THE EDGE

MAGAZINE
Vol. 3

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CUSHMAN & WAKEFIELD

Greetings.

We recently sat down with real estate decision-makers to talk about issues their organizations were facing.

Their resounding answer? The workplace.

They all mentioned the workplace in some shape or form – how does it attract talent, which generations prefer which working-style, how they can equip their workplace for their people to do their best, which amenities are people looking for, and how they can stay on the cutting edge?

The workplace is constantly changing and it's imperative to not only understand the trends popping up, but to have a solid workplace strategy that supports your people and your organization's business strategy as a whole.

This volume of The Edge Magazine includes a special feature on workplace, exploring key topics that will provide you with the toolset you need to future-proof your workplace.

The workplace is on your mind. It's on ours too. Let's partner.

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SPOTLIGHT ON WORKPLACE

Innovating the industry with PropTech

Cushman & Wakefield recently partnered with Fifth Wall, the world's largest venture capital firm focused on technologies for the global real estate industry. We recently sat down with **Brendan Wallace**, Co-Founder & Managing Partner at Fifth Wall, and **Brett White**, Executive Chairman & CEO, Cushman & Wakefield, to talk about their strategic partnership, how the firms complement each other and why they hope to revolutionize the industry together.

Why partner with Fifth Wall?

Brett: After debating the pros and cons of building our own proprietary technologies, we ultimately decided that being able to bring our clients the best readily available technology in the market, and build platforms around that, was a far better strategy than doing it ourselves. To this end, we knew we needed partners who are best-in-class at not only examining and underwriting companies within the space, but can also be an advisor as we create new solutions for our clients.

We remain focused on partnering with organizations that can help us develop the next generation of technology solutions for our clients, our colleagues and the built environment. In addition to our strategic partnerships with MetaProp NYC, Plug and Play, Stanford University, 1871 and others, we believe we've found yet another great partner and advisor in Fifth Wall.

What's the value you see in partnering with Cushman & Wakefield?

Brendan: At Fifth Wall, our goal is to foster collaboration between innovative technology companies for the built world and forward-looking, industry-leading organizations from all sectors of the real estate industry. Cushman & Wakefield has been an especially great partner for us because of their differentiated approach to how they handle their technology. Instead of trying to do it on their own, they are willing and open to evaluating new and disruptive technologies. From the start, Cushman & Wakefield has been "all in" when it comes to innovative technology, having invested in both our technology and retail funds – with our technology fund bringing innovation to the full spectrum of their organization and the retail fund focused on investing in emerging occupiers of retail space. It's been a win-win relationship all around.

What's your approach to innovating in a brick and mortar industry?

Brett: I remember in our first meetings with Fifth Wall, we asked them not to partner with firms that felt that only one firm per sub-vertical could be in the consortium. We wanted the opposite. When it comes to technology, everyone needs to get on the same page. From organizing and extracting data from long documents to utilizing robots to enabling smart technology for smart buildings, PropTech is changing the way everyone is approaching commercial real estate – for the good. The more firms in our space that we could get involved in our efforts, the better. We are trying to win first and foremost, but we're also trying to raise the image of this industry and you can't do that alone.

Brendan: We're starting by changing mindsets. It's often said that organizations don't win by identifying the right technology first, but they can lose by adopting the wrong technology. It's very unlikely any real estate firm is truly going to gain a differentiated long term, defensible advantage through a technology option, but they can absolutely lose by not doing anything at all or by being so myopically focused on a "do it first, do it ourselves" mentality – which is a mentality that has plagued the real estate industry.

Real estate is an industry that's rife with competitive instincts across the whole industry, and we've had to overcome that. Brett and I have shared the mindset that we are trying to accelerate and enhance the whole industry to the benefit of everyone – from occupiers to landlords to investors. That kind of collegiality is revolutionary and unique.

We've only been around for three years, but in that time, the mindset of corporations has changed from an exclusive mindset to an inclusive, more democratic mindset. This kind of thinking is a great thing for Fifth Wall, Cushman & Wakefield and the entire industry.

How do the two firms complement each other?

Brendan: Cushman & Wakefield is the perfect complement because they're entrepreneurial and willing to take risks. As a smart, forward-thinking organization, they understand their own limitations and know when to leverage and partner with other technology companies to enhance their clients' businesses. They realize that without risk, there's no reward. We have very similar mindsets when it comes to our approach to business and we've learned a great deal from each other through this process.

Brett: Although we do like to think of ourselves as entrepreneurial, thinking outside of the box about our business and the real estate industry doesn't always come naturally to people who've grown up inside of large organizations. Our partners, including Fifth Wall, complement us by helping push the envelope to deliver innovative and disruptive technologies to our clients. And since Fifth Wall already has good relationships with many of our largest clients, they understand what our investor and occupier clients want out of PropTech.

It's the technology that we're deploying with Verizon that sets us apart.

Andy Basset
Vacasa
Head of IT

Are you ready to deliver the customer experience of tomorrow with 5G?

5G is becoming an everyday reality, and now is the time to think about how it will impact your business.

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verizon business ready

The power of digital twin technology

There's a scene in the film "Apollo 13" where the grounded astronaut tries to figure out how to jumpstart a spacecraft that's stuck in space without killing the crew. Using an array of cast-off materials, he and his NASA colleagues simulate the conditions the astronauts on Apollo 13 are facing, from the comfort of Earth. By mimicking the conditions the crew was experiencing in space, the NASA team effectually deployed a version of a tool that's becoming increasingly impactful in commercial real estate (CRE): digital twin technology.

But first, let's back up.

The most basic explanation of a digital twin is a virtual replica of a physical product, process or system.

With sensors that collect real-time data, digital twins are a bridge between the real world and the digital world, giving us live insights into important systems.

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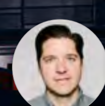

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Digital twins are the ultimate technology tool that combine artificial intelligence (AI), the internet of things (IoT), algorithms and other innovations to create a powerful collection of data.

They have great applications for CRE, bringing together disparate, previously unconnected systems that together present a complete picture of a building. Think of digital twins as a natural, if more technologically advanced, extension of building information modeling. From HVAC to elevators, security and more, digital twins provide us with actionable insights that can be processed and managed remotely.

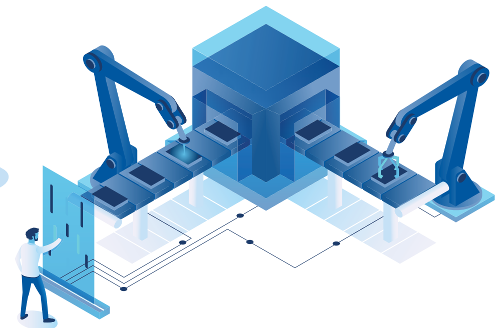
The pinpoint accuracy the technology produces makes it an efficient method of monitoring buildings, creating cost savings and improving the tenant experience. It is estimated that digital twin technology can lower operating costs in some buildings by up to 88 cents per square foot.* It's easy to imagine how digital twins can benefit CRE operations, but the applications go much further.

HEALTHCARE

Digital twins aren't just for buildings, jet engines or spacecraft. Even humans can have a digital twin. The healthcare field is catching on, developing biomedical versions of people to help identify who might be susceptible to disease or a medical calamity. Thoughtwire, a Canadian technology company, created a digital twin that can predict when someone will have a heart attack – or a "code blue" in hospital parlance. Through combining AI with automated processes to log patient data and cross-referencing it with other data sets, the technology could predict when patients would suffer cardiac arrest.

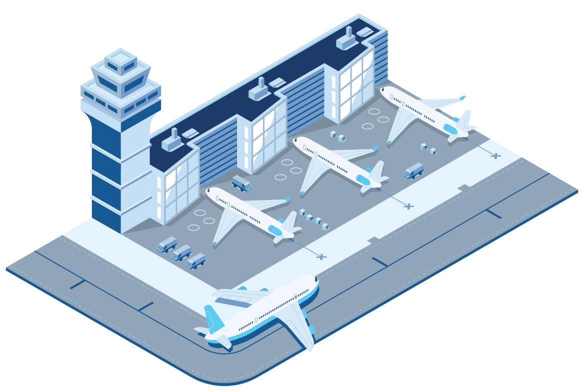
CITIES

Digital twins are helping cities learn more about themselves to become "smart." Singapore and Rennes, France, engaged French firm Dassault Systèmes to design digital twins that will help them identify and address challenges. With multiple systems providing data – think weather, transit, health and infrastructure – the cities are able to see existing problem areas and address them before they are apparent. By soliciting data from various stakeholders in the public and private sectors, they can virtually experience and visualize the city, while collaborating to create and simulate solutions.



MANUFACTURING

UK manufacturer TrakRap has found success in adopting new technologies, including digital twins. The company has publicly stated that it will not cut any metal before it has simulated the manufacturing process on a digital twin, so they can inspect every component until they are happy with it. They said this process enables a reduction in development cost by more than 50 percent.**



AEROSPACE

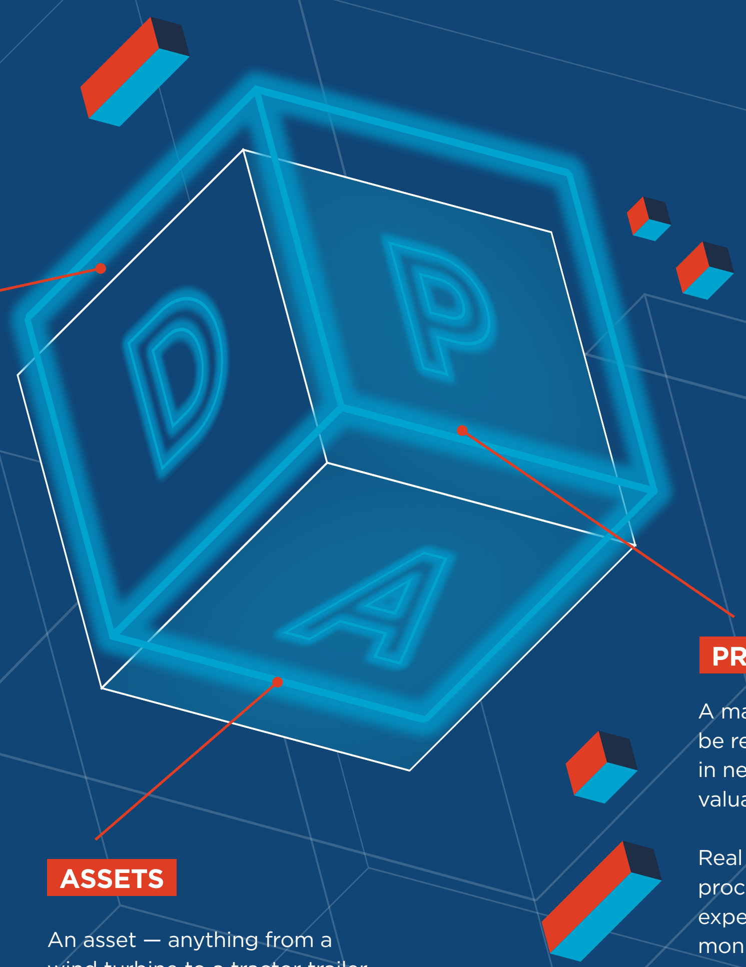
It's easy to build a plane engine, but maintaining it and ensuring it meets regulatory requirements and situations is another story. Digital twin technology allows aerospace manufacturers to understand how a turbine will react with a plane that is, for instance, carrying more passengers or flying in difficult conditions or extreme weather. It can also identify conditions unique to individual pilots.

OFFICES

Australian commercial real estate group Investa was challenged to keep accurate and up-to-date building information as a Melbourne skyscraper was built, so they engaged Willow, a digital twin provider, to create a single source of truth. Using the WillowTwin™ platform, Willow created a cloud-based dashboard that combined building models, data, geometry and live sensor data, providing Investa with all the data and documentation in one place.

The digital revolution is quickly becoming integrated into CRE systems to transform building management through the use of artificial intelligence, robots and virtual/augmented reality. For occupiers and landlords, the power to virtually monitor all of a building's systems in real time, creating a digital crystal ball, can't be understated.

DIGITAL TWINS: DESIGN, PROCESS, ASSETS



DESIGN

Digital simulations of real-world prototypes can be used in the design process to create better, innovative products.

The automotive industry has pioneered this concept, using digital simulations to design vehicles.

PROCESS

A manufacturing process can be replicated and monitored in near-real time, uncovering valuable insights.

Real time replication of processes allows flexibility for experimentation and better monitoring.

ASSETS

An asset — anything from a wind turbine to a tractor trailer — is replicated in a high-fidelity simulation.

Digital twins can be used to improve efficiency, predict maintenance issues and access historical data.

DIGITAL TWINS LINK CRE DATA THAT'S HISTORICALLY BEEN SEPARATE

BUILDINGS
Built space conditions, structure, windows, doors, roofs, walls, 3D space photos and GIS tagging

EQUIPMENT AND ASSETS
Mechanical, electric, plumbing, fire/life safety, IT infrastructure and GIS tagging

TELEMETRY
Building automation systems, lighting control, occupancy sensors and other sensors

* According to Thoughtwire. Currency amounts listed in USD.
** The Manufacturer Magazine https://www.themanufacturer.com/articles/digital-twin-helps-us-to-reduce-costs-by-over-50/

Are ghost assets haunting your business?

