

Reimagining the workplace

Is the future of the office an empty one?

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Agenda

- How do we embrace the recent monumental tech changes while retaining the best aspects of pre-COVID operations?
- What trends are happening in Europe and Asia as they return to work and re-enter offices ahead of the US?
- What are the re-entry plans for our organizations and what are we hearing from clients in the US?
- How can tenants approach flexibility in leases?
- What role does culture play in your organization and how is that maintained by a physical office space? Is a “blended office” the best solution?
- What does the immediate future look like for tenants/owners in regards to returning to the office?

Embracing technology

How do we embrace the recent monumental tech changes while retaining the best aspects of pre-COVID operations?

- 5–10 years' worth of the acceptance of technology advances in roughly four months
- Virtual meetings and events
 - Easier and faster to schedule meetings and happy hours
 - Seeing more colleagues from other offices/parts of the world now than ever before



Trends from Europe and Asia

What trends are happening in Europe and Asia as they return to work and re-enter offices ahead of the US?

- Horizontal and vertical commuting
 - Key problem
- Social distancing versus socializing
 - “It’s the office, Jane, but not as we know it”
- Balancing different client attitudes
 - “See you in September/see you next summer”
- Cultural attitudes and individual vulnerabilities



Re-entry in the US

What are the re-entry plans for our organizations and what are we hearing from clients in the US?

- Slow, phased re-entry dependent on regions
- Employees utilizing health screening apps
- Reduced in-office days
 - Ex. MW/TuTh teams
- Hand sanitizing stations
- Mask requirements
- One-way hallways
- No lounges and/or public spaces



Lease flexibility

How can tenants approach flexibility in leases?

- Matters are settling out
- UK approach
 - Mostly tenants simply can't pay, but some disrupters want to remake the leasing market
 - Mostly retail
 - In the future we will see
 - Shorter and more flexible leases
 - Modifying of contracts to become more shared-equity/joint venture deals
 - Rent relief options
 - Rent holiday in return for extending leases on the backend
 - No payments required now, but future installment payments to make up or the difference
 - Landlords cannot enforce non-payment of rent – laws favor tenant

How can tenants approach flexibility in leases?

— US approach

- Like in UK, retail tenants hardest hit
- Tenants simply can't pay rent due to a lack of business/funds
- Rent relief options
 - The majority of tenants are continuing to pay rent on time
 - PPP and other loans
 - What impact will the expiration of these loans have on payments?
 - Office sector not as impacted in terms of being able to pay leases, as many are still able to work remotely and pay with no problems
 - Evictions not very common on the commercial side



Corporate culture and the office

What role does culture play in your organization and how is that maintained by a physical office space? Is a “blended office” the best solution?

- In UK, many companies looking to reduce footprint by 50% over the next 5-7 years
- How will memory and the urge for normality impact change?
- Trend over past few years has been open floorplans
 - CON: Worse for workers
 - PRO: Companies already working this way can likely continue to work efficiently with very few changes
 - Companies who aren't already working this way may not want to decrease their office space due to the need for distancing
- **Hoteling**

On the horizon

What does the immediate future look like for tenants/owners in regards to returning to the office?

- Current occupancy rate ~20%
- Any leasing happening right now?
- What are tenants asking for?
- Status of construction projects



Takeaways and Questions



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