



# Returning to the Office Landlord & Developers Workshop Output Pack

24 September 2020

*We are stronger when we move together*





# Contents

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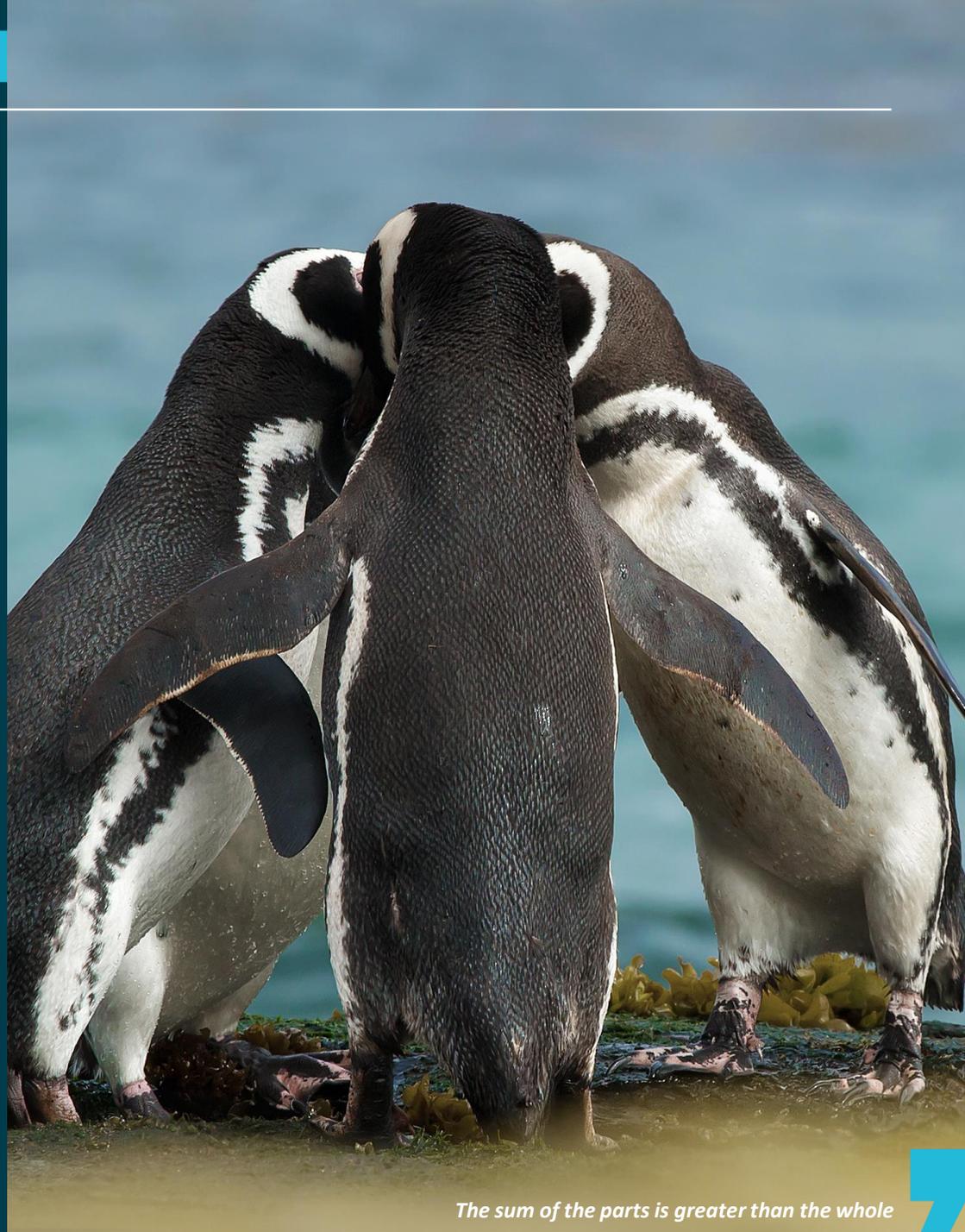
<b>Section 01. Introduction</b>	03
<b>Section 02. Executive Summary</b>	05
<b>Section 03. Next Steps</b>	12
<b>Section 04. Contact Details</b>	14



# Introduction

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# 01



*The sum of the parts is greater than the whole*





## 01. Introduction

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### Participants

Representatives from a diverse group of landlords, developers and real estate specialists participated in a facilitated workshop to discuss key issues, share their approaches and measures. Including the impact, challenges, opportunities and for landlords and organisations to understand key factors and start an initial discussion on what the office of the future will look like.

