

The Future of Work 2024:

Corporate real estate must transform to deliver enterprise value

Companies are planning to expand in the coming years and many are ready to invest, but not at any cost : their CRE teams are acutely focused on proving ROI, and on demonstrating the value that comes from smart, responsible decisions. While 65% of decision makers are expecting their Corporate Real Estate (CRE) budget to expand by 2030, 62% also believe they will have to achieve a better utilization of their CRE portfolio.

To achieve this ambition, CRE Leaders realize they have some challenges to overcome - their functions are often perceived to be cost centers rather than driving value; their teams don't necessarily have the skills and capabilities required for the future and there is an opportunity to transform and develop new operating models and more strategic partnerships – both internally and with external organizations.

Since 2011, the biennial JLL Global Future of Work survey has explored the evolving world of work. It is recognized as a leading industry publication on the emerging CRE trends within organizations. This year, it analyzes the key priorities, challenges and strategies of more than 2,300 CRE and business decision-makers all over the world.

The latest edition offers fresh insights with a series of articles exploring key topics, from technology, to design and ESG. The first article in the series looks at what the changing world of work means for CRE. It can be found [here](#).

Using the Future of Work 2024 survey results, JLL has identified three key priorities required for the CRE function to become a powerful agent of transformation within organizations:

- Use agile strategies to reconcile short- and long-term priorities;
- Reposition the CRE function from operational cost center to value driver;
- Upskill teams by tapping specialist knowledge through strategic partnerships.

Reconcile short- and long-term priorities

CRE executives have hard decisions to make, with short-term and long-term priorities often pulling in different directions. For instance, supporting business growth and innovation is important. But so is delivering efficiencies, or even cost-cutting. Similarly, continuously changing working patterns present another tricky challenge, with employees spending more time in the office than two years ago, right-sizing will be a core priority. But it's not yet clear what the right size will be.

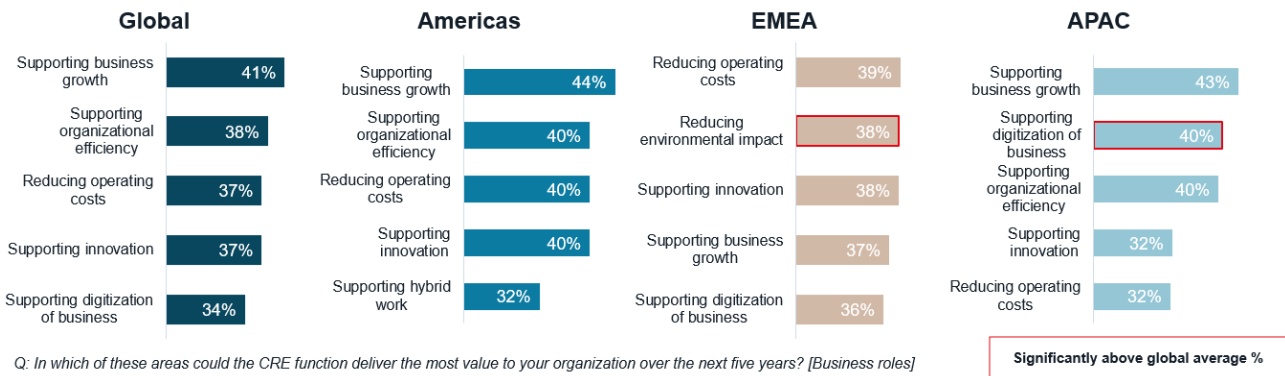
Business leaders believe the areas where CRE can add the most value include the following: supporting business growth (41%), driving organizational efficiency (38%) and reducing operating costs (37%). Yet, environmental, social and governance (ESG) initiatives also remain key to the roadmap that many CRE leaders are expected to develop in the future.



Source: JLL Research 2024

Beyond the general trend, there is some variance across regions and industries. Organizations in the Americas region are more likely to expect CRE to support business growth, innovation and efficiency. Companies in Asia Pacific are more focused on digitization. There is a greater expectation on delivering sustainability through the CRE function in EMEA – as the only region with environmental impact as a top-five priority.

