

THE VALUE OF CONNECTIVITY



*What's the cost of poor
digital infrastructure for
Commercial Real Estate?*



INTRODUCTION

The connectivity infrastructure of an office building is critical to current office tenants and they are willing to pay more for better service. Independent certification/testing would generate more interest in a space and specifically, tenants would pay more, sign quicker, and prefer leasing office space in a building that is Wired Certified.

Decision-making in real estate has historically depended on one factor above all else: location (location, location). Even with the advent of over-the-top amenities, elevated interior designs, and reconfigured work environments, a building's location has long remained the chief determinant of its leasing success.

According to WiredScore's survey of leasing decision makers (tenants) across the United States, location is still king, but not by much, and perhaps not for long. According to the online panel of 150 leasing decision-makers, the quality of a building's internet connection (87%) was edged only slightly by its location (90%) as factors when choosing an office location. That means that, in a business world that is more connected by the day – through communications platforms, cloud-based systems, and smart technologies – internet quality is becoming a greater consideration

than factors like price, environmental friendliness, or access to transportation.

As the results demonstrate, quality internet cannot be taken for granted; 80% of tenants report experiencing regular connectivity issues. The survey reveals that roughly the same proportion of tenants (80%) feel that the leasing process would be easier if they had comprehensive information about a building's technological infrastructure upfront. And, if an owner could prove a building's reliable connectivity, four out of five tenants (84%) would pay more per square foot for their space.

Universally, the message from tenants is clear: technological infrastructure and connectivity are far from afterthoughts – they're priorities for companies seeking office space now and in the future.

THE CURRENT OFFICE

When connectivity issues occur, the company's employees are mostly impacted by increased stress level (45%), frustration in helping customers (41%) and lower productivity (36%).

77%

of tenants would sign a longer lease in a building with superior connectivity infrastructure, or would sign a lease more quickly with assurance that technology infrastructure in a building meets the business requirements of the organization.

80%

A majority of tenants experience connectivity issues at the office.

4.3^x

The average number of connectivity issues at the office per month.

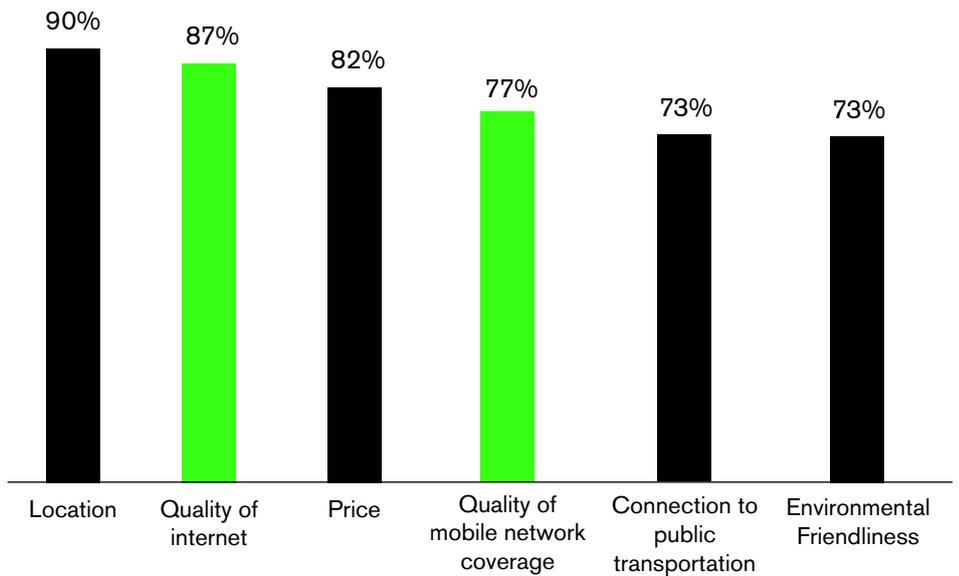
77%

Over three quarters of tenants state that poor connectivity impacts company profitability.

