

Houlihan
Lokey

1H 2026 PropTech Market Update

October 2026

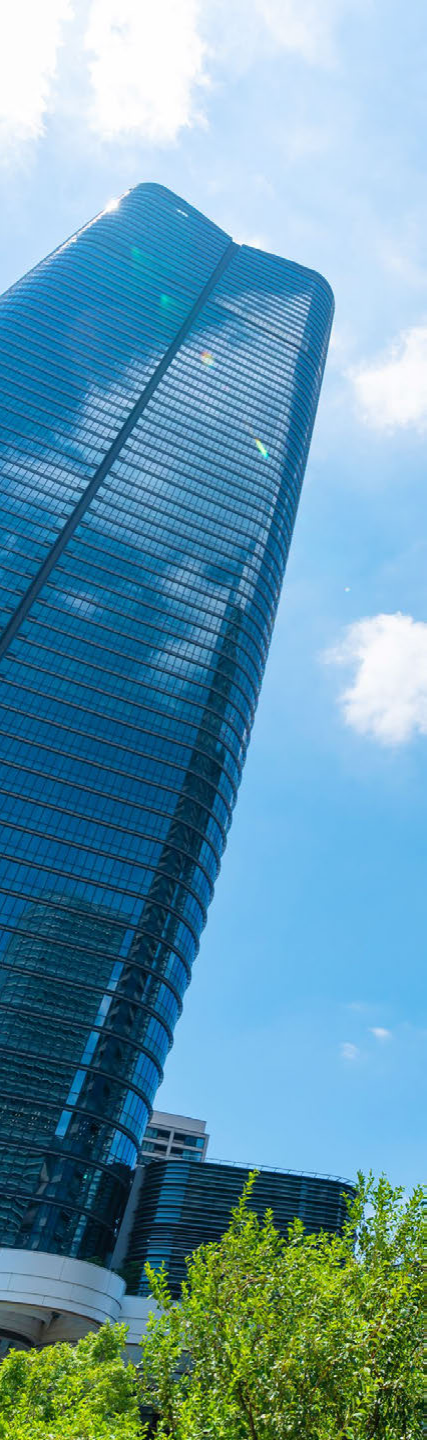


Table of Contents

01

Executive Summary

02

AI in PropTech

03

PropTech Market Update

04

Public Markets

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a clear blue sky with some light clouds. The perspective creates a sense of height and architectural grandeur. The glass reflects the sky and each other, creating a complex pattern of lines and colors.

Executive Summary

01

1H 2026 PropTech Market Update

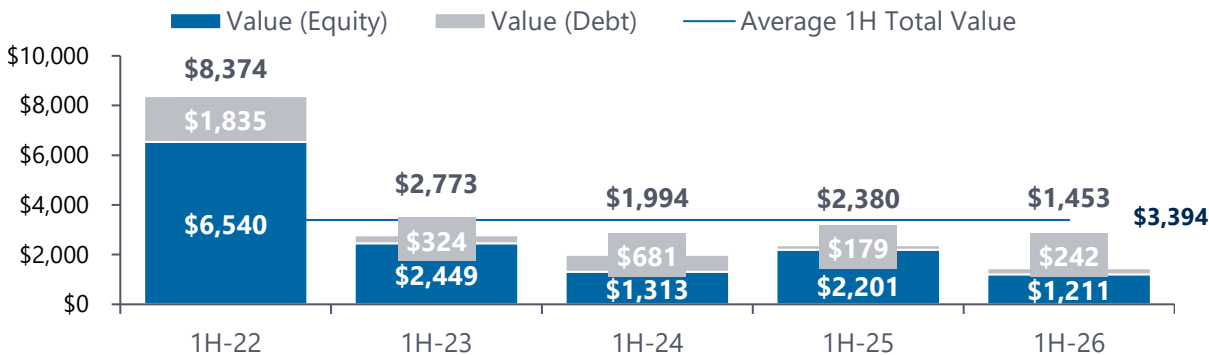
AI-native adoption emerged as the clear capital magnet in 1H 2026, as investors grew more selective across the broader PropTech category.

- Investment activity moderated across PropTech in 1H 2026, as a more selective capital environment took hold and dealmaking concentrated in a smaller number of scaled, AI-defensible platforms, driven by broader concerns around the software/SaaS category.
- Despite continued softness in investment activity, the PropTech market remained resilient, with ~\$1.5 billion in growth equity and debt financing and 49 M&A transactions in 1H 2026.
 - PropTech’s long-term fundamentals remain firmly in place, and the ability to embed AI natively into vertical software across real estate continues to represent a significant driver of future value creation.
 - Significant strategic activity occurred while sponsors pulled back materially, both due to AI-related concerns and credit market tightening.
- Key tech trends include the accelerating adoption of AI-native solutions (across underwriting, construction automation, and property operations), continued demand for embedded payments and financial infrastructure, and greater utilization of proprietary data and predictive analytics across residential, commercial, and construction-related PropTech verticals.
 - Strategics, driven by investors to find growth accelerants, made several significant acquisitions in the period to accelerate the AI roadmap, bring in new datasets, and build out workflow capabilities.

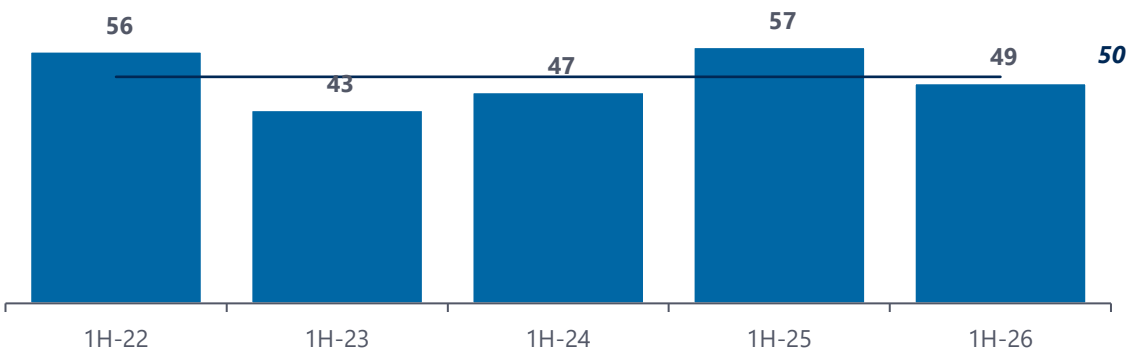
1H 2026 U.S. PropTech M&A Activity and Growth Capital Investment

U.S. PropTech Private Growth Capital Investment—Trailing Five Years

(\$ in Millions)



U.S. PropTech M&A Transactions—Trailing Five Years



Sources: PitchBook, CB Insights, company filings, company websites, press releases.

1H 2026 PropTech Market Update (cont.)

Multiple high-profile PropTech investments and M&A transactions were announced in 1H 2026.

- 1H 2026 saw continued strategic consolidation and select large capital raises in the category, against a softer venture funding backdrop:
 - ~\$1.5 billion in growth equity and debt investment into the U.S. PropTech market in 1H 2026 across ~80 investments, tracking below 1H 2025 levels (~\$2.4 billion).
 - 24 financing rounds of more than \$20 million, 7 of which were more than \$50 million; Kindred, Solar Landscape, and Propy announced significant capital raises.
 - 49 announced M&A transactions in 1H 2026 with more than \$8.0 billion in disclosed deal value; strategic acquirers drove ~80% of activity.

Significant 1H 2026 Capital Raises

 \$125 Million Equity Raised	 Higharc \$95 Million Equity Raised	 \$63 Million Equity Raised
 \$60 Million Equity Raised	 Ownwell \$50 Million Equity Raised	 TRUE FOOTAGE \$40 Million Equity Raised

Significant 1H 2026 M&A Transactions⁽¹⁾

 /  ~\$3.6 Billion	 /  ~\$2.4 Billion	 /  Undisclosed
 /  ~\$880 Million	 /  ~\$800 Million	 /  ~\$717 Million

- PropTech M&A remained resilient in 1H 2026:
 - Strategic acquirers drove M&A activity, with AI capabilities, proprietary data, and workflow expansion increasingly motivating transactions: Autodesk’s ~\$3.6 billion acquisition of MaintainX, Nemetschek’s ~\$2.4 billion combination with HCSS’s U.S. construction assets, Real Brokerage’s ~\$880 million acquisition of RE/MAX, CoStar’s ~\$800 million acquisition of Zonda, and Five Arrows and Vista’s acquisition of StarRez.
 - Software public equities have faced continued pressure in 2026 from investors fearing potential displacement of traditional SaaS vendors by AI and agentic capabilities.
 - Supply/demand imbalance is creating pent-up demand, though investors remain focused on the “Rule of 40” with an emphasis on growth and clear AI attributes, as well as demonstrated AI proof points/in-market products.⁽²⁾

Sources: PitchBook, LSEG, PwC, CB Insights, company filings, company websites, press releases.

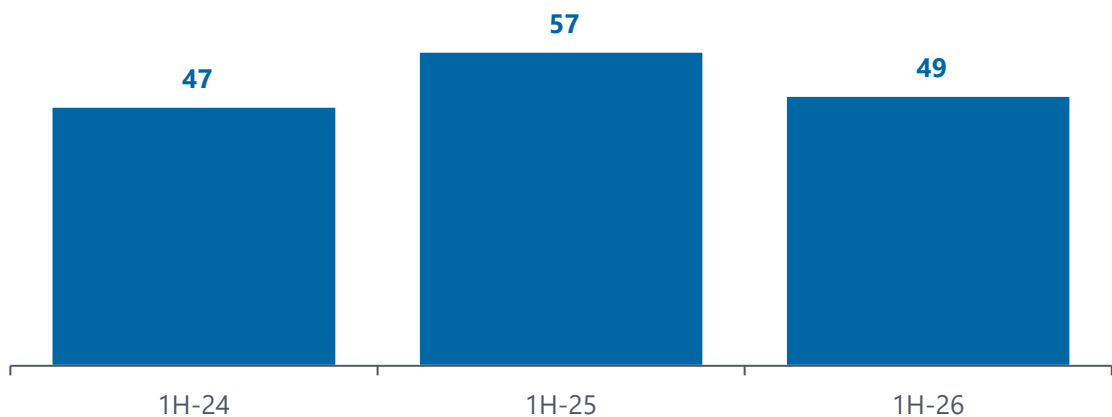
(1) Deal values represent enterprise values.

(2) “Rule of 40” = revenue growth + EBITDA margin.

PropTech M&A Market Remained Active With Continued Consolidation

Strategic acquirers drove approximately 80% of overall activity in PropTech M&A.

U.S. PropTech M&A Transactions—Trailing Three Years



Significant 1H 2026 M&A Transactions



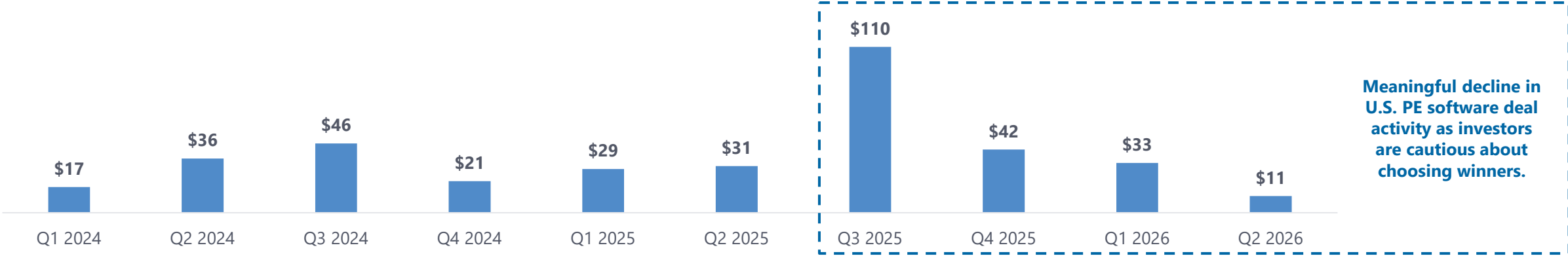
- PropTech M&A activity remained resilient in 1H 2026, with transaction volume broadly in line with recent historical levels despite moderating from an active 1H 2025. Strategic acquirers continued to drive consolidation across key PropTech verticals, representing approximately 80% of overall activity. Looking ahead, Houlihan Lokey anticipates the following:
 - Strategic buyers will remain active in pursuing scaled, complementary platforms that expand product capabilities, strengthen market positioning, and deepen customer relationships.
 - Financial sponsors will continue to deploy capital selectively, concentrating investment behind category-leading assets with recurring revenue, durable retention, and clear paths to profitable growth.

Sources: PitchBook, CB Insights, company filings, company websites, press releases.

M&A Market Momentum for Premium Strategic Assets Against Backdrop of Volatility

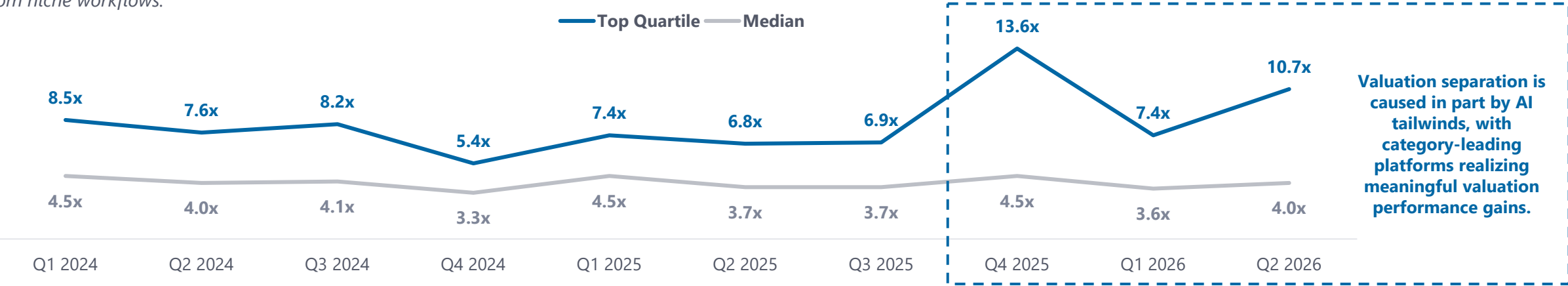
2026 PE Capital Flowing to Large Caps as AI Disruption Stalls Middle-Market Software M&A (U.S. PE Software Deal Activity, \$B)

Overall, software M&A activity remains subdued, with capital concentrated in a limited number of AI-enabled, large-cap businesses commanding premium valuations.



