

OFFICE

OUTLOOK

PM

2020

Future potential
of the workplace

INTRO



Workplace strategies have become increasingly significant for companies of all sizes, especially against the backdrop of an ever-competitive market for attracting and retaining top talent. Employers are increasingly searching for workplaces that encourage collaboration, stimulate efficiency, increase satisfaction at work and contribute to life/work balance.

As a result, property developers and owners are forced to adopt innovative solutions to meet the latest expectations of tenants. This has led to the growth of companies using flexible office spaces, to the intensification of technology use and to a gradual transformation of traditional office buildings to open and multi-purpose workplaces.

Offices can be transformative in the way they make people feel, think and behave. In order to accomplish this, companies need to bring their People, Place and Technology functions along with the rest of the business together, in a more integrated way.

¹ Available here: <http://stoddartreview.com/>

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To truly enable a people-centric workplace you absolutely must have management vision and practices. You need to have the right culture and behavior and you need to have the right space, technology and services.

Despina Katsikakis – “The Workplace Advantage, The Stoddart Review”¹.

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PEOPLE

The demographics of the workforce are changing, with people living and working longer. With a global rise in retirement age and improving socioeconomic factors, employees will stay longer in the workforce in the coming years. This will mean we have five generations of staff from different backgrounds who will work together in collaborative teams.

It is critical that all generations feel comfortable and confident in the workplace. The whole point of agile working is surely to ensure people are in the most effective space for the task at hand. For some, this may well mean a permanent desk or a bookable office. Keeping workers productive and satisfied is becoming more and more important, and for most companies this starts with the space they occupy. An increasing number of companies had, or have plans, to invest in spaces that encourage collaboration, creating a strong market for flexible spaces and transforming the way we work. Emblematic buildings are a preferred location for these types of flexible spaces, such as Torre

Glòries in Barcelona (Spain), an office scheme located in a mixed use project with retail, residential and public spaces that enable users a 'near at hand' environment.

One of the main requirements for flexible spaces is that they are designed within a setting that promotes collaboration and innovation. This fact enables workers to take advantage of synergies created through meetings and events organized by the providers of these services.

The growth of flexible and coworking spaces in Europe continues and it is anticipated that this trend will hold firm through 2020. Indeed, the demand for coworking spaces partially stems from start-up, freelancers and self-employed entrepreneurs taking advantage of flexible lease contracts. However, corporations are also increasingly looking at coworking as an option for employees with different requirements. For example, corporate firms located on the periphery often use coworking spaces as satellite offices within CBDs to be closer to their clients.

Furthermore, it is not only office owners dealing with this new element in the building but also hotels, airport and even restaurants are including flexible workspaces in their properties. One of the biggest flexible operators has launched a new level of working at airports with new spaces fully focused for one purpose, effective working while travelling.



According to findings in our latest "What Occupiers Want (WOW): Global Survey 2019" report - **81% of corporate respondents indicated they are either introducing or testing agile workplace strategies including desk sharing**². Cushman & Wakefield's workplace strategy tool – Experience per SF³, highlights that companies have been allocating less metres per employee over the past five years, but that

trend is starting to slow down as businesses grapple with the right balance of personal, private, communal and break-out space. This pace will continue to slow down, with corporates tending to compensate the loss of private space for workers with an increase in shared spaces, placing therefore a greater emphasis on the effectiveness and performance of their workplaces.