Tenants agree that leasing would be easier and they would sign more quickly if they had comprehensive information about a building's technology infrastructure upfront.

CONNECTIVITY: CRE'S TOP PRIORITY

TODAY'S DEMAND



Location and quality of the internet connection were the top two features that were most important to leasing decision makers when choosing their current space followed by price. Nearly half express the importance of speed, competitive pricing, and reliability when considering a lease for their company's office space.

72%

Leasing decision makers feel it is extremely critical to have a reliable internet connection in their office space to conduct company business.

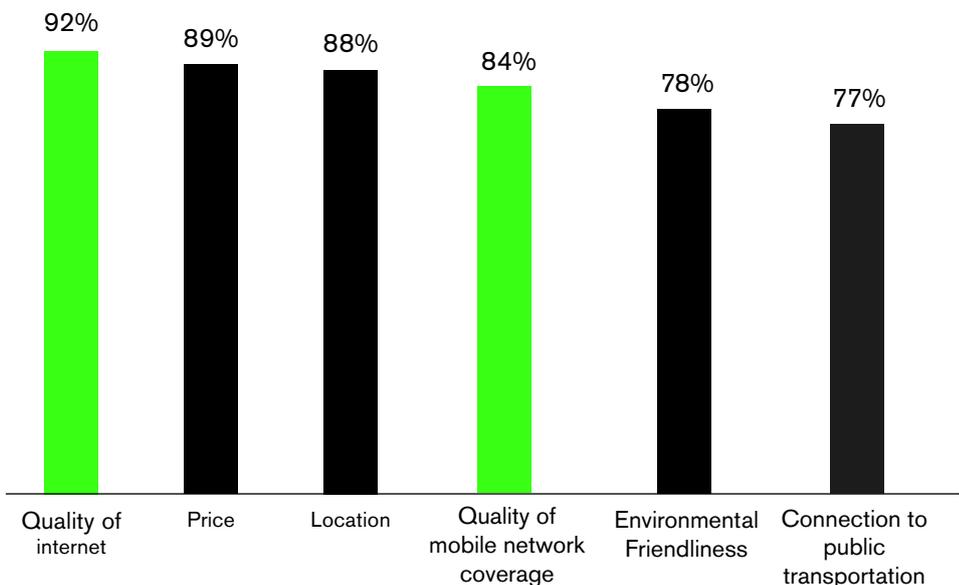
63%

Despite the importance of connectivity for tenants, nearly two thirds of leasing decision makers say it is difficult to get critical information during contract negotiations.

51%

More than half of leasing decision makers say they would not rent an office with poor connectivity.

FUTURE NEEDS



When looking for work space in the next ten years, again quality of internet connection is at the top along with price and location as most important features for tenants.

INTERNET CONNECTIVITY IS AFFECTING OFFICE LEASING

91%

The overwhelming majority of leasing decision makers say that a lack of reliable internet connectivity would affect their rental decision.

Office buildings with technology in place to improve mobile coverage and reception (77%), speed/bandwidth (75%), redundancy (73%), resiliency (73%), reduced set-up time (71%) and cost (70%) all generated strong interest in spending more as it relates to leasing new space in a building.

72%

Leasing decision makers would be more interested in a space if the internet connectivity was independently tested and certified.

80%

Tenants agree that leasing would be easier if they had comprehensive information about the building's technology upfront.

84%

Tenants are willing to pay more per square foot for a building with better connectivity infrastructure.

Wired Certification is enticing to tenants, 83% say that they would feel more confident in the connectivity of a Wired Certified building, 79% would be more interested in a building or would prefer leasing in a Wired Certified building.

