



# Real Estate Software Market Map

*Winter 2024*

# Agenda

## → Shea & Company Firm Overview

Real Estate Market Overview & Trends

Sector Deep-Dives:

- Multi-Family Residential & Commercial Rental Market
- IWMS Market
- Single-Family Residential Market
- Short-Term Rental Market

Market Activity

# About Our Firm

<b>1</b>	<b>2</b>	<b>35+</b>	<b>\$45Bn+</b>	<b>20+</b>	<b>145+</b>
Firm focused exclusively on enterprise software	Offices in Boston and San Francisco	Professionals focused on the software industry	Advised aggregate deal value	Average years of experience amongst our senior bankers	Transactions completed representing billions of dollars in value

## Mergers & Acquisitions, Private Placements & Capital Raising





















Shea & Company has advised on important transactions representing billions of dollars in value across the strategic acquirer and financial investor landscape with clients in the U.S. as well as Canada, Europe and Israel.

 <p>have been acquired by</p> 	 <p>has received a strategic investment from</p> 	 <p>has received an investment from</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has received a strategic investment from</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	 <p>has acquired</p> 	 <p>has acquired</p> 	 <p>has received an investment from</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 	 <p>has been acquired by</p> 
 <p>has acquired</p> 	 <p>has been acquired by</p> 	 <p>has received a minority investment from</p> 	 <p>has acquired</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 

# We Know Real Estate Software

Real Estate Software is a core competency for our firm where we have been among the most active advisors, completing transactions across residential & commercial property management, facilities & integrated workplace management and residential sales & brokerage management

<b>\$7Bn+</b>	<b>~115</b>	<b>~20</b>
Advised deal value in Real Estate Software	Unique bidders on Shea Real Estate deals	Real Estate Software deals completed

 has been acquired by 	 has received an equity investment from 	 has been acquired by 	 has received an investment from 	 has received an investment from 
 has acquired 	 has acquired 	 has acquired 	 has been acquired by 	 has acquired 

## Recent Conversations



# Case Study: Berkshire Partners' Acquisition of Tango Analytics

## Transaction Highlights

- Tango Analytics, a leading provider of cloud-based integrated workplace management software (IWMS) and store lifecycle management (SLM), has agreed to an equity investment from Berkshire Partners
- **Engagement:** Shea & Company was engaged to evaluate and solicit interest from a select set of financial sponsors and strategic acquirers
- **Sector:** Real Estate and Facilities Lifecycle Management
- **Shea & Company Role:** Exclusive financial advisor to Tango Analytics and Frontier Growth

## Tango Analytics Profile

- Tango offers an end-to-end solution encompassing site selection, project management, lease & accounting, facilities maintenance, and space management
- Tango began as a CRE consulting firm and released their first software product two years later; Tango has since been reimagining and releasing industry-leading IWMS and SLM applications
- The Company has partnered with more than 1,000 leading brands, and its cloud-based SaaS and mobile solution is used across 140 countries by companies ranging from those with a few dozen locations to large global brands with more than 40,000 locations
- Founded in 2008, Tango is headquartered in Dallas, TX

## Berkshire Partners Profile

- Berkshire Partners, has 35 years of investment history and Berkshire Private Equity has made more than 135 private equity investments since its inception and has a strong history of partnering with Management Teams to grow the companies in which it invests
- The group has raised \$20Bn+ over 10 funds, with their latest (Fund X) being \$5.8Bn
- The group invests in a wide range of companies in different stages and industries via buyouts or management recapitalizations, partial recapitalizations, growth capital and public securities
- Berkshire Partners is a leading investment firm headquartered in Boston, MA



has received an equity investment from

**Berkshire  
Partners**

Shea & Company served as the exclusive financial advisor to Tango Analytics and Frontier Growth

**Shea  
& Company**

Transaction Notes & Rationale

- Combining leading-edge technology, adaptability, constant innovation and simplicity, Tango's real estate and facilities solutions are built for today's evolving realities
- **"In a post-COVID world, active management of real estate and facilities is more important than ever, and companies require solutions to help them stay in sync with a dynamic environment. Given Tango's strong market share and the unique solutions it provides to an array of blue-chip customers around the world, we view Tango to be a disruptive innovator that has significant potential to drive further value."** – Jon Nuger (Principal, Berkshire Partners)
- **"In addition to their experience in investing across the technology and software ecosystems, the Berkshire team has helped companies accelerate growth strategies to the benefit of all stakeholders. This capital will play a pivotal role in unlocking the next chapter of our growth story as we seek to take Tango to the next level. We are honored to welcome Berkshire as an investor and look forward to benefiting from the insights of their investment and portfolio support professionals."** – Pranav Tyagi (Chief Executive Officer, Tango Analytics)
- **"We have tremendous confidence in Tango's Team and products, and we look forward to continuing our partnership and supporting their next stage of growth"** – Andrew Linder (Co-Founder & Partner, Frontier Growth)
- The funding will help extend Tango's leadership position in the market and accelerate both U.S. and international growth
- With market-leading capabilities across predictive analytics, transactions, projects, lease, space, and reservations—delivered in a true-multi-tenant cloud architecture with a single code base—Tango is poised for continued growth in today's dynamic PropTech marketplace
- Frontier Growth, a leading investment firm who previously held a minority share in Tango, will remain a minority investor in the entity
- Shea & Company served as the exclusive financial advisor to Tango Analytics and Frontier Growth

# Case Study: Goldman Sachs West Street Capital Partners' Investment in InhabitIQ

## Transaction Highlights

- InhabitIQ, a leading global provider of software and software-enabled payments solutions for the residential, short-term rental and commercial real estate industries, has agreed to a strategic investment from Goldman Sachs West Street Partners
- **Engagement:** Shea & Company was engaged to evaluate and solicit interest from a select set of financial sponsors and strategic acquirers
- **Sector:** Real estate property management software solutions
- **Shea & Company Role:** Exclusive financial advisor to InhabitIQ and its Board of Directors

## InhabitIQ Profile

- InhabitIQ is a leading provider of accounting & operations, leasing & marketing, compliance, payments and insurance software solutions to the residential, short-term rental and commercial real estate markets in North America and Europe
- Rebranded after the merger of Property Brands and Vacation Brands, Inhabit IQ is a portfolio company of Insight Partners, Providence Strategic Growth and Greater Sum Ventures
- Founded in 2016 as Property Brands, InhabitIQ is headquartered in Knoxville, TN with additional offices in North America and Europe

## Goldman Sachs West Street Capital Partners Profile

- Goldman Sachs West Street Capital Partners is the private equity fund within the Merchant Banking Division of Goldman Sachs, which invests in private equity, debt and real estate
- The group has raised \$40Bn+ over 7 funds, with their latest (Fund VII) being \$7Bn
- The group invests in a wide range of companies in different stages and industries via both growth equity and leveraged buyouts
- Goldman Sachs is a global investment bank headquartered in New York, NY and has offices around the world



a portfolio company of



has received a strategic investment from



Shea & Company served as the exclusive financial advisor to InhabitIQ and its Board of Directors



## Transaction Notes & Rationale

- Goldman Sachs will join existing investors Insight Partners, Greater Sum Ventures and PSG as institutional shareholders in Inhabit IQ
- "We're gratified by Goldman Sachs' show of confidence and look forward to working with this experienced team to grow our solutions portfolio. Inhabit continues its track record of strong performance even amid today's uncertain environment. We believe in the future of the property and vacation management industries and will help these businesses thrive by addressing their critical technology needs" – Lisa Stinnett (CEO, InhabitIQ)
- The funding will provide additional capital that will enable Inhabit IQ to increase its investment in innovation, accelerate its growth and continue its acquisition strategy. The Company will continue to be led by CEO Lisa Stinnett and the current management team.
- "Inhabit IQ is a leader in the fast-growing property management software market, and we have been very impressed with the platform that Lisa and the Inhabit IQ management team have built. We look forward to supporting the management team in the next phase of their evolution." – Anthony Arnold (Managing Director, Goldman Sachs)
- "The real estate sector is still early in its digitization journey and Inhabit IQ provides a unique value proposition to the rental management industry. We look forward to helping deliver the resources of the Goldman Sachs platform, including our deep institutional experience in real estate, to further accelerate the Company's growth trajectory." – Matthew Popper (Managing Director, Goldman Sachs)
- Shea & Company served as the exclusive financial advisor to InhabitIQ and its owners Insight Partners, Providence Strategic Growth and Greater Sum Ventures

# Case Study: TA Associates' Investment in MRI Software

## Transaction Highlights

- MRI Software, a leading global provider of software solutions for the real estate sector, has agreed to a strategic investment from TA Associates
- **Engagement:** Shea & Company was engaged to evaluate and solicit interest from a select set of financial sponsors
- **Sector:** Real estate property and investment management software solutions
- **Shea & Company Role:** Exclusive financial advisor to MRI and its owner GI Partners

## MRI Software Profile

- MRI Software is a leader in business management software solutions for the multifamily and commercial real estate industries, serving owners, operators, occupiers and investors
- MRI is a portfolio company of GI Partners, a leading investment firm focused on private equity and real estate strategies. GI is active in a number of key sectors, including IT Infrastructure, Software, Healthcare and Services; GI Partners acquired MRI from Vista Equity Partners in 2015
- Founded in 1971, MRI is headquartered in Solon, OH with additional offices in Atlanta, Dallas, Hong Kong, London, Singapore, Sydney and Toronto

## TA Associates Profile

- TA Associates is one of the largest and most experienced global growth private equity firms having raised \$24Bn in capital and investing in more than 480 companies around the world since inception
- TA Associates specializes in buyouts and minority recapitalizations of profitable growth companies with its Team of more than 85 professionals
- TA Associates is active in a number of key subsectors including Facility Services, Financial Technology, Infrastructure, Internet and Software
- Founded in 1968, TA Associates is headquartered in Boston with additional offices in London, Menlo Park, Mumbai and Hong Kong



a portfolio company of

**GI PARTNERS**

has received a strategic investment from



Shea & Company served as the exclusive financial advisor to MRI & GI Partners



Transaction Notes & Rationale

- TA Associates is one of the largest and most experienced global private equity firms focused on growth-oriented companies. TA Associates, in conjunction with GI Partners, will look to leverage its global presence to help drive MRI's strategic international expansion initiatives
- "MRI Software has established a differentiated position in the fast-growing real estate software space with a comprehensive, configurable and open platform that meets the unique needs of real estate owners, operators and investors. With its significant investment in product, people and partners, we believe MRI is well positioned to continue growing its leadership position in the commercial, residential and investment management markets. We are excited to partner with Patrick Ghilani and his Team, alongside GI Partners, to support the Company's continued innovation and growth." – Hythem El-Nazer (Managing Director, TA Associates)
- Upon closing the transaction, TA Associates will help drive MRI's M&A initiatives and utilize its global reach to propel MRI's solution into new markets worldwide. TA will assist GI Partners in accelerating topline revenue growth, deepening MRI's presence internationally, expanding its connected partner system and delivering significant levels of product innovation
- "MRI Software is a leader in real estate technology because of our relentless commitment to delivering value to our Clients and partners through exceptional products, services and relationships. GI Partners has been a strong supporter and a key contributor to the acceleration of our business, and we look forward to continuing this relationship. Expanding our partnership to include TA Associates, a firm with deep software industry experience and global scale, will provide additional resources to fuel our growth through further expansion of our international footprint and our real estate technology solutions. The combination of these two leading strategic investors will provide greater access to global resources and enables us to invest even more to deliver innovation, flexibility and value for our Clients and partners." – Patrick Ghilani (CEO, MRI Software)
- Shea & Company served as the exclusive financial advisor to MRI Software and its owner GI Partners

# Agenda

Shea & Company Firm Overview

## → Real Estate Market Overview & Trends

Sector Deep-Dives:

- Multi-Family Residential & Commercial Rental Market
- IWMS Market
- Single-Family Residential Market
- Short-Term Rental Market

Market Activity



# Real Estate Snapshot

## M&A

Suite solution providers aggressively expanding offerings through M&A; PE buyers have emerged in recent years as leading competitors for assets of scale

### Most Active Acquirers

Strategic	Private Equity
Altus Group CoStar FORTIVE mri REALPAGE Trimble YARDI Zillow	ABRY PARTNERS FP FRANCISCO PARTNERS INSIGHT PARTNERS MARLIN EQUITY PARTNERS Great Hill PARTNERS TA ASSOCIATES THOMABRAVO TPG

### Recent Notable Transactions

CINC Systems	n/a	Hg
Follow Up Boss	\$400MM	Zillow
nuvolo	n/a	TRANE TECHNOLOGIES
Kiona	\$232MM	CAREL
fm:systems	\$608MM	Johnson Controls
sms assist	\$950M	Lessen
Brightly	\$1.6Bn	SIEMENS

## Private Capital Raising

Fundraising environment remains active, with a notable shift towards large rounds as newcomers demonstrate rapid growth via disruption

### Prominent Investors

Accel	BainCapital VENTURES	Bessemer Venture Partners
FORGEPOINT CAPITAL	KLEINER PERKINS	Lightspeed
NAVITAS CAPITAL	NEA	NORWEST VENTURE PARTNERS
SEQUOIA	TRINITY VENTURES	VALOR EQUITY PARTNERS

### Recent Notable Fundings

kin.	\$152MM Series D
stayntouch	\$48MM Series E
MaintainX	\$50MM Series C
FUNNEL	\$32MM Series B
HqO	\$50MM Series D
harri	\$43MM PE Growth
EasyKnock	\$38MM Series D

## Public Markets

Public market activity has taken a turn – deal flow has decelerated, and valuations have been compressed over the past few quarters

### Recent Take-Privates

REALPAGE	CoreLogic
acquired by THOMABRAVO	acquired by STONE POINT CAPITAL INSIGHT PARTNERS
Dec 2020 \$10.2Bn EV/Rev: 9.4x	Feb 2021 \$6.2Bn EV/Rev: 3.2x

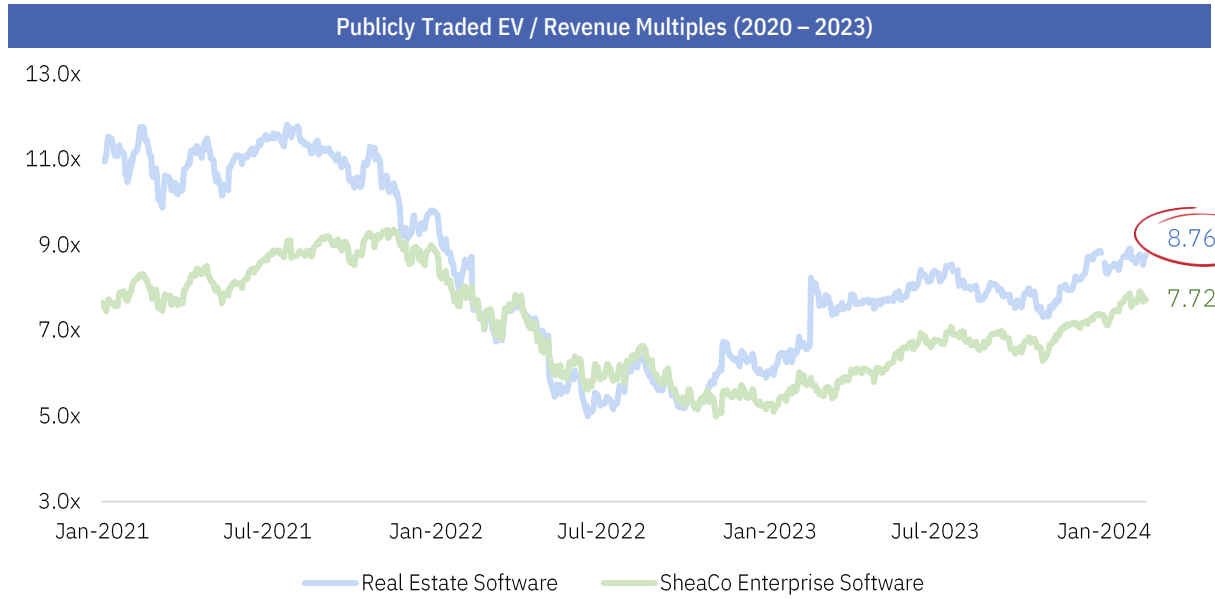
### PropTech Public Strategies (YTD Price % Δ)

