

*tunein*

# **MIPIM 2017**

*This might just be its most  
important year yet*



**/ The changing axis**

**/ A positive change**

**MIPIM is regarded by many as something of a litmus test for the health of the marketplace, with many agendas converging in one location for one week.**

We considered the most pertinent themes and asked industry experts and commentators to give us their insight on the hot topics for 2017.

This year we are partnering with the LCCI on the London Stand, as well as meeting as many like-minded individuals as possible and reporting back on these topics. Look out for our updates #MIPIMVoice.

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**If we consider Brexit, Donald Trump becoming US President and the resignation of Renzi, 2016 is a year that signalled change on a macro scale. What we are witnessing is not a blip – it is a shift in world order and the implications will cascade through all stratas, economies, institutions and businesses.**

With this as a backdrop, the property sector must remain innovative, flexible and challenge historical norms to make it work - no matter what.





**MIPIM exists and has endured because the property sector plays an important role on a global scale; from the development of countries, re-ordering of the developed world and making societies run better, as well as being a significant employer across many levels.**

For 2017, we still have many issues to address and solve that will not disappear because of interest rates, exchange rates or any geopolitical issues. For example, key items at the top of the agenda for Concert will be **Health, Education, Housing, Infrastructure** all need appropriate strategies and solutions, along with the ongoing requirement to attract fresh talent into the industry to fill the skills shortage.

We expect hot topics will include the expanding 'gig' economy that could have real implications in how we procure skills, and the surge in successful organisations like Airbnb who have a huge impact on the residential and hotel sector but don't actually own any fixed property assets. In the office sector, WeWork, Instant Office and The Office Group are also challenging the traditional view of the market, where occupiers are demanding more flexible space and shorter term leases.

Other subjects at the top of the agenda will include solving the housing crisis, London charging towards megacity status by 2030 and what needs to happen to guarantee the infrastructure is in place to support its burgeoning population and the continued investment required in regional hubs as their importance is recognised for the parity of prosperity.

We need to work out a way to continue to collaborate with our European counterparts so we can share knowledge and crucially workers that are supporting commerce, as well as attracting home-grown talent by making the construction sector more attractive to the brightest and best graduates.

MIPIM is a forum for creating opportunities and ensuring positive outcomes from the challenges that we need to overcome. The UK is in a unique position of being able to shape its own destiny to ensure that we remain the most attractive country to invest in.

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**It starts here.**





# Big data: the internet of things

The global stock of data is growing at a near exponential pace.

IDC forecasts that by 2020, 44 zettabytes (4.4 x 10<sup>22</sup> individual bytes) of data will have been created. Powering the growth of this data are a number of emerging technologies, such as the Internet of Things (IoT), that are fundamentally changing how modern buildings are designed and operated.

The rise of the Internet of Things (IoT) – the network of interconnected sensors and actuators which collects and transmits information over the internet – has seen everything from street-lights to toothbrushes become connected to the Internet. By 2020, according to estimates from Gartner, there will be 26bn connected IoT devices – up from 900m in 2009.

All of these connected devices produce large sets of data that can be used to automate decision-making, increase efficiency and reduce operating costs. General Electric, for instance, is using sensors to remotely monitor the performance of its jet engines – allowing the firm to detect and deal with minor faults before they become major ones. According to The McKinsey Global Institute, applications of IoT technologies will have an economic impact worth potentially \$11tn to the global economy by 2025.

The installation of connected devices in buildings is one of the key applications of

## BIG DATA in buildings.

Sensors that record data on the presence of a person, light levels, and humidity are already being installed in new developments.

## Building data

More fundamental than improvements in facilities management are applications of building data that can be used to train specialist software to forecast and optimise the performance of different building systems. Neural networks are an emerging technology that use networks of interconnected processing units arranged to mimic the makeup of the human brain. Software running on a neural network can identify patterns and trends in large sets of historical data to learn to anticipate future events

