EXPERT | **COMMERCIAL REAL ESTATE**

GOING PROPTECH

TOMASZ BUDA, ASSOCIATE DIRECTOR OF INNOVATIONS AT
SAVILLS, WRITES ABOUT PROPTECH SOLUTIONS FOR SUSTAINABILITY AND COST MITIGATION.

The widely-quoted statistic about the built environment—that it contributes nearly 40 percent to global carbon emissions—does not tell the whole story. While 11 percent of the built environment's carbon emissions comes from the embodied carbon, a staggering 28 percent come from operational emissions.

Nowhere is this more apparent than for commercial offices: from lighting to heating to water usage, the daily operations of a building can have an outsized impact on the sustainability credentials, and costs, both of the building itself and for the firms that occupy it.

As a fusion of property and technology, property technology (PropTech) can provide insights into, and streamline processes within, buildings. From monitoring tools to efficient fixtures to digital integration, PropTech can help landlords and occupiers meet sustainability requirements and manage rising energy costs. There is significant scope for the adoption of PropTech solutions as an 'easy win' to lessen the impact of the built environment on global carbon emissions. Currently, less than nine percent of commercial real estate has adopted digital technology or

PropTech solutions and could be considered "smart", according to Deloitte. PropTech can provide critical insights to aid firms in managing their rising energy

cessful PropTech strategy. The first one is Internet of Things (IoT) devices: web-connected sensors and automation tools which can be applied for

ful PropTech strategy. Each device and sensor has its own data output, which can make creating comprehensive insights difficult. Managing

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THE POSIBILITIES

Property owners and occupiers will need to invest in technologies to adapt the changing world of work and the increased emphasis on sustainability. There are two key elements to a suc-

areas such as ventilation, lighting, and utilities, showing to-the-minute usage data. IoT can also include spatial intelligence, security, and people counting sensors so firms have an understanding of how and when their space is used.

Data management is the second key element to a success-

data effectively through a single software can provide a picture of the overall usage and efficiency of individual office spaces and the entire building.

Data management software can identify changes to improve building performance and efficiency, increase occupant comfort, and locate is-

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AN EMERGING MUST HAVE

In the near term, PropTech will have the added benefit of helping lower energy costs and providing insights into how offices are used on a daily basis, which has become more important to monitor and understand, following the rise of hybrid working post-pandemic. Adaptation of various PropTech solutions is not a matter of if, but rather a matter of how quickly they will become integral parts of the modern real estate landscape. More so as the EU sustainability regulations will create necessity for constant monitoring and proper optimization of energy resource management. This will make significance of ProTech even bigger, as no longer it will be a useful feature or element of property's attractiveness, but a crucial piece of technology and a big component of the property life cycle.

A GROWING MARKET

Investors are seeing the benefits of PropTech too and its immense potential. Over the past decade, venture capital investment in the sector has grown from less than USD 1 billion in 2013 to a peak of over USD 22 billion in 2021 across nearly 1,200 deals. This year appears set to match that trend with over USD 10 billion invested into PropTech firms in 2022 to date. These investments range from seed funding in nascent start-ups to late stage funding into firms which may be planning their IPOs, but the goals of these firms are the same—to provide the tools to boost the technical integration of buildings and the wider built environment.

sues affecting building maintenance. Data from a building's automation and energy management systems, as well as long term occupancy data, will likely become viewed as a minimum requirement in future decades to create sustainable productive environments for all.

According to experts, metrics aggregated from PropTech solutions around service requests and property usage can help predict lease renewals and inform occupancy strategies for landlords. For occupiers, energy consumption is a major source of their operational emissions. Insights from PropTech data can provide opportunities for cost savings on energy, water, and heating, as well as providing an understanding of usage patterns within their office spaces.

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