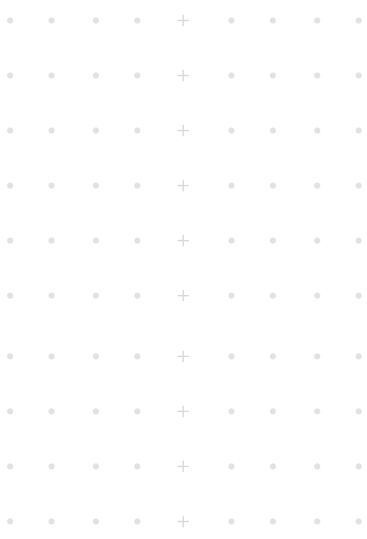


The Future of

Commercial Real Estate: Trends, Challenges, and Technologies That Shape the Industry



Intro



For enterprises, having a good commercial real estate strategy is critical to driving efficiency, cutting costs, and increasing profits. This is especially true with today's turbulent market dynamics and fluid customer behaviors. Companies spend hundreds of thousands of dollars and man-hours to find the best lease clauses, monitor and adjust their CRE portfolios, and guarantee accounting compliance. Besides operational needs, real estate data is crucial for strategic business decisions such as branch openings or closures. Business leaders need to consider both the company's data (e.g., lease expenses or profitability of each store) and the market data (e.g., market fluctuations, real estate trends, competitors' strategies, customer behavior) to make smart choices. You may need help realigning your strategy, and if so, you should read this comprehensive guide.

In this guide, you'll get a well-researched overview of the commercial real estate (CRE) landscape in 2023 and 2024 along with actionable insights. In the first part, we delve into the top 5 CRE trends and challenges shaping the industry's trajectory. You will get insightful ideas from various real estate reports, surveys, and compelling examples of how market leaders are adapting their CRE strategies today. The second part explores the increasing complexity of commercial real estate needs and best practices in real estate data management, workflow automation, and cross-team compliance collaboration. There, you will find out what the best solutions must guarantee as well as winning strategies for streamlining your global CRE management. This advice is built off our 10 years of in-field experience working with the biggest retailers in the world.

Let's forge ahead together and make CRE work for us.

1. Commercial Real Estate Trends and Challenges in 2023 and Beyond

Trend #1: Unstable Market Dynamics

Trend #2: New Consumer Behavior in Retail

Trend #3: Corporate Real Estate and Office Transformations

Trend #4: Environmental, Social, and Governance Considerations

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2. How to Optimize Commercial Real Estate Management for Global Enterprises Using Proptech Software

Data Centralization and Analytics

Automation of Manual Processes and Calculations

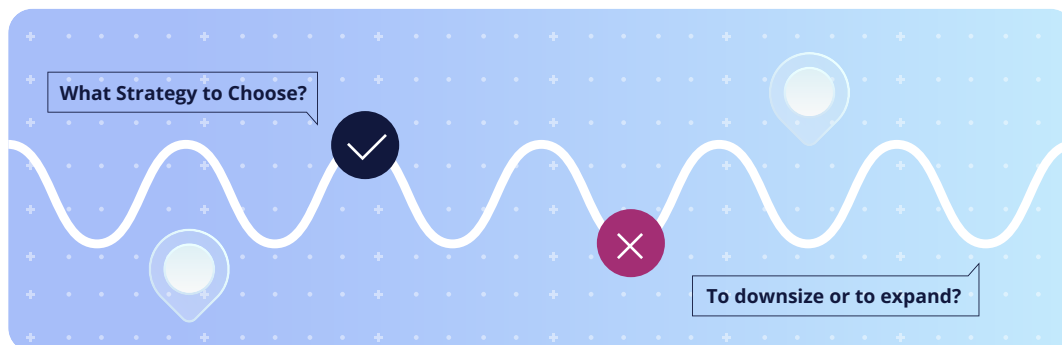
Fluid Collaboration Across Departments

Conclusion

Commercial Real Estate Trends and Challenges in 2023 and Beyond

Let's explore the commercial real estate outlook for 2023-2024: what changes have happened lately and how market leaders are adjusting their commercial real estate strategies. We invite you to read these trends, think about how they may affect your company in the near future, and how you can address them proactively.

All commercial real estate professionals confirm that the following five trends are shaping the commercial real estate market right now:



Trend #1: Unstable Market Dynamics

In 2023, post-pandemic challenges, labor shortages, inflation, energy crisis, and disruptions in the supply chains hit the industry again. Global market instability is the primary factor that sets the context for commercial real estate in 2023.

In an unpredictable market, commercial real estate stakeholders are cautious and carefully navigate a period of price discovery. [According to PwC's interviewees](#), lenders have been imposing stricter borrowing requirements with increased financing costs. This creates obstacles for companies in raising capital and advancing their projects. As a result, competition for deals has decreased during price discovery, as some real estate assets come under pressure. Meanwhile, [Colliers's report of 2023](#) states that distress will emerge in all asset classes.

Businesses are choosing different strategies for handling market uncertainty. Some of them downsize significantly their real estate footprint. For example, [Meta decides to sublease their offices](#) in Seattle and Bellevue instead of using them. Microsoft also announces that they won't renew the lease after June 2024 for their office in Bellevue and they turn to remote work instead. Some companies even decide to leave specific markets, like [Nordstrom which leaves Canada](#) even though their Vancouver store was estimated as the best-performing store worldwide.

