

**Article:** Landlords face challenge from 'the Uber of property' as tenants change

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## FINANCIAL REVIEW

### Landlords face challenge from 'the Uber of property' as tenants change

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Mirvac's David Rolls says building owners need to avoid losing out to disrupters like WeWork. PHOTO: Josh Robenstone

#### MICHAEL BLEBY

Building owners need to change their business models to meet tenants' changing needs for flexibility, otherwise they will have their business taken by space providers such as New York-based WeWork, said David Rolls, Mirvac's group executive for commercial development.

"WeWork is probably the property version of Uber," said Mr Rolls, referring to the app-based informal taxi service. "We've got to be very careful as the owners and curators of buildings that we're not taken over by the Uber of property."

Privately owned WeWork, which provides flexible high-end office accommodation to small businesses and entrepreneurs by leasing out floors of existing buildings in the US, UK, Europe and Israel, was founded in 2010 and has grown to a valuation of \$US5bn. The growth of technology shows that the owners and developers of buildings need to take on that challenge, Mr Rolls said on a panel at the Worktech 15 conference in Melbourne on Wednesday.

"We have to adopt different models for dealing with companies that need much more flexibility," he said. "The old tenant-landlord hierarchy is hundreds of years old and that's changing. What's going to happen over the next five to 10 years, and the technology uptake over the next five to 10 years is scary."

Tenants who were smaller companies with up to about 40 workers, rather than the large corporations of the past, were not necessarily a threat to traditional landlords as they would still pay a premium to landlords who supplied what they needed, said Tony Armstrong, real estate agency CBRE's head of workplace.

"I don't necessarily see that as the landlord having to suffer or take a haircut on their revenue," Mr Armstrong said. "What is most valuable to a tenant is to be able to spend the money when the justification is there."

Landlords such as The GPT Group, which has invested in the [LiquidSpace office accommodation app](#) and Dexus, which is [testing the water with shorter, flexible leases](#), are already seeking to tackle the changes brought by better technology and changing workplace culture.

Speaking at the same conference, Harald Becker, the senior design strategist at technology company Microsoft's future-focused Envisioning unit, said changes in technology that were about five years away, would bring in a new office tools like desk surfaces that doubled as screens and could be written on and augmented reality permitting people in different locations to meet as if they were around the one table.

Mr Ross said changing tenant needs did give landlords the opportunity to reuse older assets, although the age of many buildings raised questions about whether they would be able to meet the needs technology-dependent groups of tenants like [fintech companies](#).

"The issue with our cities, and we're finding a lot of tech companies coming back to our cities in droves – San Francisco's finding that as well – over 80 per cent of the buildings in our cities are over 20 years old," he said. "So, what is that impact going to have?"

**The Australian Financial Review**