CBRE RESEARCH

EMEA OCCUPIER SURVEY 2018

OPTIMISING USER EXPERIENCE: THE PERSONALISED WORKPLACE

CBRE

KEY FINDINGS

- The 2018 CBRE EMEA Occupier Survey highlights a strong and growing focus by corporates on deploying technology, wellness and flexible space as core elements in an agenda focussed on enhancing the user experience.

- Companies intend to invest more heavily in new real estate technologies over the short to medium term. Their reasons for doing so are increasingly shifting towards enhancing the user experience and also raising workforce productivity. This represents a clear move away from aiming real estate technology at purely operational goals such as energy management.

- This shift of focus is reflected in the technologies of choice: wayfinding apps, connected sensors, wearables and personal environment control systems. Room or seat reservation systems and sensors are also being increasingly adopted to support improvements in space efficiency.

- These changes will place new demands on management of the real estate asset, entailing a shift towards better service levels and more consumerisation, enabled by real-time and predictive analytics. This is effectively a growing fusion of workplace and service, reflected in widespread plans to hire new skills such as data scientists and digital transformation officers.

- Companies increasingly see flexible office space as a key element of their corporate portfolios, and expect to make far greater use of this type of space over the next three years than they do currently. Indeed it is the most popular asset type for future expansion.

- Occupiers are also distinguishing between the various types of flexible space available, recognising the respective advantages that diverse types of space can offer to companies of different types and at varying stages of maturity. Innovation and talent are increasingly mentioned as reasons for taking flexible space, again reflecting the predominant focus on user experience.

- The wellness agenda has evolved into a core pillar of corporate real estate (CRE) strategy. Four out of five occupiers have, or plan to introduce, wellness programmes and an even higher proportion have some degree of preference for wellness enabled/capable buildings. This is supporting a range of innovative approaches to fostering wellness, including broadening the offer.

- Developing a flexible wellness offer will require creative thinking, enhanced collaboration between CRE, HR, IT and senior management and a critical eye on which elements actually generate measurable benefits.

- These shifts will work to the advantage of buildings and organisations that offer:

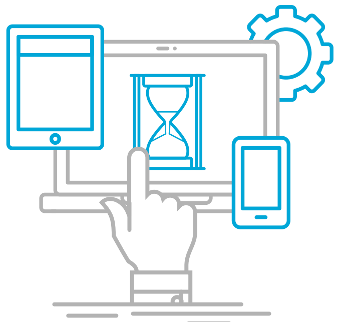
  – smart integrated analytics
  – detailed utilisation metrics and predictive capacity
  – deployment of building data in support of staff wellbeing
  – high levels of organisational responsiveness
  – an increasingly personalised workplace offering, tailored to user preferences

THE PERSONALISED WORKPLACE

New real estate technologies, increased use of flexible space and the adoption of more advanced wellness programmes underpin occupiers' drive towards the personalised workplace.

TECHNOLOGY

47% expect to hire data scientists



56% see user experience and productivity as key reasons for future technology investment

62% plan to increase real estate technology investment

FLEXIBLE WORKING

45% expect to have significant use of flexible offices by 2021

46% see innovation and talent as main reasons for using flexible office space

67% see productive and flexible workspaces as vital to achieving CRE goals

55% co-working most popular future space type

WELLNESS

74% expect to provide more collaboration/ social space

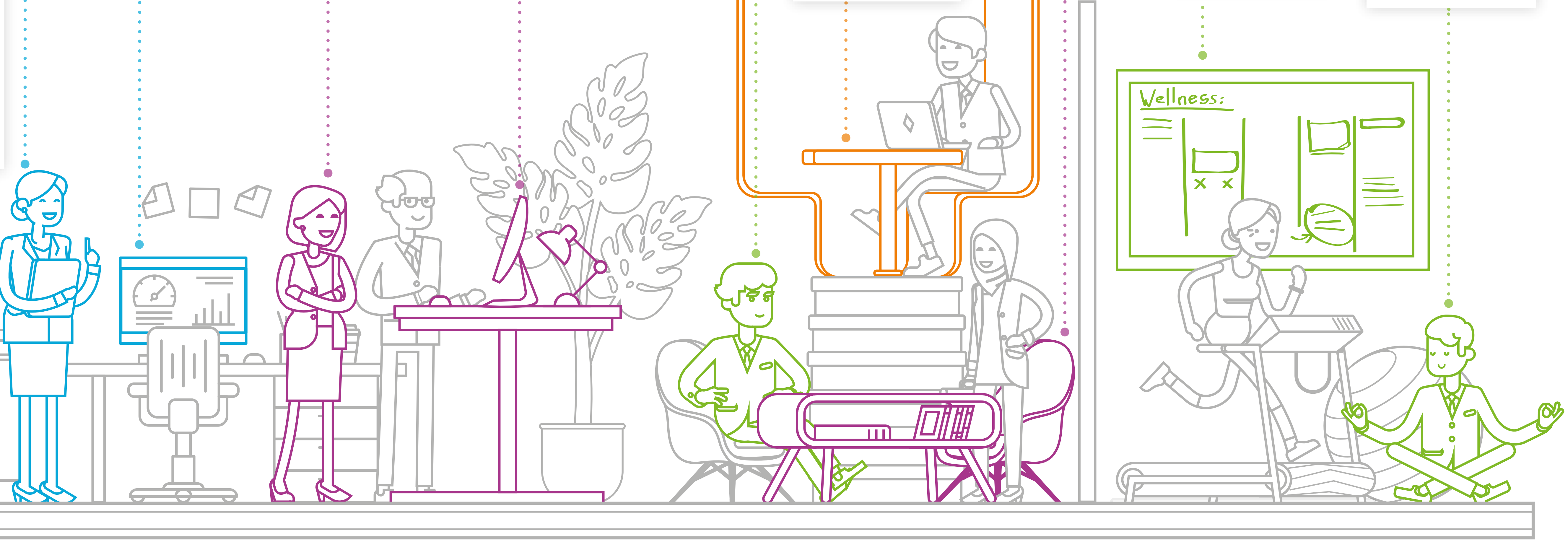
80% have or will have wellness programmes

