

Vision 2021 Real Estate Outlook

March 2021

JLL Research

Corey Siegrist corey.siegrist@am.jll.com

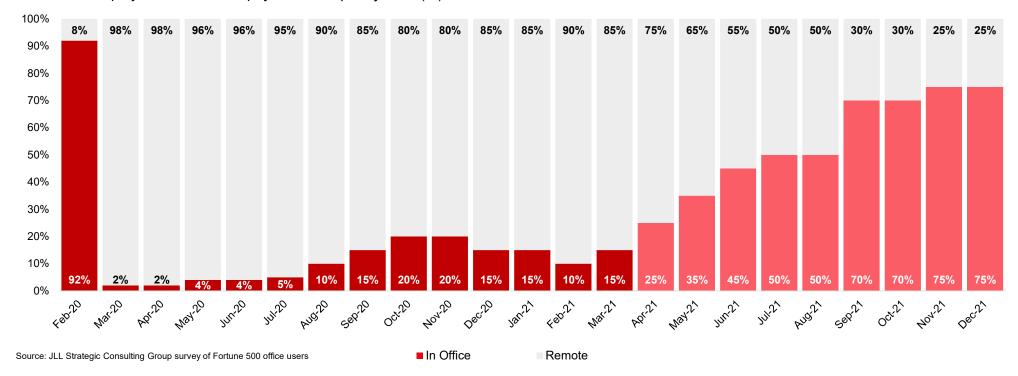
Eddie Viliunas eddie.viliunas@am.jll.com



Office re-entry in the U.S. has been slow, with local restrictions limiting physical occupancy rates



Observed and projected U.S. office physical occupancy level (%)

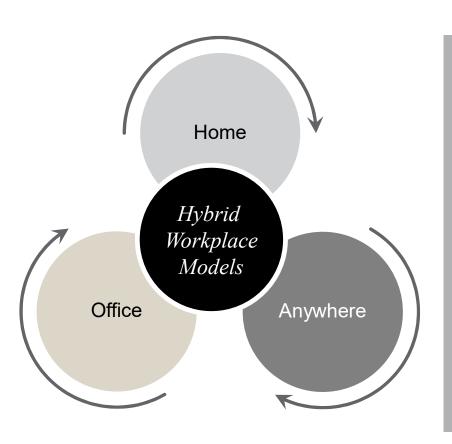


The U.S. is lagging China and several other countries in re-entry, where some cities are back > 80% occupancy

© 2021 Jones Lang LaSalle IP, Inc. All rights reserved.

Future of work – the evolving "hybrid" workplace





Workplace Challenges

- Business Disruption
- Change Acceleration
- Cognitive Fatigue
- Employee Fear
- Establishing Trust
- Human Health/Safety
- Increased Complexity
- Risk Management
- Talent Anywhere
- Uncertainty

Workplace Objectives

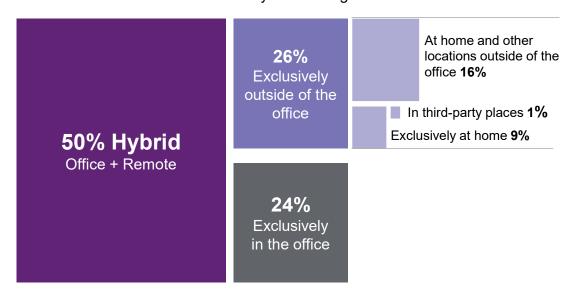
- Corporate Culture
- Elasticity and Agility
- Employee Choice
- Financial Performance
- Flexibility/Liquidity
- Health & Well-being
- Human Experience / Human Performance
- Resiliency
- Sustainability

A hybrid future – 74% of employees want the office option



Remote work is here to stay. The question is how it's integrated and optimised

Employee perspective: Remote work frequency after Covid-19* 2.4 days on average



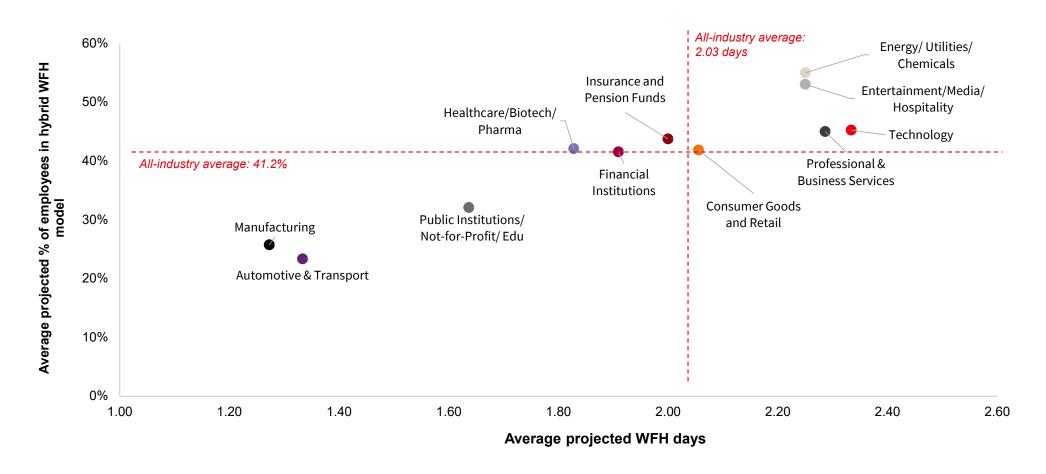
*How many days a week would you like to work remotely from home after Covid-19?

