(Y)OURSPACE
HORIZON

Knight Frank

First Edition
H1 2026

A six-month read of the key issues facing corporate real estate leaders and the underlying sentiment shaping their actions.

knightframk.com/research



Foreword



Tim Armstrong

Global Head Of Occupier Strategy and Solutions, Knight Frank

Corporate real estate (CRE) enters 2026 at a moment defined not by clarity, but by contradiction. Boards want meaningful and immediate cost savings; at the same time, they want credible acceleration on AI deployment, greater organisational resilience, and tangible progress on securing long-term energy capacity. Each of these demands is difficult in isolation. Taken together, they form the paradox that now defines the CRE agenda. In 2025, this tension was acknowledged across global markets. In 2026, it must be acted upon – decisively, coherently, and with a new degree of strategic discipline.

This first edition of our new (Y)OUR SPACE Horizon Report draws on a focused pulse survey of global CRE leaders, undertaken in January and February 2026. The survey sample reflects a broad cross-section of multinational occupiers and provides clear sightlines into practitioners' priorities, the actions they believe will be required of them, and the sentiment that ultimately determines the strength, pace, and sequence of occupier decisions in global real estate markets.

(Y)OUR SPACE Horizon is not a retrospective report. It is a forward-looking instrument – a barometer for how CRE leaders are preparing to navigate the six months immediately ahead of them and which of the big themes that we first surfaced in our 2026 CRE Outlook Report, *Balancing Acts*, are most likely to gain traction and attention.

The early signs are striking. When asked about those big themes in the year ahead, seven in ten CRE leaders believe their organisations can both cut costs now and invest in the real-estate changes required for long-term business transformation. That is not soft optimism; it is a form of disciplined confidence. Respondents are fully aware of the volatility surrounding them – from the macroeconomic climate to geopolitical disruptions and intensifying corporate pressure on capital allocation. Yet despite this turbulence, they see a path to act rather than to defer, to reshape rather than retreat.

In 2026, CRE leaders do not have the luxury of choosing between competing priorities. Instead, they will be asked to balance them, integrate them, and most importantly, sequence them into a coherent and investible plan. The findings of (Y)OUR SPACE Horizon shows that practitioners understand this challenge. More importantly, they show a community ready to meet it with clarity, pragmatism, and ambition.

(Y)OUR SPACE HORIZON – First Edition, H1 2026

Executive Summary

Balancing Acts

How CRE leaders view the 7 trends shaping 2026

Double mandate accepted

70.8% of respondents agree or strongly agree that they can deliver cost savings and long-term transformation in 2026 – the strongest signal in the dataset.

AI moves from pilots to practice – selectively.

50.8% of respondents agree or strongly agree that AI will be embedded in core workflows and bring workplace/footprint impact. Expect targeted re-programming rather than wholesale refits.

Multipolar portfolios – early steps

Support for redesign toward distributed, modular operations is cautiously positive; leaders are edging toward redundancy without over-committing capital.

Workplace judged by employability

On where office strategy will be judged by skills/progression/employability, leaders lean positive. The cultural test for offices shifts from presence to performance.

Resilience premium – divided views

Willingness to pay for flexibility/ redundancy/faster recovery is finely balanced. Funding follows proof of avoided loss.

Energy as a gate – only just affirmative

Secure, scalable energy as a decisive siting factor sits at a mean score of 3.03. Many know it matters; fewer have institutionalised it as the first filter.

CRE function flows upstream

Most leaders expect CRE to become strategic, shifting from transactions to risk, talent, transformation.

Global Corporate Real Estate Sentiment Index

How CRE leaders feel about H1 2026

Sentiment is cautious not optimistic.

Overall, sentiment for H1 2026 is cautious-to-neutral. The overall index score is 33.94 against a positive threshold of 36.00.

Near-term confidence varies across three dynamics

The Growth sub-index sits at 11.45, Portfolio at 10.67, and Workplace at 11.82 – signalling persistent macro caution but comparatively steadier expectations inside firms.

Leaders distrust the economy but believe in their own firms

Sentiment toward global economic growth is weak (2.77, net -23.1), while expectations for company revenue are notably firmer (3.25, net +20.0).

Productivity gains are expected to replace headcount and capex growth

Headcount growth (2.60, net -30.8) and capex growth (2.83, net -16.9) signal productivity over hiring and tight gatekeeping on spend.

Portfolios will improve in quality, not expand.

Expansion is unlikely (2.38, net -43.1), sustainable buildings (3.12, net +9.2) point to a continued focus on quality over quantity.

Workplace investment will be selective and performancve focused

Workplace density (3.17) and amenity provision (3.09) nudge positive, whilst a return to pre-pandemic occupancy (2.94) is near neutral but higher than previous index readings.

About This Report

Findings in this report are based on a structured survey of 65 senior corporate real estate (CRE) leaders conducted in January-February 2026 across EMEA, APAC, Australasia and the Americas. Respondents assessed a series of forward-looking statements on a five-point Likert scale, where 1 = strongly disagree/very weak and 5 = strongly agree/very strong.

For every statement, two measures were generated:

Mean score – the average response, indicating the centre of gravity of opinion

Net score – the percentage share of survey respondents agreeing (4 & 5 on the scale) minus the percentage share of survey respondents disagreeing (1 & 2 on the scale), highlighting the directional strength and conviction.

Together, mean and net scores reveal not only what leaders think, but how strongly they hold that view.

The report has two component parts.



PART ONE (PAGE 8)

Strategic trend signals – interpreting how leaders view the major forces shaping 2026 as identified in our 2026 Outlook Report, *Balancing Acts*. These results show what CRE leaders believe they must respond to.



PART TWO (PAGE 16)

Sentiment outlook for H1 2026 – interpreting near-term confidence in economic, organisational, and operational conditions with a focus on three specific dynamics – growth, portfolio and workplace. These results show how confident or constrained leaders feel as they begin executing their priorities. Part 2 represents a repositioning of our industry first Global CRE Sentiment Index first launched in 2022, and which is now conducted on a six-monthly cadence.

Part One therefore reflects strategic intent – the forces CRE leaders expect to define 2026 and the actions they believe will be required. In contrast, part two reflects executional readiness – the sentiment that will accelerate, delay or reshape those priorities in the first half of the year.

Read together, these components offer a balanced view of what CRE leaders want to do, what they believe they should do, and what they feel able to do now.

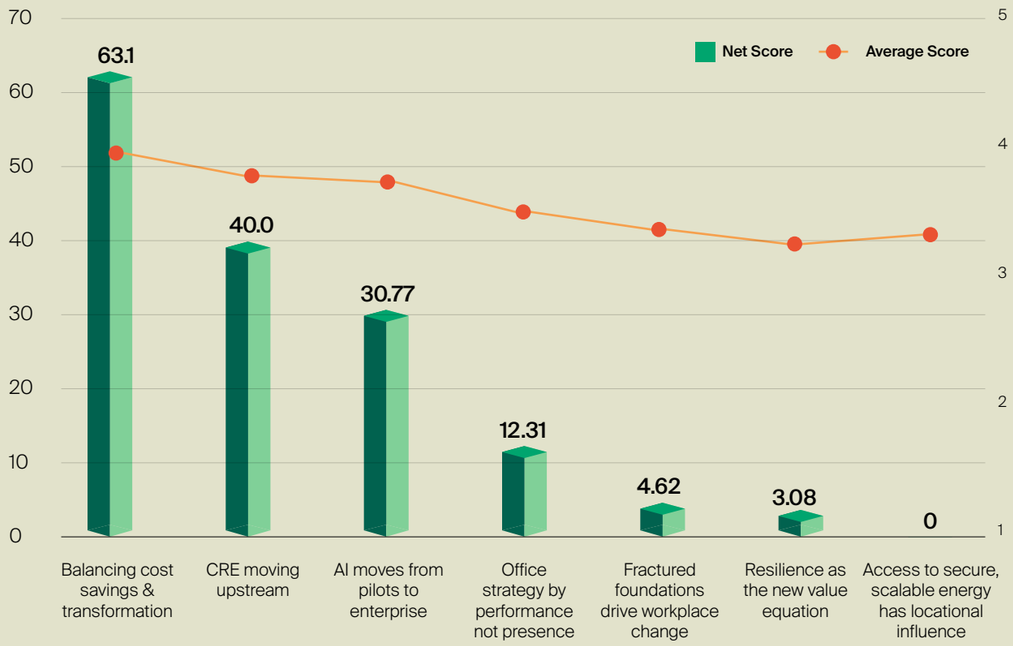
(Y)OUR SPACE HORIZON – First Edition, H1 2026

PART ONE

Balancing Acts:

What CRE Leaders Think About the Big Themes

Net (LHA) and average sentiment scores (RHA) for the 7 big themes shaping CRE in 2026



In December 2025 we published our 2026 Corporate Real Estate Outlook, Balancing Acts, identifying seven themes we believe will shape corporate real estate strategy and CRE team behaviour in the year ahead. In part one of this report, we assess how our sample of global CRE leaders view the relative importance of those themes. Each was tested through a five-point Likert-scale statement (1= strongly disagree, 5= strongly agree), enabling us to capture both the average score across all respondents and a net position (% of respondents in agreement minus % of respondents in disagreement) to gauge the depth and strength of support for each trend. The graph above shows both average and net scores against each of the seven themes. The higher the score on either metric the greater the agreement or the more positive sentiment is towards each theme.

