HOK FORWARD
WORKPLACE RESEARCH + TRENDS 2018
2018 | VOLUME 1
In this inaugural issue of HOK Forward we tap into the brilliant minds and global experience of our WorkPlace team.

As you'll see in the broad array of research and trends presented in this report, our WorkPlace team is constantly exploring new ideas about the workplace and questioning how we can create more effective work environments. But our WorkPlace team brings much more than ideas. Every day our designers and consultants are on the frontlines of real workplace projects, from strategy through design, construction and ongoing occupancy. They’re with our clients observing space in action, researching best practices, incorporating performance data and putting these ideas into practice: Rethink, refine, repeat!

HOK’s sweet spot—the place where we offer the most value to clients—always has been at the intersection of design excellence and market- and building-specific expertise. From this starting point, we collaborate with clients to craft unique workplace experiences that respond to their program, site and goals. The result is high-performance spaces that also are quite beautiful.

We’re grateful for the opportunity to work with what we think are the world’s best clients. We hope you can take information from this report and apply it to your own workplace as a way to position people for future success and move your organization forward.

Bill Hellmuth
CHAIRMAN + CEO
IT’S THE EXPERIENCE!

No workplace can magically cure an employee of a bad attitude, solve a complicated HR issue or fix a faulty business strategy. But the right work environments can help us feel healthier, happier and more engaged.

Where exactly is “work” these days? What does it look like? And how can designers shape the physical environment to provide what people really need? There is no universal answer. We stretch the limits of imagination but ground each specific solution in data and our clients’ desired outcomes.

This workplace-themed issue of HOK Forward, which is interspersed with case studies from recent clients, highlights our latest thinking around topics such as designing for health and wellness; preparing the workplace for the digital-native Generation Z; the rising popularity of coworking; the new financial workplace; and the fusion of various space types—including sports, hospitality, healthcare, retail and education—that is creating rich, experiential work environments. We are no longer simply designing the environments—we are creating the experience.

As a global firm, we’re able to help clients understand the distinct work styles, business climates, cultural nuances and project delivery methods in every part of the world. We look forward to working with you to develop workplace experiences that fit your needs.

Kay Sargent
DIRECTOR OF WORKPLACE

Tom Polucci
DIRECTOR OF INTERIORS

Curtis Knapp
DIRECTOR OF CONSULTING

Gordon Wright
DIRECTOR OF WORKPLACE
HOK’S WORKPLACE PHILOSOPHY IN PRACTICE AND PRINCIPLE

10 Future of the Workplace
From the rise of mobile knowledge workers to generational changes and technological advances, many forces are continuously impacting how and where we work.

EXPLORING IDEAS THAT SHAPE THE PLACES WE WORK

14 Moving Beyond Open Plan Spaces
The open plan concept popular more than a decade ago has been enhanced with smarter, more advanced planning models.

16 Case Study: EY
Located on the 40th floor of an office tower in Toronto’s Financial District, EY’s Client Experience Centre has 360-degree views of the downtown core, 12-foot ceilings and an indoor solarium.

HUMAN-CENTRIC WORKPLACE

18 Workplaces That Enhance Performance and the Human Experience
In an age in which ideas and knowledge drive the economy, people are the chief currency of every business.
HOK WELLBeing

22 Optimizing Human Sustainability
People are the chief currency of business. Ensuring they are happy, healthy and empowered is vital to the success of every enterprise.

23 WELLBeing Value Proposition
Wellness initiatives improve employee satisfaction and retention, increase productivity and help companies achieve a better return on investment.

24 Case Study: TD WELL
HOK designed TD’s WELL Gold-certified office renovation within Cadillac Fairview’s Toronto-Dominion Centre.

NEXT-GEN WORKPLACE

26 Generation Z and the Workplace
Like the older generations of workers they’ll join, Gen Zers will bring their own distinct skills, habits and needs to the workplace.

36 Case Study: J. Walter Thompson
J. Walter Thompson wanted this New York office space to promote its strong global presence while providing an inviting, energizing environment that encourages clients to spend time there.
A LOOK TO THE FUTURE

38  Top Trends for 2018
Issues influencing workplace design in 2018.

40  Case Study: OpenText
This OpenText tenant improvement project spans two floors of new commercial offices in Silicon Valley.

COWORKING: A CORPORATE REAL ESTATE PERSPECTIVE

42  Coworking
An overview of this membership-based environment where the self-employed, or people with different employers, work in a casual, community atmosphere.

46  Case Study: Cambridge Innovation Center
Serving as a “clubhouse for innovation,” this flexible tenant space houses coworking areas that accommodate from one to 30+ employees.

48  An Update to Our Research Into Coworking for the Corporate Real Estate Executive
As the industry faces mounting competition, a volatile tenant base, few barriers to entry and looming lease increases, coworking is heavily susceptible to market conditions.

50  Five Key Insights on Coworking for Workplace Designers
In just over a decade, the number of dedicated coworking spaces worldwide has grown from zero to 11,000.
THE NEW FINANCIAL WORKPLACE

54 Threats and Challenges
The banking, financial services and insurance sector has historically been the most sensitive to real estate costs.

57 Disruptive Technology
The reality today is that financial institutions must become tech companies.

60 Technology Challenges and Solutions
Financial companies can deploy emerging technologies to enhance the customer experience, increase revenue and profitability, and ensure data security.

62 Case Study: Nasdaq
The design for this new office and trading floor in Philadelphia supports Nasdaq’s work processes as a fintech leader.

SPACE FUSION

66 Finding Innovation by Blending Different Space Types
Space planning ideas from sectors including hospitality, healthcare, sports, aviation, retail and education are enriching the corporate workplace.
EXPERIENTIAL DESIGN

68 How to Use Workspace to Build Culture
Leaders focused on creating winning cultures look at big workplace trends and say, “We need that.” But it’s more complicated than that.

70 Case Study: Dairy Farmers of America
The team used every program element and design detail as an opportunity to tell DFA’s functional and cultural stories.

78 The Rise of "Corpitality" Spaces
Technology has given us the ability to work anytime and anywhere, and with a desire for work-life balance. The result is a new hybrid of corporate, residential and hospitality space: “corpitality.”

80 Case Study: White & Case
The design of this leading law firm’s New York office encourages collaboration, mentoring and networking in a sophisticated, modern workspace.
THE CONVERGENCE OF WORKPLACES AND ACADEMIC SPACES

88 Workplace and Academic Environments are Becoming Intertwined as Lifelong Learning Becomes Essential
As these spaces evolve, there is an increasing convergence and blending of work and academic environments.

92 Case Study: The Francis Crick Institute
Breaking with traditional governance and tenure structures, the Crick represents a major paradigm shift for biomedical research in the global scientific community.

GLOBAL CORPORATE REAL ESTATE CHALLENGES AND OPPORTUNITIES

94 Creating Global Standards
Lessons learned as more companies move toward the global management of their corporate real estate.

INTRODUCING THE HOK VR APP

101 HOK? There’s an app for that
Available for Apple and Android devices, HOK VR will soon allow clients and design teams to view 360-degree renderings anywhere, anytime.
HOK’S WORKPLACE PHILOSOPHY IN PRACTICE AND PRINCIPLE

Future of the Workplace

From the rise of mobile knowledge workers to generational changes and technological advances, many forces are continuously impacting how and where we work. To stay relevant in this fast-paced world, our work environments need to change. Workplaces are morphing into engagement centers that act as an energizing hub of a company and its workforce. It is a place where people gather, share and connect—often while work happens elsewhere.
We are witnessing the evolution of work. If we can capitalize on the lessons learned and find the right workplace solutions, we can make how and where we work a powerful asset for business and the people it serves, rather than the liability it has been in the past.

To truly transform work and define the next generation of workspace, we need to design with courage. Two things will always change people’s minds: proof and experience.
HOK’S WORKPLACE PHILOSOPHY
IN PRACTICE AND PRINCIPLE

Design is the art and science of defining and creating optimal, sustainable and beautiful environments for people.

HOK’s design solutions result from a collaborative process that encourages multidisciplinary professional teams to research alternatives, share knowledge and imagine new ways to solve the challenges of our built environment.

In science and art, success results from knowledge and intuition.
Though research and analysis are essential, sparks of imagination ignite new discoveries. HOK’s approach emphasizes this integrated design process.

Our geographical and cultural diversity expands our knowledge, which our talented individuals transform into innovative design solutions that create real value.
HOK’s global practice compels us to be responsible stewards for the environment.
As we shape buildings and landscapes, we preserve natural resources and celebrate sustainable values. We measure our work by its contributions to the well-being of the users and the place.

Human need is the foundation of our creative process.
Everything we do responds to the needs and aspirations of our clients and our communities. We give form and meaning to rooms, buildings, landscapes and cities. At every scale we understand the flow of human activity that energizes the spaces we design. We balance internal functions with external demands of site, climate and culture.

We create this value for clients, users, communities and ourselves.
From a robust exchange of ideas, solutions emerge that solve profound functional and technical challenges while creating lively, memorable and sustainable places for people. This is what motivates and unites us.
EXPLORING IDEAS THAT SHAPE THE PLACES WE WORK

Moving Beyond Open Plan Spaces

Many recent articles within the design media have called into question the effectiveness of open plan workspaces. A more critical inquiry into the topic also would explore the following: Why are so many companies still using an outdated planning approach that doesn’t suit their people’s needs?

The open plan concept popular more than a decade ago has since been enhanced with smarter, more advanced planning models. The nature of work evolved dramatically since the heyday of the open plan in early 2000s. So, too, has our understanding of how workspaces can foster engagement, satisfaction and productivity. Today most work environments have evolved a generation beyond open plan spaces to become Activity-Based Workplaces (ABW) and Neighborhood-based Choice Environments (NCE). And the most progressive companies are evolving even further to adopt Maker Environments, Mobile Occupants (MEMO) space and Immersive Environments. These new strategies challenge the traditional approach to office planning, and for good reason.

Originally published by WorkDesign Magazine, Sept. 28, 2017
Workplace Evolution

1980s
Private Office
- Hierarchical, Status-Driven
  - Perimeter offices
  - Assigned seating
  >240 SF

1990s
Cubicles
- Equitable, Accessible
  - High panels, limited daylighting and views to the outdoors
  - Assigned seating
  >200 SF

Open Plan
- Efficient, Collaborative
  - Lowered panels and greater access to natural light
  - Assigned seating or hoteling
  ~175 SF

ABW (Activity Based Working)
- Effective, Variety & Choice
  - Access to wider range of amenity spaces, focus booths and enclaves
  - Unassigned, free-address seating
  ~140 SF

Coworking
- Community, Space as a Service
  - Access to communal resources, amenities and other companies
  - Hotelling and suites
  <90 SF

NCE (Neighborhood Choice Environments)
- Team-Based, Sense of Belonging
  - Wide variety of task-based settings for highly mobile teams
  - Assigned for groups, unassigned for individuals
  ~140 SF

MEMO (Maker Environments, Mobile Occupants)
- "Garagification," Agile and Adaptable
  - Access to others, scrum spaces for creative and innovator teams
  - Communal space within zones
  ~125 SF

2000s
Immersive Environments
- Tailored, Curated Solutions
  - Access to community, resources, amenities
  - Function-driven, human-centric experiential space
  - Assigned and unassigned seating
  *HX

2010s
- Choice

2020s
- Choice

*We foresee a shift from “space focused metrics”—such as square feet (SF) per person—to “human centric metrics,” which include individuals’ ability to successfully conduct activities that the business values, productivity, retention and attraction, user satisfaction, speed of decision making and well-being.
EY’s Client Experience Centre, located on the 40th floor of an office tower in Toronto’s Financial District, is a unique space with 360-degree views of the downtown core, 12-foot ceilings and an indoor solarium.

The company challenged HOK to develop a facility that would enhance its ability to host clients and professional events. EY wanted a facility with a wide variety of spaces to accommodate meetings, events, dinners and educational forums.

The space emphasizes the social, interactive nature of today’s business environment. The team designed a floating plan of spaces that can easily morph from private meeting rooms to become dining spaces or cocktail halls. The fully integrated technological infrastructure includes video walls, intelligent automation and interactive displays.

In the lobby, prisms of light play across the leather-clad walls, ceilings and bespoke metal screen, evoking a sense of depth and texture. The play of light is complemented by the use of natural walnut, limestone, Calacatta marble, and a mix of warm and cool-toned metals. The furnishings create a hospitality feel, conveying an elegant, timeless aesthetic by juxtaposing softness, texture and shape against the backdrop of an architecturally clean envelope.

Transparent materials ensure unobstructed, exceptional city views for people in the space. The Centre is infused with daylight during the day and seductive mood lighting in the evening.
HUMAN-CENTRIC WORKPLACE

Workplaces That Enhance Performance and the Human Experience

In an age in which ideas and knowledge drive the economy, people are the chief currency of every business. With up to 80 percent of a company’s expenses coming from human resources, it’s vital that the workforce be engaged and empowered to be as productive as possible. Yet according to Gallup’s annual engagement survey, only 32 percent of the U.S. workforce is engaged, with 50.8 percent not engaged and 17.2 percent actively disengaged.

Research by Advanced Workplace Associates (AWA) and the Centre for Evidence-Based Management (CEBMa) has identified six factors that have the most impact on knowledge worker productivity:

1. Social cohesion
2. Perceived supervisory support
3. Information sharing
4. Common vision, goals and purpose
5. External communication
6. Trust

In workplaces that don’t properly support these attributes, engagement and productivity often will suffer.
A well-designed workplace that reflects a company’s organizational DNA can be a powerful tool for enabling social connections, sharing information, and building communication and trust. Giving people choices about their surroundings and work settings also helps elevate their satisfaction.

Entrepreneur Jim Rohn once said, “You are the average of the five people you spend the most time with.” And National Geographic Fellow and New York Times bestselling author Dan Buettner has identified “Blue Zones” as the parts of the world where people live the longest. On his list of the nine specific characteristics of these places is choosing the right tribe, which means surrounding yourself with people who support positive, healthy behaviors. The traditional practice of limiting people’s ability to choose where they sit in a workplace, however, often has a negative impact on their satisfaction and capacity to focus on their work.

Individuals are more loyal to the people they work with than to the actual company. A recent Harvard Business Review study noted the significant role of friendships on our level of satisfaction and engagement at work. This study revealed that “camaraderie promotes a group loyalty that results in a shared commitment to and discipline toward the work. Camaraderie at work can create ‘esprit de corps,’ which includes mutual respect, sense of identity and admiration to push for hard work and outcomes.” Just as a bad attitude is contagious, a good one can be infectious. A study by the Harvard Business School and Cornerstone OnDemand showed that in densified spaces populated with productive people, the efficiency and effectiveness of nearby workers increased. But employees who sat near toxic workers experienced a “spillover effect.” This sphere of influence diminishes outside a 25-foot radius. Given that the average per-person space allocation in the modern workplace is 150 square feet, one bad egg—or disengaged worker—can negatively influence up to 16 people without moving from his or her desk.

