

PropTech 3.0: The future of real estate?

What will the next wave of PropTech (Property Tech) look like? As one of the last industries to fully embrace digitisation, property services in the commercial and domestic space are about to be transformed by a range of innovative technologies.

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Like banking (FinTech) and manufacturing (Industry 4.0), the real estate sector is also being transformed by technology. PropTech has been rapidly evolving for a decade, but 2021 looks set to become the year this technology enters the mainstream.

According to [the University of Oxford Research](#), PropTech 3.0 is integrating a range of advanced technologies together. Database APIs, AI – particularly Machine Learning, AR, VR and the concepts behind the [Blockchain](#) and the Distributed Ledger are converging, as they can all be used to create a new age of property management services.

PropTech 3.0 is multifaceted: For consumers, having the ability to locate property with their mobile digital devices is expanding, as the real estate sector matches the digital services consumers now enjoy from other industries. PropTech 3.0, though, is more transformative for the property sector itself. Data analytics, in particular, are illustrating how information can be leveraged to deliver real-world insights that can be used to make strategic decisions across the commercial and domestic real estate sectors.

The UK's domestic property market, in particular, is prone to delays and

its inability to use digital technologies. There is continued pressure to make radical changes to the conveyancing system to improve its efficiency and accuracy. However, as the Saïd Business School point out, change has been slow:

"E-conveyancing has yet to take off in England and Wales as an internet-based solution to transaction delays as anticipated by HMLR's (HM Land Registry) 2006 'Chain Matrix' pilot. Problems included a lack of critical mass, industry pushback and poor software integration. Chain Matrix proved that any system is only as strong as the weakest link, and any non-digital procedure will slow down the entire chain of transactions. A further e-conveyancing attempt from the Law Society in 2016 called VEYO also stalled, this time due to competition from start-ups outside of the conveyancing world. One global example of a functioning e-conveyancing platform is Australia's PEXA, which only achieved success after being mandated by the government."

With complex housing marketing in the UK, PropTech has the tools to democratise the sale, purchase and lease of all forms of property. We have already witnessed this over the last five years as challenger digitally native estate agent services have rapidly developed. The appetite of consumers (particularly first-time buyers) and commercial property buyers and leasers to take more control of the process, has driven PropTech to deliver new tools to satisfy that demand.

And PropTech doesn't end with the sale or lease of a property. The technology is also delivering insights into energy usage, environmental impact and the carbon footprint of individual properties. Being able to see a property's digital twin, produces masses of data that can be analysed and used to make tangible decisions – all via intuitive mobile applications. Just as mobile banking apps have transformed how consumers manage their financial lives, so PropTech is offering similar convenient and powerful tools. We're also likely to see the Blockchain used for future

property conveyancing.

Says Ash Sheikh, COO at Sprift that offers comprehensive sources of data on UK properties stated to Maddyness: "I think the introduction of Smart Contracts enabled via Blockchain will see a change in the market behaviour. It will also see the birth and rise of the independent realtor, which could see us move towards a more American model of individuals with a reputation, strong social media and PropTech could outperform local agencies."

PropTech delivers a range of new services that have recently matured thanks to the advances in mobile digital technologies and fast mobile broadband connections. The ability to collect and then analyse masses of data has also been transformative across the real estate space.

New tools

The current pandemic is also influencing PropTech. As businesses will shift how they organise their workforces into a permanent state of flexible remote working, managing these teams needs a new approach. Current collaboration tools which could cope with a small percentage of a workforce working remotely are being replaced with new tools that fall under the umbrella of PropTech. A good example is Venture L that helps businesses and organisations to better manage their personnel, whether they are employees or freelancers.

Matthew Mottola says: "Remote work began as an employee perk, became a competitive differentiator and will now be seen as an absolute necessity to keep hold of good employees. The pandemic has definitely accelerated the adoption of remote work and it'll be here to stay after the crisis."

In their report, Pi Labs CEO and Founder, Faisal Butt has said:

"COVID-19 could be one of the most transformative events the built environment has ever experienced. The workplace has been disrupted by lockdown and will be further impacted by the subsequent economic downturn, changing the status quo of the real estate industry for years and perhaps decades to come."

Butt continued: "It is now hugely important to understand both the threats and the opportunities facing the built environment in order to adapt and mitigate the challenges that organisations of all sizes have and will struggle with. Technology will play a big part in shaping the future of work providing an abundance of opportunities, and the winners in a post COVID-19 world will be those players that make the right investments to unlock the full potential of what PropTech can offer."

Another example is Gleensite, the new PropTech platform that launched earlier this year. The platform provides predictive analytics for real estate. The system can determine what, where and when to rent, to buy or to build. And the partnership between Microsoft and Buro Happold combines SmartViz with Microsoft Azure. This connection enables property management teams to understand better and increase the flexibility of, building use. This partnership is designed to improve building resilience and enhance asset and human performance, through the unique integration of historical, real-time and predictive modelling data.

Speaking to Maddyness, Alex Stroud, Analyst, Concentric the European, early-stage tech VC company said: "Commercial property will need to reinvent itself in a post-COVID world. Energy efficient buildings will be a selling point due to lower operating costs, however an improved digital experience in-office will have to significantly outweigh the comfort and safety of working from home, to be attractive. Residential developers are attracting prospective homeowners with packaged digital solutions, for

example tech-enabled energy, lighting, laundry etc."

Property wellbeing

Property owners and developers are relying on digital technologies to keep up with shifting demands. According to Deloitte, 92% of CRE executives plan to maintain or increase their investments in tenant experience technology over the coming years. Despite this, just 26% of UK organisations currently consider digital tenant experience as one of their core competencies.

ProTtech solutions can help bridge the gap for organisations. London-based startup Demand Logic provides a cloud-based analytics engine that delivers actionable intelligence to property managers so that the guesswork is taken out of optimising environmental conditions within buildings.

Dan O'Gorman, Chief Product Officer, Locale a digital property management solution which buildings with the people and spaces they share concludes: "Digital services must be weaved into the building to provide a seamless, integrated experience around the end user or occupier's needs. This is done by understanding the critical stakeholders for the built environment, along with their journeys and interactions within it. Start by identifying points of friction that could be removed or activities that could be improved through the use of technology. Technology should be the facilitator to deliver great service and, if effectively employed, should be almost invisible to the end-user.

Three years ago, KPMG stated: "Critically, PropTech and innovation should not be viewed in isolation. Organisations need to integrate innovation fully into their day-to-day culture and employees' mindsets. Procuring new technologies or service providers will be fruitless without making the

organisation more open-minded to the potential gains of PropTech innovation." This stance is still valid, but the real estate industry as a whole has realised its future has a clear PropTech component.

The PropTech 3.0 sector is dynamic and expanding. The parallels with FinTech and how this transformed financial services and personal banking are clear as PropTech grows. Along with the legal profession, the property has been stoic in its reluctance to adopt new technologies. However, a massive transformative change is gaining pace.

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