

# REPORT

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## The State of Virtual Tours in Commercial Real Estate



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# Executive Summary

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In July of 2022, Resonai surveyed 300 commercial real estate professionals to discover how virtual tours are faring in the industry, from adoption rates to ROI.

The data reveals that a significant percentage of commercial real estate professionals have already adopted the technology – and that overall adoption may hit 90% within the next two years. Furthermore, most commercial real estate professionals already using virtual tours reported seeing material improvements, with 90% saying the technology had increased revenue for their business.

## Key insights

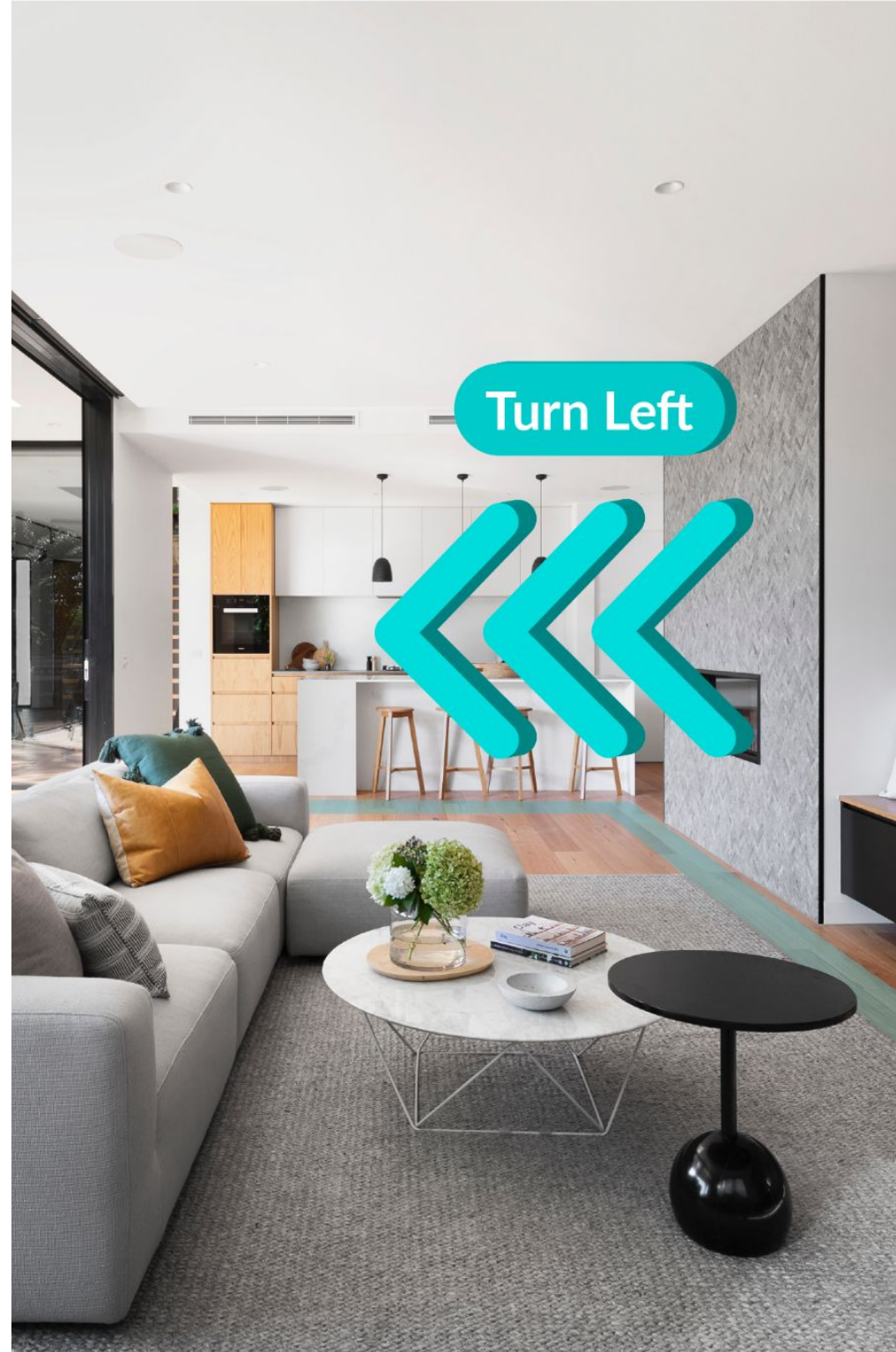
- Usage of virtual tours will be near universal (90%) in the next two years.
- 90% of commercial real estate professionals who use virtual tours report that it has resulted in increased revenue for their business.
- 75% of real estate companies overall use virtual tours, as do 86% of companies generating between \$50m - \$500m in revenue.
- Improved marketing efficacy is the top motivation driving adoption, mentioned by 62% of those who've implemented.
- Adopters say virtual tours improve brand perception (95%), prospect viewing experiences (92%), prospect qualification (85%), employee training (82%), qualified prospect volume (92%), and revenue generation (90%).
- Lack of consideration (28%) is by far the single largest barrier to adoption.

