

Top 10 Global CRE Trends



What are the turning points for change in tomorrow's re-imagined workplace?



Top 10 global CRE trends in 2020

Business success lies in staying ahead of the curve and predicting the right step to take next for people, profit and planet.

In the 5th edition of the Top 10 Global CRE Trends report, we identify the emerging turning points in business in 2020. We explore how firms can reinvent their corporate real estate strategies in response to ever-changing business priorities, a challenging operating landscape and a volatile economic environment.



2020: the shape of things to come

A challenging environment for corporate activity

COVID-19 has created a great deal of uncertainty. Governments, businesses and communities are facing up to the reality of COVID-19. One of the key questions facing companies is the duration of impact on their business activities, operations and real estate strategy. Businesses are likely to delay real estate decisions, slow down their activities, adjust their operations and review their CRE strategy in light of current operating environment.

The long-term societal and real estate implications could be felt for years to come, changing our ways of living and working. While approaches like remote working, sustainability initiatives and integration of technology could all be fundamentally altered by this global health crisis, it also presents opportunities for CRE teams and leadership to unlock potential and drive value.

We seek to outline the implications of COVID-19 in our latest edition of Top CRE trends for 2020.



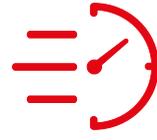
Top 10 global CRE trends in 2020



01

The Augmented Workplace

Digital workplace implementation will unlock human potential, enhance experience and drive human performance



02

Fast Data

Activation, quality, and governance of fast data will be important as data production and consumption increases manifold in 2020



03

The Conscious Workplace

An inclusive workplace attracts talent and can improve business performance



04

Metrics that Matter

Rising expectations call for a radical rethink of performance measurement in corporate real estate



05

Flex 2.0

CRE teams will find increasing opportunities to refine and futureproof flexible space strategy, creating workspaces that scale with growth



06

Innovation Geographies

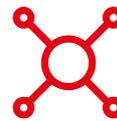
Cities are pivoting to the innovation economy to gain competitive advantage and to be 'future-fit'



07

Towards Net Zero

Rethinking day to day operations will be imperative to the transition into a net zero carbon economy



08

Ecosystem Thinking

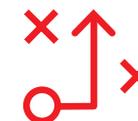
Enhanced collaboration with non-traditional partners and disparate sectors will invite positive industry disruption



09

Vibrancy

Environments and cultures will evolve to resonate with employees by meaningful placemaking and state of the art amenities



10

Adaptive CRE

CRE's operational model will continue to undergo transformation, shifting from solely being agile to being able to facilitate the adaptive future-ready enterprise

01

The Augmented Workplace



Digitally-enabled real estate

Digital workplace implementation will unlock human potential, enhance experience and drive human performance





Employee expectations

Augmentation

62%

believe intelligent technologies will create opportunities for their work

Source: Accenture (2018)

Work-Learn Mindset

67%

believe it will be important/very important to learn new skills to work with intelligent technologies in the next 3-5 years

Source: Accenture (2018)

Experience

54%

of building managers rated improving occupant comfort and well-being as “very influential” in shaping their firms’ real estate strategies

Source: Verdantix (2019)

Personalisation

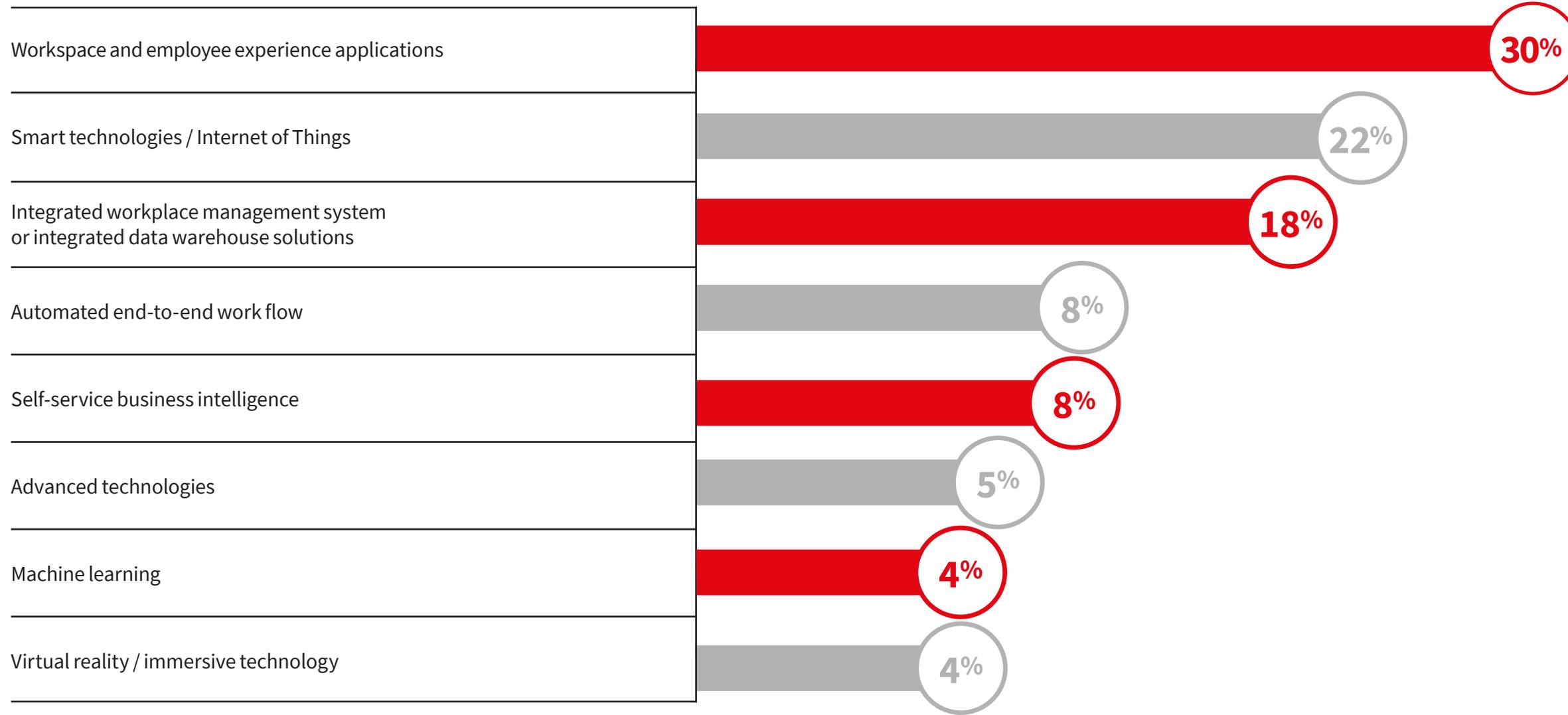
71%

would like a fully automated workplace, so working conditions could be adjusted in real time to individual preferences

Source: Aruba Networks (2019)



CRE technology investment priority





Leverage digital technologies
to create smarter, intuitive
and personalized working
environments augmenting people's
ability to work effectively



Leverage digital technologies to create smarter, intuitive and personalised working environments augmenting people's ability to work effectively

COVID-19 has transformed the way we work, transitioning occupiers from physical to virtual workplace in a matter of weeks.

