



Tech & Innovation Survey 2024



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INTRODUCTION

UK property businesses are increasingly turning to technology to help them thrive in a world that continues to throw challenges at them. At the same time, the technological landscape is shifting fast. While artificial intelligence has dominated headlines, the range of technological solutions available to support property businesses across the board has grown significantly over the past five years.

As we venture into an era where innovation and technology have become synonymous with progress, the role of technology in reshaping and responding to challenges faced by the property sector has never been more pivotal.

This report, a collaborative effort resulting from the merger between the UK PropTech Association and the British Property Federation and supported by REdirect Consulting, represents a milestone in our collective journey toward greater understanding, collaboration, and transformation within the industry.

It is a starting point to explore the complex interplay between technology, innovation, and the property industry. As well as identifying where industry leaders perceive the greatest potential gains, we also identify the biggest barriers to adoption, which provide the key to understanding how to overcome them.

The main driver behind last year's BPF-UKPA merger was the strong belief that bringing property businesses and technology providers closer together would ultimately help build a more resilient, efficient, and sustainable property ecosystem. We are delighted that the survey's results give weight to that belief.

EXECUTIVE SUMMARY

Response profile

- This report is based on 250 responses from across the property and proptech worlds. The largest cohorts of respondents were senior managers (32%) and advisors (22%).
- Respondents mostly worked for property businesses (26%), technology providers (25%), professional services advisory (22%) and built environment advisory (16%).

Property business approach to technology

- Eight in ten property respondents report having a digital and/or technology innovation strategy covering at least parts of their business.
- Responsibility for technology and innovation often sits at a senior level in property businesses, most commonly with a Chief Information/Digital Officer (19%), Head of Innovation (17%) or the CEO (17%).

Impact and value of technology

- 60% of respondents thought Artificial Intelligence would have a significant impact on the sector in the next 3-5 years. Just over half of respondents felt the same about big data; a similar proportion to those who felt buildings and system automation would have a significant impact.
- Unsurprisingly, these were also the technologies that property respondents felt their businesses were most likely to use over the same time period.

EXECUTIVE SUMMARY

- Digital and technological innovation in the property sector are felt most likely to deliver better decision-making (81%), improved building performance (80%), and a lighter carbon emissions profile (78%)

Barriers to technology adoption

- The main barriers to technology adoption by property businesses were felt to be cultural resistance to change (33%) and unclear levels of cost and return on investment (32%).
- Property respondents found it particularly challenging to deal with the lack of integration across technology solutions (41%) and a perceived lack of understanding among technology providers of how the property sector works (21%).

The technology provider perspective

- Technology providers grapple with getting to grips with the fragmented nature of the property industry (53%), achieving enough sales to grow their businesses (38%) and dealing with legacy systems and processes (36%).
- There is also a view among this community that property businesses should be prioritising technology even more.
- At the same time, there is a sense that the property sector's engagement on digital and technology innovation has improved over the last 12 months notwithstanding the economic pressures facing both property businesses and technology providers.