# A Virtual Takeover

The pandemic has accelerated tech adoption across many industries, and commercial real estate is no different. Companies in this space made a concerted effort to embrace innovation during this period — particularly virtual tours — to help improve performance across their sales and marketing efforts.

To uncover the impact this rapid shift has had on the industry, we surveyed 300 commercial real estate professionals in July of 2022. We found that the technology has achieved widespread adoption (**75%**), impressed **91%** of real estate pros with its value, and boosted revenue for **90%** of those who implement it. The data also indicates that adoption will only continue to grow over the coming years.

Before we dive into the rest of our findings, let's review a few key concepts and our research methodology.

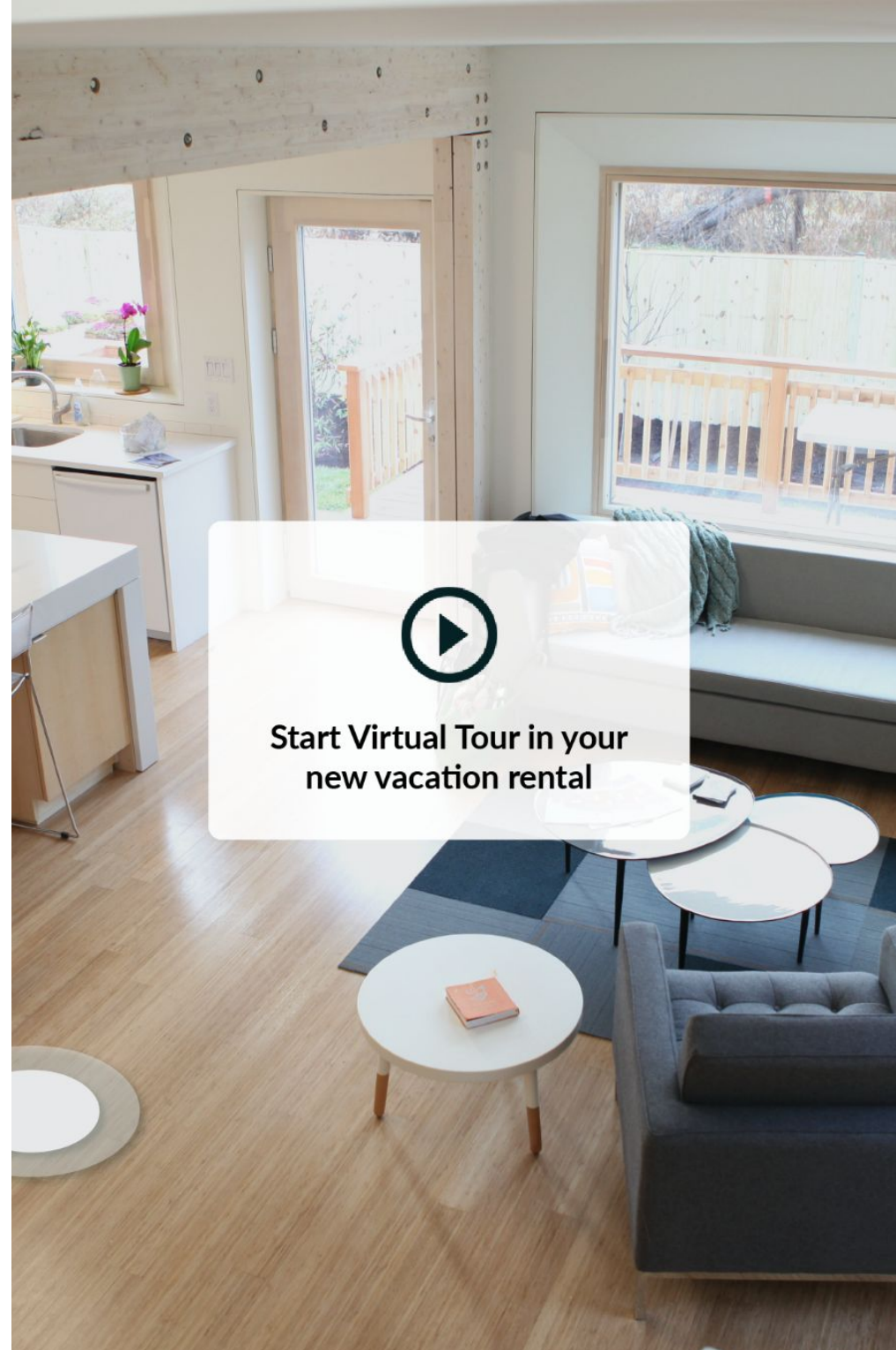




# What are Virtual Tours?

Virtual tours are previews of a property enhanced or generated using advanced visualization tech. Virtual tours exist independent of technology like AR and VR, but both are compatible with virtual tours and can be used to enrich the experience. While the terms are sometimes used interchangeably, AR, VR, and virtual tours are distinct technologies that provide different user experiences:

- **AR enhances an existing space** by projecting interactive digital content onto real-world environments. Real estate professionals can, for example, use AR to customize a property during a live walkthrough.
- **VR generates a digital space** by creating a fully-realized virtual environment. Real estate professionals can, for example, use VR virtual tours to conduct remote, 3D walkthroughs of a property.
- **Virtual tours** are interactive experiences delivered either via web, mobile, or desktop applications that simulate the experience of navigating a physical property.



