1. EVOLVING LANDSCAPES REQUIRE AGILE APPROACHES

THE WORLD OF WORK IS CHANGING.

Today, work is fundamentally different than it was 20, 10 and even just five years ago. And the pace of change, fueled by technology and a host of economic and cultural trends, is accelerating faster than ever before. Amid this, companies must continuously monitor, adapt and evolve to maintain a competitive advantage—in both the markets they serve and among the talent they covet. McKinsey notes that as business becomes increasingly complex and volatile, organizations look for agile strategies to quickly reconfigure their business and support functions with an eye toward value-creation and value-protection opportunities.

The evolving landscape of work has very real implications for real estate, creating a new wave of expectations and opportunities. Owners, occupiers and service providers are looking for new models—grounded in the concept of agility—to deliver highly effective workplaces, differentiated assets and optimized portfolios that yield more value for the organizations and the people they serve.

WELCOME TO THE AGE OF AGILE REAL ESTATE.
A CONSUMER MINDSET IS BLEEDING INTO THE WORKPLACE.

In an omnichannel world, where time is our scarcest resource, companies are competing for talent by providing differentiating amenities, services and programing. Just as experiential retail is emerging, so too is the movement toward experiential workplaces.

BUSINESS IS CHANGING FASTER THAN EVER BEFORE.

Companies must evolve alongside new entrants and technology advancements to remain competitive and relevant in this dynamic landscape. The skills and resources needed to drive business will be impacted and under constant pressure, making future planning a challenge.

TECHNOLOGY IS CHANGING THE WAY WE INTERACT.

Mobile devices, cloud computing and other enablement technologies allow employees to work untethered throughout their day. The right tools and connectivity allow employees to be more productive, no matter where or when they work.

THE WORKFORCE IS BECOMING MORE LIQUID.

Project-based teams are replacing hierarchical models as organizations evolve to move more quickly. Freelancers currently make up 36% of the global workforce and, at the current growth rates, are anticipated to represent the majority of the workforce by 2027.
2. THE ROLE OF AGILITY IN REAL ESTATE

Changing landscapes have spurred the need for agile real estate strategies. This is creating real implications for workplaces, assets and overall portfolios. For all stakeholders, infusing agility into their real estate will help them embrace change, allowing for a certain level of uncertainty while supporting the evolving needs of organizations and the employees they serve.

AGILE REAL ESTATE: THE WHAT, HOW AND WHY

WHAT IS AGILE REAL ESTATE?
Workplace environments and space agreement structures, that are dynamic and nimble in supporting organizational objectives and employee needs—today and tomorrow.

HOW DO YOU ACHIEVE AGILITY?
Create a unique and implementable strategy that increases productivity, drives efficiency, creates appropriate flexibility and delivers rich experiences to employees and tenants.

WHY DOES AGILITY MATTER?
Agility delivers more effective workplaces and assets, and streamlined portfolios, that help drive better business performance, helps attract and retain talent and tenants, and increase asset value.

UNDERSTANDING THE HIERARCHY OF AGILE REAL ESTATE

PRODUCTIVE
functional, well-located and tech-enabled environments that meet the needs and wants of employees and tenants, while enhancing the quality of output.

EFFICIENT
highly utilized footprints that leverage ancillary locations to support transient staff, allowing cost to be reallocated into workplace elements that enhance employee and tenant engagement.

FLEXIBLE
lease, design and infrastructure strategies that create options and nimbleness to meet real-time and anticipated employee, tenant and business needs.

EXPERIENTIAL
technology-enabled amenities, services and programming that engage and build stickiness among employees and tenants, promoting convenience, wellness and happiness across organizations.
3.1 BUILDING AGILITY INTO REAL ESTATE STRATEGIES: THE OCCUPIER

For occupiers, an agile real estate strategy delivers high-performing workplaces and portfolios that can quickly adapt to meet the changing needs of individuals and the organization. However, this does not signal the death of long-term leases and ownership. Rather, the way the core offices are designed and allocated, and the amount of space dedicated to them, is likely to be reimagined.

For occupiers, agile real estate strategies incorporate:

• **DIVERSE WORKPLACE DESIGN SOLUTIONS**, fueled by technology, to ensure the highest and best use of committed leased or owned space for the given requirements.

• **FLEXIBLE SPACE SOLUTIONS**, solving for requirements that are uncertain, transient or short-term.

