

Danish Proptech Report 2021

BY:



proptech
DENMARK



Totalcredit





About PropTech Denmark

PropTech Denmark is a non-profit membership and network organisation of proptech startups, scaleups and SMEs and established owners, operators, brokers and advisors within real estate. We gather more than 100 members representing the entire real estate value chain and life cycle.

Our purpose is to facilitate and help accelerate digital and technological innovation and business development in the real estate sector. We gather our community around a series of activities, where our members can engage with each other while gaining new knowledge, inspiration and learnings on the digital transformation of real estate.

PropTech Denmark offers network events, matchmaking, seminars, training & education services and initiate and facilitate collaborative innovation project across the real estate sector.

Once a year we also gather the entire proptech and real estate community in our yearly 'Proptech Symposium' being the leading proptech and real estate innovation event in Denmark.

Learn more at www.proptechdk.dk



In 2020, PropTech Denmark launched a dedicated proptech lab and coworking space in central Copenhagen. The lab offers flexible workspace facilities, community and network events, training & upskilling activities, industry insight workshops, etc. for startups, agencies, investors and corporate innovation teams working with proptech and real estate.

PropTech LAB is the very heart of our proptech and real estate community and activities with networking, friday bars, pitch days, industry dinners, podcast recordings and much more.

Our LAB is placed in the BLOX building at the centre of city and as part of BLOXHUB - the Nordic hub for sustainable urban development.



2 PARTNERS

10 PREMIUM MEMBERS

115 MEMBERS

50 STARTUP MEMBERS

PARTNERS



GOLD MEMBERS

21·50

ESTATE TOOL



SILVER MEMBERS

BRONZE MEMBERS

atp ejendomme=





1. Introduction and Summary

Welcome to the very first edition of the Danish Proptech Report. The report brings you valuable insights on key proptech trends, an overview of the Danish proptech ecosystem and Danish proptech investments in 2020, and, last but not least, a fresh new survey on digital maturity and digital transformation among established danish real estate players.

The report has been elaborated by PropTech Denmark. Our aim is to release a new updated report every year in this way monitoring and documenting the progress and development in the Danish proptech and real estate ecosystem.

Our hope is that the report can serve to give our community a better and more fact-based overview and understanding of the Danish proptech landscape and how proptech is changing the Danish real estate sector in praxis. Maybe, the report can also serve as a good starting point for internal reflections and discussion on where your organisation is on the digital transformation ladder and how you are approaching the challenges and possibilities of proptech?

- The PropTech Denmark Team

January 2021

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Digital Transformation in Danish Real Estate



1.1 Key Takeaways

A promising year for danish proptech

In general, the report shows that 2020 was a year where the growth of the Danish proptech ecosystem really started taking off. And where proptech and digitisation developed to be top agendas in the real estate sector.

- More than 170 million DKK were floating into Danish proptech startups and scaleups in 2020. And the far majority of startups experienced sales growth throughout the year.
- Altogether, more than 72% of Danish real estate companies somehow increased their use of digital solutions in 2020 (though only 14% did this significantly).
- It is also positive to see, that almost a fifth of established real estate players collaborated with proptech startups during 2020 on developing and/or implementing new digital solutions.

More than 170 mil. DKK

where floating into Danish proptech startups and scaleups in 2020

More than 72%

of Danish real estate companies somehow increased their use of digital solutions in 2020



1.1 Key Takeaways

Still many digital challenges ahead

Though proptech and digitisation of Danish real estate have taken quite a leap in 2020, there is still room for improvement:

- More than 60% of real estate companies do still not have a digital strategy. And only 6% plan to increase their investments in digitisation significantly in 2021.
- Most real estate companies that invest in proptech solutions does it primarily to optimise processes – only few are looking into developing new services, products and business models.
- A conservative mindset, lack of digital competencies and limited knowledge about relevant proptech solutions is by both proptech startups and the real estate sector it self seen as major barriers for digitisation.

More than 60%

of real estate companies do still not have a digital strategy

And only 6%

plan to increase their investments in digitisation significantly in 2021

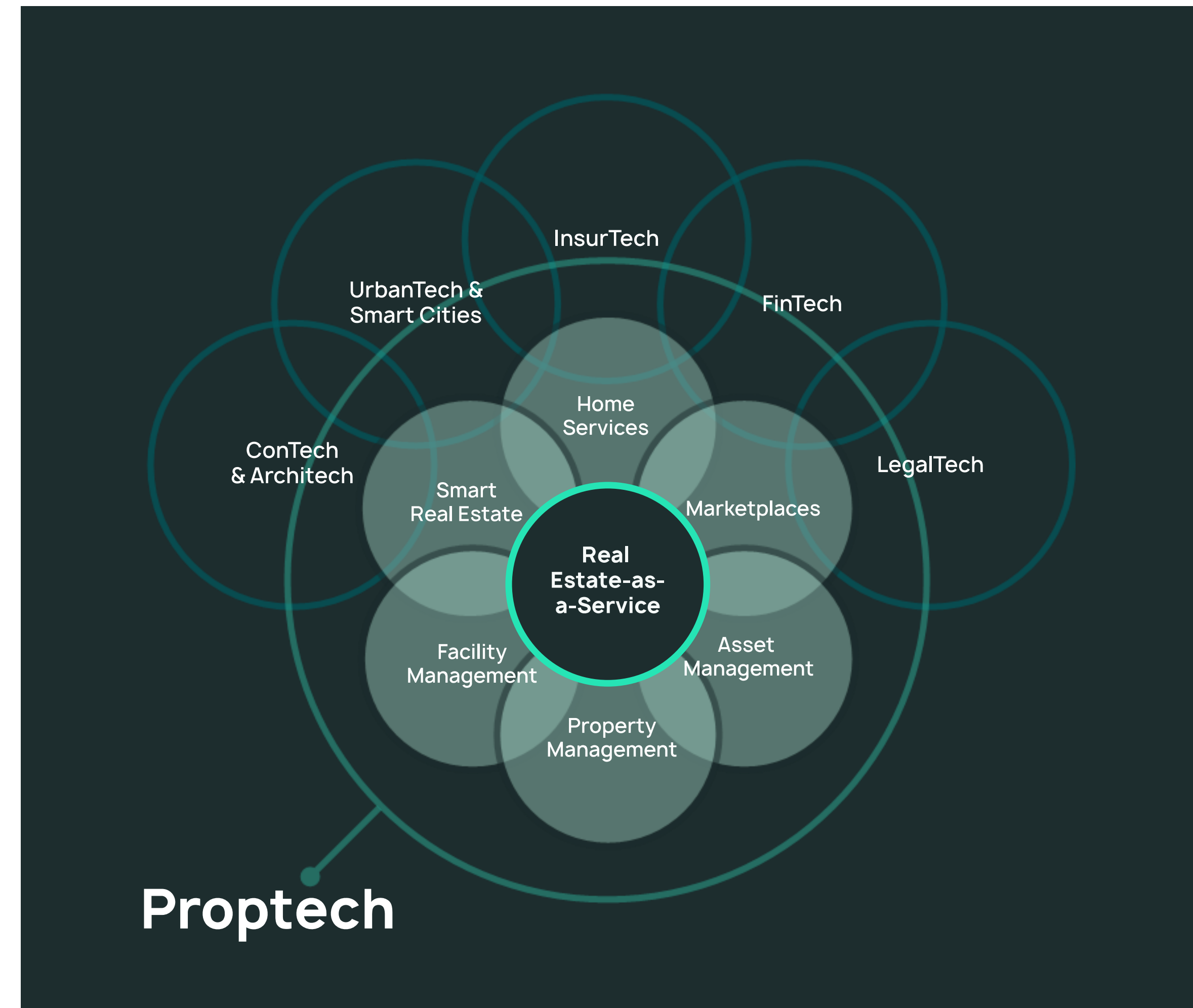


What is Proptech?

