

2022: THE FUTURE OF PROPTech VENTURE CAPITAL

GLOBAL RESEARCH





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CENTER FOR REAL ESTATE
TECHNOLOGY & INNOVATION

2022: THE FUTURE OF PROPTECH VC

INSIGHTS FROM PROPTECH VENTURE SURVEY

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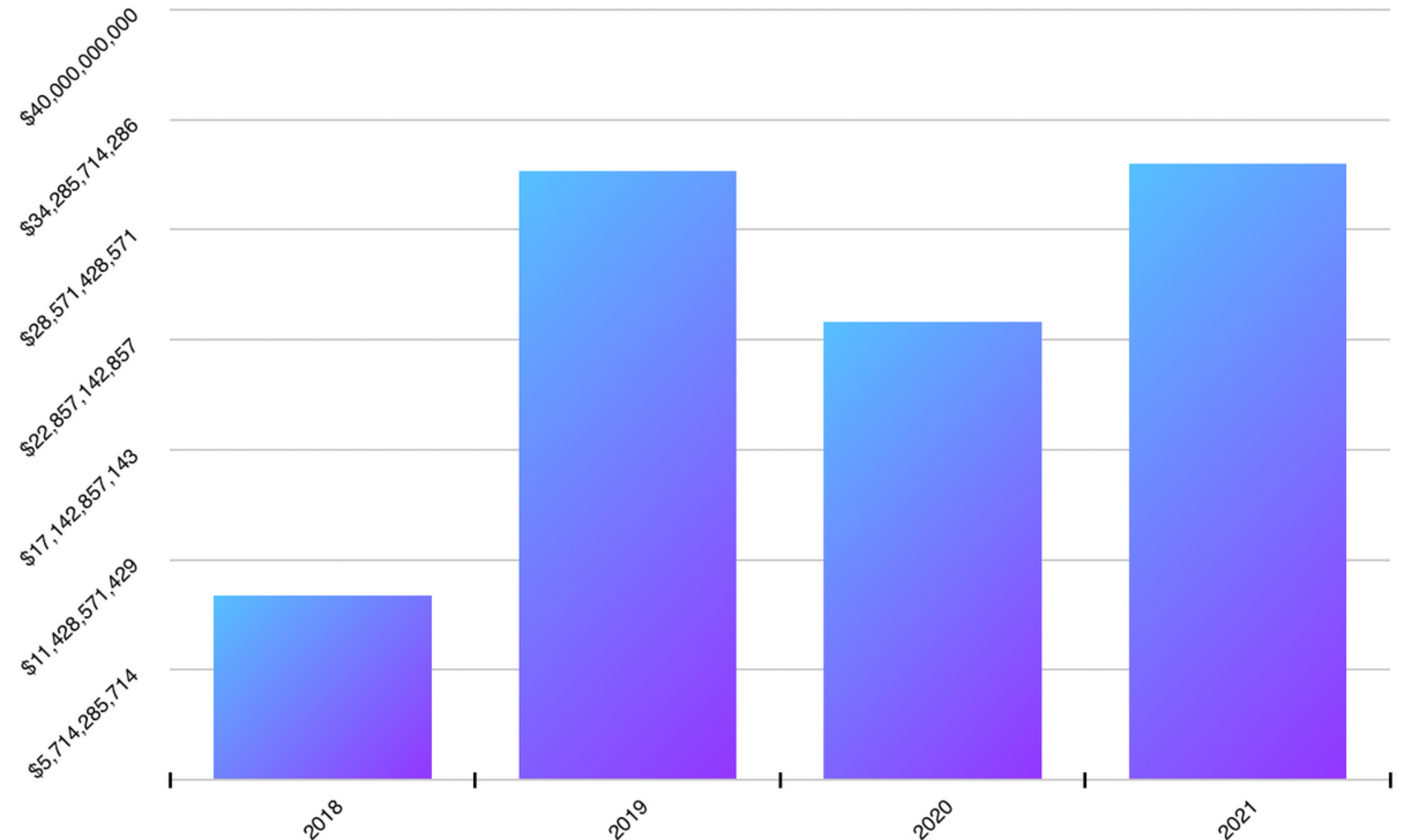
INTRODUCTION

2021 was the year to remember for proptech, as VCs set a new record for capital invested in private real estate tech companies.

So what's next for the proptech industry in 2022? With over \$32 billion invested in proptech companies, will the industry continue to grow in funding, fueling the generation of entrepreneurs in real estate?

To better predict and understand the future of proptech venture capital, the Center for Real Estate Technology & Innovation ("CRETI") conducted a survey of 275 real estate technology investors, across all stages, sectors, and geographies between December 15, 2021, and January 14, 2022.

The results of the 2022: Future of Proptech Venture Capital are solely the views of the survey respondents and not CRETI.





