



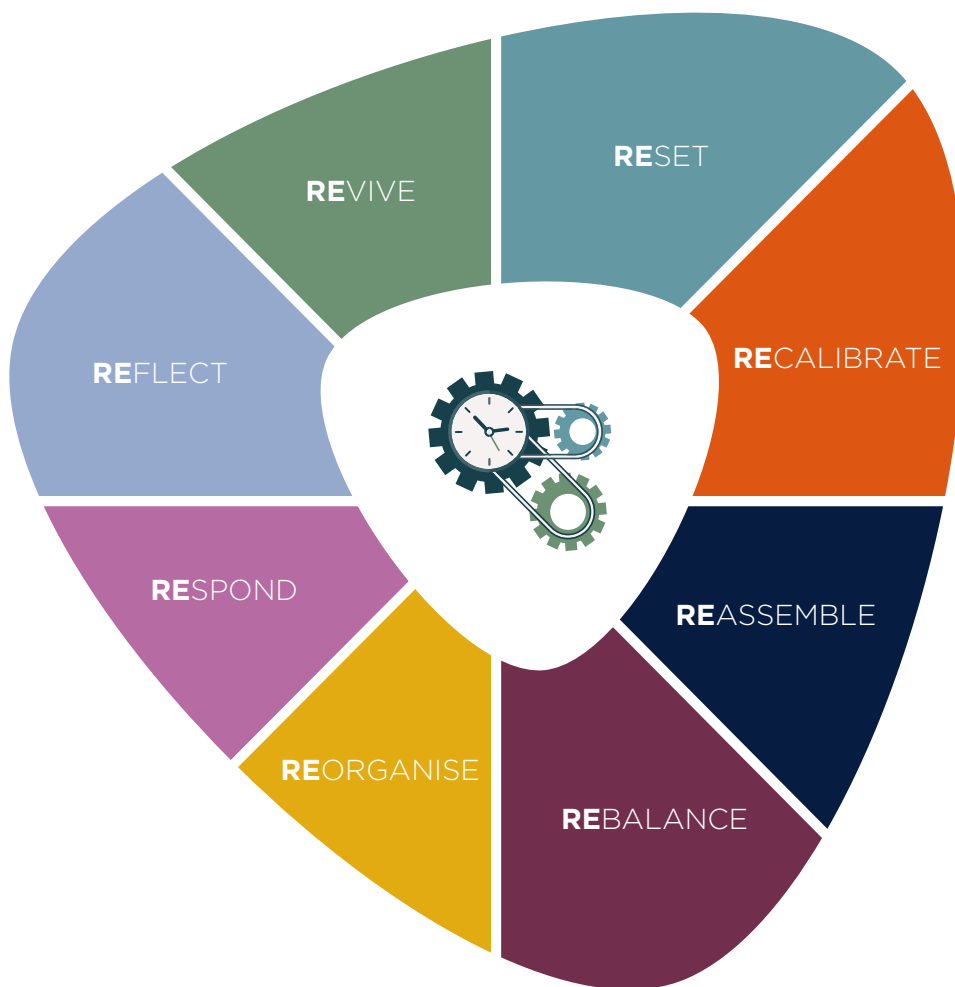
TIME TO TRANSITION

Understanding your workforce,
navigating the new workplace

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June 2021

TIME TO TRANSITION

2021 is the year of Transition. The key now is to plan for a successful return to the office by understanding your workforce and then navigating the new workplace.





RESET

2021 IS THE YEAR OF TRANSITION

After 15 months, we are on the cusp of returning to some form of normality, our lives influenced by the pandemic but no longer defined by it. What does that mean for our people and the office landscape?

Last year, KKS Savills 2020 paper Time to Transform captured trends and predictions as a first response to the challenges of the pandemic. Now we've cut through the noise again to help you navigate a more positive yet changed, and hopefully less unpredictable, future.

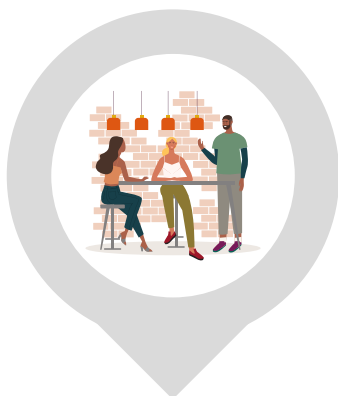
One thing is certain rumours of the death of the office have been much exaggerated.

