LEVERAGING TECHNOLOGY

Revolutionising Asset Management in the Digital Age

Introduction

In today's rapidly evolving world, asset management is undergoing a profound transformation fuelled by technological advancements.

From traditional manual processes to sophisticated digital solutions, technology is reshaping every facet of asset management.

This ebook explores the multifaceted impact of technology on asset management – delving into its rise and role in enhancing decision-making through artificial intelligence (AI) and machine learning (ML).

We'll see how property technology can help increase efficiency, manage portfolio changes and help mitigate risks while elevating customer satisfaction and asset value through streamlined processes.

The Rise of Technology in Asset Management

The adoption of technology in asset management has surged dramatically over recent years. This surge is driven by several factors, including the exponential growth of data, increasing customer expectations and the need for operational efficiency. Traditional methods, characterised by manual processes and fragmented data systems, are proving inadequate in today's fast-paced environment. As a result, the industry has experienced a mass-scale technological transformation.

Over 90% of asset managers are embracing a variety of technological solutions such as cloud computing, Internet of Things (IoT) devices, data analytics and predictive maintenance tools to enhance their operations. This indicates a widespread adoption of digital tools within the industry and a change in the demographic.

"A unified management infrastructure nurtures heightened transparency and enriches communication pathways between investors and asset managers. The adoption of such property technologies is essential for organisations looking to deploy impactful tools that strengthen investor confidence, ensure transparency and optimise asset performance."

Richard Gerritsen
Senior Director for Yardi
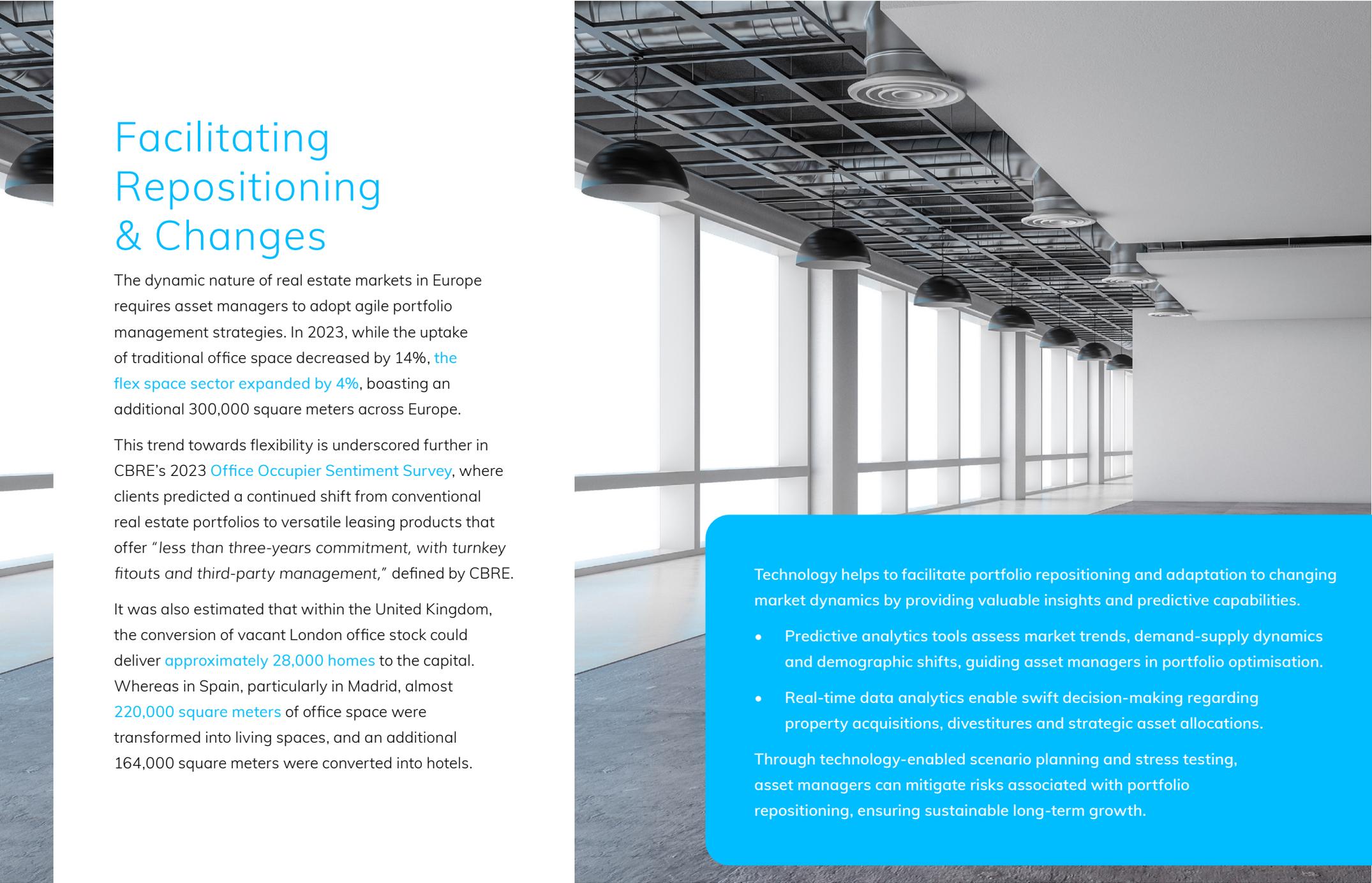
Facilitating Repositioning & Changes

