What's working for the workplace now?

How 3 companies put their office to work in the hybrid era

Contents

Introduction

In the wake of the pandemic, companies worldwide have been compelled to reexamine their real estate—redefining the size, purpose and investment in their physical spaces. As a result, dynamic organizations have an opportunity to reinvent their offices and use them as a tool to attract and retain talent and achieve corporate goals.

Approaching real estate as a competitive edge rather than a balance sheet line item will give companies like yours the ultimate flexibility in the future and avoid major future reconfiguration costs as the business continues to evolve and innovate.

The question is: How?

We examined three companies that successfully aligned their real estate strategies with their corporate objectives, addressing common workplace-related concerns. These organizations wanted to understand how hybrid could work for them and aimed to strike the right balance between flexibility and connection.

Each company had specific challenges:

1. A media company with several leases set to expire needed a custom calculator that would allow them to assess each office location quickly and decide whether to renew, relocate or reimagine space to support their staff.

2. A major non-profit needed more space to expand its mission.

3. And one large insurance company saw an opportunity to right-size their real estate footprint and reimagine their workspaces to break down department silos.

These examples demonstrate the spectrum of possibilities for reinvention when companies embrace strategies that increase employee engagement, utilize space more effectively and design modern workplaces that fit the needs of their business and their people.

Media company reduces their footprint by 21% and gains higher-quality office space

The challenge

A mid-sized newspaper publisher understood the very nature of journalism—reporters should be out in their community, not at their desks—required a hybrid-working model well before the pandemic ushered in this new way of working. The media company had a hunch their 41 offices across the U.S. were underutilized but needed the data to back it up. Tired of short-term lease extensions and with expirations on the horizon, the media company tapped JLL to understand whether they should renew, relocate or sublease space and reimagine their workplace to support staff preferences.

The approach

First step: Develop a custom calculator that allows the media company to see a detailed accounting of the total square footage for each of their 41 locations and recommendations for seat counts. The calculator enabled the company to assess each site quickly, equipping them with the intel to make data-driven decisions.

Bringing it to life

The JLL team recommended an increased **seat-sharing ratio that would reduce the media company's 228,000-square-foot portfolio by 21%** and allow them to lease higher-quality space with the money saved.

See a brighter way...

Analysis paralysis has prevented the media company from making any real estate decisions for almost two years. With help from JLL, they signed four new leases in a matter of months. As leases continue to expire, their new calculator tells them how much rentable square footage they need in each market with one click, so they can make strategic decisions—instead of one-year extensions to buy time.

Site	**Mobility Ratio**	1.47
	Seat Count	33
	Current RSF	7944
	Current RSF/FTE	166
Proposed RSF	**RSF**	6,246
	RSF Reduction	21%
	RSF/FTE	130

Mobility ratio
How many people are assigned to a single seat

Seat count
How many seats are needed in the office

Current/Future RSF/FTE
Ratio of current/future rentable square footage per full-time employee

Rentable SF
Total square feet

Non-profit saves $1 million in annual rent

The challenge

Based on their current growth projections, 87% of this highly respected non-profit's offices will be at or nearing capacity by the end of 2025. But in addition to more space, the non-profit also needed space that worked for them. Their open layout encouraged cross-communication but hindered the employees' ability to conduct confidential conversations and focus without distraction, which ultimately impacted productivity and donor dollars.

The approach

The JLL team interviewed more than 730 employees across 15 locations and analyzed badge data over one year to determine when and how employees came into the office.

Next, the JLL team defined the non-profit's top three priorities:

1 **Modernize their digital work environment**

2 **Provide a variety of work settings within the workplace**

3 **Roll out a desk-sharing program to use the space they had more effectively**

Bringing it to life

JLL prepared a set of three recommendations that would increase employee satisfaction, reduce the total square footage in the portfolio and create a valuable workplace that would act as a tool to attract top talent in the future. **The winning scenario's desk-sharing model for 30% of its employees would reduce annual rent by up to $1 million in a single office location.**

Seat sharing scenario 1

70% of Employees share desks

What impact does implementing a **70% desk sharing model** have on client's portfolio?

13% of client offices will be **at or nearing capacity** by the end of 2025

Seat sharing scenario 2

30% of Employees share desks

What impact does implementing a **30% desk sharing model** have on client's portfolio?

53% of client offices will be **at or nearing capacity** by the end of 2025

Seat sharing scenario 3

0% of Employees share desks

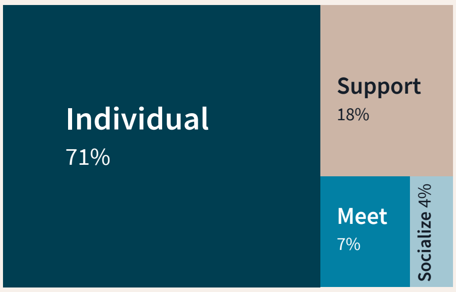
What impact does implementing a **0% desk sharing model** have on client's portfolio?

87% of client offices will be **at or nearing capacity** by the end of 2025

See a brighter way...

The JLL team also supplied the non-profit with the tools necessary to implement these changes across each office location—ranging from 16 to 800 employees—to ensure each site was bespoke to the type of work and collaboration needed for employees in that region.

