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## COVER STORY

# LESSONS FROM THE LOCKDOWN

Part 1

AS THE SPREAD OF THE PANDEMIC LED TO THE SHUTDOWN OF THE ECONOMY IN POLAND IN MID-MARCH AND APRIL, AMCHAM QUARTERLY CONTACTED TOP MANAGERS OF SEVERAL MEMBER COMPANIES TO LEARN WHAT LESSONS THEY HAVE DRAWN FROM THE LOCKDOWN. IN THIS DISPATCH, **TOMASZ BURAS, CEO OF SAVILLS**, SHARES HIS THOUGHTS ABOUT THE TRENDS OF THE OFFICE MARKET, WHICH HAVE BECOME MORE POPULAR BECAUSE OF THE PANDEMIC.

# COVER STORY

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# LESSONS FROM THE LOCKDOWN

## Savills

AMERICAN COMPANIES MOVED SMOOTHLY INTO WORK-FROM-HOME MODE. THEY CONTINUED TO ADAPT TO THE CHANGING SITUATION AND HAVE LEARNED LESSONS OF STRATEGIC IMPORTANCE TO THEIR BUSINESS.



**Here to stay:** With the development of sophisticated distance work tools, the modern office is not on its way out.

# WORK AND LIFE

## THE PANDEMIC HIGHLIGHTED SOME LONG-ANTICIPATED TRENDS REGARDING DEMAND FOR MODERN OFFICE SPACE.

As the Covid-19 pandemic hit the country in March and sanitary authorities ordered a subsequent lockdown, most companies adopted a work-from-home mode of operation and sent office workers home to lower their chances of contracting the virus. Had they been working at the office, an outbreak would have required the quarantine of not only the individuals with Covid-19, but all other workers who had contact with them. This was a massive change for many companies, with some sending as many as 90 percent of their office workers home. Work-from-home mode seemed to work, and many firms said that their employees' efficiency working from home even reached pre-Covid in-office levels.

As the lockdown continued, many managers praised the new work model, saying that not only did it solve the Covid-related safety issues for their companies, but also cut operating costs. The latter was equally important at a time when the majority of companies struggled with cash flow and liquidity problems due to massive drops in revenues.

The lockdown in Poland was ended right before summer, and instead of returning to the office, many workers went on their summer vacations. Many of those who did not go on vacation continued to work from home, as their companies did not insist that they return to the office. In many cases, employers encouraged their workers to con-

tinue to work from home, arguing that this new model will continue to prevail even after the pandemic is over. More and more companies are adopting the work-from-home model on the strategic level and intend to use for many years after the pandemic. With this, some analysts have begun to forecast that office space demand will shrink significantly in the years to come, leading to oversupply that will cause a sharp downward trend in rent prices.

### THE OFFICE IS HERE TO STAY

Some of these predictions are being made too soon, argues Tomasz Buras, CEO of commercial real estate agency Savills. He points at the survey entitled "Office Fit" conducted among clients of Savills in late April and early May that revealed 89 percent of respondents believe that the office will remain a necessity. With this, the authors of the report estimate that there could be a 10 percent reduction of office desk space in the months to come, although "the impact on total office space will be negligible." Tomasz Buras explains that this is because the office will remain a critical work environment for many companies. Some companies cannot allow their employees to work from home because their profession requires that team members work together, interact, and learn from each other during their work. Other firms need office space to keep their employees physically close to business-critical processes and vital

brick-and-mortar infrastructure. "In consulting, especially in transactional advisory, online communication tools help stay in touch and share information, but they can not replace face to face meetings and negotiations during which you can build trust and relationships much quicker," said Tomasz Buras. "It is also difficult to create corporate culture and embrace collaboration remotely. For this they need office space".

### HUMAN ENVIRONMENT

There are other reasons why office space is so critical. Young workers, single and under 30, feel comfortable in the office. They form interpersonal relations, find groups of people they want to belong to, and make friends. "Personal interaction is an important part of human behavior and people need it," says Buras, adding that the lockdown was a very difficult time for people living alone who were forced to work from home.

Another benefit to working in an office is that team members are close to each other, their team leader and the company's top management. Their relationships are enriched with human interaction that transcends the verbal and informative and reinforces their bonds on the level of corporate culture and values. Being together as a team has a significant positive impact on building the company's integrity and boosting employee morale.

Of course, some individuals prefer to work alone from home. These are people with strong introvert personality traits who are independent and work most efficiently when distanced from the other team members. Such traits are often found among experts, freelancers, and software programmers, to name a few.