Altus Group 12%	appfolio 36%
Bentley 3%	CoStar Group™ (6%)
NEMETSCHEK GROUP 8%	PROCORE™ 10%
Trimble 8%	Zillow (5%)

Note: YTD is as of 02/20/24

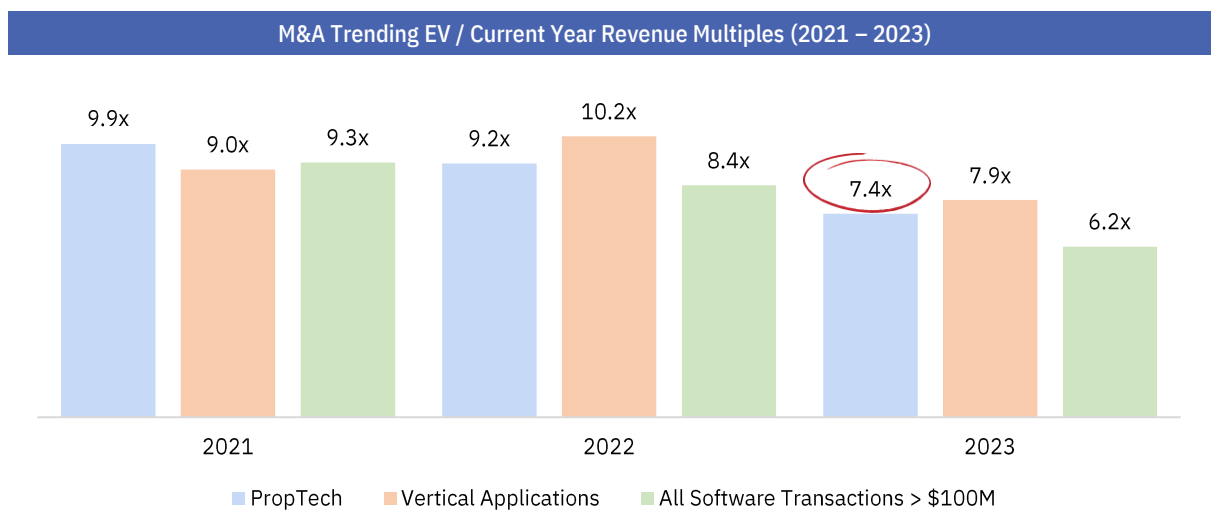
# PropTech Remains Rich Relative to Broader Software

Investors have been bullish on PropTech due to the fact that Real Estate is a massive underlying market that has been a laggard to adopt technology – this has driven premium multiples for PropTech businesses relative to other segments of the software universe



**PropTech Public Market Trends**

- Throughout 2021, the revenue multiple spread widened between PropTech and Enterprise Software
- Recently, that spread has been tightening but still stands at 1.0x higher, proving that despite difficult equity market conditions, PropTech trades at a natural premium to broader enterprise software
- Broadly speaking, multiples have contracted in the market, and we are certainly feeling a lack of deal flow and seeing normalizing software assets



**PropTech M&A Market Trends**

- Although multiples appear to remain rich today, the PropTech precedent transaction sample size is smaller as only high-quality assets have been able to transact this year
- In the last two years, PropTech has been outperforming broader enterprise software in the private markets
- Investors are attracted to PropTech due to the large underlying market and lack of digitization

Note: Index represents universe of Enterprise Software & PropTech Companies tracked by Shea & Company  
 Note: Trending M&A comps are from Shea & Company proprietary transaction database; Revenue multiples in excess of 20.0x are considered not meaningful and excluded from mean calculations

# Real Estate Sectors and Supporting Software

A wide variety of Real Estate software solutions exist, serving a number of underlying end markets and constituents – we segment the market into five core software solution sets: Multi-Family Residential & Commercial Rental, Single-Family Residential, Short-Term Rental, Integrated Workplace Management and Construction

Real Estate Asset Classifications



### Commercial Real Estate

Commercial real estate refers to properties used specifically for business or income-generating purposes. The three main classes of commercial real estate include: office space, industrial and retail

**\$17Tn**  
in underlying assets



### Multi-Family Real Estate

A multi-family home is a single building that's set up to accommodate more than one family living separately. This includes everything from duplexes to multi-hundred unit high-rises

**\$3.8Tn**  
in underlying assets



### Single-Family Real Estate

A single-family home is an independent residential structure that sits on its own land and is designed to be used as a single dwelling unit, having just one kitchen, unshared walls and unshared utilities

**\$45.3Tn**  
in underlying assets



### Short-Term Rental Real Estate

Short-term rental describes furnished self-contained homes / condos / apartments that are rented for short periods of time, usually by the month as opposed to annual rentals in the unfurnished apartment rental market

**138M**  
Available Properties

Software Solutions

### Multi-Family Residential & Commercial Software

Solutions that support owner and operator in all aspects of their business including listings, marketing, leasing, accounting, tenant communications and building operations

### Integrated Workplace Management Software

Solutions that support commercial tenants including capital planning, space management & lease accounting

### Construction Software

Provides solutions to help automate the construction management process – budget management, communication, decision-making and job scheduling, to name a few

### Single-Family Residential Software

Solutions that are sold to brokerage firms and real estate agents to support the sale of homes to individuals. Functionality includes online marketing solutions, lead sources, CRM, commissions management, accounting and document mgmt.

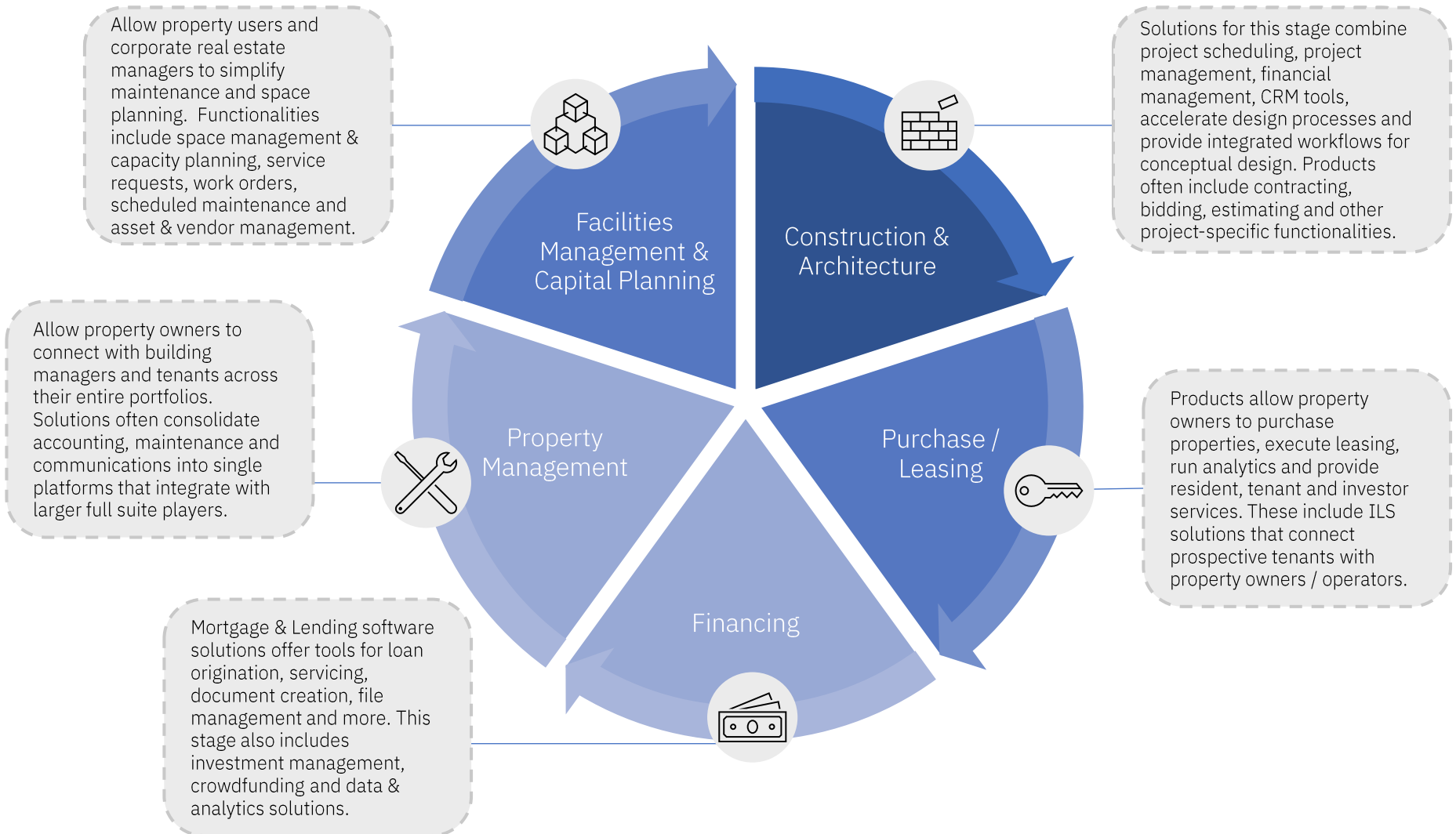
### Short-Term Rental Software

Solutions designed to support vacation rental owners and vacation rental managers (VRMs) with listing tools, pricing, bookings, customer management, insurance, screening and property maintenance management

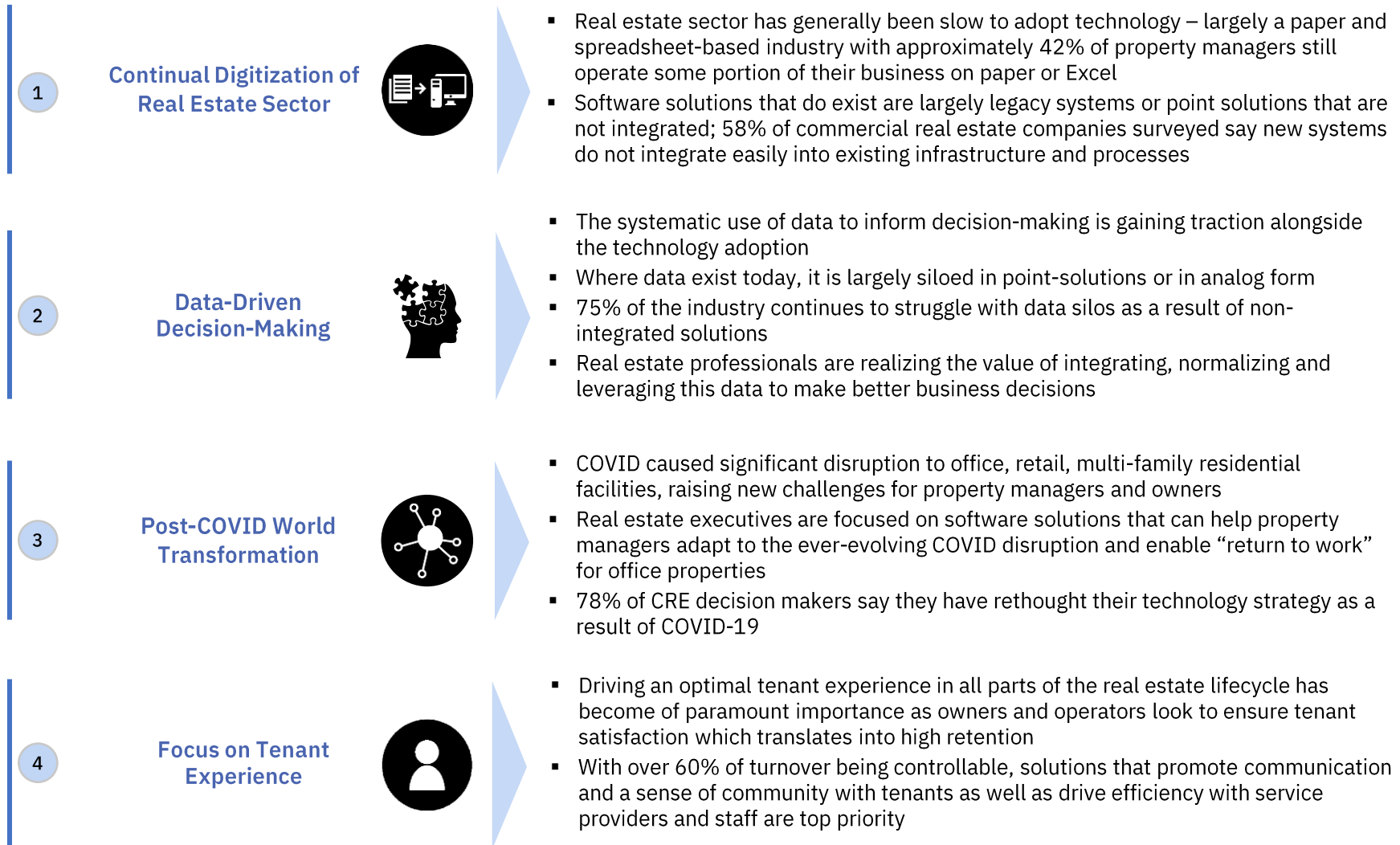
# Building Lifecycle

Real Estate software solutions address all key phases of the building lifecycle. From pre-construction and design phases to purchase/leasing and ultimately space management and capital planning, a wide array of solutions exist to support users throughout the process

## Complete Building Lifecycle



# Real Estate Software Industry Trends



# I. Continual Digitization of Real Estate Sector

Historical inhibitors to technology adoption are being broken down as the efficiency gains and improvements to service from technology adoption, outweighs the investment costs and risk of implementing new systems



## Historic Inhibitors to Digitalization

- Existing manual processes with collection / entry and information verification
- Highly relational industry with multiple intermediary levels
- Lack of industry standards and centralized marketplaces to share uniform data
- Fluctuating boom-bust cycles inhibit consistent investment
- Costly to adopt new technology – large up-front investment and long implementation cycles
- Dependency on paper & spreadsheets in daily operations

## Lower Up-Front Investment

- SaaS solutions have decreased the up-front investment and are generally easier to implement, lowering the hurdle to adoption
- While effort to adopt is not insignificant, it is lower risk than past on-prem solutions

## Proven Cost Savings & ROI

- The business case for sector-specific software solutions is clear – they generate tangible returns on investment
- Analytics measure and manage performance to help determine the quality of service, level of productivity and revenue and costs in real-time; this yields cost savings & increasing employee efficiency

## Improved Tenant and Resident Experience

- Software solutions are becoming a critical tool in customer engagement to drive a sense of relationship and higher tenant satisfaction
- Real-time communication, collaboration, and workflow eliminates friction from manual, legacy processes and ensures a best-in-class tenant / resident experience



## End-Users



CRE Executives



Property Managers



Facility Operators



Workers & Vendors



Tenants & Occupants

## II. Data-Driven Decision-Making

Data provides actionable strategic insight across the real estate ecosystem, yet data remains underutilized today due to the fact that it is siloed in disintegrated systems, unstructured, complex and/or in analog form; software solutions are emerging to address these pain points and enable RE professionals to make better business decisions

### Data Focus

- According to GlobeSt, 45% of CRE teams are spending at least 15% to 25% of their time managing and organizing data
- Additionally, 8 out of 10 CRE firms have an executive position dedicated to data strategy and governance
- McKinsey estimates that the construction industry costs the global economy an estimated \$1.6Tn through various efficiency problems; embracing innovations like big data eliminates budgeting errors, improves safety, reduces waste and optimizes workflow

### Siloed Data

- The Real Estate ecosystem includes diverse industry participants and a myriad of data sources, including structured and unstructured content (email, lease contracts, pricing data, spreadsheets, digital images)
- Data is generally siloed / proprietary, making it difficult for the various constituencies within Real Estate (investors, owners, operators, property managers) to unlock the full value of the data
- Forrester’s research has revealed that an estimated 73% of company data is never analyzed, and the RE industry is no exception to this trend

