

KEYNOTE INTERVIEW

Leveraging big data for asset owners



*Investors are demanding more transparency and better data integration, say **Chris Barbier** and **Joseph Consolo** of Yardi*

Yardi provides high-performance software solutions for the real estate industry, including accounting, operations and ancillary services with an emphasis on a fully connected solution.

Chris Barbier is the senior director of investment management at Yardi, while Joseph Consolo is a director of Yardi Energy and is concerned with the provision of ESG data, which is increasingly central to the technology needs of real estate managers.

They both see a demand for better visibility in risk management based on integrated and automated data ecosystems as investors' expectations have changed since the covid pandemic.

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Q What's behind the drive to automate investment reporting?

Chris Barbier: We are seeing a couple of things. There is a desire to have automation in place to get information to investors. Many small and even mid-sized companies still rely on emails to communicate with investors. Still, there is an increasing realization that you need a consistent process to allow investors to access timely information.

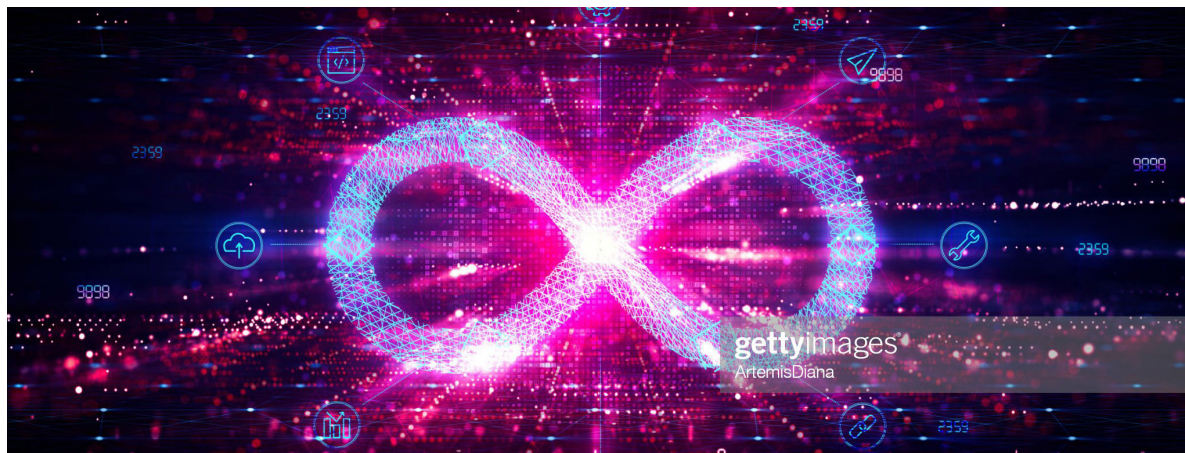
Investors are demanding quicker

access to information. Waiting for reports on a monthly or quarterly basis is just not acceptable anymore. The new generation of investors has an expectation to access data anytime, anywhere, on any device.

On the flip side, from the manager's point of view, there is a desire to have a platform for managing investor and investment information, reducing reliance on manual processes. As such, having a standard platform provides investors a level of additional confidence.

Q What are the specific areas of focus at present?

CB: The big thing we are seeing now



Q Why are fully automated management and reporting platforms important?

Joseph Consolo: In ESG, it is all about automating utility data feeds. And if you can't get what you want from utilities, there are data feeds that we get from other systems in buildings or other service providers. We need to present our clients with clear data packages without gaps to eliminate the need for data estimations.

Chris Barbier: Yes, clients want control over the data

and reports they publish to their investors. With a single integrated solution, there is a single source of truth, proper control and no need to move data between applications where errors can be introduced.

The pandemic has created a permanent change in investors' data expectations. They now expect information on a timely basis from the investment through to details happening at the property. When it comes to data, a single integrated data ecosystem facilitates efficiencies and better transparency.

is a need for greater automation around debt, which is predominantly managed on spreadsheets. There is an increasing awareness that markets are changing as interest rates become more volatile. People are trying to understand the extent of exposure to higher interest rates within their portfolios.

