

Experience Matters

What's driving consumer choice and experience across places and spaces?

People's experience of places and spaces is key factor of quality of life, and expectations of what the built environment should deliver for people continue to grow. Consumers are increasingly seeking different and better experiences from buildings, venues, and the spaces in between. In a world full of options, places and spaces must generate stand-out consumer experiences to become destinations of choice.

So, how can real estate developers and investors create environments that drive value through positive experiences?

- Developers and investors should anticipate greater demand for 'destination' spaces and places across all asset classes, with experience for the end-user increasingly central to 'placemaking' agendas and driving ROI in terms of footfall, consumer satisfaction and spend.
- Consumer demand for experiences will become increasingly tailored to individual needs and preferences across all aspects of live / work / play. Forward-looking developments should focus on human-centric design powered by consumer data and insights.
- Preferences vary by generation, influencing quality of life and satisfaction in built environments. Strategies for future-proofing developments or addressing stranded assets should consider how experience-led approaches can address varying experience preferences across generations.

The JLL Global Consumer Experience survey (CX survey) for real estate was developed to understand the aspirations and expectations of citizens in global cities and their interactions with various real estate sectors. This article, the first in a series of global insights from this unique dataset, connects the importance of experience in today's consumer economy to real estate development and strategy.

The 2024 survey, which covered more than 3,200 respondents across four generations in 26 cities worldwide, generated a number of key insights for organizations and stakeholders involved in creating, owning, and managing the urban built environment.

Explore these insights and JLL's consumer experience action points by clicking below.

1. Place experience at the heart of places and spaces.
2. Integrate experience factors across developments.
3. Connect the digital and physical.
4. Focus on human-centric design to support experience across generations.
5. Understand the value of shared experiences.

Place experience at the heart of places and spaces

The growth of cities and the urban middle classes has given rise to a new 'experience economy' for well-travelled global citizens. Thanks to increased wealth, digitization and technology, many needs can now be satisfied at the touch of a button, however, this means consumers now demand more value from their offline experiences.

The 2024 JLL CX survey for real estate found that overall, a majority of people across all generations and regions consider experience important in their choices, from a desire to travel to new places, wanting unique urban experiences, and prioritizing in-person activities, the impact of the experience economy is now an important part of the real estate discussion.

The 2024 JLL CX survey found that people are generally satisfied with their cities – almost 9 in 10 report that they like where they live. However, they also like to travel and engage in new experiences in their home cities. As a result, they are becoming more demanding, with 76% of people surveyed agreeing that cities need to offer new experiences to stay relevant. This is especially true of younger generations, with 84% of Millennials (those born between 1981-1996) and Gen Z (born between 1997 – 2012) agreeing.

Despite the plethora of online retail, entertainment, and leisure options available, the desire for rich experiences means that most people still want or prefer offline, in-person physical experiences, for example 67% state they prefer to shop in-person rather than online. Furthermore, the majority of consumers are prepared to pay for better quality or personalization, 65% of respondents say they are happy to pay a premium for high quality experiences, although this varies by generation. 80% of Millennials are willing to pay a premium for high quality experiences, compared to just 55% of those in the Baby Boomers surveyed.

This suggests that experience can play a key differentiating role in successful real estate developments and the creation of 'destination' places and spaces but should be carefully tailored to the local context and expected consumer base. Experience data can be used at an early stage to understand community and visitor needs and preferences, putting experience at the heart of projects.

