

Emerging trends in occupier services

In recent years, corporates have sought to maintain a firm control on operational costs without stifling opportunities and performance. Born from this delicate balance are workplace changes and trends focussing on technology, productivity and flexible working to better align real estate with the wider strategic goals of the business.

Economic market fundamentals have recently begun consolidating in a consistent manner. While no doubt a positive for business, external forces have added to a general sense of uncertainty. In a recent CBRE EMEA survey, 64% of corporates cited economic uncertainty as the major challenge facing their organization, compared with 58% the year before. This is no doubt influenced by recent political elections, the terms surrounding Brexit and a Quantitative Easing and low-interest rate environment showing signs of unwinding.

Other growing challenges include workforce and talent preferences and technology disruption, while concerns of regulations and cost escalations ease somewhat from previous surveys.

In terms of goals, occupiers are clear about what they want to achieve: cost reduction and strategic alignment between real estate and wider business aims. A third goal cited by more than three-quarters of occupiers was talent acquisition and development.

Flexible workspaces

Occupiers' primary method of achieving these goals is through productive and flexible workspaces. Flexible working concepts and principles are becoming more accepted, requiring less C-suite oversight. Technology is the fastest growing method to enhance flexibility including video conferencing, virtual desktop access, and 'BYOD' (bring your own device). Other methods cited by a majority of occupiers are home-working, hot-desking, and flexible work hours.

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Favouring Wellness

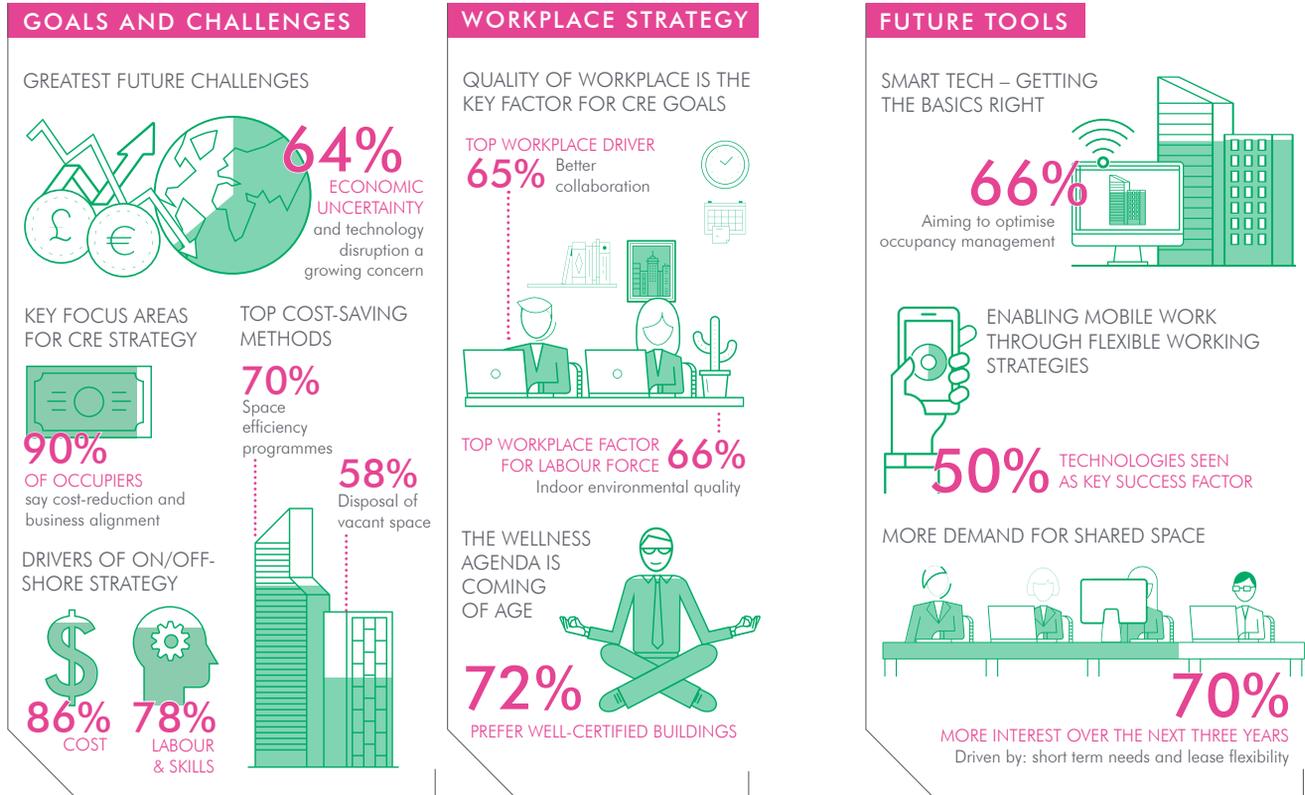
A more human-oriented approach to productive workspaces is a growing appreciation for wellness. More than half of the companies surveyed have wellness programs, while another 15% plan to introduce one. This means of enhancing productivity feeds through to real estate through building choice, as three-quarters of those surveyed who have/plan to have a wellness program prefer WELL-certified buildings. Health/wellbeing awareness sessions, healthy food, and mental health awareness are the main vehicles of this trend.



Michael Taelman

MAKING SPACE WORK SMARTER

Efficiency gains and enhanced workplace strategies are driving occupiers' decision making



Cost reductions

In strict cost reduction terms, occupiers are looking towards efficiency gains and restructuring programs, as reported by 70% of respondents. The more dramatic disposal of vacant space is often considered, though this is largely sector dependent.

Banking, finance, and professional services are more likely to dispose of surplus space, whereas tech and telecom companies are more focused on space efficiency. Cost-management methods such as capex reduction and lease and contract renegotiations have largely taken place earlier in the cycle.

Co-working space

A natural consequence of the reported occupier goals is sharing space. Interest in sharing space within the next three years has grown 70% year-over-year. Almost half of European occupiers surveyed expect to have moderate or substantial use of co-working space by 2020. Co-working and shared spaces are no longer the domain of the SME, as larger corporates increasingly see it as a solution to short-term space needs, lease flexibility and reducing costs.

This allows companies to maximize a more limited office environment and utilize shared space as needed.

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Findings sourced from the
 2017 CBRE EMEA Occupier Survey