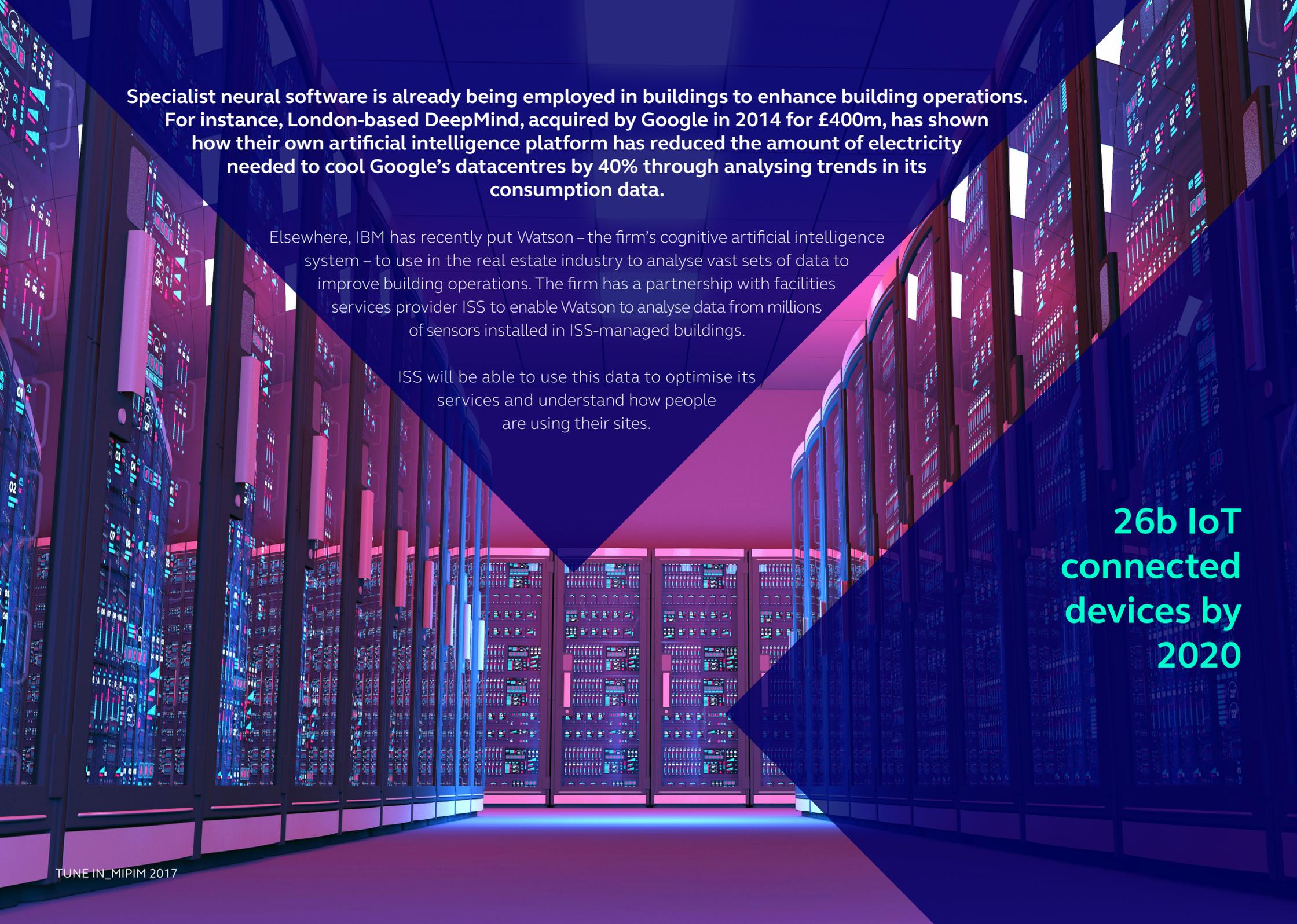
### The Edge

A 40,000 sq m office building in Amsterdam, is by many accounts the world's smartest building. Twenty-eight thousand sensors detect the movement of people through the building.

### Dubai airport

The bathrooms here have been fitted with sensors that report when bathrooms are experiencing high volumes of traffic and need cleaning.

This enables better scheduling of cleaning rotas, helping to save time, supplies, staff and energy.



**Specialist neural software is already being employed in buildings to enhance building operations. For instance, London-based DeepMind, acquired by Google in 2014 for £400m, has shown how their own artificial intelligence platform has reduced the amount of electricity needed to cool Google's datacentres by 40% through analysing trends in its consumption data.**

Elsewhere, IBM has recently put Watson – the firm's cognitive artificial intelligence system – to use in the real estate industry to analyse vast sets of data to improve building operations. The firm has a partnership with facilities services provider ISS to enable Watson to analyse data from millions of sensors installed in ISS-managed buildings.

