CBRE RESEARCH

OPTIMISING HUMAN CAPITAL:
EVOLVING STRATEGIES FOR SKILLS, SPACE AND SERVICE

EMEA
OCCUPIER SURVEY
2019

CBRE

KEY FINDINGS

- Occupiers identify labour and skills shortages as one of their top three strategic challenges. The proportion highlighting this as an area of focus has doubled since last year. Employee engagement and talent attraction & development are two of the three most important drivers of corporate real estate strategy, even ahead of cost-reduction. In this context, optimising human capital is becoming the overriding aim of occupiers' property decisions.

- The survey identifies four major, and interlocking, levers through which companies are seeking to use real estate as a way of influencing and enhancing their appeal to skilled labour:

  - Procurement and fit-out strategy
  - Flexible space strategy
  - User Experience strategy
  - Technology strategy

- Occupiers are increasingly influenced by internal building characteristics – particularly a range of favourable lease options – in selecting properties. While traditional **procurement and fit-out approaches**, Cat A or Shell and Core, are still favoured when taking large leases in a new building, there is evidence of willingness to pay premiums both for highly-serviced amenity rich space and tech-enabled smart space. There is also scope for exploring innovative cost-sharing partnership arrangements with landlords.

- Corporate appetite for **flexible space** continues to grow. The proportion of companies expecting to make significant use of flexible space over the next three years is twenty percentage points higher than those who currently do so. Attracting and retaining talent is explicitly part of the reason for this, while a rising number of companies are using flexible space as part of a wider attempt to experiment with different workplace and occupancy models. This is also seen as one way of satisfying a growing need for service and amenities, to a greater extent than any perceived "community" benefits.

- Formal **User Experience** (UX) programmes – aimed at curating the full range of workforce needs across workplace, amenity and service – are still a minority pursuit. Where they do exist, they focus more on physical aspects of the working environment than on softer "community" elements. We see this as a phase in their evolution into something more comprehensive and towards wider adoption. This view is backed by the fact that a third of companies have plans to hire a UX lead and two-thirds would pay a premium for a building in which the landlord had provided an enhanced UX offer.

- Technology disruption – particularly AI and machine learning – is one of the drivers of **technology strategy**. 70% of companies intend to raise their level of real estate technology investment in the next few years mostly in a more people-centric direction. The methods of acquiring the skills needed to deliver these aims, such as data scientists, are becoming more sophisticated, with corporates prepared to contemplate a broad range of approaches, including outsourcing to specialists.

- Corporate demand will become increasingly segmented as occupiers improve their ability to package space, service and amenity. This will accelerate the shift towards customised solutions that reflect the specific needs of different business functions.

IMPLICATIONS AND ACTION POINTS

- Strategies for skills, space and service are converging and should be viewed as a single initiative, not several. This implies the need for closer collaboration between business support functions, particularly real estate, HR and technology.
- This is still a multi-track process, and should therefore differentiate across each business function and space type; one size doesn't fit all.
- Flexible space is in demand for its service and amenity attributes, not because it is intrinsically better. Traditional space that is tech and amenity-rich (or a combination of traditional and flex) may be equally effective and offer better opportunities for landlord and tenant partnerships.
- Drive greater adaptability and hybridisation in the flexible space spectrum – space that can adapt and evolve with dynamic business requirements and be aligned to your talent agenda and the provision of associated services and amenities.
- Be prepared to experiment: optimal solutions aren't available off the shelf – yet.
- Assess the ROI, and softer benefits, of highly-serviced or tech-enabled or UX-enabled space – and combinations of these.
- Be clear-eyed on service and amenity needs. Too little will likely be a deterrent to labour; too much is an unnecessary cost.
- Explore innovative partnership arrangements with landlords for sharing fit-out and design costs.
- Identify what "community" looks like and how to achieve it; it might not be the way you think.
- Develop a coherent data strategy. The same applies to landlords. All these elements of strategy require high-quality data, but hiring in-house squads of data scientists might not be the answer, at least not yet.

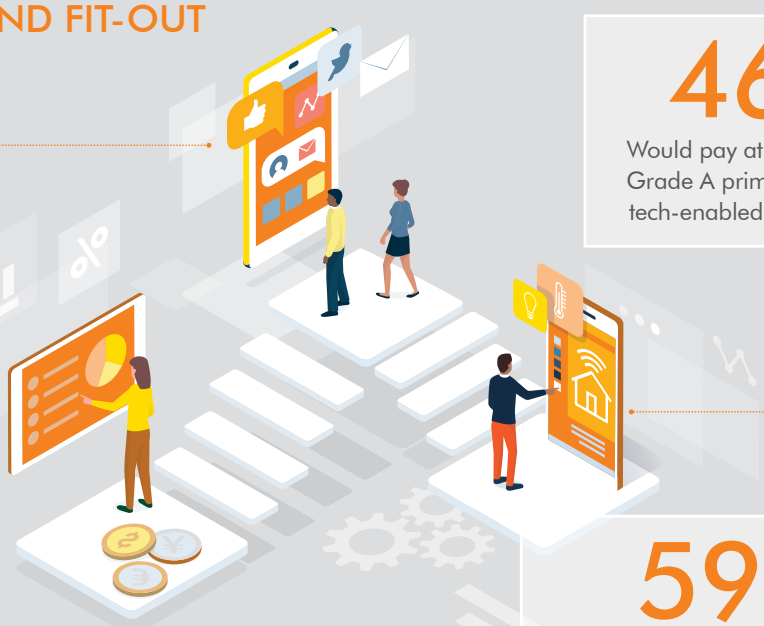
OPTIMISING HUMAN CAPITAL

Occupiers identify four levers through which they can enhance their appeal to skilled labour and optimise human capital.

PROCUREMENT AND FIT-OUT

68%
See employee engagement as a key part of CRE strategy

46%
Would pay at least 10% over Grade A prime rents for fully tech-enabled smart building



45%
Say Cat A is preferred delivery format for new space

59%
Would pay at least 10% over Grade A prime rents for high-amenity "service agreement" space

FLEXIBLE SPACE

28%
Use flex space as a way to attract and retain talent

56%
See serviced or furnished offices as preferred format of flexible space for future

61%
Say favourable lease options influence building selection

45%
Will make moderate or substantial use of flexible space in next three years

USER EXPERIENCE

63%
Have no formal User Experience strategy

56%
See future need to provide front-of-house services in office environment

34%
Expect to hire User Experience leads

37%
Of User Experience programmes contain strong community elements

TECHNOLOGY

30%
See smart building technology as a factor in choosing a building

70%
Plan to increase investment in real estate technology within next three years

34%
See labour and skills shortages as a key operational challenge

83%
Expect high business impact from artificial intelligence & machine learning

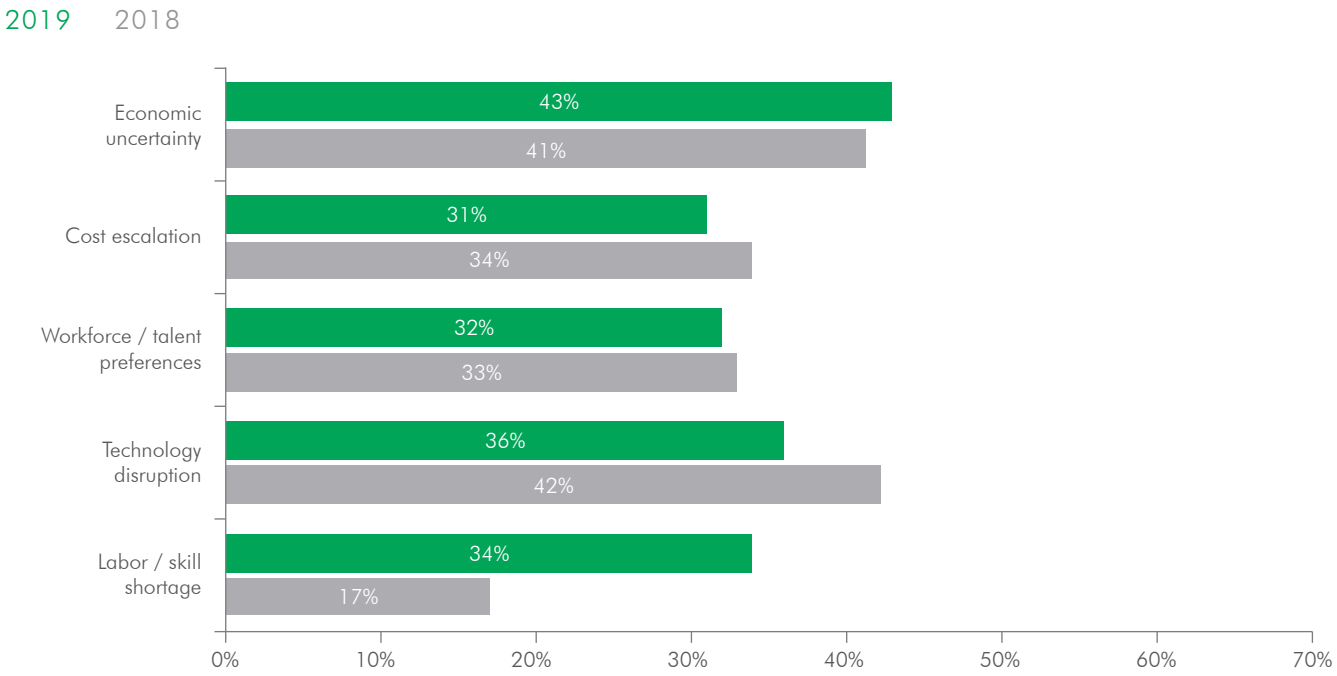
INTRODUCTION

Balancing a range of competing – sometimes conflicting – priorities in assembling and managing real estate portfolios isn't a new challenge for corporates. But the range of tools available to occupiers is expanding rapidly and, more importantly, the primacy of people and the growing need to deliver high quality user experiences to the workforce are coming to dominate decision-making. Over a third of companies see labour and skills shortages as a key strategic challenge, double last year's result (See Figure 1), although the mix and order of factors varies greatly by sector (See Table 1). Fundamentally the challenge faced by occupiers is how to procure, design and curate real estate across different locations, functions and formats in a way that optimises human capital.