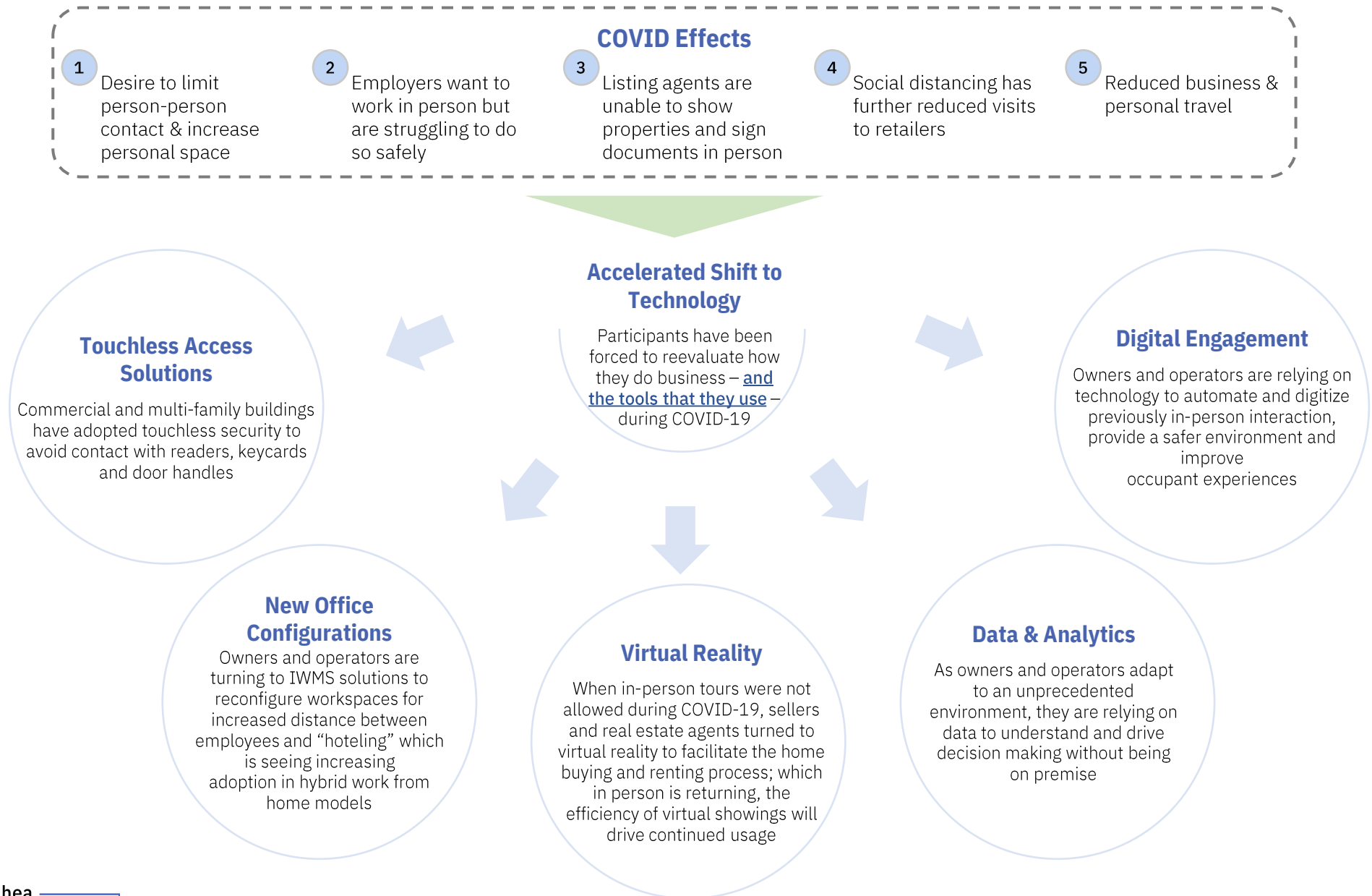
### Advantages to Data-Driven Decision-Making

- There is increasing demand for Real Estate software solutions that incorporate real-time data and can integrate with existing solutions to leverage existing business data and streamline data collection
- Data-driven decision-making reduces construction time and material-related costs by presenting clear, digestible data and identifying potential structural errors before they happen; 98% of construction megaprojects go at least 30% over budget
- IoT can help reduce the cost of energy, spatial management and building maintenance by up to 30%
- A Bain study revealed companies leveraging analytics outperform their competition by up to 5x, particularly in making effective decisions “faster”
- Ultimately, the use of data when making decisions will mean decisions are thoughtful and scientific, which is extremely important in the incredibly competitive markets of commercial, multi-family and residential real estate



### III. Post-COVID World Transformation

In recent years, digital transformation in the real estate industry has become increasingly important, a trend was intensified during COVID-19 as owners, operators, agents and the construction industry had to adapt to a quickly-evolving environment





## IV. Focus on Tenant Experience

Real Estate executives are focused on increasing communication and a sense of community with tenants as well as driving efficiency with service providers and staff

### Importance of Elevated Customer Experience in Real Estate

- To stay competitive and drive business engagement, CRE owners and operators need to pivot away from traditional office space metrics & value proposition, and instead focus on strengthening occupant & guest experiences and building local communities
  - According to Deloitte: 92% of CRE executives plan to maintain / increase their tenant experience-related technology investments over the next 18 months
  - “Post-COVID, there has been a real hype cycle around tenant engagement technology – it has matured and it’s reaching critical mass...it’s important to have a digital strategy, and we see this as a key way for us to differentiate ourselves from the competitors.”  
- REIT SVP, CIO & CTO
- Increased competition from new market entrants has meant that real estate agents are under more pressure than ever to clearly articulate their value proposition and offer a superior experience as a point of difference
- Bad experiences can quickly drive consumers away, with many saying that they would stop doing business with a company due to unfriendly service (60%), lack of company trust (50%) and unknowledgeable employees (46%). However, it is speed and efficiency (80%), knowledgeable and helpful employees (78%) and convenience (77%) that matter the most when it comes to customer experience
- Communication & Collaboration: This trend is amplified as a result of COVID-19, further forcing the need for software to create seamless collaboration despite physical location
  - Whether it be virtual showings on the single-family side or mobile connected workers in the office
- Work-Life Services
  - The modern office will be about creating a place where people want to come into work every day, requiring services that extend beyond traditional work parameters such as mobile apps, social engagement, wellness solutions and full-featured amenities



### How Customer Experience is Elevated Across Real Estate

- Cut down response times
  - Speed, efficiency and convenience are key when it comes to improving your real estate customer experience
- Focus on digital presence: website, blog, and FAQs
  - 81% of consumers using the internet as a starting point for research
- Provide owner or tenant portal access
  - Self-serve access to the user's real estate information in real-time
- Consider Automation and AI
  - Provide prospects and customers timely assistance by leveraging real estate robots and automation
- Use software to create personalized customer reports
  - Personal touches are not only memorable, but can also improve the customer experience
- Measure satisfaction levels
  - When improving your real estate customer experience, it's crucial that you measure your current satisfaction levels
- Net Promoter Score
  - Answers “How likely is it that your customer would recommend your real estate brand to a friend or colleague?”

# Agenda

Shea & Company Firm Overview

Real Estate Market Overview & Trends

Sector Deep-Dives:

—————→ Multi-Family Residential & Commercial Rental Market

- IWMS Market
- Single-Family Residential Market
- Short-Term Rental Market

Market Activity

# Market Overview: Multi-Family Residential Real Estate Sector

Increasing demand for rental units is driving (i) high residential real estate occupancy rates and (ii) a spike in U.S. apartment construction; while COVID-19 continues to inhibit demand as tenants move out or fail to pay rent due to financial hardship, longer-term trends remain positive as the broader multi-family real estate sector has shown to be resilient in comparison to the single-family sector

## Residential Real Estate Experiencing Higher Completion Rates & Increasing Occupancy

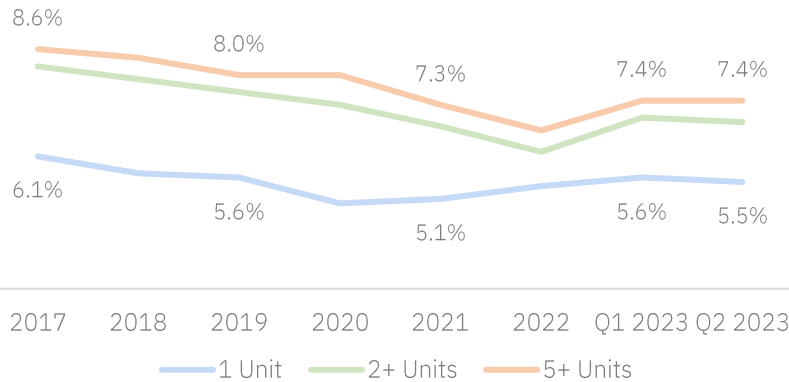
- The US rental market is seeing strong demand and high occupancy rates driven by:
  - Demographic changes that are leading to decreasing levels of homeownership in the US, including: Americans marrying later in life, decreasing family size and increasing divorce rate
  - Stabilizing unemployment rates are driving increasing income, which provides more individuals with the means to rent
  - Population growth in the US, driven largely by millennials and immigrants
  - The asking price of homes increasing at a rate that is faster than income growth
- The surge of rental housing demand along with a steady increase in average rental prices, have incentivized investment in multifamily units via net new construction and have driven consolidation in the industry from REITs, property managers and private owners
- As more units are constructed (and existing units are filled) property managers and investors have been increasing hiring to keep up with the expanding residential market

## High Completion Rate in Multifamily Housing

- U.S. Census Bureau data indicates that the number of Multifamily Housing Completions in the US – defined as the number of new units added to the market during a given time period – is 168% higher than the most recent low in 2011 following the recession
- Total family units completed in 2020 increased by 6% to 375,000 – the largest annual count of multifamily units completed in 30 years
- Additionally, absorption rate in the apartment sector has steadily increased showing that there remains sufficient unit demand to support the increasing number of buildings being completed

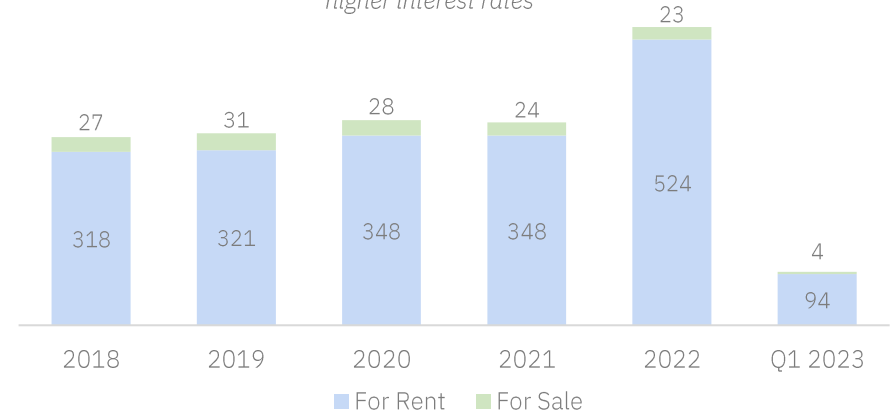
## Rental Vacancy Rates by Unit Count

Rental vacancy rates have been declining for several years due to an easy access to credit, but we have seen a recent bucking of this trend in the past two quarters



## Annual Multifamily Housing Units Completed (thousands)

Despite the boom in multifamily construction as the pandemic eased, uncertainty remains in the space from tightening credit conditions and higher interest rates



# Sector Deep-Dives: Multi-Family Residential & Commercial Rental Market

## Market Overview: Commercial Real Estate Sector

Coming out of the 2009 recession, the Commercial Real Estate industry has been experiencing rapid increases in new building completions and substantial increases in property valuations; COVID-19 has dampened growth and added uncertainty to 2023+ market trend

### Commercial Real Estate Market Tightening in Recent Quarters

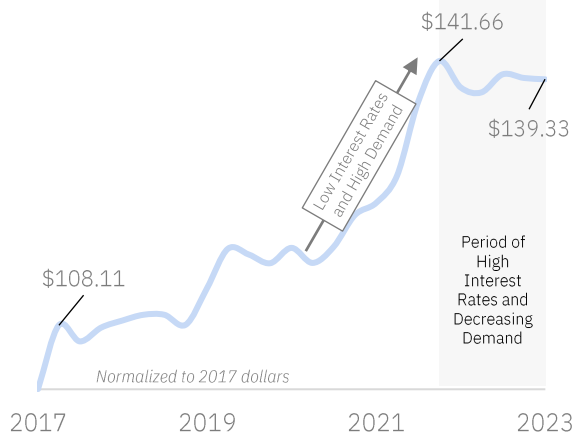
- The regional banking crisis of early 2023 coupled with the rising interest rate environment has increased the economic uncertainty of the Commercial Real Estate Market
  - Regional banks with \$10-160 billion in assets hold 14% of all outstanding CRE debt. Given that the size of CRE assets in the U.S. stands around \$4.5 trillion, these banks hold almost \$630 billion dollars in debt.
  - Not only are many owners / operators of commercial real estate buildings facing increasing interest payments, but also seeing declining revenue as companies cut back on their office need for the new hybrid work environment
- Rising rates led the value of CMBS to rapidly drop and left banks overexposed to the sector, which in turn reduced overall lending and stricter loan covenants
- In Q1 2023, commercial real estate investment decreased by 57% YoY
  - With meteoric drop in investment, there has been a flight to high quality CRE assets that are able to maintain 100%+ net retention and charge higher rents

### Effects of COVID-19

- There is little demand for empty spaces across commercial real estate; office and retail space face the strongest headwinds moving into the future
- Office net absorption has been negative for 9 out of the past 10 quarters as tenants pause decisions, evaluating more permanent remote work options
- In Q2 2023, office leasing volume, for the first time in four quarters, saw an 11.6% uptick in square feet of transactions signed; Despite this positive news, it is 27% below 2019 levels and unlikely to return to that level soon
- The office construction pipeline has reached a cyclical peak at ~108 million SF, possibly resulting in a temporary oversupply moving forward
- Within the office sector of commercial real estate, there has been a delineation between 'trophy' buildings (new, desirable architectural design, prestigious location and well-amenitized) and their counter parts. 'Trophy' buildings have seen a positive net absorption while all other office space has seen a decline

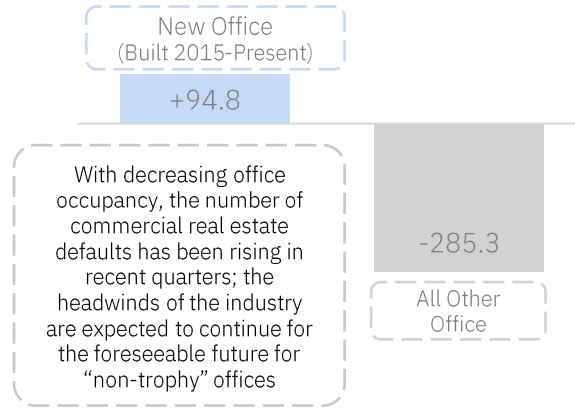
### Commercial Real Estate Price Property Index

U.S. Property Price Index<sup>[1]</sup> remains above pre-pandemic levels but have started to taper off after peaking in Q3 2021



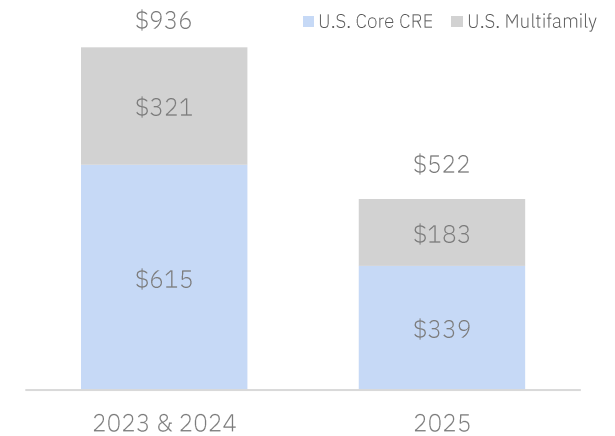
### Office Net Absorption Since 2020 (SF, millions)

