

The Future of Work

Remote, Coworking
& Office Spaces



ButterflyMX

When 2020 began, only about 10% of Americans worked remotely full-time. That drastically changed as COVID-19 spread across the country. By March of that year, many office workers were working from home. This shift caused havoc in the commercial real estate industry. As more companies transition to a permanent work-from-home model, commercial real estate professionals are hustling to find solutions to make their office buildings and commercial spaces safe, convenient, and flexible.

Whether you're a commercial property owner, developer, or manager, the shift to remote work is having profound implications on real estate. This e-book will guide you through the future of work, office space demands, and how to best prepare for life after COVID-19.



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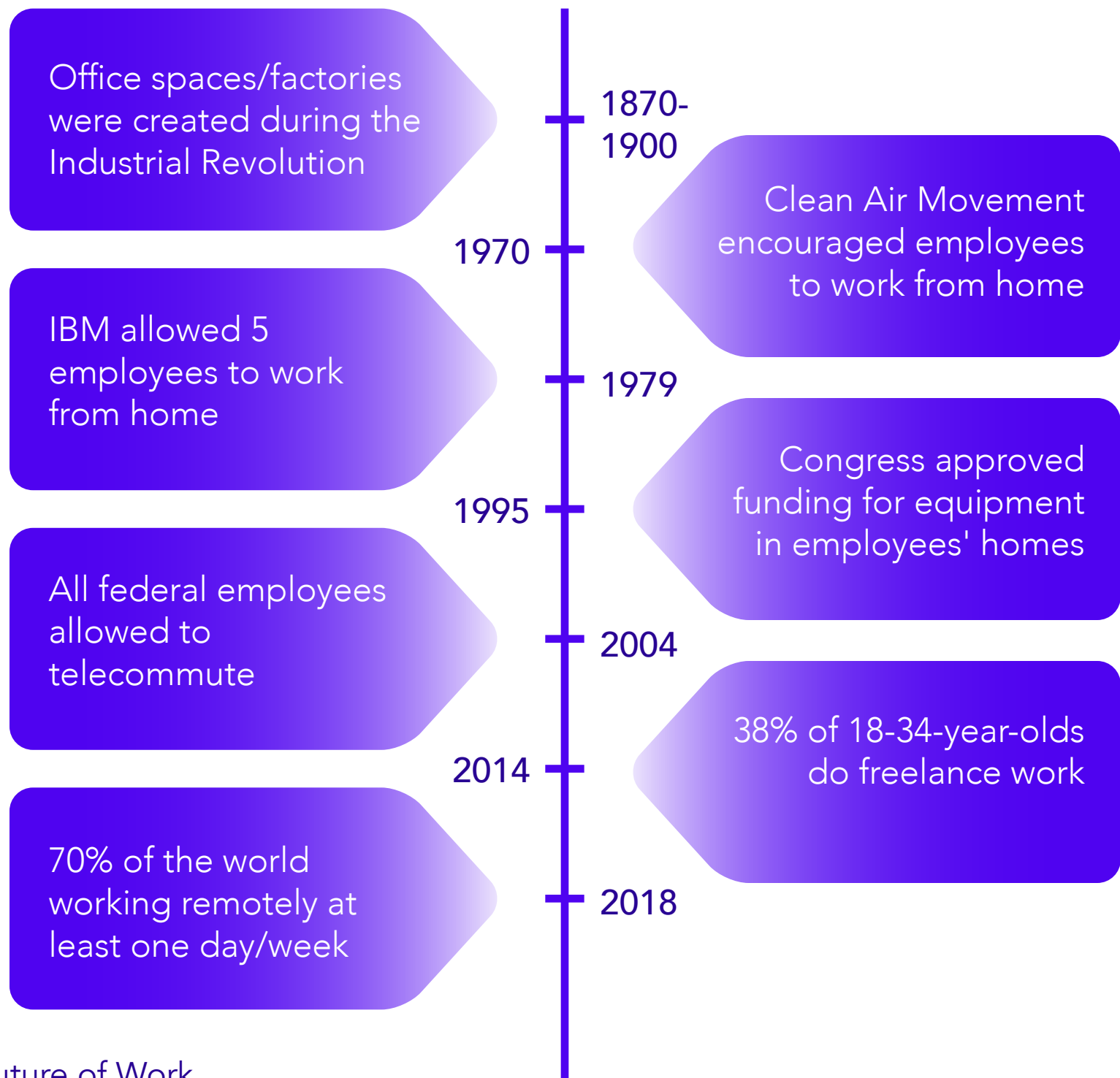
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The adoption of
remote work

Working from home is not new, nor did it occur overnight with the creation of the internet in the 1990s. For most of history, people literally worked where they lived – like on farms and in ground-level workshops. At most, their work was a short walk away. It was not until the Industrial Revolution of the 1870s through the early 1900s that people started to commute to designated “office spaces.”

