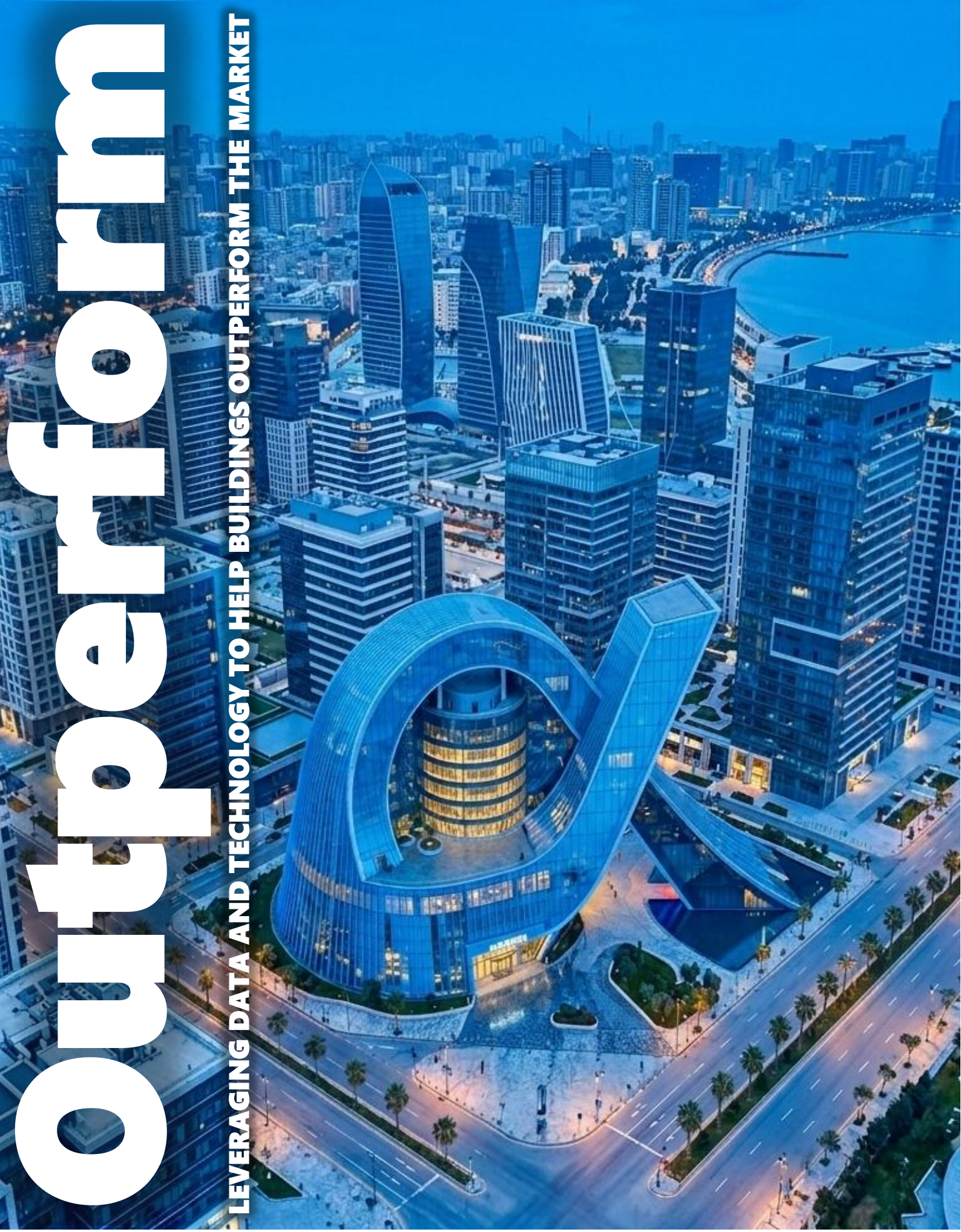
outperform

LEVERAGING DATA AND TECHNOLOGY TO HELP BUILDINGS OUTPERFORM THE MARKET



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What is Alpha and how can data and technology help create it?

In investment terms, Alpha refers to returns that exceed a relevant benchmark — performance that cannot be explained simply by market conditions or asset class exposure. Applied to real estate, Alpha is the measurable outperformance of an asset relative to comparable properties in the same market. It might manifest as a higher rent, a faster letting, a lower vacancy rate, a superior yield on exit or a more resilient income stream through a downturn. The common thread is that it is not accidental — it is the product of better information, better decisions and better execution.

