

RESEARCH

LANDLORDS MUST ADOPT & REFINES FLEX STRATEGIES TO SURVIVE A RAPIDLY CHANGING REAL ESTATE MARKET

Conducted by
an Independent
Research Firm

MAY 2021

essensys



CONTENTS

1	Landlords Must Continue To Respond To Changing Tenant Expectations Around Experience, Technology & Flexibility	2
2	Although Landlords Are Incorporating Flex Space Into Their Real Estate Strategies They Lag Behind Tenant Expectations	5-7
3	Effective Provision Of Flex Space Promises To Meet Unmet Requirements For An Amenity-Rich Tenant Experience	8-10
4	Landlords Need An Answer To Enterprise Requirements Before The Flex Space Market Can Crystallize	11-13
5	Proactive Landlords Are Presented With Double Digit Rent Premium & Monetization Opportunities	14-16
6	Conclusions	17

EXECUTIVE SUMMARY

This report draws on unique perspectives from real estate decision makers at 36 landlords and 15 occupiers, to better understand the drivers of demand for flex space and the business benefits of occupying such space. During in-depth research interviews, executives at landlords such as Bedrock Detroit, Landsec and Morguard revealed their real estate and technology strategies, as well as their views on flex space as a real estate product.

Uniquely, this research also included in-depth research interviews with executives at large corporate occupiers such as American Express, Unilever and Honeywell. These executives revealed their real estate strategies, as well as their views on flex space as an investment choice. This multi-perspective research process discovered several disparities between what landlords offer in the flex space market, and what tenants expect.

This multi-perspective research process discovered several disparities between what landlords offer in the flex space market, & what tenants expect.



To gain these insights, essensys commissioned Verdantix, an independent market research firm, to conduct 51 in-depth interviews with asset management executives at owner as well as owner-operator landlords, and heads of real estate at corporate enterprises, across the UK, North America, & Europe.

The research addresses the following questions:

- What market trends are driving demand for flex space?
- How does flex space feature in landlord and occupier real estate strategies?
- How satisfied are occupiers with the flex space products they see on the market?
- What are the key areas of concern occupiers have with flex space products?
- What are the financial benefits on offer for landlords that effectively provide flex space?



1

LANDLORDS MUST CONTINUE TO RESPOND TO CHANGING TENANT EXPECTATIONS AROUND EXPERIENCE, TECHNOLOGY & FLEXIBILITY

Both landlords and occupiers are reviewing their real estate strategies in light of the recent pandemic and are under great pressure to respond to rapidly evolving customer requirements. The survey revealed that demand for flex space is being driven by a desire by tenants to use offices that deliver great experiences within buildings that are underpinned by:

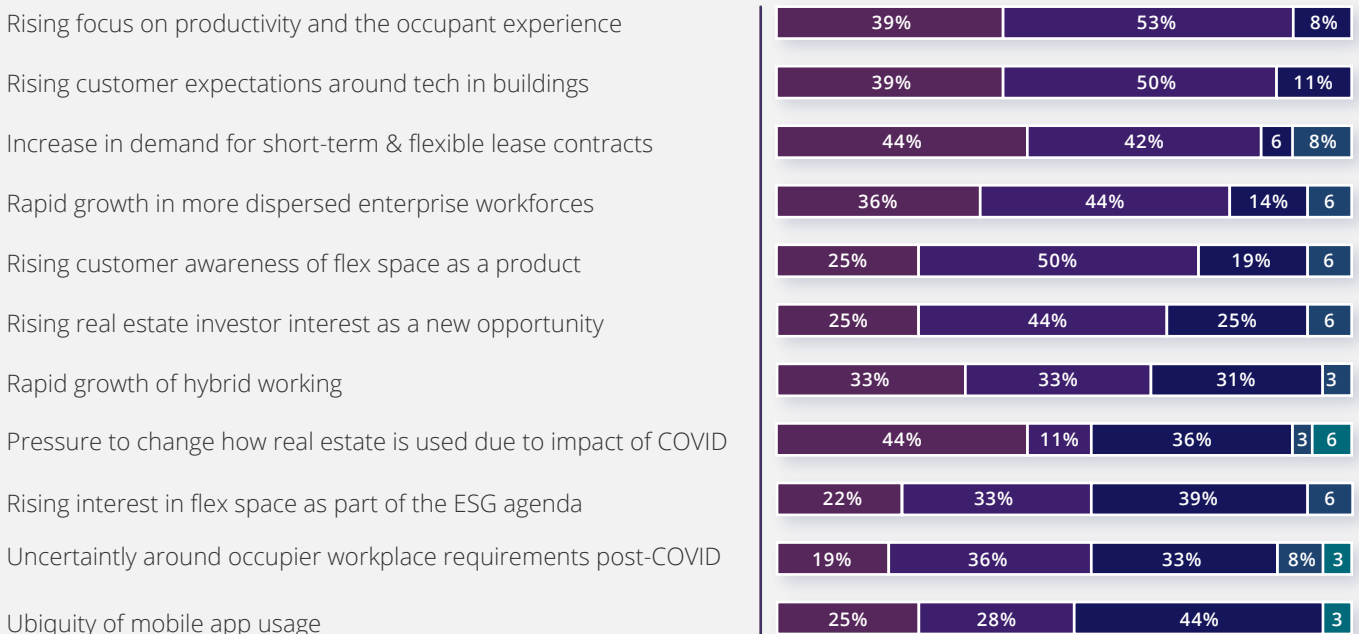
APPEALING INTERIOR DESIGN & OFFICE LAYOUTS.

When respondents to the landlord survey were asked about what they thought were the most pressing market trends they must respond to, the top pick was tenants' rising focus on productivity and the occupant experience. **Over 90% said it was either "very influential" or "influential"** (see Figure 1).

Similarly, when respondents to the occupier survey were asked to rank the strategic benefits of using flex space, **60% said "supporting employee productivity through an enhanced occupant experience"** was either the first or second most important benefit (see Figure 2).

FIGURE 1 – Market Trends Landlords Are Responding To

HOW INFLUENTIAL ARE THE FOLLOWING MARKET TRENDS ON THE GROWTH OF FLEX SPACE ON OFFER BY LANDLORDS? (SELECT ONE ANSWER PER RESPONSE OPTION.)

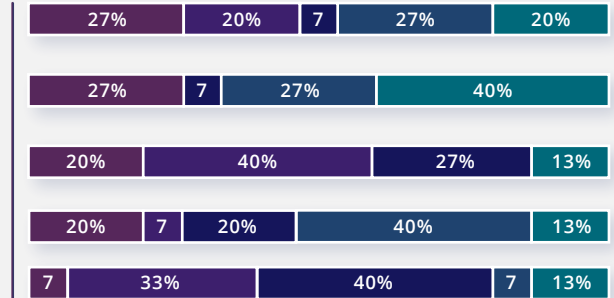


Very influential Influential Somewhat influential Not influential Not sure

FIGURE 2 – Occupiers’ Perceptions Of Flex Space Strategic Benefits

PLEASE RANK THE FOLLOWING STRATEGIC BENEFITS OF USING A FLEX SPACE. (RANK IN ORDER OR PREFERENCE, WITH 1 BEING THE HIGHEST.)

