Embrace tech, drive growth

Expert comment by **Peter Holden**

AI and proptech solutions are crucial in addressing sustainability challenges and optimizing property management, says Partners Group's global co-head of private real estate asset management

Despite some short-term political pressures to delay green initiatives, the focus on decarbonization of the built environment remains imperative.

The real estate industry, which generated nearly 40 percent of global CO2 emissions in 2019, according to the International Energy Agency, is seeking ways to reduce its greenhouse gas footprint. The question is whether technology is going to come to the rescue to help lower emissions and enhance revenue management in property portfolios. Do I hear proptech and AI advocates answer with a resounding 'yes'?

AI has entered the mainstream. Let us consider the implementation of AI software to control Building Management Systems. At Partners Group, we did this at our 295,000-square-foot office asset in Tampa, Florida, where we introduced AI-based software technology that managed energy-intensive equipment such as heating, cooling and ventilation. This relatively cheap software investment resulted in a 17 percent reduction in energy consumption within three months of operation, saving an equivalent of 83 metric tons of CO2 and a direct reduction in utility costs for the property according to 2022 research by Partners Group and JLL Technologies.

Through leveraging the power of AI to monitor and adjust various energy systems based on real-time occupancy changes and external factors such as weather, smart buildings can operate more efficiently and be agile in adapting to shifting environments. The integration of lighting, temperature control and HVAC systems into one comprehensive smart database enables building operators to reduce emissions, improve revenues and overall tenant satisfaction – a win-win.

The big picture

Stepping outside the plant room, there are proptech solutions that offer benefits beyond energy management. Property managers are adopting technology to automate labor-intensive activities such as scheduling property viewings, conducting tenant referencing and facilitating property viewings without accompaniment. Proptech is reapplying hotel model dynamic leasing to new sectors such as student housing and co-living, allowing customers to make instant room bookings enabled by live inventory management systems.

Technology is also adding value to industrial assets. As the demand for rapid e-commerce home delivery becomes ever more expected, greater automation within logistics supply chains is leading

to significant growth in demand for last mile logistics hubs, which are now frequently serviced by electric vehicles, cargo bikes and other innovative delivery solutions. Drone delivery has been discussed for over a decade and is now becoming a reality. Trials are underway in the US, China and the UK, and subject to air traffic control approval, may transform last mile deliveries and relieve road congestion.

5G and smart buildings now provide an enormous volume of real estate related data. However, data on its own is pretty useless. Smart owners are refining this data and using this valuable information to manage their assets and generate value.

Proptech and AI solutions have a role to play in driving decarbonization, economic viability and long-term success in a rapidly changing real estate landscape. It is essential for modern-day real estate industry stakeholders to adapt by keeping pace with innovation, catering to the shifting preferences of customers and embracing data governance for effective decision-making processes. By doing so, property managers will not only ensure a sustainable and profitable future but also contribute to the larger goal of creating an eco-friendly built environment around the world. ■