



THE RISE & RISE OF COLLABORATIVE CONSUMPTION



Q&A WITH RACHEL BOTSMAN

In 2012, social innovator Rachel Botsman enthralled and inspired the crowds at Green Cities with her insights into collaborative consumption and how it could unlock vast stores of untapped potential within the built environment.

While the 20th century was about hyper consumption, the 21st century is about collaborative consumption, Rachel argued, saying that “we have moved from the age of ownership to the age of access.”

People are trading, selling and renting their under-used cars, clothes, ideas, skills and even spare bedrooms over the internet. So, twelve months on, how is this megatrend being embraced and where do the opportunities lie?



Have there been any shifts in the collaborative consumption space in the last year, particularly with relation to the built environment?

There are a rising number of ideas that use social, mobile and location-based technology to unlock the idling capacity specifically of built environments or unused space.

The phenomenal success of Airbnb, the marketplace that matches people with space to rent with people looking for a space to stay, has paved the way for the broader space category. An increasing number of entrepreneurs, investors and property developers are asking: where else is there massive value in underutilised or unused space?

Liquidspace, essentially a real-time market that enables you to find all kinds of workspaces whenever and wherever you need it, is a really good example. The average commercial office space is only used a third of the time. Combine this statistic with an ever-increasing mobile or distributed workforce (already exceeding one billion) and it's a massive opportunity. It explains why, in the past 18 months, we have seen Loosecubes, Coworkify, DeskWanted UG, Kodesk and OpenDesks, to name a few, all trying to crack the on-demand office space market.

In addition to the likes of Liquidspace, environments purposely created for 'co-working' (where independent workers pay a fee to share a space) are doubling year-on-year, with much of the growth coming from Spain, Australia and Japan. The beautiful thing about co-working is that it's not just about the space per se but the collaboration that typically occurs among workers. We can learn a lot about designing broader environments for collaboration by observing co-working spaces.

You challenged our Green Cities 2012 delegates to seize the opportunities available to make better use of 'idling capacity'. How are developers grasping those opportunities?

A handful of developers are completely rethinking how spaces can be designed so that resources can be more easily shared, repaired and redistributed. But I would say that the opportunity is still largely unrecognised. In addition, the even bigger opportunity is in thinking about all the idling capacity that exists in built environments, not just in the residential or office space but in utilities, physical goods, gardens, skills of people and so on.

There are also broader opportunities for people to collaborate around housing and property such as the successful co-housing model championed in Denmark. ►

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Are any governments at the city scale capitalising on the opportunities that collaborative consumption presents?

Seoul recently announced that it wants to become a 'sharing city', where people are actively encouraged to share spaces, skills, and material possessions they own but do not fully utilise. Mayor Park Won is trying to raise awareness of the options available and how it "can help us save social expenses spent for safety and welfare," he says. The city is actively promoting 20 projects including parking lot sharing; it has evaluated that if just five per cent of resident parking lots were shared when they would otherwise be sitting empty (i.e. when people are at work), it is the equivalent to building 1,862 new parking spaces that could save the city 23.3 billion won, or more than AUD \$20 million. I also like that they are encouraging medical-instrument sharing among hospitals because it's an area where typically municipalities will say there are too many barriers to making it happen.

Mayor Edwin Lee of San Francisco is also very proactive in trying to grow collaborative consumption, continually highlighting the triple benefits it represents for the city from a social, economic and environmental standpoint. He has gone beyond just raising awareness and is investing in the infrastructure to make it scalable. For example, Mayor Lee has formed the first Sharing Economy Working Group that brings together city departments, community stakeholders and collaborative consumption companies and this group is getting its teeth sunk into trickier policy issues that are emerging such as taxation, insurance and regulation.

Where do you see governments' role in supporting collaborative consumption, such as through funding, partnerships or education campaigns? Where do the opportunities lie?