Taking each of the seven themes in ranked order of the net scores achieved, we have identified the following dynamics and implications for corporate real estate over the next 12 months.

#1 The Great Corporate Balancing Act

Leaders believe they can cut costs and enable transformation – simultaneously.

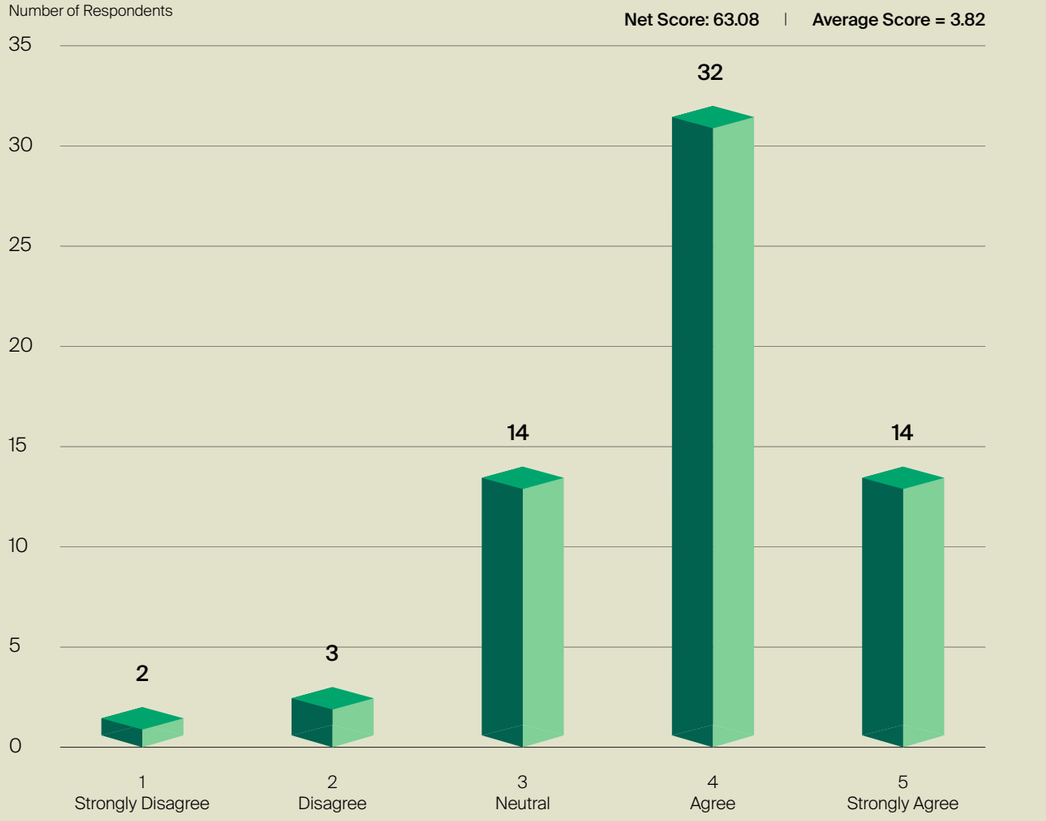
The strongest statistical signal in the Horizon is also the most counterintuitive: 70.8% agree or strongly agree that in 2025 their company can both achieve near-term cost savings and invest in long-term transformation through real estate; only 7.7% disagree, with 21.5% neutral. In other words, respondents don't expect alternating periods of austerity and growth – they expect to deliver both outcomes at once. For CRE, that means the traditional 'optimise now, transform later' playbook is too slow. The job is to sequence savings that fund transformation and to prioritise capability-building reinvestment where it reduces long-run cost or risk.

CRE Implications for 2026:

Right-size with intent: Exits and consolidations must be paired with trading-up to higher-performing nodes – better energy profiles, more flexible leases, and learning-ready fit-outs.

The three-outcome rule: Attach every project to at least one (ideally two) of cost-out, resilience-up, capability-built. Make approvals contingent on explicit delivery of those outcomes.

In 2026, my company can achieve both near-term cost savings and invest in real estate changes for long-term transformation



#2 The CRE Function Under Test

From downstream to upstream: portfolio, risk, talent and transformation.

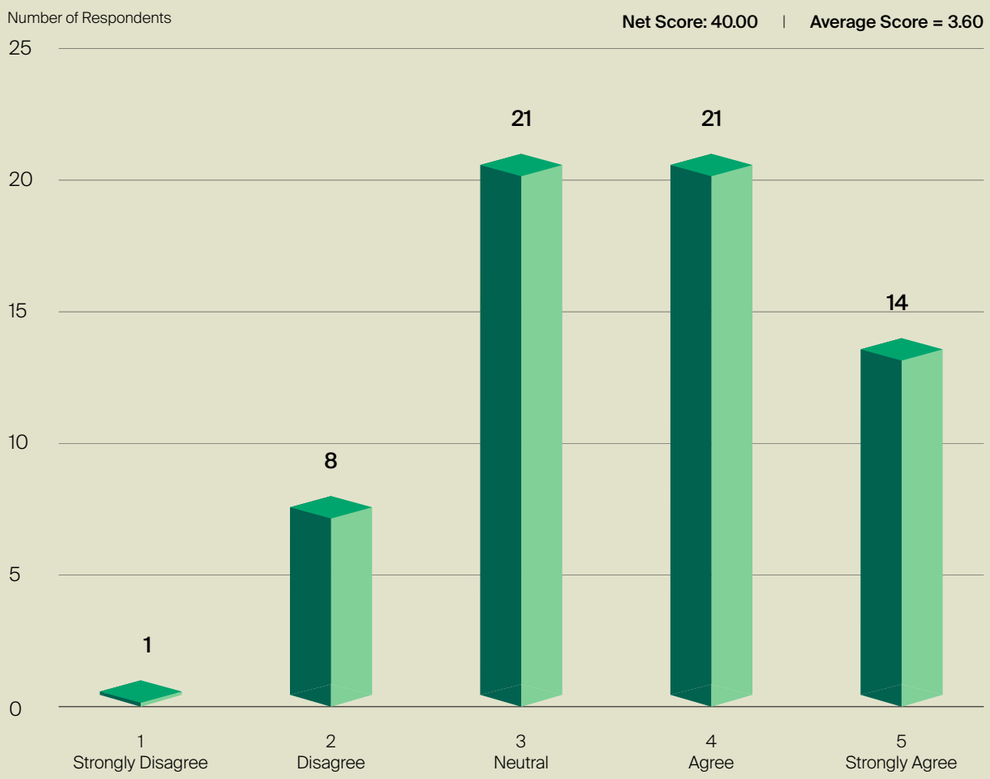
Respondents expect CRE to move upstream: 53.8% agree or strongly agree, 32.3% neutral, 13.8% disagree (mean 3.60, net +40.0). This shift aligns with the growing need to sequence save-to-transform, price resilience, and embed energy due diligence - activities that belong at the strategy table, not just the transaction desk. Yet the structural challenge is longstanding. For more than two decades, CRE leaders have argued for earlier and more senior strategic involvement, but last year's global (Y)OUR SPACE findings showed that three-quarters of CRE teams still operate downstream from where enterprise strategy is formed. This leads to misalignment, misallocated capital, and costly course-corrections. And while CRE leaders clearly recognise the benefits of earlier strategic engagement, business leaders would appear less persuaded. As a result, despite the strength of sentiment, a rapid or radical change in CRE's strategic positioning is unlikely within the coming year.

CRE Implications for 2026:

Stand-up a portfolio resilience office: With risk and supply chain, own Time-to-Recover, energy due diligence, and tariff clauses: push variable workplace and BAU to partners.

Upskill the team for capability economics: Move beyond utilisation to show how space changes attrition, mobility, and productivity via skills.

In 2026, our CRE function will move upstream into enterprise strategy (risk, talent, transformation) rather than being primarily a downstream delivery/transactional function.



