



PRESENT



A COVID-19 Virtual Ideation Experience

Distributed Work

Team Topic and Number: 11

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A Vision for Distributed Work

Emerging trends often “hide in plain sight” without recognition until a significant disruptive event occurs. “Suddenly,” these trends breakthrough, and in a moment of creative destruction, become obvious and dominant practices. Digitization, AI, IoT, the gig economy, virtual retail, large-scale data and analytics, and work from home (WFH) or other third places, are familiar examples. The COVID-19 pandemic is a disruptive event that will accelerate the adoption of emerging practices. There will never be a return to “normal.”

This COVID-19 Hackathon Team #11 has developed forecasts and recommendations about how the pandemic will impact where work happens in the future. Consisting of representatives from across CRE we converged with common conclusions. Specifically, we anticipate a hybrid workplace ecosystem of many different places so that we are resilient, flexible, and able to work

successfully anywhere we choose. Our work looks to the future yet offers practical assistance to corporate real estate occupiers and service providers as they meet new challenges.

While there are functions that can only best be fulfilled by being physically present in a facility such as those in laboratories or manufacturing plants, our discussion and findings focus on knowledge workers in offices. We structured our work to address key questions.

Organization Viewpoint: Will organizations that were previously reluctant to embrace remote work now see it as a workplace strategy option?

Organizations will apply the crash-course lessons learned during the pandemic to their future workplace strategies. The arguments for multiple and distributed workplace options are persuasive while opposition to working from home or third places are proven to be unfounded in reality.

Distributed strategies offer the following potentials,

For employees:

- Increased satisfaction due to the choice of workplace
- Accommodation of different lifestyle choices
- Support health, safety and wellbeing

For real estate:

- Reduction in cost of real estate
- Reduction in long-term real estate obligations
- Improved financial reporting results (accounting changes)

For human resources:

- Enables access to a larger and more geographically dispersed labor pool
- A tool for recruiting and retention

For business:

- Reduced concentration of risk: improved disaster recovery and business continuity

For the environment:

- Reduced pollution resulting from less traffic and transit congestion
- Potential reductions in business travel

The creation of a multi-location hybrid workplace will not eliminate the use of traditional offices as a component of an overall workplace strategy. Offices will remain a place to convene, integrate, develop culture, collaborate face-to-face and efficiently advance operational and strategic objectives. Our organizations exist as both economic entities and as part of a social ecosystem or the fabric of a complex society. We want to spend time with each other, and casual office interactions are highly valued for creating a sense of belonging and shared purpose.

Serendipitous connections are likely facilitated by proximity, but as workforce trends advance, so too will technology that enables communication and collaboration.

While there may be short-term reluctance to share aspects of the workplace, especially desks, over time the utilization of seats in the office will remain diminished as WFH is accepted. As cost pressure continues, CRE will be unable to accommodate both choice and dedicated seats in the office. Desk-sharing will emerge as a sensible workplace strategy, especially in the post-vaccine world. In anticipation of future pandemics, improvements in cleaning protocols and smart building technology advances will support this new corporate-provisioned workplace full of various settings available for the use of all.

As employees spend less time in traditional workplaces, we anticipate noticeable changes to management training and styles. If work is distributed, so too will management be distributed. Expect re-structured org charts (more freelance/gig workers) and the meaning of “going to,” “being at,” “leaving work” and “overtime” will shift. There will be clear delineation between focused work and collaborative work. Human resources, procurement, health and safety, risk management, and the great enabler: technology, will adjust to support distributed work practices.

Each organization will morph in response to changes in workforce supply/demand, labor demographics, products and services markets, brand, culture, local labor norms and regulations, community relations, and technological maturity.

Employee Viewpoint: Will employees be eager to return to their workplaces and be in physical space with their colleagues?

We believe that employees will seek opportunities to maintain and restore the collegial interactions that were disrupted by an extended and ad hoc separation from the traditional workplace. WFH and other places may fall short in technology provisions, connectivity, ergonomics, and other basic conditions appropriate for productive work. WFH requires focus, discipline and the management of diverse responsibilities all compete for attention. For example, the multi-tasking associated with rearing and educating children can conflict with getting the job done.

Our hybrid model has fewer people ultimately returning to work after the gradual, phased return of employees who will be coached on the new protocols required for the use of common facilities. Vertical transportation, food services, restrooms and other common facilities will require new policies. As McKinsey has pointed out, mass transit remains a risk of exposure beyond any one organization’s control. The capacity of most buildings will be permanently lowered to allow for distancing, increased HVAC air changes, and reduced loads on common spaces. Elevator protocols will also constrain density and space utilization metrics, especially in high-rise buildings.

Cushman & Wakefield reports from its Experience Per Square Foot @ Home survey of May 2020, that a majority of its 33,000 respondents think that they individually (52%) will work more from home and that companies should expand WFH policies by an overwhelming 83%. Respondents report that those WFH employees have a better workplace experience.

Traditional Office Space: Will organizations use less traditional space?

We anticipate that the amount of traditional space, both leased and owned will be reduced. Ratios of leased vs. owned space and the provisions of lease agreements will change as well. Companies will think about exit strategies at inception of a lease or decision to build or buy. Rights to give back space, terminate and/or sublease or repurpose space will be evidence of a successful negotiation. We expect shorter lease terms and increased use of collaborative or coworking space as a buffer to the portfolio. Landlords will increasingly enter the coworking market and recapture the direct contractual relationship with tenants.

Coworking centers will offer more dedicated space for the exclusive use of single corporate tenants allowing for compliance with corporate policies such as data privacy and security, office policies and standards, corporate brand, and consistency of IT platforms. Coworking spaces will continue their expansion into new geographies such as TOD and new urbanist centers and in suburban locations. Hub and spoke offices will prove a successful model as employees move seamlessly between home, coworking and traditional offices. Coworking operators will exploit the increasing availability of surplus hotel rooms and retail spaces in free-standing units, strip malls and shopping malls. Most are well located and easily repurposed. Retail spaces are often not reliant on elevators for the movement of people.

While there will be reduced demand for real estate, there will be increased demand for smart buildings using IoT and 5G networks to connect it to a geographical network of other distributed offices. Those buildings will monitor our health, density, traffic patterns, and allow immediate real-time decision making to optimize the use of the space while managing risk and wellbeing. Other real estate will become functionally obsolete and unable to perform in this new world.

Final Thoughts

The social and economic shifts resulting from the COVID -19 pandemic will change how work is accomplished. This change will pressure much of our built infrastructure which was designed and constructed for a different time and different practices. And, real estate which has long lagged behind the accelerating speed of businesses, will evolve too.

The “old world” and the “new world” will exist in common. These parallel universes combined, provide a place for work to be accomplished and for companies to produce service, products and generate revenue. Each type of space will have its purpose. Mentorship, social and learning goals may best be met in an office where people come together. Work/life balance, business continuity, health and environmental concerns may be better served by other, alternative workplaces. Maybe the term “alternative” workplace will fall out of use. The alternative of the

past will become the new typical workplace and a traditional office will become the “alternative.” A hybrid work ecosystem composed of options will offer flexibility to choose traditional offices, WFH, coworking spaces, and other places -such as cafes. The adaptive reuse of retail and hotel buildings will diminish the role enjoyed by traditional office real estate. Fewer people will “go to work” like they used to. We will flex over the work week (perhaps a shorter or longer work week) from home to office to coworking. Work anywhere anytime has arrived, and results-oriented management will prevail. The health of the planet, employee preferences, cost structures, productivity, resilience and the speed of business will demand it. Technology has enabled it.