These challenges are particularly acute for specific business functions – notably those that need to attract digital or data scientist talent, which is already scarce and in growing demand across all industry types. Given this war for talent, every effort is being made to invest in the best possible environments to make the existing workforce both more efficient and, where possible, more productive.

FIGURE 1: TOP OF MIND PRIORITIES

GREATEST CHALLENGES FOR FUTURE OPERATIONS



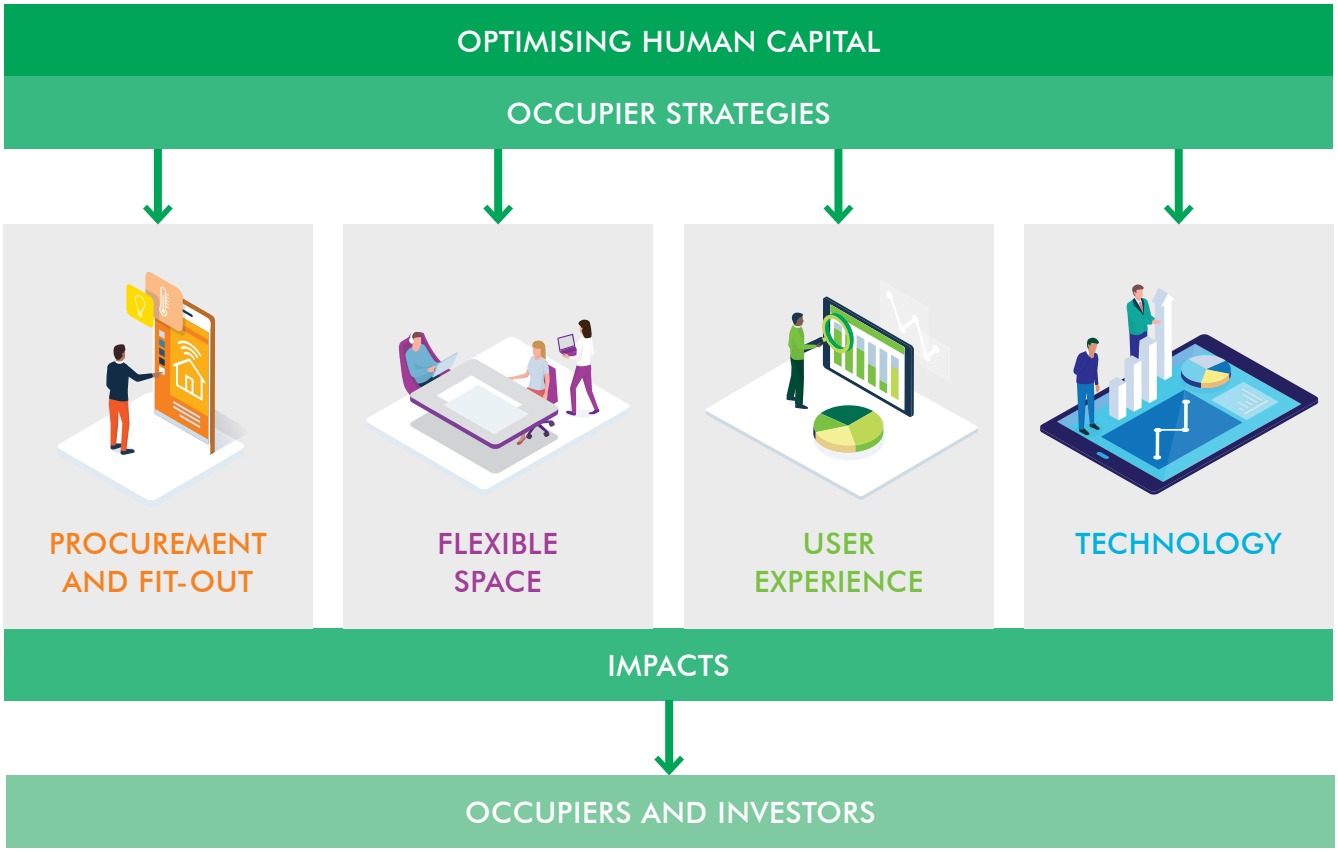
Source: CBRE Research, 2019

TABLE 1: TOP FIVE GREATEST CHALLENGES BY SECTOR

	TECHNOLOGY	BANKING & FINANCE	LIFE SCIENCES	PROFESSIONAL SERVICES
1	Workforce/talent preferences	Technology disruption	Tighter regulation or legislation	Economic uncertainty
2	Cost escalation	Economic uncertainty	Workforce/ talent preferences	Labour/ skills shortages
3	Technology disruption	Tighter regulation or legislation	Cost escalation	Workforce/ talent preferences
4	Economic uncertainty	Cost escalation	Competition from emerging markets	Cost escalation
5	Labour/skills shortages	Geopolitical issues	Economic uncertainty	Technology disruption

Source: CBRE Research, 2019

FIGURE 2: THE FOUR PILLARS OF OCCUPIER SPACE STRATEGY



Source: CBRE Research, 2019

The 2019 CBRE EMEA Occupier Survey identified four major real estate levers through which companies are seeking to influence and enhance their appeal to skilled labour (See Figure 2). These are:

- Procurement and fit-out strategy
- Flexible space strategy
- User Experience strategy
- Technology strategy

Clearly there are links between these different areas of strategy. The challenge for companies is to establish both a clear and effective approach to each element separately; and to identify the synergies available from combining elements of all four. There will be an experimental element to this process since optimal solutions are not always obvious or established, and are likely to be company- or even function-specific.

At the same time, shifts in occupiers' preferences regarding building selection, design, management, technology and amenity provision have implications for investors and developers. Occupiers will always be cost-sensitive, but the survey provides evidence that they are increasingly willing to pay premium pricing for workplace environments that offer a greater focus on

packaging more tailored user experiences. In turn this means building up, and critically assessing, evidence on settings that can enable both the attraction and retention of talent, and enhance the productivity of the business environment which supports them. Occupiers' price preferences for tech-enabled or amenity-rich buildings should also inform design and build specification in new developments, capex profiles for existing stabilised assets, and value gradients across buildings of different quality.

We anticipate that corporate demand will become increasingly segmented as occupiers start to more intelligently package spaces, services and amenities. This will see an accelerating shift away from generic workplace standards towards customised solutions that more specifically match the needs of individual business functions. This may be in a single self-contained workplace environment, or via a range of discrete solutions integrated through digital applications and platforms.

Fundamentally the challenge faced by occupiers is how to procure, design and curate real estate across different locations, functions and formats in a way that optimises human capital

PROCUREMENT AND FIT-OUT: THE DRIVE FOR USER-FRIENDLY BUILDINGS

The internal characteristics of the building such as floorplate design and, especially, favourable lease options are becoming increasingly important

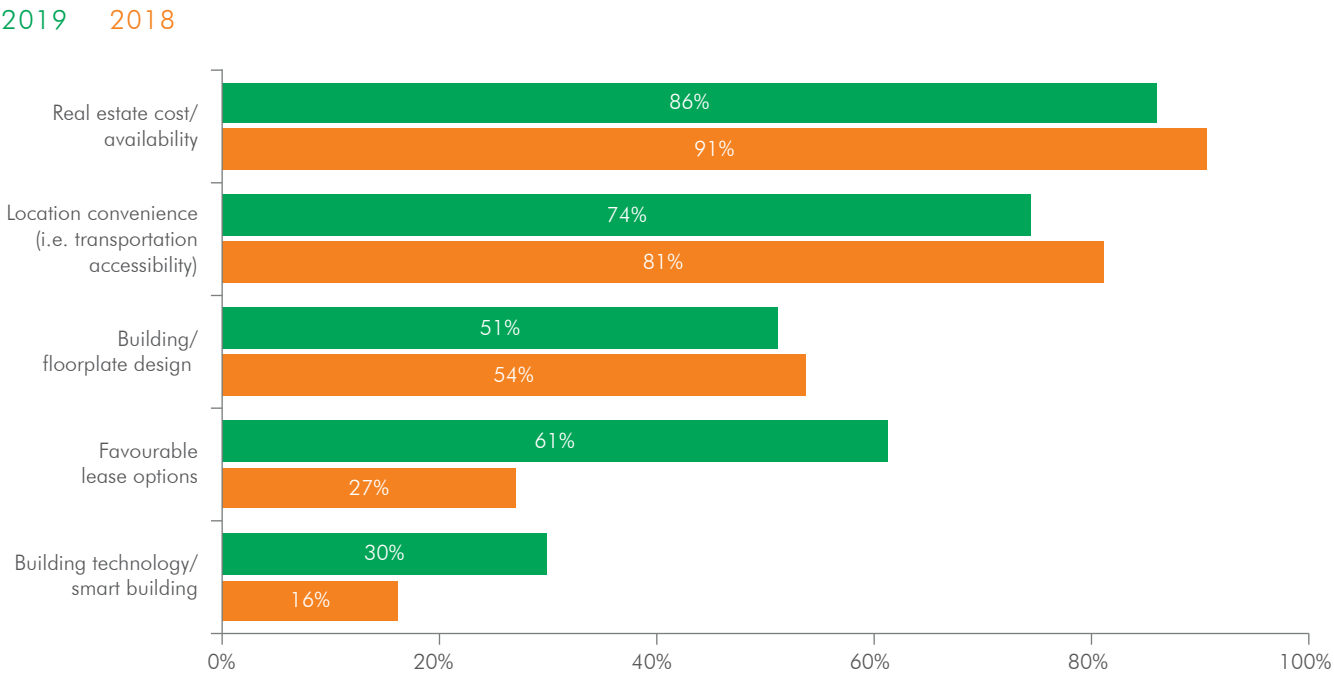
The factors that determine occupiers' building-selection decisions provide some clues to their preferences around fit-out and delivery. While these decisions are still dominated by the cost and availability of real estate, the internal characteristics of the building such as floorplate design and, especially, favourable lease options are becoming increasingly important (See Figure 3). Which leasing method do occupiers prefer, and how does this vary across locations and functions?