In Europe and Australia, where activity-based working (ABW) is common, work points in those environments are unassigned. Employees are free to move to a variety of settings and select one that matches their work style for the task at hand. Because they are not assigned a permanent spot, these employees can self-select their neighbors. This organic selection process diminishes the ability for the negativity of toxic employees to rub off on others.

A well-designed workplace that reflects a company’s organizational DNA can be a powerful tool for enabling social connections, sharing information, and building communication and trust.

As Millennials mature and move into their next life stages, their desires and needs are shifting. A recent Leesman survey showed fewer differences between Millennials...
and Baby Boomers than were previously believed to exist. With the emergence of Generation Z (individuals born since 2000), we will soon have a new group of workers to consider. We need to prepare for the arrival of this always-on or “screenage” generation, the first true digital natives. We also must be aware that the pressure of being available 24 hours a day can create anxiety, emotional detachment and other health concerns. “Technostress,” the feeling that we need to be connected 24/7, could become a health epidemic over the next decade.

To help workers feel productive and focused, designers need to provide a variety of work zones tailored to different kinds of tasks and create team-based environments that support community and a sense of belonging. These spaces should minimize visual clutter, simplify navigation, intensify contrast and provide plenty of natural light. We also must recognize that fitness is not a destination, but a way of life. Designing space to encourage movement supports people in a world that continues to promote excessive ease.

No workplace can single-handedly solve an HR issue or cure employees of a bad attitude. But we can offer people options, embed healthier alternatives and provide choices. We need to ensure that people—our most valuable asset and the true currency of business—are happy, healthy, engaged and empowered. By truly understanding a company and designing space that is tailored to match its organizational DNA, we can create workplaces and user experiences that help everyone succeed.

A well-designed workplace that reflects a company’s organizational DNA can be a powerful tool for enabling social connections, sharing information, and building communication and trust.
HOK WELLBeing

Optimizing Human Sustainability

As the firm that wrote the book on sustainability (The HOK Guidebook to Sustainable Design) nearly 20 years ago, HOK has always been a leader of sustainable design and is continuously seeking new ways to innovate for clients. In recent years we have seen a focus on health and well-being shift to the forefront of workplace projects and owner’s agendas. This emphasis intensified after the 2015 debut of the WELL Building Standard. Today WELL’s rapidly expanding market share has even exceeded LEED’s impressive growth curve in the early 2000s.

This trend is pushing design teams toward human-centric design and creating environments that promote human sustainability. Increasing the activity level of people improves their health and well-being while making them happier, healthier, more engaged and more productive.

The WELL Building Standard is designed to operate alongside sustainable building standards such as LEED and the Living Building Challenge, with minimal overlap.

The goals of WELL initiatives are:
- Improved environment for employees and clients
- Return on upfront investment
- Increased productivity
- Improved employee satisfaction and retention

HOK has partnered with Delos® to advance health and well-being in the workplace. Our team has direct access to the expertise and research of Delos and the International WELL Building Institute team. HOK also has staff who are trained as WELL Faculty and many WELL Accredited Professionals. Our design professionals are serving as experts on pilot projects advancing the WELL standard and are collaborating with Delos on research related to workplace health and well-being.

HOK was the interior design firm and sustainability consultant for TD’s newly renovated office within the Toronto-Dominion Centre in Toronto. The project achieved WELL Gold Certification, was the first project globally to be certified under v1 of WELL and was Canada’s first within the standard’s New and Existing Interiors typology.

Education and training for our clients
Project technical support - Personalized Account Rep
Research & innovation - The Delos Lab @ Mayo Clinic
Vision and leadership
Board representation - Bill Hellmuth on Delos Board
WELLBeing Value Proposition

Wellness initiatives improve employee satisfaction and retention, increase productivity and help companies achieve better return on investment.

**Increase Acoustical Comfort**
The stress of a noisy office causes productivity to drop by up to two-thirds.

**Improve Access to Daylighting and Views**
and the productivity of focused work increases by **15%**.

**Introduce Choice**
Having the ability to adjust the workspace is positively correlated to job satisfaction.

**Improve Air Quality**
Productivity increases by **11%** with better ventilation.

**Incorporate Nature**
Stress is increasingly one of the biggest health issues and will cost business in excess of $300 million; biophilic design creates a 6% improvement in mood.

**Foster Social Interaction**
Having a sense of community improves loyalty and sparks creativity.

**Enhance Thermal Comfort**
Productivity is reduced by 4% when it’s too warm and by 6% when it’s too cold.

**IMPROVE WELL-BEING**
**REDUCE TOTAL MEDICAL COSTS**
**INCREASE PERFORMANCE**
**INCREASE ECONOMIC VALUE**

Wellness initiatives improve employee satisfaction and retention, increase productivity and help companies achieve better return on investment.
In 2016 HOK designed TD’s 25,000-sq.-ft. office renovation within Cadillac Fairview’s Toronto-Dominion Centre. The project was awarded WELL Certification at the Gold level by the International WELL Building Institute™ (IWBI). The WELL Standard is the first building standard to focus on enhancing people’s health and well-being through the built environment.

“A growing body of research demonstrates the environments where we live and work have a direct impact on our well-being and it is becoming increasingly important to place people at the heart of design and construction, operations and development decisions,” said IWBI Founder Paul Scialla. “This is a step forward in the advancement of human health and wellness through the built environment in Canada and globally, and demonstrates TD’s vested interest in the health and well-being of its employees.”

“People are our most important asset,” said Martha MacInnis, design director, Enterprise Real Estate, TD Bank Group in Toronto. “We’re committed to being an extraordinary place to work, so it made perfect sense to look at our existing design standards and figure out a way to elevate them to the next level.”
As a founding partner of the WELL Living Lab, HOK is uniquely placed to conduct ongoing research with Delos® and the Mayo Clinic on behalf of our clients.

Supporting employee well-being: TD’s story

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>SOLUTION</th>
<th>IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project would test feasibility of incorporating WELL principles throughout the real estate portfolio</td>
<td>Introduced 30% adjustable-height desks and seating options that promote choice and movement</td>
<td>Lower healthcare costs*</td>
</tr>
<tr>
<td>Tenant and base building system enhancements made landlord participation vital to achieving better air and water quality</td>
<td>Maximized daylight penetration and views to the outdoors throughout plan</td>
<td>Increased employee engagement*</td>
</tr>
</tbody>
</table>

*Post-occupancy data pending
Generation Z and the Workplace
Accommodating Tomorrow’s Workforce

Millennials. Over the past decade, few groups have attracted as much attention as the generation that came of age in an era defined by smartphones, 9/11 and social media. And while Millennials continue to be of great interest, there’s a new generation that is already capturing the attention of demographers and forward-thinking organizations around the world.

The oldest members of Generation Z, representing those born since 1995, are now creeping into their 20s and becoming the latest generation to enter the workforce. Corporate real estate leaders need to start preparing for the arrival of these new employees, who, like the generations that preceded them, will present new workplace challenges and opportunities. Although national and cultural influences will impact how Gen Z behaves from region to region, this generation will also share many commonalities that can guide global CRE managers on how to incorporate them into the workforce. If done correctly and responsively, the result will be workplaces that are not only more efficient and inclusive but also healthier and calmer.

Generation Z and the Changing Face of Tomorrow’s Workforce

Workplaces around the world will soon experience a demographic shift with the first wave of Gen Z joining the global workforce alongside Millennials (born between 1980 and 1995), Gen Xers (1965-1980) and the last of the Baby Boomers (1945-1965). Like the older generations of workers they’ll join, Gen Zers will bring to the workplace their own distinct skills, habits and needs.

To understand what these young employees will need and how they will interact with the workplace differently than their colleagues, let’s take a quick look at the traits of the three generations that preceded them and make up the bulk of employees.

Baby Boomers, born in the decades following World War II, are often described as idealistic, competitive and optimistic. This generation tends to value personal growth and gratification. Boomers challenge authority and can be workaholics. They prefer face-to-face conversations with colleagues and value respect.
Generation X employees tend to be more skeptical, entrepreneurial and self-reliant than Boomers. As children, many Gen Xers were the first “latchkey kids” whose parents divorced and whose mothers entered the workforce en masse. Unlike the generations before them, most Gen Xers don’t expect to work for one employer their whole career. They dislike being micromanaged in the workplace and value direct communication.

Millennials, or Generation Y, are civic-minded, technologically fluent and practical. Forty percent of Millennials in the U.S. hold bachelor’s degrees, making them the most highly educated generation. In the workplace, they prefer to be coached rather than managed, and they value challenging work more than a high salary or job security.

As the first true digital natives, Gen Z will expect employers to provide the latest technology and will be viewed as the technology experts within the workplace. This generation has also come of age during the rise of the coworking model of shared and communal workspaces made possible by advances in digital connectivity that enable workers to untether from desks and 9-5 schedules.

Gen Z can be expected to favor collaboration and open work spaces more than their coworkers, particularly compared to Baby Boomers and Gen Xers, who are more reserved in their collaboration efforts. According to one recent survey, 56 percent of Millennials and Gen Zers believe their colleagues enable them to do their best work.

Despite their collaborative nature, many Gen Zers have difficulty interacting with peers and superiors due to low emotional intelligence, i.e., the ability to identify and manage one’s emotions and perceive the emotions of others. This EQ void, which is a condition of communicating via technology where voice intonation and eye contact are lost, may become Gen Z’s biggest career challenge. Today an estimated eight million adults are diagnosed with Attention Deficit Hyperactivity Disorder, with a high percentage of Gen Z in this category as the number of adolescents and teens diagnosed with ADHD continues to rise. Though many of those affected by the disorder have been accommodated in school, most employers do not address accommodations for learning disabilities. For this distracted generation, providing clarity—spaces with clear uses and purpose that are easy to navigate—will be critical.

Gen Z is extremely entrepreneurial, with some 37 percent aspiring to be the leader of a company they start on their own. As such, they’ll require a balance of space for collaborative and individual work.

Designing for wellness, too, should continue to grow in importance within the workplace. Of 100 Gen Z kids, 47 are expected to be obese by the time they reach adulthood.

Gen Z has observed Millennials struggle with financial stability and debt and is more careful in choosing education and career paths. A lack of job and financial security has caused Millennials to delay life events such as purchasing homes and starting families. This trend will likely continue with Gen Z.

Gen Z employees can also expect to stay in the workforce longer than previous generations as life expectancy continues to go up along with the official age of retirement, which has already risen to age 67 and will edge higher in coming decades, according to the National Academy of Social Insurance. Gen Z’s longer time in the workforce, coupled with job insecurity and opportunities, will have this generation working for many employers over their careers. In fact, Gen Zers expect to work for at least four employers during their career. With so many people switching jobs and reinventing their careers, there will be a need to bolster employee training and to accommodate older adults in their efforts to advance their higher education. Acknowledging generational learning styles and information gathering techniques will be important in addressing knowledge transfer across generations. The rise in self-employment, especially among the Millennials and Gen Z, will further alter the social contract between employers and employees, creating new ways of working and benefits for working.
ACCOMMODATING WORKPLACE DIVERSITY

Given what we know about Gen Z, how can corporate real estate leaders across the world prepare a workplace that best responds to the needs of these new employees? The answer isn’t a simple one—especially when it comes to global firms that must account for multigenerational differences among employees as well as regional and cultural differences across international offices.

As recently as the mid-2000s, most corporate real estate groups followed a decentralized model that allowed workplace decisions to be made regionally. Some regions used private offices to reward individuals, while others chose to maintain open environments that were uniform and equitable. European and Asian locations generally leaned toward more open, dense environments, while North American locations allotted more room per person and offered additional private, enclosed spaces.

Today most companies want a clear, simple answer when it comes to their corporate real estate portfolio. They are seeking to optimize capital and operations spending on facilities while creating nimble work environments that align with their industry, corporate initiatives, culture and brand. Some of the benefits to introducing workplace standards include portfolio optimization, efficient procurement practices and an international real estate platform for ease of expansion and contraction around the world. This, in turn, can provide opportunities to create global partnerships with vendors, suppliers and real estate teams with consistency and efficiency in all locations. Finding the balance between standardization and customization in this type of workplace is challenging—especially considering that corporate real estate must respond to more than just multicultural and multigenerational employees. It also must address the needs and preferences of C-suite executives, corporate security, HR and others.

For this reason, many companies are beginning to employ guidelines—instead of standards—to shape their international portfolios. These guidelines offer a deeper understanding of the cultural and generational nuances of a region in order to create more accommodating, productive workplaces. Effective workplace guidelines take into account how factors such as a hierarchical structure, which may be embedded within the culture, also permeate the business environment and impact the workplace.

Spending on employee salaries and benefits now makes up 80 percent of expenses for the average company, making it crucial that this workforce be engaged and productive. Yet according to Gallup’s annual engagement survey, only 33 percent of the U.S. workforce is engaged. Globally the number is even worse, with just 15 percent of employees actively involved at work.

Without these attributes in the workplace, employee engagement and productivity will suffer. Yet a workplace designed to reflect a company’s organizational DNA can be a powerful tool for encouraging social connections, sharing information, and enabling communication and trust. Offering workers a choice about their surroundings and work settings can also elevate their satisfaction.

This is already the case in Europe and Australia, where activity-based working (ABW) is common. In these regions, many companies are leaving workspaces unassigned, allowing employees to move freely to a variety of settings and select those that match their work style for the task at hand. A similar approach to the workplace elsewhere would allow Millennials and Gen Z to interact with older generations of employees and enable the type of social cohesion, information sharing, trust and common vision that are key to fostering organizational DNA.
WORKPLACE AS A RECRUITMENT AND RETENTION TOOL

Large companies today are facing more dynamic markets than at any time in history. Today the typical lifespan of companies listed in the S&P 500 is fewer than 20 years. In the 1920s the average lifespan for similar firms was 69 years. This speed of business, catapulted by advances in technology and globalization, is requiring organizations to be more flexible and agile to manage the demands of the market and future unknowns. This mandates that corporate real estate teams provide space that is more responsive than ever, with an emphasis on business agility. At the same time, corporate real estate is a key component in the war for talent to attract and retain the best employees.

To respond to these market forces, many organizations are using the TARPE (Talent Attraction, Retention, Productivity and Engagement) framework to understand which amenities are important to employees. According to a recent study, workplace satisfaction is linked to the amenities provided to employees. But as a workplace’s demographics shift, so do the amenities offered to cater to different life stages and styles. In the near future, amenities will focus more on well-being, relaxation and recreation, with companies providing meditation spaces (growth of 26 percent), game rooms (growth of 19 percent), and outdoor work and recreation spaces (growth of 18 percent). These amenities accommodate the needs of all generations, but particularly appeal to the Millennials and Gen Z who are concerned with wellness and work-life balance. Childcare will become an important addition as Millennials are delaying starting families and many have two parents working.

