

# MIPIM PROPTech NYC 2019

**Four years since the first ever MIPIM PropTech in New York, industry disruptors, civic leaders, real estate professionals and venture capitalists came together in the Metropolitan Pavilion for MIPIM PropTech NYC 2019, hosted by Reed MIDEM and MetaProp NYC.**

Throughout the event, property pioneers and exhibitors discussed and demonstrated emergent technologies disrupting and shaping New York's real estate ecosystem, while also exploring the global application of the industry's most exciting solutions.

"PropTech is a global phenomenon, because the issues a landlord is facing in New York are often the same issues a landlord is facing in Paris," said Nick Romito, co-founder and CEO of VTS.

Attended by over 1,300 delegates each day, expert-led panels discussed environmental sustainability, new technologies optimising real estate management in the digital era and strategic ways to adapt and invest in the ever-changing real estate industry.

"The fact that there's a lot of venture capital going into the \$11 trillion a year business is tell-tale that there's plenty of opportunity," said Timothy Johnson, partner of NBBJ.

This year's headliners included Anthony E. Malkin, chairman and CEO, Empire State Realty Trust; Scott Rechler, chairman and CEO, RXR Realty LLC (RXR); Michael Rudin, senior VP, Rudin Management Company; Dr. Andrea Chegut, research scientist, MIT Center for Real Estate; Vicki Been, deputy mayor of housing & development in New York; and Lisa Picard, president and CEO, EQ Office – a Blackstone-owned company.

There was also plenty of space to discuss start-up culture, and its best chances for success. "Not all ideas are fundable. Passion is overrated," said KP Reddy, founder and CEO of Shadow Ventures. "Solve real problems that are high-priority problems and have been benchmarked. Then build an elegant solution that has the potential to be defensible."

During the event, winners of the annual MIPIM Start Up Competition and REBNY PropTech Challenge 2019 were announced. The MIPIM and REBNY competitions joined forces for this year's show and judged start-up finalists in

the following categories with first place winners joining the global finals in Cannes at MIPIM 2020: AEC & Development, Blockchain, Brokerage and Operations & Maintenance.

"This is the largest industry on earth – you can't disrupt your way through it," said Brad Greiw, co-founder and managing partner of Fifth Wall. "You actually have to partner and find ways to work with the industry to really innovate."

## Matching user expectations at an individual and collective level

New technologies are playing an increasingly key role in real estate ecosystems, from urban planning to building occupancy. At the heart of these real estate ecosystems are people: as users of cities and as users of buildings.

User demands and customer-centric solutions were a key focus of MIPIM PropTech NYC 2019, exploring how the private and public sectors, working closely with PropTech, can meet user expectations.

In his keynote, Ryan Anderson of Herman Miller, a global designer and manufacturer of furniture, zeroed in on the necessary conditions for human-centric problem solving. "There are many technologies that have been created by people with excellent aspirations to help change users' lives, that for one reason or another, didn't work out," Anderson said. "How can we work together to make sure that the technologies we are exploring ultimately make a positive impact on people's lives? We need to find solutions that make daily life better."

Part of the challenge involves never losing sight of the human being holding the technology, said James Segil, president of OpenpathSec, who described how his company arose out of frustration around having multiple key cards to access offices. His solution was to collapse those into a phone app. "I noticed in real estate spaces there was more focus on money than the user," Segil said in a session on creating value with connected assets. "I want to focus on delighting people every single day."

Deb Noller, CEO of Switch Automation, agreed. "The workforce of the future won't tolerate an old school generation where people take the time to physically write out a letter or enter numbers on a spreadsheet. This generation was born with

iPhone in their hand.”

Appreciating cultural differences is another key dynamic, delegates heard at a session focussing on the potential of Chinese PropTech. “China is almost cashless – you don’t even bring your credit card out anymore,” explained Alice Guo, director of product innovation, Ping An Urban Tech. “Everything is done with your phone. People also prefer to have their faces scanned to enter a building – you have to adapt to what the customers want.”