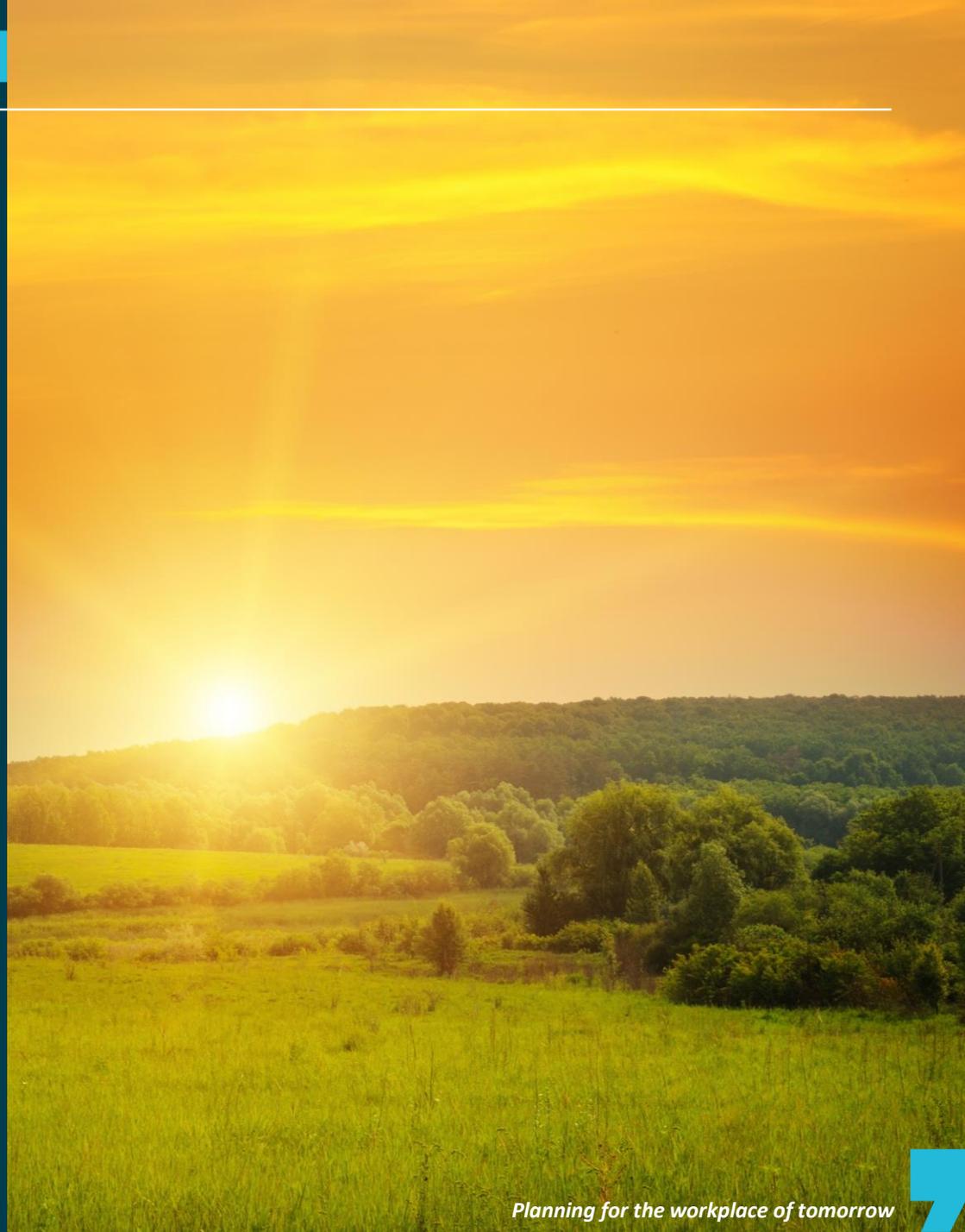
- HB Reavis
- Gascoyne Holdings/ Gascoyne Cecil Estate
- Grosvenor
- The Honourable Society of Grays Inn
- BNP Real Estate



# Executive Summary

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# 02



## 02. Executive Summary

Covid-19 has been a catalyst that has facilitated what workplace strategists over the last few years have not managed to fully achieve in the move towards a more agile workspace. It has encouraged companies to empower individuals to work remotely to provide an alternative employee experience.

