



REAL ESTATE & CONSTRUCTION TECHNOLOGY

H1 2025 Market Update

Summer 2025

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EXECUTIVE SUMMARY

Executive Summary

- 1 The Real Estate & Construction Tech sector experienced several challenges in H1'25 due to economic uncertainty, the introduction of tariffs and immigration restrictions; however, the sector is well-positioned to benefit from a number of tailwinds supportive of longer-term growth**
 - Growing adoption of emerging technologies such as IoT, AI, blockchain and virtual reality, allowing companies to drive innovation, optimize revenues, streamline business processes and reduce costs
 - Increased volatility, e.g. in relation to supply chains and the availability of labor, driving uptake of software solutions that help businesses manage key processes and risks
 - Increasing demand for real-time data and insights to inform better decision-making, drive personalization and enhance the customer experience
- 2 Real Estate & Construction Tech public company multiples increased in H1'25, but still trade at a discount to the broader Software index**
 - Real Estate & Construction Tech index trades at 6.3x and 19.7x FY25E revenue and EBITDA, respectively, vs. Software index at 10.6x and 22.1x
 - There is significant variation in multiples between different Real Estate & Construction Tech subsectors, with Listings companies trading at 14.3x FY25E revenue while Short-Term Rental / OTAs trade at only 1.6x
 - The Real Estate & Construction Tech index exhibits strong Rule of 40 correlation, as companies with the highest revenue growth and EBITDA margins continue to command premium multiples
- 3 Real Estate & Construction Tech M&A and financing activity in H1'25 was affected by the uncertain economic environment and sustained higher interest rates**
 - Total Real Estate & Construction Tech M&A deal value was only \$4.4B (136 transactions) in H1'25 compared to \$10.5B (152 transactions) in H1'24
 - Notable transactions include Rocket's acquisition of Redfin for \$1.8B, TPG's acquisition of Sabre Hospitality Solutions for \$1.1B and Maymont Home's acquisition of Divvy for \$1.0B
 - Total Real Estate & Construction Tech financing deal value was \$3.2B (534 transactions) in H1'25 compared to \$3.4B (835 transactions) in H1'24; notable transactions include Eurazeo / Reneo and SoftBank / Terabase
- 4 Investor dialogues suggest there is increased appetite for M&A and capital deployment in H2'25, especially if the Fed cuts interest rates in the Fall**
 - Record backlog of 28k+ private equity portfolio companies worth \$3T+, with growing pressure for sponsors to deploy and return capital before their next fundraising
 - Strong public market performance is leading to growing optimism that the buyer-seller price expectation gap is narrowing
 - Expectations of a more flexible regulatory environment in the U.S. and in other key jurisdictions (e.g. the U.K.) should drive corporate M&A

Key Real Estate & Construction Tech Industry Themes

Adoption of technology and data is accelerating despite near-term end-market headwinds



Macro Headwinds Persist

- The Construction industry faced a number of challenges in H1 following the introduction of tariffs, the resulting economic uncertainty and higher material costs, and labor shortages due to immigration restrictions
- Both Commercial and Residential Real Estate volumes remained subdued in H1 due to the higher interest rate and uncertain macro environment; market observers currently expect the Fed to start cutting rates in H2, which should support a recovery in transaction activity



Ongoing Sector Digitization

- The Real Estate and Construction industries have been relatively slow to adopt new technologies; however, the pace of innovation is accelerating as companies seek to gain a competitive edge, manage costs, mitigate risks and drive sustainable growth
- In addition to digitizing traditionally paper-based processes, Real Estate and Construction companies are employing emerging technologies such as virtual reality, digital twins and blockchain to unlock new business opportunities



Adoption of AI

- Generative AI is set to transform the Real Estate & Construction industries, with a range of use cases, including predictive modeling, AI-enabled chatbots, content creation and coding
- McKinsey estimates that Generative AI can generate up to a 10% improvement in operating margins and create between \$110B and \$180B of value for the Real Estate industry alone



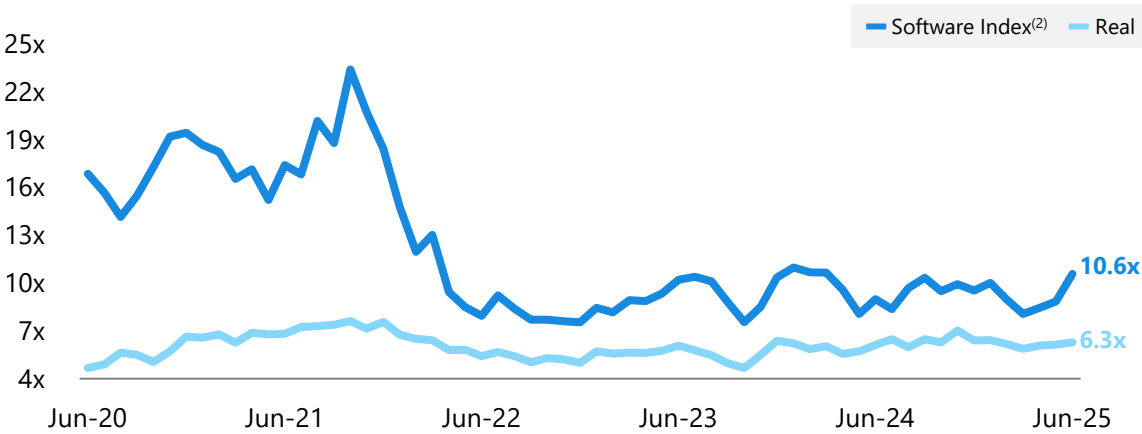
Evolving Legislative Regulatory Backdrop

- Regulatory scrutiny of the residential real estate industry has continued, driven by concerns over pricing transparency, data practices and market competitiveness
- Congress's rejection of a federal ban on state AI regulation introduces additional uncertainty, particularly relating to the use of rental pricing algorithms by property management software providers such as RealPage

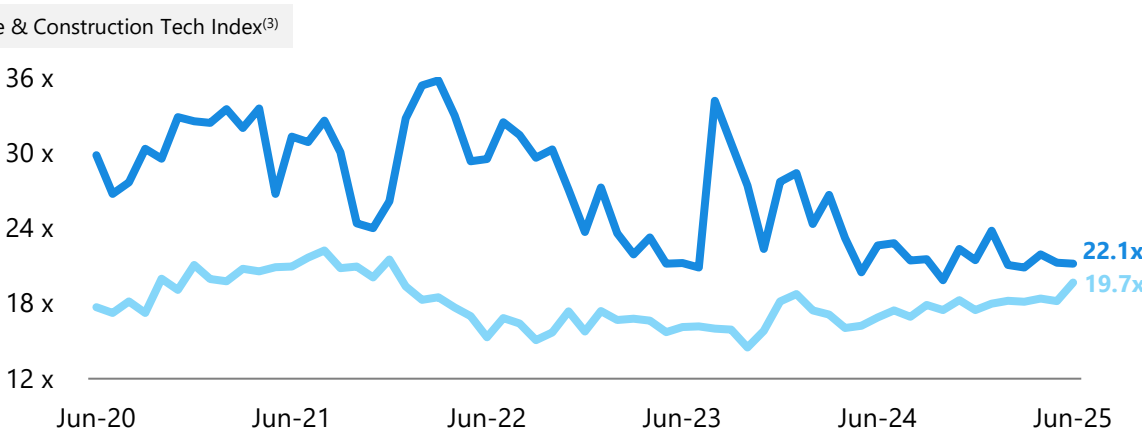
Public Company Valuation Update

Public Real Estate & Construction tech multiples recovered in H1'25, but remain below their 2021 peak

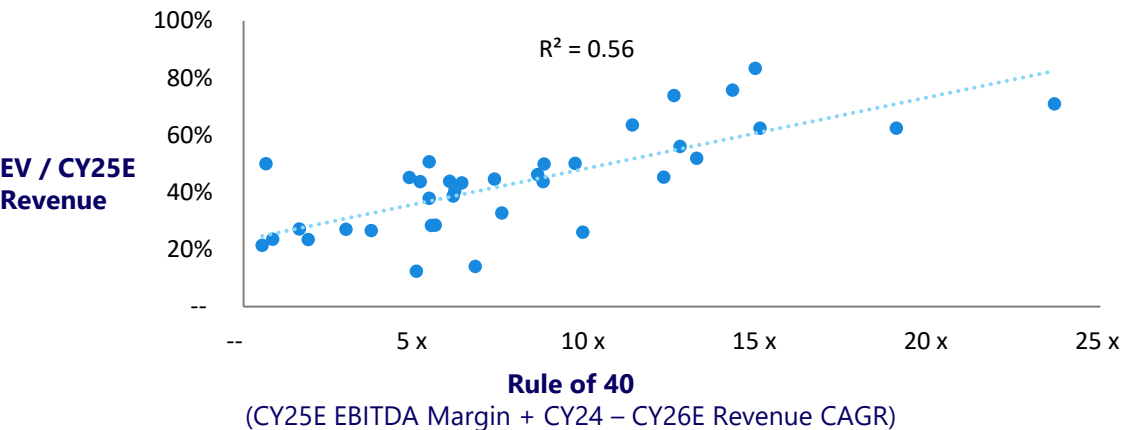
Last Five Years EV / NTM Revenue⁽¹⁾



Last Five Years EV / NTM EBITDA⁽¹⁾



Real Estate & Construction Tech Index EV / CY25E Rev. Rule of 40



Real Estate & Construction Tech EV / CY25E Rev. Rule Of 40 Composition⁽¹⁾

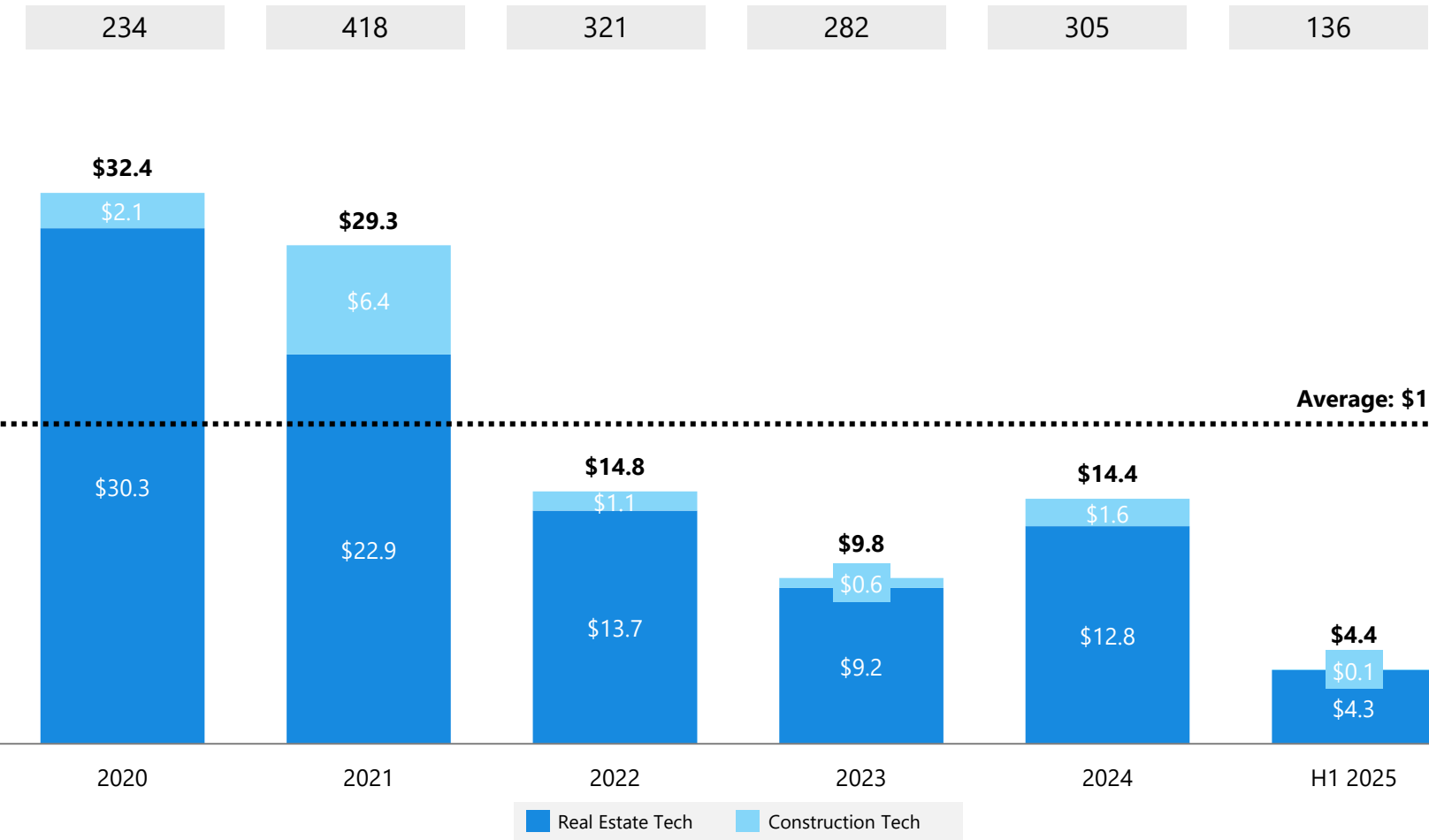
		CY25E EBITDA Margin	
		<30%	>30%
CY24 – CY26E Revenue CAGR	>10%	5.5x	12.2x
	<10%	3.6x	9.5x

