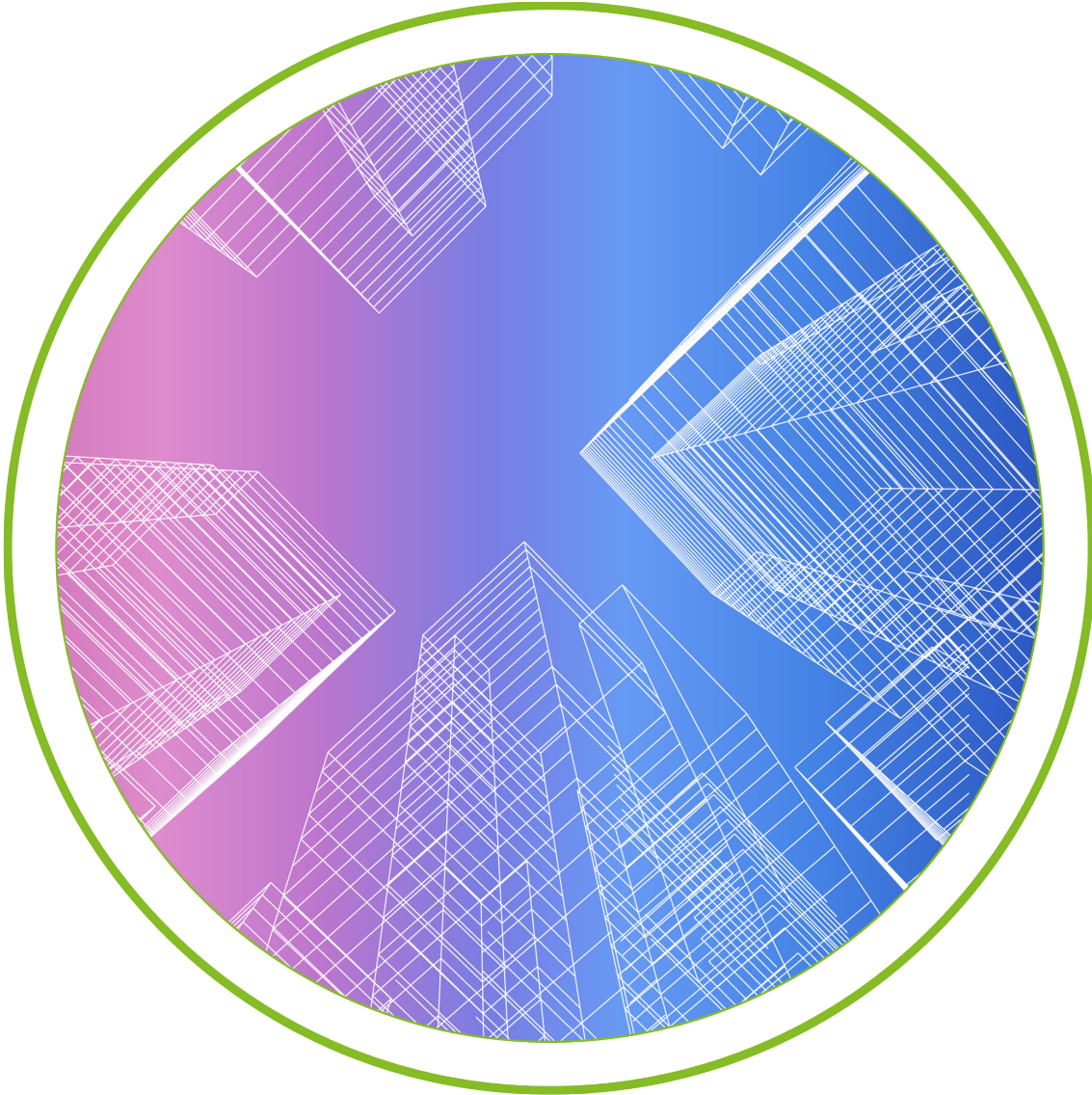


Deloitte.



Real Estate Predictions 2026

Foreword

In an era shaped by rapid technological advancement and escalating climate challenges, the real estate industry is undergoing a fundamental transformation. Data and Generative AI are enabling organisations to move beyond fragmented, reactive processes toward predictive, data-driven operating models. At the same time, growing constraints around power, space and connectivity are elevating urban assets into critical infrastructure. Sustainability, resilience and social value are no longer peripheral considerations but they have become core drivers of investment, development and asset management decisions.

This collection brings together a series of concise, practical perspectives on these shifts. Topics range from data-first AI adoption and next-generation workplace strategies that capture value beyond energy efficiency, to people-centred outsourcing, recurring-income development models, smart water solutions, mobility-led site selection, living-as-a-service concepts and the emergence of on-chain real estate investment structures. Each article explores the opportunities, challenges and actionable steps that industry leaders can take today.

We invite you to explore these insights, identify the trends most relevant to your organisation and consider how they may shape your future strategy. If you would like to discuss how any of these ideas can be translated into tangible initiatives, pilots or programmes, please reach out to your local Deloitte Real Estate industry leaders.



Prediction summaries

Prediction 01

Operating models for commercial real estate in the age of AI

This article argues that AI and centralised data platforms will shift CRE from siloed, manual functions to integrated, predictive operations across the value chain.

Prediction 02

Data centres at the edge

This article contends that the AI bottleneck is moving to power, space and connectivity. This creates opportunities for real estate to become the next AI infrastructure layer.

Prediction 03

Next-generation office strategies

This article reframes post-COVID office competition around non-energy benefits (NEBs) from efficiency and decarbonisation. Quantifying these gains lifts tenant satisfaction and retention, supports rental premiums, reduces operating and insurance costs, lowers cap rates and boosts NOI and value.

Prediction 04

Social value and technology in new UK communities

This article argues that, given the UK's housing shortfall, real estate must pivot from pure delivery to lifecycle social value enabled by technology.

Prediction 05

Outsourcing in real estate: people first

This article advocates people-first outsourcing to turn fragmented, manual investment management into scalable, tech-enabled operations saving 10–35% in costs.

Lasting value depends on leadership, transparent communication, early middle-management involvement, defined roles and strong governance to embed change.

Prediction 06

Future-proof strategic options for developers

This article highlights the erosion of the buy-develop-sell model amid rising costs, tighter credit and permitting delays, with bankability now tied to credible decarbonisation. It recommends deleveraging, asset-light partnerships, regeneration/ESG services, hold-operate models and a shift to operational sectors to secure recurring income and balance-sheet strength.

Prediction 07

The GenAI revolution in real estate: data excellence first

This article shows how GenAI can move real estate from reactive silos to predictive operations if built on clean, unified, governed data. It urges a single source of truth, automated pipelines and strong governance, followed by pilots-to-scale with human oversight to unlock ROI across the value chain.

Prediction 08

Smart Cities Start with Smart Water Handling

This article argues that smart cities must put water at the centre of planning as climate pressures, aging infrastructure and rising demand make it a strategic priority.

Bonus Prediction

Urban mobility data as a predictor of real estate value

This article shows how combining geospatial analysis with mobility data reveals where real estate value will concentrate, with transit-adjacent assets often outperforming by 2–3x and key nodes by 40–60%. It highlights “walkability gaps” and last-mile integration as guides for zoning, mixed-use development and investor strategy.

Bonus Prediction

Living-as-a-Service could reshape rental models

This article argues that a surge in US renters by 2035 creates an opening for subscription-based, living-as-a-service platforms that bundle flexibility and amenities across portfolios. It outlines how LaaS can boost retention and new revenue, and advises owners to build platform capabilities, transparent billing and analytics-led operations.

Bonus Prediction

On-chain fund flows for commercial real estate

This article explains how blockchain and smart contracts can automate fund workflows (such as subscriptions, capital calls, redemptions and distributions) while stablecoins cut cross-border payment cost and time. It recommends pragmatic pilots, clear treasury policies and compliant identity/custody frameworks as adoption and regulation mature.

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Prediction 01

Operating Models for Commercial Real Estate Companies in the age of AI



Introduction

Since the publication of *Data is the New Gold* in 2018, the real estate industry has moved decisively toward a data-driven future. In a market where multiple challenges threaten the sustained profitability of commercial assets, the combination of data and AI can offer an operational solution.

Commercial real estate (CRE) companies face increasing pressure to improve efficiency, transparency and customer focus, while operating in a volatile market of interest rate fluctuations, sustainability requirements and changing tenant expectations. The increasing feasibility of centralized data and artificial intelligence (AI) is becoming a powerful enabler that can fundamentally reshape CRE operating models. When applied thoughtfully, AI can help you unlock significant value through automation, better decision-making and new service offerings. At the same time, it introduces risks related to data quality, governance and organizational readiness, which must be actively managed.

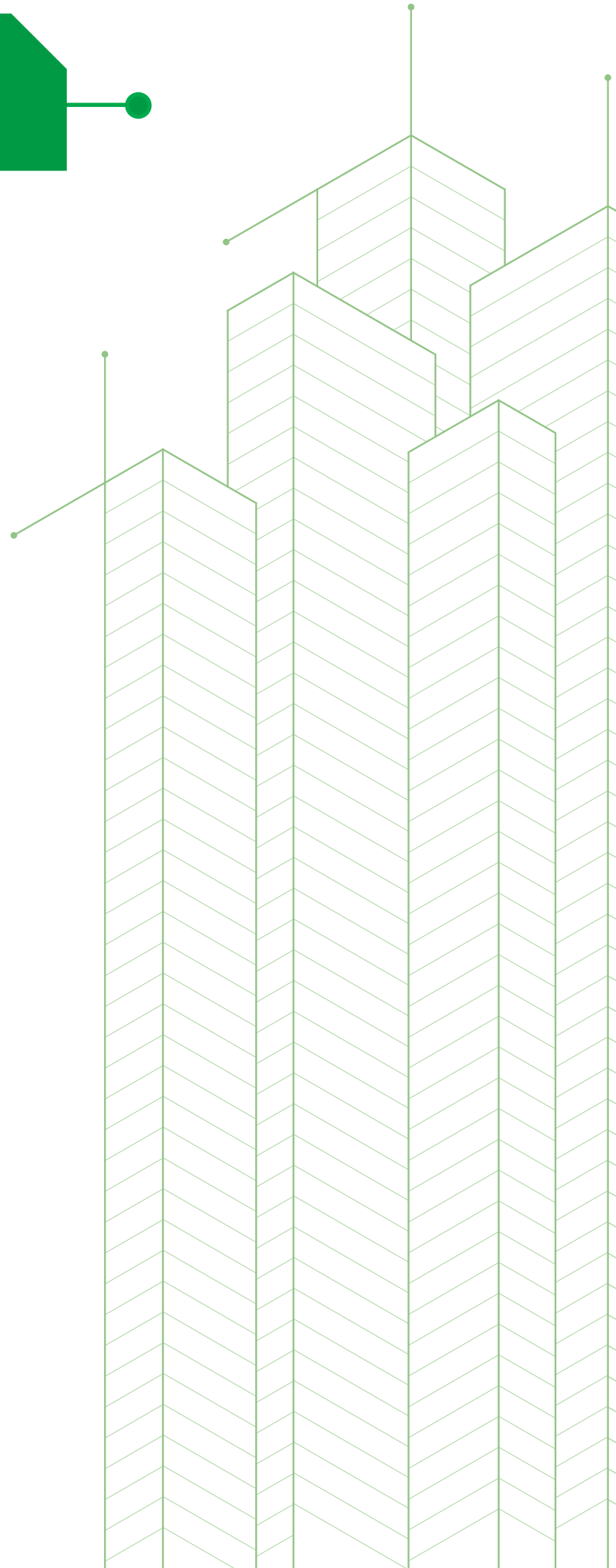




Shifting Operating Models through AI

Traditionally, CRE operating models are organized functionally, around asset management, property management, leasing, transactions, finance and corporate functions. Many processes remain manual, fragmented and experience-driven. With AI, your business can (and should) shift toward a more integrated, data-driven and platform-oriented operating model.

In an AI-enabled operating model, data becomes a shared strategic asset across the organization. Centralized data platforms connect internal sources (e.g., lease contracts, maintenance records, financial data) with external data such as market rents, mobility data, energy prices. AI systems then augment human decision-making by generating insights, forecasts and recommendations in near real time. This enables CRE organizations to move from reactive management to predictive and proactive operations.





Key AI Use Cases Across the CRE Value Chain

01

Asset and Portfolio Management

AI can significantly enhance your portfolio steering and asset-level decisions. Machine learning techniques can model different scenarios to forecast rental incomes, vacancy rates and capital expenditure needs. Predictive analytics can help you identify underperforming assets early and simulate the impact of refurbishment, repositioning or disposal strategies.

Savings potential: Reduced revenue leakage and better capital allocation can improve net operating income by an estimated 1–3% across large portfolios.

02

Leasing and Commercial Management

AI-driven demand forecasting and dynamic pricing models can help you optimize rents and lease structures. Natural language processing (NLP) tools can analyze lease agreements, flag deviations from standard clauses, and identify revenue or risk exposures. Chatbots and virtual assistants can handle tenant inquiries, schedule viewings and pre-qualify leads.

Savings potential: Automation of lease analysis and tenant communication can reduce leasing-related administrative effort by 30–50%.

03

Property and Facility Management

Predictive maintenance is one of the most mature AI use cases in CRE. By analyzing sensor data, maintenance logs and equipment performance, AI enables you to predict failures before they occur and optimize maintenance schedules. Computer vision can support automated inspections and safety monitoring.

Savings potential: Maintenance cost reductions of 10–20% and improved asset uptime are realistic outcomes, particularly for technically-complex properties.

04

Finance, Controlling, and Risk Management

AI can automate your invoice processing, service charge reconciliation and cash-flow forecasting. Advanced models can detect anomalies or potential fraud, and support valuation processes by benchmarking assets against comparable transactions. Scenario-based risk models improve stress testing for interest rates, vacancies and refinancing risks.

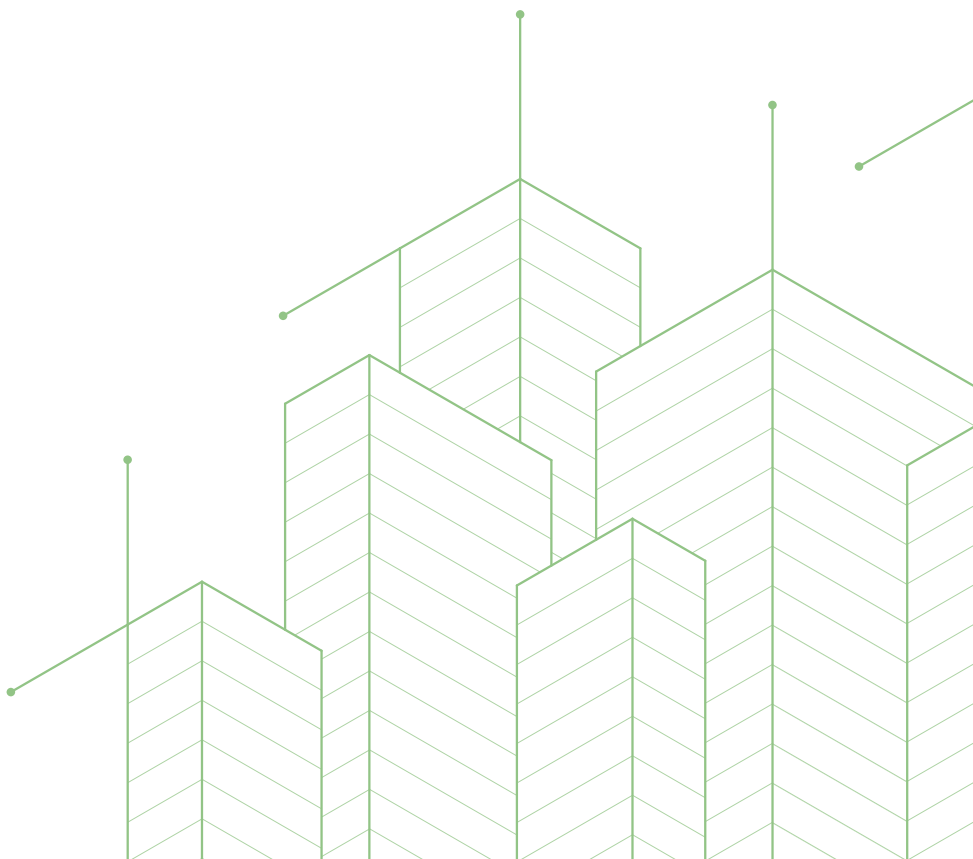
Savings potential: Finance function cost reductions of 20–40% through automation, combined with faster and more accurate reporting cycles.

05

Transactions and Investment Management

AI can support your acquisitions and disposals, by processing large volumes of structured and unstructured data to screen markets, identify attractive submarkets and pre-assess investment opportunities. During due diligence, AI accelerates document review and highlights risks in leases, technical reports or environmental assessments.

Savings potential: Transaction cycle times can be reduced by 20–30%, enabling teams to focus on higher-value negotiation and strategy work.





Organizational and Governance Implications

To realize these benefits, your business must go beyond technology adoption, and adapt its operating model. Clear ownership of data and AI products is essential, often requiring new roles such as data owners, AI product managers or analytics translators. Cross-functional teams become more important, as AI use cases typically cut across traditional silos.

Relevant and shared data throughout the value chain remains critical, and central data repositories will be crucial. It will still be important to define the

necessary data, based on its relevance to results and not only its availability.

Strong governance is critical for managing risks. AI models are only as good as the data they are trained on, so poor data quality can lead to biased or misleading outputs. Transparency, explainability and human oversight are particularly important in high-stakes decisions such as valuations, tenant selection or investment approvals. Cybersecurity and data privacy requirements must also be embedded into the operating model from the outset.



Empowering People Through Activation and Training

Last but not least, successful AI transformation in CRE is not only about technology, it is fundamentally about people. Your employees must be empowered, trained, and actively engaged to work effectively with new AI-enabled processes. You should build digital confidence by providing hands-on training and helping teams understand how AI enhances—not replaces—their expertise.

New competencies, such as data literacy, prompt engineering and model interpretation, will become increasingly important across functions. Moreover, involving your workforce early fosters trust and encourages a culture of experimentation, which is essential for realizing AI's full value.





Risks and Limitations

Despite its potential, AI is not a silver bullet for CRE operations. Over-automation can reduce flexibility and erode valuable human judgment, especially in relationship-driven areas such as leasing or asset repositioning—just imagine an AI agent calling a tenant on your behalf and offering a lease prolongation.

You should recognize the risks of overestimating short-term benefits while underestimating the effort required for data cleansing, system integration and change management. Skills gaps remain a major constraint and, without targeted upskilling, AI tools may be underused or mistrusted by employees.

