

MID-YEAR 2024

GLOBAL PROPTech CONFIDENCE INDEX

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 **GLOBAL PROPTech
CONFIDENCE INDEX**

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Executive Summary

Dear PropTech community,

PropTech entrepreneurs and investors have continued to signal stabilization throughout 2024, creating a **cautiously active** environment for innovation and investment.

The Mid-Year 2024 Global PropTech Investor Confidence Index is **6.3** out of 10, contrasting against a more constrained PropTech Startup Confidence score of **4.3** out of 10. This disconnect highlights the distinct challenges and perspectives shaping sentiment from each stakeholder.

The Mid-Year 2024 Global PropTech Investor Confidence Index is 6.3 out of 10, consistent with the 6.5 Year-End 2023 score. This reflects a continued **flight to quality and value-driven opportunities**. Key survey insights from PropTech Investors include:

- **48%** of PropTech investors expect to maintain their investment pace over the next 12 months, while **55%** of investors anticipate that deal flow will remain steady.
- **70%** of investors anticipate more mergers and acquisitions in the coming year, indicating a continued expectation of industry consolidation.
- **48%** of investors are most interested in investing in solutions for property management, the highest of all categories, followed by **19%** in construction and development. Both categories are experiencing opportunities for innovation, as a temporary supply surplus in multifamily housing and labor constraints in construction are helping fuel customer and investor interest.

The Mid-Year 2024 Global PropTech Startup Confidence Index is 4.3 out of 10, down from 6.1 at Year-End 2023. This decrease reflects the **persisting challenges in fundraising and exit conditions** for startups. Despite this, we continue to see capital awarded to quality assets and promising new starts as the ecosystem experiences a shakeout. Key survey insights from PropTech Startups include:

- **48%** of startup founders expect venture capital fundraising to remain difficult in the year ahead.
- **43%** of startup founders expect their space to remain competitive.
- **35%** of founders reported that a Pre-Seed round was their most recent financing stage. That's up from 18% six months ago and reflects the significant recycling of talent and new company formation throughout 2024.
- **25%** of startup founders are building solutions for investment and financing—the highest of all categories—reflecting the palpable urgency among asset managers and developers to unearth and utilize their underlying data for performance enhancement.
- Property management and maintenance (**23%**) and sales and leasing (**21%**) remain high-priority categories, with focus further amplified by their strong alignment with AI capabilities, stemming from their underlying nature of high-value, repeatable processes.

In short, investors seek sustained stability and long-term value in a volatile market. Startups remain hindered by the headwinds that triggered the market slowdown in 2022, with fundraising and exit conditions continuing to pose significant barriers.

Sincerely,



Aaron N. Block

Co-Founder and Managing Partner, MetaProp



Mid-Year 2024 Investor Confidence

6.3 out of 10

The current Investor Confidence Index of 6.3 is consistent with the Index of 6.5 at Year-End 2023.

PropTech Investor Confidence reflects a continued flight to quality and value-driven opportunities. Investors are capitalizing on the unique landscape to engage with high-quality companies under favorable terms.

PropTech investors continue to prioritize “best-in-class” companies — generally those with compelling narratives and strong metrics. Investors are willing to pay reasonable and sometimes aggressive valuation multiples for standout companies that have demonstrated both strong growth and margin expansion amid elevated interest rates over the past 24 months.

Across the deal spectrum, bid/ask spreads have narrowed for recapitalization and structured round financings, offering investors attractive entry points to deploy capital and providing entrepreneurs the necessary resources amid a period of market dislocation. These financings have been critical for:

- Businesses with promising products and strong teams that are struggling to gain traction amid market uncertainties.
- Early-stage survivors meeting next-round

benchmarks but hindered by legacy cap tables.

