

REAL

Real Estate
Advisory & Leadership
Community

A Community of  IFMA

Welcome to the REAL World

RICS Futures Report: Our Changing World

Ann Gray, Peter Smith, Neil Shah

Meet Our Speakers

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Ann Gray, FAIA, FRICS
Principal
Gray Real Estate Advisors



Peter Smith, FRICS
Executive Director
Ernst & Young



Neil Shah
Managing Director, Americas
RICS

Our changing world: let's be ready



Our vision:

To be recognised in key international markets as the leading body that develops and enforces professional standards, and offers access to the most sought after professional status

Our role is **to promote excellence in professional standards** in land, real estate, construction and infrastructure which we have been doing since 1868

Through the promotion of our standards we aim to:

protect
the public

grow the
profession

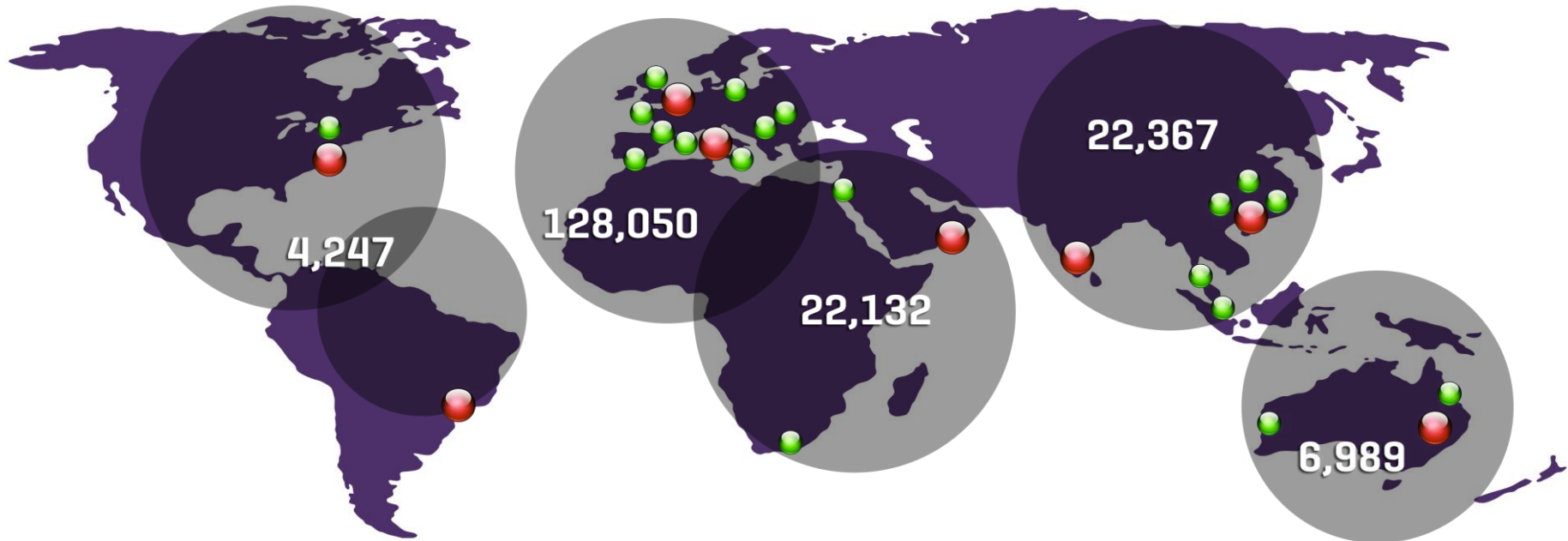
support
members

increase the
profile and
credibility of
the profession

take the latest
industry thinking
to inform
governments and
policy makers



We accredit **118,000 professionals** worldwide



118,000
accredited
professionals

65,000
students

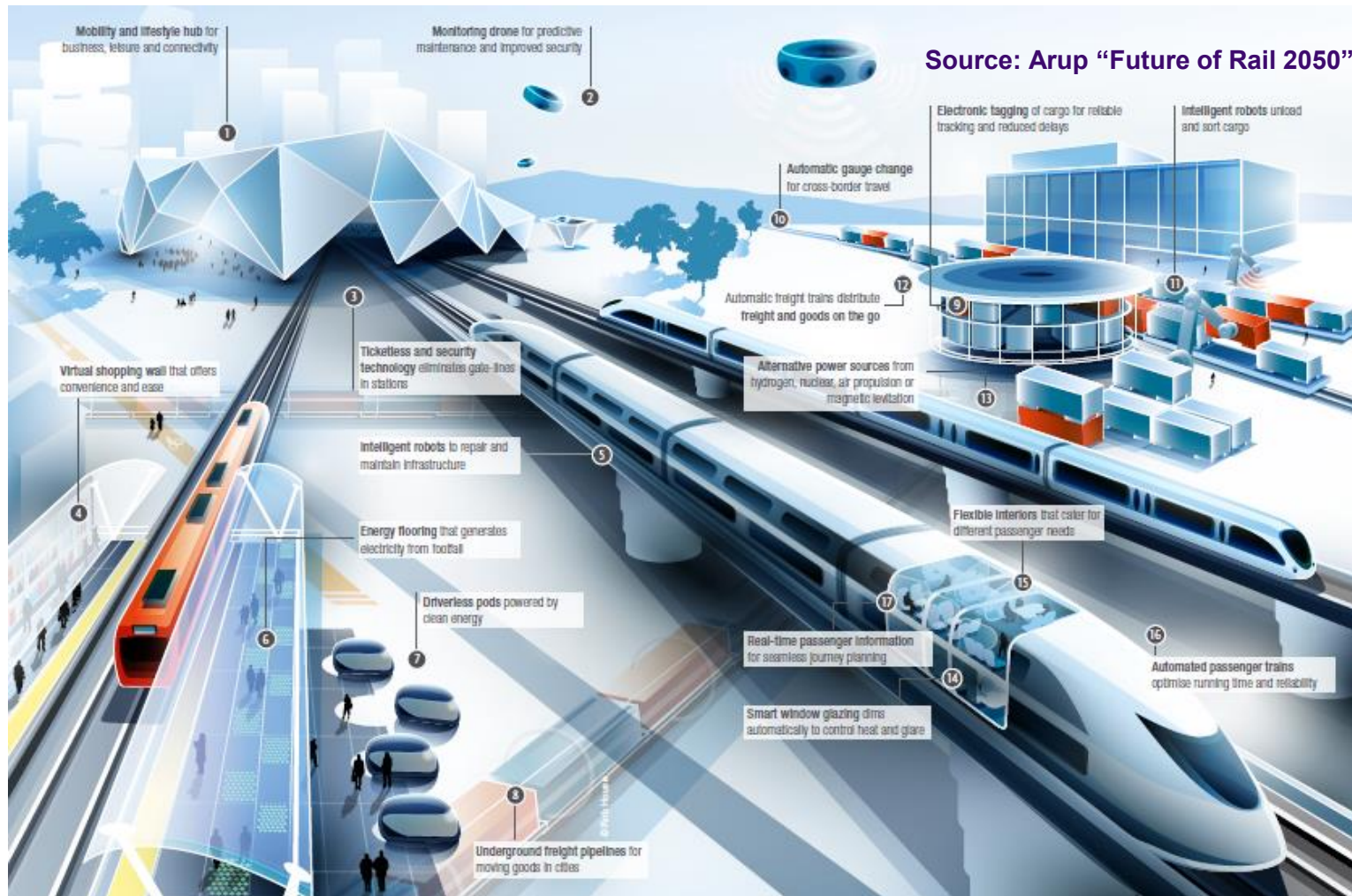
Members in
146 countries

Recognised by
governments
and markets

Offices in 27
cities around
the world



Everyone's got a view of the future



RICS Futures...in 19 different countries



- Australia
- Brazil
- Canada
- China
- France
- Germany
- Ghana
- Hong Kong
- India
- Italy
- Malaysia
- Mexico
- Netherlands
- Nigeria
- Singapore
- Spain
- UAE
- UK
- US

RICS Futures: participant countries

Our approach



Data gathering (2012-14)

Interviews, surveys
and events with
400+ participants

Prospection(2014)

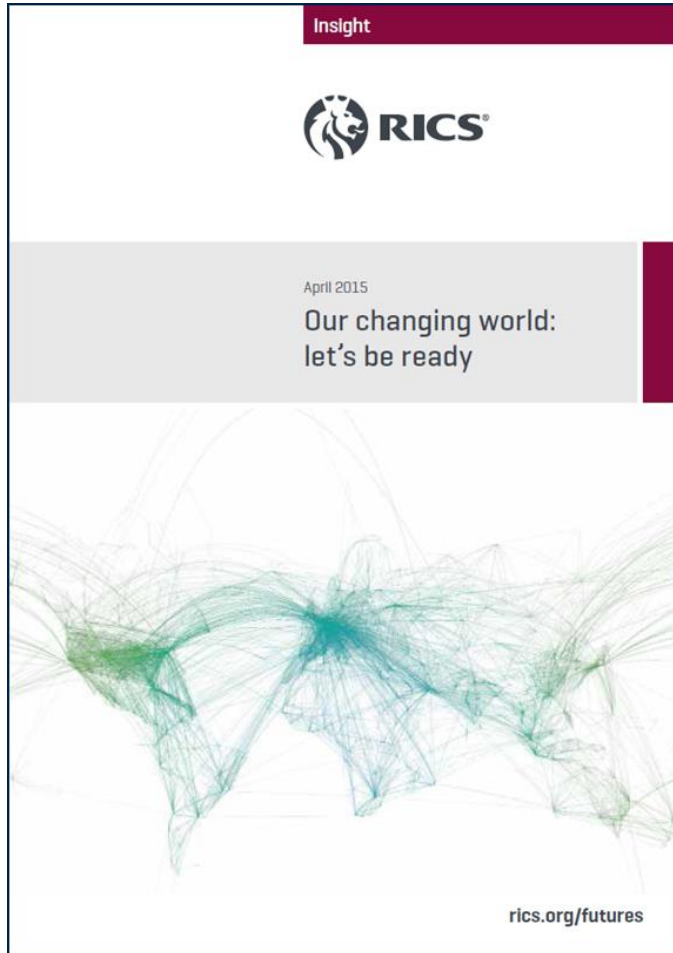
Defining the
implications

Analysis (2014)