Industrial has been one of the hottest sectors of the commercial real estate (CRE) market for the past several years. However, in the midst of all this activity, owners and lessors are making mistakes that are costing them money and causing margins to vanish. One example of a common mistake made is overlooking industrial equipment that can't be accounted for because it is physically missing or otherwise rendered unusable. These are known as ghost assets.

Ghost assets are a daunting issue for industrial investors because they cause problems in the fixed asset ledger, which is the list of a business' machinery and equipment, and oftentimes, an industrial investor's largest and most significant investment.

A ghost asset is a fixed asset that can't be accounted for because it is physically missing or otherwise rendered unusable, perhaps after breaking down.

Ghost assets can lead to decreased productivity and can negatively influence a company's financial costs and impact tax liability. If you're paying taxes on missing or unusable assets, you're throwing money away. Even if you're not paying taxes, you're exposing the company to risk. Old, outdated or underutilized assets often get overlooked by assessors using a simple cost approach and they fail to consider which assets are essentially good for nothing, adding to the tax and insurance burden instead.

The terrifying truth

Whether buying, selling or holding a commercial building property, there are serious tax and insurance liabilities overlooked by even the savviest in CRE. Addressing those oversights will improve margins, and make a property's balance sheet more attractive.

Up to 30 percent of organizations don't have an appropriate structure to identify the assets they own and thus have no ability to track what they have or where they have it. For those that do have a fixed asset system, more than half of those businesses have a material discrepancy between their reported assets and what is physically available for use. Material discrepancies in fixed asset reporting results in overpaying property tax, overinsuring or underinsuring for property damage, and a host of business operations problems, including inaccurate capital expenditure forecasting and maintenance planning issues.

A ghost story

SMA, a German-based energy company was operating two light manufacturing facilities in leased space in Denver, Colorado, but due to their initial internal testing, they did not have confidence in the local controller's accounting of assets. Cushman & Wakefield visited the facility and, working alongside their head of engineering, identified ghost assets.

Cushman & Wakefield provided an appraisal for the company to use in management planning, which led to a decision to shut down operations, move the usable assets to another plant, liquidate the potential assets for sale and scrap everything else. Cushman & Wakefield also assisted in inventorying usable assets, developed a liquidation value report and consulted with the client on the selection of a liquidation firm. Additionally, profit-generating assets were relocated to another plant and unmarketable assets were scrapped or recycled.

Eliminate those ghosts

An accurate fixed asset tracking solution is critical for the profitability and stability of any company.

1. A "floor-to-list, list-to-floor" audit can verify that the fixed asset ledger matches what is physically at the location. Once these discrepancies in the records are unearthed, ghost assets can be identified and retired from the ledger. In addition, assets identified on the ledger but no longer in use can be evaluated for replacement. With that process complete, an auditable asset trail and ledger can now be used for management planning purposes.

2. Calculating the fair market value of the assets in the newly scrubbed ledger through an appraisal process is an effective way to remove ghost assets and properly depreciate the assets on the ledger and in tax forms.

3. An estimation of the replacement cost of the cleansed ledger is then produced to provide an appropriate level of coverage for property damage insurance.

4. Developing a personalized asset management program will enable employees to track assets, notify leaders when assets are disposed and remain in compliance if the company is audited.

Ghost assets left unattended create uncertainty and stress. Face ghost assets – and your fears – head-on to enhance your overall business operations and performance.

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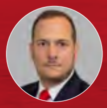

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Meatless meat: where's the beef?

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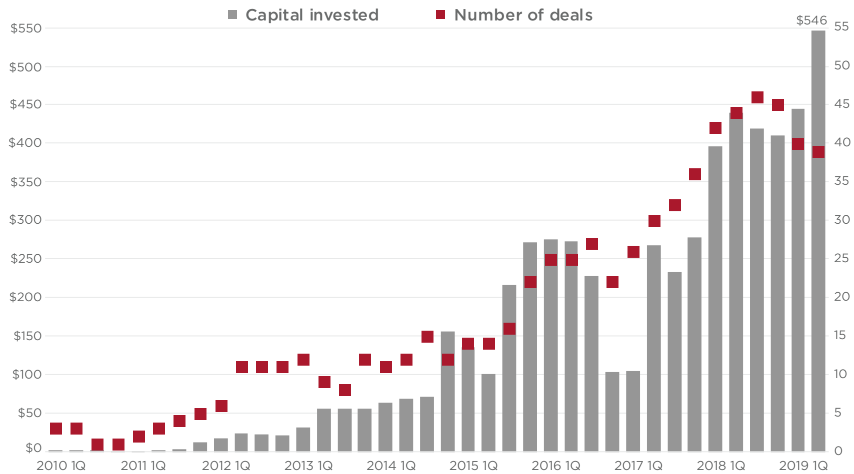
In the age of ubiquitous tech startups, the relative importance of a trend is often determined by the level of interest shown by venture capitalists. By that measure, meat substitutes have hit the big time. There was nearly half a billion dollars* invested in 20 different companies focused on meatless "meat" and alternate proteins[1] in the first half of 2019. This was an increase of 41 percent from the second highest six-month period (the first two quarters of 2018). Beyond Meat, one of the largest companies singularly focused on meat alternatives, went public in May 2019 with a single-day "pop" in stock price of $163[2]. Even after some ups and downs throughout 2019, the stock began 2020 up 66 percent from its opening-day price.

The global meat substitutes market is currently $4.6 billion and is forecasted to grow by 39 percent over the next five years[4] (a compound annual growth rate of 6.8 percent). The forecasted near-term U.S. growth rate is even more bullish at 8.1 percent per annum for the next two years[5]. Total global revenue from meat substitutes in 2018 was a mere 0.9 percent of the overall meat products market ($492 billion) but is expected to grow at nearly twice the rate over the next five years.

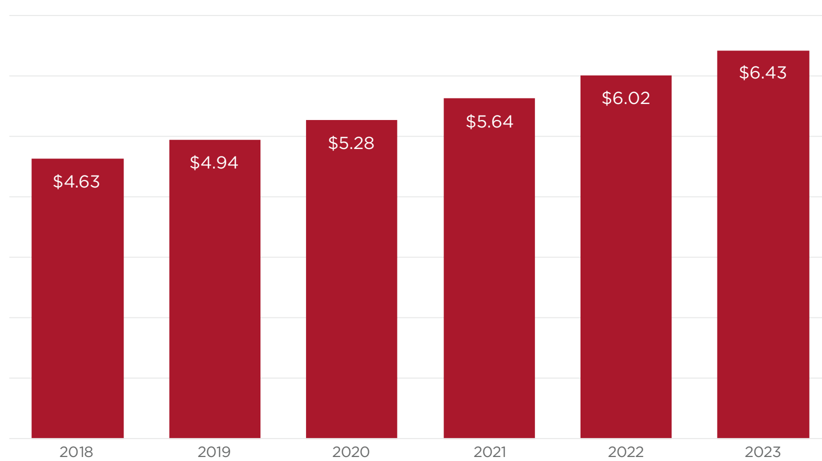
This level of opportunity has been a boon for niche companies focused primarily or exclusively on meat alternatives—such as Impossible Foods, Moving Mountains Foods and Beyond Meat. The forecasted growth is also drawing in established food and beverage companies. Nestlé and The Jensen Meat company have both recently purchased brands to produce meat alternatives, Sweet Earth and Before the Butcher, respectively. Other food and beverage giants—including Kraft Heinz (Boca Burger), Kellogg's (Morning Star), Tyson Food and Hormel Foods (Applegate)—all have plant-based offerings.

Venture capital deals in meat substitute & alternative protein companies (Four-quarter rolling totals)



Source: PitchBook Data, Inc.

Global meat substitutes market size in billions 2018-2023



Source: Statista estimates; MarketsandMarkets.

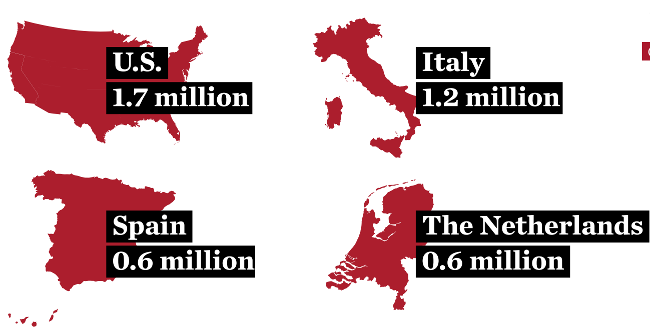
* All currency amounts listed in USD
[1] PitchBook Data, Inc.
[2] Mike Murphy, "Beyond Meat Soars 163% in Biggest-Popping U.S. IPO Since 2000," //www.marketwatch.com, May 5, 2019.
[3] Based upon the opening price on January 2, 2020, via Yahoo Finance.
[4] Statista estimates; MarketsandMarkets. "Forecasted market value of meat substitutes worldwide from 2018 to 2023 (in billion U.S. dollars)." Chart. February 21, 2018. Statista. Accessed August 22, 2019.
[5] Statista. "Estimated market revenue of meat substitutes in the U.S. from 2012 to 2020 (in million U.S. dollars)." Chart. August 3, 2018. Statista. Accessed August 22, 2019.

What does it all mean?

Global beef production has yet to be disrupted by plant-based protein alternatives. In fact, after a decline in 2015, growth has been nearly 2 percent per year with a peak year-over-year increase of 2.5 percent in 2018[6]. However, the industry is entering into new territory with the rise of protein options that do not contain meat but do closely approximate (and even duplicate in some estimations) the meat-eating experience. The question arises, what does it mean if these products do begin to replace traditionally-produced beef?

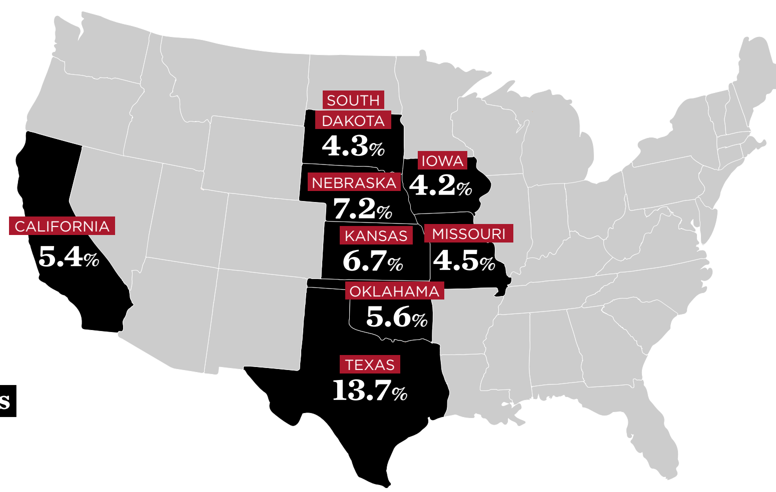
Current beef consumption and production

Changes in food consumption in certain markets can disrupt the food supply chain around the globe. The largest importers of beef cattle all import the equivalent of more than half a million head of cattle per year[7]:



If habits evolve, the demand for beef cattle could be altered leading to the need for less land in certain parts of the world.

In the U.S., 31 different states have more than a million head of beef cattle in 2019[8]. Cows are the most land-intensive animal protein to farm, requiring 254 square meters per animal (the equivalent of 2,734 square feet or 0.06 of an acre). Utilizing this approximation, there is currently an estimated six million acres of land in the U.S. dedicated to cattle production. More than half of that is in the top eight states: Texas, Nebraska, Kansas, Oklahoma, California, Missouri, South Dakota and Iowa.



Source: NASS/USDA; via Beef2Live.com.

[6] US Department of Agriculture, USDA Foreign Agricultural Service. "Beef and veal production worldwide from 2012 to 2019 (in million metric tons)." Chart. April 9, 2019. Statista. Accessed August 29, 2019.
[7] Food and Agriculture Organization of the United Nations, FAOSTAT (2016).
[8] NASS/USDA; via Beef2Live.com.

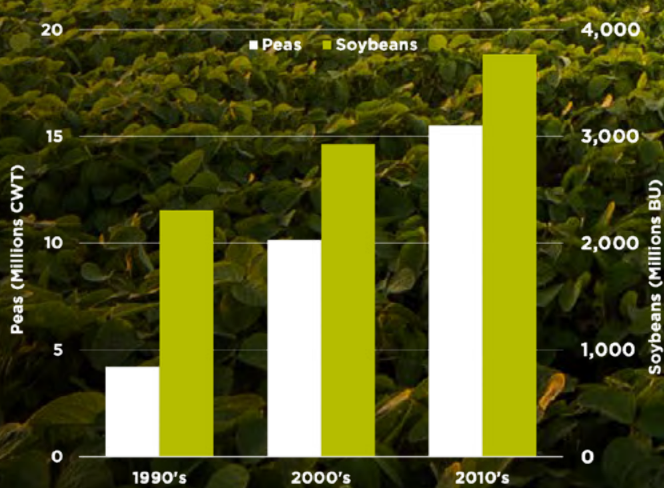
Future plant production

Moving towards meatless “meat” requires a ramping up of different ingredients. The various alternative burgers on the market do not utilize the same building blocks, but the most common protein sources are pea and soy, with mung bean, rice and potato less frequently utilized in the recipes. The primary fat sources are coconut, canola and sunflower oils.