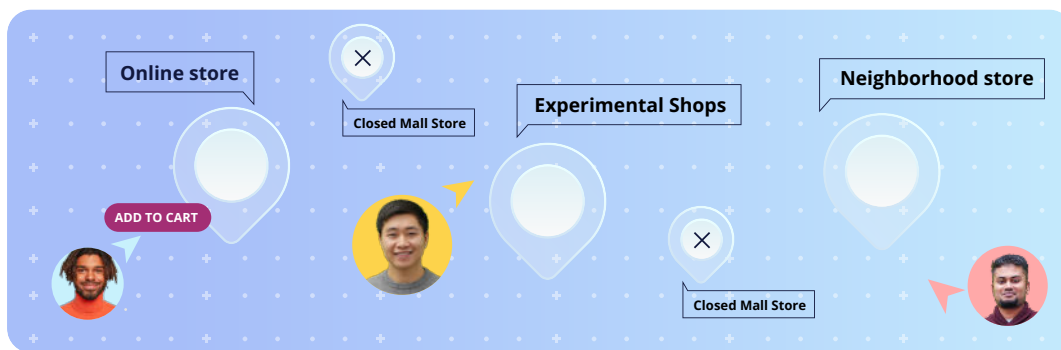
Other companies are seeking to seize opportunities. For example, [Psycho Bunny](#) enters the Canadian market in 2023, after amazing growth amidst the pandemic when it tripled its business and opened 20 stores across the USA. [Uniqlo](#) is set to grow with the plan to open 20-30 new stores in North America each year until 2027. [The North Face](#) also is planning to open more than 70 stores in North America and add up to 300 retail and partner locations in the next five years.

What would be the best real estate strategy for your company? Pause and wait, downsize, or expand? To answer these questions, you need to keep a close eye on market fluctuations and make business decisions based on the data from your stores and offices.

What we can say for sure is that it's high time for transformations. Big and small businesses need to adjust their strategy to new challenges and view the real estate profile as a crucial component of the strategy. During this unstable period, companies need to search for new out-of-the-box solutions. Smart real estate management can ensure the needed resilience and cost optimization.



It's crucial to learn from previous crises and recessions. When Covid-19 hit, companies that managed to rethink their real estate strategy and apply quickly new approaches could benefit from new opportunities and stay ahead of the curve of global transformations. Restaurants were adding cloud kitchens or [ghost kitchens](#) and food delivery services, retail was moving to online shopping and office workers switched to remote in order to face the change. Even after the pandemic, these trends continue to shape the future of the industries.



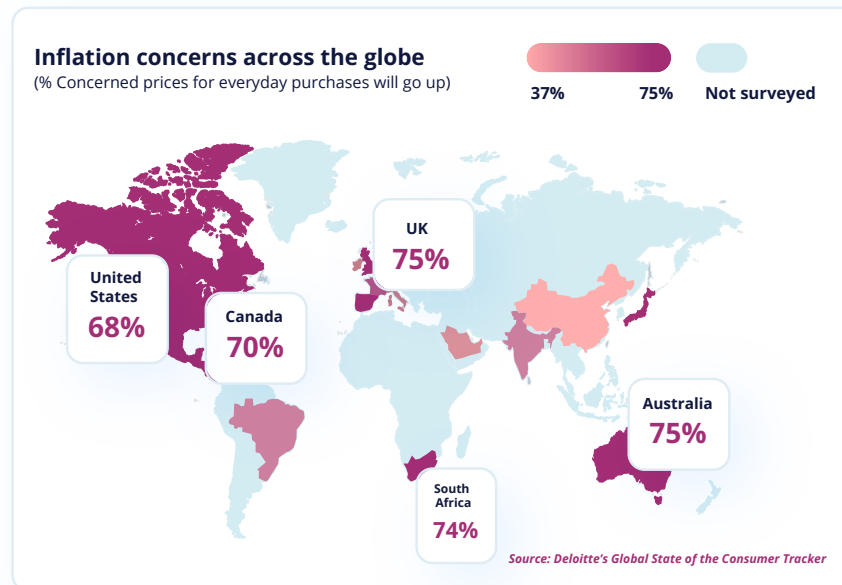
Trend #2: New Customer Behavior in Retail

Retail bounces back after Covid-19, but it has greatly transformed. Now it is adapting to changing consumer buying habits and an evolving work landscape.

Here are some of the retail trends in 2023:

1

According to [Deloitte](#), consumers all over the world are preoccupied with inflation rates. Customers will be cautious while choosing where to spend money. It means that global retail sales will be unpredictable in the second half of 2023 and 2024.