Proptech [property technology] is a term describing digital solutions and business models that improves and changes the way we finance, buy, plan, build, manage and use real estate and physical space.

Examples include automation of property management processes, databased energy optimization, tenant-communication apps, crowdfunding for real estate investments, market platforms for office and housing rentals, IoT based space management solutions, etc. One of the major trends spurred by proptech is 'space-as-a-service'. For real estate actors it implies a fundamental change from 'just' making buildings and rooms and collecting rent, to delivering functional spaces, where user-centric on demand services and amenities are in focus.

In short, proptech stands for all the companies that are taking on the real estate industry to make it better, more efficient, more user centric and more sustainable, fueled by a rapid developing digital landscape and new consumption patterns.





02

The Danish Proptech Ecosystem



2. The Danish Proptech Ecosystem

The Danish real estate sector and proptech ecosystem at a glance

DANISH REAL ESTATE SECTOR



+170.000
Number of jobs

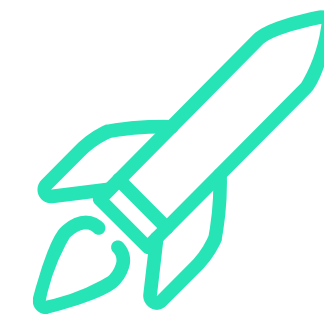


+350 Billion DKK
Total yearly revenue

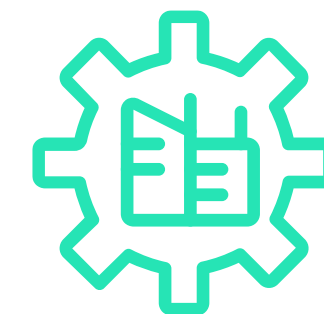


4.500 Billion DKK
Total value of Danish properties

DANISH PROPTech



+150
Number of startups and scaleups



Key business verticals
Property management, sustainable operations,
co-living & community

