



Workplace Disrupted

Following 16 months of remote employment, will the office sector ever return?

By REBECCA L. RHOADES

The coronavirus changed many aspects of our daily work environment. From home offices to Zoom meetings, the pandemic presented companies with new ways to operate and opportunities to rethink safety and comfort. While there have been numerous reports about the office's demise, reality has shown otherwise.

"After the pandemic hit, we saw an immediate reaction on both sides of the Atlantic to send everyone home. Office buildings were empty, apart from a couple janitors and the odd person who needed to come in for printing or scanning," says Martin Winstanley, an investment and asset manager for Holualoa's U.S. and European operations. "That trend carried until the end of 2020. In January, people started getting vaccinated and antsy about sitting at home, and they slowly started heading back to the office."

Mike Garlick, executive managing director at Newmark, notes, "In the beginning of the pandemic, everyone was asking, 'What are we going to do with all of these office buildings?' That's

in the rear view. Clearly, there will be an impact on the percentage of office space that becomes available, but I don't think it's going to be anywhere near as great as people initially thought."

GATHERING MOMENTUM

Lease transactions and new builds did slow down beginning in spring 2020, but the sector is picking up steam. According to Colliers Q2 2021 Greater Phoenix Office Market Report, office leasing activity has increased in 2021, and there are multiple projects currently under construction totaling more than 2 million square feet, with almost 30% of the space pre-leased.

"We're seeing more and more leases getting signed," says Amanda Zakharov, senior vice president of acquisitions at Strategic Office Partners. "The turn of the year is when the activity started to trickle back in."

In general, businesses with small numbers of employees were the first to return to in-person work, while larger corporations continue to look to industry leaders for guidance. "A number of our tenants have said they're waiting to see what some of their peers do before making a decision," Zakharov continues. "A lot of big firms have taken a stand one way or the other and made public announcements about what they're going to do."

On a national level, investment banking firm J.P. Morgan made headlines in April 2021 when its CEO

released a statement saying that 10% of its U.S.-based employees would work from home full-time and others could continue to work remotely part-time — a move that would allow the company to off-load hundreds of thousands of square feet of office space in New York City. He abruptly reversed his decision just a few short weeks later, calling all employees back to the office.

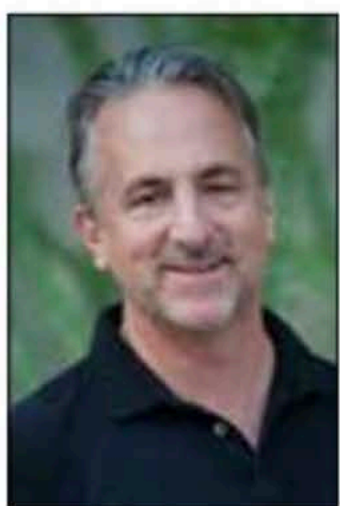
And while Pinterest pulled out of a deal in August 2020 to move into nearly 500,000 square feet of office space in San Francisco, Facebook, on the other hand, signed a lease for almost 800,000 square feet in Manhattan in the middle of the pandemic.

"If the office really is dead, why are companies like Facebook, which are leaps and bounds above everyone else on what remote work looks like, picking up all that space?" asks John Orsak, vice president of real estate development at Lincoln Property Company.

Zakharov comments, "It's tough. I don't think anybody knows exactly what their workforce is going to want when they come back in full swing. There are going to be a lot of growing pains before we figure it out."

DESIGN STRATEGY

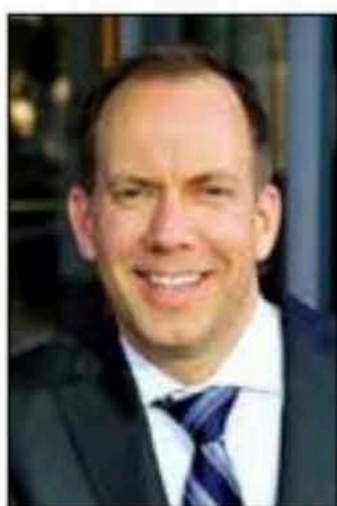
The pandemic may have opened people's eyes to technology and ways to work outside of the office, but for most companies, a complete remote workforce isn't sustainable. Executives cite leadership, collaboration and