In part this just reflects a desire for greater flexibility in design and leasing (See Page 14), but it also stems from changes in the relative importance of different elements of CRE strategy: in short, people are becoming even more important. In last year's survey cost-reduction was the single most important driver of CRE strategy and employee engagement was fourth. This year, cost-reduction has dropped to fourth, employee engagement is second and talent attraction & development is third (See Table 2).

68% See employee engagement as a key part of CRE strategy

FIGURE 3: LEASE OPTIONS INFLUENCING BUILDING DECISIONS

MOST IMPORTANT FACTORS DRIVING BUILDING SELECTION WITHIN A MARKET



Source: CBRE Research, 2019

TABLE 2: PEOPLE-CENTRIC CRE STRATEGY

TOP FIVE ELEMENTS OF CRE STRATEGY

	2019	2018
1	Alignment with corporate goals	Cost-reduction
2	Employee engagement	Alignment with corporate goals
3	Talent attraction and development	Strategic portfolio management
4	Cost-reduction	Employee engagement
5	Strategic portfolio management	Corporate growth and contraction

Source: CBRE Research, 2019

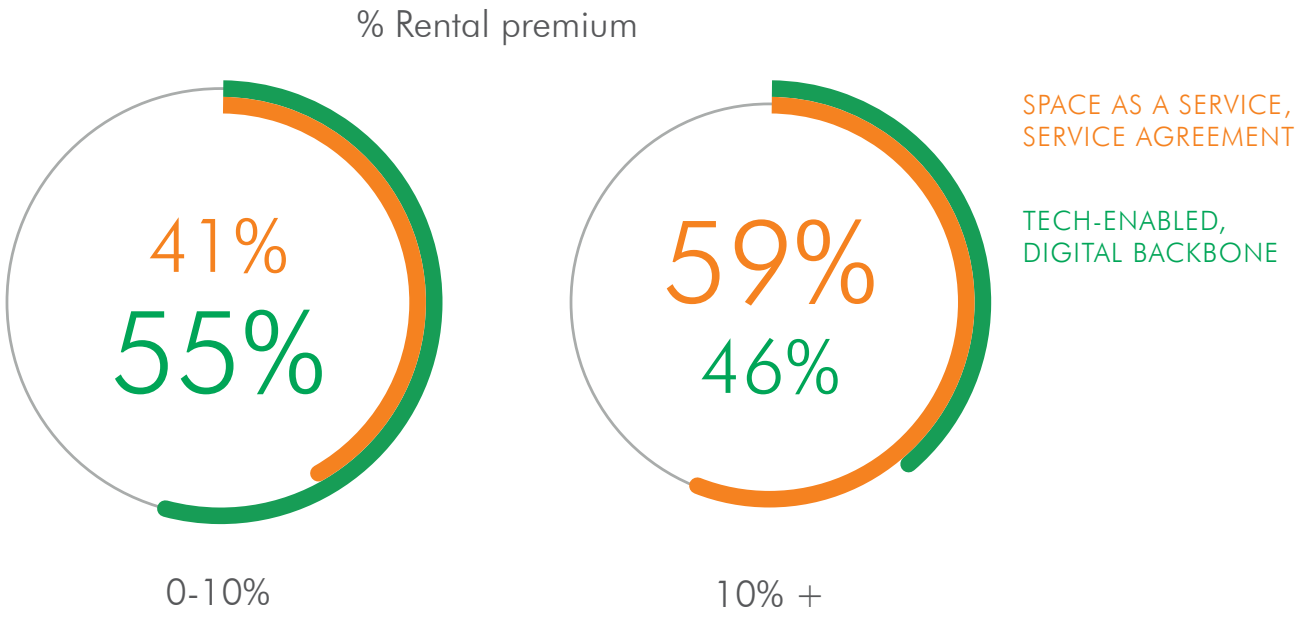
This shift is also evident in procurement and fit-out preferences, but not yet in a way that suggests we have reached a steady-state consensus. On the one hand, occupiers express a willingness to pay a rent premium both for superior technology and, to an even greater extent, superior services and amenities. Nearly 60% of occupiers would be willing to pay a premium of at least 10% over typical prime rents for a curated high-amenity offer under a service agreement, compared with 46% who would pay a similar premium for a fully-tech enabled smart building (See Figure 4). Sector differences are again evident: technology companies for instance would be far less-inclined to pay a rental premium for high-amenity space (34%) or for tech-enabled space (28%) than the sample as a whole, perhaps because of higher entry standards or levels of self-provision.

The indication that occupiers place greater value on service than on technology also reflects the primacy of the people and skills agenda, but it doesn't mean that there is an instant and widespread shift in favour of highly-specified building formats. Traditional forms of delivery still dominate companies' preferences for taking a lease in a new building, with Cat A and Shell and Core formats between them representing the preferred delivery format for 67% of respondents, with "non-traditional" formats (landlord-fitted to Cat B or fully-furnished high-amenity space) accounting for the remaining 33% (See Figure 5).

This raises interesting questions around the optimal mix of space types and service levels in a new building. It looks increasingly as though buildings that offer an adaptable mix of fit-out types, traditional vs flexible space, diverse working environments, price points and amenity & tech enablement will compete best for occupiers. Delivering this will require landlords and developers to assess the extent to which they need to "create community" from nothing: in the case of large units in city centre locations it is often ready-made, and recognised as such by occupiers. Above all it requires a clear evidence-based understanding of appetite, intended usage, mix and pricing by both occupiers and landlords.

FIGURE 4: GREATER PREMIUM ON SERVICE THAN ON TECH

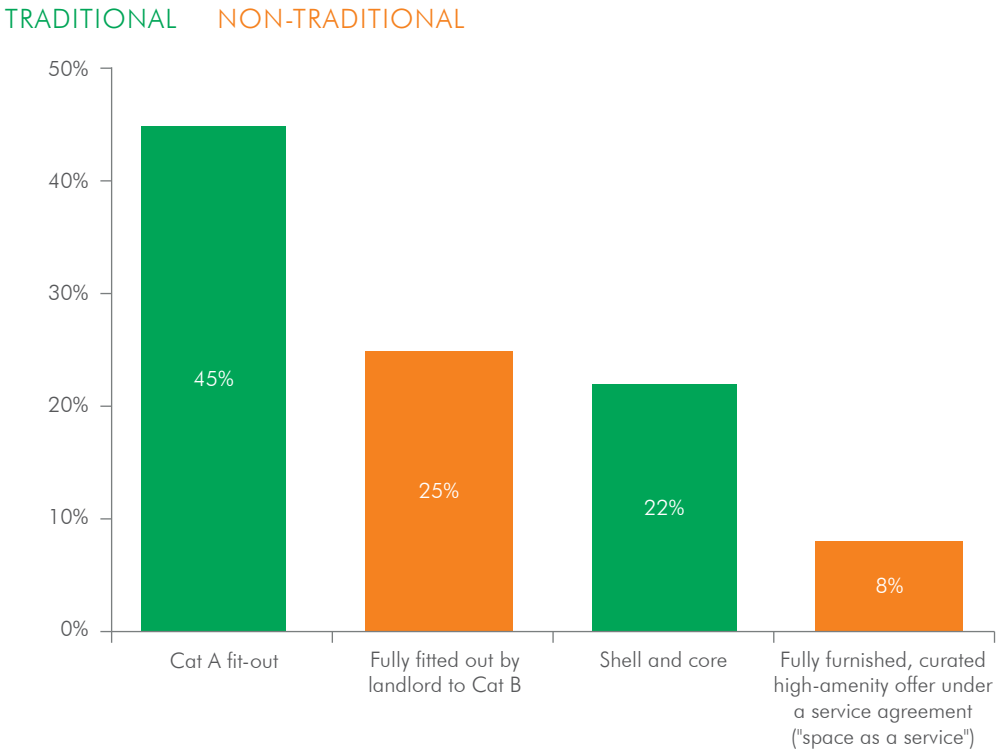
WILLINGNESS TO PAY PREMIUM FOR SPACE-AS-A-SERVICE VS TECH-ENABLED BUILDINGS



Source: CBRE Research, 2019

FIGURE 5: TRADITIONAL LEASE ARRANGEMENTS STILL DOMINATE

PREFERRED ARRANGEMENT FOR TAKING A LEASE IN A NEW BUILDING



Source: CBRE Research, 2019

Nearly 60% of occupiers would be willing to pay a premium of at least 10% over typical prime rents for a curated high-amenity offer under a service agreement

THE FLEXIBLE SPACE AGENDA CONTINUES TO EVOLVE

The use of flexible space as a way of attracting and retaining talent (28%) is ten percentage points higher than a year ago

For some time corporates have identified a role for flexible space as part of a range of solutions to their space needs. This is a very fast-moving agenda, with the scale of corporate appetite for flexible space reflecting their growing ability to pursue multi-track space strategies for different functions, and to anticipate and respond to changes in demand levels. What is the corporate appetite for flexible space and of what type?

