

Workspace is at a tipping point.

As the impact of the COVID-19 global pandemic becomes apparent, and the vast majority of workers are now remote working, CFOs are working closely with their real estate teams to re-assess workspace costs both now and in the future.

In our discussions with global clients over the past two weeks, the key issue being referred to is the future footprint. There is a clear sense among CRE leaders that the pandemic has irreversibly changed how future space needs will be calculated.

As one global law firm client, based in Hong Kong, recently said:

“The one major shift I can foresee is that the current coronavirus outbreak will have long term ramifications on how businesses assess their future premises requirements.

We have successfully operated with less than 10% of people in the office for over a month with the balance of people working from home - so what amount of office space do businesses really require, and will they be willing to forego the potential cost savings by maintaining the traditional model?”

CFOs and their CRE functions are now asking the following questions:

1. What will the future role of the office be?

One global bank has suggested they would look to cut their fixed footprint by 70-80% when lease events allow over the coming years; others are voicing 50-60% reductions.

2. How well does our current portfolio meet the future operating model?

Having conducted the largest ever working from home experiment, questions will now be asked on whether long term, fixed assets in expensive locations are still required.

3. What are the costs and barriers to change?

Historically, CRE has been the last bastion resisting full BPO transformation. The logic has always been that it's 'too complex' and 'illiquid'. The current situation will break both of those barriers

4. What costs could be reduced by right sizing our portfolio?

Real Estate is a firm's third biggest cost - having long term, underutilised liabilities that tie up significant capital is inefficient. Going forward businesses must use this opportunity to drive a more aggressive change agenda.

Instant's answer to these challenges:

1. Cost savings, capital preservation & improved cashflow management:

Unique solution-led approach wherein we share the risk on real estate projects allowing you to divert capital away from office fit-outs to core business activities and operational expenses.

2. Short term space allows agile scalability of our workspaces:

Procurement and delivery/management of shorter, more flexible and dynamic leases/licences meaning you can shrink and grow at a much faster pace without the traditional cost of change or restrictive lease lengths.

3. Increased focus on the employee experience:

Our solutions focus on differentiated "service and community" offerings to drive loyalty - but crucially to better the working experience and productivity of your people.

4. Alignment to business strategy and future business models:

Consultants and analysts who understand your business and provide independent, agnostic solution advice tied to the future state of the business - working from home, increased agility ratios, hub & spoke location strategies.