92% have a preference for wellness capable buildings

THE WIDER AGENDA

82% see location convenience as a key building selection factor

42% see technology disruption as a top-three future challenge



INTRODUCTION

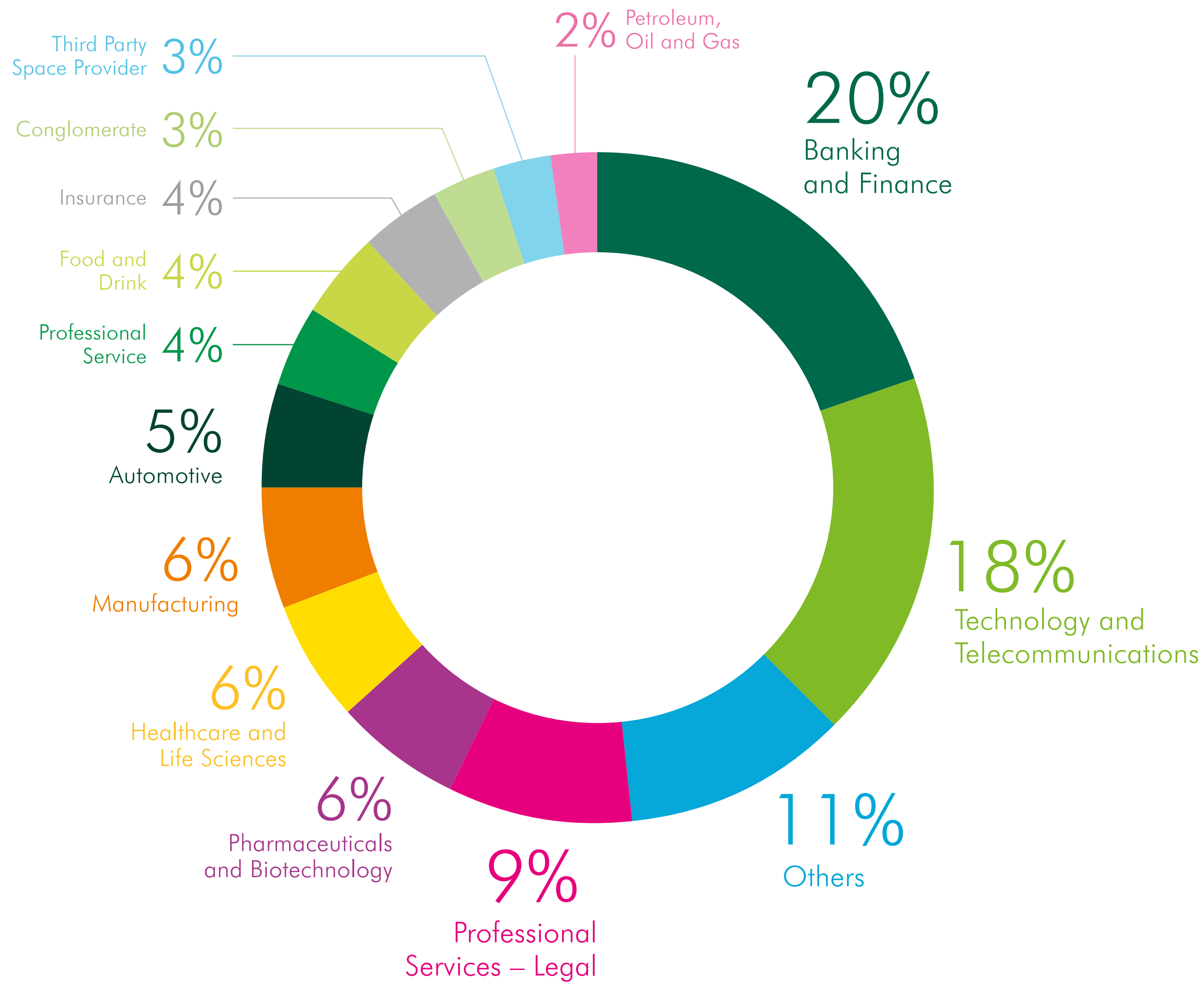
As we approach the end of this economic cycle, corporate occupiers face a range of issues and a pressing need to find the right balance between radical innovation and prudent efficiency. Three key issues stand out:

- deploying real estate technology only where it optimises the user experience
- incorporating wellness strategies into building selection and workforce management
- using flexible space as part of a range of portfolio solutions to support wider business goals such as agility, innovation and talent attraction

But these priorities don't exist in a vacuum. Cost management remains a strong driver of global location strategies, building selection and indeed the overarching role of the CRE function. With no single factor dominating the property agenda, corporates will increasingly need to adopt a "dashboard" approach towards fostering innovation and enhancing user experience on the one hand, while also securing cost and efficiency gains on the other.

The 2018 CBRE EMEA Occupier survey covered 114 companies spanning a broad range of sectors notably banking and finance, technology, life sciences and professional services. Nearly half of the respondents are headquartered in either the UK or USA, and a further third in the major European markets of Germany, France, Italy, Sweden and Spain.

FIGURE 1: SAMPLE COMPOSITION BY SECTOR



Source: CBRE Research, 2018

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EMEA OCCUPIER SURVEY REPORT 2018

TECHNOLOGY: FOCUS SHIFTING TO THE USER EXPERIENCE

More companies are intending to invest in new real estate technologies. Their reasons for doing so, while to some extent still reflecting "operational" goals such as optimising building and energy management, are increasingly shifting towards enhancing the user experience and hence raising workforce productivity. We expect this shift to accelerate, and for occupiers to become more innovative, and to embrace emerging technologies in their approach.

The widespread deployment of new technology and the digitisation of corporate operations and business models is relentless, and it is increasingly recognised that the pace of technological change presents both challenge and opportunity. Over two-thirds of companies (69%) expect technological innovation to have a high or very high impact on them over the next three years, with a further 25% expecting a moderate impact.

This is what is producing the sharp rise in corporates' intentions to invest in new real estate technology. Nearly two-thirds (62%) of companies plan to increase their investment in real estate technology over the next three years, most of them in the next year, and a further 8% to do so in the period from 2020 onwards.

FIGURE 2: TECHNOLOGY IMPACT DRIVING GREATER INVESTMENT

INCREASED TECH IMPACT → INCREASED REAL ESTATE TECH INVESTMENT

Say technology innovations will have a high or very high impact on their business

Plan to increase investment in real estate technology over next three years (40% in the next year)

Source: CBRE Research, 2018

Nearly two-thirds (62%) of companies plan to increase their investment in real estate technology over the next three years, most of them in the next year

OCCUPIER INSIGHT

- Evaluate scope for, and benefits of, increased investment in real estate technology, linked to wider assessment of tech impact on business operations.

