

Research

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Report

Space management practices and trends in CRE



BuildingEngines

A JLL company

Table of contents

Introduction	03
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Methodology	04
-------------	-----------

Top space management priorities, ranked	06
---	-----------

The impact of floor plans accuracy on top space priorities	08
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Space audit frequency varies across the board	10
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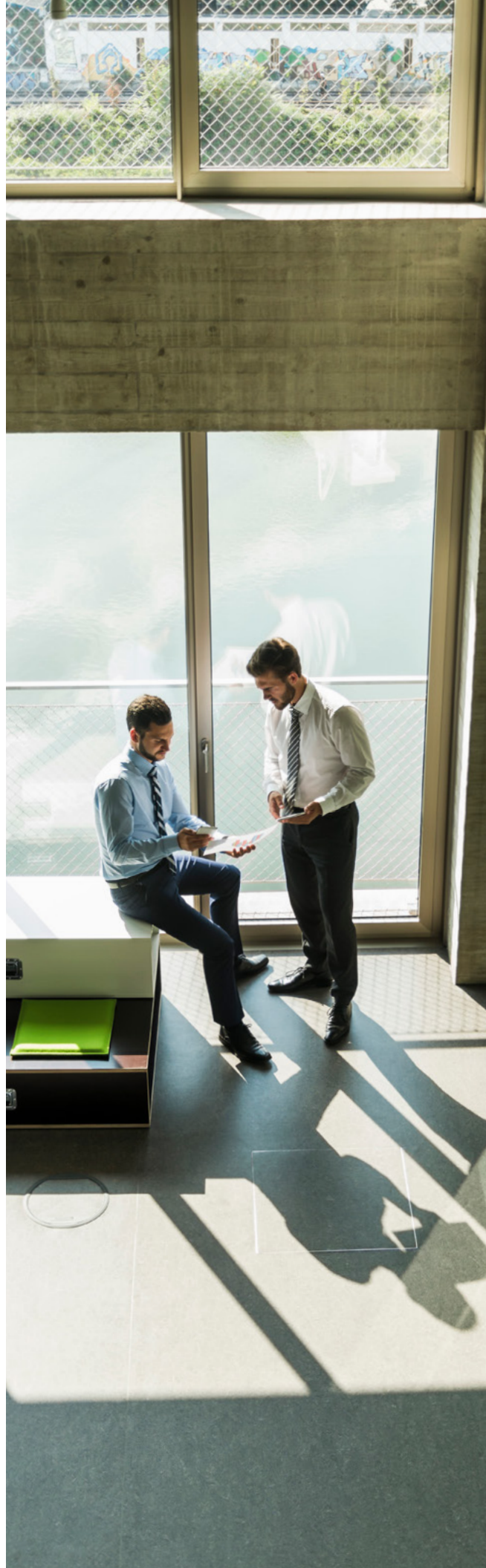
Amenities influence occupancy and lease rates at office spaces	11
--	-----------

A future of more build-outs and amenities for tenants	12
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Sustainability's role in space management strategies	13
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Commercial office vs industrial properties on sustainability	14
--	-----------

Conclusion	15
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Introduction

Today's CRE space management landscape

In commercial real estate (CRE), space management is more than just about allocating square footage; it's about creating environments that drive tenant satisfaction, operational efficiency, and sustainability. More specifically, space management is the strategic planning, designing, monitoring, and measurement of physical spaces for better, more optimal usage.

So, as property owners and operators respond to evolving demands such as flexible workspaces, technological advancements, and heightened environmental concerns, effective space management becomes essential to achieving better outcomes.

Recognizing its significance, Building Engines, a JLL company, in partnership with the Building Owners and Managers Association (BOMA), gathered insights from property managers, engineers, architects, and others.

This collaborative effort provides a multi-faceted view of how space management is shaping the way real estate leaders maximize the value of their investments, addressing the latest trends, challenges, and opportunities.

In this report, based on a survey of 125 industry professionals, we explore the role of space management as a factor that is driving transformative change across the CRE landscape.

Read on to delve into the findings and uncover how space management stands at the crossroads of tenant satisfaction, sustainability, and the future of CRE.

