



# THE STATE OF PROPTech:

Connected Tenants &  
Disconnected Landlords



HELLO@HQO.CO  
WWW.HQO.CO

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## EXECUTIVE SUMMARY

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To date, landlords of commercial office space have remained largely unscathed from digital disruption. Property technology, or "PropTech," is a term that landlords view as a future trend or nice-to-have addition to their property. This survey of commercial office tenants shows that investing in proptech is critical in order to attract high-growth businesses that will increase property value and NOI.

Tenants are accustomed to digital interfaces and the consumerization of products and services, and these expectations are bleeding into the future of work. Businesses, which are in an all out battle for talent, realize that one of the easiest competitive differentiators they can control is their office environment and they are choosing property with tech-enabled amenities, experiences, and community.

Landlords are grappling with this new reality, but the CRE owners that move fast and implement proptech to improve the tenant experience will win.

## METHODOLOGY

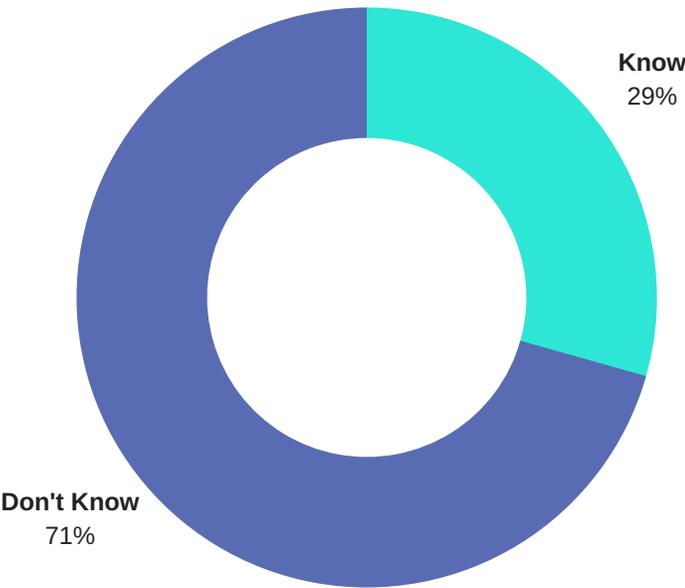
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In March 2018, HqO surveyed 303 U.S. office workers in large metropolitan areas such as San Francisco, Chicago, Boston, New York, Miami, DC, Austin, Philadelphia, Seattle, and Denver.

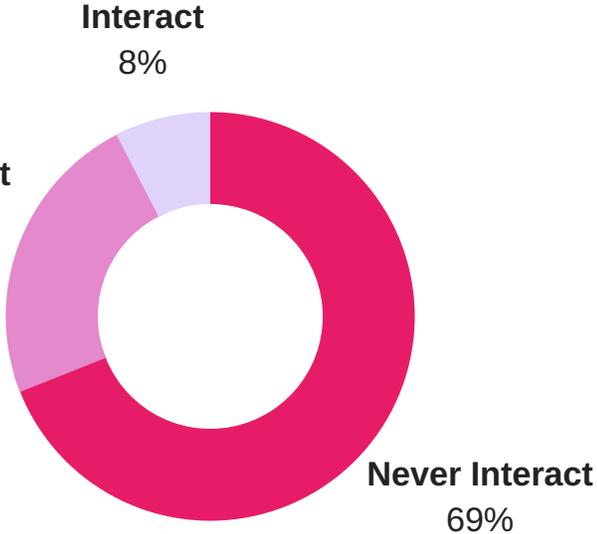
- 46% of respondents were 26-35 years old; 22% were 36-45 years old, 15% were 18-25 years old, and the rest were 46-65 years old. Respondents were 52% female and 48% male.
- Respondents came from a wide range of industries: Technology & Innovation (18.48%), Marketing/Advertising (9.57%), Arts (4.95%), Sciences (4.62%), Financial services (14.85%), Insurance (3.30%), Real Estate (1.98%), Retail (8.91%), Healthcare (12.54%), Non-profit (7.26%), Other (13.53%)
- Respondents came from companies with a range of employee count in their office building: 1-49 employees (17.82%), 50-200 employees (32.34%), 201-500 employees (22.77%), 501-1000 employees (11.22%), 1000+ employees (13.86%), Unsure of number of employees (1.98%)
- Respondents were from various departments within their company: Engineering/Development (13.86%), Marketing/Sales (17.82%), Finance/Operations (25.08%), Customer Support/Success/Account Management (30.03%), Other (13.20%)
- Respondents held various roles at their company: Intern/Entry Level (17.49%), Analyst/Associate (48.84%), Manager / Senior Manager (26.73%), Director (4.29%), VP / SVP (1.65%), and President, CEO, Owner (.99%)