The "Trophy" Office Segment represents a small part of the office market but has significantly outperformed all other office in Net Absorption



### Commercial Real Estate Debt Maturities

While regional banks are coming under more regulatory scrutiny, ~\$1.5 trillion dollars of commercial debt is maturing, highlighting a key challenge in the industry



## Multifamily & Commercial Pain Points

Real Estate property managers need software solutions to help address key pain points and optimize ROI



**Disparate Assets:** Operations teams are faced with the task of managing disparate assets (buildings, people, tenants, systems, HVACs, etc.) across multiple geographies and lack the tools to effectively track and optimize these assets – this leads to wasted time and unnecessary spending, while sometimes leaving monetizable events unmonetized



**Rent Collection:** COVID was major catalyst for managers to digitize and streamline the rent collection process. Software solutions can eliminate manual paper-based processes and allow tenants to pay online, saving time and effort



**Tenant Retention:** Property managers must maximize occupancy and minimize vacancy but lack the sophisticated tools to do so. Several software offerings can help strengthen retention by focusing on tenant experience



**Siloed Data:** The modern, tech-enabled building creates troves of data that is unintegrated and siloed by legacy systems, preventing key decision makers from unlocking its value



**Tenant Communications:** Property managers need to be able to effectively communicate with their tenants, but many teams lack the necessary tools to do so



**Pen & Paper:** Many property managers and operations teams still rely on pen and paper; documents like leases and floorplans are not only better managed if digitized, but they are also more valuable as key information can be extracted and utilized



**Reputation Management:** Apps and websites are making it easier than ever for tenants to share their experiences with one another. Property managers are experiencing a positive ROI by investing in reputation management services that help ensure past and future residents promote the property constructively

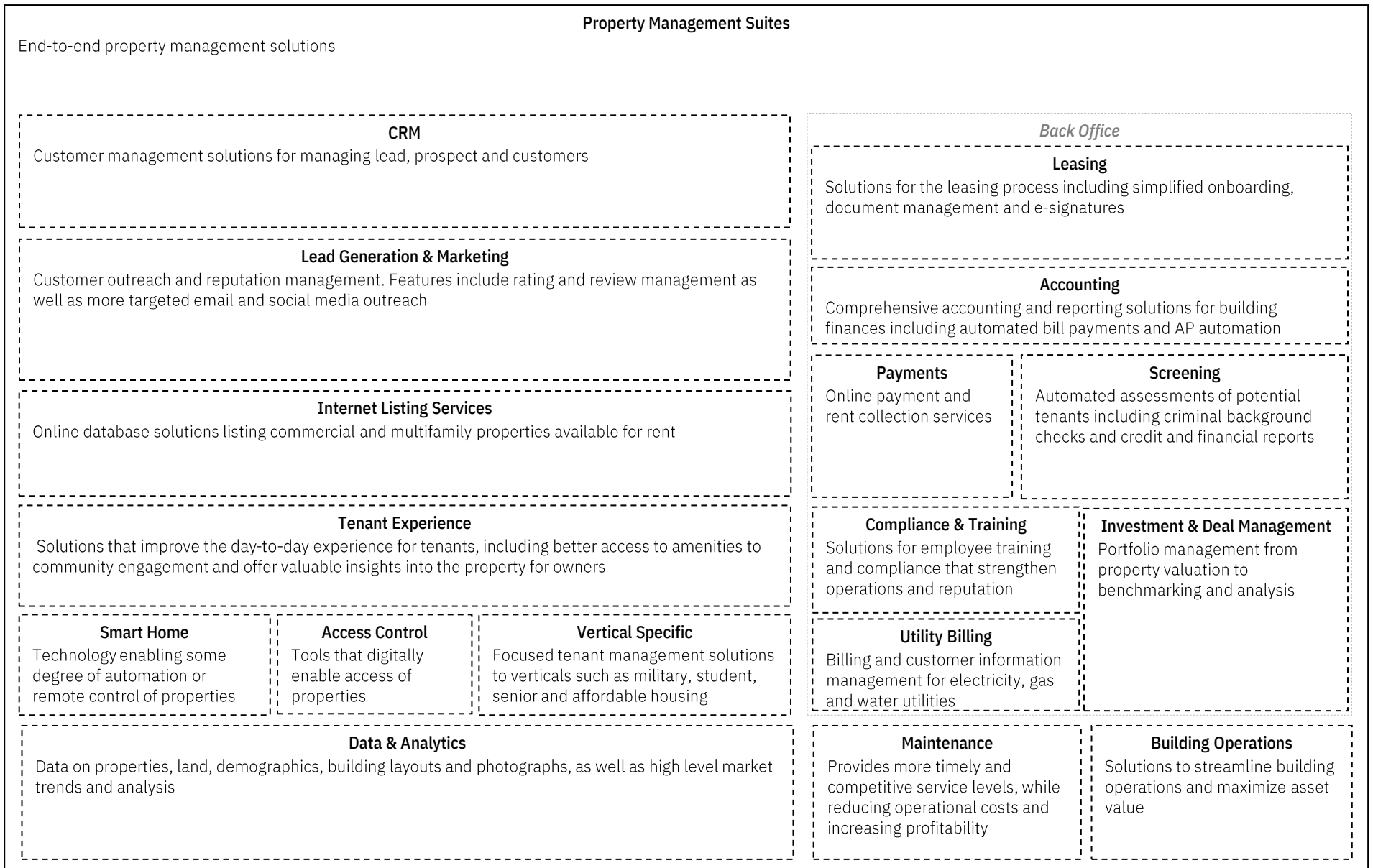
# Multifamily & Commercial Trends

Underlying trends in the Commercial & Multifamily space all point to increased software spend to drive efficiency, differentiate properties and enhance tenant retention



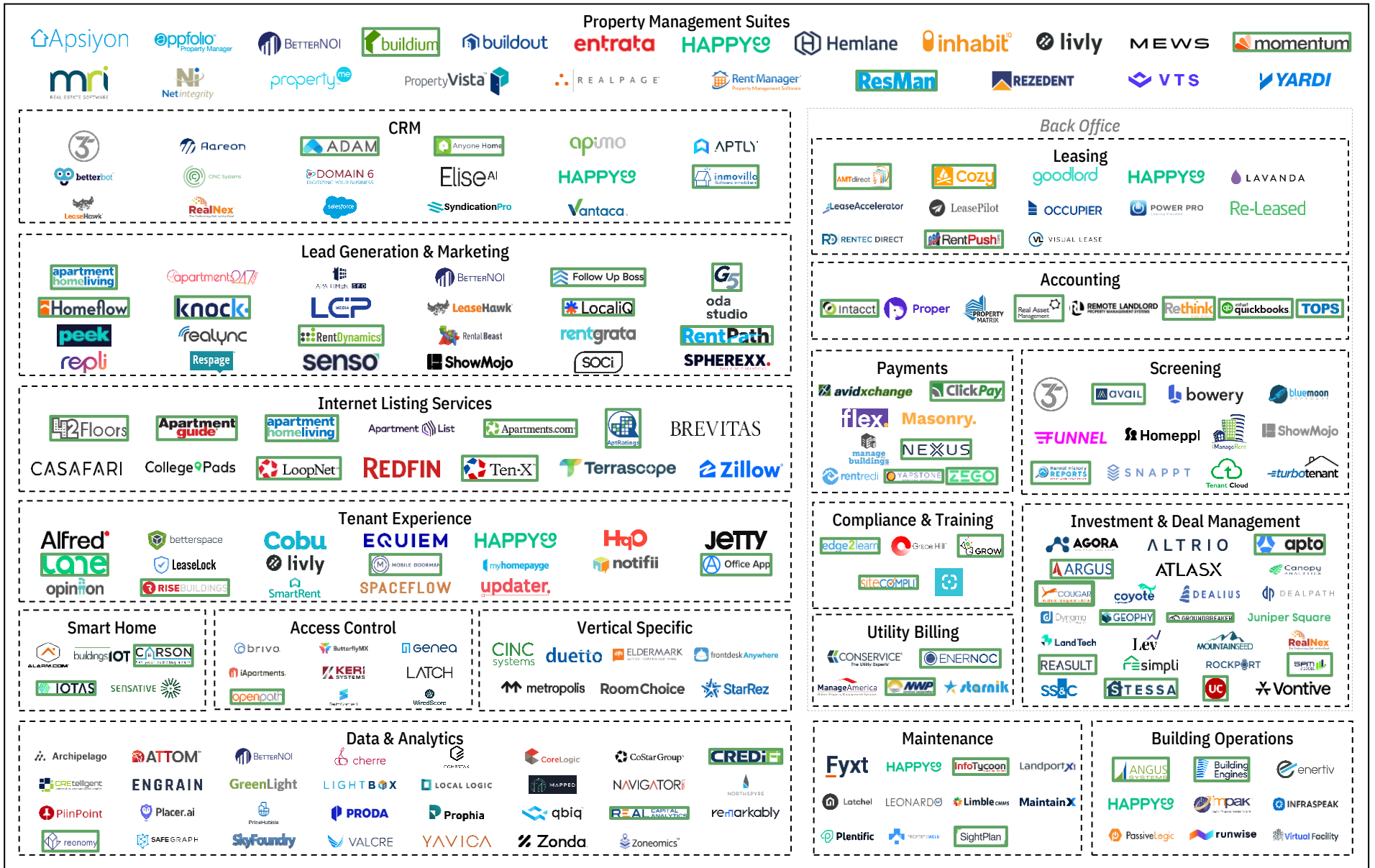
# Multifamily & Commercial Software Market Landscape

## Property Management Software



# Multifamily & Commercial Software Market Landscape

## Property Management Software





















Acquired / Operating Subsidiary



# Sector Deep-Dives: Multi-Family Residential & Commercial Rental Market

## Multifamily & Commercial Notable Transactions

M&A					
	January 2022	March 2022	June 2022	November 2023	December 2023
Target					
Acquirer					
Enterprise Value	n/a	\$135MM	\$177MM	\$400MM	n/a
Target Summary	Operations management software intended for the commercial real estate industry	Optimizes work orders, inspections and maintenance, improving resident satisfaction	Digitization of property management for commercial and residential real estate	AI based lead management and CRM platform for the real estate industry	Cloud-based community association management software empowering growth
Capital Raises					
	December 2022	June 2023	October 2023	December 2023	
Target					
Investors					
Round / Amount Raised	Series A / \$43MM	Series C / \$35MM	Series B / \$32MM	Series D / \$50MM	
Target Summary	Real estate transaction platform that helps streamline the funding lifecycle for operators and their lenders	Conversational AI for potential and current renters of single-family & multi-family buildings	Marketing software designed to manage inventory and optimize the renter experience from prospect to close	Tenant experience platform designed to connect users with professionals who can provide advice and references	

# Agenda

Shea & Company Firm Overview

Real Estate Market Overview & Trends

Sector Deep-Dives:

- Multi-Family Residential & Commercial Rental Market

—————> IWMS Market

- Single-Family Residential Market
- Short-Term Rental Market

Market Activity

# Market Overview: Integrated Workplace Management Systems

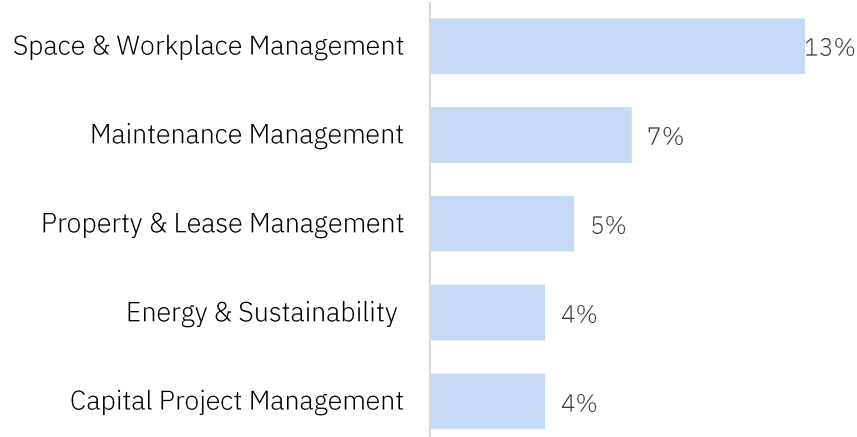
The IWMS market is forecasted to grow at a 13% CAGR from 2021E – 2027E driven largely by the need for space & workplace management solutions in the post-COVID environment

### Desire for Software Solutions

- COVID-19 impacts on IT Spending Survey data shows that two-thirds of companies are investing in automation related to their facilities as of 2021
- Employees' work environment has a significant impact on their effectiveness & engagement, yet only 13% of workers report being completely satisfied with their workspace
- 71% of employees agree that emerging technologies are an opportunity in the workplace. Internet of Things (IoT) and artificial intelligence (AI) create smart and intelligent corporate facilities with an increase in employee engagement, effectiveness and innovation
- Changing energy efficiency regulations and lease accounting rules are driving the need for organizations to adopt IWMS solutions that can help them navigate these changes correctly and with ease
- Employees who are engaged and happy with their workspace show up at work more often, resulting in a 41% reduction in absenteeism and a 17% increase in productivity
- Large building occupiers have long been the primary target market for IWMS providers, however, recently there has been an effort to serve the mid-market with better tailored solutions
- Many real estate managers have a long-term desire to centralize their firm's real estate and facilities data, IWMS solutions help reduce reporting complexity and drive better decision making

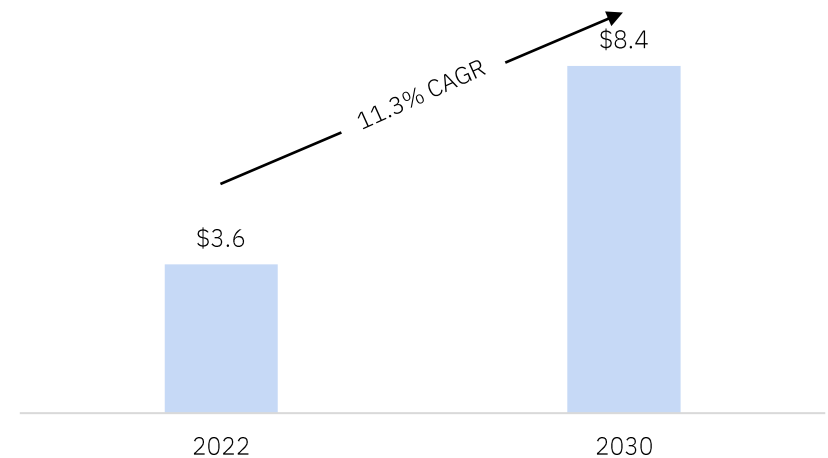
### 2019 – 2024 CAGRs For IWMS Spending by Functionality

*Firms are investing in space & workplace management to aid with a return to work and manage space post-COVID*



### Worldwide IWMS Forecast (\$ billions)

*The IWMS market is forecasted to nearly double from 2022 - 2027*



# Market Void & Pain points Intensified by the Pandemic

Historical inhibitors to technology adoption are being broken down as digital transformation and employee experience are no longer seen as “nice-to-haves” and will be mission-critical for companies looking to encourage ‘return to work’, boost productivity and engrain corporate culture



■ **Urgent Need for Digitization & Mobility:** The pandemic has exposed major digital deficiencies - companies have realized they need solutions to digitize & automate manual processes and better manage their space



