



# HACKATHON



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A **COVID-19** Virtual Ideation Experience

**Team Topic and Number:** Space Utilization and Metrics - Team 3

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**Input your submission below. Please remember that you have 1500 words to share your insights.**

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Our *Challenge* was to understand and develop key forecasts and recommendations for corporate real estate professionals as they address how the pandemic will impact space utilization and metrics going forward but first, we had to answer three (3) questions:

***Please note our responses are broad based and do not address a specific industry.***

**1 - Will COVID-19 reverse the trend of reducing square footage per employee and shift the focus from space-centric measurements to human-centric measurements?**

### **Response**

**Yes, COVID-19 will reverse the trend of reducing square footage per employee since there will be a shift in the way existing spaces are used and measured. Human behavior is going to change significantly. How employees use the same square footage will be drastically modified.**

### **Observations**

There will be phases of change on how the same square footage is used:

- Immediate use of the space will be restricted and only limited to a very small population.
- When a sure treatment / cure and or vaccine is found, more people will get comfortable coming into the office. There may never be a 100% use or occupancy of a space as it was pre COVID. As an example, a conference room for 10 people will be used by less personnel.
- Remote working is here to stay and will become a permanent way of working for many employees. This epidemic has taught several companies who were averse to remote working that it is possible for employees to be productive working remotely and it is successful.
- Densely planned spaces with majority open office and ample collaboration will be redefined with rules on reduced occupancy at any given time, policies in place for use of conference rooms, phone rooms etc. and rigorous cleaning protocols.

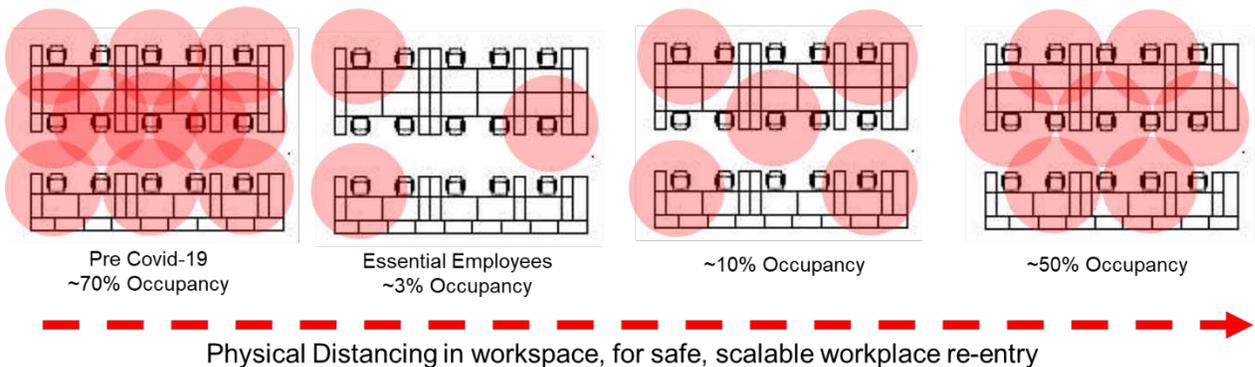
### **Recommendations**

- Companies should gather data on remote working of all its employees to establish what is working well.
- This is an opportunity to identify departments and personnel that should be working remotely and do not need a seat in the office.

- Based on this data companies should analyze their spaces and its use to create a real estate strategy for utilizing the space efficiently. Companies may realize and conclude that there may be a variety of worker types that arise from this survey:
  - Remote
  - Full time in the office
  - Partial remote etc. (Varying percentages of remote working)
- Identify and modify accordingly how a portion of the workforce being remote affects the culture and ability to attract and retain talent.
- Establish a strategy, form policies with HR and define their culture so remote employees as well as ones coming into the office feel the same sense of belonging and inclusion.

**Case Study:**

Company A models building occupancy for workplace re-entry post Covid-19. Considering who returns to site and when and which businesses remain remote until further investigation.