Research,
third-party sources,
testing of insight

Strategic Planning (late 2014-15)

Six areas
for action
developed



www.rics.org/changingworld

www.rics.org/futures

#RICSFutures

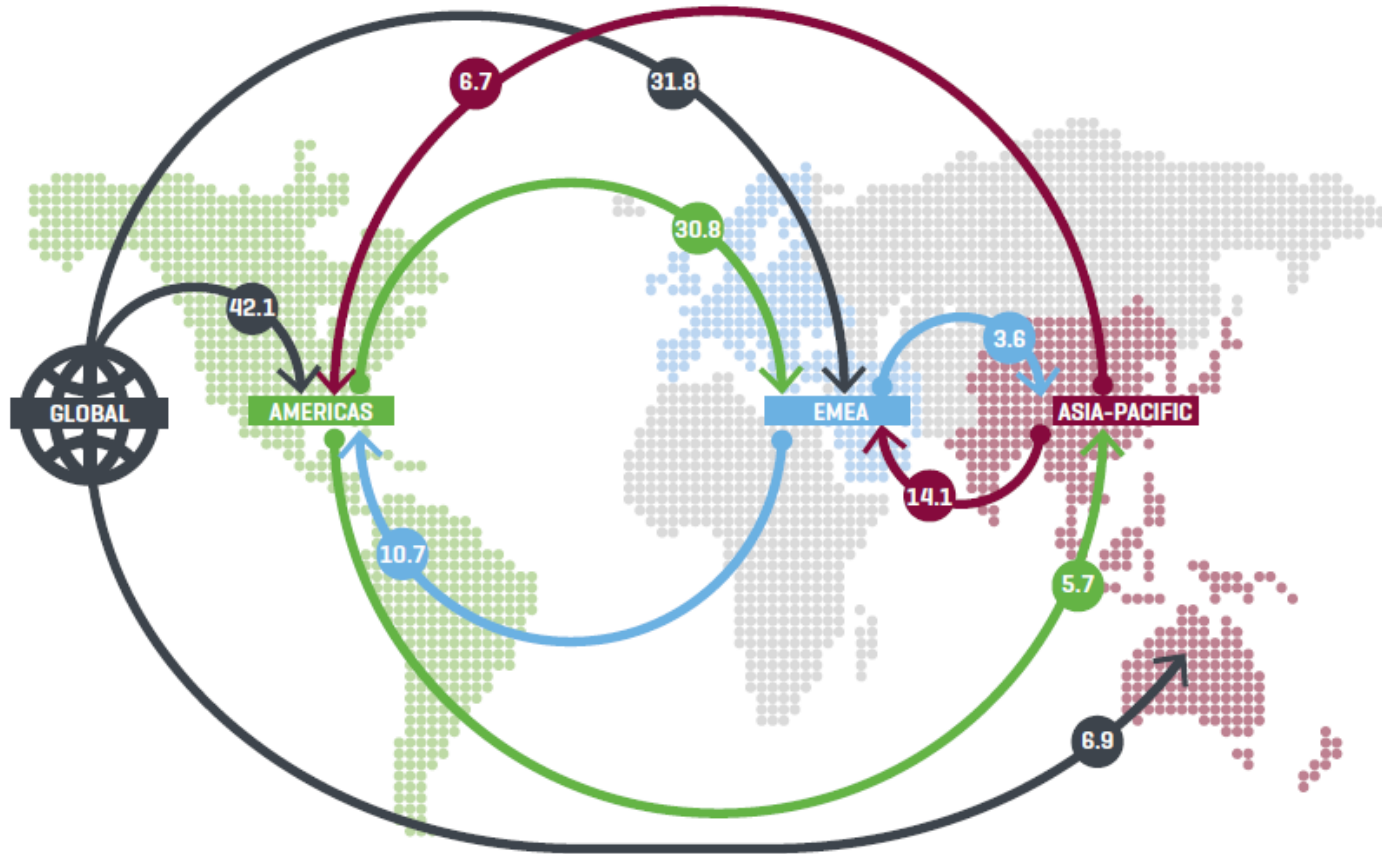
What have we learned?

- ▶ Change is accelerating and affects all of us
- ▶ Growing complexity
- ▶ Our sector is not viewed as favourably as others – ethics, innovation, change
- ▶ Major gaps exist on sustainability
- ▶ The skills needed by natural and built environment professionals, as well as work roles are changing
- ▶ Employers are concerned about talent
- ▶ Members are concerned about technological change
- ▶ Collaboration is increasingly important
- ▶ Stronger leadership is needed

