Welcome to the REAL World

RICS Futures Report: Our Changing World

Ann Gray, Peter Smith, Neil Shah
Meet Our Speakers

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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:

- **grow the profession**
- **protect the public**
- **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

Source: Arup “Future of Rail 2050”
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
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

- Growing cities
- Changing demographics
- Greater inequality
- Shifting economic power
- Resource scarcity
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

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

0–14 population change 2013–2030 [millions]

-1 0 1 2 3 4

growing 0–14 population
declining 0–14 population

Population changes age 0–14 years 2013–2030

Source: Oxford Economics
Inequality is on the rise

Increased inequality in OECD countries

Measure: Gini coefficient Source: OECD
Resources are becoming scarce

Water stress and scarcity

- 2013: No stress 46%, Stress 18%, Scarcity 36%
- 2050: No stress 32%, Stress 16%, Scarcity 52%

Global demand for water

- 2013: Total 3.98 km³
- 2050: Total 5.47 km³

Source: Veolia Water, OECD
The new business landscape

- New technology
- New business models
- Real estate as an asset class
- Big data
Real estate: a booming asset class

Real estate is a favoured alternative asset

Source: MSCI, IPD
Our sector has to improve on ethics

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

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*
Disruptive business models

- **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.

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**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 resource productivity
- 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
#RICSFutures

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
VARIATION IN PROPERTY MEASUREMENT GLOBALLY

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

IN SOME PARTS OF THE MIDDLE EAST FLOORS NOT PRESENT BUT 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

1. Valuation ethics and measurement
2. Data, BIM, sustainability and risk
3. Productivity and long-term value
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

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