Implications:

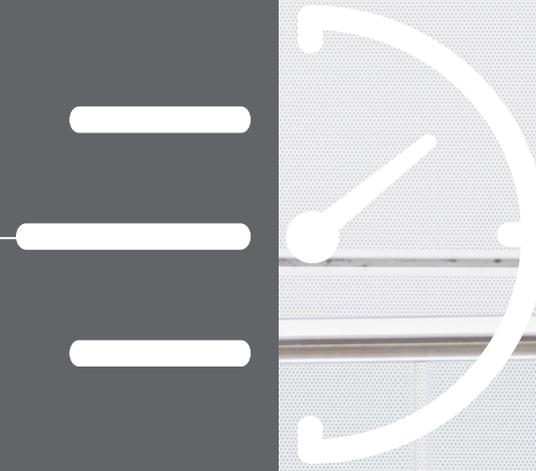
- Enable business continuity by accelerating remote working programs that enable employees to work productively
- Invest in the right workplace technology and collaboration tools as your organisation embraces remote-work program more widely post COVID-19
- Bring in next-gen office technology to deliver a personalised and seamless experience as employees choose to work from diverse work locations

02

Fast Data

A new data reality

Activation, quality, and governance of fast data will be important as data production and consumption increases manifold in 2020





5G drives data usage, typically increasing consumption by 300%-1000% compared with 4G

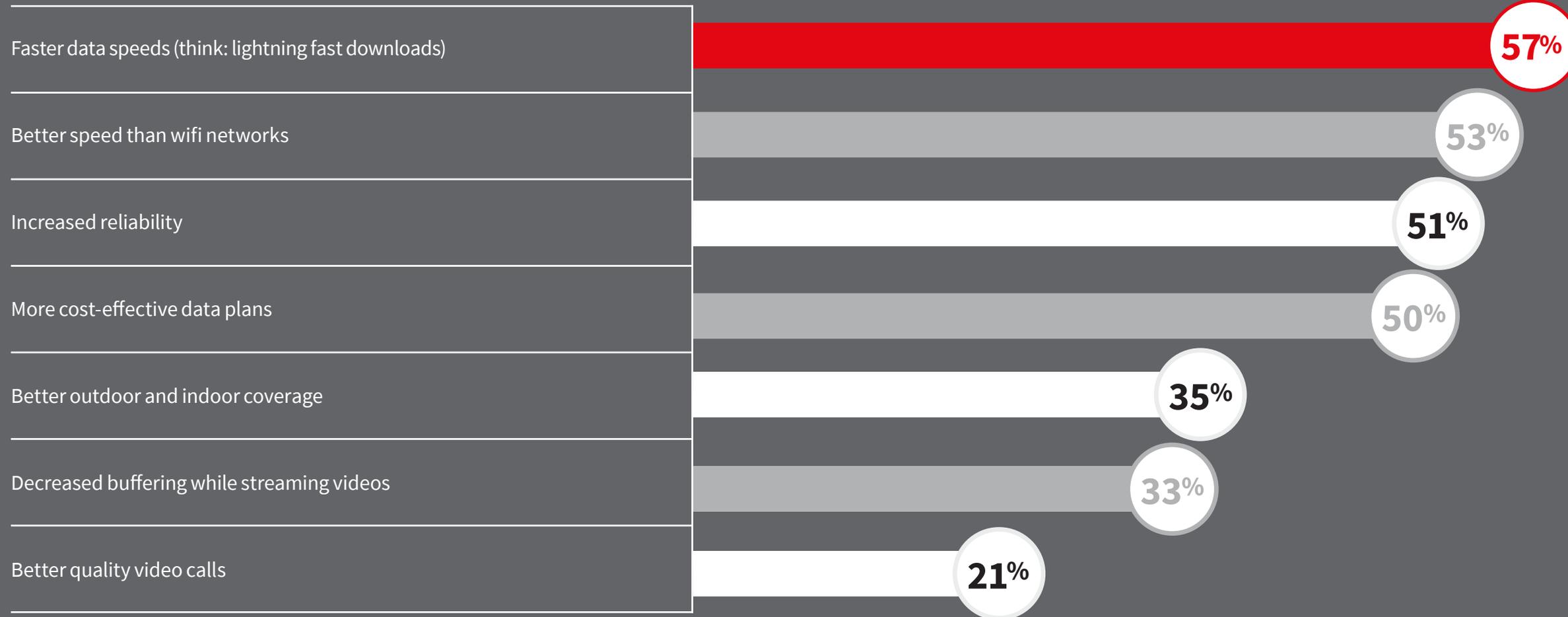
Source: PR Newswire (2019)

Around 80% of data stored in the enterprise is unstructured, growing at 23% annually, doubling every 40 months for the average organisation

Source: IBM (2019)



Employee expectations



Q. Above are some of the benefits that 5G may provide. Please rank the benefits in the order in which they interest you, from most to least. Rank NET 1-3. Base: n=800



CRE perspective on data & analytics

30%

of CRE leaders acknowledge that lack of access to effective data and analytics is one of the top three constraints in their ability to add value to their organisation.

Source: JLL (2018) Global Future of Work Survey



Strengthen your big data capabilities to solve most complex issues without compromising security and privacy and create business value.



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The sudden switch from physical to virtual workplace has highlighted the value of real time data and advanced digital infrastructure.

