

Workplace Innovations: Trendspotting at SXSW 2018

By Alan Peters, Branch Manager, Savills Studley - Austin

South by Southwest (“SXSW”) Interactive, held in Austin, TX every spring, is a curated collection of speakers and demonstrations covering the latest in technology, entertainment, and culture. Sometimes referred to as “Spring Break for Nerds”, the interactive portion of the larger festival draws forward thinkers from Stockholm to Silicon Valley, who share trending ideas across a diverse array of topics. Many of these are applicable to how companies and people interact with their physical work environments.

In our ever-accelerating present, a wise executive will pay attention to the changes taking place in commercial real estate, driven by disruptive technologies, trends in design, and the war for talent.

For the second year in a row, Alan Peters, of commercial real estate firm Savills Studley’s Austin office, bought the badge, stood in the lines, and shares his takeaways regarding key trends defining the future of the office environment and how those advances can impact an organization’s long-term success.

What do the SXSW Rock Stars tell their fans? “Life cannot just be about solving one sad problem after another. There need to be things that inspire you, that make you glad to wake up in the morning and be part of humanity.”

– Elon Musk, SXSW 2018



Who is Generation Z?

Generation Z, commonly defined as those not old enough to remember September 11th, is starting to graduate from college and enter the workforce. Denise Villa and Heather Watson from the Center for Generational Kinetics used research and data to describe the habits and truths of this age cohort. A number of these trends have application in an office environment.

During college, for instance, Gen Z most likely lived in high quality, amenity rich dorms, which created a sense of community with those in close proximity and a sense of abundance. They are likely to expect those same amenities wherever they work and live today, and companies should proactively foster that same sense of connectedness and that same richness, in part through community gathering spaces, informal dining and entertainment options, and personal services.

Gen Z is also known to read as many as 30 to 50 online reviews before making a transaction on

anything from a hoodie to a neighborhood. With regard to commercial real estate, most growing companies will have reviews on Glassdoor with at least some comments about the quality of the office space, and a Gen Z prospect can call up those reviews with their thumbs faster than you can call your operations manager. Remember that perception is everything, so make sure to have someone responsible for monitoring Glassdoor, and similar sites, to monitor feedback, ensure accuracy, and counteract any falsehoods.

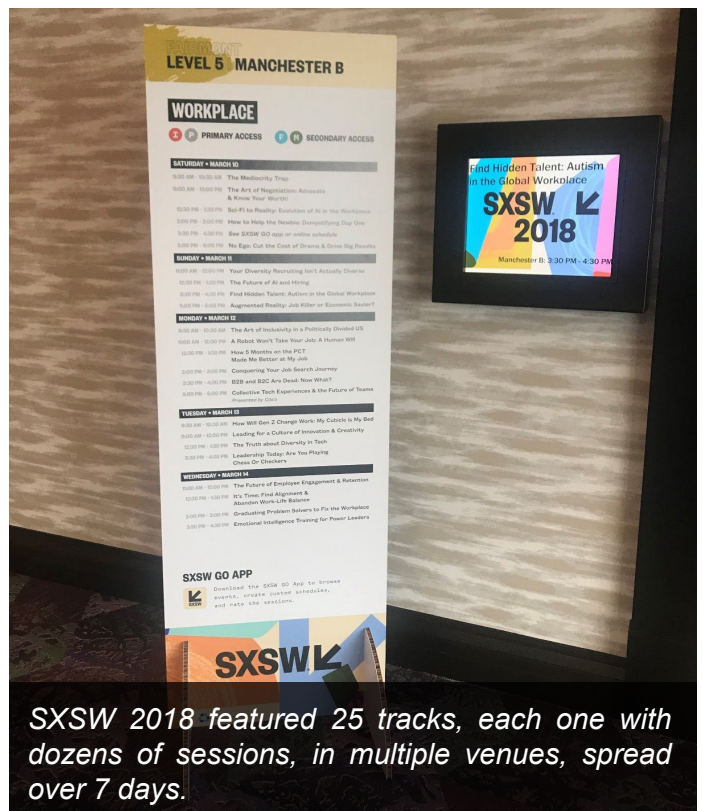
This ubiquity of reviews has also ingrained a desire for constant feedback in Gen Z's own work and personal lives. The nearly obsolete annual performance review is morphing into demand for daily feedback, increasingly craved by Gen Z. Quick electronic pats on the back are good, but thought should be given to how and where managers can go into "human mode" and interact in person with their teams.

How does Office Space Impact Recruiting and Retention?

Hiring new employees is a contact sport in today's candidate driven marketplace. Not only is the unemployment rate low, but 70% of Millennial employees are actively searching for a new job at any one time, and 60% plan to stay with an employer three years or less, according to Amanda Townsend during a talk entitled "The Future of Employee Engagement and Retention."

Increasingly, office space is a driver for recruitment and retention. For example, one of our Austin-based clients no longer employs an HR Director, but instead has a VP of People and Places. Such a title shift – and role shift – speaks to a profound change in how our young workforce wants to engage and where.

And just when companies were coming to understand and honor the term and practice of "work-life balance," the mobile technology-



SXSW 2018 featured 25 tracks, each one with dozens of sessions, in multiple venues, spread over 7 days.

enabled employees of today are embracing the concept of “work-life integration” and fluid work environments.

