

THE POST PANDEMIC OFFICE

A RADICAL RETHINKING OF
THE NEEDS & DESIRES OF
THE MODERN WORKFORCE



Pror to the COVID-19 pandemic, open floor plans had almost entirely replaced traditional private office layouts. The open office trend took nearly a century to become mainstream, evolving from a 1906 design by Frank Lloyd Wright to the vibrant collaborative spaces popularized by tech startups and creative firms in the 2000s. By contrast, the mass experiment in remote work occurred virtually overnight, with the pandemic forcing seven in ten workers to do their jobs from home most or all of the time in 2020. In short, sometimes change evolves slowly, and sometimes it explodes.

The initial knee-jerk response of a meaningful portion of tenants located in San Francisco and other high-density commercial markets was to place excess space — previously leased in anticipation of future growth — back into the sublease market. Many did so out of fear of an economic recession while others questioned the need for a centralized office following the initial success of remote work. Still others declared that employees could work from home forever, and a small minority even considered the potential of de-densification and a 180-degree swing back to traditional private office designs of the 1980s.

While the conversation surrounding the long-term viability and need for urban, high-rise, centralized space continues to dominate commercial real estate, observers are now starting to suggest that the pendulum may have swung too far. Eighteen months after the pandemic began, many organizations and professionals are finding that home offices and virtual communication have lost their novelty and are a terrible substitute for the workplace. Workers feel isolated, distracted, burned out, and disconnected. They miss social interaction and creative collaboration, and struggle to train recruits and build culture. As Slack CEO Stewart Butterfield put it, “I cannot f*cking do eight hours of Zoom calls per day for the rest of my life.”

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— Pew Research Center

The notion that the majority of workers could operate remotely most of the time has been largely oversold. Indeed, as early as mid-2020 we observed opportunistic tenants looking for space amid rising vacancies and softening rents in cities such as San Francisco, Los Angeles, Seattle and New York. “I fundamentally believe the way you and I develop our career is by being mentored and by watching and experiencing the professional skills of those who came before us,” said Morgan Stanley CEO James Gorman in a July 2021 call with analysts. “You can’t do that sitting at home by yourself.”



As the vaccine rollout accelerated in early 2021, a number of Wall Street banks and tech companies announced migrations back to the office, and limits on remote work. The rise of the Delta variant delayed some of those plans, with firms such as Google and Apple pushing office reopening to October, along with BlackRock and Wells Fargo; others such as Lyft moved their plans out to 2022.

Fundamentally, we believe that the office can be reimagined, and form the cornerstone of growth for years to come. In this paper we analyze the data from 18 months of disruption, examine the post-pandemic role of the office, and explain why the built environment remains crucial in a fast-moving, globally competitive world. We lay out our vision for how the workplace must shift and adapt to remain relevant to successful organizations, and describe the foundational elements of the office of the future.

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THE TOLL ON WORKERS

As Aristotle noted, humans are fundamentally social animals. While some headlines suggest that a majority of people want to continue working remotely after the pandemic, the numbers show a profound disconnect between those at the top and bottom. In March 2021, Microsoft released its [Work Trend Index](#), analyzing trillions of data points around labor and productivity from the firm's 365 software and LinkedIn network. Boundaries between work and home are blurring and hours are expanding. For instance, the typical Teams user is sending 45 percent more chats a week — 42 percent of them after normal work hours. The number of emails delivered in February 2021 rose by 40 billion from the year before. With reduced commute times, office communication both begins earlier and ends later in the day, and many employees surveyed commented on the continuity of work obligations through lunchtimes and the complete disappearance of coffee breaks, post-work meals and other activities that naturally broke up the work day.

In a survey of 30,000 people in 31 countries, Microsoft uncovered troubling trends: 54 percent of respondents said they were overworked, 39 percent were exhausted, and more than 40 percent were considering leaving their jobs. Meanwhile, 61 percent of leaders described themselves as “thriving.” As Jared Spataro, Corporate Vice President at Microsoft 365, [noted](#), “With remote work, there are fewer chances to ask employees, ‘Hey, how are you?’ and then pick up on important cues as they respond. But the data is clear: our people are struggling.”

