

Press Release

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PropTech industry: \$42 billion invested in the PropTech sector last year with digital transformation driving growth, according to the annual barometer released by ESCP Business School and the Principality of Monaco.

The real estate industry has experienced significant changes in recent years due to the transformative power of digital technology, particularly AI, which has, in turn, prompted growth in the PropTech (“property technology”), or technology serving real estate and the quality of life of its inhabitants, sector. In 2023, \$42.14 billion was invested across 80 countries with substantial growth in the industry despite economic challenges and uncertain business conditions, according to the 2023 PropTech barometer.

“This year’s Barometer features updates on familiar aspects of the industry, such as ‘PropTech in the United States,’ while expanding our coverage into new conceptual and geographical terrains. While these landscapes have proven uncertain at times in the past year, the future of PropTech does indeed remain bright,” said **Prof. Jaime Luque, Director, Monaco Real Estate Tech Innovation programme at ESCP Business School.**

Digital transformation prompts strong growth, but companies face strategic challenges

Of the more than 2,000 PropTech companies, those that engage in “Managing” functions receive the most funding, with \$23.03 billion invested in 2023, largely because of their willingness to adopt digital transformation. This is at the expense of those with “Building” functions which face more strategic challenges. Investments have also shifted, no longer being primarily led by banks but by tech incubators (such as Y Combinator, Plug&Play), private equity funds, and governments.

The US and China dominate the sector, with the UK leading the market in Europe

The United States remains the undisputed leader in investment in Proptech companies (41%), followed by China. Among the top five companies in terms of funds raised since 2012, three are American and two are Chinese. And while generally Europe lags behind, the UK remains a strong force in the sector rounding out the top three current top investment markets with the US and China. But that’s not the whole story.

“While it’s true that technology and innovation has been far more fueled in the U.S. and the U.S. has been the driver for some time, there are some areas where the European market has been more advanced than the U.S. One example is sustainability,” said **Tanguy Quero, Investment Principal at JLL Spark**.

The sector continues to evolve, with Monaco serving as a laboratory for developments

The future of the PropTech sector shows both promise and uncertainty. While some companies may see astronomical growth rates, challenges in the market may make it difficult. Within the European continent, the Principality of Monaco, where real estate is essential to the economy, accounting for 20% of GDP and 15% of the workforce, aims to be the reference hub for PropTech by being both a Do-Tank and a Think-Tank.

“In the PropTech sector, the predominant focus of investment has been on enhancing transaction and management processes. However, the critical need lies in advancing our approaches to construction and living spaces. The real estate industry faces pivotal economic, environmental, and social challenges that require innovative solutions. Monaco is strategically positioning itself as the epicenter for the future of real estate, aiming to spearhead the integration of cutting-edge designs and sustainable practices,” said **Frédéric Genta, Member of Monaco Government in charge of attractiveness and digital transition**.

The barometer is available to download [here](#). A digital version is available [here](#).

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ESCP Business School was founded in 1819. The School has chosen to teach responsible leadership, open to the world and based on European multiculturalism. Six campuses in Berlin, London, Madrid, Paris, Turin and Warsaw are the stepping stones that allow students to experience this European approach to management.

Several generations of entrepreneurs and managers were thus trained in the firm belief that the business world may feed society in a positive way. This conviction and ESCP’s values - excellence, singularity, creativity and plurality - daily guide our mission and build its pedagogical vision.

Every year, ESCP welcomes 10,000+ students and 6,000 executive participants from 135 different nationalities. Its strength lies in its many business training programmes, both general and specialised (Bachelor, Master, MBA, Executive MBA, PhD and Executive Education), all of which include a multi-campus experience. **It all starts here.**