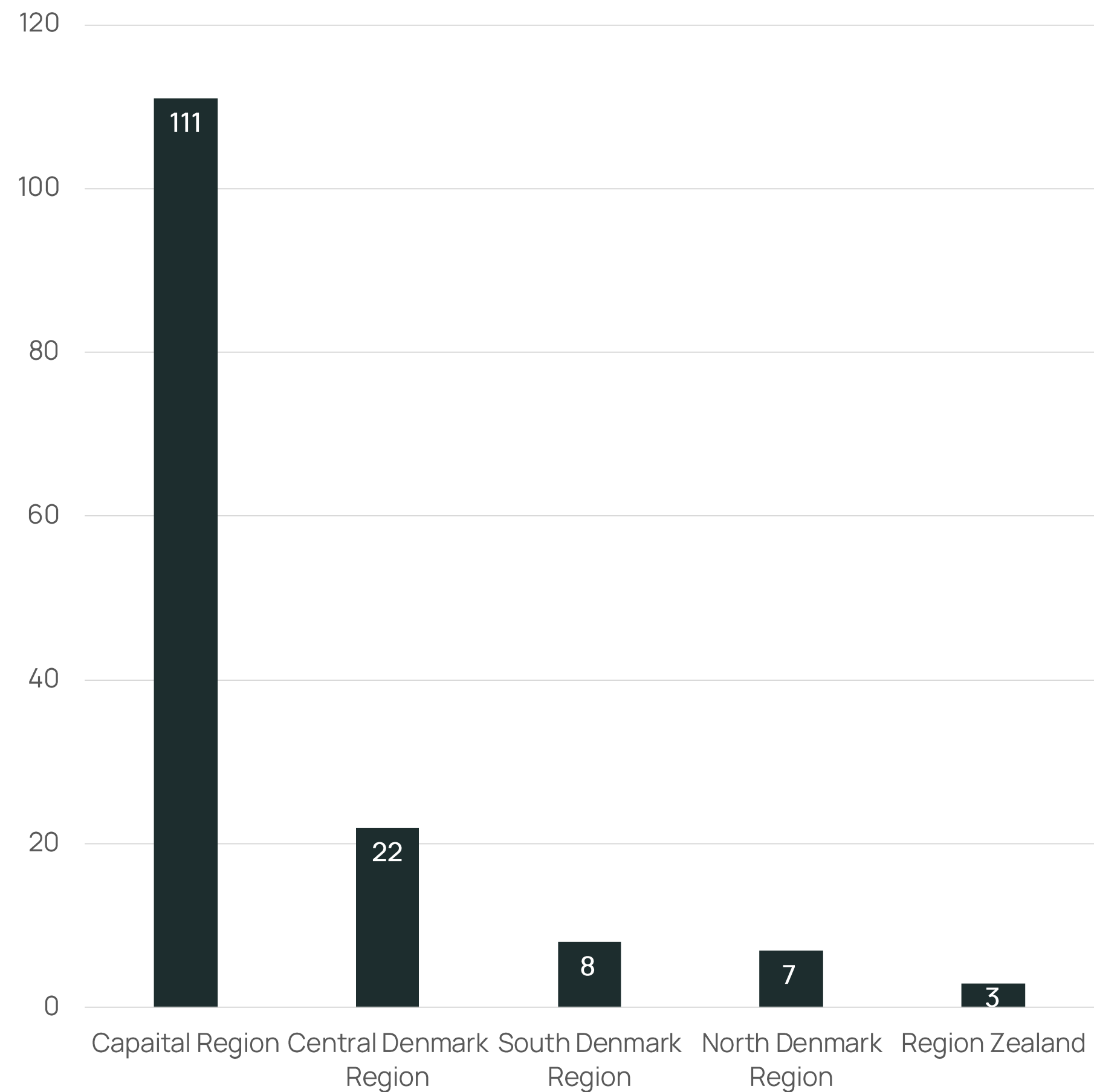


+170 Million DKK
Total investments in Danish proptechs 2020

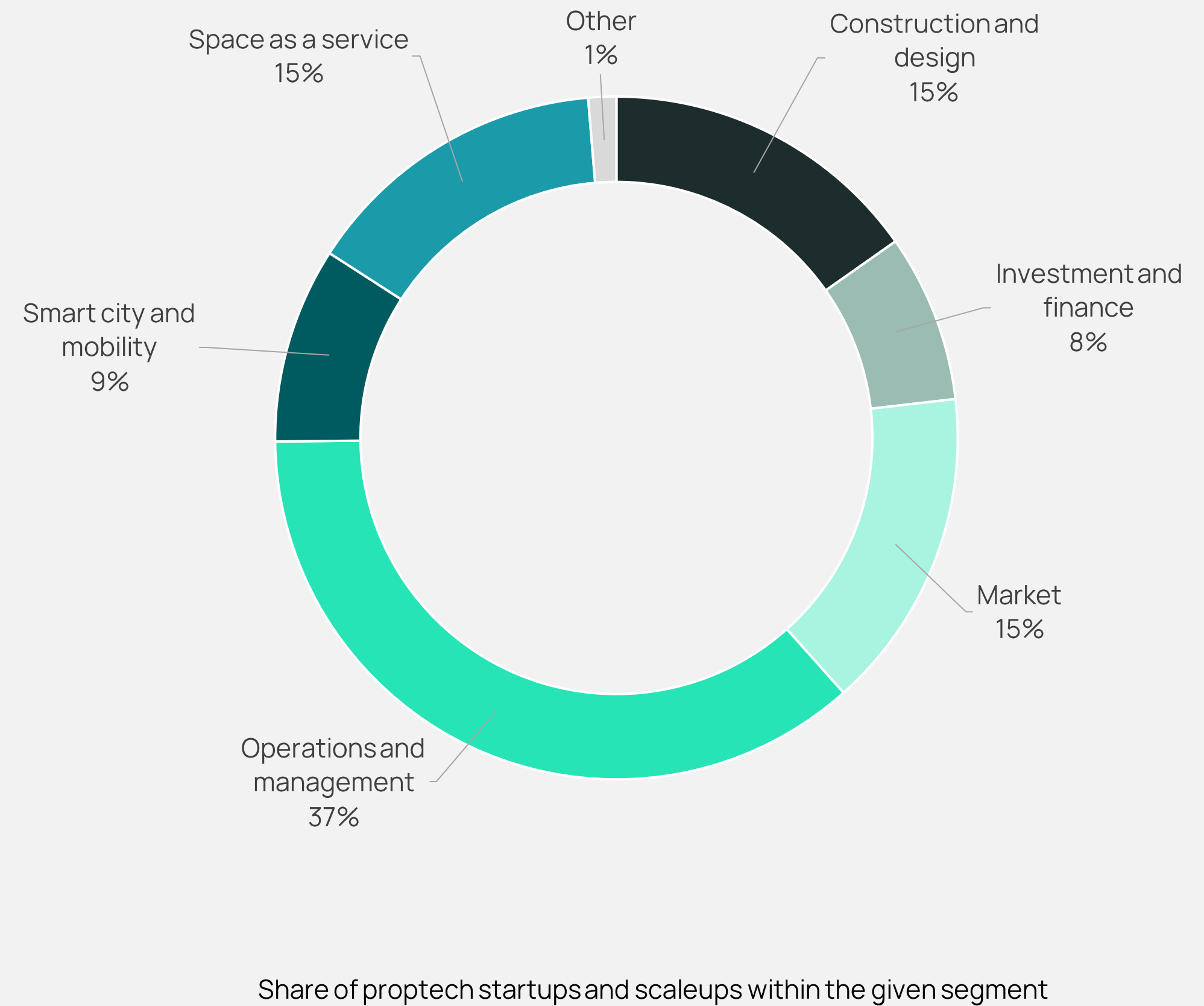


2.1 Danish proptechs: Regional location and lifecycle position

Danish Proptech Startups' Geographical Location



Danish Proptech Startups' Position on Real Estate Lifecycle





2.2 Investments in Danish proptech startups and scaleups 2020

Total Investments in 2020:

173 Million DKK

Biggest Danish Deals:

lifeX

45 Million DKK

**AERO
GUEST**

28,5 million DKK

**GOOD
MONDAY**

27,5 million DKK

Large Nordic Deals and Exits:



Autodesk acquires
Spacemaker:
240 mill. USD

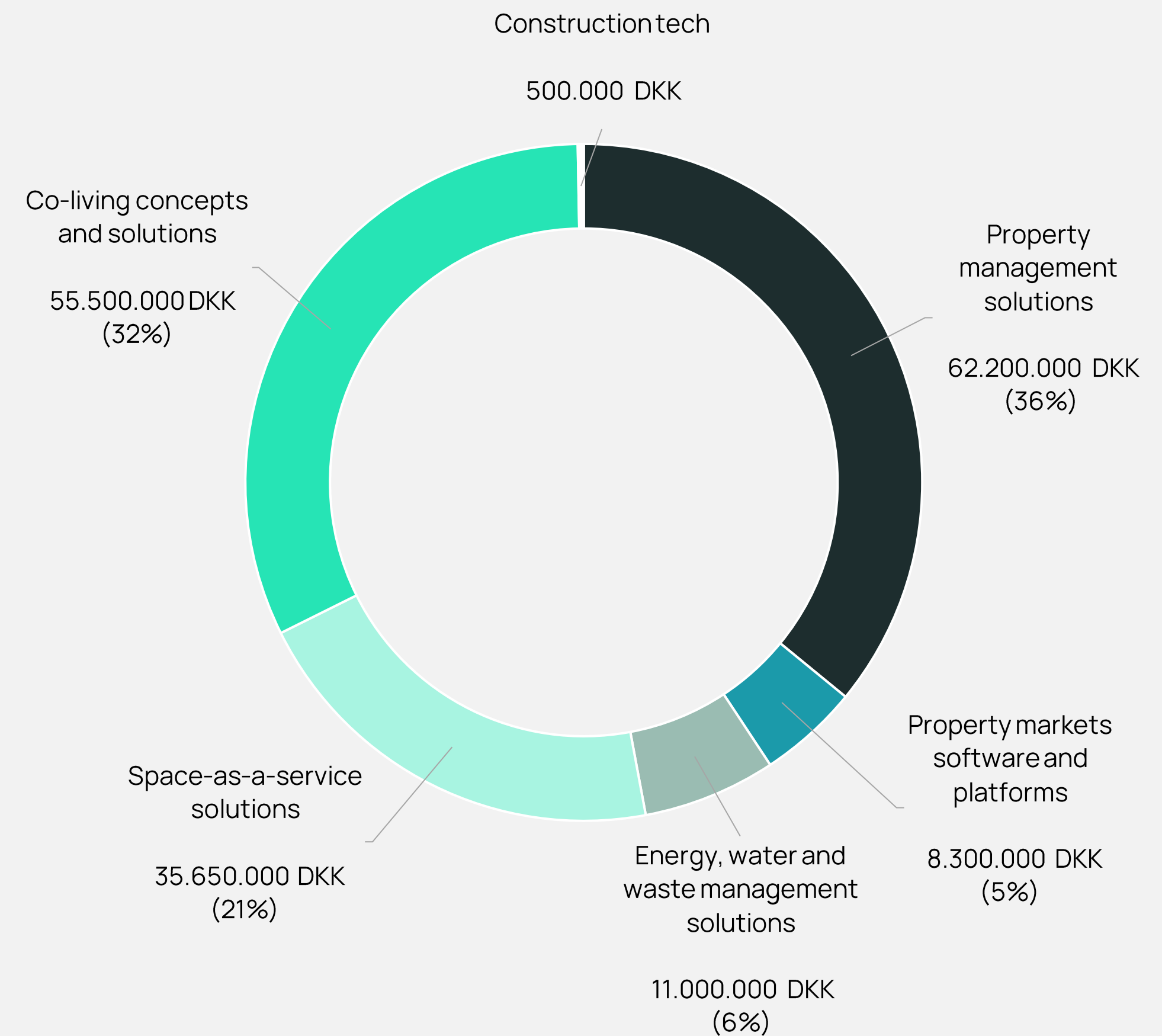


NREP invests in
Kodit.io:
100 mill. EUR



EG acquires
Prosedo
(price n/a)