Historically, real estate Alpha was generated through access to off-market opportunities, relationships, timing and local knowledge. Today, these are being supplemented by data and technology. The ability to analyse vast datasets quickly, identify performance patterns and model future scenarios with a degree of precision that was previously impossible, is fundamentally changing the nature of competitive advantage in property.

INTRODUCTION

In an increasingly competitive real estate market, the traditional drivers of asset performance - location, facilities, tenant mix - remain important, but they are no longer enough on their own. The firms gaining an edge are those that use data and technology to understand and improve their assets' performance.

Asset owners and occupiers who have proactively embraced digital transformation are seeing significant rewards from enhanced building performance: higher rents, lower operating costs, faster lettings, and sharper investment decisions, the building blocks of genuinely outperforming the market.

Yet for many businesses, the potential of digital tools remains largely untapped. The barrier is rarely the technology itself but the foundational requirements that support it, such as, getting data in order, building a culture that knows how to use it, and making deliberate choices about where and how to deploy technology, in particular AI.

This paper explores how data and technology can help create the measurable outperformance of an asset relative to its market, otherwise known as 'Alpha'. It examines where the opportunities lie, what AI is changing and what asset owners should prioritise to move from experimentation to sustained strategic advantage.

"The accessibility of advanced technologies has levelled the playing field. What now separates leaders from laggards is the ability to harness raw computing power, structure data effectively and align technology with corporate culture and business objectives."

- Naseem Wenzel, Eisner Ramper

Section 1
How data and tech can drive outperformance

The application of data and technology can improve building performance and net operating income in three broad ways:

- Increasing income, by identifying and unlocking revenue that would otherwise be missed.
- Reducing costs, by improving the efficiency of how buildings are operated and managed.
- Reducing risk, by providing greater certainty about future performance, occupier behaviour and market dynamics.

None of these are new objectives but what is new is the precision, speed and scale at which technology-driven approaches can pursue them. However, there is no silver bullet; outperformance does not come from a single tool or dataset. Rather, the deployment of data and technology helps asset owners make incremental improvements to income, reductions in cost and management of risks that, compounded across a building, cause one building to outperform another.

The real estate sector can consider performance from a landlord and an investor perspective, focused on asset value, yield and capital growth; and an occupier perspective, centred on cost efficiency, productivity and long-term fit. These two lenses are inextricably linked, the correlation between them is becoming clearer and more predictable and both are being informed by data in ways that were not possible even a few years ago.

1.1 Driving Value

Data led analytics

Increasingly, data analysis is being used by asset owners to make better decisions about their buildings at all stages of the lifecycle.

This helps target the best occupiers, reduce void periods and maximise rents.

Data is being used to provide empirical evidence for decisions that were previously made on market knowledge and instinct. For example, consider if a major landlord were developing a riverside building with park views and deciding whether to install balconies on every floor, or winter gardens, or omit external amenity space altogether. Historically, this would have been a subjective call by their adviser. Today, by analysing data across comparable buildings, advisers can empirically demonstrate which option produces the best uplift in rent and the fastest lettings.

The ability to do this faster and with more confidence has accelerated rapidly with the use of AI and those owners who are using these tools effectively are improving their likelihood of outperforming the market.

Asset selection accounts for on average 67% of the performance differential between individual portfolios and corresponding country-level benchmark returns

- MSCI

Sector-specific intelligence

Sector-specific analytics are also becoming a significant source of competitive advantage for landlords, where this same empirical intelligence can be applied to target particular occupier markets. For example, professional advisers, such as lawyers, may be more interested in cost per partner of office space than rent per square foot. This may seem like a small shift in focus, but it reframes the entire negotiating and advisory relationship. By overlaying real estate data with sector-specific financial data, advisers can show clients what their peers are spending, in which

buildings and why, delivering insights that were previously unavailable.

Occupier demographics

Data is moving property management away from anecdotal evidence and towards informed strategy. By analysing exactly who uses a building and when, owners can optimise their assets more effectively. In mixed-use developments, for instance, the success of ground-floor retail is tied to the habits of the office workers above. Knowing the attendance patterns of different departments on different days and their likely spending patterns, allows owners to select the right tenants for the mix and forecast income with much greater confidence.

This transparency also creates a significant advantage during rent negotiations. Traditionally, landlords had little way to verify a tenant's claims about their trading performance. Today, access to new datasets such as footfall and demographic data makes these discussions more transparent. By comparing a tenant's performance against broader market data, investors can negotiate more effectively, set sustainable rents, and ensure the asset continues to perform at its peak.