## 2 - Or will companies place greater priority on reducing expenses?

### Response

**Companies will not place greater priority on reducing expenses, in fact they will need to prioritize safety and come up with a new way of working which will result in increased expenses.**

### Observations

Companies have begun thinking about the following that may contribute to increased expenses:

- Operations and Maintenance
  - Cleaning and sanitizing
  - Modifications to the existing HVAC systems and indoor air quality.
  - Different approach to using amenity and break out spaces- more area to accommodate the social distancing.
- Infrastructure
  - Building related items include elevators, restrooms, HVAC, common amenities etc. Some companies are discussing having their own restrooms within their space in lieu of common restrooms.
  - Door hardware changes for touchless and hands-free operation.
- Furniture and Environmental graphics
  - Modifications to existing furniture systems by adding hard surfaces, dividers etc. that are antimicrobial.
  - Providing clear graphics that guide personnel through a space enabling them to keep a safe distance at any given point.
  - Development of new furniture to set a corporate standard for individual WFH purchases.

- Incorporation of specialized signage for use of large public spaces ensuring maximum capacity is maintained with safe distances.



- Technology and hardware
  - Providing every employee remote or in the office with the set of equipment (laptops, screens, headsets, internet service etc.) to enable them to work efficiently with flexibility.
  - Ensure there is equity in work environments remote and otherwise by establishing policies and workplace guidelines.
  - Establish and incorporate multiple virtual meeting platforms that are seamlessly integrated into existing conference rooms.
- Employee Engagement and Communication
  - Training of personnel for new ways of working.
  - Hiring external expertise to implement protocols and policies.

## Recommendations

- We anticipate increase in costs to ensure employees are safe when they slowly return to the office. Companies need to carefully assess and come up with their own customized solutions that are simple, include HR and address the company culture. Each company needs to balance their own environment and establish a strategy that is sustainable in the long term addressing any future pandemic.

### 3 - Further, will the significant business disruptions and prolonged uncertainty ushered in by COVID-19 bring transformational change in companies' leasing strategies?

**Yes, significant business disruptions and prolonged uncertainty ushered by COVID 19 will bring transformational change in companies' leasing strategies. However, without a change in the overall size of the portfolio.**

#### Observations

- There will be a new benchmark for occupancy. Not 100%.
- We may see a shift in having a smaller HQ space in a downtown location and have satellite spaces in the suburbs. This may be a result of employees wanting a shorter commute.

#### Case Study:

Company A is considering Suburban and Satellite locations for employees to reduce building density as well as providing employees the option of a comfortable commute, parking and the ability to avoid mass transit.



- Specialized spaces (such as labs, medical etc.) requiring expensive infrastructure will continue to have longer lease terms whereas their supporting office spaces may look at shorter lease periods for flexibility.
- Existing leases may remain as is however renewal may be negotiated based on shorter lease terms to allow for flexibility and or lesser rent per sf and or additional TI dollars.

#### Recommendations

- Based on data collected each company should review the amount of flexibility they are ready to incorporate into their spaces. This will determine the lease terms. Flexibility would be a key aspect in addressing another pandemic in the future.

- Based on the impact of COVID-19 and its effect on the economy there may be leverage, tenants have to negotiate with landlords based on inventory available. Ability of a company to be able to move easily because they have the flexibility would be a huge leverage.
- Many companies may also think about leasing furniture, equipment and other items that they may have purchased in the past to increase flexibility and ability to change / reconfigure.
- For new leases tenants will have a list of criteria which would include upgraded mechanical infrastructure, use of antimicrobial materials in the build out of the space, touchless technologies incorporated within the core shell of the building to name a few. For landlords, providing for these will be essential in order to attract tenants or the lack of these will result in higher TI allowances, reduced rent etc.

***Final thoughts:***

***The team would like to follow up and revisit these questions as companies are coming back to a new normal.***

***We are very interested in knowing if the recommendations made are implemented by Companies and what customized strategies they have created to showcase what's working and what is not.***