

YARDI X IREAD

PROPTech SURVEY 2021

iread™
building
data
intelligence

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business immo group

BUSINESS iread iread geo
space

FOREWORD

- The emergence of PropTech, as it is currently defined, was born from the combination of the words Property and Technology.
- It is the story of a meeting between two sectors which share the same vocation: building the world of tomorrow through a holistic approach of cities and territories.
- This is a major challenge for all the players in the real estate value chain. How can we offer an experience that meets the needs of all professionals and users, all within the context of the development of smart and sustainable cities?
- To achieve this, real estate players, historically capital-intensive, are integrating more and more technology into their activities.
- This gives them the means to develop and allow the

emergence of disruptive and sustainable solutions.

- As a result, the French adage «Alone, you go faster, together we go further» has never been more true.
- In fact, to this day, real estate professionals can rely on innovative, developed by emerging companies as well as by historical providers of technological solutions.
- It is therefore natural that Yardi, an established partner in technological solutions dedicated to real estate, and iread, a fresh real estate data analysis company, join forces to conduct a survey on the use of PropTech tools within the sector.
- What are the uses, budgets and challenges for tomorrow's real estate? We shed light on the situation of PropTech in 2021.

TABLE OF CONTENTS

Key Findings	5
Framing the survey	6
Investment snapshot and 2021 budgets	11
Business equipment	15
Tomorrow's challenges for real estate	20

QUOTE

Real Estate draws an image of a conservative industry, not very open to innovation and new technologies. Yet, no less than €20 billion has been invested in PropTech startups in 2020, in the midst of a health crisis. And it is perhaps this pandemic that will accelerate the transformation of the sector. The succession of confinements has made decision-makers in the sector aware of the importance of digital in their strategy. Along with the environmental issue, digital transformation has become one of the priorities of real estate executives.

Gaël Thomas

Editorial Director, Business Immo Group

KEY FINDINGS

23% of the leaders would like to spend more on PropTech but don't have enough budget

35% of the panel spent more on PropTech due to the Covid crisis

Top 3 technological innovations that will have an impact in the short to medium term:

- 1.** Big Data analysis
- 2.** Smart Buildings
- 3.** AI and machine learning

Short- to medium-term priorities of decision-makers

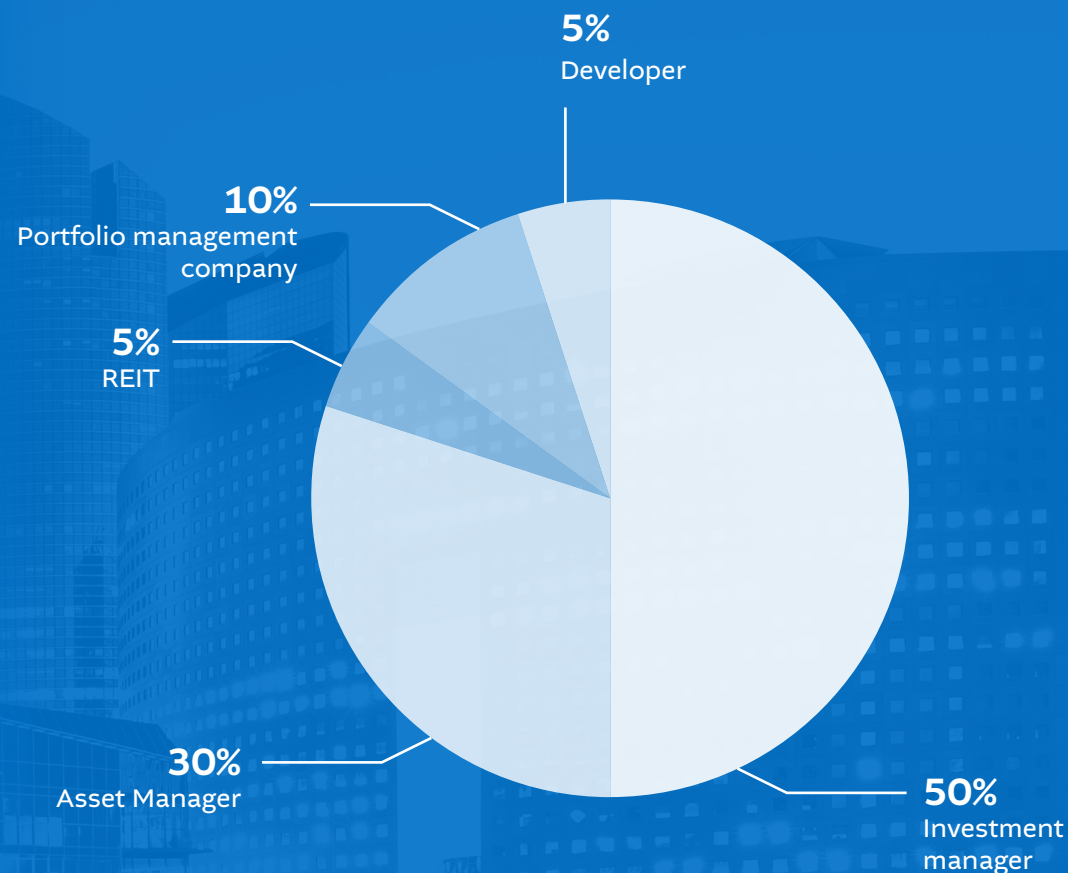
- 1.** Improve workflow and collaborative processes
- 2.** Productivity improvement
- 3.** Faster data integration

