Agility

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Adapting Real Estate to a fast moving digital world

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"The important thing is not your process.

The important thing is your process for improving your process."

— Henrik Kniberg, Agile coach and author

Introduction

The real estate sector has traditionally operated at a slower pace than many other industries. Buildings take years to plan and construct, leases often span decades, and investment horizons are typically long-term. This has historically rewarded stability, caution and incremental change. However, the adoption and influence of technology and the context in which the sector operates is shifting rapidly, accelerating the pace of change across markets.

These developments are not temporary disruptions but structural shifts that are reshaping how buildings are used, valued and managed. As a result, increasing agility is becoming a competitive necessity for businesses rather than a strategic option. Real estate organisations must therefore adapt both their business models and also the design, operation and flexibility of their assets.

The sector's response to the COVID-19 pandemic has demonstrated its ability to adapt rapidly when required. However, ongoing innovation and continuous improvement are essential to maintain agility and stay ahead in an increasingly dynamic and fast-evolving market. Ultimately, progress depends on agility at both the organisational level and across the wider ecosystem in which companies operate.

This report explores what agility means in the context of real estate, why the sector has historically struggled to achieve it and what practical steps organisations can take to become more agile while maintaining stability, compliance and long-term value.

> *"Success today requires the agility and drive to constantly rethink, reinvigorate, react and reinvent."*
>
> *- Bill Gates*

Section 1

What is agility?

Agility is often equated with speed, but in practice it involves more than acting quickly. Organisational agility combines awareness, adaptability and decisive action to understand current market conditions, recognise emerging changes, reassess assumptions and implement new approaches without unnecessary delay.

The concept gained prominence in the software industry, where "agile" methodologies replaced traditional "waterfall" development models. Rather than long planning cycles followed by rigid execution, agile approaches emphasise iteration, experimentation, feedback and continuous adjustment, allowing organisations to respond more effectively to uncertainty and evolving user needs.

Although real estate clearly differs fundamentally from software development, the underlying principle is increasingly relevant. The pace of change affecting the property markets is accelerating: technology is reshaping how buildings are designed, managed and occupied; data is transforming decision-making; leases in some sectors are shortening; sustainability pressures are intensifying and political and regulatory environments are volatile.

At the same time, occupiers, investors and communities expect greater flexibility, transparency and responsiveness. As a result, the context in which many real estate businesses and buildings were established has shifted significantly. Without increased agility, organisations risk reacting too slowly to market signals, missing opportunities and ultimately losing competitiveness.

"If the rate of change on the outside exceeds the rate of change on the inside, the end is near."

— Jack Welch

Section 2

Why is real estate not naturally agile?

2.1 Structural characteristics

One of the biggest constraints on agility in real estate is the fact that buildings are large, physical assets. They are capital-intensive, fixed in location and inherently less adaptable than digital products. A commercial building constructed twenty years ago may still be considered relatively modern today, whereas a twenty-year-old mobile phone would be obsolete. Real estate still operates on timescales that many other industries left behind years ago.

Buildings are designed to last decades, and development cycles can often stretch across many years. This longevity has historically insulated the sector from rapid disruption, but it has also fostered conservative decision-making, long planning horizons and a tendency to prioritise stability over adaptability. Many organisations in real estate still think in terms of years and decades, while technology, occupier expectations and market conditions increasingly shift in months or even weeks.

Traditional lease structures have reinforced this stability. Landlords have typically sought predictable income streams, while tenants have accepted long commitments in exchange for certainty. That balance is now shifting. Lease terms are gradually shortening, flexible workspace models are expanding and occupiers increasingly expect flexibility rather than permanence.

Legal, financial and ownership structures can also constrain adaptability. Funding arrangements, planning permissions and use-class restrictions may limit how assets can evolve over time.

2.2 Cultural factors

Beyond structural issues, cultural factors play a major role. Real estate companies have a reputation for being inherently conservative and traditional and therefore slow to accept change. The culture leans towards making evidence-based, and therefore backward looking, decisions. In some areas, this is important, but it can hold back progress if action is only taken once evidence for change is seen.

