



Group Innovation Report: Industrial Assets

By: Jeb Ambrosino, Jon Cleary, Joseph Marraccini, David
McBroom, Sam Penny

November 30, 2023

Table of Contents

- ❖ **Innovation in the Industrial Space**
 - Hope for the future: How Technology is Propelling the Sector Forward
- ❖ **Landlord vs. Tenants Solution**
 - Enhancing Both Sides of the Industrial Equation
- ❖ **Notable Investors**
 - Leaders Making Change in the Sector
- ❖ **Saltbox**
 - Improving the Tenant Experience
- ❖ **Yardi**
 - Improving the Landlord Experience
- ❖ **ESG In Industrial Properties**
 - How ESG is changing Industrial Real Estate
- ❖ **Other Considerations / Areas to Monitor**

Innovation in the Industrial Space

"Financial cracks have fed concerned over commercial real estate's outlook. We're cautious on the sector. Yet we go granular in our portfolio views. We see better value in real estate sectors that may see long-term demand, like industrial," the team led by Wei Li, BlackRock's global chief investment strategist, said.

Tenants

- Minimizing obstacles to logistical and operational capacities.
- Automated Solutions allow companies to scale growth.
 - Increasing Tenant Operating Capability

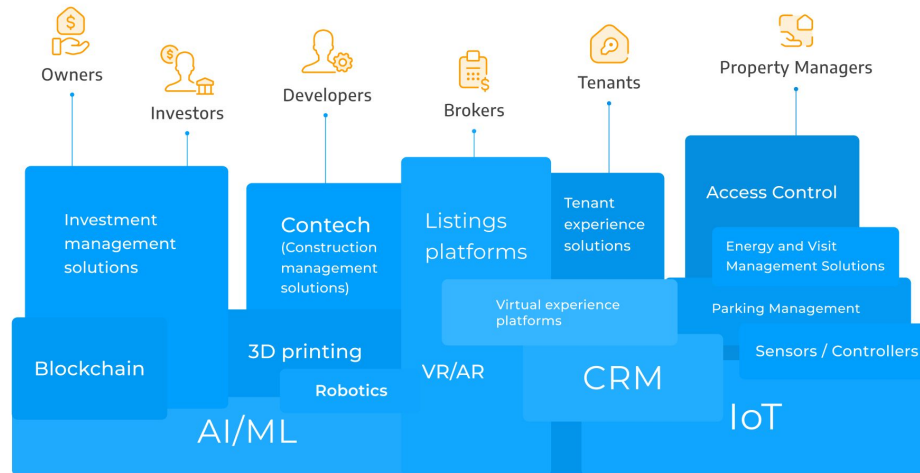
Landlords

- Improves owner's ability to adequately manage properties.
 - Reducing Operational Capex
- Allows for financial transactions and procedures to be carried out quicker and more efficiently.

Landlord vs. Tenants Solutions

The industrial asset class, with its inherent simplicity, presents remarkable opportunities for disruption. In a fiercely competitive logistics market, both landlords and tenants are dedicated to enhancing operational efficiency.

High concentration of property management solutions. These offerings streamline daily operations which is invaluable to the industrial asset class.



