

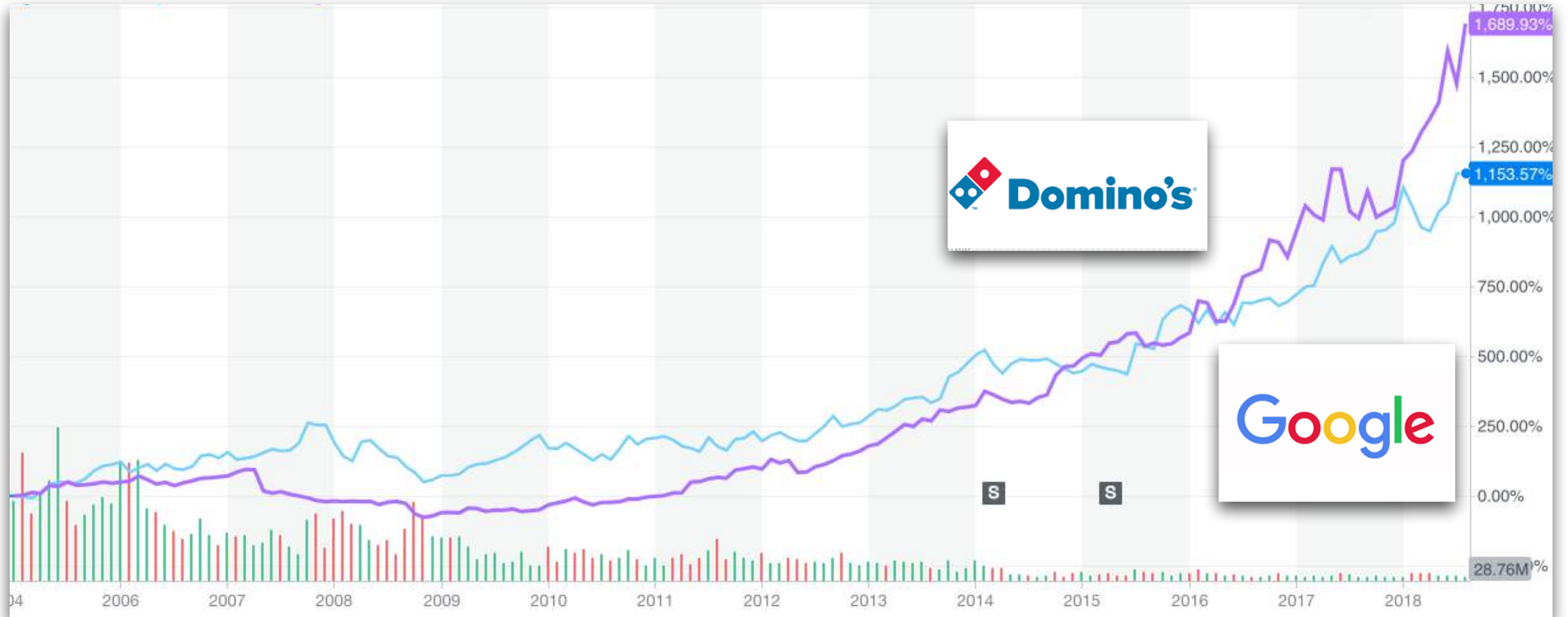
High-wire Act

Public Real Estate in a Tech-Powered World

Dror Poleg, September 2018

Rethinking
Real Estate

In, 2004... two revolutionary companies went public.



Pizza?

- An ancient industry
- Beset by manual processes
- Relatively unskilled labor
- Every location is different
- Extremely conservative
- Physical components are key
- Reinvented while being publicly-listed



Over the next 30 minutes...

- New real estate strategies and dynamics created by technology
- REIT opportunities, risks, and barriers
- 10 Things you should do



What is happening?

(and what it means for you)

Coworking is no longer just for kids. (or is it?)

Facebook takes entire WeWork Soho location



By EG

29/05/2018 | [Offices](#) | [London](#)



Facebook has agreed a deal to occupy all of the office space WeWork has let from Almacantar at [125 Shaftesbury Avenue, WC2](#).

The tech giant has signed to occupy around 140,000 sq ft for at least two years at the 190,000 sq ft

The real estate product is becoming too complex for tenants to manage on their own.



SHOP NOW

STORES

LOG IN



Think outside the big box.

Set in premium locations with a mix of innovative products on display, b8ta stores don't just attract savvy shoppers, they encourage discovery, demos, and sales.



Get into retail in days.

We make getting your product into physical retail easy with a simple signup and onboarding process.



Control your experience.

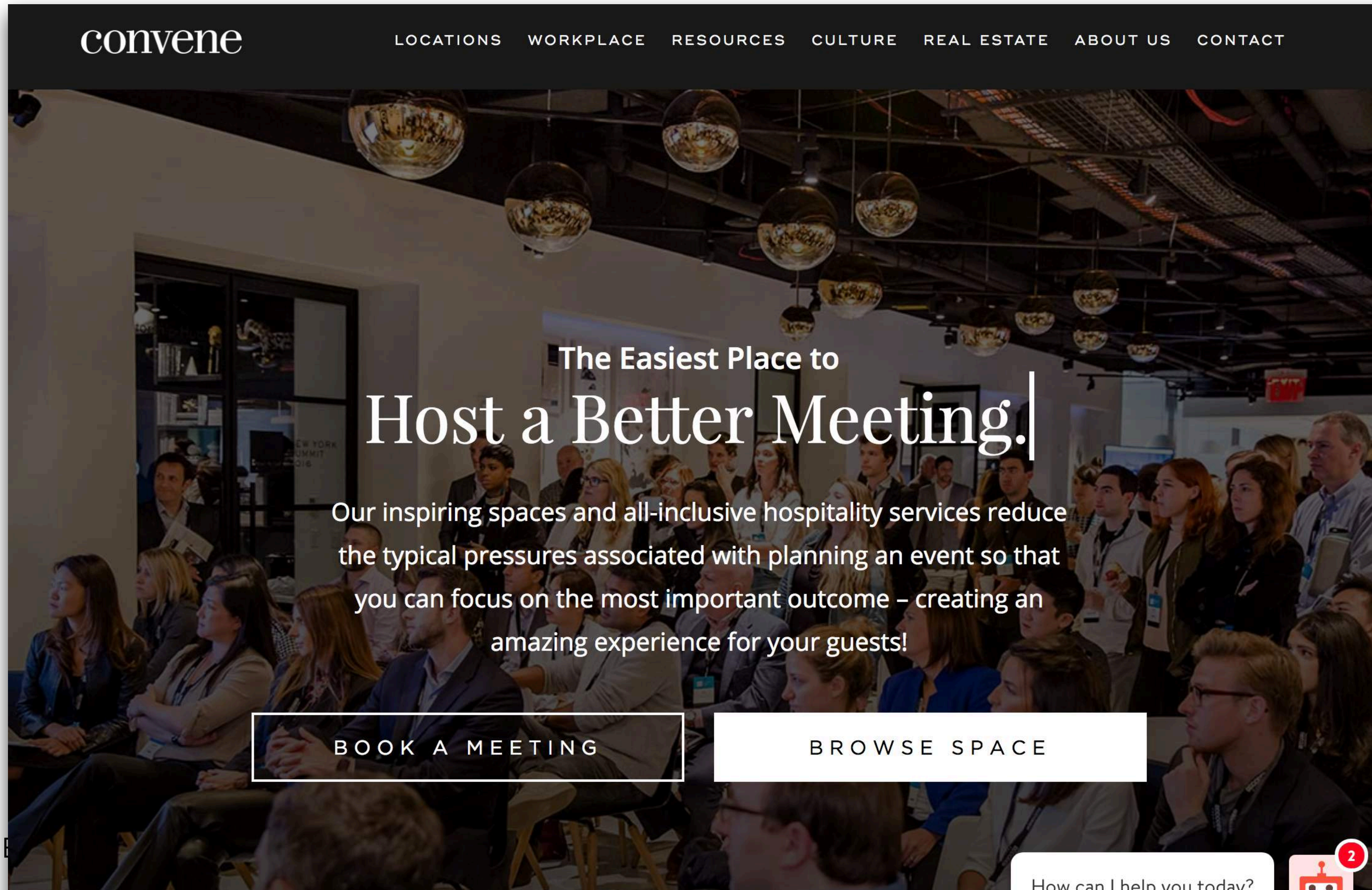
You manage your brand's messaging, pricing, and imagery through a customizable digital display.



Measure your success.

We give you data no other retailer offers, like live insights into capture rates, dwell times, discoveries and demos.

The boundaries between office and hospitality are blurring.




convene LOCATIONS WORKPLACE RESOURCES CULTURE REAL ESTATE ABOUT US CONTACT

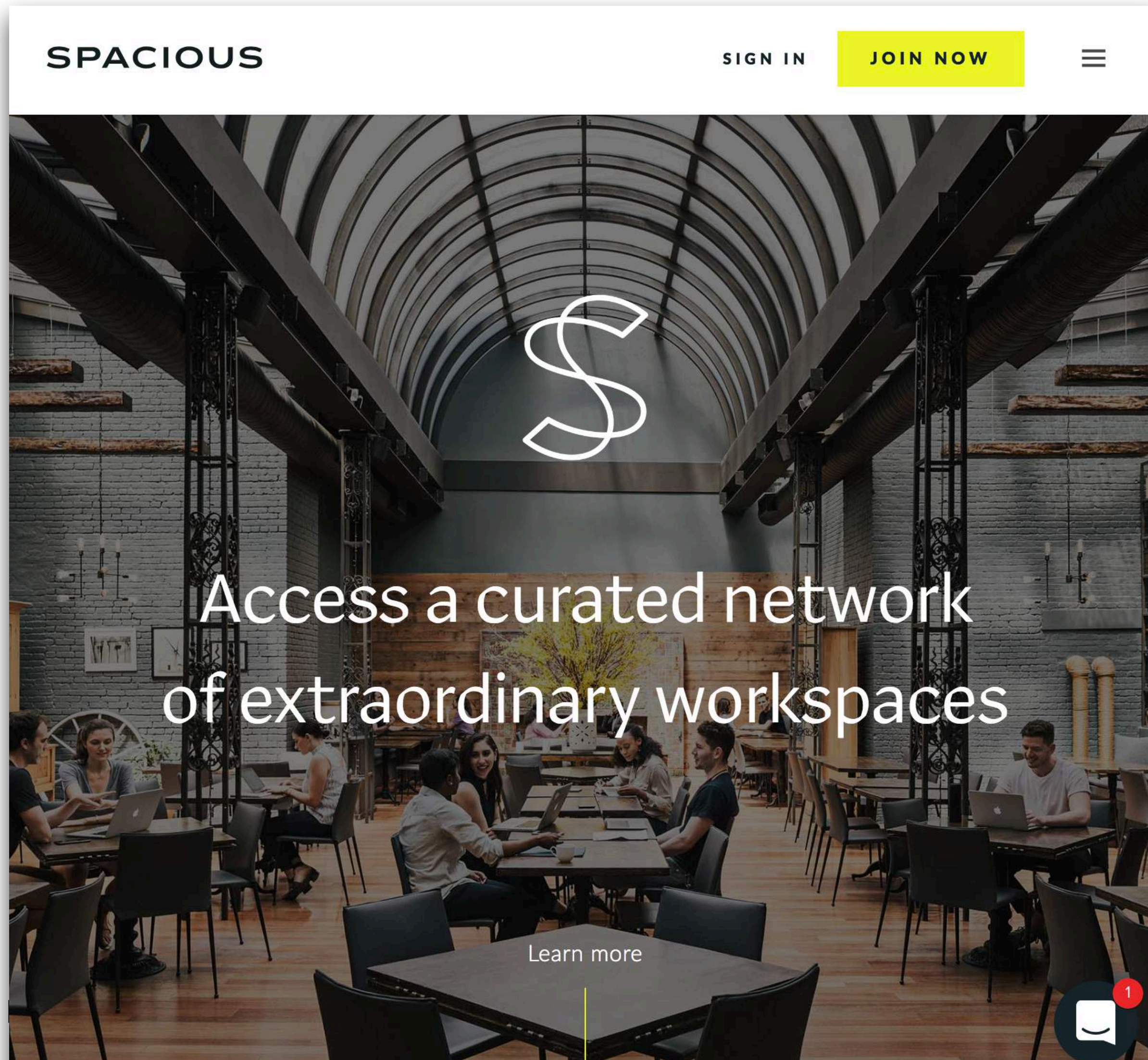
The Easiest Place to Host a Better Meeting.