The socio-economic drivers and trends



Changing capital flows – real estate rising



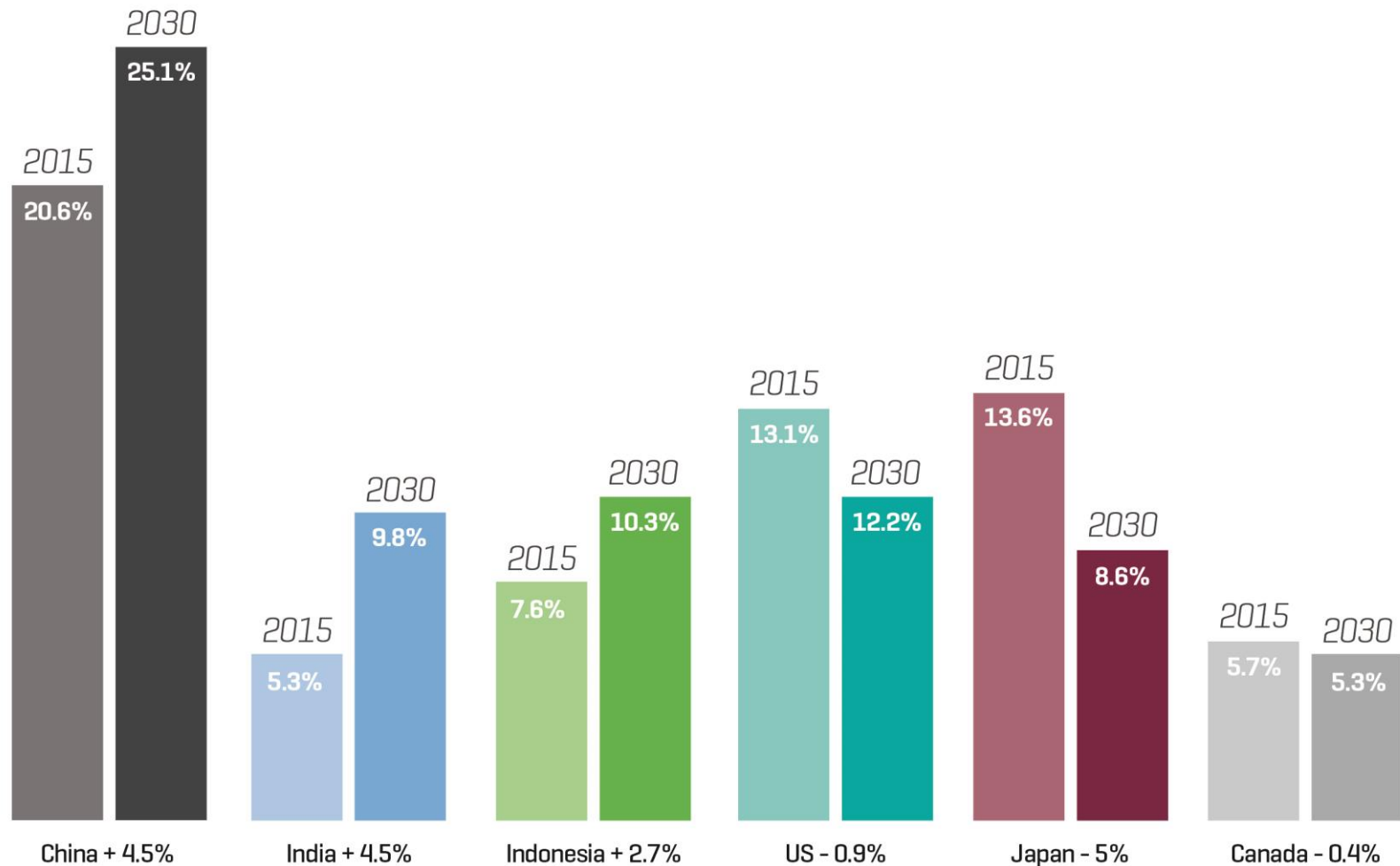
Source: JLL

Shift in economic power to the East



Source: Millward Brown/WPP 2014 China Brand Survey

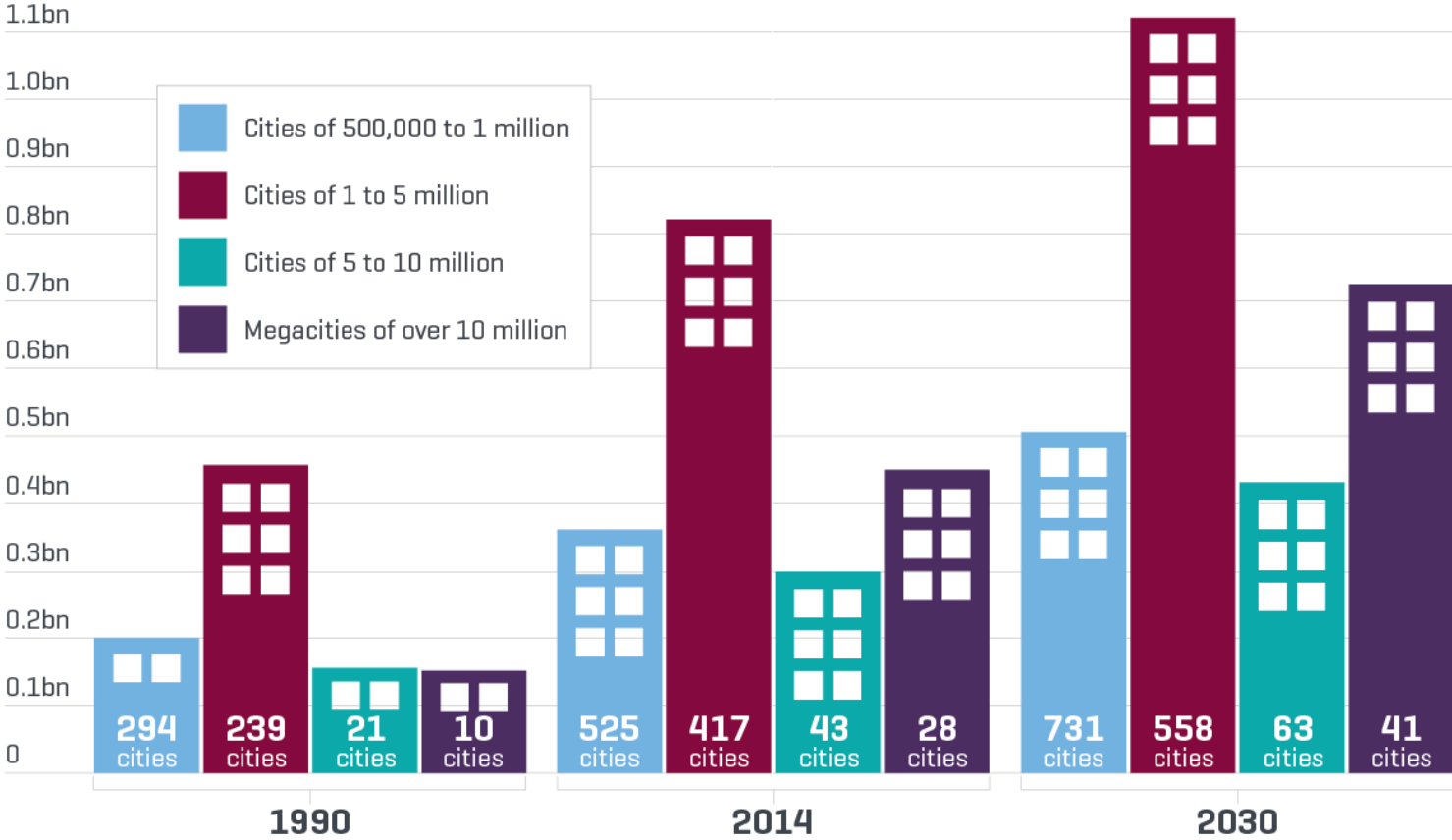
Economic power is shifting



Changing share of global infrastructure markets 2015 and 2030

Source: Global Construction Perspectives and Oxford Economics (from forthcoming Global Construction 2030 report), www.globalconstruction2030.com

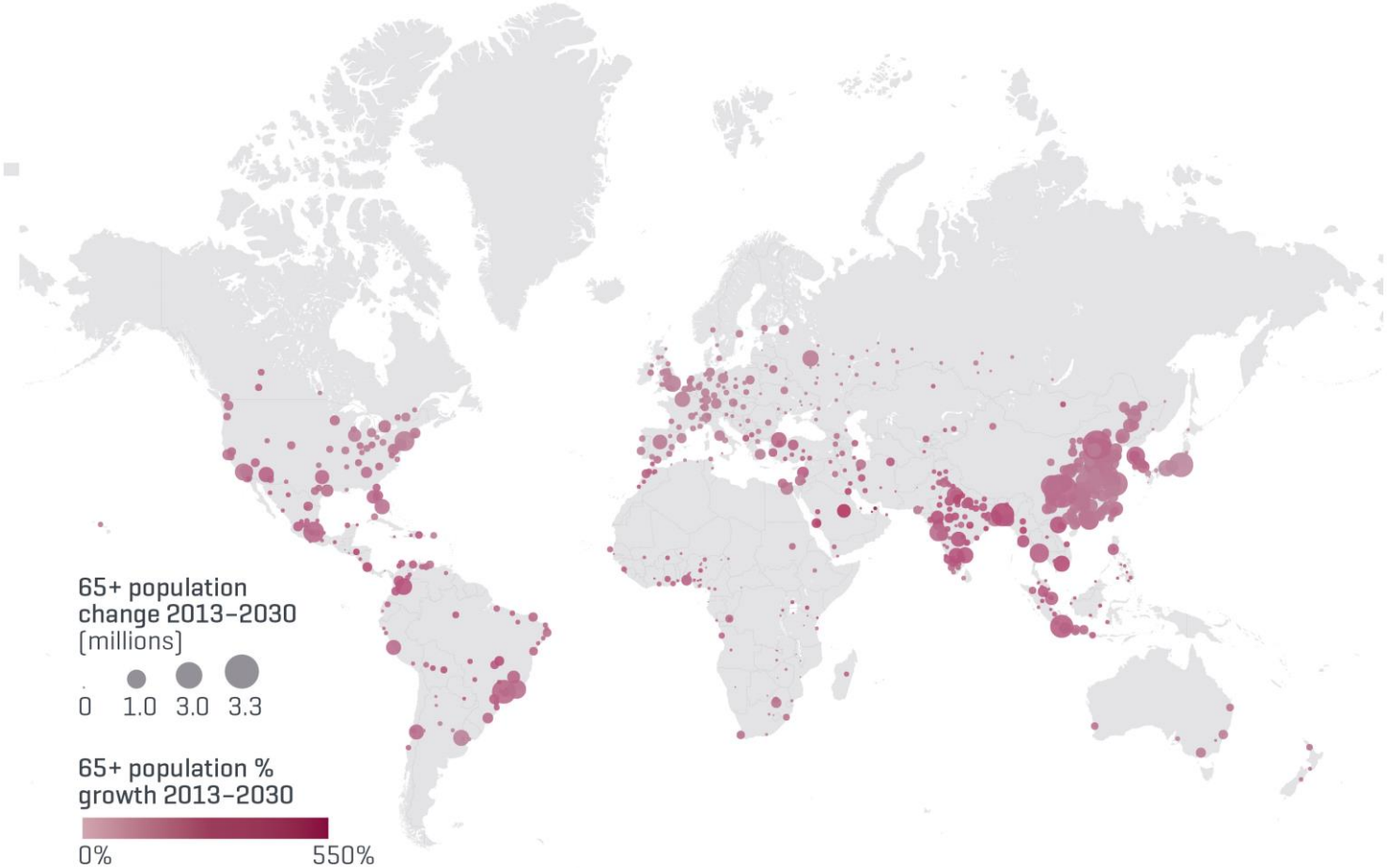
Cities are growing - fast



City populations 1990, 2014, 2030

Source: UN DESA

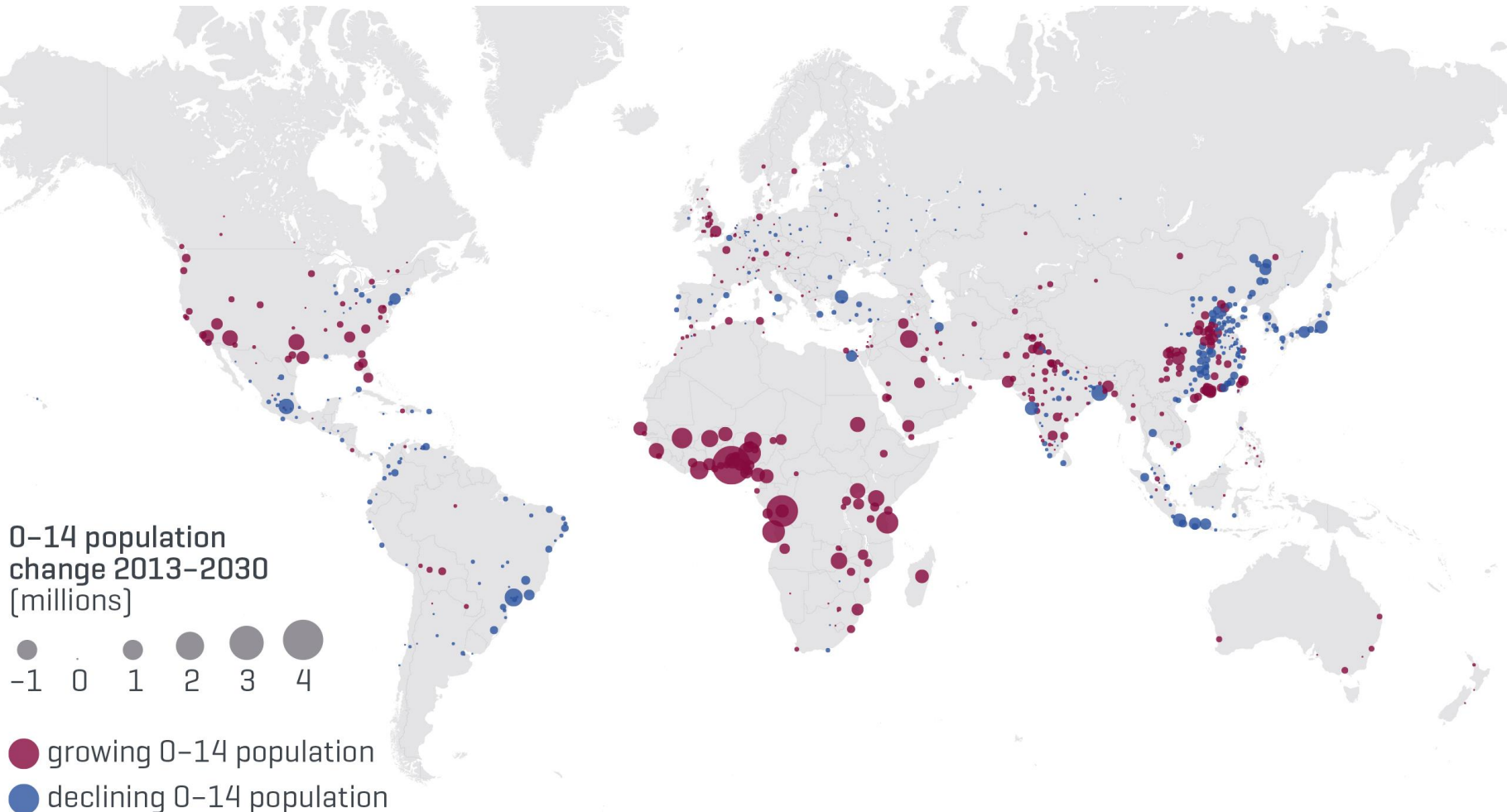
Some populations are ageing...



