SAPOA

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Elevating South Africa.
1966 – 2026

Proptech: shaping the future of the South African property market through technology

How the real estate sector is engaging technology to bring the built environment into a digital age and delivering a range of positive outcomes for stakeholders

A research report compiled by:

REdimension
CAPITAL

In association with:

SA-REIT. ASSOCIATION

GREEN BUILDING COUNCIL SOUTH AFRICA

SA PROP TECH

AFRICA PROPTECH FORUM

Contents

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Foreword

Michael Clamplett
Chairman of SAPOA Proptech Committee
Asset & Property Management Executive at Attacq

Internationally, the real estate industry has seen a sharp increase in its role in society, and the service it renders. The change requirements on better client service, reporting on sustainability matters and compliance have sparked a bigger awareness in international markets on the role that proptech can play as an enabler to assist real estate businesses with these "new" demands. I would argue that in South Africa the need is even greater with the extra burden of loadshedding, managing multiple tasks while municipal infrastructure crumbles and still providing a world class experience to international and local clients.

The SAPOA Board recognises this need and has constituted the SAPOA Proptech Committee as a sub-Committee to the Board, with the express aim of doing research, educating and supporting its members on their respective proptech journeys. Collaboration with other real estate industry bodies allows a focus of efforts as we try and accelerate the awareness and adoption of proptech solutions in our real estate industry.

The core aim of this first report, commissioned by the SAPOA Proptech Committee and compiled by REdimension Capital, is to simplify our understanding of what proptech is, and how it will benefit real estate businesses in South Africa. I trust that our members will find it valuable.

> **Proptech has the potential to bring a range of efficiencies to the South African property sector. Benefits include increased automation, improved data analysis, and enhanced communication with tenants and investors. This can lead to better decision-making, reduced costs, increased building occupancy, and ultimately higher shareholder returns.**

Joanne Solomon
CEO, SA REIT Association

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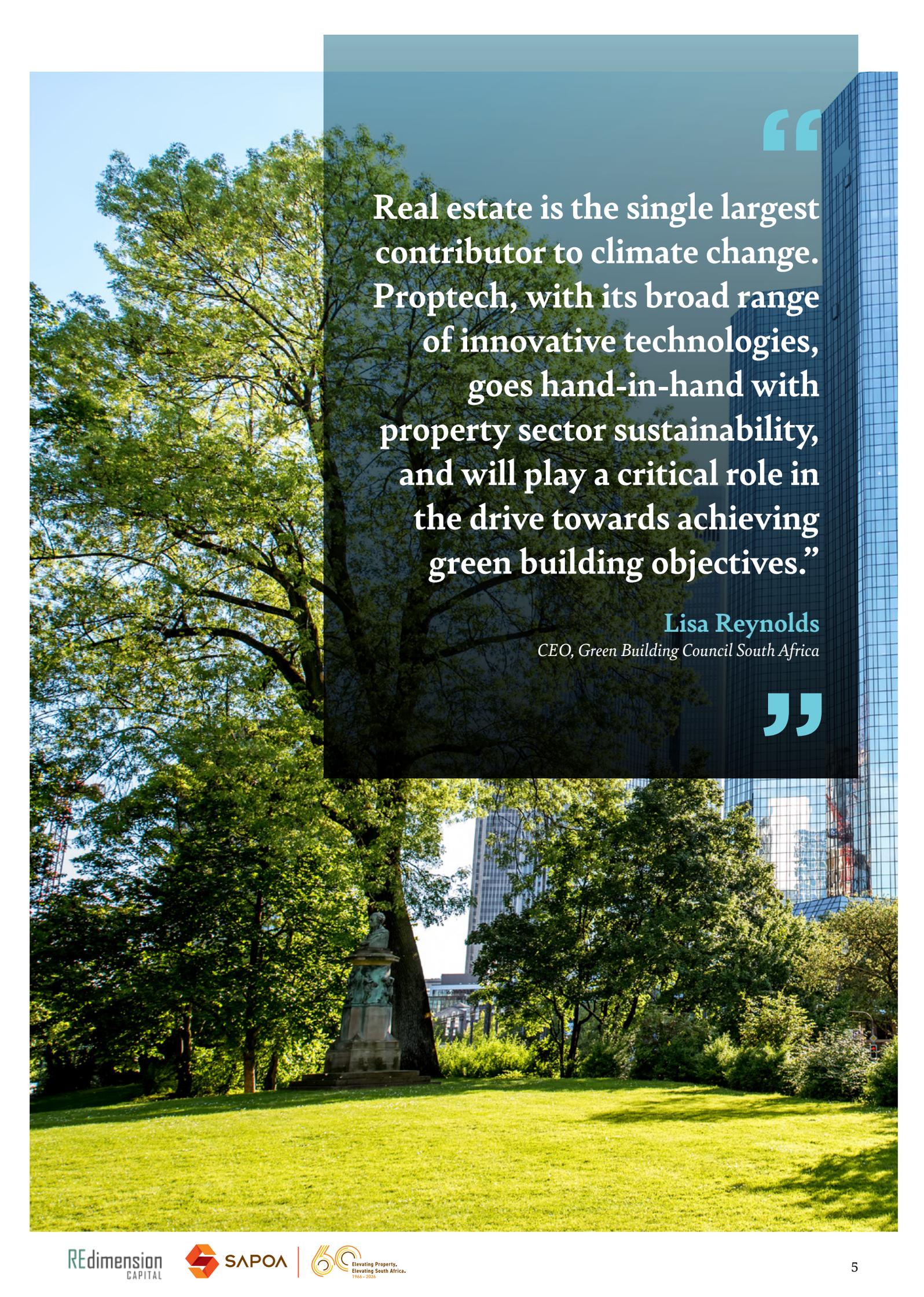
> "Real estate is the single largest contributor to climate change. Proptech, with its broad range of innovative technologies, goes hand-in-hand with property sector sustainability, and will play a critical role in the drive towards achieving green building objectives."

Lisa Reynolds
CEO, Green Building Council South Africa

Executive Summary

The rise to prominence of property technology (proptech) globally over the last decade has been rapid. As the fastest growing area of venture investment, the growth of the proptech sector has been underpinned by landlords, developers and service providers wanting to enhance operational performance to remain relevant and competitive. This has included streamlining processes through digitisation, monitoring tools, digital integrations, and improved user experiences.

More notable has been the recent focus on technologies that assist in reducing the environmental impact of the sector. From water, energy and waste efficiencies, to reducing embedded carbon in construction materials and processes, innovation is emerging across the full value chain to drive a reduced environmental footprint.

The South African proptech market has lagged global developed markets both in adoption of technologies, and in investment into new and emerging innovation. Notwithstanding, the local proptech market has expanded its breadth of offering with over 150 proptech companies identified as currently servicing the South African market across the full range of service pillars.

Fundraising within the South African proptech sector remains extremely challenging, and is an identified impediment to growth. Investment concerns centre around product distribution, with great uncertainty around the physical sector's appetite to engage and adopt new technologies.

However, there are increasing signs that the sector is poised to grow meaningfully, including: greater executive-level awareness and willingness to invest in and adopt technologies, and the emergence of dedicated industry bodies. Furthermore, we note the increasing number of founders that have extensive field experience, allowing them to innovate for challenges they are most intimate with.

The research supports our view that, in line with proven global outcomes, the South African proptech market will increasingly become an integral part of the property sector landscape, and will be critical in defending property values, enabling improved product offerings, driving efficiencies in operations, and improving management effectiveness.

Introduction

The purpose of this report is to provide a high-level, but comprehensive overview of the proptech market in South Africa. With the support of the South African Property Owners Association ("SAPOA"), SA REIT Association and the Green Building Counsel South Africa ("GBCSA"), the intention is to create greater awareness of how technology is impacting the sector, both locally and globally.

The compilation of this report includes analysis conducted over the last two years. Engagements have included meetings with both listed and unlisted property companies; service providers; industry bodies including SAPOA, SA REIT Association, SA Proptech Association, Africa Proptech Association and Africa Proptech Forum; various South African venture investors; numerous global proptech venture investors, and an extensive list of proptech entrepreneurs. The report leverages both public and private databases to, amongst other things, highlight the state of proptech funding in the global and local markets.

What has been clear in this engagement is the significant spread of proptech awareness levels across the market. In addition to the objectives of this report, we hope the engagements have also provided greater appreciation of the impact that proptech companies are having on the formal market, and have driven greater

interest to engage with, and explore the many opportunities that exist to bring physical property into the digital age.

In the sections that follow, this report provides an overview of the property technology landscape globally as segmented across three major sub-categories: users of space; the buildings; and building portfolio management. Locally, it highlights identified proptech companies in South Africa currently servicing the market across various service pillars. It summarises the results of the SAPOA Proptech Committee's direct engagement with the market around the state of proptech adoption in South Africa and finally provides some insights into global and local funding of the sector.
The report is interspersed with interviews with leading property executives to shed light on how their companies are thinking about and engaging with technology.

In Conversation With Jackie van Niekerk

ATTACQ

Jackie van Niekerk
Chief Executive Officer
Attacq

> "
> We see technology as an enabler rather than a solve-for-all. Ultimately, I want my people in front of clients and proactively managing our buildings.
> "

On the greatest impact of proptech on your organisation and the market in the coming years...

Utility management is a key focus for us and we are quickly becoming experts in solar and battery technology as well as water and waste management. The technology to allow us to monitor and manage our utilities is not as advanced as we would like at the building and precinct level. At the moment we still rely heavily on meter reading companies whose processes are relatively unsophisticated. Utilities are a significant component of our expense base and these costs, until recently, have been relatively uncontrolled. There is a great Afrikaans saying, "meet is weet" and I think if technology can assist us in measuring utilities in real time, it will allow us to better understand our consumption and optimise for that cost base.

On your organisation's tech and innovation strategy...

Two years ago Attacq established a fourth business pillar being Business Diversification. The purpose of the pillar was to establish business capabilities that enhance or complement our current business. This is in line with the Attacq purpose of delivering smarter, safer, sustainable spaces to our clients. The Business Diversification pillar includes a range of services from engineering to technology and are developed both in-house or in partnership.

On the current key technology areas of focus for your organisation...

As mentioned, utilities management and optimisation is a big focus and will remain so over the coming years. We are also focusing on ensuring we have our basic efficiencies in place. We are reviewing our processes to ensure they are aligned to our digital strategy and that our teams are leveraging the efficiencies on offer and are contributing to greater digital resilience in our business. We have recently done a large rollout of "MyBuildings" an application that gives our building management teams real-time information around operational requirements and outstanding tasks. Another focus area is procurement where we are looking to technology to streamline those processes.

We see technology as an enabler rather than a solve-for-all. Ultimately, I want our people in front of clients and proactively managing our buildings. We are interested in all technology that can lighten the administrative burden on our teams and can allow them greater time to focus on creating value for our business.

On challenges experienced in implementing technology in your organisation...

I believe everyone in our organisation wants to perform better and to create efficiencies for themselves but change is inherently difficult. In understanding the challenges around change management, we are taking a very measured approach to new technology roll-out so as not to overwhelm staff and to build their technology appreciation and processes up slowly.