Conclusion

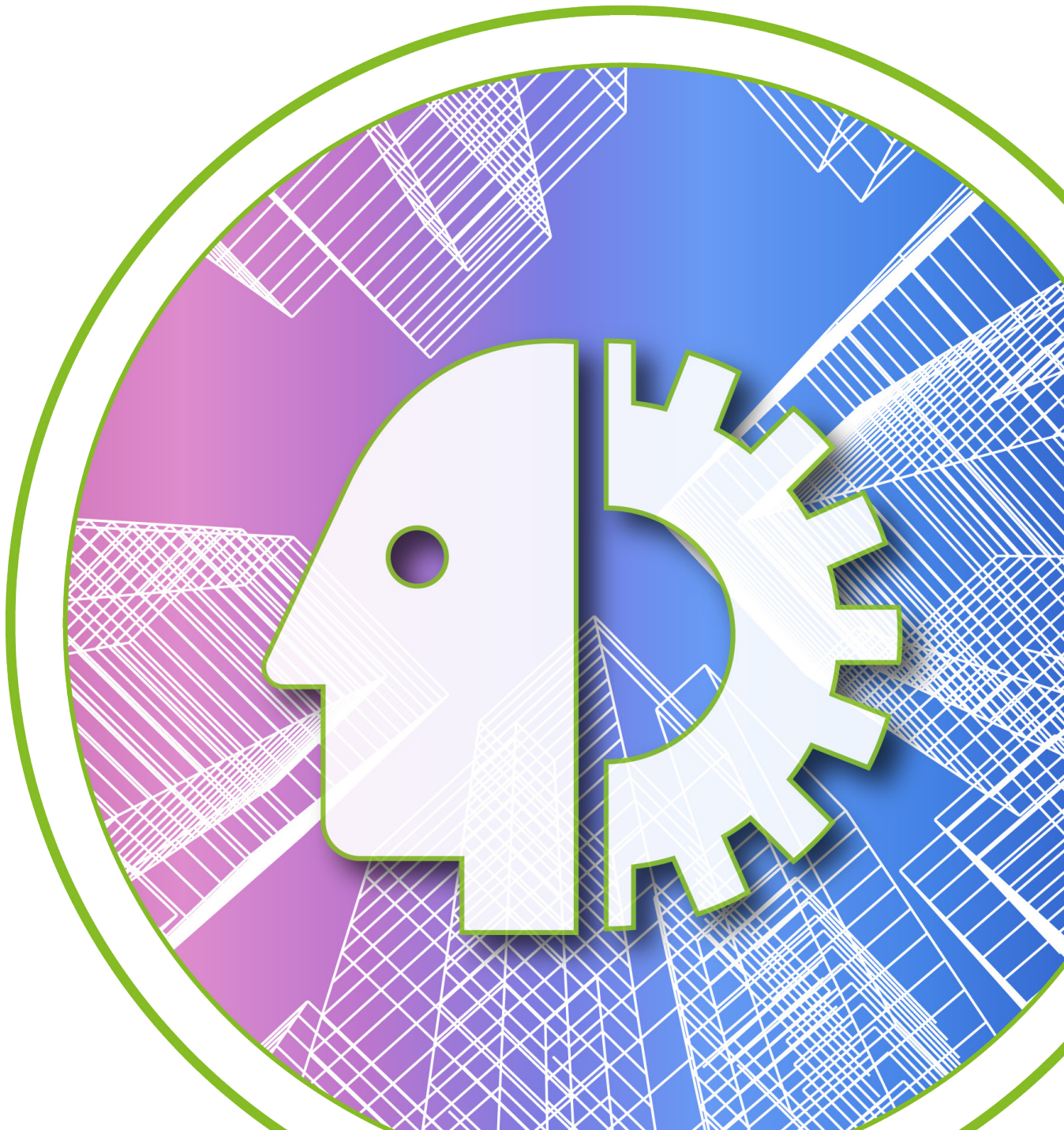
AI offers your CRE business a unique opportunity to modernize its operating model, improve efficiency, and enhance decision quality across the value chain. You can achieve tangible cost savings—as much as 10–40% in some functions—alongside strategic benefits such as stronger portfolio performance and improved tenant experience. However, realizing this value requires a holistic approach that combines technology, data availability, governance and organizational change as well as employee development. As preparation you should first identify selected use cases, then develop and deploy AI agents in limited and safe company environments to show-case, test and make tangible the potential of AI but also identify limitations for e.g. in the actual data structure and availability

CRE companies that treat AI as a core component of their operating model, rather than a set of isolated tools, will be best positioned to manage risks and sustainably outperform competitors in an increasingly complex market environment.



Prediction 02

Data Centers at the edge





Why urban real estate is emerging as the next AI infrastructure layer

As AI grows, the next constraint will be less about technological innovation and more about physical capacity: where compute (computing power) can be hosted, powered and connected.

The first wave of investment focused on large, hyperscale campuses built for training AI models. That will continue, but longer-term demand will be broader. As AI becomes part of everyday business operations, value will increasingly come from inference workloads (real-time AI processing), which need responsive, reliable compute, located close to users, enterprises and data sources.

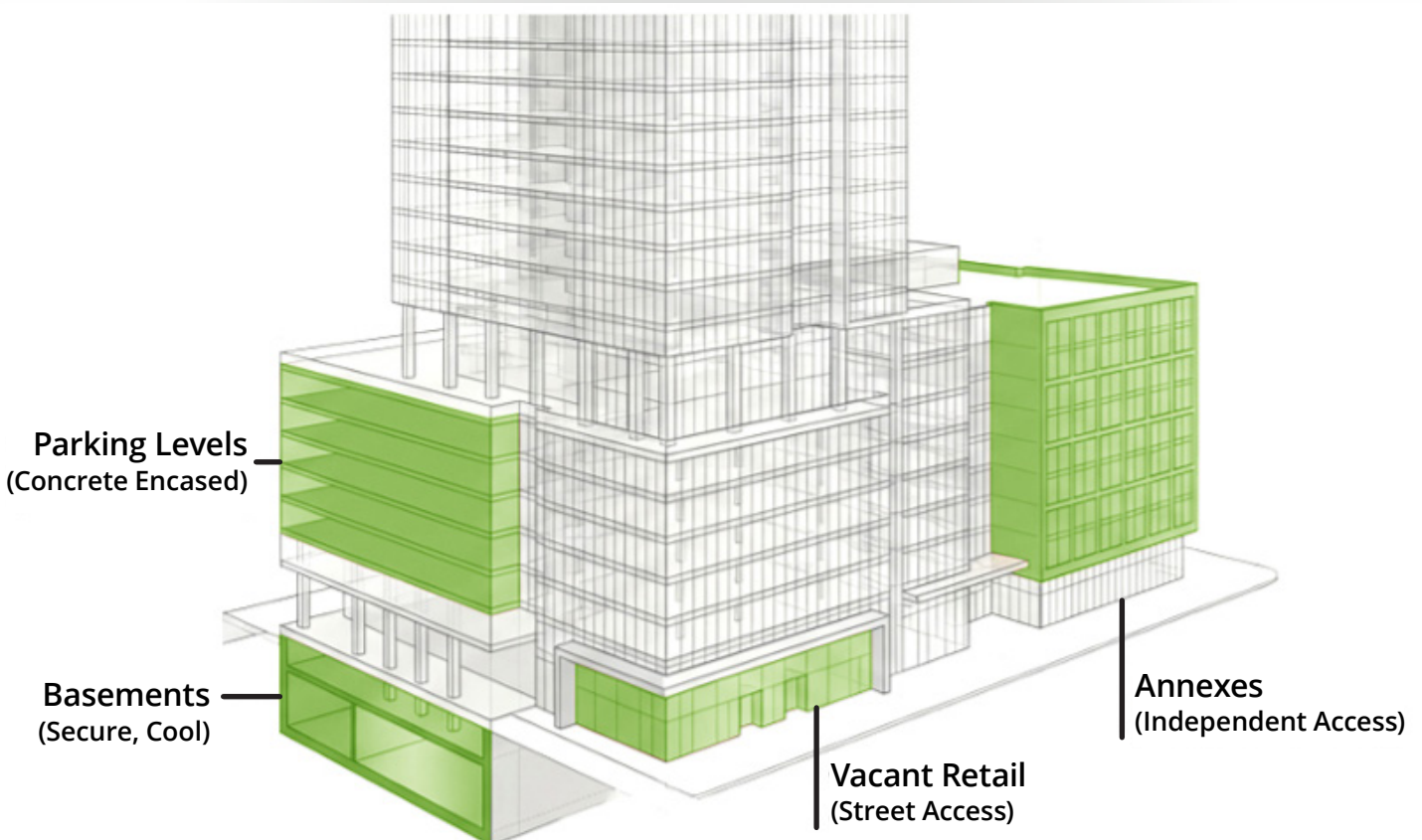
Uptime Institute notes that, while attention is

currently focused on a small number of specialist training facilities, most data centers are likely to invest more in inference support over time.

This is where the need for AI infrastructure will impact the real estate market in a very practical way.

The global commercial real estate sector already controls high volumes of urban, grid-connected and fiber-adjacent space. In many cities, that includes under-used or vacant basements, parking levels, retail floors, annex buildings and older industrial assets. Although these spaces were not originally built for AI, many are located exactly where demand for AI inference is greatest.

Global portfolios already control large volumes of grid-connected, fibre-adjacent space. These assets, though not built for AI, sit in the exact locations where inference demand is highest.



Market analyses confirm this important trend. For example, the International Energy Agency (IEA) projects that global electricity consumption by data centers will roughly double to about 945 TWh by 2030, with AI as the most significant driver. It also observes that **demand from AI-optimized data centers is projected to more than quadruple by 2030**. Industry analysts expect the global data center sector to expand at a 14% CAGR through 2030, and estimate that nearly 100 GW of new data center capacity will be added between 2026 and 2030—effectively doubling global capacity—driven by **33% annual growth in demand for AI-ready capacity**.

These figures matter for real estate because they point to a simple conclusion: **not all future AI demand can be met effectively by remote, greenfield hyperscale campuses alone**.

For many enterprise AI use cases, proximity (distance from data center to data consumer) matters.

AI-enabled customer service, building operations, logistics optimization, fraud detection, healthcare workflows and smart city applications all benefit from lower latency and less complex data transfer. Although this does not require every building to become a large-scale AI training site, it does create a strong case for tier 2 and tier 3 AI facilities focused on urban inference. For asset owners and developers, this offers you a high-value proposition, supported by current market indicators:

- Global data center trends signal that market vacancy rates are less than 2%, indicating extreme supply tightness and strong leasing momentum.
- At current co-location benchmarks, 1 MW of AI-ready capacity can generate roughly \$2.2 million annually, translating into a rent-equivalent revenue of about \$2,300/sqm/year, three times higher than Grade A office benchmarks (region dependent).

- Operational Inference
- Continuous Use
- Distributed





That makes urban AI one of the most under-recognized opportunities in commercial real estate today

There are four reasons why this matters:

01

Urban inference can create performance value.

Proximate (near-distance) computing can improve responsiveness and reduce dependence on sending workloads to distant cloud facilities. As AI moves from experimentation into live operational processes, that performance gap becomes commercially meaningful. For financial institutions such as banking, trading, and stock exchanges, nanosecond communication delays, due to remote AI systems, can mean millions of dollars a year. Time-to-compute is money.

03

It changes how assets are valued.

Power access, substation proximity, fiber routes and upgradeability are becoming more material to underwriting. In practice, this means some assets will gain strategic value even if they were previously considered secondary, while others may face a discount if they cannot support future digital infrastructure requirements.

02

Urban deployments can unlock energy integration opportunities.

AI infrastructure is energy-intensive, but distributed inference facilities generally have a different energy and computing profile from hyperscale training clusters. In dense urban environments, this creates opportunities to integrate data center waste heat into building systems or district heating networks, where policy and infrastructure permit. The IEA has highlighted the potential of data centers as a valuable waste heat source for district heating locally. This is particularly relevant in parts of Europe where decarbonization and heating infrastructure planning are increasingly linked.

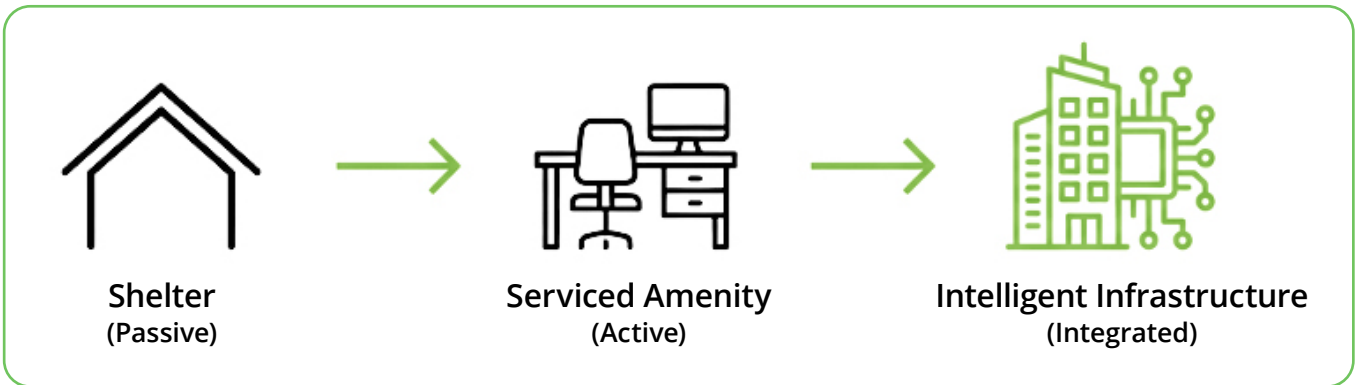
04

An evolved tenant and revenue model.

This is not only a space conversion play, it is a business model shift. An AI-enabled building can diversify income by combining traditional tenancy with digital infrastructure revenues (power capacity, co-location style hosting, connectivity), making the asset more attractive to AI-first occupiers.

The market is already moving towards power-based monetization rather than floor-area economics, which reflects the pricing of digital infrastructure based on performance capacity (how much compute is generated on site), rather than square meters occupied. This means that CRE landlords have a vested interest in higher data center performance, where revenue-share models tighten commitments on SLA performance (e.g., power quality, resilience, maintenance windows, response times).

Power availability is already a limiting factor in many markets where grid constraints create a major challenge to sector growth. Recent utility reporting also shows that large-load demand is rising fast. Reuters reported that Southern Company has already contracted 10 GW of large-load customers and is seeing connection interest totaling around 75 GW, much of it tied to data center demand. This has immediate implications for site selection, permitting strategy, and capital planning.



AI compute is no longer just a tenant category; it is a layer of the building itself. Successful repositioning means becoming part of the digital infrastructure that supports tenant operations.



For corporate real estate leaders, developers and operators, the practical response is not to chase every data center trend, but to assess your portfolio's readiness with discipline.

This raises new and important questions for due diligence:

- 01** Is the asset's power potential real, or only perceived? Determine what is available today, what can be upgraded, and on what timeline. Many assets look promising until power diligence is done properly.
- 02** Is the asset in the right demand geography for AI inference, not just in a "good" real estate location? Determine if the asset sits near enterprise clusters, carrier-dense fiber routes and latency-sensitive consumers. This requires mapping digital demand, not just traditional demographics and tenancy comparables.
- 03** Can the building be retrofitted economically and safely for sustained operations? You should assess cooling strategy, structural constraints, risers, plant space, acoustics, access and physical security. Your focus should not be the technical feasibility of retrofitting, but the commercial viability of achieving the required performance level.
- 04** Will the market and regulatory environment support execution at speed and scale? The opportunity can be lost through permitting, utility approvals, policy friction or stakeholder resistance. In this market, speed-to-readiness is a competitive advantage.

Conclusion

The strategic shift is that AI compute will no longer be just a tenant category. It is becoming a crucial factor, which shapes highest and best use, capital allocation, asset value and resilience planning across portfolios.

The real estate sector should not aim to emulate hyperscale infrastructure overnight. But, in the next cycle, by identifying and activating urban assets as distributed AI infrastructure, you will be better positioned to capture demand, protect relevance and create differentiated value.

AI compute is not replacing real estate strategy. It is rewriting the criteria by which future-ready real estate will be judged.



Prediction 03

Next-Generation Office Strategies



Introduction

Global office markets are now recovering from the COVID-19 pandemic, but competition is shifting to focus on broader value creation, including environmental performance, disaster resilience, comfort and convenience.

Non-Energy Benefits (NEBs) are the secondary gains from energy-saving or decarbonization initiatives, such as enhanced health, productivity or property values, beyond direct energy savings. Adopting this perspective enables you to assess a building's value more comprehensively than by considering traditional utility cost savings alone.

This article explains how NEBs can help you increase building value and shorten investment payback periods by using comprehensive, quantitative evaluation methods, with real-world examples from new construction and renovation cases.

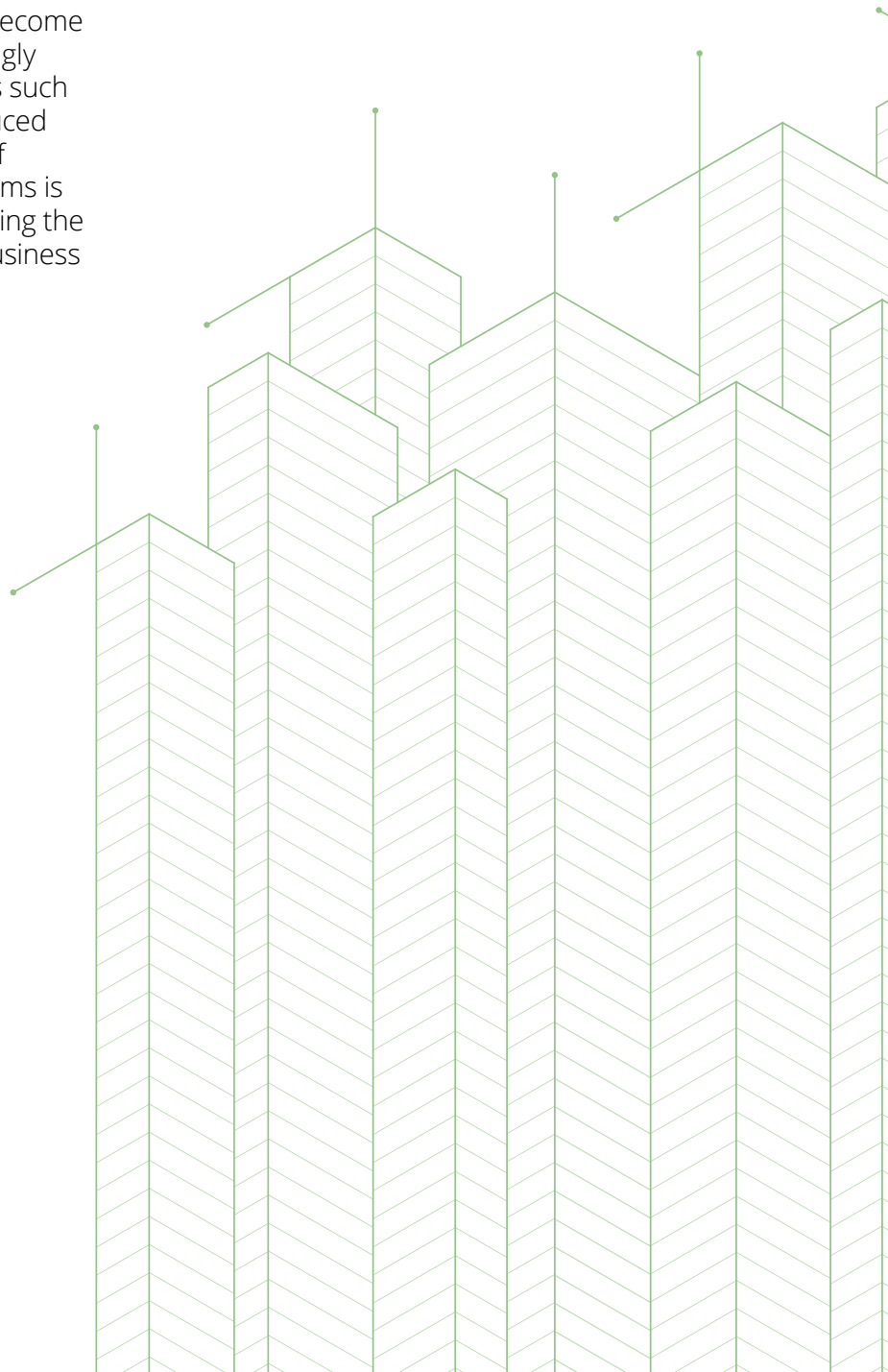




Next-Generation Strategies for the Office Market

The office market is now recovering from the supply–demand imbalance caused by the COVID-19 pandemic, as employees return to the office and corporate activities are being revitalized. However, the competitive focus has shifted from “location and rent” to “comprehensive value creation,” and now emphasizes environmental performance, disaster resilience, comfort and convenience.

Obtaining environmental certifications has become more common, and companies are increasingly making investment decisions based on NEBs such as improved health and productivity, or reduced turnover rates. Furthermore, the adoption of digital technologies and smart building systems is enhancing operational efficiency and improving the tenant experience, thereby strengthening business continuity.



The Shift from Energy Efficiency to Comprehensive Value

Evaluation criteria for buildings have shifted from a narrow focus on “greenness and energy efficiency” to a broader approach, reflecting stricter regulations, disclosure standards, increasing investor demands, and growing interest in tenant well-being and Business Continuity Planning.

Health, productivity, disaster resilience and comfort are increasingly important when evaluating buildings. Corporate branding, talent acquisition and strong relationships with local communities can also enhance a building's competitiveness and market appeal. This trend has been accelerated further by the post-COVID-19 redefinition of offices, intensified competition for talent, and more frequent natural disasters.

By optimizing comprehensive value in your designs

and operations, you can improve rental income, occupancy rates, lease renewals and tenant retention, resulting in stable cash flow. Operational efficiencies during construction and management can also improve your cost control, and create financing advantages such as better terms and lower interest rates for targeted loans, lower insurance premiums and deductibles, and favorable conditions for environmentally-friendly loans. This approach can also improve tenant composition, enhance corporate brand reputation and foster collaboration with local communities, thus streamlining the process of obtaining permits and approvals. Initiatives focused on comprehensive value creation are increasingly recognized as effective strategies for optimizing the risk–return profile of building assets.

Figure 1: Values Prioritized by Each Stakeholder of the Building

	Enhancement of Human Capital Value	Cost Reduction	Improvement of Corporate Value	Fulfillment of Social Responsibility	Contribution to Business
Employees	●		●	●	●
Business Partners					●
Customers		●		●	●
Financial Institutions	●	●	●		●
Shareholders/ Investors	●	●	●		●
Government/ Local Authorities			●	●	●
Local Communities	●		●	●	●

Legend: ● Highly prioritized; ● Prioritized



What are NEBs?