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FRAMING THE SURVEY

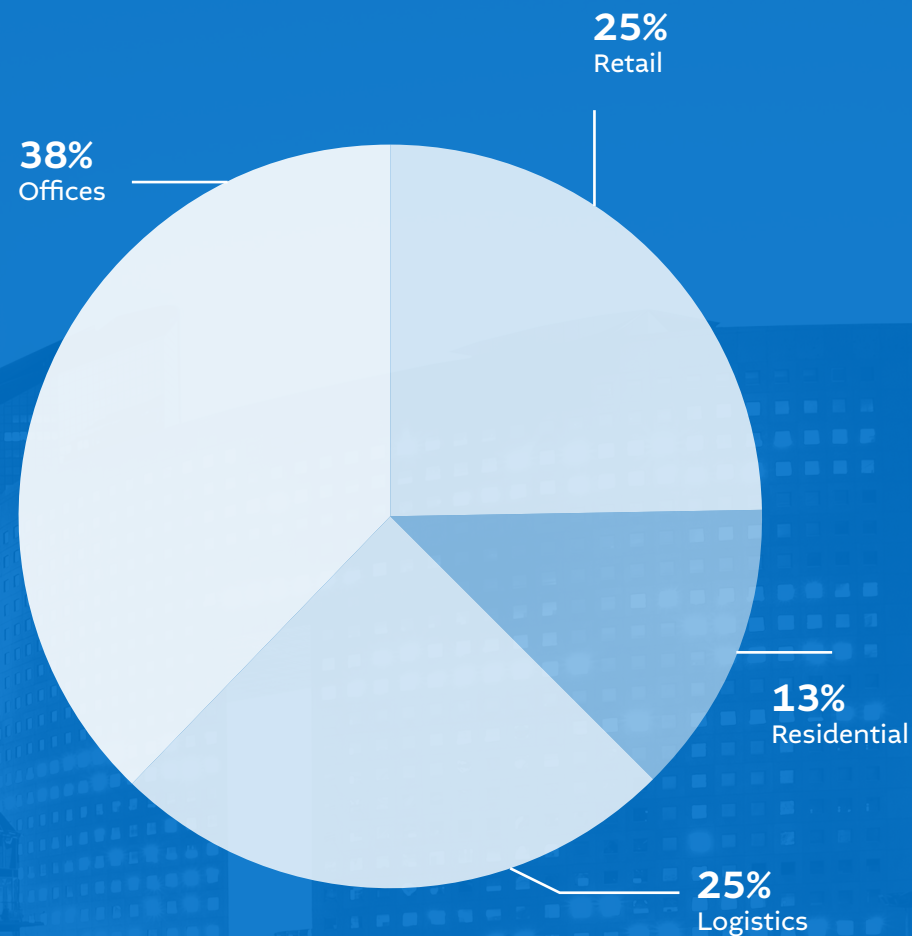
FRAMING THE STUDY

- This study presents the results of a survey conducted among leaders in the commercial real estate sector. It provides an insight into the use of PropTech tools within the French market.
- The survey was conducted during the third quarter of 2021 and contains 14 questions. It targets top management individuals of companies (CEO, presidents, partners...).
- The nature of the activities of the sample is composed of half of investment managers (**50%**). The rest of the sample is composed by **30%** of asset management companies, **10%** of portfolio management companies and finally **5%** of land developers and REIT companies.



MONO-ASSETS CLASS INVESTORS

- As we saw before, the whole panel is composed of asset managers, developers, REIT's, portfolio management company and investors.
- But looking closer, 20% of these companies are invested in only one type of asset class:
 - **38%** only invest in **offices** spaces;
 - **25%** only invest in **logistics** or **retail**;
 - **13%** invest in residential.



ASSETS TYPES 1/2

- The asset classes most represented in the panel's portfolios are offices (**88%**) and retail (**65%**).
- Among office space owners, **100%** of the panel declares that they own traditional workspaces, while **69%** own flexible workspaces.
- Among the retail owners, **46%** hold shopping malls.
- Finally, logistics are well represented in this sample: **55%** of the panel declare that they own logistic assets. Of which over **80%** own warehouses or business premises, while **32%** of them own data centres.