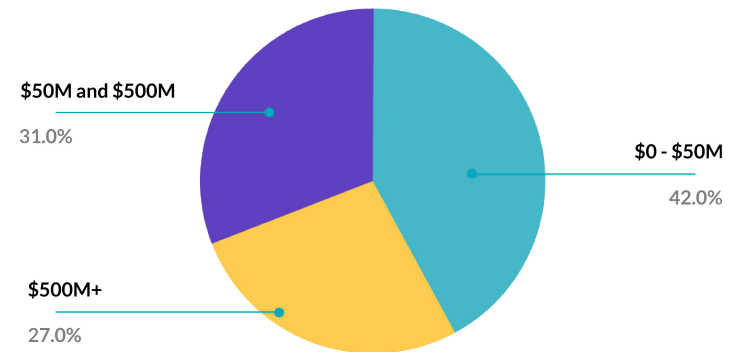
# Research Methodology

From July 1st to July 6th of 2022, we surveyed 300 randomly selected real estate professionals and asked them 15+ questions concerning their organization, their current usage of virtual tours, their plans concerning the technology, and more. The companies surveyed represent a wide range of sizes in terms of **revenue** and employee **headcount** and worked in the following industry subcategories:

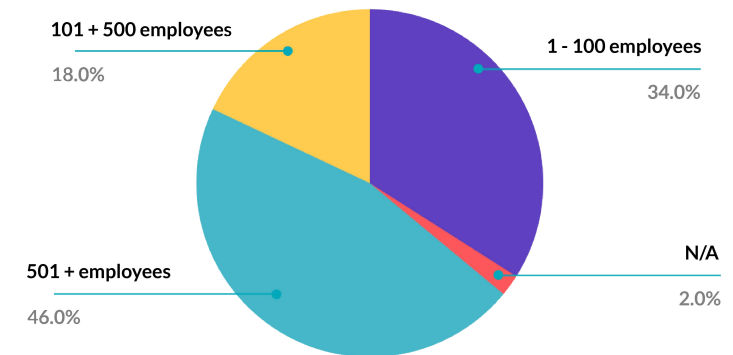
- Multifamily
- Office
- Industrial
- Retail
- Shopping Malls
- Hotels & Hospitality

Nearly half (49%) of those surveyed were senior management at their organizations, suggesting that findings are representative of the opinions of company leadership.

Company revenue picture



Company headcount



<sup>1</sup> It's important to note that the data contained in this report is descriptive, meaning that it illustrates the beliefs and experiences of the respondents surveyed and doesn't necessarily have a direct correlation with broader market trends.

<sup>2</sup> The data in this report has been rounded to the nearest full percentage point

## What This Report Covers

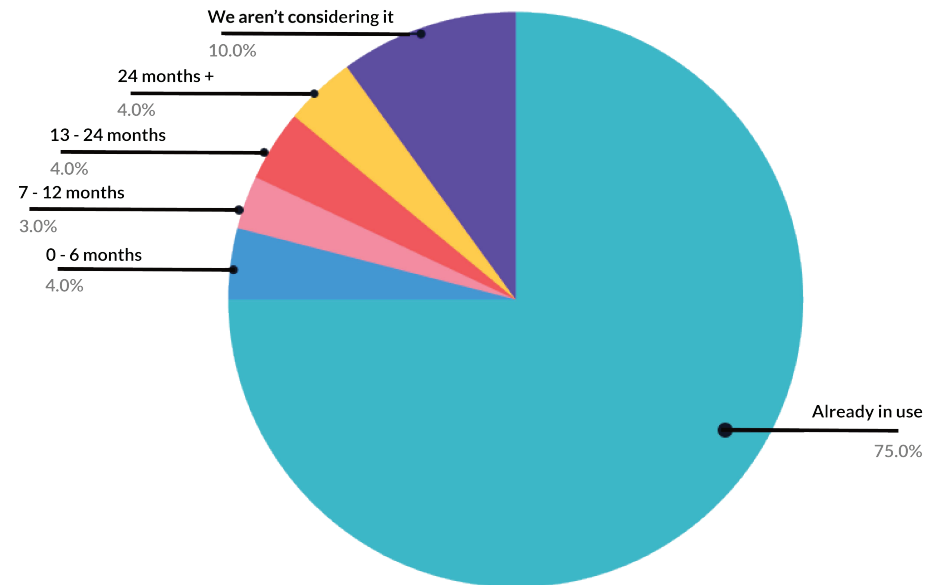
This report provides the latest adoption data, explores the real-world benefits of virtual tours, unpacks the barriers to greater adoption, and outlines the steps you can take to implement virtual tours into your business.

