
Shifting Priorities: the Age of Unreal Estate

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Shifting Priorities: the Age of Unreal Estate

Real estate and social relevance

The investor is the customer or the real estate supply process.

Result: an industry culture that is resistant to change; an approach where 'one-size-fits-all' (see specification and leases).

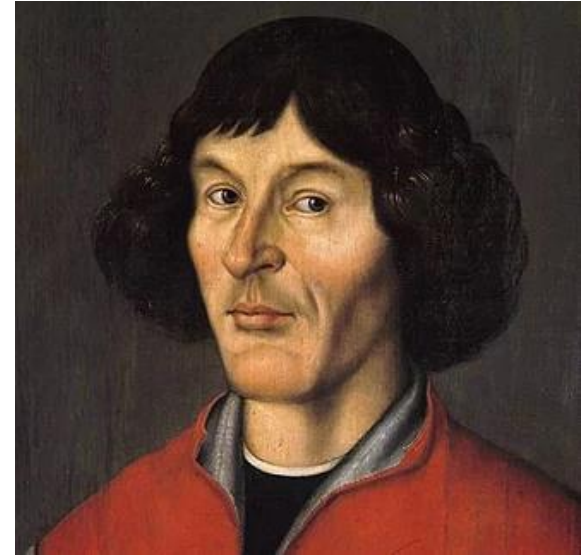
Works against innovation and against the interests of the customer.

Buildings were

- architectural masterpieces,
- corporate statements of power,
- capital investments and
- income earners.

Buildings are not operational resources. The customer is secondary.

Real estate industry: a Copernican revolution?



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People management



Property Week

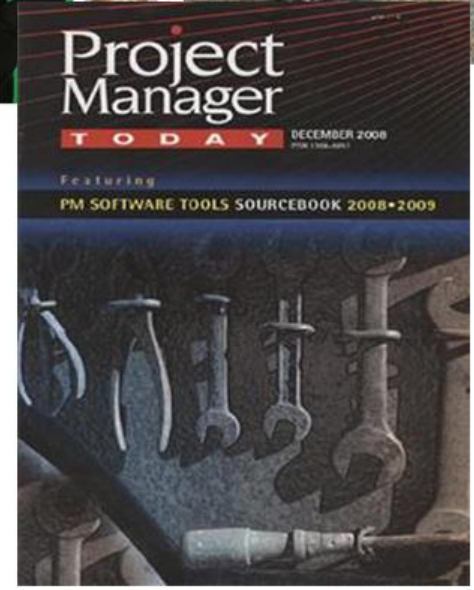
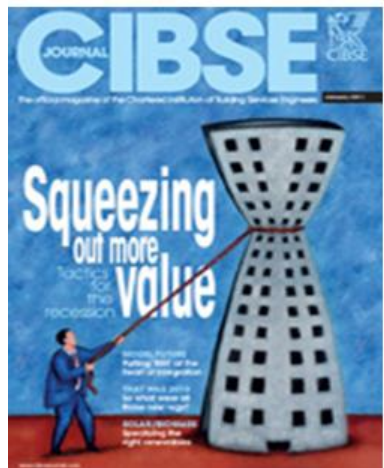
Americans save Maxim

US group Cerberus to pay £30m for £35m Lloyds debt on huge £3.3bn Glasgow business park, new asset manager brought in

WASTE AND RECYCLING AND construction news

Green Deal in hiding

SUPPLY MANAGEMENT



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Focus	Approx. era	Work & Place themes	Technology	Brands
Counting House	1700 – 1830	Knowledge. Coffee Houses. Counting Houses. Exchange. News. Social.	Adding machines. Copying. Ink pen. Ledgers. Paper. Stenography.	Electric Telegraph Company. Gestetner.
Clerical Factory	1830 – 1920	Production. Fixed. Manual. Mechanical. Production line. Repetitive.	Carbon paper. Electricity. Filing. Lifts. Paper clip. Telegraph. Telephone. Typewriter.	Burroughs. Edison. Marconi. Remington. Waterman.
Corporate	1920s – 1970s	Process. Scale. Departments. Layers. Command & Control. Predictable. Processes. System furniture.	Action Office. Air conditioning. Biro. Calculator. Fax. Fluorescent lamp. Golf Ball typewriter. Mainframe. Photocopier. System furniture.	3M. Bic. General Electric. Herman Miller. IBM. Xerox.
Digital	1980s – 2020	Power. Agile. Changing. Connectivity. Data. Flexible. Power. Processing. Speed. PC left the building.	Cloud. Email. Internet. Mobile. Laptop. PC. PDF. Social media.	Amazon. Apple. Blackberry. Facebook. Google. Microsoft. Motorola. Twitter.
Network	2020 – onwards	Knowledge. Commodity. Distributed. Exchange. Hubs. On demand. Service. Social. Weightless.	Artificial intelligence. Augmented reality. Automation. Robotics. Smart cities/buildings. Virtual reality.	Watch this space!

