



Danish PropTech Report

2023

Executive Summary

Five key learnings from this year's report

Almost 4x increase in investments

The year 2022 in comparison to 2021. Since 2020 we've measured an 8x increase in investments. Will we see a unicorn in 2023?

Green transition

Tops the list of overall challenges for real estate players, followed by costs. Could you potentially address both at the same time?

Half are steering blind

45% of Danish real estate companies report having a digital strategy. For the remaining 55%, what are the potentials of seeking help?

Lack of skills and knowledge hinder digital transformation

Almost 1/3 report having too little knowledge about relevant solutions and digital capabilities. How might they aspire to level up their game?

Corporate-startup collaborations are here to stay

Could this be a way to address the challenges above?

Thank you to the more than 200 companies that fed into this work. Explore the full report on the following pages.



About PropTech Denmark

Accelerating digital innovation in real estate

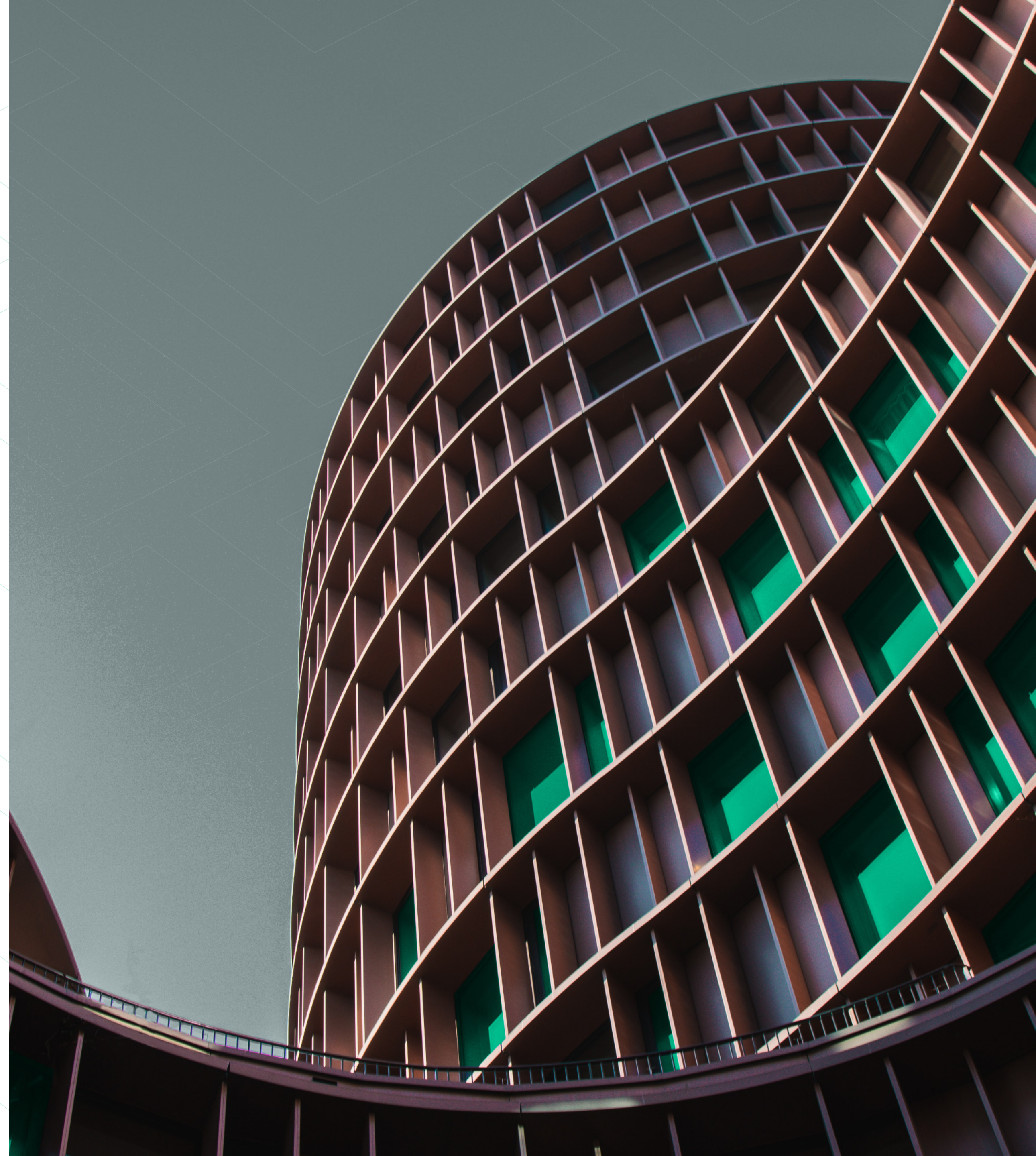
PropTech Denmark is a non-profit innovation hub and network organisation gathering proptech companies and owners, operators, brokers and advisors within real estate. In total, we gather around 200 members representing the entire real estate value chain and life cycle.

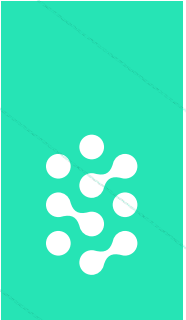
The purpose is to facilitate and help accelerate digital and technological innovation and business development in real estate, to gather the community around a series of activities where members can engage with each other while gaining new knowledge, inspiration and learnings about the digital transformation in real estate.

PropTech Denmark offers network events, matchmaking, seminars, training and education services. The association initiates and facilitates collaborative innovation projects across the real estate sector. In Copenhagen at BLOXHUB, PropTech Denmark operates on the largest dedicated proptech lab, investor corner and co-working space in the Nordics.

Once a year we gather the entire proptech and real estate community in our yearly PropTech Symposium.

Learn more at proptechdk.dk





71 New Members in 2022

SELECTED PROPTech DENMARK PARTNERS, PAST & PRESENT



SELECTED PROPTech DENMARK PREMIUM MEMBERS, PAST & PRESENT





1. Introduction

Welcome to the Danish PropTech Report 2023. The report brings you key insights on the development of the Danish proptech ecosystem and status on the digital maturity and transformation among established Danish real estate players.

Danish Proptech Report 2023 is compiled and published by PropTech Denmark. The main data source is a representative survey that compiles more than 200 companies from the Danish real estate and construction sector. Proptech Denmark wishes to extend a special thank you to all the companies and organisations that have contributed and answered the surveys.

In addition, PropTech Denmark has compiled key data from the Danish proptech ecosystem which covers numerous proptech startups, scale-ups and data about the investments floating into Danish proptech.

Our hope is that the report can serve to give you and our community a better and more fact-based overview and understanding of the Danish proptech landscape and how proptech is changing the Danish real estate sector.

Moreover, the report can serve as a good starting point for internal reflections and discussion on where your organisation is positioned on the digital transformation ladder and how you're approaching the challenges and possibilities of proptech.

Proptech Denmark
May 2023

01

Introduction and Summary

02

The Danish Proptech Ecosystem

03

Digital Transformation in
Danish Real Estate



1.1 Key Takeaways

Digitisation of real estate defies economic downturn

Despite the luring economic crisis and significant market uncertainties, digitisation of the Danish real estate sector seems to continue at a steady pace. Investments in Danish proptech startups reached an all time high in 2022; the majority of real estate companies still planning to increase digitisation and investments in digital solutions in the year to come. This said, we do see the crisis impacting some proptech companies as well as a slight cool down in the growth rates in digital adoption among real estate players. But altogether, the report clearly shows that digitisation of the Danish real estate industry continues:

- **Investments in Danish proptech** startups and scale-ups almost quadrupled, reaching **DKK 1.378 billion** (EUR 184 million) in 2022.
- **84%** of Danish real estate companies have **increased their use of digital solutions** over the past year.
- **67%** of Danish real estate companies intend to **increase their investments in digitisation in 2023**. This is a slight decrease compared to 2022, but still higher than in 2021.
- **74% of Danish proptech companies experience increased demand** for their solutions within the past year. This is a slight decrease from 2022 where the number was 90%.

More than DKK 1.3 billion

flowed into Danish proptech startups and scale-ups in 2022. This is an **8x increase** since we started measuring investments in 2020.

All together 84%

of Danish real estate companies increased the use of digital solutions in 2022. In 2020, the figure was approximately 70%.

More than 65%

of Danish real estate companies intend to increase their investments in digitisation in 2023. This is a slight decrease from 2022, but still higher than in 2021.



1.1 Key Takeaways

Need for a more strategic approach to digitisation

Despite of most Danish real estate companies having increased their use of digital solutions, several findings point towards an urgent need for the sector to step up in getting a more strategic approach to digitisation. The share of Danish real estate companies having a digital strategy has been growing the last three years. But growth has been rather slow; more than half of all companies still don't have a digital strategy today.