# Exploring Virtual Tour Adoption In The Industry

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Our survey suggests that virtual tours have achieved widespread adoption in the real estate industry, with **75%** of pros currently using them to improve marketing, prospect viewing experiences, and more.

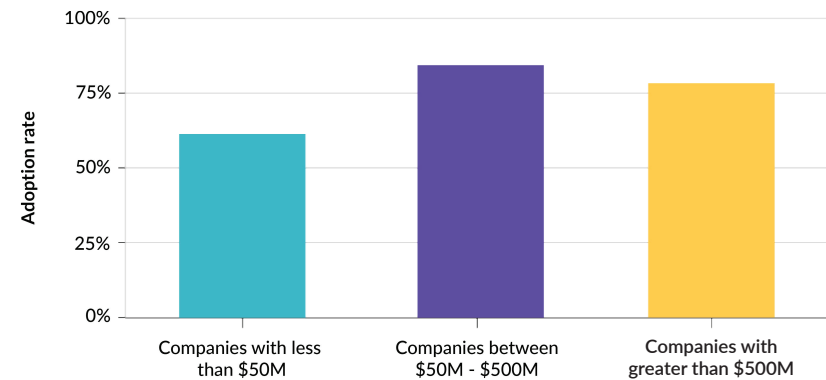
### When are you planning to adopt virtual tours?



## Adoption By Revenue

Our research indicates that virtual tours are more prevalent among larger companies. **86%** of respondents from companies generating between \$50M and \$500M in revenue use the technology, as do **79%** of organizations with revenues over \$500M. That said, firms with revenues under \$50M still used virtual tours at a healthy rate (**69%**).

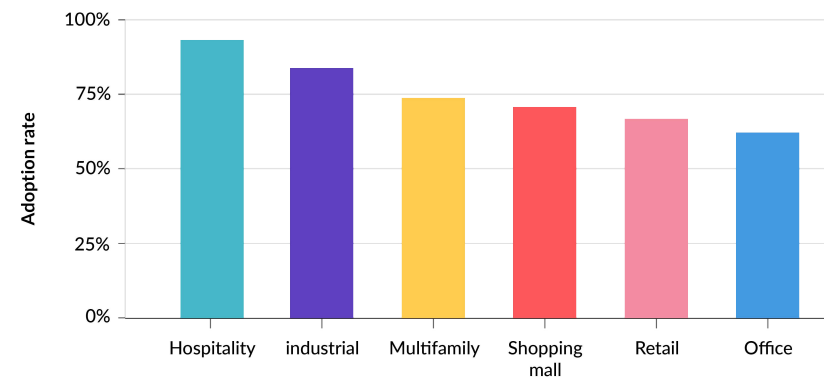
Adoption by revenue



## Adoption By Industry Segment

When broken down by category, our data indicate that hospitality real estate offices gravitate toward the technology most: **93%** are already using the tech. Another segment showing heavy adoption rates was industrial real estate, as **84%** of the respondents from that category reported their companies leverage virtual tours.

Adoption by category



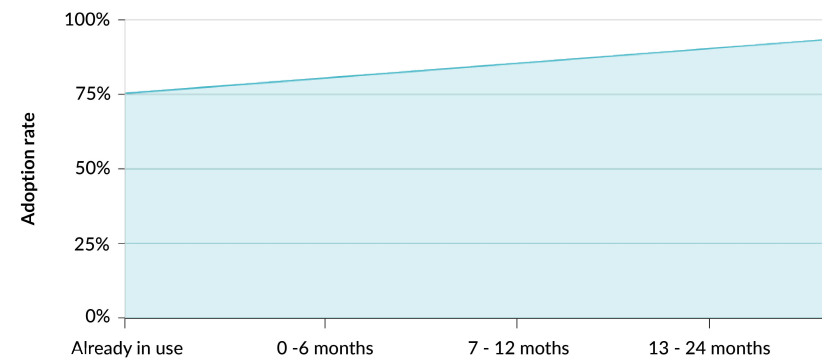


## Forecasting Adoption Rates

Our data suggests that the near-universal rates of adoption currently seen in the top two categories will soon become the norm across the entire real estate industry. In fact, only **10%** of respondents said their companies had no plans to implement virtual tours.

Over half of the **10%** of companies with no plans to adopt virtual tours were from one segment of the industry: office real estate. The remaining 5% were split across the other five categories — hospitality, industrial, multifamily, shopping mall, and retail. These findings suggest that outside of office real estate, it will be almost impossible to find a firm that doesn't use virtual tours by 2024.

