Corenet Philippines Chapter

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The Challenge

Corporate real estate (CRE) metrics have traditionally focused on cost and efficiency. Yet an organization's most valuable resource is its people. Will COVID-19 reverse the trend of reducing square footage per employee and shift the focus from space-centric measurements to human-centric measurements? Or will companies place greater priority on reducing expenses? Further, will the significant business disruptions and prolonged uncertainty ushered in by COVID-19 bring transformational change in companies' leasing strategies?

Challenge: **Develop key forecasts and recommendations for corporate real estate professionals as they address how the pandemic will impact space utilization and metrics going forward.**

The Background

For the first time in recorded history, the entire world has found itself in the same predicament at the same time, at the same scale. The COVID-19 pandemic, has literally put the world on pause and has wreaked havoc on the world economy; with CRE becoming one of its most vulnerable victims.

People and space are an organization's most essential resources and are the core of the CRE industry. In order to contain the virus and prevent further spread; countries, cities, and towns have instituted versions of a quarantine strategy. Essentially, this meant that people are forced to work remotely for weeks, possibly months, as part of their Business Continuity Plan (BCP). This obviously has had a significant impact on commercial real estate.

Historically, the CRE industry has been focused on space-centric measurements as a way to reduce cost and increase efficiency. However, even pre-COVID-19, there has been an emerging trend to use more human-centric solutions in the workplace. With this, we will explore the Short Term, Mid-Term, and Long Term challenges and responses as the CRE industry ventures into uncharted territory:

- Shift in tenants reducing their exposure by reducing their SF
- Balance personal interaction vs virtual collaboration
- Primary concerns such as: safety, security, and well-being, while addressing emotional and cognitive needs
- Workplace FM needs
- Permanent remote work

Short Term Response: "The Knee Jerk"

At the onset of the COVID-19 pandemic, organizations scrambled to execute their BCP not realizing the extent the virus would have on their business or the global economy. This *"knee jerk"* reaction revealed two things – a certain percentage of their workforce could easily adopt the work-from-home approach and a certain percentage had jobs unsuited for remote work. The second issue made it apparent that many companies were ill equipped to implement remote work, namely from a technology and security standpoint.

Following the last recession, companies responded by applying CRE strategies that attempted to do more with less space. This practice known as "densification" led to various RE strategies such as having an "open office" plan, hot-desking, hoteling, agile working, co-working, ABW, etc...
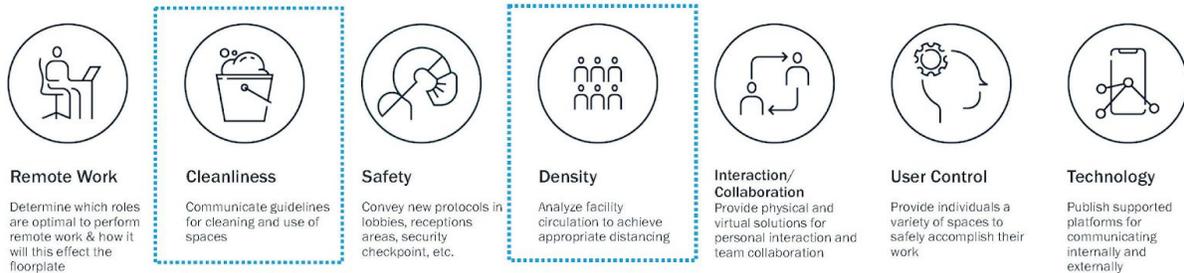
According to a recent CoreNet Global survey, 69% of CRE professionals said their companies would take up less real estate and increase their remote work program once companies begin to return to the workplace. And for most organizations, especially those without a "pandemic proof" plan in place, status quo would still be the norm -- keeping to **space-centric measurements** such as:

Short-term considerations

- Capacity = total number of seats
- Occupancy = present number of users / capacity
- Peak time (ideal measurement)
- Utilization = total workforce / capacity
- Density = total office area / capacity
- Cost / seat (or head) = opex / capacity
- Mobility Percentage = mobile workers / total workforce

As the fortunate ones return to the workplace, what they may find is an environment that retreats from the collaborative open office and a re-evolution of the built environment as they know it.

Design Implications

Remote Work
Determine which roles are optimal to perform remote work & how it will this effect the floorplate

Cleanliness
Communicate guidelines for cleaning and use of spaces

Safety
Convey new protocols in lobbies, receptions areas, security checkpoint, etc.

