

ITALIAN PROPTech MONITOR 2021

EXECUTIVE SUMMARY

Main partner:



Politecnico di Milano

Dipartimento di Architettura, Ingegneria delle
Costruzioni e Ambiente Costruito

REC Real Estate Center

1. PropTech sector

Global picture

The **expansion of the PropTech phenomenon is recorded for the fourth consecutive year**. The interest by number of Google searches for the word “PropTech” is constantly growing at a global level.

Venture Scanner, a research company that provides reports and data on startups and emerging technologies, is highlighting a slight decline globally in the financing trend for all of 2021. Venture Scanner is also showing an advance in the level of **maturity of the PropTech ecosystem**. Seed funds have been progressively reducing, while funds for the more mature phases have been growing.

European context

According to the data presented by Unissu, a worldwide PropTech collector and social network, the number of PropTech companies in Europe has increased significantly since last year, especially in Italy and Sweden. Instead, countries with consolidated PropTech ecosystems, such as United Kingdom, France, Spain and Switzerland, have been going through a slight decrease in the number of PropTech companies. This is also due to the transition toward a **consolidation phase of the sector**.

Italian context

In Italy the PropTech phenomenon has been constantly growing since 2018. In 2021, the Italian PropTech Monitor (IPM) mapped a total of **184 PropTech companies based or operating in Italy**. This corresponds to a 21% increase compared to December 2020. PropTech companies are mainly found in northern Italy, with many based in the city of Milan.

The IPM proposes a categorization of PropTech companies based on the activities they carry out, distinguishing four main clusters: **Real Estate Fintech (27%)**, **Smart Real Estate (19%)**, **Sharing Economy (22%)**, and **Professional Services (32%)**. The 184 PropTech companies are almost equally distributed into the four clusters, as shown in the following graph [Figure 1]. Each cluster is divided into 16 sub-clusters that better characterize the activities of the different companies.¹

¹ For a definition of clusters and sub-cluster, visit the Italian PropTech Network website: <https://www.italianproptechnetwork.com/>

ITALIAN PROPTECH MAP



2. Yearly survey – 2021

The IPM, through the administration of a questionnaire , «**PropTech Monitor: the annual survey**», has built a framework of significant **indicators** to give a snapshot of the sector in Italy and to anticipate its most likely evolution. The survey was sent to the 184 PropTech companies and was open from October 18 to December 10, 2021. A total of 49 responses (26%) were collected and analysed. The respondents represent a significant sample of the Italian PropTech ecosystem.

Identikit of an Italian PropTech company

Italian PropTech companies are:

- **Small businesses:** 73% of respondents state that the number of employees is between 1 and 20.
- **Young enterprises** by year of foundation: 43% were founded in the last 5 years.
- Made up of **young people** on average, 61% of the employees of a PropTech are Millennials (born approximately between 1980 and 1999).
- Inclined to **gender equality**: the ratio between men and women is becoming more balanced, if in 2020 there were on average 64% men and 36% women in a company; today the average is 60% men and 40% women.

Technology

A fundamental indicator for defining the development of the PropTech ecosystem is the adoption of enabling technologies. On average, a PropTech in Italy uses 2.6 different technologies to release innovative solutions to the market. Among the Italian PropTech companies:

- **Most operate through the collection and management of large amounts of data**, "Big Data Analytics, Data Science and Data sharing".
- Very few, on the other hand, use "Material Innovation", "3D printing and 3D modeling" and "Robotic system and automation", technologies which typically concern the design and construction phase, typical of the ConTech field, and which therefore are less suitable for property management operations.

Comparing the results of the annual survey with the scientific literature, it is expected that in the coming years the Italian PropTech companies will adopt systems such as the **Blockchain**, to promote greater transparency and efficiency of processes, but also systems to support **environmental sustainability**, such as sensors, augmented and virtual reality solutions and digital twins.

Business

Compared to 2020, a considerable percentage of Italian PropTech companies moved from a Pre-seed stage (in which they mainly receive funding from non-professionals) to a Growth stage (receiving funding rounds of A, B or C series).

The stimulus for growth is also evident from the **desire to collect funds to be channeled into new investments** for the year 2022 expressed by the interviewed companies:

- Confidence in receiving funding is medium (with an average score of 2.9 on a scale from 0 - not at all confident - to 5 - very confident), although the ease of receiving funding in our country was rated poor (with an average score of 2.0 on a scale from 0 - not easy at all - to 5 - very easy).
- PropTech companies aim to invest not only in **technological development** (83% of respondents), but also in the **recruitment of new human resources** (63%). This objective shows the intention to expand the business and consolidate the corporate structure.

