Office of the future?

A comparative study of the office of tomorrow from the perspective of Generations X & Y

savills

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executive summary

THE office of the future? There is no such thing! Neither career starters or young professionals from Generation Y nor experienced professionals/office personnel from Generation X have a concrete vision of how the office of the future will look. This was shown by the results of our survey.
Nevertheless, this research demonstrates that the office of the future will, and even must, change. Ultimately, megatrends will mean that today's office landscape is faced with challenges such as increasing urbanisation and rapid advances in digitalisation. Such megatrends and developments have implications for the situation and location of offices, the buildings themselves and, of course, the office space including the actual workstations. It is noteworthy that the personnel, whether from Generation X or Generation Y, have very similar views of the office of the future in almost all aspects. But what do these visions look like in concrete terms and what are the principal findings of our research?

1. The situation and location of an office will play an even greater role in future. Offices in central locations in particular, which enable rapid access by car, public transport or bicycle, have an advantage over less favourably situated offices. The availability of additional services, such as car and bike-sharing or same-day goods deliveries, which are only viable in very central and densely populated areas, also make a central office location appear even more important than previously. Furthermore, in an increasingly flexible world of work, the urban environment is gaining increasing importance as it allows private and professional lives to be combined.

2. The aspect of urbanity is also associated with a stronger mix of different uses both at the level of individual properties and in terms of urban quarters. Mixed-use properties not only offer synergies for occupiers but also improve risk diversification for investors.

3. The combination of different uses also leads to a reduction in traffic and, therefore, has ecological benefits. Besides the sustainability aspect, however, such arrangements also promote identification of personnel with the building and, consequently, with the company itself. Ultimately, our respondents would like a sustainable office building. They would also like pleasant lighting, air conditioning and, increasingly, involvement in determining the layout of the office space. If the latter wish is fulfilled, personnel can identify with the workplace and feel comfortable. This, in turn, translates into higher motivation to work and greater productivity and, thus, benefits all parties.

4. Digitisation has already significantly changed the world of work in recent years. In future, it will be possible to work from anywhere, whether the office, a home office or a café. This will allow better harmonisation of professional and private life. However, technology is advancing many times faster than most people can adapt to these innovations and the associated possibilities. Both the industry and companies must make greater endeavours to "take their personnel by the hand", demonstrating the possibilities and inspiring them with the associated opportunities.

5. The new flexibility in terms of working has implications for the layout of office space. If personnel work more frequently out of the office, desk-sharing can save a certain amount of floor space. At the same time, new space is required for communication and creative working within the office. However, when the personnel themselves are asked, they would like their own fixed workstation almost without exception. Ultimately, it is up to companies to find a middle ground between more cost-efficient use of space and employee satisfaction.

In order to remain successful going forward, it is now also up to developers, tenants and investors (i.e. all parties concerned with office space) to respond adequately to these insights. Developers, in addition to adhering to ever greater energy requirements, must also conceptualise intelligent building technology that meets both the overall requirements of the individual tenants as well as those of each individual user. Investors making acquisitions should no longer focus merely on "location, location, location". This well-known maxim of property investment might be better expressed in future as "location, flexibility and service". Companies, meanwhile, must communicate the opportunities and possibilities of new office concepts and office technologies significantly earlier and involve all personnel concerned much earlier and to a far greater extent in the planning and development process. Only thus can the office of the future provide added value for all parties.

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introduction

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Dear readers,

It is more than a year ago since Savills and Consulting cum laude first contemplated carrying out the present comparative study on the office of the future from the perspective of different user groups, namely executives, employees and students.
How did this collaboration come about? By pure accident! We started talking on the fringe of a real estate conference in Berlin and quickly observed that the two companies have a very interesting intersection, which is highly relevant to the present research. This comprises the real estate expertise of Savills, on the one hand, and the specialist knowledge of Consulting cum laude in the field of generational research on the other. An ideal combination for ascertaining the wishes and expectations for the office of the future on the part of students, personnel and executives from both generations: from a user perspective, as well as for deducing the consequences for developers, tenants and investors from a commercial real estate angle.
Why did we decide to conduct this research together? We had discussed the issue of whether visions of the office of the future vary widely between Generation X (born from 1964 to 1981) and the much-cited Generation Y, also known as “millennials” (born from 1982 to 2000), or whether their conceptions are broadly similar. In this regard, we also asked ourselves whether there is even such thing as THE office of the future. For there is not only THE Generation Y, but rather quite different segments within this generation, characterised by different motivations, drivers and visions of living and working. Therefore, we believed it would be interesting to address the generational differences as well as the conceptions of students, career starters and experienced professionals regarding the office of the future. To do so, we proposed hypotheses that we believed had a high probability of being confirmed by this research, since we assumed that the visions of a modern, pioneering working environment would vary significantly. The results were very surprising both in terms of the visions of the future and the generational differences. This research also concerns itself with the verification or falsification of our proposed hypotheses, the assignment of the survey results to these hypotheses as findings (which we have also supplemented comparatively with further available surveys and research) and the deduction of conclusions, stated separately for developers, users/companies and investors. The process of producing this research was highly fascinating and illuminating for us. We hope you find it equally interesting and informative and an enjoyable read.

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Objectives, research design and methodology

Objectives

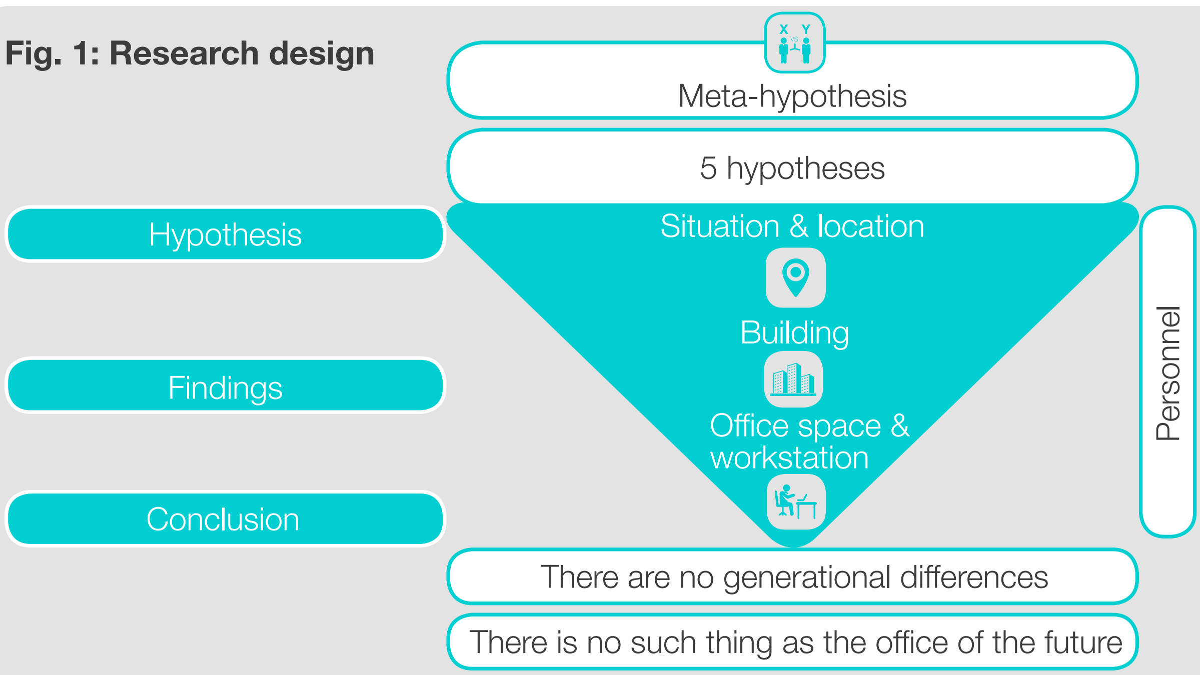
Unlike other research, this study is not concerned with visions for modern office landscapes, smart buildings or office technologies from the perspective of futurologists, architects, interior designers, property developers or other innovators involved with these issues, but deals exclusively with the wishes, expectations and requirements of executives and personnel from Generation X and Generation Y (users in the strictest sense). One objective is to establish how extensively developed and visionary the conceptions of the office of the future are in the minds of users at present. Are the visions of the future outlined in previously published research from a provider's perspective already mentally anchored or are users still firmly conceptually rooted in the "here and now", i.e. in known and familiar office concepts of the present or even the past? Another objective is to investigate the extent to which generation-specific differences influence conceptions of the office of the future. Are the career starters and personnel from Generation Y today's "revolutionaries" who already hold the visions of the office of the future? From our perspective, these are highly interesting questions with significant implications for commercial property developers, companies and investors alike. Yet, what are these implications?

Research design and methodology

The present study on the issue "Office of the future?" was completed in three stages. The target group of respondents includes both Generation X and Generation Y. The methodology comprises a qualitative survey in the form of focus groups and a quantitative survey conducted via a personalised online questionnaire.

1. In the first stage, students from Generation Y were questioned on the issue "Office of the future" in focus groups. The focus groups comprised five to twenty people and were held at The Fizz student accommodation in Frankfurt, Bremen and Berlin. The objective of the focus groups was to analyse the current situation before going on to prompt ideas as to the desired situation. Key question: "How must office buildings and workplaces be structured in the future so that the current requirements of all generations in the company are fulfilled and day-to-day work productivity is increased?" To gain the most nuanced possible responses as to the requirements for an ideal office building and working environment, Generation Y was questioned using the following "optimisation cluster": location, building, office space and workstation.

Fig. 1: Research design



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2. The findings obtained during the qualitative study (focus groups) were subsequently used to draft the questionnaire design and structure of the quantitative online survey. The sample size for the online survey was 1,250. This included 250 students and 1,000 office personnel. The personalised survey was conducted by the panel of our partner YouGov, which is among the top 25 market research companies in the world according to the American Marketing Association.

3. After evaluating the results, we were able to determine and logically create the following structure for mapping out the research (see Fig. 1).
The hypothesis as to generational differences serves as a meta-hypothesis at the beginning of the research and overlaps all subsequent points. This is followed by the key issues in the world of office property of situation & location, building and office space & workstation. Each of these has a hypothesis, which was either verified or falsified with the findings obtained from the quantitative survey results as well as additional studies. At the end of each of the three chapters are conclusions, some of which include recommended actions for developers, users/companies and investors. Since personnel are an influencing factor across all three issues, they are included in all three chapters.

Generation X
Generation X includes those people born between 1964 and 1981. This is the generation that followed the "baby boomers".

Generation Y
Generation Y refers to those born between 1982 and 2000. These people are also known as "millennials".

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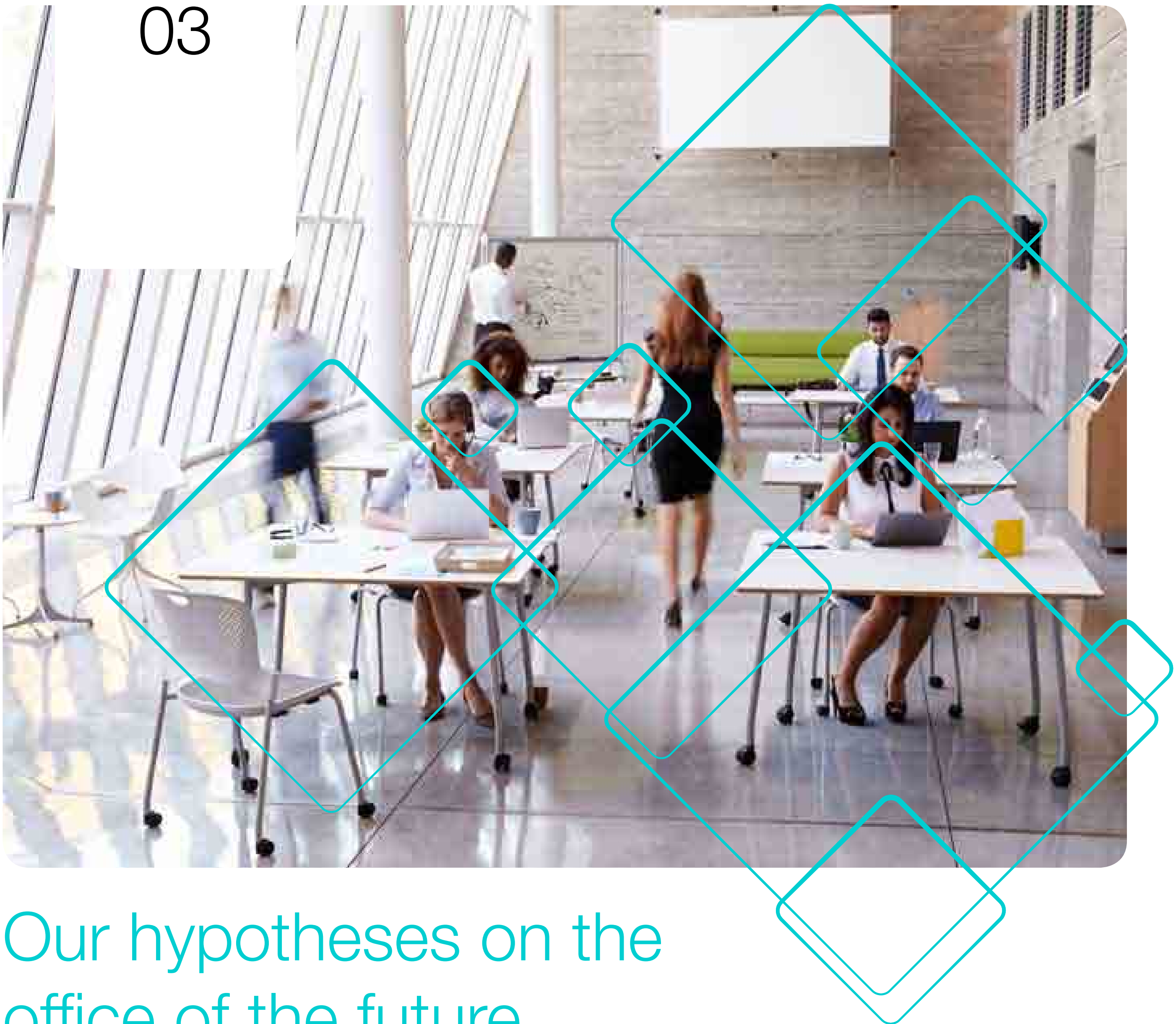

