



CRE Tech Talks

Episode #19: How Startups are Playing a Major Role in Tech Innovation

How Startups are Playing a Major Role in Tech Innovation

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Startups are changing the nature of commercial real estate. In a recent episode of CRE Tech Talks, we caught up with Shaw Lupton, Senior Managing Consultant of CoStar Portfolio Strategy. Here are three ways startups are playing a role in CRE technology innovation:

1. Tech startups drive demand for digital connectivity

Based on his vast experience in the commercial real estate industry and through many conversations with startup companies, Shaw noted the importance of connectivity for tenants. If a building has subpar internet connection, it directly impacts the productivity and satisfaction of your tenant's employees. In return, this affects recruiting as well as employee retention for your tenants. Therefore, tenants will likely sacrifice other characteristics of buildings like location or certain amenities for great internet connectivity - as well as pay higher rents.

Recently, CoStar and WiredScore, the company behind Wired Certification for commercial buildings, partnered on a report focusing on digital connectivity in Manhattan offices. There were three key findings from this report:

1. Buildings with Wired Certification receive higher rents than their peers.
2. Companies that depend on creative talent (mostly technology, advertising, and media firms) are typically heavily concentrated in buildings with Wired Certification.
3. Wired certified Class B properties generate the biggest lift in rent compared to non certified properties.

2. Startups are attracting direct investment from large CRE firms

The C-Suite at real estate companies are increasingly viewing their business as a technology business rather than purely a real estate business. Shaw notes that the real estate industry is hungry for innovation, and large firms see a fast path to getting involved in that innovation by investing in smaller, early-stage CRE tech startups.

Investing in technology startups also gives these large firms direct access to insights and information they are producing as part of their R&D and product development efforts, as well as provides a better grasp on the future direction of the industry. It gives these entrenched companies a kind of crystal ball into how their business may look in the future.

3. The opportunity the real estate community to partner with startups is bigger than ever

Even though there are many solutions on the market in the CRE industry, there is still a lot of potential for the technology and real estate communities to help each other solve some of the toughest problems that affect CRE teams and their tenants today. These solutions will have a broad, but direct impact on the built environment ranging from the move-efficient use of urban land and less pollution to healthier work environments and smarter financial risk-taking in CRE properties.

Listen to the full conversation with Shaw Lupton and Scott Sidman on CRE Tech Talks Episode #19

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