The production of primary protein sources in the U.S. have increased dramatically since the 1990s[9]. Average annual soybean production is up 63 percent from 2.3 billion bushels (BU) per year in the 1990s to 3.8 billion BUs. Dry pea has increased even more dramatically, almost quadrupling production from 4.2 million hundredweights (CWT) annually in the 1990s to 15.5 million CWTs in the 2010s. The acreage being harvested increased over the same two decades by 29 percent for soybeans and 310 percent for peas.

Demand for both of these crops will impact the north-central part of the U.S. Yellow split peas, which are the specific pea type utilized in pea protein creation, are a cool season crop that grows well in states such as Montana and North Dakota, as well as in Canada. The largest producers of soybeans are in a similar part of the country, led by Illinois, Iowa, Minnesota, North Dakota and Indiana[10].

U.S. commodity production per annum by decade: peas & soybeans



Average annual production up **270%** and **63%** since 1990s.

Source: United States Department of Agriculture, National Agricultural Statistics Service.

[9,10] United States Department of Agriculture, National Agricultural Statistics Service.

Supply chain

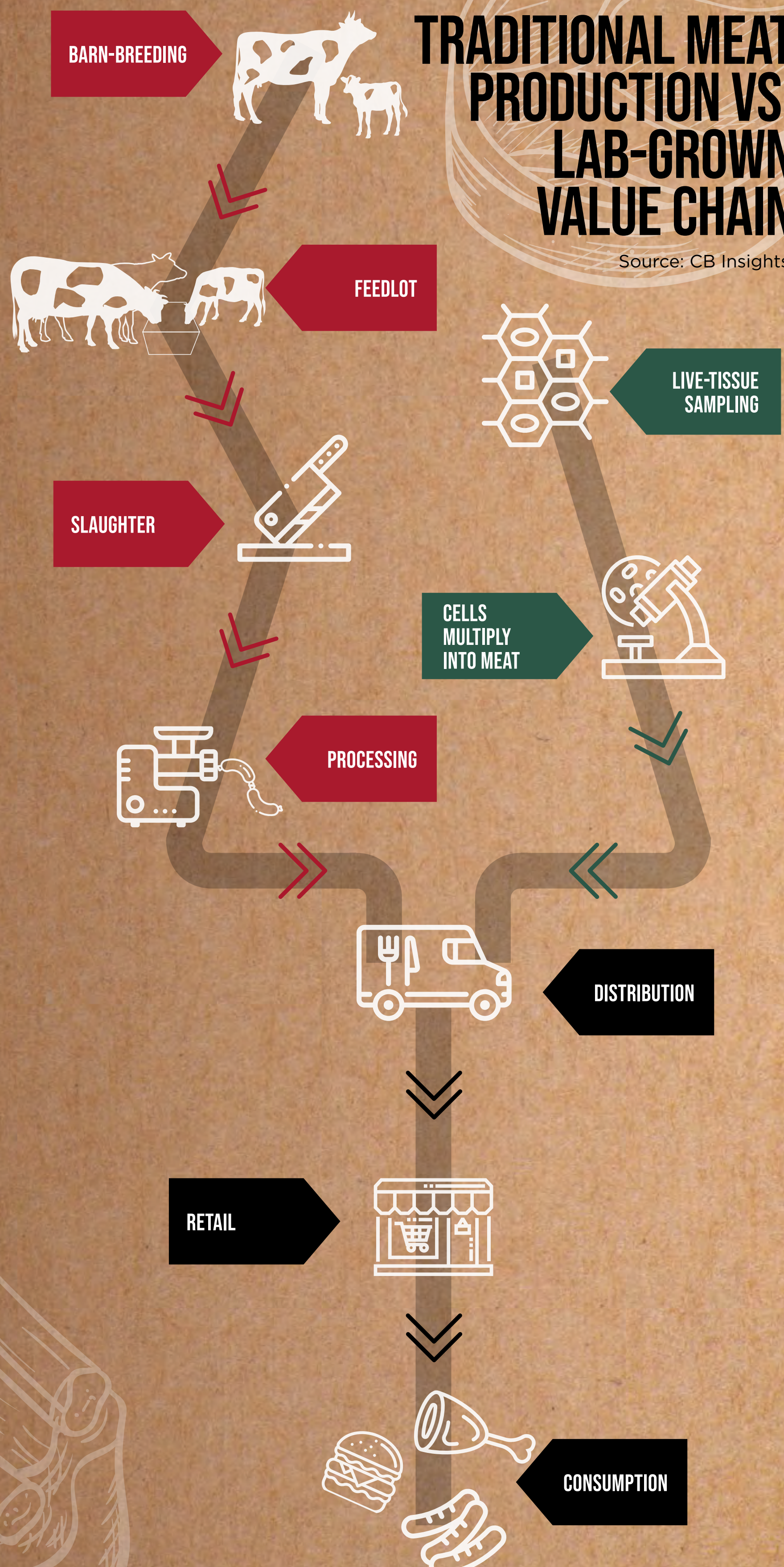
How food gets to the end-user is also dissimilar when protein alternatives are utilized in lieu of traditional meat. Animal protein requires land for breeding and feeding (approximately .06 acre per cow). From there, meat is slaughtered and processed before being moved into the distribution and retail supply chain. Protein alternatives do not require range land or slaughter houses. Instead, the value chain looks more like other processed food production: lab space is required for new product development and manufacturing space is required for production. At that point, the supply chains merge.

The supply chain is an area in need of improvement as the sector matures. As major providers of meatless "meats" have grown rapidly, their provider networks have not been able to keep up with demand. Several restaurant chains recently adding meatless burgers to their menus have sold out in relatively short order.

Food consumption trends are consistently changing. Just look at the post-WWII fall of mutton or the more recent rise of kale. Companies producing protein alternatives that taste and act like real meat are hoping to be the next big trend that changes eating habits for good. Consumers have various motivations that draw them to alternatives to animal meat: improved health, reduced environmental impact or elimination of animal death. If there is little or no sacrifice in the culinary experience, the decision becomes even easier to make. This market will continue to evolve, expanding into new products (e.g., alternatives that taste like chicken, steak, etc.) and the global supply chain will need to adapt, quickly.

TRADITIONAL MEAT PRODUCTION VS. LAB-GROWN VALUE CHAIN

Source: CB Insights



Is everyone becoming a vegetarian/vegan?

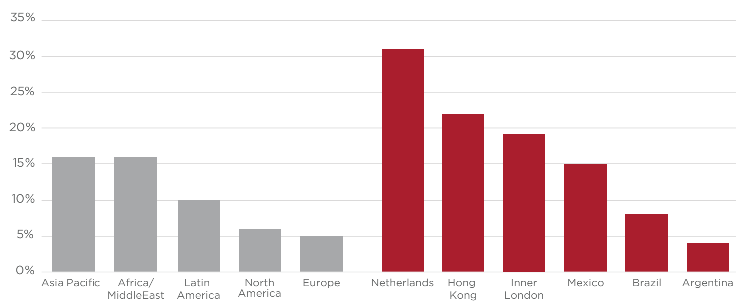
Short answer: no.

One tenth of global inhabitants currently avoid eating meat entirely, according to a report from Ipsos[11]. Up to two-thirds of those people live in India; the same report estimates that 41 percent of India's population is either vegetarian (22 percent) or vegan (19 percent). The demand for meat alternatives—especially those that mimic meat—is not primarily being driven by consumers with a vegetarian or vegan lifestyle. Plant-based alternatives (veggie burgers, for example) have been available and mass-produced for decades. This historically has been attractive to patrons pursuing vegetarianism for ethical or health reasons, but were not designed to closely mirror the sensation of eating meat. However, the new meat alternatives are not just protein substitutes, but are actually designed to look, feel and taste like meat.

The target audience is not vegetarians and vegans, but people who want to eat less meat than they currently do and/or are pursuing a flexitarian diet (i.e., a diet that is largely vegetarian, but occasionally includes meat or fish). Beyond Meat's S-1 filing highlights this distinction: "tapping into the curious and enthusiastic pull from mainstream consumers for delicious and satisfying yet better-for-you plant-based meat."[12] Meatless "meat" can allow carnivores to reduce their meat consumption with a similar culinary experience.

Flexitarian diets are popular around the globe. As of 2016, 16 percent of the population in both the Asia Pacific and Africa/Middle East regions adhered to a flexitarian diet, which is three times as high as North America (6 percent) and Europe (5 percent)[13]. One-tenth of Latin American consumers considered themselves flexitarian. Younger generations are more likely to identify themselves with an alternative diet habit. American Millennials (23-38 years old) are three times as likely as their parents' generation (Baby Boomers, aged 55-73) to identify as flexitarian or vegetarian. They are also twice as likely to consider themselves vegan.

Flexitarian diet followers by global region and select locations



Source: Statista; Nielsen; The Huffington Post; Green Monday; Motivaction; YouGov

[11] The Ipsos August 2018 report, "An exploration into diets around the world," states that 5% of the global population is vegetarian, 3% is vegan and another 3% is pescatarian.
[12] Beyond Meat S-1 Filing via SEC.gov.
[13] Nielsen. "Share of people who follow a flexitarian diet worldwide as of 2016, by region." Chart. August 30, 2016. Statista. Accessed August 29, 2019.

How to future-proof your workplace

SPOTLIGHT ON WORKPLACE
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The work environment is continually evolving in order to attract and inspire people to do great work, so that businesses can grow and flourish. But with so much ongoing change, how do you keep up with and navigate the impact of new trends and, armed with this knowledge, future proof your workplace?

IT'S NOT JUST AN OFFICE. IT'S AN ECOSYSTEM.

The average person spends one-third of their life at work. That's more time than they spend on any other single activity, including family events, vacation and even sleep. In this context, it's easy to consider that the interaction with the workplace is the single most dominant factor in employees' lives. Considering this, the impact that the workplace has on employee experience, productivity, wellness, innovation, collaboration and talent retention is undeniable.

Businesses spend up to 90 percent of their budgets on people costs, almost all of which remain outside of the scope of commercial real estate (CRE) providers who are generally tasked to address limited elements, specifically energy costs (one percent) and rent costs (nine percent).

FINDING WAYS TO CONNECT THE IMPACT OF CRE TO STAFF COSTS - FROM TURNOVER TO UNPLANNED ABSENCES DUE TO ILLNESS - HAS THE POTENTIAL TO BE THE SINGLE BIGGEST VALUE DRIVER FOR OWNER AND OCCUPIER CLIENTS.

More than three-quarters of global CEOs see accessing and retaining skilled labor as the biggest threat to their businesses. The war for talent is often won by creating an optimal workplace that embodies the corporate brand, culture and values; supports the wellbeing & engagement of employees; builds community; and inspires people to do their best work. The company that can harness a truly differentiated approach to the workplace – with tangible and measurable benefits – will enjoy an unmatched competitive advantage in the marketplace.

Technology and flexibility continue to impact the workplace. Work is no longer somewhere employees go to, but something they can do from anywhere. Companies that evolve their perception of the workplace from a single location or building to a network of physical and virtual places will empower their people and their business to thrive. It's clear that workplace transformation is more than just a trend, but there is confusion around what workplace means, as a word and as a CRE service.

For some providers, workplace services are limited to the design and construction of the physical space. For others, it's an a la carte menu of experience-oriented services or simply coworking and flex-working options. Workplace includes all of this, but it also extends to much more.

FOCUS ON SPACE EFFICIENCY AND AGILITY

Millions of square feet of office building space is currently underutilized, many building management tasks are completed reactively and energy costs are largely opaque and expensive. However, this can be avoided by leveraging sensor technology, allowing occupiers and owners to gain actionable insights into space utilization, preventative maintenance and energy use/ costs. Estimates predict smart buildings could save $20-$25 billion* in annual energy costs (see article on page 41, “Smart buildings and the employee experience”).

It’s important for companies to diversify workplace portfolios to a mix of fixed, flexible and on-demand spaces to support business agility. The growth in the flexible-space market, including coworking, has been nothing short of remarkable. Coworking has evolved from a trend to mainstream, with many service providers offering a variety of space options from the individual entrepreneur to enterprise solutions for blue-chip corporates. The provision of third spaces by institutional landlords within prime-grade offices is increasingly common as is the development of their own coworking brands. As the lines between the facilities and services offered by fixed, flexible and on-demand spaces become increasingly blurred, it gives occupiers greater scope to actively manage their portfolio for optimum efficiency and productivity.

*All currency amounts listed in USD

FOCUS ON PEOPLE, EXPERIENCE & WELLBEING

People are companies' most important asset yet as an industry, we have not actively managed the impact our workplaces have on our people.

IN THE U.S., THE COST OF WORK-RELATED STRESS IS ESTIMATED AT **$1.1 TRILLION**

IN EMEA, CHRONIC DISEASES COST EMPLOYERS **$650 BILLION** EVERY YEAR

47% OF EMPLOYEES FEEL THAT THEIR WORKSPACE DOES NOT SUPPORT PRODUCTIVITY

70% OF EMPLOYEES DO NOT FEEL ENGAGED IN THEIR JOBS

The current state presents us with a fundamental opportunity for improvement. Companies with engaged employees enjoy two times typical revenue growth. The potential for value-driven transformation through employee productivity and experience is compelling.

One-third of employees' sick leave can be attributed to poor indoor air quality. Improved environmental conditions – air quality, light and noise – can positively impact worker productivity between .5 percent and 5 percent, translating between $20 and $200 billion in revenue in the U.S. alone.

