



Catella: Use of big data in the real estate sector often underestimated; innovation leaps expected

The trend of increased use of big data in the real estate sector is creating opportunities for innovation leaps and will lead to changes in forecasting methods, new and more transparent pricing methods and personalised property marketing.

In its new report, *BIG DATA in the real estate sector – opportunity or threat to the industry?* Catella Research examined the status quo and the future viability of the European real estate sector against the backdrop of digitalisation. The survey covers 468 European real estate firms.

“Big data is seen as relevant and revolutionary for the future development of the real estate sector. But although all the firms included in the survey produce masses of data, only a small proportion of them integrate it comprehensively as a process element in service provision, forecasting, or strategic planning”, says Dr Thomas Beyerle, Head of Research at Catella.

The majority of firms (60.4%) currently make decisions based on past experience; only a quarter (23.4%) indicated that they make decisions based on data. A further 11.7% reported using a combination of data and experience. The largest transparency deficits in real estate markets were identified as *Data/survey methods not standardised* (34.2%), *No central data source* (21.1%) and *No data available at sub-market level* (19.2%).

Asked about the greatest sectoral changes resulting from ongoing digitalisation, 30.5% expect structural changes in the area of property investment, followed by 23.8% in transaction consulting. Only 5.7% expect any noticeable change in the area of property finance. This will lead to changes in forecasting methods; issues of outsourcing or make-or-buy decisions in the real estate industry will top the decision-making agenda.

“We anticipate major structural changes for the industry, especially in the area of customer-based specialisation and transparent pricing. But answers will also have to be found to the issue of ownership structures of the data. There is a latent risk that data oligopolies will emerge in the industry”, says Dr Beyerle.

But Catella is confident that the increased use of data will provide opportunities for innovation leaps, especially in the real estate industry. A prerequisite is that the development is driven not only by mundane concerns such as data availability, consistent standards or simply transparency, but by the realisation that data is the key to long-term financial success. We can already see that the new, digitally focused real estate firms are creating a novel environment of competition with established industry players.

For more detailed information please see the attached report.

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