

Reopening America

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Even after the worst stage of the COVID-19 pandemic ends, how we use physical spaces will be transformed for the foreseeable future.

The United States had more than 1.5 million confirmed COVID-19 cases and more than 90,000 deaths as we went to press. And the numbers were growing at a rate of roughly 20,000 new positives and about 1,200 deaths daily.

We had also entered a new phase in the nation's response to the pandemic, with many states beginning to relax "stay at home" orders despite it being unclear if the picture nationally is improving enough and if the testing and contact tracing regimes were adequate enough to support those moves.

But whether it's now or later, the worst of the pandemic will subside. The question facing the commercial real estate industry is how to best bring various building types back on-line to some

semblance of normalcy safely. There is a worldwide race underway for effective treatments and vaccines that would allow for a full return to normal. But short of that, what we are facing is a reality in which some level of social distancing will remain necessary for months, if not years.

That reality has sparked many discussions in the commercial real estate industry. How we use buildings in the near term will change. That means layouts, density and uses will have to evolve in order to allow for people to come back safely. As just one example, restaurants will not be able to squeeze tables as tightly together as they did previously. Not many people will be willing to eat meals while rubbing elbows with fellow diners, as we used to.



There will be universal changes. Temperature checks might become the norm to enter any business. Masks could be required for a while. Hours of operation may be altered to allow for staggering the workday to reduce density.

In other ways, though, it's not so much a reimagination of commercial real estate, but an acceleration of trends that had already begun to emerge.

"While the pandemic and its associated stay-at-home orders have suddenly and unexpectedly interrupted all of our lives, many of the architectural design impacts that will 'result from' the pandemic were actually already growing trends for contemporary residential design," says Benjamin Kasdan, AIA, LEED AP, principal, KTG Architecture + Planning. "In particular, we expect

the emphasis on building healthy communities to continue to gain momentum as a result of this shared experience, as will a renewed interest in self-reliant design strategies and resilience.”

In addition to the specificities dictated by each property type, there might also be some universal changes, such as an increased premium placed on cleaning and hygiene.

“All of the sustainability certification systems—including LEED and WELL—prioritize indoor air quality for the health of the occupants of buildings, but reducing air filter quality was a common strategy in non-certified projects for saving construction costs because most people would not notice or care about the difference. In the post- COVID-19 world, the quality of the air that we breathe in our homes matters, even if we cannot physically see or feel it,” Kasdan says.

An overarching consideration for many businesses will be potential liability claims if workers or consumers contract COVID-19 at their properties. Short of legislation that insulates companies from those claims or creates a federal backstop to help cover them, the potential costs could lead to risk-averse companies choosing to keep businesses shuttered or workers working remotely for long periods.

Here, with insights from some commercial real estate pros, including comments from several members of JLL’s corporate solutions team, we’ve pulled together some thoughts on what operating each property type might look like going forward.

It’s been well-documented that the hospitality sector has suffered dramatically in recent months. With a near stop to all business and leisure travel and the cancellations of conferences and major events, hotel occupancy has cratered.

When travel does return, hotel owners will have to go the extra mile to make travellers feel safe at their properties.

Stacy Bercun Bohm, a partner, and Daniel Miktus, a senior associate, with Akerman LLP, recently penned a column for [Hospitality Net](#) outlining some steps operators could take to assure their guests of cleanliness and hygiene at hotel properties.

They wrote that hotels may need to create a role of “cleanliness manager.”

“The cleanliness manager will be responsible for developing a cleanliness plan, implementing the plan, updating the plan, training employees and ensuring that guests’ hygiene-related questions are immediately answerable,” Bohm and Miktus write. “This individual will also ensure that your establishment remains in compliance with any governmental orders, and is the point of contact for any health department questions or inspections.”

STR’s Jan Freitig made a similar point in a recent piece for [STR](#)

“Brands and hotels will need to convince the travelers that have not yet been infected that their hotels are safe spaces,” Freitig writes. “Operators and their PR teams will spend a lot of time and energy to promote their cleaning regimens and come up with new and novel ways to communicate

to guests that the surfaces, door handles, phone receivers and toilet seats are clean and free from the virus.”

