Lessons From the 2021 Propmodo Tenant Experience Survey

<propmodo>

RESEARCH

Introduction

It wasn't too long ago that the journey through every commercial building was entirely analog. From securing parking and being checked in by front desk staff off of a sheet of paper, to asking the custodian for directions to your destination suite and being buzzed in by the receptionist, each step was completely manual and often quite frustrating.

Plenty of these buildings still exist, of course, but a growing class of offices now leverages smart building technology and other tools to provide a much more sophisticated, high touch and frictionless experience for occupiers and guests alike. One high profile component of these digital toolsets is the tenant experience app. These applications promise to add value for building owners by increasing data visibility and streamlining management tasks, and occupiers by making it easier to reserve spaces, invite guests, pay for services, attend events, communicate, and beyond.

For their part, tenant experience apps have been surging in popularity with more and more landlords partnering with providers and increasingly major M&A activity making headlines as leading tech providers grow. But while the tenant experience app space is both buzzy and busy, there is still a lack of specific information as to what features occupiers most want out of their apps.

In order to provide clarity, we produced and distributed a survey of occupiers and brokers, asking specific questions on use cases and desirable features. The survey allowed us to produce this report, which answers important questions surrounding the features and implementations occupiers want over the course of their tenancy. First, we discuss the broad picture of tenant experience app implementation, and then we discuss the features occupiers most and least want out of their tenant experience apps.

Analysis

The rest of this report presents the findings of our report with analysis of each response.

Over 52 percent of respondents said they do not have a tenant experience app in use at any of their properties. This is the most straightforward observation we gathered from our survey but

it points to a market that is still ripe for further penetration by tenant experience app providers and the landlords that partner with them. In a 2021 report published by flex space software provider essensys and research firm Verdantix, researchers found that out of executives at occupier firms with 10,001 or more employees, 69 percent said that premium service offices were more attractive as compared to lighter-touch offices or other flexible working arrangements. From this, it is clear that the demand for high-touch, high service offices, likely with a tenant experience component, is not small.

One interesting consideration here is office location. Tenant experience apps can be seen both as an augment to local amenities, since they help space users reserve, interact with, and sometimes pay for things like specific rooms and services, but they can also be seen as amenities in and of themselves particularly if the office doesn't have many built-in amenity spaces or the surrounding area is largely bereft of attractions like bars, gyms, and restaurants.

Research from commercial real estate operations

Do you have a tenant experience app in use in any properties?

- ● No app
- ● Yes, a third party app
- ● Yes, an in-house app

52.5%
30.5%
16.9%
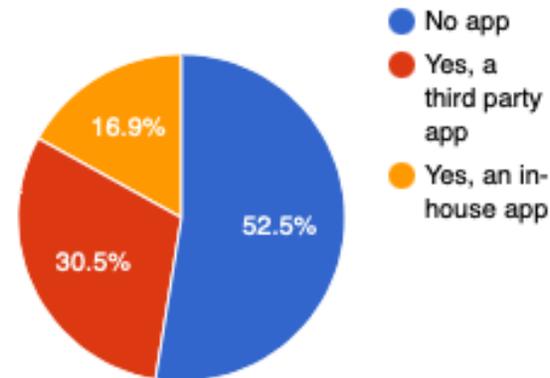
platform Building Engines found that while building occupants unsurprisingly tended to prefer amenities available within their buildings, they were satisfied with amenities available within a one-block radius of the office in some cases. In the case of cafes and restaurants, tenants actually said they preferred offsite neighborhood offerings, perhaps for the different state of mind that a lunch offsite provides versus in the building itself. While tenants preferred onsite gyms and coffee shops, a substantial number said that the one-block radius was enough in both of these cases as well.

In many cases, it is suburban office campuses that have less amenities available in the neighborhood, and consequently sometimes rely on apps and services to provide incentive for workers to come into the office. According to Gabrielle McMillan, CEO of tenant experience software provider Equiem, "For us, suburban offices invest in more amenitization than central business district offices do. In these settings, things like landlords providing a schedule

Do you expect to one day offer an in-house self-produced app?