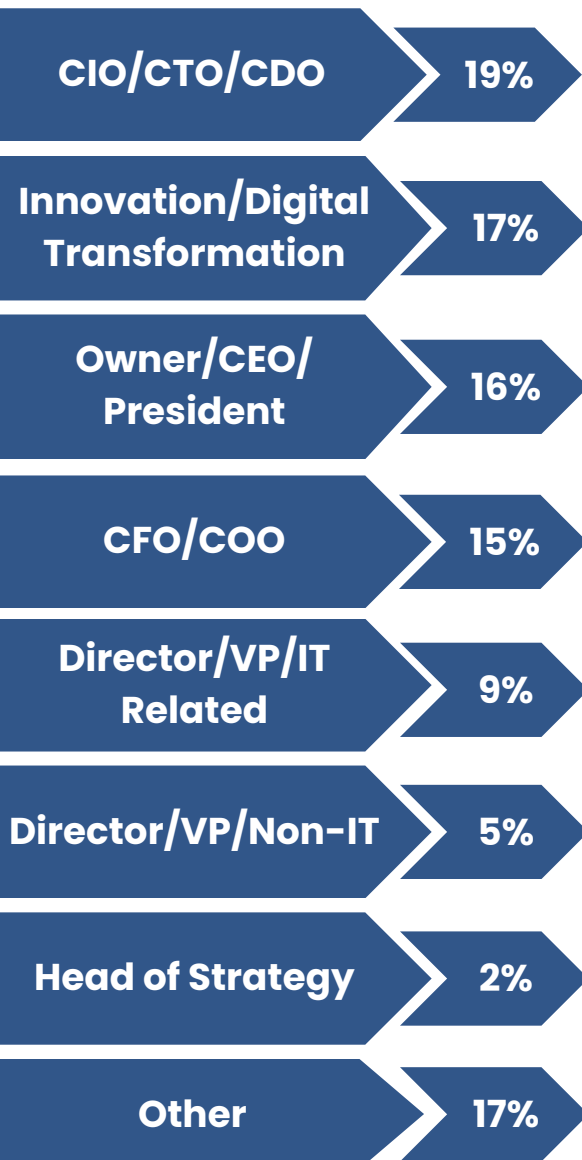
INNOVATIVE FORCES IN PROPERTY

Section 1

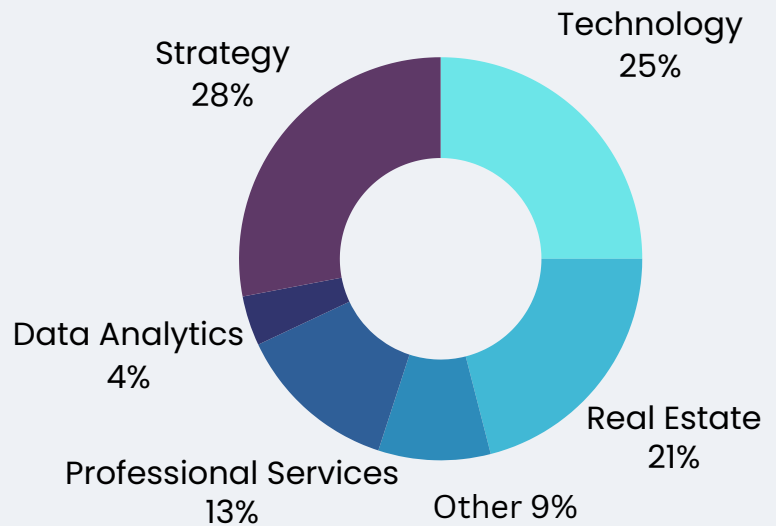
This section looks at how property businesses are approaching their investment in technology and how technology providers feel about the quality of their engagement with property businesses.



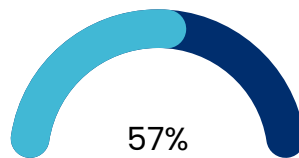
WHO LEADS ON TECH & INNOVATION IN PROPERTY BUSINESSES



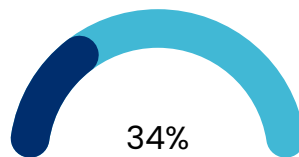
Professional specialism of the person who leads on Tech & Innovation in property businesses



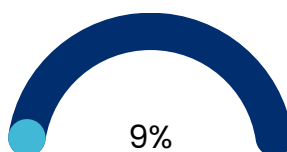
PROPTech DYNAMICS



57% of PropTech respondents believe the property sector has grown more positive about PropTech over the past year.

