

REIMAGINE

How and where the world
will work post Covid-19

A paper reviewing how Work and Technology could change Workplace demand, as well as impact Location strategies, to anticipate **WHERE** and **WHAT** forms of offices we will see in the next 5 to 15 years. [Contact us to learn more.](#)

Preface

This white paper focuses on potential long-term consequences of the COVID-19 pandemic on office accommodation. The paper reviews how work and technology could change Workplace demand, as well as impact location strategies, to predict where and what work will happen and the role of the physical workplace in the next 5 to 15 years.

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Introduction

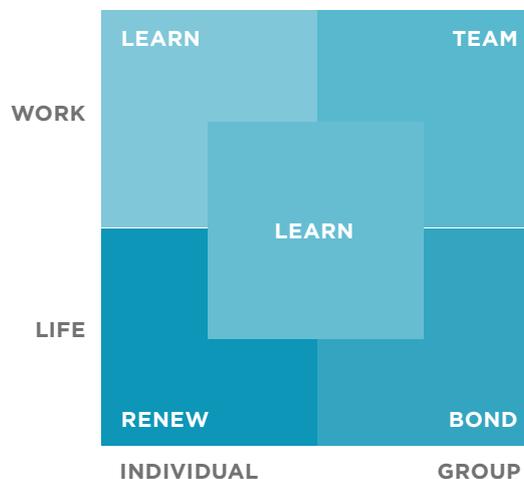
Past pandemics have always accelerated social and economic change, forcing societies to adapt their present and reimagine their future. Major plagues, including the Spanish Flu of 1918, have forced organisations to adapt and innovate in response to a significantly altered labour structure.

Covid-19 raises the fundamental question, how and where should “work” be delivered in the future? The Covid-19-driven changes in economy, workforce, production techniques and organisations will shape long-term impacts on how and where Real Estate is used. COVID-19 has had an immediate impact, as stay at home measures have resulted in most offices, retail units, leisure and sporting facilities standing empty.

More than ever, the crisis is forcing organisations to make nimble shifts from physical to virtual work styles. In the first half of 2020, many organisations realised that not only can they operate within these new modes, but they can also compete for significant new market share. The pandemic has been an “opportunity to reimagine” how the company works (Sundar Pichai, CEO Google¹).

The opportunity to reimagine the workplace is reinforced in the Experience per Square Foot (XSF) research conducted by Cushman & Wakefield. XSF is a proprietary tool that statistically uncovers real estate and workplace attributes that impact employee engagement and experience.

Experience per Square Foot™ Index:



At the outset of widespread changes to the workplace due to COVID-19, Cushman & Wakefield expanded its XSF survey with an XSF@home tool to gauge how the enforced working conditions are affecting employees. The survey’s experience index analyses five main areas driving employee productivity: the ability to Focus, Team, Bond, Renew, and Learn. In addition to the Experience Index, XSF@home also has three additional indices that analyze; Information, Culture & Care.



FOCUS
personal
productivity



TEAM
productive
collaboration



BOND
bonding with
colleagues



RENEW
energy
throughout
the day



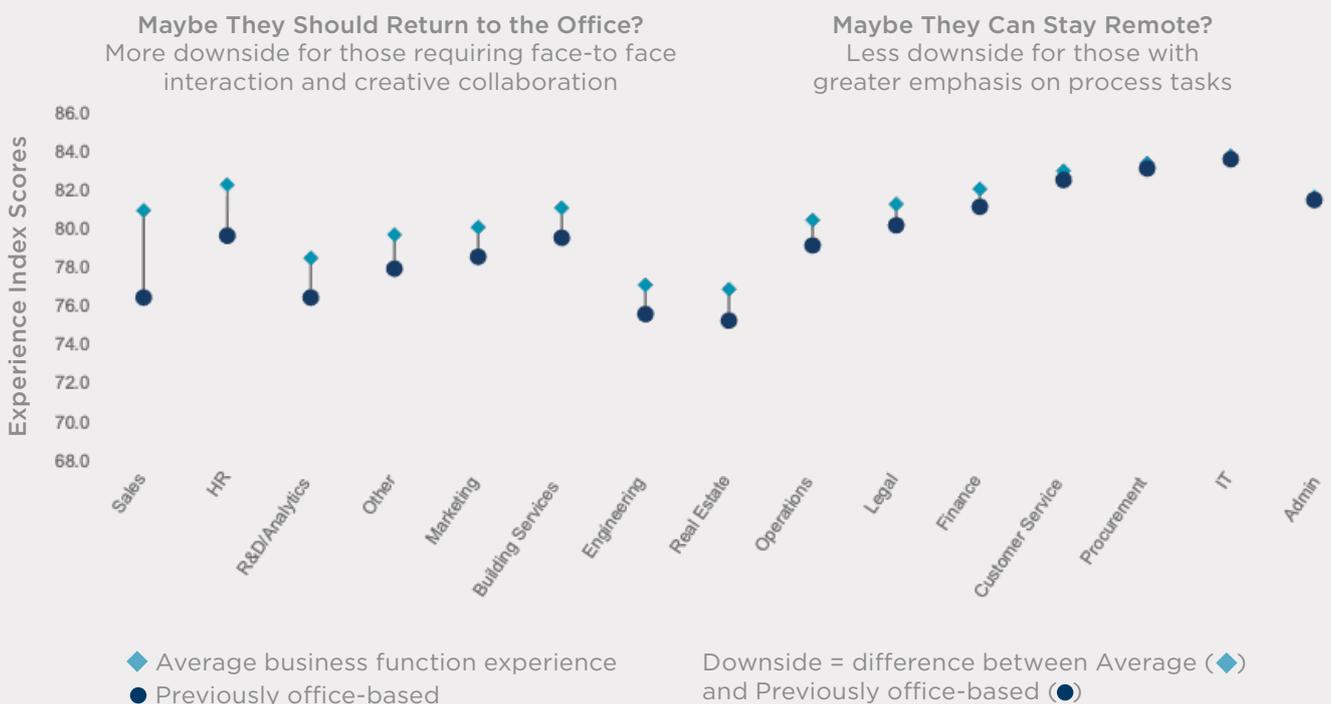
LEARN
continuous
learning &
development

The expanded findings compare 2.5 million data points driving workplace experience from pre-COVID-19 era with 1.7 million data points from more than 40,000 respondents worldwide in the current work from home environment. The findings can be seen as important wayfinding signage on the roadmap to a new work experience. While there are several common denominators, finding the right Workplace solution will not be one-size-fits-all, nor will the process be linear.