POST-PANDEMIC TEAMS USER INTERACTION

45% SEND 45% MORE
CHATS PER WEEK

42% OF CHATS ARE SENT
AFTER WORK HOURS

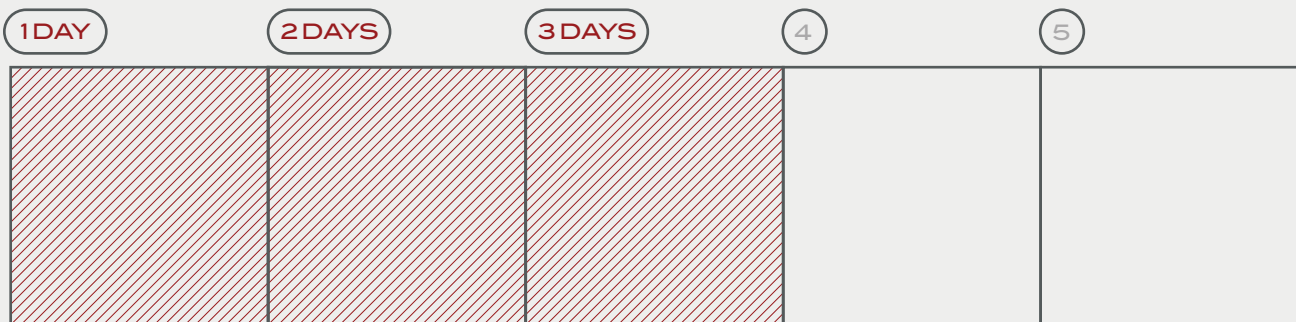
In addition, the pandemic decimated the notion of work-life balance. Many parents found themselves overwhelmed by a day care crisis and shuttered schools, while singles felt lonely and isolated. Some 53 percent of employees age 18 to 29 reported difficulties staying motivated, while half of parents with children under 18 said it has been tough to get work done without interruptions, according to a Pew Research Center survey.

Given the drastic shift in work modalities, managers across all industries find themselves lacking the right tools, processes, and accountability metrics to motivate and manage large virtual teams, while many team members struggled to adapt to their new routines and lacked the necessary tools to do their jobs effectively — both figuratively and literally. Even after a year of working from home, 42 percent of employees said they lacked essential office supplies, and one in 10 didn't have an adequate internet connection to do their jobs.

Post-COVID surveys and other data point to a comeback in both major metros and the value of the office. In a poll of 16,000 workers worldwide, Cushman & Wakefield found that professionals who came into the office three days a week or more felt significantly more engaged, and reported having a better work experience. But people need encouragement to come in more often, the study found.

OFFICE TIME VS EMPLOYEE ENGAGEMENT

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SIGNIFICANTLY MORE ENGAGED | BETTER WORK EXPERIENCE

 EMPLOYEE ENGAGEMENT



COVID added a layer of physical isolation to the social distance already engendered by technology. Among all workers with a bachelor's degree, 62 percent told Pew researchers that they feel less connected to their co-workers. Sherry Turkle, director of the Initiative on Technology and Self at the Massachusetts Institute of Technology (MIT), has been studying human-computer relations for four decades and is the author of "Alone Together" and "Reclaiming Conversation: The Power of Talk in a Digital Age." She argues that an over-reliance on devices and texts, emails, instant messages and social media are dividing our attention, diminishing our capacity for empathy, and harming our ability to converse face-to-face — "the most human thing we do," as she puts it.

In addition, a dispersed workforce impedes onboarding and training. Turkle's research shows that mentoring and education are best accomplished face-to-face, because they require both parties to be fully present and vulnerable. "The idea that [Zoom] is successful communication is very dangerous," she told Fast Company. "Because it's not an empathetic connection. It's not a good path toward putting yourselves into someone else's place and someone else's problem. You're not looking at their face, you're picking up zero. We can't make this our true north. That would be a big mistake."

