

Re-Leased

THE ROLE OF TECHNOLOGY AND DATA IN THE RECOVERY AND GROWTH OF THE UNITED KINGDOM COMMERCIAL REAL ESTATE SECTOR

December 2020

With contributions from



www.re-leased.com

Foreword

When cities across the UK first went into lock-down earlier this year, it signaled a period of heightened uncertainty for the commercial real estate sector. Many occupiers struggled with restricted access to their premises, and businesses experienced a fall in turnover. Contrastingly, tenants operating in sectors that benefited from lock-downs required more space to cope with heightened demand for their services.

There is comfort in numbers as we try to make sense of this challenging reality and plan our recovery. This period of change has increased our reliance on data, that tells a clear narrative. Our industry has been forced to change and move towards an evidenced based approach.

We will explore what the data shows us for the industry in 2020 and how commercial real estate firms are reacting and taking action to drive recovery and growth beyond the pandemic »

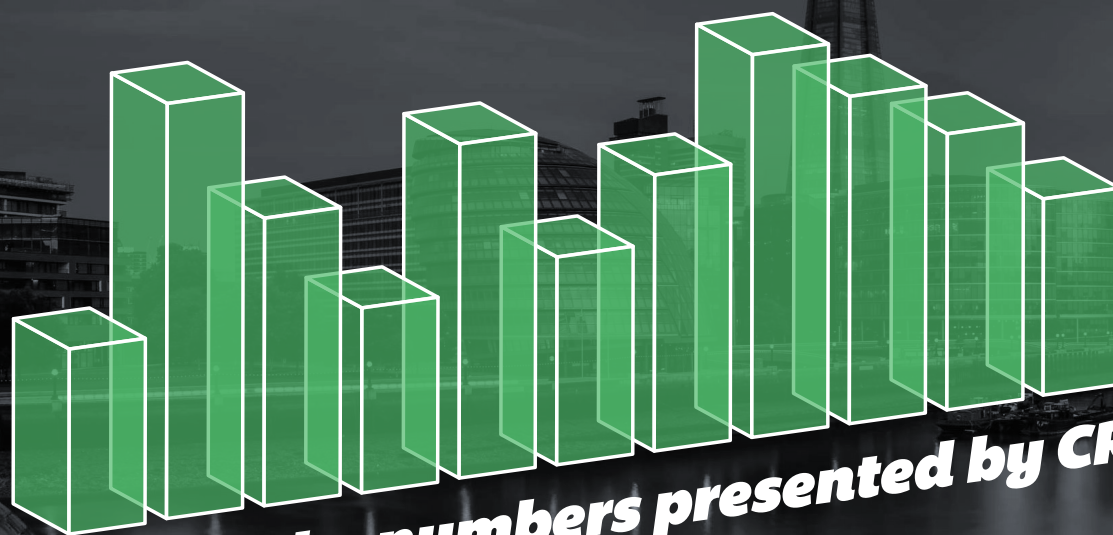


Re-Leased

Tom Wallace

CEO / Founder





2020 by the numbers presented by CREDIA

United Kingdom Commercial Real Estate Data

Key takeaways:

Retail was the hardest hit with just **59%** of rent collected in the March 2020 Quarter



Rent collection dropped by over **16%** in March and June Quarters as the country went into lock-down

The South West had the lowest levels of rent collection with just **51%** collected in March and June Quarters

Rent credited has slowly increased over the pandemic, with **5.9%** of rent credited in the Sept Quarter 2020



Industrial Sector has the highest level of rent credited at **9.8%** in the Sept Quarter



Office rent collection is nearing pre-pandemic levels with **79%** of rent collected for the Sept Quarter



“The UK is more resilient than we give ourselves credit for. It is a time of change and a time of adaptation, but there is no greater entrepreneurial bunch of people than those you find on this island.”

Steven Kuhn
AZETS
Director of Technology Solutions



Upon reflection, rent collection levels have increased every quarter since March, showing signs of recovery

Full UK Rent Collection Report

5 Ways The Pandemic has Reshaped Operations in Commercial Real Estate

In this uncertain economic environment, real estate companies are tasked with running leaner, more efficient businesses. They must also accommodate remote work and manage staff and operations in a completely new way.

We will look at five ways the pandemic has reshaped operations in real estate companies and share insights from industry experts on how they have adapted.



1. **Data led** decisions
2. Accelerated **technology adoption**
3. Understanding and mapping **business processes**
4. Integration and centralisation on the **connected cloud**
5. Accessing **real time insights**

1. Data Led Decisions

The value of having access to real time insights will only be secured when firms harness the correct data points, make sense of them, and apply these insights effectively in their own decision making. For those that are able to do so, there can be a significant reward.