In addition, guests might be skittish about spending too much time in hotel common areas. So managers will need to explore ways to expedite check-in and check-out processes. Amenities like hotel bars and restaurants will also likely see reduced use, so enhancing in-room options may be necessary.

When conventions do return, there will be an increased focus on density and capacity. Attendees might also be more encouraged to attend if hand sanitizer and masks are readily available.

Offices have undergone a sea change in recent years. The popularity of co-working led to changes in more traditional offices. There has been a mass conversion from layouts with private offices and semi-private cubicles to open-office plans with smaller, open individualized workspaces and lots of conference rooms and other collaborative workspaces.

The amount of space per employee declined from 211.4 sq. ft. in 2009 to 193.8 sq. ft. at the end of 2017, according to Cushman & Wakefield.

Many workers may not be comfortable coming back to that kind of setup and reduced density. Indeed, if six-foot buffers are to be a new norm, some open-office plans will not work at all.

“There won’t be a singular, celebratory day of mass re-entry to the workplace, as situations will vary by individual company and geography. Initially, only employees that cannot work from home and are required to come to the workplace to keep the company operational will be invited back,” says Sundar Nagarajan, Americas head of consulting, JLL. “When a pharmaceutical intervention is available, more employees can be invited in phases. Leadership integrity will be more important than ever before. Ensuring that employees feel safe, protected and deeply cared about will be fundamental in moving forward.”

“Companies will need to plan their re-entry in a way that supports social distancing,” adds Peter Miscovich, managing director of strategy and innovation, JLL. “It is important to understand social distancing requirements along employees’ entire daily journey from home to office and back; commute, elevators, workplace, food and bathrooms etc. and build confidence in people. This could mean implementing distributed workplace strategies, issuing social distancing guidelines in the workplace, and working with landlords to implement health-related technologies into properties, like automatic elevators and thermal imaging cameras, to respond to fears of spreading the virus.”

Meanwhile, Cushman & Wakefield has developed a “6 Feet Office” project to share experiences and best practices in fine-tuning office layouts and operations.

In addition, cleanliness and safety will take on heightened importance. CBRE dives into some best practices on that front as part of its “Reopening the World’s Workplaces” initiative.

For office towers, elevator density and cleanliness will be another issue. The number of people in an elevator car at one time will be dramatically reduced to maintain safe distances. Technologies like self-cleaning elevator buttons will need to be installed.

Aside from layouts, many companies are assessing whether some jobs can be converted to work-from-home positions permanently.



For example, insurance company Nationwide announced “a permanent transition to a hybrid work model. The insurance company will operate in [its] four main corporate offices in central Ohio; Des Moines, Iowa; Scottsdale, Ariz.; and San Antonio, while the majority of [its] locations will continue working from home.”

Meanwhile, Twitter is allowing anyone that’s working remotely now to work from home permanently if they so wish.



The industrial sector has held up well amid the pandemic. With more people staying home, online shopping has spiked. Many expect that activity to endure.

By far the biggest issue affecting the space has been keeping workers safe.

Walmart and Amazon have implemented enhanced cleaning measures based on guidelines from the Centers for Disease Control (CDC) and the World Health Organization (WHO) and are providing workers with protective gear, including gloves, masks, hand sanitizer and disinfectant wipes. The companies report they are doing daily temperature checks before workers enter buildings. Those with a temperature of 100.4 F or higher are sent home and cannot return to work until their temperature is normal for three days, according to both Amazon and Walmart.

But that hasn't stopped a spike of cases among both companies' workforces, as well as among other big industrial tenants.

So slowing the spread of infection in spaces where it's difficult for workers to social distance will continue to be an issue.



Like the hotel sector, retail has been deeply affected by the COVID-19 crisis.

Grocery store and pharmacies have remained open everywhere. Most other retail tenants had to shut down in parts or all of the country.

There is a significant bifurcation in retail between essential and non-essential businesses.

“We are seeing some movement in terms of re-opening of non-essential retail in some states, but [with] restrictions to maintain proper social distancing within stores,” says Naveen Jaggi, president, retail brokerage and capital markets, JLL. “Limiting the amount of people allowed in a store based on its size, restricting movement around the store, and requiring patrons to use protective equipment like masks are all possibilities. If we see reoccurrence of the virus after we begin to re-open, more shutdowns may happen for non-essential providers, which would adversely affect those retailers that were in dire circumstances before the pandemic hit.”



