

WHO ARE GENERATION Y AND ARE THEY REALLY SO DIFFERENT?

Generation Y, broadly speaking, is the generation of techno-savvy, digitally sophisticated twenty to thirty year olds, who are now coming to dominate the workplace.

They have grown up in a world surrounded by modern information technology and rapid technological change – just consider that while it took 50 years for radio to reach an audience of 50 million, followed by 13 years for TV; it took Facebook only two years.

The IT revolution does not offer 'the shock of the new', but is an integral part of their life. It is also providing new employment orientations.

Coupled with easier labour migration and simpler access to employment opportunities, this enables Generation Y to constantly seek out the fresh opportunities they desire.

Set against the context of a shrinking labour pool this is placing collective bargaining power in the hands of Generation Y, and indeed Generation Z – the generation after them. Recruiting and retaining the right staff is a growing challenge.

ISSUE 1 of 6

Generation Y

IMPLICATIONS FOR OFFICE MARKETS



What does Generation Y have to do with real estate?

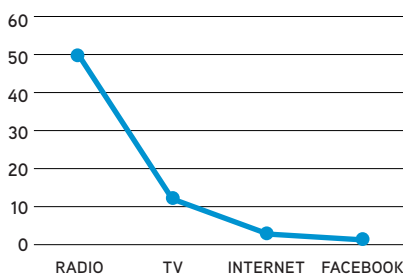
If you're interested in how office markets will look and behave in the future this report will give you some ideas. This paper is the first in a series of reports exploring the different aspects of how Generation Y will impact the real estate market including:

- HR implications for occupiers in terms of the need to adapt policies which enhance employee recruitment, management and retention;
- Implications for the design and format of office space in terms of the need for effective optimisation and workspace planning strategies;
- Strategic office market implications – the supply/demand equilibrium and implications for owners, investors and developers in terms of how this may affect your office asset management strategy, what to buy/sell and what to build.

This report follows several months of research on a unique research report for Skanska to help them understand what motivates Generation Y in the workplace. In particular, we were asked why it was so difficult to retain Generation Y staff beyond a two year horizon and how could Skanska better understand this group in order to keep them actively interested and employed within their organisation.

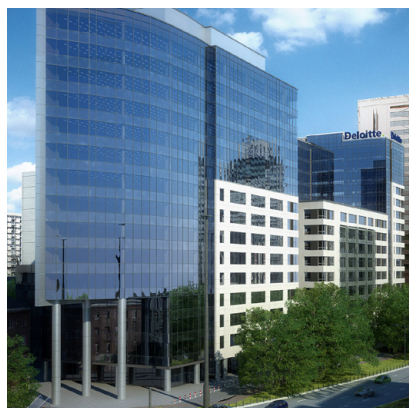
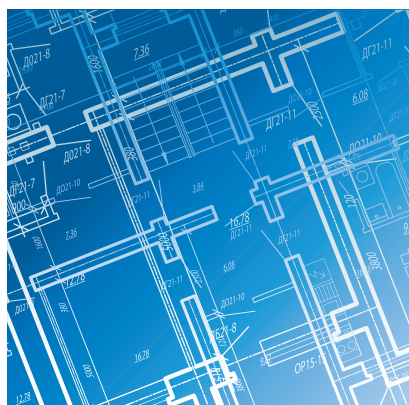
Following our analysis of the motivations and behaviour of the Generation Y group, we soon realised that the way in which they work, and would increasingly like to work, has far reaching implications for the real estate market. Hence this series of reports.

TIME TO REACH 50 MILLION VIEWERS





A key impact of Generation Y will be on the orientation of office space: creating an integrated workplace which combines the need for more efficient workspace with flexible meeting rooms and more fun/social space.



Atrium 1, Warsaw by Skanska – the first zero net 'energy, water and waste' building in Poland and Eastern Europe.

KEY IMPLICATIONS FOR OFFICE MARKETS

In summary, we are likely to witness a number of changes within our office markets as a result of the growing influence of Generation Y on:

- Technological advancement, notably with the use of mobile computing and communication devices and the growing sophistication of cloud computing, coupled with;
- Changing corporate employment structures, notably an increase in Alternative Working Strategies (AWS).

