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# 1H 2024 PropTech Market Update

August 2024





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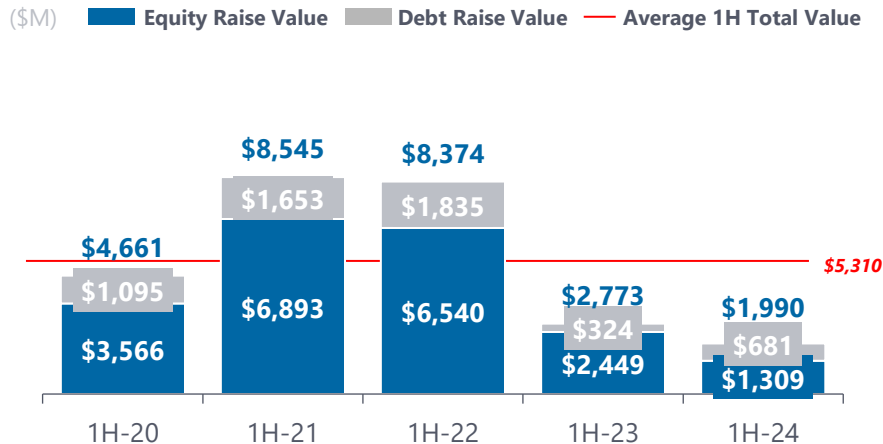
# Executive Summary—1H 2024 PropTech Market Update

Growth equity investment in PropTech remains below historical levels while M&A activity is in line with the five-year average.

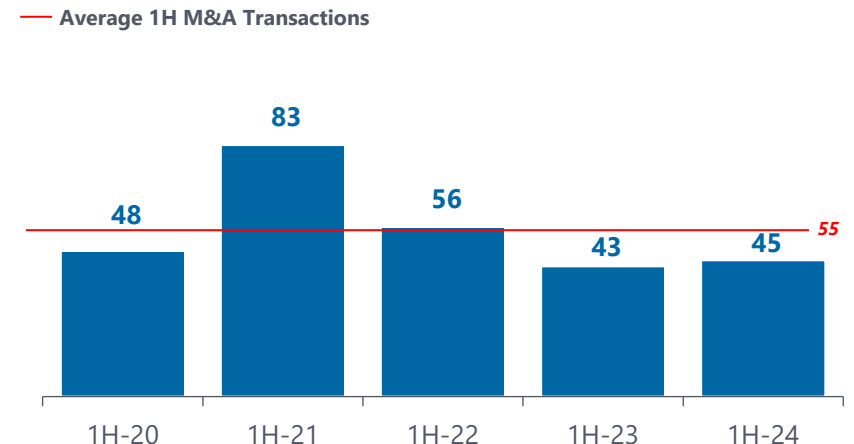
- Elevated interest rates and broad economic uncertainty have created a challenging environment for the PropTech market, particularly in the residential category; however, the U.S. PropTech market still saw **~\$2.0 billion in growth equity and debt financing and 45 M&A transactions** in 1H 2024.
- The **construction tech and multi-family subsectors remain highly attractive to investors**, while interest rates and macro uncertainty present ongoing challenges to residential and commercial-focused PropTech companies.
- PropTech public equities have been on the rise; while the Houlihan Lokey PropTech Public Market Index lagged the broader market, the **Index still increased 14% in the Jul-24 LTM<sup>(1)</sup> period.**

**U.S. PropTech M&A Activity Has Stabilized but Growth Capital Investment Is at a Five-Year Low in 1H 2024**

## 1H U.S. PropTech Private Growth Capital Investment—Trailing Five Years



## 1H U.S. PropTech M&A Transactions—Trailing Five Years



Sources: PitchBook.com, CBInsights.com, company filings, company websites, press releases.

(1) As of 8/13/2024.

# Executive Summary—1H 2024 PropTech Market Update (cont.)

Multiple high-profile PropTech investments and M&A transactions were announced in 1H 2024.

- 1H 2024 saw several significant capital investments and M&A transactions in the category:
  - **~\$2.0 billion in growth equity and debt investment** into the U.S. PropTech market in **1H 2024 across 95+ investments**.
  - **21 financing rounds of more than \$20 million**, six of which were over \$50 million; Higharc, Bilt Rewards, and Guesty (among others) announced significant capital raises.
  - **M&A activity has remained consistent from prior years, with 45 announced transactions in 1H 2024**. Strategic consolidators continue to drive activity, including CoStar’s acquisition of Matterport and Roofstock’s acquisition of Mynd.

## Significant 1H 2024 Capital Raises

  
\$200M Equity Raised

 BLUEGROUND  
\$45M Equity Raised

 Guesty  
\$130M Equity Raised

 Higharc  
\$53M Equity Raised

 Sealed  
\$30M Equity Raised

## Significant 1H 2024 M&A Transactions<sup>(1)</sup>

 HOME BUYERS WARRANTY /  frontdoor.  
\$585M

 gocanvas /  NEMETSCHKE GROUP  
~\$770M

 Matterport /  CoStar  
~\$1.6B

 MYND /  roofstock  
Undisclosed

 PAYAPPS /  AUTODESK  
Undisclosed

- There are increasing signs that buyers and sellers are more comfortable to transact in the current environment:
  - Public equity markets have performed well YTD and tech IPOs have increased y/y, but M&A activity remains inconsistent—tech M&A deal value is up 71% YTD through July relative to YTD deal value in July 2023, but deal volume remains down 24% relative to YTD activity in July 2023, signaling a smaller number of higher quality deals that are getting done in today’s environment.<sup>(2)</sup>
  - Supply/demand imbalance is creating pent-up demand, though investors are still focused on the balanced “Rule of 40.”<sup>(3)</sup>
  - Credit markets are beginning to open as investors anticipate rate cuts in 2H 2024, which should help catalyze M&A activity.

Sources: PitchBook.com, LSEG, PwC, CBInsights.com, company filings, company websites, press releases.

(1) Deal values represent enterprise values.

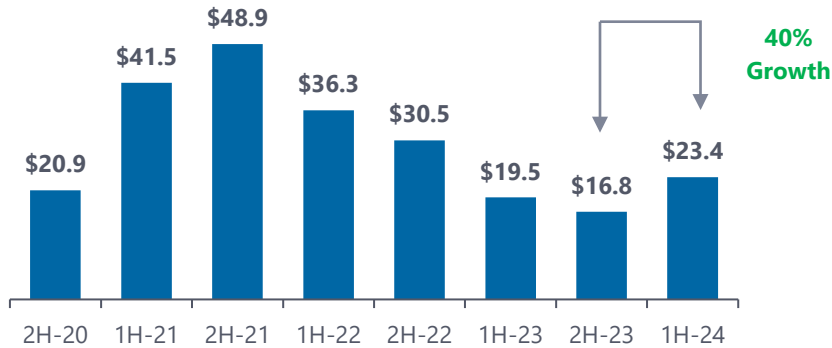
(2) 451 Research.

(3) “Rule of 40” = Revenue Growth + EBITDA Margin. Reflects CY24E metrics.

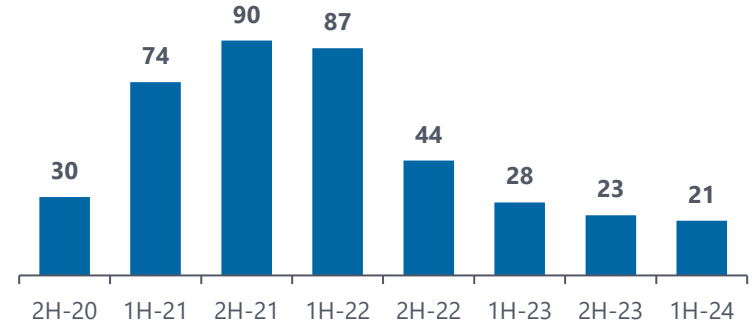
# Concentrated Larger Investments in Smaller Number of Category Leading Platforms

Top 10 largest equity financings represented 50%+ of total PropTech market investment in 1H 2024.

### Average U.S. PropTech Investment Deal Size (\$M)

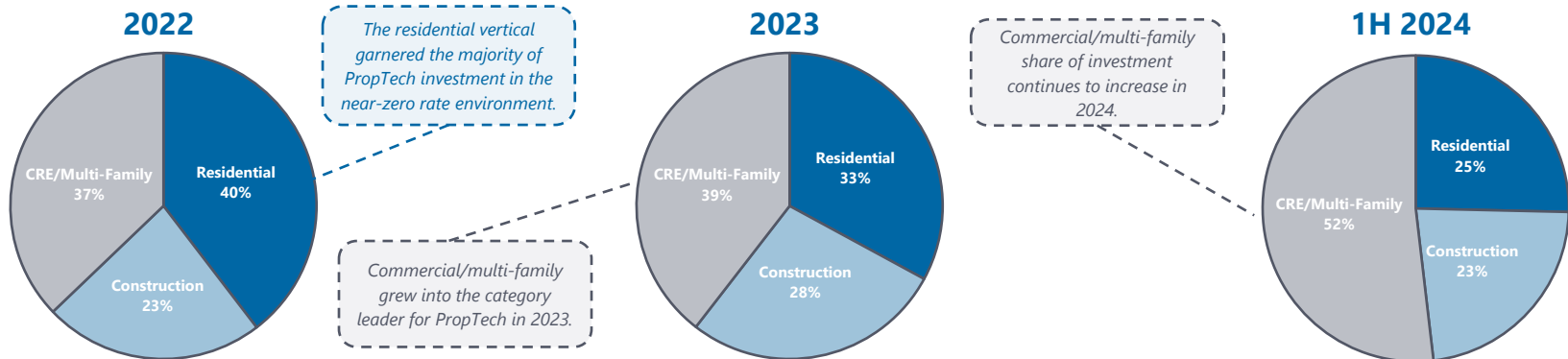


### Count of \$20 Million+ U.S. PropTech Investments



## Commercial/Multi-Family Increased its Share of PropTech Equity Investment by Category

- Investors continue to shift capital away from residential in favor of commercial and multi-family, highlighted by rounds raised by market leaders—including Bilt, Guesty, and Blueground—in 1H 2024.