Top five areas where CRE teams are expected to deliver the most value for their organization



Source: JLL Research 2024

Supporting business growth is more important in retail (cited by 52% of respondents in this industry), banking (50%) and manufacturing (46%), while enabling innovation is paramount in the knowledge-based life sciences (48%) and technology industries (44%).

This increasingly complex and rapidly-evolving business environment demands an agile CRE function - one that is quick to test, learn and adapt, incorporating rapid iteration and experimentation to generate feedback and buy-in. It means thinking of the organization as a living organism that will continue to grow and evolve, rather than as a static environment. This calls for a better use of technology to collect and analyze data in real-time and extrapolate the implications, so CRE and business leaders are able to respond to changes in demand and make more informed decisions more quickly.

Reposition the CRE function from operational cost center to value driver

CRE decision-makers find it difficult to focus on long-term goals: due to the changing organizational landscape, 41% report challenges with thinking and investing for the long term. Flexibility, agility and resilience are now perceived as the second most important skill for CRE to deliver value.

This difficulty is compounded by the perception of CRE as a cost center, rather than a value driver, cited by 41% of the survey respondents. CRE leaders struggle to report the right metrics to demonstrate business value. In this context, increasing access to relevant data will allow CRE teams to communicate with the C-suite more effectively and identify areas for investment. Better partnership with the other business functions will also be key to ensuring a coordinated approach, greater alignment and the ability to respond quickly to changes in business priorities. If CRE is more integrated with and aligned to the wider business, it is also more likely to gain C-suite sponsorship.

Shifting towards being influencers rather than simply implementers also requires new skills: 46% of CRE leaders say influencing and leadership will be critical in the future. Consequently, more CRE decision-makers expect to report to business transformation or technology by 2030, while fewer will report to finance or operations.

Upskill teams by tapping specialist knowledge through strategic partnerships

Concerns about a shortage of relevant internal skills and talent are higher than in the 2022 survey, reflecting an increasingly complex CRE environment. This is a challenge highlighted by 40% of respondents today. Shortcomings in data and technology are the most urgent priority. To thrive in a volatile environment, CRE teams need to adopt the right enabling technologies and to acquire the skills to use them. What's more, CRE leaders believe that 70% of their activities will be at least partially supported by AI by 2030. And a quarter of the CRE function could be mostly automated. But while 87% of respondents consider that AI could help to solve major CRE challenges, the skills are not there yet. 63% of decision-makers see technology and AI adoption as critical for enhancing the value that CRE delivers in the future.

All roles
What skills will be most important for the CRE function to deliver maximum value between now and 2030? Select five.

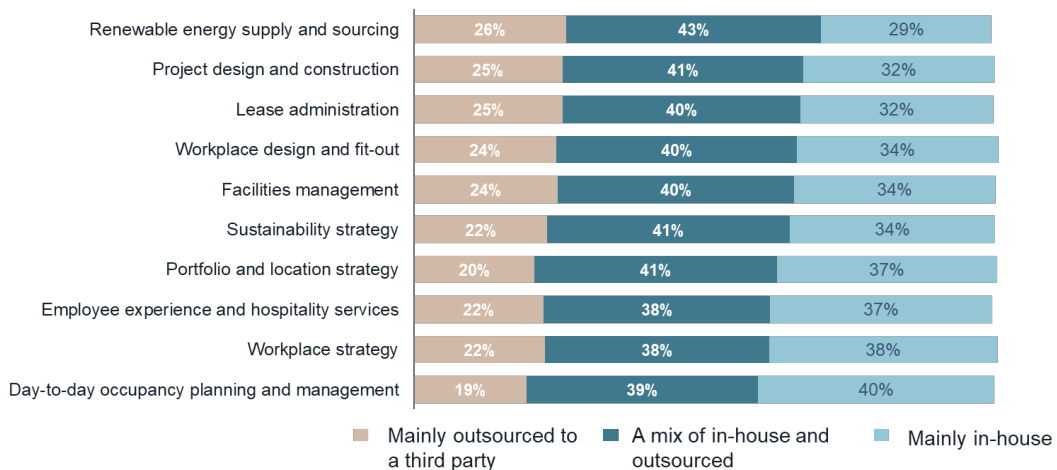


Source: JLL Research 2024

Other key skills cited by at least 45% of respondents are: creative and analytical thinking and scenario planning. The demand for these skills, alongside holistic problem solving and entrepreneurial mindset, reflects the need for being smart and agile in a changing environment.