# FINDINGS: TENANTS DON'T KNOW THEIR LANDLORD

Landlords can't be a faceless behind-the-scenes player in the commercial real estate game any longer. WeWork has created an office "cool factor" that tenants recognize and desire, making landlords more responsible for creating a brand that will attract the best tenants. The problem? Most tenants don't even know who their landlord is nor do they ever interact with them.



**Percentage of tenants who know the name of their office landlord**

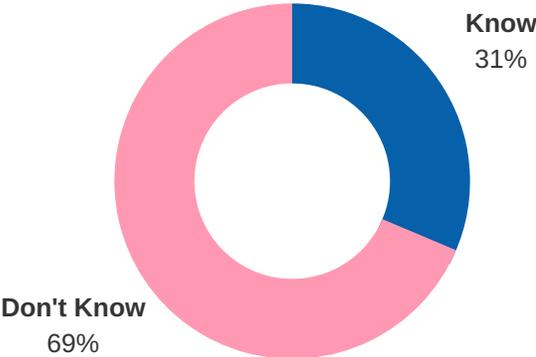


**Percentage of tenants who interact with their office landlord**

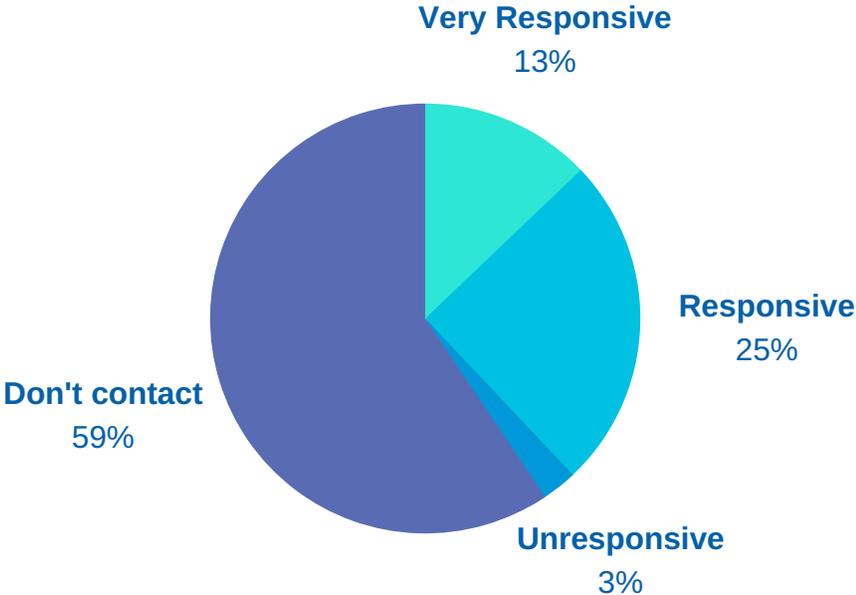
# FINDINGS: TENANTS DON'T KNOW THEIR PROPERTY MANAGER

Property managers are often referred to as people managers, tasked with tenant customer support and the arduous and thankless job of making tenants happy. But can tenants easily get a hold of their property manager in a tech-enabled way they expect? Is their property manager building community?

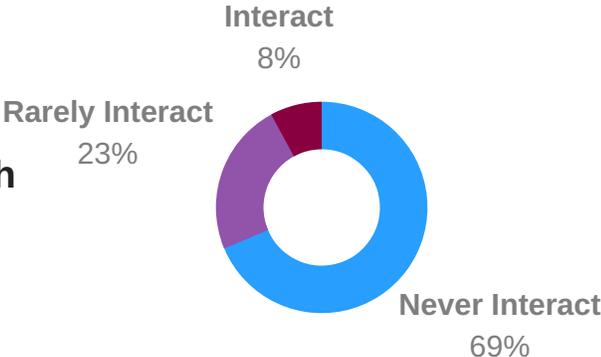
### Percentage of tenants who know the name of their office property manager



### Responsiveness of property managers when tenants contact them with problems



### Percentage of tenants who interact with their property manager



# FINDINGS: TENANTS CAN'T REACH THEIR PROPERTY MANAGER

In the age of Uber, Airbnb, and GrubHub, consumers expect seamless digital access to the services and products they engage with during the day. Commercial real estate is no exception and tenants tend to choose no interaction over the challenge of contacting their property manager via traditional methods.