Our inspiring spaces and all-inclusive hospitality services reduce the typical pressures associated with planning an event so that you can focus on the most important outcome – creating an amazing experience for your guests!

[BOOK A MEETING](#) [BROWSE SPACE](#)

How can I help you today? 

Fewer locations, more intensive use.

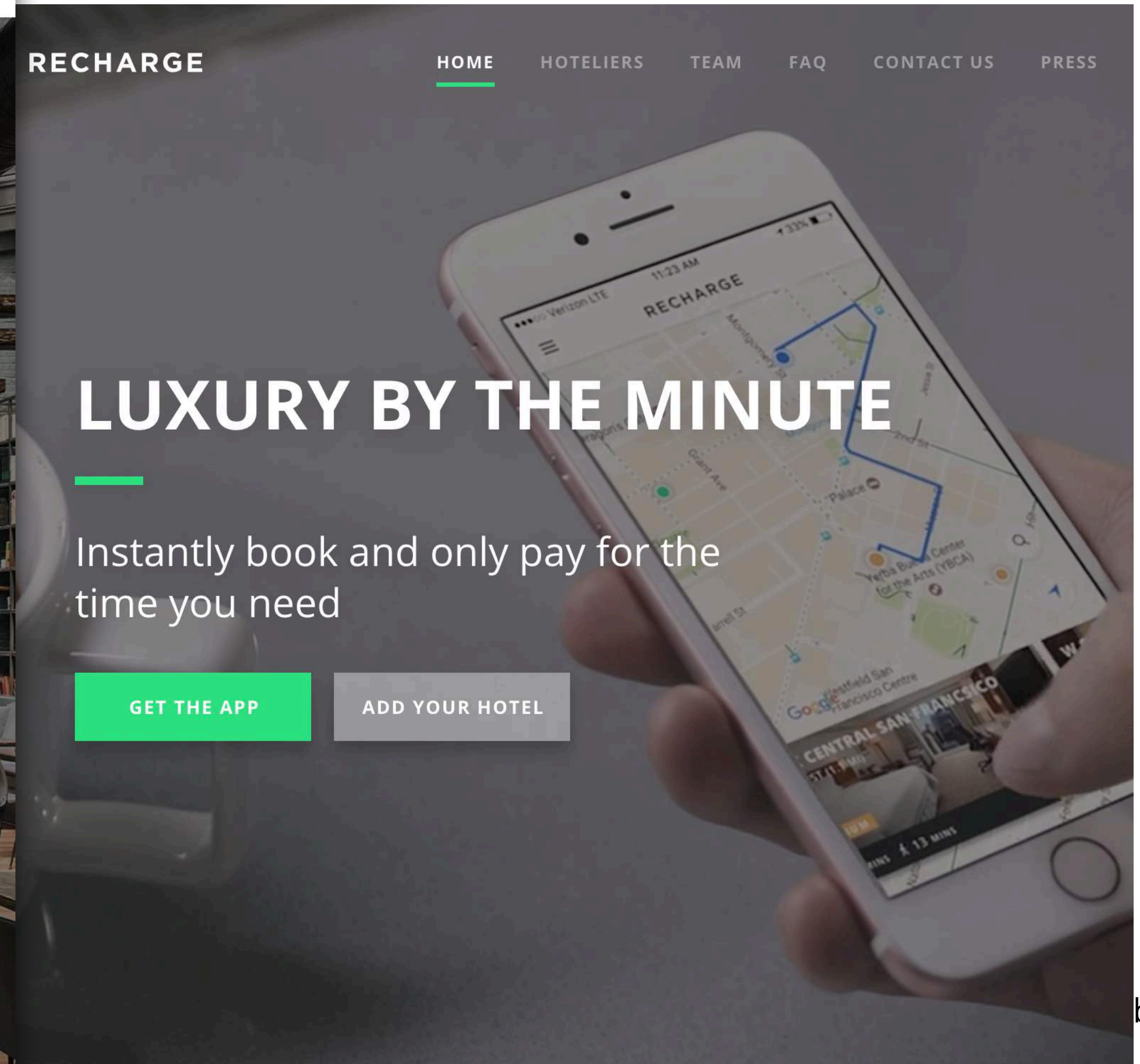


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LUXURY BY THE MINUTE

Instantly book and only pay for the time you need

[GET THE APP](#) [ADD YOUR HOTEL](#)

ber 2018

More dense, more intense, more dollars and cents.



Spaces are being “unbundled” and optimized

LOVESPACE®

**SELF STORAGE
WITHOUT THE HASSLE**

We Collect. We Store. We Deliver.

GET STARTED

CLEANLY

Clean laundry, at your fingertips

There are lots of apps out there, but not many that will

deliveroo

Login

Your favourite restaurants,
delivered fast to your door.

Enter your full address

WAYS TO RENT DRESSES CLOTHING OCCASIONS WEDDINGS

20% OFF FIRST ORDER

Your Choice: Take 20% off your first rental or try first month of RTR Unlimited for \$99. Code: FIRSTRTR [DETAILS](#)


20% OFF FIRST ORDER

First Look at Fall Weddings

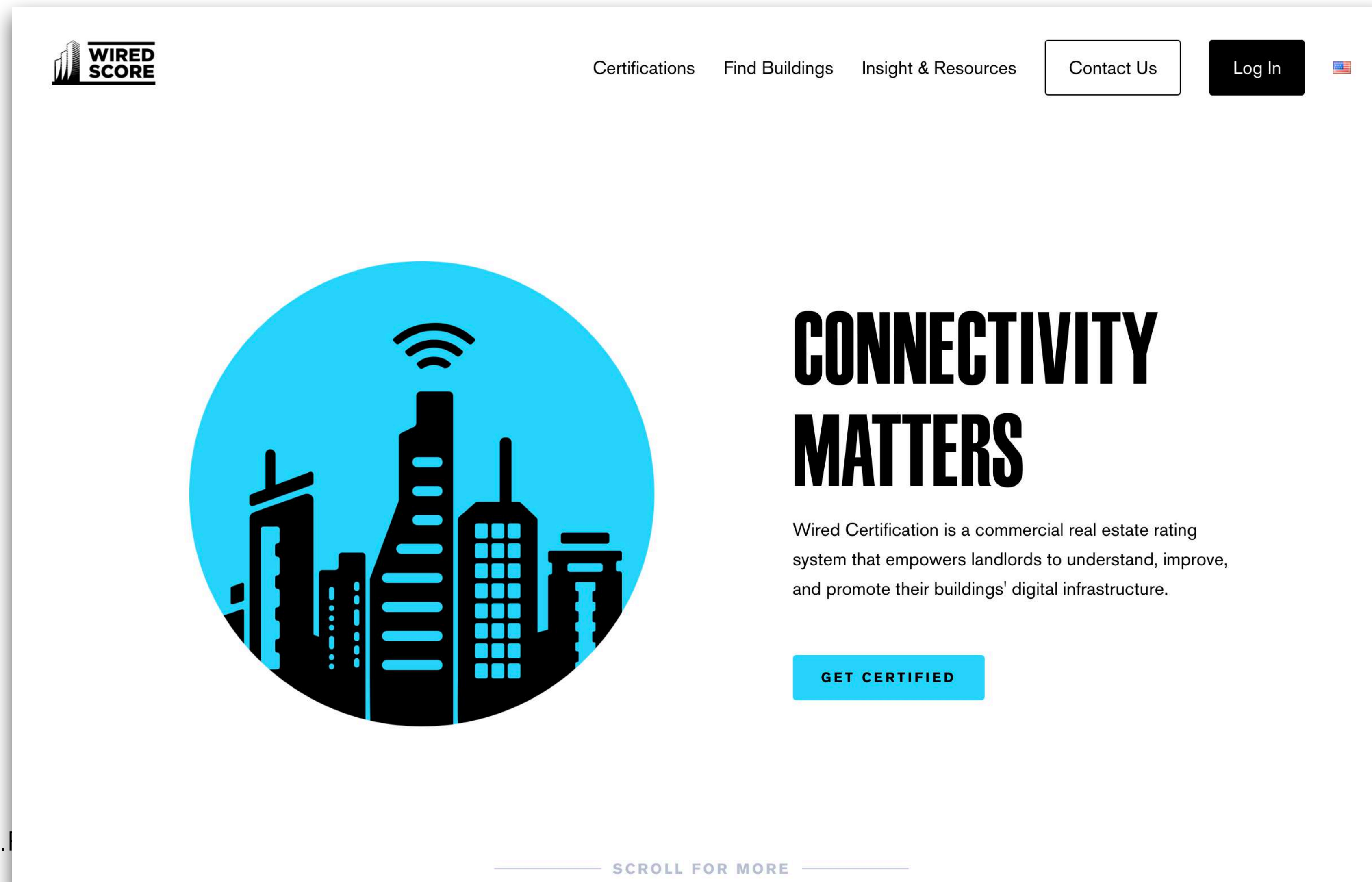
Snap up the season's very best styles (while they last).

RENT NOW

I'm renting for...





Real estate is no longer (just) about location and price.



The screenshot shows the Wired Score website homepage. At the top left is the "WIRED SCORE" logo. The navigation menu includes "Certifications", "Find Buildings", "Insight & Resources", "Contact Us" (a button), and "Log In" (a button). A small US flag icon is on the right. The main content area features a large blue circle on the left containing a black silhouette of a city skyline with a Wi-Fi signal icon above the tallest building. To the right of the circle, the heading "CONNECTIVITY MATTERS" is displayed in large, bold, black letters. Below the heading is a paragraph: "Wired Certification is a commercial real estate rating system that empowers landlords to understand, improve, and promote their buildings' digital infrastructure." A blue button labeled "GET CERTIFIED" is positioned below the text. At the bottom center, there is a horizontal line with the text "SCROLL FOR MORE" in the middle.

WIRED SCORE

Certifications Find Buildings Insight & Resources [Contact Us](#) [Log In](#) 



CONNECTIVITY MATTERS

Wired Certification is a commercial real estate rating system that empowers landlords to understand, improve, and promote their buildings' digital infrastructure.

[GET CERTIFIED](#)

SCROLL FOR MORE

.... and also more about experience, community, and design.

The screenshot shows the Common website header with the logo, navigation links for 'Homes', 'Why Common', and 'Design', and a red 'Request a call' button. The main heading is 'Thoughtful design' with a subtext: 'The recipe for Common design includes equal parts data, feedback, and heart.' Below this are two images with annotations. The left image shows a bedroom with a bed and two windows; dashed arrows point from the windows to the text 'South-facing window to maximize sunlight'. The right image shows a closet with a wooden door and a full-length mirror; dashed lines and arrows point to 'Maximized hanging space', 'Luggage storage above', 'Underwear drawers', and 'Full-length mirror'.

Real Estate is a platform for brands to deliver immersive experiences.