Density
Analyze facility circulation to achieve appropriate distancing

Interaction/ Collaboration
Provide physical and virtual solutions for personal interaction and team collaboration

User Control
Provide individuals a variety of spaces to safely accomplish their work

Technology
Publish supported platforms for communicating internally and externally

Mid-Term Response: "A day in the life in August…"

Imagine it's August 2020, only a few months since the global COVID-19 pandemic disrupted our normal daily lives. Your morning begins with a self-check along with an inventory of mandatory PPEs – masks, gloves, personal sanitizer atomizers.

Your daily commute will look and feel different. Public transportation will implement strict "physical distancing" guidelines or companies may provide access to private sanitized low-occupancy commuter shuttle buses. Ride share services may be non-existent and driving your personal car may also be riddled with a plethora of rules and regulations.

Once you get to the office, you may be entering a space unfamiliar to you. Firstly, you may not be going to the same location that you left several months ago. As a contingency, your company has implemented a decentralized workforce in satellite sites, composed of small task oriented teams in shifts. If you do return to your previous place of work, that too will be different. You will find that there is a new corporate etiquette to adhere to; from entering the elevator to a one-way circulation protocol. Most likely, you will find a less dense office and a retreat from the open office to a preponderance of remote workers.

While this may seem like a paradigm shift, these adjustments in office design are actually just accelerations of real estate trends that existed well before the pandemic. COVID-19 simply became the catalyst to implementation.

Mid-term considerations

- Office disposals to reduce costs (30-50% working in the office)
- Invest in technology
- Tech-ready spaces that are available
- Simple changes made quickly at low cost
- New Reliance on Digital Tools
- Large space users to incorporate newly created work-from-home infrastructure
- Migration to smaller spaces from both of these groups
- Improved Home internet connection
- Reconfigure/ reorientation of existing space

User Orientation

Goal: Reduce impact of coughing, sneezing and speaking

Planning Principals

- Position individuals facing away from one another
- Eliminate collaborative touchpoints/configurations
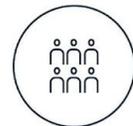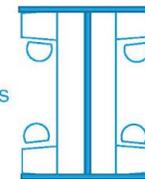
Product Application Considerations

- Consider horizontal implications (e.g. Worksurface geometry)
- Consider vertical orientation implications (e.g. sit to stand)
- Consider openness to aisleways
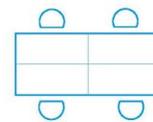
Current State
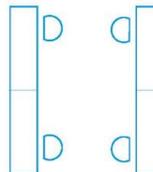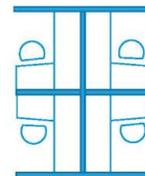
Alternatives

Vertical Space Division

Goal: Provide physical screening between individuals
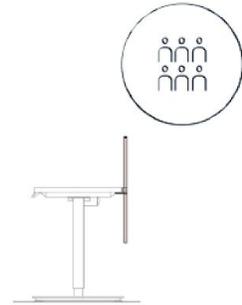
Planning Principals

- Increase elevation between individuals in workstations
- Increase enclosure around individual workspace

Product Application Considerations

- Increase use of screens, toppers and stack kits
- Increase use of larger scale partitions, panels & other elements
- Consider utilizing temporary, freestanding desk screens

Current State

30" Above Surface
24" Above Surface

Alternative

Horizontal Separation

Goal: Create physical separation – 6' between individuals

Planning Principals

- Increase distance away from occupants (e.g. Depth)
- Increase distance between occupants (e.g. Length)
- Increase circulation space (i.e., between clusters)

Product Application Considerations

- Increase enclosures i.e., wall product to reduce overall exposure
- Increase use of screens, small scale partitions and panels
- Increase use of larger scaled storage elements

Increase Length

Depth
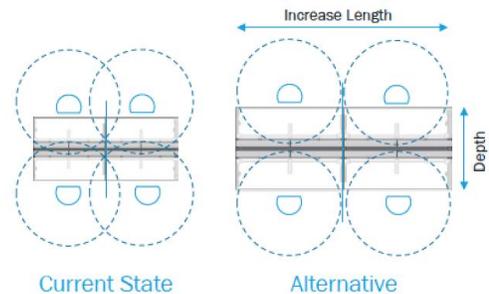
Current State   Alternative

CURRENT STATE   SHORT TERM SOLUTION

Long Term Response: "Pandemic Proof"

Despite many countries flattening the curve, COVID-19 is not going away anytime soon. As we try to adjust to this reality in the short and mid-term, the long term response would be to find an adaptable way an organization can implement to "pandemic proof" the well-being of their people and sustainability of their space. With this, what are long term leasing strategies and design considerations that would come into play?

