

INCENDIUM INSIGHTS

ADAPTING FOR TOMORROW

FUTURE-PROOFING CRE WITH FLUIDITY

FROM TARGET TO TRANSFORMING: RETHINKING THE OPERATING MODEL

For decades, traditionally, organizations—including Corporate Real Estate (CRE) functions—have approached the operating model as a fixed blueprint: a “Target Operating Model” to be designed, implemented, and then left largely unchanged until a triggering event occurs. For CRE functions the triggers typically occur around

a new leader of CRE, a change in business direction (like M&A or a change in strategy), or an expiring outsourcing contract.

This reactive approach carries a high risk of misalignment with the enterprise it serves. The pace of business change across workforce expectations, technology, real estate utilization, and environmental demands has rendered static models outdated the moment they are finalized.



Today, leading organizations are shifting toward continuously evolving operating models—frameworks that are never considered “done,” but instead designed to be reviewed, refined, and optimized on an ongoing basis. This shift is especially important for CRE teams, who sit at the intersection of physical space, workforce needs, business operations, risk management, vendor ecosystems, and cost management. CRE teams oversee significant operational spend, second only to payroll, often totaling hundreds of millions of dollars each year for large companies.

However, in today's constantly shifting business landscape, CRE functions are being asked to do more than just manage physical spaces and control costs. They are pivotal in enabling hybrid work strategies, enhancing employee experiences, achieving sustainability goals, managing operational risk and adapting to continuous organizational changes.

The fluidity of the CRE environment—accelerated by hybrid work, rising service expectations, digital innovation, and sustainability mandates—demands an operating model that is built for flexibility and responsiveness to navigate through complexities. ***A fluid operating model.***

A fluid operating model is characterized by its **capacity for continuous adaptation**. It ensures clear structures and accountabilities while being responsive to change. This model allows CRE teams to adjust service delivery, vendor engagement, resource allocation, and organizational structures without necessitating comprehensive overhauls with each strategic shift.

TODAY'S LANDSCAPE OF DISRUPTIONS AND TECHNOLOGICAL EVOLUTION

Key trends in the business landscape are amplifying the need for operating model fluidity:



1

Rise of Hybrid Work

As hybrid models gain traction (global supply of flex space has grown 15% since 2019¹), companies need CRE strategies that support fluctuating occupancy and flexible workspaces.



2

Technological Advancements (PropTech)

AI, IoT, and AR/VR are reshaping CRE operations by boosting efficiency, data-driven decision-making, and tenant experience². Fluid operating models are key to integrating these technologies and adapting processes effectively.



3

Economic Uncertainty and Volatility

As global conflicts and trade tensions fuel economic unpredictability³, CRE teams must quickly optimize costs and portfolios during downturns, scale resources efficiently in periods of growth, and benchmark agile market supply options that appropriately match purpose-driven use scenarios, understanding market and product maturity variation.



4

Sustainability Imperatives

Rising environmental regulations and awareness requires CRE teams to be agile in adopting green technologies⁴, optimizing energy use, and meeting evolving sustainability targets.



5

Transform Changing Employee Expectations

Younger generations entering the workforce expect flexible schedules, wellness-focused spaces, and technology-enabled environments⁵. CRE must adapt to better enable its business to attract and retain top talent. No one knows exactly what the future holds for how we will work with our colleagues, so we should all think long and hard before signing the next 7-year lease.



WHY FLUIDITY MATTERS — AND THE VALUE IT CREATES

Adopting a fluid operating model yields significant strategic and operational benefits:

Strategic Alignment: Fluid models enable CRE functions to stay closely aligned with changing business needs, adjusting priorities, capabilities, and governance in response to shifts in company setup, workforce trends, or market conditions.

Real estate and workplace location strategies are now boardroom-level decisions, driven by their impact on talent, productivity, and ESG outcomes. This increased C-suite involvement places greater expectations on CRE to be agile, data-driven, and deeply integrated with business strategy. At the same time, the rise of platform working and more decentralized delivery models is changing how services are coordinated and delivered across regions. A fluid operating model allows organizations to adapt to this shift by enabling local responsiveness within a cohesive strategic framework.

If the in-house team is set up to work closely in sync

with outsourced partners, it also leads to more effective business partnering and better service delivery overall.