#3 AI Moves from Pilots to Enterprise

Selective embedding – enough to change space, not enough to justify wholesale refits everywhere.

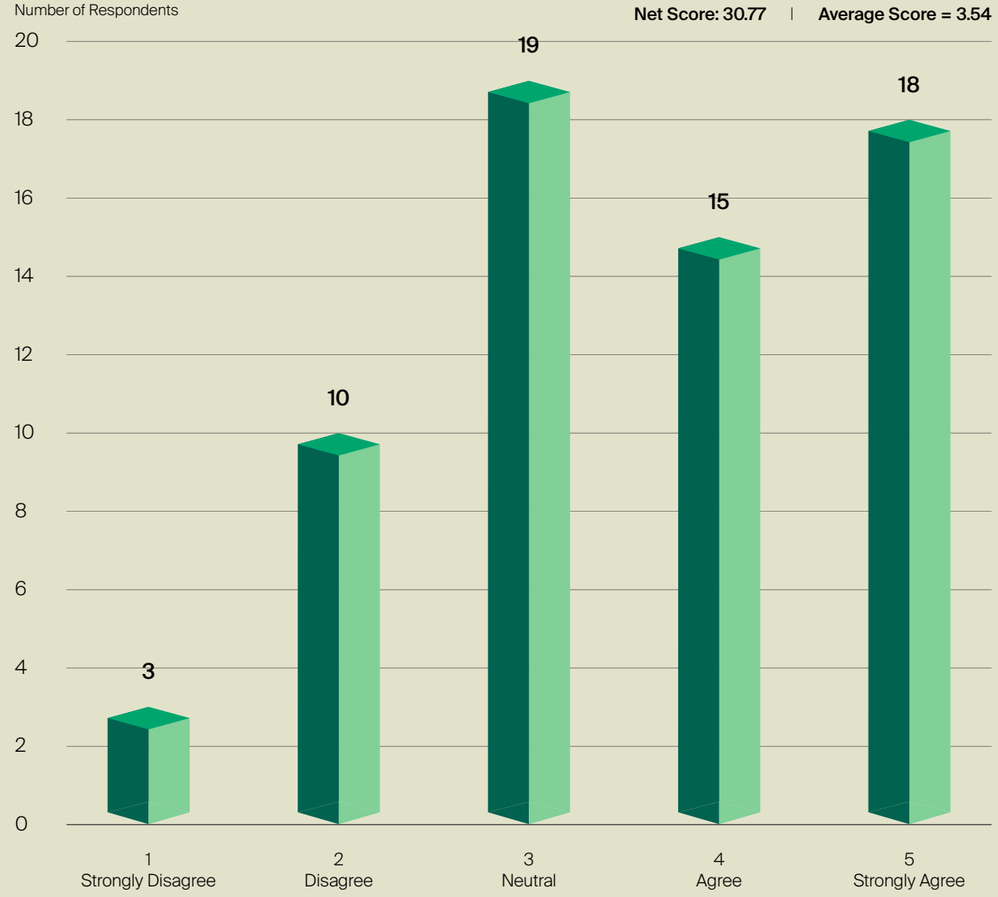
Just over half of respondents (50.8%) expect AI to be embedded into core workflows in 2026 with consequences for workplace and footprint. The distribution matters: a strong centre mass around neutral-to-agree suggests measured adoption with clear business cases, rather than an enterprise-wide sprint. CRE should therefore programme learning-intensive environments (studios, seminar rooms, observational labs) where AI use changes how teams work and configure data-sensitive collaboration carefully.

CRE Implications for 2026:

Stage-gate capex: Require productivity/quality deltas (e.g. cycle-time, error-rate, output per person) before scaling.

Locate with power in mind: If AI changes workflows, energy solvency becomes non-negotiable (see trend 7).

In 2026, my company will move beyond AI pilots and embed AI into core workflows, reshaping our workplace and/or operational footprint



#4 The Workforce Reset

The office is judged by what it teaches, not who it seats.

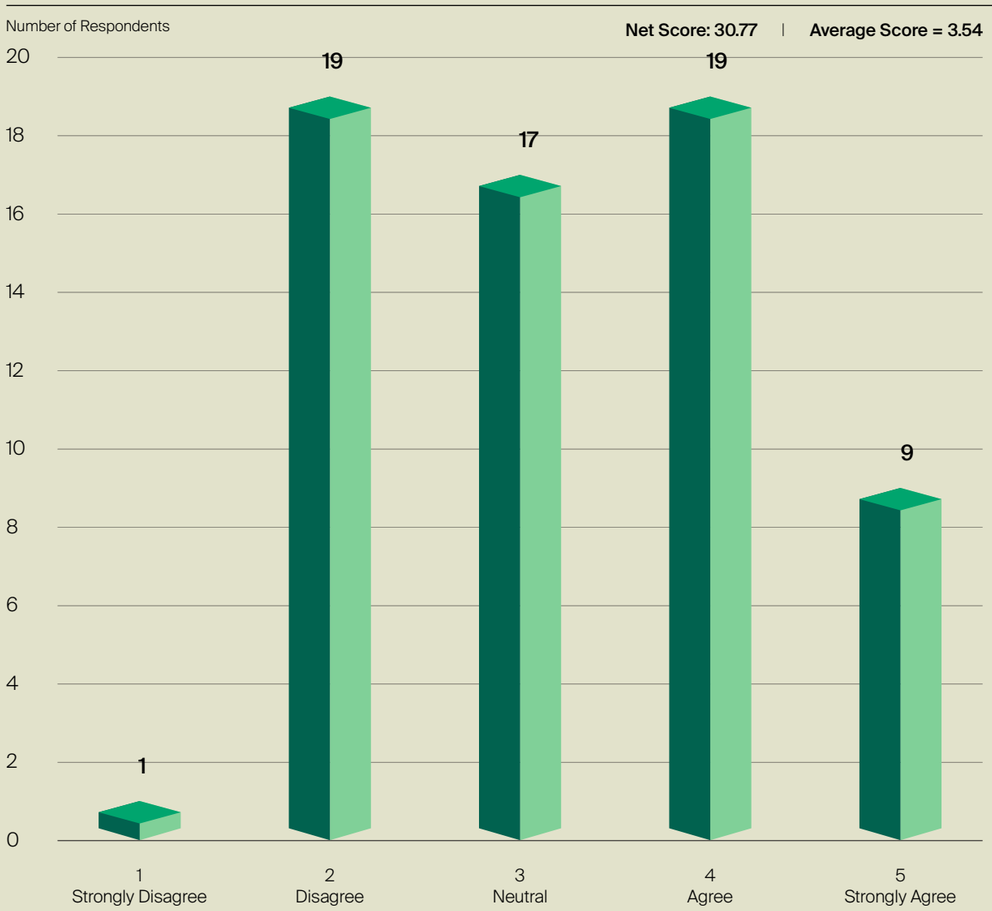
A plurality expects office strategy to be judged by impact on skills/progression/employability – 43.1% agree/strongly agree, 26.2% neutral, 30.8% disagree (mean 3.25, net +12.3). Although net position is broadly positive the purpose of the office and how it can support productivity remains contentious – with as many agreeing as disagreeing with the survey statement. However, with 14% of respondents strongly agreeing with the statement, a key emerging question in 2026 is not how many days in? but what outcomes occur when people are in? The workplace's new job is to produce capability – visible in measured learning hours, cohort programmes, and mentor contact density.

CRE Implications for 2026:

Recode the KPI stack: Add learning hours per FTE, cohort density, and mentor touchpoints to utilisation and cost.

Design for progression: Prioritise rooms that can move from collaboration to instruction seamlessly; invest less in flash, more in function.

In 2026, our office strategy will be judged by its impact on skills, progression and employability (not just attendance or utilisation).



#5 Fractured Foundations

Modular, distributed design becomes credible – more nudge than lurch.