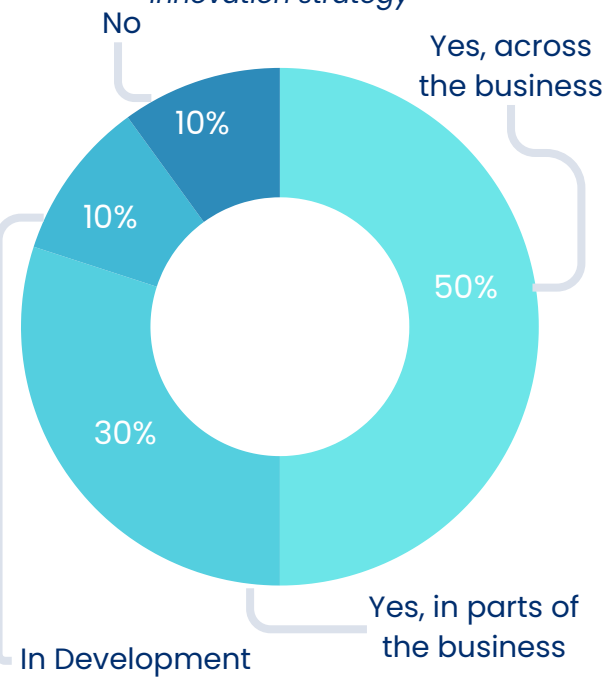


However 34% feel that property business attitudes towards technology haven't changed much and 9% of respondents feel property businesses are actually less well disposed to technology than they were a year ago.



Section 1

% of Property Respondents who have a digital and/or technology innovation strategy



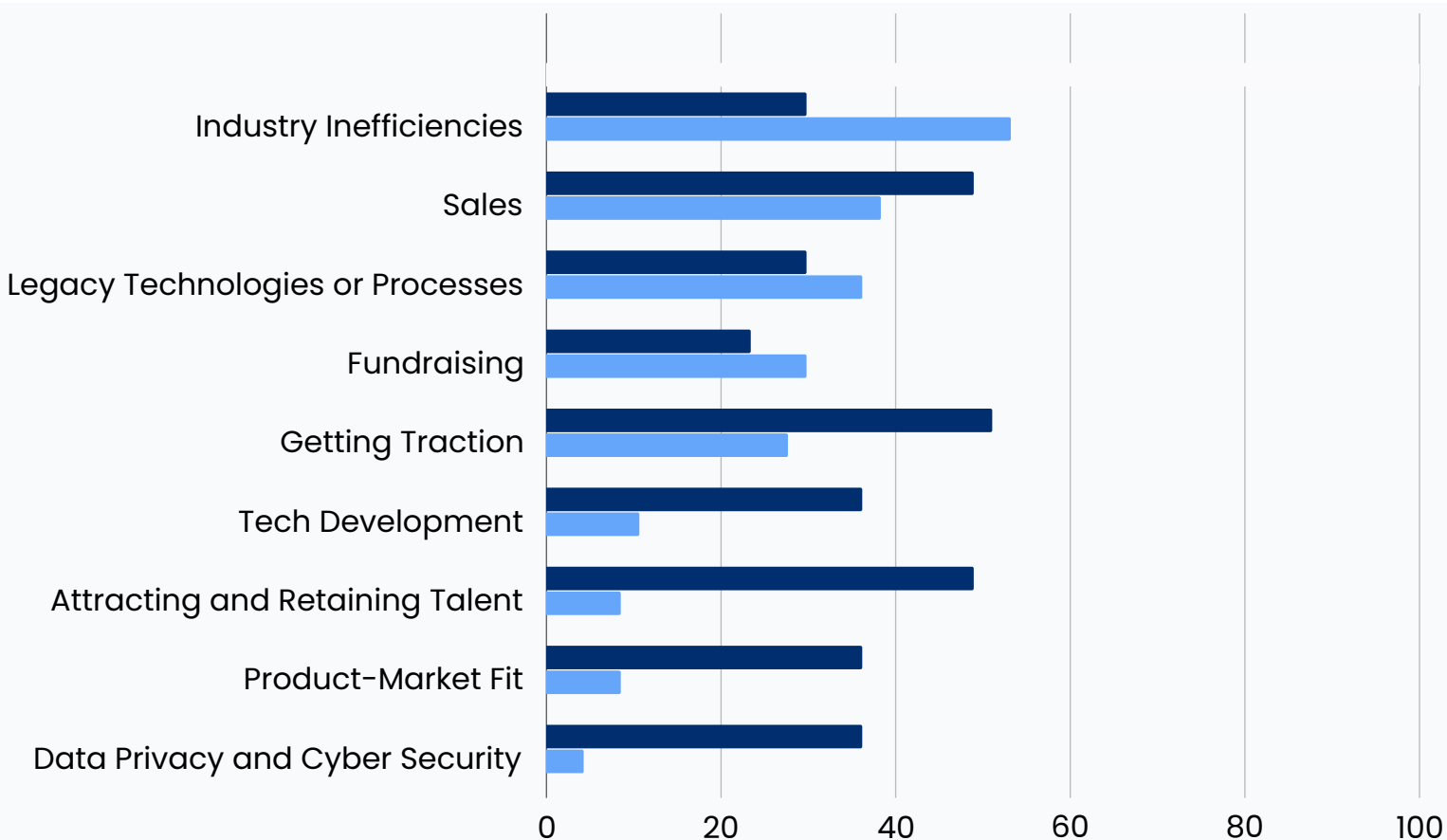
Almost half (49%) of technology providers feel that engagement with property businesses has increased in the past year, with another 49% reporting levels of engagement have remained the same.