OFFICES: 88%

Classic workspaces: **100%**

Coworking/flexible office spaces: **69%**



RETAIL: 65%

Retail: **46%**

Shopping centres: **46%**



LOGISTICS: 55%

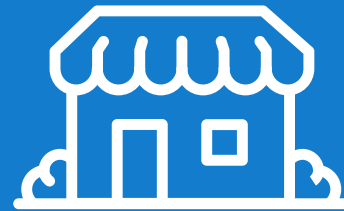
Warehouses: **86%**

Logistics: **82%**

Data centres: **32%**

ASSETS TYPES 2/2

- **50%** of the panel manage or own housing assets. They are all targeted for rental. In addition, **30%** of the panel state that they own student housing as well as retirement homes, and **15%** own single-family homes.
- **45%** of the panel holds leisure assets, restaurants or hotels.
- Finally, **15%** of the panel owns healthcare assets: half of them are invested in hospitals, **100%** of them are invested in clinics.



HOUSING: 50%
Residential: **100%**
Student housing: **30%**
Retirement living: **30%**
Single Family Homes: **15%**



HOTELS - RESTAURANTS - LEISURE: 45%



HEALTH: 15%
Hospitals: **50%**
Clinics: **100%**

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INVESTMENT SNAPSHOT AND 2021 BUDGETS

QUOTE

The report shows that real estate professionals continue to invest in technology and innovative solutions at a faster pace.

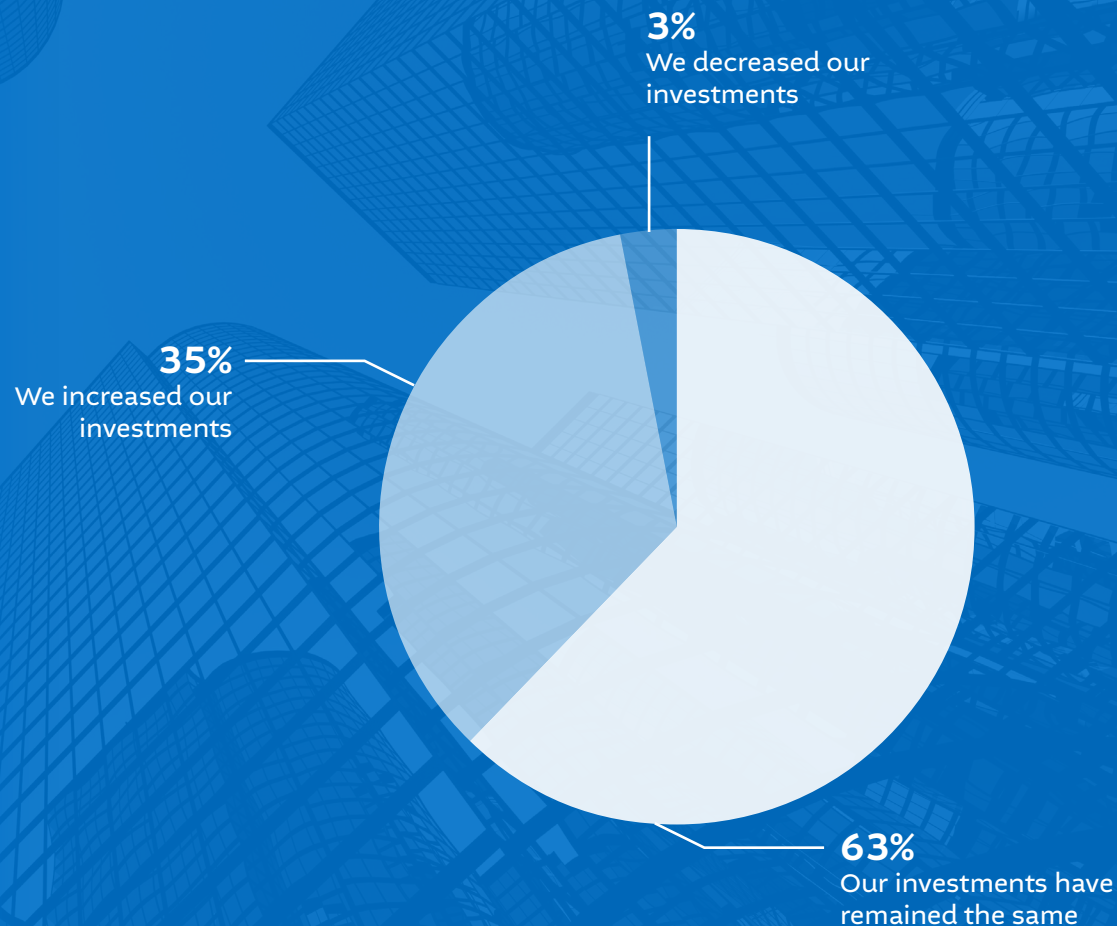
We see the emergence of new technologies such as machine learning and artificial intelligence to help real estate investors make informed decisions. However, in order to benefit from these innovative solutions, they need to get the basics right. Their operational and financial data, accessible in real time, in one central source.