- Attracting and retaining talent by meeting premium office space expectations
- Strengthening customer retention by putting project staff closer to client locations
- Supporting employee productivity through an enhanced occupant experience
- Focusing on core business by outsourcing office operations
- Supporting business continuity by more easily expanding or shrinking square footage



■ Highest ■ 2 ■ 3 ■ 4 ■ Lowest

TECH SERVICES THAT OFFER AMENITIES & SEAMLESS ACCESS FOR MAXIMUM CONVENIENCE.

When it comes to delivering a great indoor experience, rising customer expectations around tech in buildings are of near equal importance to interior design for landlords, with **89% saying it is either a “very influential” or “influential” market trend.** Occupiers revealed that perceived access to higher quality technology was a top three market trend driving demand for flex space amongst their peers, with one third describing it as “very important” (see

Figure 3). An example of this is US-based Carr Workplaces. They leverage essensys to streamline and digitize their billing and customer relationship management processes, as well as eFax services, conference bridges and dedicated bandwidth. For customers like Carr Workplaces, such capabilities have improved the accessibility and convenience of their services, enhancing the experience for tenants.

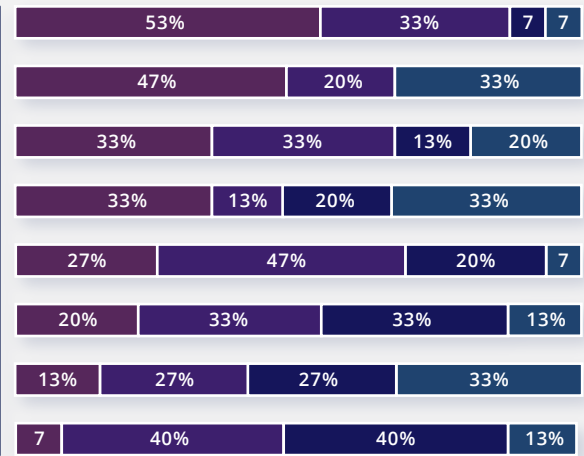
Occupiers revealed that perceived access to higher quality technology was a top three market trend driving demand for flex space.



FIGURE 3 – Market Trends Driving Demand For Flex Space Amongst Occupiers

WHAT ARE THE KEY MARKET TRENDS DRIVING DEMAND FOR FLEX SPACE? (SELECT ONE ANSWER PER RESPONSE OPTION.)

- Rise in remote working diminishing role of permanent office
- Economic uncertainty and impact on revenue forecasts
- Flexible labour market expanding role for short term leases
- Perceived access to higher quality technology
- Shift in perspective on space as a strategic asset rather than cost centre
- New space design's impact on task productivity
- New rules dictating that leases must be capitalized on balance sheets
- Opportunity to avoid capital investment when fitting out new office space



■ Very important
 ■ Important
 ■ Neutral
 ■ Not important

CONTRACTUAL TERMS THAT OFFER SHORTER DURATIONS & OPTIONS TO EXTEND.

The third most important market trend is lease flexibility; **86% of landlords** said it was either a “very influential” or “influential” factor driving growth for flex space. Occupiers also rated lease flexibility as the third most important market trend, with **66% saying it is either “very important” or “important”**. This confirms a longstanding trend. Research by Savills, for example, estimates that flex space provision across eight European markets boomed between 2017 and 2019, and JLL research indicates that the 2020 pandemic has accelerated demand for such real estate products.



‘Market in Minutes: European Flexible Office Market’, May 2020, Savills, https://www.savills.co.uk/research_articles/229130/299563-05

‘Why flexible space is making comeback’, March 2021, JLL, <https://www.jll.co.uk/en/trends-and-insights/investor/why-flexible-space-is-making-comeback>

2 ALTHOUGH LANDLORDS ARE INCORPORATING FLEX SPACE INTO THEIR REAL ESTATE STRATEGIES THEY LAG BEHIND TENANT EXPECTATIONS

Occupiers have made it clear that they want indoor layouts and interior designs that minimize the workplace frictions of the old office setup, fresh with tech services that reduce the hassle of finding services they need every day, and the option to shrink or expand rented space at will. With these market trends propelling the call for flex space by occupiers, what did the survey data say about actual real estate strategies? The results indicate that in the next five years:

MAJORITY OF LANDLORDS & OCCUPIERS WILL LEVERAGE FLEX SPACE IN THEIR REAL ESTATE STRATEGY.

The survey asked landlords about what types of flex space products they were offering or considering introducing as part of their real estate strategies. These products included premium serviced offices, light touch serviced offices, flexible meeting spaces, co-working spaces and leases lasting less than a year. All product types are either already offered or will be in the next five years (see Figure 4). And in the occupier survey, **60% said they will incorporate flex space into their real estate strategies**, regardless of whether they plan to expand, maintain, or shrink their portfolio size (see Figure 5). This demonstrates the veracity of the market, with landlords testing out a variety of product types to meet the undeniable and growing demand for flex spaces from occupiers.



60% of occupiers will incorporate flex into their real estate strategies, regardless of whether they plan to expand, maintain or shrink portfolio size.

FIGURE 4 – Flex Space Products On Offer By Landlords

WHAT TYPES OF FLEX SPACES ARE YOU OFFERING OR PLANNING TO OFFER ACROSS YOUR PORTFOLIO? (SELECT ONE ANSWER PER RESPONSE OPTION.)

Flexible meeting spaces

Premium serviced offices

Short lease office spaces (<1 years)

Spaces with co-working features

Light touch serviced offices

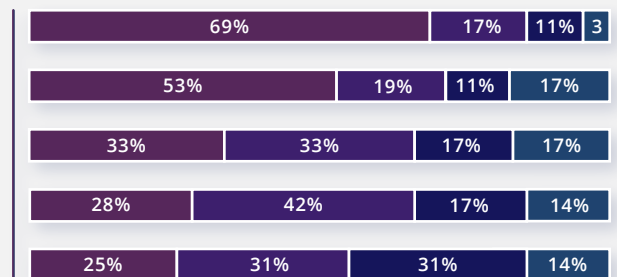


FIGURE 5 – Occupier Real Estate Strategies

WHAT IS YOUR REAL ESTATE STRATEGY OVER THE NEXT 3 YEARS? (SELECT ONLY ONE RESPONSE.)