NEBs are defined as the secondary effects resulting from energy-saving or decarbonization initiatives, beyond the direct energy-saving effects (Energy Benefits). This concept encompasses a broad range of benefits beyond CO₂ emission reductions, including improved quality of life, increased economic activity and broader societal gains. NEBs are also known as “Co-benefits” or “Multiple Benefits.”

The International Energy Agency identifies several

positive outcomes associated with enhanced energy efficiency, such as energy savings, affordability, competitiveness, grid investments, energy security, emission reductions, jobs, asset values, health and economic growth. For example, investments in energy efficiency—such as lighting and ventilation—can also improve workplace environments, which enhances employee health and productivity.



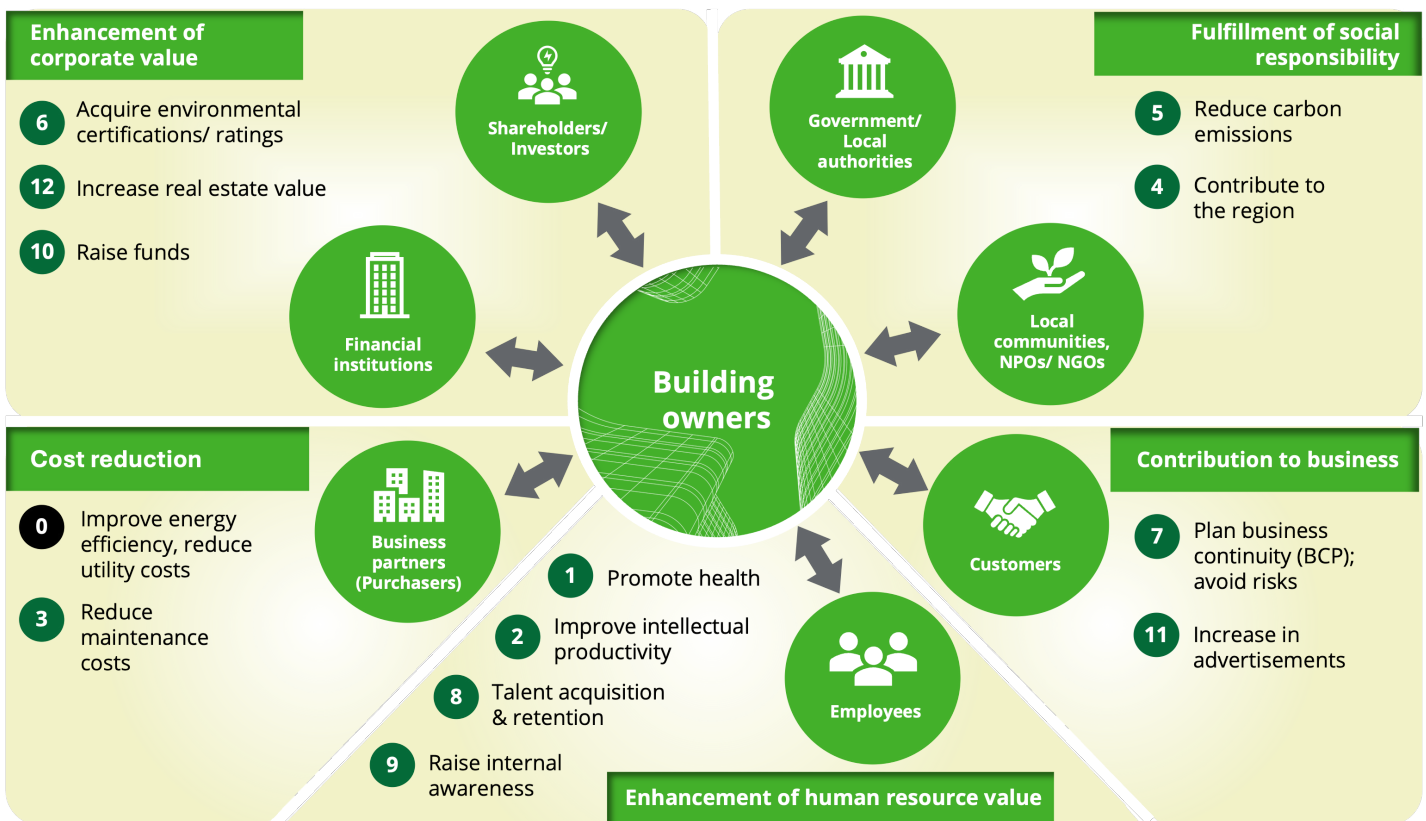
Development of NEBs Indicators as a Quantitative Evaluation Method

NTT FACILITIES, Inc. and Deloitte Tohmatsu LLC have collaborated to develop quantitative NEB indicators for assessing the comprehensive effects of constructing or renovating energy-efficient buildings. By using these indicators, you can base decisions about introducing energy-efficient buildings not only on energy savings, but also on the additional benefits.

or renovating energy-efficient buildings from the perspective of different stakeholders, including employees (i.e., the buildings' users), corporate and consumer customers, government agencies, local communities, financial institutions, shareholders, investors, NPOs and NGOs.


NEB indicators reflect the effects of constructing







Figure 2: Stakeholder-Specific Benefits in NEBs Indicators



These indicators establish evaluation criteria for each of the many NEBs that arise from the construction or renovation of energy-efficient buildings. Based on existing data, such as basic building specifications and operational conditions, we have developed calculation logic and formulas that quantify the financial impact of each NEB, to provide a measurable assessment of the benefits.

Figure 3: Evaluation Criteria and Calculation Logic in NEBs Indicators

No.	Evaluation index	Effects	Calculation formula
00	 Improve energy efficiency, reduce utility costs		
01	 Promote health	Improvements in the office environment will enhance the mental and physical well-being of users and reduce poor performance and absenteeism due to poor health	Decrease in amount lost due to presentism/absenteeism × Number of employees working at the facility
02	 Improve intellectual productivity	Improvements in the office environment will advance users' intellectual productivity and reduce working hours	(Working hours for the entire pre-renovation base - Working hours for the entire pre-renovation base ÷ Productivity improvement rate) × Impact headcount ratio × Hourly overtime rate
03	 Reduce maintenance costs	Reductions in equipment operating time due to downsizing and energy-saving operations will reduce the number of times equipment parts needs to be replaced and will reduce maintenance costs as well	Reduction in air conditioning maintenance expenses + Reduction in lighting maintenance expenses
04	 Contribute to the region	Energy-efficient renovations improve aspects like building appearance, contributing to the local community and enhancing branding	Substitution cost for training programs for students/local communities + Substitution cost for landscape improvement
05	 Reduce carbon emissions	Reductions in CO ₂ emissions subject to the carbon tax and in tax burdens thanks to energy conservation and creation	Energy consumption reduction × CO ₂ emission intensity × Carbon price
06	 Acquire environmental certifications/ ratings	Improvements of owner reputation from acquiring environmental certifications through energy-saving renovations	Mid-career recruitment cost per person × Number of employees × Turnover rate due to office environment × Implementation rate of office environment measures

No.	Evaluation index	Effects	Calculation formula
07	 Plan business continuity (BCP); avoid risks	Improvements to resilience through the introduction of new energy sources will avoid and reduce risks due to disasters and the strengthening of laws and regulations, thereby avoiding loss of operating profit	Amount of time that would have been lost due to power outages × Amount of loss per hour
08	 Talent acquisition & retention	Enhanced work engagement strengthens recruitment capabilities and reduces user turnover rates	Mid-career recruitment cost per person × Number of employees × Turnover rate due to office environment × Implementation rate of office environment measures
09	 Raise internal awareness	Improvements in user's environmental awareness	Substitution cost for environmental training + Reduction in material purchase costs and waste disposal costs due to increased environmental awareness
10	 Raise funds	Increase in ability to use sustainability-related financial products and ability to raise funds at lower interest rates	Loan amount × Interest rate differential from using environmentally related financial products
11	 Increase in advertisements	Improvements in reputation in terms of environmental consideration and wellbeing thanks to media coverage of the building's advanced nature	Number of articles in the press × Price per article
12	 Increase real estate value	Enhancing office value as a productive workplace and acquiring certifications increase rental income or real estate sale prices	NOI for Net Zero Energy Building. (ZEB) - NOI for non-ZEB



How do NEBs Improve Asset Value?

By enhancing NEBs, you can improve comfort, health, safety and resilience, which in turn increases tenant satisfaction, productivity and occupancy duration. These improvements support increased rental premiums, higher lease renewal rates and more stable occupancy, directly boosting Net Operating Income (NOI).

From a cost perspective, NEBs can reduce your spending on maintenance, repairs, property management, tenant recruitment and insurance. Improved NEBs encourage proper equipment usage and preventive maintenance, making regular maintenance procedures more efficient and reducing accident-related losses. Enhanced safety and reduced risk may also lead to a favorable review of insurance premiums. Ultimately, stabilizing and reducing Operations & Maintenance costs also helps improve your NOI.

Additionally, as NEBs help lower physical and compliance risks, investors may require lower

capitalization rates, increasing asset values. Overall, strengthening your NEBs gives you a foundation for improving both NOI and asset value, thereby reinforcing the long-term value proposition of your real estate assets.



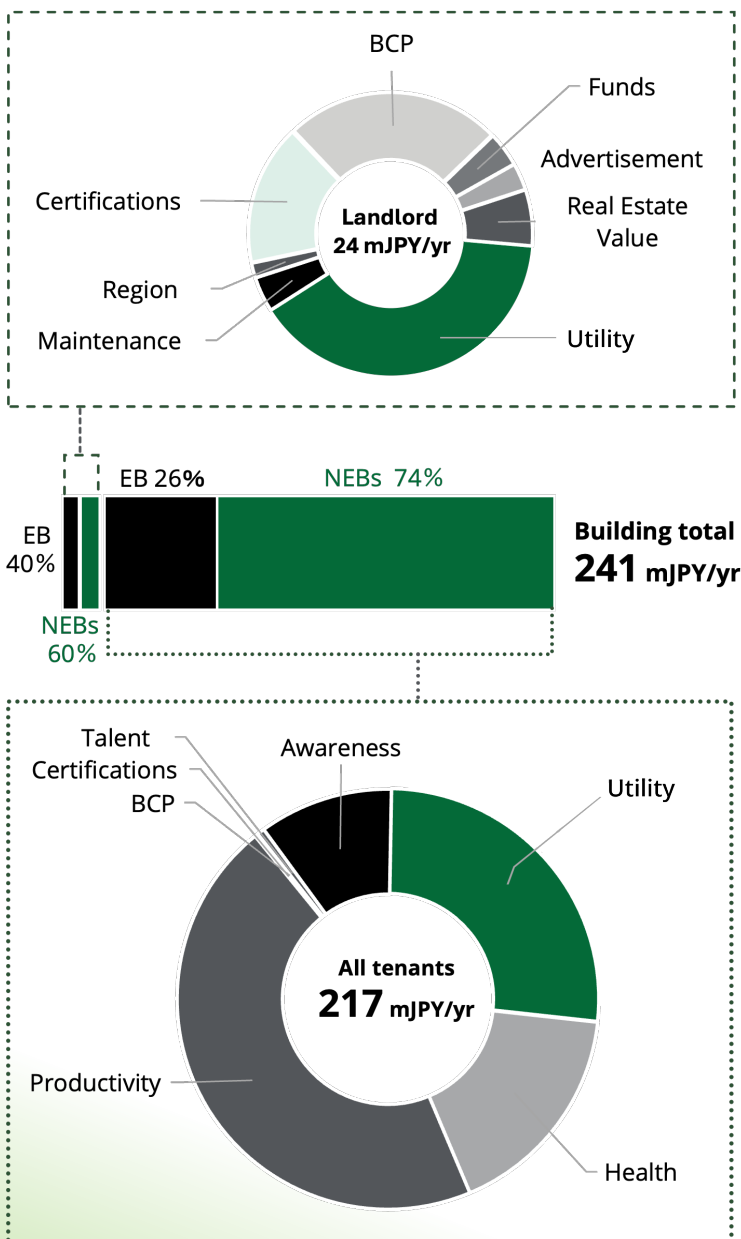
Case Study



An evaluation of the Urbannet Sendai-Chuo Building revealed that it achieved a total annual effect of 241 million yen. This figure combines the direct Energy Benefits (70 million yen per year from reduced utility costs) with the secondary NEB effects, of 170 million yen per year. Of the total, the effect realized by tenant companies was 217 million yen per year, while the effect realized by the building owner was 24 million yen per year.

Figure 4: Building Subject to Calculation & Calculation Results

Calculation Results



Building Subject to Calculation

Urbannet Sendai-Chuo Building



Location: Sendai City, Miyagi Prefecture

Site Area: 3,073.86 m² (33,086.75 ft²)

Total Floor Area: 42,132.77 m² (453,513.34 ft²)

Structure and Scale: Steel structure with partial reinforced concrete, seismic isolation structure

19 floors above ground, one basement floor

This article is based on Deloitte's 2025 report, Next-Generation Office Strategies, available at <https://www.deloitte.com/jp/ja/Industries/real-estate/perspectives/non-energy-benefits-en.html>

Prediction 04

**Social Value and Technology in
New UK Communities: Insights
and Opportunities**



Introduction

The UK's housing deficit of 6.5 million homes¹ represents a wake-up call for the real estate industry, and not only for new buildings. It also calls for leaders to build communities that prioritize social value, wellbeing and resilience.

Technology is now central to all stages of the development lifecycle, and can help you both accelerate delivery and ensure social needs are met. This article outlines how strategic adoption of recent innovations can help you build sustainable, future-proof communities.





Technology in Design: Laying the Foundations for Social Value

Social value ambitions are set at the design stage, for which community engagement platforms (e.g. Yemetech², Commonplace³) can be used to support inclusive, data-driven consultation. In Southwark, for instance, Commonplace was used for targeted outreach and mobile surveys of elderly and social housing residents, to include underrepresented voices in shaping plans⁴. Such tools enable masterplans to reflect genuine local needs – like green spaces, schools, and libraries – and align with the National Planning Policy Framework’s (NPPF) goal of “healthy, safe and inclusive” developments⁵.

Deloitte’s Living Masterplan, an AI-enabled accelerator, integrates social value metrics – such as access to public transport, affordable housing, local employment, and health facilities – into scenario modelling. This enables layouts to be visualized rapidly and optimized for wellbeing, connectivity and sustainability, helping developments deliver measurable benefits to communities.

This matters. Deloitte’s State of the State report⁶ indicates that 47% of respondents feel that improved health and wellbeing are essential factors for improving the UK’s economic growth.



Technology in Delivery: Accelerating Impact and Inclusion

Technology can help you streamline construction and boost social value. Building Information Modelling⁷ (BIM) and digital twins⁸ enable real-time collaboration and transparent reporting, using dashboards to track new jobs, apprenticeships, carbon savings and local sourcing. These tools could also help make public-private partnerships more efficient, by giving all parties easy access to real-time data, to support decision-making and, ultimately, faster delivery. Innovations like 3D printing and AI tools can further reduce build times and costs, accelerating the delivery of affordable housing.

Deloitte's London Office Crane Survey⁹ has identified

protracted supply chains as one reason why only 60-70% of forecasted completions deliver on time. To mitigate these risks, developers can explore near-shoring, to reduce the distance travelled by materials. Supply chain platforms and social impact tools – such as the Net Zero Accelerator by Net Zero Careers¹⁰ – are helping developers maximize local employment, apprenticeships and upskilling, to ensure that regeneration benefits are shared locally. Starting with social value embedded in the delivery phase is crucial for ensuring the completed development delivers on your social aims.



Technology in Living: Enhancing Wellbeing and Community Connection

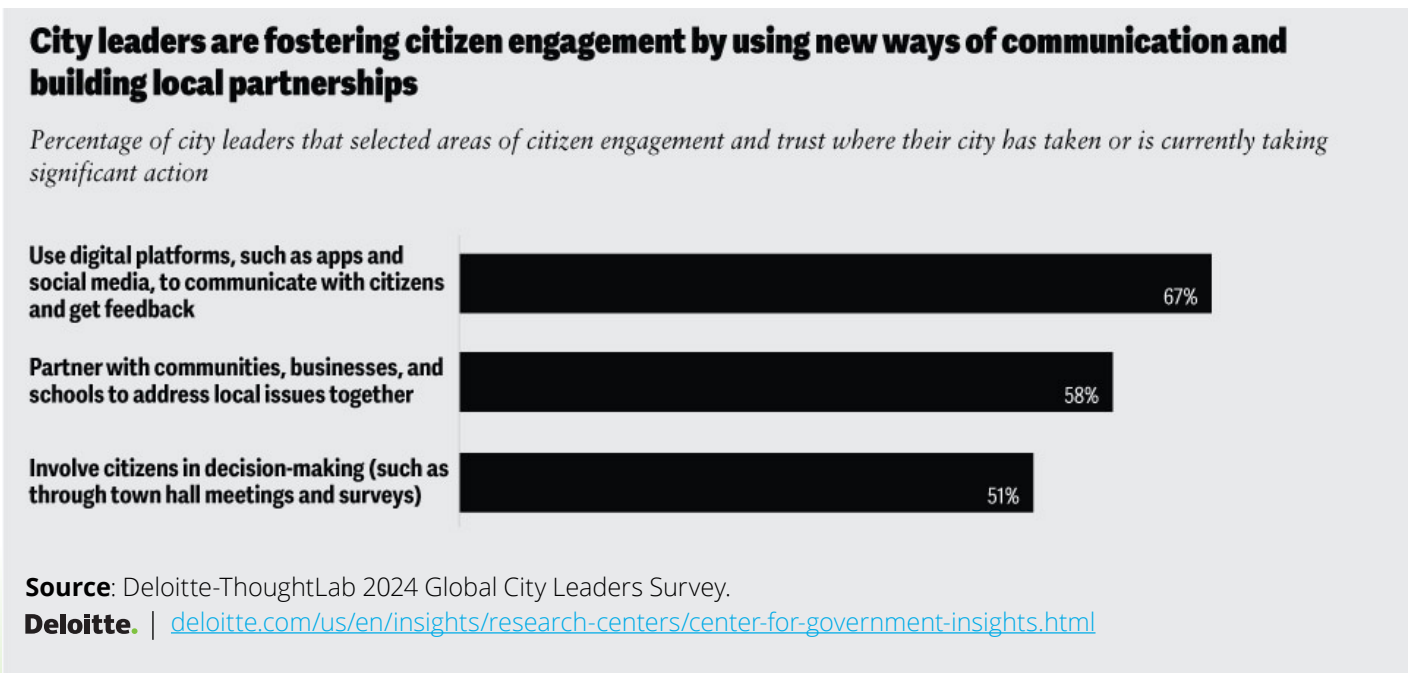
The true test of social value is in the lived experience. Smart building systems can now monitor a range of wellbeing indicators, from energy use to patterns of activity, such as the number of hours spent watching television, a key indicator of loneliness¹¹. Digital platforms – like those used in Build to Rent (BtR) schemes and apps like Nextdoor¹² – are being integrated into new developments at the build stage, to connect neighbors, support local events, and foster a sense of belonging from day one. Collectively, these technologies help realize the vision of a ‘Smart City’, which uses data and interconnected systems to enhance efficiency, sustainability and residents’ wellbeing¹³. In the 2024 *Global City Leaders Survey*¹⁴, conducted by Deloitte and ThoughtLab, many respondents reported using technology to drive citizen engagement, as shown in Figure 1 below:

Importantly, as more sophisticated technology

becomes available, platforms can be designed to support the ongoing evolution of place. For example, a community platform might start by sharing local news and events then, as technology advances, evolve to include smart health monitoring or energy management features, ensuring that the development adapts to residents’ changing needs over time.

Be careful to adopt platforms that enable inclusion, not exclusion, by offering accessible interfaces for the elderly, translation features for minorities, and tailored content to serve different user groups. This approach aligns with the UK Centre for Ageing Better’s finding that digital inclusion is important for reducing loneliness and supporting healthy ageing¹⁵.

Figure 1: 2024 Global City Leaders Survey





Prediction: AI and Tech for Regenerative Communities

Looking ahead, AI and digital tools will play an increasingly important role in helping UK developments create long-term social value. According to the 2024 *Global City Leaders Survey*, technologies like digital twins and automation are increasingly being used to track and improve wellbeing, inclusion and sustainability in real time, as detailed in Figure 2 below¹⁶:

As these tools become more widely adopted, they can ultimately support the creation of regenerative communities¹⁷ – places that continuously enhance social value while balancing economic growth and environmental responsibility.