The dynamic nature of real estate markets in Europe requires asset managers to adopt agile portfolio management strategies. In 2023, while the uptake of traditional office space decreased by 14%, the flex space sector expanded by 4%, boasting an additional 300,000 square meters across Europe.

This trend towards flexibility is underscored further in CBRE's 2023 Office Occupier Sentiment Survey, where clients predicted a continued shift from conventional real estate portfolios to versatile leasing products that offer *"less than three-years commitment, with turnkey fitouts and third-party management,"* defined by CBRE.

It was also estimated that within the United Kingdom, the conversion of vacant London office stock could deliver approximately 28,000 homes to the capital. Whereas in Spain, particularly in Madrid, almost 220,000 square meters of office space were transformed into living spaces, and an additional 164,000 square meters were converted into hotels.

Technology helps to facilitate portfolio repositioning and adaptation to changing market dynamics by providing valuable insights and predictive capabilities.

- Predictive analytics tools assess market trends, demand-supply dynamics and demographic shifts, guiding asset managers in portfolio optimisation.

- Real-time data analytics enable swift decision-making regarding property acquisitions, divestitures and strategic asset allocations.

Through technology-enabled scenario planning and stress testing, asset managers can mitigate risks associated with portfolio repositioning, ensuring sustainable long-term growth.
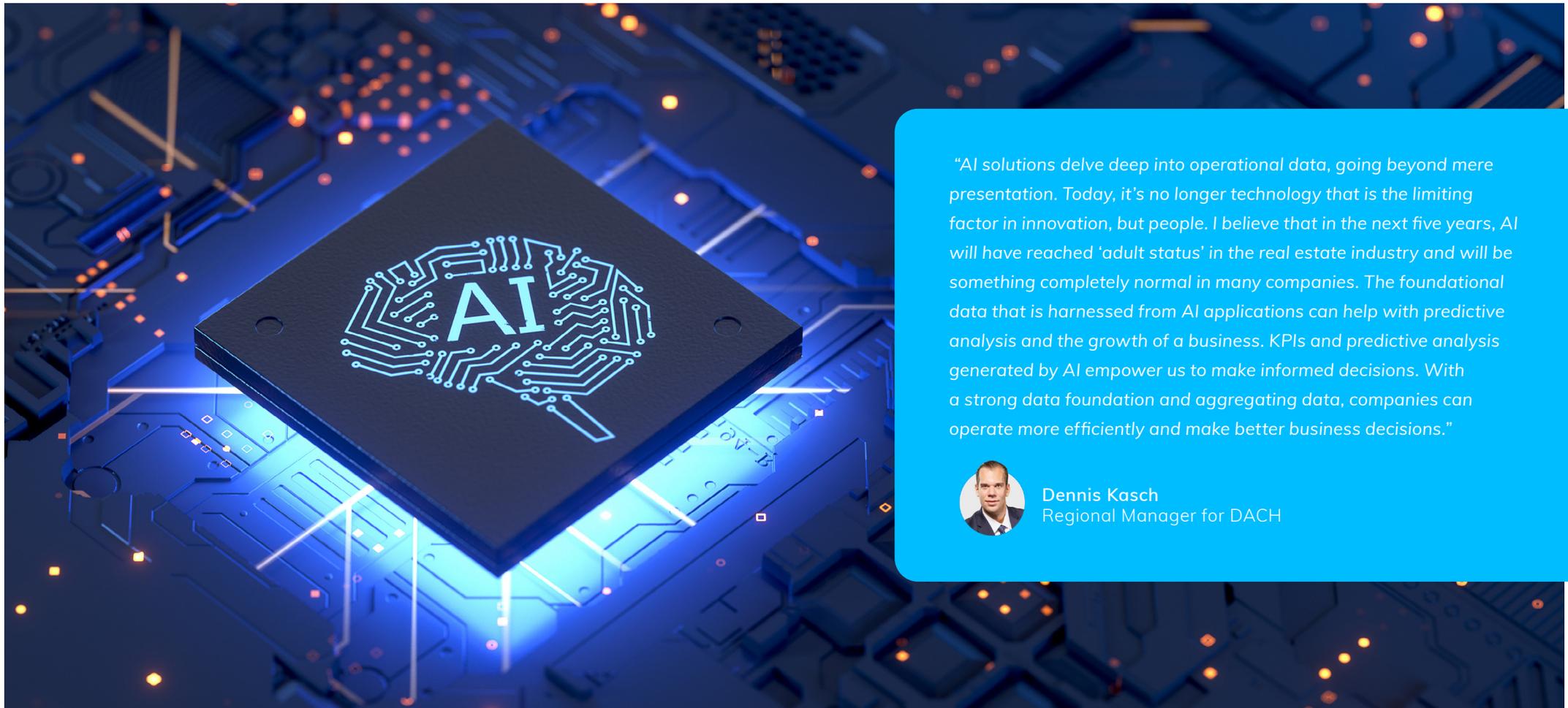