Andrew Hawgood

Regional Sales Manager, Yardi

LEVELS OF INVESTMENT IN 2021

- The Covid crisis has had a heavy impact in terms of business investments.
- And that's for good reason: **35%** of the panel stated that they had **invested more** in Proptech tools in relation to the crisis.
- **63%** of the panel **pursued** their investments in equipment at the same levels as before the crisis.
- Finally, **3%** of the panel has seen its levels of investments in Proptech **decrease** in connection with the Covid crisis.



BUDGET FOR PROPTECH

- Half of the panel states that their company's Proptech budget is about right: their needs are aligned with the equipment they have.
- Similarly, small budgets are allocated by **13%** of the panel, in line with small business needs.
- However, some differences exist:
 - **23%** of the panel would like to be better equipped;
 - **3%** of the panel spends too much on too many tools.
- Finally, **13%** of the managers interviewed said they had no idea what budget their company had allocated to these types of solutions.



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BUSINESS EQUIPMENT

WHAT SOLUTIONS ARE USED TODAY ?

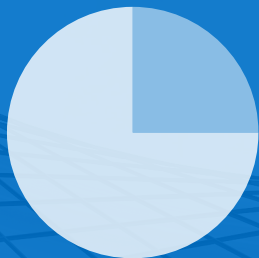
- More than **88%** of the panel provides its teams with digital tools specific* to their role.
- These are the activities that are most equipped with specific solutions:
 - Property management and accounting, at **80%**;
 - Investor and investment management activities, at **68%**;
 - Asset management activities, at **60%**.
- We also note that half of the panel uses leasing or sales tools to manage tenants' relationships, including online payments.
- Only a third of the panel uses online marketing solutions.
- Finally, the take-up so far for advanced solutions is low : only a third of the panel are currently using these tools.

* Other than Microsoft Excel

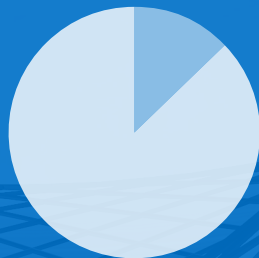
Solutions for operations and decision making	88%	●
Investor and investment management, accounting and consolidation	68%	●
Asset management tools	60%	●
Property management & accounting	80%	●
Procurement and vendor management	23%	●
Construction and development management	33%	●
Debt management	23%	●
Budgeting and forecasting	40%	●
Business plans	28%	●
Budgeting	38%	●
Valuations	25%	●
Leasing and tenant solutions	53%	●
CRM to manage commercial / lead to lease process	30%	●
Online leasing & payments	28%	●
Tenant engagement	50%	●
Visitor Management and access control	23%	●
Marketing solutions	33%	●
Property marketing	33%	●
Advanced solutions	33%	●
Business intelligence	13%	●
AI & Machine Learning.....	8%	●
Blockchain	10%	●
Learning management	25%	●
Other	8%	●

PORTFOLIO MANAGEMENT

- A quarter of the panel doesn't use any application in their portfolio management process.
- The majority of the panel use multiple platforms to manage their portfolio but in practice, most of them limit the number of applications.
- In fact, **58%** of the panel use less than 5 applications.



25%
None



13%
One integrated
solution



45%
Just a few
(between 1
and 5)



13%
Several
(between 6
and 10)



5%
Many (over 10)

CLOUD OR ON-PREMISE ?

- The panel is split fairly evenly between those using only browser-based applications and those using only locally installed applications.
- However, **27%** of the panel use a mixture of the two

