

T H E

WeeklyTAKE

I GET AROUND: TOP MARKETS FOR TECH TALENT IN A DECENTRALIZED WORLD WITH LISA PICARD, DAN HARVEY AND COLIN YASUKOCHI [7.20.21]

Spencer Levy

I'm Spencer Levy and this is The Weekly Take. On this episode, with the publication of CBRE's annual report on tech talent, we've assembled our own panel of tech talent to explore how this sector is driving real-estate decisions across the Americas.

Dan Harvey

I think we're at a really special moment—that with A.I. and with block chain and with social media platforms—that has empowered the knowledge and innovation and creative workforce in ways that is unparalleled.

Spencer Levy

That's Dan Harvey, vice chairman of CBRE's Bay Area Occupier Services Group. Based in San Francisco, Dan works with startups as well as some of the world's largest companies while covering a territory that includes Silicon Valley, arguably the most competitive tech talent market around.

Colin Yasukochi

One of the I think interesting things that we saw play out during the pandemic is how much more dependent and reliant we became on technology and tech talent workers.

Spencer Levy

And that's Colin Yasukochi, the executive director of CBRE's Tech Insight Center, also based in the Bay Area. Colin is the lead author of CBRE's tech-focused analysis and reporting, including the research that will dig into on this show.

And to bring an occupier, operator and innovator perspective to the table, we're also joined by Lisa Picard.

Lisa Picard

I mean, it brings the question sort of like, what is work? You know—is work sort of the vanity of having your light on still at your office? What is the notion and nature of productivity? And, you know, what job does the office perform?

Spencer Levy

Joining us from Seattle, Lisa is the CEO of EQ Office, Blackstone's office investment platform. EQ has more than 30 million square feet of workplace real estate around the country. It's a jam-packed discussion about a highly competitive industry with real estate and labor needs that are having a wider impact on the economy. So let's lean in and get down to the nuts and bolts. Coming up, Scoring Tech Talent 2021—an in-depth analysis of 50 markets across the Americas. That's right now on The Weekly Take.

Spencer Levy

Welcome to The Weekly Take. So let's start with the big picture question. We're in the pandemic—hopefully we are on the very tail end of it, yet we are still in it. But nevertheless, the pandemic has had lasting changes in so many ways, including how we look at tech talent, office space—and that could be our only question today if that was the only one we

T H E

WeeklyTAKE

ask. But let's start with you, Lisa. What's your perspective on the pandemic and how it impacted office and the demand for tech talent?

Lisa Picard

What I like to say is that the future's already here. It's just not evenly distributed. And I also like to quote Esther Perel who basically said it fostered and accelerated the beginning of the end of all relationships—in your relationship with your employer, your relationship with your family, your relationship to your city ... all those sorts of things really got accelerated. And I think what happened looking back over the last 16, 18 months, is that a lot of people realized that the notion of what work is and how work gets done is different than sort of the traditional sense. And I think a lot of people were sort of surprised in the nature of how much work could actually get done in a multitude of different locations. And now I think what we're seeing is, is sort of what kind of work. Right? And I like to kind of parse it out between offense and defense.

As I talk to CEOs, there's this notion about how a lot of the work of defensive moves of things that the company in the organization already knew is really easy to kind of achieve in sort of a remote or an isolated location. But when you start to look at sort of growth, unless your organization has been growing in that mode, it's been really critical to sort of have that huddle, you know, to drive the offensive moves for the organization. What we're seeing now is this tension between leadership and talent, because talent really enjoyed this freedom and leadership wants to move the ball down the field.

Spencer Levy

Dan, I would love your perspective since you're out in front of tenants every day talking about this very issue with the dynamic between labor and management—demand for space as a result. What's your perspective?