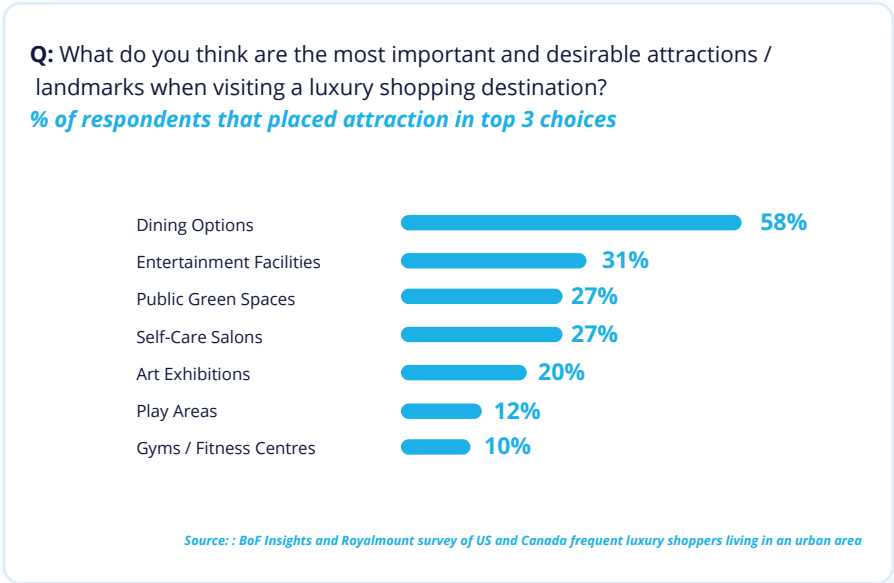
2

The average lease size of shops is expected to decline because of rising interest rates, disrupted supply chains, and online channels of distribution. Retailers look to shrink footprints, emphasizing the quality of the space while ensuring their bottom line is not greatly affected. Business Insider states that [more than 2,100 stores are closing](#) across the US in 2023. Foot Locker is one of them, the company announced the closing of around 400 mall stores in North America by 2026. The company mentions that they want to change the concept of their stores and may open new-concept locations — including play-focused outlets. And this shows us another retail trend in 2023: transition from old-format to new-concept stores.

3

Brick-and-mortar stores and malls redefine their format and look for new ways of attracting people. Retailers are shifting their focus from merely selling products to creating immersive and engaging experiences for consumers. This includes interactive store layouts, pop-up shops, entertainment events, photo zones, and augmented reality/virtual reality experiences that enhance customer engagement and foster brand loyalty. One of the numerous examples is the [Nike House of Innovation](#) in NYC and Paris. It's no longer just a store, it's a Nike museum and an interactive playground where visitors can discover the history of the brand, exercise, learn more about healthy lifestyles, and create a customized pair of shoes by choosing colors and features they like.

Luxury retail is pushing the boundaries of store formats with even more experimentation. The Business of Fashion (BoF) has an interesting survey on [Evolving Art of Luxury Experimental Retail](#) where they speak about adapting new activities for luxury stores to let people stay longer in their stores and deepen their connection with the brand thanks to surprising and inspiring experiences. For example, Le Bon Marché supports art exhibitions and regularly hosts concerts, readings, and other activities. The Business of Fashion also shows that adding dining options, entertainment facilities, and public green spaces are the top 3 attractions for shoppers:



4

E-commerce is here to stay. Online shopping has changed customer behavior. Even with brick-and-mortar stores open, retailers need to rethink their shopping journey and harmonize their online and offline strategies. Buy Online Pick Up in Store (BOPIS) option is one of the ways to find the balance between online and offline and attract more foot traffic to brick-and-mortar stores. GAP, Nordstrom, Lululemon, The Bay, Home Depot, and so many other stores offer the BOPIS option to team up their offline and online channels. [According to the Business of Fashion](#), luxury retailers can consider even bigger immersion to digitalization and technologies by providing AI tools to choose the right cosmetics or clothing for the client or offering new in-store tools for a unique customer experience. Another way to surprise clients with new technologies is to offer virtual try-on for clothing.

Certainly, retailers need to rethink their balance of stores, warehouses, pick-up, return, or delivery centers to master omnichannel distribution. They also need real estate professionals to gather data about the various types of premises they have and find a balance to elaborate the best strategy for business growth.

5

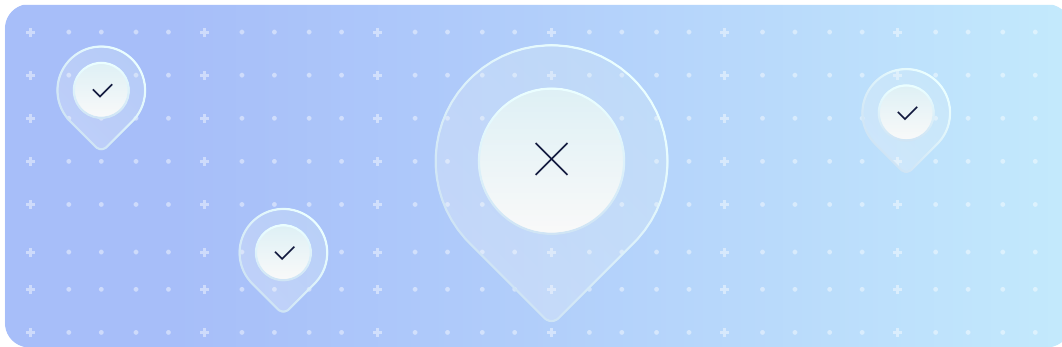
Downtown or neighborhood dilemma. While [some experts say](#) that downtown regains its role as a life-work-play epicenter, not all retailers think this way. We do see some reopening of downtown stores such as the iconic [Century 21](#) opening in New York downtown. However, many experts state that downtown malls lack foot traffic and need to have entertaining events or change their concept to attract more people. Many classic stores choose neighborhoods over downtown malls to be closer to people who work remotely. One of the examples of choosing the neighborhoods is [Bath & Body](#) which closes 50 mall stores in 2023 but promises to open about 90 off-mall stores in the future. [Nike in Seattle](#) also closes their downtown store, while [Starbucks closes its 16 downtown stores](#) in Los Angeles, Seattle, Portland, Oregon, and Philadelphia due to security reasons.

