



Image Courtesy of Bruce Damonte

# THE CHANGING NATURE OF WORK

By *Jack Stubbs*

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## AS TECH TAKES OVER, BAY AREA COMPANIES GET CREATIVE WITH SPACE

The nature of work in the San Francisco Bay Area — and subsequently, the design of the physical workplace layout itself — is changing due to a wide range of technological, cultural and economic trends, which is creating increased competition among owners, occupiers, service providers, consultants and end-users to provide the most effective layout possible for members of the steadily-growing workforce.

As growing and established companies in the Bay Area continue to think long-term about their planning strategies, a more flexible concept and approach is getting implemented when it comes to trends in workplace strategy and design, thinks Quick. “It’s about finding the right balance, and it’s similar to the process of finding the right office layout and going to an open floor-plan — trying to make the best use of our space and encourage collaboration, [while] also realizing that there’s no one-size-fits-all approach, so it’s a balance of the human side and data side that’s really valuable,” she said.

More generally, a growing real estate industry in the Bay Area region means that changes in the workplace are having knock-on effects when it comes to technology companies’ long-term planning around the successful utilization of space, thinks Julie Whelan, head of occupier research for the Americas at CBRE.

’m starting to see conversations that we’re having about the design of the workplace evolve; it’s a really exciting time, because for so long we’ve been talking about some of these things and using technology to make decisions around real estate, and we’re finally starting to see those tools come to fruition,” said Caroline Quick, principal at the San Francisco office of T3 Advisors, a company that provides a range of services relating to workplace design and strategic planning in the commercial real estate industry. “With utilization technology — something we’ve been talking about for years — there are companies out there now that are actually [starting to do] it well, and it’s slowly starting to get implemented. We’re on the cusp of seeing how the data that we gain from those tools within the space better informs real estate.”

“From our perspective, this whole cycle has been one of change for the real estate industry, and when you sit back and think about why, I think it’s clear that the nature of work is changing. Leasing has always been driven in a very correlated way with office and job growth; so looking at that statistic, it’s no wonder that occupancy in real estate has done well in this cycle,” Whelan said. “However, when you look at how it’s done compared to past cycles in terms of square footage taken up by new employees added to the workforce, it’s lower than it has been in the past. I think we’re hovering around 100 square feet per new employee that is added; that number has been up in the 300s in past cycles. Both occupiers and developers alike are much more disciplined in what they’re doing.”

The current real estate cycle is characterized by companies' increasing desire for flexibility in the workplace. According to a recent white-paper written by CBRE called "The Agile Advantage," the current real estate market in the Bay Area is seeing a changing nature of productivity, where a more "agile" approach to real estate is required. Occupiers, developers and end-users across the board continue to look for well-located, tech-enabled environments that utilize efficient footprints, flexible lease strategies and a more experiential approach to the provision of technology-enabled amenities.

More generally, companies, end-users and workplace design strategists are thinking more long-term about how an increasingly technology-centric culture is precipitating changes in how employees — and the companies for whom they work — conceptualize workplace design and the spaces they occupy, thinks Whelan. "Because the world is so digitally connected and remote right now, setting up those kinds of neutral outposts isn't difficult anymore, because you're still able to engage those people in the overall culture of the organization through visual means like social media and video conferencing," she said. "So the workplace is becoming much more liquid in terms of where we source talent from and how we source talent, and even within a large flagship location market...the amount of people working remotely is quickly increasing, which is becoming more and more prevalent, especially as we have more knowledge-based workers that are more global in nature and not bound by nine-to-five hours or a certain location."

More diverse and dynamic workplace design solutions are brought to the table due to the flexibility that technology affords companies' employees. The CBRE white-paper highlights traditional design (a layout where employees are given specific spaces and assigned seating), project-based design and activity-based design layout (an unassigned seating environment that encourages more peer-to-peer interaction and collaboration) as the three main workplace design types. "Clearly, we are shifting towards a different workplace-design mentality...in the last cycle, our clients were moving towards traditional office and open plan... at the beginning of this cycle, we're seeing organizations move towards a more activity-based workplace design," Whelan added.

Though there is a greater need for a number of different and diverse workplace-design possibilities in the current real estate market, the workplace layout that a given company might opt for will largely be determined on a case-by-case basis, thinks Quick. "Even tech companies are leveling the way they think about space; it's not just all open work space; it's most important to actually understand the users [themselves] rather than [understanding] what they think the users want," she said. "The idea is that not all technology companies need to be the same; it's about understanding who their current users are, who they're trying to attract, how they work and then creating a space that fits those needs and can evolve as the company changes."

Over the last several years in the Bay Area market in particular, the common trend is that there is no one-size-fits-all approach, thinks Robin Weckesser, CEO at San Francisco-based a3 Strategies, a workplace consulting firm that provides project, change and facilities management services for clients throughout the Bay Area and the wider U.S. "Over the last five to eight years, we've seen a big shift in the workplace. It's gone from individual cubicles and private space to a more open and collaborative workplace environment and setting with a variety of spaces and layouts," he said.

Weckesser, who has directed the design and construction of various domestic and international projects for Bay Area-based technology giant Apple including the six-building, 32-acre Infinite Loop R&D campus in Cupertino, thinks that while the nature of productivity has changed over the last several years, a common thread remains: that capturing the individual company's culture is paramount.