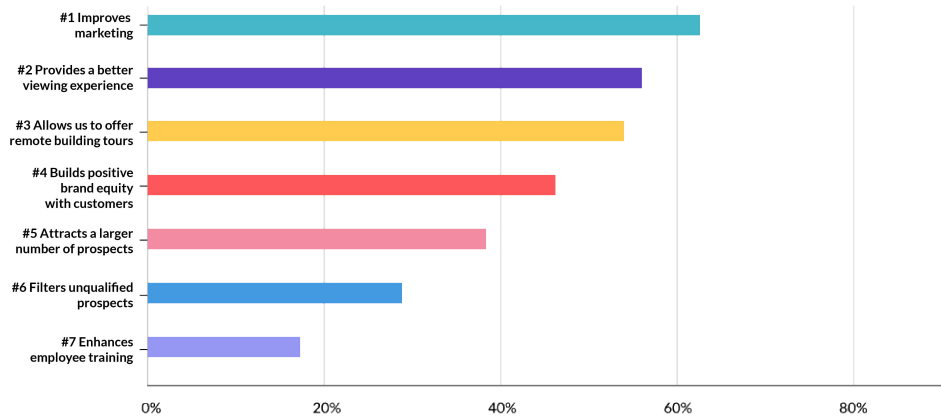
Virtual tours adoption in real estate over time



# Adoption Motivations

What's driving this rapid adoption? A multitude of factors, from improved marketing to enhanced employee training.

Top reasons why real estate companies implement virtual tours



Not surprisingly, the top reason for adoption given by our respondents varied depending on the industry segment they came from. For **61%** of shopping malls, **65%** of hospitality, and **71%** of retail real estate companies, virtual tours' ability to improve marketing performance was the primary motivation. For **68%** of multifamily and **86%** of industrial real estate companies, it was the enhanced customer viewing experience. And for office real estate firms, the top reported factor (**64%**) was remote property tours.

## Top reasons for adoption



Improved marketing



Better viewing experience



Remote touring

## Industry category



Hospitality, shopping mall, and retail



Office



Multifamily and industrial

# The Real-world Benefits of Virtual Tours

As the high adoption rates outlined in the previous section imply, the overwhelming majority of the real estate pros we surveyed were convinced that virtual tours can improve their companies' performance. When we asked them whether virtual tours provide value or not, the respondents gave a nearly unanimous **91%** answer: yes.

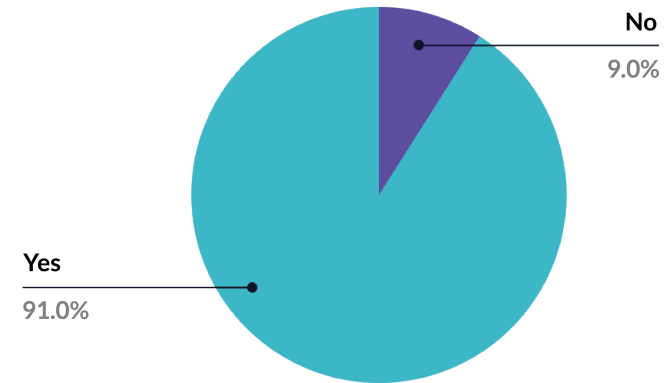
## Realized Benefits

Because hype around innovation can often lead to post-adoption lows, one might expect that those who've actually implemented virtual tours would be less enthusiastic than the market at large. Our data, however, suggests the exact opposite. Virtual tours' realized benefits exceed the already high expectations shared by the industry at large.

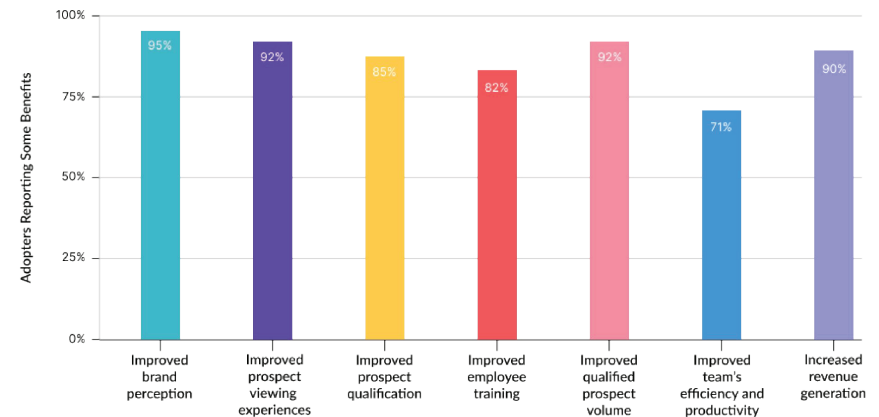
**95%** of respondents who've implemented virtual tours report enhanced brand perception; **92%** report improved prospect viewing experiences; **85%** report better prospect qualification; **82%** report employee training benefits; **92%** report higher qualified prospect volume; and **90%** report increase revenue generation.

