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VIRTUAL POP UP

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Pop-Up Webinar: Key Takeaways

7 April 2020

The situation has been improving in some parts of the world, but not so much in others. Can anyone from Asia give us a portal into the future?

- Here in India, the Prime Minister has been lauded across the global community for the significant steps he has taken to control the epidemic within the country. India has been in lockdown since 24th March. We anticipate a continuation of the lockdown until 14th April. It is expected that the lockdown will go away at that time, and then we have potential for communities to come out and start working again – business as usual. Of course, that will not truly be business as usual. In terms of steps the occupier community is taking, social distancing is one. And there are steps and measures taken by the government, given the geographical nature of India and the density of population. There is an active containment plan that has been shared by the government. Yesterday they were looking at instituting a quarantine of certain geographic regions where new coronavirus cases are occurring.

In Singapore, they've had a recurrence and have shut down again for another 30 days after they had just started to send people back to work. I wonder if we might experience that here in the United States. What about plans you're making for returning to the office?

- There's a lot of planning on that now. Occupancy will have to be sequenced carefully and a lot of practices documented – learning, of course, from our Asia-Pacific colleagues. We will need the do's and don'ts and the specific practices to help make it orderly, but also the psychological dimension. People will need to feel good about occupying office space again. In New York, we are at peak right now. We are several weeks away from deploying that plan.
- In the UK, our Prime Minister was admitted to intensive care the other night. We hear that he is not on a ventilator, but he is having symptoms and they are monitoring him. It's amazing how much more tense the environment seems to be now, and how seriously people are taking the social distancing. It has a lot of people thinking seriously. Hopefully we will come through it well.
- This is hitting us in stages. In the first stage, all our clients, and ourselves, were focused on getting everybody working from home and getting that up and running. For some companies, that went smoothly; for others, it was a challenge. It tested everybody's business continuity plans. In the second wave, in dealing with our clients, they realized that certain people cannot work from home: people in command centers, those in mission-critical roles, people who needed to go into the office to get the mail and their accounts receivable. In that stage, the key question was 'how can we make it safe for people who have to be in the office?' Now we are starting to hit the third wave. Eventually, everybody will go back to work, and when they do, what will that look like? How will we function in offices? What are the procedures, and even the layout? What is needed in terms of modifying your space so when people do go back to the office, they feel safe?
- We are in the process of kicking off a cross-functional team this week to start thinking about what Day 1 return looks like as well as the longer-term return to work. Those will be two different work streams. The lift will be far greater on that long-term effort. For the immediate return, we are trying to segment those who are critical to come back sooner. Then there's a next layer of those who want to come back sooner, and we'll also have to figure out what percentage of our people need to be in for the sake of collaboration. The Day 1 challenge is probably physical changes

required to our space, but very little labor is available to make that happen. What is the low-hanging fruit that we can do with our internal facilities teams? Is it as simple as sectioning off certain parts of the workspace? Let's spread out our chairs in conference rooms. Let's try to drive effective human behavior in elevators. We are reviewing our way through it. We don't necessarily know that there is a right or wrong at this point, but we are putting pencil to paper, and we have a daily stand-up format to keep a pulse on how successful we are being and to figure out areas of opportunity.

- We have a whole list of things that clients might consider. Maybe a 10-hour day, four days a week, to spread people out so even if the office is open five days, you only come in four. This would instantly de-populate the number who are there on any given day. While some companies probably will extend that work-from-home policy, I still believe there is a huge benefit in gathering. I think people will spread stuff out. The thing that will really take a hit is meeting rooms. For way too long we have designed a default around two questions: how many people do we need to cram into this room, and how many chairs do we need? I don't think that's right for most meetings. People will be looking at those meeting rooms and that configuration, but it'll be a whole host of things. We're concerned that there will be a knee-jerk reaction in which we go from one extreme to another extreme, taking us years to find the right balance. It will be interesting to see how all this plays out.
- I think you're spot on. I think we will see lots of changes in the future work week. Also, I think we'll see lots of changes at concerts, sports venues, and so on.
- We're in much the same boat. We are also interested in those larger shared settings such as training rooms and conference rooms. I don't think they will be as actively leveraged as they were in the past.
- We have done an enormous amount of research recently on neurodiversity – people with sensitivity to touch and so on. With COVID-19, the sensory perception of everybody on the planet has spiked. We are probably going to be looking at an extended period of limited travel and limited gathering. We're not going to go back to business as usual, back to the way we were. There will be stipulations on mass gatherings.
- At our company, we are talking about phasing and people going back to the office. Some people are saying we can only do that when there's a vaccine, but the problem is vaccines take a long time to create and distribute. Short of that, how can we have a safe environment for our people? I was just on a call with our site leadership team. Our security group was saying perhaps we could phase in a few people now, with everyone coming back later. But we're a technology company, and everyone can work from home effectively. Why would we even attempt phasing in the near term, when it might not be safe, particularly when the entire reason to come back to the office is to collaborate and talk to each other? We are struggling with how much phasing makes sense vs. just waiting until it's safe.
- I am in total limbo right now. I was sick a few months ago, after I came back from traveling internationally. I tried to get tested but couldn't. Either I had it, and have recovered and now have immunity, or I didn't have it and now I am vulnerable. We need the antibody test, so people know if they had it or did not, and if they are susceptible or not. Without that, you are really living in limbo. We must address this.
- Over the years we've seen different sectors and businesses growing into new ways of working and agile ways of working. The ones that have stagnated or made the least progress are those that are office based and work in a sole, independent environment, such as the legal sector. The conversations we've been having for the past few weeks with clients in the legal sector show that they're reflecting on this experience. They have all these staff who have never worked remotely, but now they're doing it. We are using this to challenge their thinking. Can you adopt this experience into a new way of working if we were to move into a new building? There's a large law firm in London that was looking to take 200,000 square feet, but now they're asking themselves if they can instead take 100,000 square feet. While clients are considering how to get back into their buildings, they're also asking if they still need the same amount of space and considering how and whether to use their recent experience to change their portfolios moving forward.
- This is a pivotal moment. I think we're going to start looking at the standard metric of square feet per person. That allocation doesn't matter if people don't feel safe coming back into the