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



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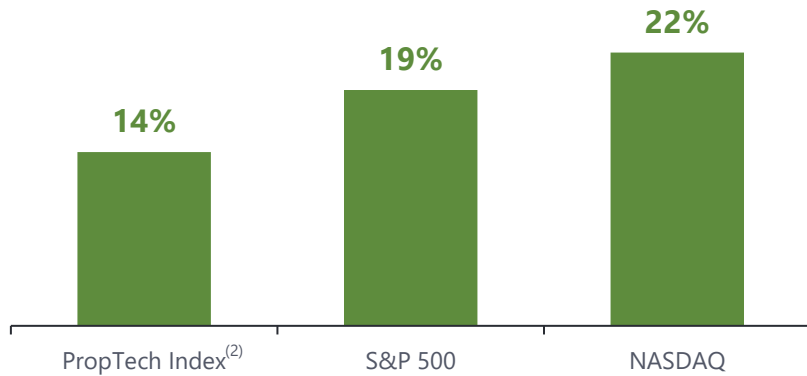
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# Positive PropTech Public Market Performance Fueled by Broader Tech Gains

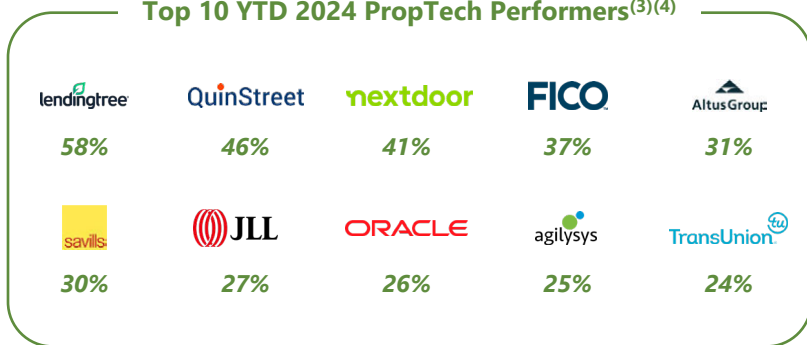
PropTech public company equities rose 14% in the LTM period<sup>(1)</sup>, with high-quality, profitable growth companies continuing to trade at premium relative valuations.

## PropTech Public Market Performance

- Houlihan Lokey's PropTech Index **increased 14% in the trailing 12 months**, with multiple constituents seeing meaningful share price increases.<sup>(1)</sup>



## Top 10 YTD 2024 PropTech Performers<sup>(3)(4)</sup>



Source: S&P Capital IQ as of 8/2/2024.

(1) As of 8/13/2024.

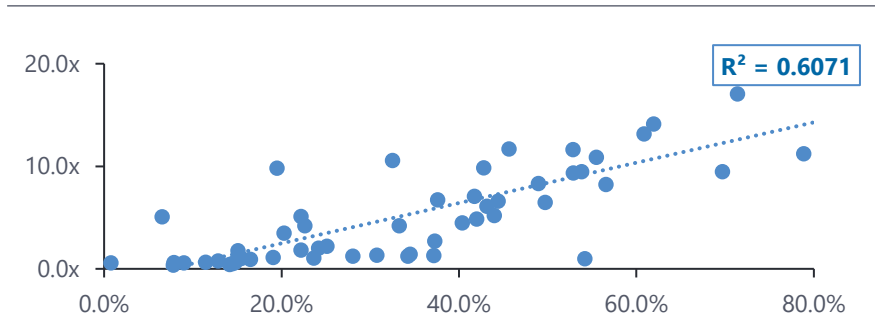
(2) PropTech Index includes all companies shown on page 10 and is weighted on a market-capitalization basis.

(3) Individual companies' performances are based on stock price performance as of 8/2/2024.

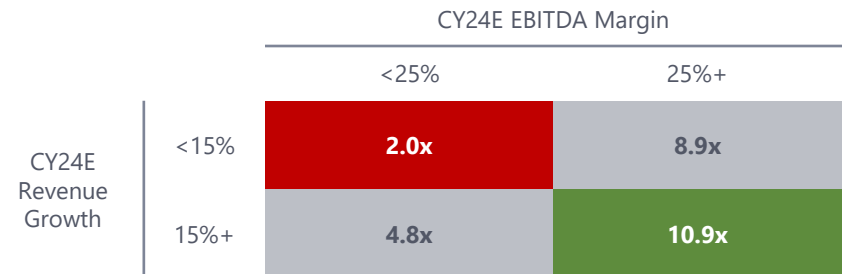
## Public Market Performance Driven by Combination of Growth and Profitability

- Investors are emphasizing the importance of balanced revenue growth and profitability and **avoiding "growth at all costs."**

### 2024E EV/Revenue vs. "Rule Of" Metric<sup>(4)(5)</sup>



### 2024E EV/Revenue vs. "Rule Of" Components<sup>(4)(5)</sup>



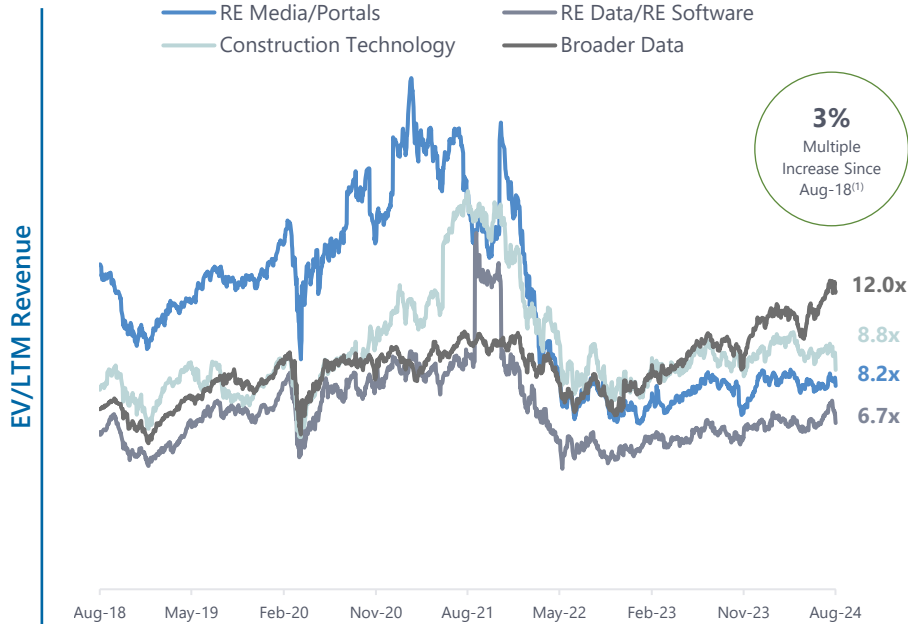
(4) Includes all companies shown on page 10, excluding companies with negative "Rule Of" metric.

(5) "Rule Of" = Revenue Growth + EBITDA Margin. Reflects CY24E metrics.

# Clear Valuation Gap Between PropTech Subsectors

End market subcategories comprising businesses at or above “Rule of 40” have outperformed publically traded peers in PropTech.

## “Rule of 40”: At or Above



Rule of 40<sup>(2)</sup>

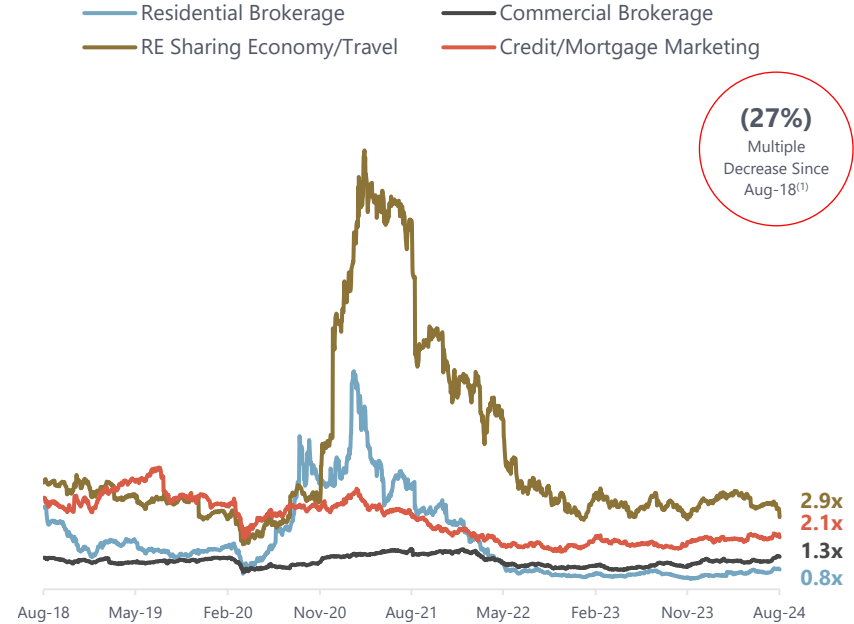
53	Broader Data	44	Construction Technology
39	RE Media/Portals	37	RE Data/RE Software

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

Source: S&P Capital IQ as of 8/2/2024.

(1) Represents average multiple increase from 8/2/2018 to 8/2/2024.

## “Rule of 40”: At or Below



24	RE Sharing Economy/Travel	25	Credit/Mortgage Marketing
36	Commercial Brokerage	14	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.

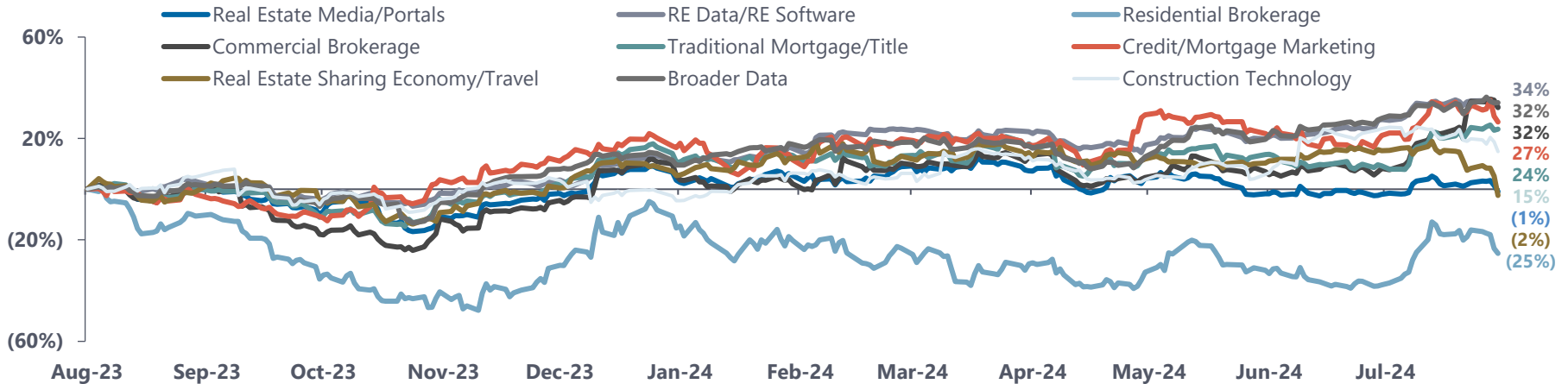
(2) “Rule Of” = Revenue Growth + EBITDA Margin.