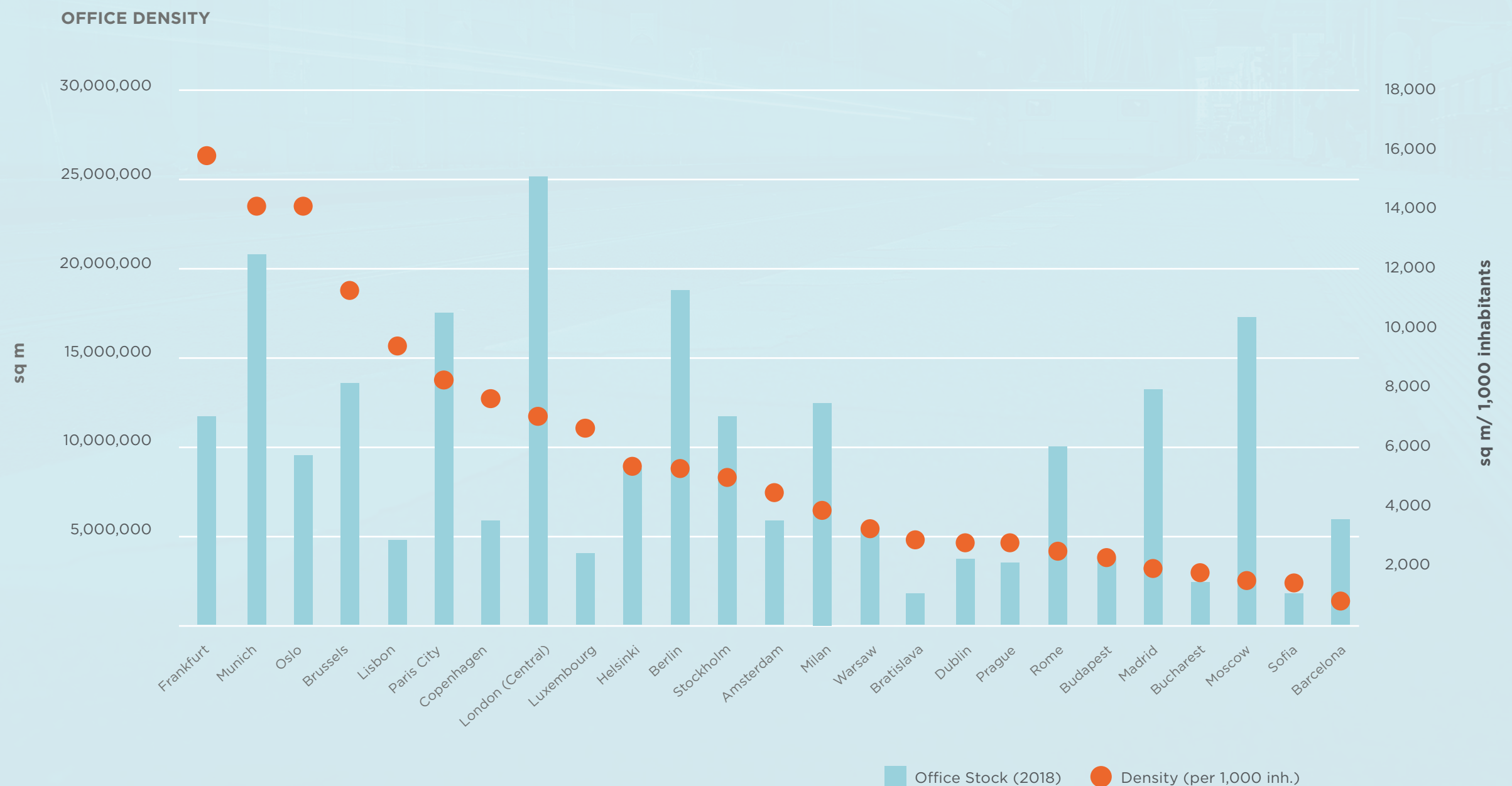
² Cushman & Wakefield "What Occupiers Want: Global Survey 2018". Available here: <http://www.cushmanwakefield.com/en/research-and-insight/2018/what-occupiers-want>

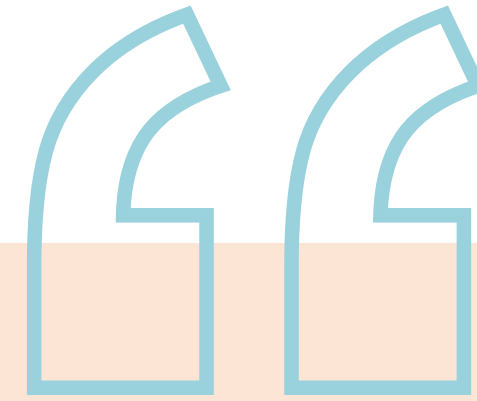
³ Cushman & Wakefield Workplace Strategy Tool "Experience per SF". Available at: <https://occupiermetrics.com/office-metrics>

PLACE

POTENTIAL OF OFFICE MARKET GROWTH BY DENSITY IN MAJOR EUROPEAN CITIES

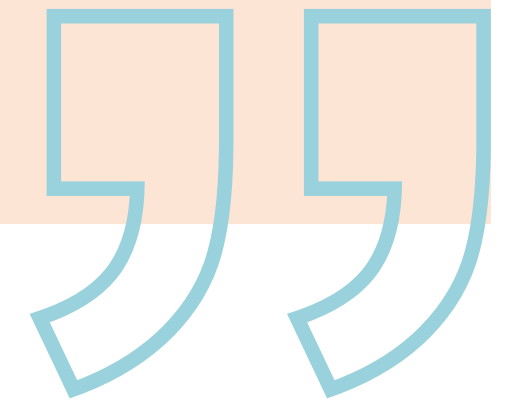
Fast growing office markets are in cities considered as gateways. Locations with new jobs that have a welcoming approach to employers and investors. The location of the workplace becomes even more important when trying to attract talent to a company.





It's an employee's world. Place drives experience.