There is a snowballing effect on downtown traffic: the more stores leave downtown; the fewer reasons customers have to come there. Bloomberg states that because of remote and hybrid work, [Manhattan loses more than \\$12 billion a year](#) which could have been spent on meals, entertainment, and shopping near office centers.

“Downtown is a mixed bag. There’s some recovery going on — and there’s some folding up and going away going on as well.” - says Jeffrey Rosen, a commercial real estate broker at Seattle Pacific Realty specializing in retail.

While brands are leaving downtown, the **interest in neighborhood shopping centers is constantly growing**. Neighborhood and community shopping centers are ranked as respondents’ top investment recommendation among commercial and multifamily subsectors for 2023.

These trends reflect the evolving consumer preferences and the industry's response to meet their demands for convenience, personalization, sustainability, and immersive experiences. Retailers that successfully embrace these trends are likely to thrive and remain competitive in the dynamic retail landscape of 2023 and 2024.



Trend #3: Corporate Real Estate and Office Transformation

The return to the office brings new considerations for businesses. While some companies may opt for remote work arrangements, others recognize the value of physical office spaces for collaboration and fostering company culture. This has led companies to lean toward smaller but premium office spaces (Grade A or A+) designed to attract and retain top talent, providing an enhanced employee experience and promoting productivity.

Let's explore more trends for the corporate real estate market in 2023-2024:

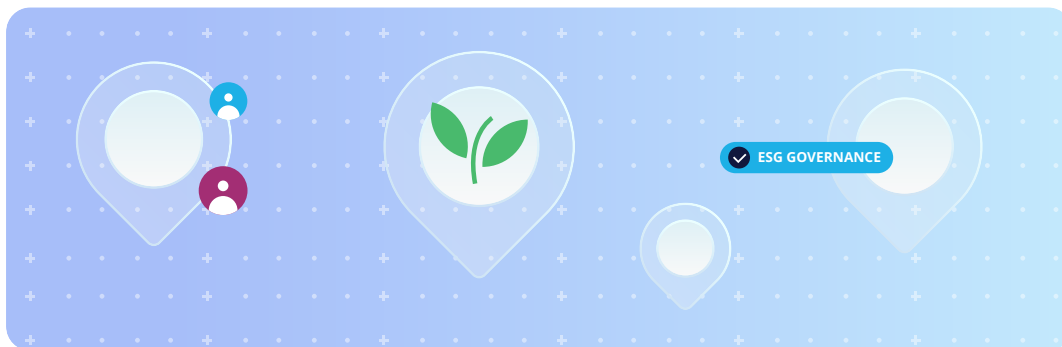
- **Smaller offices.** According to the [Collier report](#), the typical reduction of office footprint for large occupiers will be 20% to 30% is typical, while some companies can cut 50% or more. Google announced that it plans to sublease more than 1.4 million square feet of its Silicon Valley office. Kickstarter puts their headquarters office for sale and the [list is going on](#). Uber, EA, Intel, GitLab, Salesforce, Meta, and other tens of companies cut their office footprint.
- **Search for quality: premium offices are not only about work.** To attract and retain top talent, companies are focusing on creating flexible and amenity-rich workplaces. This includes incorporating versatile workspaces, such as hot desking and shared co-working spaces, as well as offering amenities like fitness centers, on-site dining options, and wellness facilities. Corporate real estate teams are looking for ways to make their offices eco-friendlier by choosing carbon-neutral materials

and setting green spaces for workers. The aim is to provide a comfortable and engaging environment that enhances productivity and employee satisfaction. [Amazon Canada](#), for example, presented their new office tower in Vancouver that has a community garden, dog parks, and an outdoor basketball court. Senior manager of communications with Amazon Canada Kristin Gable stated that it won't be just an Amazon office but a community space.

- **Repurposing of office spaces.** As remote work becomes more prevalent, some office spaces are being repurposed for alternative uses. This includes transforming office buildings into mixed-use developments, such as combining office spaces with residential, retail, or leisure facilities. Repurposing allows for maximizing the utilization of office real estate and catering to evolving community needs. The USA and Canada actively discuss converting office space to residential property to kill two birds – empty offices and lack of housing. [Some big projects](#) have already been launched in New York, Atlanta, Chicago, Philadelphia, Calgary, Toronto, and other US and Canadian cities. Still, it's important to understand [that only a small percentage of the offices can be converted](#) into residential spaces due to electrical and plumbing needs, the size and number of windows, and other factors. Some experts state that converting office buildings with a low score in “conversion calculator” can be even more expensive than constructing ones from scratch. The debate on the future of empty offices is on and the world awaits creative solutions from real estate professionals and business leaders.
- **Green and sustainable offices.** Environmental sustainability is a growing focus in office real estate as it helps attract environmentally conscious tenants and employees. Companies are prioritizing eco-friendly practices and seeking green-certified buildings that reduce energy consumption, promote recycling, and incorporate sustainable materials. Companies also understand that there will be soon new environmental regulations and standards which will affect their real estate reporting and strategy, so they try to prepare for these regulations beforehand and strive to generate zero-carbon emissions. Market leaders like Microsoft go even beyond carbon-zero and set goals to become “carbon-negative”, “water-positive” and “zero waste”. Their [new office in Israel](#) is one of the most sustainable

in the country. It has air filtration and water irrigation systems to make the office look like an oasis and save more than 3 million liters of water each year. The office also ensures energy conservation and generation with photovoltaic cell power dining facilities and exterior lighting.