Given the economic pressures besetting both property and technology businesses, we take this continued engagement as a sign that property businesses are strongly committed to exploring how technology can enhance their performance.

50% of organisations have established a comprehensive digital and technology innovation strategy that spans across all business areas signifying a commitment to a holistic and integrated approach, positioning organisations to capitalise on the benefits of technology throughout their operations.

CURRENT KEY CHALLENGES FOR PROPTech COMPANIES

■ Challenging ■ A Big Challenge



IMPACT & VALUE OF TECHNOLOGY

Section 2

Comparing insights from property business and technology providers, this section predicts where the impact of technology could be greatest.

The data indicates a strong positive expectation among respondents regarding the potential benefits of digital and technology innovation in the real estate sector.

The majority perceives high likelihoods of improvements in building performance, decision-making, carbon emissions profiles, transaction speed and customer engagement, and return on investment.

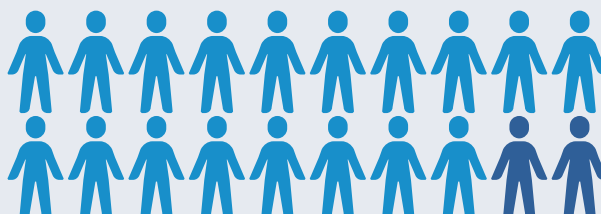
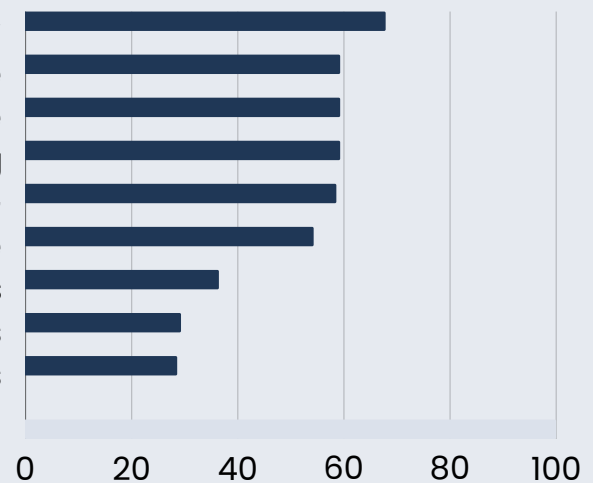
78%
surveyed likely to improve carbon emissions profile

72%
surveyed likely to improve in ROI

AREAS WHERE TECHNOLOGY WILL DELIVER LARGEST EFFICIENCY GAINS

- Data management, cyber-security and privacy
- Building and cost management/operational performance
- Customer experience
- Financial performance measurement and tracking
- Decarbonisation, sustainability/ESG
- Risk management and compliance
- Investment and letting transactions
- Planning permission process
- Lease renewals

■ % reporting significant gains



80% of respondents felt that there will likely be a high impact in improved building performance or lower building costs.