Investments in Danish Proptechs By Business Vertical

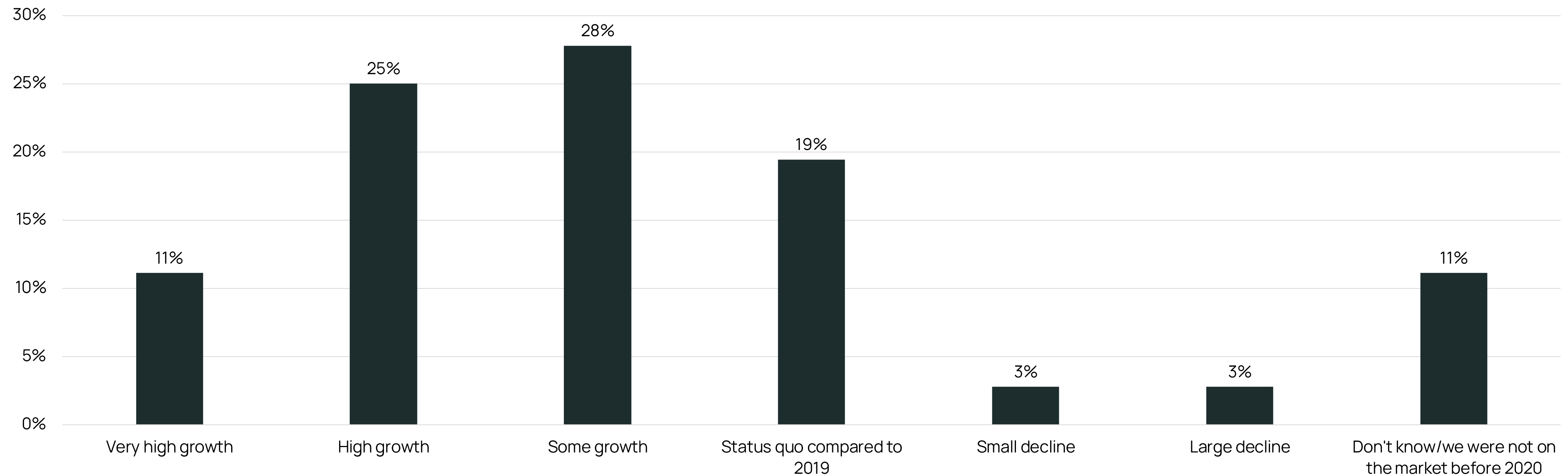




2.3 Steady market growth for Danish proptechs in 2020

PropTech Denmark has surveyed Danish proptech companies (including both proptech startups and scaleups as well as established tech suppliers) asking about their market growth in 2020 and their key growth barriers. As shown, far most proptech companies experienced growth in 2020 and 36% experienced high or very high growth.

Have you experienced growth or decline in the demand for your solutions and services in 2020?

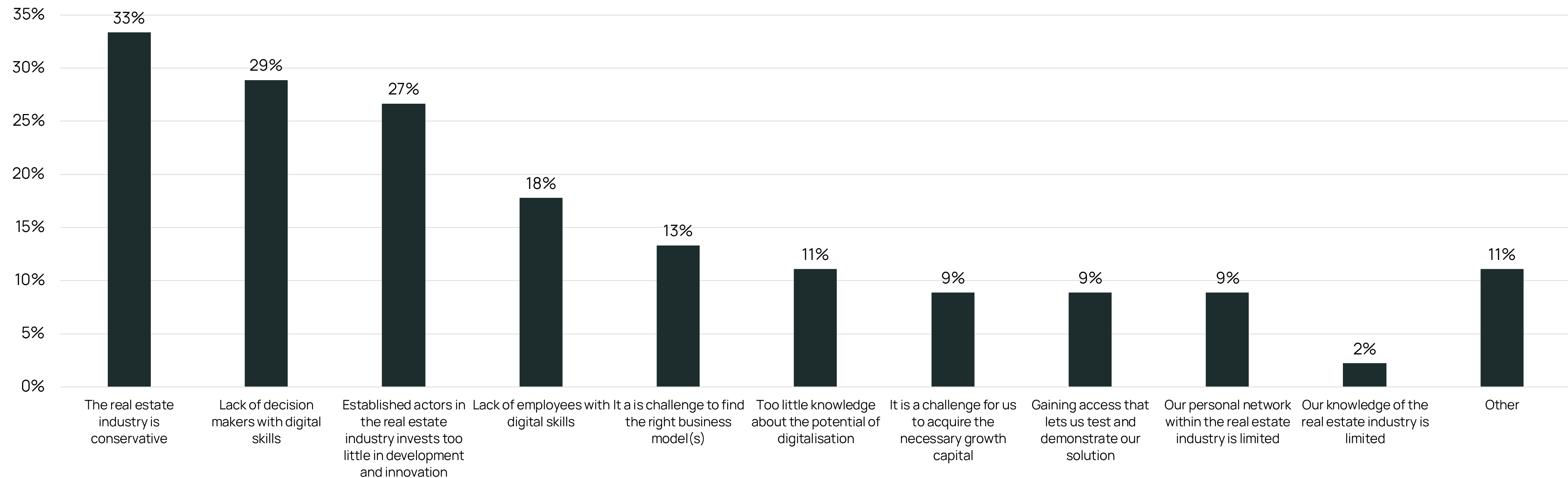




2.4 A conservative industry is seen as the biggest growth barrier

Proptech companies see a conservative real estate sector as the biggest barrier for increased sales of their solutions. Next to this comes lack of digital skills among real estate decision makers and a low willingness to invest in innovation.

What are the biggest challenges regarding increasing the sales of your solutions and services/getting your solutions and services on the market?





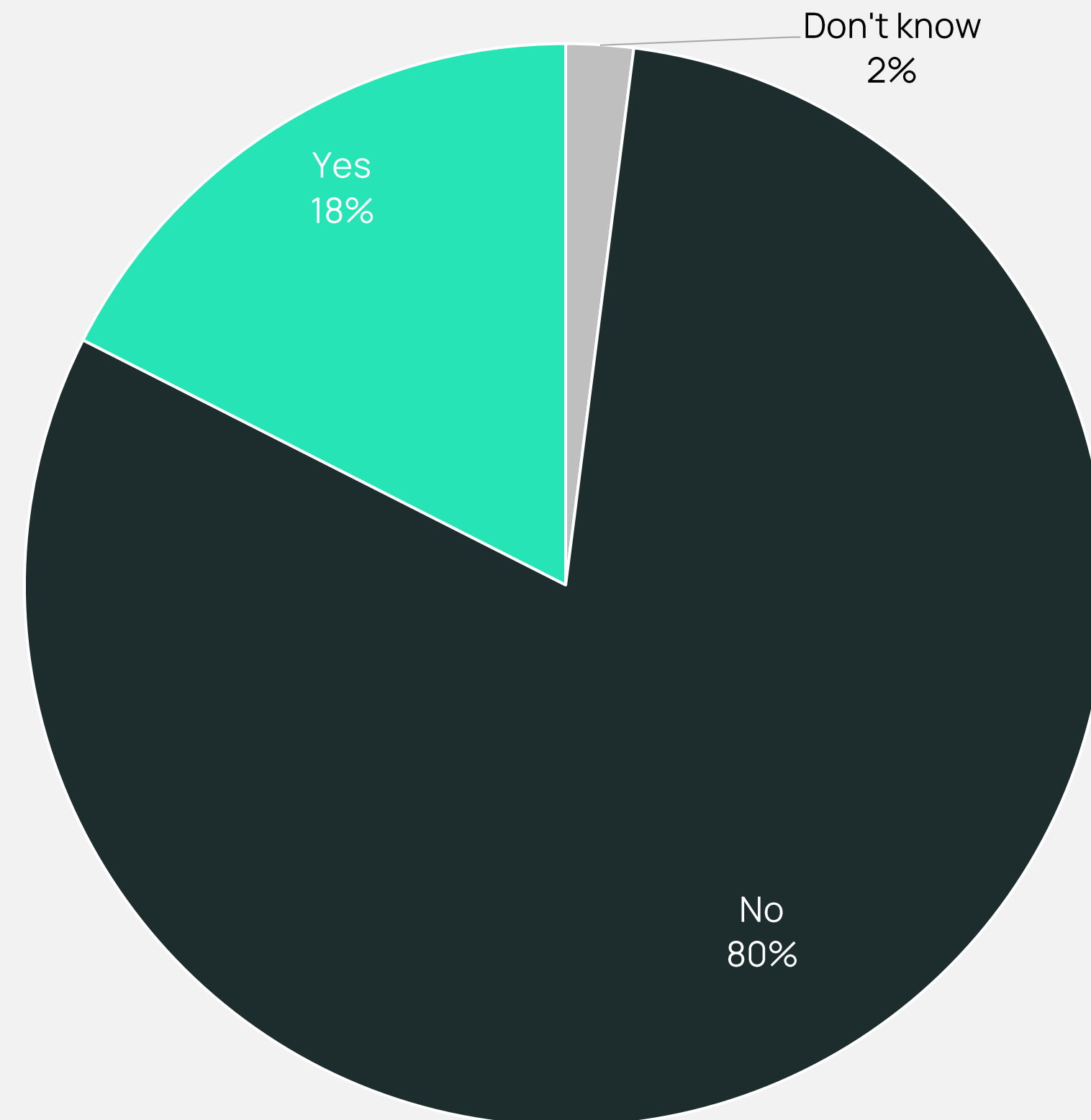
2.5 Startup-corporate collaboration has started taking off

Collaboration between startups and established players is important. It helps established players innovate and gain access to new technologies. And for the startups it is crucial in order to test and market their solutions.