In addition, ESG (Environmental, Social, and Governance) is, by most real estate actors, seen as the biggest strategic challenge for the sector in the years ahead. Still, only 20% of real estate players report having increased their investments in digitisation in order to achieve increased sustainability. It's also only 16% that sees increased digitisation as an important tool in developing new products and services. Finally, real estate players also seem to invest too little in getting access to digital skills and knowledge, which is key in successful digital transformation. As a result, lack of digital capabilities is still a main barrier for really embracing the digital possibilities.

In conclusion, there's a need for a more strategic approach to digitisation among the majority of Danish real estate actors. Put simply, it is about moving from just digitising existing processes and cherry-picking of stand-alone solutions to a much more transformational approach where 'digital' becomes an integral part of business development, market strategy and organisational development.

Around 45%

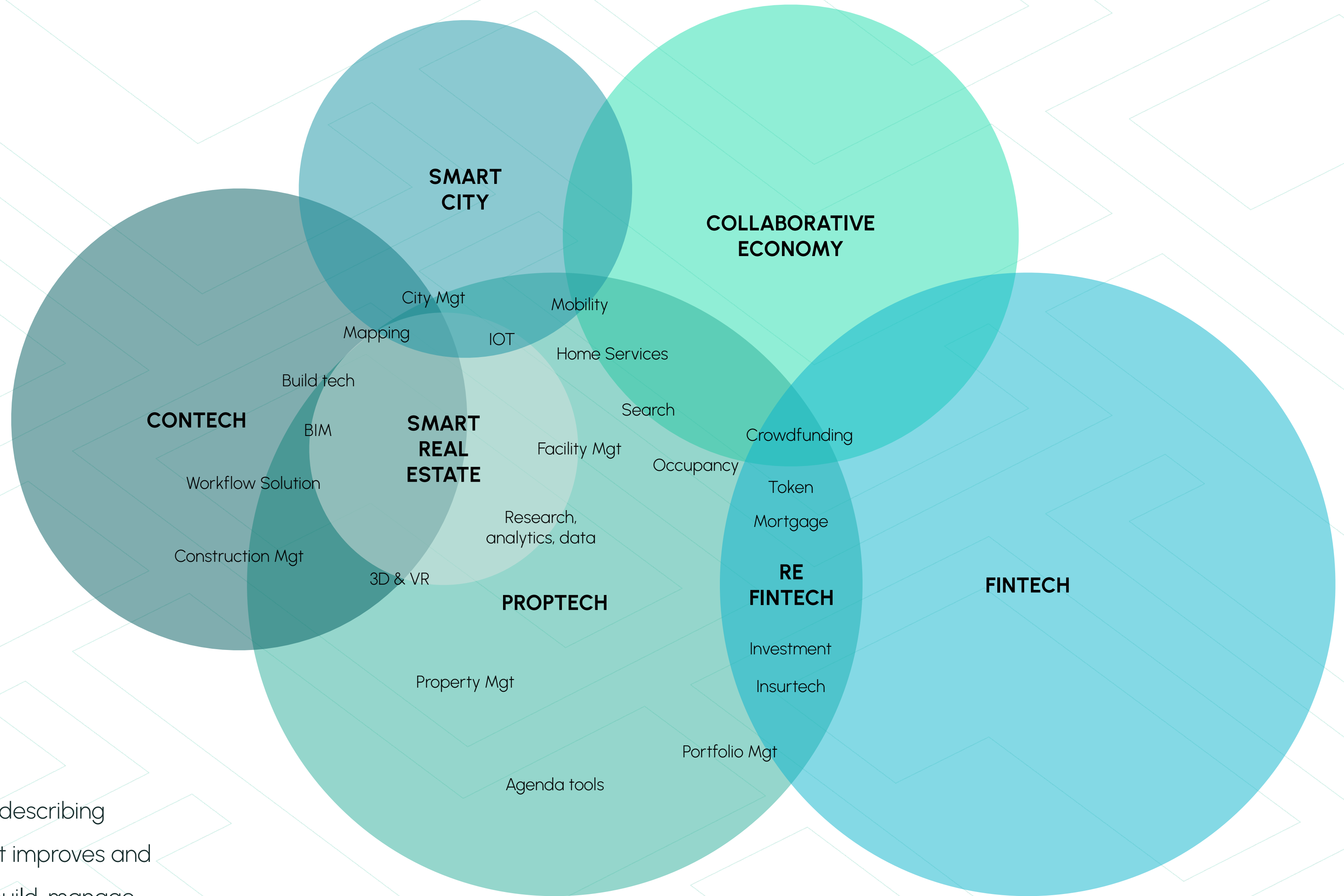
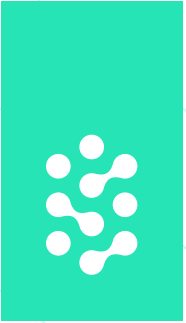
of Danish real estate companies report having a digital strategy — a 9% increase since 2020 where the percentage was 36%

Lack of digital skills

and knowledge is still seen as a major barrier by real estate companies themselves to increase their adoption of digital solutions

Only 16% of real estate

companies indicate that they increased investments in digital solutions to develop new services, products and concepts



[Prop-Tech]

Proptech [property technology] is a term describing digital solutions and business models that improves and changes the way we finance, buy, plan, build, manage and use real estate and physical space.



Why proptech?

Places shape people. People shape places. This synergy combined with technology reveals great opportunities and new challenges and questions that have previously been unexplored. Climate change is both real and urgent — proptech can bridge the gap between sustainable solutions and good business models.

40% of global greenhouse gas (GHG) emissions comes from buildings. Left unchecked, they're forecasted to double by 2050. Green buildings have a 7% higher asset value compared to non-green ones. According to the World Green Building Council we spend 90% of our time indoors; yet we forget how much time we actually spend in buildings.

Proptech is exactly about taking on the challenges of the real estate industry to make it better, more efficient, more user centric, more transparent, more environmentally friendly and socially sustainable. This is fuelled by a rapidly developing digital landscape, changing regulations and increasing consumer demands.

Examples include automation of property management, data-driven energy optimisation, tenant-communication apps, crowdfunding for real estate investments, market platforms for rentals, IoT-based space management and much more.

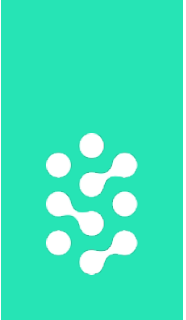
Explore the whole host of solutions in our members-only PropTech Guide.





02

The Danish Proptech Ecosystem



2. The Danish Proptech Ecosystem

The Danish real estate sector and proptech ecosystem at a glance

DANISH REAL ESTATE SECTOR



170.000+
Number of jobs



DKK 350+ billion
Total yearly revenue

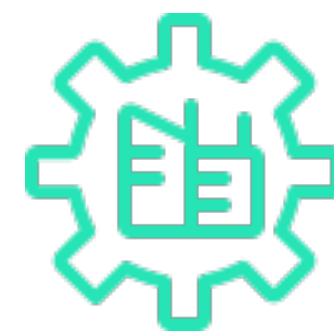


DKK 90 billion
Value of commercial real estate transactions in 2022

DANISH PROPTECH



198
Number of proptech startups and scale-ups



Key business verticals
Property management, sustainable operations, tenant engagement, design & construction .