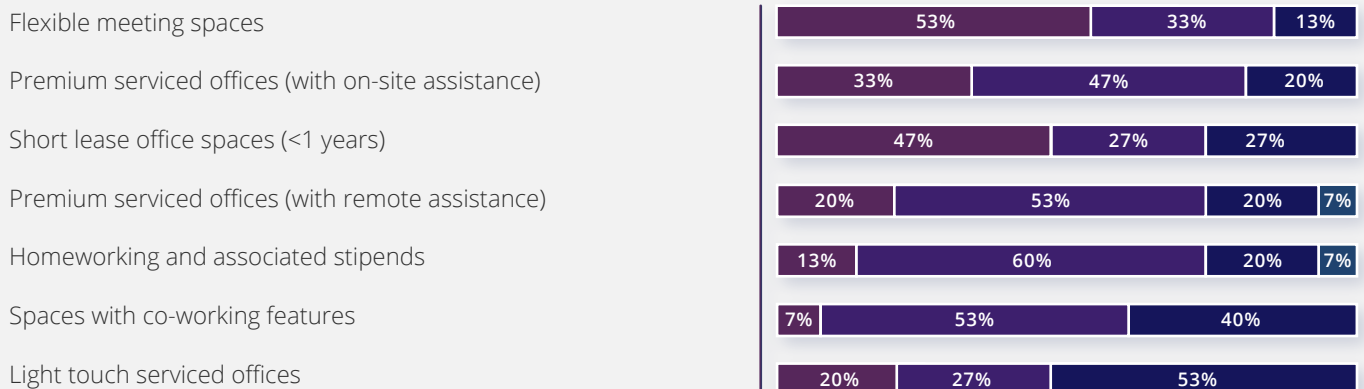
MOST DEMAND IS FOR FLEXIBLE MEETING SPACES & PREMIUM SERVICED OFFICES.

Of all the flex space products that landlords are offering, the most common are flexible meeting spaces (69% currently offering), and premium serviced offices (53% currently offering). This matches what is most sought after by occupiers, as they see these two product types as the most attractive (see Figure 6). From their industry experience, landlords anticipate that corporate enterprises (with 5,000 employees or above) are

the types of organizations that will be most likely to ask for premium serviced offices, whilst organizations with between 1,000 and 5,000 employees are most likely to ask for flexible meeting spaces (see Figure 7). Regardless of size, however, such flex spaces may appeal to small but cash rich clients such as hedge funds, who may need offices that meet their expectations of a plush indoor experience.

FIGURE 6 – Flex Space Products Occupiers Find Most Attractive

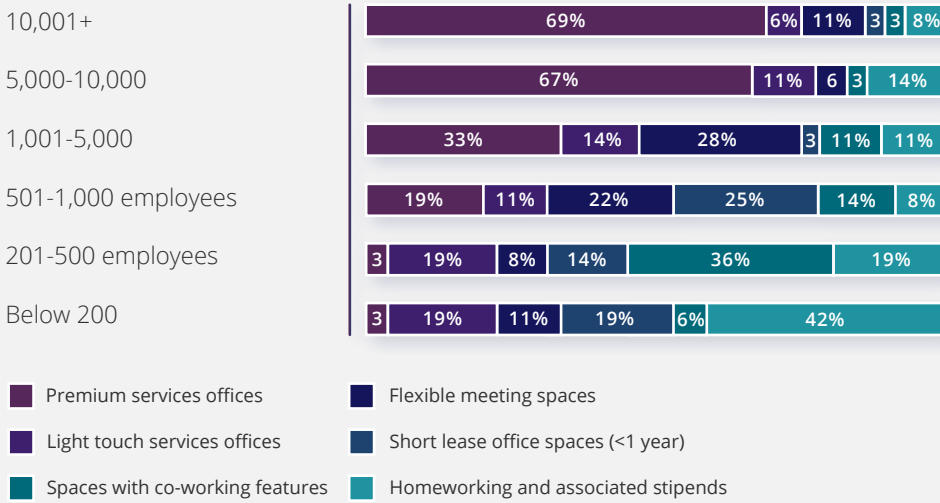
WHAT TYPES OF FLEX SPACE IS MOST ATTRACTIVE TO YOUR FIRM? (SELECT ONE ANSWER PER RESPONSE OPTION.)



Highly attractive Attractive Not Attractive Unsure

FIGURE 7 – Flex Space Demand By Organization Size

WHAT TYPES OF SPACE ARE MOST APPEALING TO THE FOLLOWING ORGANIZATION SIZES? (SIZE BASED ON STAFF COUNT.)



ONLY 13% OF OCCUPIERS THINK THAT TRADITIONAL LANDLORDS HAVE A STRONG FLEX OFFERING.

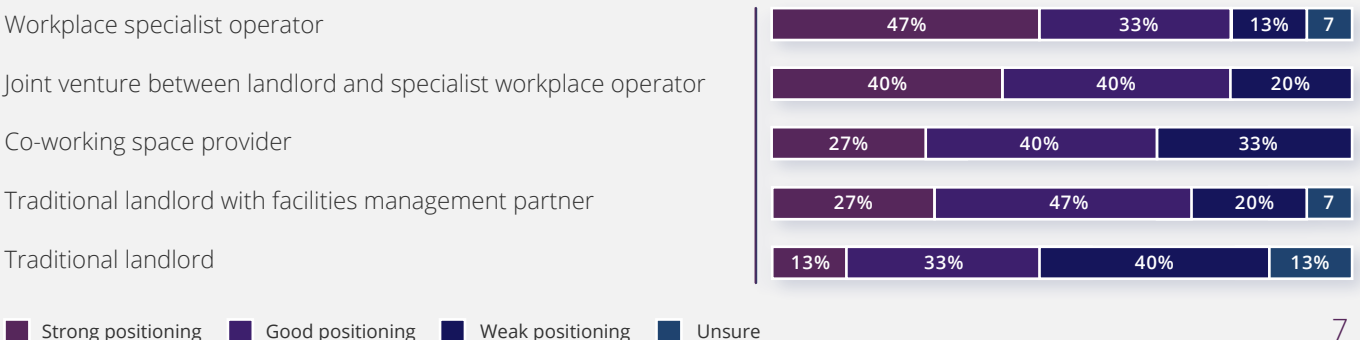
A major finding from the occupier survey was that less than a fifth of respondents felt that traditional landlords had a strong position from which to meet their flexibility requirements (see Figure 8). This is in contrast to workplace specialist operators, which **47% of respondents said had strong positioning**. So, although many landlords are offering flex space, their prospective customers do not yet feel they are satisfying their needs. For example, the Brain Embassy in Tel Aviv, Israel, is an owner operated serviced office space that previously had an ad-hoc technology strategy.

This strategy hampered their ability to satisfy tenant demands, as it relied on multiple workspace tools and Excel sheets to manage their flex offering. Leveraging essensys software and technology has enabled the Embassy to boost lead generation and to attract new tenants to its properties.

Less than a fifth of respondents felt that traditional landlords had a strong position from which to meet their flexibility requirements.

FIGURE 8 – Occupier Perceptions Of Flex Space Providers

WHAT TYPE OF PROVIDERS ARE BEST POSITIONED TO SERVE OCCUPIER FLEXIBILITY REQUIREMENTS?



3

EFFECTIVE PROVISION OF FLEX SPACE PROMISES TO MEET UNMET REQUIREMENTS FOR AN AMENITY-RICH TENANT EXPERIENCE

When asked about the exact benefits that flex space offers over traditional office spaces, the survey data indicated several clear trends. These broke down into:

FRICTIONLESS SET-UP & CONFIGURATION ARE OCCUPIERS' TOP EXPECTATIONS.

