



United States | 2021

Research

Your next office

A practical guide to post-pandemic
real estate strategies

Executive summary

After a year of some of the most challenging conditions in recent history, we are turning a corner toward healing, recovery and reimagination. We are optimistic that new health policies and safety mandates, combined with the rollout of multiple COVID-19 vaccines, will usher in a new era of work and life; one that promises to be better than before, putting human beings front and center.

As part of our extensive research and analysis, we've concentrated new learnings about health and wellbeing, work-life balance and productivity, and company culture and management, to develop a practical guide to prepare you and your office for a return to work.

This report addresses the five most common questions that companies are currently asking

1. What's the best workplace strategy for my company?
2. Where should my company locate its operations?
3. What should my workplace look like now?
4. What tools does my company need to succeed?
5. What should I be doing right now to get started?

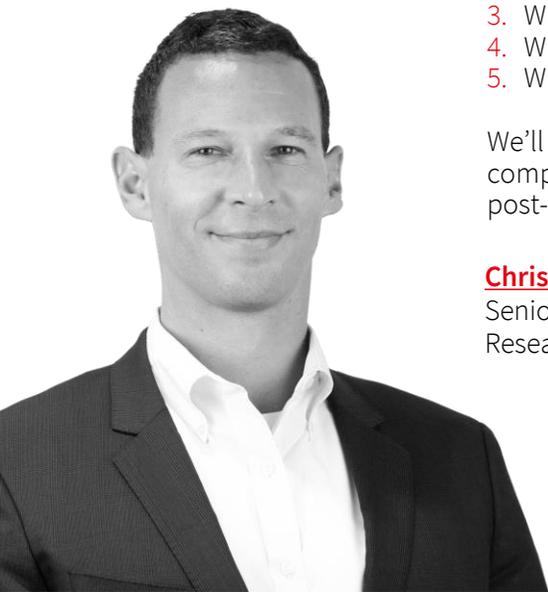
We'll help you identify the strategies that allow your company—and your employees—to flourish in a post-pandemic world.

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1

What's the best workplace strategy for my company?



This is arguably the most challenging question that companies must answer right now. It's difficult to look past the current health crisis to the future when we are laser-focused on employee health and wellbeing. Additionally, corporates and employees alike have embraced the great "remote work experiment," which has produced surprisingly positive results. However, **remote work during a global crisis and remote work during global stasis could very well deliver different business outcomes.** That's why the best workplace strategy for your company is the one that best suits your company's objectives.

- 1. Office-centric:** Employees work in-office 80% to 90% of the time, desks are 100% dedicated, productivity is encouraged through in-office collaborations enabled by tools and technologies.

Best for: Companies that believe a strong culture is built and maintained in-person.

- 2. Hybrid:** Employees work in-office 40% to 80% of the time, desks are 50-75% dedicated, productivity is enabled through a "gather-then-scatter" strategy that allows for in-office collaborations followed by a personal choice of workplace.

Best for: Companies focused on innovation that can only happen in-person, while championing flexible lifestyles.

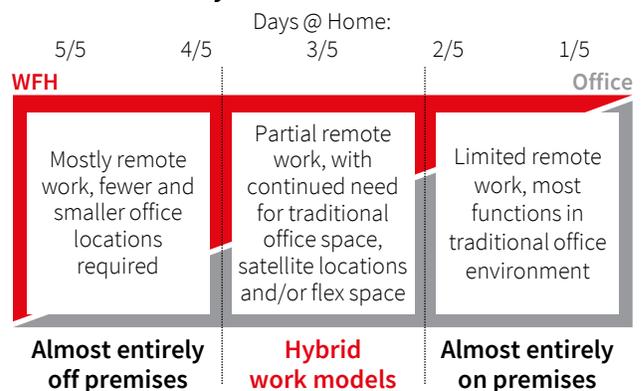
- 3. Remote-first:** Employees work in-office 0% to 20% of the time, very few desks are dedicated, and employees can drop into a flex-office location for occasional in-person work or company events.

Best for: Companies with employees that work completely independently, companies focused on cost savings, companies with a culture that champions total flexibility.

What's your office's new purpose?



The rise of the hybrid model:



Once your company has a sense of the type of culture it wants to maintain or build, the best way to implement or maintain this strategy is through early and frequent communication that is both clear and concise. Additionally, outlining your company's mission and objectives will help employees begin to make the necessary mental and scheduling transitions with greater ease.

2

Where should my company locate its operations?