‘24E Avg. “Rule Of”<sup>(2)</sup>

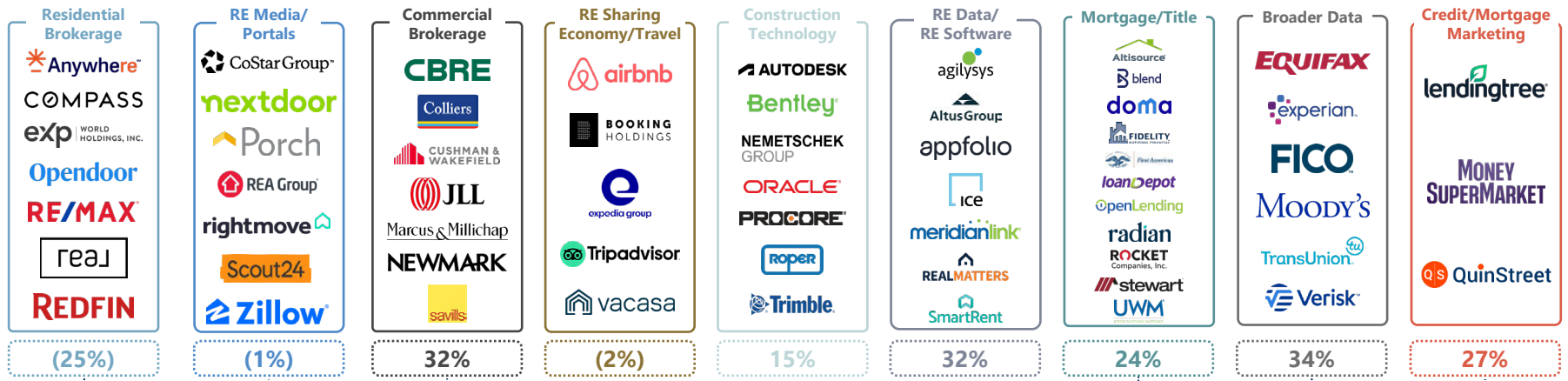


# PropTech Public Company Performance

## LTM Share Price Performance



## Public PropTech Ecosystem

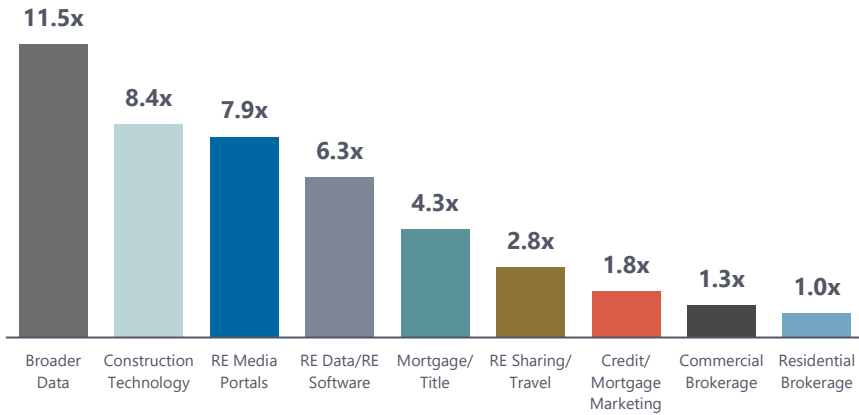


LTM Share Price Performance

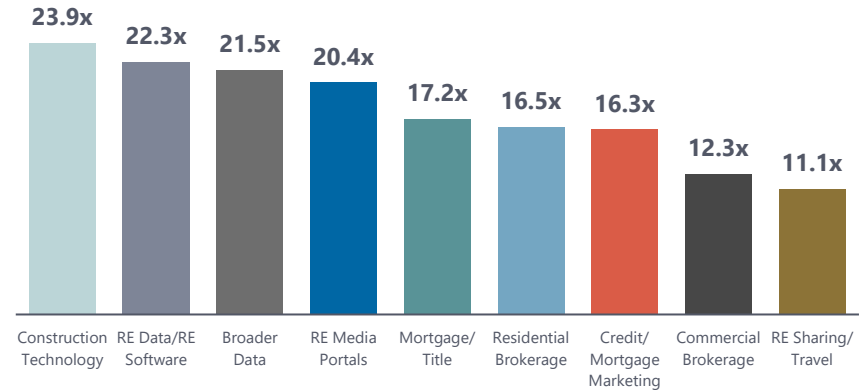
Source: S&P Capital IQ as of 8/2/2024.

# PropTech Public Company Valuation

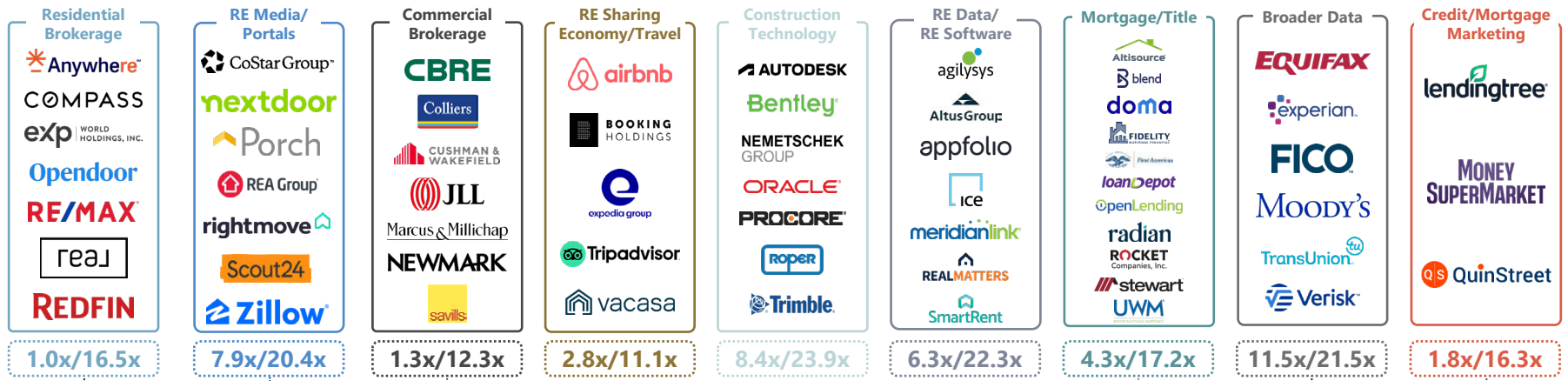
## Enterprise Value/2024E Revenue



## Enterprise Value/2024E EBITDA



## Public PropTech Ecosystem



2024E Revenue/2024E EBITDA Multiple

Source: S&P Capital IQ as of 8/2/2024.

Note: Multiples represent mean value of sector group.



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# Markets Anticipate 2H 2024 Rate Cuts With a Modest Improvement of Expectations in the Residential Housing Market

Market conditions continue to impact the residential real estate and mortgage markets in 2024; however, signs point to a market improvement from 2023 lows in the second half of 2024 despite a slow start to the summer.

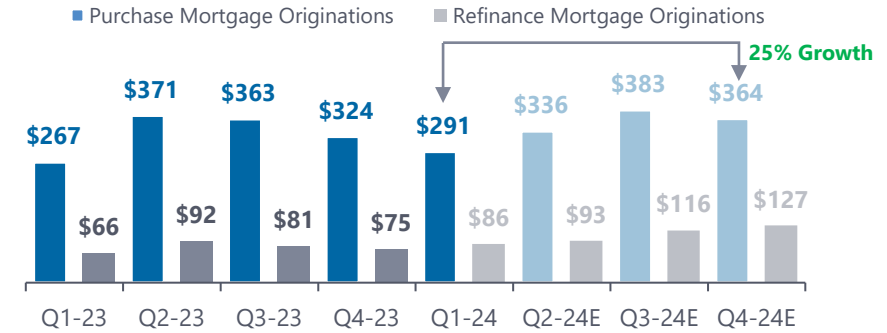
## 1 Mortgage Rates Trending Lower Amid Anticipated Rate Cuts as Inflation Cools

30-Year Fixed Rate Mortgage Avg. as of 8/8/2024<sup>(1)</sup>



## 2 Purchase and Refinance Mortgage Originations Expected to Increase in 2H 2024

Total One-to-Four Family Home Mortgage Originations (\$B)<sup>(2)</sup>

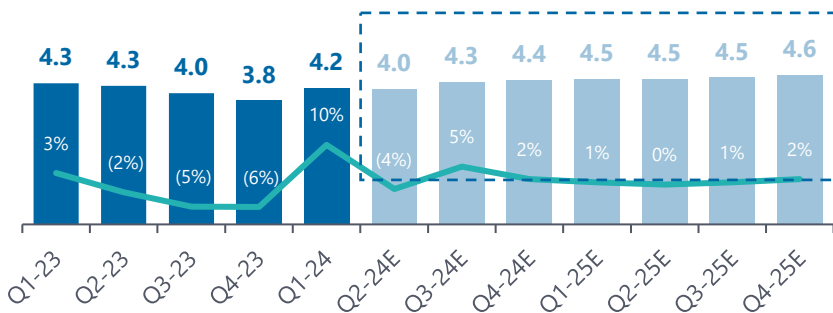


## 3 Existing Home Sales Up From Q4-23 Low as Market Adjusts to Current Conditions

Existing home sales witnessed a QoQ increase in Q1-24, with **expected growth throughout 2024**.

MBA Forecast as of 7/19/2024

Existing Home Sales (SAAR, M) and QoQ Growth<sup>(2)</sup>



(1) Freddie Mac.  
(2) Mortgage Bankers Association (MBA).

