Space Utilization & Metrics

Team Number: 26

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Analyzing:

Square ft per person - Will this metric still be valid, what else would we measure, does the individual workspace change? How do we measure efficiency of space?

Common/ancillary spaces - Will office spaces still require these? How does the design of these spaces change? How do we measure utilization or effectiveness of the space?

Leasing and financial impacts - Do companies still focus on just cost saves and drive efficiency in space, or will there be an increasing trend to spend on health and wellbeing of their employees, shorter lease terms, more flexible space... What is the measurement?
Square ft per person

Organizations can either increase space or decrease space and allow to desk share; flexibility is key as things might change

- **Sq ft per person** will still be a valid metric to measure the space needed per employee to be social distant compliant (6ft distancing). This metric will establish how many sq ft will a working station need to be adapted to the new normal.
- When it comes to maximizing space efficiency, this metric will evolve since the priority will be focused on the workforce wellbeing rather than pushing to the limit the amount of people working at their office, thus changing to sq ft per seat
- All open offices may require new layouts; one name per seat may become obsolete but touch down may be more prevalent - clean desk/shared seat
- **Space per employee** will be larger but the overall sq ft office may shrink, due to more people working head’s down at home and coming into office only for the collaborative/group work
- **Sq ft/per seat** was shrinking over time due to companies dense packing. In 2020 sf/person was trending towards 125. With social distancing “guidelines” that number may shoot up to the low 200 sf/seat before “normalizing” post vaccine to around 200 sf/seat perhaps; planning ahead for possible future pandemic.

**Densification trend up in the last 10 years:**

- 2010 (Corenet data): density/person = 225 SF
- 2012 (CoreNet data): density/person = 176 SF
- 2017 (CoreNet data): density/person = **151 SF**
- 2020 Pre-Covid density/person = **125 SF**
Pre vs Post COVID-19 Open Area* Layout

Before Covid-19
1,370 sq ft / 33 employees = 41.5 sq ft per person

Post Covid-19
1,370 sq ft / 16 employees = 85.6 sq ft per person

*If the whole area included private offices and unutilized space, the numbers would align with the CoreNet study
Common/Ancillary Spaces

Because humans are social by nature we believe these spaces will continue to exist – only they will look a little different.

- Initially, offices will aim for 30% capacity
- there will be temp repositioning of furniture; no furniture in employee lounges/lobbies
- spread out seating options, with antibacterial materials and finishes throughout
- orders for 5ft workstations will be paused as new guidelines are released
- middle seats in long sofas may be retrofitted with hard surface tables
- more partitions; maybe even clear phone booths set up side-by-side
- lunch areas may require set schedules and pop-up furniture like folding tables and chairs in adherence with distance guidelines
- High touch evening cleaning crews daily
How do we measure utilization or effectiveness of the space?

• sensor and code technology will be key in identifying who is using spaces, how they are using it and how often spaces are being used; badge data
• heat tracking sensors installed throughout tied to mapping techniques that alert security when too many people are in one space
• use information from touch-less technology and the use of RF codes
• individual, anonymous surveys to access people's attitudes towards working in specific spaces
• Visual observation – utilization studies – how the space is being used

This chart reflects Team 26 discussion of the past, present, and future of workforce allocation. The numbers are based on opinions and do not reflect any empirical study.
Leasing and Financial Impacts - Background

• What we are seeing
  – Bringing down HQ space from 10k to 5k
  – Clients are moving to some co-working space for his ancillary issue
  – Almost all companies will include a work-from-home (“WFH”) platform as part of their real estate strategy going forward
  – Companies are evaluating going from their standard low-panel 6x6 set ups to higher panel 6x8 set ups

• Net Net of Space
  – This may level out
  – Less people due to WFH but more spacing in between

• More emphasis on health wellness and safety
  – Companies are going to be more cognizant of that for their employees
  – There will be more of a flex schedule in the work schedule for employees

• Landlords
  – They will have to clean and maintain common area spaces as much as possible
  – Just like building security, people will perceive sanitation/cleaning differently. Until we have more facts about the virus and transmissibility, Landlords will need to respond to all those perceptions
  – Parking ratios will be impacted in the near term as more companies keep employees home to work

• China
  – 35% of small business did not come back to work
  – 15% of big enterprise did not come back to work

• SLG Article
  – 1st Q leasing volume was down
  – SF requests per office increased because clients were looking for more safer space for the employees
Leasing and Financial Impacts

Pre-Vaccine Testing/ Immunity Affects

- Cost Savings Driven
  - Protocols will be implemented at buildings to regulate who/when/what enters – similar to construction sites – which will add to operating costs
  - Construction
    » Material costs will go up
    » Staffing and labor concentration will need to be reduced
    » Fee’s will drop based on competition & availability
    » HVAC and air changes will be increased

- Efficiency Focused still
  - Less density is likely but the space requirement should level off
Leasing and Financial Impacts

Pre-Vaccine (continued)

• Health and Well Being
  – Congregation Space
    » Closed/not used
    » This will go down
    » Furniture selections will most likely include anti-microbial surfaces, UV lighting

• Lease Terms and Flexibility
  – Lease Terms
    » Lease term trends appear to be moving towards shorter lease terms of 1 to 2 years
    » Medical has been holding constant
  – Flexibility
    » 1st Roll Out
      • Potential for sectioned roll-out where some employees come in and others follow for the next week in assigned areas
      • Space is then cleaned
Leasing and Financial Impacts

Post-Vaccine

– Cost Savings Driven
  • Companies will to optimize their real estate

– Efficiency Focused still
  • Higher SF/person to allow physical distancing and promote health offset by:
    – Flexibility to WFH
    – Use of technology to connect with remote clients/partners
    – “Downgrade” geography – CBD to suburban or 1st tier to 2nd tier, etc.
  • Companies will use “work-from home solutions”, co-working, and flex space strategies as a stop gap until we know more about the realization of a vaccine

– Health and Well Being
  • Increased costs for materials used on surfaces, touch-free tech, air-handling systems and filtration, operable windows and easier access to fresh air, cleaning operations, building access regulations
Leasing and Financial Impacts
Post-Vaccine

- Health and Well Being (continued)
  - Increased costs for materials used on surfaces, touch-free tech, air-handling systems and filtration, operable windows and easier access to fresh air, cleaning operations, building access regulations
  - Hot desk environment?
    - Cleaned daily?
    - There will be some push back here from employees
  - Assigned Seating
    - This will be more likely going forward

- Lease Terms and Flexibility
  - Tenants will seek shorter/flexible terms. Landlords will need longer term to offset construction costs
  - A less-dense co-working environment will still be popular
  - COVID 19 and FASB will together drive Tenant’s desires to have more lease flexibility; this will drive lease commitments to 3 years, 5 and 7 year terms with termination rights,
  - Risk management/legal consequences of safeguarding your Tenant’s space