1/4 of companies anticipate migrating toward activity-based, unassigned workplace strategies to meet the evolving needs of talent and workstyles.

CBRE 2018 Americas Occupier Survey
DIVERSE WORKPLACE DESIGN SOLUTIONS

There is no single way that organizations solve for their unique workplace demands. Rather, they evaluate a number of variables—where and how their people work, the outputs they deliver, and what they value most—to develop viable options for better supporting their requirements. This is then brought to life through different design solutions.

TYPES OF WORKPLACE DESIGN SOLUTIONS

Traditional Design
- Specific spaces assigned to specific people
- Fixed environment with less peer-to-peer interactions

Project-Based Design
- Spaces assigned to specific projects

Activity-Based Design
- Unassigned network of spaces providing choice
- Mobile environment with more peer-to-peer interactions
FLEXIBLE SPACE SOLUTIONS

Lease flexibility is a concept closely connected to agile real estate. While serviced offices have historically offered flexible leasing solutions, the pace of change impacting workforce dynamics has created additional requirements. Today, a proliferation of flexible space solutions exists, with coworking being the most well-known. Introduced in 2005, coworking has experienced exponential growth in the past decade. The appeal of the coworking model lies in the opportunity for lease-term flexibility coupled with highly appealing workplace environments. Originally intended for individuals and small startups, broader organization interest has driven the emergence of “enterprise solutions” within coworking to deliver flexibility, aesthetic value and speed to market, but without the element of communal space that enterprise organizations typically do not want. With these new models, savvy occupiers are leveraging agile strategies that integrate flexible, short-term and long-term lease structures to most effectively anticipate and solve for talent and organizational needs.

THE SPECTRUM OF FLEXIBLE SPACE SOLUTIONS

Coworking
WeWork, Industrious, Spaces, MakeOffices, The Yard

Incubator
Y Combinator, Techstars

Serviced Offices
Regus, Servcorp, Carr

Enterprise Solutions
WeWork, Industrious, Spaces

Turnkey
Liquid Space, WeWork, Industrious, Spaces

Short-term Lease
Traditional Owners, Large Corporates

Long-term Lease
Traditional Owners, Large Corporates
Initial Considerations for Occupiers:

- Commit to long-term requirements you know are reasonably certain, and explore flexible space solutions for the rest.
- Focus on density and mobility in the workplace over traditional per-seat metrics.
- Design a workplace based on functionality for today and adaptability for the future.
- Invest resources into technology-enabled amenities, services and programming focused on the employee.
- Choose landlords committed to enhancing the overall experience of the building.

“Big companies want to act small. They need to be agile but are held back by the constraints of being a big business. Space, and the investments they make on space, are a major part of this. By providing them with flexible space, they are unencumbered to be the business they want to be, something that applies more and more the bigger the company becomes.”

— David Fano, Chief Growth Officer, WeWork

“Ultimately, the ability to grow and contract based on business needs or, even better, fluidly allocate resource across a global real estate footprint is the ultimate goal (and value) of an agile workplace and portfolio.”

— Michael Berretta, Vice President Network Development, North America, IWG
3.2 BUILDING AGILITY INTO REAL ESTATE STRATEGIES: THE OWNER/INVESTOR

For owners and investors, agile real estate strategies incorporate long-term leases with a mix of other solutions to create long-term value and near-term stickiness for their assets. The most savvy are taking a more active role in finding and executing solutions that increase asset utilization and deliver dynamic experiences to attract the most demanding and desirable tenants.

Agile assets incorporate:

- **EXPERIENCE-LED AMENITIES, SERVICES AND PROGRAMMING**, supported by technology, that offer substantative value to tenants beyond building location.

- **DIVERSE LEASE MODELS** that range from long-term traditional leases and short-term turnkey solutions to on-demand, shared workspaces.
EXPERIENCE-LED AMENITIES, SERVICES AND PROGRAMMING

The power of place to draw employees is a key attribute that tenants factor into their building-selection decisions. Today, real estate owners and investors are providing tenants with high-value, high-efficiency amenities, including meeting spaces, fitness facilities, catering and concierge services, to attract them to their assets. The owner and investor value proposition has become greatly enhanced and serves as a critical differentiator.

Landlords are delivering these offerings directly or through third-party operators. These operators, along with a constant wave of emerging technologies, are driving this experience-led, on-demand, new reality for real estate. And many landlords believe these new offerings are contributing to significantly faster leasing velocity within their buildings.