Look at the disappointing experience of children cut adrift from their teachers and each other's company over the last year; **physical space, be it classroom or workspace, cannot be matched as a place to learn and grow, build teams and a strong collaborative culture.** Businesses will return to the office, they need to reconnect with their workforce and reinforce a sense of shared purpose.

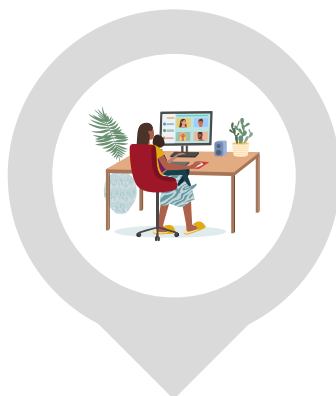
What is up for debate is the extent and long term impact of remote working. To Goldman Sachs' CEO, home working is merely an 'aberration', while over the road, HSBC says it will shed 40% of its space in the next few years.

Home working is the key variable in questions of productivity, health and safety, and data security. And just as every individual felt the impact of Covid-19 differently, so every business and sector strategy for the recovery will be different, influenced by what worked best for them, and their **most important asset, their workforce.**

To that end, KKS Savills Time to Transition covers what to consider in office design for post-pandemic success; striking the balance between remote working and office life; between workforce requirements and management; between organisational, physical and mental needs. **It's time to move on.**



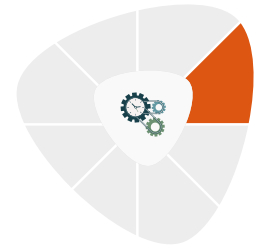
2019



2020



2021



RECALIBRATE

RESHAPE, RECONFIGURE OR RESIZE?

Traditional office configuration will not support the demand for dynamic, collaborative and accessible workspace.

Before the crisis, the concept of a personal desk was eroding, replaced by a variety of work settings defined by task and activity. **Remote working and the pandemic accelerated the agile working move:** traditional meeting rooms and conventional open plan layouts seem destined to merge, becoming team working/meeting spaces, yet client service still remains a business' number one priority.

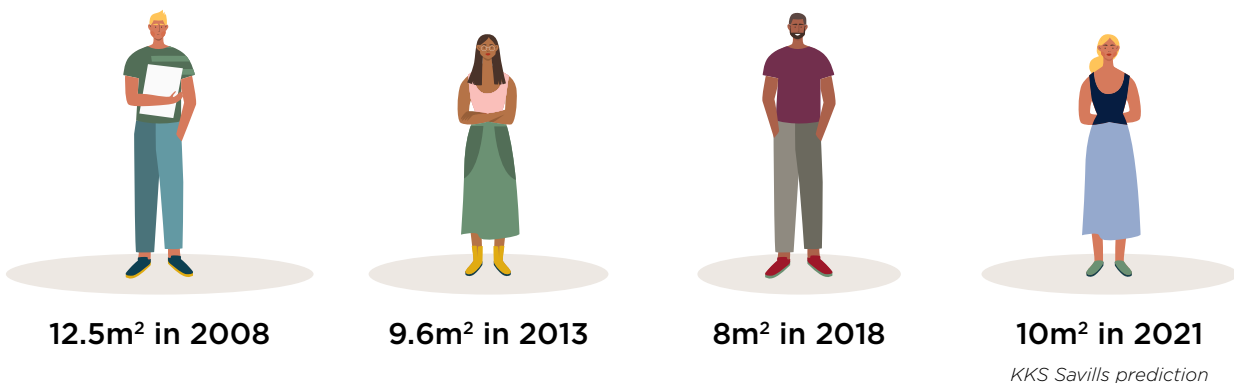
KKS Savills clients have begun their return to work journey in a variety of ways. Some, mindful of returning staff, have made limited workplace changes, the precursors to more widespread change. For others the office return has been an opportunity not just to reevaluate tomorrow's work practices but also consider their entire real estate portfolio.

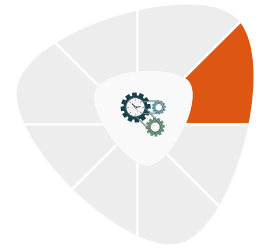
Many of our clients are looking at the impact of lower occupancy and exploring different models of space utilisation. For example, historically conservative, the legal sector has had greater challenges than other businesses with the legacy of paper and confidentiality, but the crisis has provided considerable impetus to explore alternatives. Innovation that has risen from the pandemic, such as virtual hearings and electronic signatures, thought impossible before, will impact the shape of the legal workplace.

