Workplace design as a strategic tool for real estate development. Observing global mind-set shift to wellness

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Abstract

The proposed paper will present an overview of how workplace design strategies can positively affect real estate development. The paper will focus on the office building stock. Case studies and numbers will be presented concerning the global discussion for the future of work which implies that there is a shift towards a human-centered approach both in business growth issues and workplace design trends.

FACTS – PRESENTING ACTUAL SITUATION

There is adequate office building stock. Corporations and real estate companies always seek for ways to optimize space management and space related resources and costs. New technology tools can produce data measurements for space utilization and energy consumption. The co-working phenomenon is in progress. The interest of office building property turns to office building facilities as an offered service. Sustainability is a key design factor which relates to real estate market.

The discussion concerning the future of work deals with the impact of digital transformation, the need for flexibility and agility and new workplace design approaches. There is extensive research on how workplace design affects productivity and employees’ engagement.

The discussion regarding business productivity and performance is shifting towards human-centered approaches. The WELL building standard will be used as an outstanding paradigm.

INSIGHTS

Smart workplaces with wellness factors are leading the workplace design best practices.

Data analytics can be easily gathered thanks to new technology tools.

Co-working and shared workplace building developments transform workspace strategies from real estate ownership to services.

REAL ESTATE DEVELOPMENT OPPORTUNITY

Alternative trends on developing and designing existing and new office buildings are being implemented.

Workplace design can offer added value to office building stock. Contemporary workplace design can be used as a strategic tool for real estate development.

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Case studies will be presented.

**Keywords**: workplace design; real estate development; future of work; smart workplaces; sustainability, design strategies; wellness

### 1. Introduction

The proposed paper will present an overview of how workplace design strategies can positively affect real estate development. The paper will focus on the office building stock, which is massively underutilized. Case studies and numbers will be presented concerning the global discussion for the future of work which implies that there is a shift towards a human-centered approach both in business growth issues and workplace design trends.

The world of business always focuses on productivity and growth. The discussion around what affects them seems to have been moving to various mind-sets through time. This paper will focus on the current discussion around the future of work and how it will affect business development from a building and workplace design point of view. The WELL building standard will be used as an outstanding paradigm. Greek case studies will be presented.

### 2. Facts- Presenting actual situation

#### 2.1. Building

- There is office building stock around the world especially in big cities, including Greek real estate market. Especially in Greece office buildings constitute the second bigger category in real estate property, according to the latest building census of 2011, of the Greek Statistical Office. Office building with exclusive use accounts for the 4% of exclusive use buildings and 15% of mixed use buildings, with the 79% of exclusive use being residential buildings. Office buildings in Greece are not up-to date concerning equipment, infrastructure and design. Furthermore, office buildings are underutilized.

- Corporations and real estate companies with extended real estate portfolio always seek for ways to optimize space management and space related resources and costs. Since cutting expenses policies are being implemented extensively, it is obvious that reducing costs can be easily achieved with optimization of space management. Less space for the same employees, or the same space for more employees leads to cutting lease and facility management costs. Workspace can be enhanced in terms of effectiveness and efficiency after redesign and rearrangement.

- New technology tools can produce data measurements for space utilization and energy consumption. Software and applications with the use of sensors and smart devices can produce information about space occupancy and use. They can be used to optimize space utilization with booking systems for desk sharing, meeting rooms, parking spaces. Building Management Systems (BMS) offer a complete and holistic control of energy consumption and result to optimization of energy consumption and relative cost reduction.

- Start-ups, freelancers, small businesses are looking for alternative ways to grow without the need for initial capital and risk for property lease and equipment. New services emerge concerning building facilities, which offer alternative ways to use building office facilities without risk and commitment.
The co-working workplace type is a new working space arrangement which presents a great development the last decade. The co-working phenomenon is a new way of working in shared spaces, having all workspace facilities in fully equipped spaces where communities are created and people connect in new ways. There are different types of co-working spaces and shared offices which provide multiple services and facilities.

