



# Smart Building Trends: 2022

Prepared by Joseph Aamidor, Aamidor Consulting

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# About Joe Aamidor, Aamidor Consulting

- 15+ years in buildings, real estate, IoT, energy management, built environment
- Work with smart building innovators, investors, and real estate operators
- Publish the monthly Smart Building Insight newsletter, covering M+A, investments, product launches and reports/news.
- Routinely speak at events around the world; Authored dozens of articles in industry publications like PropModo, CRETech, GTM, BuiltWorlds
- [www.aamidorconsulting.com](http://www.aamidorconsulting.com)



# TREND 1: Hardening value props for smart buildings

- **ESG and Climate**

- *"The real estate sector is reaching a **crucial stage in the evolution of its approach to climate risk**. We are coming to understand that leadership from the real estate investment industry is essential for society's approaches to climate change to be effective, efficient, and equitable, versus deferring difficult decisions and displacing those who cannot afford to adapt.- Ed Walter, CEO, ULI*

- **Talent/labor shortage**

- *"It has been well known in the building management and maintenance industries for several years that a **crash is coming**. The overall quantity of willing and available workers continues to diminish because the **capable minds for technology and mechanical aptitudes are being pulled in different directions**." - Facility Executive Magazine*

- **Indoor air quality concerns**

- *"Upgrading HVAC systems can be expensive and add monthly costs. New equipment for a typical 100,000-square-foot office building in Chicago, for example, **might cost up to \$100,000 to install**, Ms. Mueller said, and can add 5 to 10 percent to monthly bills. For offices in milder climates, just opening the windows can increase air quality, although many office windows do not open." - NY Times*

- **Infrastructure spending**

- *"The \$1 trillion bill in President Joe Biden's Build Back Better plan has dedicated about **\$5 billion to a wide range of programs** geared to reduce electricity use in buildings, improve the materials used to build them, and train more people to design, build, and maintain energy-efficient buildings." - Fast Company*

- **Repositioning of assets**

- *"**We are going to see a diminished use of offices as hybrid work becomes more popular**," said Ruth Colp-Haber, chief executive officer of brokerage Wharton Property Advisors. "The really cool buildings have a huge amount of activity. But for anything other than 'really cool,' the landlords are struggling and the dichotomies are getting worse." - Bloomberg*

# TREND 2: Capital investment trends

- Proptech investment set a new record in 2021 (up front 2019); this includes a wide range of solutions (not exclusively facility/operational tech). \$32B in VC.
- Acceleration of M&A activity. (Selected deals below from last ~3 months.)
- For more, see: <https://www.linkedin.com/pulse/smart-buildings-ma-update-january-2022-aamidorconsulting/?trackingId=6tllFbZoSRy8M8A9r1smhw%3D%3D>

## Acquisitions

- Foghorn and Easy IO → JCI
- Wattsense and Ecodomus → Siemens
- Envizi → IBM
- Hank and Building Engines → JLL
- Various Mech. Contractors → Comfort Systems

## Investments

- Passive Logic, from Addition and Keyframe
- Cohesion, from a range of investors
- VergeSense, from Scale Venture Partners
- Logical Buildings, from Keyframe
- Envoy, from Brookfield Growth

## Partnerships

- Brainbox AI → ABB
- enVerid → Trane
- enVerid → Daikin
- Clockworks → SpacelQ/iOffice
- Prescriptive Data → Microsoft
- HqO → JLL