As retailers re-open, day-to-day operations will change.

The demand for pick-up services from more kinds of retailers will remain.

Kimco Realty Corp. in May announced it was rolling out a curbside pickup program at its Texas shopping centers, with plans for a nationwide expansion in the coming days. Designated areas in shopping center lots will now be allocated for curbside pickup parking. Retailers like Kohls, Target and Walmart also offer their own pick-up options. Overall, the number of orders placed online and picked up at bricks-and-mortar stores by customers surged 208 percent in the first three weeks of April, according to data pulled from Adobe Analytics and reported by CNBC.

Similarly, increased delivery and order fulfillment filled out of retail locations will endure after the worst of the pandemic has passed.

Lastly, when stores are re-opened, they will likely need to keep a tighter grip on managing density by keeping tabs on how many shoppers are in a store at once. In addition, layouts that encourage a one-way flow of traffic through stores might come to be expected for shoppers to feel safer.

That's at least for the retailers that survive the current reckoning, which may not include many department store operators.

Restaurants have been among the hardest hit businesses during COVID-19. Some restaurateurs have managed to stay open as delivery-open businesses. But many others have not been able to make that work.



Even after things re-open, restaurants may not bounce back fully. If they need to leave more space between patrons that will reduce daily turnover and potentially make it impossible for them to stay open. Restaurants with outdoor seating may ultimately be in a better position to get through the rough patch. Others may find that operating as ghost kitchens will make more sense than trying to get back to serving patrons on site.

“Mixed-use projects that contain grocery stores and/or restaurants with pickup and delivery services have and will continue to provide crucial support for their communities,” KTG’s Kasdan says. “Ground-floor grocery stores or restaurants can serve residents living within the same mixed-use community via ‘in-house’ pick-up or on-demand delivery options.”

Multifamily properties may only see slight changes as a result of COVID-19.

The increased cleaning regimens that managers are undertaking at many other property types are also the case here. But with so much activity in multifamily properties already taking place in discrete units there’s not as much need for a change.



In fact, when things re-open multifamily properties will be a bit less stressed. Right now, many properties have 100 percent of their tenants on site 100 percent of the time. That's far from the norm for the sector and is putting added strain on buildings. A reopening of the economy will mean people leaving their apartments to return to work and leisure activities.

Where things could change would be at buildings that have amenities like package centers or other lobby-based services.

"Daily package delivery has increased steadily for years, but the stay-at-home orders have increased the intensity," says KTG's Kasdan. "Look for more and larger package locker systems, package rooms and specialty package storage systems like valet package solutions at unit entries and/or refrigerated package storage."

In the midst of a pandemic, demand remains strong for life science buildings in major metropolitan areas, according to industry experts.

Typically, there are about one half to two thirds fewer people per sq. ft. working in a lab as there are in traditional office space, says Jeff Tompkins, founding partner at SGA, a New York City-based architecture, planning and design firm. Most labs require a significant amount of training before a person is qualified to be in or utilize lab space. That in itself limits the amount of people in a lab.

“Currently, the ability for lab scientists to work from home is relatively limited, which has constrained productivity during COVID-19, as well as any future pandemics,” says Roger Humphrey, division president, industries, JLL. “But with social distancing prompting a reimagination of the lab, the ongoing maturation of AI, digital clinical trials, machine learning, and computational science will expedite off-site possibilities going forward. As virtual lab work develops, more corporate resources may be required for investment in remote collaboration and training, which would amplify the demand for real estate that can help achieve cost optimization.”

What healthcare real estate looks like will vary by acute and non-acute settings.

In a recent episode of [JLL's Common Area](#) podcast, we spoke with Bob Atkins, principal of the Atkins Cos., about what he's learned from operating his company's medical office portfolio in the COVID-19 era.

Tenants with practices that have a greater emphasis on essential healthcare have remained opened. Others that might have more of a focus on elective surgeries have opted to shut down temporarily.