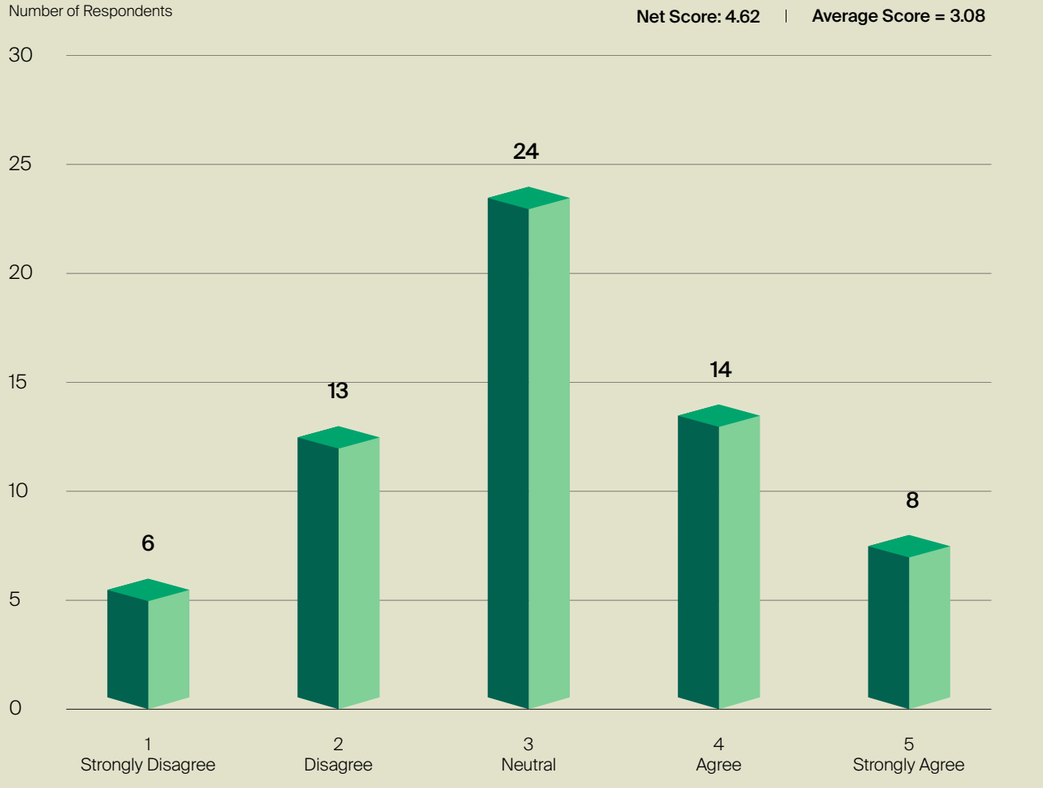
On redesigning the footprint for distributed, modular operations as trade friction persists, CRE leaders are cautiously supportive: 33.8% agree/strongly agree, but more are neutral to the statement (36.9%) and 29.2% disagree (mean 3.08, net +4.6). This is not a mandate to redraw global maps but to insert redundancy where single points of failure remain, and to negotiate option-orientated terms (swing space, break options, tariff clauses) that let portfolios bend without breaking. This is not to say a more modular, distributed or regionalised portfolio will not emerge as a long-term consequence of ongoing trade and tariff tensions and the upending of the global economy. Rather it notes that the route to such an outcome is long and the journey has only just commenced. It should also be noted that operationally fractured foundations are a more significant consideration for manufacturers than for service companies, and this may have a bearing on the distribution of responses.

CRE Implications for 2026:

Buy optionality, not excess: Where the net signal is only modestly positive, spend should purchase time-to-recover rather than square metres for their own sake.

Resilience bill of materials: For each critical site, specify backup power routes, logistics alternates, surge capacity, and quantify time-to-recover (TTR).

In 2026, my company will redesign its footprint to support more distributed, modular operations as tariffs and trade friction persists.



#6 Resilience as the New Value Equation

Boards will pay a resilience premium – when the avoided loss is legible.

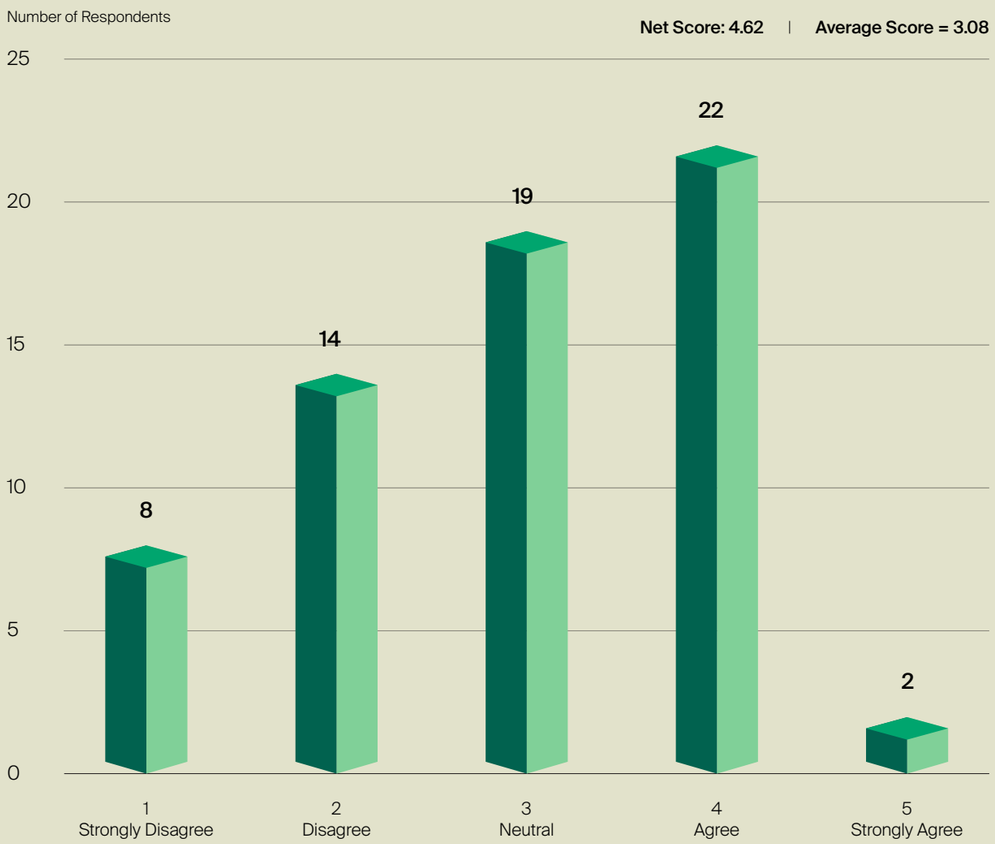
Respondent views are split much more evenly on the question of whether building resilience into the portfolio commands a premium: 36.9% agree/ strongly agree, 29.2% neutral, 33.8% disagree (mean 2.94, net +3.1). This is an evidence threshold problem, not a concept problem. Where CRE can express resilience in financial terms – avoided downtime, capability-days protected, risk-adjusted payback – funding follows. Where it cannot, funding stalls.

CRE Implications for 2026:

Monetise resilience: Standardised time-to-recover and avoided-loss models per project; treat resilience as insurance you can show.

Pair flexibility with sustainability: Combining lease optionality with sustainable certification will often meet both the CFO and CSO tests in one business case.

In 2026, my company will be prepared to pay a 'resilience premium' (for flexibility, redundancy, faster recovery) as resilience now defines value more than efficiency alone.



#7 The Energy-Industrial Nexus

Energy is edging toward a first-filter – but many organisations are not there yet

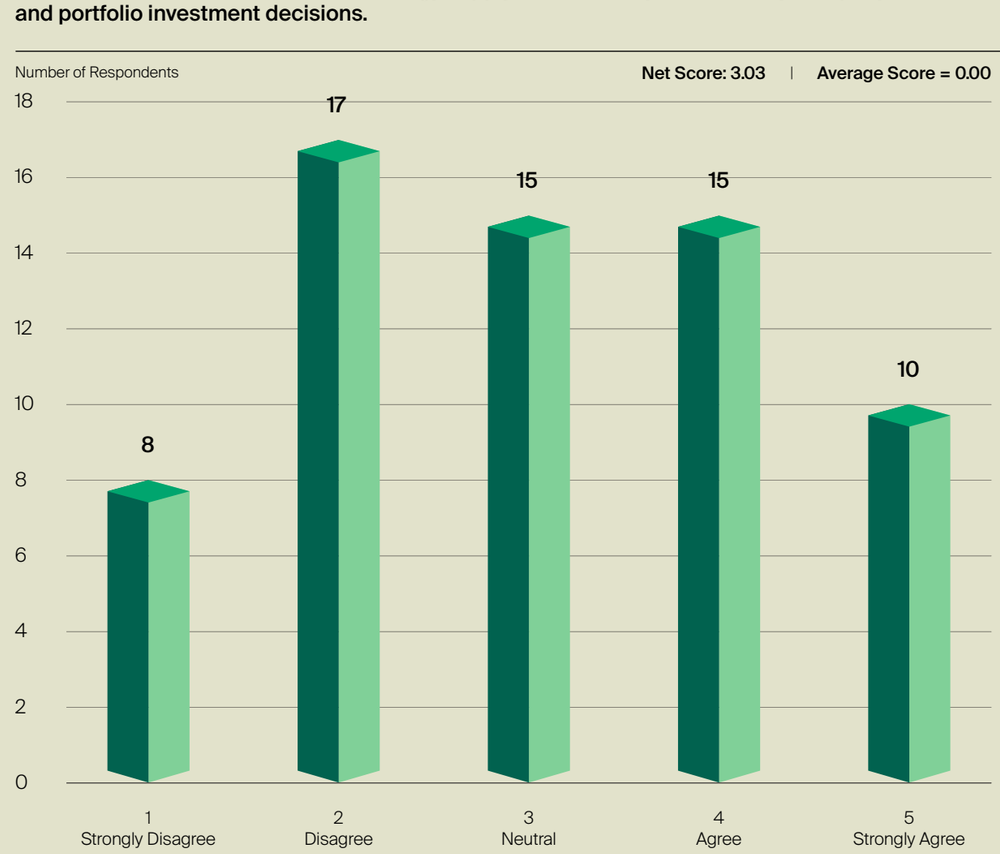
Whether secure, scalable energy will decisively influence site selection/ investment is effectively a neutral issue in the view of our respondents (mean 3.03, net +0.0). The reality is many boards know this is a crucial issue (certainly in the future if not today) but have not yet mandated energy due diligence as standard. That gap will slow AI-adjacent investments and increase risk in industrial location decisions. It may also mean the important opportunities to future-proof large scale corporate investments are missed. In our view 2026 is the year to institutionalise the energy question: where is the power? Can we bank it for a decade?