Update On M&A Activity

M&A Activity was subdued in H1 given the macro environment, but is expected to pick up in H2

Annual M&A Deal Values (\$B)

Annual Deal Count



Select Recent Transactions

Construction Tech

novorender
\$50M

AIA⁽¹⁾
N/A

concora
N/A

StructShare
N/A

Real Estate Tech

REDFIN
\$1.8B

Sabre Hospitality Solutions
\$1.1 B

Divvy
\$1.0B

EXPLOREAL
\$4 M

CAPEANALYTICS
N/A

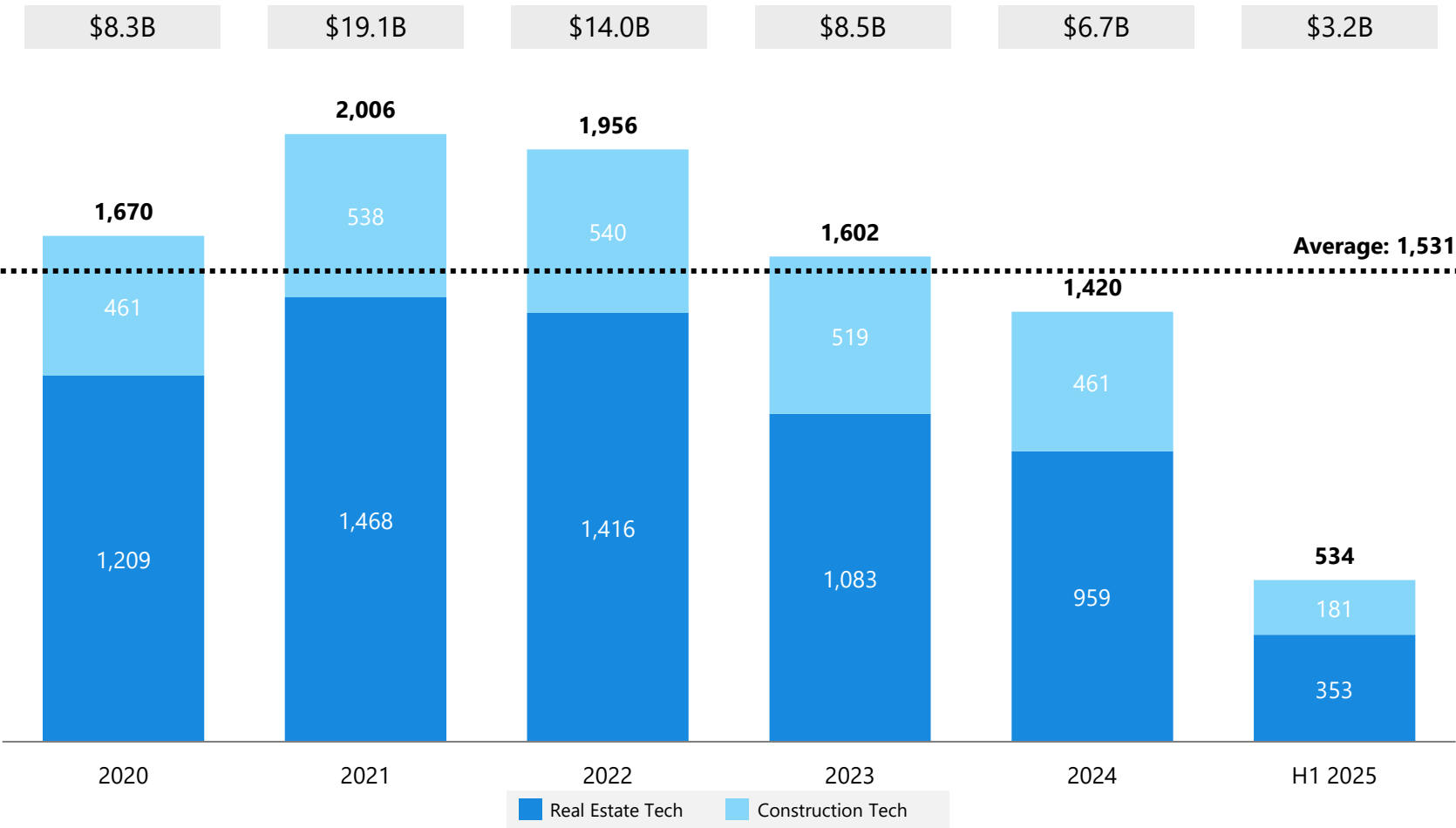
ClearCapital⁽¹⁾
N/A

Update On Financing Activity

Number of deals is lower than H1'24, but overall deal value is in line

Annual Financing Deal Count

Annual Deal Value (\$)

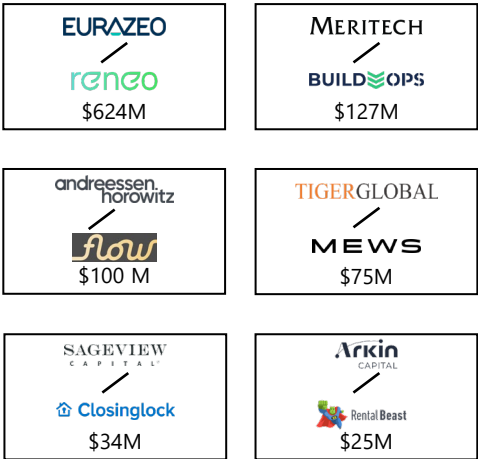


Select Recent Transactions

Construction Tech



Real Estate Tech



REAL ESTATE AND CONSTRUCTION MARKET UPDATE

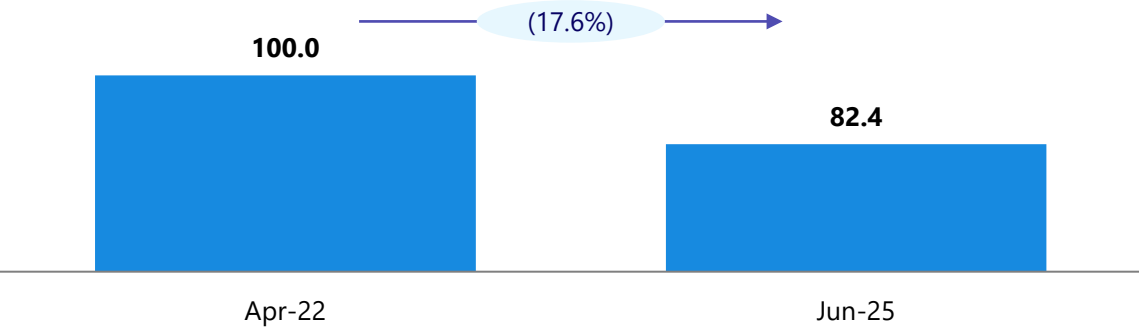
Commercial Real Estate (CRE) Market Update

The CRE market remains impacted by post-Covid interest rate rises and changing working practices

Commercial Property Prices Have Fallen 17.6% Since April 2022 Peak

Commercial Property Price Index (CPPI)⁽¹⁾

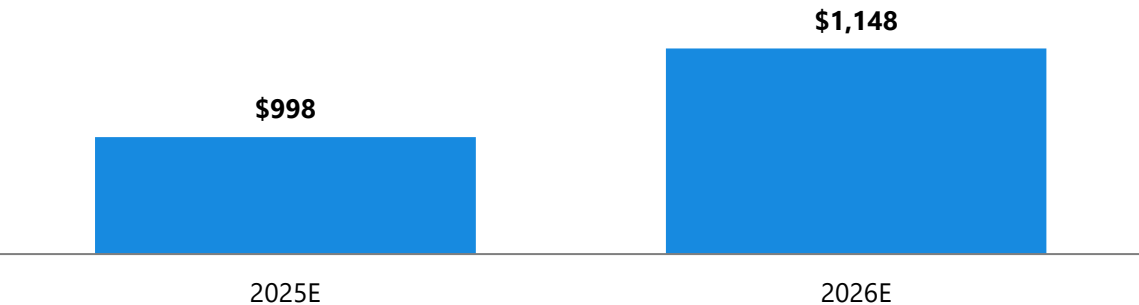
Market volatility and elevated borrowing costs have contributed to declining commercial property prices



~\$2.1 Trillion of Commercial Real Estate Mortgages Nearing Maturity

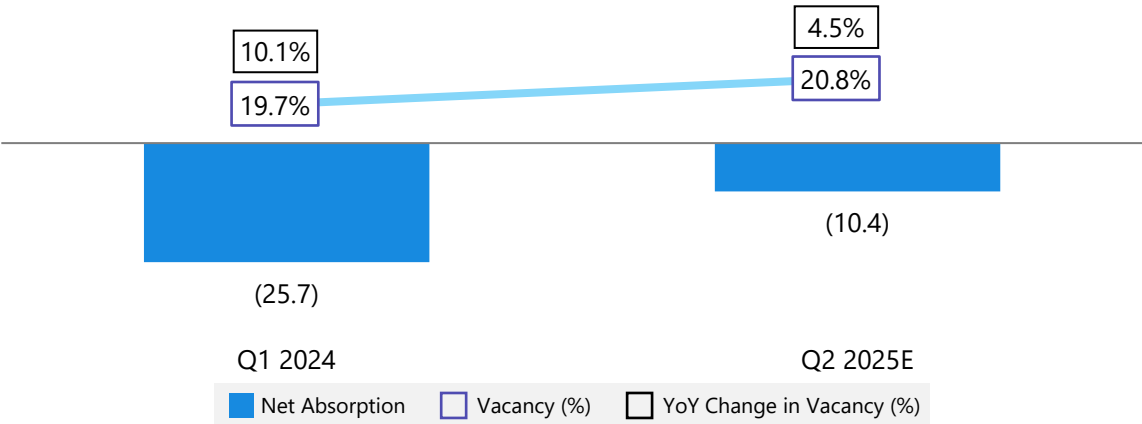
U.S. Commercial Real Estate Mortgage Maturities (\$B)⁽³⁾

Interest rate hikes and post-pandemic remote work shift have placed pressure on CRE borrowers needing to refinance



Net Absorption Improves as Vacancy Rates Stabilize

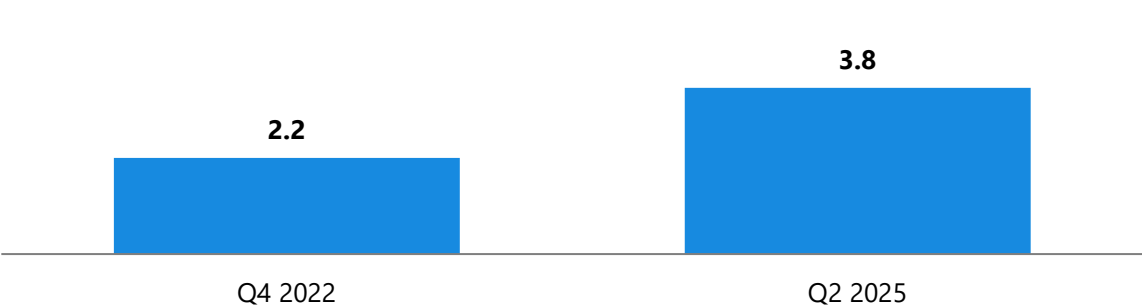
U.S. Office Net Absorption (in Ms of Sq Ft) vs. Vacancy (%)⁽²⁾