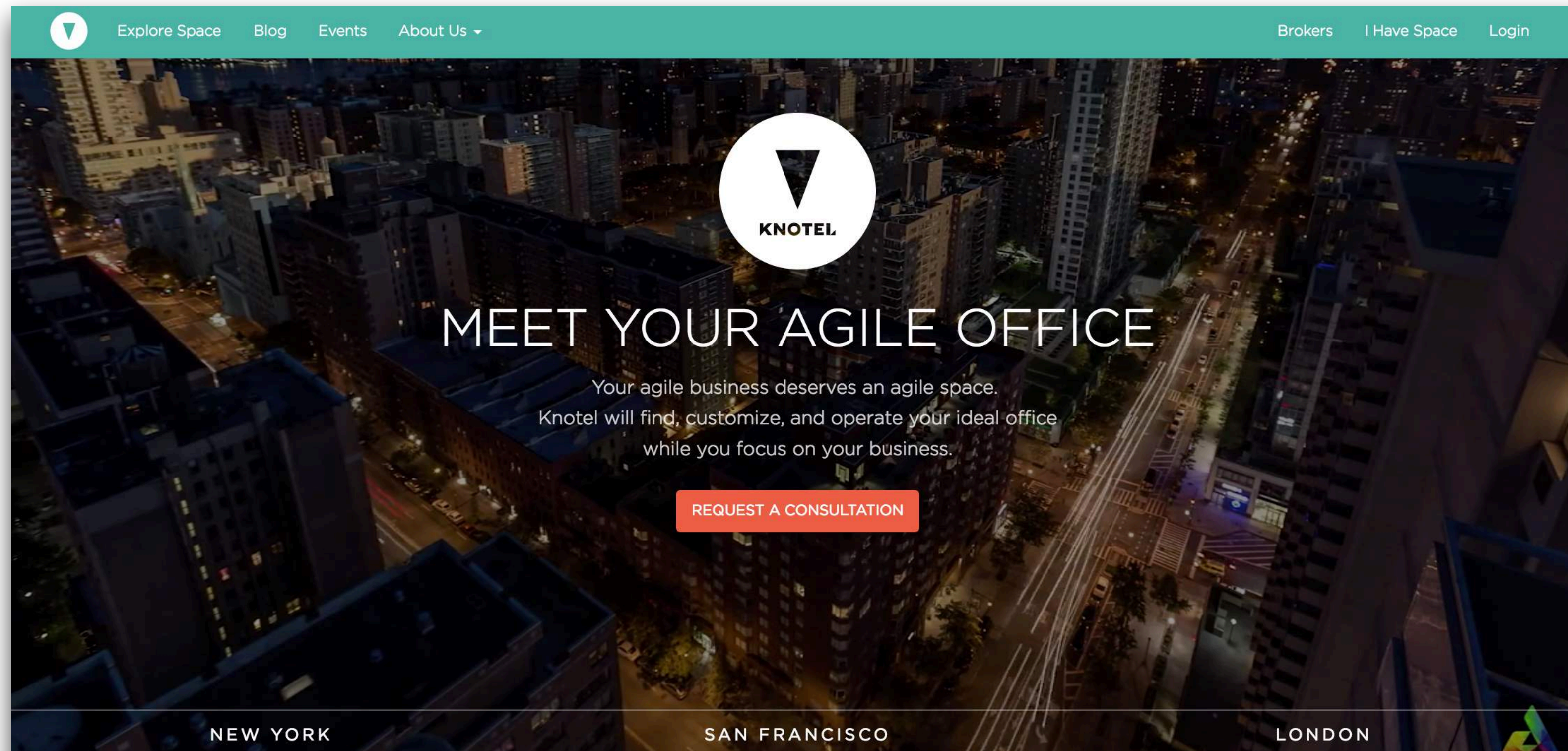
But it's not just about retail and hospitality...



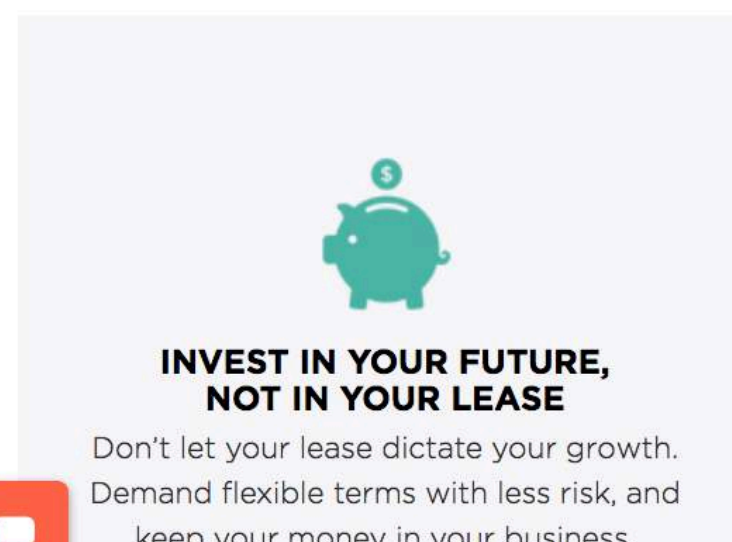
Memo From the B




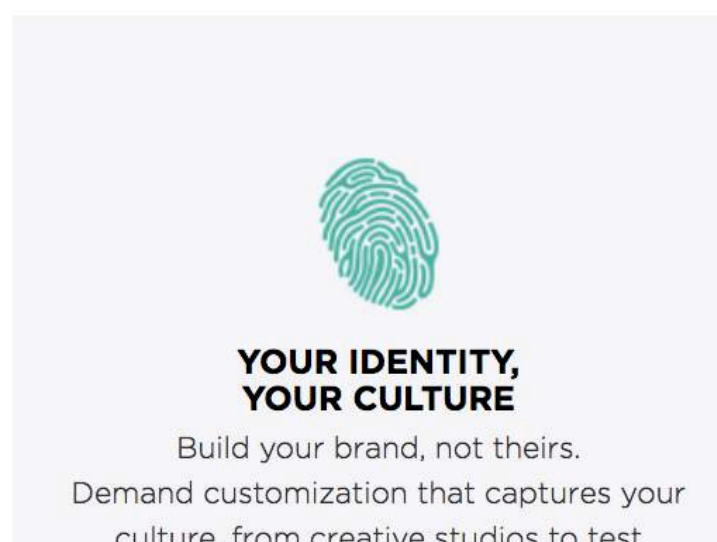
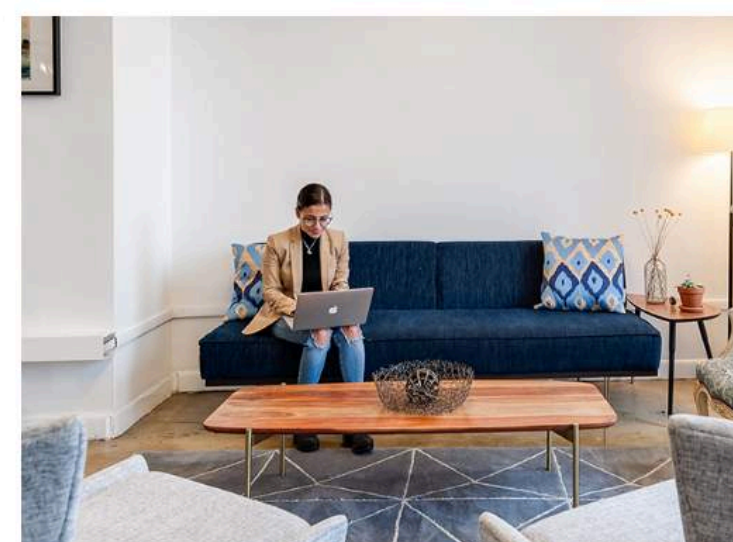
Many customers want a turnkey solution, but not pre-packaged culture.




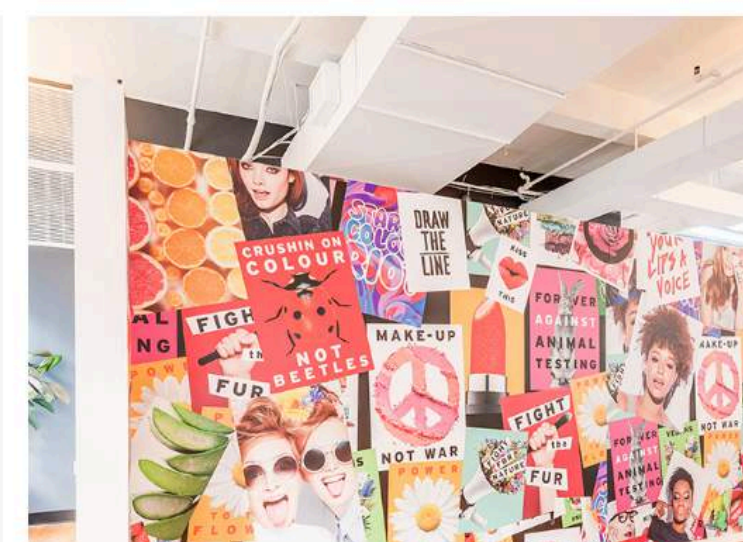
The hero section of the Knotel website features a teal navigation bar with links for 'Explore Space', 'Blog', 'Events', 'About Us', 'Brokers', 'I Have Space', and 'Login'. The main visual is a night-time aerial view of a city with a large white circle containing the Knotel logo (an inverted triangle) and the text 'KNOTEL'. Below the logo, the headline reads 'MEET YOUR AGILE OFFICE'. A sub-headline states: 'Your agile business deserves an agile space. Knotel will find, customize, and operate your ideal office while you focus on your business.' A prominent orange button labeled 'REQUEST A CONSULTATION' is centered below the text. At the bottom of the hero section, three city names are listed: 'NEW YORK', 'SAN FRANCISCO', and 'LONDON'.




**INVEST IN YOUR FUTURE,
NOT IN YOUR LEASE**
Don't let your lease dictate your growth. Demand flexible terms with less risk, and keep your money in your business.




**YOUR IDENTITY,
YOUR CULTURE**
Build your brand, not theirs. Demand customization that captures your culture, from creative studios to test



Networks of buildings are worth more than the sum of their parts.

The screenshot displays the Breather app interface. At the top, the Breather logo is on the left, and navigation options 'BROWSE SPACES', 'MY ACCOUNT', and 'MENU' are on the right. Below the header, search filters include 'Where: New York City', 'When: Anytime', 'Attendees', and 'More filters'. A summary bar shows '127 spaces' and a 'Sort by Best match' dropdown. Two space listings are featured: one at 44 Court Street, #908 (4.74★, 331 Ratings, \$48/hr, \$360/day) and another at 16 Court Street, #711-1 (4.71★, 85 Ratings, \$54/hr, \$405/day). A promotional banner at the bottom offers a 25% discount for 10+ hours of booking. On the right, a map of Manhattan shows numerous green tree icons representing available spaces, primarily in the Midtown and Murray Hill areas.

...and can create value in new and unexpected ways.



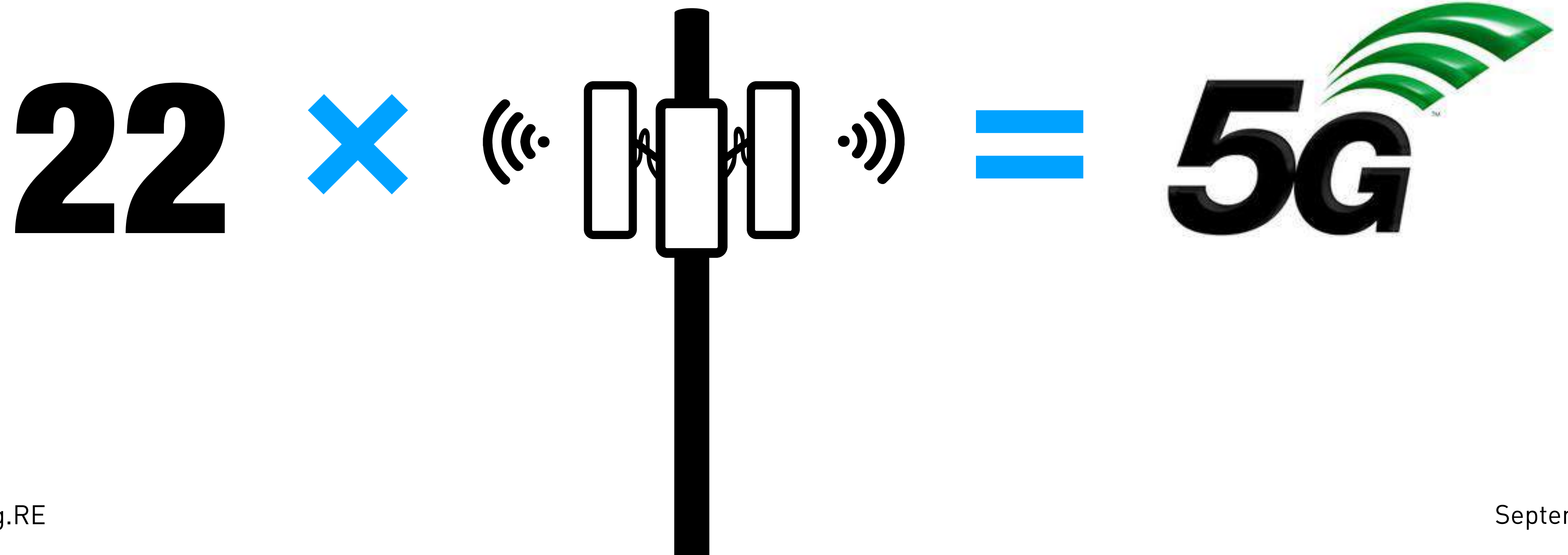
BLADE

YOUR OWN EUROCOPTER TO ANY AREA AIRPORT FOR **\$695**

DOWNLOAD THE APP AT FLYBLADE.COM



Not just in a few years, but also very soon.