The survey points to continued growth in corporate demand for flexible space, with 45% of companies expecting to make significant use of flexible space over the next three years, compared with 25% currently. Conversely the proportion expecting to make little or no use of flexible space shrinks from 75% currently to 54% in the next three years (See Figure 6).

FIGURE 6: FLEX SPACE ON THE RISE

CURRENT AND FUTURE FLEX SPACE USAGE

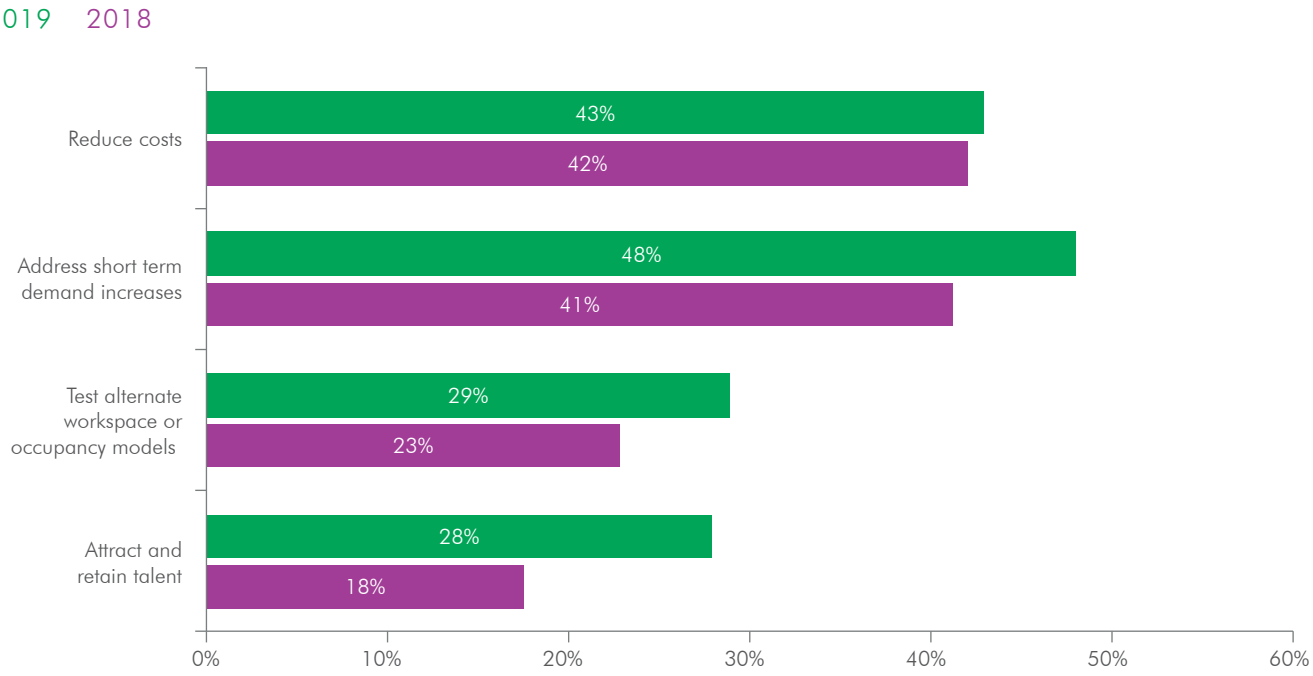
Source: CBRE Research, 2019

So far so unsurprising – but the reasons behind this increase, and the range of preferences for different types of flexible space are more revealing. While cost reduction and accommodating short-term demand increases are still the main motives, the use of flexible space as a way of attracting and retaining talent (28%) is ten percentage points higher than a year ago. Nearly a further third (29%) see it as a way of testing alternate workspace models, up by six percentage points from the previous year (See Figure 7). In other words, companies increasingly view flexible space as a way of supporting their talent agenda, and in many cases are still at an experimental stage of deciding the best approach to the issue.

Occupiers are increasingly aware that there is a spectrum of possibilities across different types of flexible space

