

A woman with brown hair and glasses, wearing a striped shirt, is smiling and writing in a notebook. She is sitting at a desk with a coffee cup and other papers. The background is bright and out of focus. A red diagonal graphic element is in the top right corner.

# **NORDIC OFFICE**

## **- CHALLENGES IN FUTURE-PROOFING**

A CUSHMAN & WAKEFIELD RESEARCH AND INSIGHT REPORT

# REAL ESTATE MARKET PARTICIPANTS

## REAL ESTATE OWNER

Property owners in the Nordic markets are benefiting from strong underlying economies and solid rental growth, particularly in the capital regions. Although landlords continue to lock in tenants for long lease terms, their traditional business models are being challenged by changing tenant requirements, intensifying competition from workplace providers and the adoption of new technology.

## CORPORATE OCCUPIER

Nordic corporate leaders are focused on strategies to attract and retain the right talent and help enhance their productivity through innovation and operational excellence. At the same time, corporations must continually find ways to reduce occupancy costs and implement flexibility in an uncertain environment. The overriding challenge is to balance these goals, which are often in opposition to one another and put to the test when acquiring office space.

## COWORKING OPERATOR / FLEXIBLE WORKPLACE PROVIDER

The number of coworking spaces is growing rapidly across the Nordic region. Coworking operators and other flexible workplace providers are capitalising on evolving labour trends and changing work dynamics. However, the number of market entrants is increasing rapidly and sourcing the right space in attractive locations is becoming a challenge.

## GIG-WORKER

Consultants, freelancers and temporary workers are changing the Nordic corporate landscape and how we work. Evolving attitudes, globalisation of work and technology shifts are big contributors to the gig economy. As talent turnover increases, long-term lease commitments are high risk for an increasing number of companies. Meanwhile, gig workers are looking for flexibility to work when and where they choose and to be part of a community.





Now more than ever, commercial real estate needs to secure a seat at the table with other business unit leaders when discussing the company's strategy and plans. There needs to be a good understanding of not only who will be using the space, but how and when they will be using it. Technology is redefining the workplace, as employees or "gig-workers" can work anywhere, causing businesses to reconsider their real estate strategy around more flexible options. (*C&W, Well workplace, 2017*). The new fragmented "gig-economy" also impacts traditional business culture and employee engagement. With so many freelancers in the mix, it's more important than ever to demonstrate a commitment to all workers, whether full-time or temporary.

The coworking phenomenon is changing the mindset of occupiers over what they can expect from their real estate and is also impacting the traditional model. Coworking is built on the opportunity to create places which support collaboration by workers from different backgrounds to encourage knowledge sharing, innovation and the user experience. The demand for such spaces and experiences has been driven by the growth of the creative and tech industries as well as the changing nature of work. Big businesses are becoming increasingly more flexible in a fast-moving world at the same time as the relevance of lengthy and inflexible traditional office leases is being questioned. This, coupled with Millennials' preference for the access economy, is providing the conditions for WeWork and many other coworking brands (*Baum, Prop Tech 3.0, 2017*).

Millennials are often criticised for their obsession with technology and general egocentricity, but like it or not, this is the up-and-coming generation that's going to shape the workplaces of tomorrow. Combining the fierce war for talent with the search for technical and digital competence, addressing millennials working preferences will become key to businesses prosperity. At the end of the day, businesses that are successful in the future will be those that break down the barriers between people, workplaces and technologies and empower their employees to be productive and creative no matter where they are (*C&W, The gig is up, The Occupier Edge - Ed.4, 2017*).

In this report, we highlight ten challenges that changes in work, life and the environment bring to both the occupiers and landlords when future-proofing their premises.

The digital version contains links to all report sources. Please visit [www.cushmanwakefield.se](http://www.cushmanwakefield.se) to download your copy.