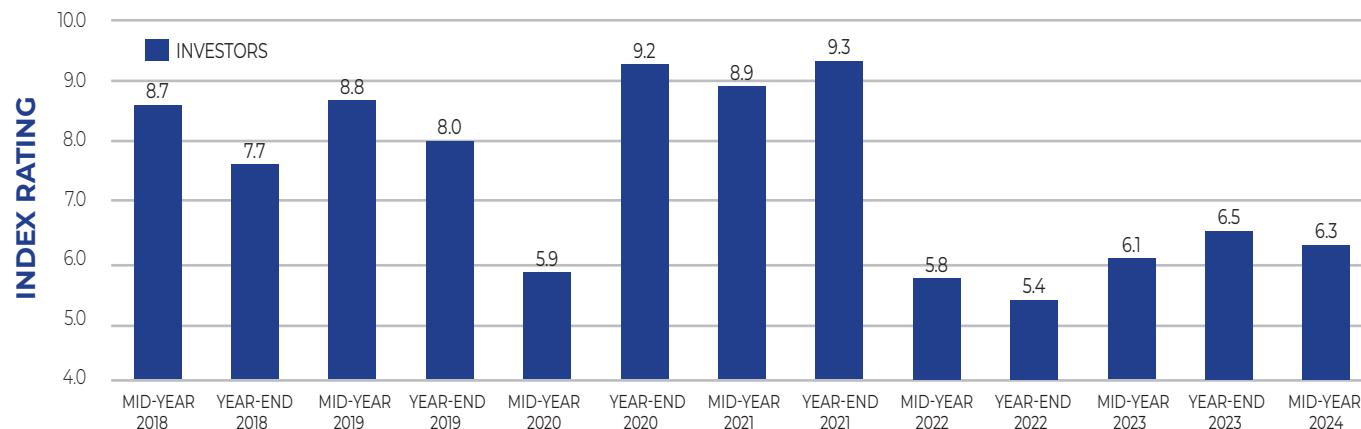
- Businesses pivoting into new opportunities.

In each case, more investors are identifying opportunities at this end of the market to purchase equity at uncommonly attractive terms in promising PropTech companies.

Despite the IPO window remaining tepid, PropTech M&A activity remains robust for both strategic and financial buyers. 70% of investors anticipate more mergers and acquisitions in the coming year, indicating continued industry consolidation. This trend suggests a maturing market where consolidation is becoming a key strategy for growth and market positioning.

In regards to verticals of investor interest, 48% of investors prioritize property management solutions — the highest of all categories — followed by 19% in construction and development. The sustained focus on property management solutions is driven by multi-family housing's temporary supply surplus, shifting power of choice towards the hands of tenants. Construction and development is driven by the industry's labor-constrained environment.

MID-YEAR 2018 - MID-YEAR 2024 INVESTOR CONFIDENCE INDEX



Mid-Year 2024 Highlights



Investors

48%

of PropTech investors expect to maintain their investment pace over the next 12 months, up from 36% six months ago.

55%

of investors anticipate that deal flow will remain steady in the coming year, up from 36% six months ago.

70%

of investors expect to see more mergers and acquisitions in the next year, marking the 4th consecutive year where 70% of investors expect more industry consolidation in the year ahead.

48%

of investors are most interested in investing in solutions for property management, the highest of all categories, followed by 19% in construction and development.

28%

of investors are most interested in solutions for multi-family buildings, while 26% focus on industrial assets.

Mid-Year 2024 Startup Confidence

4.3 out of 10

The current Startup Confidence Index of 4.3 is down from 6.1 at Year-End 2023.

PropTech Startup Confidence presents a more challenging outlook compared to the investor perspective, as startups grapple with persistent fundraising constraints and challenging exit conditions.

According to the Mid-Year 2024 Global PropTech Confidence Index survey, 48% of startup founders expect fundraising to remain difficult in the year ahead, up from 35% six months ago. Similarly, 43% of startup founders expect their space to remain competitive. Despite this, we continue to see capital awarded to quality assets and promising new starts as the ecosystem experiences a shakeout.

