

\$20 billion in "proptech" globally by 2020: Taronga and KPMG

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Investment capital into proptech companies will reach \$20 billion by 2020 as new players and traditional real estate corporates pour money into technology and property, a study by investment firm Taronga Group's technology investment arm Real Tech Ventures and KPMG has found.

While global capital allocations to direct real estate have doubled, rising to \$US320 billion from \$US166 billion between 2012-2016, funding in proptech companies increased 1200 per cent to \$US2.6 billion from \$US221 million.

"RealTech companies will continue to increase, eventually exceeding the annual level of capital currently invested in fintech," the report says.



Taronga founders Jonathan Hannam and Avi Naidu see a future in proptech. **louise kennerley**

In Australia, proptechs such as BuyMyPlace, Rent.com and LocalAgentFinder have hit the sector as well as international groups like Airbnb and Purplebricks.

Areas that will see more technology disruption are urban planning, design and construction, search, sale and acquisition, leasing and management, data analytics and sustainability, the report says.

Companies in the urban planning sector will focus on improving processes related to land release and planning approvals. Examples include virtual reality and simulation technology and beacon technology.

Tools and processes

In design and construction, changes will be seen in the tools and processes used for the development and construction of residential, commercial and industrial real estate projects, for example project and cost management tools, and construction and workforce management solutions.

Agent search tools, online brokerage and auctions, inspection management software, marketing automation and crowdfunding finance platforms will dominate the proptech disruption in the search and acquisition space.

The leasing space will be hit by more online peer-to-peer leasing platforms, leasing and management software, and even tenant screening technology.

Big data aggregation and management tools including tenant and visitor in-venue experience and engagement solutions will help investors and developers find future investment opportunities.

"In this next phase of real estate sector transformation, the business of 'bricks and mortar' will no longer be about bricks nor mortar," the report says.

New businesses

"Real estate sector participants – from agencies to developers, financiers to property managers – will need to understand the latest in technological innovation ... in order to stay ahead of the pack."

Furthermore, traditional real estate specialists will begin to exit the major real estate corporates and consulting firms to build new proptech businesses and these corporates themselves will be looking to invest in proptech to keep ahead.

"More and more major corporates will establish corporate venturing functions and these teams will become as important as the M&A function," the report says.

Taronga's Real Tech fund is raising \$100 million to invest in proptech companies, with a minimum investment of \$10 million per investor.

Su-Lin Tan reported on housing, commercial real estate and property finance. She also covered China and Asian business, trade and politics. *Connect with Su-Lin on [Twitter](#). Email Su-Lin at stan@afr.com.au*