# CHALLENGES

## FLEXIBILITY

### CHALLENGE

1

Occupiers are more than ever facing challenges over uncertainty as to where they will be, or what they will need, in just a few years ahead. Consequently, additional flexibility is required in lease agreements and landlords' business models need to adjust.

## IFRS 16

### CHALLENGE

2

Occupiers with portfolios of leased assets will see an increase in their balance sheet. CRE will need to balance the potential for reducing balance sheet liabilities through shorter leases, with the benefits afforded by longer fixed lease terms of occupational security.

## SERVICE LEVEL

### CHALLENGE

3

Plug'n play, all inclusive - let occupiers focus on their business, not office administration. Landlords respond with amenities to differentiate their offering and lure the most valuable occupiers. Occupiers focus on curating the experience of their employees.

## COWORKING

### CHALLENGE

4

Coworking as a concept has been early in responding to challenges occupiers are facing, including flexibility, access to innovative environments, access to the platform economy and "plug'n play" solutions, and is changing the mindset of occupiers over what they can expect from their real estate.

## CORPORATE IDENTITY

### CHALLENGE

5

Creating a company culture in the workplace is about creating a unique yet unified environment that will reflect your company and its team, where people feel supported and inspired; space where your employees, clients and visitors will feel welcome and engaged, but at the same allow the landlord to create relevant products that can serve both present and future occupiers.





## **COST**

### **CHALLENGE**

# 6

Annual costs per workstation are rising, both globally and in the Nordic region. However, there are huge differences between the four Nordic capitals, led by Stockholm. Stockholm has the 13th highest occupancy costs per workstation worldwide and a lack of suitable premises has become a bottleneck for companies.

## **INDIVIDUALISM**

### **CHALLENGE**

# 7

Employee expectations will be more in line with today's consumer expectations: a highly personal experience and access to what they want, when they want it and usually that same day. The future workforce will expect their employer to deliver against such expectations.

## **EXTROVERT GROUND FLOOR**

### **CHALLENGE**

# 8

Creating an "extrovert" ground floor is key to ensuring a building and working environment participate in the local community. Having a working environment woven into a city's urban scene is key for many industries and can serve as a differentiator for occupiers to attract talent and in turn for landlords to attract occupiers.

## **ATTRACTING TECH TENANTS**

### **CHALLENGE**

# 9

Landlords compete fiercely to attract tech environments. With digital disruption knocking on the door, locating in proximity to a tech environment can provide an advantage for occupiers, not only due to proximity to knowledge and talent, but through its relation to the business environment.

## **ADAPTATION OF TECH**

### **CHALLENGE**

# 10

New technologies are disrupting existing ones at an alarming rate, creating a dilemma in relation to sustainability and the expected economic life of assets. Strategic real estate planning is paramount to resolving such a conundrum.



# FLEXIBILITY

## CHALLENGE

### 1

A transformative change has taken place in recent years – with the concept of coworking evolving from an alternative to a traditional office lease for start-ups and freelancers to becoming an integral component of corporate real estate portfolios. Flexibility tops the list of popular benefits of coworking amongst freelancers, small businesses, and even large enterprises according to Cushman & Wakefield's market research. Coworking companies provide short-term leases of varying amounts of space, allowing tenants to determine the most appropriate workplace strategy for their business without a long-term obligation ([C&W, Lessard, 2018](#)).

The entire landscape is evolving as we increasingly see consolidation and specialisation in new and upcoming industries. Even finance, which has previously been accused of being slow to adapt to the digital world, is beginning to embrace flexible office space and diverting from its traditional office background. Tenants now have a much longer list of requirements than the traditional X amount of square metre per head ([Forbes, Moufarrige, 2018](#)).

Occupiers are more than ever facing challenges over uncertainty as to where they will be, or what they will need, in just a few years ahead and consequently require additional flexibility in their lease agreements. This includes break options, options on additional space, options for swing space and relocation options within landlords' portfolios.