These trends reflect the evolving nature of work and the changing expectations of employees.



Trend #4: Environmental, Social, and Governance (ESG) Considerations and Challenges

With growing awareness of sustainability and social responsibility, stakeholders in the industry are increasingly recognizing the need to incorporate ESG principles into their operations. From reducing carbon footprints and energy consumption to promoting community engagement and ethical practices, ESG initiatives are driving positive change in commercial real estate.

Various companies are already committed to ecological and social matters and promote them as their mission and values. Brands have various initiatives supporting zero-waste and raising awareness of environmental problems. One of the examples is a new [Uniqlo store in Maebashi](#), Japan. It is built from recycled materials and equipped with solar panels to achieve zero-carbon emissions. Also, it has a repair and customization service RE.UNIQLO STUDIO that helps clients repair, reuse, and remake their favorite clothes.

However, not many companies are ready for the upcoming ESG real estate regulations. According to [Deloitte](#), only 12,2% of companies are prepared to meet future requirements immediately.



In terms of environmental factors, commercial real estate stakeholders need to work to reduce their environmental impact. This includes implementing energy-efficient technologies, such as smart building systems and renewable energy solutions, to minimize energy consumption and carbon emissions.

Deloitte and PwC reports insist that the transparency of ESG metrics is required and state that soon we will see new ESG disclosure rules and regulations. For instance, in the United States, the Securities and Exchange Commission (SEC) has proposed a new rule that would require issuers to share information about climate-related factors. This includes vital details like greenhouse gas emissions and climate risks. Real estate tenants, investors, or lenders associated with SEC issuers, might have to provide this information. It is all part of an effort to promote transparency and ensure that everyone is aware of the environmental impact of their assets.

The International Sustainability Standards Board (ISSB) is also finalizing requirements for climate-related disclosures and expects to issue an [IFRS Sustainability Disclosure Standard around the end of Q2 2023.](#)

Commercial real estate professionals need to keep in mind upcoming regulations and be ready for them. By integrating ESG principles into their strategies, commercial real estate stakeholders can align their operations with global sustainability goals, enhance their competitive edge, and contribute to a more sustainable and socially responsible future.



Trend #5: Digitalization and Rise of Proptech

For a long time, the real estate industry was slow at digitalization. Historically, the industry heavily relied on traditional methods such as physical property listings, face-to-face interactions, and paperwork.

Manual operations lead to a high risk of errors, work duplication, and money loss. Responding to the demand, the property technology, or proptech market, has emerged. It comprises all software that allows professionals to buy, sell, rent, invest, and manage property, and to analyze real estate data. Covid-19 and economic shocks gave another boost to proptech and fastened the digitalization of the industry which is unstoppable now. Driven by thousands of entrepreneurs and start-ups, [the proptech market is forecasted to reach \\$86.5 billion by 2032](#) (compared to \$18.2 billion now).

One of the most interesting trends in digitalization is the Internet of Things (IoT). It is an interconnected network of physical objects that are equipped with sensors, software, and technologies that collect and share data with little to no human involvement. [According to BuildingEngines](#) report, the property team's interest to invest in smart buildings and IoT increased by 53% since the previous year.

Here are four amazing examples of how IoT helps commercial real estate professionals and businesses achieve their goals:

Ensuring the right temperature, lighting, and quality of the air in a real estate asset – store or office. Smart building management includes having specific sensors that can adjust temperature and lighting in different areas of the building according to occupancy. Heating, ventilation, and air-conditioning (HVAC), as well as lighting, can now be optimized, based on the data from sensors and greatly reduce costs and energy consumption.

Discovering occupancy and vacancy rate to realign business strategy. Having all the data from occupancy sensors, commercial real estate professionals can rethink their building plans and come up with new ideas on how each area can be changed. Both for retail and corporate real estate, it's important to understand how people interact with their real estate assets. For example, retailers need to monitor the foot traffic in their location, the mall, and their store. They can also create heat maps to understand what area of their store attracts clients the most. Various software providers offer in-store customer analytics and help retailers better understand who their clients are (age and demographics), when their clients come to the store (business days or weekends, afternoons or evenings, rainy or sunny days), and what store area attracts clients the most. All this data is crucial for business strategy: add another shift of workers for the busy time, change the working hours of the store, or analyze if a sale really helped attract more people to the store. All this has a direct impact on sales.

Better maintaining and preventing issues for main areas, elevators, and automated doors. For example, Kone offers 24/7 connected services to prevent elevators, escalators, and automated building doors from breaking. [Kone](#) tracks the performance and notifies about the issue before the equipment gets broken, which reduces expenses and prolongs the equipment's lifetime.

Guaranteeing the security of real estate assets. Humidity sensors and fire or smoke detectors prevent damage to real estate assets by notifying people about abnormalities in the fastest way. Besides that, common practices are adding video cameras to stores or office buildings, as well as Radio Frequency Identification (RFID) badges or smart locks with key code entry for store employees.

