

SOCIETAL CHANGE

OUTLOOK

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A changing society.
“Life is flux.”

INTRO

It is human nature to identify opportunities that make our lives fundamentally easier.

Individually, we have very little influence over the environment around us. However, collectively, organised communities of individuals with similar vested interests can come together to create powerful social movements, which in turn can lead to fundamental social change.



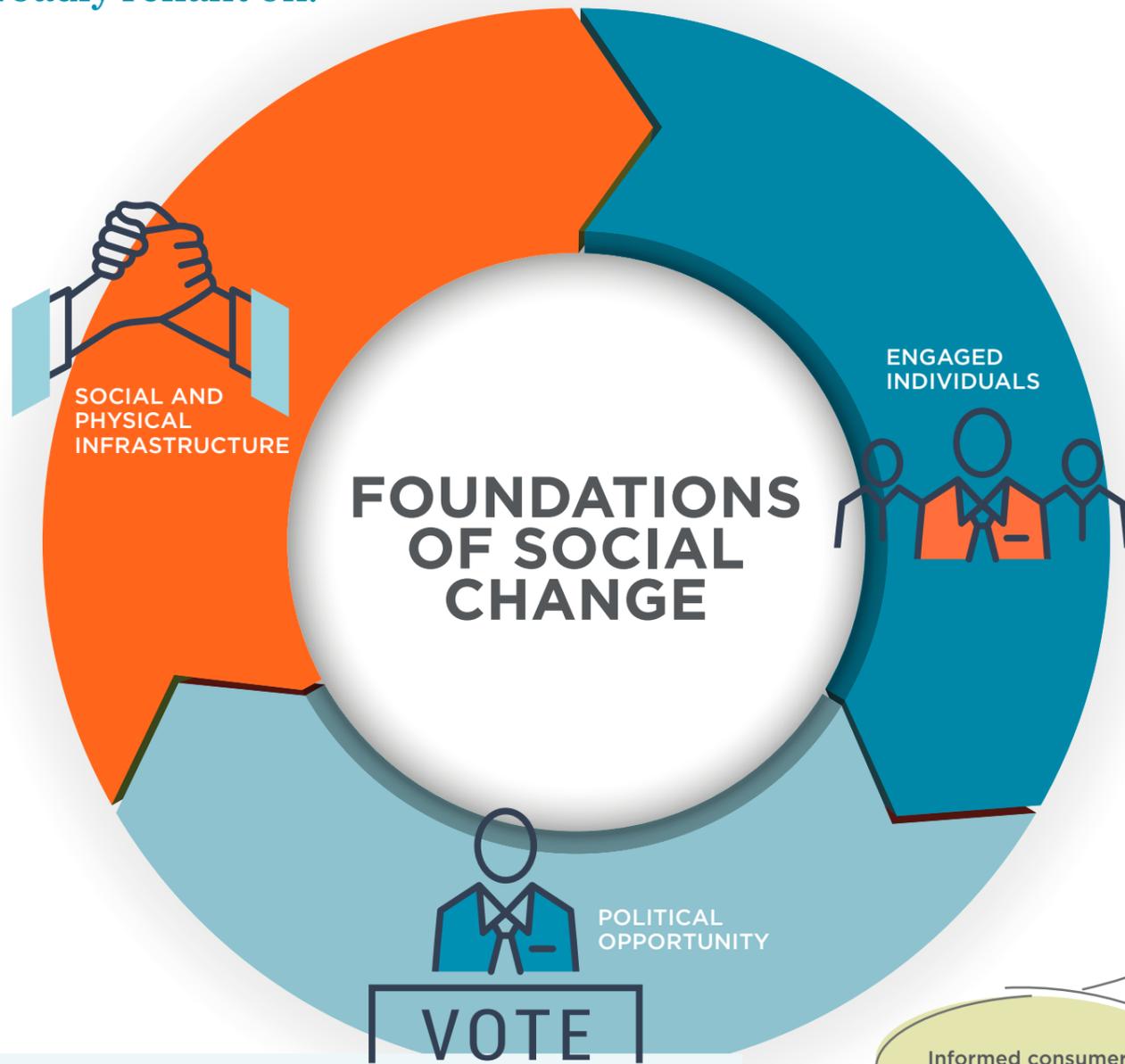
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**LIFE IS
FLUX**

