



8 Trends That Will Shape Real Estate And Facility Management By 2027

A look at the most disruptive trends that are set to influence the world of real estate and facility management over the next five years

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Introduction

The advancing field of technology continues to drive development in the world of real estate and facility management. Over the years, it has yielded a plethora of advantages for managers in this sector. It can help predict potential issues, reduce administrative work, assist organisations in complying with industry standards, and generally make buildings better places for people to spend their time.

Thanks to technology, buildings are getting smarter year on year. No longer just bricks and mortar that simply house operations, they are becoming automated and responsive, adapting to their users and the environment around them. This trend will continue in the years ahead. According to Research and Markets, the smart building market is projected to expand at a compound annual growth rate of 23%, hitting \$47 billion by 2026.

However, technology isn't the be-all and end-all of this market. Besides technological developments, economic and demographic changes are also at play, and are impacting the professional day-to-day practices of real estate and facility managers.

This white paper explores 8 specific trends that are currently solidifying as a result of underlying developments in technology, the economy and demographics. It explains the extent of their impact, and outlines how the real estate and facility management domain is expected to evolve as we head towards 2027.

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8 Trends in real estate and facility management

The following 8 predictions are those that will shape the years ahead as we progress towards 2027, and represent the key trends that real estate and facility managers need to begin preparing for right now.

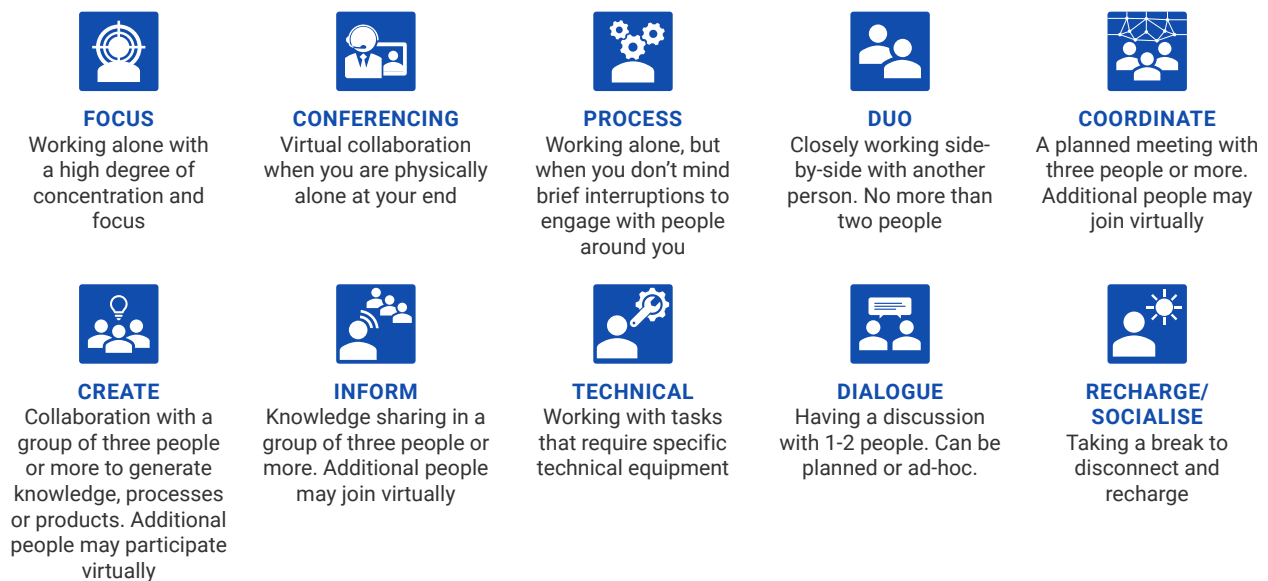
1. The institutionalisation of hybrid working

Hybrid working has existed as a concept for many years, but we're in a much different place now because of the COVID-19 pandemic, which has accelerated digital transformation within many office-based organisations. The expectation that white-collar employees are able to work from home, a co-working space or a public place, such as a train or airport, safely and just as efficiently as they do in the office, is becoming the norm. Over the coming years, we'll see a number of structures and quality standards put in place to enable knowledge workers to do their jobs on a fully or partially remote basis, seamlessly, with no concerns that this could negatively impact the business.

