

Proptech's the way of the future



A WeWork office in London.

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The pace of technological change is unprecedented. Whole industries are being transformed and in many cases, disrupted as businesses look to do things smarter, cheaper and quicker.

And the property industry is not immune. The convergence of property and technology, coined “proptech” is all about leveraging new technology into the property ecosystem to create entirely new transaction, delivery, management and service models for property businesses, their customers and the built environment.

Two years ago no one was really talking about proptech. Maybe the physical nature of property gave us some comfort that the disruption that was creating havoc in sectors such as financial services would not impact our industry. But now, inspired by the success of two of the most successful start-ups in history, Airbnb and WeWork, proptech is front and centre.

Big data (data analytics), the internet of things (connected devices), cloud computing, artificial intelligence, virtual reality, blockchain, drones, 3D printing and robotics are just some of the innovations reshaping the property landscape. Their influence is permeating just about every touchpoint in the industry from listing and search services to marketing, transacting, conveyancing, property and facilities management, leasing, space utilisation, customer engagement, urban planning, design, construction, valuation, lending, payment services and research.

Yet it is not just the technological innovation in our sector that is forcing change. The tenants of our buildings and the users of the urban environments we create are also being affected. As a result, their demands and expectations of our buildings and cities are also changing. Connectivity, mobility, flexibility and wellbeing are now part of their lexicon.

KPMG's inaugural Global PropTech Survey, released in November last year, found that 92 per cent of respondents representing property owners, investors, managers, financiers, advisers and agents believe that digital/technological innovation will have a significant impact on their business. Surprisingly, 86 per cent saw it as an opportunity.

However, there's a wide gap between acknowledgment and adoption. Just over half gave themselves a rating of five or less (out of 10) in relation to their digital/technological innovation. They know that technology is critical, and offers a business opportunity, but they have yet to develop and implement a digital strategy to help their business remain competitive.

The recent announcement by Stockland that Robyn Elliot was moving across from Fairfax Media to a newly created position of chief technology and innovation officer and Scentre's announcement late last year that Cynthia Whelan had been lured from Telstra to be chief strategy and business development officer sends a strong message to the industry that technology is changing things in ways that many of our largest property owners and managers could not have imagined a few years ago.

In announcing Robyn's appointment, Stockland's chief executive, Mark Steinert pointed out that it would create "the opportunity to capitalise on the synergies between innovation and technology ... and further enhance our ability to progress commercial outcomes from innovation projects".

Yet it is not just about bringing smart tech people inside the business. Some of the industry's largest incumbents are establishing incubator programs to partner with start-ups.

JLL has established Spark, an independent unit to "ensure that JLL and its clients benefit from technology-driven transformation by building a team that will create new products, make strategic investments and incubate proptech start-ups".

Charter Hall recently announced a property start-up accelerator program in collaboration with Collective Campus, an innovation hub and start-up accelerator consultancy firm. The program has identified four start-ups — InSpaceXR (virtual reality), BricksandAgent.com (cloud-based property

management platform), Snaploader (3D modelling/visualisation) and Estate Baron (crowdfunding) — that it will work with in the coming months to finetune their offers and potentially take an investment in.

The Lowys are backing technology in the next evolution of their retail vision. Steven Lowy will chair the retail tech business, OneMarket, when it is spun out and listed on the ASX once Westfield completes its merger with Unibail-Rodamco.

According to Sir Frank Lowy, “OneMarket’s strategy is to develop a retail network that seeks to help bricks and mortar retailers compete more effectively” by rapidly implementing “new technology at scale, to facilitate collaboration and to leverage a comprehensive set of consumer data to provide network participants with insights and intelligence”.

It’s not surprising that investment in proptech platforms has increased exponentially. Back in 2012, around \$US220 million was invested into proptech ventures. According to ReTech, a leading US-based proptech research firm, more than \$US12 billion was invested last year. And it is not just venture capital and private equity firms investing in proptech. The largest dedicated fund for investing in proptech, Fifth Wall Ventures, last year raised \$US212m from some of the biggest property names in the US — CBRE, Hines, Prologis and Equity Residential.

It’s time to get on-board and view technology not as a disrupter but a good business opportunity.

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