

INSIGHTS FROM THE BDO REAL ESTATE & CONSTRUCTION PRACTICE

REMOTE WORK: HOW CAN LANDLORDS HELP CRACK THE CULTURE CHALLENGE?

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What will offices look like in a post-pandemic world? That's the million-dollar question. What has become more apparent as businesses continue to function in a hybrid world is there is no one-size-fits-all solution.

Different types of businesses in different industries will need to make decisions that are unique to their specific circumstances and needs. Those making physical products may need employees on site more frequently than, say, a professional services firm.

There are two major challenges to office space in a hybrid world. One is how space will be utilized. The other is how landlords can help with the struggle many employers and tenants are having: How to maintain workplace culture. So how can landlords plan for how their space will be used and what can they do to help support workplace culture?

CRACKING THE CULTURE NUT

It's no secret that after more than a year of successfully working remotely, employees want to spend less time commuting and more time with their families, passion projects, etc., and are flexing their collective muscles through what has been dubbed "the great resignation"—a confluence of economic disruption and the opportunity for younger generations' values to come to fruition, realized in better work/life balance. As employers seek to retain or attract talent, they are using flexibility, among other benefits, as a competitive advantage. But in doing so, many are concerned about how to maintain company culture.

By nature, some industries are more conducive to remote work than others. Twitter is offering a permanent work-from-home option, while Goldman Sachs has announced a full return to office in early summer, with the CEO saying the lack of collaboration due to workers' physical distance is hampering individual and company success. Companies that require more hands-on work, like producing new products, may find it difficult to train younger staff virtually and will trend toward an in-person work policy.

Others will continue to trend toward a more hybrid model. Tech and professional services companies are better suited to provide a flexible work-from-home policy, as they've been the vanguard of remote working for the past decade in hopes of attracting a larger talent pool. The increase in remote workers and a likely decrease in in-office workers could involve downsizing or remodeling current office spaces. At the same time, employers may offer [hub-and-spoke](#) options, opening



or remodeling office spaces in non-core or suburban locations that are more accessible to employees who would otherwise commute to the company's urban "hub."

Meanwhile, social distancing has woven itself into the fabric of our social interactions, so landlords and owners should evaluate how space should be altered to allow for social distancing while promoting a collaborative workspace.

HR departments have been brainstorming how to build a successful online workplace that complements the culture felt in the office. For new hires or recent graduates, the question is how can a company mirror virtually in-person culture dynamics for someone who has never experienced them before?

Generational considerations also come into play with an online workforce—individuals who have more experience in the workforce may be missing coffee breaks with co-workers or the commute times that provide a natural break in the day. The shift to a work-from-home model has put occupational burnout into question—flexible hours and the constant connection that technology enables makes it difficult to be entirely "offline" even after logging off.

Keeping employees engaged without pressuring them to spend more time online has been a challenge for companies—but can be an opportunity for landlords to offer amenities that make being back in the office more appealing to employees. In order to make these improvements or include updated amenities, landlords should consider raising rent for future tenants, ensuring that upgrades can be accounted for.

GIVING FORM TO DISRUPTION

How office space is used is changing. Companies are redefining the in-office work function and altering their spaces accordingly—including open-floor spaces with equipped technology and group work stations to promote collaboration, private meeting spaces to accommodate for communication with workers who remain remote, and green and outdoor spaces that mimic a suburban feel even in a large city.

Meanwhile, co-working and collaboration are going to take a bigger slice of market share in the new "consumer building economy"—a concept in which landlords or real estate owners cater to the expectations of tenants. This may include offering inviting spaces in main offices, work zones for individual work. Focusing on upgrading design layout is key to promoting co-working and collaboration.

Companies are incorporating design elements from the hospitality sector to create an inviting workspace. Employees are returning to offices with strategic lighting, open and comfortable furniture and design layouts, pleasant art and decor and calming background music. Incorporating these design elements into private workstations that include adjustable lighting and temperature control can carry the at-home feeling to the office.

Creating a space that encompasses outdoor elements—natural daylight indoors, fresh air, access to outdoor areas for working or breaks, is imperative for tenants. This may come in the form of ground-level cafes with outdoor seating, rooftop patios with seating, informal working areas throughout the building

with access to sunlight or transforming parking lots to outdoor seating areas (flexible work-from-home models may reduce parking lot capacity needed and free up space for repurposing).

In the short term, companies are prioritizing employees' safety concerns by focusing on technological and hygiene-focused advancements. Adding sanitation stations, improving air circulation systems and installing touchless automated technologies to reduce physical touchpoints are a few of the measures that landlords could consider offering as improvements to office spaces. In an effort to create more of a sense of security among tenants, SL Green, New York City's largest landlord, began offering COVID-19 testing in office spaces, free of charge.

OFFICE SPACE—A CONSUMER PRODUCT NOW AND BEYOND

No matter what the future holds in terms of balancing remote and in-person work, landlords must ensure they have the best interests of their tenants in mind. Redesigning office spaces to incorporate tenant safety and collaboration and focusing on the importance of user experience will help drive tenant interest in new leases. Allowing for shorter and more flexible leases is also appealing, as companies are now aware of the impact an unforeseen catastrophe can have on their workforce.

Technology enabled the shift to remote work—and the future of the workplace will continue to revolve around these technologies to foster a productive and protective working environment. Tech investments will be at the forefront of the workplace, acting as a bridge to motivate employees to return to the office. Investing in technology that allows for seamless communication between those in-office and individuals working remotely is necessary to ensure that business operations run smoothly.

One thing is clear: The pre-pandemic trend of offices being “shopped for” by tenants in the way that consumers shop for products has not just accelerated; it has become the standard around which the industry needs to plan. Landlords and owners who are reassessing their real estate portfolios should keep in mind and cater to prospective tenants' new and evolving needs.

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A photograph of three people in a modern, open-plan office or lounge. On the left, a man with dark curly hair sits in a green armchair, looking down at a small object in his hands. In the center, a woman with her hair in a bun sits in a large, light-colored armchair, facing away from the camera. On the right, a man with a beard and a bun sits in a red and white armchair, gesturing with his hand while talking. The background shows a long wooden table, other chairs, and a projector hanging from the ceiling. The floor is polished concrete, and a patterned rug is partially visible on the left.

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