Valuation Separation in Software M&A (Quarterly EV/TTM Revenue Multiples in Acquisitions of Software Vendors)

Valuations continue to tick down. Yet, at the high end of the market, acquisitions are getting more expensive because AI is increasing demand for companies that own proprietary data from niche workflows.



Sources: PitchBook, S&P Global.

Leading Global PropTech Coverage Team

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Leader in PropTech Advisory

 HappyCo has received a significant investment from Lone View Capital Sellside Advisor	Transaction Pending HomeExchange, a portfolio company of Ternel and ISAI, has agreed to secure an investment from Verlinvest Sellside Advisor	 PSG has made a strategic investment in Real Estate Business Analytics (REBA) Buyside Advisor	 Zonda has been acquired by CoStar Group for \$800M Sellside Advisor	 StarRez has received a Strategic Investment from Five Arrows and Vista Equity Partners Sellside Advisor	 PlanHub has been acquired by GrowthCurve Capital Sellside Advisor	 FSI has been acquired by Ultimo, an IFS Company Sellside Advisor	 GTCR has made a Strategic Investment in Clear Capital Buyside Advisor
 AIA Contract Documents, a portfolio company of True Wind Capital, has received a strategic investment from WCAS Sellside Advisor	 Amtech, an affiliate of Peak Rock Capital, has been acquired by Vista Equity Partners Sellside Advisor	 Movoto has been acquired by Lower LLC Sellside Advisor	 FTV Capital has made a significant growth investment in ButterflyMX Buyside Advisor	 Sumeru has made a significant growth investment in JobNimbus, a portfolio company of Mainsail Partners Buyside Advisor	 SingleOps, a portfolio company of FTV Capital, has merged with LMN, a portfolio company of Serent Capital Financial Advisor	 GrowthCurve Capital has acquired Duetto Buyside Advisor	 Eque2, a portfolio company of WestBridge, has received investment from Bowmark Capital Sellside Advisor
 Next One Technology, a portfolio company of Monterro, has been acquired by EQT Sellside Advisor	 Treetop, a portfolio company of Nedvest Capital, has been acquired by ECI Software Solutions Sellside Advisor	 Stirling Square Capital Partners, has acquired Infobric, a portfolio company of Summa Equity Buyside Advisor	 BoomTown ROI, LLC has been acquired by InsideRe, LLC Sellside Advisor	 GeoPhy B.V. has been acquired by Walker & Dunlop, Inc. Sellside Advisor	 StarRez, Inc. has received a strategic growth investment from Vista Equity Partners Sellside Advisor	 ShowingTime has been acquired by Zillow Group Sellside Advisor*	 Remine has been acquired by MLS Technology Holdings, LLC Sellside Advisor*

= LTM Transactions

Tombstones included herein represent transactions closed from 2021 forward.

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.

Houlihan Lokey Advises Zonda on Its Sale to CoStar Group for \$800M

Transaction Overview




Zonda has been acquired by CoStar Group for \$800M

Sellside Advisor

Houlihan Lokey acted as the lead financial advisor to Zonda on its sale to CoStar Group.

- On May 29, 2026, Zonda, a portfolio company of MidOcean Partners, announced it had entered into a definitive agreement to be acquired by CoStar Group for \$800 million in cash.
- Zonda is a provider of new home construction data, homebuilder software, and residential real estate marketplaces, serving builders, developers, suppliers, and lenders across North America.
- The acquisition brings Zonda’s industry-leading B2B information platform and new homes marketplace into CoStar Group’s global real estate technology ecosystem.

Selected Transaction Commentary

“Zonda has built an extraordinary business with deep relationships across the homebuilding industry and one of the most valuable proprietary datasets in new home real estate. This acquisition extends CoStar Group’s leadership into a major new segment of the real estate industry.”

—**Andy Florance**, Chief Executive Officer, CoStar Group



“Zonda is a trusted partner to its customers and a trusted source of intelligence across the market. We are incredibly proud of what we have built together with the Zonda team, and we look forward to watching the company’s continued success as part of CoStar Group.”

—**Sara Badham**, Managing Director, MidOcean Partners



Sources: Company websites, press releases.

Zonda Highlights

3,000+

Customers Across the Homebuilding Ecosystem

104%

Net Revenue Retention

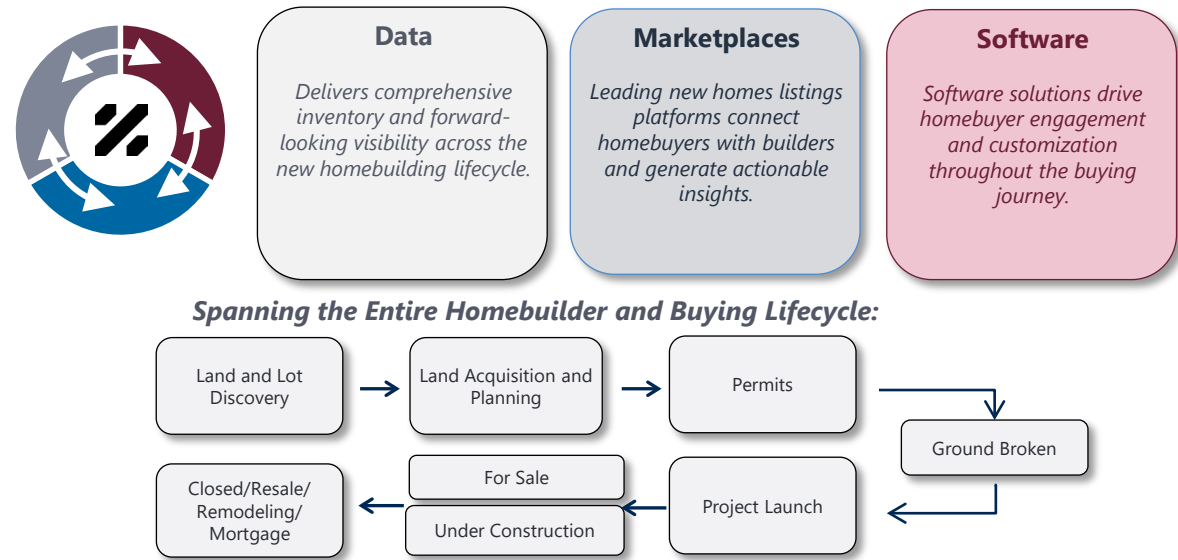
\$1T/500+

Economic Activity/Unique Housing Metrics Tracked in Zonda Data Platform

No. 1

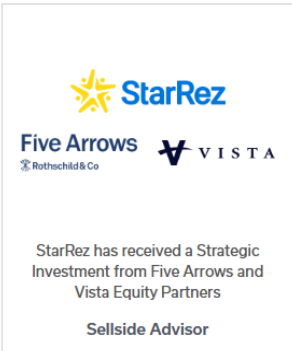
New Homes Marketplace

Zonda’s End-to-End Platform Across Homebuilding Lifecycle



Houlihan Lokey Advises StarRez on Its Strategic Investment From Five Arrows and Vista Equity Partners

Transaction Overview



Houlihan Lokey acted as the financial advisor to StarRez on its strategic investment from Five Arrows and Vista Equity Partners.

- On January 15, 2026, StarRez announced its strategic investment from Five Arrows and Vista Equity Partners (existing investors).
- StarRez is a global leader in on- and off-campus student housing software, providing mission-critical solutions to higher education institutions and property management companies.
- The new investment supports StarRez’s continued expansion of its product platform, acceleration of innovation, and global growth initiatives.

StarRez Highlights

1,300+
Customers in 25+ Countries

917K+
Monthly Active StarRez Cloud Users

3M+
Residents Managed

30+
Years of Innovation

Category-Defining Student Accommodation Management Software Platform

Selected Transaction Commentary

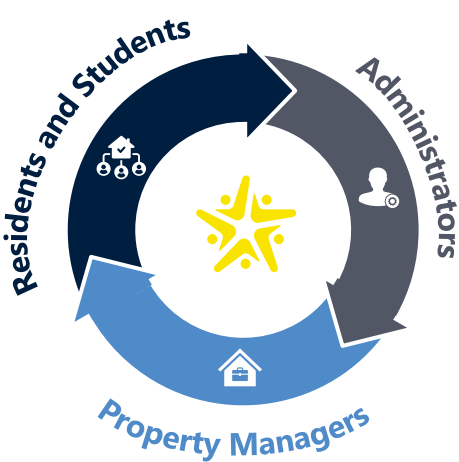
“We’re grateful for Vista’s continued partnership and welcome Five Arrows as a long-term investor—together, we will accelerate product innovation, broaden our product range, and strengthen global delivery so universities and housing providers can focus on the people they serve.”

—**Jason Day**, Chief Executive Officer, StarRez



“StarRez has built a strong, market-leading platform and has a clear vision for the future... We are privileged to partner with Jason, the executive team, and Vista Equity Partners to support the company in this next growth chapter.”

—**Vivek Kumar**, Partner, Five Arrows



-  **Housing and Roommate Management**
-  **Bookings and Appointments**
-  **Resident Portal and Support**
-  **Community Management and Operations**
-  **Conference and Events**
-  **Billings and Payments Automation**

Sources: Company websites, press releases.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a clear blue sky with some light clouds. The perspective creates a sense of height and architectural grandeur. The glass reflects the sky and each other, creating a complex pattern of lines and colors.

AI in PropTech

02

Investors Are Still Defining ‘Winning’ AI Metrics

The market has yet to settle on a standard way to measure AI impact, with each theme assessed based on both revenue generated and costs saved.

- The enterprise AI transition is moving from thesis to measurement, with AI emerging as both a revenue growth and margin expansion story.
- AI monetization evidence is clear, though metrics are not standardized industry-wide; every AI-related investment theme, from agentic product launches to internal AI adoption, is scored against the same core question: “Is this converting into measurable revenue or measurable efficiency?”
- Themes are tracked consistently over time, so progress can be compared across companies, even before the market settles on standardized AI metrics.

Topline Metrics

- ✓ **AI-attached ARR growth.**
- ✓ **Usage or consumption-based repricing outpacing flat seat counts, signaling real workflow adoption.**
- ✓ **Net retention and contract-length lift among AI adopters.**
- ✓ **Cross-sell and upsell attach rates for AI modules.**
- ✓ **Pipeline and bookings growth tied specifically to AI-native or agentic product lines.**
- ✓ **Average deal size and win-rate improvement where AI is part of the pitch.**



Cost/Expense

- ✓ **R&D headcount needed per \$10 million of revenue is trending down as AI-assisted development lifts engineering throughput.**
- ✓ **R&D expense as a share of revenue is declining even as product roadmaps expand.**
- ✓ **Customer success capacity is expanding—more ARR supported per CSM at a lower cost-to-serve.**
- ✓ **CSM expense as a percentage of revenue is declining as the books of business grow.**
- ✓ **Support ticket backlog and deflection is improving through AI-driven automation.**



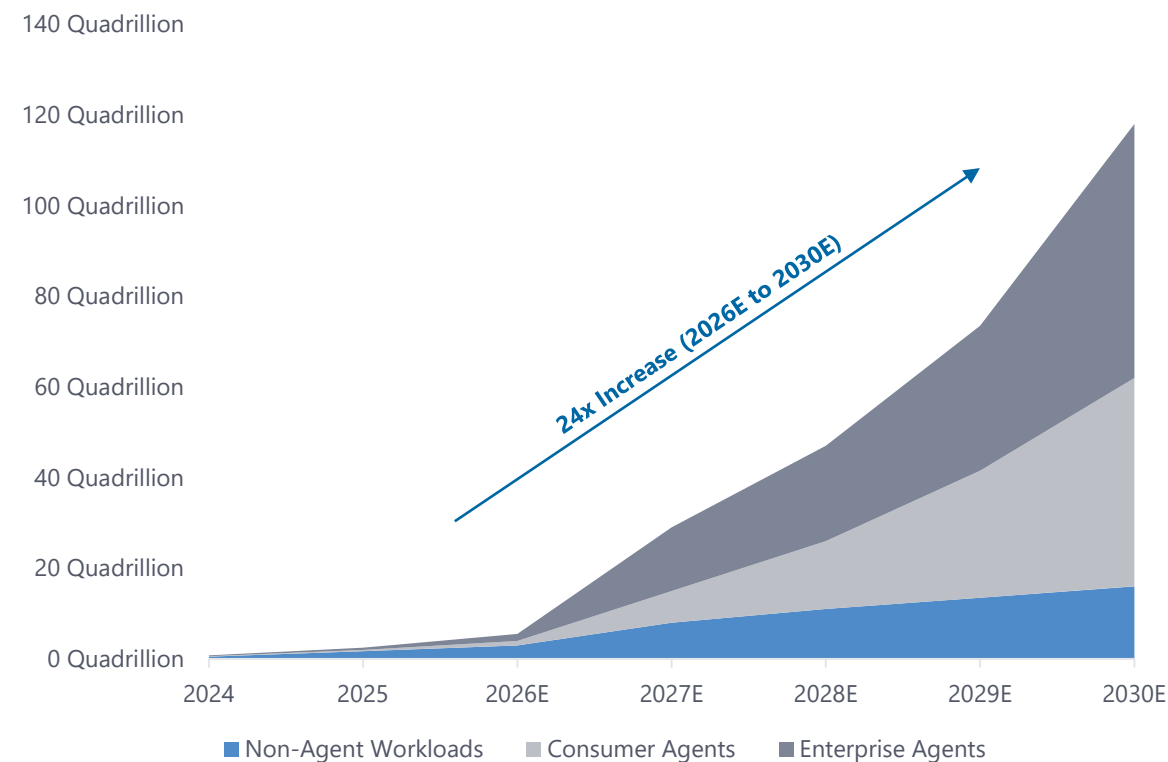
- **The strongest theses combine both:** durable revenue growth from AI-native product value, paired with margin expansion from AI adoption inside the operating model.