This era increased the need for automation and factories. Machinery and assembly lines required employees to be on-site to complete their work. Then, the birth of large-scale innovations such as the telephone, typewriters, and public electricity led to the modern-day office.



Efforts for cleaner air and greener energy

In the 1970s, the US government started the Clean Air Movement, which encouraged employees to work from home. This was an effort to reduce the growing amount of carbon emissions. NASA physicist Jack Nilles published *The Telecommunication-Transportation Tradeoff*. In it, he proposed working from home as a solution to car congestion as well as limited resources like gasoline. He coined the term “remote work.”

In fact, IBM allowed five of its employees to work from home as an experiment in 1979. Four years later, around 2,000 IBM employees worked remotely.

By 2009, 40% of its 386,000 global employees were already working from home.¹

The 1990s internet boom to the present day

Of course, the advent of the internet and personal computers contributed to more Americans being able to work from home. In 1995, Congress approved permanent funding for work-related equipment in federal employees' homes. And by 2004, all federal employees could telecommute.



The “gig economy” and working from home

As millennials entered the workforce, the “gig economy” flourished around the time of the 2008 financial crisis. Today, instead of just working a normal 9-to-5 office job, millennials are more likely to also freelance for one or more companies. A survey from Upwork and Freelancers Union shows that millennials are now the largest demographic in the American workforce. And 42% of 18-to-34-year-olds now freelance, up from 38% in 2014.

The popularity of freelance and remote work birthed coworking offices – such as WeWork and Spaces – which further changed the real estate landscape.

By 2018, 70% of the world’s population was working remotely at least one day per a week – 53% for at least half the week.²

Real estate is now an on-demand product. Millennials and younger generations are more likely to rent apartments or houses than to buy — since renting gives them the freedom and flexibility to change jobs, travel, and save money. Long gone are the days when companies sign 10-year leases for offices. Now, they want flexible terms with equally flexible spaces.





COVID-19's
disruptive effect
on office culture

We can't forget that COVID-19 forced hundreds of millions of people to work from home — which brought remote work to a tipping point.

Many experts are continuing to predict that work-from-home trends will become permanent. About a quarter of the US labor force is expected to continue working remotely even after COVID-19 is long gone, according to Gallup³ and other surveys.

Why companies are embracing remote work

An upside to remote work is that recruiters can cast a wider net for job candidates. Plus, companies don't need to worry about paying relocation expenses for new recruits. And despite the misconception that remote workers are slackers or spend most of their time on social media, working from home has proven to be more efficient than working in offices. In fact, a Stanford University study predicts that remote work has boosted productivity by as much as 2.7%.⁴



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Remote employees no longer waste time or money commuting. Even if employers expect their workers to come back to the office, many now have the option to work remotely for at least part of the week. One Harvard Business School senior lecturer estimates that COVID-19 has fast-tracked the acceptability of remote work by 20 years.⁵

And even tech giants like Facebook and Microsoft are allowing their staff to work from home permanently. Other companies are now considering a hybrid return-to-office plan.

“COVID-19 has accelerated the acceptability of remote work by 20 years.” – John Macomber, Harvard Business School senior professor.

But the underlying reason for the mass adoption of remote work is still COVID-19, and property owners, managers, and tenants have concerns about vaccines, contact with other workers, and safety protocols. This leaves many in the industry still wondering about its future.



Reimagining
the “office”

Both employers and employees accept that working from home is productive – perhaps even more so than working in an office. As a result, companies are rethinking their office space needs.