"AI solutions delve deep into operational data, going beyond mere presentation. Today, it's no longer technology that is the limiting factor in innovation, but people. I believe that in the next five years, AI will have reached 'adult status' in the real estate industry and will be something completely normal in many companies. The foundational data that is harnessed from AI applications can help with predictive analysis and the growth of a business. KPIs and predictive analysis generated by AI empower us to make informed decisions. With a strong data foundation and aggregating data, companies can operate more efficiently and make better business decisions."

Dennis Kasch
Regional Manager for DACH

Enhancing Decision-Making with AI & Machine Learning

At the start of 2024, OpenAI reported 1.63 billion visits on ChatGPT and a user base of over 180 million worldwide, signalling the widespread adoption of AI and ML tools. These technologies have firmly established themselves as the "epitome of business," due to their exceptional learning capabilities. With the ability to learn from data and self-train, AI can construct models based on data collection, enabling accurate predictions and accelerating decision-making processes for investors. These models operate and gather data in real-time, ultimately reforming asset management.

Real estate technology empowers asset managers with unprecedented insights and predictive capabilities. By analysing vast datasets in real-time, AI algorithms can identify patterns, trends and irregularities that human analysts might miss. This enables proactive decision-making, optimising asset performance, mitigating risks and maximising returns. AI-driven algorithms can also forecast market trends, assess asset values and recommend investment strategies – augmenting the expertise of asset managers and enabling them to make more informed decisions.

