

2026

CONTECH INVESTOR SURVEY

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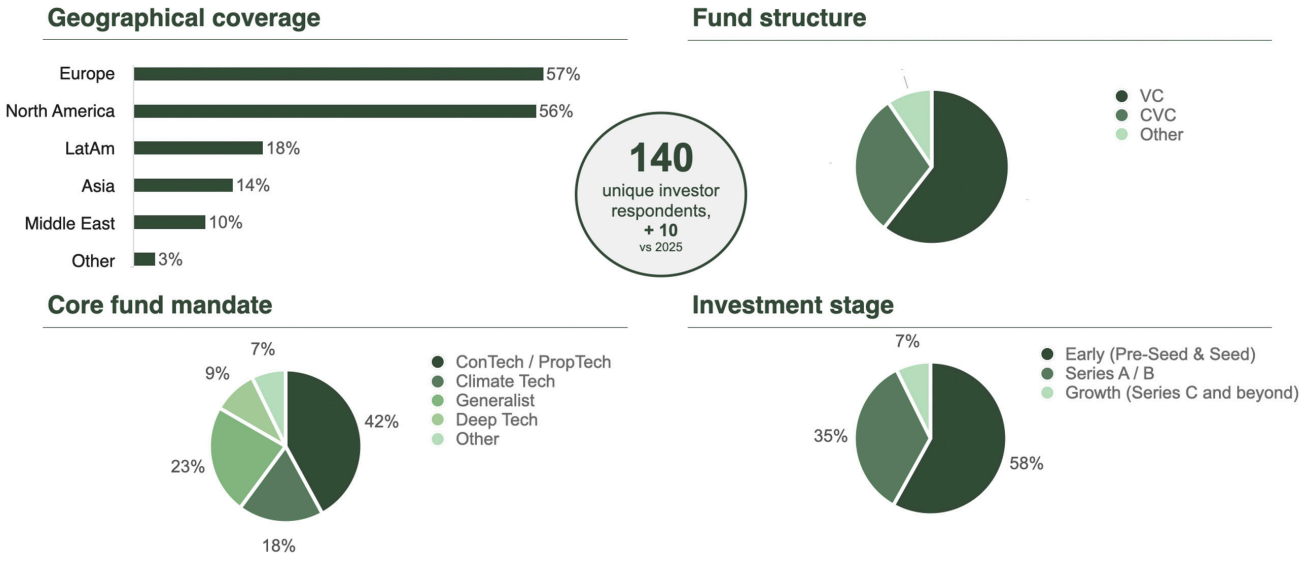
CONTECH INVESTOR SURVEY

Since 2023, we at Zacua Ventures have annually surveyed funds actively investing in the construction industry to understand expectations, capital deployment plans and priority areas of interest. The goal is to provide a prescient view of the industry and give both founders and industry participants an understanding of how investment appetite is forming and how capital is likely to be deployed.

This year's survey was conducted against the backdrop of a meaningful shift in global technology sentiment. **In 2025, widespread consumer awareness of AI reshaped how emerging technologies were perceived and evaluated**. At the same time investors continued to navigate persistent headwinds such as geopolitical instability, tariffs, elevated interest rates and broader macroeconomic pressures affecting capital allocation across industries.

To reflect this environment, this year’s survey incorporated further questions relating to AI adoption, sustainability, and the macroeconomic factors influencing the Contech industry.

The 2026 Contech Investor Survey includes responses from 140 unique global investors. Participants represent a mix of venture capital (VCs) and corporate venture capital funds (CVCs), primarily focused on early-stage construction technology (Contech) investments with a global investment



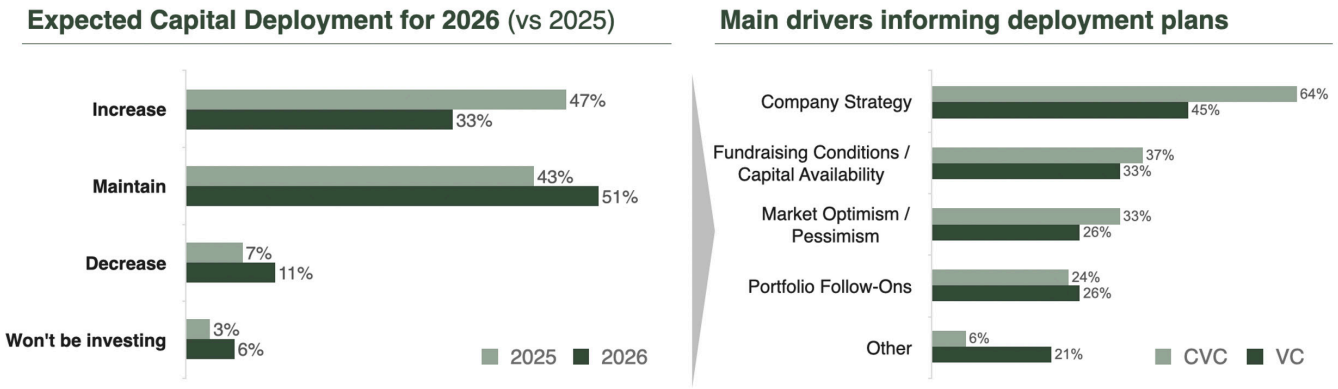
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SURVEY ANALYSIS

2026 Outlook: Capital Deployment Growth Slows but Remains Positive

Capital deployment expectations for 2026 **indicate a continued positive outlook for the sector**, though at a more measured pace than last year. Most investors indicate that they plan to either increase capital deployment (33%) or maintain current levels (51%), signalling sustained conviction. Despite the positive answers, the industry is still recovering from the capital drop in 2022. However, it stil is an overall promising year from a capital availability perspective with more opportunities for startups to fundraise.

Similar to prior years, **VCs show a stronger appetite for deployment than CVCs**, though the drivers behind these decisions differ meaningfully.



For VCs, deployment plans are primarily shaped by fundraising capacity and portfolio follow-on requirements, with overall fund availability playing a central role in investment activity.

On the other hand, CVC investment preferences are tied more closely to internal company strategy, followed by capital availability and broader market sentiment. Given that their deployments are funded from parent company balance sheets, this reflects their alignment with corporate priorities rather than purely financial returns**.**

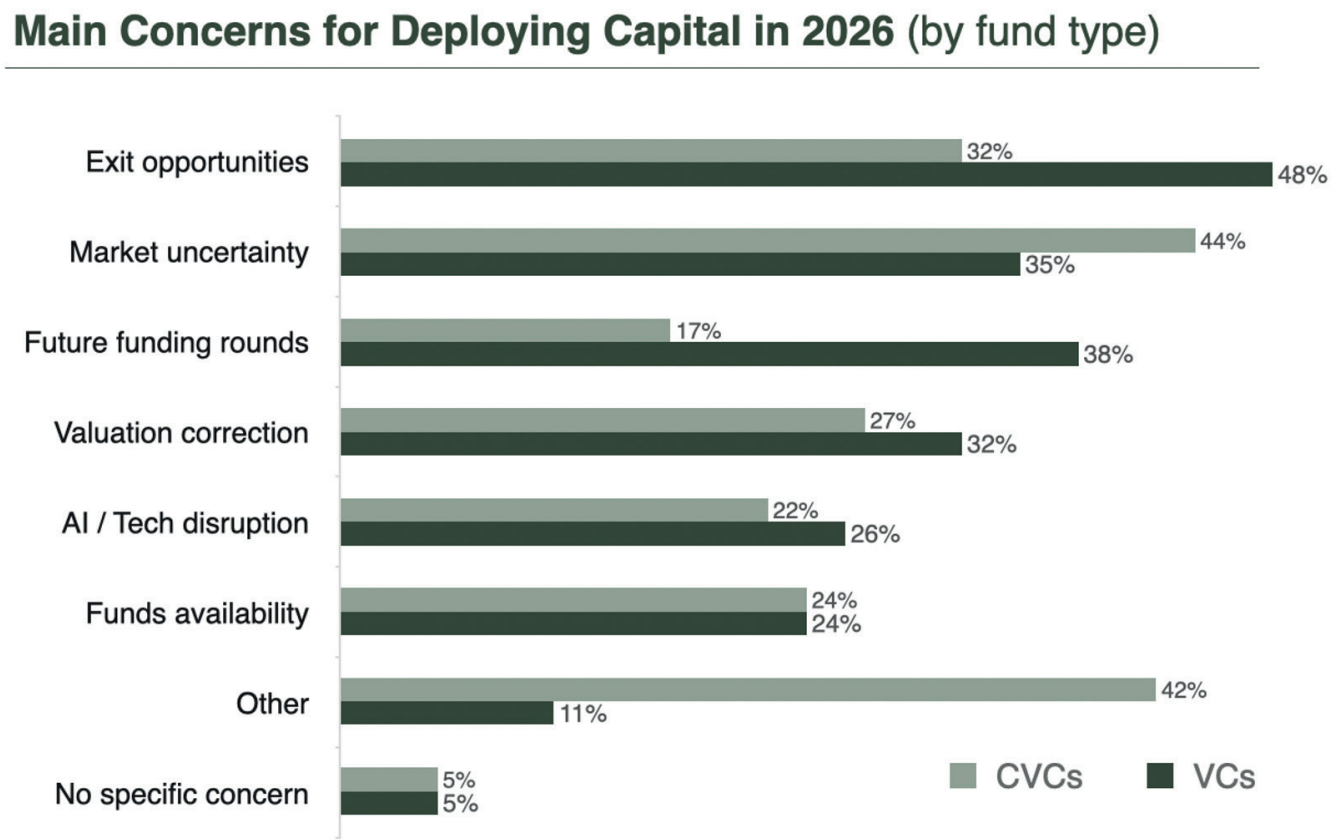
Exit Opportunities and Strategic Alignment Come Into Sharper Focus