This can change across demographics too, noted Dawn Mottram, director of strategic initiatives, Jonathan Rose Companies, in a focus on affordable housing and social inclusion. “You can’t assume people have smartphones, or even phones, particularly in the low-income, senior space,” she pointed out.

MIPIM PropTech NYC also found time to explore city-led solutions, examining paths to efficient public and private partnerships.

In his keynote, Josh Sirefman, chief development officer of Sidewalks Labs, suggested that city challenges have coalesced around the “issue of affordability, whether its climate change and sustainability, or equity and equitable distribution – these factors are affecting the ability of cities to continue their virtuous cycle of growth”. Sirefman shared a solution his firm had devised for the City of Toronto, which created an ambitious, scalable ecosystem to drive sustainable development.

“There are natural tensions between government projects and innovation,” said Angela Pinsky, executive director, Association for a Better New York. “If public bodies pick the wrong new technology the consequences are much worse than the inefficiencies of playing it safe. The question is – how do you take new technologies that have a public benefit, and help them scale effectively and rapidly?”

Exploring the future of mobility, Alexandre Missoffe, executive director of the Greater Paris Investment Agency, shared how his team had used PropTech to create a new public transport line for night shift workers in an industrial area. “We worked with a phone company to capture signals on site and away from the site, to track worker movements and create public transport linking the right areas,” he said.

Dror Poleg, owner Rethinking RE, also advocated a back-to-basics approach for tech-hungry civic leaders. “I think Tokyo gets it right for nothing too glamorous – a great subway network that works; things are clean; rubbish is being collected and sorted properly.” He cautioned: “Beware of

cities that are focussing on tech for tech’s sake.”

Keynote speaker Vicki Been, New York’s Deputy Mayor for Housing and Development, agreed that prioritising was crucial. “We’re looking for innovators not to just produce something new, but to produce something better,” Been said. “Meeting both the challenges of those struggling to find affordable housing and those who can live in luxury buildings is the focal point of our city’s problem.”

### Joining up the past, and forging the future

In today’s fast-moving, tech enabled world it would be easy to forget that just a few short years ago technology’s reputation for driving business took a severe knock in the wake of the dot com bubble. In a “fireside chat”, Scott Rechler, CEO and Chairman, RXR Realty LLC, described that event as all part of the path to growth. “The tech bubble, that ended up really being a bubble, planted the seed and foundation for tech companies, which then led to their ability to recognise vast development at a rapid rate,” Rechler said. “Technology not only innovates, but also creates a greater sense of community to build a more connected and engaged workplace.”

Brad Greiw, co-founder and managing partner Fifth Wall, affirmed that the industry was in a crucial transition phase. “The real estate industry overall has just been wildly under-indexed on technology and tech spending for the past 30 years. A lot of the recent movement has just been the industry catching up, but some of the problems that persist don’t necessarily accommodate quick change.”

Lisa Picard, chief executive of real estate investment company EQ Office, traced the importance of the post-boomer era and the current leadership role of Gen X, “which really moved from analogue to digital. Meanwhile, Millennials oversaw the migration from digital to mobile, while Gen Z, which is now entering the workplace, are the generation moving from mobile to network.”

Picard said that the latest generations would not only “influence the future of work, but also the future of offices”, partaking in a crucial shift from “productivity to creativity”. She also suggested that around 54% of the current global workforce will need upskilling within the next three years to keep business effective, and would need greater “cognitive flexibility”.

An important and under-exploited area remains the data field, said John Gilbert, COO & EVP of Rudin Management Company, in a dedicated session. “Data is only useful if

it can be mined and packaged and ultimately refined,” he suggested. “You should not fear data, as long as you can blow up the silos it currently sits in, and understand the correlation between those data sets.”