Among the findings:

1. Overall workplace experience has been maintained in the move to “work from home” .
2. Effective team collaboration has reached new heights (up 10% since pre-COVID) and the ability to feel productive and focused has remained strong.
3. **Colleagues struggle to maintain personal connections, which impacts their learning and connection to company culture.**
4. Younger generations, especially, are struggling with taking time away from work and feeling connected.
5. Demand for flexibility of working remotely is here to stay (73% expect their companies to offer flexible working practices post COVID).
6. The new normal will be a Total Workplace Ecosystem – leveraging home, office and third places.

XSF@home



Additionally, the XSF@home data gives insight into the types of roles that succeed or are hampered by lack of access to the shared workplace. Those whose roles place greater emphasis on process tasks such as customer service, procurement and IT have experienced less downside, while those requiring face-to-face interaction and creative collaboration have experienced more downside.

As occupiers and investors alike analyse scenarios on how office use could be impacted in the long term beyond the pandemic, these insights into worker experience can help shape responses. When and where will tenants want various business units to occupy space? What typologies will be needed and how much of each will be required? How can people feel connected, safe, and productive working across a variety of locales? It's not just about the office, it's about a wider ecosystem of locations which as much as half of the future workforce will likely be working across the office, home and third places.

In this paper we are analysing a future when the current pandemic is over but also a world that remains prepared for the possibility of a potential new crisis. While the mid- to long-term real estate scenario we are projecting is just one possible option, it is however built upon strong pre-existing long-term trends.

Home First

People choose where to live first with proximity to work becoming less important

Workplace location preferences will continue to vary but there is likely to be an increase in "home first"



Introduction

Personal productivity remains strong

The move to working from home was practically universal across office-based employees as companies closed their offices across the world. The home suddenly became a bustling workplace with spouses, housemates and home-schooling all existing under one roof. Despite the change, employees are reporting they have the ability to focus when required. This is not to say that the current situation has been without challenges – we explore these further in the next section – but for the most part, people have been able to adapt and overcome.

A culture of trust

Trust is arguably the strongest currency in today's working environment and is something that Cushman & Wakefield has specifically targeted in the XSF@home survey. Again, there is good news here as 90 percent of respondents feel trusted to carry out their work by their manager. Also, trust is a two-way street with the feeling being reciprocated by employees through their trust in the company and confidence in the company's ability to successfully navigate the current economic crises.

COVID-19 raises fundamental question of how & where work happens



Source: Cushman & Wakefield

Work & Technology

Face to face and virtual – a new choice: Across both channels for work, leisure and health

Physical presence has long been the default norm for working. As work has shifted to the virtual realm so too have other aspects of our lives such as education, socialising, healthcare and even fitness classes. **In the future we could increasingly have two choices, whether to meet in person or online.** When booking a fitness class, we would be able to tick the 'in person' or 'online' option. Each would come with a different cost point and experience. When booking a medical appointment our request could be assessed for online or in person appointments. Distance learning already exists, and it could become more widespread⁵. For example, Cambridge University has stated all courses will be online only until the end of the 2021 academic year. Virtual conferencing would grow, with global industry events holding physical events as well as live streaming to larger, more diverse audiences.

Behaviours and protocols for online working and managing in person and remote communities

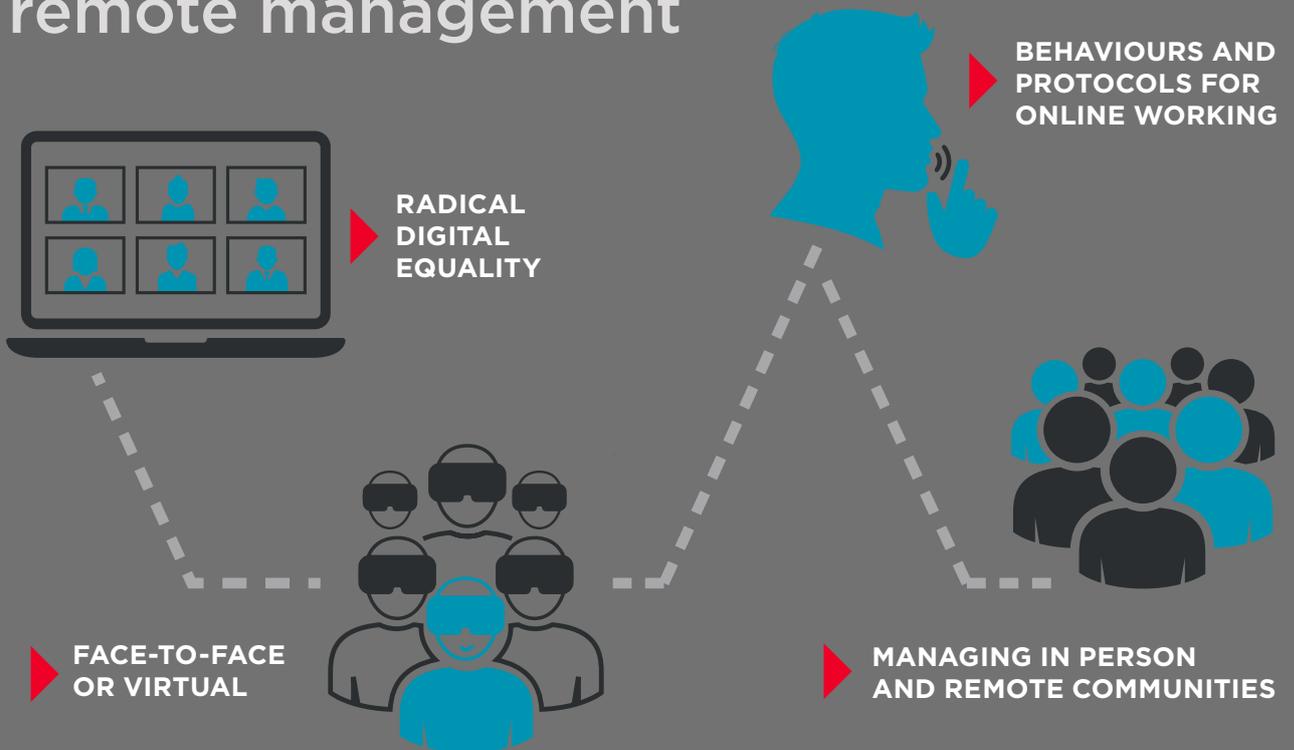
As work becomes more virtual there will be a greater need to invest in training and employee engagement. For those organisations who have invested in technology, who train and trust their employees, and continue to find ways to keep them connected to the company and culture, mass remote working will continue to succeed. Firms that haven't invested, conversely, will continue to face a learning curve as they try to keep pace in terms of consistent technology provision and employee experience. Organizations able to navigate the current situation may end up with managers who might have been historically sceptical of working from home now becoming believers. More intuitive tech with faster connections could help teams interact in real time. **As we learn appropriate behaviours when working with others in person, so too will we need to adjust behaviours and protocols for working with others online.**