Networks also create data. Is data worth more than the assets?

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- TEAM
- BLOG
- CONTACT
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Reshaping the way the world shops with the world's most powerful network of retailers, venues and technology partners.

Through the power of data, technology and collaboration, we create better experiences for all of retail.

Data is facilitating instant underwriting.

(starting with residential real estate)

Opendoor

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Get an offer on your home with the press of a button.

Enter your home address [Get your free offer](#)

Sell your home to Opendoor so you can skip the hassle of listing, showings, and months of uncertainty.

...setting the foundation for new type of fund managers.

SKYLINE

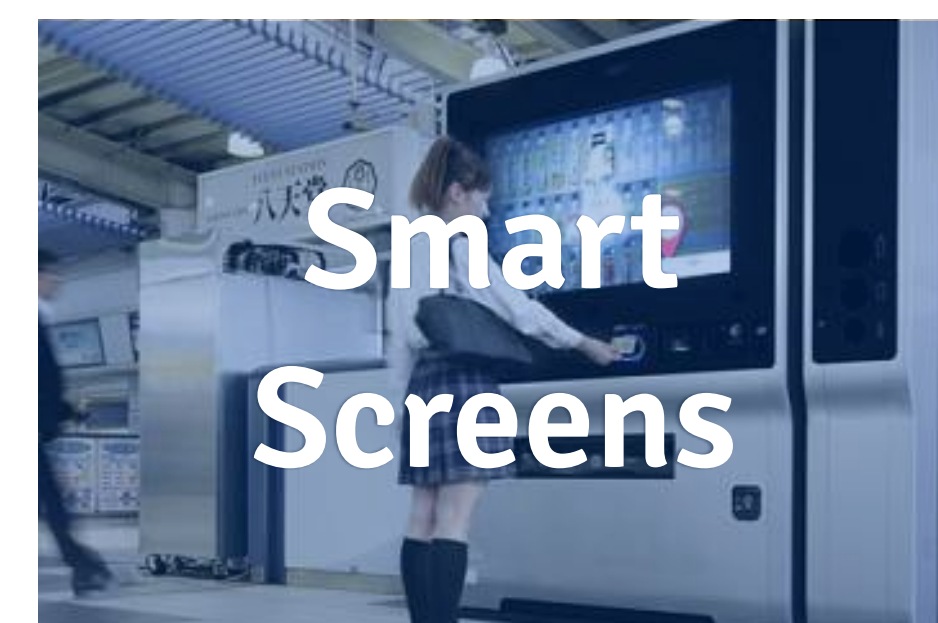
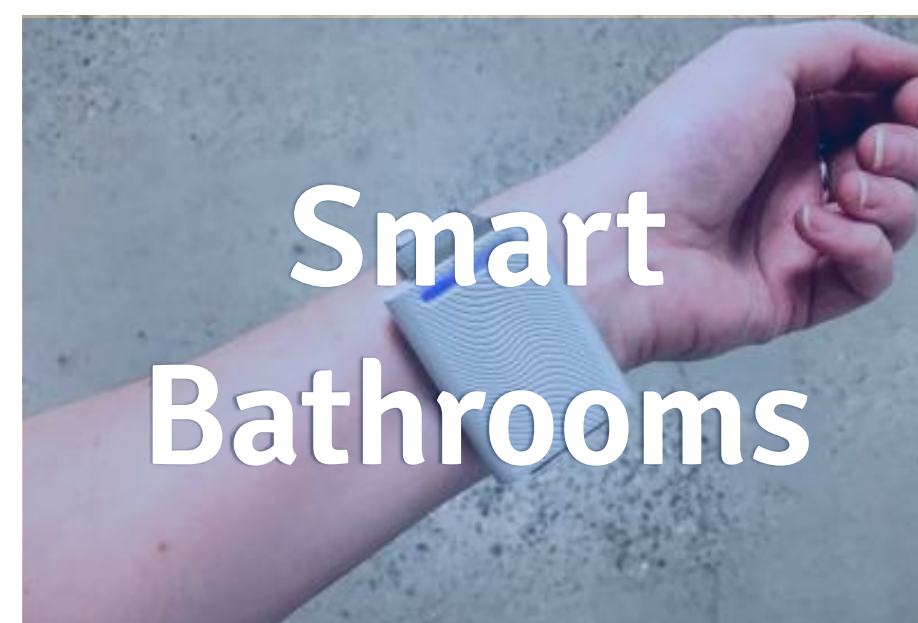
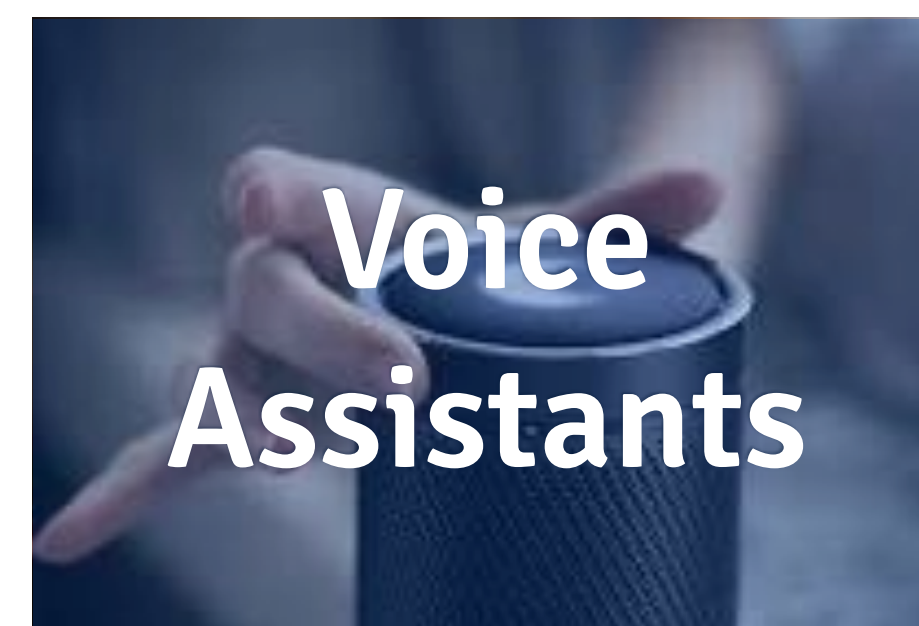
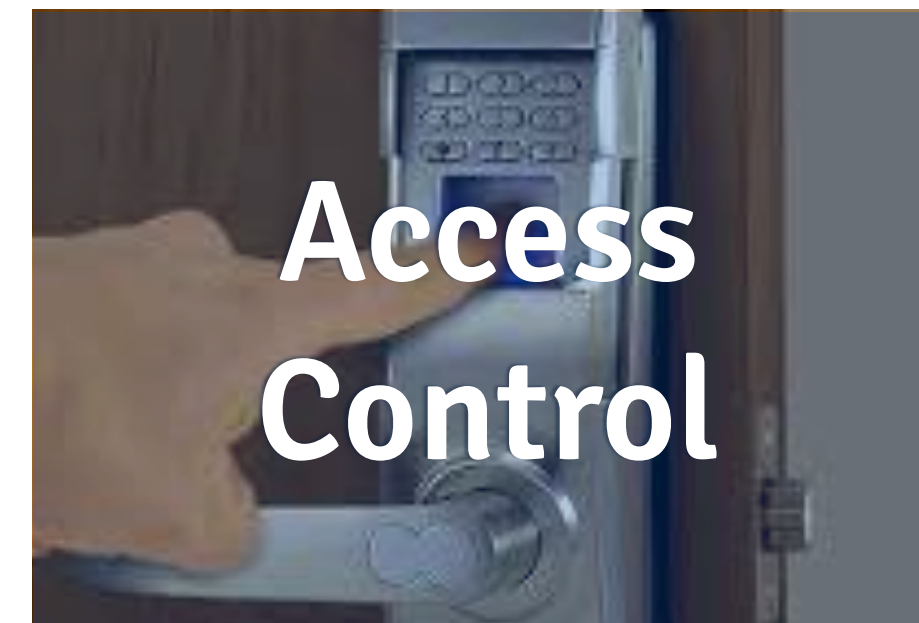
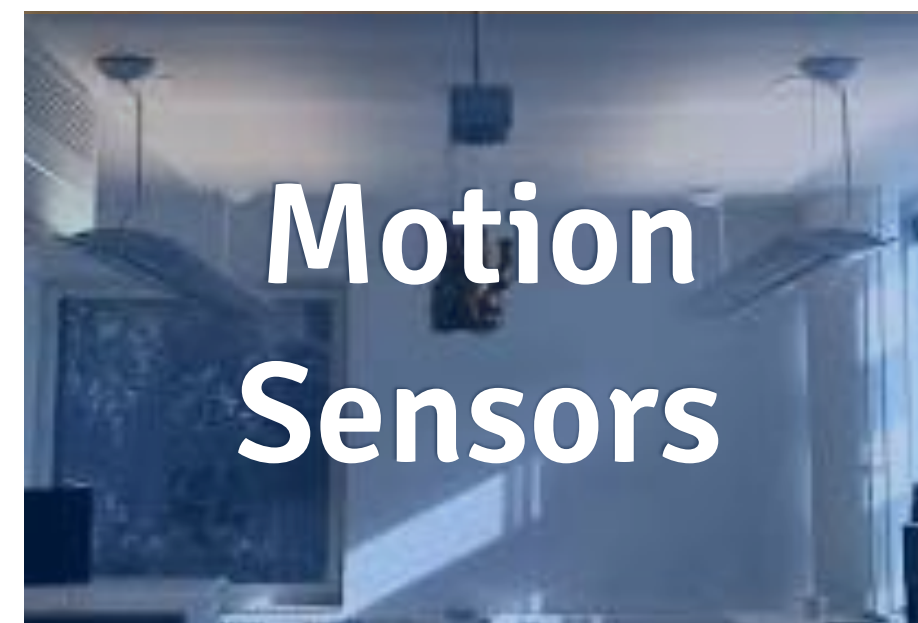
TECHNOLOGY INVESTMENT PLATFORM ABOUT REQUEST ACCESS CONTACT US INVESTORS LOGIN

A New, More Precise Way to Invest in Commercial Real Estate

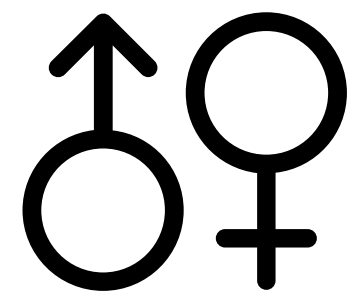
Skyline AI is a real estate investment technology using proprietary artificial intelligence to outperform commercial real estate investment benchmarks

[Request Access](#)

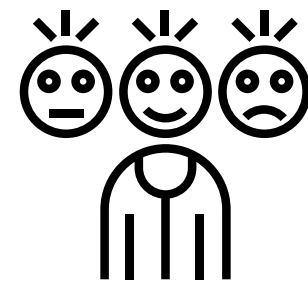
Data is moving from the outside, in.



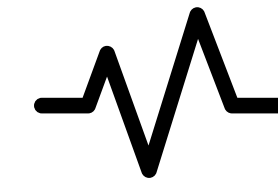
As a result, real estate is becoming personal.



