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A COVID-19 Virtual Ideation Experience

**Team Topic and Number:** Space Utilization

**Team sponsor/chapter (if applicable):** New York City Chapter

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## Covid-19 and the workplace

With one of the most widespread pandemics halting life as we know it across the globe, employers are being asked the same question; how and when they will re-introduce their workforce into the office. While corporate offices may see an immediate shift in work styles, space requirements, flexible policies and employee behaviors, commercial real estate professionals are asking the bigger question; what are the long-term impacts of Covid-19 on the workplace? More specifically, how does the fear of congregation and proven success of remote working affect holistic corporate portfolios and future planning?

**Will it change forever?**

The New York City CoreNet chapter has brought together a range of executive real estate professionals to participate in a multi-day engagement session to answer these big questions. Focusing on both immediate and long-term impacts of Covid-19 on the workplace, the in-depth discussion led to a unanimous determination that corporations will see minimal long-term effects on their global workplace footprint. In other words, companies of scale will see a net neutral impact on the amount of space it takes to run a business successfully, and the space-related changes we will experience will likely be temporary.

### **Why Net Neutral?**

The biggest topic of discussion amongst the group of experts was simply human behavior. Throughout history humans have shown the innate ability to bounce back after a crisis, and though “normal” as we knew it will cease to exist, the way we will interact with both the built environment and our peers will look much more similar to “normal” 18 months from now than we may imagine in the depths of this pandemic.

The key to this suggestion is that 80% of experts who were polled believe that social distancing in the workplace will last only 12 to 18 months, at most, before workplace behaviors will resume as we once knew it. This will revert even sooner if a vaccine becomes available.

With a majority of organizations holding leases that have five years or more left on their term, most corporations will not have the luxury to temporarily remove space from their portfolios during this 12-18 month period and re-capture that space once it is needed to perform everyday activities. Once these everyday activities resume, the types, sizes, and amounts of space that it takes to successfully go about day-to-day business, without jeopardizing culture, will at large remain the same.

### **The Office**

When asked the status of space metrics and ratios on active projects, all CRE executives present in the discussion responded similarly, stating that their on-going projects will see minimal change in programming or sizing due to the shift in current workforce behaviors. Instead they will focus on the importance of successfully adhering to security and sanitation policies and implementing new technologies such as touchless coffee machines or elevator capacity counting systems in existing and emerging offices.

A change in the amount of space organizations allocate per employee will have the largest impact on the office footprint. This holistic metric includes spaces such as individual work points, shared amenities, and circulation. To predict that these metrics will remain neutral, the group of experts discussed the intricacies of each space type.

The concern for increased space between individuals, or currently known as adequate social distance, is a practice that will not be forgotten, as there will always be an underlying cautiousness and readiness across mankind that comes with any crisis. However, in the workplace this practice will be, for the most part, temporary. Once a vaccine becomes widely available, you can expect to see groups of peers congregating in conference rooms, enjoying lunch in the cafe, and gathering around individual workstations for a quick collaboration. One-way circulation paths will be that of the past and individuals will pass by each other with less than an arm's length apart. This notion will be true in not only the workplace but in most public

settings. The way we interact will not change as much as some may assume, as human interaction and community are defining behaviors of mankind. With this, it is not predicted that emerging offices will decrease the amount of social space they allocate, though with the new found ability to successfully work from home, we may see a shift in how social space is utilized.

But what about individual work points and their spacing; is this distancing concern also temporary? It is predicted that this will also fade once a vaccine becomes widely available. If planning principles reverted to a world of primarily enclosed offices or high-paneled cubicles to give employees increased separation, square footage requirements per person would increase anywhere from 20 to 30 percent. Our experts concluded that some companies may discuss the implementation of slightly larger workstations or reallocation with the adoption of shared seating models, but organizations who were not previously considering it, will not return back to a workplace environment with a majority of enclosed offices or high panel cubicles. This suggests the square footage per person will not increase due to changes with individual work points.

Currently, across the globe, public places such as gyms, cafeterias, auditoriums, and social spaces are feared as they do not promote distance and can harbor biological contaminants. When the group was asked if the liability of these spaces in the workplace would outweigh the benefit of employee satisfaction and talent attraction, the group once again had a cohesive voice. Over the past 10 years, employers have placed the utmost importance on employee experience and the ability to enhance satisfaction and productivity across their organization. Corporate real estate teams have played one of the most integral roles in ensuring this goal is achieved by creating programs and environments that drive culture and provide employees a sense of pride in their workplace. The members of these teams agree that this will not be reversed by removing third spaces, such as employee lounges and fitness centers, from corporate portfolios. Rather however, the team believes there will be a new measure of satisfaction that will need to be considered by every real estate and facilities professional. The measure of workplace well-being ensures employees are safe, healthy, satisfied and engaged within their physical environment. It will become the employer's primary responsibility to enable a trust from their employees that they are providing a healthy and safe environment, by overseeing improved procedures, such as cleaning, throughout the entirety of the office. With these improved procedures, it is believed employees will feel more secure utilizing their employer's provided amenities rather than public ones.

### **The impact of Flexible Working**

Flexible working or easier said, work-from-home, is the biggest long-term factor that will impact the amount of space required to successfully operate as an organization. Though it is unlikely that employers will push a large number of staff to permanently work from home, how likely is it that organizations will switch a large enough number of employees to a flexible working model, to have an impact on their workplace footprint? Unfortunately, it is too soon to tell. There are too many factors that play into the success of a distributed workforce program to be able to define this at a holistic scale, as work-from-home programs will look different across every organization.

What we do know is that for distributed workforce programs to successfully reduce the workplace footprint, organizations will need to implement a flexible seating model. To do so, employees need to remove their reluctance to give up their dedicated desk and shift to shared seating. Historically, employers have foregone the opportunity to save on real estate costs and continued to support 1:1 assigned seating following significant pushback from business unit

leaders. To reverse the reluctance, organizations will need to provide enough flexibility in their work-from-home policies that the users will not utilize the space a large majority of the time.

When considering a shift in policy, there may be incentives for corporations to move to a more distributed workforce including the lower cost of relocating operations to more cost effective locations, portfolio risk mitigation, corporate sustainability (particularly to reduce carbon footprints) and employees choice or talent retention. Most corporations are likely to experiment with these ideas. In these scenarios, it is likely the space required per employee may not change, but the number of employees utilizing that space may increase, especially if companies implement staff rotation policies to allow working from home.

To implement these flexible policies, leaders across organizations will need to re-define how success is measured. They will need to define remote measures of productivity, employee satisfaction, the ability for talent growth, and more. A group of thought leaders within the New York City CoreNet Chapter have begun to identify key metrics in defining the success of a distributed workforce. These defining measures will help shape the impact these unprecedented times will have on a potentially distributed workforce and how that will influence the size of the workplace footprint and the types of spaces required for continued success.