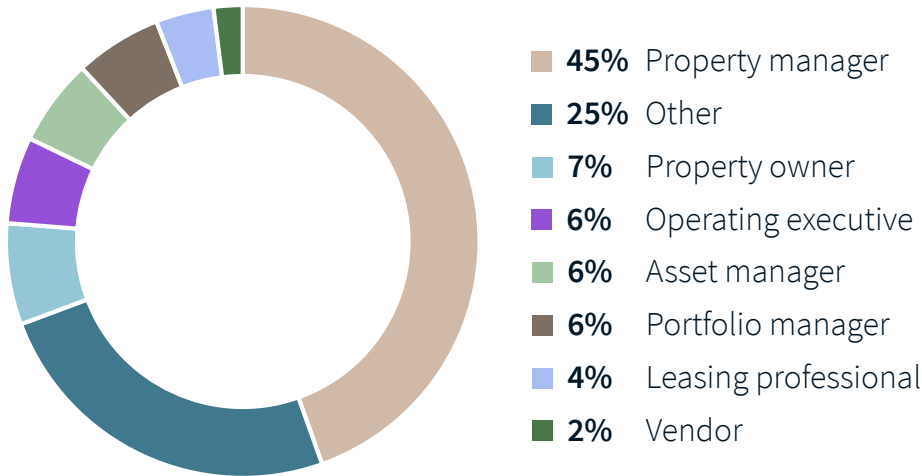


Methodology

The majority of the 125 respondents were property managers, representing 45% of the participant pool. This was followed by a mix of “Other” roles, including engineers, general managers, and architects.

Figure 1

What is your title?

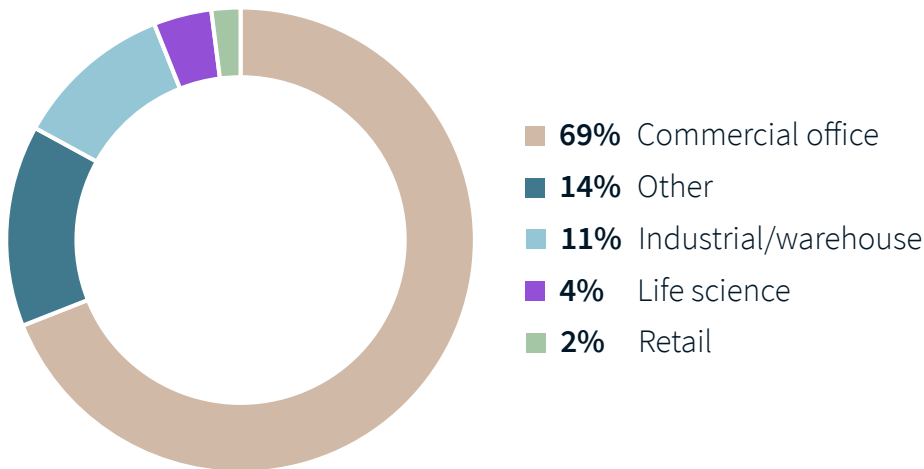


Source: Building Engines Research, 2024

Of the respondents, 69% work in the commercial office sector. “Other” sectors encompass properties such as government, medical/healthcare, and mixed-use developments.

Figure 2

What is the primary sector you work in?

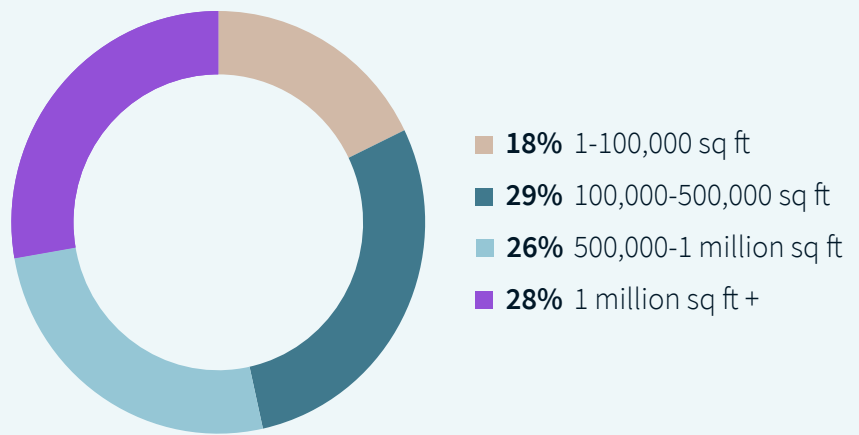


Source: Building Engines Research, 2024

In terms of total square footage managed, the survey showed an even distribution among property sizes. Properties ranging from 100,000 to 500,000 sq ft are managed by 29% of respondents, while 28% oversee properties exceeding 1 million sq. ft. The remaining are responsible for managing spaces between 500,000 and 1 million sq. ft. and those under 100,000 sq. ft.

