



# Update on the Implications of COVID-19 on Your Commercial Lease

Cresa Toronto Inc., Brokerage

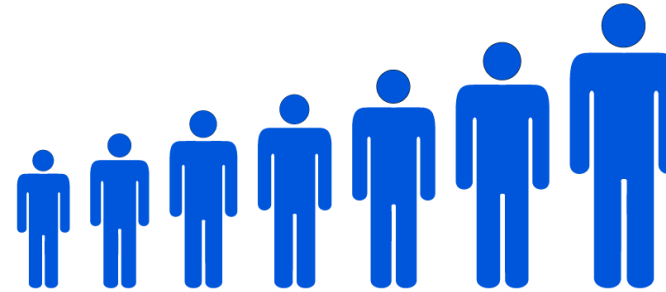
October 28<sup>th</sup>, 2020



# FEI Member Survey Results - 2018

85%

Believed space provided a competitive advantage or kept them competitive against peers



Culture

Brand

Attraction & Retention

## FEI Member Survey Results – Post April 20, 2020 – Webinar

Expect an increase in the percentage of employees working from home

93%



62%

Expect a decrease in the average square feet per employee

Expect a decrease in the total SF of leased or owned space

92%

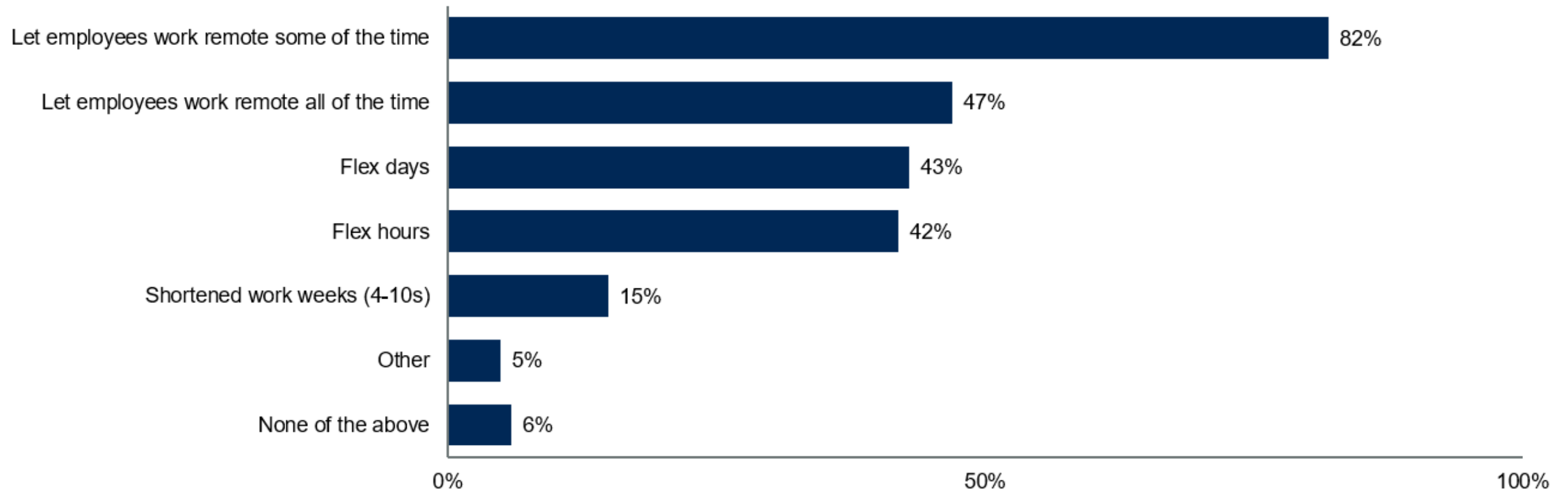
## Today's Discussion

- The Future Of Office Space
- How to structure your workplace to optimize people, culture, & technology
- Effects of COVID-19 on rental rates, operating costs, and the availability of space.