ISS will be able to use this data to optimise its services and understand how people are using their sites.

**26b IoT  
connected  
devices by  
2020**

# Smart buildings and smarter workplaces

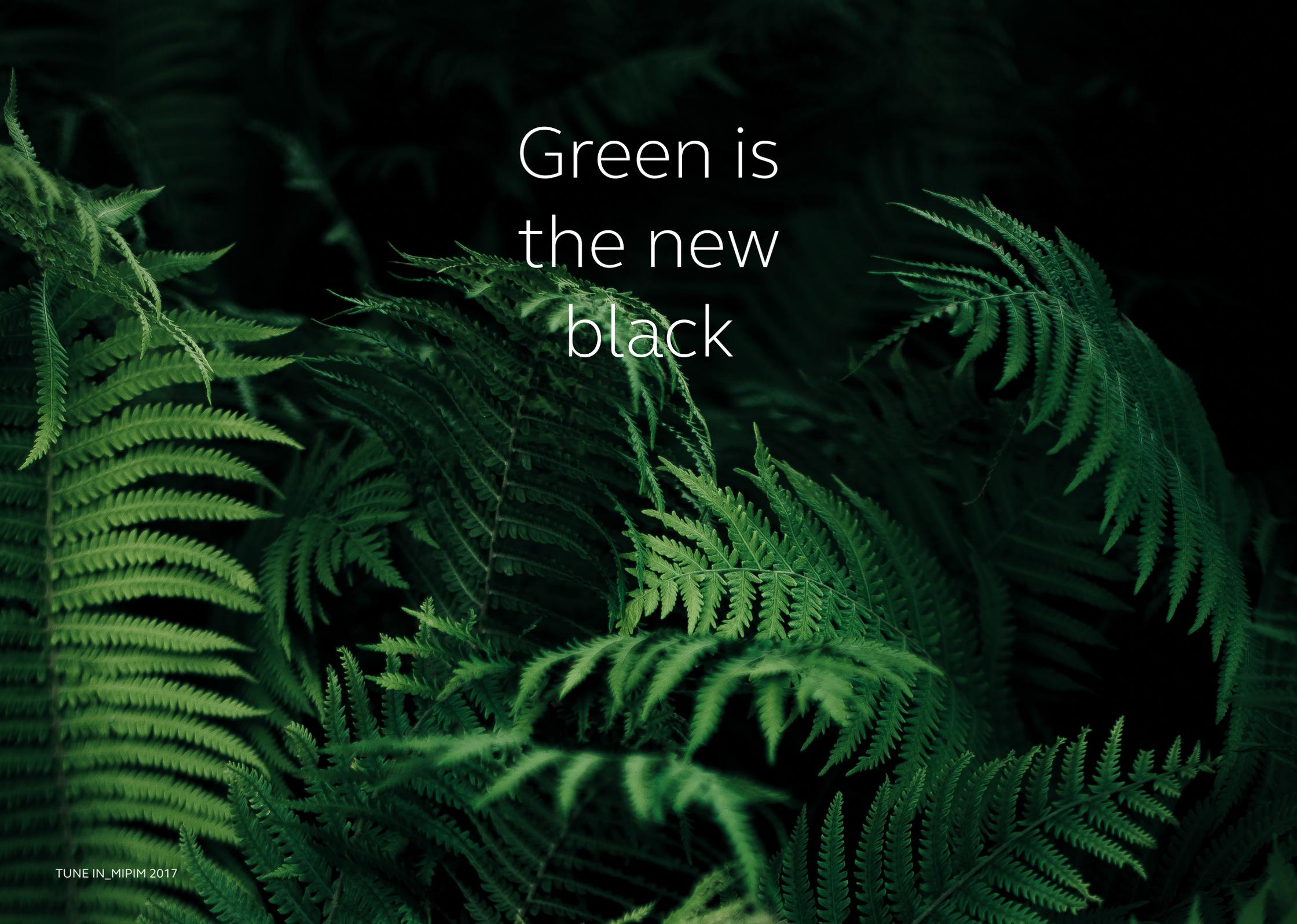
Beyond building operations, applications of big data are even being used to record insights on the location of individual office users within buildings, and report how they're using space. PointGrab, an Israeli startup, has developed a building sensor that uses video analytics to detect the location, count and movement of occupants within an office.