Figure 1
I like my home city

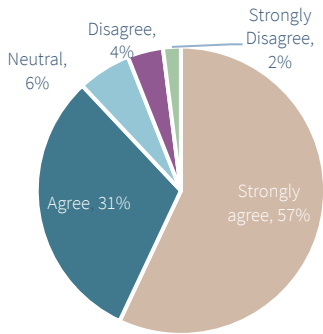
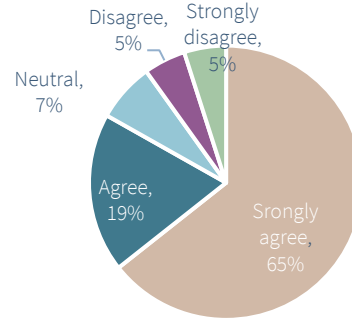


Figure 2
I like to travel & experience new places



Source: JLL Research 2024

Figure 3
Cities need to provide new experiences to stay relevant (Generation perspective)

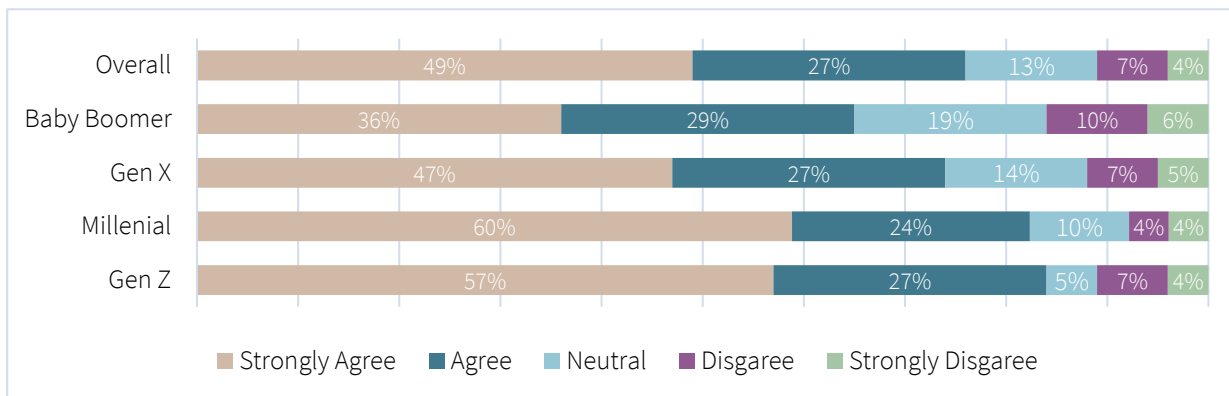
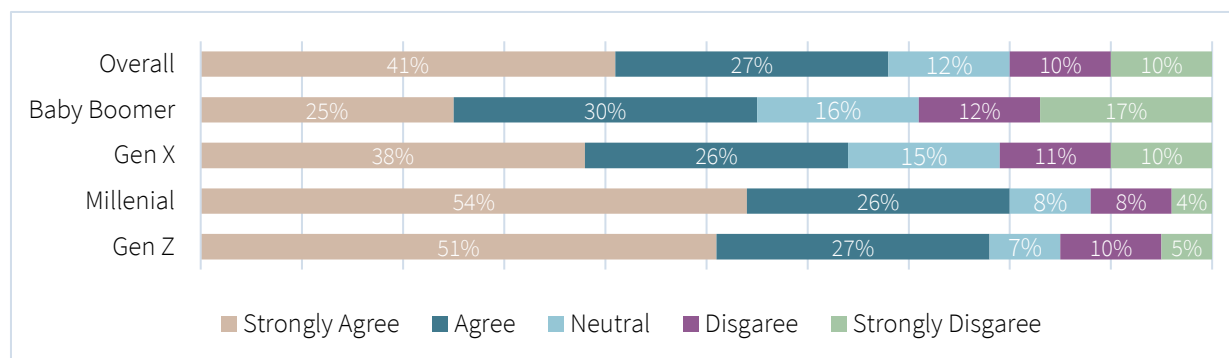


Figure 4
I am willing to pay a premium for high quality experiences (Generation viewpoint)



Source: JLL Research 2024

Integrate experience factors across developments

As consumer experience becomes an increasingly important consideration for new developments or asset repositioning, understanding what consumers are seeking from their experiences is of growing value to developers and investors. Regardless of building, development or place, key factors are identified that can enhance consumer experience when integrated within development or placemaking strategies: ‘values-alignment’, ‘human connection’, ‘personalization’, and ‘memorable moments’.