These two factors go hand-in-hand, with technological advancement allowing organisations to deploy AWS effectively. While this in itself is nothing new, it is becoming far more prevalent. This will impact upon the need for offices in five key ways:

- 1 An overall reduction in the demand for office space as a result of the increased implementation of alternative working strategies and more efficient use of the actual workspace.
- 2 A change in the orientation of the workplace, with a greater need for more flexible space which combines efficiently planned workstations with flexible meeting rooms and a large proportion of fun/social space. While a shift from 12 m² per person to 8 m² per person is not uncommon, the requirement for greater flexibility and fun/social space means that we will not see an overall reduction in demand of one third.
- 3 Much greater need for flexibility in the use of space, with implications for the underlying structure, technological platform and management of buildings.
- 4 Space which genuinely conforms to sustainability standards – be it LEED®, BREEAM® or an alternative - will become a must have. In particular, energy efficiency will be a critical component of meeting demand.
- 5 Greater demand for bespoke data centres, driving the growth of a relatively new niche market.

Whilst we see these as general trends across Europe, individual markets are at various stages of maturity along the 'Gen Y curve'. We appreciate that other factors will have an influence on the extent to which these Gen Y trends will play out in each local market.

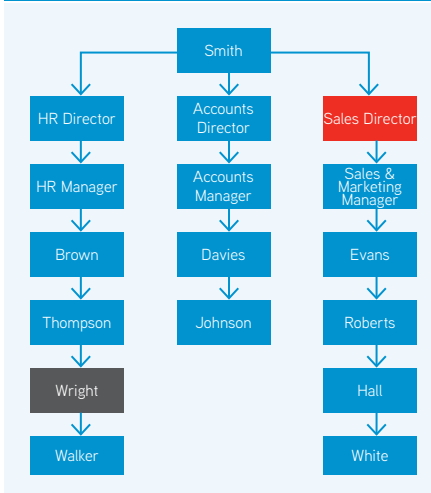
Generation Y In The Workplace

KEY MOTIVATIONS

- Ambition
- Knowledge
- New challenges
- Freedom and feedback
- Companionship
- Flexibility
- Work-life balance

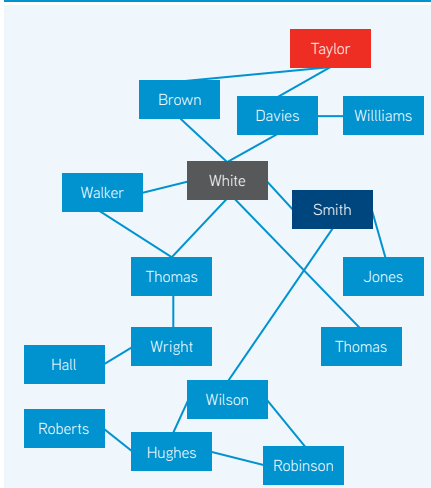
Traditional Hierarchies

Place Staff By Title



Organisational Networks

Place Staff By Connections



WHAT MOTIVATES THEM / HOW DO THEY WORK?