# Long Term Acceptance of Remote Work

## Gartner Survey



n = 127

Q: Are you, or do you plan on, providing any of the following flexibilities to employees as you reopen closed workplaces? Select all that apply..

Source: Gartner Return to the Workplace Benchmarking Against Your Peers Webinar Poll (5 June 2020)

# Long Term Acceptance of Remote Work

## Corenet Global Survey

66%

Have more [positive](#) view of working from home

1%

Have more negative view of working from home

89%

Expanded use of [remote working](#) will extend past current crisis

94%

Expanded use of [virtual meetings](#) will extend past current crisis

97%

Support a [corporate mandate](#) for expanded remote working

# The Workspace Still Matters

## Gensler's Work From Home Survey

**12%**

want to **work from home full time**

**44%**

**never** want to work from home

**30%**

want a **flexible work arrangement**

**74%**

say **people are what they miss** most about the office

**55%**

say **collaborating at home** is more difficult

**29%**

miss **access to amenities**

The survey of 2,300+ U.S. workers was conducted online via an anonymous, panel-based survey from April 16th to May 4th, 2020. Respondents were required to be working full time for a company of 100 or more people, to have worked in an office environment prior to COVID-19, and to be currently working from home. Responses were evenly distributed across 10 industries and represent a wide range of seniority levels, roles, ages, and geographies across the U.S.

# The Workspace Still Matters

## Results of Cresa's Work from Home Survey

What do employees miss most about the office?



Collaboration



Energy



Social Environment



Employees like feeling connected

67%

ranked collaboration in their top 3

57%

ranked energy in their top 3

36%

ranked social environment in their top 3

# What does it all mean?

- **Working from home is here to stay, and the workplace still matters**
- **Requires a hybrid workplace that supports both in-office as well as remote workers**
- **Shift from a workplace focused mostly on individual work to a highly collaborative workplace**
- **Increased use of technologies to understand where employees are and promote collaboration**
- **Larger organizations may consider a hub and spoke approach that minimizes employee commute time and creates a greater connection to the community**
- **Most importantly, if you want to drive employees to the office, it must be worth the commute.**



# A New Paradigm in Real Estate



## People

Attract and retain the best and the brightest **wherever they are located.**



## Culture

Create a culture that drives performance and innovation **for both in office and remote employees.**



## Technology

Leverage technology to facilitate collaboration and drive productivity **within a distributed workforce.**



## Space

Maximize productivity, talent and financial return **for the role and the person performing it.**

As a result of Covid-19,  
the workplace will be  
forever changed.



As a result of Covid-19,  
organizations & leaders are now  
willing/able to modify that which  
required change prior to Covid-19  
(including the workplace)



Prior to Covid-19, the average space was only 55% occupied at any one point in time

Employees seek the opportunity to untether themselves from the desk and desire the autonomy to choose where and how to be most productive



# Rethink Workplace Design

## Different approaches to Alternative Workplace Design for less than 1:1 ratio of employee to workspace.

### Hoteling / Free Address

- Traditional design with less workspaces (offices and workstations). Employees are not provided a permanent workspace.
- Use of desk booking software to reserve seats when in the office.

### Neighbourhoods

- Like Hoteling, however neighbourhoods are created for each department and priority is given to those departments within those neighbourhoods.
- Desk booking system is utilized to reserve seats when in the office.

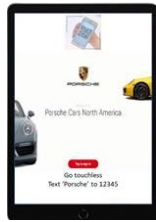
### Activity Based Work ("ABW")

- Based upon research that employees will be more productive when they have the right spaces for the tasks they need to accomplish generally on first come, first served basis (Focusing, Collaborating, Processing, Socializing, Learning, and, Recharging).
- Empowers employees to use those spaces through the day to best complete the work that they need to do.



