

EVOLUTION OF WORKPLACES STRATEGIES

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Evolution of Workplace Strategies

Analysis by The Instant Group

Agenda

- Introduction to The Instant Group
- The Return to the office – what are companies doing?
- New office layouts and designs
- Global and European context
- Spotlight on Spain
- Predictions for 2022
- The importance of data for your business

We free businesses to **move forward** faster.

By delivering commercial real estate solutions which drive business agility, efficiency and resilience. We'll help you make informed business decisions with our 20+ years of flexible workspace market experience.

Our experienced, global team advises on and delivers commercial real estate solutions all underpinned by our unrivalled market data & breakthrough insights.

Advise.



We combine market independence, unrivalled workspace data and world class talent to create **future proof, agile, corporate real estate strategies** for clients.

Solve.



We partner with clients to **analyse the full spectrum of workspace solutions** that achieve their business needs and generate value.

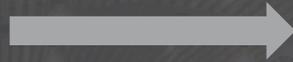
Deliver.



We pride ourselves on our reputation for delivery. **Solutions delivered for our clients, on time, on budget and in a location of their choosing.**

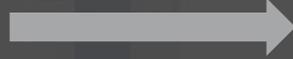
Fact vs fiction – the truth about the future of the office

Businesses have already made major changes to their strategy and portfolio.



Just 35% of businesses interviewed indicated they have made significant changes to date. 3 years from now this figure is expected to be 72% ⁽¹⁾

Talent will decide what happens next.



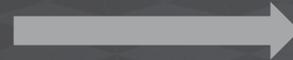
Just 9% of companies have decided to give employees total control on how and where they work. ⁽²⁾

Employees will only come in for specific meetings or events.



Only 24% - 26% of employees want to just come in for specific meetings the majority expect to come in for full days. ⁽²⁾

The office will all be about collaboration.



The majority of employees are still using private space more than any other and open plan spaces are only becoming more unpopular. ^{(2) (3)}

(1) Instant ACT 2H 2021 Research

(2) Gensler 2021 Research

(3) Instant Flex Operator 2021 Research

We have witnessed an unprecedented global crisis that has **driven a fundamental change in how we work**. With the future of hybrid working upon us, the stage is set for a new hybrid model integrating four elements of workplace: **Human, Physical, Digital and Sustainable**.

HUMAN



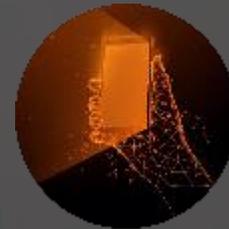
The people and employees within a business.

PHYSICAL



The spaces and buildings employees work within.

DIGITAL



The technology and tools that enable human experience.

SUSTAINABLE



The sustainable decisions that underpin business vision, strategy, and delivery.

What is being done differently?

High Cost

Concierge style service in offices:

- Concierge desks
- Roving “here to help staff”
- High ratio of support staff to workers (25:1)

Redesign of space to focus on behavioural based working:

- Reduction in space but limited reduction in cost
- Build space to promote desirable behaviours

Introduction of AI tools to help suggest locations that will deliver the most value on a day to day basis

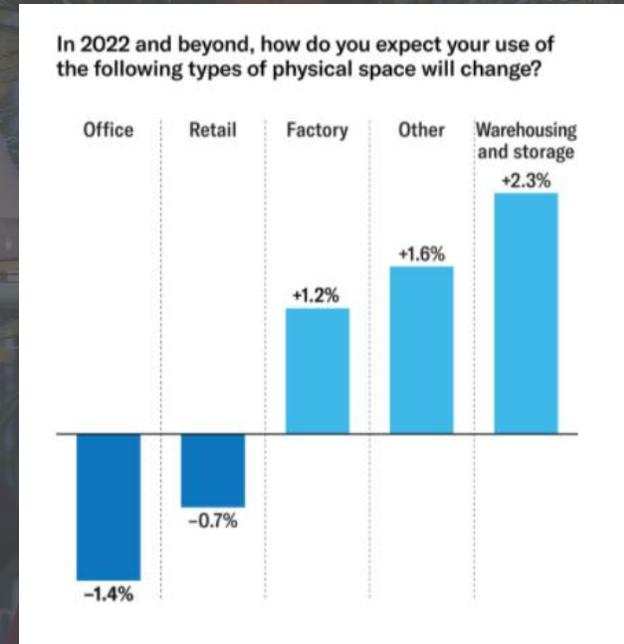
New skill sets being brought into Real Estate teams

- Talent coming from customer experience teams
- Far more focus on digitally enabled functions
- HR and transformation backgrounds increasingly of value

