



The Workspace of the Future

Flexible space is generating plenty of conversation about new ways of working, but demographic, cultural, and corporate evolutions are the real agents of change at work. – By Todd Lipfert

Flexible space is not a new concept in the commercial real estate industry, but conversations about new ways of working have become increasingly mainstream as part of a global shift toward more agile and innovative space solutions. The flexible workspace industry is changing and growing, shaped by four key global trends: urbanisation, technology, flexibility, and an evolving workforce.

The future of flex

As the world's largest asset class, real estate is worth several times the global GDP.¹ Predictions vary on the outlook for flexible uptake, but JLL asserts that by 2030, up to 30% of corporate commercial property portfolios could be made up of flexible space.² In short, it will remain a significant option for anyone seeking commercial space in the future. The industry has helped shape new strategies for landlords and tenants

and engineered a solution that provides customised, collaborative, and efficient spaces. That said, there are external factors driving changes to the industry that have significant global reach beyond the rise of flex spaces and providers. Changes in the market are thanks to the emergence of four overarching global trends.

Urbanisation

As the global population continues to concentrate in cities, the things we demand from our living, working, and recreational spaces change. Asia is highly indicative of this and by extension is the fastest growing coworking market globally.³ As reported by the UN, between 2000 and 2016 the world's cities with a population of 500,000 or more grew at an average annual rate of 2.4%. Of these, 47 cities grew at more than twice that rate with an average growth rate of more than 6% per year. Significantly, 40 were in Asia, with 20 in China alone.⁴

Technology

Innovations in mobile technology and cloud storage have had a significant impact on how much space businesses need and how they choose to use the space they do have. Offsite cloud services mean smaller and more efficient offices without large server rooms. Colliers predicts that by 2020, 60-70% of all software services and spending will be cloud-based.⁵ Research by Deloitte asserts that by 2020, nearly 50 billion connected devices will have the capability of plugging into an office building, with sensory deployment in the commercial real estate industry expected to boom.⁶

Flexibility

If the rise of flex has shown anything, it is that corporates need tailored leasing terms and diverse spaces that align with their precise and individual business requirements. The Global Coworking Survey found that corporations grew from making up 20% of the coworking market in 2010 to 61% in 2017.⁷ Already, 70% of Microsoft's New York City cohort use flexible spaces, enabling teams to work from a variety of locations based on demand, workflows, and personal preference.⁸

A changing workforce

Retaining top talent and achieving the best results requires an updated approach to workspace strategy. An increasingly millennial workforce has been key in shaping expectations about how and where people want to work. Additionally, competition for talent and the need to increase efficiency are driving corporations to seek desirable and collaborative workspaces for their teams. No longer are individuals tied to offices and cubicles – a modern workforce has a modern outlook. Globally, 67% of business are choosing some form of flexible workspace as a long-term strategy and not simply as a temporary solution to their workspace needs.⁹

Putting it all into perspective

As reported by JLL, at its peak Kodak employed more than 145,000 people before disruptions to the sector forced it to declare bankruptcy in 2012. A few months later, photo sharing app Instagram was acquired by Facebook for US\$1 billion.¹⁰ The irony is that even with its billion-dollar valuation, Instagram, staffed by just 13 people at the time, would not have met the minimum requirements for premium office space under a traditional leasing model. Flexible workspace is uniquely able to bridge this gap and provide adaptable and modern workspaces to quickly growing, high-value corporates in the world's best buildings and locations.

Flexible workspace as an option in the commercial office playbook is here to stay. Whether it is used as a primary office, temporary project office, or as part of a *flex-and-core* strategy, these spaces provide unique flexibility and access to spaces for high-value companies who would otherwise be relegated to second-class areas. Businesses are no longer looking purely for office space but for communities where their business can grow and thrive. As the fastest growing flexible office market in the world, Asia is a living, breathing realisation of these trends and is well placed to continue leading the charge toward a truly innovative workspace culture. **B**

- [1] HSBC, 'Global Real Estate: Trends in the world's largest asset class'
- [2] JLL, 'Spotting the Opportunities: Flexible Space in Asia Pacific'
- [3] JLL, 'Spotting the Opportunities: Flexible Space in Asia Pacific'
- [4] UN, 'World Urbanization Prospects: The 2018 Revision'
- [5] Colliers, 'The Flexible Workspace Outlook Report 2018 (APAC)'
- [6] Global Real Estate Experts, 'Why Smart Buildings with Be Standard by 2030'
- [7] GCUC and Emergent Research, 'Global Coworking Survey'
- [8] JLL, 'Coworking is the New Networking For Big Business'
- [9] Allwork Space, 'The Office Evolution Conference 2018'
- [10] JLL, 'Workspace Reworked Report'



Todd Liipfert
Senior
Development
Director of
Expansion,
The Executive
Centre

THE EXECUTIVE CENTRE

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