

The logo for RE Tech, featuring the letters 'RE' in a bold, sans-serif font, followed by a vertical line and the word 'Tech' in a similar font. The background of the entire page is a dark, blue-toned image of a city skyline at night, with a grid of binary code (0s and 1s) overlaid on the lower half.

RE Tech

Real Estate Tech Annual Report 2017

Global analysis of investment in
real estate tech / proptech

Year End Review 2017

WELCOME MESSAGE

Welcome to the annual edition of RE:Tech's Real Estate Tech Annual Report, a report highlighting the key trends and issues impacting the real estate tech / proptech market this year, both globally and in key regions around the world.

Globally, real estate tech / proptech investment soared as the market undertook a reset following a year of "cautious capitalism" across North America, Europe, and Asia. Despite the ongoing decline in the number of venture capital deals, coupled with a balanced and steady 2015 and 2016, a significant number of mega-deals in real estate tech drove the funding boom across the sector in 2017.

Business-to-Business (B2B) related real estate tech investments gained prominence during the year, prompted by growing recognition that many traditional real estate institutions need to reduce their cost base. This has led to an increase in corporate interest in technologies that can enable more efficient back office functions, data, and analytics. The lower barrier to entry in technology cost has also prompted the increase

Business-to-Customer (B2C) related real estate tech investments took the lions share of over all investments during the year. Fewer in deals, a segmented customer market has created opportunities and a strong area for investment,

The Americas dominated real estate tech investment during 2017. It was clear that the US drove the vast majority of real estate tech investments. Europe, meanwhile, saw a decline in overall investments, held back by a lack of deals. and venture community.

If you would like to discuss any of the information contained in this report, contact RE:Tech.



Reshape the future at the intersection of real estate and technology.

RE:Tech is a real estate tech research marketing agency.

We are creative visionaries, strategists, and thought leaders working with innovative real estate companies and startups to help identify and create opportunities, overcome challenges, bring new ideas to life, and champion lasting success through marketing, research, and best practices.

*In 2017, global investment
in real estate tech
companies hit*

\$12.6B

across 347 deals

Venture Capital Funding in Real Estate Tech Skyrockets in 2017

Overview: Real Estate Tech Venture Capital Ecosystem

Global venture capital investments in real estate tech companies catapulted in 2017, a trajectory set by a moderate 2016. Between concerns over ballooning valuations and limitations of a horizontal industry a year prior, nearly \$12.6 billion was invested across 347 deals, a 92 percent increase in global investments, the largest fiscal year in real estate tech history.

Venture Capital Dollar Volume Continues to Skyrocket:

Bolstered by venture activity in the US, real estate tech dollar volume increased by an average of 115 percent since 2015. Over the past year, nearly \$6.5 billion, 52 percent, were invested in U.S. based real estate tech companies. In addition to the \$12.6 billion invested in 2017, Early Stage companies received the lions share of deals with over \$480 million invested of across 218 deals, followed by Late Stage Financing with over \$404 million invested across 42 deals. In terms of financing, Growth Equity companies supported 2017 with over \$11.7 billion invested across 87 deals.

