

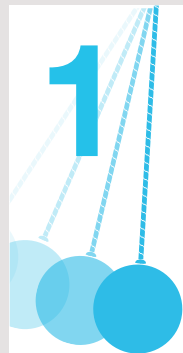
Five Predictions for the future of Corporate Real Estate

The impact of COVID-19 has been immediate and profound. The ramifications for the commercial real estate sector are significant.

Aside from 5-10% of office staff who cannot work from home; working in the office, commuting and business travel have evaporated putting 'work from home' to the test in real time.

The question now becomes, when the lockdown restrictions are lifted, what will the new reality be for the sector? What are the longer-term implications for how we work and the impact on corporates, CRE and commercial office space?

We have interviewed more than 30 Heads of CRE across three continents over the past three weeks – these are our key findings.



1 Homeworking: a pendulum shift

If the pendulum moved from 10% remote working pre- Covid-19 to 90% during, then the pendulum is likely to move in phases back the other way.

But where will it settle? Our expert panel anticipates an average of **40-50%** remote working to become the long-term norm.



2 Office portfolios: a fundamental rethink and repurposing

CRE costs are typically 9-12% of a total company cost base. There is now the potential for many companies to rightsize and reduce to some **5-6%**, with a shift to 50:50 core/flex.

This will include **greater emergence of local satellite offices** where people can come together without commuting into the main office.



3 The continued rise of flexibility: a challenge to the leasing market

The corporate office market has remained heavily skewed towards long term leases where much of the risk and burden sits with the occupying tenant. There is already a growing trend towards increasing agility, through more flexible approaches such as serviced office space or managed, space-as-a-service solutions.


More than 90% of our CRE leaders surveyed believe that that coming out of this crisis there will be a rapid **change towards more agile workspace.**



4 Business continuity: a permanent shift

The past weeks have put business continuity plans to the test, but no one could have predicted that 90% of staff would become remote workers.

The adaptability of both technology and working practices show that perceived BCP strategy will move to **home working solutions**; even for those companies that are highly regulated. From our experience in Asia and those of our CRE leaders, flex space has already provided a rapid solution to ensure staff are safely, client-facing in the short-term.



5 Technology breakthrough in CRE: finally

Every one of our CRE leaders has agreed that the crisis created greater coordination between CRE, HR and technology. Communication and technology have been critical in enabling work from home, but data and technology within CRE is lacking, as are the metrics by which to measure success.

This period of time will see the **integration of these technologies into CRE** and that will create lasting change for our sector.