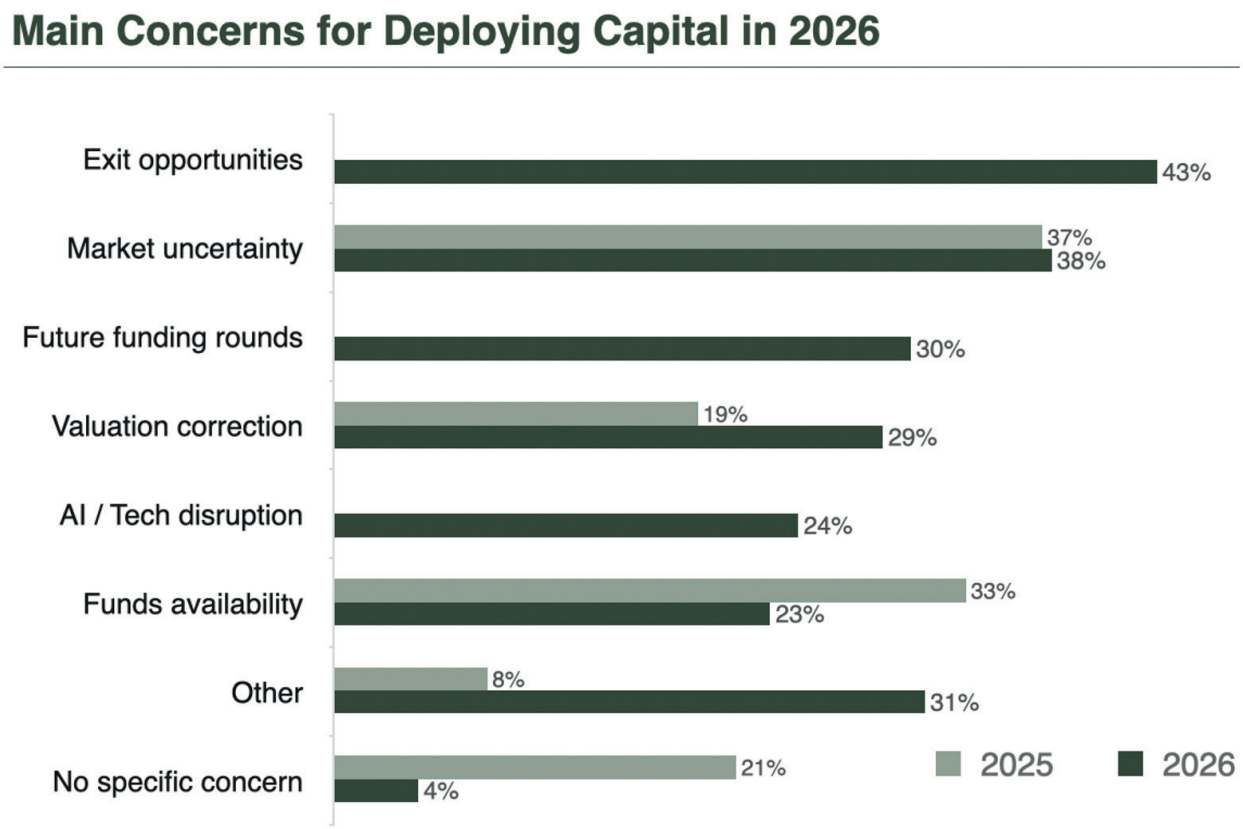
Investor concerns are evolving, with the **greatest emphasis now placed on exit opportunities** (43%). This reflects a prolonged period of limited IPO activity and limited M&A activity, together with higher demands for liquidity from LPs.

Market uncertainty has also remained constant this year, identified by 37% of respondents. While still meaningful, it represents a sustained improvement from prior years, falling from 61% in 2023 and 40% in 2024 and consistent with 2025 (37%). Geopolitical instability may be a driver for the continued uncertainty and **push funds to remain focused on their core areas and geographies** where they are more comfortable and experienced in underwriting investments.

This was more pronounced within the CVC segment, where market uncertainty was cited as the top concern (44%), followed closely by the need for strategic alignment with the core business (41%). While strategic fit is a baseline requirement for most CVCs, heightened uncertainty reinforces the need for investments that clearly support corporate priorities and demonstrate ROI.

Concerns around valuation corrections have re-emerged in 2026, cited by 29% of investors and reversing a downward trend (38% in 2023, 32% in 2024 and 19%, in 2025). The earlier decline in concern was largely driven by a broad valuation reset following the 2021 peak. The renewed focus in 2026 reflects a growing divergence in valuations between AI-focused startups and non-AI companies. As explored further in the valuation section below, investors with a positive outlook expect AI-driven momentum to increase valuations, while more conservative respondents view current pricing as being driven by AI hype rather than fundamentals.



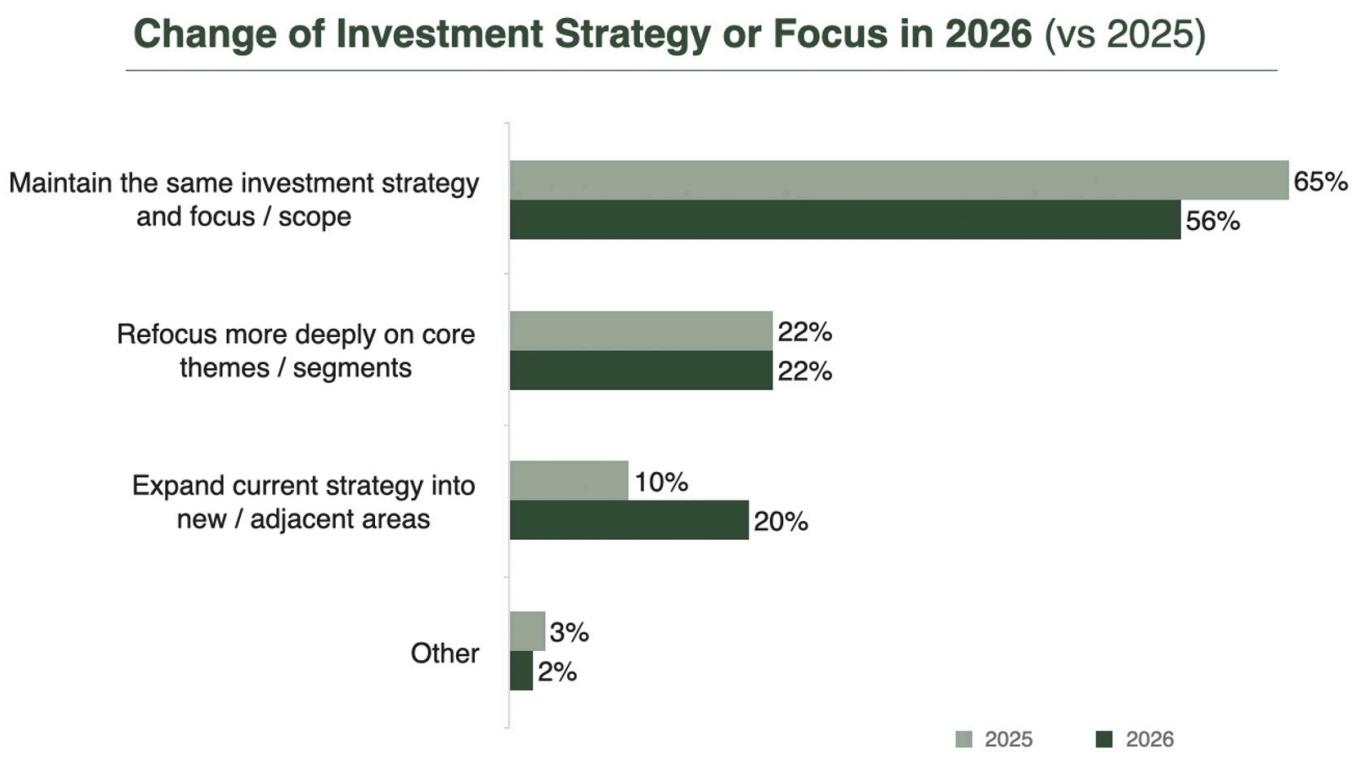


Two new concerns also emerged, being AI / Tech-driven disruption (24%) and talent execution risk (12%). Together, these reflect growing uncertainty around how AI is reshaping the way software is built and deployed, and the increasing importance placed on team capability as a means of mitigating this risk.

