



PROPTech SURVEY 2022

The Adoption of Proptech in
European Listed Real Estate



Foreword

The real estate industry has come on leaps and bounds in its digital transformation as we see markets adopting and improving their relationship with technology.

Resistance to change prevails; however, in some pockets of the industry, nearly 50% of respondents claim that proptech solutions are a lower priority than other business initiatives.

Businesses support the idea of technological innovation; however, they are not ready to adopt it. Companies are not prepared for change and would rather keep using disparate systems with inconsistent data focused on resolving reactive issues – rather than innovative technology conducive to business models and operational efficiency.

Real estate is one of the largest industries in the world. In the UK alone, the commercial property sector contributes to **7% of the economy** and employs more than **1.2m people per annum**. It also delivers over 50 million square feet of new business space annually. Therefore, improving operational efficiency is fundamental, not only to the real estate industry but to the economy too.

With technology constantly evolving, Yardi has partnered with the European Public Real Estate Association (EPRA) to gain up-to-date insight into proptech adoption in the real estate sector. This data measures the adoption and active use of new technologies and proptech in different processes of day-to-day real estate management procedures.

This report explores how the property industry is optimistic about technology adoption; whilst exploring the impact, challenges and future of proptech.

With digital transformation at the forefront of most real estate strategies, property leaders must invest in technology adoption to stay ahead of the competition and drive the future of their organisations.

"EPRA was pleased to be able to partner with our Diamond sponsor, Yardi, for a second proptech survey of the EPRA membership. The first survey was carried out in 2019, just before the start of the COVID-19 outbreak. It is clear that the pandemic, ESG, the climate crisis and the economic outlook have all been drivers in accelerating uptake in innovative proptech solutions over the last few years.

We are grateful to Yardi for their skill and input in deciphering the data from the survey and aggregating it in such a well-presented format."



Dominique Moerenhout
CEO, EPRA

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“Proptech adoption is not about the selection of a feature-driven tool.

Proptech adoption is a **strategic business decision** that drives the future of an organisation. It is about changing how an entire organisation operates.

Investing in technology is fundamental, but businesses need to be prepared to undergo this process before they can get to the other side of innovation.”



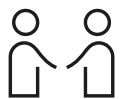
Richard Gerritsen
senior director, Yardi



Key Findings

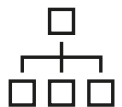


The Attitude



68%

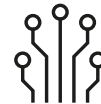
of respondents **strongly classified technology as a business topic rather than an IT topic.**



65%

of participants reported having a **dedicated internal team to manage digital strategy**, whilst 26% continue to outsource their solution(s).

The Impact



60%

claim that **technology has had a strong impact on company performance** over the last 5 years.

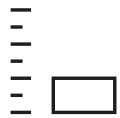


Key improvements reported focus on **increased efficiencies** and having **the ability to make more informed investment and business decisions.**



Businesses invested in organisational change with an integrated digital strategy found **technology to have a greater impact** on company performance in the last 5 years.

The Obstacles



46%

of businesses **do not consider proptech adoption as a high priority** compared to other business initiatives.



33%

are hesitant to invest in further proptech solutions due to **low technological maturity**.

The Future



68%

would like to make **more informed investment decisions** with proptech.



2%

of survey participants showed a **willingness to invest more than 7% of their company's annual budget** in real estate technology over the next 5 years. **38% were unsure entirely.**



50%

still anticipate technology to have a **major impact on their business in the next 5 years.**



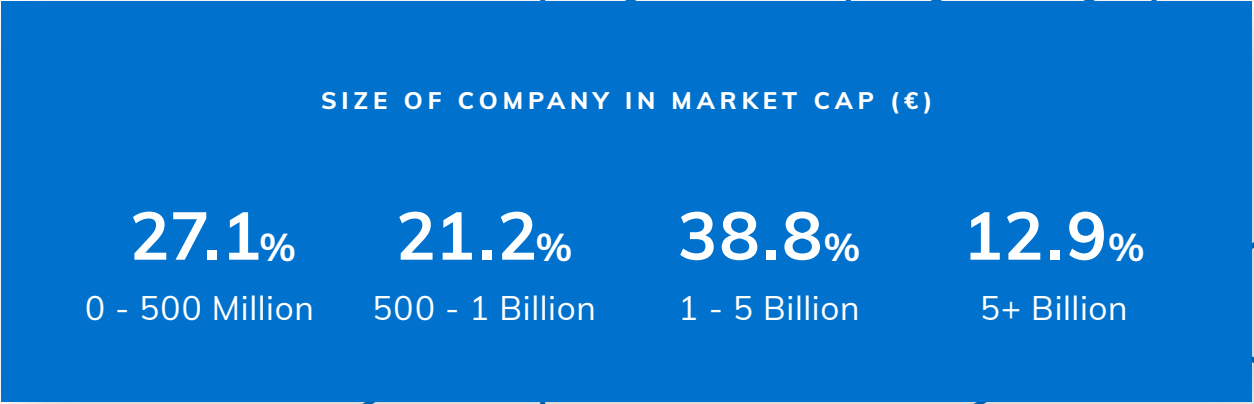
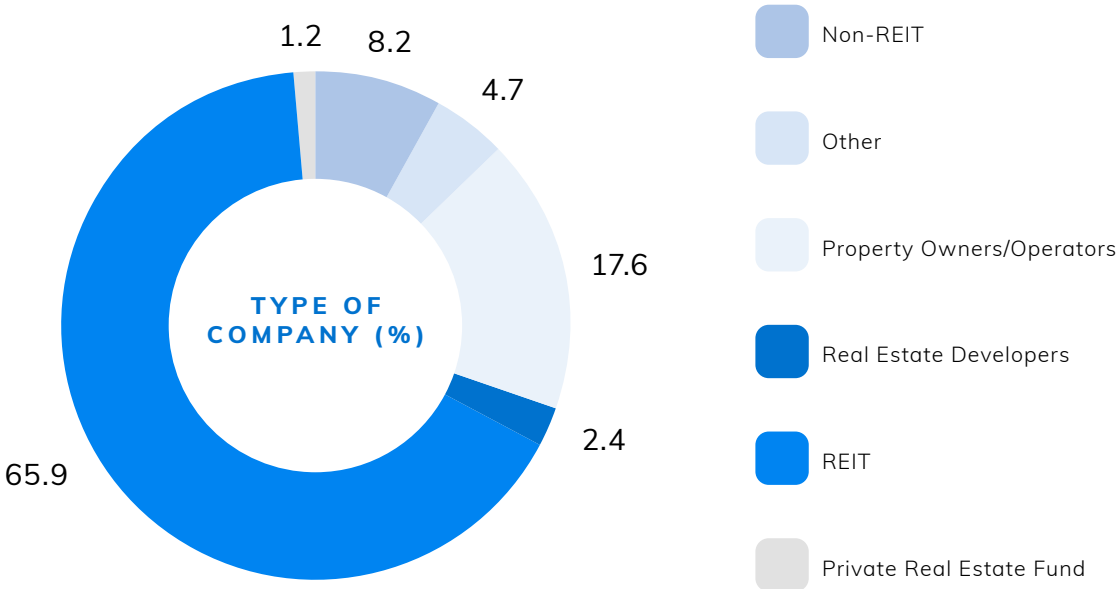
Framing the Research