Figure 2: From Future Vision to Urban Reality

01	Data analytics	Melbourne: "The integration of data analytics in city management has revolutionized the decision-making process, enabling officials to make choices based on real-time information rather than solely depending on their intuition or historical data. This has improved urban planning outcomes."
02	IoT/sensors	Lisbon: "We are able to collect real-time information from different sensors about traffic, air pollution, and noise pollution."
03	Cloud	Oklahoma City: "The cloud provides greater flexibility and scalability, allowing our city to respond rapidly to changing needs and prioritize resources."
04	Cybersecurity	Johannesburg: "By using advanced cybersecurity tools like firewalls, secure codes, and attack detectors, we have strengthened our digital safety."
05	Modernized IT platform	Dundee: "With a modernized IT platform in place, we have been able to set the stage for a future-ready city characterized by efficient digital services, enhanced data management, and improved security."
06	Geospatial technology	Ottawa: "GIS software has allowed us to arrange and assist in land use decision-making, evaluate data, and allocate resources appropriately."
07	Chatbots	Nairobi: "Our current use of chatbots and digital assistants has made sharing health data reports and other tax information easier."
08	Automation	Niteroi: "Adoption of automation technologies has helped the city become more efficient, sustainable, and responsive to the needs of its citizens."
09	Collaboration tools	Da Nang: "Digital collaboration tools are most effective. We get real-time updates on city projects and initiatives and simplified project management."
10	Traditional AI	Ningbo: "By using AI, we have successfully optimized energy consumption and distribution in real time, thereby improving grid stability and reliability through predictive maintenance."
11	Digital twins	Paris: "Digital twins are known to be one of the most effective technologies as it's a dynamic representation of the city's infrastructure, which encompasses buildings, transportation systems and more."

Source: ThoughtLab x Deloitte

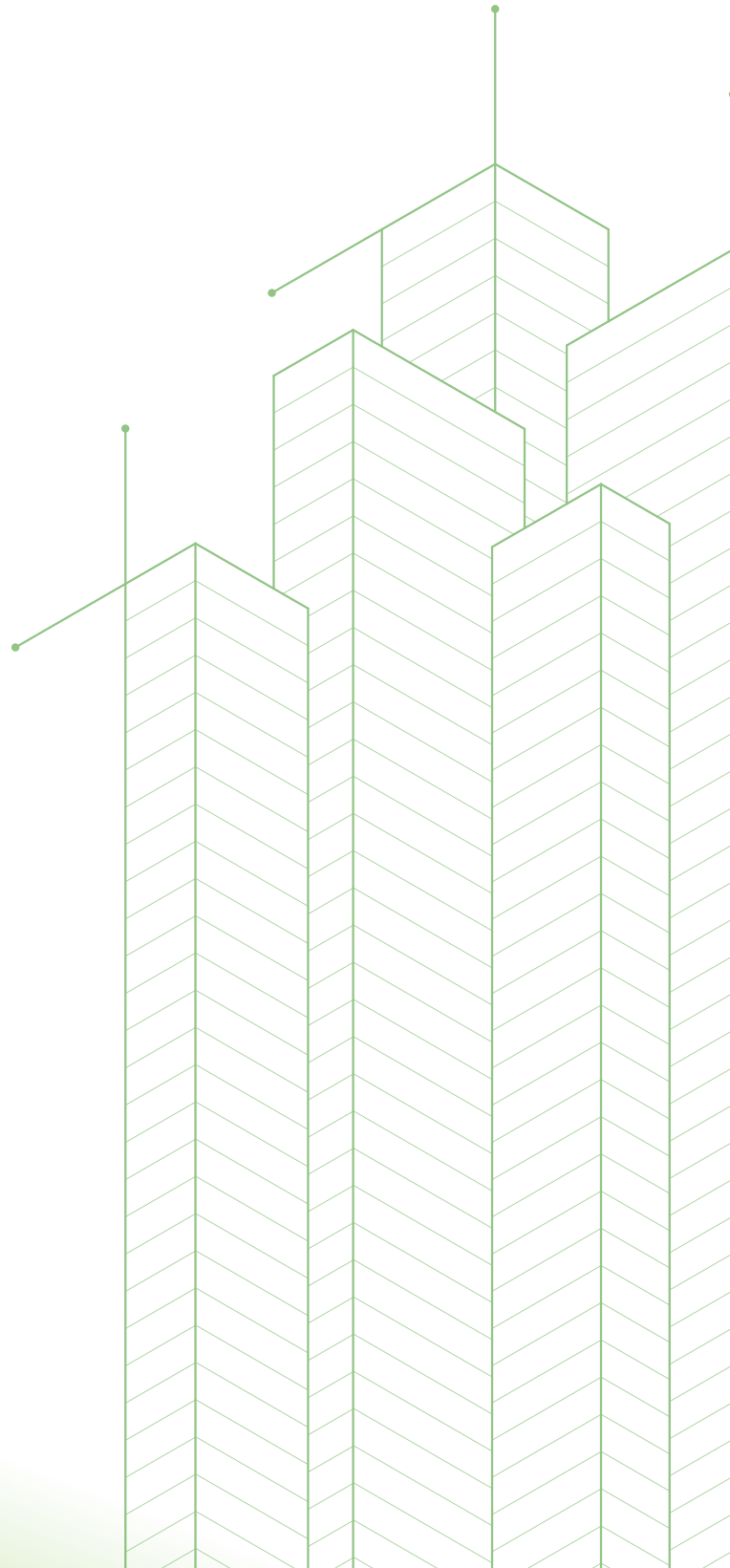


Why This Matters

For real estate leaders, integrating social value and technology is a strategic imperative, especially when navigating market headwinds like project viability and regulatory complexities, as highlighted in Deloitte's London¹⁸ and regional¹⁹ Crane Surveys. Developments that deliver measurable social, environmental and economic outcomes are more resilient to shifts in the market and are essential for attracting investment. Throughout the project lifecycle, technology plays a pivotal role in driving these outcomes so, to capitalize on these trends, you should:

- Invest in digital engagement and masterplanning tools from the earliest design stages.
- Prioritize technology-enabled delivery methods, such as digital twins, to co-ordinate construction and monitor social value in real time and accelerate impact and inclusion.
- Embed smart systems and digital platforms that support wellbeing and community connection in the operational phase.
- Partner with social impact specialists²⁰ and technology providers to ensure best practice and innovation.

Effective use of these technologies will enable the UK real estate sector to lead the way, by building sustainable, inclusive and resilient communities.





Endnotes

1. [UK housing gap stands at 6.5 million homes, finds CPS - The Centre for Policy Studies](#)
2. [YemeTech | Know Your Area](#)
3. [Commonplace | About Us & Our Team](#)
4. [Community Forum - Southwark Regeneration Demo/Template - Map - Commonplace](#)
5. [National Planning Policy Framework - 8. Promoting healthy and safe communities - Guidance - GOV.UK](#)
6. [State of the State | Deloitte UK](#)
7. [Building information modelling - GOV.UK](#)
8. [National Digital Twin Programme \(NDTP\) - GOV.UK](#)
9. [London Office Crane Survey hub | Deloitte UK](#)
10. [Home | Net Zero Careers | Find your Next Job](#)
11. [More than three hours of binge-watching TV could be sign of loneliness | The Independent](#)
12. [Nextdoor](#)
13. [Smart Cities - POST](#)
14. [Empowering urban ecosystems | Deloitte Insights](#)
15. [Society | The State of Ageing 2025 | Centre for Ageing Better](#)
16. [From Future Vision to Urban Reality - ThoughtLab](#)
17. [Urban regeneration, defined: here's why it matters - University of the Built Environment](#); Regenerative communities are defined as: regeneration is an urban planning strategy where money is invested into the improvement of specific urban areas. Often referred to as urban renewal, urban renaissance or even urban redevelopment, it tends to focus on three core areas: Economic revitalization, Social regeneration, Sustainability.
The goal of urban renewal is to address the above issues through investment and improvement in infrastructure, economic opportunities, social provisions and public facilities.
18. [London Office Crane Survey hub | Deloitte UK](#)
19. [Deloitte Regional Crane Surveys | Deloitte UK](#)
20. [YemeTech | Know Your Area](#); Social impact specialists offer services such as; ESG related reporting, provides tracking, benchmarking and indices for social value metrics such as community health services, mapping of services and care worker catchments etc.

Prediction 05

Outsourcing in Real Estate: People first



Introduction

Real estate investment managers face rising complexity, tighter margins, and growing investor expectations. Even if you already work with external providers for property management or leasing activities, outsourcing can be a powerful lever for tackling core businesses challenges, by making your operating model more lean, scalable and resilient.

However, outsourcing does not happen at the push of a button. As a transformation process, your people are at their heart and can ultimately make or break it. If you focus only on cost and efficiency, you risk resistance, disruption and a loss of critical knowledge. This article explains how you can avoid that.

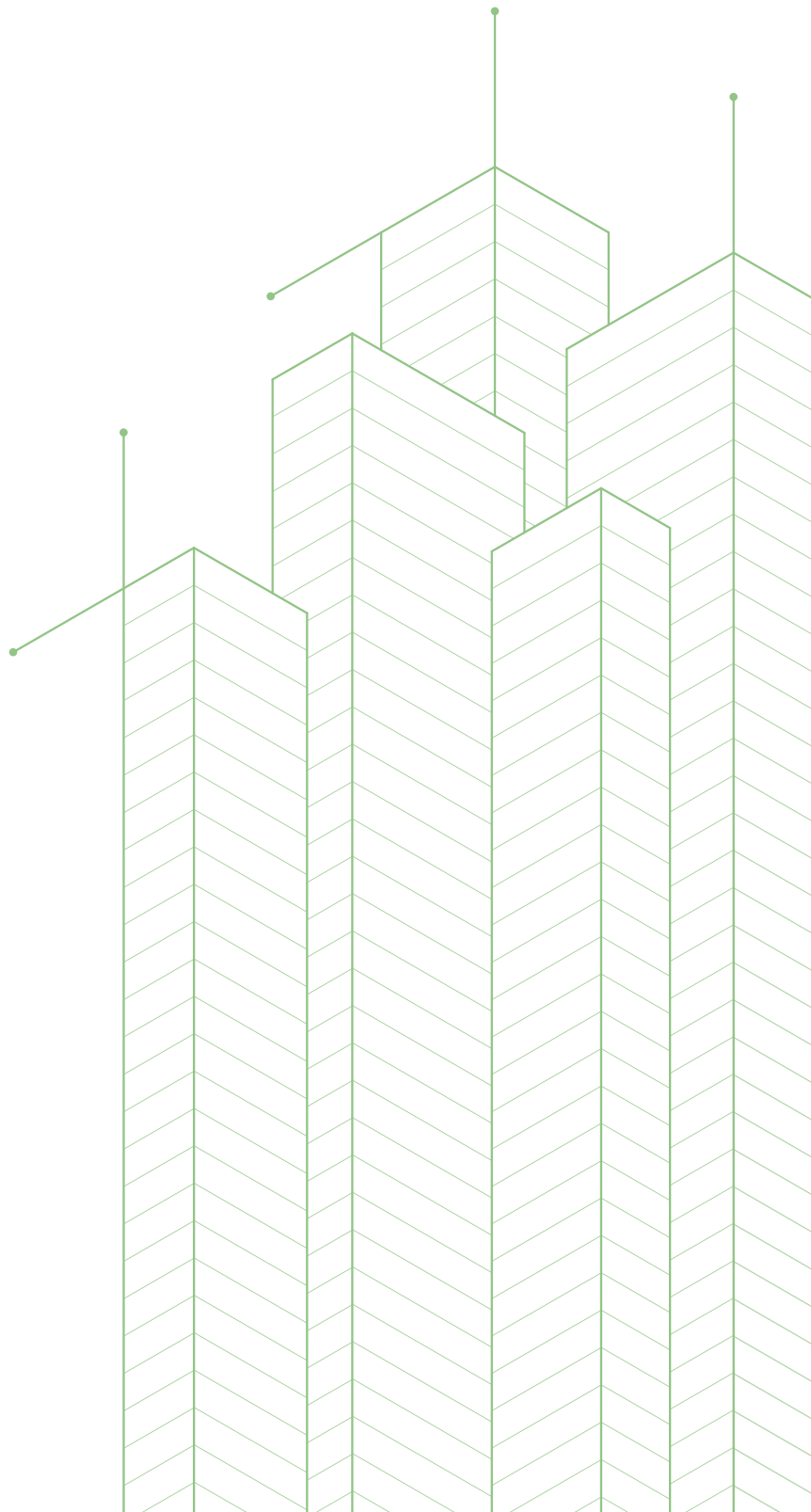




How outsourcing is changing your operating model

As real estate investment management firms expand their service coverage and client base, they increasingly face pressure from their clients and capital providers (such as property owners, pension funds and insurance companies) to manage costs and focus on core real estate activities. In response, many firms are outsourcing selected investment and fund management activities. To meet evolving customer and investor expectations, your operating model needs to be efficient, scalable and technology-enabled.

Outsourcing selected activities can help you streamline operations, get scalability, resolve talent shortages in certain markets, and redirect internal resources toward higher-value tasks such as asset acquisition, capital raising, and investor relations. The success of that shift depends strongly on how you engage and support your people.





Where outsourcing is growing

Across the market, several outsourcing trends are shaping how real estate investment is managed in different domains, at fund, asset or Special Purpose Vehicle (SPV) level. You may recognize some of these in your own organization.



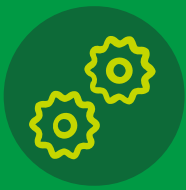
Finance outsourcing

SPVs are central to structuring and financing your investments. However, it can be difficult to scale the management of SPV administration, accounting and internal tax reporting, especially across multiple countries.

At the same time, the fund layer itself is becoming more complex. Regulatory reporting, investor transparency and cross-border fund structures are all placing heavier demands on in-house finance teams. As a result, many firms consider outsourcing some activities:

- **Fund accounting:** NAV calculations, capital account maintenance, waterfall models and performance fee calculations.
- **Fund administration and fund management support:** regulatory and investor reporting, compliance support and coordination across service providers.
- **Transfer agency (TA) and investor services:** investor onboarding, capital calls and distributions, registers, and reporting to LPs.

These non-core activities are less differentiating from a pure real estate management perspective, but still technically demanding. Outsourcing them enables you to benefit from a provider's geographic reach, regulatory familiarity and access to scarce skills, at both fund and SPV level. They can help you meet local and fund-level requirements and deliver timely, accurate reporting to investors and regulators, enabling your own teams to focus on fundraising, investment decisions, and actions that drive portfolio and fund performance.



Property and facility management

Property and facility management are essential to tenant experience and asset performance, but they are operationally intensive. Outsourcing daily operations and maintenance allows your internal teams to focus on strategic asset selection, positioning and capital allocation.

With the right providers, you can maintain properties to market standards and use better data to support decisions at portfolio and fund level.



Why revisit your sourcing strategy?

Cost reduction is often a starting point, but rarely the sole reason. External providers can bring deep regulatory knowledge, local insights and technology capabilities that are expensive to build in-house.

Many organizations find it useful to step back and review the wider operating model, rather than considering individual outsourcing decisions in isolation. This helps clarify which activities you want to retain in-house, where you want to build a center of excellence (e.g., financial control, investor reporting or capital raising), and which activities are better delivered by specialized external providers.

For pan-European or global actors, this strategic lens becomes even more important. For example, you might want to:

- Consolidate fragmented local processes into a regional or global center of excellence.
- Standardize how you work internally and with providers across markets, to gain consistency and better data.

Consider a lift-out model, where parts of your current internal team are transferred to, and hired by, the service provider, which preserves knowledge while moving to a more scalable cost base. You may also want more flexibility, to scale services as portfolios grow or contract, and to redeploy internal resources to activities that can improve investment performance or operational and risk control. In several Deloitte-led outsourcing projects for pan-European real estate companies, operational cost reductions in the range of 10% to 35% (projected) were identified, with outsourcing as a key contributing factor.. Outsourcing can also help your organization gain from the more mature practices and data-driven decision support of providers.



Rationalization and shared services

After years of outsourcing or through business acquisition, many organizations find their provider landscape fragmented, with different vendors for each country or process. Rationalizing providers helps you simplify governance, reduce duplication and strengthen accountability.

Some organizations also create centers of excellence and shared services centers. Centers of excellence concentrate expertise, methods and oversight of outsourced services. Shared services focus on execution—for example SPV accounting or compliance—often locating them where skills are more available. Together, such centers can support consistency and continuous improvement across your sourcing model.



Challenges you need to anticipate

If not managed carefully, outsourcing can lead to significant challenges. You may experience inefficiencies and lack of control if roles and responsibilities are not clearly defined, and miscommunication between internal teams and providers can affect investor reporting, tenant service and speed of decision-making.

Service quality might differ between vendors or countries. If expectations about “standard” activities are not clearly aligned, you may experience extra charges and frustration on both sides. Cultural and language differences can also hinder collaboration, especially in nearshore or offshore models. These issues are manageable, but they require attention to governance and people, not just contracts.



Four people-related orthodoxies to challenge

01

“Employees will resist change anyway”

You may expect resistance when you announce outsourcing, particularly if people fear job losses or don't understand the rationale. In such cases, rumors spread and productivity falls.

A structured change approach can make a clear difference. Visible leadership support, with regular communication and transparent updates about the vision and benefits help keep employees informed.

A change network of trusted employees can act as local ambassadors, answer questions and relay concerns, making messages more credible across the organization. Often, outsourcing can offer people growth opportunities that go beyond their current, operational roles.

02

“Top management decides; employees are informed later”

Decisions about outsourcing are often taken by senior leadership and advisers, then communicated once the model is defined. Although this may seem efficient, it risks overlooking the operational realities and alienating the people who hold critical knowledge.

Involving middle management and key employees early in the program can improve both its design and implementation. They can flag risks, suggest practical solutions and act as a sounding-board through feedback loops. This co creation fosters a greater sense of ownership and usually speeds up execution.

03

“Outsourcing only affects outsourced roles”

If you view outsourcing only through a financial lens, you may underestimate its impact on the wider organization. Outsourcing a function such as leasing will change processes and interfaces that can also affect property management, asset management, marketing and investor reporting functions.

A structured change impact assessment helps you map which roles, processes and capabilities are affected. Based on this analysis, you can plan upskilling, redeployment or, where necessary, respectful exits. This reduces disruption and helps you retain key talent.

04

“Cultural differences will block success”

Working with nearshore or offshore providers can create cultural friction, in communication, hierarchy or work-life expectations. If ignored, these differences can damage trust and performance.

You can address this by defining shared values and service principles, creating regular meetups or on-site visits and offering intercultural training. Simple collaboration guidelines often have a strong effect on how effectively internal and external teams work together.

Conclusion: Make outsourcing a people-driven change

Outsourcing in real estate investment management is set to grow as the industry becomes more competitive and complex. To make it become a true source of value, you need more than a solid business case and a strong contract. You also need a clear focus on people: how roles change, how knowledge is retained, and how teams collaborate across organizational and cultural boundaries.

When you challenge common orthodoxies and invest in communication, involvement and capability-building, you can transform your operating model while sustaining a cohesive and motivated workforce that is ready for the next phase of growth.