Returning to the office, maximum occupancy will still be based on the building escape provision, typically 1:6 sqm per person. Some occupiers might align their space requirements to this to facilitate all-staff town halls, event spaces, yet most importantly general occupancy will be based on air filtration and comfort levels at typically 1:8 or 1:10.

But density of 'desks' and general occupancy is set to change. The previous standard of 1:8 and 1:10 sqm 'desk' layouts will move towards 1:12 and 1:14 per sqm desk, courtesy of the increase in shared meeting and team spaces and the decrease of individual or process work based tasks. Desk sizes have been reducing over the last 5 to 10 years with occupiers adopting 1.4m wide desks in place of 1.6 or 1.8m. However, we predict that 1.6m will become standard, with its size providing natural distancing. Visitors to the office as a destination hub will remain high for those overlap days, so peak occupancy data should be allowed for a swell in numbers.

Research by the British Council of Offices over the past decade reveals how densities have changed. Average office density has increased from one person/12.5m² in 2008 to one person/9.6m² in 2013. By 2018, 24% of floors surveyed by the BCO fell into the band of one person/8m² and below.





RECALIBRATE

RESHAPE, RECONFIGURE OR RESIZE?

An agile workplace with settings able to facilitate a range of tasks does not necessarily mean a smaller office footprint.

A wide range of furniture exists to assist agile working, converting space, and helping individuals perform in task-based settings. Furniture offers solutions for softer boundaries to delineate spaces and make people feel comfortable; biophilia as part of the office landscape equally makes spaces more inviting and engaging; and colour, texture, art and music enrich our spaces.

The 'desk', along with quiet and focus spaces will still be necessary, as part of a number of task-dependent settings.

Considerable existing research supports the notion that choice and variety lead to better performance.

The key consideration for the office landscape is flexibility, ensuring office space can adapt and respond to the changing needs of the working day post pandemic or not.

Collaborative settings take up space, and initially there will be post-pandemic caution around crowding in shared spaces. Historically, agile working fails when not supported physically with specific spaces for teams to come together or individual quiet rooms to step away and focus.

Enhance the workplace and use the five senses – sight, sound, touch, smell and taste. You will create an enriched environment, which is ultimately more engaging, calm and productive.

With restrictions lifted, the workplace will provide a qualitatively different experience: an interactive, multi-sensory environment that puts collaboration and communal culture front and centre.

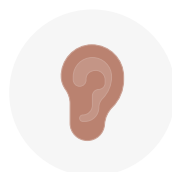
For occupiers challenged with uncertainty about future space requirements, **flexible or co-working space has become a key strategy in managing their portfolios.** Tenants are not only looking for lease flexibility – take up, lease backs, length of lease but also how flex space can support their needs.

Office markets will change in response to increasing demand by occupiers for more flexible workspace and the pandemic may well accelerate the proportion of office space being leased in this way. Occupiers may want to manage their own flexible space, whilst others prefer to partner with an operator who will take on the role. This option enables businesses to have more of a plan in place to navigate the unknown.

A rise in demand for flexible space is expected and landlords anticipate 75% of tenants to ask for more flexible terms. Developers may see 70% of their buildings returning premium rent with 30% as flexible space for their tenants to manage peaks and troughs.



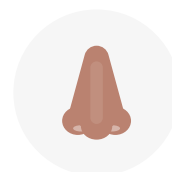
Sight



Sound



Touch



Smell



Taste



REASSEMBLE

BUILDING A SOCIAL AND CULTURAL HUB

The pandemic brought remote working to businesses that had never previously contemplated the practice. Multiple surveys confirm that broadly, individuals found concentrated, focused work was facilitated at home, with collaboration, mentoring and networking better in the workplace.

What also became clear is just how important the physical office is in building loyalty towards a firm, a sense of community and culture and reinforcing brand.

Notably the greatest rate of staff attrition over the last year has been among people who joined a business shortly before or during the pandemic, principally younger, less experienced staff who crave a platform for learning, training and mentoring as well as belonging.