Geography of activities

The Italian PropTech ecosystem is mainly operating in Italy, even if it is interested in expanding and interacting with other businesses and entrepreneurial realms:

Il 59% delle PropTech concentra le proprie attività nel **nord Italia**, mentre il 49% dichiara di avere un fatturato superiore al 50% proveniente proprio dal nord del Paese.

- 59% of our companies concentrate their activities in **northern Italy**, and 49% claim that more than 50% of their revenues comes from the north of the country.
- Despite this strong regional connotation, PropTech companies declare that they have already planned an **expansion of the business** to other Italian regions (42% of respondents) and other European countries (37%).
- 53% declare that they already **collaborate** with established real estate operators and 23% with other PropTech companies.

Growth prospects

To the present day, the PropTech phenomenon is perceived by the interviewees as **not yet fully mature** in Italy. Our companies:

- Rate the degree of maturity of the Italian ecosystem as 2.2 (on a scale from 0 - not at all mature - to 5 - very mature).
- Attribute a negative impact on the development of PropTech in Italy to the **low propensity of the real estate sector** (valued on average 3.6); the **the lack of a technological and digital culture** (assessed on average 3.4); la **weakness of the PropTech ecosystem** (evaluated on average 3.2); the **difficulty in obtaining financing** (rated 3.0 on average), and the **geographical imbalance** (rated 2.4 on average).

PropTech and sustainability

Finally, greater attention from the real estate sector to sustainability is essential for responding to the growing expectations of stakeholders, containing the increase in operating costs and to comply with new national and international regulations. In general, PropTech companies are promoting sustainable development:

- Not only by developing sustainable solutions for the built environment: 57% of the respondents selected the Sustainable Development Goals “**9 – Businesses, innovation and infrastructures**” and “**11 – Sustainable cities and communities**”;
- But also, by managing their businesses in a more sustainable way: 49% are working on the goal “**8 – Decent work and economic growth**”.

3. Conclusions

Overall, the Italian PropTech sector is on the rise and promises **to drive a significant evolution** of real estate in our country. The Italian PropTech companies are encouraging the implementation of innovative technologies in the real estate sector and are contributing to the achievement of the sustainability objectives promoted by the United Nations.

A partial reduction of the annual increase in the number of companies is expected, in favour, however, of a **progressive strengthening** of the existing ones. Despite a certain delay compared to other European countries, the PropTech sector in Italy is showing that it is ready to confront and compete with other realities on a European scale and beyond, strengthened by important partnerships with established real estate operators and with other PropTech companies.

If you want to receive more **information** about the Italian PropTech Network or want to join the **network** or still want to stay updated on the **activities**.

CONTACT & FOLLOW US ON OUR CHANNELS:



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IPN MEMBERSHIPS:

	Proptech Member	Partner non-PropTech/PropTech	PropTech Friends	Media Partner
Free access to the Italian PropTech Network Annual Conference	•	•	•	•
Presence in the database PropTech	•	Yes, if PropTech		
Executive Summary IPM preview on the December conference (both in ITA and EN)			•	
Report annuale Italian PropTech monitor (full in IT)	•	•	•	
Login al sito IPN with confidential content (such as, human resources supply-demand platform)	•	•	•	
Access to the directory on-line of all the PropTechs present in the Italian mapping (BOOK)	•	•		•
NEWSLETTER with periodic updates and availability of articles and papers collected by the JRC	•	•		
Participation in pitch days (such as, the PropTech Day convention – every June)	•	As an auditor if non-PropTech	As an auditor if non-PropTech	
Organization of table/peer-to-peer meetings with PropTech for any partnerships		•	•	
Presence of the UNISSU internation database (in compliance with their inclusion/exclusion criteria)	•	Excluded if non-PropTech		
Participation at a reduced cost to RE:Connect (Discount code)	•	•	•	•
Possibility of purchasing the Uniscore Report (Discounted price)	•	•	•	
Access at a reduced rate to training/information activities organized by the research group (such as, courses on PropTech)	•	•		
Possibility to launch initiatives (presentations and/or other closed initiatives) and various activities (such as, hackathon)		•	•	
Participation in B2B tables with international PropTechs, investors and/or companies in the real estate world (such as, round table)	•	•		
Involment in the IPN communication plan (edited by the Media Partners)	on demand	on demand	•	
Presence in the IPN communication campaign (edited by the Media Partners)	•	•	•	