Dan Harvey

Well, I think this pandemic-induced innovation moment is real. And the mental model, Spencer, that I have is think about human beings or sapiens. They all have—we all have—Paleolithic emotions. We work—many of us—for medieval institutions, and we have God-like technology that is raining down upon us at not linear growth, but exponential. And I think we're at a really special moment that with A.I. and with block change and with social media platforms, that has empowered the knowledge and innovation and creative workforce in ways that is unparalleled. And so there is this tension between, I think, executive leadership teams and the workforce in terms of choice and enabling choice and how to deal with return to office, workplace. And it's just fascinating.

Spencer Levy

So Colin, would love to get your perspective.

Colin Yasukochi

One of the I think interesting things that we saw play out during the pandemic is how much more dependent and reliant we became on technology and tech talent workers. And that kept the market for these tech talent workers pretty competitive and still pretty tight. So that actually gave them a lot of leverage in terms of what these remote-work policies are going to be playing out into the future. So we saw many of these companies see their business improve. They hired a lot more tech talent, you know, than you would expect them to have during this pandemic and actually grew their workforce. I think that that was really an

T H E
WeeklyTAKE

important factor.

What we also saw was that a lot of hiring continued outside of the major headquarters markets, which primarily were the Bay Area and Seattle, where companies realize they need to go to where the source of the talent is. And that's all the great universities that we have throughout this country, a lot of them on the East Coast and in the Midwest. And we've seen a lot of tech companies expand in those particular areas. And so this era of remote work works not entirely and not in all cases. I think it's opened up the playing field for tech employers and for employees to really work and live anywhere across the U.S. and Canada and even the world.

Spencer Levy

Lisa, looking at your portfolio, you own in all of the major cities in the United States, but less so in some of these smaller secondary markets—maybe that'll change. Would love to get your perspective on the major cities versus what Colin is suggesting, the opening the door to some of these smaller places.

Lisa Picard

Yeah, it's actually an acceleration of the same trends over the last five years. Movement to markets like Austin, movements to markets like Nashville—those moves were actually happening pre-pandemic. And when I talked to leaders of some of the tech companies who manage the real-estate portfolios, there's a discussion about the types of talent—and I'm sure Colin in his report is one of the things that we sort of like hang on to and what we like about the CBRE tech talent report is just the quality of the labor.

But there is this notion of like, you know, a piano player, you know, the extent of where you can find piano players is available in other markets outside of the cities of San Francisco, Seattle, Boston—the core tech markets. But every now and then when I talk to some of the leaders who are starting up companies and they say, look, we need to bring a product to market fast, I need a concert pianist. I can't just have a piano player. That is also kind of a bifurcation of talent. Right? Of those people who can kind of produce the work and those people who can actually really generate the new value.

You know, Marc Andreessen talks about the frontier notion of the cities in the West. And it's not just Silicon Valley. It's also, you know, Los Angeles. People who sit back and say, I'm going to create a new movie, I'm going to create a new way of grabbing iShare. And I think it's the East Coast markets that figure out, as Mark would say, how to control it, scale it, professionalize it. Right?

So I think, you know, what you're going to see is there you can't deny these talent pool concentrations. You can't knock them off the block. I mean, the key leadership density in some of these core markets is really, really core. And when you have young people, you know, coming out of college and they're asked, do you want to go to sort of the, you know, HQ or do you want to go to an ancillary HQ of where there might be some secondary leadership? And they always gravitate towards the opportunity, right.

And so I think that's kind of the interesting notion. You are seeing sort of this split off of access, as Colin said, like jobs are following people. They have been following people over the last 10 years. And people who have technology skills are migrating to these other markets for lifestyle. But I think we should be careful in knowing that affordability is not a

T H E
WeeklyTAKE

lifestyle because that gets wiped out pretty quickly.

Spencer Levy

I wrote down a few of the phrases you said here, generating new value. Density. Those are the things that the major cities have more than anybody else. And if I want to use a fancy term, the agglomeration effect is what is the combination of labor, talent, infrastructure, the arts, restaurants—all that stuff. So, Dan, what were your clients, how are tenants looking at these issues when comparing San Francisco to, say, Austin, Texas?