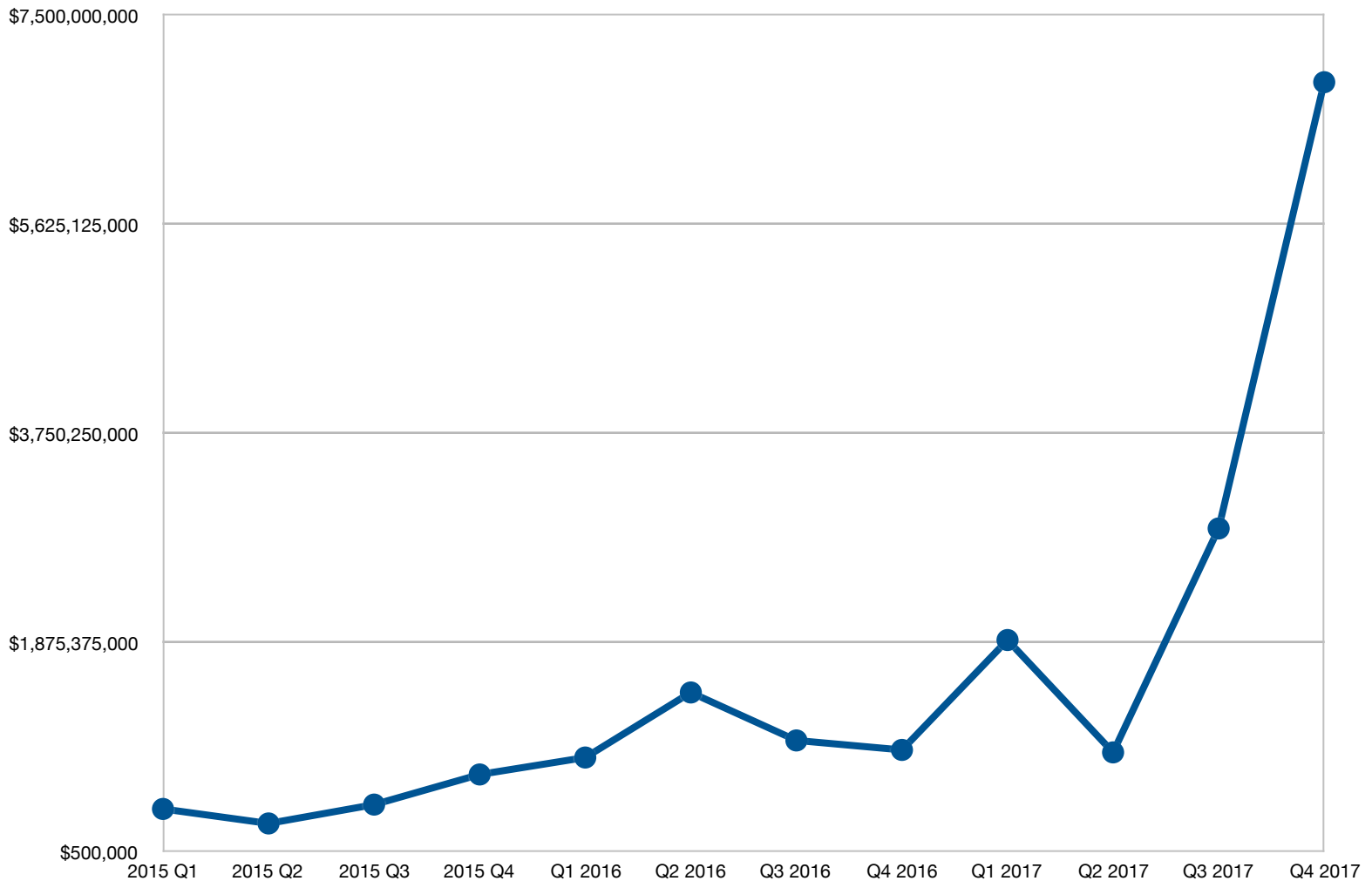
Quarterly Analysis: Venture Capital Investments Surge Amidst Volatile 2017

Investments in real estate tech got off to a volatile start in 2017. While real estate tech dollar volume showed signs of erratic unrest during the first half of 2017, Q3 catapulted total investments to the highest level in history, with nearly \$3 billion invested in a single quarter. Since Q2 2017, total investments appreciation by nearly 224.7 percent in Q3 2017, the largest capital and percentage growth to date.

Deal Volume Continues to Decline:

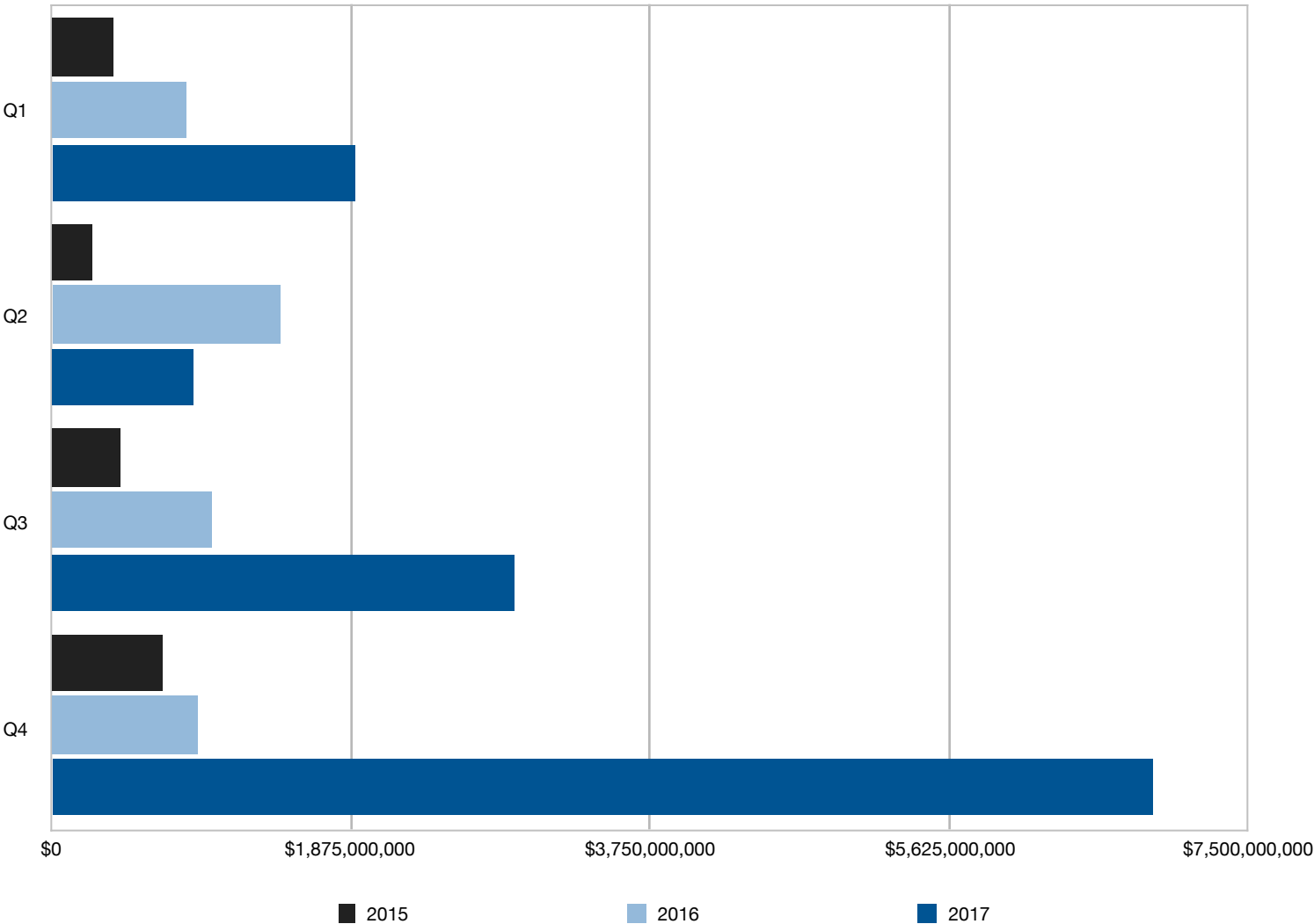
The growing disconnect between deal and dollar volume continued their oppositional trend in 2017. Since 2016, deal volume has decreased by nearly 7.1 percent to 347 deals. However, on a three year spread, the number of funding grew by 5.1 percent since 2015.