Figure 3

What is the total square footage of your space?

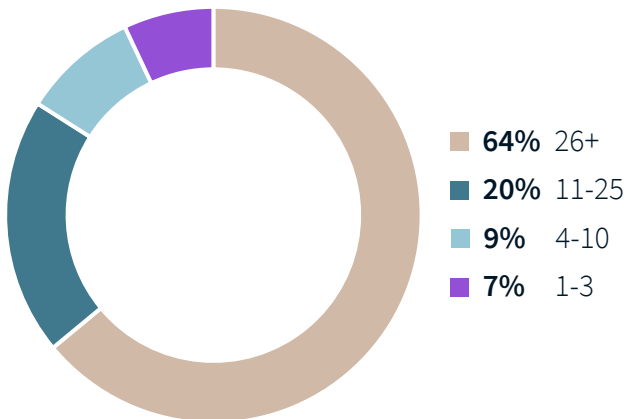


Source: Building Engines Research, 2024

The survey also shed light on tenant occupancy. A big chunk of CRE professionals—64% to be exact—manage properties with 26 or more tenant spaces. On top of that, 20% handle properties with 11-25 tenant spaces, and only 7% work with three or fewer.

Figure 4

How many tenants currently occupy your space?

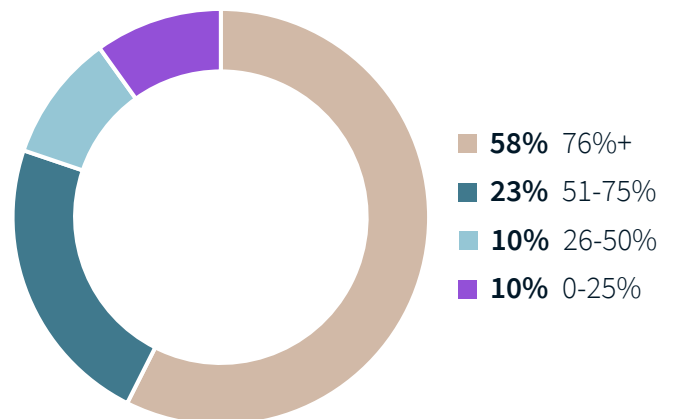


Source: Building Engines Research, 2024

Taking a look at leasing, more than half of the respondents have over 76% of their buildings leased out. Another 23% have buildings that are 51-75% leased, still showing strong engagement. And 20% are dealing with lower lease occupancy with numbers between 0-50% occupancy.

Figure 5

About what percentage of your buildings are currently being leased?



Source: Building Engines Research, 2024

Top space management priorities, ranked

In the rapidly evolving world of CRE, several priorities stand out as crucial for long-term success and resilience within the sector. When respondents were asked to rank their top space management priorities, they answered in the following order:



Priority #1
Managing leases



Priority #2
Maximizing rentable square footage (RSF)



Priority #3
Improving HVAC/energy efficiency audits



Priority #4
Workplace redesign

Lease management naturally stood out because of its direct impact on a property's financial stability and operational efficiency. Effective lease management ensures optimal use of space by (in part) keeping a close eye on lease expirations and renewals, which prevents long vacancy periods and maximizes occupancy rates.

Property teams recognize that well-managed leases are the backbone of efficient space utilization, driving the overall performance and long-term success of their assets.