Implications:

- Build data-analytics capabilities to capture real estate and workplace intelligence and analyse how changing conditions might affect business continuity
- Review legacy platforms across the entire organisation (technology, processes, people) and invest in robust digital infrastructure
- In future explore adoption of 5G to ensure faster data speed, increased reliability, better connectivity as employees work from their virtual workplaces

03

The Conscious Workplace

A workplace that is consciously designed to create an inclusive culture

An inclusive workplace attracts talent and can improve business performance





Organisations with inclusive cultures are:



2X

as likely to meet or exceed financial targets



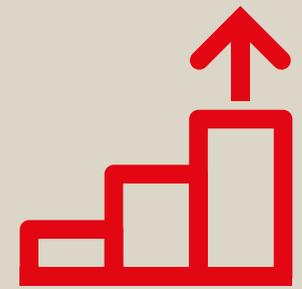
3X

as likely to be high performing



6X

more likely to be innovative and agile



8X

more likely to achieve better business outcomes



Diversity & Inclusion is key for talent attraction and retention

Over **86%** of job seekers consider workplace diversity an important factor when looking for a job.

Source: ZipRecruiter (2019)

More than **50%** of current employees want their workplace to do more to increase diversity.

Source: Bonusly (2019)

Millennials are likely to stay nearly **twice as long** as their average 2.8-year tenure at a company that fosters diversity, equity and inclusion.

Source: PR Newswire (2019)



Unleash human potential,
retain and attract future talent
by offering a cohesive work
environment that supports
diverse workstyles and needs.



Unleash human potential, retain and attract future talent by offering a cohesive work environment that supports diverse workstyles and needs

COVID-19 has elevated the focus on employee wellbeing and our understanding of the diverse needs across the workforce.

Implications:

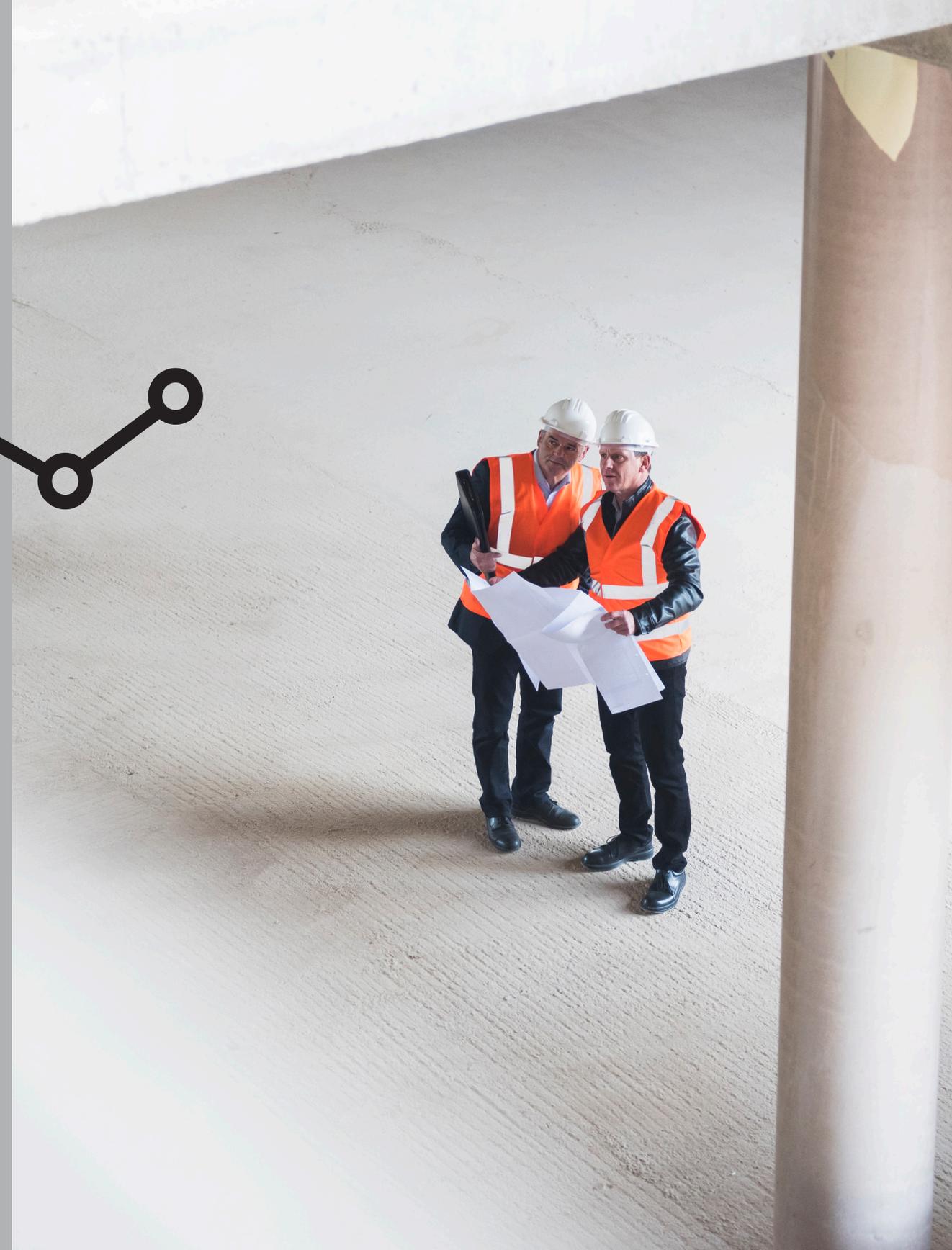
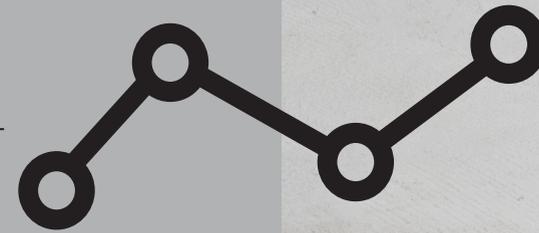
- Accelerate the development of programs and strategies that can enable employees with diverse workstyles and needs to work productively
- Be prepared to outline a refreshed workplace, portfolio and facility management strategy that aligns with transformed enterprise objectives
- Invest in high-spec real estate with a focus on ‘building health’ including building ventilation, air filtration, cleaning, and facilities management

04

Metrics that Matter

Measuring what matters

Rising expectations call for a radical rethink of performance measurement in corporate real estate





Conventional sources of CRE value

.....
Cost-saving
Space efficiency
Capital minimisation
Capital values



New pressures



New sources of CRE value

.....
Employee experience
Workplace productivity
Innovation & collaboration
Technological capabilities
Data-driven decisions
Modernised processes
Business insights
& portfolio intelligence



New performance measures

65% expect CRE mandate to grow in next 3 years, facing pressure to contribute to broader business goals



Business strategy



CRE strategy



Objectives and targets



Key metrics



Demonstrate CRE's impact on a range of enterprise-wide objectives by aligning CRE objectives with wider enterprise strategy.