● No
● Yes

44.9%

55.1%
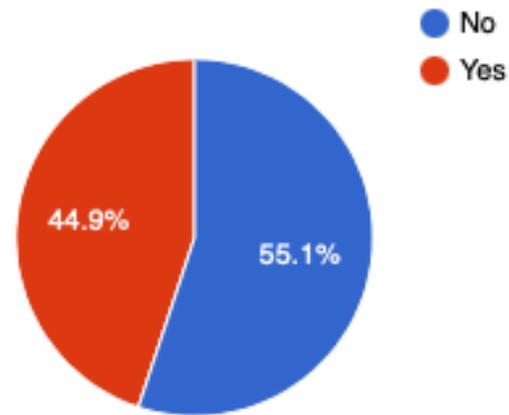
of food trucks onsite are very desired by occupiers, along with other service or wellness pop up offerings." In this example, tenant experience apps can be used to share news of the food truck schedule and menu, order and pay ahead, collect feedback on specific offerings, and perhaps help communicate a cancellation or change of plan before the day of the event.

Another interesting take away from the survey is that 44.9 percent of respondents said they expected to one day start offering their own self-produced app. This makes sense given the responses in the last question, where most respondents indicated they either didn't have an app at all or used a third-party app solution.

Occupiers might see several benefits from developing their own app. If a landlord does not provide an app, the choice is to either procure an app directly from a tenant experience company or self-design one. Alternatively, if a landlord does provide

an app, occupiers may feel that the provided option does not meet their goals, or they may want to avoid the headaches that could come from a landlord switching their tenant experience partner down the road. Gabrielle added that "Broadly speaking, there are two primary use cases when it comes to tenant experience technology. First, frictionless workplaces where tech should disappear into the background and just help people do their work, and second, workplaces where managers have taken a conscious effort to amenitize and activate the space." If the app provided by the landlord does not fulfill the occupier's goals, whether they are for a streamlined workplace, a highly amenitized workplace, or both, the desire to build one of their own may set in.

If internal research identifies only a few core features, like synchronizing access control with space reservations, it may be more cost effective to self-produce a very simple app, particularly if the firm has the in-house capacity to handle a development project. But building and deploying a custom mobile app is typically neither quick nor easy. This is where tenant experience firms could solve the problem, by offering highly customizable apps that are scaled to the exact needs of individual occupiers.

Our survey found that a substantial majority of respondents, 67.9 percent, only offer a tenant experience app at some of their properties. This

presents several challenges for occupiers since some of the core tenant experience functions, like room reservations, are specifically tied to the buildings they are employed in. But since tenant experience apps are typically provided by the landlord, and many occupiers lease from multiple different landlords, there may be no way to ensure that every property a tenant occupies has the same tenant experience platform. In fact, in some cases, different properties may even have different apps provided.

Another possible interpretation of these results, beyond the multiple landlord hypothesis, is that this data potentially represents the deployment of a tenant experience app at HQ properties but not satellite offices. Some occupiers might see a strong need for a powerful tenant experience tool in their headquarters space but less need at smaller regional or satellite offices which may have fewer employees present at any one time. This could be a cost-saving measure or simply a representation of occupier

Do you deploy your tenant experience app at all properties or only some?

- All properties
- Only some

32.1%

67.9%
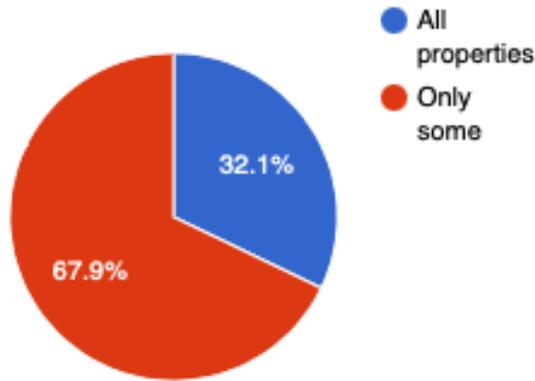
priorities.

