



Press Release

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PropTech industry: \$20.41 billion (+19%) has been invested to modernize the real estate sector through digital technology, according to the Proptech barometer initiated by the Principality of Monaco and ESCP Business School

A major wave of innovation in the real estate sector, Proptech ("property technology"), i.e. technology serving real estate and the quality of life of its inhabitants, is experiencing a strong acceleration in 2022 with \$20.41 billion invested and 4,693 investors listed in 67 countries worldwide (+ 3 countries). A majority of these investors do not come from the real estate sector. This is what the latest annual Proptech barometer, initiated by ESCP Business School and the Principality of Monaco, reveals for the third consecutive year.

Smart real estate in Monaco, a sector of excellence serving Monegasque residents

The Principality of Monaco is at the forefront of innovation and is one of the key players in the development of PropTech, in particular to generate economic growth in the territory in a sector that accounts for over 20% of GDP. For example, the Principality has developed the Digital Twin 3D of the entire territory, a strategic management and decision-making tool to carry out territorial reforms and simulate the impacts of future transformations. This 3D digital twin was presented at the 2022 World Expo in Dubai and is a testament to Monaco's real estate expertise. Monaco is also the first country in the world to have a Sovereign Cloud. As real estate is closely linked to the use of data, this infrastructure is a major asset for the Principality.

Frédéric Genta, Interministerial Delegate for Attractiveness and Digital Transition: *"Real estate has always been a key asset for the Monegasque economy. In a changing world, we want to build on our strengths to make the Monegasque economy a perfect blend of tradition and modernity. In a proptech economy that is growing in Europe, as the barometer proves, Monaco must be a central hub."*

Financialization of the market: 20.41 billion dollars of investment in 2022

The annual barometer shows a significant acceleration in investment with a total of approximately \$20.41 billion invested over the year 2021-2022. The total number of investors has also increased from 2021 with three major investors each investing more than €1 billion: Soft Bank, Vision Fund and Capital One.

The other general trend in the PropTech industry is the financialization of the market with the number of M&A deals increasing from 53 in 2020 to 73 in 2022. The PropTech industry appears resilient to the threat of a recession in 2023. PropTech investment firms are expected to absorb market impacts during the 2022-2023 business cycle.

Jaime Luque, professor of real estate at ESCP Business School, explains, *"Even though our models account for expected slowdowns in the global economy, we expect investment in the PropTech sector to remain quite strong, especially among firms in the 'building' category of the PropTech industry. Furthermore, when comparing our data to projections from fiscal 2019 and 2018, we still see significant investment growth over a two- to three-year period."*

Global investments still dominated by the US with the emergence of new countries and players including India and South Korea

While the United States accounts for most investments, three other countries are also emerging for companies that have received investments in the PropTech industry: France, South Korea and India.

India is the highest-ranked country in the PropTech industry outside of the established and developed markets of North America and Europe. With a real estate market with immense potential, PropTech in India is expected to reach \$1 trillion by 2030, up from \$120 billion in 2017.

South Korea also attracted more than \$1.5 billion over the 2021-2022 year, ranking second behind the U.S. while the country did not appear in the ranking last year.

The PropTech industry in the EU: a growing sector

In Europe, the UK leads the market with the second largest concentration of PropTech companies in the world, followed by Germany, France and Spain.

Several innovations in European PropTech companies will continue to shape the future. Companies like Stonal, Colonies, Deepki and Luko in France are leading the way in developing a sustainable future for real estate. Investors should expect to see a continued trend of increased innovation, especially in Western Continental Europe.

"The Proptech industry in Europe is growing rapidly with a record number of mergers and acquisitions (M&A) in recent years. This trend is driven by the desire to address the fragmented nature of the market resulting from a multitude of companies attempting to dominate national sectors. The major players have pushed the boundaries of technology and are leveraging the power of mergers and acquisitions to reach broader customer bases and expand their services. For example, in 2020, UK real estate technology company ZPG was acquired by US private equity firm Silver Lake for \$2.2 billion, which was the largest deal to date in the European Proptech sector," says Robin Rivaton, CEO of Stonal, co-founder of Real Estech.

ABOUT ESCP BUSINESS SCHOOL

ESCP Business School was founded in 1819. The School has chosen to teach responsible leadership, open to the world and based on European multiculturalism. Six campuses in Berlin, London, Madrid, Paris, Turin and Warsaw are the stepping stones that allow students to experience this European approach to management.

Several generations of entrepreneurs and managers were thus trained in the firm belief that the business world may feed society in a positive way. This conviction and ESCP's values - excellence, singularity, creativity and plurality - daily guide our mission and build its pedagogical vision.

Every year, ESCP welcomes 9000+ students and 5000 managers from 130 different nationalities. Its strength lies in its many business training programmes, both general and specialised (Bachelor, Master, MBA, Executive MBA, PhD and Executive Education), all of which include a multi-campus experience.

It all starts here.

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