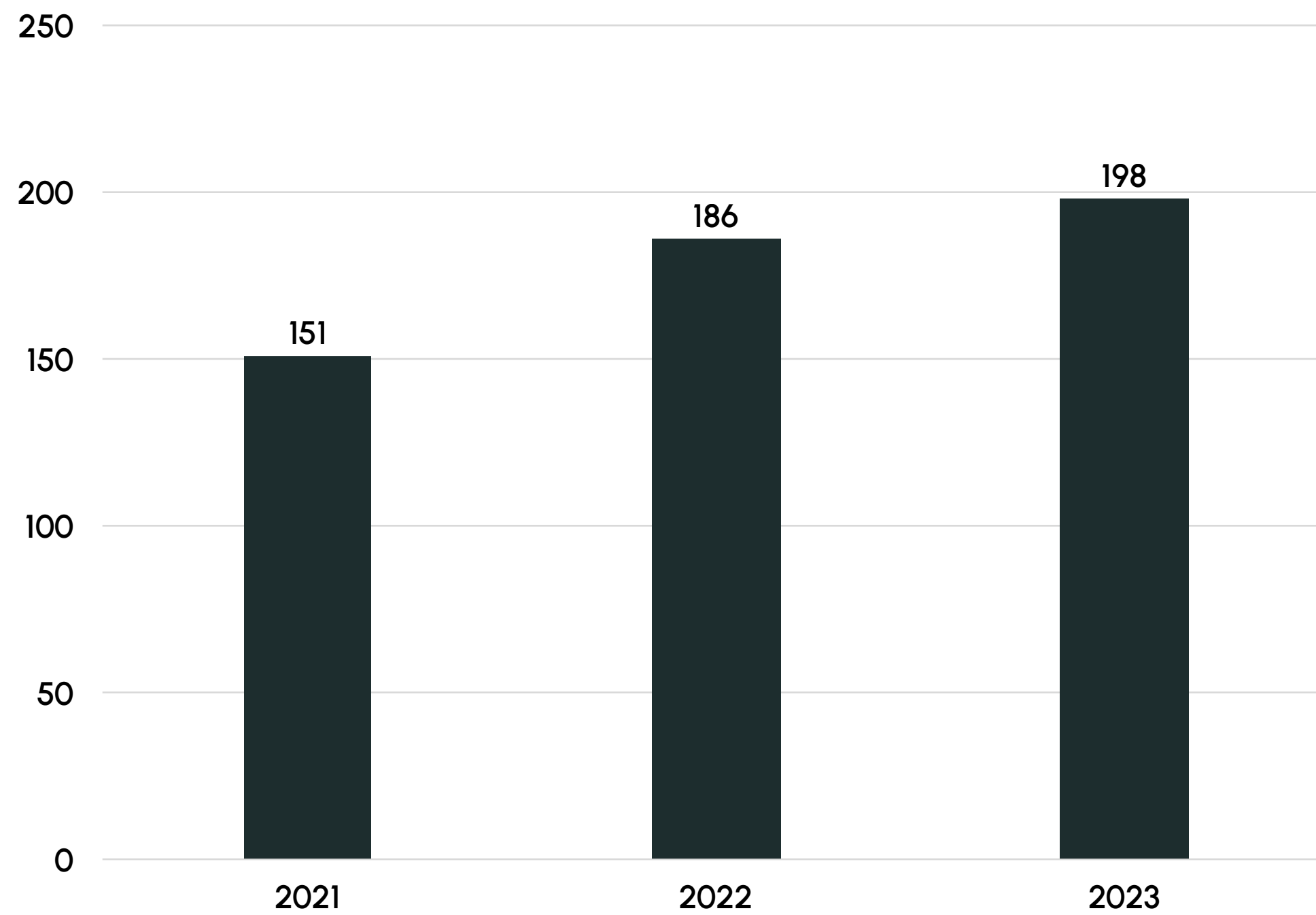


DKK 1378 million
Total investments in Danish proptech for 2022

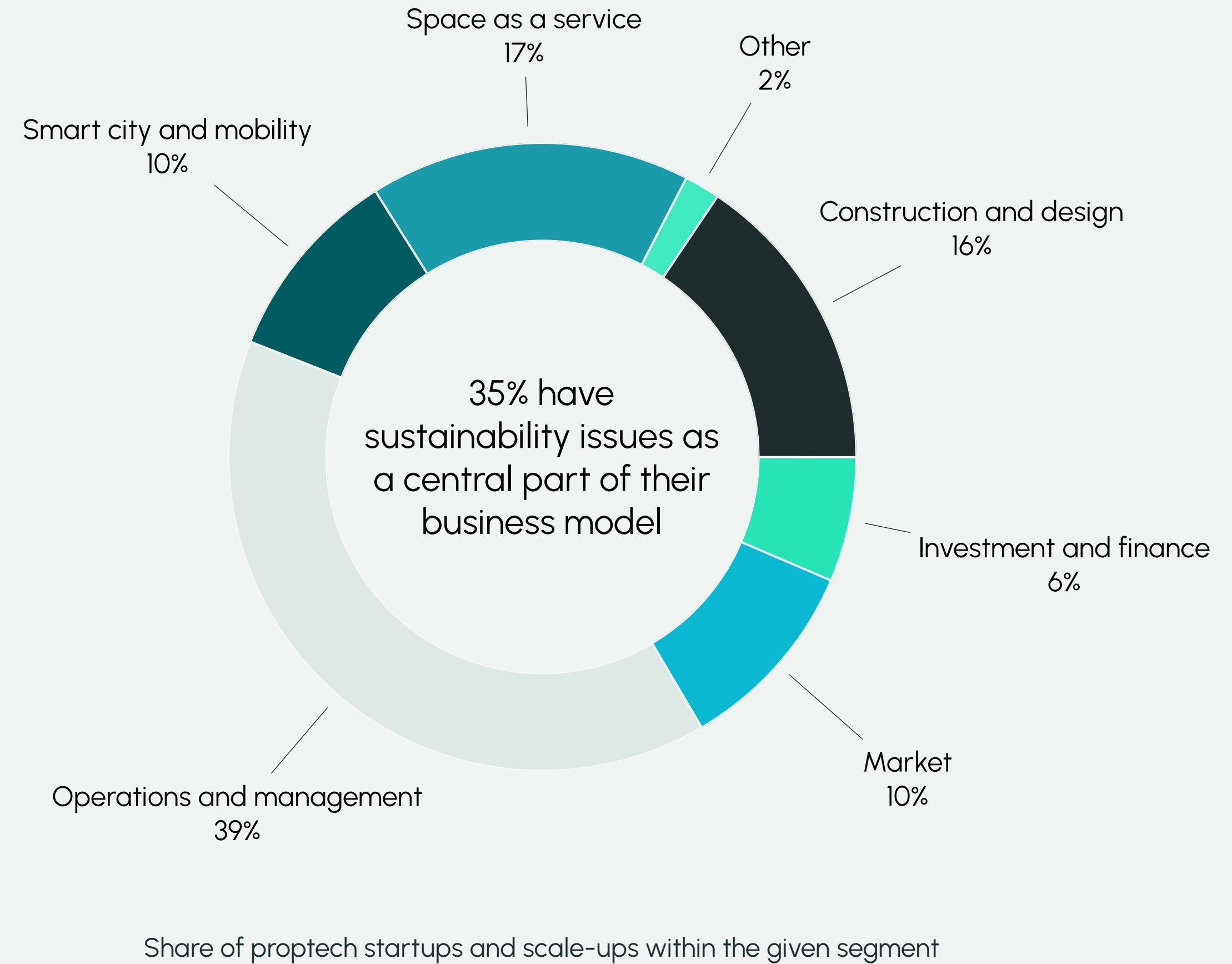


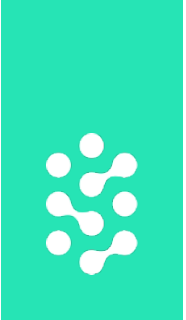
2.1 A growing number of Danish proptech startups