..... From castles to condominiums



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Outside the real estate bubble

Real estate supply process is focused on the highly fragmented delivery of technical skills rather than offering a customer-facing, management function.

Meanwhile

Economy: knowledge economy; rapid change; contingent workers and SMEs

Business: corporate priorities are shifting to responsiveness; performance, wellbeing

Technology: today's skills' are being automated, commoditised and marginalised

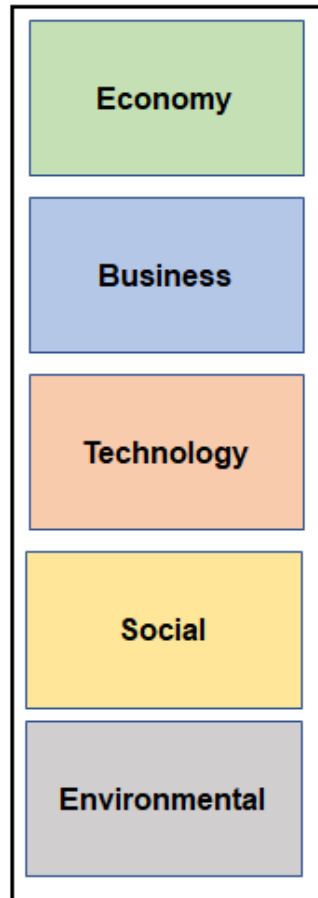
Social: choice; experience; wellbeing

Environmental: commitment to net zero

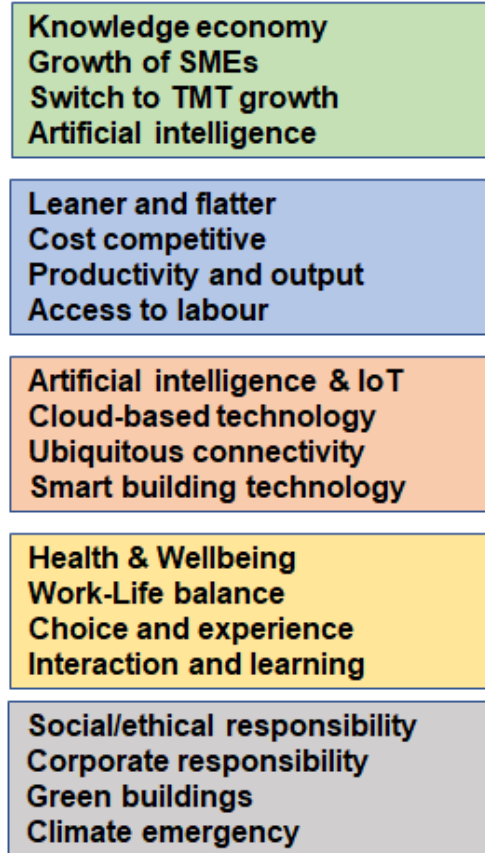


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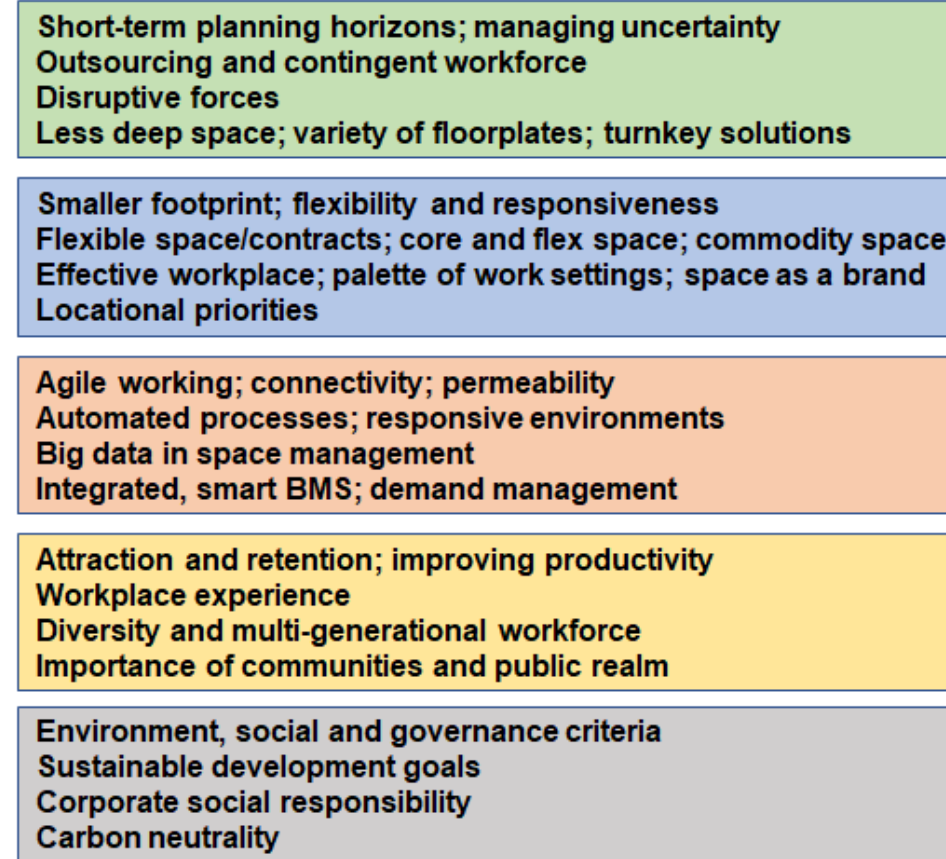
Change factor



Drivers



Real estate implications



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Real estate needs to become socially relevant