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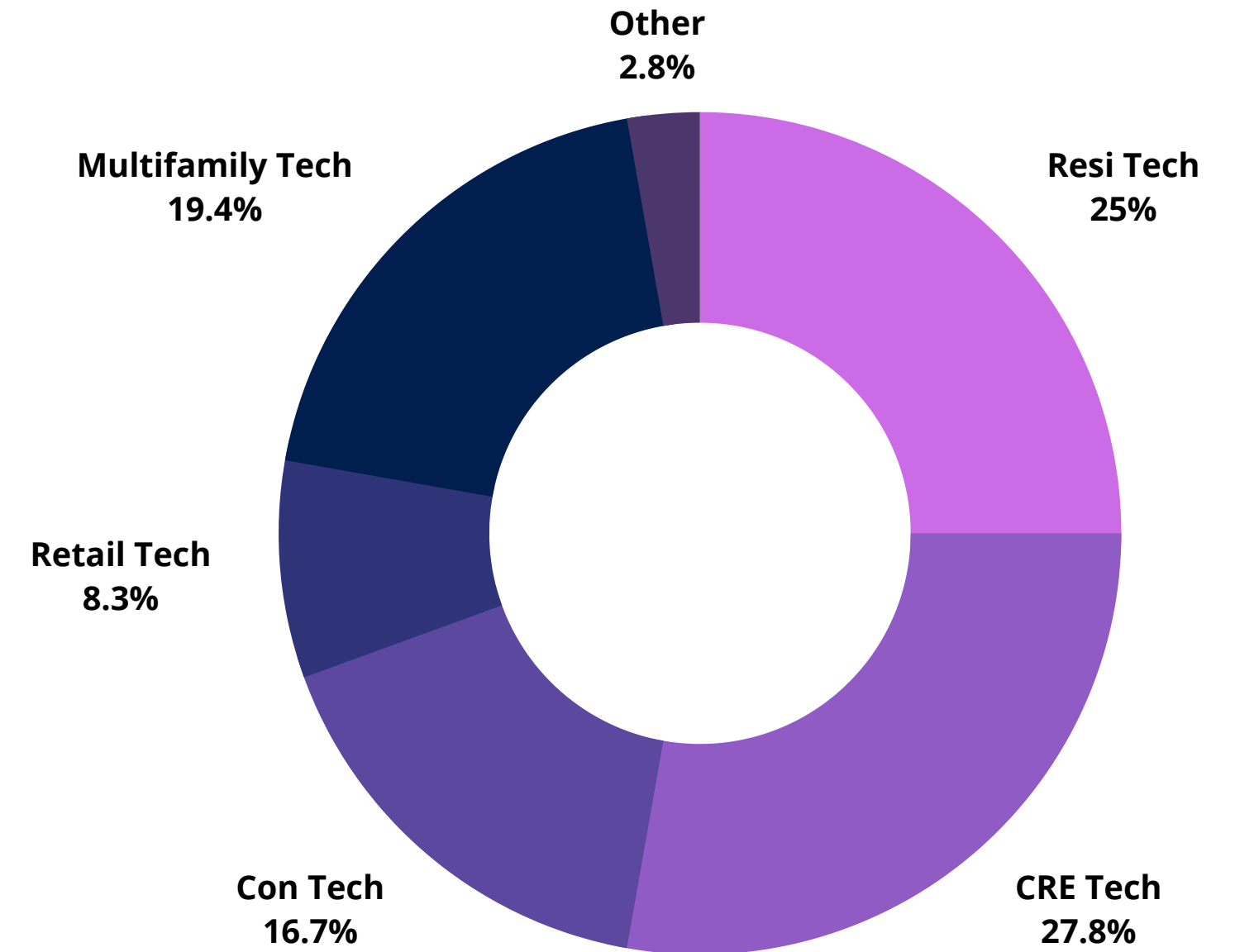
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EXECUTIVE SUMMARY

- 27.8% of VCs invested in commercial real estate technology companies in 2021.
- VCs invested in 1-5 companies (42.9%) in 2021. Total investments are expected to increase in 2022.
- "Proptech innovation and investment are poised for acceleration in 2022, as remote/hybrid work and the evolving complexities (and opportunities) it presents in the commercial, residential, and hospitality sectors (and beyond) are here to stay."
- Tenant experience, iBuying, CRM, Data & Analytics, and Flex Solutions were the top 5 most crowded (overfunded) sectors according to investors.
- "2022 will mark the beginning of the "installation phase" where tech first owners and operators will start to separate from the pack and gain a permanent advantage in serving their customers and the market."



In 2021, what real estate technology categories did you invest in?"



