

# Top 10 Global CRE Trends 2023

JLL Work Dynamics Research



# Global Corporate Real Estate Trends in 2023

## Thriving through uncertainty

### The global economic outlook is challenging

Organizations face a confluence of headwinds that are impacting growth, costs, supply chains, and the ability to plan. Understandably, businesses will be more cautious and may consider reviewing their CRE strategy in light of the current operating environment.

### Business success lies in staying ahead of the curve through thoughtful real estate management

Corporates will need to revisit their CRE strategies and invest in solutions that enable continuous adaptation to rapidly changing market dynamics. A careful balancing of effective cost management whilst not compromising on quality and workplace transformation will be crucial.

## Key global macro factors organizations face:



### Labor shortage

Labor markets were tight before covid and have tightened further in the rebound. Travel and migration disruption is exacerbating problems filling vacancies, and skills shortages abound.



### Rising costs

Energy, construction materials, food, rent, wages and debt costs are all rising, feeding, and being accelerated by, high inflation. While inflation is expected to fall, price levels are likely to remain high.



### Supply chain

The war in Ukraine, sanctions and China's recent zero-Covid policy have increased supply chain and logistics disruption and uncertainty. Costs are up, and so are lead times, impacting the ability to plan, price and deliver projects.



### Energy crisis

The energy crisis is foremost a cost problem, driving up energy expenses several fold. But risks to availability are rising, affecting the certainty of supply. Europe is the most acutely affected, but the Americas are not immune.

# Top 10 global CRE trends in 2023



## Hybrid reality

Aligning spaces, technology and HR policies will be imperative to operationalizing hybrid



## Optimize with impact

Balance the risk of losing key talent against short-term cost and portfolio efficiencies



## Dynamic operations

Implement digital technologies that drive operational efficiency and deliver return on investment



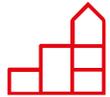
## Data maturity

Data maturity will help generate sophisticated performance insights and enable dynamic decision-making



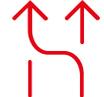
## Holistic wellbeing

Wellbeing will need to be inclusive, holistic, and personalized to enhance workforce resilience and performance



## Connected communities

Location decisions will gravitate towards places where people can socialize, shop, live, work and eat



## Climate resilience

Maintaining momentum on actions will be critical to support net zero ambitions and future-proof businesses



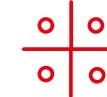
## Responsible procurement

Bring positive and sustainable change by taking ethical and sustainable considerations when sourcing services, supplies, and/or works



## Redefined partnerships

Organizations will form strategic alliances and partnerships to tackle new challenges and solve complex problems



## Innovation clusters

Organizations will prioritize markets with the strongest innovation and talent characteristics

# Hybrid reality

Hybrid is now a non-negotiable element of the workplace ecosystem



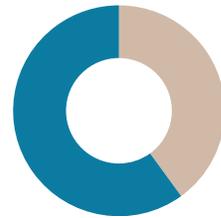
Aligning spaces, technology, and HR policies will be imperative to operationalizing hybrid

**56%** of corporates consider **operationalizing hybrid work models** to support agility and flexibility a top priority between now and 2025

Source: JLL Future of Work Survey, 2022



## Space



**60%** of office workers want to work in a hybrid style

**24%**  
Office + Home

**24%**  
Office + Home + Third place

**10%**  
Home + Third place

**3%**  
Office + Third place

Source: JLL Workforce Preferences Barometer, 2022



## Technology

**47%**

of corporates already have remote working technology in place, another **44%** plan to implement it over the next 3 years

Source: JLL Future of Work Survey, 2022

**60%**

of employees expect to be supported with remote-working technologies

Source: JLL Workforce Preferences Barometer, 2022



## Policy

**53%**

of organizations plan to make remote working permanently available to all employees by 2025

Source: JLL Future of Work Survey, 2022

**58%**

of employees expect to be supported with financial assistance for expenses linked to remote work

Source: JLL Workforce Preferences Barometer, 2022



**Learn from the experiences and experiments of the past and reconfigure spaces, implement tech solutions and align HR policies to embed a hybrid environment that is agile and effective**

