A COVID-19 Virtual Ideation Experience

Team Topic and Number: Space Utilization Team 4,

Team sponsor/chapter (if applicable): Freespace

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Team member	Company	Role
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Pandemic Impact on Space Utilisation, the Metrics and Leasing Strategies

In answering this question our focus is on insight to drive what we do now and foresight on what we do next. It is not possible to predict the future unless all variables are known. History tells us that disruptive events accelerate existing trends and also lead to new behaviours.

What will not change in corporate real estate and are likely to accelerate:

- Flexible working with more people working from home
- Agile and flexible workplaces
- The workplace as a destination experience and a vehicle for brand expression and culture
- The focus on sustainability in both the design and operation of workplaces
- The digitisation of workplaces
- The focus on health, safety and well-being

COVID-19 is accelerating all of these trends and new, as yet, unknown, behaviours will emerge.

What we know:

- People are becoming accustomed to and will have a greater desire to work from home.
- There is a strong desire for people to reconnect through person to person interaction
- The purpose of spaces will change, with people coming to the office for specific reasons only, impacting on the types of spaces and services required.
- Health, safety and wellbeing is becoming an even greater priority, with the need to reassure and give people the confidence that the environment is safe.
- Digitisation of the workplace continues with a focus on ensuring human contact compliance and less reliance on people to provide services (apps, the Internet of Things (IoT), sensors and robots to streamline property management).
- The lock-down and restriction measures across the World are demonstrating how nature can heal itself and the focus on sustainability and environmental impact of workplaces will continue to be a priority.
- Companies are taking a forward-thinking approach, where it's not just about protecting the occupants of buildings now, but adopting measures to protect against future outbreaks.
- There is a major focus on costs in anticipation of a recession, depression.

How we approached our topic

As a group, we approached the question in three phases;
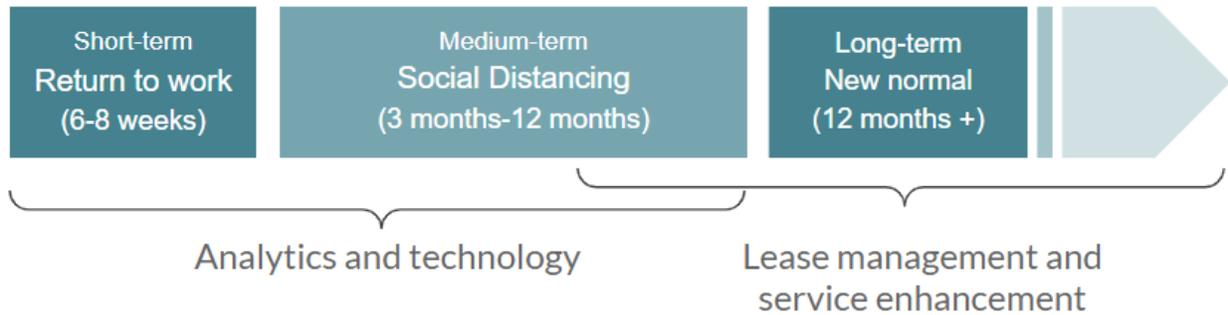
The short and medium term we have defined **technology and analytics** solutions to inform the return to work and social distancing while changes to **leasing strategies and service enhancements** are covered in the longer term.

The Short Term

The return to work phase will be cyclical and require analytics to support:

- planning and re-defining thresholds,
- real time monitoring of demand against thresholds
- comparing current performance to recent to understand rate of change and adherence to policy.
- ongoing testing as processes are refined as occupancy increases with a confidence in return to work.
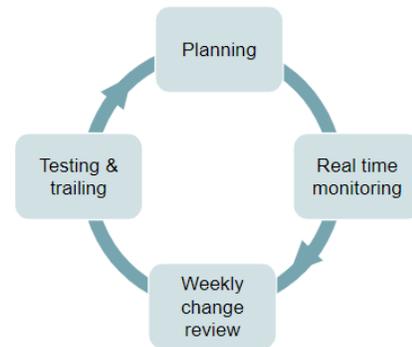
Insights from data will be key as there is no precedent for our current situation. As investment will be an issue, there will be a need to maximise and repurpose existing technologies.

Areas analytics can support return to work:
Performance will be a shift to understanding maximum values and absolute numbers against thresholds over averages.