As with workplace strategies, **a company's location can be an embodiment of its culture or a reflection of the community to which it belongs. It can also reflect its financial objectives or its talent profile.**

Whatever the objectives, it's important for companies to recognize that sometimes the best strategy isn't one location over another, but multiple complementary locations. Here are the key dynamics to consider:

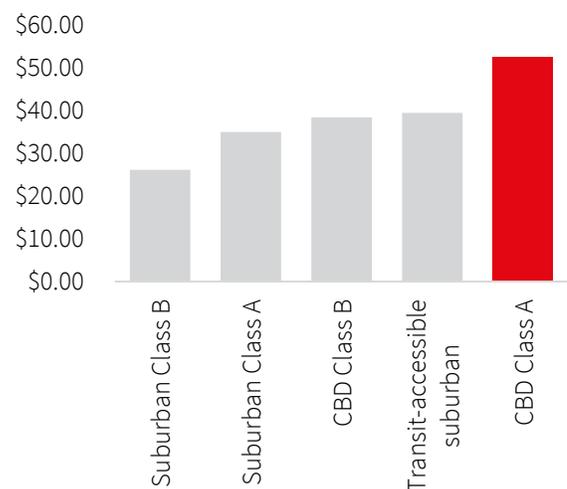
1. Urban: Major metropolitan areas will continue to maintain their importance as centers of expertise, talent, and innovation in a post-pandemic world. While they have temporarily suffered in the wake of COVID-19 due to restrictions placed on leisure and entertainment, we expect that a year of sheltering-in-place and social distancing will unleash pent-up demand to resume these activities once it's safe to do so. As a result, cities will remain centers of innovation and magnets for young, skilled talent.

2. Suburban: Contrary to some headlines of the last decade, many suburbs have retained their strength and, in fact, have evolved to become magnets for millennials entering their family-forming years. Some offer dense and walkable, vibrant town centers and shopping districts well, while others offer a better commute, lower real estate costs and better access specific talent pools.

3. Split-locations: For many companies, especially large employers, a split (or bifurcated) location strategy might offer the best solution. In this strategy, companies can mitigate expenses by leveraging a front-office and back-office structure. Many banks and financial services firms already employ this model in major urban metros, such as in the New York Metro Area and the Boston Metro Area. Additionally, companies with significant customer service divisions also utilize a split-location strategy.

Not all business units may require a downtown office tower location

Average asking rent (\$ p.s.f.)



Source: JLL Research

Typical corporate structure:

Business group	Optimal location
Executive leadership	Headquarters
Field sales, business development teams	Headquarters
Customer service	Call center
Finance, HR, Administrative Services, etc.	Center of Excellence
Innovation team, contract/project team	Flexible Office/Coworking

It is important to note that COVID-19 didn't change these urban-suburban location strategies. The benefits of each option were evident in 2019 and they remain consistent today. We advise caution against shifting geographic strategies purely as a reaction to the events of 2020.

3

What should my workplace look like now?



In recent years, and especially over the past year, we've learned that some of the workplace trends adopted over the past decade may have come at the expense of health, wellbeing and productivity. High-density offices provided limited personal and private space and were often distracting for employees who needed to concentrate or hold private conversations.

The COVID-19 pandemic ushered in a new appreciation for personal workspace, but that doesn't mean that workplaces should evolve into sterile and isolating environments once people return. On the contrary, after months of remote working, many have learned that **the value a workplace offers is not an individual desk or office, but a place to gather** for collaboration, brainstorming and socialization.