Large Employers Continue To Increase Office Attendance Requirements

Fortune 100 In-Office Attendance Requirements (in days)⁽⁴⁾

Attendance rates and average weekly requirements are expected to continue to grow over the course of 2025



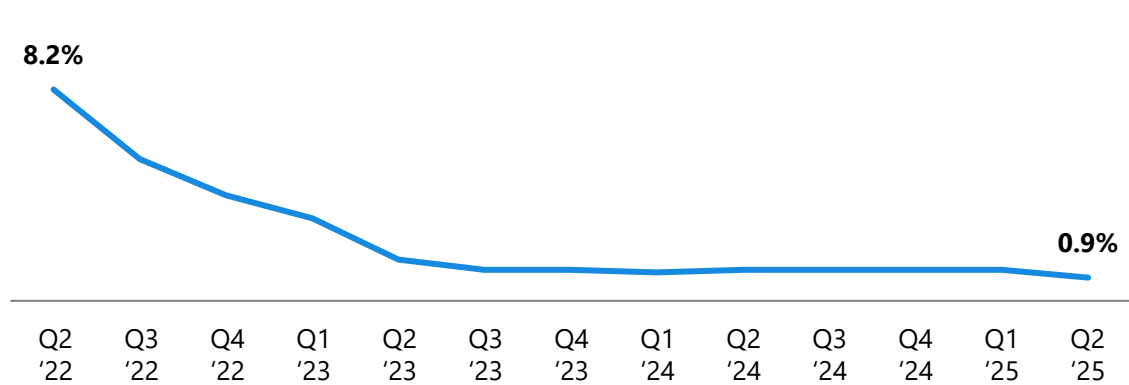
Multifamily Real Estate Market Update

Stabilization in the multifamily market post-covid peak

Normalization of Apartment Rent Growth

U.S. YoY Apartment Rent Growth⁽¹⁾

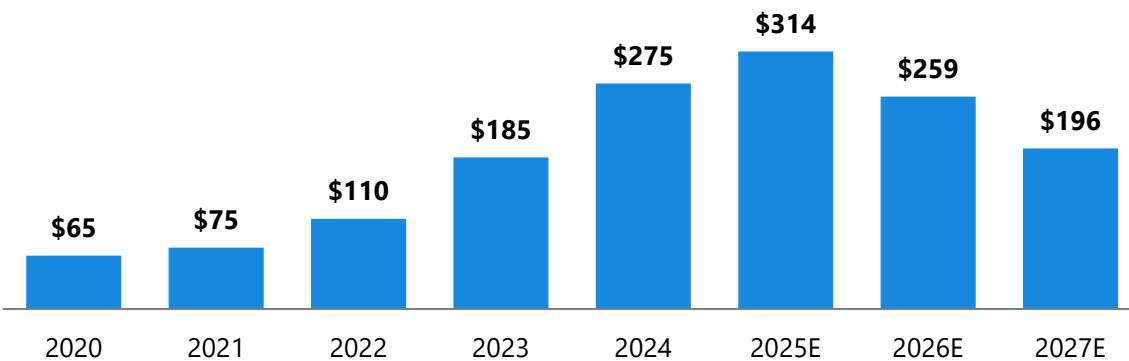
Reduced pricing power and cooling inflation contributing to decreased rent growth



~\$700 Billion of Multi-family Real Estate Loans Maturing from 2025 - 2027

U.S. Multifamily Real Estate Loan Maturities (\$B)⁽³⁾

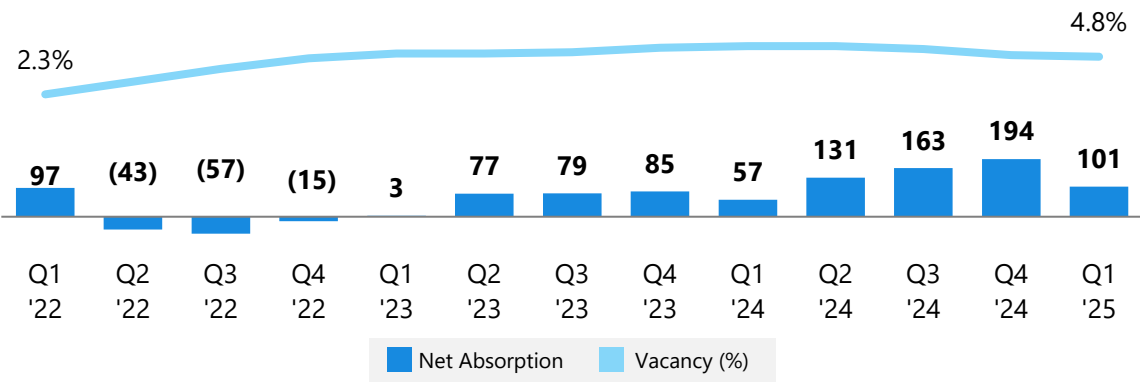
Elevated near-term maturities as companies have pursued short-term extensions



Net Absorption Declines as Demand Moderates

U.S. Multifamily Net Absorption (in Ks of Units) vs. Vacancy (%)⁽²⁾

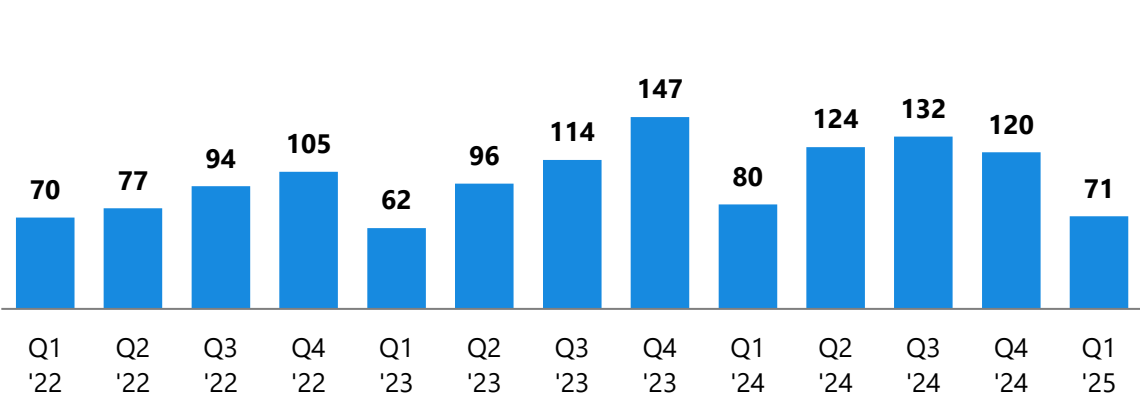
Vacancy rates have stabilized and are beginning to decline



LTM Net Absorption has Outpaced LTM Completions By 30%+

U.S. Multifamily Completions (in Ks of Units)⁽²⁾

Construction completions slowed in Q1 2025 with fewer deliveries expected in coming quarters



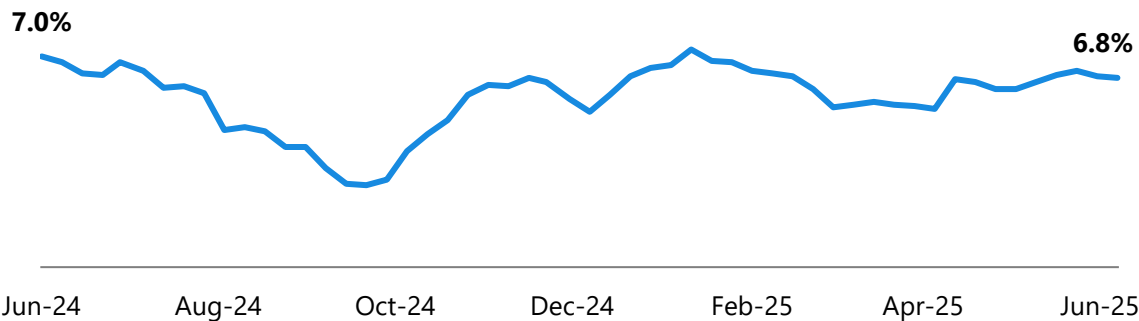
Residential Real Estate Market Update

Challenges in the residential market persist as rising prices and high interest rates impact sales volumes and homeownership

Mortgage Rates Remain Elevated In 2025 Despite Modest Dips

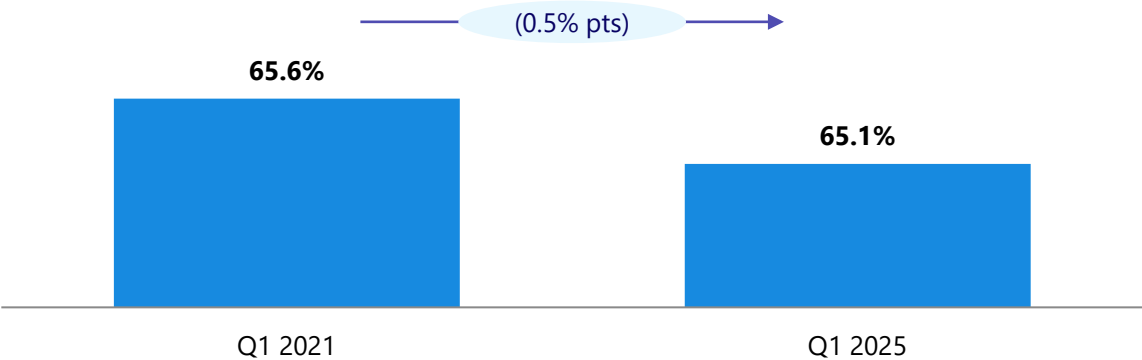
U.S. 30-Year Fixed Mortgage Rates⁽¹⁾

Rising inflation and Fed funds rate hikes have pushed mortgage rates higher



Homeownership Rates Continue To Decline as Affordability Challenges Persist

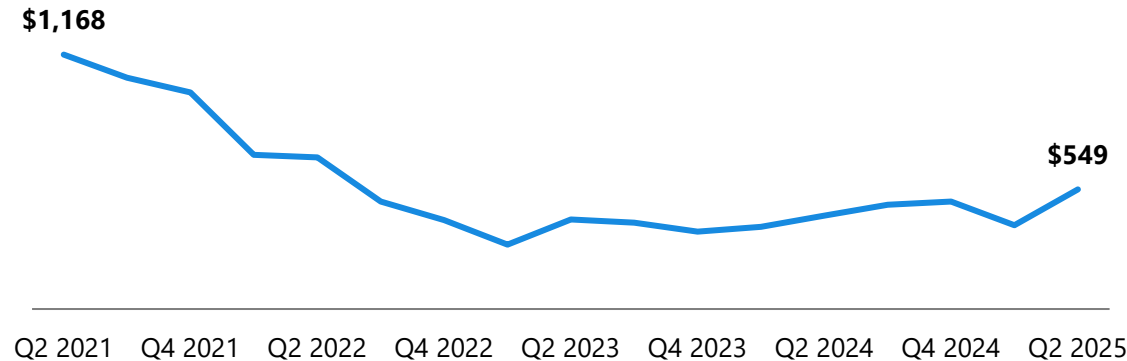
U.S. Homeownership Rate, Seasonally Adjusted⁽²⁾



Mortgage Originations Show Initial Signs Of Improvement

Mortgage Originations (\$B) 1- to 4- Family⁽³⁾

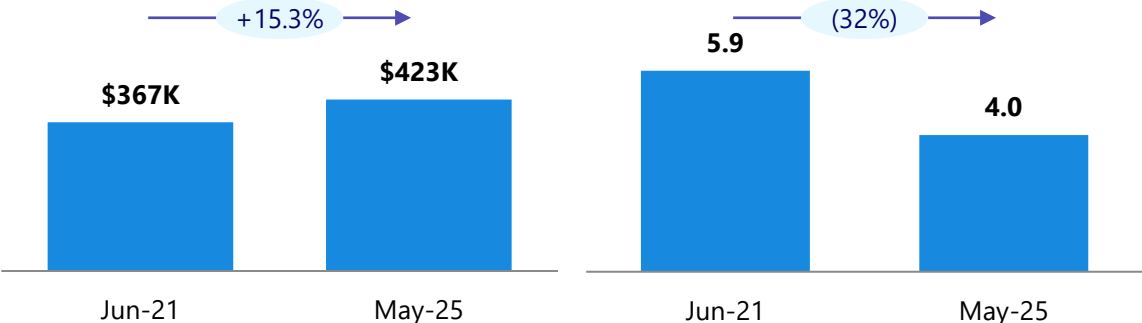
Increase in mortgage activity with originations up 35% and refinancing up 60% quarter over quarter