Three Year Timeline: Venture Capital Investments in Real Estate Tech



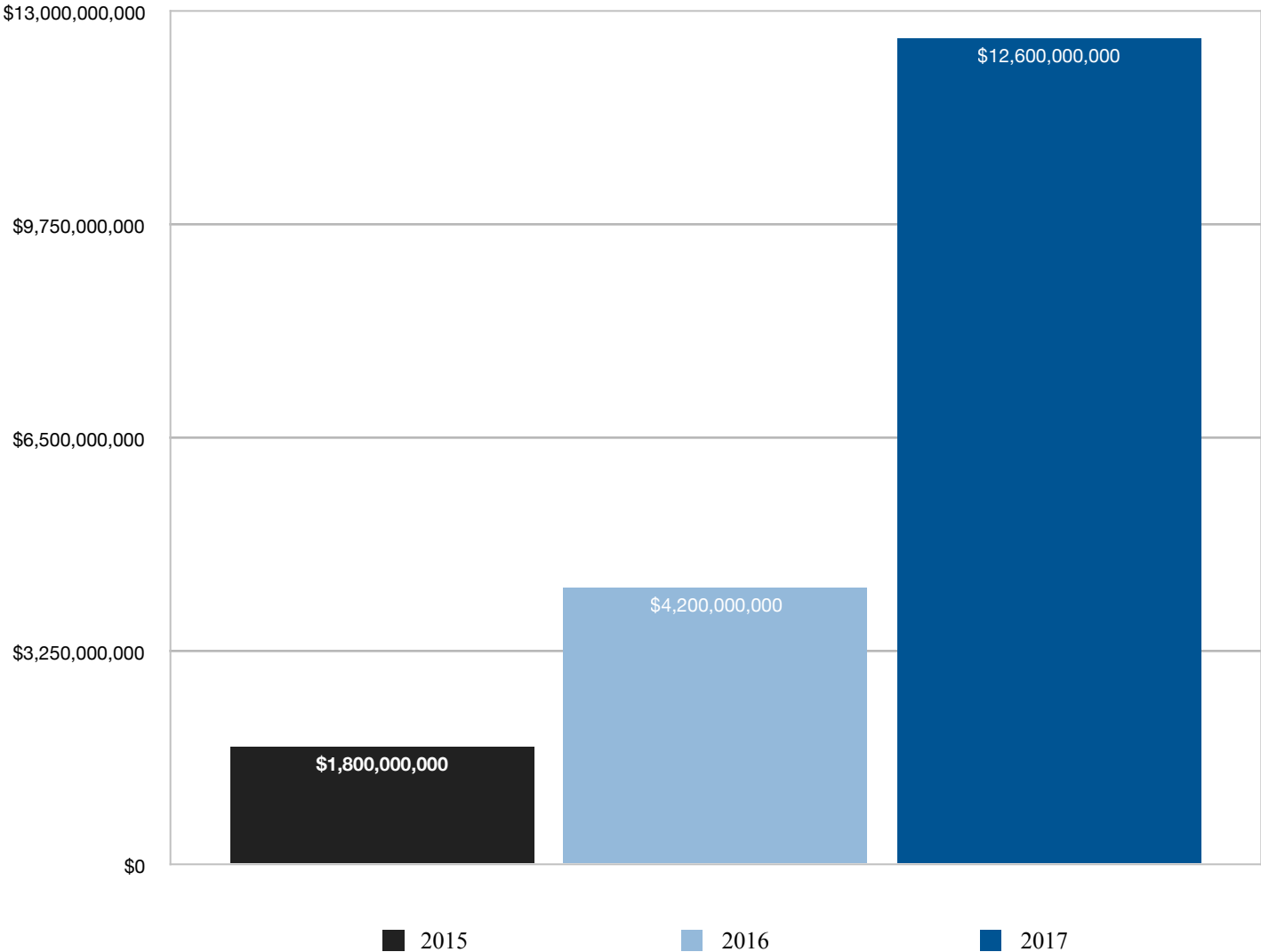
Investment in real estate tech evolved beyond simple venture capital investments 2017. Corporations, who have continued to invest in real estate tech have also demonstrated increased interest in alliances and partnerships in order to leverage the potential of future gains. Through alliances and partnerships, real estate tech companies can gain access to customers and customer data they may not be able to access independently. Additionally, corporations gain access to technology that can help provide more attractive and cost effective solutions.