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Real-time data analytics are crucial in the current time to enable the right decision making from a business and workplace continuity standpoint.

Implications:

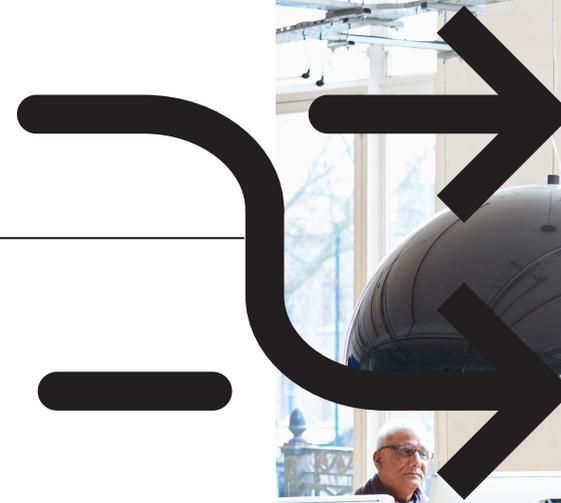
- Review and identify critical metrics in light of immediate COVID-19 impact
- Monitor insights and preferences across company locations, business functions and demographics to inform long-term workplace/portfolio strategy and areas of future investment post COVID-19
- Measure, evaluate and adjust implemented improvements in the long-run

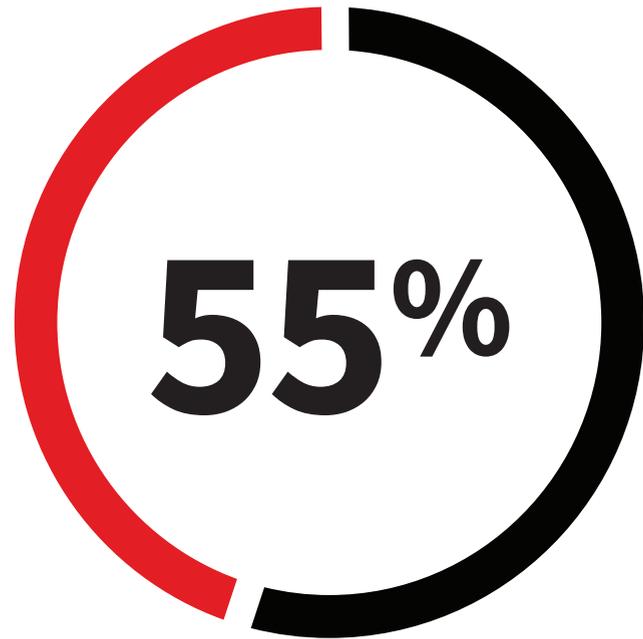
05

Flex 2.0

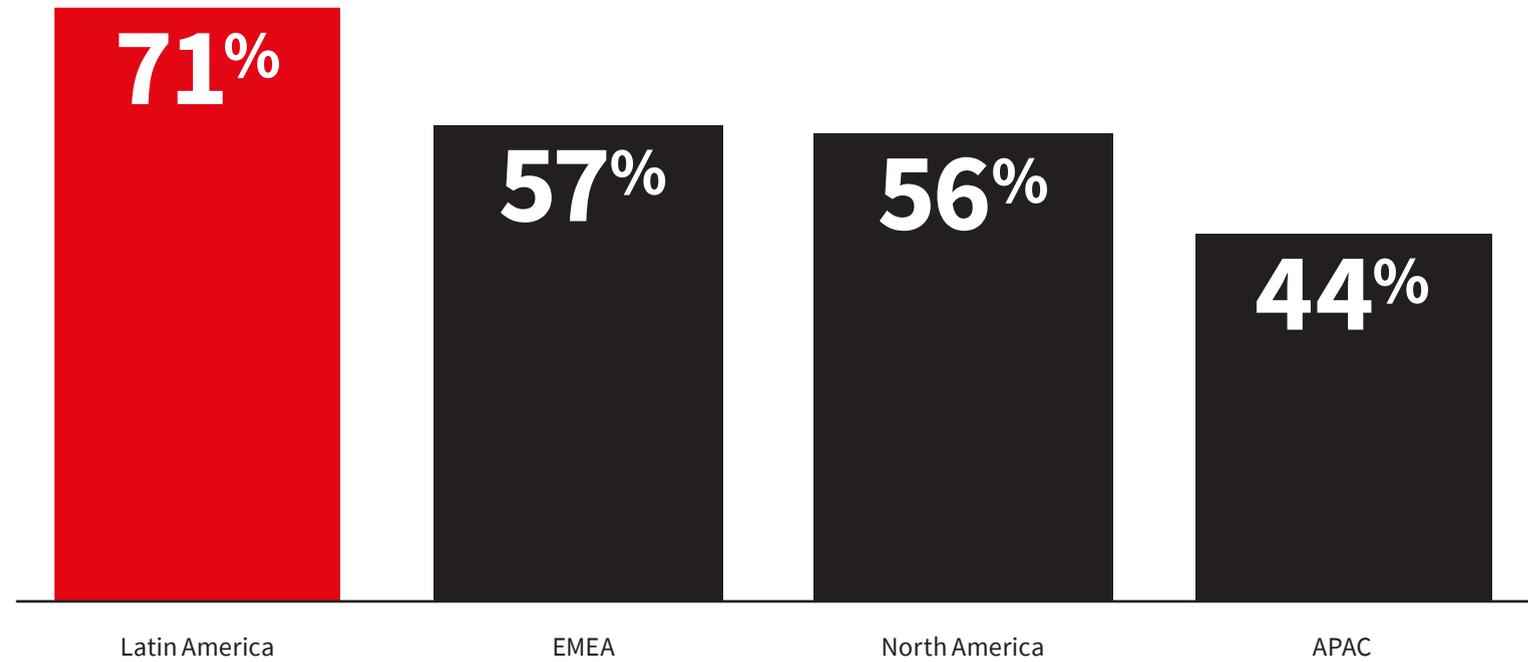
The next phase of flex

CRE teams will find increasing opportunities to refine and futureproof flexible space strategy, creating workspaces that scale with growth





Share of companies currently leveraging coworking solutions



By region, coworking is most heavily utilised in Latin America

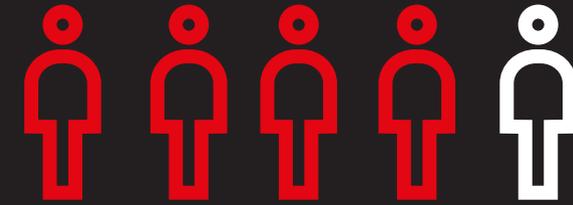
Source: JLL (2020) Occupancy Planning Survey



48%

highlight flexibility and agility of their real estate portfolio among their top three human experience goals

Source: JLL (2018) Global Future of Work Survey



Over 4/5

of respondents confirm that, when faced with two similar employment offers, they would turn down the one that didn't offer flexible working

Source: IWG (2019) Global Workplace Survey



Calibrate your CRE portfolio by incorporating flex to meet the needs of the employee and improve the overall experience



Calibrate your CRE portfolio by incorporating flex to meet the needs of the employee and improve the overall experience

COVID-19 has catalysed the adoption of flexible/remote working practices.