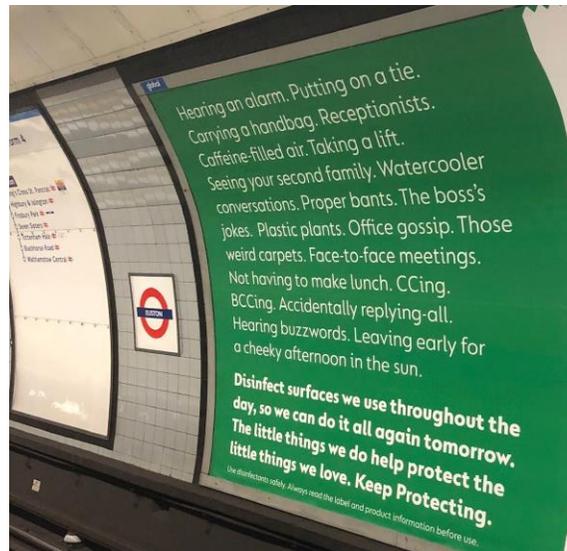
The approach that every organisation takes to return to the office may be subtly different. That is not to say there is a right or wrong way, but the needs and desires and the constraints and challenges for each organisation will be varied, requiring their own approach to enable a safe return to the workplace.

The workshops have highlighted that there is some correlation between the size of the organisation and the approach taken to accommodate staff returning to the office. Many of the small to medium companies appear to be more advanced in their return to the office strategy, albeit a structured return on a part-time basis, whereas global and larger companies are taking a slower, phased approach.

To help organisation's navigate the decision-making process, we have developed a framework (behavioural, physical and emotional) which can be used to assess each situation and decision. The framework is based on the consideration of three factors:-

### Behavioural – Government Guidelines

Whilst the Government has set out guidelines, the campaign to encourage workers back to the office has been postponed. Many offices have the right health and safety measures in place; including adequate training, band systems, apps, etc. however employees have been reluctant to date if they do not need to.



### Physical – Occupation & enhanced offering

Landlords concurred with what we heard from occupiers that, in the short-term, companies had a small number of volunteers returning to the office, like an advanced guard. Preceding and preparing in some cases and retreating in others.

One of the participants stated that a specific property within their portfolio in the city of London, they are seeing 50 out of 2000 occupants (2.5%). In addition, maximum occupancy, with the current employee numbers, is unlikely to reach pre Covid levels.

Pre-Covid utilisation surveys showed average workstation utilisation ranging from 42-85% across different companies. Like our occupier workshops the question being considered was “Why are people going back to work?”, “What do they need?” and “How can we enhance the offering?”.

Occupiers are considering what design changes they need to implement and what occupier's want, in the next two to three years, from their Real Estate Portfolio.

## 02. Executive Summary

### Emotional – Public & personal feeling

Unlike past economic events where the balance of power has shifted to the employers, Covid-19 has empowered employees. It has made employers much more sensitive to employees.

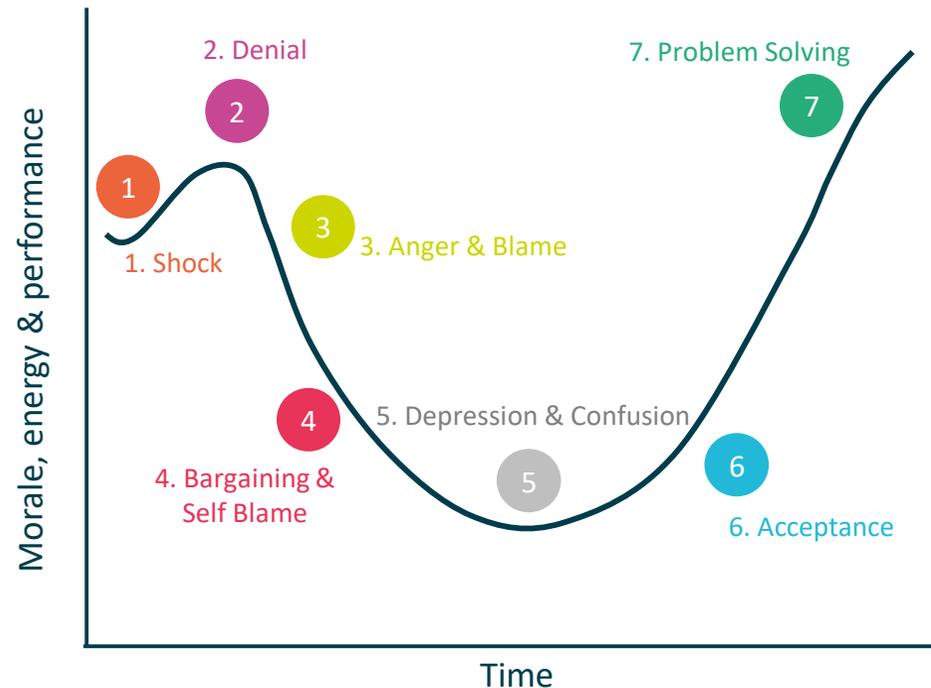
Most organisations are looking to enhance their offering to employees. Even where companies have been forced to make redundancies there has been more sensitivity. This has been evident across social media in addition to direct relationships.