Lower Cost

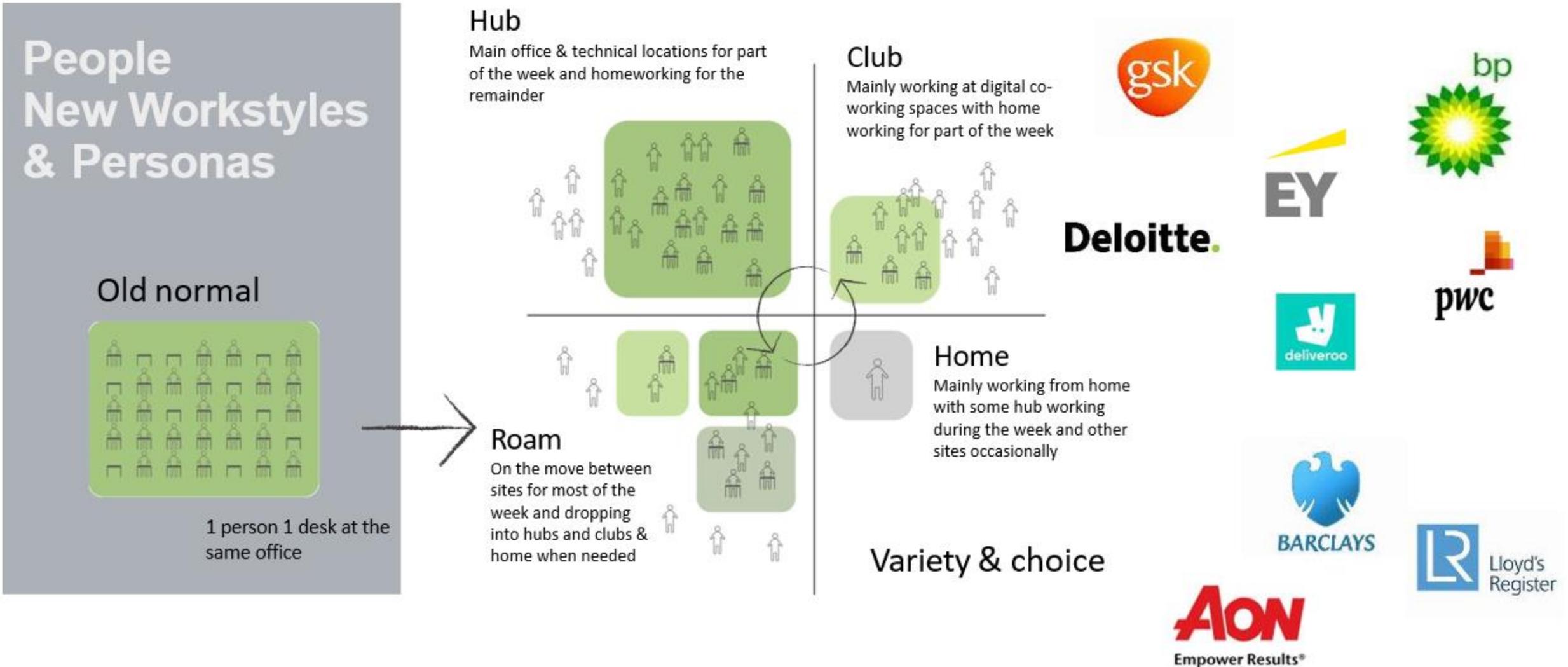
What stays the same?

The need for office space. Firms predict just a 1% drop in office space after Covid



Harvard Business Review

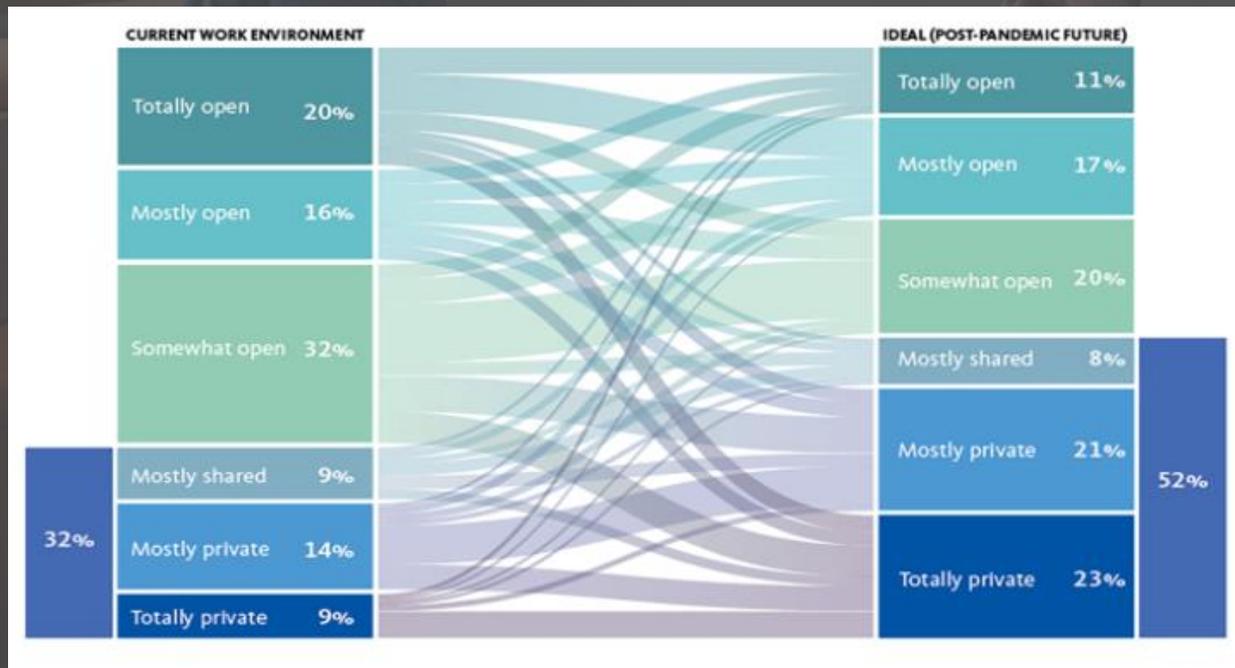
Workplace strategies are shifting



What type of environment do employees want to work in?