FIGURE 7: TALENT A GROWING REASON FOR FLEX

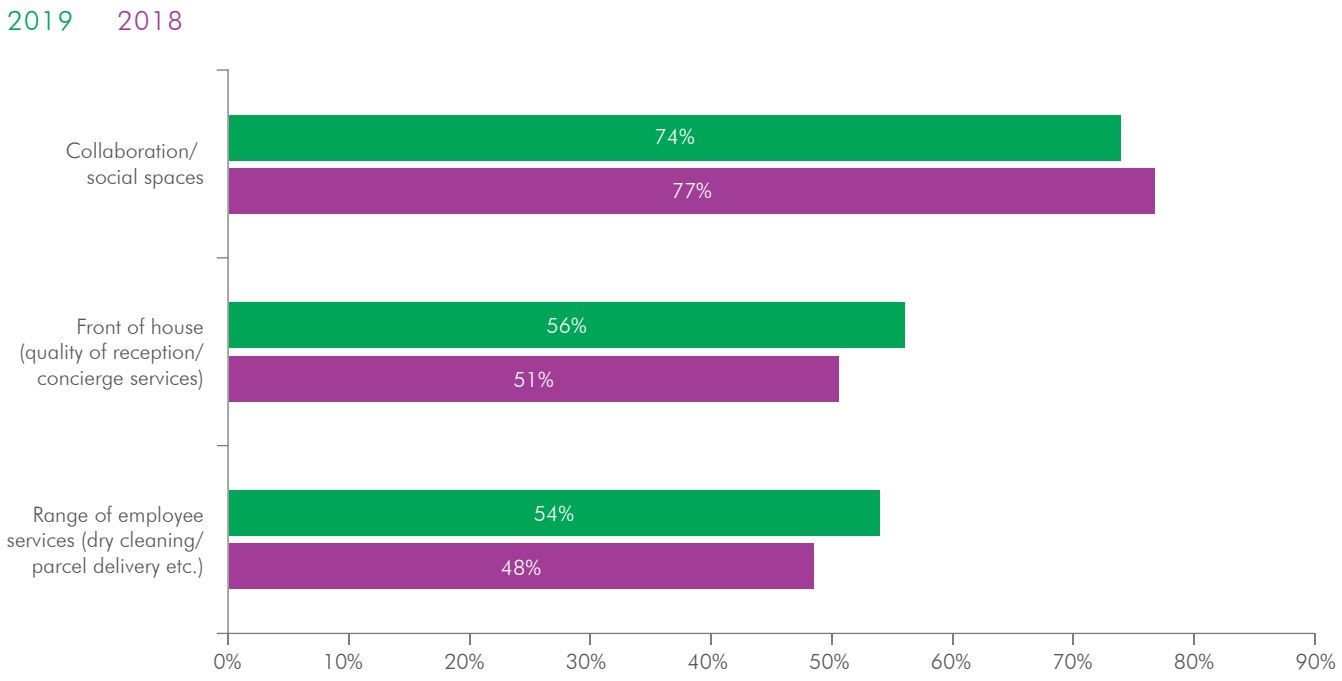
REASONS CITED FOR USING FLEX SPACE



Source: CBRE Research, 2019

FIGURE 8: PRIORITY SERVICES PROVISION

SERVICES OCCUPIERS ANTICIPATE HAVING TO PROVIDE IN THE FUTURE



Source: CBRE Research, 2019

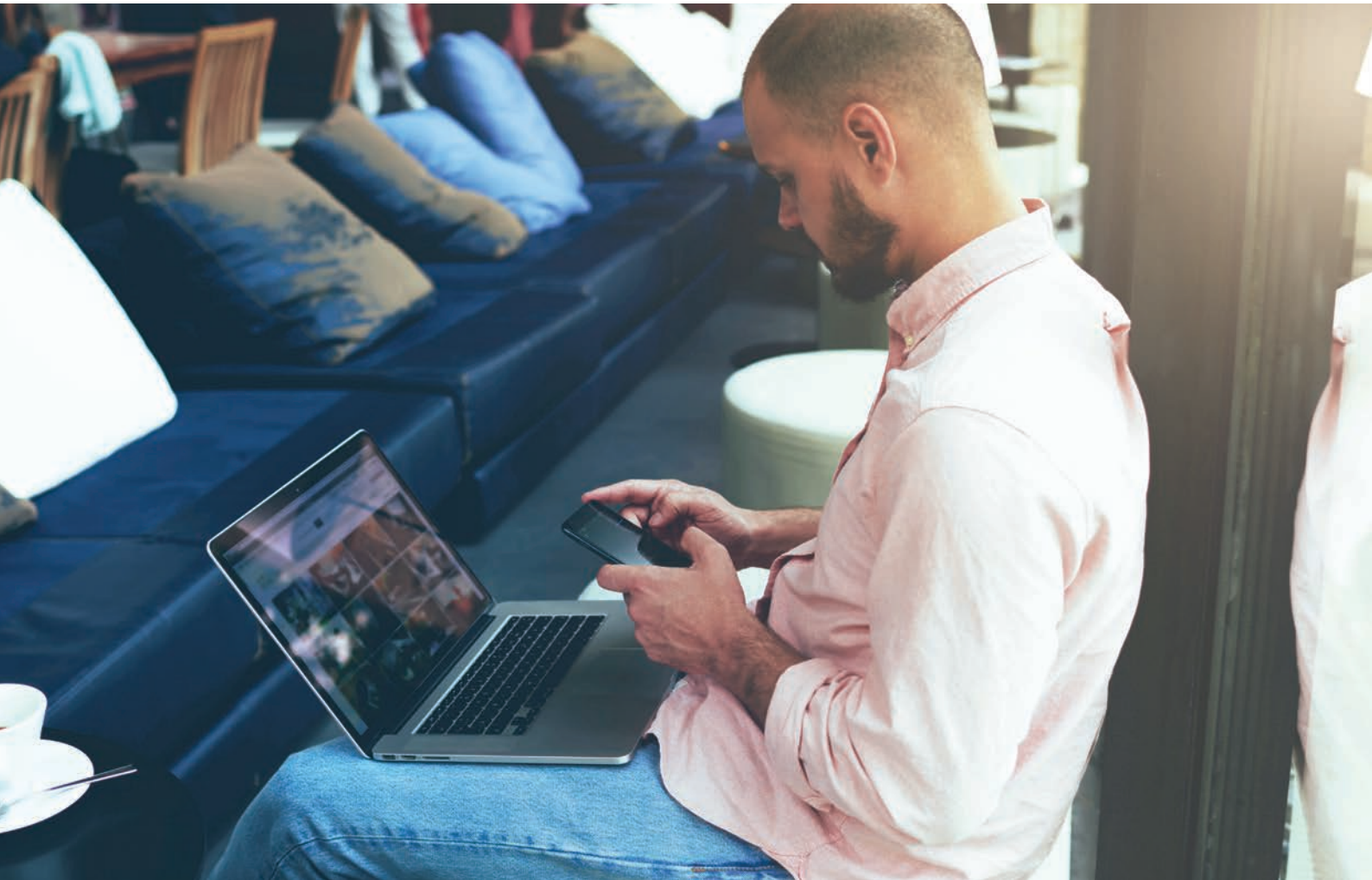
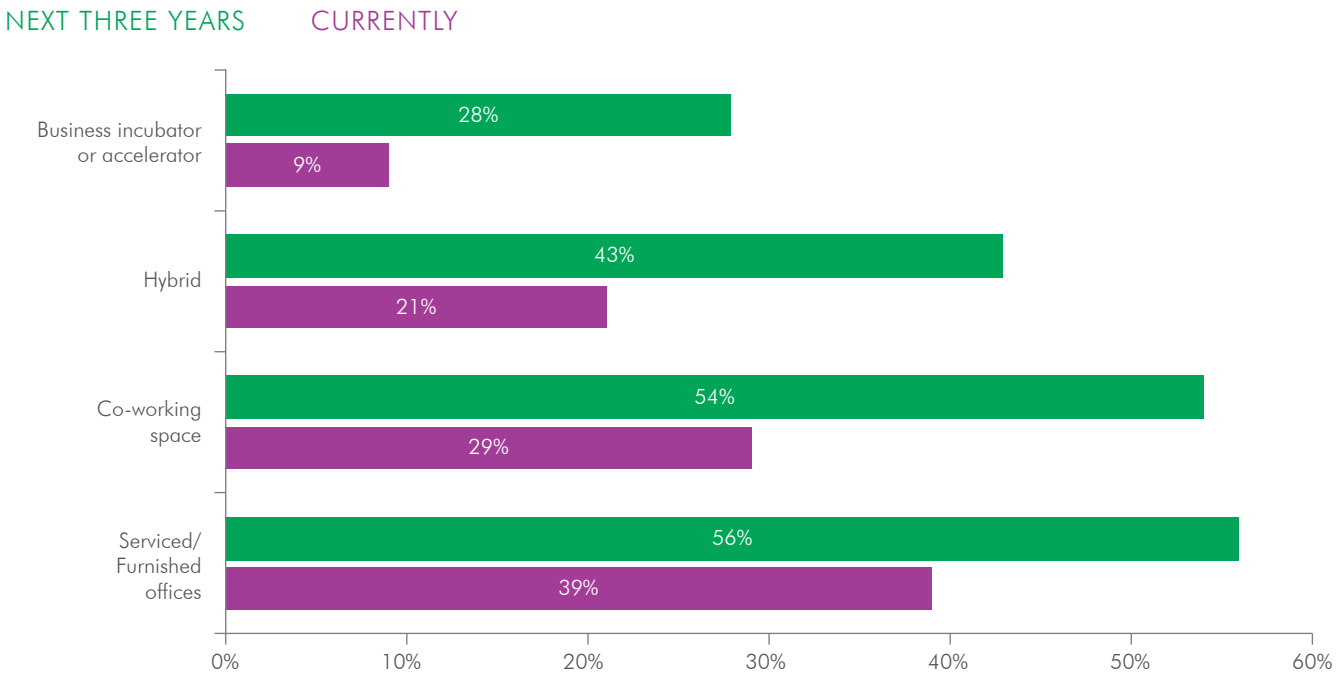


FIGURE 9: SERVICED OFFICES MORE POPULAR?

SIGNIFICANT USE OF DIFFERENT TYPES OF FLEX SPACE

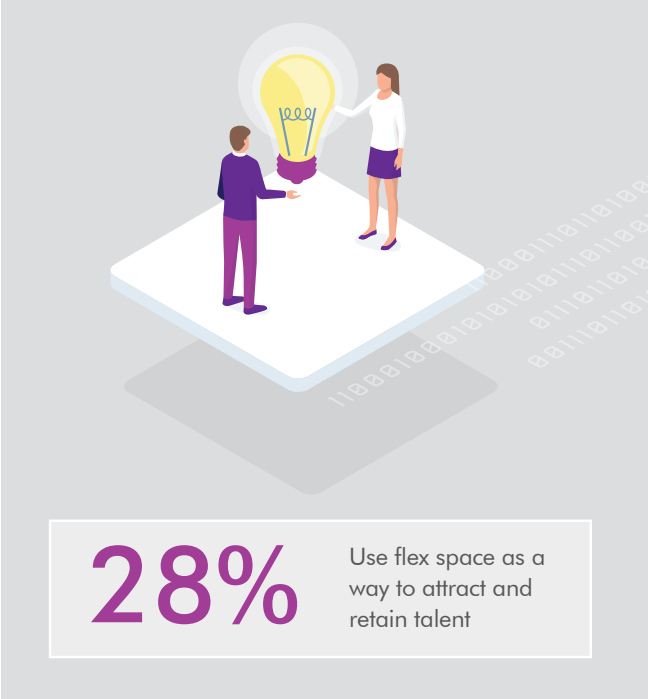


Source: CBRE Research, 2019

These findings should be viewed alongside the range of services and amenities that occupiers want – and the range of different ways of satisfying them. Among the services that occupiers expect to have to provide – either directly or through their landlord – three dominate. These are: collaboration and social spaces (74%); front-of-house services such as reception and concierge (56%); and employee services such as dry cleaning and parcel delivery (54%). The second and third of these are increasing in popularity compared with last year (See Figure 8).

The growth in demand for flexible space can be seen as one way of satisfying these aims – but not the only way. Occupiers are increasingly aware that there is a spectrum of possibilities across different types of flexible space, and intend to expand their use of flexible space over the next three years across all types. It is notable that serviced/furnished offices are a slightly more popular future option than co-working space (See Figure 9), perhaps indicating that the supposed benefits of "community" for large corporates are overdone, or that they can be satisfied in other ways such as selection of central, amenity-rich locations.

One other notable feature is the 22 percentage point increase in intention to use hybrid space, which points towards a growing segmentation of function and space and perhaps a willingness to adapt occupancy patterns rapidly across different office formats.



We will see growing segmentation of function and space, and perhaps a willingness to adapt occupancy patterns rapidly across different space formats

Combined with the preparedness to pay a premium for both high-service and tech-enabled space, and the preference of some occupiers for non-traditional delivery methods, this suggests a growing opportunity for providers of traditional space. The findings show that flexible space, although growing in popularity, is not viewed as "better" in all contexts. Traditional space that offers similar or superior attributes – better tech, security/resilience, amenity, flexibility and the opportunity for personalisation – could be as appealing.

Establishing the optimal mix of formats in a new building, and the returns available from repositioning legacy space, is a key challenge for landlords and developers. We see a strong future trend for the evolution of highly-adaptable hybrid space that can evolve with occupiers' skills and service needs. In part this is because more mature corporate occupiers are beginning to recognise that many co-working environments fall short of their internal requirements in relation to information security, privacy, IT resilience, acoustic or design standards, and so see more dedicated 'serviced' suites as better meeting their needs. We anticipate that hybrid solutions offering a balance of dedicated offices, meeting spaces and small co-working areas will prove increasingly popular. This is already evident in some sectors: over 50% of professional services companies, for instance, intend to make significant use of hybrid space over the next three years compared with only 30% of life sciences companies.

Some occupiers will choose to partner with traditional landlords to take the best features and benefits of the 'flex' industry and adapt them for their own demised areas. This would still require close collaboration with progressive landlords who are prepared to offer increased commercial flexibility and can deliver service- and amenity-rich spaces, which can support employee demands for an optimised user experience.