PropTech Denmark has asked +370 established players from the Danish Real Estate sector about their collaboration with proptech startups. Clearly, many has not yet collaborated with startups when it comes to development and implementation of new digital solutions. But it is positive that almost a fifth (18%) of the established real estate players respond to have collaborated with startups in 2020. Just few years ago, this number would have been much lower.

Established Real Estate Players' Collaboration With Proptech Startups

Have your organisation collaborated with one or more startups regarding development or implementation of new digital solutions in 2020?





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Proptech Trends to Follow in 2021



3. Proptech Trends to Follow in 2021

Four trends to follow

Let's start by emphasizing; all parts of the real estate value chain are and will constantly be changing due to the rise and growth of new proptech solutions - also in 2021. However, when combining recent trends and developments in both market, policy and technology, we deem that proptech during the next 12-18 months especially will play a decisive role in the Danish market within four areas being;

- 1) Sustainable building operations
- 2) Indoor climate
- 3) Office & workspace market
- 4) Co-living



01

SUSTAINABLE BUILDING
OPERATIONS



02

INDOOR
CLIMATE



03

OFFICE & WORKSPACE
MARKET



04

CO-LIVING



3. Proptech Trends to Follow in 2021



01

Sustainable Building Operations

Around 40% of Denmark's CO2 emissions come from our buildings. Physical improvements of buildings' climate envelopes are no doubt part of the solution but can only cut around half of building related emissions - most experts state. With a fast increasing focus on carbon emission reduction, many property investors and operators will increasingly need to implement and apply new intelligent energy solutions and technologies.

Examples of Danish proptech companies offering energy management solutions include Techem, Kamstrup, Keep Fokus, NorthQ, Wise Home, IC-Meter and TIMESAFE. They typically combine IoT devices with advanced data processing allowing the gathering, combination, analysis, and presentation of dynamic energy data that quickly reveals consumption patterns, system errors, hidden leaks or inappropriate local energy use.



3. Proptech Trends to Follow in 2021



02

Indoor Climate

Closely related to the issues of better energy management is an increased focus on indoor climate. The request for better, healthier and more comfortable indoor climate is partly driven by a general health trend in society but is at the same time being fuelled by the emergence of new proptech solutions.

The many new IoT and AI-based solutions makes it possible, at a very reasonable cost, to measure, visualize and manage our indoor climate at a much more precise, individual level and within many more parameters (i.e. temperature, draught, moist, air quality, acoustics, lighting) than ever before. Climaid, IC-Meter, Common Sense and Ocutune are examples of Danish proptechs that with their solutions are changing the way we look at and manage our indoor climate.



3. Proptech Trends to Follow in 2021



03

Office & Workspace Market

Corona has speeded-up trends that were already changing the office market. Most obviously, many people will keep working from home one or more days a week post-corona. This comes a long with a general tendency with increased needs and wishes to be able to 'work from anywhere'. Altogether, it will result in less need for fixed seatings and traditional office space. Proptech solutions tap into this in two main ways. First of all, digital space management solutions can provide us with data and insights that helps us (re)design and optimise the use of office space. This also includes operational features such as possibilities for employees to check office capacity and book a desk from home, easy and real-time overview of meeting room occupancy, etc. Along this line comes 'office-as-as-service' solutions, where office space and related amenities are delivered as flexible, on demand services. Danish proptech startups within space management and 'office-as-a-service' solutions among other includes UbiquiSense, OfficeHub, 2move and Good Monday.



3. Proptech Trends to Follow in 2021



04

Co-living

New co-living concepts combining individual space and convenience with community features are sprouting and many real estate developers and investors have co-living concepts high on their wish-list. However, to make modern co-living a success – both for the tenants and as scalable business case - the use of digital solutions is a must. This especially when it comes to powering the community dynamics. New proptech solutions have much to offer when it comes to easing communication and collaboration between tenants and in making access to and operations of shared spaces and amenities seamless. Danish proptechs in the co-living space for example include Almenr, LifeX, Wicomico and Generation Global.



04

Digital Transformation in Danish Real Estate

4. Digital Transformation in Danish Real Estate

PropTech Denmark has carried out a survey among companies in the Danish real estate and construction sector asking about their digital maturity and how they prioritise and engage in digital transformation.

Many have still not boarded the digital transformation

The survey reveals that the urge of the digital transformation is beginning to spread in the Danish real estate sector. But also that the majority of real estate players still has only weak or no plans to level up their investments in digital transformation. Key takeaways from the survey among others show that:

- More than 60% of real estate companies do not have a digital strategy
- Around 45% have to a high or some degree increased the use of digital solutions within the last year
- 27% expect to increase their investments in digitisation in 2021
- Most invest in digital solutions to automate and improve efficiency in property and facility management processes, secondly to make operations more sustainable.
- The biggest barrier for increased digitisation is 'not prioritising the needed time' and 'lack of knowledge of relevant solutions on the market'