Technology is changing both how we manage people and Human Resource (HR) functions themselves. Artificial Intelligence (AI) is starting to underpin and possibly replace traditional HR transactional duties such as helpdesk and payroll. HR functions are shrinking and becoming more strategic⁶. We anticipate a continued rise in personal development coaching where organisations support their employees through long-term learning and development. Employee experience and engagement remains a priority⁷. In response some organisations are creating new roles such as 'Head of Employee Happiness and Engagement'⁸.

Building trust and training managers to manage distributed teams is critical. Investment in change management for employees and managers will be important in transitioning to a more substantially virtual workplace. As management roles move towards mentoring, empowering and trusting employees, organisations will need to improve change management support to ensure leaders know how to manage and motivate remote workers and keep distributed teams connected to company culture and community.

While 90% of XSF@home respondents currently feel trusted to carry out their work remotely by their manager, the lack of personal connections is taking its toll on bonding, informal mentoring opportunities and their connection to corporate culture. Working from home is particularly more difficult for younger generations, with 7 in 10 Gen Z and Millennials reporting challenges working from home.

Tech transforms operations, reduces hierarchy, increases remote management



Source: Cushman & Wakefield

Stage in life plays a key role in these challenges:

In the future accommodating physical meetings in the office could come first and individual desking could come second. While immediate Return-to-Work priorities focus on enabling social distancing, in the long term, there may be an increased demand for informal, open and enclosed meeting space such as project collaboration areas, quiet learning and group training spaces, social spaces, bars and performance spaces.

GEN X



29% reported caregiver responsibilities

GEN Y



26% reported caregiver responsibilities

GEN Z



26% reported inadequate home workspace

Workplace & People

Reversing the paradigm - virtual first

For many, work is no longer a place we go to, it is something we do⁹. Travelling to work has been our default; due to habit, lack of trust or management attitudes/preferences, and of course the richness of face-to-face communication. **For those who can, what if we work remotely by default, only going to the office on occasion?** To complement physical office space, corporations could create immersive online work environments. We could join through avatars where staff could meet colleagues in a virtual world. Think 'Ready Player One' or 'The Matrix' where we 'plug into work'. There will always be a need and desire to meet in person, especially as a counterpoint to remote working. **The virtual world will grow in scale but balanced by less traditional office space and more, higher quality amenity space.**

This option wouldn't apply to everyone. **Some industries are more location dependent than others** — for example, laboratory work, manufacturing or distribution. Take up would vary by sector; financial services, insurance, professional services and software development could suit remote working more. Pharma, retail and manufacturing could retain more ties to the physical office.

A University of Chicago study found that 37% of U.S jobs can 'plausibly be performed entirely at home' - a number that jumps to 50% in areas like San Francisco and Washington, D.C.¹⁰

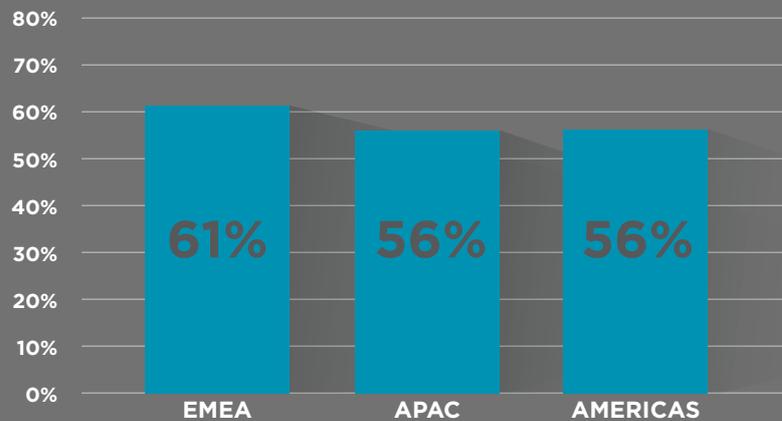
Office as a community hub with more choice and autonomy

Face-to-face communication will remain valued and prized, especially as a counterpoint to increased virtual working. Few have the need or desire to spend their entire week either at home or in a core office. This is validated by recent XSF@home survey data that shows 73% of respondents think remote working policies should be expanded. So, what's the right balance?

As employees only travel into the office for specific reasons such as face-to-face meetings, project work, events and training, organisations could start to offer working from home packages. This could involve paying for employee's broadband at home, providing them with a home office budget from which to buy screens or headsets. Individual and/or more routine tasks carried out remotely could reduce city centre rental and travel costs.

More remote working would change what the office needs to accommodate a new model. Workplace planning has, for some time, been based on individual desking supported by collaboration spaces which are often less than 30% of total space¹¹. Cushman & Wakefield space utilisation analysis carried out across geographies and sectors shows that even pre COVID-19, traditional offices are typically utilised on average 56% of the time.