For landlords the challenges include, in addition to how to respond to the growth in coworking, adapting their existing business models of long, stable, predictable income, to a world where more and more things are constantly in flux. Greater flexibility in lease agreements is, in addition to new financing models, is also challenging the willingness and ability of landlords to undertake significant tenant fit-out works. A response to this is likely to be a broader set-of products than we see today, including allocating a portion of their portfolio to coworking, either by developing that expertise internally or by partnering with existing coworking providers. From the US we know investors are comfortable with 15-30% of building allocated to coworking tenants without this having a material adverse impact on valuations ([CW, Coworking and flexible office space, 2018](#)).



# IFRS 16

## CHALLENGE

### 2

Leasing is a common way for a business to raise finance. In simple terms, when a company signs a lease agreement, they obtain the right to use an asset in exchange for future payments. Under previous lease accounting rules (IAS 17), leases have been categorised either as “finance leases” or “operating leases”. Finance leases are reported on the balance sheet as assets and liabilities, but operating leases are disclosed only in the notes to financial statements, with a corresponding straight-line expense in the P&L for rent - they are off balance sheet. The classification of most leases as operating leases has two key problems: Lack of transparency and lack of comparability. So, after almost 10 years of deliberation, the International Accounting Standards Board issued IFRS 16, a new accounting standard which supersedes IAS 17. From an accounting perspective, the changes to lease accounting standards will narrow the difference between leasing and owning property as both will result in a liability on the Balance Sheet.

Under the new standard, occupiers with large portfolios of leased assets, will see a significant increase in their balance sheet. The financial statements for airlines, retailers and travel & leisure operators are expected to be most impacted. In contrast, healthcare providers, information technology companies and distributors are expected to be least impacted. For financial institutions, including banks and insurance companies, the changes may have an impact on their regulatory capital requirements as

they will report higher assets and lower equity. In terms of the P&L, the impact for most occupiers is expected to be modest. Nonetheless, this will vary by sector and for companies with a low profit margin, such as retail, the impact is expected to be more significant.

The scale of lease liability recognised on the balance sheet is directly linked to the non-cancellable term of the lease (generally the minimum fixed lease term). Going forwards CRE will need to balance the potential for reducing balance sheet liabilities through shorter leases, with the benefits afforded by longer fixed lease terms of occupational security, reduced rental market risk and a longer period for depreciating capital costs. Upfront lease incentives, such as rent-free periods and/or landlord contributions, will decrease lease liability on the balance sheet and lease payment on the P&L. The positive accounting impact of upfront lease incentives is greater than an equivalent rent reduction over the full lease term. Under the new standard, we expect upfront lease incentives to be favoured by occupiers over incentives “blended” over the lease term.

We could also expect to see a boost in demand for flexible workplaces. Leases or licences under 12 months can be excluded from IFRS 16, which is expected to result in an uplift in demand for flexible workplaces as there will be no requirement to capitalise the rental liability on the occupier's balance sheet. IFRS 16 also provides exemptions for service contracts and contracts where the occupier does not have control of the use of the asset, e.g. serviced office contracts where the landlord has the right to substitute the area demised to the tenant.

From the C&W report: [Lease accounting changes: CRE to take centre stage, 2016](#)

# SERVICE LEVELS

## CHALLENGE

# 3

Landlords want occupants that bring value to their rent roll. While occupiers recognise the value of their people and attracting and retaining talent as key to achieving business success. Landlords respond with amenities to differentiate their offering and lure the most valuable occupiers, the biggest, the most creditworthy, the magnets and influencers who draw the attention of others and in turn help increase the value of their buildings. Occupiers are drawn by an appealing work environment as a positive influencer for their current and future workforce. Yet, in research carried out by CW most tenants identified cost as the most important factor, followed by location. However, amenity factors, such as natural light and end-of-trip facilities were also rated highly by occupiers, along with large floor plates that can accommodate flexible fitouts ([C&W, Office leasing - trends and outlook, 2017](#)).