As hybrid working becomes a significant component of many organisations, we can expect this to have a fundamental influence on workplace capacity planning for facility managers. In this new reality, workplace capacity requirements are changing, with many employees having their private workspace at home, new employees joining and some leaving the organisation. This represents a whole new dynamic around new types of service (and funding) requirements for those employees whose workplace is based at home. In addition to capacity planning, the move to hybrid work will also affect the types of space provided in corporate workplaces, with an expectation that the traditional office setting will primarily become a place for collaboration and teamwork, although, of course, some individual workspaces will remain. When the office becomes a destination, rather than a requirement, people are likely to expect it to provide a different level of experience – hence, the proliferation of workplace engagement tools, and the focus on workplace experience.



Additionally, we might also envision the concept of a conference room as we know it today being replaced by that of a 'connected meeting room'; rooms where people can come together from and be virtually be connected to any location. It's the design of these particular spaces that will need to be put under the microscope so they can become more collaborative than just a room with a screen, a webcam and an HDMI cable. An activity-based design – i.e. how people are going to use and interact within these meeting rooms in the future – is a question that many businesses are already facing, or will be in the very near future. Facility managers in particular will begin rethinking their roles in managing these spaces and will need to work closely with their IT peers to provide an optimum experience for those present in the room as well as the people connected to that room by virtual means.



Activity Based Working

Source: <http://www.sdi-design.com/ideas22/activitybasedwork>

As these things evolve, facility managers will have a whole new set of criteria to follow in order to ensure each employee who works at home has a workplace that is safe, healthy and secure. It might be that compliance with workplace standards will become part of a 'contract' with the individual employee.

Regardless, by 2027, it might not make a difference where an office-based company's knowledge worker staff are working from. As the location of work is becoming flexible, another workplace concept is becoming eminently important: the digital workplace. To allow workers to be flexible in choosing their work setting and associated location, it becomes paramount that they are provided with access to the digital tools needed for their daily work. Reserving a space to meet with colleagues now morphs into setting up a meeting where some of the members are present in a physical space and others through digital meeting tools like Microsoft Teams. The integration of the physical workplace with the digital workplace is an element of space design and IT integration.

2. Better sustainability policies

If there's one thing the pandemic has taught us, it's that there's no room for unpreparedness. The same goes for sustainability. With a rising number of extreme weather events occurring around the world as a result of climate change (which is causing damage to infrastructure at unparalleled levels), the need for us to change course and reverse global warming through better sustainability policies is at an all-time high.

It's not only this drastic global change in our environment that causes an increased willingness of organisations to introduce sustainable practices. What also helps is the rapidly growing sharing economy, bringing about a new revenue model that enables the B2B sector to aim directly for the end consumer. A Consumer-to-Business (C2B) concept has evolved, in which consumers directly consume services from organisations and promote a brand via online channels – think of Uber and Airbnb. This model entered the real estate and facility management business through service outsourcing and allows for increased power of building end users demanding investments in sustainability initiatives by their employers.

The real estate and property sectors are responsible for a large portion of the world's carbon footprint, as well as generating a considerable amount of energy waste. This corporate duty and responsibility to be more ethical and sustainable has led to a significant increase in Environmental, Social and Governance (ESG) planning. Many organisations are developing corporate ESG policies to position themselves well to address climatic change and show societal responsibility. This will continue to develop in the years ahead, so demand for sustainable buildings will certainly soar.



SDGs through the lens of ESG

Source: https://www.researchgate.net/figure/SDG-through-the-lens-of-ESG-18_fig2_353555440

With a growing need for services to support the environmental and social dimensions of buildings, there is now a real opportunity to differentiate on services, integrating sustainable technologies which will allow for more advanced offerings and new business models. On top of this, there is a growing body of evidence that sustainability is good for business. Since ESG is a concept that derives from the investment community and is used to assess risk, it explains why we've seen businesses with sustainable practices generally performing better, with greater longevity.



'Around 40% of CO₂ emissions, more than 50% of electricity consumption and around 35% of waste production is from our buildings.'

- Frost & Sullivan

3. Improved resilience

Resilience is something we're going to see more organisations putting into their business strategies in the years ahead. In the context of real estate and facility management, resilience is primarily aimed at the business continuity of the organisation, making sure its primary processes can continue to operate. This includes plans around minimising risks such as damage, future-proofing the business and getting things done in the face of unpredictable, extreme events.