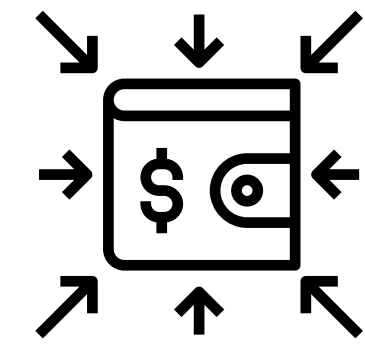
Gender



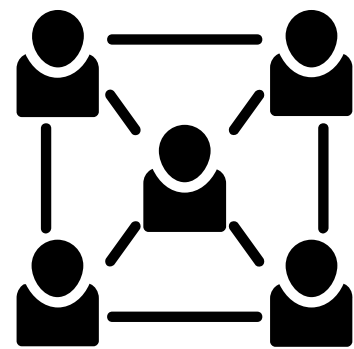
Mood



Health



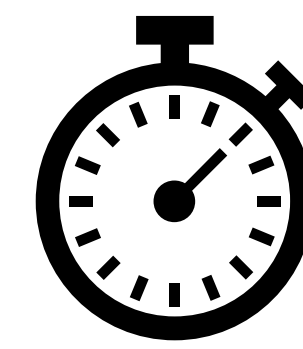
Income Level



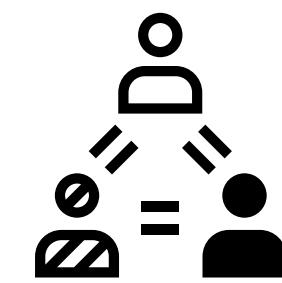
Relationships



Interests



Productivity

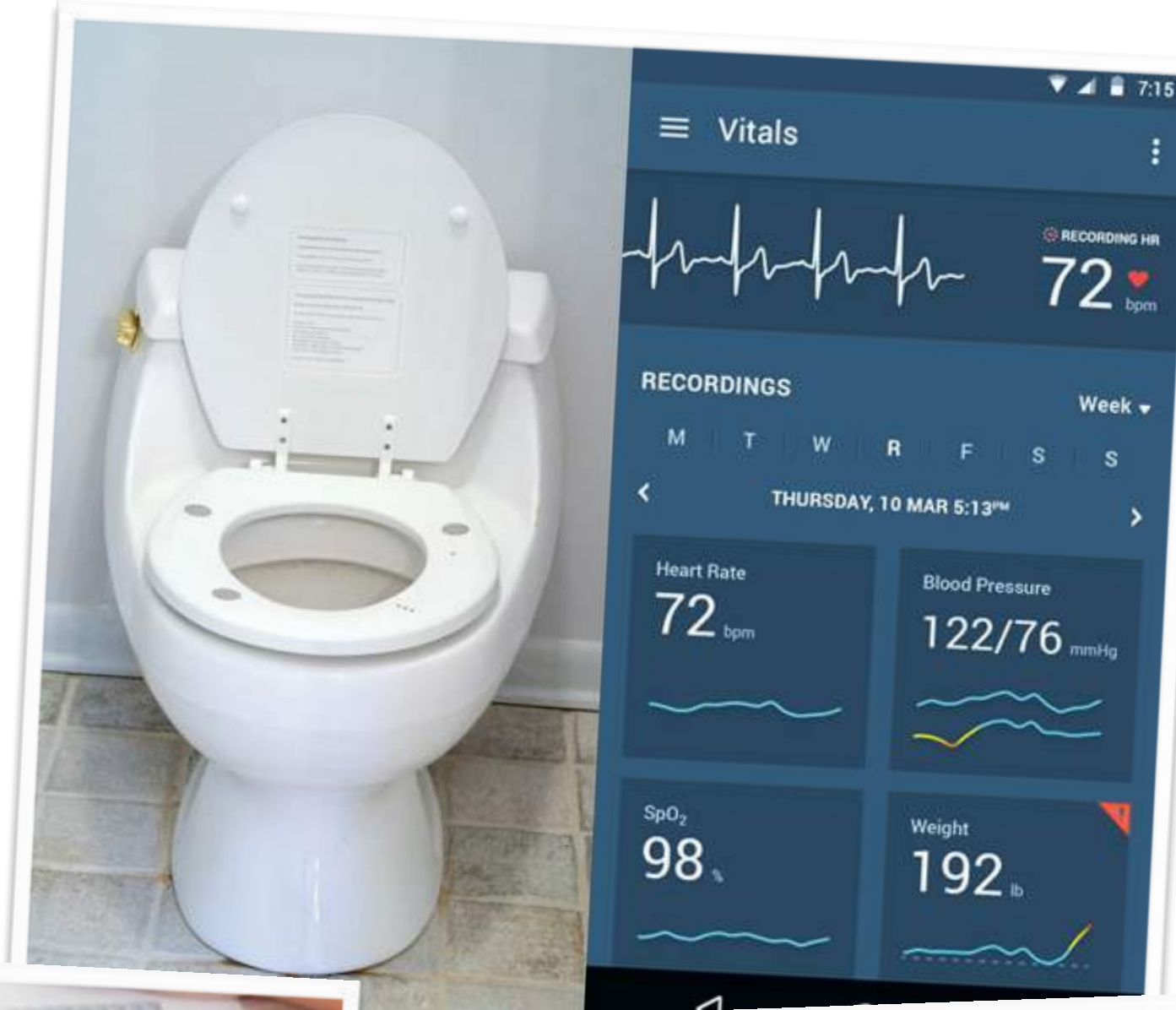


Ethnicity

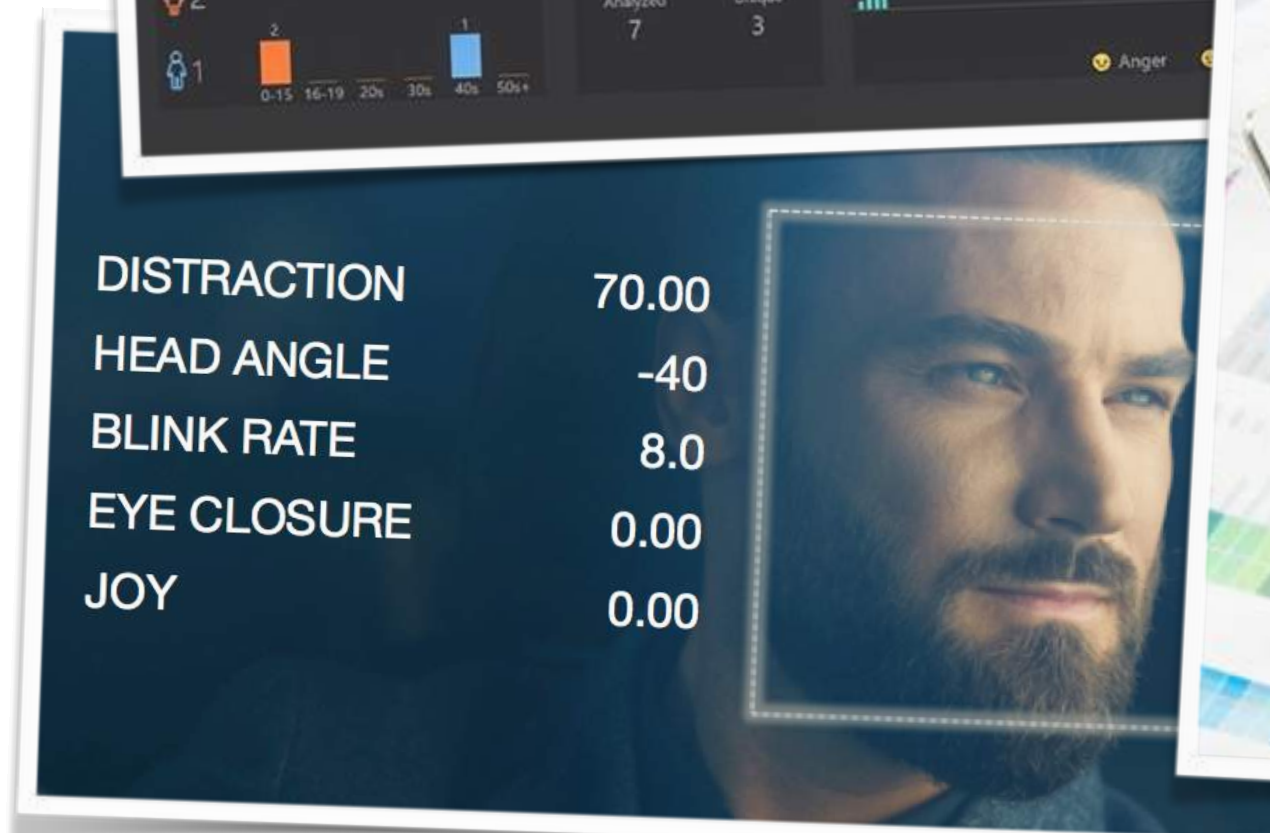
This is not science fiction. The tools and business models are already in place.



Source: Microsoft



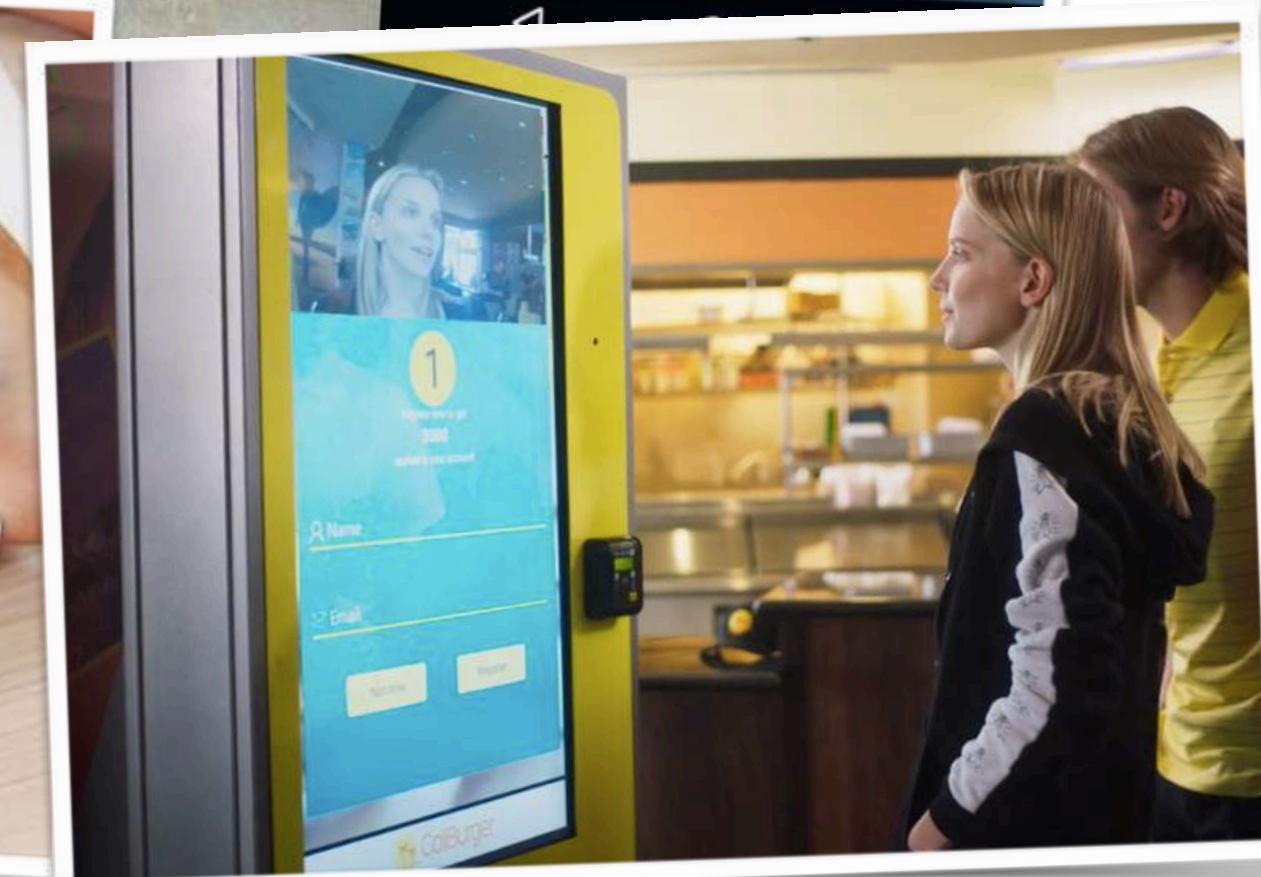
Source: RIT



Source: Affectiva



Source: Lighthouse.io



Source: Caliburger / NEC

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Cadillac Fairview raises privacy concerns with its use of cameras inside mall kiosks

By STAR EDITORIAL BOARD

Bloomberg

Technology

Facebook's \$119 Billion One-Day Rout Makes U.S. History

By Sophie Caronello
July 26, 2018, 4:08 PM EDT

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AMAZON

A University Is Putting 2,300 Echo Dots in Student Living Spaces and What Could Go Wrong?

