

top 10 key trends

FOR CORPORATE REAL ESTATE AND FACILITY MANAGEMENT

2016

By Nancy J Sanquist

January is the month for predictions, and the Trimble Real Estate & Workplace Solutions group is thinking about the technology, building and people trends for the new year. It is an exciting time to watch these trends unfurl in this digital era and these are ten of the most interesting emerging developments we are thinking about for CRE and FM professionals:

01 The Advent of the Building Digital Workplace. Whether you know it or not you are in the digital business era, where the line between the physical and virtual gets blurrier every day. This is a great time for real estate and facility managers to transform the way they work with the creation of a building digital workplace which takes advantage of all the new technologies available to us this year, and even older solutions. Stay tuned to announcements on mixed reality, digital twins, cloud based collaboration platforms and many more new exciting developments. Watch our blog and our other published materials throughout the year about this new way of thinking about technology enablement for RE and FM.

02 The Lease Accounting Changes are finally here. How many years have we been talking about this? Finally, FASB/IASB are going to reveal the changes in regulations. So those who were taking a "wait and see" position will now have to get serious about whether they have the right real estate lease accounting functionality in their existing system, and if not, start the process of selecting and implementing one so they will be ready to comply with these regulations. Trimble has an infographic on this transformation of the way leases are accounted for as well as webinars over the coming months so you can get more information about these critical new changes.

03 Real Estate is finally considered a 4th asset class. Real Estate is an \$11 trillion industry with transactions totaling \$425 billion annually, but did not exist in the Standard & Poor's Global Industry Classification System (GICS), the accepted industry analysis framework for investment research, portfolio management and asset allocation, until August 2015. What are the accepted sectors are consumer discretionary and staples, energy, financials, HC, industrials, IT, materials, telecom and utilities, but prior to this year, no real estate category, which is amazing to me! And while this is mainly important to investors in real estate, this could mean that there will be more corporate investment also, as the changes in lease accounting may make it more favorable to own, rather than lease buildings.

04 IWMS is the standard enterprise system for CRE/FM. Since the day Gartner christened our real estate and facility management systems Integrated Workplace Management Systems a decade ago, we have been singing the benefits of an integrated system of broad reaching functionality and this has finally become a standard type of system for medium and larger enterprises in North America and other places around the world. We will see these systems getting easier to use, more graphical and connected to cloud based collaborative platforms, mixed reality

virtualization and become a major data source for the building digital workplace throughout the lifecycle of the built environment.

05 CAFM is the standard FM app for smaller growing organizations. While some CAFM systems have light functionality for lease administration, the standard CAFM tool is focused on space planning and management, integration with CAD (today; BIM in the future) and operations and maintenance. It has had its 30th birthday last year so is the standard bearer for smaller organizations who are growing and when they increase their real estate portfolio, they can easily grow into the big boy world of IWMS.

06 Space scheduling is only valuable when integrated with space management. Actually, I cannot imagine having a space scheduling system without a space management system. How can you use separate systems since you would have to manually transfer data taken from floor plans in a space management system to a stand-alone scheduling system? As the scheduling system only deals with spaces which can be reserved, but what about those spaces which are not? With an integrated system, critical key space metrics can be tracked on all the spaces in a portfolio to understand utilization patterns and optimize the portfolio.



07 Sustainable Buildings go from green buildings to the building as a human resource tool. A recent study by Harvard School of Public Health, SUNY Upstate Medical, Syracuse University and Carrier released findings in November of last year that doubling the ventilation rate in typical office buildings can be reached an estimated annual energy between \$14-40/person results in as much as a \$6500 equivalent in improved productivity per person per year. “Readily available, energy efficient technology can turn office buildings into human resource tools that improve the health and productivity of the people inside.

08 IoT’s greatest use will be in buildings along with BIM. Thanks to Gartner research, we now know that smart cities will use 1.6b smart connected things in 2016 with the majority (1.0b) in smart commercial buildings. According to Bettina Tratz Ryan, Research VP at Gartner, “IoT creates a unified view of facilities management as well as advanced service operations through the collection of data and insights from a multitude of sensors...IoT can help reduce the cost of energy, spatial management and building maintenance by up to 30%.” She also mentioned the UK initiative for public sector buildings need to have a BIM which

“utilizes data models coming from various information sources including IoT, which will be used by commercial real estate in the future.” (Gartner press release, Egham, UK, 7 December 2015)

09 There will be increased pressure to reduce energy consumption in buildings. While the following quote came from a 17 December 2015 press release about Chicago, I think we will see more cities and building owners paying more attention this year on energy reduction. “America’s buildings use more energy than any single country besides China and the United States, and cities like Chicago are actively working to lower energy use in buildings. By curbing our energy usage we can reduce our greenhouse gas (GHG) emissions, leading to improved health and environmental and economic benefits for everyone. The release of this report immediately after the historic Paris Agreement to curb global GHG emissions underscores the urgency for everyone—from big countries to local cities—to take action now,” said Melissa Wright, Director of the City Energy Project. Chicago is one of 10 cities currently participating in the project, a joint initiative of the Natural Resources Defense Council (NRDC) and the Institute for Market Transformation (IMT) that is developing locally tailored

plans and programs to create healthier, more prosperous, and more resilient cities by reducing carbon pollution from their largest source: buildings

10 There will be an increase in “purple people” in CRE/FM. I admit it...I am a Tom Davenport groupie, so when the data analytics guru speaks, I do listen. In a recent blog for Deloitte he described how “purple people” are at the heart of cognitive systems engineering. The concept means that these are people who can not only understand the business we are in, but also the technologies available and how the two need to connect.

It comes from a concept that if you say that IT people speak blue, and business people speak red, then you need people who speak purple to create the right solution to a problem. So this year I am hoping that more purple people will come out into the light as these are the types of folks we need to create the Building Digital Workplaces I described in prediction #1 of this list. And by the way, these are the type of people who will figure out very quickly how to collaborate with smart connected machines and will not have to worry about being displaced by technology.



STAY TUNED

In December, we will revisit these 2016 predictions to review how this Top Ten List did this year, what trends actually happened, and which are still to come.

TRIMBLE REAL ESTATE & WORKPLACE SOLUTIONS

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