

Media release

Study: market uncertainty, regulation and sustainability are currently the most important innovation drivers

- Innovation barometer of the German real estate industry 2022
- Study of EBS University, Real I.S. and CBRE
- Focus on Real Estate Advisory segment

Oestrich-Winkel/Munich/Frankfurt am Main, Germany, 10 March 2023 – *Market Uncertainty, Regulations* and the megatrend *Sustainability* are currently the most important innovation drivers in the German real estate industry. From the consultant perspective, the industry segment *Design & Realisation* is currently under the greatest pressure for transformation. Other segments such as *Planning & Conceptual Framework, Banking and Valuation* are also regarded as particularly affected. Looking to the future, *Technology* and *Sustainability* are expected to be the main drivers of the real estate industry in five years' time, while the *Banking, Property Management* and *Public Sector* segments will then be under the greatest pressure to innovate. These are some of the key findings of the *Innovation Barometer of the German Real Estate Industry 2022*.

The study has been conducted annually since 2016 by the EBS Real Estate Management Institute of EBS University, in cooperation with Real I.S. and, since 2019, with the participation of CBRE. A quantitative and qualitative expert survey is conducted to examine the current pressure for transformation and the associated need for innovation in the German real estate sector.

The current version of the innovation barometer focusses on the target group *Advisory*, thus on the players of the *Real Estate Advisory* segment. The transformation driver *Market Uncertainty* has been included in the study for the first time.

Strong demand for sustainability consulting

The experts from the consulting segment surveyed for the study confirmed that the highest pressure for change continues to come from the topic cluster *Sustainability / ESG* as an innovation driver, and that accordingly this cluster quite clearly represents the greatest need for consulting at this time. Experts believe this will still be the case in five years' time.

A diverse picture emerges when looking at the need for consulting today and tomorrow in the other fields of consulting: today, the focus is on restructuring, portfolio advisory, strategy and corporate real estate management (CREM). In five years, there will be a shift towards capital markets, strategy, and portfolio advisory will prevail.

‘Looking back at the past two years, a much different picture of relevant topics that drive innovation becomes apparent than was the case in the early years of the Innovation Barometer study: the pandemic, the diverse and often still unknown aspects of ESG requirements under the umbrella of sustainability issues, and digital transformation were analysed as new drivers. We have also included the Market Uncertainty aspect in the study for the first time, after the need to consider it became evident in the dialogue with practice partners and other researchers. According to our current study, the greatest pressure for innovation in the real estate sector exists in the fields of *Regulation*, *Digital transformation*, *Sustainability / ESG* and *Market Uncertainty*,’ explains professor Dr Kerstin Hennig, Head of the EBS Real Estate Management Institute.

‘As expected, sustainability remains the key to innovation, such as when introducing new work processes and in the continuing digital transformation of the industry. Given the current situation, however, it is also unsurprising that the experts surveyed believe that the *Market Uncertainty* driver exerts very high transformation pressure. In this context, we speak of a VUCA world (volatility, uncertainty, complexity and ambiguity), but it also stands for vision, understanding, clarity and agility, in other words for an intelligent approach that is conceived taking all aspects into consideration. In a nutshell, the industry is responding to the current uncertainty by stepping up flexibility and innovation,’ says Jochen Schenk, Chief Executive Officer of Real I.S. AG.

‘The experts from the consulting segment interviewed for the study confirm a high workload at present and the generally very high pressure on the real estate sector to change. A rethink of the industry is needed. This could cause new business models and digital product solutions to emerge with the aim of meeting companies’ need to adapt, which does not exclude the consultants themselves. Complexity is increased not only by regulatory requirements, but also by political and social expectations and, in this context, the need for consulting rises in turn,’ comments Dr Susanne Hügel, Head of Digital & Technology Continental Europe at CBRE.

Regulation gains in significance

The importance of regulatory issues has once again increased significantly compared to the previous year's survey. When looking at the results of the survey relating to the impact of regulation on the consulting industry, it is evident that the topics EU taxonomy, Disclosure Regulation and social taxonomy exert very considerable influence. The experts emphasise that the taxonomies have greatly increased the need for consulting, but also presume that public authorities sometimes make processes more difficult. An unclear regulatory environment drives change, but also makes innovative solutions more difficult.

When asked about clients in the consulting industry, the experts are certain that the complexity of client requirements will increase sharply.