This survey is a collaboration between Yardi and the European Public Real Estate Association (EPRA) to track the uptake of property technology across pan-European regions.

The 19-question survey was distributed by EPRA and completed voluntarily by real estate professionals across 25 countries in June 2022. The results were later shared with several experts and leaders in the property industry who offered additional insights into the findings.

The survey participants boast deep industry experience with the bulk of respondents being either C-level (47%), director (15%), head of a department (9%) or mid-level managers (20%).

Over half of the respondents (65.9%) were REIT companies. The rest were composed of property owners/operators (17.6%), non-REIT companies (8.2%), real estate developers (2.4%), private real estate fund companies (1.2%) and other companies (4.7%).



Asset Types Owned or Managed



18.8%
Diversified



16.5%
Flex Office



8.2%
Healthcare



8.2%
Hotels



25.9%
Industrial



48.2%
Office



3.5%
Other



18.8%
Residential





40.0%
Retail



4.7%
Social Housing



8.2%
Student Housing



“The real estate sector has clearly identified that proptech offers plenty of opportunities in many sections of the industry. However, it seems that there is still a need for more clarity in terms of goals and intentions to guide prioritisation as well as to secure funding for these initiatives.

As evidenced by this proptech survey, there is ever-increasing interest and an ongoing discussion about proptech in the industry. Hopefully, this openness can inspire all of us to pilot new solutions and even to embark on new technological journeys to reap the benefits offered by proptech today.”



Kirsi Simola-Laaksonen
CIO, Citycon

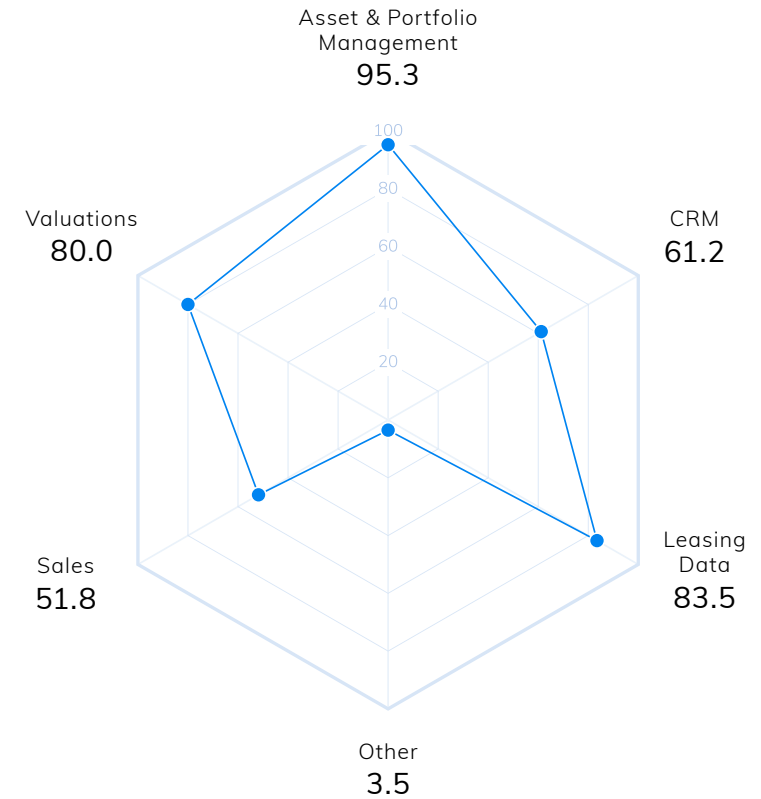


Current Adoption: A 2022 Snapshot



Real estate operations come with a multitude of moving parts including the management of assets and portfolios, CRM, leasing data, sales, valuations and more. Over 50% of respondents claimed to navigate the management of at least 5 of these components – the majority accounting for asset and portfolio management (95%), CRM (61.2%) and business valuations (80%).

TYPE OF REAL ESTATE INFORMATION MANAGED BY COMPANY (%)