Forward thinking employers use “A Day in the Life” features on websites and social media to humblebrag about their work environment and office amenities. Younger workers want

community with their co-workers, and when you hire them, you’re also hiring their online social life. So, make sure your office shows well and works well, because younger workers are much more likely to join a company where they already have friends. Ditch the foosball table and give your employees something to tweet and Instagram about.

What Does an Enriched Office Environment Look and Feel Like?

Amenity-rich office areas used to be defined by a gym, bank, and a few lunch options nearby. Today, younger workers want personalized special services, very short commutes, access to entertainment, and a sense of community.

Over half of younger workers will not stay at a job that does not allow them to access their mobile device while at work. With presenteeism rampant, companies must be deliberate in keeping employees engaged.

Miguel McKelvey, co-founder and chief culture officer of WeWork says that he obsesses over

how to create a culture that inspires people to make a life, not just a living. His goal is for work to become transcendent by building a community in which people feel they are connected to something bigger than themselves. He says WeWork does this by including artists and anthropologists on their human resources team, hosting rap concerts for employees, and offering team-building events at summer camps during the off-season. In short, employee services such as a concierge or dry cleaning pick up (which, by the way, contribute 25% of WeWork’s revenue) and company culture don’t take up square feet, but yield high returns.

How Can Technology Transform Space?

The strategic use of technology (and the right dollars) can transform a shell space into a wonderful working environment. In fact, technology can augment reactions between humans and buildings, and help us find or create that “Goldilocks” space – one where temperature, sound, and light are all just right.

Temperature is no longer about the number on a thermostat, according to Dr. Joe Paradiso of MIT’s Responsive Environments Group. Sensors and digital butlers (think Alexa and Siri) will be ubiquitous, ensuring comfort and energy efficiency through smart localized control of temperature and humidity.

Dr. Paradiso also doesn’t think we will need a

light switch in the future. Lighting, embedded with an AI-enabled sensor, will interpret what we are doing and adjust automatically depending on whether it is time to increase focus or be more social. Alternatively, screenscapes can be projected on walls--if we are stressed, a nature scene appears; if we need to focus, a library scene appears.

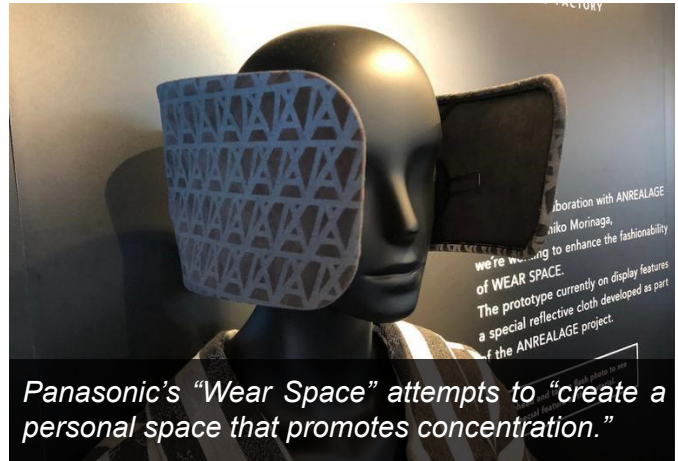
Our interactions with buildings will start to change, just like Uber changed our interactions with transportation. Sensors throughout the building can help you find a quiet, cool, modestly lit space, so that you can concentrate, or perhaps one that is loud, open, and well-lit for collaboration.

How Does Behavior Influence Office Design?

Architects are institutionally biased toward creating space, not experience, and they can't see what users will actually be doing in a building, according to Daniel Davis, Director of Research at WeWork. With activity-based design, one creates a range of spaces for different functions (like a house). Employees can move among the zones, engaging in various ways and taking responsibility for their productivity, which in turn leads to greater fulfillment.

Noise distraction is the biggest drawback of open offices, and a typical office worker is interrupted every 11 minutes, and can take up to 25 minutes to refocus. Not surprisingly, the most distracting sound is the human voice. Acknowledging this research, one can design offices with a variety of areas to suit different kinds of work, and give employees the freedom to choose. It doesn't matter if you are an introvert or an extrovert, sometimes you need to focus and sometimes you need to collaborate.

More data show that young workers respond positively to what's called biophilia. Mobile technology has afforded young workers the option of working in most any type of environment, including the outdoors. Bring nature into spaces by using natural materials, natural light, views, and providing access to the outdoors, and companies will see more productivity.



Be on the Lookout for Forces Driving Change

Trendspotting can happen anywhere and can be very fruitful if you choose to apply it and respond. In commercial real estate or any other field, we might ask ourselves, is it a trend, or just trendy? After last year's SXSW, you might have expected everyone to have a 3D printer on their desk by now, but they did not garner much attention this year. Sometimes, it's hard to know if/how to react. What does seem very clear, and should be seen as an opportunity, is that as more Gen Z workers enter the workforce, we will see increasingly different and

exciting demands on commercial real estate and the physical environment.

Responsive spaces that are designed for modularity and inspiring experiences, and that offer technology along with amenity-rich options will reign. And responsive leadership that thinks strategically about how young workers strive to not just "make a living," but "make a life" will attract and retain the best and brightest. ■

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