D. Katsikakis eloquently describes the co-working phenomenon and its expected growth; “Co-working spaces can provide an extremely nurturing context for start-up companies, and while initially they were much more prevalent in technology companies, they have now spread across all sectors of economic activity. Successful co-working environments curate authentic experiences; ubiquitous Wi-Fi, great coffee, healthy food and services, alongside networking events, and demand for them is exploding. In 2011, there were only 1000 co-working spaces worldwide, with a dominant presence in Europe and the USA. The latest survey by the CoWorking Europe Conference (2015) demonstrates that four years later, there are almost 7,800 co-working spaces. The forecasts suggest that their growth is unstoppable: by 2018 there will be 37,000 co-working spaces spread across all continents and there will be over 2.5 million professionals who buy membership in a co-working space.” (Katsikakis, D., 2017, p.11)

In Greece there are few small scale co-working spaces and shared offices services mainly in Athens.

2.2. Sustainability

Environmental approach to building design and transformation is already incorporated and implemented in contemporary real estate developments. European and national directives make sustainable design parameters obligatory to all new and existing buildings. “The Energy Performance of Buildings Directive requires all new buildings to be nearly zero-energy by the end of 2020. All new public buildings must be nearly zero-energy by 2018”.

Low energy consumption buildings or/and zero energy buildings have great impact on the real estate market and market values. There is greater demand for low energy performance buildings; they have lower vacancy rates and higher lease rates.

There are various energy building performance certification systems which classify buildings from an energy consumption and environmental impact point of view. The dominant certification systems are American LEED and British BREEAM.

“LEED or Leadership in Energy and Environmental Design, is the most widely used green building rating system in the world. Available for virtually all building, community and home project types, LEED provides a framework to create healthy, highly efficient and cost-saving green buildings. LEED certification is a globally recognized symbol of sustainability achievement” “LEED buildings attract tenants, cost less to operate and boost employee productivity and retention.” (LEED)

“BREEAM is the world’s leading sustainability assessment method for masterplanning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment.
BREEAM does this through third party certification of the assessment of an asset’s environmental, social and economic sustainability performance, using standards developed by BRE. This means BREEAM rated developments are more sustainable environments that enhance the well-being of the people who live and work in them, help protect natural resources and make for more attractive property investments.” (BREEAM)

Both certification systems and others alike emphasize on the impact of optimizing energy consumption cost, environmental impact and added value to the buildings presenting numbers and extended research and case studies to prove it. All certified building stakeholders tend to publish, advertise and profit from certification achievements, since it makes a difference in real estate market.

2.3. The future of work

The discussion regarding the future of work deals with the impact of digital transformation, the need for flexibility and new workplace design approaches. There is extensive research on how workplace design affects productivity and employees’ engagement. Some of the dominant key issues about the future of work follow;

- Digital transformation is now a given fact. It has already transformed the way of working. Space needs have been reduced, spatial attachments and restrictions are removed. Distance working and virtual cooperating are now effective. Live meetings have been replaced by Skype and relevant platform virtual meeting possibilities. Commuting can be reduced. Paperless offices can save a lot of space. Smaller and/or smart devices save space and allow for mobility.

New collaborations between office furniture and technology companies emerge, creating new products that use smart technologies and fit to new ways of working.

The effect of digital technology on space is described by Leslie-Carter et al; “Digital transformation improves portfolio efficiency by increasing integration and automation of building operations. It makes the facilities manager’s role far more strategic, and maximises the use of the building and its assets. It also drives up tenants and occupants’ expectations about the experience produced, both functionally and emotionally. Users benefit from a range of integrated services that support their individual needs and preferences. And given buildings’ long lifecycles, digital transformation represents increased agility by giving property owners and managers new abilities to adapt to changing user needs over the lifecycle of the building. These buildings provide a wealth of actionable data that allow far better portfolio management and planning for the future. For property decision makers, these new cloud-based data systems, powered by artificial intelligence, will make it possible to store, process and visualise data that create portfolio-wide insights”(Leslie-Carter et al, 2017, p.46).