Dan Harvey

The question that's being asked, is workforce going to follow workplace, which traditionally it has. Right? And office was workplace. And now I want to give Lisa fully credit. I love this term and Lisa coined it. You know, workplace has become "[phygital](#)." It's physical, home, it's physical, office, and it's digital, Slack, Microsoft Teams, Trello.

Is workplace going to follow workforce, which gets back to the power in labor? And how much power is there in innovation creators. Right? And we can talk about the culture to go to a Ben Horowitz, you know, in his great book on culture. "It's not what you say, it's what you do," right? What actually happens right in the company, what's the behavior?

And so as you think about that and you think about what comes next, I am not dystopian to great cities. I mean, I live in one of the most amazing cities in the world, San Francisco. But I really do think that density does cause some challenges. And one of the big challenges is it brings to the mind the inequality that we are seeing in our country, an incredible inequality of wealth that workers are seeing that's magnified in density. And so I do think part of workforce wanting to distribute in others cities, you know, other amazing but smaller cities is in part a way to get away from that sense of scarcity, which promotes some of the bad behavior that we're seeing. And so I think executive leadership of these companies are taking that very seriously and are trying to think about what kind of culture do I want to have. That's fascinating and is really going to get into what the answers are through this great experiment.

Lisa Picard

I mean, Dan, through your construct, it brings the question sort of like, what is work? Is work sort of the vanity of having your light on still at your office? What is the notion and nature of productivity? And, you know, what job does the office perform? I mean, those really interesting dynamics sort of play into the question you raise.

Dan Harvey

Yeah. And if I might, I mean, just to go with that, Lisa, and to pull in Colin here, I mean, spend a lot of time talking about diversity and inclusion, and that's something that's so important. I would love to hear Colin talk about it more.

But I do think there's this idea that collaboration can only happen in the office. And there is a certain kind of collaboration that happens in the office, but it favors a certain kind of person. Right? It often favors people that are white, that are male, that are extroverted. And so I think it's been amazing to see collaboration happening digitally and people being brought into collaboration who wouldn't maybe have done it in the traditional office environment.

T H E
WeeklyTAKE

So it's not that there's a right or wrong, it's just that there's going to be this titration in this dosing.

Spencer Levy

So Colin why don't you jump in here and talk a little bit more about what the report talks about. Now, you have a new category in there of diversity and inclusiveness. I'd love to hear about all of that.

Colin Yasukochi

Yeah, I'll start off by saying is that the larger markets that have all of those important elements that Lisa and Dan talked about are still at the top of our list and they continue to be top ranked. So we've got the Bay Area. We've got Seattle, Washington, D.C., Toronto and New York. Those are the top five markets and they've been there for a number of years—for the simple reason is that that's where innovation occurs. And if we look at quality versus the cost trade off, those markets also thrive in that particular area.

So even though the Bay Area and Seattle are the most expensive places to operate because the labor costs are very high, they still offer the best quality labor workforce that you have with regard to tech talent. Toronto is a very innovative market and offers a tremendous value compared to the U.S. in terms of cost. And New York by far is the largest area for the production of tech talent, you know, in North America. So it's a market that everyone needs to be in and needs to grow, which means you need to be there for when that talent starts to get into the employment market to be able to try to probably work with them even beforehand. So those, I think, are all interesting aspects of the report.

And new this year, we looked at diversity. And when I say diversity, that means a lot of different things. But what we were able to look at was really dependent upon the available statistics that we had from the Census Bureau and Bureau of Labor Statistics. That allowed us to look at, you know, what the race, ethnicity and sex of the individual people who are considered tech talent, which are people who do technical roles. And they do that across all industries, not just for the tech companies.