AI Is Rapidly Evolving, Impacting Structural Monetization Globally

Agentic AI is expected to drive a 24-fold increase in token consumption by 2030 as consumers and enterprises adopt the technology.

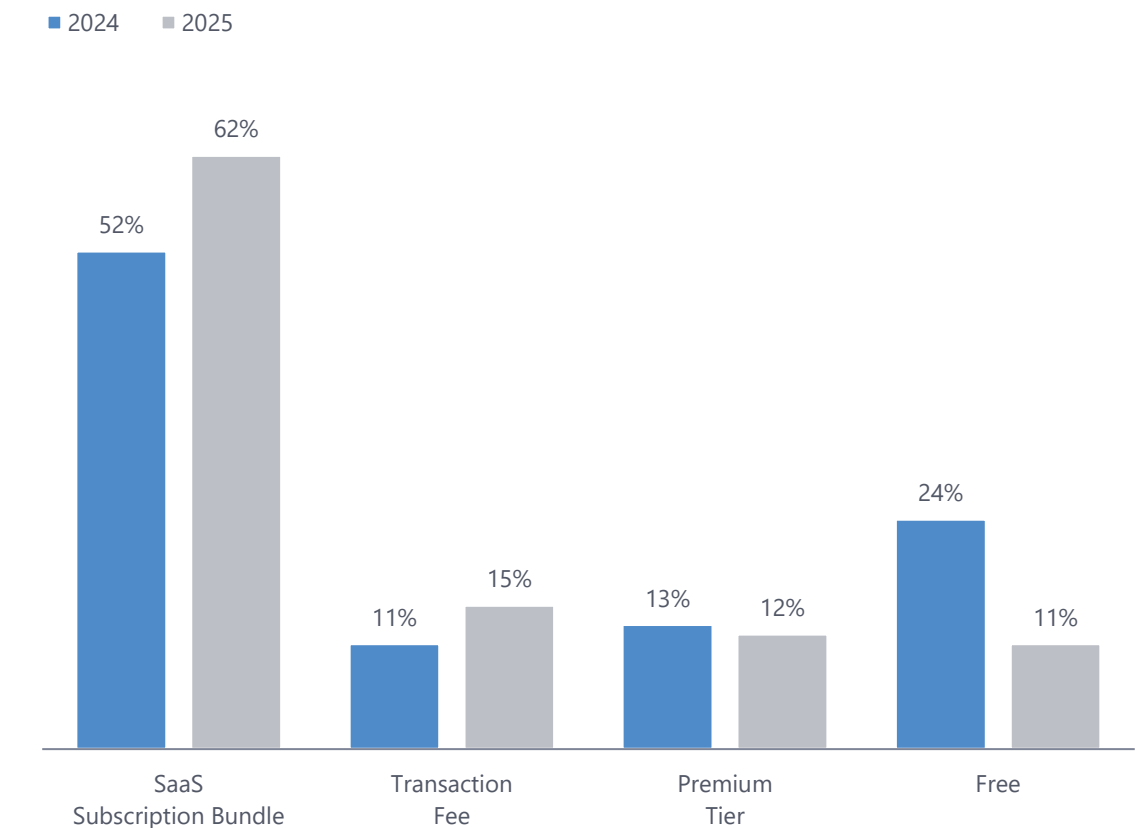
Token Use by AI Agents Is Expected to Multiply 24 Times by 2030

Estimated Monthly Token Count for Agentic AI Applications⁽¹⁾



Distribution of AI Monetization Models

AI Product Monetization Structures⁽²⁾



(1) Goldman Sachs, 'AI Agents Forecast to Boost Tech Cash Flow as Usage Soars', May 20, 2026.

(2) Tidemark, '2025 Vertical & SMB SaaS Benchmark Report'.

Value Now Driven by AI Defensibility/Opportunity

Companies scored on vectors that determine whether a software company's moat remains strong or is eroded by AI.



Source: M3 Partners: The SaaS Apocalypse: Navigating AI Software Disruption – Part I.

AI Has Raised the Bar Across Every Investment Metric for Software Businesses

Software attributes have shifted over the past year, changing the investment landscape.

	2025 and Prior		Now
Market			
TAM/End Market	Large, unpenetrated	➡	“AI insulated”
Market Leadership	Top 5		Top 1 or 2 with AI leadership position
Horizontal vs. Vertical	Both		Vertical category leaders
Retention			
GRR	SMB > 80%; Ent. >90%	➡	SMB > 90%; Ent. >95%
NRR	SMB > 100%; Ent. >105%		SMB > 110%; Ent. >110%
Financial			
Growth	20%–30%	➡	>35%
EBITDA Margin	Burn is okay		Has to be profitable
‘Rule Of’	40		60
Technical			
Technical Leadership	Seasoned, combo of “maintain” + “innovate”	➡	AI-first, ruthless
Tech Debt/Modernization	Some tech debt is okay		Modern
AI Products	In roadmap		In customers’ hands
Engineering Talent	Experienced, PE “best practices”		AI native, extremely efficient/scalable, high velocity
Data/Data Readiness	Large data lake		First party, proprietary data; easily accessible with usability rights

Source: Market insights.

AI Is Driving Innovation Across the PropTech and Construction Technology Landscape

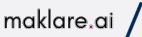
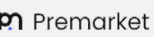


PropTech

AI Initiatives and Use Cases⁽¹⁾

-  Deploy agentic AI “digital teammates” to handle tenant inquiries, maintenance dispatch, and rent anomaly detection.
-  Compress underwriting from ~1 week to ~90 minutes and cut due diligence costs 20%–35% with real-time valuation models.
-  Consolidate fragmented point solutions into unified, end-to-end platforms with a single AI-driven interface.
-  Deploy AI-driven building ops and digital twins to predict equipment failures and optimize energy across large portfolios.

Selected AI Transactions

 /  Acquisition	 /  Financing	 /  Acquisition
 /  Financing	 /  Acquisition	



Construction Technology

AI Initiatives and Use Cases⁽²⁾

-  Embed AI in daily field workflow: Nearly half of professionals now use AI daily to forecast delays and protect margins.
-  Pair computer-vision site monitoring and reality capture with trade-specific robotics for rebar, facade, and welding work.
-  Automate documentation, RFIs, and draw processes—construction FinTech is among the fastest-growing subsectors.
-  Apply underwriting-grade risk analytics to mega-projects across data center, semiconductor, and energy construction.

Selected AI Transactions

 /  Acquisition	 /  Financing	 /  Acquisition
 /  Acquisition	 /  Acquisition	 /  Financing

(1) JLL 2026 Global Real Estate Outlook Reports.
(2) 2026 AI Construction Trends: 25+ Experts Share Insights, Autodesk.

Industry Voices Echo AI's Growing Role Across PropTech and Construction Technology



PropTech

Select AI Transaction Commentary

 / 

Acquisition

"We're entering the next phase of the industrial revolution, where digital intelligence is as critical as the physical systems themselves, and the companies that leverage the power of AI to streamline processes, cut costs, and unlock new customer value will win."⁽¹⁾

Vijay Sankaran, Chief Digital and Information Officer, Johnson Controls



 / 

Financing

"We've already started to see the shift. Underwriters are no longer spending their days processing information. Instead, they're making decisions. AI agents execute the work end-to-end. Humans focus on judgment, portfolio performance, and market opportunities."⁽²⁾

Alex Schmelkin, Founder and Chief Executive Officer, Sixfold





Construction Technology

Select AI Transaction Commentary

 / 

Acquisition

"Our goal with MaintainX is to bring deep operational expertise, contextual data, and workflows that enhance our ability to use AI to converge digital and physical worlds."⁽³⁾

Andrew Anagnost, President and Chief Executive Officer, Autodesk



 / 

Acquisition

"By integrating Datagrid's AI and deep search capabilities, we will enable customers to bridge the gaps between siloed data and initiate actions across their entire ecosystem. This connectivity unlocks the true value of construction data, allowing our customers to innovate faster and focus on building the world around us."⁽⁴⁾

Steve Davis, President of Product and Technology, Procore



(1) Johnson Controls, 'Johnson Controls Acquires Nantum AI to Accelerate AI-driven Energy Optimization and Control Capabilities Within OpenBlue', 2026.

(2) Sixfold, 'Sixfold Raises \$30M Series B', 2026.

(3) PR Newswire, 'Autodesk to Acquire MaintainX, Advancing Unified Platform in Operations', 2026.

(4) Construction Dive, 'Procore Acquires Vertical AI Firm', 2026.

AI Is Embedding Across Every PropTech Vertical as the Market Scales at a ~23% CAGR

Key Themes in PropTech⁽¹⁾

Multi-Family



With rent growth muted and operators prioritizing occupancy and renewals over pricing, platforms are deploying agentic AI to handle tenant inquiries, maintenance dispatch, and rent anomaly detection—defending NOI through efficiency while mortgage lock-in keeps rental demand strong.

Residential/Mortgage



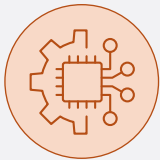
As “The Great Stay” thaws and home prices flatten, residential platforms are compressing the purchase and financing journey. AI underwriting is cutting lending decision times by up to 80%, while valuation models pull live market signals instead of static comps.

Commercial/Facilities



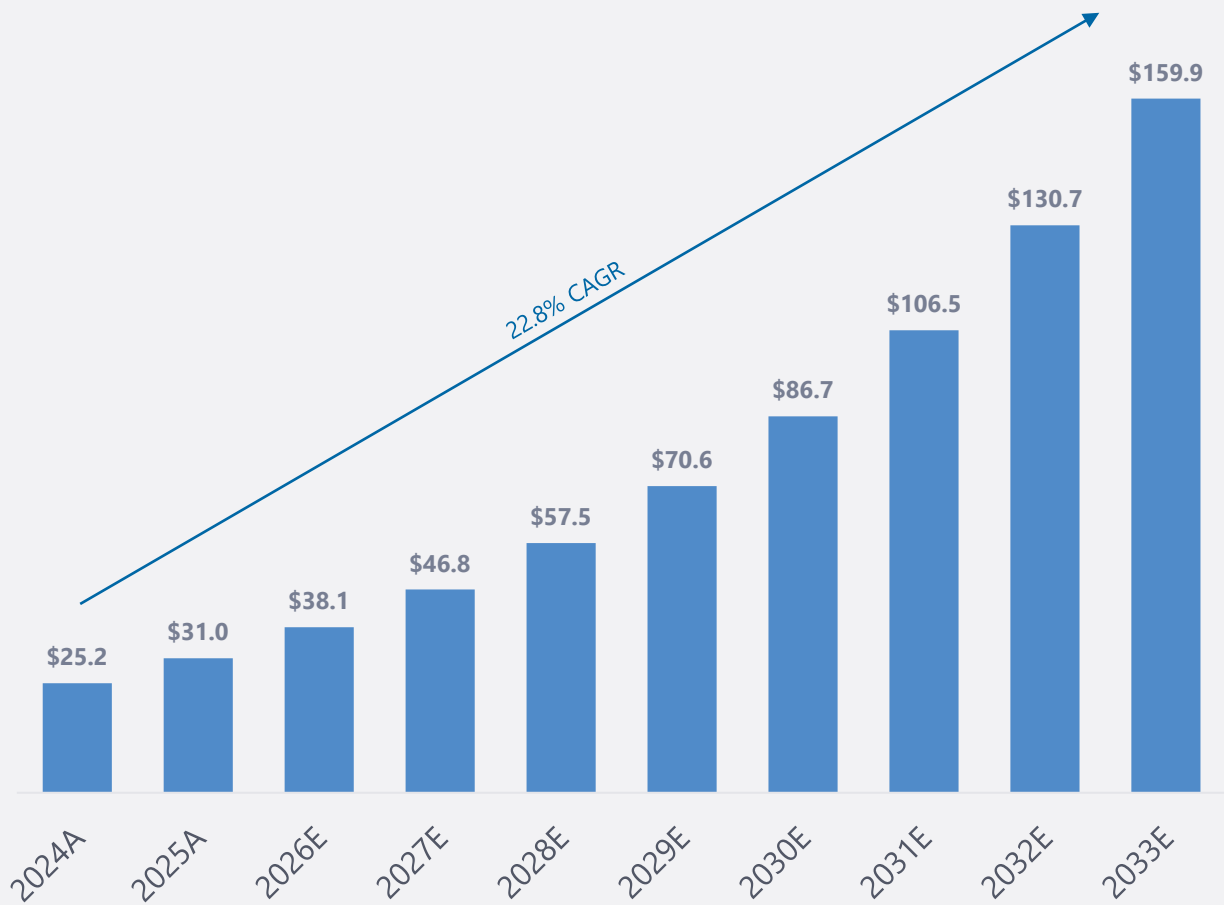
Commercial operations are shifting from pilots to predictive facilities management at scale—now deployed across roughly a billion square feet—with smart HVAC/IoT energy data tied directly to financing terms and valuations as AI workloads drive power demand.

(1) Multimodal, ‘Automated Underwriting in 2026: How Top Lenders Are Cutting Approval Times by 80%’.
(2) MEV, ‘AI in PropTech and Real Estate 2025: Trends and Use-Cases’, 2025.



AI-Powered PropTech Is a Young, Growing Market

Projected Global AI in PropTech Market Size (\$B)⁽²⁾

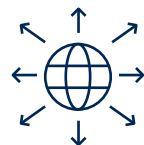


Construction Tech Is Adopting AI Fast, but the Payoff Is Still Ahead



Key Themes in Construction Technology⁽¹⁾

Data-Driven Project Management



AI adoption is accelerating, with **61% of contractors using AI or increasing AI investment in 2026** (up from 44% in 2025), led by office and admin (45%), estimating (23%), and design/preconstruction (20%) use cases.