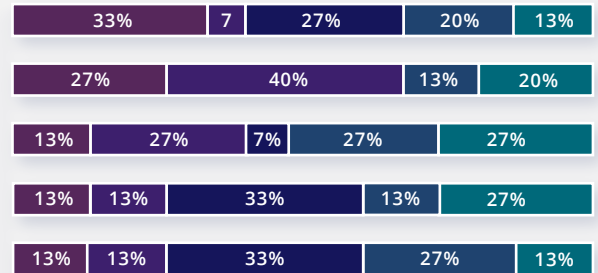
When asked how they would rank the operational benefits of using flex space, the two highest ranked options were either "ease of reconfiguring existing space to make it flexible" and the "ease of moving into and beginning use of space" (see Figure 9). Moreover, half of occupiers want unlimited options to make changes to the space layout and half wanted occasional changes (see Figure 10). Why is this important to occupiers? Schneider Electric, for

example, will now make greater use of serviced offices, because of the ability to quickly scale up staff count at regional offices should the need arise. And an internal analysis by WeWork revealed strong demand for meeting rooms for four or fewer individuals while rooms for eight or more were underutilized. This helps WeWork reconfigure offices to better match occupier needs.

FIGURE 9 – Occupier Perceptions Of Flex Space Operational Benefits

RANK THE FOLLOWING OPERATIONAL BENEFITS OF USING A FLEX SPACE. (RANK IN ORDER OF PREFERENCE, WITH 1 BEING THE HIGHEST.)

- Ease of reconfiguring existing space to make it flexible
- Ease of moving into and beginning use of space
- Expanding access to wellness amenities for staff members
- Reducing in-house FM costs by outsourcing physical security
- Optimizing set up and space use through plug and play tech services

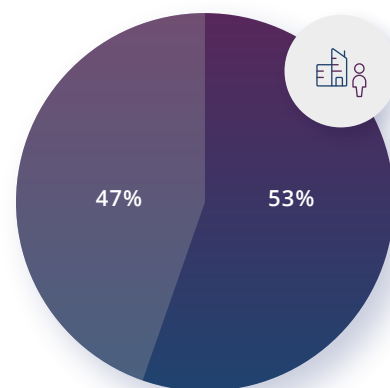


Legend: Highest (darkest purple), 2 (dark purple), 3 (medium purple), 4 (light purple), Lowest (teal)

FIGURE 10 – Occupier Preferences On Flex Space Reconfiguration Options

IN A FLEX ENVIRONMENT, HOW OFTEN SHOULD SPACE BE RECONFIGURED TO MATCH OCCUPANT NEEDS? (ONLY SELECT ONE RESPONSE OPTION.)

- The office design should be highly agile & reconfigured as much as necessary
- Some changes should be made if the design is found to not align with occupant needs

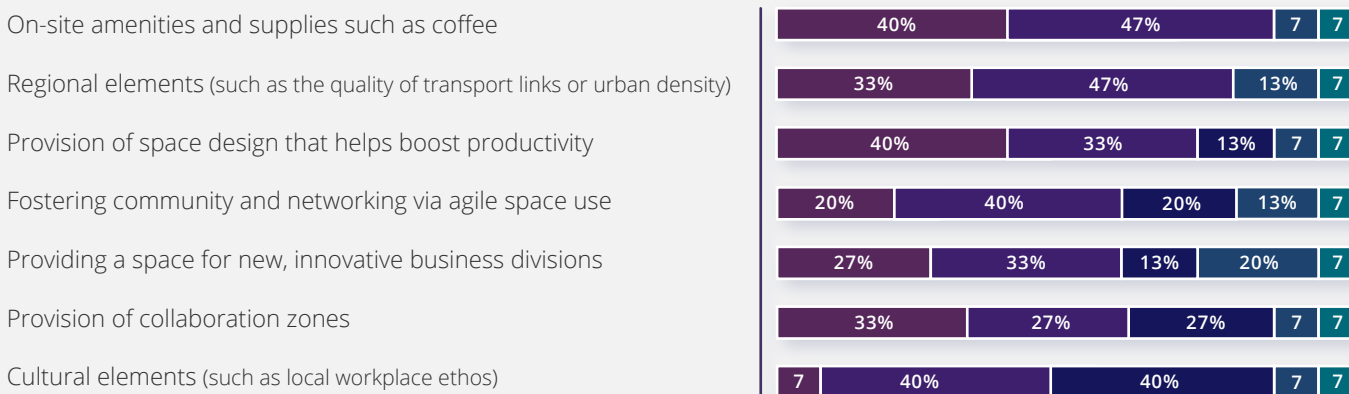


NEARLY 90% OF OCCUPIERS SAY AMENITIES ARE A CRITICAL PART OF THE INDOOR EXPERIENCE.

When asked what they thought were the most significant aspects of flex space that impact the employee experience, an overwhelming majority put “on-site amenities and supplies such as coffee” as the top choice (see Figure 11). As the Head of Real Estate at a business services enterprise put it, “many of the flex spaces I have seen are not yet fit for the future needs of my workforce, and they must be updated immediately, particularly around wellness and amenity services”. An example of this in practice is science park operator BioCity. One of the key drivers behind BioCity’s deployment of essensys was the desire to improve the member experience within its office sites, through an enterprise-grade digital infrastructure that better meets the needs of their customers. What’s more, simplifying and automating processes has allowed BioCity to redeploy IT staff to focus on helping their clients. These are some of the key factors that impact the indoor experience and remove barriers to occupant productivity.

FIGURE 11 – Occupier Perceptions Of Flex Space Employee Experience Factors

WHAT ARE THE MOST SIGNIFICANT ASPECTS OF FLEX SPACE THAT IMPACT THE EMPLOYEE EXPERIENCE? (SELECT ONE ANSWER PER RESPONSE OPTION.)



Very significant
 Significant
 Somewhat significant
 Not significant
 Unsure



As the Head of Real Estate at a business services enterprise put it, “many of the flex spaces I have seen are not yet fit for the future needs of my workforce, and they must be updated immediately, particularly around wellness and amenity services.”