This conservatism can extend to technology adoption and discourage experimentation. Some organisations remain hesitant to deploy emerging technologies such as AI despite recognising their potential benefits. Pilot projects may be undertaken but not fully implemented until there is robust evidence about client readiness, operational risk or reputational impact.

Another commonly observed barrier is the organisational "clay layer" — middle management groups who, consciously or unconsciously, slow down any change. Senior leadership may be on board to promote agility and innovation and younger professionals often encourage new digital approaches but resistance in the middle can stall implementation.

Digital literacy gaps can also exacerbate this issue. Many professionals overestimate their familiarity with technology and lack a deeper understanding of its capabilities. Without sufficient digital confidence across organisations, agility becomes difficult to achieve.

19% of respondents believe their organizations are still in the early stages of their AI journey. 27% are experiencing challenges with AI implementation, including technical issues, lack of expertise, or resistance to change. (Source: Deloitte Commercial Real Estate Outlook 2026)

2.3 Contracts and institutional inertia

Industry-standard documentation can also restrict flexibility. Standardisation undoubtedly provides efficiency and legal certainty, but commonly used templates, such as Certificates of Title, were largely developed for historic market conditions. While they are periodically updated they are unlikely to keep up with modern technological, environmental or operational realities.

Leases can also act as a brake on agility. Both landlords and tenants are accustomed to negotiating within established industry norms and precedent positions. Even where one party wishes to vary a lease and incorporate provisions for new technologies, traditional standard documents often fail to accommodate them easily. This also requires mutual agreement and a collaborative relationship between the parties — something that may not always exist in more transactional environments.

One area where meaningful progress has been made is in the development of green leases. Here, landlords and tenants are often more willing to cooperate because their ESG and CSR objectives are aligned around a shared goal. Sustainability initiatives frequently drive the adoption of new technologies and this alignment of interests can help unlock greater agility.

Nevertheless, institutional forms and precedent documents take time to evolve. Until updated versions are widely adopted across the market, agility will remain constrained. Ideally, leases and related contracts would not merely be updated reactively but designed and futureproofed with the next decade in mind.

Section 3

How can the sector become more agile?

Achieving agility requires coordinated change across skills, culture, processes, technology, buildings and commercial frameworks.

3.1 Investment into skills and digital literacy

A lack of digital skills is often cited as one of the main barriers to technology adoption within real estate. Agility will be hampered where an organisation's workforce lacks understanding of emerging tools and technologies. Improving digital capability across the workforce is therefore fundamental.

Investment in digital training and upskilling should be a priority for organisations, particularly in view of the rapid development of AI. This does not mean everyone must become a data scientist, but professionals should have sufficient literacy to use the required technology in their day-to-day role, ask informed questions and collaborate effectively with technical specialists.

Some organisations are exploring new ways of encouraging innovation, such as embedding innovation into performance objectives. This encourages employees to experiment with new ideas and develop new skills. Such incentives signal that adaptability is everyone's responsibility, not solely that of technology teams and can help facilitate change.

21 million working-age adults cannot perform all 20 work tasks outlined in the Essential Digital Skills Framework. (Source: 2024 Lloyds Bank UK Consumer Digital Index)

3.2 Faster business processes and decision-making

Real Estate is often viewed as more reactive than proactive. Take AI as a recent example. Most organisations recognise its importance and are experimenting with it. Yet adoption is often cautious, fragmented and reactive. This mirrors what has been seen before with other technology shifts where the sector tends to move only when the pressure becomes unavoidable rather than when the signals first appear.

Traditional business-case processes can be too slow for rapidly evolving technologies. Coming up with an idea, creating a business case, waiting for approval, building it into next year's budgets is often too slow for the current pace of change and is in stark contrast of the 'fail fast' culture of the technology industry. Instead, businesses need to constantly assess where they are, be prepared to move direction quickly and not to rely on past approaches.

In a digital era, it is important that organisations also accept that not every investment into technology will yield direct financial returns. Some initiatives generate strategic capability, resilience or competitive positioning rather than immediate profit. More iterative decision frameworks, with smaller investments and quicker feedback loops, can enable experimentation without excessive risk.