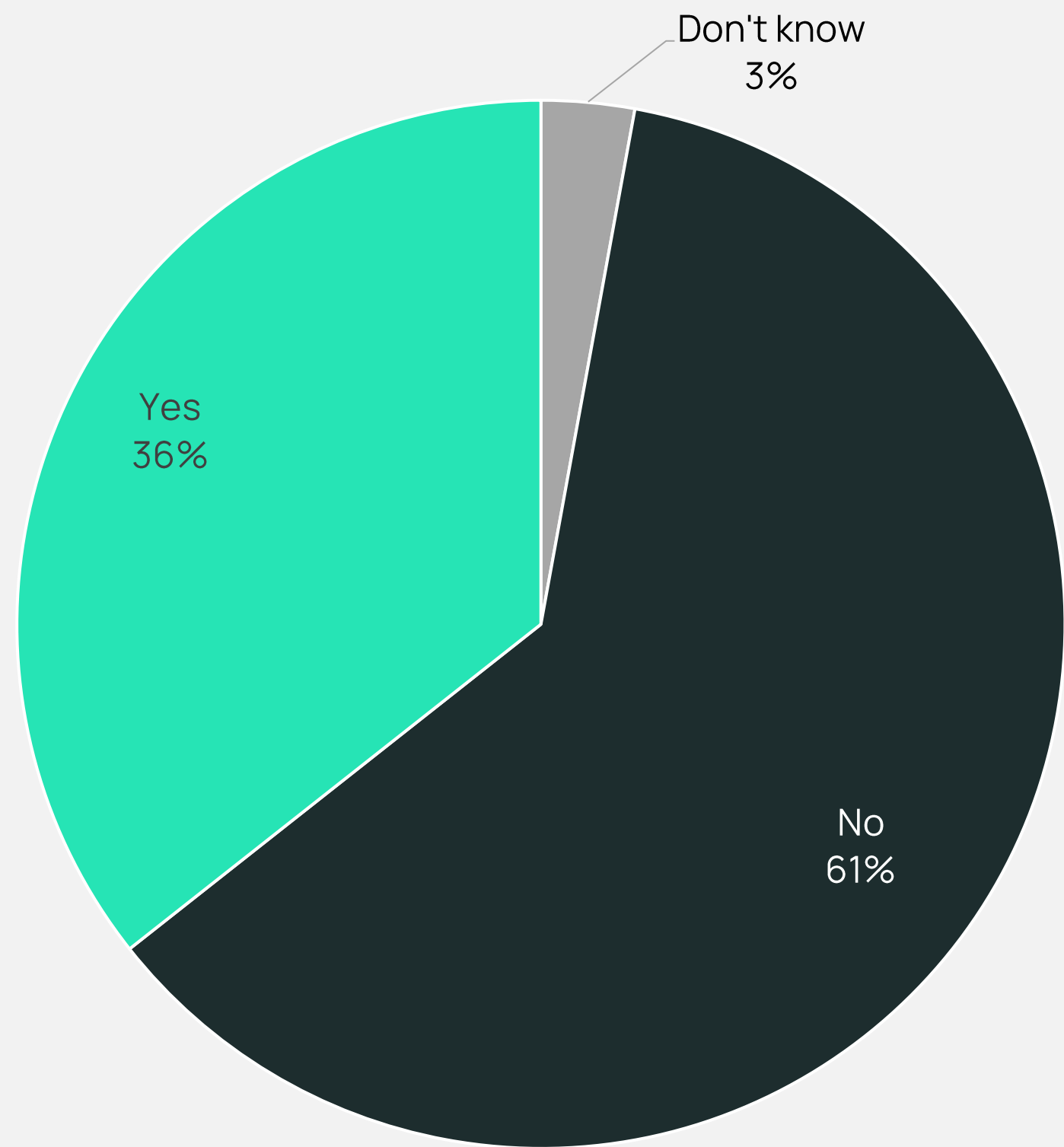
The Real Estate Digital Maturity Survey

- The survey has been sent to a representative sample of Danish real estate companies
- The survey population covers the entire real estate life cycle including finance and investment, developers, planners and architects, construction companies, operators and managers of buildings and real estate portfolios, and real estate brokers.
- More than 370 companies have participated in the survey.

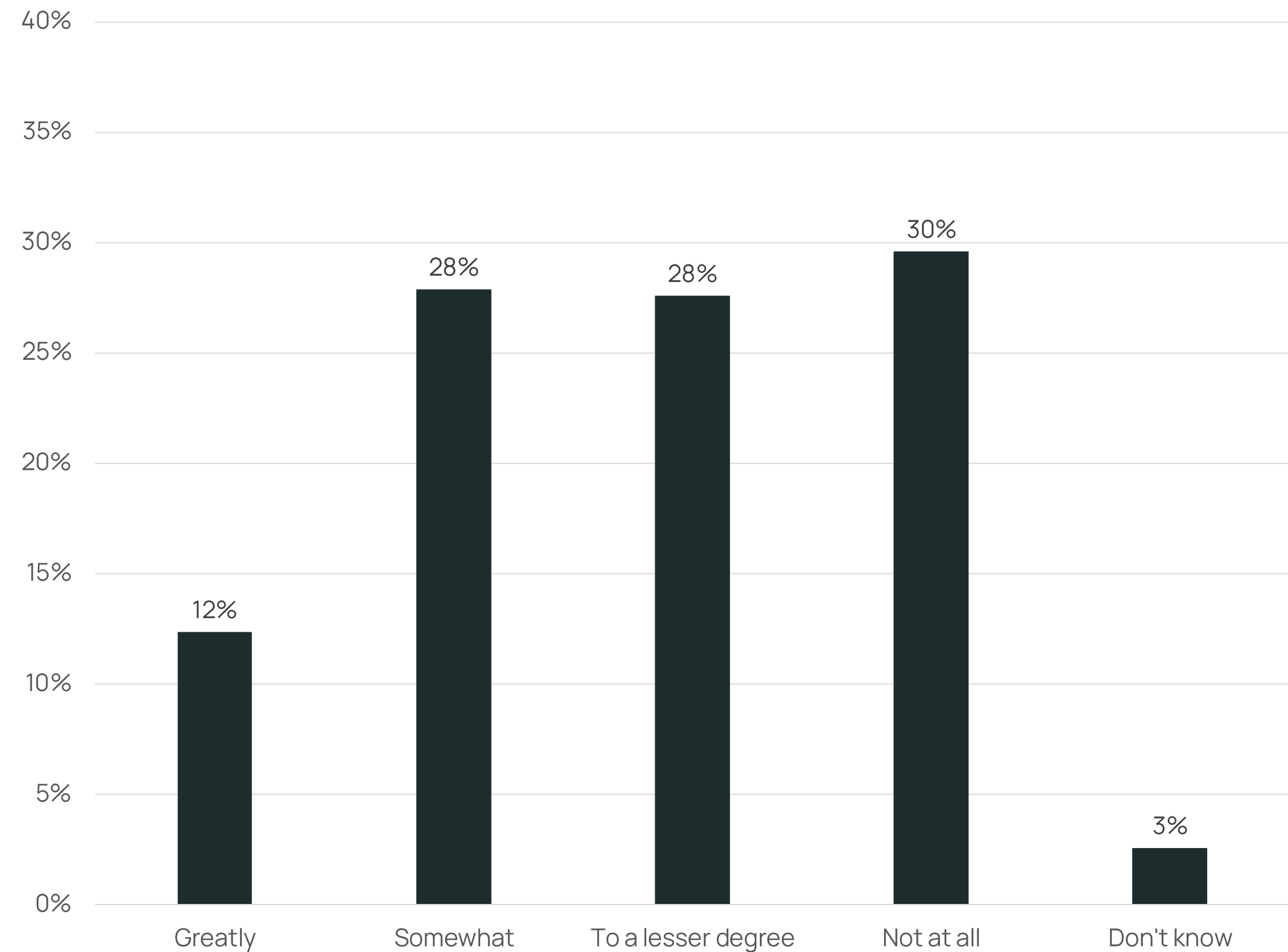


4.1 Digital strategy and use of digital data

Does your organisation have a digital strategy?



To what degree does your organisation utilize digital data in your decision making processes?