Many companies that raised Pre-Seed and Seed rounds in the boom times have been forced to stretch their runways, prioritize efficiency over growth, and meet more stringent investor benchmarks as the market tightened. A growing number of these companies have persevered, reaching the necessary milestones to unlock their next round of capital—albeit on a longer timeline than expected, with one or more bridge rounds in between and more modest valuation expectations. As a result, this cohort of companies is increasingly capable of securing capital on startup-friendly terms.

Additionally, as highlighted in the investor overview, we are seeing a rise of recapitalizations and structured financings—providing lifelines for companies with depleted cash reserves, enabling many to continue operations and reach their next milestone.

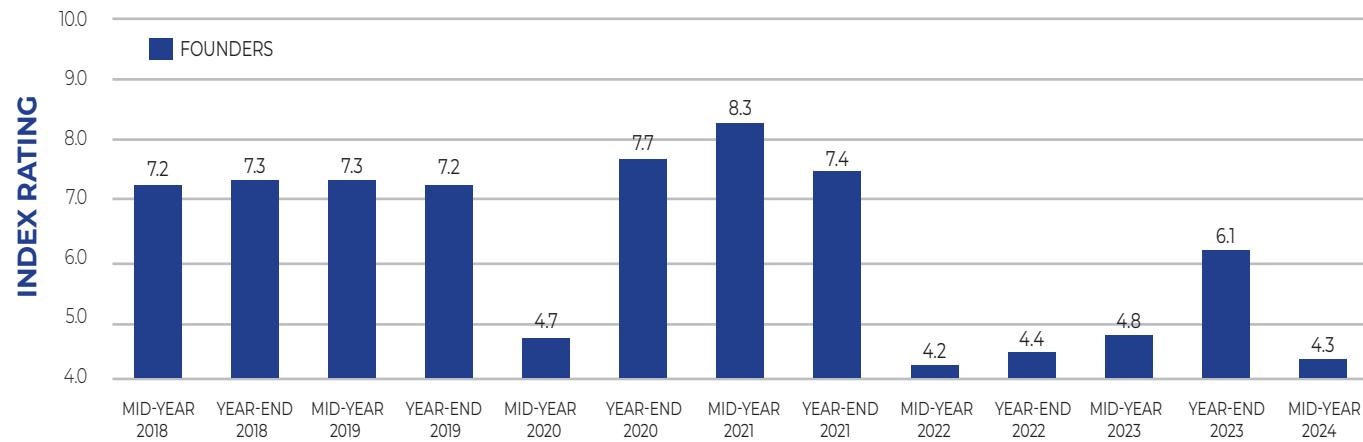
Notably, the substantial recycling of talent and capital within the real estate and PropTech ecosystem has driven a marked increase in new business formation, with 35% of founders recently completing a Pre-Seed financing round—nearly double the 18% recorded six months ago. As anticipated, it took time for the next vintage of founders to get their footing and bring early products to market. We are now seeing these new starts seek early capital partners in increasingly large numbers.

From MetaProp's frontline view, the entrepreneurs starting companies in the PropTech space are amongst the highest quality we've seen in some time, often with a decade or more of experience as the overall sector matures.

In terms of focus areas, 25% of startup founders are building solutions for investment and financing, the highest of all categories. This trend is driven in part by a growing demand among asset managers and developers to better leverage their existing data to drive uncovered insights and value creation opportunities.

Property management and maintenance (23%) and sales and leasing (20%) have also emerged with heightened startup focus. Notably, these two categories feature the most innovation in AI, indicating a shift towards more technologically advanced solutions in these areas.

MID-YEAR 2018 - MID-YEAR 2024 STARTUP FOUNDER CONFIDENCE INDEX



Mid-Year 2024 Highlights



Startups

48%

of startup founders expect venture capital fundraising to remain difficult in the year ahead, up from 35% six months ago.

43%

of startup founders expect their space to remain competitive over the next 12 months, up slightly from 41% six months ago.

35%

of founders have recently completed a Pre-Seed financing round, up from 18% six months ago.

23%

of startups are building in the property management and maintenance category, while 20% are focused on sales and leasing.

25%

of startup founders are building solutions for investment and financing, the highest of all categories.