"Hybrid" workplace ecosystems



Average projected WFH days vary by industry





© 2021 Jones Lang LaSalle IP, Inc. All rights reserved. By Industry | 352 February Responses

Corporate Workplace Strategies are Shifting



Minimal Portfolio Footprint Optimization

Moderate Portfolio Footprint Optimization

Maximum Portfolio Footprint Optimization

OFFICE-CENTRIC

Employees to work primarily from the office

OFFICE/HYBRID

Global / Regional Experimentation

HYBRID

Global / Regional Policy Implementation in-progress

Testina Hvbrid

15,000 FTE

Campus

HYBRID/REMOTE

Employees to work primarily from home

REMOTE/VIRTUAL

Extensive global virtual work adoption

BLACKROCK

The office will remain our primary work location longer-term

To Return to Office

"12 hours after

vaccine is out" 8,600

People



Hybrid model with a huband-spoke portfolio

JPMORGAN CHASE & CO.

Office-centric NYC Headquarters and Hybrid potential



Not a new normal. It's an aberration that we're going to correct as soon as possible



BARCLAYS

We ideally need

colleagues to be

primarily office-based

50%+ Reduction 70,000 People



Testing the idea of a "flexible workweek" (WFH 2 days a week)



Hybrid model Plans based upon Bluework Program

Microsoft

Hybrid model

Plans to offer as

much flexibility as

possible



45,000 People

Hybrid model

30,000 people



Hybrid: Working from offices, from home and other locations



Hybrid model by 2025



WFA 95,000 employees access to 3,500 offices around the world



80% Hybrid 46,000 People



Hybrid approach 2 days week @ WFH



Employees can choose home, office or flex

50% Hybrid 165,000 People

salesforce

65% in office 1-3

davs per week

SIEMENS

WFH (2-3 days/wk) 140,000 People

opentext*

50% Reduction 15,000 People



100% Virtual

5.000 People

slack

100% Virtual 2,000 People

GitLab

100% WFH

No physical space

reddit

100% WFH

Option

230,000 staff Hybrid 2-3 days WFH



HSBC

100% WFH Option 3,000 People



Remote work option now "managerinformed"



100% WFH Option 32,000 People



100% Virtual 5,000 People

© 2021 Jones Lang LaSalle IP. Inc. All rights reserved.

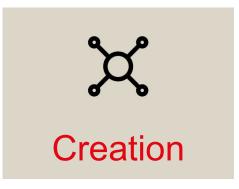
Sources: Public Domain as of March 2021

6

Changing role of the office – the "4 C's"

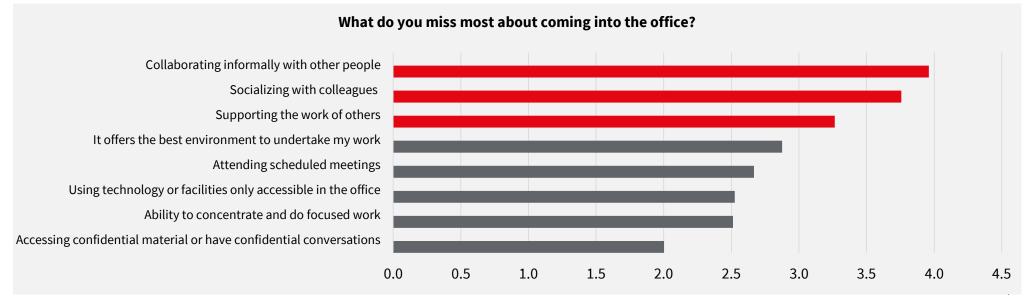










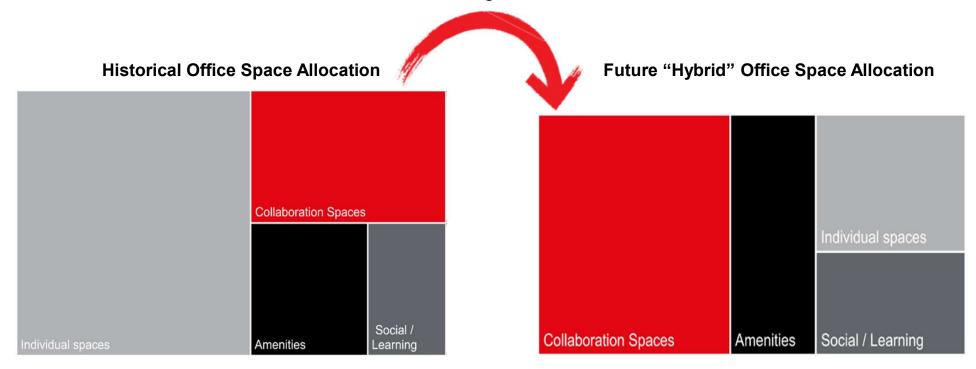


© 2021 Jones Lang LaSalle IP, Inc. All rights reserved.