We anticipate that hybrid solutions offering a balance of dedicated offices, meeting spaces and small co-working areas will prove increasingly popular

TOWARDS AN ENHANCED USER EXPERIENCE

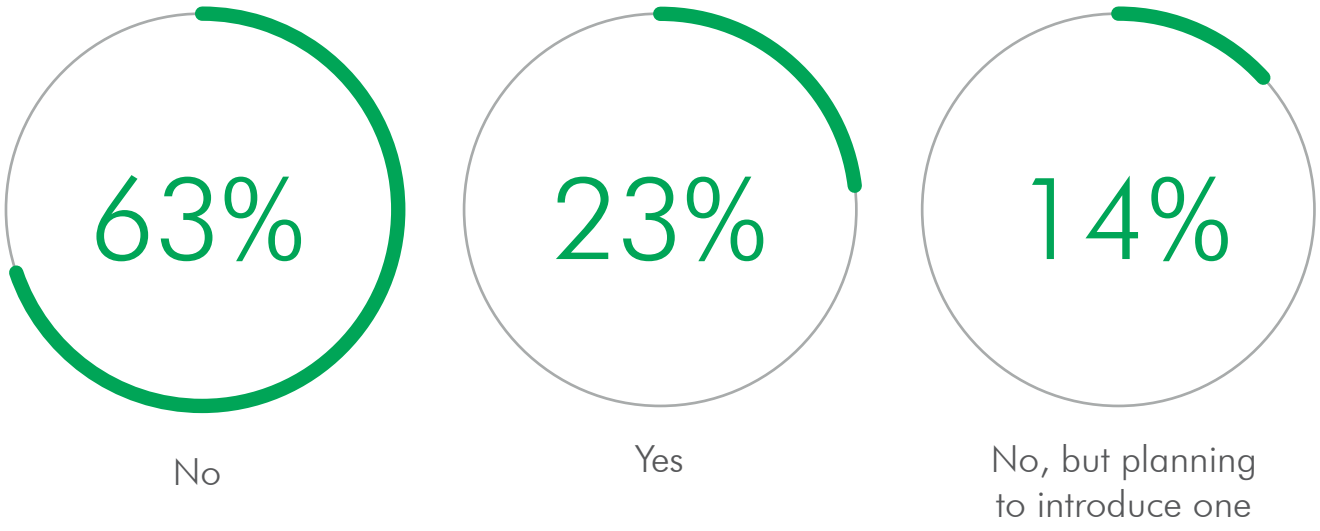
Just over a third of companies have plans to hire a User Experience lead, indicating that the incidence of formal UX programmes will rise

Given the overriding focus on people, one way of harnessing and curating the needs of the workforce (and perhaps the wider community of clients and other stakeholders) around amenity, environment and service is to implement a formal User Experience (UX) programme. The survey findings suggest that this is not yet a widely-adopted approach but that, where deployed, there is a strong focus on the quality of physical environment and also a willingness to pay for superior UX credentials. How can companies take UX to the next level?

Currently only 37% have a formal UX strategy or plan to introduce one (See Figure 10) and, perhaps surprisingly, this is more prevalent among technology firms (70%) than any other sector. It may be that some companies, while aiming for the same kind of outcomes, don't see the need for a formal programme. However, for those that do, 63% view it as a key competitive advantage and nearly half (48%) see it as part of a wider change programme. In other words it is not just a cosmetic exercise, but one backed up by strategic thinking as to the aims, benefits and overlap with other corporate initiatives.

FIGURE 10: USER EXPERIENCE STRATEGIES STILL A MINORITY PURSUIT

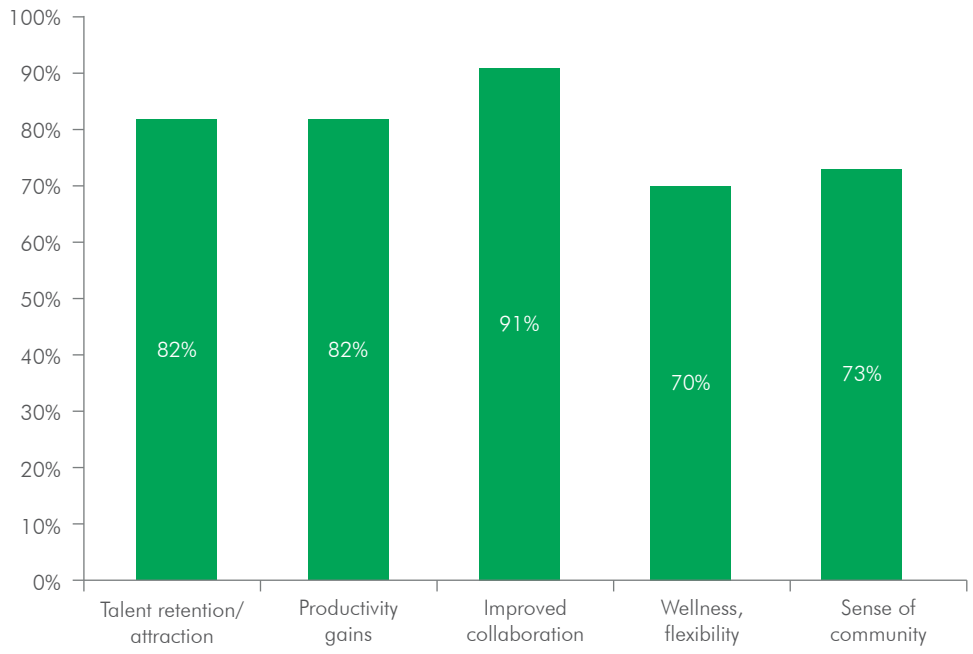
DO CORPORATES HAVE A FORMAL USER EXPERIENCE (UX) STRATEGY?



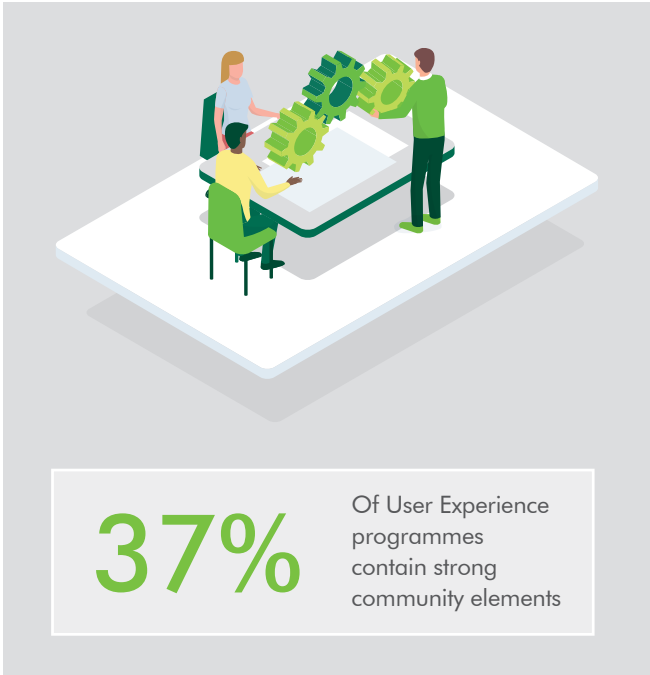
Source: CBRE Research, 2019

FIGURE 11: COLLABORATION AND TALENT IN FOCUS

PRIORITY AIMS OF UX PROGRAMMES



Source: CBRE Research, 2019



At the same time, just over a third have plans to hire a User Experience lead so it seems likely that the incidence of formal UX programmes will rise. And while adoption has been limited so far, the priority aims are again people-focussed: improved collaboration (91%); productivity gains (82%) and talent retention & attraction (82%) (See Figure 11). This last point is despite the fact that relatively few (28%) companies that have a UX programme introduced it out of concern about loss of labour to competitors who might have a better one. In other words the absence of a UX programme is not seen as carrying a risk of higher attrition rates, but the presence of one is seen as delivering significant benefits to the workforce.

Two-thirds say that landlord provision of superior UX would influence their choice of building, and about the same percentage would be prepared to pay a premium for it

In terms of UX content, there are four potential components – environment, amenities, community and process – of which the first two are the most common areas of focus. The emphasis on aspects of environment such as thermal comfort and security (86%) and amenities such as food and fitness (69%) point towards a focus – currently at least – on the physical elements of the building (See Figure 12).

The fact that community elements such as internal events and volunteering opportunities attract a much lower rating (37%) doesn't mean that they are inherently unimportant – some corporates satisfy these aims by other means, or don't incorporate them in a formal process. And we see the focus on environment and amenities as being the first stage in a sequence: putting in place "brilliant basics" before introducing refinements. We expect formal UX programmes to become both more widely-adopted and more extensive in their scope.

FIGURE 12: UX PROGRAMMES FOCUSSED ON PHYSICAL ELEMENTS

COMPONENTS COVERED IN UX STRATEGY

Source: CBRE Research, 2019

Finally, even though a minority of companies currently have a UX programme, the issue does have a bearing on building choice and price. The fact that the focus of UX programmes is heavily skewed towards the physical aspects of building design provides an opportunity for landlords to deliver UX-appropriate space. And occupiers are willing to pay for it: two-thirds say that landlord provision of superior UX would influence their choice of building, and about the same percentage would be prepared to pay a premium for it. There is mileage in landlords assessing the economics of delivering UX-enabled buildings and the scope for sharing the costs of doing so.

At the same time, two-thirds of respondents highlight aspects such as tech enablement tools as a key driver of UX programmes. In this sense UX forms one element of occupiers' broader approach towards tech investment strategy – an area we cover in more detail in the next section.