Investors are expanding to adjacent verticals, while CVCs double down on core business

A growing number of VCs (28%) reported expanding their investment mandate into adjacent technology verticals. Many mention the impact of AI and how its applicability continues to extend across multiple sectors and use cases. Additionally, several funds noted the need to adapt their investment theses in response to macroeconomic changes.

In contrast, corporate venture capital funds are increasingly refocusing on their core businesses. Nearly half of CVC respondents (46%) indicated a narrowing of mandate to align with parent company strategic priorities more closely. This shift is accompanied by a stronger preference for more mature companies with proven traction, reflecting a greater emphasis on providing near term strategic value and execution certainty.

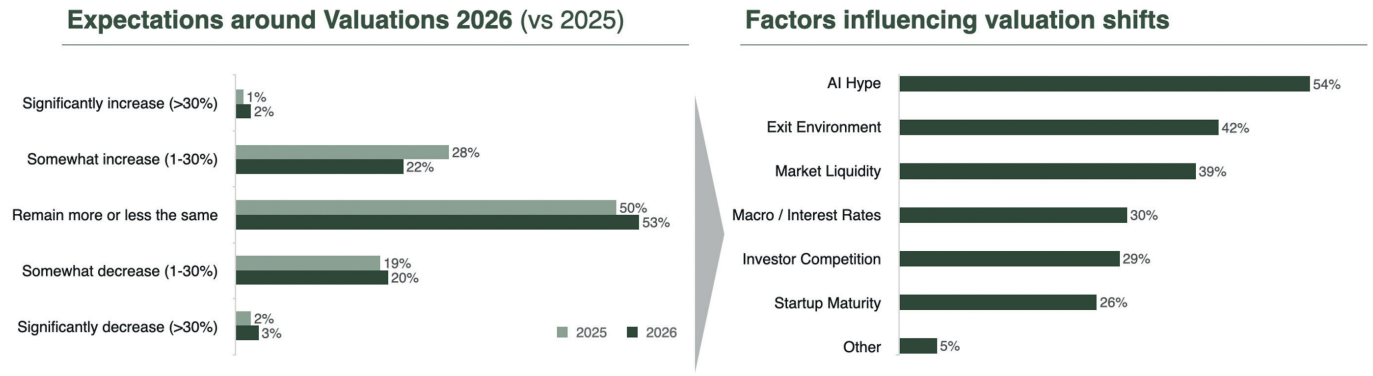


Valuation expectations are mixed as investors weigh AI momentum against exit risk

Valuation expectations in 2026 remain broadly consistent with last year's responses. Most investors, **77%, expect valuations to remain stable or increase,** compared to 79% in 2025, continuing a longer term improvement from 55% in 2024 and 29% in 2023.

Investors are mixed in outlook. Those that are positive point to continued AI-driven momentum and competition between funds as upward pressure on valuations. **Those with more cautious expectations anticipate pressure on valuations already inflated by AI hype,** particularly where exit conditions and future capital availability remain uncertain.

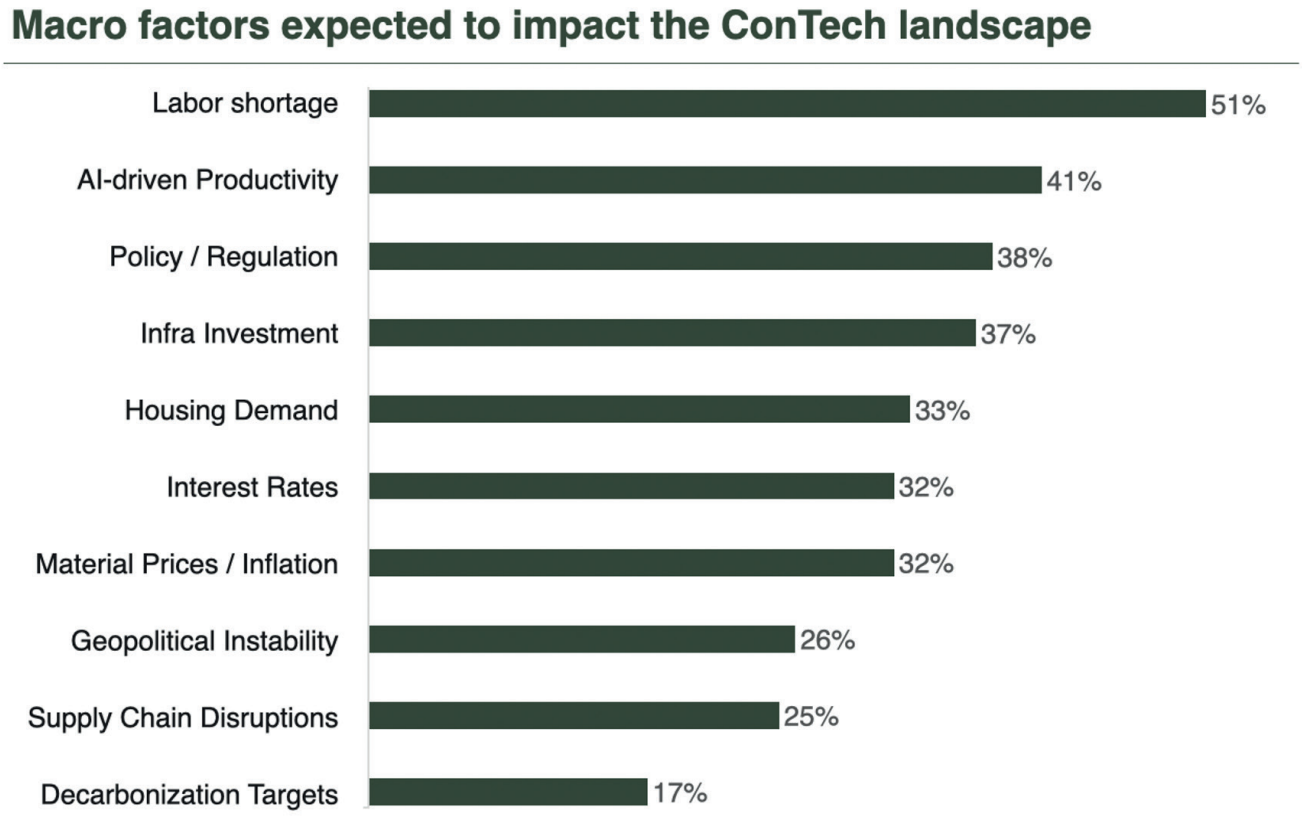
This divergence reflects broader uncertainty around how value will ultimately accrue from AI. While the data suggests a stabilization in headline valuations, competing forces are at play. AI is accelerating technology deployment and expanding the addressable market for startups, while at the same time intensifying competition and commoditization across certain segments. These opposing dynamics are contributing to the divergent investor outlooks.



Labor shortages and the AI revolution are reshaping construction

51% of respondents highlighted labor shortages as the most significant macroeconomic factor impacting the Contech landscape. This was followed by AI-driven Productivity (41%) and Policy / Regulation (38%).