92% of building owners believe that offering enhanced amenities will increase leasing velocity and rental rates within their buildings.
**DIVERSE LEASE MODELS**

Landlords play an integral role in enabling environments where larger organizations can achieve the right balance of leasing models. In conjunction with traditional leases, flexible-space solutions can help organizations looking for speed to market, simplicity of transaction and ability to scale in response to market demand. Today, most see the locational suitability and impact for flexible-office provision being greatest in global gateway cities, with far lower assessment for fringe locations and smaller cities.

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**45%**

of landlords and investors say that **flexibility of use** is the most important **occupier trend** for real estate in 2018.

*CBRE 2018 Americas Occupier Survey*
Initial Considerations for Owners and Investors:

- Build shared amenity floors that promote efficiency within traditional, tenant-leased environments.
- Provide the technology that tenants need to be successful and employees need to be engaged.
- Commit to the tenant experience journey through amenities, services and bespoke programming.
- Consider flexible space solutions to support evolving tenant demands.

THE ULTIMATE AGILE ASSET

AMENITY DRIVEN FLOORS
Shared building space accessible to occupants for event space, food services, lounge areas, workspaces, etc.

ACTIVATED COMMON AREA
Common area space designed and programmed to be engaging to the building occupants and community

LONG TERM LEASE
Core leases planned for requirements that are certain

MANAGEMENT AGREEMENTS
1 – 3 year turnkey managed agreements for dedicated space needs that are uncertain

FLEXIBLE SPACE SOLUTIONS
On demand agreements for shared workspace to be used by both building occupants and other consumers
4. THE VALUE OF AGILE REAL ESTATE

Agile real estate is not a fad. For organizations and real estate investors and owners, it will become an increasingly important way for them to drive and maintain competitive advantage. But how an agile solution is brought to life, and the value it can deliver, will be unique for each individual and organization it serves.

“Technology is advancing exponentially, and with a fluidity not seen before. Real estate is not immune. To that end, we’re driving innovation faster than ever, seeking to increase the agility of our workplace and overall portfolio to better align with our business strategies, all the while remaining nimble in the way we execute.”

— Frank Cuevas, VP, Real Estate Strategy & Operations, IBM
Agility provides choice in where and how they work, with the right mix of spaces, amenities, services and programming to meet their professional and, increasingly, personal needs.

Agility provides a productive, efficient, flexible and experiential footprint that can aid in talent attraction and retention and align with business strategies.

Agility provides an ideal balance of traditional and flexible lease solutions, supported by technology-enabled amenities, services and programming to attract and retain tenants.

“Today’s tenants demand more from their workplaces, seeking environments that provide flexibility while delivering an engaging employee experience. To meet this demand, we’re taking a proactive approach with our office portfolio to create leading-edge destinations, featuring desired amenities, services and programming that help attract and retain world-class companies and enhance the value of our assets.”

— Brad Neglia, Principal, LBA Realty
5. GETTING TO AGILE

SO HOW DO YOU BUILD AND EXECUTE THE RIGHT AGILE REAL ESTATE STRATEGY?

In today’s fast-moving, rapidly evolving, hyper-personalized world of work, there is no one-size-fits-all solution. For the occupier, you have to start with your overall objectives. For the investor and owner, the opportunity lies in understanding what will best position assets with current and prospective tenants. Either way, embracing an agile approach to real estate that couples traditional real estate models with emerging real estate approaches is critical to developing nimble strategies that effectively serve business objectives, while remaining flexible to meet future needs.

Having a partner to help navigate this changing and often complex landscape is key. At CBRE, our expertise, experience and industry-leading platform enable us to bring together the right people and solutions for creating and implementing agile real estate strategies to better serve business objectives and the bottom line.

The demands on real estate are evolving rapidly. Workplaces, assets and portfolio strategies must evolve too. The future of work is truly agile. Building competitive advantage begins with agility at the heart of your real estate strategy.

ARE YOU AGILE?
“As the dynamics of work evolve, so must real estate. CBRE is helping our clients build agile strategies that align their real estate to their business objectives, while maintaining the ability to pivot seamlessly amid change.”

Brandon Forde
Executive MD, A&T I Occupier, CBRE

“It’s no longer enough to see real estate simply as a location or investment. Rather, CBRE is partnering with clients to transform their assets and portfolios into agile destinations that help drive tenant and employee engagement, bottom-line performance and value creation.”

Scott Marshall
Americas President, A&T I Investor Leasing, CBRE