IMPACT OF SPECIFIC TECHNOLOGIES ON THE INDUSTRY

Section 2

Industry professionals foresee a dynamic landscape shaped by evolving technologies over the next 3-5 years. Almost six in ten respondents anticipate a profound impact from Artificial Intelligence (AI), setting the stage for significant advancements in data analysis, decision-making, and automation.

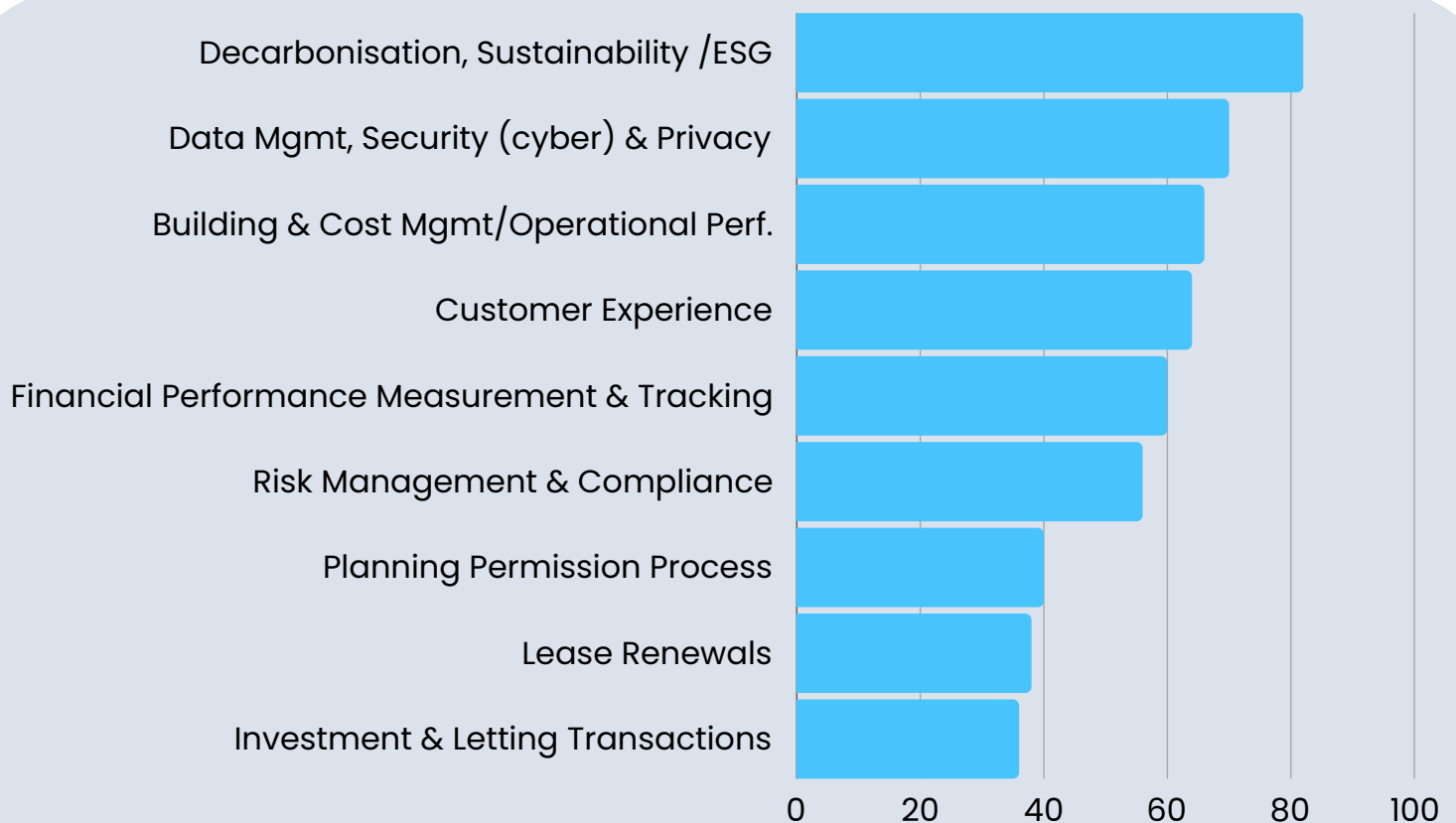
Alongside AI, other technologies such as buildings/systems automation, Big Data and business modelling tools seem poised to play an important role in reshaping the industry's operational landscape.