And what we found there was—not necessarily surprising because we've heard it before—that the majority of tech talent was white, Asian and male, and that Hispanics, blacks and females were underrepresented. That varied market to market. But that was sort of the general theme around diversity. And then when you take a step back in terms of looking at what is the college degree graduates look like, we're seeing diversity for underrepresented groups and females improve at the university level, but it's not a dramatic improvement yet.

So what we really need to be doing is, you know, encouraging, engaging, developing people who want to get into technology roles and into the tech field, because not everyone who is a technical worker in the tech industry or in some other industry actually got a tech degree.

Spencer Levy

How does a city like New York score on tech talent, diversity? And what other cities scored well on that front?

Colin Yasukochi

Yeah, so on the diversity front, what we tried to do was look at what diversity looks like in that

THE WeeklyTAKE

particular market because diversity in and of itself, I think by definition, is that you should represent the community in which you live and work. Right?

And so the closest thing that we could look at was what is the diversity level of the tech talent workforce and how does that compare to office-using employment industries? So when I say office using, it's going to be like, you know, professional and business services, you know, finance, media and other things kind of around that level. So we look at that as a benchmark. And what we found there was that that the top market that came out on using that comparison was actually Pittsburgh, which I thought was fairly interesting.

When you look at the numbers, it's not necessarily a market that has a lot of underrepresented groups, but in the tech field, there's more underrepresented groups than there is in general office-using categories. And then for females, Washington, D.C. was at the top of our list for diversity and Sacramento and Kansas City, Missouri. So there's some very different markets that are scoring high on diversity as it relates to their individual market and not to a U.S. standard.

Spencer Levy

I'm guessing that some of that has to do with immigration because I know some of the great universities in Pittsburgh like Carnegie Mellon and Pitt attract a lot of foreign students. So let's talk about that just very briefly, because the last 18 months there have been no foreign students or they haven't been able to certainly travel here. Do we see any long-term impacts from that in the diversity of the tech industry as an example?

Colin Yasukochi

I certainly believe so, because we do have a fairly large population of international students and many of them, you know, can and hopefully will be able to work in the United States. And that's certainly a source for increased diversity. And you'll see some of the most vibrant tech markets around the country are big university towns. And I, you know, put Boston in there as well as being a very big university town with a lot of international students. So hopefully they'll return.

Spencer Levy

Lisa, let's turn to you. Let's get a little bit more granular for a sec. Let's go to the real estate itself. You have some of the great assets in America, some of the largest, including the Willis Tower in Chicago, where I know you've invested a tremendous amount of money to improve the building. Tell us about how you create differentiated product overall in some of your buildings and how this might cater to a tech audience.

Lisa Picard

Yeah, this is definitely, again, a pre, pre-pandemic sort of trend that definitely is coming in, you know, strong post pandemic. And people call it the flight quality. But what I believe we're seeing is sort of this desire for a differentiated product and a differentiated product is, you know, partially this fascination and fixation for new. Because, you know, having my roots in development, I know I can essentially sell you the dream of of essentially curing a lot of ills with a new product. And particularly a lot of the ESG goals will be met for a lot of these companies with a new product.

Then there's the differentiated product. And it's not just differentiated for differentiated sake, I think is the great Jony Ive's who said it's really easy to be different, it's really hard to be

THE WeeklyTAKE

good. And the good aspect of what really creates great product and differentiated product is stuff that's actually going to help companies, you know, engage in the pull, you know, as opposed to the push. I mean, since everybody's been working at home, you know, mostly at home for like the last 16 months and particularly for these, like technology or high-growth companies, is that you've got to make this place better than home. I mean, that's really what we're talking about in terms of a differentiated product.

And some of that is like, you know, these convenient experiences, this control over your environment and even some opportunities for the talent to skill and reskill and redevelop and get connected with mentors and coaches. I mean, there's this whole cycle and system of things that, you know, I would say the smaller companies can't necessarily, you know, provide. And then another big, really interesting area is the alignment of social impact, actually giving employees and people an opportunity to connect with the local community and doing things that actually feel good. Right? And give purpose. That's actually becoming a bigger deal. But all of these things are really creating the differentiated product.

