

BREVITAS

THE ULTIMATE GUIDE TO

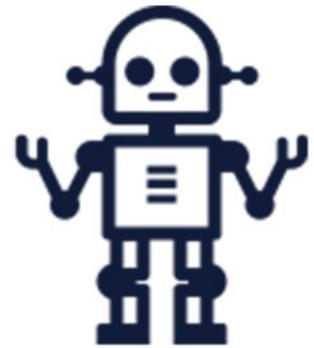
Commercial Real Estate Technology

BULLETIN



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Preface

Real estate technology is now mainstream. A massive push over the past 2-3 years has brought incumbents and created juggernauts. So how has this change affected the industry and what does the future hold? It all starts with people. Technology makes us more efficient at a given task, in this guide we want to give out a few pointers on how to take advantage of all these new tools.

Here's what we've found:

Technology in real estate has gone from vanity to proven difference maker. It's essential to your success to leverage these new opportunities and know how you can exploit a new wealth of information and capabilities.

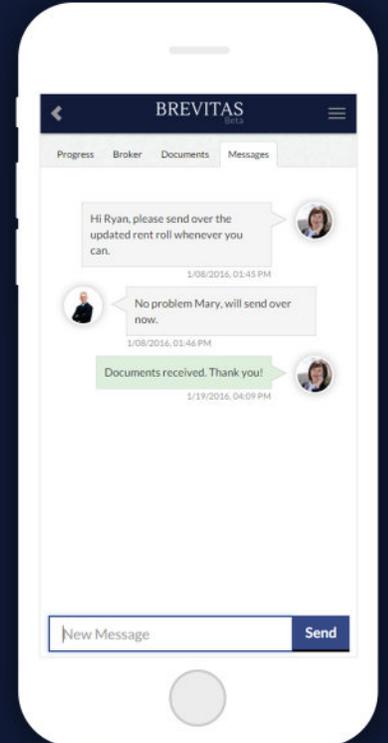
Let's take a look at some of these tools and help you decide which ones are for you.

A friend of ours and a student of the real estate industry, Caleb Koffler wrote the following piece to identify who uses real estate technology. Let's consider this a foreword before we delve deeper into each category.

Who uses real estate technology?

There has been a lot of buzz around real estate technology recently, from startup pundits to the Wall Street Journal, citing mostly the astonishing rise in the number of companies and the growth in venture investment to \$1.6 billion in 2015 – a 350% increase over 2010.

When I began to explore real estate technologies, I wrongly assumed its narrow parameters. I decided to break it down by players in the ecosystem to better understand their pain points, and the ways in which technologists are addressing them.



The Developer

Developers are taking note primarily in a subcategory called property tech in which companies are working to increase energy efficiency, enhance security, and improve tenant experience. With global warming, rising costs of energy, heightened security concerns and more demanding competition, developers are using new technologies to lower construction costs, identify key development opportunities, and attract discerning tenants and buyers. Predictive mapping and zoning software from companies like CartoFront, is uncovering prime development potential by using actionable data to maximize decision-making.

The “internet of things” (IoT) revolution is also having a huge impact on new development. I recently visited a newly built home in Vermont that had over 70 devices installed and/or connected to WiFi ranging from kitchen appliances and light fixtures, to surveillance and entertainment systems. With this type of constant connectivity, smart electrical use will become even more critical in real estate development – especially with after hours processes, which are being modernized by Genea to more effectively manage HVAC and lights, among other services.

The Sales Broker

Anyone who has discussed marketplace technologies with old-school brokers knows that it can be a touchy subject. Although there is a real fear of disintermediation, evidence suggests that the most successful companies are tapping the brokerage community as primary users of their platforms. This is especially true in residential sales brokerage, where Zillow and StreetEasy have utilized brokers as a way to grow their marketplaces while also providing brokers and leasing agents a medium to connect with new and prospective clients.

Brokers across the country have adopted technology to prospect for new business and to more effectively market their listings. One such company, Floored, creates interactive 3D graphics for space visualization to assist brokers in illustrating the possible uses of a space.