## How tenants contact their property manager



**18.8%**

use email to contact their property manager



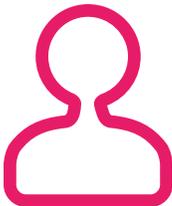
**13.5%**

make a phone call to contact their property manager



**3.9%**

fill out a web form to contact the property manager

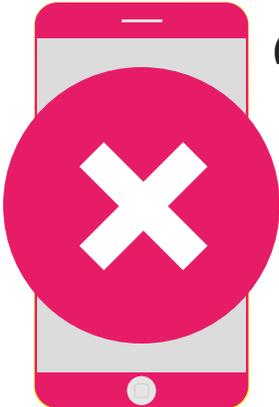


**62%**

don't contact the property manager

**0%**

Use a mobile app to interact with their property manager

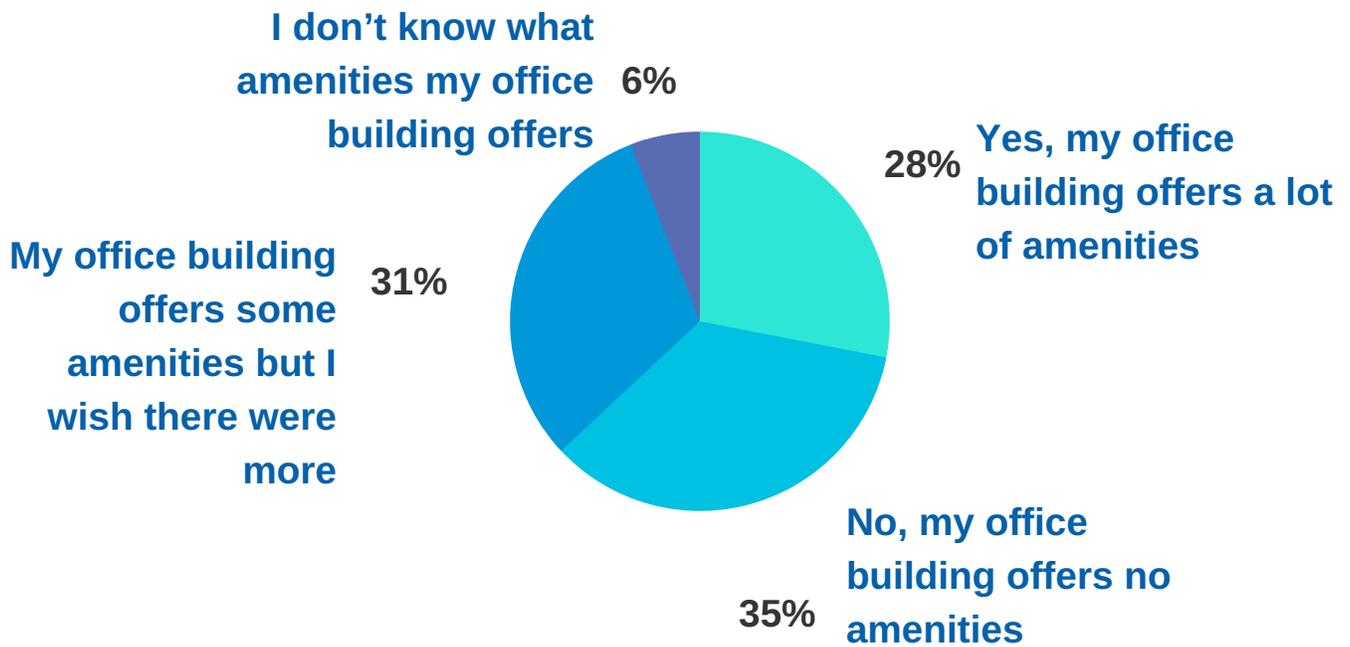


*(Missed opportunity?)*



# FINDINGS: TENANTS ARE OBSESSED WITH AMENITIES

Are tenants satisfied with the amenities in their office building... or do they want more?



What amenities & experiences are most important to tenants?

Tenants were given the option to *choose up to three* amenities & experiences most important to them.