Our hypotheses on the office of the future

Everybody probably has his/her own unique vision of how the typical office will look in future. One person, try as they might, may not understand why anything should change in terms of the office of today. Another may struggle to conceive of how any aspect of today's offices could be a sensible component of those of the future. As ever, the truth probably lies somewhere between these two extremes. At the beginning of this project, we asked ourselves: how do we envisage a typical office property of the future? The results of our musings are six hypotheses on the office of the future based upon our own perceptions, which are informed by research, articles and various media. These constitute the starting point of our investigations and are presented below in abbreviated form (a single sentence) followed by a longer version.

Meta-hypothesis: Gen X and Gen Y have (entirely) different visions of the office of the future

Compatibility of professional and private lives is very important to Generation Y. It demands more time for friends, partners and themselves than Generation X. Creative and motivating work contents are paramount. Their work must be meaningful and enjoyable. Scheduling of the working hours must be flexible and all personnel should be able to decide for themselves whether they work in the office, a café or a beer garden. Generation Y also requires a flexible, inspiring working environment in order to access full potential. The idea of having their own desk and being present in the office every day is overwhelmingly rejected. Individual configuration of the workplace and a sense of wellbeing are also important factors. Generation X, on the other hand, was and is accustomed to going "into the office" and working there. Working conditions are accepted as given and one concentrates primarily on completing the work duties. Professional and private lives are clearly separated.

Personal career planning has greater importance than the need to have a say in shaping ones working environment according to the own ideas.

The office of the future is urban

The office of the future is situated in an urban environment or creates one. In the vicinity are various local amenities for daily and periodic requirements. Restaurants, cafés and bars complete the urban environment. Owing to its central location and good connections, the office is rapidly accessible, regardless of the chosen mode of transport.

The office of the future is not only an office

Properties used exclusively as offices are a thing of the past. The office of the future is a mixed-use building used around the clock for other uses such as retail, residential, eating out and leisure facilities.

The office of the future is sustainable and creates identity

The office of the future provides insight into the company's values and creates a sense of identity for its personnel. This is expressed, inter alia, in a sustainable quality in terms of technical, ecological, economic, sociocultural and functional characteristics. Only if personnel can identify with the property, the space and the workplace, will they feel comfortable and be able to make a creative contribution and work productively.

The office of the future is digital and supports working from anywhere

Digitisation is a megatrend. Consequently, the office of the future also has extensive technical equipment. Personnel with technical devices are flexibly integrated at all times and, thanks to modern cloud systems, can access relevant data from anywhere. Communication between personnel is always possible regardless of their location within or outside of the office. The workplace is no longer an issue thanks to digitisation. Personnel can work from anywhere, including a home office, a co-working space, a café or the park.

The office of the future is multi-functional and flexible

Since work is not only carried out in the office in future but can be structured flexibly, there is a higher proportion of temporarily used space in the office. Models such as desk-sharing replace the fixed workstation. The office of the future is flexible and multi-functional. There are communication rooms, quiet rooms for concentrating on work, rooms for temporary project work for teams of different sizes, meeting rooms, telephone and video conferencing rooms as well as fitness, relaxation and sleeping rooms for mental balance and physical wellbeing. Thus, the office can adapt individually to the different working methods of personnel and offers optimal conditions for every working stage of a project. This is essential since standard office activities are largely automated and people primarily do creative and knowledge work. The layout and fit-out of the office space must, therefore, create optimal working conditions for the individual requirements of each employee.

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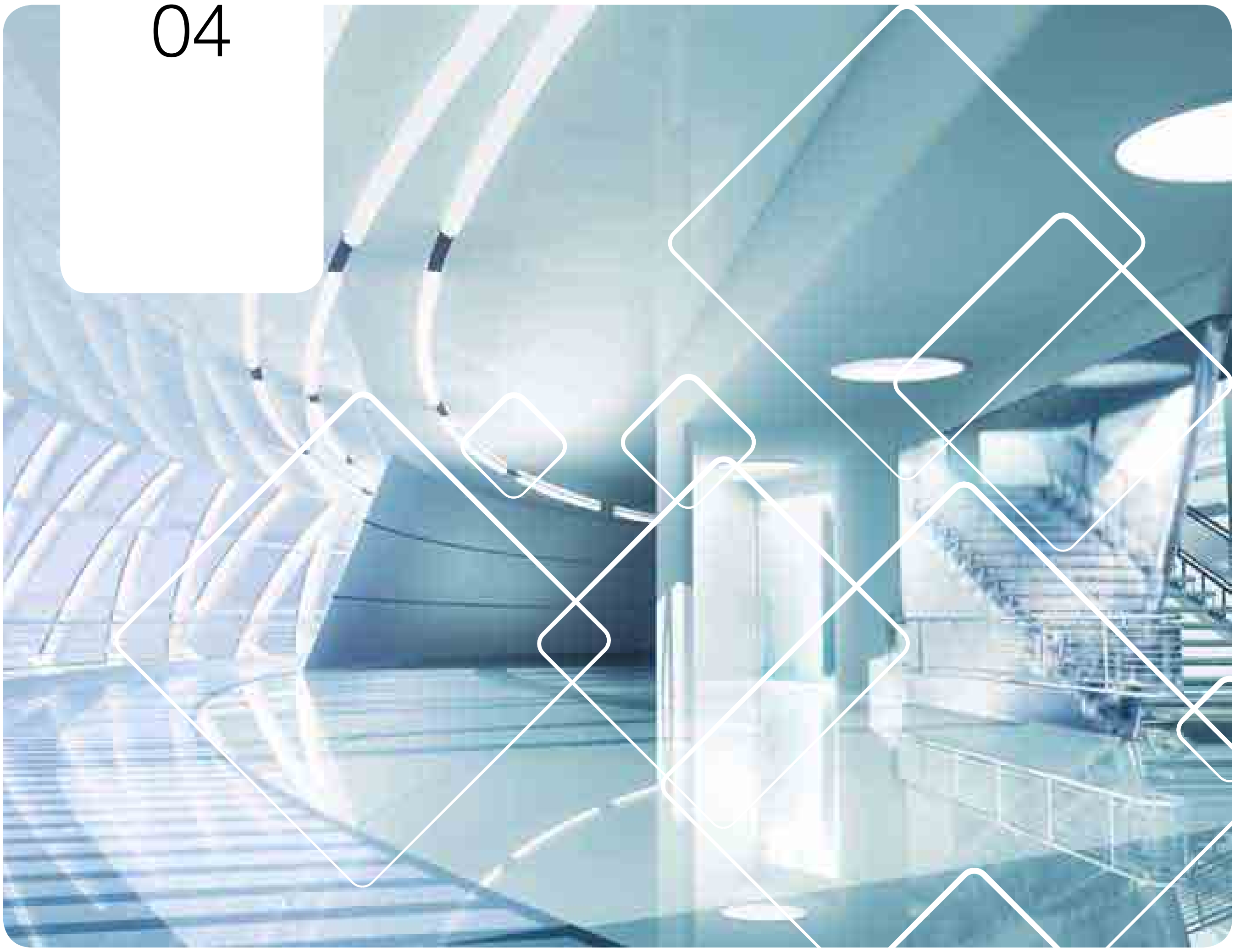


the office of the future

Situation & location

Hypothesis: The office of the future is urban

The office of the future is situated in an urban environment or creates one. In the vicinity are various local amenities for daily and periodic requirements. Restaurants, cafés and bars complete the urban environment. Owing to its central location and good connections, the office is rapidly accessible, regardless of the chosen mode of transport.

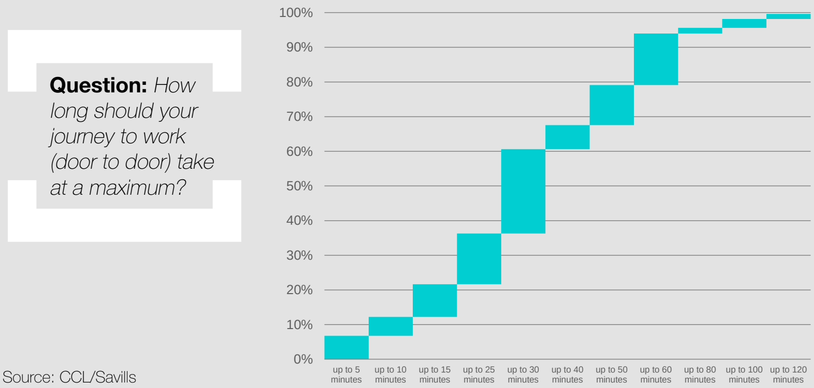
Findings

The location of an office has always been of central importance to personnel. This ultimately determines daily travel routes and the time required to reach the workplace. This aspect will be even more important in future. One reason for this is the increase in commuting workers. The number of commuters who cross at least one municipal boundary on the way to work rose by 11% between 2004 and 2012 according to the German Federal Statistical Office. In 2012, 17% of all employees made a journey of more than 25 kilometres each way and 4% even covered more than 50 kilometres each way.

In view of the fact that the number of commuters is rising and almost a fifth of these travel more than 25 km each way, it is all the more important that the office is centrally located. This guarantees the shortest or fastest possible average inbound journey across all employees.

The importance of making the journey to work as fast as possible for personnel is demonstrated by the results of our survey. When asked how long the journey to work (door to door) should take at a maximum, just over 20% of respondents stated a maximum time of 15 minutes (see Fig. 2). For significantly more than half of respondents (61%) the maximum tolerable travel time is 30 minutes. Only a very small proportion (6%) are prepared to accept a commute of more than an hour.

Fig. 2: Maximum desired travel time to work

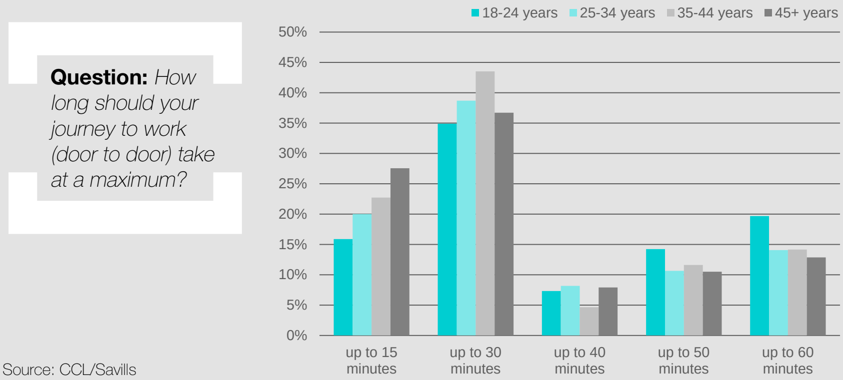


Source: CCL/Savills

In terms of age groups, there are only minor identifiable differences regarding the duration of the journey to work. Fundamentally, younger people seem prepared to accept a slightly longer journey to work than older people (see Fig. 3). While 49% of 18-24-year-old respondents are prepared to travel more than 30 minutes to work, only 34% of 35-44-year-olds hold the same opinion.