In addition, business communication and negotiations in the first instance have been around bargaining and secondly around acceptance and problem solving, the return to the office.

The return to the office piece is also being viewed by Landlords as an opportunity to better understand their tenants needs and requirements, for instance, more amenity space, enhanced green credentials, etc.

There is an opportunity for landlords and developers to take a more holistic approach on a tenant by tenant basis.

### The Change Curve



## 02. Executive Summary

### Key Findings

#### The Building

One of the key questions is “How do we make people want to return to the office?”

If people have a positive experience coming into the office (excluding the journey to and from work which Landlords and Employers can't control), then they are more likely to want to continue to come back and encourage their work colleagues and friends to also return to the workplace.

From a tenant perspective companies are looking at the three measures

1. Safety first
2. Business need
3. Common good

So from a landlord and developer perspective operators are mirroring that approach. Everything is interlinked it's about looking at the public realm, the retailers that are back and active and safe ways to transport people. The wider piece around infrastructure is one of the first places to start the process.

From an office perspective Grosvenor's approach consists of three parts. Firstly **etiquette behaviour**: everyone is following strict rules, which gives everyone a feeling of comfort. Secondly personal and **emotional**: a wristband system in place for employees to visually communicate: red = don't talk, yellow= cautious and green = happy to collaborate (within social distancing rules). Thirdly **social distancing, physical and hygiene** measures: alternative desks, increased cleaning, hand sanitisers, etc.



#### Occupancy

Occupancy levels in offices will generally remain low until December 2020. In mixed-use buildings retail units are experiencing a reduced footfall especially where they rely on office workers and whilst bars and restaurants were closed until July 4th the Governments 'Eat Out to Help Out' campaign has helped kickstart the restaurant industry, in some areas and some landlords have extending the campaign for their food and beverage tenants. This has generated more footfall and interaction with the cityscape.

One observation made was there appeared to be a change in attitude between small companies of under 25 people and large companies. In general small companies seemed more practical, flexible and quicker to adapt to return to the office in comparison to larger occupiers. Generally it was considered larger companies are slower and more cautious about returning to the office. This could be partly attributed to HR, speed of communication with employees to understand their needs and concerns and insurance terms and conditions.

To encourage longer term occupation some Landlords have introduced more interim rent reviews in return for a slightly longer lease.

## 02. Executive Summary

### Key Findings

#### Transport

Grosvenor are reviewing their car parking portfolio, which has been previously traditionally let on year terms with annual renewals. They are partnering with an organisation to release spaces, they own, as bookable car parking spaces for different types of transport to adapt revenue streams.

Grosvenor are also collaborating with Pure Electric in readiness for the change of rules on e-scooter usage and creating a share scheme to capitalise on travel changes, reduce taxi journeys within their business and encourage a more sustainable form of travel.

The Honourable Society of Gray's Inn are looking at creating more covered cycle spaces, utilising car parking spaces for cycle parking and providing free electrical charging points to encourage the use of electric vehicles to travel to work. They are seeing a downturn in the number of cars and feel this will continue to drop especially with the increase in the congestion charge costs.

Others like The Crown Estate are trialing units as a new pop-up concept in discussions with Bike-Drop.



#### Communication

Engagement between landlords and tenants has never been so important. From a landlord perspective the workspace will need to evolve. This will drive co-creation and curation of a variety of work settings that offer choice, flexibility and adaptability. As an example, an increase in alternative commute options to public transport will require an increase in bike storage areas and showers.

Some companies including Shaftesbury are adapting vacant retail space to create local facilities such as cycle storage for local office workers.

We are hearing that Human Resources (HR) have been working closely with companies to develop more flexible working patterns to increase the balance between peoples work and family life.

In addition, new policies have been introduced to enable employees to work flexibly in a time and a place that suits them, structured flexibility, to ensure that people are accessible when they need to be.