The trend is strengthening with significant amenities often being provided, including collaboration spaces, fitness centres, expansive roof decks and gardens, open air atria, parking privileges, facilities for cyclists and more. As an occupier, however, it is still possible to benefit from access to these experience-rich environments without paying the premium to be in a new building. Globally, landlords are re-positioning older assets with large capital improvement programs, adding amenities to attract tenants and become more competitive. They realise they can in this way fulfil the need for higher quality work environments that tenants are demanding. By renovating existing buildings and unused spaces landlords can turn

their Achilles heel into market-leading tenant amenities. To that end, there are more tenant lounges with artisanal coffee baristas, boutique hotel-style lounge seating, and coworking, meeting and collaboration spaces.

Occupiers focus on curating the experience of their employees, which includes where they work. Those companies focused on cost are looking for ways to provide a great work environment without having to pay for it entirely themselves. Previously, just being downtown and proximate to public transport was sufficient, but now that employers are expected to offer so much more, the stakes are rising. Employees are interested in food quality and variety; wellness, and access to the outdoors and exercise options; and collaboration created through community spaces where people intersect. They want places where they can linger and remain connected to the organisation and each other in meaningful ways. Instead of creating in-house facilities, which can be cost prohibitive, they can find high quality amenities in existing buildings located downtown. The motives of occupiers and landlords have created a positive tension which has driven an emerging and significant trend in the corporate office market: amenity-laden high-rise towers in the downtown core. What we used only to see on corporate campuses, we are now seeing in large office buildings nestled together in our CBDs. This move to city centres is borne out by recent research of occupiers needs.

From the C&W article: [Checkmate, The Amenities Game: Occupiers vs. Landlords](#) in "The Occupier Edge -Ed.4, 2017





# COWORKING

## CHALLENGE

### 4

Coworking as a concept has been early in responding to challenges occupiers are facing, including flexibility, access to innovative environments, access to the platform economy and “plug’n play” solutions. Even if coworking today still represents a small part of the office stock, it is growing rapidly, driven by both local and global operators. Depending on the definition, coworking in the Nordic capital cities currently represents some 10-20% of all new leasing activity. And, with the launch of IWG’s Spaces concept together with the entry of WeWork to the Nordic region, we expect growth and the race for market share to accelerate. Looking outside the region flexible workplaces has been one of the factors driving recent positive office performance, particularly in Central London

The reasons for the sector’s growth are well documented. These interrelated trends have challenged the sector to evolve to meet the changing needs of its customer base and to embrace new opportunities. Considering the sector’s potential for growth, it is more important to understand if such trends are likely to continue to support future activity.

More start-up companies and SMEs, technology as an enabler for change and new lease accounting standards are all expected, in varying degrees, to continue to support the growth of the sector. However, the area of greatest concern to traditional landlords is the shift by traditional corporates to considering flexible workplaces as part of their real estate strategy. Flexible workplace operators are reportedly attracting increasing numbers of larger corporate occupiers into their space for longer terms and anticipate this demand to accelerate ([CW, Coworking and flexible office space, 2018](#)).

What about the cons? Cost might be an issue depending on whether coworking membership is used as a supplement to rather than substitute for traditional offices. However, if as Deskmag reports “the average cost of coworking is two cups of coffee a day” this should not be one of the main challenges. Clearly a top location, dedicated desk and 24/7 access drive prices, but generally such locations are also expensive in traditional rental arrangements, so other challenges are relevant.

Confidentiality and IT security is a concern of many corporates about moving to coworking, especially if they require additional measures for IT and are constantly considering proximity to competitors or other coworkers in confidential conversations and meetings. This itself can be counterproductive to the dynamic and innovative environment to which they might have been attracted in the first place. Furthermore, culture and corporate identity building might be difficult in a coworking environment. However, if you flip the coin in a coworking environment, employees are “forced” to think

about their own company’s culture and to own it. This is because they have a point of reference – their office neighbours. Employees in a coworking enterprise are more likely to casually pitch about their company or product. This results in a stronger identity and can even lead to new ideas about company culture from within ([Mindspace, 2017](#)).