Remote set-ups also inhibit the transmission of core values. Nearly seven in 10 employers surveyed by PwC said they believe workers need to be in the office at least three days a week to maintain a distinct company culture. Unstructured interactions – those informal chats in the break room — not only build relationships, they also enhance productivity through more frequent exchanges of ideas, according to one Harvard study. As JP Morgan CEO Jamie Dimon said at a conference hosted by The Wall Street Journal, working from home "doesn't work for those who want to hustle. It doesn't work for spontaneous idea generation. It doesn't work for culture."

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THE HAVES AND HAVE NOTS

Many professional firms have indicated they plan to adopt a hybrid model, with some days in the office and some remote. But this leaves out a broad swath of employees, which threatens to deepen existing social inequities between skill sets, gender, age, race, and urban-rural disparities. To begin with, more than half of workers have little or no opportunity to work remotely, according to a recent [analysis](#) by the World Economic Forum of 2,000 activities across 800 occupations in nine countries.

From laboratory researchers to dental hygienists, warehouse workers to retail clerks, vast groups of people are employed in situations that are site-specific or require specialized equipment. “The potential for remote work is concentrated among highly skilled, highly educated workers in a handful of industries, occupations and geographies,” the report [stated](#). “Remote work risks accentuating social inequities, not to mention disparities in well-being in an era of unpredictable pandemics.”

Yet even the major tech firms seem to be hedging their bets about who gets to work remotely. For example, in 2020, Facebook CEO Mark Zuckerberg [said](#) the company would eventually allow most of its 48,000 employees to work remotely if desired. But he noted the transition could take a decade, far-flung employees face reduced paychecks, and there were other caveats as well: “If you’re experienced, if you’re at a certain level within the company, if you have good performance ratings, if you’re on a team that’s going to support remote work, and if you get approval, then you’ll be able to know now that you’ll be a permanent remote worker,” Zuckerberg [told](#) The Verge. “And then we’ll open it up more over time as we learn.”

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Meanwhile, businesses are bleeding talent from the female half of the available labor pool. Both fathers and mothers left the labor force in 2020, but nearly all of the men returned, while three million women did not, triggering what many feared will be the beginning of a “she-cession” in which unprecedented rates of women are dropping out of the workforce. In the year ending November 2020, labor force participation by women age 25 to 54 plummeted by 2.8 percentage points – a bigger decline than occurred in the entire decade following the Great Recession, according to a report by the Minneapolis Fed.

The veil of anonymity provided by computer screens, private chat rooms, and the loss of nuance through digital communication means that classes of workers, like the elderly and minorities, may find themselves without protection against perennial workplace problems that are mitigated through in-person interactions and the visible support of corporate human resources departments. According to the Katherine E. Bouskill and Scott W. Harold of the RAND Corporation, these particularly vulnerable employees “report concerns over unconscious bias, a lack of representation, and the sense that the remote workplace is more permissive for toxic or discriminatory behavior that would be easier to monitor if work were being done on-site in the office.” Reported problems have ranged from increased cyber-bullying attacks in group or individual settings, email beratement, and an increase in the sharing of links or articles that are highly racist or sexist in nature.

Perceptions of fairness around the enforcement of remote policies may also become a significant concern. Companies that implement them at scale face huge challenges in balancing religious, personal, and medical preferences across their workforces. Firms will be challenged to figure out how to ensure that remote workers don’t feel second-class or out of the loop. Meanwhile, promotions and raises are likely to accrue to workers who come into the office.

“Employees in the office get more access to leaders, who likely will be in the office most of the time, even in hybrid situations,” writes Peter Cappelli, a professor of management at the University of Pennsylvania’s Wharton School, and the author of “The Future of the Office: Work From Home, Remote Work, and the Hard Choices We All Face.” “The on-site employees get first crack at opportunities that pop up, because they are likely to see them first. Unless an organization is terrific at managing performance carefully and objectively—and few are—face time still matters.”

Even if companies are able to create fair and inclusive policies, there remains the challenge of consistent enforcement throughout a company’s leadership and management. Different managers across cross-functional teams up and down a corporate hierarchy will likely differ in their emphasis and enforcement of in-person interaction compared to others. This has the potential to sow discord between employees across departments, who may feel they are being treated differently, and thereby risk damaging morale.