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SURVEY RESULTS

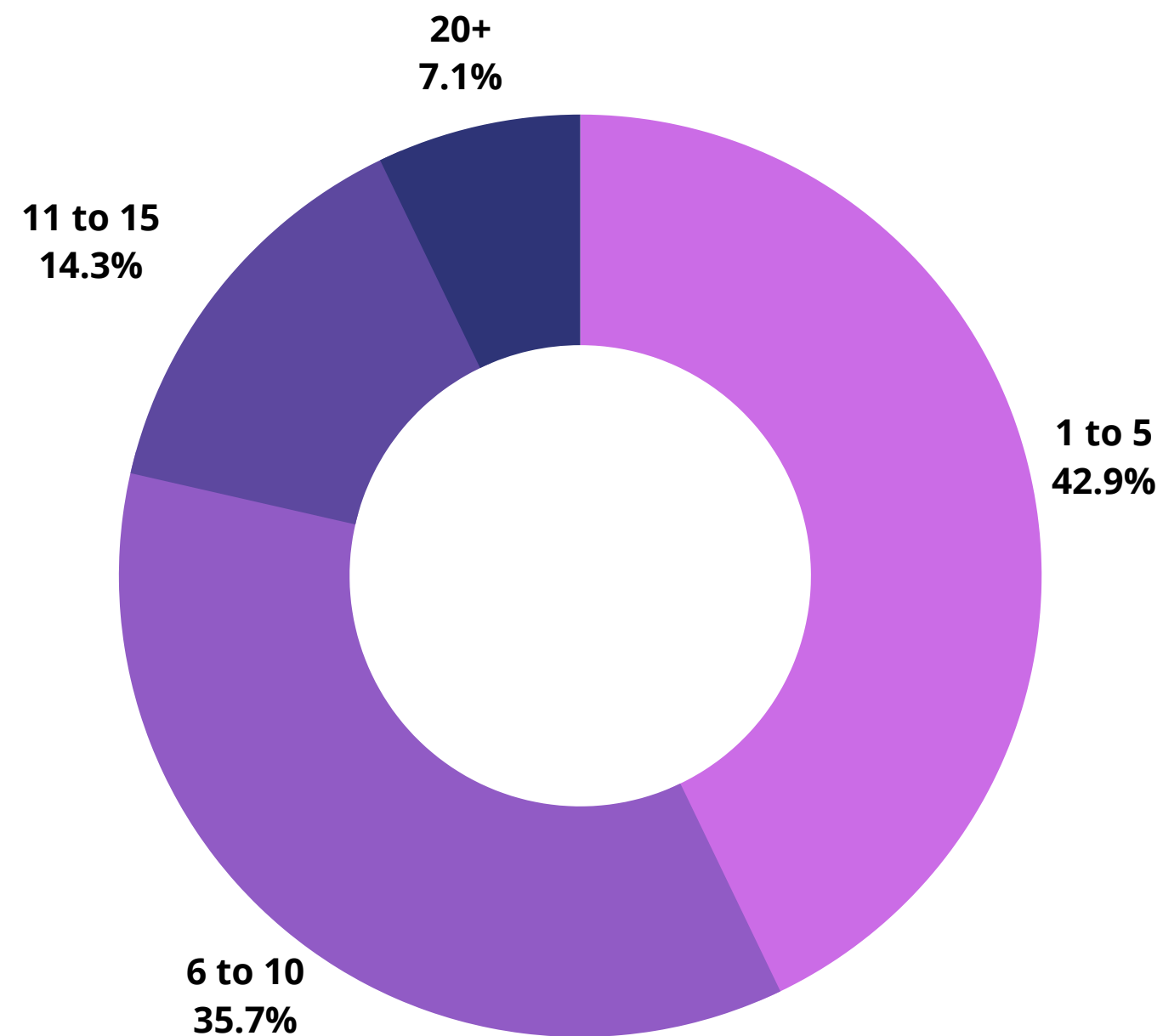


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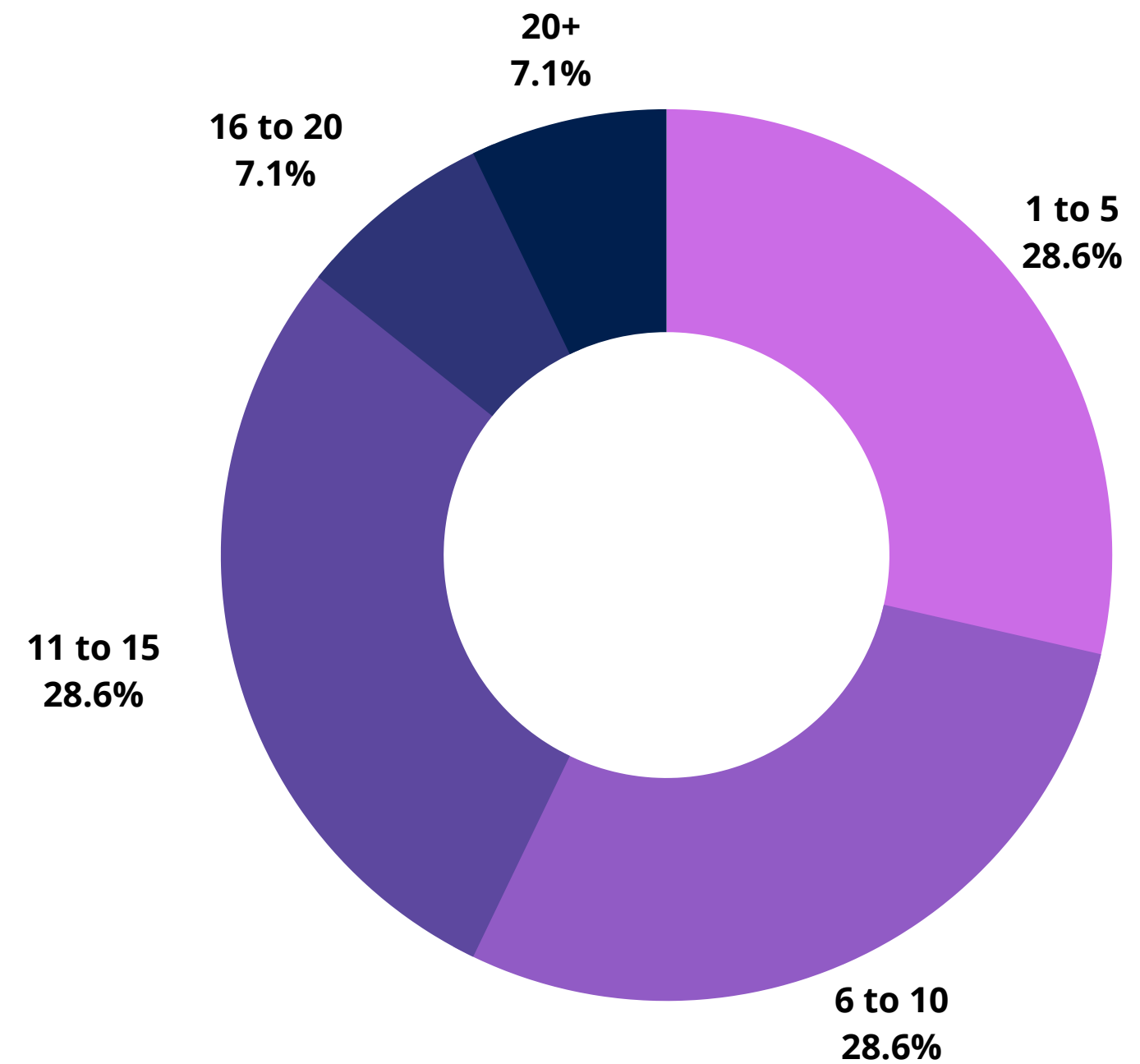
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IN 2021, HOW MANY INVESTMENTS DID YOU MAKE IN REAL ESTATE TECH COMPANIES?



HOW MANY INVESTMENTS ARE YOU LOOKING TO MAKE IN 2022?