Investor Sentiment Quotes

We asked PropTech investors one critical question:

What is the biggest change you expect to see in the PropTech space in the next 12 months?

HERE'S WHAT THEY HAD TO SAY:

“

Accelerated adoption of AI and machine learning technologies, coupled with PropTech's expansion into emerging markets and continued growth in sustainable and green technologies.

An uptick in M&A activity and a stronger integration of FinTech into PropTech. Startups with FinTech components—such as payments, insurance, and financial structuring—are showing higher probabilities of success.

We expect PropTech companies to focus on improving efficiency in property development and construction through systemized processes.

Expect increased consolidation within PropTech—through closures, M&A, or absorptions—as mature companies face rising pressure to deliver results.

We foresee a healthy wave of creative destruction and M&A activity, which will generate a new pipeline of entrepreneurs—many with previous experience in PropTech—focused on building scalable, high-impact solutions for the industry.

A shift towards reserving more capital for follow-on rounds, given the low valuations, as this approach offers more risk-adjusted returns compared to new rounds.

Customer uncertainty may lead to deferred spending decisions, impacting short-term growth.

Investor Insights



John Crowley,
Senior Advisor, Asahi Kasei

What is the biggest change you expect to see in the PropTech space in the year ahead?

Driving meaningful change through PropTech investment or customer adoption requires patience and perseverance. It's a long-term game that demands strategic thinking and commitment. In the year ahead, the most significant change I anticipate in the PropTech space is an increased emphasis on technologies that tackle systemic inefficiencies. This shift is particularly relevant in several critical areas currently experiencing regulatory reforms:

- **Advancing Housing Affordability:** I foresee a growing pushback against NIMBYism, leading to regulatory changes at state, regional, and municipal levels. These reforms will aim to bridge the gaps in middle/attainable housing (non-subsidized/market rate) and "big A-affordable" housing (subsidized capital stake). We define 'Missing Middle' as households with incomes ranging from 70% to 120% of the area median, where baseline annual housing costs, including rent and utilities, account for about 30% of their income. "Big A-affordable" refers to households earning less than 60% of the area median income. In turn, I expect increased adoption of AI and machine learning tools designed to streamline design, leasing, and operational processes in for-sale, single-family rentals (SFR), and multifamily rental segments.
- **Urgency for Construction Technologies:** Anemic productivity in the U.S. construction sector is well-documented. Our vision and mission involve investing in enterprises committed to reinventing collaboration and coordination among building professionals. This will deliver a more integrated offering, enhancing the efficiency and quality of both new home construction and the existing housing stock. Developers and homebuilders are increasingly advocating for reforms in regulatory and project approvals as well as industrialized building methodologies to reduce construction cycle time to increase speed to rent, and "make projects pencil."
- **Consumer Demand for Sustainable Building Solutions:** Lastly, as state regulations around building sustainability continue to evolve, I anticipate a surge in consumer demand for technologies that minimize both operational and embodied energy in new and existing building stock.