INVESTOR INSIGHT

- Consider potential to retrofit existing buildings, and impact on design and fit-out of new developments.

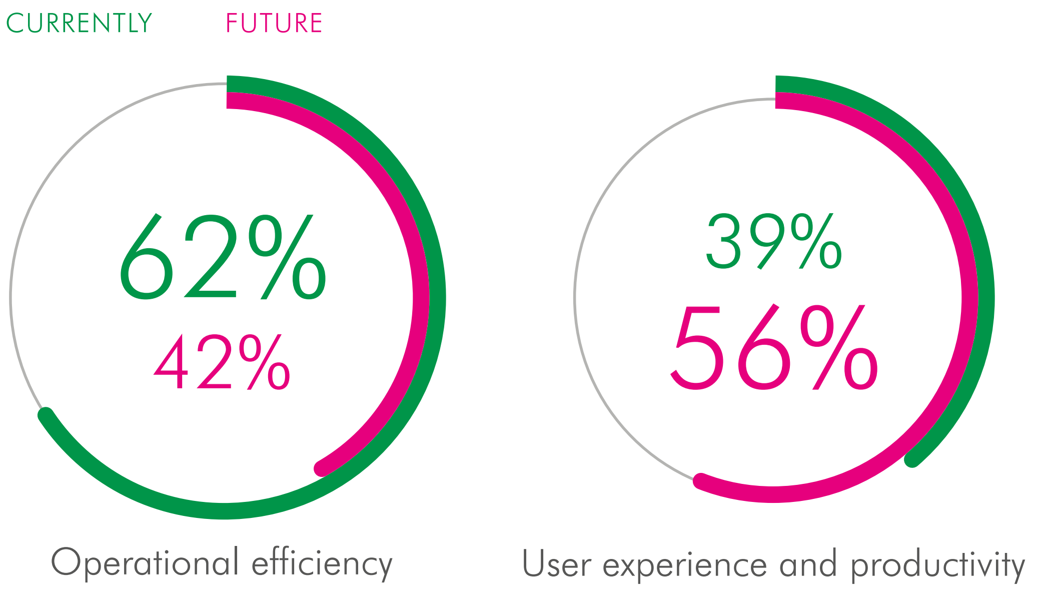
REACHING THE EFFICIENCY – EXPERIENCE OPTIMUM

Increased technology investment can be seen as an attempt to stay (or get) ahead of the game, and many view technological change as an opportunity rather than a threat. As a result we are seeing marked changes in both the reasons for accelerating technology deployment, and the types of technology being adopted. While new technology products and solutions are increasingly more affordable, the speed of change and the range of proptech options which touch every step of the property lifecycle raises a different challenge to the uninitiated. Critically, they will need to select investments which do not become obsolete before the benefits can be embedded into the business processes they are designed to support.

There are clear differences emerging between the current and future rationales for deploying real estate technology. Historically, and currently, the focus has been on securing operational efficiencies through, for example, more efficient energy management and better FM. These aims haven't been dropped, but are increasingly being supplanted by "people" objectives: enhancing user experience for employees, but also for clients and other visitors, and so raising workforce productivity. This is consistent with the aim of using buildings to project elements of the corporate brand, which presents a challenge to the growing flexible office sector.

Turning to the real estate technology tools available to companies, the areas of strongest growth in interest compared with last year include wayfinding apps, connected sensors, wearables and personal environment control systems. Industry 4.0 (connected digital devices, process automation and robotics – all linked through cloud computing) and the use of virtual/augmented reality are also starting to be mentioned. Combining the growing appetite for technology investment with a clear shift in the rationale for doing so, this looks to us like the start of a step change in workplace technology with potentially far-reaching consequences.

FIGURE 3:
WHY ARE OCCUPIERS USING TECH?
THE SHIFT FROM EFFICIENCY TO EXPERIENCE



Source: CBRE Research, 2018

OCCUPIER INSIGHT

- Adopt an integrated planning approach across roles, technologies and brand so as to understand impacts and interdependencies.

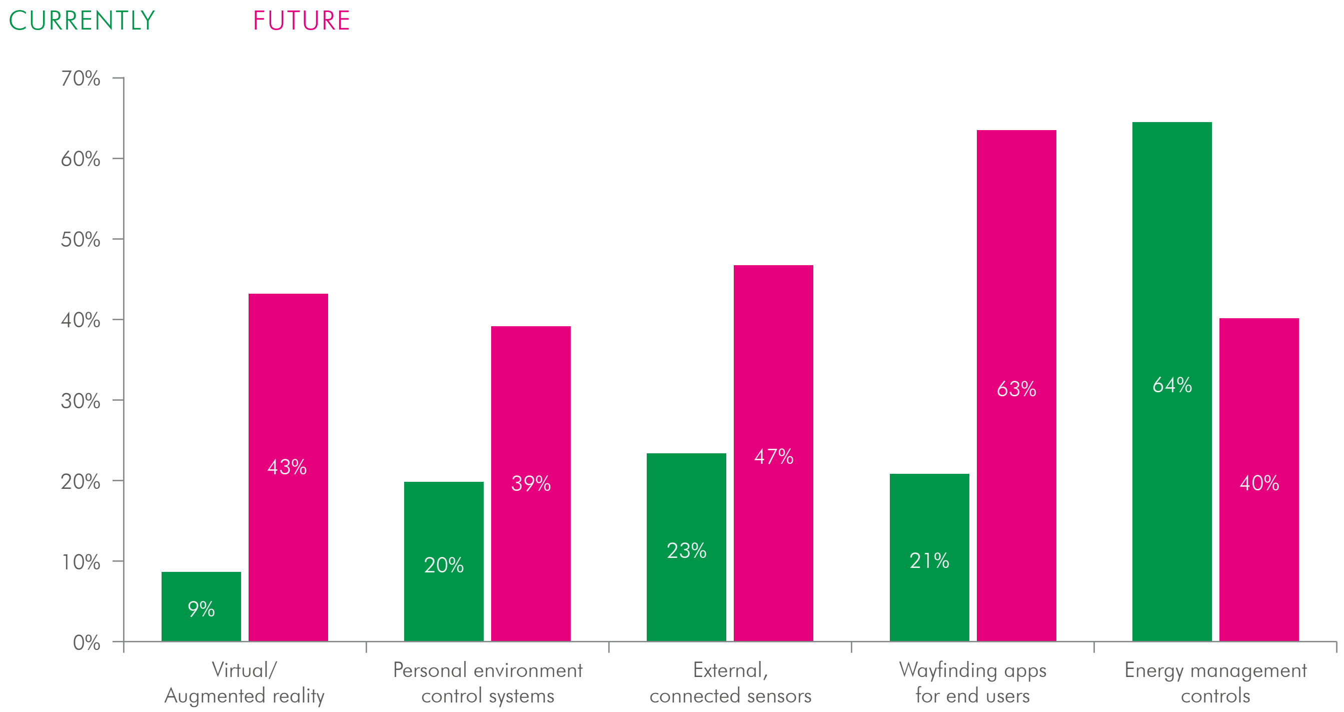
INVESTOR INSIGHT

- Assess the ability of stabilised assets to accommodate new user-focussed technologies.