On the internal skill set within your organisation and partnering the proptech sector...

We are driving our internal focus on innovation and technology from the top in order for our staff to truly embrace it. We've hired a head of technology and we've also mandated one of our executive committee members to look after our internal technology skill base. We also have an IT steering committee which includes, amongst others, myself and my CFO.

We are now looking to bring in-house business analysts and data analysts. As our business produces more and more data, converting that to intelligence is key and we can't expect our property managers to take on that role in addition to the work they are doing on a day-to-day basis.

We are an entrepreneurial organisation at heart and we support people that see opportunities to take a closer look and potentially to pursue the opportunity internally. Where we sit today in South Africa, if you're not innovative or think differently about your business, you are going a become very stale.

Having said that, technology is not something we've absolutely cracked yet, but we are certainly learning every day and trying our best to be at the forefront of technology, in a considered way, without our learnings carrying a heavy cost for the business. Do we see a role for the proptech community in supporting our business and its people – absolutely, yes! Particularly if they find innovative ways of smoothing the change management journey for my people.

Final thoughts...

Technology is certainly there to be embraced to the extent that the cost of technology generates meaningful returns, particularly in a low growth environment. Currently I don't think it gets discussed enough at an industry level but will be critical for us, as a South African based company, in adapting to how we might do things differently in the future.

Property Technology Landscape and Impact on the Built Environment

Technology and the built environment

As the largest sector by value globally, property encompasses an extremely broad suite of products, services, and stakeholders. Cadastral maps and land registries, development planning and construction processes, asset and property management, transactions and investments, asset decommissioning and recycling are all unique stages of any property. Each stage demands the expertise of different stakeholder groups to deliver properties to market that are documented, safe, attractive, environmentally conscious and ultimately, which generate a financial or non-financial return on investment.

Accordingly, despite its niche focus by name, the proptech industry's potential breadth of product offering maps that of the property sector itself, and is therefore significant. Furthermore, given the substantial underlying value of property-linked transactions, the sector overlaps with legal and financial technologies including contracting, credit assessments, insurance and payments.

Proptech foundations vs. innovations

The growth of the proptech market can broadly be divided into three stages. Proptech 1.0 emerged in the late 1990s and early 2000s, and focused on digitizing property listings and transactions. Proptech 2.0 emerged in the mid-2010s and focused on enhancing customer experience and efficiency through significant data harvesting and analytics. Proptech 3.0 is the current stage, which focuses on creating smart and sustainable buildings and cities through the Internet-of-Things (IoT), cloud computing, artificial

intelligence and blockchain technology. Not all proptech solutions are revolutionary today but were likely revolutionary at the time of their introduction. By way of an example, parking tickets and payment machines were highly innovative when introduced and a huge step-change away from manually operated car parks and cashiers. The parking market globally is experiencing a subsequent recent and rapid digitisation to improve the user experience and optimise the availability of space in increasingly expensive urban markets. License plate recognition software, digital access parking management systems and machine learning is altering the parking market fundamentally and will in all likelihood replace ticketed parking in the short- to medium-term.
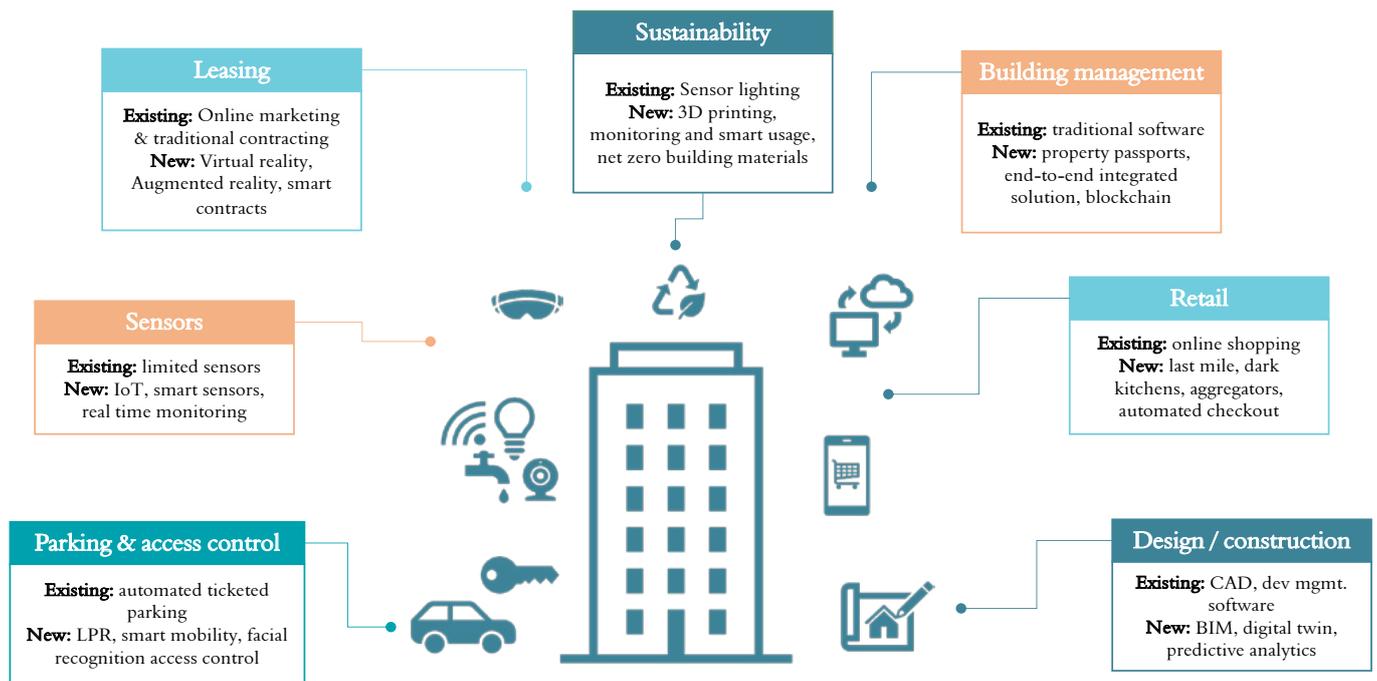
Most real estate companies have adopted technology in some form within their organisation, but perhaps are not acutely conscious of this. Certain foundational proptech is already broadly in use including property and asset management software, reporting software, online marketing platforms, data for market intelligence, payment portals, access control and others.

Innovative proptech is leveraging new technologies to further enhance the user-experience, management, productivity, and development of real estate. This includes the use of technology such as Artificial Intelligence (AI), blockchain, IoT, machine learnings, smart sensors, virtual reality, metaverse, and data analytics.

The following infographic shows existing (foundational) proptech already in use, and how this is evolving with new innovations.

Example of existing and innovative interactions between real estate and technology

Leasing
Existing: Online marketing & traditional contracting
New: Virtual reality, Augmented reality, smart contracts

Sustainability
Existing: Sensor lighting
New: 3D printing, monitoring and smart usage, net zero building materials

Building management
Existing: traditional software
New: property passports, end-to-end integrated solution, blockchain

Sensors
Existing: limited sensors
New: IoT, smart sensors, real time monitoring

Retail
Existing: online shopping
New: last mile, dark kitchens, aggregators, automated checkout

Parking & access control
Existing: automated ticketed parking
New: LPR, smart mobility, facial recognition access control

Design / construction
Existing: CAD, dev mgmt. software
New: BIM, digital twin, predictive analytics

Source: REdimension Capital

In an effort to showcase the full breadth of the potential products and services that technology can offer to the property sector, we have divided the sector up into three major categories, being; the users of building space; the building itself; and portfolios of buildings.

Space users

Proptech has shown the capacity to provide users of space with greater convenience, transparency, flexibility and personalisation. The user experience commences prior to taking physical occupation of a building and may include how people connect with landlords, inspect buildings, perform due diligence, and ultimately contract on an asset, be it for rental purposes, or for a sale.

The processes extend to how users access and engage buildings and their surrounding environments. Smart parking, visitor access management systems, community engagement platforms and registries of local amenities and services are increasingly being integrated as value-added technologies. Digital services such as online payments and vouchering, maintenance reporting and gamified incentive platforms are driving dual outcomes; not only are they improving the user experience, they are also driving improved end-user behaviour and performance.

Residential sector
Proptech has revolutionised the rental and acquisition process for the residential market providing significant transparency into available stock and allowing buyers and renters to efficiently identify suitable properties. More recent developments include

virtual tours, dynamic tenant performance ratings, e-contracting, tenant communication platforms and estate management tools. The drive towards greater efficiency in the home has given rise to smart home management platforms able to control for improved water, electricity and security outcomes. While a significant sector by value, it is highly fragmented, creating challenges for proptech companies to gain broad market penetration and product adoption. Residential-focused proptech companies that have been most successful have typically leveraged agents, banks and insurers as a route to market.

Office sector
Technology is being deployed in the office sector to assist users to optimise their workspace and productivity. Using a range of sensor technologies, building managers are able to harvest occupancy data and optimise their space requirements. Users within the space are able to augment their immediate environment to their preference with tailored temperature control and lighting. Booking management systems are providing the user with direct access to scheduling systems. The benefits of these systems stretch into health and safety matters where smart buildings are able to provide managers with real time information in the event of an incident to understand not only how many people are within a building, but where those individuals are located.

Retail sector
Increasingly, the retail sector is adapting to the need to drive an experiential offering to both tenants and consumers. Technologies are assisting in driving a more personalised experience for consumers through the harvesting of visitor data. Geospatial

analytics, vouchering systems, parking systems and rewards platforms are all improving the user experience while providing retailers and landlords with significant data-backed insights into how best to tailor an offering to the end-user. Adjusting to the threat of e-commerce, physical retailers are increasing looking to offer technology-enabled omnichannel offerings such as mobile ordering, self-checkout, click-and-collect services, personal shopping platforms and virtual dressing rooms. Proptech is also driving improved safety and security within retail assets with smart surveillance systems being able to identify potential threats as soon as they arise.

Industrial sector

The industrial sector has a broad suite of proptech products available to it that drive an improved experience to the users of the space. Health and safety education is being integrated into access and visitor management platforms to reduce risks and ensure auditable compliance with legislation. Sensors are producing real-time analytics of the industrial environment and can detect pollutants and other contaminants at very low levels. Supply management systems are not revolutionary, however these systems are becoming more advanced with efficient quantity survey tools and real-time inventory tracking allowing users to optimise inventory to suit demand patterns and drive more efficient logistics. Smart access and surveillance systems are also producing significant data to inform improved yard management and driving a better user experience. These systems are creating efficiencies in wait times, matching labour and equipment requirements with demand cycles, and improving security outcomes.

Building level

The building or asset level is the most extensive category which encompasses development activities, property and facilities management services as well as asset management decision-making.