Long-term considerations: Returning to the Work(place)

- Returning to the office (probably back to 80-90%)
- Define new space requirements (densification ratios / metrics)
- CRE strategies will consider a decentralized workforce (locally and globally)
- Establish A/ B Team shift scenarios
- Establish remote working protocols
- Heavy investment in IT / Technical infrastructure, protocols, and training
- Develop a robust BCP to make CRE an asset in any disaster
- FM develop stringent cleaning protocols
- New Design guidelines & materials – healthcare focused

Design Considerations
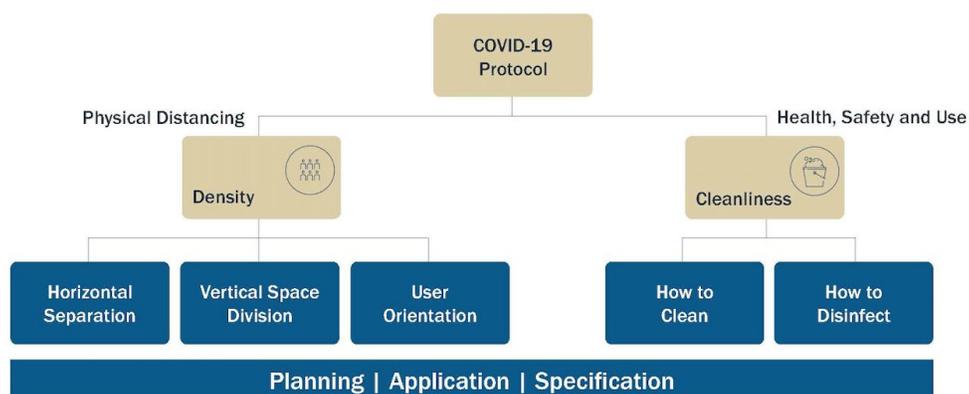
Remote working will be implemented in a more prolific and systematic fashion and the adoption of technology will be more prevalent. Moreover, the economic impact of COVID-19 will likely force many employers to cut costs. This will result in the take up of real estate in lower rent locations, both to reduce cost and minimize public transportation usage. However, the safety

protocols that require people to "physically distance" may potentially cause more demand for office space.

Real estate strategies that will allow companies to be more flexible so they can accommodate this rapid change will come into play – co-working and having a decentralized workforce may be part of the solution.

As physical distancing is now part of our CRE DNA, we will take our cues from those that have performed at the highest level during this crisis – the first responders, like those in the healthcare industry. Design firms are now exploring ideas used to design hospitals and even airports – places where security, hygiene, and crowd control are paramount. As the public health crisis remains a priority, the workplace will need to evolve to become more human-centric in order for people to return and feel safe and productive while being there.

Cleanable and Disinfectant Durable Surfaces

- Support our customers with Cleanable, Sustainable, and Healthy Surface Materials that support Organic Workspaces
- Provide specification, cleaning, and disinfecting guidance for our surfaces
- Enhance our portfolio with surfaces that are durable to disinfection protocols
- Provide education on challenges of utilizing antimicrobial surfaces
- Options to layer in anti-microbial surfaces to meet customer's needs

FUTURE STATE

More importantly, there will be actions that FM will take to manage circulation paths to divert congestion points and protocols to clean offices. In the post-coronavirus office, there would be

more frequent cleaning policies, antimicrobial properties applied to fabrics and materials, robust ventilation systems, or even the addition of UV lights for more deeply disinfecting the office at night.

The current situation will enable office design to shift considerations to more **human-centric measurements,** such as:

- Indoor Air Quality
- Wellness & Health
- Attrition & Absenteeism
- Travel Time
- Employee Satisfaction Surveys
- Staggering desks
- Floor markings and other visual artifacts

Conclusion

In this new normal, we all seek balance between working remotely and physical presence in the office. Workplace density, occupancy, and remote work will affect how spaces will be designed and reconfigured. Furthermore, Corporate Real Estate (CRE) metrics have historically focused on cost and efficiency but it's clear that people are the most valuable resource of an organization. Thus, the focus will shift to providing the most prudent solutions to the primary concerns of safety, security, and well-being of employees, with a new found priority of their emotional and cognitive needs.

As we have discovered in this exercise, every organization is different and should evaluate their unique situation for reopening. When the time comes, employees can return to the workplace with confidence that whether they are returning to the workplace or working remotely, they are safe and secure and working from a place where they can bring their best self and do their best work.