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Viewpoint: Real estate must embrace tech or become obsolete

ERIC ALLON

Technology is disrupting every aspect of our economy, and real estate is no exception. However, data from the Altus Group, based on its annual global survey of major real estate players, shows that a majority in the industry are not buying it. And “buying it” is the right phrase – they are not investing in it, and do not believe that tech will have a significant impact on real estate.

In the meantime, tech-savvy startups are moving into the marketplace and taking a piece of the action. Other tech startups are assisting those already in the real estate industry to give them a competitive advantage. Jeff Bezos said to his investors that to remain competitive and relevant, Amazon must always be in a startup mode – he calls it “Day One” – and laser-focused on the customer. Rest on your laurels and agile startups will take away your business.

For example, tech is starting to play a key role in design and construction. Construction projects are challenged by cost overruns and failing to meet schedules. In 2017, Apple introduced an app for augmented reality, with Facebook and Google also integrating that technology into their platforms. Architectural firms started to use that technology in the design and construction of buildings as early



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as fall 2017.

Michael Schroeder, director of VDC at SGA, said that SGA already uses augmented reality. With virtual reality, he connects architects, contractors and others remotely by laptops or iPads. The Linx project in Watertown, which is now fully leased, used these technologies. John Fish, the CEO of Suffolk Construction, has been a leader in using technology in construction. He said that he will take all the company’s tax savings under the new tax law and invest it in technology, including data analytics.

Data analytics is critical to decision making in all aspects of real estate, including selecting a location and determining tenant priori-

ties. CoStar, the leading source for detailed information on commercial buildings, has had 32 lawsuits against competitors and 26 acquisitions as it aggressively guards its data to maintain dominance. WeWork, a major disruptor in the office real estate market, relies heavily on data analytics, considering itself a technology company that creates dynamic, collaborative workspaces for its members.

Bryan Koop, Boston Properties’ executive vice president of the Boston region, and one of the most admired leaders in real estate, recently said that he is taking a sports analytics course at MIT and adapting what he learns to real estate. Other real estate players who have been late to adopt technology are starting to listen and pay attention to the benefits of technology.

Those leaders in each section of real estate who understand the value and power of technology and wisely apply it will be successful in the future. Cabs were once the way to get around town, and medallions were worth a fortune. Then Uber and Lyft moved into the marketplace, and today medallions are nearly worthless. Those who fail to embrace technology risk becoming the medallions in the real estate industry.

Eric Allon is a real estate and business law partner at Bernkopf Goodman LLP.