Now, let's take a closer look at the impact of virtual tours in each of these areas.

### Are virtual tours valuable?



### Reported benefits of virtual tours



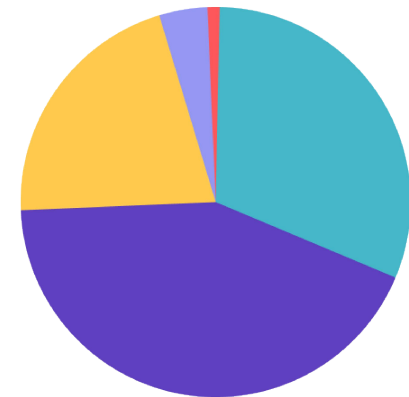
## Brand Perception

Adopters affirmed the value of virtual tours when it comes to brand perception. **95%** said it moved the needle to some degree, including the **43%** who reported significant improvement and the **21%** who said it led to massive gains in this area. Just **4%** said that the technology had no effect — and *only 1%* said it contributed to any level of decline.

Our research also found that the tech was particularly effective for industrial and hospitality real estate offices looking to boost their brand perception. **100%** of the industrial real estate firms who've adopted virtual tours said it had enhanced how prospects saw their brands, as did **97%** of those in the hospitality segment.

### Impact of virtual tours on brand perception

- Some improvement
- Significant improvement
- Massive improvement
- No impact
- Decline



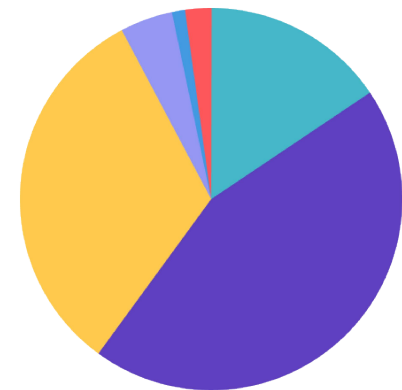
## Property Viewing

While the absolute number of positive reports in this benefit area was a fraction (3%) below the previous, the responses were more weighted towards sizable gains. 68% of adopters said the technology *at least* significantly enhanced the prospect viewing experience — including 29% that reported massive improvements.

Once again, we found that the tech provided exceptional value in this benefit area in a few industry categories: 100% of shopping mall real estate companies said there had been some improvement, along with 97% of hospitality real estate offices.

Impact of virtual tours on property viewing experiences

- Some improvement
- Significant improvement
- Massive improvement
- No impact
- Decline
- Not relevant





## Prospect Qualification

Reported improvements in this benefit area are just a little below the level of the last two. **85%** of adopters said they saw some benefit. **12%** of adopters saw no improvement, and **2%** reported diminished results. The remaining adopters said the benefit wasn't relevant to their particular use case.

That said, **55%** reported that it had at least significantly improved prospect qualification, including **20%** who noted massive gains.

### Impact of virtual tours on prospect qualification

- Some improvement
- Significant improvement
- Massive improvement
- No impact
- Decline
- Not relevant



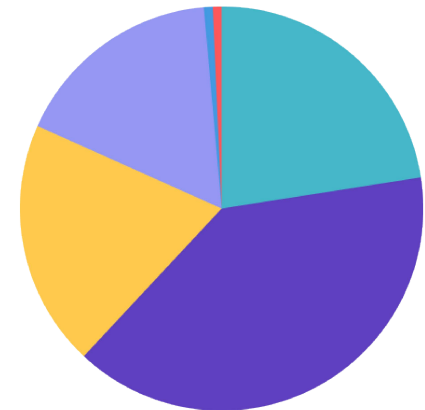
## Employee Training

Adopters reported a similar level of impact on employee training. **82%** of respondents who've implemented virtual tours said they saw some benefit. **16%** saw no improvement, **1%** noted diminished results, and another **1%** said the benefit wasn't relevant to their particular use case.

At least significant improvements to employee training experiences were reported by **56%**. Massive improvements account for nearly half of that figure.

Impact of virtual tours on employee training experiences

- Some improvement
- Significant improvement
- Massive improvement
- No impact
- Decline
- Not relevant