Average office utilisation by region



Source: Cushman & Wakefield

“The office space we keep will be used less to house banks of standalone desks and much more to bring people together collaboratively”

Jonathan Lewis, CEO Capita

These spaces could be integrated with fitness and wellbeing facilities that ideally are linked to outdoor space. Offices could become future community hubs with a shift to 70% collaboration and wider support spaces, while only accommodating 30% individual desking. **“The office will become a place for the social aspects of work, such as celebrating, networking, lunching and gossiping.”**

Workplace & People

The need for quiet and enclosed spaces is also likely to increase. Increases in voice recognition software and video calls could result in an increased demand for bookable enclosed spaces to manage noise. Whilst collaboration is likely to remain important, there is growing recognition that offices also need to accommodate quiet, contemplative work¹⁴. **Striking a balance between collaborative spaces, quiet and individual spaces will be key.**

Work can be delivered from a core office, from collaborator offices and satellite coworking places closer to employees' homes. Whilst more companies will realise it is possible to operate in a virtual model the majority will continue to need some form of core office provision.

A more diverse outlook

As global corporates grow in scale, influence and economic power, their responsibilities need to shift from shareholder to stakeholder value. For decades, driving shareholder returns has been the priority for business. Now there is a shift towards responsibility and value measures in other ways such as sustainability and giving back to local communities. Large tech giants could become more powerful than some governments. Profit needs to be balanced with care for the planet, society, employees and their families. We could see organisations becoming more like the Cadbury or Guinness (now part of the Diageo family of brands) of old, companies that looked after their employees holistically in terms of salary, nutrition, health, wellbeing and housing. The key difference would be during the industrial revolution these initiatives were employer lead. In today's digital revolution, they are increasingly employee lead.

There could be radical improvements in diversity and inclusion across the workforce as traditional barriers of access and location reduce. Presenteeism should fade as flexible and remote working become the norm. Top talent can expect to access the most interesting and meaningful roles across a wider geography, which could reinvent corporate culture itself.

Not just an office but a work, live, leisure ecosystem

Virtual working enables a blurring between work, life and leisure. Priorities around employee engagement and fundamental shifts in the role of HR, as described earlier in this paper, should see organisations invest more in the 'whole employee.' As work patterns and office occupancy change, policies and incentives should as well. For example:



Home Working Policies

Shift from ad hoc home working arrangements and employee self-assessments to broader programmes, routed in organisational duty of care.



Sustainability

Buildings need to be seen in the wider context of location and travel. 2020 figures report that activities driving the most energy emissions include road transportation (11.9% of total emissions), residential buildings (10.9% of total emissions) and commercial buildings (6.6% of total emissions).



Education

Growth in apprenticeships and post graduate education as part of an employee engagement package and to address student debt.



Healthcare

Increased medical screening, health assessments, local family doctor, dental services, healthy food provision and advice.



Housing

Increased provision of graduate housing, providing co-living/coworking arrangements as part of onboarding programmes This approach can build powerful teams and networks¹⁶.

Workplace & People

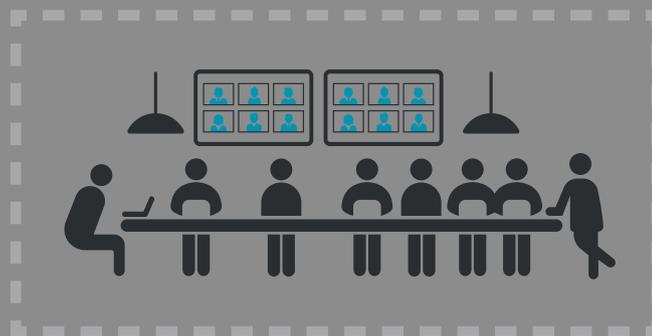
Decision support. Now more than ever leaders need workplace data connected to business objectives and future scenarios.

Best-in-class companies have Corporate Real Estate (CRE) strategies in place, developed in partnership with leadership, HR and IT, and plan for change based on key business, economic, political or risk-related events.

Technology is impacting people and workplace by



Reversing the paradigm of work from office to home



Rise in office as community hub, more choice/ autonomy



Creating a work, live, learn, leisure ecosystem



With a more diverse outlook

Source: Cushman & Wakefield

Location Strategy

By necessity, the analogue mode of working in fixed locations is temporarily unavailable. COVID-19 has forced us to switch fully to digital mode, social distancing, being active remotely. Now that the genie is out, it may be difficult to put it back in the bottle when this unprecedented period of global quarantine ends¹⁷. Accordingly, to PWC's COVID-19 CFO Pulse Survey US findings, "half (49%) of companies say they're planning to make remote work a permanent option for roles that allow," and the number rises to 60% among financial services organizations¹⁸. Instead of defaulting to travelling into the office, more people would work remotely and travel into the office for specific reasons and special events. From online learning and shopping, to remote healthcare delivery and working from home, we know that these activities can be delivered remotely. And in the future, virtual reality technology is expected to make remote working more appealing¹⁹.

Virtual & global labour sourcing

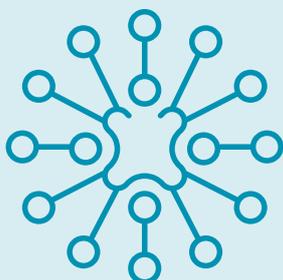
If we can do most of these activities from anywhere in the world, how relevant will a company's office location be?

1. **Do companies need to be where the talent is** or can they employ global talent connected virtually via the company's Cloud platform?
2. **Which functions can become location agnostic**, and which need to be linked to a geography?
3. **How relevant would the labour cost associated with the location of a physical office** be if large part of the workforce works remotely, domestically or abroad?
4. **Which factors are expected to become more critical** for location selection?
5. **Is demand for core urban areas going to continue** at the same level as today?

• Global talent sourcing - virtual presence everywhere:

Talent catchment areas have been extending for years across borders, decentralising corporates' operating models. However, focus has been on decentralising specific functions within a centralised operation, such as Shared Service Centres. **We anticipate a more distributed talent strategy across functions that reaches out to multiple geographies at an individual level, where the employee becomes the virtual office address.** We have already moved from centralised to decentralised operating models, and in the future, we expect to move towards more distributed operating models.