Jennings Brown
8/15/18 6:10pm • Filed to: AMAZON

THE WALL STREET JOURNAL

TECH

Local Resistance Builds to Google's 'Smart City' in Toronto

Biggest project by Alphabet's Sidewalk Labs faces questions on how to handle residents' personal data in the high-tech setting

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Big Brother isn't just watching: workplace surveillance can track your every move

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How Article 82 of the GDPR has revised t liability, compensation claims, and class data breaches occur in Europe

AP

'Location history' off? Google's still tracking you

An AP investigation found that Google saves your location history even if you've paused "Location History" on mobile devices. This map shows where Princeton privacy researcher Gunes Acar travelled over several days, from data saved to his Google account des

Newsweek SIGN IN SUBSCRIBE

AIRBNB HOSTS ARE RECORDING THEIR GUESTS WITH HIDDEN CAMERAS

BY SUMMER MEZA ON 12/6/17 AT 9:48 AM

WIRED

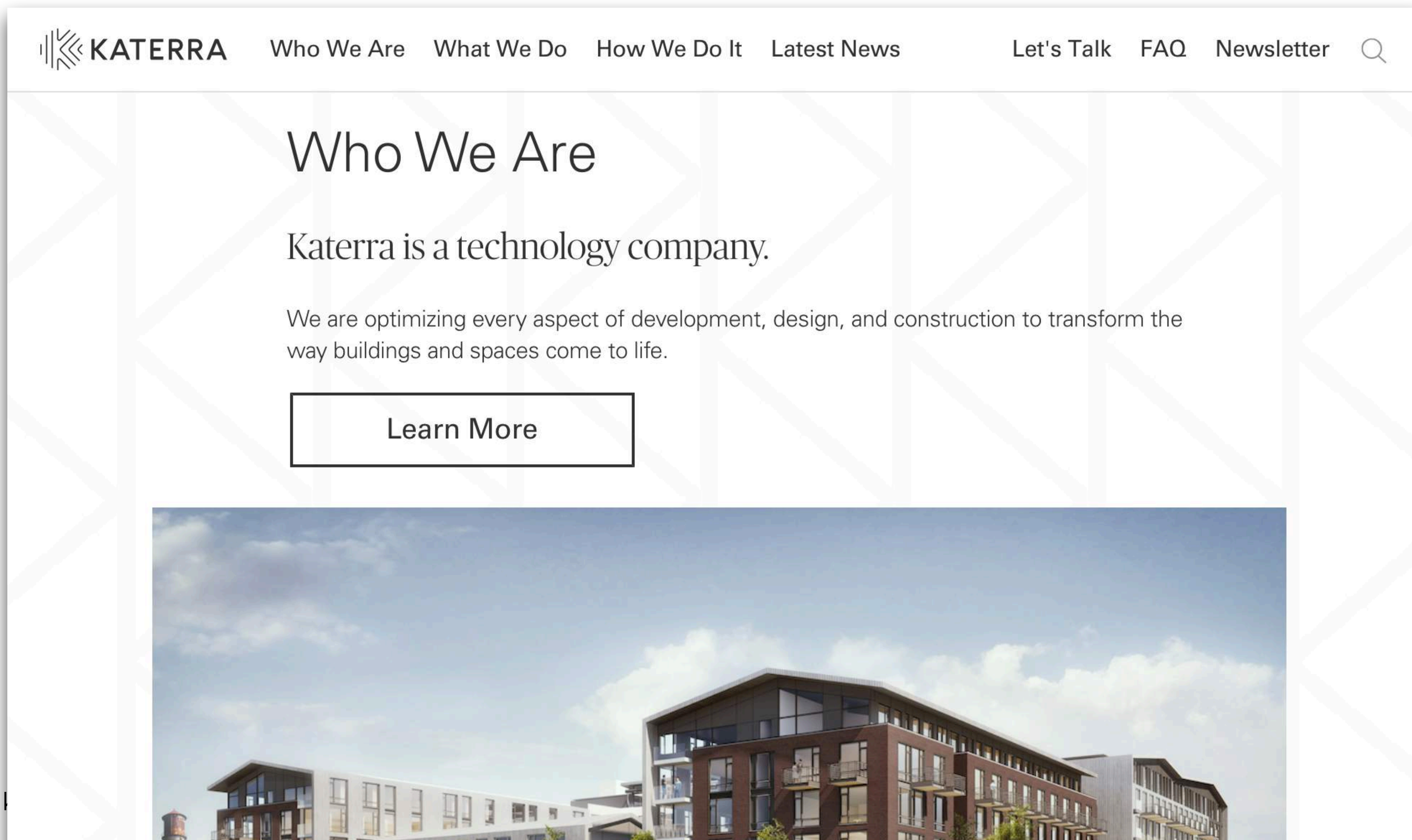
Hacking

The rise of SamSam, the hacker group shutting down entire cities

The creators of the SamSam ransomware are making \$300,000 a month and are getting more sophisticated. And nobody can work out who they are



Complete integration allows for superior products and experiences.



The value of data, networks, integration creates new advantages for scale.

Blackstone

- Invitation Homes, a tech-driven housing management venture
- Invested in VTS, Entic
- Acquired The Office Group

Brookfield

- Invested in Convene
- Set up a \$300m venture capital fund to invest in technologies and platforms that affect its assets



- Invested in JustCo, a coworking operator
- Invested in Nova, a rental / coliving / residential management platform
- Set up the Bridge Forum to connect Asia property investors to Silicon Valley

Institutional investors can skip fund managers and invest directly with new operators.

u **Bloomberg** Settings Su

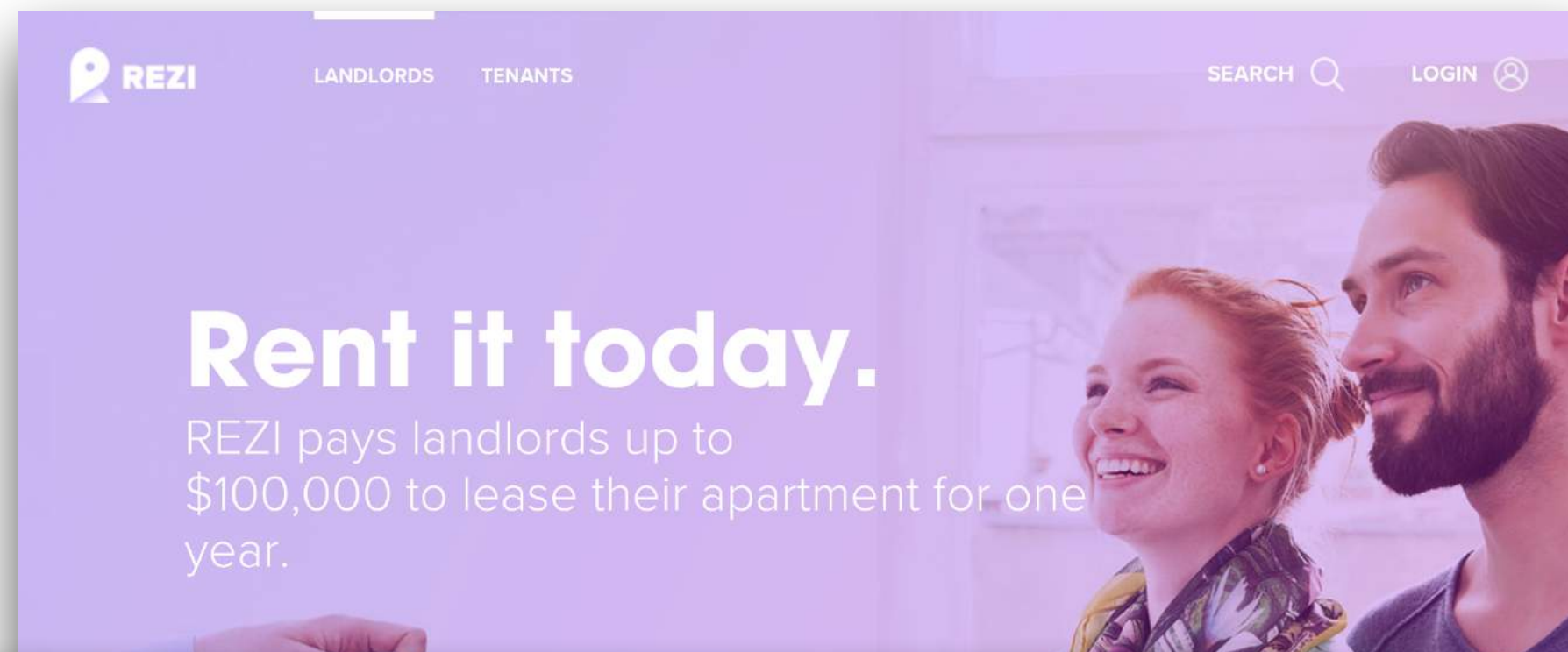
Markets

WeWork Venture Pays \$826 Million for London Offices

By [Jack Sidders](#)
April 16, 2018, 3:34 AM EDT



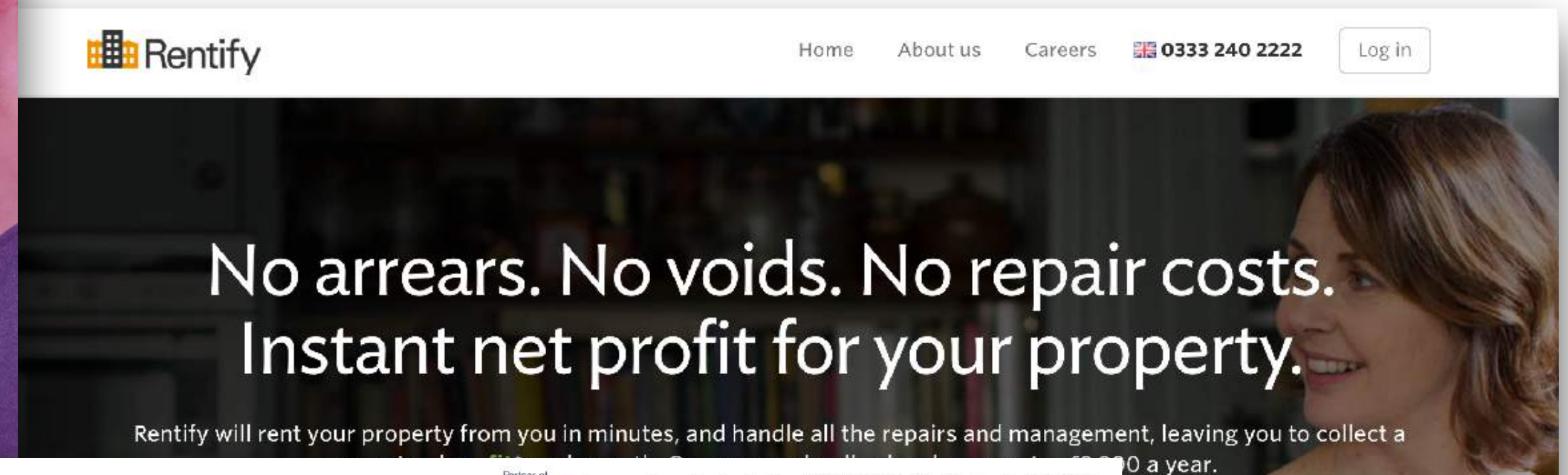
Retail investors can skip fund managers and invest directly with new operators.