Governments play a critical role in scaling collaborative consumption beyond raising awareness of what is on offer. My top four asks of government are:

- **Remove the barriers and red tape:**
Many innovative, collaborative consumption companies are enabling people to monetise and share their assets in ways and on a scale never before possible. This throws up all kinds of insurance and policy issues. For example, if someone decides to rent out their private parking spot, should the owner face laws that prohibit properties being used for certain business purposes? There are currently a lot of grey areas in which entrepreneurs and users don't know where cities and local councils stand on such issues.
- **Proactively make policy changes:**
In certain states in the US, such as Oregon and California, legislation has passed that makes peer-to-peer car sharing possible. The bills basically reduce the risk for the vehicle owners.
- **Invest in the required infrastructure:**
There are a myriad of ways that governments can help put the right infrastructure in place including: designating more on-street parking spaces for car sharing systems; subsidise car sharing programs in large residential and office complexes; invest in bike sharing systems; create low-rent office spaces for start-ups; facilitate the use of empty commercial spaces for things like skill sharing; and build or invest in platforms that enable garden or land sharing.
- **Encourage the big brands that the space is an opportunity not a threat:**
In the UK and US, big companies are being encouraged to either partner with start-ups or create their own models of collaborative consumption. For example, GM has partnered with P2P car sharing platform RelayRides; Google has invested in Getaround; and BMW has partnered with Parkatmyhouse.

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Collaborative consumption models promote access over ownership. People seem receptive to this idea for small-ticket items such as lawn mowers. What about the big ticket items, such as property? How do you think this will affect the way people view their homes in the future?

I believe we are at the start of a massive transformation in the way we think about ownership. A critical driver of this shift is that many goods that we previously physically and individually owned have now dematerialised into the cloud. Books, movies, films and so on have become digital – and digital goods are more easily shared. So the concept of owning something is changing.

At the same time, you have big items such as cars, where ownership used to be perceived as a symbol of freedom and personal identity, but are now increasingly viewed as a burden. More and more people are questioning the logic of spending \$7,000 a year (on average) on costs when the car sits idle for 23 hours a day. Why not just pay to access one when you need it?

I don't believe the changing attitude to cars is a reactionary trend to the recession, because if you look at the data it indicates a shift in values and spending habits. For example, a recent survey in Germany revealed that 75 per cent of 18-24 year olds would rather live without their car than their smartphone.

The question is: will that shift to other traditional categories of ownership such as property? Yes, it is highly likely. Harvard University's Joint Center for Housing Studies recently reported that the home ownership rate among adults younger than 35 declined by 12 per cent between 2006 and 2011. I believe the future attitude towards homes will be similar to cars – our aspirations around ownership are changing.

The Atlantic magazine recently published an article on this subject, called 'The Cheapest Generation,' in which it argued: "If the Millennials are not quite a post-driving and post-owning generation, they'll almost certainly be a less-driving and less-owning generation." ●



Australian Government

Are you managing, selling, leasing or subleasing commercial office space?

The Commercial Building Disclosure Program mandates the disclosure of energy efficiency in large commercial office spaces.

The *Building Energy Efficiency Disclosure Act 2010* requires that before sale, lease or sublease, most commercial office buildings with a net lettable area of 2000m² or more, need to disclose an up-to-date energy efficiency rating in a Building Energy Efficiency Certificate (BEEC).

BEECs are valid for up to 12 months, must be publicly accessible on the online Building Energy Efficiency Register, and include:

- a NABERS Energy star rating for the building
- an assessment of tenancy lighting in the area of the building that is being sold or leased and
- general energy efficiency guidance.

The NABERS Energy star rating must also be included in any advertisement for the sale, lease or sublease of the office space.

The Commercial Building Disclosure Program creates a well informed property market and stimulates demand and investment in energy efficient buildings.

For more information about the Commercial Building Disclosure Program visit www.cbd.gov.au or email info@cbd.gov.au.