Prediction 06

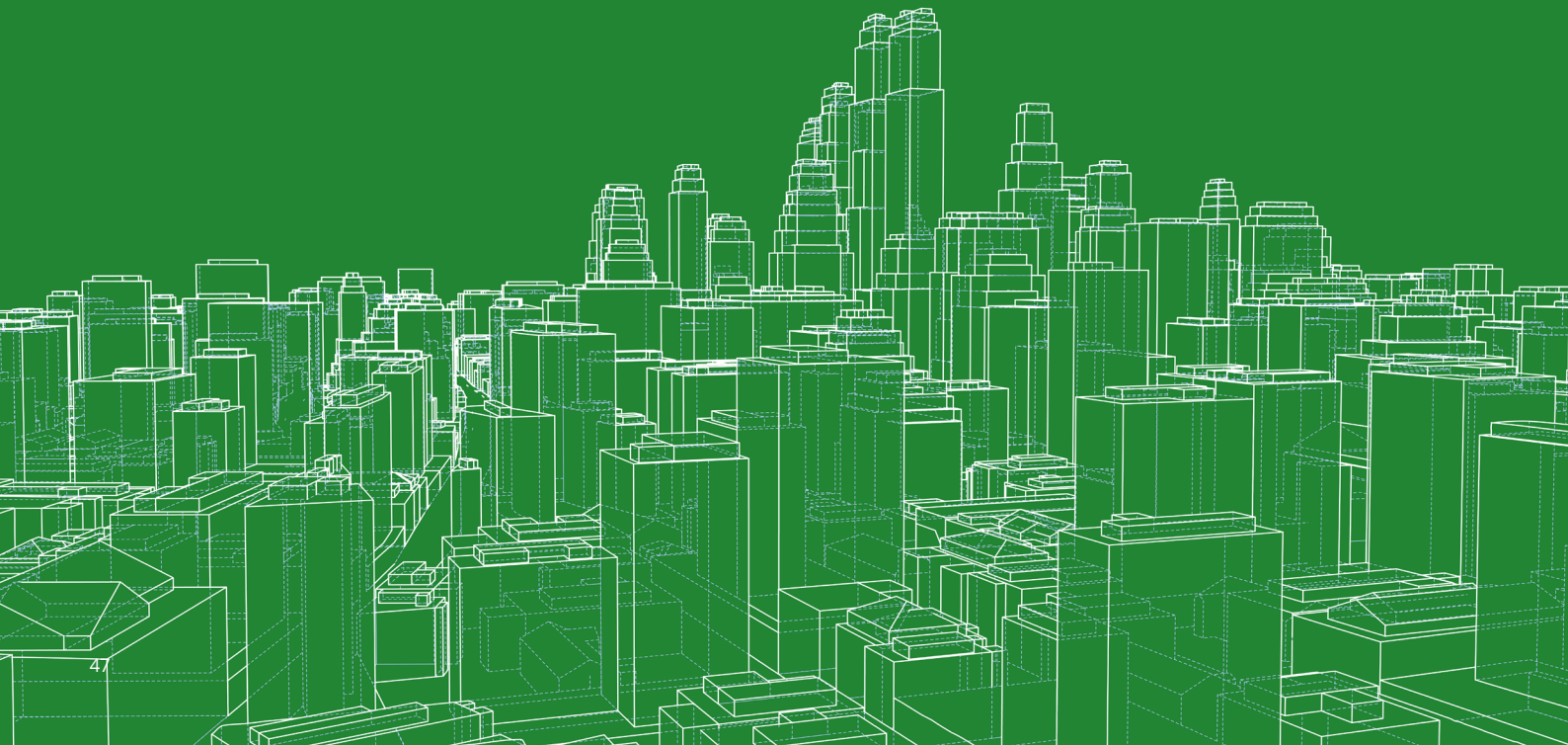
Future-proof Strategic Options
for Developers



Introduction

For decades, real estate development followed a predictable cycle: secure land, obtain permits, build, then sell. When liquidity was abundant and interest rates were low, this model generated steady organic growth, but the paradigm has now shifted fundamentally. Rising capital costs, construction inflation, permitting delays and regulatory complexity demand a strategic pivot. The traditional "Buy-Develop-Sell" model no longer guarantees profitability.

This article examines why that model is under pressure and explores five alternative strategies, from tactical arbitrage and geographic diversification to asset-light platforms and developer-operator hybrids. These strategies enable you to create resilient, future-proof business models that can deliver recurring revenues and sustainable margins in a volatile market.





The ongoing “perfect storm”: three simultaneous shocks

The current liquidity crisis reflects a deeper macroeconomic shift. Institutional capital has become hyper-selective as geopolitical instability and trade tensions maintain inflationary pressure, delaying expected rate cuts. Consequently, investors are retreating to “core” local markets, leaving complex, cross-border projects in a financing limbo. Exit windows are narrowing, so developers are forced to design projects with multiple exit scenarios, including sale, refinancing and long-term holding.

Timing is now the costliest component of the balance sheet. In Belgium, permitting delays of 18 to 36 months are no longer mere operational setbacks, but mechanisms of direct equity erosion. This “permitting risk” now exceeds technical risk: every month of delay degrades the Internal Rate of Return (IRR) until margins evaporate.

Finally, energy performance has shifted from a marketing bonus to a sine qua non for bankability. Non-compliant assets face significant and immediate value corrections. Banks, constrained by decarbonization targets, now finance only assets with credible ESG trajectories.



The “Buy–Develop–Sell” model under pressure

The traditional development equation rested on three pillars: controlled land acquisition, efficient development, and total exit before the end of the rate cycle. In 2026, each pillar faces unprecedented pressure:

- **Acquisition** is penalized by high land costs and unpredictable permitting timelines. This mismatch transforms land into a dormant asset, immobilizing capital far longer than anticipated and weighing heavily on the balance sheet.
- **Development** faces a brutal “scissor effect.” Construction cost inflation and regulatory requirements increase costs, while administrative delays extend the operational calendar.
- **Exit** is no longer guaranteed. Increased investor selectivity and stricter credit conditions create liquidity impasses. The risk of failing to sell at expected prices or within planned timelines forces many actors into costly refinancing, thus eroding final profits.

To restore profitability, the industry must shift from asset-sale logic to resilient value creation.



Future-proof developers' models— strategic alternatives observed in Belgium

Leading developers are pivoting toward agile, less capital-intensive program structures that focus on recurring value.

01

Strategic Deleveraging for Publicly Listed Developers

Listed developers face the dual challenge of navigating market crises while managing stock market pressure and Net Asset Value discounts. This model focuses on tactical arbitrage and asset recycling to optimize liquidity. By reducing debt ratios through disciplined deleveraging, firms can

clean their balance sheets to secure new loans for high-potential projects, and maintain operational flexibility despite market volatility. This approach reduces vulnerability to rate shocks while preserving operational flexibility.

02

The Asset-Light JV Platform

In this model, the developer acts as a service provider and co-investor. By partnering with institutional capital through Joint Ventures (JVs), firms develop for third parties and can recycle their equity immediately after delivery.

This achieves a high ROE with minimal capital lock-up, while firms retain long-term management roles that generate steady, fee-based income.

03

Urban Regeneration and Service Monetization

This model focuses on “Urban Recycling”—acquiring obsolete assets for repositioning through sustainable renovation. Typically, retaining existing structures reduces carbon footprints and can speed up political acceptance.

Notably, initiatives have been launched to monetize this technical know-how by acting as ESG consultants for institutional landlords, thus generating recurring fees without significant capital investment.

04

The Integrated Developer–Investor Hybrid

This strategy moves away from speculative exits by integrating the roles of developer and landlord. Firms can adopt a model of holding assets long-term and capturing the full value chain, from the initial

development margin to steady rental income and capital appreciation. As a result, they significantly reduce “exit-timing risk” and are no longer forced to sell in a down-cycle.

05

Operational Niche and Geographic Diversification

Resilience is found in certain growing “operational” segments that are decoupled from traditional cycles, such as data centers, student housing or energy infrastructure. Beyond typological shifts, geographic diversification acts as a strategic hedge against local volatility.

By operating across multiple jurisdictions, developers can offset slow permitting cycles in one region with faster execution in another, while gaining access to deeper, more diversified international capital pools.





International Benchmarks: Vertical Integration and AI Economy Infrastructure

Vertical Integration and Build-to-Core: Global leaders are demonstrating that bringing design, construction and asset management in-house enables them to optimize costs significantly during volatility. Their "Build-to-Core" strategy prioritizes long-term holding to capture rental growth and effectively avoid the trap of forced exits in low-cycle environments. This verticality ensures that the firm remains an operator first, to become a better investor.

Infrastructure for the AI Economy: Modern specialists are repositioning themselves toward assets essential to the digital economy, specifically data centers. By providing not just the physical shell, but also integrated energy and automation solutions, they have redefined real estate as a dynamic service infrastructure. This ensures their assets are indispensable in an economy increasingly driven by the needs of AI and high-density computing.

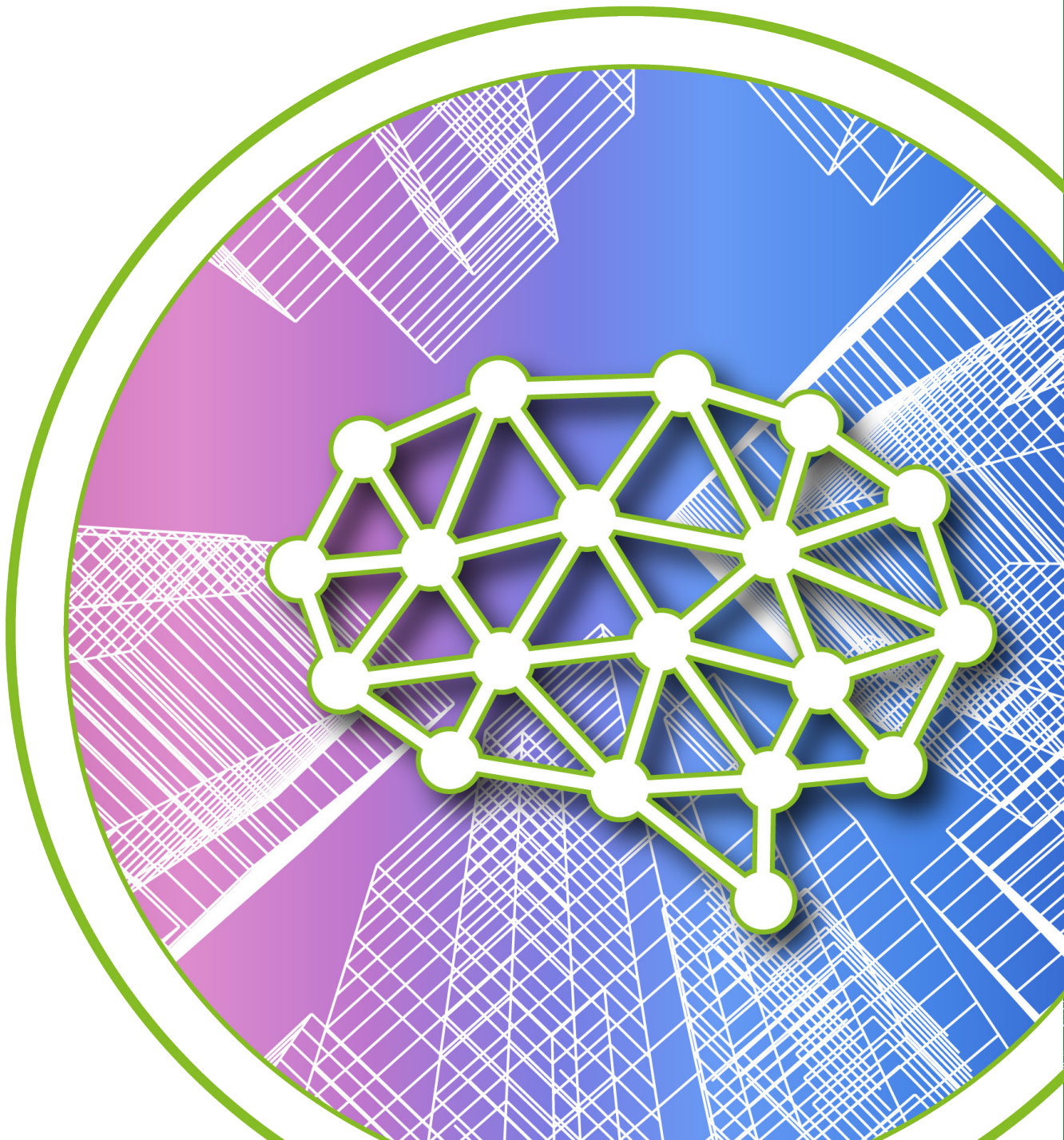
Conclusion: The Developer as "Solution Platform"

The 2026 market does not punish development itself, but rather a lack of operational agility. The future-proof developer is no longer a mere bearer of land risk, but an orchestrator of complex, sustainable solutions. Success in today's market requires you to shift toward the "Developer-Operator" model, by integrating recurring revenue, strict financial discipline and an absolute mastery of decarbonization. The future belongs to those who transform real estate from a static asset into a dynamic, agile and service-oriented infrastructure.



Prediction 07

**The GenAI Revolution in Real Estate:
Building Intelligence on a Foundation
of Data Excellence**



AI Opportunity meets Data Reality

Real estate is inherently data-driven. Every decision—from acquisitions and leasing to operations and disposal—relies on information about assets, markets, tenants, and capital. In a world of higher interest rates, shifting occupancy patterns, and rising ESG expectations, you're under pressure to do more with less, and make better decisions, faster. That's why AI is so attractive: it promises smarter underwriting, leaner operations, and richer insight at portfolio and asset level.

However, AI solutions are only as effective as the data they use, which must be clean, consistent and fit for purpose. If your data is scattered across systems, needs manual tweaks, or has inconsistent quality, you risk compromising any AI initiative before it even starts. Most firms still struggle with this concept but, by investing in a strong data foundation now, you'll gain a structural advantage over competitors who rush into AI without adequate preparation.



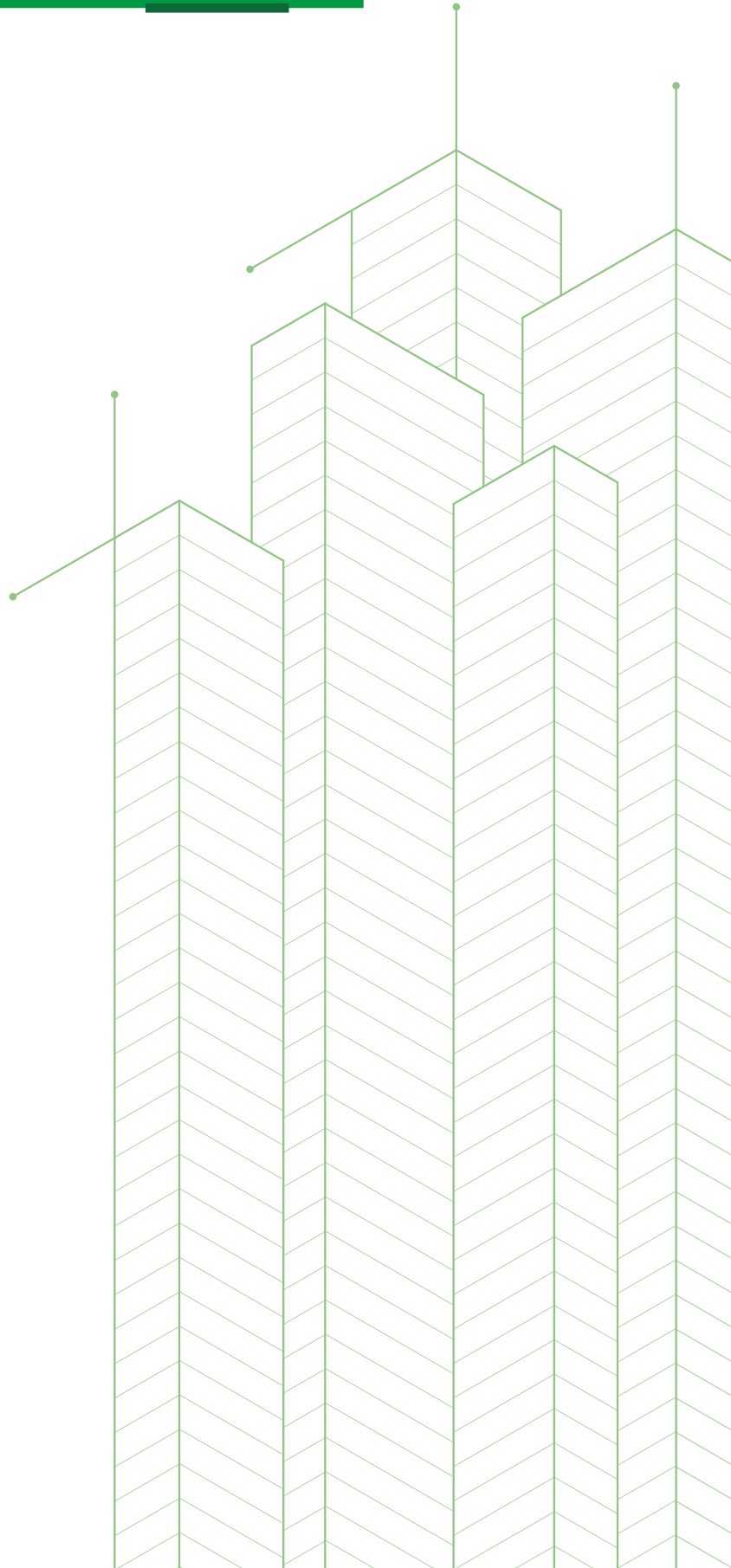


Where GenAI Is Transforming Real Estate Today

Generative AI (GenAI) is no longer a futuristic concept and is already reshaping industries, as names like ChatGPT or OpenAI become as familiar as Google or Microsoft. Real estate is feeling this shift too, as businesses explore how AI can streamline their operations, from institutional portfolios to mid-size owner-operators. Today, GenAI is already in action across several domains:

- **Visualization & Design:** Virtual staging, AI-generated renderings, floor plans and renovation concepts.
- **Customer Interaction:** Chatbots and virtual assistants for inquiries, viewings and buyer or tenant support.
- **Valuation & Market Analysis:** AI-driven pricing models, demand forecasting and investment analysis.
- **Property & Asset Management:** Predictive maintenance, dynamic pricing and energy optimization.
- **Back-Office & Legal:** Automated lease abstraction from PDFs, document review and contract analysis.
- **ESG & Sustainability:** Portfolio-level energy monitoring, emissions reporting and scenario modeling.

These use cases are not just theoretical: even if you haven't started exploring them, your competitors probably have, and already learning fast about what works and what doesn't.





Why Your Data Will Make or Break Your AI

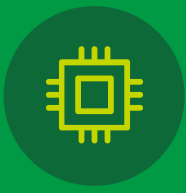
While GenAI promises to transform real estate, many compelling use cases fail in practice, because the underlying data is not ready. Property information is often fragmented across different systems, platforms, tools, providers, and even spreadsheets, making it hard to obtain a complete and accurate view of assets and portfolios.

This challenge is compounded by data quality issues such as inconsistent formats, missing values, outdated information, and errors from manual adjustments. Handling large and complex data sets can be a major barrier, especially when data originates from multiple service providers and joint ventures. Many organizations also struggle with legacy systems, which make it hard to implement modern AI tools efficiently. Meanwhile, governance gaps—unclear ownership, weak access controls, and lack of quality standards—further undermine trust in the data.

GenAI is only as effective as the data it consumes—“garbage in, garbage out” has never been more relevant. Before you commit significant resources to AI capabilities, you should establish a strong data foundation, specifically:

- **Create a single source of truth** to consolidate key data and eliminate conflicting information.
- **Implement automated data pipelines** to reduce manual processes and errors.
- **Enforce quality assurance** with validation rules and ongoing monitoring.
- **Use scalable infrastructure** capable of handling growing data volumes and AI workloads.
- **Define clear governance frameworks** for data access, security, and regulatory compliance.

If you address these foundational elements first, your AI initiatives will be not only more feasible, but also more able to deliver reliable, actionable insights to your teams and stakeholders.



The New Operational Model: AI-Augmented Real Estate

The real estate industry is entering a new operational era, defined by the convergence of robust data foundations and GenAI. Together, these capabilities are not merely improving existing processes; they are reshaping how you operate, compete and create value. Over the next three to five years, we expect you will see three notable shifts:

01

From Reactive to Predictive Operations

Traditionally, responses to maintenance issues and budget variances occurred only after their impact had materialized. AI-enabled models change this dynamic by analyzing historical data, sensor inputs and usage patterns, to anticipate failures and costs before they occur.

Predictive maintenance and budgeting reduce downtime, cut costs, and transform your operations from firefighting to foresight.

02

From Manual to Automated Workflows

Many organizations still spend days consolidating report data from multiple properties and providers. Now, AI-powered automation can provide real-time dashboards that replace manual reporting, giving your teams consistent insights at speed.

This not only improves accuracy but also frees your professionals to focus on high-value activities such as strategy, investment decisions, tenant relationships and performance optimization.

03

From Siloed to Integrated Decisions

In legacy environments, activities such as leasing, operations, ESG and finance often rely on separate, disconnected systems, which require manual reconciliation and give limited visibility. However, AI works best with integrated platforms, where data flows seamlessly across functions.

By connecting insights across your organization, you can understand cause and effect—for example, how leasing decisions influence operating costs, energy performance, or long-term asset value.



03

From Siloed to Integrated Decisions

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Implementing AI Through a Phased Strategy

If you're planning to implement AI, take a phased approach, which allows you to evaluate your data readiness and secure early wins while building on a clear, solid foundation. Typical phases include:

01

Assess & Build the Foundation (1–6 months)

Audit your existing data landscape, identify gaps, prioritize high-impact use cases, and establish governance. Many firms can benefit from experienced advisory partners with deep expertise in data architecture, integration, and sector-specific governance and regulation.

02

Pilot & Prove (6–12 months)

Initially, launch GenAI pilots, targeting activities such as lease abstraction, automated reporting, or energy optimization, and measure ROI rigorously. Use these experiences to refine your data quality, processes, and operating model.