Regardless of the mode of transport used, being situated near a transport hub guarantees rapid access to the office location. The most common mode of transport to travel to work is the car (see Fig. 4), which is used daily by almost half (48%) of all respondents. Other major methods of travel to work are walking (22% walk to work every day), public transport (20%) and bicycle (8%). Almost nobody uses motorbikes, scooters or car or bike-sharing arrangements. Older respondents (25 to 44-year-olds) have a greater preference for the car than younger people. The younger respondents (up to 24 years), on other hand, make more use of public transport and bicycle or walk. To some extent, this may be attributable to the lower income of younger people compared with their elders. Household car ownership is correlated with rising household income. While less than half of households with a net income below €1,300 own a car, ownership jumps to 69% in the €1,300 to €1,700 band of net monthly income. In the higher income bands, ownership rises to way above 90%. Besides differences in income, age and the associated life situation is also a factor. In households where the primary earner is aged between 25

Fig. 3: Maximum desired travel time to work by age group



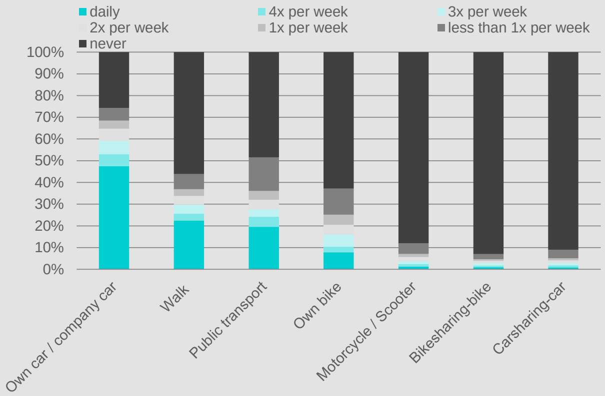
Source: CCL/Savills

and 35, car ownership stands at 72%. In the higher age groups, this rises to more than 80%.

The choice of mode of transport is also strongly dependent on the size of the city or municipality. The 2012 micro-census showed that, in the core cities of conurbations and urbanised areas, only around half of people use a car. In the districts surrounding the cities and in rural areas, this rises to around 70%. Consequently, employees in the cities use public transport more frequently.

Fig. 4: Average use of different modes of transport to travel to the office

Question: *How frequently do you use the following modes of transport to travel to the office on average per year?*



Source: CCL/Savills

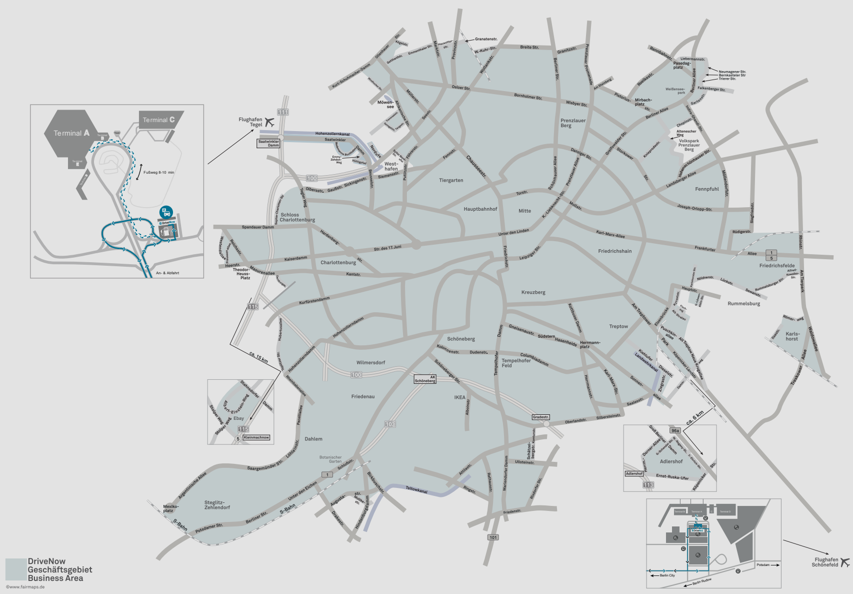
In addition to better accessibility, there is a further reason why a central location is important for an office. There is much talk of establishing services in urban areas that require a certain population density and are, therefore, only available in certain locations. The more employees become accustomed to the convenience of such services, the more important an urban location will be since, otherwise, these services will not be available to personnel.

Such services include car and bike-sharing, concepts that have gained significant popularity in recent years. Taking car-sharing as an example, the number of car-sharing customers in Germany has almost quadrupled from 262,000 in 2011 to 1.26 million in 2015. The number of users will increase further over the coming years even if growth is likely to relent somewhat. Projections from TÜV Rhineland state that a figure of two million can be reached by 2020, which could even rise to three million with the support of policy-makers. However, the coverage of such operations is limited. The area served by the largest car-sharing provider in Berlin, for example, extends only marginally beyond the S-Bahn ring, thus covering around half of the city area (see Fig. 5).

The territory of Deutsche Bahn's bike-sharing scheme Call a Bike is even somewhat smaller. The growth prospects in the bike-sharing segment are similar to those for car-sharing. Analysts at Roland Berger expect an annual growth rate of 20% up to 2020.

The projected growth in user numbers is also reflected by our survey results. When asked which mode of transport they would like to use to travel to work, more than half of respondents said they would consider using a car-sharing provider at least once per week (see Fig. 6). Currently, however, 91% of respondents do not use a car-sharing provider. The situation is similar with regard to bike-sharing. While only 5% of respondents actually use a bike-sharing provider at least once per week, 35% would like to do so. Nevertheless, the car remains the most popular mode of transport to travel to work. However, many respondents would no longer use the car absolutely every day but only two to four times per week, using other modes of transport on the other days. The most popular alternatives are bicycle, walking and public transport. It is also noteworthy that the differences in terms of age groups are eliminated when it comes to the preferred mode of transport to travel to work. The older respondents would like to use public transport or bicycle or to walk equally as often as younger people.

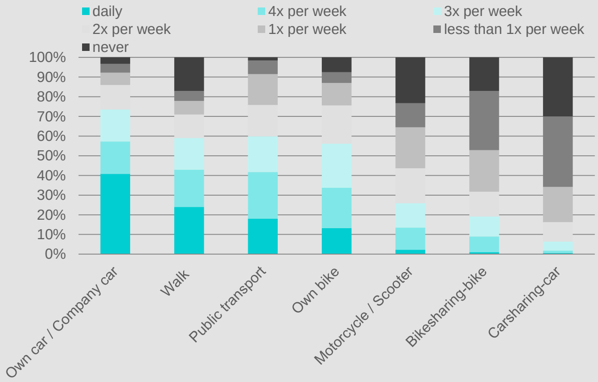
Fig. 5: Operating area of car-sharing provider DriveNow in Berlin



Source: DriveNow/fairmaps

Fig. 6: Preferred mode of transport to travel to work

Question:
Regardless of your current options, which modes of transport would you prefer to use to travel to the office?



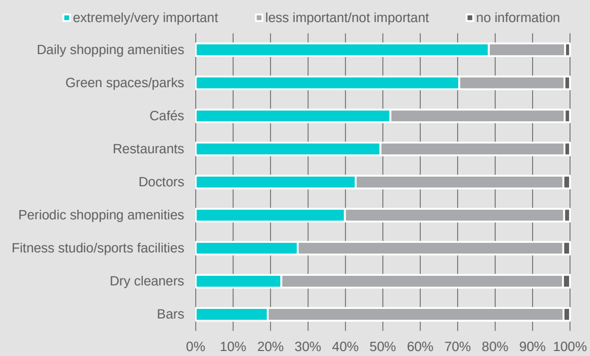
Source: CCL/Savills

Further examples of new services that are only available in densely populated areas are same-day goods deliveries from online retailers, such as Amazon, or meal deliveries by courier from providers such as Deliveroo or Foodora. In order to be able to guarantee delivery within half an hour in the case of meal deliveries, or within two hours in the case of Amazon Prime Now, these services are dependent on a certain population density and are, therefore, mostly relatively limited to small, city-centre areas. In Germany, Amazon Prime Now is currently only available in parts of Berlin and Munich, although there are plans to open up additional delivery areas in Frankfurt, for example. Deliveries are completed within two hours of ordering or even within an hour at a surcharge.

The availability of the services discussed also goes hand in hand with a certain degree of urbanity which, in addition to the centrality aspect, is also of major importance. The merging of professional and private lives also places greater demands on the area surrounding the office so that private requirements can be fulfilled without travelling long distances. That is why urbanity is important. Nevertheless, the importance of the presence of certain amenities varies for the office personnel in our survey. There are clear gradations between the individual amenities (see Fig. 7). It is of major importance that shopping amenities for daily requirements, as well as green spaces and parks, are available within walking distance of the office. More than three quarters (78%) consider the availability of shopping amenities for daily requirements, i.e. supermarkets and drug stores, (extremely/very) important. Green spaces and parks are (extremely/very) important for 70% of respondents, followed by cafés, restaurants and doctors. Shopping amenities for periodic requirements are of less importance. The availability of bars, dry cleaners and sports or leisure facilities also appears quite unimportant to the respondents. Thus, analysis of our survey reveals that the urban environment assumed in our hypothesis has to offer significantly fewer amenities in reality. On the contrary, it appears sufficient for the urban environment to be characterised by local amenities for daily requirements, complemented by cafés and restaurants.

Fig. 7: Importance of various amenities within walking distance of the workplace

Question: *Which amenities is it important for you to have in the vicinity of your workplace (walking distance)? (Multiple answers possible)*



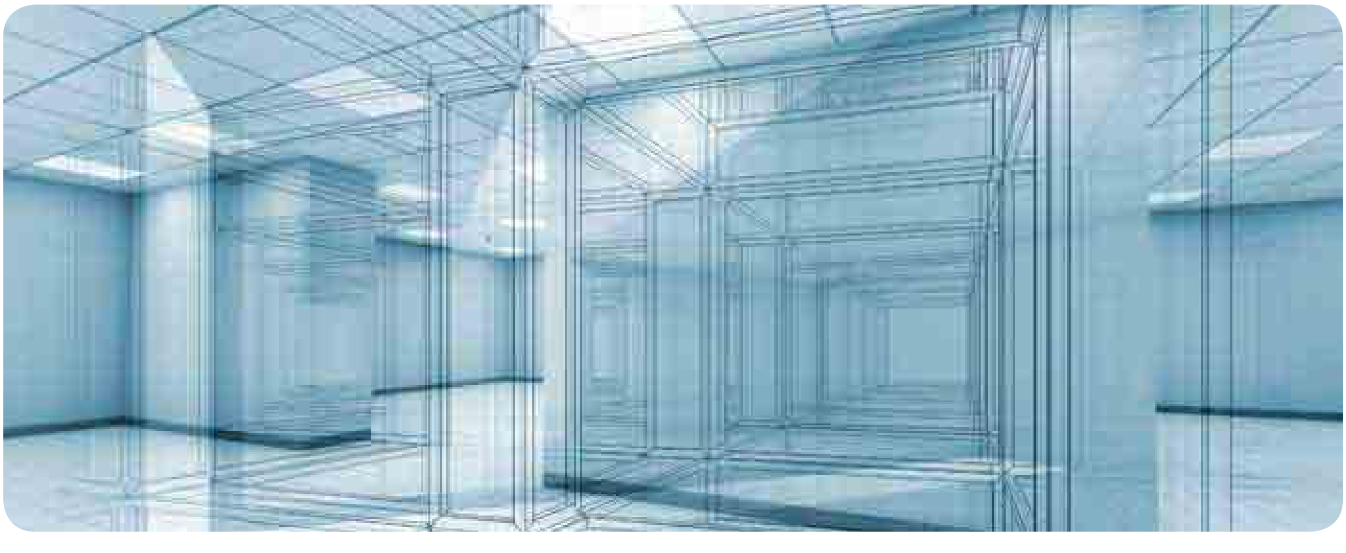
Source: CCL/Savills

Without this urbanity, (peripheral) office locations are becoming less and less successful. A lack of urbanity is the cause of the current increasing decline in demand in homogeneous areas such as office districts. This opinion is corroborated by US sociologist and economist Saskia Sassen. She has identified that the "number of office parks is once again in sharp decline precisely because companies and their personnel increasingly want the amenities offered by real cities". In the case of Frankfurt's Bürostadt Niederrad, this has resulted in the once homogeneous area being re-designated as a mixed-use district. Former office towers are being converted to apartment blocks and grocery stores and kindergartens are appearing. Apple is also applying holistic thinking to the design of its Apple Campus 2. Besides cafés and orchards, there will also be a fitness centre. According to information from the company, 80% of the site will be green space.

Conclusion

The improved accessibility and availability of new transport concepts and services have widened the gap in service offerings between urban zones and peripheral areas that cannot offer such services and are likely to do so further going forward. Consequently, urban locations will be even more attractive in future than is already the case at present. Pure office districts, such as City Nord in Hamburg and Bürostadt Niederrad in Frankfurt, prospered in the past in an era when urban development was still heavily oriented towards the car and based upon the separation of living and working. For such locations to continue to prosper, or to prosper again in the future, it is required that the creation of infrastructure and an urban environment with shopping amenities for daily requirements as well as parks and green spaces, are within walking distance. Accessibility within a maximum of 30 minutes should also be guaranteed for the majority of employees, regardless of whether they travel to work by car, public transport or on foot.