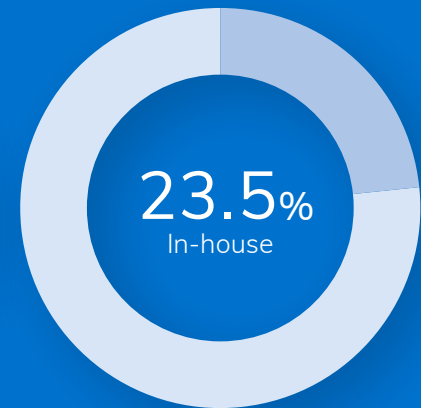
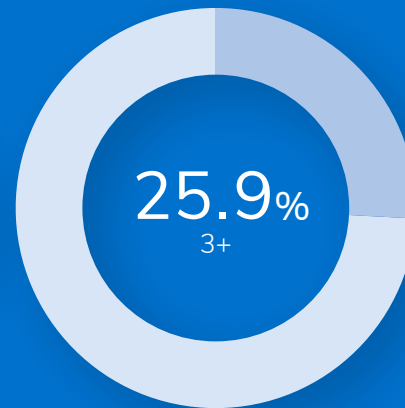
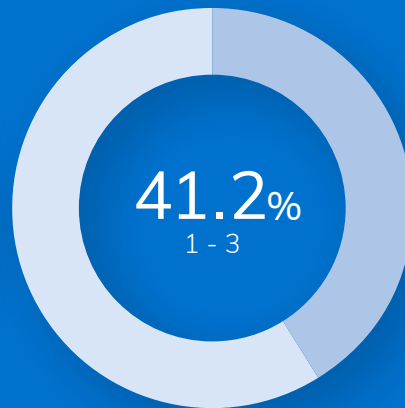
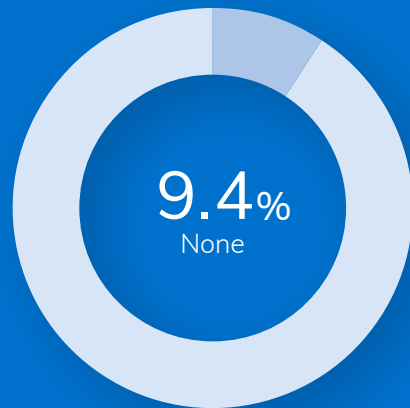


Portfolio Management

With a myriad of operational data to contend with, our survey set out to discover how businesses currently manage their operations.

The minority (9.4%) do not use any proptech solutions in their portfolio management process, whereas the bulk of respondents utilise multiple platforms. In good practice, most limit the number of applications with 41% using fewer than 3 applications.

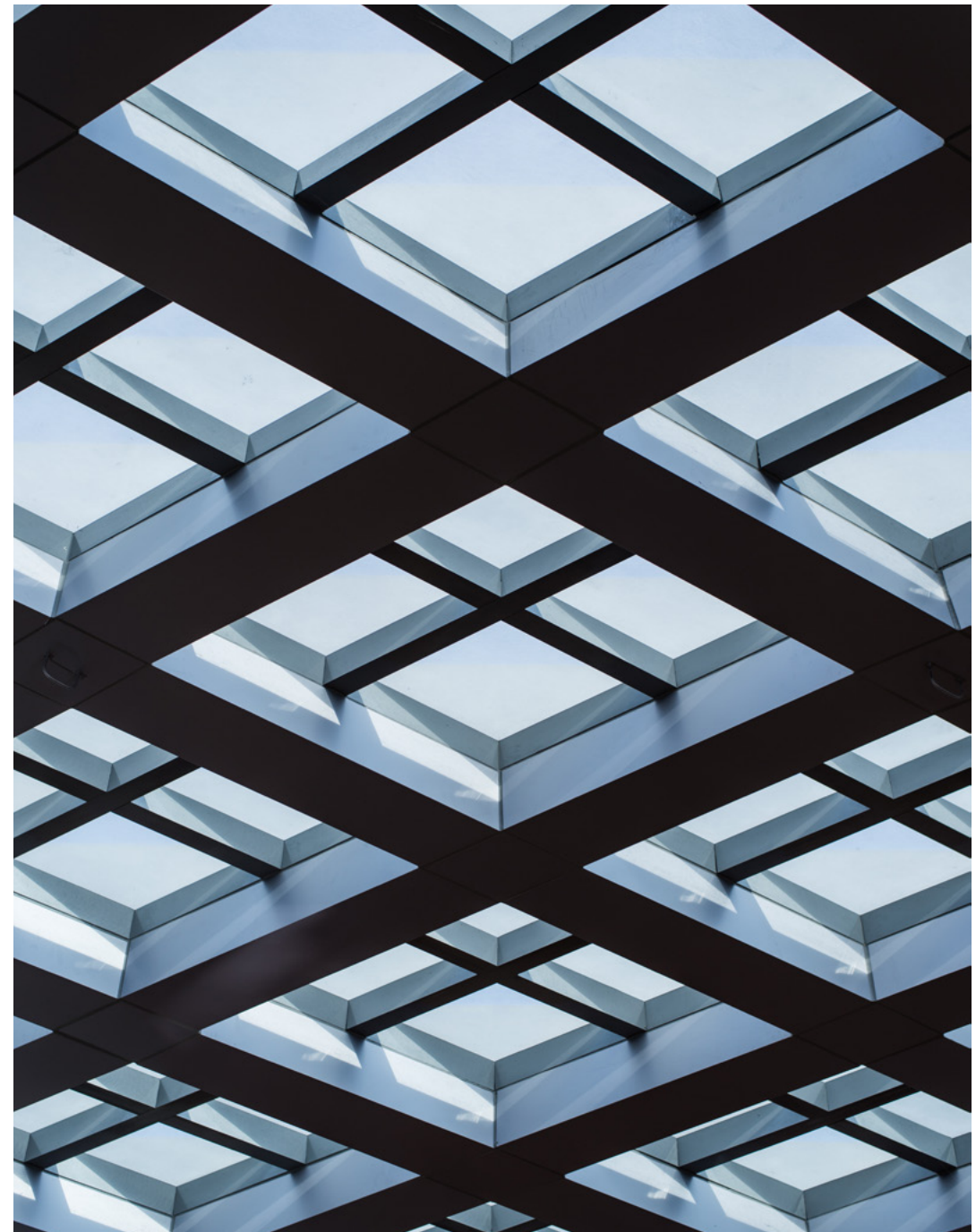
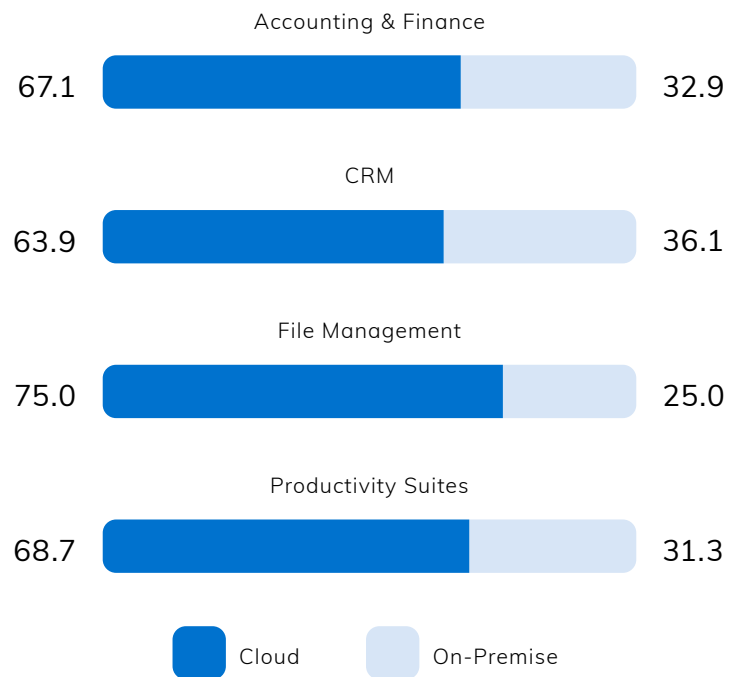
NUMBER OF PROPTech SOLUTIONS USED



