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Covid-19 Pandemic Boosts Startups Behind Virtual Showings

Venture funding climbs as demand surges for remote property visits and closings

By Peter Grant



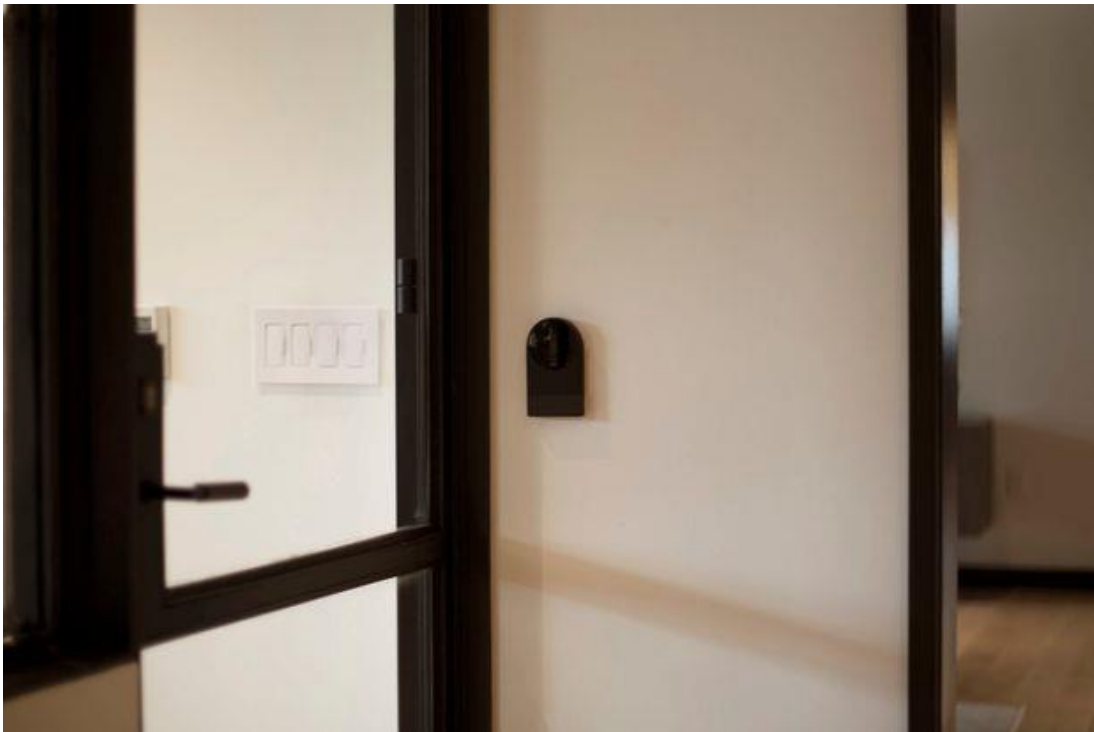
A Brooklyn, N.Y., building that uses an access system developed by Latchable, a tech-oriented startup with funding from venture-capital firm Camber Creek. PHOTO: LATCHABLE INC.

The business of investing in tech-oriented, startup property firms took years to gain traction in the stodgy real-estate industry. But it is gaining fresh momentum during [the coronavirus pandemic](#).

As fear of exposure to the new virus is limiting the ability to visit properties and close on them, demand is booming for startup firms that provide virtual ways to do this. Revenue and investment is rising for many, especially for those in the hot residential-sales business.

In the latest sign of that demand, Camber Creek, a venture-capital firm that focuses on what is known as proptech, this month closed its third fund with \$155 million. That easily exceeded the \$120 million target when the fund was opened last year. “Over the past 10 years, there’s been this consistent but slow transition to technology,” said Casey Berman, founder of Camber Creek, which was launched in 2011 and raised a total of \$37 million in its first two funds. “Then in March, there was a moment in time when the perception of technology went from a nice-to-have to a need-to-have.”

Camber Creek has invested in more than two dozen startups. They include Notarize Inc., a firm that enables home buyers and sellers to use the internet to remotely notarize documents involved in sales, refinancings and other legal matters. In July, when Notarize announced a new \$35 million funding round, it said its business had increased 400% since March, when the pandemic was declared.



Latchable’s technology allows tenants to use their phones to unlock doors, limiting contact with possibly contaminated surfaces. PHOTO: LATCHABLE INC.

Camber Creek's other portfolio companies include Latchable Inc., a startup that allows apartment-building tenants to use their phones to unlock building doors and unit doors, limiting contact with possibly contaminated surfaces. It also invests in Curbio Inc., which helps house sellers finance improvements that can result in higher prices.

Proptech already [looked poised to break out when the pandemic struck](#). A record \$31 billion was invested in real-estate-technology companies in 2019, up from about \$10 billion in 2018, according to CREtech, a research firm.

More than \$10.4 billion has been invested in proptech year to date, which analysts say is an impressive showing given the lockdowns that impeded business early in the pandemic. "It's still a healthy number," said Michael Beckerman, chief executive of CREtech.

The pandemic and recession have hurt some of the startups, particularly those specializing in property types that were hit hard, such as retail and lodging. With millions of office employees working from home, a number of firms in the co-working business, such as Industrious and Convene, were forced to lay off staffers during the pandemic's early months.

Startups typically aren't profitable for years, relying instead on investor capital. If their business models are now challenged by Covid-19, the illness caused by the new virus, they are likely to face a bumpy road until the pandemic is over, Mr. Beckerman said.

Those with rising sales are finding much friendlier capital markets. Opendoor, a startup that enables homeowners to lock in a sales price and close quickly, [combined with a special-purpose acquisition company](#) in a deal last month that gave the online real-estate platform a value of \$4.8 billion.

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Other ventures are geared to emerging real-estate trends born in response to the pandemic. Spencer Rascoff, [Zillow Group](#) Inc.'s former chief executive, [recently co-](#)

[founded a firm named Pacaso](#). It uses a variation of the timeshare ownership model to sell weekend homes within a few hours' drive of customers' main residences, a market segment in hot demand since offices closed and work from home became common.

The company has raised \$17 million in venture funding from such investors as former [Starbucks](#) Corp. CEO Howard Schultz and [Amazon.com](#) Inc. executive Jeff Wilke.

Camber Creek's investors include large pensions such as the Texas Employees Retirement System and real-estate ownership and services companies such as [Columbia Property Trust](#) Inc., [CBRE Group](#) Inc., JLL Spark and [Walker & Dunlop](#) Inc.

Other venture-capital firms targeting real estate are also raising new capital. Fifth Wall, which was founded in 2016 and has about \$1.2 billion in assets under management and commitments, last month had its first closing for a €100 million fund—equivalent to a \$118 million fund—that plans to invest in European proptech. Most of the hottest startups these days are in the home-sales business, where activity is booming. Deals have become heavily reliant on remote meetings, tours and document signings that use recently developed software.

“If you didn't have these tools, states and municipalities wouldn't have allowed this to happen” because of Covid-19 concerns, said Brad Greiwe, co-founder of Fifth Wall.