

CORENET GLOBAL | HACKATHON



A **COVID-19** Virtual Ideation Experience

Team Topic and Number: Space Utilization & Metrics

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The global pandemic will have a series of short-term impacts and longer-term implications not least of which is the move to a new, diversified portfolio model. The nature of this model will address some of the key concerns that have arisen for CRE professionals during lockdown; namely, business continuity staff safety, wellness, hygiene, utilising mass transportation, and type of usage.

The outcome of this approach will be a move towards diversity of location and tenure, short to medium-term reduction in portfolio cost and new ways of tracking workspace performance and measurements of success. Many of these changes were already underway and will accelerate under the auspices of the lockdown and structural ramifications of the virus for the office market.

The new focus of the office will be around a significant extension of the agile working model – one which incorporates home-working, work/life balance, staff wellness and great recognition of the daily commute as part of the working day. Core office locations in cities will be retained but the way in which this space is used will change. Central office spaces will be focused on staff interaction, knowledge sharing, collaboration and creativity, and space requirements will be derived for that specific type of work. There will be sector-specific nuance to this approach, but workspace strategy will re-calibrate around purpose of use for each location.

Short-Term – dealing with social distancing and health concerns

Once a vaccine comes into play, then assumption is that we will revert to habitual behaviours around utilisation of space.

In the words of the team at Leesman, one size certainly does not fit all and the implications for companies across different sectors, and indeed flex workspace operators differs radically.

A key consideration is the use of flexible workspace or hot-desking. From Instant's discussions with more than 50 CRE professionals across three continents since lockdown began, workspace professionals are already looking at de-densifying workspace to comply with social distancing regulations.

Another key element of this according to the team at IWG is that hygiene and cleaning will go up another level Reassurance in this area is everything,

Medium-Term – Getting employees connected again and re-assessing cost.

The data we have from Leesman states that the c. 6,800 employees measuring their home working experience suggest that most employees have successfully made home work! The connectivity around technology is working but is limited in its ability to inspire interaction.

The Leesman results also show that one of the major stress points is around work-life balance – the working day is now without borders with an increased flow in online communication, and channels, overwhelming many.

Medium term strategy must focus on generating client-facing and collaborative spaces, potentially flex workspace as a bridging option, that allow staff some choice around working locations and modes.

*Morgan Stanley “the bank would need **much less real estate** in the future. We’ve proven we can operate with no footprint”*

- James Gorman, CEO

*Incoming BP CFO, Murray Auchincloss, BP is **seeking to widely deploy agile working and digitisation** across the business to reduce costs*

*Nationwide announced a **permanent transition to a hybrid model**, working-from-office in four main corporate campuses and from home in most other locations*

Long-Term – Re-shaping portfolios and looking again at workspace metrics

Corporate portfolios will better reflect sector-by-sector requirements as CRE teams are tasked with creating specialist space for banking, technology, professional services etc.

Changing how we use the office – what is the role of the office in the future – how much space do you need if the role is collaboration and creativity – and how much space is required. This will see an extension of the activity-based working model giving worker the choice of remote-working, flex options on a local basis, city-based offices, and suburban hubs. **The portfolio of the future will be more diversified portfolio, and this is a natural extension of the nascent hub and spoke model.**

. we may well see:

- **Right sizing** - If there is a long-term pendulum shift in remote working that reduces demand for office space by some 40% to 50%, then the financial opportunity will certainly not be lost on financial directors worldwide. In addition, shift to a 2 tier “core and flex” approach weighted to around 50:50.

Right purpose - There will be a far greater emphasis on, employee experience metrics to understand the suitability and effectiveness of all work locations will need to be modelled against the more traditional metrics of space, utilisation and cost of occupancy.”

- **Sector aggregation** - there will be a greater level of sector aggregation that emerges. We are already seeing this in the public sector through the Government Hubs Programme, in the private sector with, for example, the emergence of Kings Cross in London as a tech hub (
- **Sustainability**- the lockdown is having a dramatic impact on the environment, which will be fascinating to see once empirical evidence and analysis starts to emerge.

This all leads into how we will need different metrics to track success and value to the business. The challenge facing business leaders is how to cut through the complexity in areas like data, productivity tracking, wellbeing, and business flexibility to allow them to achieve and then monitor these vital objectives.

How do we harness real estate and HR data to help us establish and maintain a stable and productive workforce?

In summary we see this evolving into five key trends:

	Forecast	Recommendation CRE Teams	Impact Utilisation & Metrics
# 1 Heightened Consciousness	New focus on the purpose of work for the individual and enterprise will lead to a re-evaluation of how people behave towards the function of work	Renewed focus on staff engagement and behaviour surveys to collate data; understand the psychology of work force present & future	Human metrics to measure behaviour & productivity in every work setting Staff will have to share personal data to get the benefits of a curated work experience
# 2 The Re-distributed Portfolio	The “new” activity working will be “purpose” working; Radical pivot away from FTE per Sqm to Place per Sqm; as people and businesses re-evaluate the purpose of work and the most efficient way of getting work done; reduced commute times,	Address an increased need for local offices. These will be a hybrid of work settings for those who cannot or chose not to work from home. It will also serve a social function As collaboration and human interaction is the primary reason for going to an office, more sophisticated digital solutions will be needed so users know the right space is available and	Measurement of ease of use and accessibility, and real time availability data will be needed. ? This will individuals will have to accept tools that track their working preferences outside the traditional office. Staff will demand end

	change in attitude to remote working, drive for financial cost savings; people will chose location based on purpose & use large corporate offices differently as it becomes the place to physically collaborate, represent company brand, culture and act as a social hub.	the right people in order to make the (longer) journey to this place.	to end real time data from their employers to understand today's commute time, availability of settings in local and main office, etc M2 office space/head will become irrelevant as most people use other locations most of the time.
# 3 Health & Wellbeing	Short term people may require (as may Governments) certificates of health for space/offices; change in attitude as this is a front of mind issue for next 3 to 5 years;	Figure out how to collect wellness and sustainability data; how "prove" your buildings are "safe" and "healthy";	Utilisation of advanced sensor technologies to measure utilisation, occupancy, distancing and air/environmental quality monitoring for enhance wellbeing. Certification level in Well, Lead, BREEAM etc, becomes critical to building value to occupiers.
# 4 Performance & Digital	Seen an almost overnight move to digital to enable business to continue; business continuity sites are now being questioned if needed; Creating more agile portfolios to offer immediate solutions to high business' volatility challenges	Engage with business stakeholders to understand how they are measuring/metrics used for decisions/forecasting Leverage the diversity of network solutions to drive portfolio flexibility and minimise financial risk through transferability of spend	Business metrics = real estate metrics Increased sensor data and research will create robust measures of how Real Estate improves human performance and so business bottom line. Leaders will measure these, not m2. Output based performance metrics
# 5 Data Sharing	Privacy issues reduce; Sharing data and the importance of doing so will become the new norm. More open attitude to personal & geo data; everyone has become a data/statistician	There will be a moment of opportunity as space is re-occupied to deploy sensors & other change which previously was not possible	Sensors measuring health of building & it's occupants' systems such as as space booking to enable the re-distributed portfolio to flex up & down real time

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