Spencer Levy

What's interesting about that last point you made, Lisa, which I agree with, is that if you take a look at, quote unquote, green or ESG-compliant assets across the five major asset types, office is far and away the leader. Just to give you a couple statistics. Chicago was ranked by CBRE's Green Building Adoption Index a few years ago as the number one green city to America. 75 percent of the office buildings were green. The number one green building in America for multifamily was Denver at seven percent. 75 percent, seven percent— why? Tenant demand and by extension, it's the employees.

Lisa Picard

I would also tell you, though, Spencer, that if you look at any statistics, people will tell you that commercial real estate, you know, commercial office buildings generate 40 percent of the world's carbon. But the fact of matter is, they're big generators. And really, I think what we're going to see as it relates to this ESG category and the greening of buildings even deeper is that companies are not ever going to make their carbon commitments without really addressing it in their commercial real estate. Some of that is actually lightning the footprint in more distributed work. But others that really have to ground their organization into sort of physical real estate, they really have to green the real estate, otherwise they're not going to meet their targets.

Spencer Levy

Well, I think that's right. And also, I would say that your physical real estate isn't just the four walls and the ceiling to keep the rain out. It's a holistic look at it. The materials that were used to build the building. Where do they come from? Wood may be more efficient than steel in many cases, and maybe in most cases. But nevertheless, these are the things we're talking about. So, Dan, I would love to hear from your tech tenants in particular. What are some of these differentiated product types that might attract them either by the amenities, location or otherwise?

Dan Harvey

That question is at the intersection of this moment. Spencer, I think Lisa is a blue-flame thinker here, so I think it's great to have her input. But it's all about experience. OK, so it's all around workforce engagement. And the idea that you're going to come to work to do heads-down work is largely not the primary driver anymore. It's how do I come to work to have this

T H E
WeeklyTAKE

experience that has vibrancy.

There is this in-person thing that is really powerful. And so how does the office or the physical places we get together enable that, amplify that, make that happen? And so all of my clients are really reluctant in this moment—and I literally mean all of them—to commit to long-term physical space at this moment because they don't know. It's like this is going to be a two-or-three-year experiment. And so to spend two or three or four hundred bucks a square foot in CapEx and then have that regret, right, a year from now because they didn't get it right. They're reluctant to do that. So, you know, Spencer, we've talked about this and Colin many times and Lisa, I know you're working on this product—it's agile, agile, agile. How can I be nimble? Right? And so experience and agility and workplace choice, right, and finding the way to enable that choice is what my clients are talking about.

Lisa Picard

I think I think that's dead on Dan. I mean, I think everything that we're sort of hearing from your clients and from our customers is this anxiety. I mean, whatever decision I make is going to be wrong. And so what's happening is, is like this pause in any kind of decision making.

And so I think the greatest thing that a landlord can do is help alleviate the pain in the decision. And so, you know, if that's agile, if it's sort of a, you know, a flexible structure, flexible lease, flexible premises, or you sort of just design the transaction in a different way, I think those are all innovations that are going to be necessary that help alleviate this anxiety around making a decision. I think this is the area for commercial real estate to innovate.

And I do think to the “phygital” notion that you raised Dan previously and to kind of Mark Andreessen, I do think that more of the workplace is going to move from atoms to bits. Right? And we're seeing it and the way that you curated and procure it and think about it and know it's usability is going to change, because that is the last item, I think, in the business that hasn't been able to scale.

Dan Harvey

I couldn't agree more. And I think about education. Right? And the barriers to being able to be in meaningful work—so much of it is around education. And when you start seeing what's happening, the disruption that's happening to higher education and what it means to get educated, and you start thinking about the Udemy's, the Coursera's as the Maven.coms that are creating platforms and content that is enabling people who wouldn't be able to afford or normally be able to get to a college and have that experience. I love what's happening there and what it can mean to empowering this workforce and getting education into the hands of people who wouldn't otherwise be able to do it.