environment. I think the utilization targets are going to drop from the traditional 70 to 80 percent. And I think square feet per person is going to shift and change, because at 120 people don't feel safe, and that won't work anymore. Another key question: why do you go to the office at all? Most offices are designed for heads-down work, which frankly you could be doing at home. You come to the office to be with your teammates, and we need to redesign offices as gathering hubs. That's where we find people are the most effective, engaged and happy. We need to look again at that balance, that sweet spot in the middle, instead of saying everybody go work from home and we'll cut our space in half.

- I think the gut reaction will be to assign desks, but I think it's the wrong approach. Activity-Based Working lets people pick where they want to sit, and by whom.
- Utilization was a hot topic before COVID-19 and will be an even hotter topic post-COVID-19. We will be taking a much deeper look at how much space we have, how much of the various spaces we are actually using and figuring out our real square footage needs.
- I think corporates will look for de-densification and will shift toward multiple smaller offices and away from larger facilities.
- At one time, I had to come to the office to get my job done, but that's not true anymore. I think we should put this decision in the hands of the staff.
- Has working at home the past four weeks been more effective than being in the office? Less effective? That's the one thing that's going to stand out moving forward.
- Sales of employee spyware – software to see what employees are doing – have skyrocketed. This is sad. If you don't trust your employees, why did you hire them in the first place? I always find that interesting.
- Picking up on the point made earlier about people being more productive: we should forget about being more productive. Just focus on being as productive. At our company we have an experience-per-square-foot application that's supposed to measure productivity and experience in the office. Now we're going to apply that to the at-home experience and try to measure and compare the two; more to come on that. This is interesting from the standpoint of how it might change the sequence of flexible working, such as hours and shifts, but there's also this other dimension of how you get the data that informs you on what people are doing when they come to the office and what are they more productive at when working remotely. There'll be a whole body of research on this, which should be something of a silver lining for the industry.

Has anyone been providing equipment to support employees who are now working remotely?

- For supporting employee needs at home, our response varied a bit geographically. In some markets there was little remote working, and people needed laptops and monitors. We have not allowed people to take chairs. Yesterday we gave employees an allowance to make whatever purchases of equipment or extra bandwidth they may need to function successfully at home.
- Some companies did let their employees take chairs home. But for many, it happened so fast, and they didn't realize how long this could go. Many are giving employees allowances to buy their own chairs.

What about sanitation and cleaning of workspace before employees return?

- Janitorial services are going to change going forward. People are going to want to know that the work environments are disinfected before entering the workspace.
- If cleaning has been reduced because people have been working from home, there's going to be a huge demand for cleaning before re-entry.
- We have been thoroughly cleaning and are planning to do it again before people return. Janitorial can continue in most of our markets as an essential service.
- There will be a need to make cleaning/disinfecting products readily available for staff to use, i.e. disinfecting wipes, hand sanitizers, etc., in high-traffic areas like conference room, tech areas and pantries.

What about the economic reality of all this? A survey in Forbes indicated that executives plan to permanently shift a number of employees to work remotely.

- Nobody should make a working-from-home decision purely on economics. That's wrong. We have been experimenting with working from home for decades. At times we pushed employees out, then we brought them back in. I think there are certain jobs that can be done sufficiently working from home, and there are certain people motivated enough to do it. It's not right for everyone, and not right for every job. Businesses go through cycles. Yahoo! pulled people back in not because remote working failed, but because they didn't have anything to sell. They needed to innovate. Working remotely was almost too successful; that was the problem. They did not have people in the offices innovating and driving new solutions. If you are a company that thrives on synergy and creativity, will you really be successful working remotely? On the other hand, if you need to be client facing, you don't want people in the office. You need to look at who needs to be remote in terms of their job function, not purely because of economic considerations.
- In an ideal world, that would be the case. But if companies are cash strapped and don't have the ability to pay rent – and some companies are in that situation now – that creates a completely different dynamic and the question of whether you would rather keep people employed, or would you rather pay rent? This is a real issue. I've heard stories over the past couple of weeks that small- to medium-sized businesses are deliberately allowing leases to expire. They're just letting them go. They don't know when they're going to be able to get back to business. And even when they do, they anticipate that they'll be able to sublease space. That is one end of the extreme that I've heard, which speaks to the point about the economic realities of what's going on.

Is anybody having conversations with landlords or lenders about rent abatement?

- We have had good success in delaying commencement dates for clients that were executed prior to COVID-19. We basically exchanged delays in construction starts and commencement dates with two months for every month of delay. This is being tacked on to the back end. From a rent abatement perspective, in most cases tenants went ahead and paid April. They figured that nobody had enough time to evaluate lease documents and so on. But now they are in the thick of trying to get rent relief in May. We feel that we will have success with some, but perhaps not with others.
- Has anyone requested to use their security deposit for rent? And has anybody had any luck on renegotiating an abatement for May rent by spreading it out over a year, or asking for an abatement on the back in in exchange for a rental increase?
- That is one of the points we're discussing now, which is to amortize any increase over the remainder of the lease, or for a 12-month period.
- It would certainly help if a tenant could get an abatement on their rental increase – say, 50 cents a year.

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