TECHNOLOGY STRATEGY: ALIGNING TECH, TALENT AND TECH-TALENT

Increasingly technology is viewed as the means of achieving people-centric ends

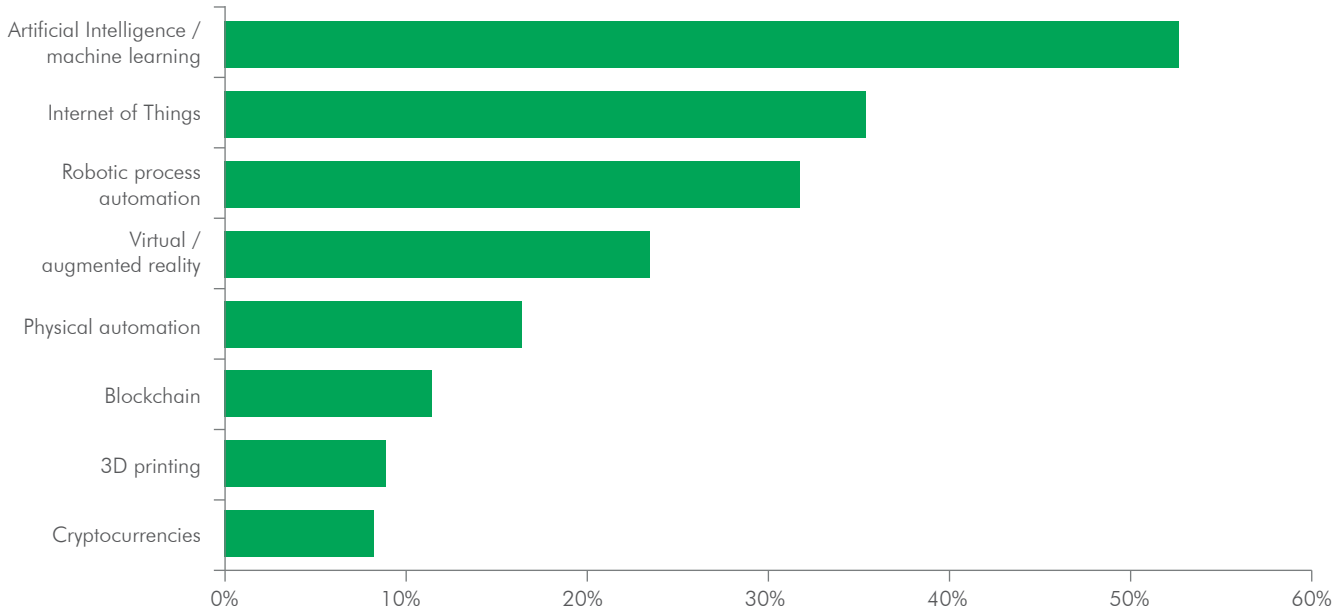
Technology strategy – building technology, skills and process design – continues to be a major area of focus. While lower compared with the previous year, concern about the impact of technological innovation on business operations is still evident among a majority of occupiers: 60% of companies expect technological innovation to have a high or very high impact on their operations over the next three years.

And they are becoming clearer about where this impact is likely to come from: 83% ranked artificial intelligence and machine learning in their top three technology concerns, followed by the Internet of Things (56%) and Robotic Process Automation (50%) (See Figure 13).

With these as the priority concerns, how are companies framing their approach to real estate technology investment and procurement of technology skills? In response to anticipated technology disruption, but just as importantly to take advantage of the benefits offered by new technology, a significant proportion (70%) intend to raise their level of investment in real estate technology in the next few years. A notably higher proportion (77%) of banking & finance companies express this aim.

FIGURE 13: TECHNOLOGY DISRUPTION: AI DOMINATES

TECHNOLOGY IMPACTS ON COMPANY OPERATIONS; RANKINGS IN TOP THREE



Source: CBRE Research, 2019

TABLE 3: PEOPLE-CENTRIC TECHNOLOGY

TYPES AND MOTIVES FOR REAL ESTATE TECHNOLOGY INVESTMENT

BUILDING AND EFFICIENCY FACTORS WORKPLACE AND PEOPLE FACTORS

	Types of tech are people-centric	
	Current	Future
1	Smart building sensors (for occupancy management)	Occupant navigation apps
2	Energy management controls	Connected external IoT
3	Predictive analytics	Predictive analytics

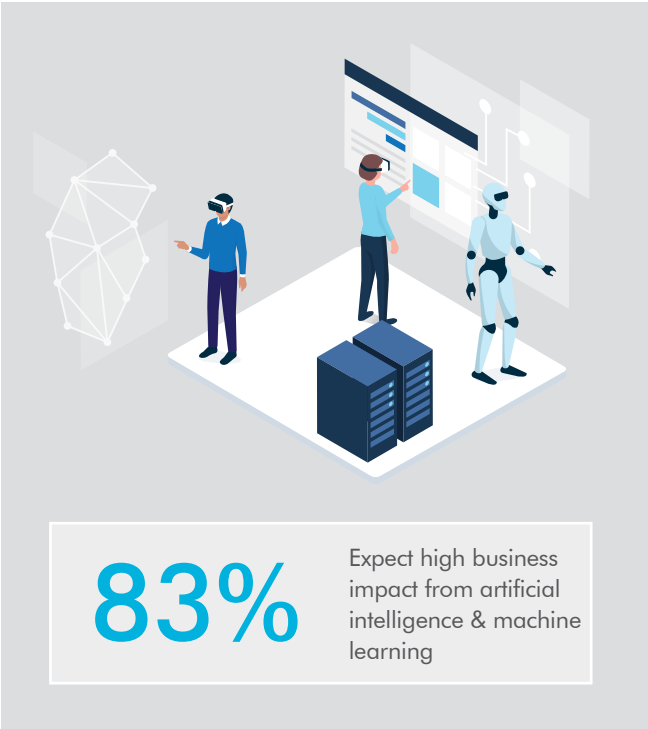
	Motivations for tech are people-centric	
	Current	Future
1	Building/FM	Occupancy management
2	Energy management	Operational efficiency
3	Occupancy management and operational efficiency	User experience and productivity

Source: CBRE Research, 2019

As with several other aspects of the survey, the favoured technologies and the motives for deploying them, reflect a marked shift towards people-related objectives. Increasingly technology is viewed as the means of achieving people-centric ends.

Currently, the two most popular real estate technologies are smart building sensors for occupancy management and energy management controls – effectively building and efficiency factors. By contrast future intentions for real estate technology investment focus on occupant navigation apps and connect external IoT, both more people-centric applications. And the motives behind real estate tech investment intentions reflect the same shifts: the current preoccupation with building and energy management/FM is replaced by a focus on occupancy management, with user experience/productivity also newly appearing in the top three reasons for pursuing tech investment (See Table 3).

Part of this issue for companies is how best to develop, or acquire, the skills necessary to enable and deliver their real estate technology aims. Is it more effective to equip the existing workforce – through digital transformation – to become more tech-savvy; or to hire ready-made specialist tech skills to do the data analysis necessary to support the aims of tech strategy?



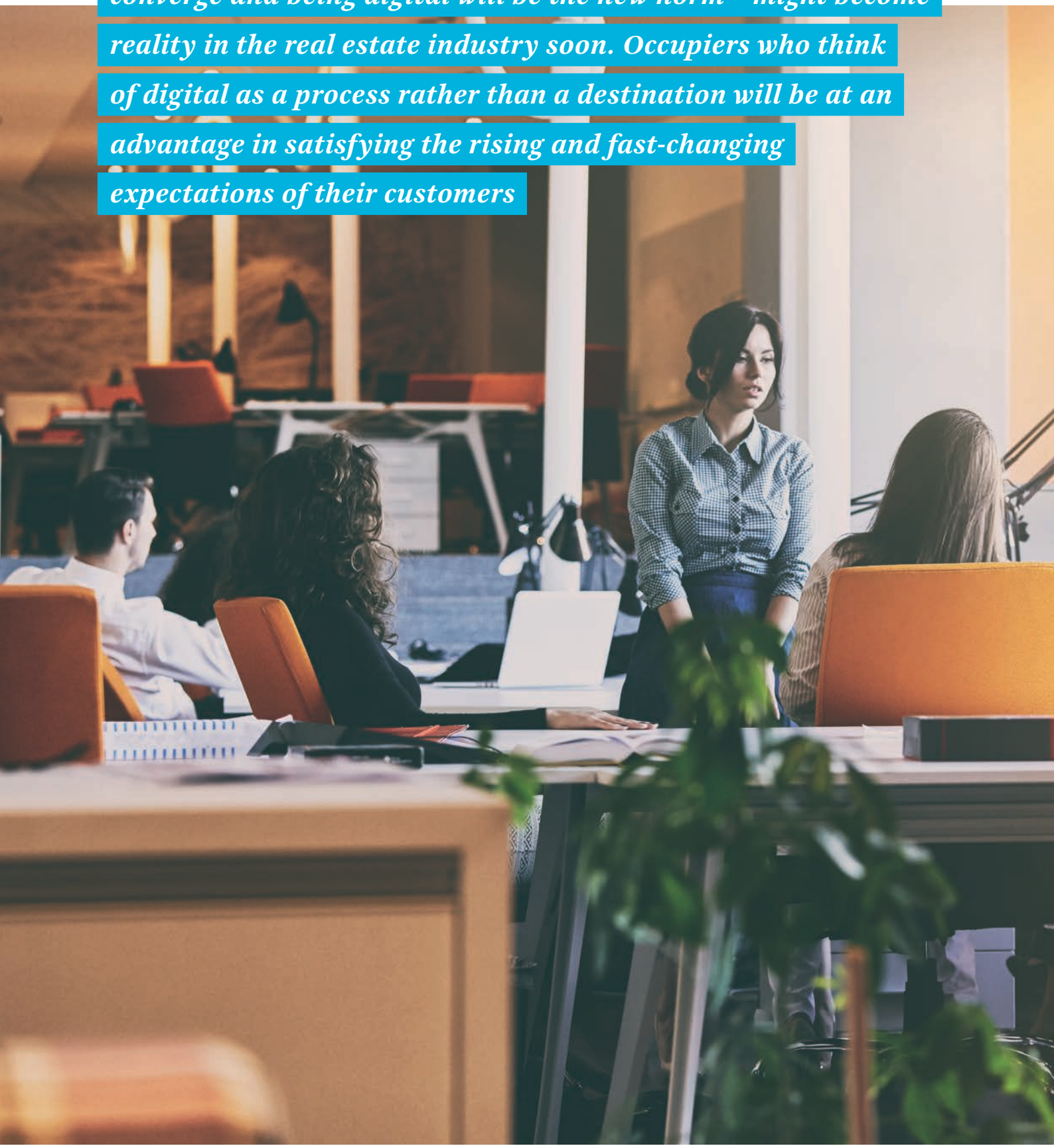
Is it more effective to equip the existing workforce – through digital transformation – to become more tech-savvy; or to hire ready-made specialist tech skills to do the data analysis necessary to support the aims of tech strategy?