38% Of the panel is entirely browser-based

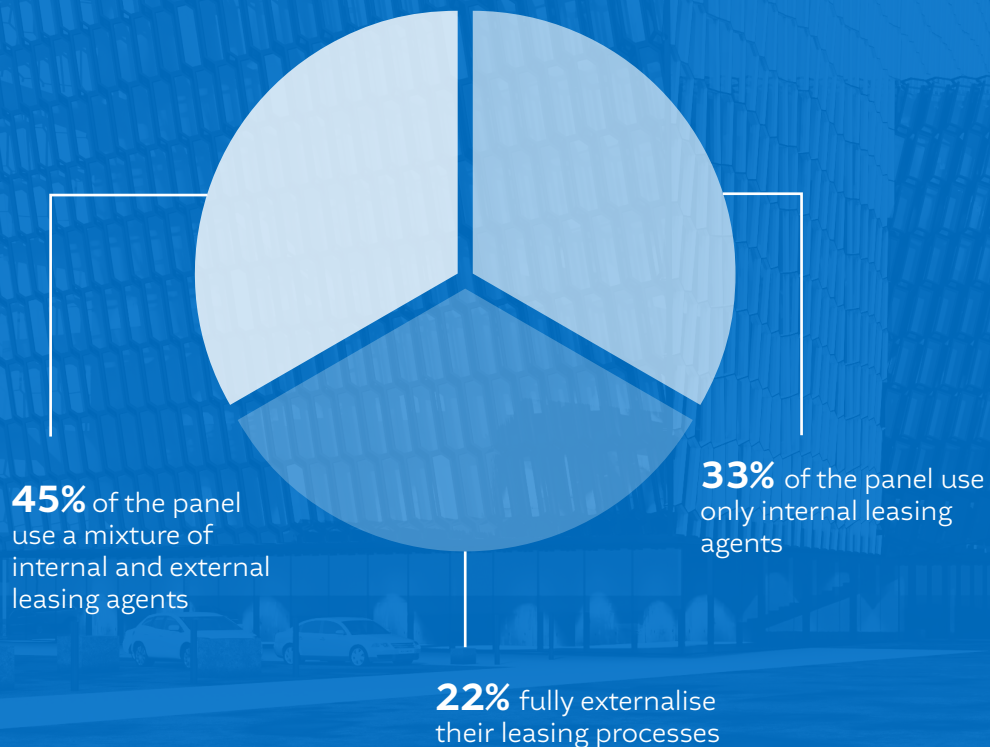
35% Of the panel is entirely working on desktop applications

15% Of the panel uses more desktop applications, but some are browser-based

12% Of the panel uses mostly browser-based software, but some applications are desktops based

LEASING PROCESS MANAGEMENT

LEAD-TO-LEASE



LEASING

30% Of the panel don't have any online leasing process and don't want to

25% Of the panel don't have an online leasing process but plan to introduce it in the next 24 months

43% Of the panel already have an online leasing process that includes eSignature

2% Of the panel don't use eSignature

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TOMORROW'S CHALLENGES FOR
REAL ESTATE

technologies reliability
obstacles difficult **SECURITY**
change COMPLEXITY **trust** manage
ROI Difficulties robustness **interest**
expensive

QUOTE



The development of Proptech is a response to the evolution of society. On the client side, platformisation is becoming a real need. On the real estate side, centralisation of data and information of an asset is necessary.

The reporting of fluid consumption is a major issue, while the client is often reluctant to provide this kind of information. Proptech can now meet the needs of real estate data, although it still isn't accessible to everyone.

Although we feel that the market is evolving, it is not mature yet: the business model is expensive for some. However, we can be sure of one thing: we all have to go there!