Tenants value Wired Certification

MORE THAN HALF OF TENANTS WOULD LIMIT THEIR SEARCH FOR A NEW SPACE TO WIRED CERTIFIED BUILDINGS

79%

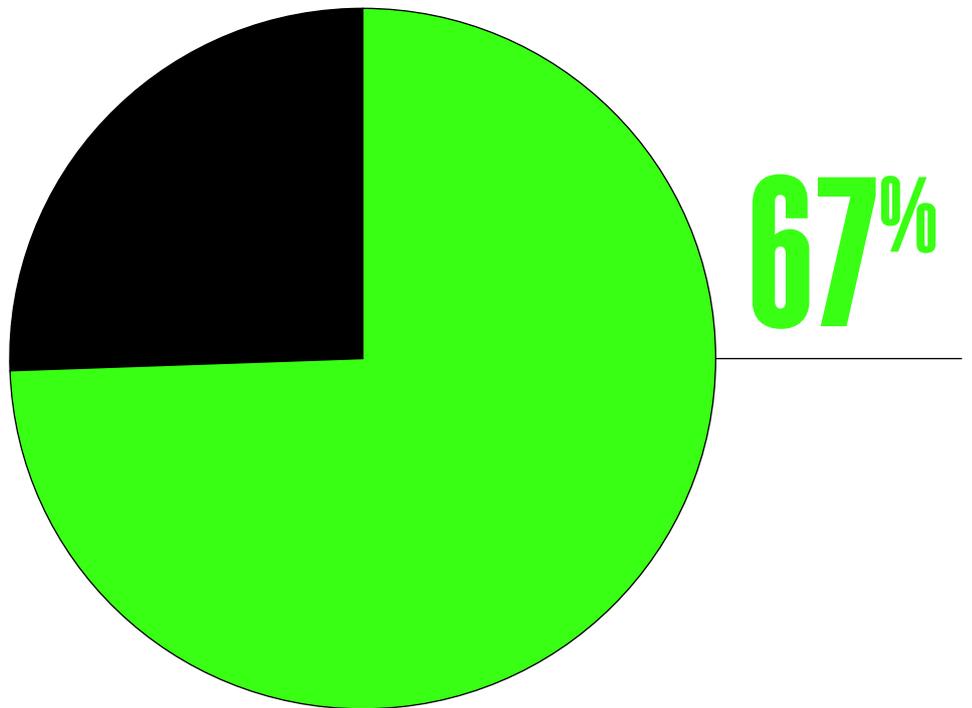
A majority of leasing decision makers would prefer leasing office space in a Wired Certified building.

77%

More than three quarters of leasing decision makers agree that they would sign a lease faster in a Wired Certified building.

61%

More than half of leasing decision makers would pay more per square foot in a Wired Certified building.



WIRED CERTIFICATION

Wired Certification is the internationally recognized rating system that helps landlords design and promote their buildings' great digital connectivity to tenants. Over 4 million tenants in more than 1000 buildings globally trust Wired Certification as the benchmark for internet that meets their needs.

WIREScore

WiredScore is the organization behind Wired Certification, the internationally recognised digital connectivity rating system for commercial real estate that helps landlords design and promote their buildings' great digital connectivity to tenants.

WiredScore launched Wired Certification in partnership with Mayor Bloomberg and the City of New York in 2013. Since then, more than 350M Sq. Ft. of office space has been certified across North America and Europe, including buildings owned by premier landlords such as Blackstone, Brookfield, and Hines.

In an increasingly tech-driven economy, connectivity is fast becoming the most critical requirement for tenants when selecting office space. The widely recognized Wired Certification seal is a trusted symbol that identifies buildings that have been independently certified to provide the best-in-class connectivity infrastructure that businesses require to thrive.

METHODOLOGY

This survey was conducted online within the United States by Radius Global Market Research on behalf of WiredScore from August 2-4, 2017 among 150 office tenants defined as having at least some decision in leasing office space or facility locations working in NYC, LA, Chicago, Philadelphia, Dallas/Ft. Worth, San Francisco/Oak/San Jose, DC, Houston, Boston or Atlanta. This survey was conducted utilizing an online panel of respondents. A complete survey method is available upon request. For further information, please contact info@wiredscore.com.