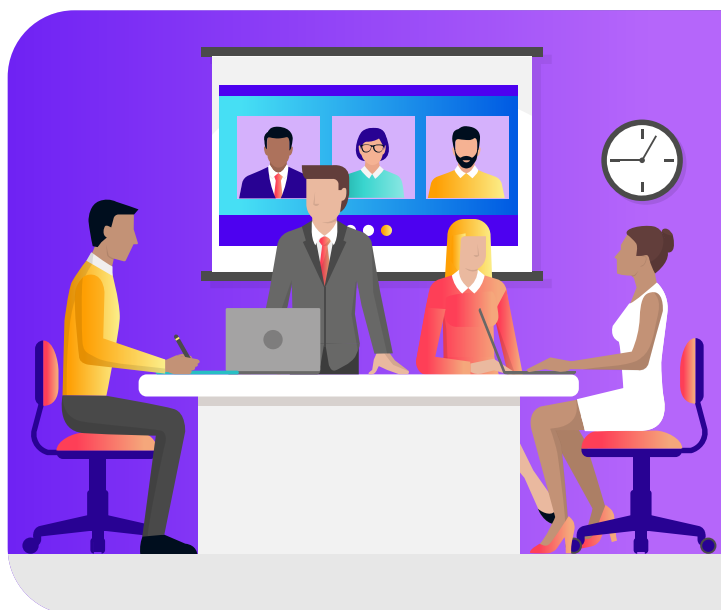
A CHG Healthcare survey found that only 9%⁶ of the workforce wanted to return to the office five days a week. More than half of the respondents were interested in a hybrid work model, and one in three would work remotely forever.

At the same time, there are those extroverts who crave the office experience. Even though video-conferencing platforms and group messaging apps have made it possible for workers to communicate and “see” each other, many argue that nothing can replace organic, in-person chitchats and connections. For a handful, remote work means increased feelings of isolation and depression. Others need the distinct separation of work and non-work spaces to prevent burning out.

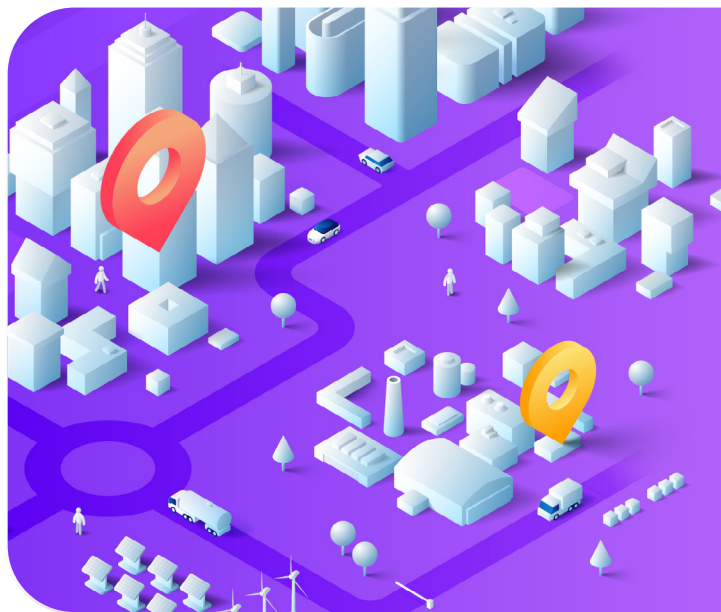
Three possible solutions for commercial offices

So how are commercial office spaces changing, and where are they headed? There is no “one-size-fits-all” model for office space or where employees should work.

However, three possible solutions include:



Hybrid office environments



Satellite offices



Coworking spaces

1. Hybrid office environments

A hybrid office is made up of employees who can work in the office and from home. This option of where to work allows freedom over when and where work is completed.

A hybrid office gives employees a choice to:

- *Work full-time in the office*
- *Work from home full-time*
- *Occasionally work from the office*

Though this work environment is becoming more common than ever before, the concept of a hybrid work model is nothing new. Scholars and tech visionaries have been talking about flexible work arrangements since the 1980s. As technology boomed, the possibility of a hybrid office system became more feasible and accessible to various industries. And 2020 illustrated that not only is hybrid work possible on a large scale, but it's also the new normal.

A hybrid work model accommodates all employees based on their needs and desires. It grants more autonomy to employees to fit work around the other parts of their lives – rather than the other way around. This work environment is the best of both worlds: independence and flexibility on one hand, structure and sociability on the other.

2. Satellite offices

Another office model that could be the future of work is the satellite office. Satellite offices are smaller than headquarter offices and are located outside of major metropolitan areas. They're separate from an organization's primary office.

A company can choose to have as many or as few satellite offices as it sees fit. Small groups of employees can occasionally work in these offices, preserving company culture and forging stronger relationships. Satellite offices also benefit businesses looking to expand – either nationally or internationally – and seek partnerships with other corporations.