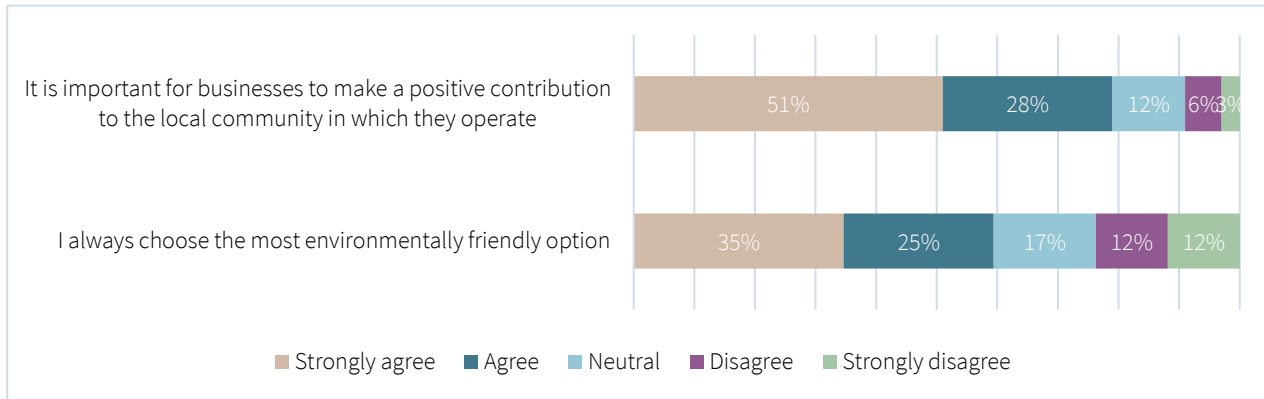


Source: JLL Research 2024

When evaluating whether to choose an experience, brand reputation and recommendations were the most important factors after universal factors of safety, affordability, and access, highlighting the importance of trust, social capital and brand values in how experiences are valued. People are also increasingly seeking to engage with places or brands that reflect their values, with 8 in 10 respondents saying it was important for businesses to make a positive contribution to the local community and 6 in 10 agreeing they always choose the most environmentally friendly option.

Figure 5

How important are the following factors when deciding to take part in an experience?



Source: JLL Research 2024

As online and home experiences have become hyper-personalized, with the ability to choose entertainment, sport or food accessible from home with options and convenience unlike ever before, consumers are now also seeking to tailor in-person experiences to their personal preferences.

Many developments are now integrating digital strategies to allow a digital overlay for a more personal in-person experience, using different booking apps, digital enhancements, and even augmented reality technology. However, it’s not just in the digital realm where personalization is important; community events, market days for local vendors, and music or food festivals or ‘pop-up’ and ‘meanwhile’ functions can provide options to continually refresh the experience offering and provide personal choice within shared experiences.