In some cases this has been further enhanced by technology, such as the introduction of community and booking apps. Supporting a frictionless way of working and easier access to practical information needed. This includes the journey to work and the building itself. Enabling people to order food from their desks to be delivered to pre agreed locations, services and local discounts. Giving people the ability to control how they interact with the office (voluntary engagement). People have been encouraged to use it as its intuitive, simple and offers incentives (discounts, avoids queuing, etc.).

We will continue to see workplace apps expanded to better track productivity. Just as we are seeing Employee health and wellbeing apps that promote physical and mental wellbeing being used more extensively.

## 02. Executive Summary

### Key Findings

#### Signage and wayfinding

Whilst the approach that every organisation takes to return to the office may be subtly different, the general consensus is that the design has got to feel welcoming, companies are considering branding and the messages they give to staff, employees and visitors. Signage and guidance documents should be simple and inclusive (such as colours for colour deficiency). For more information look here:

<https://www.changepeople.org/Change/media/Change-Media-Library/Free%20Resources/How-to-make-info-accessible-guide-2016-Final.pdf>.

Access, signage and wayfinding, should be intuitive, easy to navigate and well-designed. These materials and elements will be there for some time to come and it is encouraging to see that many occupiers have taken time to consider the look, feel and durability.

#### Legal and Compliance

Developers and Landlords are considering the journey from outside of the office to the front door of the occupier space. For instance: cycle stores, shower-use, towel surfaces, to provide necessary health and safety measures and risk assessments. Revised fire safety risk assessments and supplementary training may need to be carried out as access and egress routes may have changed.

In addition first aid kits and training will need to be reviewed. In an emergency e.g. an accident or a fire, people do not have to stay 1+m apart if it would be unsafe. When employers are considering occupation of staff ensure that the correct ratio of Fire Marshalls and First Aiders are in occupation.

Other areas such as mechanical systems and servicing strategies have also been subject to modification where necessary to support a safe return to the workplace. All buildings that previously had thermal heat recovery have been disabled due to risk of cross contamination.

Landlords have also looked at resetting fresh air volumes, although in general this has been limited as it is typically set at the design and installation stage.

Developers are undertaking additional measures such as a Covid-19 Risk Assessment at the design stage. A document that can be shared with potential occupiers so they can see what measures have been taken and how robust the design is. These measures include automatic sensors, air volumes, people flow, etc.

As with any assessments they are a living document with mechanisms for review and future changes for example: Some landlords introduced temperature testing that they have decided not to continue. Also there have been some issues around processes and GDPR challenges.

ORSA referenced insurance for home working and checking both insurance policies to ensure sufficient cover and employment contracts.

Refer to [www.orsa.uk](http://www.orsa.uk)

## 02. Executive Summary

### Key Findings

#### Costs

Landlords need to be seen to be cooperating with the tenants and picking up costs wherever they can. For instance, some landlords referenced increasing security to their portfolio, when offices and retail have been closed at their own cost. Good relationships and developing a degree of trust is something landlords should be striving towards. The future focus will be future proofing, generally at the landlord's cost, some tenants want to reduce their space, as a landlord they want vacant space to be let quickly as possible.

The question landlords should be asking themselves is 'How can a landlord become the 'Landlord of Choice'? It's a combination of continual improvement, increased sustainability and flexibility to adapt to what the market is telling landlords they we need to provide.

However, cost remains a significant issue specifically building operational costs.

#### Future Workspace #workplacethatwork

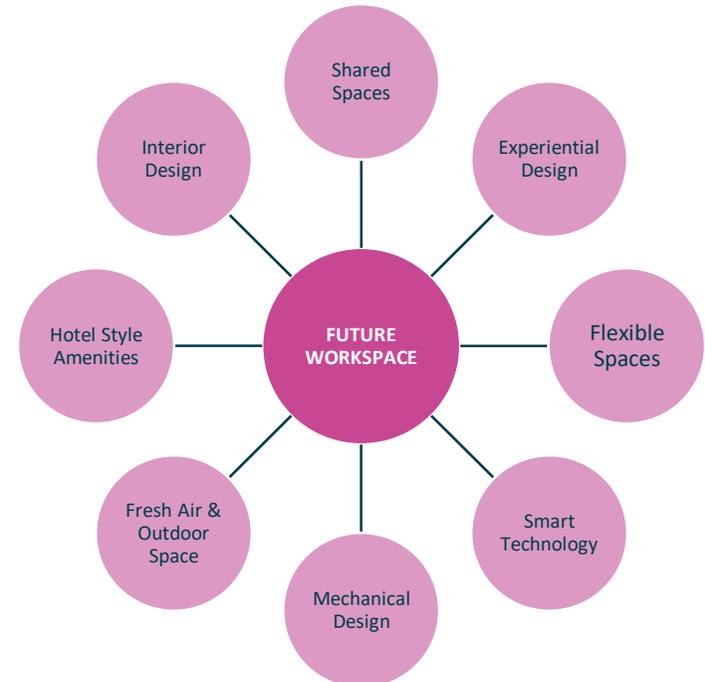
We see the need for the office to be a destination. It will be even more critical "to create a workspace that makes people want to leave the comfort of their own homes and travel to the office"