Danone Place Amsterdam

FOCUS ON THE PLANET

More than 90 percent of the world's 250 largest companies engage in sustainability reporting. From that, 40 percent of global carbon emissions come from office building and 70 percent of all electricity consumption (in the U.S.) goes to support building operations. Smart buildings have the potential to reduce U.S. carbon emissions by 130-190 million tons of CO2. The future of CRE is delivering solutions that are smart, green and well. Corporates must deliver top-line performance that benefits their people, their communities and our planet. (see article on page 38, "Healthy working: wellness and sustainability in the workplace").

WHY NOW?

Business is evolving. The Business Roundtable, an association of nearly 200 American CEOs from companies such as JP Morgan Chase, IBM and General Motors, issued a pledge to deliver long-term value to all stakeholders. This new proposed model is positioned as the greatest platform for social change and includes:

- Delivering value to customers
- Investing in employees
- Dealing fairly and ethically with suppliers
- Supporting communities
- Generating long-term value

The paradigm shift rejects the short-sighted push to produce quarterly profits at the expense of employees, clients and the community. The old way of doing things isn't going to work anymore, and both occupiers and investors need to make this pivot to drive long-term value, improve the employee experience, minimize negative environmental impact and create thriving ecosystems.

Make your workplace a destination with amenities and services

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As we no longer need to "go to work" to be working, today's office buildings need to serve as unique destinations that motivate and inspire people to go into the office; to connect with likeminded people, learn new things, feel connected with the brand and culture of their company and increasingly have access to amenities and services that support their life and wellbeing at work. Traditional amenities, like coffee shops and gyms, are of course expected, but simply not enough. To stand out, landlords are increasingly moving towards unique services and experiential offerings.

When it comes to creating a great workplace experience, there are many challenges to be solved, from managing the varying expectations of five generations in one environment to supporting various workplace requirements alongside change and growth to managing aspirations against budget.

User-centered design methodologies are critical to incorporating employee insights into decision making before any investments in amenities are made. These insights are critical inputs into the design process – where employees share their needs, wants, problems and preferences, so companies can curate experiences that will be meaningful, not just plentiful.

The workplace ecosystem is complex. Unfortunately, without a consistent way to measure "experience" and the corresponding workplace elements that drive it, many companies can make costly investments that either deliver sub-optimal results or even damage employee engagement levels. Unless budget and resources are unlimited, companies will need a thoughtful approach to stay ahead when it comes to amenity offerings. The art is in understanding employee needs and diagnosing the best fit for your organization. A sustainable solution with the end-user in mind and business vision aligned to ensure that there is an iterative process in place that can be adjusted as organizational priorities change.

22 Bishopsgate

COMPETING ON A GLOBAL SCALE

EMEA

Companies in EMEA have an enormous diversity of offerings; with UK, Ireland, the Netherlands, Nordics and Germany at the forefront and other countries playing catch up. On one end of the spectrum, there are trailblazing companies that provide an immersive brand experience alongside every amenity an employee could need, including on-site hairdressers and makeup artists. And on the other end, companies in other parts of Europe require employees to bring their own drinking water to work.

However, as the war for talent intensifies, companies in EMEA are increasingly viewing their workplace as a differentiation tool to assist them in attracting and retaining talent, as well as enabling employees to work more effectively and collaboratively whenever they come to the office. This new experience and people-centric focus is driving increased expectations for more amenities and services by occupiers and is changing the expectation from landlord provisions and specifications. An example of this is the largest commercial office development in London - 22 Bishopsgate - a 1.3M SF tower with more than 100,000 SF of unique landlord managed amenities and services designed exclusively for the use of the 12,000 people in the building. This project redefines the typology of towers by using the amenities to create a vertical village where the landlord managed and curated experiences activate the community and business ecosystem so both people and business can thrive.

APAC

Similar to EMEA, APAC is a tremendously diverse region with markets at different levels of maturity. Australia has been at the forefront of recognizing the value of social amenities and services in buildings for many decades. As early as the 1990s, the intense competition for talent led forward-looking corporates to promote a culture focused on social values and creating work environments to support community events and services.

In reflection of this amenity and community-based focus of occupiers, corporate offices across Australian CBDs have been actively transformed to create more permeable ground floors with a wider array of uses. It is now commonplace to see areas dedicated to events, food, community installations and bespoke spaces to encourage customers to use facilities to co-create with the business. The success of these spaces has further motivated landlords to continuously consider the realms of what is possible to actively blend office and retail environments to create a greater sense of community and drive higher investment value.

Beyond this, typical facilities in APAC include on-site kitchens with free food, gyms, rooftop terraces, outdoor gardens and shuttle bus services for offices located outside of CBD areas.

These types of amenities have weaker adoption rates outside of Australia but this situation is changing. Just last year, Singapore legislated a requirement for bike-parking in all new property developments to encourage people to take up cycling and shift towards a more "car-lite" society.

Looking to the future, the need for workplace amenities is expected to grow across the region. Over the next decade, approximately 800 million members of Generation Z will enter the labor force in Asia Pacific alone – more than all other geographic regions combined. India, China and South East Asia, in particular, are forecasted to see the greatest numbers from this generation (see article on page 28, "Creating spaces for everyone: bridging the multi-generational gap").

The injection of this demographic windfall into the workforce is expected to impact all aspects of CRE, but especially workplace strategy. Generation Z is a generation that brings with it a level of expectation, from seamless integration between the physical and digital worlds to a workplace that reflects their cultural values and lifestyle. Amenities will be at the forefront to help drive collaboration and greater connectivity to colleagues and the company brand.

AMERICAS

Companies in the Americas, particularly in the U.S. technology sector, have been at the forefront of using their workplace as a driver for talent retention and engagement. As many of these facilities programs reach maturity and evolve, most companies are looking to broadly support employee wellbeing as a strategic priority, not just through amenities. The definition of wellness has expanded to include a range of services and programs focused on actively boosting performance and social and emotional wellbeing, not just employee health. Facilities are becoming even more experiential by including rock climbing walls and meditation rooms, and onsite services are expanding to offer full-service salons, personal errand running and childcare facilities.

Much of the expansion and contraction of offerings comes from user-based insights – a deep understanding of what is important to the employee-base, and then doubling-down on those specific areas. Companies are seeing the benefits of designing amenities programs based on employee feedback instead of chasing trends.

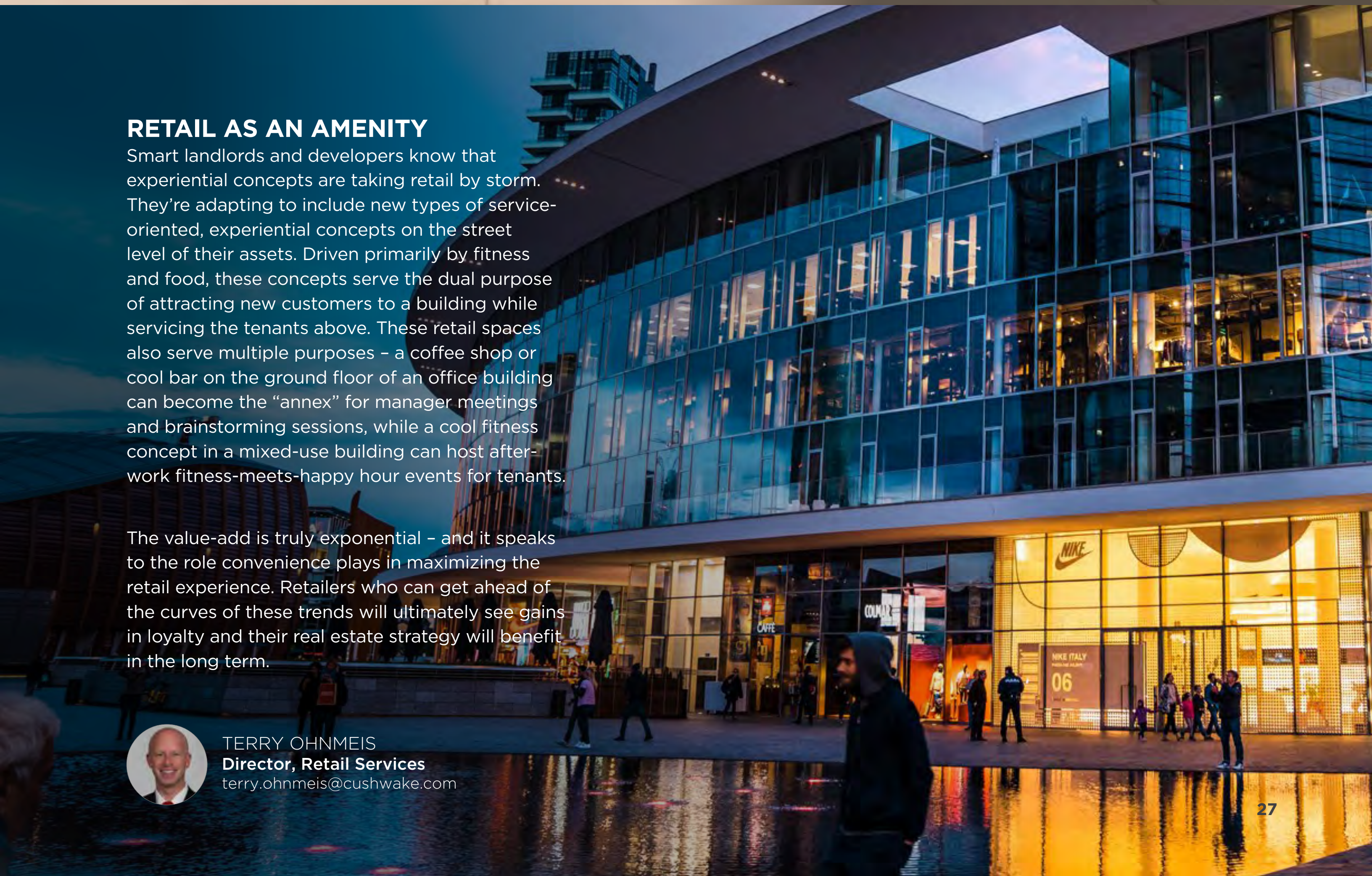
ANIMALS AS AN AMENITY

Researchers at the Virginia Commonwealth University Center for Human-Animal Interaction found that having dogs around the office produced a wide array of benefits for both pet owners and their pet-less coworkers. Pet-friendly companies claim that dogs are a great conversation starter during tense meetings and also encourage more friendly socializing in the office. Some examples include:

Puppyforce at Salesforce: The Salesforce Headquarters has a room called "Puppyforce," a spot where you can reserve a desk and bring your pet to work with you.

Dooglers at Google: Dog-owning Googlers get a badge for their pups when taking their dog to Google's Mountain View campus.

Dog Program at Build-A-Bear: Build-A-Bear employees receive dog perks, which include puppy parties to celebrate dog birthdays, treats and a canine concierge service that whisks the dogs off to a spa day with grooming and day camp.



RETAIL AS AN AMENITY

Smart landlords and developers know that experiential concepts are taking retail by storm. They're adapting to include new types of service-oriented, experiential concepts on the street level of their assets. Driven primarily by fitness and food, these concepts serve the dual purpose of attracting new customers to a building while servicing the tenants above. These retail spaces also serve multiple purposes – a coffee shop or cool bar on the ground floor of an office building can become the "annex" for manager meetings and brainstorming sessions, while a cool fitness concept in a mixed-use building can host after-work fitness-meets-happy hour events for tenants.

The value-add is truly exponential – and it speaks to the role convenience plays in maximizing the retail experience. Retailers who can get ahead of the curves of these trends will ultimately see gains in loyalty and their real estate strategy will benefit in the long term.

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Creating spaces for everyone: bridging the multi-generational gap

"Millennials" and "disruption" are two words commonly quoted in quick succession. Whether it be the rise of veganism, the recognition of a multitude of gender identities, or the destigmatization of mental illness, Millennials are often cited as the driving force for change. We see many of the characteristics of this generation also embodied by Generation Z. Together, these two generations account for 50 percent of the world's population and will become an even more powerful force for change over the coming years. Therefore, understanding how they want to interact with buildings is integral to providing successful spaces no matter what real estate sector you are operating in.

GENERATION BREAKDOWN

Baby Boomers
Born 1946-1964
55-73 years old

Generation X
Born 1965-1980
39-54 years old

Millennials
Born 1981-1996
23-38 years old

Generation Z
Born 1997-2012
7-22 years old

1.87 BILLION
Millennials worldwide
- United Nations, 2019

2 BILLION
Gen Z worldwide
- United Nations, 2019

GLOBAL MILLENNIAL SPENDING POWER IS SET TO OVERTAKE GEN X BY 2020
- World Data Lab

MILLENNIALS AND GEN Z WILL ACCOUNT FOR 40% OF GLOBAL CONSUMERS BY 2020

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THE BIRTH OF EXPERIENCE

Life is all about timing, and today's younger generations haven't had much luck. Changes to the tertiary education system in many countries around the world have seen them saddled with ever greater levels of debt as they finish their studies. Compounding this, due to the Global Financial Crisis (GFC) and the ensuing worldwide downturn, they have experienced the weakest economic growth during their first decade of work. As a result, they have lower real incomes and, at an individual level, more debt than other generations at similar life stages. But instead of feeling trapped by their financial situation, Millennials have embraced the additional freedom that comes hand-in-hand with less responsibility and have sought to become rich in experiences.