'War for talents' – the greatest competitive challenge

Competitive pressure from new providers seems to have little impact on and significance for the larger consulting firms; competitive pressure thus increased only to a small extent. Despite rising demands on the consulting industry to offer more innovative solutions, the property technology (proptech) sector seems to contribute relatively little to the competitive pressure so far, according to the experts.

The 'war for talents' is seen as the greatest competition challenge of the future. Experts agree that both recruiting and retaining qualified employees will become increasingly difficult in the next five years.

Considerable need to catch up in the field of technology

New technologies have a major impact on the industry in terms of transformation. The workflow in particular is being profoundly affected and reorganised by technological change. There is still a lot of catching up to do, which in turn alters the demands on employees and work processes, and on the composition of teams.

The influence of digital transformation on value creation is assessed as above average. In particular, the effect on speed and transparency plays a dominant role in this respect. The topics of automation of work processes and artificial intelligence will completely change the relationship between employees, machines and technology in the next five years.

About the Real I.S. Group

The Real I.S. Group has a track record of 30 years as BayernLB's fund provider specialised in real estate investment. As a member company of the Sparkassen-Finanzgruppe (German savings banks group, Land central banks and associated companies), the Group ranks among the leading asset managers in the German market. Along with alternative investment funds (specialised institutional AIFs and closed-end mutual AIFs), the range of products and services comprises customised fund solutions, club deals and joint ventures. The company has assets of around EUR 13 billion under management. The Real I.S. Group has two licensed investment management companies (KVG) established under the German Investment Code (KAGB) and operates subsidiaries and branches in France, Luxembourg, the Netherlands, Spain, and in Australia. More information is available on the company's websites at www.realisag.de or www.realis-australia.com.au.

About the EBS Real Estate Management Institute

The real estate department of EBS University of Business and Law was founded in 1990 under the name *ebs Immobilienakademie* (Real Estate Academy). It sees itself as the cradle of academic real estate economics in Germany. Since 2006, EBS University has brought together all activities related to real estate economics under the umbrella of the EBS Real Estate Management Institute. The four core areas of responsibility at the EBS Real Estate Institute include university education, research, academic

consulting and continuing education. The focus is on the dialogue between academia and practice. Topics such as property transactions, management aspects of real estate economics and real estate innovation and entrepreneurship are just as much the focus as the interdisciplinary fields of property law and real estate tax law. This research and teaching content has been expanded to include urban concepts and major future trends in real estate and the research field of sustainability. In Germany, the EBS Master of Science in Real Estate is ranked first in the category *Real Estate Management* in the latest Eduniversal Ranking 2022 of the best real estate programmes. www.ebs-remi.de

More information about CBRE:

CBRE Group, Inc. (NYSE:CBRE), a Fortune 500 and S&P 500 company headquartered in Dallas, is the world's largest commercial real estate services and investment firm, based on the revenue generated in the financial year of 2020. The company has more than 100,000 employees serving customers in more than 100 countries. CBRE serves a diverse range of customers with an integrated suite of services throughout the entire life-cycle of properties: from strategic, technical and commercial consulting, inter alia, in buying and selling or renting and letting through development, administration and appraisal of properties to transaction, project, facility and investment management.

CBRE Germany is headquartered in Frankfurt am Main, Germany, since 1973. The company has branch offices in Berlin, Dusseldorf, Essen, Hamburg, Cologne, Munich and Stuttgart. www.cbre.com.

Your contact:

Real I.S. AG
Innere Wiener Strasse 17
81667 München
Germany

Markus Lang

phone +49 (0)89 489082 220
email markus.lang@realisag.de

Birgit Lehmann-Schraut

phone +49 (0)89 489082 226
email birgit.lehmann-schraut@realisag.de

EBS Real Estate Management Institute
Gustav-Stresemann-Ring 3
65189 Wiesbaden
Germany

Professor Dr Kerstin Hennig

Head of Real Estate Management Institute
phone +49 (0)611 7102 1271
email Kerstin.Hennig@ebs.edu

Kathrin Casaroli

Academic Manager
Real Estate Management Institute

phone +49 (0)611 7102 1233
email kathrin.casaroli@ebs.edu

CBRE GmbH
OMNITURM | Grosse Gallusstrasse 18
60312 Frankfurt am Main
Germany

Sabine Madaus
CBRE GmbH
phone +49 (0)69 170077 52
email sabine.madaus@cbre.com

Daniel Hosie
PB3C GmbH
phone +49 (0)40 540908 420
email cbre@pb3c.com