Real estate cannot remain immune from the technological, social, economic and environmental changes that are taking places all around us.

Real estate has to be an agent of those changes. And this means that old attitudes and perceptions must change.

Clinging on to the '*way we have always done things*' is not tenable. The built environment professions must learn and adapt, fast, to remain relevant: to customers, to politicians, to society.

Investors, occupiers, facility managers, asset managers, designers and owners – everyone involved in the real estate process – will be affected by the changes.

There is a common interest in ensuring that, together, the industry remains relevant.

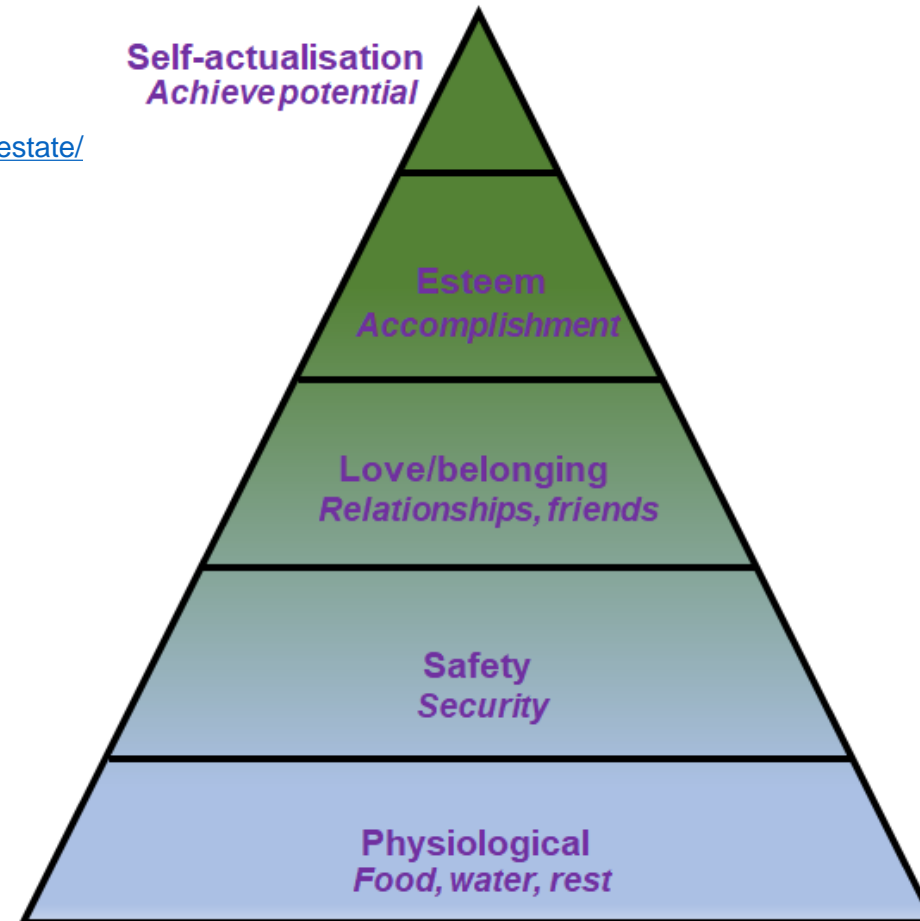


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But what is the social relevance of real estate?

