The Future of Workspace and the Sharing Economy – What’s Around the Corner?

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ULI Asia Pacific Summit, Singapore, 6 June 2017
Biggest trends impacting real estate between now and 2030

“There are big changes occurring and we can’t afford to ignore them.”

#emergingtrends
The big questions

- What are the needs of small and growing businesses in the innovation economy?
- How are the needs of innovation economy met and served by innovative real estate providers?
- Implications for business models of developers and investors?
- Factors of success at the level of buildings, districts and cities?
12 case studies & workshop in Rotterdam

Relative size and locations of the case studies in their cities

Timeline of real estate adaptation in innovation clusters to respond to changing demands

- Media Park Netherlands
- Barcelona 22@
- MaRS Discovery District Toronto
- London Tech City
- MESH Norway
- SUP46 Stockholm
- VU Amsterdam Campus
- SoundCloud Berlin/Factory Campus
- The Edge Amsterdam
- Oslo Cancer Cluster Innovation Park
- THE:SQUARE3 Berlin
- Cornell NYC Tech Campus
What do innovation occupiers want?

- Flexible Lease Terms
- Well designed and adaptable workspaces
- High quality equipment and technology
- Availability of Move-on / Grow-on space
- Systems that protect IP
- Opportunities for collaboration and mentorship
- Vibrant mixed use surroundings
- "Work has left the building."
Common physical assets of innovation districts

Physical Assets of Innovation Districts

- Little vacant space
- Medium-High Density
- Core Location
- Mixed-use
- High walkability
- Dense amenities
- Re-used buildings
- Small workspaces
- Public transport
- Open access

"Make a great city and people will come."

David Malmuth, I.D.E.A. Partners, ULI workshop, Rotterdam
What does this mean for the real estate sector?
Where is the innovation coming from?

Lego-Inspired Homes Could Be the Future of Disaster Relief

Debris from natural disasters is being turned into concrete blocks that easily stack and snap into place to build new homes.

Zoku, new work-meets-play hotel concept, opens in Amsterdam

INDUSTRY NEWS ▶ TRAVEL & TOURISM

Airbnb overtakes hotel industry with red-hot growth
Key elements in the real estate response
Property Factors: Tech and equipment requirements

- High-quality fibre broadband connectivity
- Power supply upgrades
- Wet and dry labs
- Energy production facilities
- Refrigeration systems
- Low maintenance fees
Property Factors: Collaborative, learning culture

- Proximity to centres of excellence (e.g. academic and research institutes, medical schools and teaching hospitals)
- Incubators and accelerators
- Proof-of-concept centres
- Technology transfer offices
- Entrepreneurship education
- Member lounges
- Balanced IP protection
- Diverse mix of retail and recreation nearby
Property Factors: De-segregated workspaces

• Co-working space

• Fixed and flexible workstations

• Room for employees to rest, socialise, sleep

• ‘Club environments’ for mobile team members

• High-spec event spaces
Property Factors: Flexible terms for volatile business cycles

• Short leases, ad-hoc rentals

• Practical tenancy agreements: built-in flexibility of contracts

• Easy access to ‘move on’ and ‘grow on’ space

• Minimal disruption to work force, suppliers, collaborators
Property factors: Workspace innovations

- Combination of short-term and long-term spaces for companies’ individual stages
- Easily re-configured spaces - lighter weight modular structures
- Purchase of unwanted or derelict buildings if infrastructure is easily upgraded
  - large spaces, high ceilings, natural light, lower rents
- A higher system of rents to compensate
Property factors: New kinds of adjoining commercial space

- Hotels, cafes, restaurants
- Facilitate independent and pop-up retail
- Retain the original architecture and mix of uses
Property factors: Partnership and co-financing

- Relationships with government authorities and grant-awarding bodies as part of the business model.
  - e.g. Applied Sciences Campus NYC – City 99-year lease
  - e.g. MaRS provincial and partner grants = 50% of revenue
- Relationship between big and small firms
Property factors: ‘Guerrilla’ development

- Agile re-purposing of buildings

- Engage planning authorities to agree additional or alternative uses

- e.g. Berlin SoundCloud (from residential to offices).
Macro factors: Access to Capital & Expertise

- Support high potential companies with small balance sheets

- Improved finance and access to capital (angels, VC, investment banks)

- Business and marketing advice, training, accountability management, IP support, networking activities

- Reduce reliance on rental income
Macro factors: Infrastructure advocacy and provision

- **Policy and framework support**
  - tax exemptions and reform, dedicated local governance intelligent procurement, support from consultants and patent lawyers, wider affordability issues

- **Clear plan to optimise wifi, fibre optic networks, energy, waste collection, heating and cooling**

- **On-site or near-site live-work space**
  - Micro units, flexible storage, family units, student housing

- **Social infrastructure: Kindergartens, schools, daycare centres**
Macro factors: governance and regulatory framework

- Policy and framework support
  - tax exemptions and reform, dedicated local governance intelligent procurement, support from consultants and patent lawyers, wider affordability issues
Imperatives for real estate success

- Ensure a robust technology platform
- Multiply routes to capital
- Collaborate with mature institutions
- Create a multi-stage vision for growth
- Find the balance between confidentiality and transparency
- Show hands-on leadership to grow value
- Focus on placemaking
The real estate industry needs to adapt in 4 key ways

- Adopt a ‘service provider’ mindset
- Be prepared for continuous adaptation, feedback and complexity
- Align interests and build transparency
- Provide hands-on stewardship
Thank you!

http://europe.uli.org/research/