The Future of Work- space

Major changes to the workspace, post COVID-19

Let's get started.

Similar to how the global recession of 2009 gave birth to the modern-day coworking space, early research and results in workplaces indicate that COVID-19 will lead to a myriad of changes in how we work, for good.

There's no denying 2020 has been a roller-coaster year. We've been confused and conflicted, not knowing what will happen next. We've seen businesses thrive while others struggle, we've seen years of hard work undone in a matter of weeks, but most of all we've been concerned. Concerned for the health and safety of us and our loved ones, concerned for our plans and aspirations, for postponing our time spent with friends, birthday parties, weddings, funerals, gatherings, all affected by this virus ravaging our world.

Despite the terrible circumstances we find ourselves currently in, there's a silver lining to be seen everywhere we look. Communities coming together and helping each other, families spending more time with each other, health and wellness taking a front seat in many more people's lives and businesses pivoting in directions that should have been done long ago. But as the devastation subsides and the smoke begins to clear, we turn our eyes to the future and what it holds for us all.

In this report we will explore a few of these documented changes and their relevance to the future of workspace in Australia.

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Get to the point!

You're a busy person we get it, so we thought of you first when making this and we've made this handy page with our key findings in case you don't have time to read the rest! But if you're interested in learning more about any of the points, continue reading on!

Key Findings

Remote working is here to stay with much of the current research pointing to business owners' intention of keeping some portion of their workforce working remotely.

The benefits most valued by remote workers are flexibility in schedule (73.9%), ability to work from anywhere (70.6%) and lack of commute (62.6%) most.

Larger businesses are reducing the need for large CBD based offices and are instead looking for more flexible solutions where their staff can work near home instead of from it.

There are challenges that come with telecommuting, however. The same group of remote workers suffering from loneliness (46.7%), overworking (46.89%) and the inability to avoid distractions at home (55.49%) coming out on top.

The workforce enjoys remote working to some degree, the problem is being locked into a world where we can only work from home. A blended work environment which allows increased flexibility is the way forward.

With constantly evolving government regulations surrounding safety in the office, more businesses are looking for spaces which "do the work for them" and provide a workspace compliant with these ever changing protocols.

Less dense, makes sense.

Accelerated workforce decentralisation.

Prior to the COVID-19 lockdowns, we started to see a slow shift in larger corporations' view of office space and where their staff work from. Driven by a need to reduce the workspace cost per employee and create a healthy environment for attracting and retaining quality staff, forward thinking businesses were making the shift to allowing their team to work remotely part-time and from the head office for the remainder.

Most experts estimated the workplace starting to go mobile by 2022, but no one anticipated the start of the largest ever remote-working experiment to take place.

"Office centricity is over"

— TOBI LUTKE, SHOPIFY

What percentage of your workforce will **remain permanently remote** post-COVID who were not remote before COVID?