**Insights gathered from these devices could in time be used to measure the impact of space design on business performance. Techniques for correlating the movement and interactions that take place in an office with the development of new products and ideas are a fastgrowing area of scientific research.**

Sociometric badges, a wearable badge developed at MIT, can record where an employee goes in an office, who they interact with, and the tone and nature of these interactions. At a pharmaceutical company where sociometric badges were employed, data collected from these devices showed a positive correlation between cross-team interactions and higher sales volumes. The company then used this data to justify installing a large canteen facility and replace their existing coffee points with bigger units shared between more employees. Following the redesign, sales rose by \$200m dollars – more than proving the business case for the upgrades to their office.

The exponential advance of technological progress is delivering possibilities that were impossible to imagine even a few years ago. Companies are increasingly aware of how data can be used to enhance the operations of their locations and offer new experiences to employees. Consequently, developers of commercial real estate need to be able to understand how data is fundamentally changing the way modern buildings should be designed and operated.

**Wellness**

A close-up photograph of a dense thicket of green ferns. The ferns are in various stages of focus, with some in sharp detail and others blurred in the background. The lighting is soft, highlighting the intricate patterns of the fronds. The overall color palette is a range of greens, from vibrant lime to deep forest green, set against a dark, almost black background.

Green is  
the new  
black

# The link between green building design and wellness

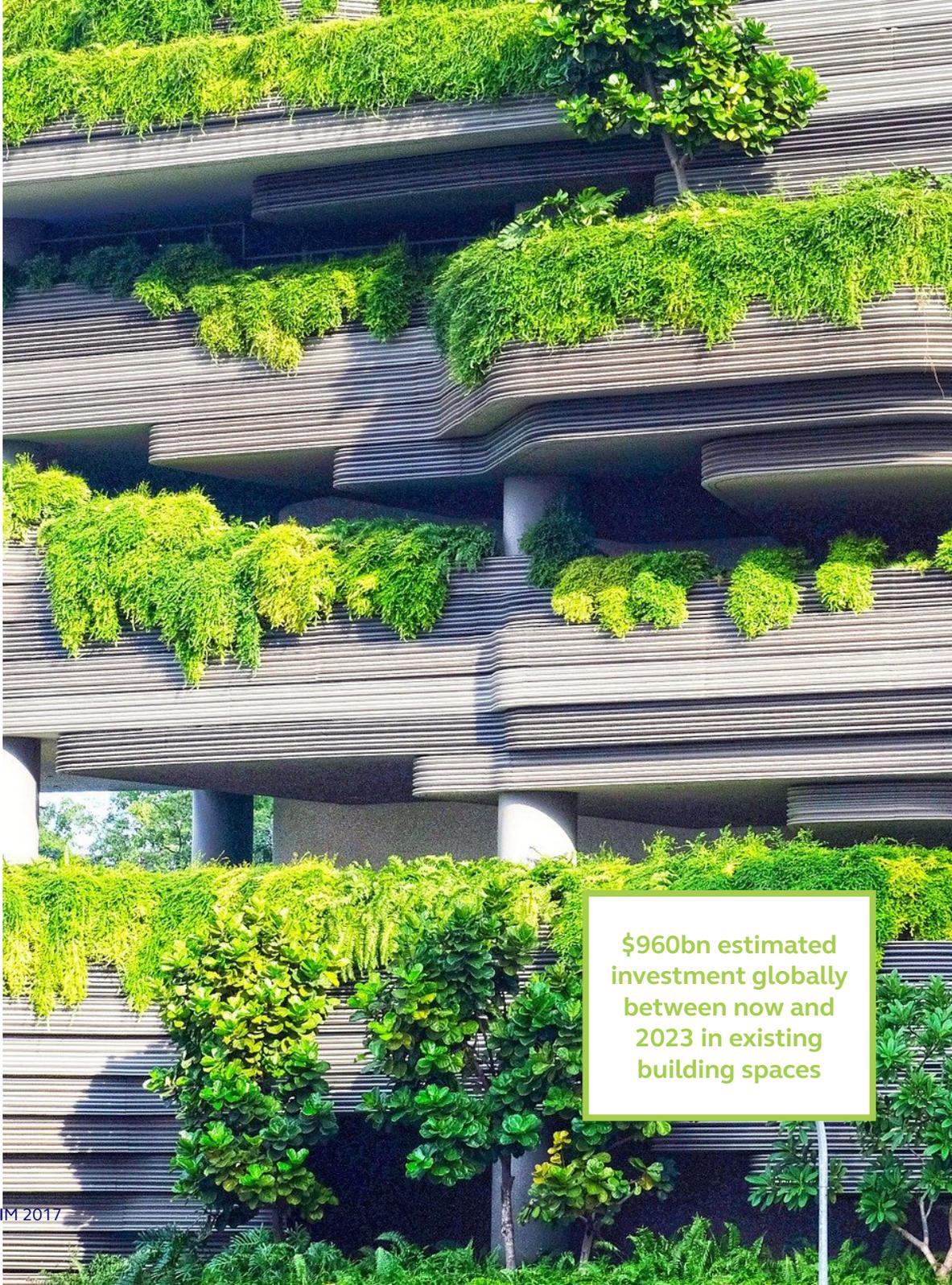
The case for sustainable building design used to be based on a couple of pretty straightforward ideas. The first was that buildings had to incorporate sustainable performance characteristics to comply with the ethical goals of landlords and occupiers. The second was that there was some financial benefit to both the occupier and the owner. Often these principles went hand in hand, especially when it came to issues such as energy efficiency and the amount of rent that the building could command. They remain the foundations of green building design and are applicable across a range of building accreditations such as BREEAM as well as standards relating to specific products and policies.