Implications:

- Ensure your flexible workplace strategy works in sync with the enterprise business continuity plan and dynamically shifting operating environment
- Gather regular feedback to test the robustness of remote/flex working programs and their impact on performance across your workforce
- Adopt an ecosystem or distributed approach as a medium to long term solution to combat future risks, help with long range business continuity planning, operational resiliency and development of distributed workplace networks

06

Innovation Geographies

Hotbeds of innovation and talent

Cities are pivoting to the innovation economy to gain competitive advantage and to be 'future-fit'





Balanced ●

e.g. Hamburg, Manchester, Barcelona, Pittsburgh, Philadelphia

Transitioning towards the innovation economy with a good talent offering

Transformers ●

e.g. Manila, Bucharest, Hyderabad

Transforming from low-cost to higher-value innovation economies

Emerging Innovators ●

e.g. Istanbul, Hangzhou, Mumbai

Early stages of moving towards the innovation economy

Global Leaders ●

e.g. London, Paris, New York, Silicon Valley, Boston, Tokyo

World's most extensive innovation and talent ecosystems

Talent Rich ●

e.g. Austin, Denver, Helsinki, Vienna, Vancouver, Edinburgh

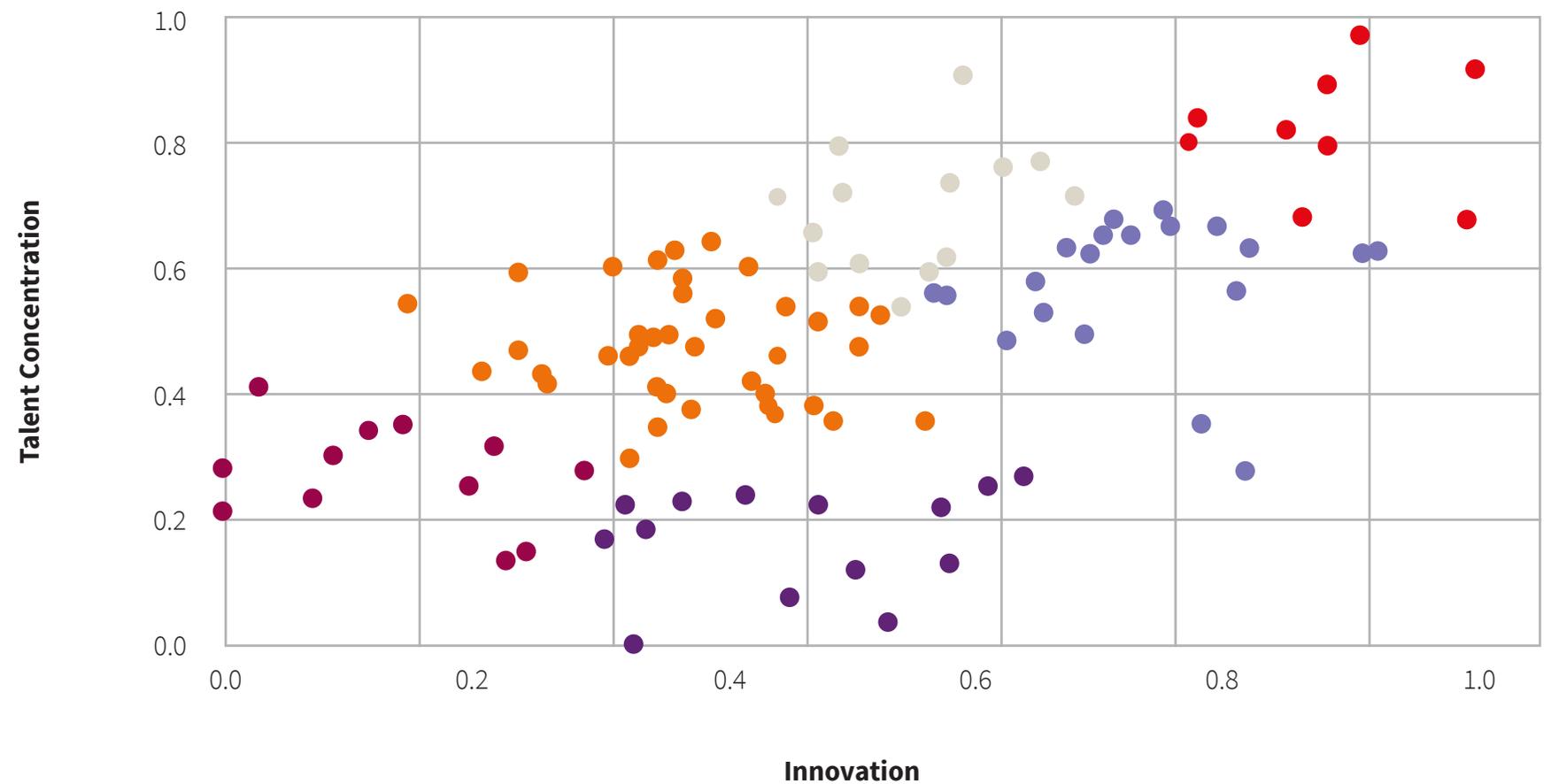
Talent and liveability support growing innovation ecosystems

Innovation Centric ●

e.g. Amsterdam, Berlin, Stockholm, Singapore, Shenzhen, Bangalore

World renown innovation economies with a competitive talent base

Source: JLL (2019) Innovation Geographies



Top Global Cities for Innovation

1. San Francisco
2. Tokyo
3. Singapore

Top Global Cities for Talent

1. London
2. San Francisco
3. Washington DC



Optimise portfolio strategy toward talent-rich cities best equipped to support innovation and drive enterprise performance



Optimise portfolio strategy toward talent-rich cities best equipped to support innovation and drive enterprise performance

COVID-19 is having a significant short-term operational impact on workforce planning.