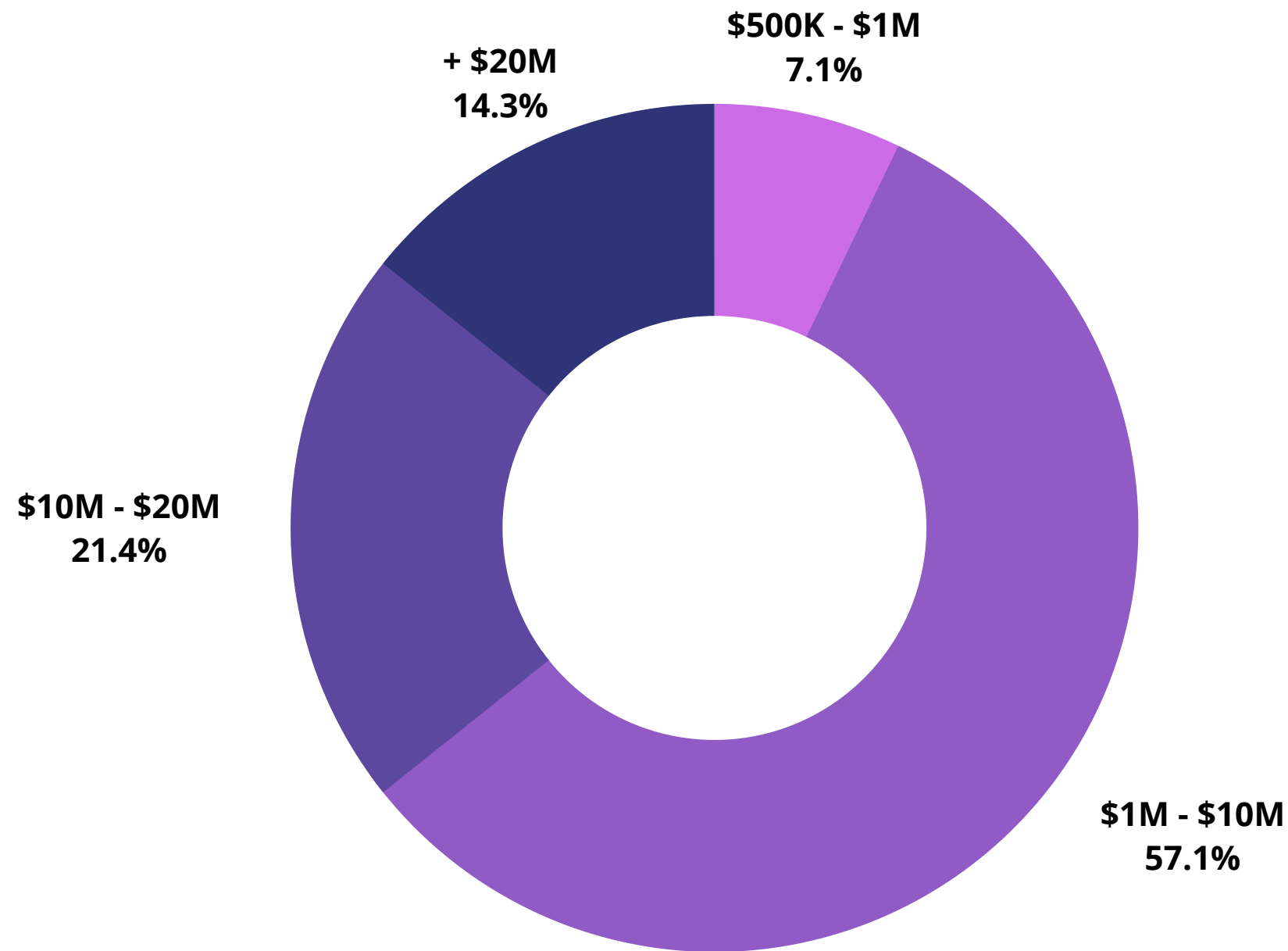


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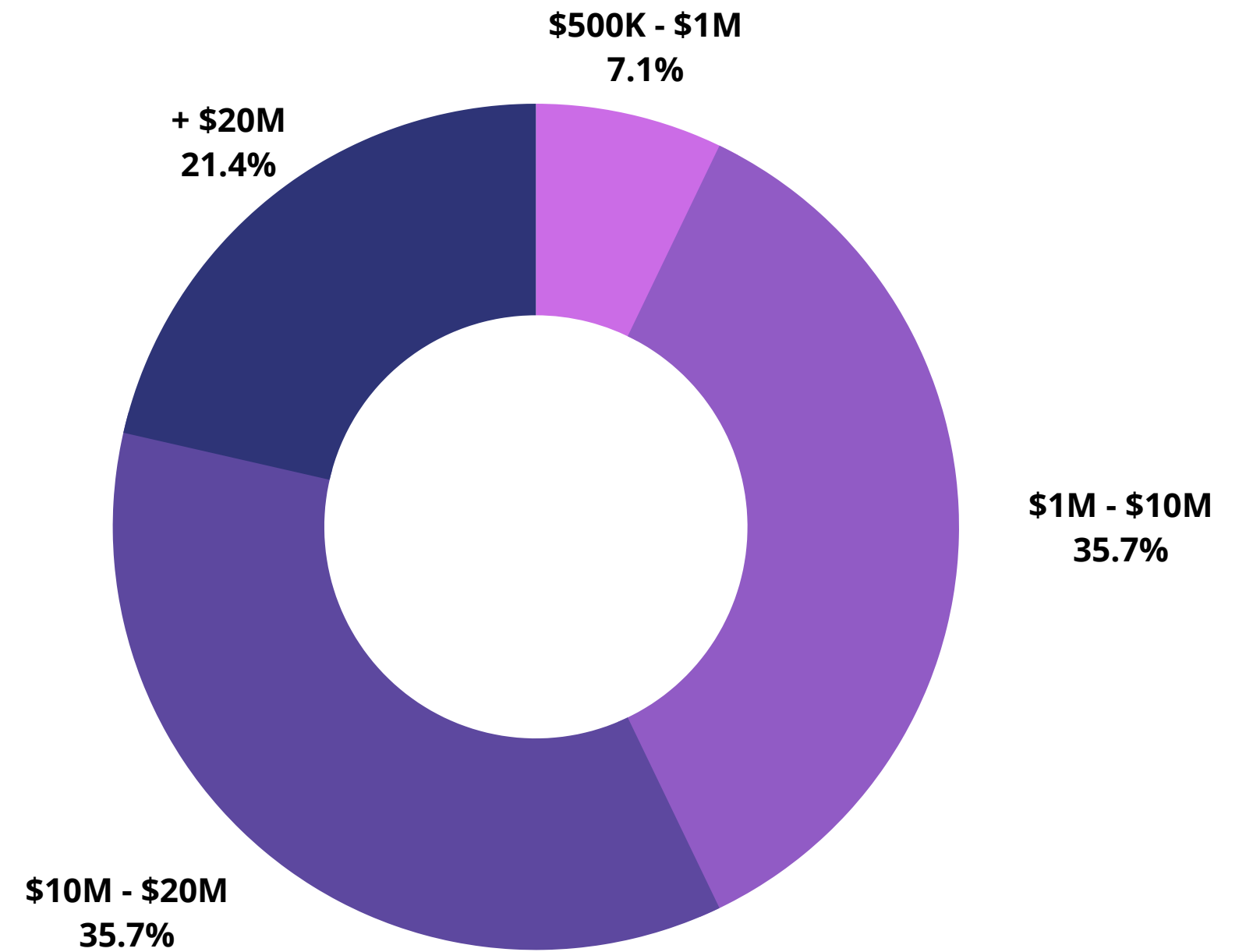
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HOW MUCH CAPITAL DID YOU DEPLOY IN 2021?