Rising Home Prices Continue To Price Out Buyers, Leading To Shrinking Sales Volume

Median Existing Homes Price⁽⁴⁾

Existing Homes Sales, SAAR (in Ms of Units)⁽⁴⁾



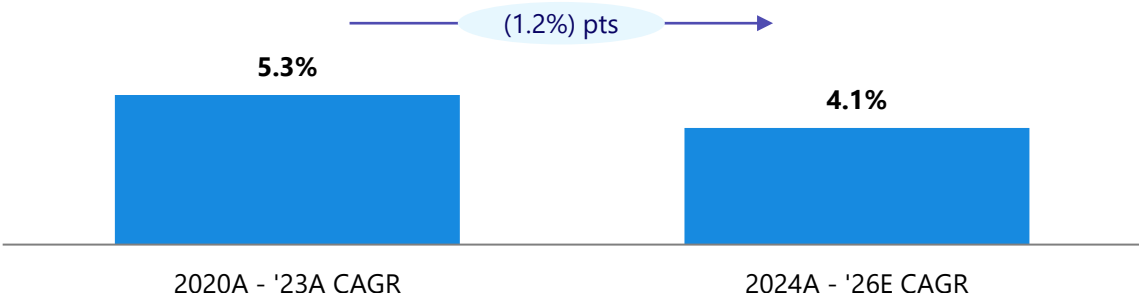
Short-Term Rental (STR) Real Estate Market Update

STR market reaches turning point as occupancy levels stabilize

Average Daily Rate (ADR) Growth Forecast to Decelerate from Recent Inflation-Driven Peaks

U.S. STR ADR CAGRs⁽¹⁾

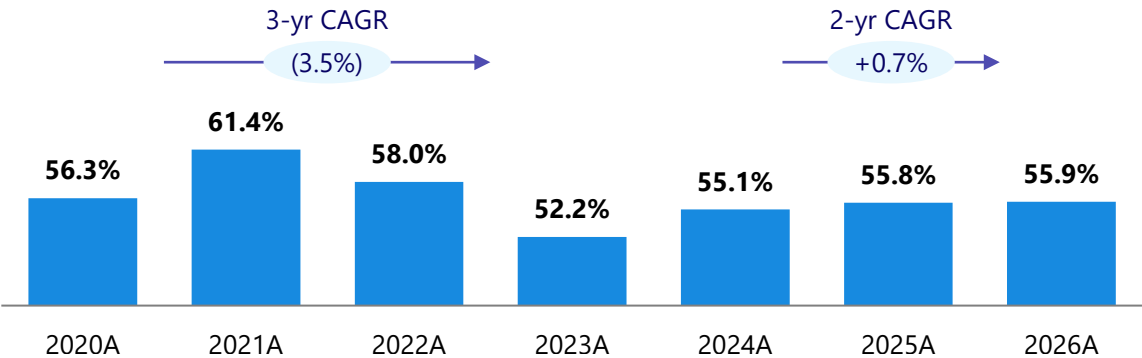
Mix shift driving ADR growth, as Urban and Mid-Size cities are seeing an increase in larger, higher-priced listings



Occupancy Expected to Gradually Re-approach Pre-Pandemic Levels

U.S. STR Occupancy (%)⁽¹⁾

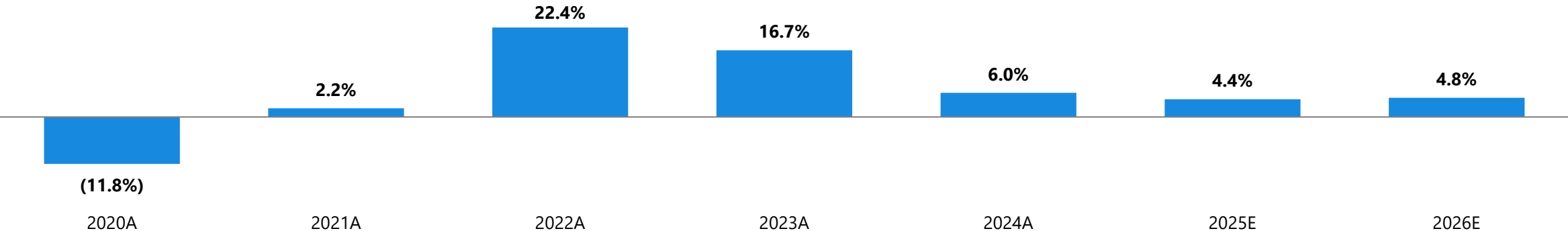
Expected occupancy growth from supply growth and sustained demand



Supply Growth Expected to Continue Normalizing

U.S. STR Average Available Listings Growth⁽¹⁾

High interest rates expected to constrain supply growth through mid-2025



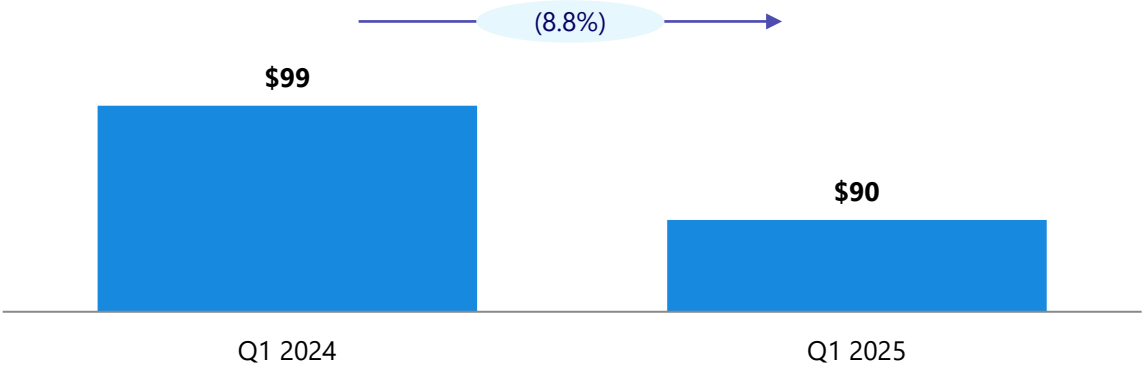
Nonresidential Construction Market Update

Tariffs, economic uncertainty and immigration restrictions have led to subdued construction activity in H1

YTD Nonresidential Construction has Seen an 8.8% YoY Downturn

YTD U.S. Nonresidential Construction Starts (\$B)⁽¹⁾

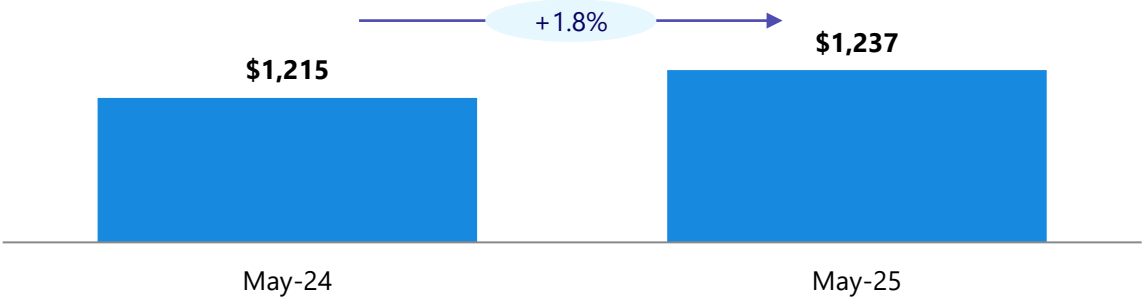
High construction and borrowing costs have suppressed nonresidential construction starts



Seasonally Adjusted Annualized Nonresidential Construction Spending has Increased 2.8% YoY

U.S. Nonresidential Construction Spending, SAAR (\$B)⁽³⁾

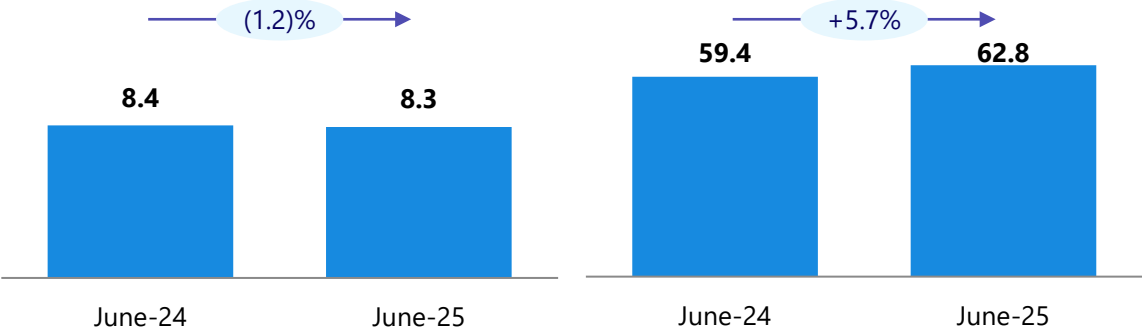
Manufacturing construction and public projects contributing to increased spending



Expectations of interest rate cuts resulting in slight increase in contractor confidence

Construction Backlog Indicator⁽²⁾

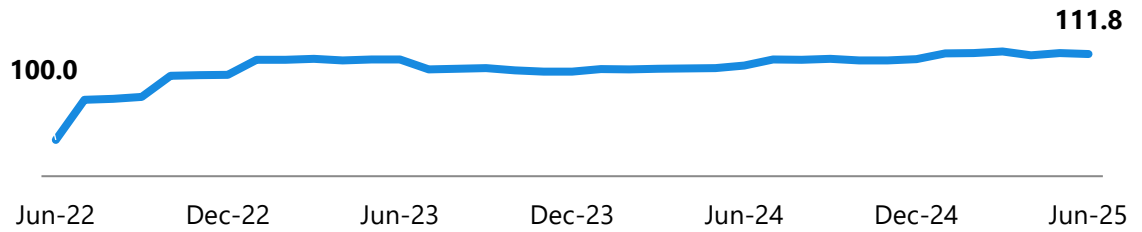
Project owners continue to evaluate construction environment



Tariffs Have Contributed to Nonresidential Price Growth

Nonresidential Building Construction Price YoY Growth⁽⁴⁾

Costs have increased YoY, with tariffs expected to drive prices even higher

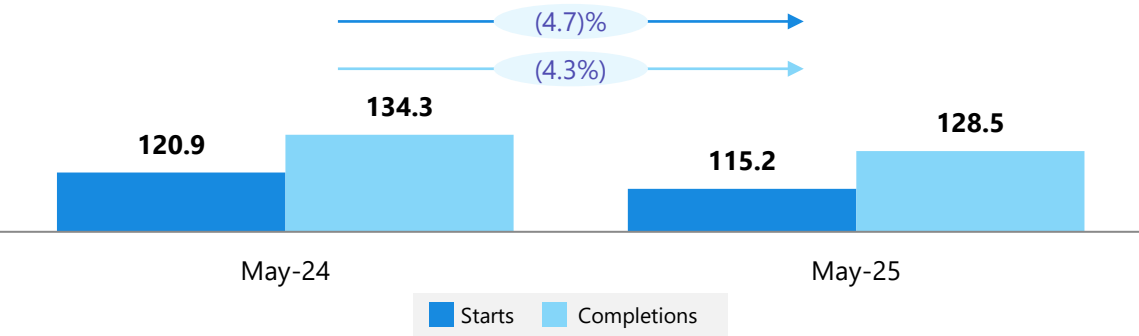


Residential Construction Market Update

Higher interest rates and housing costs have hindered the residential construction market

