



GLOBAL RESEARCH AND CONSULTING | OCTOBER 2014

DESIGNING THE OFFICE OF THE FUTURE?

DON'T PLAN IT AROUND (WHAT YOU THINK YOU KNOW ABOUT) U.S. MILLENNIALS



CBRE

Executive Summary

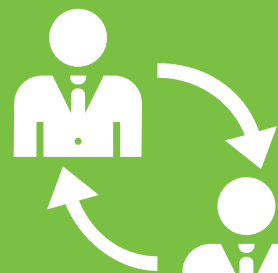
The millennials are entering the workforce en masse...

Millennials, those born between 1981 and 1996, represent the new workforce generation and currently account for approximately 24%, or 77 million, of the adult population in the U.S. It is estimated that by 2025, more than 75% of the workforce will be comprised of millennials.



...but their workplace preferences are similar to those of baby boomers and Gen Xers.

CBRE's Workplace Strategy survey data¹ covering multiple industries clearly suggest that variety, choice, access and transparency—preferences typically associated with millennials—are indeed important, but not only for millennials. Most of these are equally important to Generation Xers and baby boomers.



The office of the future needs to include private, collaborative and social spaces...

Survey findings suggest that instead of putting too much focus on designing the workplace around millennials, companies would yield better results by designing a well-balanced office that can accommodate the varied needs of different job functions and different preferences of individuals, independent of their age cohort.



...and can boost workplace productivity and satisfaction across all generations.

CBRE is transforming its own work environment, featuring private spaces where individuals can focus, collaborative spaces designed for teams to work together and technology that enables employees to virtually work from anywhere. Among CBRE employees in these new offices, 93% wouldn't go back to the old way of working, 79% feel they are more productive and 94% feel that they are able to more easily collaborate.

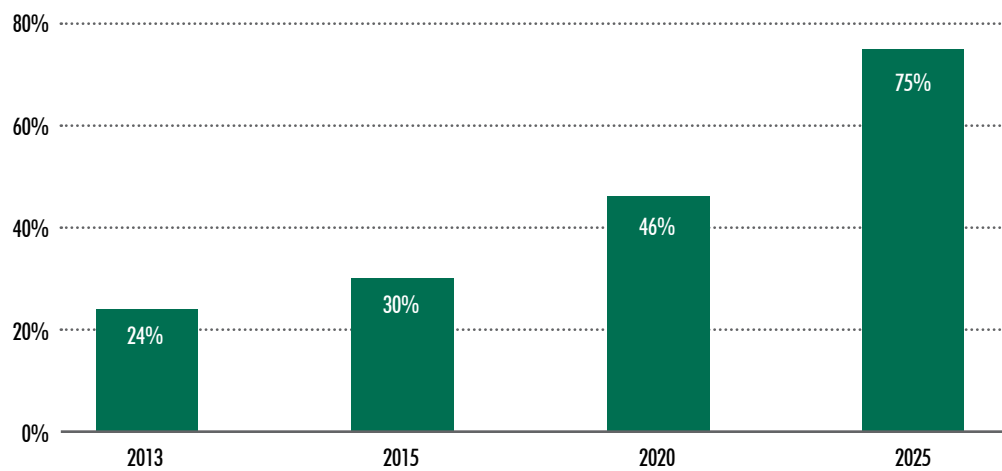


1. The CBRE survey asked more than 250 questions, included more than 5,500 professionals and encompassed a variety of office-using industry sectors such as legal, financial, energy, hospitality and banking, among others. Of the respondents, 22% were from the millennial generation, closely mirroring U.S. adult population distribution estimates. The survey was completed over the past 30 months.

Attack of the millennials?

In 2007, the news magazine television program *60 Minutes* gave us our first in-depth look at the millennial generation in a story called “The Millennials Are Coming.” In that broadcast, they asserted that, “A new breed of American worker is about to attack everything you hold sacred: From giving orders, to your starched white shirt and tie. They are called, among other things, millennials.” It has been seven years since the episode aired and millennials indeed are here en masse. Currently, millennials represent about 24% of the workforce and it is estimated that by 2025, more than 75% of the workforce will be comprised of millennials.