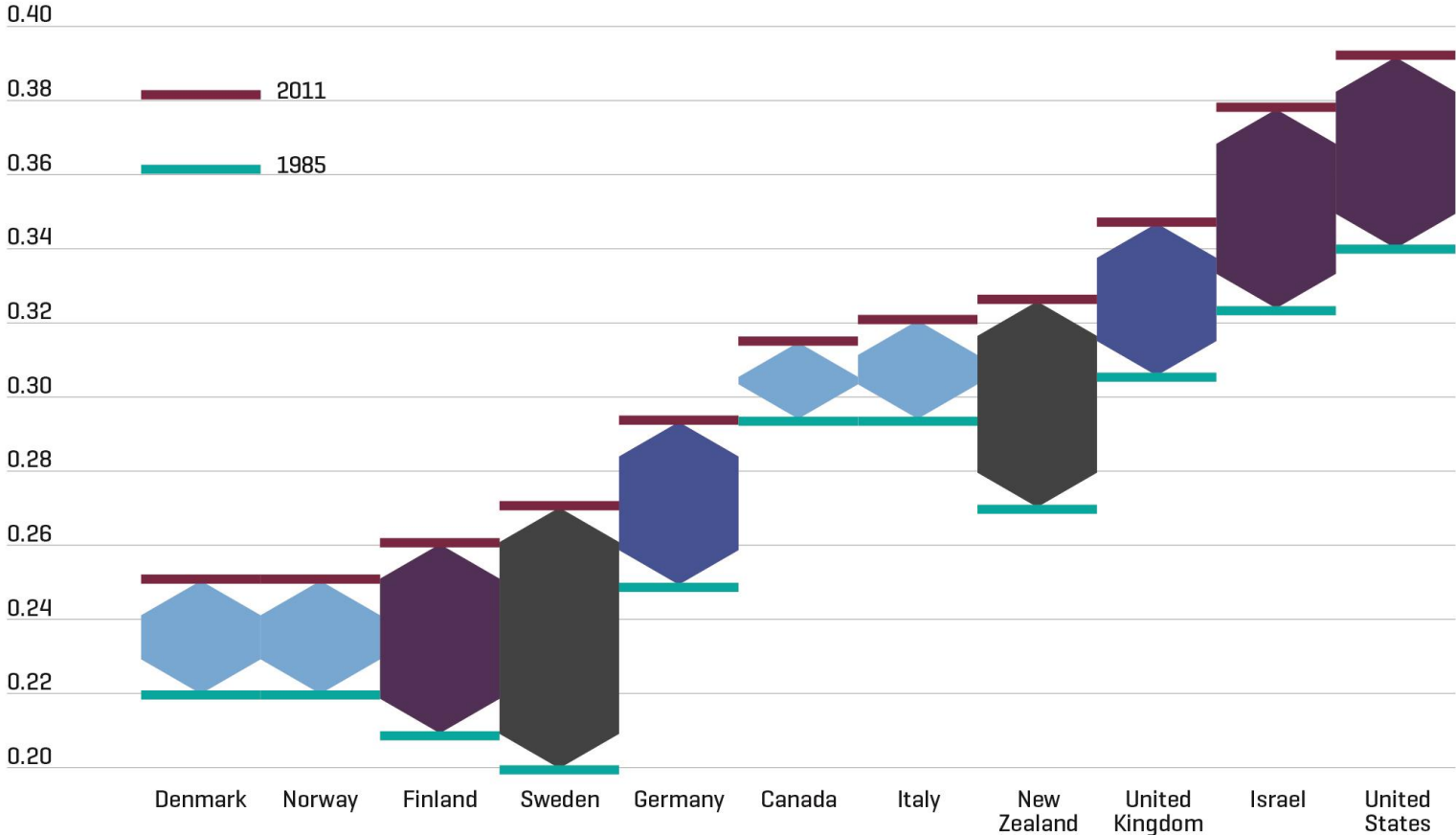
Population changes age 65+ 2013-2030

Source: Oxford Economics

...some cities have booming populations



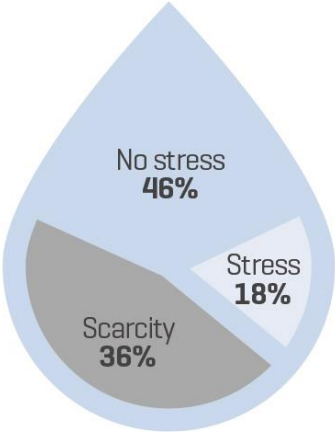
Inequality is on the rise



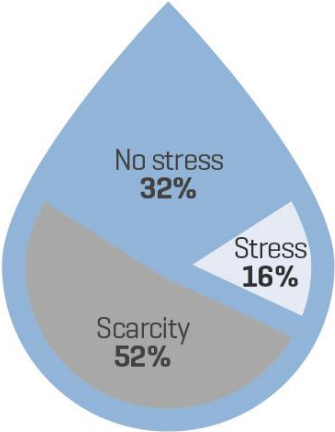
Increased inequality in OECD countries

Measure: Gini coefficient Source: OECD

Resources are becoming scarce



2013



2050

Water stress and scarcity



2013



2050

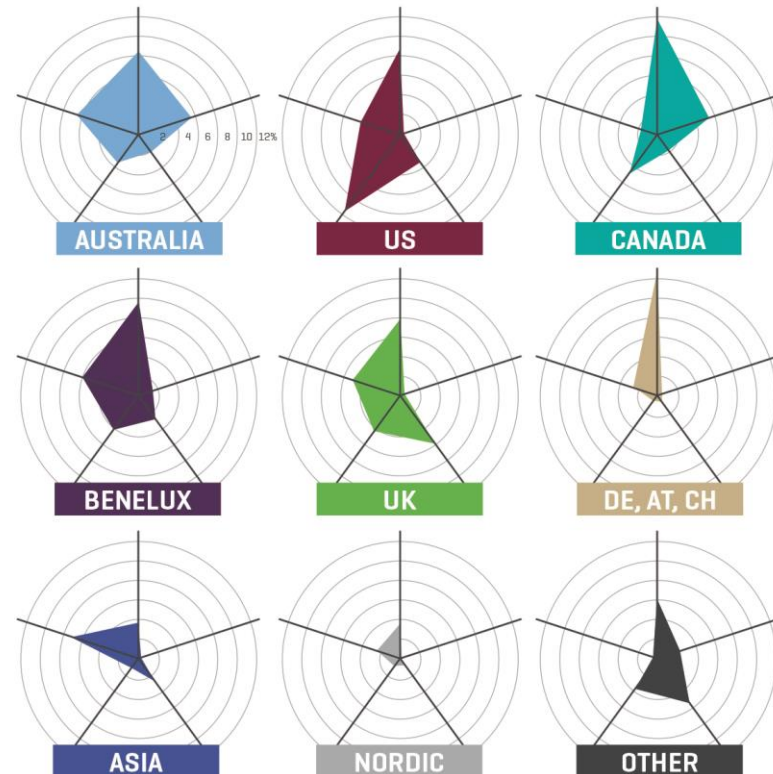
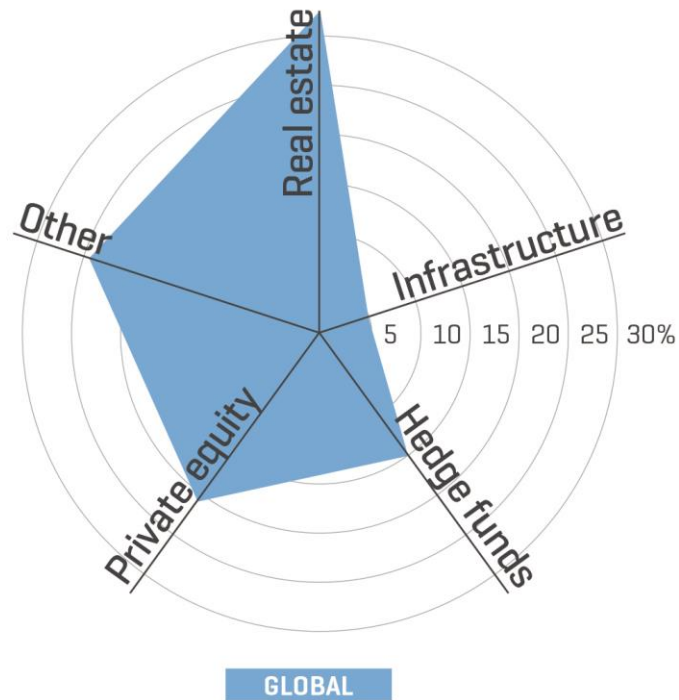
Global demand for water