03

Scale & Optimize (Year 2+)

Scale successful AI pilots across your portfolio and embed them into daily workflows to drive consistent, repeatable value. In parallel, build in-house AI and data capabilities, and continuously refine solutions as technologies and business needs evolve.

04

Transform & Innovate (Ongoing)

With strong foundations in place, you can explore advanced capabilities such as AI “agents” that orchestrate tasks across systems, and develop in-house models trained on your consolidated enterprise data. These innovations unlock differentiated insights and create sustainable competitive advantages across your entire operating model.

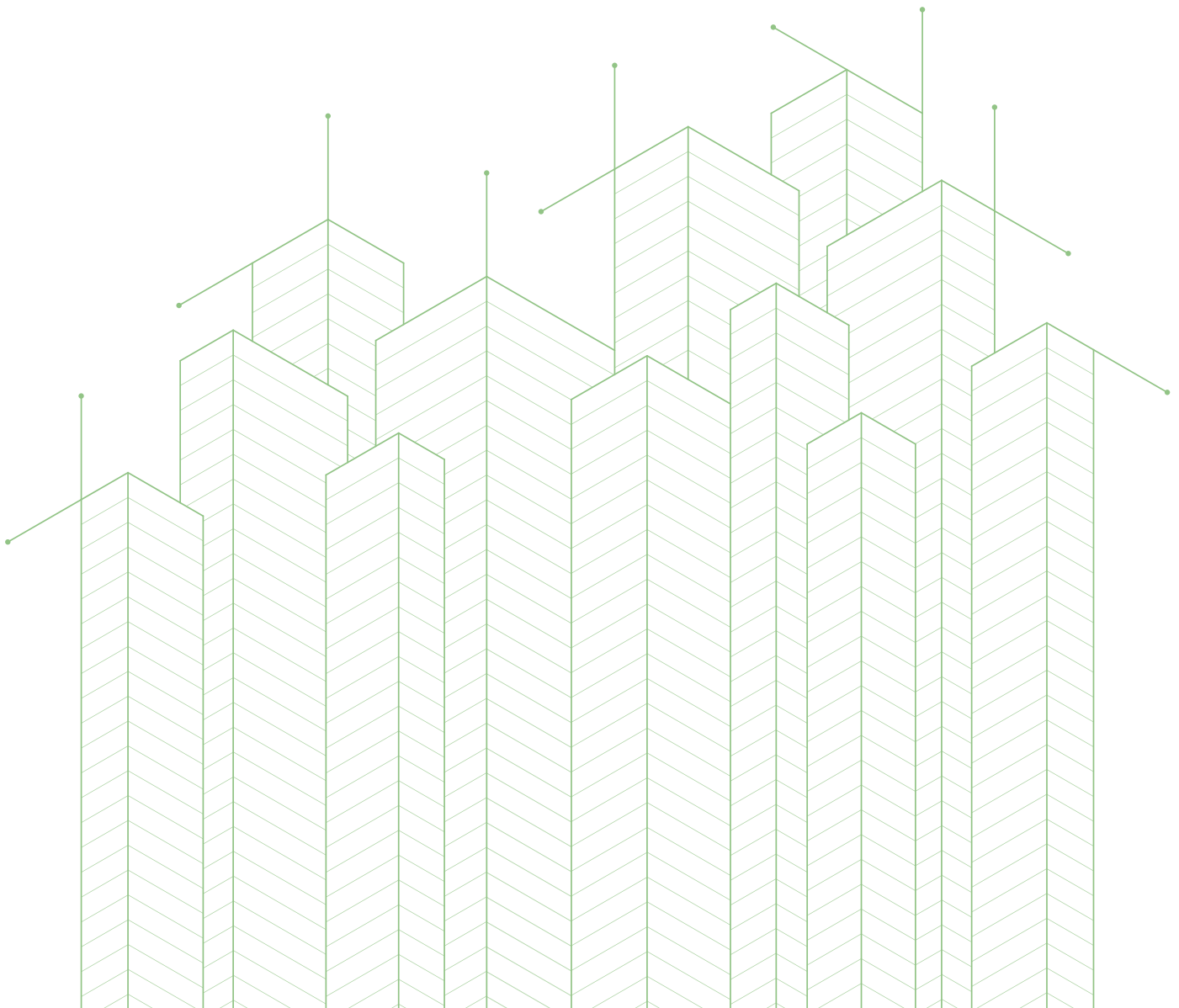
You don't need to do everything at once, but you do need to start.

The Competitive Imperative

AI is no longer a strategic option—it is a competitive imperative. If you invest now in robust data foundations, you'll be ready to absorb emerging AI capabilities rapidly, and benefit from the compounding effects of incremental improvements. Over time, these advantages will help AI-enabled businesses increase their lead over firms still using manual, fragmented processes.

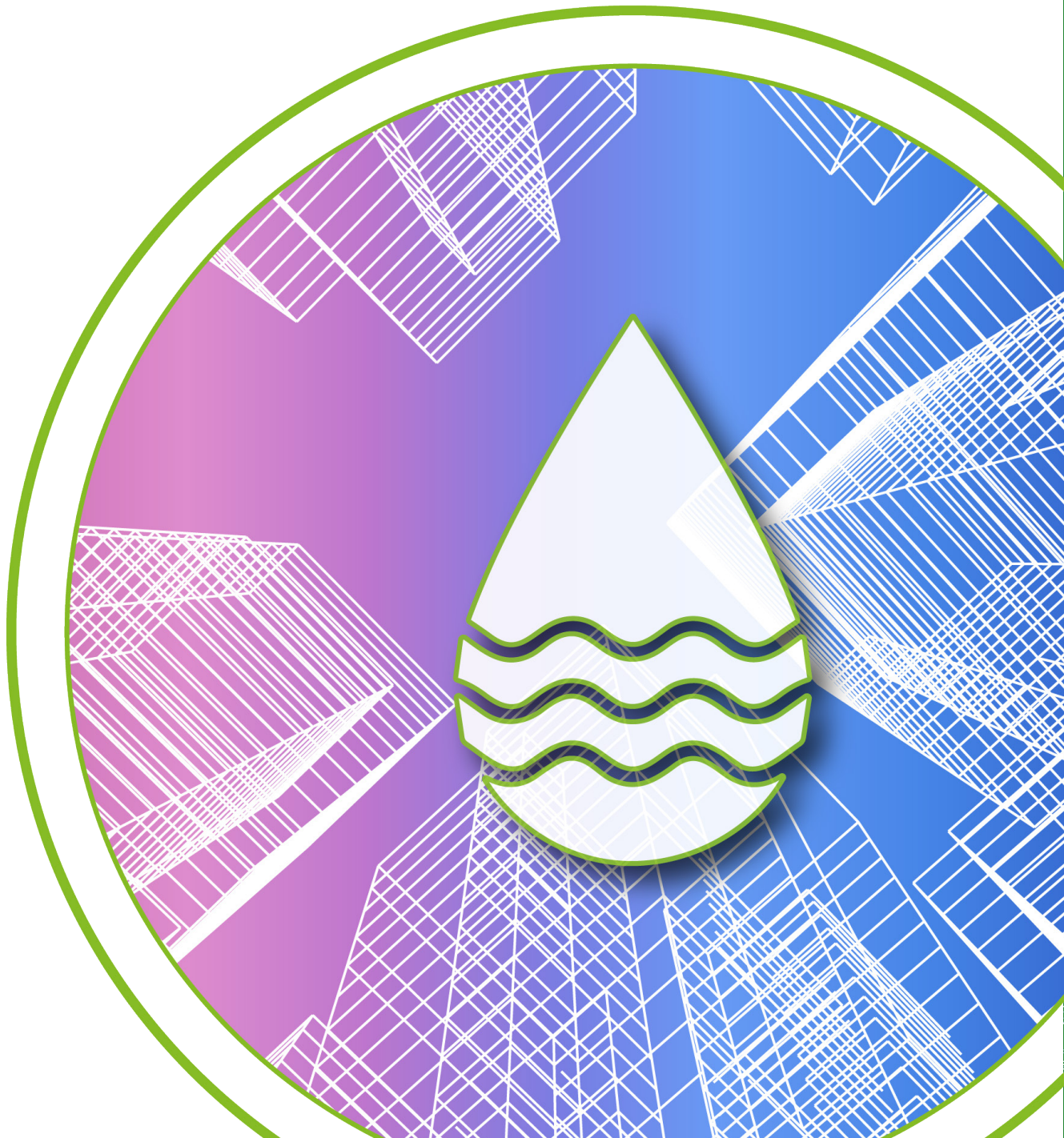
Capital providers, regulators and tenants are also raising expectations, and increasingly require transparent, timely, and data-backed insights, as well as credible ESG reporting. Furthermore, today's top talent is increasingly being attracted to those organizations that offer modern, AI-augmented tools and workflows.

Early adopters of AI are already demonstrating measurable impacts on costs, revenues, and asset values, but the window for transformation is narrowing, and those who delay will find catching up more difficult, costly, and uncertain. Now is the time to start building the solid data foundation that will support your AI-powered future in real estate.



Prediction 08

Smart Cities Start with Smart Water Handling



Introduction

Population and climate change are reshaping how cities manage water. Rising demand, aging infrastructure and extreme weather make water not just a resource but a strategic priority. Smart cities need more than technology to achieve smart water management - they require integrated approaches that combine innovation, alternative water sources and nature-based solutions. Success depends on coordinated action across sectors and stakeholders, to overcome fragmentation and scale impact. This article explores why water must be central to smart city planning and how Deloitte's expert guidance can help cities turn water challenges into sustainable, future-ready solutions.





Why water must be strategic priority in your smart city

Water management has become one of the most critical challenges in urban development, as cities expand, populations change, infrastructure ages, and climate effects cause flooding, urban heat islands and prolonged drought periods.

However, a combination of smart water solutions and smart water management can help you turn these challenges into opportunities for sustainable urban growth. Whether you're planning new developments or revitalizing existing districts, water must therefore be a strategic priority for your smart city.



Real-time water insights driven by future-driven data and technology management

In a smart city, smart water means using data and technology to manage water and wastewater infrastructure and related municipal services more efficiently. Advanced sensors, with Internet of Things (IoT) connectivity, collect and transmit water data for remote monitoring, analysis and control, giving you real-time visibility across your city's water networks.

IoT-enabled sensors detect leaks or vandalism (e.g., fire hydrant tampering) quickly, predict flooding early, optimize distribution and monitor water quality. For you, this translates into fewer disruptions, lower operational costs, improved compliance and better service for residents.

¹ [UN World Water Development Report 2023](#)

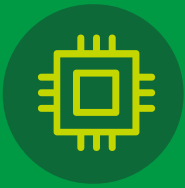


Alternatives for a finite resource: harnessing rainwater and greywater

But smart water goes beyond technology - it is also about rethinking water resource management and transforming infrastructure and urban spaces. Freshwater is finite, but essential, not only for life but also for the data centers powering smart cities. Relying solely on traditional supply systems is no longer viable. Already, hundreds of millions populate cities where water demand often exceeds available supply. By 2050, with urban populations continuing to rise, urban water demand is projected to increase by nearly 80%.¹ Rainwater harvesting and greywater recycling offer alternative water sources to meet this demand.

Rainwater can be collected locally or through engineered surfaces like permeable pavements. Greywater (i.e., wastewater from sinks, showers and washing machines) can be captured directly at residential or industrial units. In both cases, capturing and reusing these sources reduces dependence on external supplies and lowers costs. Even better, they can irrigate urban green spaces, cool heat islands and improve city residents' quality of life.





Engineering meets nature: creating blue-green infrastructure

Alternative water sources address water scarcity, but cities might also suffer excesses. Flooding increasingly disrupts cities and damages urban real estate. With increasing extreme rain events, smart cities must engineer solutions proactively, in response to growing climate threats. One way to do this is by increasing your city's blue-green infrastructure. Blue-green infrastructure combines water features (blue) with natural elements (green), to manage stormwater and enhance resilience. Solutions like permeable pavements, green roofs and urban wetlands absorb excess water, reduce pressure on the existing drainage systems, filter pollutants and enhance urban biodiversity.

They also reduce reliance on costly gray infrastructure (pipes, concrete channels) and improve a city's "sponginess" (i.e., ability to absorb rainwater) - a key measure of climate resilience.

Both alternative water sources and blue-green infrastructure offer practical and scalable solutions that don't just solve pressing issues but also make city environments attractive for funding and stakeholder buy-in.



Coordinated action and collaboration as key to scaling smart water solutions

Although individual smart water solutions can already be found, they often remain unscaled and fragmented at city level. Why? Because water supply and drainage systems operate in separate systems, and control between end users and operators is divided - neither can directly influence the other.

Therefore, to implement smart water solutions and scale them successfully in your city, you need coordinated action across systems, sectors and stakeholders. This includes a targeted approach, to facilitate urban water connections and enabling mechanisms like permitting, investment and cross-sector platforms.²

² [WaterBOOST: Innovation for Future Cities | World Economic Forum](#)

Conclusion

Smart water solutions and smart water management are not optional, but should be integrated at the core of your smart city. They reduce costs, secure water supply, mitigate climate risks and create livable cities. By embedding them into your smart city design and urban planning, you can lead the way toward resilient, future-ready cities.

Implementing these solutions requires more than technology - it demands strategic planning, stakeholder alignment and tailored investment models. Deloitte's international expert team can support you to:

- Develop a holistic water strategy, aligned with your city's growth and sustainability goals.
- Design and implement smart water systems, using cutting-edge technology and infrastructure solutions.
- Facilitate cross-sector collaboration between utilities, developers and regulators, to overcome fragmentation.
- Secure funding and optimize ROI, through tested and proven financing and business models.
- Ensure compliance and increase resilience, by integrating regulatory requirements and climate adaptation measures.

With our guidance and support, your city can move from fragmented initiatives to a scalable and integrated smart water ecosystem that delivers long-term value.



Bonus Prediction

Housing market shifts could reshape rental operating models for commercial real estate owners



A surge in US renter households by 2035 could create opportunities for property owners that invest early in living-as-a-service offerings across their portfolios

The population of renters in the United States is expected to increase over the next decade amid challenges to home ownership and other emerging trends. For commercial real estate (CRE) owners of multifamily rental properties, the expected rise in renters may open new pathways to capture excess value from subscription-based, living-as-a-service (LaaS) operating platforms.

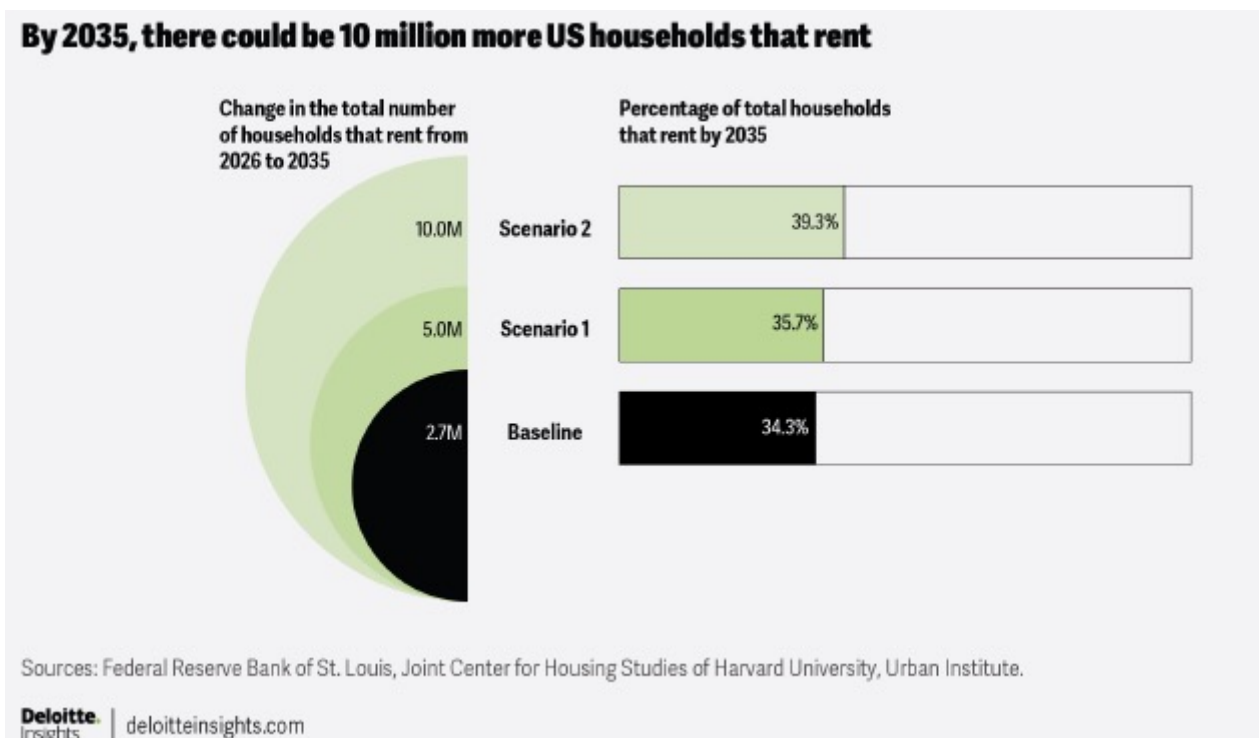
The LaaS model repositions rental housing as an integrated service experience between buildings and even metros. Instead of focusing solely on lease terms for single-cycle occupancy, it emphasizes flexibility, mobility, and access through a subscription service. By bundling a range of value-added services such as maintenance, connectivity, amenities, among others for lease options across a portfolio, owners can potentially ease burdens of tenant responsibility, capturing the loyalty of renters to a single platform for the long term.

This subscription-style approach could also allow renters to adapt their living arrangements more easily as their needs evolve, while benefiting from a more seamless and supported residential

experience for their current rental units and future ones. Such platforms may be particularly attractive to households that prioritize convenience and housing-related services over long-term ownership commitments.

Ongoing demographic shifts, along with renewed homeownership challenges, are expected to broaden the appeal of house and apartment renting over the coming decade. The Deloitte Center for Financial Services analyzed three possible scenarios for the future number of renters in the United States. The first is derived from Deloitte’s first-quarter economic forecast. The second and third are based on forecasts to 2035 by industry housing and research organizations, modeled with Deloitte’s own estimations and assumptions. Based on these findings, we predict the number of US households that rent could increase by as much as 21.7% by 2035 to 56.3 million from today’s 46.2 million. The same research found the percentage of households that rent could reach 39.3% by 2035, up from 34.3% today (See Figure 1). (See “About this prediction.”)

Figure 1: by 2035 there could be 10 million more households that rent



Source: Federal Reserve Bank of St. Louis, Joint Center for Housing Studies of Harvard University, Urban Institute.



How homeownership pressures could fuel rental growth

Pricing compression. Steadily rising home prices in many regions of the US are widely seen as a main factor suppressing near-term buying growth. Prices have outpaced income growth, raising income thresholds needed for home purchases.¹ Elevated levels of upfront capital are needed to meet downpayments, especially in competitive markets.² Rising homeownership operating costs, including property insurance and taxes, are also putting pressure on household budgets.³ In terms of financing, mortgage rates remain elevated relative to the exceptionally low levels that defined much of the past decade. While 30-year fixed rate mortgages dipped briefly below 6% in the first quarter of this year—nearing their lowest level since 2022—they remain double the rates that were available in the 2010s.⁴

Demographic friction. Consumer trends and preferences are also shaping the housing market. The time it takes to transition from renting to owning is lengthening, and those seeking flexibility, either geographically or due to family or life circumstances, may opt to own for shorter periods than in the past. The median age of first-time home buyers is

now 40 years old, up from the late 20s in the 1980s as households delay purchasing due to financial limitations.⁵ At the other end, those entering retirement are choosing to downsize or move into rental housing that requires less maintenance and offers more conveniences.⁶ Changing lifestyle preferences may also be influencing tenure decisions. These can include geographic flexibility for evolving career paths and remote work opportunities, making long-term ownership less appealing to some.

Marketplace dynamics. In many regions, new for-sale housing construction has not kept pace with population growth and household formation, limiting available inventory and putting upward pressure on prices. The trend has been exacerbated in recent years by rising construction costs.⁷



What a renter-centric future could mean for housing

Rental housing could move from being transitional to becoming a core household infrastructure as the composition of the renter base evolves. A notable shift came from renters aged 65 and older, whose share of rentals increased by nearly 30% between 2013 and 2023 as more retirees chose renting that reduces maintenance and property tax burdens,⁸ while allowing closer proximity to family or healthcare.⁹

The number of high-net-worth renter households in the United States more than tripled between 2019 and 2023,¹⁰ suggesting that renting is increasingly viewed as both a lifestyle and a capital preservation choice among higher-income households.

