Data and Analytics in Corporate Real Estate: The Importance of Talent
Data and analytics are set to play a more pivotal role in corporate real estate (CRE) over the next three years. As organizations recognize that data-driven insights can dramatically improve decision making across a broad range of business functions, they are seeking to capitalize on and incorporate data and analytics in their CRE processes.

JLL commissioned Forrester Consulting to evaluate the extent to which the adoption and use of data and analytics within the CRE function can support overarching corporate goals (“the Forrester study”).¹

Forrester Consulting surveyed 392 CRE executives across 11 countries and 10 industries, and also interviewed 10 senior CRE leaders across five countries to gather qualitative perspectives.

One critical point that emerged is the importance of talent-related issues surrounding the CRE function’s adoption of data and analytics. Although CRE executives generally view data and analytics as being critical to business success, the inability of firms to find suitable talent to improve CRE data and analytics collection and application is highlighted as one of the three biggest weaknesses inhibiting CRE’s contribution to overall business strategy.

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The talent that CRE teams require to execute their data and analytics strategies is likely to change as the sophistication level of analytics techniques employed evolves with time. Analysis by JLL suggests that the technology adopted by CRE teams in data and analytics tends to progress from (1) basic techniques such as online analytical processing, to (2) advanced data visualization, to (3) predictive modelling and data mining and, finally, to (4) sophisticated techniques such as prescriptive modeling, simulation and optimization.²

Talent is critical to the successful implementation of data and analytics in CRE, and companies must focus on developing a strong talent management strategy. However, the Forrester study finds a significant level of dissatisfaction within companies in terms of the available talent and skills in data and analytics—40 percent of the respondents do not agree that they have the necessary people and skills to execute their CRE strategies. Levels of dissatisfaction are particularly high in industries such as banking/insurance, manufacturing, and retail, with 43-50 percent of the respondents stating that they do not agree that they have the necessary talent (Fig 1).

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Figure 1: Assessing your department’s data and analytics readiness, how much do you agree with the following statements?

- “We have the necessary people and skills to execute our CRE data and analytics strategy”

<table>
<thead>
<tr>
<th>Industry</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>11%</td>
<td>28%</td>
<td>44%</td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking/insurance</td>
<td>13%</td>
<td>31%</td>
<td>44%</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology, telecommunications &amp; media</td>
<td>11%</td>
<td>23%</td>
<td>39%</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional services</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life science</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare Institutions</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotels &amp; hospitality</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics &amp; supply chain</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy &amp; utilities</td>
<td>18%</td>
<td>26%</td>
<td>47%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The talent that CRE teams require to execute their data and analytics strategies is likely to change as the analytics techniques employed evolves.
Against this backdrop of growing sophistication in data and analytics techniques, the Forrester study finds that only 29 percent of CRE executives rate the talent that they have to support data and analytics collection/use as strong. This trend is particularly evident in the energy and utilities industry, where only 8 percent of the respondents rate their current talent as strong (Fig 2).

Given this apparent dissatisfaction among CRE executives with their current talent pool for data and analytics, the Forrester study finds that firms generally have plans to strengthen their CRE teams: 54 percent of respondents say that their firms plan to enhance talent in the next 12 months, and a further 13 percent plan to do so in the next three years. Notably, 74 percent of respondents from the life sciences industry and 71 percent from healthcare institutions say that their companies plan to enhance talent in the next 12 months.

Having people with the right analytics skills was singled out in an interview with David Kollmorgen, who heads JLL’s Business Intelligence team in the Americas, as one of the key attributes needed for organizations to become big data experts in CRE. He also said, “Real estate data and analytics can improve how you manage operations; reduce consumption of energy, goods and services; optimize your real estate footprint; and increase the productivity of employees.”

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Despite the need for talent in data and analytics, supply is limited. Numerous reports, including the Forrester study, have acknowledged a severe shortage in the global supply of talent in the field.

As median incomes for data and analytics talent rise to more than US$100,000 a year, it is increasingly difficult for companies to attract and compete for the right talent and enhance their CRE team’s data and analytics capabilities. The majority of companies do not appear to be doing enough in this area—only 29 percent of the respondents in the Forrester study agree that their companies adequately attract, hire, train, grow and retain their existing data and analytics talent. This sentiment is even more apparent among respondents from “very large” companies, with only 24 percent of them agreeing with the idea (Fig 3).

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Overcoming the talent shortage: Creating teams

CRE leaders can and must find ways to overcome the challenges presented by the talent shortage. In a report published by Accenture, one proposed solution is for organizations to create a team comprising people who individually may lack the skills of a data scientist, but as a group possess the necessary qualities. Such an approach seeks to “divide the labor of a data scientist, rather than search for that rare combination in a single person.”

Richard Brown, Global Head of Business Intelligence and Analytics at JLL, agrees that the creation of multidisciplinary data and analytics teams is an effective way of overcoming the shortage. In fact, this is something that JLL has done successfully within its own team—at JLL, individuals with a broad range of skills in data analysis, real estate and other technical areas work closely together to effectively implement strategies in data and analytics.

