

REaaS 101



You've heard of SaaS (software as a service) and PaaS (platform as a service), but are you ready for REaaS (real estate as a service)? The term REaaS is bubbling up right now, but the concept isn't actually as new as the headlines and chatter would suggest. Airbnb is a classic example of REaaS, and that company – as you know – has been around for over a decade and a household name for years.

Essentially, offering anything “as a service” is a change in how that thing is delivered and consumed. In real estate examples, this can mean leasing workspaces as needed, active facilitation of developments, flexible leasing and contracting terms, as well as the provision of things like property and infrastructure management. It also incorporates the use of digital tools to market, lease, and manage spaces.

With REaaS, a client is essentially buying the experience of a space, and not merely the space itself – and experience is a broad term.

Budget Allocation

The “servitization” of business models is “enabled by advances in technology ... emphasizes a provision of ‘access’ rather than ‘ownership’”. In other words, end users pay for ‘service-based outcomes’ instead of the ownership of products.”

For occupiers and clients, this can fundamentally shift the budget conversation, moving big ticket items from capex (capital expenditure) to opex (operational expenditure).

REaaS 101

As stated, this isn't a new trend, but it does have obvious benefits for a post-pandemic commercial real estate (CRE) sector, given the flexibility built into the model. As The National Digests argues: "REaaS provides the option of renting space on an as-and-when requirement", which goes some way to addressing our "ever-changing needs" such as hot-desking and teleconferencing.

Outcomes and Agility

Another key shift that occurs as a result of servitization is that the lifestyle and amenities aspect of real estate (both residential and commercial) now plays a bigger role, changing the "value proposition", as Deloitte unpack in their Real Estate Predictions 2021 materials.

What might this look like practically? Think of a corporate client but in terms of them being a member, rather than a tenant. In that model they might want to "upgrade their membership" at your workspace to include conferencing facilities one month, or "project space" the next month. Maybe "add ons" like catering and cafeteria access is just the service they need to sweeten in-office days if they've embraced hybrid work schedules.

The model also has agility "baked in" – meaning that making changes on a monthly basis, like those suggested above, isn't a logistical and administrative nightmare. If your building management model incorporates REaaS, then creative pivots can happen – such as bringing in pop-up stores and guest restaurants as vacancy and seasons shift.