In lieu of offering expanded amenities, some companies are moving their suburban campuses to urban areas. These vertical campuses use the city itself as a key amenity. The specific amenities provided by vertical campuses are usually shared among different tenants (rather than just belonging to one) and can range from food services and coworking spaces to fitness and health offerings. Companies in urban areas can also draw from the area’s amenities and offer employees memberships or allow employees to take advantage of eating options surrounding the campus. Millennials and Gen Z are drawn to urban environments and prioritize working where they live just as Baby Boomers were once drawn to the idyllic, collegiate feel of the suburban corporate campuses of the 1950s.

LARGE COMPANIES TODAY ARE FACING MORE DYNAMIC MARKETS THAN AT ANY TIME IN HISTORY. TODAY THE TYPICAL LIFESPAN OF COMPANIES LISTED IN THE S&P 500 IS FEWER THAN 20 YEARS.

One in three members of Gen Z say they would rule out jobs with more than a 30-minute commute and just one in five would be willing to travel longer than an hour to work. Moving campuses to urban areas creates a high concentration of knowledge workers, which is good for attraction of talent and also creates competition for these knowledge workers.
WORKPLACE CLARITY THROUGH MINDFULNESS

Gen Z’s desire to be constantly connected and plugged in is already leading to anxiety and emotional detachment and will likely result in interpersonal difficulties within the workplace. Physical inactivity and sleep disturbances due to excessive screen time and connectivity are also weighing heavily on this generation. If left unchecked, the World Health Organization predicts that “techno-stress”—the feeling that you need to be connected 24/7—will be a major health epidemic over the next decade.

Employers that want to help these distracted, next-gen workers maintain focus must create workspaces that help the Gen Zs dial down, not amp up. Companies including Google, Apple, Procter & Gamble, General Mills and Deutsche Bank recently have responded to this trend by implementing mindfulness programs into their workplaces.

Spaces that promote mindfulness, in which employees are calm and present in the moment, could prove particularly beneficial to companies attempting to help Gen Z improve its emotional intelligence, self-awareness and capacity to manage distressing emotions. Practicing mindfulness also reduces stress, lowers blood pressure, improves memory and lessens the chances of depression and anxiety.

Workplace design can promote positive mental and emotional health by creating quiet areas, technology-free zones and meditation rooms. Not only can these spaces result in more focused and healthier employees, they can also have an impact on a company’s bottom line. Aetna, for example, estimates that since launching its mindfulness program, it has saved about $2,000 per employee in healthcare costs and increased productivity by $3,000 per employee.

Quiet areas and meditation rooms can aid in creating a sense of place for employees, particularly within a large and diverse organization. These tech-free areas allow people to connect with each other and their surroundings—visually, culturally, socially and environmentally—and are key to creating a sense of place within the workplace. Studies have shown that belonging to something improves people’s motivation, health and happiness.

The challenge for corporate real estate executives can be in convincing skeptical CFOs that incorporating wellness programming and design into the workplace justifies the costs. Yet an increasing number of case studies suggest that it does. From the World Green Business Council’s 2016 report, “Building the Business Case: Health, Wellbeing and Productivity in Green Offices:”

Skanska reduced sick days by two thirds at its office in Doncaster, UK, after it improved layout and noise, indoor air quality, and lighting—helping the firm save $36,000 in staff costs.

Heerema Marine Contractors experienced a net present value of $47 million over 20 years in improved productivity, staff retention and reduced absenteeism due to better air quality, thermal comfort and daylighting in its new Amsterdam office.

Saint-Gobain’s doubled the productivity of its call center staff after moving into its new North American headquarters, which includes a fitness center, 1.3 miles of walking trails, more than 100 collaborative workspaces and outdoor views from 92 percent of its offices.
MINDFUL OF EMPLOYEE NEEDS: A CASE STUDY

One media organization wanted to use its New York office to promote its global presence and create an energizing environment that encourages its clients to spend time within the workspace. The company also wanted to support a flexible, nimble and faster delivery process with a more energetic, inspiring workplace.

With an open plan design and unassigned seating for most, a neighborhood concept offered a sense of belonging for staff while maintaining flexibility for project teams to grow and connect with business changes. Several different space types were introduced to support the variety of work-setting preferences generally seen in a multigenerational work force. Innovation labs to develop and test content, upgraded studios and editing suites—including the addition of a photo studio and a digital library—support content generation and fuel creativity.

Designing for and providing a balance of space types to support both focused work and collaboration is important across generations. Giving people the opportunity to choose also encourages more productive collaboration across generations.

For example, focus booths within this space provide uninterrupted time for concentrative work while the “dream rooms” encourage team collaboration. White boards, pin-up space and touchscreen technology support the communication of ideas across all levels of technological preferences, which can vary across generations.

Creating spaces and opportunities to make informal meetings easier led to the creation of connection points throughout the new workplace. Meeting spaces were outfitted with easy-to-use, touchscreen technology and strategically located to promote movement. Amenities and the placement of pantries within the environment encouraged the spontaneous interactions the client sought.

A KIT-OF-PARTS APPROACH TO SENSE OF PLACE

A common strategy for helping companies address the needs of all generations and creating a sense of place is to provide employees a choice of work settings. Sustainability, real estate costs, technological innovation, globalization and management culture are important drivers of this change.

Open plan offices encourage younger and older generations to approach each other with issues and
questions. The ability to collaborate and hear what others are working on also helps in the transfer of knowledge and natural mentoring.

Informal areas with soft seating that provide acoustic and visual privacy and the ability to connect to technology provide spaces for mentoring and meetings that help employees build networks organically. Formal spaces for training, such as training or learning centers with ample break-out and collaboration areas accommodate different types and styles of learning and can be easily transformed into “innovation spaces” for brainstorming and idea generation. Amenities such as cafes, coffee bars and fitness centers allow employees to interact in informal ways which creates transparency and breaks down hierarchical barriers that hinder knowledge transfer.

Instead of giving everyone a desk, many of which may go unused for the majority of the day, alternative choices offer a hybrid environment that provides people with shared spaces and amenities. Offering this “kit-of-parts” gives employees a choice about how, when and where they work, with each setting designed for different tasks. It essentially focuses on streamlining the worker’s experience in the office environment and transitioning staff from a ‘me’ to a ‘we’ mindset.

Regardless of which method is better suited to an organization’s needs, a kit-of-parts approach can be especially useful in terms of regional application and scalability to support a global strategy. While the workplace program is often owned by a global team, local implementation teams should be leveraged to build each rollout plan, using pieces from the kit that are culturally appropriate.

Encouraging innovative ideas from the local team may increase the probability of success, as they have inherent insight into the local office culture and understand how to best communicate the message to their teams. As part of the strategy and kit-of-parts definition, program teams must define which items are non-negotiable and which are open to interpretation.

NOW MORE THAN EVER, PEOPLE WANT TO BE WHO THEY ARE, AND THE WORK ENVIRONMENT CAN SERVE AS A TOOL FOR SELF-ACTUALIZATION.

The new generation of workers has a drastically different perspective on what they expect from their employer and office environment. Now more than ever, people want to be who they are, and the work environment can serve as a tool for self-actualization.

Focusing more on flexibility and less on uniformity provides workers with more alternatives that improve work-life balance, enhance job satisfaction and reduce sick time. Using universal parameters to set boundaries instead of mandating one-size-fits-all uniformity can accomplish both by giving employees more discretion in customizing their workplace.

The following workplace features reinforce a sense of place and help retain and recruit employees:

- Culturally rich
- Walkable
- Vibrant
- Accessible to public transportation
- Space and time for social and professional experiences
- Authentic

Additional elements that add to sense of place but can vary according to regional preferences include:

**Variety in workspaces:** This strategy seeks a balance in closed and open, formal and informal spaces to accommodate all work styles. An example of this activity-based working (ABW) creates specific neighborhoods within the workspace. Some might promote collaboration or socialization, while others support heads-down work or quiet one-on-one meetings.
**Sustainability**: In addition to looking for value and return on investment and complying with government regulations, many companies now are pursuing LEED and other sustainability certifications to create a more appealing workplace for next-gen employees.

**Health and well-being**: While LEED largely focuses on the health of the planet, initiatives such as the WELL Building Standard targets the health and well-being of building occupants. More and more studies show that workspaces with abundant natural light, clean air and layouts that encourage movement lead to more productive, healthier and happier employees.

**Flexibility for technology**: Ever-changing technology is one of the strongest drivers and success factors for workplace change. Flexibility and options for ease of future modifications due to growth, churn and advancements in technology routinely play a large role in the design for most global firms.

**Security and safety**: It’s one of the first stages of Maslow’s hierarchy of needs, and it’s just as applicable in the workplace as the home. Safe workplaces educate and protect workers against internal threats such as harassment and intimidation, as well as external concerns, be they virtual or real.

Prioritizing these initiatives can be difficult, and each provides a different return on investment. To begin developing a kit-of-parts suitable for a global portfolio, a business must look at its overall objectives and develop guiding principles that align these initiatives with its overall goals.

**KIT-OF-PARTS IN PRACTICE: A CASE STUDY**

Recently a global information services corporation set about to both modernize its work environment and reduce capital costs.

The company’s workplace, which accommodates many specialized engineering roles, needed to enhance organizational agility by fostering knowledge transfer across multiple generations of staff. Its new president and CEO also desired a significant workplace change to help attract and retain talent. While the company’s physical workplace conditions were substandard, a bigger issue was that the type and quantity of workspaces didn’t align with the needs of employees.

The design team’s response was to develop a workplace effectiveness strategy that aligned space standards with best practices. The strategy reduced the proportion of private offices, providing a variety of focused and collaborative work settings for all employees. The design team also developed a change management framework and partnered with the client’s HR and facilities teams to embed those capabilities across the company. This solution maximized performance, facilitated collaboration and fostered innovation while supporting the principles of urgency, ownership and openness.
SUMMARY

Like the generations they've followed, Gen Z will, in time, adapt to and thrive within the workplace. The practices discussed in this article are put forth in an effort to hasten that success and encourage inter-generational collaboration within the workplace. Corporate real estate managers should also consider national and cultural influences before implementing guidelines or standards across workplace portfolios, as those factors will impact Gen Z behavior and attitudes on a region-by-region basis. Moreover, multigenerational interaction may not be a priority for some businesses. Workplace managers will want to weigh how a change to the workplace layout and design could negatively impact older generations, particularly Baby Boomers and Generation X, who don't necessarily share the same work habits as younger generations.

It could be, too, that Gen Z's tendencies and habits will change over time. A generation that now favors collaboration and open workspaces may eventually desire private offices and more formalized workspaces. Yet the main ideas presented here—mindfulness, wellness and sense of place—are concepts that transcend the workplace and are becoming an ever-larger part of society. Increasingly our tech-addled minds need the time and space to disconnect and focus. At the same time, people today are accustomed to greater choice and seek out spaces where they can share their interests and be themselves. Workplaces that can cater to these growing needs are the ones most likely to assist in the recruitment and retention of tomorrow's workforce and ensure that it remains both satisfied and engaged.

This report originally appeared in Corporate Real Estate Journal, Volume 7 Number 2, published by Henry Stewart Publications, and was republished with permission on hok.com.
J. WALTER THOMPSON
New York, New York

J. Walter Thompson (JWT) wanted to use its New York office space to convey the company’s global presence while providing an inviting, energizing environment that encourages clients to spend time there.

The plan creates a high-density office supported by diverse meeting spaces aligned to JWT’s brand, projects and client experiences.

A neighborhood planning model served as the foundation for the workplace. With an open plan and unassigned seating for most, the neighborhood concept offers a sense of belonging while maintaining flexibility for project teams to grow or contract. A variety of different space types support the work setting preferences of the multigenerational work force.

Innovation labs for developing and testing content and upgraded studios and editing suites fuel creativity.

HOK designed the change management process for the project to help JWT’s people get comfortable working in new and different ways. The team engaged the firm’s leaders to help support changes in workplace behavior, especially moving to a more mobile and unassigned work environment. In addition to traditional communications methods, HOK worked with occupants of the space to develop an etiquette campaign that took a humorous approach to guiding people on proper use of the space.
A LOOK TO THE FUTURE

Trends for the 2020s

- UX: user experience; human-centric design
- Leveraging IoT and thick data
- Well-being
- Mindfulness
- Experience design
- Multisensory spaces

- Coworking as an amenity
- SaaS: Space as a Service
- Community managers
- Maker spaces
- High tech = high touch
- Space fusion
- Lifelong learning

Aegis, New York, New York
Located in the San Francisco Bay Area, OpenText’s San Mateo office is more than just a place for its employees to shape the digital future of business information. It is a space arranged to promote employee well-being and facilitate social interactions and mixing of ideas. It is a space where OpenText’s extended family of clients and friends feels welcomed.

HOK designed the interiors for OpenText’s two-story, 160,000-sq.-ft. office to provide a sophisticated setting for the software company. Design team members collaborated with the company’s leaders to incorporate employee input and OpenText’s values of creativity, performance and hospitality.

Design strategies for the new workplace include:

**Open spaces linked through collaborative spaces:** An open floor plan features two main avenues for foot traffic connecting to a central nexus anchored by a sweeping staircase. This design encourages employees to move freely and interact and also provides a gathering space for celebrations and events. Well-equipped meeting rooms and scattered seating areas serve as spaces for employees and clients to connect. Smaller work spaces along the avenues supply privacy and quiet for independent work.

**Stunning views and natural light:** With high ceilings and floor-to-ceiling glass windows, the office provides beautiful views of the surrounding area and California sunlight.

**Wellness features:** In addition to natural light, the office has smart lighting and temperature controls that automatically adjust for maximum comfort. Smart acoustic planning ensures that carpets and ceilings absorb sounds in key sections and open areas are away from desks. Treadmill desks, hydration stations, a game room, recharge pods and premium food facilities help employees stay healthy, active and happy.

**Sustainability:** The office uses healthy, sustainable materials and is located within the HOK-designed Bay Meadows Village, a transit-oriented mixed-use development. The building is registered with the certification goal of LEED Gold.

**Details that tell stories:** Unique details—like a world map made of keyboard keys and metal panels with laser-cut text of the first snippet of code OpenText created—show technology’s unexpected artistry. Angular design elements pay homage to the company’s hexagonal logo.
“The project was the most impressive new office we’ve opened. We worked with a strong project team of highly skilled and passionate individuals committed to the success of our project. The office delivered on all of our design objectives and will help raise our profile in Silicon Valley.”