A WORLD FULL OF OPPORTUNITY

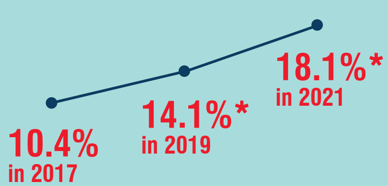
As the first generations to have had the internet for most or all of their lives, Millennials expect to be able to access it all with one swipe of their smartphones. To mirror their lifestyle choices, high-value is placed on convenience, flexibility and simplicity. Modern technology has overhauled the consumer experience to meet their expectations. For example, Netflix has long rewritten the film rental market, so much so, that fines for late returns are a distant memory. Uber, Airbnb and Spotify are all now globally recognized brands with other brands such as Zipcar, Rover and Kickstarter gaining ever greater attention. All are taking full advantage of the shared economy that these generations tend to prefer.

So, how does this focus on "experience" play out within CRE?

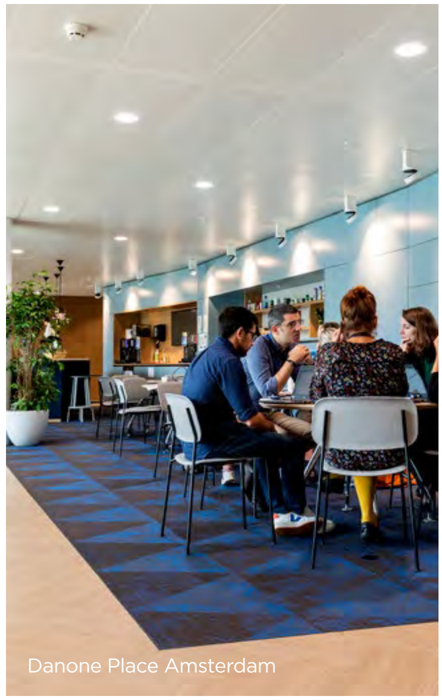
A NEW WAY TO SHOP

Online shopping is at an all-time high. Retailers have accepted that their stores need to complement, not compete, with their online offering and are places for consumers to experience the brand. Shops like the Dyson store on Oxford Street in London and B8TA in the Hudson Yards mall in New York City are fast becoming concept spaces, where consumers can interact with a product before completing their purchase online when they get home. Experience is key, and besides the look and feel of the shop unit, retailers want to be located in vibrant places that are enjoyable to visit.

ONLINE GLOBAL RETAIL SALES



* Forecast. Source: Statista 2019
https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/


Danone Place Amsterdam

A NEW WAY TO WORK

The pursuit of a better work-life balance, together with seamless connectivity, has meant that flexible working has increased in popularity. With that in mind, the office sector has responded with seismic shifts in traditional interior design concepts by developing coworking hubs which allow businesses to rent smaller spaces in a modern, campus-style environment, with a host of additional business and recreational facilities. Additionally, traditional office occupiers and landlords are responding with a new design that embeds this feel.

We now see that experience is permeating every aspect of the workplace. For many Millennials, there is a clear preference for collaboration areas over desk ownership with the focus being on interaction. The move towards greater social acceptance has led to "inclusive" or "universal" design to help bridge the gap between all ages, abilities and ethnicities to help ensure a higher sense of wellbeing in a diverse workforce. All these factors then need to be seamlessly knitted together with a technology platform that meets their needs for instant connectivity and access. Together, this promotes a collaborative approach to achieving a common goal.

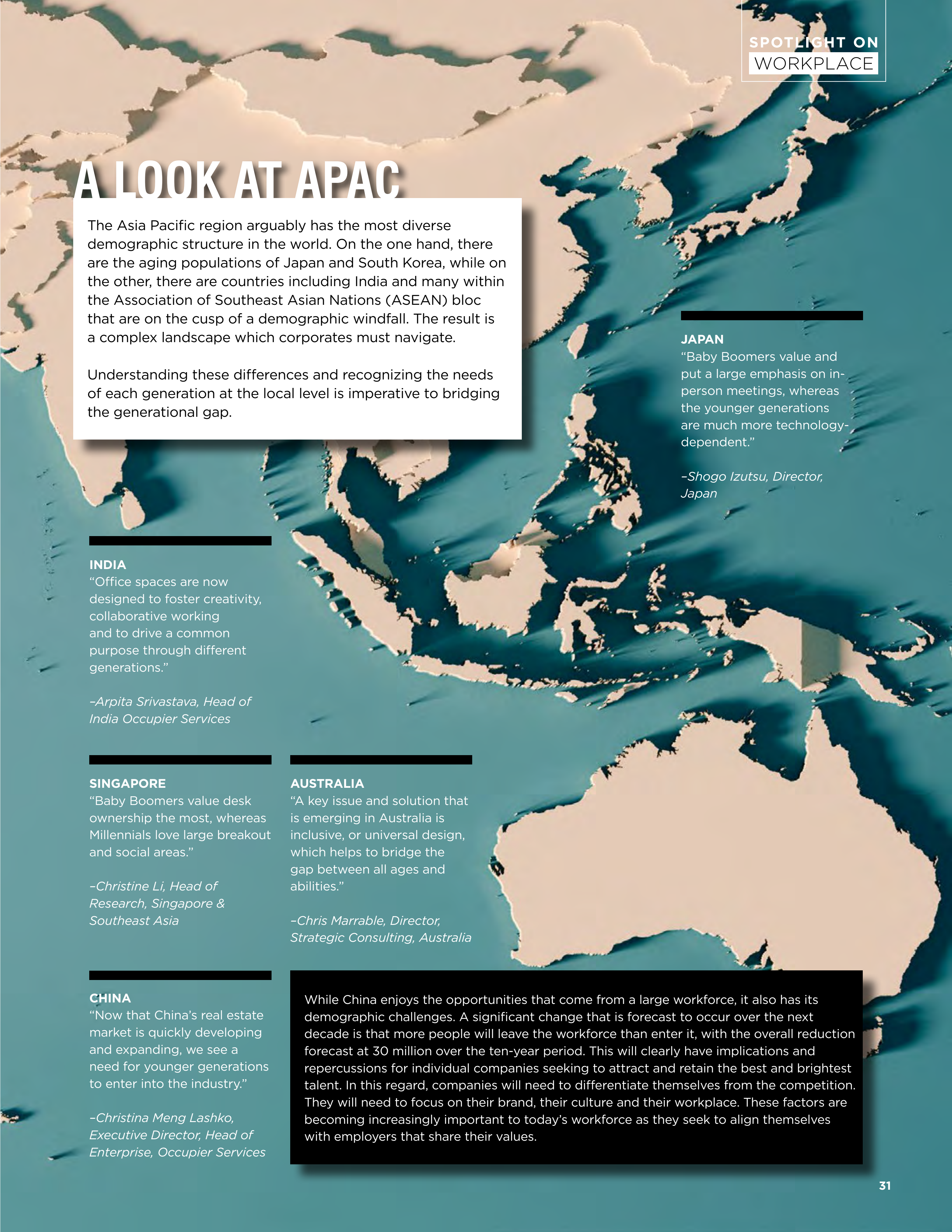
A NEW WAY TO LIVE

The residential rental market is one of the only real estate sectors that Millennials haven't managed to disrupt yet. However, even here the landscape is changing rapidly and experience is at the forefront. We are seeing more traditional multi-family developers put in communal spaces such as shared kitchens and gardens and are even partnering with local companies to offer events like cooking classes, wine tastings and charity events.

Co-living is fast becoming the disrupter in the residential sector, with different versions of what is essentially an age-old concept popping up all over the globe aimed at young Millennials and Gen Z. By living together in dormitory-style communities, economies of scale give residents access to more, and better-quality amenities for a given price point. Shared spaces provide the perfect opportunity for people to come together and build relationships. Although this sector is still comparatively new, it is building global appeal. An example of this is the world's largest co-living home, The Collective, located in Canary Wharf, London, which can accommodate more than 700 residents.

Modern-day attitudes to sharing spaces and technological advancements are enabling more efficient use of property. Landlords and investors need to work with emerging cross-sector trends if they don't want their buildings to be left empty. Quality, convenience, flexibility and place-making are all key differentiators that should be incorporated into every real estate strategy to be part of the next wave of occupational demand. However, the overall focus needs to be on providing the best and most inclusive experience possible.

Read more about this topic in Cushman & Wakefield's Report, "Demographic Shifts: The World in 2030" online at cushwk.co/demographicshifts.



A LOOK AT APAC

The Asia Pacific region arguably has the most diverse demographic structure in the world. On the one hand, there are the aging populations of Japan and South Korea, while on the other, there are countries including India and many within the Association of Southeast Asian Nations (ASEAN) bloc that are on the cusp of a demographic windfall. The result is a complex landscape which corporates must navigate.

Understanding these differences and recognizing the needs of each generation at the local level is imperative to bridging the generational gap.

JAPAN

"Baby Boomers value and put a large emphasis on in-person meetings, whereas the younger generations are much more technology-dependent."

–Shogo Izutsu, Director, Japan

INDIA

"Office spaces are now designed to foster creativity, collaborative working and to drive a common purpose through different generations."

–Arpita Srivastava, Head of India Occupier Services

SINGAPORE

"Baby Boomers value desk ownership the most, whereas Millennials love large breakout and social areas."

–Christine Li, Head of Research, Singapore & Southeast Asia

AUSTRALIA

"A key issue and solution that is emerging in Australia is inclusive, or universal design, which helps to bridge the gap between all ages and abilities."

–Chris Marrable, Director, Strategic Consulting, Australia

CHINA

"Now that China's real estate market is quickly developing and expanding, we see a need for younger generations to enter into the industry."

–Christina Meng Lashko, Executive Director, Head of Enterprise, Occupier Services

While China enjoys the opportunities that come from a large workforce, it also has its demographic challenges. A significant change that is forecast to occur over the next decade is that more people will leave the workforce than enter it, with the overall reduction forecast at 30 million over the ten-year period. This will clearly have implications and repercussions for individual companies seeking to attract and retain the best and brightest talent. In this regard, companies will need to differentiate themselves from the competition. They will need to focus on their brand, their culture and their workplace. These factors are becoming increasingly important to today's workforce as they seek to align themselves with employers that share their values.

Shutting down stereotypes: finding workplace solutions that work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One of the most challenging workplace issues is identifying, understanding and creating places that enable people to do their best work. This conversation around effective work environments has been reduced to binary choices largely based on stereotypes. Where in reality, companies that win the war for talent and drive productivity, offer a customized strategy sensitive to experience, sustainably, diversity and other critical elements.

Consider the open vs. enclosed debate. It is widely reported that there are only two choices. First, an open environment – a "management fad," where concentration is only possible with headphones. Then an enclosed environment – seen as either hugely traditional and archaic, or the only solution to productivity. Stereotypes limit thinking on a particularly complex matter and risk us flip-flopping from open to private; coworking to traditional; agile to fixed; and never achieving the nirvana of productive places for all people.

We generate these stereotypes to simplify decision making. But, the workplace is a complex, multi-faceted concept.

THE EMPLOYEE

The collective employee experience is perhaps more diverse than ever and expectations in the world of work have shifted significantly.

The experience revolution
Experience loyalty is now earned through positive and personalized experiences. Increasingly, there is a mismatch between how real estate is delivered vs. employee expectations. Work environments are predominantly fixed assets, a product vs. a service, and are more often the source of negative experiences than positive ones.

Celebrate the individual
As organizations seek to win the war for talent, individuals are in the driver's seat. People increasingly choose how they shape their lives and how and where they work. But in creating modern work environments, the expectation is that one workplace can respond to the unique demands of 1,000 individuals, at any one time.

How many stars?
In the information-sharing age, we live and die by the opinion of others. This review-based culture has amplified the voice of those inclined to share, regardless of facts or evidence. The challenge lies in getting people engaged in a balanced, evidence-backed debate when the shriek of social media distracts so many.

THE WORKPLACE

There is no silver bullet in developing productive work environments for the collective employee. It is critical to focus on a workplace ecosystem that balances some key principles:

Diverse and inclusive organizations and places
When supporting diverse populations in the workplace, organizations can provide a considered choice of workspaces and locations, but they need to empower people to use them. Activity-based environments, coworking hubs, and technology transformation programs become redundant and build antipathy, when an organization's culture is driven by contrasting middle-management expectations, trust breakdowns and burnout.

Inclusivity should be more than just an HR strategy. When making a significant change, with the workplace or otherwise, it starts with the process. For example, an organization implementing IoT sensors must open a dialogue with people early, seek to understand their requirements and allow them to ask questions. Inclusivity occurs when we enable collective ownership of the workplace.

Workplace becomes an experience
"Experience" describes how we perceive or encounter events. A marginal gains mindset prioritizes and aggregates many, small positive events or improvements to bring about large-scale improvement: a positive workplace experience. Continue to gather data to inform small, inexpensive changes. For example, shifting the underutilized open furniture settings every three months or introducing video conferencing in small meeting rooms.

Leveraging technology to build toward an experience-focused workplace is key. Start simple, implement something that can provide an improved experience for the majority, perhaps a room reservation system and digital community notice board. Then, consider how that solution can offer something personalized, i.e., it responds to "my needs" in this moment. Then, educate and train your people. Start with those providing the service, the facilities/experience team, and then educate the wider population.

Sustainable environments and change-ready organizations
Humans are becoming increasingly more aware of their role as stewards of the environment. Most organizations do not use their workplaces efficiently, resulting in unnecessary energy consumption, waste of resources and neglect of empty space. Therefore, we must do more to understand the environmental impact of how we occupy space, to drive more sustainable occupancy models.