# Optimize with impact

Optimizing investments with a long-term 'people-first' mindset



Balance the risk of losing key talent against short-term cost and portfolio efficiencies

**67%**

of CFOs recognize “Identifying **cost optimization** and **productivity opportunities**” as a high priority

Source: WNS Global CFO Survey, 2022

**75%**

of employers globally report **difficulty finding the talent** they need in 2022 – this is a 16-year-high

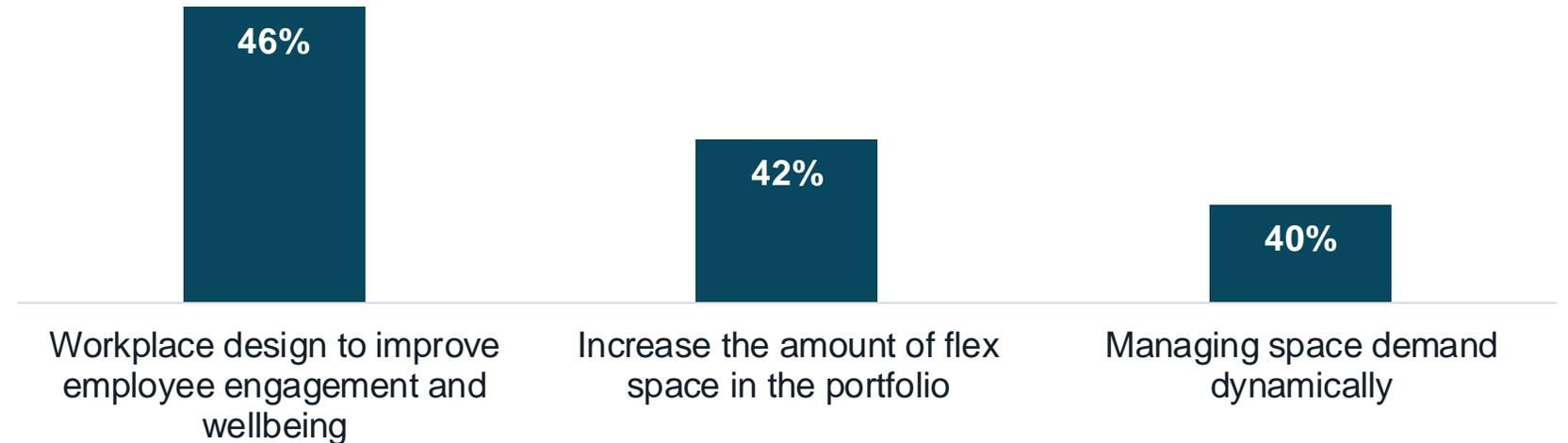
Source: ManpowerGroup Employment Outlook Survey, 2022

**50%**

of office workers have **left their job** since the start of the pandemic, **90%** of them would consider **moving jobs again** in the next 12 months

Source: JLL A new employee value proposition, 2022

## CRE leaders are revisiting portfolio strategy in light of current market conditions, business objectives and workforce preferences



Q: Does your CRE function plan to accelerate investment in each of the following areas between now and 2025?

Source: JLL Future of Work Survey, 2022



**Reallocate capital and prioritize investment to optimize costs, meet stakeholders' expectations and attract and retain talent**

# Dynamic operations

Transforming operations and driving resilience in an agile world



Implement digital technologies that drive operational efficiency and deliver return on investment

**70%**

of CFOs recognize “implementing digital technologies to improve efficiency, effectiveness, and stakeholder experience” as their top priority

Source: WNS Global CFO Survey, 2022

**53%**

of corporates consider improving operational efficiency and portfolio resilience a top priority between now and 2025