Development activities

Property development teams have led the sector in adopting technologies that make the development process more efficient, transparent, and cost-effective. Computer-Aided Design (CAD) tools were first developed in the 1960s with the first commercial CAD tools available in the 1970s. This technology continues to evolve with increasing sophistication to allow for machine learning and virtual reality integrations. CAD drawings are also integrating with building information models (BIM) which are capturing and modelling the physical and functional characteristics of a building. These models are assisting professionals in gaining an early understanding of a building's performance, assisting them in identifying design issues and allowing them to optimise the construction process. Development management software is also a well-entrenched area of proptech innovation but continues to be optimised to provide real-time data and insights into the development process and ultimately drive greater efficiencies. In line with the objectives to reduce the sector's carbon footprint, property developers are having to plan for and incorporate the latest technologies which drive consumption optimisation and sustainability outcomes for any particular asset.

Property and facilities management

Open-access wi-fi technology, smart surveillance systems and IoT sensor technology are producing unprecedented amounts of data around building occupancy and usage. Through data analytics, property and facilities managers can gain insights into how a property is used and enjoyed, and can optimise for under-utilisation as identified. These technologies are also informing facility services, such as cleaning and predictive maintenance, that are adaptive to the actual usage rather than being generically scheduled. They are also instrumental in identifying and triggering tailored responses to incidental events and security risks.

Artificial intelligence and machine learning is also becoming influential in the sector particularly around utility management and optimisation. High-consumption equipment, such as Heating, Ventilation and Air-Conditioning (HVAC) systems, are being optimised through digital twin models that scenario test and model for a high number of variables. The systems are then able to optimise equipment settings and performance on a predictive basis based on the day's variables. These technologies have demonstrated as much as a 30% saving in energy consumption and will be critical in the journey to net zero.

Finally, end-to-end comprehensive property service platforms are assisting property and facility managers to manage daily tasks including rent collections and payment processes, utilities management and maintenance-related processes. Blockchain payments are facilitating zero-reconciliation monthly accounts and are increasingly integrating with banks and other mainstream payment platforms. Smart metering is serving energy consumption data to occupiers in near real time, and driving automated billing and enhanced recoveries, resulting in better consumption behaviour of the end-user. These systems also have the ability to automatically identify associated maintenance issues as they arise. Maintenance identification and management processes are becoming increasingly advanced with digital process management and documentation now fairly common technology. Digital twin models continue to evolve and which today can incorporate predictive maintenance for high-value building equipment and for physical building components. Predictive maintenance has shown to reduce building costs over time through lower asset down-time, enhanced lifespans and improved efficiencies.

Leasing

Leasing and vacancy management tools have gained prominence globally, providing digitised portals where real-time vacancy data can be accessed and utilised in marketing campaigns. These platforms provide real-time detailed vacancies to brokers and the broader market, reducing inefficiencies in communications and the production and preparation of marketing materials. Intimate footfall statistics, building utilisation rates, energy efficiency, and greater market transparency are also becoming integral analytics informing lease discussions.

Portfolio level

Proptech is assisting managers operating multiple properties by providing data-driven insights to support decision-making, automation tools, digital platforms and stakeholder management and reporting tools.

Portfolio monitoring, management and reporting
Technology has given management remote access to key metrics to inform portfolio performance. This includes real-time access to portfolio or asset level occupancy rates, rental income, operating costs and sustainability metrics. Management teams are able to assess portfolio risks be it around tenant concentrations, lease expiry profiles, geography exposure or specific sub-sectors.

Transactions
Sales platforms have gained significant traction within the

residential sector but have failed to gain broad market adoption in the commercial sector. Our engagements have shown an inherent preference for off-market transactions where alpha can be captured through inefficiencies of the market. However, commercial platforms have gained significant scale in international markets and are highly attractive, cost-efficient tools to organisations with lighter human capital resources focused on origination.

More recently, and leveraging technology focused on other markets, property owners today have the ability to showcase their properties in immersive ways using virtual / augmented reality tours or renderings reducing costs and opening up new audiences that may otherwise not have considered the opportunity.

Given the high friction costs in property transactions, it is not surprising to see technology focusing on streamlining processes associated with property transfer. Digital document repositories, blockchain transactions, unitisation and property passports are all intending to drive greater efficiency, security and cost savings.

Proptech: How technology can enable better outcomes through the value chain
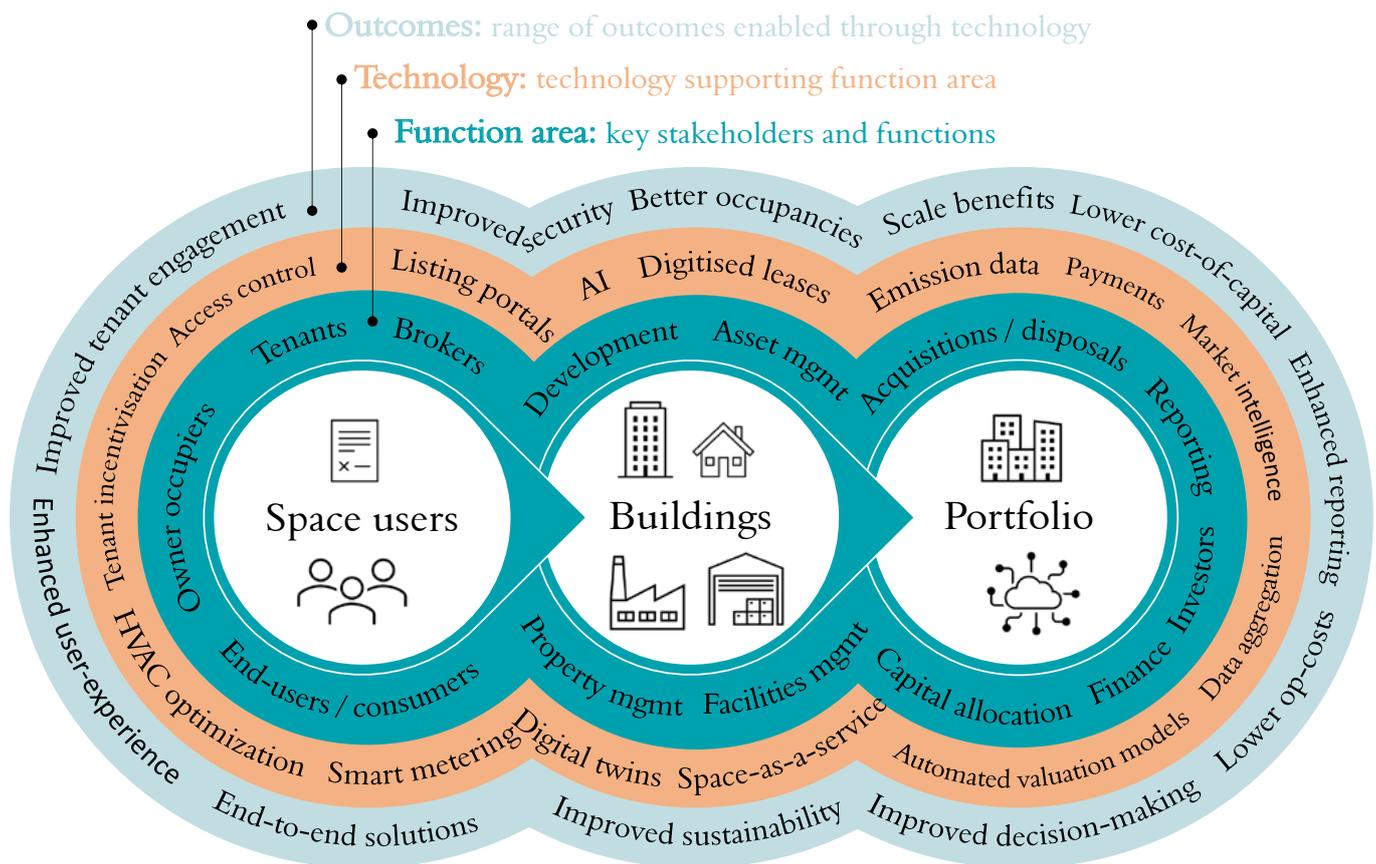
Source: REdimension Capital

It is clear that the built and digital environments are coming together with clear impacts for all stakeholders. The positive impacts range from making assets more productive, sustainable, efficient, convenient, accessible, affordable and secure.

In Conversation With Estienne de Klerk

Estienne de Klerk
Chief Executive Officer (South Africa)
Growthpoint Properties

> "If there are ways to do things more efficiently and profitably, then I expect to see an ongoing trend of increasing adoption of technology by the sector."

On the greatest impact of proptech on your organisation and the market in the coming years...

Ultimately, we want to enhance our business and services to our clients. If there are ways to do things more efficiently and profitably, then I expect to see an ongoing trend of increasing adoption of technology by the sector.

On your organisation's technology and innovation strategy...

We have been thinking about and engaging with technology in various ways over the years. We have built a huge amount of intellectual property within MRI, a system we adopted, which provides us with an open-source enterprise grade platform as the digital base for the business. This provides for base level automation and efficiencies, but also positions us well as we contemplate the next phase of digitalisation for the business.

We are a service business and believe people are critical in differentiating us so are not looking to remove them. The aim is to reduce the administrative burden to make the process more efficient.

We have also been opportunistic regarding investments, and have very selectively looked to help finance transactions where we see an opportunity to accelerate growth. An example here is One Cart in which we invested and assisted on their early-stage growth journey.

On the current key technology areas of focus for your organisation...

This differs across sectors and the business at a whole.

In retail, talking to some of our thesis regarding One Cart, we were trying to promote trade to the shopping centres. The biggest trend here is last mile and using shopping centres as distribution hubs. This is both a good use of the space, but also enables tenants in the asset to have a last mile offering where otherwise they would not have one. Ultimately, we believe more and more things are going to shift into last mile delivery, particularly for the higher LSMs, growing on the trend which really started with groceries.

Office perhaps has the most to benefit from technology in the near-term, where it is playing an increasing role as offices become more of a serviced offering. The cost and monetisation of providing services is the challenge. We are trying a range of ideas to incentivise and attract tenants into our buildings – it can't compensate for economic growth, but technology will play a role in making our assets attractive. It can also help enhance the deal process as we move increasingly to web-based solutions for processes such as leasing and payments.

In logistics, clients themselves are using a huge amount of technology. For now, we just need to keep up with requirements to improve the digital infrastructure, particularly regarding latency, power, etc.

On challenges experienced in implementing technology in your organisation...

The biggest challenge is funding technology initiatives – once you are in you are in, so you need to be very selective and considered. There needs to be dedicated resources in the development space, whether it's internal or external, then you need someone to manage the process and to drive outcomes and make sure it's commercial. Managing growth of early-stage business can be challenging, they demand huge resources both in the form of capital and time.

On the internal skill set within your organisation and partnering the proptech sector...

We have a dedicated IT team, and a range of people in the business who focus on innovation. Generally, we foster a culture of openness and will gladly look at a range of new ideas.

Security is vital so we focus heavily on cyber security and compliance with regulations such as POPI. It's also important for us to have enterprise grade solutions which can also benefit the technology company as they develop out systems to this high specification.

Building a Software as a Service (SaaS) product requires huge investment upfront to fund the development. It also requires continuous investment for ongoing development, client take-on and implementations, business analysts, queries, etc. This is a different skill-set to that required for property and so we believe it best to partner.