3. Coworking spaces

A coworking space is a place where individuals or groups from different companies and industries work independently in the same space. Coworking spaces have the same amenities and features you'd find in a traditional office – and oftentimes a lot more. They offer greater flexibility since the tenant doesn't need to sign a long-term lease.

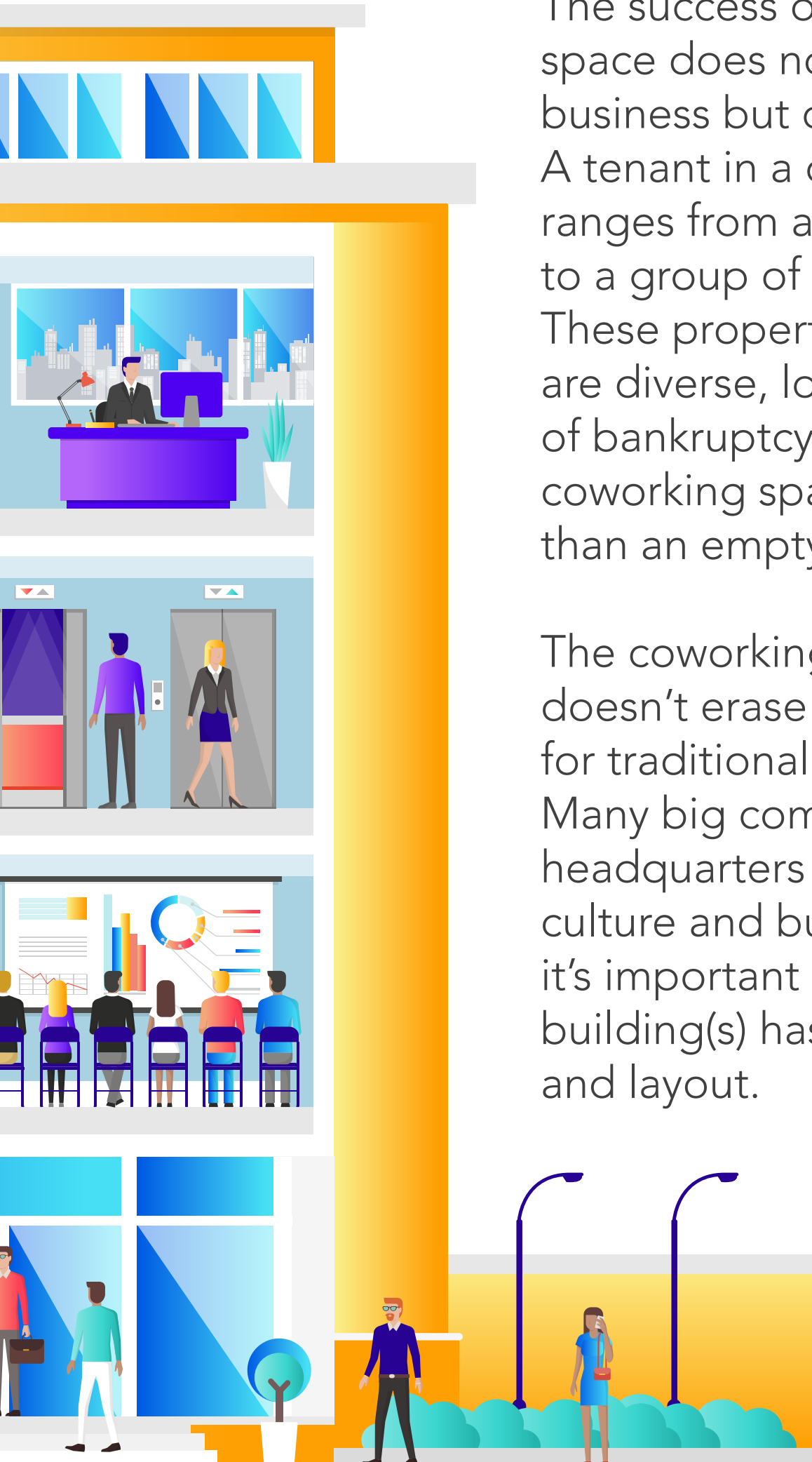
Over the past decade, coworking spaces have proven to be not only a trendy lifestyle but also a significant part of the real estate industry. By 2017, there were almost 13,000 coworking spaces worldwide. Companies like WeWork and Expansive⁷ are collectively generating billions of dollars in revenue. Some coworking companies have even turned abandoned buildings and unpopular restaurants into coworking sites, which has brought down vacancy rates across the commercial real estate industry.



