
A closer look at the PropTech movement

Is technological revolution in real estate about costs and efficiency or about the potential to transform society, asks Sarah Lynch, as she unpicks the PropTech movement and its practical manifestation.

PropTech, like fintech before it, is about the digital transformation of an industry. A contraction of property and technology, PropTech, at its simplest, is how we use new technology to improve or reinvent the business of real estate.

Technology says speed and efficiency to us, and data that facilitates development, as well as, hopefully, a strong cost-benefit. But isn't the acid-test of sustainable innovation a better user experience?

Buildings are more than places to work, act or consume. And the new challenge for real estate professionals is to create experiences to enchant and energise those interacting with buildings, be they design collaborators, tenants or owners.

The space we choose to inhabit reflects our life choices. For example, in this time of ecological revolution, a building's environmental footprint becomes part of the experience of occupying it, as much as it supports the resilience and sustainability of the property investment.

Real estate developers are capable of transforming society. Building design and management represents a powerful catalyst for change, not only for things like streamlining energy costs or maintenance, but for actually developing behaviours.

Chain reaction

PropTech in its full sense is transforming the entire value chain, from design and building, to finding investors and tenants, to the services or management functions in an office or other commercial premises. It encompasses property construction, finance, acquisition, management and occupation.

BIM, Building Information Modelling, has revolutionised the way buildings are drawn and erected. A digital version of a building, BIM makes it possible to analyse plans, control different construction phases and simulate behaviours and situations, such as energy consumption and maintenance.

3D visual content creation facilitates building layouts and the interior design process. And, at purchase stage, 360 degree visits allow remote assessment of properties and the scope for buyers to create an individualised working environment, in a fully immersive experience.

Simplified property transactions will eventually make it possible to become the owner of a commercial premises in just one, ultra-secure, click; the transparency of such transactions and limited number of intermediaries enhancing protection against fraud and money laundering.

Property management

In the domain of property management, PropTech will enhance services to landlords. Artificial intelligence makes it possible to identify the ideal tenant by using an algorithm, or to anticipate maintenance work with predictive analysis, using big data modelling.

Software streamlines maintenance and planned works and tracks cumulative spend. Apps and online platforms share real-time information, transparently, on building maintenance or upgrading, schedules and costs, fault reporting and technicians' intervention, for a fast proactive service.

PropTech means smarter buildings too. With the arrival of 5G, the use of IoT (Internet of Things) and connected objects will soar.

Basic data, for example 24/7 key cards for building access, provide real time occupancy logs which are essential for security and fire safety. More advanced movement mapping data can log the personal preference of each individual in a building across considerations like favoured working location, preferred lighting and climate control.

Csongor Csukás, head of international property management at BNP Paribas Real Estate, says building tenants are now accustomed to getting more than just four walls when they rent space.

“They’re not interested in simply using the premises, but approach the situation as customers and are looking for pleasure and satisfaction. Ultimately, the experience of the building becomes more important than the building itself’.

Adding value

PropTech solves problems and improves the experience of a property for everyone involved with it.

French company, WeMaintain, is a start-up specialising in lift maintenance, one of the most commonly used means of transport in the world. While lift technicians are generally expert and reliable, the administration and management of the service is not always transparent, and clients

can get frustrated with perceived delay or lack of attention to a broken lift in their office or shopping centre.

WeMaintain uses an online platform, completed in real time by the business and technician, so that landlords, tenants or property managers understand the intervention and are kept in the loop. The technology details the problem, shares work scheduling, costs and other relevant information, delivering a reactive service and a simple communications solution, which property managers in Ireland would equally buy into.

A Dutch start-up, PHYSEE, embodies the notion that innovation should add value to the building, as well as ultimately making it a better place to be.

Their system captures data and electricity from the windows on a building's façade to improve conditions inside. Combining solar power and sensor technology, a grid essentially generates data as well as electricity for the occupants. The sensors measure indoor and outdoor air quality, like CO2 levels and humidity, light intensity and temperature, sharing the data with applications managing sun blinds, lighting and ventilation in the building.

This type of PropTech is exciting to both developers and occupiers with the potential of better capex, cost and comfort.

Influencing behaviour

The PropTech movement is also viewed as a continuation of the sustainability concept and an opportunity to change human actions. Working as we wish to is a question of new behaviours, and data can be effectively used to assess and influence behaviour.

For example, to truly be sustainable you need data to understand your energy consumption and how to reduce it, but data capture is more challenging in older buildings.

PropTech, combined with data processing, will determine the evolution of property managers' jobs and the way real estate business is transacted.

For now, it is predominantly focused on data, transactions and management, capturing information to serve the needs of the various stakeholders, with the aim of improving performance and productivity and, therefore, profitability.

If technology supports satisfied loyal tenants, who perform well, then landlords are similarly satisfied. Bridging the gap between the owner and occupant, and re-aligning their interests, will be the ultimate achievement of PropTech.

By Sarah Lynch

Sarah Lynch is divisional director of property & facilities management at BNPPRE Ireland. Property management services detail is [available here](#) or by calling +353 1 6611233.

Published: 29 July, 2020