YARDI

Automation & Efficiency Gains

Automation lies at the heart of technological advancements in asset management. By automating routine tasks such as data entry, reporting and compliance - asset managers can streamline their operations, reduce manual errors and improve efficiency. This technology helps to accelerate workflows, minimise processing times and ensures regulatory compliance, freeing up valuable time to focus on strategic initiatives. Through automation, asset management firms can achieve significant cost savings, scalability and agility. Thus, gaining a competitive edge in an increasingly dynamic market environment.

Furthermore, automation also extends to customer service and communication processes. A study conducted by Forrester Consulting on behalf of Dataiku revealed that at the end of 2023, 83% of organisations are currently exploring or experimenting with Generative AI.

Chatbots, for example, can provide instant responses to customer enquiries, schedule appointments and even assist with basic transactions. By automating these tasks, asset management firms can enhance customer satisfaction, improve response times and reduce operational costs.

Elevating Customer Satisfaction & Asset Value

According to Salesforce's report, "State of the Connected Customer", 81% of customers expect faster service as technology progresses. Therefore, effective maintenance management is not only essential for preserving asset value but also crucial for elevating customer satisfaction, particularly in commercial or retail spaces.

A well-maintained property/unit significantly impacts customer perception, drawing in more potential customers and tenants. A visually appealing exterior, clean common areas and facilities contribute to an enhanced overall experience. Improved maintenance management not only increases operational efficiency but also boosts tenant experiences, driving tenant retention and asset appreciation.

> Technology-driven solutions play a crucial role in accelerating this process. With IoT sensors and remote monitoring, asset managers can facilitate proactive maintenance interventions that extend asset lifespan and reduce downtime.