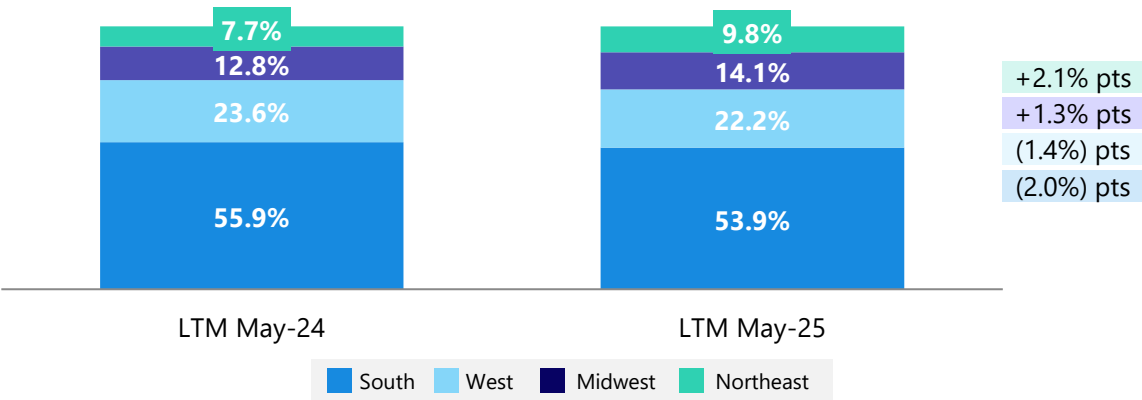
Residential Starts and Completions Have Declined

U.S. New Private Housing Starts and Completion (in Ks of Units)⁽¹⁾
Market uncertainty continues to stall residential construction



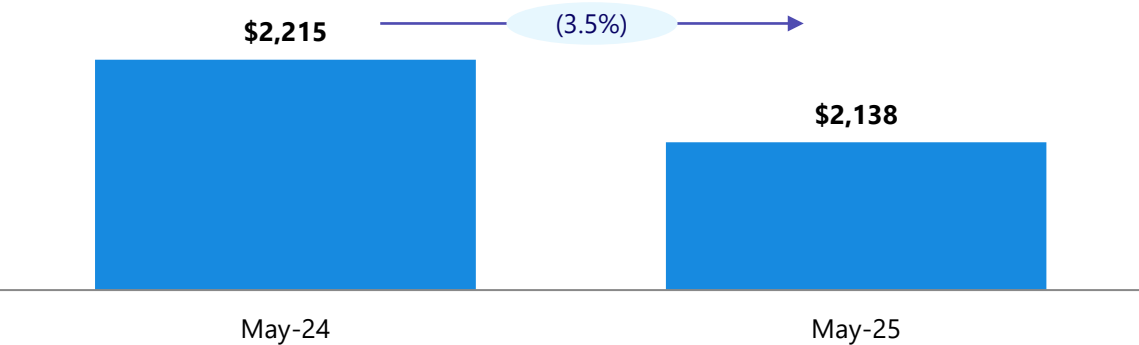
The Southern Region Continues to Dominate U.S. Housing Starts

U.S. New Private Housing Starts Share by Region⁽¹⁾



Seasonally Adjusted Annualized Residential Construction Spending has Decreased 3.5% YoY

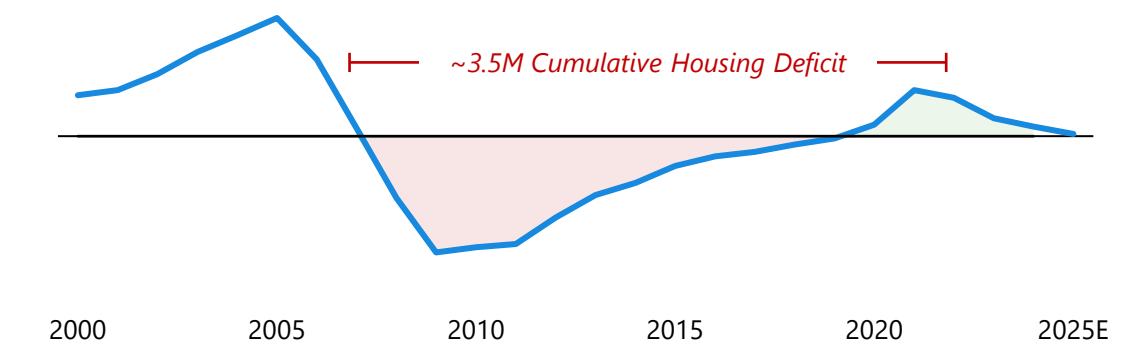
U.S. Residential Construction Spending, SAAR (\$B)⁽¹⁾



Continued Structural Housing Deficit

U.S. Housing Deficit⁽¹⁾

Despite recent increase in housing starts, long-term deficit of ~3.5M homes remains



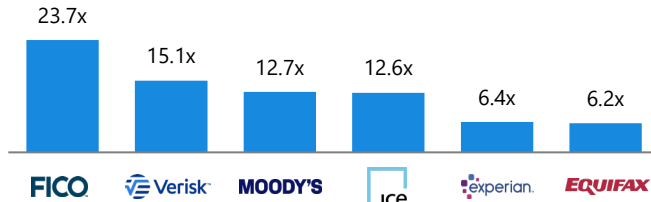
PUBLIC MARKET UPDATE

Public Real Estate & Construction Tech Multiples

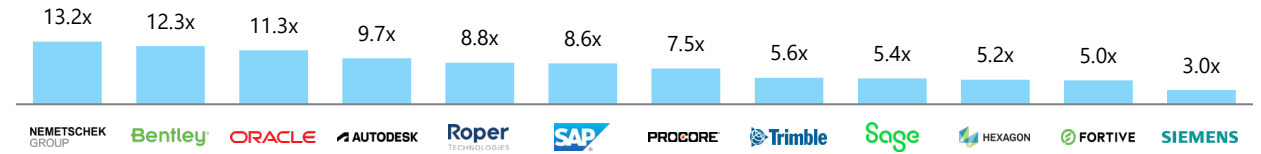
	Listings	Diversified Data	Construction Tech	RE Data & Software	Hospitality Software / GDS	Short-Term Rental / OTA
	    	     	           	    	  	    
VALUATION METRICS	14.3x 2025E Revenue	12.6x 2025E Revenue	8.1x 2025E Revenue	6.8x 2025E Revenue	5.4x 2025E Revenue	1.6x 2025E Revenue
	23.3x 2025E EBITDA	22.3x 2025E EBITDA	22.9x 2025E EBITDA	19.4x 2025E EBITDA	11.6x 2025E EBITDA	7.3x 2025E EBITDA
OPERATIONAL METRICS	14.5% Revenue CAGR 2024-2026E	7.5% Revenue CAGR 2024-2026E	11.0% Revenue CAGR 2024-2026E	7.4% Revenue CAGR 2024-2026E	12.9% Revenue CAGR 2024-2026E	8.6% Revenue CAGR 2024-2026E
	56.6% EBITDA Margin 2025E	52.5% EBITDA Margin 2025E	31.2% EBITDA Margin 2025E	19.2% EBITDA Margin 2025E	21.0% EBITDA Margin 2025E	22.2% EBITDA Margin 2025E

Public Companies – EV / 2025E Revenue

Diversified Data Median: 12.6x

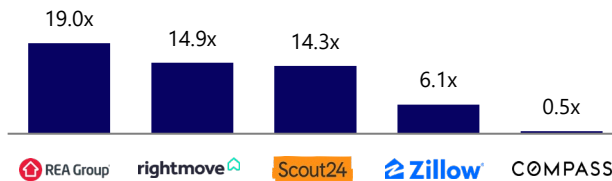


Construction Tech Median: 8.1x

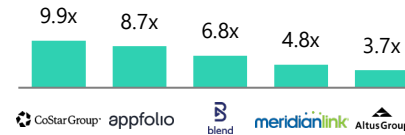


EV (\$B)	\$47	\$46	\$95	\$125	\$52	\$37	\$17	\$18	\$712	\$67	\$70	\$353	\$10	\$19	\$18	\$31	\$21	\$258
Rev CAGR (CY24 - CY26E)	16%	7%	7%	7%	9%	8%	21%	10%	16%	12%	10%	15%	13%	0%	12%	7%	(17%)	9%
EV / CY25E EBITDA	43x	27x	26x	19x	19x	19x	42x	35x	24x	26x	22x	28x	38x	20x	21x	14x	17x	17x
EBITDA Margin (CY25E)	55%	55%	50%	67%	34%	32%	31%	35%	48%	38%	40%	31%	20%	28%	26%	36%	30%	18%

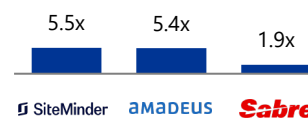
Listings Median: 14.3x



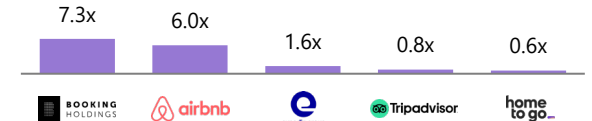
RE Data & Software Median: 6.8x



Hospitality Software / GDS Median: 5.4x



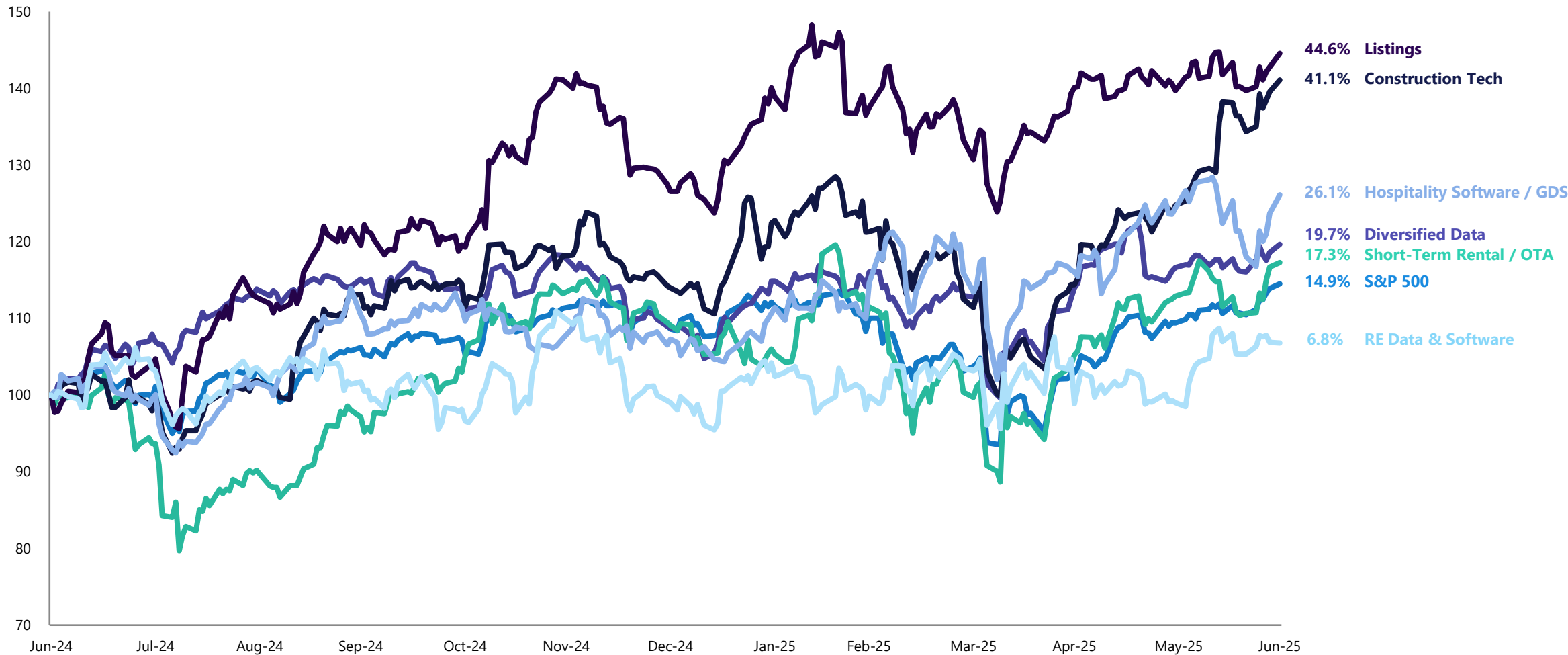
Short-Term Rental / OTA Median: 1.6x



EV (\$B)	\$21	\$8	\$10	\$16	\$4	\$31	\$8	\$1	\$2	\$1	\$1	\$39	\$6	\$190	\$72	\$23	\$2	\$0
Rev CAGR (CY24 - CY26E)	6%	12%	14%	15%	18%	14%	17%	2%	5%	7%	22%	13%	2%	9%	9%	5%	6%	36%
EV / CY25E EBITDA	34x	21x	23x	25x	16x	NM	32x	NM	12x	19x	NM	14x	9x	20x	17x	7x	5x	5x
EBITDA Margin (CY25E)	57%	71%	61%	24%	3%	12%	27%	12%	40%	19%	7%	38%	21%	36%	35%	22%	17%	14%