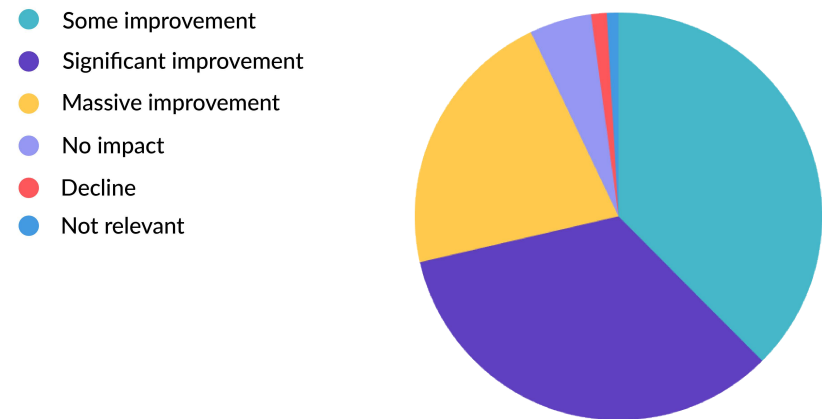


## Prospect Volume

Like the first two benefit areas we covered, adopters almost universally (**92%**) agreed that virtual tours improved their prospect volume. A healthy **61%** reported at least significant improvement, and **25%** said that the technology massively increased their lead flow. *Only 5%* reported no effect, and *only 2%* said virtual tours had a negative impact.

While the data demonstrates virtual tours have proven useful across categories, the technology was the most effective in this benefit area among industrial (**100%**), hospitality (**96%**), and multifamily adopters (**94%**).

Impact of virtual tours on qualified prospect volume

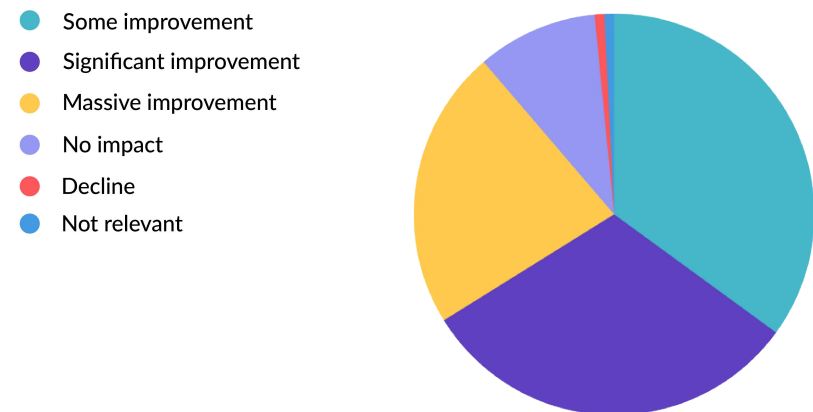


## Revenue Generation

Finally, our survey data shows that virtual tours considerably improve the bottom line of the real-estate offices that adopt the tech. A full **90%** of adopters reported increased revenue post-implementation, including the **58%** who reported at least significant gains and **25%** who said their company experienced a substantial spike. *Only 2%* said it contributed to any amount of decline in this area.

It appears that shopping mall adopters have experienced the most widespread improvements in this benefit area, as **96%** of those we served said they had seen some positive impact.

Impact of virtual tours on revenue



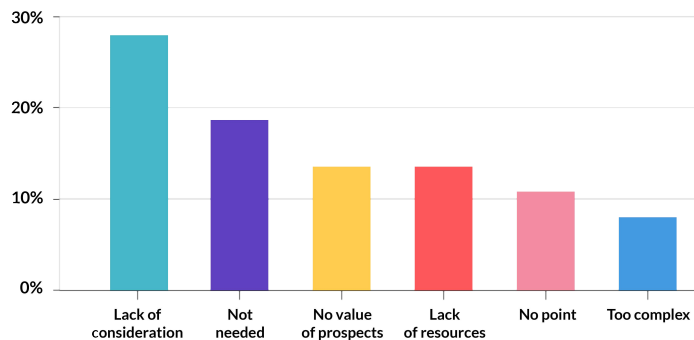
# Understanding Barriers to Adoption

While our research indicates that commercial real estate professionals generally accept the value of virtual tours, there are still some hurdles in the way of greater adoption in the industry.

When we asked the respondents who had yet to adopt what was preventing them from taking the plunge, the most common response was simply a lack of consideration (28%). In fact, this group mentioned it nearly twice as much as the next most common concern.

Other top barriers included lack of perceived necessity (18%), prospect value (15%), and resources (15%).

Barriers to adoption



Breaking down the data by category reveals that even though the primary obstacle varies by category, the most commonly mentioned reason remains lack of consideration. It was the main barrier for respondents in the retail (27%), office (43%), and industrial (50%) real estate categories.

Overall, our survey suggests that the main hurdle facing those yet to adopt isn't the value of the virtual tours. Instead, it's just finding the breathing room to give the technology the thought it deserves.