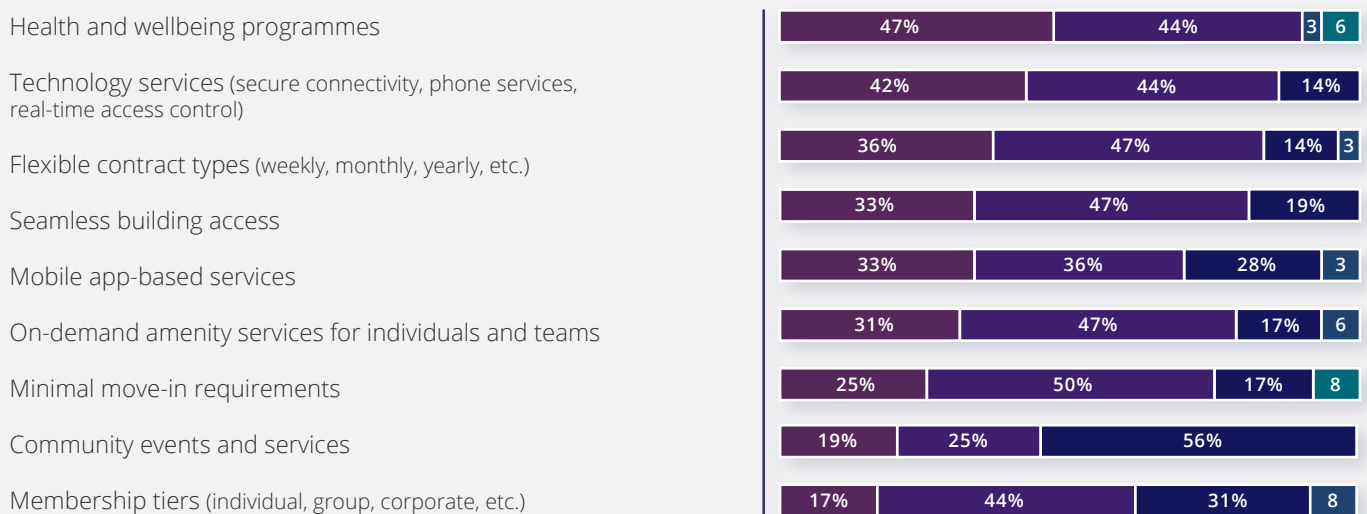
LANDLORDS UNDERESTIMATING THE IMPORTANCE OF MOVE-IN REQUIREMENTS FOR FLEX SPACE USE.

In contrast to what occupiers said, landlords did not consider “minimal move-in requirements” as a top factor determining the success of flex spaces. Only a quarter described it as a “very important” factor, putting it seventh on a list of a nine response options (see Figure 12). As the Vice President of Real Estate at a financial

services firm put it, “the current flex space I am using is not as agile as it should be. When it comes to configurability options, they guessed wrong, and they have too many restrictions that they cannot change in line with our needs”.

FIGURE 12 – Landlord Perceptions Of Factors That Determine Flex Space Success

HOW IMPORTANT ARE THE FOLLOWING FACTORS TO THE SUCCESS OF FLEX SPACES?
(SELECT ONE ANSWER PER RESPONSE OPTION.)



■ Very important
 ■ Important
 ■ Neutral
 ■ Unimportant
 ■ Not sure

4 LANDLORDS NEED AN ANSWER TO ENTERPRISE REQUIREMENTS BEFORE THE FLEX SPACE MARKET CAN CRYSTALLIZE

To shift flex space from a point of interest in customers' strategic thinking into an investment, landlords must up their game on digital enablement - software, on-demand services and digital infrastructure. The survey revealed that many landlords:

DO NOT FULLY MEET THE DATA SECURITY STANDARDS OF NEARLY 70% OF OCCUPIERS.

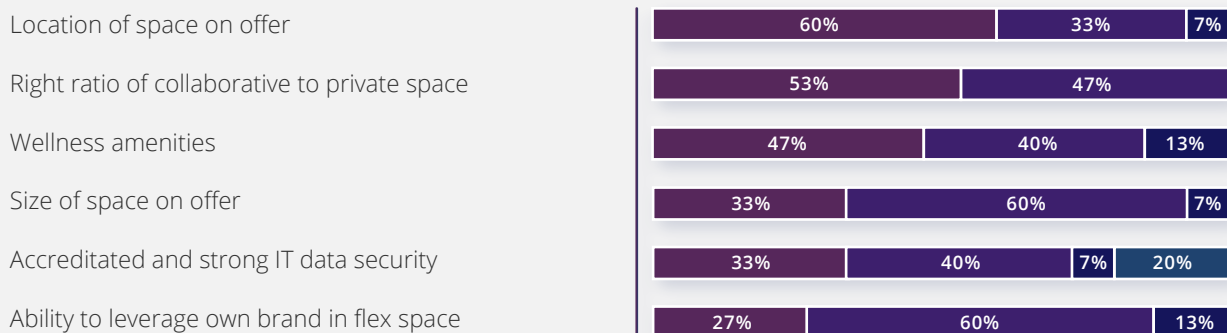
An overwhelming majority of the respondents in the occupiers' survey were not completely satisfied with the quality of the data security offerings in the flex spaces they had seen (see Figure 13). Notably, the level of satisfaction in the market is uneven; some landlords are currently doing better than others. For instance, a third of occupiers are fully satisfied, two fifths are satisfied, and one fifth are unsure. Landlords may therefore have to work harder to satisfy the needs of occupiers from different sectors. Data cuts revealed that for occupiers from business, financial or tech sectors, none said they were fully satisfied. This is in contrast to occupiers from consumer, retail, energy, or manufacturing sectors, where at least 40% said they were fully satisfied.

Landlords must up their game on digital enablement - software, on-demand services & digital infrastructure.



FIGURE 13 – Occupier Satisfaction With Existing Flex Space Offerings

ACROSS THE FLEX SPACES YOU HAVE SEEN HOW SATISFIED ARE YOU WITH THE FOLLOWING OFFERINGS? (SELECT ONE ANSWER PER RESPONSE OPTION.)



Fully satisfied
 Somewhat satisfied
 Unsatisfied
 Unsure

UNDERESTIMATE THE IMPACT OF TENANT COMMUNITY BUILDING APPLICATIONS.

When asked what technologies they thought would have the most impact in making flex spaces effective for end-users, **only 19% of landlords** thought that tenant community building applications had a high impact, at the bottom of the list of nine response options (see Figure 14). By contrast, tools that support employee engagement initiatives were in the top three choices for occupiers when asked what tech-enabled services were most important in flex spaces (see Figure 15). During the survey, occupiers revealed that such apps are an important means of distributing information about workspaces to occupants and enabling them to engage with workplace services.

