

People will still need workspaces where they can connect face-to-face and build relationships and careers.

Reimagining the workspace of tomorrow

By Sing Tien Foo

THE agglomeration economy has long shaped today's central business districts (CBDs), which have the highest concentration of skyscrapers and the most expensive office space in a city. Like-minded people meet and interact in the city centre, and firms co-locate close to their customers and competitors to create network effects.

In Singapore, for example, the Downtown Core has the highest concentration of office space, despite covering only some 0.6 per cent of the total land area. It provides 3.86 million square metres or an equivalent of just over 48 per cent of the island's total net office space.

However, the Covid-19 pandemic has disrupted traditional use of and hastened decentralisation of CBD office space. Firms are diversifying operational risks by distributing work close to their employees' homes, and not concentrating their workforce in a single location.

Social-distancing protocols imposed to stem the spread of the virus have forced firms to quickly adopt business continuity plans, by splitting employees in critical business functions into teams with alternating workdays in the office.

Companies are also staggering employees' working hours in a single location to reduce the possibility of exposure to Covid-19, or completely shifting backroom operations to offices outside the CBD.

The pandemic has forced many business activities and interactions to shift to virtual platforms. Firms have stepped up investment in cloud-based

office systems, such as Google for Work, Microsoft Office 365, and conferencing technologies, such as Zoom and Microsoft Team. People have adapted to a work-from-home (WFH) routine and working online with people from anywhere around the world. They no longer need to commute to work, which reduces the potential cross-transmission of viruses either on the road or at the workplace. Some companies such as Google and Twitter are allowing WFH to remain as the default mode for their staff even after the pandemic.

If more companies choose to take a similar path, this trend could permanently and adversely impact the demand for traditional physical office space. However, it is unlikely to cause its demise.

Traditionally, office demand is derived on economic growth. However, in the post-pandemic economy, technology adoption and public health safety measures (including the efficacy of vaccination) are the two new factors that could fundamentally change how real estate space will be used.

The design of the future office space is likely to centre on flexibility. Firms could reconfigure physical offices to create hybrid spaces for mixed use to support a more collaborative and less structured working environment. The combination of core and flexible space could reduce firms' risks of over-leasing permanent spaces that are not used.

Hoteling space through either off-site or third-party co-working offices may emerge to provide on-demand office space for workforces. Employees could just "check-in" to the office near their home and plug into their workstations as and

when needed.

Co-working operators offer shared space that give firms greater flexibility in space planning and lease tenure options. Some of these operators expanded their footprint rapidly in Singapore in the pre-Covid-19 period, tripling their office space demand from 2015 to 2019. WeWork, IWG and JustGroup are the three largest co-working operators, covering more than half of the co-working space in Singapore.

BEYOND WORKING FROM HOME

In the post-Covid-19 world, co-working firms are likely to shift towards having a combination of private offices and dedicated spaces in lieu of big, open-plan areas that have come to define this sector. Some co-working operators offer customised workplace solutions for firms to focus on driving their business.

For example, Chinese company Tencent, the owner of Chinese messaging app WeChat, takes up JustCo's coworking space in Singapore's CBD. The co-working space allows the Chinese firm more time to assess and plan for future expansion into a more permanent space.

Thomas L.Friedman, in his bestseller *The World Is Flat: A Brief History of the Twenty-first Century*, predicts that digital technology would break down geographical "borders" between countries and revolutionise trade exchanges and labour. For instance, a digitally-enabled "office" would allow workers to go beyond "work-from-home" to "work-from-anywhere", an increasingly common scen-

ario since the onset of Covid-19.

One significant threat that would emerge is that local firms could face more intense competition in attracting foreign talent. At the same time, the local workforce would need to match up to the highly portable skill sets from across the globe. For example, tech firms could recruit programmers from countries like China and India and remunerate them based on the cost of living in their home countries.

Traditional work priorities are also being shaken up. With many organisations adopting WFH practices during the pandemic, a recent global survey by real estate firm JLL has shown shifting employee expectations towards a greater work-life balance over securing a comfortable salary, and prioritising health and well-being as much as finding purpose in their work. Yet at the same time, many still hope to return to their offices at some point, but with greater freedom of choice across locations and schedules.

Indeed, people will still need workspaces where they can connect face-to-face and build relationships and careers. With enabling technologies, the size and scale of those physical spaces and operations would require re-calibrating, but without losing sight of public health and safety.

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