Priorities	Metrics to support
Social Distancing Compliance	Numbers coming into building, Distance between people working/ collaborating/ socialising Numbers in meeting rooms/ enclosed spaces Number and duration of "social distancing exceptions"
Cleaning & hygiene	Which spaces were used in day, how often? Has a space been vacated, can it be cleaned? Air quality & humidity
Employee confidence/ Wellbeing	Surveys to understand employee confidence Demonstrate numbers of spaces cleaned Show when enclosed/ social spaces are occupied (incl amenities) Trace occupancy where COVID has been identified

Technologies supporting the key priorities and metrics

Area	Technology solutions	Employee confidence/ Wellbeing	Cleaning & hygiene	Compliance	Workplace areas	Communal & social areas	Meeting rooms & enclosed spaces	Building access and flows	Amenities (washrooms, lifts, stairwells)
Scheduling and access	Space scheduling applications		X		X		X		
	Building access control			X				X	
	Visitor management applications						X	X	
Sensors	PIR Sensors		X	X	X	X	X		
	Thermal imaging/ people recognition			X	X	X	X	X	X
	Environmental management		X		X	X	X		
Privacy dependent sensors	Bluetooth Beacon		X	X	X	X	X	X	X
	Wireless network				X	X	X		
	Wearables	X							
Communications	Signage	X	X	X	X	X	X	X	X
	Surveys	X	X	X	X	X	X	X	X

The Medium Term

This is when the organisation beds in processes which ensure people safety and confidence in the workplace. At the later stage, organisations will start to look for signs of levelling off which will become the new normal. This will be reflected in the stabilising of:
- occupancy level changes
- working patterns and ways of working in the office
- changing demand for services

Technology investments which support the medium term insights will be considered, although to ensure ROI, will need to support in the longer term. People will look to define the purpose of the office and respective measurements would involve:
- Space utilisation (occupancy %, cost per area)
- Workplace & collaboration experience (within the office and external)
  - How people are working, collaborating and meeting (in person, virtual & success of supporting technologies)
- Effectiveness of new working styles and patterns
  - Workplace experience surveys for those using the office and remote.
  - Workforce demographics to understand the groups of people using the office and those who are not.
  - How people are travelling into the office
- Workplace environmental impact and importance for office users

Expansion space and community tools for a dynamic asset ecosystem - landlord/tenant realignment

With more people working from home and the tenants reducing their headcount due to Covid-19 business impact and the fears of recession, landlords will be looking to improve their offers in order to retain existing tenants and attract new ones.

- To cope with the tenant's need to scale up and down in terms of space, the need for flex-working spaces built-in the asset might become a critical element in the eyes of future/current renters.
- Such a solution would grant them priority access to a certain number of seats as part of the lease negotiation, automatically transferring the 'just-in-case' space to the landlord's balance sheet.
- With Pre-COVID utilisation close to 50% of spaces unutilised, and with current working from home reality, tenants should ask for less space accordingly.
- Landlords should breakout the leases into two components: a base rent (based on fixed area leased) + dynamic rent (based on usage intensity of asset services/rooms).

In addition, with the tenant's workforce being decentralized, and disconnected from the pre-COVID19 physical presence of colleagues, the situation could trigger a feeling of loneliness and loss of professional motivation.
- Landlords might therefore find interest in providing additional digital community means to their tenants, in order to support them develop their employee-centered strategies to maintain culture and wellness in place.
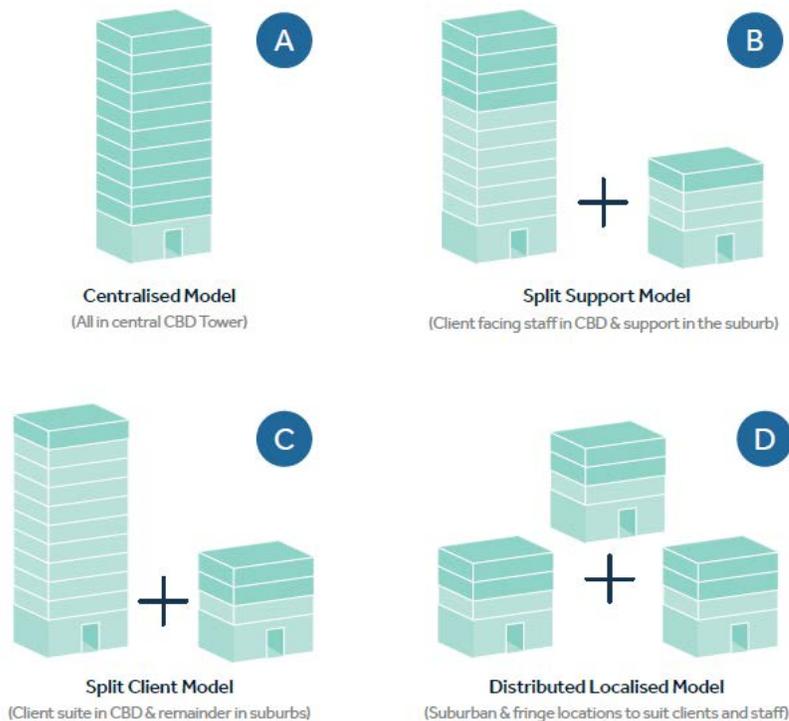
The Ecosystem Model