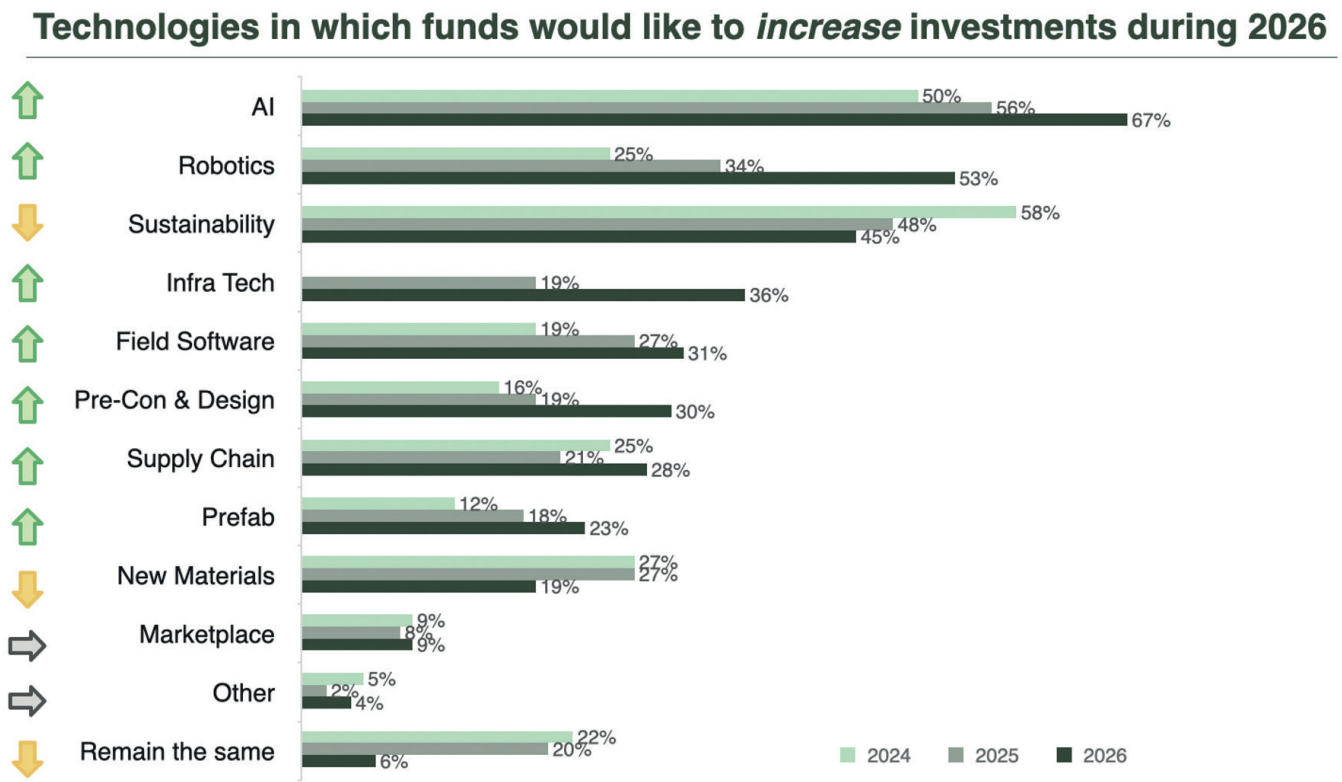
Decarbonization targets were least expected to impact the landscape (17%), and the reduction of focus is primarily in the US, but also in Europe, partly due to pressure from the US and competition from other emerging priorities.



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AI and Robotics rise to the top as investor portfolio mix shifts

AI was identified as the leading investment priority for investors with 67% of respondents planning to allocate more funding in 2026 compared to 2025. **Robotics followed closely at 53%,** recording a 19 point increase year over year from 34% in 2025 and displacing sustainability as the second highest priority.



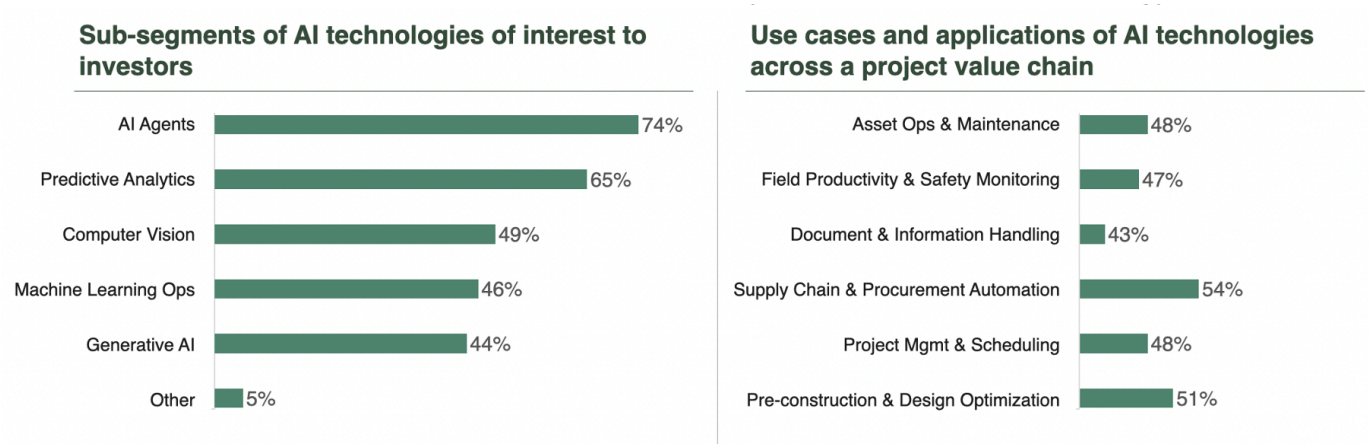
This increasing interest in robotics reflects a convergence of technological and structural factors. Continued commoditization of hardware such as sensors, alongside advances in physical AI models, is expanding the range of tasks robotics can reliably perform on-site. At the same time, the pressures of an aging workforce are accelerating interest in, and active piloting of, robotic systems across construction workflows.

Infrastructure technology, covering areas such as data centers and grid resiliency, also rose sharply, increasing by 17 points year on year. AI driven tailwinds, including **rapid growth in data center demand** and emerging power constraints, are creating urgency around improving the capacity, efficiency, and reliability of existing infrastructure.

Only 6% of respondents indicated that their portfolios would remain unchanged, the lowest figure recorded to date.

AI is expected to operate across the project value chain

Given the growing interest in AI, respondents this year were asked to provide additional context on investment focus in AI both across the construction lifecycle and at the core technology level.



Agentic AI was identified as the core technology holding the greatest promise (75%). These are systems designed to execute complex, multi-step tasks with limited human intervention by planning, acting, and iterating toward defined objectives. Rather than relying on continuous manual prompting, agentic systems can operate proactively within constrained workflows, completing tasks semi-autonomously with humans in the loop for review. Predictive analytics for cost, scheduling, and safety applications ranked second, cited by 65% of respondents.

For CVCs, predictive analytics (67%) was the top category, given their potential to yield improvements that can make a strong business case for adoption.

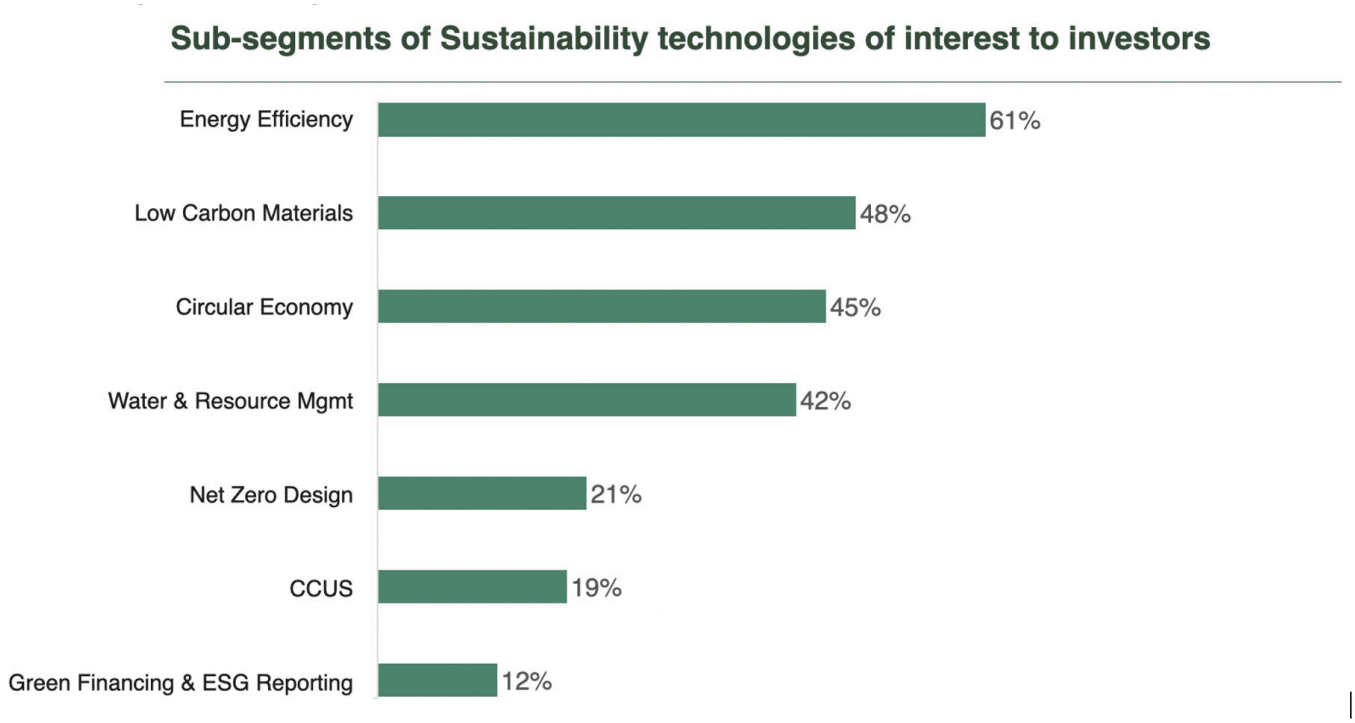
From the perspective of impact on the construction lifecycle, respondents weighed each stage evenly, indicating an expectation that AI can function as a horizontal enablement layer. Rather than optimizing a single phase in isolation, investors believe AI can embed intelligence across workflows from early planning through to delivery and operations.

