

The Impact of Emerging Technologies on the Property Profession

Executive Summary of the discussions at Burlington House
London - 7th June 2018

Main Conclusions

- 1. Corporate Real Estate Executives (CREs) are about to enter a period of significant change**
- 2. Basic tasks will be automated leading to job losses for those who do not upskill**
- 3. Those that remain will take on more complex tasks that touch on multiple business functions**
- 4. CREs will need to become skilled at defining what data is needed by the business and then using it intelligently to add value to the business**
- 5. Every employee deserves a fantastic workplace – delivering one makes a big difference to business performance and employee wellbeing**
- 6. You don't have to wait for big capital projects to improve workplaces – a self-assessment now will identify the quick wins**
- 7. Every workplace is a permanent beta trial. Involving employees in workplace evolution will ensure continuous improvement and an energised and engaged workforce**
- 8. Landlords and occupiers need to work together to ensure the right data is collected to deliver a better workplace at less cost.**

“The Impact of Emerging Technologies on the Property Profession”

Summary of a presentation by Andrew Waller, Partner, Remit Consulting.

Seven key points for consideration by occupiers were highlighted:

- 1. Artificial Intelligence (AI) will impact real estate jobs** – 2017 Report by RICS estimates that 88% of roles of a Chartered Surveyor will be automated in the next 10 years. The report identifies five ‘basic’ areas of high vulnerability (60%-100%):
 - Preparing contracts
 - Obtaining property information
 - Planned maintenance
 - Managing leases
 - Space management.
- 2. More complex tasks/roles seen as least vulnerable to AI** - data shows that four areas are least vulnerable (10%-25%):
 - Inspection e.g. survey condition
 - Facilities Management e.g. cleaning, managing work equipment
 - Property Management
 - Operations e.g. strategy development.
- 3. Emerging technology is already impacting real estate** – examples include: Drones; 3D real estate photography e.g. Matterport; 5G networks; reporting apps and dashboards; Sensors that detect fires or control temperature; Digital solutions e.g. MultiView; Face recognition technology used to check in hotel guests; AI-powered data extraction platform for corporate documents e.g. Leverton; Flexible and scalable office space management e.g. WeWork; Point cloud 3D images used to check the building e.g. level floors, virtual optimum fit out of building and space planning, etc.
- 4. Delivering tasks/jobs that add value will be key** – property industry may be in denial about how quickly technology developments will impact jobs. Real estate needs to prepare for this change by ensuring it delivers tasks/ jobs that add value.
- 5. Reaping the rewards of AI in real estate will depend on availability of data and trust in the results it provides** - McKinsey suggests that in 69% of cases, AI improves performance beyond other analytics techniques. For example, with predictive maintenance, machine learning detects anomalies because it learns as more data is added to the data set.
- 6. Occupiers need to start using their data in a more efficient and cohesive way to harness the full value of AI.** Technology will be used to either reduce the time for a task or cut out a task completely. For example, the travel time to inspect a property and produce a report in the building surveying process could be replaced with the use of remote technology.
- 7. Business Culture will have an impact on whether companies adapt quickly or lag behind their competitors.** Companies should start reviewing the way they use their data now and develop appropriate strategies for the future.

You can download Andrew Waller’s full presentation [here](#).

“Creating the Elemental Workplace”

The summary of presentation by Neil Usher, Executive Consultant, Unispace.

Eight key points for consideration by occupiers were highlighted:

1. **‘Everyone deserves a fantastic workplace’** - As the workplace becomes taken more seriously as a contributor to personal and organisational success, occupiers need to ensure it can deliver the best possible experience to all its employees, rather than just concentrate on the productivity aspect alone. This will help attract and keep the right people for the right jobs. In the battle for talent, providing a great workplace will be key to attracting and retaining the best talent.
2. **Keeping things simple and easily understandable is key to creating ‘fantastic workplaces’** – a simple structure to justify having a fantastic workplace. Neil has taken Frank Duffy’s original 3 Es of workplace strategy and updated them to six:
 - **Efficient** in terms of space occupied and its cost
 - **Effective** so that the workplace allows people to work and be at their best
 - **Expressive** in representing and reinforcing the DNA of the organisation
 - **Environmentally** responsible
 - Exists digitally – in the **Ether** – so it is known as a fantastic place to work
 - Creates and preserves the **Energy** of its people and therefore the organisation.
3. **Creating a ‘fantastic workplace’ model in the organisation will require a continuous and flexible strategy** – “The Elemental Framework” comprising 12 elements is applicable across industries. These include: daylight, connectivity, space, choice, influence, control, refresh facilities, sense, comfort, inclusion, washrooms, and storage.
4. **Leaders need to behave more like change leaders who manage workplace** rather than workplace leaders who manage change.
5. **Creating a positive workplace culture depends on people** - more so than place:
 - **Ensure you don’t enforce agile working** – allow people to explore and involve them rather than tell them what to do
 - **Provide your people with trust** to create the conditions for psychological safety
 - **Leaders should lead by example** – so employees can model their own behaviour on them
 - **Move from ‘adoption’ to ‘adaptation’** – by giving people the time and opportunity to explore to change their behaviour
 - **Be excellent to each other** – workplaces should actively encourage this kind of behaviour.
6. **Use of technology will free-up time to concentrate on more ‘human’ tasks/roles** – while technology will automate tasks – and some jobs - more complex tasks will always require the ‘human touch’.
7. **Flexible working arrangements don’t mean ‘the death of the office’** – Occupiers should not be overlooking the importance of the workplace and the benefits that co-working and collaboration can bring to it.
8. **Wellbeing programmes need critical thinking before implementing** – these should not be implemented at all costs but adapted to suit individual workplaces and its employees.

To find out more about Neil Usher's book "Creating the Elemental Workplace", contact gail.wickes@propertydirectorsforum.com.

Summary of the Panel Debate

The following panellists: Andrew Waller, Partner, Remit Consulting; Neil Usher, Executive Consultant, Unispace; Anna Main, Director, Avison Young, discussed the key issues for consideration by occupiers and answered questions from the floor. The Panel was Chaired by Jason Sibthorpe, UK Managing Director, Avison Young.

Nine key points for consideration by occupiers were highlighted:

- 1. The Elemental Approach and the concept that “Everyone deserves a fantastic workplace” can and should be applied beyond the office environment.** Although two-thirds of people work in office environments, the approach and its principles can be translated to retail and manufacturing environments.
- 2. Landlords need to start providing spaces that are suited better to occupier needs.** It was noted that 25% of the office take up in Manchester was in WeWork space, which suggests that occupiers are increasingly looking to secure more flexible and interactive workspaces.
- 3. Occupiers need to continue to develop their skills in two key areas described as: ‘data scientist’ and ‘front of house’.** The first one will require skills such as using data technology intelligently, while the second one will cover the ability to build successful relationships and improve communication skills to deliver a better experience to clients and customers.
- 4. There is a need to simplify certain functions such as Lease Reading –** to reduce the costs and time involved.
- 5. Real-estate advisors need to demonstrate their value to clients.** This value will be seen in building relationships with clients and using technology to free up the time to deliver more value-added tasks/benefits.
- 6. Property directors will deliver value by asking what data is needed** i.e. it is not about access to all the data but the right data for your business.
- 7. Internet of Things monitoring in real time will enable better decisions and cost control.**
- 8. You don’t need to wait for huge capital projects to improve poor or mediocre workplaces.** Run the self-assessment in Neil’s book to identify quick wins. Not only will it identify what to change but it can build morale by showing you care about the working environment.
- 9. Every workplace is a permanent beta trial.** It’s never finished, you have to constantly listen to people to improve.

Round Table Discussions - Emerging Technologies and their impact on YOU

The summary of the Round Table debates from Tables 1-6 were presented by the Forum's attendees: Iain Rackley, Avison Young; Rory O'Connor, Liberty Global; Chris Early, Telefonica O2; David Slater, Premier Foods; Richard Saunders, John Lewis Partnership; Nick Booth, Surrey County Council; Ian Henderson, Wincanton.