Being flexible through the integration of virtual and diverse physical workplaces is one good example of how this is happening. Whether they have a hybrid working strategy or not, most office-based organisations will need to think about how they can provide a safe and reliable workspace for their employees if the unexpected occurs. Enabling collaborative workspaces that allow employees to attend meetings, both physically and virtually with zero complications, is therefore paramount and is undoubtedly an incoming trend.

Post-COVID, resilience can also take on a different form, for instance, workers' ability to stay focused and positive despite what is happening in the world around them. The safe, reliable workspace that not only supports business continuity but workers' personal resilience should be a key strategic priority moving forward, especially given the evolving needs of organisations. Why? For one, people will perform better if they aren't just keeping their heads above water. Not only that but having opportunities for growth and potential for self-learning will motivate them, which will feed back into the organisation in terms of productivity. If a physical workplace supports personal resilience, the latter will lead to better business resilience.

Compare Employee Mental Health against Productivity and Engagement

■ Employees without mental health concerns

■ Employees with mental health concerns

Productivity



Engagement



Source: https://www.metlife.com/employee-benefit-trends/ebts-mental-health-2020/?fbclid=IwAR1BE_zEOx2VB2DP6-RRi1-46eT72jpuXr7IN433B1thJEAaim46UfPZRfk

For example, an employee in a managerial role, such as a sales manager, who isn't performing well might find that their job becomes challenging for their mental health and productivity. Someone in such a position, with low workplace resilience, is likely to cave under the pressure, which could have a significant impact on workplace culture, employee engagement and overall team performance. However, if the same sales manager possesses a high degree of psychological resilience, they are likely to overcome such challenges more easily. They will aim to protect their team from unnecessary pressures and, if required, look to bring in further workplace training to increase performance and accuracy in future projects.



Employee Experience for Business Resilience

Source: <https://news.sap.com/india/2022/02/business-resiliency-with-better-ex/>

4. More quantitative and measurable uses of data

Technological developments follow each other in quick succession. Whether you are talking about the Internet of Things, machine learning or artificial intelligence, all these innovations have an impact on the work we do and how we do it. The same can be said for big data; something that we're now starting to see the true power of.

Granular data that's being captured from new technologies, especially within the realm of the Internet of Things (IoT), is allowing observation at a level we have never witnessed before. This kind of power will improve decision making – especially in real estate portfolios – in much more quantitative and measurable ways than in the past, enabling organisations to make quicker decisions, become more agile and thus remain competitive.

For example, understanding actual occupation and worker views of the various workplace services on a portfolio level will be driven by data and therefore allow the real estate and facility management professional to make appropriate portfolio management and workplace strategy decisions.



As we uncovered in our [Harnessing the Power of Data white paper](#), developed in partnership with the Institute of Workplace and Facility Management (IWFM), making better use of data allows organisations to make ‘smarter’ decisions, meaning that they are more likely to make the right decision at the right time, for instance, regarding when and where to invest.

This decision support via data excellence is a crucial concept as we progress towards 2027. Take, for instance, the data available from a building management system (BMS). This is paramount, especially since we’re now seeing a rapid increase in the need for flexible solutions to meet the changing needs of buildings and what’s inside them – such as more agile, adaptable workspaces with healthier building environments and improved air quality.

Using the right data tools in order to help with such analysis is also important. As more and more enterprises realise the unique strategic importance of data quality, a new class of data analysis tools will rise to the fore, achieving a higher level of data quality excellence.

Businesses will come to understand that you can’t fix what you don’t measure, and data analytics tools will help with a plethora of problems, from proper project testing and implementation to reducing irrelevant costs and serving as the communication point between stakeholders.

5. The rise of ‘proptech’

Property technology or ‘proptech’ as it’s more commonly known, is a trend that we’ll become more acquainted with over the next five years. Epitomised as the convergence of property and technologies such as IoT, artificial intelligence (AI), blockchain, big data, drones, virtual and augmented reality that are becoming available in the real estate market, proptech looks to transform the real estate sector through the virtualisation and digitisation of physical infrastructure.