The sheer number of diverse skills required to transform the CRE function means more businesses are looking to tap into specialist external expertise. Across a range of activities, from workplace strategy to lease administration, 40% of CRE decision-makers report that a mix of in-house and outsourced resource is the most likely model over the next five years, compared with 25-30% who had adopted a blended approach in 2022. A further 20-25% are considering mainly outsourcing their CRE activities by 2030, to access the skills they cannot find internally.

How CRE activities will be carried out over the next 5 years



Source: JLL Research 2024

Blending the approach is a rational response to complex and changing demands being placed on the CRE function. Strategic partnerships can be used to complement internal skills and capabilities and to rapidly add expertise in response to sharp changes or where needed for specific projects.

Schneider Electric's Commercial Real Estate Transformation Journey

The French digital automation and energy management specialist, a Fortune Global 500 company, has a globally governed Commercial Real Estate function operating in four regions. The CRE transformation and integration strategy encompasses portfolio optimization, workplace strategy and decision-making, with an additional focus on decarbonization.

To improve efficiency, the CRE function has undergone significant digitalization using an in-house solution leveraging Planon, a portfolio analytics software platform. This solution offers services for office space and EV charger booking, usage tracking, lease management, financials, and facilities management, including preventative maintenance.

Global head of real estate Nicolas Descabannes explains: 'We are in the middle of our digitalization journey, with the main foundations established, but we realize it is an ongoing effort as the digital landscape is constantly changing with new applications, such as user experience, electrification and sustainability reporting.'

Part of what the 100-strong CRE team has accomplished so far is building internal communities, engaging with IT, sustainability, security, and HR teams, as well as leveraging external expertise when required.

'Our C-suite requested ambitious and transformative objectives, which enabled us to set a strong real estate dynamic. I feel optimistic about the future. We have invested in decarbonization and are best-in-class on the topic. Our core business position requires us to be leaders in that area', says Descabannes.

The company remains dedicated to being a leader in decarbonization and digital transformation and the efforts of the CRE team positions the company for continued success and innovation in the future.

Four recommendations for corporate real estate professionals

- 1. Evolve from operational implementation to becoming a change catalyst.** Bring smart and innovative approaches to bear on business challenges and develop influencing skills to have a voice in key strategic business discussions and decisions.
- 2. Strengthen relationships with the C-suite, business leaders and functional partners.** Advocate workplace innovation across enterprise leadership including the C-suite by leveraging data to deliver the meaningful metrics senior leaders and the wider business need for critical decision-making and investments.
- 3. Combine internal upskilling with external strategic partnerships to become future-fit.** Perform a skills audit on your team, train and recruit where necessary. Build strategic partnerships to improve your performance across the entire real estate value chain.
- 4. Embark on the AI journey.** Adopt a 'test & learn' mindset, map the CRE activities that can be carried out by AI and develop strategies to develop the needed AI-enablement training programs and manage the associated risks.

The CRE function now has an opportunity to become a valued, trusted partner to business leaders, embracing technology to become an agent of transformation that enables smart, data-based decision-making that sustains a high-performance workplace.

A 'future fit' CRE team should focus on core, high value-add tasks internally, while automation, robotics and AI begin to take on routine and repetitive tasks and outsourcing partners are brought in for specialist tasks and individual projects.

Research authors

Steven Lewis

*Head of Work Dynamics
Research & Global Head of
Insight*

steven.lewis@jll.com

Flore Pradère

*Research Director,
Global Work Dynamics*
flore.pradere@jll.com

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To find out more about JLL services, contact:

Peter Miscovich

*Executive Managing director,
Global Future of Work Leader*
peter.miscovitch@jll.com

Jeroen Meijler

*Future of Work Leader
EMEA*
jeroen.meijler@jll.com

Marc Shammaa

*Future of Work Leader
Asia Pacific*
marc.shammaa@jll.com

Julie Hyson

*Head of Project and
Development Services
Americas*
julie.hyson@jll.com

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Nick Winter

*Head of Project and
Development Services
EMEA*
nick.winter@jll.com

Martin Hinge

*Head of Project and
Development Services
Asia Pacific*
martin.hinge@jll.com

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