Today, some commercial property developers include reconfigurable spaces and integrate amenities that attract coworking tenants directly to their new developments. On the financial side, banks see coworking spaces as a safe investment because of the high diversity of tenants.

The success of a coworking space does not depend on one business but on many companies. A tenant in a coworking space ranges from a sole freelancer to a group of 30-50 employees. These properties' income sources are diverse, lowering the chance of bankruptcy. And, an empty coworking space is far easier to fill than an empty office space.

The coworking space trend doesn't erase the demand for traditional offices entirely. Many big companies still want headquarters to develop their culture and business structure. So, it's important to make sure your building(s) has a versatile design and layout.





Focusing
on tenant
experience

Historically, multifamily apartments have used amenities – such as fitness centers and coworking lounges – to enhance the resident living experience and remain competitive. And as demands and expectations for office spaces change, commercial properties are following in the footsteps of multifamily and focusing on their tenants' working experience through amenitization.

By adding building amenities, you'll increase the property value, attract more tenants, and even diversify your income streams.

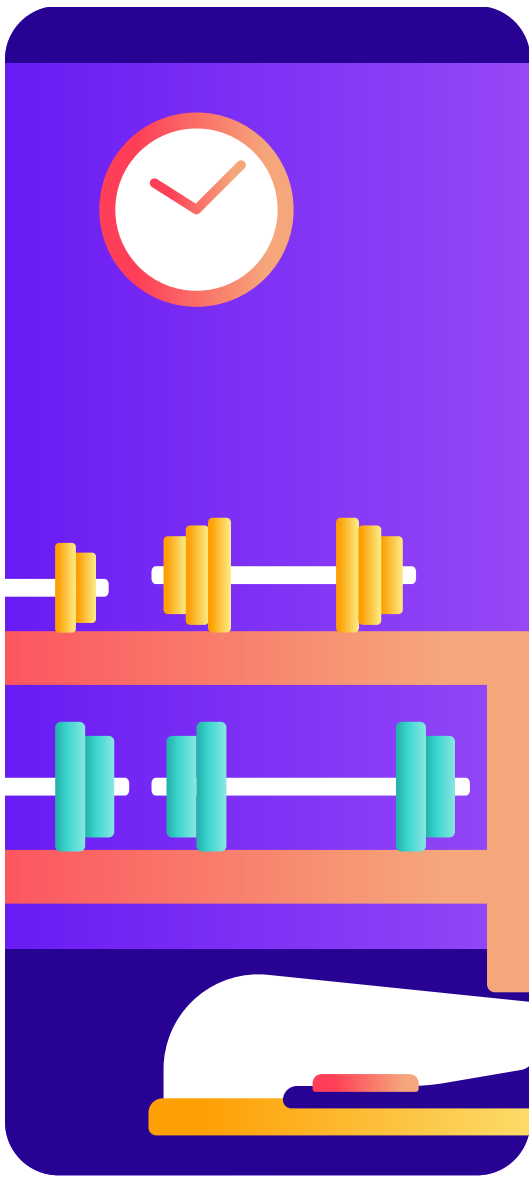
Here are some ways that you can add amenities to your commercial properties:

1. Invite businesses to set up pop-up retail stores.



Invite businesses to rent out small kiosks or designated spaces to set up pop-up shops. As a property owner or manager, you will diversify your income stream and attract more people to your building. Pop-up shops can also double as an amenity for office tenants.

2. Add a fitness center for people to use either before or after the workday.



To keep vacancies low, you need to give tenants and their employees a reason to continue leasing office spaces. Adding a fitness center to your property not only increases its value but also attracts tenants to spend more time there. Even employees who enjoy working from home may be drawn to an office with a gym. Also, businesses will certainly want to partner with the gym in your building as a part of the benefits package they provide.

3. Add a convenience store with a deli.



Everyone needs to eat at some point in the day. Whether tenants want to get a fresh cup of coffee in the morning or a quick bite for lunch, having a convenience store with a deli on your property will add tremendous value to your building. Not only will your current tenants enjoy this new addition, but it'll bring additional foot traffic to your property.



Property
technology
leading the
future of work

“Buildings are being pushed to upgrade the tenant experiences within them, and many of those involve integrating technology.”

– Cyrus Claffey, Founder at ButterflyMX.