# TREND 3: Return to office: More resolution, one way or another...



## KASTLE BACK TO WORK BAROMETER

Weekly Occupancy Report from Kastle Access Control System Data

2.7.22

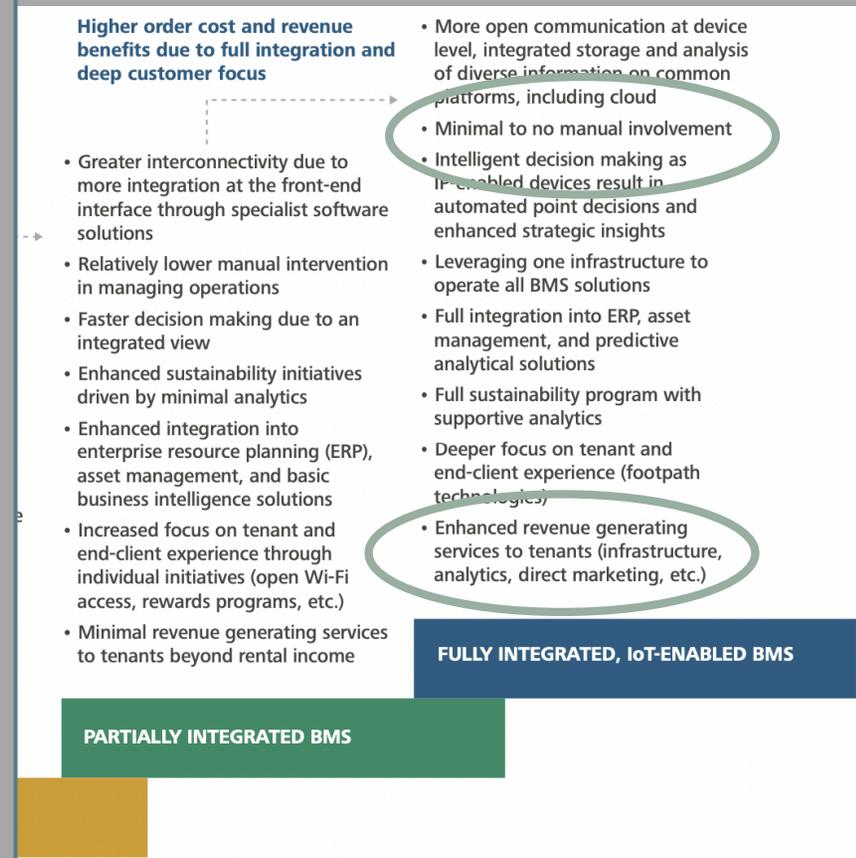
OCCUPANCY OVER TIME - MARCH 4, 2020 TO FEBRUARY 2, 2022



- “To better understand these trends, we’ve examined occupancy for a number of other activities, and found Americans are returning to air travel, restaurants and more. Attendance at NBA games, for example, is almost what it was in February 2020. TSA checkpoints and data from OpenTable show flying and reservation rates are 79.9% and 73.5% of what they were in February 2020. **Office attendance lags behind these indicators.**” - Kastle Systems

# TREND 3: Augmentation vs. Automation

- Background: significant aging and talent shortages in facility management
- IFMA and RICS in 2017: *“FM faces critical talent shortfall...”*
- Continued investment in supervisory solutions that automate building control.
- But, limited groundbreaking success in AI-based BAS (e.g., self-driving buildings), so far.
- Challenges include integration and significant variance in BAS vintages/vendors.
- Moreover, many offerings are becoming “technology enabled services: (e.g., OpenBlue)