In addition to the number of systems, we gain insight into the type of system(s) utilised - cloud or on-premise.

Results show that over 60% utilise cloud-based technology for each operational component – making it the favoured option in the industry. However, at least 25% of the industry uses on-premise systems to manage operations, especially with customer relationship management (CRM) (36%).

CLOUD VS. ON-PREMISE SOLUTIONS (%)



“There are plenty of promising proptech solutions on offer or being proposed, but the key is defining and prioritising the business problem to be resolved, before leveraging the appropriate technology. Without defined benefits and outcomes, underpinned by clear business case tech solutions, [companies] can lose their way and undermine their credibility.”



Paul Glibbery
CIO, Grainger



Are Businesses Invested in Change?

The acceleration of digitalisation and the uptake of technology in the real estate sector is flourishing. However, as supported by a recent survey by Ernst & Young, **facilitating wide-scale adoption of technology requires changemakers.**

Evolving the tech landscape in real estate requires an investment in change. Despite the industry's **slow adoption of technology** in recent years compared to other sectors, primarily due to prioritisation and uncertainty of ROI, the shift is inevitably taking place.

For a seamless transition into tech, having a digital strategy as part of your company operations is vital as it facilitates a proactive mentality throughout the company culture from the top-down.

*“Digitalisation is key
for continued growth.”*

Survey respondent

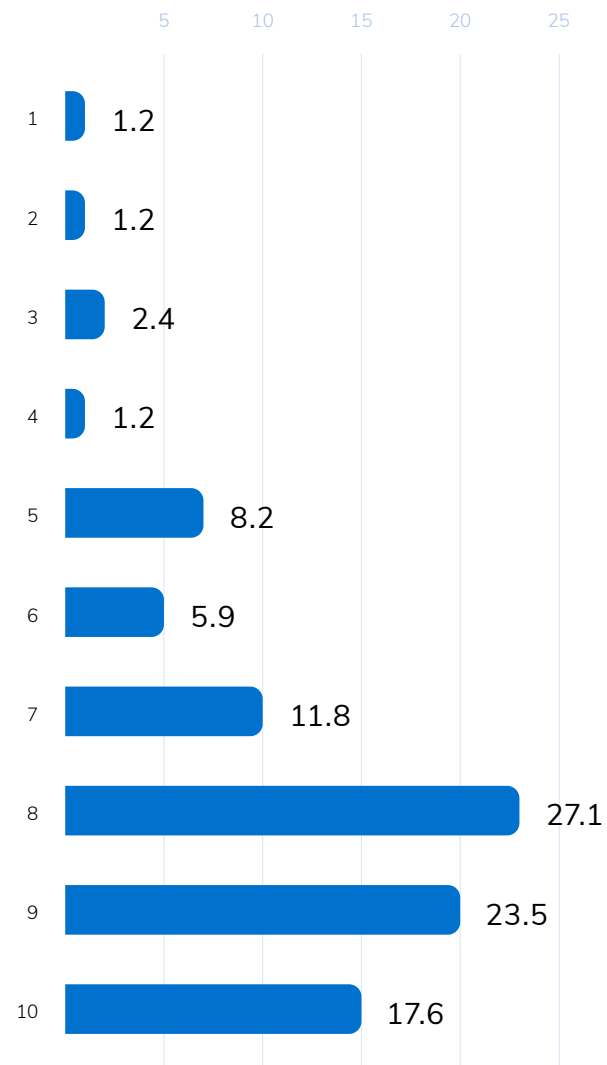


The current attitude is encouraging.

Nearly 70% of respondents strongly classified technology as a business topic rather than an IT topic.

TO WHAT EXTENT DO YOU AGREE WITH THE FOLLOWING STATEMENT

"FOR US, TECHNOLOGY IS A BUSINESS TOPIC RATHER THAN AN IT TOPIC" (%) ?



“20 years ago, technology innovation was seen as an IT topic that had to be dealt with by an IT manager rather than the person responsible for the business strategy. So, it’s great to see that nearly 70% of participants recognise that the adoption of technology is now a business topic. Essentially, businesses today are realising that **technology is required to run their business better**. People are starting to take more onus on this topic and this is a positive change.”



Richard Gerritsen
senior director, Yardi

Digital Strategy

Intention and **appreciation** for proptech are widespread across participants, indicating significant progression in the industry's mindset towards digitalisation.

Following the evolution of 'attitude' towards technology, our survey set out to understand how the industry is putting the adoption of proptech into action.

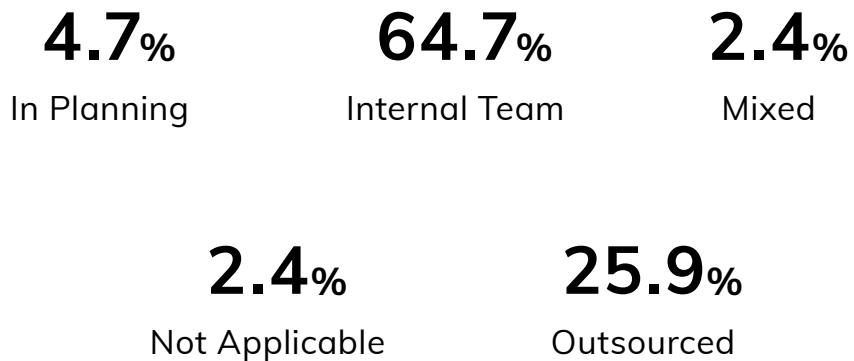
Nearly 65% of participants reported having a dedicated internal team to manage their digital strategy, whilst 25.9% continue to outsource their solution(s).