Targeted Robotics and Reality Capture



Robotics adoption is **targeted, not sweeping**. Rebar, facade, and welding robots, plus reality-capture drones and scanners, are seeing **real trade-specific deployment**, while fully autonomous “lights-out” job sites remain unrealistic.

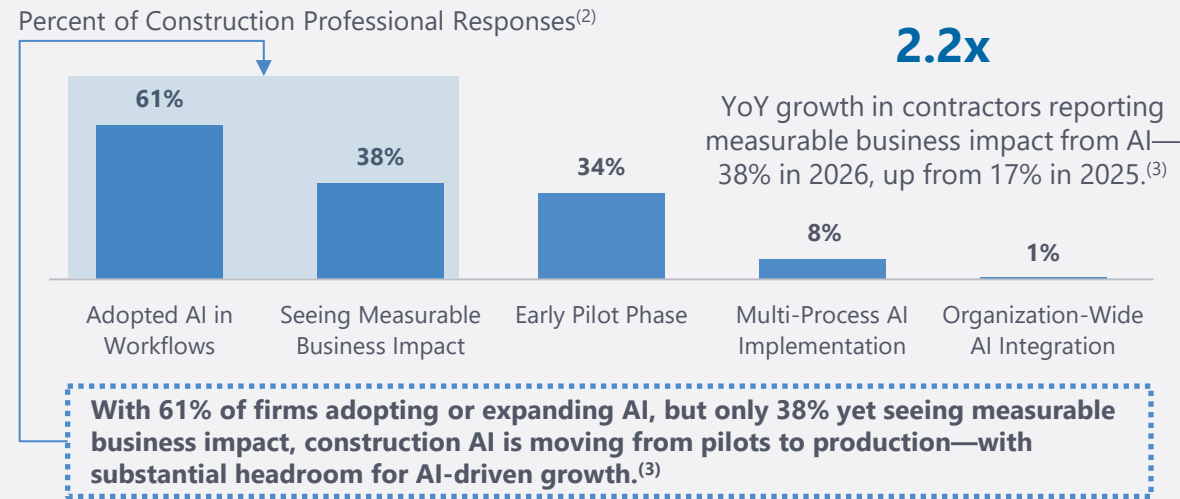
Modular, Prefab, and Adaptive Reuse



Modular and prefab construction is hitting **mainstream scale, cutting on-site waste 50%–90%, as office-to-residential conversions** and aging-building retrofits have become a meaningful share of activity rather than an edge case.

(1) AGC of America and Sage, ‘Construction Hiring & Business Outlook, January 2026’, 2026; Zacia Ventures, ‘Construction Robotics Report 2026’, April 2026.
(2) Siana Marketing, ‘AI Adoption in Construction: 2026 Market Statistics and Industry Trends’, FMI; Provision/ENR 2026 analysis.
(3) AGC of America and Sage, ‘Construction Hiring and Business Outlook, Jan. 2026’, 2026; ServiceTitan, ‘Commercial Specialty Contractor Industry Report’, March 2026.
(4) Provision/ENR survey data, ‘AI Adoption in Construction: Key Statistics and Trends for GCs in 2026’, June 2026.

There Are Significant AI Adoption Efforts in Construction Tech



AI Can Help Alleviate Critical Pain Points⁽⁴⁾

- 1 Costly Rework and Design Errors**
Bad project data and undetected plan conflicts drive an estimated \$31 billion in annual rework losses. AI tools scan drawings and documents to catch errors, omissions, and coordination clashes before they become change orders in the field.
- 2 Jobsite Safety Incidents**
Construction accounts for roughly 1 in 5 U.S. workplace deaths. AI-powered computer vision continuously monitors jobsites for hazards, PPE compliance, and unsafe behavior—with 2026 data showing AI tools cutting incident rates by nearly half.
- 3 Project Data Buried in Thousands of Documents**
Field teams lose hours hunting for answers across drawings, specs, submittals, and RFIs. Agentic AI assistants now answer jobsite questions instantly from project documents, compressing tasks like scope development from 30+ hours to under 1.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a clear blue sky with some light clouds. The perspective creates a sense of height and architectural scale. The glass reflects the sky and surrounding environment.

PropTech Market Update

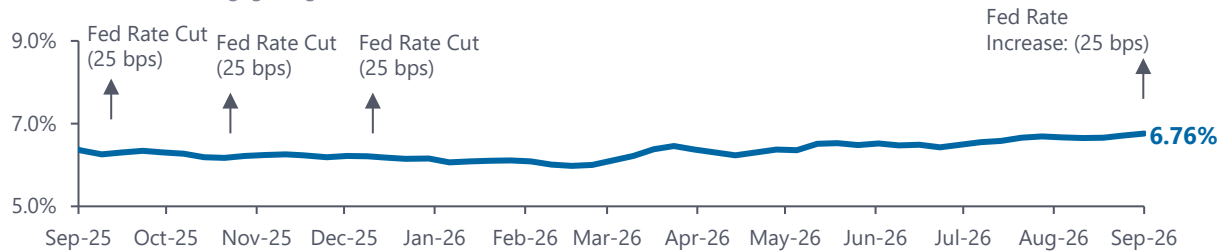
03

Macro Uncertainty Persists as the Housing Market Seeks a Recovery

The housing market remains in a prolonged period of subdued activity, with elevated mortgage rates continuing to limit transaction volumes.

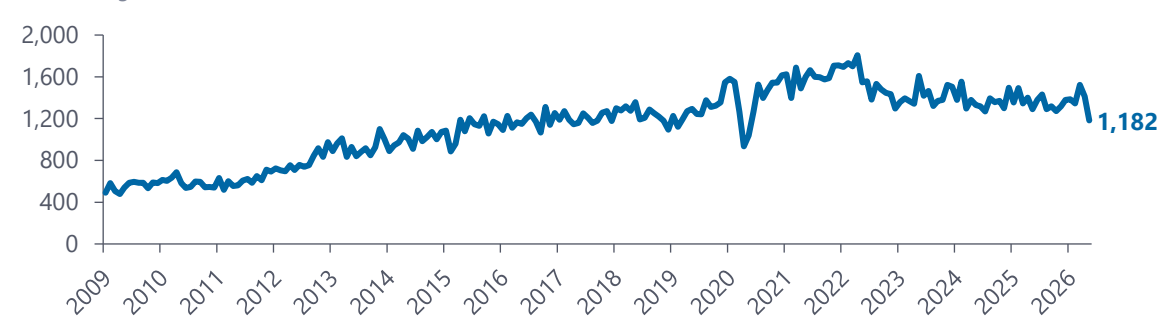
1 Mortgage Rates Ended September 10, 2026, at 6.8%

Despite decline through early 2026, rates have rebounded and are expected to end 2026 at ~6.8%.⁽¹⁾
30-Year Fixed Rate Mortgage Avg.⁽²⁾



2 Housing Starts Remain Muted as Builders Navigate Affordability Headwinds

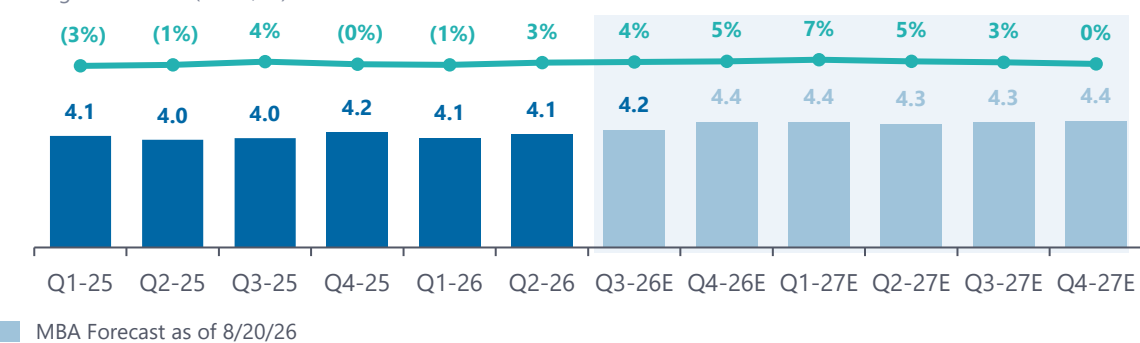
U.S. Housing Starts (000s)⁽³⁾



3 Lock-In Effect Continues to Weigh on Existing Home Sales Activity

Elevated mortgage rates continue to temper recovery expectations for existing home sales.

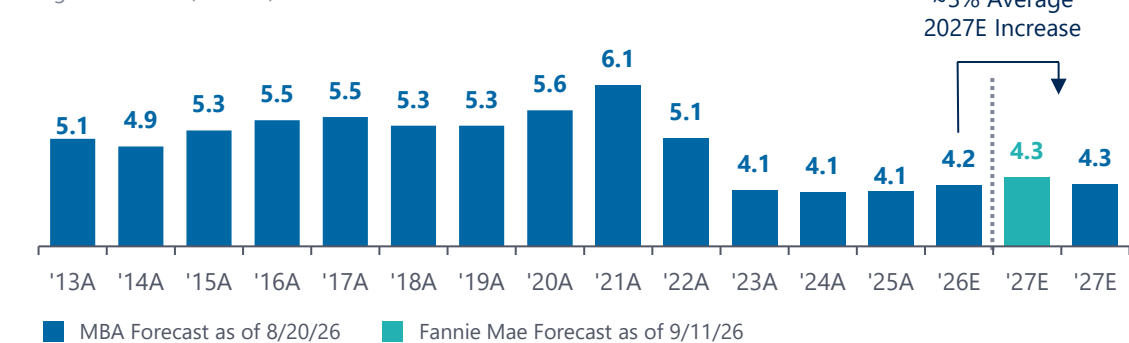
Existing Home Sales (SAAR, M) and YoY Growth⁽⁴⁾



4 Existing Home Sales Expected to Stay Flat Near Multi-Year Lows

Sales expected to remain subdued in 2026 but may progress in 2027.

Existing Home Sales (Millions)⁽¹⁾⁽⁴⁾



(1) Fannie Mae as of September 2026.
(2) Federal Reserve Economic Data.

(3) Federal Reserve Economic Data as of July 2026.
(4) Mortgage Bankers Association (MBA) as of August 2026.

High Mortgage Rates Continue to Lock In Existing Homeowners, Stifling Resale Inventory

Low-rate owners are hesitant to sell, leading to resale inventory being constrained.

1 Mortgage Rates Remain Elevated Near Multi-Decade Highs

30-Year Fixed Rate Mortgage Avg. as of 09/10/26⁽¹⁾



3 Home Remodeling Activity Is Outperforming New Construction

Mortgage lock-in and record-high home equity have channeled homeowners' disposable income into renovations, with **remodeling's share of overall spending in the residential housing sector rising from 33% in 2007 to roughly 45% in late 2025.**⁽⁵⁾

- While new single-family housing starts remain constrained by builder supply-chain hurdles and financing costs, **homeowner spending on improvements is projected to reach an unprecedented \$518 billion by the end of 2026.**⁽⁶⁾

(1) Federal Reserve Economic Data.
(2) Realtor.com.
(3) NAR.
(4) Coldwell Banker.

(5) National Association of Home Builders.
(6) Joint Center for Housing Studies of Harvard University.
(7) Federal Reserve Economic Data.

2 Existing Homeowners Remain Reluctant to Sell, Pressuring Prospects

~40 Years

Median age of first-time home buyers, as affordability struggles price out many younger families.⁽²⁾

43.1%

Proportion of homeowners who have not moved in 15 years or longer.⁽³⁾

~11 Years

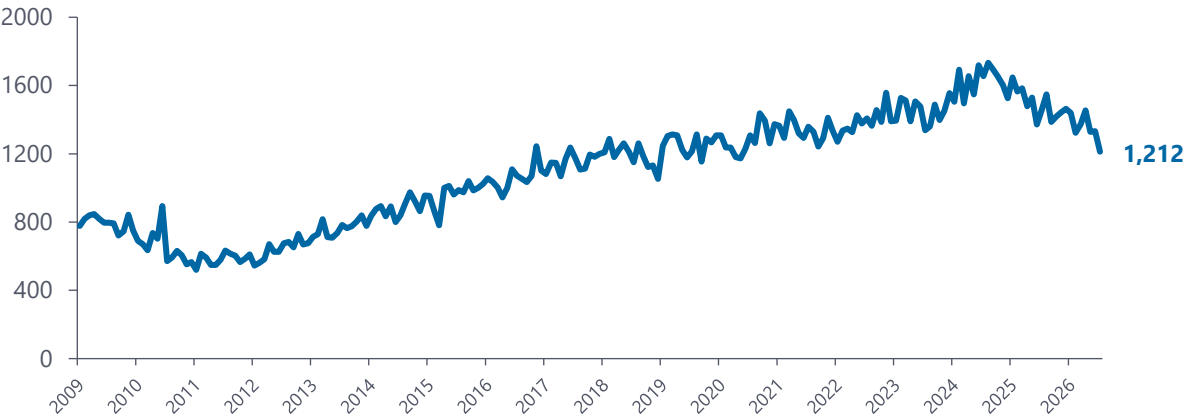
Median ownership duration for home sellers—an all-time high.⁽³⁾

~61%

Of agents surveyed nationally say the lock-in effect remains a major or moderate factor for their sellers.⁽⁴⁾

4 Decrease in Both Existing and New Home Market Limits Demand Broadly for New Home Purchases

U.S. Housing Completions (000s) as of 09/10/26⁽⁷⁾

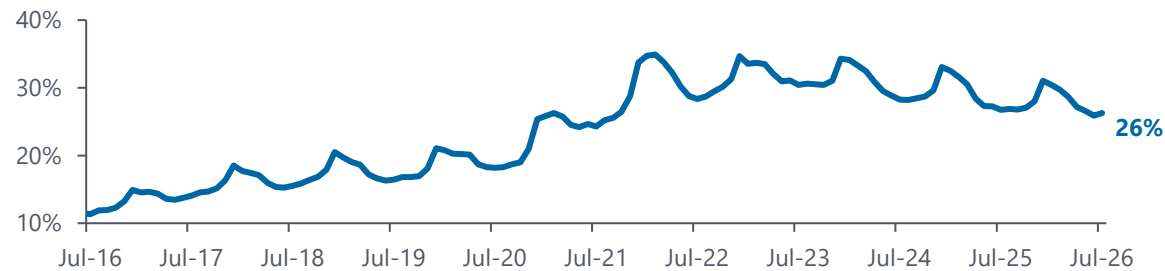


Expected Slowdown in Growth for New Single-Family Home Construction

Forward-looking indicators point to a construction slowdown, as reflected in declining starts and constrained equity performance.