In April 2020, Gartner, Inc. released a survey of 317 CFOs and finance leaders which revealed that 74% of businesses will move at least 5% of their previously on-site workforce to permanently remote positions post COVID-19.
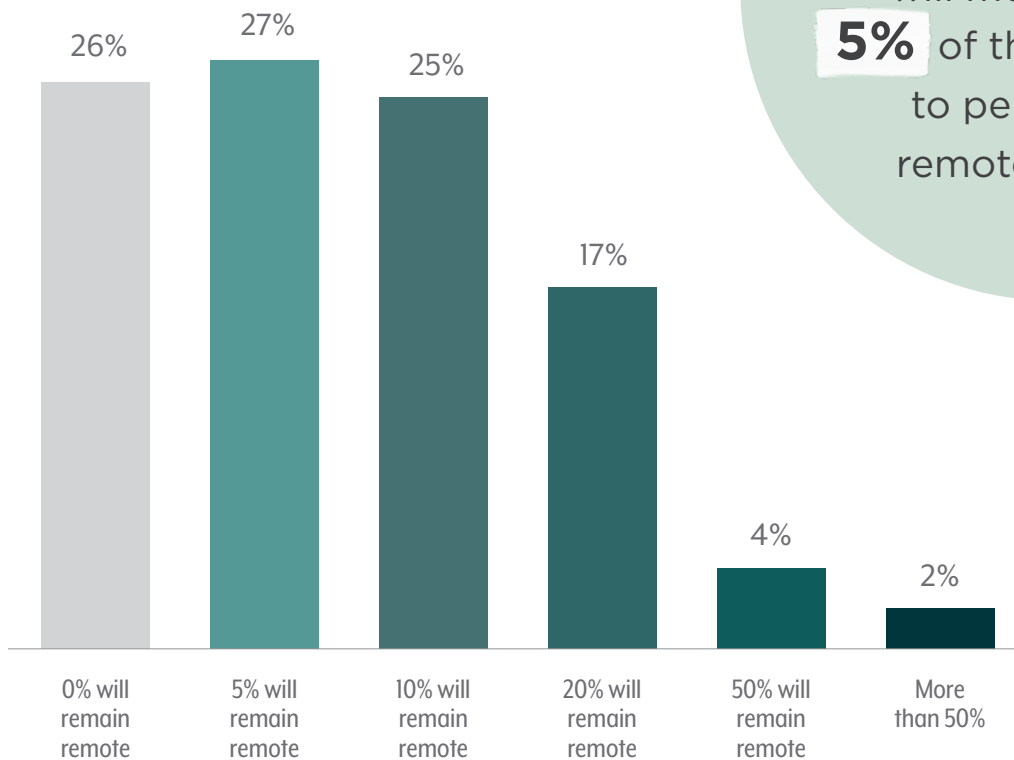
74% of businesses will move **at least** **5%** of their workforce to permanently remote positions

26% — 0% will remain remote
27% — 5% will remain remote
25% — 10% will remain remote
17% — 20% will remain remote
4% — 50% will remain remote
2% — More than 50%

By finding a location which meets the business' needs and mitigates any potential risk or concerns involved, large teams can decentralise into smaller teams spread out across the state. Without the need of a dedicated central location to work from, businesses who introduce telecommuting are now also able to remove the geographical constraints they face when attracting talent. With this ability to now hire from anywhere in the state (or country) these forward-thinking businesses can reap the benefits of finding quality staff, with greater ease.

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Home is where the *home* is!

Greater demand for flexible & productive workspaces near home.

A recent study by coworker.com has shown that after working from home for the first time, 52.9% of remote workers said they now aspire to work remotely for the remainder of their careers. While the push from our government to work from home will eventually come to an end, there are many factors which both employees and employers say they don't want to give up on.

52.9% of remote workers said they now aspire to work remotely

"Squeezing onto a packed train was normal last year — now it seems unthinkable"