If the office purpose is changing, the space should change too



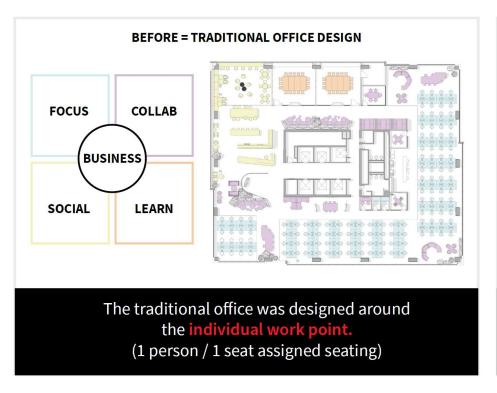
The "Hybrid" Workplace of the future may allocate less space to individuals and re-allocate space to enable culture, innovation, collaboration, learning, and socialization

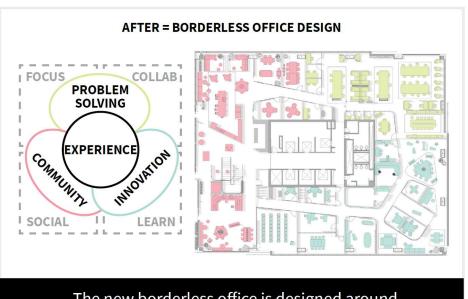


© 2021 Jones Lang LaSalle IP, Inc. All rights reserved.

Companies are starting to plan for new workplace designs







The new borderless office is designed around collaboration and community spaces.

(100% hybrid / no traditional assigned seating)

© 2018 Jones Lang LaSalle IP, Inc. All rights reserved.

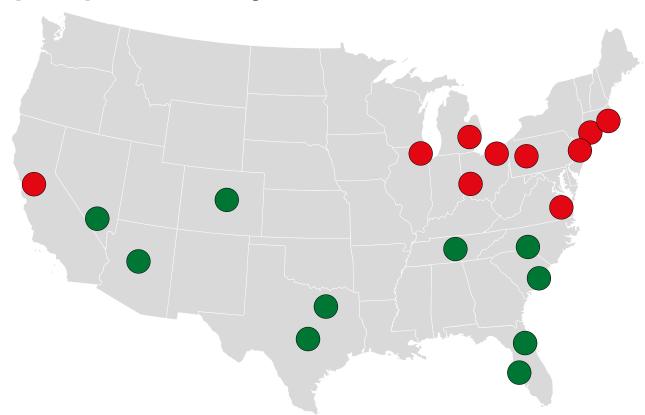
Office geographic patterns may shift as well



Net inflows

(Number of people moving in for every person moving out)

- 1. Austin, TX (1.53)
- 2. Phoenix, AZ (1.48)
- 3. Nashville, TN (1.47)
- 4. Tampa, FL (1.47)
- 5. Jacksonville, FL (1.46)
- 6. Charlotte, NC (1.45)
- 7. Dallas, TX (1.35)
- 8. Denver, CO (1.34)
- 9. Las Vegas, NV (1.32)
- 10. Charleston, SC (1.31)



- **Net outflows**
- 1. New York City, NY
- 2. San Francisco, CA
- 3. Chicago, IL
- 4. Cleveland, OH
- 5. Hartford, CT
- 6. Norfolk, VA
- 7. Boston, MA
- 8. Detroit, MI
- 9. Cincinnati, OH
- 10. Pittsburgh, PA
- · New York, San Francisco and Chicago have suffered the most acute outflows since the onset of the pandemic
- The most popular migration routes have been San Francisco to Austin (16.7 per 10,000), New York to Austin (11.6), San Francisco to Seattle (10.9), New York to Denver (9.1), Chicago to Nashville (8.7) and New York to Miami (8.7)

Number in parenthesis reflects number of people moving in for every person moving out according to changes of zip code in LinkedIn profiles © 2021 Jones Lang LaSalle IP, Inc. All rights reserved.

Reimagination beyond real estate





The Adaptive / Resilient / Sustainable / Responsible Enterprise



CRE: Corporate Real Estate

None of the groups above can enact significant change without the others and all will require digital transformation and technology enablement