While the aforementioned fear of disintermediation is real, and it may impact brokers eventually, we’ve seen that tech companies and consumers value the relationships and expertise brokers provide and that the human touch of a broker goes a long way.

The Lender

Mortgages are a commodity; they are impacted by a number of relatively standard factors such as credit, leverage, risk, term, and location. They are also a competitive business with many players vying to underwrite the most attractive assets.

Tools such as Reonomy and Credifi are providing lenders with more accurate market information, and better data to effectively prospect and strengthen their pipeline for financing opportunities.

Alternative forms of lending, including peer-to-peer and crowd funding, have introduced competition into the market. Platforms like Better Mortgage, and marketplaces like Raisal are forcing lenders to work faster, be more transparent, and provide better terms to prospective clients.

The Property Manager

The need to collaborate, track jobs, compare bids and report on every event occurring with a property can be a nightmare of disorganization and inefficiency. While many managers continue to communicate with tenants by phone or email and work manually through issues, platforms like Yardi and Appfolio are helping managers improve communication, provide faster service and ultimately save money.

Online property management software (OPMS) has provided smaller shops with best practices and the opportunity to compete with the larger companies, which has been a factor in prices declining overall. Lastly, cross-departmental integration of this software and mobile compatibility has led to a significant uptrend in its adoption.



The Investor

In my opinion, the most exciting and disruptive technologies coming out of the recent real estate tech “boom” are in this space – broadening access to real estate investment and changing the way deals are sourced and transacted.

Traditionally, commercial real estate investment was reserved for the high net-worth individuals and investment firms that had relationships and could participate in exclusive syndications. Today, crowd-funding platforms have lowered the barrier of entry to average investors who are seeking to diversify and reap the benefits of strong returns larger real estate investments can offer.

Even for more sophisticated individual and institutional investors, access to strong deal flow can be hard to come by. With new tools and online marketplaces, deal flow is improving and the transactional process is being streamlined with better data to improve due diligence.

Tech’s Competitive Advantage

Traditionally seen as lagging in terms of technology adoption, the current generation of real estate professionals is forging ahead with unprecedented technology adoption. The leaders of the real estate tech revolution understand that their competitive advantage – and ultimately their success – is based on their ability to leverage the tools available to them to provide better services to their clients.



Brokerage

Property owner data has never been easier to find.

Brokers rely on information to conduct their business and nothing is more valuable than knowing who owns a building and when it may be time for that owner to sell. Having accurate data is critical, no broker wants to waste time prospecting leads that never result in new business. There are now better ways to come about finding that data. One such company is Prospect Now, they find the properties most likely to sell or refinance. They also offer a sophisticated search for you to narrow down your ideal property type. From there, you can find ownership information and even the contact information for the property owner.

Listing platforms are changing the way real estate is marketed and transacted.

Listing platforms have been around for ages but the way we are interacting with them is changing. No longer is it enough to simply have classified ads, a listing portal needs to be dynamic. There are a variation of new models for any type of investor or industry professional.

Recently, technology fueled brokerages have created an intimidating competitive advantage. The ability to acquire customers online, then retain those customers, is providing an edge. Companies like TripleMint and Redfin have moved quickly to provide unique home buying services that are dominating in some of the most competitive markets. San Francisco and New York have shown a particular affinity for these types of services.

New data sources are making it easy.

Big Data. Smart Data. The days of relying on a single source for accurate property data are over. Take a look into a few of these companies listed on the next page to find a wealth of data at your fingertips, making it easier for brokers and their clients to make quick decisions about big investments.

Brokerage

How integrating services have made your job easier.

APIs or application program interfaces are the new wave in tech. They allow different tech platforms or systems to talk and work with each other. With so many technology companies now in the real estate space, each one of those firms is specializing in a niche.

APIs allow tech companies to partner in symbiotic relationships. These partnerships help layer services to deliver a more diverse set of advantages. The end result is smarter software and an easier experience for users.

As the real estate technology renaissance continues, look for partnerships to greatly enhance the services offered. Here are some companies already disrupting investment.