Workplace 2025: People, Place, Technology - Cushman & Wakefield



DEVELOPERS ARE NOW BUILDING COMMUNITIES AT THE INTERSECTION OF WORK/LIVE/PLAY

The strategy of determining the optimum location is perhaps more important today than at any time in the past. The choice is of course driven by a combination of factors, including type of business, availability of talent, costs and the general ethos of the business in question. It depends also on the kind of activity to accommodate. While for Shared Service Centres a better location would be in an office park, with increased

flexibility for future growth. Smaller occupiers, more orientated towards physical meetings with customers would be better placed in a city-centre location.

Landlords constantly evaluate the potential of the building and its surroundings, looking at nearby services, importance of amenities, current market trends and mostly an understanding of what occupiers want. They cannot usually influence the surrounding of the existing building, but they can increase the attractiveness of an office building by implementing appropriate technological solutions. Tenants increasingly demand an understanding of how they 'use' a

building and being able to provide actionable insights will be critical for many and a differentiator for those ahead of the curve.

A combination of different workspace models would be better placed to make the perfect office. Enclosed offices, open plan, hoteling, activity settings and agile team space – it makes sense to choose a combination of all these models - a hybrid workplace - meeting the needs of the five generations in the workplace. Offices must be developed to meet the behavioral changes we see in people; delivering a task based 'space' will no longer suffice.



TECHNOLOGY AND INNOVATION

The workplace has not only become an important factor in talent attraction but can bring workers together and facilitate greater levels of collaboration and innovation. Tenants are increasingly putting more emphasis on modern office spaces when looking to relocate. In fact, many markets in Europe have seen the highest levels of pre-lettings ever recorded.

The search to maximize efficiency and performance, as well as providing comfort and well-being, has led to the rise of 'Smart Buildings' by including immersive technologies such as the Internet of Things (IoT) and artificial intelligence (AI). The use of smart building sensors, for example, can reveal how office spaces are being used by revitalising motion inside the office. Occupiers and property owners can thus reorganise their real estate needs accordingly. Furthermore, building management sensors can also monitor and adapt technical systems, such as heating, ventilation and lighting in order to optimize a building's

performance and increase the efficiency of resources. Proptech is often mentioned as a catalyst for change of how we think about technology at work and brings a whole new level of workplace experience. Proptech startups have recognised that collecting the data is the easy piece, the value additive element is in the interpretation and action-oriented outputs the data can provide.

This innovative transformation is not only happening inside the office space. We are also experiencing a shift from enclosed office buildings with access limited to tenants paying rent, to multi-purpose

buildings with open and common areas for the public to enjoy. To attract footfall, developers tend to use aesthetically pleasing and high-quality building materials to maximize comfort and experience. Furthermore, sustainability efforts also push developers to use innovative and alternative building materials, such as timber, and try to include nature elements to increase the well-being of occupiers. Ultimately, this brings life to dense office areas, and occupiers can exploit the use of the building even outside of working hours and on weekends.



PICTURE: Gare Maritime Project by Extensa: Sustainable multi-functional wooden development in Brussels with offices, retail, restaurants, leisure activities and other public open spaces – Source Extensa]

WHAT YOU NEED TO KNOW

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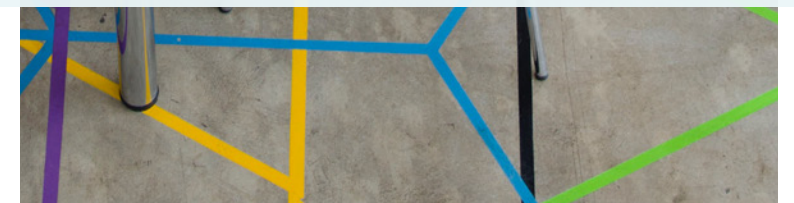
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- The office sector is changing, the influence of cultural and social values will impact the way employees, companies, landlords and investors make decisions. The quality of buildings is not only about construction or technical specification anymore. There is an increasing weight of importance given to variables such as relaxation zones, the use of Proptech and flexibility to accommodate occupiers' demands in the current work environment.
- People need to be educated on how to work in new environments. It isn't enough to create physical change, we must support individuals as well, in order to ensure a positive experience.
- The best workplaces will create experiences for employees and clients, making them more engaged and productive. There will be less of a focus on 'hardware' such as desks, partitions and technical specification and more focus on 'software' such as cultural and social values of buildings.

- 2020 will see a continuing trend to establish tech solutions, this trend is driven by new employees from younger generations used to an 'always on' digital lifestyle. While Proptech and new innovations bring effectiveness in the technical usage of the building, flexible spaces bring new thinking about effective occupancy and space utilisation.
- One of the biggest challenges for landlords in 2020 will be to take conclusions from the data collected from their buildings, in order to uncover new trends or evolving needs of occupiers.
- A successful workplace must serve today's needs while minimizing barriers to meeting future needs in this rapidly evolving industry. Multi-purpose, reconfigurable spaces are key to achieving this future-proofing.





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