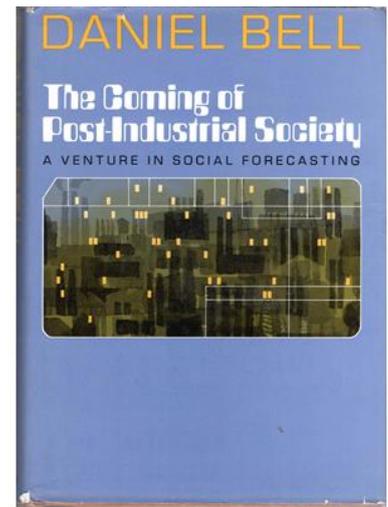


## From economic growth to social improvement

Having lived through the formative years of the Industrial Revolution, JS Mill argued in 'Principles of Political Economy' (1848) that "*The best state for human nature is that in which, while no one is poor, no one desires to be richer, nor has any reason to fear being thrust back by the efforts of others to push themselves forward.*"

Over 170 years later, a clutch of books were speculating on post-industrial society. They were suggesting that a point had been reached in history at which society could cease being governed by economic and social forces beyond its control, and begin working along its chosen direction. The books foresaw a trend away from excessive consumption to a more sustainable future; from a drive for growth and expansion to a drive for social improvement.

The books included: Daniel Bell's *The Coming of Post-Industrial Society* (1973); Ralf Dahrendorf's *The New Liberty* (1975); JK Galbraith's *Economics and the Public Purpose* (1973) and EF Schumacher's *Small is Beautiful* (1973). Tellingly, the last of these carried the rarely cited sub-title: *A Study of Economics as if People Mattered*.



My first edition copy of Bell's 1973, *The Coming of Post-Industrial Society*

These texts come to mind as I look out to the real estate industry and its efforts to respond to some enormous forces of change because it seems to be now, nearly half a century on from these texts, we really have reached a point where we must fundamentally question the dominant models of real estate provision and consumption.

Way before Covid-19, patterns of living, relaxing, shopping and working were being transformed. It was becoming ever more obvious to those who cared to look that the provision, or supply, of real estate and its consumption have been exposed as being on divergent paths. Society, more particularly the people who use real estate, are demanding something different. They don't want more of the same, they want something else.

So how will we move from building more, to building better?

## Real estate as if people mattered

Builders build. Investors buy. Architects design. Brokers trade. Simple. Everyone knows what they are doing. It's a century-old model; what could go wrong?

Maybe a century ago, and even in more recent times, the model worked. Maybe. But the social, economic and technological forces that have ripped through the past couple of decades have broken some of the underlying assumptions.

There were good reasons for the old model. For example, though despised by some, speculative development suited the times: it provided product at affordable prices, at necessary scale and to a repeatable standard. It also matched (just) customer needs – large, slow-moving, hierarchical, process-based businesses required vanilla product for the long-term.

For much of the twentieth century, real estate was seen simply as ‘bricks and mortar’; an inert backdrop to work. Buildings were architectural masterpieces, corporate statements of power, capital investments and income earners. Their influence and effect on those who occupied them was of less concern.

It has been evident for some time that buildings have been built, bought, designed and traded according to the priorities of the supply process itself – not those of the customer or society. The customer was a secondary consideration to the investment decision.

But times have changed. The customer has changed beyond all recognition. Customers need to be able to respond quickly and effectively to changing markets, which means equally quickly and effectively adjusting their occupancy to meet new landscapes. They should be able to do this not by themselves becoming actors in the real estate industry, but by reaching out to a customer-facing industry.

Society demands something new. Real estate must discover a new social relevance. This applies to all buildings, whether for working, living, shopping, enriching, relaxing, learning or healing. Why should anyone go to a town centre, or a shop or an office without a compelling reason for doing so?

### **Being socially relevant**

I set some of this out in a recent paper for the Royal Institution of Chartered Surveyors: *The Age of Unreal Estate*.<sup>1</sup>

Clinging on to the ‘*way we have always done things*’ is not tenable. The built environment professions must learn and adapt, fast, to remain relevant: to customers, to politicians, to society.

Economic obsolescence, business change, digital disruption, changing social values and environmental issues, are all ever present threats to traditional approaches. Investors, occupiers, facility managers, asset managers, designers and owners – everyone involved in the real estate process – will be affected by the changes. There is a common interest in ensuring that, together, the industry remains relevant.

Today's real estate must be much more than compliant, functional and economic. These have to be taken as givens. Real estate has to go further. It must attract. It must enhance. It must respond. It must stimulate.

But the workplace also has a role in social equality. In my nearly four decades of work, the office workplace has made enormous progressive steps in terms of quality. Whatever the case either side of the bell-curve, the overall quality of workspace was transformed. And perhaps most significantly in the digital, agile working era, workspace had become a great leveller – senior management and new recruits shared pretty much the same space, tools and services. We must ensure that knee-jerk responses to a health crisis do not reverse this trend.

Real estate cannot remain immune from the technological, social, economic and environmental changes that are taking place all around us. Indeed, real estate has to be an agent of those changes. And this means that old attitudes and perceptions must change. Where once a building was seen as a castle, it must now be seen as a condominium. It exists to meet a short-term need, and everything around its design, delivery and management must be focused on that need.

To achieve this change in industry priorities will require cultural changes; new skills and competencies, new measures and indices and fresh approaches. We don't need more chartered surveyors, we need more analysts, more curators, more experience managers. We need to focus on service, experience, environment, social justice, business performance and customer satisfaction.

### **Real estate: product or service?**

Property is now a commodity. Something to turn on and off as required. As per the RICS paper, real estate is becoming *unreal estate*. And if real estate is less real, then what is it? A product? A service? A profession? How we answer these questions will help determine whether real estate, and the industry that designs, delivers and manages it, becomes a relevant and socially positive force.

It will do this by designing, delivering and managing as if customers, people and society matter.

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**17<sup>th</sup> January 2021**

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<sup>1</sup> <https://www.rics.org/uk/news-insight/research/insights/the-age-of-unreal-estate/>