

Real Estate Trend Study: Companies need a ‘green thread’

Stuttgart, April 14, 2021. A flexible mix of home office and office attendance, much greater environmental awareness, and investment in digitization despite significant austerity measures – these are the key findings of the current ‘Real Estate in Industry’ trend study undertaken by the Stuttgart-based planning and consulting company Drees & Sommer SE. A total of 140 real estate managers answered questions about topics including management organization, the new work environment, and sustainability. The aim was to capture the current mood and identify developments during the coronavirus crisis.



It’s well over a year since the coronavirus pandemic turned both life and the office world upside down. Those who could had to move their office to their own homes almost overnight – and since then have presumably primarily communicated via video call instead of in person in the conference room. And this state of affairs has remained unchanged since: 96 percent of respondents indicated that they work remotely most or at least some of the time. More than two-thirds of respondents expect these conditions to continue in the long term, while only one in ten expects greater use of the company office as soon as circumstances permit.

But even though the door to the home office has now been thrown wide open and employees appreciate the greater flexibility and additional free time, almost half of all real estate managers long to return to regular work in the office. Above all, people want flexibility. Given the choice, 48 percent

would prefer to work in the office three days a week and from home on two. Amazingly, not a single person wanted to work from home every day of the week.

Greater emphasis on digitization

But companies themselves are still in the midst of change: 82 percent of respondents indicated that their real estate organizations are currently implementing comprehensive optimization measures. By comparison, only 43 percent reported specific measures of this type in the prior year. “This highlights the overwhelming influence of the coronavirus situation. Companies are looking for support with cost optimization and efficiency improvement programs. But the focus is also on New Work and how we will work in the future,” explains Thomas Häusser, Partner and Real Estate Consulting expert at Drees & Sommer SE. This assumption is also supported by steadily increasing corporate investment in digitization, despite the fact that almost two thirds of real estate organizations have had to cut their budgets due to the coronavirus crisis.

A further 68 percent indicated that major projects of all kinds had to be postponed last year because of the pandemic. For the remaining respondents, the ongoing crisis had little or no impact on planned projects.

Sustainability is key

Last year, EU Commission President Ursula von der Leyen launched the new European Bauhaus initiative as part of the European Green Deal. The focus is on the call to combine design, economic viability and sustainability. As the building sector accounts for around 35 percent of total energy consumption in Germany, there is enormous potential in this area. The survey results confirm this: At 94 percent, almost all respondents feel greater pressure to behave in an environmentally conscious way in contrast to the previous year, when only 60 percent reported such pressure. “That’s a massive increase,” say Thomas Häusser and Bernd Fisel, Associate Partners at Drees & Sommer SE. They agree that today, companies are expected to develop sustainable long-term overall concepts. And that it is extremely important that sustainability runs through the company like a ‘green thread’ – from the core product to real estate and infrastructure. The companies are showing that they intend to follow this path: For example, four out of five real estate managers said that they had a concrete strategy to achieve carbon neutrality.

Around three-quarters of participants can even imagine that a product design with a low ecological footprint and high recyclability – in keeping with the principle of the Circular Economy – can become a new feature of the company.

Companies shed the manager role

A total of 140 real estate managers from industrial companies took part in the study – the vast majority from Germany. 41 percent of them work for a company with more than 10,000 employees, while only 8 percent work for a company with fewer than 1,000 employees. More than half of all respondents manage property portfolios with a total of more than one million square meters.

Nearly half of the respondents report that real estate management is centralized. Expert Thomas Häusser sees this as very positive: “We are aware of the trend towards centralization of responsibilities and budgets from discussions and projects with companies. The pandemic has also shown that companies with centralized corporate real estate management are able to design and implement solutions for current challenges faster and more efficiently.” Examples include safe workplaces under pandemic conditions, transparency with regard to workplaces, and space savings through desk sharing.

Another trend from the previous year has been confirmed: 59 percent of real estate organizations see themselves as the owners of the real estate and their management processes. “Companies have finally shed their old role as administrators and now have staff with personnel and budget responsibility,” says Häusser.

On the other hand, the past year has brought about a major change in the business unit’s place in the company structure, with one in two respondents reporting that the real estate organization is part of the finance unit. This compares to only one in three in 2020. Drees & Sommer expert Thomas Häusser has a simple explanation for this: “Real estate, infrastructure and other related issues are among the biggest cost blocks in companies – so it’s easy to understand how real estate gets incorporated to the finance unit.”

The detailed survey with many other findings (in German) is available for download at the following link: <https://www.dreso.com/de/trendstudie-real-estate-in-der-industrie-2021>

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