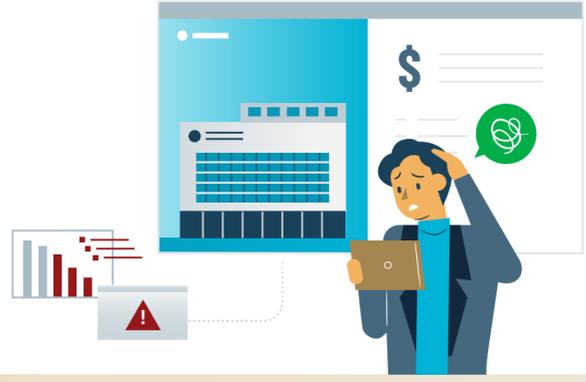


Digital Transformation in COMMERCIAL REAL ESTATE

Commercial real estate firms can improve their operations through digitalization and the application of new technologies. Upgrading operations and leveraging digital platforms is essential if firms want to stay competitive and viable in the long run. Let's take a look at the events that turned the walk toward digital transformation into a race.

Only 40% of CRE industry leaders had a clear plan for digital transformation

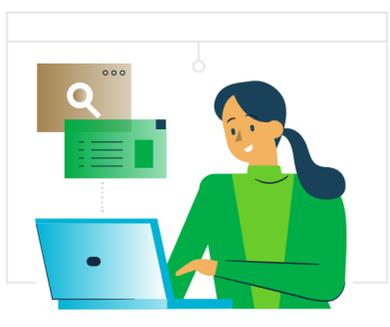
In Deloitte's 2021 CRE Outlook report, 56% of surveyed CRE industry leaders said the pandemic of 2020 shed light on the shortcomings of their organizations' digital capabilities. Meanwhile, only 40% of those respondents said they had a clear plan for digital transformation.



57% of North American CRE firms expect a decrease or no change in their investment in digital technology

The CRE industry was behind the digital transformation curve. Even in 2021, with a year of change to look back on, 57% of North American CRE firms say they expect a decrease or no change in their investment in digital technology, according to Deloitte.

Roughly **85%** of customers do online research on companies before making purchases.



Customers draw hard conclusions about CRE organizations based on their online presence, often long before they ever speak to someone at the firm.



Venture capitalists invested **\$23.8 billion** in proptech startups in 2020.

Identified by PWC as an emerging trend, property technology is the "next frontier" of commercial real estate.

THE DIGITAL TRANSFORMATION

Despite a slow start, many firms have made significant progress toward digitization. Three strategic moves typified firms that excelled through this season of change:



Virtual Services

With a little time and practice, virtual tours for commercial leasing purposes became standard operating procedure. Many firms instituted processes for uploading professionally made virtual tours to their websites.

- This move alone allowed customers to get the full picture of office suites for lease without even contacting the firm.
- The byproduct actually improved the sales process, saving time by delivering customers with higher intent to a firm's (virtual) door.



Data-Driven Decisions

Some firms used sensor data from internet of things (IoT) devices to better understand how tenants were using their facilities.

- This data was used to implement pandemic-friendly changes that added value.
- For example, Hartman added the Needlepoint Bi-Polar Ionization system to its properties, in a responsive effort to address health and safety concerns.

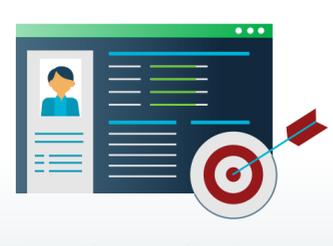


Digital Communication

Occupancy declined under lockdown orders.

- CRE firms that successfully used digital communication with tenants were able to offer support that hardened their occupancy numbers.
- Hartman, for example, offered assistance with filing for Small Business Administration (SBA) loans and digitally amended leases to add some much-needed flexibility.

3 WAYS CRE FIRMS CAN REPOSITION THEMSELVES IN THE MARKET WITH DIGITAL TECHNOLOGY



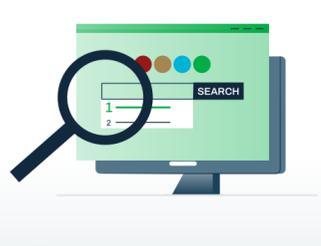
Hiring for specific digital skill sets

AI and machine learning tech skills are increasingly important for data analytics.



Increased focus on automation and mobile app development

Hiring early-career professionals who bring these skills with them can pay big dividends when the time comes to leverage these new technologies.



Digital marketing

Significant investment in search engine optimization (SEO), responsive websites, paid media and digital public relations is going to be key to success in the post-pandemic CRE market.

A STRONGER DIGITAL PRESENCE BRINGS WITH IT MORE CYBERSECURITY ISSUES

Here are some of the potential cybersecurity threats firms could face as a result of boosting their digital presence:

- Cloud-based communication can be vulnerable to ransomware attacks that expose tenant data.
- More digital entry points to CRE firm networks leave open opportunities for bad actors to get in and cause problems.
- Data capture efforts that are essential to predictive analytics can lead to inadvertent exposure of firm and tenant data, if done incorrectly.



HOW TO BOLSTER CYBERSECURITY

CRE can benefit from the cybersecurity technologies that have already been developed and deployed in other industries.



Cloud-based communication platforms have begun to adopt government-level security to keep out hackers.



Role-based identities in digital systems restrict access to users. This restricts access to inauthentic users.



Blockchain technology has added an impenetrable layer of security surrounding tenant data.



Next-generation firewalls have learned how to detect threats before they happen and lock down systems to prevent them.

Sources:

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