

Leveraging Technology in Real Estate Investing

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Given the high volatility and relatively low returns available in the public markets, real estate has become popular amongst private investors seeking additional alpha. Accordingly, the number of real estate funds has surged in response to the increase in demand, which in turn has escalated the need for firms to set themselves apart from their peers when raising capital. Technology has become a key differentiator at the center of this dynamic, and financial services firms are now delivering more options for streamlining operations at real estate private equity firms.

In recent years, real estate has been a successful industry for investors. In fact, **90% of LPs said real estate private equity funds exceeded performance expectations**. As a result, limited partners have expected to allocate more capital to real estate private equity funds. According to **Preqin's 2017 Global Real Estate Report, the percentage of investors planning to commit more capital to real estate private equity funds grew from 18% to 25% in the last year**. However, with the recent increase in real estate fund allocations comes a surge in the number of real estate fund managers. According to PitchBook, over the last 10 years, more than 300 new real estate firms were established.

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In a more competitive real estate fundraising environment, real estate private equity firms must not only perform but also satisfy the ever-increasing reporting and due diligence requests from investors. LPs are asking more questions and are requesting more detailed reporting from GPs. Therefore

in the event a GP is not collecting such data proactively, the resulting burden is material as they must step up and track this information to remain competitive. According to **EY's 2016 Global Market Outlook**, by adopting technology, real estate private equity firms have better financial management and improved transparency, making it easier to collect, track and report to investors property data and performance. Firms who have adopted technology to improve efficiency and data analytics across their business are the ones able to generate the most value and scale as they are able to more easily recognize and quickly address the inefficiencies in underperforming properties.

The real estate financial technology space has historically lagged behind other industries. However, given today's influx in the number of real estate managers and their interest in technology, venture capitalists have been pouring money into real estate technology, **growing capital invested into the space by 350% since 2010**. This increased funding has yielded several different technologies to enhance real estate operations.

Today, real estate firms have their pick of technology to assist with accounting, valuations, leasing activity transparency and reporting. Despite having ample technology at their fingertips, firms still spend a tremendous amount of time in Excel manually aggregating data from each of these systems or technologies in order to facilitate portfolio wide monitoring and analysis. This manual work costs firms unnecessary time and resources that could be saved with the proper application of technology. The iLEVEL platform fills this gap by allowing asset managers to store data and documents in the cloud, centralizing portfolio monitoring, aggregation and analysis for all property types and regions, thereby saving firms capital and time while also ensuring scalability.