Number of Danish proptech startups and scale-ups



Danish proptech startups' position in the real estate lifecycle

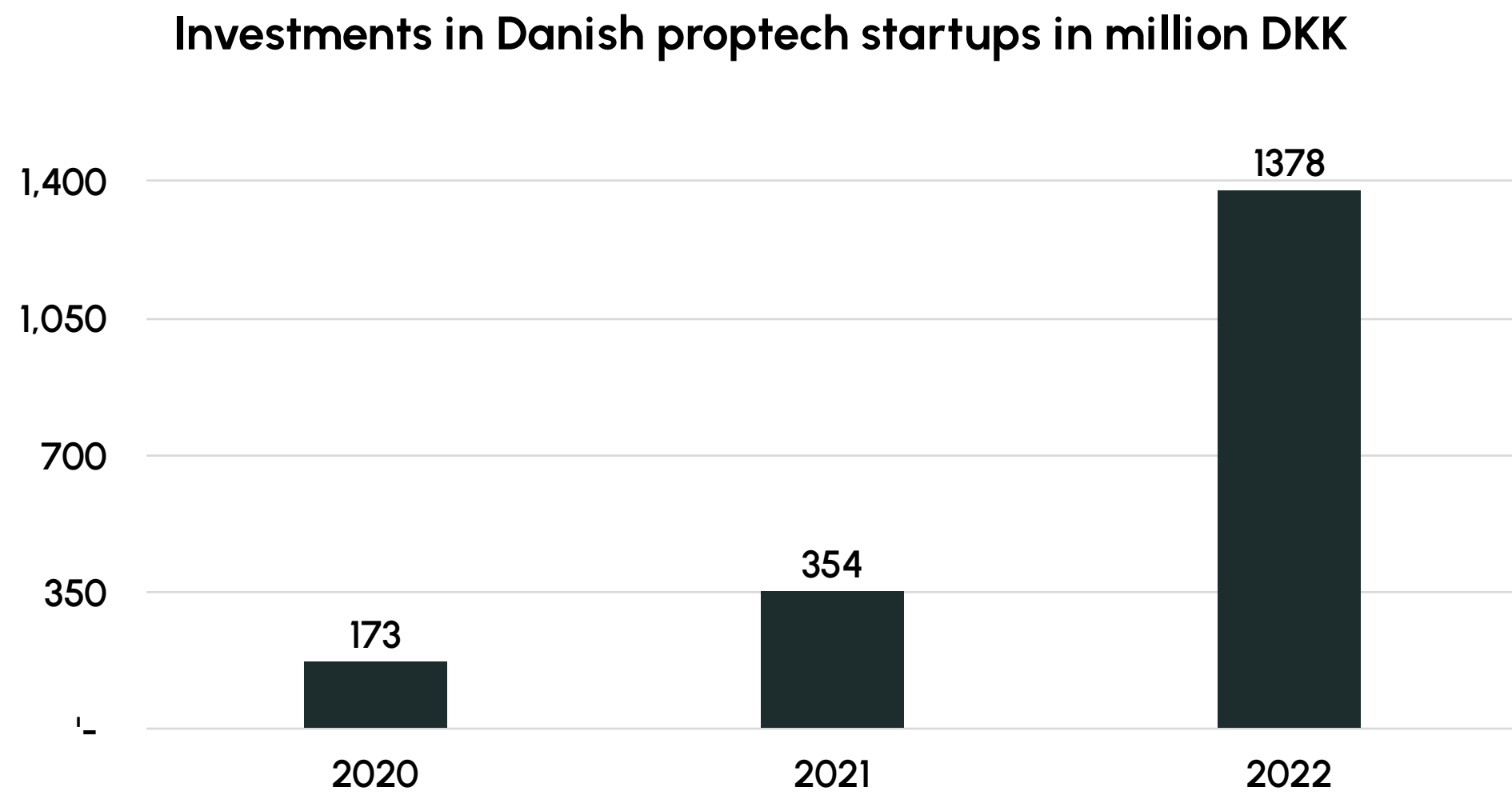




2.2 Investments in Danish proptech startups almost 4x

Total Investments in 2022:

DKK 1378 million (EUR 184 million)



Large deals



DKK 15 million

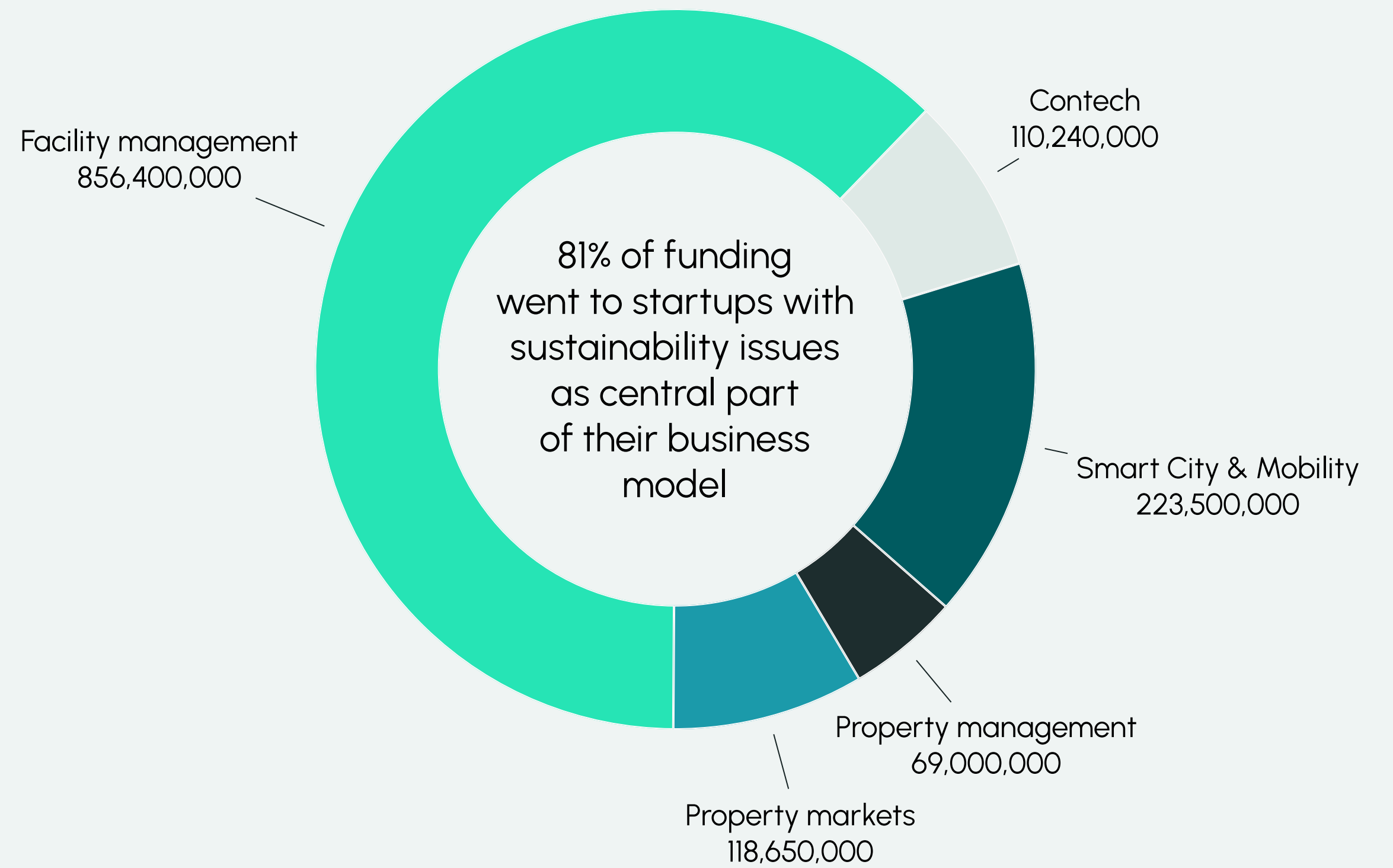


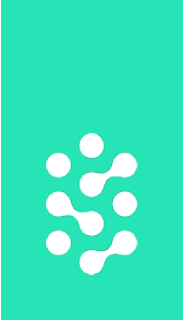
DKK 22 million



DKK 818 million

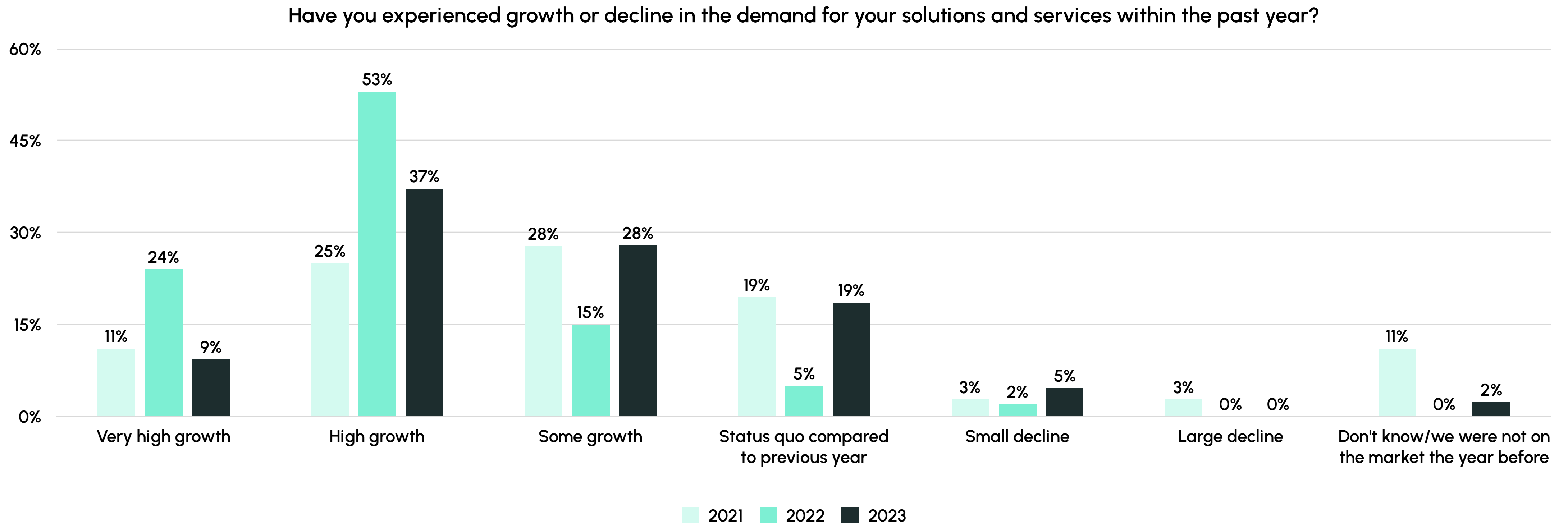
Investments in Danish proptech startups by business vertical

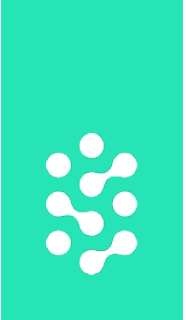




2.3 Steady growth in proptech in an uncertain market

PropTech Denmark has asked Danish proptech startups as well as established tech suppliers to the real estate industry about how they see the development in the market for proptech solutions. A vast majority (74%) experienced growth in the demand for their solution within the past year. Of these, 46% experienced high or very high growth rates. Even though it is a small cool down from the massive growth rates we saw in the 2022-survey, the numbers indicate that the demand for new technologies and solutions in real estate is still increasing in spite of the economic crisis and the uncertain market situation. That said, an increasing number of proptech companies do report being challenged by a more cautious market and access to growth funding getting harder.