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A NEW APPROACH TO THE BUILT ENVIRONMENT

Rendering of an open-air stairwell at Presidio Bay's project, Springline in Menlo Park, CA provides an egress alternative to elevators

We are still in the early innings of understanding how and to what extent our professional lives will permanently change, although it seems clear that some form of hybrid work is here to stay, despite the many challenges associated with remote arrangements. With a clear realization that the physical work environment will continue to play a crucial role in our professional lives, the onus is on employers to think through policies and structures that best support their professionals. Occupiers are posing questions such as:

- What is the highest and best use of the office and how much space is required?
- What are best practices for health and safety?
- How can the workplace be designed to deliver a higher-quality experience — not just a checklist of amenities, but an integrated environment that caters to the psychological, social, and emotional needs of talent?
- How can the office help organizations achieve their larger strategic goals, and enhance wellness, productivity and sustainability?

The answers to these questions will have significant impacts on transit patterns, employee density, peak utility of the workspace, common area activations, and connectivity — along with broader concerns about hygiene, air quality, and sustainability. As a consequence, developers, owners and operators of commercial real estate need to reinvent the workplace as an exciting destination that best supports the new employer/employee paradigm.

At Presidio Bay, we have benefited from first-hand learnings about how to successfully respond to the rapidly changing demands of occupiers and their constituencies. Our largest mixed-use project to date, Springline, is a transit-oriented development atop 6.4 acres of land directly adjacent to a mass public transit station in Menlo Park, CA. The project is comprised of two 100,000 square foot state-of-the-art Class A office buildings, 183 apartments, ~29,000sf of exclusive retail and dining, a dual-level subterranean parking garage with 942 parking spaces, as well as substantial public outdoor space tailored for activated experiences, gatherings, and events for both tenants and the community at large.

When the pandemic swept the globe in March 2020, Springline was already well underway and approximately 18 months away from completion. The brief hiatus in activity in the spring of 2020, including construction, gave us a small and yet pivotal opportunity to rapidly rethink all facets of the project. We reconsidered architectural, technological, mechanical and operational elements to meet what would undoubtedly be a radically different workforce and commercial real estate environment. Using Springline as a reference point, we have compiled our learnings into four distinct categories of the built environment that we strongly believe will be the hallmarks of our physical workplaces in the years to come.



1. A HOLISTIC VIEW OF HEALTH AND WELLNESS

Presidio Bay has adopted the WELL Building Standard™ (WELL), the premier vehicle for fostering human health and wellness in buildings, interior spaces, and communities. Backed by scientific research, WELL standards are integrated in design, construction and operations in 10 key areas: air, water, nourishment, light, movement, thermal comfort, sound, materials, mind, community and innovation. As the WELL organization notes, “We can design environments that fuel our bodies, move us, keep us connected, inspire our best work and facilitate a good night’s sleep.” Best practices in health and wellness are fundamental to enticing workers back into a shared space.

Higher standards begin with indoor air quality (IAQ). With the airborne transmission of viruses like COVID-19, it has catapulted to the forefront of concerns for all occupiers of real estate. Volatile organic compounds (VOCs), particulate matter and other variables can trigger a range of health conditions, from headaches and nausea to respiratory irritation and allergies.

The built environment has already begun to move away from hermetically sealed spaces to offer better ventilation, operable windows and natural light. Productivity jumped 11 percent in offices that increased the amount of fresh air and reduced pollutants, according to a [study](#) by the World Green Building Council. Offices will incorporate more outdoor space, which could include converting floors in existing buildings to observation decks.

Our Springline development monitors seven different air quality variables, including VOCs, carbon dioxide and formaldehyde. Our buildings offer needle-point ionization, upgraded filtration systems and BioWall Ultraviolet (UV) light treatment to ensure air quality.

Many of these measures are ill-equipped to be retrofitted in buildings with older mechanical systems in a cost-efficient manner, and it is critical that developers work closely with their engineers to incorporate as many of these elements as possible into the design and planning stage of each project.