This is big business. According to the US Green Building Council, commercial building owners and managers will invest an estimated \$960bn globally between now and 2023 on greening their existing buildings.

Over the past couple of years, however, we have become increasingly aware of other drivers that might make us all re-evaluate how we approach sustainability and further drive the maturity of the market. These drivers are based on a more sophisticated understanding of green building design.



# Green buildings



**\$960bn estimated investment globally between now and 2023 in existing building spaces**

The clincher for green buildings is now their ability to foster the wellbeing of their occupants. This has been coming for some time based on various pieces of research, but late last year the World Green Building Council clinched it with a report called Building the Business Case:

// Health

// Wellbeing

// Productivity

in Green Offices. The report highlights 'the global momentum behind healthy and green office design and operation' and shows how features like better air quality, natural light levels and plants may have an impact on the bottom line by improving employee productivity and reducing absenteeism, staff turnover and medical costs.

Although the report claims to be the first evidence of the link between green buildings and increased productivity and wellbeing, the link had been previously established. According to a new study from the Harvard T.H. Chan School of Public Health's Center for Health and the Global Environment, SUNY Upstate Medical University, and Syracuse University, people who work in well-ventilated offices with belowaverage levels of indoor pollutants and carbon dioxide have significantly higher cognitive functioning scores in crucial areas such as responding to a crisis or developing strategy, than those who work in offices with less green cred.

**Similarly, a 2016 study from researchers at Harvard also claimed to establish a link between green accredited buildings and the wellbeing and productivity of employees.**

The study, The impact of working in a green certified building on cognitive function and health looked at the effects on individuals in ten 'high performing' buildings based on BREEAM, Green Star and LEED standards, compared to staff from the same firm in uncertified buildings. It found that respondents enjoyed a 26.4 percent increase in cognitive performance, a 6.4 percent improvement in sleep quality and 30 percent fewer symptoms of illness.

It should come as no surprise to find the link between green building design and wellbeing is now increasingly formalised. In February of this year, the Building Research Establishment (BRE) and the International WELL Building Institute published a joint briefing paper outlining how certified BREEAM credits could be used to demonstrate compliance with the WELL Building Standard (WELL). The agreement, Assessing Health and Wellbeing in Buildings, has been created to make it easier for those wishing to obtain both a BREEAM rating and a WELL rating. The document provides guidance on how the process for pursuing dual certification may be streamlined, and offers information for architects and designers to better understand the links. It also sets out the areas where WELL requirements are addressed by UK and EU regulations.

This is a clear sign of the increasingly sophisticated and broad business case for green building design. The intersection of sustainability and wellbeing is something we can all welcome.