Operators are changing the mindset of occupiers regarding what they can expect from their real estate, and this is challenging the traditional model, both from an operational and financial viewpoint.

Until recently, traditional property owners have engaged with the flexible workplace model by simply leasing space on long-term leases to operators. This worked well, with landlords benefiting from the association. However, as flexible workplace operators expand both footprint and deal size there is increasingly a realisation from developers that they are losing control, creating competition and potentially missing a trick. The growth of the sector has shaken up the property industry and has seen increasing numbers of landlords considering strategies to incorporate flexibility into their portfolios. Nevertheless, exposure remains relatively low.

There are three possible strategies that landlords appear to be contemplating: partnering with a provider, buying an operator or setting up their own flexible operation. For many this means providing shorter, flexible leases rather than any major move into the sector. The concern of some operators is that landlords are in a better position to expand, as they already own the real estate and have the scale, funding and flexibility to take a risk ([CW, Coworking and flexible office space, 2018](#)).





# CORPORATE IDENTITY

## CHALLENGE

# 5

Creating company culture in the workplace isn't just about adorning your walls with the company logo or painting everything in the same brand colours. It's about creating

a unique yet unified environment that will reflect your company and its team. It should be a place where people feel supported and inspired; a place where your employees, clients and visitors will feel welcomed and engaged ([Parsons, 2015](#)).

It is conceivable that future workplace even more will be a strategic asset to attract and retain top talent. We will see companies building communities at the intersection of work/live/play to attract these employees. They will be implementing fully integrated smart workplaces that anticipate employees' needs and deliver optimal employee experiences as a way of doing business. Your workplace will serve as a real differentiator and strategic tool for your company, providing a competitive advantage.

While many CEOs respect working from home and co-working solutions, they would like to see their workplace as an employee's #1 preferred place to work. Why? CEOs

now look to the workplace as a physical embodiment of their culture. They seek to attract people into the office with more comfortable, homey environments with a variety of "living, dining and family" room type spaces so that employees have choices and can better interact. Driving culture by building a company community and place has moved beyond just the office with some companies offering housing and retail within their portfolios to provide an even broader community scope. More connected employees that feel part of a larger community and culture, have lower attrition and better retention – and create an employer-of-choice company. More tenured talent fosters improved production and innovation ([C&W, Workplace 2025, 2018](#)).

The challenge is to create and maintain the uniqueness that supports the occupier's culture and public profile, but at the same allow the landlord to create relevant space products in their buildings that last – both to accommodate a sustainability requirement and to stay within budgets, the more so in a world where commitments from occupiers are decreasing and flexibility requirements are increasing.





# COST

## CHALLENGE

### 6

Annual costs per workstation are rising, globally and in the Nordic region. However, there are huge differences between the four Nordic capitals, led by Stockholm with an occupancy cost of € 9.2k per workstation for prime office space, followed by Oslo and Helsinki with a cost per workstation of € 6.9k and € 6.6k respectively. Copenhagen is far less expensive with an occupancy cost of € 4.1k per workstation ([C&W, Office space across the world, 2017](#)).

Escalating office rents are naturally driven by lack of supply and the CEO of the Stockholm Chamber of Commerce Andreas Hatzigeorgiou considers that the lack of premises is starting to be a serious obstacle for business growth. Hatzigeorgiou comments: "It seems to have become a bottleneck for companies. It is especially IT companies that stand out and are particularly affected by a lack of skills and premises. They now want to sit centrally. There are those who claim that we have no office shortage because the vacancy rate in, for example, Kista is very high. But then I think one misses the global mega

trend going on now, where the cities' role as engines for ideas, innovation and growth only increases. We see examples of it everywhere. They want to be in an incubator with ideas. They want to be able to eat lunch and rub shoulders with other like-minded and talented people." ([Stockholms Handelskammare, Hatzigeorgiou, 2018](#)).