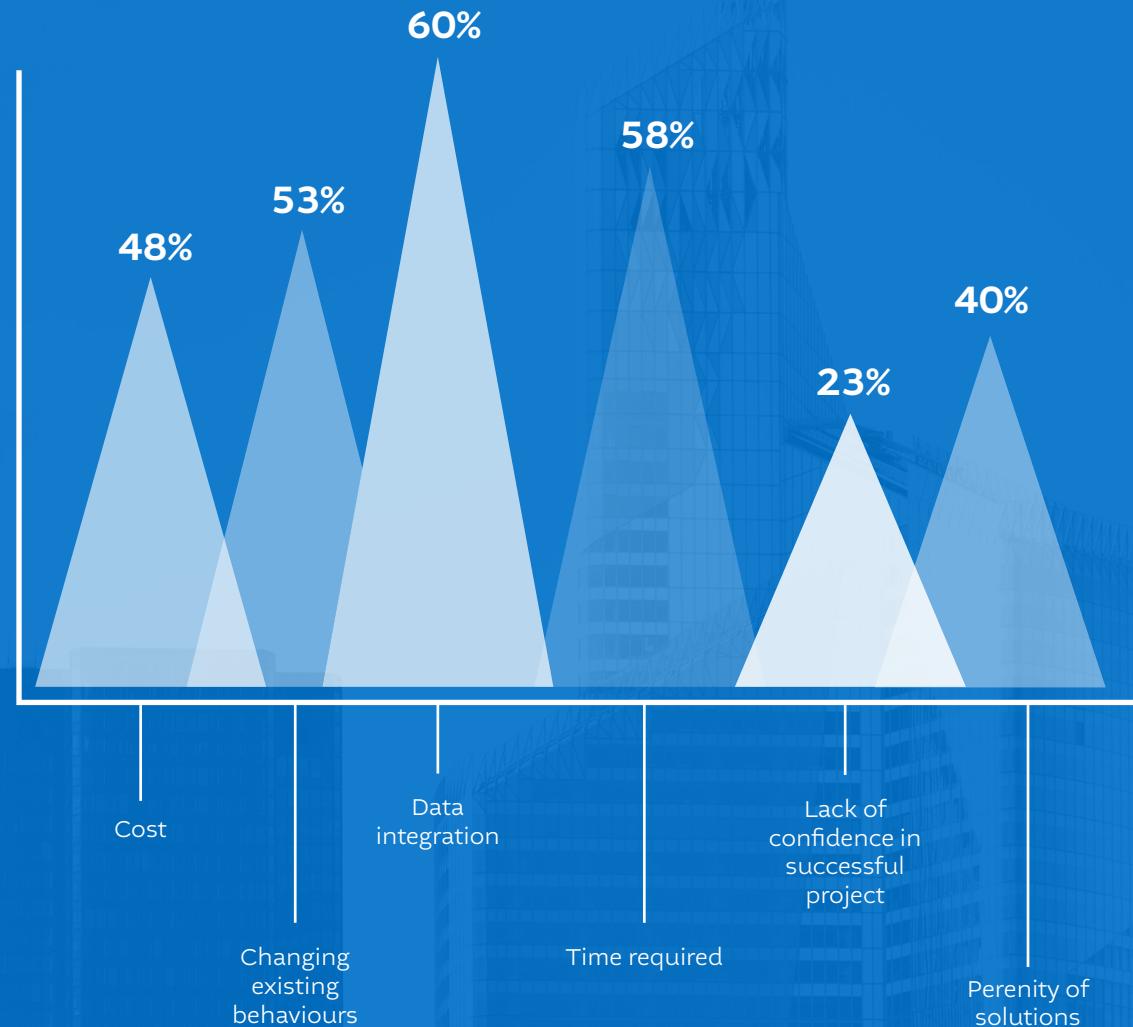
Jean-Christophe Antoine

President, Voisin-Atland

MULTIPLE OBSTACLES

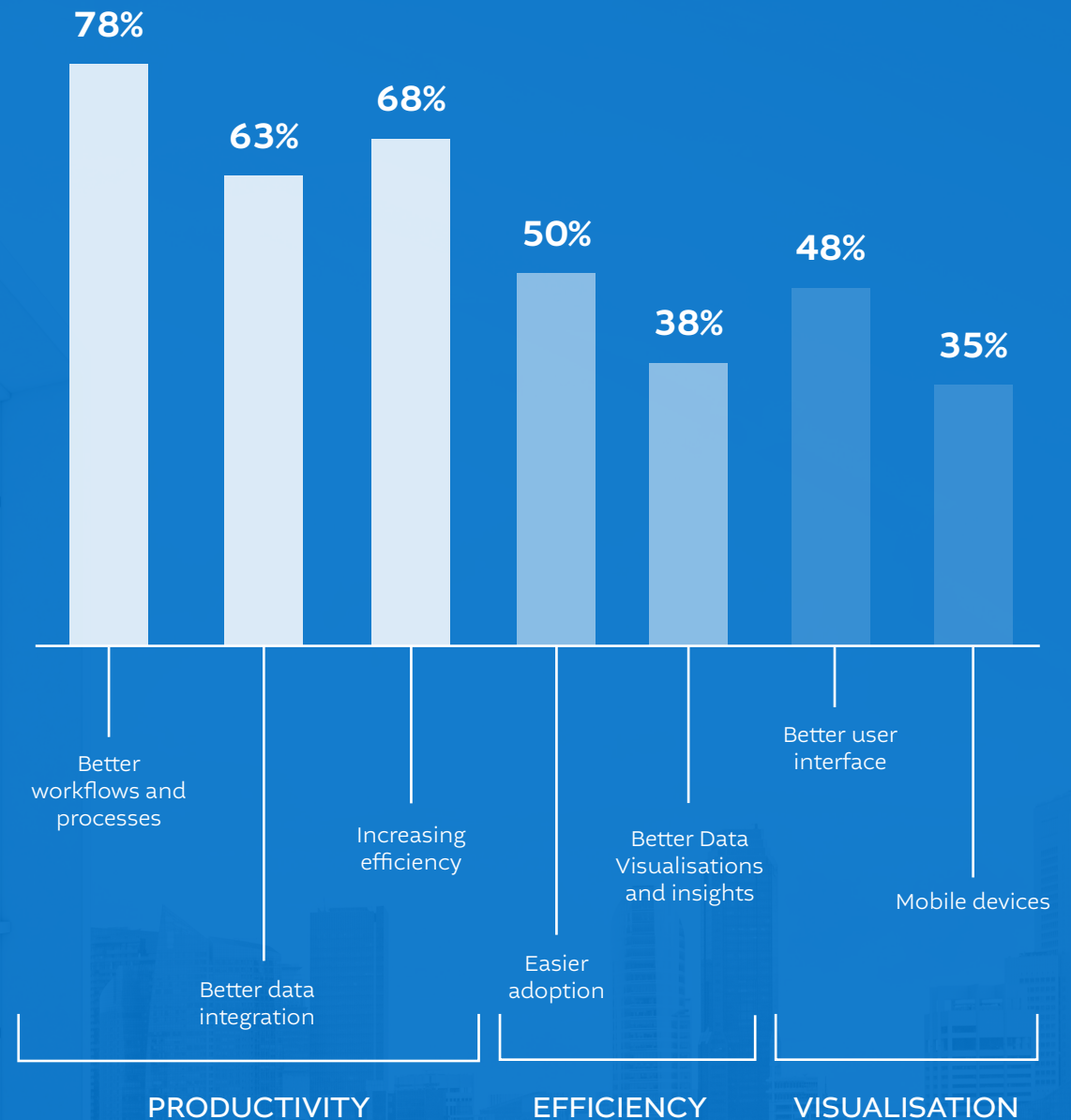
• The adoption of Proptech solutions by the real estate industry is growing rapidly. However, there still are obstacles to the adoption of these technologies in the industry.