Public Companies – Share Price Performance

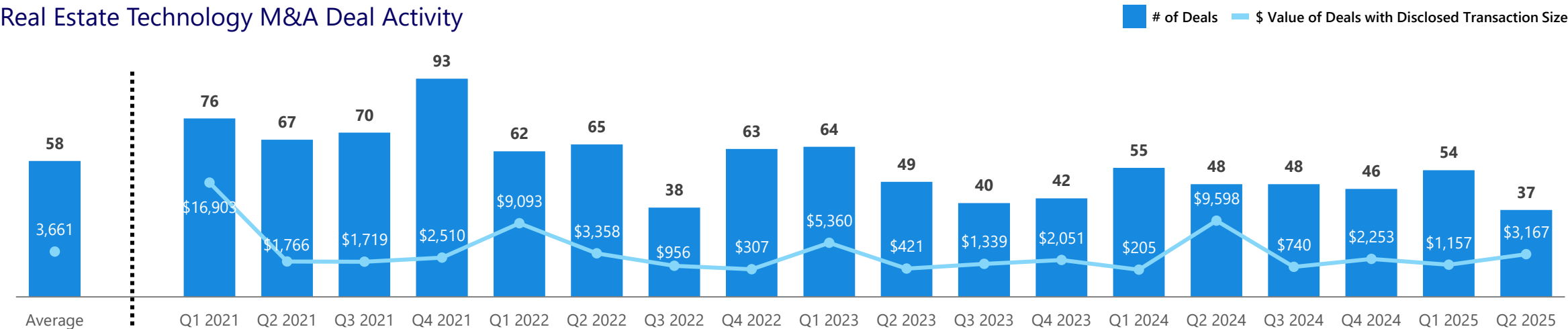
LTM Share Price Performance (Indexed To 100)



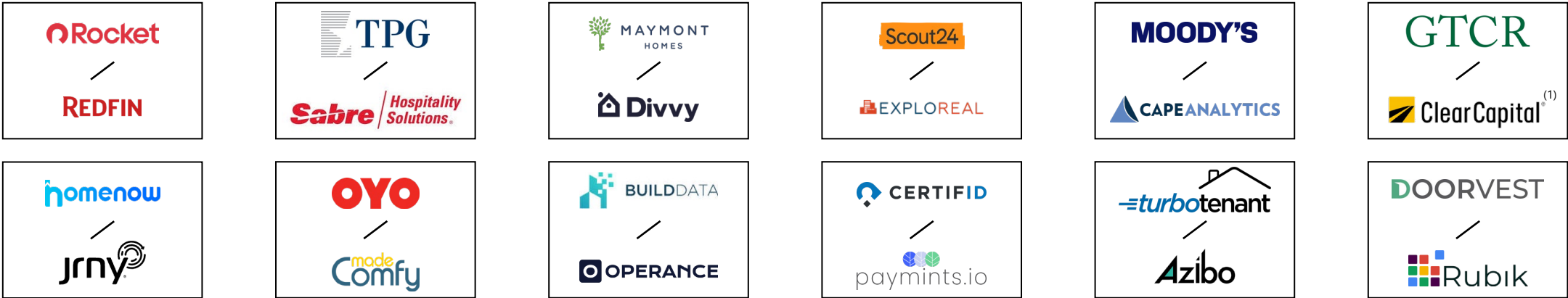
M&A MARKET UPDATE

Recent Real Estate Tech M&A Activity

Real estate tech M&A activity in H1 was largely in line with recent years, but remains well-below 2021

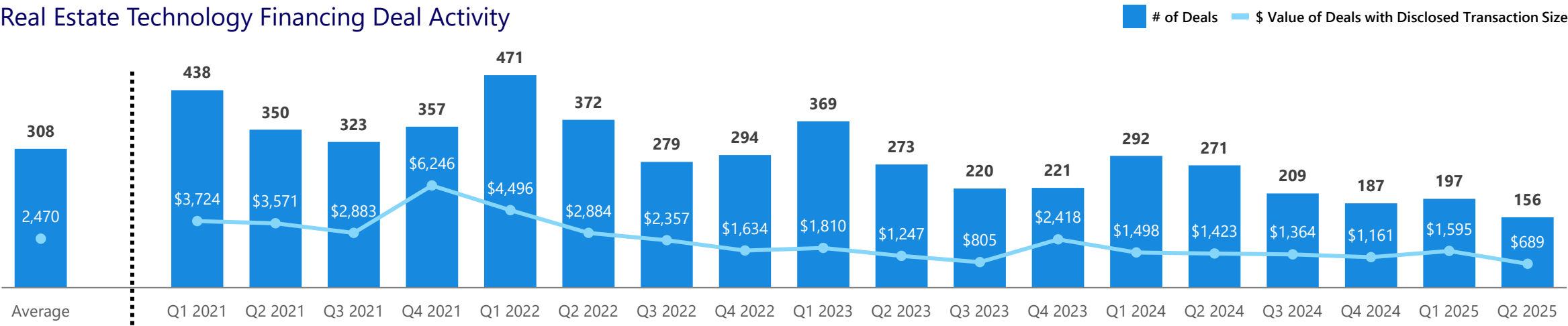


Select H1 2025 Real Estate Technology M&A Deal Activity



H1'25 Real eState Tech Financing Activity

H1 saw a continued decline in both the value and volume of real estate tech financing deals

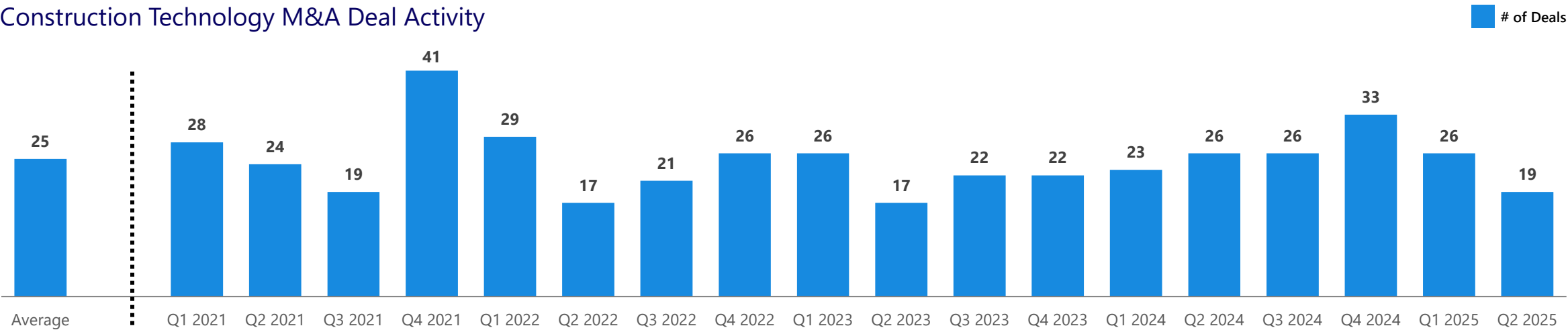


Select H1 2025 Real Estate Technology Financing Deal Activity



H1'25 Construction Tech M&A Activity

H1 saw a slight decline in volume of real estate tech financing deals

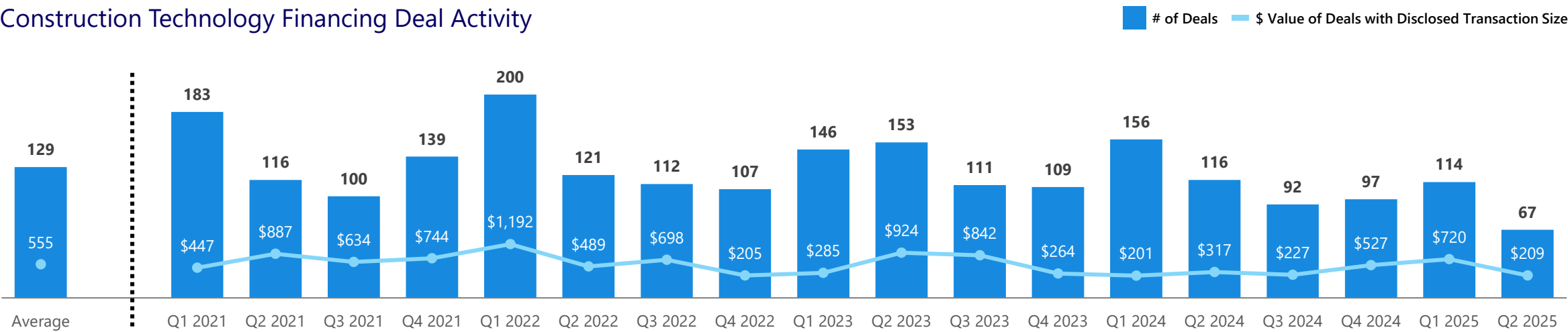


Select H1 2025 Construction Technology M&A Deal Activity

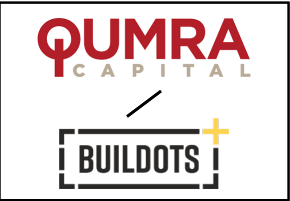
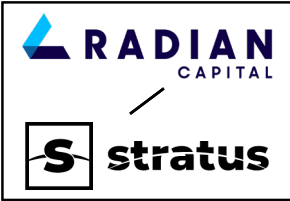
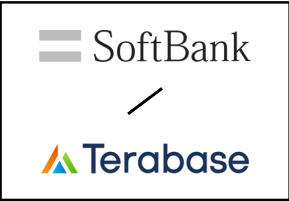


H1'25 Construction Tech Financing Activity

Construction tech financing activity accelerated in Q1, before decelerating in Q2

