

REDEFINING QUALITY

WHY EXPERIENCE IS THE NEW DIFFERENTIATOR



From Flight to Quality to Flight to Experience

Mention “flight to quality” to anyone in commercial real estate, and you’ll likely get a sigh or an eye roll. The phrase has been overused for years to describe tenant demand for premium office space. The language may be tired, but the behavior isn’t. In fact, it’s evolving—and gaining momentum.

Today, the Flight to Quality (FTQ) is no longer just about Class A buildings, sleek finishes or trophy locations. It’s about experience. Tenants refining their post-pandemic portfolios aren’t just chasing impressive specs—they’re seeking spaces that drive employee engagement, foster community and support well-being. This shift is rewriting the leasing playbook across markets and asset classes.

Redefining Quality

Traditional Class A markers—prime locations, polished interiors and robust infrastructure—still matter, but they’re no longer enough. Today’s tenants want more:¹

- **Intentionally designed common spaces**, like jewel-box lounges, shared libraries and flexible work areas.
- **Smart technologies** and digital tools that support hybrid work, from smart building access to tenant engagement apps.
- **Easy access to transit**, which remains a key factor in return-to-office plans.
- **A hospitality-inspired service** approach that delivers meaningful, day-to-day impact.

Quality hasn’t disappeared—it’s being redefined. What’s emerging is a **Flight to Experience**.

From saturated Class A markets to those with limited top-tier inventory, tenants are placing greater value on how a building feels, functions and connects. That’s where real differentiation is happening, because not all Class A is created equal.

Experience is the New Amenity

Top-performing properties are leaning in—with concierge-style service, curated programming, wellness offerings and community activations that go far beyond the expected. These perks aren’t just nice-to-have—they’re driving retention and influencing leasing decisions.

At the same time, Class B and C assets are finding their own lane. Without the budget for large-scale renovations, many are focusing on cost-effective experiential upgrades—activating their spaces through hyper-local partnerships, tenant engagement programs and a more personal, human touch.² In many cases, they’re winning. This mid-market office segment is proving to be both resilient and increasingly influential in shaping CRE demand. As value-driven companies optimize portfolios and realign hybrid work strategies, they still recognize the need to provide positive, engaging environments to attract and retain employees.

Even in markets with limited Class A supply, the fundamentals remain consistent. The top-tier buildings still prioritize experience—not out of necessity, but because they know it sets them apart. For tenants who value workplace culture, it’s not just about the amenities—it’s about belonging to a community. A property that offers an environment where employees want to be, even through less tangible qualities, can be more compelling than any upgrade in finishes or infrastructure.

¹ <https://blog.naiop.org/2024/12/trends-in-office-real-estate-shared-amenities/>

² [https://www.cushmanwakefield.com/en/united-states/insights/10-critical-questions-\(question-6\)](https://www.cushmanwakefield.com/en/united-states/insights/10-critical-questions-(question-6))

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The Value Opportunity

For Class B and C buildings, especially those serving cost-conscious tenants, experience can be the great equalizer. A compelling service culture and sense of community often outweigh state-of-the-art amenities. Increasingly, tenants are choosing warmth and authenticity over gloss and grandeur.

This is especially true for tenants aiming to create inspiring work environments without overspending. For them, the workplace isn't just functional—it's a strategic tool for fostering culture, collaboration and connection. Properties that deliver this kind of environment become magnets. Sometimes, buildings without the Class A label are offering the most Class A experiences.



Market Snapshots: Where Experience Is Winning

The interplay between Flight to Quality and Flight to Experience varies by market, but the trend is clear:

- **New York City:** Class A space now commands a premium of more than 30% per square foot, up from 25% in 2020. Yet demand remains strong, driven by a steady pipeline of tenants less constrained by cost and a growing focus on experience as a key component of quality.
- **Chicago:** Since 2020, the pricing gap between Class A and lower-tier buildings has widened slightly to 29.5%. While the Flight to Quality persists, experience is becoming the decisive factor. Legacy buildings that lack amenities or transit access are falling behind, while those that invest in tenant engagement and service are gaining traction—regardless of asset class.
- **Dallas:** Even as the pricing gap narrows, Class A leasing remains strong. The takeaway is clear: Tenants may choose quality, but it's experience that keeps them there.

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One Common Thread

Legacy buildings without transit or tenant-centered amenities are losing relevance. Leasing activity has slowed, and when deals do happen, they often involve smaller footprints. In this environment, experience is emerging as a critical lever for tenant retention and attraction, regardless of price sensitivity.

Proof on the Ground

What's standing out for tenants today isn't just high-end finishes or flashy amenities, it's the energy, hospitality and seamless service that a property delivers. Clients are increasingly drawn to spaces that feel welcoming, cohesive and thoughtfully managed. More than just the physical environment, it's the culture and community that resonates.

A Defining Shift

This shift isn't just anecdotal. With new development slowing—forecasted to drop below 10 million square feet (msf) annually in coming years, down from 50 msf since 2018, new, high-end space will become increasingly limited. This scarcity will only heighten the importance of tenant experience as a competitive edge.

As CRE enters a new era, one thing is clear: The definition of “quality” is expanding. It's no longer just about the building—it's about **the people, the service and the experience**. For landlords, owners and investors, this is a call to action: Rethink capital allocation, property management and community-building strategies. While value-focused tenants will always seek the best deal, what makes a space worth the price—what seals the deal—is experience.

What was once a soft benefit is now a clear industry movement. Experience is no longer optional—it's essential. While high-end specs still appeal to premium-focused tenants, occupiers are prioritizing environments that foster culture and connection. Experience is emerging as the next big deciding factor—for tenants and investors alike.

The “Flight to Quality” isn't over. But the “Flight to Experience?” It's just taking off.

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