Current



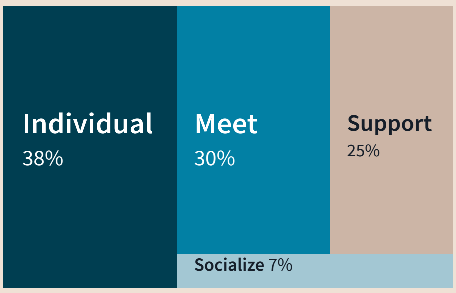
Individual
Individual work areas such as desks, offices, and phone rooms

Meet
Open and closed collaboration areas

Socialize
Amenity spaces, large cafe

Support
IT, storage, wellness spaces, assembly spaces, client-facing spaces

Recommended



What needs to change?

- ▼ Reduce the total square footage allocated to individual workspaces
- ▲ Increase the number of phone rooms
- ▲ Significantly increase the number of huddle, small, and medium conference rooms
- ▲ Increase the number of large conference rooms
- ▲ Increase storage, wellness spaces (quiet rooms)
- ▲ Increase social spaces

Insurance agency sheds real estate costs by $6 million

The challenge

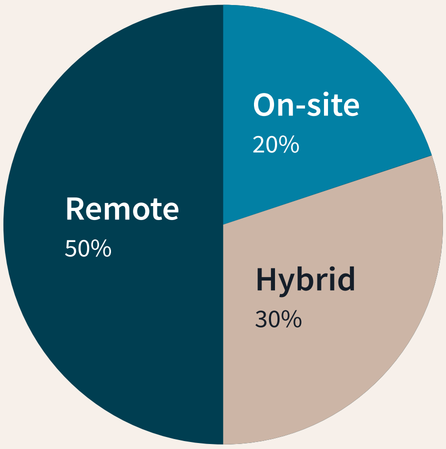
A large insurance company with over 1 million square feet of office space across five buildings and two separate campuses realized they were maintaining significantly more space than needed. As a result, they saw an opportunity to right-size their real estate footprint and reimagine their workspaces to break down department silos.

The approach

The JLL team began by analyzing badge data and discovered employees' actual average daily occupancy for each office building ranged from 8% to 60%, which differed from the company's policy.

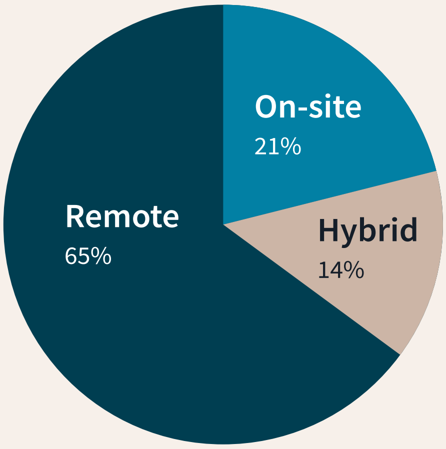
The following chart represents where employees work:

Company policy



After analyzing employee data, JLL discovered that the actual employee designation differed from the general policy. There is a **higher population** of **Remote employees** at 65% when compared to the general policy. Conversely, there are **fewer Hybrid employees** at 14% when compared to the general policy.

Badge data



Armed with this knowledge and the company's desired hybrid policy of 50/20/30 (Fully remote, on-site and hybrid), JLL provided three recommendations for how best to optimize the client's portfolio:

Scenario A:
Restack the portfolio to consolidate employees within their current buildings, maintaining a desk for both on-site and hybrid employees. This would help to reduce energy and operational costs by consolidating employees to select floors within the building, and the floors would feel more communal as employees generally prefer to be on floors with higher utilization.

Scenario B:
Restack the portfolio to consolidate employees within their current buildings and adopt a desk-sharing model for on-site and hybrid employees. This approach would help to greatly reduce energy and operational costs by consolidating employees to fewer floors within the building and would also make the floors feel more communal.

Scenario C:
Consolidate the employees into fewer buildings and release the remaining buildings. This strategy would consolidate employees into fewer buildings, significantly reducing energy and operational costs and buildings/floors will feel more communal with a higher utilization rate.

Bringing it to life

The company chose scenario C, saving them nearly $6 million in annual rent in their first year and consolidating from five buildings to three, allowing for flexibility to support future growth and changes should in-office demand increase significantly. The JLL team also prepared a plan to illustrate how the company could consolidate to fewer floors within the buildings they would continue to occupy, creating opportunities to sublease space, if needed.

See a brighter way...

The cost savings from the consolidation allowed the company to reinvest money back into the business and create a more desirable workplace that attracts and retains talent.

Current supply

319	Workstations
36	Offices
14	Benching

Building demand

Hybrid HC	On-site HC	Total HC
61	25	86
Mobility Ratio	**Seats Needed**	**Excess Seats**
1	95	**274**

1,059,815 s.f. Current square footage	**631,874 s.f.** New total square footage
690 s.f. Current square footage per employee	**415 s.f.** New square footage per employee
4,397 seats Seat capacity	**3,180 seats** Seat capacity

40% square foot reduction

Visit our **website** to learn more about how JLL can help you reimagine your real estate to better fit the changing needs of your business and your people.

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