

Corporate Real Estate 2020



What is Corporate Real Estate 2020?

- Corporate Real Estate 2020 is a year-long transformational research initiative whose purpose is to help our members gain a greater understanding of what the future holds for our industry and profession and thus be ready for the changes – and challenges – ahead! Work was completed in May 2012.
- Eight member-led teams, comprised of 280 Corporate Real Estate leaders conducted extensive research and made their predictions for the year 2020 in the form of a series of **Bold Statements**.

A Legacy of Thought Leadership

Corporate Real Estate 2020

A roadmap for navigating in a complex, uncertain world (2012)

Corporate Real Estate 2010

A globally networked enterprise (2004)

Corporate Real Estate 2000

Alternative workplace strategies, telework, mobility (1996)

Research Methodology

Corporate Real Estate 2020 began in August 2011 and continued through May 2012.

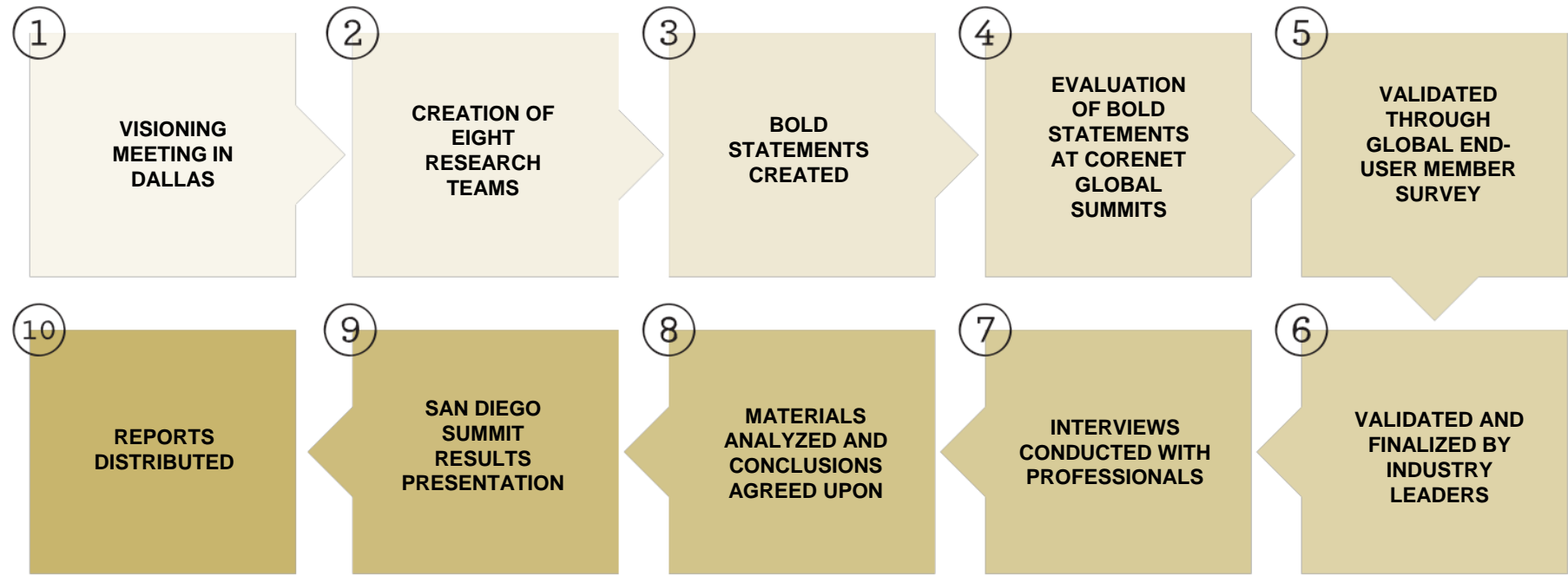
- The program was launched at the **AT&T** headquarters in Dallas
- A group of more than 70 senior thought leaders convened to discuss the business environment in the year 2020 and to create an overall vision of the future and what the impact on CRE will be.
- From this discussion, it was concluded that the research would be carried out by breaking down the profession into eight dimensions unique to CRE.
- Following the official launch meeting in Dallas, each of the eight teams was tasked with defining its goals and predictions.
- Using the overall vision of the world in 2020 and its impact on CRE as context, each team created a set of **Bold Statements**.
- The Bold Statements were developed, evaluated and finalized throughout the first months of the project using recent research findings from a variety of resources and topic-specific group discussions.
- The statements, a prediction of where a typical CoreNet Global member firm would stand in 2020, were based on what the teams “thought” would happen, not what they “wanted” to happen, reflecting varying degrees of forward thinking.