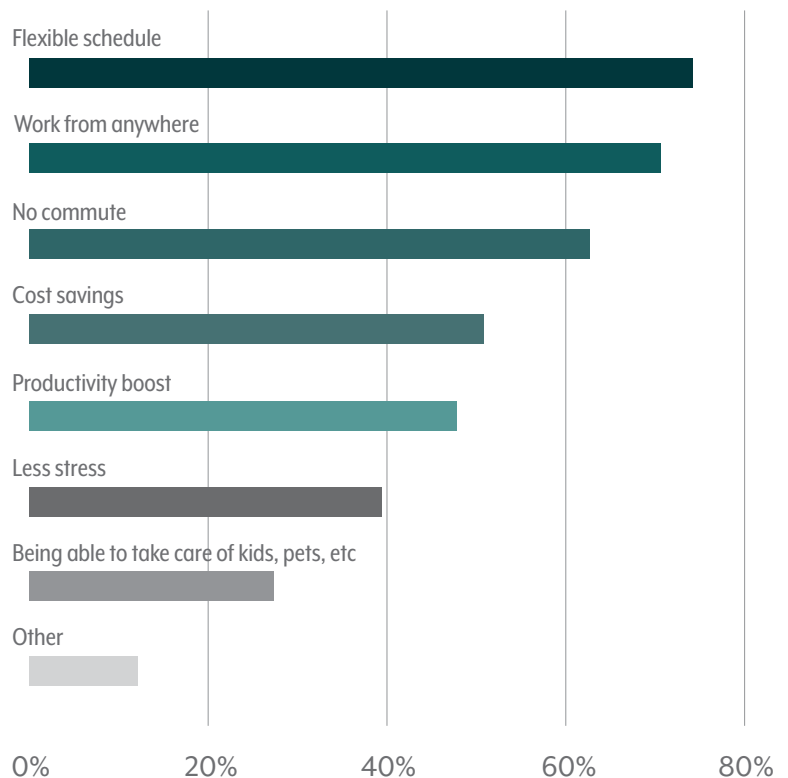— THAMI CROESER, CENTRE FOR URBAN RESEARCH

As the days progress and working from home becomes the norm, the visions of a not-so-distant past still play back in our mind. The workforce has finally had a taste of flexibility and likes it.

What do you **enjoy** most about remote working?

For both first-time and long-time remote workers, a majority agreed that their remote setup had a positive impact on their finances, mental health, physical wellness, family or social life and their career success.

Flexible schedule

Work from anywhere

No commute

Cost savings

Productivity boost

Less stress

Being able to take care of kids, pets, etc

Other

0%   20%   40%   60%   80%

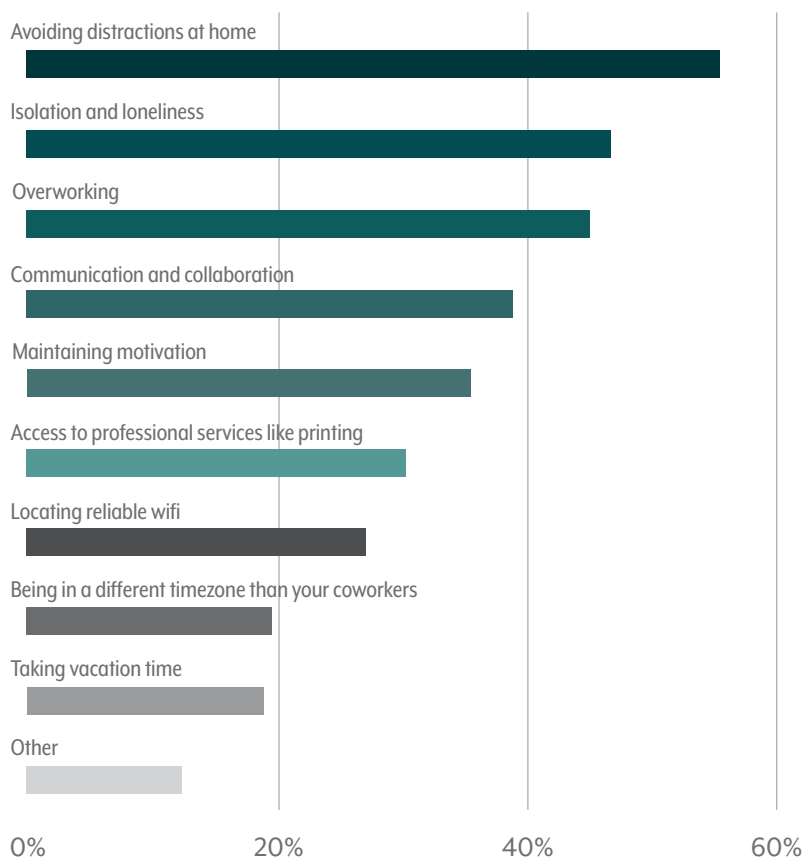Remote work has a **positive impact** on finances, mental health, wellness, family and social life

What are your biggest **challenges** when working remotely?

Working from home isn't perfect and the negatives are also having an effect on the workforce. Whether because of family, a need for human contact, or a lack of an easily adaptable workspace, businesses are now looking for a middle ground in both flexibility and efficiency for their team's workspace in the future.