Implications:

- Review your current location strategy to mitigate risk and align with immediate operating requirements
- Anticipate the medium-term talent and growth projections and integrate into portfolio strategy
- As economic and operating conditions begin to normalise, embed innovation and talent analytics into portfolio planning

07

Towards Net Zero

Decarbonising the real estate lifecycle

Rethinking day-to-day operations will be imperative to the transition into a net zero carbon economy





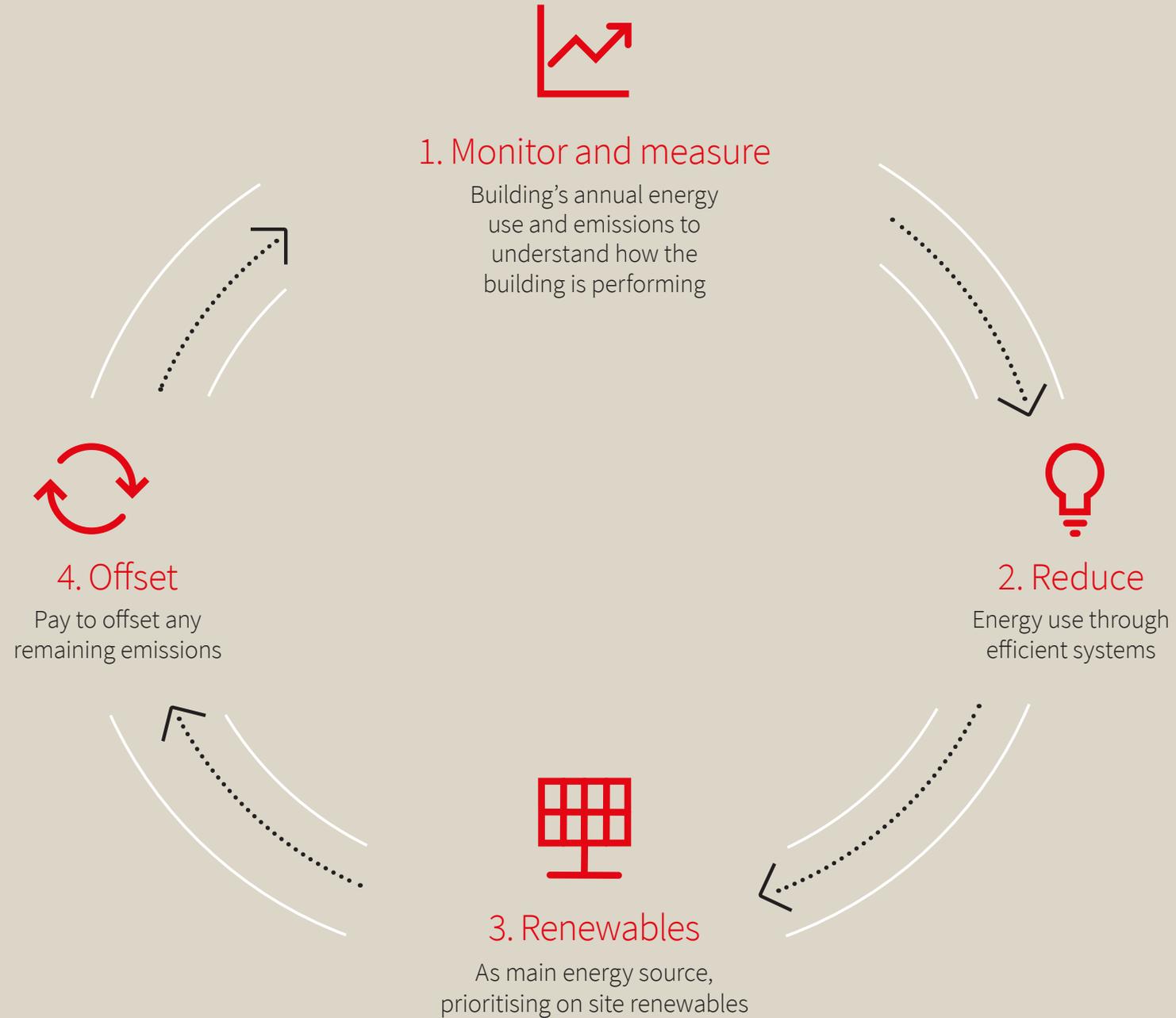
40%

of global GHG emissions is generated by the construction and operations of buildings

Source: JLL (2019) Building a Better Tomorrow



Pathway to achieving Net Zero in operations





Companies which take an integrated approach to **climate and environment** outperform their competitors across a range of vital key performance indicators:

Increase their share price by as much as

6%

Increase sales by as much as

20%

Increase employee productivity by as much as

13%

Decrease employee turnover by as much as

50%

Cut operating costs by the

£



Build a responsible brand, trusted
by stakeholders, clients and
wider community
by integrating net zero carbon
objectives throughout the real
estate lifecycle



Integrate net zero carbon objectives throughout the real estate lifecycle and build a responsible brand, trusted by stakeholders, clients and wider community

COVID-19 has reduced CO2 emissions globally as economic activity and travel has declined.

Implications:

- Explore measures which reduce emissions and deliver energy usage and cost savings in the short term
- Build an integrated strategy around Net Zero within your real estate, portfolio and operations
- Align real estate strategy with wider corporate objectives around sustainability, community and societal impact

08

Ecosystem thinking

A growth mind-set that looks beyond the traditional value chain

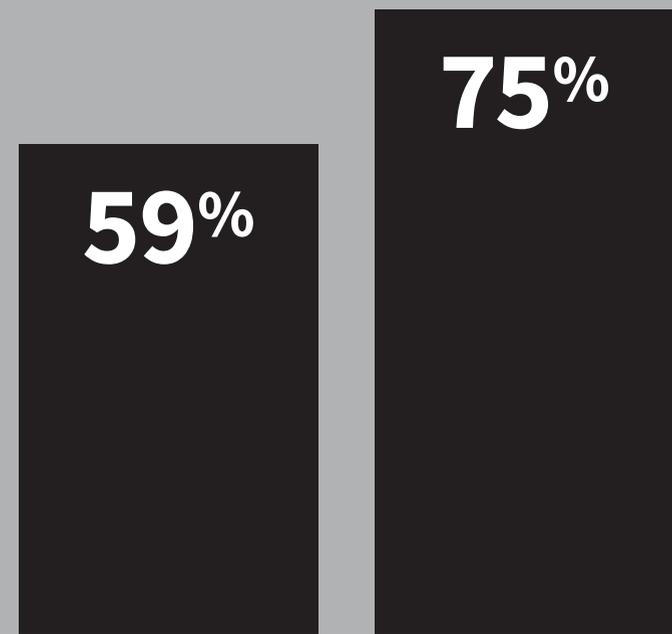
Enhanced collaboration with non-traditional partners and disparate sectors will invite positive industry disruption