The area of proptech is likely to move in the direction of controlling buildings through smart technologies, with a combining of applications to allow organisations to control different aspects of a building, intuitively, from one place. But it is also about financial management and valuation of buildings – the business side of things.

Proptech will also become more about the connection between building performance (energy consumption, reliable operation, efficiency of movement, climate control) and occupant experience (comfort, access to desirable amenities, security), especially since the pandemic. Take, for example, how the focus of smart buildings has shifted from efficiencies and making dumb buildings smart, to how we can use existing tech and upcoming innovations to protect the health and safety of those inside. While sensor tech was already allowing us to monitor the health of people entering buildings, space utilisation, air and water quality, new solutions are going even further – detecting and killing pathogens through ventilation systems. However, integrating this new wellness-focused tech won’t come easy, and will likely require a bespoke, single-view smart building management platform for it to really make a difference.

In all, proptech is representing quite a variety of applications and technologies that in some way relate to the design, build and operation of buildings. But only when they are used collectively, will their value be more than the sum of the parts. And this calls for new approaches on how to integrate them. While we're about to see fresh innovation in this area, the challenge here for real estate and facility managers will be the orchestration of all these different technologies; how are they going to work together and be managed? Integration platforms such as Building Operating Platforms or Building Operating Systems will therefore be a big focus in the years ahead. [Advanced IWMS Platforms](#) are in an ideal position to provide this capability.



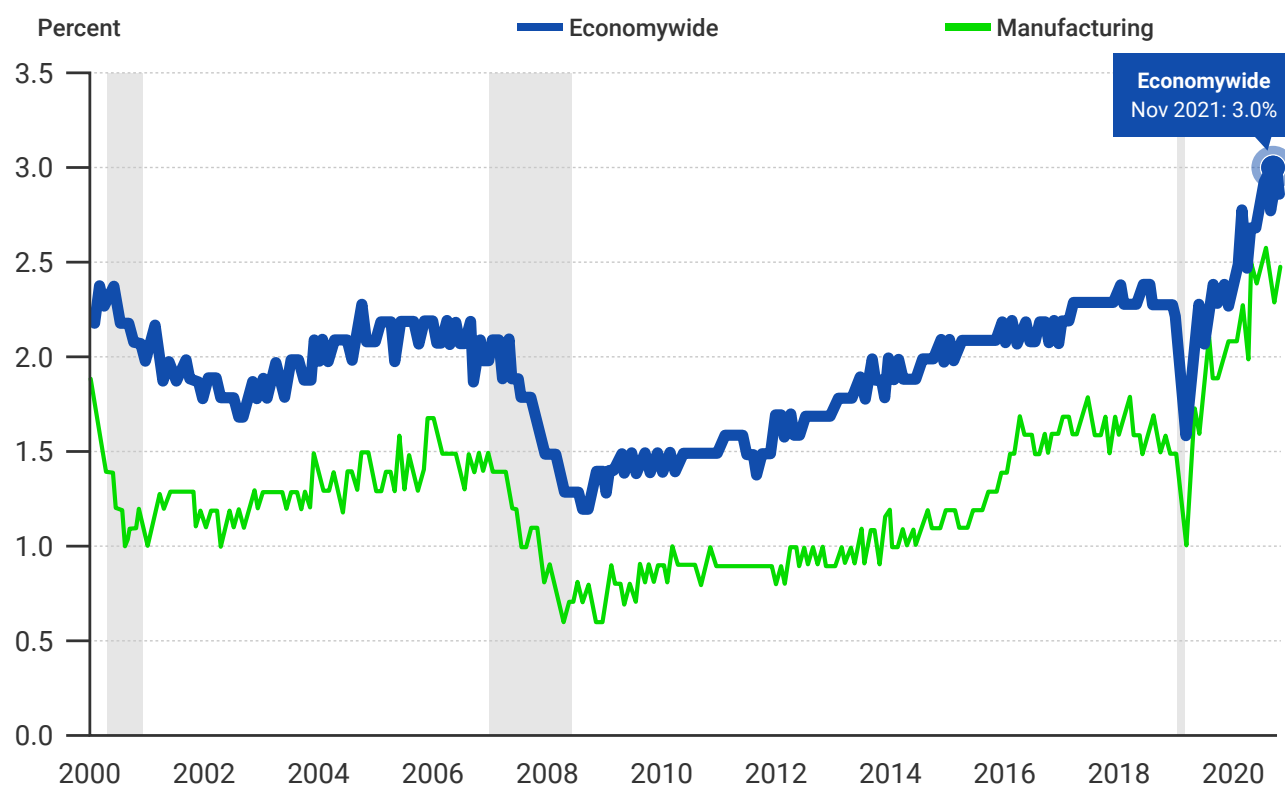
'Today's software capabilities allow organisations to get the best out of both worlds: an IWMS platform for 80% of their functional needs connected to innovative software products from start-ups.'