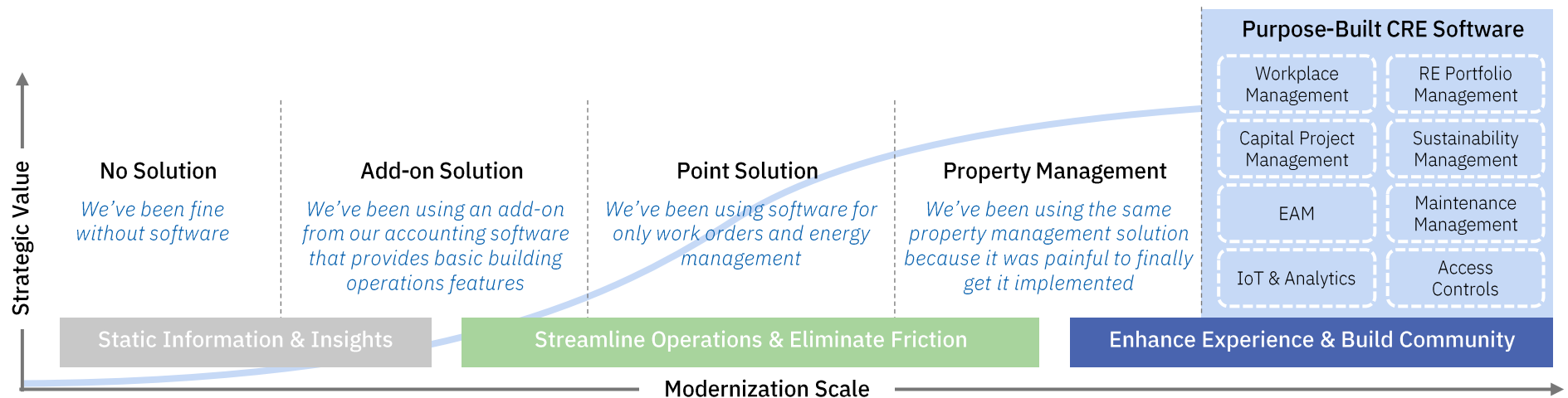
■ **Compatible Solutions Supporting Hybrid Workforce:** As workforces become increasingly distributed and mobile, organizations will be forced to adopt mobile-powered cloud-based solutions that have complete interoperability on the field, in the office, and outside the workplace



■ **Data Silos & Disparate Systems:** Limited procurement budgets coupled with changing workplace dynamics / preferences, companies can no longer afford to maintain status quo by using legacy, point solutions lacking seamless integrations across the ecosystem



■ **Requirements to Ensure Healthy & Safe Workplace:** Companies will need to deploy innovative technology solutions such as touchless access controls, visitor management, contactless check-in / out, hoteling and health attestation to address increasing health, safety, and compliance requirements brought forth by the COVID-19 pandemic



# IWMS Trends

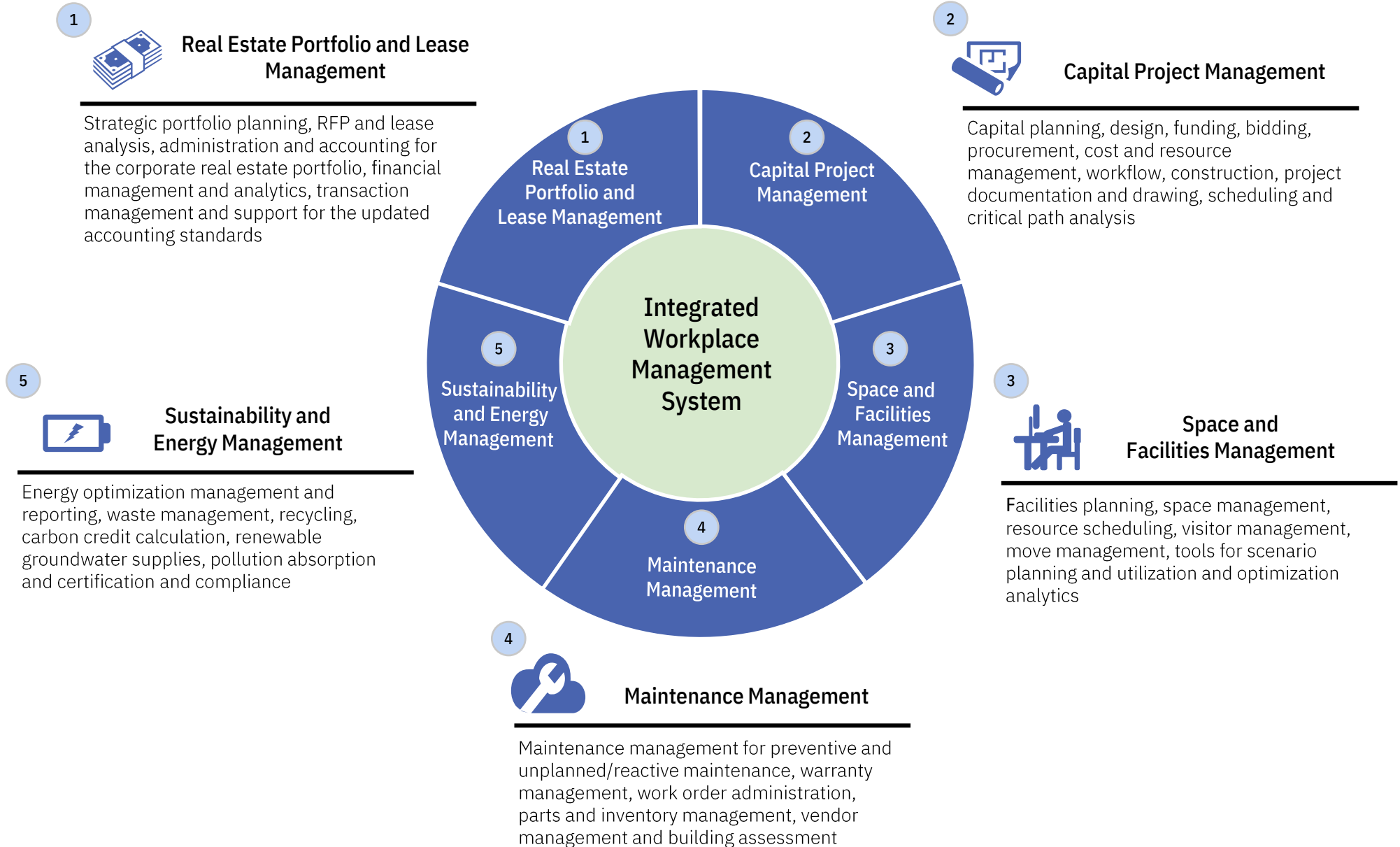
Companies need to have the proper tools in place to effectively manage the “return to office” transition and optimize their RE footprint given changing needs in light of COVID-19



Sector Deep-Dives: IWMS Market

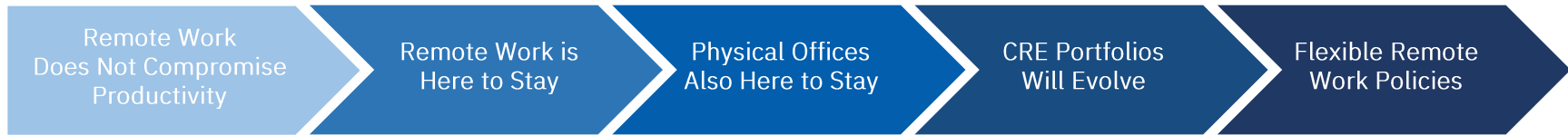
# Core IWMS Functions

Integrated workplace management systems manage the end-to-end life cycle of corporate and retail facilities, focusing on five core areas of functionality



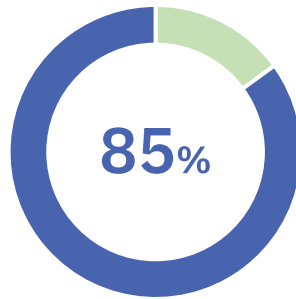
# Paradigm Shift in the Workplace

The rapid transition towards hybrid work has provided more flexibility across the workplace, but new complexities from collaboration to health & safety to community engagement are forcing CRE leaders to adopt technology or get left behind the competition



90%

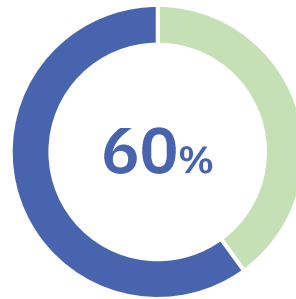
90% of employees and company leaders felt that productivity hadn't suffered during the shift to remote work



Because of this, 85% of employees planned to work remotely at least 2-3 days a week after the pandemic

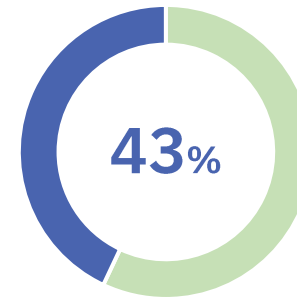
60%

60% of employees wanted to return to the office in the future for community and collaboration purposes



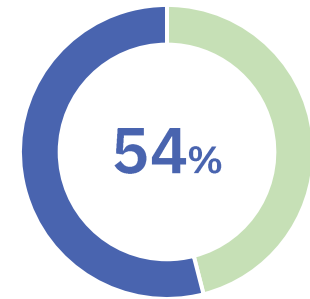
43%

43% of employees also wanted the ability to work from company-provided locations closer to their homes



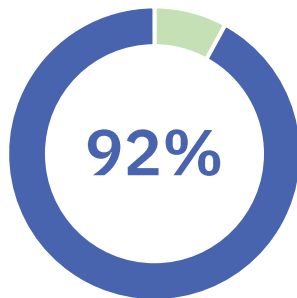
54%

54% of CRE leaders preferred a hybrid work environment for teams that combined WFH and in-office workdays



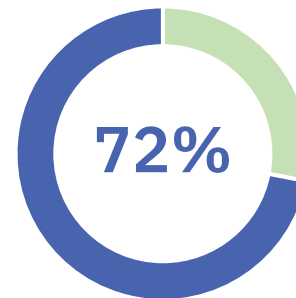
92%

92% of CRE executives plan to maintain / increase their tenant experience-related technology investments over the next 18 months



72%

Additionally, 72% still plan to maintain / increase their overall technology investments even if an economic slowdown occurs



Thus, the ability to leverage technology and data to frequently collaborate, communicate, and coordinate across all building occupants will be critical factors of success to build operational, financial, and cultural resilience across the workplace

# IWMS Market Landscape

## Integrated Workplace Management Software

### Integrated Workplace Management Suites

End-to-end solutions for the management of facilities and workplace, including the management of capital projects, leases, space, maintenance and energy usage

#### Workplace Management

##### Space Management

Layout and spacing of properties, including real-time floor plan views, facility management reports and move planning support

##### Scheduling & Employee Experience

Workstation and visitation management and conference room scheduling, allowing employees to collaborate more efficiently

##### Workplace Safety

Reinforce safety standards, improve operational efficiency and streamline safety process – all in one place

##### Visitor Management

Tools to enable employees and guests to visit the workplace

##### Real Estate Portfolio Management

Includes strategic portfolio planning, RFP and lease analysis, administration and accounting for the corporate real estate portfolio, financial management and analytics, transaction management, and support for the updated accounting standards

##### Capital Project Management

Includes capital planning, design, funding, bidding, procurement, cost and resource management, workflow, construction, project documentation and drawing, scheduling, and critical path analysis

##### Sustainability & Energy Management

Control operational assets and equipment, helping maintenance teams make better decisions, enhance efficiency and maximize overall physical asset usage

##### IoT / Analytics

Real-time facility data collection and dashboarding; devices (sensors, software, online connectivity) monitor various building characteristics, analyze the data, and generate insights around usage patterns and trends that can be used to optimize the building's environment and operations

##### Maintenance Management

Includes maintenance management for preventive and unplanned/reactive maintenance and warranty management, work order administration, parts and inventory management, vendor management, and building assessment

##### EAM

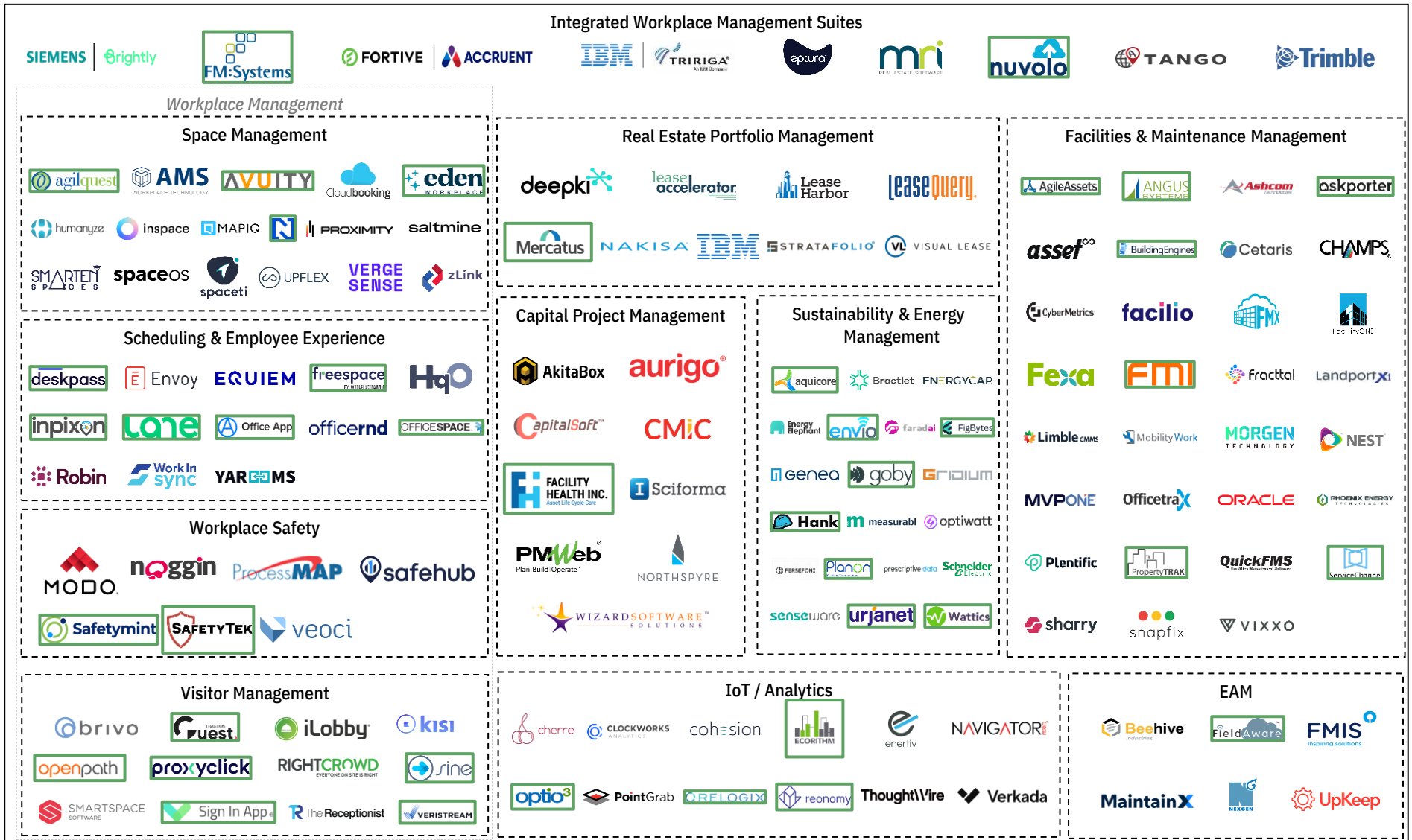
Includes energy optimization management and reporting, waste management, carbon credit calculation, renewable groundwater supplies, pollution absorption, allowing users to reduce costs and promote conservation

 Acquired / Operating Subsidiary



# IWMS Market Landscape

## Integrated Workplace Management Software



# IWMS Notable Transactions

## M&A

	November 2021	August 2022	January 2023	July 2023	November 2023
Target					
Acquirer					
Enterprise Value	n/a	\$1.6Bn	\$950MM	\$455MM	n/a
Target Summary	Tango is a provider of store lifecycle and integrated workplace management software	Brightly provides operations management software for manufacturing organizations	SMS Assist provides a full-service facility management platform and connects owners with providers	FM:Systems operates a workspace management software intended for facilities and real estate buildings	Nuvolo provides a connected workplace platform that optimizes facilities, staff and assets