Even in established areas of technology application, such as space utilisation tracking, the product focus is shifting. Building access or badge data (65%) remains dominant, but room or seat reservation systems (31%) and sensors (22%) are also being increasingly adopted to support improvements in space efficiency. The more progressive organisations are integrating data streams from different systems and increasingly seeking to apply more predictive analytics and, ultimately, more building automation. The overarching aim is to optimise the provision and distribution of work settings to support the agile requirements of the workforce.

These investments in technology need to be viewed against the widespread digitisation of business processes, which will undoubtedly influence the breadth and pace of change in each organisation. The extent to which an organisation already embraces innovation around artificial intelligence, automation, virtual reality etc. may well affect the scale and speed of further investment.

FIGURE 4:
WHICH TECH? FOCUS ON THE USER, NOT THE BUILDING



Source: CBRE Research, 2018

CHANGING ASSETS AND NEW ROLES

Companies are looking to hire new roles to support their drive towards improved user experience and higher productivity

What could all this mean for assets and corporate real estate? We think these changes will spawn new forms of asset configuration/workspace design and place a range of new demands on management of the real estate asset, namely a shift towards better service levels and more consumerisation: effectively the personalisation of the workplace. It is already generating terms such as "offpitality" and "talentism" that capture the primacy of human capital and the fusion of workplace and services, tailored to the individual preferences of the employee.

One common target is greater connectivity and integration of functions, both as an end in itself and to support enhancement of brand values. There is an increased business focus on optimising employee experience as a means of driving competitive advantage by attracting and retaining the best talent, as well as driving productivity improvements.

The curation of these aims, increasingly enabled by the adoption of smart technologies, is also starting to generate changes in the role and capabilities of the CRE function and other central services. Companies are looking to hire new roles to support their drive towards improved user experiences and productivity. Nearly half plan to hire data scientists (47%) and digital transformation officers (46%), with 38% looking to hire user-experience leads. Interestingly HR and technology functions in some companies are seeking to hire similar positions – the race to see which support function can take the lead in the provision of employee experiences is undoubtedly on.

OCCUPIER INSIGHT

- Critically assess ability of all elements of the operational portfolio, separately and in combination, to support aspirations around service levels.
- Effectively curate efforts, and roles, to raise workplace quality and service levels.

INVESTOR INSIGHT

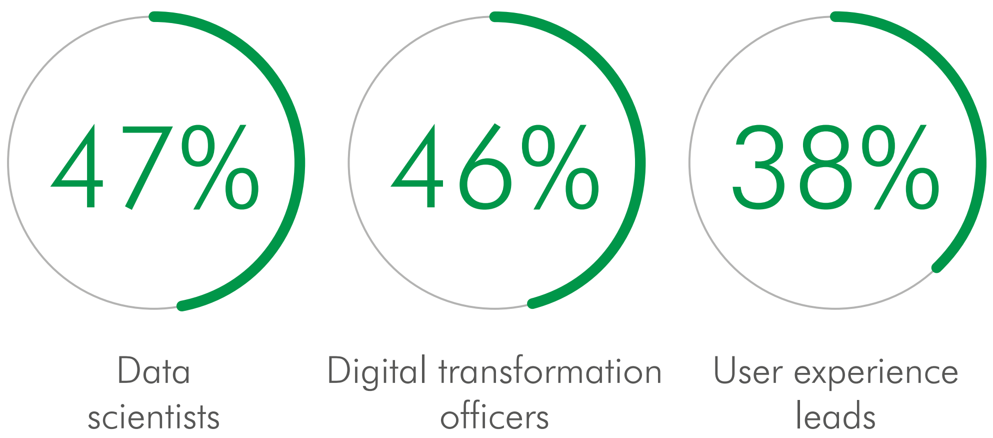
- Incorporate adaptability and service level criteria into asset plans and leasing strategies.

These are relatively small segments of the labour market, and real estate skills in these areas are particularly scarce. For example, there are only about 13,000 self-described digital transformation officers globally, of whom about 3% list real estate as a skill. Data science and user experience are larger industries but with even lower representation of real estate skills[1].

Overall, the increased adoption of new technologies is having a range of impacts. As well as influencing the design and management of workplaces, it is also affecting the core roles, responsibilities and organisational structure of the CRE function and its interaction with other parts of the business such as HR and technology.

[1]Source: LinkedIn

FIGURE 5: WHICH FUTURE JOB PROFILES WILL REAL ESTATE TEAMS NEED TO HIRE?



Source: CBRE Research, 2018

FLEXIBLE OFFICE SPACE COMING OF AGE

The flexible office market is maturing fast, and companies see flexible office space as a key element of their corporate portfolios. At a general level, the proportion of companies whose use of flexible space is moderate to substantial is expected to rise from 30% currently to 45% in three years' time. The proportion making no use at all of flexible space is expected to decline from 35% to 21%, indicating a growing awareness and broadening of interest even among previous non-adopters.

