JLL Research Report

Tenant needs in a post-pandemic world

2020 Forecast Series
Part Four: Navigating Post COVID-19
The events of the past several weeks have changed the world of work for today, and into the foreseeable future.

Since March of 2020, the majority of office-occupying industries have been working from home, while sheltering in place. This abrupt shift in workplace operations has resulted in significant behavioral changes that may have a lasting impact on workspace design and use, while simultaneously altering the demand for commercial office space for years to come. Many tenants are hopeful for a return to their workplaces, but the level of uncertainty and anxiety is very high regarding the timing and detail of that reentry. Additionally, significant collaboration will be needed between building owners, tenants, employees, and governments to address the challenges that lie ahead. As we begin to navigate a post-COVID-19 world, our goal is to provide an informed perspective on what tenants in general will want as they return to offices and try to ramp up productivity. Our intelligence comes from ongoing discussions with tenants of all sizes across industries and geographies, and we acknowledge that there will be wide variation in specific tenant needs, and that issues and opportunities will be evolving fluidly. Interestingly, some of these identified trends were already emerging, and will most certainly gain momentum in this new environment.

Our research on this topic will be longitudinal and will continue throughout this calendar year. Our initial findings indicate that tenants will want the following options available to them as they consider a return to work;

1. **Space design that offers greater dedication, privacy and separation from others**

2. **Flexible work schedules and locations**

3. **Hyper-focus on health and safety**

4. **Opportunities to both collaborate and to concentrate**
Space design that offers greater dedication, privacy and separation from others

The COVID-19 pandemic has driven us to reevaluate our physical proximity to others. As we think about returning to working in offices, and regardless of the health and medical progress needed, some level of anxiety about invisible contagions will persist. This will result in a focus on personal space and temporary changes in our comfort level with physical closeness.

In the immediate future, workplace layouts and employee densities will need to be considered carefully to address some forms of always-on social distancing, whether by mandate or preference, that will be expected in the workplace over the next several months, if not longer.

As of the first quarter of 2020, up to 70 percent of all office spaces were primarily or partially open plan in design. Over the past decade, general trends toward increased density have led to the compression of individual workstations. In fact, many studies on optimal workplace design promoted office densities that ranged anywhere from 75 to 150 square feet per person—far lower than the traditional 325 square feet allocated to employees at the start of the 21st century.

However, we now expect that recently trending arrangements of benching, shared desks, and hoteling stations will be carefully evaluated and potentially shifted to provide a greater allocation of space per employee. Research was already emerging in support of this concept. In 2019, Harvard University completed a study on the open office plan and found that face-to-face interactions dropped by 70 percent, when compared to more traditional space, and digital interactions increased to compensate. The mixed performance of dense open plans, the new mandate of social distancing today, and the likely lingering psychological effects of this outbreak on employees in the foreseeable future could combine to create some decompression in the workplace.

Tenants and building owners will also need to carefully rethink communal spaces, shared amenities, and potentially crowded “bottlenecks” including lobbies, elevators, bathrooms, and cafés. Estimating usage, monitoring and managing density and flow, and creating flexibility to make adjustments and communicate protocols will be critical for reentry and the near-term transition period.
Flexible work schedules and locations

It is important to recognize that as return-to-work becomes possible from public health, government and company perspectives, the migration of employees back into the office will be gradual rather than immediate. It is likely that the first wave of return to work will be focused on employees that truly need to be in the office to complete their tasks, with either a phased or rotational approach following as feasible.

Based on a recently piloted JLL employee survey, only 4.9% of office workers will be comfortable with exclusively working from home and would prefer to do so going forward. Instead, the vast majority of office workers (60.6 percent) plan to return to the office for parts of their work week, while still working a considerable portion of their time at home. This reflects both the current need for greater work-life balance as well as the need for workspace that enables deep concentration—a trend that could be reversed if more private spaces were offered in the office. Only 34.5 percent of employees today expect to go back into the office on a full-time basis, with no portion of their work taking place at home.

Employers will likely want and need to accommodate a higher percentage of workers than in the past who maintain split schedules between their homes and their offices, depending on their individual levels of health, personal safety concerns or other home obligations.

As teleconferencing and web calls have become standard practice, video conferencing capabilities and connectivity technologies are likely to return as key office amenities and requirements. A 2016 study conducted by JLL Research concluded that the three steps to successfully enabling workspace with technology included: early integration with IT teams, adapting to your employees, and budgeting for extras, acknowledging that successful technology adaptation should be continuously evolving. The COVID-19 pandemic has proven this to be true.

