

VIEWPOINT
SING TIEN FOO

Reimagining the Workspace of Tomorrow



Prof Sing Tien Foo, Director of the Institute of Real Estate and Urban Studies at the National University of Singapore, shares how physical office spaces will remain relevant in a post-pandemic economy, but with a new focus on flexibility and public health.



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The agglomeration economy has long shaped today's Central Business Districts (CBDs), which have the highest concentration of skyscrapers and the most expensive office spaces. Like-minded people meet and interact in the city centre, and firms co-locate close to their customers and competitors to create network effects. In Singapore, for example, the downtown core has the highest concentration of office spaces, despite covering only approximately 0.6% of the total land area. It provides 3.86 million square metres or an equivalent of 48.14% of the island's total net office space.

The Demise of the CBD?

However, the COVID-19 pandemic has disrupted the traditional use of CBD office space and hastened its decentralisation. Firms are diversifying operational risks by distributing work close to their employees' homes and not concentrating their workforce in a single location.

Social distancing protocols imposed to stem the spread of the disease have forced firms to quickly adopt business continuity plans, such as by splitting employees for critical

business functions into teams with alternating workdays in the office. Companies are also staggering employees' working hours to reduce the possibility of exposure to COVID-19, or completely shifting backroom operations to offices outside the CBD.

The pandemic has forced many business activities and interactions to shift to virtual platforms. Firms have stepped up investment in cloud-based office systems, such as Google for Work and Microsoft Office 365, and conferencing technologies, such as Zoom and Microsoft Teams. People have adapted to a work-from-home (WFH) routine and working online with people from anywhere around the world. They no longer need to commute to work, reducing the potential cross-transmission of viruses either on the road or at the workplace. Some companies such as Google and Twitter are allowing WFH to remain as the default mode for their staff even after the pandemic.

If more companies choose to take a similar path, this trend could permanently and adversely impact demand for traditional physical office space. However, it is unlikely to cause its demise.

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Future Office Space

Traditionally, office demand is derived from economic growth. However, in the post-pandemic economy, technology adoption and public health safety measures (including the efficacy of vaccinations) are two new factors that could fundamentally change how real estate space will be used.

The design of the future office space is likely to centre on flexibility. Firms could reconfigure physical offices to create hybrid spaces for mixed use to support a more collaborative and less structured working environment. The combination of core and flexible space could reduce firms' risks of over-leasing permanent spaces that are not used.

Hoteling space, through either off-site or third-party coworking offices, may emerge to provide on-demand office space for workforces. Employees could just "check in" to an office near their home and plug into their workstations as and when needed.

Coworking operators offer shared spaces that give firms greater flexibility in space planning and lease tenure options. Some of these operators expanded their footprint rapidly in Singapore

in the pre-COVID-19 period, tripling their office space demand from 2015 to 2019. WeWork, IWG plc and JustGroup are covering more than half of the coworking space in Singapore.

In the post-COVID-19 world, coworking firms are likely to shift towards having a combination of private offices and dedicated spaces in lieu of big, open-plan areas that have come to define this sector. Some coworking operators offer customised workplace solutions for firms' various needs. For example, Chinese company Tencent, the owner of Chinese messaging app WeChat, operates out of JustCo's coworking space in Singapore's CBD. The coworking space allows the Chinese company more time to assess and plan for future expansion into a more permanent space.

Future Challenges for Work

Thomas L. Friedman, in his bestseller *The World Is Flat: A Brief History of the Twenty-first Century*, predicts that digital technology would break down geographical "borders" between countries and revolutionise trade exchanges and labour. For instance, a digitally enabled "office" would allow workers to go beyond "work-from-home" to "work-from-anywhere", an increasingly common scenario since the onset of COVID-19.

A significant threat that could emerge from this is local firms facing more intense competition in attracting foreign talent. At the same time, the local workforce would need to match up to the highly portable skillsets from across the globe. For example, tech firms could recruit programmers from countries like China and India and remunerate them based on the cost of living in their home countries.

Traditional work priorities are also being shaken up. With many organisations adopting WFH practices during the pandemic, a recent global survey by real estate firm JLL has shown employee expectations shifting towards a greater work-life balance over securing a comfortable salary, and prioritising health and wellbeing as much as finding purpose in their work. At the same time, many still hope to return to their offices at some point, but with greater freedom of choice across locations and schedules.

Indeed, people will still need workspaces where they can connect face-to-face and build relationships and careers. With technology, the size and scale of those physical spaces and operations will require recalibrating going forward, but without losing sight of public health and safety. 🧐