Broadly speaking employees are favouring more private environments when they think about coming back to the office. There is a clear disconnect between what leadership think and want the office to be used for and how people expect to use it. This is a problem that will not fix itself.

Which of the following best describes your current and ideal overall work environment?



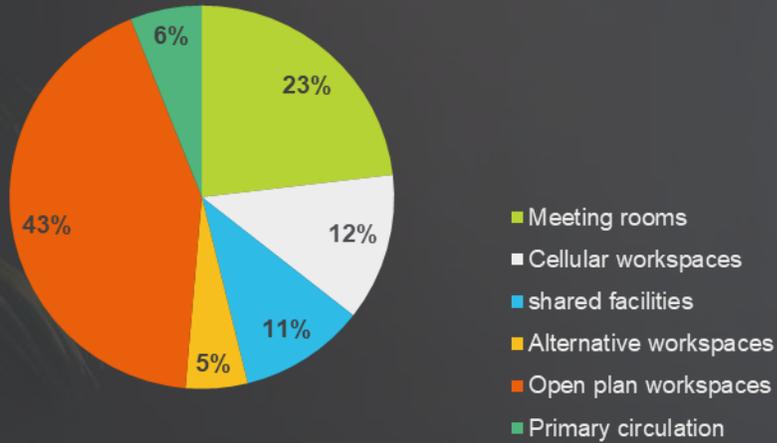
Why is this and how can we fix it?

- We have become more isolated in how we work
- The majority of office designs have not changed

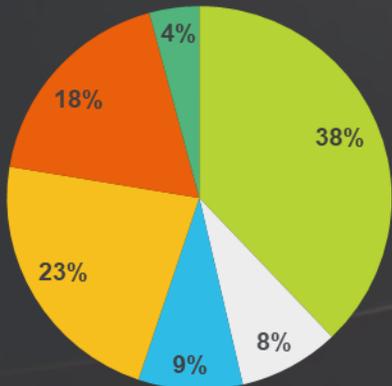
Employees need a helping hand through training and technical support or we will not see a change in how space is used and any long term benefit. Just added cost.

What does the research say about interactions?

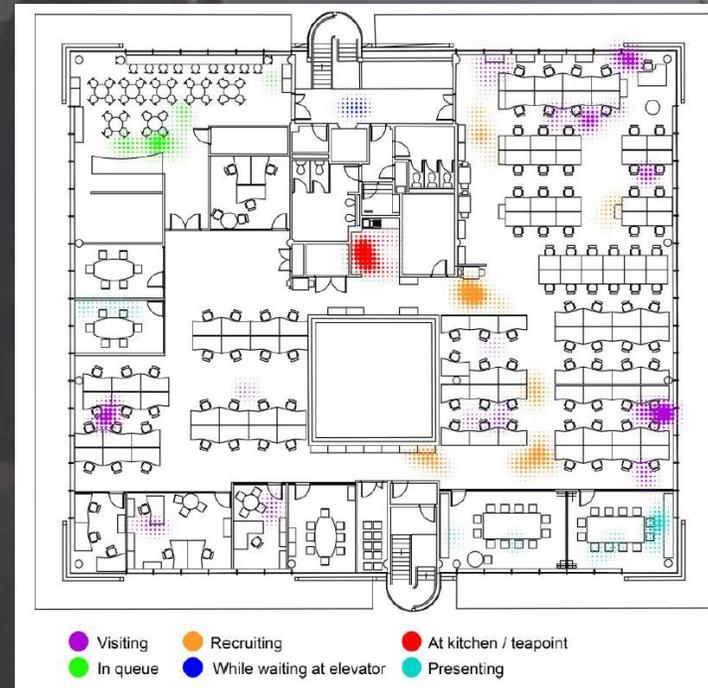
Total Interactions



Interactions When Considering Size of Space



Alternative workspaces and meeting rooms provide the greatest opportunity for interactions, but “recruiting” interactions which involve one person at a desk and one walking by are just as important. These take place when desks face or open into areas of circulation.