Coworking will likely decline and multi-location strategies will increase

As previously mentioned, recent trends toward open, public workplaces and shared spaces have changed almost overnight. Tenants are expressing interest in private spaces over public spaces and corporate culture over coworking. The environment and culture promoted by many coworking companies over the past decade has been one of community, often translating into even greater office density because of the fluid nature of its customer base. With people moving in and out of coworking hot desks on a regular workday, one seat could have been shared by multiple people. This will challenge coworking operators moving forward to institute greater cleaning practices. More critically, however, it may change the appeal of working alongside strangers, and in unassigned seats in any office environment, at least in the short term.

Conversely, in as few as three weeks of complete work-from-home transitions, several companies are already exploring dual-hub solutions to accommodate both urban and suburban locations. These moves appear to be focused on employees that (in this new environment) would prefer to drive alone to a dedicated workspace than to commute via public transit to a dense urban location. Other clients are developing back-up office strategies in the event of one location being closed temporarily. Some employers are already seeing opportunities related to future recruiting by offering more flexible schedules in more acutely congested cities. In Los Angeles and San Francisco, for example, average commuters last year spent 102 and 79 hours per year in traffic, respectively. A post-COVID-19 world may reduce the need for such excessive commutes.
3 Hyper-focus on health and safety

As we return to physical workplaces, the focus on health, safety, security and location will have entirely new meanings as well.

**Health scans may accompany badge scans**

Based on observations of office security policies in Japan, China, and Korea, it is anticipated that certain buildings will implement temperature scans or other health verifications for building entry.

Currently in China, 80 percent of Class A office buildings are requiring employees to take their temperature at the entry turnstile. If their temperature is recorded over 100 degrees, visitors are not allowed into the property. This procedure has been expanded to large grocery stores and enclosed places.

Select multinational landlords and large occupiers with properties in the US are currently evaluating the feasibility and efficacy of implementing temperature scanning in their office properties. Others are evaluating the wearing of bracelets for those who have tested negative for COVID-19 or have already recovered from the virus. Some are preparing for PPE availability, use, and disposal within spaces as well. Such measures, which may have seemed extreme only weeks ago, may be necessary to provide comfort for certain building occupants who are concerned about infection risk in large spaces.

Furthermore, as we return to working in offices, high-quality property and facilities management will be more important than ever. Measures to improve the safety and sanitation of physical environments will be embraced as our awareness of personal risk and exposure has now reached unprecedented levels. Our interactions with people and spaces are all likely to happen with a mindset of safety and self-preservation. Clear communication and visibility of risk mitigation efforts and health and cleaning protocols will be critical to address the psychological hurdle employees will face returning to work.
Opportunities to collaborate and opportunities to concentrate

Despite the broad range of conditions that will change due to the COVID-19 pandemic, there are many elements of how we work, and why we work, that will persist. Prior to March 2020, a focus of many companies was getting as many people as possible into their offices, and there was a general trend away from work-from-home policies.

There were several reasons for this emphasis, and they remain the same today, despite the obvious limitations in the near term and likely increase in some remote work longer term.

The most frequently cited reason for our corporate clients focusing on in-office work was innovation.

This episode has proven that many people can work independently from home, but true innovation often requires people in a room together solving a problem. Particularly in the sectors of engineering, computing, and design, teams can solve problems that no individual could solve on their own.

As the last few years have been so strong for economic growth, almost every company was focused on innovation, product development and speed to market. Those objectives typically require people to be together and to work as a team.

The next reason that multinationals were scaling back on work-from-home policies before the pandemic was an increased focus on culture.

Through hundreds of client interviews and observations, we recognize that employees can perform many tasks remotely, but such tasks do not truly embody a company’s culture. The development of a corporate culture requires that people actually be together, sharing values, sharing ideas and socializing in the same place. Our current experience suggests that culture can be maintained remotely through video and other means, and collaborating and socializing from a distance have improved significantly by necessity. Large distributed companies have long operated and built on core values virtually. But to create a defining culture that is a competitive advantage, shared in-person experiences, challenges and triumphs are typically needed.

A third common reason for bringing employees back into the office is that businesses are defined in times of disruption.

As mentioned above, it remains fairly easy to have companies and employees operate from home, on rote tasks or on pre-planned projects.

However, it is hard to pivot quickly on enterprise-level operations when everyone is at home and doing their own work. Over the last few years, almost every industry has been subject to disruption due to technologies or new firms that have threatened traditional business models. Such challenges are difficult to solve, or even identify, over a conference call. They are best solved, often in conference rooms over late nights, with a dinner following, among people who trust each other and know each other and are all working together to solve a particular issue.
Looking forward, JLL will continue to monitor the evolving nature of the workplace, in light of changing external conditions. We anticipate that office occupant sentiment will continue to shift as the impacts and duration of the COVID-19 pandemic become clearer. Our teams will continue to focus on our client needs and on the critical balance between health and safety, and commerce and connectivity.

Please contact us with any questions or suggestions.

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