Figure 1: Millennials will account for the majority of the workforce over the next 10 years



Source: U.S. Census Bureau, 2014.

As a generation, millennials (born between 1981 and 1996) are widely characterized as being extremely connected, tech savvy, diverse, expressive, optimistic and socially minded. In the workplace, they have been described as being adaptable and collaborative, multitaskers, and as having a general disregard for organizational hierarchy.

In response to these broad-brush categorizations, corporate boardrooms and real estate departments are preparing for the millennial onslaught by re-thinking workplace design and technology standards. In more than a few organizations, the debate has centered on how to balance the needs of millennials with those of a more tenured workforce. Effectively: How can they provide millennials what they desire without potentially alienating everyone else? After all, baby boomers are delaying retirement (according to a recent Gallup poll), and although Generation Xers have a lower profile, they still make up 27% of the current workforce.

Millennials would like to spend more time connecting via email and more time in formal meetings...and less time on company-sponsored social networks.

One of these things is just like the other

As it turns out, how millennials work and what they want from their work environment is not drastically different than what Generation Xers and baby boomers want. In fact, in the vast majority (75%) of the 250 questions CBRE's Workplace Strategy team posed to more than 5,500 U.S.-based professionals from a wide range

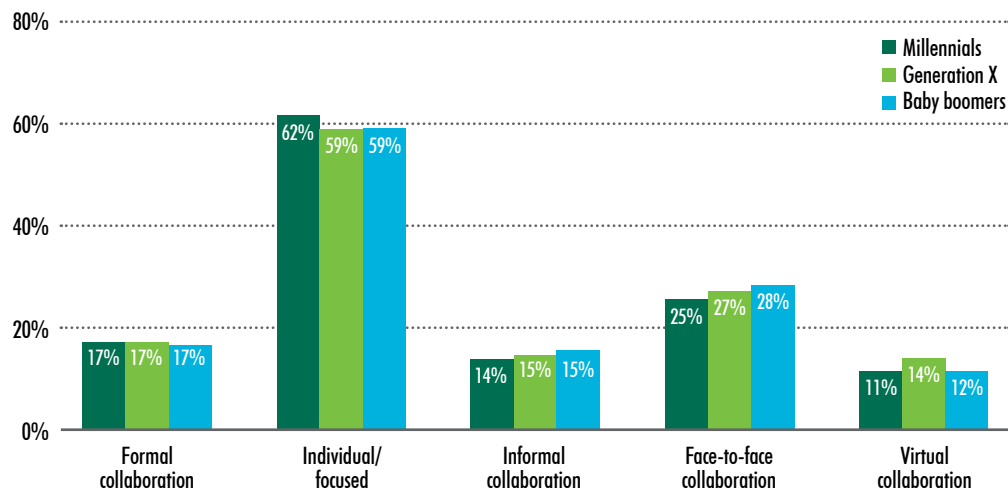
of industries in its workplace surveys, there was no more than a 10% difference between how millennials responded versus how other generations responded.

How they work

Yes, millennials are collaborative (they report spending approximately 38% of their time interacting with others), but they are not spending any more time collaborating than their more tenured colleagues. In fact, they actually report spending slightly more time doing individual-focused work than their colleagues from other generations. When CBRE's Workplace Strategy group looked at the aggregated survey data of how people report spending their time, they found little difference between generations. However, there were larger differences in how people responded from organization to organization, indicating that company culture is likely a better predictor of how time is spent in the workplace, as opposed to generational differences.

Millennials are not shunning collaboration, they are reacting to environments that, by and large, give them practically no spaces (or conditions) in which they can focus.