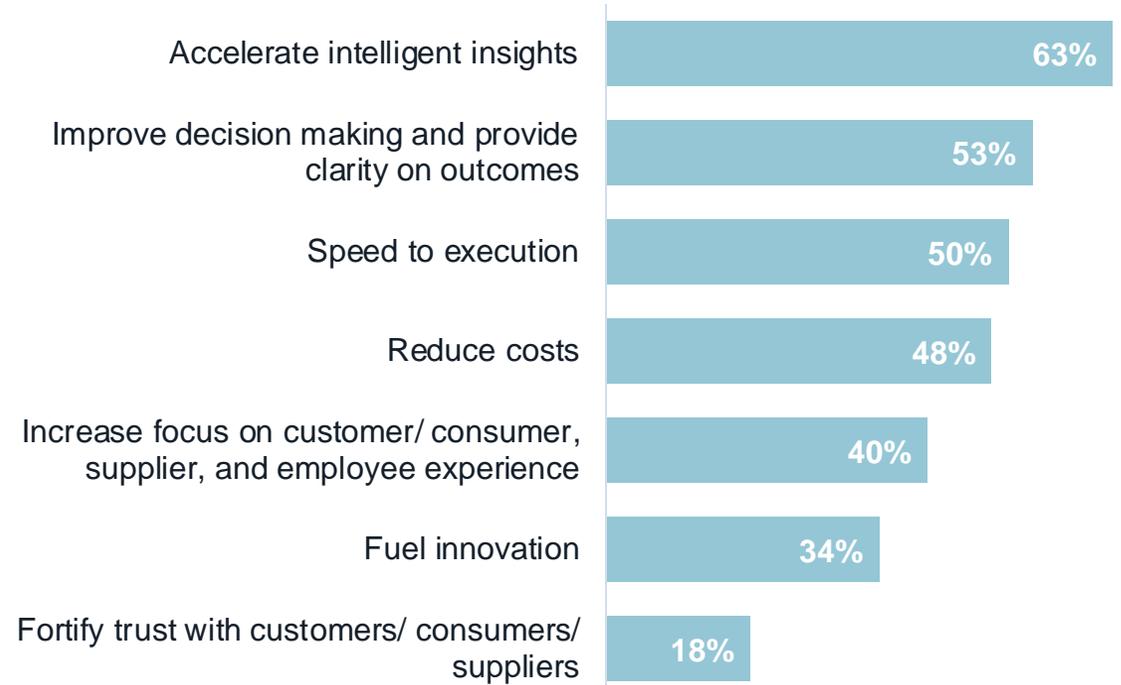
Source: JLL Future of Work Survey, 2022

**56%**

plan to implement technologies to enable predictive management and maintenance of building systems this year or next three years

Source: JLL Future of Work Survey, 2022

## CEOs believe advanced technologies can help increase competitiveness



**Q:** What are the top ways you believe AI can help differentiate your organization and increase your competitiveness in the marketplace? (top 3)?

Source: Fortune/Deloitte CEO Survey, Fall 2022



**Leverage advanced technologies to manage operations dynamically on a daily/weekly basis to drive efficiencies and adapt quickly to continuous change**



