

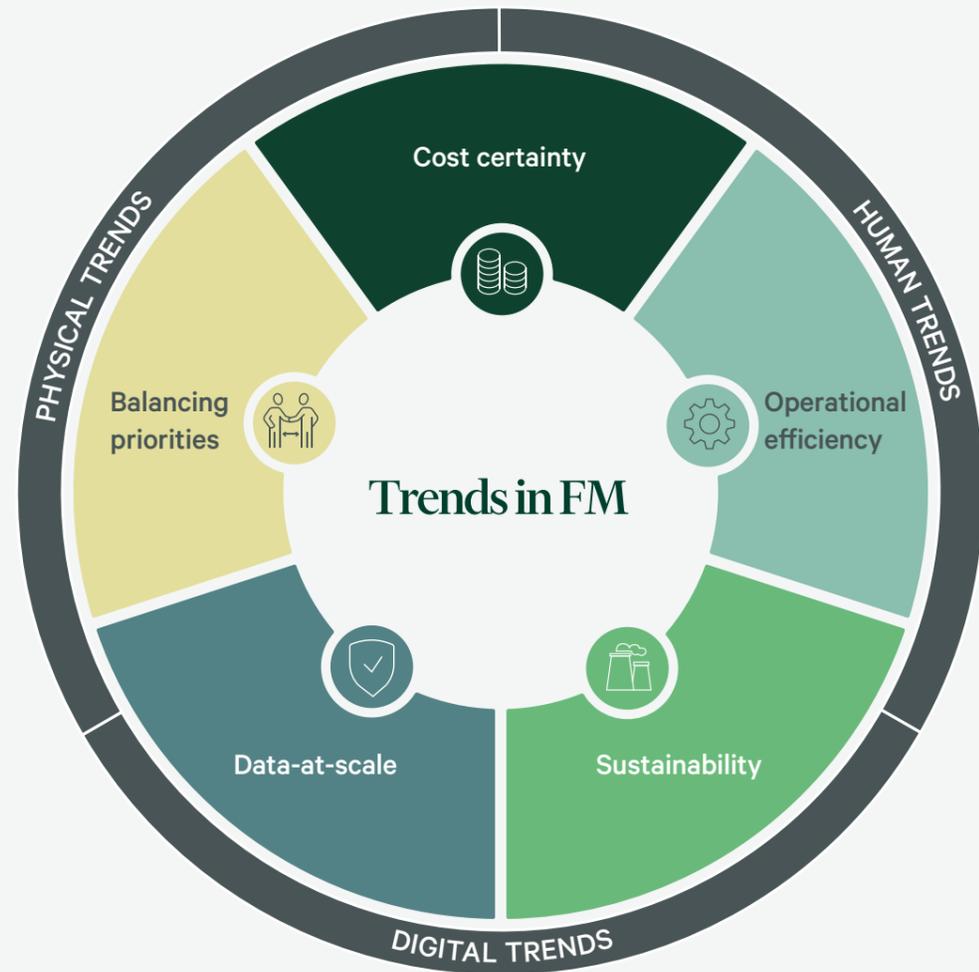


FACILITIES MANAGEMENT

CBRE

Trends in Facilities Management in the UK

Trends in facility management for 2023 - what changes will we see from 2022?



Focus on value for money and partnership, including longer term, fixed price contracts.



Focus on reducing risk, robust supply chains, a move to condition based maintenance and partnership.



Focus on carbon emission reduction plans and the journey to net zero.



Focus on becoming trusted advisors by sharing best practice and having data literate facilities managers.



Focus on deciding what matters when everything matters. Balancing spending less but remaining attractive to top talent.