Colin Yasukochi

Yeah, I mean, remote work, I think is really opened up the playing field to do a lot of things, one of which is certainly on the diversity end. That we can reach out to all kinds of underserved and underrepresented communities that would have been difficult previously because most of the jobs were being created in higher-cost locations. And so that, you know, certainly was an issue in the past. I also feel like there's also this great opportunity with the new technologies that were developed, some of which existed, but they've been improved dramatically through the pandemic. That allows a much greater collaboration between people from anywhere. That's going to be really helpful coming forward. And, you know, I'll also add a comment about the previous discussion that Dan and Lisa were having

T H E
WeeklyTAKE

and wondering, so is foosball and free food not going to cut it anymore?

Lisa Picard

Colin, I'm just going to give a little analogy or not an analogy but actually an occurrence. A good friend of mine went on to one of the gig economy websites, right, and procured an architect to essentially design the addition to his house. Right? Gave him sort of like shots using sort of a 3D tool on his iPhone. He had the whole house designed in Turkey for \$50 and then essentially had a local architect stamp it for \$1500 and did the same thing from a structural engineering perspective for the jouse, got a structural engineer in Venezuela and then had a local stamp stamp that.

And so if the pipe is going from Silicon Valley to let's say Raleigh or Boise, Idaho or whatever, what stops it there and doesn't take it all the way across the other borders where labor is really inexpensive?

Colin Yasukochi

It goes back to this notion of innovation capabilities. And if you are a tech talent employer, that innovation really is your business. And so you need to go where the ideas are and the best and brightest are gathering, you know, where that cluster is. And certainly innovation can come from anywhere. And you can't overlook some of these more remote locations either, you know, within North America or even beyond that, globally. But I think it provides the opportunities to find these untapped talents that are beyond your current site, and now you have this playing field that is just so wide, so rich and so deep across the world, I think that's something that's going to really improve the tech space very significantly.

Spencer Levy

So, Colin, I would love to get your point of view now on a point that Lisa made before about affordability. And I think because affordability is a big part of your report and how affordability may be driving some movement. But if I've heard it correctly, affordability may be less than you think that it is, that people really should not be looking at that as their primary factor. Colin, what's your point of view?

Colin Yasukochi

Affordability is a very important factor as far as tech talent and how they look at it. So from the employees' perspective, they tend to look at a number of things when they choose an employer, one of which is what are there opportunities with that employer? What are there opportunities within the location that they're going to be? They want to go where there is opportunity. And if they don't like one employer, there's 10, 20, maybe 100 others to sort of go to. And they're also trying to balance what am I getting paid and what is the cost of living in that particular city.

So I think there's a lot of factors that go into affordability. But if you're in the tech talent employment business and you're trying to innovate, cost is one of your considerations. But it's not the main consideration because if you're not innovating, you just saved yourself out of business. And so that's a really important factor.

But many of the more affordable markets offer a lot of benefits to both companies and employees. And we've seen a movement to those particular markets because they do offer a good tradeoff between cost and quality. It's something that, you know, pops up to us all the time. And that's why we also look at some markets that are fairly small because they

T H E

WeeklyTAKE

offer a sort of opportunity to grow these new tech ecosystems in markets that we're not really even thinking about. One that I'd like to mention is that our top 25 next markets, the number one ranking in that market was Dayton, Ohio.

Spencer Levy

Tell some of the other small cities that scored highly on your report.

Colin Yasukochi

Yeah. So Huntsville, Alabama, was another one. Colorado Springs. We also had Detroit which not necessarily a small city, but one that was surprising on there, Detroit. Charlotte, North Carolina, another market. And both of those have some logical connections. Detroit, obviously, to the automobile industry, artificial intelligence, electric vehicles. Charlotte is a large banking center. There's a lot of Canadian markets, Quebec City and Edmonton. And you think of those markets as being mostly energy driven, but they have very strong educational institutions. And heck, every business is becoming a lot more tech. Then everyone's perennial favorite, Nashville is always on is on the list, although that's a relatively small market, but rising quickly.