- Mike Cumming, OpenText
COWORKING: A CORPORATE REAL ESTATE PERSPECTIVE

Coworking

A membership-based environment where the self-employed, or people with different employers, work in a casual, community atmosphere

An unfamiliar concept 10 years ago and poorly understood even now, coworking is one of the fastest-growing sectors of the commercial real estate market. In the few years since the concept began to take hold, the industry has grown to include more than 11,000 shared workspaces around the globe. While major U.S. and U.K. coworking markets are beginning to show signs of maturity, the demand in second-tier cities and emerging markets is fueling double- and even triple-digit growth for coworking centers.

Though its growth has been profound, the shared workspace market—including serviced offices, coworking spaces, incubators, accelerators and more—represents less than 1 percent of the world’s office space. Nevertheless, coworking and the broader category of flexible workplaces are important trends worthy of owner, investor and occupier attention.

In the early days of coworking, these trendy, collegial spaces primarily housed entrepreneurs, small businesses and freelancers. But as awareness of this new workplace alternative has grown, so has the attention of corporate occupiers. Driven by demand factors, including new-generation work styles and the desire for real estate portfolio agility, C-suite executives from human resources, operations, real estate and finance are increasingly interested in how coworking affects their work practices and policies—and how they need to design, manage and operate their workplaces.

On the supply side, coworking offers landlords and owners with excess space a new type of occupant that can reinvigorate older properties. Even hotel chains, retailers, libraries and restaurants are getting in on the action.
THE EVOLUTION OF COWORKING

The journey from the traditional office to coworking has been a long one, with many stops along the way. “Fourth place” is becoming a common term for the serviced office and coworking iteration, with “first place” referencing the traditional office, “second place” being the home or satellite office and “third place” referring to coffee shops and other informal settings (figure 1).

FIRST PLACE
Until recently, workplace changes were largely driven by tactical needs such as saving money, attracting talent or increasing collaboration. As employers increasingly understand the strategic role that workplaces and work practices play in driving success, however, that is changing. This evolution has led to a variety of new and not-so-new approaches including open plan, desk sharing, telework and activity-based work.

Global space utilization rates of 50 percent or less point to the fact that most organizations have not responded effectively to inevitable organizational and marketplace changes. As a result, workplaces, work practices and work policies often fail to reflect reality and have not been optimized to produce the best results.

Today’s workplace is no longer one place. It is many places both within and outside the office.

SECOND PLACE
Jack Nilles, a former NASA rocket scientist who sought to solve the problem and associated pollution of traffic, coined the terms “telework” (the substitution of technology for travel) and “telecommuting” (the substitution of technology for commuter travel) in 1973. More than four decades later, nearly 80 percent of global knowledge workers report working remotely at least one day a week. Participation is greatest across North America, followed by Europe, the Middle East and Africa, and Asia-Pacific.

According to Gallup research, remote work increases employee engagement, particularly for those who telework one to three days a week (figure 2). Meanwhile, global research by EY reveals that remote working one to two days a week is the most popular choice across generations (figure 3).

Statistics and trends in remote work are not well-documented. Yet a recent survey by PGi, a provider of web conferencing and collaboration technology solutions, showed that while home remains the most common location for remote work, nearly four in 10 remote workers choose shared workspaces, coffee shops and other on-the-go locations (figure 4).

THIRD PLACE
While many enjoy the comfort and convenience of working at home, it is often not an ideal solution. Finding a quiet place can be a challenge for some. Others miss the social aspects of a traditional workplace, the professional environment, reliable high-speed internet service and the opportunity to leave work behind at the end of the day.

Many people began to search for other non-office alternatives. Coffee shops, hotel lobbies and other “third places” suddenly found themselves full of workers scrambling to plug in and sign on. Though some proprietors considered these patrons to be a drain on table turnover and Wi-Fi, many embraced the concept—even redesigning their spaces to accommodate their business guests.

Though these “third places” can be adequate for occasional uses, they are not an effective replacement for home or office. Issues related to security, noise and availability, in addition to the occasional glares from proprietors, make them less than ideal.

FOURTH PLACE
The earliest forms of shared workspaces were business incubators, first established in 1959. They were intended to stimulate commerce by grouping together symbiotic small businesses.

Serviced offices and executive suites made their debut in the 1960s. Back in those days, when high-quality laser printers and copiers cost thousands of dollars, this model offered small business owners an attractive, inexpensive alternative to setting up their own office. For one bundled price, they received access to flexible office space that included shared services, the latest technology, amenities, receptionists and a prime business address. Lease commitments as short as a few months made this particularly appealing to startups and small businesses.
Servcorp, which offers both virtual offices and serviced offices, was founded in Australia in 1978 and today operates in more than 131 locations worldwide. Regus, currently the largest serviced office provider, with more than 2,700 locations in 106 countries, launched in Belgium in 1989. The company operated predominantly throughout Europe until it purchased HQ Global Workplaces in 2004 and established a presence in the U.S. The availability of such spaces has evolved over the years and varies by country, but small and medium-sized businesses generally dominate the tenant list.

**COWORKING**

The term coworking was coined in 1999 to describe computer-supported collaborative work. And the first coworking centers—the Hat Factory and Citizen Space, both in San Francisco—were established in 2006.

In contrast to serviced offices, coworking spaces are largely open, collaborative, collegial and fun. Though some offer private office options, eight of 10 members opt for the open alternative. Another distinction between the two is how they charge. Serviced offices collect lease fees, while coworking spaces operate on a membership model.

Emergent Research, a firm that specializes in tracking and forecasting trends that impact small businesses, estimates that nearly one million coworking members and 11,000 coworking spaces exist today. Reports from the Global Coworking Unconference suggested a more modest 500,000 members and 8,000 spaces at the end of 2015, with those numbers expected to rise to 700,000 members and 10,000 spaces by October 2016. Both demand- and supply-side drivers are changing the how and where of work.

*This is an abridged version of the "Coworking: A Corporate Real Estate" report published by HOK’s WorkPlace practice and the UK Chapter of CoreNet Global in 2016. View and download the entire report on hok.com.*
THE MANY FACES OF FLEXIBLE WORK

COWORKING SPACES OR HUBS, as they are often called in the U.K., are shared office spaces operated to create a community spirit among members. The setup is typically casual and open. Spaces are designed to encourage interaction and a sense of community. Most include amenities, meeting rooms, some private offices and social hours (complete with adult beverages). The cost is based on the frequency of use and packaged as monthly or long-term memberships.

A SERVICED OFFICE OR EXECUTIVE SUITE offers private offices, meeting rooms, shared staff and amenities, flexible lease terms (typically a minimum of one year, though some are shorter) and space for five to 40 employees. They are often located in premium office buildings that tenants could not otherwise afford. Most are designed to exude a professional atmosphere.

VIRTUAL OFFICES offer tenants a suite of services including a professional mailing address, phone answering, office equipment, and drop-in meeting and office space. They are often associated with executive suites but do not require users to sign a lease. Members typically include entrepreneurs, small businesses, freelancers and, increasingly, employees of medium and large organizations.

INCUBATORS are typically low- or no-cost spaces made available to startups. The incubator owner often takes a small equity stake in the venture, offers mentoring and coaching, and provides access to financing. Many incubators receive government funding aimed at encouraging entrepreneurship. They are often affiliated or partnered with a university.

ACCELERATORS provide promising startups with an immersive entrepreneurial environment, education, mentoring, networking opportunities and, typically, seed capital. Many receive government or corporate funding to advance promising ideas. Like incubators, they are often affiliated or partnered with a university.

HACKER AND MAKER SPACES are places where people with common interests come to work, collaborate, share technology and tooling, and learn from each other. Fees are typically membership-based, though some community or school-sponsored spaces are free.

JELLIES are informal gatherings of people who occasionally choose to hang out with others to network, work or converse. There is no cost to participate in a jelly and they are typically held in someone’s home or another informal setting.
The Cambridge Innovation Center (CIC) supports startup companies by managing their office space so they can focus on their core businesses. HOK worked with the CIC to design space in the Cortex Innovation Community’s @4240 building for a wide variety of business types, sizes and workplace needs.

Serving as a “clubhouse for innovation,” this flexible tenant space houses coworking areas that accommodate anywhere from one to 30+ employees. It includes an adjacent Venture Café where CIC hosts weekly networking and educational events.

The CIC’s workspace options include:

- Uno: a single 4x6 room arranged in clusters
- Bays: eight workspaces in one room
- Boos: one bay with adjacent private offices
- Coworking: large, open spaces with rentable workstations
- Found: eclectic spaces for collaboration
- Conference: glass-enclosed meeting areas in various sizes

Based on the success of this St. Louis location, Wexford and the CIC asked HOK to design a similar space in Philadelphia. This new, much larger project includes lab space for the CIC’s startup model concept. It will support the CIC’s partnership with the Quorum community engagement program and the University City Science Center.
An Update to Our Research Into Coworking for the Corporate Real Estate Executive

As outlined in “Coworking: What CRE Leaders Need to Know,” (originally published in the March 2017 issue of LEADER magazine), coworking is heavily susceptible to market conditions as the industry faces mounting competition, a volatile tenant base, few barriers to entry and looming lease increases.

Just in the past several months, we’ve seen coworking continue to evolve and expand into new business models and settings. Developers, for example, are starting to allocate space within their buildings to serve as community/coworking environments. These spaces are seen as a shared amenity that attracts and connects tenants, just as fitness centers once did.

We’re also seeing coworking go from being small, community hotspots to “big box” environments. As BisNow recently reported, in Chicago alone WeWork operates five coworking centers spanning 356,000 square feet. MakeOffices, another industry giant, operates three Chicago coworking centers that add up to 160,000 square feet. For some, these large environments have lost the boutique feel and sense of community that was so appealing in the first place. (Download HOK and CoreNet Global’s Coworking Research Report.)

And considering that more than half of coworking occupants are now employees of a company, corporations are rethinking their strategies. For some, coworking enables them to commit to less permanent space. Others use it as overflow space to meet changing staffing needs. But more and more companies, including Capital One, Google, Microsoft and AT&T, are looking to replicate the coworking experience within their own space. (See Verizon example below.) The rise of the creative offices and maker spaces, coupled with the introduction of community managers to service the corporate space needs, is bringing a new wave of competition to coworking environments.
We are seeing the emergence of a more risk-averse coworking model. In such a building, the owner offers available blocks of space free of charge to an entity that comes in to operate the coworking center, thus sharing the risks and rewards. National Australian Bank (NAB) was an early adopter of this model, which is becoming more mainstream as developers seek to fill space and attract new users to their properties. This model alleviates the risk associated with longer term leases and frees up all parties to react more quickly to changing market conditions, supply and demand.

Retail vendors are making a move to be part of the coworking movement with brands such as West Elm, known primarily as a home furnishings retailer, recently joining forces with office furniture manufacturer Inscape to create products geared toward coworking environments. Expect more furniture and décor brands to follow suit as more coworking centers look to offer a chic, curated experience for their user communities.

Coworking, it's important to remember, has only been around for a decade. As such a young workspace concept, it's only natural that it will continue to evolve in definition and practice. The question is whether today's challenges will prove to be major setbacks or momentary growing pains.

VERIZON EXPLORES COWORKING FOR SURPLUS SPACE

Add Verizon to the ranks of corporations experimenting with coworking. In March 2016 the telecom giant converted part of its former Manhattan headquarters into a coworking space complete with open workspaces, team rooms, kitchen facilities and high-speed broadband. Verizon plans to open similar spaces in other cities.

John Vazquez, Verizon's global head of real estate, told The Wall Street Journal that the move into coworking isn’t so much about turning a profit as it is to stay “engaged” in the tech community.

“It’s about creativity that we get to advise and mentor,” Vazquez told the paper, adding that coworking programs also offer a solution for optimizing Verizon's vast real estate holdings from its days as part of the original U.S. phone conglomerate.

“It’s a pretty cool juxtaposition of what was and what is,” said Vazquez.

Originally published on bok.com.
Five Key Insights on Coworking for Workplace Designers

Are you paying attention to coworking? Consider the following data: In just over a decade, the number of dedicated coworking spaces worldwide has grown from zero to 11,000. By 2020, another 15,000 of these shared workspaces will come online and membership to these facilities could eclipse 3.8 million users?

Here is another stat worth knowing: Despite its meteoric growth, coworking still accounts for less than one percent of global office space, and its overall slice of the pie is expected to remain but a sliver (less than four percent) for the foreseeable future.

Given these contradictory viewpoints, how should workplace designers approach coworking? At HOK, we’ve developed five key insights we often share with clients who are considering coworking.

1. COWORKING REFLECTS CHANGING WORK ATTITUDES

Fewer and fewer employees think of work as something that has to be done within the traditional office. As many as 80 percent of knowledge workers report spending at least one day a week working remotely. These professionals tend to view the office as just the first of their workplace options. Home is often a second workplace, and a coffee shop or public space, such as a library, is a third alternative.
Shared workspaces have now emerged as a fourth place for professionals looking for greater choice and flexibility. These communal workplaces include business accelerators and incubators, serviced or shared executive offices and DIY maker shops. Coworking centers—with their shared desks, fast Wi-Fi, and social lounges—came about in the wake of the Great Recession and initially drew from the large numbers of workers who identify as freelancers and independent contractors. Those workers now make up 16-17 percent of the U.S. workforce.

Recently, however, the composition of coworking has shifted. Salaried workers now represent slightly more than half of all coworkers as more and more employers—including GE, Delta Airlines and KPMG, among others—have seized upon coworking as a solution to workspace shortages and housing for remote or temporary staff.

2. EMPLOYEES TEND TO ENJOY COWORKING

Surveys shows that both employees and freelancers prefer coworking spaces over traditional office environments. According to the industry trade publication Deskmg, 73 percent of working members report being happy at work compared to just 59 percent of non-workers. Additionally, 71 percent of coworkers say they’re more productive in a coworking space; 68 percent say they’re better able to focus; and 62 percent believe the quality of their work is better.

Anecdotally, many of these same coworkers say they enjoy the social aspects of the open and shared workspace and the ability to share ideas with like-minded professionals.

3. EMPLOYERS BENEFIT FROM COWORKING

Coworking offers employers several advantages, particularly when it comes to real estate inventory and human capital. Employees, as we just mentioned, usually express favorable opinions of coworking. Those who have the flexibility to work remotely a day or two each week actually report feeling more engaged in their jobs than those who work in the office every day.

Several large companies have begun experimenting with coworking as a way to connect with innovators and tap into talent. Verizon, for example, last year converted part of its Manhattan office into coworking space that, according to the company’s global head of real estate, will help the telecom stay “engaged in the tech community.” Verizon plans to open up additional coworking spaces elsewhere in properties it owns but does not use to full capacity, particularly within the buildings it owns from its days as a land-line phone operator.