Here are their priorities.



Fitness & wellness offerings (onsite gyms, visiting nutritionists, spin & yoga classes) – 62%

Food deals, such as discounts to local lunch spots – 62%

Networking opportunities, i.e. expert panels, free classes – 38.28%

Convenience services, i.e. dry cleaning, pet/childcare 37.62%

Beer & wine experiences 21.45%

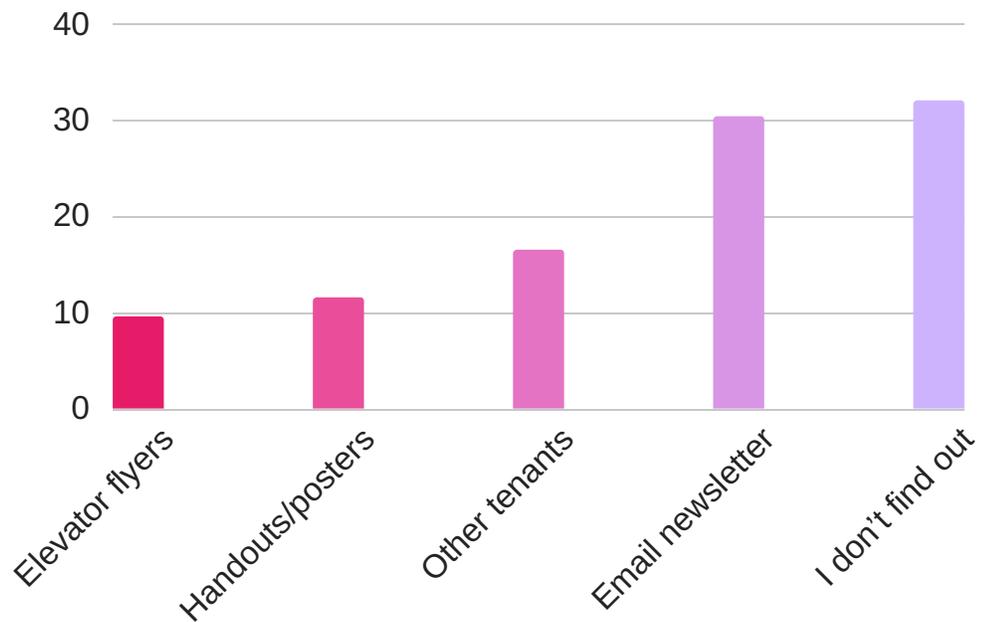
Beauty 14%

# FINDINGS: TENANTS CAN'T FIND EXISTING OFFICE AMENITIES

How do tenants learn about amenities available in their office building?

In many cases, landlords know that tenants want amenities, and they're spending a lot of time and money to make their office more desirable in this regard.

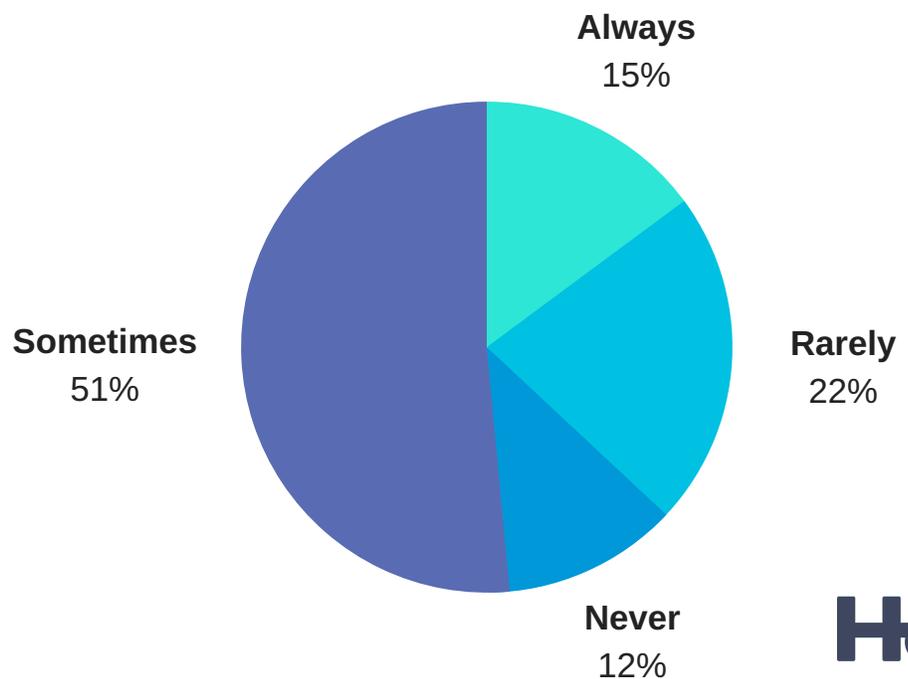
But what good are amenities if tenants don't know they exist?



