



A COVID-19 Virtual Ideation Experience

# Space Utilization & Metrics

## Name of Chapter: New England

### 1- PRE- COVID RSF/Workstation:

Corporate Real Estate experience a density trend up in the last 10 years with the following RSF/Workstation (this assumes 1:1 seating):

2010 (CoreNet data): 225 RSF

2012 (CoreNet data): 176 RSF

2017 (CoreNet data): **151 RSF**

2020 Pre-pandemic: **125 RSF**

### 2- COVID IMPACTS:

#### a. Short term:

- If given the option, people will continue WFH if they do not have to go to the office in order to protect themselves from the virus. They will continue collaborating virtually for meetings and others. They might go to the office to access resources they can't access at home (i.e. multiple monitors, plotters, materials libraries, etc), and maintain face to face interaction to maintain company culture.
- Occupiers are going to apply temporary efforts and “non permanent ways” for “non permanent solutions” until there is more clarity about the future. They will update the workplace to accommodate a phased approach to bringing employees back and limit population density to respect the minimum physical distancing.
- **We predict the RSF/Seat to double in the short term to 250 RSF per seat**



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#### b. Near and long term:

- The world is going to live in a state of permanent pandemic risk, as there will likely be a 2<sup>nd</sup> or even 3<sup>rd</sup> wave of COVID-19 this year and next, and there will be other pandemics to follow. (All the research points to this.) Office design will need to adapt to this permanent change in external factors.
- Employers are now looking to put people in Flex seats to allow flexibility, daily space cleaning and avoid clutter.
- Office design will need space and design to accommodate more sanitizer stations, PPE storage and decontamination materials, as well as safe disposal of the same.
- The pandemic has both reduced the stigma of work from home and emphasized the value of face-to-face collaboration
- WFH policies are likely to stay intact and people will come to the office to work together. Meetings will be conducted virtually.
- Managers who resisted WFH for their teams in the past will have a difficult time doing so in the go forward



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- Culture needs to be curated in the go forward:
  - We see the purpose of the office being (even more than “before”) about bringing people together and creating opportunities for collisions and collaboration, becoming a destination/respice from the WFH environment.
- The “Hook” to bring people into the office
  - The Office is not where you work; it’s where you collaborate
  - Virtual experiences are not as rich as in-person and folks will choose the office as a collaboration tool
- Choice becomes more of a factor than it ever was before
  - What brings you into the office will be an important question
  - Higher percentage of unassigned spaces than assigned or access to reserved spaces
  - Workers may have a choice to work from anywhere
  - Both in the physical and virtual workspaces
- The Workplace Experience is ever more important
  - In-Person collaboration will be important and the office will be seen as an enabler of collaboration
  - Amenity Spaces will become even more of a tool than thought of previously
- Hence more value may be placed on the spaces that enable this in the future, and so we may see a shift of proportion of space into spaces that enhance this



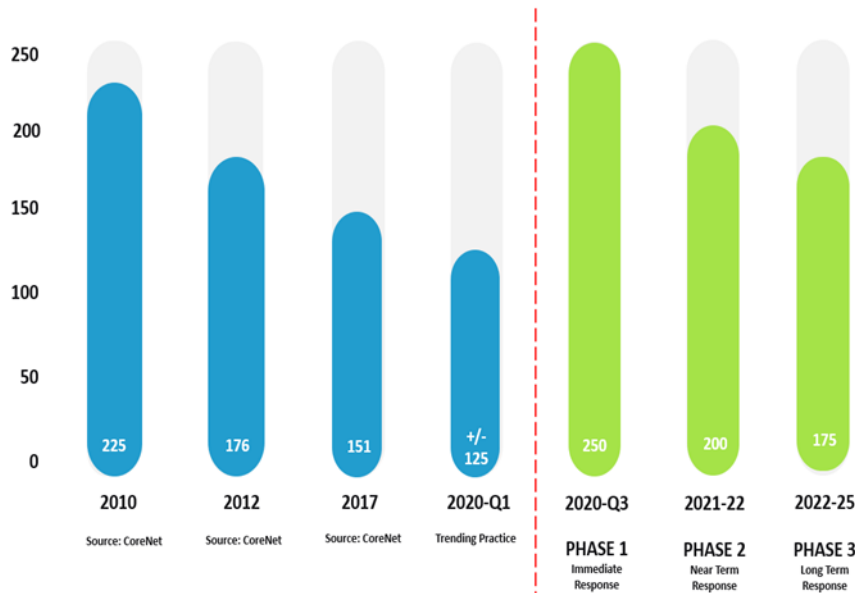
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- The ratio of collaboration seat vs task seat will skew higher in the long run and potentially impact design
- The open office dedicated to individual seats may become half the size of what it is today but SF/person will still need to respect social distancing requirements.
- **We predict the RSF/Seat in 2021 and in the aftermath to be around 175 to 200 RSF**