# Data maturity

Improved and increased data capabilities, insights and analytics

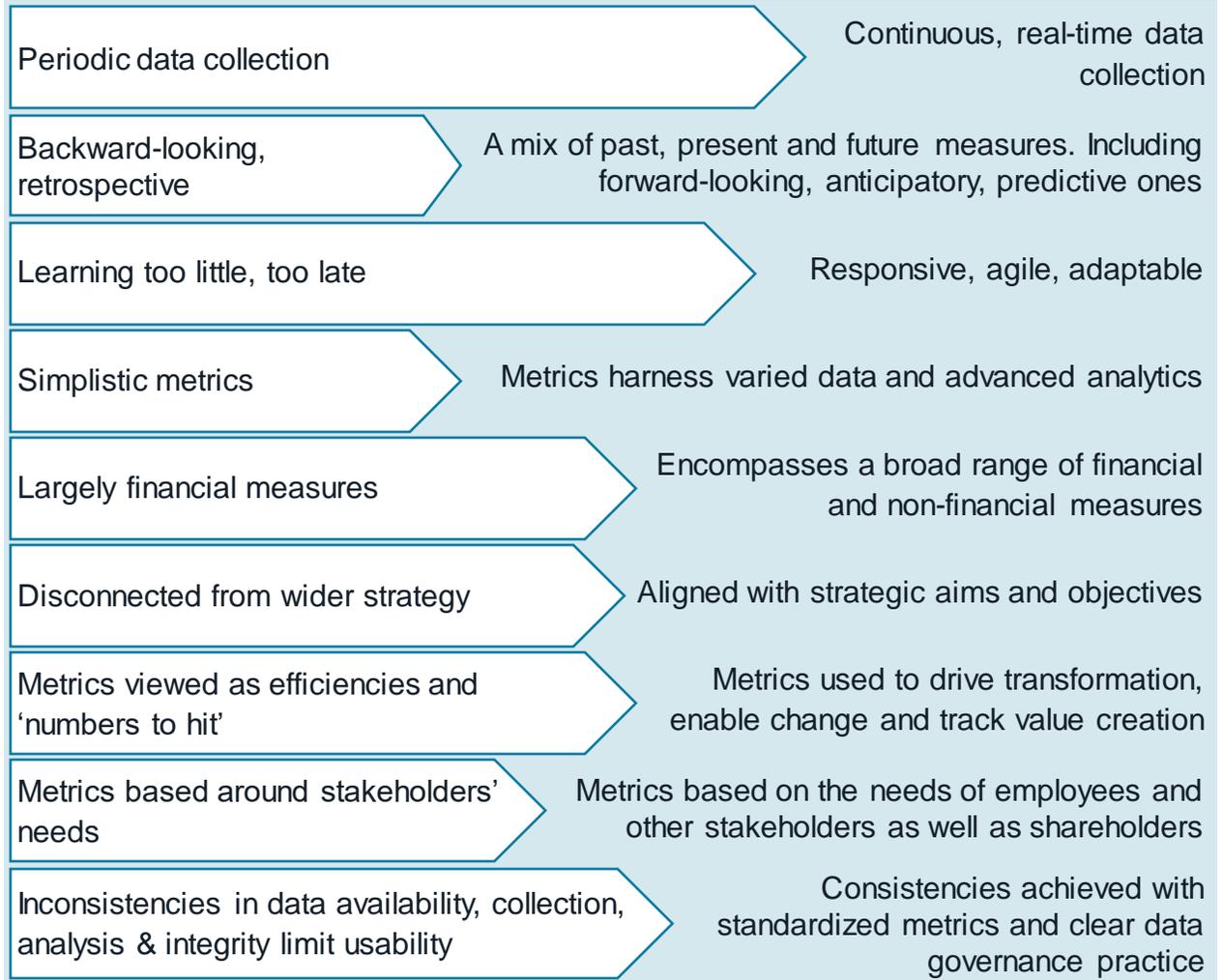


Data maturity will help generate sophisticated performance insights and enable dynamic decision-making

## Harness the power of data to enable decision-making

Current state

Future state



Source: JLL Metrics that Matter, 2022

**Only 13%**

are collecting data on an ongoing or real-time basis and leveraging advanced forms of analysis

Source: JLL Future of Work Survey, 2022

**43%**

plan to accelerate investment in **leveraging data and analytics** to enable real-time decision-making

Source: JLL Future of Work Survey, 2022

**56%**

already introduced or plan to introduce **data science and statistical modelling** by the end of this year

Source: JLL Future of Work Survey, 2022



**Double down on data and technology investment and build maturity in reporting of real estate data and better facilitate decision making**



# Holistic wellbeing

An all-encompassing approach that combines social, physical and mental wellbeing



Wellbeing will need to be inclusive, holistic, and personalized to enhance workforce resilience and performance

**41%** believe that improving the well-being of employees is a driver of D&I action

Source: International Labour Organization, Transforming enterprises through diversity and inclusion, 2022

Burned out employees feel far less connected to their companies and report being **3X** more “likely” or “very likely” to look for a new job in the coming year

Source: Future Forum Pulse, 2022

## Holistic Wellbeing

### Social

Create **workplaces** that enable collaboration, socialization and give people a sense of belonging.