Source: Veolia Water, OECD

The new business landscape



Real estate: a booming asset class



Real estate is a favoured alternative asset

Source: MSCI, IPD

Our sector has to improve on ethics

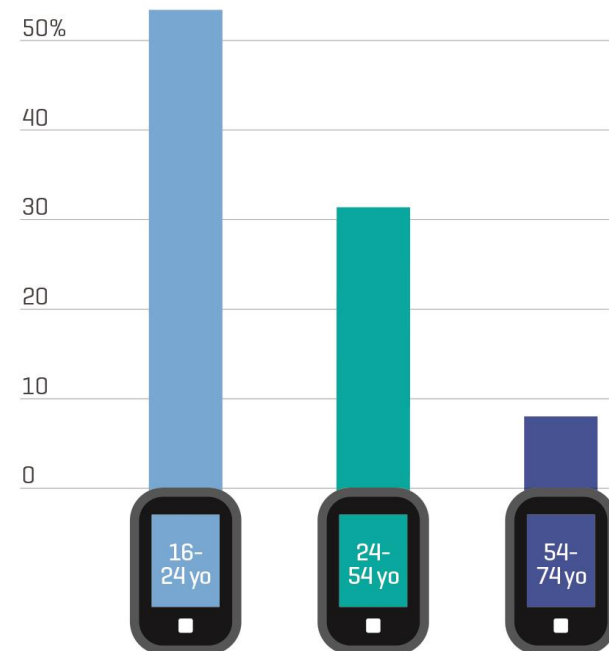


Rank	Sector	Score
1	Agriculture	7.1
1	Light manufacturing	7.1
3	Civilian aerospace	7.0
3	Information technology	7.0
5	Banking and finance	6.9
5	Forestry	6.9
7	Consumer services	6.8
8	Telecommunications	6.7
8	Transportation and storage	6.7
10	Arms, defence and military	6.6
10	Fisheries	6.6

12	Heavy manufacturing	6.5
13	Pharmaceutical and healthcare	6.4
13	Power generation and transmission	6.4
15	Mining	6.3
16	Oil and gas	6.2
17	Real estate, property, legal and business services	6.1
17	Utilities	6.1
19	Public works contracts and construction	5.3
AVERAGE		6.6

Source: Transparency International

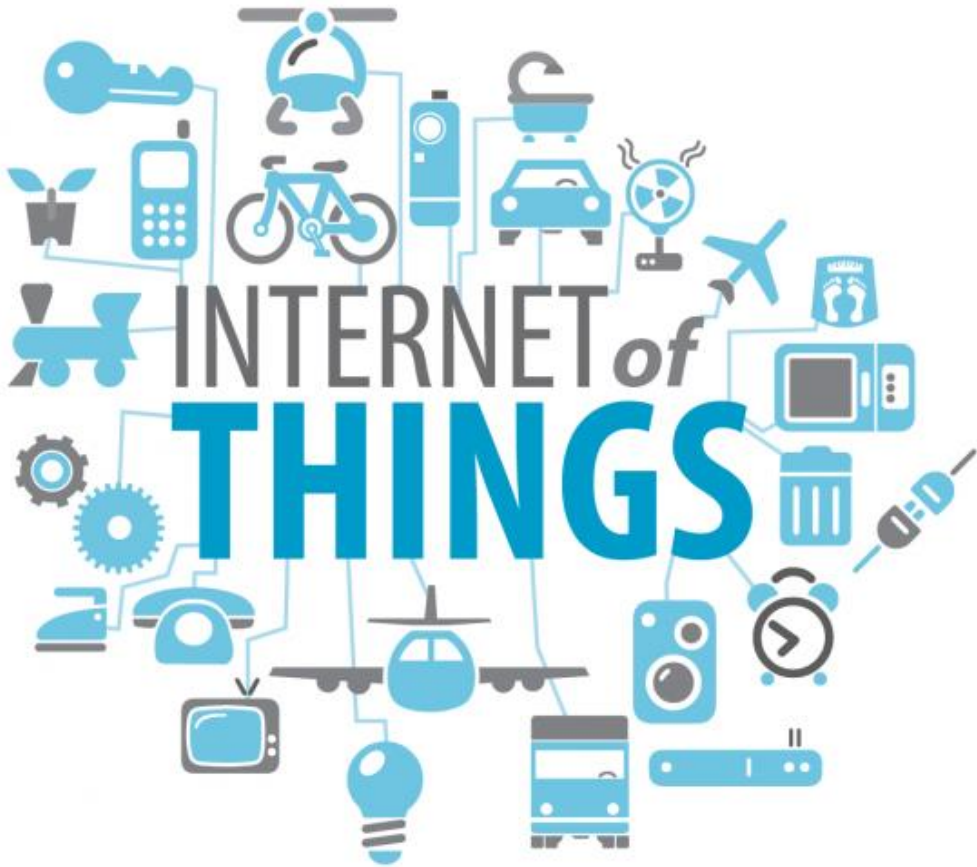
- ▶ **Mobile internet**
Exponential growth in mobile internet use is boosting web-based businesses, especially in emerging markets
- ▶ **Increased cost pressure**
Internet-driven disintermediation is driving efficiency – but also reducing profit margins
- ▶ **Mergers and acquisitions**
Multidisciplinary companies are more commonplace, affecting the skills in demand