- Verdantix

6. The Great Resignation will change the attitudes of future workers

The Great Resignation, also known as the Big Quit, is a trend we've seen materialising since early 2021, mainly in response to the COVID19 pandemic, and has resulted in employees voluntarily resigning from their jobs en masse, taking new offers or changing careers completely. This trend is most pronounced in the US. According to the US Bureau of Labor Statistics, the so-called 'quits rate', that is, the measure of voluntary resignations per month, rose to an all-time high of 4.5 million people in November 2021, which equates to 3% of the entire workforce.

Economywide and manufacturing quit rates, 2000-21



Source: US Bureau of Labor Statistics

In the UK and Europe, things are not so extreme. Largely because – according to integrated workforce management software company, ProUnlimited – employers in countries such as the UK, Germany, Netherlands, Belgium and Ireland have increased pay and offered better benefits in a bid to slow quit rates.

We could soon see the knock-on effect of this in the field of real estate and facility management, especially in the sphere of workplace engagement. One example is the possibility of the next working generation considering an ever-shorter tenure within an organisation to be the norm. Retention of talent and experience is a key factor for most organisations, and real estate and facility managers will be called upon to contribute to this, especially in finding ways to create workplaces that are more engaging.

The Great Resignation can also be related directly back to some of the other trends in this white paper, for example, hybrid working, resilience, sustainability, proptech, as each of these can be seen, at least in part, as ways to make a company a better place to be. The lesson businesses need to learn from the Great Resignation is about attracting and retaining talent. The workplace has something, but not everything to do with creating an attractive environment that supports employee needs. There is certainly a requirement for real estate and facility managers to work together with HR on this front.

One thing to think about here is demographic developments, and how they increase diversity in the workplace. This diversity is created by, among other things, the influx of young talent, older employees continuing to work for longer due to the shift in retirement age and an increase in cultural mix. In addition, labour migration means that people at work are interacting more and more with colleagues from different backgrounds. These developments have a fundamental impact on workplace strategy and design as the various worker profiles have different demands around the workplace. For instance, scientific research by the Centre for People and Buildings has shown that individuals tend to show a change of preference in workplace settings as they grow older.

The increasing shortage of specific knowledge or competencies in the labour market plays an important role within this development; better known as the ‘war on talent’. Today, employees put different demands on their employers. For example, they want to continue to learn and develop, have a better work/life balance and attach value to sustainable business practices. These days, if the employer fails to meet these requirements, an employee is more likely to change jobs. Hence listening to such requirements becomes increasingly important in order to retain staff.



7. New elements of compliance

One of the changes we are going to see in the years ahead is in the area of compliance. Along with many other topics, compliance often revolves around sustainability, as governments are actively developing ESG related legislation. Compliance around sustainability should be split into two main areas:

Legal Compliance

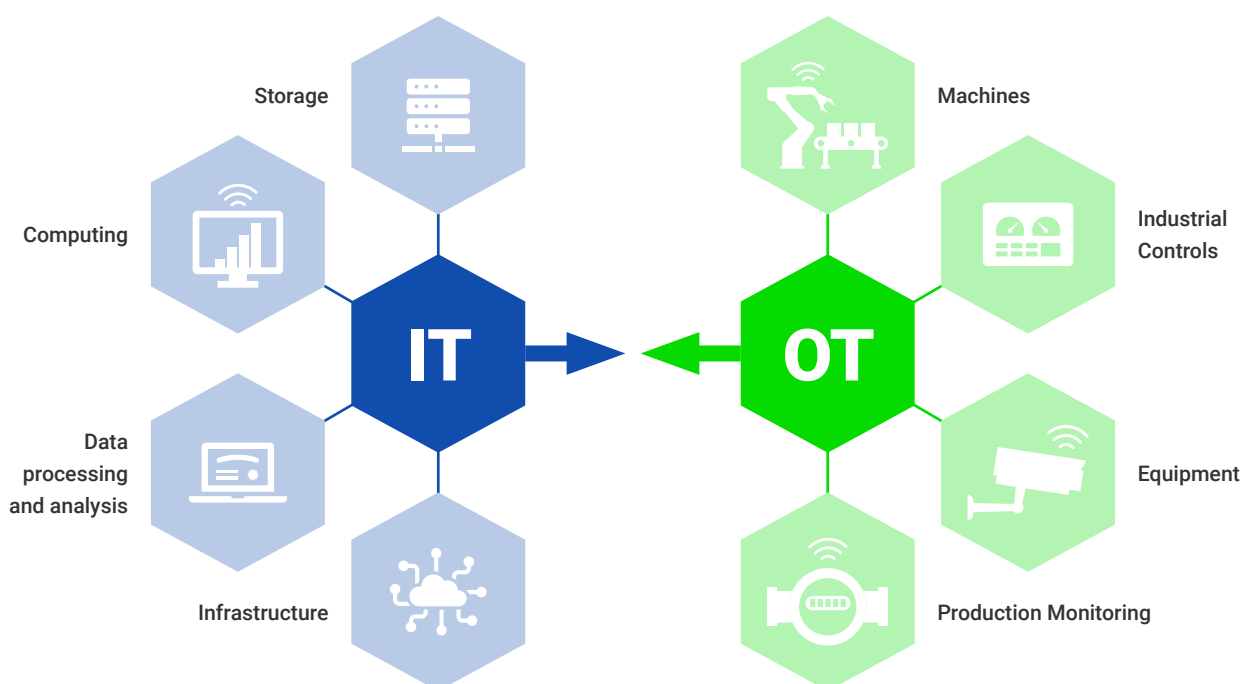
Expect to see real estate and property managers preparing for new compliance elements that are related to ESG and the operation of buildings, such as sustainability accounting standards, planned to come into effect over the coming years, especially across Europe but also in a number of US and Asian states. We predict that standards of formal reporting on ESG are going to hit the market in 2024, if not earlier.

Corporate Compliance

Apart from government-induced regulations, we see the emergence of corporate compliance policies where ESG goal setting is done, fitting with the organisation's purpose and operations. We expect corporate ESG policies to have a fundamental impact on the workplace and asset management practices of organisations going forward because all types of organisations will need to demonstrate their willingness and ability to contribute to global as well as regional ESG targets.


8. Smarter integration of operational technologies

We're going to see a fundamental shift in the way operational technology (OT) is used around buildings. Currently, many of these technologies are used to manage, monitor and control building operations. These are closed systems that run by themselves and measure different elements of a building, such as input and output temperatures and airflow, for instance. The primary thing that these systems do is operate. An example of operational technology could be something like controlled airflow in an HVAC system, or a lift.



IT/OT Convergence

Source: <https://www.automation.com/en-us/articles/october-2021/it-ot-convergence-shapes-future-market-dynamics>



However, what we are now seeing – largely because of the emergence of IoT and how we integrate operational technologies into what we then call a smart building – is a convergence of Operational Technology and Information Technology, something we call OT/IT. While operational technology is about control and safety systems and industrial process assets, IT is more about business and enterprise systems that store, process and deliver information.

IT and OT networks were (and often still are) kept separate from one another, with different profiles, based on different types of systems and with different tasks and priorities. But, gradually, the lines between the two are starting to blur and the convergence of operational technology and IT is well under way.


A good example here is the evolution of building management systems (BMS), which run a building and look after aspects such as temperature and airflow. These are beginning to open up to the world on an automated scale and provide APIs so they can be accessed from an external application. As workplace wellbeing becomes more of a focal point, we might soon see BMS integrated in such ways that buildings become intelligent enough to respond to employees saying they're too hot or too cold, for example, with the heating system reacting automatically to these requests and changing the temperature accordingly. We could see this on a scale of creating personal microclimates for different areas of an office, through employee voice activation or by the use of personal applications.

