

Get ahead in real estate's space race

Tips to help you stay competitive as rocketing demand increases competition for prime space

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The space race is on — and we're not talking about exploring the cosmos. Corporate real estate tenants have amplified their focus on quality in recent years, and that's ratcheting up competition for top-tier space in the best locations and buildings.

This "flight to quality" is impacting every property type. Corporations are vying for the best workspace in sustainable, highly amenitized office buildings. Retailers are moving into experiential, well-located shopping centers and logistics companies want modern warehouses in urban centers to meet last-mile e-commerce needs.

However, supply has not kept up with demand for high-quality space, especially in the office market. The shortage creates challenges and opportunities for every market participant. Whether you're a tenant, investor or developer, this guide will help you navigate today's market with confidence.



6 Tips for tenants

Prime real estate is essential for attracting talent and growing your business. If you're looking to relocate or expand, proactive portfolio management can help you compete effectively for high-quality space as it becomes scarcer. Finding your ideal space is possible, but it may take more time and creative strategies. These six tips can set you up for success:

Develop a strategy

Analyze how your current portfolio aligns with your organization's business priorities and what needs to change. It's crucial to define what you need from your real estate to compete for talent, serve customers effectively, maximize value, fulfill compliance and sustainability goals, and build your brand.

Plan ahead

If your lease is coming up for renewal within the next two years, now is the time to decide if it's better to stay in your current space or move on.

Prepare for higher rent

Securing space that **aligns with your corporate values**, enriches your employee experience and enhances your brand image may require a willingness to pay higher rents. However, you may be able to offset the increased cost with space optimization techniques that reduce your overall footprint.

Understand your options

Knowing what's available and the associated costs can help you make educated decisions. Gain an edge by partnering with **market experts** who bring a global perspective and in-depth knowledge of local markets.

Think creatively

If the high-quality space you seek is in short supply, you may need to think outside the box. Consider partnering with a developer on a new build, retrofitting a historic building or **exploring up-and-coming submarkets**.

Have a backup plan

Even the best-laid plans can be disrupted. Be sure to have alternatives lined up in case your new space falls through or economic shifts impact your business.

5 Tips for investors and developers

With significant momentum behind the flight-to-quality trend, demand for top-tier places and spaces is expected to remain strong. A flexible and resilient **portfolio strategy** is essential to compete for maximum efficiency and return on investment (ROI). Evaluating your assets and local market dynamics alongside your long-term goals can help identify opportunities for value creation with location strategies. Here are some tips to get ahead of your competition:

Reposition and retrofit strategically

Redeveloping and retrofitting low-performing assets can lead to higher returns, and investing in **emerging hot spots** can achieve strong long-term ROI and value appreciation. It's important to look closely at the data — including demographics, labor market dynamics and economic trends — to determine which locations are poised for growth.

Prioritize the tenant experience

The heightened expectations of today's occupiers emphasize the importance of top-tier property management and tenant services. Every experience in your building, from visitor check-in to tenant programming, is an opportunity to create a distinctive atmosphere with white-glove service.

Consider adaptive reuse

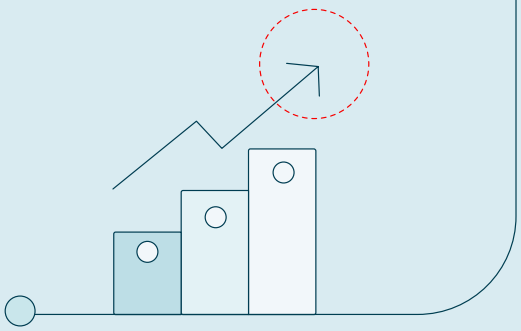
Could that vacant shopping center be transformed into a last-mile logistics hub? Does that old corporate campus have potential for data center development? **Evaluating local supply and demand dynamics** can help determine whether a property may be better suited for a new purpose.

Rethink amenity spaces

Some well-intentioned amenities, like dry cleaning valets and group fitness classes, **aren't as popular as you may think**. In Class A buildings, JLL researchers see the highest demand for frictionless food experiences, multi-modal meeting spaces and private, modern fitness spaces.

Enhance sustainability

Tenants are willing to pay more to locate in green buildings — research shows **rental premiums for green-certified office assets** range from 7.1% to 11.6% in major global markets. Investing in energy efficiency measures and pursuing sustainability certifications can position your property to capture increased demand as corporations strive to reduce the environmental impact of their operations.



High quality CRE portfolios, made possible by JLL

The need to attract and retain talent, manage risk, meet sustainability goals and support digital workplaces will continue to drive companies to high-quality properties. As you consider how to adapt your portfolio and location strategies to stay competitive, market intelligence and a flexible, agile approach are essential.

Our Consulting team has more experience in CRE **location strategy** and **portfolio strategy** than anyone in the CRE industry – and we'll partner with you to stay ahead in the real estate space race.

Contact us to get started today.

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