Source: Ascendix

SURVEY

Stages of the Property Lifecycle Targeted by PropTechs



Development

Design and planning; construction;
demolition and remediation

38%



Asset Management

Fit-out and refurbishment; sales and leasing;
property management

55%



Investment and Financing

Asset acquisition and disposal;
valuations; financing

33%



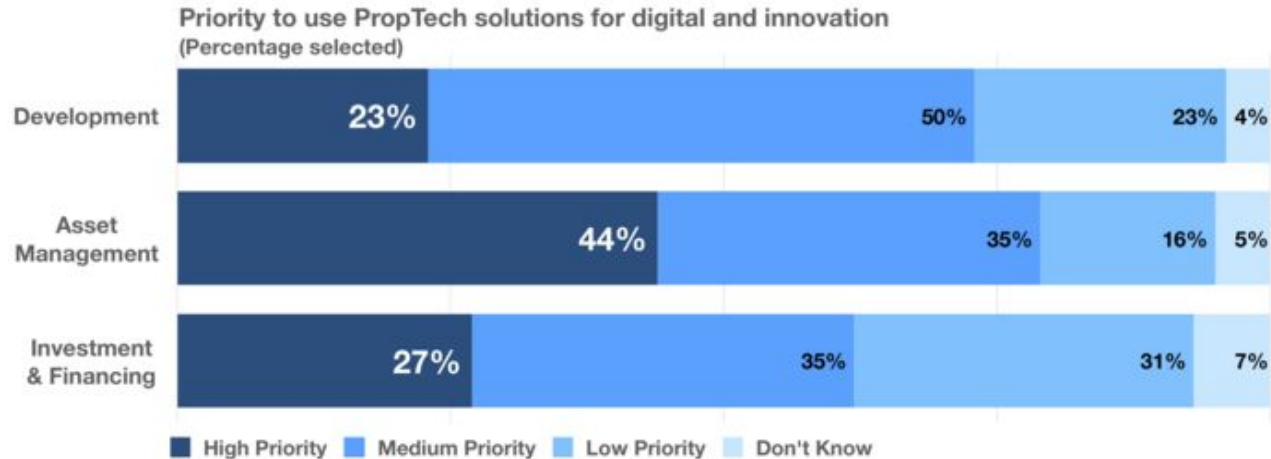
Other

18%

Source: KPMG Global PropTech Survey 2019

SURVEY

Asset Management Top Priority for PropTech Solutions for Digital and Innovation



Source: KPMG Global PropTech Survey 2019

Notable Investors

Operators



JLL Spark is the corporate venture arm of JLL that invests in the PropTech space.

- Notable investments include: DealPath, Lev, Re-Leased, Veev, etc.

ProLogis Ventures is the venture arm of the REIT ProLogis, founded in 2016.

- Notable investments include: Logiwa, Saltbox, Flexport, etc.

Industry Specific Investors



Fifth Wall is a global VC firm that focuses on investing in real estate technology.

- Notable investments include: Flyhomes, OpenDoor, SmartRent, etc.

RET Ventures is a venture capital firm based in UT that invests exclusively in the real estate tech. space.

- Notable investments include: Pickett, OnsiteIQ, ProcuRET, etc.

Generalist Investors



Insight Partners is a global software investment company with no vertical focus.

- Notable investments include: PlanRadar, Agora, Snappt, iLobby, ARGUS, etc.

Khosla Ventures is an early stage VC investor with no vertical focus.

- Notable investments include: Jones, Ivy Homes, Homebound, etc.

Saltbox - Tenant



SaltBox provides spaces for e-commerce entities to operate and pack and ship orders to more effectively run their businesses.

- Custom built workspaces that offer logistics and fulfillment support to ecommerce entrepreneurs.
- Removes obstacles tenants face to capacity and allows producers of e-commerce goods to respond to demand more quickly.
 - Exponential growth for e-commerce and industrial real estate by removing inefficiencies.



Yardi - Landlord

Yardi is a private company that offers integrated solutions for property and investment management across all real estate verticals. Landlords use Yardi for managing leases, finances, documents, maintenance requests, communication and broader investment portfolios.

Innovation through acquisition



- 1 of 4 largest PMS providers (AppFolio, Buildium, RealPage)
- Founded in 1984 by Anant Yardi with no VC money raised
 - Competitors such as MRI have been owned by large PE firms such as Vista and GI Partners
- Yardi (like other landlord facing solutions) predominately innovates their product offering by acquiring smaller competitors and integrating their product offering
 - Yardi has acquired 19 companies since its inception

ESG in Industrial Properties

Sweeten

Marketplace of MWBE vendors

- Increases engagement
- Tracks compliance with investment guidelines



Schneider Electric

Specializes in digital automation and energy management

- EcoFit Consulting
- EcoStruxure



Dematic

Custom Solutions:

- Reduces power consumption by 30%.
- Increases man-hour efficiency by 20%
- Patagonia Case Study



Other Considerations / Areas to Monitor

- Global Supply Chain Issues/Disruptions
 - Port Crisis
 - Onshoring of Manufacturing
 - Just-in-time vs Just-in-case
- E-commerce Penetration
- Industrial NIMBYism
- Autonomous Trucks/Buildings
- Opportunity for renewable energy solutions