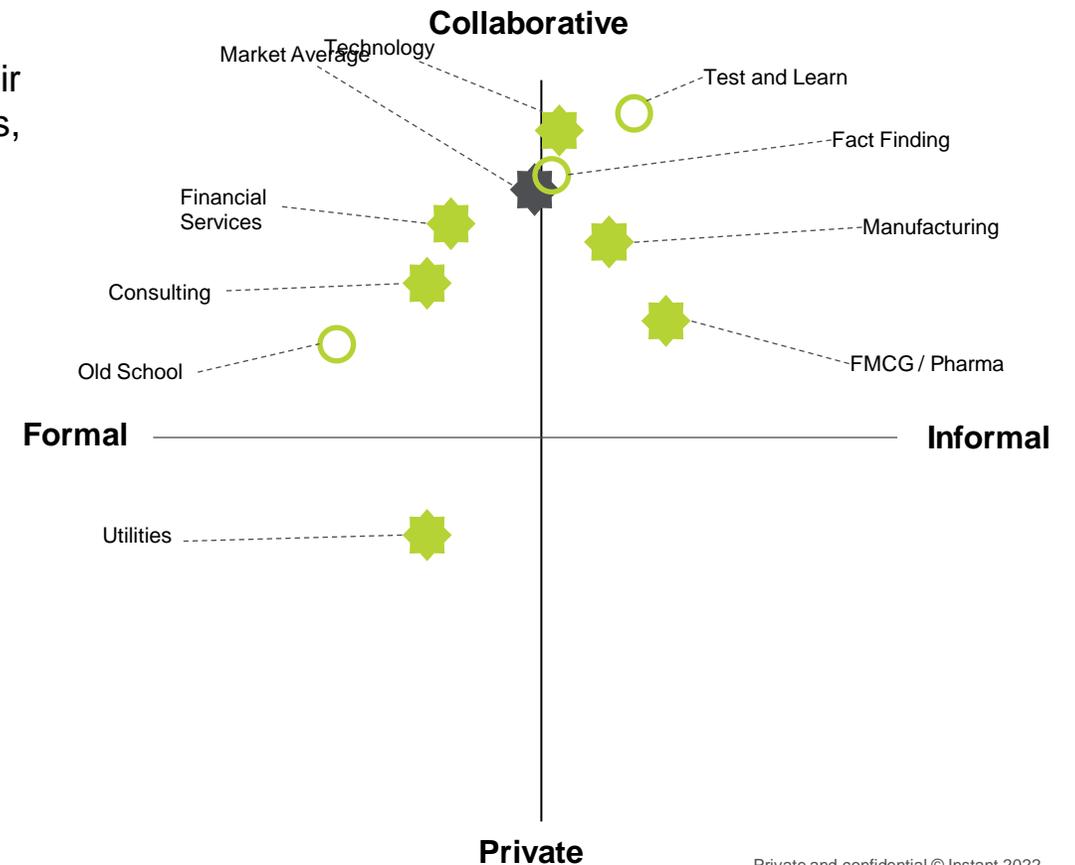
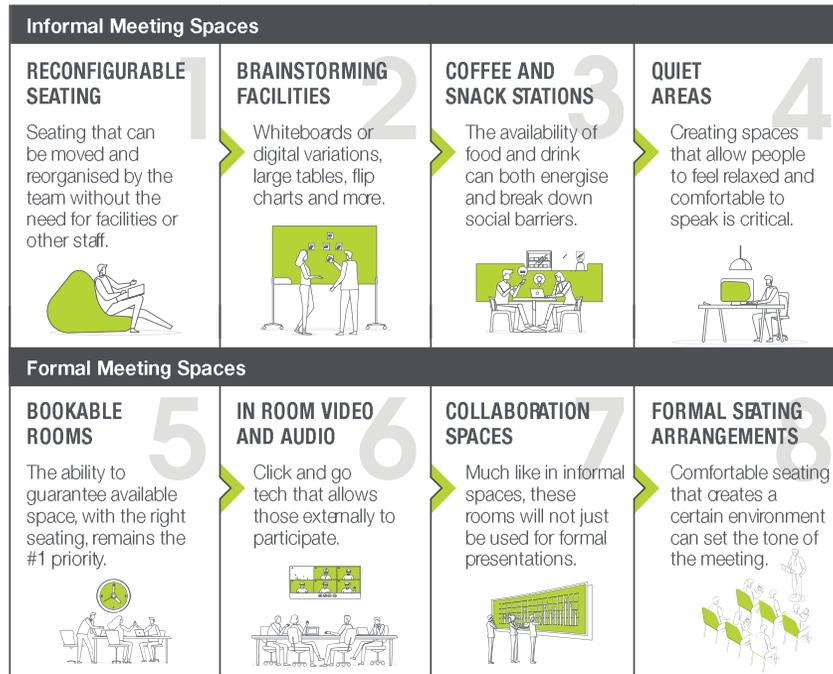


Companies are at different stages of thinking

Test, measure, adapt, evolve - meeting new demand

As businesses progress in their workspace thinking or strategy development they put greater importance on collaborative environments.

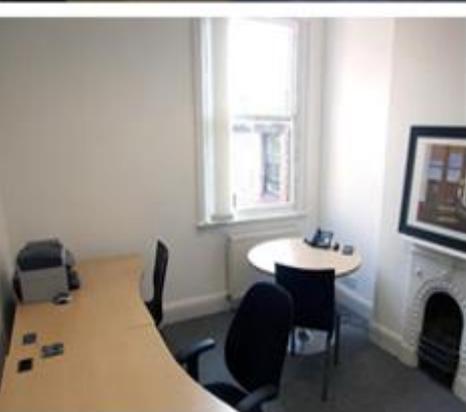
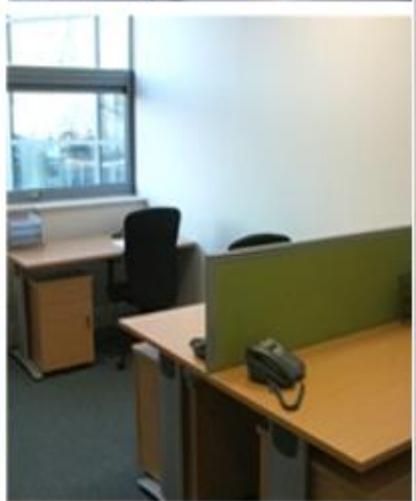
Even the most forward thinking still expect to have at least 33% of their space dedicated to formal work related environments such as Private desks, Client focused spaces and, Formal meeting rooms.





Flexible workspaces then...

- Prominent centre branding
- SME focused
- Traditional office functions
- Individual, cellular offices
- Pay-per-use services
- Basic IT infrastructures
- Plenty of Pine!