*"Many organisations still lack a **power user** for technology. In other words, someone who can take control, understand how to analyse data and get the best use out of systems. Without, sophisticated technology can result in technical language barriers and misuse of data."*



Bastian Zarske Bueno
head group corporate ventures & innovation, Swiss Prime Site

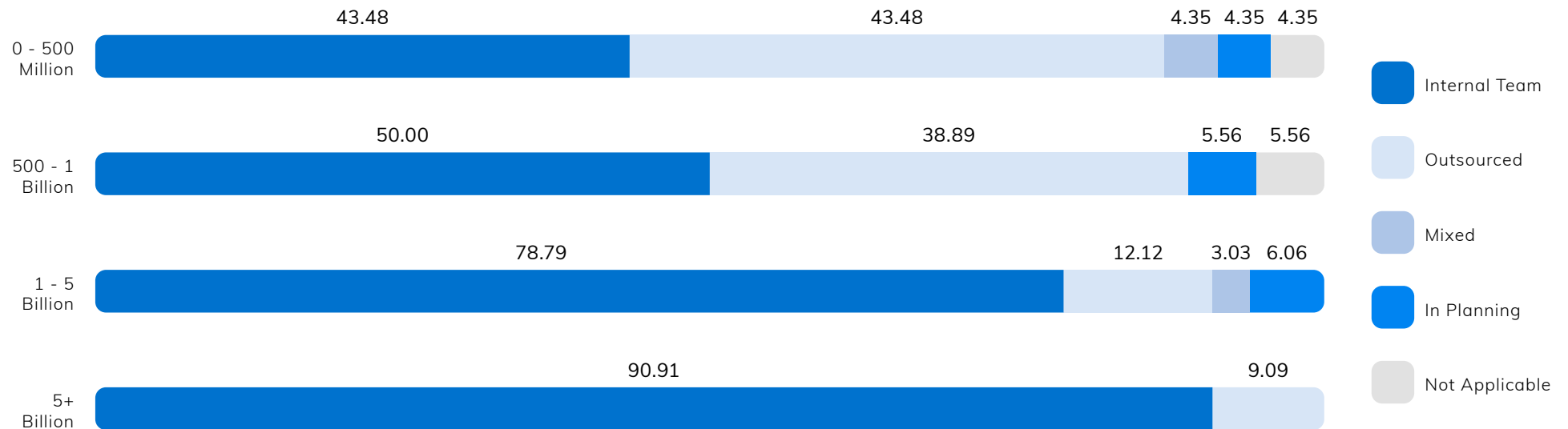
HOW DIGITAL STRATEGY IS MANAGED

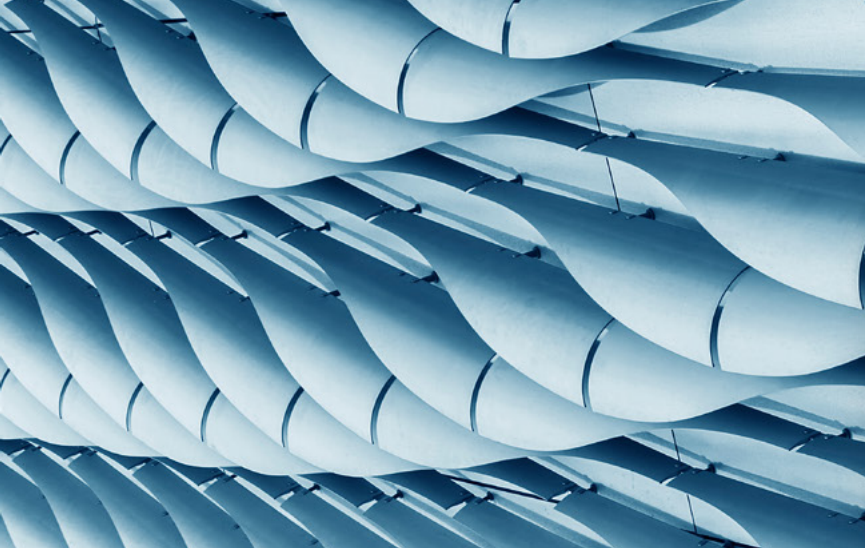


Company Size Matters

Larger companies (those with a market cap over 5 billion) are more likely to dedicate an internal team to digital strategy. Whereas those companies with a market cap of 5 million and under are more likely to either outsource, or their digital strategy is still in planning.

HOW DIGITAL STRATEGY IS MANAGED (%)





- Out of **55** companies with an integrated digital strategy, at least **63%** have experienced a strong impact on company performance in the last 5 years
- Out of **22** companies that outsource a digital strategy, only **51%** saw a strong impact on company performance
- **23%** of those companies reported a '**5 or fewer out of 10**' on the level of impact

Does Digital Strategy Matter?

Businesses that are more invested in organisational change found technology to have a greater impact on company performance in the last 5 years.

As supported by [a recent survey](#) from KPMG, "There is an opportunity here to encourage companies to adopt a digital strategy before engaging with proptech, so that they can reap greater benefits from the process."

Investing in proptech is one thing but understanding how to utilise the data that comes from it is another. Fundamentally, businesses need an integrated digital team that can thoroughly understand the questions that need answering and the problems that need solving - only then can you access the correct information and get the most from the data and technology.

"We believe that data collection is **vanity**, asking the right questions before the collection is **sanity**, while data literacy and ability to distil the right solutions is **cash**."



Honoré Achille Simo
EMEA head of business development, valuation advisory, JLL

"We need task forces with diverse skill sets to facilitate the adoption of proptech. The skillset of a property manager differs from that of an IT manager. However, both skill sets are necessary for successful adoption. Like with any language, we need an interpreter in between to 'translate' the prop into tech and vice versa. Only then can we truly gain an understanding of how to use proptech and what we can use it for to achieve our business goals."