HOW MUCH CAPITAL ARE YOU PLANNING TO DEPLOY IN 2022?



WHICH REAL ESTATE TECH SECTOR IS THE MOST CROWDED (OVERFUNDED)?

- CRM SOLUTIONS (50%)
- TENANT EXPERIENCE (42.9%)
- IBUYER SOLUTIONS (42.9%)
- FLEX SOLUTIONS (35.7%)
- DATA & ANALYTICS (35.7%)
- PROPERTY MANAGEMENT SOLUTIONS (35.7%)
- VISUALIZATION SOLUTIONS (21.4%)
- HOME EQUITY SOLUTIONS (21.4%)
- IOT & SMART ACCESS SOLUTIONS (14.3%)
- MARKETPLACE SOLUTIONS (14.3%)

WHICH REAL ESTATE TECH SECTOR ARE YOU “BULLISH” ON IN 2022?

- DECARBONIZATION SOLUTIONS (71.4%)
- ALTERNATIVE ENERGY SOLUTIONS (57.1%)
- CONSTRUCTION SOLUTIONS (50%)
- R.E. FINANCE SOLUTIONS (35.7%)
- MATERIAL TECHNOLOGY SOLUTIONS (28.6%)
- CRE LOGISTICS SOLUTIONS (28.6%)
- BROKERAGE SERVICE SOLUTIONS (21.4%)