# Retool the Workplace

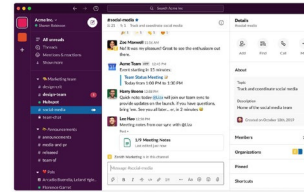
Promote collaboration between onsite and remote employees



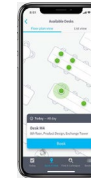
**Visitor Management**



**Video Conferencing**



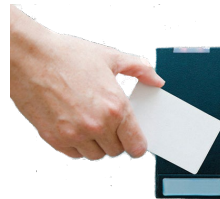
**Collaboration Software**



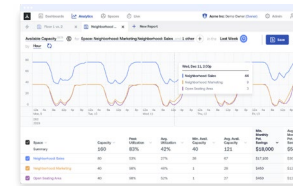
**Desk and Room Booking**



**Occupancy Sensors**



**Access Control and Building Automation**



**Analytics and Business Intelligence**

# Changes to the Built Environment

Creating an environment that promotes health and wellbeing.



- **Heating, Ventilation and Air Conditioning**

- Enhanced air filtration and purification
- Increase fresh air or air change rates
- Building automation and control systems
- Bi-Polar Ionization

- **Touchless Technologies**

- Touchless faucets, toilets, soap dispensers, etc.
- Touchless doors / removing doors altogether
- Enhanced occupancy sensors for lighting

- **Design and Material Selection**

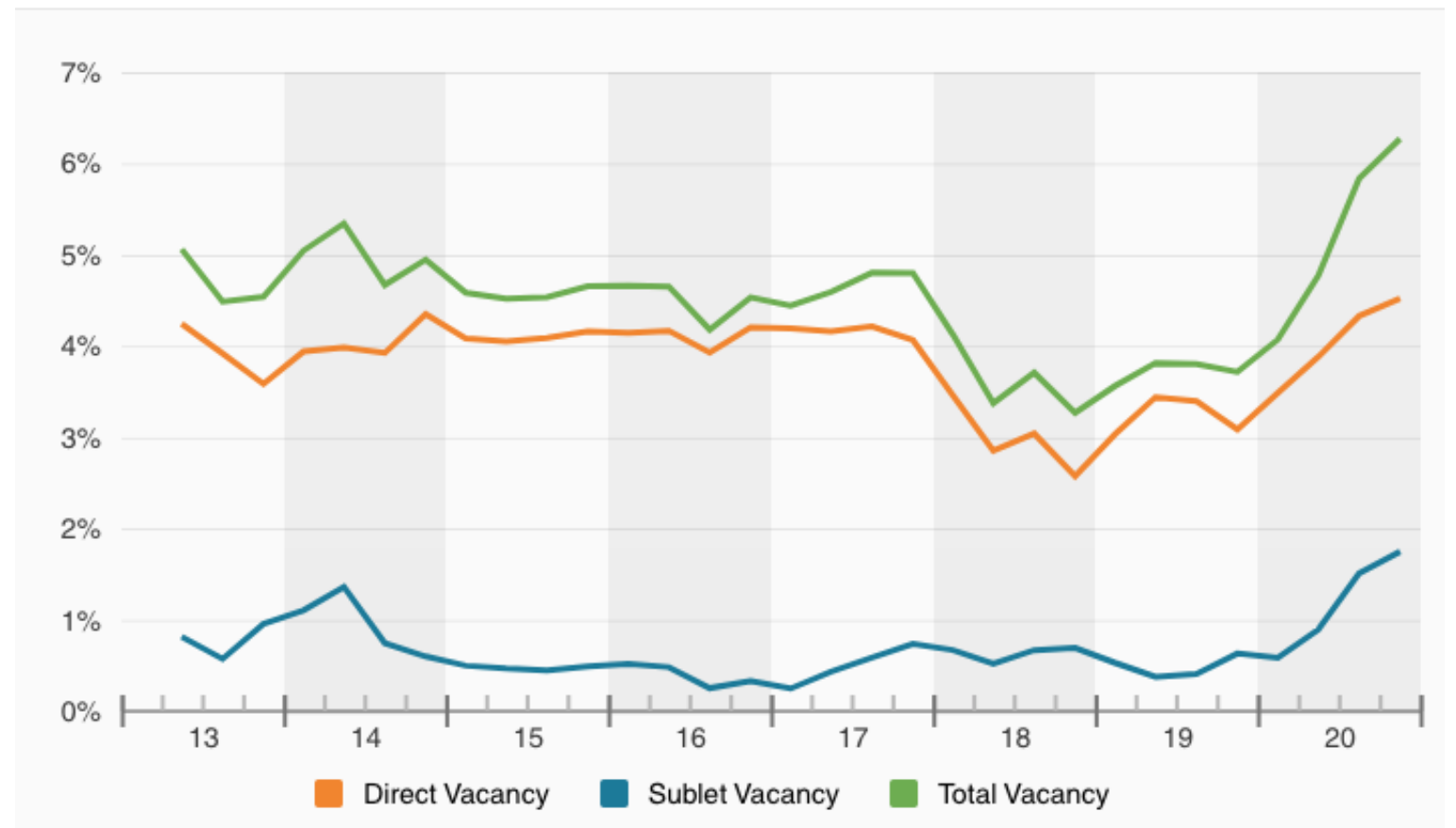
- Specifying materials that will stand up to more frequent cleaning
- Increased opportunities for sanitization
- Reducing flat surfaces where germs can sit
- Minimize congestion points