“

Our research has shown that many office tenants are no longer looking for 10 to 15 year leases and want shorter, more flexible commitments. With tenants that have the opportunity to go back to the market every two to three years, property managers and landlords must deliver a better service and have a better understanding of what tenants want. Harnessing data to understand and preempt their evolving needs has been critical for our business.



wework
David Kaiser
Head of Real Estate UK and Ireland

“

We've had a customer who looked at the market rent reports we've published and they saw that retail rents were holding up surprisingly well. That gave them the confidence to invest against the grain and acquire retail assets when a lot of people were looking to exit the sector. By looking at the data and backing that up with their own knowledge, they were able to make that decision and establish a good investment for their business.”



Re-Leased
Tom Wallace
CEO / Founder

2. Accelerated Technology Adoption

Government-imposed lock-downs and social distancing measures have driven a rapid shift to remote work and a corresponding need for systems to move to the cloud. Cloud software has become critical to running a stable and secure business in an environment where staff could be working from home for an extended period of time with little or no warning.

Additionally, technology is now a key consideration for how organisations will bring people back to work safely. Landlords and investors are looking to leverage tech solutions to operate smarter. Adoption of PropTech has rapidly accelerated.

“At the start of the year, no one anticipated that by April we would see rent collections drop 30-50%. Modern technology that enables you to run your business safely and securely, while remote from your office or your team, is no longer a nice-to-have, it's a must-have.”



Re-Leased

Tom Wallace

CEO / Founder

“The pandemic put technology at the top of the agenda for commercial real estate firms. There has been a definite shift in mindset towards the need for technology to improve wellbeing and sustainability. Smart building technologies can help foster a greater sense of community in a building and enable better communication to occupiers.”



**Sam
Starling**



**PM Tech & Data
Strategy Director
for UK & EMEA**

3. Understanding and Mapping Business Processes

The property industry has historically relied on legacy systems or spreadsheets to manage everything from lease events to finances. This has resulted in lengthy, poorly documented business processes. To better understand business performance, leading firms are embracing new, integrated technology and data analysis tools. This allows businesses to effectively map operations and understand where efficiencies can be achieved.

“During periods of success, there is a temptation to become complacent which can cause wastage in any form of business. I find in times of recession there is an opportunity to foster growth.

Data gives us the opportunity to share knowledge across the business at all levels. As soon as people have that information at their fingertips, everyone works better.”



AZETS

Steven Kuhn

Director of Technology Solutions

“We’ve been using technology recently through collaborative business process mapping tools. This has given us the ability to easily identify opportunities to enhance our own processes through either optimisation or automation.

Importantly, it enables us to introduce new technology with the knowledge that the technology we’re implementing actually has a problem to solve and the confidence that it will actually solve that problem.”



Sam Starling



**PM Tech & Data
Strategy Director
for UK & EMEA**

4. Integration and Centralisation in the Connected Cloud

Creating a Connected Cloud ecosystem of integrated software platforms that talk to each other immediately shifts real estate companies away from a reliance on manual processes and siloed information. Having a single source of truth makes companies far more agile and efficient.

“The technologies we are looking at focus on automating workflows which enables us to move data around the business and transfer data from systems efficiently and accurately. This means we can more easily provide things to clients like service charge expenditure benchmarking.”



Sam Starling
savills

**PM Tech & Data
Strategy Director
for UK & EMEA**

“Knowledge is power. The old software that commercial real estate companies have been using made it really hard to understand basic performance metrics of the business, for example:

- How is rent collection tracking?
- What outstanding arrears do we have?
- What are our current and projected costs?
- How are our property managers tracking against their KPIs?

Having software that displays these visually gives clarity and confidence to landlords and property managers so they can make impactful decisions.”



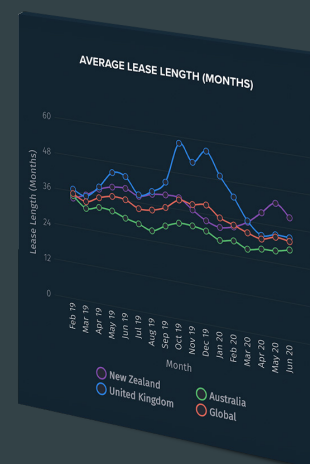
Re-Leased
Tom Wallace
CEO / Founder

5. Accessing Real Time Insights

The pandemic has been the catalyst for widespread change, but that change has created opportunities as well. Real-time insights on market performance are in high demand.

Re-Leased recently launched CREDIA, a free-to-access property intelligence and analytics platform designed to provide greater transparency and insight into the health of the commercial real estate market. The CREDIA Index publishes statistics on occupier performance and leasing trends to allow property professionals to benchmark their portfolio against the wider market.

The real estate industry has traditionally been starved of timely and relevant data. Exploring data sets such as the CREDIA Index will allow companies to adopt a proactive approach to uncovering growth opportunities and managing their portfolios.



View live data on the



“We’re constantly re-evaluating what members want from their office. For example, by looking at meeting room data we can understand which ones are the most popular, why that is, and what we can do to improve them. By having that feedback loop, we can constantly improve our offering and deliver a better experience for our members, which in turn earns their loyalty.”



we work

David Kaiser

**Head of Real Estate
UK and Ireland**