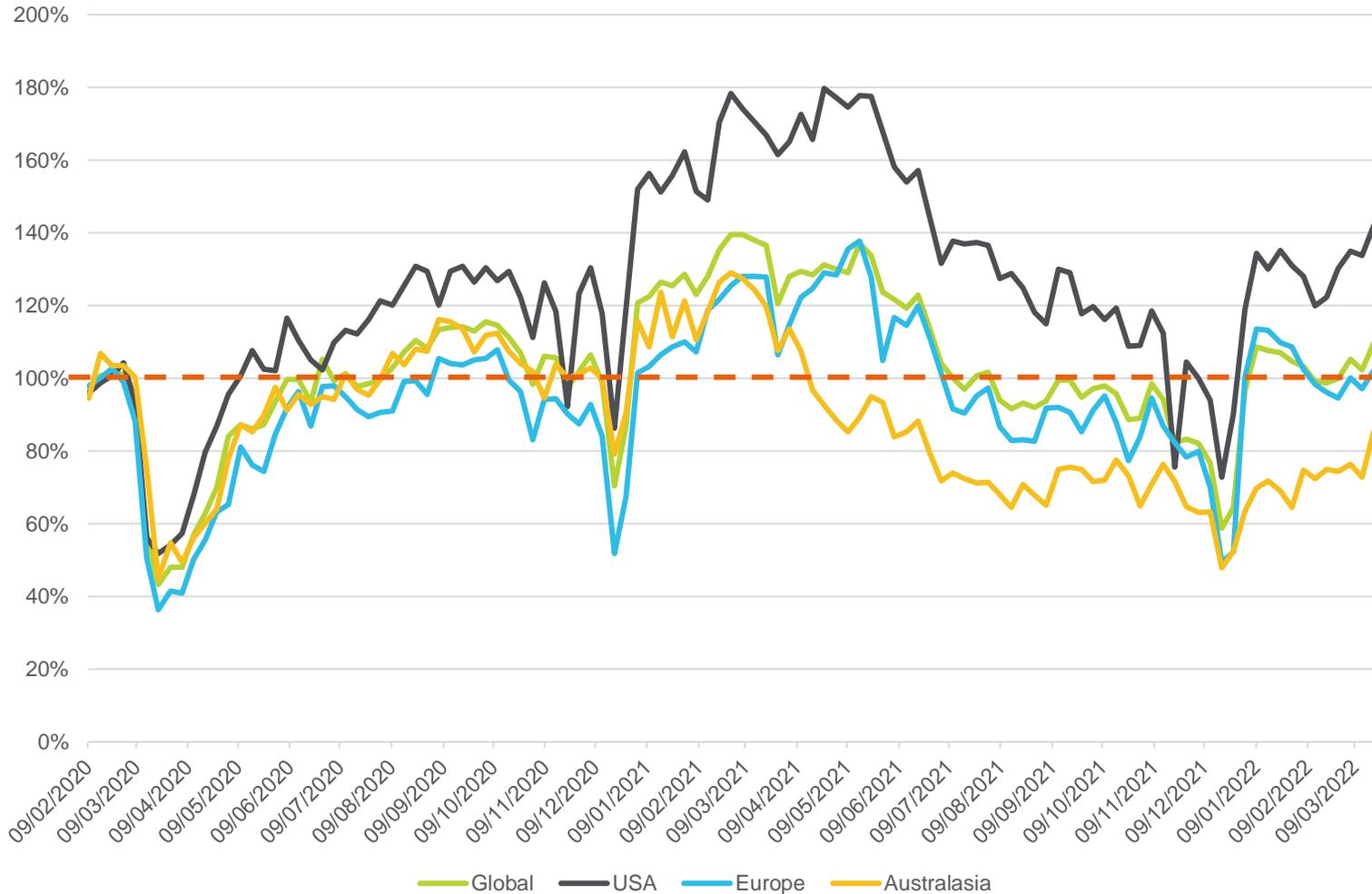




Global and European Context

Current trends in the flexible
workplace market

The flexible workspace market has emerged in a strong position



Traditional office market vacancy rates

	YoY
London	7.9% ↑
Paris	7.4% ↑
Berlin	3.5% ↑
Madrid	10.6% ↑

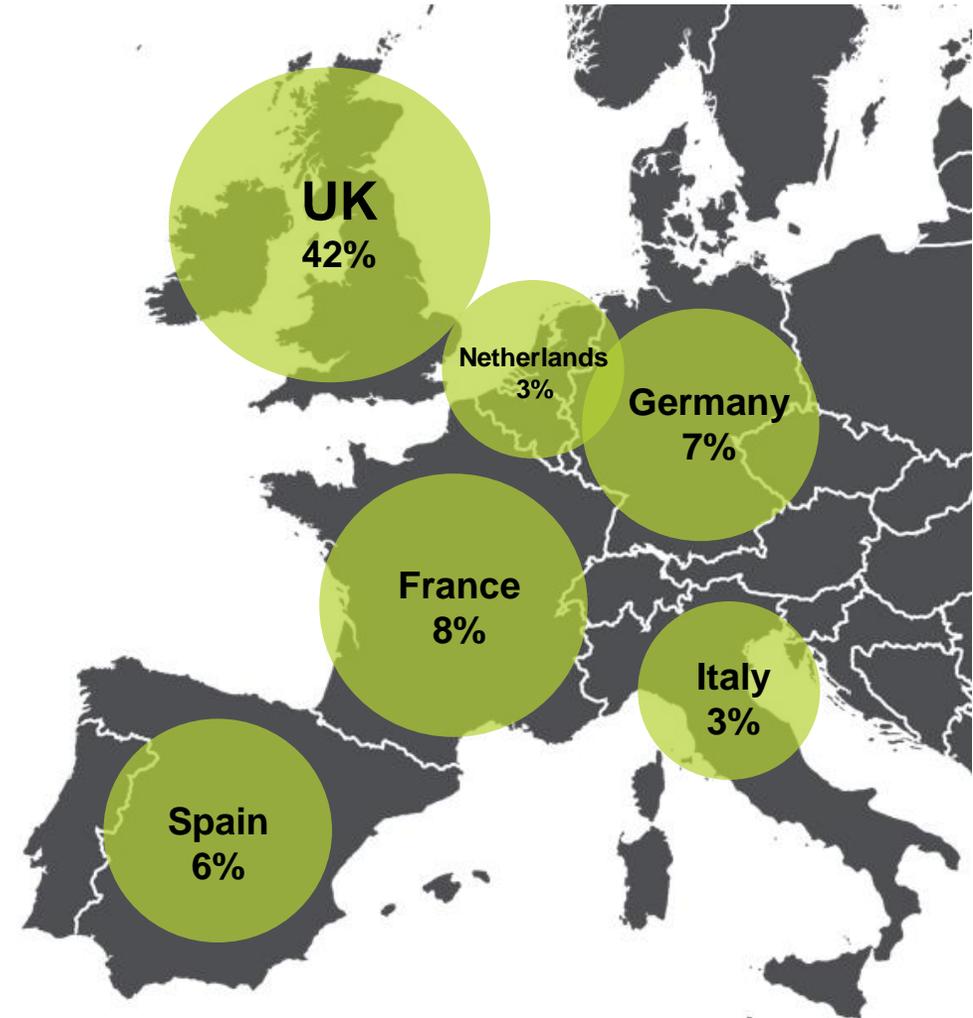