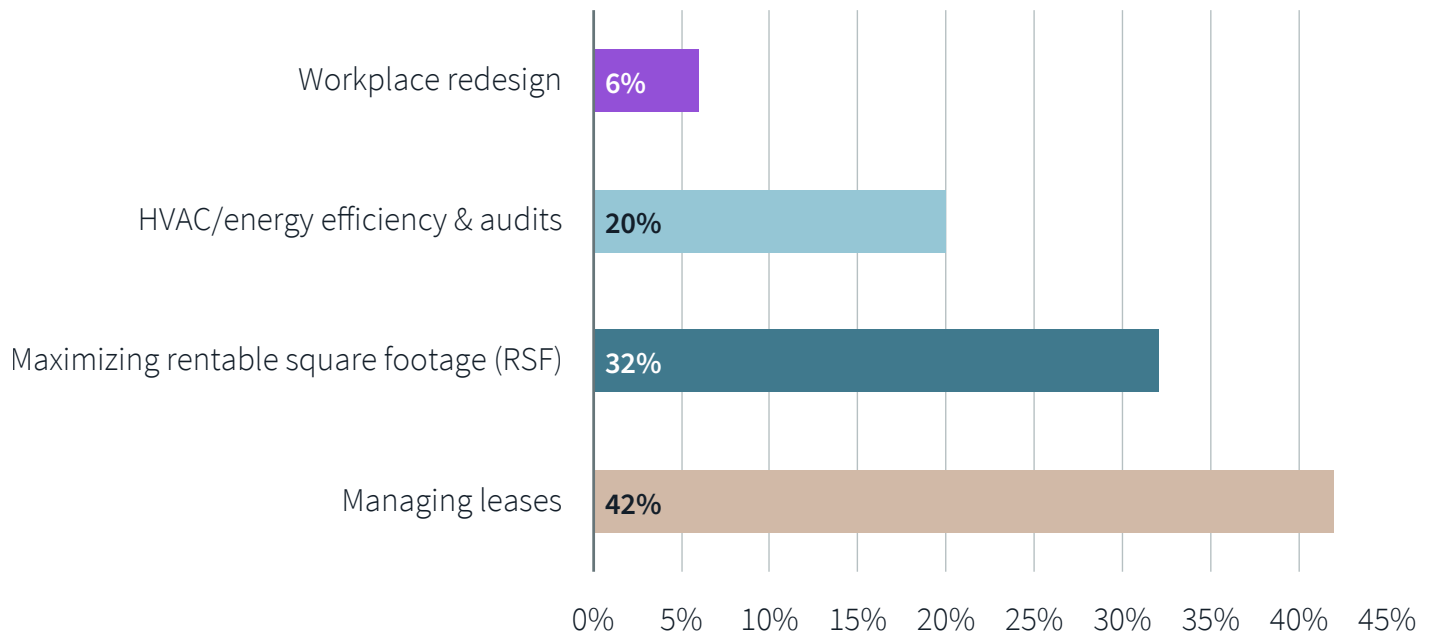
On a related note, **maximizing RSF** directly translates to higher rental rates and the ability to attract and retain tenants. Utilizing BOMA and REBNY standards for accurate measurement ensures fair leasing practices and better space planning. The trend towards data-driven decision making further highlights the importance of maximizing RSF for strategic and transparent space utilization.

Workplace redesign ranked lower, reflecting industry trends favoring cost efficiency and flexibility. With remote and hybrid work models, it's possible the need for traditional office redesigns has lessened. Instead, quick and adaptable solutions that optimize existing spaces are prioritized, offering faster financial benefits while still meeting tenant needs. This shift underscores the preference for strategies that provide flexibility and operational efficiency without the high costs of extensive redesign projects.

Overall, the rankings demonstrate a focus on financial stability, efficient space use, and adaptability. The CRE industry is moving towards optimizing operations and adapting to new work models, rather than committing to costly redesigns. This approach aligns with current industry demands for resilient, flexible, and efficient space management solutions that support long-term success.

Figure 6

Please rank the following space management priorities in order of importance



Source: Building Engines Research, 2024

“

Based on the findings of the top three space management priorities, it can be inferred that efficient lease management is crucial for optimizing occupancy costs and ensuring seamless operations. Maximizing rentable square footage allows landlords and investors to optimize asset performance and increase rental income, and improving HVAC/energy efficiency audits not only reduces costs but also promotes environmental sustainability and enhances tenant comfort in the CRE industry.

Miguel Flores Ugarte

Implementation Project Senior Director, Building Engines

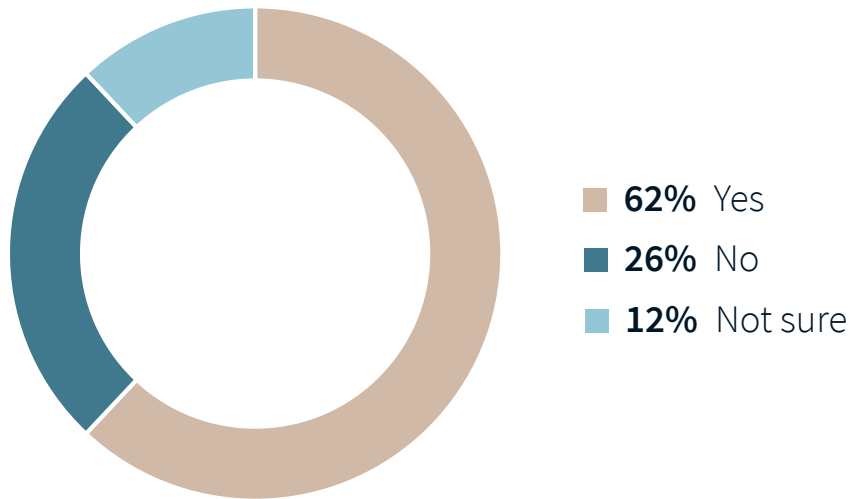


The impact of floor plans accuracy on top space priorities

It's no secret that accurate floor plans are pivotal for several operational and strategic objectives. Yet inaccuracies and outdated floor plans often plague companies and undermine the top 3 space management priorities stated above.