CRM



MARKETING



PROPERTY DATA



TECH BROKERAGE



COMPS



COMPSTAK

Investment

Lending has become much more competitive.

Lending marketplaces have leveled the playing field. Companies like Raisal and Money360 are providing opportunities for both borrowers and lenders. You want to have choices when taking on financing, selecting from multiple offers is always a win.

Crowd funding is going institutional.

The crowd funding model for real estate has been proven, hundreds of companies are operating and they are starting to specialize. The concept started as a means of offering a much lower entry point for real estate investment. However, now we're seeing a fusion of traditional syndicators and capital raisers taking on the form of tech enabled crowd funding platforms that started with less than \$1000 investment minimums. The institutional angle has been undeniable; as the number of crowd fund companies scaled, so to has the investment range. Cadre is one such company that recently raised \$50m and offers institutional sized investments with a veteran management team.

Is technology replacing the buy side broker?

Real estate investors tend to be very specific and typically gravitate towards markets and property types they specialize in. This has often been the reason for such a strong need to use a broker when making a purchase. Now, access to investment opportunities is opening up as real estate marketplaces move away from systems like the MLS. The ability to directly work with the listing agent or owner is the easiest it's ever been. As technology gets smarter, machine learning will soon help make decisions for the best investment opportunities, using big data to analyze those opportunities with a mix of trend analysis, investor preference, and current market data.

TECH COMPANIES DISRUPTING THIS SECTOR:

The logo for Raisal, featuring the word "Raisal" in a green, sans-serif font.

Lending Marketplace
offering the most
competitive offers

The logo for Cadre, featuring the word "CADRE" in a black, sans-serif font.

Institutional sized
syndication platform

The logo for Fundrise, featuring a stylized red and orange building icon above the word "FUNDRISE" in a black, sans-serif font.

Crowdfunding

The logo for EquityMultiple, featuring a blue hexagonal icon with three white horizontal lines above the word "EQUITYMULTIPLE" in a blue, sans-serif font.

Crowdfunding

The logo for Brevitas, featuring the word "BREVITAS" in a black, serif font.

Private investment
sales marketplace

Developers

Is technology accelerating real estate development?

Site Accelerator, that is a term you will likely become increasingly familiar with. A company called OppSites is already executing on it. OppSites gets information from the city about which properties qualify to be developed. This has historically been difficult information to obtain, having to spend hours asking about specific lots and their development potential. Now all this information is available with a few clicks. Investors, brokers, and developers can find opportunities before the property owner even knows what is possible for their site.

Technology is connecting the best service providers and vendors.

Real estate has long been an old boys network, a who knows who type of game. But business is business, and people want the best deal, no matter who gets compensated. Choosing the best partners can make all the difference, especially when it comes to larger projects. Sourcing the best engineers, architects, and contractors can make or break a project. Honest Buildings, a platform that connects the best service providers and vendors with property owners and developers. Said to be the LinkedIn for real estate, the way they have been growing and the top level clients using the platform, they may just be right.



Developers

Modular construction is changing how cities are built

You've probably been inside one without realizing it. Modular, or prefab buildings are becoming more common in the U.S. as builders look for ways to shorten construction schedules and trim costs.

The modular approach to construction is a process where the building components (such as walls, floors, balcony, stairs, etc.) are prefabricated in batches in factories, then shipped to sites for assembly. This may conjure up pictures of flimsy, temporary structures, but that is far from the reality.

Virtually every modern construction project uses prefabricated components to some extent, but modular buildings generally refer to those that are primarily assembled off site. The move toward this approach was initiated by a high demand for affordable housing.

Here are a few advantages:

- Short construction period
- Fewer workers on site
- High quality, standardized workmanship
- Fewer defects, saving time and money.
- Sustainability

THESE COMPANIES ARE HELPING RESHAPE THE LANDSCAPE FOR DEVELOPERS:



OppSites - Find which properties the city is interested in having developed.



CartoFront- Identify the best development opportunities with predictive mapping



**HONEST
BUILDINGS**

The LinkedIn for developers and owners. Find the best vendors and partners.



Modular construction and pre-fabrication