

YOUR BRIEF FROM THE CLIENT.

(IREC 2018).

Union Investment, HASPA and Drees&Sommer have instructed you to advise them on the matter of Smart buildings in Smart cities, in Smart regions in relation to develop a new bank headquarter somewhere in Europe.

Introduction

'Both in the private and institutional real estate segments, investors' interests are the absolute priority for Union Investment. The properties we select for our funds must meet high quality criteria and be able to generate reliable rental income in order to ensure investor returns. A forward-looking investment management approach and active asset management help to create the right conditions.'

This 'forward- looking investment management approach' includes UNION INVESTMENT, HASPA and Drees&Sommer applying grounded research based knowledge to assist it in understanding emerging trends in occupiers and investors requirements. An important part of this knowledge needs to be an understanding of 'smart' in connection with buildings, cities and regions, exploring the interaction among them.

UNION INVESTMENTS *'portfolio management style is active and value driven'*. Your client understands the interconnection between people, technology, buildings, cities and regions. They wish to know more about this synergy and have instructed you to advise them

The UNION INVESTMENT, HASPA and Drees&Sommer Board has decided to examine the concept of acquiring ‘smart’ buildings in one of five locations: Helsinki, Milan, Moscow, Edinburgh and Gothenburg and the Board has brought you in as a consultant to advise them of the efficacy of this proposal.

The CEO of UNION INVESTMENT is passionate about understanding trends regarding ‘smart’ concepts and wishes to acquire a building that will create an environment, which sets a new benchmark in connectivity, office design, efficiency, sustainability and space configuration both in terms of the building and the building setting and is convinced that this process will allow tenants to not only significantly reduce costs but, more importantly, also **increase productivity**.

Your client has recently visited the new Deloitte Amsterdam Headquarters building, ‘The Edge’ and was very impressed by what has been achieved. He is determined to provide buildings that will use new office layouts to energise staff and create new management cultures. The CEO recently had lunch with the CEO of Google at their Dublin headquarters. While in Dublin, he stayed in AirBnB accommodation and is really impressed with their Dublin offices. These innovative offices have inspired him with enthusiasm and a desire for creativity to be embedded in new building ventures.

The CEO has been quoted in a number of recent Board meetings and press releases in relation to what he hopes to achieve in acquisition of new offices:

“I am determined, not just to emulate the best in class, but to leap to the next generation of office design and configuration and to create the new benchmark in the property industry.”

“Real estate is a key component of HR

the best staff and to provide an innovative environment in which to stimulate connectivity, creativity, loyalty and profit.”

“We take sustainability **very** seriously and wish to set new sector standards in selecting, fitting out and managing new corporate buildings environments.”

The image value of new accommodation is of significant importance to an organisation. The building both internally and externally and also in the way it is planned, serviced and operated must reflect the company spirit and should reinforce the values of the organisation.

UNION INVESTMENT sees that *‘digital technologies offer exciting potential for developing more efficient processes and new business models. Union Investment is working at multiple levels along the entire value chain to seize the opportunities around digital technologies’*.

YOUR INSTRUCTIONS.

The Boards of UNION INVESTMENT, HASPA and Drees&Sommer want you to achieve the following objectives:

Research and advice on cutting edge trends in digitization and its effects on buildings, cities and regions;

Re-imagining the future of workspaces;

Provide a vocabulary of networked places;

Advice your client on the growing trends in these area examining, inter alia:

Opportunities for digitization in buildings, and common space areas within cities and regions;

Examining the drawbacks and provide solutions to ‘smart’ working in buildings, cities and regions;

Explore and advise on the interactions between virtual and physical workspaces

Rethink and advise on the value of space as a work environment, including space for nomadic workers;

Examine the value of urban density as an enabler to new ways of working;

Explore and advise on ‘fusion space’ as an enabler to increased cooperation and increased productivity;

Examine and advise on the city as an office;

Consider the future of hybrid mixed-use buildings and spaces;

In your allocated city explore the above and select a building and environment that best suits your client’s requirements.

You are to assist the organisation with the decision-making processes involved in choosing a suitable location and building/procurement option that satisfies their need for an innovative working environment and to produce a strategic briefing document to guide the acquisition process.

Your immediate priorities are:

- establish the nature of your client’s ‘demand’ for space, the type and configuration of space and the adjacency concerns;
- articulate the detailed needs of the organisation, resolve any internal conflicts and carefully articulate the needs of the organisation in a “Strategic Brief” document:

captures the priorities and preferences of your client and translates it into a document that real estate agents can use to produce a short list of building/procurement options that your client can evaluate;

- work with local real estate agents and inward investment agencies to select a range of suitable buildings that meet the criteria of location, general image, cost, overall size and availability within the desired timescale;
- determine the suitability of the “macro” environment of your given location, especially in terms of total occupancy costs, income, corporate and capital taxation, business climate and culture, labour issues, residential costs – both rental and ownership, and political and social factors,
- assess the nature of ‘supply of real estate’ by applying building appraisal and financial techniques to a selection of potential office buildings ;
- determine the 'best match' between the ‘demand’ and the available ‘supply’ for space;
- evaluate the practicality and logistics of the proposed relocation, examining issues such as physical and data security; and
- make recommendations on the suitability of any of the buildings based on sound analysis and identify the most suitable configuration for the chosen building.

The image value of the new accommodation is of significant importance to the organisation. The building both internally and externally and also in the way it is planned, serviced and operated must reflect the company spirit and should reinforce the values of the organisation including that of **sustainability**.

There was a growing feeling within the organisation that open plan working arrangements, where practical, would be suitable to the needs of interaction and communication within the organisation. However recently, the CEO has expressed concerns about the adoption of open plan working areas as a general rule. He is now more interested in what he terms 'activity' work spaces.

IMPORTANT POINTS TO NOTE:

- The CEO wants to push the boundaries of space definition even further and wishes to create a new style of space which accommodates **even greater autonomy and flexibility than the “Duffy” den, cell hive and club model**.
- **The CEO wants to create high levels of autonomy with staff having access to a range of work settings and a solution which allows staff to select the work setting most appropriate for the task they are undertaking at a particular point in time during the working day/week.**
- He is particularly inspired by the Capital One approach to Corporate Real Estate where their team talks about **“owning the atmosphere”** of the workplace. In his mind this is something way beyond physical space, furniture layouts etc. embracing the cultural and social aspects of workplace environments and interaction.
- The CEO requires a highly sustainable solution with a building equivalent or better than the BREEAM “Very GOOD” standard or the LEED “Gold” standard.
- **The CEO requires an innovative solution that incorporates ‘smart’ solutions in the building, city and region.**