

Rethinking Commercial Office Space

The effects of this global pandemic have greatly altered our world, causing a fundamental shift in how people interact and communicate, conduct business, share ideas, innovate, and leverage technology. This shift is, in turn, transforming how companies and employees use and consume commercial real estate to suit their business and work needs.

In March 2020, companies around the United States sent the majority of their employees home to work in what was to become the largest remote work experiment ever. Overnight, bustling offices emptied out and business districts became ghost towns. Fast-forward to December 2020, and we find that most employees are still working from home with tentative return to office dates. But, forward thinking companies are not sitting idle and waiting for brighter days. These companies are hard at work, critically examining how to re-think their real estate requirements based on a new set of parameters focused around their employees.

It is clear that future business success will be determined by building a tech-enabled agile environment that fully supports how employees work, what activities they perform, what tools and resources they need, and how they interact, collaborate, and innovate to maximize productivity. This forced remote working experiment has shown companies and employees that remote work is entirely feasible within the right framework and is here to stay. That said, as virtual meeting fatigue and lack of human connection with colleagues continues on, this extended time away from the office has shown that physical offices remain critical to a company's operations. There is not a one-size-fits-all approach to how companies will address their future workplace needs as each company, employee, and office culture are different, but commercial office space should continue to sit at the core of future business strategies.



Case for remote work

In 2019, approximately 3.6% of U.S. based employees worked from home (at least half-time). Fueled by a traditional office-centric mindset, technology restrictions, business function, and in some cases a lack of perceived trust by managers when employees were absent from view, remote working remained a sliver of the total work force until COVID-19 turned the world upside down.

Today, the argument for remote work is even stronger than pre-COVID. Putting COVID and health risks aside, flexibility is arguably the most important and significant benefit of remote working. Studies show that employee flexibility yields greater productivity, employee happiness, mental well-being, loyalty, and job satisfaction. Employees tend to work more hours over the course of the day based on their work requirements and when they are most efficient (morning people vs. night owls). A growing number of employees actively seek out jobs with some flexibility and are willing to trade salary for flexibility. According to a recent Forbes article, 54% of survey respondents stated that they would change jobs for one that offered more flexibility.

Greater work flexibility enables employers to pull from a larger and more diverse talent pool and has proven to be an incentive to support talent attraction and retention numbers. Remote work removes (or reduces) geographic and economic restrictions of a physical location. Moreover, remote work saves on commuting time. The average New Yorker spends approximately 82 minutes per day traveling to and from work. Some Californians' average commute times are even longer according to the U.S. Department of Labor. Factor in commute times to work being conducted across multiple time zones (for many employees), and it's easy to see that employees can quickly burn out and lose productivity over a long day.

A Princeton study focused on human happiness found that commutes had a significant negative impact on general human happiness and mental health. Time lost commuting could be better spent working or spending time with family yielding a healthier work-life balance.

Limitations of remote work

There are clear benefits to remote work, but the limitations are also very real and should not be overlooked. Data collected during COVID has brought to light some of these limitations and has offered insight into specific activities that are better suited to an office environment. Activities that require higher levels of human and physical interaction (e.g., collaborative innovation, hands-on coaching and learning, and mentoring) benefit from an in-person and onsite approach. Physical presence creates a different kind of bond and trust between people that a virtual world cannot easily replicate.



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Since March of 2020, video-based communication platforms like Zoom have seen a surge in use as the go-to means for connecting with others. Although web-based communication has solved the short-term need for virtual face-to-face interaction, these communication platforms have their drawbacks. Most platforms offer linear models that best support one speaker at a time, which proves difficult when group collaboration is required. Highly collaborative teams that develop new products/services need a forum that enables spontaneity to share ideas and whiteboard, bounce ideas off one another, build upon existing ideas, and challenge the status quo.

An idea generating culture creates a self-perpetuating experience that thrives on in-person interactions – video-based platforms do not adequately support this way of working.

Users also have found that video quality is often mediocre with digital delays, freezing, and lag time now a workday reality. Although traditional in-person meetings allow for speakers to connect via eye contact, video-based communication platforms have highlighted how difficult this is to achieve when most users stare down at screens and into cameras. Zoom fatigue (now a well-documented phenomenon showing that continued use of Zoom, Teams, Skype, etc. can all be taxing on the brain) along with cyber-security issues show that working remotely 100% of the time has its limitations.