With the introduction of IoT platforms around buildings, we are also seeing an acceleration in the use of Digital Twins for real estate and facility management operations. A sound definition of Digital Twins stems from the UK National Digital Twin Programme:

Digital twins are realistic digital representations of physical assets that can be used to monitor and predict performance, feeding out insights and interventions. These insights lead to better interventions and unlock real-world value from assets through financial savings, improved performance and services, and better outcomes for society.

In other words a new type of application is emerging, assisting real estate and facility management professionals in their daily activity by monitoring the actual behaviour of things they need to manage. In this, Digital Twins are augmenting the work of real estate and facility managers, engineers, and service staff. Making effective use of the Digital Twin value requires sound integration concepts that will allow for the use of a variety of technologies and tools, putting the critical information in the hands of the user.

Integrating operational technologies and proptech into end-user applications for real estate and facility management requires a new approach. While we're about to see fresh innovation in this area, the challenge here will be the orchestration of all these different technologies; how are they going to work together and be managed? Integration platforms such as Building Operating Platforms or Building Operating Systems will therefore be a focus in the years ahead. Advanced IWMS Platforms with an open infrastructure are in an ideal position to provide this capability by connecting those new technologies to end-user applications, hiding the complexity of technology and presenting the users with valuable information to work with.



Technology should not be feared but embraced

We didn't list technology in its own right as an entry in our 2027 predictions for a reason; it plays a crucial role in each of our predictions. In five years, technology will be ubiquitous and instrumental in helping real estate and facility managers to make better decisions, innovate, strategise and ensure operations are running as seamlessly as possible.

As advances in tech speed ahead at lightning pace, software is becoming less complex, easier to use and more accessible for everyone. This rate of growth in innovation implies customisation to personal needs, which is becoming the norm for organisations. The smarter integration of operational technologies and the development of more quantitative and measurable uses of data is empowering real estate and facility managers to better understand their business, work more efficiently, predict issues before they arise and focus on providing enhanced operations. This is giving rise to an increased focus on business intelligence and analytics in the business domain.

While cutting-edge developments, systems and services can sound daunting at first, they shouldn't be feared. By embracing technology, real estate and facility managers can really get ahead and be prepared for whatever challenges arise in the future.

Appreciate the value of small efforts

Not all changes have to be huge ones. As we progress, facility management and organisations, in general, will come to appreciate the value of iterative small efforts, especially around sustainability. Projects that seem minute in the grand scheme of things can still have a major impact over time as we can accomplish things in stages. For instance, replacing fluorescent lighting with LED is no small feat for a large office, and can be costly. But if the tubes are replaced according to their normal schedule as they burn out, this will still have an impact and, in time, will still help save energy and contribute to a more sustainable environment in the long run.

Transformation: helping you think differently about existing systems

The transformation that we will see as we progress towards the year 2027 will drive real estate and facility managers to develop a new vision and strategy for technology and information management around buildings.

Being aware that new technologies emerge, new proptech solutions are being presented and that new requirements around compliance are emerging fast, it is of eminent importance to take a problem-oriented approach to dealing with the challenges ahead. What problems do we need to address and how do we prioritise that list? In addition the IT approach to support the effort needs to be addressed. What platform will allow us to integrate technologies and applications with the solutions we will need as an organisation? As it's hard to foresee the toolsets needed in several years from now, flexibility to adapt and integrate technologies and applications will be key.

As many legacy software solution vendors lack the flexibility and ability to invest to keep up with the pace of transformation, the choice of vendor is as important as the capabilities of the RE & FM software platform on offer.

Is this something you recognise? Then it might be time to start the transformation now in preparation for the future. While 2027 sounds like a long way off, it'll be here before you know it and if you're not properly prepared you might just get left behind.

If you wish to receive more information about these developments and their impact on the real estate and facility domain, please contact planonsoftware.com.



About Planon

Planon is the leading global provider of Smart Sustainable Building Management software that connects buildings, people and processes. By eliminating data silos and aligning solutions into one shared information platform, Planon provides all building stakeholders with actionable and meaningful insights. Independent market research and consulting firms have consistently rated Planon as a global leader in the market. Planon has implemented its comprehensive solutions for more than 2,500 clients, supported by offices and partners around the world.

For more information please visit us at planonsoftware.com