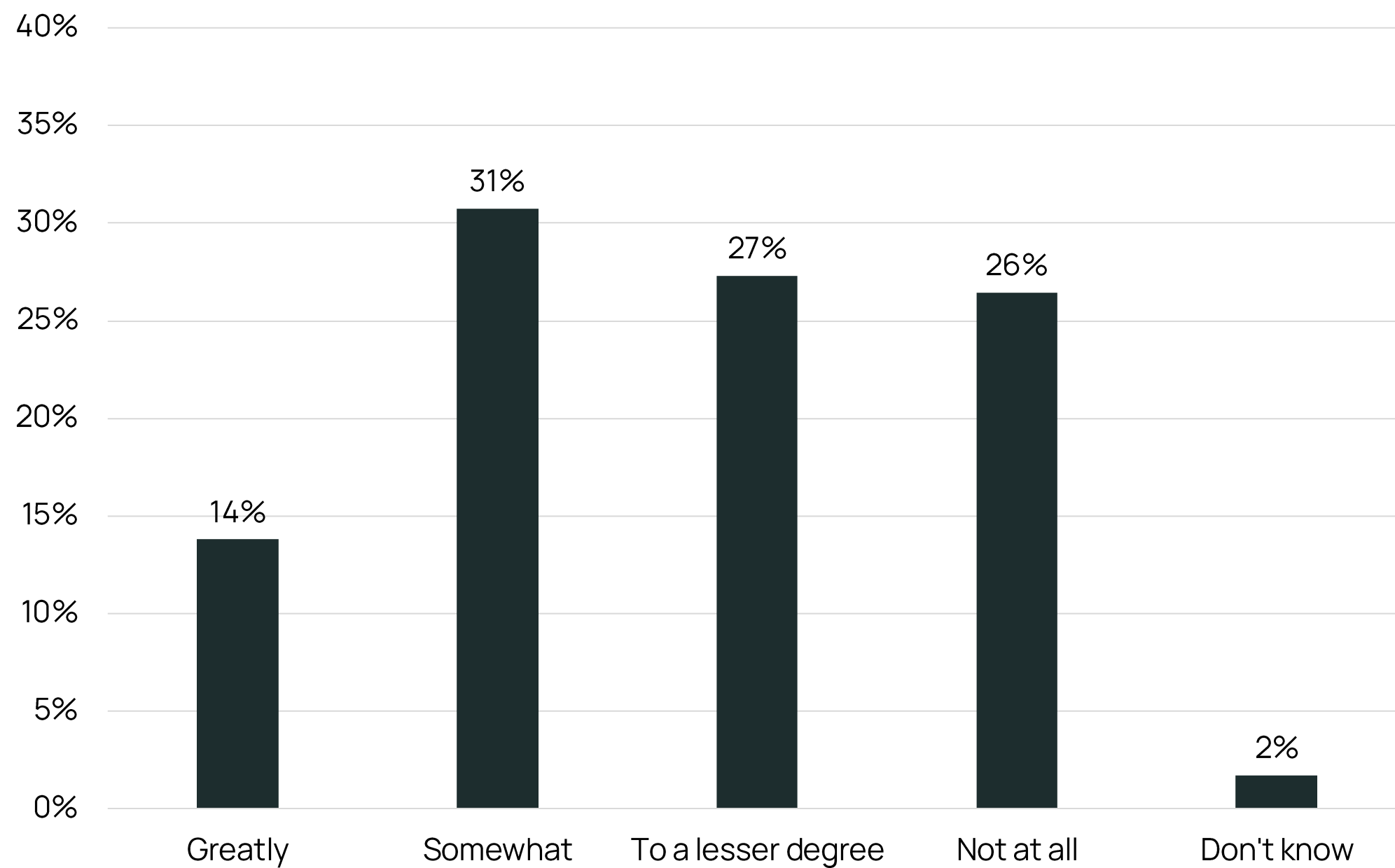




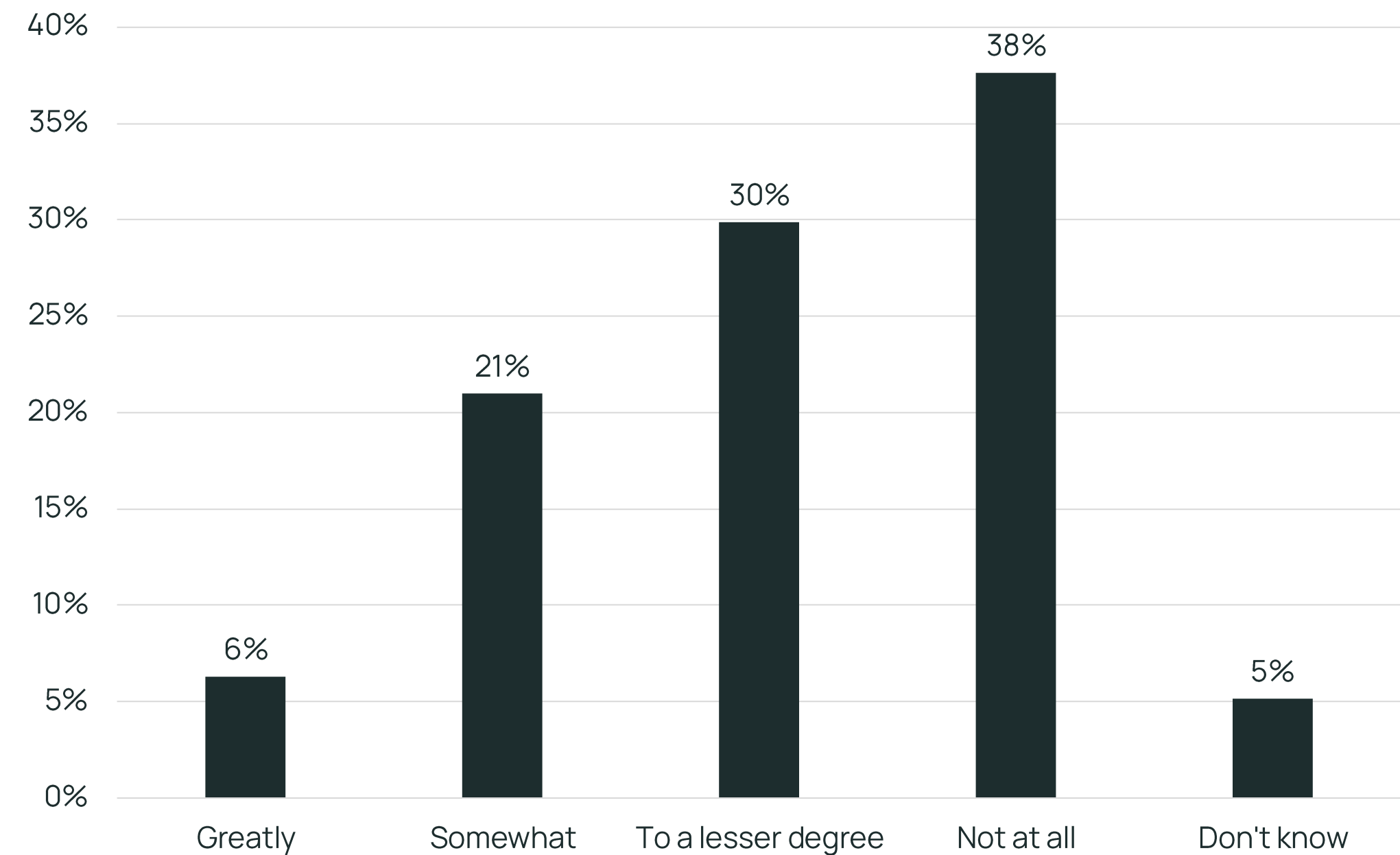
4.2 Moderate digital investment level

Altogether, more than 72% of Danish real estate companies somehow increased their use of digital solutions in 2020. But only 14% increased the use significantly. Looking into the year to come, 6% expect to increase their investments in digitisation significantly and 21% to some degree. 38% do not expect to increase their investments in digitisation at all.

To what degree have your organisation increased your usage of digital solutions in 2020?



To what degree does your organisation plan to increase investments in digitisation in 2021?