## 4 Existing Home Sales Expected to Rise Above Historical Low in 2023

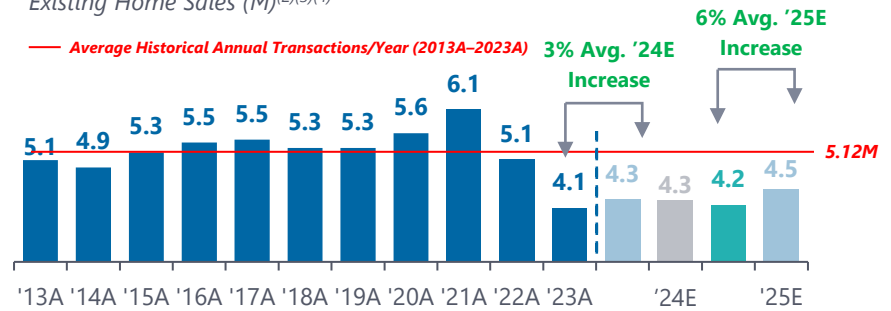
The market forecasts **existing home sales to increase** in 2024 and 2025.

MBA Forecast as of 7/19/2024

NAR Forecast as of 6/27/2024

Fannie Mae Forecast as of 7/11/2024

Existing Home Sales (M)<sup>(2)(3)(4)</sup>



(3) National Association of Realtors (NAR).  
(4) Fannie Mae.

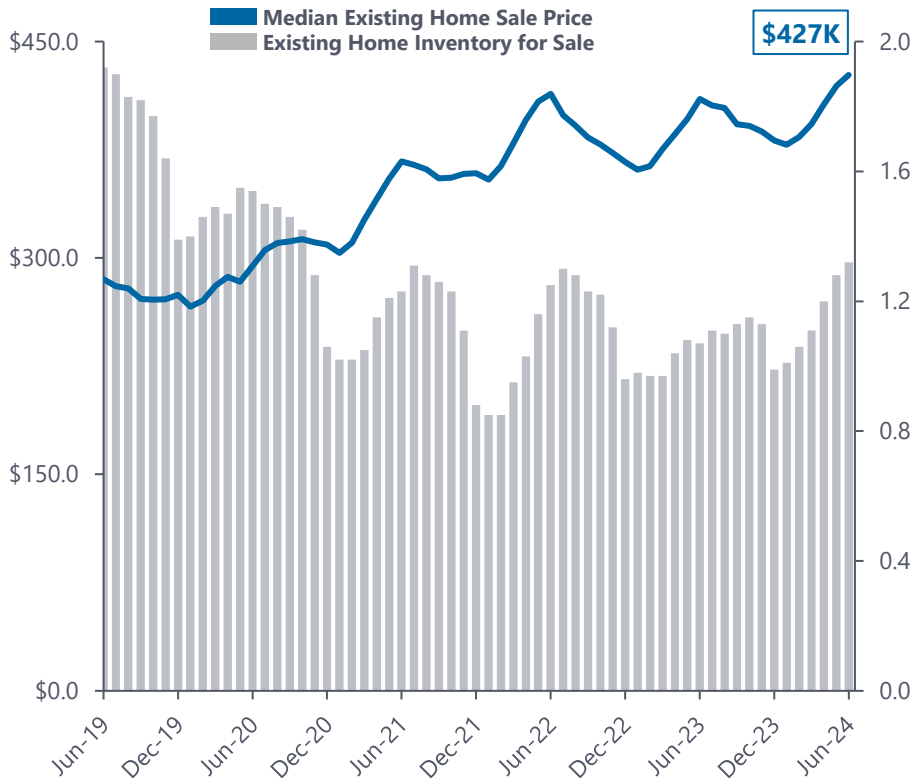
# Elevated Home Prices and NAR Settlement Impact Are Themes to Monitor in 2H 2024

Home prices remain at elevated levels even as inventory increases; NAR settlement changes came into effect on August 17.

## 1 Existing Home Sale Prices and Inventory Have Witnessed a Material Uptick in 1H 2024

Prices have remained elevated in 2024, with **sale prices rising 12% since Dec-23.**<sup>(1)</sup>

U.S. Existing Home Sales Median Price (\$K) and Inventory (M)<sup>(1)</sup>



Sources: S&P Capital IQ, Broker Research, RealTrends, TheRealDeal.

(1) National Association of Realtors (NAR).

## 2 NAR Settlement Change Took Effect August 17

“ We have not seen a noticeable change from before the settlement in either the percentage of sellers that offer buyer’s agent commissions or in the average commission amount they’re paying the buyer’s agents... To be clear, the fears many had about commissions going down or buyer compensation disappearing have simply not materialized. ”

—Robert Reffkin, Compass CEO | July 31, 2024

“ Our position as of right now is we’re going to make sure we’re going to reflect that broker-to-broker commission sharing on the MLS is no longer allowed. ”

—Leo Pareja, eXP Realty CEO | July 29, 2024

“ Opening up buy-side agent commission to negotiations should place greater emphasis on the type, quality, and value of the services offered... The settlement only removes an existing rule, and where commission rates settle is harder to predict since the industry will need time to adapt to a new environment without the rule. ”

—J.P. Morgan Equity Research Note | March 15, 2024

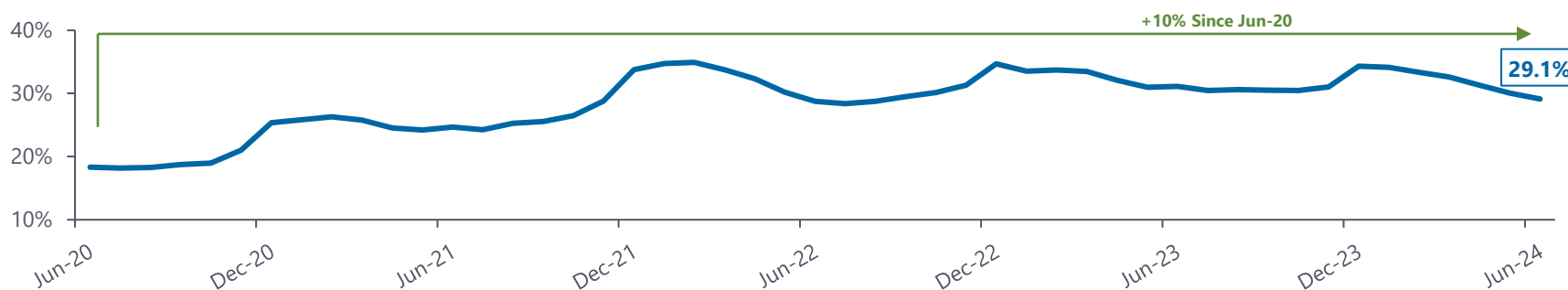
# Consumer Appetite for New Homes Continues to Increase, Driving Improved Homebuilder Activity

Despite the overall slowdown in the residential real estate market, homebuilder activity and industry index performance have picked up significantly since 1H 2023.

## 1 Share of New Single-Family Homes for Sale Has Risen as Consumer Preference for New Builds Increase...

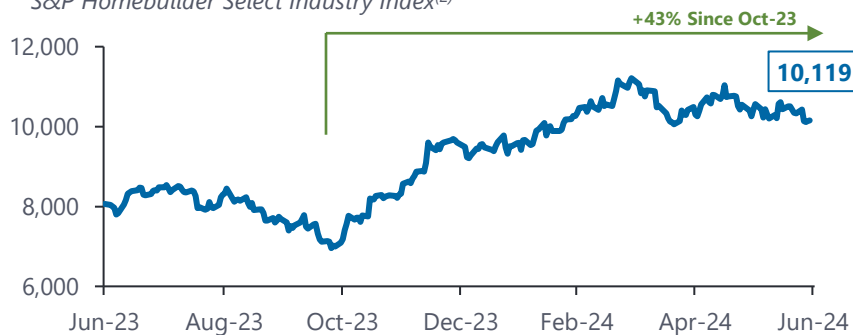
Existing home sales decreased last year, leading to a **greater share of newly constructed homes on the market**.

U.S. New Single-Family Homes Share of Single-Family Homes for Sale<sup>(1)</sup>



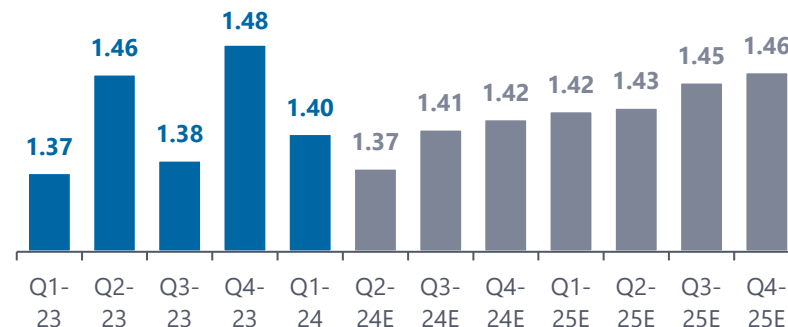
## 2 Driving the Homebuilding Industry Index to Near All-Time Highs

S&P Homebuilder Select Industry Index<sup>(2)</sup>



## 3 Housing Starts Forecasted to Rise in 2H24 After a Lower Q2

Housing Starts (M)<sup>(3)</sup>



(1) NAR and U.S. Census Bureau.

(2) S&P Capital IQ.

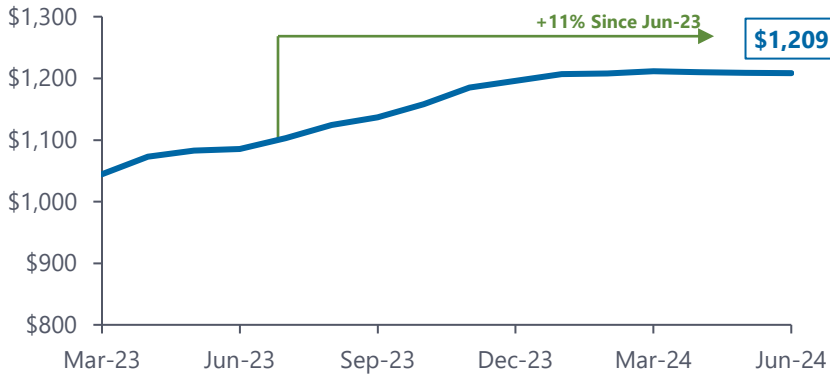
(3) Mortgage Bankers Association (MBA).