Figure 7

Do you currently have accurate floor plans and CAD drawings of your space?



Source: Building Engines Research, 2024





Accurate floor plans are crucial for effectively managing leases, maximizing RSF, and HVAC/energy efficiency & audits.

So why do nearly 2 in 5 respondents lack confidence in the accuracy of their plans?

Miguel Flores Ugarte, Implementation Project Senior Director, Building Engines had the following to say on the matter:

“

Keeping up with accurate floor plans can be challenging for several reasons. Manual updates contribute to the difficulty. Updating changes in floor plans, such as modifications or area information, can be time-consuming and error-prone when done manually. Another reason may be limited resources and budget constraints, resulting in organizations lacking dedicated staff for managing and updating floor plans. This leads to infrequent updates and inaccuracies.

Not having confidence in the accuracy of floor plans may also be attributed to outdated technology or a lack of technology adoption, making it harder to maintain and update accurate digital floor plans. And finally, inadequate communication and coordination among stakeholders, including architects, facility managers, and tenants, can also lead to the misinterpretation of changes and discrepancies in floor plans.

Overcoming these challenges requires implementing technology solutions, establishing standardized processes, finding the right partners to establish accurate floor plans, and enhancing communication among stakeholders.

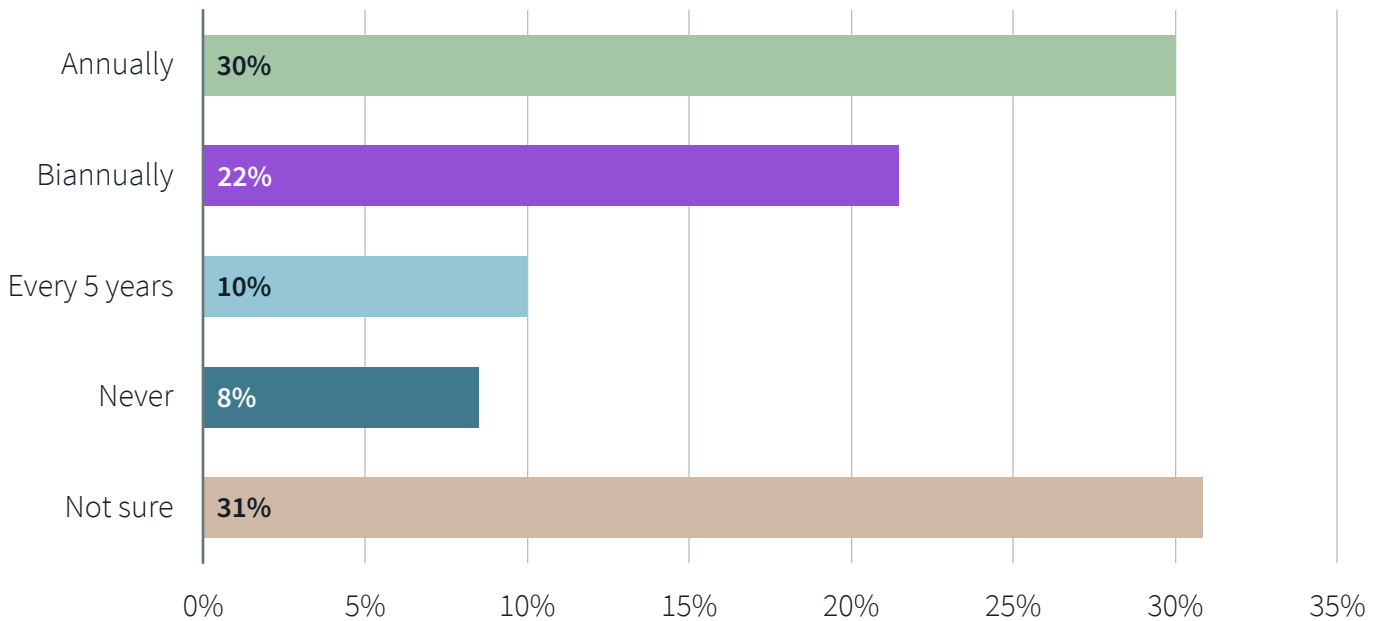
Maintaining accurate floor plans is fraught with challenges. To navigate the complexities, CRE companies should invest in [advanced technology solutions](#) built specifically for measuring complex spaces, streamlining updates, and ensuring accuracy. By proactively addressing these areas, organizations can transform these challenges into opportunities for improved operational efficiency and reliability.