European flexible workspace landscape

The rise in agile working is driving demand for flexible workspace up in Tier 2 cities, but supply is yet to catch up.

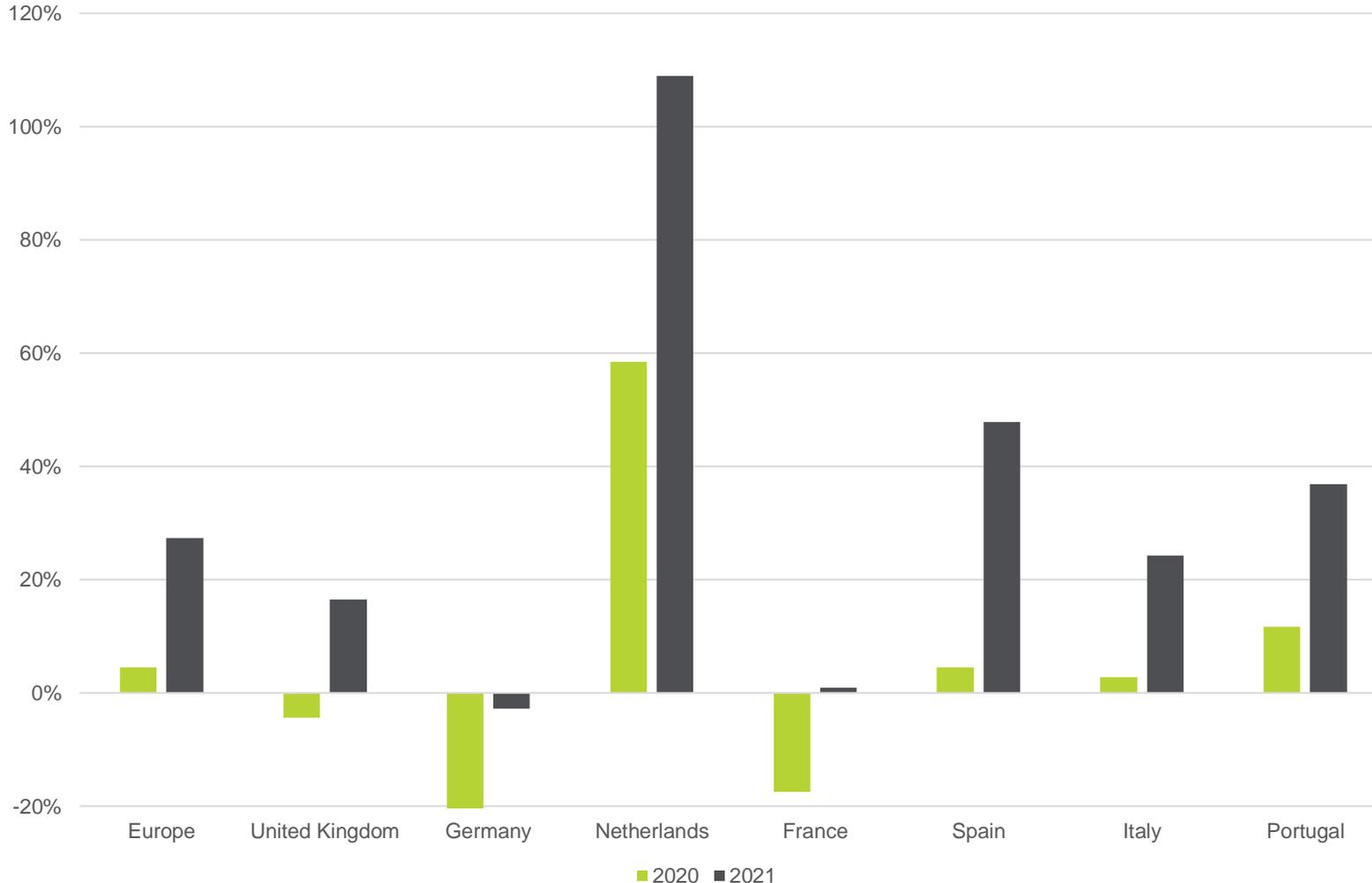
The demand/supply imbalance is playing out across Europe

Are Tier 1 or Tier 2 cities growing at the fastest rate?