# Nonresidential Construction Market Expected to Remain Strong in 2024 as Infrastructure Funding Propels Growth...

The nonresidential construction market has seen meaningful growth due to market tailwinds, including price increases, a stable backlog, and continued government funding.

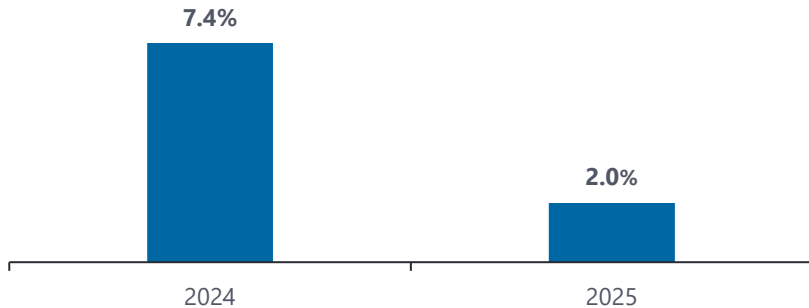
## 1 Consistent Increase in Total Nonresidential Construction Spend Highlights Appetite

Total Construction Spending: Nonresidential in the U.S. (\$T)<sup>(1)</sup>



## 3 Nonresidential Construction Outlook Signaling Meaningful Growth in 2024, With Measured Expectations in 2025

Consensus Construction Forecast, July 2024<sup>(3)</sup>

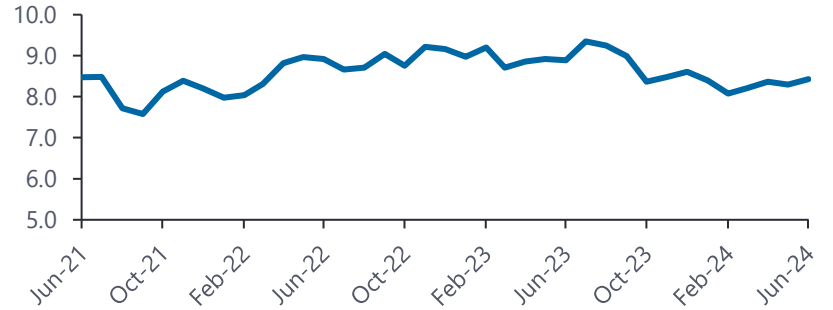


(1) FRED Economic Data.  
 (2) ABC Associated Builders and Contractors.  
 (3) AIA Consensus Construction Forecast.

## 2 Commercial, Institutional, and Light Industrial Construction Backlog Indicator Remains Strong

The backlog continues to hold up remarkably well despite high interest rates and inflation, **signaling high contractor confidence**.<sup>(2)</sup>

ABC Construction Backlog Indicator and Construction Confidence Index (Months of Backing)<sup>(2)</sup>



## 4 The IIJA<sup>(4)</sup> Is Providing Substantial Funding for Infrastructure Projects

As the spending ramps up into 2025, construction companies will see a large investment from the **U.S. government to start on new infrastructure projects with:**

**\$492B**

Remaining Infrastructure Funding to Be Deployed<sup>(5)</sup>

**~50%**

Increase in Federal Transit Administration and Federal Highway Administration Funding Post-IIJA<sup>(6)</sup>

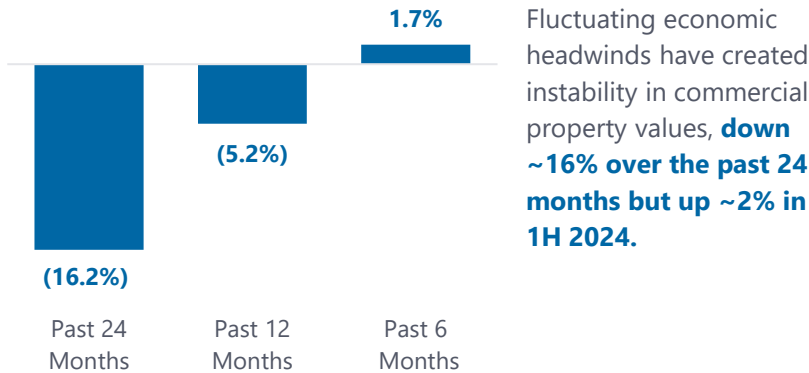
(4) Infrastructure Investment and Jobs Act.  
 (5) Construction Citizen.  
 (6) Construction Dive, "IIJA Brings New Funds, Challenges to NYC Infrastructure Overhaul."

# As the Commercial and Office Real Estate Market Outlook Remains Mixed

The CRE market remains mixed across geographies as concerns linger about the long-term return to office trends impacting commercial rents.

## 1 Change in Commercial Property Prices Highlight Challenging Market; 1H 2024 Inflection Offers Optimism

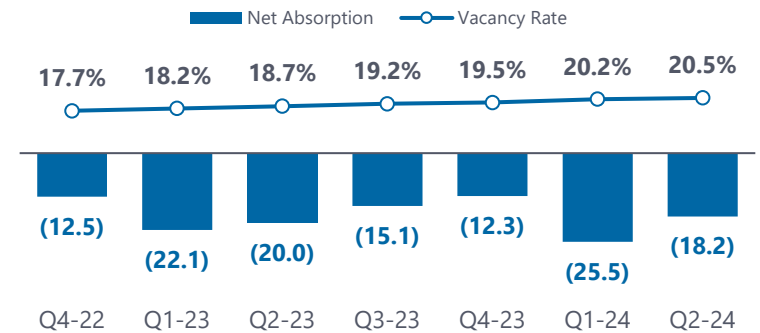
Change in Green Street Commercial Property Price Index<sup>(1)</sup>



## 2 Net Absorption Reached a Two-Year Low in 1H 2024: Vacancy Rates Climbing

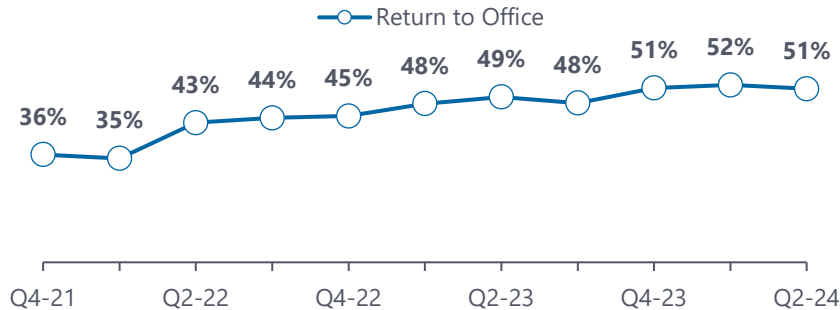
U.S. net absorption rates remained negative in 1H 2024, **marking the ninth consecutive quarter of increasing vacancy.**<sup>(2)</sup>

U.S. Office Market Net Absorption (S.F. in M) and Vacancy Rates (%)<sup>(2)</sup>



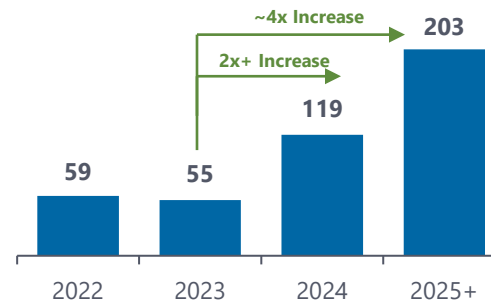
## 3 U.S. Office Utilization Signaling a New Normal as Employers Accept a Hybrid Reality

Kastle's Back to Work Barometer Average for Top 10 U.S. Cities as of the Last Week of the Month<sup>(3)</sup>



## 4 Early Stages of Office Conversions Are Starting to Take Effect

Office Conversion Projects<sup>(4)</sup>



**Office-to-multi-family conversions, including mixed-use residential, account for 63% of the office space currently undergoing or planned for conversion.**<sup>(4)</sup>

(1) Green Street Commercial Property Price Index.  
(2) Cushman & Wakefield, "U.S. Office MarketBeat Q1 2024."

(3) Kastle Systems, Back to Work Barometer.  
(4) CBRE Research, Q1 2024.



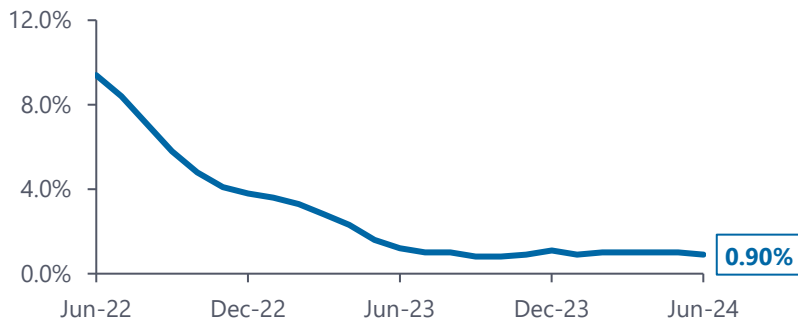
# Return to Normal in Multi-Family as Growth Stabilizes

Rental prices have eased from peak 2022 levels; strong demand continues to outpace inventory even as completions below level off.