In St. Louis, our design team worked to transform a similar property (built in the 1940s as a telephone handset factory) into @4240, an innovation center that houses numerous startups, anchor tenants and the CIC St. Louis coworking space. The building features open meeting areas and casual indoor and outdoor gathering spots designed to encourage collaboration and play. Coworking has provided new life for many historic buildings like @4240, with nearly half of today’s coworking spaces found in structures that are more than 50 years old.
4. CHALLENGES OF COWORKING

Now that we’ve covered some of coworking’s perks, let’s examine the risks. Arguably the biggest uncertainty is that it’s impossible to know if tomorrow’s employees will appreciate coworking quite as much as today’s workers. In addition, market forces and competition may present immediate challenges to coworking.

The coworking model requires large membership to cover operating costs. Yet with the average U.S. coworker keeping a membership for just under 20 months, membership to these facilities is in constant flux. Lease rates could also prove to be a factor. Most coworking spaces sprouted up in the wake of the Great Recession, when real estate was relatively inexpensive. In 2018, the leases for nearly half of all coworking spaces are expected to be up for renewal.

It could be, too, that coworking has already reached market saturation in many large U.S. and European cities, where operators such as WeWork have opened multiple shared workspaces. Competition doesn’t pose quite such a risk in Asia and Latin America, though there the coworking model has yet to experience strong demand.

5. CLIENTS MUST CONSIDER INDIVIDUAL NEEDS

Ultimately, whether or not a business or organization should pursue coworking can only be made on a case-by-case basis. For many employers, particularly those that require lots of in-person collaboration, coworking may not be an option. For others, there are many questions to address.

Here are a few that we ask our clients:

- How will the space reflect your corporate brand or identity?
- What is the goal of the coworking space? Is it to monetize unused real estate? Increase employee productivity? Connect with the community?
- How will the space incorporate the needs and preferences of all workers? And how might those needs change over time?
- What other coworking spaces can be found nearby and how are they being used?

Based on its tremendous growth this past decade, it’s clear that coworking is much more than a fad. In our design studios, we’re talking about how this relatively young concept of coworking will evolve over time and what it might look like in 2030 and beyond.

Originally published by WorkDesign Magazine, March 29, 2017
Among industry sectors, the banking, financial services and insurance (BFSI) sector has historically been the most sensitive to real estate costs. Financial institutions and investment banks survived the global financial crisis of 2007–2008 by strengthening their balance sheets, trimming costs, reducing their real estate and improving their agility. Large financial institutions began to reallocate their investment dollars from personal lending to wealth management and investment banking. But with a 2.2 percent growth in hiring, the finance and insurance sector is lagging behind the U.S. national average of 3.6 percent. As these organizations look for ways to cut costs and increase revenue, the top expense remains human capital—followed by real estate and technology.

### CHANGING ECONOMICS

The decade ahead will test the ability of traditional industry leaders to stay profitable in the increasingly competitive, disaggregated financial food chain. Among their threats:

- The commoditization of products and services, increased price transparency and low migration friction (the ease of changing providers) are chipping away at customer relationships.

- Current low interest rates limit what lenders can charge on loans.

- A likely ebb in economic cycles could lead to reduced spending and borrowing.

- There is a shift away from cash, card-based transactions and traditional payment processing to new payment systems. Companies will need to fight for or replace this significant revenue source.

- We are seeing reduced buying power among many new-generation workers, who are burdened by student debt and putting off starting families and purchasing homes.

- The rise of the sharing economy for cars, real estate and even homes will continue to decrease purchases and related loan activity.

- An underfunded social security system in the U.S. and rising healthcare costs will threaten the buying power of older citizens.

- The current U.S. administration’s proposed corporate tax cuts will add to the national debt.
GEOPOLITICAL FACTORS

The U.K. is still feeling the effects of the 2016 Brexit vote, which sent ripples through the world’s financial markets and left investors anxious about uncertainty in Europe.

If it is not part of the EU anymore, the UK—with London, the global financial capital—will lose ‘passporting’ rights, the ability to set up branch offices or sell financial products in all other EU member states. Many financial services companies thus are looking to relocate a portion of their operations to other cities in Europe, including Frankfurt, Dublin, Paris, Amsterdam, Luxembourg City and Brussels.

The rise of nationalism, the stability of foreign currencies and governments, and tensions in international relations also are weighing on global labor, outsourcing and expansion opportunities. And the rise of China as a world economic (including financial services) superpower provider and its role as “America’s largest banker” gives it leverage over the U.S. economy.

SHADOW BANKS AND OTHER NONTRADITIONAL COMPETITORS

Unencumbered by legacy systems, processes or thinking, new and nontraditional market participants pose an enormous threat to business as usual. In EY’s 2016 Global Consumer Banking Survey, 40 percent of the respondents had used a nonbank financial services provider in the past year. Another 20 percent foresaw using one in the near future.

Hundreds of technology-based financial services (fintech) startups already are engaged in wealth management, consumer and commercial lending, and virtual banking. Fintech companies also are focusing on mobile mortgage transactions, student loans, financial advising and moving funds between countries. Quicken Loans quickly became the second-largest retail mortgage lender. And in the first three quarters of 2016, nonbank lenders accounted for 80 percent of FHA mortgages—up from only 9 percent in 2010.

These startups and nontraditional financial competitors including Google, Amazon and Alibaba have lower overhead and are more agile. As these new entrants to the market cherry-pick the high-profit, low-risk parts of their businesses, financial institutions will need to rethink what they do and how and where they do it.

Many of these nontraditional banking companies have a competitive advantage because they fall outside the purview of state and federal banking regulations. Even as lawmakers fight over who should regulate these so-called “shadow banks,” they are winning customers and potentially bringing new risks—including losing consumer trust—to the financial system.

A 2017 paper by collaborators from Stanford, Columbia and University of Chicago notes that 55 percent of the growth of shadow banks from 2008 to 2015 was due to the regulatory burdens imposed on traditional banks since the 2010 passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Another 35 percent of that growth was attributed to their use of better technology. In other words, since nonbanks have not had to comply with the requirements placed on the sector in the wake of the global financial crisis—which was triggered by shadow banks—they can take more risks while using better data and technology to do it.

In his book, “Stress Test,” ex-U.S. Treasury Secretary Timothy Geithner writes that “safeguards for traditional banks weren’t tough enough […] but what made our storm into a perfect storm was nonbanks behaving like banks without bank supervision or bank protections.”

"AI IS GOING TO BE HUGE, IT WILL AFFECT THE WAY YOU BUILD SPACES. BUT WE ARE NOT LOOKING TO GET RID OF PEOPLE, WE'RE JUST RETRAINING THEM."

- Colleen Baldwin, Scotiabank

Meanwhile, many believe the Trump administration’s pledge to rewind Dodd-Frank, though welcomed by some industry insiders, could trigger another financial disaster. Either way, ambiguity over if and how shadow banks will be regulated will continue to cost traditional players both dollars and customers.

Tech giants like Google, Amazon and Facebook have far more experience than most financial institutions with cloud computing, artificial intelligence and “big data” analytics. Amazon Web Services, the company’s cloud computing business, already is offering its services to large U.S. banks. Many major financial firms are relying on these companies for everything from data storage and processing to use of their data analytics to collect information on users and target customers. If they are willing to comply with additional regulations, these companies will disrupt the sector.

"FOR EVERY FOUR CAPITAL DOLLARS WE'RE SPENDING ON SPACE WE'RE SPENDING ONE FOR TECHNOLOGY."

- Gus Scaiano, Scotiabank
TALENT WAR
With ideas and knowledge driving today’s economy, people are the chief currency of business. Silicon Valley and the rest of the tech world are luring many talented professionals away from the financial services sector. These former employees then can turn around and help them replicate key profit sources such as payment systems, consumer and business lending, and investment advisory services.

REGAINING TRUST
Trust is paramount to the success of a financial institution. Yet public mistrust of financial institutions lingers from the 2008 crisis. Having a big name, prestigious Wall Street address or convenient location no longer translates into winning or keeping customers or employees (figure 1).

TO REGAIN TRUST, COMPANIES MUST:

BE TRANSPARENT.
Today’s consumers demand transparency. New players offer it. Web outlets deliver it. Regulations increasingly require it. And the media is all over it.

DO GOOD.
People care about the kind of company they are dealing with. How employers treat their people, their community, the environment and their customers matters.

MAKE IT EASIER, BETTER AND INTUITIVE.
The best the customer has seen is the least they expect. The future is about the experience in both the physical and virtual worlds. Companies like Apple, Amazon and Google have set a high bar.

INCREASE EFFICIENCIES AND REDUCE COSTS.
Newer, more agile players are unencumbered by legacy processes, technologies, physical assets and thinking. Traditional players should reevaluate their products, services and geographic focus.

PROVIDE SECURITY.
Safeguard customers from data breaches and cybersecurity threats. Protecting them from hacking and fraud, transparently complying with regulations and securing their personal data all are critical.

figure 1
COMPLETE TRUST IN PRIMARY FINANCIAL SERVICES PROVIDER (PFSP) (%)
Disruptive Technology

The reality today is that financial institutions must become tech companies. To make that transition, many large financial institutions are expanding their expertise—often by acquiring small companies. Folding these smaller, agile startups into their large organizations and corporate cultures can be challenging. But to keep the most talented people from these companies and gain the most value from their acquisitions, financial companies must adapt their workplaces. The space for these blended companies has to address the entrepreneurial spirit of the employees and meet the needs of the blended workforce.

Keeping up with new technologies, deciding when or if to adopt them, and anticipating their impact on people, places, products, processes and services demands the constant attention of the C-suite. Whether it comes from outsourcing, partnering with more agile players or investing in proprietary IT, the ability to make quick technological shifts will be crucial to the survival of traditional financial companies.

First Tech Federal Credit Union, for example, is a $10 billion institution based in Mountain View, California, that began offering online banking as early as 1989. It launched a mobile banking platform in 2000 and began biometric security in 2007. The credit union wants to be accessible to its members any time via a variety of options—branch, computer or phone—and to offer high quality engagement. It also plans to be the first fully virtual U.S. credit union, relying on a fully cloud-based infrastructure rather than traditional data centers.

Technologies with potential to disrupt the financial services industry include cryptocurrency, biometrics, blockchain, cognitive computing, open banking and interactive teller machines.

Customer-facing areas and backroom operations still will require smart people. There will always be some things people do better than machines, and an emoji just isn’t as comforting as a real smile. The key will be finding the right mix of technology and people.

CRYPTOCURRENCY

The Basel-based “bank for central banks,” is advocating for central banks to embrace digital currencies and consider the potential to eliminate the need for physical cash. BIS believes that cryptocurrencies are more efficient for transactions and allow for anonymity. The cryptocurrencies are facing significant volatility, regulatory issues and concerns related to the fate of the traditional banking system. In Sept. 2017, for example, China banned its mainland residents from using bitcoin and digital currency exchanges.
BIOMETRICS
The use of unique physical features such as iris and fingerprint recognition or voice identification to authenticate a user can reduce the need for passwords and provide faster, more secure access to services. Companies including Lloyds Bank, Bank of America, HSBC and Rabobank have embraced the use of biometrics. MasterCard is launching a “selfie pay” system that uses facial recognition to allow smartphone users to authenticate their identities while making purchases.

"WE ARE COMPETING TO ATTRACT TOP TALENT TO DRIVE OUR PRODUCT INNOVATION AND GROWTH TO ENSURE WE SUPPORT OUR CLIENTS’ NEEDS TODAY AND TOMORROW. THERE IS NO DOUBT THAT OUR NEW VIBRANT WORKPLACE AND STATE-OF-THE-ART TRADING FLOOR ARE HELPING US RECRUIT AND KEEP THE BEST AND BRIGHTEST PEOPLE."
- Raymond Mays, Nasdaq

BLOCKCHAIN
Blockchain technology is emerging as the future of transaction processing in financial services. Blockchain is used to cryptographically secure distributed ledgers and create tamper-proof transactions. It provides a faster, more cost-effective way to complete transactions. A “block” of data containing basic information—sender, receiver, date/time, asset type, value and quantity—is created and stored on a network of computers in lieu of a central location. These blocks are linked directly to the previous one, creating a “chain” that can’t be altered.

Blockchain will affect both business-to-business (B2B) and business-to-customer (B2C) authentication in coming years, and also will be leveraged in real estate markets. Though still relatively untested, blockchain could expedite transactions and provide better tracking of exchanges. It also could reduce the amount of required information and documentation, streamlining transaction processes.

In early 2017 it was announced that seven financial institutions planned to collaborate on a blockchain cross-border trade finance platform called Digital Trade Chain (DTC). The companies are Deutsche Bank, HSBC, KBC, Natixis, Rabobank, Société Générale and UniCredit. Eighty percent of all banks were expected to launch blockchain projects by the end of 2017. Cloud platforms offering blockchain as a service could drive down the costs of experimentation and accelerate the adoption by all financial services firms.

COGNITIVE COMPUTING
New advancements in computational artificial intelligence (AI) could begin to reshape the workforce. “Chatbots,” computer programs that use AI to mimic audio or text conversations, already are being used to assist customers. Machine learning, advanced and predictive analytics, and speech recognition—tasks that mimic the human brain—are being introduced. Analytical tasks such as predicting default rates on loans, assessing stock performance and determining insurance premiums could soon be performed by machines. Raiffeisen’s flagship branch in Zurich has incorporated a robotic retrieval system that gives customers 24/7 access to their safety deposit boxes.

Citigroup recently reported that 30 percent of bank jobs could be eliminated between 2015 and 2025, primarily due to retail banking automation. This could improve efficiencies but will require staff to shift to other lines of business, perhaps retraining to acquire skills to support a new robotic process automation (RPA) business unit.

OPEN BANKING
Set to take effect in early 2018, the European Union’s revised Payment Services Directive (PSD2) will allow a bank’s customers to use third-party providers to manage their finances from existing bank accounts. With the goal to increase competition, drive development of new online services and improve customer service, this will require that banks give other financial institutions access to their customers’ online accounts through open APIs (application programming interfaces) with consent from account holders. In this model, customers will have access to “open platforms” to compare pricing of service providers.

"THE OPEN CONCEPT COMMUNITY HAS A VARIETY OF DESTINATIONS THAT FUEL CREATIVITY AND ENCOURAGE COLLABORATION ALLOWING PEOPLE TO BE INNOVATIVE AND PRODUCE THEIR BEST WORK. THE WIDE RANGE OF SEATING TYPES AND POTENTIAL CONFIGURATIONS SUPPORT MULTIPLE WORK STYLES, GIVING OUR SPACE FLEXIBILITY TO ACCOMMODATE MANY DIFFERENT ACTIVITIES AND FUTURE GROWTH."
- Michael Sobocienski, Nasdaq

INTERACTIVE TELLER MACHINES
As with ATMs, interactive teller machines (ITMs) have cash dispensers and check scanners. But they also have a camera and a human teller on the other end who can see and interact with customers. Centralizing tellers reduces costs, improves security and provides new opportunities for personal interactions with customers in locations where advisors aren’t physically available.
## Technology Challenges and Solutions

Financial companies can deploy emerging technologies to enhance the customer experience, increase revenue and profitability, and ensure customer and data security.