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Location Strategy

- **Secondary cities winning ground:**

Virtual equality and agile working policies could ensure fewer employees feel the pressure to relocate to capital cities to access better career opportunities. Employers would increasingly target talent where it resides and provide access to collaboration space on a regional hubs' basis. **Smaller cities with good universities could rise in popularity for talent, offering a combination of quality of life and affordability.**

Partly we have already started experiencing this with the “north shoring” trend in the UK. In the last ten years the percentage of people leaving London who bought or rented homes in the north has increased more than tenfold²⁰. In Leeds, for example, HMRC (UK’s government department for collection of taxes) is opening later this year a new hub with 6,000 employees, whilst Sky which already employs 1,300 employees in Leeds, has announced plans for a new Studios Innovation Hub, creating an additional 1,000 jobs by 2022²¹.

Similarly, in Central and Eastern Europe, Cluj the cultural capital of Transylvania (Romania) with a population of c.420,000 inhabitants, but with a strong specialisation in computer science, is emerging as an international tech hub competing for talent with Bucharest, the capital of the country.

Caption 6:

Table with Tech talent job posts growth in secondary cities vs. large urban centres in the UK and the US

	UK CITIES	LONDON	MANCHESTER	LEEDS	BRISTOL	CARDIFF	
	TECH JOB POSTINGS CAGR (16-19)	3.81%	12.82%	15.10%	8.74%	12.03%	
	TECH TALENT PROFESSIONALS TOTALS (2019)	248,577	37,817	26,166	21,734	13,539	
	US CITIES	NEW YORK	SAN FRANCISCO	AUSTIN	RALEIGH	SALT LAKE CITY	NASHVILLE
	TECH JOB POSTINGS CAGR (16-19)	30.8%	32.7%	35.1%	40.4%	39.8%	38.1%
	TECH TALENT PROFESSIONALS TOTALS (2019)	297,765	149,463	61,262	34,907	32,009	26,114

Meanwhile in China, over the last five years, secondary cities such as Wuhan and Chengdu have boosted innovation and are nurturing the next big technology unicorns. Access to tech talent, coupled with a lower cost of living than in Beijing or Shanghai, have been the key drivers for attracting companies such as Dell, IBM, Intel, J&J, Xiaomi, and ThoughtWorks. Wuhan produces 1.3 million university students per year,²² largely focusing on engineering and scientific disciplines. Labour cost is about 40% less than in Beijing or Shanghai. Young talent chooses to move back to Chengdu and Wuhan as these cities provide higher living standards (cost of living, work-life balance).

Similarly in the U.S., smaller metropolitan statistical areas such as Nashville, Austin, Raleigh/Durham and Salt Lake City have exhibited above average population and job growth and attracted corporate relocations, such as Amazon and Apple, as a result of the cost and quality of life advantages they offer, compared to the major coastal cities.

- **A radical shift on city selection criteria:**

New types of locations are expected to emerge as strong contenders for establishing a core HQ or office presence as **an internationally distributed workforce is expected to impact the criteria for selecting cities**. Factors that could become more important include employment law compatibility, air/ground connectivity to the geographically dispersed workforce, broadband connectivity, membership to a large international trade/economic union to enable cross-border seamless business operations and brand positioning.

- **Home Work:**

People could choose where they want to live and proximity to work would become less important, connecting in remotely and travelling to the office only when needed. More people would choose where to live based on community, amenities, access to transport hubs, education, quality of housing and natural resources. As lifestyle preferences around home and workplace evolve with age and life-stage changes, **workplace location preferences will continue to vary, but there is likely to be an increased home working approach**.

Location Strategy

Both Urban and Suburban

The last decade has seen corporates coming back to core urban areas driven by talent preferences, mobility and sustainability considerations. One of the questions posed by the current pandemics is the possible reversal of this trend. Our paper is addressing a mid-to long term future when the current pandemic has disappeared, but also a world that remains prepared for the risk of a new crisis. There is a perception in parts of the corporate community that suburban locations will be safer and offer more resilience to any potential future pandemic. This belief is based on the hypothesis that a potential pandemic will spread faster in dense urban areas that heavily rely on public transportation. Whilst there are strong arguments in favour of Urban and Suburban location, we believe the future most likely won't be about one or the other but rather a combination of both.

- **Density is only one element in the complex spreading of pandemics.**

As the current pandemic has shown, some suburban areas have been hit as hard or even harder than nearby major cities. In Germany or Belgium, the most impacted areas are the major conurbations of West Germany and Flanders, not Brussels or Frankfurt. In Italy the virus has spread first in the suburban north. Suburban areas are usually part of major urban sprawl creating a continuum of dense, internationally connected human activity over hundreds of miles. These areas mixing residential, shopping, logistics and office activities can be as prone to spreading epidemics than dense urban metros. Density is only one element explaining the spread of pandemics²³.

- **We can't go back to cars.**

In 2017, road transport was responsible for almost 72 % of total greenhouse gas emissions from transport (including international aviation and international shipping). Of these emissions, 44% were from passenger cars²⁴. In addition, we **can't change housing distribution or heavy public transportation networks**. Close to **80% of European and North American population lives in Metropolitan areas** where transportation networks have been designed to converge in central areas. Larger corporations have employment catchment areas that spread through entire metropolitan areas. Suburban locations are significantly more difficult to access and lack the public transportation networks to feed them. Some movement is possible but if many companies start to move to suburbs this will create major environmental as well as mobility issues.

- **Public transportation is not necessarily riskier than offices.**

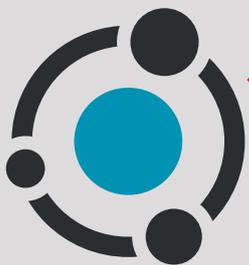
Epidemiology studies²⁵ show that a single compromised surface, such as a door handle, can spread a virus to 40-60% of employees in a building within 2 to 4 hours. Hospitals and care homes that have implemented drastic hygiene's and organisational measures still see extremely rapid spread of any virus. Avoiding public transportation related airborne transmission risk, to then expose employees to further risks in offices does not seem to be a sensible approach. More remote working and generalised flexible working hours in office environments will also significantly ease congestion on public transportation, reducing airborne transmission.