Quarterly Analysis: Venture Capital Dollar Volume in Real Estate Tech

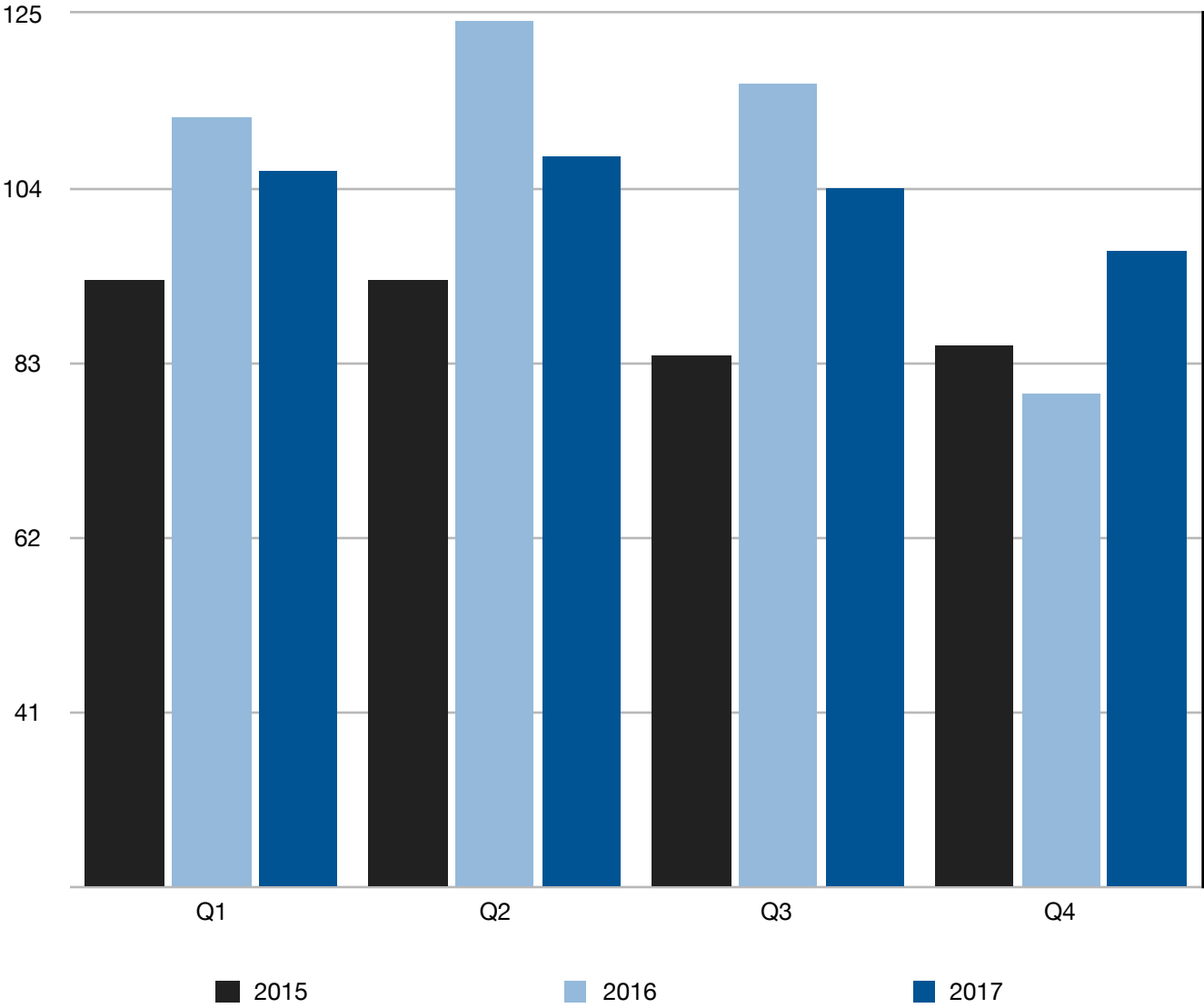


While 2017 was filled with record highs, it also caused a moment of unrest. With rare exception, Q2 2017 caused pause for many in real estate tech. Compared to the same period last year, Q2 2016, dollar volume declined by nearly 37.6 percent, the first underperforming in three years.