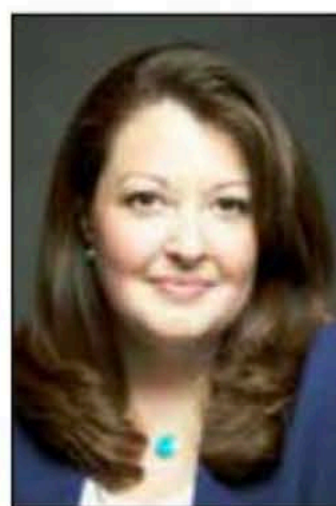
Greg Calcaterra



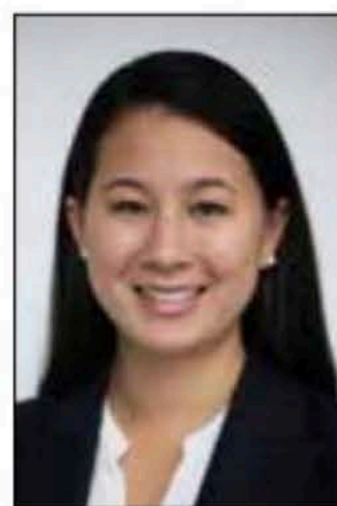
Mike Garlick



John Orsak



Samantha Parker



Amanda Zakharov



Martin Winstanley

training — as well as corporate culture — as the main reasons for bringing employees back to an in-office setting.

“The future of the office is going to focus a little bit more on culture, whereas before there was tendency to focus on density,” Orsak remarks.

Some companies are allowing staff to rotate between office and home — a compromise that seems to satisfy both management and staff. “I think hybrid workplaces are going to be popular. It’s a smart idea, and it’s going to save money,” says Garlick. “But being in the office is still a critical component of the employee-employer relationship.”

Others are making adjustments to help their workers feel safer while on-site. This includes increasing the distance between desks — or ditching desks altogether and replacing them with conference rooms and lounge areas — developing team suites and open meeting spaces, and adding or upgrading outdoor amenities.

“One of the biggest things that’s going to change is not the number people who are working in an office space but instead how that space is configured,” Winstanley remarks. “Companies are going to be looking for more open plan offices in which they can create distancing between employees. Removable partitions and flex spaces will replace permanent walls. The hot-desking scenario will go away because that was just too many people crammed into a small space.”

Samantha Parker, interior designer at Deutsch Architecture Group, agrees. She notes that while the office itself isn’t dead, the future may see the death of benching, a form of workstation in which employees sit shoulder-to-shoulder with only a tiny tabletop partition, if anything, between individual spaces.

“Benching was really popular for a few years because of the density employers could get from a real estate operational standpoint,” she explains. “Given the current needs for social distancing and an emphasis on personal space, I think you’re going to see 6-by-6-foot cubicles becoming more of the norm. When we design new spaces, we’re using that footprint as a starting point to give people a sense of comfort and physical separation.”

“One of the biggest things that’s going to change is not the number people who are working in an office space but instead how that space is configured.”

— Martin Winstanley

HEALTHY SPACES, HEALTHY WORKERS

In addition to reconfiguring workstations, some companies are upgrading surfaces and fixtures to include touchless doors, light switches and faucets; easy-to-clean and -sterilize stone surfaces that can withstand an array of cleansers and wipes; and even high-tech air-filtration systems.

“There were some folks who, during the height of the pandemic, were interested in ultraviolet lighting for HVAC systems,” Parker says. “That’s something we usually see in the healthcare environment to kill bacteria

in the air, but I don’t know of anyone who has followed through with that because it’s cumbersome to take on, especially if you have an existing space.”

Parker notes that companies that want employees to return to the office need to answer two important questions: How do they make their spaces sanitary and provide a good level of comfort for workers who are concerned about getting sick? And, how do they entice the people who find it more convenient to work at home to take advantage of the collaborative aspects and amenities that have been worked into those spaces?

Deutsch recently completed its first WELL-certified project. Similar to LEED, which focuses on a building’s environmental impact and sustainability, WELL protects the health of the employees and work environment. “Being able to say that you have a WELL-certified building, that it’s truly a healthy space in which to be, will be a real advantage when it comes to attracting workers who may have heightened concerns about those things,” notes David Calcaterra, principal at Deutsch Architecture Group.

With so many changes and uncertainties, it’s easy to mourn the premature death of the sector. But this isn’t the first time an obituary has been written for the office. Thirty years ago, noted management consultant Peter Drucker wrote, “Commuting to office work is obsolete.”

Garlick believes that people want to come back to the office, but it’s going to take time. “I think we’ll see the market start to gain momentum in 2022,” he predicts. “I don’t want to say it will return to normal, but by the end of 2022, beginning of 2023, we should be back in full swing.” ■■■