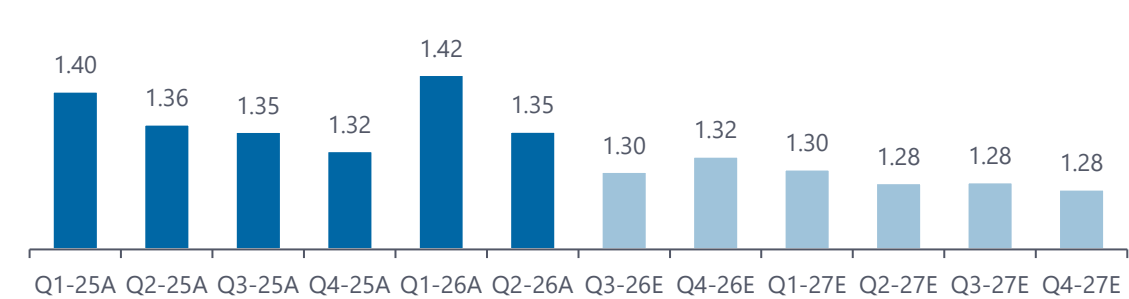
1 Share of New Build for Sale Showing Gradual Decline from 2022 High

U.S. New Single-Family Homes Share of Single-Family Homes for Sale⁽¹⁾



2 Housing Starts Expected to Decrease in 2026

Housing Starts (Millions)⁽²⁾



3 Leading and Current Indicators Show Continued Construction Pressures

Single-family permits fell 1.2% year over year on an annualized rate. Correspondingly, **construction declined in Q2 2026 with core counties of large metros contracting 13.9% year over year.**⁽³⁾

- Macroeconomic uncertainty, supply and workers constraints, and lock-in effects are expected to dampen overall industry growth.

4 Government Steps in to Stimulate Supply

- The 21st Century ROAD to Housing Act, the largest housing bill in decades, was enacted in July 2026 and aims to counter the construction slowdown by cutting regulatory barriers and redirecting federal funding to spur new homebuilding supply.

40+ Provisions

aimed at boosting construction by cutting regulations and streamlining approvals.⁽⁴⁾

\$5k–\$10k per Home

cut from construction costs by removing the manufactured-home chassis requirement alone.⁽⁵⁾

(1) Federal Reserve Economic Data.

(2) MBA as of August 2026.

(3) National Association of Home Builders.

(4) CBS, 'Bipartisan Housing Bill Automatically Becomes Law After Trump Refuses to Sign it', 2026.

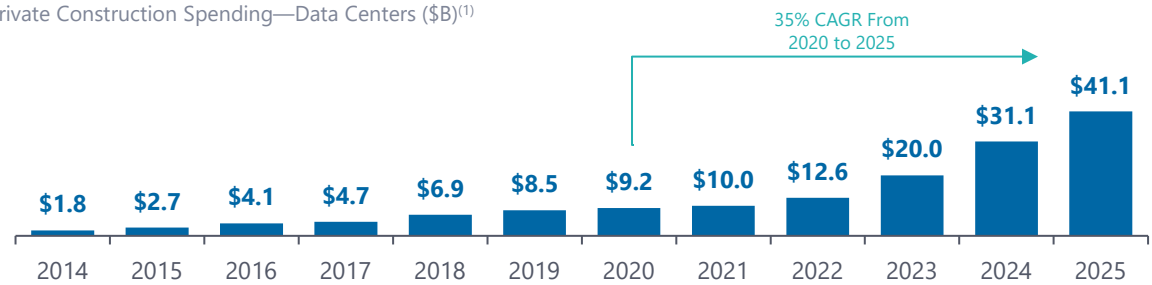
(5) NPR, 'Congress Passes the Largest Housing Affordability Bill in Decades—and Trump Cancels the Signing', 2026.

Key Subsegment Trends: Nonresidential Construction

Growth and capital are concentrating in demand-backed subsegments such as data centers, healthcare, and senior housing, while office and hotels fall out of favor.

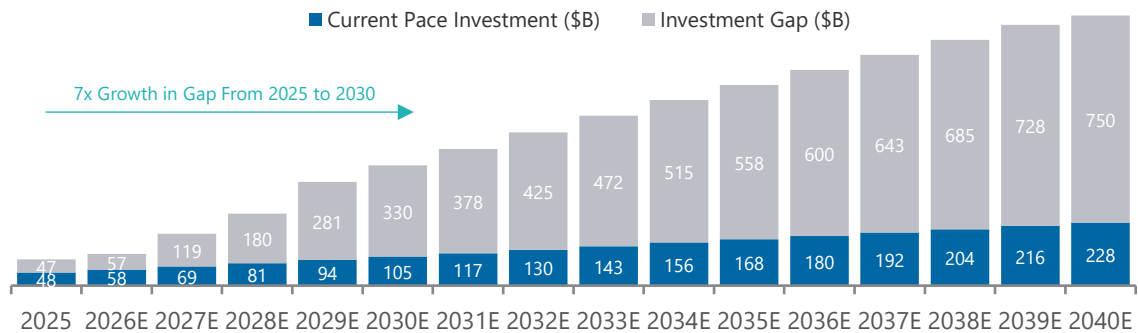
1 Data Center Construction Driving Nonresidential Spend

Data centers now account for 52% of all U.S. private office construction, eclipsing traditional offices.
Private Construction Spending—Data Centers (\$B)⁽¹⁾



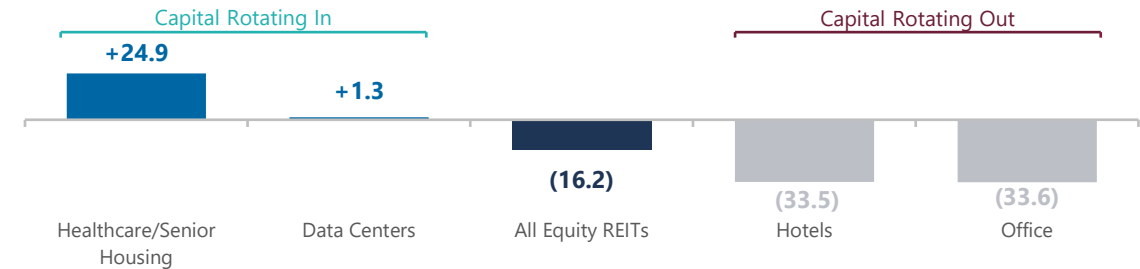
3 Despite Surging Investments in Senior Housing, the Supply Gap Is Forecasted to Grow

Capital deployment in senior housing isn't keeping up with the aging population.
Senior Housing Investment and Gap (\$B)⁽³⁾



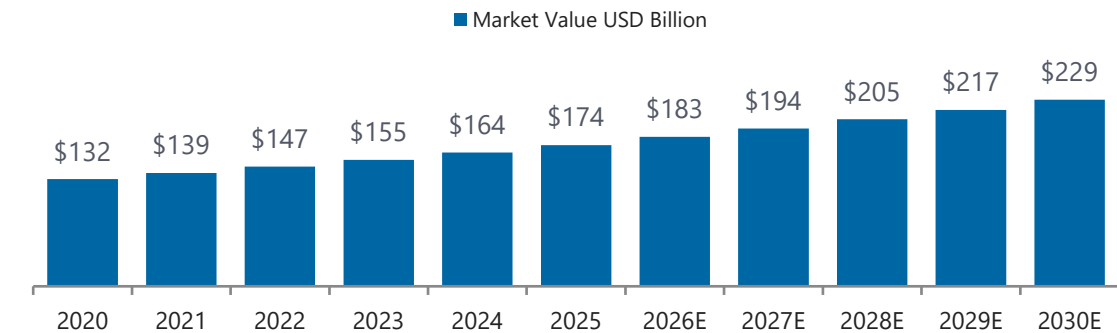
2 Premiums Are Building on Healthcare and Data Center Capital, While Hotels and Office Trade at the Steepest Discounts

Despite REITs trading at a median 16.2% discount to NAV, senior housing hold premiums.
Median Premium/(Discount) to Consensus NAV by U.S. REIT Sector (%)⁽²⁾



4 Modular and Prefabricated Construction Hits Mainstream Scale

Meaningful growth in prefabricated construction.
Market Value in \$B⁽⁴⁾



(1) Statista as of April 2026.
(2) S&P Global as of February 2026.

(3) NIC Map Data, U.S. Census Bureau, June 2026.
(4) Customrock, June 2026.

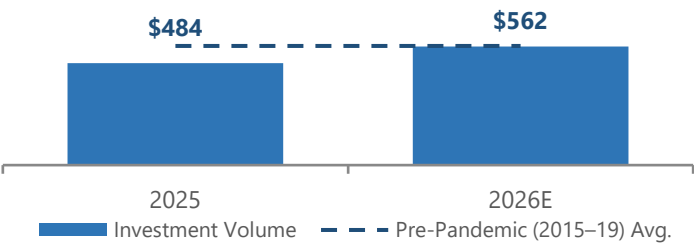
Key Subsegment Trends: Commercial Real Estate (CRE)

The CRE market has entered a new cycle: Vacancy has peaked, investment is reaccelerating toward pre-pandemic levels, and record conversions are shrinking obsolete supply.

1 Investment Activity Reaccelerating Toward Pre-Pandemic Levels

Improving debt markets and stabilized pricing are expected to drive a sharp recovery in transaction volume in 2026.

U.S. Commercial Real Estate Investment Volume (\$B)⁽¹⁾

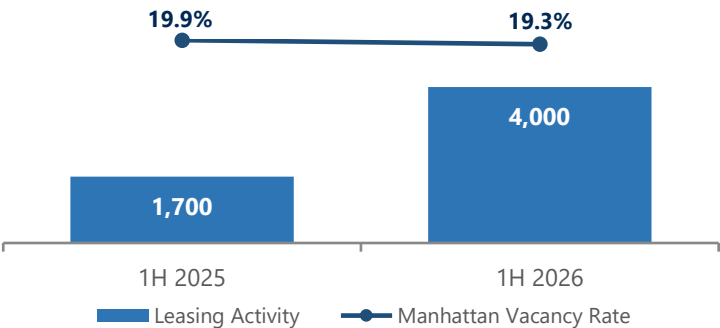


CBRE forecasts investment volume to **rise 16% in 2026 to \$562 billion**, nearly matching the pre-pandemic annual average—with **74% of investors planning to buy more assets** than last year.⁽¹⁾

3 AI-Sector Demand Fuels NYC Office Leasing Recovery Through 1H 2026

Downtown leasing more than doubled year over year while Manhattan vacancy fell to its lowest level since 2021.

Manhattan Downtown New Office Leasing (000s SF) and Overall Vacancy (%)⁽³⁾

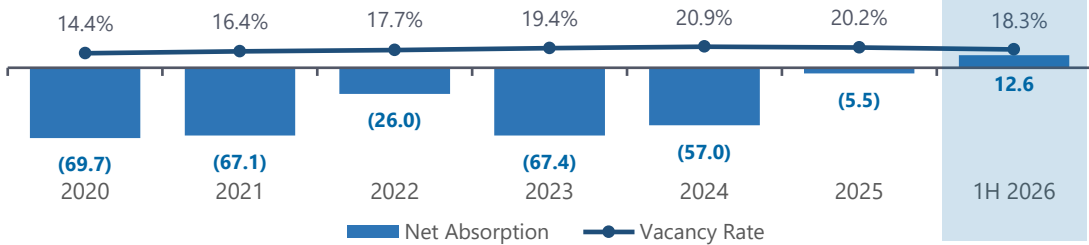


In 1H 2026, downtown New York City new leasing **rose 138% year over year to 4.0 million square feet, the highest mid-year total since 2019**, while Manhattan vacancy fell 60 bps to **19.3%, its lowest since Q3 2021**, and sublease supply hit a six-year low.⁽³⁾

2 AI-Driven Leasing Demand Pushes Office Net Absorption Positive

Net absorption reached more than 12.6 million sq. ft. in Q2 2026, as net absorption turned positive.

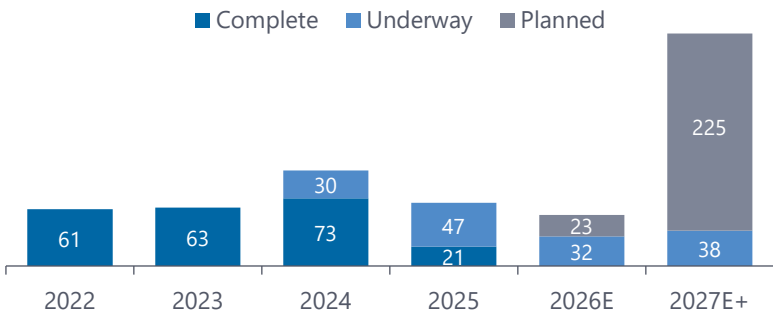
U.S. Office Market Net Absorption (Sq. Ft. in M) and Vacancy Rates (%)⁽²⁾



4 Office Conversions Hit Records, Now Shrinking Total Inventory

In 2025, office demolitions and conversions outpaced new construction for the first time since 1988.

Office-to-Apartment Units in Conversion Pipeline as of June 2026 (000s)⁽⁴⁾



The conversion pipeline reached **record units entering 2026 (+25% year over year, ~4x 2022)**. Office-to-apartment accounts for **47% of conversion square footage**.⁽⁴⁾

(1) CBRE, "U.S. Real Estate Market Outlook 2026"; CBRE 2026 North American Investor Intentions Survey.
(2) CBRE, "Q2 2026 U.S. Office Market Report"; Cushman & Wakefield, U.S. Office MarketBeat Q2 2026.

