

Real estate at critical juncture to embrace dynamic workplaces

3 years ago



As businesses continue to evolve their workplaces to best meet the needs of their employees, JLL's (NYSE: JLL) [Global Future of Work Survey](#) finds that 72% of decision makers believe the office is critical to doing business.

The research shows that over the next several years companies anticipate hybrid work to become the dominant model and will be looking across their real estate portfolios to re-think their office spaces, invest in new technology and prioritize sustainability.

"The next three years will prove to be an inflection point for real estate as businesses plot their future path and rethink the purpose of their portfolio," said Dr. Marie Puybaraud, Global Head of Research, JLL Work Dynamics. "The changes accelerated by the pandemic represent an opportunity to pause, think about a long-term real estate strategy and how it aligns with future business priorities."

Rethinking the office layout to accommodate hybrid working in the long-term

The mass adoption of hybrid work will have a lasting impact, with 77% of CRE leaders agreeing that offering remote or hybrid working will be critical to attracting and retaining talent in the future. As the trend toward dynamic working will continue, successfully operationalizing hybrid working will be the most important strategic priority for commercial real estate (CRE) executives over the next three years. This includes exploring flexible space options, with 43% of companies planning to accelerate investment in flexible space between now and 2025, and 51% saying they will lease flexible space through a third-party provider.

“As the office finds a new purpose post-pandemic as a destination for collaboration in employees’ hybrid workstyles, occupiers will need to continue increasing their investments in creative spaces,” said Sue Asprey Price, CEO, JLL Work Dynamics (EMEA).

“Enhancing socialization, especially among a large, often geographically dispersed, workforce will be critical to future talent strategies, as the office accelerates its role as the innovation hub of the work ecosystem.”

Forty-five percent of organizations consider collaboration to be one of the primary purposes of office space and 73% have planned or are planning to make all office spaces open and collaborative, with no dedicated desk spaces. Many companies are also investing in spaces that support new workforce priorities around health and wellbeing.

Environmental and social aspirations will shape future portfolio transformation

As organizations face ever increasing pressure to deliver clear outcomes in the race to net zero and create social value through real estate, 77% say investing in quality space is a priority. With green strategies having a direct impact on real estate decisions, 74% say they are likely to pay a premium for green credentials; further, more than half of occupiers (56%) plan to do so by 2025.

However, stakeholder aspirations are not solely environmental, with nearly 8 out of 10 companies saying their employees expect their workplaces to have a positive impact on society. This means increasing investment in social considerations will be equally as important as funding environmental objectives. With diversity, inclusion and wellbeing now falling high on the corporate agenda, companies are underpinning these objectives with further investment and resources. Seventy-nine percent of respondents agree that their organizations are acting today to make the workplace more inclusive and diverse for all employees.

Investing in technology investments to boost workplace performance and productivity

Technology and data will be critical foundations in the future of successful real estate operations, but the gap that needs to be filled is immense. Only 13% of CRE executives say they are collecting data on an ongoing or real-time basis using advanced analytics. With the transformative power of technology to shape the dynamic workplace, companies are focused on ramping up investments in intelligent solutions to unlock new opportunities for boosting workforce performance and productivity.

The research finds a clear roadmap for CRE technology shaped around 15 anchor technologies, including workplace apps, remote working technology and virtual reality. As organizations plan future investments, CRE leaders are focused on key strategic areas like sustainability and employee wellbeing. By 2025, most companies (78%) plan to have incorporated over ten of the anchor technologies in their operations, and 40% plan to incorporate all 15.

Real estate needs are becoming more sophisticated and

complex

To respond to the complex range of future of work challenges, CRE leaders will focus more on harnessing specialist skills to achieve their strategic objectives. Seventy-five percent of leading CRE functions anticipate greater reliance on external partners, with the two top areas for outsourcing growth expected to be health and wellbeing services (44%) and sustainability strategy (44%). Further, as technology becomes a crucial platform to boost performance levels on all fronts, 43% say they will need more outsourcing support for CRE technology solutions over the next three years.