



Real Estate Predictions 2020 | Article 10 **From workplaces to living environments**

How workplace technologies are likely to
impact the real estate sector



Digital technologies are set to disrupt the world of work

It goes without saying that you would design a building to include lightbulbs and doors, but how about voice-controlled lighting or desk sensors that track user behaviour in the workplace? Smart building technologies are here, and they will profoundly impact the future of work. However, the realisation of this future is impeded by people, property and technology factors. Further, building operators remain hesitant about costs and are often unable to justify the ROI of implementing smart workplace technologies.

These digital technologies won't result in a paperless, digital working environment in the future. Instead, we will see buildings come to life as responsive, living environments that accommodate growing tenant expectations, and increased scrutiny of the real estate industry. They will be set up for change; harnessing data to deliver insights into what's working across four key objectives:

1. Decreasing Costs
2. Decreasing their environmental footprint
3. Increasing Revenue
4. Enhancing the tenant experience

Without looking at the challenge through these four lenses, employers won't overcome the barriers to change and take ownership of the narrative required to change cultures and mindsets. Many industry players are yet to respond to the digital divide. Their response will have to be rapid and at scale, developing industry standards that drive transformational change. The challenge is where to begin.

Smart workplace technologies are in, and they're here to stay

Smart technologies already impacting our everyday life are beginning to influence the world of work. Many of the technologies which will influence the future of work in the real industry context are already commercially available. Spatial sensor

technology, for instance, allows tenants to identify pain points in their users' behaviour at work and make informed improvements. Voice and cloud computing are other available technologies that can be leveraged more effectively for real estate applications, while nascent technologies like immersive workspaces and digital twins will soon play a part in the industry shift. The real estate industry, however, is lagging behind regarding digital maturity. This is largely due to stifling regulations from governments and professional bodies, the long-term nature of buildings and a fear of change. From the employees' perspective, many remain deeply suspicious about the perceived 'Big Brother' threat of data-aggregating sensors. The industry will need to overcome these barriers in order to confront the many forces of change knocking at the door.

Why is there a need for change?

The future of work is intrinsically linked with pressing needs for the real estate industry to change its practices. The United Nations estimates that globally, the real estate industry is responsible for 30% of all greenhouse gas emissions and 40% of energy consumption¹. The public is growing increasingly dissatisfied and demanding with relation to the lack of action on this front. The recent bushfire catastrophes across Australia have made this pressing challenge a grave and tangible threat, amplifying the calls for individuals and organisations alike to take steps to minimise their environmental footprint. Additionally, tenants are demanding more efficient buildings. They are seeking ways to maximise their use of space in addition to improving the employee experience. Building developers and owners will have to confront this head-on and look to smart technologies that can gather data and deliver insights into actual building performance and spatial utilisation. By doing this, they can make important changes for the future of the workplace – as one piece of the entire real estate industry.

Technologies will converge and result in new industry standards

As more industry players roll out smart technologies in the workplace, they will converge, and new industry standards will emerge. Major industry players must come together to agree on standardised platforms, technologies and best practises. By doing this, organisations can unlock exponential growth in building efficiencies and occupant experiences. This is reminiscent of the videotape war of the 1970s and 80s, when Betamax and VHS went head-to-head to become the standardised industry format. What will the victorious VHS equivalent be in the real estate industry?

The traditional siloed approach to office design continues to hinder the potential of smart technologies to deliver value workplaces. This can be addressed by taking an iterative approach to improving building performance from the design through to usage phase, leaning on experts throughout the organisation. This data-driven and iterative approach to building design is evident in the world's smartest buildings today. For example, the Atea office building in Stavanger, Norway, a true living lab and showcase best practise in connected and integrated buildings systems. Once smart workplace technologies converge and the smart workplace technologies are nearly universally adopted, we will likely look back and question why we hadn't reached this point earlier.

Looking back, what was all the fuss about?

In retrospect, technologies which have fundamentally changed our lives, like smartphones and the internet, seemed inevitable and make you think about the societal differences before and after their emergence. Workplace smart technologies are in a similar place right now. Their potential of adding value for wellbeing and efficiency in the workplace outweigh any potential security risks. The path to widespread adoption of smart technologies in the workplace is complex and will take

¹ <https://www.unepfi.org/publications/investment-publications/property-publications/sustainable-real-estate-investment-2/>

time, but it's the right thing to do – for both the bottom and top line for organisations. Here are a few questions to ask internally for those contemplating making these changes for your business:

- What technology is most relevant to your people and when does it make sense to use it, today and in the future?
- What are some early use cases you can identify to start the transition to your building becoming a living environment?
- Which different teams can you bring together to make the living lab approach a success?
- How can you break down the fear of technological change amongst your workforce?

With the right frameworks, technological developments and standardisations in place, the world of work can be greatly enhanced, providing a brighter future for the tenant experience and the environmental impact of the industry. The industry will change because it has to.

Authors

Robbie Robertson

Partner | AU

rorobertson@deloitte.com.au

Alex Collinson

Partner | AU

acollinson@deloitte.com.au

Jeremy Pitchford

Partner | AU

jepitchford@deloitte.com.au

Contact

Wilfrid Donkers

Real Estate Predictions leader | NL

wdonkers@deloitte.nl





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