Non-core and ancillary income

Beyond rent optimisation, there is a growing recognition that buildings can generate substantial income from sources that sit entirely outside the traditional lease. This 'non-core' or 'ancillary' income, a concept long established in retail, is now gaining increased traction across other asset classes as owners look for ways to diversify revenue and improve net operating income. Technology and data enables many of these additional income streams and the sector needs to engage with it to unlock them.

The opportunities fall into two broad categories. The first is maximising income opportunities from the existing building. Data can be used to understand occupancy patterns and demand with sufficient precision to command premium rents, reduce void periods, attract higher-quality occupiers or justify the use of lettable space and amenities for alternative uses.

The second is generating income from entirely new sources that the building's physical infrastructure can support. Rooftop solar photovoltaic panels, for example, can generate reliable, index-linked income for owners while simultaneously supporting occupiers' sustainability targets. Electric vehicle charging, installed in car parks, can produce long-term rental income with relatively limited upfront capital expenditure.

As buildings generate ever-larger volumes of operational data, the commercialisation of that data also represents an opportunity for additional income. Today, much of the data collected is used to improve reporting or building performance. However, it is likely that data service offerings, such as the provision of ESG data to occupiers or generating advertising income from data, will increase in the coming years.

Firms best positioned to capitalise on all of these opportunities are those that understand their buildings thoroughly through data: who is in them, when, why and how the space is being used.

ESG performance and rental value

Some forward-thinking organisations are also using data to future-proof assets against ESG-related risk. The link between sustainability performance and rental value has become clearer in recent years. Buildings that can demonstrate genuine operational efficiency with lower energy costs and reduced service charges can command higher rents. That

higher rent, capitalised at sale, has a direct and material effect on asset value. Data is making that connection more visible for the first time and reduces long-term risk.

Green-rated buildings can offer up to 12.3% rental and sales value uplift compared with non-rated equivalents.

- Knight Frank

1.2 Cost reduction

Alongside revenue enhancement, data and technology are increasingly being used to reduce operational costs within buildings. The opportunities span the full building lifecycle, from day-to-day energy and maintenance management through to portfolio-level reporting and regulatory compliance. The potential savings can be material.

Energy management

Energy management is one of the most immediate areas of impact. Energy often represents the largest single component of a building's service charge. Smart building controls, powered by AI and IoT sensors, are enabling significant efficiency gains. Research[1] indicates that *AI and IoT-driven management of HVAC systems alone can reduce their energy consumption by 20–25%, while smart lighting controls can cut lighting energy use by 35–40%.*

For a large commercial building, the cumulative effect on the service charge and therefore on total occupancy cost and the landlord's ability to command rent can be substantial. For landlords, the commercial logic is clear: a demonstrably lower service charge gives a building a competitive advantage at lease renewal and supports the case for a higher headline rent.

Smart controls, when properly configured, can reduce energy use across commercial buildings by approximately 29% overall.

- ETL

Predictive maintenance

Predictive maintenance represents another significant cost lever. Traditionally, building maintenance has been reactive with property managers responding when something breaks. AI-powered systems, drawing on continuous data from IoT sensors monitoring plant, equipment and building fabric, can identify degradation patterns and anticipate failures before they occur. *Research shows that predictive maintenance can reduce overall maintenance costs by 18–25% while cutting unplanned downtime by up to 50%[2].* Beyond direct cost savings, the ability to plan maintenance proactively reduces the risk of tenant disruption, service charge disputes and the reputational damage that comes with a poorly maintained building.

Process digitisation

The digitisation of property management processes also offers substantial efficiency gains. A high proportion of property management activity currently takes place through email, spreadsheets and disconnected legacy systems. Moving these processes into structured, integrated software platforms creates the data foundation needed for automation, reduces human error and dramatically reduces the time spent on routine administration.

[1] https://transformainsights.com/blog/smart-buildings-reduce-global-energy

[2] IIOT World, McKinsey

Section 2
Ingredients for success

Despite the momentum, the path to outperforming the market through data and technology is not straightforward. The following four ingredients help determine who succeeds.

2.1 Data — solid foundations

Data is at the heart of all of these digital opportunities and challenges, and to thrive in this space, solid data foundations are needed. This is one of the most important and arguably most overlooked aspects of using technology. Making sure the appropriate data foundations are in place is not as simple as it is often presented.

The phrase 'rubbish in leads to rubbish out' is used often when talking about technology, in particular AI. Whilst this is strictly speaking true, it leads many organisations to the wrong conclusion. Faced with imperfect data, they assume reliable results are out of reach without proprietary, high-quality datasets. This belief leads to people often giving up on their ability to use technology reliably. In practice, the organisations that perform best are rarely those with the most data. They are the ones that understand what they have, know its limitations, and use it intelligently.