## 1 U.S. Apartment Rent Growth Slows as Inflation Cools

Despite sustained growth in the cost of rent over the past two years, **new home purchase costs remain substantially more expensive.**

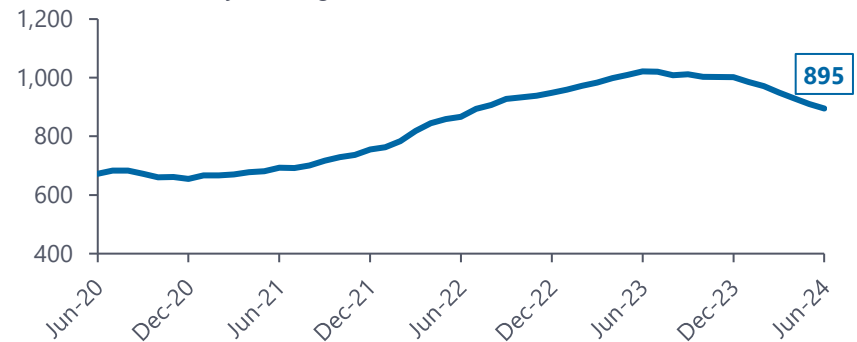
U.S. Apartment Rent Growth<sup>(1)(2)</sup>



## 2 Multi-Family Construction Levels Drop in 2024; Remain at Healthy Levels

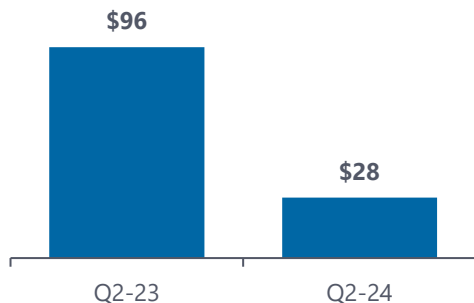
Multi-family **units under construction dropped to 895,000 in June 2024.**<sup>(3)</sup>

U.S. Multi-Family Housing Units Under Construction (in Thousands)<sup>(3)</sup>



## 3 Multi-Family Investment Volume Declines in Q2 2024; Still Retained the Largest Share of Investment Volume

Multi-Family Investment Volume (\$B)<sup>(2)</sup>

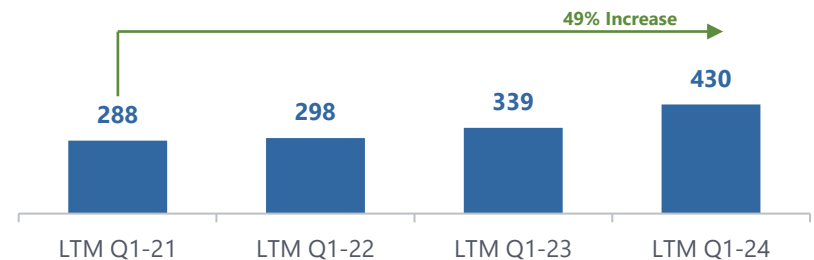


Q2-24 investment volume was the lowest second quarter since 2014 and 27% less than the quarter average from 2013 to 2019; however **multi-family still captured 35% of the real estate investment volume.**<sup>(2)(4)</sup>

## 4 Continued Strength in Multi-Family Completions

Multi-family construction completions have **experienced sustained growth in the past four years across the U.S.**

U.S. Multi-Family Housing Units Completed (in Thousands)<sup>(2)</sup>

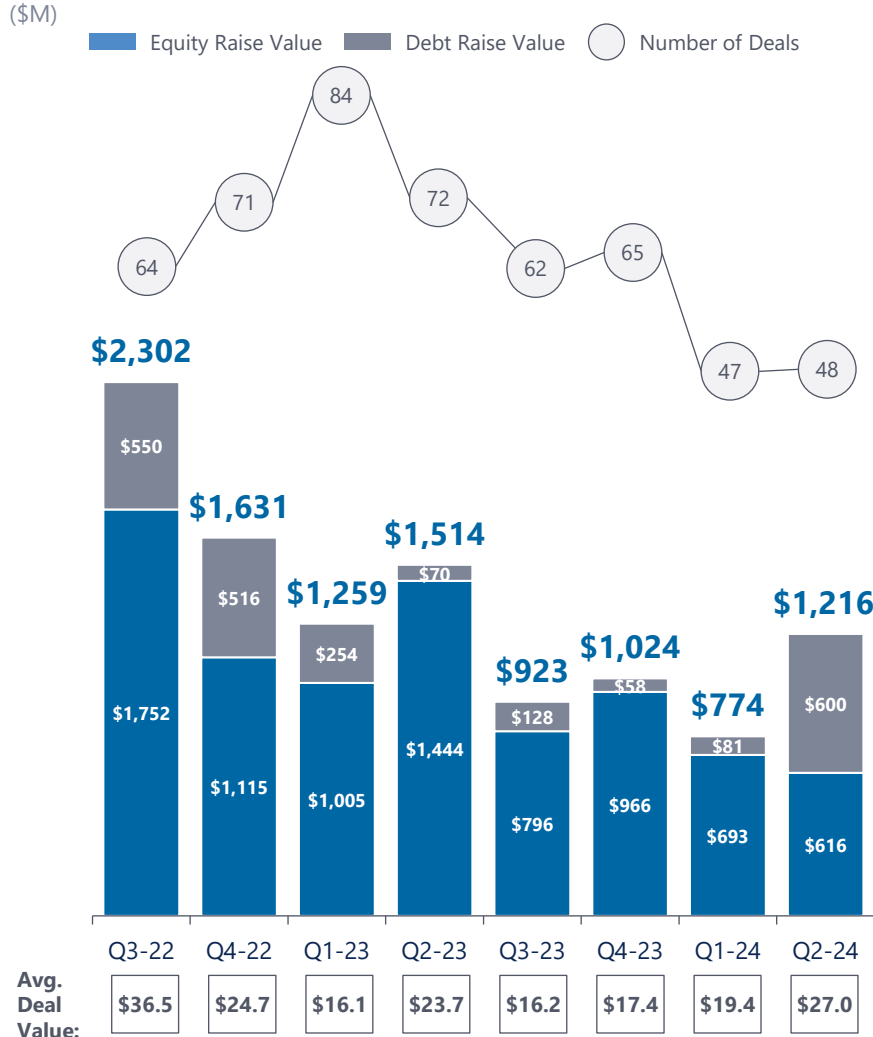


(1) Apartments.com.  
(2) CBRE Research.

(3) U.S. Census Bureau.  
(4) Multi-family executive.

# PropTech Private Capital Deal Dashboard – H1 2024

## 1H 2024 U.S. PropTech Financing Activity



## Featured 1H 2024 U.S. PropTech Financing Transactions

(\$M)

Date	Company	Selected Investor(s)	Equity Invested	Equity Funding to Date	Latest Reported Valuation
6/13	findigs	ACTIVANT CAPITAL	\$27	\$48	\$140
5/7	honeycomb	SERV VENTURES	\$36	\$55	\$130
4/30	INHABITR	HAMILTON VENTURES	\$27	\$31	NA
4/11	Arcadia	MACQUARIE e	\$50	\$435	\$1,500
4/10	Guesty	KKR	\$130	\$410	~\$900
3/28	BLUEGROUND	SUSQUEHANNA GROWTH EQUITY WESTCAP	\$45	\$358	~\$1,000
3/15	Sealed	KF Keyframe	\$30	\$87	NA
2/22	PermitFlow	KLEINER PERKINS	\$31	\$37	NA
2/15	Higharc	pillar SPARK CAPITAL	\$53	\$78	\$233
1/24	BILT REWARDS	ELDRIDGE GENERAL CATALYST	\$200	\$413	\$3,100

Sources: PitchBook.com, CBInsights.com, company filings, company websites, press releases.

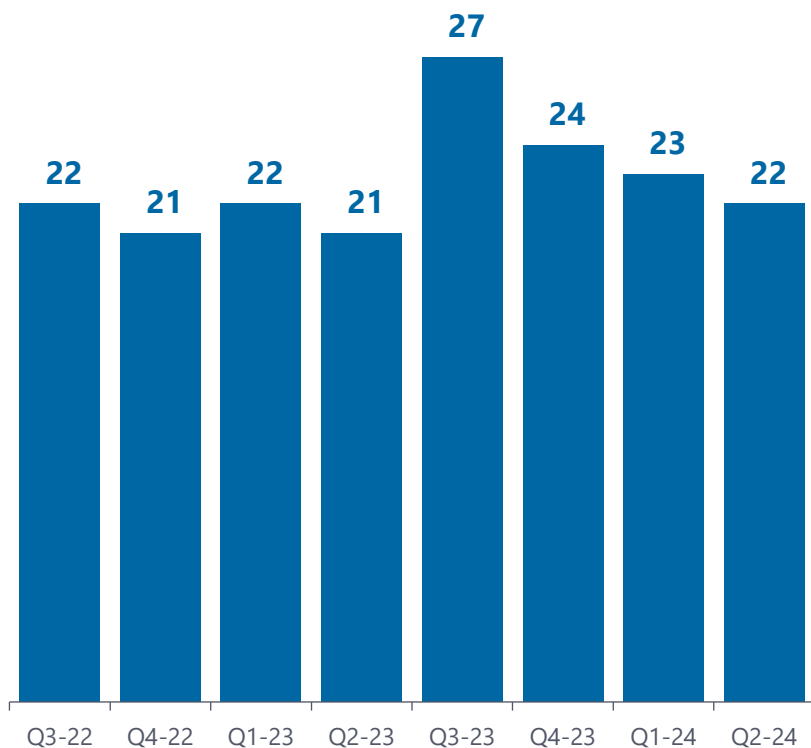
# PropTech M&A Deal Dashboard—H1 2024

## 1H 2024 U.S. PropTech M&A Activity

(\$M)

### ■ H1 2024 M&A Activity

45 strategic-led deals (including PE-backed strategics).



## Featured 1H 2024 U.S. PropTech M&A Transactions

(\$M)

Announced Date	Acquirer	Target	Enterprise Value
6/25	MRI REAL ESTATE SOFTWARE	INSURENT from MRI Software	NA
6/6	NEMETSCHKE GROUP	goCanvas	\$771
6/4	frontdoor.	HOME BUYERS WARRANTY	\$585
5/16	roofstock	MYND	NA
5/14	EasyKnock	HomePace	NA
4/22	CoStar™	Matterport™	\$1,623
4/10	REALPAGE	keyready™	NA
3/5	TANGO	Locatee	NA
1/24	AUTODESK	PAYAPPS	NA
1/10	HqO	SYMBIOSY	NA

Sources: PitchBook.com, CBInsights.com, company filings, company websites, press releases.



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# Houlihan Lokey Advises GrowthCurve on Its Acquisition of Duetto

## Transaction Overview



**Houlihan Lokey acted as the exclusive financial advisor to GrowthCurve on its acquisition of Duetto.**

- On June 27, 2024, GrowthCurve announced it had acquired Duetto, a leading provider of revenue management software (RMS) for the hospitality industry.
- Duetto offers innovative solutions that simplify hotel operations and optimize revenue. With a focus on organic product development, data, and integrations, Duetto connects disparate systems into a cohesive, efficient platform that drives profitability and growth for hotels worldwide.