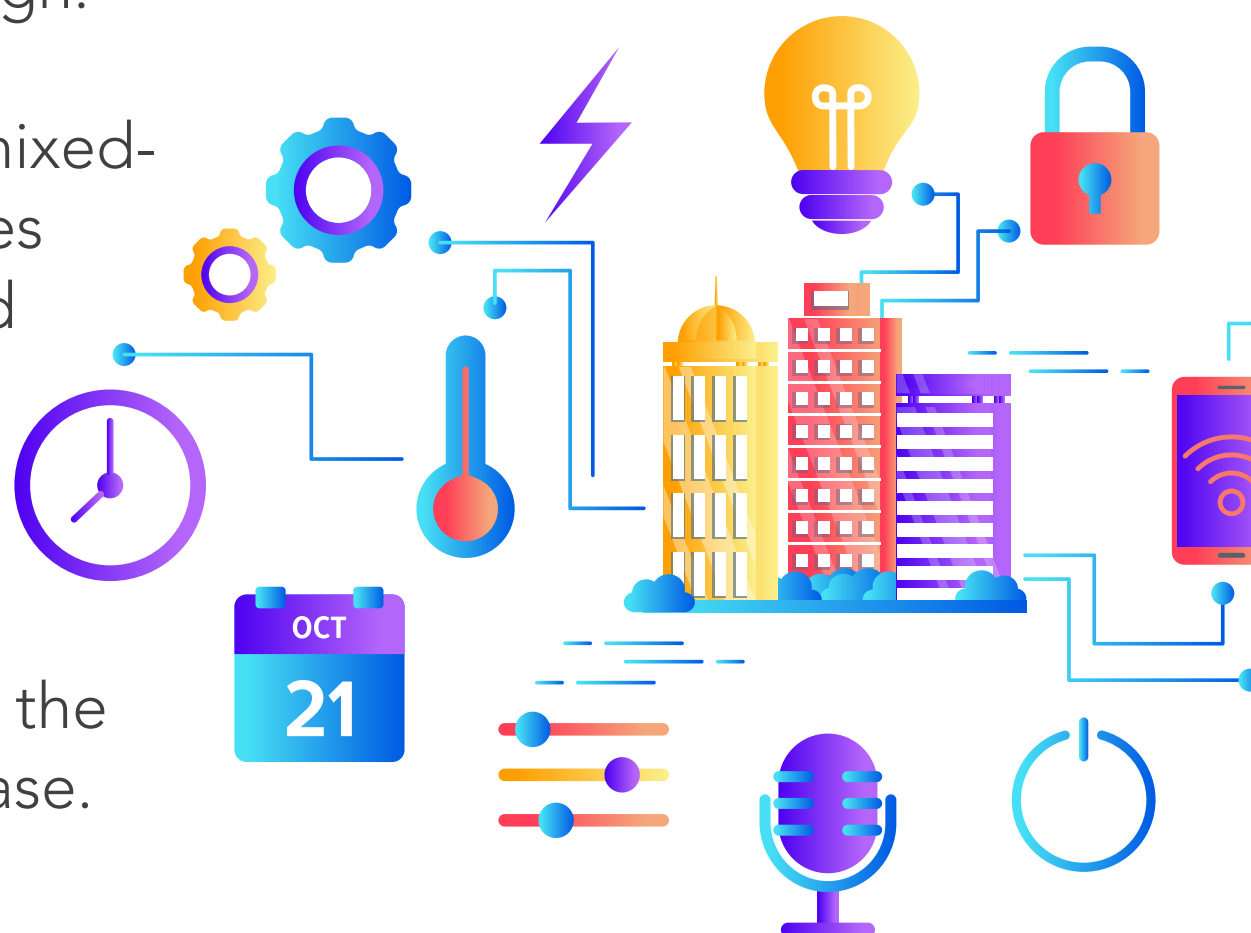
Just like the WFH revolution wouldn't have been possible without technology, the future of office spaces will also heavily depend on integrating technology into daily operations.

Technology is the key to solving the three major challenges we're seeing in commercial offices:

- 1. Commercial office spaces have low occupancy rates.*
- 2. Fixed costs have remained the same.*
- 3. Tenant preferences and desires are evolving.*

These three trends will transform the fundamental DNA of office spaces. Tenants will no longer sign 15- or 20-year leases for their offices. Now more than ever, commercial properties are demanding flexibility and universal design.

With a versatile, mixed-use building comes access control and management challenges. You need a way to ensure the right people can get to the right place with ease.



Technology as the amenity

One key element of building flexibility is integrated technologies. While investing in building technology may seem expensive, you won't need to replace it each time the tenant in your building changes. In addition, today's cloud-based systems, such as those for access control, also integrate with door locks and security cameras for both security and convenience.