CRE Implications for 2026:

Adopt energy due diligence by default: Grid headroom trajectory, renewable/PPA options; storage feasibility; outage history; regulatory risk. Make approvals contingent on power solvency.

Use sustainability as the wedge: Where culture resists energy-first arguments, lead with sustainable-building improvements that carry energy performance as co-benefit.

In 2026, access to secure, scalable energy supply will decisively influence my company's site selection and portfolio investment decisions.



PART TWO

Global Corporate Real Estate Sentiment Index

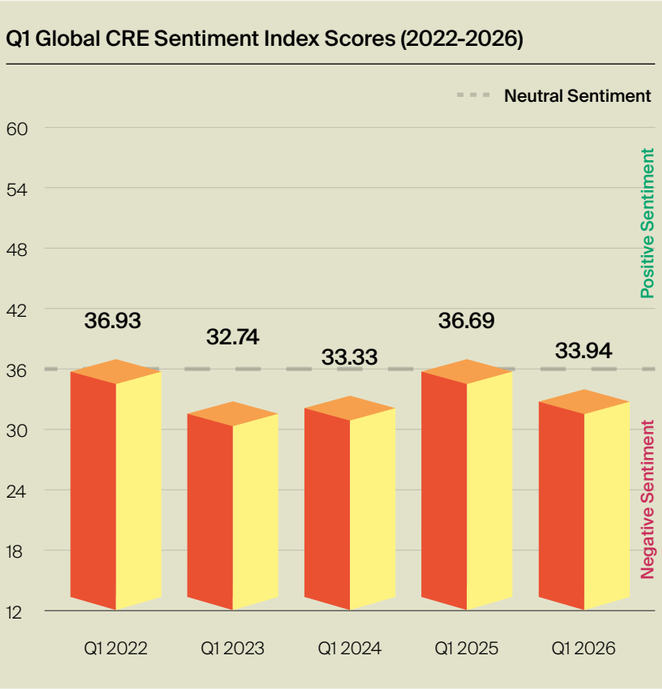
H1 2026

If Part One revealed what CRE leaders believe about 2026, Part Two reveals how they feel. Our industry-first sentiment index provides a statistical pulse on how confident, constrained, or conflicted occupiers feel as they look ahead to the first half of 2026. Unlike the long-range reflections of Part One, these are near-term judgements shaped by budget cycles, macro volatility, and organisational bandwidth. Read together, the signals form a textured emotional map: cautious on the world, pragmatic about their own firms, sceptical on expansion, incrementally positive on workplace performance, and selective about where capex should flow. They are the emotional ballast that will shape how the seven trends of Part One get ultimately get executed.

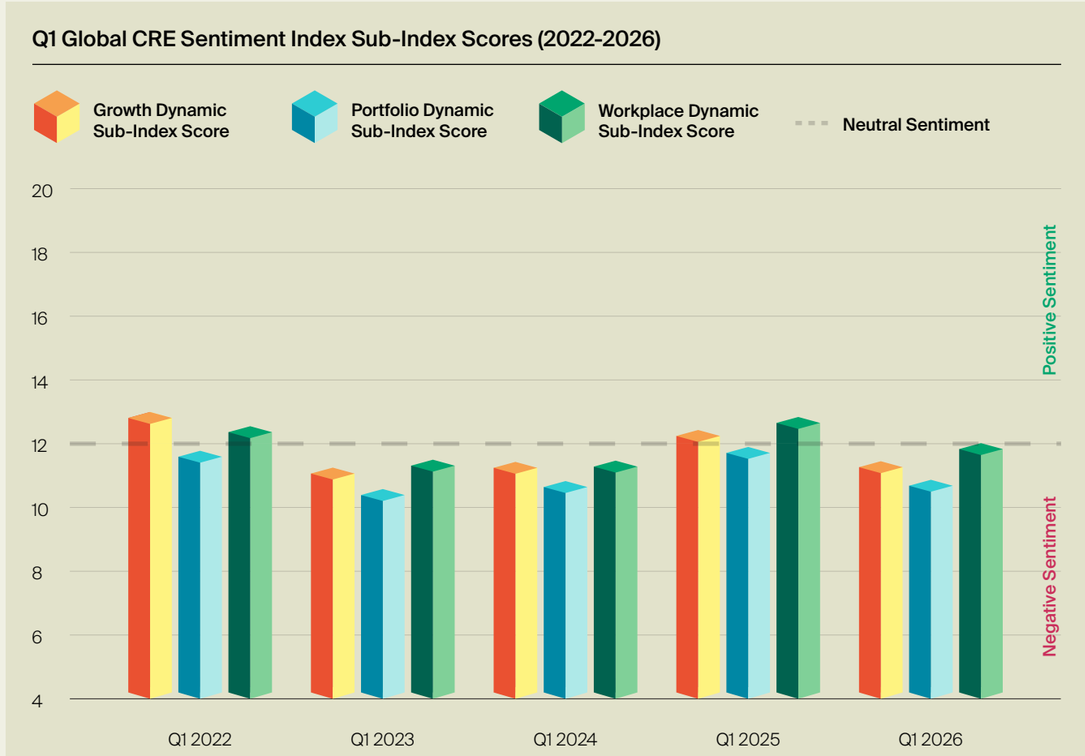
The Global Corporate Real Estate Sentiment Index (GCRESI) was first established in Q1 2022, with the intention of understanding the gap between aspiration and action. The last five years have shown no shortage of ambition from CRE leaders in terms of what can be achieved, but often the constraints placed upon them – financial, organisational, structural – have led to ambition being put on hold or diluted. Sentiment reflects these constraints and hence is important to measure and monitor. A full treatment of the methodology used for GCRESI can be found in the Appendix.

Q1 2026 GCRESI Results in Context

Across the five-year history of our Global CRE Sentiment Index, Q1 2026 emerges as a moment of visible cooling after the moderate rebound in sentiment witnessed in Q1 2025. The Overall Sentiment Index score slipped to 33.94 (a negative reading), down from the positive 36.69 a year earlier and back into the range last observed at the start of 2023. This reversal positions the current reading closer to the mid-cycle caution that characterised the post-pandemic consolidation years, rather than the more confident posture of early 2022 or 2025.



Beneath the composite score, the shift is broad-based. Each of the three sub-indices – Growth Dynamics, Portfolio Dynamics, and Workplace Dynamics – softens relative to 2025, although the magnitude varies. Growth sentiment declines from 12.34 to 11.45 (where a score of 12 or more represents positive sentiment). This reflects a tempered view of revenue, capex, and headcount growth prospects. The workplace sub-index similarly eases from 12.64 to 11.82, signalling a moderation in expectations around occupancy, design change, and amenity investment. The most notable movement, however, occurs in portfolio sentiment: the Portfolio Dynamics Sub-index has fallen to 10.67 – the lowest score in the five-year Q1 observations, and well below the 11.70 recorded in Q1 2025. This identifies portfolio strategy as the clearest drag on overall confidence entering 2026.



Looking deeper into the components, a pattern of cautious pragmatism emerges. Expectations for global economic growth remain subdued and largely unchanged (2.77 vs 2.75 in Q1 2025) but, more importantly, firms continue to revise internal momentum downwards: headcount growth expectations fall to a five-year Q1 low of 2.60, and capex sentiment cools to 2.83, reversing last year's uptick. These indicators suggest that organisations are preparing for a slower demand cycle – one in which productivity, selective investment, and cost management take precedence.