Space audit frequency varies across the board

The frequency of space audits varies considerably. About 31% of respondents are unsure about their audit frequency, indicating a potential gap in regular monitoring and evaluation processes. Regular audits are important for maintaining accurate information on space utilization, guiding more informed decision-making. While 30% conduct annual audits and 22% do so bi-annually (showing a commitment to regular assessments), 10% only audit their spaces every five years, and 8% never perform them.

Figure 8

How frequently do you conduct space audits?



Source: Building Engines Research, 2024

As the industry evolves to meet more complex and diverse tenant demands, the need for precise and updated documentation becomes increasingly critical. Accurate floor plans are not only necessary to facilitate construction and renovation projects, they also enhance overall efficiency by optimizing space allocation, supporting strategic planning, and simplifying maintenance and safety tasks.

Amenities influence occupancy and lease rates at office spaces

The data illuminates a notable correlation between high occupancy rates in office spaces and the presence of amenities. The data indicates that 52% of CRE professionals in the office sector report having more than 76% of their buildings leased out. A significant 78% of these respondents also offer amenities at their properties.

78% of respondents who offer amenities at their office buildings have **76%+** of their buildings leased out

The impact of this correlation on the CRE industry is substantial, as more are recognizing the need to invest in high-quality amenities to meet tenant expectations and maintain high occupancy rates. High-quality amenities, for instance, may include fitness centers, tenant lounges, outdoor spaces, cafes, conference rooms, nursing rooms, and EV charging stations, [according to a separate report by Building Engines](#). Amenities of this caliber can significantly impact occupancy, as these features are extremely appealing to tenants.

[Other real estate service companies](#) have also called out the cruciality of amenities in today's commercial leasing environment, saying amenities have the power to garner lower availability rates, higher rental rates, and set properties apart from their competition.

This trend underscores a shift towards more tenant-centric property management strategies, where understanding and catering to tenant needs can drive business success. The CRE industry is likely to see a continued emphasis on building enhancements and renovations focused on upgraded amenities, leading to a more competitive and dynamic market landscape. A market that must also adapt spaces quickly and effectively.



A future of more build-outs and amenities for tenants

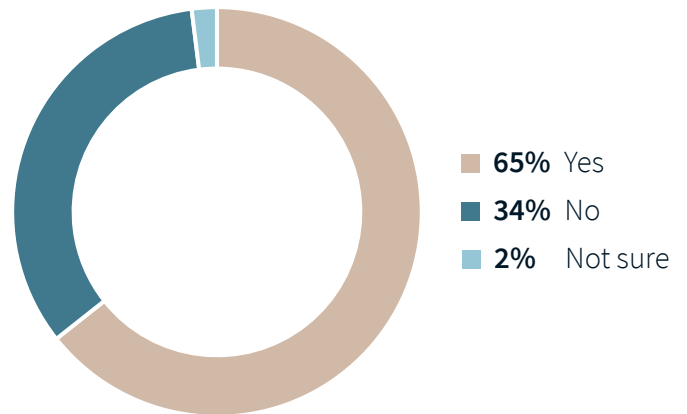
Looking ahead, a significant 64% of respondents are planning for build-outs or construction in the next year, indicating a proactive approach to space management. In the commercial office sector, this figure rises to 70%, reflecting a strong focus on adapting to new workspace requirements and evolving tenant needs. Those without immediate construction plans may either be maintaining stability or facing uncertainty about future modifications.

64% of respondents are planning for build-outs or construction in the next year

Amenities and common spaces are another key focus. A solid 65% of respondents currently offer these features, aiming to enhance tenant satisfaction and differentiate their properties in competitive markets. However, 34% do not have such offerings, presenting an opportunity for improvement in tenant services.

Figure 9

Does your building currently have amenities and/or common space?



Source: Building Engines Research, 2024

The survey reveals a robust CRE sector characterized by proactive space utilization and a strong emphasis on amenities. While there are opportunities for improvement, particularly in expanding amenities, the overall trend is one of dynamic growth and adaptation. These insights underscore the importance of being responsive to tenant needs, a crucial factor for future success in the CRE industry.