Cost Optimization & Continuous Improvement: By enabling small adjustments based on performance data and feedback, fluid models drive ongoing improvement in service delivery, roles, and sourcing, boosting efficiency and quality.

Organizational Agility: In times of disruption—such as economic downturns or supply chain issues — fluid operating models empower CRE functions to pivot swiftly, redeploy resources, and maintain service continuity without being hindered by rigid structures. Moreover, the CRE function now holds **greater strategic importance and C-suite visibility**, moving beyond a purely facilities-focused role to one that directly influences business performance, talent strategy, and sustainability outcomes. This heightened visibility demands agility and proactive evolution to meet shifting executive expectations.



At the same time, the **skills and capabilities required within CRE teams are rapidly changing**, driven by new technologies, data analytics, ESG priorities, and the need to deliver elevated workplace experience. Business leaders identify supporting business growth, driving organizational efficiency, and reducing operating costs as **key areas where CRE can add value**⁹ (Figure 1).

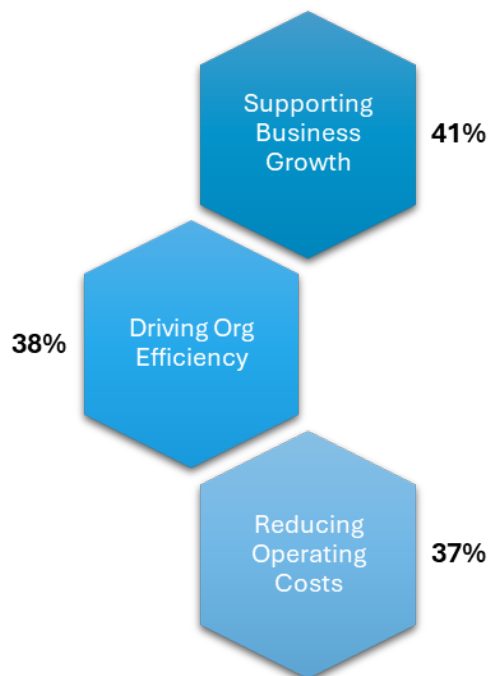


Figure 1: Key areas where CRE can add value

These shifts mean that CRE organizations must revisit and refine their operating models more frequently to stay relevant and deliver value.

HOW CRE TEAMS CAN ACHIEVE A FLUID OPERATING MODEL

Implementing a fluid operating model requires deliberate design and strategic foresight. Key enablers include:

Flexible Organizational Design: Structuring the CRE function so that specific components—such as service delivery mechanisms, decision-making processes, or regional roles—can be modified independently, ensuring stability across the system during changes.

Regular Review Cycles: Instituting proactive checkpoints, whether annually, biannually, or aligned with strategic planning cycles, to assess performance, explore new scenarios, and identify areas for refinement.

Feedback Mechanisms: Establishing continuous feedback loops from internal stakeholders, employees, service providers, and leveraging occupancy and performance data to stay attuned to operational effectiveness and areas needing adjustment.

Data-Driven Decision Making: Embracing a data-informed approach is crucial. Notably, **62% of**

organizations lack the technology to effectively analyze workplace data, and 70% maintain multiple systems and data sources to manage their portfolios. This fragmentation hampers the ability to deliver actionable insights, underscoring the need for

integrated data analytics in achieving fluidity.

Flexible Mindsets: Building your leadership and employees' capacity for change by training and modeling flexibility and iteration in everything you do.

Success Story

Challenge: The global real estate & facilities function of one of the largest e-commerce organizations had become overly centralized and siloed following their recent globalization effort. While this initially solved regional fragmentation, it created new pain points including slow decision-making, lack of cross-functional collaboration, and inability to adapt to local market nuances.

Transformation Approach: Through a comprehensive discovery and design process, they moved from a rigid, centrally controlled model to a hybrid operating framework that balanced global consistency with regional flexibility.