Kirsi Simola-Laaksonen
CIO, Citycon



The Impact of Technology on Business



regulatory compliance
 market insights improved decisions
 automation development productivity
 business process optimisation transparency
property management
 performance collaboration analysis efficiency
 reporting data knowledge customer experience
 finances digitalisation
 accounting
 unified solution

"Increased efficiencies and ability to analyse more data."

"Data-driven decision > Gut feeling."

"Streamlining of overall operating process flow, reporting, file and data management optimisation."

"Technology in all aspects of our business will play an increasingly important role."

"Better productivity. Fast and relevant decisions."

"Technology plays an important role in making well-informed investment decisions from daily operations to high-level."

*Survey respondents

Overall, the adoption of technology has had a positive impact on company performance. 60% of participants rated the impact a '7 or higher out of 10' over the last 5 years.

Key improvements reported focus on increased productivity and efficiency and having the ability to make more informed investment and business decisions.

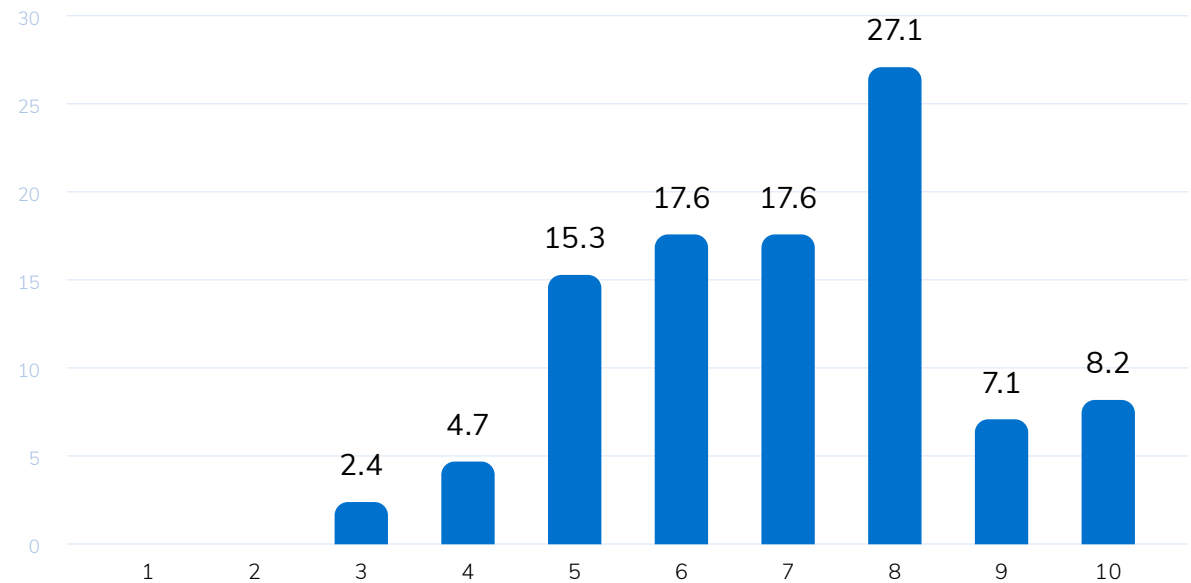
An industry that once assumed its own **immunity against the rapid adoption** of new technology has seen great improvements from implementing it.

"There is no smart decision on pricing without technology. We, therefore, expect businesses to ramp up adoption of tools focused on investment opportunities that support sound pricing."



Matthew Richards
EMEA CEO, Capital Markets, JLL

IMPACT OF DATA AND TECHNOLOGY ON COMPANY PERFORMANCE OVER 5 YEARS (%)



Thinking Beyond Tech Adoption

The urgency behind digital evolution has led many real estate companies towards reactive solutions to digitise their operations.

As previously mentioned in the survey results, 22 of the respondents **utilise 3 or more proptech solutions** for their company operations.

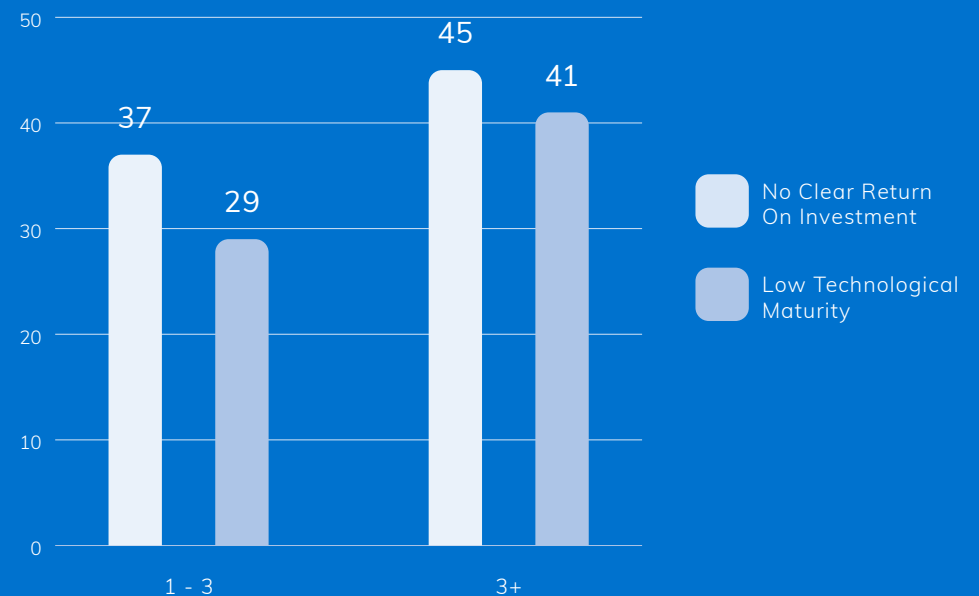
Out of those 22 respondents, 45% were hesitant to implement further proptech solutions due to a lack of return on investment (ROI).

An additional 41% of those respondents claimed low technological maturity as a barrier to implementing further solutions.

Whereas out of 35 respondents who utilise 1-3 proptech solutions, 37% experience a lack of ROI and 29% feel 'low technological maturity' is a limitation.

