations.

WHAT YOU DO | **WHAT INVESTORS WANT**

FUNDRAISE
- Review investment opportunities online on their timeline
- Execute subscription agreements electronically

CALL CAPITAL
- Automatic notifications
- Access to all capital activity details

MANAGE THE INVESTMENT
- Deeper insight into property operations
- Information beyond returns

REPORT RESULTS
- Interactive access to investment information
- Access anytime on any device

MAKE DISTRIBUTIONS
- Electronic payment
- Accurate waterfall calculations

ENHANCING PROPERTY-LEVEL INSIGHT

Advanced investment management technology also gives investors the insight they want into property-level operations such as maintenance status, open accounts receivable and energy consumption. Most best-of-breed solutions can't manage an investment asset through its lifecycle, which begins with identifying the opportunity and continues long after the deal closes. An integrated technology platform, by contrast, continuously collects data related to facilities maintenance,

construction options, energy consumption and other operational details that impact asset value. This generates a vast pool of data for evaluating an asset over a years-long investment lifecycle. The result is faster, better-informed investor decisions.

Satisfying tech-savvy, increasingly sophisticated and inquisitive investors requires mitigating risks, optimising returns and value, and making information available when it's needed. Investors gain confidence knowing that their partners are leveraging a comprehensive technology platform to

manage all aspects of the investment lifecycle, deliver timely and accurate information and minimise risk.

Successful real estate investment strategies in 2022 and beyond will require taking advantage of advanced connected solutions that automate the entire investment lifecycle to allow efficient deal tracking, quick capture and execution of new opportunities, and close oversight. Decision-making tools contained within a single system exceed what investors can achieve with spreadsheets and uncoordinated databases. ✷