Our survey found that a majority of occupiers factor the provision of a tenant experience app by landlords into their space leasing decisions. Landlords can capitalize on this by making their tenant experience platform available for demo use by prospective tenants. Instead of simply informing them that an app is available, allowing serious prospective occupiers to create or log into a demo profile and see the app itself gives a much more hands-on view of the system to the prospect. Additionally, since many tenant experience apps include features like guest management and even wayfinding, providing prospects with access like this could make a big impact to the ease of planning and executing property tours and on-site visits.

The perspectives we found

regarding occupier priorities in tenant experience apps are some of the most interesting conclusions across the entire survey. It should come as no surprise that the trifecta of space reservations, access control, and guest management are the most important features most occupiers look for their app to provide. Each of these three features reinforce each other. Combining access control and space reservations allows managers and space users to completely streamline the average day in an office, while integrating guest management extends this functionality to anyone who uses the space.

In addition, these three features together enable much more effective teamwork by making access and space finding easier across organization. In their 2021 Global Office Tenant Report, Equiem found that across all markets, the top priorities amongst employees for work in the office were staying connected to colleagues, collaboration, meetings, and client meetings, in order. These are all activities that directly benefit

As part of your space leasing process, does your organization consider whether a landlord provides a tenant experience app?

- No
- Yes

44.1%

55.9%
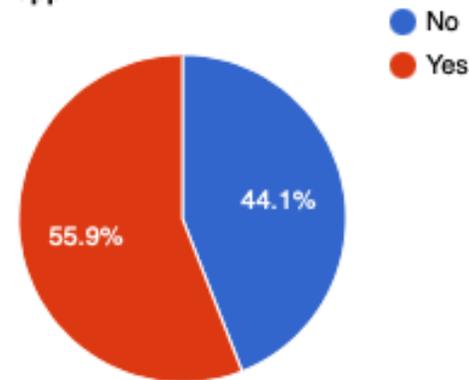
from the trifecta of top priorities we found in our survey. Research from CBRE seems to confirm interest in this category of technology. In their survey of commercial real estate occupiers, CBRE found that the second and third-most selected categories of tech under occupier consideration were smart building systems and touchless technology, largely mapping to our space reservation, access control, and guest management categories. Perhaps more interesting than top priorities, though, are the lowest priorities from our occupier respondents.

In particular, it is worth spending some time discussing interest in contact tracing, payment functionality, and messaging features. The low position of contact tracing might be due to the perceived decreasing risk of COVID-19. Possible

Occupier priorities in experience apps
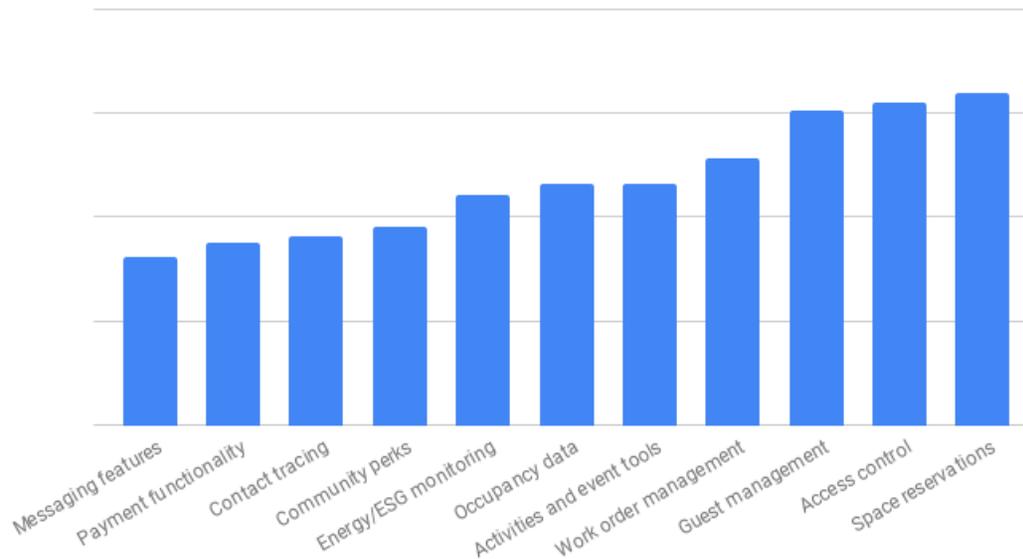
explanations for payment functionality's low interest are a lack of things for most space users to actually pay for in the typical commercial office, and the ease of use of other payment methods like payment via mobile phone.