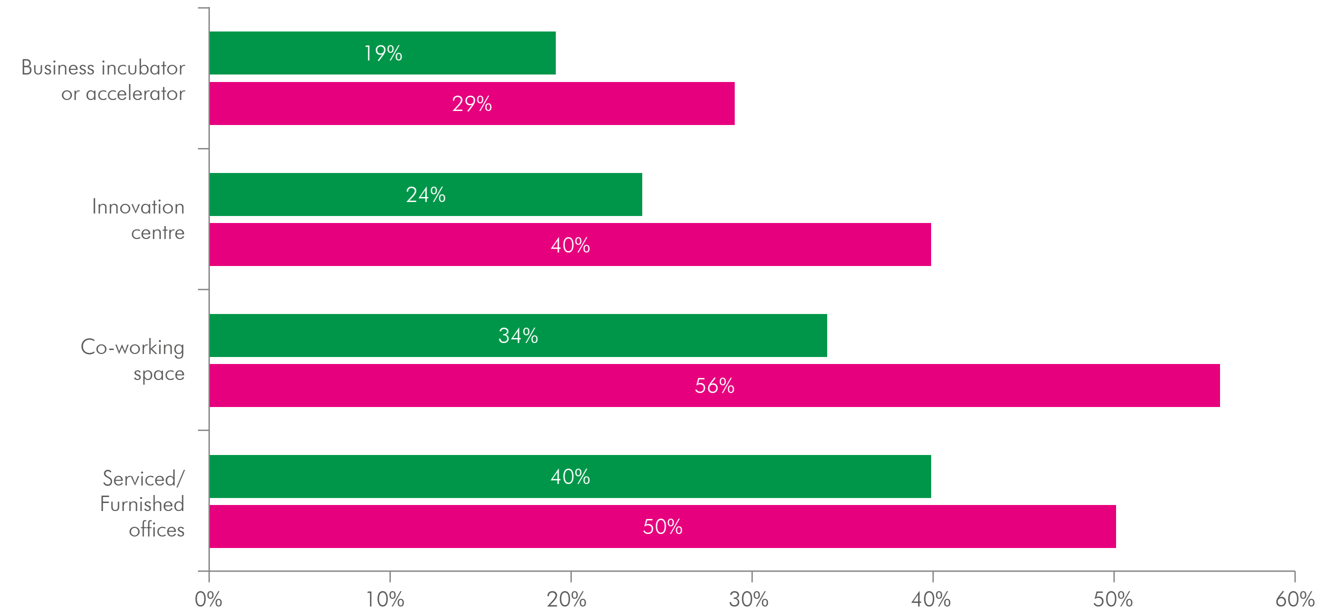
Innovation and talent are increasingly mentioned as reasons for taking flexible space

Occupiers are also increasingly differentiating among the various types of flexible space available, and in general are favouring co-working space. All see double-digit increases in their expected level of usage in three years' time compared with today. The increase is most marked for co-working space which sees a rise of over 20 percentage points to 56%, taking it above serviced/furnished space as the most popular type of flexible space. Even within the co-working market, we anticipate there will be an increased segmentation of the sector as the supplier base evolves, offering bespoke solutions to specific interest groups – whether this be industry verticals, diversity groups or service/product types.

FIGURE 6: THE RISE AND RISE OF FLEXIBLE OFFICE SPACE

PERCENTAGE OF OCCUPIERS WITH SUBSTANTIAL/MODERATE USE OF OFFICE TYPES

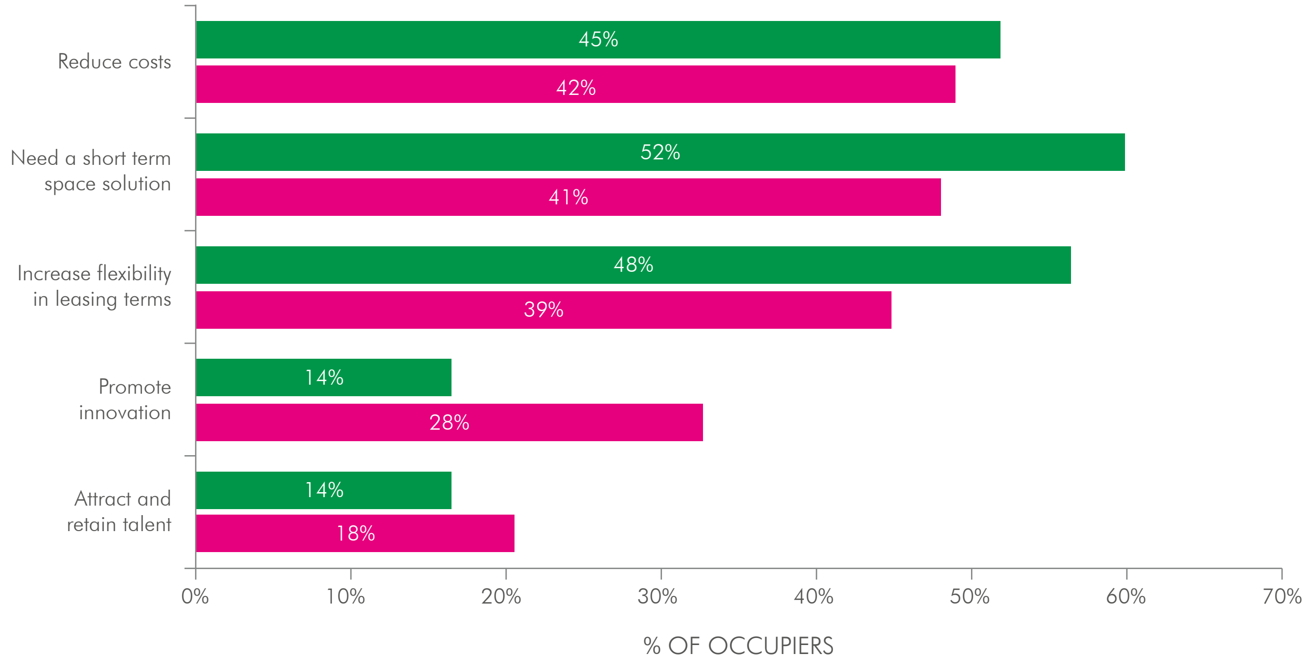
CURRENTLY NEXT THREE YEARS



Source: CBRE Research, 2018

FIGURE 7: REASONS FOR USING FLEXIBLE SPACE ARE EVOLVING

2017 2018



Source: CBRE Research, 2018

This trend reflects growing recognition of the advantages that different types of space can offer to diverse companies at varying stages of maturity. For instance the "buzz", business advice and mentoring support available in a business incubator or innovation centre will appeal most to a start-up or company in a first-growth phase, while co-working and serviced space increasingly appeal to a wide range of corporates attracted by the amenity level and the networking opportunities provided with similar organisations and interest groups.

There is also a qualitative shift evident in companies' reasons for seeking flexible space. To date, growth in demand for shared space has been mostly driven by short-term practical aims such as the need for short-term or overspill space or more flexible leases, rather than forming part of a wider cultural shift or change management programme. These are still the dominant reasons but all have declined from last year. By contrast, innovation and talent are increasingly mentioned as reasons for taking flexible space and are the only factors to have risen compared with last year.