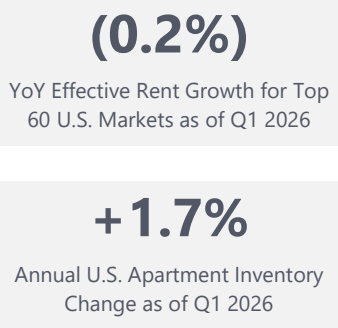
(3) Cushman & Wakefield, Manhattan Office MarketBeat Q2 2026.
(4) RentCafe.

Key Subsegment Trends: Multi-Family

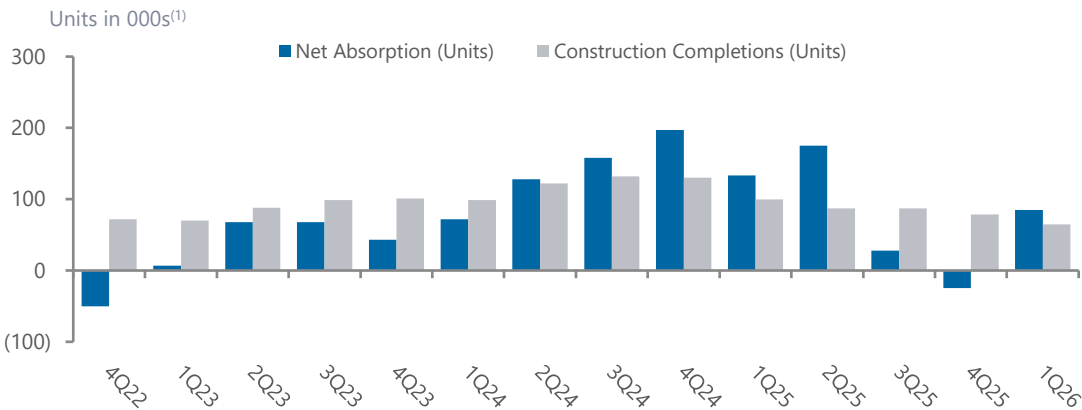
Rent growth has softened as elevated supply is absorbed; occupancy is stabilizing near 95% as completions taper and absorption recovers, driving consolidation at the property level and cost centralization.

1 Rent Growth Softens as Occupancy Stabilizes Near 95%⁽¹⁾

- U.S. effective rent growth turned slightly negative at (0.2%) YoY in Q1 2026, with many markets near flat or in modest decline.
- Occupancy stabilized at 95.1%, up 10 bps quarter over quarter, as concessions are deployed tactically to support lease-ups rather than signaling broad tenant weakness.
- Sun Belt metros saw steep rent declines (Austin -7.4%, San Antonio -5.4%), while the Midwest and Northeast were relatively stable, and San Francisco led all markets at +8.9%.



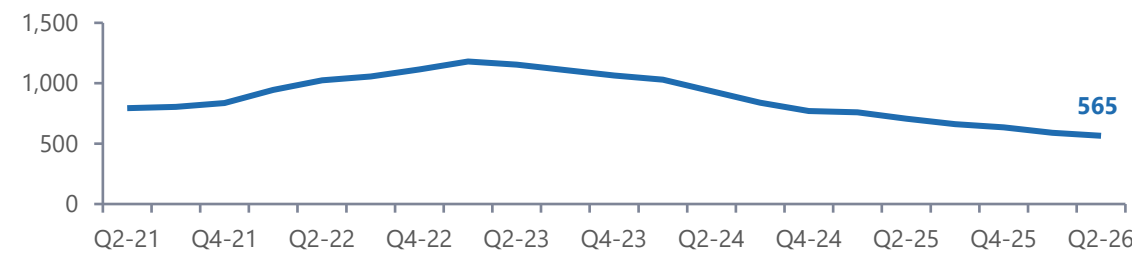
3 Net Absorption and New Supply Returning to Equilibrium



(1) Colliers Q1 2026 U.S. Multifamily Report (Colliers, RealPage, MSCI Real Capital Analytics). Nasdaq News as of January 2026.
(2) Q2 2026 U.S. MULTIFAMILY PIPELINE, MMG; U.S. Census Bureau as of August 2026.
(3) Business Wire, "FacilGo Stresses Controlling Residential Property Maintenance Costs as Budgets Flatten for 2026".

2 Multi-Family Construction Levels Continue to Drop in 1H 2026

Multi-family units under construction dropped to 565,000 in Q2 2026.
U.S. Multi-Family Housing Units Under Construction (in 000s)⁽²⁾



4 Margin Pressure Pushes Operators to Prioritize Technology-Led Efficiency



✓ Flat rent growth is pushing operators to hunt for cost savings internally, not just from pricing.



✓ Owners are consolidating point solutions into unified platforms to cut vendor overhead.



✓ Predictive maintenance and energy management are shifting from pilots to core budget items.

"2026 revenues are going to be fairly flat in the residential property rental market. As a result, companies need to find other ways to save money... By taking control of maintenance, residential property businesses can increase renewals and minimize a cost that can be really variable, guaranteeing a higher bottom line in a difficult market" ⁽³⁾

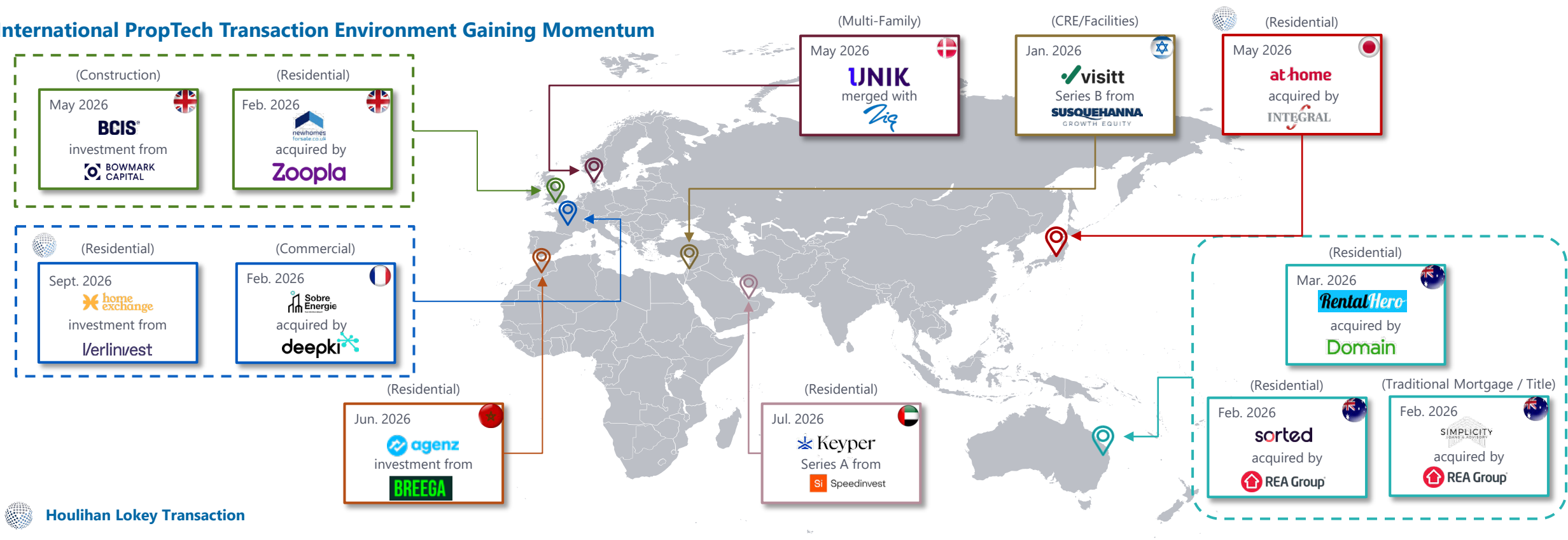
—Ken Murai, CEO, FacilGo



International PropTech Market Activity

The international PropTech market saw several relevant and notable transactions in 2026.

International PropTech Transaction Environment Gaining Momentum



Houlihan Lokey Transaction

- Coming into 2026, European PropTech M&A was expected to be driven largely by activity across real estate agency software, with several high-profile companies anticipated to come to market later in the year.
- Unsurprisingly, given market sentiment, several processes were paused or postponed as middle-market international PropTech deal activity slowed versus 1H 2025; activity was stronger in the lower middle market but still trailed prior-year levels.
- 2H 2026 has the potential to be crowded as mandates are expected to come (back) to market.

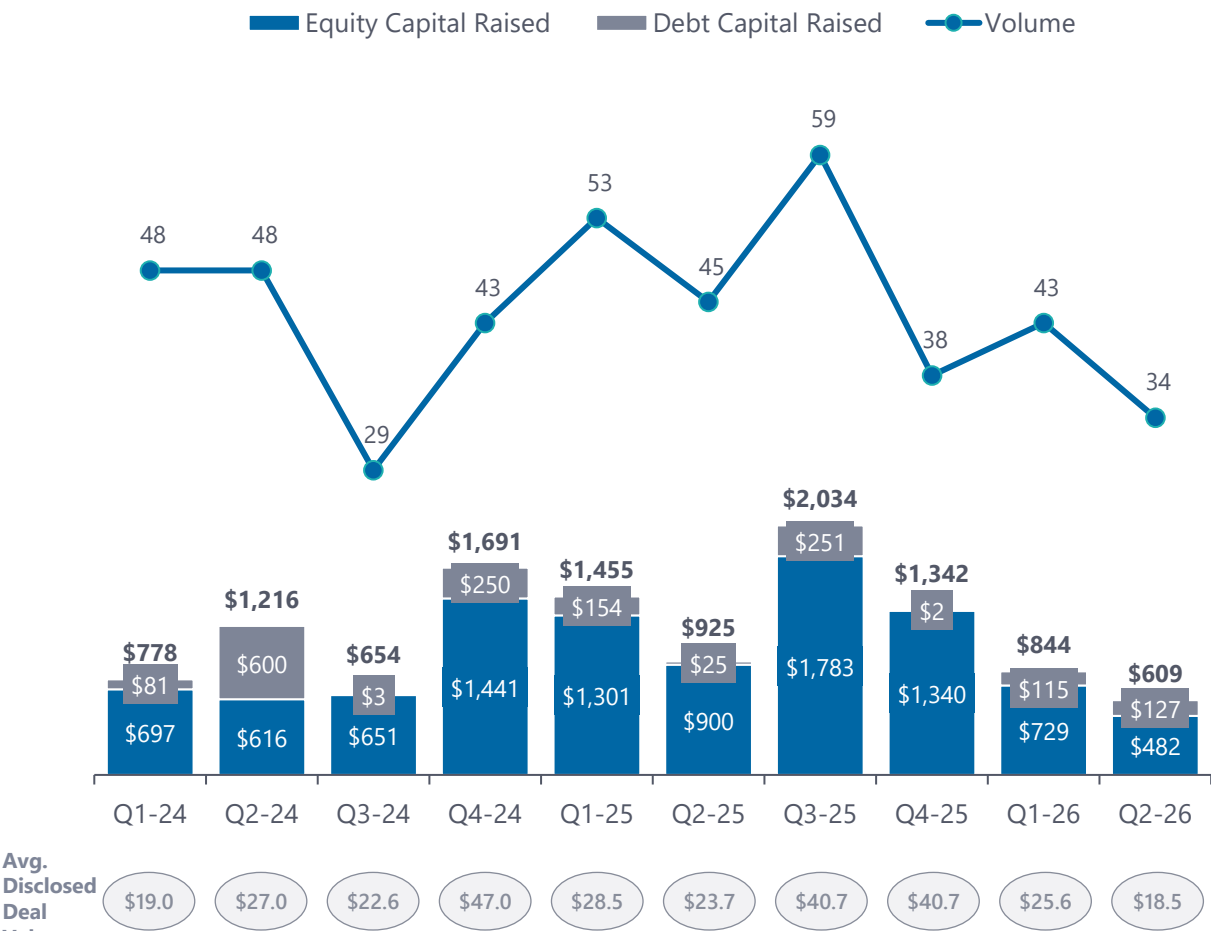
Sources: S&P Capital IQ, PitchBook, 451 Research.

PropTech Private Capital Deal Dashboard

1H 2026 Activity

1 U.S. PropTech Financing Activity Through 1H 2026

(\$ in Millions)



Sources: PitchBook, CB Insights, company filings, company websites, press releases.