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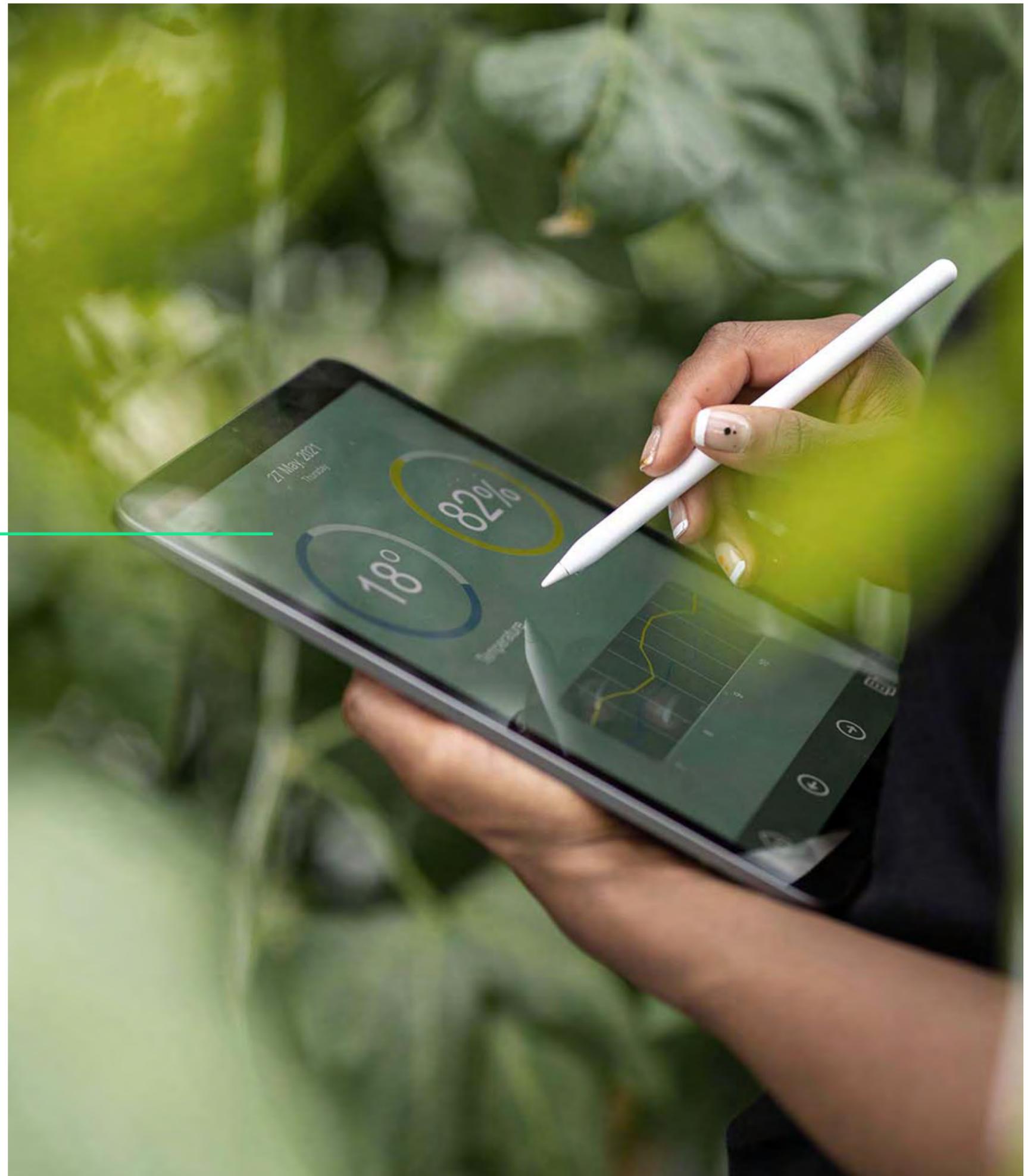
01. Trends in FM in the UK

In the UK, we are currently in a period framed by the cost-of-living crisis, industrial action, energy supply challenges, rising interest and inflation rates, as well as the overhanging effects of the COVID-19 pandemic.

These factors directly and indirectly impact the [facilities management](#) industry, and with buildings and facilities management services representing up to 25% of total cost for some organisations, it continues to spotlight facilities and building services.

According to [Frost & Sullivan](#), the UK facilities management industry saw growth of 4.8% in 2022, and they predict growth of 5.1% in 2023. Despite the seemingly large growth, cost pressures are causing concern for both clients and providers, and much of this is driven by inflation.

Positioning against the context of these factors is important to understand what the facilities management industry has in store in 2023. We are already seeing many of these trends materialising, but CBRE is predicting greater focus on the following trends in the UK for 2023.



02.

Balancing priorities amid an economic downturn

UK economic downturn will drive decision-making

The UK economy is already weakened in the first quarter of 2023, and we expect a moderate recession throughout the year. The [economic backdrop](#) presents both challenges and opportunities for real estate and facilities management.

As a result, clients will be looking to reduce costs and gain cost certainty. This will manifest in facilities management contracts that focus on value for money and partnership, including longer term, fixed price contracts that offset the effects of inflation. The ultimate conundrum for facilities management providers will be trying to balance the client need for cost optimisation with new uplifts, such as the recent rise to the living wage and the material price increases for both consumable and fixed goods.