Thus, infrastructure and an urban environment are the two most important aspects when it comes to the situation and location of an office. If a property is situated in an area that fulfils these characteristics, then the location has a promising future for users, investors and developers alike. Finally, an urban location also fulfils a certain convenience function for users and can create time savings for personnel. In a property in an urban environment, the integration of appropriate and relevant shopping and service amenities eliminates long and time-consuming trips for shopping, doctor's appointments, laundry services and similar from employees' perspective. This factor also increases the attractiveness of a company's location and, by direct association, its attractiveness as an employer. This is an important success factor for employee satisfaction and, for employers, an opportunity to differentiate themselves in the increasingly important "war for talent". If a property does not have such urban infrastructure in its vicinity, then this must be created. The potential to do so places demands on occupiers and particularly developers. At property level, this means incorporating appropriate communal areas, such as canteens, restaurant space or green courtyards when planning new buildings or refurbishments. On a larger scale, such as city districts, creating infrastructure is not restricted to individual buildings but can be considered as an overall concept for the district. Accordingly, the weaker the existing urban infrastructure, the more important it is to take appropriate measures to develop it. Nevertheless, it must be considered that such communal areas (for restaurant use or fitness facilities) do not command the same rents as traditional office space, which must be factored into calculations. From an investor's perspective, the arguments are similar to those for developers.



Building

Hypothesis: The office of the future is not only an office

Properties used exclusively as offices are a thing of the past. The office of the future is a mixed-use building used around the clock for other uses such as retail, residential, eating out and leisure amenities.

Findings

The "compact city" town planning model offers a useful explanatory approach. According to this model, spatial distances between living accommodation, workplaces, (local) amenities, leisure facilities and services are reduced to a minimum. This not only facilitates mobility but also reduces the previous time requirements. Consequently, the network within a city becomes increasingly dense as all uses grow closer until they finally come together in the most efficient use of space, namely within a single building. Consequently, not only is the existing infrastructure used more efficiently, urban areas are also busy for longer periods and are particularly appealing to Generation Y as a result of the attractive and stimulating working environment.

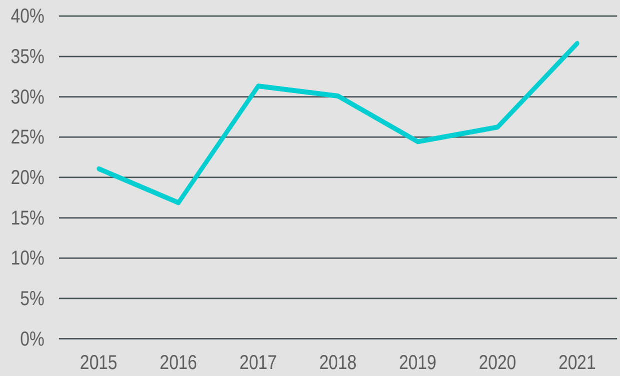
Even today, there is a noticeable trend towards increased construction of mixed-use buildings. More than a quarter of the total space in office buildings built, or due to be built, between 2015 and 2021 is attributable to other uses (see Fig. 8). Furthermore, this trend is rising. While the proportion of non-office space in 2015/16 stood at 19%, in buildings scheduled for completion in 2020/21 this increases to 32%.

Unilever-Haus in Hamburg's Hafencity, which was completed back in 2009, is an award-winning example of mixed use that combines offices with space for events and conferences, whether in the conference centre with 10 meeting rooms, the canteen with sun terrace, the versatile atrium or the café.

Another example is the 89-metre-tall former Postbank Tower on Hallesches Ufer in Berlin-Kreuzberg. The building is being converted by developer CG Gruppe from a pure office building into a vertical village with residential and retail uses as well as restaurant and leisure space. The tower will also be complemented by new office buildings, the users of which will benefit from the community services offered in the tower, thus creating a vibrant urban quarter via a mix of uses.

The respondents in our survey are anything but averse to such mixed-use concepts. While 39% prefer a pure office building, more than half of all respondents would prefer to work either in a high-street property (31%) or a mixed-use building (20%) (see Fig. 9).

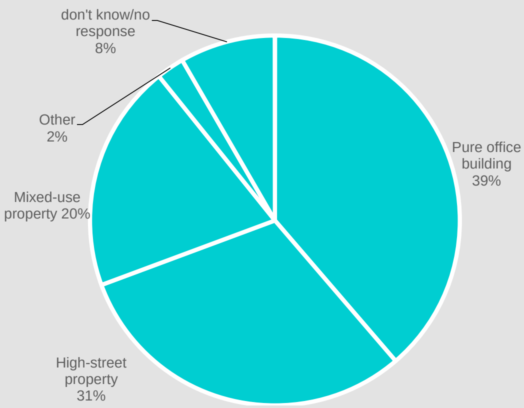
Fig. 8: Proportion of non-office space in office developments by (planned) year of completion



Source: Bulwiengesa

Fig. 9: Preferred building type

Question: *How should the building in which you work ideally be used?*

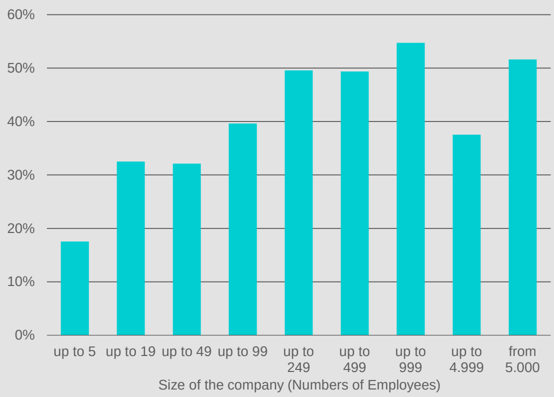


Source: CCL/Savills

Looking at office employees only, excluding students, there is also a discernible correlation with the company size. Employees of larger companies show a more marked preference for a pure office building compared with employees of smaller companies (see Fig. 10). One explanation is undoubtedly the fact that larger companies require significantly more space and, therefore, tend to be sole tenants of entire buildings. Smaller companies, on the other hand, do not have such large space requirements. Instead, these can benefit from the synergies of having various uses within one building. Larger companies achieve this themselves by creating their own catering facilities or a fitness studio for their personnel.

Fig. 10: Influence of company size on preference for a pure office building

Question: *How should the building in which you work ideally be used? – Response: pure office building*



Source: CCL/Savills

More than two thirds of our respondents can envisage shared use of such areas with other companies. They particularly value the availability of a canteen as well as external spaces such as roof terraces or courtyards. Both of these offer the opportunity for personnel from different companies to meet and exchange ideas.

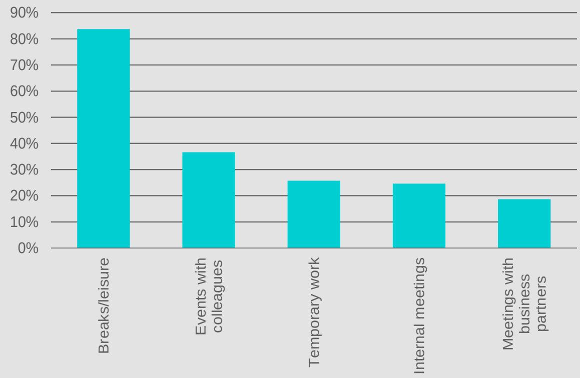
A good third of our respondents consider a canteen or food court important in a building, regardless of whether or not there are restaurants within walking distance. A further third value restaurant space in a building if there are no alternatives in the immediate vicinity.

External areas are similarly important to the respondents. A terrace or balcony is considered (extremely/ very) important (56%). An interesting aspect is that such areas are not primarily viewed as “extensions of the workplace” by respondents but would preferably be used for breaks and leisure purposes (see Fig. 11). Significantly fewer respondents consider work-related use desirable, and those that do prioritise communication-based uses such as meetings, discussions and events. A particular example of such attention to external areas is the recently opened Siemens group headquarters in Munich. The publicly accessible courtyards on the ground floor with an extensive restaurant offering, water features and seating invite people to linger and unwind and are intended to symbolise the togetherness of global entrepreneurship and social integration.

This leads us on to the rapid worldwide growth in co-working spaces (see Fig. 12). The idea of collaboration is in the name and some providers, including WeWork and Mindspace, have placed community building at the centre of their business models with initiatives such as weekly networking parties. This is also reflected in the space or usage concept. There are normally spacious communal areas (e.g. restaurant areas and event space) that can be used by all co-workers and often also the public. Berlin’s Rainmaking Loft, for example, has a public café on the ground floor while Betahaus spaces (with locations in Berlin, Barcelona, Hamburg and Sofia) incorporate cafés and/or bars into their concepts. The increasing creation and distribution of such concepts has also influenced our understanding of how office buildings function and, thus, is also changing their appearance. Developer OVG, for example, places particular importance on the buildings they construct integrating with the surrounding district. This includes making use of existing pedestrian routes and, where applicable, further enhancing these by creating public external and internal spaces. One example of this philosophy is OVG’s Humboldthafeneins development in Berlin, which offers partial public use of the ground floor in the form of restaurants and cafés. The project can be regarded as a representative for a new generation of office buildings providing spaces that promote a sense of wellbeing via an intelligent mix of various uses rather than merely functional areas for working.

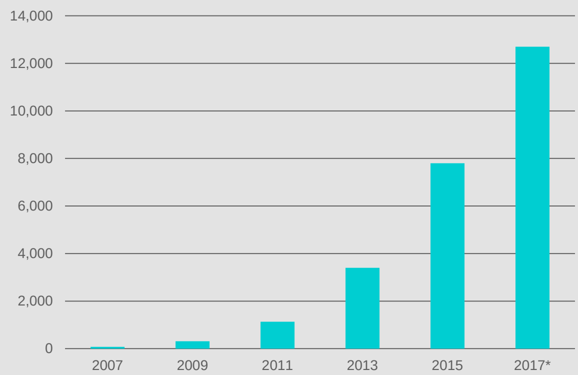
Fig. 11: Use of external areas

Question: *For what purpose would you, or do you, use external areas? (Multiple answers possible)*



Source: CCL/Savills

Fig. 12: Number of co-working spaces worldwide



Source: deskmag.com /*Forecast

Conclusion

Fundamentally, mixed-use properties are more labour-intensive, from due diligence through to asset management. Maintenance works, for example, become more difficult to implement with a larger number of tenants. In addition, conflicts can arise between the various uses.

From an investor's perspective, on the other hand, the different uses provide diversification for the investment and hence greater security by spreading risk and ensuring a constant cash flow. In general, however, a mix of uses only makes sense if the functions complement each other, allowing synergies to emerge. One example of this is the combination of hotel and office uses. The hotels benefit from business customers from the offices who spend the night there, while the office occupiers benefit from the facility to accommodate their business partners in the neighbouring hotels. The integration of conference centres, cafés and restaurants is also viewed positively by occupiers, since they do not then have to provide such services within their own space. Ultimately, pressure on costs is rising constantly for occupiers, making efficient use of space a priority. We believe this will also result in an increasing popularity of outsourcing such temporarily used spaces.

Furthermore, a mix of uses can now often generate higher income than single-use assets. Apartment rents and prices have risen so sharply in recent years that, at least on the upper floors, residential use can achieve higher income than office space in many locations.

In addition, municipal planning departments' established model of the ideal city has changed radically. Up until the mid-1980s, urban planning followed the ideal of functional separation. Residential and commercial uses in particular were to be spatially separated. Bürostadt Niederrad in Frankfurt and City-Nord in Hamburg were developed according to this philosophy. In single-use districts, mixed-use buildings are also deemed superfluous. However, there has since been a change of thinking. The "compact city" and, thus, mixed-use development are back in fashion. The latest expression of this change of heart is the proposed new planning and building law category "urban area". Planning permission in such areas will be primarily given to mixed-use developments, with single-use projects only being approved in exceptional cases. This is a logical reaction to rapidly growing cities, where ensuring the shortest possible travel distances can make an important contribution towards avoiding traffic and the associated environmental impact.

Hypothesis: The office of the future is sustainable and creates identity

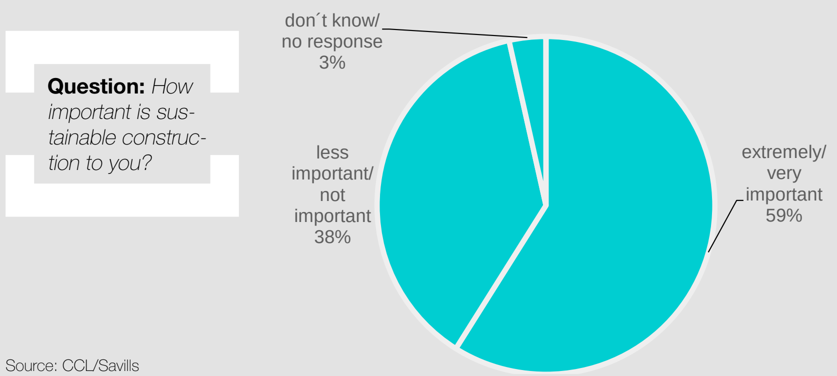
The office of the future provides information concerning a company's values and creates a sense of identity for its personnel. This is expressed, inter alia, in a sustainable quality in terms of technical, ecological, economic, sociocultural and functional characteristics. Only if personnel can identify with the property, the space and the workplace, will they feel comfortable and be able to make a creative contribution and work productively.