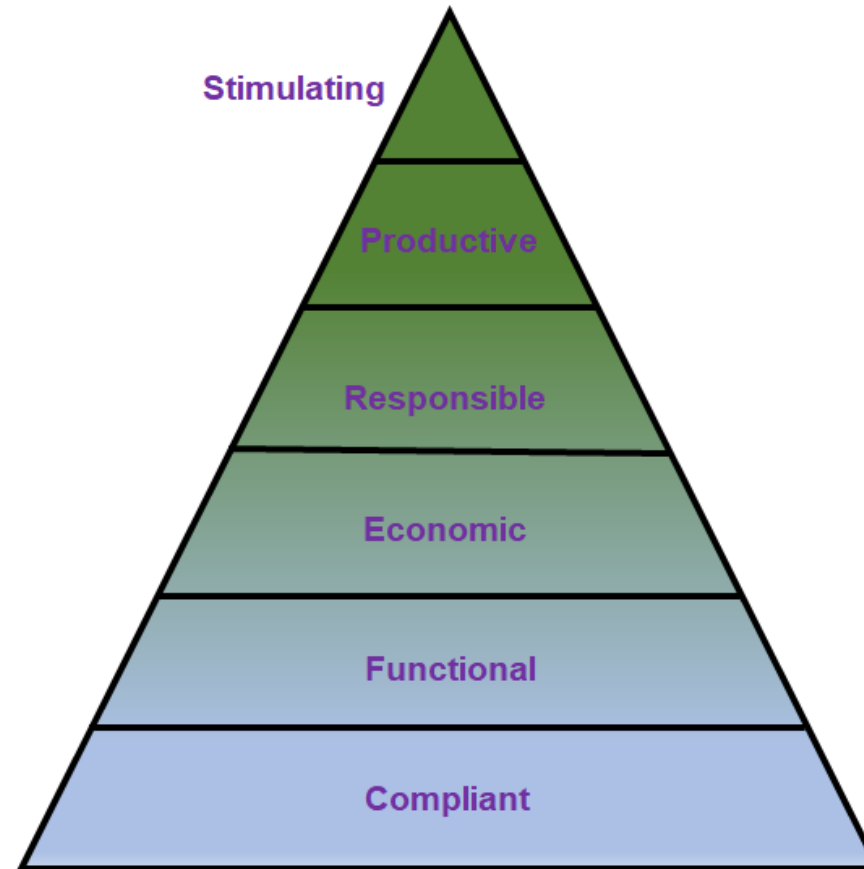
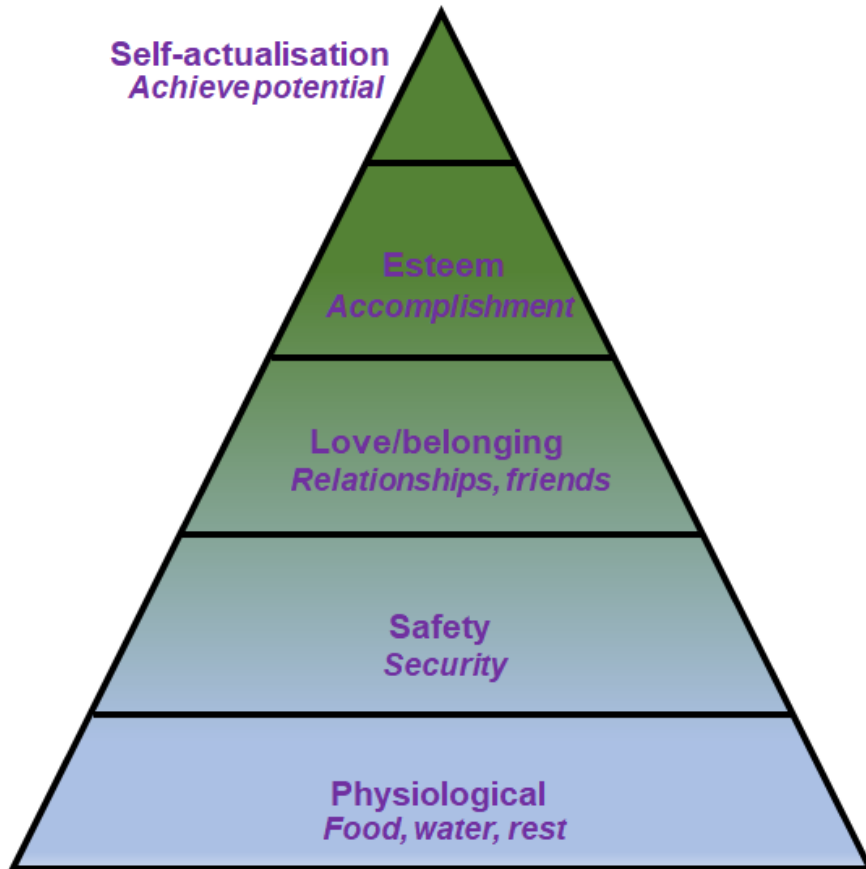
Extracts from: *The Age of Unreal Estate* RICS, Mar 2020

