

# Flexible workplaces - The PropTech effect

*Published 16 December 2019*

Real estate and flexibility have not traditionally gone hand in hand. Dealings with property have a reputation for being slow moving, time consuming and expensive. However, changes in the way we work, enabled by technology, are redefining how we use and interact with real estate. This article will explore how technology is driving the change, and also providing solutions to increased demand for flexibility.

## Occupier demand

Occupier demand for flexibility has been evident for a long time in trends for shortening lease terms. In the not-too-distant past occupational leases of 20 years were not uncommon, whereas recent analysis suggests current average lease terms are around 7 years. The need for business agility has been brought in to sharper focus against a backdrop of global economic uncertainty, making medium to long term business planning difficult.

Co-working operators such as WeWork, HubHub and Regus have responded to this demand by providing a flexible alternative to the traditional means of leasing or owning real estate. The “membership” based model offered by many co-working companies allows customers to tailor the amount of space required, and how long it is required for, to suit short term business needs. A range of occupiers (not just start-ups, but increasingly established businesses) are utilising co-working space either as their sole real estate presence, or to supplement established locations.

The agile working revolution is underpinned by technology which empowers employees to work when, where and how they choose. Fundamental to this is a fast and reliable wireless internet connection which frees workers from a fixed desk. Many occupiers have been able to save costs either through hot-desking, co-working or embracing remote working and thereby reducing the amount of physical office floor space required.

The next generation of wireless technology, 5G, is now in the early stages of implementation and is expected to be widely available in 2020. 5G promises to bring much faster data speeds (up to 100 times that of 4G) and the ability to connect many more devices. The expectation is, therefore, that flexible working will become easier and more efficient, both between people in the same physical buildings, and between people on different sides of the world.

## A tailored service

5G technology opens the door to further advances in “the internet of things”- that is, the ability of everyday objects to send and receive data. Anyone with a fitbit, smart watch or internet enabled TV has already embraced “IoT” technology, and sensors which control lighting are commonplace in many offices.

The data captured by smart buildings has the potential to provide building owners and occupiers with a wealth of real-time information on how their buildings are being used. While care needs to be taken that such data is handled in accordance with regulations, landlords should be encouraged to think creatively about ways in which data analytics can be used to enhance the service offered to their occupiers.

Examples already in use include:

- software which gives occupiers the flexibility to manage their own space, such as booking additional meeting rooms as and when required, controlling access and managing car parking;
- occupier access to building information management systems which provide opportunities to pre-empt maintenance issues and monitor energy usage; and
- environmental sensors which sample noise levels, temperature, air quality and brightness.

As occupier trends move away from ownership of a long-term tenure in real estate, it is likely that the services offered to occupiers will become at least as important as the physical structure itself. The concept of ‘space as a service’ gives occupiers the flexibility to choose a location with services that best fit the occupiers’ needs.

## Embracing the change

There is no doubt that technology has played a significant role in disrupting the real estate lettings market. The decoupling of work and location has moved flexible workspaces into the mainstream and occupiers are awake to the benefits that agile working can bring for their business and their employees. Building owners who embrace technological advances will find that there is a competitive advantage to be had in providing spaces and services which meet occupiers needs for business agility.

## Authors



**Dominic Fagan**

*London - Walbrook*

[dfagan@dacbeachcroft.com](mailto:dfagan@dacbeachcroft.com)

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**DCB**  
**DAC BEACHCROFT**