- **Unlikely that new generations reverse urban preferences.**

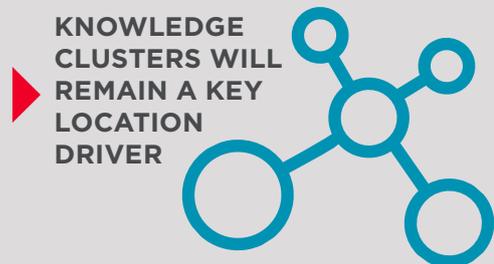
Younger generations at work (who given digitisation will remain a key recruitment target) have been the least concerned and impacted by the virus. It is unlikely their location preferences will fundamentally reverse. They want the urban experience. Most don't have a car, and many don't even have a driving license. Based on C&W's European young employees survey of more than 1,200 respondents, 60% of students and young professionals want their workplace to be in a busy and lively part of the city that provides access to local amenities such as shopping, dining, and recreational activities. As previously noted, Millennial and GenZ employees are the demographics having the most difficulty working from home.

As we outline in the section below, we believe that large organisations will increasingly rely on a variety of locations where urban and suburban alike will play a role. Urban areas will still offer unique features to attract the core meeting and collaboration hubs, and suburban areas are likely to offer smaller community spokes. But the reverse is also possible. In any case, a distributed portfolio including a variety of locations, would offer a much stronger business continuity in case of future pandemics than any single urban or suburban location.

COVID-19 raises fundamental question of **how & where** work happens



DENSITY IS ONLY ONE ELEMENT



KNOWLEDGE CLUSTERS WILL REMAIN A KEY LOCATION DRIVER



WE CAN'T GO BACK TO CARS



UNLIKELY YOUTH REVERSAL OF URBAN PREFERENCES

Impact on corporate office space demand

Traditional CRE models are unable to support large digitised operations...

- **The end of centralised footprint models.**

Traditionally, the office was selected in a location deemed to offer the right balance predominantly between cost and accessibility. With the increasing scale of operations and the need to attract talent from larger catchment areas, selecting a single location increasingly meant locating in core urban areas. This has been further reinforced by strong preference from younger workforce. The competition for space in central areas resulted in increasing rents but also transportation congestions. For many occupiers providing the entire footprint in central urban areas has proved too expensive or simply not possible from a supply perspective.

- **Blurring boundaries between front and back operations.**

Organisations not able to secure a cost-efficient, central location had the option to divide operations into “Front” and “Back” offices, moving the latter to a less costly suburban location. With digitisation, what used to be back office operations, such as IT or marketing, started to become increasingly core business. Technology and digital transformation are now core business for most organisations. As a result, IT talent can command higher salaries than former “front office” sales or management functions. With the need for horizontal collaboration and digitisation the front and back offices, categorisation is losing relevance at best or has reversed.



Towards the distributed, on-demand portfolio...

- **Agility working within and out of the office.**

To meet increased demand for flexibility, “agile workplace” concepts are deployed globally across office portfolios. According to C&W-CoreNet 2019 **What Occupier Wants** survey, 77% of corporates surveyed have adopted agile workplace practices²⁶. Within a given office, a variety of unallocated space is provided to meet changing individual and collaborative work requirements. Whilst people can work from anywhere, employees are still by default allocated to an individual building where they are expected to come for a certain number of days a week.

- **Portfolio footprints would have to evolve toward more distributed space provision, used on demand.**

The need for core “offices” to provide a central meeting place for staff will remain. However, work not requiring physical interaction can be delivered from a variety of other places, including homes but also satellite or co-working locations closer to employees and within their communities.

Space and location typologies – an ecosystem

The shift of office hubs towards physical meeting and collaboration spaces could accelerate. Virtual collaboration and individual work could happen from an increasing variety of other places. **Portfolio planning would evolve from centralised allocated models to distributed²⁷ on-demand space provision.** Ironically, this idea has been around for over 20 years, originally as part of a European Union funded research project and has taken a global pandemic to be seriously considered.

Rather than providing a single or dual location that will come with strong financial and location compromises, organisations would provide a greater variety of places for staff to work from. Rather than concentrating all requirements within an office or a campus, organisations would use the potential of a network of places to provide a range of workplace opportunities.