Spencer Levy

Lisa, you have mostly in major markets. Make the case for the major markets.

Lisa Picard

Well, we definitely are attuned to sort of the movements that are happening in these small, up-and-coming, high-demand-driven markets like Nashville and Austin. And interestingly enough, when you look at sort of a market like Austin, it was the only city during 2020 that actually had positive employment growth. And a lot of that obviously is a tribute to, you know, the tech talent that Colin is raising.

But if you look at what happened to the housing market over the last year, year over year, the average home increased in price 35 percent. This was like prior to all sort of the interest rate craze that has kind of pushed up the cost of housing across the country.

But, you know, the incoming class of people moving to Austin from places like San Francisco, their incomes are up 30 percent from the you know, the existing population that resides in Austin. I think I live this dynamic in Seattle and watched an affordable housing market become unaffordable to many.

And so I think it's a momentary thing, but it's definitely, you know, creating a pressure relief valve for tech companies in California and all across California, because I know, you know, companies in Central Coast and also L.A. that have moved presences to Austin because they wanted their middle management workforce who wants to start a family to be able to own a house. And they have much more buying power in places like Austin.

But until we start seeing really deep leaders of these businesses or the next wave of invention and creativity happen from these people that live within these secondary cities, that's what it's going to take to make them a primary tech city. That may take a few economic cycles or so or maybe one, given the pace of growth these days. But, you know, I'm a big believer in both. You can't unseat these deep technology markets just because of the leadership that's there and the talent that's driven to be in proximity to that leadership.

T H E

WeeklyTAKE

Spencer Levy

Dan following up on Lisa's comments, just a couple of final thoughts on San Fran and I will give you a little bit of a counterpoint. I've been hearing there has been an uptick in tenant activity in terms of the market, not just in the office, but also on the retail. Your earlier comment about tenants being scared, not wanting to go long term with little counter to that. But maybe it's the case that the firms are doing shorter-term deals. What's your point of view on San Francisco today and what are the next two years look like?

Dan Harvey

Yes. So when the Millennials or the Zoom generation comes to me and ask, you know, what should I do? I say get to a great city right. Before you collect cats, dogs and children ... get yourself to a great city. Right? And San Francisco's one of them. Where is it? Yeah, we are definitely seeing a set of waves coming and that is increasing the demand. I think a lot of it is picking up the sublease space. Right? When you look at the transactions that are occurring, the vast majority of it is in the sublease space because there's great sublease space that's considerably less expensive.

And I think we are seeing that, though, by nature being on the shorter side, because the sublease terms generally have less term. And then we're seeing it in the agile space, the specific agile product. That's not not sublease.

The question is what's what's behind that? I mean, you talked about 18 months. I mean, it's going to be fascinating to see once this set of waves come in, what's then behind it? The sentiment that I'm feeling is that San Francisco's going to have an increasingly difficult time in scaling these companies and keeping that scale in San Francisco like they did in this past cycle. Right. That will be the interesting moment, is when that technology tenant gets to 200, 300, you know, 1000, 2000, 5000 employees ... they historically have kept them in San Francisco. Now, what happens? As they scale, how much of it then distributes and is it more than historically has?

Spencer Levy

I want to ask everybody for their final thoughts now, starting perhaps with you, Colin. You've been the leader of this report for so many years. 5 years from now, how does this report change?

Colin Yasukochi

I think that we're going to see a lot of changes in the demographics and diversity of tech talent five years from now. I think there's going to be a lot more diversity than we have today with the simple reason that while we don't know what the extent that remote work is going to be, but I think that opens up the playing field for a lot more people to get into the tech industry. And I'm very, very hopeful and encouraged about that. And I look for a lot of these smaller markets to move up the rankings in technology because as this industry is set up for spectacular growth in the next five to 10 years, they're going to need to tap every corner of the U.S. and Canada to be able to achieve that.