Besides the Internet of Things, proptech offers a great variety of solutions for commercial real estate professionals: digital documentation and transactions, online platforms to discover new commercial real estate assets and opportunities, visual tours of the premises, as well as highly analytical tools for a better understanding of operational efficiency, lease management, and maintenance needs.

Among various types of proptech software, commercial real estate or CRE software is particularly interesting. Commercial real estate strategy corresponds to one of the biggest cost contributors and its optimization can bring quick wins and agility required for the business to adjust to new market challenges.

“Corporates will need to revisit their CRE strategies and invest in solutions that enable continuous adaptation to rapidly changing market dynamics”, [says JLL](#).

Let’s dive even deeper and explore what benefits CRE software can bring to your business in the second part of our guide. There, you will find detailed explanations of how to achieve real estate data centralization, automated workflows, and cross-team collaboration.

How to Optimize Commercial Real Estate Management for Global Enterprises Using Proptech Software

[Commercial real estate needs are becoming ever more complex](#). New accounting compliance standards required RE lease management and reporting to become even more detailed and complicated. This in turn increases challenges for global enterprises that manage a big number of leases across multinational markets with various currencies under different accounting standards.

Percentage rate or CPI rent for retail, year-end reconciliation for CAM, taxes, and insurance, and other complex calculations often have errors, especially if everything needs to be done manually or with legacy software. The magnitude of manual errors shouldn't be underestimated: [CCIM Institute](#) states that errors made in the first year of a 15-year lease are likely to be replicated for the next 14 years.

Accordingly, [43% of companies](#) expect they will need more support for CRE operations over the next three years and are looking for powerful proptech software. It can not only reduce errors and work duplication but also help property managers, lease administrators, and business leaders optimize their operations and better adjust their CRE strategy to unstable markets.

But how exactly can technology generate quick wins and provide professionals with insights and agility to navigate unstable market dynamics? What are the best practices for optimizing commercial real estate portfolios and automating the real estate workflow?

Let's discover how CRE software can help you achieve this.



1. Data Centralization and Analytics

Gartner reports that organizations believe inaccurate data can cause businesses an average [\\$15 million per year](#). But how to manage the data efficiently? You need two things: a centralized and regularly updated database and the ability to slice and dice data according to your day-to-day operational and analytical needs.

Most enterprises keep their real estate data in ERP systems (usually SAP or Oracle), or other siloed in-house databases created many years ago. Companies often house their commercial real estate data in multiple different locations, which ultimately wastes time and increases errors during validation and reconciliation tasks. Even when companies have a single source of real estate asset data, they may not be able to drill down into the data, which makes it hard to interpret numbers or get any actionable items.

Modern commercial real estate software can connect multiple data sources, including ERP systems, isolated databases, or data from other SaaS tools. For example, your company can integrate data from point of sale (POS) systems with your real estate software, so that sales and revenue data is shown alongside real estate costs for each location. This way, your team can have more insights on the profitability of specific stores and decide whether you need to expand or reduce square footage, close a store, or open a new one.

For example, POS data may show you that your most profitable shops are in residential neighborhoods and have a pick-up section. This insight may impact not only your commercial real estate strategy but perhaps also transform your whole business strategy. Getting data on income and expenses out of silos allows you to see the bigger picture and leads you to more creative and successful business solutions.

Of course, once you gather all your commercial real estate data in one place, there is a big chance of getting lost in all your numbers and information. To avoid confusion and achieve efficient data management in real estate, it's crucial that the software you choose can visualize and manipulate data. Usually, real estate solutions offer automatic pre-set reports and dashboards with the possibility to configure them to your company's needs and create new reports with custom fields. Here are just some examples of out-of-the-box reports that should be available from Day 1 to boost your data analysis in real estate (ask your vendor for them by name):

- ✓ Year-end CAM reconciliation
- ✓ Percentage rent
- ✓ Critical dates
- ✓ CPI indexation
- ✓ Currency translation
- ✓ Financial obligation
- ✓ Occupancy
- ✓ Roll table and rent roll
- ✓ Tax and insurance
- ✓ Tenant receivables
- ✓ AP/AR payment
- ✓ Cash flow
- ✓ Fiscal/calendar year report

These reports should be further bolstered by machine learning so that the analytics provide deeper insights into current trends in the commercial real estate landscape. Obviously, legacy real estate management software does not offer fine-grained data analytics.

Modern CRE software centralizes its regularly updated client data, it usually has notification functions that remind property managers and lease administrators about any upcoming event or deadline. With thousands of leases, it is easy to miss a deadline which costs the business a lot of money. Deadline notifications and reminders are extremely valuable.

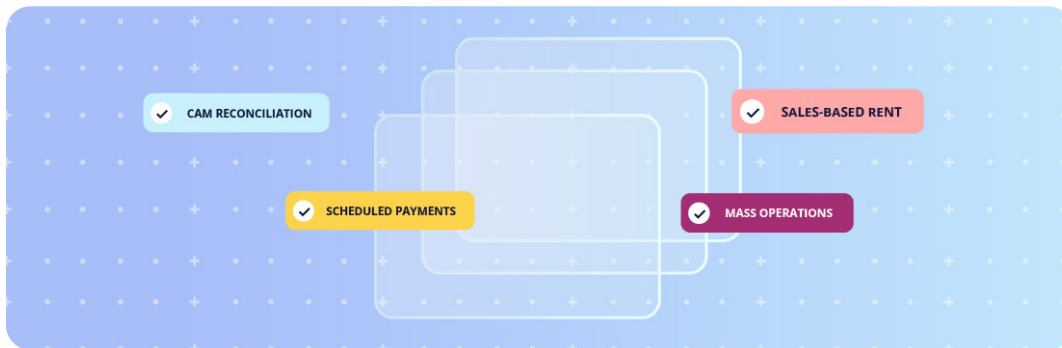
Summary: What are the benefits of centralized data for real estate management?