Sustainability's role in space management strategies

The overall sentiment across the industry suggests a growing acceptance of space measurement as a valuable component of sustainability strategies. Professionals who deem sustainability important likely see how precise measurements lead to smarter energy use, reduced waste, and better resource management, all of which support broader sustainability goals.

Efficient space utilization minimizes the need for excessive building expansions, thereby conserving materials and energy. Additionally, well-managed spaces can enhance natural lighting, ventilation, and temperature control, reducing reliance on artificial lighting and HVAC systems, which lowers energy consumption and greenhouse gas emissions.

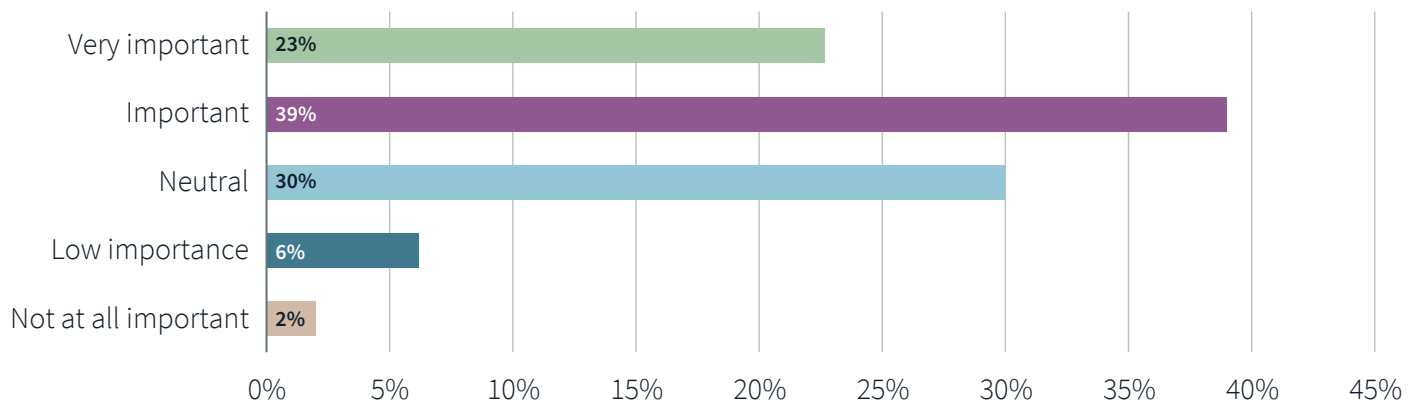
Effective space management also facilitates the implementation of green building practices and sustainability certifications, helping organizations meet regulatory standards and enhance their environmental credentials. Ultimately, smart space management contributes to a more sustainable and eco-friendly built environment.

The survey reveals that while there is a significant acknowledgment of its importance, views vary across different sectors.

Around 62% of respondents consider space measurement in their sustainability strategy important or very important, underscoring that a considerable portion of the industry recognizes its relevance in sustainability efforts.

Figure 10

How important is space measurement in your sustainability strategy?