Heraclitus of Ephesus c.535-470BC

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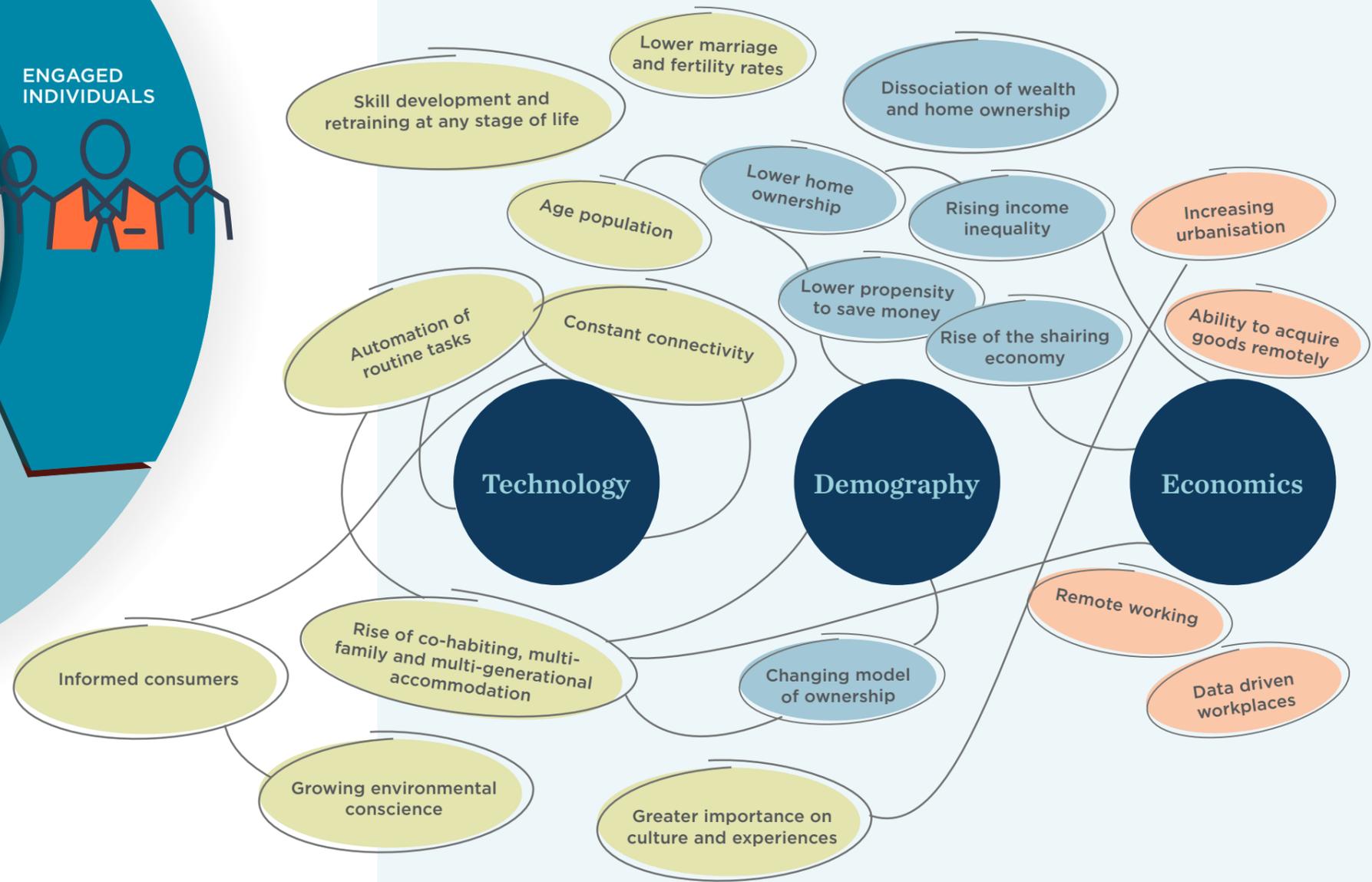
Driven by political, social and economic trends, social change is broadly reliant on:



Mainstream adoption of the internet, and rapid development of smart technology have been pivotal in speeding up the rate at which social change is happening. This has offered a platform upon which engaged individuals can develop the social infrastructure necessary to drive change. For the first time in history, technological progress

is affecting not only the means of production, but also the means of consumption. This is having a profound impact on the way society consumes goods, knowledge and space. It is the rapidity of this change that poses the biggest challenge for stakeholders in real estate, as they plan for the uncertain world of tomorrow.

2020 AND BEYOND KEY DRIVERS AND TRENDS



Colours broadly refer to:
 Green - Social changes
 Blue - Economic
 Orange - Spatial



CHALLENGES OF AN EVOLVING SOCIETY

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POLITICAL

- Difficulty in satisfying a broad array of political preferences – Age and socio-economic profile are particularly influential on an individual's voting preference, but as people live longer and income inequality rises, the array of political needs broadens. We are seeing politics becoming increasingly polarised, not just in Europe, but globally.

SOCIAL

- Skills mismatch – Estimates suggest that as many as 65% of children entering primary school today, will end up in a job that does not yet exist. The unknown makes it difficult to ensure the future workforce are equipped with the necessary skills to compete in the job market. Additionally, as an increasing number of jobs are automated, there is a need to prepare and retrain the current workforce to ensure relevance.
- Social isolation and mounting tension – Technology can undermine the value of interpersonal relationships, and as an increasing number of people move to cities the sense of community can get lost. Diversity can also lead to tension between communities, if there is a feeling of injustice or marginalisation.
- Understanding the issue of Extreme Longevity – Longer life spans change the nature of careers and learning of society.

ECONOMIC

- Public spending – A shrinking workforce and expanding elderly population poses a sizeable challenge for public spending. Combined with the medical and pension demands of an ageing population, public spending on pensions and social care will have to increase exponentially given that we are no longer accruing as much financial wealth as previous generations during the earlier part of our working lives.

ENVIRONMENTAL

- Growing pressure on resources – Ensuring energy security at an affordable price is a concern for both the public and private sector. As societies have become more complex and demanding, so do their energy requirements. That said, investment in alternative sources is ongoing, and technological advances should go some way in helping to alleviate both the demand for fossil fuels, as well as the negative externalities associated with utilising non-renewable sources.

WHEN WORLDS COLLIDE!

- **Whether a direct consequence of technological advances, or the indirect spill over of rapid information sharing, technology has, and will, continue to facilitate change at a rapid rate.** Dynamism may not be a term one would have historically associated with commercial real estate; however, this is changing as discussed further across the breadth of our Outlook 2020 content.
- **We are seeing widespread adoption of technology as a means of driving operational and financial efficiency.** Operational efficiency is derived from understanding how humans interact with the physical environment. On an individual building basis, this can be useful in understanding the space requirements of a modern workplace for example, and on a city level, can provide real time feedback to planners and developers on how certain groups of society are interacting with and moving around the built environment.
- **The importance of recognising the need for flexibility in real estate will remain of fundamental importance.** The challenge and opportunity of accommodating evolving social behaviours and preferences needs to be front of mind. A very visible example being the disruption e-commerce is bringing to the traditional bricks and mortar environment. There is both financial and social value in real estate reacting quickly to changing occupier needs and types. Although, it is important that public policy and urban planning must play a key role in facilitating this flexibility, whilst also ensuring cohesion.
- **That said, one area that commercial real estate is struggling to adapt to, is societies changing perceptions of wealth.** As a society, we are placing greater importance on the social value of space. This poses a major challenge to the traditional financial-led business model of private property companies, and indeed the banks that are lending to them. Whilst we do see some progressive landlords beginning to adapt to this and to recognise the value of green and social space and place, there is still more to do.



Recognising the importance of flexibility is a relatively new mindset in real estate.





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