Final thoughts...

In South Africa, we are going to see a different proptech wave to what's been witnessed globally. We have unique demographics, affordability requirements and unique regulations, and therefore products and solutions will be tailored to these dynamics. We have been impressed by all the innovative products beings developed locally.

The South African Proptech Landscape

Technology and the built environment

The South African property industry is unique relative to global peers in that it encompasses both a highly regulated product catering to leading global industries, companies and society, and an informal sector where barriers to accessing safe and secure properties are significant and where formal regulation is rarely enforced.

Accordingly, while nascent in comparison to global developed markets, South Africa's proptech market encompasses an offering to both underlying property markets. The sector mirrors other developed markets in its efforts to create efficiencies in the highly regulated formal sector, where locally developed solutions are increasingly becoming available to stakeholders at the various stages of the full asset lifecycle, leveraging global technologies made relevant for the local market. In addition, the proptech market is seeking to address some of the most basic challenges faced by stakeholders in the informal sector. These solutions are, at least initially, typically nuanced to the South African market context, but are likely in time to have broader emerging market relevance. While not detracting from the importance of the latter sector offering, given the anticipated readership of this document, this section focuses on the landscape of the formal sector offering.

History of proptech in South Africa

The emergence of technology in the South African property market can be traced back to the 1990s when personal computing and the internet began to gain widespread adoption at both a corporate and consumer level. The sector saw adoption of the first computer supported data capture, analytics and quantitative modelling. In the late 1990s, the sector witnessed establishment of the now entrenched property sales platforms of Private Property and Property24. These technologies revolutionised the way properties were marketed and sold providing a high degree of transparency which was previously supplied, to a typically lesser degree, by intermediaries. As detailed in the Online Intermediation

Platforms Market Inquiry 2022, these platforms in South Africa were collectively responsible for 90% of the market for online property classifieds in 2021. Accordingly, they act as an underpin to, particularly, residential real estate marketing strategies. Subsequently, the development of high-speed data networks and smart phone technology created the platform for a further wave of technologies. This period saw the establishment of local big data companies including Fatti (2014) which sought to provide deep insights into consumer movement and other behavioural analytics. Latterly, this technology provided the framework for international disruptors such as WeWork and AirBnB to enter the market.

Macro drivers

The African macro story of mass urbanisation, growing cities and a growing middle class is well documented. This broad macro theme will be a driver for proptech as cities experience growth and new cities are formed which require effective space utilisation, introducing the rollout of smart buildings and cities.

The rise of proptech in South Africa follows the sector's growth in the US, UK/Europe and Asian markets over the last decade. Leveraging off ideas, concepts and technology platforms, localised solutions can be built at speed, allowing for a leapfrogged growth journey.

COVID-19

While certain disruptive trends in technology have been emerging for some time in the South African market (e.g. e-commerce), COVID-19 caused a significant acceleration in technology-enabled methods of interacting and transacting across sectors. Initially, responding to the immediate needs of business and society resulting from enforced social restrictions and the need to provide "safe spaces", technologies evolved to further enhance the broader user experience and to provide more flexibility to society than

ever before. Companies such as WizzPass and Kenai were quick to provide more efficient access controls and visitor management systems in light of onerous building health and safety requirements and today have created a more seamless access and visitor management experience for their customers. Admyt and KaChing emerged as leading touchless parking management systems and gained more significant market presence due to consumer health concerns but have continued to retain market share as a result of an improved customer experience.

The impacts of COVID-19 remain strikingly evident in the sector and are likely to endure and evolve in the years to come. However, the pandemic has catalysed a growing recognition of the value of technology in complementing business and the physical space – the foundation of growth for a burgeoning sector.

Increasing maturity and breadth of offering

The South African proptech market has lagged its global developed market peers but has shown increasing signs of growth and maturation in recent years. Challenging economic conditions and unstable infrastructure (energy and connectivity), a developing last mile logistics network, and a lagging focus on ESG and green building regulation, have all contributed as barriers to product roll-out and adoption. Consequently, innovation in the sector has been relatively underfunded by traditional sources of early-stage capital. However, there are signs that the market is beginning to mature with some key observations including:

- The awareness of corporate executives and other relevant role players to the positive impact that technology can have on their organisation (over 86% of respondents in a recent SAPOA survey stating that traditional real estate organisations should engage with proptech companies in order to adapt to a changing global environment);

- The increasing number of real estate corporates that are investing, either directly or indirectly, in new product innovation to service the needs of their portfolios;

- The establishment of new technologies by entrepreneurs that were previously employed within the property sector, and consequently have an intimate understanding of the problems, the solutions for which they are trying to build;

- The establishment of dedicated associations and incumbent industry body sub-committees which are active and providing support for the industry's growth. These include the SAPOA Proptech Committee (supported by SA REIT Association and South Africa Green Building Council), SA Proptech Association, Africa Proptech Association and the Africa Proptech Forum. These associations host regular events and provide platforms for proptech entrepreneurs and start-ups to connect and showcase their products and act as an enabler to expansion and growth; and

- A growing interest in the investment prospects for the sector with a selection of successful fundraising rounds and exits for certain South African-based proptech companies.

The technology products currently servicing the South African property market are seeking to address efficiencies across the full range of sub-sectors and the asset life-cycle with increasing competition emerging within product categories. We have segmented the market into nine categories based primarily on function area. While not exhaustive, over 150 companies were identified as servicing the South African property sector within, and in some instances, across the segments.

Data analytics

AI & digital innovation

South African
Proptech landscape

Future retail

Smart buildings & sustainability

Management software

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UNICLOX TECHNOLOGY BASED SOLUTIONS · impro · neighbourly · WizzPass · ParkUpp Click. Book. Park.

Some1 · KaChing The Better Way · admyt Nice to see you again

myperks · SPEEDY wi-fi verification · kenai · SHôPING · LEASE TRACKER

JAMII · AURA · PARKET

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PROPINVEST · lularent · THE VIRTUAL AGENT · Roundr The estate agent assistant app · vacancyPro

property24 Find your perfect home · myproperty · reslocate · ONEcity Unlocks the land market for urban transformation · flow Seamless Living

OccuPi · propertyfox · Rental Connect · QUOIN ONLINE

AMA ROOMS · Popping · digs. · eazi.com The Property Marketplace · PHNX

Space-as-a-service

EGG · WORKSHOP17 · SOKO DISTRICT · the work space · SOOK

SPACES. · CUBEWS

Source: REdimension Capital

- **Data & analytics –** as a historically opaque market with few reliable information sources, data is becoming increasingly available and valuable to the user market in South Africa. From development site selection and consumer behaviour analytics to retail tenant mapping and data supported lease negotiations, data is unlocking a significant amount of information to support key decision-making across a broad spectrum.

- **Artificial intelligence & digital innovation** – every building is different in how it is developed, used and transacted on and how it interacts with the natural world. AI and machine learning are playing an increasingly critical role in providing predictive analytics and allowing technologies to adapt to each asset and optimise for unique characterises. South African companies in this category are producing digital twins and building information models (BIM) which allow for mass scenario testing to optimise consumption from early in the asset development lifecycle. They are producing algorithms that optimise consumption in real time based on site-specific factors and are creating predictive analytics to project performance based on a selection of configurations or other variables.

- **Management software** – the digitisation of property and portfolio information has given rise to platforms that enable the processing of data to drive management efficiency. Services including, amongst others, utility and invoice tracking, tenant communications, and asset and portfolio profiling and risk assessment. These local, and other international platforms, are well adopted in the commercial sector but are continually evolving to deliver additional insights to management teams.

- **User experience** – accelerated by the onset of COVID-19 and increasingly as landlords aim to maintain product relevant in a competitive market, South African property owners have begun to implement technologies that impact the end-user directly and enhance the overall experience of a property from entry to exit. Existing technologies include, amongst others, number plate recognition parking and booking systems, digital access control, security infrastructure and building facility integration platforms.

- **Leasing & sales** – arguably the most established of the proptech segments in South Africa, these technologies enable the marketing, sale / leasing and management of individual properties or portfolios. From the established incumbent sales and letting portals, this sector within the South African landscape is developing to introduce portfolio management tools for agents, alternative tenant vetting solutions, tenant incentive platforms and digitalised contracting.

- **Smart building and sustainability** – property is the largest contributor to global greenhouse gas emissions with building operations alone contributing a staggering 28% of the global statistic. Accordingly, investors, regulators and end-users of buildings are increasingly focusing on a building's ability to monitor and reduce its environmental impact. Smart building technologies are key to providing the requisite insights and ability to monitor and optimise consumption and to enhance building performance. The South African proptech landscape includes technologies such as IoT sensors; benchmarking and analytics platforms; and predictive analytics and automation tools that produces analytics to drive consumption optimisation. Driven by energy security needs, South Africa is also at the forefront of distributed sustainable energy adoption with numerous technologies complementing an asset's embedded renewable energy infrastructure.

- **Future retail** – how people shop has evolved significantly over the past two decades driven by the emergence of e-commerce. Physical retail has had to adapt to maintain its relevance and today, typically complements most online offerings to drive sales and improve customer relationships and brand awareness. Technologies are critical in enabling omni-channel retail strategies and are continually evolving to deliver the desired consumer experience. Technologies in this segment include customer data analytics, loyalty and rewards platforms, virtual dressing rooms, personal shopper aggregators and last mile technologies.

- **Space-as-a-service** – long-established but more prominent in niche sectors (e.g. student accommodation, self-storage, cold-storage, etc.), space-as-a-service is increasingly gaining prominence in the more traditional retail, office and industrial asset classes. Driven by an increased desire for flexibility and the need to cater to a wider market of potential tenants, landlords are now providing smaller, fully functional spaces to the market. These models demand that space and underlying technologies work together to reduce management intensity and to deliver a quality experience to the end-user.

- **Finance, investments and payments** – as one of the highest value items in society and the largest monthly cost to renters, payment and investment technology focused on the property sector is a significant market opportunity. These technologies are seeking to provide access to alternative sources of capital and investment through the unitisation of property; streamlining and de-risking transaction processes utilising blockchain technology; providing greater transparency and objectivity to valuations; and creating zero-reconciliation payment platforms.

Associations and industry bodies

Africa Proptech Forum (APF) is Africa's leading proptech platform and ecosystem builder. The platform host events, webinars, start-up competitions and newsletters and provides a platform for Africa's real estate, technology and venture capital communities to connect.

Last year, the APF Start-up Competition, had more than 70 entries with 13 from South Africa. The competition was hosted in partnership with REdimension Capital and the prize money was sponsored by Liberty Two Degrees, a JSE listed REIT. The grand finale was held in Johannesburg alongside the Africa Proptech Forum main event – an annual two day proptech conference hosted in Johannesburg in September which attracts more than 200 participants.

The SA Proptech Association is an industry body whose main objectives include promoting awareness and understanding of property technology among key stakeholders, encouraging collaboration and knowledge-sharing among members, and advocating for a supportive regulatory environment that facilitates innovation and growth.