<https://www.rics.org/uk/news-insight/research/insights/the-age-of-unreal-estate/>



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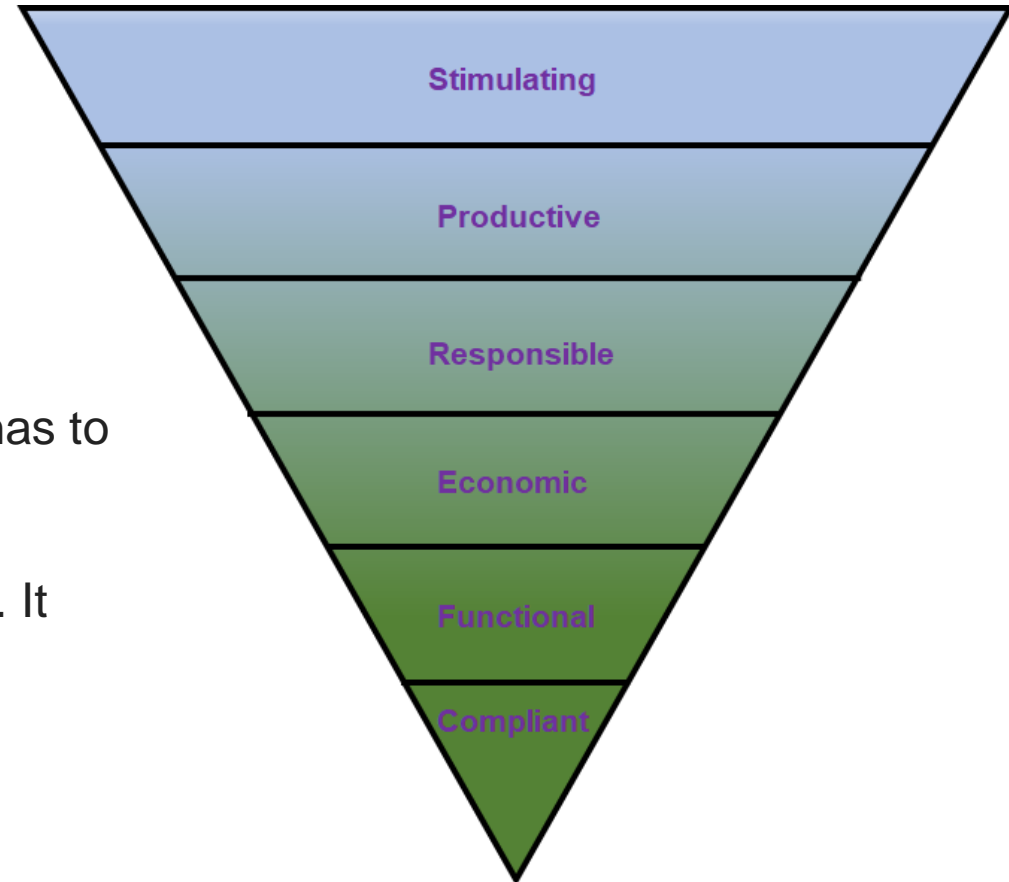
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**But we have to have a mind shift in where
We understand the value lies**

Today's real estate must be much more than
compliant, functional and economic.

These have to be taken as givens. Real estate has to
go further.

It must attract. It must enhance. It must respond. It
must stimulate.