Distractions and **loneliness** are major problems when working remotely

Avoiding distractions at home

Isolation and loneliness

Overworking

Communication and collaboration

Maintaining motivation

Access to professional services like printing

Locating reliable wifi

Being in a different timezone than your coworkers

Taking vacation time

Other

0%   20%   40%   60%

"Though we can be functional and get things done — it's very very hard to have any kind of brainstorming or creativity like this [virtually]"

— SIMON SINEK

The ideas of productivity without the commute, cost saving without the isolation and reduced stress overall ring out the clearest from this experiment and it's clear that in the end well positioned coworking spaces will come out on top. Steve Barrett from PR Week believes that "An increase in remote working, smaller inner-city head offices — even more focus on smart, nimble digital work and less travel will likely characterise the future."

For those who have worked from home in the past, they know that the long-term effects are yet to be seen and people without access to a reliable network or IT support, an ergonomic workspace, printers, scanners and other equipment will face ongoing difficulties as they continue to do so.

For these reasons, businesses will start looking for workspaces strategically based in suburban regions with access to all the facilities and amenities of a CBD location for their remote teams to work from.
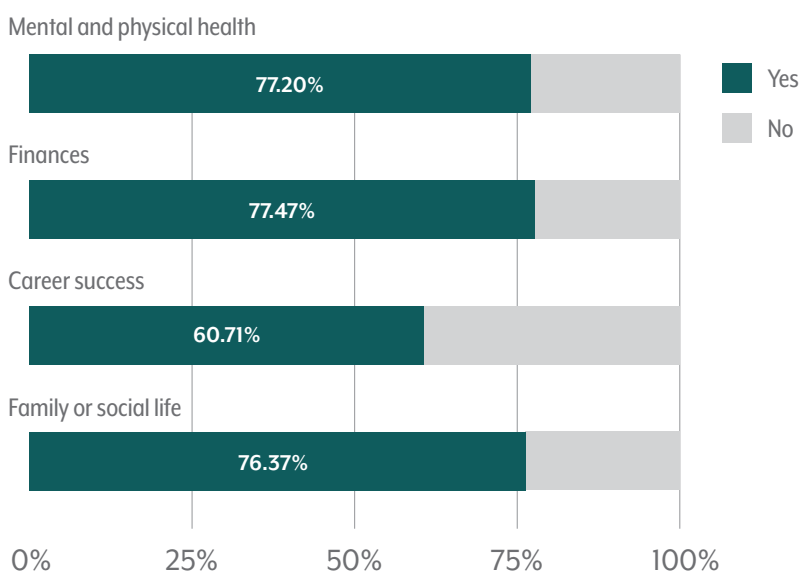
Healthy. Wealthly. Wise.

Positive impact on health and productivity of remote workers.

We don't need to explain to you why working healthier and being more productive is a good thing, what we do need to explain however is that working from home has many positive health benefits to the workforce as a whole! In their "Future of Remote Work" report, Coworking Insights asked remote workers if they had noticed any positive effects of working from home, and the results are... very eye catching.

Working remotely has significant upsides — **healthier, happier** teams

Has remote working had a **positive effect** in any of the following areas?

Mental and physical health

77.20%	

Finances

77.47%	

Career success

60.71%	

Family or social life

76.37%	

■ Yes
■ No

0%   25%   50%   75%   100%

While not for all respondents, there is clearly quite significant health benefits for most people when working remotely, these benefits ultimately lead to a happier team and therefore a more profitable business.

Which then begs the question itching in the back of your mind "But what about productivity?". Well for that we point to you a two-year study by Stanford University in 2017 which analysed the habits of over 15,000 remote employees. The study found that an astonishing 79.67% of respondents claimed that their remote working arrangement allowed them to be more productive and increased their work output and overall yield. Further to that, employee attrition decreased by 50% among remote worked with less sick days, time off and shorter breaks. If that isn't sufficient reason for you, they also reduced the cost per employee on rent by reducing the amount of space they needed in their head office.

There was one caveat issued with the results of the study, over 50% of the group changed their mind about remote working full time after becoming too lonely at home. This led Bloom to recommend a hybrid model where employees work remotely a few days a week, and from the office for the remainder.

Do you believe your remote work arrangement allows you to be **more productive**?