Source: Building Engines Research, 2024

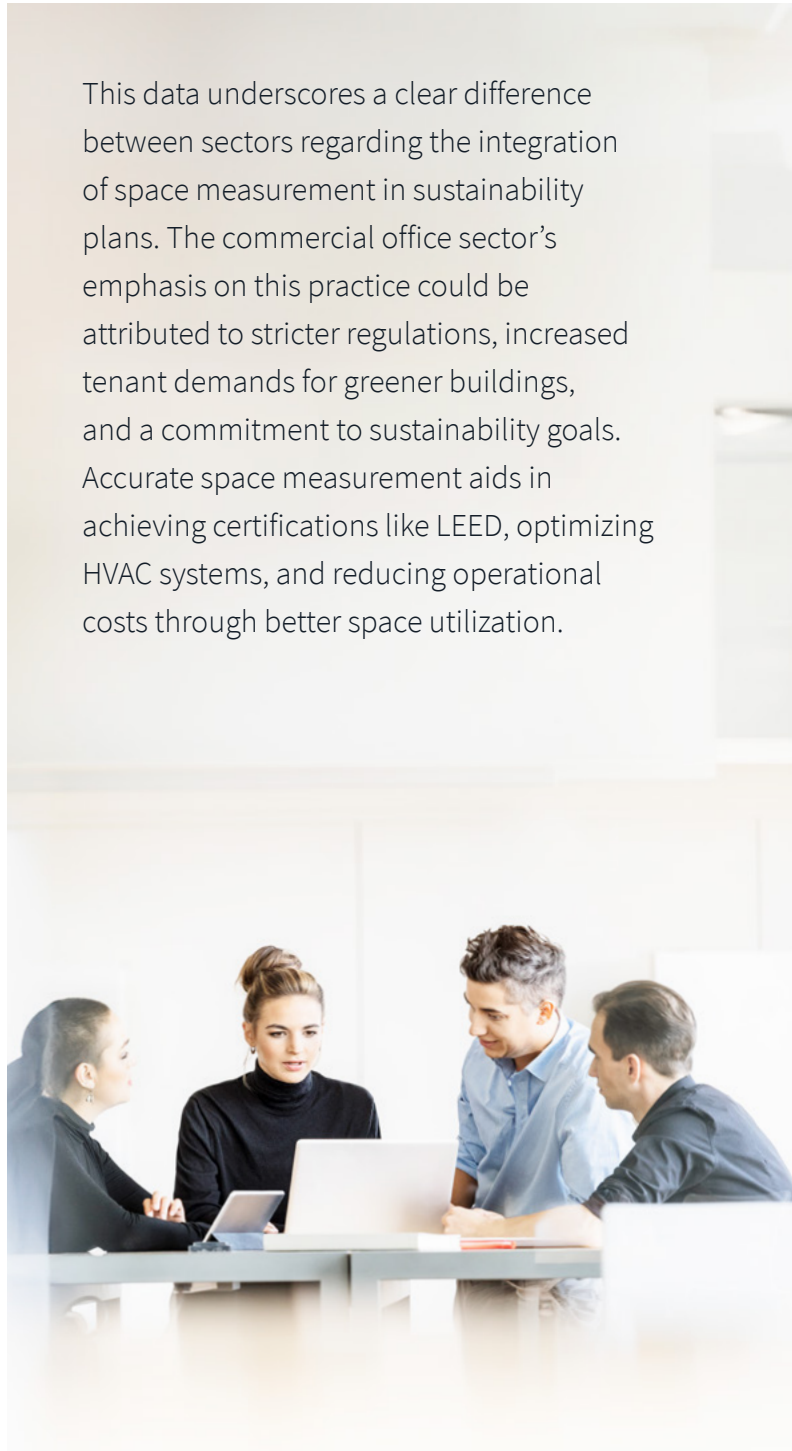
Commercial office vs industrial properties on sustainability

In the commercial office sector, the data suggests a growing understanding that accurate space measurements can significantly impact sustainability by helping reduce carbon footprints and optimize energy efficiency. As commercial office buildings strive to be greener, space measurement becomes a key tool in monitoring and managing resources more effectively.

64% of respondents in the commercial office sector believe space measurement is important to their sustainability strategy

On the other hand, the industrial warehouse sector shows a more divided stance. About half of the respondents are neutral on the importance of space measurement in their sustainability strategies. Still, 42% of them recognize its importance or see it as very important. While industrial warehouse managers might focus more on logistical efficiency and inventory management, nearly half see the value in integrating space measurements into their sustainability efforts.

This data underscores a clear difference between sectors regarding the integration of space measurement in sustainability plans. The commercial office sector's emphasis on this practice could be attributed to stricter regulations, increased tenant demands for greener buildings, and a commitment to sustainability goals. Accurate space measurement aids in achieving certifications like LEED, optimizing HVAC systems, and reducing operational costs through better space utilization.



Conclusion

Space management and the path forward for CRE

The report highlights several key trends and challenges that are shaping the future of space management in the CRE industry. The proactive approach to build-outs and the strong emphasis on tenant amenities reflect the industry's commitment to evolving and meeting tenant needs. However, the prevalence of inaccurate floor plans or CAD drawings underscores the necessity for improved documentation processes. Accurate floor plans are essential for minimizing delays and costs in construction projects and ensuring efficient space utilization.

Sustainability also emerges as a critical focus, driven by regulatory pressures and tenant expectations, particularly in the commercial office sector.

The recognition of space measurement as an integral part of sustainability strategies, even in traditionally less environmentally focused sectors like industrial warehouses, suggests a broader industry shift toward sustainable practices.

Moving forward, the CRE industry must prioritize enhancing documentation accuracy, conducting regular space audits, and integrating sustainability into space management strategies. These actions are crucial for maintaining operational efficiency, achieving environmental goals, and ensuring long-term success in a competitive and evolving market.

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