"I'm intrigued around the connection between workplace and productivity since my days at Apple when we built the Infinite Loop campus...my impression is that some companies take to [an open floor-plan] well, while others do not. At the end of the day, it really depends on the job function

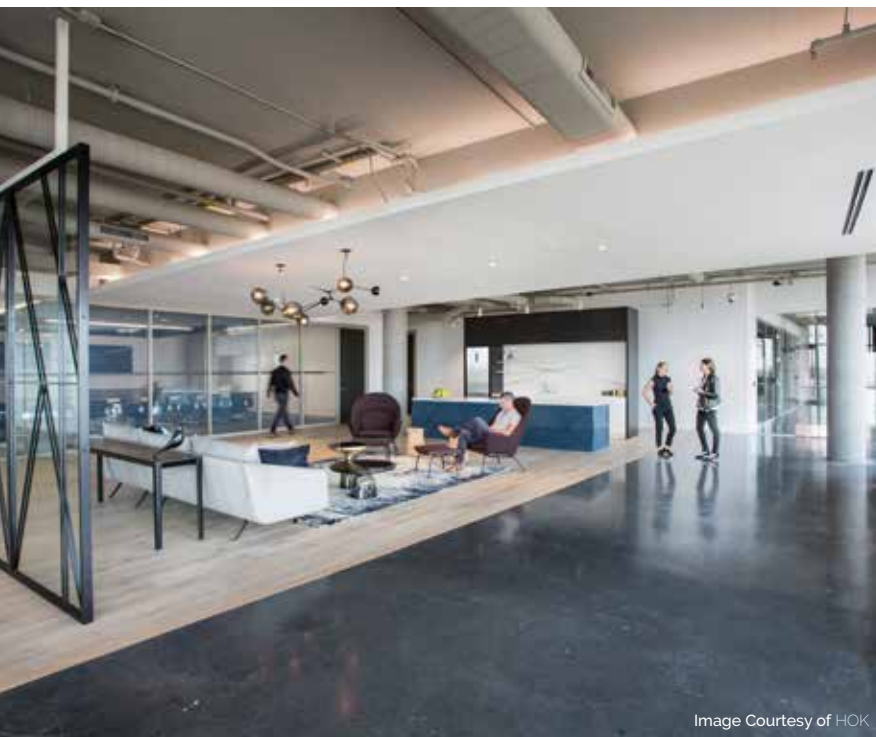


Image Courtesy of HOK



and role, because some are very well-suited to a very open and collaborative benching model, while other roles need a bit more privacy,” he added.

Another one of the primary ways that the nature of work and productivity is changing is due to a greater understanding about how collaboration between members of the project team plays a role in the design of the space itself, adds Weckesser. “I think the biggest key in this whole thing is that companies allow themselves the time to work with their design consultants and project management firms to understand what their needs are and to go through that programming phase, because out of that programming phase comes a lot of really pertinent data that the architect can use to create a space that’s appropriate for the company.”

A proactive — rather than reactive — approach to workplace design strategies between consulting firms and their clients is becoming increasingly important, especially in tech-centric cities in the Bay Area like San Francisco and San Jose, thinks Weckesser. “As a case in point, we have a client down in the South Bay that moved into their current space eight or nine years ago; when we started conversations with them, they talked about a desire for the design team to look at alternative work settings. We quickly discovered that the space that they leased wasn’t large enough to accommodate all of their program requirements, so that pushed them into a higher density model.”

Along with the importance of preemptive programming and communication earlier on in the design process, technology is increasingly utilized to make more precise, data-driven decisions about how best to utilize space once it’s completed — a shift that has broader implications for the real estate industry in the Bay Area, said Quick.

“A lot of companies are in that spot where San Francisco is getting so expensive and it’s becoming really hard to grow — especially in contiguous space — and [they must] analyze how the space is being used and what the data is saying through specific case-studies about how spaces are truly being used, not how we think they’re being used, which in turn makes every square foot much more valuable,” she said.

Undoubtedly, new and established companies alike looking to plant a flag in the San Francisco Bay Area will need to continually adapt their strategies around workplace design in what is an inherently cyclical industry, thinks Whelan. “What I’m most excited to see is will the rate and pace of change continue. When you look out there at some of the third-party operators that have grown this cycle — ranging from the major players like WeWork to hundreds of smaller



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players — there has to be a consolidation and clearing out of those in order to make this a more consistent model of doing business,” she said. “A bit of a slowdown in the economy will make it clear which players are here for the long run versus the ones that might fall away in this cycle.”

In the longer-term, it’s possible that the San Francisco Bay Area is reaching a tipping point and in some ways is a victim of its own success over the last few years, thinks Quick. “What concerns me the most is that the market continues to be tight; it continues to be challenging to get talent and the housing market is super expensive...finding talent that is entry-level will likely be harder, because people will look to leave the Bay Area if they can’t afford it,” she said. “I think companies that can’t continue to grow here are going to have larger locations in other cities and states, which isn’t a bad thing; it’s a really positive thing for the country, but at some point, something has to change in San Francisco, [or] people will continue getting pushed out.”

And while the future of larger companies and their employees remains uncertain in the short-term, the hope is that the spirit of innovation in the Bay Area will lead to a desired outcome looking forward, both for the region itself and for the companies hoping to call it home.

“What excites me the most is the same thing that always has. San Francisco and the Bay Area really is on the forefront of innovation...the whole real estate industry has been ripe for disruption for so long now. In this little oasis that we’re in, the Bay Area, we’re the ones that are going to take these new technologies a test them out first,” said Quick. “Test-fail-learn-test-succeed-learn. We will continue to do that, and we’re at a point where we’re starting to see things differently. Once we start to see that change happen, it’s going to kind of be a domino effect — and people might be willing to experiment in different ways.” ●