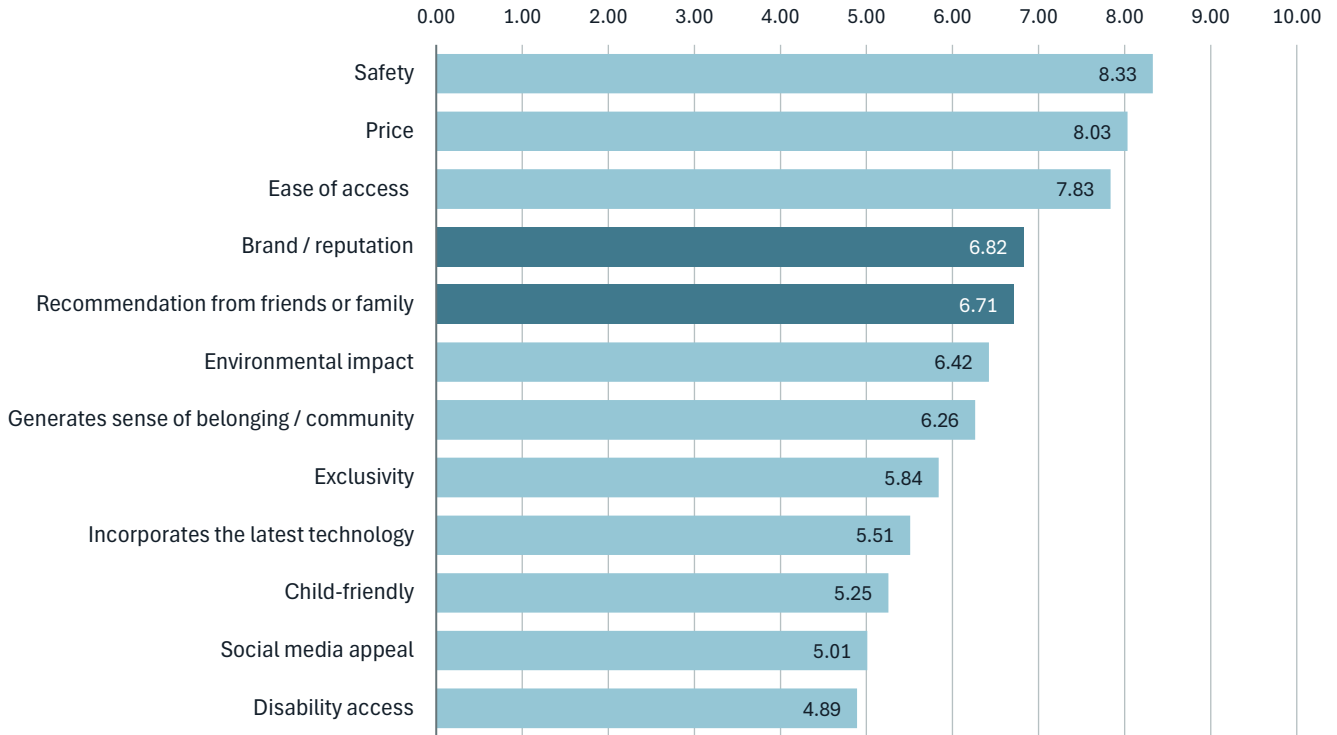
A strong sense of community and belonging is also an important experience driver, and sense of place and identity was valued highly for urban living across regions and generations. As people seek these opportunities to connect with others in meaningful ways, developments should consider how different types of social connection can be supported across developments.

Most consumers highly value social experiences and while they report spending their disposable income on a wide range of experiences, dining ranks top, by some margin, followed by days out and attending sporting events. From social activities and dining, shared experiences through events and community spaces, or even digital apps and gamification, forward-looking developments worldwide are seeking innovative ways to support shared experiences and create memorable moments that consumers will share with friends and family.

These factors can be tailored and designed for experience strategies within places and spaces, specific to the locality of a development. Consumer expectations and requirements can vary across cities and demographics, so data-driven approaches to shaping consumer experience in development plans can unlock value for occupiers and investors and drive a better return on investment (ROI).

Figure 6

How important are the following factors when deciding to take part in an experience?



Source: JLL Research 2024

Connect the digital and physical

Integrating digital solutions with in-person experiences in real estate can increase consumer appeal and facilitate tailoring to individual needs and requirements. The world is becoming ever-more digitalized, and more than two-thirds of consumers say they like to use the latest technologies in their daily life, with technology being more important for younger generations: 82% of Gen Z like to use the latest technology compared with 49% of Boomers. Booking apps, mobility as a service, digital maps and online shopping are already commonplace and are now expanding into the wider consumer experience and blending the digital and personal.