Many organizations can and already do build environments and strategies that incorporate activity-based environments, a balance of fixed lease and coworking space, all enabled by smarter technology choices. These need to be supported by organizational flexibility and a more mature view of where and when we work.

CREATING PRODUCTIVE PLACES FOR OUR PEOPLE IS A COMPLEX CHALLENGE. FORTUNE FAVORS THE FLEXIBLE AND INCLUSIVE, THE SUSTAINABLE AND EXPERIENCE-FOCUSED, AND THOSE WHO SHIFT THE CONVERSATION BEYOND STEREOTYPES.

Photo by CoWomen on Unsplash

The “nichification” of coworking

FINDING YOUR PLACE IN THE WORKPLACE

Flexible workspace has experienced explosive growth, but now a new trend is emerging. A new breed of flexible workspace providers are tailoring space to the needs of specific sectors and “niches.” These new entrants are finding unique selling points and delivering spaces designed exclusively for specific demographics, industries, professions, working parents and more.

This “nichification” has led to a growing diversification of service offerings. Through identifying a specific target market and curating a space around their needs, the niche coworking operators have succeeded in differentiating from the competition. The trend provides new opportunities and challenges for both occupiers and landlords.


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Cuckooz Nest | Photo by Fred Yardley

OCCUPIERS: SUBSTANCE OVER STYLE

Corporate occupiers have started to lease increasingly large and long-term private spaces from the major flexible workspace operators. Conforming to the vaunted coworking aesthetic and including the free perks we've come to expect, these designed and/or managed spaces provide corporates with easy access to attractive workplaces to impress existing and future talent, but often within areas segregated for the corporate's exclusive use.

For the original flexible target market – start-ups, freelancers and small businesses – the coworking community is vital, providing the opportunity to co-locate with potential partners or customers. As flexible workspaces see an influx of corporates, these smaller companies are beginning to crave something new as they compete harder to attract the best talent and participate in the entrepreneurial ecosystem. It is these early adopters who are driving demand for niche, curated spaces that provide access to a like-minded community. We're now seeing the market respond with a huge increase in the range of space options available across a multitude of niches.

Major occupiers are unlikely to change course from leasing sizable spaces from the large flexible providers, but with an increasing range of operators available – many of which are growing in scale – it is important to evaluate these alternatives for appropriate requirements. Occupiers must be aware of the broad mix to ensure they locate their business in a space that's right for them by matching the offer to their needs. The result may not always be the larger operators, but the best operator in each location.

OWNERS: DIVERSITY DRIVES RETURN

Landlords' attitudes towards flexible workspace continue to evolve, including embracing niche operators. The flexible workspace giants are some of the largest tenants in major cities and an important part of a landlord's portfolio.

Investors want to diversify income streams while ensuring no overexposure to a particular sector in order to maximize and maintain value. With increasing experimentation from landlords around commercial models, small operators are often best suited to engage in innovative partnerships.

Increasingly, landlords are including a flexible space operator within developments, which allows them to offer a ladder of accommodation to businesses of different sizes. As niche operators provide a more unique offering to the ubiquitous global providers, by selecting an appropriate smaller operator, it can enhance the landlord's proposition when targeting occupiers on a traditional lease and also support the activation and placemaking elements of a scheme.

SPOTLIGHT ON
WORKPLACE


SketchPad | Photo by Irene Lehrer Sandalow

LOOKING TO THE FUTURE

As the number of niche operators with a compelling proposition and commercial model grows, the winners will begin to enter the mainstream market. With economic risks ahead, consolidation will likely close the gap between today's numerous niche operators and the few major players. Mergers and acquisitions (M&A) activity is likely to increase at the smaller end of the spectrum as efficiencies are sought to enable them to compete with the larger providers. The result may be a stronger second-tier of operators that can compete with industry leaders by serving corporate occupiers and satisfying landlord covenant requirements while maintaining a more unique proposition. Alternatively, as these niche operators grow, and the giants recognize the need to "nichify," they may be snapped up by larger operators looking to diversify their proposition.

While hyper "nichification" may be a fad, there will continue to be demand for boutique flexible workspace in the market.

A NICHIFICATION SNAPSHOT

CHISEL
Washington D.C., U.S.
Coined as "a better place to practice law," this coworking venture creates a community of fellow entrepreneurial attorneys. Chisel offers exclusive membership and private facilities for lawyers.

ICONIC WORKSPACE
London, UK
Iconic Workspace opens a new revenue stream in pre-existing assets, such as rugby club executive boxes and hospitality lounges. The concept is to repurpose selected areas of a stadium as flexible office space on non-match days. It's specifically tailored towards players coming to the end of their career, looking to start a new venture.

PARAGONSPACE
Los Angeles, U.S.
Opened in 2018 by a company providing supply chain management using blockchain technology for the cannabis industry, this workspace was the first coworking space for cannabis-related companies in Los Angeles.

CUCKOOZ NEST
London, UK
This hybrid workspace-creche allows parents to combine work with childcare. Providing a space free from home distractions, yet with their children close, it is designed to appeal to new working parents.

DILIGENCE CAFÉ
Quezon City, Philippines
A makerspace, a collaborative workspace for learning and exploring, that is designed for students that offers unlimited coffee, snacks and napping services.

THE WING
Locations in the U.S., UK and Canada
The Wing is a "work and community space" designed for women.

SKETCHPAD
Chicago, U.S.
A shared workspace community for innovative, mission-driven Jewish organizations and entrepreneurs.

HNI Global

HOW DOES HNI GLOBAL SIMPLIFY YOUR WORKPLACE NEEDS?

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Healthy working: wellness and sustainability in the workplace

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WE SPEND MORE THAN 90 PERCENT OF OUR TIME INDOORS, AND YET LITTLE THOUGHT IS GIVEN TO WHAT MAKES FOR A "HEALTHY" WORK ENVIRONMENT.

While it may be difficult to predict the future of the workplace as new technologies and trends take shape, there is one thing of which we can be certain: the future workplace should be a workplace supporting our health.

While sustainability and environmental performance have increasingly become embedded into the CRE industry, a focus on the impact of the built environment on human performance has increased. More portfolios and buildings are participating in health and wellness practices and certifications are becoming more aware of how a healthy indoor environment can positively affect employee happiness, which directly links to worker productivity. Healthy employees are thought to perform better and are more likely to be happy and engaged.

The average company spends 10 times as much on salaries compared to rent, highlighting the potential return on investment (ROI) of investing in the health and wellbeing of their workers. Researchers from Harvard's Center for Health and the Global Environment completed a study on how green buildings positively affect health and cognitive function. On average, cognitive scores were 61 percent higher in green building conditions and 101 percent higher in enhanced green building conditions.

Furthermore, a healthy workplace is a powerful tool in your talent attraction and retention strategy, considering the increased interest from younger generations in wellbeing. Millennials, who globally make up 36 percent of the traditional workforce, are generally more health-conscious than their predecessors and are increasingly drawn to organizations that create workplaces that reflect their values.

As the focus on sustainable and healthy workplaces has increased, frameworks such as LEED, WELL, Fitwel and Reset have provided much-needed guidelines, standards and strategies for creating a better workplace. Through their rating systems, they can help make the business case for a company's investment and, with more certified spaces coming online each year, can to track the strategies that have the largest impact on reducing our carbon footprint and employee sick time, while increasing productivity and impacting top-line performance.

WAYS TO MEASURE WELLBEING

WELL

The WELL Building Standard™ (WELL) marries best practices in design and construction with evidence-based medical and scientific research – harnessing the built environment as a vehicle to support human health and wellbeing.

LEED

Leadership in Energy and Environmental Design (LEED) is one of the most popular green building certification programs used worldwide, with multiple frameworks that focus on the complete life cycle of a real asset.

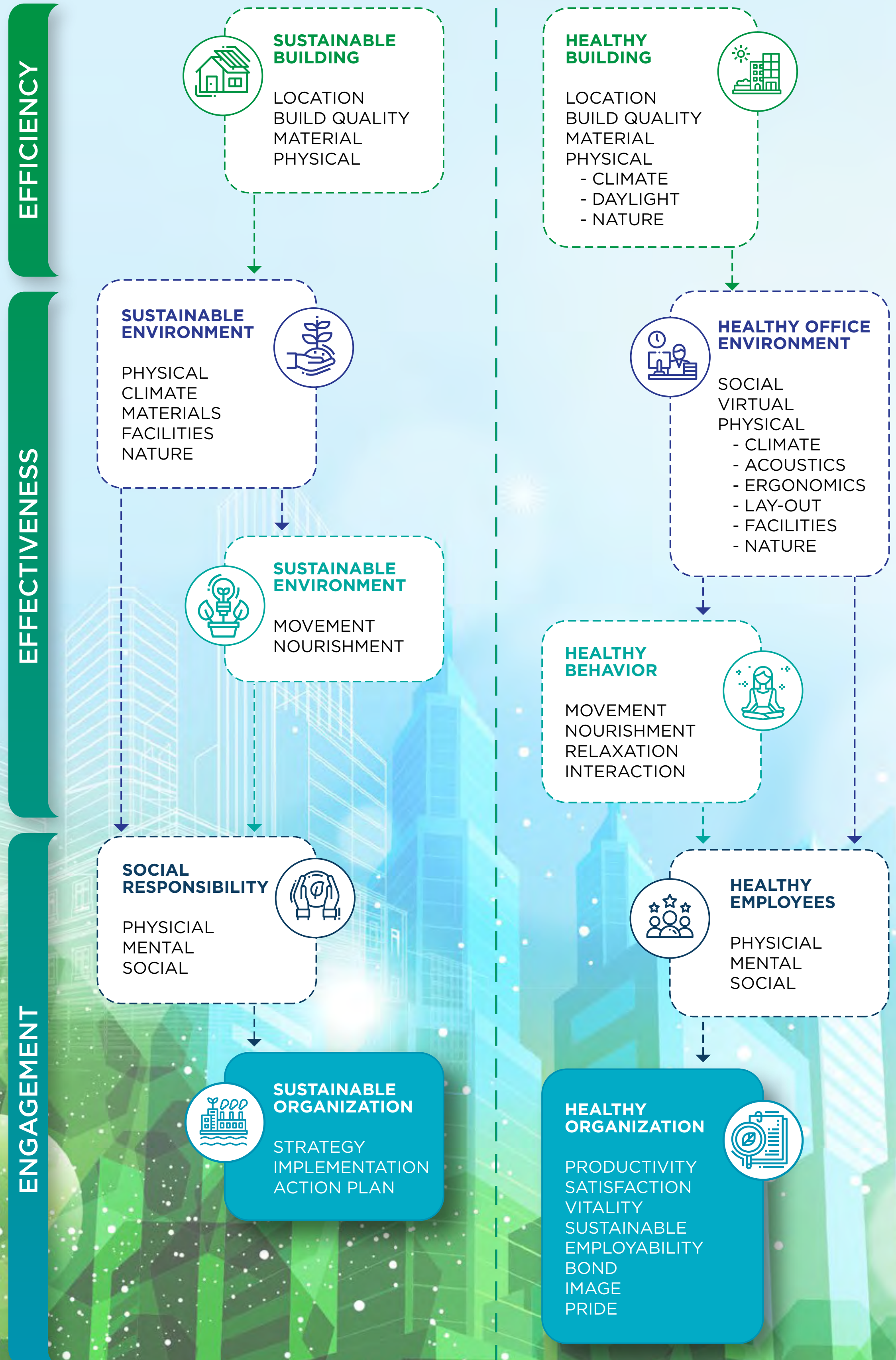
FITWEL

Fitwel is a building certification system that optimizes buildings to support health by focusing on a scorecard rating of design and operational strategies to address a broad range of health behaviors and risks that impact occupants.

RESET

RESET is an international building standard and certification program for healthy buildings, as measured by sensors, that is focused on quality, transparency and actionability of data.

GREEN & HEALTHY WORKPLACES



Source: IWP Healthy Workplace (2018)

Smart buildings and the employee experience

Over the past decade there has been a proliferation of technological advances to assist in the operation and management of building performance. These developments include cloud computing, sensors, IoT, open source code and mobile connectivity. Any or all these pieces of technology are commonly found in office buildings all around the world – the smart building.

Regardless of whether the focus is on managing the building or the space within the building, the main drivers of adopting technology to create smart buildings have so far been to improve efficiency and reduce costs. This technology has been deployed to manage operations such as smart HVAC, smart lighting and smart elevators. Occupiers are also turning to sensor technology to optimize space utilization, air quality and workplace safety.

As we are now living in an experience economy, the new challenge is shifting from being just "smart" about our buildings, to become "smart" about how this can help measure, monitor and improve the human experience within our buildings.

We are already seeing some sensor-based analytic companies helping users understand occupancy and building environment measures with a focus on improving the employee experience, make employees more comfortable, and evolve the workplace to better support new ways of working rather than just improve building operational economics.

While smart building technology has no doubt propelled the industry forward, it is just the tip of the iceberg of what can be achieved when we shift our focus to the building user. As identified in recent research by Cushman & Wakefield, the next wave of PropTech will be focussed on the experience of the occupier to drive human performance and wellness.

An organization that can evolve to this model will enjoy significant competitive advantages across business operations, value generation, productivity and employee experience. These human-centric outcomes are more important than any others, as they have the most impact on company objectives and revenue.

A SENSOR CAN TELL YOU WHAT THE TEMPERATURE IS, BUT ONLY A PERSON CAN TELL YOU WHETHER THAT IS THE RIGHT TEMPERATURE FOR THEM.