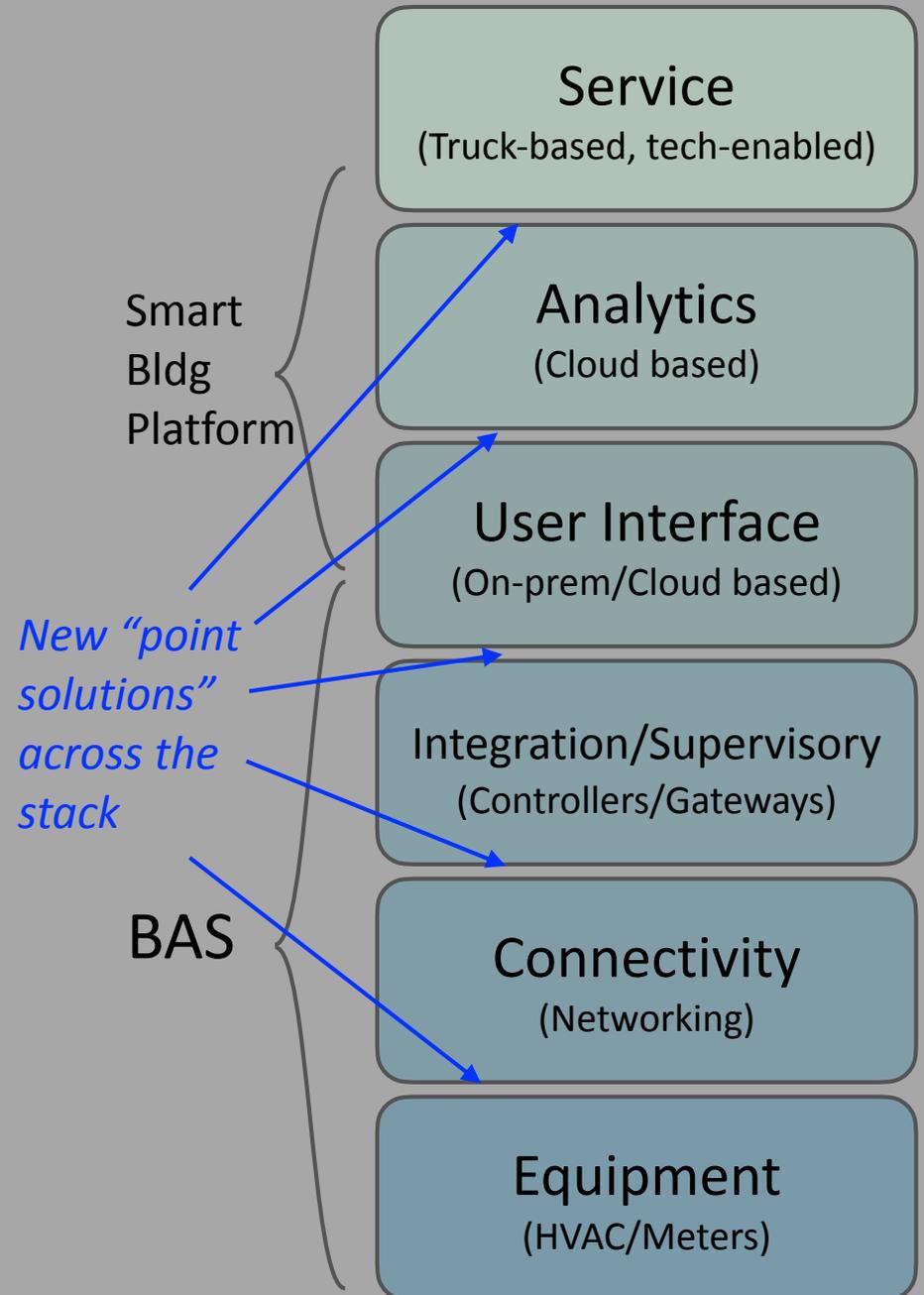


# TREND 5: Unbundling of the Technology Stack

- Historically, firms tried to rebuild the technology stack...
- Now, many innovators are focused on specific points, rather than a full stack replacement.
- Partially due to the strong channels to market, and captive customers that the incumbents have.

*"Our portfolio of connected solutions is demonstrating great momentum with 1 million instances of Tridium's Niagara deployed worldwide."*

*-Darius Adamczyk – Chairman & Chief Executive Officer, Honeywell*



Thank You!!

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Access these slides at:

[www.aamidorconsulting.com/february](http://www.aamidorconsulting.com/february)

# About Us - Aamidor Consulting: Experts in Smart Buildings

- Strategic and market insight for investors: commercial due diligence, review of/feedback on investment thesis
- Product strategy for vendors (small and large): competitive intelligence, voice of customer research, market sizing, go-to-market
- Market research for enterprises and industry stakeholders: provide an independent, data driven perspective on the industry, opportunities for growth, current and future trends
- Advisory services for real estate owners/operators: technology adoption strategy development, procurement support

# For More From Aamidor Consulting

## Past Projects:

- For a private equity firm, helped develop an investment thesis in the smart buildings space and identify target firms to bolt-on to existing portfolio companies.
- For a venture capital firm, conducted commercial due diligence for an investment in a building and facility management cloud-based software firm. This included a review of the roadmap, assessment of the leadership team, and validation of the total addressable market opportunity.
- For multiple building technology startups and vendors, developed initial business cases and reviewed initial market opportunities for adjacent and bolt-on business units.
- For real estate firms and their trusted advisors, developed a scope of features and functionalities for facility, energy and building management software products. Described key functionality, data acquisition capabilities and developed a pricing framework to ensure that vendors would provide consistent pricing guidance with their bids.

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