The digital economy represents one of the world's fastest growing industries owing to a global rise in core technology companies and a reliance on technology by the professional services market. Global talent and the firms they choose to work for are more footloose than ever. This has allowed some cities to compete in the digital age in a way impossible in the industrial age. Outlier cities where multinationals can easily do business will do well in attracting global tech companies, but their future will depend partly on their capacity to develop and regenerate the type of space firms require. As a result, these secondary cities are moving up our cost rankings. Stockholm has the 13th highest occupancy costs per workstation in our ranking, moving up by one place this year ([C&W, Office space across the world, 2017](#)).

# INDIVIDUALISM

## CHALLENGE

# 7

Imagine working in, say, 2025. An employee heads to their desk and the chair automatically adjusts to the appropriate height. The desk light adapts to their preference. In the lounge, a cappuccino awaits, and a neighbouring conference room displays the presentation for the employee's 09:00 meeting. A workplace passport, a key card, signals the smart building settings to respond to each employee's preferences. It will be the new norm — and will streamline an employee's day-to-day workflow.

Employee expectations will be more in line with today's consumer expectations — a highly personal experience and access to what they want, when they want it and usually very soon. Not only will the future workforce assume their employer knows their wants, needs, health concerns and other issues, they will expect their employer to deliver against such expectations.

As a result, two major goals for HR, working with IT and CRE, can be set:

## CREATE THE ULTIMATE WORKPLACE EXPERIENCE:

To create the ultimate experience, companies will need to understand employees wants and needs. Bonding is an important part of this ultimate experience, and the community built within the workplace. Since future employees no longer need to be at work, it's important that they want to come to work.

"Workers are happier in their jobs when they are friends with their co-workers creating a fun, enjoyable, worthwhile and satisfying job." ([Harvard Business Review, Riordan, 2013](#)).

## CUSTOMISE TO REDUCE STRESS

Making the workplace more "customised" to the individual can help employees work more intelligently, optimise their performance and be healthier – all while saving them time and energy and reducing stress.

"Companies are faced with out of control medical costs. More than 83% of the population has one or more chronic diseases. More than 75% of employees list their jobs as the number one factor for high or extreme stress. Stress is the leading source of metabolic syndrome and a key link to chronic disease." ([Miller, 2018](#)).

The cost of healthcare is expected to double by 2024 and there's an opportunity for companies to reduce stress by identifying and solving root causes to improve people's workplace experience.

Real-time monitoring of personal movement will also provide health-related data, such as how computers affect eyesight and headphones affect hearing. These measures will be necessary and mandatory to preserve individual health and reduce stress.

From the C&W report: [Workplace 2025 People. Place. Technology.](#)







# EXTROVERT GROUND FLOOR

## CHALLENGE

### 8

Creating an “extrovert” ground floor is key to ensuring the building and working environment participate in the local community. Having the immediate working environment woven into a city’s urban scene is key for many industries – tech workers included. Hence, operating a well-functioning “extrovert” ground floor can be a differentiator for occupiers to attract talent and in turn for landlords to attract occupiers.

Occupiers are focusing on curating the experience of their employees, which includes where they work. Occupiers are interested in food quality and variety, wellness, access to the outdoors, exercise options and collaboration created through community spaces where

people interact. They want places where their people will linger and remain connected to the organisation and each other in meaningful ways ([C&W, The Amenities Game, The Occupiers Edge Ed.4, 2017](#)).

Again, a well-functioning ground floor can help to attract talent and tie the building community to its neighbourhood.

In addition, destination marketing can be used as a value-added benefit: for example, maintaining a heritage building onsite and converting it to a food hall, creating an outdoor concert/event performance forum, or viewing platforms and tourist attractions, all features that position the building as a destination.