Figure 2: Time distribution of employees in the workplace



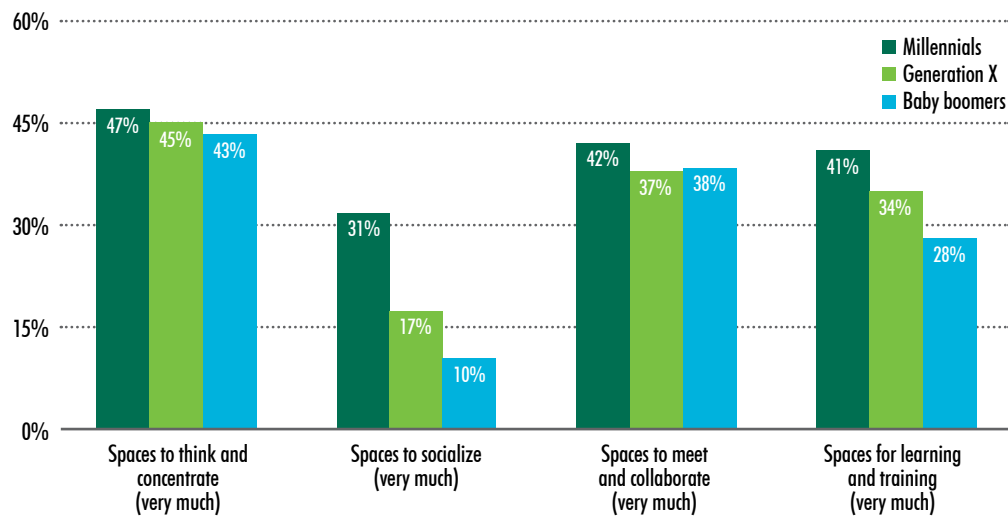
Source: CBRE Workplace Strategy, 2014.



What they value in a work environment

When asked what types of spaces would enhance a future workplace, millennials placed most of their value on spaces that allow them to think and concentrate, followed by spaces to meet and collaborate and spaces for learning and training. Of least importance to millennials was space for socializing, although they still rank this as considerably more important than their Generation X and baby boomer colleagues. Essentially all generations are making the same argument and they want a little bit of everything in a work environment—they want choice.

Figure 3: Generational value placed on further enhancements to the workplace

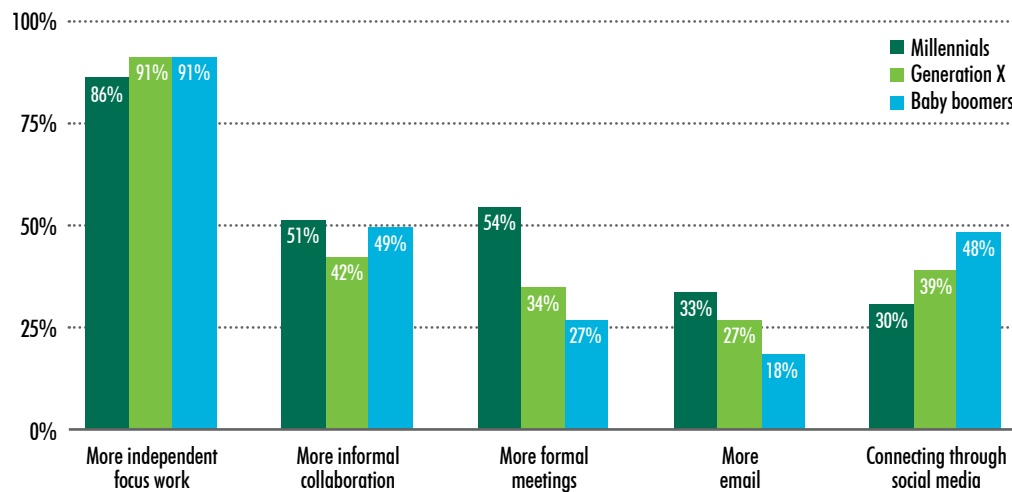


Source: CBRE Workplace Strategy, 2014.

What is different?

According to the survey, millennials do not track with Generation Xers and baby boomers on everything, but where they differ is a bit surprising. When asked how they would like to work in the future, millennials said they would like to spend more time connecting via email and more time in formal meetings. And, despite major efforts by companies to enhance internal knowledge sharing and networking, they said they would like to spend less time on company-sponsored social networks. While this does not exactly play into the stereotypes of millennials preferring more informal and socially based communications, it does illustrate the desire to have increased visibility into organizational decision-making and a more established and integrated seat at the table.