There are examples of large real estate firms using innovation labs to implement short 90-day tests of new technology. If a tool doesn't show a clear ROI or data-standardisation benefit within that window, they move to the next solution to avoid wasting capital. Whilst this is starting to happen amongst progressive businesses, a sector evolution is likely to take time.

3.3 More flexible procurement and technology strategy

How an organisation accesses technology needs to be considered as part of the solution to greater agility. The build versus buy debate has been long established, but this needs to be consistently reassessed in line with an organisation's needs.

The most effective way to have control over a software solution is to develop it in-house. This gives an organisation full control over the direction of the development and allows it to instantly change direction if required. However, this can come with significant cost and effort. The alternative is to purchase the software so costs and efforts are significantly reduced as they are shared across all customers. However, the ability to influence direction to meet the organisation's needs is then dramatically reduced.

The situation is, of course, more nuanced than this with software usually being a stack of existing technology solutions as well as some new additions. This means that some of the in-house development need only focus on the part that is bespoke to the organisation enabling in house solutions, but with some of the costs of the 'tech stack' shared.

Whilst using a third-party supplier can be seen as the least agile approach, this depends on several factors such as access and structure of data, licensing terms and so on.

The approach to accessing software will be individual to all organisations and situations, however it is important for procurement to continually consider all the factors to ensure the most appropriate balance between agility and cost.

"Speed, agility and responsive-ness are the keys to future success."

- Anita Roddick

A lack of skilled personnel is the most commonly cited barrier to AI adoption, named by 46% of respondents in the RICS AI in Construction report 2025

3.4 A change in culture

Cultural change is equally important for improvements in agility and often corporate mindsets need to change. Organisations need to become comfortable with being forward looking, testing ideas, learning from outcomes and adjusting course.

The phrase "fail fast" is encouraged by tech pioneers. However, whilst this kind of language can influence mindset towards more innovative attitudes, it can also feel threatening to some professionals who are used to more traditional approaches. Sometimes a simple change of language can be helpful, for example, reframing initiatives as "pivoting quickly" rather than "failing fast", could reduce perceived risk and encourage participation.

This fear of change often stems from uncertainty so exposure to future trends, through external experts, scenario planning or cross-sector learning, could also increase organisational confidence and openness.

3.5 Stronger data foundations

A key ingredient of a successful organisation of the future is solid data foundations. Without this, it can be difficult to make informed decisions, to understand what is going on or to change direction.

These foundations depend on each organisation and use case, however there are some common themes that must be closely considered and invested in. This includes:

Quality – data quality must be sufficient, but this depends on the use case. As the adage goes, rubbish in, rubbish out. However, data quality is not universal; one data set may be considered fit for purpose for one use case, but not for others. However, ensuring that

data is suitably accurate, complete and updated is vital.

Interoperable and accessible – having good quality data is of little benefit unless it is easy to access. Whether this is by people or systems, it is important that data is easily accessible by those who need it. It should also be interoperable. Data from one system will increasingly need to be combined with other data sources and if this is not aligned, for example through the consistent use of standards, then at best, you will be comparing apples with oranges with a lot of effort.

Governance – perhaps most important of all, is the need for the correct governance to be in place. To ensure appropriate data quality, the correct use of standards, the right access and consideration of the ethical and legal implications are vital.

3.6 Smarter and multi-use buildings

As the world becomes more digital, buildings must also reflect this to appeal to end users who are more connected, eco-friendly and socially aware than the past. Making buildings smarter will enable agility across the sector. An increasing number of buildings are adopting smart sensors, digital systems and apps. This helps satisfy the increasing technology requirements of building users, from enabling flexible working to monitoring building performance for energy efficiency, health and productivity.

How a building is used and priced is also important. Technological advances and shifts in working patterns have accelerated changes in demand for retail and office space. In response, many real estate owners are exploring more innovative ways to monetise their assets, augmenting traditional rent

collection with broader value-added services. This focus on additional income is increasingly considered as more agile organisations look to diversify revenue streams.

Alongside this, owners are having to reassess how buildings can support multiple uses over time and how pricing models can adapt accordingly. Flexible leasing structures, serviced office concepts, hybrid residential offerings and more dynamic pricing approaches are becoming important tools for responding to occupier demand for flexibility. The ability to reposition space quickly, both operationally and commercially, is emerging as a competitive differentiator.