The changing composition of the office

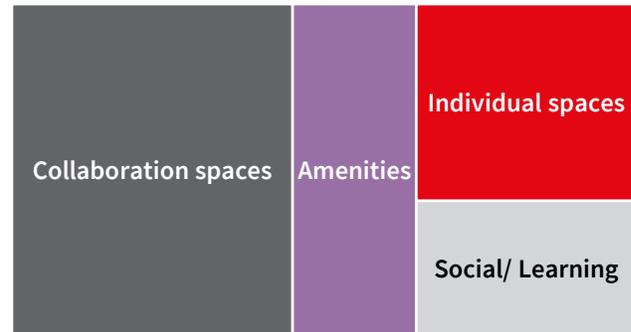
Historical office/workplace allocation



60-70%
Individual & Support spaces

30-40%
Collaboration &
Social spaces

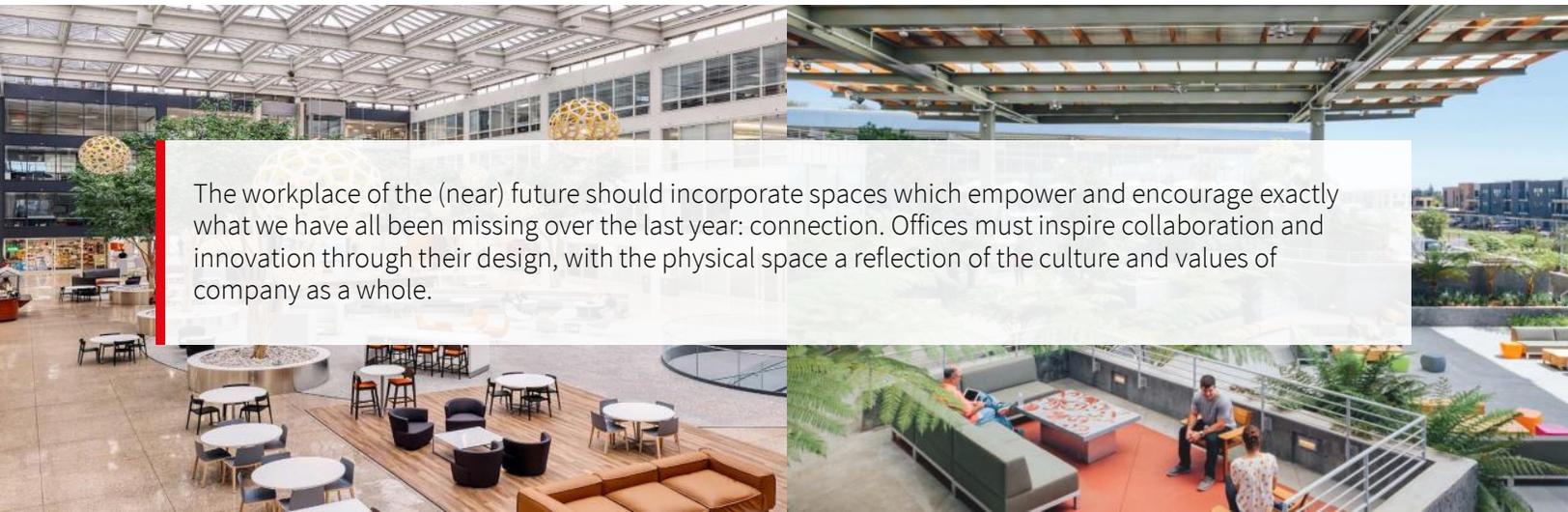
Future office/workplace allocation



50-70%
Collaboration
& Social spaces

30-50%
Individual & Support spaces

The workplace of the (near) future should incorporate spaces which empower and encourage exactly what we have all been missing over the last year: connection. Offices must inspire collaboration and innovation through their design, with the physical space a reflection of the culture and values of company as a whole.



4. *What tools does my company need to succeed?*

If remote working taught us anything, it's **that technology is essential to business operations** and will continue to play a critical role in a company's ability to manage, collaborate and operate productively moving forward. Technology can also enable you to plan and use your real estate space more wisely, if incorporated thoughtfully and in alignment with your real estate objectives.

These technology categories represent the set of tools that real estate professionals should be considering for their real estate portfolios.

1.

Space optimization

(Reclassification, rostering)



2.

Hybrid working assessment

(Planning workshop)



3.

Experience App

(Reservations, re-entry, service requests)



4.

Dynamic space planning & design

(Cloud configuration, virtual test fits, phone booths)



5.

Procurement & automated replenishment

(PPE, disinfectants)



6.

Contactless office

(Access, elevators, shared spaces)



7.

JIT facilities management

(Cleaning automation)



8.

Predictive & real-time utilization

(Sensors)



5

What should I be doing right now to get started?



With so many variables to consider, and so much still unknown, simply getting started on your office re-entry plan can seem overwhelming.

Simplify your process considerably by taking these three basic steps:

- 1. Measure twice, cut once:** Before making any significant real estate decisions, it is important to understand your new baseline conditions. Unfortunately, your pre-COVID workplace metrics such as occupancy, density and utilization are almost irrelevant. It is critical now to understand those metrics with your current conditions.

As occupants begin to return to your office space in greater numbers over the next several months, **the single most important thing that real estate managers can do is track employee attendance and space utilization patterns.** These studies must be conducted at the unique employee and seat level to provide actionable information.

Use the next six to twelve months wisely to collect data, which will allow you to make more informed decisions. Negotiate new transactions and lease extensions as necessary, but also use this time to gather information which can guide your long-term strategies.

- 2. Pilots before portfolios:** Some companies are planning significant changes to their global real estate portfolios in the post-vaccine world. But **the current environment provides other corporates still undecided with an unparalleled opportunity to test theories and new workplace strategies in pilot locations before changing everything.**

Select a location within your real estate portfolio that was already in need of a change, such as an older site that hasn't been renovated to modern standards or a site with an upcoming lease expiration or decision point.