Market	Demand	Supply
UK	2	1
Netherlands	2	1
Germany	2	1
France	1	1
Italy	2	1
Spain	2	1



Recovery of European Demand against Pre-Covid levels



➤ The thriving start-up scene in the Netherlands meant it was ahead of the curve going into the pandemic

➤ Spain's recovery is ahead of much of Europe, underpinning a positive future for the flex industry

➤ France and Germany are lagging behind the recovery, opening the stage to new European hotspots

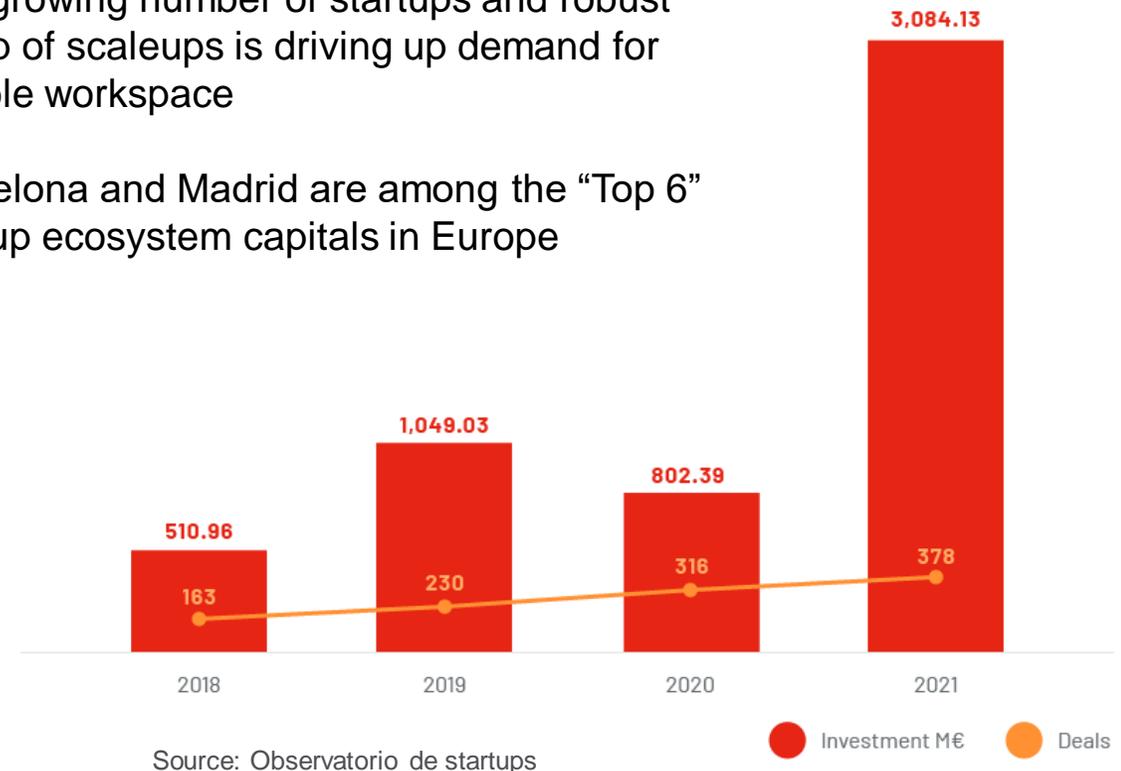
Spotlight on Spain

Emerging flexible workspace trends

Spain is a thriving hub from where to launch and grow new businesses

- ✓ Demand for 1-2 desk offices has **doubled between 2020-2021** and currently accounts for **over 50%** of all enquiries for Spain
- ✓ Scaleups are also on the rise and demand for 3-9 desk offices increased **34% from 2020-21**
- ✓ 69% of flexible office supply offers a **form of coworking environment**

- 2021 was a record year for venture capital investment funds and deals.
- The growing number of startups and robust group of scaleups is driving up demand for flexible workspace
- Barcelona and Madrid are among the “Top 6” startup ecosystem capitals in Europe