To achieve these goals, the SA Proptech Association organises events, workshops, and networking opportunities, as well as providing resources and support for members. The association also works closely with industry partners, government agencies, and academic institutions to promote the development of property technology and advance the interests of its members.

The Proptech Africa Association is a non-profit organisation that aims to promote and support the growth of the property technology sector in Africa. The association brings together startups, investors, established companies, and other stakeholders in the property technology ecosystem.

The main objectives of the association include promoting awareness and understanding of property technology among key stakeholders, facilitating collaboration and knowledge-sharing among members, and advocating for policies and regulations that support the development of property technology in Africa. The association organises events, workshops, and networking opportunities, as well as providing resources and support for members.

SAPOA, a leading representative body for the property sector in South Africa, has established a Proptech Committee to focus specifically on the intersection between property and technology, with the aim of promoting innovation and growth in this rapidly evolving field.

The committee brings together representatives from across the property and technology industries to share knowledge, ideas, and best practices, and to identify opportunities for collaboration and innovation. The committee also works to promote awareness and understanding of property technology among SAPOA members, as well as advocating for policies and regulations that support the growth of the property technology sector.

The committee is actively involved in organising events, workshops, and networking opportunities for members, as well as providing resources and support for those who are developing or utilising technology in the property industry.

The Greenovate Awards is an annual competition that highlights, recognises and rewards individuals, businesses, and organisations that are making a positive impact on the environment through innovative and sustainable practices. The awards are hosted by Growthpoint Properties, in partnership with the Green Building Council South Africa.

The Greenovate Awards aim to promote sustainable business practices and encourage innovation in the areas of energy efficiency, water conservation, waste management, and sustainable building design. The awards are open to businesses of all sizes, as well as individuals and organisations that have made a significant contribution to sustainable development in their communities. Each year, winners are selected in various categories based on their level of innovation, impact, and scalability. Proptech is being introduced into the awards as a specific category from 2023.

SAPOA

60
Elevating Property.
Elevating South Africa.
1966 - 2026

> **THE VOICE OF COMMERCIAL PROPERTY**

Our Vision

SAPOA aims to be the nationally accepted and internationally recognised leading property association

Our Mission

SAPOA's mission is to actively and responsibly represent, protect and advance our members' commercial property interests within the real estate industry

We assist our members in developing their business through various platforms such as our educational programs, industry research, information dissemination, niched publications, government liaison, technical committees, and action on legislation.

A major benefit of being a SAPOA member is the opportunity to gain access to other industry leaders ensuring growth and dynamism within our industry.

Being the industry representative for an estimate 90% of the country's commercial and industrial real estate companies, SAPOA's mandate is to continuously endeavour to represent, protect and advance its members' interest – and in doing so, maximise its level of activity within the sector, thus cementing its commitment to the realisation of a more vibrant, globally competitive industry.

We have forged purposeful collaborations with leading industry bodies, as well as private and public sector entities creating an inclusive and conducive environment for the enhancement of our members interests, whilst keeping abreast of the dynamic trends in the marketplace

As a member-driven association, SAPOA enables it's members to become involved through committee participation and provide networking platforms. These valuable platforms gives you access to other industry leaders – ensuring growth and dynamism within the real estate industry.

ANNUAL CONVENTION **NETWORKING**

ADVOCACY **PUBLICATIONS**

BURSARY **RESEARCH**

EDUCATION **TRANSFORMATION**

INFORMATION DISSEMINATION

In Conversation With Laurence Rapp

Laurence Rapp
Chief Executive Officer
Vukile Property Fund

> " If you are not innovating, you run a very severe risk of going backwards. "

On the greatest impact of proptech on your organisation and the market in the coming years...

I don't think there's any one particular area. The issue for me is that we need to be adopting technology as part of your overall business environment; seeing where technology is going to make us more efficient. I don't believe that one needs to be adopting technology for the sake of it.

On your organisation's tech and innovation strategy...

It is a strategic priority and we have already been focused on it for quite some time. We have run immersion programmes for the teams on innovation; how to innovate, how to ideate, how to evaluate, how to fund, how to get started and continually assess viability. We look to embed an innovation culture and skillset within the team. Do we believe that it is a competitive advantage? Absolutely. I think if you are not innovating, you run a very severe risk of going backwards.

On the current key technology areas of focus for your organisation...

We look continuously at what technology is available and which products can have a meaningful impact on our business. Two areas that we are currently focusing on are obviously the energy sector, and then also on customer insights and understanding movement of customers, customer trends, etc.

On challenges experienced in implementing technology in your organisation...

Within our organisation, we've found it relatively easy to adopt technology because we are driving it from the top down. Everybody knows it needs to be done. However, where we're engaging with a third party, it's not as intuitive as you would have thought. We've also experienced challenges in implementing technology with our tenants given their siloed nature. For example, where you're dealing with a real estate team within a given retailer, it doesn't mean that the real estate team has got access to the team managing energy, or to the team managing customer insights, etc.

On the internal skill set within your organisation and partnering the proptech sector...

I think there needs to be a symbiotic relationship. I don't believe that technology or innovation should necessarily be outsourced by a property company. I think when we do that, we are perpetuating the mindset of a property company being there to collect rent. A property company has a full value chain and therefore you need to operate across that value chain. Having said that, it would be a fair assessment that a lot of technology skills aren't necessarily currently inherent in the property industry. In moving forward, I see opportunity for joint venturing, or creating alliances of that nature, and leveraging those engagements as a means to upskilling our internal teams.

Final thoughts...

The drum that I'm beating very heavily across all aspects of the REIT sector is "the more you try and commoditise REITs, the worse it is for the sector as a whole". Management teams should differentiate themselves by being better, having better governance and being better business people.

The REIT sector has historically been confined to the same set of ratios and each one became a perfect substitute for the next. This was doing the sector a disservice. I believe we need to differentiate, not only regarding technology, but across all operational aspects.

The State of Technology Adoption in The SA Real Estate Market

It is clear that South Africa is entering a growth phase in property technology awareness and adoption. However, in line with other middle-income economies, property companies are faced with a range of challenges in implementing organisation-wide digital enablement initiatives. These challenges are faced at various levels of any organisation, from access to reliable and basic enabling infrastructure in the form of stable connectivity and energy, to the organisation and market depth for digital skills and capabilities. Research published in the Xero State of Small Business Report in 2019 showed that over half (53%) of small businesses in South Africa had yet to adopted cloud based technology due to concerns around stable connectivity.

In order provide some insights into the state of proptech awareness and adoption across various stakeholder groups within the property market, SAPOA conducted a survey in 2022, instituted by the SAPOA Proptech Committee. The results of the survey, where the majority of the respondents were executive management, has informed the below statistics.

Impact of technology on the sector

It is clear that the property sector anticipates technology to impact their businesses in the near-term (if not already) with an overwhelming 96% expecting it to have at least a mild impact and over 74% anticipating the impact to be more significant. Concerningly, despite this overwhelming consciousness, 52% of respondents did not have, or were not aware of their organisation having, a specific technology and innovation strategy in place. In addition, 83% of respondents said that up to 60% of their processes were still manual. Conversely, it is pleasing to see so many respondents tracking the technology opportunity and having technology strategies in place. From our sector engagements, many of these strategies, and in some cases specific hires, have only been implemented within the last five years.

Do you have a technology strategy?
No / Unsure 52%
Yes 48%

Do you think digital and technological innovation will impact your organisation over the coming 3 years?
Mildly 22%
No fundamental change 4%
Significantly 74%

Rank your business technological innovation maturity (proportion of automated processes)
Less than 20% — 17%
20% to 40% — 26%
40% to 60% — 39%
60% to 80% — 13%
Greater than 80% — 4%
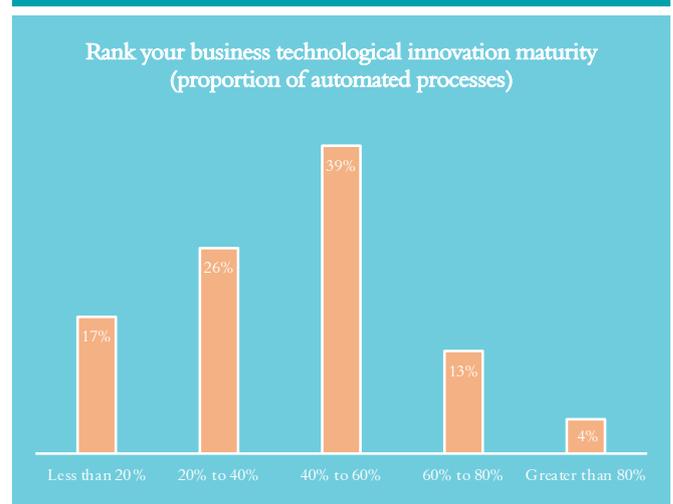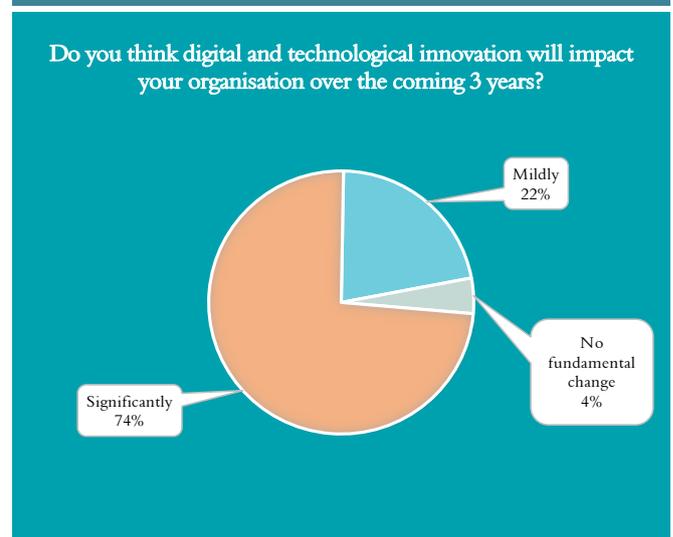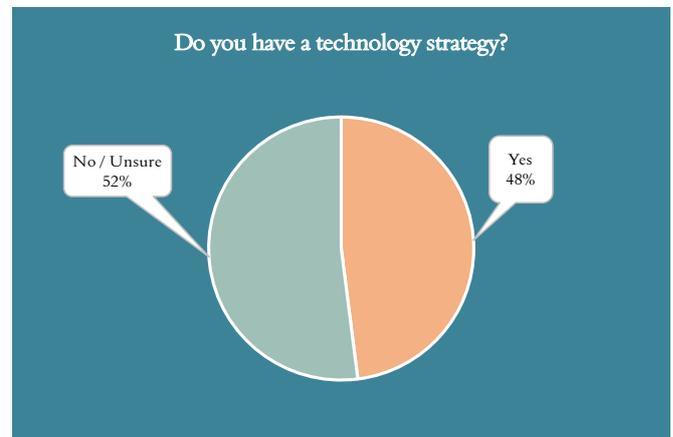
Source: SAPOA Survey 2022, REdimension Capital
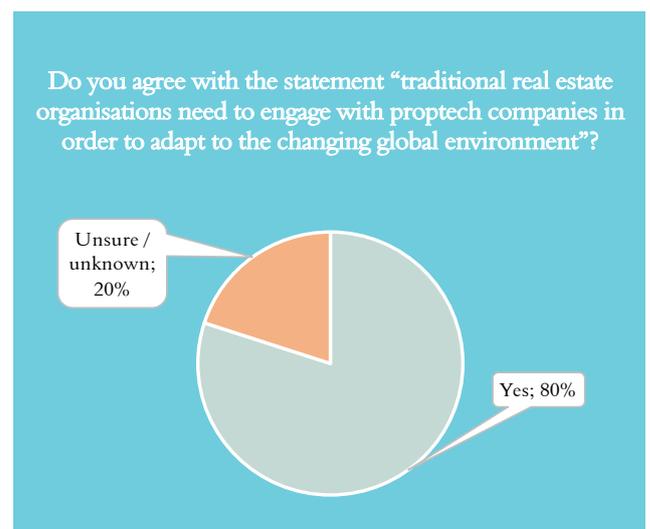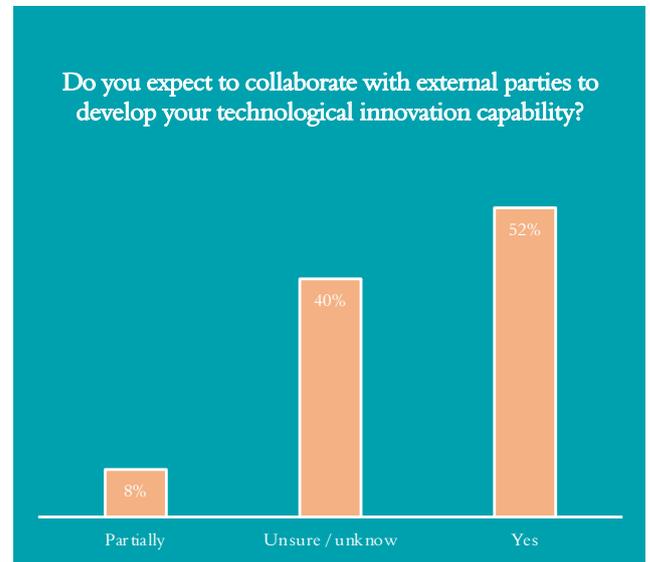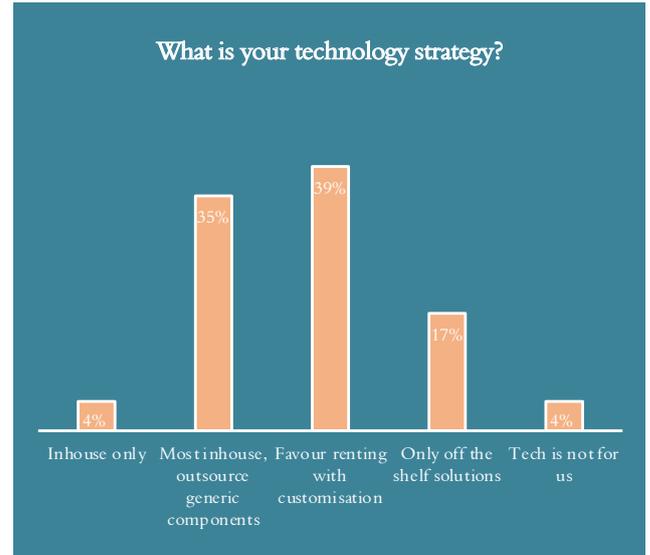
Form of engagement