# Where is the Market Headed

## Downtown Toronto Office Market

- 69,086,548 SF of Office Space
- 7,175,854 SF Under Construction & Expected to be delivered by 2024
- 9,000,000 SF Proposed beyond 2025
- 4,731,556 SF Currently Available (6.8%)

Direct, Sublet & Total Vacancy Rate

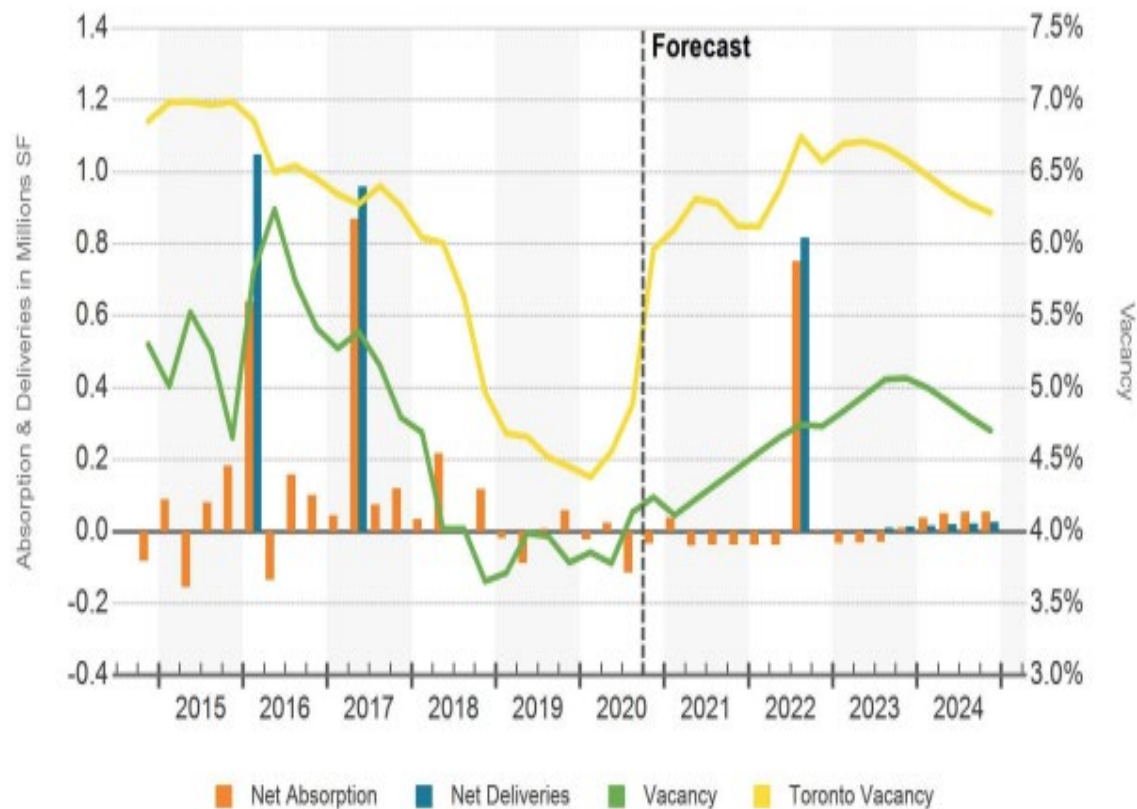




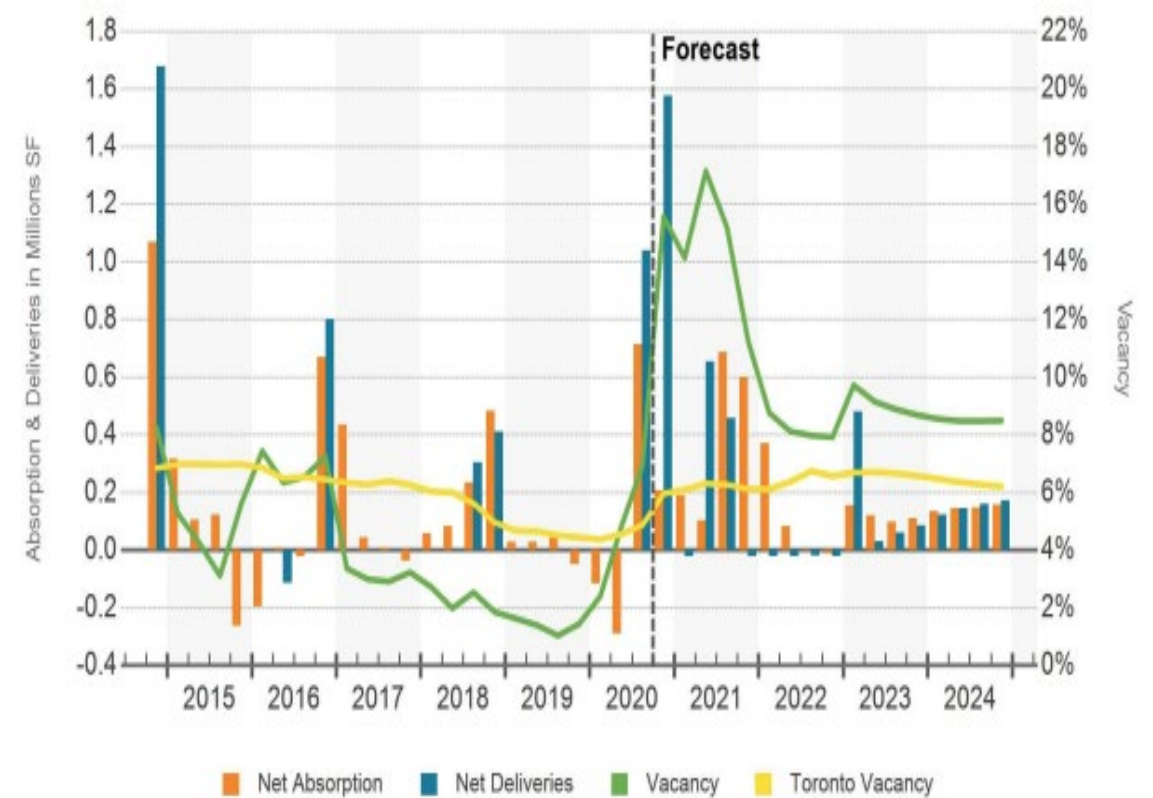
# A Tale of Two Markets

## Financial Core vs. Downtown South

NET ABSORPTION, NET DELIVERIES & VACANCY



NET ABSORPTION, NET DELIVERIES & VACANCY