**49%** already implemented inclusive workplace design, another **33%** plan to implement by 2026

Source: JLL Responsible Real Estate: Social Value, 2023

### Physical

Create healthy spaces and empower **workforce** with opportunities for physical activity, nutrition and recovery.

**43%** plan to accelerate investment in new or enhanced health and wellbeing amenities

Source: JLL Future of Work Survey, 2022

### Mental

Organize **work** in a way that encourages employees to actively pursue personal resiliency and allows people to flourish.

**38%** of employees are stressed because of their workload and overwhelmed by a huge mental burden

Source: JLL A New Employee Value Proposition, 2022



**Address wellbeing holistically to help improve workforce resilience, engagement and drive long-term business success**



# Connected communities

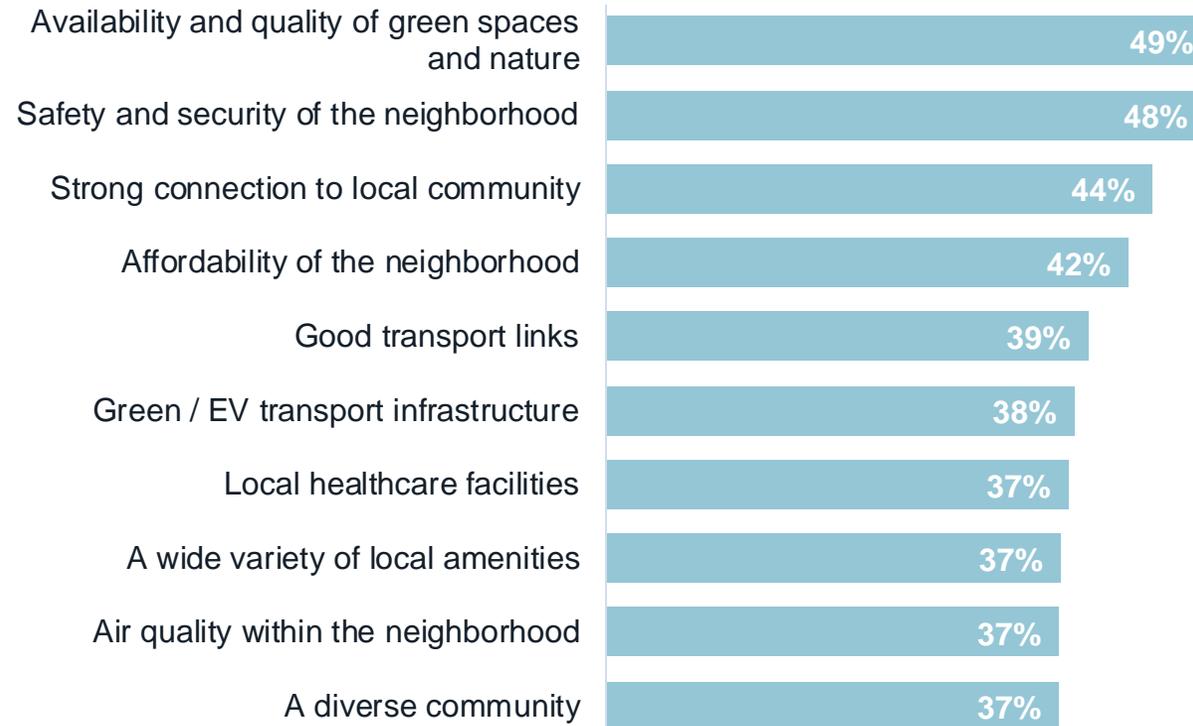
Multi-functional, live-work-play communities



Location decisions will gravitate towards places where people can socialize, shop, live, work and eat

Changing workforce and consumer preferences, sustainability pressures and the transformation of real estate by technology are forcing a 'reimagination of CBDs' and the selective 'urbanization of suburbia'.