In reality for the majority of occupiers, this is not an "either-or" question since elements of both are likely to be important, but the survey findings shed interesting light on the preferred approaches. Plans to bring in new skills are far from universal but, where they do exist, user experience leads and digital transformation officers are more favoured roles than data scientists. On the face of it this looks counter-intuitive: after all, predictive analytics have been among the three most-favoured technologies for each of the past two years and it takes specialist skills to curate all this information.

What might be happening here? It looks to us that companies have become aware – sometimes through bad experience – of the need to devote resource to collating, organising and documenting information before letting data scientists loose on it. Companies need to get their data house in order as a precursor to large-scale "big-data" analyses. In other words the initial task of data consultancy, assembling and organising data, is part of the remit of digital transformation officers: effectively gowning and sedating the patient before surgery can start.

In addition, the limited appetite to hire data scientists directly doesn't necessarily mean that they are viewed as unimportant, more that there may be better ways of gaining access to them. The ability to access this skill set through specialist outsourced providers, including proptech firms, may be an increasing preference that can also include a data consultancy element. Another positive by-product is that it may help firms in determining where to locate niche tech skills. Some evidence suggests that locating them alongside other scientists, entrepreneurs, venture capitalists and so on, is more likely to succeed than housing them in a "corporate" environment. Exploring the scope to develop specialist stand-alone formats, such as in-house incubator hubs, is likely to become a more popular approach.

The post-digital era – where eventually every company will converge and being digital will be the new norm – might become reality in the real estate industry soon. Occupiers who think of digital as a process rather than a destination will be at an advantage in satisfying the rising and fast-changing expectations of their customers



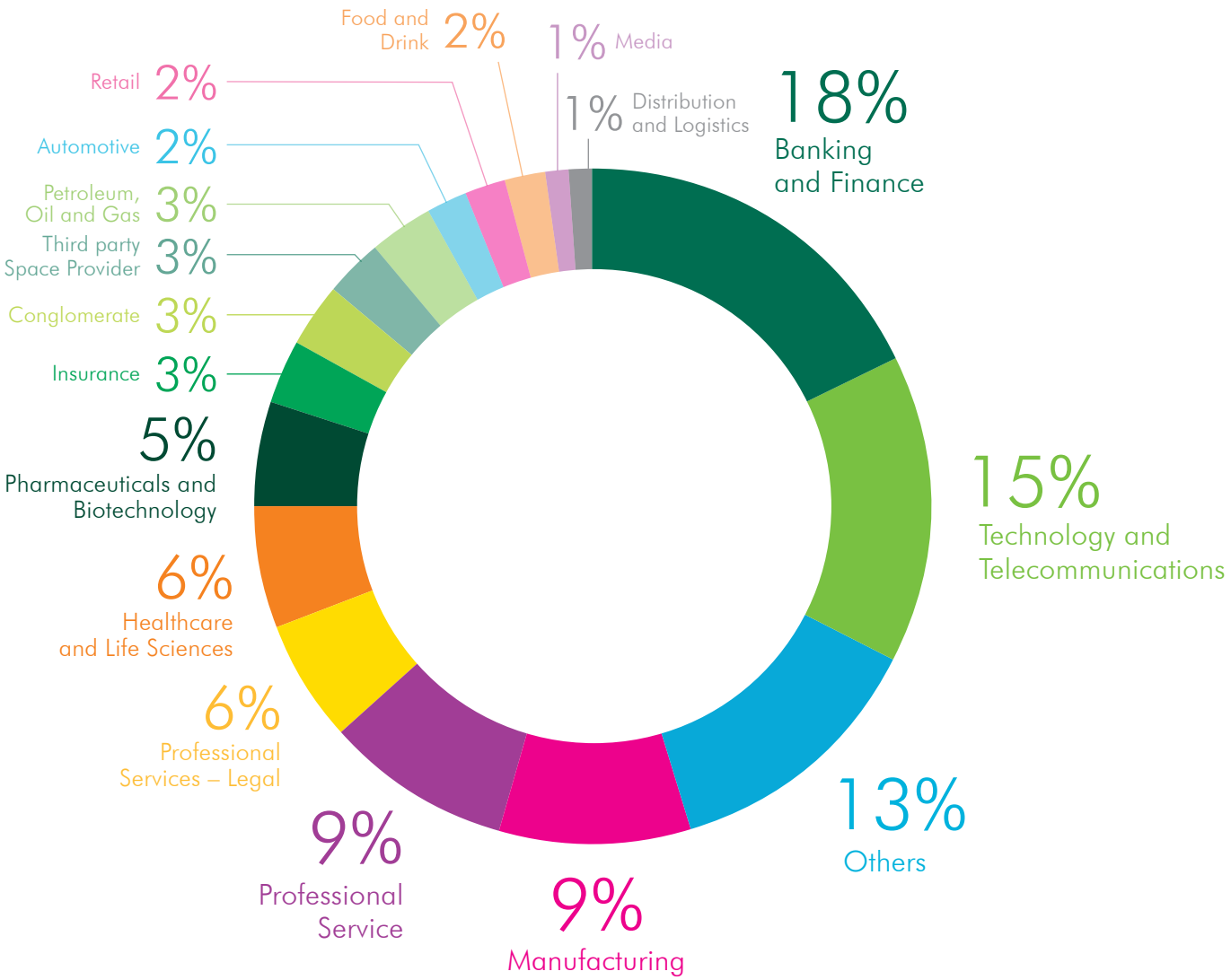
SUMMARY COMMENTS

In an environment where occupiers identify labour and skills shortages as a key strategic challenge, decision-making across a range of issues is increasingly dominated by the need to optimise human capital. This aim forms much of the basis of corporate real estate strategy, and drives decisions relating to the selection, design, management and format of corporate space. Against this background, strategies for skills, space and service are converging and should be viewed more as elements of a single initiative rather than separate exercises. This implies the need for closer collaboration between CRE and other business support functions, but it doesn't mean that uniform solutions will work across all business functions, locations and space types. On the contrary, it is likely to call for highly flexible and adaptable approaches underpinned by a coherent and dynamic data strategy.

APPENDIX: SURVEY METHODOLOGY

The 2019 survey covered 180 companies, from a broad range of sectors with banking & finance (18%), technology & communications (15%), professional services (15%), biosciences (11%) and manufacturing (9%) particularly prominent. Over 25% of the companies surveyed are headquartered in the UK, 17% in the US and just under half in continental Europe, with Germany, Switzerland and France the largest individual elements. Respondents were Heads of Corporate Real Estate or equivalent, of whom 40% have a global remit within their organisation, a third have regional (EMEA) responsibility, with most of the remainder covering individual countries.

FIGURE 14: SAMPLE COMPOSITION BY SECTOR



Source: CBRE Research, 2019

KEY CONTACTS

GLOBAL RESEARCH

Richard Barkham Ph.D., MRICS
Chief Economist, Global; Head of Research, Americas
t: +1 617 912 5215
e: richard.barkham@cbre.com
@RichardJBarkham

Neil Blake, Ph.D.
Head of Forecasting and Analytics, Global
t: +44 20 7182 2133
e: neil.blake@cbre.com
@NeilBlake123

Henry Chin, Ph.D.
Head of Research, APAC/EMEA
t: +852 2820 8160
e: henry.chin@cbre.com.hk
@HenryChinPhD

Spencer G Levy
Chairman & Senior Economic Advisor,
Americas Research
t: +1 617 912 5236
e: spencer.levy@cbre.com
@SpencerGLevy

Jos Tromp
Head of Research, Continental Europe;
Head of Thought Leadership and Data Strategy, EMEA
t: +31 20 626 26 91
e: jos.tromp@cbre.com

OCCUPIER RESEARCH

Richard Holberton
Head of Occupier Research, EMEA
t: +44 20 7182 3348
e: richard.holberton@cbre.com

James Pearson
EMEA Occupier Research
t: +44 20 7182 2623
e: james.pearson2@cbre.com

Julie Whelan
Head of Occupier Research, Americas
t: +1 617 912 5229
e: julie.whelan@cbre.com

Ada Choi
Head of Occupier Research, Asia Pacific
t: +852 2820 2871
e: ada.choi@cbre.com.hk

CBRE INSTITUTE

Karen Ellzey
Executive Managing Director, GWS Consulting
t: +1 617 869 6154
e: karen.ellzey@cbre.com

Matt Toner
Managing Director, CBRE Institute
t: +1 302 373 0903
e: matt.toner@cbre.com

Mike Gedye
Executive Director, Strategic Advisory | Occupier
t: +44 20 7182 3325
e: mike.gedye@cbre.com

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