Figure 4: Generational preferences on how employees want to work in the future



Source: CBRE Workplace Strategy, 2014.

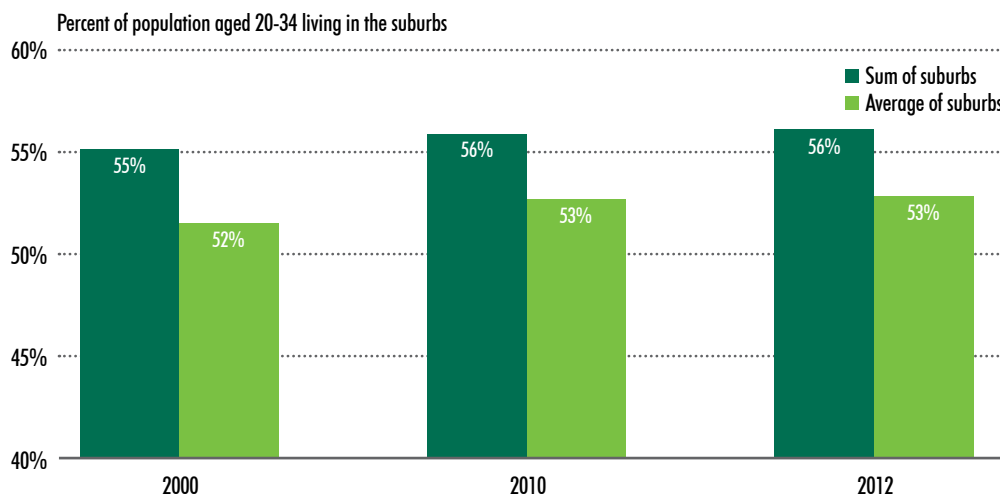
What it means for the “workplace of the future”

Locating the office of the future

In recent years, there has been a lot of discussion around the shift to urban cores as population levels in the urban core of many U.S. cities have increased faster than the suburbs. Corporate America has taken note, as numerous Fortune 500 companies are either headquartering their offices or expanding their portfolios to include space in urban cores. While there are many reasons for this shift, the most notable has been the desire to attract the millennial talent that (presumably) lives there.

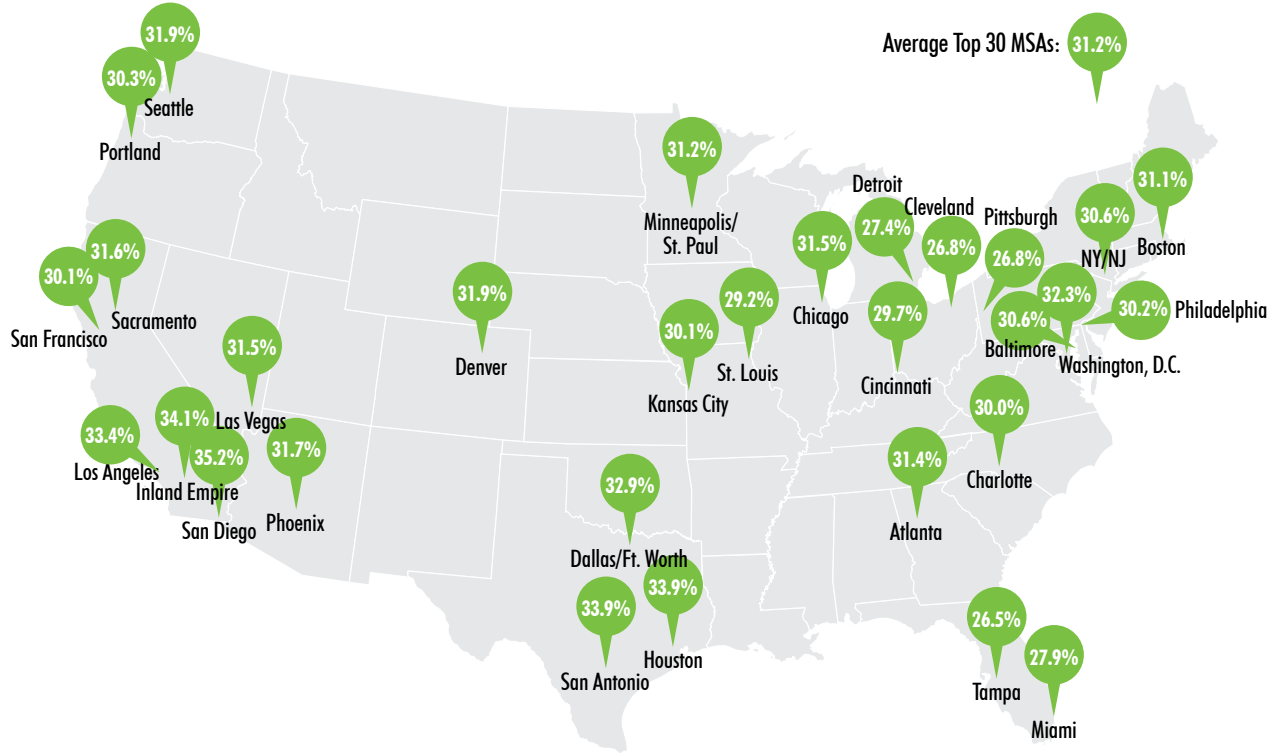
While it is true that the millennial population has risen in many urban cores in recent years, there has actually been a more substantial increase in the number of millennials in suburban neighborhoods throughout major metropolitan areas. In fact, less than half of all millennials live in urban cores—although this share varies greatly from region to region and is generally a function of a city’s geographic boundaries within its metro