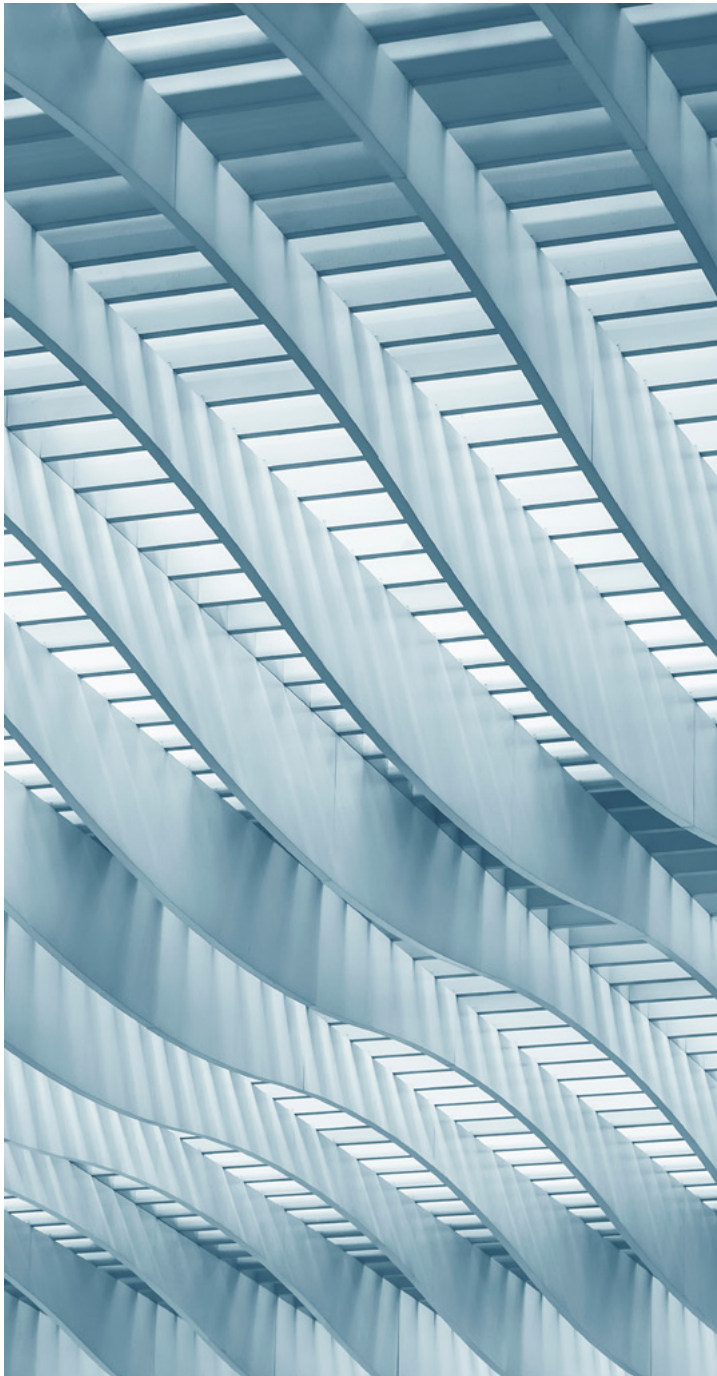
Whilst improvements on both sides are required, utilising fewer proptech solutions reduces limitations for future investment by increasing ROI and technological maturity within company culture.

PREVENTION OF PROPTech SOLUTION IMPLEMENTATION (%)





Challenges for Technology in Real Estate



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

The main obstacle is that 45.9% of businesses are not considering tech adoption as an overarching priority compared to other business initiatives. Other obstacles are due to low technological maturity (32.9%), limited functional scope of proptech solutions (32.9%) and no clear return on investment experienced (31.8%).

FACTORS PREVENTING PROPTech SOLUTION IMPLEMENTATION



“Most of these responses are not related to proptech itself and instead, allude to an organisation’s inability to onboard further solutions. Despite people in the industry recognising the importance of tech in driving the future of business, nearly 46% are classifying this topic as a low priority.

Why? Because organisations are succumbing to the idea that they are not ready to get themselves through the other side of technological innovation. **This is an underlying issue that we need to change.**

More European real estate organisations need to be asking – ‘what is my cost if I don’t invest?’. If you don’t ask this question, you begin to settle for the tech initiatives being a low priority and then it becomes acceptable for organisations to not be ready for it. Questioning the ‘what if?’ becomes a natural evolution towards tech innovation.”



Richard Gerritsen
senior director, Yardi

Ahead of the Curve

Out of 22 participants with an outsourced digital strategy, 45% claimed low technological maturity as the main reason for not implementing more proptech solutions.

Though, out of 55 participants (the majority) with an internal strategy, only 27% of these claimed low technological maturity as a factor in being hesitant to implement more proptech solutions.

The data shows having a clear strategy and implementing the right software can make a considerable difference to operations when compared with those choosing to continue to outsource.

What is the Driver For Future Investment?

Despite the existing barriers to proptech investment mentioned above, companies in the sector have a well-defined picture of what they wish to gain from tech innovation.

Having the ability to make more informed investment decisions is a leading driver behind the industry investing in innovation.

This is closely followed by improvements in customer satisfaction (64.7%), budget and forecasting management (63.5%) and gaining a better understanding of operational costs (62.4%).