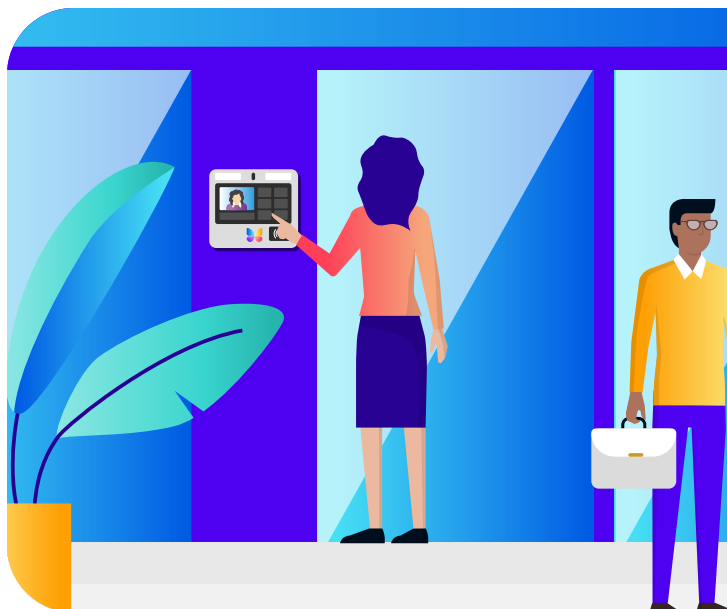
A fully integrated property technology ecosystem should enable all devices to communicate with each other. If, for example, a tenant hires a new employee and adds them to their Google Suite, the employee should automatically be authorized to access all of the tenant's office spaces inside your building.

Three property technologies changing the future of work

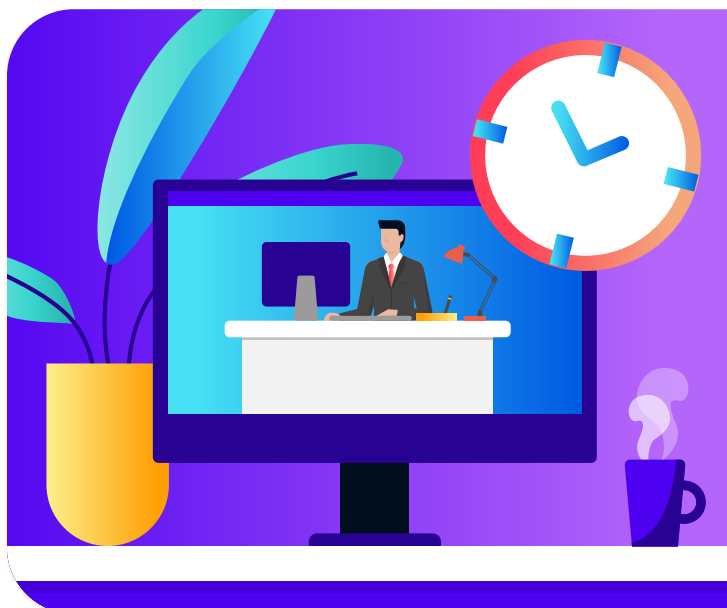
A key lesson we've learned from the pandemic is that technology will continue to play a crucial role in how and where business is conducted. This is why it's more important than ever before to invest in property technology (proptech) for your commercial building. Proptech encompasses a wide range of systems and services that create efficiencies in buildings. In commercial buildings, proptech has been shown to improve the tenant experience. And in a society that has finally embraced flexible work environments, proptech also offers a variety of seamless property access options.

Regardless of how your commercial property is used, these proptech solutions are a must.


Three useful proptech solutions for future offices are:



Visitor entry systems for simplified building access



Desk and conference room reservation platforms for occupancy management



Package rooms for contactless and streamlined deliveries

1. Visitor entry system

Installing a visitor entry system facilitates a seamless entrance experience for the growing number of visitors to your building — even without a front desk staff. A great example of a visitor entry system is a cloud-based video intercom.

With the right video intercom system, tenants can assign virtual keys to visitors — such as job candidates or business associates — for a specific date and time. Then, instead of going through receptionists or security guards, visitors can seamlessly access the building by themselves. All they have to do is open the virtual key on their smartphones and scan it at the video intercom.