One issue that arises from this is the extent to which corporate brand and culture can withstand growth in the use of third-party flexible space. Fragmentation of the workforce, an increase in the proportion of contingent and freelance workers, alongside a perceived reduction in employee loyalty, is a concern for some companies and may serve to impose a ceiling on their use of flex space.

We think this will lead larger corporations to respond to the emerging flex market dynamics by developing their own bespoke co-working environments, which mirror the design, service and "vibe" of third party spaces, supported by similar technologies and concierge solutions, but delivered and operated directly to preserve the relationship between employer and employee.

The challenge for occupiers now is to develop the capacity to evaluate the most appropriate balance between core and flexible space, and then how to configure both to best fit user requirements. This will require ongoing assessment of the optimal balance between enterprise efficiency and cost effectiveness on the one hand, and the realtime and predictive assessment of user preferences on the other.

The flexible office market is maturing fast, and companies see flexible office space as a key element of their corporate portfolios

OCCUPIER INSIGHT

- Differentiate across different types of flexible space to determine their potential portfolio role and benefits.
- Explore impacts on brand and culture of different levels of flexible space usage.

INVESTOR INSIGHT

- Analyse impacts of flexible space on building income characteristics, at different levels of provision and different revenue models.
- Assess relative risk characteristics of flexible offices as an investment class.

WELLNESS: A CORE PART OF CRE STRATEGY

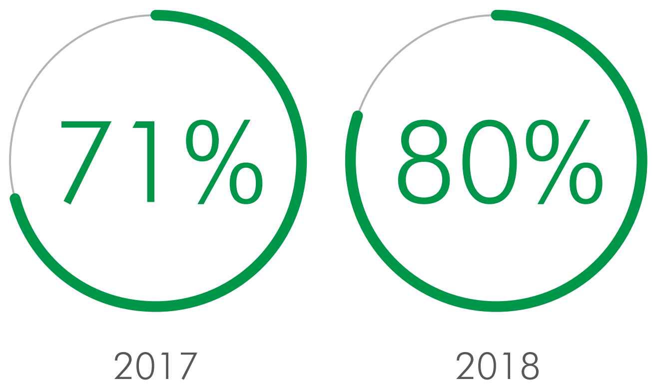
A key offshoot of the focus on talent and productivity is the evolution of the wellness agenda, which has evolved into a core pillar of CRE strategy. In part this reflects growing evidence that the quality of the workplace is a major influence on health and stress levels, that work-life balance concerns are growing and that the benefits, for instance in reduced absenteeism and increased engagement, are significant.

80% of occupiers have, or plan to introduce, wellness programmes

It is also consistent with the growing focus of some governments, public bodies and private health providers on prevention, particularly of long-term health conditions which consume a high proportion of health budgets. As a result there is a trend towards companies taking a much more proactive and preventative approach to wellbeing through organised programmes designed to support employees, and sometimes their families, in adopting healthier lifestyles.

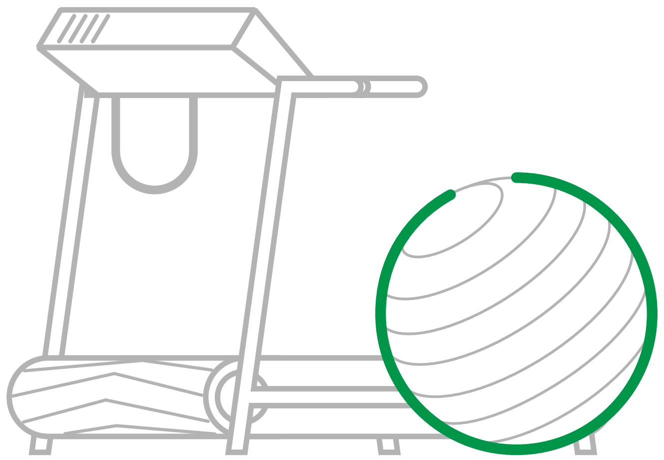
In this year's survey 80% of occupiers have, or plan to introduce, wellness programmes (up 9% on last year), which mostly consist of a balanced mix of physical and mental health awareness programmes, exercise and nutrition, and some form or mindfulness or relaxation sessions.

FIGURE 8: OCCUPIERS INCREASINGLY HAVE OR WANT TO INTRODUCE FORMAL WELLNESS PROGRAMMES



Source: CBRE Research, 2018

FIGURE 9: WELLNESS IS INCREASINGLY AFFECTING BUILDING SELECTION



92%

Have preference for buildings capable of supporting wellness initiatives

Source: CBRE Research, 2018

Moreover, 92% of occupiers have some degree of preference for wellness enabled/capable buildings. Nearly half (45%, compared with 33% last year) indicate that they either have a strong preference for wellness provision in their building selection or that it fundamentally sways their decision.

At one level this is as strong endorsement of the advantages of wellness programmes as a means of enhancing employee wellbeing and productivity.

Equally, the ability to execute may be constrained by the very limited availability of WELL Certified™ buildings. This is giving rise to a range of innovative approaches to fostering wellness in existing buildings, including energy rooms and sleeping pods, and broadening the offer to include things like parent rooms for nursing mothers, subsidised emergency childcare policy and the introduction of technology-free "reflection spaces".

It even includes some companies seeking to ban emails outside working hours, and growing interest in the role of a Chief Happiness Officer (CHO) with a remit to engage, motivate and raise levels of wellbeing and happiness in the workplace.

OCCUPIER INSIGHT

- Develop measurable criteria for assessing the ROI of different elements of wellness provision.
- Consult and innovate on wellness elements most valued by workforce.

INVESTOR INSIGHT

- Explore scope to retro-provide wellness facilities in existing buildings.
- Assess potential to provide or refit collaboration spaces and other priority amenities.

WHAT DOES THIS MEAN FOR THE FUTURE OF WORKSPACE?

Developing a flexible wellness offer will require creative thinking, enhanced collaboration between CRE, HR, IT and senior management and a critical eye on which elements actually generate measurable benefits. Occupiers are taking a more considered approach, identifying relevant measures of success, what is effective, which metrics to track, and how to make any changes stick. The next level of wellness programmes will a have a heightened focus on ROI, with technology playing a major role in measuring it.