Research Methodology

- The predictions were also presented at the **CoreNet Global Paris, Atlanta and Singapore Summits**, where members from across the globe were given a chance to provide feedback on the Bold Statements.
- These predictions served as the research questions to be validated based on in-depth **qualitative interviews with CRE leaders** and topical content experts plus a quantitative survey of CoreNet Global's end-user members across the world.
- Throughout the process, leading organizations and industry experts were identified for interviews and further research.
- **Over 160 telephone and in-person interviews** that followed a structured interview guide were conducted and documented and analyzed for patterns to help the teams understand the current views and future perspectives of these business leaders.
- In addition, case-study materials were solicited as part of the interview process.
- The research teams also used **articles, books and reports** to ground the theories and compare results. Interview insights, materials and Summit feedback were synthesized on a number of levels.
- The research team met regularly to review the materials collected to determine emerging viewpoints and implications.

Research Methodology

The following diagram illustrates the research timeline/process:



Research Teams

- Enterprise Leadership
- Location Strategy and the Role of Place
- Partnering with Key Support Functions
- Portfolio Optimization and Asset Management
- Service Delivery and Outsourcing
- Sustainability
- Technology Tools
- Workplace

Bold Statements for Each Work Stream

Enterprise Leadership

1. By 2020, senior leaders will evolve from subject matter specialists focused on execution to integrators, change agents and strategists who are viewed internally as an essential, equal partner to and for the business
2. Senior leaders will be competent in the core business and possess a skill set that is diversified, cross-functional and focused on customer relationship and process management. They will advocate sustainability and corporate social responsibility goals
3. Senior leaders will champion the integration of leading-edge technology into real state/workplace operations and into the workplace itself to support increased employee productivity and an enhanced employee experience
4. Senior leaders will be able to measure the impact of workplace infrastructure on business units and the enterprise
5. Senior leaders will champion change in the supply side of the service industry, including more innovative partnerships and the seamless integration of internal and external resources globally
6. In support of a global, mobile work force, senior leaders will lead the development of improved corporate solutions that elevate the brand, promote the culture and assure employee engagement, particularly for client-facing space

Partnering with Key Support Functions

1. Collaborating corporate support functions will form a new strategy-driven “super nucleus” entity to enhance overall enterprise performance. While the composition of the new corporate entity will likely be determined by company-specific context, components may include Corporate Real Estate (CRE), Human Resources (HR), Information Technology (IT), Finance, Purchasing, Legal, etc
2. The skill-sets required to be a leader in this new integrated workplace entity will be more strategic in nature and benefit from a more diverse set of experiences, including exposure to other support functions and a far deeper understanding of the business
3. Under the leadership of the new entity, support functions will work toward a common vision with common objectives and unified metrics. These components will support key initiatives like company culture, attraction and retention of employees, workforce productivity and business unit efficiency, in addition to providing tools to evaluate investments, business and operational processes, and customer service
4. Delivery of services to the business units (BU) will continue to be the primary role of the legacy support functions, but strategy, including BU relationship management, planning and innovation, will be elevated and integrated within this new support group entity. Service provider alignment and integration will be more important and necessary as internal resources are increasingly refocused on strategic roles

Portfolio Optimization

1. Demand forecasting will improve and significantly narrow the band of uncertainty in regard to future requirements. Forecasting will become less dependent on management's predictions, and better able to use external factors to predict demand
2. We will develop the ability to future-proof portfolios with built-in flexibility to respond to the residual uncertainty
3. Technological innovation will enable integration of data streams from different parts of the organization into cross-functional dashboards to better support real-time decision making
4. Significant progress will be made in developing a set of tools to achieve financial optimization of the global portfolio in collaboration with corporate treasury, finance and taxation functions
5. Organizations will recognize the potential detrimental impact of cost cutting on productivity, changing the conversation from cost containment to value creation
6. Competition for talent will yield a more distributed workforce, dramatically altering space demand. Fifty percent of workers in developed economies and 25 percent in developing economies will use Alternative Workplace Strategies (AWS)/teleworking, improving optimization, driving down costs and reducing carbon footprint