## Top adoption challenge



Lack of consideration



Lack of prospect value



Not needed



Too complex



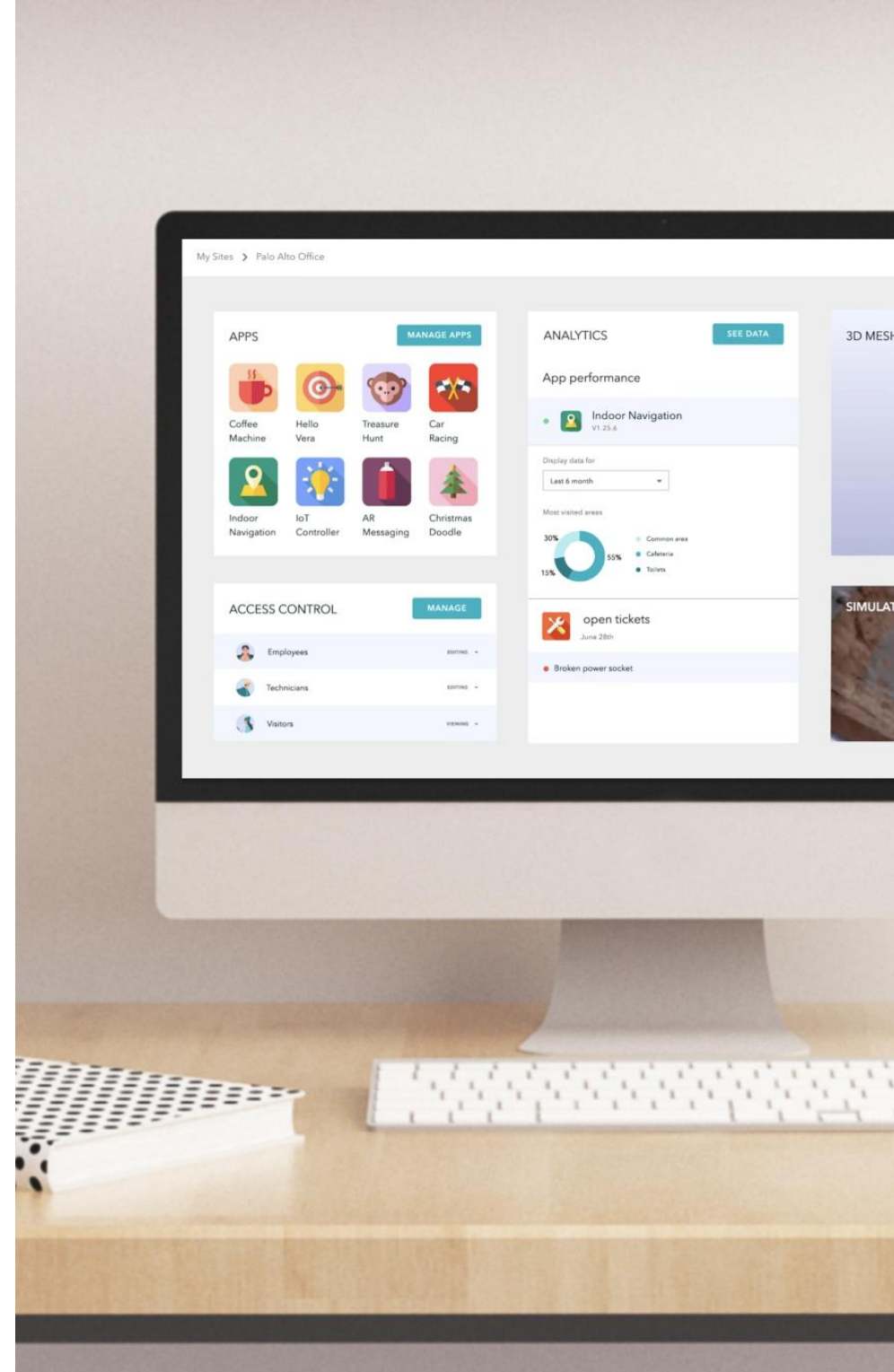
# How to Implement Virtual Tours

Virtual tours represent cutting-edge technology that has managed to quickly find its footing and deliver tangible value to commercial real estate stakeholders in a shorter time than most are able to. Virtual tours generate value for nearly every real estate company that adopts them, improving sales and marketing efforts across numerous areas.

The next step for those looking to enhance their business with this proven tech is finding a partner who can help. As a leading platform in virtual tours for commercial real estate, [Resonai's Vera](#) can help companies in this space accelerate their sales.

Vera maximizes conversions by facilitating realistic and immersive virtual tours of your properties. AR also provides a richer on-site experience than any marketing sheet. Visitors touring a property can use their mobile device's camera to view their surroundings with an overlay pointing out key details, such as the age of appliances.

To see how this technology could boost your bottom line, [reach out](#) to schedule a demonstration.



# About Resonai

Resonai is the leading software company developing solutions to transform physical spaces into intelligent, digitally empowered environments. Founded in 2014, its suite of products, including its core platform Vera, empowers users with a wide range of applications that enhance operations, facility management, and visitor experience at commercial real estate properties. Resonai has formed partnerships with a growing list of companies across the globe, including Kajima Construction, Takenaka Construction, and GOLDBECK Construction. The company is headquartered in Tel Aviv, Israel. For more information, visit [www.resonai.com](http://www.resonai.com).