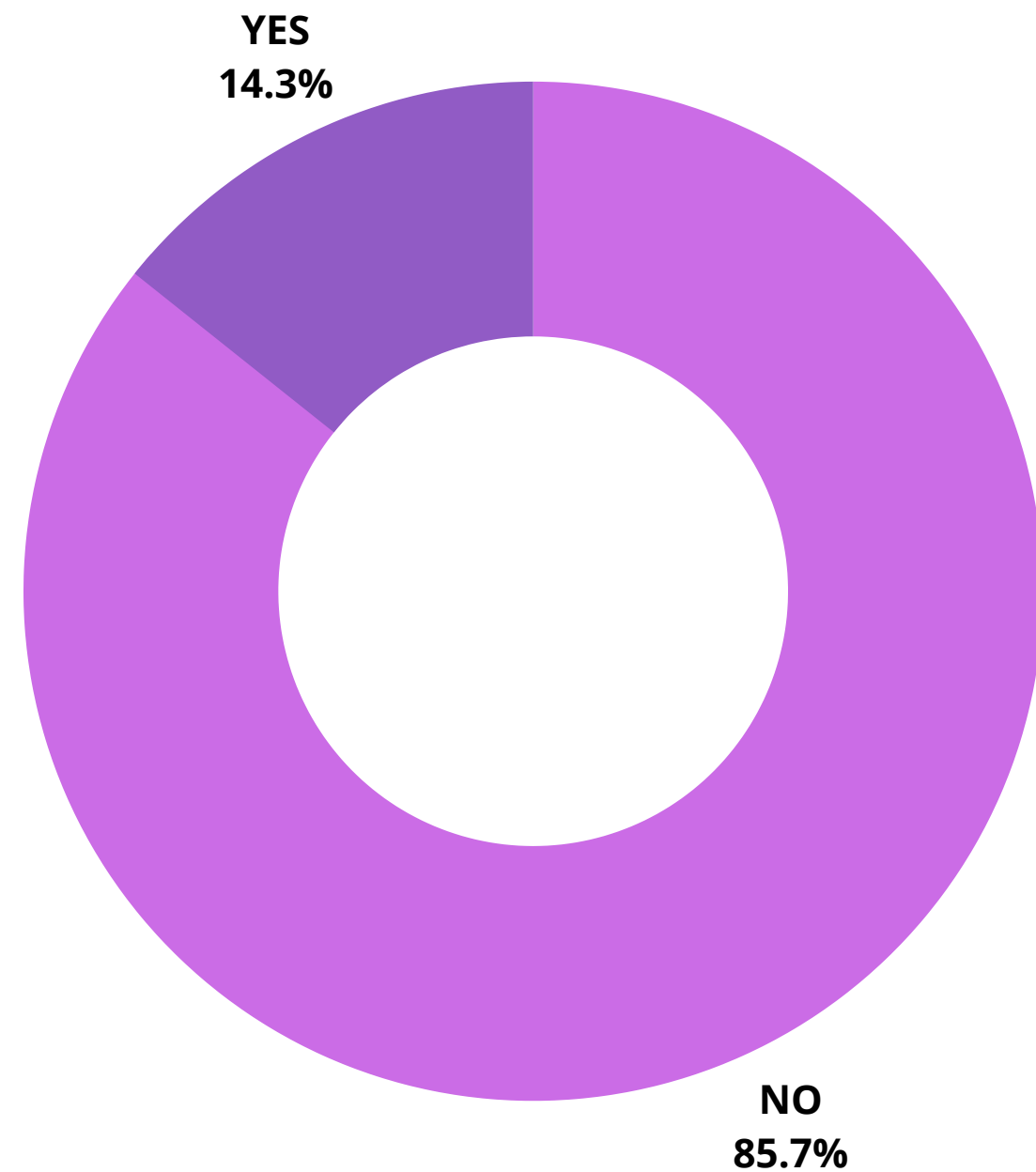


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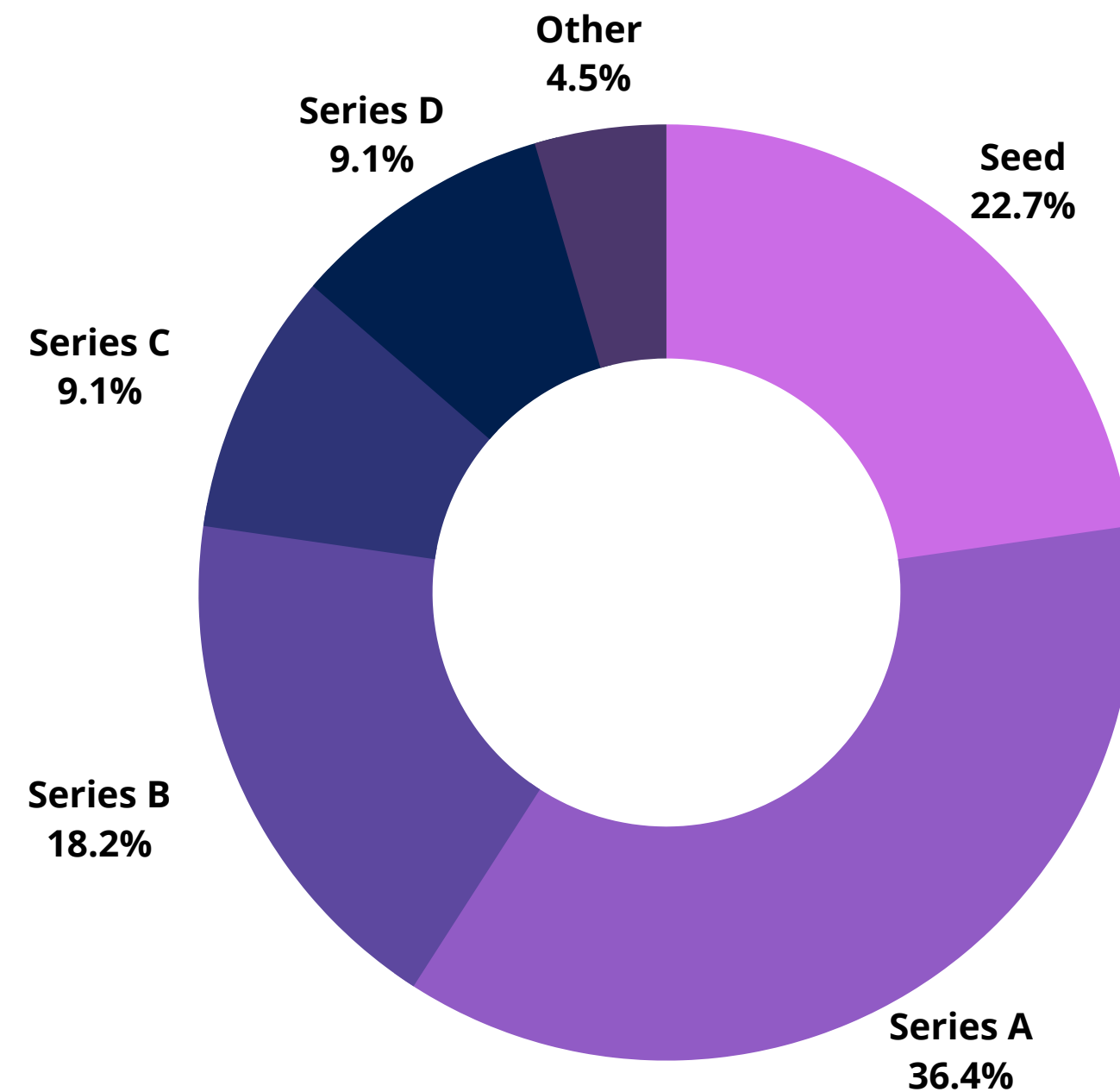
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IS THE REAL ESTATE TECH INDUSTRY IN A BUBBLE?