More specifically, with predictive maintenance capabilities and algorithms, asset managers can identify potential equipment failures before they occur. They can take proactive measures to prevent downtime and minimise repair costs by analysing data from IoT sensors, equipment performance metrics and historical maintenance records. This not only improves asset reliability and performance but also enhances tenant satisfaction by minimising disruptions to their operations.
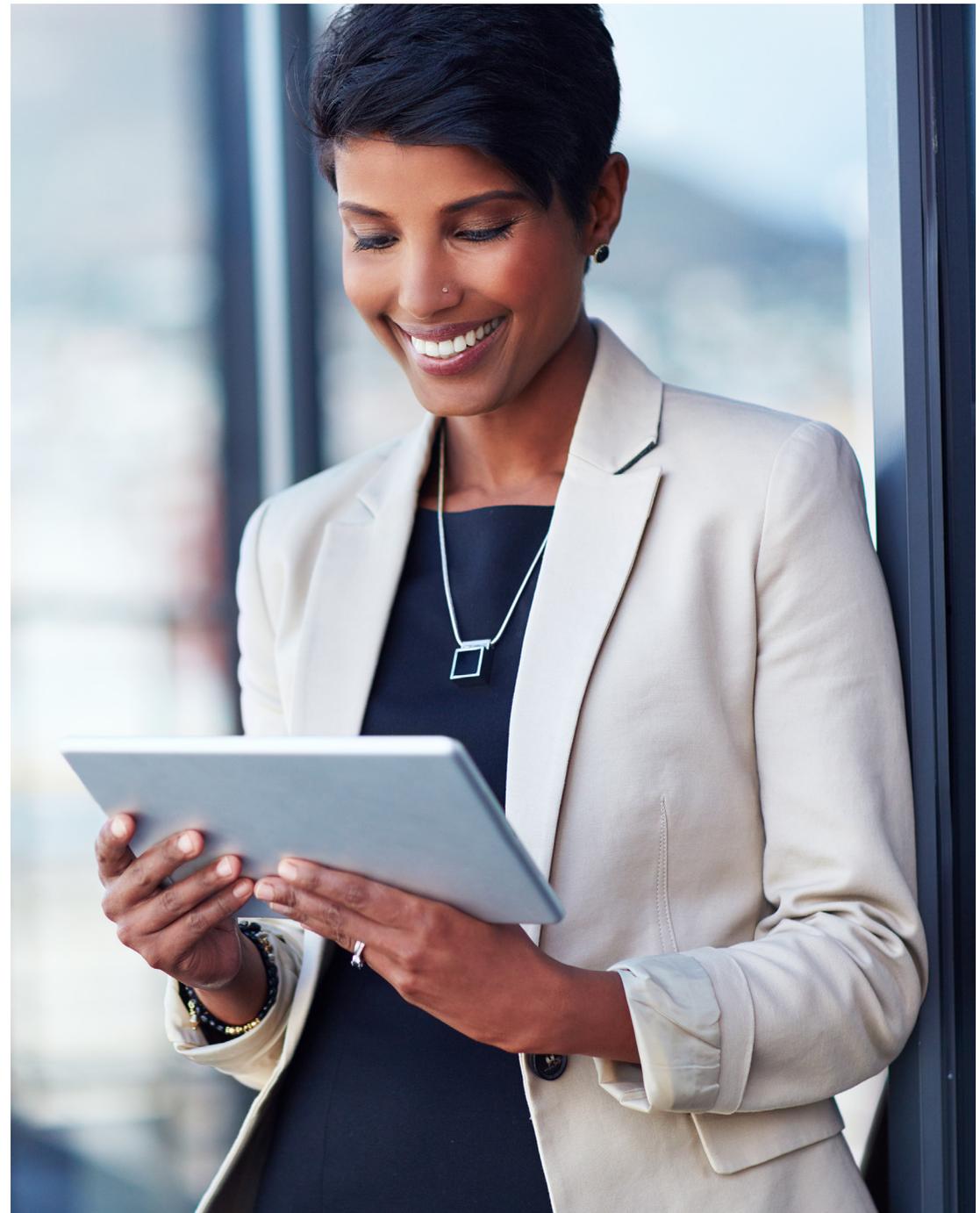
Overcoming Challenges & Risks

Technology plays a crucial role in helping asset management firms overcome numerous challenges and risks. Advanced capabilities, such as data analytics and AI algorithms, allow asset managers to better identify tenants at risk of default by analysing their payment history and financial stability. By proactively identifying these risks, asset managers can implement mitigation strategies such as renegotiating lease terms or seeking alternative tenants, thereby safeguarding rental income and financial stability.