There is even a certification system for digital infrastructure and connectivity. “Wired Certification is a commercial real estate rating system that empowers landlords to understand, improve, and promote their buildings' digital infrastructure.”(Wired Certification)

“Internet is among the top three most important factors for tenants who are searching for office space, along with cost and location. Until now there has been very little information available to tenants about the quality of internet connectivity in office spaces. Wired Certification provides that transparency and access to information to tenants.” (Wired Certification)
• Flexibility is a new working possibility that affects workplace strategies. Flexibility refers to how, where and when work happens. Working hours are flexible and extended far from 9-5 timetables. Synchronicity is not necessary and meeting does not mean only being in the same location. Connectivity expands working possibilities. Workspace can be anywhere, from typical workspace environments, co-working and shared spaces, home, cafeterias or even beaches since connectivity is provided. Digital nomads, distance workers, flexible workers, unexpected collaborations, flexible workspaces combine contemporary workplace.

• Workplace design approaches are moving from dedicated offices arrangements or desk sharing models to activity based workplaces (ABW) or even needs based workplaces (NBW). Workplace design trends propose a new model of space arrangement. Space is flexible and office and meeting arrangements may vary according to different needs. Employees use the kind of space they need based on every specific kind of work they may have each day or during the day (focused work, collaboration, meeting, informal meeting). Space utilization can be optimized. Employees’ needs are served more effectively.

• There is focus on research on how workplace design affects productivity and employees’ engagement. There are numerous surveys, articles, research, posts on how productivity relates to good comfort conditions and employees’ satisfaction. Workplace conditions from basics like ventilation, lighting, thermal and acoustic conditions to more elaborated such as nutrition, biophilia, special wellness factors are believed to relate to optimizing productivity.

Some indicative numbers are presented by Quintana; “leading research is demonstrating how better buildings can help make people more productive, reduce absenteeism and create more enjoyable, healthful work environments.

In a Dodge Analytics study, 69% of building owners reported that healthy building features increased employee satisfaction.

In a CorenetGobal study, companies implementing healthy workplace designs reported a 47% increase in employee engagement.

A recent Harvard study found that office workers performed better on cognitive function tests in buildings with enhanced ventilation rates, equivalent to roughly $6,500 per employee per year in increased productivity.” (Quintana, 2017)

2.4. Human-centered mindset shift

The discussion concerning business, productivity and performance is shifting towards human-centered approaches.

There is a global mindset shift to human centered or employee centered approach. There was no discussion in relation to it the previous years, but now is one of the main topics concerning workplace conditions. Employees are now in the center of interest of business leaders and influencers.

Di Meglio points out: “Maybe this wasn’t a popular topic in the past, but today, more than ever, your staff will play the most crucial role in the success of your company. With millennials officially taking over the workplace, it’s important to understand what they want and what they need in their work environment to help them thrive. Further, at least for now, there are still baby boomers in the workplace. Ask them what they need to succeed. For some, a lack of private meeting space, new technologies and other changes and enhancements might be causing a great deal of stress and anxiety to their work.” (Di Meglio, 2017)

Some of the key relevant topics are;
• The war of talents and employees’ engagement. Companies make great effort to attract and retain talents against their industry competitors. The company’s culture and values and workplace conditions, including workspace, seem to matter to talented employees’ preferences.

• As millennials enter the workplace a discussion emerges regarding the coexistence of generations in workplace environments and their special characteristics and requirements.

• Inclusion and diversity as business drivers and enablers. There is a lot of saying and writing between HR managers on how diversity and inclusion in workplace offers better performance for companies and organizations. Gender and race diversity, ageing issues, women empowerment are key topics in many workplace conferences, seminars, events. Numbers that highlight the better performance results in companies that support diversity and run inclusion programs are presented and emphasized.

• Collaboration as a driver of innovation. Innovation as a driver for success. It seems that management strategies shift to more collaborative work, trust, sharing and flow of information. Innovation is considered to be a key factor for growth. Workspaces are considered to play a key role on supporting collaborations and innovation.

• Employees' well-being is prioritized in workplace design strategies. Wellness and well-being are key factors for current global workplace discussions. It refers to workplace spatial conditions and amenities, to time related rules and to special programs offered by HR services to employees including gym programs, nutrition, health facilities.

The shift to employee-centered approaches in matters of productivity and performance is revealed in numerous surveys and research articles and posts on social media. What empowers the argument is the WELL building standard, which connects building performance with wellness.