Source:
JLL, *"Unissu Presentation - Commercial Real Estate as an Ecosystem"*
Cushman & Wakefield, *"What Occupier Wants - Outlook 2020"*

Communal and collaboration spaces closer to home - derisking the commute

One of the main challenges of returning back to the office is not the office itself, but the journey there. Public transport infrastructure of most large cities will not be able to transport more than 20% of its usual passenger load under the social distancing regulations set by the governments.

Organisations can solve this problem through diversification of their property portfolios. A number of smaller offices in more accessible locations would mitigate the risk posed by the public commute.

- Split Support Model: A smaller office in the central location for the fee-earning staff supplemented with a large office for the support staff in the suburb.
- Split Client Model: Only the client suite is located in the CBD with all other staff based in the suburbs.
- Distributed Localised Model: Multiple suburban and fringe locations to suit both clients and staff. Contract with a coworking office spaces provider or rental of vacant local high-street retail spaces would give organisations quick access to a network of local collaboration and meeting hubs.

A Centralised Model
(All in central CBD Tower)

B Split Support Model
(Client facing staff in CBD & support in the suburb)

C Split Client Model
(Client suite in CBD & remainder in suburbs)

D Distributed Localised Model
(Suburban & fringe locations to suit clients and staff)

Think Create Make

Source: Simon Pole @Unispace

The Long Term

Landlords providing a fit-out service to attract and retain short term tenants seeking flexible solutions

In a world where on average 3 years remain on global office leases, flexible and quick space repurposing will be important. As fewer CRE employees will be present in-premises, it is critical to rethink the ways landlords charge their tenants, since both parties are not aligned anymore on the definition of an office space, as companies would like to be flexible in terms of being able to scale up and down easily, quickly and in a streamlined manner.

By being more involved in the fit outs works, Landlords can provide fully or partially fitted out space to tenants and include the cost of the fit out in the rent. This would avoid the expensive and time consuming fit out and reinstatement works by the tenant while retaining tenants wanting short terms leases for the Landlord. In order to distribute the cost of fit out and furniture across potentially several tenants over time, the design must be both attractive but, inevitably, relatively generic. Tenants would therefore need to avoid bespoke solutions as a trade-off for flexibility.

Less demand for office space and focus on high quality relevant spaces to increase productivity

As corporate occupiers realise that working from home is a productive alternative for part of their workforce, it is forecasted that demand for office spaces globally will reduce. The purpose of office space is evolving and the requirement for this space has shifted to enable employees to complete specific tasks that are not possible to be executed from elsewhere. Predominantly this will be for collaborative spaces that require inspirational and creative environments. Landlords will be required to invest more CAPEX to create unique spaces for tenants which will become a key factor in attracting demand to the assets.

Corporate occupiers active in the market will increasingly select buildings that suit their revised requirements. This shift in demand will put pressure on Landlords to respond with better suited solutions. The more successful landlords will be those who will be alert to this and respond quickly.

Conclusion

In conclusion, the importance of technology adoption and appropriation for gathering and correlating data is ever more – it's time to adopt, adapt and put to test for NOW and FUTURE.

There is no immediate answer to what the "new norm" will be. Tenants and landlords will need to forge creative & flexible tenancy demands and services.
The "Office" will remain the essential to the brand & culture yet "beehive" to create, innovate & social wellbeing
Business~Govt collaboration will need to consider secure frameworks for buildings certifications and working policies and the phasing-in of an evolutionary longer term urban~city CRE ecosystem. Businesses, stakeholders need to continue to "share" – CoreNet important catalyst !