What's been true for all medical tenants is they've taken steps to protect patients. Sites are cleaned more frequently. Waiting areas have been dismantled. When patients arrive on site they go directly to examination rooms and then leave directly afterward. Everyone wears masks at all times.

Some practices are operating under extended hours, in order to spread patient visits out to decrease density in an office at any one time.

For non-acute settings, “as social distancing measures become normalized, healthcare employees could be asked to keep masks on and be encouraged to use the stairs instead of elevators, with mandatory hand sanitizer usage before and after touching the regularly disinfected handrail,” says Kimberly Lamb, executive director, JLL healthcare corporate solutions. “In open floor plans, we could see plexiglass shields between desks that face each other allowing for built-in social distancing, as well as signs that direct walking traffic in a single direction. And in some instances, we might see staggered shifts to allow for in-person work while keeping headcount to a manageable size to meet social distancing requirements.”



On the acute side, “Hospitals are already restricting visitors and have created designated areas to screen patients, staff, and vendors prior to entering their facilities for certain criteria related to COVID-19,” says Kathy Tolomeo, director, compliance strategies, JLL Healthcare Solutions. “Furthermore, these facilities should conduct a risk assessment of their facility to evaluate accommodation of social distancing guidelines and improve additional resources, such as for hand hygiene or additional personal protective equipment (PPE). These facilities should ensure that staff are educated, trained, and competent to assist in maintaining these new environments and how to hold everyone accountable for the safety of all individuals within their facilities. Facilities will also need to re-evaluate and monitor the quality of cleaning and disinfecting procedures to ensure alignment with CDC guidelines.”

Medical office buildings are also adapting.

“Social distancing measures in a medical office building will be treated similarly to a typical office building, with close alignment with medical tenants to address their specific needs,” notes Connie O’Murray, managing director, property management, JLL. “If the building is investor-owned and is also on campus, the alignment will be with hospital leadership and operations as well. Either way, we’ll see technology play a key role, with possibilities from temperature screenings upon arrival, pre-registration to eliminate waiting rooms and added UV capabilities in HVAC systems in order to kill airborne particles.”



Venues that are inherently designed for large, dense crowds present a unique challenge. As of now, there's no timeline for a return of professional and college sports or big concerts.

"Sports and entertainment owners and investors are meticulously strategizing the ways they can reimagine their stadiums and arenas to account for social distancing, without compromising experience," says James A. Renne, national director, sports+entertainment, project and development services for JLL. "From redefining how the group viewing experience is created to how services and amenities are provided, there will be ways to not only ease fans back into venues again, but also offer them a greater sense of comfort in their personal health and safety."

Movie theaters too will face challenges, especially if they are only allowed to operate at partial occupancies. As reported: "In any case, if theaters are required — by local governments, their patrons, or just common sense — to institute social distancing measures, such as only selling enough tickets to fill theaters halfway and scheduling fewer screenings per day to allow for more stringent cleaning protocols, then making money is going to be difficult not just for the theater, but also for the studios.

Furthermore, if theaters can't sell food (or try, but find that patrons are skittish), then their profits drop even more. Until they can pack out theaters, studios are unlikely to release their films; until

studios release big films, theaters are unlikely to reopen.”



Public institutions, such as universities and government buildings, will face their own sets of challenges.

“While the ultimate impact social distancing will have on higher education in the upcoming school year is extremely fluid, we can be certain that large spaces on campuses will be carefully considered and utilized differently going forward,” says Kevin Waver, president, public sector and higher education for JLL. “Universities will see drastic changes to their foodservice offerings, moving away from traditional buffet-style cafeterias. We’re also already seeing changes underway to dormitory rooms, which often bunk more than two students a room to accommodate overflow. Universities are recognizing the loss of this flexibility and are anticipating solutions for future bed shortages.”

The age of these facilities—which can be quite a bit older than commercial real estate—also raises unique challenges.

“Public health experts warn that the safety of air quality in older buildings is another reason to abide by social distancing guidelines and stay at home,” says David G. Houck, head of industries, JLL. “Antiquated HVAC systems recirculate indoor air, which aids the spread of airborne pathogens, a major concern in COVID-19 transmission. In order to maintain employee confidence, older public

institution buildings will need to make improvements to ensure they meet proper ventilation and filtration standards.”