IoT and sensors contributed 40.88% share of the PropTech market in 2025. (Source: Modor Intelligence)

3.7 Early planning

Planning constraints can present a significant barrier to agility. Securing change-of-use consent can be time-consuming, uncertain and costly, which can deter owners from pursuing adaptive reuse even where there is clear market demand.

Designing flexibility into buildings at the outset is often far more effective than attempting to retrofit it later. This may mean anticipating the need for multiple uses at the planning permission stage. Developments that anticipate potential shifts in demand are better positioned to respond to changing economic conditions, technological developments and occupier expectations. As markets continue to evolve, closer collaboration between developers, planners and policymakers will be essential to ensure that regulatory frameworks enable the agility increasingly required across the real estate sector.

CASE STUDY - Not just a car park

In Los Angeles a car park attracted attention for being built with future uses in mind. It was built alongside an apartment block to provide one thousand parking spaces for cars. However, the developer, AvalonBay Communities Inc, anticipated that the demand for parking spaces would fall significantly when driverless car services and car-sharing grew in popularity. It therefore designed the car park to be as flexible as possible; with level, rather than inclined floors and with other structural requirements, so that it could be repurposed into retail or leisure space as soon as the need for parking falls far enough to justify it. Source: LA Times

Section 4

Industry support

4.1 Insurance and risk management

Insurance could play a more strategic role in enabling agility across the real estate sector. Property markets are already familiar with using insurance as a tool to unlock transactions and manage uncertainty. Warranty and indemnity insurance, title defect cover and "no search" indemnity policies are clear examples of how risk transfer can facilitate speed and commercial flexibility.

The same principle could be applied more deliberately in the context of agility. As organisations increasingly rely on data, automation and emerging technologies, decision-making may need to move faster than traditional risk frameworks comfortably allow. In some cases, waiting for perfect data or absolute certainty may slow progress unnecessarily. If appropriately structured, insurance products could mitigate defined risks, organisations may be able to act more quickly while maintaining an acceptable risk profile.

4.2 Regulation

Agility without structure can lead to disorder. Regulation therefore plays a crucial enabling role by providing guard rails within which organisations can innovate confidently. Contrary to common perception, well-designed regulation should support agility rather than restrict it.

Compared with some sectors, real estate has historically experienced lighter regulatory frameworks. As digital technologies, sustainability imperatives and consumer expectations grow, clearer regulation may help organisations move faster with greater confidence. Close collaboration between regulators, industry bodies and practitioners is

therefore essential to ensure frameworks remain relevant.

"Agility is the ability to adapt and respond to change … agile organizations view change as an opportunity, not a threat."