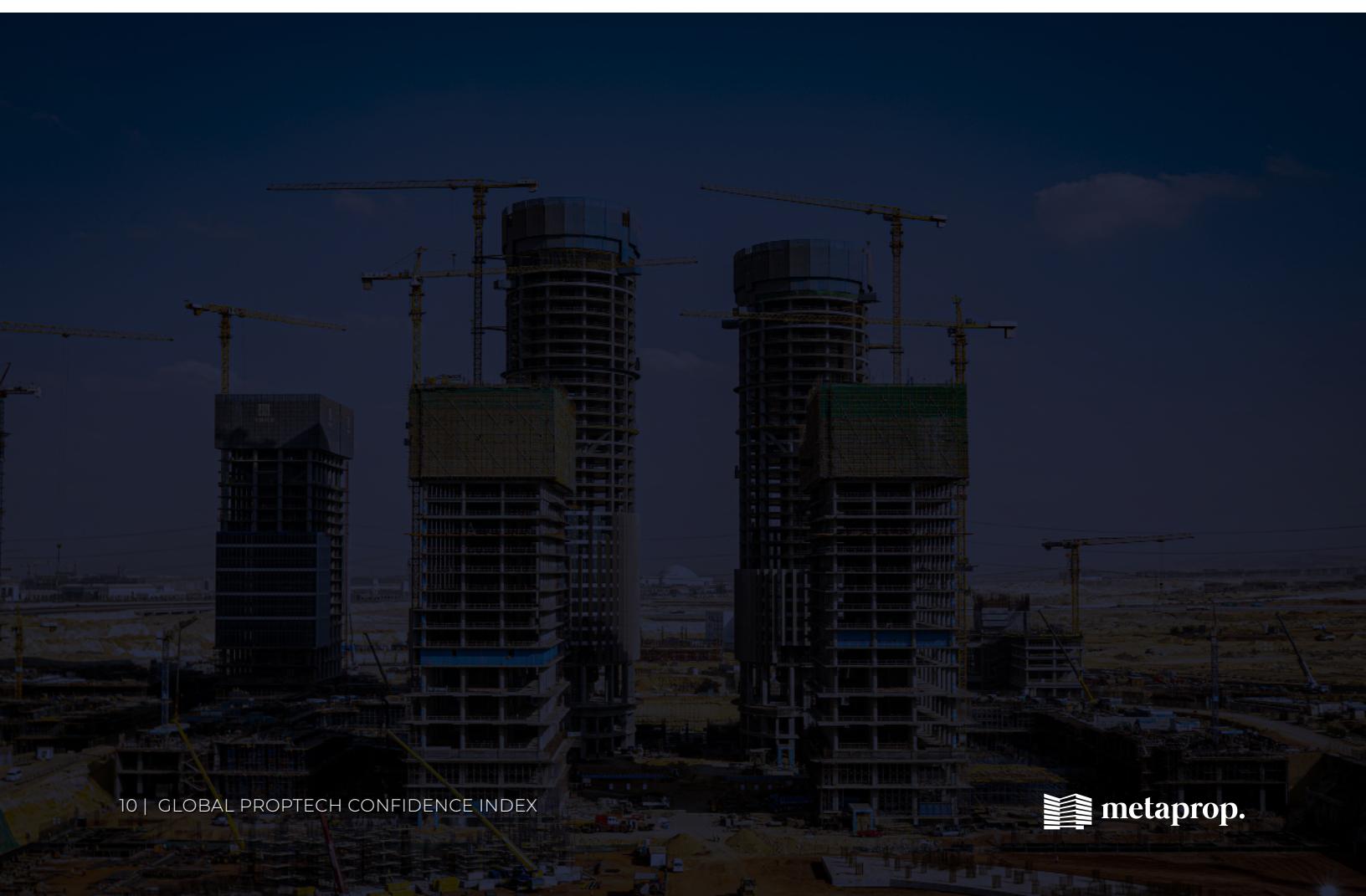
Do you expect to make more or less PropTech investments over the next 12 months compared to the previous 12 months? Why?

Our goal is to tackle the housing and climate crises by championing innovations that enhance human health and comfort, strengthen community resilience, and mitigate environmental impacts. In the coming year, we aim to increase our investment in early-stage PropTech opportunities, specifically targeting companies that:

1. Boost the availability of residential housing while simultaneously reducing carbon emissions.
2. Enhance the efficiency of preconstruction, construction, and renovation phases, with a particular focus on off-site industrialized building systems.
3. Develop systemic materials and processes that lessen the ecological impacts of humans and the built environment on our communities and the planet.

Looking ahead, what opportunities or untapped areas within the PropTech space do you believe hold the greatest potential for disruption and innovation?

Asahi Kasei has long been committed to investing in scalable technologies that revolutionize the design, engineering, fabrication, and assembly processes, thereby enhancing the stakeholder experience across the entire residential construction and renovation value chain. There is tremendous potential in emerging technologies that streamline the complexities of the design/build paradigm to improve reliability, consistency, cost, and user experience.