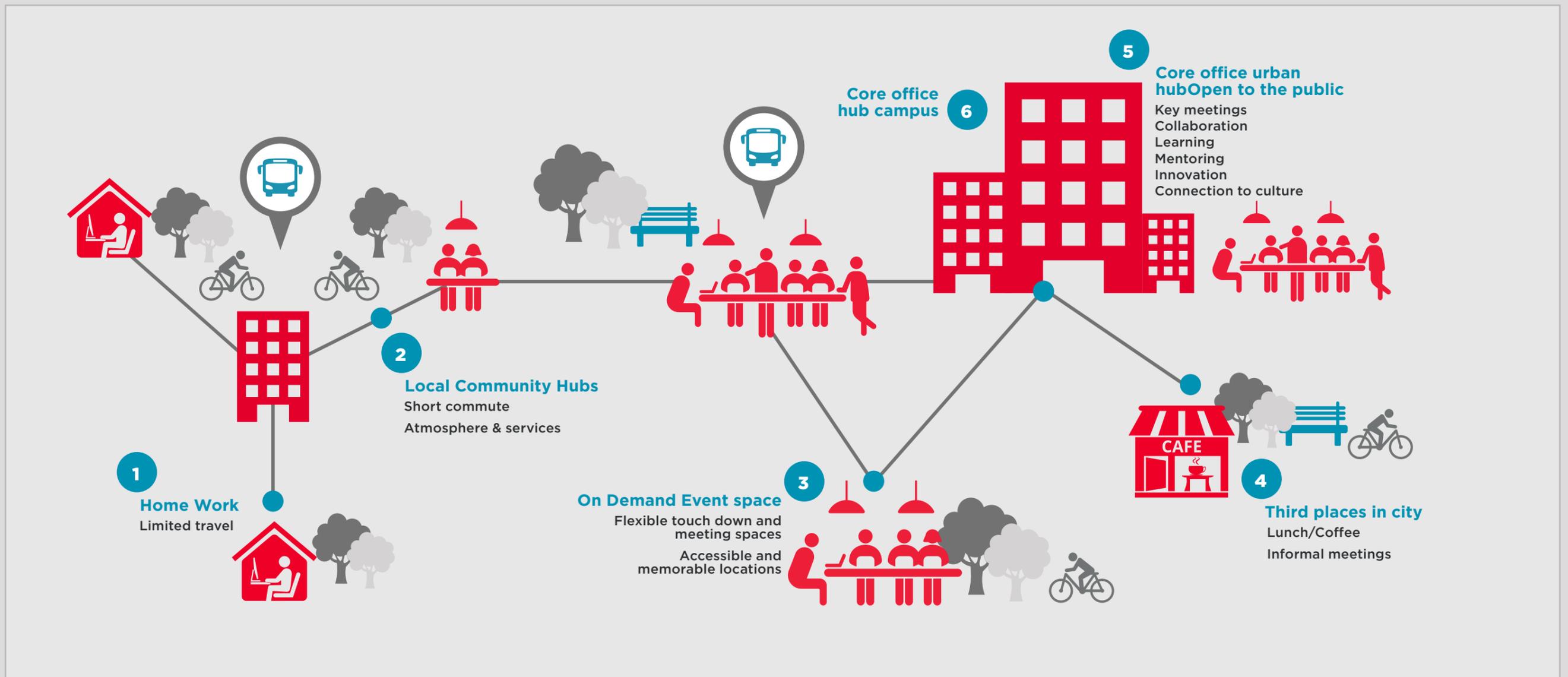
- **Core hubs - smaller, more and higher quality.**

The core office function would shift to provide physical collaboration for employees and client meetings, as well as display key corporate products and values. The core “office” hubs would still provide flexible space for employees to work around meetings as well as for those living in relative proximity.

With mounting competition especially on digital talent, corporations started to increasingly offer central urban spaces leading to rising rental levels in all major urban centres.

When a core hub is a campus there is likely to be a variety of potential locations. There has been a decline in popularity of the out of town campus²⁸ over the past decade. This is often due to a lack of amenity, transportation and access to talent. There has been an increase in campuses developing around key locations. For example, sectoral clusters such as Silicon Valley or higher education clusters such as Cambridge in the UK or Cambridge Massachusetts, USA.

An Ecosystem, a variety of locations and experiences to support convenience, functionality and wellbeing



Impact on corporate office space demand

After the period in which social distancing limits in-person collaboration, employees may still be expected to spend regular time in these key hubs to ensure informal collaboration, mentoring and connection to corporate culture. Companies will have a longer vision and requirement for these hubs with associated standard rental contracts, although tenants may seek to stagger lease lengths by floor, as an example, to give them greater flexibility as demand for space fluctuates. Individual tenant space for individual work requirements could decrease and be replaced with collaborative space. And more companies will target central and accessible urban locations for event spaces.

- **On-demand event space.**

For companies increasing remote work or even completely shifting to virtual, there could be a new requirement for on-demand event/collaboration spaces for recurring company and team meetings. Demand for this would be in accessible and memorable locations such as city centres, main transportation hubs, including airports for major multinationals, and out of town destination hotels.

- **Flexible "touch down" space..**

In larger metropolitan areas with extended employment catchment areas, it would make sense to provide additional space on demand, leased on flexible terms. These spaces would be smaller and in less central areas, still surrounded by amenities and public transport. They would host smaller meetings and welcome employees that want to benefit from corporate workplace infrastructure within reasonable commute distance. These spaces would also provide opportunities for employees to collaborate with suppliers or other organisations from within their sectors.

- **Local community hubs.**

To avoid longer commute times and tap into wider employment catchment areas, companies could provide satellites closer to employees' home address. These could be in regional cities, out of town or on local high streets. High street retail units could be rejuvenated to provide innovative workspaces within walking or cycling distance. These hubs would also satisfy employee appetite for greater engagement within their own communities and potentially tap into new talent pools. Several banks are already assessing ways to leverage their branches to provide local touch down workspaces for employees.

Conclusions

The current crisis has already shown that the ability to operate virtually is not only business critical, but it also opens new channels for more equal collaboration and potentially gives access to untapped sources of talent.

Coming out of the crisis, occupiers will rethink the role of the office—from what purpose it serves to where it should be located and how it works. Recognising that remote working works for many, there could be less need to have cohorts of employees commuting daily. More employers will be able to access talent where it is and provide smaller regional collaboration hubs close to where people live.

The shift of core offices towards physical meeting and collaboration spaces could accelerate, and this would most likely continue to take place in vibrant urban centres. Virtual collaboration and individual work will also happen from an increasing variety of locations closer to talent pools including suburban community hubs. Many organisations could therefore potentially shift from centralised models to a mix of central, distributed and on demand space provision.

An Ecosystem, a variety of locations and experiences to support convenience, functionality and wellbeing