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>TECHNOLOGY SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance the customer experience</td>
<td>Upgrade/enhance mobile interfaces. Simplify and accelerate processes. Identify and reduce system friction. Ensure customer safety and privacy. Leverage express banking and ITMs. Provide universal bankers in branches.</td>
</tr>
</tbody>
</table>
| Improve sales                  | Use data and predictive analytics to:  
  - Identify prospects and cross-selling opportunities.  
  - Prequalify prospects and customers.  
  - Monitor relationship profits.  
  - Track and share performance metrics.  

  Use artificial and augmented intelligence to:  
  - Aggregate web and social data to inform sales.  
  - Increase sales effectiveness.  
  - Simplify and speed up sales processes. |
| Increase profitability, efficiency and sustainability | Deploy big data and data analytics to:  
  - Identify underperforming business lines.  
  - Analyze performance by geography.  
  - Evaluate and enhance human performance.  
  - Identify outsourcing opportunities.  

  Use IWMS, CAFM, VR, AI, robotics, SNA and IoT solutions to:  
  - Understand and manage real assets.  
  - Monitor, measure and report usage.  
  - Identify underutilization and inefficiency.  
  - Increase space agility.  
  - Redesign or repurpose underutilized spaces.  
  - Model future scenarios.  
  - Reduce maintenance/compliance costs.  
  - Improve the occupant experience.  
  - Reduce energy costs.  
  - Simplify regulatory compliance.  
  - Automate back- and front-of-house operations.  
  - Reduce the carbon footprint.  
  - Ensure optimization of nonrenewable resources.  

  Reduce document storage and paper use through digitization. Increase employee effectiveness with technology and training. Reduce software costs through SaaS solutions. |
| Ensure security                | Use data and predictive analytics to:  
  - Identify cyberattacks.  
  - Flag fraudulent activity.  
  - Ensure regulatory compliance.  

  Use artificial and augmented intelligence to:  
  - Automatically shut down fraud and enhance security.  
  - Evaluate blockchain solutions.  
  - Evaluate cybercurrency opportunities. |
The design for this new office and trading floor in Philadelphia supports Nasdaq’s work processes as a fintech leader, as well as its ability to recruit the best employees from the city’s university and tech communities. The design embraces the rich history of the Philadelphia Stock Exchange (PHLX), which was founded in 1790 and acquired by Nasdaq in 2008.

The 75,000-sq.-ft. space spans the sixth, seventh and eighth floors of the FMC Tower in the city’s thriving University City district. It houses Nasdaq’s technology operations as well as its traders and brokers, who have been energized by moving from windowless basement space in their previous office to a bright, daylit, state-of-the-art trading floor.
The open office plan has plenty of spaces that fuel creativity and encourage the impromptu interactions that lead to the most innovative ideas. A variety of seating types and potential configurations support a wide range of work styles, giving the space flexibility to accommodate many different uses and future growth. Meeting rooms promote teamwork, and enclosed booths accommodate private conversations.

Juxtaposing sleek architectural elements and industrial finishes, the hospitality-infused design is unique in the fintech industry. Visitors arrive at a custom concrete and wood reception desk with a backlit logo positioned in front of panoramic city views. Reclaimed walnut floors and ceilings combine with blackened steel accents to create a modern industrial environment that serves as a counterpoint to the tech-driven business.

A central café and lounge dubbed the Merchants’ Coffee House pays tribute to the Philadelphia Stock Exchange’s 18th-century origins in Old City. Nasdaq’s people can access the contemporary café via a three-story blackened steel and walnut staircase that runs along the eastern window line and is linked by a colorful, abstract topographic mural by a local artist. A pool table helps create an environment that attracts and retains a young, talented workforce.

Adjacent to the main reception, the trading floor is organized radially around the surveillance area. Colorful, elliptical millwork provides visual access to the traders. A white baffle system establishes the ceiling plane, while a circular void organizes the seating group below.

The design of the network operations center and customer data center transforms these traditionally back-of-house spaces into showcases for Nasdaq’s cutting-edge technology. Framed views into these areas, combined with curated murals abstracted from traditional elements, reinforce the idea that the company’s forward-thinking brand is grounded in local history.

HOK’s project team used advanced virtual reality (VR) technology throughout all phases of the design process, enabling Nasdaq to experience the space before it was built.

This is an abridged version of “The New Financial Workplace” research report published by HOK’s Workplace practice in 2018. View and download the entire report on hok.com.
Finding Innovation by Blending Different Space Types

As the lines between working, living, learning and playing continue to blur, we are seeing design elements from various spaces come together. Just like blending one or more cooking traditions or techniques to invent a new finished dish, combining different types of space is creating entirely different workplace environments. Space planning ideas from the hospitality, healthcare, sports, aviation, retail and higher education sectors, for example, are enriching the corporate workplace—and vice versa. This space fusion provides a rich variety of experiences within a work environment.
Below are just a few ideas from other space types that are influencing our design of today’s workplaces.

**HOSPITALITY**
Companies eager to provide more work-life balance for their people are looking for more relaxed, casual work settings. Interweaving the lounge and dining spaces typically found in hospitality environments into a workplace creates what we’re calling “corpitality” spaces.

Other hospitality industry innovations being imported to the workplace include the use of automated data gathering and analytics to track customer preferences and the ability for guests to use their mobile devices to check in. Facility managers can use this technology to anticipate and be more responsive to employees’ workplace needs.

**HEALTHCARE**
As more people share space and presenteeism at work increases, there is a heightened awareness around workplace cleanliness and stopping the spread of germs. Diligence regarding hand washing, surface cleaning and material use are key.

Current workplace trends that enhance well-being also include providing healthy vending machines, yoga rooms, quiet spaces, outdoor space and adjustable height work surfaces.

**SPORTS**
Sports designers have always focused on creating compelling experiences that attract fans. The ideal game-day experience combines the energy and excitement of the live event with a hospitality-driven service experience. This same commitment to hospitality carries into the design of workplaces for sports teams, athletic departments and leagues. While these employees traditionally have been located in the dark corners of stadiums, many are now moving to standalone office buildings that have access to natural light, an array of amenities, and informal and formal meeting spaces that sales staff can leverage. These independent spaces also give teams opportunities to increase their brand awareness in the community.

**AVIATION**
Airports excel at using design cues to efficiently move people through their terminals while giving them the best experiences. Designers can bring some of these ideas to the workplace, where they can strategically choreograph the employee experience. Providing clear signage, visual clues and a logical flow that can include segregating space into identifiable neighborhoods all help with wayfinding. Access to daylight and views to the outside help orient people.

From remote check-in to luggage tracking, airports have made great strides in using technology to empower travelers. As airports are doing with their mobile apps, companies can offer employees apps that help employees understand the layout of the building, where to park and enter, and where various workplace amenities are located.

**RETAIL**
We are seeing the introduction of IT “genius bars” in workplaces. These technology support areas pull IT departments out of their back rooms and incorporate them into the heart of the work spaces occupied by the people they support.

**HIGHER EDUCATION**
As the war for talent heats up and the need to retrain workers with emerging skillsets increases, workplaces will incorporate more characteristics of learning environments. This includes building in more multipurpose and team gathering spaces.
EXPERIENTIAL DESIGN

Using Workspace to Build Culture

Leaders focused on creating winning cultures look at big workplace trends—open offices, huddle rooms and collaboration technology platforms—and say, “we need that.” But it's more complicated than that.

1. KEEP IT REAL

We all know someone who jumped on the latest design trend seen on HGTV but now avoids that room because it doesn't serve his or her needs. Without an honest self-assessment, companies can fall victim to the same renovation pitfalls as residential spaces.

Workplace design should always start with the question, “What would be right for our people and how we work?”

It’s fine to be inspired by trends. After all, design solutions catch on for a reason. But keeping up with your competitors’ workplace appearances—even with the best intentions—will never be as important as serving your employees’ functional needs and honestly reflecting your specific business and culture. And there are an infinite number of ways to achieve functional efficiencies with exceptional and authentic aesthetic appeal.

2. DESIGN FOR BUSINESS STRATEGY

Business strategy is another filter through which companies can explore design. Whether you’re looking to consolidate, foster cross-departmental collaboration or shift the way clients experience your organization, all these goals can drive workspace planning.

Don’t set budgets until you understand these important strategy pieces and how the design of your built environment can inform and support them.
In some cases the right design expenditures can actually transform a business as much as a new marketing strategy. Attempting to cut costs by reducing space doesn’t always succeed. In fact, creating a new work environment that doesn’t support a company’s culture, work processes or business goals can have a negative effect.

Companies can experience unintended consequences from following workspace and workplace trends too closely. Some have reported a significant productivity losses in new offices. Though space designed based on popular design trends may initially appeal to their people, many won’t stay around long if they don’t feel productive there.

Whether the strategy is for open or closed offices or some combination of the two, the intent is for them to serve as tools that can solve workplace challenges—not to be the actual solutions. A successful workplace design requires specific ways of thinking framed by needs that work for your individuals, teams and company.

3. TIE WORKPLACE TO BRAND

Workplace design should be an authentic extension of corporate and brand DNA, which encompasses much more than logos and color palettes. Brand also represents the very nature of the company: its culture, experiences, stories and operations. This brand truth infuses all aspects of the organization, and should do the same for the new space.

An ultra-modern design that feels cold and impersonal to an organic food or friendly professional services company could be a perfect fit for a high-tech industrial design firm. Before they even think about the right look and feel for a space, workplace planners should help organizations conduct an assessment of who they are, what they do and what they aspire for the company to achieve. This will avoid the inclusion of amenities like a ping pong table in a space for a firm that occupies all-work environments and has a brand truth of formal, mature professionalism and service.

Employees can sniff out inauthenticity. If you are hoping to shift your work culture, do it in ways that are organic and that support your business goals.

Design can’t change your stripes, but it can complement and elevate your identity—and start to subtly shift your culture. By starting with a list of pain points and goals, companies can discover how design can be used as a tool to help them attract and retain talent, taking them well beyond their initial expectations.
The design of a new three-story headquarters for Dairy Farmers of America, the nation’s largest milk marketing cooperative, pays tribute to the 15,000 dairy farmer owners while communicating its global reach.

HOK’s team used every program element and design detail—from the milk bar to the blackened steel silverware used at board dinners—as an opportunity to tell DFA’s functional and cultural stories, and this design story influenced every touchpoint. The result is a nuanced, sophisticated brand interpretation that honors the farms where dairy products are produced and the family tables where they are served.

DFA’s people provided input that helped shape the team’s design of their new workplace. More than 75 percent of the organization’s staff participated in planning committees and town hall meetings.

The resulting space feels like a home built by farmers, giving DFA a high-performance headquarters and an authentic tool to market itself as a supplier and employer of choice.
AGILE SPACE
DFA moved from a workplace with 176 closed offices to an agile space plan with just 10 private offices. To promote collaboration, the workplace has more than 100 meeting rooms for a staff population of fewer than 500 people. Even the CEO’s office can easily convert into a conference room.

Individual workstations have personal storage wardrobes and height-adjustable desks. Custom wood screens at each workstation provide privacy and connections to the farm motif.

AGRARIAN-INSPIRED DESIGN
The agrarian-inspired building materials subtly reinforce the foundation on which the cooperative is built and its farming heritage. The exterior features a Garapa wood rainscreen facade on the first floor, which hosts a variety of celebratory functions. The second and third floors, which house corporate functions, are wrapped in expansive curtain wall glass to reflect the company's global reach.

The interior space juxtaposes organic materials, including concrete, raw steel and reclaimed wood, with sleek applications of white, subtly reflecting milk and dairy products.

The lobby welcomes visitors with a whimsical, two-story, 25-foot-tall milk pour crafted by experiential design and build firm Dimensional Innovations. The glossy white pour is made from foam with an application of hardening high-gloss lacquer that organically pools onto the floor of the reception waiting area. From the second floor, where DFA product teams are located, staff can catch glimpses of the top of the pour and be reminded of the product that unites them.

The feature stair off the lobby uses reclaimed wood treads in what resembles a glass and white container. The sides of the staircase transition from glossy white to clear, with a custom gradation on the glass creating a milky appearance that provides privacy. The stair base lands on poured-in-place concrete, again grounding the design with agrarian materials. This concrete base cascades into a café, multipurpose room and milk bar.

All fabrics are natural fiber wool that resemble modern interpretations of denim. A farm-inspired plaid is sourced from British suit designer Paul Smith. Selecting leathers that had been kept as natural as possible ensures that the material will take on a beautiful patina as it ages. Raw, hot-rolled steel reinforces both the production side of DFA’s business and the gritty feel of the family farm. Concrete is used throughout, including on the floors of cafés and on the countertops of meeting room credenzas.
MILK BAR
Locating the milk bar in the heart of the building highlights the product as the focus of DFA’s continued success. The team envisioned the milk bar as a space that would help employees celebrate the product and the hard work of the farmers. Locally-sourced milk is available on tap for visitors and staff. DFA also uses the custom serving bar for demonstrations of products not immediately available in the Kansas City area. This serving bar sits atop a stack of 224 repurposed milk bottles that are backlit and arranged within a milk crate. Plans for a potential future expansion keep the milk bar as the focal point.

RECLAIMED WOOD
A single barn in southern Missouri provided nearly all of the 25,000 square feet of reclaimed wood inside the building. The team was careful to preserve the wood in its natural state. It was wire brushed to remove animal residue before being sealed to protect the material, which included burn marks, rust, screw holes and saw marks. Based on the designer’s desire to maintain its authenticity, the wood was kiln dried twice to remove insects.

INDOOR-OUTDOOR CONNECTIONS
Employee input on the design indicated that the creation of outdoor spaces should be a priority. The design reinforces DFA’s dependence on nature by blurring the lines between indoors and out. In the café, 50 feet of the exterior walls can open to the outdoor terrace. Outdoor conference rooms on the ground level can accommodate formal and informal meetings.

Reinforcing this indoor-outdoor connectivity are welcoming lobbies overlooking the terrace on the second and third floors. The team designed these lobbies, which are at the top of the stairs, as a modern interpretation of a family farm’s front porch, complete with contemporary rocking chairs.
FURNITURE SELECTIONS
The building’s furniture is a mix of residential and commercial pieces. Sofas from Blu Dot and coffee tables from Restoration Hardware provide a cozy, homey feeling.

The design of the conference rooms creates a feeling of sitting around a family table rather than a corporate boardroom. Custom, live edge walnut slab conference tables have a glossy white “milk pour” through the center that houses technology and hides cords and are supported by blackened steel bases. In a refined interpretation of DFA’s brand, the large conference rooms each have cast-in-place plaster, tone-on-tone feature walls highlighting dairy-inspired tools including cheese graters, ice cream scoops, cow tags and milk bottles.