• The major obstacles are data integration (**60%** of the panel), the time required to adopt new tools (**58%** of the panel) and changing existing behaviours (**53%** of the panel).



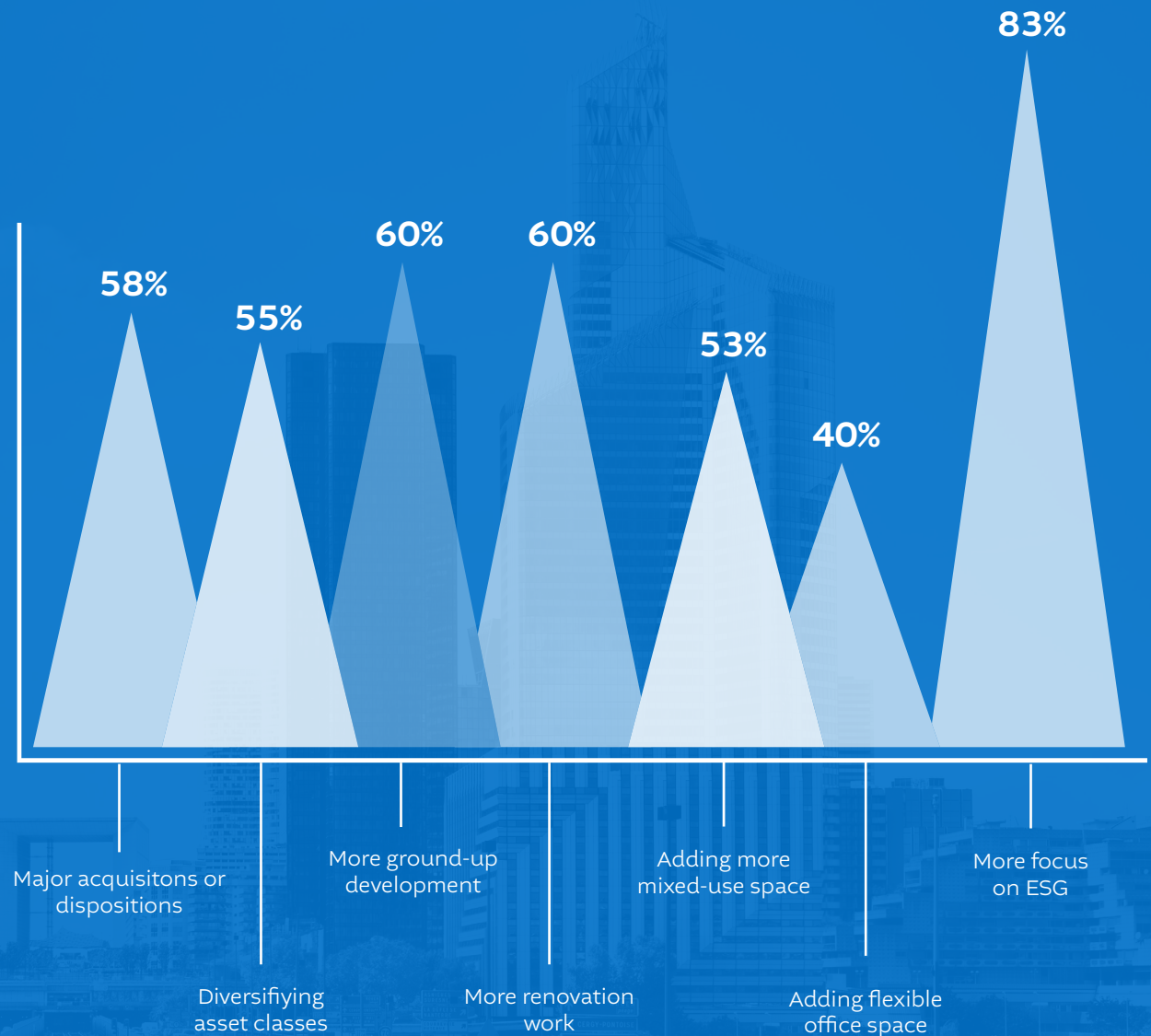
DECISION-MAKERS' PRIORITIES

- Despite the obstacles mentioned above, companies in the sector have well defined needs in terms of innovation.
- Productivity and efficiency gains appear to be the leading drivers behind investing in innovation.
- The improvement in workflows and processes is the biggest driver.