- They are highly ambitious and expect many things now – they’re used to getting their own way. As well as being driven by the obvious and timeless desire for higher pay and better benefits they put a premium on interesting and challenging work, and a work environment which meets their lifestyles and needs.
- Whilst these characteristics may be somewhat muted at present by rather sedate economic growth and employment prospects, this has not altered the internal desire of this group to seek new and fresh challenges when the opportunities arise. Fresh opportunities will come back, and those organisations best prepared to embrace the Gen Y workforce as part of this are most likely to succeed long-term.
- Knowledge above title. Generation Y’s ambition is not expressed in a desire for titles and external prestige, but rather through a real urge to move forward in the ranks. They expect to do this through the constant absorption of knowledge and skills.
- New challenges – every 2 years. It is predicted that by the age of 38 an average Gen Y’er will have had 14 different jobs – that equates to 1 job every 1-2 years. This presents a real challenge for all companies with a desire to retain their best staff.
- Freedom and feedback. They require continuous and instantaneous feedback from management yet dislike an authoritative management style. They want the flexibility to work to their own schedules, to break when they want to break, to leave when they need to leave and arrive when they need to arrive. A difficult balance for any manager to maintain, placing an important requirement on the need for mentoring and coaching.
- They seek companionship at work, rather than just colleagues, as they function on a more flexible, social basis. This more casual attitude to work is leading to organisational networks and where staff are placed by connections and skills as opposed to the more traditional hierarchical structures which place staff by title. In turn, this is creating the greater use of project-based teams to complete assignments.
- The overriding impact on the workplace is the need for much greater flexibility, where project-based teams can be quickly, efficiently and cost-effectively set-up within the office environment and allowed to function on a rolling basis.
- The ability to work remotely is also increasingly in demand, facilitated by technological advances. This is a generation which wants to be judged on results rather than on their physical presence in the office.
- The work-life balance is a significant source of motivation. The need for flexibility to suit the demands of family and social life is a major factor driving employment choices, pushing organisations towards offering flexible alternative working strategies. This does not mean that the workplace will become redundant. In fact, we believe quite the opposite will occur. Given the pressure on companies to attract Generation Y staff, it is important that the workplace has the right blend of social/fun space which Generation Y can positively identify with. In locations where there is real pressure on housing in terms of cost/choice, this dynamic is likely to be even more pronounced, pushing the requirement for companies to ensure staff have their own ‘private space’ at work.

512 offices in 61 countries on 6 continents

United States: 125
Canada: 38
Latin America: 18
Asia Pacific: 214
EMEA: 117

- €1.1 billion in annual revenue
- 91 million square meters under management
- Over 12,500 professionals

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FOUNDING GLOBAL PARTNER



WORLD GREEN BUILDING COUNCIL

GOING GREEN

Generation Y has a social conscience. Whilst they want their employers to meet their ambitions, to offer them challenging roles and a work environment to suit their lifestyles, they also want their employers to demonstrate a commitment to social issues. Research reveals that a clear majority prefer to work for an organisation with a commitment to social causes than for one without.

In relation to the built environment, being green as an office occupier will become more of a “must have” than a “nice to have” in order to attract and retain staff.

Coupled with increased government supply-side pressures to reduce carbon emissions and energy efficiency from real estate (which accounts for 40% of all energy consumed within the EU) this places direct demand and supply-side pressure on developers and owners to provide and maintain sustainable and well designed buildings.

HOW CAN COLLIERS HELP?

If you are interested in what this may mean for your company and/or portfolio then feel free to contact us. We can offer a range of consulting services to clients covering the following:

- **Management Consultancy.** We can utilise a range of management tools to help analyse a clients’ industry, strategic options, business pressures and issues to ensure that a client’s business needs are thoroughly identified, in order to better understand their real estate requirements.
- **Location Consulting.** As an occupier we can help you best understand the ideal location for your business across EMEA taking into account the comparable cost and availability of real estate, human resources, incentives and infrastructure needs. We have conducted work on behalf of many companies enabling them to choose their optimal location and co-locations.
- **Space Optimisation and Workspace Planning.** We can help you optimise the use of space, resulting from developing appropriate working practise strategies for your organisation.
- **Portfolio Analysis, Feasibility Analysis and Development Consulting.** By combining our latest research findings with agency and consulting experience we can enable organisations to acquire, build and/or manage the ideal real estate solutions for their needs.
- **Building Sustainability Accreditation.** Our Sustainability Advisory Services team can help you configure your development, asset(s) and/or tenancy to match required sustainability accreditation programmes and practises, notably LEED®.

COLLIERS RESEARCH

Colliers Research Services Group is recognised as a knowledge leader in the commercial real estate industry, providing clients with valuable market intelligence to support business decisions. Colliers research analysts provide multi-level support across all property types, ranging from data collection to comprehensive market analysis. This allows us to provide clients with a range of dedicated consultancy services to suit their occupational, development and ownership needs.