

Emerging technologies will optimise real estate usage, disrupting businesses that aren't up to speed – RealFoundations research predicts

Emerging technologies such as Virtual Reality, Artificial Intelligence and Blockchain will optimise the efficient use of real estate, transforming business models and disrupting those that are unable to keep pace with the changes, new research supported by the European Public Real Estate Association (EPRA) concludes.

'*The Impact of Emerging Technologies on the European Listed Real Estate*' report, compiled by the RealFoundations consultancy and supported by EPRA, focused on what is likely to affect the real estate market by 2025.

Irina Lenchuk, the consultant at RealFoundations who compiled the study, said: "These technologies are likely to have a disruptive impact on real estate, both directly and indirectly, by changing the way property assets are delivered, acquired and maintained as well as by altering the underlying level and nature of demand for bricks and mortar. They may also affect asset values by introducing new variables that modify the appeal a building has and by challenging traditional income streams."

RealFoundations conducted in-depth interviews with ten leading authorities on emerging technologies, including experts on their application in real estate markets. The analysis considered the impact of Artificial Intelligence; Blockchain; The Internet of Things; 3D Printing and Virtual, Augmented and Mixed Realities. Following are the key findings for the three main property sectors:

Office: What tenants expect from their office space will change as jobs and working practices evolve. It is likely that demand for collaborative and co-working space will increase, while occupiers will demand greater connectivity and personalisation. Tenants will expect greater flexibility in their lease terms. Technology will make it easier to forecast occupancy and space usage so that they can be optimised.

Retail: Physical and online retailing will become integral parts of the same business as bricks and mortar retailers build a stronger online presence and e-commerce leaders open stores. Either channel has advantages for retailers, which should seek to balance and maximise the mix in their platforms. New technologies will provide opportunities to enhance the online retail experience and speed up the delivery process, while physical retail space will serve increasingly to entertain shoppers as well as enhance the experience, display and exchange of a product or brand.

Industrial: Emerging technologies will increase demand for high-tech industrial real estate (data centres, online distribution hubs, specialised logistics warehousing) to support digital infrastructure and technology businesses. Such facilities face increasingly sophisticated requirements from occupiers.

RealFoundations recommends that real estate companies leverage these emerging technologies through a five-step approach:

- **Beware of the Hype:** develop a good understanding of emerging technologies (their limitations, the stage of their development, potential applications) to avoid disappointment.
- **Choose Your Power:** select a combination of technologies that work and add specific value to your business.
- **Gather Your Allies:** build partnerships.
- **Know Your Competitors:** watch out for competition, particularly from outside the industry.
- **Use Your Power Wisely:** understand the responsibilities that come with these technologies (e.g. cybersecurity, data protection regulations, higher level of transparency).

Dominique Moerenhout, CEO of EPRA, said: “RealFoundations comprehensive report provides a timely roadmap for listed real estate companies assessing how they navigate the fast-developing world of emerging technologies and their potentially profound impact on our markets.”

The full research is available via [EPRA's website](#).

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About EPRA

The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 260 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 450 billion of real estate assets* and 94% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index. Through the provision of better information to investors, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the industry, EPRA works to encourage greater investment in listed real estate companies in Europe.

**European companies only*

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