



How Office Owners Are Girding for COVID Long Term, What Tenants Expect

If companies are going to return to some semblance of normal, things are going to have to permanently change

BY ADAM BONISLAWSKI SEPTEMBER 21, 2021 8:59 AM





TENANT TALK

Our series covering trends in tenant and workplace experience.

[Click to read more of our coverage and sign up for the weekly Tenant Talk newsletter.](#)

Several months ago, around late spring, it was possible, if you squinted through rose-colored glasses, to envision a future where we'd put COVID-19 behind us and [moved on to something resembling normal life](#).

Then came the delta variant, and breakthrough infections, and the summer's COVID case surge, and, well, even the most Pollyanna-ish among us has had to come to terms with the fact that [the virus will likely be with us for the long term](#). Indeed, COVID as a communal challenge can't be cured — it can only be managed.

SEE ALSO: [Fitness Leases Resurface Post-Pandemic, With 17K SF in New Deals](#)

That means permanent changes to the way commercial real estate is built and operated. It also means changes to what investors prioritize in their portfolios.

[The Center for Active Design \(CfAD\)](#) recently surveyed global institutional investors about how their sentiments around health had changed because of COVID-19. Roughly 90 percent of respondents said that they were now planning to incorporate health considerations into [their environmental, social and corporate governance \(ESG\) metrics](#).



That's a substantial increase from pre-pandemic and a potentially significant shift within the industry, said [Joanna Frank](#), the center's founding president and CEO.

"If you have 90 percent of institutional investors demanding that you, as a building owner or developer, have to report on health and that that is going to be part of what they are using in order to judge how sound an investment you are, then that is obviously a game changer," she said.

"Investors are seeing that there is a risk to not prioritizing health," Frank added. "They have seen because of COVID that if you have a property that isn't able to satisfy its tenants around how it is protecting and promoting their health, that is going to have consequences for the financial performance of that property."

As Commercial Observer [reported last year](#), since early in the pandemic, developers and architects have been thinking about how to make properties safer in the age of COVID-19, exploring possibilities like increasing spacing between employees, improving building ventilation and air filtration, redesigning spaces to change foot-traffic patterns, and using antimicrobial materials to coat commonly touched surfaces.



CfAD operates the Fitwel building certification system, a program originally developed by the Centers for Disease Control and Prevention that sets standards for healthy building design. In September 2020, the organization created a “viral response module” to the system that looks specifically at strategies buildings can use to mitigate the transmission of infectious diseases.

According to CfAD, the viral module has been implemented across 100 million square feet of real estate since its launch.

The module can be divided into three parts, Frank said, with the first looking at how changes to a building’s indoor environment can slow the spread of disease. “That may be by upgrading filtration systems, it may be by looking at the amount of fresh air intake you have,” she said. Other approaches could include changes to cleaning protocols, she added.

The second part of the module is focused on how buildings communicate the importance of healthy behaviors among tenants. “That would be having, for instance, signs that encourage people to wash their hands, to social distance, to wear masks,” she said. “We know that having signs and prompts actually makes a difference in people’s behavior.”

The last portion of the module aims to address corporate tenant policies and behavior, looking at things like whether they have emergency preparedness and contingencies in place, or if they offer paid sick leave to help encourage potentially infected employees to stay home.



RELATED:

[A Religious Exemption From COVID Vaccines? God Help You](#)

[Office Building Owners Lean Into Amenities Despite Risk](#)

Frank said that she has seen a “big change in attitude with the delta variant,” particularly on the tenant side of things. “Folks were really ramping up for a return to the office in some form after Labor Day, [and now those plans are being reconsidered](#),” she said.

Building owners and tenants have also focused more on short-term measures like [increased cleaning](#), [improving air quality and air flow](#), and better managing the flow of people through properties, all of which are directly applicable to mitigating the risk of a respiratory virus like SARS-CoV-2, said David Smith, global head of occupier insights at Cushman & Wakefield.



said. “We are seeing occupiers exploring options for how their space will look and feel and operate post-pandemic, and whether or not that will require changes in their layouts. But, we are not yet seeing a lot of occupiers making final decisions and doing a lot of construction projects to revamp how their space is laid out.”