When it comes to understanding building performance, predicting occupier trends, finding new ways of generating income from a building or deploying AI, what matters is an overall approach that ensures organisations have the right governance, structure and clarity to capitalise on the data available to them. Central to that is understanding the types of data in play because not all data is equal. Four categories are worth distinguishing:

- **Query data** – the question, context, or prompt that defines what you are trying to find out, and the parameters that shape the desired outcome.
- **Input data** – this includes proprietary data such as lease data, building performance metrics and tenant satisfaction scores, but also external data, third-party sources, and proxy datasets. Mobile phone data used as a signal for footfall or traffic movement is a good example of the latter.
- **Model training data** – AI models are only as reliable as the data they were trained on. Understanding how a model was built, and the limitations or biases in its underlying dataset, is essential to interpreting what it produces.
- **Output data** – this is the answer, the trend or the result – but can it be trusted, what is the context, and does it answer the original question?

Perfect data is rarely achievable nor is it necessary, but solid data foundations and data governance are essential. Access to data will not be a long- term competitive advantage, how you use it and the governance you put around it will be.

There is also an important point about proportionality. Organisations do not need the best data or heavy investment in technology to gain a meaningful edge, sometimes just a handful of additional data points can make a transformative difference. For example, adding three well-chosen data fields — whether a transaction was a headquarters or back-office relocation, if it was driven by lease expiry or M&A and the floor plate configuration — to an existing leasing dataset can transform its analytical value.

43% of chief operations officers identify data quality issues as their most significant data priority.

- IBM

2.2 Strategic use of AI

Until recently, the dominant conversation about AI in real estate was largely focused on efficiency: doing what was always done, but faster. As the technology and sector mature, those discussions are evolving and are no longer just about doing the same things more quickly but about using data and AI to make better decisions in new ways and adding new value. The focus has shifted from operational speed to strategic insight.

Evidence of this shift is visible in client mandates across the sector. Major occupiers are now including substantial AI sections in their RFPs to property agents, not asking what AI can do to save time, but whether it can help them predict where they should be located in ten years, which buildings will outperform and how to de-risk long-term real estate commitments in an environment of rapid change.

Data dependency

It is hard to separate the topic of AI from the topic of data and we have seen in the previous section that a clear understanding of data is essential to thrive in using AI.

AI touches all four of the data categories outlined above — it is shaped by model training data, guided by query data, draws on input data and produces output data that feeds back into the cycle. Understanding those layers is what allows organisations to use AI with appropriate confidence and scepticism.

What is also worth recognising is that the relationship runs both ways. AI can also actively help build the data foundations it depends on — whether by testing and validating outputs, structuring previously unstructured data, or identifying gaps and inconsistencies that would otherwise go unnoticed.

Regulatory navigation and risk management

The accelerating pace of change across planning law, tenancy legislation, ESG requirements and building safety is creating significant complexity and cost for landlords and asset managers. AI is being deployed to help navigate this landscape, as a sophisticated engine for scenario planning and risk management. By utilising data analytics to monitor regulatory developments, firms can model the impact of legislative shifts before they take effect. This allows operators to flag required actions early and predict risks reducing both the cost of compliance and the risk of costly omissions.

In the build-to-rent sector, for instance, some operators are using AI to predict occupier behaviour and manage the risk of voids following the transition from fixed-term to rolling periodic tenancies under the Renters Rights Act[3].

According to Deloitte's 2025 Commercial Real Estate Outlook, 97% of CRE respondents are committed to AI enabled solutions. However, only 14% believe they have well-structured data processes and robust privacy policies in place.

\- ***Deloitte***

[3] MHCLG

2.3 Transparent markets

Transparency is frequently cited as a goal of data-driven markets. In practice, the picture is more ambiguous. In reality, whilst all market participants say they want a more transparent market, this is not always the case because an opaque market can be seen as a way to protect competitive advantage.

This tension is demonstrated in the way market data platforms have evolved. When commercial agents have collectively negotiated data-sharing arrangements, the result has typically been selective with some data shared freely and other data kept back.

There is also a more subtle risk: as data becomes more abundant and AI more capable, some market participants worry that outperformance will become harder to sustain. If every agent has access to the same datasets and uses the same analytical tools, differentiation might be harder to achieve. The evidence from firms that have invested most deeply in data suggests the answer lies not in exclusive access to information but in culture, deployment and the quality of human interpretation layered on top. Therefore, differentiation is shifting from data ownership to data use.

It is worth noting that an abundance of data does not always accelerate decisions. Sometimes too much data, can sanitise the output and reduce the creativity and speed of a deal because every little detail needs resolving before a commitment is made. More data, in some cases, can slow processes down, especially where the insights are not actionable. The goal should not be to have the most data, but to have the right data and to act on it.