The rise of lifestyle cities

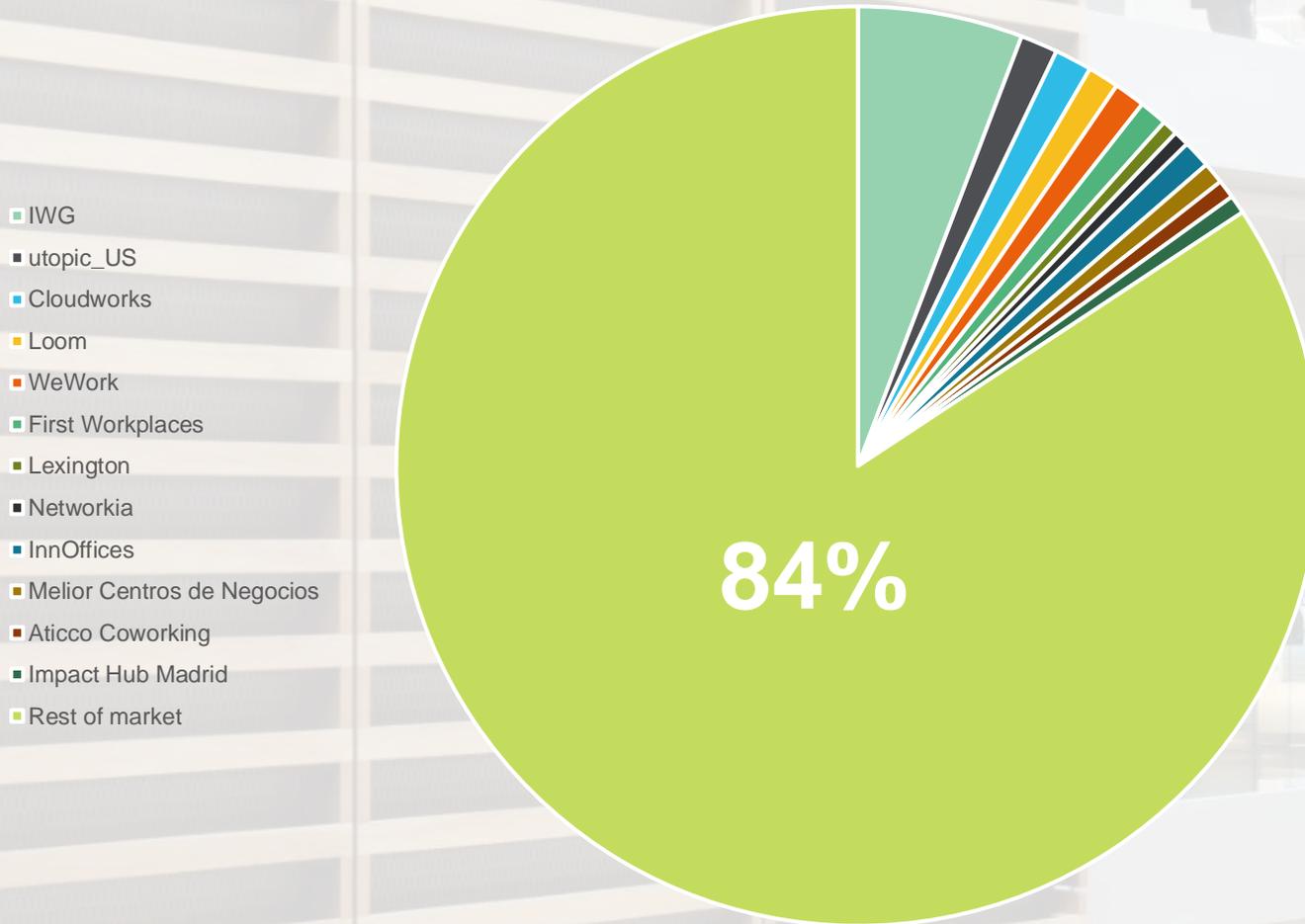


Agile working is driving employees to coastal hotspots in search of a better work-life balance

Demand for flexible workspace is booming in tier 2 cities, but supply is lagging behind

The demand/supply imbalance is driving up rates, with desk rates in Malaga and Seville above pre-pandemic levels

Operator view – a fragmented market



➤ The flex office market is very fragmented, with 84% of supply outside the top 12 operators, providing clients with greater choice

➤ Flex supply in Spain has grown 8% since the start of the pandemic in response to growing demand

➤ Supply is continuing to grow and diversify with a number of operators announcing expansion plans in 2022

2022 Predictions – what next?

We have taken inspiration from the seminal model set out by Stephen R. Covey in his book *'7 Habits of Highly Effective People'*. We believe that the habits Covey highlights will help businesses remain agile and deliver the most effective and valuable approach to contemporary workspace:



- 1) **Be proactive** - In the war for talent... talent is winning.
- 2) **Begin with the end in mind** - What is the workplace for?
- 3) **Put first things first** - Agility is the primary driver in workspace strategy... for now.
- 4) **Think win-win** - What is best for society as a whole is best for the workspace of the future.
- 5) **Seek first to understand then be understood** - Bridge the knowledge gap.
- 6) **Synergize** - Can the office market pull together to deliver a better experience?
- 7) **Sharpen the saw** - Individuals are upskilled and willing to go it alone.

The importance of data and how it can help your business

Now, more than ever before, businesses are demanding more from their real estate. The Instant Group is perfectly positioned to help businesses rethink their position in the marketplace, and realign their portfolios to the changing needs of occupiers.

- With over 20 years of proprietary data and experience, we provide an unrivalled, single source of truth for the global flexible office market and help more than 250,000 businesses rethink their workspace every year.
- Instant's digital platforms constitute the world's largest independent digital marketplace for flexible workspace and help to empower companies of all sizes by providing them with more choice and transparency about how and where to work.
- The Instant Group data is purchased by leading REITs and Landlords who manage over \$1.392 Trillion in assets as well as operators managing 6334 locations globally.

Our data helps you to make informed decisions by giving you insight and confidence in the market:

- ✓ Determine how much demand can be expected in a given market and what the occupier profiles look like
 - ✓ Understand who your competitors are or could be and what occupiers expect
 - ✓ Make sure your rates are competitive and that you are not underselling your true value

Talk to us today.

Thank you

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Instant
RETHINKING WORKSPACE

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