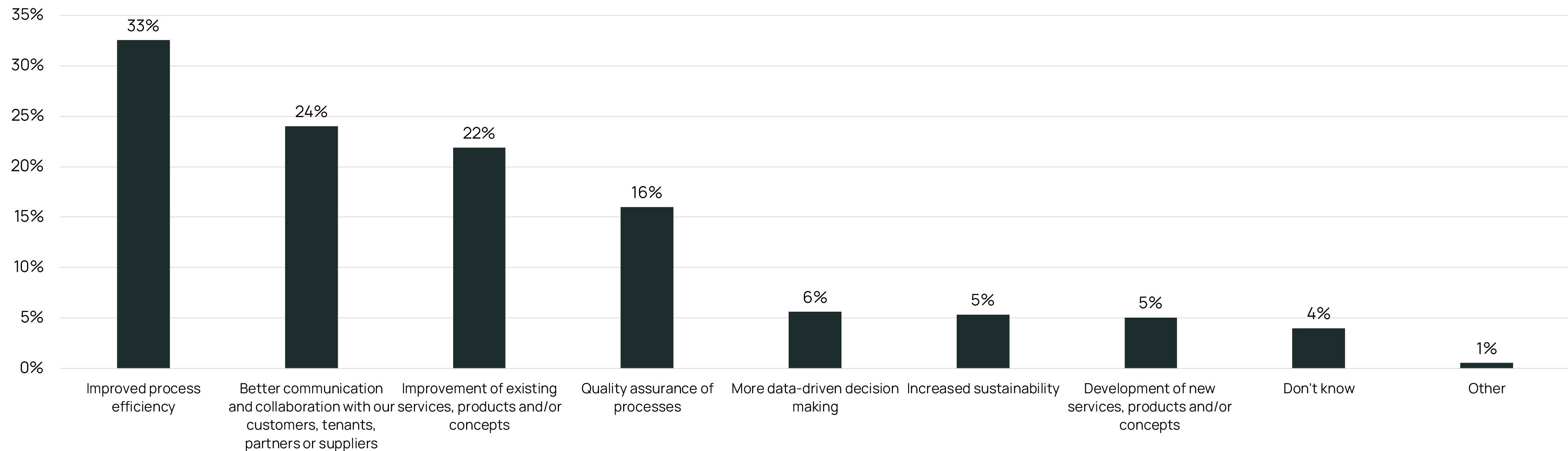




4.3 Desire for process optimisation is the prime digitisation driver

Most real estate companies invest in digitisation to improve internal process efficiency and communication and collaboration with clients, tenants and suppliers. This is also evident when looking into the types of digital solutions real estate companies expect to invest in during 2021, where automation of property and facility management processes and energy efficiency solutions are highest on the shopping list (see next page). Very few, only 5%, invest in digitisation in order to develop new services and products .

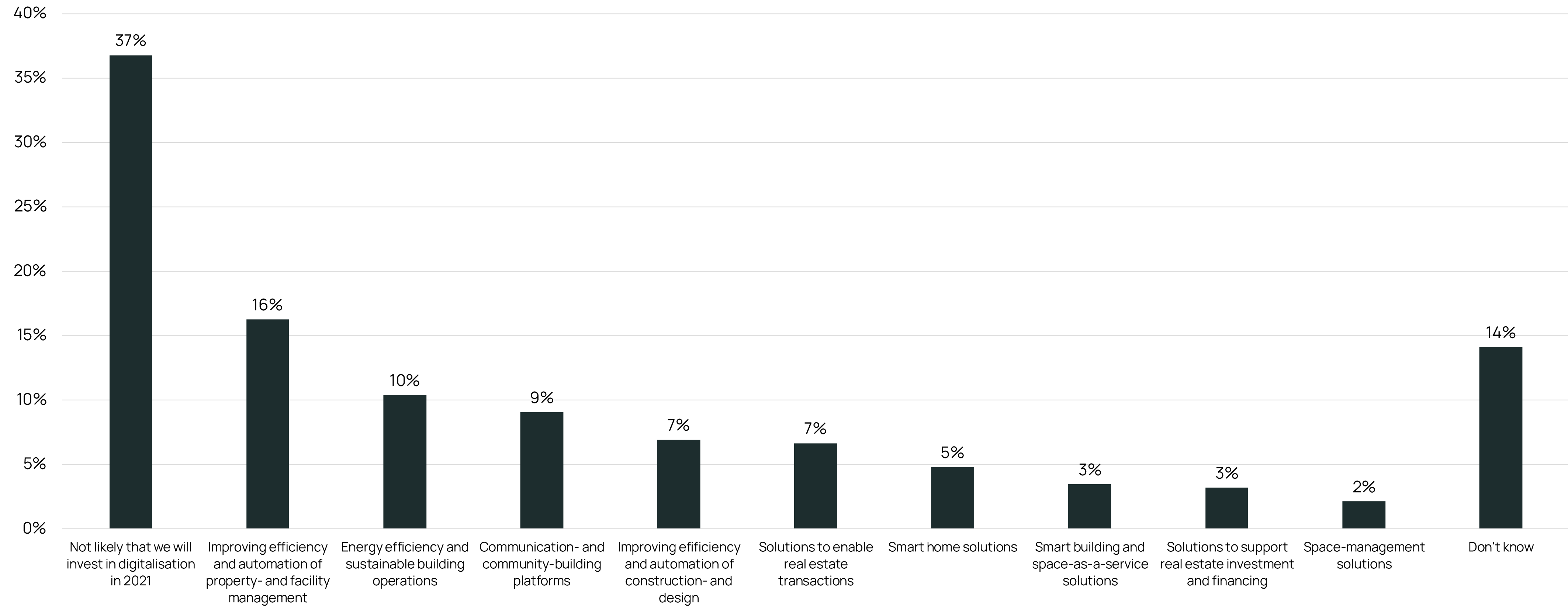
What are the most important goals your organisation wishes to achieve with increased digital investments (max. 3 answers)?





4.4 Popular solutions will be within property and energy management

Within which areas do you think it is most likely that your organisation will start or continue investing in digitalisation in 2021 (max 5. answers)?

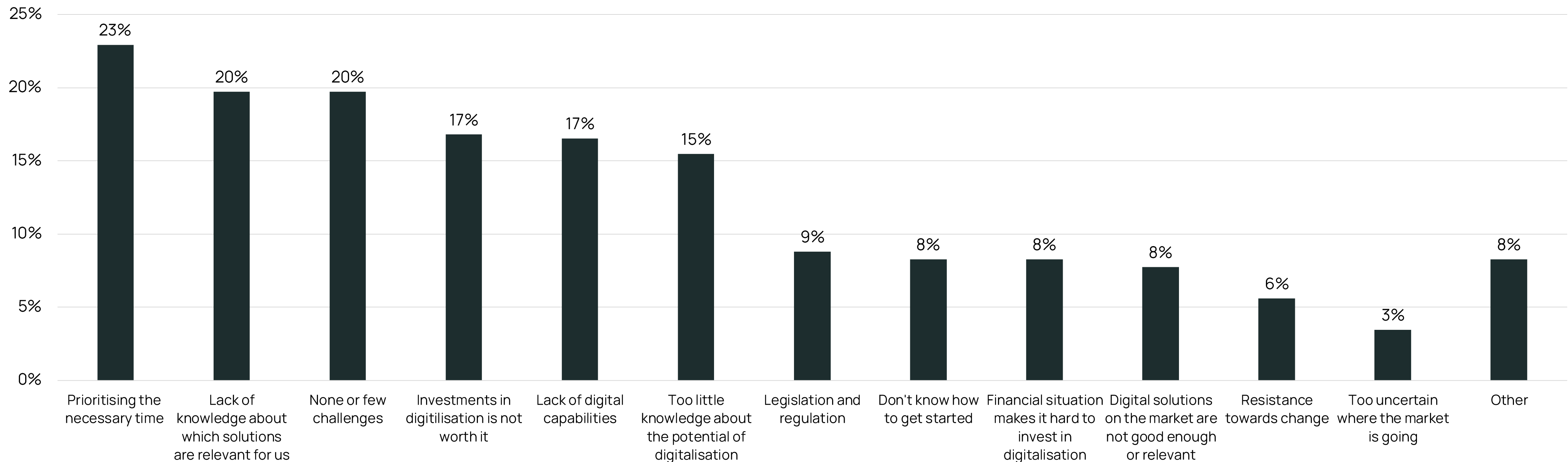




4.5 Lack of prioritisation and knowledge hinders digital transformation

Many of the most prevalent barriers that real estate companies faces in increasing the adoption of digital solutions are of internal character. The challenges especially include lack of knowledge, skills and capabilities and weak prioritisation of needed time. Around a fifth do not experience any significant challenges whereas 17% thinks that investing in digitisation simply isn't worth it.

What are the biggest challenges of increasing the adoption of digital solutions and technologies in your organisation (multiple answers)?



Danish Proptech Report 2021

By PropTech Denmark

Editor in chief: Jakob Stoumann

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