Involving the landlord may also be fruitful, particularly given the occupiers' difficulty in implementing wellness programmes in existing buildings, as opposed to new developments. Landlords retaining and paying for wellness suites, for instance on vacant floors of multi-let buildings, may be mutually beneficial. The opportunity to seek enhanced wellness facilities at initial letting or lease renewal should at least be explored.

The growing focus on employee wellbeing is also reflected in broader workplace strategies. While the main drivers of workplace strategy are more even than in previous surveys, collaboration among employees, and between employees and clients, remains the main priority. A range of other drivers – including organisational flexibility, talent retention and better space utilisation – are cited by about a third of companies, as is cost saving (38%) which is a marked reduction on the previous year's finding (61%). The benefits of proactive investment, as opposed to defensive cost management, are evidently playing a greater role in the implementation of workplace strategies.

The emphasis on people is most marked with respect to the amenities and services that companies expect to have to provide in the future. Collaboration and social spaces (77%) clearly dominate, with the second element suggesting growing encouragement of purely social interaction in the workplace. Companies also expect to be providing a growing range of employee services such as dry cleaning and parcel delivery (48%) and enhanced front of house services such as reception and concierge (51%). Both point towards a rapidly growing focus on service and hospitality levels.

FIGURE 10: WHAT WILL OCCUPIERS OR LANDLORDS HAVE TO PROVIDE IN THE FUTURE? THE TOP SERVICES FOCUS ON EXPERIENCE

Source: CBRE Research, 2018

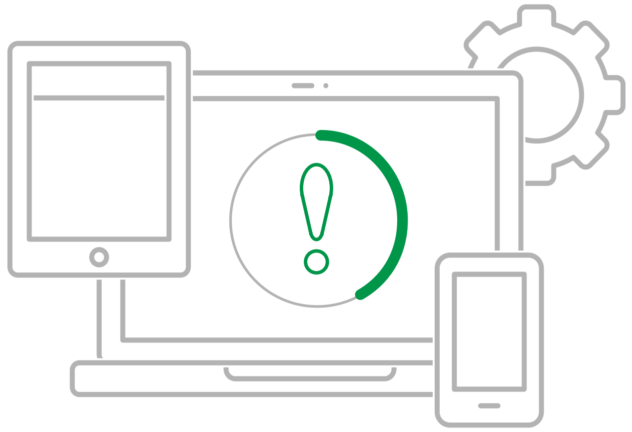
THE WIDER PICTURE

Elements of the three main focus areas – technology, wellness and flexibility – are linked to wider operational and CRE challenges. At a general level, the pattern of companies' concerns and priorities have changed very little from last year:

- The most important elements of CRE strategy are cost-reduction, business integration/alignment and talent attraction and development.
- The mechanisms identified for this again focus on productive and flexible workspaces (67%) and improved data quality (65%), although more outsourcing/strategic partnering (24%) and upgrading supplier capability (21%) have both risen.
- Although only a minority of companies have a formal on-off shore strategy to inform their location decision-making, the main driver is still cost management although centralisation and corporate culture also feature heavily.

- Similarly for building selection, cost (91%) continues to dominate but location convenience/accessibility (81%) has risen sharply in importance as has brand image (24%).
- Cost-saving initiatives continue to be pursued on several fronts: space efficiency programmes, disposal of vacant surplus space and lease renegotiations have all declined possibly because of the late stage in the cycle, and because the growing emphasis on flexibility reduces the scope for action within existing lease commitments. Relocation, energy management and supplier consolidation initiatives are becoming more popular, suggesting that occupiers are becoming more lateral with their decision-making in this area.
- Companies perceive that there is a wide range of external challenges with no single issue dominating. Economic uncertainty (41%) appears to have receded, replaced by technology disruption (42%) as the number one concern.
- Two other areas have risen notably: regulation and legislation (27%) and facility obsolescence (21%). The first of these may reflect the perceived impact of things like the new Lease Accounting Standards, and the General Data Protection Regulation (GDPR) to be introduced in May.
- Concern about facility obsolescence reflects the impact of growing flexibility demands on buildings, especially older buildings. Consequences include more frequent adaptation of base-build and/or fit-out, changes to capital planning and decisions on whether to lease things like furniture and equipment – effectively "agile procurement". This is all consistent with the need, and ability, to manage and anticipate occupancy as precisely as possible in order to allow maximum flexibility for frontline functions.

FIGURE 11: THE NUMBER ONE FUTURE CHALLENGE FOR CORPORATIONS



42% Technology disruption

Source: CBRE Research, 2018

OCCUPIER INSIGHT

- Develop data-driven "agile procurement" approach to acquiring equipment and services.

INVESTOR INSIGHT

- Critically assess obsolescence profiles of buildings and portfolios.

WHAT DOES THIS ALL MEAN FOR THE FUTURE OF THE CORPORATE PORTFOLIO?

The digitisation and automation of businesses, and the supporting ecosystem, will drive up demand for data services and associate critical environments

The combined effect of these changes is forcing companies to think more creatively about the overall efficiency and agility of their portfolios and the capabilities of individual buildings within them. One consequence of this is possible changes in portfolio balance and asset structure over the next few years, with growing emphasis in two areas:

Flexible offices: 64% of occupiers expect to expand in flexible office space over the next three years, making it the most popular area for expansion.

Data centres: 28% expect to see expansion in their demand for data centre space, reflecting the growing data and backup demands associated with technology growth.

Increased demand for data centre space is the product of more widespread and intense use of technology in many areas of corporations' operations; not limited to building and employee sensor data, but the data that is produced and relied upon for the daily operation of their businesses. Additionally, the development of Internet of Things (IoT) into the mainstream in 2018 will generate and aggregate enormous datasets, requiring increased storage capacity. This helps to explain why 61% of Technology and Telecom occupiers expect their data centres exposure to expand in the near future, compared with Life Sciences and Banking and Finance at just 13% and 29% respectively. However, in a similar way to increased use of flexible office space, data centre expansion won't necessarily be incorporated into real estate portfolios under traditional lease terms, but instead will go into "colocation" centres, where data server capacity is acquired in a similar way.

The speed of change and scale of portfolio restructuring is, to some extent, being driven by the increased dependency and application of data in the operation of businesses and the buildings which support them. We anticipate that the digitisation and automation of businesses, and the supporting ecosystem, will drive up demand for data services and associate critical environments.