Findings

The mix of uses highlighted in the preceding hypothesis also influences the sustainability of a building. From an ecological perspective, a mix of uses leads to a reduction in traffic with positive environmental effects. Social sustainability is achieved through short travel distances and the associated synergies, such as people with different interests or skills coming together. Mixed-use properties are also economically sustainable since the risk of loss of rent is reduced via the presence of many different occupiers.
Our respondents also value the idea that the building in which they work has been built sustainably. More than half consider sustainable construction of the building (extremely/very) important (see Fig. 13).

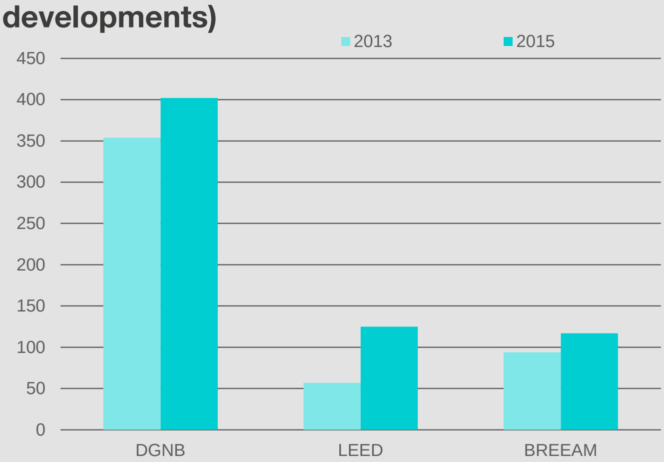
The growing awareness of sustainability is also reflected in the expansion of the most common forms of certification in Germany. These include the seal of the German Sustainable Building Council (DGNB), America's LEED (Leadership in Energy and Environmental Design) and the British BREEAM certification (Building Research Establishment Environmental Assessment Method). All three have become more widespread in recent years (see Fig. 14). In the office sector in particular, scarcely any buildings are developed today without aiming for certification from these groups.

Fig. 13: Importance of sustainable construction



Source: CCL/Savills

Fig. 14: Number of certified buildings (including developments)



Source: RICS

The fact that more and more buildings are being built sustainably is also attributable to the requirements of office occupiers. Many larger, international companies already predominantly or exclusively lease certified office space. One example is insurance group Allianz, which issued an explicit requirement for “sustainable premises in Berlin”. In December 2015, the group finally announced that it would be moving its Berlin headquarters to Adlershof from 2019, where Corpus Sireo and partner FOM will construct a new, sustainable building providing 27,000 sq m. Thus, the office is increasingly becoming a means of conveying a company‘s values, in this case the value of sustainability.

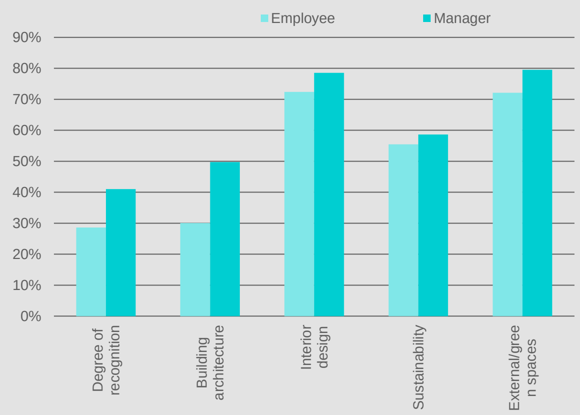
The research “Bürowelten der Zukunft” (Office Environments of the Future) by Japanese printer manufacturer Kyocera in conjunction with the Fraunhofer Institute for Industrial Engineering (IAO) confirms the sustainability-conscious behaviour of companies. A central finding of the research was that: “Companies are judged by their carbon footprint and must value resource-neutral and energy-neutral business activities in all areas.” Consequently, the office of the future is environmentally-friendly, energy-neutral and resource-neutral. This is achieved, inter alia, via “Green IT”, including for example energy-saving lighting solutions and equipment as well as CO2 offsetting mechanisms.

The aspect of a central, accessible location discussed in the chapter on situation & location also plays a major role in terms of sustainability since “long journeys to work for employees place a burden not only on the environment but also on the personnel themselves via higher levels of traffic and the associated additional harmful emissions”. This impacts both ecological and social sustainability.

However, both the sustainability of a company’s building as well as other image-building aspects, namely the degree of recognition, building architecture and interior design, are significantly more important to the executives among the respondents than those in non-management roles. Among the executives, for example, 41% consider the degree of recognition of the building (extremely/very) important while only 29% of the personnel share this opinion (see Fig. 15).

Fig. 15: Relevance of different aspects of a building to executives versus personnel

Question: *How important to you are the following aspects of the building in which you work? (Accumulated presentation of responses 'extremely important', 'very important' and 'important')*



Source: CCL/Savills

Thus, there is a certain discrepancy between the opinions of personnel and executives. However, the proportional weighting of the individual aspects is similar across both groups. Executives simply attach more importance to the various aspects of a building meaning that, during major decision-making processes such as selecting a new building, it is important not only to rely on their opinions but also to involve the personnel.

Appropriate participation of the personnel also contributes to social sustainability, which is why this should be given particular importance. Such an approach engenders loyalty in the personnel towards their company and the workplace and, thus, creates identity.

This participation of personnel as a component in identity creation is already implemented by many companies today. One example is Brainlab AG, a manufacturer of medical technology based in Munich. The company adopts the view that the building must "express the philosophy of a company externally and internally". Consequently, personnel were involved in the planning to relocate the company as much as two years in advance. They were able to try out various types of office and their experiences were used to fit out the eventual new office space. This process demonstrates a company's appreciation for its personnel on the one hand and guarantees that the personnel identify with the office and feel comfortable on the other. Both are decisive elements in creating loyalty among personnel which, in today's knowledge-based society and in the increasing "war for talent", plays an increasingly important role for companies.

Sporting goods manufacturer Adidas, based in Herzogenaurach, obviously shares this philosophy. With that in mind, the company says it must strive "to acquire the best personnel whilst endeavouring to retain people in the group for as long as possible". That is why the group is currently testing three different office concepts over three floors in a new office building with 300 personnel. Each floor has different meeting rooms, different furniture, different seating areas and even different relaxation zones. After a year, they will finally assess which concept enables personnel to work at their best. This will subsequently be used as a model for the workplaces occupied by Adidas' total of 20,000 office personnel. As the sporting goods manufacturer says: "Our personnel are the heart of the company. We know that an attractive working environment is essential for them to flourish personally and professionally and to develop further."

Conclusion

Evidently, the aspect of sustainability is becoming increasingly important, including in the real estate sector. For the developer, therefore, it is particularly important to provide buildings with the highest possible degree of modularity so that they are suited to a range of uses. This includes factors such as ceiling heights and fire protection concepts. Ultimately, for the investor, certification is nothing more than a unique selling proposition towards the occupier. However, the latter should seek in-depth advice as to whether or to what extent it will benefit from such certification. Construction costs are rising by an average of 8%, which is also driving up rental costs. Certification is only cost-effective from the perspective of the occupier if service charges can be reduced to the extent that such initiatives pay off. On the other hand, personnel are now placing greater importance on a healthy and motivating office environment. Pleasant lighting, air conditioning and, increasingly, involvement in determining the layout of the office space are a high priority. As awareness of health and environmental issues grows among the population, so too does the importance of sustainable construction and operation of the office building as a factor for identification with the company. For companies, a sustainable building represents an opportunity to project a certain image and can be equally effective in creating identity among the personnel.

Office space and workstation

Hypothesis: The office of the future is digital and supports working from anywhere

Digitisation is a megatrend. Consequently, the office of the future also has extensive technical equipment. Personnel with technical devices are flexibly integrated at all times and, thanks to modern cloud systems, can access relevant data from anywhere. Communication between personnel is always possible regardless of their location within or outside of the office. The workstation is no longer an issue thanks to digitisation. Personnel can work from anywhere, including a home office, a co-working space, a café or the park.

Findings

According to a study by US software company Citrix, by 2020 around a third of office employees will no longer work in a traditional office. Instead, it is assumed that more and more employees will work from home, in a café or in hotels. There will also be an increase in working on the move, i.e. in traditional train station and airport waiting lounges or on the trains or planes themselves. Indeed, such trends can already be identified today. Deutsche Bahn provides its customers on many ICE trains with a WiFi connection and more and more airlines are offering passengers an internet connection even above the clouds with Flynet. The driver of this expansion is undoubtedly rising demand. While the average data consumption per user per flight with Lufthansa in 2011 was just 15 megabytes, by 2015 this had risen to more than 200 megabytes.

Architect Caspar Schmitz-Morkramer has also observed this trend, citing the advance in digitisation as a reason. “The luxury that we can exploit through digitisation is that we can work from all kinds of places at various times.” A crucial aspect is the clear improvement in mobile access to data highlighted by consulting firm Kühmayer Schilling & Partner.

Our survey results show similar findings. More than half of respondents (59%) would like to spend up to 50% of their working hours in a home office (see Fig. 16).

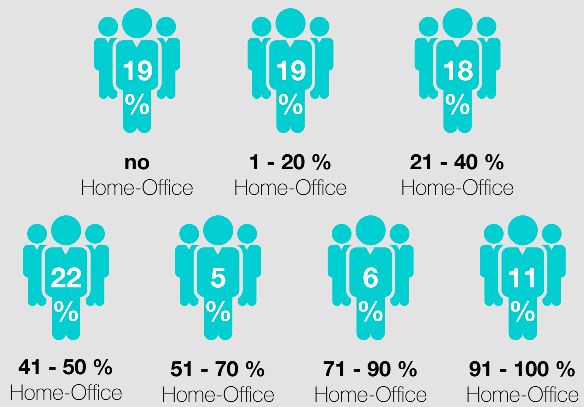
The main reason cited is to combine professional and private lives. In second place is the increased productivity of working from home compared with the office.

Co-working spaces, discussed earlier, are also an expression of the flexibility that will be a matter of course in future, e.g. with workstations that can be booked individually. However, the results of our survey also show that office personnel remain somewhat reticent with regard to the new, flexible world of work and would like to retain their familiar environment. The survey results were extremely conservative when it comes to the technical equipment in the office of the future. The most important technical devices are still considered to be a printer (93%) and a landline telephone (92%), while a tablet (58%) or videophone (69%) is deemed less important (see Fig. 17).

Even for project work, flipcharts, analogue whiteboards or blackboards are preferred (71%), while writeable walls (37%) and 3D printers (14%) enjoy rather less popularity (see Fig. 18).

Fig. 16: Preferred working time in a home office

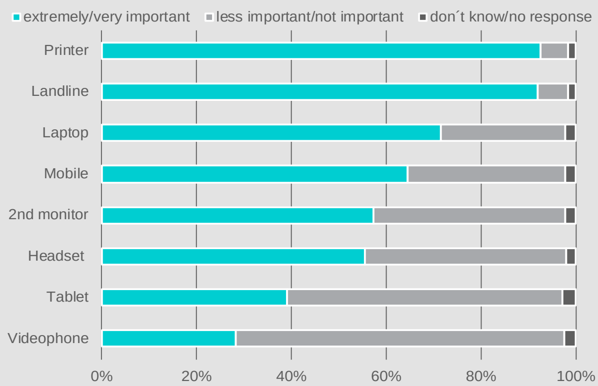
Question: *What percentage of your working hours would you like to be able to spend in a home office (flexible choice of work location)?*



Source: CCL/Savills

Fig. 17: Relevance of various technical devices at the workstation

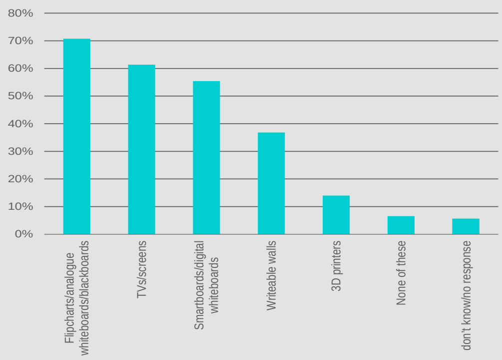
Question: *How important is it to you to have the following technical devices at your workstation?*



Source: CCL/Savills

Fig. 18: Equipment preferences for project work

Question: *Which equipment should be available in the room when working in project teams? (Multiple answers possible)*



Source: CCL/Savills

Nevertheless, the Fraunhofer Institute for Industrial Engineering assumes that, by 2025, we will be visualising and processing creative and complex tasks on digital, touch-sensitive surfaces.