Diving deeper into how the sector is preferring to engage with technology, we see increasingly divergent approaches across the respondent base. Despite some of the challenges it presents, a high proportion of respondents (39%) believe it is optimal to have an in-house approach to developing technologies for their business. In contrast, 56% of respondents prefer to rent solutions with the ability to customise the solution in the majority of those cases.

In addition, 60% of the respondents believed that you would have to engage with external partners to develop their technology capability, while the balance of the respondents remained unsure/unknown, and no respondent thought there would be no engagement at all.

Our engagement has highlighted key considerations for each of these approaches which include:

- Corporate culture and regulatory framework to support innovation
- Availability of skills internally to develop solutions
- Management capacity to support emerging technologies within the business
- The ability to generate a meaningful return on investment across the controlled portfolio
- The durability of any competitive advantage created

Despite these divergent views, there were no respondents who did not believe engaging with the proptech sector was required in order to adapt to the changing global environment.
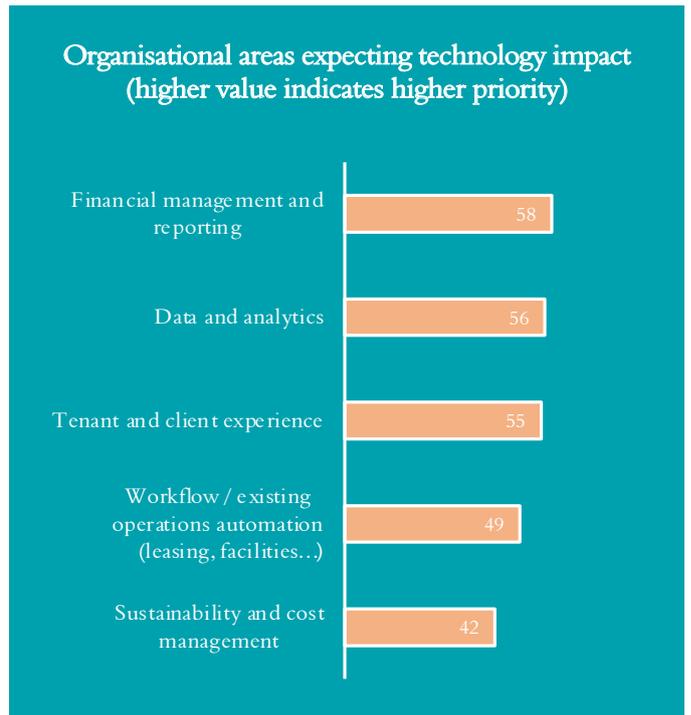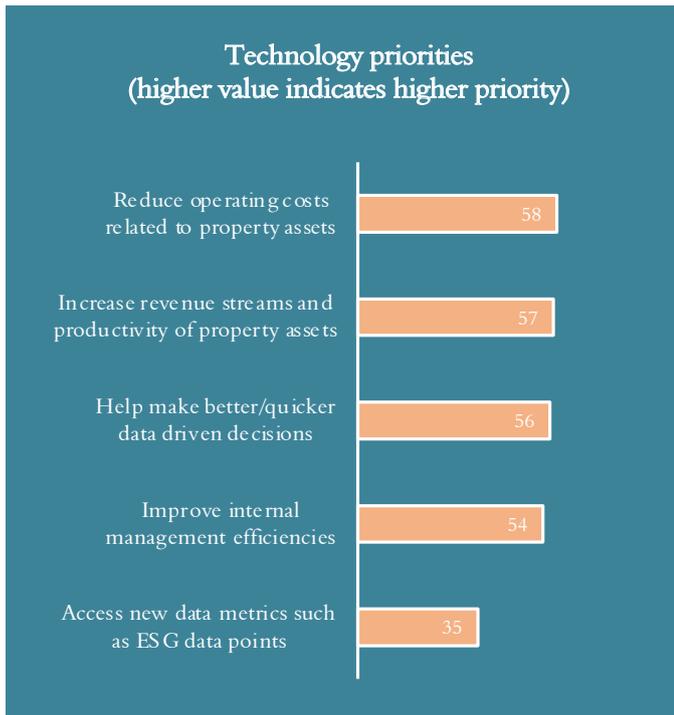

What is your technology strategy?

Inhouse only 4% | Most inhouse outsource generic components 35% | Favour renting with customisation 39% | Only off the shelf solutions 17% | Tech is not for us 4%

Do you expect to collaborate with external parties to develop your technological innovation capability?

Partially 8% | Unsure / unknown 40% | Yes 52%

Do you agree with the statement "traditional real estate organisations need to engage with proptech companies in order to adapt to the changing global environment"?

Unsure / unknown; 20% | Yes; 80%

Source: SAPOA Survey 2022, REdimension Capital

Organisation focus areas

As this report has highlighted, the applicability of proptech across the property life cycle and value chain is broad. It follows that respondents see a range of different focus areas where proptech adoption should be a priority. Between improved internal management efficiencies; increased revenues and asset productivity; reduced operating costs; and enhanced decision making; no obvious outlier priority exists. Similarly, respondents see technology having an impact across their organisations with a preference for technologies that drive enhanced reporting, operational efficiencies and informed decision making (data and analytics).

This is consistent with a sector in the early phase of technology adoption where historically manual management systems and processes are being enabled by existing, and fairly basic, technology. What is somewhat surprising is that ESG data points and sustainability and cost management both feature at the bottom of the respective results, albeit not significantly.
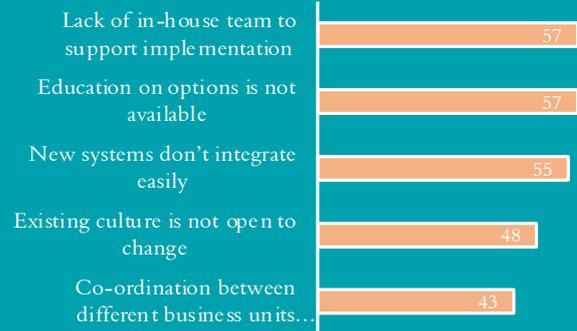
Technology priorities
(higher value indicates higher priority)

Reduce operating costs related to property assets	58
Increase revenue streams and productivity of property assets	57
Help make better/quicker data driven decisions	56
Improve internal management efficiencies	54
Access new data metrics such as ESG data points	35

Organisational areas expecting technology impact
(higher value indicates higher priority)

Financial management and reporting	58
Data and analytics	56
Tenant and client experience	55
Workflow / existing operations automation (leasing, facilities…)	49
Sustainability and cost management	42

Source: SAPOA Survey 2022, REdimension Capital

Does your company have the skills and expertise required to operate a digitally transformed business?
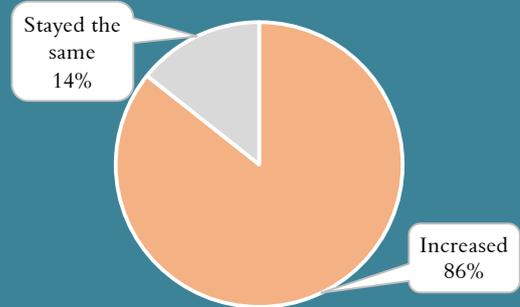
Response	%
Strongly agree	12%
Somewhat agree	28%
Somewhat disagree	16%
No impact / unsure	44%
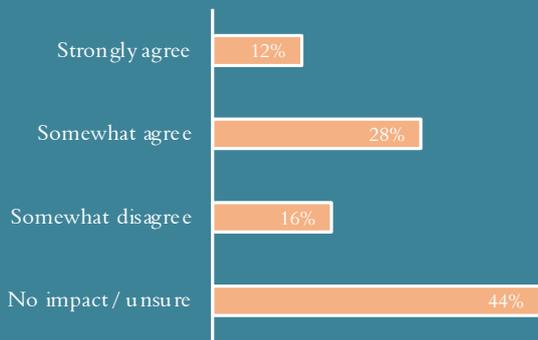
Challenges regarding implementation (higher value indicates higher challenge)

Challenge	Value
Lack of in-house team to support implementation	57
Education on options is not available	57
New systems don't integrate easily	55
Existing culture is not open to change	48
Co-ordination between different business units…	43

Do you plan on increasing resources, skills and investment towards digital transformation and technology over the coming year?