Investors: Full Findings

Investors expect to make the following number of PropTech Investments in the next 12 months:

29% MORE INVESTMENTS
48% ABOUT THE SAME
23% FEWER INVESTMENTS

48%
SAME

How investors think the M&A market for PropTech startups will change in the next 12 months:

70% MORE M&As
23% ABOUT THE SAME
7% FEWER M&As

70%
MORE

What investors expect to see in PropTech deal flow in the next 12 months:

32% MORE PITCHES
55% ABOUT THE SAME
13% FEWER PITCHES

55%
SAME

The fundraising stage in which investors plan to make the most PropTech investments in the next 12 months:*

26% PRE-SEED
52% SEED
61% SERIES A
31% SERIES B
4% SERIES C
5% SERIES D+

61%
SERIES A

*Note: Investors could choose more than one answer.

Areas of PropTech innovation in which investors are most interested:

- | | |
|-------|-------------------------------------|
| ➤ 48% | PROPERTY MANAGEMENT AND MAINTENANCE |
| ➤ 19% | CONSTRUCTION AND DEVELOPMENT |
| ➤ 14% | INVESTMENT AND FINANCING |
| ➤ 9% | DESIGN AND PLANNING |
| ➤ 5% | LAND ACQUISITION AND ENTITLEMENT |
| ➤ 5% | ASSET MANAGEMENT |

MARKETS (BY ASSET TYPE) INVESTORS ARE MOST INTERESTED IN:



How investors think PropTech companies are performing in terms of customer growth:

7%
ABOVE EXPECTATIONS

53%
MEETING EXPECTATIONS

23%
BELOW EXPECTATIONS

17%
N/A

Statistics are rounded to the nearest whole number.

Startup Sentiment Quotes

We asked PropTech startup Founders one critical question:

What is the biggest change you expect to see in the PropTech space in the next 12 months?

HERE'S WHAT THEY HAD TO SAY:



Mergers and acquisitions (M&A) activity will increase, providing more viable exit opportunities. PropTech will become more essential in driving outcome improvements, beyond just reducing operational expenses (OpEx).

As sustainability becomes a key focus, companies promoting ethical labor practices and sustainability will attract funding from ESG-focused investors. Meanwhile, companies leveraging AI and automation for proactive risk management and compliance will outperform competitors. Additionally, the ability to integrate with existing tools will give companies an edge over point-to-point solutions.

A weeding out of 'me too' solutions will occur, with a focus on technology that delivers real financial impact. Those who understand the intricacies will emerge as winners.

There will be greater interest from mainstream, traditional players urgently seeking to implement new technologies, spurred by the AI explosion.

The PropTech space will see further globalization, expanding its reach across international markets.

We expect to see more M&A activity, with many companies forced to merge, be acquired, or shut down altogether.

Ongoing commission lawsuits could lead to a reduction in the number of agents, brokerages, and PropTech companies. End-to-end services for agents and brokers will continue to develop, though limited by legacy technology, creating room for innovation.

The biggest exogenous driver will be embodied carbon and how new permits may increasingly require proper accounting for it.

Startup Insights



Victor Zhang,
Co-Founder and CEO, Trestle

What is the biggest change you expect to see in the PropTech space in 2024?

In the upcoming year, developers and contractors are likely to face significant economic headwinds and an increased cost of capital. I anticipate that these factors will compel many of these businesses to tighten their innovation budgets and cut back on expenditures, resulting in limited internal resources to initiate new software projects.

What major obstacles or challenges do you foresee PropTech startups encountering in the coming year? How can companies effectively navigate these obstacles to position themselves for success?

PropTech faces an oversaturation of companies in certain categories, making it challenging for startups to fight through the noise and attract customer attention. Particularly in PropTech, where the average customer does not keep up with daily tech and software trends, many new solutions are grouped together and dismissed if they seem like other pitches that the customer has heard. Getting inside the door and speaking with the customer is crucial. Customers are flooded with so many emails that it's essentially a dead-end avenue to conduct outreach. Particularly in the face of today's economic landscape, tightened customer spending budgets, and longer sales cycles, startups need to identify and communicate their differentiating value propositions early on and consistently. Founders should start building relationships for sales much earlier than they intend to make an actual sale.