This hesitancy stems in part from a lack of clarity around how exactly employees will use the office going forward and caution about spending money, given the uncertain economic landscape, Smith noted.

He said that the short-term emphasis on COVID-inspired health measures like improved air quality and cleaning dovetails with a longer-term, pre-pandemic trend toward greater focus on employee wellness.

That means going beyond issues of air quality and cleaning regimens and touchless building features to questions like, “[How much light is there? Do I have access to outdoor space?](#) Is my office or company policy set up to where I have [the ability to work out or get discounts on gyms?](#) Do I have [good and healthy food available nearby or in the space?](#)” Smith added.

Erin Saven, a real estate design strategist at Gensler, said that her firm is seeing an increased emphasis on building amenities and communal and social spaces, as tenants anticipate changes in the way their employees use the office post-COVID.



“Companies are recalibrating their workplaces to align with more of a hybrid offering, so communal environments are becoming the central component of what is driving their investments,” she said. “What this means for building owners and developers is that there is increased reliance on operations because of COVID-19. There is more service and flexibility on their end that is needed.”

Saven said that, pre-pandemic, many landlords were reluctant to invest significantly in “operationalizing their own amenities,” but now “[it’s the first question](#) in every conversation we are having with them.”

Saven noted that these amenity spaces generally break down across four categories: collaboration spaces, meeting and conference spaces, food and beverage spaces, and well-being spaces — with food and beverage spaces, in particular, on the rise.

“The idea is that the office is becoming more of a hybrid model, [with employees coming in] three or four days a week, so it becomes more of a destination,” she said. “We’ve realized [over the course of the pandemic] that we can do more focused task work at home. So, when we come to the office, it’s intentional, for collaboration, to have human contact.”

Smith likewise said that landlords have begun “really thinking about, ‘[What are the amenities](#)? And how do we upgrade and provide space that will draw employees in?’”



To this end, “we have seen some landlords that have essentially started to move toward hiring hospitality skill sets,” he said. “We have clients who have hired us to do that, to think about the space in more the way you might think about a hotel.”

Saven said the emergence of delta and other variants has led landlords to spend more time implementing their amenity strategies and overall operations in ways that will foster trust among tenants that they take mitigation of the virus seriously. The increased emphasis on communal spaces within buildings makes this an even more important consideration.

Some office owners are taking a cue from the multifamily space and hiring “community managers,” Smith said. “Someone who actually is there to build community among employees and really across tenants, even, and create environments and events that make people enjoy being at the office.”

“Many [landlords] have realized that their amenity spaces and brands are pretty inextricably linked with building trust with tenants,” Saven said. “If they are able to ensure a sense of safety... they can almost create a circle of trust with the other tenants that are in the building. Because, if they all feel safe and secure with each other in those shared amenity spaces, there’s more of a draw to coming back to the office.”

It has become an important factor in employee attraction and retention as well, Frank said.



Employers “would like to be able to communicate with their employees that they are located in a building they can trust, because it is doing X, Y, Z in order to safeguard and promote your health,” she said.

Of course, while COVID-19 is still with us and, at some level, likely will be for the foreseeable future, you don’t want to get too caught up fighting the last war. In addition to virus mitigation, buildings are looking to up their emergency preparedness more generally, Frank said.

“In New York City, I think we have had our fair share of examples of why you need emergency preparedness planning as an owner of real estate,” she said, adding that other parts of the country are currently dealing with the fallout from natural disasters like forest fires. “There are lots of other emergencies that are happening at the same time as COVID-19.”

“It isn’t that you know what the next emergency is,” she said. “It’s that you are prepared, and you have policies and protocols and practices and communications strategies to respond to whatever the emergency is.”



SIGN UP FOR THE MONTHLY DESIGN + CONSTRUCTION NEWSLETTER

Content curated exclusively for professionals in the architecture, engineering, and construction industry.