DISCREET LIGHTING
Lighting is discreet, with specialty pendants and chandeliers used in communal gathering spaces. One hundred percent of the lighting is LED. Conference rooms are lit with Bright Stik LED bulbs inserted into reclaimed wood. Fixtures at the top of the stairs on the second and third floors resemble milk bubbles. These organically shaped, cast-glass fixtures have slight imperfections that create a unique, visually interesting focal point.

In the café, a fixture hanging over the serving bar includes 60 Edison bulbs, each on a 25-foot-long cord. HOK’s designers thoughtfully swagged, knotted and arranged each light by hand.

The team selected the open-office fixtures for their resemblance to the building’s structural steel. Inspired by the structure found in barns, the lighting solution by Fluxwerx allowed the design team to emulate that layered verticality while spacing fixtures further apart to conserve energy and maintain desired light levels.
Corporate, Residential and Hospitality-Infused Workplaces

Technology has given us the ability to work anytime and anywhere, forever blurring the lines between work and home. But a desire for work-life balance, combined with those hazy lines, means many are seeking to find elements of home in the office. The result is a new hybrid of corporate, residential and hospitality space: "corpitality."

Most of us gravitate toward human-centric spaces that have personality. We feel better in workplaces we can relate to—spaces scaled to be lighter and flexible, casual and engaging, colorful and comfortable.

People also want to have authentic experiences and make genuine connections at work. Putting everyone into an open space filled with workstations does not automatically generate the collaboration required to drive innovation and productivity. Innovation is much more likely to occur when people trust each other, and that bond happens after they connect in meaningful ways. For this reason many companies are looking to more casual workplace settings, or corpitality spaces, to create environments that encourage interaction and an entrepreneurial spirit.

We’re also living in a time in which people are more connected globally than ever before. As corporations look to manage their real estate globally, their employees are more aware of, and open to, the ways things are done in other regions of the world. There is an increased desire to reflect that cultural diversity in today’s workplaces.

Materiality, texture, color and aesthetics all play roles as these customized corpitality settings. As workplace planners replace or enhance cubicle farms with a wide variety of spaces that give employees choices and opportunities to engage with each other, we’re seeing the introduction of more lounge furniture throughout the workspace—and not just in special locations. To achieve the new feel, clients are seeking more customized, unique, specialty pieces. These pieces add flair and can serve as focal points in a space and provide relief and emphasis in sharp contrast to the image many corporate spaces evoke—bland, repetitive rows of workstations.

Forward-thinking corporate real estate and facilities groups are seeking sophisticated, cultured approaches to create these experiential environments. Beautifully crafted, stylized and culturally diverse pieces provide the aesthetic and boost to collaboration they are seeking. Interweaving these signature elements into the workplace to bring about a corpitality feel in the environments where we spend most of our waking hours is a welcome relief.

Originally published in **ALEA global “lifestyle” magazine**
TOP 10 SKILLS FOR 2020

HR and strategy leaders from leading global employers identified these as the top skills employees will need by 2020:

1. Complex problem solving
2. Critical thinking
3. Creativity
4. People management
5. Coordinating with others
6. Emotional intelligence
7. Judgment and decision making
8. Service orientation
9. Negotiation
10. Cognitive flexibility
The design of leading international law firm White & Case’s new office encourages collaboration, mentoring and networking among attorneys and legal professionals in a sophisticated, modern workplace.

After interviewing more than 80 White & Case partners and associates about their workplace needs, the design team created a highly efficient plan and contemporary design to communicate the firm’s culture.

To maximize flexibility and streamline the workflow, the team created a modular plan and kit-of-parts design. Two office sizes accommodate partners and associates, and every workspace has a sit-to-stand option. Open and closed collaboration spaces offer scenic Manhattan views and abundant natural light. A knowledge center and genius bar supports research, shared work and education.

Design of the amenity space draws on White & Case’s brand to enhance the experience for visitors and employees. A warm, balanced and natural palette conveys a sophisticated interior ambience punctuated by dramatic light and textured materials. The two-story reception space brings in light and welcomes guests with stone and leather-wrapped acoustic walls.

Linking the reception area to a coffee bar is a dramatic glass and smoked steel stairway. The “first-class” conference center was designed with hospitality in mind. Generous multipurpose and breakout spaces can be transformed for entertaining and town hall meetings.

The workplace integrates emerging technologies that support the increasing need for mobility, group workspaces and virtual collaboration. Restaurant-style dining, a full-service fitness facility and a wellness center promote work-life balance. A robust art program includes pieces from renowned international artists on display at key locations throughout the office.

HOK led the design of the amenity floors and HYL Architecture designed the office practice floors. Pentagram collaborated on the creation of environmental graphics.
Workplace and Academic Environments are Becoming Intertwined as Lifelong Learning Becomes Essential

There has been a lot of focus on the changing workforce and workplace. But change starts before we enter the work world. As Marc Prensky, author of Digital Natives, Digital Immigrants noted, “Our students have changed radically. Today’s students are no longer the people our education system was designed to teach.” Just as workplaces are evolving to reflect a new breed of workers, academic facilities are changing to meet the needs of today’s students. As these spaces evolve, there is an increasing convergence and blending of academic and work environments.

Let’s start with what is impacting space today:

- Technology has radically changed the way we communicate, work, play and learn. In fact, 73 percent of today’s students say they cannot study without technology. Their classrooms, like corporate offices, are techno-enabled to augment the learning experience. We need to strike a balance between technology and human interaction.

- Massive Open Online Courses (MOOC) were introduced in 2006. Though many feared that these online classes would reduce the need for physical classrooms, they have attracted students without diminishing the need for place. In fact, many online only universities are now creating physical locations to give their students a place to gather and connect. These initiatives reinforce the power of place and human connection.
A demographic shift to Millennials and the pending arrival of the Digital Generation means we need to change the way we design space. Educational facilities and corporate offices must accommodate people who are always connected, do everything online, are team-centric, have a global vision, broadcast everything, are multimodal, and are dynamic and visual learners.

The evolution of learning is in full swing. As the learner evolves so must the learning environment. The classroom of today is not like the ones you’ve probably experienced. That was then…this is now.

A recent Fast Company article made “5 Bold Predictions for the Future of Higher Education.” They are:

1. Academic curricula will become more multidisciplinary, and their buildings will need to reflect that.
2. Education leaders will need to balance MOOCs and traditional learning.
3. With fewer students, higher ed will become the hunters, not the hunted. Recruitment and retention will be important, along with well-being.
4. Schools need to invest in technology, infrastructure and security.
5. Higher ed needs to look for new funding models as a student loan crisis looms.

Given the changes and emerging trends, what will the academic spaces of the future look like? Academic facilities today are being designed to meet the needs of tomorrow with:

- Flexible space that can adapt to different learning styles and needs
- Classrooms that are agile and can be quickly changed
- More space allotted to communal areas, social spaces and interaction areas

Then | Now
--- | ---
Teacher focus | Student focus
Mass-produced education | Mass customization
Lecture-based | Project-based
Learning in class | 24/7 in-out
Teacher/Sage on stage | Guide on the side/ Facilitator
Content focused | Learn to learn
Technology poor | Technology rich
Controlled thinking | Critical thinking
Lectured to | Communicated with
Memorization | Critical thinking and application
Theoretical | Tactical

Team-centric
Comfortable and easy to use
More interactive spaces and fewer stages
Security as a prime concern
Technology-enhanced but not tech-reliant
Globally connected
Spaces designed to emulate real-world settings

Student expectations for workplaces have evolved, and with declining numbers of new graduates and increasing numbers of Baby Boomer retirees, employment markets will likely shift in favor of workers forcing employers to compete for the best employees with a variety of perks including well-designed workplaces.

To judge the expectations of today’s students, we queried Virginia Tech students who have taken a general education course titled, “Design Appreciation.” Their responses to the questions served as a reminder that college students are still making do with workspaces in the library, dining halls, dorm rooms and personal apartments. Because all of these spaces have shortcomings, their initial expectations for the workplace were low. Lacking experience with spaces specifically designed for work, most recent graduates who responded to our survey were not particularly concerned with the design of their workspaces, and photos provided of their workspaces were appalling.
But one recent graduate connected the dots and wrote, “Our company places a HUGE emphasis on our values (creativity, leadership, integrity, and commitment) and the culture is just amazing. I don’t think it would be anywhere as great if we were in a different facility.” As more companies use their facilities as a physical expression of their corporate culture and values, we expect more young graduates will add “good design” to their list of workplace expectations.

The changing classroom and corporate environments are creating a convergence of spaces. Elements of the office are appearing in academic facilities and offices are looking more like social, interactive learning environments. But this convergence is making the transition from one to another easier for emerging professionals as well as professionals who go back to school.

In addition to weaving in elements from academic environments, corporate offices are becoming more adaptable spaces designed to reflect some key factors that are viewed to be essential to corporate success.

These factors include:

1. Entrepreneurial spirit
2. Social media madness
3. Continuous education through one’s life
4. Technology rules as an enabler
5. Agile and flexible
6. Collaborative places balanced with focus spaces
7. Social responsibility
8. Gamification: rewards and recognition
9. Well-being
10. A reflection of corporate culture

Successful workplaces embody the interdisciplinary approach and style that reflect the complexity of our world and the work-life-learning convergence we are seeking.

The Francis Crick Institute, London, UK
Six medical research and educational organizations partnered to form the Francis Crick Institute, Europe’s largest and most ambitious biomedical research facility. The partnership includes the Medical Research Council, Cancer Research UK, the Wellcome Trust, University College London, Imperial College London and King’s College London.

Breaking with traditional governance and tenure structures, the Crick represents a major paradigm shift for biomedical research in the global scientific community. Its researchers are free to follow their own instincts and direction, with no departments or tenure. Almost no idea is off limits, and there is only limited intellectual property. Discoveries are shared openly with the rest of the world.

To promote this innovative approach, the design creates easily adaptable and multidisciplinary research environments. The building can flex to meet its inhabitants’ continuously changing needs.

Visibility and collaboration are central to the design. The building is composed of four blocks separated by a main east-west atrium and the smaller north-south transverse atrium. The main atrium’s cathedral-like scale is interrupted by the transverse atria where, on each level, one-third of the floor area is left open to create a double height relationship with the adjacent floor plate and provide visual connections between floors. The junction of the two atria is dedicated to informal collaboration, breakout and administrative spaces—all connected by a continuous open stair.

The linear arrangement of lab neighborhoods optimizes visual permeability, offering views across the atrium into the write-up areas and through the primary labs. These lab neighborhoods can support rapid reconfiguration as research programs change. A centralized service distribution system enables a kit-of-parts approach in which predetermined components can be plugged into service spines in different combinations.
Creating Global Standards

Companies are seeking to manage their global corporate real estate portfolios more efficiently.

We live in a globally connected world. With unprecedented rates of global transit—whether for business, pleasure or immigration—culture is crossing boundaries at an astounding pace, impacting the way we live and work. This cognizance is having a ripple effect on how we design workplaces.

As recently as 10 years ago, most corporate real estate companies followed a decentralized model in which decisions were made regionally. Some used private offices to reward individuals, while others chose to maintain an open environment that was uniform and equitable. European and Asian business units leaned toward more open, dense environments. North American locations generally allotted more space per person and provided additional private, enclosed spaces.

In recent years, as companies have been expanding globally and centralizing the management of their real estate holdings, the commercial real estate (CRE) model is being viewed through a global lens. Many companies are establishing templates for standardizing their offices around the world.

A recent informal workplace survey of 50 corporate real estate managers yielded some interesting results. In this article, you’ll find the results—and what they mean for how we implement workplace solutions around the globe.

Sixty-eight percent of respondents said they had global standards or guidelines, 16 percent had regional standards and 16 percent had none. The responses revealed that many companies have put in place standards to help them streamline delivery processes by leveraging the best resources at hand—regardless of location—and providing a consistent experience and brand for global staff.

Though this centralized model enabled the rapid deployment that many emerging companies wanted to achieve, it had a downside. With a centralized approach that specified a single, standardized model of space delivery around the world, few companies were able to conquer the challenge of responding to cultural nuances from region to region. Strictly enforced, standardized programs failed in some parts of the world.
GUIDELINES VS. STANDARDS
The challenge facing many companies is determining how to strike a balance between enforcing global standards and addressing regional influences. The survey revealed that 90 percent of companies see work styles differing from country to country, making standardization problematic. Many companies have realized that cultural, legislative and style issues vary by region and understand that it’s important for the businesses to be good local citizens. To give regional offices more flexibility to respond to the local context, savvy companies have shifted their focus to creating guidelines instead of standards.

GLOBAL WORKSPACE CHALLENGES
The responses of international survey participants regarding how global standards and design issues relate to real estate and the workplace confirmed some assumptions while exposing new challenges. The difficulties facing CRE executives looking to deliver space globally include:

- Supporting flexible work
- Driving down occupancy costs
- Providing consistency
- Adapting to the culture
- Balancing local requirements and global brand strategy
- Breaking through traditional notions of space entitlement
- Overcoming reluctance to change

International success requires a deeper understanding of the different regions of the world, as well as the challenges and opportunities associated with each. Specifically, CRE managers must recognize how different cultures accept or reject trends. Challenges and constraints in many regions include:

- Preexisting density
- Infrastructure readiness
- Access to natural elements
- Security
- Legislation and regulations
- Demographics and talent limitations
- Availability and cost of land
- Land use and zoning
- Culture nuances
- Resources
- Economic and political stability

Cisco WaterPark Place, Toronto, Ontario, Canada
USING LOCAL CULTURE TO INFORM YOUR GLOBAL STRATEGY

Seventy percent of respondents indicated that culture plays a major role in determining the design direction and workplace solution. It was noted as a pivotal factor 25 percent of the time, and was excluded in only five percent of the responses.

There is a difference between working globally and internationally. A global approach is one where a company based primarily in one location exports services to other regions or countries. Companies that are truly embedded in multiple countries and understand the nuances of these countries are working internationally. This is a distinction worth noting, as it’s difficult to comprehend and embrace the nuances of a place without having a deeper understanding of the region’s culture.

An example of that challenge is organizational structure. Every company has a corporate structure, whether it’s an adhocracy, clan-based, market-driven, or hierarchical. Though many industries have shifted to a flatter organizational structure, hierarchy still exists in many companies and cultures. In some countries, a hierarchical structure embedded in the cultural fiber permeates into business environments. In India, the Middle East and South America, the class or caste system ingrained in society often affects the office’s organizational make-up.

