

BUILDING A BLUEPRINT

Brokers, architects focus on workplace safety as office workers return post-COVID

By Joshua Burd

Prior to entering the commercial real estate industry, Andrew Judd recalled his time with an engineering and architectural firm whose clients included the region's major transit agencies.

Those clients shared a common mantra.

"They said the main goal of each of those transit agencies when serving the public is to provide safe, reliable, convenient service,"



Andrew Judd

said Judd, Cushman & Wakefield's managing principal in New Jersey. "And that was the order

— safety is first, reliability is second, convenience is third."

He expects to see similar principles in play as office building owners and occupiers help employees return to work in the aftermath of the COVID-19 crisis.

"The first thing you have to get to is that it's got to be safe and people have to feel that way," Judd said. "Then you have to figure out the reliability of it going forward. And then the convenience will be what works for each individual business."

Such is the focus for a host of real estate services firms, architects and other professionals who are now advising landlords and tenants on the process of re-entry. There is likely no one-size-fits-all approach, but

they point to several key strategies that should be common threads in the near term: de-densification, ramped up cleaning and sanitizing and communication to help keep workers informed and ensure social distancing.

"Everybody is learning from each other and there's a lot of considerations that are being discussed," said Reid Brockmeier, a principal and co-managing director of Gensler's New Jersey office.



Reid Brockmeier

He noted that those discussions don't necessarily call for a large capital

investment initially.

"If it's going to make a big difference in terms of how people feel comfortable, yes, but there's a lot of things that relate more to protocols and procedures that they're realizing tenants are really concerned about right now."

For instance, corporate occupiers are almost universally thinking about staggered schedules and allowing only a percentage of their employees to return to work as part of a phased approach. Landlords will also have a hand in controlling elevator traffic, sanitizing common areas and providing directional signage for spaces such as stairwells.

Other changes, including those that alter individual tenant spaces, may be longer-term in nature. But experts say they could come at the expense of some recent design trends: higher headcounts per square foot, unassigned workstations and a focus on collaborative spaces, to name a few.

"(With) all of these spaces, because they were catering to collaboration, they're now going to have to figure out a way to either monitor that in terms of the amount of use — and who's using it over time — or capture that



Cammy Hardison

space as part of the spread-out, if you will," said Cammy Hardison, director of interiors with Rotwein+Blake in Livingston. "It will be interesting to see going forward how some of these companies address those issues."

Hardison said she believes open office layouts will remain largely intact because they provide the benefit of natural light, circulation and ventilation. But that may not stop tenants from modifying their



Brokers, architects and other commercial real estate professionals are now advising office landlords and tenants on the process of returning to the workplace, outlining strategies such as de-densification, ramped up cleaning and sanitizing and communication to help keep workers informed and ensure social distancing.

workstations or the spacing between them.

In the meantime, major real estate services firms have begun to issue guidance for both landlord and tenant clients. For its part, Cushman & Wakefield recently unveiled a how-to guide for reopening the workplace that includes a “Safe Six” checklist covering everything from HVAC checks to controlling access to increased cleaning and reducing touchpoints.

The firm is looking to draw in part from its experience in China, where it recently helped put some 1 million workers across 10,000 companies back to work as the country sought to emerge from its coronavirus outbreak earlier this year.

“The underlying understanding is that this is going to be a partnership with everybody, so not only a private-public partnership, but also at the individual building level,” said Judd, who is based in C&W’s East Rutherford office. “This is going to be a partnership between occupiers and owners because one has to be in tandem with the other.”

Brenda Nyce-Taylor, a principal with Gensler, said clients are in fact thinking about long-term solutions, but have also considered how to quickly and cost-effectively address



Brenda Nyce-Taylor

employee concerns on day one of going back to work. Those short-term fixes include creating cleaning stations that can give employees more control over the environment, she said, while companies and their professionals take more time to consider options such as self-sanitizing materials.

She also pointed to more immediate “interventions” such as removing the door to a vestibule leading into a bathroom, if it can be done while still providing privacy, rather than immediately installing automatic doors.

“I think they really don’t want to have kneejerk reactions by making significant changes that they may look back on and say, ‘Why did I make such a big impact either to my

space or from a cost perspective?’” said Nyce-Taylor, also a co-managing director of Gensler’s Morristown office. “So I think they’re cautious because they realize that, as we’re still learning about this disease, we need to adjust and readjust in approach.”

Design experts also note that tenants may now have time on their side more than they previously thought, given advances in technology and the growing comfort level with remote working. To that end, some

companies may be more patient in waiting for better coronavirus treatments or even a vaccine.

“Certainly they want to get back, but in the short term I believe that companies have gotten more adept or used to working from home,” said Lance Blake, president of Rotwein+Blake. “The technology is there or they’re investing in the technology, and I think that right now, in their current footprints, they are going to spread out. I think they’re going to adapt from a management

point of view rather than from a design point of view at the moment.



Lance Blake

“I certainly think that there will be changes in design philosophy as we move forward, but that’s going to be an evolution.”

That won’t stop brokers and designers from having those conversations with owners and



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occupiers. For landlords, those discussions will highlight the need to have clean, sanitized buildings with strong mechanical infrastructure as a means of staying competitive.