According to consultancy firm Accenture, however, penetration of technology remains inadequate in most German companies. In few companies is penetration sufficiently advanced to allow people to work from anywhere. Clemens Oertel, Director at Accenture Strategy, adds: “Whether more flexible work models or digital forms of collaboration German companies struggle to depart from the mantra of physical presence in the workplace”.

Conclusion

Ultimately, increasing digitisation is permeating our day-to-day lives in almost all areas. This networking opens up a plethora of opportunities, particularly in terms of increasing mobilisation and flexibilisation. However, this also entails challenges, such as those encountered when developing new office concepts. An important prerequisite in this regard is firstly to re-think the general approach to work, both from the executives' and personnel's perspective. The former must learn to "depart from the mantra of physical presence in the workplace" and develop openness towards more flexible work models. Personnel, meanwhile, must shed their mistrust of anything new. Finally, a principal finding of the present study is that, while digitisation is occurring at an incredible pace, adaptation by personnel is slow. They still think in very traditional and familiar patterns when it comes to technical office equipment. Digital innovations that can positively impact project work or the workstation are either unknown or tend to be considered less important. Companies should invest much more intensively in informing and training their personnel on the advantages offered by using new work technologies via the flexibilisation of working processes. Experiencing is believing or, to borrow IKEA's claim, "Discover the possibilities". When personnel realise how they can benefit individually by digitising their working environment, acceptance and intensity of use will also increase. Indirectly, growing acceptance and the breaking down of barriers to use is also likely to have a positive impact on willingness to give up the currently preferred, fixed individual workstations. An important recommended course of action for companies when acquiring new office properties and re-designing office space and work processes must, therefore, be: "understand, involve, inspire".

Hypothesis: The office of the future is flexible and multi-functional

Since work is not only carried out in the office in future but can be structured flexibly, there is a higher proportion of temporarily used space in the office. Models such as desk-sharing replace the fixed workstation. The office of the future is flexible and multi-functional. There are communication rooms, quiet rooms for concentrating on work, rooms for temporary project work for teams of different sizes, meeting rooms, telephone and video conferencing rooms as well as fitness, relaxation and sleeping rooms for mental balance and physical wellbeing. Thus, the office can adapt individually to the different working methods of personnel and offers optimal conditions for every working stage of a project. This is essential since standard office activities are largely automated and people primarily do creative and knowledge work. The layout and fit-out of the office space must, therefore, create optimal working conditions for the individual requirements of each employee.

Findings

“Previously, size was important: the larger an employee’s office, the more important he/she was. You could generally gauge that by the number of fit-out grids an employee’s office covered. Consultant: two axes, head of department: three axes, director: four axes, chairman: five or six axes. You would know the moment you entered an office where you stood in relation to the occupant.” Such is the description of the typical office space of previous years by architect Schmitz-Morkramer. There have been a few changes in the meantime, however. Rigid hierarchies are increasingly breaking down and flexibility is taking hold in the working environment, not least owing to the afore-mentioned digitisation. While desks were previously crucial, acting as central hubs for every office employee, today they are almost superfluous. All that office personnel need in the workplace today is a laptop and a mobile, to overstate the point somewhat (see Fig. 19).

Fig. 19: Office workstations then and now

This creates new conditions that enable people to work from anywhere, resulting in an increase in temporarily used office space. For this reason, the office is increasingly becoming a place to meet and converse. Interaction and meeting rooms are central and even the boss has his/her workstation in the open-plan office, thus breaking down dated hierarchies. A prime example is Mark Zuckerberg, who sits alongside his employees in an open-plan office working on new ideas.

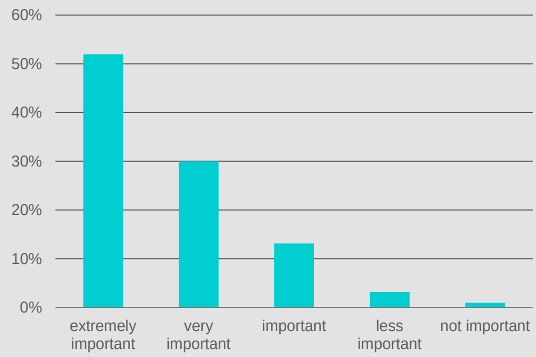
The logical consequence emerging from the increase in temporarily used workspace is an increase in desk-sharing. Personnel no longer have a fixed desk but find a new available workstation each day. This prevents workstations from remaining unused since the number of workstations is optimised and reduced accordingly, enabling efficient use of the office space. Compared with a traditional model of one workstation per employee, depending on the sector, savings of at least 20% of workstations can be made. Particularly for companies whose personnel are frequently out of the office, e.g. accountants, consultancy firms and brokers, such an office concept can potentially achieve increased savings of significantly more than 50% of workstations.

However, our survey results show that the new working environment has yet to find acceptance with most office personnel. For 95% of respondents, it is (extremely/very) important to have a fixed workstation (see Fig. 20).

Even the notion of working in an open-plan office displeases most respondents. More than three quarters would like to work in a room with no more than two other people, while 33% would even prefer to have their own office (see Fig. 21).

Fig. 20: Importance of a fixed workstation

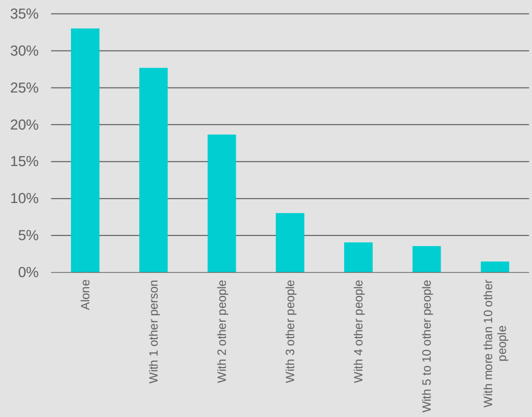
Question: *How important is it for you to have a fixed workstation (desk/chair)?*



Source: CCL/Savills

Fig. 21: Preferred number of personnel in an office room

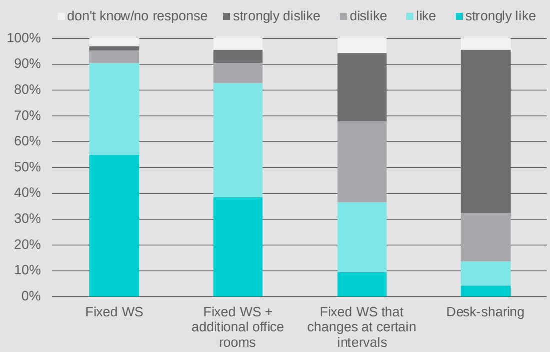
Question: *How many people would you prefer to work with in a room?*



Source: CCL/Savills

Fig. 22: Preference for different workstation models

Question: *How do you feel about the following mo-dels for workstati-on allocation?*



Source: CCL/Savills

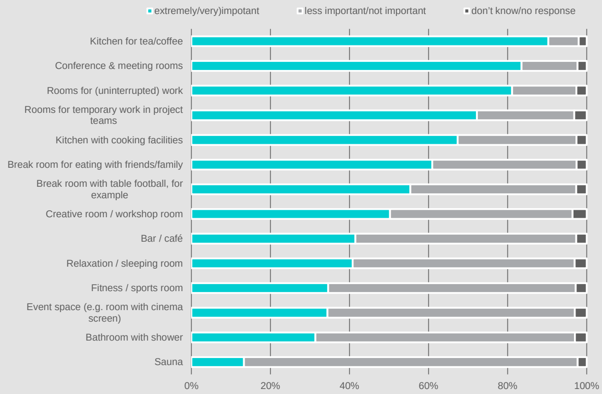
Thus, nobody wants a flexible, open-plan office with desk-sharing. The same applies to multi-functional subdivision of the office space into different areas, which has received a rather critical reception to date (see Fig. 22).

Fitness and relaxation rooms for mental balance and physical wellbeing are also considered somewhat unimportant for the most part. Thus, it is generally not important for personnel to have leisure-related amenities in the workplace. Their requirements are primarily centred around job-related or efficiency-increasing measures that affect regular working life (see Fig. 23). The top three (extremely/very) important facilities in an office are a kitchen for tea/coffee (90%), conference and meeting rooms (83%) as well as rooms for individuals to work uninterrupted (80%). The leisure-related amenities, meanwhile, are not necessarily wanted. The following facilities are deemed not so important or unimportant by respondents: sauna (84%), fitness/sports room (62%), relaxation/sleeping room (56%).

It is apparent, therefore, that the requirements of respondents differ significantly from the visions of companies, particularly in terms of workstation models. One opportunity to reduce this discrepancy is to involve the personnel. Office personnel show a very strong desire to participate in the configuration of the workplace. Indeed, 65% of respondents indicate that it is (extremely/very) important to them to be involved in selecting furniture and other equipment (see Fig. 24).

Fig. 23: Importance of various facilities

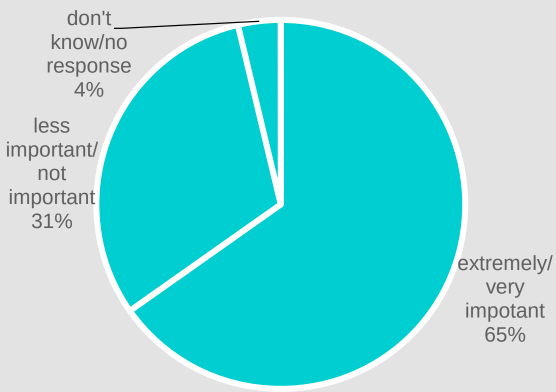
Question: *How important are the following facilities to you within your company's office space?*



Source: CCL/Savills

Fig. 24: Importance of involvement in furniture selection

Question: *How important is it to you to be involved in selecting furniture and other equipment?*

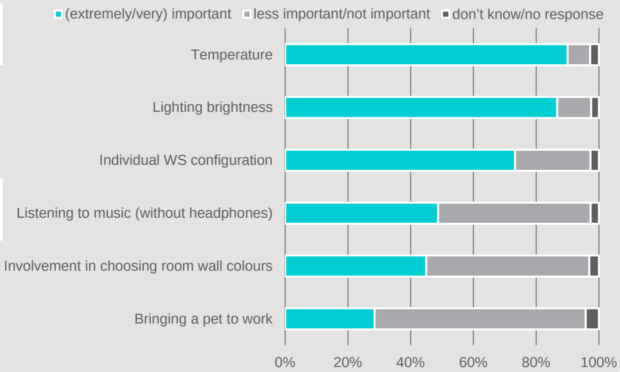


Source: CCL/Savills

In terms of individual configuration options in the workplace, the following possible responses are considered (extremely/very) important: temperature 90%, light intensity 87%, individual configuration of a workstation 73% (see Fig. 25). The Fraunhofer Institute for Industrial Engineering also assumes that individual configuration of the workplace will play a decisive role depending on the working situation and atmosphere. One example is lighting, which will be capable of being used deliberately in future to stimulate and manage the performance of office personnel.

Fig. 25: Importance of individual configuration options in the workplace

***Question:** How important are the following individual configuration options to you in your workplace?*



Source: CCL/Savills

The wellbeing of personnel will be more important in future. Eventually, standard office activities will be automated and the proportion of creative work will increase. The better people feel when performing their day-to-day work, the more satisfied and productive they are. Thus, the personnel are a focal point of changes in the working environment and their requirements and wishes should be taken into account when designing their working environment.

One forward-looking example is IT provider Cisco. At its California headquarters, there are no longer fixed workstations. All employees choose a desk where they would like to sit that day when arriving to work: in a separate office, an open-plan area or even in a video-conferencing room? Once the employee selects a workstation, this is automatically configured to the employee's saved preferences including temperature and how bright the lighting should be, for example. Thus, the office adapts to each employee and offers individual configuration options, despite the fact that no employees now have their own fixed workstation.

Accordingly, desk-sharing can also be understood as a reaction to the changing requirements of the office. Employees are presented with different office layouts, areas for individual work and space for discussion and project work, creating optimal conditions for every situation.

Conclusion

It is apparent that the requirements of participants differ significantly from the visions of companies. In the long term, however, we believe that the latter will prevail. The primary reason for this will be cost savings prompted, inter alia, by the fact that office space will become increasingly expensive over the long term owing to rising rents. Furthermore, with 26 sq m per employee, Germany is among the countries with the highest office space per capita. It is only a matter of time until this is reduced, partly as a result of new concepts offering greater efficiency of space, such as desk-sharing. It will, therefore, be up to companies to convince their personnel and "take them along with them". Personnel, meanwhile, have an increasing desire to be involved in decision-making processes and to participate in configuring their workplace.
For developers, this prioritising of employees' wellbeing particularly includes having regard to individual requirements, such as individual control of lighting and ventilation. Ultimately, the days when people carried out their work in anonymous office buildings before finishing and going home are definitively over. Wellbeing during working hours is being given greater priority, which is positively impacting the productivity of personnel. This particularly includes amenities for temporary relaxation in external or communal areas or even multi-optional spaces that promote creativity for individual or group work.