When there is a fundamental and deep cultural history of structural difference in status, you cannot remove offices and create a completely open environment. In many cases, hierarchies do exist. The recent rise of adhocracies is a reflection of the rapid growth of many startup companies and the need to create a platform that enables quick, seamless development. Having a structure in which no one is responsible for everything and everyone is responsible for something is a way to empower people by spreading the responsibility and growing as a unit. But not all companies can function in that manner. This model would not be accepted in regions of the world where societal structure is inherent. Australia, for example, tends to be an egalitarian society and thus has been able to easily adapt to activity-based workplaces (ABW) and team/activity-based workplaces (TBW) environments.

Another example of regional attributes and societal norms impacting work is the viability of teleworking in different regions. In cities where commuters can get to the office without major traffic delays, the need to provide telecommuting options may not be as important as it is in New York City, where the average commute can be well over an hour. The same company that might consider a mobility program in the U.S. or Europe due to density and commuting issues could see the same factors in Asia and decide that teleworking would be a viable strategy there. But a deeper understanding of the societal issues in Asia would reveal that many people are living in smaller units with multi-generations. Going to the office and having a place that they can call their own is preferred over working from home.

CRE managers and strategists need to be acutely aware of how these cultural nuances can impact real estate strategy and workplace solutions.
SENSE OF PLACE

Creating a workspace that staff can relate to is important for attracting and retaining top talent. It’s imperative for global companies to accommodate local influences rather than build all of their offices exactly the same across the globe. Though branding is important, it must be balanced with a sense of place that reflects the community. Color choices, material selection, space allocation, privacy levels and sustainability are influencing how real estate and space solutions are implemented on a regional level.

Using colors and finishes that are customary to certain regions is key. In India, bright colors are expected. In other regions, however, those palettes could be offensive and more neutral colors may be preferred. Incorporating local finishes and materials rather than importing supports the local economy and culture while raising sustainability efforts and reinforcing regional pride. These details likely will be important to your next recruit.

There are commonalities across the globe. To create a sense of place and community that is human-centric, regardless of regional influences, the workspace should be:

- Walkable
- Vibrant
- Close to adequate transportation
- A blend of social and professional experiences
- Culturally rich
- Authentic

For up-and-coming “next-use” communities, there is a global preference for accommodations that include:

- Housing
- Retail
- Dining
- Ability to walk to work

Though there are regional nuances, some common themes are emerging in work environments. Key elements to successful spaces include:

- A shift from all-closed or all-open spaces to environments in which a balance is achieved to accommodate all work styles.
- Sustainability is embraced (essential in most projects).
- Occupant health and well-being as a major driver of design.
- Blending of spaces to create areas and communities to work, live and play.
- Addressing the basics (light, noise, comfort) to create a sense of grounding.
- Understanding and designing for organizational DNA and culture.

- Creating a strong sense of place, identity and connection to the community.
- Increasing opportunities for information sharing via multiple means.
- Integration of technology.
- Need for flexibility to accommodate rapid technological advances.
- Creating vibrant, engaging places.
- Ensuring an underlying sense of security and safety.

GLOBAL WORKSPACE CHALLENGES

Even when CRE groups follow these suggestions, implementing global guidelines and delivering next-generation spaces can be a challenge. Each region has obstacles specific to its locale:

- **North America**: Resistance to change and a lingering affinity for private offices coupled with aging buildings and infrastructure.
- **Europe**: Preexisting density and lack of expansion ability due to limited amount of modern office space in key cities; high rents; labor laws and immigration crisis have shifted the options and priorities for many countries and companies; renewed security concerns and vulnerabilities. Access to natural daylight and distance from the window wall have been major factors impacting how buildings are shaped and sized in continental European countries.
- **Middle East**: Hierarchy and status remain important drivers in the assignment of space. Underdeveloped infrastructure; cultural barriers; political unrest.
- **Asia**: Preexisting density and lack of land; environmental concerns; difficult to deliver consistently across the region; underdeveloped infrastructure; cost of imported products; lack of transparency; cultural barriers; and a slowing economy.
- **Latin America**: Import cost and local laws impact product selection. A region that only a few years ago was booming is now facing new economic, political and health crises that have stymied growth. Access to major manufacturers and suppliers is limited, and, if available, is often expensive due to import fees. No specific sustainability standard has been adopted.
- **Africa**: Lack of infrastructure is a major issue in most developing countries. Unreliable power, poor roadways, and limited access to materials are all issues when trying to deliver quality office space. Sustainability has not been widely adapted.
- **India**: The expectations of high quality for a fraction of the cost with limited skilled labor are concerns. Locally manufactured products are not up to Western standards. Construction quality issues can be a major concern, as well as infrastructure, particularly power.
- **Australia**: There are few major metropolitan areas; remote and isolated from other countries.
GLOBAL WORKSPACE OPPORTUNITIES

Each region also has opportunities:

- **North America**: There is a significant opportunity for savings by reducing space allocations, since the U.S. uses the most square feet per person. A recovering market, access to cash and a desire to provide space as a draw for talent all bode well for the region.

- **Europe**: Increased mobility could alleviate the space shortage, allowing companies to occupy a smaller footprint. Regulations could drive access to natural light and sit-to-stand options.

- **Middle East**: Well-developed infrastructure and financial means to create high-quality spaces in certain regions.

- **Asia**: An important region in the global economy that is now becoming highly accessible and a viable option for companies. Coworking center and other alternatives to traditional working models are emerging as options.

- **Latin America**: Many countries have an expanding infrastructure, a younger, highly-educated demographic, and a growing economy.

- **Africa**: Abundant land shortage provides opportunities for growth.

- **India**: The need for growth and expansion remains strong. Improving infrastructure and construction standards within certain zones provide opportunities for businesses as well as the built environment.

- **Australia**: A steady market that has embraced and explored multiple versions of Activity Based Workplaces. Coworking is emerging.

LOOK AND LISTEN

As more international companies move toward managing their real estate globally, developing a better understanding of international dynamics and cultural nuances is essential. The most important thing to do when visiting a city or company is to look and listen. It’s not enough to understand each company’s unique set of business attributes. We also need to understand the cultural influences of who they are and where they work, as well as the challenges and opportunities of each location. A successful strategy depends on creating spaces and guidelines that are flexible enough to accommodate cultural attributes, work styles and the needs of people in each region.

Originally published by *WorkDesign Magazine*, June, 14, 2016
Companies expect consistent service and local expertise wherever they operate. We know how to navigate the strategic and functional complexities of delivering high-performing spaces consistently across locations, with an emphasis on high quality design that addresses business goals for the division and region.

HOK has offices throughout the U.S. and Canada, as well as in Europe, Asia and the Middle East. For parts of the world in which we do not have a local office, we maintain a well-vetted network of 40+ expert local firms that deliver projects in accordance with our high standards and those of our clients.

This partner network includes architecture and design firms as well as local specialists whose expertise accommodates the spectrum of delivery requirements ranging from traditional to turnkey solutions. They offer the benefit of critical insight into regulations and codes, resources, culture and work practices.

**GLOBAL CRE CHALLENGES + OPPORTUNITIES**

**NORTH AMERICA**

**CHALLENGES**
- Resistance to change: U.S. workers had the most difficulty embracing change
- A lingering affinity for private offices
- Aging buildings and infrastructure

**OPPORTUNITIES**
- Significant opportunity for savings by reducing space allocations
- A recovering market, access to cash and a desire to provide space as a draw for talent

**EUROPE**

**CHALLENGES**
- Pre-existing density and lack of expansion ability in key cities
- Labor laws and immigration crisis have shifted priorities
- Renewable energy concerns and vulnerabilities
- Limited modern office buildings in historic city centers

**OPPORTUNITIES**
- Increased mobility could alleviate the space shortage, enabling companies to occupy a smaller footprint
- Regulations to drive access to natural daylight and sit-to-stand options

**MIDDLE EAST**

**CHALLENGES**
- Hierarchy and status remain major drivers in space assignment
- Cultural barriers, hierarchy embedded in culture and political unrest

**OPPORTUNITIES**
- Well-developed infrastructure and financial means to create high-quality spaces in certain regions

**ASIA**

**CHALLENGES**
- High density and lack of land
- Difficult to deliver consistently across the region
- Underdeveloped infrastructure
- Cost of imported products
- Low public awareness regarding sustainability
- Uncertainty regarding the economic outlook
- Limited real estate drives downsizing

**OPPORTUNITIES**
- Well of mystery has been lifted
- Highly accessible and viable option for business

**LATIN AMERICA**

**CHALLENGES**
- Few major areas
- Remote and somewhat isolated from other countries
- Hierarchical embedded in culture
- A younger, highly-educated demographic
- Many regions have a growing economy

**OPPORTUNITIES**
- Egalitarian culture open to new ideas, limited hierarchy
- Steady market and expansion
- Established practice of designing activity-based workplaces
- Willingness to experiment and test new concepts

**AFRICA**

**CHALLENGES**
- Import cost and local laws impact product selection
- Economic, political and health crises have stymied growth
- Hierarchical embedded in culture
- Limited skilled labor
- Locally manufactured products are not up to Western standards

**OPPORTUNITIES**
- Abundant land allows for growth

**INDIA**

**CHALLENGES**
- The need for rapid growth and expansion remains strong
- Underdeveloped infrastructure, cultural barriers, political unrest, health crises and warning factors
- Sustainability has not become as intrinsic to design as it is in other parts of the world

**OPPORTUNITIES**
- Educated demographic and available STEM talent
- Visible market for Western companies

**AUSTRALIA**

**CHALLENGES**
- Few major areas
- Remote and somewhat isolated from other countries
- Hierarchical embedded in culture
- Economic, political and health crises have stymied growth
- High expectation of high-quality for a low cost

**OPPORTUNITIES**
- Established practice of designing activity-based workplaces
- Willingness to experiment and test new concepts
- Co-working emerging as a viable option
Photo Credits

**HOK Forward**
Cover: Dairy Farmers of America, Kansas City, Kansas
Photographer: Michael Robinson

**Exploring Ideas that Shape the Places We Work**
p. 14 Beachbody Headquarters, Santa Monica, California
Photographer: Eric Laignel

**Case Study: EY**
pp. 16-17 Toronto, Ontario, Canada
Photographer: Karl Hipolito

**Human Centric Workplace**
pp. 18-21 LinkedIn, Carpinteria, California
Photographer: Scott McDonald

**HOK WELLBeing**
p. 22 Hachette, London, UK
Photographer: Paul Grundy

**Case Study: TD WELL**
pp. 24-25 Toronto, Ontario, Canada
Photographer: Tom Arban

**Next-Gen Workplace**
pp. 26-35 J Walter Thompson, New York, New York
Photographer: Susan Fisher Plotner

WPP, Los Angeles, California
Photographer: Eric Laignel

Hachette, London, UK
Photographer: Paul Grundy

LinkedIn, Carpinteria, California
Photographer: Scott McDonald

DirecTV, El Segundo, California
Photographer: Eric Laignel

Teach for America, New York, New York
Photographer: Ari Burling

Pritzker, Los Angeles, California
Photographer: Eric Laignel

**Case Study: J. Walter Thompson**
pp. 36-37 New York, New York
Photographer: Susan Fisher Plotner

**We Look to the Future**
pp. 38-39 Aegis, New York, New York
Photographer: Susan Fisher Plotner

**Case Study: OpenText**
pp. 40-41 San Mateo, California
Photographer: Tom Arban

**Coworking: A Corporate Real Estate Perspective**
p. 42-45 AMC Theatre Support Center, Leawood, Kansas
Photographer: Michael Robinson

Cambridge Innovation Center (CIC), St. Louis, Missouri
Photographer: Matt McFarland

**Case Study: Cambridge Innovation Center (CIC)**
pp. 46-47 St. Louis, Missouri
Photographer: Matt McFarland

An Update to Our Research Into Coworking for the Corporate Real Estate Executive
pp. 48-49 Teach For America, New York, New York
Photographer: Ari Burling

Five Key Insights on Coworking for Workplace Designers
pp. 50-53 WPP, Playa Vista, Los Angeles, California
Photographer: Eric Laignel

The New Financial Workplace
pp. 54-65 Nasdaq, Philadelphia, Pennsylvania
Photographer: Eric Laignel

Nationwide Insurance Operations Center, San Antonio, Texas
Photographer: Michael Robinson

**Case Study: Nasdaq**
pp. 62-65 Philadelphia, Pennsylvania
Photographer: Eric Laignel

**Space Fusion**
p. 66 Aegis, New York, New York
Photographer: Susan Fisher Plotner

**Experiential Design**
p. 68-69 Dairy Farmers of America, Kansas City, Kansas
Photographer: Michael Robinson

**Case Study: Dairy Farmers of America**
pp. 70-77, Kansas City, Kansas
Photographer: Michael Robinson

The Rise of “Corpitality” Spaces
pp. 78-79 HOK Office, Toronto, Ontario, Canada
Photographer: Richard Johnson

**Case Study: White & Case**
pp. 80-87 New York, New York
Photographer: Eric Laignel

**The Convergence of Workplaces and Academic Spaces**
pp. 88-91 The Francis Crick Institute, London, UK
Photographer: Paul Grundy

**Case Study: The Francis Crick Institute**
p. 92-93 London, UK
Photographer: Paul Grundy

Global Corporate Real Estate Challenges and Opportunities
pp. 94-99 Cisco WaterPark Place, Toronto, Ontario, Canada
Photographer: Tom Arban
INTRODUCING THE HOK VR APP

Available for Apple and Android devices, HOK VR will soon allow clients and design teams to view 360-degree renderings anywhere, anytime.

HOK? There’s an app for that.

In 2018 HOK’s Design Technology Group released the firm’s first mobile app. HOK VR allows users to view project renderings in one of two 360-degree experiences—either in a panoramic view on their phones or by placing their phones in a headset such as Google Cardboard.

“We wanted to create a simple way to get our clients more engaged that didn’t require them to come into the office,” says James Vandezande, HOK’s director of design technology. “This brings VR to them and allows them to experience a design at their leisure.”

For now, HOK VR comes pre-loaded with two HOK projects that anyone who downloads the free app can experience. A future version of the app will allow HOK designers to sync HOK VR to project-specific renderings and descriptions. Clients will then enter an access code within the app to view their private project renderings.

Vandezande imagines the app being of particular value for clients who want key user groups or occupants to experience a space while it’s still in the design phase. A healthcare client, for example, could allow their doctors to get a virtual feel of their new medical space. A research center could have its scientists experience how a new lab layout could improve their workflows.

“HOK VR will allow these user groups to get into a future space and see what it will be like,” he says. “This is another tool we can use to help clients fully understand a design.”
HOK’s WorkPlace practice designs environments that help organizations and their people succeed. The world’s leading companies and institutions trust HOK’s WorkPlace specialists to manage the strategic planning, design and construction of all types of work environments. Our team has extensive experience helping organizations with real estate portfolios ranging from single sites to multiple locations worldwide.

hok.com/workplace