Drive to operational efficiency

Another outcome of the economic uncertainty will drive companies to use facilities management providers to reduce risk and improve operational efficiency – more so than in 2022. Business continuity planning will have more focus with greater attention on building a robust supply chain. There will be a rise in building and asset automation, the internet of things (IoT), and a more pronounced migration from planned maintenance schedules to condition-based maintenance as clients look to reduce cost and have better anticipation on asset lifecycles and the associated capital planning requirements.

Economic turbulence often leads to innovation when new ways-of-working become a necessity. It's therefore likely that we'll see a rise in collaboration and partnership to create shared value in the facilities management industry.

Sustainability will remain central

Carbon emission reduction plans and the [journey to net zero](#) will remain high on the agenda in the UK. Whilst respondents of a 2022 [UK survey](#) conducted by the CBRE research team did not see uncertainty about the future as a big challenge in taking action now, failure to act on [sustainability](#) will have immediate and tangible impacts in 2023. Mandatory disclosure requirements and high energy prices will incentivise action. Improving data will provide greater insight into how sustainability is affecting value, allowing for better informed decisions.

Data-at-scale will inform decision-making

Clients are looking for more and better quality [data to support real estate decision-making](#); they will continue to rely on service providers as a trusted advisor to share best practices and benchmark against industry peers before making major spend decisions. Clients now expect data

literate teams who can use data to transform opportunity into action. Facilities managers therefore need to develop the skills to match the changing business requirements, with data literacy one of the most important themes.

Balancing priorities will be crucial

Whilst [hybrid working](#) and Diversity, Equity, and Inclusion (DE&I) will remain salient, there will be important discussions about [what matters most when everything matters](#). We'll see some further rationalisation of real estate portfolios as a cost saving exercise, with other clients focusing on more deliberate long-term facility and real estate investments. According to data collected in a 2022 CBRE client care survey, the need to attract and retain talent will remain crucial (as these employees will assure business competitiveness), so organisations will be looking at how they can spend less but maintain attractiveness to top talent.



03. Workplace PHD

As custodians to the buildings and workplaces we manage, modern day facilities managers play an integral role in supporting the achievement of high level corporate organisational goals, like attracting and retaining talent, improving employee engagement and implementing decarbonisation plans.

We deep-dive into the details of CBRE's 2023 facilities management trends through the lens of the three key elements to optimal workplace strategies – physical, human, and digital.

04. Physical trends in FM

Employee experience

With the need to attract and retain top, diverse talent remaining a priority, there will be a push and pull between workplace experience and the need to reduce facility costs. Organisations will be under pressure to spend less but continue to deliver an outstanding employee experience. As a result, there will be more investment in the physical office space, with some organisations looking to reduce their overall real estate portfolios and others aiming to be more deliberate in their facility investments.

There will be a greater need from employees to have visibility of Environmental, Social and Governance (ESG) initiatives, and companies that can achieve this will improve talent retention through an increased sense of organisational purpose, belonging and community. We'll therefore see higher quality spaces, but with a more curated employee experience in rightsized portfolios in 2023.

Workplace design and amenities

Once a nice to have, most high-end office space and workplaces now have facilities like wellness spaces and catering as a standard, so Gen Z have come to expect this from employers. As in 2022, the physical look and feel of the space will continue to be a big draw for the workforce as part of a hybrid

work mix and therefore both more flexible and more focused maintenance management and operational regimes are needed to support this. The challenge for employers in 2023 will be to do more with less resources, to meet the demand for better workplace experience.

Energy management

Energy efficiency and reducing energy consumption will be high priority in 2023 as organisations continue to reduce their carbon footprint. Buildings account for 40% of global carbon emissions can be attributed to heating, cooling and lighting. When coupling the environmental argument with the high cost of energy, organisations will be searching for environmentally sound methods for cooling and heating buildings.

We are already seeing a transition to procurement of renewable energy and carbon-neutral fuels, but we'll also see more businesses invest in developing on-site energy production infrastructure to power their buildings. As organisations move forwards with decarbonisation strategies, we'll see legislative changes, such as ESOS become the biggest driver in capital expenditure.



05. Human trends in FM

The role of facilities managers

A big trend in 2023 will be the evolving role and expectations of the facility management team. Keeping building operations running smoothly whilst managing data analytics will be at the heart of driving an organisation's culture and values. This increase in demand will only continue to be satisfied if facilities management implement world-class training, robust talent marketing and recruiting strategies. Those providers that do will reap the benefits.