Surface hygiene and cleanliness is another significant priority for the office of the future. Technologies and protocols to minimize tenant contact with common surfaces and maximize surface-level hygiene protect health and ease workers' anxieties. At Springline, 90 percent of entry doors are keyless, and new technology enables touchless access to all elevator buttons, restrooms, faucets and soap dispensers. Masks and hand sanitizer are available at all public entries and every workspace has a sanitizing station located within 100 feet. Common areas are disinfected at least once a day using cleaning products approved by the Centers for Disease Control. Through the use of reservation apps and beacons provided by partners like Rise Buildings (acq. by VTS), we monitor tenant utilization and occupancies in common spaces, amenities, and outdoors, so adequate cleaning and sanitization procedures are in place.

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On the operational side, we maintain a checklist of cleanliness standards with tracked scores conducted manually three times per week to ensure at least a 90 percent compliance rating, and even go as far as to include 'random walk' white-glove cleanliness tests.

In response to COVID-19, many innovative companies have achieved rapid success by deploying existing hygiene and disinfectant technologies into commercial spaces. They employ novel form factors and a robust digital management and analytics layer to expand the effectiveness of legacy operations, which are both human and chemically intensive. For example, R-Zero a biosafety company that designs affordable, sustainable solutions built on a platform of IoT connected devices, revolutionizing disinfection with hardware and software technology. Products include Arc, a hospital-grade disinfectant for surfaces and air, using UV-C light rather than harmful chemicals. Disinfection can be accomplished in two minutes per room. The IoT platform delivers real-time data to the R-Zero Dashboard, so the process is visible and can be tracked, and cleaning protocols made more efficient and effective over time. R-zero recently acquired CoWorkr, a company that delivers and manages room-occupancy sensors, so that it can combine real-time data on human activity within a building with management's cleaning and sanitization protocols. This saves time and optimizes for areas that need more sanitization, at minimal disruption to the tenant experience.

2. DESIGNS THAT ENCOURAGE MOVEMENT, COMFORT AND SOCIALIZATION

Offices of the future will be focused on the opportunity to move freely throughout a space, encouraging physical activity and discouraging unhealthy sedentary behaviors. Preferences may lean toward lower or mid-rise buildings with expanded column spacing, tall ceiling heights and large floor-to-floor windows. At Springline, one of the more substantial changes that were made to the structure of the office buildings in response to COVID-19 was the inclusion of large, gracious, intercommunicating stairs located at the center of each building's floorplate. Our goal was to serve the population of coworkers who would not feel comfortable sharing a crowded elevator while also encouraging a new opportunity for mobility throughout the workday and the increased potential for chance meetings, idea generation and creativity.

One significant upside of remote work is time management. Nearly half of those surveyed by the Pew Foundation said they enjoyed the flexibility to choose when and where they put in their hours. As a result, the office of the future will more fully integrate indoor and green spaces to create a uniquely inviting atmosphere, reflecting a wider range of informal experiences. People will meet, eat and drink, and enjoy entertainment outside. Indoor fitness centers will have an outdoor component so people can use hand weights or take a group class outside. Workers will cook in demonstration kitchens or barbecue on outdoor grills. Offices will be fully integrated from a design standpoint, and the notion of "sneaking away from work" to exercise, take a break or recreate will disappear.

At Springline, we also realized that one of the biggest impediments to outdoor productivity is access to secure, reliable and fast wireless connectivity. We engaged with a large telecommunications provider to design, engineer and implement a network of over 200 wireless access points throughout the property so that occupiers of our buildings can take their work outside and remain productive at any number of shaded, comfortable seating areas located throughout the site.

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3. FEEDBACK LOOPS TO PROMOTE SUSTAINABILITY

Environmental, Social and Governance (ESG) principles have become a critical focal point of occupiers as the world increasingly grapples with the realities of climate change. The office of the future must be built on a bedrock of sustainable materials and practices. LEED Platinum and WELL certification buildings already feature energy- and water-saving devices, waste reduction, recycling and the use of non-toxic building materials. Going forward, expect to see even better transparency around reporting of sustainability metrics to engage tenants, who are already tracking personal behavior, from steps to sleep. At Springline, the availability of sensors, software and other tools to track environmental impact has oftentimes become the deciding factor in tenants choosing to lease at our building over the competition.