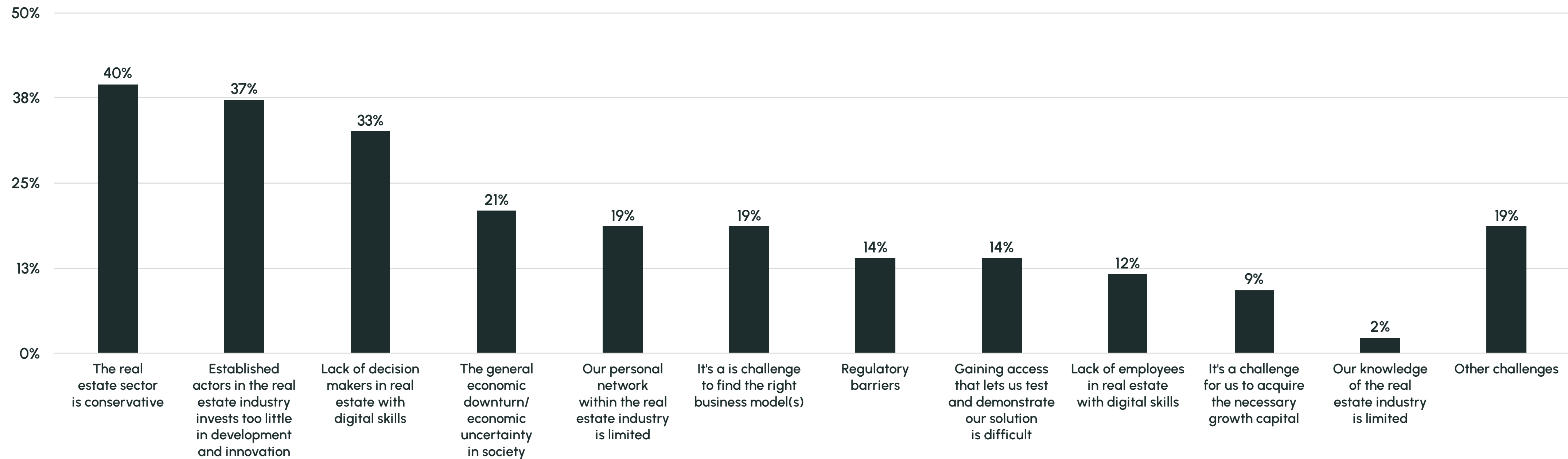


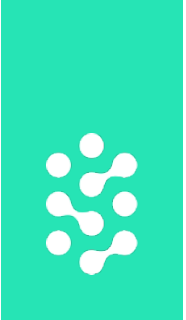


2.4 A conservative industry is still seen as the biggest growth barrier

A bit more than a fifth of Danish proptech companies see the general economic downturn and market uncertainties as a major barrier for scaling their sales. However, with 40% it's still conservatism among real estate players that is appointed as the main growth barrier. This was also the main reason in 2022. In second and third place comes the general lack of investments in innovation and development by established players in the real estate market and the lack of digital competencies among real estate decision makers.

What are the biggest challenges in increasing the sales of your solutions and services/getting your solutions and services on the market? (Multiple answers)





2.5 Corporate-startup collaboration is here to stay

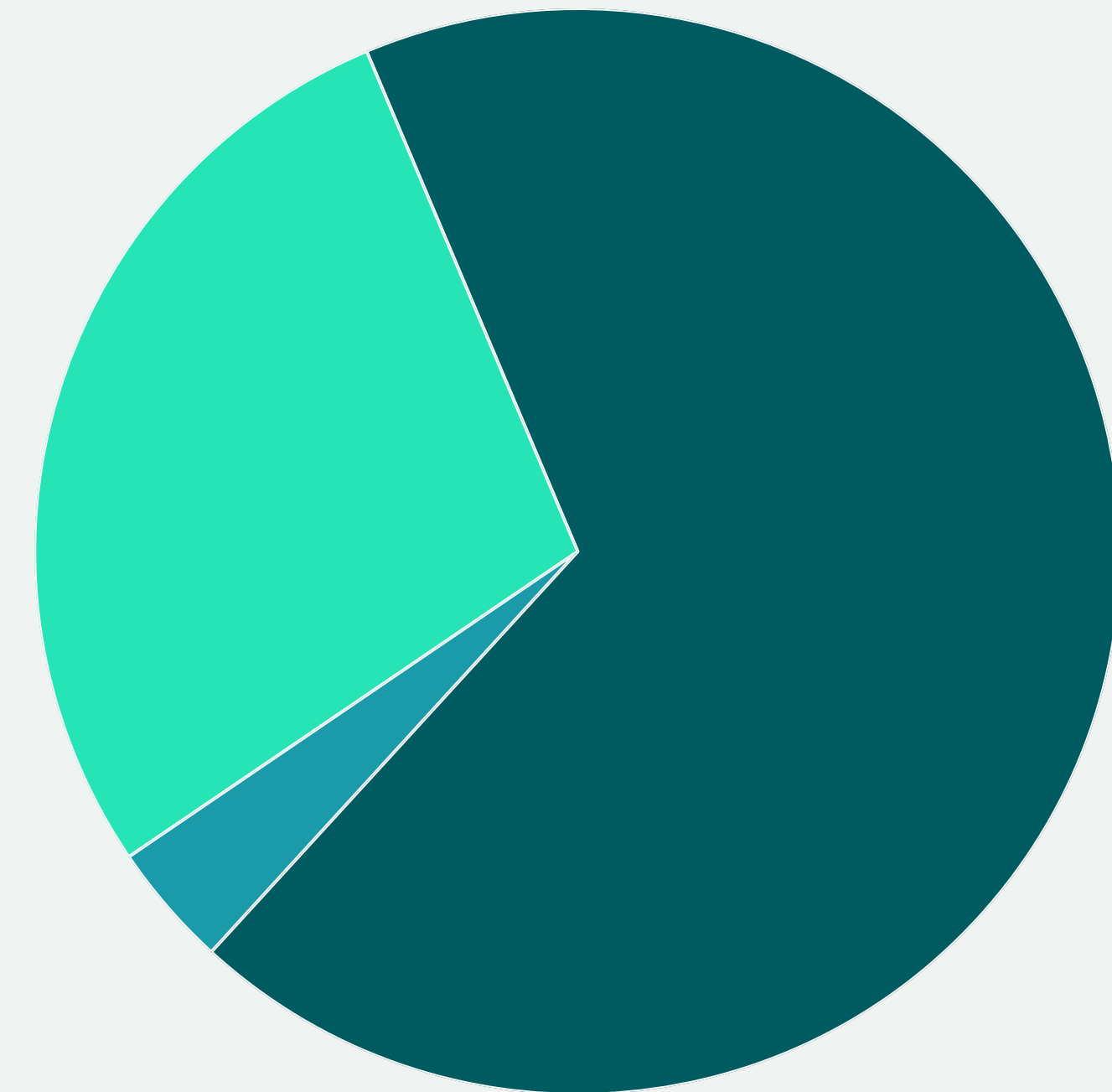
Collaboration between startups and established players is important. It helps established players innovate and gain access to new technologies. For the startups it's crucial in order to pilot and market their solutions.

Almost one in three established players in the real estate sector respond to having collaborated with one of more startups within the past year regarding the development or implementation of new digital solutions.

The level of startup collaborations is more or less around the same level as reported by real estate players in 2022. Thus, the economic downturn and market uncertainties doesn't seem to have impacted negatively on real estate players willingness to collaborate with proptech startups.

Has your organisation collaborated with one or more startups regarding development or implementation of new digital solutions within the past year?

● Yes ● No ● Don't know





03

Digital Transformation in Danish Real Estate



3. Digital Transformation in Danish Real Estate

Digitisation of Danish real estate keeps a relatively high pace

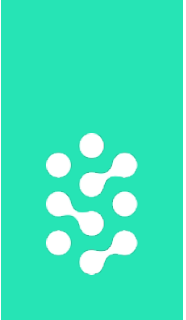
While the prevailing market uncertainties and economic slow down seems to have slightly cooled down the growth rates in digital adoption among real estate players, digital transformation of the Danish real estate sector has far from stopped. The vast majority of real estate companies still report having increased their use of digital solutions within the past year and, most companies also planning to further increase investments in digitisation through 2023.