– NABERS (National Australian Built Environment Rating System)

A significant challenge to adopting this model is identifying what is truly important at the human level. This varies considerably between countries, companies and even within a company between cities. To identify these unique priorities, organizations need a framework to measure the impact buildings have on employees and to combine this understanding with the data smart building technologies deliver.

Human experience data and metrics are the new normal being incorporated into the smart building data set, which shifts the focus from just more efficient buildings to that of efficient buildings that create optimal environments for great human experiences through data and predictive analytics.

By combining a quantitative understanding of employee experience with smart building information on hourly/daily/monthly shifts in things like quality and levels of natural light, ambient sound, air quality, temperature, and movement, organizations can optimize positive building environment impacts on the needs of workplace occupants.

This connection of software and sensors to other evidence-based tools like human experience diagnostics effectively creates the brain for a living structure. Imagine a world where human experience diagnostics detect a degrading meeting experience while sensors provide data indicating room temperatures are uncomfortably higher when in use. In this model, the voice of the people tells us the issue and the building self-diagnoses problems, communicates information, and can recognize the problems and needs of the building community. No help desk is called, no ticket is generated, we can now improve the experience through data.

The capture of data through the sensors and human experience diagnostics provides the management of the work environment with deeper insights into the operational effectiveness across both efficiency and human optimization. In doing this you can truly progress from a smart building to a cognitive building and from managing costs to managing experience. We will see the continued trend of personalized services in facilities management and the intersection of smart buildings and understanding the employee experience will enable this.

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Do good, do well:

WHY BEING A GOOD CORPORATE CITIZEN MATTERS

For the past several decades, Corporate Social Responsibility (CSR) was largely considered a self-regulated initiative implemented by companies to add reputational value and gain trust from their various stakeholders and communities. There have always been companies that put CSR at the center of their business models, but such models have ballooned and deflated in popularity at different points—along with their real or perceived value.

Recent years have seen a sharp change in the general attitude towards social initiatives by corporations. It is quickly becoming critical for companies to not only understand global trends, social challenges and the core competencies and strategies that are associated with CSR, but it is also essential to integrate them into their business models and operations.

Companies around the world and across industries are demonstrating that being a good corporate citizen and running a good business are one and the same, and integrating positive initiatives and upholding higher standards in the Environmental, Social and Governance (ESG) criteria areas are important to success. Being a good corporate citizen begins with embedding strategic priorities into a corporate culture, programming and goals through best practices in CSR areas, some of which include:

DIVERSITY AND INCLUSION

Hiring, developing and promoting diverse talent is not only the right thing to do, but is critical to the success of an organization. Clients don't want the same old thinking and the same old solutions – they want different perspectives and innovative alternatives to help them solve their business problems. Hiring diverse talent is the first step in the right direction, but companies should be focused specifically on the importance of creating and maintaining an inclusive culture. An inclusive culture ensures that every employee feels welcomed and valued for their unique contributions.

DATA PRIVACY

With the 2018 enforcement of the EU's General Data Protection Regulation (GDPR), effective data rights management strategies have also become increasingly imperative to corporate identities. Embedding privacy and data protection principles into a company's DNA through policies, procedures and training demonstrates good CSR practice.

In recent years, the cost of a data breach has skyrocketed. This is not to imply that only high-value assets are worth protecting, but higher values certainly raise the stakes. A data breach also has wide-reaching effects on a company's bottom line, reputation, and the privacy and security of the affected individuals.

COMPLIANCE, ETHICS AND ANTI-CORRUPTION

Compliance programs have gone from "nice to have" to a requirement for public companies. With an increasing number of regulatory enforcement actions and a shifting risk landscape, compliance programs serve as a risk mitigator—the strongest compliance programs identify trends at a bird's eye view and allow companies to take proactive approaches rather than reactive stances after a violation occurs.

Compliance failures are one of the largest sources of reputational risk for public companies. Perhaps more daunting is the reputational damage it can cost a business, which is difficult to recover from and often costs more than the fines and fees for noncompliance.

Alternately, an ethical company can stand out from its competitors.

Companies with strong compliance programs accelerate business by providing the information business leaders need to make informed decisions and stay ahead of the evolving regulatory landscape. Ethical companies receive positive public attention, gain the trust of their customers and suppliers, and better attract and retain talent. Establishing a tone for a culture of integrity is imperative to any business' success, both socially and financially.

DRIVING INNOVATION

Consideration for environmental, social and governance issues not only strengthen a company's operations but can lead to new business opportunities, innovation and growth. New and old companies alike are finding ways to reconcile a call to address modern needs of the world, society and their communities, serve a wider range of stakeholders, and generate long-term value.

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Are food delivery apps "eating up" restaurants?

Today's world is all about convenience – where a click of a button will get you almost anything you want delivered to your door. This is especially true when it comes to food delivery. Increasingly more customers, especially Millennials who represent a growing proportion of the consumer population, want to consume their favorite foods whenever and wherever they want.

This is where food delivery apps such as Grubhub, DoorDash, Seamless, Uber Eats, eat24 and Postmates, to name a few, are coming into play.

"Venture capital firms invested nearly $4 billion in delivery service companies in 2018 alone. The combined valuations of Grubhub, Uber Eats and DoorDash are now estimated to be worth nearly $40 billion – that's more than the $35.3 billion total valuation of Yum! Brands, which operates more than 40,000 restaurants (KFC, Taco Bell, Pizza Hut, etc.) across 125 countries."

- PitchBook


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*All currency amounts listed in USD

“87 percent of Americans who use third-party food delivery services agree that it makes their lives easier, and 31 percent say they use these services at least twice a week.”

- Mintel Market Intelligence

According to QSR Magazine, restaurant delivery sales are projected to grow at more than three times the rate of on-premises revenue through 2023 and the majority of the growth will be in digital orders, which are expected to grow at a compound annual rate of more than 22 percent through 2023. Although many restaurants still offer direct delivery, much of the rest of digital delivery orders are through third-party platforms like Grubhub, which reported 16.4 million active diners in the U.S.

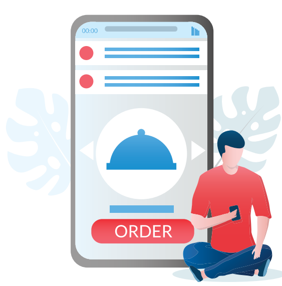
“Delivery sales could rise an annual average of more than 20 percent to $365 billion worldwide by 2030, from $35 billion.”

- Mintel Market Intelligence

With statistics like this, one might think delivery apps are bringing more restaurants to more people, improving profitability in the process, but the reality is that in many instances these apps are “eating up” restaurant space as well as taking a hefty bite out of smaller restaurants’ profits.

How delivery apps are eating up restaurant (and retail) space

Digital ordering and delivery have been growing 300 percent faster than dine-in traffic since 2014 – and these behaviors show little sign of slowing. Since more people are opting for delivery, more landlords and restaurants – especially chains – are rethinking and redesigning their spaces as well as updating their leasing strategies and marketing approaches. Outback Steakhouse and Buffalo Wild Wings are two examples of restaurant chains looking to negotiate their leases and/or renovate their spaces to accommodate for the uptick in online orders. These changes are especially noticeable at the front of the restaurant where specific areas are designated for delivery drivers to easily come and go.



Some new restaurant owners are skipping tables and chairs altogether and just leasing kitchen space to prepare food for couriers – these are called dark kitchens, ghost kitchens or virtual restaurants (see page 47) because they have no dining rooms or wait staff and sell their meals through food delivery apps. Some examples include FoodCheri in France, FAT Brands in the U.S. and Eatfirst in the UK. Even more disruptive is China’s idachu.com, where chefs will come directly to your home and cook your meal – no dining space required.

How delivery apps are eating up smaller restaurants’ profits

The greatest disruption from delivery services has been to restaurant sectors that already had delivery as part of their model – pizza places. While not all pizza restaurants are about delivery, some count on deliveries for as much as 75 percent of their business.

That said, for virtually every other category of restaurant, the rise of delivery apps is a new channel in which to drive sales. The challenge of redesigning restaurant space for easy order pickup and creating nearby parking capabilities for delivery drivers aside, the real challenge here may be one of basic profitability. Some third-party delivery companies charge restaurants up to 30 percent for every customer order. Considering a typical restaurant budget allocates 30 percent of its revenue to the cost of ingredients and 30 percent to the cost of labor with the remainder going towards rent, insurance, supplies and utilities, 30 percent for the delivery charge is a huge expense. In this example, the restaurant is lucky to make any profit at all.

But, it’s not only profits that the apps are eating into. It’s also the relationship with the customers. Consistency is a word that’s heard in every kitchen around the world, but when you order food through a delivery app, you have no idea who’s delivering that food. Delivery issues can include anything from drivers arriving late resulting in cold food, to drivers turning down orders unexpectedly, to drivers picking up and delivering the wrong orders.

Consumers are also eating the fees

In an attempt to offset some of the delivery fees, increasingly more restaurants are charging additional service fees to its customers separate from the delivery fees and/or they are offering two menus – one in-restaurant menu with normal pricing and one delivery menu with increased pricing. The thought behind it is that customers will pay for convenience. If customers don't want to pay the extra fees, they'll order from somewhere else.

34 percent of consumers spend at least $50 per order when ordering food online. On average, a person spends around $16-30 in a full-service restaurant."

– Statista.com

A hefty bite?

Delivery apps are in it for the long haul, so what can restaurants do to survive? How can they combat these delivery app charges? And what can they do to overcome these cultural obstacles? According to the Wall Street Journal, some of the biggest restaurant operators in the U.S. are fighting back against fees charged by delivery companies.

Since they have the scale and breadth, they along with other chains are able to negotiate lower commissions. They also have the size and resources to potentially create their own delivery capabilities should they decide to do so.

Of course, if the delivery service business follows the same pattern as other tech sectors, the large and growing field of delivery app services will likely consolidate. This has already happened to some degree; GrubHub merged with Seamless, Waitr bought Bite Squad, Delivery.com purchased Mr. Delivery and DoorDash bought Caviar. We believe there will be additional consolidation in the marketplace, which could help further reduce costs to end users.

In the meantime, with a growing number of delivery players in the market, competition is heating up. And the issue of fee structures is going to become a greater challenge – especially if restaurateurs struggle to make a profit. But in the interim, most restaurants are looking at the potential opportunity. Even if this new channel doesn't yet meet their profitability expectations, they see the marketing potential for reaching new consumers. They hope that app users will like their food enough that they will eventually either dine-in or place an order for pick up.

Those restaurants that do choose to partner with delivery apps must achieve the following if they want to remain successful and relevant:

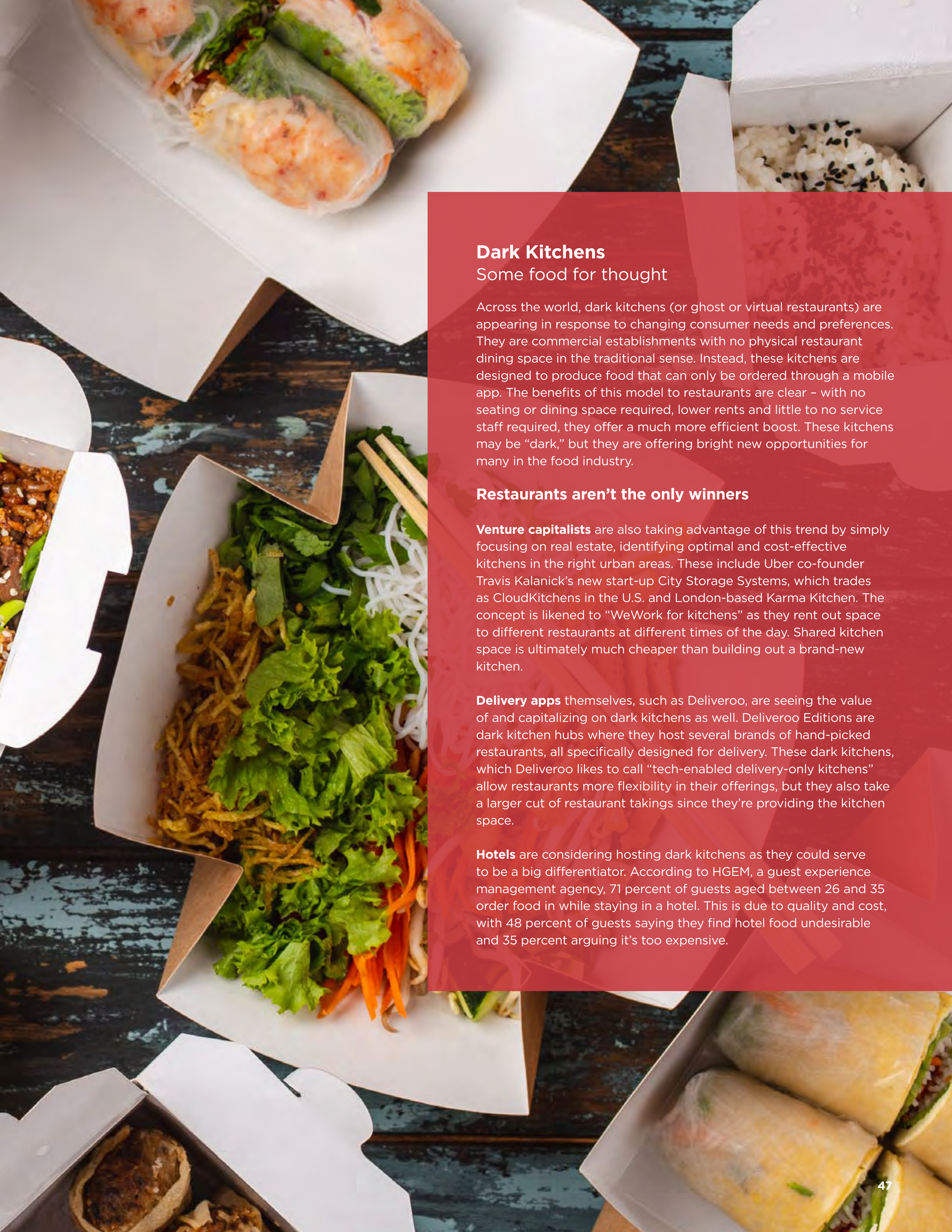
Consistency: From the moment a customer places an order online to the knock on their door, a consistent process is critical to a positive experience. Inconsistent service delivery and technology issues can pose serious challenges.