The clearest evidence of conservatism is visible in planned footprint actions. Expectations to expand the physical portfolio have dropped sharply from 2.92 in Q1 2025 to 2.38 in Q1 2026 – the second weakest reading in the dataset (only 2023 was lower). Similarly, anticipated relocations of core facilities fall to an average score of 2.48, well off the Q1 2025 mark. While organisations are not retreating from portfolio transformation entirely, they are markedly less willing to commit to capital-intensive moves.

Workplace expectations, by contrast, convey a more nuanced picture. Sentiment around returning to pre-pandemic occupancy levels softened slightly (2.94 vs 3.04 in Q1 2025) but remains substantially stronger than the 2022-23 lows. Intentions to increase density hold broadly steady (3.17 vs 3.20 in Q1 2025) indicating ongoing operational optimisation rather than structural change. Meanwhile, expectations for design reconfiguration fall to a five-year Q1 low (2.62), consistent with firms deferring discretionary capex. Even so, there are isolated areas of forward motion: plans to increase the number of sustainably accredited buildings rise to 3.12, reinforcing that regulatory compliance and environmental commitments continue even as broader investment slows.

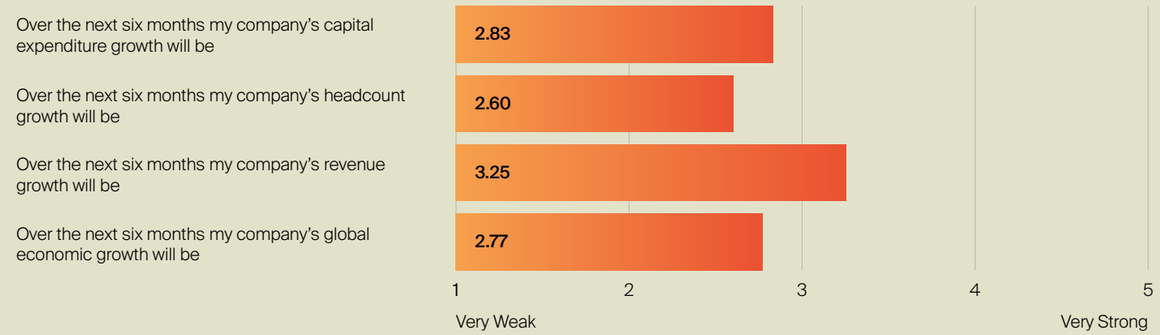
Q1 2026 GCRESI Results and Implications

Growth Dynamic

The Growth Dynamic sub-index presents four variables – global economic growth, company revenue prospects, headcount growth expectations, and capital spending intentions. Each are rated on a five-point scale where 1 reflects very weak sentiment and 5 reflects very strong sentiment. In Q1 2026, the relative positions of these four variables reveal how organisations differentiate between external demand, internal financial performance, and their capacity to invest or expand.

Taken together, the pattern shows a mismatch between confidence in revenue and caution in the resources needed to deliver it: revenue sits higher on the scale that both headcount and capex, suggesting companies anticipate growth but are unprepared to commit proportionate investment or hiring. Meanwhile, global economic expectations sit between these extremes – neither strongly supportive nor acting as a firm constraint. The interplay across the four variables therefore reflects measured optimism, tempered by an operational reluctance to scale.

Q1 2026 Growth Dynamic Sub-index Mean Scores



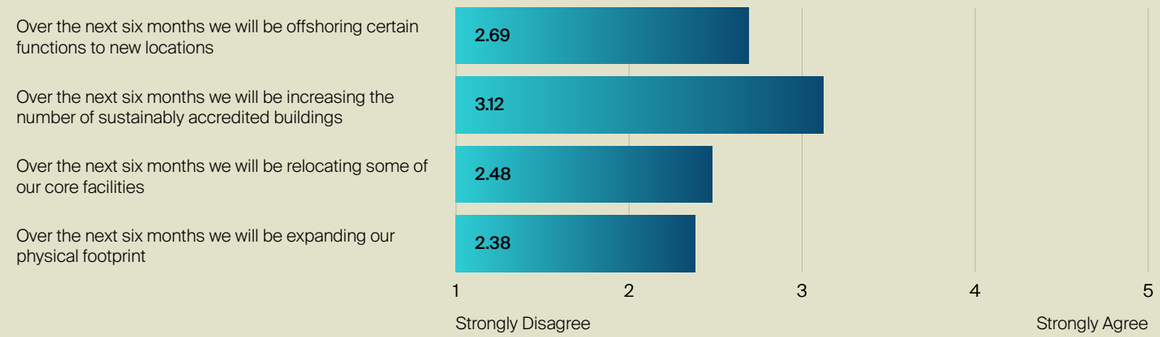
Portfolio Dynamic

This sub-index brings together four portfolio related expectations – expansion, relocation, the offshoring of activity, and sustainability accreditations across the portfolio – each scored on the same five-point sentiment scale. The grouping makes visible how organisations balance structural change, efficiency drives, and environmental commitments.

In Q1 2026, expansion and relocation sit close to the lower-end of the scale and reflect more negative sentiment. This indicates that firms are not positioning themselves for major physical moves. Offshoring sentiment is slightly higher but still muted, signalling limited appetite for significant structural re-distribution – though it should be noted that not all businesses represented in our sample have functions or services that can be readily or reasonably offshored. In contrast, sustainability accreditations are rated meaningfully higher on the scale with a marginally positive mean reading.

Viewed together, these inter-dynamics show that portfolio activity is selective rather than broad-based: organisations may be unwilling to take on spatial or operational risk, yet they remain prepared to advance non-disruptive, compliance-aligned improvements. This internal spread across the four variables helps frame portfolio sentiment as cautious but not static.

Q1 2026 Portfolio Dynamic Sub-Index Mean Scores



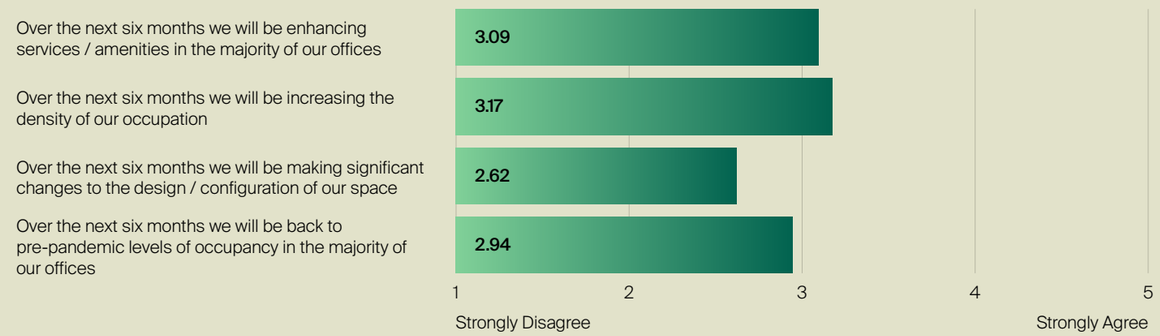
Workplace Dynamic

The Workplace Dynamic sub-index, displays sentiment around occupancy patterns, space reconfiguration, density management, and amenity enhancements – all rated from 1 (strongly disagree) to 5 (strongly agree). Collectively, these variables map how organisations intend to shape the day-to-day environment of their offices.

In Q1 2026, the four components cluster into two groups. Occupancy normalisation and design change site towards the mid-lower end of the scale (negative sentiment), indicating modest expectations for a return to pre-pandemic patterns or significant physical alterations. In contrast, density and amenities sit noticeably higher on the five-point scale, signalling a more positive sentiment and, therefore, a greater likelihood of incremental adjustments that enhance functionality rather than transform the workplace.

The relationship between the variables shows that organisations are more inclined to adjust around existing patterns that to pursue structural redesign. Density and amenity investment appear to serve as pragmatic levers for improvement, whereas large-scale configuration updates or strong attendance expectations are met with more ambivalence.

Q1 2026 Portfolio Dynamic Sub-Index Mean Scores



The Balance of Opinion

One of the adjustments we have made in resetting the Global Corporate Real Estate Sentiment Index, is to complement mean score analysis with a net score. A net score provides a more powerful reading of sentiment than an average score because it captures the balance of conviction – the difference between respondents who agree and those who disagree with the statements in our survey – rather than compressing the entire response distribution into a single midpoint value. Where averages can mask polarisation or ambivalence, net scores reveal direction, intensity, and consensus in a way that is immediately interpretable across a range of variables.