“Unlike any other thing that we’ve gone through, buildings will have to do these things,” Judd said. “Otherwise tenants will say, ‘You’re

not giving me a safe place to keep our people.’

“And the occupants, including corporations and small businesses alike, will have to do the same thing for their people.”

As recently as three months ago, landlords used amenities and other

perks as a means of repositioning their buildings and distinguishing them from New Jersey’s older office stock.

“Amenities are almost secondary at this point,” Judd said. “It used to be it was enough to have a plug-in for electric vehicles, you’re offering rideshare programs and you have free

WiFi and a gym and a cafeteria. All that’s changed now.

“Maybe you don’t necessarily need a gym or can’t have a gym. Maybe the cafeteria doesn’t even exist anymore and now the competitive edge of one building over another is how safe is it or how clean is it?” **RENU**

SPREADING OUT

It seems office users are still willing to make decisions, but those decisions may be changing.

As Peter Bronsnick recalls, SJP Properties was recently working with a company that was preparing to consolidate its New York and New Jersey offices into a larger space in Manhattan. But with the coronavirus outbreak, the user reconsidered having its New Jersey-based employees commute across the Hudson River, while realizing that having multiple locations was not as detrimental to collaboration as it previously thought.

The tenant adjusted its strategy, opting to lease an additional space in the Metropark submarket.

“Metropark has always done well with these large-scale challenges — in this case, a tragedy,” said Bronsnick, SJP’s president, citing its location at the confluence of New Jersey’s labor base, along with mass transit and highway access. What’s more, he said SJP provided the firm with a location “that has redundant power and tremendous building infrastructure.”

It was a reminder that Garden State

office landlords “do have quality assets with the infrastructure to be able to accommodate those kind of requirements,” he said. Those buildings could become increasingly vital in the wake of the COVID-19 pandemic, as companies look to de-densify to protect employee health and decentralize to ensure business continuity.

Bronsnick’s firm has engaged other tenants about their desire to spread out, amid growing confidence that workers can be at different locations but still collaborate effectively. Based on those discussions, that could lead to more of a hub-and-spoke model under which Manhattan remains the epicenter, but outer ring suburbs such as New Jersey play a larger role.

“They’re all happening on a case-by-case basis,” Bronsnick said, noting that New Jersey in recent weeks has seen inquiries for requirements ranging from 30,000 to 50,000 square feet.

“Everyone is going to be very thoughtful and prudent in their analysis of the well-being of the employee,” he added. “I think the employee now will have a lot of say in the location, and what we’re hearing is that human resources departments, heads of real estate and people in the executive suite are carefully evaluating the commutation patterns of their employee base and starting to evaluate access to that labor without it having to utilize mass transit in the way it traditionally did every day.”

He believes mass transit to satellite locations will remain a key factor for tenants that are mindful of business

continuity and disaster recovery, he said. Meeting that demand in New Jersey is also a question of having buildings with strong IT and power infrastructure and landlords who are proactive in implementing Centers for Disease Control guidelines, who can assure tenants “that the building is going to operate regardless of what transpires.”

Those factors will be critically important to industries such as banking, technology and others.

“The idea that New Jersey has quality assets that can provide infrastructure is going to be really important in a post-COVID world, because tenants are going to rely on business continuity more than they ever have and I think they’re going to more mindful of it, too,” he said. “It wasn’t always as important to everybody as it will be now.”

It’s too early to say how or if such a decentralization trend would impact rental rates. But Bronsnick noted that office space in New Jersey is a third of the cost of space in Manhattan on an average per-square-foot basis, while suburban spaces also are typically more efficient.

That naturally allows companies to have more space per employee at a fraction of the cost.

“Whether it’s in New Jersey urban centers or New Jersey suburban markets, the question is going to be whether or not companies are willing to make long-term commitments in those locations,” Bronsnick said, touting the benefits: a safer and more comfortable commute for many, the ability to enjoy outdoor space and overall improved quality of life.

“You’ve just eliminated so many things that, in a normal environment, heads of real estate would love to solve for,” he said, later adding: “So I think pricing and that dynamic is going to be largely influenced by

companies and the term with which they’re willing to commit to these spaces.”

“If they all come out and ask for two-year deals, that’s not only not healthy for the capital markets, because those deals are difficult to finance, but I would argue that they’re going to end up paying an unnecessary premium for the short term without a capital contribution from the landlord, because you need the term to justify the contribution.”

Still, Bronsnick was careful to note that tenants will still be discerning if they are exploring satellite locations in New Jersey. Suburban markets, even if they enjoy a resurgence or some level activity of here, won’t necessarily be accepted in their current form and will require “some creative place-making” in order to make them more desirable.

Yet he believes New Jersey still has an opportunity on several levels.

“It didn’t need to happen like this, but I think it’s a good thing not only for real estate, but I think it’s a good thing in the long run for just how we utilize all of the advantages of the metropolitan area,” Bronsnick said. “If you think about it, it just creates so much less strain on our mass transit systems, which were questionable at best pre-COVID.”

“I think this gives us an opportunity to retool those services in a meaningful way, but also improve upon the quality of life for a state that really relies on the economic strength of New York City and a good portion of the population commuting to work there every day.”

He repeated a question he’s often made publicly.

“How nice would it be if we could maintain some of those folks from going across the river and having these jobs be New Jersey jobs?”



Peter Bronsnick