Our goal for Springline is to meet 'Net-Zero' energy standards as defined by the World Green Building Council. We employ intentional design, technology and programming to inform tenants and visitors about their energy and utility consumption and carbon footprint, and influence sustainable behaviors through regular reporting. This includes trash and recycling volumes; water consumption; number of plastic bottles 'saved' through water stations; electric miles traveled through use of Springline EVs and electric bike share; and more. We have already seen that providing real-time data insights changes individual behavior, leading to more efficient building performance and better tenant experiences.

We also set an ambitious target of 100 percent for paperless transactions for building and tenant-facing operations; use of environmentally friendly or biological materials for cleaning agents, soap dispensers, paper towels, etc.; and for retail leases to contain clauses enforcing sustainable measures, such as food recycling, compostable cutlery and to-go containers, etc.

Separately, more companies are opting for a hub-and-spoke model, a long-standing trend that combined a primary downtown headquarters in a major city with back-office operations in secondary markets such as Dallas, Salt Lake City and Jacksonville to offset the high cost of living. That decentralized structure is evolving to add localized hub-and-spoke models, with the flagship downtown office complemented by suburban satellite offices. To service this need at Springline, we have dedicated a significant amount of space in one of our office buildings exclusively for flexible, shared working spaces. We have partnered with a high-quality, regional operator to ensure a high level of operational and aesthetic consistency with the broader environment and experience at Springline. Our facility attracts users from both the surrounding neighborhood, whose employers may have larger campuses in other localities, and even from existing tenants in Springline who can use our space as a flexible expansion option, thereby reducing the need to take on additional space elsewhere.

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4. CREATIVE PLACEMAKING AND HOSPITABLE THINKING

In the post-pandemic era, developers must play a critical role in placemaking. Our buildings can help activate the environment, especially central business districts that have lost hundreds of restaurants and stores, and are plagued by rising levels of violent crime, homelessness, and quality of life issues. So-called "outward-facing projects," in which developers invite in the community through thoughtful and creative programming, can fill the gap and help persuade workers to return, generating the necessary traffic to revive local retailers.

At Presidio Bay, we are seeking to develop the next generation of experiential design. We take a holistic, organic approach to engaging end-users through land planning, architecture, building materials, art, interior layouts and features, common spaces, technology, amenities, and activities. Our amenity spaces, both inside and outside, are grand and inviting to maximize the variety of experiences available to occupants and invite them to “choose their own adventure.” To this end, we think about our building design in moments or themes, like a play, with tiered story lines across interior “neighborhoods.” If any one space or place is used for the exact same function 24 hours a day, we have failed; spaces should enable and inspire flexible uses and spontaneous meetups.

A final element of our hospitable thinking strategy is purposeful programming. Through curated, scheduled activities we inspire a sense of community, elevate the environment, and broaden its appeal. Interactions with beautifully designed, authentically curated, and comfortable spaces that trigger an emotional response and inspire meaningful and memorable experiences form the root of any successful placemaking strategy. When hospitable thinking is effective, end-users want to share the feeling with others — both in person and through social media platforms. This initiates a virtuous cycle, transforming the physical location into much more than a place.



We measure our effectiveness in placemaking by tracking metrics such as the number of branded events we sponsor; registrants and attendees; the number of public Wifi log-ins on our network each week; and of course, volume of sales for local producers, artists, purveyors, and entrepreneurs.

In the future, developers can also play a proactive role in community improvement, through local employment, monetary donations and dedicated employee time toward volunteering for charities or community causes.

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PREREQUISITES FOR TOP-TIER FUTURE OFFICE SPACES:



CONCLUSION

Dedicated office space has existed since the Roman Empire, when government officials and businesses occupied *officium* bordering town squares. Although the COVID-19 pandemic brought unprecedented disruption, we firmly believe that the physical office has always and will continue to play a critical role in the growth of our economies and the spirit of innovation. Rather than a regression to the private office layouts of the 1980s, or a scenario of fully decentralized workers holed up in their homes, we anticipate a permanent shift toward a more flexible workspace. The thoughtful implementation of measures related to health and wellness, movement and socialization, sustainability and placemaking — which all foster human flourishing — will become prerequisites for occupiers seeking dynamic spaces that attract, excite and engage the best talent in a post-pandemic world.

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