2 Featured 1H 2026 U.S. PropTech Financing Transactions

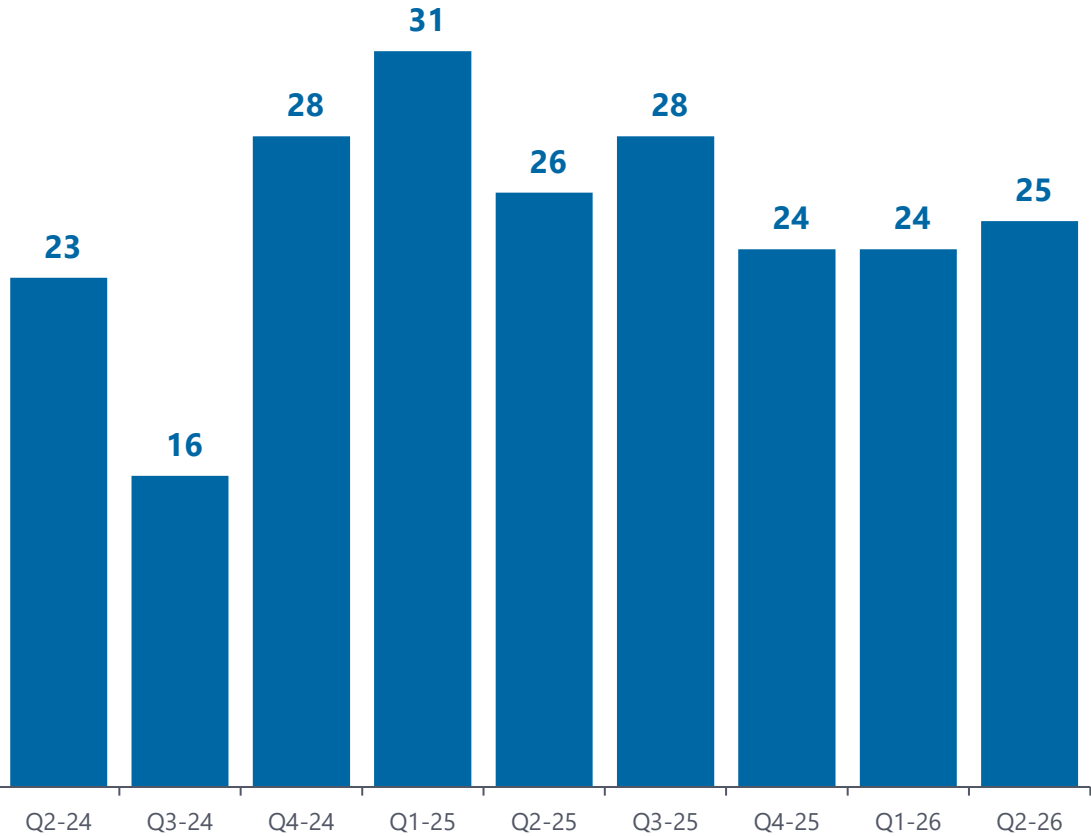
(\$ in Millions)

Date	Company	Selected Investor(s)	Equity Invested	Equity Funding to Date	Latest Reported Valuation
6/30	Higharc	FIFTH WALL INSIGHT PARTNERS	\$95	\$174	\$585
6/2	findigs	RPM VENTURES	\$32	\$90	\$140
4/7	TRUE FOOTAGE	SOCIUM VENTURES	\$40	\$119	\$291
3/3	renofi	FIFTH WALL	\$22	\$36	N/A
2/23	Ownwell	alphaedison MERCATO PARTNERS	\$50	\$69	N/A
2/5	FORERUNNER	WELLINGTON MANAGEMENT®	\$39	\$80	N/A
2/3	KINDRED	NEA Index Ventures	\$125	\$152	\$625
1/29	Sixfold	BREWER LANE VENTURES	\$30	\$52	\$190
1/26	Orbital	BRIGHTON PARK CAPITAL	\$60	\$94	\$207
1/22	CUBBY	Goldman Sachs Alternatives	\$63	\$79	\$341

PropTech M&A Deal Dashboard

1H 2026 Activity

1 U.S. PropTech M&A Activity Through 1H 2026 (by Deal Count)



 **Houlihan Lokey Transaction**

Sources: PitchBook, CB Insights, company filings, company websites, press releases.

2 Featured 1H 2026 U.S. PropTech M&A Transactions

(\$ in Millions)

Date	Target	Acquirer	Enterprise Value
6/10	 Klaviyo	 Figure	~\$717
5/28	 MaintainX	 Autodesk	~\$3,575
 5/30	 Zonda	 CoStar Group	\$800
5/7	 Valon	 Carrington	N/A
4/27	 RE/MAX	 ReaJ Brokered by: Real Broker MA, LLC	~\$880
4/13	 HCSS	 NEMETSCHEK GROUP	~\$2,400
4/2	 Document Crunch	 Trimble	N/A
3/18	 theguarantors	 Warburg Pincus	N/A
1/22	 PURE PROPERTY MANAGEMENT	 HOMERIVER GROUP	N/A
 1/15	 StarRez	 VISTA  Five Arrows Principal Investments	Conf.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a clear blue sky with some light clouds. The perspective creates a sense of height and scale. The glass reflects the sky and each other, creating a complex pattern of lines and colors. Some windows are lit from within, showing warm interior lights.

Public Markets

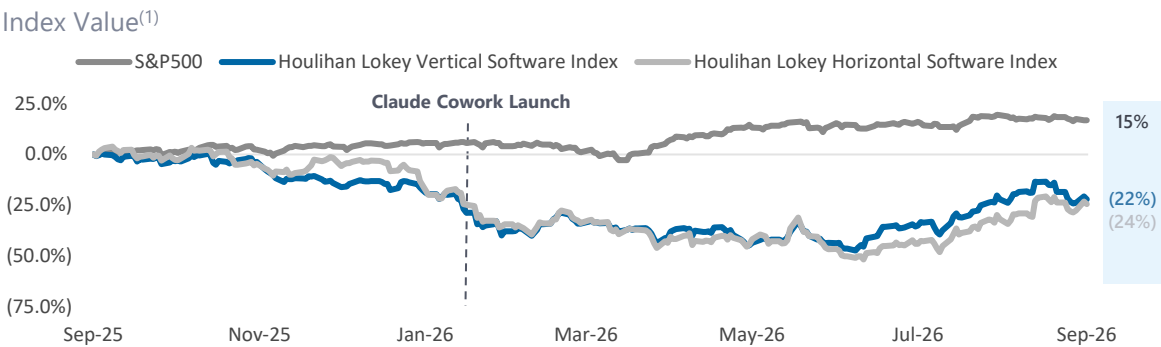
04

Software Valuations Reset as Markets Reassess AI Winners and Losers

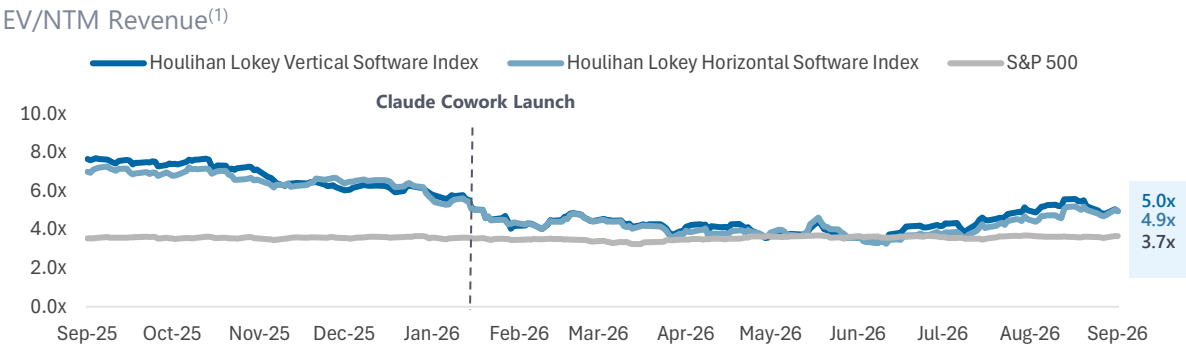
AI-attributed multiple compression has brought vertical and horizontal software valuations closer to broader market indexes.

- The introduction of Claude Cework and agentic AI workflows triggered a **broad reassessment of software business models**, resulting in meaningful declines across both horizontal and vertical software sectors. Public investors are increasingly evaluating software based on AI-enabled **product differentiation, workflow ownership, and proprietary data advantages**.
- In the past 12 months, the Houlihan Lokey Vertical Software Index declined ~22%, and the Horizontal Software Index declined ~24%, significantly underperforming the ~15% gain in the S&P 500.

Vertical and Horizontal Software Share Price

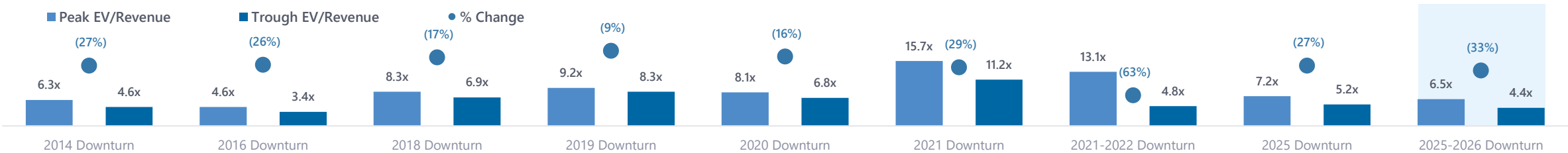


Vertical and Horizontal Software Valuation



Valuation vs. Prior Periods of Uncertainty

- Software multiples have pulled back to ranges similar to those seen in prior periods of peak uncertainty, such as in 2014 and 2016.⁽²⁾



Source: S&P Capital IQ as of September 15, 2026.

(1) The Houlihan Lokey Vertical Software Index includes eight companies and is weighted on a market-capitalization basis. The Horizontal index includes 11 companies and is also weighted on a market-capitalization basis. Please contact the team on page 8 for more details.

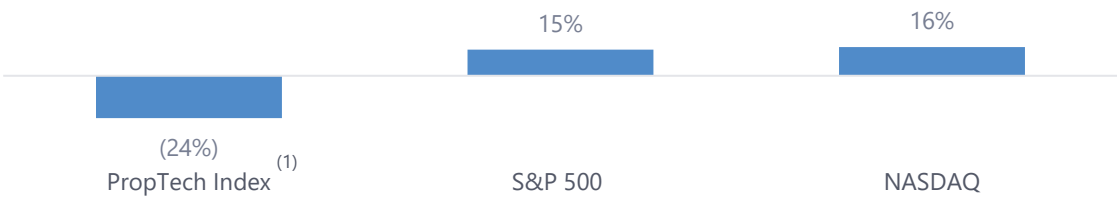
(2) Morgan Stanley, "Software Gut Check – AI IS Software."

PropTech Public Market Performance Shows Defined Category Leaders

The PropTech sector has experienced broad underperformance against the general market, yet certain companies demonstrating strong growth and profitability continue to command premium valuations from investors.

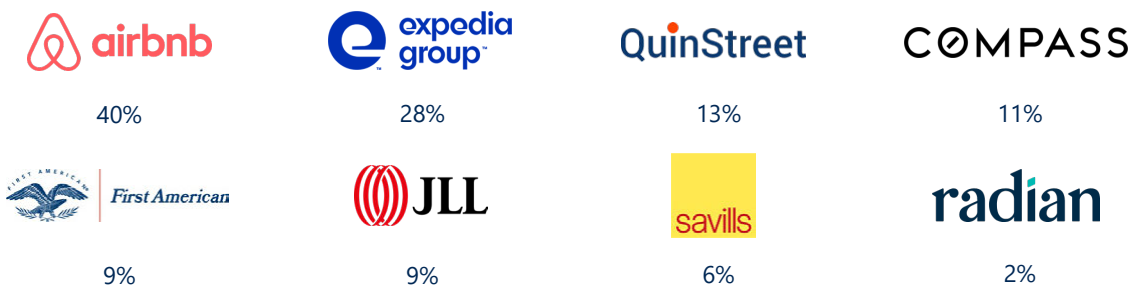
Public Market Performance

- Houlihan Lokey's PropTech Index⁽¹⁾ and most of its nonresidential brokerage segments faced significant downward pressure in 1H 2026 as investors questioned the AI-native positioning and competitive moats of many constituents.
- The PropTech Index lagged major market indices over the LTM, driven by weakness across real estate media and portals and construction technology companies.



Top PropTech Performers⁽²⁾⁽³⁾

- Investors are increasingly valuing companies that balance revenue growth and profitability; however, growth has become scarcer in the market.

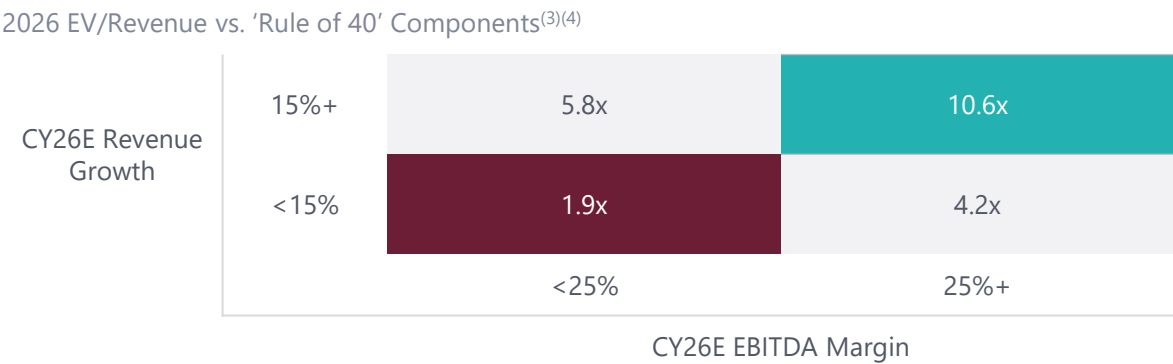
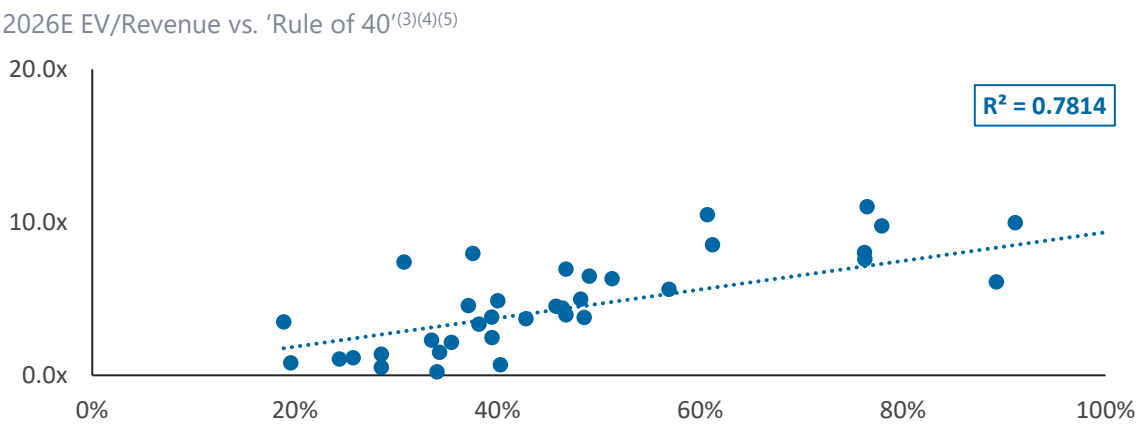


Source: S&P Capital IQ as of September 15, 2026.