SIGN UP

KEYWORDS: [Center for Active Design](#), [COVID](#), [Cushman & Wakefield](#), [David Smith](#), [erin saven](#), [ESG](#), [Gensler](#), [Joanna Frank](#)

Organizations in this story



Diversified

Cushman & Wakefield



TRENDING STORIES

FINANCE · ACQUISITION | ARIZONA

Goldman Sachs Provides \$102M Loan on Tucson Retail Center Acquisition

SALES · LAND | FLORIDA

Champlain Towers South Site in Surfside to be Sold by Next Spring

LEASES · RETAIL | NEW YORK CITY

Fitness Leases Resurface Post-Pandemic, With 17K SF in New Deals

LEASES · OFFICE | NEW YORK CITY

Liakas Law Nabs 13K SF at Trump Organization's 40 Wall Street



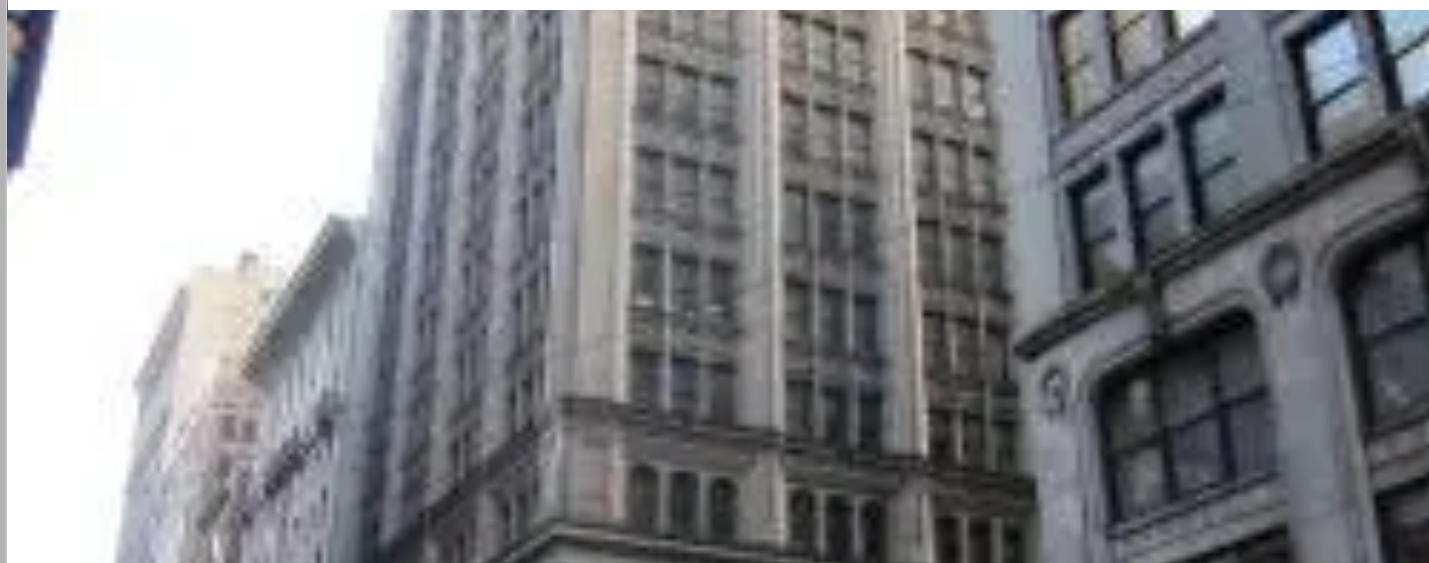
Sign up for our free newsletters

Keep up to date with the latest CRE news:

- Daily coverage of the biggest leases
- Weekly updates on LA & DC
- The biggest deals in CRE finance

SIGN UP NOW

[ALREADY HAVE AN ACCOUNT? LOG IN.](#)



INDUSTRY • LEGAL | NEW YORK CITY

Madison Equities Owes \$700K in Back Rent at Madison Avenue Offices: Suit

BY ANNA STAROPOLI



PARTNER INSIGHTS

What NYC Property Owners Need to Know about Life Sciences Real Estate Tax...

PRESENTED BY MARKS PANETH



FEATURES | NEW YORK CITY

Dr. Glennis Mehra Talks BioLabs

BY CATHY CUNNINGHAM



[TERMS](#)

[PRIVACY](#)

[COOKIE SETTINGS](#)

[DO NOT SELL MY DATA](#)

[SITEMAP](#)