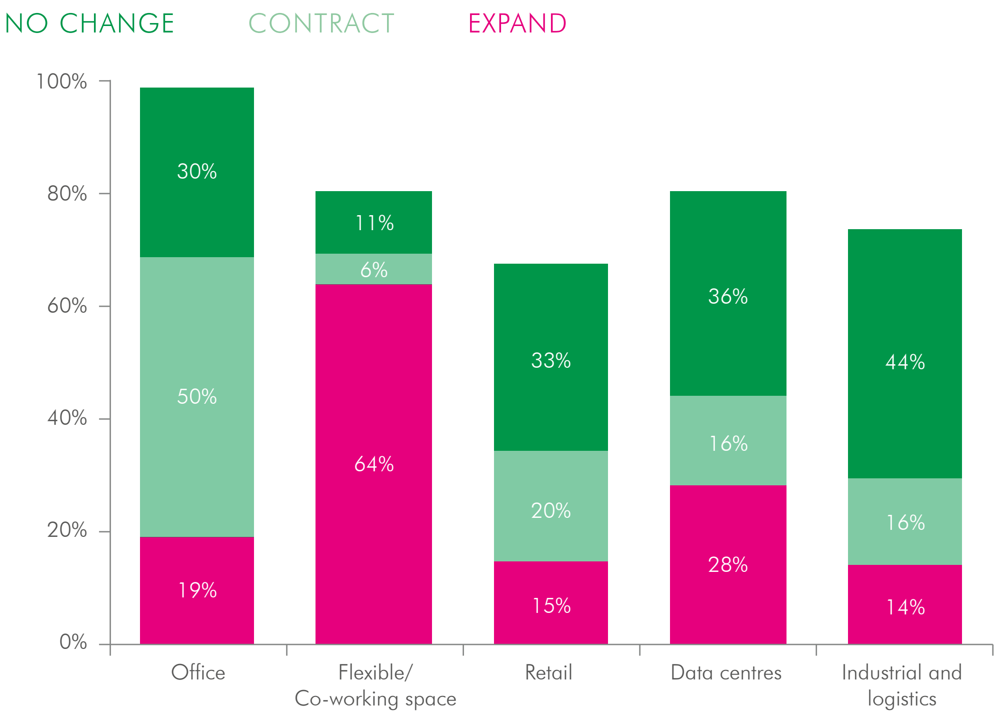
We are also witnessing the maturation of the flexible sector, principally across the office markets, but increasingly across other asset classes as well including logistics and retail. This reflects the growing activism of occupiers seeking greater convenience and more 'on demand' solutions where there is a growing emphasis on the provision of services, versus the provision of space.

At the same time, corporate occupiers are becoming increasingly sophisticated in their assessments of demand for space across their business, both in the short term and beyond. There is far greater awareness of the availability and utilisation patterns of existing workstations. This is improving mainly through the deployment of more accurate occupancy tracking technologies. The impact of the imminent new Lease Accounting Standards also places significant requirements on corporates to track more transparently the cost and obligations of their leased portfolios.

As CRE functions have generally already outsourced the delivery of tactical real estate services (such as transactions, portfolio management, facilities management or project management solutions) the focus of the retained CRE organisations is increasingly geared towards CRM and the management of internal customer stakeholders. This is driving a more proactive and thorough assessment of space requirements, mapped to a more robust analysis of availability.

Taken together with the growing maturation of flexible space markets, this is leading to a more refined capability among corporate occupiers to carry out precise occupancy planning, including the ability to map the supply of space on demand.

FIGURE 12:
HOW WILL THE CORPORATE PORTFOLIO CHANGE OVER THE NEXT THREE YEARS?



Source: CBRE Research, 2018

Occupiers are refining their ability to carry out precise occupancy planning, including the capacity to map the supply of space on demand

As well as changes in portfolio balance, we are also seeing growing interest in new types of hybrid asset that offer different combinations of space types and, critically, the ability to alter the mix and function of space within the same building. The design, building management and technology demands associated with this shift are immense and need to draw on:

- Smart integrated analytics
- Detailed utilisation metrics and predictive capacity
- Deployment of building data in support of staff wellbeing
- High levels of organisational responsiveness
- An increasingly personalised workplace offering, tailored to user preferences

The design and operation of a modern workplace is increasingly intelligent and capable of adapting to the different demands of a modern business. In this context, we expect the very purpose of tomorrow's workplace to evolve towards accommodating a more dynamic range of activities – both in terms of the type and intensity of use.

As an example, IBM Watson coined the phrase "Collaboratory" to describe their new IoT HQ in Munich which seeks to provide a dynamic range of space solutions aligned to the changing needs of the business, working collaboratively with their partners in the discovery of new technology-enabled solutions.

CONCLUSIONS

- The survey strongly indicates that there is a growing expectation that space is provided as a service which enhances user experience, productivity and wellbeing and forms part of a more dynamic workplace solution. In this sense, home working, mobile working and both traditional and flexible office environments all contribute to the effectiveness of an agile working strategy. There are three main strands to this journey: technology, flexibility and wellness.
- Companies' reasons for deploying new real estate technologies are increasingly shifting towards enhancing the user experience and raising workforce productivity. This can also be seen as a response to the view that wider technological change represents a challenge to operations for many sectors.
- In any case, the technologies of choice increasingly include things like wayfinding apps, connected sensors, wearables and personal environment control systems – all of which are focussed on people rather than building management. There are other far-reaching consequences, including the intention to recruit into new roles such as data scientists and digital information officers.
- The flexible office market is maturing fast, and companies see flexible office space as a key element of their corporate portfolios. Increasingly the motives for this centre on innovation and talent, rather than short-term practical or operational aims.
- Occupiers are also differentiating among the various types of flexible space available, and in general favouring co-working space. Even within this sub-segment, we anticipate increased segmentation as the supplier base evolves, offering bespoke solutions to different occupier types and functions.
- The wellness agenda has evolved into a core pillar of CRE strategy. Four-fifths of occupiers have, or plan to introduce, wellness programmes and over 90% have some degree of preference for wellness enabled/capable buildings. This is giving rise to a range of innovative approaches to fostering wellness, including broadening the programme offer, and is also driving a strong focus on collaboration and social spaces among the amenities corporates feel they will need to provide.
- Taken together, these changes will enable a more refined occupancy planning capability among corporate occupiers, generate new forms of asset configuration and workspace design, and place new demands on management of the real estate asset, namely a shift towards better service levels and more consumerisation: effectively the personalised workplace.

KEY CONTACTS

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