## Top 10 considerations for location selection at a neighborhood level



Q. In your opinion, which five of the following considerations would create higher social impact at a neighborhood level?

Source: JLL Responsible Real Estate: Social Value, 2023

## Characteristics of dynamic city districts

-  Connected
-  Good density
-  High amenity
-  Vibrant
-  Mixed-use
-  Flexible and adaptable spaces
-  Sustainable and resilient
-  Public realm investment
-  Innovative and collaborative



**Increase the attractiveness of your organization by considering locations that offer elements of high energy districts and flight to quality**

# Climate resilience

Adapting and transforming towards a carbon neutral built environment



Maintaining momentum on actions will be critical to support net zero ambitions and future-proof businesses

Energy-related emissions from the operation of buildings in 2021 were 5% higher than 2020 levels and 2% more than the pre-pandemic peak in 2019. Operational energy demand in buildings for heating, cooling, lighting and equipment rose about 4% from 2020 levels.

Source: Global Alliance for Buildings and Construction, 2022

## Actions to address energy and emissions in the built environment



### Reduce operational energy use

By 2025, **90%** of CRE leaders will be on track to reduce operational energy use (smart heating, smart lighting, smart building technology, utilization tracking)

Source: JLL Decarbonizing the Built Environment, 2021



### Improve 'green ratio'

**74%** of CRE leaders say they would pay a premium for leasing a green building

Source: JLL Future of Work Survey, 2022



### Partner with landlords

**84%** already include lowering energy use / availability of renewables and offsets in their leases or plan to include upon renewal

**80%** already include electrification strategy in their leases or plan to include upon renewal

Source: JLL Responsible Real Estate: Social Value, 2023



### Embed circularity

Nearly **40%** plan to accelerate investment in embedding circular design principles into fit-outs and refurbishments

Source: JLL Future of Work Survey, 2022



**Accelerate initiatives to improve energy efficiency and reduce emissions whilst moving decisively toward climate change adaptation**

# Responsible procurement

Sourcing products and services ethically

Bring positive and sustainable change by taking ethical and sustainable considerations when sourcing services, supplies, and/or works

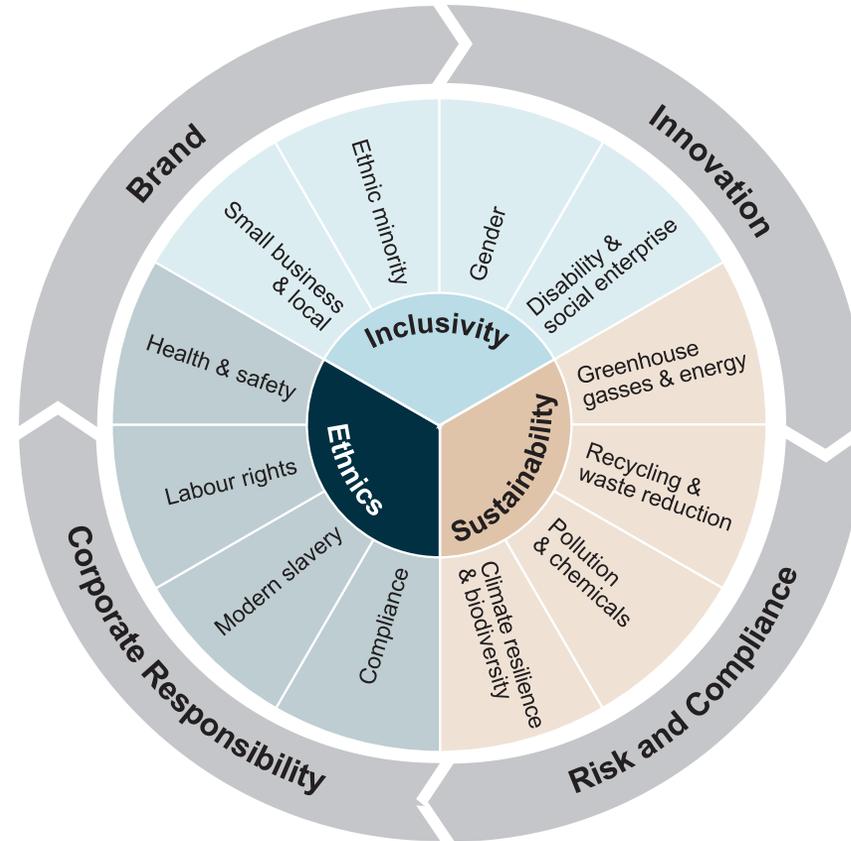
**79%** of CEOs are adjusting, or are planning to adjust global operations or supply chains