Key Shifts:

- **Hybrid Structure:** Implemented a "Define-Execute-Enable" model with Global Centers of Expertise setting strategy and standards, while Regional Portfolio Management teams executed decisions within established guardrails
- **Matrix Organization:** Created integrated service delivery combining in-house team and service provider teams working seamlessly together
- **Empowered Decision-Making:** Regional teams gained authority to make decisions within global guidelines, with escalation paths for exceptions that fed back into improved standards

Outcome:

- Enhanced cross-functional collaboration across previously siloed teams
- Improved resource allocation and customer centricity
- Faster adaptation to local market requirements while maintaining global consistency
- Better employee engagement through clearer roles and reduced bureaucracy
- Established framework for continuous improvement and innovation

CONCLUSION

Designing for Evolution and Future-Readiness, Not Stability Alone:

Embracing fluidity in the CRE operating model is not about constant change but about building the capacity to adapt intelligently. As the role of CRE continues to expand, so must its ability to evolve. A fluid model empowers CRE leaders to be in the conversations early as their companies contemplate changes to business strategies, deliver greater value across the enterprise, and position the function as a proactive driver of strategic outcomes.

This shift—from designing a one-time, static model to managing a model that is constantly under review—is a strategic necessity. CRE functions that embrace this mindset are better equipped to stay aligned with business priorities, respond quickly to disruption, and continuously improve how they deliver value to the organization.

A fluid operating model empowers CRE to move in lockstep with the business, not lag behind it. It enables flexibility without chaos, structure without rigidity, and strategic alignment without stagnation. By designing for **evolution over finality**, CRE leaders can ensure their functions are not only fit for today but built for whatever comes next.

In essence, the future of CRE lies in its responsiveness. The future of CRE isn't about achieving a static target—it's about building the capability to transform continuously. That is what will define the next generation of high-impact, business-enabling CRE functions.

INCENDIUM CONSULTING

Request Custom Insights

About The Instant Group & Incendium

The Instant Group has been rethinking workplace since 1999 with over 500 experts working globally across more than 175 countries. Instant's digital platforms constitute the world's largest digital marketplace for flexible workplace listing meeting rooms, virtual offices, flexible office space and coworking memberships. Its global team advises on commercial real estate solutions from coworking and serviced offices to fully customised managed offices, and consulting services for portfolio and Net Zero strategies.

Instant's approach enables agility, hybrid working solutions and improved operational resilience for more than 250,000 businesses every year. Clients include Prudential, Booking.com, Shell, Jaguar Land Rover and GSK. Instant has global offices including London, Paris, New York, Hong Kong, Singapore and Sydney.

As part of The Instant Group, Incendium provides clients with real estate procurement, consulting, talent and change management programmes that enable organisations to use real estate as a catalyst of agility, performance and value.

www.theinstantgroup.com

www.incendiumconsulting.com

To view other research and insights from
our team and the work we do, visit
www.theinstantgroup.com/breakthroughinsights.



Sona Khare
Associate Director - Operating Model
& Org Design
Incendium Consulting
Sonal.Khare@incendiumconsulting.com



Dale Kim
Associate Director - Operating Model
Incendium Consulting
Dale.Kim@incendiumconsulting.com

Instant
RETHINKING WORKSPACE

The content of this document is private and confidential. No representation or warranty, whether express or implied, is given as to the accuracy or completeness of the information contained within. Pricing and availability are subject to change. Instant does not accept any liability nor responsibility for any consequences of you or anyone else acting, or refraining to act, in reliance of the information. All intellectual property rights within this document are the sole property of the Instant Group and may not be copied or distributed, in whole or in part, without written consent.

REFERENCE:

1. <https://www.theinstantgroup.com/en-us/breakthrough-insights/research-articles/5-major-shifts-shaping-the-post-pandemic-flexible-workspace-market/>
2. <https://www.cbre.co.in/insights/articles/revolutionizing-real-estate-the-impact-of-technology>
3. <https://www.jll.com/en-us/insights/market-perspectives/global>
4. <https://www.pwc.com/us/en/industries/financial-services/library/sustainable-real-estate-initiatives.html>
5. <https://www2.deloitte.com/us/en/insights/industry/financial-services/commercial-real-estate-outlook.html>
6. <https://www.forbes.com/councils/forbesbusinesscouncil/2024/06/13/flexible-real-estate-with-an-inflexible-operating-model/>
7. <https://www.cbre.com/insights/reports/managing-corporate-real-estate-leading-and-emerging-practices>
8. <https://blog.naiop.org/2024/10/the-roi-of-analytics-for-cre/>
9. <https://www.jll.com/en-us/insights/future-of-work-survey>