- More than 6,000 hotel and casino resort properties in over 60 countries use Duetto, which has been recognized as the No. 1 RMS for three consecutive years by the HotelTechAwards.
- GrowthCurve will partner with Duetto to further accelerate its AI strategy, including the development of new AI products, support the launch of new business lines, and expand into new markets.

## Company Highlights

**6,000+**  
Customers

**60+**  
Countries

**No. 1 RMS**  
HotelTechAwards



## Duetto Platform



**GameChanger**

*Revenue Management and Pricing Optimization*



**ScoreBoard**

*Revenue Forecasting Automation*



**BlockBuster**

*Group Accommodations Revenue Management*



**Advance**

*Market-Driven Dynamic Pricing Optimization*



**GameChanger**

*Meeting and Event Space Booking and Revenue Management*

## Selected Transaction Commentary

We are excited to partner with GrowthCurve, whose expertise in machine learning and AI, coupled with [its] experience in high-growth businesses, aligns perfectly with our vision. This acquisition will boost our investments in innovative tech, enhance our capabilities to support our customers, and solidify our leadership in hotel revenue management. With the strength of the Duetto brand, we are confident that, together with GrowthCurve, we will achieve our ambitious growth objectives and drive the future of hospitality tech.

—David Woolenberg | CEO, Duetto



Duetto is a leader in the fast-growing revenue management software market, with a differentiated solution that helps clients harmonize data and manage decision-making at scale. We look forward to partnering with David and the rest of the management team to accelerate Duetto's growth, including applying GrowthCurve's functional capabilities in data science and AI to further enhance the solution's value proposition for clients.

—Matthew Popper

*Head of Technology and Information Services, GrowthCurve*



Sources: Company website, press releases.

# Houlihan Lokey Advises Eque2 on Its Investment From Bowmark Capital

## Transaction Overview



**EQUE2**  
a portfolio company of



**WestBridge**  
has received investment from



**BOWMARK CAPITAL**





Sellside Advisor

**Houlihan Lokey acted as the exclusive financial advisor to Eque2 on its investment from Bowmark Capital (Bowmark).**

- Bowmark announced its investment in Eque2 in May 2024.
- Eque2 is a leading provider of specialist enterprise resource planning software to the construction industry.
- The company provides mission-critical, cloud-based business management software solutions to approximately 3,000 customers in the U.K. construction sector (from SMB to Enterprise).

- Eque2's software solutions enable customers to manage their core workflows, improve productivity, and increase margins.
- Bowmark is partnering with WestBridge, which is reinvesting as part of the transaction, to help Eque2 continue its strong growth trajectory and build its leading position in construction software through further investment in technology, new product development, and client service.

## Company Highlights<sup>(1)</sup>

-  Ideally Positioned to Continue Strong Growth Trajectory
-  Broad Base of Enterprise and SMB Customers, From £1 Million to £2.5 Billion Turnover
-  Exceptional Customer Retention Metrics
-  C.75% Recurring Revenue Underpinned by Successful and Accelerating Cloud Migration<sup>(2)</sup>

Sources: Company websites, press releases.

(1) As of 12/5/2023.

(2) Comprises SaaS, Support, Licences, and Services revenues.

## Eque2 Platform



**EVISION CONSTRUCT**

### Construction

Construction-specific accounts, payroll, and reporting solution that fully integrates with MS Dynamics, Sage Accounts, and Xero.



**EVALUATE**

### Estimating

Leading construction estimating software for main contractors, subcontractors, and QS.



**HOUSEBUILDING**

### Housebuilding

Specialist software to manage the full housebuilding lifecycle, from land appraisal to sales and customer care.



**MIRACLE**

### Complementary Offerings

Complementary stand-alone software modules including Miracle payroll, CIA, Intuita, etc.

## Selected Transaction Commentary

“The Houlihan Lokey team have provided excellent expertise and support throughout every stage of the process. The combination of their sector knowledge, buyer insight and global reach were key to delivering this deal. We are looking forward to the next phase of our journey working with the Bowmark team, alongside the ongoing support of WestBridge to execute on our exciting strategy for the future.”

—Justin Moule, CEO, Eque2



“It has been a pleasure to work with Justin and his team over the last three years through a period of transformational change. We are delighted to partner with Bowmark to support the next phase of the company's growth.”

—Pete Barkley, Partner, WestBridge



“Eque2 has built an enviable position in construction ERP software where there is a large addressable market and accelerating demand for digital solutions. Having known the business and its management for many years, we are delighted to have the opportunity to back Justin and his team, and to partner with WestBridge to support the business in the next stage of growth.”

—Simon Kaufman, Partner, Bowmark Capital



# Leading Global PropTech Coverage Team

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## Leader in PropTech Advisory

 has acquired  Buy-side Advisor	 a portfolio company of  has received investment from  Sell-side Advisor	 a portfolio company of  has been acquired by  Sell-side Advisor	 a portfolio company of  has been acquired by  Sell-side Advisor	 has acquired  Buy-side Advisor	 has acquired  a portfolio company of  Buy-side Advisor
 has been acquired by  Sell-side Advisor	 has received funding from  Financial Advisor*	 has been acquired by  Sell-side Advisor	 has received a strategic growth investment from  Sell-side Advisor	 a portfolio company of  has been acquired by  Sell-side Advisor	 has been acquired by  Sell-side Advisor
 has been acquired by  Sell-side Advisor*	 a portfolio company of  has been acquired by  Sell-side Advisor*	 has received an investment from  Financing Advisor*	 has been acquired by  Sell-side Advisor*	 has received a majority investment from  Sell-side Advisor*	 has been acquired by  Sell-side Advisor
 has been acquired by  Sell-side Advisor*	 has been acquired by  Sell-side Advisor	 has received a strategic investment from  Sell-side Advisor*	 has acquired  Buy-side Advisor*	 has received a majority recapitalization from  Sell-side Advisor*	 has been acquired by  a portfolio company of  Sell-side Advisor*

Tombstones included herein represent transactions closed from 2019 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.

# Blueprint Vegas Conference 2024: Houlihan Lokey Official Partner

September 17–19 | The Venetian, Las Vegas | [Partner Discount Tickets Here](#)



## WHAT TO EXPECT AT THE EVENT

- Panel Discussions With Industry Leaders and Innovators:** A diverse range of speakers will share their insights on navigating current market conditions and positioning their companies for future success across various sectors of the built world.
- Featured Speakers:** The conference will feature 250+ high-profile speakers and candid panel discussions with thought leaders in real estate, construction technology, and sustainability, covering a variety of topical themes.
- One-on-One Meetings:** Blueprint will offer unlimited one-on-one meetings with presenting companies throughout the conference with its all-access pass.
- Networking Opportunities:** Join an audience of entrepreneurs, venture investors, and industry executives for networking sessions, including breakfast, lunch, and opening and closing cocktail events.

## Blueprint Vegas 2024 At-a-Glance

850+

Startups and  
Investors

50+

Countries  
Represented

3,000+

Conference  
Attendees

900+

Built World  
Executives



## AGENDA

### Topics Covered

- AI
- Construction
- CRE
- Data
- FinTech
- Hospitality
- Multi-Family
- SFR
- Single-Family
- Sustainability
- VC

Houlihan Lokey is proud to officially partner with Blueprint: The Future of Real Estate this year as they continue to build the largest real estate and construction technology conference in the market.





Houlihan  
Lokey



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# CoStar Has Reached a Definitive Agreement to Acquire Matterport for ~\$1.6 Billion Enterprise Value to Increase Deployment of Digital Twin Technology

## Transaction Overview



Has Reached a Definitive Agreement to Acquire



~\$1.6B Enterprise Value

- On April 22, 2024, CoStar Group (CoStar) announced that it had signed a definitive agreement to acquire Matterport for \$5.50 a share, at an enterprise value of ~\$1.6 billion.
- The transaction is expected to increase the development and deployment of Matterport's advanced AI and digital twin solutions.
- Matterport's shareholders will receive \$2.75 in cash and \$2.75 in shares of CoStar common stock for each share of Matterport common stock.

## Matterport Offer Metrics<sup>(1)</sup>

	2023A	2024E	2025E
EV/Rev	10.3x	9.2x	8.1x

## Stock Price Premium

Offer Price	\$5.50/Share
One Day Before Announcement Premium <sup>(2)</sup>	216%
20-Day Volume Weighted Average on 4/19/24	181%

## CoStar's Three-Year Stock Price Performance



Sources: S&P Capital IQ as of 4/23/2024, PitchBook, 451 Research, company website, press releases.




(1) Projected figures per S&P Capital IQ consensus estimates; multiples are calculated against transaction enterprise value and represent values pre-synergies.

(2) Stock price premium is calculated against closing price on April 19, 2024, the last trading day before public announcement.

# CoStar Has Reached a Definitive Agreement to Acquire Matterport for ~\$1.6 Billion Enterprise Value to Increase Deployment of Digital Twin Technology (cont.)

## Strategic Rationale



- **Consumers and Advertisers Prefer RE Portals With Digital Twins**  
CoStar **plans to add Matterport's advanced 3D digital twins solution** to Apartments.com, LoopNet, Homes.com, CoStar, Land.com, BizBuySell, Real Estate Manager, STR Belbex, OnTheMarket, and others.
- **Investment in Spatial Technology**  
CoStar plans to **further support and invest in Matterport's R&D efforts** to imagine and create the industry's future, by developing more advanced spatial technology solutions with a **focus on AI and machine learning initiatives**.
- **Increased Capabilities for Homes.com**  
CoStar intends to **add Matterport as a benefit of a Homes.com membership**, which would help CoStar **increase leads, customer satisfaction, renewal rates, sales, and site traffic**.

## Selected Transaction Commentary

“ CoStar Group and Matterport have nearly identical mission statements of digitizing the world's real estate... The world has changed, and today, a **Matterport is the new open house or property tour**. People now select their next home, apartment, office, store, hotel, or warehouse **on their mobile devices, often without ever visiting the property. There is no better way to remotely experience space than via Matterport**. CoStar Group intends to support and invest in research and development opportunities to **further develop Matterport's spatial technology, including the application of AI and machine learning** to extract information from the 3D spatial data library as well as using generative artificial intelligence to imagine and reimagine physical spaces.

