



Companies need to be **agile to meet the demands** of a changing real estate landscape.

Winter 2024

Contact Center Trends

Commercial real estate is undergoing a significant transformation in how and where people work, and this evolution is impacting contact centers. In mid-2023, CoStar reported that there was approximately 200 million square feet of office space classified as contact centers, approximately 60 million square feet of which was available. This availability rate (~30 percent), is above overall market office market averages. The result has benefits for tenants looking for affordable space, but also means tenants looking to shed space also have a far smaller pool of companies looking to occupy underutilized space. Generally, companies with contact center requirements are consolidating and shrinking footprints due to virtual work capabilities and changing technology.

Occupier View

Trends

- Occupiers looking to acquire space have generational leverage over landlords.
- Concessions are widely available, particularly with rent abatement, but rising costs, increasing rates and challenging debt markets are stifling the ability of owners to complete deals.

Look Ahead

- Consolidation of call centers will likely continue as companies respond to changing work-styles and technology.
- Ample parking and increased amenities will be needed to attract and retain talent, along with convenient locations near talent pools.

Contact Center Trends

What is Driving Change?

AI-Powered

AI-powered customer service integrates artificial intelligence and machine learning into contact center operations.

Benefits: Enhanced efficiency and improved customer experience

- Chatbots can provide instant answers to common questions.
- Speech recognition software enables the ability to spot trends and customer sentiment.

Challenges: Data privacy and “human touch” of customer experience

- Collecting and using customer data for AI can raise privacy concerns
- Ensuring AI interactions can seamlessly handoff complex issues to human agents

Remote Work/Virtual

The contact center industry experienced a significant shift towards remote work, accelerated by the COVID-19 pandemic.

Benefits: Access to diverse and global talent pool

- Cultural advantages to represent wider spectrum of customers
- Work flexibility is advantageous for attracting talent to competitive industry
- Cost savings on overhead such as real estate

Challenges: Security concerns and the well-being of employees

- Managing data securely and following compliance protocols more difficult
- Isolation, training and burnout are concerns for call center employees

Omnichannel Support

Omnichannel customer support is a strategy that integrates various communication channels, such as phone calls, emails, chat, social media and more, to provide a seamless and consistent customer experience.

Benefits: Meet customer expectations and seamless data experiences

- Customers expect data and conversations to flow between channels
- Enables real-time, context-aware interactions

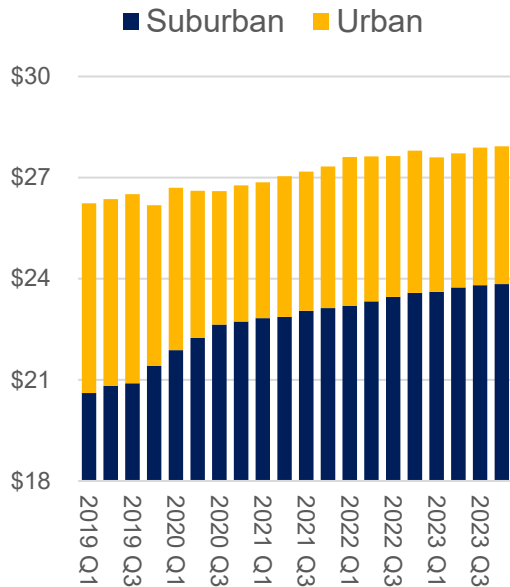
Challenges: Unified customer data platforms and CRM systems

- Integrating communication tools like email, chat and social media into a centralized platform is costly