From a developer's and occupier's perspective, the increasing compulsion to offer flexibility begs the question "why are we still building fixed partitions?" Omitting these partitions would offer a number of benefits. Specifications for these at an early stage of construction would no longer be required while construction and investment costs would reduce, which would ultimately translate into lower rents as well as attracting tax benefits. Under these conditions, it would also be possible to adapt the partitions flexibly at any time, changing the entire office concept without great expense, noise or mess. Perhaps investors or landlords will soon hand properties over in shell and core condition? We would consider this a promising move.

Gen X vs. Gen Y

Hypothesis: Generation X and Generation Y have (entirely) different visions of the office of the future

Compatibility of professional and private lives is very important to Generation Y. Employees of this generation demand more time for friends, partners and themselves than Generation X. Creative and motivating work contents are paramount; it must be meaningful and enjoyable. Scheduling of their working hours must be flexible and all personnel should be able to decide for themselves whether they work in the office, a café or a beer garden. Generation Y also requires a flexible, inspiring working environment in order to access the full potential. The idea of having an own desk and being present in the office every day is overwhelmingly rejected. Individual configuration of the workplace and a sense of wellbeing are also important factors. Generation X, on the other hand, was and is accustomed to going “into the office” and working there. Working conditions are accepted as given and employees concentrate primarily on completing their work duties. Professional and private lives are clearly separated. Personal career planning has greater importance than the need to have a say in shaping their working environment according to their own ideas.

Finding

The assumed generational differences in terms of conceptions of the office of the future were not proven. Generation Y (born between 1982 and 2000) and Generation X (born between 1964 and 1981) does not think as differently as assumed when it comes to requirements of the workplace. We were able to establish that both generations tend to reject working in an open-plan office and prefer individual offices or rooms with a small number of personnel. Generation Y’s desire to be involved in configuring their office is similarly strong to that of Generation X. The desire for maximum flexibility in the working environment and predominant use of a laptop and mobile phone via high-speed WiFi instead of a PC and landline telephone at a fixed workstation was also unproven. We were able to ascertain that the requirements of an urban office location, multi-optional working and meeting rooms as well as canteens/dining options and leisure areas (green spaces, roof terraces) are equally desirable across the generations. There is little to separate Generation Y and Generation X in terms of their visions of the ideal office.

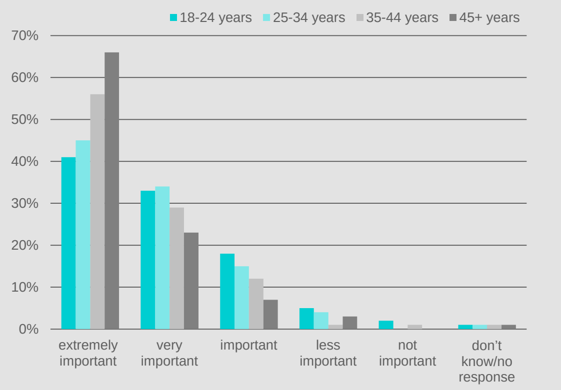
This is confirmed by the following examples from our research.

Both 94% of Generation Y and 97% of Generation X indicate that a fixed workstation with desk and chair is extremely important or important (see Fig. 26). These results are very conservative from a company‘s perspective. The desk-sharing model more favourable to companies, with fewer workstations than personnel in an organisation, is considered less desirable by the respondents.

The same point is demonstrated by Fig. 27. Among Generation Y, 50% of 18-34-year-olds want a fixed workstation in the office. The figures for Generation X are similar, with 60% of 35-45-year-olds preferring this arrangement (response: strongly like). Other studies also indicate that we will still recognise our office space in ten years. However, the office of the future should be adapted more closely to the operations and requirements of the company.

Fig. 26: Importance of a fixed workstation

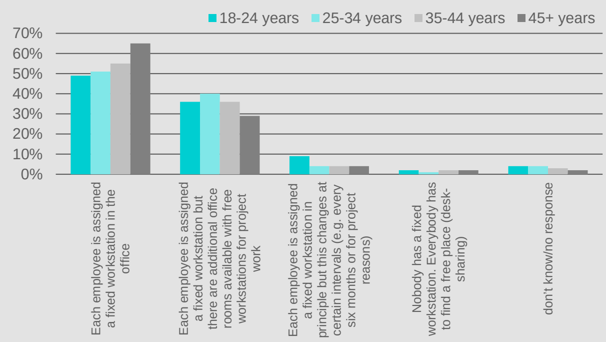
Question: *How important is it for you to have a fixed workstation (desk/chair)?*



Source: CCL/Savills

Fig. 27: Models for workstation allocation

Question: *How do you feel about the following models for workstation allocation?*



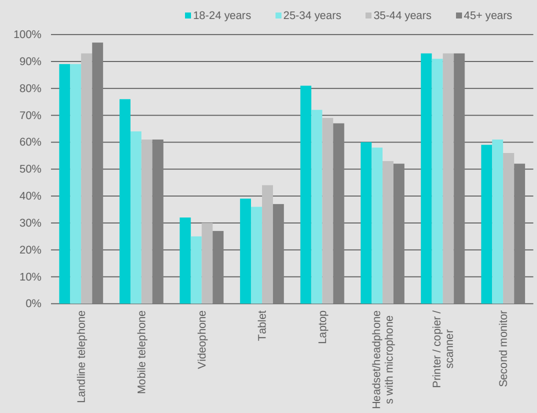
Source: CCL/Savills

Both generations surveyed were somewhat conservative in their requirements when it comes to office equipment. Landline telephones (89% of Gen Y, 95% of Gen X) as well as printers/copiers/scanners (92% of Gen Y, 93% of Gen X) are considered extremely important to important. The tablet and videophone are ranked lowest by both generations (see Fig. 28). Here, too, the trend should not simply be limited to age. The fundamental cause of the change should be investigated, particularly when it comes to technology. Is change taking place because of the shift in age structure or possibly because of changes in general conditions and current trends, such as technical or social advances?

Furthermore, Fig. 29 clearly illustrates that both generations have a high interest in being involved in configuring their office space. The older the personnel, the stronger their desire to be involved in configuration. The assumed "pioneering role" of personnel from Generation Y was not proven. The most important factors are the ability to control temperature and lighting in the workplace. Further options to configure an individual's workstation are also considered important (more than 70%) across the generations. Contrary to assumptions, the desire of Generation X to influence the entire office fit-out is significantly higher (more than 60%) than that of Generation Y (more than 45%). Listening to loud music in the office, involvement in choosing wall colours and bringing a pet to work play an important but relatively minor role. Even on these matters, Generation Y is not a driving force.

Fig. 28: Importance of technical devices at the workstation

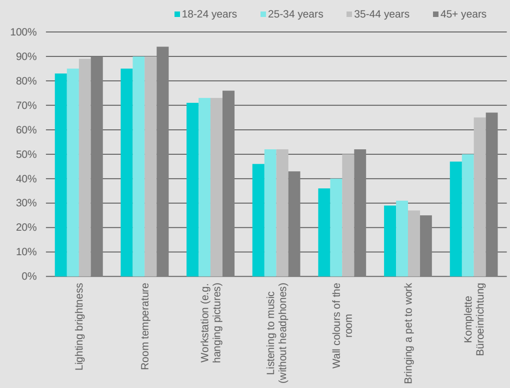
Question: *How important is it to you to have the following technical devices at your workstati-on? (Accumulated presentation of responses 'extre-mely important', 'very important' and 'important')*



Source: CCL/Savills

Fig. 29: Importance of individual configuration options in the workplace

Question: *How important are the following individual configuration options to you in your workplace? (Accumulated presen-tation of responses 'ex-tremely important', 'very important' and 'important')*



Source: CCL/Savills

Generation Y: does this generation really think so differently? A short journey into the minds of a much-discussed generation who pose a number of challenges to employers in the "war for talent".

Firstly, some general comments on the demographic situation in Germany:

- Generation Y is mostly very well educated and highly qualified. People of this generation are interested in a range of issues, are cosmopolitan and creative and are classed as digital natives. They are very conscious of these qualities.
- Over the coming years, more and more executives and personnel from the baby boomer generation and Generation X will retire and will be a lost resource for companies.
- Generation Y will have to fill this void. However, qualified young personnel from this generation are a scarce and valuable resource that will be at the centre of a "war for talent".
- Recruiting qualified professionals from Generation Y is, therefore, of strategic relevance for ensuring future company success.
- Only those companies creating the working conditions that motivate this generation and hence unleash their full performance potential will continue to survive and prosper going forward.
- Companies that lose the "war for talent" of the future because they are not sufficiently attractive to Generation Y will encounter significant and, in some cases, even existential problems.

There is no such thing as THE Generation Y. Sweeping judgements about Generation Y are divorced from reality:

- Using **factor and cluster analysis** and based upon individual drivers, motivators and life visions from the quantitative study, we identified **segments of Generation Y** who, despite some commonalities, still have **different mentalities** because they have different sets of characteristics. **Sweeping judgements** about Generation Y in almost all previous publications are, therefore, **divorced from reality**.
- Please therefore disregard lazy discourse about the "soft generation". A **differentiated approach** is essential for successfully addressing personnel from Generation Y since these segments require **different general conditions** in the company in order to fully access their **performance potential**.
- **All Generation Y segments are capable and motivated**, albeit in different ways. If there are "underperformers" and deliberate self-optimisers, these are individual character traits and are certainly not generational attributes. These "types" also existed in all previous generations.
- Similarly to the Sinus Milieus, CCL's Generation Y segments are a tool for **sensibly structuring** a population group, in this case 18 to 32-year-olds, with regard to their behavioural characteristics, values and attitudes. No individual can ever be 100% assigned to a single segment. There can definitely be intersections of segment-specific features.
- We were also unable to identify almost **any gender or age-group-specific differences in results** in the segments.
- We identified six Generation Y segments, which differ in terms of their attitudinal and behavioural character traits. For companies, this means being aware of the different drivers and creating the appropriate general conditions to fully access the specific performance potential of the respective personnel types.

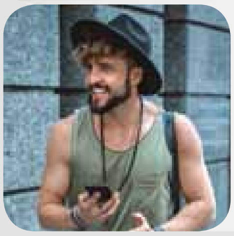
Fig. 30: Segments of Generation Y

Proper conservatives strive for traditional values, such as family, partnership and security. They know what they want and are motivated to achieve this objective, inter alia, through hard work in their studies and career. **Their driver is to build a solid life foundation.**

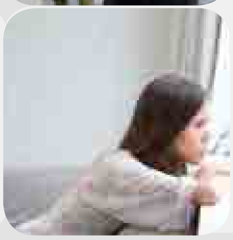
Self-centred entrepreneurs *want to be their own boss and only then are they really prepared to take responsibility. They are attracted by competition and challenge and go beyond limits (overload).* ***Their drivers are very varied and are particularly aimed at independence and autonomy.***

Competitive professionals are driven by their environment. They are motivated by performance pressure and deadlines regardless of their own concrete objectives. **Their driver is competition as well as financial and career security.**

Craving high-performers are always seeking something new. Freedom and the widest possible variety of options are important. However, they know what they want and constantly seek out challenges. **Their drivers are very varied and are particularly aimed at recognition.**



Unpretentious comfort seekers (happy campers) have no grand aspirations. The most important thing to them is a sense of well-being. They do not have any clear vision of the future. However, they value freedom and independence and the associated diversity of options. **Their driver is inner satisfaction.**



Indifferent followers lack their own vision of the future. They do not like to be constrained and independence, mobility and variety important. **They have no pronounced drivers but prefer to be driven.**

Source: CCL

There is a common thread running through all identified segments of Generation Y – early and critical self-reflection:

- The common denominator of Generation Y is that today's 16 to 34-year-olds have all grown up in a contradictory yet diverse and open world.
- Throughout the personal development, Generation Y has been constantly confronted with national and international crises. As a result, the sense of security has been permanently disturbed. Any faith that secure "systems" generally exist has been lost. Consequently, national economies, governments, alliances, companies, jobs, pensions, banks, money, nature, etc. are no longer viewed as secure or stable. This explains the pronounced need for security and family in all segments.
- Besides the general "system insecurity" factor, Generation Y is also shaped by critical observations and experiences from the parental home. The life model of their parents' generation, which was and remains primarily characterised by career goals and/or generating income, is evaluated negatively owing to a lack of time for children (namely themselves), stress-induced illnesses such as burn-out or heart attack as well as divorce, and is rejected in its existing form! This explains the pronounced need for friends, partnerships and time for themselves.
- On the other hand, never before has there been a generation with such diverse opportunities or such a broad spectrum of different options for professional and private development. The parents dedicated almost all of their financial resources to their children. This explains the desire, in many cases, for multi-optionality and wide-ranging professional activities.
- Preparation in terms of self-definition begins very early for Generation Y. Issues that only became relevant to people of Generation X in their mid-life crises already resonate strongly with 16 to 34-year-olds. These include:
    - Profiling (who am I and what makes me stand out from others?)
    - Search for meaning (what is important to me once I am well positioned financially?)
    - Pursuit of happiness (what really fulfils me?)
    - Appetite for risk (how do I decide between the poles of comfort and challenge?).
- We were able to identify a total of 10 cross-segment commonalities as results of this self-reflection. These commonalities reveal a clear picture as to which companies will be among the winners in future and which companies will experience significant problems in recruiting young talent because they do not fulfil the fundamental needs of Generation Y.
- However, the individual drivers and motives that carry each young person in their own way towards their objective are very different, highlighting the conflicting priorities affecting Generation Y as they seek to define their own life model.