Sustainability remains relevant despite a relative decline

While sustainability fell to third place overall, it continues to be a meaningful area of interest for investors, particularly in areas where it also impacts efficiency, showing a clearer focus on clear ROI in sustainability-related investments.

Energy efficiency-related solutions ranked highest (61%), reflecting continued pressure to optimize yields amid resource constraints. This is particularly relevant as upgrades and expansion of grid infrastructure face **shortages in critical components** such as transformers and distribution equipment, impacting energy availability.

Low-carbon materials (48%), including green cement, remain a key lever for decarbonization. Circularity and reuse (45)% are also gaining increased attention, driven in part by regulatory momentum. For example, in the UK, the UK Circular Economy Taskforce has identified construction as responsible for **62% of total waste** and is developing a Circular Economy Strategy aimed at addressing this challenge.

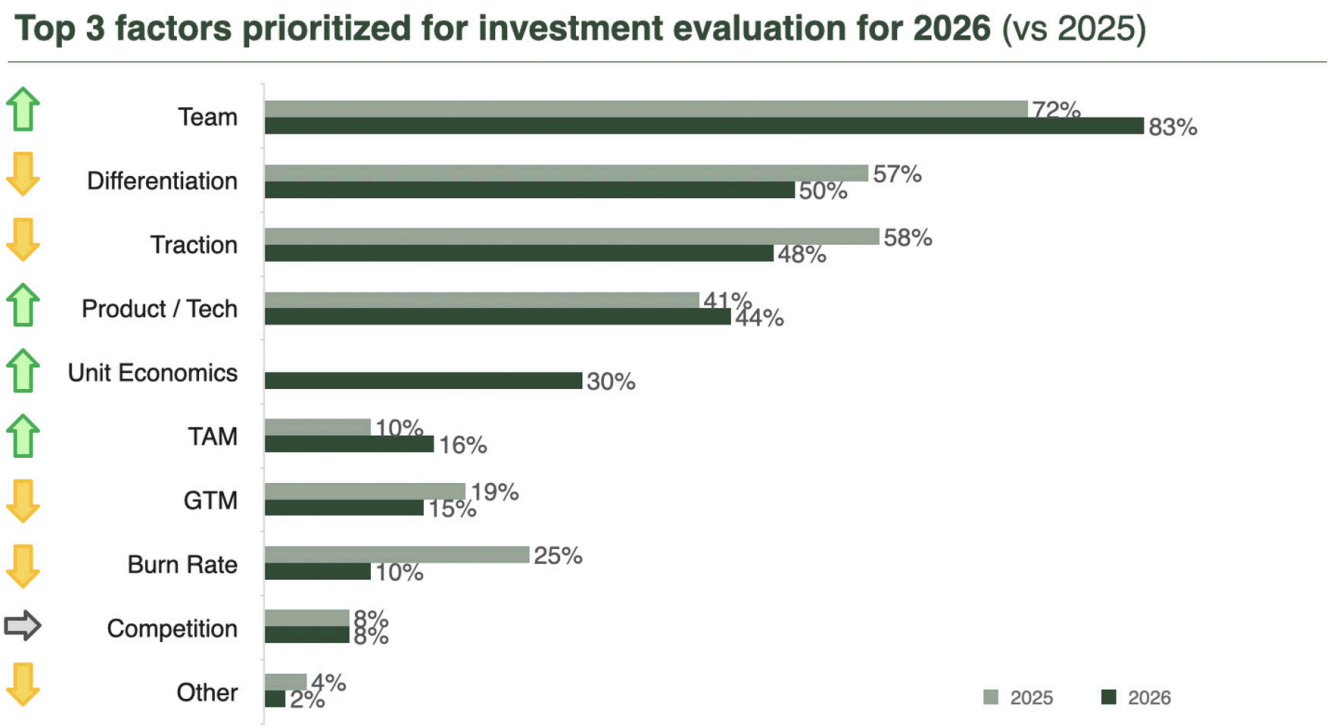


When investing in startups, funds keep underwriting Team capability

Founding team capability has grown as the most important guiding investment decision in Contech, **cited by 83% of respondents.** As AI accelerates the pace of technology development and reduces clarity on long term defensibility, investors are placing greater weight on founder-market-fit and the ability of teams to adapt, execute, and sustain advantage over time.

Differentiation has become the second most important evaluation criterion (50%), overtaking traction (48%). Both categories fell slightly when compared to the 2025 data, with Product /Tech increasing from 41% in 2025 to 44% in 2026. This reflects growing scrutiny on defensible product moats and clear differentiation as longevity becomes harder to sustain.

Burn rate has declined in importance (10%), falling 15 points year on year, with investors placing greater emphasis on unit economics as an indicator of long term viability.





Key changes from previous years

2026 marks the 4th iteration of the Annual Contech Investor Survey. Based on this year's responses, several shifts are emerging that differentiate 2026 from prior cycles and signal how investor behaviour is likely to evolve. These can be summarized as follows:

- **CVCs are focusing on solutions for adoption**

  AI has evolved at an unprecedented pace, offering clear competitive advantages when applied strategically. Against a backdrop of significant market hype, parent companies increasingly expect CVCs to help navigate a crowded and often unclear AI landscape by identifying solutions that deliver tangible impact to the core business. This is driving a refocus toward areas of domain expertise where ROI can be clearly demonstrated, as adoption shifts from experimentation toward practical deployment and measurable outcomes.

- **Agentic AI will be the next focus area**

  AI-driven productivity is expected to be a key macroeconomic trend impacting the Contech industry, with AI agents emerging as the core technology of interest. Startups are rapidly deploying agents to their tech stack, and differentiation will come from their ability to understand workflows and deliver seamless and reliable experiences to users.

- **Robotics will be piloted on sites**

  Robotic solutions moved to second place among the areas investors are most likely to increase investment in. Technology capability is improving, both in terms of software and hardware, with structural factors such as an aging workforce resulting in a willingness to trial and adopt.

- **Portfolio mixes will shift**

  2026 recorded the lowest proportion of respondents who expect their portfolio mix to remain the same, declining by 16 points year on year. This points to a continued allocation of capital towards emerging categories, particularly AI solutions.

- **Sustainability isn't dead**

  Despite a relative decline in ranking from first in 2024 to third in 2026, sustainability continues to feature as a long term area of interest. Investor focus is shifting toward subsectors with clearer near term ROI, particularly solutions that improve energy efficiency.

2026: From Digital AI to Physical AI, adoption becomes the bottleneck

Over the course of 2025, AI technology advanced rapidly, with frontier model improvements quickly diffusing into real-world use cases. As a result, AI emerged as the top investment category for 2026, with 67% of respondents expecting to increase investment. At the same time, robotics surged 19 points year on year to become second.

However, in both cases, the limiting factor is no longer technology capability; it's adoption.

Digital AI systems still require humans in the loop to review outputs, verify accuracy, and provide feedback that improves performance over time. However, AI literacy across the construction workforce remains low, with many teams lacking clear processes for operating AI-enabled workflows, supervising agentic systems, and defining accountability and auditing when tasks are executed autonomously. As an industry, best practices for human-AI collaboration are yet to be formed.

This same dynamic extends directly to physical AI and robotics.

Advances in computer vision and physical AI models have significantly improved software capability, while hardware components such as sensors and drones are becoming increasingly commoditized and accessible. This means lean teams can now bring MVPs to market using off-the-shelf components and mature software tooling, presenting a boon for the industry, which is facing a **critical labor shortage of ~500,000 workers.**

Again, on-site adoption constraints remain with standards around safety, controls, and equipment behavior, and fail-safes around human coworkers are still emerging, slowing approvals and industry-wide deployment.

The operational burden to address adoption challenges falls disproportionately on first-mover startups. These companies must invest heavily in customer education, workforce training, and the development of norms for human AI collaboration, both in digital workflows and on physical job sites. While necessary, this work is largely non-proprietary. Training is often generic rather than product-specific, effectively educating the market and creating an opening for second movers.

As a result, clear differentiation and workflow understanding are necessary to prevent early users from migrating to newer and cheaper alternatives. Frontier models are amplifying the risk as they continue to commoditize feature sets across both digital and physical AI.

For investors, these dynamics are raising fundamental questions about staying power. As a result, Team has become the highest prioritized evaluation factor, increasing 11 points year on year to 83%. Founder market fit and exceptional execution capability are increasingly viewed as proxies for durability, and the ability to adapt as technology, standards, and adoption patterns continue to shift rapidly.