Create a team comprising people who individually may lack the skills of a data scientist, but as a group possess the necessary qualities.

This hiring trend is becoming more common among CRE teams. Fifty percent of CRE executives in the Forrester study say that their data and analytics teams consist of multidisciplinary functional experts, while only 12 percent say that their teams comprise business-savvy data scientists.

Larger companies, which are more likely than their smaller counterparts to have the resources and requirements for more sophisticated capabilities in data and analytics, tend to favor the creation of multidisciplinary teams. Sixty six percent of the respondents from the ‘Global 20,000’ firms indicate that their data and analytics teams are multidisciplinary, comprising market analysts, data scientists, and other functional experts (Fig 4).

Training and development

Another approach to overcoming the talent shortage is to provide enhanced training in data and analytics to existing employees. Brian McCarthy, Executive Director at Accenture, was quoted in the Financial Times saying that a “data analyst should have the requisite skills to move into analytics, perhaps learning or receiving training on the job” and that “on-the-job training is helping to address the shortage of experienced people to a certain extent.”

Richard Brown also emphasized the importance of on-the-job training and regular job rotations because these allow employees to understand better how data and analytics can be used to engage with the business.

Levon Hooks, Global Corporate Solutions Chief Information Officer at JLL, went one step further by suggesting that CRE teams create their own “home-grown” talent. By proactively hiring junior staff and grooming them to take on more senior data and analytics roles as they progress in their careers, CRE teams would not only benefit from having a constant pool of competent talent to choose from, but also ensure that such talent represents the right “cultural fit” for their companies.

There is scope for a greater push from CRE teams to enhance the training of their existing team members: the Forrester study finds that only about 30 percent of the respondents feel that user training can enable their organization’s CRE data and analytics strategy. To change this, CRE leaders should think about what they can do to help create an analytics culture within their CRE teams.

It is also crucial that CRE leaders must secure top-down support from other senior leaders and from key support functions to ensure a strong commitment to training and embedding data and analytics in the CRE decision making.

Given the shortage of talent and the complexities involved in upgrading existing employees’ skills in this area, it will not be an easy task for firms seeking to significantly strengthen the data and analytics capabilities of their CRE teams. Compounding the issue, CRE executives frequently do not have the relevant skills and experience to identify, hire, and train CRE talent in data and analytics.

Many CRE leaders are turning to external industry leaders for access to subject matter experts covering all aspects of CRE data and analytics across geographical locations. Often, such external partners are able to not only assist CRE teams in developing and implementing the most appropriate data and analytics strategies that align with their business goals, but also provide step-by-step guidance throughout the whole process.

These industry leaders will strive to guide companies through the implementation of CRE data and analytics strategies, with dedicated account managers providing support to the CRE teams in executing data and analytics strategies across their respective CRE processes. CRE teams will also gain an understanding of how to apply such analytics to the rest of the organization.

Figure 4: What is the composition of your CRE data and analytics team?*

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Large</th>
<th>Very large</th>
<th>Global 20,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our CRE data and analytics team comprises data generalists</td>
<td>30%</td>
<td>44%</td>
<td>31%</td>
<td>16%</td>
</tr>
<tr>
<td>Our CRE data and analytics team comprises functional analytics, who are not familiar with business knowledge and context</td>
<td>9%</td>
<td>10%</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>Our CRE data and analytics team primarily comprises business-savvy data scientists</td>
<td>12%</td>
<td>13%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Our CRE data and analytics team consists of a multidisciplinary team of market analysts, data scientists, and other functional experts</td>
<td>50%</td>
<td>32%</td>
<td>50%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: A commissioned survey conducted by Forrester Consulting on behalf of JLL, November 2014.

*The team solution to the data scientist shortage, Accenture, 2013

Company sizes are defined as follows: large (1,000-4,999 employees), very large (5,000-19,999 employees), ‘Global 20,000’ (20,000 or more employees).
JLL Data & Analytics

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About JLL

JLL is a professional services and investment management firm offering specialised real estate services to clients seeking increased value by owning, occupying and investing in real estate. A Fortune 500 company with annual fee revenue of US$4.7 billion and gross revenue of US$5.4 billion, JLL has more than 230 corporate offices, operates in over 80 countries and has a global workforce of approximately 58,000. On behalf of its clients, the firm provides management and real estate outsourcing services for a property portfolio of 3.4 billion square feet, or 316 million square metres, and completed US$118 billion in sales, acquisitions and finance transactions in 2014. Its investment management business, LaSalle Investment Management, has US$56.0 billion of real estate assets under management.

About JLL Corporate Solutions

A leader in the real estate outsourcing field, JLL’s Corporate Solutions business helps corporations improve productivity in the cost, efficiency and performance of their national, regional or global real estate portfolios by creating outsourcing partnerships to manage and execute a range of corporate real estate services. Our platform of transactions, lease administration, project and facility management services is backed by our expertise in consulting, workplace and portfolio strategy to provide an end-to-end service offering. This service delivery capability helps corporations improve business performance, particularly as companies turn to the outsourcing of their real estate activity as a way to manage expenses and enhance profitability.