OCCUPIER'S EYE Neil Austin

Six ways to win the hearts and minds of occupiers

Corporate occupiers need more of a voice in the property industry, especially given that they are at its heart and are key to its survival.

As president of CoreNet Global's UK Chapter, the industry's occupier-led body, which has more than 600 members, I am keen to encourage collaboration. I want to bring real estate organisations and management stakeholders together to share what's important, to ensure that we listen to the next generation of leaders and to demonstrate the valuable role property plays in business success.

Property is a significant financial cost, but it is also a valuable asset that can benefit the business, enhance productivity and support growth. I often wonder why this isn't more widely recognised or exploited.

If occupiers stressed what they really wanted from their property counterparts, and we listened more closely, we would start to have the right conversations and align property with business more.

It should be seen as a business enabler, rather than a cost.

It's all about communication, so here I'm going to try to shed some light on what keeps corporate occupiers awake at night, and therefore what they really want.

> **The 'C suite' wants clear advice on financial, tax and legal impacts, without property jargon**

Savings grace

Top of the list, unsurprisingly, is cost, and how we balance it with flexibility and value. Occupiers are not just exploiting the low-hanging fruit when it comes to cost savings – they're exploring more radical options, such as restructuring and downsizing staff levels, as well as off-shoring or "near-shoring" services to reap the benefits of moving from high- to low-cost locations.

There is also a drive to consolidate services through total facilities management (TFM), which incorporates all FM service lines from one source. Occupiers are also continually exploring options such as sale and leasebacks, leasehold liability packages, exercising breaks or threatening to and exploiting break clauses.

Second is people. Workplace strategy is no longer about reducing space and costs – it is increasingly linked with technology, human resources and change management.

We need to retain and attract staff, enhance productivity and accommodate different working styles, while also building in flexibility for new technology and ways of working.

And we need to do all of this while reducing costs per head, re-evaluating locations and the need for prime real estate, and delivering more choice to the workforce. There's an opportunity for landlords here to align themselves with occupiers, provide the right infrastructure and respond to the people agenda in the same way they have started to do with sustainability.

As space becomes more suitable and attractive to occupiers, so does a property's investment value, and its ability to secure and retain tenants improves.

Third, legislation and regulation is another obvious one, but this is where property experts have an opportunity to guide occupiers and help them to be prepared and mitigate risk. Take the Energy Bill, for example, or Lease Accounting Standards.

Fourth is the need to relate property back to business. Other than among retailers, property isn't often embraced as an asset or enabler at a strategic level. Why? Because we're not making it business relevant. Senior management – the "C suite" – wants clear advice and an explanation of the potential financial, tax and legal impacts, without the property jargon. They might seem to care about the lease terms at face value, but actually they need to make a transition to a new way of working.

If we have conversations about business issues and how to solve them using property, then we also start to use business and finance language, which is the basis on which decisions are made.

Fifth is organisational change. More and more generalists are being brought in to manage corporate real estate (CRE) internal teams, perhaps as a direct result of property not talking the business language. The danger is that property people will lose their place as strategists and leaders if they don't step up. As occupiers play with the mix of in-house and external advice, there is an opportunity for more outsourcing of property services because the skills won't necessarily exist in house.

Last but not least is the uncertainty that the economic and property market bring, and the need to adapt our strategies accordingly.

With my CoreNet Global UK Chapter hat on, I hope I've used this opportunity wisely, given occupiers a voice and stressed the need for transparency and sharing. And as the presenter of the winners of the CoreNet Global UK Chapter Awards next week, I hope we continue to reward best practice and embrace what others can teach us.

Neil Austin is president of CoreNet Global UK Chapter, and head of property services, retail and head of asset management at the Royal Bank of Scotland

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