## Capital Raises

	March 2022	July 2022	May 2023	June 2023	December 2023
Target					
Investors	    		 	 	
Round / Amount Raised	Series C / £150MM	PE Growth / \$40MM	Series D / \$93MM	Series C / \$16MM	Series C / \$50MM
Target Summary	SaaS-based data management platform that allows investors to digitize large property portfolios	Facilities management and maintenance SaaS for operators of multi-location enterprises	Data management platform for ESG and sustainability performance reporting	Fault detection and diagnostics platform delivering persistent energy savings	Work order and procedure digitalization platform for reporting, auditing and inspecting

# Agenda

Shea & Company Firm Overview

Real Estate Market Overview & Trends

Sector Deep-Dives:

- Multi-Family Residential & Commercial Rental Market
- IWMS Market

—————> Single-Family Residential Market

- Short-Term Rental Market

Market Activity

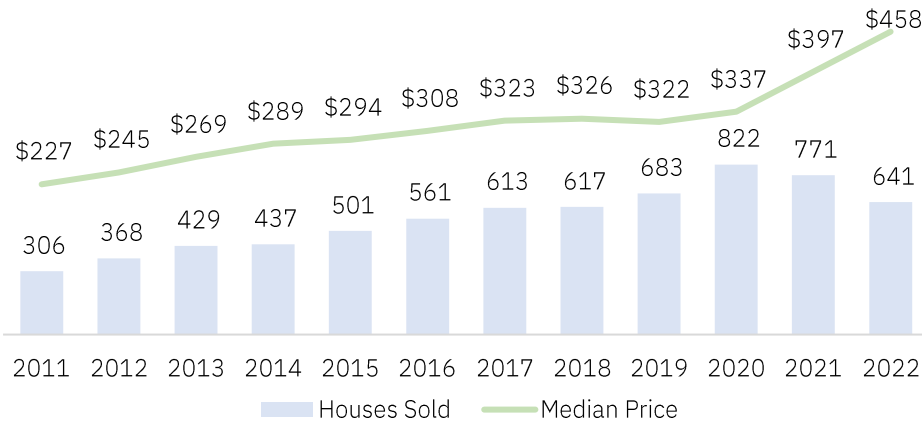
# Single-Family Residential Market Overview

The underlying housing market in the US is strong, recovering well in recent years from the 2008 housing crash and Millennials are quickly becoming a significant percentage of the buyer universe. However as average home prices outpace units sold, the previously-hot housing market is continuing to cool.

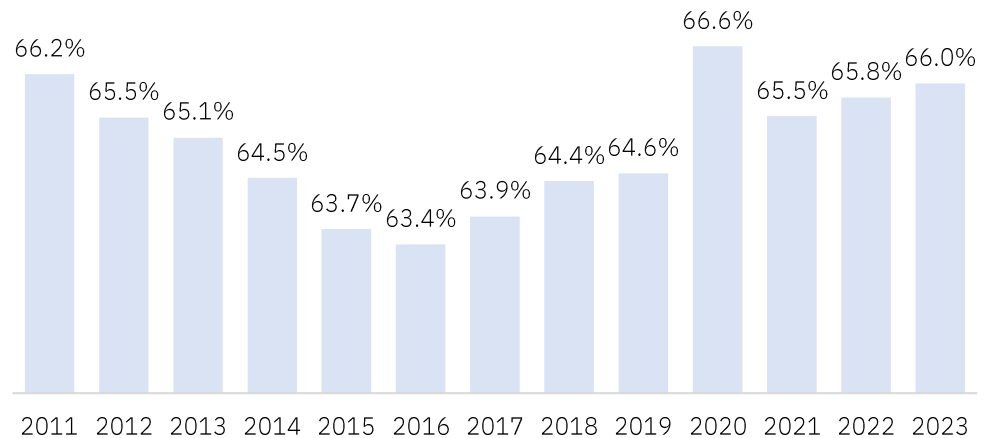
## Single-Family Market Trends

- New home sales peaked at 771K in 2021, slightly decreasing to 641K in 2022
  - The median price of homes has also been steadily increasing, reaching \$458K in 2022, up from \$227K in 2011
  - The homeownership rate has also rebounded since dropping to a low of 63.5% in Q3 2016, reaching 66.0% in Q1 2023 – however this is still down from the COVID-19 induced jump in 2022 and down from 69.0% in 2006 (not shown)
- In recent years, many first-time homebuyers have delayed homeownership, opting to rent for longer driven by student debt and financial uncertainty
  - Single-family rentals account for 35% of all US Rentals with build-to-rent homes being constructed at all-time highs; despite this increase, there is still a lack of supply
  - Institutionally-owned, single-family residence growth remains concentrated in build-to-rent products as inventory shrinks and mortgage rates rise
- Despite a cooling housing market, home prices have remained surprisingly firm and the number of homes on the market remains less than half of what it was in the years preceding the pandemic
  - Although many houses are still selling for over the list price, 25% of buyers paid in all-cash and the average time on market remains low at 18 days
  - Due to the lack of housing inventory and the pace of the market, 8% of home buyers purchased solely based on a virtual tour

Single-Family New Home Sales by Unit Count (thousands) & Median Price (\$ thousands)

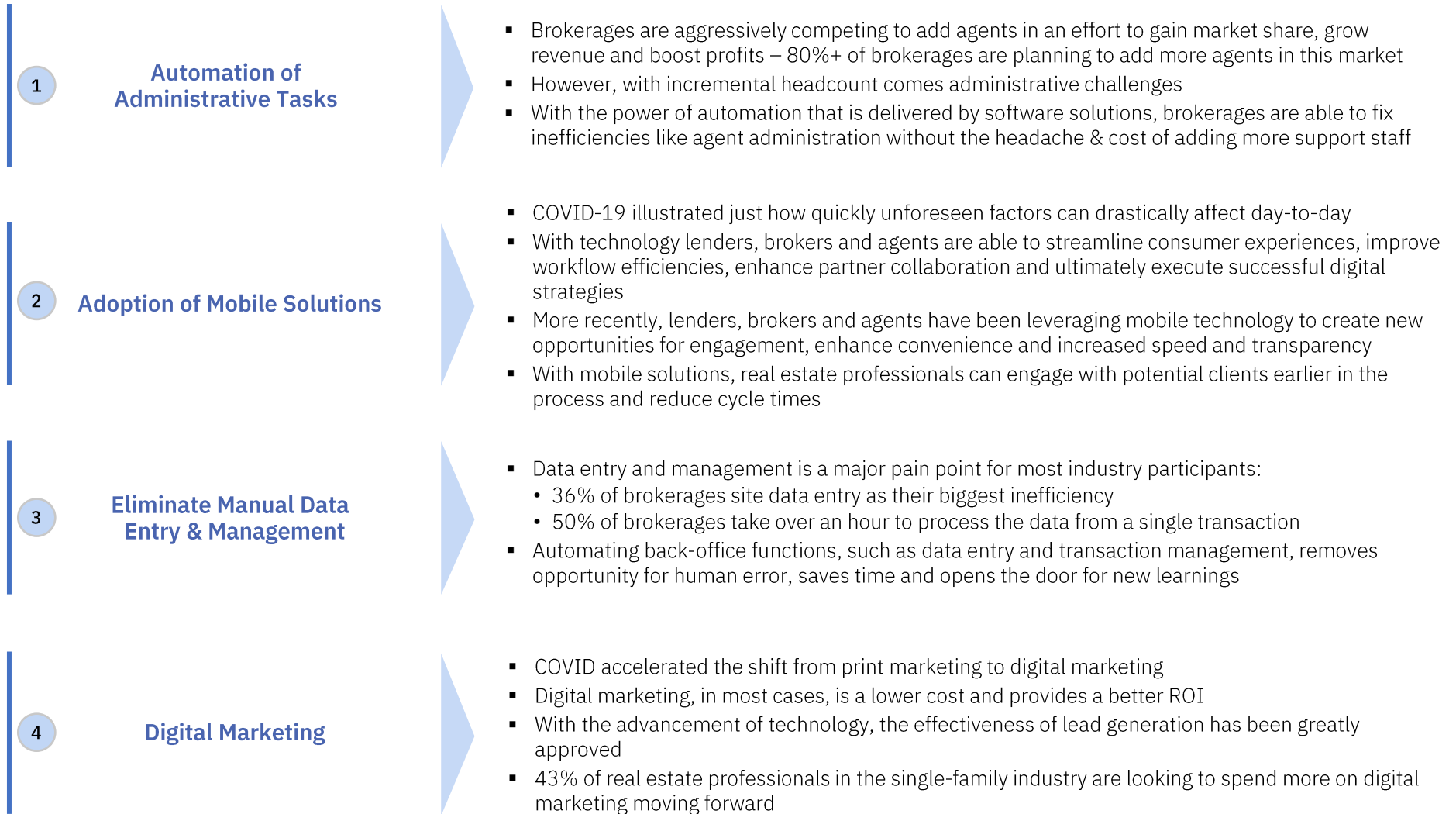


Homeownership Rate (as of Q1 2023)



# Single-Family Software Trends

The single-family market has been incredibly resistant with the adoption of software, allowing them to rapidly adapt to changing economic environments and new underlying homebuyer trends



# Single-Family Residential Software Market Landscape

## Single-Family Residential Software

### Brokerage Management Suites

End-to-end brokerage management solutions for single-family homes

#### CRM & Lead Management & Marketing

Customer management, lead management, customer outreach and reputation management solutions; features include rating and review management as well as more targeted email and social media outreach

#### ILS

Online database solutions listing single-family properties available for rent

#### Software-Enabled Brokerage

Online platform facilitating the entire home buying/selling process from listing to agent matching to showings and the eventual sale

#### Back Office

##### Transaction Management

Form creation, e-sign and various other documentation and tracking solutions for management of the transaction process and related paperwork, tasks and requirements

##### Accounting & Commission Management

Accounting solutions including brokerage / real estate focused functionalities such as commission splits and disbursements

#### Agent Matching

Online platform connecting home sellers with potential real estate agents

#### Property Showing

Virtual property showings, scheduling and tracking, information sharing and feedback gathering solutions

#### Title & Closing

Title and closing management solutions including document management, milestone tracking and reporting, among others

#### Mortgage Data

Platforms facilitating mortgage transactions from origination to post closing

#### Lending

Wide range of lending solutions for both the individual and provider including marketplace and listing platforms

#### Data & Analytics

Data on properties, land, demographics, building layouts and photographs, as well as high level market trends and analysis

#### Insurance


Online homeowner insurance solutions

#### Crowdfunding

Platforms enabling individuals to participate, with others or in isolation, in property investments

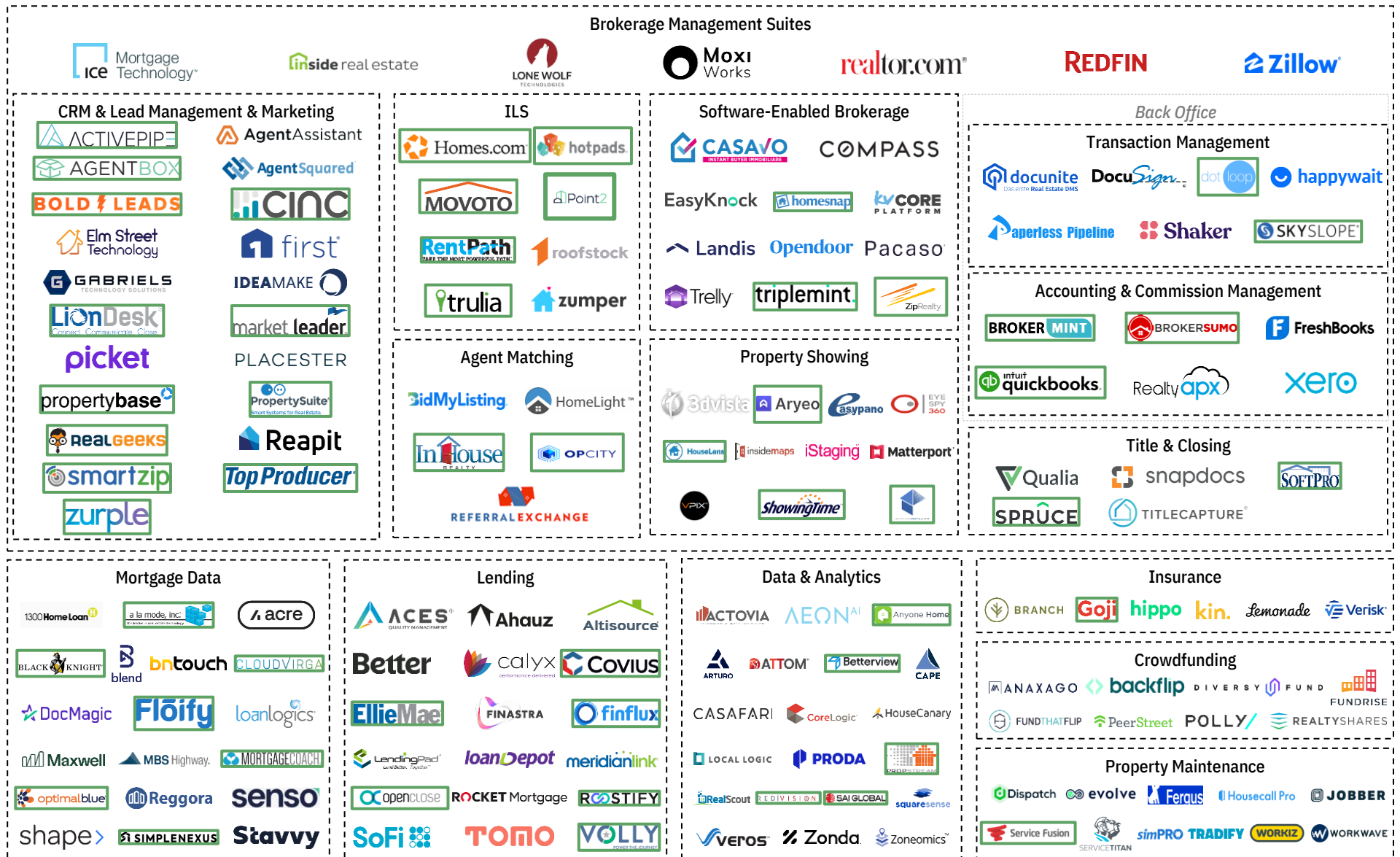
#### Property Maintenance

Platform solutions for businesses operating in single-family property maintenance and management

 Acquired / Operating Subsidiary

# Single-Family Residential Software Market Landscape

## Single-Family Residential Software



Acquired / Operating Subsidiary

# Single-Family Software Notable Transactions

## M&A

	November 2021	November 2021	February 2022	May 2022
Target				
Acquirer				
Enterprise Value	\$918MM	\$1.2Bn <sup>[1]</sup>	\$115MM	\$13.1Bn
Target Summary	Loan life cycle management software that connects mortgage lenders with borrowers and real estate agents	Operator of an online mortgage marketplace catering to investors, lenders and originators	Email marketing platform for real estate agents to eliminate cold calls, have better conversations and close more deals	Software data and analytics solutions for the mortgage and consumer loan, real estate and capital markets industry

## Capital Raises

	January 2022	March 2022	May 2023	July 2023	January 2024
Target					
Investors					
Round / Amount Raised	Series B / \$37MM	Series C / n/a	Series B / \$100MM	Series D / \$38MM	Series D / \$152MM
Target Summary	Network that connects buyers and sellers of mortgage loans through API integration	3D media platform designed to revolutionize marketing solutions for the property industry	Platform streamline and manage institutional investments into the single-family rental industry	Online brokerage firm converting equity to cash through sale-leasebacks	Insurance platform designed to provide simple, personalized and affordable home insurance

