



As Forbes defines it, proptech is “businesses using technology to disrupt and improve the way we buy, rent, sell, design, construct, and manage residential and commercial property.” Although a relatively young field, proptech startups have already raised over \$43 billion in funding worldwide since 2012. In 2018 alone there was an 82% increase from the year before.

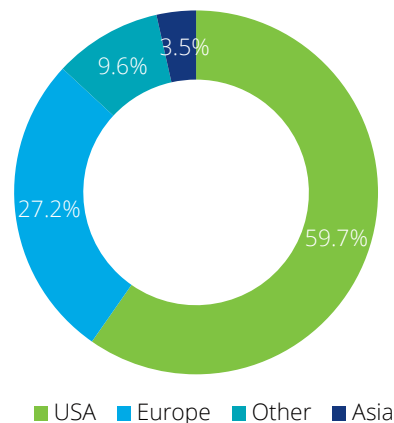
To emphasize the current size of this developing ecosystem, proptech today has the same funding size as fintech did back in 2013. And given fintech's growth of 44.8% (CAGR) since then, the prospects for proptech are strong.

The rent generation

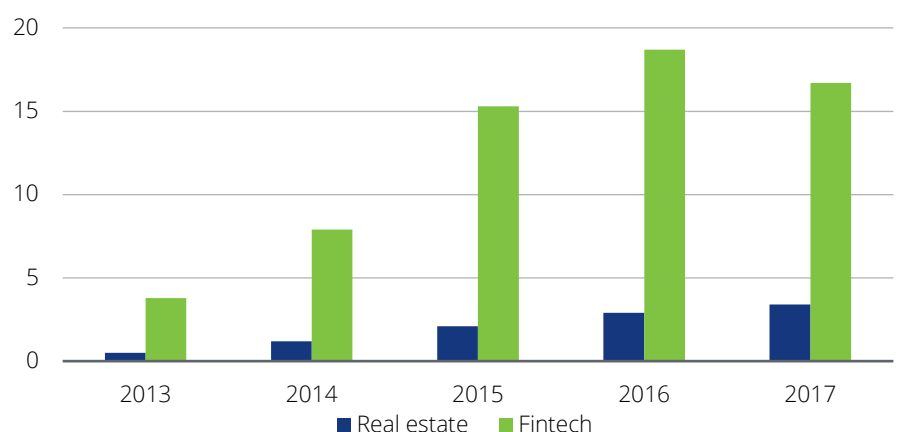
According to CNBC, the fastest growing trend in the housing industry is the demand for rental units and for fast development of vertical rental properties a trend also known as the “rent generation.” This shift in preference from owning to renting real estate is a major driver of the proptech trend. Tenants today have a constant desire to move into better, more updated spaces – spaces that include the latest technology, or what is now termed the “digital occupant experience.”

Whether it is in their work, retail, or living environment, consumers want an “experience” they can control – control of lights, temperature, access, and more – either from their mobile phones or some other digital channel. Proptech not only delivers this digital occupant experience, but with the use of technologies like augmented/virtual reality, it can radically enhance the customer experience while tenants and companies choose, manage, and use any property. In this way, co-living companies can now allow flexible leases and offer a high-quality furnished living experience. And fintech-proptech companies can now offer a seamless tenant onboarding process. Proptech not only reduces costs in operational support but enhances the overall customer experience

The Geography of 2018 Proptech Companies



Funding perspective: Real estate vs. Fintech



Smart buildings are the foundation of these solutions. By offering a platform to collect and analyze data, integrated systems that provide a better understanding of the end user can be enabled. The advanced technologies that support these platforms are now reaching a maturity stage where they can be implemented.

One innovation hub's proptech story
With its more than 400 multinational R&D centers and innovation hubs, Israel can provide insights as to the future of the burgeoning proptech sector. Known to be a leader in disruptive technologies and a first mover in new trends and fields, Israel was ranked the world's sixth most innovative country by the Bloomberg Innovation Index in 2020 and has the second-largest number of startup companies in the world – more than 7,000 – after the United States. With a population of only 8 million people, the country has more startups per capita than any other country in the world, concentrated around the city of Tel Aviv in an area called Silicon Wadi (valley).

Currently, there are more than 100 proptech startups operating in Israel, and this number reflects a 80% CAGR in the number of proptech startups over the last five years. In 2018 alone, \$200 million were invested in proptech startups in Israel, closing a decade that saw over \$1 billion in capital raised, with several companies raising more than \$100 million. Given the vast definition of proptech, which refers to the entire value chain of property, several of the proptech companies are fintech related, demonstrating the connectivity between the two industries.

The key to Israel's success in proptech can be seen more clearly when analyzing the leading sectors within the proptech ecosystem – which includes investing and financing; planning and building; buying, selling, and renting; and managing and operating. It's this last sector that really stands out in Israel. That is, the strongest Israeli proptech startups focus on managing and operating, using technologies that digitalize tenant management, payments, and communication between buyers, sellers, and property owners.

These startups draw on such relevant solutions as data analytics, maintenance, energy management, and tenant experience. They are fueled by the advanced technologies referred to above and, as such, thrive in the Israeli ecosystem.

Proptech's prospects

Like other traditional industries, real estate is a market that hasn't changed very much in decades – maybe even centuries. Proptech presents that rare chance to disrupt such an industry and its attracting a lot of attention from entrepreneurs, investors, and industry incumbents all at once.

Innovation centers like Israel are jumping on this opportunity and companies like those based in the Silicon Wadi tech cluster will play an important role as the proptech trend evolves. Because challenging orthodox thinking, while implementing new business models and technologies, is the key to success in today's real estate world – a world in which proptech is now staking a claim.

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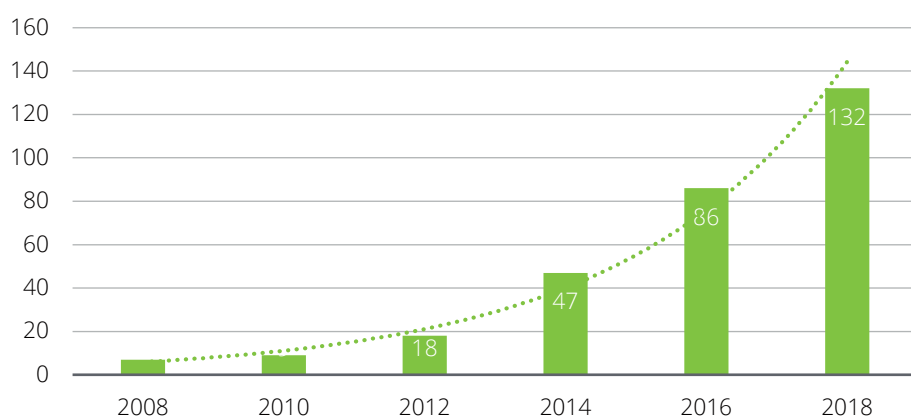
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Israeli startups founded





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