Implementing a visitor entry system is simple — you just need to install a video intercom at the front entrance. Cloud-based intercom systems allow tenants and guests to open doors from their smartphones without waiting for property staff to grant access. And, tenants and employees can manage guest access using the intercom's mobile app, eliminating the need for a front desk and lowering property operating costs.

What you will need to create a visitor entry system:

- *Internet connection*
- *Cloud-based video intercom*
- *Tenants' & visitors' smartphones*

2. Desk/room reservation system

Many companies that adopt a hybrid work environment — where employees only work in the office occasionally — will want to downsize. After all, it may be rare for all employees to be in the office on the same days.

One way to accommodate hybrid work environments is by limiting the number of people allowed in the space at one time.

An easy way to track building capacity is through an app-based reservation system for desks and rooms. There are multiple⁸ reservation platforms that can help you manage which days your tenants can work in the building. The app can also monitor occupancy limits.

Invest in software that lets your tenants and their employees reserve a desk in the office for certain days and times of the week. We recommend choosing cloud-based software with a mobile app so that employees can easily reserve desks on the go.

Most desk reservation platforms also offer additional features like:

- *Conference room booking*
- *Team visit planning so that managers can book a group of desks for an entire team*
- *Analytics to gain insight into occupancy data*

How desk reservation systems work in offices

Set a capacity limit for the commercial property, as well as for individual offices. Tenants and their employees can sign up for certain times of the week to come into the office. Some apps show real-time occupancy data, so it'll be easy to tell if employees are following guidelines.

Having a mobile app also makes it easier for employees to coordinate team meetings. Instead of sending endless emails, they can just look on the app to see which days the office space is available.

Also, as many companies adopt a hybrid/satellite office model, employers can easily keep track of employees' varying schedules using such reservation systems. The pandemic might've forced employees to move out of business meccas, where businesses usually have their headquarters. Using a reservation system gives both property managers and tenants a pulse on how physical buildings are used going forward.



3. Package room

Even before the outbreak of the pandemic, online shopping trends were on the rise. In 2019, ecommerce made history: For the first time ever, online shopping accounted for over 10%⁹ of total retail sales in America, which was a 14.9% increase from the previous year.



\$791.7 B

ecommerce sales
were made in 2020

Online shopping in
March/April 2020 rose

160%

2 in 3

consumers increased
online shopping due to
the pandemic

In 2020, people across the country were forced to stay inside, leaving many with no choice but to order essential items online. In that year alone, total ecommerce sales were estimated at \$791.7 billion.¹⁰ Between mid-March and late April 2020, online shopping yielded a 160% year-over-year increase. Two-thirds of consumers report that they have increased their online shopping due to the pandemic.

Surprisingly, it is Gen X, those born between 1965-1980, who online shop the most¹¹ — that's more than baby boomers and millennials combined. As online shopping increases with no end in sight, property managers have a major dilemma on their hands: how to manage mountains of packages that arrive at the building day in and day out.

A package room may be the answer. A package room is a secure and seamless package management solution for all types of buildings. Couriers can leave packages without contacting tenants or property managers. Tenants can pick up their deliveries at any time of the day.

Most commercial properties either don't have a front desk or have a front desk staffed at limited hours. So instead of relying on property staff to grant delivery people building access, accept the packages, and store them — a package room can automate every step.

Package rooms can even serve as valuable amenities. After a year of working from home, employees got used to receiving packages as soon as they were delivered. As those employees return to the office, they'll likely worry about package theft and opt to have deliveries sent to the workplace. Having a package room will ensure safe deliveries and happy tenants.




Conclusion

Commercial real estate will see new and exciting opportunities despite all the uncertainty. Regardless of where people choose to work, they'll always need a designated workspace and a way to manage visitor access in buildings.

If you're in the commercial real estate industry, see this as an opportunity to invest in and develop coworking offices. Or, you might want to upgrade your building with the amenities your tenants really want. You can repurpose almost any existing commercial property into a multipurpose workspace.

Don't sit tight: the future of commercial office space is happening right now. So, start creating insightful innovations in the industry today!



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Sources

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About ButterflyMX

ButterflyMX is your complete property access solution, providing a secure, convenient, and affordable way to manage and grant access on the go. Empower your tenants and building staff to open doors, gates, and elevators with a smartphone and ensure they never miss a visitor or delivery. Enjoy easy installation and cut costs by eliminating building wiring and in-unit hardware, and save time by integrating with popular access control and property management systems. Join the 5,000+ multifamily, commercial, gated community, and student housing properties that have made access simple with ButterflyMX.

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