



CORENET GLOBAL

VIRTUAL POP UP

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

Pop-Up Webinar: Key Takeaways

29 April 2020

New Zealand seems to be leading the pack in terms of getting people healthy and back to work. What is the situation there?

- Yesterday was our first official day back to work for about 400,000 people. There are quite stringent controls around everybody's workplace, building site, factory or fast-food environment. In terms of contact tracing, it is quite rigorous. We are quite fortunate that we are back to work, but we are taking the cautious approach on this.

Is anyone going back into large offices in New Zealand?

- Not that I am aware of. The edict is that if you can work from home, you should still do that. This is more around getting construction sites going and deliveries of nonessential goods. You can order online and collect the delivery. No bars are open here. It is still quite a level 4 approach from a corporate environment, and we will not know for another two weeks when those restrictions might release. Everybody is looking to see how the cases go over the next two weeks to see if it might be safe to move forward.

What about Australia? How are things going there?

- There will be three or four phases of reinstatement here. According to those phases, there will be a maximum percentage of associates that we will allow back in at our offices. It will be up to the business units to nominate who those people are. Social distancing will be increased, and appropriate facilities services provided to implement and support the re-entry. I think the assumption is that not for the next year will we be back to what we used to call business as usual. The long-term view is that our footprint will need to be reviewed, and our densities reviewed, as a result of COVID-19.

Is there an update from Singapore?

- We did not really lock down the way New Zealand did. Now we are in a serious lockdown. You cannot go outside if you are not wearing a mask. And you cannot go outside unless you are shopping for food or doing something essential. Perhaps we were a bit complacent. Others are coming out of lockdown, and we are still in it. You need approval to be considered 'essential

services' and you need positive vetting. Farm workers need papers and must always carry them. The fines here are very serious, creating a significant disincentive to do the wrong thing.

What about other parts of Asia?

- Here in Malaysia, we will be officially under lockdown until the 12th of May. That could be extended. Restaurants here are closed.
- Things are getting back to normal in Hong Kong.

Is anyone addressing policies for bathrooms upon re-entry?

- Here in Australia, with our plants, it is not so much around the bathrooms as it is the large eating areas, the cafes and cafeterias. We are managing the number of people there and maintaining the required distance.

What about new approaches for office layout?

- There is a trend here in Australia to add screens, to reintroduce screens, in desking areas to create some separation between associates.
- We recently moved to an activity-based working style here in Sydney. Now we are questioning whether that is a good thing or not. Maybe we need to push harder on the ratio of people who are working from home.

Leadership plays a role in all this. What is leadership doing in your company?

- Trust in your organization's leadership is very important. The employees need to believe that they can trust their leaders when they say it is safe to go back to the workplace.
- Good communication and empathy are two traits of leadership that are especially important now.
- Empathetic leadership, understanding the diversity of needs and expectations, and being able to talk to people and listen to people who may be coming from very different places are important. I think leaders will start to see that trusting employees is not a bad thing. While there are risks associated with trust, there are benefits too, and they generally far outweigh the risks.

What is the latest in conversations with landlords?

- We have certainly started dialogue with our landlords. We have sent correspondence to them regarding lifts, lobbies and communal spaces. It is a substantial 'ask' that we are making. Some have been more proactive than others in reaching out to us. The dialogue is active, and I gather they are in the process of formulating their response. We are addressing both the commercial and operational aspects of the lease. Some landlords we must drag to the table kicking and screaming, but others are more helpful.

- That landlord perspective really depends on which landlord you are talking about. In my experience, the 'mom and dad' landlords are coming to the table, whereas I have found that the institutional landlords are less willing to engage.
- It does depend on how exposed they are across different markets and different property types. In our view, the smaller landlords have been somewhat less willing to discuss the rental aspects, whereas the larger landlords, knowing that the covenants are strong and so forth, are more willing. Conversations with them are easier because they 'get it,' and see the long game. A big issue for tenants is the lease expirys coming up in the next 12 to 18 months. Should they right-size, co-locate, consolidate? Do nothing and renew what they have?
- Here in Malaysia, the conversation seems to be very much around rent relief and what landlords can give tenants to support them. Landlords have not been communicating much in terms of health and safety and bringing people back to their workplaces. They do not seem to be communicating that aspect of it very well. Most of their focus seems to be on the financial aspects.
- We are working with a client in North Asia that is exploring how to return to work. We are developing what a 'day in the life' might look like. To your point, we are trying to get information from landlords as to what happens when employees arrive, what are the security procedures, what are the different levels of screening and identity checking, how do you get visitors in, how do you handle deliveries, etc. We need information on all those things so we can share with people what their entire journey to and from work might look like. We also need to do a risk assessment for that entire journey to work. I am just gob smacked that not all landlords are up on all this.
- A proactive posture can be a selling point for these landlords.
- Just think about the lunch hour alone. A lot of buildings have retail precincts, with people coming and going. The landlords must come up with something on this.
- I am in the United States. Two of my three landlords have contacted me, but the other one has not. From one I got a survey, and from the other – a global property manager – I got a very detailed, well-written letter, outlining the new procedures, protocols, sanitation for elevators and so on. They are all over the details, and they realize this is a time for them to shine. My company is gathering data and assessing it, and we do not have to wait for the landlords. This is a way for us to raise our profile within the business and point out that we are contributing at this broader level and not just helping internal clients with the air conditioning and the toilets. We can be part of the conversation if we inject ourselves in a positive and meaningful manner. We in Real Estate are the trusted partner, we work with every department, and real estate touches everybody.

CoreNet Global

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