Figure 5: More than half the millennial population lives in the suburbs



Source: 2000 and 2010 Decennial Census, 2012 American Community Survey.

Figure 6: Millennial population as a percentage of the adult population in the top 30 MSAs

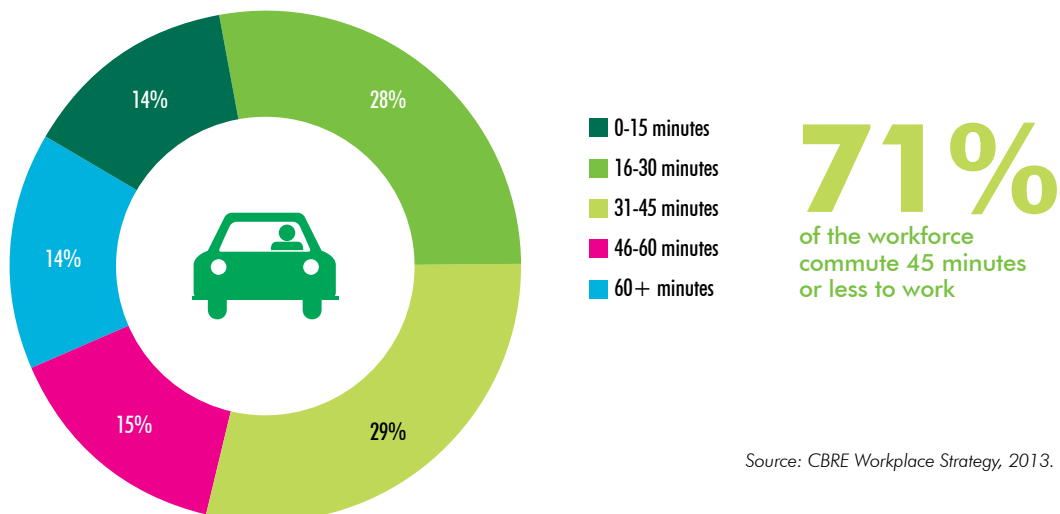


Source: U.S. Census Bureau, 2014.

area. Also, when evaluating the top 30 metro areas by total population, mid-sized MSAs such as San Diego, the Inland Empire and San Antonio, lead the way when it comes to millennial population as a percentage of total adult population.

Even though more millennials live in suburbs than urban cores, CBRE's Workplace Strategy group predicts the desire to attract talent will continue to drive demand in downtown office markets—but not specifically because millennials will live there. Why? Most (71%) of employees surveyed self-report that their average commute time is 45 minutes or less (regardless of whether they live in the city or in the suburbs). As long as average commute times remain under an hour, urban centers should remain attractive to companies, as they can tap both the urban and suburban talent pools.