- Significantly increase 25%
- Somewhat increase 63%
- Stay the same 6%
- Significantly decrease 6%
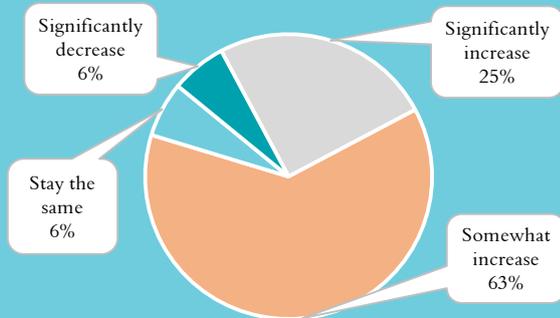
How do you feel commercial real estate industry's engagement in technological innovation has changed over the last 12 months?

- Increased 86%
- Stayed the same 14%

Source: SAPOA Survey 2022, REdimension Capital

Key challenges

As a highly fragmented market, it was not surprising to see respondents indicating that their biggest challenge with the proptech sector is education on the market and lack of in-house skill to support implementation. This is consistent with our direct sector engagements which have served as sector education and flagged the need for more platform offerings that consolidate numerous niche offerings and provide more of a one-stop-shop for related services. Additional challenges that were well represented included system integration, in-house support structures, cultural inertia and organisational co-ordination.

Overall, only 40% of respondents thought their companies have the internal skills and capabilities to run digitally transformed businesses, which matches the 88% of respondents who indicated that additional resources, skills and investment will go into this area.

In conclusion, there was an overwhelming majority of respondents (88%) who indicated increased levels of engagement with proptech; the balance indicated this remained the same, and no one indicated decreased engagement.

In Conversation With John Jack

John Jack
Chief Executive Officer
Galetti Corporate Real Estate

> " Technology helps us to stack information quickly and effectively, with powerful insights, in order to assist our clients better. "

On the greatest impact of proptech on your organisation and the market in the coming years...

Our market revolves around information and marketing. The ability to channel information is critical to the success of our business. If we are first to market, or first to move, on some intelligence gained, then often we have the best chance of converting the opportunity. Today, information is far less asymmetrical than it has been in the last 100 years meaning that buyers and sellers are equipped with a similar amount of information about the market. Therefore, it's all about speed and the ability to curate the information better than anyone else and here, knowledge is key. Technology helps us to stack information quickly and effectively, with powerful insights, in order to assist our clients better.

On your organisation's tech and innovation strategy...

We are a technology-focussed business. The golden egg has yet to be found in the South African context when it comes to actually monetising the technology. However, we have a team of over 50 dealmakers doing this every day. But it's not yet the technology that is being monetised, it is the opportunity that the technology provides that is being monetised.

On the current key technology areas of focus for your organisation...

Distribution of information. We want to be able to quickly and effectively distribute information to the exact clients it pertains to.

On challenges experienced in implementing technology in your organisation...

Change is always difficult to implement, but if the user can see the benefit and the technology is adding value to the user, then the uptake will be a lot more successful. It goes without saying, but always make the technology and user journey as easy and user-friendly as possible. Encourage a culture of technology adoption and innovation instead of rules forcing users to adopt.

On the internal skill set within your organisation and partnering the proptech sector...

Yes, I would say our current internal skillset is lacking in the technical space. However, we have partnered with an outsourced development company which suits our business model currently. There is a definite shift in our current skillset to change the way we think about technology and data, and to be more strategic about what technology and why.

Funding and Transactional Activity

The rise to prominence of property technology globally has been rapid and accelerated over the last decade. As the fastest growing area of venture investment, global proptech companies have raised in excess of USD150 billion since 2010 and in 2022, proptech investment represented 4.8% of global innovation investment. In more mature venture markets, proptech represented up to 10% of the venture funding market.

Global funding into real estate technology
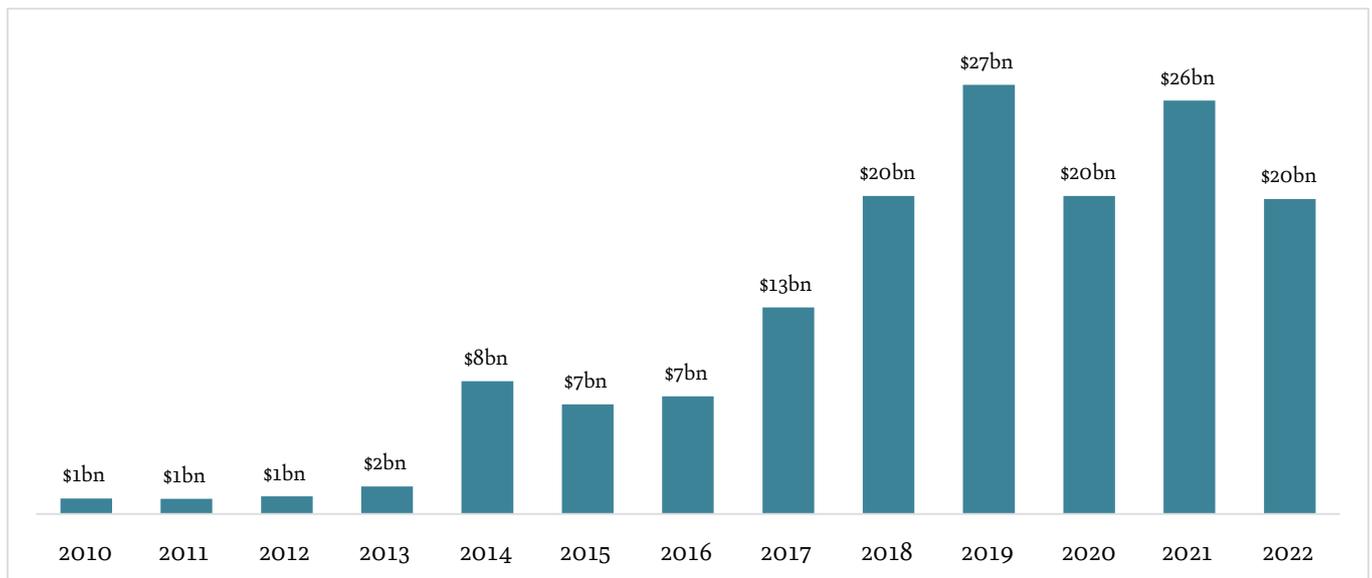
Source: Venture Scanner; The Centre for Real Estate Technology & Innovation; REdimension Capital

Global funding into proptech has lagged other technology sectors

Having engaged extensively with the leading proptech investors in the US and Europe, there is broad recognition that proptech lagged other technology sector growth waves (e.g. fintech, healthtech, etc.) due to a lack of internal innovation from the real estate corporate sector. Despite the market becoming increasingly complex and sophisticated, the real estate sector struggled to execute meaningfully on any innovation initiatives for reasons including:

- Creative and innovative thinking not being entrenched in the culture of the sector;

- A lack of specialist technology skills within the sector;

- The fragmented and competitive nature of the market where internal innovation faced challenges in commercialising beyond a relatively small controlled portfolio;

- Discomfort with information democratisation where asymmetric information flows are believed to have driven outperformance;

- Highly regulated governance frameworks creating an inflexible environment for start-ups to operate; and

- Limited senior executive engagement and capacity.

Following the significant growth of WeWork, AirBnb and Zillow, proptech investment began to gain traction in 2013-2014 with a significant number of angel / seed investments into various technology start-up companies seeking to target and disrupt the property sector. Given the challenges noted above, this period saw the emergence of the first dedicated proptech venture platforms, including Navitas Capital (2009), Camber Creek (2011), MetaProp (2015), Moderne Ventures (2015) and Fifth Wall (2017). These platforms were, and continue to be, attractive investment vehicles for US focused real estate corporates as vehicles that identify, partner and invest in companies which are innovating and servicing their businesses and the broader built environment. Importantly, these platforms provide independent ownership to allow the investments to scale to the broader market.

Today, dedicated proptech venture platforms have emerged across Europe, Asia and the Middle East, Australasia, North Africa and Sub-Saharan Africa. These platforms generally have a regional focus in supporting their real estate corporate partners with asset portfolios in those regions.

Our research has shown in excess of 200 of the largest real estate corporates globally having engaged in proptech investment through these dedicated platforms.

Select dedicated proptech funds and their investors

Investors

Platforms

North America	UK / Europe	Australasia	MENA

Source: REdimension Capital

African funding into proptech lagging developed markets

Attracting an average of roughly 1% per year of African innovation capital between 2019 and 2022, the African proptech market is underfunded relative to its underlying market and to other more established technology sectors (e.g. fintech). Through our extensive engagements with the investment community in South Africa and globally, we note a number of pervasive challenges for proptech companies in attracting investment capital including:

- An under-developed early-stage investment community;
- A lack of property sector knowledge or experience within early-stage investment businesses;

- Limited ability for investors to unlock the real estate sector for start-ups to de-risk investment returns;
- Concerns around sector appetite to adopt technology;
- Local currency return profiles; and
- The perception of a more limited market opportunity, particularly for commercial real estate focused proptech companies.

Funding into African real estate technology

Proptech as a Proportion of total African start-up funding

	0.8%	1.6%	0.7%	0.5%
	$3.8m	$11.1m	$14.7m	$16.3m
	2019	2020	2021	2022
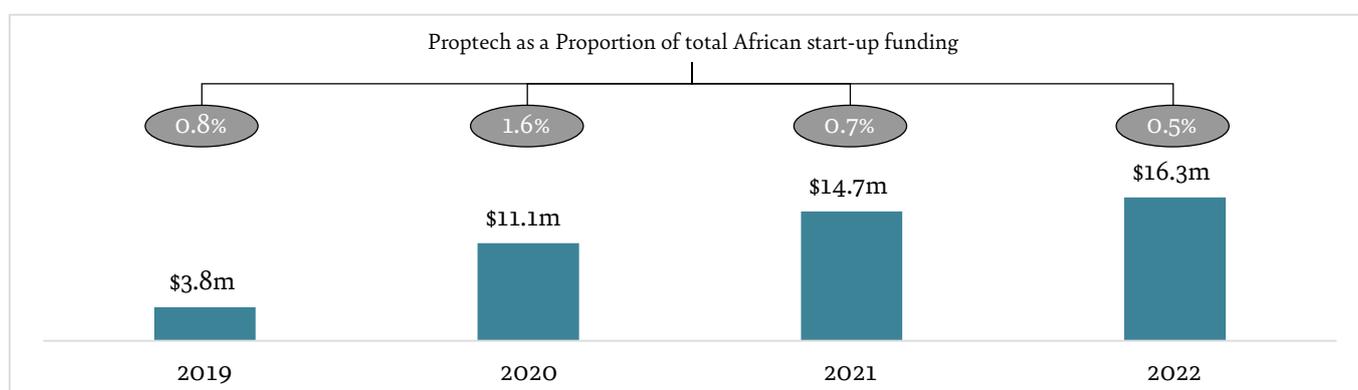
Source: Disrupt Africa, REdimension Capital

Notwithstanding a lack of capital, the South African proptech sector is seeing an increasing number of new and innovative proptech companies being established and gaining traction in their target markets. These successes have led to a number of high-profile transactions within the sector including new funding rounds and founder exits. Below is a non-exhaustive list of recent transaction activity in South Africa.