The Q1 2026 Net Score chart below, translates each sentiment variable into this net measure. Positive-net components cluster on the right side of the axis – such as revenue growth, sustainability accreditations, amenities, and density – while negative-net components sit to the left, including footprint expansion, relocation, headcount growth, global economic growth, capex, offshoring, design changes, and occupancy patterns. The chart's function is to map the polarity of sentiment across all 12 components of the index, offering a concise visualisation of where expectations are gathering momentum and where they face resistance. In effect, it acts as a sentiment compass for H1 2026, highlighting the internal contrasts between investment-related, operational, and structural actions.

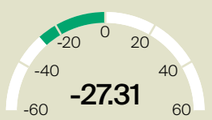
Q1 2026 Global CRE Sentiment Index, Net Scores



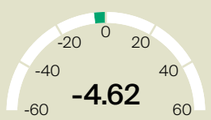
Over the next six months we will be enhancing services / amenities in the majority of our offices



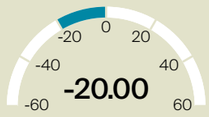
Over the next six months we will be increasing the density of our occupation



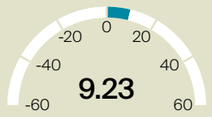
Over the next six months we will be making significant changes to the design of our space



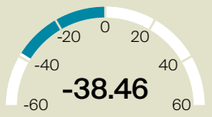
Over the next six months we will be back to pre-pandemic levels of occupancy in the majority of our offices



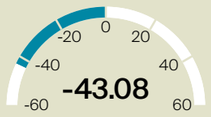
Over the next six months we will be offshoring certain functions to new locations



Over the next six months we will be increasing the number of sustainably accredited buildings



Over the next six months we will be relocating some of our core facilities



Over the next six months we will be expanding our physical footprint



Over the next six months my company's capital expenditure growth will be



Over the next six months my company's head count growth will be



Over the next six months my company's revenue growth will be



Over the next six months global economic growth will be

Four Implications of the Q1 2026 GCRESI Results

The latest GCRESI results point to a market navigating measured ambition under constrained conditions, with organisations balancing selective investment against a backdrop of softer operational and portfolio sentiment. Against this landscape, four implications stand out that together signal how occupiers are recalibrating priorities, risk appetite, and the pace of transformation as they move through the first half of 2026.



#1 A World That Feels Weak, but Firms That Feel Viable

CRE leaders are sending a clear two-speed signal: they do not trust the macro environment, but they do see room for firm-level growth. The gulf between these two perceptions is dramatic. On the one hand, the sentiment measure for global economic growth in H1 2026 is starkly negative: the average score on a five-point scale sits at 2.77, with a net position of -23.08. 38.46% of all respondents rate global growth as weak or very weak versus only 15.38% seeing it as strong or very strong. This is not simply caution – it is structural pessimism.

Yet in the same breath, leaders express relative confidence in their own revenue trajectories. Company revenue sits at an average score of 3.25. with a net position of +20.00 with almost 4 in every 10 respondents expecting strong or very strong revenue performance, compared with just 16.92% expecting weakness.

This dichotomy – weak macro, resilient micro – is the emotional backdrop against which all CRE planning is now taking place.

CRE leaders feel the world tightening around them but believe their organisations still have momentum left to generate, even if cautiously. They cannot rely on tailwinds. They must manufacture progress internally. It is this mindset that explains why Part One's 'double mandate' (cost + transformation) is not only conceptually accepted but emotionally underwritten.

#2 Productivity Over Hiring, Tight Gatekeeping on Capex

If revenue growth feels achievable, headcount growth does not. Sentiment here is the weakest of all the firm-level indicators: an average score of 2.60, and a net position of -30.77 – almost identical in pessimism to the macroeconomic view. 41.54% foresee weak or very weak headcount growth, and only 10.77% expect it to be strong or very strong. This is an unmistakable signal that productivity, automation and efficiency will dominate organisational strategy. Growth, if it comes, will be output not people led.

Capital expenditure follows a similar pattern: an average score of 2.83 and a net position of -16.92. Forty-two per cent expect capital expenditure to be weak or very weak, with just under a quarter of respondents expecting it to be strong or very strong. This confirms that the 2026 environment is not conducive to large, speculative investment waves – only to targeted, defensible, evidence-based allocation.

The 'save-to-transform' logic of Part One is validated here. CRE leaders will not spend their way out of volatility. They will sharpen, prioritise, and sequence. CRE teams must therefore articulate transformation in terms that win in a low-headcount, scarce capex world: resilience uplift, avoided loss, and capability creation.

#3 Expansion is Off the Table, but Portfolio Rebalancing is Not

If there is a decisive signal in the latest sentiment index, is it this: physical growth is not going to drive 2026. The expectation of expanding the physical footprint sits at an average score of 2.38 with a substantial net negative position of -38.46 and with 55.38% of all respondents disagreeing with an expansionary trajectory. The message is unambiguous: expansion is the least likely pathway this year.

Relocation intent is only marginally stronger, with an average score of 2.48 (and a net position of -38.46) with just over half of respondents disagreeing with the sentiment that relocation will be evident in the first half of 2026. The offshoring of activity – which clearly has links to greater financial efficiency – fares slightly better with an average score of 2.69 (and a net position of -20.00) though the indicator is still negative.

Yet one portfolio level indicator breaks the pattern. The increase of sustainably accredited buildings within the portfolio over the next six months stands with an average score of 3.12 (and a net position of 9.23). 36.93% of all respondents lean positive in their sentiment here, with as many taking a neutral position.

CRE leaders are not enlarging their estates, but they are upgrading them. This is a quality-over-quantity year. The positive tilt toward sustainable buildings supports the argument that resilience and green performance are the only 'acceptable' capex vectors in a tight environment. It also ties directly to trends 6 and 7 in Part One: resilience as value, and energy as an emerging strategic filter.

#4 Workplaces Will Not Return to 2019, but they will be Improved

Workplace sentiment reveals a quiet but meaningful shift away from the 'return to normal' frame. Sentiment about a return to pre-pandemic occupancy generates a score of 2.94 – almost perfectly neutral – with a net score of -4.62%. Accordingly, numbers are quite balanced – with 41.54% respondents disagreeing, 36.92 agreeing and 21.54% neutral in their perspective.

In contrast, making significant design or configuration changes to the office generated a score of 2.63 (net score -27.69) suggesting organisations are not planning large-scale, expensive workplace transformations. But two signals are more positive. Sentiment around increasing density of occupation was positive on average (3.17) and in terms of net score (9.23) – aligning with the prevailing sense of increased utilisation and efficiency. The densification of occupation ensures that occupiers achieve more from the same amount of space – although push too hard and workplaces can become dysfunctional and/or working against wellbeing. Wellbeing, of course, has been a central consideration in terms of increase amenities and services within the workplace – and although the cadence and exuberance of this trend has slowed from the immediate pre-pandemic period, the indicator continues to generate a positive average score (3.09) and net score (1.54).

These indicators tell a clear story: 2026 is a year for targeted workplace optimisation, not reinvention. Leaders are comfortable with adjustments that enhance collaboration, support hybrid rhythms, or improve employee experience at the margins – but not with large capex outlays or sweeping redesigns.

This mirrors the signals in Part One: offices are shifting toward progression and capability, not density or presence. Enhancements that support team performance, knowledge transfer, and career development will be the easiest to justify – especially when framed as skills-protected productivity, a theme that appears across both parts of this report.



The Last Word



Dr. Lee Elliott

Head Of Global Occupier Research
Knight Frank

Leading Through Paradox to Build a Resilient, Intentional CRE Future Era

If 2025 forced CRE leaders to confront paradox, 2026 will demand something harder: the ability to operate inside that paradox with conviction. The data within this report shows a profession that is no longer waiting for clarity or macro stability. Instead, CRE leaders are preparing to move forward in an environment where certainty is scarce, resources are constrained, and expectations have never been higher. They recognise that cost pressure is not going away; not is the need to accelerate AI adoption, strengthen organisational resilience, and secure energy capacity for a far more demanding future. These forces will not line up neatly. They will collide. And the organisations that excel will be those that accept this collision as the operating reality of 2026.

What emerges from the findings is a portrait of CRE leadership that is both pragmatic and ambitious. Leaders are preparing to cut costs not as an act of retreat, but as the first step in reinvention – releasing capital to reinvest in capabilities and conditions that will matter at the end of the decade and beyond. They are approaching AI not as a universal disruption, but as a selective transformation, deployed in the functions, geographies and workflows where capability, governance, and energy infrastructure align. They are viewing resilience not as an abstract attribute, but as a quantifiable asset, one that projects operations, preserves talent, and stabilises performance under stress. And they are reframing the workplace from a site of presence to a platform for progression – where careers are strengthened, skills are built, and the organisation's future relevance is protected.