**London:**  
**A city at a crossroads**

**London has always sat askance from the rest of the UK, its history is littered with proof of a fierce independence of mind.**

In 994 for instance, the Danes sent a force of 95 ships into the Thames to blockade the city but were driven back by its army. As Peter Ackroyd points out in his masterful biography of the capital, the AngloSaxon Chronicle recounts that these citizens visited upon the Danes ‘more slaughter and harm than they ever supposed that townsmen could inflict’. He concludes: ‘It is important to recognise, in the course of these battles and sieges, that London itself had acquired its own army and therefore a measure of independent power; it possessed the characteristics of a kingdom or a sovereign state which, for many centuries, it never wholly lost.’

Last year’s EU referendum only re-emphasised the glaring gap between this genuinely global city and large swathes of the rest of the nation. While the Leave vote won 52 per cent of the vote overall, across London’s 33 boroughs 59.9 per cent voted to Remain, with that figure as high as 70 per cent in some areas. The phrase ‘metropolitan elite’ was frequently spat out by politicians wishing to distance themselves from the city’s knee-jerk social liberalism and international outlook.



**The reasons for this distance aren't hard to discern. The city has long had the capacity to adapt to any given situation, never allowed itself to stand still, and learned to integrate wave after wave of immigration, becoming in the process not only one of the world's financial capitals but also a hugely important hub for the creative industries, technology and education.**

As Rowan Moore points out in his latest book *Slow Burn City*, this rate of change has grown exponentially since the turn of the millennium. London has, in his view, 'become the global city above all others – not, as before, one of several. By which is meant that money and people from all over the world

flowed through it, that its land and homes were tradable commodities on international markets, that it became a transit lounge and stopping-off point for the world's migrant populations, both rich and poor – all to a greater extent than anywhere else.'

All of which means that it's well placed to ride out the state of political and social flux the UK, Europe and the rest of the Western world currently finds themselves in. However, a word of warning. London is a city that has never taken kindly to being planned – despite the best efforts of the likes of Sir Christopher Wren and Sir Patrick Abercrombie – preferring to do things its own way and in its own time, thriving on a strange kind of mercantile-induced chaos. However, a city that has withstood fire and plague currently finds itself in a crisis, fashioned from its own success as the amount of affordable housing on its market shrivels and as workshops, studios and industrial units are transformed into luxury flats, forcing out the people who have made the city the vibrant success it is and turning it into a huge dormitory town for the uber-wealthy. How to temper its deeply entrenched commercial instincts so that it can remain the city for all-comers is the next challenge it has to face. You fancy that London will eventually find a way.



# How do you make London's building stock fit for a megacity?

## Reinvent it.

By 2030 London will have grown to a population of 10m. That's 1.4m more bodies - the equivalent of the current population of Birmingham - living, working and commuting in the capital's cacophonous swirl of streets, buildings and districts. As a result London will be badged as a megacity, joining a league of global urban agglomerations of more than 10m people.

But this impending megacity membership, which will see London sit alongside the likes of Tokyo, Delhi, Mexico City, New York and more, as the most populous places on the planet, presents serious infrastructure challenges in need of innovative solutions.

A straightforward approach to unlocking London's high land values would be to knock down an existing building and deliver a scheme twice as big. If the scale is right then the economics will dictate that this is a better course of action over a long term. However, we live in a "plug and play" world, where demands are fast, trends change faster, and future needs are difficult to predict. Current desires, however, are easier to respond to and it is for this reason major refurbishment deserves more serious consideration.

## From East London to the banks of the Thames there are dozens of schemes that stand testament to the art of reinvention.

Take **Sea Containers House**, for example, a 224,000 sq ft office scheme positioned on London's south bank. Originally conceived as a luxury hotel, it was its enviable location that led to an extensive refurbishment from 2011, making it not just the perfect modern workplace – as global communications outfit WPP Group, which located there in February 2016 will attest - but also the perfect hotel again, thanks to the **Mondrian**. Further east, the **Bower building** on Old Street roundabout meets the location and image criteria that discerning investors want. Conveniently close to transport, and in the centre of London's dynamic Silicon Roundabout, the 122,000 sq ft scheme, which blends original period features with modern design, is fully let to a host of creative businesses.