Additionally, real estate technology contributes to mitigating economic and financial risks inherent in commercial real estate portfolios. Intuitive risk management systems leverage real-time data analytics to assess market volatility, economic indicators and financial performance. By utilising these tools, asset managers can adjust investment strategies, diversify portfolios and allocate resources effectively to maintain/reduce financial losses and optimise return on investment (ROI).
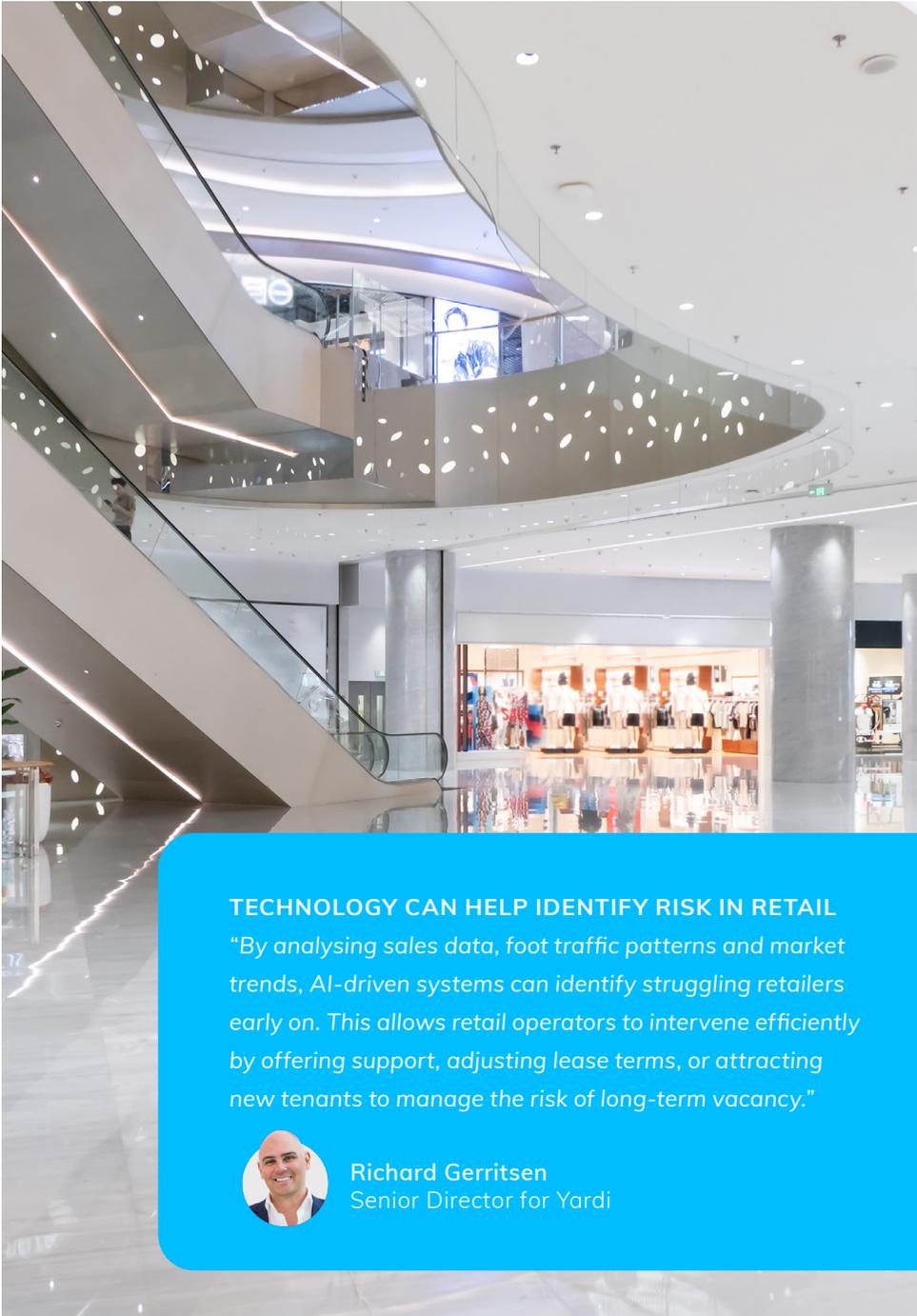
TECHNOLOGY CAN HELP IDENTIFY RISK IN RETAIL

"By analysing sales data, foot traffic patterns and market trends, AI-driven systems can identify struggling retailers early on. This allows retail operators to intervene efficiently by offering support, adjusting lease terms, or attracting new tenants to manage the risk of long-term vacancy."