REZI LANDLORDS TENANTS SEARCH LOGIN

Rent it today.

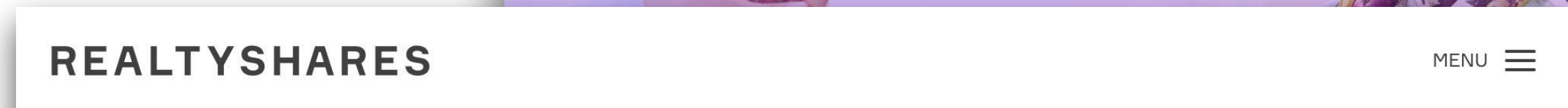
REZI pays landlords up to \$100,000 to lease their apartment for one year.



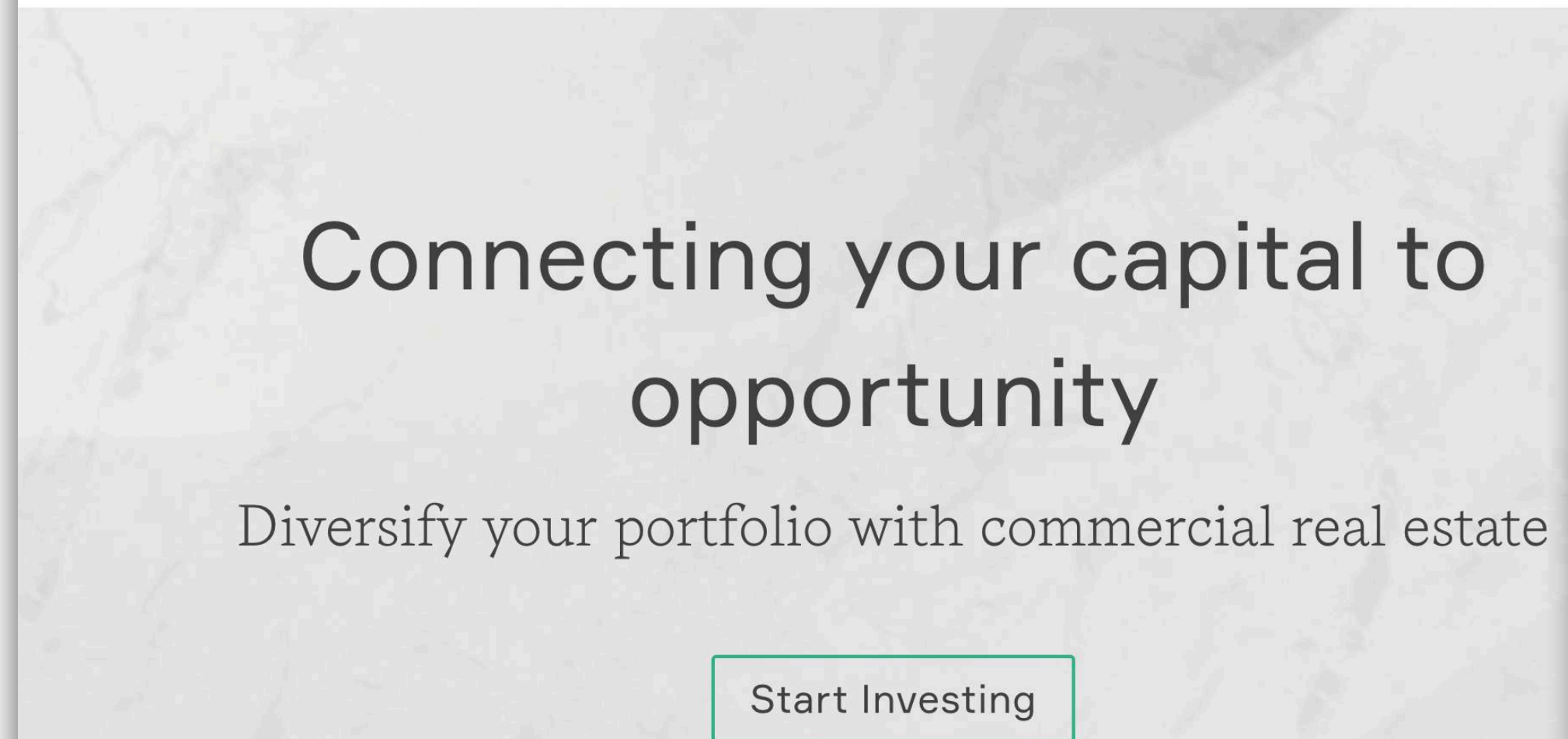
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No arrears. No voids. No repair costs. Instant net profit for your property.

Rentify will rent your property from you in minutes, and handle all the repairs and management, leaving you to collect a profit of up to 10% a year.



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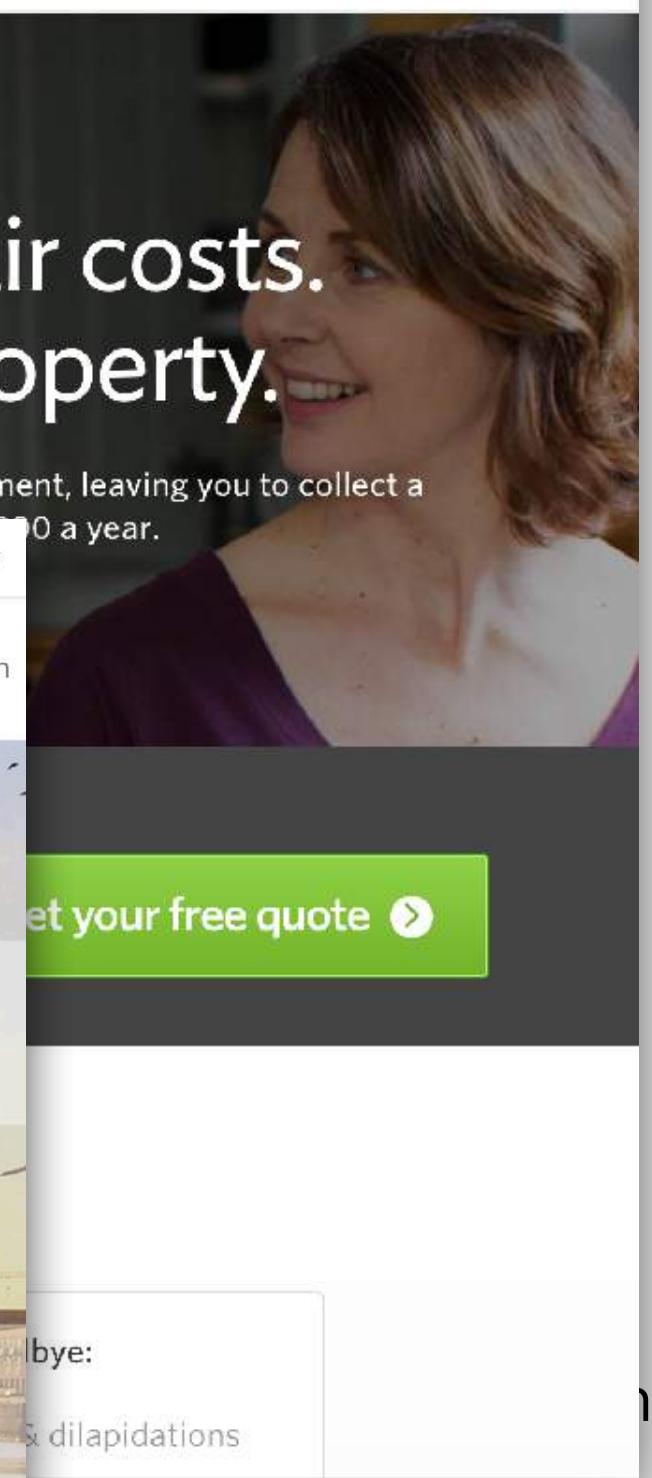
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dilapidations

New operating models are starting to affect valuations.

New York Miami Los Angeles Chicago

Investors discount office buildings with high WeWork occupancies: Cushman

New study shows cap rates expand when co-working tenant has a large footprint

By [Rich Bockmann](#) | August 29, 2018 08:00AM



Real Estate Capital is Venture Capital. And vice versa.



ANDREESSEN HOROWITZ	Cadre, Zumper, Point, and PeerStreet
greylockpartners.	AirBnB, Matterport, Zumber, LiquidSpace, Dynasty, NextDoor, Otto
SEQUOIA	Skyline.AI, Ziroom, Urwork, 24tidy, Dongpeng, Linshimuye, Plateno
khosla ventures	Cadre, OpenDoor
USV Union Square Ventures	Flip.Lease, RealtyShares
SoftBank	WeWork, Kattera, Compass
BENCHMARK	WeWork, Nextdoor
ACCEL PARTNERS	Housetrip, Duetto, Fabhotels, Hotel Tonight, Hotelogix
General Catalyst Partners	AirBnB, Bowery, Cadre, RealtyShares
NEA	OpenDoor, CVent, 42Floors, Zumper

What does all this mean?

1. Technology and tech-driven changes call into question the role of real estate as an asset class with predictable cashflow and inherent value.
2. The value of assets is increasingly dependent their operators.
3. The operators of the future will differentiate themselves through technology and focus on the needs of specific customers.
4. Real Estate assets can be monetized in new and exciting ways.

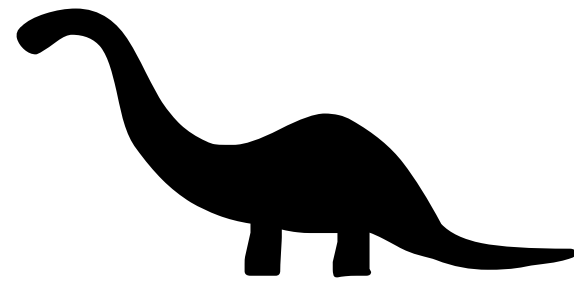
What can you do about it?



MANKOFF

"Look, I can't promise I'll change, but I can promise I'll pretend to change."