FIGURE 14 – Landlord Perceptions Of Most Impactful Tech In Flex Spaces

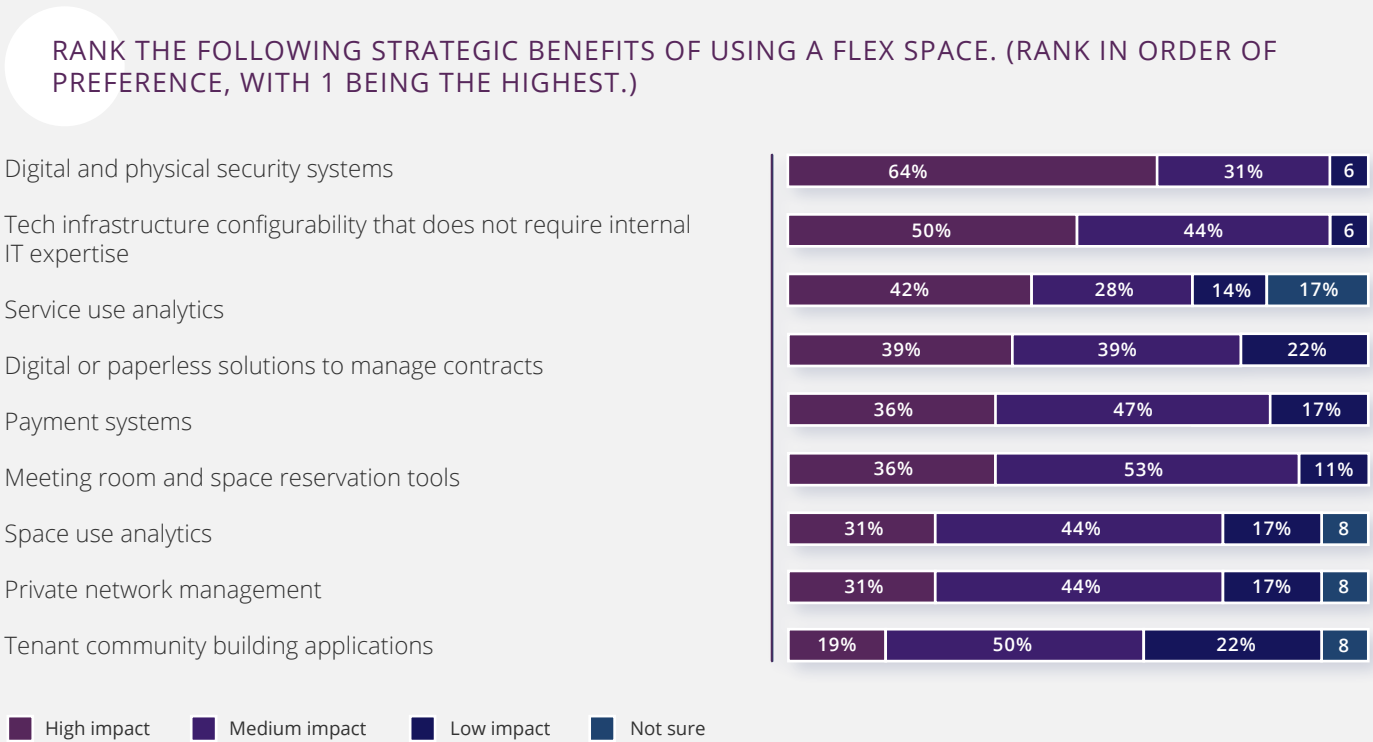
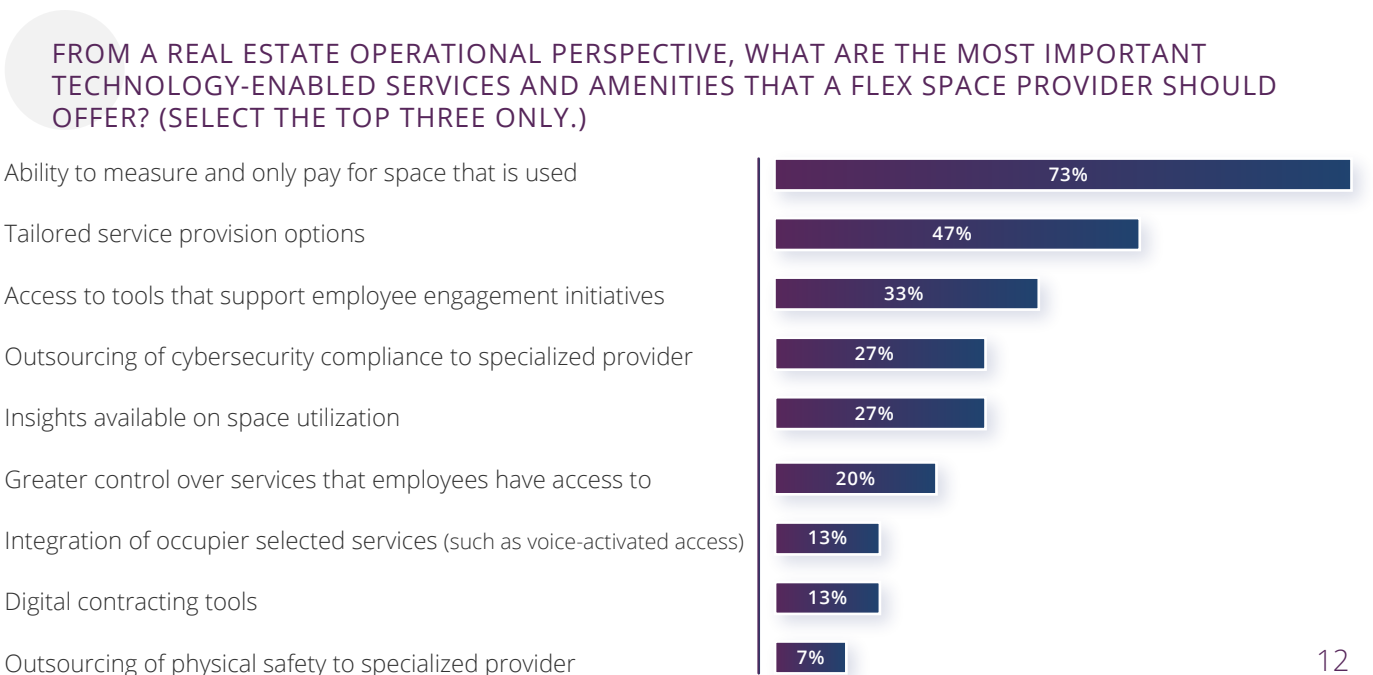


FIGURE 15 – Tech-Enabled Flex Space Services That Have The Biggest Operational Impact

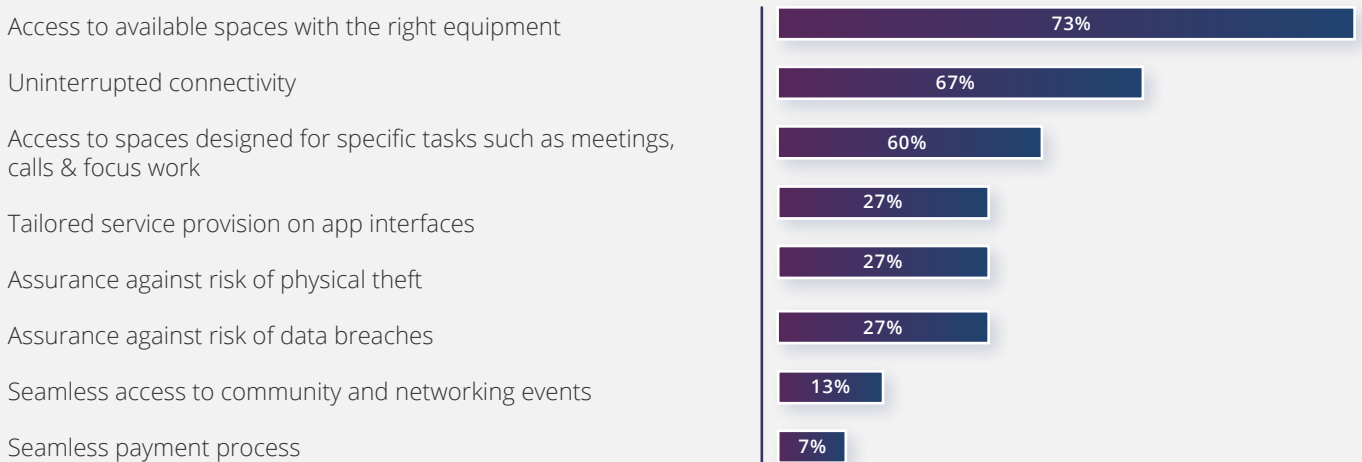


FAIL TO MAXIMIZE THE FULL VALUE OF SPACE UTILIZATION INSIGHTS FOR THEIR OCCUPIERS.