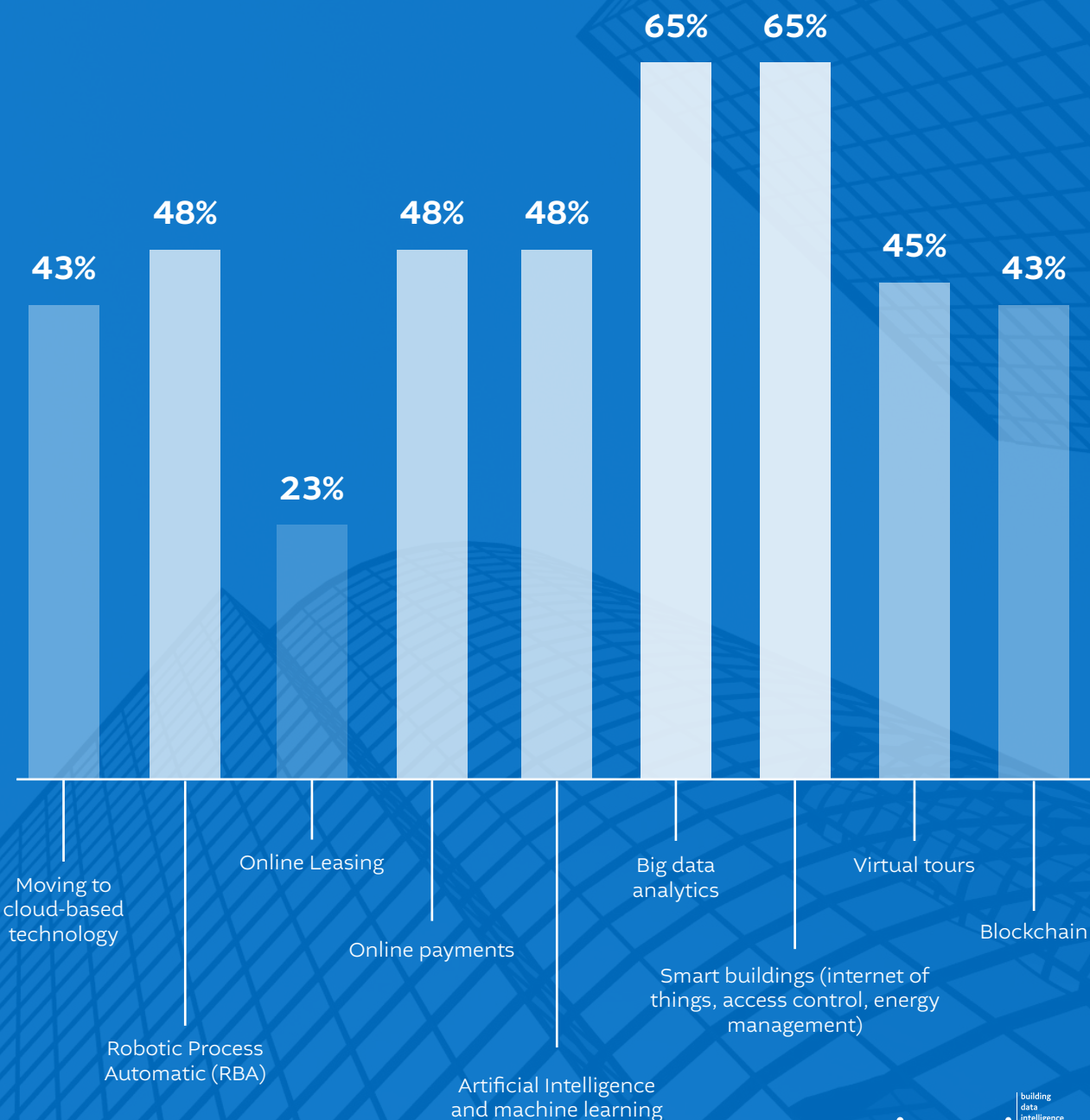
GOALS FOR THE NEAR FUTURE

- ESG is a hot topic with **83%** of the panel seeing more focus on the subject in the near future.
- Despite the current context, investments remain important for the panel, with ground-up development and renovation work at the top of priorities.



PROPTech FOR THE NEAR FUTURE

- Historically real estate has not always been at the forefront of innovation. However, the sector is now at a major turning point in its transformation.
- We can see that big data analytics and smart buildings are at the forefront of Proptech requirements.
- Also, new technologies such as AI and robotic processes are becoming important for the industry.



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