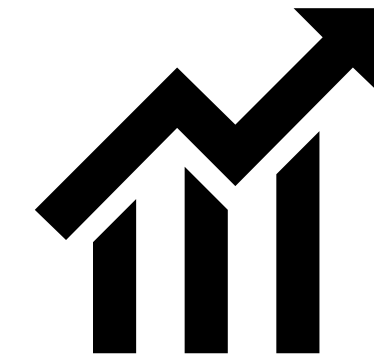
Limitations for REITs



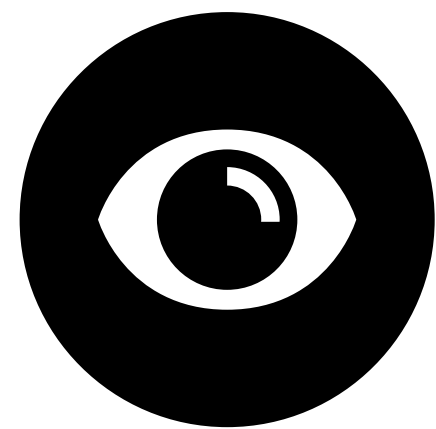
Too Big



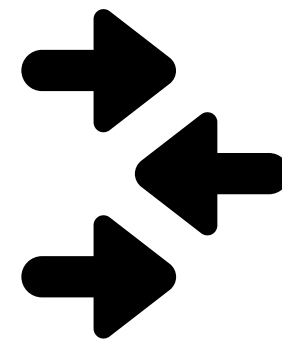
Too Small



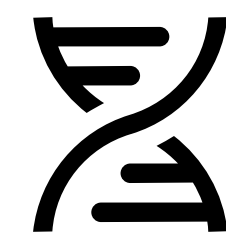
No Pain



Too Public

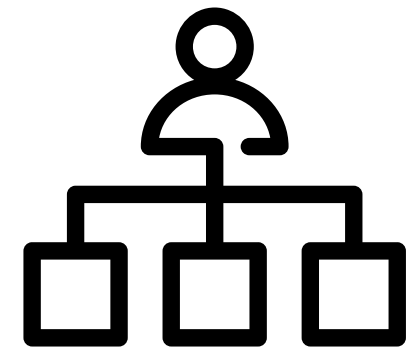


Misalignment

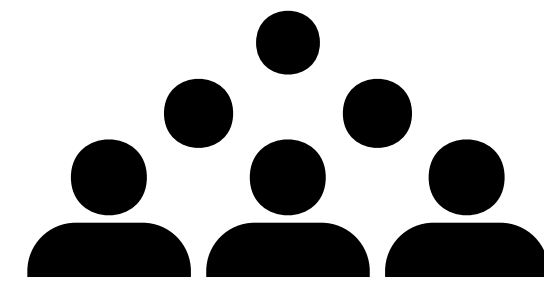


No DNA

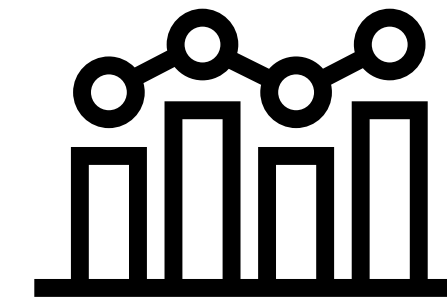
Advantages for REITs



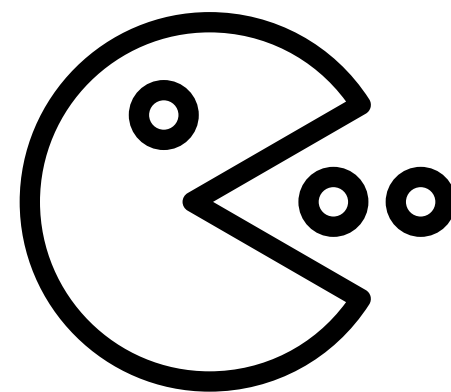
Centralized



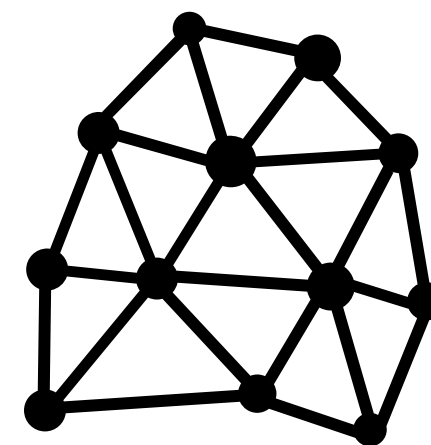
In Demand



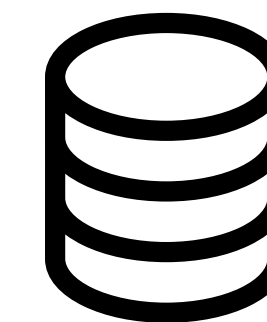
Liquid



Mergeable



Network



Data

What did Domino's do?

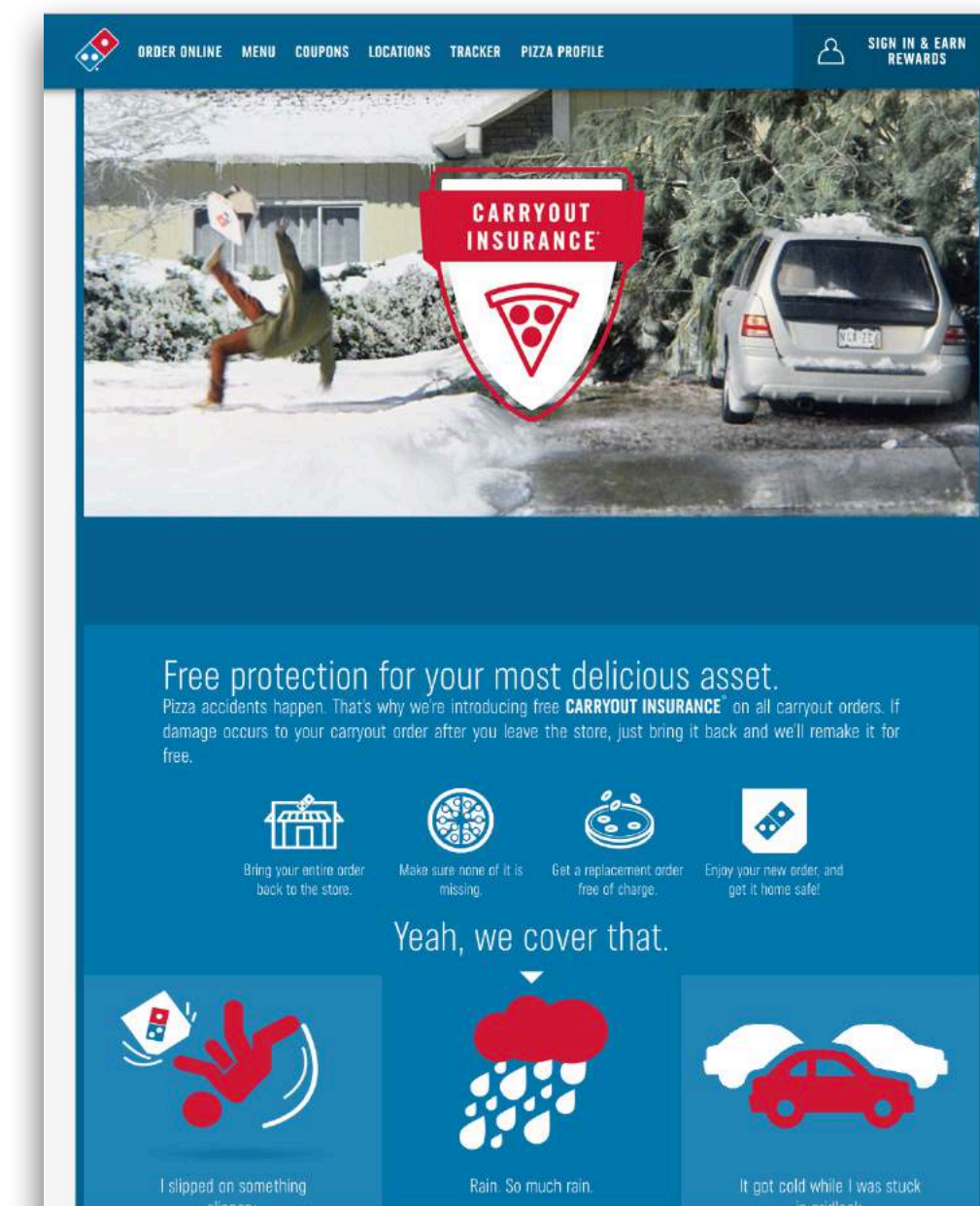


"We are as much a tech company as
we are a pizza company"

Patrick Doyle, Domino's CEO

What does it mean in practice?

- Digitizing the whole customer journey
- Rejuvenating the brand with tech in the center
- Hard tech investments, staffing with software engineers and data scientists
- Relentless dedication to measuring results
- Fully integrated
- Start with getting the fundamentals right
- Organizational buy-in from the top down



Ok, so what now...

- 1. Get the basics right.**
- 2. Consider your whole value chain.**
- 3. Get to know your customers.**
- 4. Get to know your non-customers**
- 5. Get your data in order.**
- 6. Address structure & incentives**
- 7. Leverage your network.**
- 8. Diversify your talent pool.**
- 9. Consolidate.**
- 10. Communicate & Manage expectations.**

Commit.

Thank you.
Let's discuss.

Stay up to date: www.Rethinking.RE

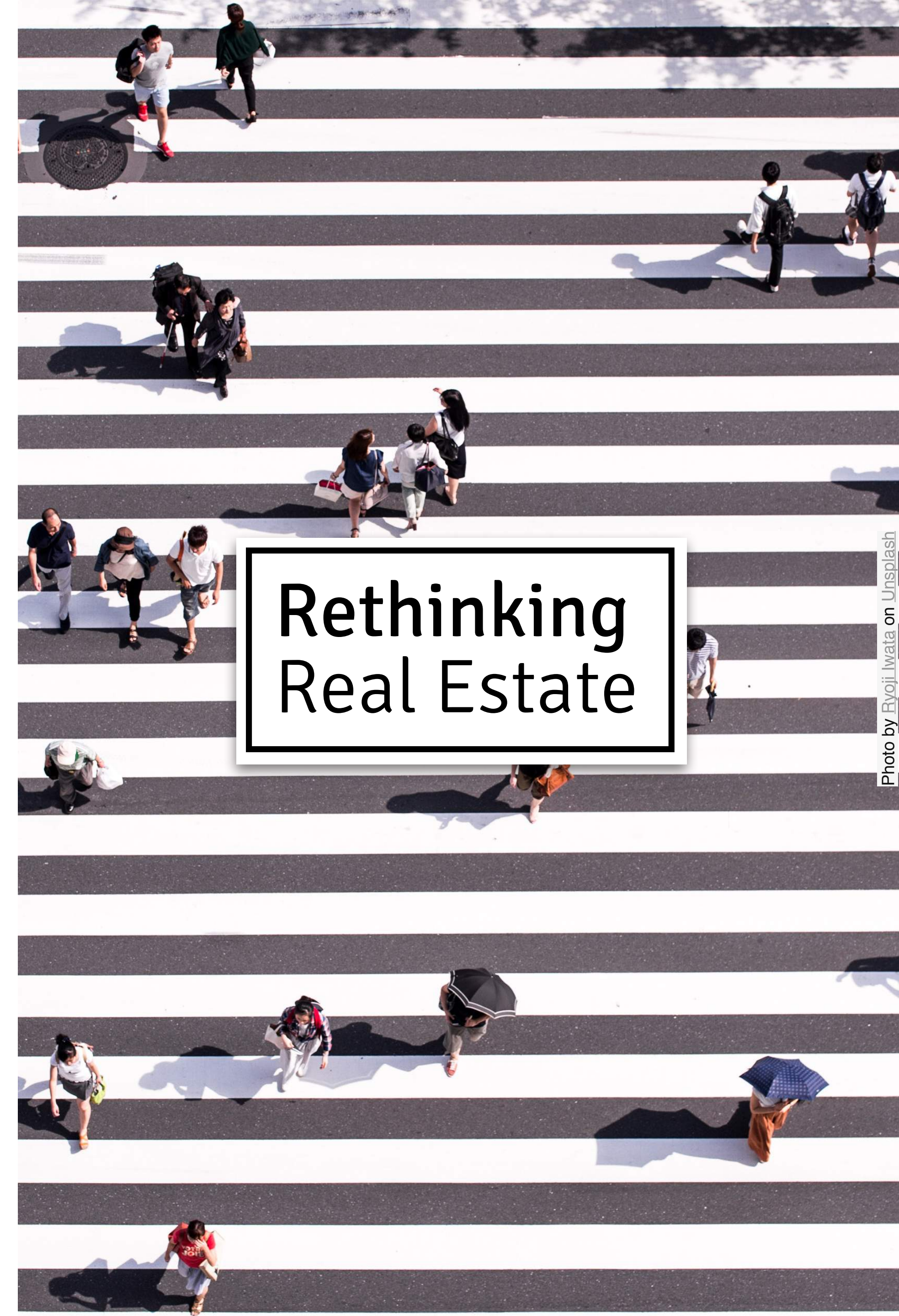


Photo by Ryoji Iwata on Unsplash

Dror Poleg is the founder of Rethinking.RE, where he advises real estate and technology clients on strategy and innovation. His clients include multibillion dollar companies such as British Land, Polimeks, Kardan, and Cushman & Wakefield as well as VC-backed ventures such as Breather, Carson, BumbleBee, and BuildingLink.

Over the past two decades, Dror took part in developing over 30 million sqf of commercial and residential space, oversaw the expansion of a \$3 billion portfolio, and participated in hundreds of negotiations with some of the world's largest financial institutions, real estate operators, and retailers — including Blackrock, HSBC, PAG, Frasers, China Construction Bank, GIC, Zara, H&M, Uniqlo, and LVMH.

Dror's work draws on practical experience as well as on formal training at the London School of Economics, INSEAD, and Swinburne University of Technology. His insights have been featured in reports and events by KPMG, Urban Land Institute, JLL, PERE, NYU, MIPIM, Savills, Estates Gazette, and EPRA.



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