



CORENET GLOBAL

VIRTUAL POP UP

A pop in community for **corporate real estate professionals**

Pop-Up Webinar: Key Takeaways

2 April 2020

What are you thinking and planning in terms of when employees return to the office?

- We're trying to be proactive at my company and looking ahead to the time when we reopen the office. We're thinking about the measures we'll be putting into place to welcome employees back. One thing we're thinking about is new guidance around cafeterias. Should we be limiting salad bars, which are very high touch? What about the collaboration areas we all have?
- We haven't mapped out a back-to-work program at this point. However, we will phase into that. We anticipate a phased-in approach, and we will not return to 100 percent services right away. We probably will not have self-service cafés for a period of time. We know that our employees will be interested in what we're doing to sanitize, especially in collaboration areas. We will have janitorial staff doing nothing but that – and making sure they are very visible to our employees. I don't anticipate closing down any collaboration areas, but we want employees to know they are safe and sanitized.
- It would be great to have lessons learned from the groups that are coming back to the office now in other parts of the world. Here in Chicago, we are just starting to dip a toe back into the water.
- We understand that even in the Asia-Pacific region people aren't as far along in returning to the office as you might think. They've had recurrences there. They would begin to bring people back to work, and then have another 14-day quarantine.
- I think our back-to-work effort here will mirror that in a lot of ways. Unless there is a vaccine that eliminates this from the planet, there will be a trail on this. It could

potentially affect the workplace for a long time. I don't think there is a magic wand for this, other than a vaccine. Only then can we say we are back to normal. If we don't have that vaccine, there's going to be this 'Wow, somebody else got infected, and now we have to sanitize the office again, or even go back to remote working again.'

Is anyone dealing with issues around paying rent, and tenants and landlords working together?

- All our clients are talking about rent relief, and what we're advising everybody across the board is to speak with an attorney. I've spoken with both attorneys and insurance providers, and everybody seems to be taking the stance that there aren't claims that have legal standing right now. Landlords are saying 'our buildings are open, so you can't enforce force majeure clauses.' The only situation we have come across that seems to have some legal standing is retail and those places where the government has said you are not allowed to open. When the government has said that you must shut down, you don't technically have a lease because you cannot legally operate. Thus, a contract saying you need to pay rent and abide by the terms of a contract for something that is an illegal use is a void contract. Still, we are telling people you need to talk to your attorney.
- This varies hugely by sector. In the warehouse and industrial sector, very few are asking for relief. In sectors such as professional services, the majority of tenants are asking for rent relief. Negotiating with the landlord is likely to be far more effective than using legal remedies, partly because of the time it would take to get relief via the legal route.
- All our clients are taking the stance of 'let's be cooperative.' It behooves everybody to be cooperative, from the tenant to the landlord to the lender. If the landlord wants to take the stance of 'we will evict you,' that's not happening because the courts are closed. And you won't get any new tenants anyway in this environment. As a result, we're finding that everyone is negotiating and coming up with creative ideas, such as pulling money from your security deposit to make lease payments. You just need to replenish it within a year. That way it's not really coming out of your pocket right now.
- We've had some good results with that tactic in China. They're much farther ahead in this COVID-19 response than most in the US or Europe are. There's been cooperation with our landlords there, and as a tenant I'm actually very surprised. I really don't see any potential opportunity for relief if it's done through a legal or court perspective. It must be about 'we're all in this together, if you are going to continue having us as a tenant, please work with us.'

Will companies reconfigure their layouts and furniture to create more social distancing?

- We are thinking about that, but I don't have a solution yet. We are just starting to look at workstation sizing and layouts.
- This is certainly a common question or thread in our company. It is a bit early to speculate. There's certainly a strong desire from some of the employee base for more space, and reconfiguration. But my concern is that it could take us back 20 to 30 years with high partitions and so on.
- Today the office is seen as a collaboration tool, not so much as individual occupancy settings. This is going to be one of the most obvious questions to answer. We're not there yet. We are trying to be open to ideas from our employee base. We will need to figure out how to prevent germs from spreading.
- People will find that when it comes to individual private spaces, their home is the perfect place for that. Going to the office is where the collaboration will be done. When they come back to the office, they will want to know that it's hygienic and clean. We'll probably need to hire hygienists as part of our staff.
- I think the challenge for any international-based company is whether you have the ability to do that long term from your home in terms of internet bandwidth and distractions. Those are the challenges we're hearing. Beyond just collaboration, I think there's also that social outlet that people crave. How can we do that while enabling employees to feel safe there?
- It's undeniable, though, that people are working remotely now, and being effective. We've tried forever to get our people to work remotely in India, without much success. Now they're doing it. It might be difficult, but they're doing it. Moving forward it will be much more difficult for employees to argue that they cannot do it. I think there's going to be a tendency for people to say that home working is not as terrible as I thought it would be.
- As we think about the future, this will be a conversation. What does return to work really look like for you, now that you've had all this experience? Is it the same thing as before all this happened?
- We are trying to figure out what it looks like when people return. In our office in Singapore, every other chair is blocked off. People have very specific requirements about queueing distances. There are lots of ways to manage this. Perhaps one-fifth of your people come in at a time. We haven't had any conversations about changing our infrastructure or the density of our seating. I

would hope that we don't go back to what it looked like before when everything was siloed and there was no way to really collaborate.

- A lot of companies out there are considering that A-B strategy, to stagger occupancy at re-entry. One of the challenges will be the messaging about places where you can't do that stagger – things like entry into the buildings, getting into elevators, how many people can come into the restroom at the same time. Just getting to your destination while maintaining some separation will be a challenge in places like Manhattan. That's true of any of the common-use spaces, whether it's being there or just passing through. It's all these other places that concern me.
- To that point, in some places in Singapore, they have the elevator floor blocked off into squares to show 'this is where you stand.'
- We have front-line teams responding to the day-to-day concerns. My team has a number of projects in various phases, and when it comes to furniture specifically, we have come back to our architects and furniture vendors to ask for a six-foot distance between everything. If we need to reduce our headcount and move to other locations in order to achieve the desired distance, we are open to doing that. The other thing we're doing is aligning our standard practices to the associate experience, whether it's cleaning protocols, the height of partitions, distances, and so on. We don't have the answers, and probably won't have them anytime soon. Whatever we put in must be flexible. And we must be sensitive to our employees' needs.

What role is corporate real estate playing in your company's COVID-19 strategy?

- We are on it, as well as a whole cross-functional group of people in disaster preparedness.
- We had our team meeting right before this call, and it is a largely cross-functional team composed of Workplace, Corporate Communications, Finance, and Accounting. It has been a great collaboration. We had this group set up as far back as January when we started to respond with our operations in China. It has been working quite well.

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