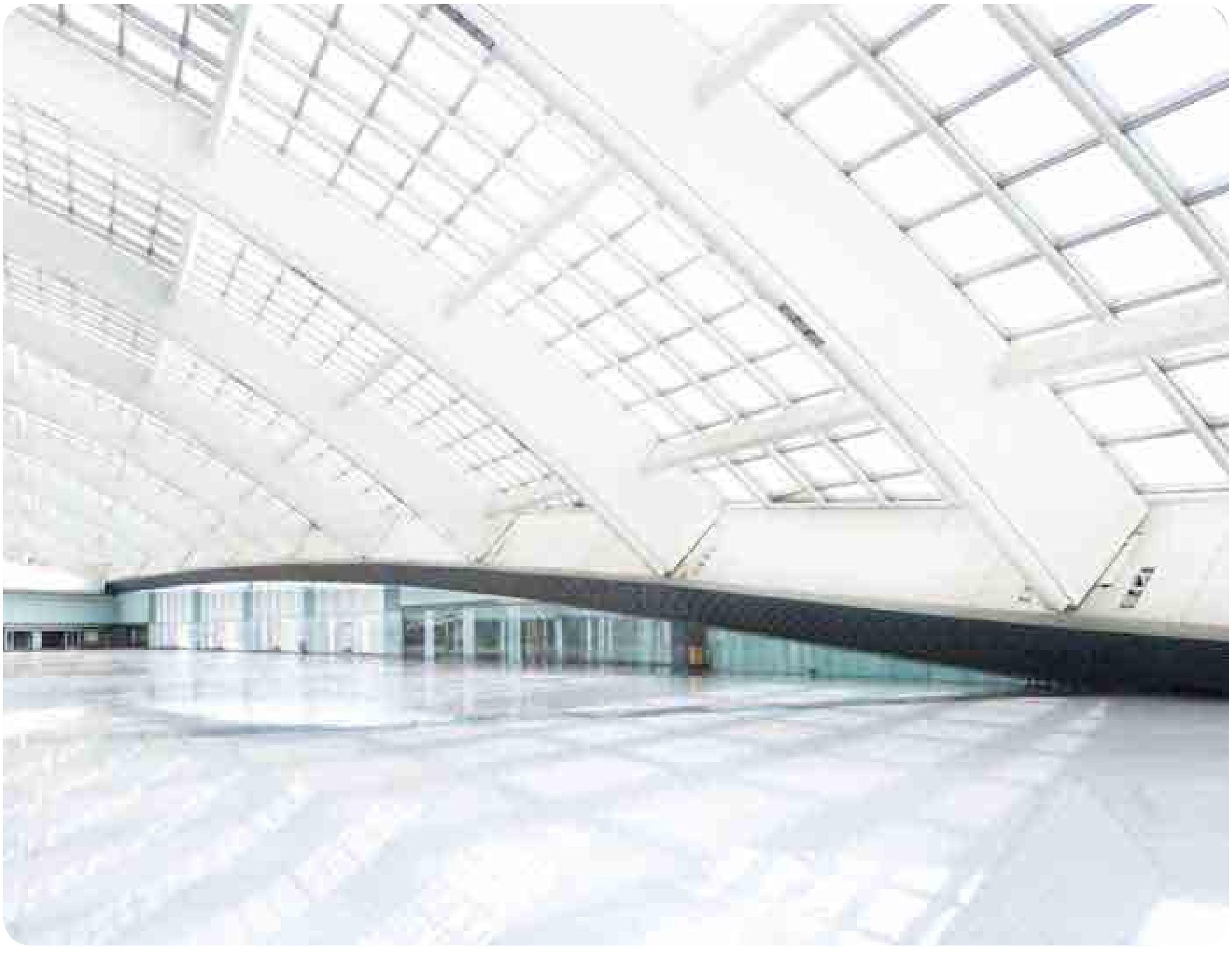
Further, in-depth information can be found in the study „Generation Y – Changing prejudices“

Conclusion

The primary challenge for companies, therefore, is how to best combine the specific criteria of Generation Y for an ideal employer or working environment, on the one hand, and the extensive harmonisation of professional and private lives, on the other hand, with the existing conceptions of personnel from Generation X and the baby boomers (born before 1962). This integration will be one of the most important assignments for companies. Then there is the question of how a company can become an attractive employer from the perspective of Generation Y in order to prevail in the "war for talent".

As far as visions of the office of the future are concerned, Generation Y and Generation X are not far apart. The differences comprise mere nuances. It is, therefore, important for developers, companies and investors to consider the inter-generational commonalities in terms of requirements of the office of the future as success factors from the perspective of personnel.

When developing new office properties or restructuring existing buildings, early involvement of personnel from all generations in the planning and design process for the office space and the workplace will promote integration and acceptance. The concept of "Discover the possibilities" was discussed earlier: People of Generation Y are in no way drivers of revolutionary changes in office concepts of the future in terms of their visions and expectations. Yet for a few avant-gardists and pioneers (which also exist among Generation X and the baby boomers), they have just as many or as few conceptions of the office of the future as other generations. Opening an inter-generational dialogue on the opportunities and benefits of innovative office and workstation configurations will lay the initial foundations to stimulate the necessary imagination and to understand and co-develop further ideas on the office of the future. Here too, therefore, the motto must be: understand, inspire and design together.



05

summary

There is no precise vision of the "office of the future". At least not in the minds of personnel, whether career starters and young professionals from Generation Y or experienced professionals/office personnel from Generation X. From employees' perspective, the office of the future does not look materially different from the modern offices they are familiar with today.

There are certain requirements and preferences for an ideal office building and working environment that have high inter-generational relevance and are highly significant for investors, developers and companies. These range from an urban location or urban character of the location and a preference for mixed-use office properties to sustainability aspects of the building in terms of environmental friendliness and wellbeing at work, as well as flexibilisation and digitisation of the entire working environment.

For developers, this means that, in addition to adhering to ever greater energy requirements, they must also conceptualise intelligent building technology that meets both the overall requirements of the individual tenants as well as those of each individual user. Possibilities include employee-specific control of air temperature or brightness. The efficiency of the building is pitted against the (working) efficiency of the user. The challenge here is to find a balance. Furthermore, pure office buildings with no complementary uses or additional services will face difficulties, particularly in locations with weak infrastructure.

For investors, it will be essential to consider aspects such as intelligent building technology or a successful mix of uses in future. Long-term investors making acquisitions should no longer focus merely on "location, location, location". This well-known maxim of property investment might be better expressed in future as "location, flexibility/technology and service". Location will remain among the decisive criteria for the success of a property in future. However, the building structure or technical fit-out of a building will become more important going forward. In (older) existing properties, adaptations and alterations are not always possible or entail large CapEx commitments. Today, however, it is essential to address the requirements of each tenant more and more quickly and individually and to be able to respond flexibly. What pleases one tenant today may no longer be useful for the next. The "simple" office property no longer exists, either in terms of property management or asset management. All parties, from the office occupier to the provider of supporting infrastructure to the building manager, must work closely together to respond quickly to wishes and requirements. Communication and exchange with occupiers will be a key focus of future asset management. It is a significant competitive advantage if you can offer a service "from a single source". The bottom line is that investors will benefit from a healthy cash flow if a property achieves a harmonious overall blend of location, flexibility/technology and service.
This aspect becomes all the more important the worse the location or the weaker the location in terms of infrastructure. Thus, the service offering does not have to be provided at building level. District management is the next big idea. In an office sub-market with weaker infrastructure and perhaps a somewhat more remote location, the various owners could come together and provide the necessary infrastructure. This could range from a daycare centre, canteen and communal external and relaxation areas to the installation of a shared WiFi network. Such additions will make the district generally more attractive and future-proof for tenants and owners/investors alike.

However, one of the most important findings of the present research is that it was not possible to formulate any vision of the office of the future from the perspective of personnel, or no clear conceptions were available. Much of their thinking remains rooted in familiar conventions and previous experiences of day-to-day work. New and pioneering ideas are not called for or wanted because the opportunities are unknown or barely known and can, therefore, be scarcely articulated, if at all.

It follows, therefore, that companies must overcome the lack of imagination of their personnel (from both Generation X and Generation Y) through significantly earlier communication of the opportunities and possibilities of new office concepts and office technologies and by involving all relevant personnel significantly earlier and more strongly in the planning and development process if high acceptance of and identification with a new office or refurbished existing building are to be achieved. Technological change cannot be halted. The major challenge, therefore, is to take all personnel along on the journey of constant evolution. Active change management on the part of companies is a prerequisite for successful involvement of personnel. In view of the “war for talent”, there is no alternative but to make the workplace attractive to employees. Conversely, there is pressure on costs and a compulsion for greater efficiency. It is essential for companies to manage this balancing act both now and in the future. A number of examples cited in this research demonstrate that companies such as Brainlab and Adidas have already embraced this path.

The survey results from the research also show that the majority of respondents are extremely defensive in respect of the new developments and technologies. However, this is not necessarily attributable to disinterest in the new (technological) opportunities but rather the fact that the opportunities are simply mostly unknown. Consequently, the majority have not closely considered the new concepts or technical equipment or had the opportunity to recognise or use the associated benefits.

One example is people’s preference for their own fixed workstation. From a company‘s perspective, it is essential for personnel to work efficiently. However, this is opposed with a certain pressure on costs and the associated pressure to use space efficiently. The latter will mean that such developments (e.g. desk-sharing) will establish themselves sooner or later despite the (initial) resistance of personnel. Silicon Valley already offers a vision of how a possible future office landscape could look in Germany. Offices there are characterised by an atmosphere of wellbeing, which is strongly evocative of a living room. Working life and leisure are increasingly merging, with a home-like atmosphere intended to create the corresponding levels of comfort.

Co-creation is a key term of crucial importance to the findings of this research. If, at an early stage in the planning and development process for new office properties, personnel had the opportunity to understand which office innovations already exist, what is still possible in future and what concrete advantages they would bring, the personnel and their support and anticipation of a new and innovative working environment would be far higher. This would relieve anxieties and promote support for changes. Creative labs could be used, for example, where the company would work together with developers and innovators of modern office concepts (who themselves are shaping the office of the future) to create a space where personnel could work or spend time on a trial basis and provide early feedback on likes and dislikes. This need not be limited to the workstation but could also be applied to meeting rooms and communal areas with various potential uses as well as to simulating the entire “urban” office building.

This experience-led familiarisation of the personnel with the planned future outcome of a new office and, potentially, a new location could also be critical to success for investors and developers wanting to sell or lease new office properties to companies. According to the “Discover the possibilities” principle, early integration of company decision-makers as potential building users can also unlock additional decision-making rationale in a convincing and experience-based manner. Personnel who can significantly influence the configuration of the office building and workstations also gain increased motivation and hence productivity in their approach to work. Furthermore, they are more strongly intertwined with the corporate identity of a company. This significantly increases the probability that such personnel will resist head-hunting approaches from other companies. Instead, there is the prospect that they will remain loyal to the company for the long term.

How the office of the future will actually look and which space concepts and technical refinements will be applied cannot be clearly answered by this research. What is certain, however, is that there is no such thing as THE office of the future. Rather, there are various approaches with different space concepts and fit-out standards. Young companies with flat hierarchies have quite different requirements in terms of office space configuration than established companies with a long history. The sector in which each occupier operates and the associated various working methods also strongly influence office layout. Law firms, for example, have different requirements than companies in the advertising or IT sectors. In addition to the location of an office, flexibility and hence adaptability are the new key terms when it comes to talking about the office of the future.

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Savills is present in Germany with around 200 employees with seven offi ces in the most important estate sites Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart.

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Consulting cum laude is a consulting company, that provides innovative and effective solutions for businesses of all sizes and industries to win the battle for qualified talents and demanding customers of the Generation Y. CCL is a subsidiary of International Campus AG, an investor, developer and operator of modern residences for students and young professionals in Germany, Netherlands and Austria under the brand „THE FIZZ".

Due to the proximity to students and young professionals in the THE FIZZ houses and via the Cooperation Network „Network cum laude" consisting of leading student housing operators and universities in Europe, CCL connects companies directly with the talents and the customers of the Generation Y. The consulting services include employer branding, talent recruitment, change management, innovation Management, Consumer Marketing and Direct Sales. The consulting projects are carried out in hybrid team: experienced management consultants of the Generation X work together with students and young professionals of the Generation Y on eye-level and ensure maximum credible solutions - developed by the target group for the target audience (peer-to-peer-principle).

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