Evolving technologies are expected to significantly enhance data analysis, operational processes and building performance.

While some technologies such as Blockchain and Augmented Reality/Virtual Reality (AR/VR) are not perceived as overwhelmingly influential, they are recognised for their ability to bring about notable changes and improvements.

BIGGEST PAIN POINTS WHERE TECH CAN HELP

■ % reporting significant gains



Section 2

Technologies That Are Most Likely to be Used In the next 3-5 Years

Artificial Intelligence (AI) 79%

A vast majority expresses a high likelihood of businesses adopting Artificial Intelligence (AI) in the next 3-5 years, indicating a strong consensus on the strategic importance and widespread integration of AI technologies in the property sector.

Business Modelling & Forecasting Tools 75%

Building/ Systems Automation 64%

Golden Thread/Digital Twin Technologies 40%

Blockchain 23%

Big Data 58%

An expectation that businesses will increasingly leverage large-scale data analytics to inform decisions and improve performance.

Internet of Things (IoT) 45%

Augmented Reality/Virtual Reality (AR/VR) 36%

Impact of Technologies In Different Areas

77%

of respondents felt the collection and management of **real time asset performance** (including **ESG data**) will be heavily impacted by technology.



59%

of respondents felt that technology will improve **building optimisation**. The integration of smart technologies positions buildings to better meet current challenges more easily adapt to future requirements.

59%

of respondents evidently recognise the substantial influence of digital and technology innovation on **customer data**.

BARRIERS TO TECHNOLOGY IMPLEMENTATION

Section 3

Greater technology adoption holds immense potential for transformative innovation in the industry. However, implementing it is not without its hurdles. This section delves into the barriers and sources of frustration that come with successfully deploying new technology.

Respondents are clear that developing a digital & technology innovation strategy is important, but where do they plan to begin?

55%

Collaborate or partner with existing supplier

43%

Buy a system or platform

43%

Collaborate with a new supplier

41%

Build your own

25%

Outsource to a supplier

5%

No plans to develop in this area

What are the main barriers to implementing new technology?

Organisational culture and resistance to change (33%) and cost/ROI (32%) were respondents' biggest barriers to implementing new technology. Reliance on unavailable "clean" data (11%), lack of relevant solutions (10%), and the available solutions being too narrow (6%) are also important barriers.

Points of frustration when engaging with potential technology solution providers, comparing property & PropTech businesses.

Source of Frustration	Property Responses
Lack of integration between different technologies	48%
Lack of understanding from the PropTech companies of the business or industry	25%
ROI not clearly articulated	15%
Lack of unified contracts across different providers	4%



VS.

Source of Frustration	PropTech Responses
Tech is not prioritised	70%
Lack of leadership or skills to manage the deployment	53%
Decision maker is not known/unclear	45%
The problem that they are trying to solve is unclear	27%



HOW CAN PROPTech CAN BETTER SUPPORT THE DEPLOYMENT OF THEIR SOLUTIONS?