However the physical-digital working model can create a 'two tier' culture - those who are in the office and those who are not. Careful management involving a robust approach to inclusivity and equality is needed. Staff who work remotely more frequently should not feel out of touch: ensuring connection at a personal and team level is essential.

One client, addressing the challenge of an inclusive communication platform in the short term at least, stipulated all internal team meetings should be virtual calls even if just one person is connecting from elsewhere.

Understanding employee sentiment and hearing what workers want is a vital post-pandemic consideration, but in addressing their concerns an equilibrium must be struck with business needs.

We will see an initial surge of return to the office, which will balance out in time, given that most staff value the flexibility of either working from home or in the office, at least in part. Organisations will soon discover whether weekly or monthly rotations work best for their flexibility needs.

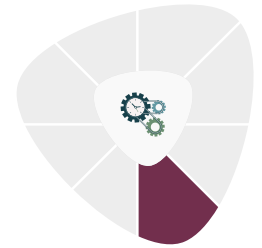
Working together in teams and groups, being part of a community, simply seeing people, will be the fundamental drivers behind coming to the next generation office.

“We are now prepared to give something up to get more in return.”

Providing each person with a dedicated workspace may make less sense. Pre-crisis, objections to unassigned desks were both personal and operational, ranging from loss of the security of personal space to technology that did not support seamless connectivity. Post-crisis the experience of remote working flexibility and improved collaborative IT have resolved those issues in large part, making agile working a far more attractive prospect.

A key aspect to consider in implementing new protocols is intelligent space management systems for both landlords and occupiers. At the most basic level it ensures that people coming into the workplace can identify a location to work. Equally they can identify a colleague's location to select a space for a shared task, collaboration or focus, as appropriate.

Systems can be expanded to monitor temperature, air quality, noise and energy consumption, providing feedback to FM teams. From a business perspective, a smart building provides empirical data on space utilisation, track trends and identify modification where required to improve the user experience.



REBALANCE

DEFINING PHYSICAL-DIGITAL ENVIRONMENTS

The role of technology in keeping us connected at work and socially has been one of the most striking aspects of the pandemic. For businesses and the employee experience, that is set to continue.

We need to consider what it will take to create an accessible and reliable physical-digital ecosystem that bridges any perceived gap or 'proximity-bias' between the experience of staff working remotely and those in the physical workplace.

The office will facilitate people coming together, and through this it will deliver significant challenges for acoustic design and curated environments with the adoption of virtual communications.

Video conferencing is not about to replace face-to-face collaboration entirely. But calls will involve greater numbers of participants than pre-pandemic, and involve a mix of remote and present attendees. The office landscape will have to reflect that change.

Ideally calls should take place in acoustically isolated quiet rooms, but are also likely to happen in open office environments, where the need for acoustic control will go beyond noise-cancelling headphones and headsets. Accommodating how to deal with this should be a primary concern for management from the outset of the office return, set your behavioural protocols early.

Noise distraction has always been the principal complaint of open plan layouts. The challenge for businesses is to shape their meeting strategy to suit; expand individual quiet rooms, develop acoustic facilities and improve screen visibility for people in the room and those dialling in.

The definition of agility is 'moving quickly and easily', imperative in the future workplace for businesses and employees connected tech is here to stay.

In October 2020, McKinsey found that the Covid-19 response sped up the adoption of digital technologies by three years in Europe. Nearly all respondents said their companies delivered temporary solutions more quickly than they had thought possible. Funding for digital initiatives has increased more than anything else.

70% of KKS Savills clients invested in new technology during the pandemic, anticipating increased requirements for virtual communication and employee mobility. Where possible they created additional small meeting spaces to facilitate increased demand, and interestingly, added rooms dedicated to in-house provision of podcasts and broadcasts.

An agile workplace must provide the right work settings however it must also be supported by the right technology: laptops, headsets, and soft phones; plug and play capability with sufficient power and wifi to deliver a seamless transition from meeting to alternative settings with the intuitive recognition personal devices deliver at home.

We anticipate that there will be a 20% reduction in virtual calls following the return to the office, although still significantly higher than pre-pandemic at up to 40%.

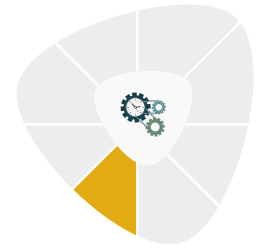
Currently...



In future...