	Year	Transaction Type	Investors
Flow	2020	Funding round	Kalon Venture Partners
Roundr	2020	Funding round	i7V
HouseMe	2020	Funding round	
reOS	2020	Funding round	Bill Paladino, Mark Forrester
reOS	2021	Funding round	Castle One
DigsConnect	2021	Funding round	
WizzPass	2021	Sale	FM:Systems
OneCart	2021	Sale	MassMart
DigsConnect	2022	Funding round	Launch Africa Ventures, Goodwater Capital, Five35 Ventures and Delta Ventures
Notto	2022	Funding round	Ardent Capital
PropSource	2022	Funding round	
Flow	2023	Funding round	Futuregrowth, Endeavour Harvest Fund, Steven Heilbron, Kalon Venture Partners, Vunani Fintech Fund, Buffet Investments

Source: Disrupt Africa, REdimension Capital

Although the sector is becoming increasingly aware of the numerous services on offer, our engagement with the market has shown an eagerness to see the sector consolidate services around key focus areas (e.g. property management). Through joint ventures or M&A activity, in due course we anticipate platforms combining to provide a more comprehensive set of solutions to the market.
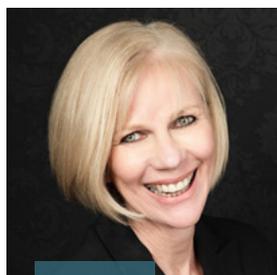
SAPOA Proptech Committee

The SAPOA Proptech Committee has been established by the SAPOA Board which recognises the need to provide research, education materials and support to its members on their respective proptech engagement journeys.

In order to achieve the goals and responsibilities set forth by the committee and detailed below, the SAPOA Proptech Committee is constituted of members with broad industry representation and skills.

ATTACQ

Michael Clamplett
Chairperson

SA REIT ASSOCIATION

Joanne Solomon

REdimension CAPITAL

Peter Clark

GREEN BUILDING COUNCIL SOUTH AFRICA

Lisa Reynolds

GROWTHPOINT PROPERTIES

Werner van Antwerpen

Standard Bank

Aveshen Naidoo

iShack INNOVATION CONSULTANCY

Peter Levett

VUKILE PROPERTY FUND
REAL ESTATE REAL GROWTH

Kalasipa Moenyane

Gmaven

William Harris

broll Progressive property people

Stuart Mathieson

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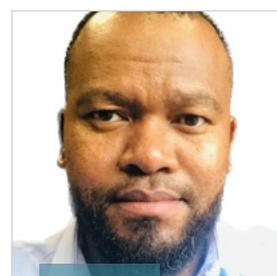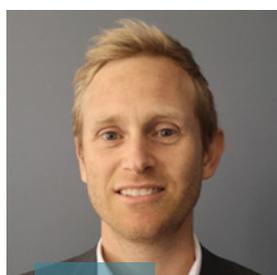
The committee has set forward three principal goals that define its mandate of adding value to SAPOA members and the broader real estate community.

Goal 1

Use technology to drive increased industry profitability; improve industry customer experiences; and reduce risk.

Goal 2

Establish the South African real estate industry as one the top five most progressive and innovative in the world.

Goal 3

To educate, inform and support SAPOA members in order to make better tech-related decisions and be inspired and excited about the opportunities and solutions presented by technology.

In order to deliver on the goals, the committee has four responsibilities:

Responsibility 1

Use technology to drive increased industry profitability; improve industry customer experiences; and reduce risk.

- Provide a recommended feature development methodology for SAPOA members to practically employ in engaging with technology service providers

- Provide a set of principles by which SAPOA members can evaluate service providers

- Assist with strategic decisions – for example, when to buy (build inhouse) and when to rent

Responsibility 2

Advance South Africa's commercial real estate industry.

- Collaborate, align with, and activate respected industry bodies to further commercial real estate industry efficiencies

- Foster greater levels of collaboration between the SAPOA Proptech Committee and other tech bodies abroad

- To define a "from-to" roadmap and vision for South Africa's commercial real estate industry

- Provide a set of data fields and definitions to assist in standardising data in the industry to accelerate advancement, reduce reporting overhead, enable for portability

Responsibility 3

Educate, enlighten and empower decision-makers about proptech

- Deliver valuable content pieces a minimum of once per quarter aimed at adding value to SAPOA members

- Assist SAPOA members with requested research and support projects

- Research / understand proptech solutions in use by the industry

- Educate and support proptechs regarding engagement protocols with property owners

Responsibility 4

Using tech, support and augment the initiatives of other committees.

The Proptech Committee has been established with the support from a range of industry bodies, as listed below, in order to provide a cohesive proptech voice in working towards its stated goals.

Further information on the committee is available on www.sapoa.org.za/sapoa-proptech-committee/.
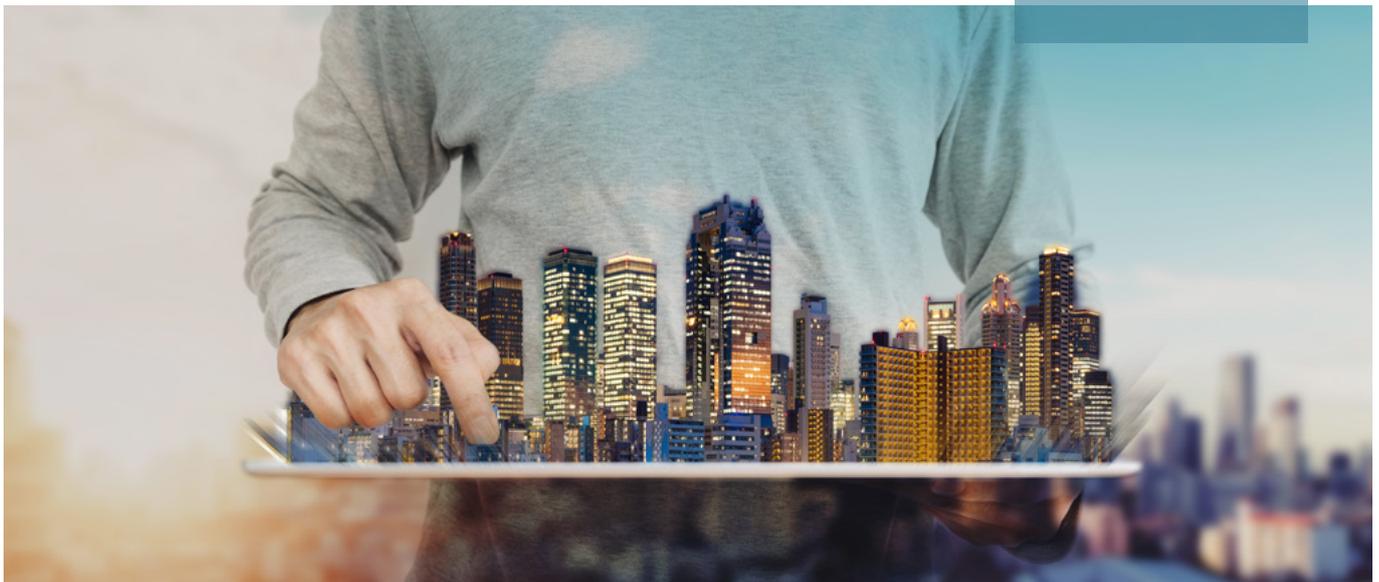
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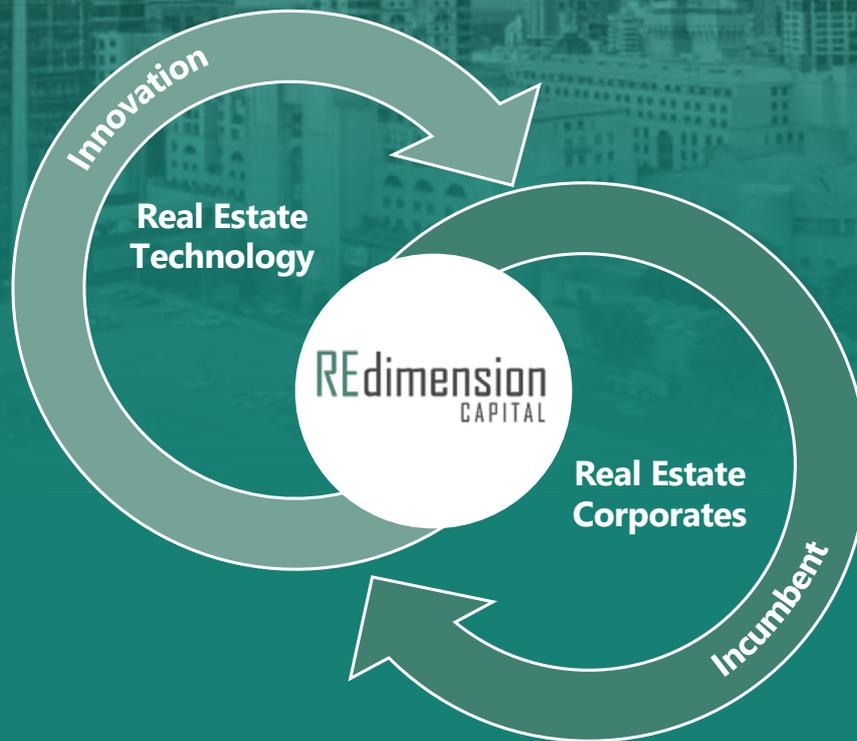
Independent and purpose-built

REdimension Capital was established in South Africa in 2021 to accelerate innovation in the built environment. We've created an eco-system at the intersection of real estate, technology and sustainability which benefits both corporate investors and entrepreneurs.

Our purpose is to enhance operational performance and improve sustainability in the built world.

We've adopted an advisory-based approach to venture capital and work closely with strategic corporate partners to advise, invest and innovate future technology. By challenging conventional thinking, we help our investors future-proof their businesses. We back the best entrepreneurs – those that are redefining the experience and sustainability of the built environment.

Positioned to unlock the future of our built environment

We are driven by research and data. This underpins our thematic investment approach, which focuses on innovative solutions for big problems.

Our experienced team has a distinctive blend of skills and market reach to identify and unlock opportunities.

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