# ATTRACTING TECH TENANTS

## CHALLENGE

9

Where a corporation locates has a direct impact on all the top C-suite challenges: access to talent, ability to innovate, strong customer relationships, operational excellence, and sustainability. Location selection reveals the ways that strategic drivers are translated into practical decision-making ([C&W, Occupier Strategy drivers: Nordic survey, 2017](#)).

Throughout this and most other business cycles we hear that tech cities have outperformed other markets by virtually every relevant economic and commercial real estate metric, including GDP, jobs, space absorption, rents, and more. In these markets, tech plays a larger role in the city's economic trajectory. It's also a "vibe". Certain cities have a tech feel in the air, on the signage, in the conversations in the bars, in its population's habits and pre-occupations. In certain cities, tech is more deeply woven into the fabric of the city itself, and it's dramatically shaping those local real estate markets. The ingredients, the "tech stew", essentially boil down to six key elements: local universities, capital, tech workers, knowledge workers, educated workers, and an entrepreneurial spirit. Each thriving tech market has a distinct essence based on the

proportions of each metric ([C&W, Tech Cities 1.0, 2017](#)).

In response to the financial crisis of the 1990s Sweden eased its heavily regulated economy, made it easier to license new companies and lowered corporate income taxes. This deregulation coincided with the rise of entrepreneurship and the internet. Today, Sweden is responsible for the second-highest number of billion-dollar tech companies per capita, after Silicon Valley. Global companies like Spotify, the music streaming service; Klarna, the online-payment firm; and King, the gaming company, were founded here. In Stockholm, Information and communication sector jobs have grown almost five times more quickly than finance jobs and have contributed significantly more to the city's economic growth. ([C&W, Office space across the world, 2017](#)).

In today's competitive environment, with digital disruption knocking on the door, locating in proximity to a tech cluster can provide an advantage not only due to proximity to knowledge and talent, but through its relation to the business environment. Cushman & Wakefield research demonstrates a growing preference for occupiers to locate in urban areas that offer strong transportation infrastructure and the opportunity to engage talent.





# ADAPTATION OF TECH

## CHALLENGE

# 10

Imagine the technology that connects employees in the future. Workers, remote or in the office, collaborate through a company app. The app monitors the tone of the conversation, an employee's bio-rhythms, the room temperature, discussion topics, etc., to anticipate needs. Artificial Intelligence works to pull up data and reports based upon the conversation or it can recommend to a meeting leader when to take a break, re-engage the audience or even evaluate if the quality and tone of the meeting is in alignment with the desired culture of the company.

New technologies are disrupting existing ones at an alarming rate – creating a dilemma in relation to sustainability and the expected long term economic life of assets. Strategic real estate planning is paramount to resolving such a conundrum. In the face of the many economic, political and environmental challenges the world is facing today, it's clear that many businesses won't make it. According to the innovation consulting firm Innosight, nearly half of the current S&P 500 will be replaced over the next 10 years. Companies need to innovate if they want to survive, and technology will be key to workplace transformation in three major focus areas:

- 1. Thrive in a virtual economy:** Technology will be seamless with virtual reality and cloud access to data. As companies move to a more virtual way of working, it will be vital to keep their brand and culture alive.
- 2. Leveraging a smart city:** Data will be everywhere – sensors, cameras, electrical devices, GPS. These inputs will help cities and buildings become a lot smarter about commuter patterns, about when to cool buildings, security systems and more. Big data will allow companies to anticipate and manage real estate 24/7.
- 3. Innovating through technology:** From autonomous cars and their impact on parking garages and a city's infrastructure to how machine learning is making predictive technologies much more reliable and credible, it will be more important than ever that companies stay on top of the latest innovative trends in the future. Virtual tools are creating seamless online experiences at the same time as technology is improving the employee experience within the workplace to assist communication and increase workplace productivity, to improve the culture by creating more organic social collisions and to reshape jobs, freeing up employees to maximise their potential.

From the C&W report: [Workplace 2025 People. Place. Technology.](#)

## ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

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