SOURCE: KKS SAVILLS RETURNING TO THE OFFICE SURVEY, MAY 2021



REORGANISE

WORKPLACE GOVERNANCE AND CHANGE

Returning to the office will need new found strategies to effectively plan and manage both people and space.

According to Dave Cook, PhD, researcher in anthropology at University College London, the return to the office is going to be quite polarising:

“Not all people will want to spend the same amount of time at home or in the office, and finding the right balance for each company may be hard.”

Many clients raised flags about mid-week peaks in the office resulting in a near empty, unengaging work environment on Mondays and Fridays.

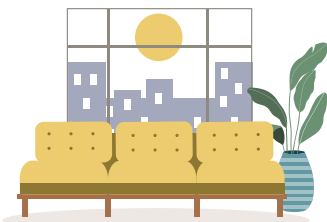
How to manage the problem of an inefficient use of real estate will depend heavily on the culture of individual organisations, and styles - **but protocols should be simple and easy to modify.**

Solutions to consider vary from a highly structured rotation of staff for effective space utilisation throughout the week to encouraging self-management, company-wide or by teams and departments.

However resolved, the outcome clearly has to work for the employers as well as employees. Be prepared to discuss and adjust, while people become familiar with new routines and ‘unlearn’ lockdown behaviour.

Organisations will have to carefully consider what is the right governance for their particular working environment now. Making a success of physical-virtual working requires an understanding that not all roles are the same as they were pre-pandemic.

Businesses often underestimate the investment in time required to develop effective change management strategies. But the rewards are worthwhile. The data shows that projects with effectively managed change are more likely to meet objectives, stay on schedule and budget, and successfully bring employees along on the change journey.



Monday



Tuesday-Thursday



Friday



REORGANISE

WORKPLACE GOVERNANCE AND CHANGE

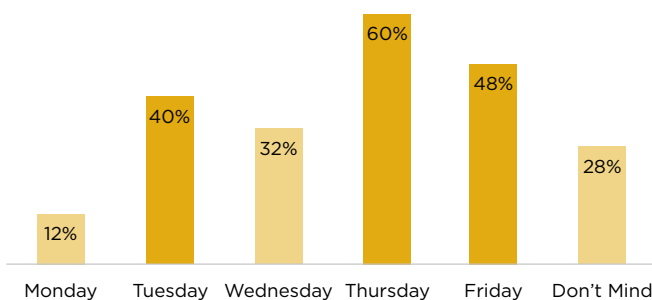
Managing change itself is the key to a positive organisational culture in future.

'Controlling' leadership styles may have worked in the past but will be less effective today's workplace, however leaders still need to lead. Managers need to be accessible and in frequent contact to provide support and guidance.

When individuals understand what is expected of them, they feel psychologically safe and navigation of new environments is less stressful. They can plan ahead, worry less about detail, and focus on what matters to the organisation.

Initially, certainly during any period of restrictions required to keep people safe, a more structured approach to using the workspace is likely to be the most practicable. **But as the workplace evolves, the new organisational culture will begin to shape physical space.**

KKS Savills own survey of staff highlighted Tuesday, Thursday and Friday as the most popular days to come to the office, providing greater opportunities to socialise after work, especially for younger people. A third expressed no preference for specific days in the office.



SOURCE: KKS SAVILLS RETURNING TO THE OFFICE SURVEY, MAY 2021

“Women are more likely to have experienced ‘flexibility stigma’, the belief that workers with flexible arrangements for care purposes are less productive and less committed to the workplace”.

SOURCE: THE BEHAVIOURAL INSIGHTS TEAM, MAY 2021

72%

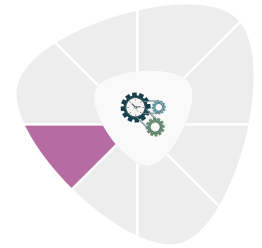
of business leaders see the transition to a hybrid workforce as the biggest challenge to business over the next five years

70%

of employees feel that flexible working makes a job more attractive

SOURCE: LINKEDIN RESEARCH, JUNE 2020

We predict innovation in real estate approach to meet individual business needs. Consider the benefits of timeshare; for example splitting a 6 day week in partnership with another business.



RESPOND

FROM SURVIVE TO THRIVE

The pandemic triggered an array of emotional, physical, and economic issues.