Approaches may include:

- Natural ventilation
- Increased planting
- Access to outdoor space and gardens
- Greater collaboration with occupiers helping them specifically with a turnkey solution they call ready to work where they cover the cost of the fit out as a landlord and charge it back to them over the life of the lease.
- Developers in the future will spend a lot more time looking at the workplace experience, interior architecture and design. Going to work might feel like going to a boutique hotel.

*Coincidentally hotels are offering hotel rooms to remote workers. Last month Accor Hotels announced a "premium remote working experience". Bookings can be made, across 250 UK hotels and 70 in Europe, to reserve a room for nine hours (9am to 6pm), with free cancellation up to 2pm the same day and free snacks, access to bars, restaurants, fitness and wellbeing rooms, etc. and other local, informal local spaces are emerging, known as "hyperlocal spaces."*

- more flexible space which can be adapted for different uses
- co-working spaces within buildings
- increased bike stores and shower facilities
- Increased collaboration spaces and a reduction in individual spaces





## Next Steps

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# 03



*The future workplace will enable work to be undertaken in new and different places*

## 03. Conclusion

### Thank You

We are extremely grateful to everyone who took the time to be involved in our workshop and their participation in some interesting debate about the current issues and future challenges and opportunities concerning the workplace from a landlord's perspective.

The context at the start of the workshop is that no-one is an expert in dealing with the fallout of what has been the world changing impact of the global pandemic Covid-19. This sentiment will continue as we navigate our way and re-assess what the future workplace will look and operate like. At the same time cognisant of the evolving and changing Government guidance on how we operate as a society to best protect us against the virus which has a direct influence on the buildings we occupy.

Survival is key and this effects all of us whether you are landlord or a tenant, the ability to adapt, flex and be open to change is a fundamental aspect of how we cope with the road ahead, which we know is going to be bumpy. Those who participated in our workshop gave numerous examples of how they have adapted to respond to the challenges and also how they are creating new opportunities in response to the circumstances. Something they have not had to do on such a large scale before.

What we do know, is that the buildings that house our workplaces are more than just a place to work, they are space to learn, grow and develop (technical ability and social development), build relationships, be motivated, challenged, make friends, build business identities, allow work and home life distinction and enshrine company values.

Working remotely, flexibly and from home all has its advantages which are to be encouraged but not to the detriment of the big positives of working physically together in a dedicated space. The work-life balance has been constantly challenged over the years with the advancement and accessibility of technology which has blurred the lines further. The switch to fully remote working and reliance wholly on technology for human interaction in our opinion is a step too far - we still need our buildings and our landlords and developers to provide these for us.

Therefore, the takeaway from this period of disruption and change will allow us to re-assess what is important going forward for the future work(place). What do businesses need, to enable employees to reach their full potential and maximise the employee experience that has this changed since Covid-19? Are the questions being asked.

This will not be a one size fits all as every business is different which is the challenge for landlords and developers; the design of buildings and workplaces has always been about flexibility and for landlords being able to attract a variety of tenants but this now needs to be at the forefront of the decision making process, alongside communication and collaboration.

From a landlord and developers perspective, this means learning from this period and consulting with their Tenants to create a building and workplace that is safe, flexible and an aspirational place that people want to return to. This cannot happen in isolation but links back to the start of the discussion that communication and relationships between landlord and tenant is paramount and is key to a successful journey ahead.

We would be delighted to discuss any aspect of this report in further detail or please feel free to share your thoughts or add your views.

*Facilitated workshops will continue the conversation, around the Future Workplace, including the distributed office and integrated approach. Please feel free to reach out to the contacts in the following section if you would like to participate.*



## Contact Details

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# 04



*Engagement needs to be 2 way, open and honest*

## 04. Contact Details

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Thank you