How often do tenants actually read flyers, posters, digital screens, or newsletters from their office building?

The attention spans of tenants are dwindling as mobile phones become the one screen they prioritize.

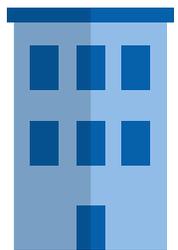
As a result, the old school efforts landlords take to disseminate information about their amenities gets lost in the shuffle.



## FINDINGS:

# TENANTS WANT TECH-ENABLED AMENITIES

Tenants were asked to choose the technology that they wish their office building incorporated and the findings show that apps for daily perks & conveniences are on the minds of tenants. 75 percent of the workforce will be millennials in seven years so it's no secret that mobile apps will soon infiltrate the commercial real estate office world.



**38.9%**

want a mobile app that lets tenants into the building or parking garage without a key card

**22.1%**

want a mobile app that provides up to date information on local transportation & traffic

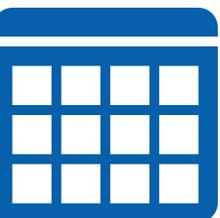


**38.6%**

want a mobile app to access exclusive discounts at local retailers near their office building

**18.5%**

want a mobile app to access concierge services that help organize & navigate the work day



**30.3%**

want a mobile app to discover upcoming events in and near their office building

**17.2%**

want all of the above

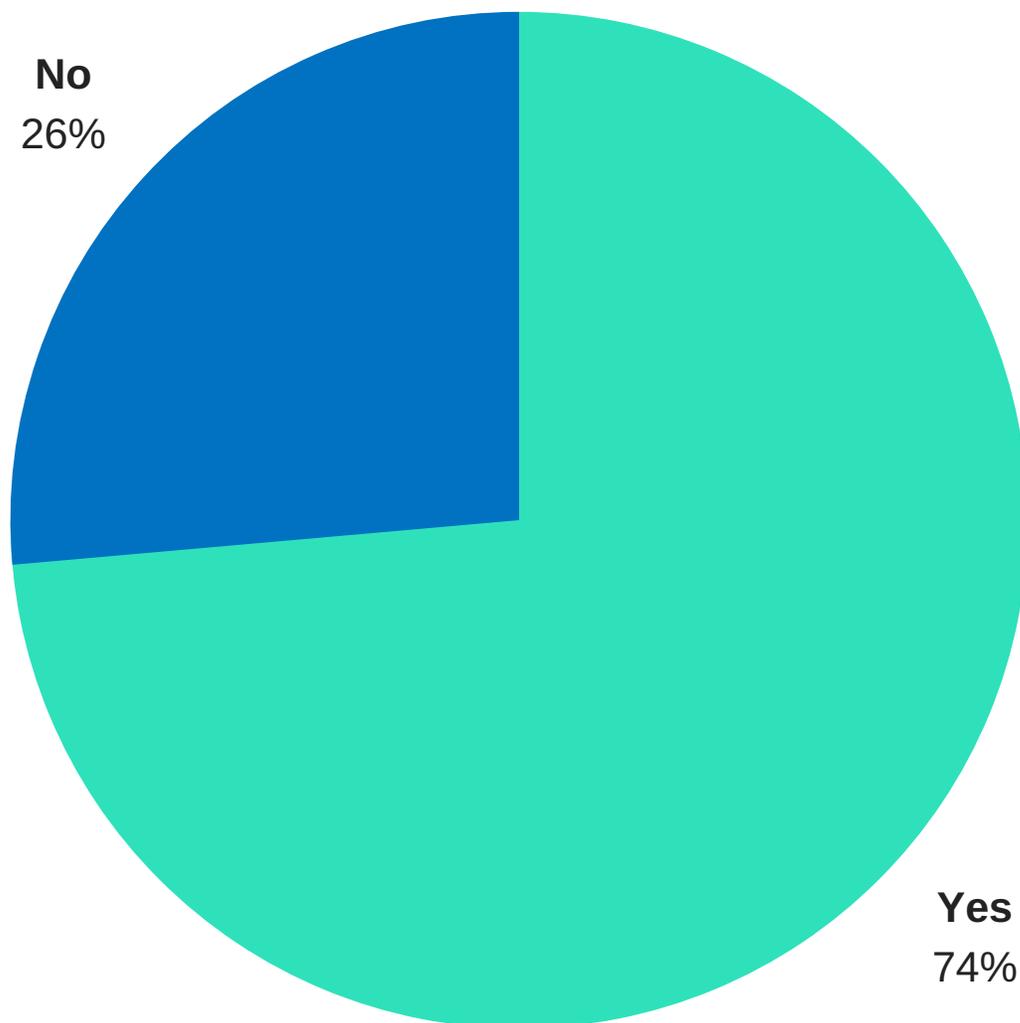


## FINDINGS:

# TENANTS WANT AN ALL-IN-ONE APP FOR THEIR OFFICE BUILDING

Tenants indicated they want mobile technology that makes their workday more enjoyable at the office – getting into the building in the morning, getting coffee at the local breakfast shop, learning about free lunch in the lobby, accessing the gym onsite, exiting the parking lot, determining local traffic and the best route home, and more.

But will they actually download an app? Tenant respondents say yes.