You get:

- A single source of truth that is always up-to-date and accurate via convenient integrations with ERPs and other SaaS (e.g., POS systems). You can follow the version history for leases and contracts with full ITGC controls. There's no time wasted verifying whether disparate data streams are correct.
- Easy analysis of large volumes of data. Advanced analytics tools and machine learning help identify trends, patterns, and insights, and enable you to take proactive business decisions instead of reactive ones.
- Management of critical dates, lease expirations, and rent escalations. Instead of paying fees for missed deadlines, that saved money can be invested instead in revenue-generating activities.

Want to know how much money your organization could save with the right commercial real estate management software?

Calculate it!



2. Automation of Manual Processes and Calculations

Manual lease entry, contract modifications, and calculations can be a nightmare. Fortunately, these processes can be automated to run correctly with the right proptech software. Automation in property management [eliminates human errors and saves many hours of work](#) for commercial real estate professionals.

For large enterprises, it is important to make sure that their proptech software can handle mass operations, including mass contract uploads, mass revisions, and modifications, along with batch jobs such as journal entry postings. Real estate automation can only work well if you can create, renew, modify, calculate, and end multiple leases and not one by one.

What's more, commercial lease contracts are rarely simple. Often, they include clauses that are sensitive to market fluctuations such as inflation or company revenue in the sales-based rent. Modern commercial real estate (CRE) software has these industry-specific fields and can accurately and automatically calculate the impact of these operations on values while legacy software simply relies on manual calculations for its input. Similarly, the value of sales-based rent with multiple product categories, CPI rent, year-end reconciliations, rent cost increase, and other calculations can be easily automated as well. In any good proptech solution, you just need to enter the terms and conditions of the contract into the software or push this information through ERP or API integrations.

Let's look at two simple examples: sales-based rent and rent cost increase. While dealing with **sales-based or percentage rent**, the landlord and tenant need to agree upon minimum base rent, breakpoint (natural or artificial), and percentage. Once you have your contract with these conditions, you can enter the numbers into modern real estate software and let it automatically calculate your percentage rent based on data from the POS systems. You can track all the scheduled transactions and monitor them to understand whether the conditions are profitable (for you especially). You avoid the need to calculate the percent rent manually.

Or let's imagine that you have **a rent price increase** of 10% after the first year of the lease and 15% after three years. Once you enter these conditions into the appropriate fields of modern real estate management software, it will automatically calculate the price and schedule payments for upcoming months and years. You won't need to remember this price increase; it will be automatically added to your scheduled payments once the time comes. You can always review and change terms and conditions for each lease and review the version history and the evolution of the lease – this can help with negotiations and future site selections.

Technology-driven automation streamlines mass processes and calculations in CRE operations. Scheduled payments, allocating costs across multiple vendors, batch operations, Common Area Maintenance (CAM) reconciliations, and more day-to-day processes can be automated, simultaneously reducing human error and saving time. Automation in real estate ensures accuracy and consistency in financial calculations, lease administration, and reporting, improving efficiency and productivity.

Summary: What are the benefits of real estate process automation?

- Automation in real estate reduces manual errors and allows professionals to spend more time analyzing their data rather than doing tedious calculations by hand.
- Mass operations such as entry postings, renewal, modifications, and closures are done faster and save many hours of human labor.
- Automated complex calculations like sales-based rent, CPI rent, or CAM year-end reconciliations are done easily and in exact accordance with contract obligations and legal requirements.



3. Fluid Collaboration Across Departments

Large enterprises have complex departmental structures to operate more efficiently. However, it is important to organize knowledge and data sharing between departments to avoid silos and duplicated work.

Lease managers, real estate managers, and their accounting teams often lack streamlined communication and collaboration. This is counterproductive since these teams need input and approval from each other to proceed with their work. Slow collaboration between these departments can not only lead to delays but also contribute to lost revenue. For example, we have often seen accounting teams pay for leases that were closed prior because they weren't informed about their termination.

When you work in a large enterprise, it is hard to make these miscommunications and errors visible. However, leveraging current technology helps. Having one source of truth for all teams and allowing them to collaborate in single software with dedicated and tailor-made workflows can be a game-changer.