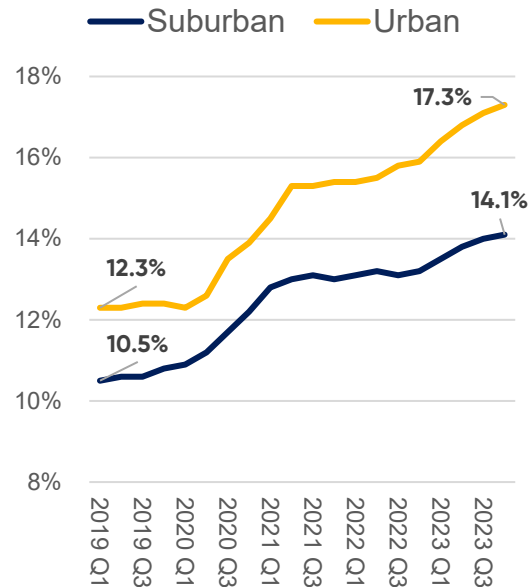
Real Estate Trends

Office Space – Suburban vs. Urban Class B

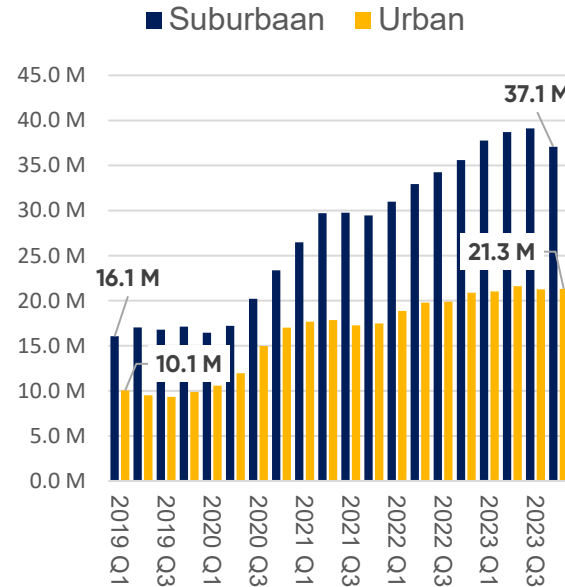
Asking Lease Rates
Class B Space



Total Vacancy
Class B Space



Sublease Sq. Ft. Available
Class B Space



Contact centers have traditionally been located within class B space due to the focus on function over form and the ability to reduce expenditures on a traditional cost center for companies. Suburban class B space has been a popular location for these centers due to its proximity to labor and available parking for the large number of workers that traditionally work there.

Asking Lease Rates

Asking rates for class B suburban and urban spaces have slowed to incremental increases. The nominal rate, due to decreased demand and inflation, is likely well-below the overall asking rate changes.

Total Vacancy

Vacancy in suburban class B office space has outperformed urban class B, likely because the cost associated with carrying the costs are far below other urban spaces and the convenient locations for workers.

Sublease Space

Both urban and suburban class B office space has added a significant amount of sublease space to the market, resulting in an opportunity for tremendous leverage in negotiating new and existing lease asking rates and potential concessions.

< 1.0% Growth

Asking rates have been flat for class B suburban and urban office spaces, settling to end 2023.



2013 Q4

Total vacancy for suburban class B space is at the highest level (14.1%) since 2013.



> Doubled

Sublease space for suburban and urban class B space has more than doubled (+32.3 M SF) since the start of 2019.



Conclusions

What's Next for Contact Centers: Opportunities & Challenges

- Labor dynamics and available talent are driving contact center location optimization decisions. With unemployment at historic lows, companies must look for ways to appeal to an increasingly competitive landscape with flexibility, amenities and convenient locations to attract workers.
- Generational leverage for occupiers comes with a double-edged sword. While landlords are increasingly willing to negotiate and offer more concessions, the debt market is making it more difficult for owners to meet demands. The result is additional time needed to close deals and additional due diligence by tenants to ensure obligations can be met on both new deals and renegotiations.
- The consolidation of contact centers is resulting in more space on the sublease market, making it increasingly difficult to find tenants for current space that is currently underutilized.
- Flexibility in lease terms is increasingly important as occupiers within the contact center space grapple with changing technology and the need to focus on both meeting customers expectations and planning for future space needs.



Visit cresa.com
for more
information.

Cresa is the world's only global commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. Our purpose is to think beyond space, strengthening those we serve and enhancing the quality of life for our clients. Delivered across every industry, Cresa's services include Transaction Management, Workplace Solutions, Project Management, Consulting, Lease Administration, Technology, Investment Banking & Capital Markets and Portfolio Solutions. In partnership with London-based Knight Frank, Cresa provides service through 16,000 people, across 380 offices in 51 territories.

About the Author



Craig Van Pelt
Head of Research, Director
cvanpelt@cresa.com