Attracting talent and upskilling

Not only is it challenging to attract young talent into technical delivery roles to support the current population of technical engineers, but there is also a need to provide other candidates coming into the industry as facility managers with new skills and tools to meet changing client demands. As facilities management providers recognise this as a more urgent need compared to 2022, we will see a sharp rise in the number of apprentices, graduates and school programmes designed to develop younger talent to bolster the future workforce.

In addition, training and upskilling will become a competitive advantage for facilities management companies. Amidst the cost-of-living crisis and rising inflation, organisations that subscribe to the living wage and offer superior benefits will be more successful in attracting talent. Not only this, but clients want to see the investment facilities management companies are making to develop the skills of their teams. The facilities management industry needs to evolve to continue attracting and retaining diverse talent and to drive experience for clients.

Support cultural transformation

There will be an increased need to focus on cultural transformation to achieve business goals. Whether it's the need to drive an ESG agenda or a return to office programme, businesses are increasingly prepared to invest resources into supporting these long-term organisational needs. Facilities management will play an even bigger role in connecting the workplace, improving employee experience, accelerating towards ESG ambitions and driving cultural transformation. By focusing on diversity in recruitment and in the supply chain, facility management companies can be a strong driver for cultural transformation.

Enable Hybrid work

Hybrid work is here to stay. Management of the workplace will require continued agility as companies strive to provide flexible work set-ups for a workforce affected by transport strikes and high energy prices when working from home. 2023 will see organisations realise their ultimate hybrid working model; we will start seeing the conversation turn more seriously to how the four-day working week might become a reality and how businesses can manage their carbon footprint whilst considering emissions across a dispersed workforce. In each case, rightsizing workplaces and office space will be crucial.



06. Digital trends in FM

Data, analytics and sensor technology

Data will be a central facility management trend in 2023 with the lens firmly focused on improving data quality to [support decision-making](#). Sensor technology will continue to be deployed to create smart buildings and more connected workplaces. Whilst the basics, like visibility of compliance and performance data are still crucial, there will be a big awakening on the investment required for emissions reporting. Many organisations need to make significant investments to reach the minimum standards of net zero reporting and incoming legislative [reporting requirements](#) in the UK.

Smart buildings

Smart buildings aim to achieve increased efficiency and operational reliability while reducing carbon emissions and lowering cost through the implementation of connected building automation, IoT and data analytics solutions. Facility management will continue to become more digitised, with a fine balance being struck between human experience and digital experience for end users.

Clients are increasingly taking advantage of progressive sensor technologies and AI (Artificial Intelligence) to better align more variable workplace attendance with facility costs and emissions targets, whilst maintaining an employee experience that motivates people to return to the office.

In 2023, process efficiency and operational improvements will be driven by smart building technology and innovation that enables more pre-emptive decision-making. Clients seek systems and reporting dashboards that can be adapted to meet the changing needs of their organisation, its building and its people.

Occupancy management and hybrid work

Corporate Real Estate teams are adapting and innovating at ever-greater speeds to deliver flexible [workplace strategy](#) solutions as workstyles evolve and organisations implement [hybrid work](#) policies. Metrics are expanding from measuring how space is planned, to measuring how it's used. Utilisation data is now the key metric to gauge portfolio performance and employee experience. [Occupancy Management](#) will continue to be a big trend in 2023, with many prioritising data quality and technology investments to develop better workplace insights.

The Industrial Metaverse, AR, AI, IoT and DT

Finally, the industrial [metaverse](#) - or AR (Augmented Reality), AI, IoT and DT (Digital Twins) - will continue to be on the periphery of the sector in 2023 as industry experts continue the conversation about ROI (Return on Investment). There will be a rise in the use of communication tools to connect engineers and technicians remotely to support business continuity.

We'll also see a shift in focus from paper-based and 2D blueprints, to 3D work instructions and augmented reality (which can improve visualisation, understanding tasks and designing and simulating in the digital world before implementing in the physical world). Both will help identify and resolve issues before they occur in the field and accelerate facilities management's adoption of the industrial metaverse. As a result of the economic challenges in 2023, we will generally see more reliance on cloud technologies and intelligent platforms that drive cost efficiencies, resilience and scalability.



07. The final word

At CBRE, we're proud of our commitment to drive the facilities management industry forwards and passionate about continuing to challenge and change the sector to deliver enhanced client experience. There's no doubt that 2023 will bring an abundance of challenges and opportunities for facility management and property professionals in the UK and we'll continue to work in close partnership with our clients to manage the associated risks and embrace change. We're predicting that the most important facilities management trends for 2023 will centre on lowering cost through operational efficiency, data-at-scale and driving sustainability.



How can we help?

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