Section 3

Based on responses provided by property respondents

1. Open Access and Collaboration:

- Open Access Protocols
- Open Source and Pilot Projects
- Co-Development with the Industry
- Integration into Customer Businesses
- Integration into Workflows
- Interface with Existing Solutions

2. Accessibility and Affordability:

- Increase Accessibility
- Affordability for Retail Market
- Ensure User-Friendliness and Cost-Effectiveness
- Charge According to Value

3. Communication and Alignment:

- Comprehensive Onboarding and Integrations
- Listening and Alignment
- Simplify Communication
- Relevance and Understanding Users' Business
- Continuous Support and Training

4. Knowledge and Expertise:

- Understanding Property Life-Cycle
- Sector Specialists for Implementation
- Operational Experience in Tech Teams
- Holistic Approach to Real Estate Challenges

5. Innovation and Integration:

- Provide Recommendations Over Cold Calls
- Offer Working Examples and Trials
- Integration into Workflows
- Anticipate Integration Issues
- Focus on Proof of Concept and Realistic Expectations

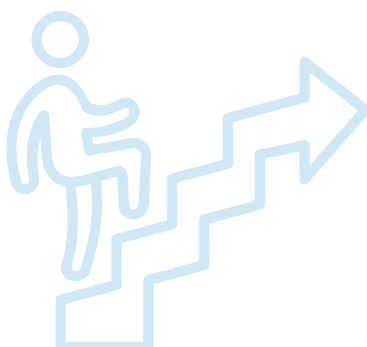
6. Transparency and Sustainability:

- Transparency on Functionality Gaps
- Integration into Customer Businesses
- Integrate Sustainability Parameters

7. Customer Success and Leadership

Involvement:

- Provide Ongoing Learning Opportunities
- Customer Success Teams and Better Contracts
- C-Level Involvement in Sales



WHAT CAN PROPERTY COMPANIES DO TO MORE EFFECTIVELY DEPLOY PROPTech SOLUTIONS?

Based on responses provided by technology providers

Section 3



1. Strategic Planning and Leadership:

- Clear Problem Identification
- Top-Down Approach for Digital Transformation
- Define Strategic Objectives and Innovation Roles
- Focus on Strategic Objectives, Not Fads
- Establish Clear Timeframes and Openness

2. Technology Investment and Development:

- Investment in Technology & Resource Allocation
- Test and Iterate
- Increase Technology Maturity
- Take Chances with Tech
- Quick Pilots and Dedicated Resources for Oversight

3. Organisational Culture and Engagement:

- Focus on Outcomes and Dedicated Teams
- Engage the Entire C-Suite in Adoption
- Appointment of Innovation Teams
- Engagement of Stakeholders at Every Level

4. Learning and Adaptability:

- Education and Learning from Other Industries
- Learn from Past Projects
- Invest in Training After Adoption
- Understanding Needs and an Agile Approach
- Basic Computer Skills Training

5. Audit and Evaluation:

- Seek Expert Engagement and Audits
- Fix Processes Before Tools



CONCLUSION

Identifying how technology is reshaping our approach to building performance, enhancing ESG data collection, and revolutionising business processes through AI is ever more important in informing business decisions in the property sector.

This report not only helps to explore the disruptive technologies expected in the coming years, but also sheds light on the engagement between property businesses and technology providers. It allows us to pin-point specific areas where more research may be needed into how different parts of the property industry are using technology and to better support members work through key barriers to adoption.

As a next step, the UKPA and BPF are excited to announce the launch of a new Tech & Innovation Programme.

This programme will offer further insights into how PropTech solutions and transformative technologies like AI are delivering value to the industry. It will draw upon real-world examples from our membership and other industries, providing practical, tangible demonstrations.

We will also focus on enhancing collaboration between property businesses and technology providers, overcoming barriers to adoption, and facilitating better integration of technology solutions. We'll deliver this through a series of masterclasses, office hours, and webinars, all supported by our partners, who bring their valuable in-house expertise to the table.

