

Disruption to equal demand in real estate sector: Knight Frank *Sector needs to be innovative and nimble to adapt to the times, but there are plenty of opportunities*

9 November 2016, Sydney – Knight Frank Australia today hosted its Sydney launch event for the firm's annual signature research publication, ***Global Cities: The 2017 Report***. The report investigates the future of real estate in the world's leading cities.

The panel of speakers comprised **LinkedIn's Jason Laufer, Director of Talent Solutions for Australia New Zealand; PwC Australia's Tim Lovitt, Associate Director of Digital Intelligence;** and **Knight Frank's Claire Moran, Director, Project Management and Building Consultancy.** The event was emceed by **Knight Frank's Matt Whitby, Head of Research and Consulting, Australia,** while **Knight Frank's John Preece, Head of Occupier Solutions, Australia** opened and concluded the event.

According to **Knight Frank's Head of Research and Consulting, Australia Matt Whitby,** disruption is set to equal demand in the real estate sector.

"Yes, jobs are being lost across sectors globally due to automation and technology, but humans are getting more interesting careers doing what humans do best – problem solving. This will be similar for property professionals, who need to embrace changes in the sector and the economy and become more advisory – offering greater intelligence and idea generation to clients.

"New jobs being created are offering a flow-on effect into other sectors, including property. For example, the Fintech sector, including cashless payments and other financial technology, has created a complete new industry. This is prompting new demand in other sectors, including real estate. Newly-created, high-value jobs in programming or app design are creating demand for expensive, trendy offices."

Mr Whitby said co-working will be one of the biggest growth sectors in the global city office markets, with Sydney and Melbourne leading the way here in Australia.

"It will not just be start up, incubator, or collaborative businesses. Demand for co-working space will expand to the large, corporate occupiers who require growth or project space on an as-needed basis."

Mr Whitby said WeWork is the obvious example. "In Sydney, WeWork has gone from zero space six months ago and will occupy 22,000 square metres of space by next year."

Knight Frank's Head of Occupier Solutions, Australia John Preece said at the event, "The traditional real estate brokerage model is dead. The reality is that the basic, blunt form of agency which has worked in the past will simply not be sufficient to survive in the world of 'uberisation'.

"We are living in exponential times, where the pace of change is faster than ever before. In commercial property, in my view, we will see more change in the next five years in the way buildings are constructed, leased, managed and occupied, than we have seen in the past 30, or even 50 years.

“By 2023 a basic, entry-level laptop will have the processing power of a human brain, and over the next 20 years 44 per cent of our jobs here in Australia are at risk from digital disruption across industries – that’s 5.1 million jobs.

“But of course, with disruption comes a new wave of demand, and a new way of doing business that is more efficient, and more sophisticated, and relies less on administrative tasks which can be automated. In fact, around a third of the world’s jobs will be automated by 2025. That is around 100 million jobs.

“At Knight Frank, we are investing in thought leadership and intelligence, and upskilling and attracting quality staff, so that we can offer a team of professional services experts to provide business solutions and advisory to all of you,” said **Mr Preece**.

Jason Laufer, Director of Talent Solutions for Australia New Zealand at LinkedIn, said, “LinkedIn Talent Trends data shows that candidates and employees care most about culture and values within an organisation. They are looking for more inclusive workplaces. Workspaces of the future must accommodate diversity – which extends to personality types and life circumstances, not just gender or race.

“People are also very time poor and they want convenience – but they want quality with this convenience. This includes better coffee, better facilities such as gyms and flexibility in the way they work. Anything that will make their work life easier,” said **Mr Laufer**.

Claire Moran, Knight Frank’s Director, Project Management and Building Consultancy, said one size does not fit all for office space.

“First and foremost, you need to look at the types of individuals you have in your organisation. We’re approaching five generations being in the workplace at one time – yet everyone strives for the same values. Across generations, we all want workspaces to be friendly, fun and we want to feel welcome.

“We have to look at how people want to work, and provide a variety of workspaces to suit different types of people and roles,” said **Ms Moran**.

“I think co-working is here to stay, and will be complementary to the office. It’s another option to give staff the choice to work how they wish. The difficulty for occupiers and organisations that are out of CBD locations is how do they attract the best staff when the CBD is where people want to be?

“In Australia, our culture and lifestyle has driven the way we work. We work hard and we play hard. We are at the forefront of agile working globally, particularly in Sydney, because we are looking for working environments that facilitate the growth of our personal as well as our professional goals. Agile working helps to balance those goals,” said **Ms Moran**.

Tim Lovitt, Associate Director of Digital Intelligence, PwC Australia said the firm could take up co-working space in future in the new building at Barangaroo.

“PwC has been experimenting for over a year with co-working space. We have diverse partnerships, including Facebook and LinkedIn, tailored to solving specific problems for individual projects. This is our focus, and we will build our workspace around that.”

Mr Lovitt said workspaces of the future must be designed to be better than any alternative.

“Workspaces of the future will need to be incredible spaces that people wish to work in, that are better than the alternatives – such as our lounge rooms or the local coffee shop,” concluded **Mr Lovitt**.

Global Cities: The 2017 Report can be viewed or downloaded here:

<http://www.knightfrank.com/globalcities>

END

For further information, please contact:

Matt Whitby, Head of Research and Consulting, Australia
Matt.Whitby@au.knightfrank.com +61 418 404 854

John Preece, Head of Occupier Solutions, Australia
John.Preece@au.knightfrank.com +61 424 225 090

Rebecca Sands, Associate Director, PR & Communications, Australia
Rebecca.Sands@au.knightfrank.com +61 416 119 858

Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 13,000 people operating from over 400 offices across 58 countries. These figures include Newmark Grubb Knight Frank in the Americas, and Douglas Elliman Fine Homes in the USA. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit www.knightfrank.com.