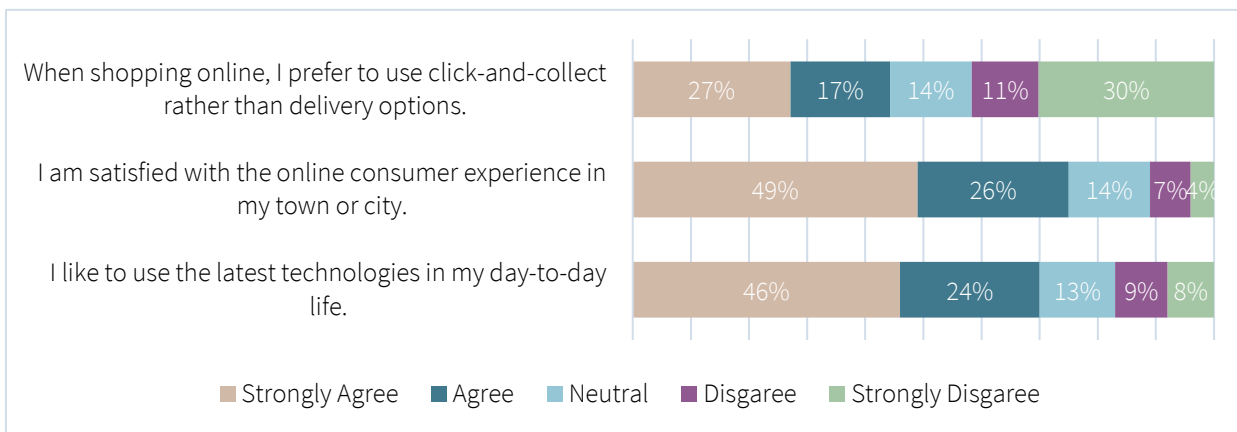
Digital services can be linked to in-person experiences in order to enhance places and spaces. Phone apps or augmented reality devices can be used to enhance experiences. For example, the Hello Lamppost app is linked to physical places across cities and provides different ways of engaging with urban citizens, from providing feedback on new development plans to engaging with local history or exchanging information with community groups.

While consumers reported spending more time shopping online due to the convenience it offers and 75% are satisfied with online experiences, people still express a preference for shopping in-person and for in-person collection of goods. Developers and investors should capitalize on these desires, filling the gap with experiential retail and online/offline services, such as fulfilment hubs, in order to compete with the convenience of e-commerce. Digital services can help enhance rather than replace the in-person experience by developing a customized approach - something many consumer goods brands already do today.

In-person entertainment now also needs to compete with at-home options for movies, sporting events, and even live concerts. The challenge for asset owners and developers is how to compete with the convenience and accessibility of online commerce and experiences. Early integration of digital and experience strategies can help to map out and maximize value from digital solutions. Innovative developers and cities understand the value of this; both UK developer Olympia Estate and the City of Brisbane have appointed a chief digital officer to leverage digitalization in the built environment

Figure 7

Technology preferences in everyday life



Source: JLL Research 2024

Focus on human-centric design to support urban experiences across all generations

Positive urban experiences are often strongly connected to intangible factors such as a feeling of belonging, a sense of place and community, and fundamentals such as safety and affordability. Yet cities are not meeting these ‘quality of life’ expectations across the range of consumer experience.

Human-centric design in urban developments can drive better results, with developers increasingly focused on inclusivity and how this can add value. Central to these efforts is creating that vital sense of place.

The JLL CX survey examined twelve factors of urban living experience in terms of importance, satisfaction, and quality of life. Although safety and affordability scored highest for general importance, when compared to quality of life scores, the urban factors with the strongest relationship to perceived quality of life were ‘sense of place’, ‘feeling able to settle down for a long time’, and ‘wide selection of amenities’.

There are generational differences in urban living preferences to be aware of. Older generations tend to prefer low-rise housing and a peaceful environment, while younger generations are more focused on health and wellbeing. However, there is consensus over the need for a unique sense of place and multi-generational developments.

Isolation and loneliness are amongst the main threats to quality of life in cities, exacerbated in younger generations by a reliance on digital connections rather than face-to-face interaction, and in older people by lack of mobility.