- Around 51% have, to a high or some degree, increased the use of digital solutions within the last year. This is only a slight decrease compared with 58% in 2022.
- Altogether, 84% of Danish real estate companies report to somehow having increased their use of digital solutions within the past year. This is an all time high.
- 39% plan to increase their investments in digitisation significantly or to some degree in 2023. In 2022, the number was 54%.
- Green transition also tops the list of overall challenges in 2023. Still, only 20% of real estate companies invest in digital solutions to improve sustainability.



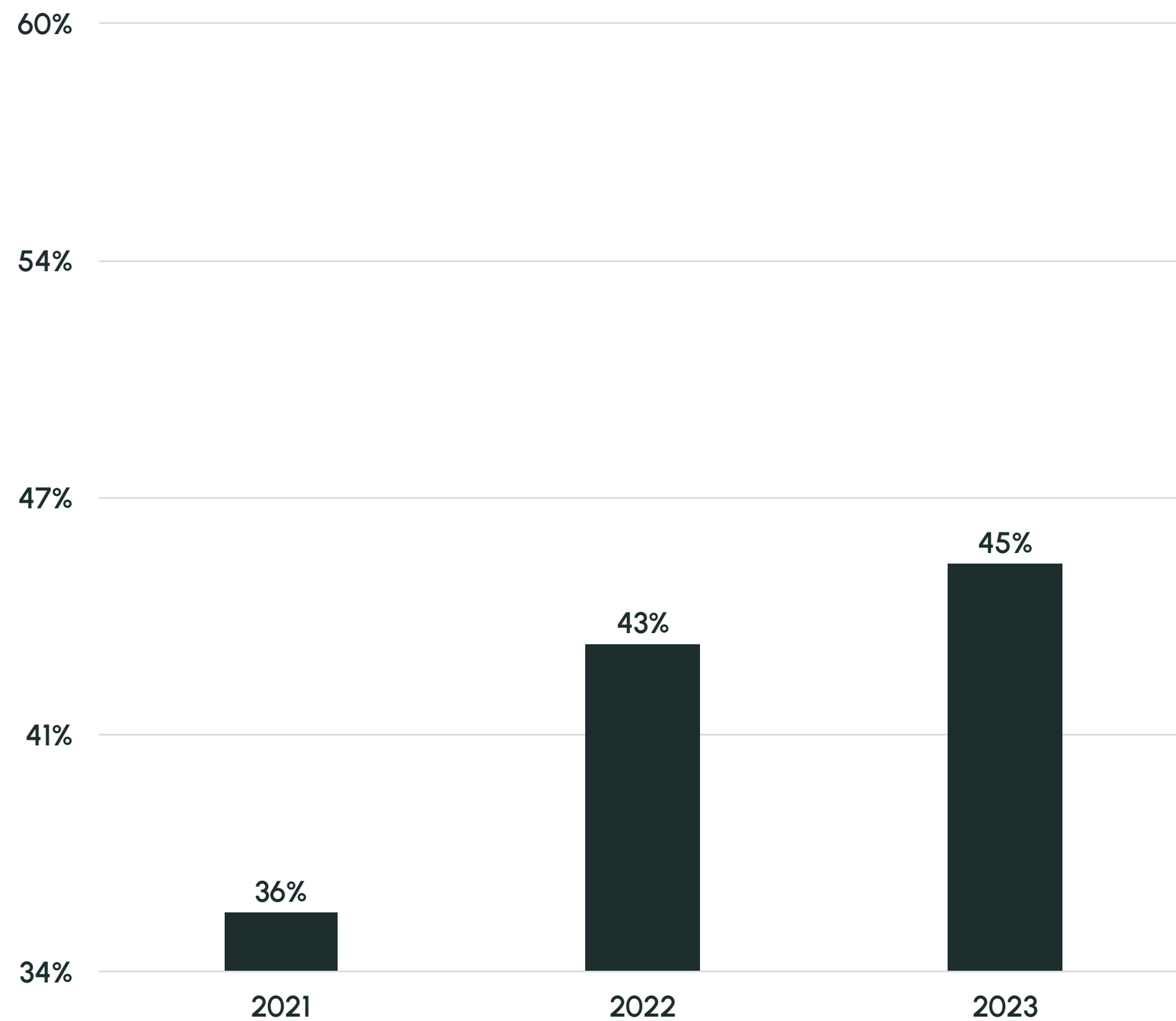
The Real Estate Digital Maturity Survey

- The survey was sent to a representative sample of Danish real estate companies
- The survey population covers the entire real estate life cycle, including finance and investment, developers, city planners and architects, construction companies, operators and managers of buildings and real estate portfolios in addition to commercial real estate advisors.
- More than 200 companies participated in the survey.

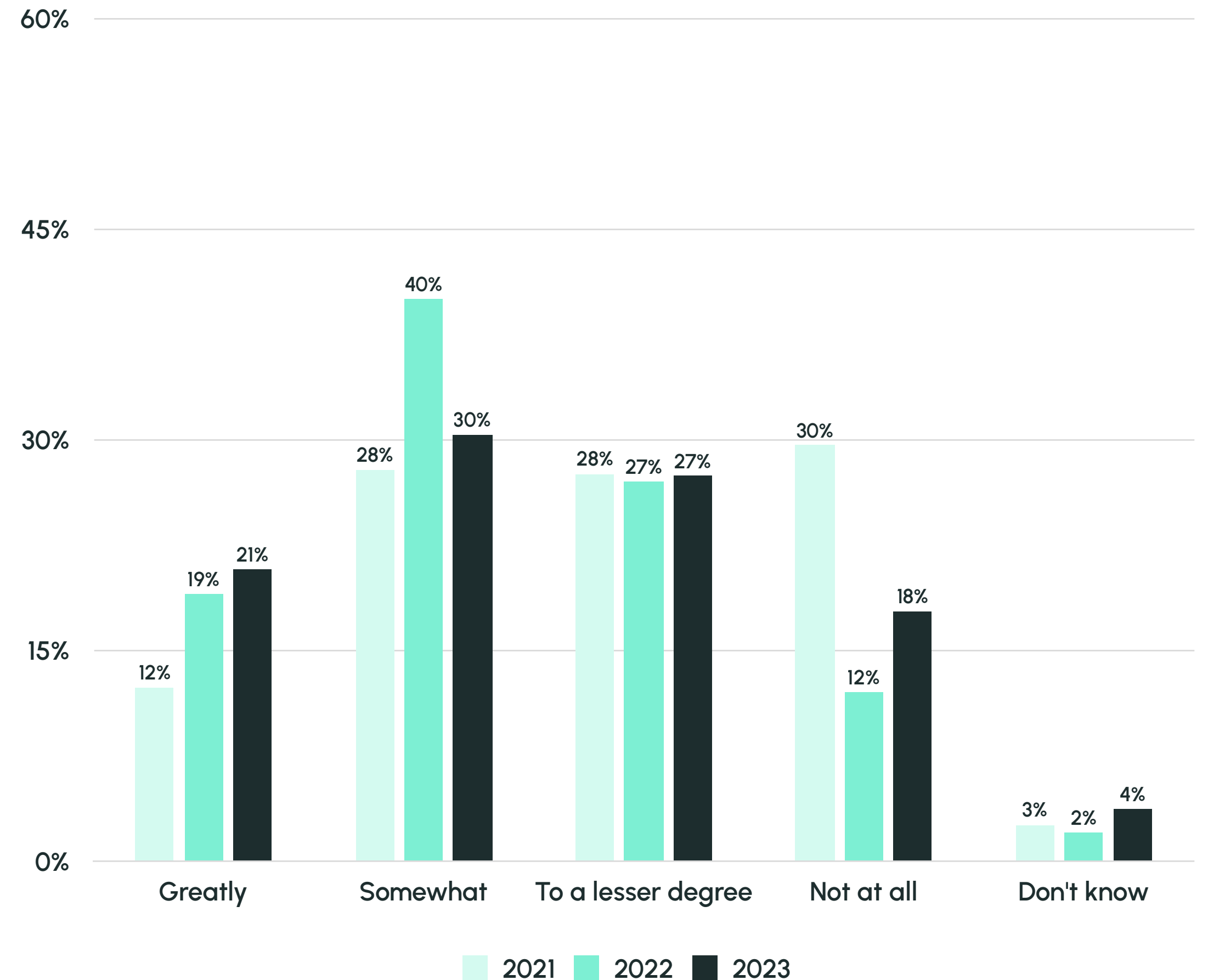


3.1 Digital strategy and use of digital data

Share of Danish construction and real estate companies that have a digital strategy