Richard Gerritsen
Senior Director for Yardi
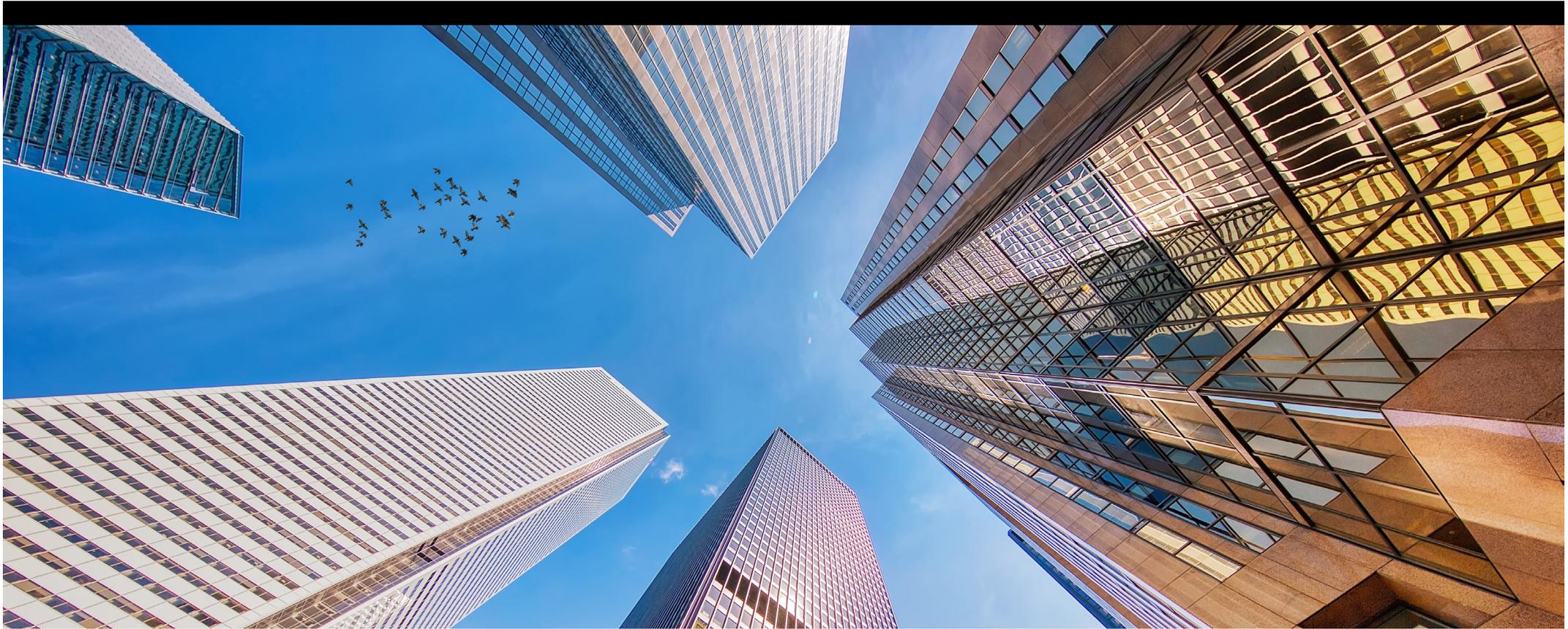
Technology as an Asset

Emerging as a game-changer in asset management, technology offers organisations unprecedented opportunities to optimise their resources, reduce costs and drive value creation. By embracing efficient solutions such as IoT, AI and ML, businesses can transform their asset management practices and gain a competitive edge in today's digital world. However, successful implementation requires a strategic approach, collaboration across functions and a commitment to continuous innovation. Only then can companies unlock the full potential of their assets and pave the way for success.

> "Technology adoption is not about the selection of a feature-driven tool. Real estate tech adoption is a strategic business decision that drives the future of an organisation. It is about changing how an entire organisation operates. Investing in technology is fundamental, but businesses need to be prepared to undergo this process before they can get to the other side of innovation."

Richard Gerritsen
Senior Director for Yardi

YARDI

Elevate Real Estate Asset Performance with a Single Solution

Yardi Elevate helps to lower costs, balance risk and increase revenue by providing in-depth data and insights with recommended actions.

REAL ESTATE RUNS ON YARDI

Visit: yardi.co.uk | yardi.de | yardi.nl | yardi.fr

See how you can elevate your asset performance!

Click here

YARDI | Energised for Tomorrow

Start over