Internet use on mobile phones in the EU, 2012

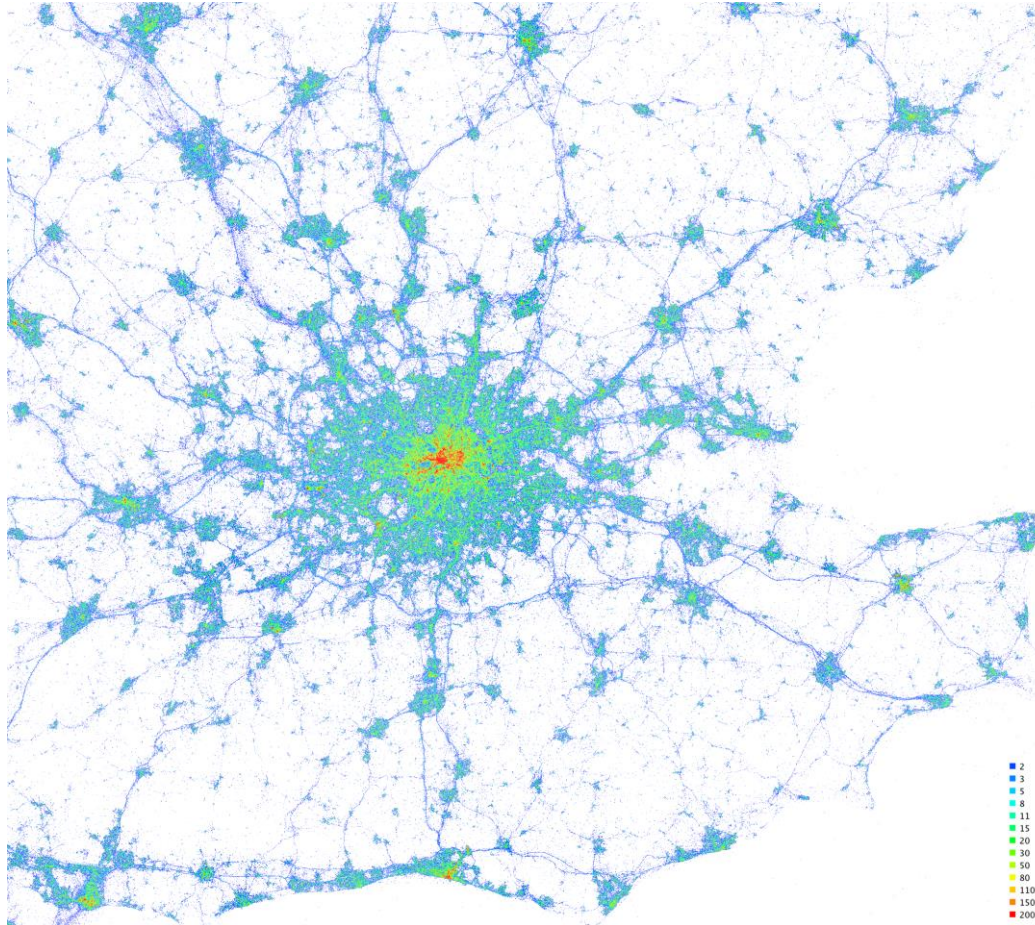
Source: Eurostat

Our digital revolution



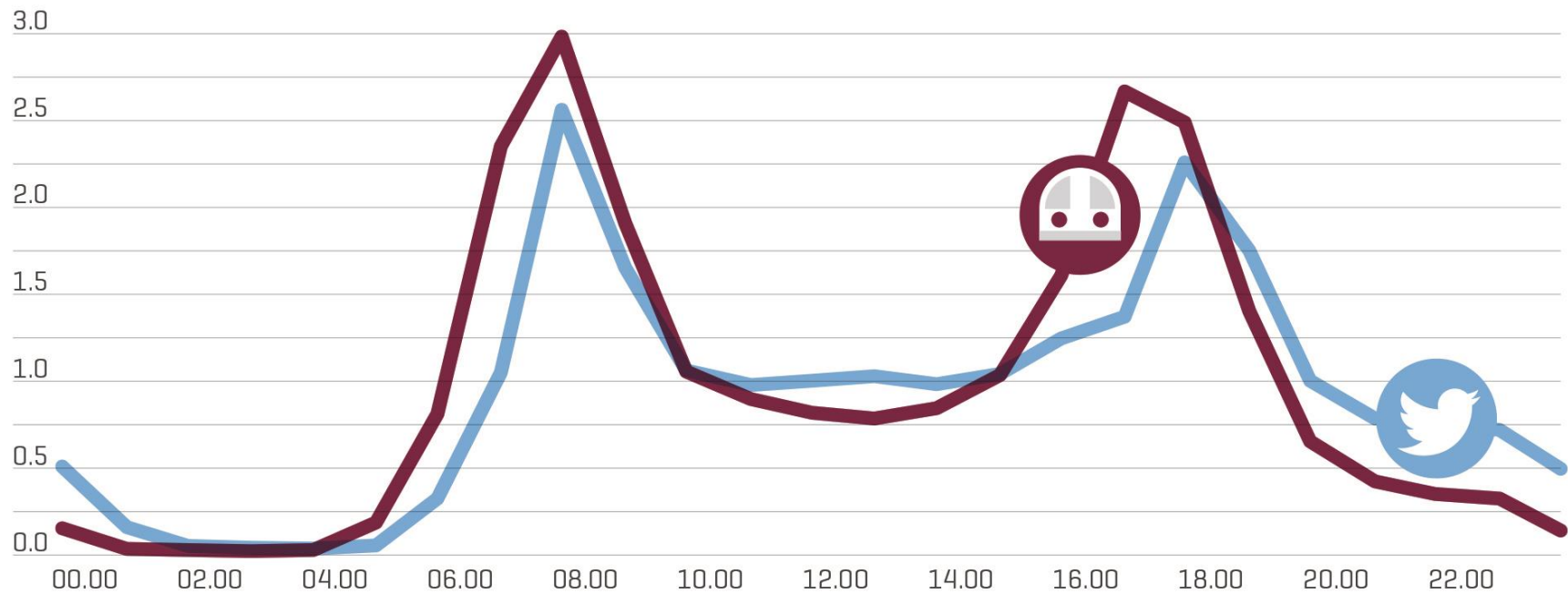
Source: Wall Street Journal

...and don't forget big data



Intensity of Twitter use on weekdays in London, October to December 2013

London Transport and Twitter Use



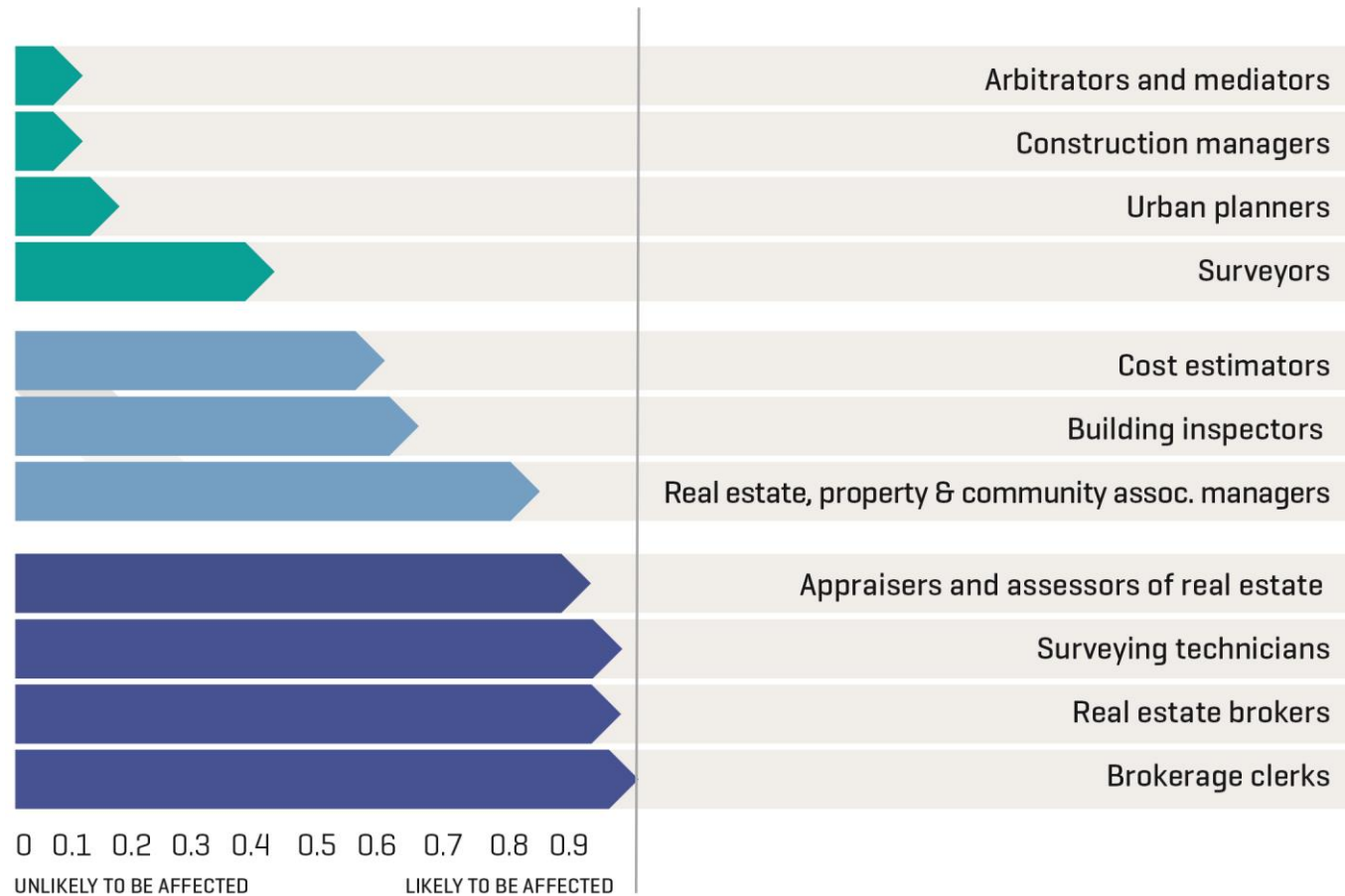
London Twitter and transport use over the course of a day

Source: Zachariadis 2014

How will real estate change?



A digital revolution is changing the property profession



Probability of professions being affected by technology

Source: Frey and Osbourne 2013

Rising and falling skills demands



What's Fading

Silo working
Early specialisation
Conflicts of interest
Transactional activity

What's needed today

Outcomes focus
Communication
Integrated programme
and cost management
Skills for greater complexity
Interdisciplinary working
Advisory services
Understanding
technology

What's needed tomorrow

Sustainability
Data analysis
Maximising
resourceproductivity
Risk management
Leadership
Client focus
Collaboration
Ethical behaviour

Specialist, generalist or client-focused?



- ▶ **Blurring professional boundaries**

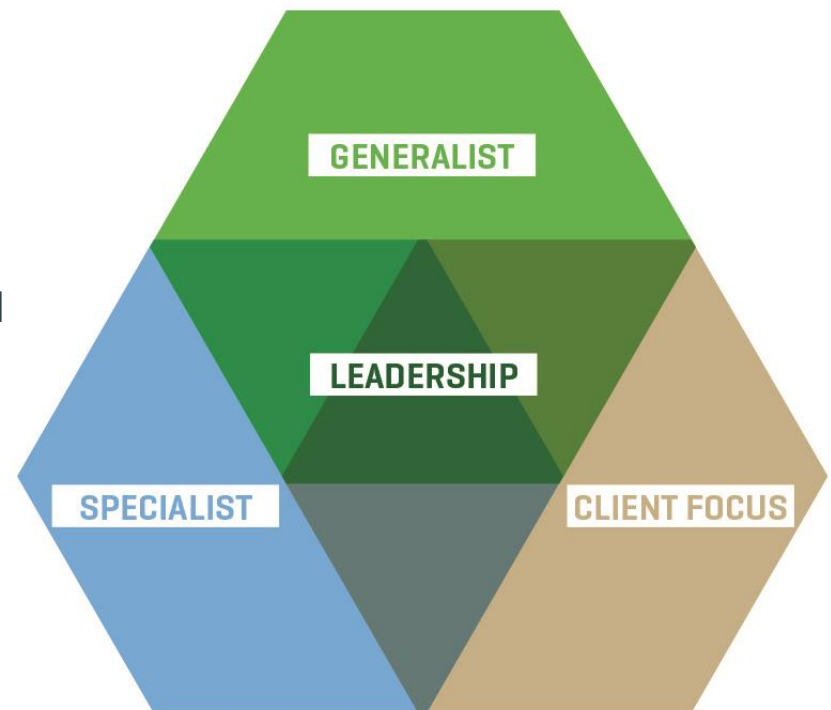
Larger, more multidisciplinary employers will create demand for 'T' shaped skill sets

- ▶ **From transactional to advisory**

As technology improves efficiency, professionals have an opportunity to add value with advisory services

- ▶ **New technical skills**

Data analysis and management; sustainability; financial awareness



Future skills focus for built environment professionals

Actions for the future



Winning
the war for
talent



Having ethics
at the heart
of everything
we do



Embracing
technology
and big data



Creating
successful
and sustainable
future cities



Helping the
profession
take new
opportunities



Developing
stronger
leadership

What next ?