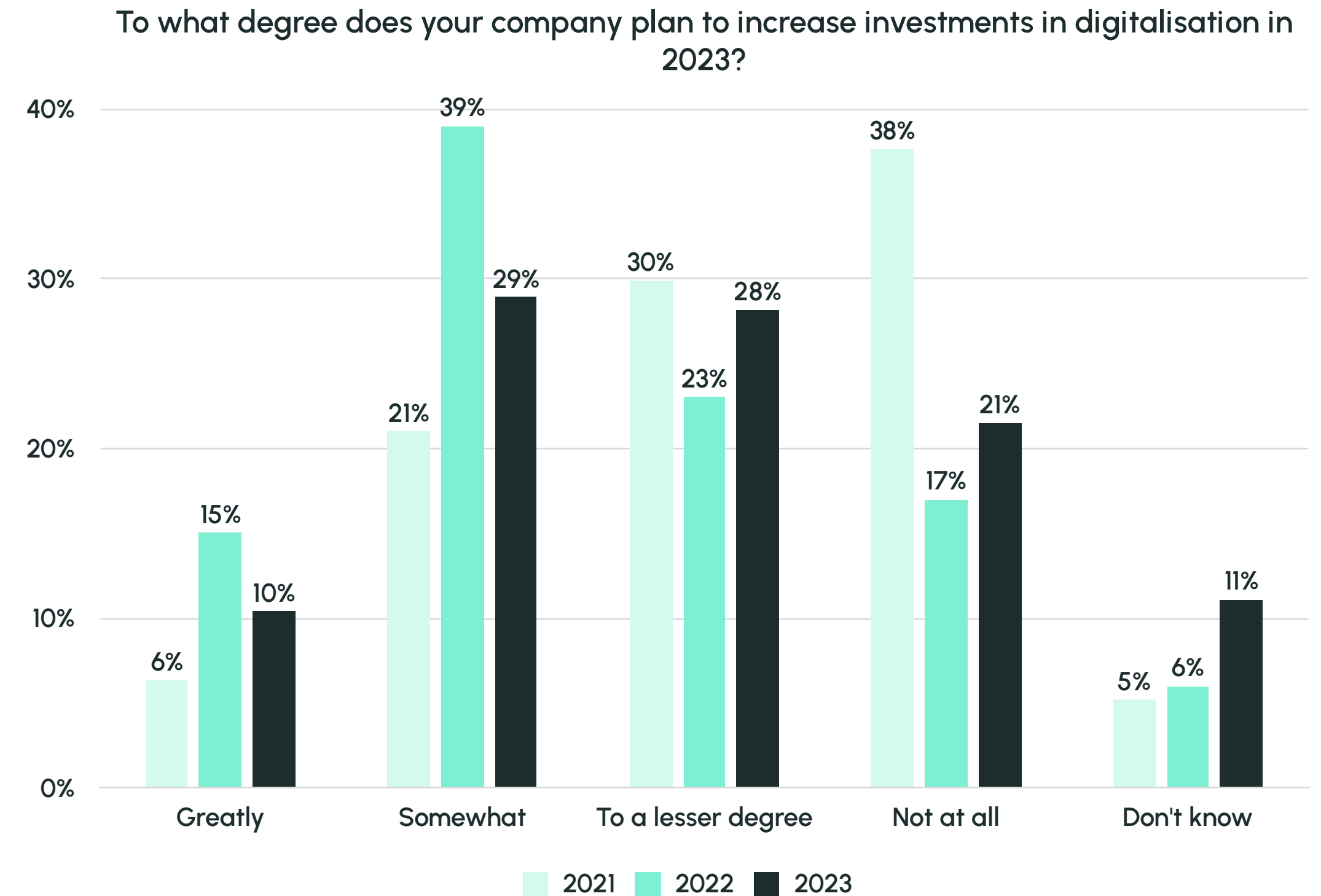
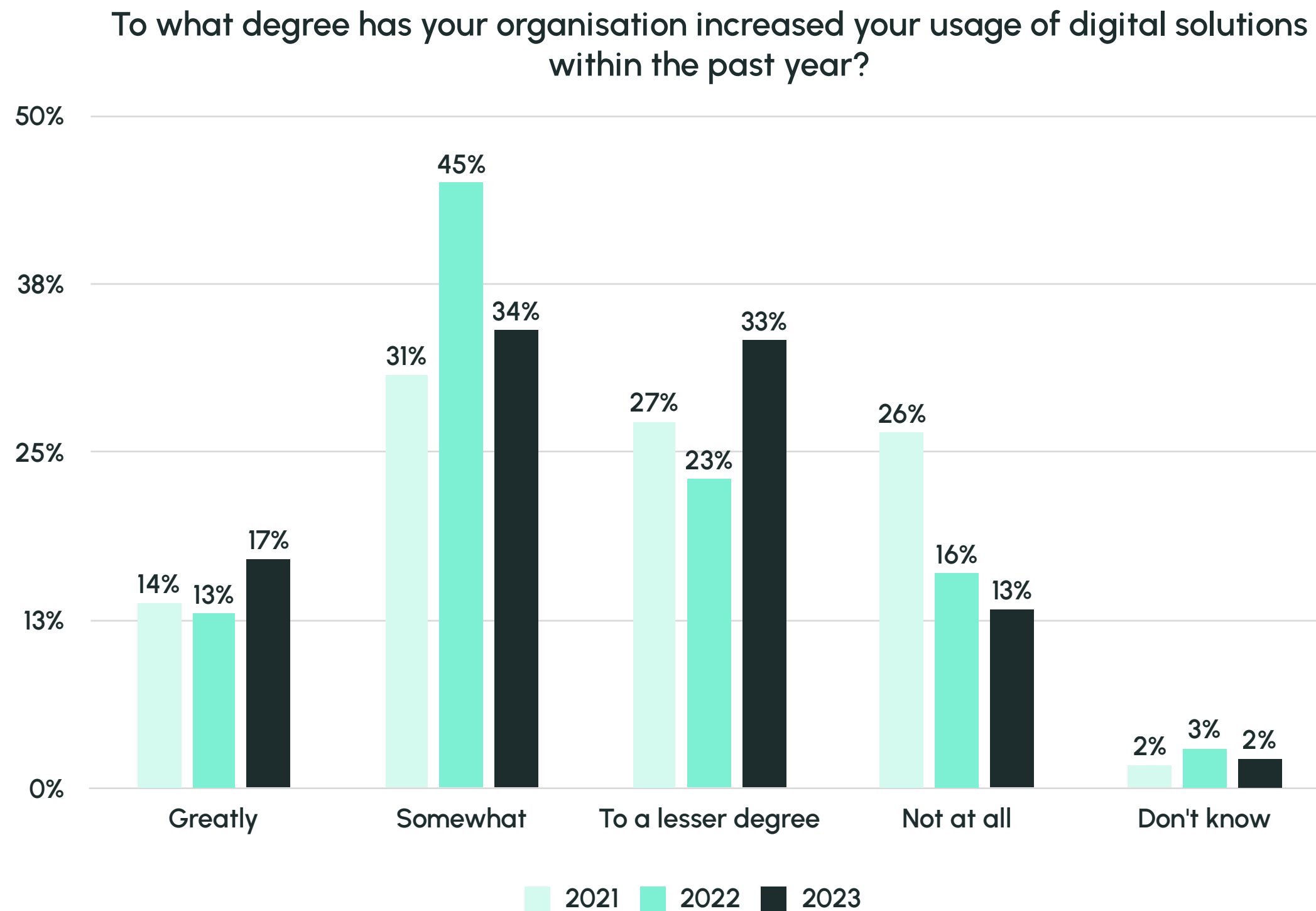
To what degree does your organisation utilize digital data sources in decision making processes?

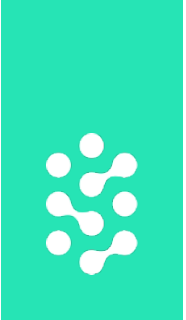




3.2 Digitisation of real estate not stopped by the economic downturn

Altogether, 84% of Danish real estate companies somehow increased their use of digital solutions within the past year. This is an all time high, clearly showing that digital transformation of the real estate sector is not stopped by the economic downturn. We do see a slight decrease in the share of real estate companies planning to increase their investments in digitisation in the year to come. However, with a share of 67% indicating that they still intend to increase their investments in digital solutions, the digital transformation of the Danish real estate sector is kept at a rather steady pace.