Source: Cushman & Wakefield

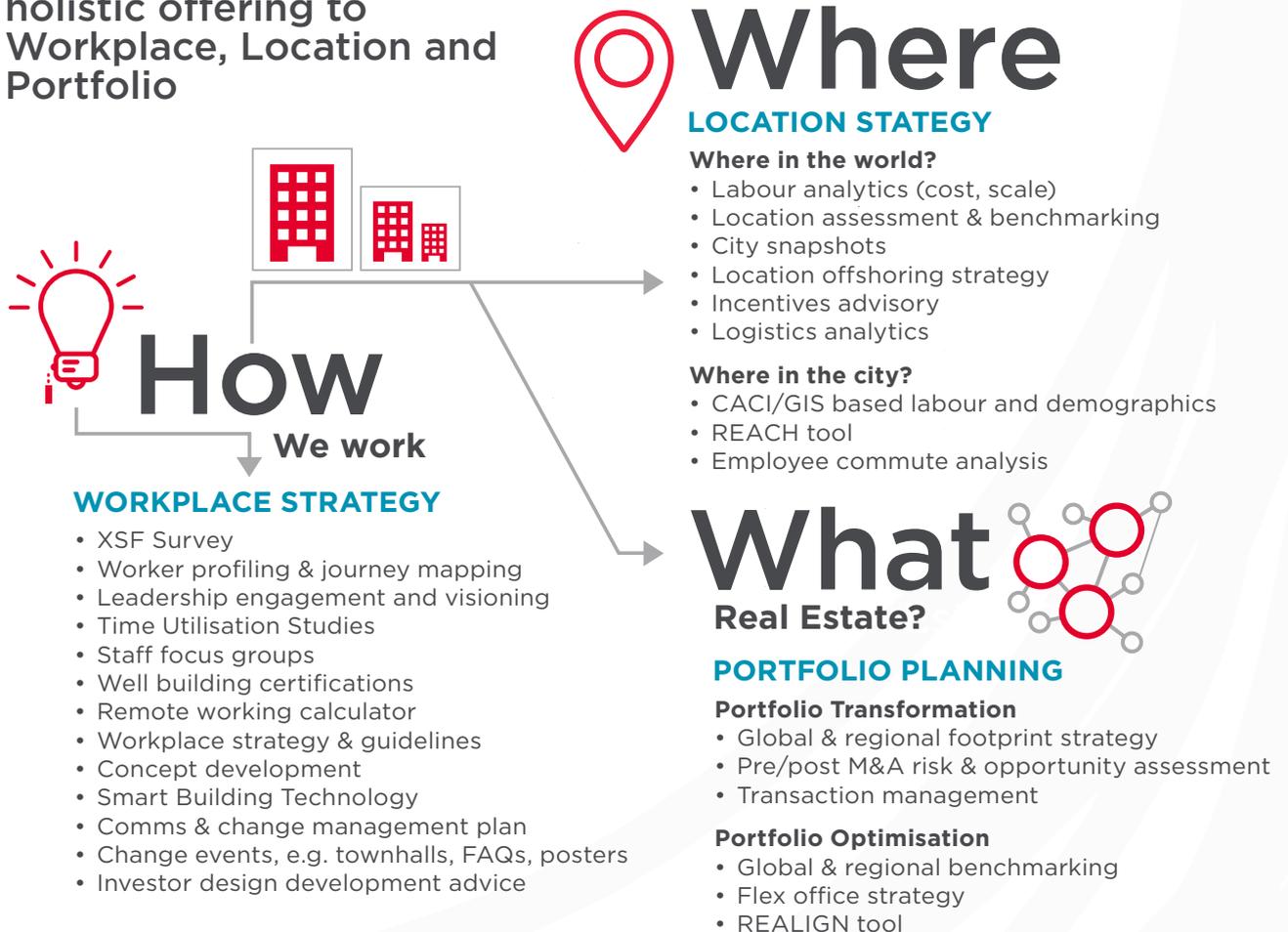
The overall requirement for office provision would most likely shift to focus on smaller core hubs in attractive urban areas as well as a variety of other locations. Occupiers adopting distributed portfolios, with workspace provision closer to employees, will ensure a much stronger resilience in times of epidemics.

Large cities will most likely continue to attract employment. However, the likely acceleration of remote and flexible working will decrease the time spent in core office hubs. It is therefore possible that demand for traditional office space in large cities will rebalance into regional hubs, attractive secondary cities and event spaces in larger urban centres.

The mid- to long-term real estate scenario we are projecting is just one possible option. It is, however, built upon strong pre-existing long-term trends. Overall, rather than new strategies emerging, we see the potential for the acceleration of current trends and deployment of technology with hybrid workplace scenarios that could provide opportunities to reimagine the purpose of the office and the locations where work happens.

Both occupiers and investors will need to pivot to drive long-term value, improve the employee experience, minimise negative environmental impact, and create thriving workplace ecosystems that support employee engagement, productivity and wellbeing.

Cushman & Wakefield's holistic offering to Workplace, Location and Portfolio



For further Occupier Insights visit our Occupier Metrics portal: <https://occupiermetrics.com/>



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Services

Agency Leasing

- Strategic asset analysis
- Comprehensive property positioning
- Broker relationship campaigns
- Prospective tenant analysis and canvassing programs
- Letter of intent and lease negotiation
- Regular client reporting
- Coordination of additional real estate services

Asset Services

- Engineering operations
- Client accounting
- Contract and vendor maintenance
- Transitions and quality control
- Lease compliance and administration
- Property management
- Project and development services
- Due diligence
- Strategic account management
- Sustainability

Capital Markets

- Investment sales
- Equity, debt, and structured finance
- Corporate finance and investment banking

Facility Services

- Janitorial
- Maintenance
- Critical environments
- Landscaping
- Office services

Global Occupier Services

- Strategic consulting
- Portfolio administration
- Transaction management
- Project and development services
- Integrated facilities management

Investment & Asset Management

- Segregated portfolio management
- Asset management
- Fund creation and management
- Indirect investing
- Fund investment strategy
- Direct and indirect exposure on both a debt and equity basis

Project & Development Services

- Program, project, and construction management
- Development services and master planning advisory
- Procurement and bid management
- Schedule and budget management
- Cost consultancy and value engineering
- Space and occupancy planning
- Move management
- Sustainability
- Workplace consultancy

Tenant Representation

- Strategic consulting
- Occupancy workplace strategy
- Acquisitions, dispositions, and build-to-suits
- Market, demographic, and labor analysis
- Lease restructuring; subleasing services
- Lease auditing

Valuation & Advisory

- Appraisal management
- Diligence advisory
- Dispute analysis and litigation support
- Financial reporting
- Property tax services
- Valuation/portfolio valuation

Industries & Specialties

Airports
Automotive
Build-to-Suit
Data Centers
eCommerce
Education
Emerging Technology
Energy (oil & gas)
Financial Services
Flexible Workplace

Food & Beverage
Global Supply Chain
Government
Healthcare
Hospitality
Industrial
Land
Legal/Professional
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Retail
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Third-Party Logistics (3PL)



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