Source: EY CEO Survey, 2022

**60%** of global emissions are generated by supply chains

Source: UNGC – Accenture CEO Study, 2021

**Sustainable sourcing requires action at three levels – environmental, social, and governance**



## Environmental Procurement

Delivers environmentally sustainable supply chain practices that reduce greenhouse gases and pollution, and increases recycling, waste reduction, efficiency and climate resilience.



## Social Procurement

Strategies that increase procurement from minority owned, women owned, disability and social enterprise, and local businesses.



## Procurement Governance

Ensures vendors and procurement practices adhere to modern slavery, labor rights and equal opportunity employment.

Source: JLL Responsible Sourcing Framework, 2022



**Partner with procurement in your organization and adopt responsible practices to minimize risk and ensure business objectives flow down to the supply chain**

# Redefined partnerships

Expanding networks to address emerging complexities

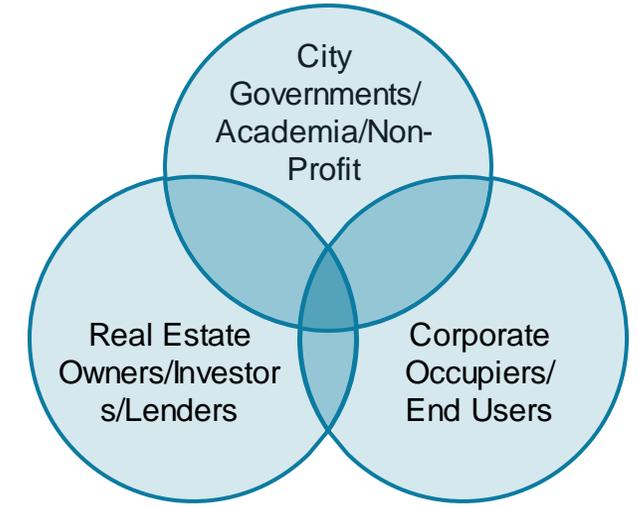


Organizations will form strategic alliances and partnerships to tackle new challenges and solve complex problems

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It takes an ecosystem of partnerships to finance and enable the transition to a **low-carbon, sustainable, equitable** world with government, lenders, insurers, investors, occupiers, non-profits and innovators all deciding to prioritize sustainability in decision-making.

Source: JLL Decarbonizing Cities and Real Estate, 2022



**79%** of leading CRE functions anticipate more **reliance on external partners**. **Future outsourcing priorities cover non-traditional services:**

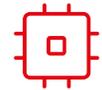


**4-in-10** organizations are looking to outsource more around **health & wellbeing** and **sustainability**

Source: JLL Future of Work Survey, 2022



**43%** predict that they will require more outsourcing support for **renewable energy supply and sourcing** over the next three years



**43%** expect they will need more outsourcing support for **CRE technology solutions** over the next three years



**Harness specialist skills and expertise from an ecosystem of partnerships to achieve your strategic objectives and reduce spend**

# Innovation clusters

Harnessing the global talent pool to accelerate innovation



Organizations will prioritize markets with the strongest innovation and talent characteristics

**50%**

of CEOs believe labor shortage will influence or disrupt their business strategy in the short-term