Only around 30% of landlords thought that space use analytics was a high impact technology in flex spaces. This is in stark contrast to occupiers, where 73% said it was a top three priority in flex spaces from an operational perspective. From an end-user perspective, again 73% of occupiers said it was a top three priority to have access to available spaces with the right equipment (see Figure 16), which is dependent on space usage analytics. Why is this so important? Optimizing space usage enables landlords to provide a more seamless occupier experience, minimizing the time it takes to search for, find and book spaces suited to occupier needs.

FIGURE 16 – Flex Space Tech Services That Have The Biggest Impact On The End-User

RANK THE FOLLOWING STRATEGIC BENEFITS OF USING A FLEX SPACE. (RANK IN ORDER OF PREFERENCE, WITH 1 BEING THE HIGHEST.) [N=15]



CANNOT MEET THEIR PEERS' SERVICE LEVELS IN PREMIUM SPACES WITHOUT AUTOMATED BILLING.

The landlord survey revealed a distinct difference between those providing premium flex spaces and those not currently doing so. For the landlords already offering premium flex space offices, 100% said that using an automated billing engine was either a “very important” (47%) or “important” (53%) capability in a technology partner. By contrast, for the

landlords not currently offering premium flex space, 70% said that it was either “very important” (29%) or “important” (41%). For those planning on offering plusher and tech-enabled flex spaces using a software and digital infrastructure partner, they must keep up with fellow landlords’ tech capabilities to avoid falling behind with prospective occupiers. 13

5 PROACTIVE LANDLORDS ARE PRESENTED WITH DOUBLE DIGIT RENT PREMIUM & MONETIZATION OPPORTUNITIES

Occupiers want flex space, and many expect them to feature tech services as assurance for their concerns about digital security, community engagement, space efficiency and transaction management. With such demands, what is the reward on offer for meeting them? The data points to promising signs, in which offering flex space can:

ENABLING LANDLORDS TO EARN A PREMIUM OF AT LEAST 20%.

Over 40% of landlords surveyed believe having at least 15% of their portfolio as flex space can lead to the greatest portfolio value (see Figure 17). This is not an unrealistic assumption, as the occupier survey revealed that half of tenants would be willing to pay a premium of 20% or above for flex space with tech-driven amenities (see Figure 18). When occupiers discussed this point, they qualified it by stressing that such flex spaces must satisfy key criteria, such as strong connectivity, IT security, seamless access, and ease of move-in as well as layout adaptation. Thinking about spending the cash

Over 40% of landlords surveyed believe having at least 15% of their portfolio as flex space can lead to the greatest portfolio value.

freed up from portfolio consolidation, a Head of Global Real Estate at a financial services firm remarked that, "if I am offered a tech-enabled flex space that genuinely reduces workplace friction, I would be happy to pay a 25% premium for that".

Head of Global Real Estate at a financial services firm remarked that, "if I am offered a tech-enabled flex space that genuinely reduces workplace friction, I would be happy to pay a 25% premium for that".

FIGURE 17 – Role Of Flex Space In Boosting Landlords'

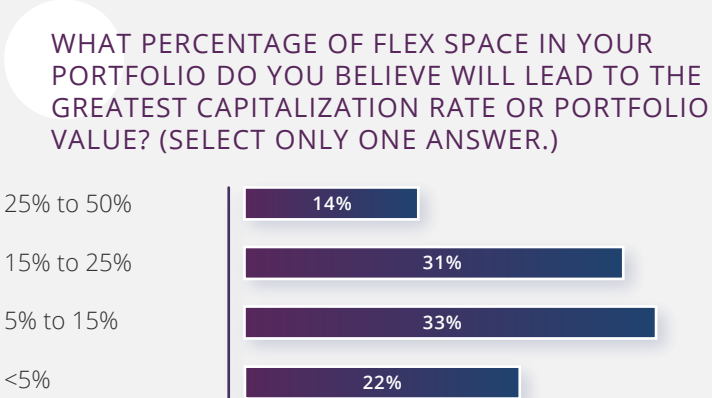
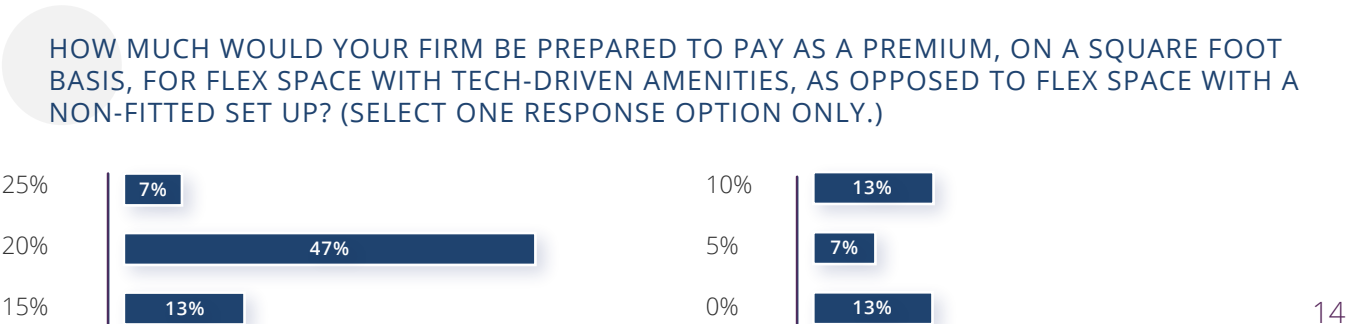


FIGURE 18 – Premium Occupiers Would Pay For Tech-Enabled Flex Space



OFFER A SOLUTION FOR THOSE NEEDING TO CREATE REVENUE GENERATION OPPORTUNITIES.

The spread and entrenchment of the COVID-19 pandemic has put unprecedented pressure on landlords to rapidly adapt their real estate product offerings. With the rise of hybrid working, landlords will need to come up with innovative ways to protect against revenue drain. This is why **67% of landlords** surveyed said that increasing revenue generation opportunities was a top three business benefit from offering flex space (see Figure 19). On this topic, a development manager from a landlord recalled that they only lost one client during the first UK lockdown, and that they began offering flex at a premium to existing clients, which then made up for the lost revenue.

FIGURE 19 – Business Benefits Of Flex Space To Landlords

IN YOUR OPINION, WHAT BUSINESS BENEFITS DOES OFFERING FLEX SPACE BRING TO YOUR ORGANIZATION? (SELECT THE TOP THREE ONLY.)