# The Roadmap Forward



## Return to Workplace Plan

Whether reconfiguring your space to accommodate social distancing, drafting new facilities protocols or implementing new technology to enable contact tracing, Cresa works with you to customize your Return to Workplace Plan.



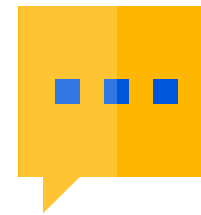
## Remote Work Strategy

Broad acceptance of Work-From-Home is one of the biggest changes to workplace ever. Cresa assists in assessing the HR, Operations, Finance, IT and Policy implications of your future remote work strategy including the opportunity to reduce total real estate footprint leased.



## Workplace 2.0 Planning

The workplace of the future requires a hybrid approach that supports both in-office and remote workers. Cresa's Workplace 2.0 Planning walks through how to structure your workplace to optimize people, culture, technology and space.



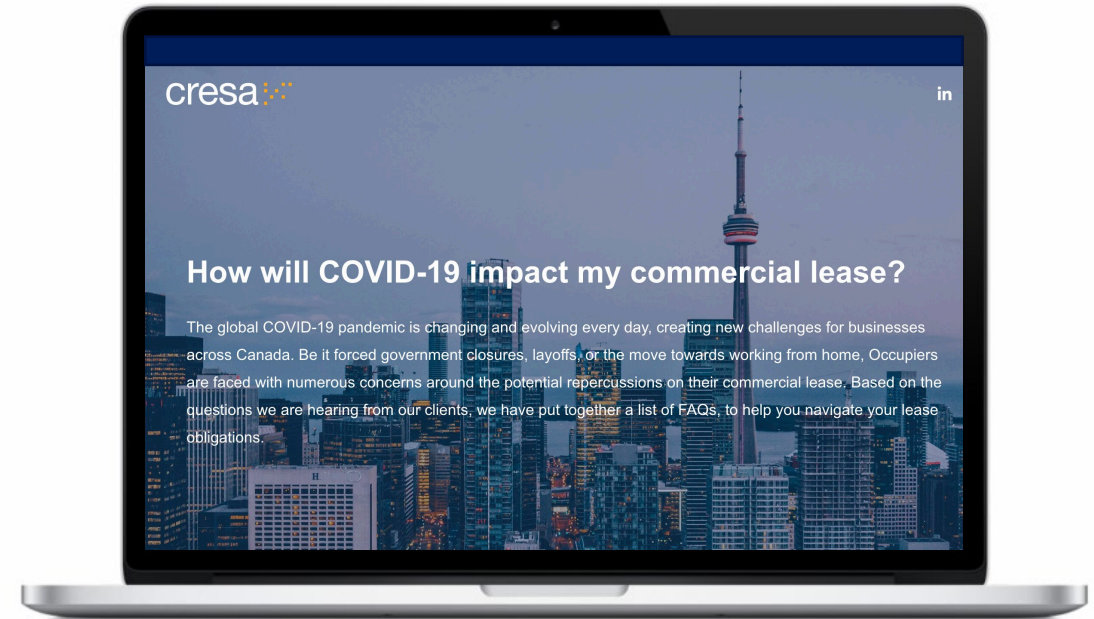
## Strategic Facilities Plan

The Strategic Facilities Plan includes a detailed review of your current situation and a summary of future objectives. Conceptual Alternatives will include detailed market assessments, space plans, budgets and timelines to achieve your business objectives.

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