RSF PER SEAT





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### 3- KPI's:

Companies are going to need to track space and use KPIs to understand the evolution of the workplace:

- Utilization of workstations, meeting spaces. (# and % utilization.)
- Agile/hoteling ratios for workstations
- Maximum “capacity” of hallways, lobbies, and other common areas that do not have conventional seating “capacity”
- Measurement & Metrics will be important
  - Use of sensors and badge swipe data may not be enough
  - Observational studies will be ever more important to understand how space is being used
  - Use of employee surveys will be another important tool to measure



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### 4- Leasing Strategy & Portfolio Planning Impacts:

Adaptations to leasing strategy:

- Further language in force majeure clause to include pandemic planning
- Include language for premises deep cleaning following COVID 19 protocols
- Increased flexibility in lease terms. Endeavor to include rights to sublease, assign, contract, expand and/or terminate and/or sign shorter term leases.

Impacts to company's portfolio planning:

- How much space will a company need – less space because so many people will work from home or more space because of spreading out employees taking social distancing into consideration (private offices/increased space between workstations)? Will the two cancel each other out? (both company and industry specific considerations)
- Exiting the city and pushing sites into the suburbs so employees can drive to the office and avoid public transportation. Suburban vs. Urban locations may also reduce rents and expenses.
- Seek out LEED/WELL certified buildings to ensure a healthy environment for employees and/or build tenant spaces to LEED/WELL interiors specs.
- Require more complex fit-up (i.e. enhanced HVAC systems, hands free elements, germ free surfaces, etc.) which may require higher TI allowances and/or higher rents.
- Short term blanket renewals to buy time to figure out a long term solution (understanding if more or less space is needed, if relocation is necessary, etc.)



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### 5- Long Term Real Estate Cost Impacts:

- Companies will overlay COVID impacts in the short term but long term considerations will stay focused on achieving business case objectives and business continuity resiliency for future pandemics/disasters.
- The change in office use now centered around collaborative space and expanded WfH policies equates to a shrinking total office SF footprint = Leasing costs decrease
- Finding ways to equate the experience of teaming for those together in a space and those who engage remotely will be an important factor in meeting/collaborative space design and technology. Higher investment in technology to support these goals will result. Companies will invest more dollars in WfH office devices & ergonomics
- Companies will also need to spend more on workspace strategy in order to determine what employees need and business requirements, therefore spending smarter in the end - include investing in more IoT items like sensors to determine long term utilization data and employee surveys to get instructive feedback on what works/doesn't work
- Conduct cost benefit analysis on culture & wellness overlays (i.e. ideas that got cut in the past - nice to have like better lighting, antimicrobial materials, green cleaning practices, or certs like LEED, WELL, FitWell, home office tech/ergonomics stipends)
- Program, material & tech changes will increase construction/project costs: higher furniture panels/glass screens & barriers, more private hard walled spaces, "touchless" fixtures & hardware, increase IAQ with enhanced HVAC systems



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- We will need to continue to track financial KPIs and create new ones. The focus is going to shift from tracking the cost of supporting RE to the cost of supporting assigned (associated) employees, including possibly the depreciation on company supplied office equipment for WFH.
- \$/RSF will exist, but has always been defined down to rent only, without generally factoring in all the opex. We will need to round this out for “total cost of occupancy” to track all the operational costs associated with a RSF, esp. increased sanitation.
- \$/Workstation – same, need to factor in all the costs.
- \$/HC. This becomes very important in an agile or shift-work situation as the cost per HC (employees and contractors) will drop dramatically.