WHAT IS YOUR PREFERRED FUNDING STAGE?



INSIGHTS



"2022 will see commercial real estate adopting innovations that have been proven out in residential over the last 3 to 5 years. I also expect 2022 to be the year of SMBs. After years of enterprise-oriented innovation, there is now a cohort of players who are developing either 'lighter' software that is easier to adopt, or B2B tech-enabled services that enable leaner SMBs to compete with enterprise peers with much larger technology and R&D budgets."

Sarah Liu

Vice President, Fifth Wall



"I think we will see the lines blur between 'proptech' and 'climate tech' in 2022 as the definition of 'proptech' expands. Real estate owners and operators will recognize that technology will play a major role in achieving net zero carbon milestones in the years to come."

Jeanne Casey

Global Head of Proptech & Innovation, Nuveen

INSIGHTS



"Proptech innovation and investment are poised for acceleration in 2022, as remote/hybrid work and the evolving complexities (and opportunities) it presents in the commercial, residential, and hospitality sectors (and beyond) are here to stay."

Alex Shtarkman

Vice President, Revolution Ventures



"2022 will mark the beginning of the "installation phase" where tech first owners and operators will start to separate from the pack and gain a permanent advantage in serving their customers and the market."

Travis Connors

Co-Founder & General Partner, Building Ventures

INSIGHTS



"For all the talk of the 'Great Resignation,' 2021 will be remembered as the year of the 'Great Relocation.' Nearly 30 million people moved last year and the proptech ecosystem benefited enormously from this historic reshuffling. U.S. home sales have never been higher and tailwinds behind the residential proptech companies never stronger. This trend is likely to continue well into 2022 as a result of uncertainty from new variants, entrenched remote work norms, and other factors."

Merritt Hummer

Partner, Bain Capital Ventures



"We will see fintech continue to advance into the real estate workflow, as it has in other industries. Until recently, the fintech revolution that has re-shaped banking, e-commerce, and retail, among other industries, has largely passed us by. Now, however, a number of startups are bringing loan origination, crowdfunding, factoring, rationalization, and advanced UI/UX to bear on the large and high-value assets that our industry is built on."

Raj Singh

Managing Partner, JLL Spark

2022 PREDICTIONS

Prediction: Climate Tech

VC | Adoption

Decarbonization technologies represent a mega-trend that will drive significant venture capital investments in 2022 and adoption by institutional real estate organizations in the long term.

Prediction: Property Management Tech

Adoption | M&A

Property management technologies represent a trend that will drive significant operational efficiency in the single-family, multifamily, and commercial real estate industry, especially amongst institutional real estate organizations.

Prediction: Construction Tech

VC | M&A

On the heels of the Build Back Better Act, record venture capital funding will fuel significant adoption and M&A activity in 2022.

Prediction: R.E. Logistics Tech

VC | Adoption

The real estate logistics and mobility sector will immensely benefit from the Build Back Better Act, resulting in venture capital and private equity firms raising oversubscribed and outsized funds in 2022.

Prediction: R.E. Finance and Insurance Solutions

Adoption | VC | M&A

Adoption and acquisitions will drive a strong increase in real estate finance and insurance technology solutions. As the sector continues to mature more M&A activity is expected to fully bring these technologies in-house by institutional organizations.



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