Key drivers of current change include exciting industry collisions, with JLL and the MIT Real Estate Innovation Lab (REIL) at the Center for Real Estate, for example, joining forces to understand the impact and diffusion of technology in real estate. The outcome is the MIT Tech Tracker, a tool that scouts and tracks cutting-edge technologies in real estate and their progress from concept and invention to the PropTech marketplace.

The PropTech world is also developing key specialisms, with AI emerging as a vital area of research. “AI is such a large umbrella for a lot of different things,” said Gijo Mathew, chief product officer, VTS, in a dedicated session. “It’s really about what jobs we can do or what outcomes we can solve. The question is which ones drive the most impact and drive the most value.”

“If you can actually start to see those little pieces of the future, and collect them, you can start to see the future,” said Kai-Uwe Bergmann, Partner, Bjarke Ingels Group. “By utilizing new technologies and robotics, the construction industry can continue to grow and innovate.”

### Risks, disruption, and opportunity

An expert panel on digital security ran through some key risks faced by the industry, as well as profiling the lucrative cybersecurity industry – in receipt of some \$4 billion in venture capital funding in 2018.

Moderator Min Kyriannis, head of cybersecurity at Jaros, Baum & Bolles, asked a panel including Erik Hart of Cushman & Wakefield, Robert Entin of Vornado Realty Trust, Sandy Jacolow of Meridian Capital Group and Karl May of Join Digital what kept them awake at night. He received a unanimous response: “The lack of concern our generation has in terms of keeping their personal data safe.”

May said: “How many people clicked the link, despite receiving an email that explicitly said ‘do not click the link below’? Over 20%!”

Delegates also heard how the disruptive side of the industry still needed to be channelled through expert and established hands.

“This is the largest industry on earth – you can’t disrupt your way through it,” said Brad Greiw, co-founder and managing partner of Fifth Wall. “You actually have to partner and find

ways to work with the industry to really innovate.”

“Just about every asset class is going through probably more transformation in the past three years than in the 30 before it. What are you doing to stay ahead of those trends?” asked co-founder and CEO of VTS Romito. From offices to retail and logistics, seismic shifts have emerged to “change the world of real estate for good”, he said, comparing the emergence of WeWork and flexible offices to “toothpaste – you can’t get it back in the tube once it’s out”.

Coliving dynamics, disrupting the residential sphere, are being chiefly driven by the affordability factor, a panel heard. Or Bokozba, co-founder and CEO of Venn, described his youth in Israel in Kibbutz-style living, and how he built a coliving company to solve a personal problem of where to rent in Tel Aviv. “There’s a housing shortage in cities round the world,” he noted. “Plus, one in four people that move to cities say they have zero friends.”

Meanwhile, the world of construction is experiencing a crisis all of its own. “I think construction is the only industry that gets more expensive and slower every year. Probably 30% of all construction projects require major changes which really start to accelerate those costs and create tremendous pressures,” suggested Picard.

For this reason, the emergence of ConTech could be one of the industry’s biggest game-changers. Ryan Freedman, chairman and CEO of Corigin, spelled out its potential in a dedicated session. “Construction is a \$10 trillion annual spend - 7% of the world’s workforce is in construction,” Freedman said. “ConTech is in its infancy compared to PropTech, but is a giant monster now breaking out to be its own category.”

### What venture capital wants – and the start-up challenge

With so many small and growing PropTech firms trying to find the path to success, the relationship between them and more established sponsors – including venture capitalists – is a compelling one. On a panel entitled “VC perspectives”, Takeshi Kodoma, executive manager at Japanese property company Mitsui Fudosan described how his team were out scouting for “new technologies that could be key components in cities, as well as components in the real estate-as-a-service-race.”

Safi Aziz, senior associate at experienced start-up backers, MetaProp NYC, said that they were experiencing “record breaking months” for sourcing firms as the space gets bigger and bigger. “We are seeing a lot of ConTech deals – which

now comprise a third of our portfolio,” he noted. “Not what we imagined when we started investing in 2015.”