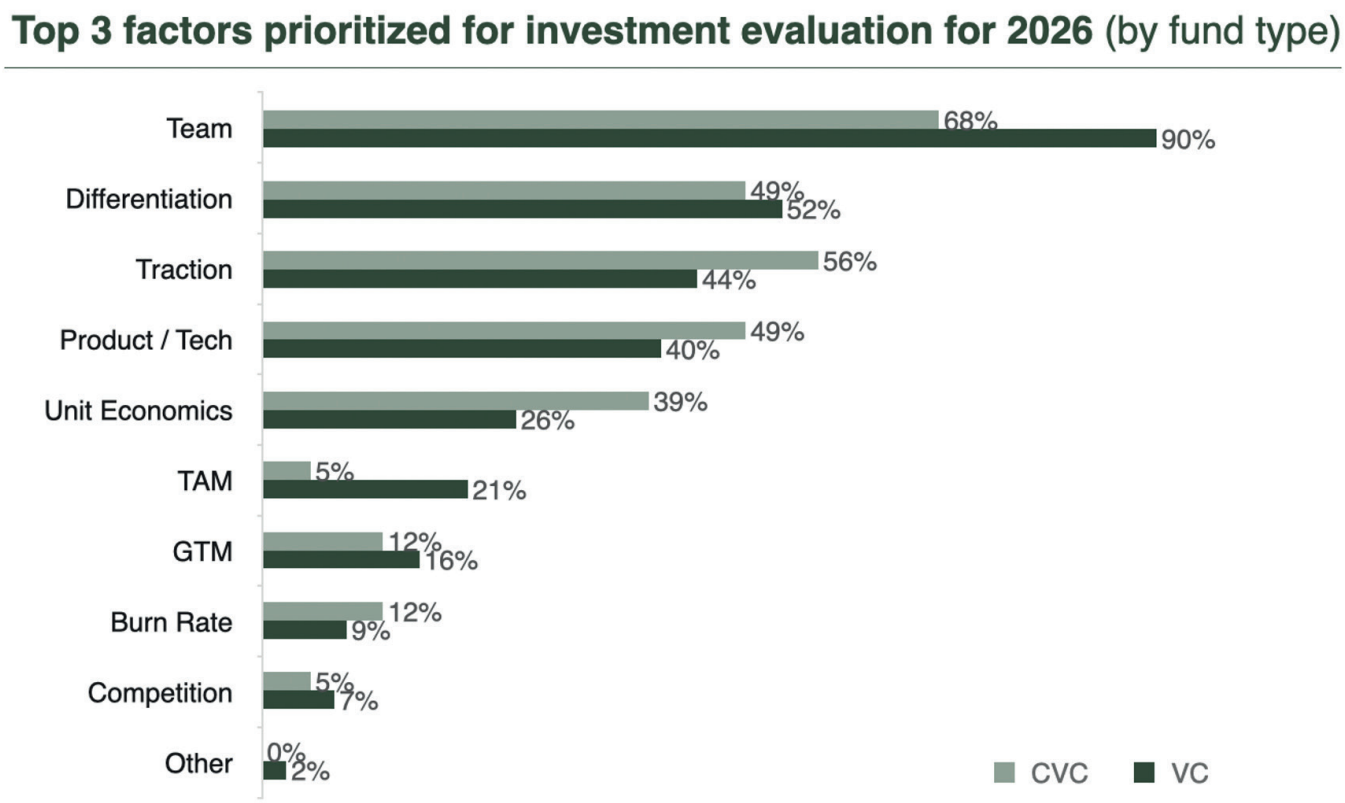
Final remarks

With continued expectations of stable to increasing capital commitments and accelerating development in AI, 2026 is shaping up to offer Contech startups a more supportive funding environment and an increasingly appealing context for founders to build for the industry.

This year, the differences between VCs and CVCs have become more pronounced in mandate, with the former expanding their investment strategy to cover adjacent areas while the latter are narrowing to become more strategically aligned with parent companies. This division serves to provide more strategic capital as CVCs will be more able to offer customer access and expertise for their portfolio companies.

Against this backdrop, persistent labor shortages and anticipated AI-driven productivity gains are expected to continue driving demand for new solutions across the industry. As AI has entered mainstream awareness, Contech is moving from an investor-led term to part of the industry’s everyday vernacular.





VCs vs CVCs – What Are They Focusing On?

For startups fundraising, it is important to understand how the priorities and investment criteria differ between VCs and CVCs. This year's survey highlights these differences clearly:

Key Priorities of VCs
VCs prioritise growth and finding companies that can return their fund, focusing on:

- **Team Priorities of VCs**

  This is the top criteria for VCs, with 90% of respondents citing it. Exceptional founding teams are viewed as the foundation of startup success.

- **Traction and Differentiation**

  Startups with proven market traction and clear competitive edge are highly sought after.

- **Growth Potential**

  A strong go to market strategic and large TAM are critical for VCs who emphasize scaling quickly to maximize valuation.

This year, as compared to last, team, product, and TAM have increased in relative importance for VCs.

Key Priorities of VCs
CVCs focus on strategic alignment with their core business and innovation efficacy, tending to be more patient and more conservative investors, valuing

- **Product and Technology**

  While team quality, traction, and differentiation remain important, CVCs stand out for their strong emphasis on innovative and differentiated solutions, reflecting their interest in synergies with business units

- **Efficient growth**

  CVCs favor startups with controlled burn rates and unit economics over aggressive growth strategies.

- **Strategic fit**

  Market size is less critical for CVCs. Instead they prioritise how a solution integrates with their business and offers competitive advantages.

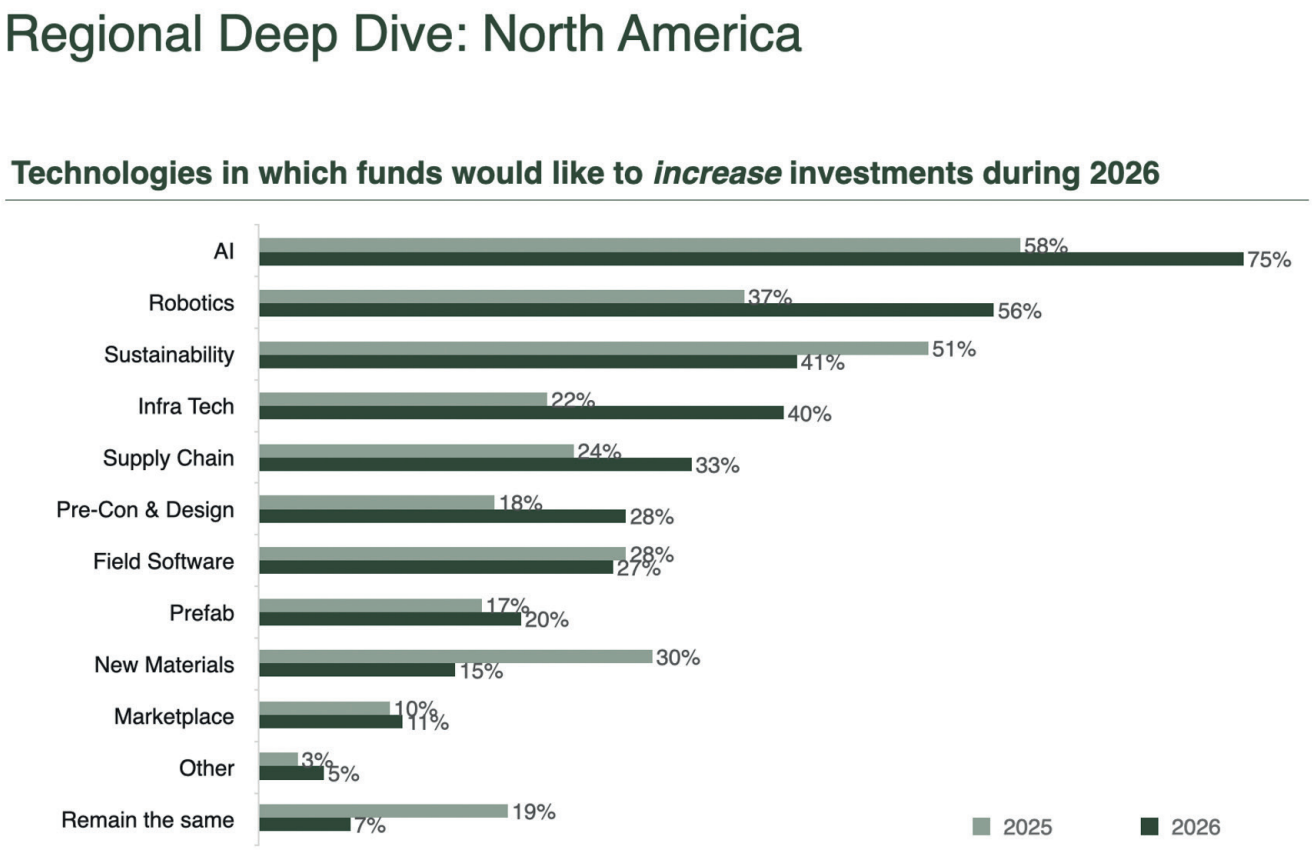
This year, as compared to last, teams, differentiation, and traction have increased in relative importance for CVCs.