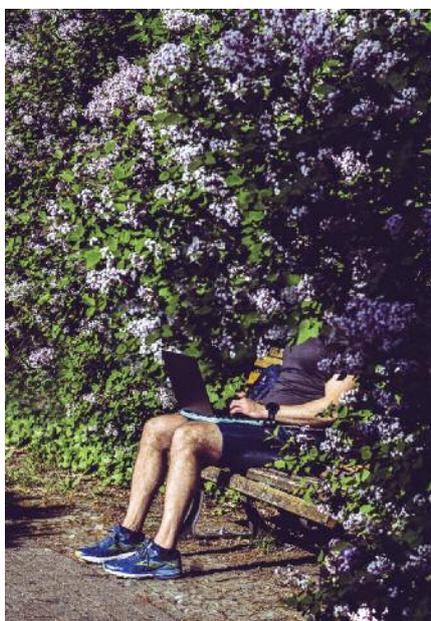
### HOME, NOT SO SWEET HOME

Buras notes that the widespread working from home experience during the lockdown and the obvious cost-cutting aspects for companies revealed some problems depending on the workers' living standards and family. Those who had comfortable apartments and could set up a place to work that separated them from other family members were happy to work from home. However, workers with small apartments that they shared with spouses and children often found working from home a painful experience. The lack of a dedicated place to work became a serious shortcoming. Ergonomic chairs, desks, and appropriate lighting are all a must for working long hours at a desk and taking part in video conferences and meetings. Many workers had to share their already insufficient "home office infrastructure" with spouses working from home. At the same time, they were engaged in taking care of their offspring, who also stayed at home and used home internet infrastructure for distance learning and gaming. Having spent six weeks during the lockdown working at kitchen and bedside tables, many people developed serious backbone pains and other issues, including mental problems. "Living and working at home brings about a different type of mental wear," says Buras. "People need to draw a line between work and private life—when you work at the office, the line is clear cut right after you leave your home."

### HUB AND SPOKE

Tomas Buras notes that the pandemic itself did not drastically affect the office market's development but did speed up some trends that had emerged years before the pandemic. For instance, it was generally understood that commuting to work was difficult for people in big cities who had to cover long distances and spend precious time stuck in traffic jams. One of the trends that emerged in reaction to this was for companies to lease additional offices in locations easily accessible to their workers. This is an alternative to keeping all the workers at a central location, which is often difficult to access during rush hour. This model, known as "hub and spoke," is becoming increasingly popular due to the pandemic. The model's name is inspired by the airline model of transporting passengers from local

airports on small planes (spokes) to big airports (hubs), where they continue on their travels. This is a good way to spread workers out, avoiding the potential transmission of Covid across the company. It also makes the lives of commuting workers easier. Some companies offer a "flexible" office space equipped with all the necessary infrastructure, including secure internet connections. An employer could thus lease 20 workplaces in such an office in one location and buy 20 access passes to other office operator locations in Warsaw for their employees who work from home. When people working from home need to have a meeting with a client, they can set up a meeting at any location in the city and use the "flexible" office. "Such solutions were offered before the pandemic, and now the demand for them is on the rise," Buras says, adding that this model fits into the hybrid



**Peace and quiet:** Business parks combine top-class office facilities with amenities including outdoor spaces designed to offer comfortable surroundings for relaxing, socializing, and working.

model of work, combining the home office with the real one.

### THE PERKS OF BUSINESS PARKS

According to the authors of the Savills report, office space in business parks will be more sought after because of the pandemic. First, this is because business parks, which are located outside of the city center, solve commuting problems for many workers who do not live in city centers. This is a very important aspect for workers who are more environmentally aware and keen to reduce the unnecessary carbon footprint on their commuting to work. Second, business parks combine top-class office facilities with amenities including outdoor spaces de-

signed to offer comfortable surroundings for relaxing, socializing, and working. This aspect is of increasing importance to tenants, as the congestion of city centers is on the rise.

### RESIMERCIAL

A relatively new idea of combining residential space with commercial (office, retail, and restaurant) is taking root, and the pandemic has only reinforced this. Since working from home may not always be ideal, residential compound developers have come up with a solution that devotes part of the area to office space. Such office zones are available to residents and occupiers of the compounds. They can work there with access to the appropriate office infrastructure and everything is walking distance from their home. According to Tomasz Buras, remote working is creating opportunities for co-living brands in residential real estate as people are placing more emphasis on selecting buildings in which they can live and work comfortably. "Co-living is the purest manifestation of Space-as-a-Service in the residential sector and commercial real estate developers can learn a lot from the residential and hospitality world as it shifts from product to service," Buras says.

### THE OFFICE REVISITED

The pandemic also reinforced some trends in office design. After the experience of working from home, some workers now not only appreciate the luxury of working in the office, but also expect more from it than before. Those who worked from home and enjoyed the privacy of their own spaces want the office to meet their expectations in this respect as well. As a result, offices will be even more comfortable, combining open spaces with the need for privacy and distance from other workers according to Covid precautions. The new office must now reflect a future agile workforce, offering comfort levels similar to what employees have (or miss) at home.

Tomasz Buras said that it will be interesting to see how the pandemic influences the concept of what makes an ideal office. "Employers should take on board their findings and allow their staff more control in creating their perfect workplace. A well designed, sized and located office premises will drive employment, improve amenity offering and even encourage business migration," said Buras. "Companies will continue to attract and retain high-performing talent if employees feel that their needs are being prioritised. These relating to workplace will hopefully produce more of well-designed and comfortable offices" Buras said, adding that workplace is one of the best ways to manifest company's culture and values.