Oded Eliashiv, managing partner of BuiltUp Ventures, underlined the crucial role of PropTech backers. “I’ve been dealing with early stage companies my entire life,” he said. “Techies need support to get into the market. Real estate players have a hard time dealing with techies if there’s nothing in between. Taking a seed company to North America is hard – 95% die along the way.” He added: “We are vetting start-ups to try and get engagement from the market.”

KP Reddy, founder and CEO of Shadow Ventures, shared his tough-love approach. “As a start-up founder, you should have massive detachment from your company. Not all ideas are fundable. Passion is overrated,” he said. “Solve real problems that are high priority problems and have been benchmarked. Then build an elegant solution that has the potential to be defensible.”

Reddy also cautioned against real estate companies buying tech firms without seed capital experience. “Real estate companies that are starting venture funds – it’s dumb. They shouldn’t be.”

Meanwhile, Fifth Wall’s Greiw warned that capital backing start-ups would get hungrier for more rapid success. “I think you’re going to see venture capitalists take a much more conservative approach and push their portfolio companies towards profitability sooner,” he said. “Staying private into perpetuity is no longer an option, so figuring out how to cater to the public markets is going to be an important part of any business plan moving forward.”

### MIPIM Start Up Competition and REBNY PropTech Challenge 2019

Winners	AEC & Development ↓	Blockchain ↓	Brokerage ↓	Operations & Maintenance ↓
1 <sup>st</sup> place	Geopipe	SWITCH Energy	Foyr	Enertiv
2 <sup>nd</sup> place	Parafin	SolidBlock	myPlanit	Disruptive Technologies
3 <sup>rd</sup> place	AVVIR	Coadjute	JuJu Suite	ouleSmart

The first place winners join the global finals in Cannes at MIPIM 2020.

### Sustainability & social responsibility

PropTech is already having a huge impact on the real estate sustainability race, delegates heard. A keynote from Anthony E Malkin ran through the Empire State Building’s ground-breaking energy efficiency retrofit, and strategies for engaging the whole community of a building. Representing a replicable model for energy optimisation, the case study showed how to identify opportunities, evaluate measures and create packages to deliver sustainable solutions. “Without the fine tuning of the building, we would have lost all the savings - \$1.92 million dollars,” Malkin said.

Carlos Valvede, vice president of Silverstein Properties, described how connectivity was driving the rebirth of the World Trade Center district. “We’ve brought it back into the city grid, and we have 11 different subway lines joining the WTC,” he affirmed.

Beyond all the success stories, sense of responsibility emerged in driving sustainable change. “If you’re active in real estate, then you have a moral obligation to also be sustainable,” said Jan Hein Lakeman, of Edge Technologies USA, sharing some of the secrets of why Edge buildings have become some of the most sustainable structures in the world. Private industry leaders were urged by civic leaders to pursue a path which also promotes social inclusion. “We have more Fortune 500 companies in NYC than anywhere else in the world,” said NY deputy mayor Been. “In NYC, 67% of greenhouse gas emissions come from our buildings, and we need new solutions to improve this.”

Tech solutions for social housing addressed matters of security and efficiency – twin problems in the low-income home space. “We’re looking at energy monitoring and real time data for utilities, rather than waiting for it to come through on bills,” said Mottram of Jonathan Rose Companies. Delegates heard how brand-new social housing schemes were “instantly full... we have a long way to go in meeting demand.” Charlotte Matthews, director of sustainability at Sidewalk Labs, described one approach for meeting demand in a greener way. “We plan to build a factory that creates passive-house-inspired all-timber buildings which are fireproof and have superior insulation, moving the aesthetic away from all glass,” she shared.

“Revenue is important – we’re all here to make money,” concluded Bill Lee of Gaw Capital Advisors. “But we can do it while saving the environment through tech enabled buildings that are significantly reducing power. After all, our industry creates 40% of the planet’s carbon footprint.”