Geographical segmentation

When analyzing responses by geographical scope, clear regional differences emerged, aligning with broader trends in the construction industry. It is important to note that these responses are not exclusively tied to one region, as funds often diversify their investments across multiple areas.

North America

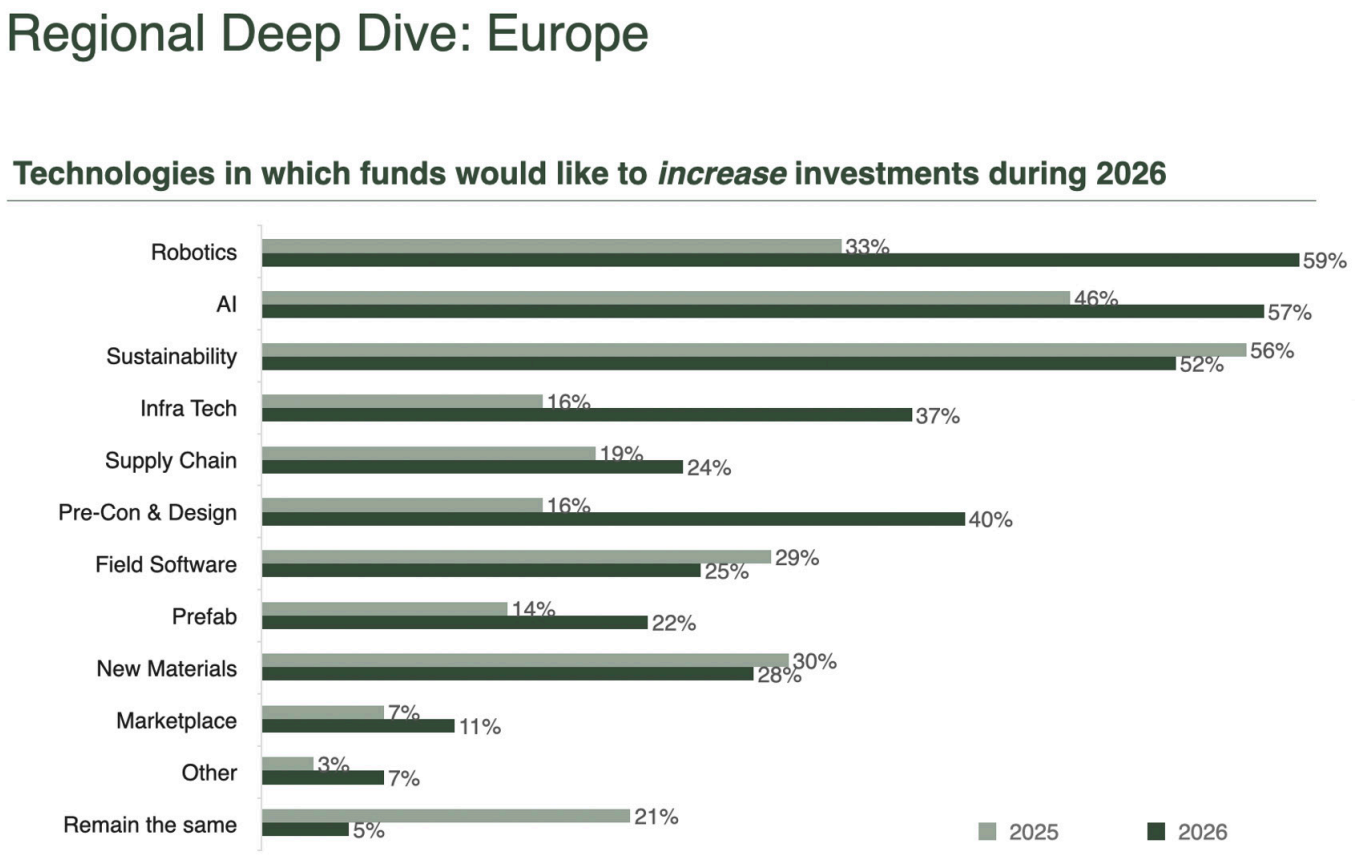
North America continues to account for the majority of Contech investment activity. In 2026, 27% of funds expect to increase their investment pace, a notable decline from over 50% in 2024.
Sustainability remains the third-highest priority category, despite a decline of 10 points year over year. In contrast, AI, robotics, and infrastructure technology are all expected to see increased investment in 2026.



Europe

In Europe, 32% of funds expect to increase investment activity in 2026, while 54% plan to maintain current levels. Europe is the only region where robotics ranks as the top investment category, increasing by 26 points year on year. This reflects the region's traditional deep tech expertise and investor expectations that local startups are well-positioned to lead in this area.

Sustainability has fallen from first to third place, despite only a modest decline of 4 points.



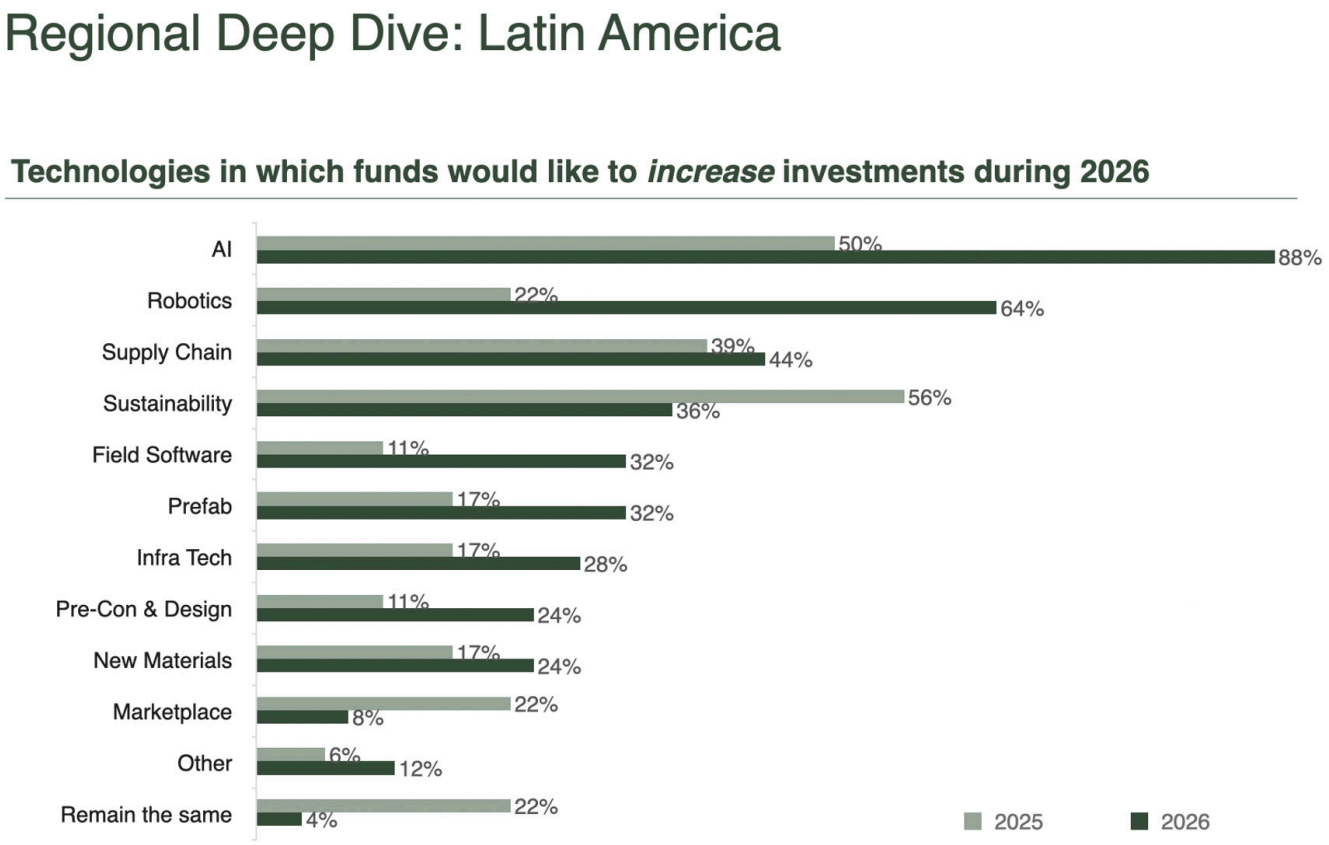
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LatAm

Early-stage investors in Latin America remain optimistic, with 40% planning to increase investment activity in 2026 and a further 48% expecting to maintain current levels.

Investor interest in AI is strongest in this region, with 88% of respondents indicating plans to increase investment in AI solutions. This aligns with macro expectations across Latin America, where AI-driven productivity gains ranked as the top macro factor, cited by 71% of investors. Supply chain solutions ranked third, with 44% of respondents planning to increase investment, reflecting persistent fragmentation across regional markets that continues to create complex supply chain conditions and impact project delivery.