Eleven key points for consideration by occupiers were highlighted:

- 1. By 2025 corporate real estate executives (CREs) will be seen as in-house experts** - As the board level strategy becomes more fluid and real estate impacts all parts of the business and its culture, CREs will need to learn how to combine the data and technology available to them, to be seen as experts in various 'workplace' areas, beyond traditional real estate.
- 2. CREs need to demonstrate the value to the business for their average salary to rise** – CRE experts will be seen as adding value by expanding their roles beyond traditional real estate skills. This will take advantage of the synergies between real estate and other functions, such as IT or HR.
- 3. Occupiers should be ready to perform additional tasks/roles as the arrival of new technologies will reduce traditional workflow.** These include:
 - Becoming more transparent and providing better advice
 - Adopting and embracing the latest technology
 - Expanding what surveying is/should be
 - Improving governance
 - Managing expectations at a higher level
 - Helping to improve company culture and communication by getting more involved in employee engagement and productivity.
- 4. Occupiers should continue to expand their skills and experience to remain competitive in the job market** – They will need to:
 - Have a good understanding of data and how to use it to the company's advantage
 - Have relevant technical skills for the role
 - Be flexible, creative and adapt quickly to changing conditions
 - Be able to streamline and be agile
 - Have good interpersonal, communication and relationship skills to build, manage teams, and make/influence decisions
 - Have good networking and negotiations skills
 - Become a customer champion.
- 5. Building owners need to take note of GDPR and how it affects data collection e.g. when signing into a building** – There was a consensus that data needs to continue to be collected to improve services and efficiency, but it needs to be anonymised, so it does not fall short of the GDPR regulation.
- 6. Lack of communication between landlords and occupiers may hamper the benefits of technology use** – Landlords and occupiers should ensure they discuss their particular technology requirements at the start of the negotiation process to prevent issues. Both sides need to ensure that everything is in place to benefit from more data being collected and transmitted across the internet. For example, a

wayleave agreement should already be in place as part of the landlord's marketing pack to grant access to the comms provider to install its equipment.

7. Occupiers generally see emerging technologies as something that sits with the landlord to provide –

There was a general consensus that there are some points that need to be taken into consideration:

- Data security
- Cost of data provision
- Aspect of GDPR
- Shared use of space - it can be difficult to divide costs when dealing with multiple tenants
- Landlords are generally reluctant to invest with no guarantee on return or through service charges

8. Occupiers should drive to “automate” certain areas within the property department’s remit to free up time for more complex human tasks – This includes areas such as:

- Various financial functions e.g. invoicing
- Maintenance and facilities management through the use of sensors in the buildings
- Automation of postal services.

However, occupiers should always evaluate what value the automation can bring to their specific organisations, so they don't lose out.

9. Occupiers need to acquire additional skills to maximise the benefits of new workstyles and emerging technologies – These are summarised below:

- Mindset and behavioural change to embrace the new technologies
- The ability to efficiently and effectively interpret collected data
- Managing front of house activities / managing relationships
- Employing flexible / agile ways of working.

10. More collaboration is needed to put the UK higher up the league table of adoption of emerging technologies and workplace thinking – There was a general agreement that landlords rely more on occupiers to invest in emerging technologies and that more collaboration between the two is needed to move the UK to the top of the league table. It was thought that current UK lease structure does not support innovation, predominantly due to: lease lengths, dilapidations or rent reviews, etc. Recent examples of House of Fraser and M&S store closure announcements also suggest that more innovative workplace thinking is needed in order to respond better to customer needs and wants.

11. The increasing use of technology will make service charges more transparent, measurable and accurate – It was thought that technology will help to normalise costs and that lowering of service charges may help to increase the ability of landlords to achieve a desired headline rent (i.e. comparing total costs vs competitors). Landlords who will cater to providing more technology in their buildings will rise to the top, while others will remain unwilling to change.

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Event run by



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The Property Directors Forum (PDF) is an exclusive, invitation-only community that was created to provide Occupier Property Directors with a stronger VOICE in the market. Since 2013 we have run several successful and well-attended events with industry leading speakers and experts on the most current topics affecting the occupier community. Each event has used participants' contributions to create value-add content on the topics concerned.

The Property Directors Forum provides Occupiers with:

- A collective VOICE
- FORESIGHT to identify current trends and challenges
- NETWORKING, COLLABORATION and KNOWLEDGE SHARING opportunities
- Access to INDUSTRY-LEADING EXPERTS

"I find the Property Directors Forum really well organised, with topical issues on the agenda supported by well-informed external presenters. This coupled with the presence of Property Directors across various sectors leads to good insights and debate." David Fry, Head of Property, Vodafone Limited

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For more information about – or to join – the Property Directors Forum please contact Gail on 020 7041 9991 (phone number should be on 1 line) or gail.wickes@propertydirectorsforum.com

The next Property Directors Forum will be held on **Thursday, 15th November 2018**. We look forward to seeing you there.