With less than two years between refurbishment and complete occupation, The Bower building demonstrates how an innovative refurbishment project can often come to market quicker, have an interesting story to tell, and be in an ideal location. New buildings on the other hand can take longer to deliver, and more often than not there are events along the timeline that can slow or stop the progress of the project.

In post-Brexit Britain it has probably never been so important for London to retain its identity, to tell its story. The ability for refurbishments, over rebuilds, to do this should not be underestimated. London's rich and textured streetscapes allow for storytelling in spades. But this also extends to regional hubs like Manchester, which was built on the wealth of the industrial revolution and has rich pickings for this kind of development.

Nor should it be overlooked that reinvigoration can be a catalyst for further development. The Highline did it for New York, and with a population of 10m people to accommodate by 2030, London could do worse than look to a fellow megacity for inspiration.

IN POST-BREXIT BRITAIN  
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NEVER BEEN SO IMPORTANT  
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**Skills shortage:  
Where is the real shortage and  
what do we need more of?**

# The Chartered Surveyor



TUNE IN\_MIPIM 2017

**The war for talent is prevalent in all sectors and no less so in construction, although the range of skills we need are arguably more diverse than others. Construction in its broadest sense is a huge employer in the UK and therefore a significant player in the wider economy.**

There is currently a real shortage of experienced chartered surveyors within the industry, and there are two key factors that have contributed to this. Firstly, after the economic crash of 2008/2009 many surveyors diversified into new roles in other sectors, so we were already in a skills deficit as the market recovered.

The deep scars of the recession have created a more watchful approach to projects so the demand for Chartered Surveyors has surged amongst developers, clients and contractors who need to ensure projects finish on time and within budget.

# What can we do about it?



**The ongoing discussions about the ability for EU nationals to remain in the UK will clearly have an effect on skills in terms of labour, as well as through the supply chain.**

Recent intervention from the House of Lords means this is still an ongoing discussion and we need to find a way to ensure that we allow those who positively contribute to our society to stay.

That aside, investing in talent from a very early stage is vital. This includes attendance at career fairs in schools to widen awareness of surveying as a career, building relationships with local colleges & universities and supporting individuals through education, and taking advantage of apprenticeship schemes to ensure we get people hooked early. What we have learnt is that an interview with the next generation is very much a two-way conversation with both the employer and the potential employee looking for the best fit to meet each of their aspirations.

Organisations need to further focus on developing and growing talent from within, with open discussions about succession planning, so employees can clearly see their potential pathways through a business.

Ambitious employees can be charged with stretch assignments to aid learning opportunities whilst also adding value to the organisation. We should also look to other industries for skills too. A great place to look is the military who have many relevant and transferable skills.

# Contact



## **Rennie Dalrymple** Managing Director

Rennie is joint Managing Partner with a successful 24 year track record in the construction industry. He is responsible for overseeing the practices' projects, dealing with corporate and mission critical work.

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[rennie.dalrymple@weareconcert.com](mailto:rennie.dalrymple@weareconcert.com)

020 7799 1114

# Contributors

## Mark Eltringham Journalist

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Mark is publisher of Workplace Insight and Work&Place and is a writer, speaker and commentator on workplace issues. He was the launch editor of FMX, OnOffice and Workplace Law and has written for numerous publications in the UK and overseas. He is a Fellow of the Royal Society of the Arts.

## Philip Ross Journalist

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Philip Ross has worked with organisations around the globe including Ernst & Young, Allen & Overy, McKinsey & Co, DTZ, Macquarie Group and Facebook on future concepts and opportunities for innovation.

## Grant Gibson Journalist

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Grant Gibson is a UK-based design, craft and architecture writer whose work has turned up in places like The Observer, New Statesman, The Guardian, Daily Telegraph, FRAME, Dwell, House & Garden and quite a few others.

## Rebecca Kent Journalist

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Estates Gazette's special projects editor. An accomplished journalist and events producer, Rebecca writes about property and the consumer market. She has covered the breadth of the property industry: city growth, offices and office design, housing, industrial, investment, plus global and regional UK markets.

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# Thank You

Union House  
182-194 Union Street  
London SE1 0LH

t: +44 (0)20 7799 1100  
f: +44 (0)20 7799 1101

[london@weareconcert.com](mailto:london@weareconcert.com)

London & Manchester



[@weareconcert](https://www.instagram.com/weareconcert)