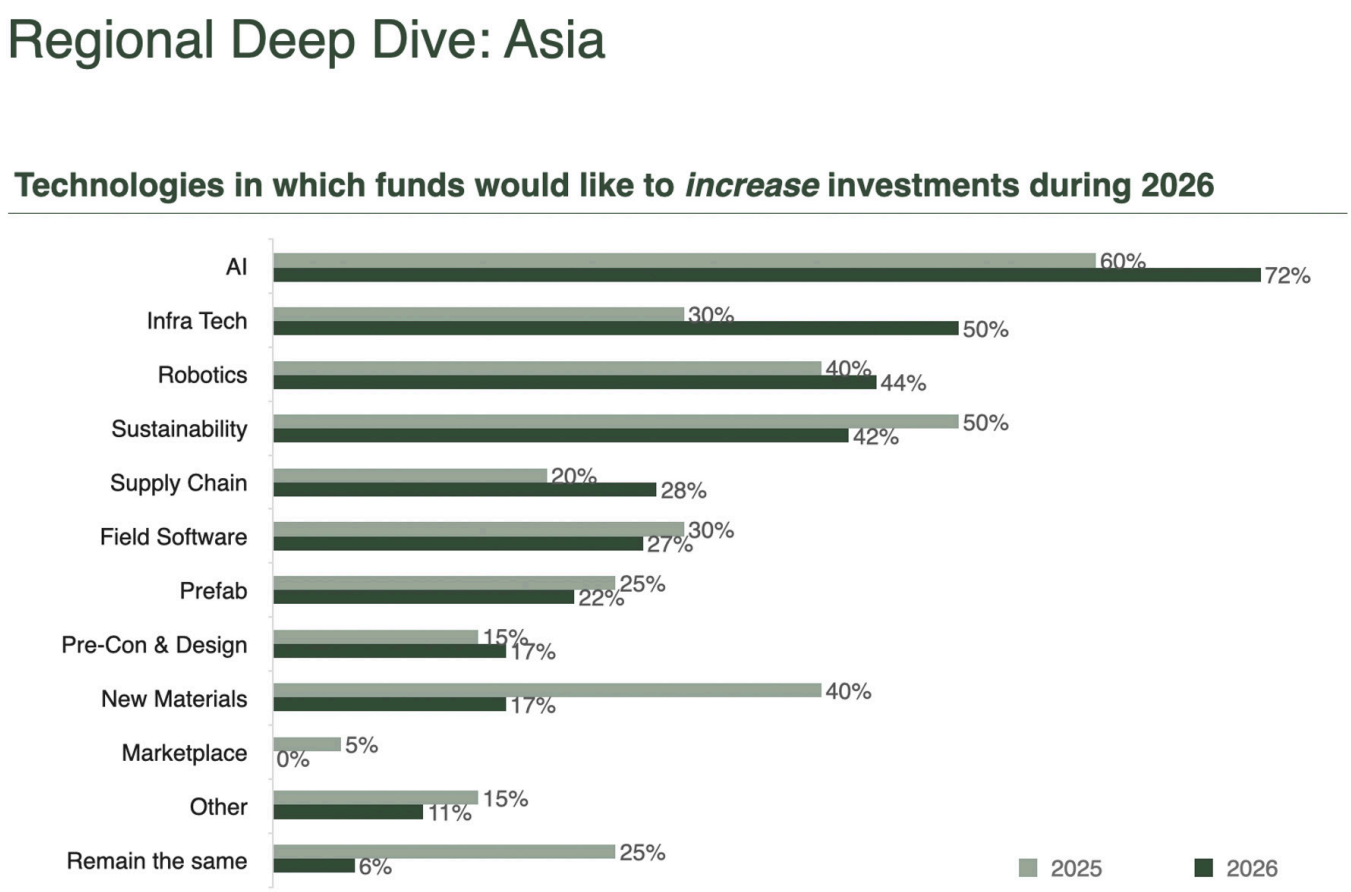
Further down the priority list, both infrastructure technology and pre-construction & design saw notable increases of 21 points and 24 points, respectively, signalling a shift in portfolio mix.



Asia

In Asia, 26% of investors plan to increase their investment pace in 2026, while 16% expect to reduce activity, indicating a more mixed outlook across the region.

Infrastructure technology ranks as the second-highest priority category, increasing by 20 points year over year. This aligns with macro expectations, with 47% of investors identifying infrastructure investment as the factor most likely to impact the Contech industry in 2026.

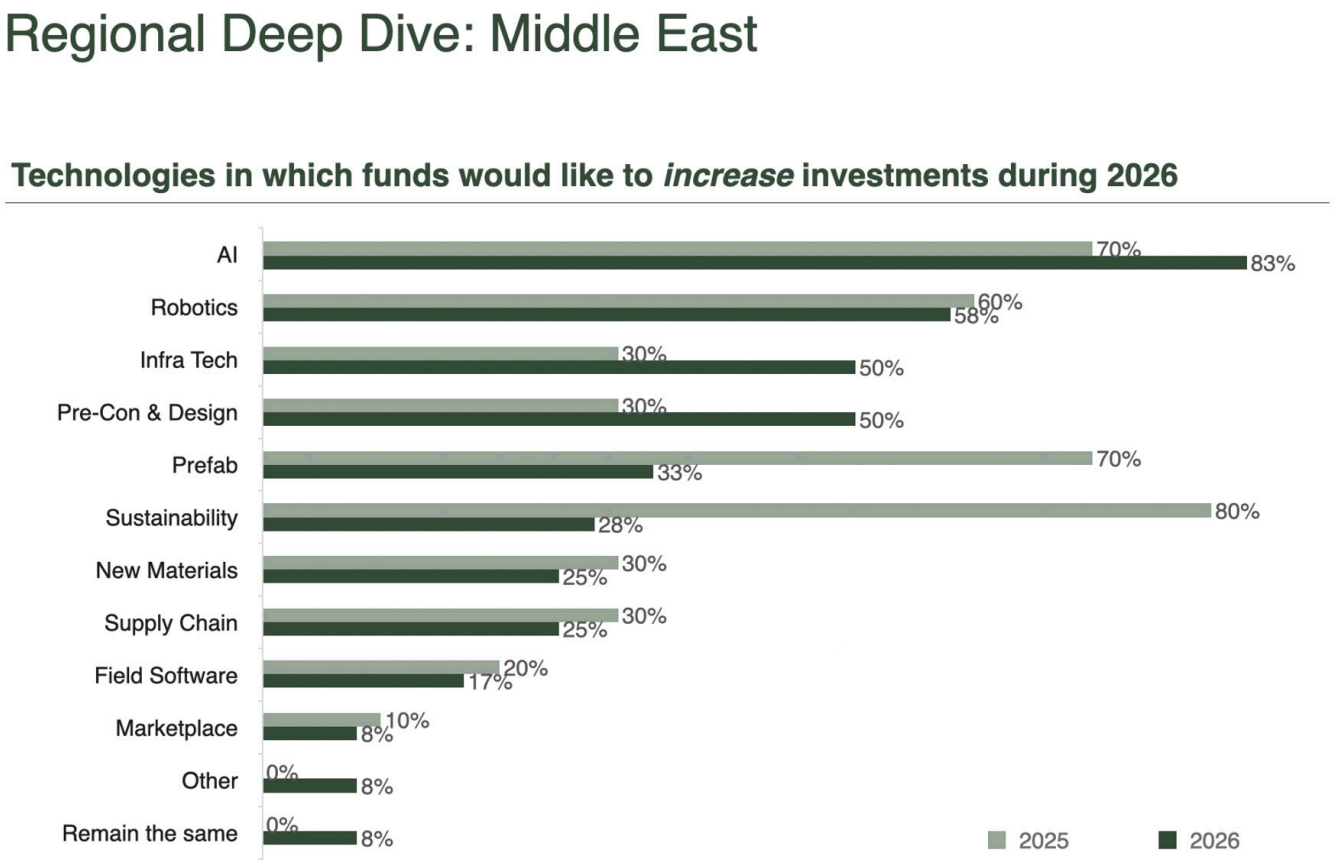


Middle East

Investor sentiment in the Middle East remains strongly positive, with 62% of respondents planning to increase investment activity in 2026 and a further 31% expecting to maintain current levels.

AI and robotics are the top two areas for increased deployment across the region. Infrastructure technology and Pre-Construction and Design ranked joint third at 50%, with both increasing by 20 points year on year. Strong market growth is creating demand for expanded critical infrastructure, while delays on large-scale projects are driving a greater focus on strengthening preconstruction capabilities.

In contrast, prefab and sustainability have seen significant declines in priority, falling by 37 points and 52 points year over year, respectively, indicating a shift toward productivity-focused technologies.




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