The real shift, however, is not technological or financial. It is disciplinary. 2026 demands that CRE leaders become orchestrators – sequencing savings, directing targeted reinvestment, balancing risk and ambition, and ensuring that energy solvency, resilience, and capability-building are not peripheral considerations but foundational principles of every portfolio decision. It requires a CRE function that understands not only how space performs, but how it enables the enterprise to perform. A function that works upstream in strategy, not downstream in execution. A function that sees real estate not as a fixed footprint, but as an adaptive system that must flex with volatility and scale with opportunity.

For all the tension and complexity apparent within the data, there are also some clear signals of readiness. The majority of CRE leaders believe they can walk the tightrope before them – that they can save and transform, consolidate and modernise, optimise and enable. This belief matters. It is the difference between a function that is bracing for disruption and one that is preparing to shape it. The sentiment landscape may be cautious for the next six months, but it is not passive. It is the mindset of leaders who know that control does not come from waiting for stability, but from building it – through disciplined choices, intentional sequencing, and the willingness to invest in the capabilities that will define corporate competitive advantage.

2026 will not be the year when uncertainty disappears. It will be the year in which uncertainty becomes the medium through which strategy is delivered. For CRE leaders, the task is not to resolve the paradox, but to turn it into a strategic posture: balancing cost with transformation, resilience with efficiency, capability with constraint, and ambition with operational reality. If 2025, revealed that balance was necessary, then 2026 will show that balance is a strategy in its own right – one that rewards those who act with precision, discipline and foresight.

This first (Y)OUR SPACE Horizon report represents the initial pulse The organisations that embrace its signals and design their portfolios and workplaces accordingly will not simply navigate 2026, but will define what effective, resilient, capability-led corporate real estate looks like for the remainder of the decade.

(Y)OUR SPACE HORIZON – First Edition, H1 2026

Global Corporate Real Estate Sentiment Index (GCRESI) – Methodology

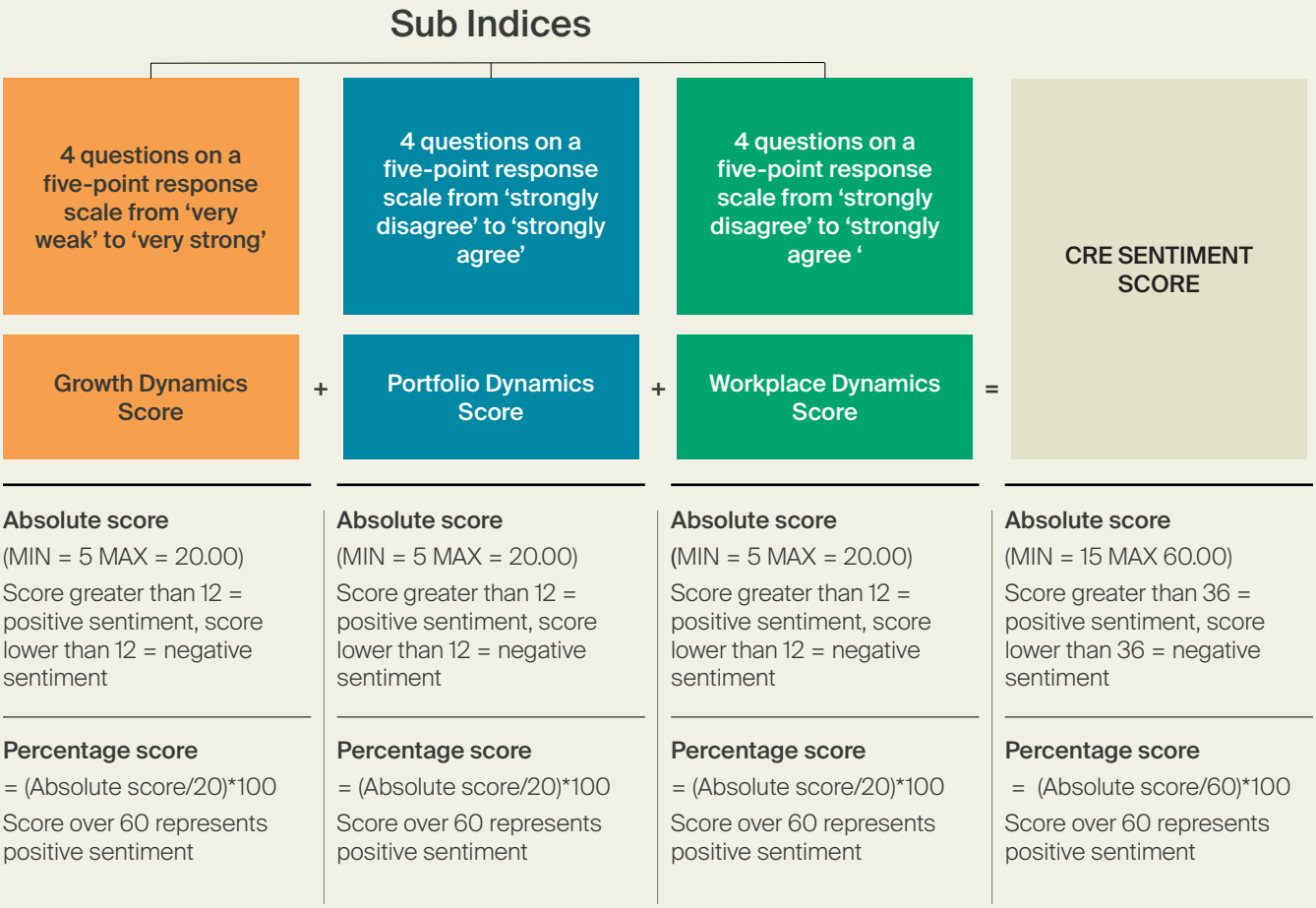
1. A simple on-line survey of 12 questions grouped into three equally weighted sub-indices assessing growth dynamics, portfolio dynamics and workplace dynamics.

2. Each sub-index comprises of four statements which survey respondents place on a five-point response scale, with a score of 1 indicating strong negative sentiment and a score of 5 indicating strong positive sentiment. A score of 3 represents neutral sentiment.

3. The survey is based on sentiment relating to the next six months from the point of survey.

4. Responses to each of the four statements at the sub-index level are aggregated across the sample and averaged. These averages are then added together to provide a sub-index sentiment measure, to a maximum absolute score of 20. A score of greater than 12 indicates positive sentiment, less than 12 represents negative sentiment. Each cohort sentiment measure is also converted to a percentage score, with a score above 60% representing positive sentiment.

5. Each of the three sub-index sentiment measures are then added together to provide an overall absolute CRE Sentiment Score, to a maximum of 60 and where a score greater than 36 indicates positive sentiment. Again, this overall score is also converted into a percentage value, with a score above 60% representing positive sentiment.



We like questions, if you've got one about our research,
or would like some property advice, we would love to hear from you.

Key Contacts



Head Of Global Occupier Research

Dr. Lee Elliott
+44 (0)7468 729 187
lee.elliott@knightfrank.com



Global Head Of Occupier Strategy And Solutions

Tim Armstrong
+65 6429 3531
tim.armstrong@asia.knightfrank.com



EMEA Head of Occupier Strategy & Solutions

Philipp Ueberschaer
+44 7811 771 416
philipp.ueberschaer@ knightfrank.com



Partner, COO – Occupier Strategy & Solutions

Ross Criddle
+44 7870 379 519
ross.criddle@knightfrank.com



Head of Global Portfolio Solutions, EMEA

Giulia Grigolato
+44 20 3967 8561
Giulia.grigolato@knightfrank.com



Partner, Head of International, Cross-Border

Sam King
+44 20 3995 0760
sam.king@knightfrank.com



Partner, Executive Director, Strategic Client Development

James Maddock
+44 20 3540 0030
james.maddock@knightfrank.com



Head of Global Portfolio Solutions, APAC

Francesco Demarco
+61 3 9604 4621
francesco.demarco@au.knightfrank.com

Knight Frank

Knight Frank LLP 2026. This document has been provided for general information only and must not be relied upon in any way. Although high standards have been used in the © preparation of the information, analysis, views and projections presented in this document, Knight Frank LLP does not owe a duty of care to any person in respect of the contents of this document, and does not accept any responsibility or liability whatsoever for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. The content of this document does not necessarily represent the views of Knight Frank LLP in relation to any particular properties or projects. This document must not be amended in any way, whether to change its content, to remove this notice or any Knight Frank LLP insignia, or otherwise. Reproduction of this document in whole or in .part is not permitted without the prior written approval of Knight Frank LLP to the form and content within which it appears