Working from home during the lockdown came with a range of anxieties. Concern around infection of family and friends; home schooling and full time working; loneliness and lack of personal control; all of which contributed to a widely reported negative impact on mental health, stress and fatigue.

The Office of National Statistics (ONS) has been monitoring coronavirus and the social impacts on behaviours in the UK since March 2020. In the last week of January 2021, personal well-being scores for life satisfaction, happiness and feeling that things done in life are worthwhile remained at some of the lowest levels recorded since this survey began. In addition, anxiety scores were at the highest they have been since April 2020.

Concerns will linger: **the workplace needs to feel safe and be safe**. The employee perception of a safe working environment is vital to the transition period. Individuals are far more bio-safety aware than pre-pandemic, and organisations should show they have given due care and attention to cleaning and operational regimes for as long as necessary, discouraging old habits creeping back and respecting physical distancing will be key to employees returning to the office.

HR Review reported in February 2021 that according to new research, over half of UK workers believe that it should be made compulsory for staff to receive vaccinations against Covid-19 before employees return to work. In the survey, 'over half of respondents felt that staff should be vaccinated against Covid-19 before a shift to hybrid working begins'.

50%+

Believe that it should be made compulsory for staff to receive vaccinations against Covid-19 before employees return to work

SOURCE: HR REVIEW

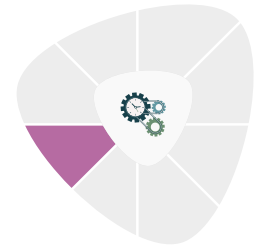
64%

KKS Savills team feel comfortable and ready to return to working in the office more regularly

SOURCE: KKS SAVILLS RETURNING TO THE OFFICE SURVEY, MAY 2021

Whilst organisations can play a positive role in the vaccine confidence effort, it is a sensitive issue which must be handled with care.

People may choose personal transport over public for some time, a change that may indeed become embedded. Showers, lockers, changing, cycling and parking, even open space will be in high demand: the challenge for existing buildings and FM providers will be how they will integrate these needs into the current infrastructure.



RESPOND

FROM SURVIVE TO THRIVE

A renewed focus on health will prompt changes to staff amenities, a responsibility that will fall to both landlord and tenant.

Returning to the workplace with a changed set of protocols must be communicated effectively.

Providing staff with the guidelines for a safe and secure workplace, respecting the health and well-being of all building users is important, as is landlord and tenant dialogue. New procedures and protocols for building access, use of shared common services, inspecting, testing and cleaning of base building and tenant specific services installations should be mutually agreed. The building manager may yet become your greatest ally.

Operation and use of building services in order to prevent the spread of future viruses in workplaces has been widely debated. Increased engineering systems cleaning and maintenance protocols need to be considered, air purification or natural ventilation where possible. The more visible and published protocols are, the greater reassurance they will provide.

For those who were not conscious of the importance of human resources and people, the pandemic will have been a revelation. Over the last year, talent has become the key resource for business leaders at firms of all sizes who were looking for clarity and support. In the first lockdown the speed of change and uncertainty called for skills that only HR professionals could provide.

They were critical to steer businesses and leaders through crisis responses, help with preparation plans, interpret rapidly changing rules and legislation and deal with the stress of entire workforces. Many businesses will need to transform as a result of the pandemic and people will be as pivotal then as during the crisis itself.

In the period after we return to our workplaces adapting to a flexible working world, HR expertise will be no less crucial. This period has increased the number of people suffering from stress and fatigue and this will not disappear as we return to something approaching normality.

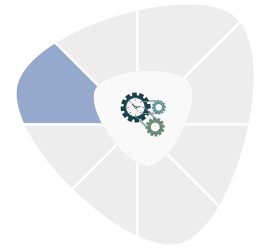
The HR input on the new protocols of working from home or working from the office will be key in providing the clarity for both employees and leaders navigate the new path. Managers, accustomed to leading teams in the physical environment, should be given support to ensure effective communication and delivery of a fair and equitable platform for their people.

Flexible working in the future will require a culture of mutual trust.

For some organisations this will have been demonstrated over the last year, however for those firms whose culture lacks structure and clarity, the HR perspective will be important to deliver successful solutions.

The new work structures will require behavioural change, encouragement for managers to lead by example and clarity in messaging to ensure unambiguous communications. The HR voice and experience is a key factor in a successful transformation for any business, large or small.