Source: Pitchbook, The 451 Group  
 Note: EV / Revenue multiples greater than 25x and EV / EBITDA multiples greater than 50x are considered to be not meaningful  
 [1] Denotes transaction value  
 [2] Denotes post-money valuation



# Agenda

Shea & Company Firm Overview

Real Estate Market Overview & Trends

Sector Deep-Dives:

- Multi-Family Residential & Commercial Rental Market
- IWMS Market
- Single-Family Residential Market

—————> Short-Term Rental Market

Market Activity

# Short-Term Rental Market Overview

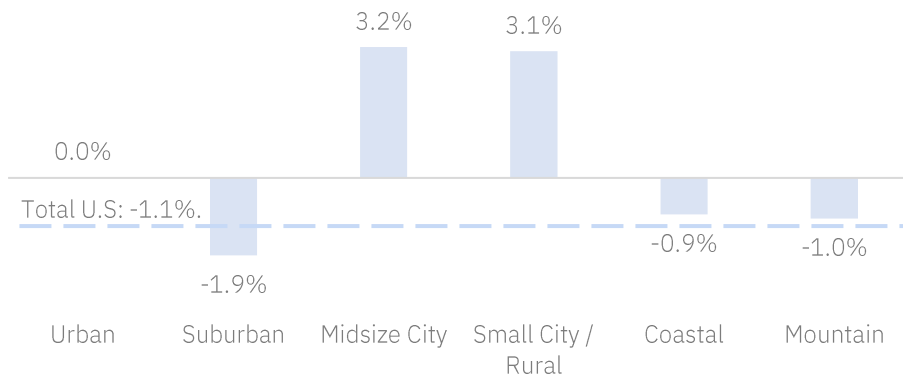
The short-term rental demand exceeded 2022 expectations and surpassed 2019 levels, signaling the end of recovery and the beginning of the next phase of expansion for the short-term rental industry in 2023

## Short-Term Rental Market Trends

- Analysts say the vacation software market is expected to significantly grow over the long term, given end market expansion and increased digitalization of vacation bookings
- The industry shows significant growth as short-term rentals are made more accessible to travelers, providing the opportunity for a more affordable and less traditional experience
  - According to Morgan Stanley’s annual traveler survey, price was the most important factor in choosing a short-term rental, followed by 33% of the respondents answering location as most important decision making
- The elasticity of the short-term rental supply allows for demand to be met during peak season or major events then taken away afterwards
  - Q3 2023 has so far shown a 31% increase in short term rental occupancy rates compared to the same time period in 2019
  - Across 30 major US cities, short-term rentals, on average, offer a discount of 5% on ADR with discounts as large as 30% in some urban markets compared to traditional hotels
- Short-term rental demand grew 10.4% in 2023E and demand shifted to larger homes in destination markets, leading to overall 2022 and 2023E ADR growth
  - Globally, ADRs were up 2.1% but occupancy fell to 57.6% in 2023E
- 2023 listings and ADR are expected to increase as business travel demand grows and decreasing COVID-19 regulations offset the softening in leisure demand

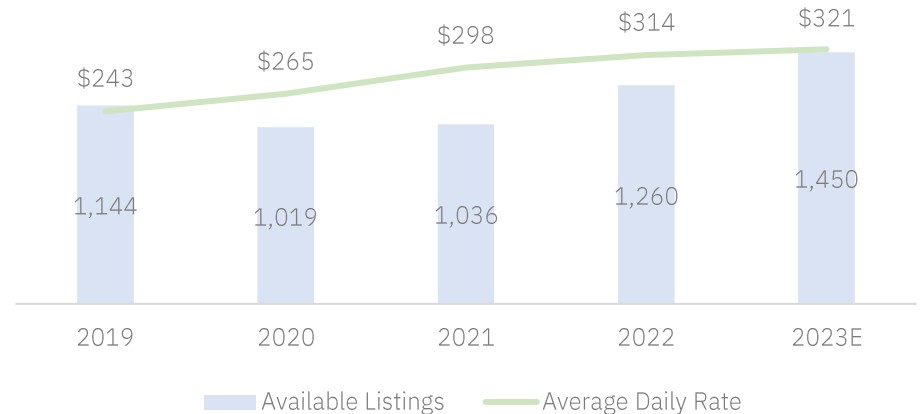
## YoY Change in RevPAR (2022 – 2023E)

As the economy continues to cool, the RevPAR for the short-term rental market is expected to decrease on average across the U.S., but some location types are fairing better than others



## Short-Term Rental Forecast (listings in thousands)

After a boom following the easing of pandemic restrictions and as the economy is cooling, the short-term rental market’s available listings and ADR is plateauing



# Evolution of the OTAs

The process of listing and booking short-term rentals has evolved along with technological improvements over the recent decades, however, the digital transformation of the sector has been accelerated in light of COVID-19

## The Rise of OTAs

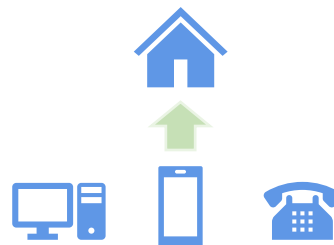
- Beginning in the 1950s, advertisements and listings for short-term vacation rentals began to appear in newspapers as an inexpensive alternative to hotels
- Before there was widespread use of the internet, the most common process to plan a vacation began with a call to a travel agent
- Travel agents act as a source of centralized information on destinations, lodging and more that was not readily available to the average person
- In 1995, the first online vacation rental platform, VRBO is founded, allowing users to browse and book rental properties that are managed by individual owners over the internet
- After VRBO is founded, multiple vacation rental marketplaces are established, leading an increase in concentration of information about vacation rentals online and the increased availability to book online
- OTAs became increasingly popular due to their ability to offer rich tools, analytics and insights to bring versatility in booking short-term rentals

## Short-Term Rental Market Today

- Airbnb launches out of San Francisco in 2008 and is the first company to allow guests to book a single room in a host's home and pay over the internet for the service
- Vacation rental managers focus on search engine optimization to increase their visibility as the rental supply continues to grow with more online bookings
- A majority of OTAs charge a fee per booking but the listing is free, resulting in property managers listing their properties on multiple sites
- Majority of decision making has moved away from traditional travel agents and towards an online rental marketplace; over 90% of travelers will do their research online and 82% will end up booking online
- Online short-term rental platforms have expanded to offer hosts additional revenue streams with their listings, for example, Airbnb with their experiences platform
- Constantly changing travel restrictions during COVID-19 increased the demand for travel agents after years of decline, given their ability to monitor restrictions and rapidly provide alternative accommodations as needed

## Where the Market is Headed

- Although COVID-19 has created a temporary resurgence in travel agents due to their ability to keep their finger on a pulse of travel during the pandemic, OTAs continue to maintain a positive trend
- Increased regulation of short-term rentals will reduce the supply of inventory, leading to higher ADRs and incentivizing creating a unique accommodations
- The popularity and availability of a self check-in system will continue to increase as a result of COVID-19, limiting physical contact with options such as a key lockbox, smart lock, keypad etc.
- Physical guidebooks and concierge type services are becoming automated, leading to the opportunity for the host to increase their revenue streams through online platforms
- Short-term rentals are being turned to as viable booking options for business travelers
- Airbnb launched Airbnb for Work, and companies like Sonder emerge providing a more elite hospitality-focused, short-term rental experience
- Processes from checking in to booking tours to reviews are all becoming automated



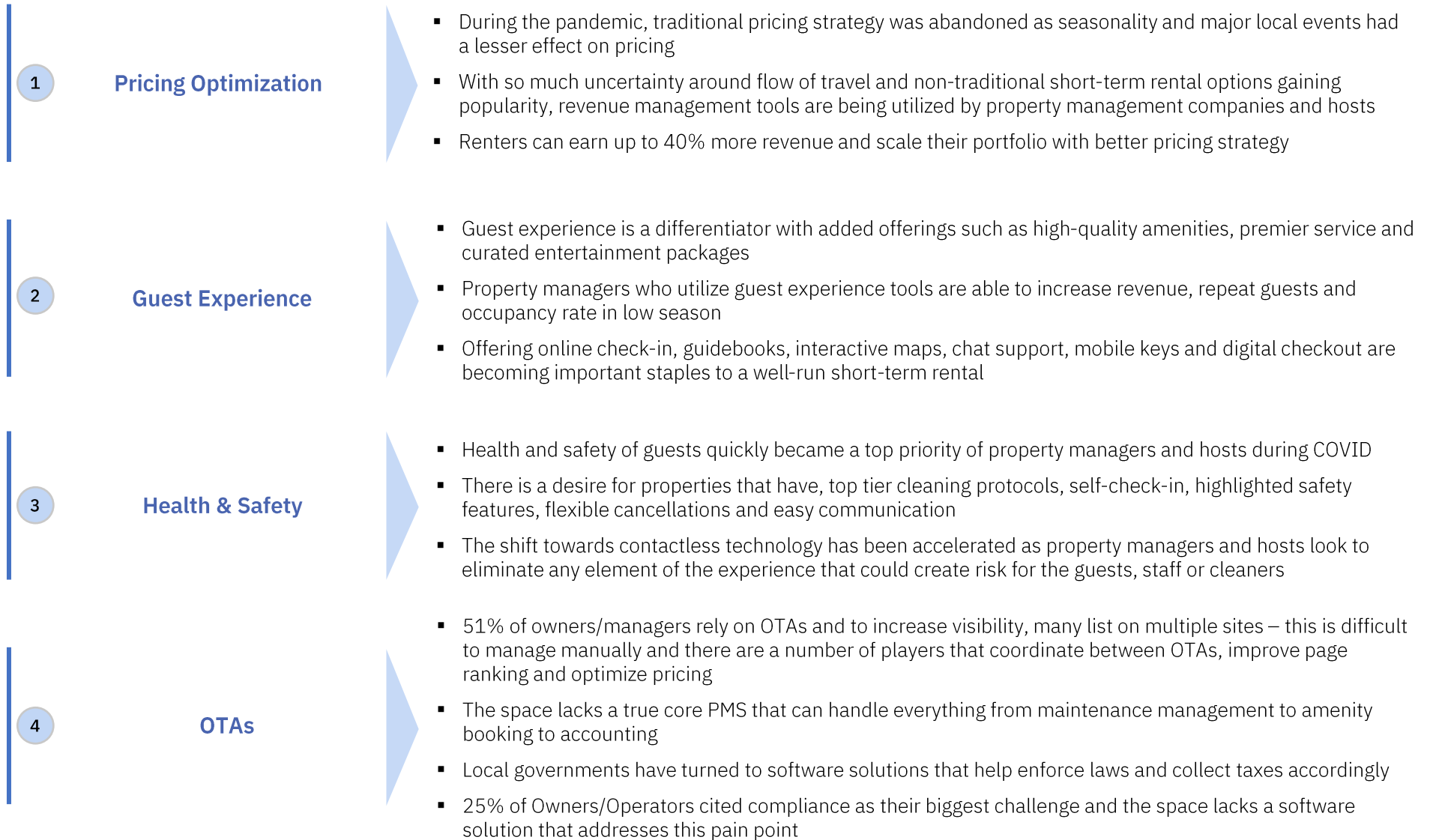
The value provided by travel agents is severely diminished by the increasing availability of information to the average person

The online short-term rental marketplace offers a high level of flexibility to list and book short-term rentals

COVID-19 has fast-tracked the digital transformation in the short-term rental space

# Short-Term Rental Software Trends

COVID accelerated the adoption of technology in the short-term rental industry as property managers and hosts tried to navigate an extremely dynamic environment amidst travel restrictions and new demands from guests



# Short-Term Rental Software Market Landscape

## Short-Term Rental Software

### Online Travel Agency (OTAs)

An online travel agency (OTA) is a web-based marketplace that allows consumers to research and book travel products and services, in this case we focus on short-term accommodations

### Suite Solutions

End-to-end vacation rental property management solutions

### Channel Management & PMS

A channel manager is a tool that allows property managers to publish and update all of their listings across multiple channels from a central dashboard and continuously manage and scale their businesses with as much exposure as possible. The primary benefit of using a channel manager is the ability to automatically push all of your listings to as many OTAs as you want. Instead of relying on one website to promote a given listing, you can gain exposure to millions of people across multiple platforms without the massive, time-consuming undertaking of manual listing management

Most channel managers offer several add-on Property Management Software (PMS) tools to offer robust vacation rental solutions

### Marketing & SEO

Marketing and search engine optimization tools to display properties in the best light and maximize rental income

### Payments & Billing

Payment processors help you get paid for your rentals. Large volume and quick timeline of rentals make these tools vital

### Revenue Management

Dynamic pricing tools and data solutions that help maximize rental revenue

### Guest Experience

Solutions focused on improving communication with guests to enhance experience. Including applications for concierge services, automated housekeeping, special events

### Smart Home & Security

Vacation property technology to streamline manual processes like check-ins and provide amenities

### Protection Software

Insurance and asset protection solutions for managing risks associated with rentals

### Data & Analytics

Data on properties, land, demographics, building layouts, pricing, as well as high level market trends and analysis

### Housekeeping Software

Solutions to facilitate maintenance and upkeep of rental properties. Turnover timelines must be swift and precise to ready units for the next reservation

# Short-Term Rental Software Market Landscape

## Short-Term Rental Software

### Online Travel Agency (OTAs)



### Suite Solutions



### Channel Management & PMS



### Marketing & SEO



### Payments & Billing



### Guest Experience



### Revenue Management



### Smart Home & Security



### Protection Software




### Data & Analytics



### Housekeeping Software



 Acquired / Operating Subsidiary

## Short-Term Rental Software Notable Transactions

## M&amp;A

	June 2020	April 2021	January 2022	March 2022	July 2022
Target					
Acquirer					
Enterprise Value	n/a	n/a	n/a	n/a	n/a
Target Summary	Blizzard provides digital marketing, web design and online booking engine services	MyVR enables guest communications and payment processing	Hotel management software offering analytics and guest relationship, operations management	Rental data and analytics by tracking daily performance to empower rental business	SaaS vacation rental management and vacation rental channel manager systems

## Capital Raises

	July 2022	December 2022	May 2023	October 2023	December 2023
Target					
Investors		 		  	
Round / Amount Raised	PE Growth / \$30MM	Series C / \$185MM	PE Growth / \$175MM	PE Growth / \$43MM	Series E / \$48MM
Target Summary	Revenue management platform that identifies optimum rent using predictive analysis	Hotel management platform for automating operations, bookings management and staff training	Channel manager platform for vacation rental hosts	Recruitment platform designed to help hospitality businesses build, manage and engage their teams	Hotel property management system managing touchpoints between hotel staff and guest

# Agenda

Shea & Company Firm Overview

Real Estate Market Overview & Trends

Sector Deep-Dives:

- Multi-Family Residential & Commercial Rental Market
- IWMS Market
- Single-Family Residential Market
- Short-Term Rental Market









—————> **Market Activity**



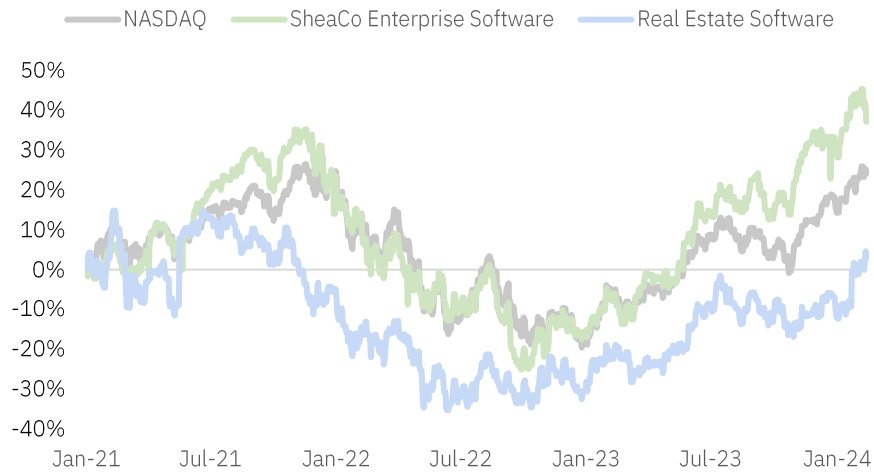
# Public Markets

Public real estate software vendors have experienced slowdowns in stock performance, but still command premium multiples relative to the broad universe of public enterprise software vendors

