

THE CRITICAL ROLE OF DATA & ANALYTICS IN REAL ESTATE TECHNOLOGY

NOVEMBER 2024

The Transformative Power of Data & Analytics in Real Estate

In recent years, the real estate industry has undergone significant transformation driven by technological innovation, fundamentally reshaping the landscape. The role of data and analytics has expanded significantly, empowering specific verticals with new tools that drive unprecedented efficiencies and insights. This shift has redefined how properties are bought, sold, and managed, introducing new levels of transparency and streamlining operations, which, in turn, have enabled adopters to drive efficiency and margins.

Building Construction

Data and analytics have transformed the way construction projects are planned, executed, and managed. Construction firms and home builders leverage third-party data and analytics to identify development opportunities, monitor competition, and assess market conditions. Historical construction data is used to plan projects and identify risks, while predictive analytics are used to forecast project timelines, control budgets, and optimize resource allocation. IoT data and related analytics are used for real-time monitoring of materials, labor, and equipment, helping to increase utilization and drive efficiencies. Contractors, subcontractors, and suppliers increasingly leverage lead data providers to identify projects and secure new business.

Revenue Management

The integration of data and analytics into the revenue management process has streamlined how rental pricing is set. Dynamic pricing algorithms use vast amounts of data to analyze market trends, competitor pricing, and the supply-demand equilibrium, optimizing rental rates in realtime. Historical data helps property managers

to anticipate shifts in market conditions, and to adjust prices to maximize occupancy and profits. By using predictive analytics, managers can also fine-tune their revenue strategies, ensuring they respond to fluctuations efficiently and without manual intervention. This data-driven approach results in more accurate pricing and improved financial outcomes for property owners.

Property Maintenance

Property managers increasingly use data and analytics to anticipate and address maintenance issues before they escalate into costly repairs. Predictive maintenance systems, powered by data collected from sensors, can identify potential failures in HVAC systems or plumbing long before they become critical. For instance, real-time monitoring of equipment performance enables proactive interventions that prevent major breakdowns, such as detecting irregularities in temperature or energy consumption that indicate early stages of equipment failure. This data-driven approach not only reduces maintenance costs but also extends the lifespan of critical systems, minimizes downtime and ensures a more efficient allocation of resources.

Buying and Selling

Data and analytics have revolutionized how both commercial and residential properties are bought and sold. Machine-learning models can predict property values, leveraging property-level information, location data, and market trends. Additionally, 3D modeling and aerial imagery technology have been utilized to introduce new features to the home-buying experience. Virtual tours and AI-driven property recommendations leverage these technologies to improve the home-buying experience, making the sales process faster and more efficient while enhancing broker productivity.

Generative AI

Generative AI is becoming a key competitive differentiator in the real estate industry. Companies that control large, proprietary datasets can build customized AI models supplemented by third-party data that generate unique insights, helping predict trends in property values, tenant and owner preferences, and emerging market opportunities. Generative AI can also automate complex processes like property design and layout optimization, offering innovative solutions that enhance operational efficiency. By combining proprietary third-party data with AI's predictive capabilities, real estate firms can create tailored offerings and achieve a significant competitive advantage.

Sustainability

Data and analytics are also playing a crucial role in promoting sustainability within the real estate sector. By tracking energy consumption, water usage, and waste management through real-time analytics, companies can identify inefficiencies and make improvements that reduce environmental impact. Predictive analytics help design energy-efficient buildings from the outset, leading to reduced carbon footprints and operational costs. Additionally, sustainability data offers transparency,

allowing real estate companies to demonstrate their commitment to environmental goals, and appeal to investors and tenants who prioritize eco-friendly practices. A number of sustainability ratings providers have emerged who offer benchmarks and insights that enable real estate operators to compare performance globally, facilitating better decision-making. Data-driven sustainability metrics not only improve environmental performance but also support broader corporate responsibility strategies, making real estate assets more attractive to environmentally conscious stakeholders.

Conclusion

The use of data and analytics in the real estate industry is not just a trend; it's a fundamental shift that is redefining how the industry operates. From enhancing property valuations to improving customer insights and operational efficiency, data-driven approaches are providing a competitive advantage to those who embrace them. As technology continues to evolve, the potential for data and analytics to further transform the real estate landscape is immense, promising a future where decisions are smarter, operations are smoother, and investments are safer.

SOLOMON PARTNERS TECHNOLOGY GROUP

Craig Muir

Head of Software,
Data & Analytics

Jeff Derman

Partner

James Butcher

Managing Director

Joe Watson

Managing Director

Solange Velazquez

Managing Director

Jonathan Berger

Director

Brendan Kirk

Vice President

Lawrence Brayman

Associate

Molly Murphy

Associate

ADDITIONAL TEAM SUPPORT

Marc Cooper

CEO

Rich Brail

Chairman
of M&A

Sash Rentala

Head of Financial
Sponsors

Tucker Laurens

Managing Director,
Financial Sponsors

This document is for marketing purposes only. It has been prepared by personnel of Solomon Partners Securities LLC ("Solomon Partners") or its affiliates and not by Natixis' research department. It is not investment research or a research recommendation and is not intended to constitute a sufficient basis upon which to make an investment decision. This material is provided for information purposes, is intended for your use only and does not constitute an invitation or offer to subscribe for or purchase any of the products or services mentioned. Nothing in this document constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate for you. Solomon Partners is a FINRA-registered broker-dealer.