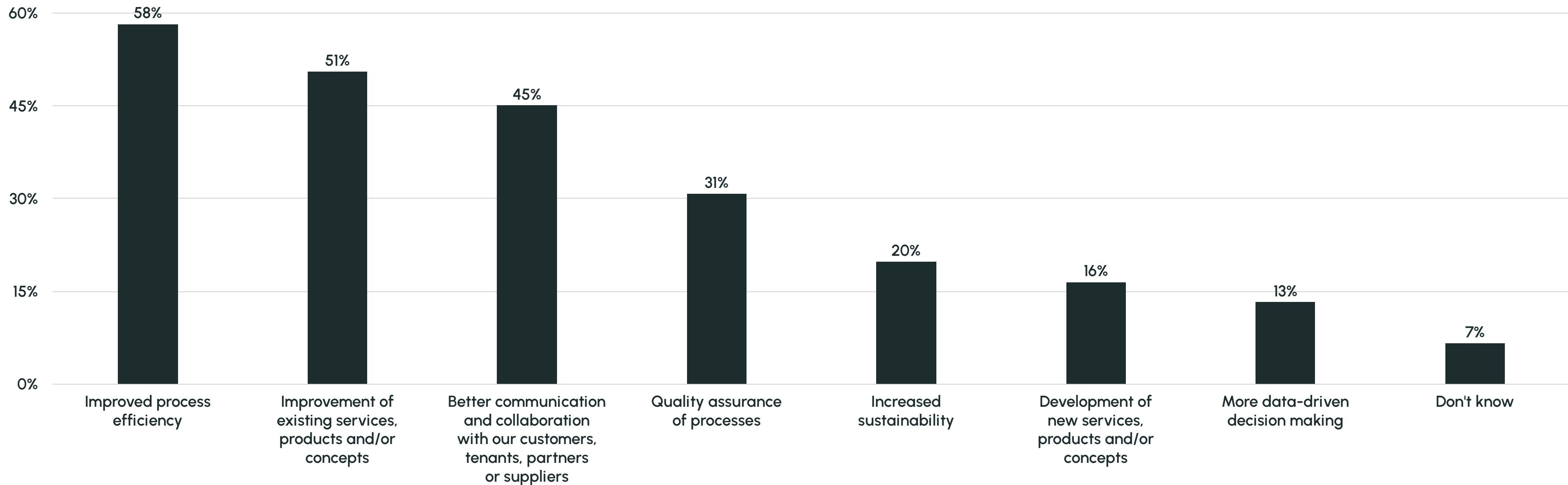


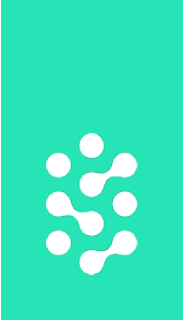


3.3 Improved process efficiency still main reason for digital investments

Most real estate companies invest in digitisation to improve internal processes. This indicates that the main perception of the benefits of digitisation is derived from an efficiency and optimisation viewpoint, where cutting costs and time is in focus. Though still of secondary importance to internal process efficiency, we do see a clear increase from previous years in digitisation being considered an important driver in improving customer directed services and communications. Finally, surprisingly few invest in digital solutions to achieve increased sustainability. Especially taking into consideration that green transition is seen as the major challenge of most real estate players (see page 21).

What are the most important goals your organisation wishes to achieve with increased digital investments? (max. 3 answers)

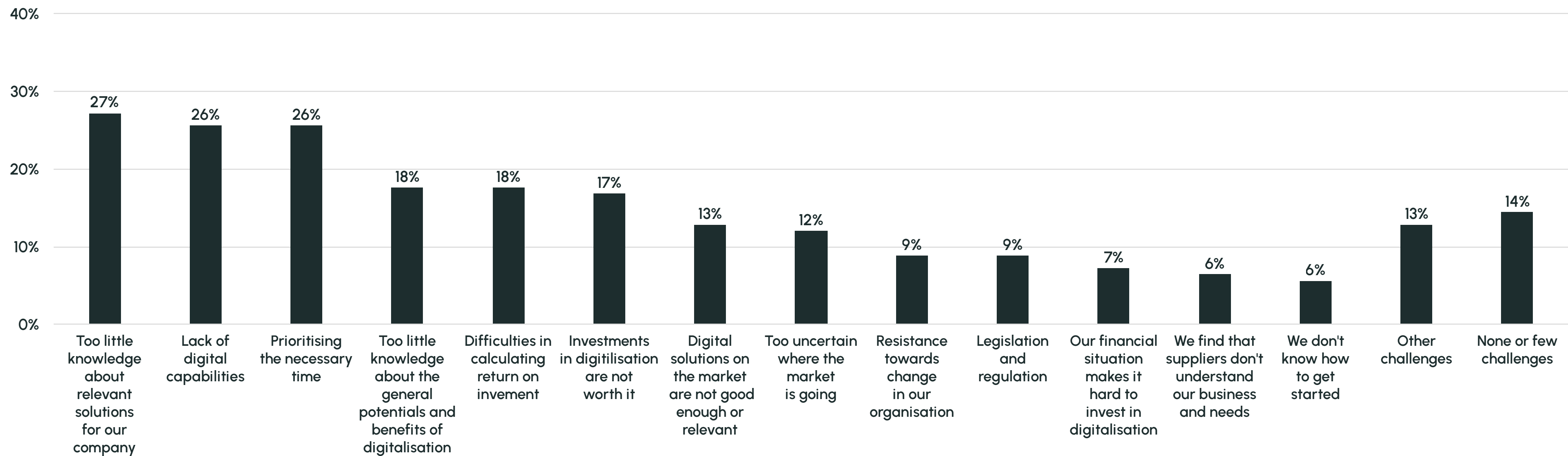


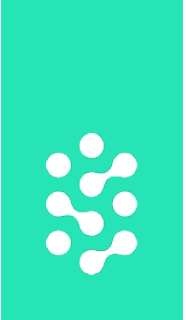


3.4 Lack of skills and knowledge hinder digital transformation

Real estate actors point towards the lack of digital capabilities and knowledge in their own organisations being the main barriers for increasing the adoption and use of digital solutions. Not prioritizing the needed time is also seen as a major obstacle for increased digitisation. Only few real estate actors point towards external factors such as regulation, market uncertainty or lack of relevant solutions on the market to be significant barriers.

What are the biggest challenges of increasing the adoption of digital solutions and technologies in your organisation? (Multiple answers)

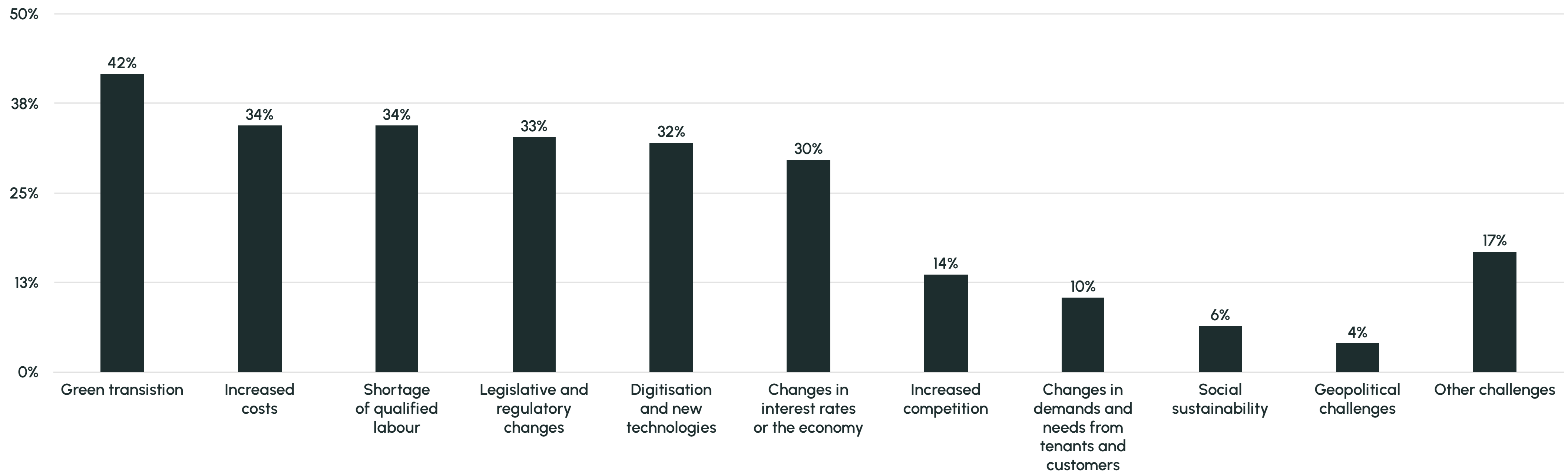




3.5 Green transition tops the list of overall challenges in 2022

Looking ahead, green transition is seen as the most important challenge in 2023 for most real estate players. With the rapidly increasing focus on sustainability from both clients and investors and new legislation and requirements related to ESG reporting, LCA assessments and energy efficiency labelling being rolled out, this is no surprise. We also see that legislative and regulatory changes are perceived as major challenges by real estate companies in the year to come. Next to green transition, changes in interest rates and increased cost as well as the prevailing shortage of qualified labour are seen as the top challenges for the real estate sector in 2023.

Which of the following challenges do you see having the most significant impact on your company the coming year? (Max. 3 answers)



Danish PropTech Report 2023

By PropTech Denmark

Editorial Team: Jakob Stoumann, Aya Fabricius, Lucas Edwards

May 2023