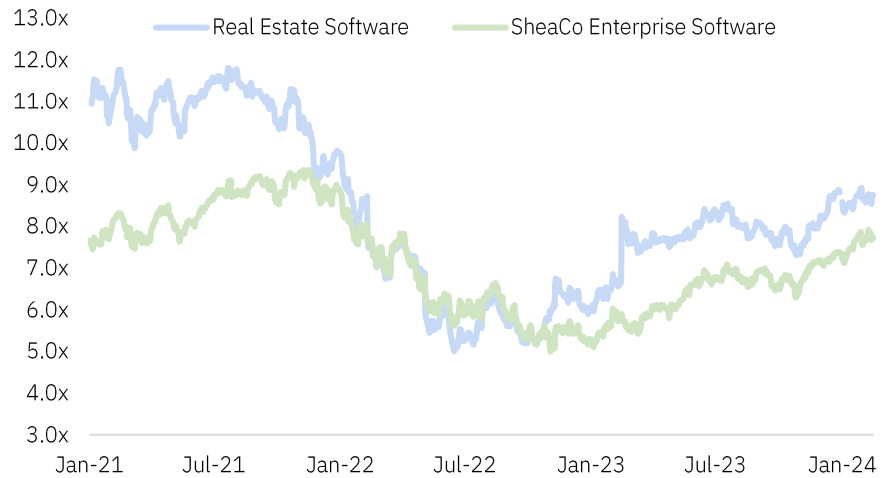
## Representative Public Real Estate Software Vendors (\$ millions)

	 AltusGroup	 ppfolio Property Manager	 Bentley	 CoStar Group*	 NEMETSCHKE GROUP	 PROCORE	 Trimble	 Zillow
Market Cap	\$1,597	\$8,374	\$16,683	\$33,241	\$10,746	\$10,894	\$14,998	\$12,668
Enterprise Value	\$1,835	\$8,207	\$18,249	\$29,114	\$10,624	\$10,298	\$17,957	\$11,687
LTM Price Performance	-15%	76%	30%	5%	61%	13%	16%	-8%
3-Year Price Performance	-9%	34%	13%	-1%	65%	n/a	-17%	-62%
CY23E Revenue (EV Multiple)	\$575 (3.2x)	\$620 (13.2x)	\$1,205 (14.8x)	\$2,449 (11.89x)	\$917 (11.6x)	\$950 (10.8x)	\$3,799 (4.7x)	\$1,945 (6x)
CY23E EBITDA (EV Multiple)	\$99 (18.5x)	\$16 (nm)	\$306 (43.67)	\$487 (nm)	\$276 (38.4x)	-\$135 (nm)	\$745 (21.8x)	-\$170 (nm)
IPO Date	5/18/2005	6/25/2015	9/23/2020	7/1/1998	3/10/1999	5/20/2021	7/20/1990	7/20/2011

## 3 Year Relative Performance



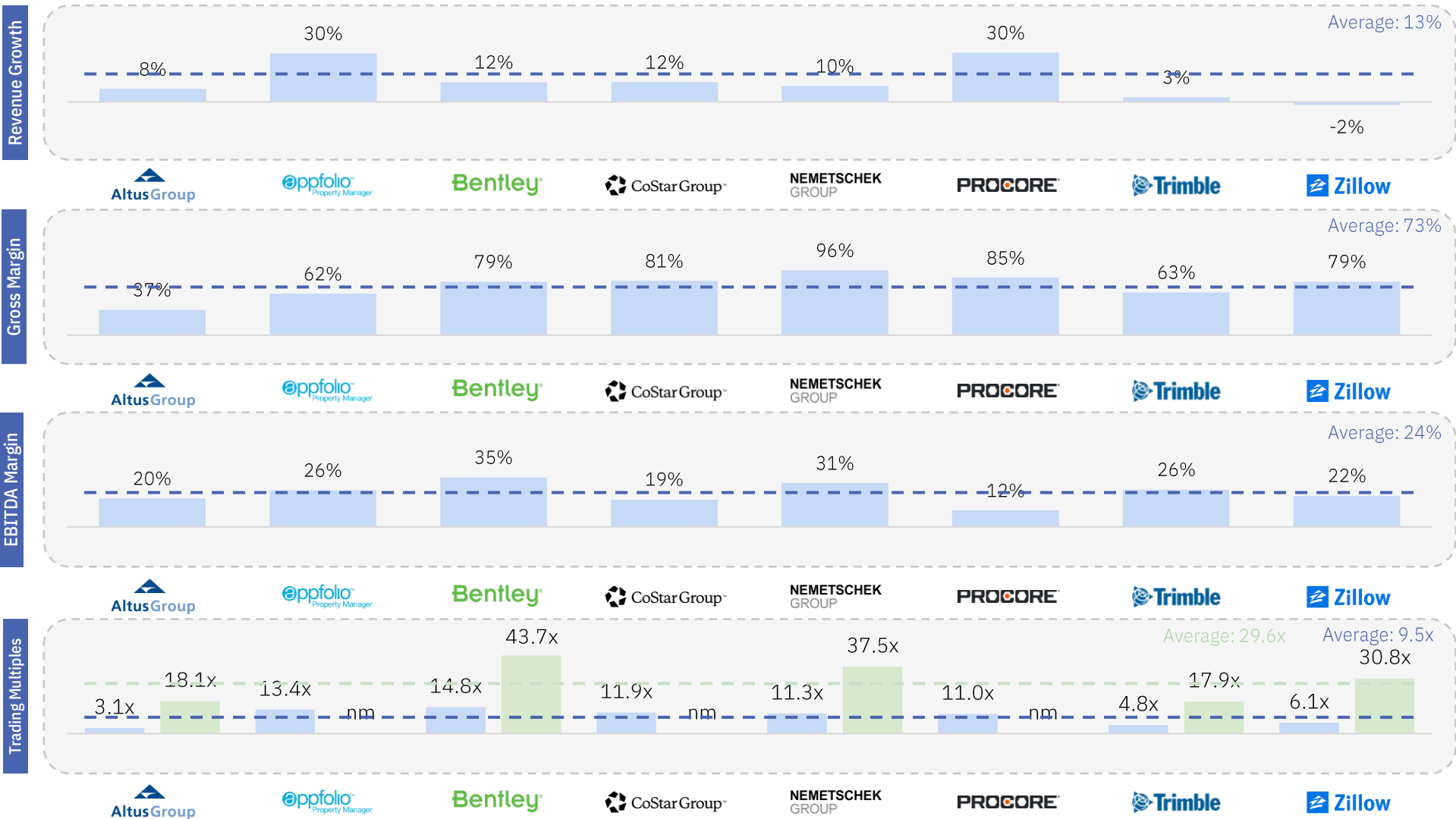
## Public Real Estate Software vs. Enterprise Software EV/Revenue Multiples



# Public Markets continued

Despite the current down market, public real estate software vendors are still maintaining a strong core financial profile

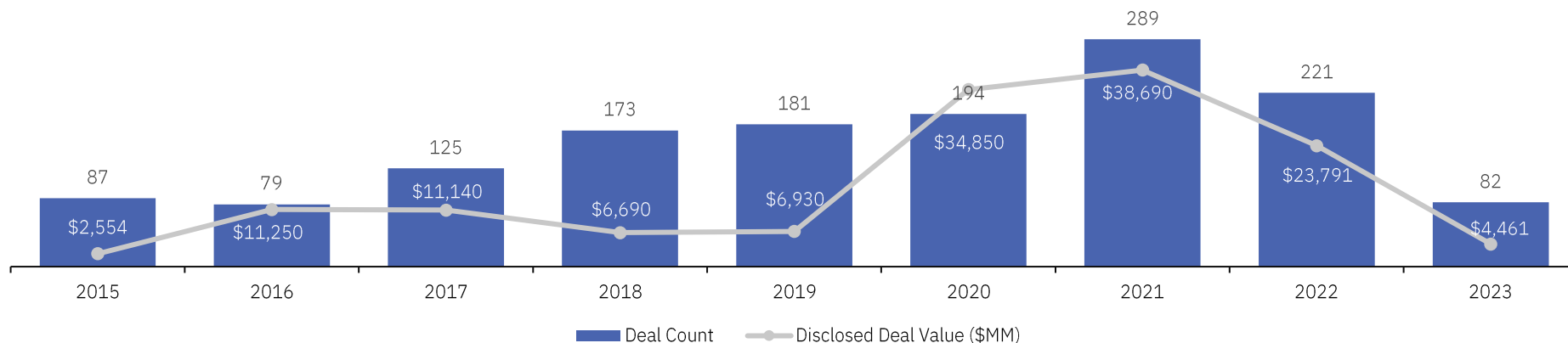
## Representative Public Real Estate Software Vendors (CY2023E)



# Real Estate Software M&A Activity

Real estate software M&A hit record deal flow in 2021, followed by a cooling of market activity in 2022 and 2023 due to high interest rate environments – there is strong optimism heading into 2024 as macroeconomic conditions improve and interest rates stabilize

Real Estate Software M&A (\$ millions)



Acquirer	Target	Date	EV	EV / LTM Rev	EV / LTM EBITDA
Hg	CINC Systems	12/14/23	n/a	n/a	n/a
Zillow	Follow Up Boss	11/01/23	\$400	n/a	n/a
TRANE TECHNOLOGIES	nuvolo	10/02/23	n/a	n/a	n/a
CAREL	Kiona	07/24/23	\$232	11.1x	n/a
Johnson Controls	fm:systems	07/17/23	\$455	8.9x	37.9x
Lessen	sms assist	01/12/23	\$950	n/a	n/a
SIEMENS	Brightly	06/27/22	\$1,575	n/a	n/a
ice	BLACK KNIGHT	05/04/22	\$13,107	10.8x	23.4x
BLACK KNIGHT	optimalblue	02/15/22	\$1,156 <sup>[1]</sup>	7.1x	n/a

Acquirer	Target	Date	EV	EV / LTM Rev	EV / LTM EBITDA
Incino	SIMPLENEXUS	10/21/21	\$1,197	28.8x	n/a
JLL	Building Engines	07/12/21	\$300	n/a	n/a
INSIGHT PARTNERS STONE POINT CAPITAL	ServiceChannel	02/04/21	\$1,200	9.6x	nm
FORTIVE	CoreLogic	12/21/20	\$5,920	3.2x	17.3x
THOMABRAVO	REALPAGE	11/22/20	\$10,433	9.4x	nm
ICE	EllieMae	07/31/20	\$11,000	12.2x	23.4x
PROPTech ACQUISITION	Porch	07/27/20	\$523	9.2x	n/a
BLACK KNIGHT	optimalblue	11/06/19	\$1,800	n/a	38.7x
REALPAGE	Buildium	11/06/19	\$580	11.6x	n/a

Sources: Pitchbook, S&P Capital IQ, The 451 Group

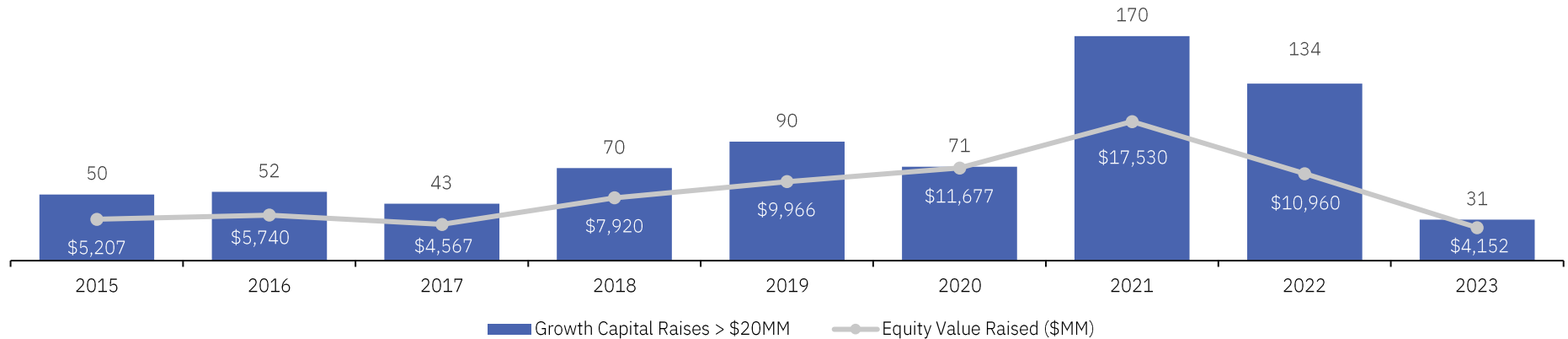
Note: EV / Revenue multiples greater than 20x and EV / EBITDA multiples greater than 50x are considered to be not meaningful

[1] Denotes transaction value

# Real Estate Software Capital Raise Activity

The private capital market for real estate software waned beginning in 2022, driven by market uncertainty and higher interest rates; however, top-tier assets within the market landscape continue to raise capital at healthy premiums to fuel platform growth

Real Estate Software Capital Raise Value (\$ millions)



Company	Select Investor(s)	Date	Amt. Invested	Funding to Date	Latest Valuation
<b>kin.</b>	QED INVESTORS ActiveGE@DESIC	01/31/24	\$152	\$431	\$1,000
stayntouch	SIXTH STREET	12/12/23	\$48	\$48	n/a
MaintainX	BainCapital VENTURES	12/06/23	\$50	\$103	\$900
FUNNEL	RET.V. TRINITY	10/30/23	\$32	\$99	\$162
HqO	INSIGHT PARTNERS K KOCH INVESTMENTS GROUP	10/18/23	\$50	\$157	\$560
harri	ATALAYA GOLUB growth	10/10/23	\$43	\$96	n/a
EasyKnock	Midland Equity Partners	07/01/23	\$38	\$454	\$413
CLOCKWORKS ANALYTICS	S&S VENTURES	06/20/23	\$16	\$36	n/a
EliseAI	Point 72 K KOCH INVESTMENTS GROUP	06/07/23	\$35	\$82	\$285

Company	Select Investor(s)	Date	Amt. Invested	Funding to Date	Latest Valuation
Hostaway	PSG   PROVIDENCE STRATEGIC GROWTH	05/31/23	\$175	\$178	n/a
measurabl	CAMBER CREEK e* /sway ventures	05/31/23	\$93	\$229	\$433
avenue one	WESTCAP	05/15/23	\$100	\$160	\$1,000
MEWS	KINNEVIK Asset Management	12/14/22	\$185	\$227	\$865
VTS	CBRE	08/24/22	\$125	\$465	\$1,580
Guesty	Apax   SIXTH STREET	08/04/22	\$170	\$279	n/a
Fexa	Mainsail Partners	07/28/22	\$40	\$40	n/a
deepki	ONE PEAK PARTNERS	03/31/22	\$165	\$176	n/a
goodlord	Colony Partners LATITUDE OX	03/30/22	£27	\$75	n/a

**People ▪ Industry Expertise ▪ Process Excellence**



**Boston**

**San Francisco**

Shea & Company, LLC provides independent financial advice on mergers, acquisitions, financial restructurings, private capital raising and similar corporate finance matters. Shea & Company is not a retail broker-dealer. The firm does not conduct underwriting activities, provide research or analyst reports or solicit or carry accounts for, or offer or sell securities products to retail customers. Shea & Company is regulated by the Financial Industry Regulatory Authority, Inc. ("FINRA") as a FINRA Member Firm. The information and services provided in this presentation are not provided to and may not be used by any person or entity in any jurisdiction where the provision or use thereof would be contrary to applicable laws, rules or regulations of any governmental authority or regulatory or self-regulatory organization or where Shea & Company is not authorized to provide such information or services.