– Jim Highsmith
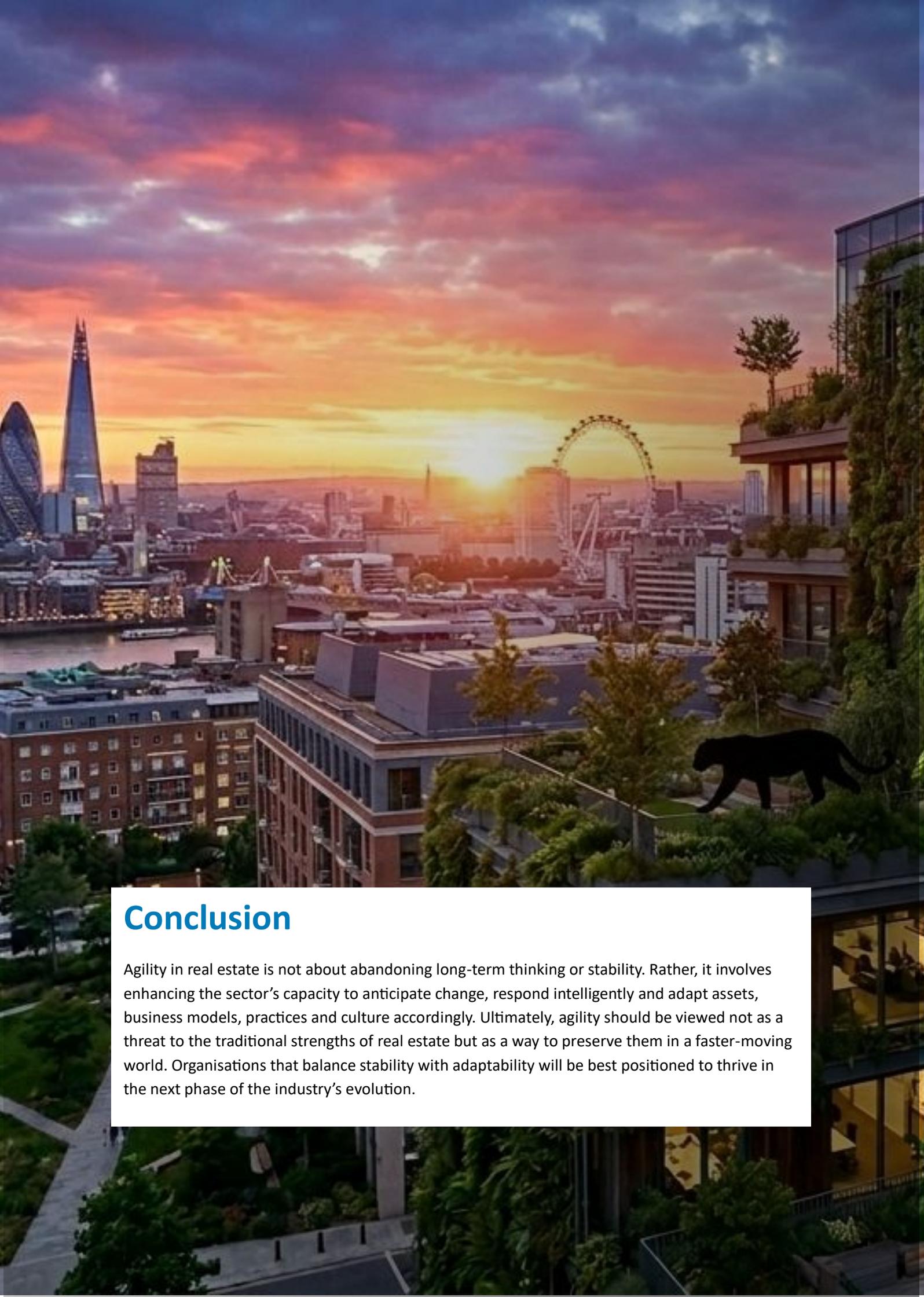
Conclusion

Agility in real estate is not about abandoning long-term thinking or stability. Rather, it involves enhancing the sector's capacity to anticipate change, respond intelligently and adapt assets, business models, practices and culture accordingly. Ultimately, agility should be viewed not as a threat to the traditional strengths of real estate but as a way to preserve them in a faster-moving world. Organisations that balance stability with adaptability will be best positioned to thrive in the next phase of the industry's evolution.

re:sustain is accelerating global real estate's decarbonisation at scale. Our Digital Twin technology remotely minimises carbon emissions and lowers energy costs, leading to substantial optimisation improvements, with reductions in consumption ranging from 22-61% over a 12-month period.

Following implementation, our Digital Twin extends its application by delivering CapEx modelling based on your specific building performance data, not generic benchmarks. This provides a real-time forecast of the measures, potential impacts, and associated costs in your journey to net zero, whilst simultaneously preserving portfolio value, meeting diverse stakeholder goals, and elevating operational performance.

Since 1984, Yardi has grown into the leading provider of high-performance software for the real estate industry. With over 10,000 professionals in more than 40 offices worldwide, Yardi combines deep industry knowledge with a commitment to innovation. Yardi's investment, asset, and property management solutions are designed to meet the diverse and evolving needs of real estate professionals across the globe.

MIPIM influences and accelerates the transformation of the built environment by crafting a unique, week-long urban festival in Cannes.

Here, face-to-face discussions, workshops and panels offer inspiration and thought-leadership, while creating opportunities to exchange experiences and drive business and professional growth.

As a reference point for the global real estate industry, MIPIM provides unique access to global capital and concrete solutions for making assets more sustainable and resilient in a rapidly changing world.

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An Alpha Property Insight initiative