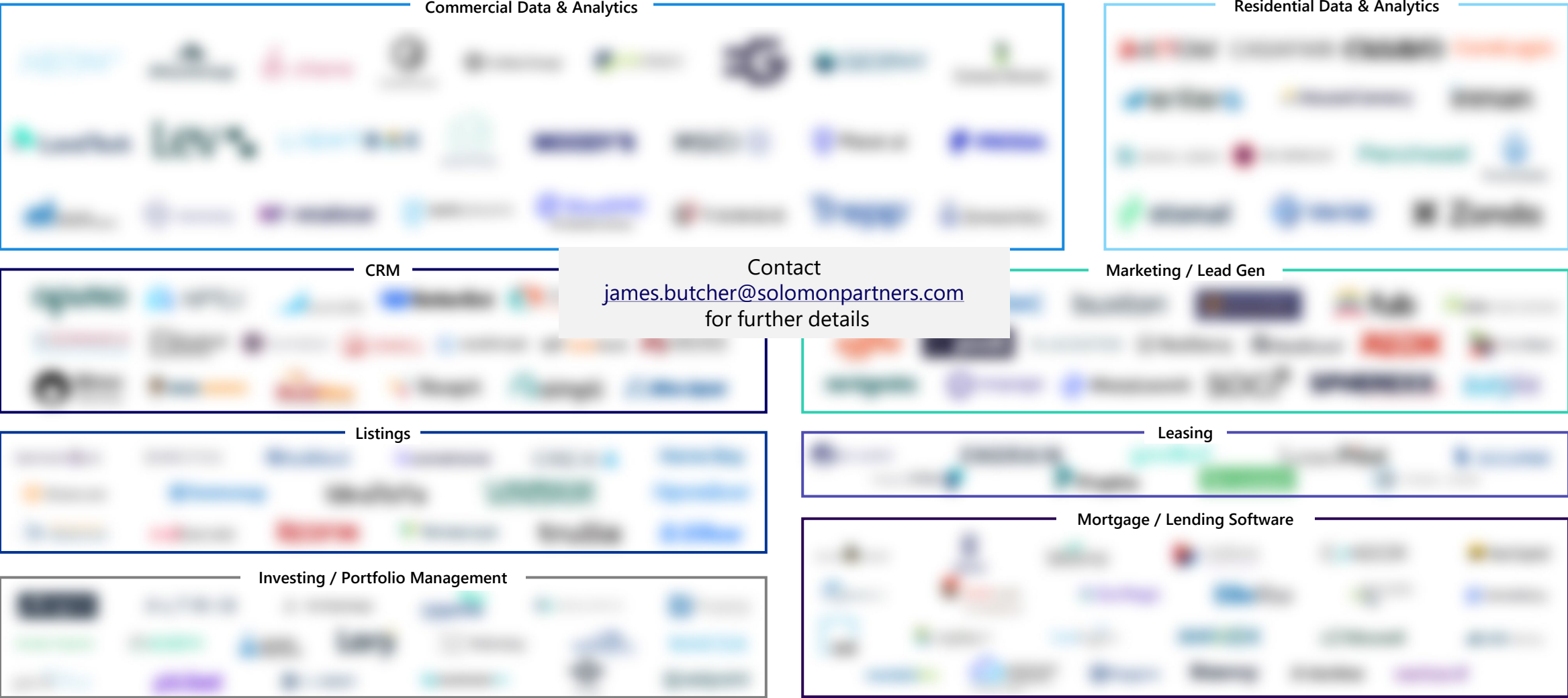


Select H1 2025 construction Technology Financing Deal Activity



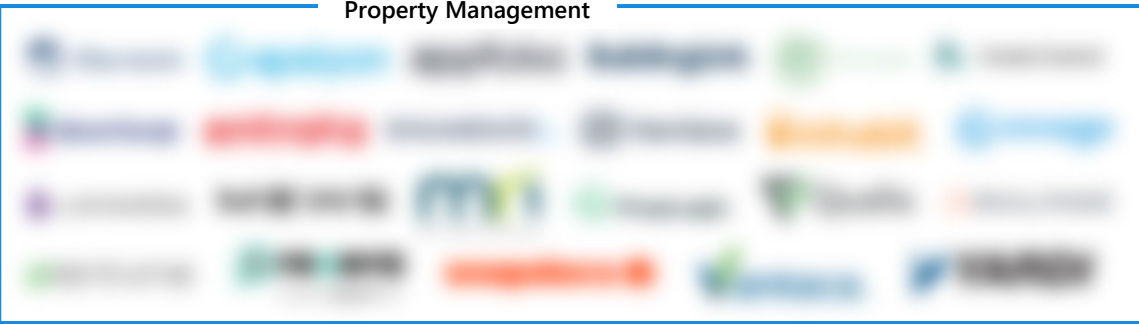
MARKET LANDSCAPES

Real Estate Tech Landscape

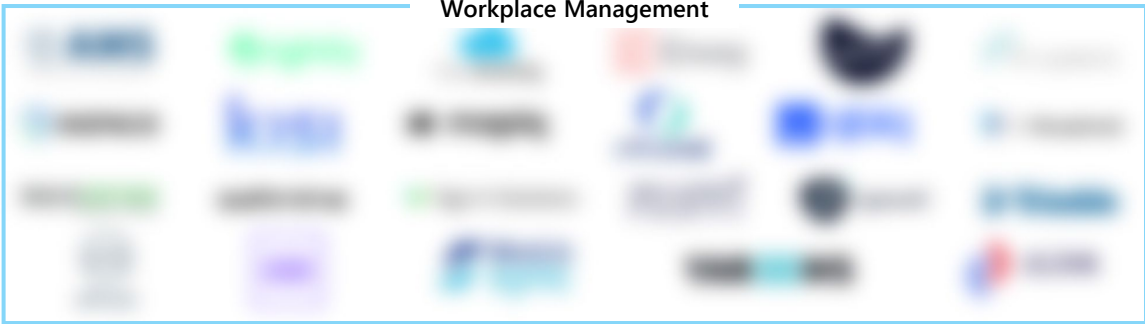


Real Estate Tech Landscape *(Continued)*

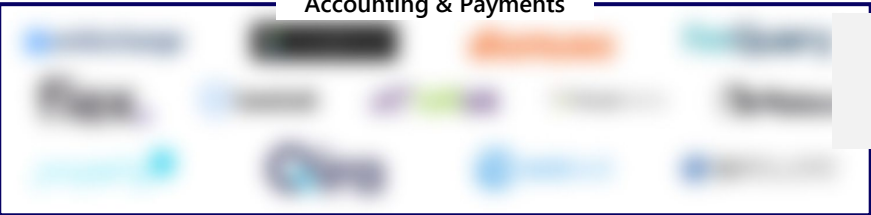
Property Management



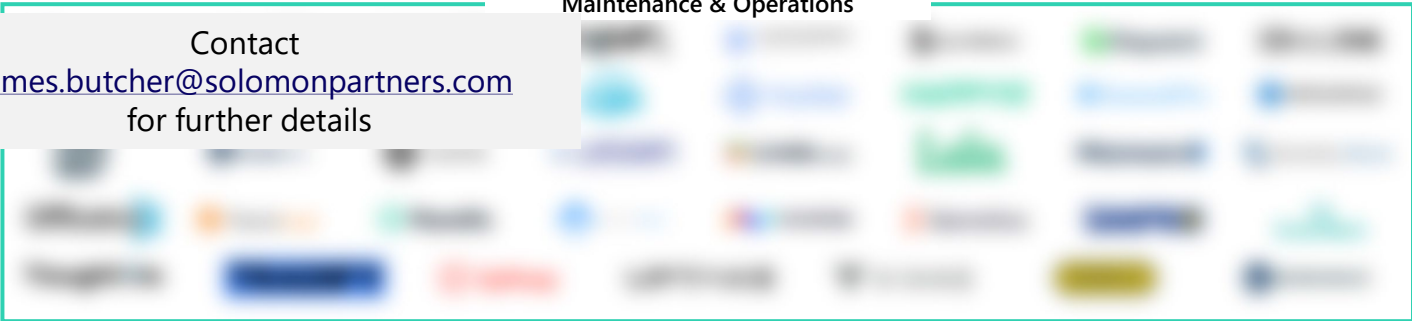
Workplace Management



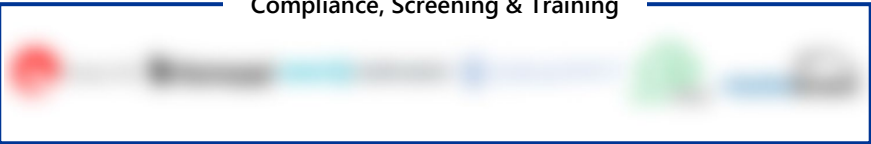
Accounting & Payments



Maintenance & Operations



Compliance, Screening & Training

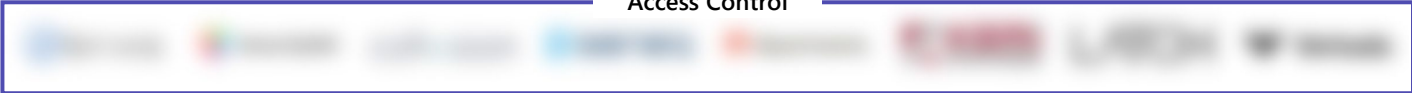


ESG



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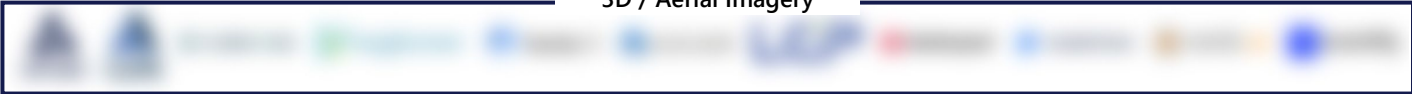
Access Control