Most real estate owners are borrowers and leverage their properties as part of their acquisition strategy. A move toward automation is partly driven by trying to have better visibility on loan terms and covenants with the lenders alongside the property collateral.

Aligning the debt with property budgets and forecasts help identify potential risk. That is very difficult to do when everything is only in a spreadsheet.

Joseph Consolo: The other big focus area for automation is ESG. Like Chris, we are trying to get people out of spreadsheets.

“You need to have timely access to information to enable informed discussion with the asset operators”

CHRIS BARBIER

Clients need to be able to report ESG data to investors and regulators. They want aggregated data that can be used for multiple purposes.

We are automating the aggregation of environmental consumption and greenhouse gas data (energy, water and waste). This data can be used to meet the core requirements of hundreds of different ESG programs and an infinite number of investor reporting requirements.

Q What does a single integrated data ecosystem entail and what are the benefits?

CB: Transparency of data is critical. To enable more timely and detailed information, clients seek to reduce or eliminate moving data between disparate systems. To accomplish this, many seek a fully connected platform consisting of investor, investment and asset operations.

There is a single source of truth, and that single source of truth starts at the underlying asset, rolls into whatever the investment structure is and then ultimately out to the investor, all in one ecosystem. There is one platform, one database.

As well as data purity, this can mean real efficiencies and savings. That makes taking on new investments or new clients easier while maintaining constant staffing levels.

Having visibility of what is happening in an asset is very important from a risk management perspective. You need to have timely access to information to enable informed discussion with the asset operators, which means you need a fully integrated solution within an organization that has both a property management arm and an investor focus – or, if it is an investor using third parties, direct visibility into what is happening operationally at the asset.

There are additional efficiencies in having consistent processes at the asset level, which can assist in increasing income and the value of the asset.

JC: And there is a push for integrated systems from an ESG perspective. Investors want access to their energy information on the same system as the investment data. Otherwise, when you have to exchange data between systems, there can be “breakages.”

To reduce errors and increase efficiency, I see clients wanting everything in one system. Our platform has a series of connected views for different stakeholders in the business, from the back office to investor relations to those concerned with ESG. That view is all based on one platform, just with different ways the data is utilized.

Q What ESG data is necessary for such an integrated system, and how is it obtained?

JC: It is different for each component: environmental, social and governance.

Clients want to consolidate their governance program into one system so

“Investors want access to their energy information on the same system as the investment data”

JOSEPH CONSOLO

they can bring all their documentation into the system and house all their information in one place. There are also systems that can help clients collect social data, though there are always some manual inputs.

For the environmental part, clients want to measure energy, water and waste and incorporate the data into a single system. Water is the easiest, while waste can usually be obtained from various workarounds. The big challenge is energy.

Energy and assessing greenhouse gas emissions are crucial for targeting net zero. Smart meters are obviously a vital tool here.

Take New York City as an example: asset owners have spent a lot of money to put smart meters in place, so we can take data directly from those. This allows us to report ESG emissions, but it is more than just that. You can get interval data every 15 minutes from buildings, which helps you understand how your building performs and to measure your energy efficiency baselines and improvements. There is a lot of value to that data.

The problem is that smart meters are only in a minority of US assets, which is very different from Europe. The larger cities are ahead in terms of installation, as are some progressive states like California. But in less populated states and rural areas, it is very rare.

I would say only 10-15 percent have smart meters in place. Another 25 percent are seeking to install them, which is something we can help with. There is another 25 percent who don't have smart meters and seek to get the necessary data using utility invoices and the like. And then there is a large chunk, more than 30 percent of assets, where the owners have not even started to address this issue.

Q How will this work as the industry moves towards measuring the carbon footprint of whole buildings?

JC: This is the biggest challenge for the real estate industry, and there is no one-size-fits-all solution.

Green leases require tenants to share their data with building owners, but a green lease is not always necessarily in place. This means at the moment, we can only obtain partial building data for those buildings or have to consider anonymized data feeds. But many clients are only just beginning on this journey.

Having said that, I believe the whole building data goal is 100 percent achievable. It is a big challenge, but we can get there. And increased regulation means we have to get there. ■