Aside from technological difficulties, the challenges of learning from others, shadowing senior staff, mentoring, and employee development, especially for younger employees, have also become more apparent in a virtual world. Observational learning has long been an important component of absorbing, processing, and adapting to new information. Arguably, one of the most important observational learning experiences is found in a setting like a person-filled conference room. Effective leaders are adept at reading the audience, interpreting body language, and making quick adjustments to maintain audience engagement.

Essentially, people learn by watching others; this critical developmental activity is best learned in an in-person setting.

Effective communication, trust, group cohesion, and relationship building are the fundamental building blocks of a healthy workplace, and yet all are more difficult to establish in a virtual world. Communication issues are more likely to arise when teams do not regularly meet face-to-face with meanings of messages “lost in communication” when conducting business and interacting in a remote setting. Moreover, trust in the office setting is built through meaningful and effective collaboration and engagement, accountability, and clear goal alignment and shared objectives. These attributes foster team bonding as employees get to know each other through idea sharing, thought processes, and working styles, which enable employees to build meaningful work relationships.

Workplace of the future

Traditionally, companies solved their real estate needs by determining the number of seats required to house their employees. Despite technological improvements and the use of different metrics to determine real estate requirements, little changed until COVID forced companies to send their employees home and adapt to a 100% remote workforce.

Arguably, the most important takeaway from the remote work “experiment” is the realization that rather than solving for seats, companies should solve for their employees by building an employee focused ecosystem, with real estate being one critical resource in the greater overall strategy.

By prioritizing collaboration, innovation, ideation, and engagement employers have the opportunity to create the optimal work environment for their employees to be their most productive selves. This shift gives companies greater freedom to build an environment that is purpose driven and highly functional while allowing company culture and brand to flourish. The notion that a company’s space should mirror a competitor’s or should follow the hottest new trends should be discarded in favor of a blank slate approach that prioritizes employees, their behaviors, and the activities they perform throughout the day. As employees’ work activities and behaviors evolve so should the workplace ecosystem that supports them. That said, the workplace should provide users with flexibility, choice, freedom, and functionality to unlock productivity and create a seamless experience between the office, shared spaces, and home office.

Although the workplace will evolve and become more purpose driven, a critical common element of the future workplace is technology, which enables not only mobility and agility but also productivity. Technology should not define the workplace of tomorrow, but rather, become part of an employee’s toolkit to elevate their work and decision-making, increase efficiency, and ultimately, become more productive. Technology, and the benefits of attaining full agility, will also enable employees to choose where to work based on activity resulting in greater productivity.

Workplace strategies continue to evolve as we learn more and continue to gather data in this predominantly remote working environment. COVID reminded companies that the world is an uncertain place and risk assessment warranted closer examination. Formerly a nice-to-have, greater flexibility has quickly become an expectation as companies seek to mitigate risk and exposure from economic and environmental uncertainties. In the changed marketplace, landlords are more likely to provide greater lease flexibility to prospective tenants as market demand continues to grow.

No workplace conversation is complete without discussing the importance of employee attraction and retention. Compensation and standard benefits aside, the built work environment, its perks, and culture are critical components in decision making for current and prospective employees.

An office design that provides opportunities for culture growth, collaboration, innovation, wellness, ergonomic seating, and ample natural light is more appealing than a solitary, stark, dimly lit cubicle. In a competitive market landscape, these factors can weigh heavily on attracting and maintaining top talent.

Conclusion

It's a changed world we live in, and the workplace has not been impervious to these changes. In the near future, when employees return to offices, the workplace will become a real destination designed for meaningful physical, digital, and social interaction. Mitigating business risks, reducing costs, and designing a human-centric workplace around specific workforce needs will become a competitive advantage for recruitment and retention.

For employees, the freedom to choose where to work based on what the day holds – remote for heads-down work and the office for resources, collaboration, team building, culture, socialization, or simply just a change of scenery – will yield greater satisfaction, engagement, and productivity. The future model for each company will look very different, but one commonality will remain: an integrated ecosystem linked by technology where employees can move freely between home, shared spaces, and offices to perform their work in the environment best suited for them.

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