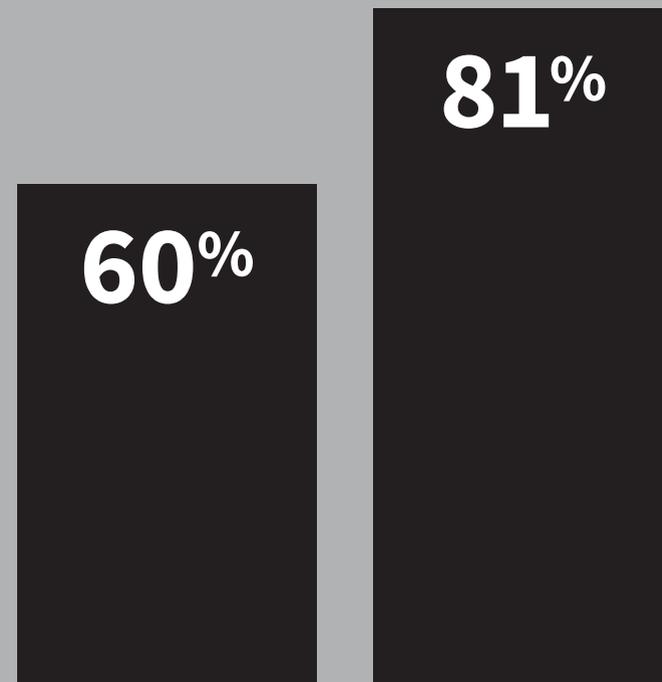


Strong innovators increasingly embrace ideas from external sources

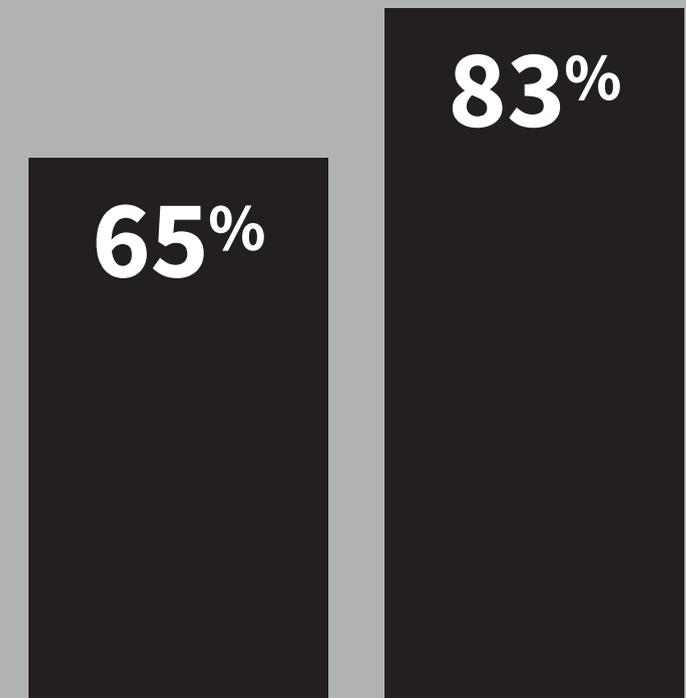
Incubators
■ % of strong innovators



Academic partnerships
■ % of strong innovators



Company partnerships
■ % of strong innovators



2015

2018

2015

2018

2015

2018

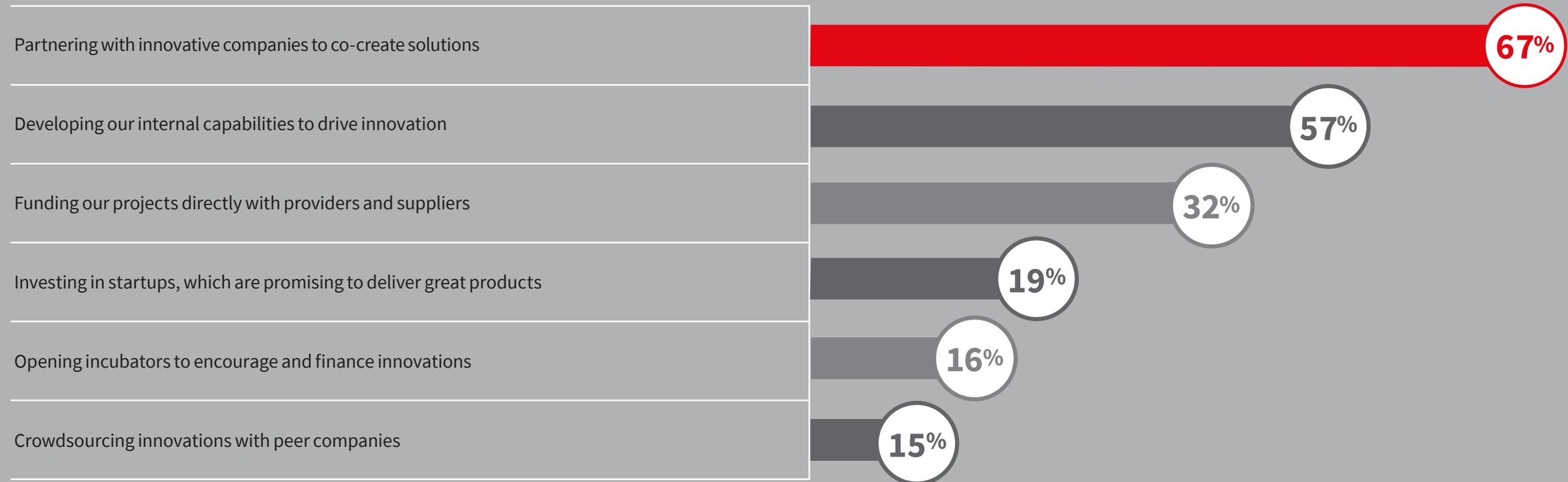


Ecosystems could unlock
\$100 trillion of value for **business** and
wider society over the next 10 years

Source: Accenture (2018) Three Things Ecosystem Masters Get Right



Strategies with biggest impact on CRE innovation



Which of these approaches do you believe would have the biggest impact on CRE innovation?



Adopt ecosystem thinking and leverage expertise from a diverse network of collaborators across the globe to co-create innovative solutions



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COVID-19 is bringing unprecedented disruption and uncertainty across many sectors of the economy.