(1) PropTech Index includes all companies shown on pages 35 and 36 and is weighted on a market-capitalization basis. Changes to index since last report: Removed: eXp, REMAX, and OpenLending. Included: AGNT.

(2) Individual companies' performances are based on LTM stock price performance as of September 15, 2026.

Share Performance Favors Combination of Growth and Profitability



(3) Includes all companies shown on pages 35 and 36, excluding negative Rule of 40 companies.

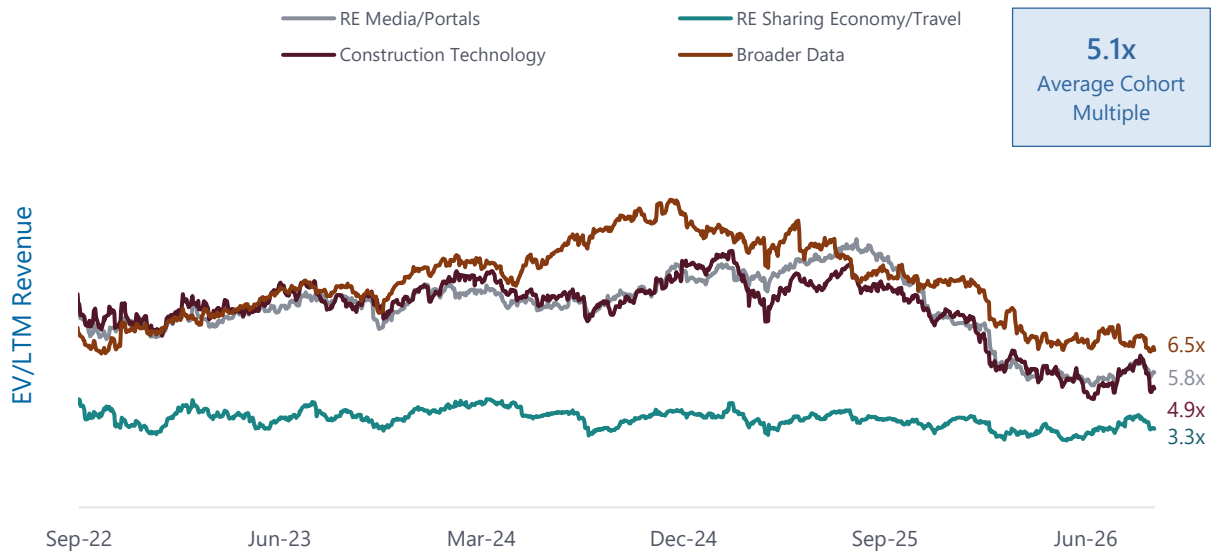
(4) Reflects metrics based on CY26E revenue, EBITDA, and revenue growth.

(5) Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of September 15, 2026.

A Meaningful Valuation Gap Persists Across PropTech Subsectors

Public investors continue to reward businesses with durable growth, recurring revenue, and stronger profitability profiles.

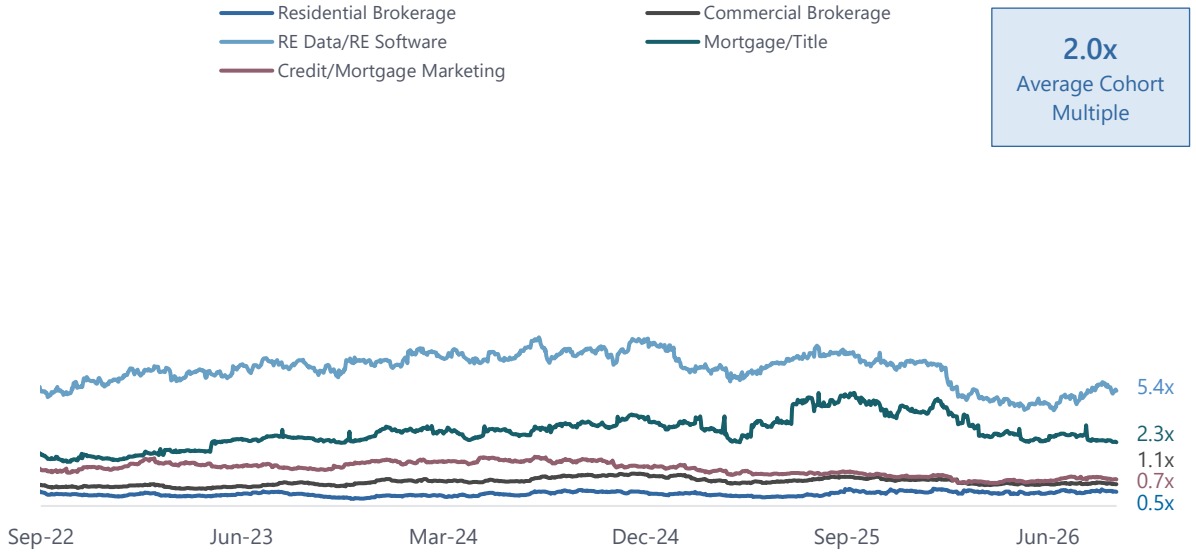
'Rule of 40': Above



'Rule of 40' ⁽¹⁾	61	Real Estate Media/Portals	55	Broader Data
	44	Construction Technology	41	RE Sharing Economy/Travel

- PropTech companies that continue demonstrating attractive financial profiles ("Rule of 40" or greater) despite real estate headwinds have largely been driven by recurring, enterprise revenue models.

"Rule of 40": Below



33	Credit/Mortgage Marketing	31	Mortgage/Title	29	Real Estate Data/ Real Estate Software
24	Commercial Brokerage	21	Residential Brokerage		

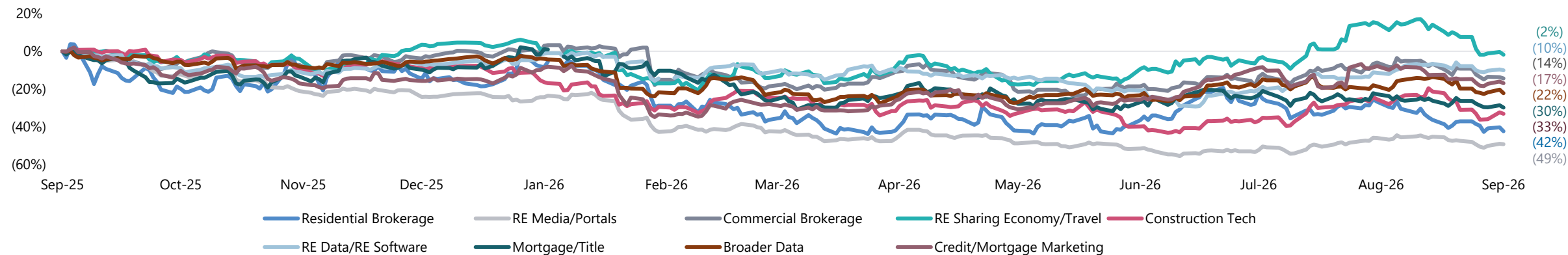
- Certain PropTech companies' financial profiles have been impacted by high interest rates, transactional business models, and macro uncertainty, resulting in lower than "Rule of 40" metrics and trading multiples.

Average 'Rule Of'⁽¹⁾

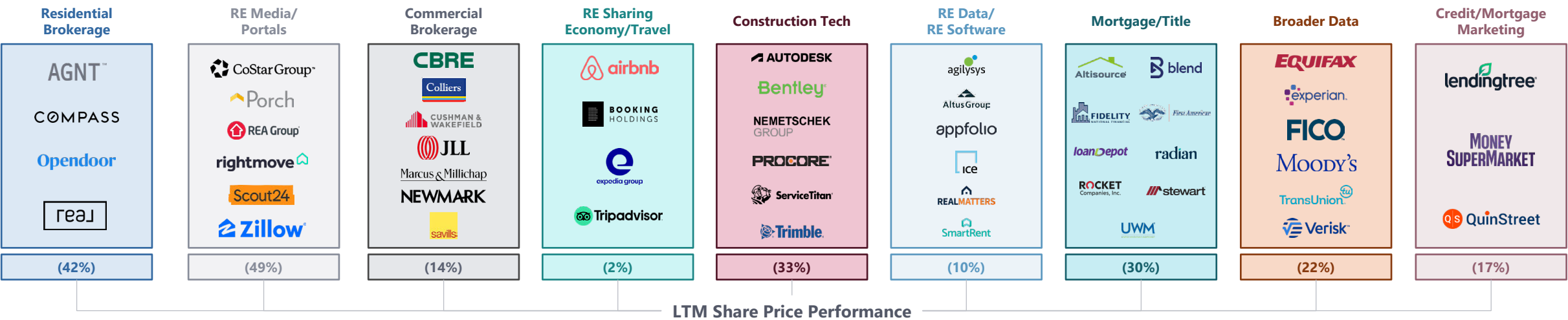
Source: S&P Capital IQ as of September 15, 2026.
(1) "Rule Of" = Revenue Growth + EBITDA Margin.

PropTech Public Company Performance

LTM Share Price Performance



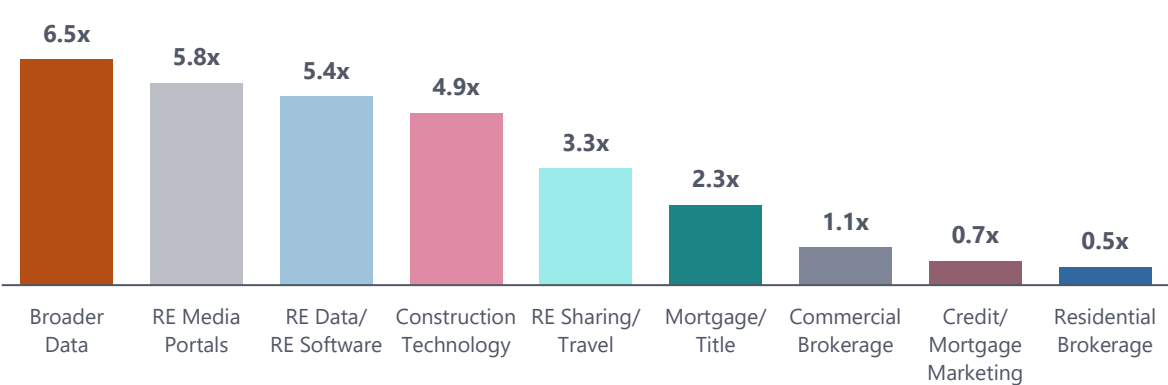
Public PropTech Ecosystem



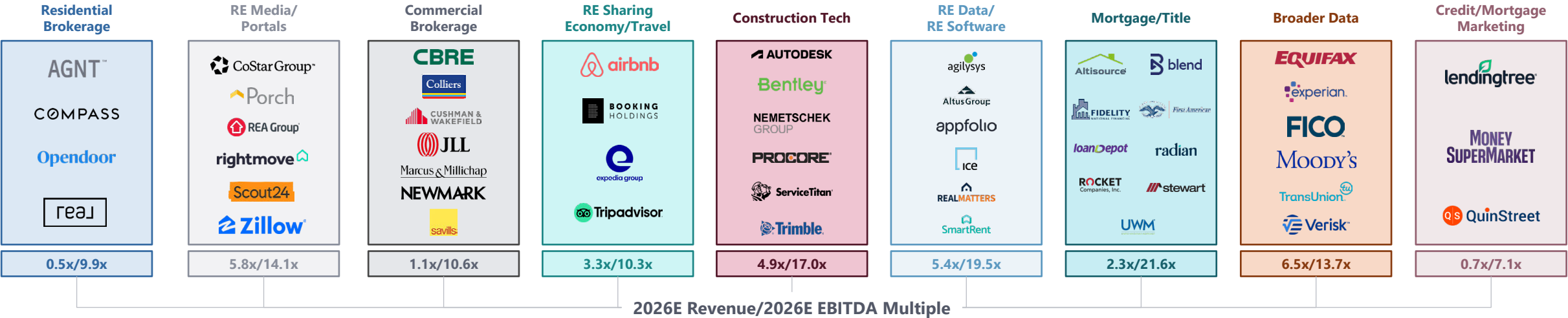
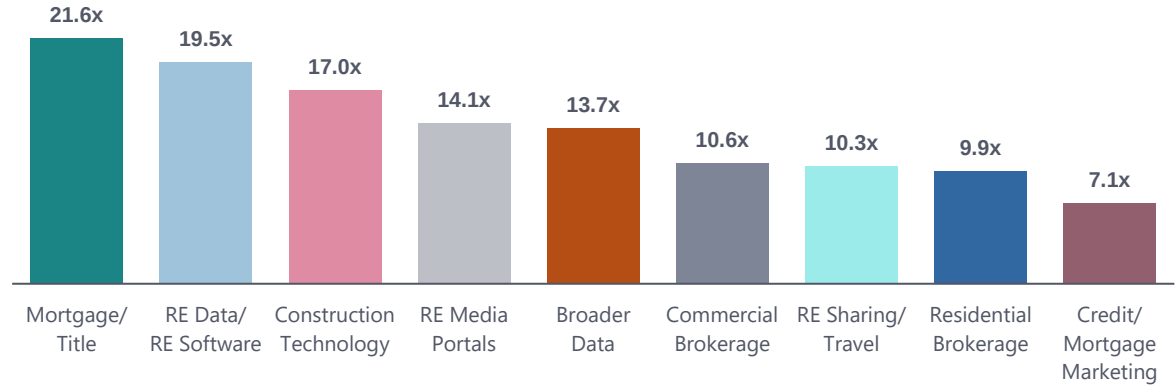
Source: S&P Capital IQ as of September 15, 2026.

PropTech Public Company Valuation

Enterprise Value/2026E Revenue



Enterprise Value/2026E EBITDA



Source: S&P Capital IQ as of September 15, 2026.
 Note: Multiples represent the mean value of the sector group. Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of September 15, 2026.

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