Tenant Experience

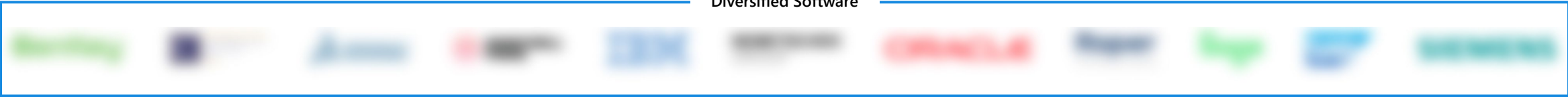


3D / Aerial Imagery

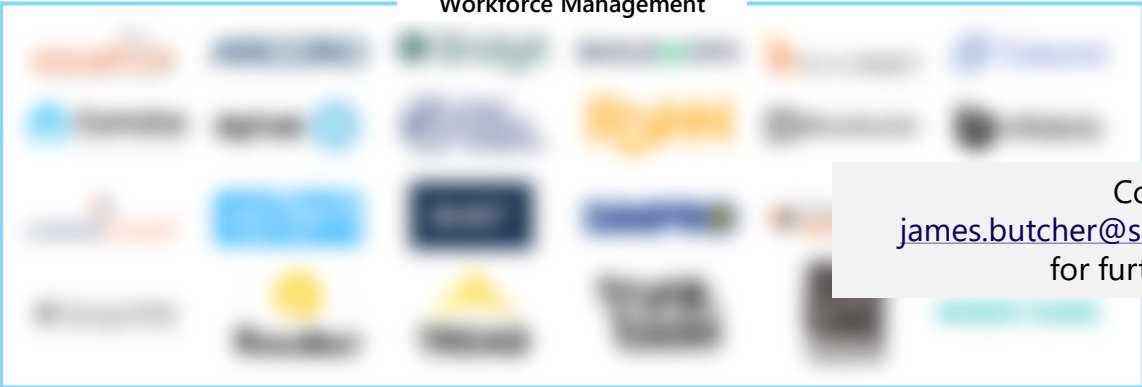


Construction Tech Landscape

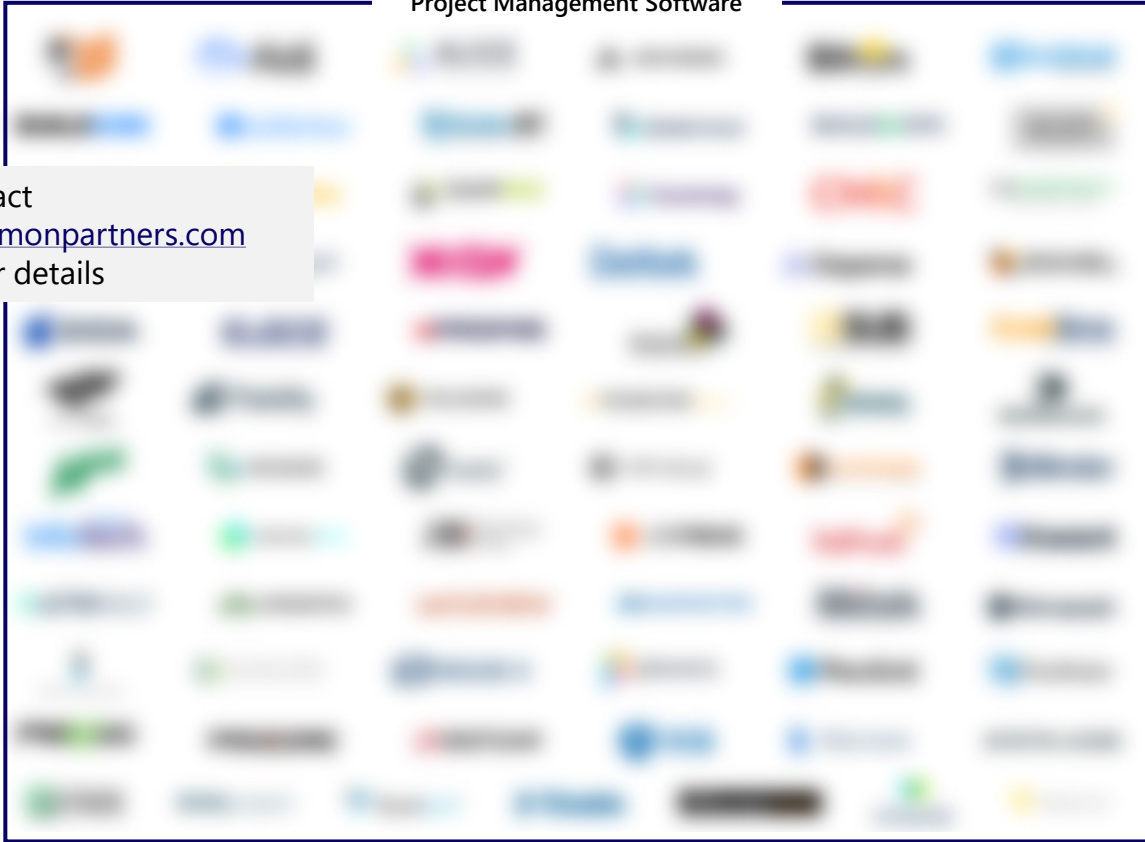
Diversified Software



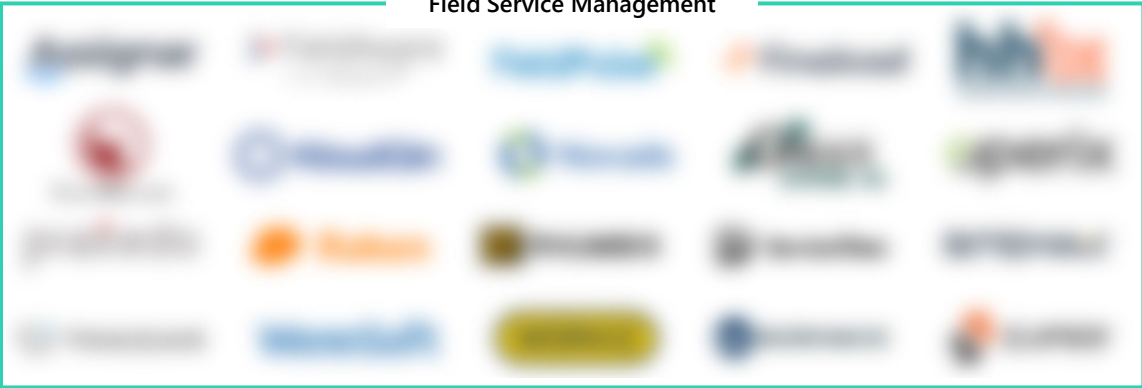
Workforce Management



Project Management Software

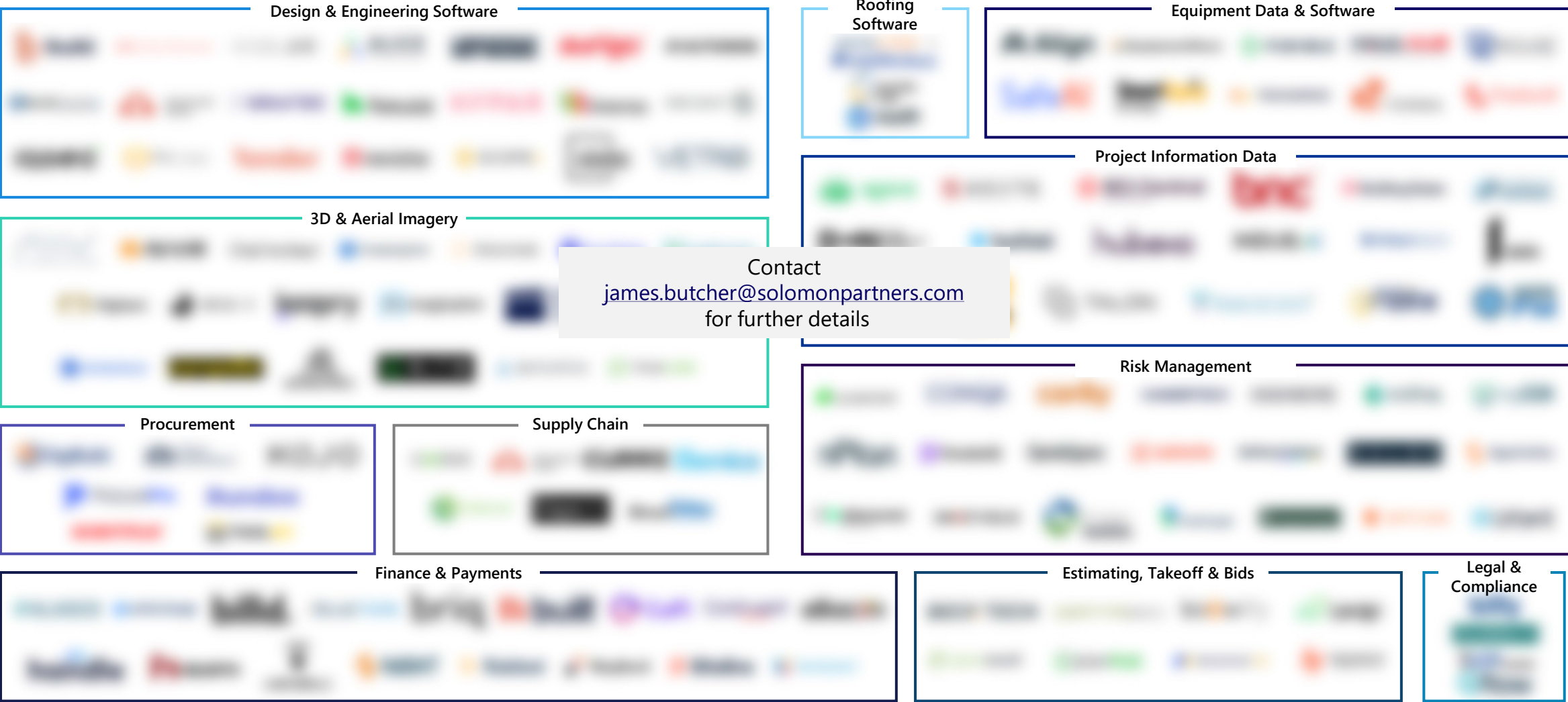


Field Service Management



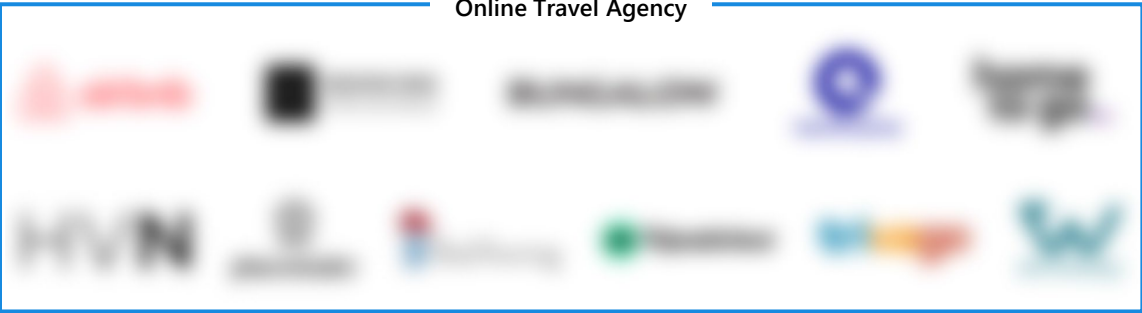
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for further details

Construction Tech Landscape (Continued)

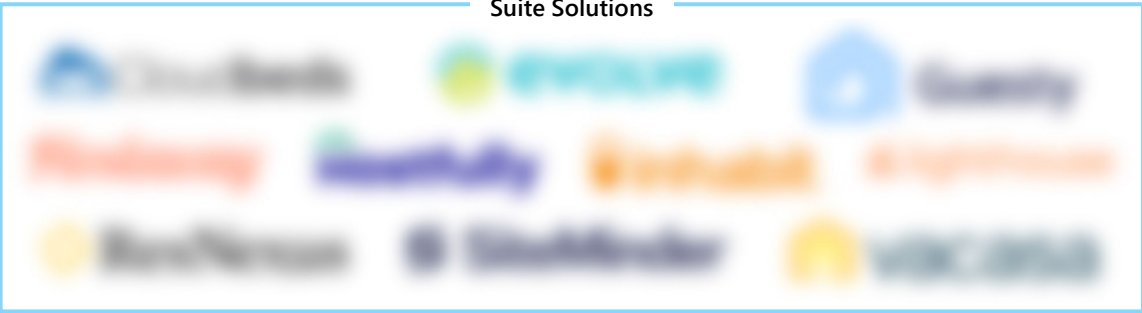


Short-Term Rental Tech Landscape

Online Travel Agency

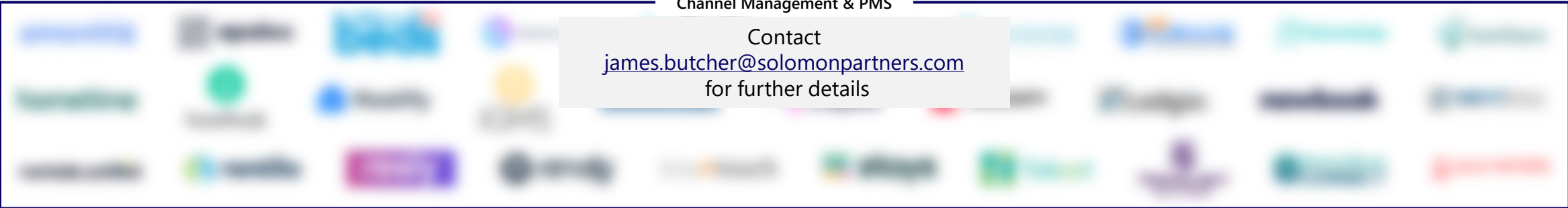


Suite Solutions

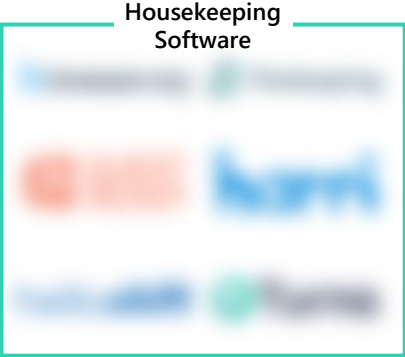


Channel Management & PMS

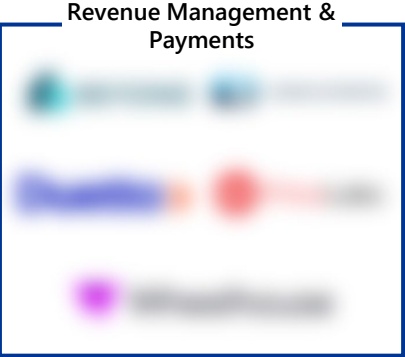
Contact
james.butcher@solomonpartners.com
for further details



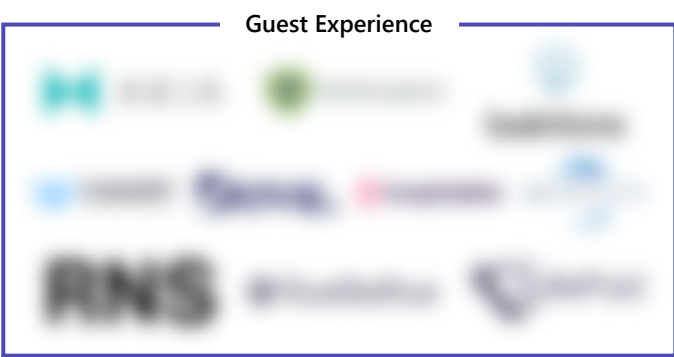
Housekeeping Software



Revenue Management & Payments



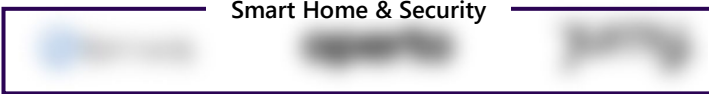
Guest Experience



Data & Analytics



Smart Home & Security



Marketing & SEO



Protection Software



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