Messaging features are frequently depicted by tenant experience apps as a primary feature, so the low interest in them found from our study is an interesting observation. By way of explanation, space users might distinguish between using a tenant experience app to contact officemates or facility managers at their firm and property managers who

work for their landlord. In the former case, many companies already provide a well-established communication app for their teams. According to L.D. Salmanson, co-founder and CEO of real estate data platform Cherre, "If you're not already using Slack, Microsoft Teams, or other tools like them, you're probably not even close to thinking about a tenant experience app." Between firms that fall into this category and those that have already invested into one of these ecosystems, there may not be much need for messaging tools in the typical tenant experience app for intra-firm communication.

While it might be more reasonable to assume that the average space user would find more value in using a tenant experience app to contact property management, this begs a follow-up question. How often is the average office-goer really contacting property management? If not involved in the management of the office space, most employees would not be contacting the landlord for lease questions, payment options, or anything related to the space in general. Instead, the most frequent contact scenario is requesting maintenance or work order service, which our survey separately identified as the fourth top priority amongst occupiers. Even then, Building Engines' research found that 90 percent of managers communicate with tenants via email today, while 58 percent of

respondents expected email to persist as the main communication method in the future. Outside of that single use case, the relevance of communication options within a tenant experience program, to the average space user as opposed to facility management staff, seems slim.

Another possible explanation for this is that communication features are less predictable to use than other features like room booking. According to Phil Mobley, Director of Occupier Research at commercial real estate service firm Avison Young, "Features like room booking and access control are pure software. You build them and then they offer their functionality predictably, with no intermediate human intervention required. Whereas something like a communication feature is different. When you get into communication or events, you've crossed over into offering something that isn't just software anymore, it is based on the inputs of other people like co-workers or managers, and that is highly variable." This might lead to hesitance to adopt these features since the experience may be different and less valuable one time as compared to another.

Methodology

The insights in this report stem from a survey we conducted over the course of November to early December 2021. We targeted occupiers and brokers on both sides of the transaction for this survey, and we distributed it online from our website as well as via email.

In the survey, we asked a series of multiple choice questions focusing on tenant experience app implementation and goals. We also asked a number of Likert scale questions focusing on the comparative feature priorities amongst our respondent sample. In total, we received 130 responses.

Conclusion

Our report highlighted important lessons from the world of tenant experience technology. While the hallmark of many of these apps is to offer a wide range of services and features, we found a relatively stark contrast between the features most occupiers really prioritize and the ones they are more ambivalent or even uninterested in.

As evidenced by our survey, tenant experience acceptance appears to be on the rise, presenting an opportunity for both landlords and tenant experience firms to satisfy even more occupier demands. But while our survey is not a substitute for targeted user research conducted by app providers or landlords themselves, it is clear that providers must take efforts to align what they provide more clearly with the needs and demands of their users. In particular, finding ways to increase the white-labeling or custom design of apps for specific landlords and, especially, specific occupiers seems to be an area worth investing in. Additionally, decreasing the clutter of app interfaces by eliminating or at least hiding some of the less-desired, less-used features could be a way to increase the attractiveness of an app offering.

Lessons from the 2021 Propmodo Tenant Experience Survey

‹propmodo›