For more details about the program, please contact sammy@ukproptech.com

Our aspiration is that you will be able to leverage these findings and the insights generated throughout the 2024 program to navigate the ever-evolving landscape of the property industry with confidence.



ACKNOWLEDGEMENTS

We would like to extend our sincere appreciation to everyone who took the time to complete the survey, providing us with valuable insights into the property sector's current approach to technology and innovation.

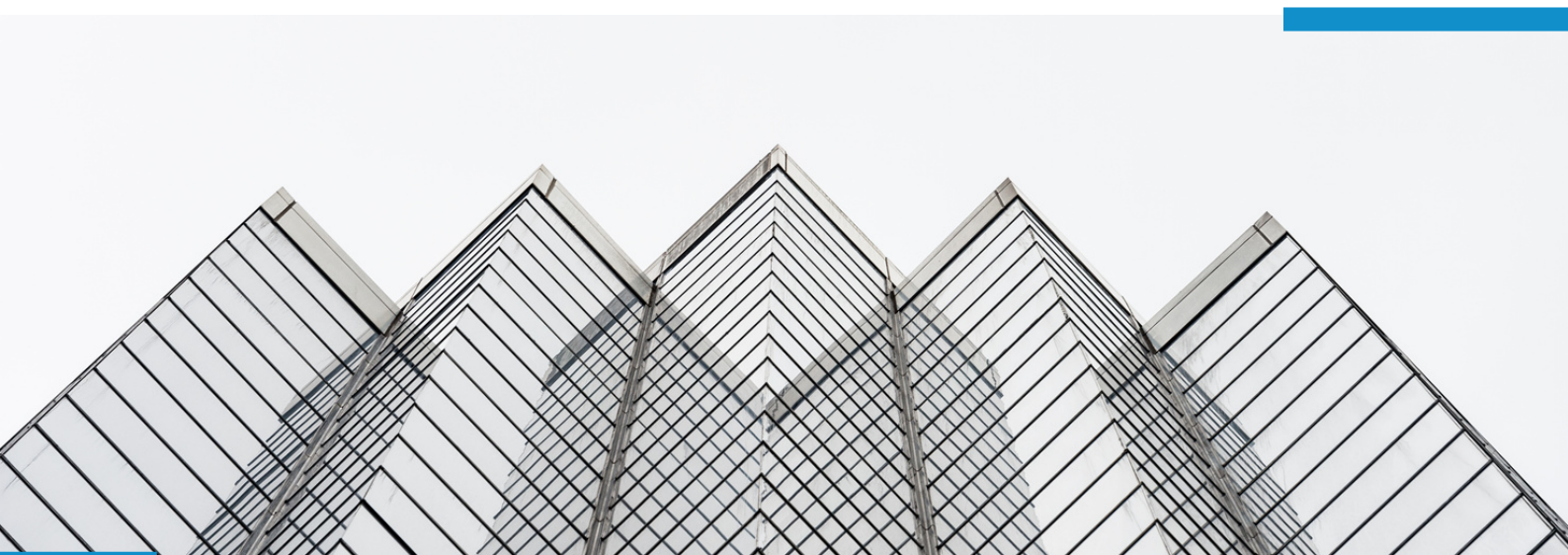
We would also like to thank KPMG LLP for encouraging us to re-run some of the questions from their 2019 Global Proptech Survey, thereby helping understand how the property sector's technology journey has progressed in recent years.

Finally, we thank our partners at REdirect Consulting for their invaluable support during this survey. Their contribution in extracting insights from the data and crafting this report has been instrumental.

About REdirect Consulting

With over 20 years in business, REdirect is a leading global provider of real estate technology consulting and support services with deep expertise in top RE software like Yardi, MRI, and RealPage.

With unmatched experience in real estate management and technology (over 15 years average per consultant), REdirect's employees have previously held positions ranging from regional property managers, asset managers, and real estate brokers to controllers and everywhere in between. Wherever you are in your project, we understand your perspective.



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