2.4 A tech enabled culture

Even where the data is in place and the technology exists, cultural resistance remains a persistent barrier. Real estate has a reputation for conservatism and that can extend to technology adoption resulting in a reluctance to experiment or a preference for established ways of working. Not all firms fit this description, but for those struggling to move beyond pilot projects, the barrier is often mindset and approach rather than capability.

Within firms, AI users tend to fall into two categories: those who experiment occasionally, and those who embed it deeply into how they work. Broader adoption requires leadership to set the tone — making clear that technology and data are not the preserve of the IT team but a core part of everyone's role. When that signal comes from the top and is reinforced by visible results from early adopters, adoption spreads far more quickly across the organisation.

"Technology is nothing. What's important is that you have faith in people."

- Steve Jobs

Section 3
The caveat

Throughout this report we have seen the scale of opportunity for data and technology to enable buildings to outperform the market. AI will only amplify this — helping to access more data and make better sense of it.

There is, however, a caveat.

As AI grows in capability, a point may come where every building decision-maker has access to the same high-quality insights and makes the same optimum decisions. That would have significant benefits for overall market performance, but it might also erode the competitive edge entirely. In the short term, AI will be a key ingredient in outperforming the market and achieving Alpha.

Longer term, though: will AI kill Alpha?

'Modern cars often look the same as everyone is now able to use the best aerodynamic modelling software.'

Section 4
Future priorities

Smarter use of data and technology can translate directly into building outperformance. The following priorities are what the most advanced firms in the market are already doing to create and protect asset value and open up a performance gap with their competitors.

Start with the question

It is easy for data and technology projects to become disconnected from the assets they are meant to support. The firms generating the most value are those that begin with a clearly defined question about building performance, such as what should we develop here, what is this asset worth in a stressed scenario, where is the rental premium? They can then build their data and analytical capability around answering it. Businesses that deploy AI speculatively, without a clear hypothesis tied to asset value, risk producing outputs that cannot be validated or acted upon.

Agree your approach to data

Without a well thought out approach to data, it is not possible to confidently identify the opportunities for added value, reducing costs, mitigating risks or commercialising data assets directly. That approach must account for all data types in use, how they are structured, and critically, the governance that holds it all together. AI depends on these foundations, but can also accelerate the process of building them. In the future, it will not be the data an organisation holds that sets it apart, it will be the governance applied to it.

Target small wins

The value of data does not always require a transformation programme to unlock. As previously mentioned, adding three well-chosen fields to an existing dataset can transform its analytical value and reveal opportunities that could otherwise have been missed.

Build internal capability alongside external solutions

The ability to interrogate data and understand what it means for a specific building or portfolio is becoming a core competency, not an outsourced function. Firms need to make a deliberate choice about when they build internal capability and when they rely on external providers. Both can work, but the worst position is the middle ground — using data and technology casually without investing in the people and processes needed to turn its outputs into better asset decisions.

Embed data sharing in legal and operational frameworks

The value of data grows as more of it is captured consistently and used appropriately. Lease agreements, management contracts and investment mandates are beginning to reflect this, with data rights and sharing provisions becoming part of the discussion. Organisations that build data rights into their agreements now will have a sharper view of asset performance and be better positioned as the regulatory and market landscape evolves.

Conclusion

The tools to drive above-market performance are increasingly available. AI is delivering measurable results — in leasing decisions, in investment analysis, in regulatory navigation and in cost management. But the firms benefiting most are not simply those with access to the best technology. They are those that have built strong data foundations, that asked the right questions and created cultures in which data-driven thinking is not the preserve of a specialist team but a shared professional capability. Outperformance, or Alpha, rarely comes from a single breakthrough. It comes from incremental improvements to income and reductions in cost, compounded across a portfolio over time. The priorities set out in this report are the steps that the most advanced firms are already taking to open up that performance gap.

For the market as a whole, the message is clear: the path to outperformance and Alpha runs through data. And for most businesses, the first step is not just a technology investment, it is the decision to take data seriously.

About REvolve

REvolve is an Alpha Property Insight initiative. Members of REvolve consist of leading names in the real estate sector which come together to provide unique perspectives on a particular topic. Membership of REvolve demonstrates the members' thought leadership and willingness to explore some of the most pressing challenges that the real estate sector faces in a collaborative way. Membership does not imply agreement with or endorsement of all of the views expressed in the report.

Each paper is written by Alpha Property Insight and is based on both extensive desk research and a round table discussion with members.

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