Brussels, August 12th 2020

FLEXIBILITY IS WHAT MATTERS NOW!

The widespread infatuation with co-working has been growing since 2005 and the official opening of the first space of its kind in the United States by Brad Neuberg. The promise of flexibility and agility that these spaces offer has succeeded in winning over numerous occupiers, who include such hybridisation criteria in their real estate decisions. They represent a huge opportunity in many ways and the Covid-19 crisis has only consolidated this. Even though for some flexible working space centres, the crisis is believed to have weakened the business model, for others, it has been reinforced. For Paulo Dias, CEO Southern and Western Europe, Middle East, Africa-Brazil, IWG (Regus, HQ and Spaces), we need to forget the term co-working because the right terminology doesn’t yet exist.

Could third places be the answer to the problems encountered during this health crisis?

The Covid-19 health crisis has profoundly impacted the company universe. Large-scale remote working has allowed us to test and legitimise work beyond the walls of the company. It has also allowed us to enhance and provide exposure for business districts, co-working spaces and other third places. The period that we have just gone through wasn’t easy for everyone because working from home requires optimal conditions in terms of space, connectivity, concentration etc. Remote workers quickly understood this, our centres were heavily solicited and stayed open for the whole lockdown period.

There was a more measured approach regarding the use of meeting rooms and services, but access for clients who needed to ensure business continued (access to the offices, administrative processing, in particular post etc.) was upheld. As an international player, and active in China and Wuhan, we had to carefully follow the progression of the situation from January and the international lockdown policies. We had time to prepare ourselves and to anticipate the social distancing measures that needed to be implemented (limiting the number of external people allowed to enter, spacing workspaces out, limiting “at risk” services etc.) The health response was different from country to country but we chose to introduce common guidelines, which were rolled out in all of our subsidiaries.

Habits which, in my opinion, are going to endure because they cater not only to the new social distancing measures, but also to mobility (employees want to work close to home), the organisation of working hours (introduction of flexible hours) and flexibility (shorter contracts). It’s the beginning of a new era. Habits have been adopted and must be regulated but returning to the way things were is no longer possible in my eyes. The spreading out of and the increase in working spaces are more normal than ever now, consolidated by the environmental challenges we will be facing in the future.

This is why flexible third places are expected to be a very important part of companies’ strategies. Our clients have confirmed this and agree that it’s reassuring to keep their headquarters but with an associated network of “on demand” flexible spaces to bring their employees together. The objective being to achieve maximum adaptability.

As a result of the crisis, have you seen a change in the nature of requests that you receive?

The physical attendance on our sites decreased slightly during the lockdown, but since June we have seen an acceleration in the number of people coming back to our centres. From a transactional point of view (interest expressed and new contract signing) the last two weeks of March were very quiet, with large disparities depending on the country and the level of lockdown. There has been however a steady increase from the start of May. Things are almost back to normal now.

The nature of requests received mainly revolves around project work, setting up new subsidiaries, the clustering of high value-added cells, but this is gradually changing. Large corporations are now using these types of spaces more and more and the average size of the headquarters is decreasing. For obvious reasons, such as flexibility, accounting, the rationalisation of costs and lack of important CAPEX investment, third places are sought after.
Do you think that the Covid-19 crisis will increase the use of third places? Or will we see an evolution towards other models?

Some locations are more sought after than others. The sites situated near employees’ homes or easily accessible by foot or bike, are used more frequently by existing clients and receive more requests. Work-life balance is now more of a priority than ever. I'm not convinced by remote working 100% of the time but more by using third places. The next step will be to find a good balance for companies between attendance at the headquarters, remote work and the possibility of having third places at their disposal. The challenge behind the quest for hybridisation lies in the efficient distribution of work resources according to where they are situated. We've been a strong believer of this since day one! We use strategic networks and partnerships with our clients, so that they can have access to many different centres.

The network will be beneficial for numerous structures. We will continue in our development of this network structure. We have to keep an eye on the success of this economic model in the more remote areas, in the long-term.

In terms of change, I think that we must revisit the terminology of these places. Often grouped together under the umbrella term of “co-working”, among the co-working spaces, 85% of the space is used by companies. The communal and service areas only represent a small part of the spaces and way it is used. I think that they shouldn’t be referred to as co-working spaces but rather as places which provide flexible and private offices for companies.

I think that the crisis will allow the principal players to consolidate their model. The industry will continue to develop and go a step further in what they can offer their employees.

Flexible spaces are the future of decentralised work and are asserting themselves as an asset class of their own!

https://www.iwgplc.com

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Is it possible to seamlessly combine working in person and remote working in the months and years to come? How can we rethink the organisational structure of a company while maintaining well-being, confidence and productivity at work? Opinion piece by Sylvain Hasse

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Press Contacts:

(FR) Pascal Mikse, Head of Research, Marketing and Communication Belux – Phone: +32 2 290 59 23 – pascal.mikse@bnpparibas.com
(NL) Martin Gerard, Specialist Marketing & Communication – Phone: +32 2 290 59 61 – martin.gerard@bnpparibas.com