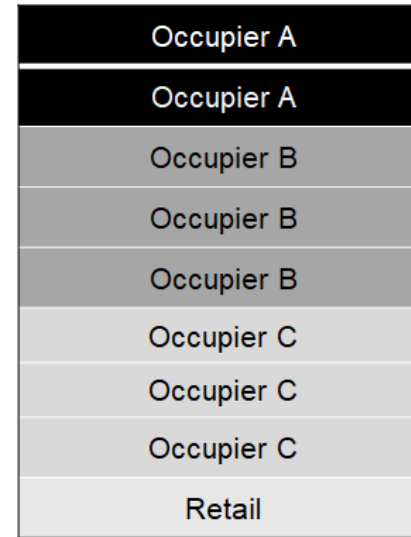
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Real estate as a commodity
(Weightless economy = weightless real estate)

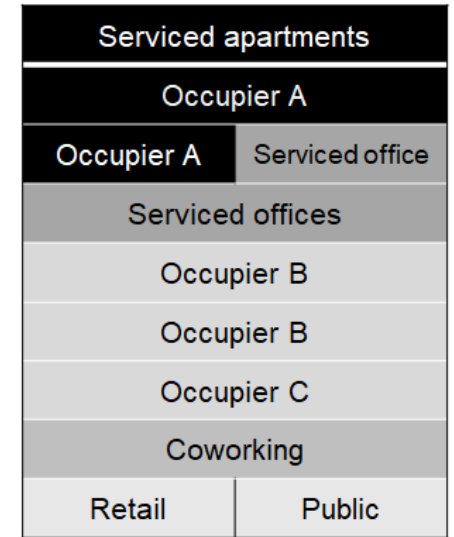
From castles to condominiums

From product to service

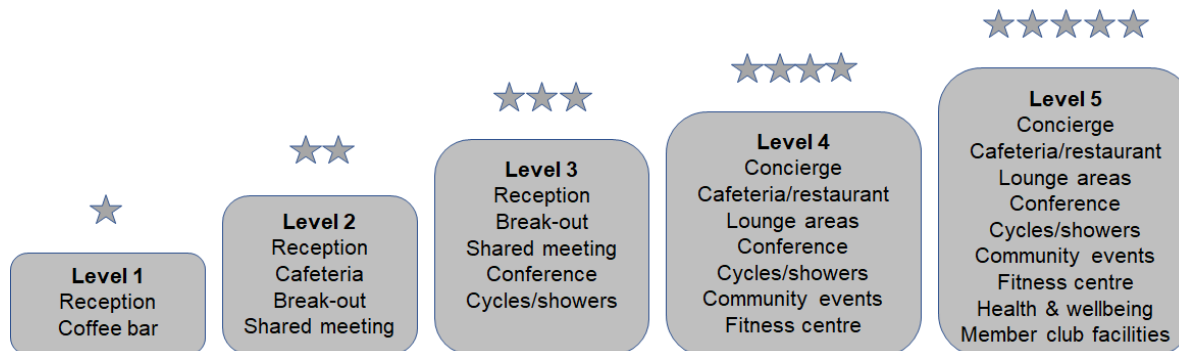
Hybrid buildings



Multi-tenant



Multi-use



What must happen #1

Customer-centric real estate

One of the most important challenges ahead is to place the customer at the centre of the industry, rather than as a secondary consideration to the investment decision.

People-centric real estate

The greatest value of real estate lies in its ability to enable and to enhance the activities and experiences of the people who use it. Today's real estate must focus on user experience.

Real estate and social equality

Modern workplace is a great leveller – senior management and new recruits share pretty much the same space, tools and services. We must ensure that knee-jerk responses to a health crisis do not reverse this trend.



What must happen #2

Responsible real estate

Real estate must, urgently, align with the climate emergency agenda. Environmental, social and governance (ESG) criteria are a set of standards for a company's operations.

Real estate as a resource

Real estate is a factor of production – like labour and capital. The 'old world' language of 'asset management' must change, Real estate is not (usually) an asset for an occupier.

Real estate as commodity

Real estate is now a commodity to be turned on and off, as required. Rise of the flexible space market, typified by simplified tenure terms and service provision.



Conclusions

“The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday’s logic.” (Peter Drucker)

Yesterday’s truths, assumptions and norms are becoming tomorrow’s archaic practices.

Real estate has to be an active agent of change. Old attitudes and perceptions must adapt.

We don’t need more chartered surveyors, we need more analysts, more curators, more experience managers.

We need to focus on service, experience, environment, social justice, business performance and customer satisfaction.

From castles to condominiums - welcome to the era of un-real estate.....



Thank you for listening

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