

LINKING WORKPLACE DESIGN TO FINANCE

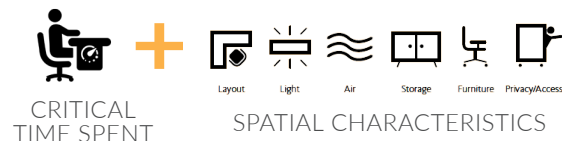
Financial Impact Of Workplace Performance: Study Of The Manhattan Office Market

What is the economic impact of workplace performance on real estate? A study by Zoya Puri and Suneeth John with Andrea Chegut, links pre-design, post-occupancy analysis - as measured by Gensler's Workplace Performance Index (WPISM), to financial data - as measured by CompStak's Manhattan rents database. The objective is to link design metrics with financial performance to measure how workplace performance impacts the dollars and cents that tenants are willing to pay for space.

The research findings show a rent discount for low performing spaces. Below Average Performing Workplaces, reflected by their lower WPISM scores, command 10.0% lower effective rents in comparison to non WPI-scored leases. To estimate this impact, the team looked at WPI-scored spaces, their corresponding leases and then matched them to non-scored spaces in the same building all while factoring in building characteristics, lease contract elements, location characteristics (neighborhoods) and contract timing (lease commencement date).

WHAT'S THE WPI?

Gensler's research team surveys office markets across the globe annually to measure workplace performance. The survey outcomes are measured to generate WPI by:



MARKET STATS



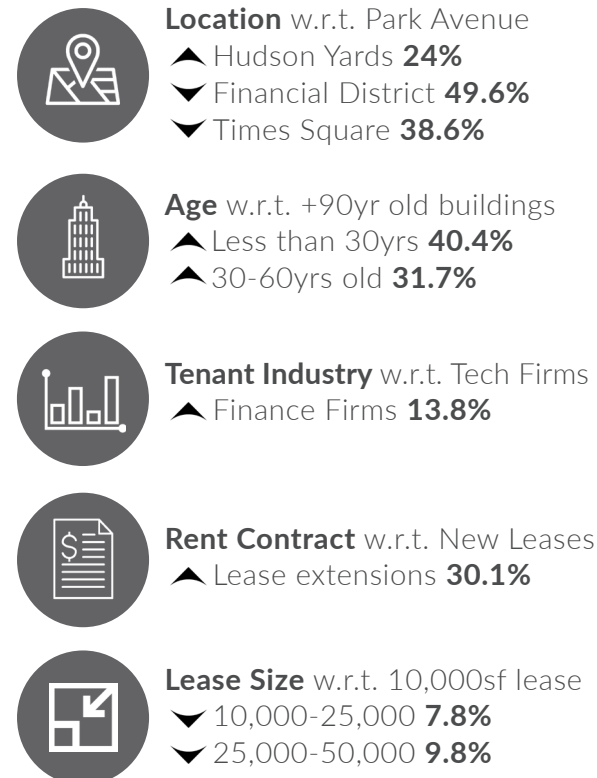
FINDINGS: WPI RENTS

LOW WPI vs NON-SCORED

Below Average Performing WPI-scored leases command marginal effective rent discounts, provided the former achieve 50 or lower WPISM score.

-10.0%

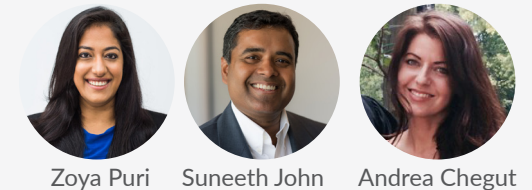
FINDINGS: NYC OFFICE RENTS



THE LAB

The MIT Real Estate Innovation Lab is an R&D lab that works with public and private data providers to link design and innovation to financial performance in the built environment.

RESEARCH TEAM



Zoya and Suneeth are both trained architects, who have a penchant for design metrics and financial economics. Andrea is trained as a financial economist, but understands the value of design.

DATA PROVIDERS

We are grateful to our data providers for generously providing data for this study.



LAB SUPPORT

We are grateful to our founding partners for supporting the lab.