No

Yes

(79.67%)
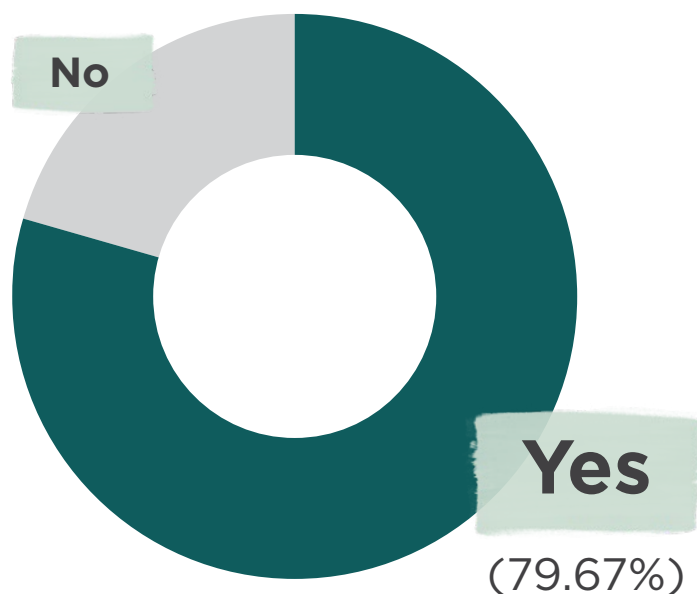
Safety first please!

Increased need for "COVID-19 compliant" workspaces.

In turbulent times like the ones we currently find ourselves in, it can be very difficult to stay on top of constantly changing government regulations designed to keep the Australian workforce safe. Because of this, business owners find themselves spending an exorbitant amount of time ensuring that their workplace meets compliance standards that they are responsible for. Things like ensuring workstations are designed ergonomically, hazards are removed, technology is up to date, and their team is working well within their allocated space.

Now with the addition of stringent social distancing protocols, it can be a very taxing responsibility for businesses to ensure they have the correct information and know-how to keep their workplace compliant. Many businesses have opted to appoint a 'social distancing officer' who, in addition to their daily activities, is responsible for:

- Identifying 'risk' areas
- Identifying high frequency touch points
- Allocating capacity limits in offices
- Changing maximum capacity for meeting rooms
- Development and management of a staff roster
- Preparing office signage
- Sharing information and updates with staff
- Management of supplies

Keeping up with **constantly changing government regulations** is becoming increasingly difficult

As of July 2020, Safe Work Australia's current COVID-19 checklist spans 37 points which are recommendations for business owners and office managers to follow in order to prioritize the safety of their staff and to reduce the spread of the virus.

Our current climate and conditions are ever changing and the government regulations surrounding this adapt to the circumstances, making it difficult for under-resourced businesses to keep up.

While the lifespan of the virus may not be as long, it is expected that these regulations will continue to exist in some form for up to 18-24 months. These changes are likely to remain for some time past the duration of this pandemic period and require constant updating:

- Working from home when needed
- Physical distancing at work
- Hand-washing and hygiene
- Behavioral signage and posters
- Cleaning
- Self Isolation when ill

As of July 2020, Safe Work Australia's current COVID-19 checklist spans **37 points**

The increased pressure on business owners from government compliance and the lack of flexibility within a normal lease sees commercial spaces becoming decreasingly attractive in the marketplace and increases the attractiveness of the convenient 'serviced offices'.

The added benefit to all our members' is that as we add continued internal resource to this, we allow customers to access a space that is "automatically" compliant with government regulations. We understand that one of the top benefits for consideration in a shared workspace is the convenience and reduced administrative workload put on business owners (or office managers); this will only add to that as a deciding factor moving forward.

"Australian workplaces have a responsibility to enforce strict social distancing rules after the lockdown and to implement many other changes."

— GAVIN WARD, OFFICE NATIONAL

At Waterman, our strategically placed centres in the suburbs of Melbourne and plans for further rapid expansion put us in a prime location for these forward thinking businesses. The combination of location, amenity and customizable contract terms puts this future of workspaces much closer to the present day than previously thought.

Get in touch!

If you wish to find out more about the future of workspaces in Australia or your needs as a business, please don't hesitate to get in touch.

waterman.com.au | **03 8782 3777**

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