Individuals will transition out of lockdown at their own rate, re-learning new routines. Consideration should be given to support and guidance, while staff adjust and businesses adjust.



REFLECT

OCCUPIER AND LANDLORD FOCUS IN 2021

Throughout 2020 occupiers and landlords had been considering their approach to the future and planning how they would emerge from the current pandemic in as good shape as possible.

Today in 2021, investors and developers are considering specification, style, location and cost, so they can deliver the right product which will appeal to occupiers and tenants. Occupiers have been focusing on real estate and the value it needs to contribute to the organisation and challenges of aligning the physical and virtual workplace. User experience is critical to both.



Occupier thoughts

- Accelerating ESG agenda internally or with landlord support
- Release space or not – reflex reaction or long term value
- The right size and type of space to bring people back
- Flexibility of space and leases to match the new structure
- Digital transformation
- Safeguard brand and culture
- Accommodate new travel patterns for staff and visitors
- Deliver workplace safety, security, hygiene, wellness and cleanliness



Workplace transformation

- Balance freedom and flexibility with clear instructions and guidelines
- Integrate art, colour, texture and smell for an enriched environment
- Social activity must be balanced with quiet concentration
- Workspace planning to keep circulation flow with wider corridors
- Flexible space, adapting to demand
- Acoustics and technology to meet digital demands
- File cabinets are no longer required, save trees!
- Internal company ‘villages’ within the larger building
- Mobility by use of stairs for tenant control
- Space planning and building core design on a 1.5m human grid



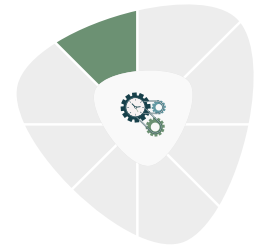
Landlord priorities

- Integrate ESG into development specification
- Listen to what tenants want
- Evaluate current leasing structure (flexibility during peaks and troughs)
- Balance asset with demand (secured revenue generation vs flexibility)
- Occupier landlord relationships
- Understand blurring of landlord and tenant risk
- Consider partnership approach with co-working operators
- Quality amenity spaces – the best that can be delivered, both space and services



Base building design impact

- Multi-use vs mono-use buildings
- Connection with nature, fresh air and outdoor space
- Wider re-purposing of existing stock to respond to occupier’s sustainability expectations
- The role of building management and FM teams – back of house becomes front of house
- Dispersed WC and core components for tenant control
- Integration of ESG and sustainable materials
- Innovative building services to provide fresh air
- Workforce driven commercial specification
- Integrated e-commuting requirements (electric points and parking)
- Reinvestigate public realm and retail planning guidelines to promote outdoor use



REVIVE

TIME TO MOVE ON

Post-pandemic, the office will become a destination with a new, clear purpose and personality.

The office may be smaller (or not), it may take on a different shape and should be more resilient when faced with the unexpected. **But above all it will serve as a focus of culture, collaboration and community.**

Throughout the crisis, KKS Savills has been working with occupiers and navigating the future workplace has naturally been the common thread, both globally and locally.

We see that ESG and sustainability goals are more important than ever. Many organisations have set carbon-zero targets in the foreseeable future; the journey from ambition to realisation is challenging. However remember sustainability and ESG actions can aid not only navigating the crisis but build resilience and long term value.

There will be significant drivers for innovation and creativity, designers will be working harder to deliver the owner/occupier wish list.

There will be bumps in the road, the virus is likely to deliver more shocks along the way. But a successful return to the office will do more than offer a feeling of normality and reconnection. Enhanced by the positives we can draw from the crisis, it will play a huge role in the wider economic recovery.

Flexibility, Perception and Risk

Keywords in navigating the new landscape:

Flexibility

Not only in respect of the workspace itself, but flexibility in balancing working practices, remote or office based; flexibility in accommodating changing technology; in attitudes of all stakeholders, employees and employers, landlords and tenants.

Perception

Is not just safety and cleanliness of spaces to make people feel comfortable and secure, but also the perception of change as positive and sustainable, as a working model for the future. People's perception of their health and well-being is far greater, and meeting their needs must be considered.

Risk

To businesses if insufficient attention is given to communicating change and management of employee expectations; protocols for digital security operating in multiple locations; implications of new technologies and platforms being adopted too quickly.

Navigating reform can be painful for some but will benefit the majority, we must rebuild our confidence. Be brave and be bold, it's time to move on.



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