Implications:

- Identify and address any gaps exposed in existing business continuity plans and mobilise external resources to plan and recommend actions
- Align your preparedness efforts with changing enterprise priorities and continuously improve your plan through innovation solutions
- Draw from the strength of ecosystem partnerships to mitigate potential operational risks emanating from COVID-19's disruption in the near to medium term

09

Vibrancy

Amenity-rich spaces and places

Environments and cultures will evolve to resonate with employees by meaningful placemaking and state of the art amenities





Amenities support engagement and performance

Building amenities

Can improve overall performance by

12.5%

or reduce it by **17%**

Upgraded lobbies and relaxation spaces

Employees are

14%

more engaged when provided space and time to recharge

Highend wellness services

Employees who exercise regularly are

15%

more likely to have better performance

Speciality food and beverages

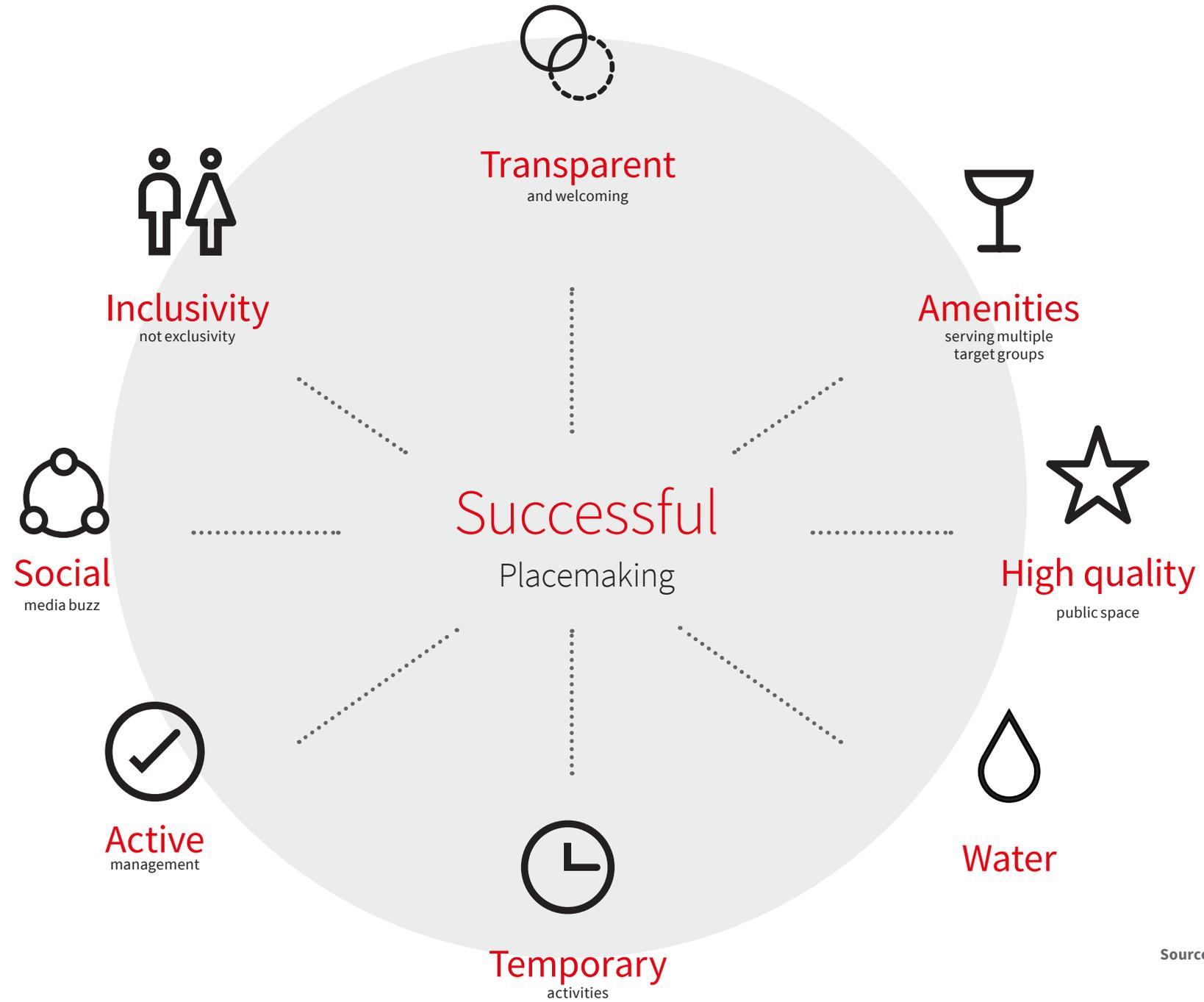
Employees who eat healthy are

25%

more likely to have better performance



Places create a vibrant everyday experience





Infuse vibrancy within the workplace and align portfolio with micro-locations that elevate employee experience and attract talent



Infuse vibrancy within the workplace and align portfolio with micro-locations that elevate employee experience and attract talent

COVID-19 has resulted in considerable short-term portfolio impact with some office closures and workplaces being mothballed.

Implications:

- Ensure appropriate measures in place to mitigate costs around workplace services and amenities
- As workplaces are re-activated, review and optimise workplace services and amenities
- Re-evaluate scope and range of workplace services and amenities in light of corporate strategy and employee needs

10

Adaptive CRE

Being Future-Fit

CRE's operational model will continue to undergo transformation, shifting from solely being agile to being able to facilitate the adaptive future-ready enterprise





Strategy has historically been a linear enterprise. But when the environment is highly uncertain, it is difficult to have clarity on the path forward.

Source: PwC (2020) How to succeed in uncertain times

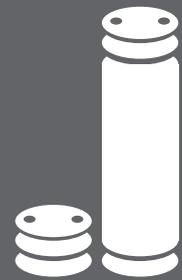


CEO challenges





Upgraded people create new tech-innovation demand



People continuously upgrade with new tech



People



Partners



Customers



Employees





Bring a systematic change to your CRE organisation structure to lead the future of work, drive performance and create a sense of purpose.



Bring a systematic change to your CRE organisation structure to lead the future of work, drive performance and create a sense of purpose

CRE teams must remain nimble with a focus on operational resilience to fast-changing situation on coronavirus.

Recommendations:

- Set up emergency response procedures and business continuity plans to support operations and serve the needs of your business
- Prepare workplace and business continuity based upon aggressive, moderate and conservative 'what if' scenarios
- Plan ahead to ensure a smooth return to the regular routine, with possible new requirements introduced

Thank you

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