The location of services and amenities for multi-generational needs can be informed by experience data gathered by consulting experts. To create a sense of shared belonging and to avoid isolation, projects must create opportunities for serendipitous encounters and experiences across demographics and generations.

New urban spaces must be walkable, accessible and healthy places, which work for all generations, promoting healthier lives and multi-generational connections.

Figure 8

Ranking of urban factors by strength of relationship with quality of life



Source: JLL Research 2024

Understand the value of shared experiences

The human need for connection is fundamental, as demonstrated by survey respondents ranking social & shared experiences as being of greatest importance. Successful ‘future places’ will put shared experiences and social activities at the heart of their strategies, considering social capital alongside economic factors.

Everyone wants to feel a strong sense of place in their hometown or city, yet not everyone feels strongly connected to their local community. While 80% of respondents agree that a strong sense of place is important to them, only 66% agreed they felt strongly connected to their local community. Experiences can drive this connection, especially those shared with others. The survey found the most popular experience is dining out, which is no surprise given that sharing food has long held cultural significance and is often a highly social experience.

The survey also found both reputation, which reflects collective experience, and recommendation, a personal endorsement, as two of the most important factors for respondents in assessing the value of an experience.

Digital services can be used to enhance shared experiences by linking with the physical world, rather than being limited to the online realm. As an example of a digital service focused on in-person experience, the Melt meeting app is used to help people looking for face-to-face meetings connect with others nearby.

Developers and investors should recognize this need for connection, tapping into social capital and the intangible elements of a sense of place and community, in order to create successful projects. They can also map the experiences available in a project and how they are connected, to improve the overall offering.

Fundamentally, districts and developments where people have a sense of community perform better; developers need to tap into social capital to boost returns and long-term value. Spaces and places need to offer a range of social activities, both within and between buildings. For example, the Kings Cross development in London has public space which doubles as an informal water play area in the summer, steps which act as seating for summer events, and a range of seating and dining across the development.

Figure 9
Strong sense of place is important to me

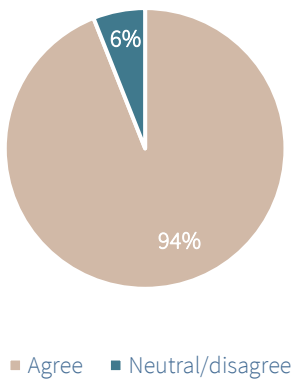
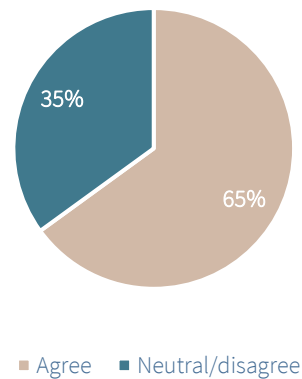


Figure 10
I feel strongly connected to my local community



Source: JLL Research 2024

What does this mean for the future of real estate?

The rise of the experience economy will continue to have a profound impact on the real estate industry. Undoubtedly 'experience' is already a key factor across new developments globally, particularly in the retail and entertainment sectors. The challenge for decision-makers in real estate now lies in effectively prioritising and tailoring their approaches for 'end-to-end experiences' across diverse consumer groups in all sectors.

To successfully align nuanced experience-led strategies with long term development strategies and financing it is crucial to gain an in-depth understanding of consumer requirements and needs.

And it's not just new developments that should be considering the role of experience in their strategies. Many cities and developers are struggling with stranded assets and the need for repositioning strategies. In this context understanding consumer experience preferences can provide insights to support long term visioning of redevelopments or support interim strategies in phased developments.

As the global experience economy continues to evolve, the pressure to innovate will only intensify. Those who leverage data-driven insights and harness the power of experience will transform their real estate offerings into resilient, human-centric destinations, that not only captivate consumers but drive long-term value.

By taking a proactive approach to the evolving experience economy, the real estate industry now has an opportunity to position itself at the forefront of transformative, people-oriented developments.

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