Increases revenue generation opportunities across existing tenants

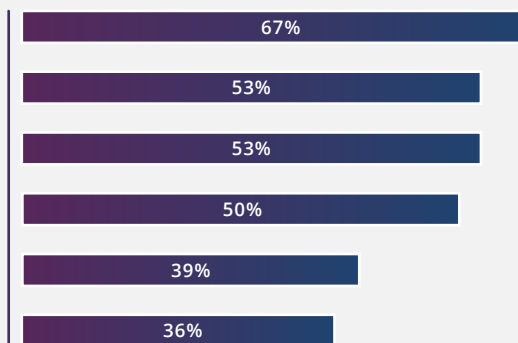
Let out vacant space quicker

Keeping our offering relevant to evolving customer needs around flexibility

Attract longer-term revenue opportunities

Make portfolio more resilient & agile to changing market requirements

Achieve rental premiums through higher quality space



KEEP A LANDLORD’S OFFERING RELEVANT TO OCCUPIERS TO MINIMIZE VACANCIES POST-PANDEMIC.

The other two top business benefits of offering flex space, as anticipated by landlords, was being able to let out space quicker, and keeping your offering relevant in the face of growing demands for flexibility. In early 2021, for example, Standard Chartered announced that it has signed a global deal with serviced office network IWG, giving Standard’s nearly 100,000

employees access to 3,500 offices around the globe on a 12-month trial. This is enabling Standard to allow its staff to work from a greater variety of office locations, adding more convenience and flexibility to their working schedules. Examples like these demonstrate the strategic role flex can play in keeping landlords’ properties attractive to tenants.



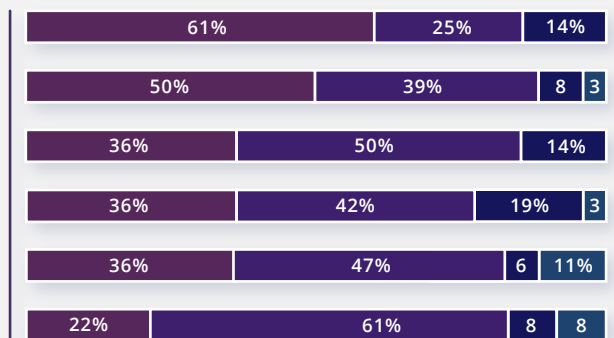
SECURE KEY MONETIZATION OPPORTUNITIES PRESENTED BY SOFTWARE & TECHNOLOGY DEPLOYMENTS.

Over 80% of landlords surveyed said that a risk associated with not deploying technology in flex space is missed monetization opportunities from as-a-service business models (see Figure 20). Moreover, nearly 80% of landlords said that an inability to capture preference data from end users' purchase of services was also a risk. In practice, this can mean not having the digital infrastructure in place to standardize and automate pricing and billing processes, as well as having no way to analyze purchase trends. Filling these gaps in capabilities can help landlords better serve tenant needs, by providing a richer understanding of what types of services or spaces they demand most before any product investments are made.

FIGURE 20 – Risks Landlords Face If They Do Not Deploy Tech In Flex Spaces

RANK THE FOLLOWING STRATEGIC BENEFITS OF USING A FLEX SPACE. (RANK IN ORDER OF PREFERENCE, WITH 1 BEING THE HIGHEST.)

- Inability to meet the technical requirements of enterprise tenants
- Inability to capture utilization data and minimize the incidence of chronically vacant space
- Missed monetisation opportunities from as-a-service business models
- Inability to capture preference data from end users' use of services
- Falling behind market standards set by other landlords
- Inability to scale due to a lack of prebuilt software workflows



■ High risk
 ■ Medium risk
 ■ Low risk
 ■ Unsure



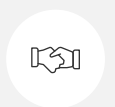
CONCLUSIONS

In sum, demand for flex space is currently driven by three core factors: a desire by occupiers for shorter leases that can be adapted more regularly, interior designs that support different work tasks and tech services that allow seamless access to amenities. Responding to these growing trends, both landlords and occupiers revealed that they will incorporate more flex space as part of their real estate strategies, regardless of whether they are shrinking, maintaining, or expanding their portfolio sizes. This indicates that flex space is a universal trend and will only become more entrenched in the market.

Most demand is for flexible meeting spaces and premium serviced offices. Although landlords' focus on these two flex space products matched occupiers' product preferences, the research revealed a pressing problem for traditional landlords (which have not historically offered flexible contract options). Only 13% of occupiers thought that such landlords have a strong flex offering, which includes frictionless set-up and amenities that enhance the in-building experience. So, although some specialist flex space providers are firing on all cylinders when it comes to meeting tenant demands, many landlords must play catch up if they are to compete effectively.

Where could landlords improve? Several areas arose that warrant attention. Nearly 70% of occupiers said that landlords do not meet the data security standards they need, for example, whilst some landlords underestimate how important community building mobile applications are to tenants. Moreover, some landlords are not maximizing the full value of space usage data for tenants or keeping up with market standards on automated billing.

Addressing these tenant concerns can lead to more effective provision of flex space. But what would potential customers be willing to pay for an ideal flex space? Half of occupiers said that they would be willing to pay a premium of 20% or above for flex space with tech-driven amenities. Beyond this, the research indicated additional rewards for leveraging flex space in a portfolio. Landlords anticipate, from their own experience, that flex space with a digital ecosystem can unlock new revenue generation opportunities, minimize vacancies after the COVID-19 pandemic fades and create the opportunity to detect as well as monetize more building services.



CONTRACT FLEXIBILITY



AMENITIES



TECHNOLOGY



SPACE DESIGN

OCCUPANT PREFERENCES

Shorter lease term duration & options to shrink or expand

Amenities & workplace services such as app-driven functionality are top priority

IT data security is a common misgiving about traditional landlord flex offerings

Layouts that reduce task inefficiencies, & near frictionless set-up as well as configuration options

LANDLORD PREFERENCES

Lease flexibility is actively being incorporated into their real estate offerings, but not fast enough

Only starting to incorporate wellness facilities & amenities that offer the most convenience

Significant minority do not think digital security is a top three priority to focus on

Underestimate importance of move-in requirements & configuration options

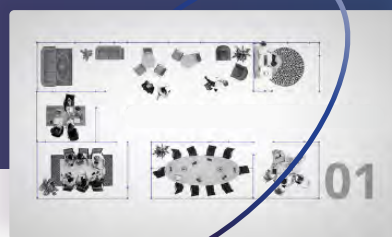
MEET THE FUTURE OF FLEXIBLE REAL ESTATE TECHNOLOGY

The new Flex Services Platform from essensys.

All the technology you need to deliver next-generation
flexible workspace experiences.



DIGITAL INFRASTRUCTURE



SPACE MANAGEMENT



FLEXIBLE OPERATIONS



OCCUPIER EXPERIENCE



Find out more at
essensys.tech



ESSENSYS.TECH

essensys 