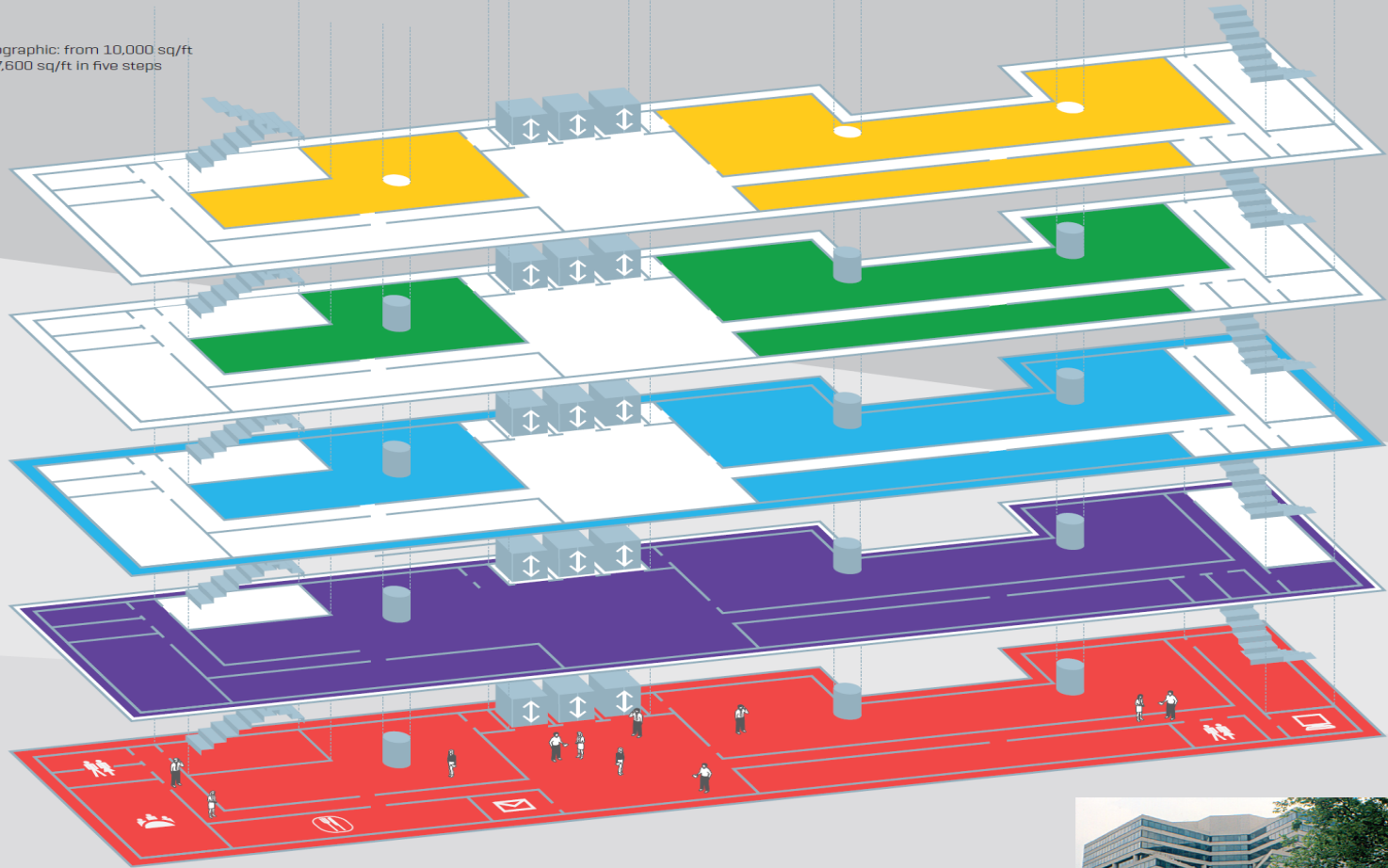
- ▶ 2015/16 PropTech and data
 Future of infrastructure
 Engaging the next generation

- ▶ 2016/17 Future of Workplace
 Future of Resource management

Download the report and read more

www.rics.org/changingworld or www.rics.org/futures

Infographic: from 10,000 sq/ft to 7,600 sq/ft in five steps



VARIATION IN PROPERTY MEASUREMENT GLOBALLY



Global variations in property measurement impede overseas investment in office buildings

RICS CODE OF MEASURING PRACTICE (INTERNATIONAL)
OFFICE AREA

API MEASUREMENT CODE (AUSTRALIA)
OFFICE AREA, COLUMNS

SINGAPORE MEASURING PRACTICE (SINGAPORE)
OFFICE AREA, COLUMNS, EXT WALLS

BOMA (INTERNATIONAL)
OFFICE AREA, COMMON PARTS, EXT WALLS (50%), TOILETS, MAIN IT ROOMS, COLUMNS

MEASUREMENT VARIATIONS BETWEEN MARKETS CAUSED BY INCONSISTENT MEASUREMENT STANDARDS CAN BE AS HIGH AS:

24%

IN SOME PARTS OF THE MIDDLE EAST FLOORS NOT PRESENT BUT

IN INDIA OFF-SITE AREAS SUCH AS CAR PARKING AND COMMON AREAS CAN BE INCLUDED

IN SOME COUNTRIES, ONLY AIR CONDITIONED SPACE IS INCLUDED

LOOKING FOR AN OFFICE BUILDING FOR 100 MEMBERS OF STAFF?

BENEFITS OF IPMS:

INCREASED TRANSPARENCY OF PROPERTY DATA

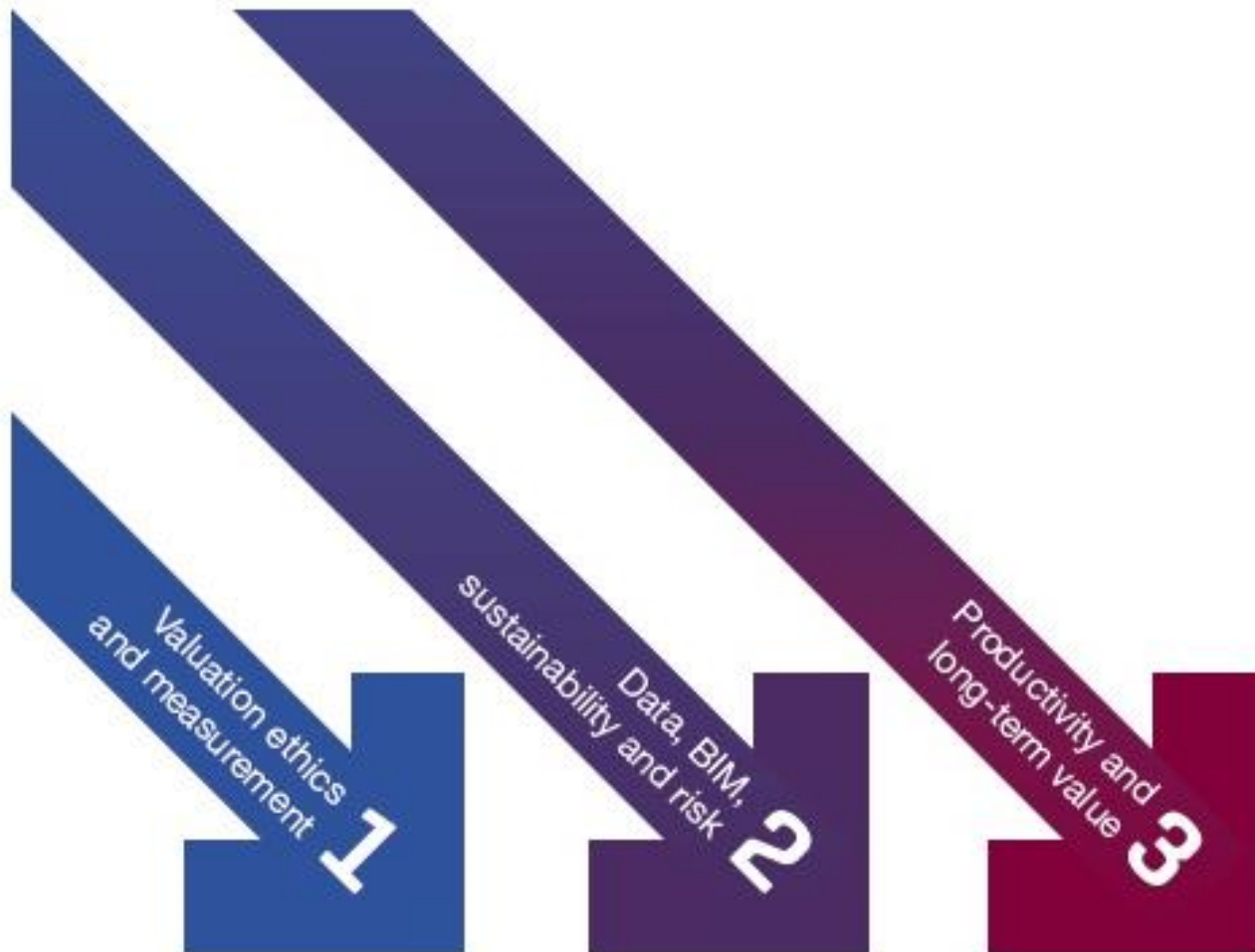
CONSISTENT LANGUAGE FOR MEASUREMENT WORLDWIDE

REDUCES RISK, FACILITATING INTERNATIONAL TRADE IN PROPERTY

EASIER PROPERTY PORTFOLIO BENCHMARKING

Future standards journey to 2030

Source: RICS



Future collaboration

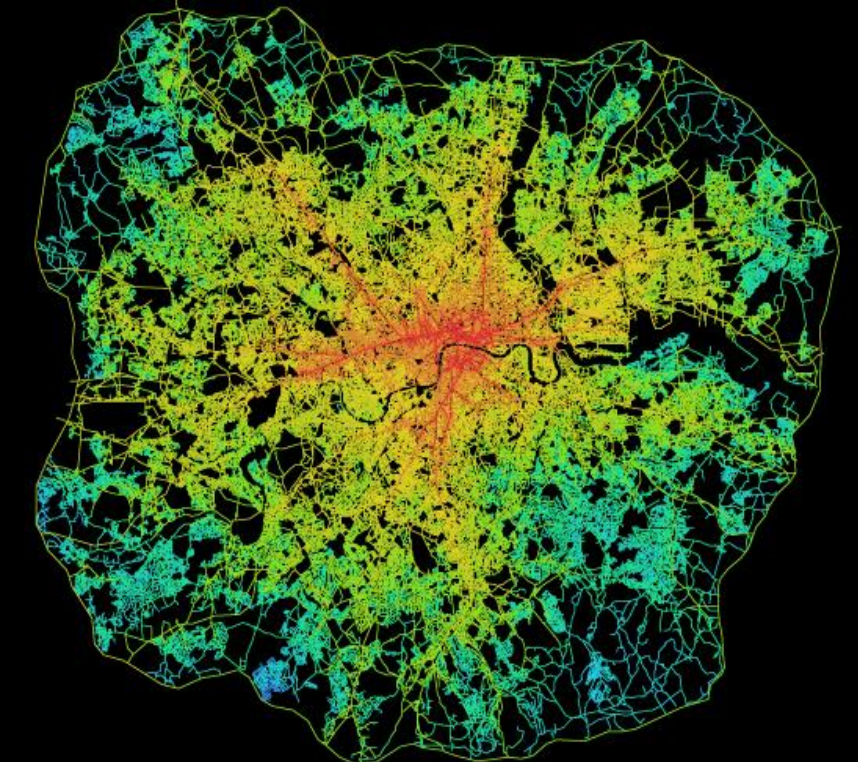
Bringing technology and property closer together

- ▶ Training and skills
- ▶ Creating new networks spanning tech and property life cycle players
- ▶ Supporting a culture of innovation – better, faster, stronger
- ▶ Better efficiency to deliver infrastructure with less resources
- ▶ Clear international standards
- ▶ Quality assurance of data from built and natural environment
- ▶ Smart cities – new models of governance, delivery through new alliances, PPP, key indicators to measure success
- ▶ a lifecycle approach to asset management
- ▶ Focus on securing land tenure, affordable housing, employment and improved living standards

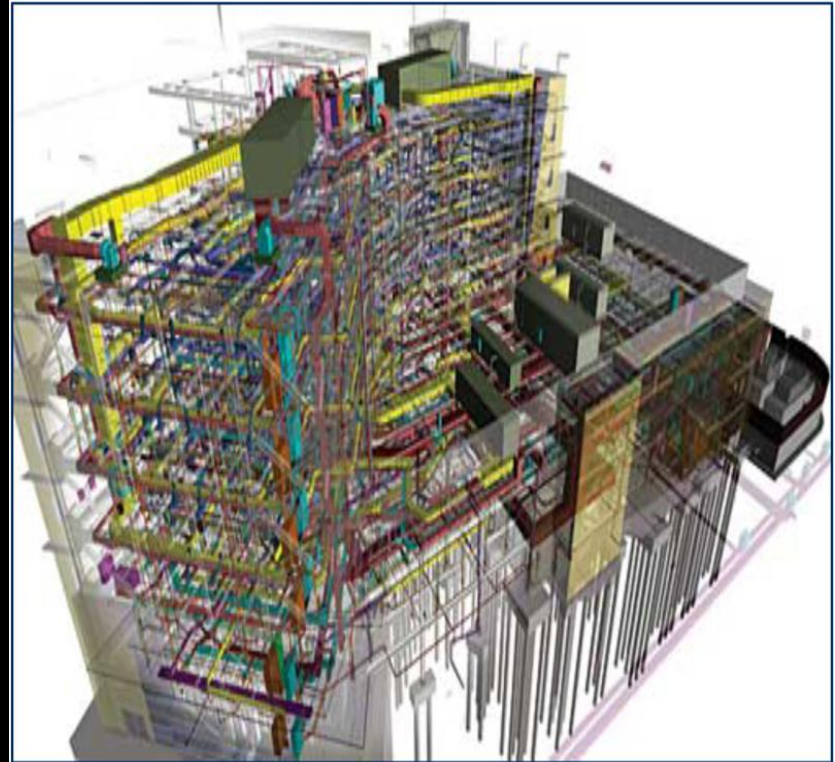
RICS Futures -- Technology



City (Space syntax UCL)



Building (Ghafari/AR)



千里之行，始於足下

“A journey of a thousand li starts beneath one’s feet.”

Chinese philosopher Laozi [c604 BC – c531 BC] in the Tao Te Ching

IFMA-RICS collaboration

Problems the collaboration aims to solve:

- Fragmentation of the global FM community
- Lack of integration of FM strategies across all components of the building life cycle
- Lack of pervasive recognition of FM as a career of choice

Goals of the collaboration:

- Raise the profile and standing of FM professionals globally
- Foster a more inclusive, robust global FM knowledge-sharing community
- Advance the visibility and prominence of FM worldwide
- Create a one-stop shop for FM professional development needs and a clear route for entry into and advancement in the FM discipline

IFMA-RICS collaboration

How you can get involved:

- Continue to socialize news of the collaboration among the FM community
- Share questions, thoughts and suggestions on what you'd like to see as a result of the collaboration with IFMA and RICS
- Provide testimonials on how you anticipate this collaboration will help meet the needs of the FM industry

Send feedback and testimonials to communications@ifma.org.

Watch www.ifma.org/ricscollaboration for additional details to be shared as the collaboration develops.

Webinar Series March 14, 2017

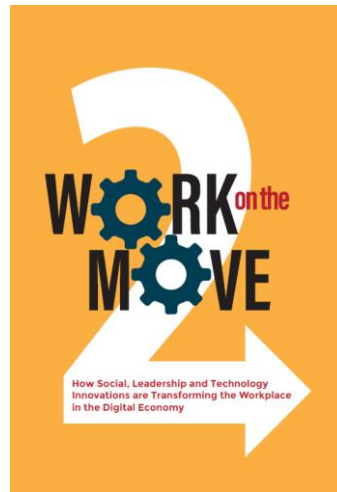
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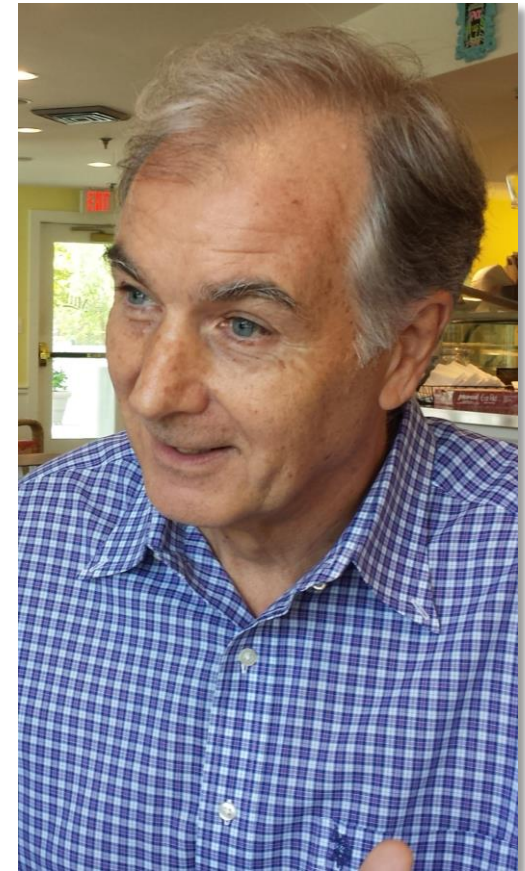
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Workforce disruption

The shared economy



Chris Hood will share his research on the dramatic shift in terms of how individuals are employed, why this change has come about, and the implications for people, organization and real estate



Webinar Series 2017

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March	Shared Economy - Impact on Real Estate and Workplace
April	FASB
May	Crafting C-Suite Alliances for Real Estate Leverage
June	Driving Real Estate Decisions and Conversations using Data
July	Stories of Urban Transformation: The Rise of 18-Hour Work/Live Communities
August	Optimizing Your Real Estate Portfolio – Case Studies
September	REAL Annual Update and WWP Events

Facility Fusion



REAL Tracks at both events!

Las Vegas sessions:

- Data Management Requirements for FASB and IFRS
- Crafting Alliances: Rethinking Our Approach to Enabling Better CEO Decisions in Place and Technology
- What the Heck is a Chartered Surveyor, and Why Should You Care?
- A Great Marriage: Process Improvement and Technology for Superior Results on Construction Projects



Toronto sessions:

- Real Estate: What's Hot and What's Not – Current & Future Perspectives from North America and Across the Globe
- Crafting Alliances: Rethinking Our Approach to Enabling Better CEO Decisions in Place and Technology
- Real Estate 2030: A Workshop in Transformative Future Thinking for the Profession
- The Real Estate Paradox: Options and Investments

Facility Fusion



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Your community needs you!

Please lend a hand and a voice to help our community become a more valuable resource for IFMA's membership.

Please email me at davidkarpook@hotmail.com if you would like to serve on one of these committees:

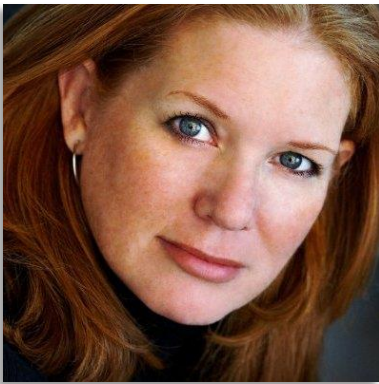
- Webinars
- Marketing and Communications
- Events and Hospitality
- Education and Research
- Membership

Speaker Contact Information

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agadvise@gmail.com



Peter Smith, FRICS
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Peter.Smith@ey.com



Neil Shah
Managing Director, Americas
RICS
nshah@rics.org