Spencer Levy

Lisa would love to get your final thoughts, big picture and on where we are in the future of office, say, five years from now.

Lisa Picard

T H E
WeeklyTAKE

Yeah, you know, I think as Colin sort of noted in the tightness of the labor market, labor is calling the shots. And I think what we're seeing is this term hybrid, hybrid, hybrid. And no one really knows what that means. What is its impact on the office market? And, you know, 60 to 70 percent of the organizations out there when surveyed say they're going to plan for flexibility. What does that really mean and what does that look like? Because flexibility is the new benefit.

I think there will be pretty sizable change in the office market and particularly in those markets that don't have constraints to supply. Those markets that do have constraints to supply, I think there will be some reinvestment that actually happens. Markets that don't have constraints to supply, you're really playing in the supply cycles because I think the obsolescence of office buildings is going to probably accelerate much, much faster in those markets that don't have constraints to supply. So I think hold on. And really, this is where the true office investor is going to have to really sharp shoot.

Spencer Levy

Dan, we'll give you the final word. I'd like to know what the future of office looks like focusing on tech talent and if there's any one word that you think could sum up the next five years.

Dan Harvey

Wow, one word. I think it's going to be dynamic.

Spencer Levy

Well, thank you, Dan. You could say a few more words if you'd like to.

Dan Harvey

Well, I'm watching three things. So what do we mean by dynamic? I'm watching what's going to happen with A.I., right? How much is narrow A.I. going to turn into general A.I. and what does that mean to jobs? Right? I'm watching that. And I think exponential reality is going to take a while. But yet maybe, maybe Moore's Law, maybe not.

I'm watching decentralization, culture of decentralization. How much does that end up drifting into our centralized platform-type companies. Then I'm watching inequality and I'm watching how is the quality of life in top-tier one cities versus, you know, the other cities that Colin has talked about. Right? Those are the three things I'm watching. And it's going to be a fascinating three-to-five-year experiment. I've never been more engaged, excited this moment. So—

Spencer Levy

Thank you, Dan.

Dan Harvey

There you go.

Spencer Levy

Well, behalf of the weekly take, I want to thank three of our great friends, experts and office experts in tech talking about the Tech Talent Report from CBRE. First, I want to thank Lisa Picard, CEO of EQ Office, for joining us. Lisa, thanks for coming out.

Lisa Picard



T H E
WeeklyTAKE

Thank you.

Spencer Levy

I want to thank Dan Harvey, vice chairman, CBRE, based in San Francisco, for his words of wisdom. Dan.

Dan Harvey

Always a pleasure and a privilege. Thanks, Spencer.

Spencer Levy

And then Colin Yasukochi, the leader of our CBRE Tech Talent Report, second time participant in The Weekly Take. Certainly not his last. Colin, thank you so

Colin Yasukochi

Thank you. It's been fun.

Spencer Levy

Read more of the in-depth research we talked about on this episode. Check out [CBRE.com/TheWeeklyTake](https://www.cbre.com/TheWeeklyTake). It's called Scoring Tech Talent 2021: How Tech Labor Trends Inform Workforce Decisions and Influence Real Estate in 50 US and Canadian markets. You'll also find more on our guests on our show.

Looking ahead, we've got lots of other interesting people and insightful thought leadership on the horizon. Upcoming episodes include a look at the evolution of coworking and a visit from economist and author Will Page of Spotify fame who takes us for a deep dive into business disruption at a time of change for commercial real estate. We'll also bring you our annual mid-year outlook and more.

In the meantime, please remember to subscribe and review the show wherever you listen. Drop us a note with your feedback. We'd love to hear from you. Thanks for joining us. I'm Spencer Levy. Be smart, be safe, be well.