Efficient layout: Delivery drivers need designated space to easily pick up the food near the counter. Diners shouldn't be disrupted by this layout or overall process.

Adequate infrastructure: If your hot food is cold by the time it's delivered, nobody is happy. Ensure the right equipment and infrastructure is available to effectively execute your deliveries.

Seamless technology: Online ordering requires seamless back-end integration to ensure the system works with your promotions, point of sale checkout, analytics, data and more.

Whatever the restaurant decides, one thing we do know for sure. People will only continue to get more mobile and more connected through advancements in technology. The need for convenience is here to stay. When it comes to restaurants, the strongest – and most voracious – will survive.



Dark Kitchens

Some food for thought

Across the world, dark kitchens (or ghost or virtual restaurants) are appearing in response to changing consumer needs and preferences. They are commercial establishments with no physical restaurant dining space in the traditional sense. Instead, these kitchens are designed to produce food that can only be ordered through a mobile app. The benefits of this model to restaurants are clear – with no seating or dining space required, lower rents and little to no service staff required, they offer a much more efficient boost. These kitchens may be "dark," but they are offering bright new opportunities for many in the food industry.

Restaurants aren't the only winners

Venture capitalists are also taking advantage of this trend by simply focusing on real estate, identifying optimal and cost-effective kitchens in the right urban areas. These include Uber co-founder Travis Kalanick's new start-up City Storage Systems, which trades as CloudKitchens in the U.S. and London-based Karma Kitchen. The concept is likened to "WeWork for kitchens" as they rent out space to different restaurants at different times of the day. Shared kitchen space is ultimately much cheaper than building out a brand-new kitchen.

Delivery apps themselves, such as Deliveroo, are seeing the value of and capitalizing on dark kitchens as well. Deliveroo Editions are dark kitchen hubs where they host several brands of hand-picked restaurants, all specifically designed for delivery. These dark kitchens, which Deliveroo likes to call "tech-enabled delivery-only kitchens" allow restaurants more flexibility in their offerings, but they also take a larger cut of restaurant takings since they're providing the kitchen space.

Hotels are considering hosting dark kitchens as they could serve to be a big differentiator. According to HGEM, a guest experience management agency, 71 percent of guests aged between 26 and 35 order food in while staying in a hotel. This is due to quality and cost, with 48 percent of guests saying they find hotel food undesirable and 35 percent arguing it's too expensive.

Pisa, Italy

Overcoming over-tourism

Tourism is a great thing because it not only delivers lifelong memories and experiences, but it also promotes cross-cultural understanding and is vital to our economy. According to the United Nations World Tourism Organization (UNWTO), travel and tourism is one of the world's largest industries, surpassing that of oil exports, food products and automobiles.

The tourism sector grew at 3.9 percent to contribute a record $8.8 trillion and 319 million jobs to the world economy in 2018. For the eighth consecutive year, this was above the growth rate of world GDP according to the World Travel & Tourism Council.

Although positive, this continued growth comes with its challenges, such as over-tourism, where too many tourists are overwhelming some destinations. The more popular destinations are feeling the pressure, resulting in social and environmental issues including overloaded infrastructure, damage to nature, threats to culture and heritage, alienation of local residents and a tarnished tourist experience. While over-tourism may be considered a negative phenomenon, the consequences are not all doom and gloom. Authorities are at the very early stages of the policy cycle, enacting measures to combat these challenges related to over-tourism.

The good news is most of these measures are likely to have a positive impact on not only the destinations themselves, but on hotel owners and investors as well.

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*All currency amounts listed in USD

Prague, Czech Republic

Tourism taxes: maintaining the appeal

IMPLICATION FOR OWNERS: DEPENDS

There are currently more than 40 countries in the world which have imposed tourist taxes, and this number is anticipated to increase.

Tourist taxes may be viewed negatively, especially by accommodation providers, since it can reduce their net income. However, many highly sought-after destinations cannot sustain themselves and notable financial resources are necessary to maintain their appeal and infrastructure. Therefore, taxes aimed at raising necessary funds can be beneficial for businesses by ensuring that it continues to generate returns in the long-run. However, the funds are not always used by authorities efficiently and sometime not even fully reinvested in tourism related initiatives.

From the investor perspective, it will become increasingly important to understand the existing and potential tourist taxes in the respective markets, analyze the ability of demand to absorb them and gain a better understanding for how those funds will be used.

Hotel supply restrictions: increasing the value of existing hotels

IMPLICATION FOR OWNERS: MOSTLY POSITIVE

In an attempt to cope with the ever-growing tourism sector, several destinations such as Barcelona and Amsterdam have recently established bans on hotel developments, while other markets including New York and Charleston, South Carolina are tightening restrictions. Such measures effectively create barriers to entry, which could, in turn, increase the value of existing hotel real estate – a positive sign for hotel owners.

However, implementing a ban on something does not necessarily mean that it disappears. More often than not, it simply re-emerges in a different and sometimes, unregulated form. More specifically, restrictions on hotel development may encourage unregulated home-sharing businesses, as privately-owned accommodation can be converted into short-term rental supply almost overnight. For example, research by AirDNA found that in Barcelona, limiting the licenses of all tourist accommodation (including hotels and hostels), led to an increase of the number of Airbnb listings in the city[1]. This proves to be counterproductive to over-tourism management measures. According to a recent global survey by the UNWTO on the perception of residents towards city tourism, only 16 percent of respondents believe that limiting the number of tourism establishments is adequate to deal with an increase in the number of tourists in a city. Accordingly, banning new hotels is unlikely to halt over-tourism issues, and the solutions should be sought elsewhere.

Regulation of the home-sharing sector: constraining unfair competition

IMPLICATION FOR OWNERS: VERY POSITIVE

With approximately 150 million Airbnb users in the world, the WorldBank and European Commission recently issued reports identifying the home-sharing sector as a likely contributor to over-tourism in many markets. Several cities have been introducing tighter restrictions on such platforms, with Barcelona, Paris and Santa Monica, California implementing some of the strictest regulations, and Palma on Majorca Island and Singapore banning short-term rental of private apartments altogether.

In San Francisco, the number of Airbnb listings fell by half after tighter regulations were implemented[2], while Japan introduced a new private home-sharing law in 2018, which forced Airbnb to axe nearly 80 percent of its listings in the country. This tightening and increasingly effective restrictions of home sharing is likely to have a positive impact on the hotel performance and values.

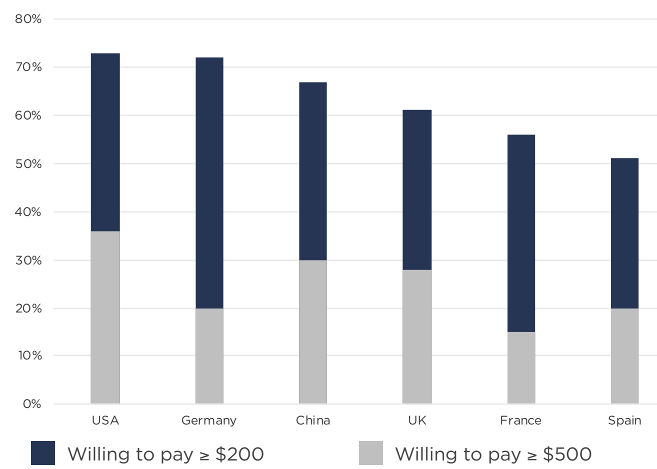
Tourism flow management: reducing seasonality and unlocking new opportunities

IMPLICATION FOR OWNERS: VERY POSITIVE

In most destinations, over-tourism is a seasonal occurrence. Therefore, effective destination management strategies that focus on dispersing demand throughout the year, rather than simply reducing it all together are important. According to a recent survey by Travelzoo and ITB Berlin, up to 65 percent of consumers are willing to travel at less busy times of the year. This is good news for owners as the seasonality fluctuations are a major operational challenge for hotels in many destinations.

Another possible way to tackle over-tourism is to spread the demand from overcrowded locations which not only reduces the pressure, but also potentially unlocks new investment opportunities outside the major city centers and popular tourist areas. The value of real estate in these locations is thus likely to appreciate, making them highly attractive targets for investors. Regeneration plans are increasingly looking at hotels and other tourism products as key accelerators to invigorating neighborhoods outside prime areas. Trendy hotel brands such as The Standard Hotels, CitizenM and The Hoxton are specifically targeting these locations as part of their DNA.

The geographical spreading applies not only for new neighborhoods within already popular tourist destinations but also as a catalyst driving the rise of new tourism hot-spots. Travelers today are increasingly willing to pay a premium to stay away from overcrowded destinations.



*Note: Survey results adjusted to represent the percentage or travelers wiling to pay above consistent amounts of USD200 and USD500 respectively. The actual percentage of respondents for each country is slightly higher. Source: TravelZoo and ITB Berlin

[1] https://www.airdna.co/blog/effects-airbnb-regulation
[2] https://www.sfchronicle.com/business/article/Airbnb-listings-in-San-Francisco-plunge-by-half-12502075.php

Santorini, Greece

Focus on value: shifting from quantity to quality

IMPLICATION FOR OWNERS:

VERY POSITIVE

Shifting from quantity to quality is a familiar strategy for hoteliers. Limited room capacity means that when hotels reach higher occupancy levels they usually move from driving volume to targeting higher-paying customers, in order to maximize revenue. However, many destinations continue to pursue the growth of visitors as their primary goal, without considering that they too have constrained capacity. One of the good consequences of over-tourism is that it has brought this paradox into the spotlight and destinations are changing their approach. This alignment of strategies between the hotel sector and destination authorities is a positive trend for investors, as effective revenue management is not only about increasing prices, based on capacity utilization, but also positioning and segmentation. This is when all parties need to be on the same page.

Improving infrastructure and facilities: enhancing accessibility

IMPLICATION FOR OWNERS:

VERY POSITIVE

According to the UNWTO survey, the most popular solution to dealing with the uptick in tourists is for the affected cities to improve the infrastructure and facilities, with some 72 percent of respondents selecting this option. Such a measure allows both visitors and the local population to benefit from improved transportation, as well as better cultural, entertainment, and/or sport facilities and events. This would enhance the accessibility of hotels and the attractiveness of their immediate area, thus increasing their real estate value. Therefore, owners and investors should work with local authorities and support such initiatives to create more value for the destination and themselves.

Overcoming over-tourism one day at a time

There is no one-size-fits-all solution to over-tourism. The industry is still in the early stages of assessing the impact and understanding the effectiveness of various measures to manage it. It will require a comprehensive and long-term planning strategy, and a mix of measures that will entail the engagement of all the stakeholders.

Being prepared and proactive is essential. One example is from Amsterdam, where a tourism taskforce was enacted in 2017, which included representatives from hotels, museums, tourist attractions, and the Amsterdam Marketing authority, with the objective of finding solutions to manage the rapid growth of visitors.

While most of the current tactics to manage over-tourism are likely to have a positive impact on hotel real estate, there are certain threats that need to be monitored and managed proactively. But at the end of the day, the excess of demand is certainly lesser problematic than the lack of it.

A Times Square billboard showcasing the new McDonald's experience

McDonald's has been the undisputed leader in fast food for decades and has recently invested approximately $6 billion to modernize more than 8,700 restaurants in the United States. The modernization plan consists of upgraded materials in dining areas, locally-inspired décor, refreshed exterior designs, table service and new in-store technology, such as self-ordering kiosks, digital menu boards, mobile app ordering and accompanying curb-side pickup to deliver new levels of service, personalization and convenience.

This modernization strategy is showcased in McDonald's new Times Square flagship restaurant, perhaps their highest profile location in the world where Cushman & Wakefield Retail Services brokers Andrew Kahn and Christian Stanton assisted the company in securing one of the highest visibility corner locations in the market coupled with one of largest LED billboards.

Times Square is the most visited attraction in the country drawing approximately 50 million people out of the 60 million that visit New York City annually. With close to 380,000 pedestrians entering Times Square every day with peak days drawing up to 450,000 pedestrians it's no question that major restaurant chains operate some of their most successful locations in the country in this market and major advertisers see tremendous value in billboard signage. McDonald's state of the art LED billboard is approximately 9,280 SF making this one of the most visible signs in the Times Square area. McDonald's immediately took advantage of this profile-raising signage with a campaign that was shortlisted for a Clio Award which recognizes innovation and creative excellence in advertising, design and communication.

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*All currency amounts listed in USD

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) 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 or follow @CushWake on Twitter.


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