Sustainability

1. Regulatory incentives for resource efficiency and market penalties for resource inefficiency will meaningfully increase by 2020.
2. Buildings, sometimes connected by micro grids, will be both consumers and producers of energy. The evolutions in energy storage will impact building operations, transportation and planning.
3. Access to reliable and renewable energy, potable water and waste distribution will influence real estate strategies across all industries.
4. Technology advances and understanding of sustainability will result in dramatic restructuring of real estate portfolios.
5. Corporate real estate will take on initiatives to positively change personal behavior and standards surrounding sustainability.
6. Sustainability experts will play an important integrative role within the organization to meet enterprise-wide targets and goals.

Location Strategy and the Role of Place

1. All states and competitive communities will have green sustainable agendas, policies and strategies to compete for investment and talent
2. There will be a re-emergence of manufacturing in the developed countries with smaller regional facilities
3. Skilled/technical labor shortages will curtail quality job growth in many countries and localities
4. South America and Africa will be the new hotspots for Business Process Outsourcing (BPO) and manufacturing activity
5. Alternate Workplace Strategies such as the Virtual Office will play a conspicuous role in some sectors, but physical place will predominate when we consider the totality of corporate real estate
6. Supply chain/logistics including business continuity and disaster risk will exert a dominant influence over industrial location strategy

Service Delivery and Outsourcing

1. Real Estate business objectives and goals will become more integrated with Procurement and therefore more sophisticated and complex
2. Vendors will become responsible for data access and usage as it becomes more widespread as a means of delivering corporate real estate strategy
3. Clientele will drive service providers to grow their platforms internationally
4. Due to economic pressures, there will be continued consolidation of service providers and we expect to see a non-traditional service provider enter the race
5. With Corporate Real Estate utilizing their service providers as an incubator / training ground for non-core business, Human Resources (HR) and training capabilities will become a heightened requirement.
6. Pricing and performance management models will become more value based (more strategic and proactive) while less focused on purely financial objectives

Technology Tools

1. Always networked wireless devices with seemingly infinite memory have converged voice, data and video communications in support of immediate and time-shifted smart access to business conversations, meetings and presentations.
2. B.Y.O.T. (Bring Your Own Technology), enabled by wearable interfaces and transparent, biometric based security seamlessly supports how, where and when we work.
3. Interoperability standards such as OSCRE International (Open Standards Consortium for Real Estate) have driven applications such as Integrated Workplace Management Systems (IWMS) to become the Enterprise Research Planning (ERP) systems of Corporate Real Estate.
4. Intuitive environmental sensing provides emotional intelligence cues leading to reduced stress and increasing the efficiency and effectiveness of space use and communication in the work force.
5. Corporate Real Estate strategy now includes “goodwill assets” that include 3rd places (e.g. home offices and coffee shops) in supporting diversified workplaces that increase productivity, recognizing the value of the worker ecosystem.
6. Sensors placed in building systems enable real-time management of space availability, quality and energy leading to lower costs and increased communication and perceived value by occupants.

Workplace

1. Presence in the office will be more abbreviated, but while there it will become more intense and targeted to specific activities
2. People's changing work styles accompanied with Human Resources (HR)/Information Technology (IT) will be the enablers of workplace change (people and technology as drivers)
3. More corporations will turn to 3rd parties to provide on-demand models of office space and technology to serve the mobile worker and knowledge work as a whole
4. The Corporate Real Estate role in the workplace will evolve to an "Experience Manager" function, offering employees an a la carte workplace experience with menu of services, location and support
5. Last chance: Corporate Real Estate must align with business or become obsolete. Metrics will shift to support of business: innovation, knowledge worker, etc
6. There will be a shift in Corporate Real Estate from "cost container" to "business enabler," which supports the idea of Corporate Real Estate as a new group: Work Experience Enablers

Download all Eight Final Reports

**The 2020 Final Reports are available to you as a benefit of membership in CoreNet Global.
Just visit the Knowledge Center!**

Explore reports in eight different work streams:

- **Enterprise Leadership**
- **Location Strategy and the Role of Place**
- **Partnership with Key Support Functions**
- **Portfolio Optimization and Asset Management**
- **Service Delivery and Outsourcing**
- **Sustainability**
- **Technology Tools**
- **Workplace**



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