Source: Fortune/Deloitte CEO Survey 2022

**1 in 5**

organizations globally are having trouble finding skilled tech talent

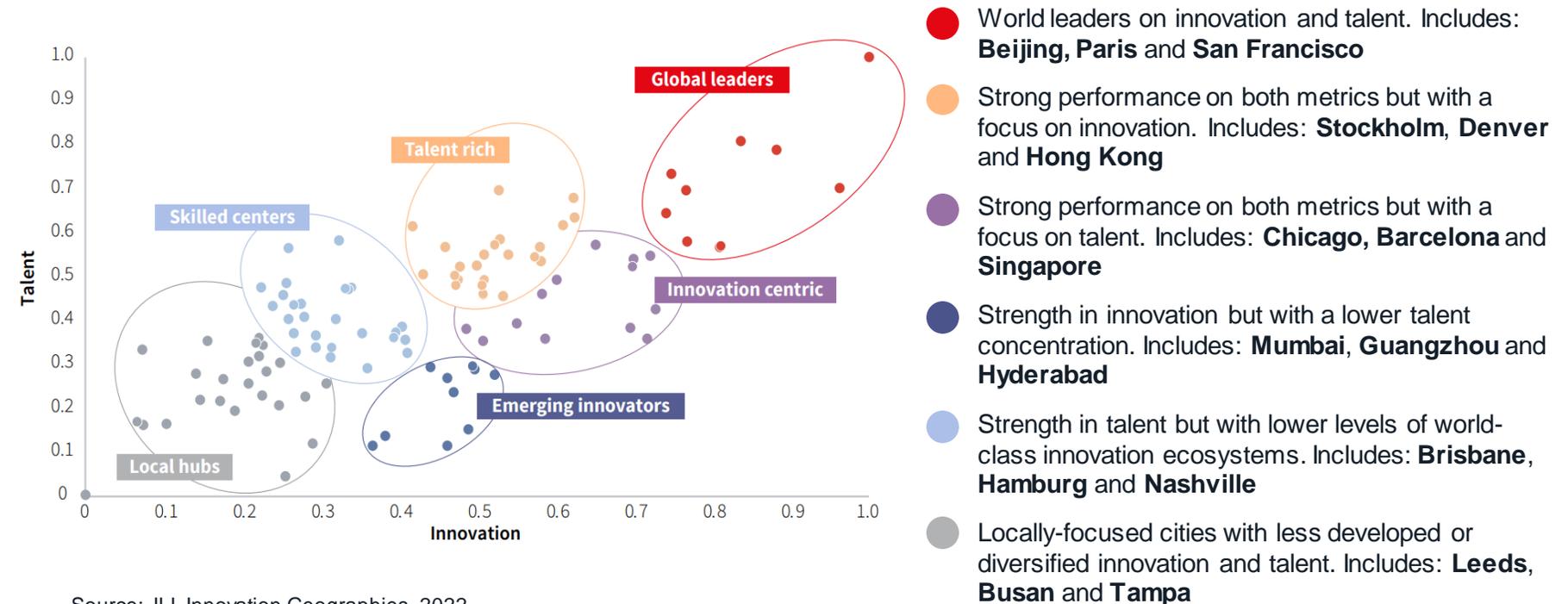
Source: ManpowerGroup, Employee Outlook Survey Q4 2022

**39%**

of CRE leaders are reallocating footprint to facilitate access to talent pools

Source: JLL Future of Work Survey, 2022

**City Clusters: Combining innovation and talent concentration data, cities with similar characteristics have been grouped into six clusters:**



**Align your portfolio location strategy alongside your talent strategy when reallocating footprint to facilitate access to future talent pools**

# Thank you

**Richa Walia**

Director, Work Dynamics  
Research, EMEA  
richa.walia@jll.com

**Hannah Dwyer**

Head of Work Dynamics  
Research, EMEA  
hannah.dwyer@jll.com

**Amber Schiada**

Head of Work Dynamics and  
Industry Research, Americas  
amber.schiada@jll.com

**James Taylor**

Head of Work Dynamics  
Research, APAC  
james.taylor@jll.com

**Marie Puybaraud**

Global Head of Work Dynamics  
Research  
marie.puybaraud@jll.com

**Flore Pradere**

Director, Global Work Dynamics  
Research  
flore.pradere@jll.com

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