Renters are also stretching leasing periods, with renewals accounting for about 57% of leasing activity, an indication of high tenant retention.¹¹ Large operators reported record-low turnover rates, as low as 7.9% in early 2025.¹²

Some property owners are taking action to accommodate these changing expectations. Several REITs are prioritizing occupancy stability in slower leasing periods to sustain revenue and net operating income (NOI).¹³ Retention has become financially critical, with turnover costing about \$4,000 per unit, a figure that includes vacancy loss, concessions, and unit make-ready costs.¹⁴

² [WaterBOOST: Innovation for Future Cities | World Economic Forum](#)



The strategic opportunity of LaaS

In a scenario where the number of new renter households swells by as much as 10 million in the next decade, owners of multifamily rentals have a strategic opportunity. Those that consider a LaaS operating model could have early-mover advantages as the rental housing market evolves. The goal is to provide a simplified, predictable, and flexible housing experience for renters for the duration of their renting experience, wherever they choose to live.

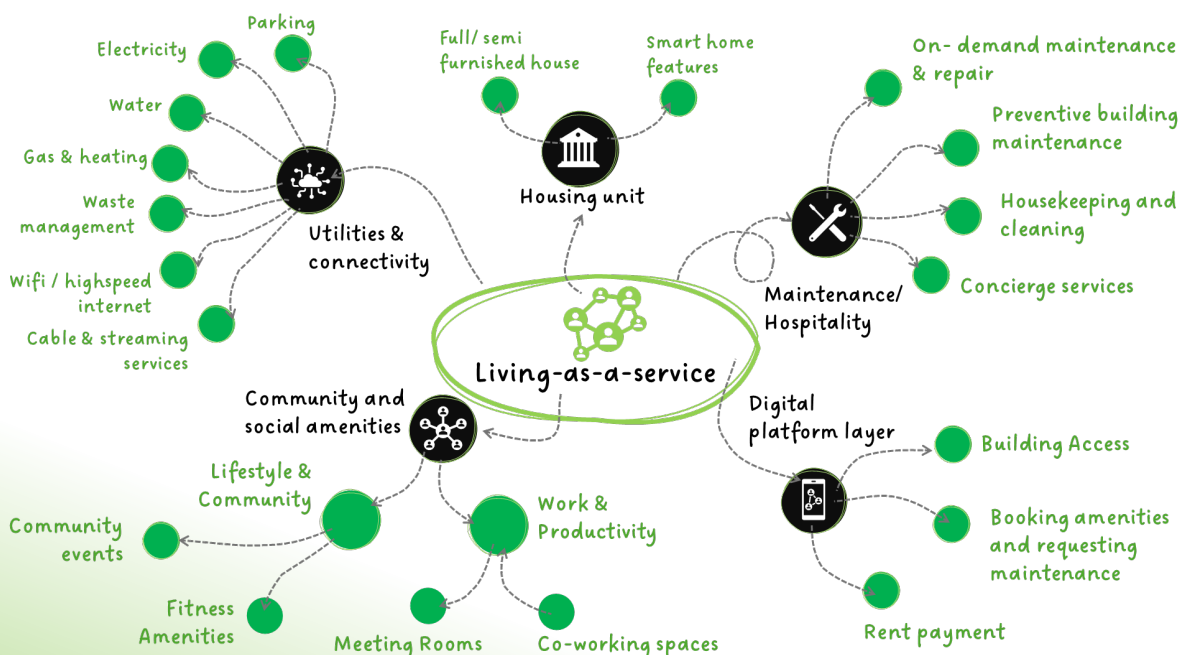
For commercial real estate owners and investors, the LaaS model can offer several strategic advantages for both their tenants and their businesses. Replacing traditional leases with flexible, service-oriented plans could appeal to renters who value mobility. A multi-metro model, for example, could allow tenants to move seamlessly between units within a rental portfolio network—catering to the needs of remote workers as well as gig economy and work-at-home professionals.

This shift toward service-oriented living is already visible in other living segments like senior housing where investors are taking notice. The oversubscription to public offerings such as the Janus Living IPO may signal growing demand for integrated services, lifestyle amenities, and

convenience-driven experiences —highlighting how expectations are evolving beyond simply securing a place to live.

For building owners, LaaS models can benefit from scale. Large multifamily operators could be well-positioned to aggregate services such as utilities, maintenance contracts, and technology platforms across multiple properties and cities in their portfolio. Centralizing these functions could lower per-unit operating costs while enabling consistent service delivery.

Lastly, LaaS introduces potential new revenue streams beyond base rent. Operators could capture additional income through bundled service premiums, optional add-on services, and partnerships with third-party providers. Even a modest adoption of bundled services across a large portfolio could generate meaningful revenue increases and consistent income streams while strengthening resident retention and satisfaction. This approach could help rental unit owners transition from traditional rent collection to a more diversified, service-oriented operating platform.





Next steps toward adopting the LaaS model

Rental owners and investors looking to adopt LaaS can consider the following steps:



01 Reposition portfolio strategy toward platform integration.

Technology will be the enabler getting LaaS off the ground and implemented at scale. Owners should invest in operating systems that can enable bundled

billing, marketing available units across a portfolio, and standardized service layers across properties.



02 Target properties aligned with structural rental growth.

These include multifamily properties in high home-price-to-income metros; build-to-rent or master plan communities where rental homes are highly

concentrated; and markets with strong household formation but limited housing inventory.



03 Implement clear, itemized lease terms and billing that transparently breaks out all services included in any bundled offering.

Provide tenants with visibility into costs, optional add-ons, and usage-based charges. Establish consistent communication and auditing practices to build trust,

avoid perceptions of hidden fees, and reinforce the value proposition of a service-oriented rental model.



04 Start building service capabilities.

LaaS will require an established network of partnerships that enables the model to run efficiently. At the onset of adoption, owners should aggregate utility providers,

scale maintenance capabilities, leverage bulk pricing for furniture acquisition, and establish a subscription-ready billing infrastructure.



05 5. Implement resident analytics platforms and tenancy lifecycle tracking.

Deploy property management platforms that can capture tenant satisfaction, service requests, and amenity usage, as well as financial metrics, including renewal rates and

turnover. Monitor how service usage and satisfaction correlate with retention to help refine bundled offerings, address points of friction, and potentially reduce churn.

Building a bundled offering like LaaS takes deep coordination and planning on the part of rental property owners. For those that start preparing early on the technical, analytical, and partnering requirements, it's an opportunity to establish new in-demand business channels for an expanding rental marketplace.



About this prediction

At the end of 2025, 46.2 million households identified that they live in rental housing, or 34.3% of all households.¹⁶ Using the recent pace of household formation of approximately 859,000 new households per year, we estimate there will be 143.4 million households by 2035. This total household count forecast was then used as the final 2035 estimate across scenarios one and two.

Our scenario details and forecast assumptions are as follows:

Baseline: The Deloitte US economic forecast and straight-line assumption

In the base case, we assume that today's homeownership rate of 65.7% will not change by 2035. We leverage Deloitte's [latest US economic forecast](#) for homeownership growth but the distribution of new renters is no larger, or smaller, than it is today.

Scenario one: Pressures persist but the system works

In this scenario, we base estimates on the forecasted rate of 64.3% homeownership by the Joint Center for Housing Studies at Harvard University.¹⁷ Using our final household forecast, that would mean roughly 51.2 million households would be renters by 2035, a 5.0 million increase from today's total or a 10.6% increase.

Deloitte assumptions applied to reach this total:

- Of the new households formed over time, 60% become renters.
- Owner-to-renter conversions are negligible as we assume current owners choose to remain owners rather than give up equity, retain their lower-than-market mortgage payments, or could aim to pass their properties on to their families.
- In this scenario, prices and rates remain elevated, down payment hurdles are still in place, but there is no major foreclosure wave or credit crisis.

Scenario two: Tough affordability, tight credit, and owner conversions

For the second scenario, the forecasted homeownership rate settles at 60.8% by 2035 as estimated by the Urban Institute.¹⁸ By 2035 this would equate to 56.3 million households, a 10.0 million increase from 2025 for a 21.7% increase.

Deloitte assumptions applied to reach this total:

- Nearly 90% of the new households formed over this period become renters.
- There is an incremental conversion of owners to renters that is forced by life circumstances to rent. These include downsizing trends, divorce, and retirees shifting to rentals.
- Rates and home prices also stay higher for longer, enough so that first-time home buying remains muted.
- There is an increase in government incentives for developers to build in the interest of renters, more often with products like build-to-rent or LaaS.

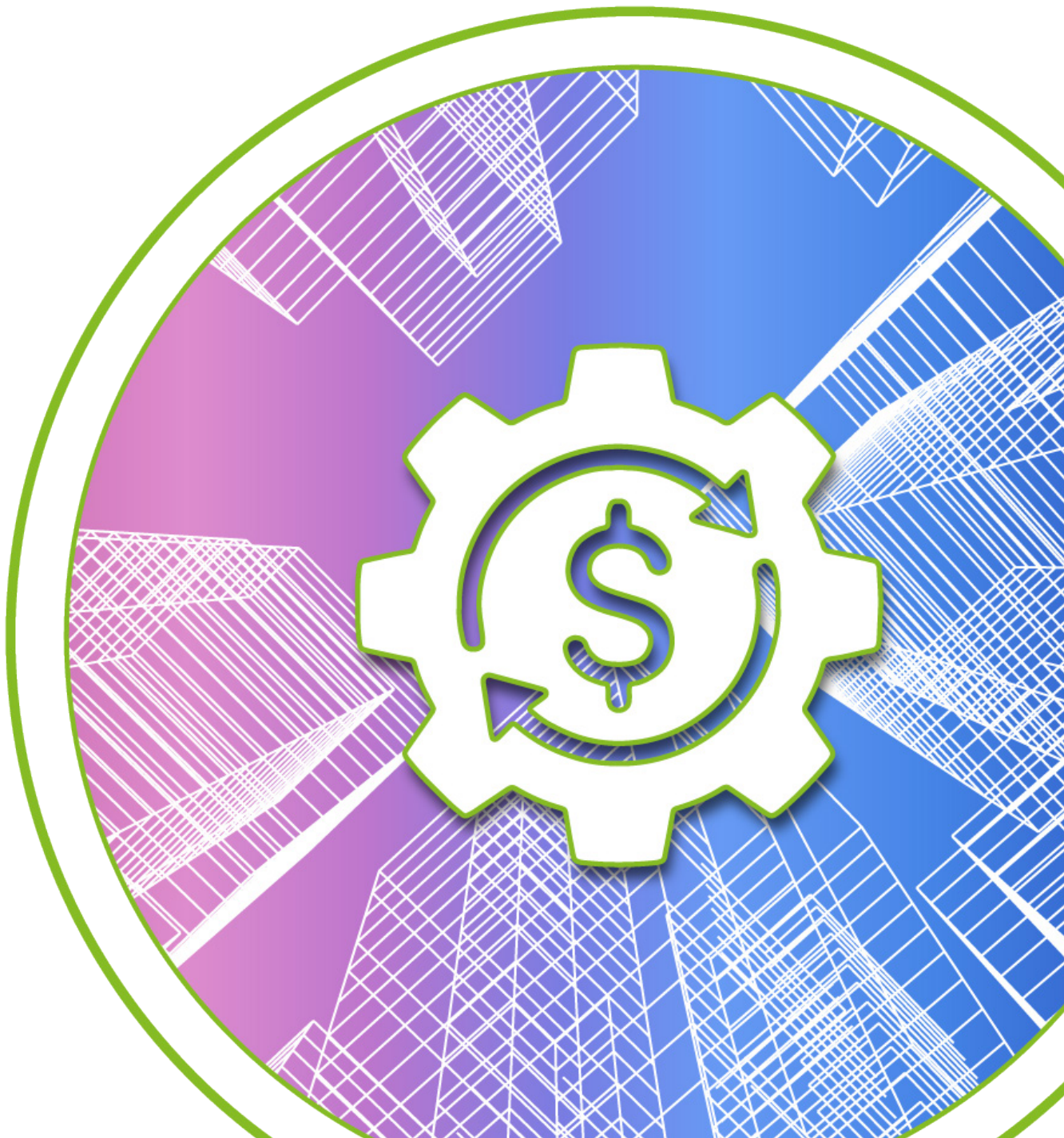


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Bonus Prediction

Cryptocurrencies and smart contracts are unlocking efficiencies across the commercial real estate fund lifecycle



Funds are being rebuilt on-chain

Crypto markets may swing between hype and skepticism, but the technology supporting it is far steadier. Blockchain is drawing the attention of asset managers who recognize the potential to automate how money moves through the lifecycle of a fund. Distributed ledgers and asset-backed stablecoins are catalysts that could reshape commercial real estate (CRE) fund processes to facilitate transferability by reducing transaction costs and settlement time.

Central to this transformation are smart contracts—software protocols that automatically execute once predefined conditions are met. Asset managers are already testing their application across fund workflows, including subscriptions, capital calls, redemptions and escrow releases. The technology could also reshape the roles that intermediaries play, making complex workloads more efficient and responsive.

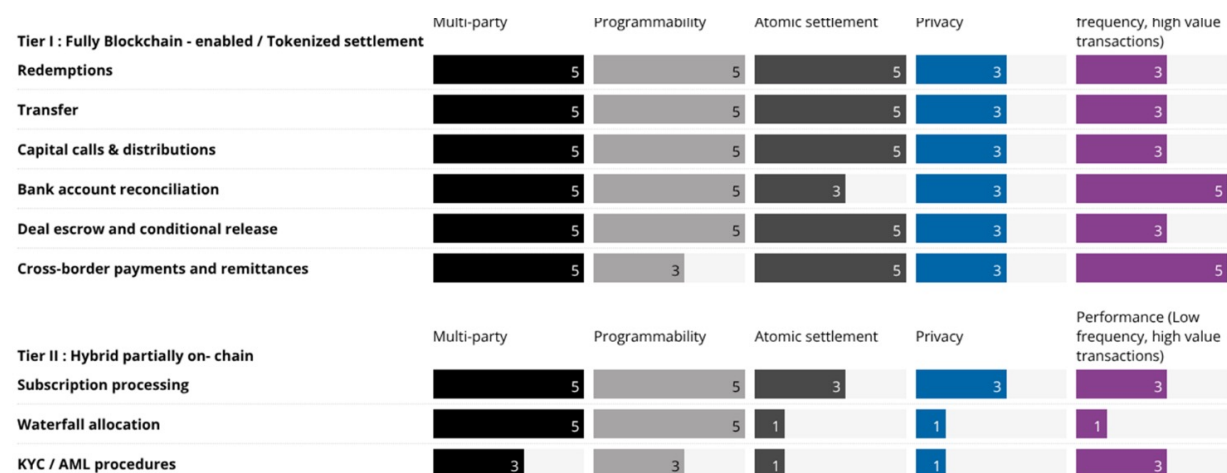
Over the next decade, that experimentation by real estate funds is likely to harden into standard practice. By 2030, substantially all fund managers will likely use blockchain-enabled digital assets universally in at least one piece of the fund-flow process. Our research has determined that the most viable points for smart contracts and cryptocurrency integration across a fund’s lifecycle include investor-related transactions, cross border transactions,

fund contributions and distributions, rent and utility payments, and property operations (See About this Prediction).

As financial institutions race to modernize fund operations, a clearer picture emerges where blockchain technology genuinely adds value and where it may not. Processes like capital calls and distributions, which require coordination of cash movements and ownership updates across multiple parties, are increasingly suited for full on-chain execution. With programmable smart contracts and the rise of tokenized assets and payment rails, these workflows can be automated end-to-end.

Most other high-potential use cases follow a more pragmatic path. They rely on hybrid architectures, where core logic and sensitive data remain off-chain, while blockchain provides a shared layer for coordination, verification, and audit trails. By anchoring attestations and timestamps on-chain, firms can synchronize data across administrators, custodians, and investors without exposing confidential information. This model is particularly effective for onboarding, anti-money laundering (AML) and know-your-customer (KYC) reviews, and reporting, where privacy and regulatory constraints limit full on-chain adoption.

Figure 1: Blockchain’s split role in fund operation



Note: The scores—1, 3, and 5—likely represent a simplified ordinal scale: 1 = low relevance or limited benefit from blockchain, 3 = moderate or conditional benefit depending on implementation and partial benefits but with trade-offs (e.g., regulatory or integration complexity) and 5 = high relevance where blockchain provides strong structural advantages over traditional systems.. This type of framework is directional and intended to guide prioritization rather than serve as a precise measurement model.

Source: Deloitte Research

Deloitte | www.deloitte.com/cfs



Enhancing fund formation, subscription, and investor onboarding processes

Fund operations today are slow and manual. Capital calls in particular move through emails, spreadsheets, and multiple intermediaries just to get money where it needs to go. Managers carefully time these calls to avoid “cash drag” or return dilution. Smart contracts could offer a cleaner alternative by validating investor eligibility and available capital instantly and then moving the funds only when all requirements are met. Over time, that could significantly reduce not in good order (NIGO) exceptions and delays caused by missing, incorrect, or non-compliant information, as well as minimize the back-and-forth reconciliation that slows the process today.

Similar efficiencies can emerge during fund investor onboarding. AML and KYC checks are often completed manually and potentially even after transactions occur, driving up costs. In the United States, asset managers spend about US\$2,600 for each institutional review, 13% more than peers in the UK and 23% more than counterparts in Singapore.¹ Embedding these checks directly into transaction protocols could allow funds to screen investors automatically, enforcing jurisdictional and accreditation rules in real time.



Making ongoing operations real-time and more efficient

In real estate funds, blockchain can likely solve post-onboarding inefficiencies, particularly in redemptions, transfers, and net asset value (NAV) information updates by reducing delays, improving record synchronization across parties, and enabling investors to act on more timely and transparent fund data.

Valuation and distribution

Fund reporting today is often slow, fragmented, and backward looking—hardly the service many clients expect in a digital-first world.² Investors want a clear, up-to-date view across their portfolios, not just period snapshots of stale history.³ NAV calculations may rely on external data feeds but their dissemination and audit trails can be embedded within smart contracts, enabling stakeholders to access and verify both pricing inputs and historical data with greater ease. More frequent and transparent NAV updates also allow redemptions to be priced more accurately, reducing the risk of investors entering or exiting based on outdated information.

Some fund managers are starting to automate how assets are valued and how returns are computed. A real estate investment trust (REIT) has to distribute at least 90% of its income every year or it loses its favorable REIT status. Smart contracts could help calculate and execute distributions to mitigate the risk of losing this status. This also means they should expect more distributions from these types of investments than they might expect from other investments, so smart contracts can help provide speed, clarity, and tracking to distributions.

AI-driven valuation models can automate cash-flow forecasting, introducing more dynamic approaches to capital appreciation, calibrated to asset utilization and macroeconomic conditions.

Early pilots like Citigroup's tokenized fund, in collaboration with Wellington Management, show that this is no longer theoretical. Distribution and waterfall rules are encoded directly into the fund's architecture, ensuring that payouts follow agreed seniority and tiering. No manual intervention is needed.⁴

Redemptions and transfers

Fund redemptions today can be slow due to prescriptive rules for fund liquidity. Redemption terms—like lock-up periods, liquidity thresholds, and NAV calculation proceedings—can be built directly into digital systems and handled automatically. When an investor triggers the redemption, the smart contract can automate redemption approval and payment at an agreed price, at which point stakeholders are updated in real-time and with an audit trail.

Complex assets like digital infrastructure contain even more opportunities for efficiency improvements. Funds dealing with data centers and fiber and wireless networks can have development cycles, modular capital deployment, and complex revenue-sharing arrangements that range between 10 and 20 years, making capital flows difficult to manage. The manual layers controlling these processes may not keep up. Automated, rule-based systems are more than just an upgrade; they may be essential in managing capital efficiently at scale. Why cryptocurrencies are gaining favor in CRE transactions

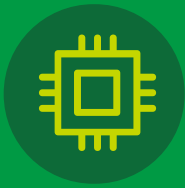


Why cryptocurrencies are gaining favor in CRE transactions

The real-estate industry, often seen as slow to change, is proving receptive to cryptocurrencies. Digital assets are being used not only in property sales but also for rent and utility payments, with adoption likely to grow as regulatory clarity catches up. About 14% of US adults now hold crypto,⁵ and that ownership is beginning to influence how transactions are funded and executed. In a May 2025 survey, Redfin found 12.7% of recent Gen Z and Millennial homebuyers sold cryptocurrency to help fund their down payment,⁶ while The Lurie Group saw a 35% increase in crypto-wealth-enabled home purchases over the last year.⁷

Stablecoins are also becoming a practical alternative for moving money globally, and real estate fund managers may need to get on board to meet payment expectations. Companies are using stablecoins to settle cross-border transactions faster and at a fraction of the cost—cutting fees from US\$2,000 on a US\$100,000 transfer to less than US\$100,⁸ while reducing settlement times from days to seconds. Stablecoin transaction volumes hit US\$33 trillion in 2025 and could reach US\$56 trillion by 2030.⁹

Adoption is moving beyond experimentation. Nearly 75% of family offices are now investing in or exploring crypto.¹⁰ For global sectors like real estate, where US\$64 billion crossed borders last year, this creates a clear opportunity. And as more banks and financial institutions explore issuing their own stablecoins, the underlying payment rails are becoming increasingly important. Employing a “stablecoin sandwich” strategy—in which a local currency is converted into stablecoin, moved globally in seconds, and converted back into local currency on arrival—offers a way to sidestep local currency volatility while preserving the familiar experience of fiat-to-fiat transfers, pointing to a potentially durable evolution in global money movement.