2.5. WELL building standard

“The WELL Building Standard™ (WELL) is a performance-based system for measuring, certifying and monitoring features of buildings around the globe that impact the health and wellness of people. It is grounded on evidence-based research that demonstrates the connection between the buildings where people spend approximately 90 percent of their time and those buildings' health and wellness impacts on those who use them. The WELL Community Standard™ is a district-scale rating system that takes into account the interconnectivity between buildings and their surroundings and the overall impact on human health. The WELL Building Standard and the WELL Community Standard are developed and delivered by the International WELL Building Institute™ and third-party certified by Green Business Certification Inc.” (WELL building standard)

The WELL building standard has seven core concepts and hundreds of features that defend health and wellness in building design and implementation. The main focus areas are air, water, nourishment, light, fitness, comfort, mind.

Until today, WELL has enrolled more than 780 projects in 32 countries worldwide. In Europe more than 170 projects across 13 countries are engaged with WELL, representing 25% of global WELL project square footage. In Greece there are no projects with WELL certification.

The WELL building standard is an evolution of sustainability and energy performance building standards which goes beyond strictly building characteristic metrics towards a more human-centered approach. It encloses features that enhance and promote end-users well-being, in terms of services and culture.

3. Insights

We sum up the aforementioned presented observations and remarks to offer some insights that relate to real estate property market.
We take for granted that for architects, planners and designers a human-centered approach to serve people’s needs is promoted as the essence of designing building environments. There is a mindset shift to human centered design approach outside the design industry stakeholders.

Data analytics can be easily gathered due to new technology tools. Global research shifted to new ways of using data analytics to connect well-being with productivity issues.

Smart workplaces with wellness factors are leading the workplace design best practices. Organizations, business owners, real estate developers, real estate companies and real estate market stakeholders observe and adopt successful design strategies that create added value for buildings and seem to offer remarkable Return Of Investment (ROI)

Co-working and shared workplace building developments transform workspace strategies from real estate ownership to services. There are some famous success stories about co-working real estate developments globally.

“A recent survey of corporate occupiers in the EMEA region highlighted the wellness agenda as a strong and growing focus, alongside technology and flexible space, in an attempt to enhance the experience of people inside the spaces. Of those surveyed, four out of five occupiers have, or plan to introduce, wellness programs and 92% have some degree of preference for wellness-enabled buildings.” (International Well Building Institute, 2018)

Insights from global workplace strategies imply a real estate development opportunity for property investors, owners and real estate stakeholders.


The overall criterion of business growth is always productivity and performance, cost savings and optimization. It seems that today the discussion shifted from a strictly metric approach to a human centered approach. Alternative trends on developing and designing existing and new office buildings are being implemented.

These shifts will work to the advantage of office buildings that offer: sustainability and low energy consumption, space management optimization and flexibility, support end-users’ well-being, certification that guarantees building performance, integrated smart analytics.

Insights presented can transform to building development opportunities. Workplace design can offer added value to office building stock. Contemporary workplace design can be used as a strategic tool to real estate development.

Greek workspace reality is not supporting employees’ wellbeing or even serving the basic needs. On the contrary, somebody could easily prove that -in most cases- working space environments are completely inappropriate for the convenience of people spending their working lifetimes there.

Our architectural design agency with our collaborators and clients will present some key projects that are perfect examples of real estate developments that offer added value to existing buildings via better performance metrics, space management optimization and mainly human-centered workspace design results that transform both building and employee performance, with considerably reasonable to low construction cost..

The projects that we are presenting are

- The complete transformation of a former telecommunication center to a contemporary office building with BREEAM certification. The building was vacant and needed refurbishment. Today it is a totally new building with human-centered and sustainable design approach. After redesigning the company-owner achieved operational cost reduction of 30% and cut on leasing costs from two lease buildings using one with ownership.
• The renovation, redesign and change of working model for a real estate company. The company relocated its headquarters to a renovated section of a key building. Workspace design transformed the existing situation to an employee experience centered workspace. Space consumption was optimized with 30% more employees and operational costs reduced 25% as a result of renovation strategies.

• The rehabilitation of a former retail store to a high tech workplace for an agile tech company. Workplace design made the most out of the space potential offering maximum space utilization, offering the employees a workspace that supported their well-being.

Having the experience and expertise on workplace design and workspace management our agency can identify a clear opportunity of real estate development with guaranteed return of investment in existing buildings for workplace transformation which is successfully implemented globally and can lead to success real estate stories in the Greek real estate market.

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