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VIRTUAL POP UP

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Pop-Up Webinar: Key Takeaways

5 May 2020

Some chief financial officers are asking corporate real estate executives to help save money across the organization over the next 18 to 24 months. Yet companies need to spend money on their workplaces as people come back into the office. How are people handling these potentially conflicting demands?

- I am concerned about the rush to find savings. We should be defending the facilities funding that might not be fully utilized now but will be needed later to improve workplaces. We should resist the idea that there is a lot of free cash flow available. It might be a matter of whether the additional funding for workplaces should come from the regular facilities budget or a special capital fund that could be set up prior to its first use. Considering the coronavirus crisis, this might be the perfect time to ask for those funds.
- We recognize the need to spend money on facilities. There might be opportunities to save money on leasing overall if rates go down later, but this will be a challenging balancing act in the near term for many companies.

Is anyone proceeding with renovations and reconfigurations while offices are vacant? This would seem like a great opportunity unless construction has been put on hold in your state.

- I am a corporate interior designer. For those projects that were slated for completion, clients see this as a great opportunity to continue because the facility is empty. As we move forward in our planning, we are slowing down a bit to make sure we are doing the right things based on what is happening to the work force. As far as space needs, clients are not getting rid of square footage, but they are not necessarily expanding either. They are taking advantage of the fact that more and more people are comfortable working from home. If perhaps 50 percent of the work force comes back to the office, you can maintain social distancing without doing major renovations.
- I think people will take a wait-and-see approach. If you are phasing in the reoccupation, you can fine-tune things and learn as you go. If only half the people come back into the office, they can get twice as much space.
- I am in Atlanta. We are proceeding with a client's construction project. We put it on pause for two or three weeks, but now the demo has been conducted, and work is beginning to occur.

Something happened yesterday with another client that was interesting. A lease in Cincinnati was expiring this summer, and we were planning to extend it for six months to give them some time to think about next steps. At the last minute, they decided to let the lease expire and work from home, with no office, for the time being. They plan to re-engage with new occupancy in January of next year. They figured that working from home was working well enough that they did not need to do a lease extension. They will move into new space in the first quarter of next year. This is a smaller office of about 30 people. It would be more difficult if this were a larger office. They are just saying 'we can save money for six months.'

- Now that everyone has had a couple of months working from home, now might be a good time to do some metric studies around how people want to work in the future and potentially demonstrate how an office environment can be beneficial to them.

Is anyone talking about going to a schedule of perhaps one to three days in the office vs. the three to five that has been typical?

- Unofficially, yes.
- Rather than going to a shorter week, we plan to reduce the number of staff in the office by continuing to have a portion of our staff working from home for a longer period of time until there's a comfort level that we can bring everyone back to the office. This will allow us to maintain our social distancing.
- We are hearing about companies planning a red team and a blue team – alternating teams that come into the office at different times during the week.
- We are still in the process of developing our plans. Our task force teams are working on a survey to get employee feedback on whether they are comfortable returning to the office and what they expect when they return to the office.

What is the latest from Canada?

- In terms of returning to the office, I do not think we will see anything major happening here until mid- to late June. I have not seen a big rush to move ahead among our clients. They are all looking at various options.

Is anyone including in their plans the possibility of a second wave of infection – a recurrence – this fall?

- We are a university, and we are really grappling with whether to open. We need to decide in July because incoming students must sign leases for the fall term.
- It is possible. My understanding from reading the news is that a vaccine will not be available for 12 to 18 months at best.
- Companies need to be prepared to have employees continue to work from home because governments might enact new shelter-at-home orders if new cases increase. Unless there is a vaccine or antiviral treatment or major improvements in contact tracing, nothing is really going to be different in the fall. Social distancing will still be in place, and people will still be wearing masks. This will be true for the next 12 to 18 months unless something changes to reduce the infection rates.

What strategies for space planning are companies deploying in the near term?

- The key to managing this from a space planning standpoint is adaptability. If you have a flexible solution that allows you to change workstation layouts quickly and easily, such as over a weekend, and enable people to walk one way down the aisle, you might be able to accommodate your work force population without adding more space. You might even be able to shed space. But you must operate almost in real time to make your workplace fit the number of people who want to work there on that day. That could mean that software will need to be upgraded to better

monitor who is sitting where at any given time, and even which workstations have been cleaned and sanitized.

- I think Costco has done a great job of separating their checkout stands. They widened their whole checkout area by 50 percent and turned it around very quickly.
- Airlines are working on this too. Many are blocking off middle seats. In other cases, customers can pay a fee to ensure that the middle seat is open. If airlines can respond quickly, we facilities people should be able to do it too.
- As an interior designer, I have been amazed to see carpet manufacturers putting out carpet with lines every six feet, and markerboard companies developing clear glass shields. It is amazing how fast this industry has pivoted, and how quickly that pendulum has swung.
- I think that the open-office concept, high-density living, and high-density mass transit are all going to be seriously questioned, given the problem we are currently facing.
- Yes, the pendulum is going to go the other way.

What about janitorial procedures? Have they changed since the shutdowns went into place?

- We are continuing to provide janitorial services where we have essential employees coming into the office. Our cadence for cleaning has not changed from day one.

Anything else about returning to the office?

- We are preparing for our people in Atlanta to come back into the office, and we will be providing them with a welcome package that includes PPE, masks, and procedures for health and safety.

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