—**Andy Florance**, Founder and CEO, CoStar 

”

“ We are thrilled to join forces with Costar Group, a long-standing customer and partner with a shared vision for transforming global real estate through technology and digitization. This transaction is another significant milestone that **acknowledges the groundbreaking work Matterport has accomplished in 3D digital twin technology and AI-driven property intelligence**. With CoStar Group's expansive reach and scale in property research and analytics and our joint commitment to innovation, we believe that **this powerful combination will transform how properties are marketed, sold, and managed worldwide**.

—**RJ Pittman**, Chair and CEO, Matterport 

”

Sources: PitchBook, company website, press releases.

# CoStar Has Reached a Definitive Agreement to Acquire Matterport for ~\$1.6 Billion Enterprise Value to Increase Deployment of Digital Twin Technology (cont.)

## Matterport Product Overview

Product	Description
Digital Twin:	Create immersive 3D digital twins with a variety of camera options.
Capture Services:	On-demand service to capture digital twins for the customer.
Digital Pro:	All-in-one innovative marketing solution for real estate agents.
Floor Plans:	Create professional-grade schematic floor plans from a 3D tour.
Amazon TwinMaker:	AWS integration to provide a unified 3D view of business operations.
BIM:	Accelerate 3D modeling process and enhance productivity.
CAD:	Enable building design with Matterport's CAD file add-on.

### Revenue Mix<sup>(1)</sup>

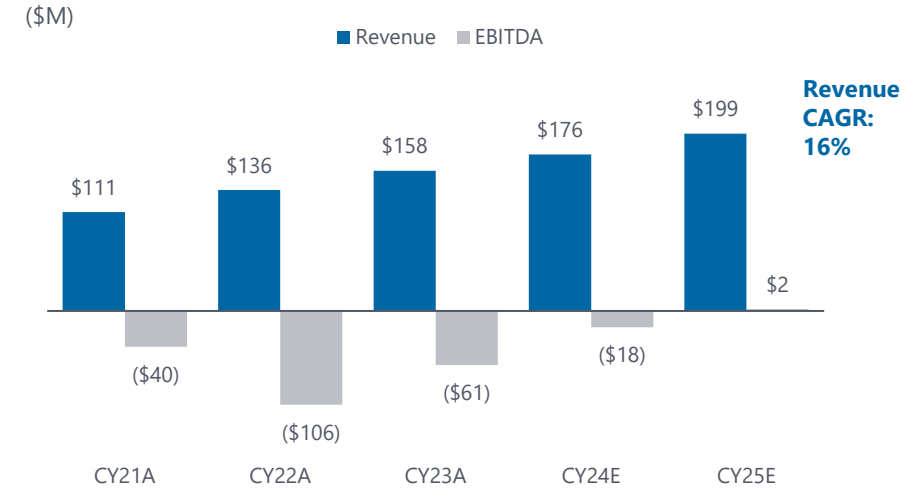
**55.3%**  
Subscription

**23.8%**  
Services

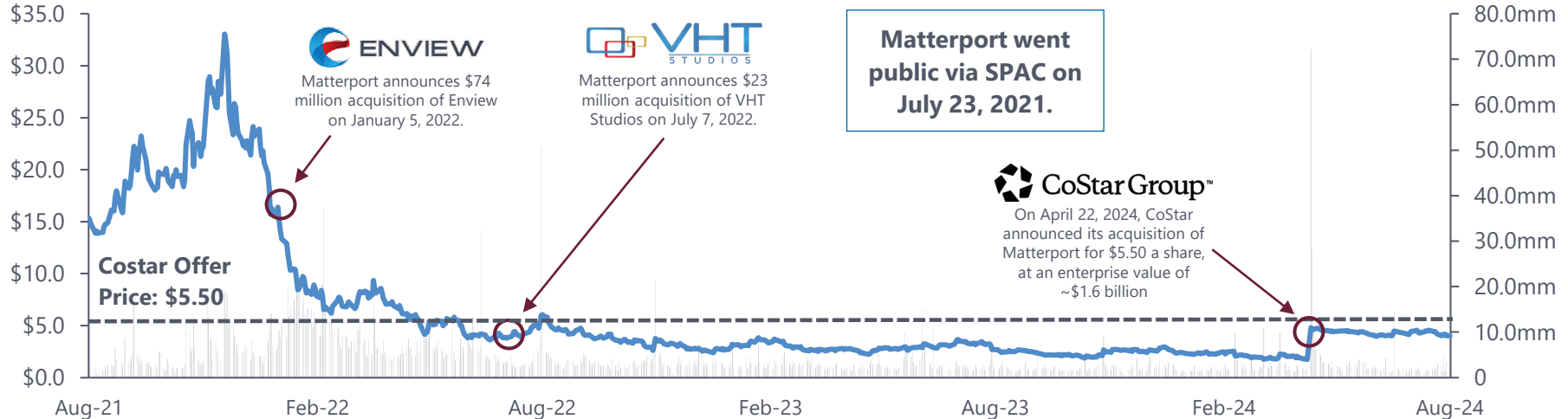
**20.8%**  
Product

**0.1%**  
License

## Matterport Financial Detail<sup>(2)</sup>



## Matterport's Three-Year Stock Price Performance



Sources: S&P Capital IQ as of 4/23/2024, PitchBook, 451 Research, company website, press releases.

(1) Represents CY23A Revenue.

(2) Consensus estimates per S&P Capital IQ.

# CoStar Has Reached a Definitive Agreement to Acquire Matterport for ~\$1.6 Billion Enterprise Value to Increase Deployment of Digital Twin Technology (cont.)

## CoStar Key Statistics

**2M+**  
Residential Sale and Rental Property Listings on Homes.com

**7.4M**  
Views of Matterport 3D Tours on Apartments.com in March 2024

**20%**  
More Time Spent Viewing Apartment Listings With Matterport 3D Tours

**300K**  
Digital Twins Created Using Matterport Across Various CoStar Products

**90%**  
Overall Renewal Rates<sup>(1)</sup>



## Matterport Key Statistics

**11.7M**  
Digital Twins Created

**38B**  
Square Feet Digitized

**170+**  
Countries

**75%+**  
CY23A Subscription Gross Margin

**109%**  
Net Dollar Expansion Rate in Q4-23A

Real Estate    AEC    Travel and Hospitality  
Repair and Insurance    Industrial and Facilities  
Diverse End Markets

## Acquisition Value Proposition

- Property listings with Matterport’s solutions generate an average of **10 times more leads**.
- Ability to leverage Matterport’s strong digital imagery and analytics** across business lines, along with **proprietary data assets** Matterport has gathered.
- Potential to layer Matterport solutions into Homes.com memberships** (e.g., “buy a Homes.com membership, and get access to Matterport capabilities”), making **Homes.com even more attractive to seller-focused agents**.
- Ability for CoStar to **deepen relationships with some of Matterport’s existing customers** (traction with engineering firms, repair/insurance companies, etc.).
- 30% of Matterport’s new models are generated outside the U.S., creating a **large international opportunity**.
- Opportunity for CoStar to **accelerate Matterport’s global expansion** (such as using it in the U.K. market with OnTheMarket).
- Matterport maintains similarly **strong renewal rates** to CoStar and has **strong subscription gross margins**, providing a highly scalable business that should become accretive to CoStar’s earnings.
- Potential for meaningful cost synergies** (especially in GTM motions), and the ability for **Matterport to assist in CoStar’s content generation** for Homes.com with its large network of photographers and technicians.

Sources: CoStar and Matterport Investor Presentations, Press Releases, and Equity Research.  
 (1) TTM as of March 31, 2024, for 12+ month contracts.

# TPG Has Reached a Definitive Agreement to Acquire Aareon for ~\$4.2 Billion Enterprise Value to Support Comprehensive Property Management Solution

## Transaction Overview



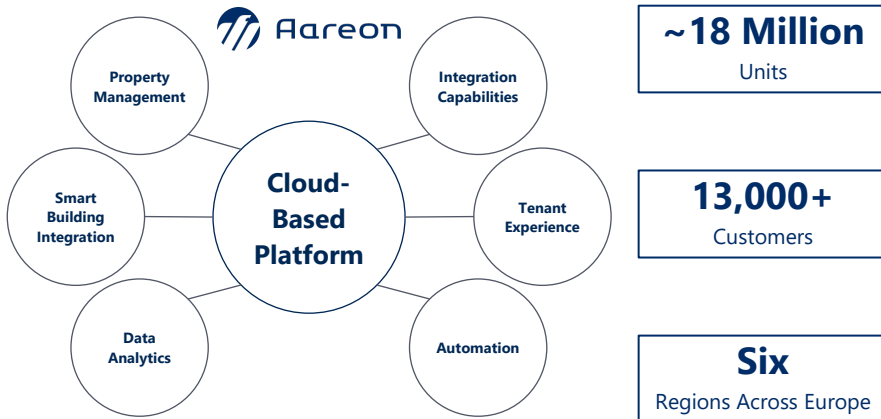
Acquired



~\$4.2B Enterprise Value

- On June 24, 2024, TPG announced that it signed a definitive agreement to acquire Aareon for ~\$4.2 billion.
- Aareon provides SaaS solutions for the property industry, promoting efficient and sustainable property management.
- Aareon's portfolio enables seamless, automated end-to-end processes connecting property managers and owners across the residential and commercial real estate sectors.
- The acquisition will provide Aareon with access to additional, dedicated resources and expertise to drive innovation and further growth.

## Platform Overview



Sources: PitchBook, company website, press releases.

## Aareon Overview

Headquarters	Mainz, Germany
Founded	1957
Description	Provider of information technology consulting services intended to optimize IT-based business processes and expand business models. The company offers enterprise resource planning software, digital consulting, management tools, and related services to housing, commercial real estate, facility management, energy, logistics, and other industries, ensuring greater process efficiency, transparency, and reduced workload for employees and organizations.

Selected Prior Investors




## Selected Deal Commentary

“ The need for comprehensive property management solutions is growing amid a trend towards digitalization of real estate workflows and an increasingly complex regulatory environment. Aareon's platform is built to support this evolution, providing owners and managers with an integrated, modern system that improves connectivity and streamlines business operations.  
—**Flavio Porciani**,  
Partner, TPG



“ This transaction marks a milestone in the development of Aareon. Thanks to the strong support of our owners Aareal Bank and Advent International, the company has made excellent progress in recent years. Now, we have reached a point where we can take the next step in our development. We are in an ideal position to capture further growth opportunities and welcome TPG and CDPQ as experienced and strong new partners.  
—**Harry Thomsen**,  
CEO, Aareon



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