It's important to understand that most PropTech customers are looking for technologies that aggregate processes and cut down their tech stack rather than adding new layers. Many of these customers don't have the people resources to deal with new software implementations. They are looking to buy one new software that can replace two others. It's critical for founders to cultivate a deep understanding of competitive landscapes and get familiar with customers' current tech stacks and integrations.

Startup CEOs: Full Findings

Level of difficulty startups are expecting to raise venture capital in the next 12 months:

26% EASIER TO RAISE
48% ABOUT THE SAME
26% HARDER TO RAISE

48%
SAME

Level of competition startups are expecting their space to be in the next 12 months:

37% MORE COMPETITIVE
43% ABOUT THE SAME
20% LESS COMPETITIVE

43%
SAME

Sales growth target for the next 12 months, compared to the previous 12 months:

27% INITIAL REVENUE

21% 1-2X

17% 2-3X

20% 3-5X

15% 5X+

27%
INITIAL REVENUE

NUMBER OF FULL-TIME EMPLOYEES THAT STARTUPS PLAN TO HIRE IN THE NEXT 12 MONTHS:

0

7%

1-5

53%

6-20

29%

21-50

6%

50+

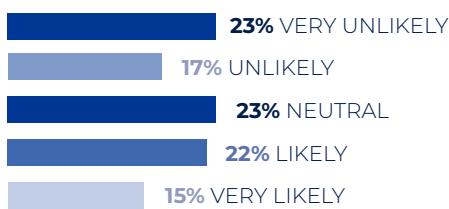
5%

What is the latest round of funding that your startup has received?

35% PRE-SEED
25% SEED
19% SERIES A
5% SERIES B
5% SERIES C
2% SERIES D+
9% BOOTSTRAPPED / HAVEN'T RAISED FUNDING

35%
PRE-SEED

Likelihood the company will be acquired, go public or have a major liquidity event in the next three years:



Which of these sectors best describes your company?

25% INVESTMENT & FINANCE
23% PROPERTY MANAGEMENT AND MAINTENANCE
20% SALES AND LEASING
18% CONSTRUCTION AND DEVELOPMENT
12% ASSET MANAGEMENT
2% DESIGN AND PLANNING

PRIMARY MARKET (BY ASSET TYPE) BEING TARGETED FOR COMMERCIAL DEPLOYMENT:

62%

14%

14%

5%

3%

2%

MULTI FAMILY/SFR

MIXED-USE

OFFICE

HOSPITALITY

INDUSTRIAL

RETAIL

Statistics are rounded to the nearest whole number.

Methodology



This survey was designed in collaboration with the Real Estate Board of New York (REBNY) and the Royal Institution of Chartered Surveyors (RICS) based on industry leading standards for sentiment analysis. We used a purposive sample of active investors and startups in real estate technology to confirm quality data.

The Investor Confidence Index is based on responses to four sentiment questions about future market expectations. The Startup Confidence Index is based on three sentiment questions. The Index has a range of zero to ten.



An Index above 5

indicates that respondents are confident in the market;
more responded positive than negative to the survey question



An Index below 5

indicates that respondents are not confident in the market;
more responded negative than positive to the survey question



An Index of 5

indicates that the positive and negative responses were equal

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About Us



MetaProp is a New York-based venture capital firm focused on the real estate technology ("PropTech") industry. Founded in 2015, MetaProp's investment team has invested in 135+ technology companies across the real estate value chain. The firm manages multiple funds for financial and strategic real estate investors that represent a pilot- and test-ready sandbox of 20+ billion square feet across every real estate asset type and global market. The firm's investment activities are complemented by its pioneering community leadership, including the PropTech Place innovation hub; MetaProp Accelerator at Columbia University programs; global events NYC Real Estate Tech Week; and publications Global PropTech Confidence Index and PropTech 101.

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