Venture Capital Dollar Volume in Real Estate Tech



Venture Backed Real Estate Tech Companies



Unlike North America, deal volume in Europe took a massive hit. Coupled with the 61.9 percent decrease in newly formed real estate tech companies in 2017, Europe's real estate tech sector took a back seat.

NOTABLE DEALS: 2017

Company	Location	Total Raised (\$)	Round
WeWork	New York, NY, USA	\$4.4 billion	Venture
Compass	New York, NY, USA	\$550 million	Series E
OfferPad	Gilbert, AZ, USA	\$230 million	Debt
Niido	Miami, FL, USA	\$200 million	Venture
Xiaozhu	Beijing, China	\$120 million	Series E
LendInvest	London, England, UK	\$107 million	Debt
House Canary	San Francisco, CA, USA	\$64 million	Series A & B
Nested	London, England, UK	\$59 million	Series A & B
LendingHome	San Francisco, CA, USA	\$57 million	Series C
PropTiger	Gurgaon, Haryana, India	\$55 million	Venture
NestAway	Bangalore, Karnataka, India	\$50 million	Venture
Bond Collective	New York, NY, USA	\$50 million	-
Placester	Boston, MA, USA	\$50 million	Series D
Updater	New York, NY, USA	\$45 million	-
Common	New York, NY, USA	\$40 million	Series C
HomeLight	San Francisco, CA, USA	\$40 million	Series B
Breather	Montreal, Quebec, CA	\$40 million	Series C
Mindspace	Tel Aviv, Israel	\$35 million	Series A
Roofstock	Oakland, CA, USA	\$35 million	Series C

Knock	New York, NY, USA	\$33 million	Series A
51VR	Beijing, China	\$32 million	Series B
Spotahome	Madrid, Spain	\$16 million	Series A
Propy	Menlo Park, CA, USA	\$15 million	Series A
The Yard	New York, NY, USA	\$15 million	-
Wujie Space	Beijing, China	\$14 million	Series A
Pillow	San Francisco, CA, USA	\$13.4 million	Series A
Honest Buildings	New York, NY, USA	\$13 million	Series B
CrediFi	New York, NY, USA	\$13 million	Series B
Appear Here	London, England, UK	\$12 million	Series B



WHAT WE DO

Reshape the future at the intersection of real estate and tech.

RE:Tech shapes our clients' future, combining deep business insight with the understanding of how technology will impact real estate and business. Our focus on issues related to digital disruption, competitive agility, operating and business model, as well as the future workforce, helps our client find future value and growth in a digital world.

WHY WE ARE DIFFERENT

RE:Tech understands and leverages the mechanics of organizational success. We have the people, skills, insights and deep industry experience needed to drive impactful results. We bring the art and science of real estate together to inspire, connect, and grow.

COMMUNITY

RE:Tech is a leader in real estate tech. Our content and research is read every day by a community of 250,000 subscribers including startups, entrepreneurs, business leaders, real estate professionals, investors, and enthusiasts.

EXPERTISE

Research, Marketing, Advisory, Programming, Media, and Thought Leadership.

METHODOLOGY

Within this publication, only completed transactions regardless of type are tracked by RE:Tech, with all deal values for general M&A transactions as well as venture rounds remaining un-estimated. Standalone datasets on private equity activity, however, have extrapolated deal values.

Deals RE:Tech includes equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms, and corporate investors. Investments received as part of an accelerator program are not included, however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US. Angel/seed: RE:Tech defines financings as angel rounds if there are no PE or VC firms involved in the company to date and it cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. Finally, if a news story or press release only mentions individuals making investments in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than \$250,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.

Early-stage: Rounds are generally classified as Series A or B (which RE:Tech typically aggregates together as early stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Late-stage: Rounds are generally classified as Series C or D or later (which RE:Tech typically aggregates together as late stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

Growth equity: Rounds must include at least one investor tagged as growth/expansion, while deal size must either be \$15 million or more (although rounds of undisclosed size that meet all other criteria are included). In addition, the deal must be classified as growth/expansion or later-stage VC in the RE:Tech Platform.

Contact RE:Tech and reshape your business

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