Figure 7: Average daily commute times



Source: CBRE Workplace Strategy, 2013.

Designing your office of the future

The results of CBRE's inquiry into generational work patterns and preferences actually make a strong case for companies to make "future" changes now, as traditional work environments are not working as well as they once did. In looking for more spaces to think and concentrate, millennials are not shunning collaboration, rather they are reacting to environments that, by and large, give them limited space to collaborate and socialize, but practically no spaces (or conditions) in which they can focus. Millennials, more than any other generation, enjoy to work in all types of work spaces and have a strong desire for flexibility and choice in the workplace.

CBRE's recent whitepaper, "[The Balanced Office](#)," outlined an argument for giving all employees greater flexibility and choice by creating office environments with a greater diversity of space types, investing in design, events and programs that drastically improve the experience of being in the office (in alignment with local culture); providing technology that enables employees to work seamlessly in and outside of the office; and

extending the trust required for employees to feel they can make their own decisions about where they need to be to get their jobs done.

CBRE's aggregated workplace survey data clearly supports these goals for employees across all generations.

Do not necessarily design the workplace around millennials. Design a well-balanced office that can accommodate all generations of workers.

The bottom line: Do not necessarily design the workplace around millennials. Design a well-balanced office that can accommodate all generations of workers—one that provides a healthy mixture of independent focus workspaces, areas that provide greater collaboration opportunities (virtual and face-to-face) and an environment that promotes employee socialization.



CASE STUDY

How CBRE is applying these lessons to its workplaces

CBRE, like virtually all large organizations, has a multigenerational workforce, so when we embarked on the development of our own workplace program, we did so cautiously—knowing that we had to plan for tomorrow while being sensitive to the needs of our people today.

Our internal research about how our people work and what they want—across 33 sites in the Americas—yielded similar information to the findings in this report:

- Our people spend 49% of their time in the office, compared to 58% for the national average
- They report spending 33% of their time collaborating and 51% of their time on individual work
- They stress the importance of work environments that support the “ability to access files from offsite,” “ergonomics of desk and chair,” “access to natural light,” and “reflection of company’s image and brand”

Our solution has been to optimize the efficiency of our work environments in order to create more energy and buzz in those spaces—invest our real estate savings in our people in the form of training, digitizing their content so they have access to it from anywhere they are and significantly increasing our investment in technology that allows them to do their jobs well.

The result is what we call “Workplace360”—a program that has now been rolled out to 11 sites in the U.S. (and 10 additional sites globally), with at least eight more to open in the next 12 months. The features of our global workplace initiative are the same across offices of all shapes and sizes. From global metropolises like Los Angeles, Chicago and Tokyo to midsize cities like Kansas City and Sacramento, we have assigned space to teams rather than individuals; increased our collaboration seat-to-individual seat ratios; enabled our people to work seamlessly from anywhere with the appropriate technology; and invested in features that improve the health and well-being of our people when they are in the office.

But what is different is equally important: Each office has executed this program according to their own local flavor and culture. Even though the elements in them are consistent, no single office looks exactly the same because we understand that people will gravitate toward space they feel comfortable in and that reflects the culture of their local community.

In the course of developing and implementing our program, we have come across plenty of skeptics—baby boomers, Generation Xers and millennials among them—who questioned the wisdom of making such significant changes to what has “always worked.” But evidence that our new workplace is working for our employees is mounting.

Happier, healthier and more productive

2014 Workplace360 post-occupancy survey results

We surveyed CBRE employees working in our new Workplace360 offices to gauge how they are adapting to their new workspace.



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WORKPLACE STRATEGIES GROUP

CBRE's Workplace Strategies group is a leading advisor to corporations and institutions seeking to improve the performance of their workplaces, CBRE's Workplace Strategy team provides counsel in the areas of workplace assessments, strategy development and change management. With a focus on facilitating the creation, implementation and sustainment of customized workplace strategies, the team helps its clients improve employee engagement, drive organizational change, and manage real estate costs.

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