Capitalizing on a clearer regulatory environment

Recent regulatory changes are bringing more clarity, especially on cross-border issues. Last year's GENIUS Act, the first US federal law to set standards for stablecoin issuance and custody, spells out who can issue stablecoin, what reserves must be managed, and what disclosures are required.¹²

It also grants holders priority claims in an insolvency, an added layer of protection that can strengthen risk management and holdings by corporate treasuries. At the same time, the CLARITY Act continues to advance in Congress, offering to establish a clearer market structure and framework that more closely resembles traditional banking.



Blockchain enablement may require technology updates

Internally, real estate firms can optimize fund flows through smart contracts and tokenization on permissioned blockchains with controlled access. Externally, they can transform cross-border payments using stablecoins on public networks to capture speed, cost, and liquidity advantages.

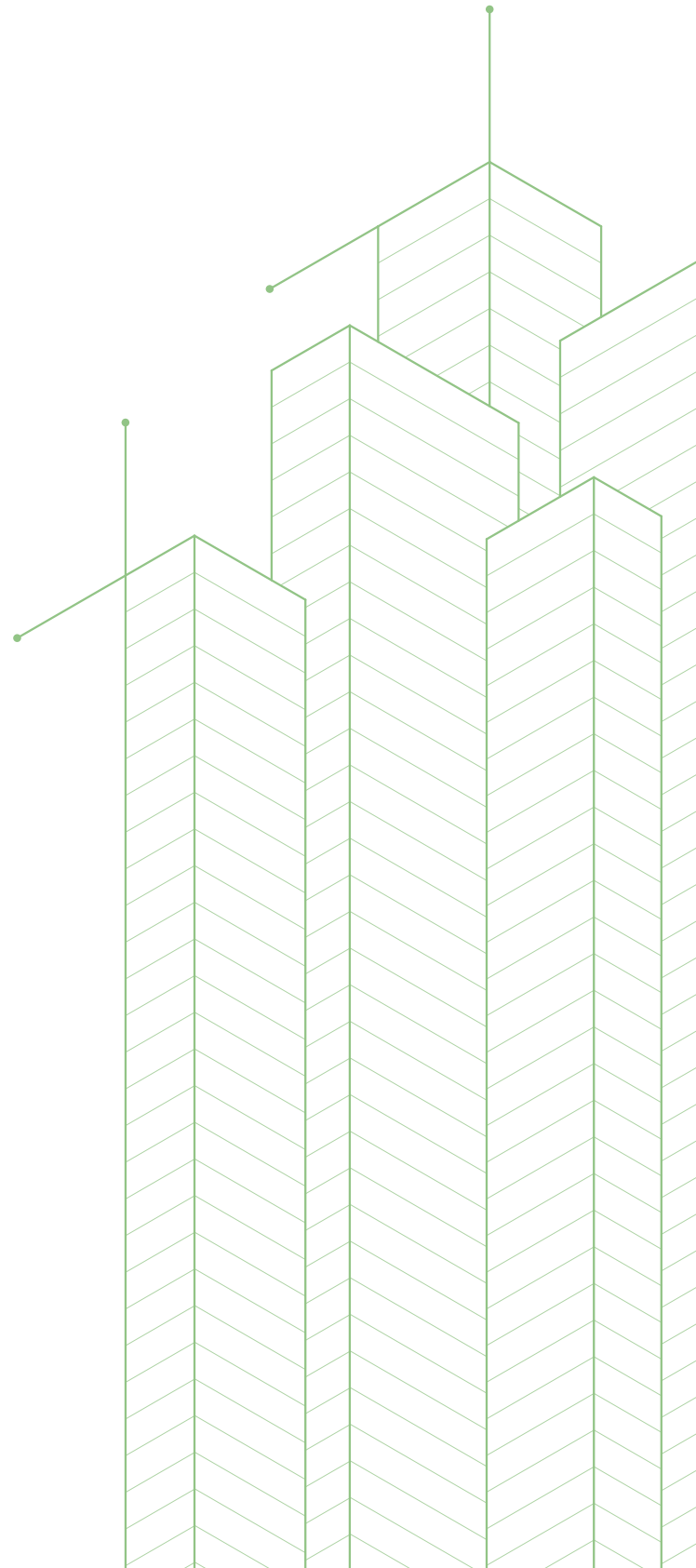
The foundation of these technologies is a blockchain network, which may be public or private. Smart contracts automate fund-flow processes based on predefined rules and conditions, while a connection layer enables backend systems or middleware to read blockchain data, trigger transactions, and integrate on-chain activity with fund workflows.

Where external inputs such as pricing, payment status, or other verified third-party data are required, oracles bring that information on-chain. A custody and wallet layer manages private keys, transaction approvals, and user access. An audit and control layer supports compliance through transaction monitoring, proof-of-reserve checks, and oracle governance. Finally, supporting infrastructure such as cloud hosting, security frameworks, and access controls underpin reliability and regulatory compliance.



Actionable guidance

- Pick workflows to pilot with measurable KPIs: Consider starting where blockchain can add clear value (capital calls/distributions or escrow/milestone releases), define success metrics (cycle time, breaks/recons, fees, error rate), and set a pilot window.
- Define treasury, liquidity, and risk policies for digital assets: Consider setting rules for stablecoin exposure limits, approved issuers/chains, conversion timing (“stablecoin sandwich” steps), counterparty risk reviews, and stress scenarios for regulatory actions.
- Design compliant and secure identity frameworks from the outset: When integrating standards such as ERC-1400 or ERC-3643 for on-chain identity registry and KYC/AML checks, prioritize robust identity verification, access controls, and regulatory alignment. Given their technical complexity, these features should undergo thorough security audits and continuous monitoring to mitigate exploitation risks and ensure compliance with evolving regulatory requirements.
- Utilize a qualified third-party custodian: That should employ multi-signature controls for digital assets and offers cold storage to ensure these digital assets are kept offline when needed.
- Integrate proprietary API solutions that handle on/off-ramping. This should include fiat-to-crypto and crypto-to-fiat conversions, along with cross-network transfers. These features can enable users to move capital across blockchains and geographies while experiencing a straightforward fiat-like transaction process.





About this prediction

Each process within the fund flow lifecycle was evaluated across five dimensions.

01

The extent of multi-party coordination and reconciliation pain:

Recognizing that blockchain is most effective when there is no single trusted source of truth and significant effort is spent reconciling data across parties.

02

The level of programmability:

Assessing whether workflows can be codified into deterministic rules (eligibility, fee logic, cutoffs, approvals) suitable for smart contract execution.

03

Requirements for atomic settlement (transfer of an asset and its corresponding payment occur simultaneously):

Particularly relevant in scenarios where linking cash movement with ownership reduces timing risk and intermediaries, such as capital flows, transfers, escrow, redemptions.

04

Privacy fit:

Evaluating whether sensitive data can remain off-chain while leveraging on-chain attestations or proofs.

05

Volume and performance considerations:

Can the process be incorporated to ensure alignment with blockchain's strengths in low-frequency, high-value transactions?

Processes were scored on a standardized scale (low, medium, high) and translated into a quantitative ranking to enable comparison across the fund lifecycle. Scores of 1, 3, and 5 correspond to weak, conditional, and strong fit respectively, with an aggregate score (out of 25) used to prioritize use cases. Our detailed assignments are categorized in the table below with the most viable cases across each phase highlighted:

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Blockchain's split role in fund operation

	Multi-party	Programmability	Atomic settlement	Privacy	Performance (Low frequency, high value transactions)
FUND FORMATION PROCESSES					
Strategy & Structuring Phase	1	1	1	1	1
Legal Structuring	1	1	1	1	1
Regulatory & Compliance Setup	3	1	1	1	1
Service Provider Selection	1	1	1	1	1
Operational Infrastructure Setup	1	1	1	1	1
FUNDRAISING PROCESSES					
Fundraising Preparation	3	3	3	3	1
Investor Targeting & Strategy	1	1	1	1	1
Marketing & Outreach	1	1	1	1	1
Due Diligence Management	3	1	1	1	1
Negotiation & Closing	1	1	1	1	1
INVESTOR ONBOARDING PROCESSES					
Subscription Processing	5	5	3	3	3
KYC / AML Procedures	3	3	1	1	3
Legal & Compliance Review	1	1	1	1	1
Capital Account Setup	1	1	1	1	1
Reporting & Communications Setup	1	1	1	1	1
POST-ONBOARDING/ONGOING PROCESSES					
Capital Calls & Distributions	5	5	5	3	3
Investor Reporting	3	1	1	1	3
Compliance Monitoring	5	3	1	1	3
Waterfall allocation	5	5	1	1	1
Bank Account Reconciliation	5	5	3	3	5
Portfolio and asset management	1	1	1	3	1
JOINT VENTURES (JVs)					
JV Structuring	1	1	1	1	1
Governance	5	3	1	3	1
Legal Documentation	3	1	1	1	1
Budget approvals	1	1	1	1	1
Capital calls	5	5	1	5	1
Distribution approvals	5	5	1	5	1
Performance reporting	3	1	1	1	3
Refinance decisions	1	1	1	3	1
Exit Mechanics	5	3	3	3	3
REAL ESTATE ASSET ACQUISITIONS/DISPOSITIONS					
Deal Origination	1	1	1	1	3
Underwriting & NAV Calculation	5	4	1	1	1
NAV dissemination and audit trails	5	5	5	3	3
Due Diligence	3	1	1	1	1
Deal escrow and conditional release	5	5	5	3	3
Proceeds allocation	5	5	3	1	3
Cross-border payments and remittances	5	3	5	3	5
DISTRIBUTIONS/EXIT					
Exit Strategy	1	1	1	1	1
Redemptions	5	5	5	3	3
Transfer	5	5	5	3	3
Sale Preparation	1	1	1	1	1
Marketing & Bidding	1	1	1	1	1
Contract & Due Diligence	3	1	1	1	1
Closing	5	5	5	3	3

Note: The scores—1, 3, and 5—likely represent a simplified ordinal scale: 1 = low relevance or limited benefit from blockchain, 3 = moderate or conditional benefit depending on implementation and partial benefits but with trade-offs (e.g., regulatory or integration complexity) and 5 = high relevance where blockchain provides strong structural advantages over traditional systems. This type of framework is directional and intended to guide prioritization rather than serve as a precise measurement model.

Source: Deloitte Research

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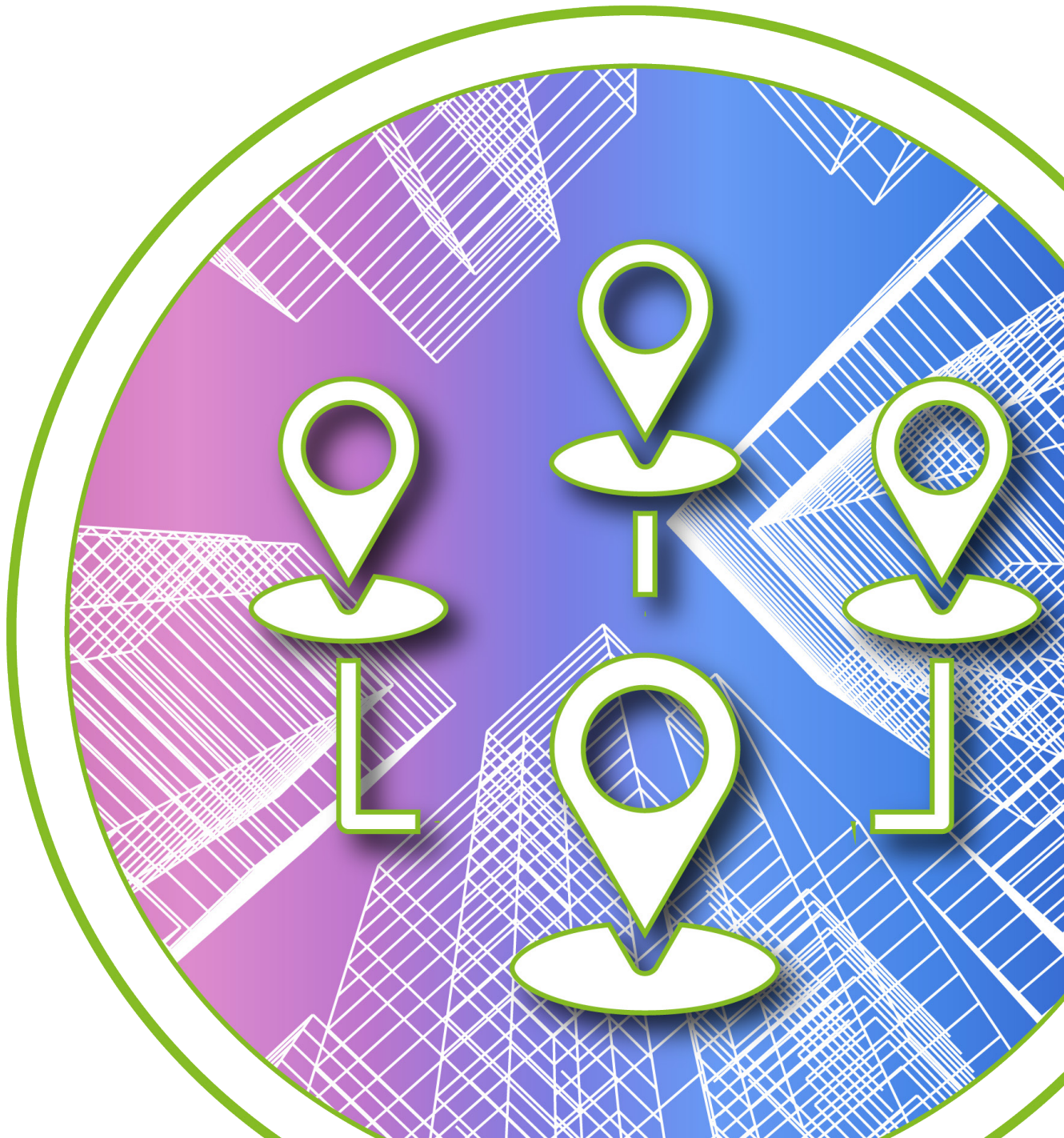


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Bonus Prediction

**Urban Development Patterns and
the Role of Mobility Data in Real
Estate Forecasting**





Reading the City Through Movement: How Geospatial Analysis Unlocks Real Estate Opportunity

The future of real estate investment and urban planning increasingly depends on understanding a single, powerful concept: **how people move reveals where value will concentrate**. Critical insights are therefore emerging by combining advanced geospatial analyses with mobility data such as transit usage, commute patterns and population distribution.

These insights help predict urban development patterns, identify investment opportunities and inform strategic infrastructure decisions. By overlaying transit accessibility data on property values, employment concentrations and demographic shifts, cities and investors can decode the relationship between mobility and real estate value creation.



The Methodology: Mapping Movement to Value

The analytical framework is conceptually straightforward but operationally powerful. Researchers correlate transit infrastructure proximity with property values, commuter home addresses and employment distribution. The process involves:

- **Data Integration:** Combining transit network maps with real estate transaction records, population density data and employment location data to create a comprehensive spatial dataset.
- **Proximity Analysis:** Measuring property values and population concentrations at varying distances from transit nodes – typically at 500-meter intervals, extending to one kilometer or beyond.
- **Temporal Tracking:** Analyzing how these relationships evolve over time, to reveal whether the value created by transit proximity is temporary or structural.
- **Amenity Correlation:** Cross-referencing transit accessibility with local retail, office and service concentrations, to understand which factors drive the greatest value premiums.

Recent applications of this methodology across multiple cities have revealed consistent patterns. Transit-adjacent properties typically appreciate at rates 2–3x more than comparable properties further away. Examined more closely, individual transit nodes often outperform their broader district averages by 40–60%, revealing concentrated zones of elevated property values. These variations reflect the interplay between transit accessibility, local amenities and employment concentration – factors that sophisticated investors are increasingly pricing into their acquisition strategies.

Behind these premiums is a well-established mechanism: proximity to transit reduces commute times, lowers transportation costs and enhances lifestyle convenience. Mobility data consistently shows that 40–50% of transit riders cite congestion avoidance as their primary motivation, while 25–35% emphasize cost efficiency. For property owners and developers, these factors translate into tangible demand drivers that support higher valuations and rental yields.



Applications Across Real Estate and Urban Strategy

The mobility data framework applies across multiple strategic domains:

- Zoning and Land Use Planning:** Mobility data reveals where demand is concentrating and where it will likely emerge. Cities can use this intelligence to proactively rezone peripheral areas near transit nodes to increase density, and to initiate mixed-use development before land costs spike. The walkability gap analysis provides a clear roadmap: areas outside the current walkable zone, but within planned transit corridors, represent the next frontier for development.
- Transport Planning and Infrastructure Investment:** Rather than basing transit developments on demographic projections alone, cities can use real-time mobility data to validate demand and optimize network design. Integrated transit systems create measurable multiplier effects, so these insights can inform priorities for feeder systems, last-mile connectivity and network expansion.
- Mixed-Use Development Strategy:** Analysis consistently shows that transit nodes outperform their surrounding districts by 40–60%. This suggests that developers should anchor projects at transit hubs, with mixed-use programs that combine residential, retail and office space. Mobility data can identify which nodes have the highest employment concentrations and residential demand, to guide site selection and program mix.
- Retail Location Strategy:** Mobility data reveals foot traffic patterns, commuter flows and population density around potential retail sites. Rather than relying solely on traditional demographic analysis, retailers can use actual movement patterns to identify high-traffic corridors and the optimal locations for different retail formats.
- Housing Demand Forecasting:** By tracking where transit users live and how that distribution shifts over time, developers and investors can forecast demand for residential development in emerging transit corridors. Deliberate population concentration near stations signals strong residential demand and, when spotted early, this pattern enables developers to position projects ahead of the market.
- Infrastructure Investment Prioritization:** Mobility data reveals which transit corridors generate the highest ridership and which secondary nodes are underutilized. This intelligence informs decisions about where to invest in station improvements, feeder systems and last-mile connectivity solutions.



Implications for Key Stakeholders

- For Investors:** Mobility-driven analysis provides a data-backed thesis for transit-oriented real estate. Rather than relying on intuition, investors can identify emerging corridors where land costs remain moderate but transit connectivity is expanding, enabling them to capture value uplift before market pricing fully incorporates accessibility premiums. The consistent 2–3x appreciation differential between transit-adjacent and peripheral properties represents a structural, not cyclical, opportunity.
- For Developers:** Understanding mobility patterns informs site selection, program mix and timing. Transit nodes command measurable premiums, and developers who position their projects accordingly can achieve superior returns. Walkability gap analysis also identifies the multi-year development pipeline, enabling developers to plan long-term land acquisition and project sequencing strategies.
- For City Planners and Policymakers:** Mobility data reveals the gap between current walkable zones and the broader population, highlighting where strategic zoning changes and infrastructure investment can unlock economic value while improving quality of life. It also identifies last-mile connectivity gaps that constrain transit benefits, and informs decisions about feeder system investment.
- For Retailers and Service Providers:** Mobility data reveals actual foot traffic and commuter flows, enabling site selection and format optimization to be more precise than with traditional demographic analysis alone.

Conclusion: Data as Strategy

In an increasingly data-rich world, understanding human movement is the key to predicting real estate value creation and urban transformation. Cities and investors that are already harnessing the combination of geospatial analysis and mobility data will be best positioned to identify opportunities, optimize infrastructure investment and shape urban development patterns. The consistent patterns observed across multiple cities show that this is not just a localized phenomenon, but a fundamental principle of urban economics: **proximity to mobility creates value – and data reveals where that value will concentrate next.** As global cities continue to evolve, this methodology will become not only a competitive advantage, but a commercial necessity.





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