**Percentage of tenants who replied that yes, they would download one app that helps navigate their entire work day in their office building**



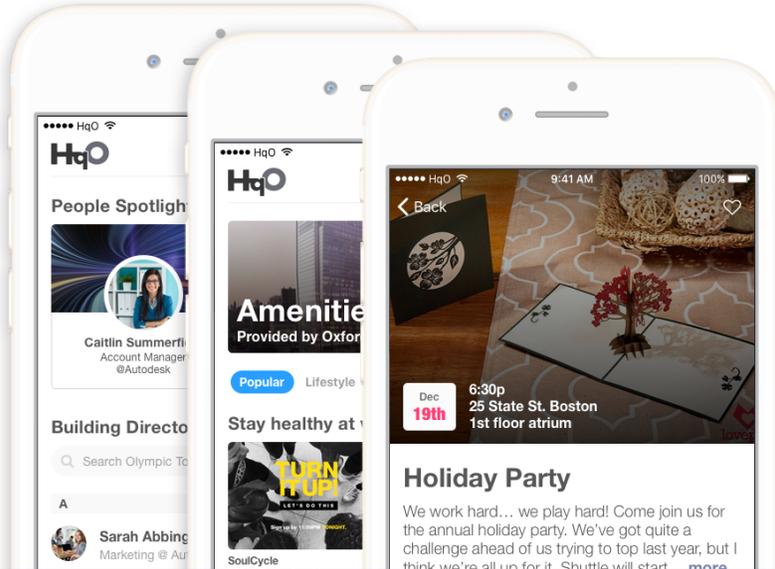
## A DISCUSSION: THE CONNECTED TENANT AND DISCONNECTED LANDLORD

This survey data demonstrates a clear disconnect between a new generation of tech-savvy tenants and the landlords who own and operate their office buildings.

The connected tenant is tech-enabled, amenity-orientated, and community-driven, but some landlords are in fact still stuck in an age where they simply hand over a set of keys and fade into the background. Other more advanced landlords understand that in order to win high-growth tenants, they need to change up the status quo, get more involved, and offer a competitive work environment that includes smart building technology, fun amenities and experiences, and a cool community to work alongside.

As technology continues to disrupt every industry, there is a huge shift in value from physical assets to digital user experiences. You can see obvious examples of this in various industries: travel (Uber and Airbnb), retail (Bonobos and lululemon), and food and beverage (Starbucks and sweetgreen).

This transformation has now reached peak interest in the commercial real estate space but landlords are still apprehensive to implement the technology and experiences that tenants are craving. Proptech to improve the tenant experience is no longer a nice to have for office buildings. These findings demonstrate significant risk for landlords who don't consider and act on this digital disruption.



Meet HqO: the software interface for your property.

HqO is a tenant engagement platform to help you build community, maximize amenities, and help your tenants succeed.

HqO helps you develop a reputation for digital innovation, premium service, and modern hospitality to attract the Connected Tenant and turn them into loyal, long-term customers.

Learn how HqO can increase your property value: [www.hqo.co](http://www.hqo.co)