Then implement a measurable change in this one location before applying new standards globally. This could be a space design change, a locational shift or a new technology implementation. Once you've made this change in one location, you can evaluate and compare it against other existing properties to determine what works and what doesn't for your people and your organization.

3.

Scenarios over single solutions:

If nothing else, the last year has taught us that great uncertainty remains and that we must be flexible. Even after a year of pandemic-induced changes, we still have more questions than answers in most categories of our lives. New variants of COVID-19 appear to be emerging as fast as vaccines are administered. Such a dynamic environment calls for flexible real estate management.

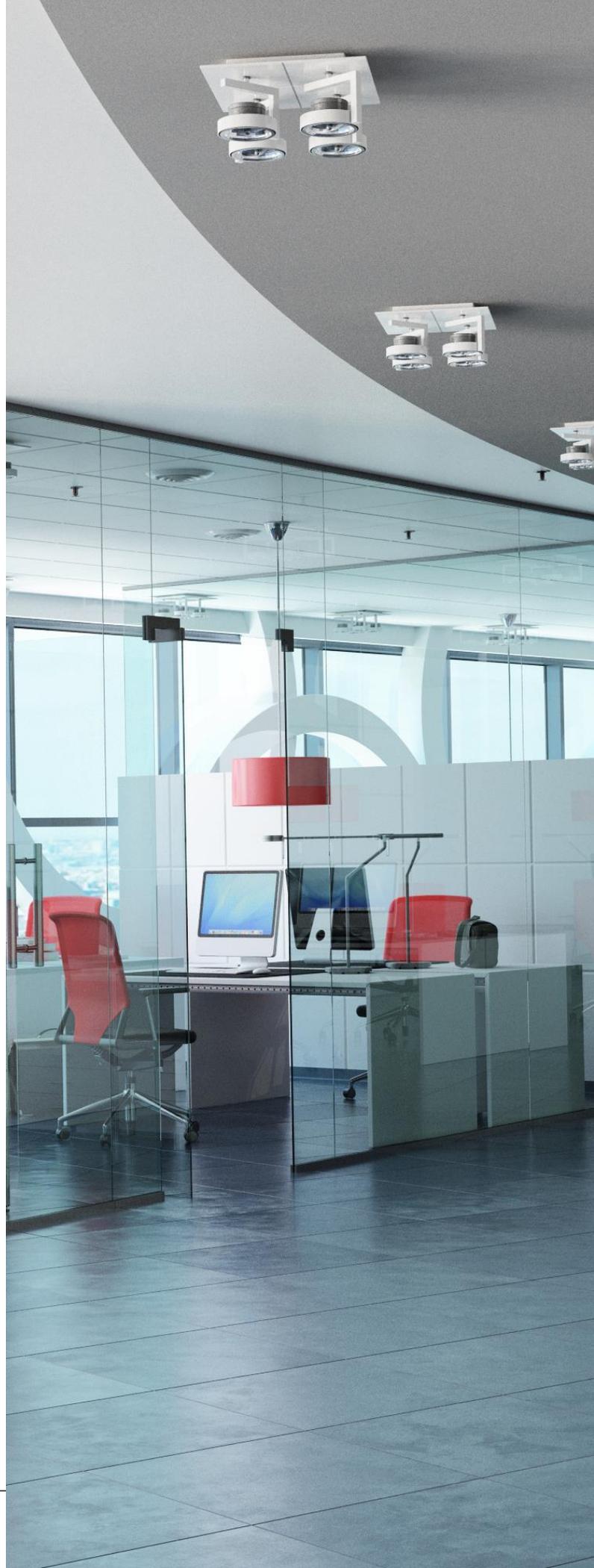
This hyper-uncertainty requires scenario planning rather than the rigidity of single solutions. Companies and corporate real estate professionals must acknowledge that the next several months may bring a range of potential outcomes, in terms of vaccination rates, business needs and employee willingness (or ability) to return to the office. Setting one single strategy for your office location, workplace design or capital spending would be unwise. We recommend making these decisions with different potential scenarios in mind.

Now is the time for completing detailed “if / then” analyses with regards to your real estate. For example:

- **If** 50% of your workforce is regularly back in the office by June 2021, **what** safety, seating, and operational needs will arise? Will your company require vaccination of all employees? What capital spending would be required to safely support this workforce?
- **If** 80% of your workforce is back by June, **how** might your answers change?
- Or **if** just 20% of your workforce is regularly back in the office, **how** might they change again?

These scenario discussions can be powerful in crystalizing company needs and priorities, especially when had in partnership with company leadership and in lockstep with human resources teams.

By encouraging flexibility and continuous improvement rather than single solutions, we can all create better workplaces which enhance our productivity, elevate our culture, and empower our people.





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JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 400 global research professionals track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.