Before, there was a lot of work duplication; accountants needed to manually add information to their general ledger, and real estate professionals added the same data in their separate property management system (database or legacy software). However, with a single source of truth, once a property manager adds the lease contract information, it is automatically available to the accounting team. Using modern proptech solutions, when a property manager adds a new lease contract, all the information can be transferred to the accounting team,

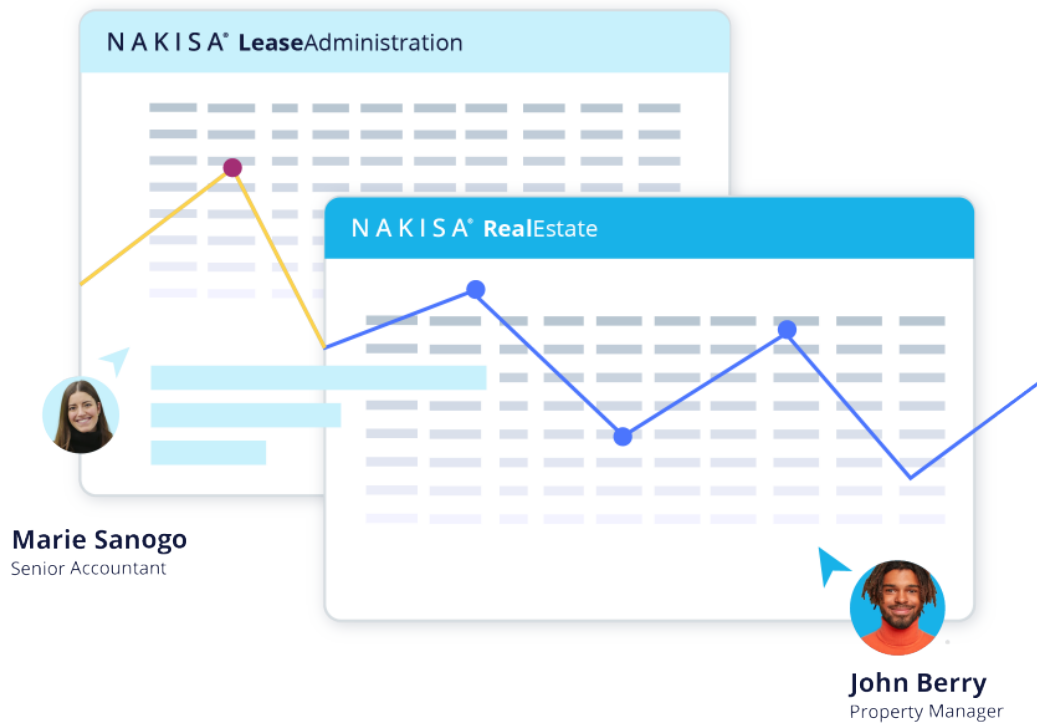
pre-formatted under the right categories and subledgers, simply awaiting their approval. When it's approved, the property manager gets a notification, and the contract data is saved in the General Ledger of the ERP system for further use. There's no duplication of manual data entry, only a streamlined workflow.

Another crucial example where real estate and accounting teams need to collaborate side-by-side is in compliance. Accounting teams need to make sure that property managers provide all the necessary information for real estate lease assets according to the correct accounting standard. The right proptech solution consolidates data into a single source of truth for both teams and would automatically format the lease contract data entered by property managers to the appropriate accounting standard. Accountants can then complete reports more quickly and ensure that the standards required by compliance are accurately followed. Month-end closes and audits become much faster and more efficient as an additional benefit.

A word of caution should be added here: for such smooth collaborations to happen, it is not enough to just use any one single software for both teams. Sometimes companies ask real estate professionals to use solutions designed for accountants, and this works poorly. We cannot forget that real estate professionals and accountants have different goals and require different features to achieve them. For example, for a property manager it is important to know the exact square footage and type of lease (warehouse, store, or pick-up point) whereas for an accountant it is more important to ensure compliance and regular payments. That's why you need to make sure that the software you choose will not only offer data centralization but also will have all the features crucial to both teams.

Summary: What are the benefits of facilitating smooth collaborations between the real estate and accounting teams?

- Smooth data exchange between teams ensures accurate financial reporting, compliance, and forecasting. It reduces manual errors and work duplication.
- Less time is wasted on chasing people from another department. The software notifies people about the need for approval and when it is received.
- No cost incurred from paying for closed leases.



Need to choose the right proptech software for your enterprise? Consult our Buyer Guide and RFP Checklist (Features Template) to understand what features to look for!

What Software to Choose?

Commercial real estate teams need to leverage property technology to keep up with the growing needs of the industry. Smart data management, automated real estate operations like entries and calculations, and fluid cross-team collaboration will save your company hundreds of hours and thousands of dollars yearly. Empowered with real estate software, CRE professionals can greatly optimize operations, reduce costs, and stay proactive to marketing fluctuations, which is crucial during challenging times

Conclusion

2023-2024 are not easy years for the global economy and commercial real estate industry. The commercial real estate outlook is being shaped by unstable market dynamics, retail and office transformations, ESG considerations, and rise of proptech. Companies choose different strategies to face these trends and gain agility. Experimenting with new solutions and optimizing CRE strategy with proptech software can help companies stay ahead of the curve of this transformation. Data management, process automation, and cross-team collaboration are gaining crucial importance and should be leveraged for your business profitability.

We hope that our guide has helped you to better understand CRE trends, challenges, and technologies, and provided you with fresh ideas on how to optimize costs and seize growth opportunities.

We, at Nakisa, offer the expertise and tools to optimize commercial real estate portfolios and operations. Our team of commercial real estate professionals have developed both depth and breadth of experience from working with Fortune 1000 companies like Walmart, Nestle, Danone, and 3M for many years. The insights we can provide you about how to choose and use the right commercial real estate software can fully optimize your day-to-day real estate management operations and drive your company's productivity and, most importantly, profitability.



Let's Talk About Your CRE Needs!