40%

To better manage
market data



63.5%

To better manage
the budgeting and
forecasting process



23.5%

To better understand
marketing ROI



62.4%

To better understand
operational costs



64.7%

To better understand
tenant and resident
satisfaction



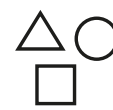
68.2%

To make more
informed investment
decisions



41.2%

To make more
informed pricing
decisions



8.2%

Other





Proptech for the Future



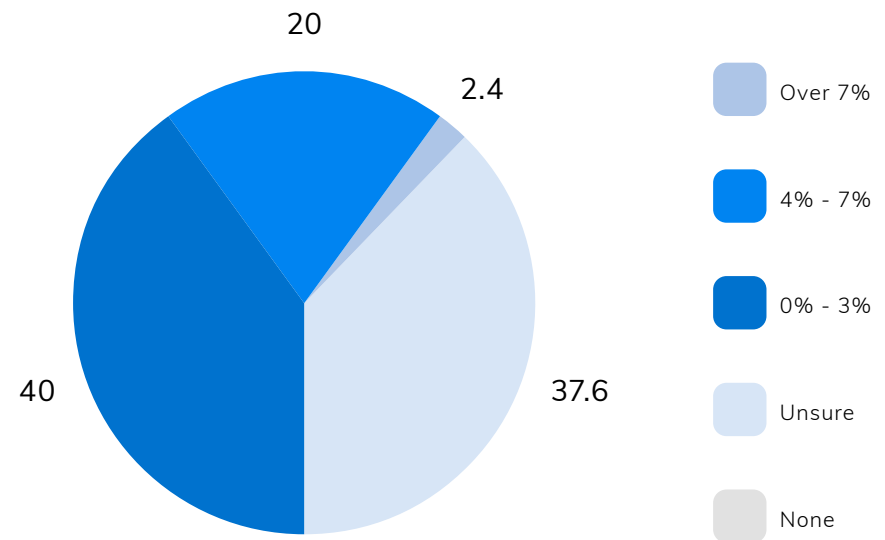


Whilst it is clear that most real estate companies wish to adopt more proptech, a mere 2.4% of survey participants showed a willingness to invest more than 7% of their company's annual budget in real estate technology over the next 5 years. Most had intentions of investing 0-3% of their budget (40%) or were unsure (37.6%).

"The ability to quickly evaluate, understand in-depth and utilise new technologies to better deliver value to our customers will be crucial factors in (re-)shaping successful companies and the industry alike."

Survey respondent

REAL ESTATE TECHNOLOGY BUDGET INVESTMENT PLAN OVER NEXT 5 YEARS (%)



“We’ve established that we find tech innovation important, yet we accept that it is a low priority. Now, we learn that we allocate very little budget with 40% planning to invest between 0-3%. Why?”

Proptech isn’t about investing in a tenant app that ‘looks cool’ and has 27,000 different colours, nor is it about implementing a sensor in the lift so we know how many times it goes up and down. Proptech is about changing your business and operating model and your ability and willingness to do so. This is where true innovation lies.

When we talk about Yardi and the real estate industry, **it’s about you, not us.** The technology offered is merely the facilitator, but proptech is about companies willing to change.”



Richard Gerritsen
senior director, Yardi

“The real estate sector has clearly identified that proptech offers plenty of opportunities in many sections of the industry. However, it seems that there is still a need for more clarity in terms of goals and intentions to guide prioritisation as well as to **secure funding for these initiatives.**”



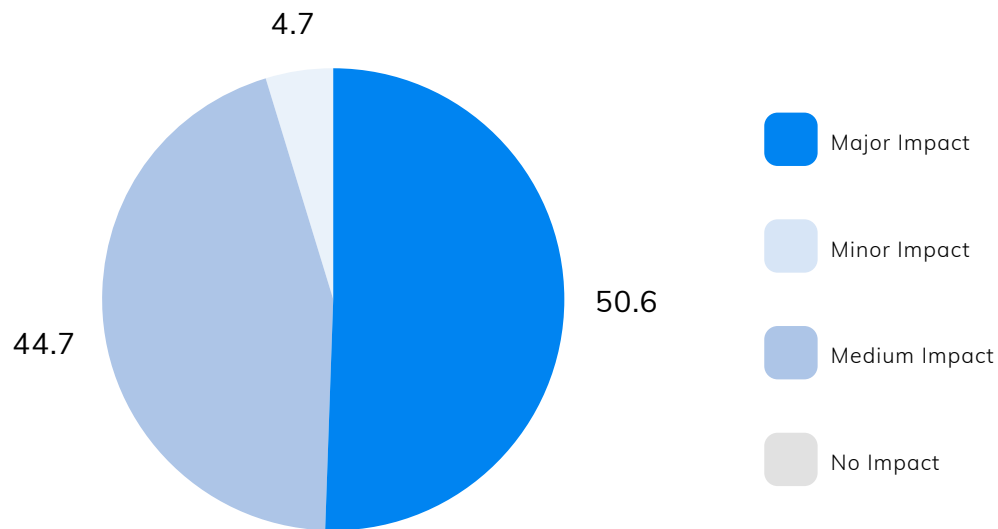
Kirsi Simola-Laaksonen
CIO, Citycon

"As evidenced by this proptech survey, there is ever-increasing interest and an ongoing discussion about proptech in the industry. Hopefully, this openness can inspire all of us to pilot new solutions and even to embark on new technological journeys to reap the benefits offered by proptech today."



Kirsi Simola-Laaksonen
CIO, Citycon

EXPECTED IMPACT OF TECHNOLOGY ON BUSINESS OVER NEXT 5 YEARS (%)



Despite hesitation to invest a substantial budget into proptech, over 50% still anticipate technology to have a major impact on their business in the next 5 years.

As established, real estate has not always been at the forefront of innovation and the **'if-it-isn't-broke-don't-fix-it culture prevails.'**

However, as supported by [Forbes](#), "Technology has created an ecosystem for rapid advances, disruption and the elimination of previous methods and models.

Technology has grown exponentially and the speed at which reliable and stable industries are disrupted **is indisputable**. We would be remiss to ignore that all sectors, including real estate, are affected by technology."

The sector is now at a major turning point in its transformation. With low prioritisation and low technological maturity at the forefront, companies need to be educated further on the benefits of utilising technology.

About Yardi

Established in 1984, Yardi has grown to become the leading provider of high-performance software solutions for the real estate industry. Yardi® develops and supports industry-leading investment and property management software for all types and sizes of real estate companies. With 8,000 employees, Yardi is working with clients globally to drive significant innovation in the real estate industry.

About European Public Real Estate Association (EPRA)

EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. Founded in 1999, EPRA is a not-for-profit association registered in Belgium. With more than 280 members, covering the whole spectrum of the listed real estate industry, (companies, investors and their suppliers), EPRA represents over EUR 690 billion of real estate assets and 94% of the market capitalisation of the FTSE EPRA Nareit Europe Index.

EPRA's mission is to promote, develop and represent the European public real estate sector. It achieves this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices and the cohesion and strengthening of the industry.





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