

DRAFT

Assessing Employers' Plans for Resuming Operations at Downtown Office Buildings (Survey #2)

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SURVEY OVERVIEW CONT.

- **Purpose**: Second survey intended to gather information from office building managers, owners, and employers to better understand the dynamics and pace in which downtown's workforce is returning or planning to return their office buildings for regular work
- **Survey Design**: 18 question survey target emailed to a subset of downtown property manager and owners
 - Focused on sample of properties most likely to have a full-time building management staff
 - Non-scientific
 - Extrapolate findings for entire downtown workforce
- **Survey Timeframe**: Open from late September to mid-October 2020

SURVEY OVERVIEW CONT.

Responses & Representation:

- 24 sample respondents representing downtown office properties & tenants of various sizes
 - Representing an estimated 20,300+ downtown employees
 - Approx. 22.5% of downtown's 90,000+ estimated workers
- 66% of respondents have either surveyed their tenants or are in the process of surveying their tenants on their return to downtown office plans

SURVEY OVERVIEW CONT.

Central Question:

- The following question was asked using 2-month intervals for the remainder of 2020 and first half of 2021:

What percentage of employees do you expect will regularly return to work at the office building you own or manage by _____ (Date) _____ ?

- Response options are grouped in 10% increments (i.e. 10-20%, 21-30%, etc.)

Analysis Methodology:

- The following line graph illustrates the “low”, “average”, and “high” percentages for each time interval in three separate lines.
- Responses are weight adjusted by percentage of total employees of the sample population and extrapolated as a proxy for the total downtown workforce

KEY ITEMS TO NOTE ABOUT SURVEY #1 AND #2

While much of the two surveys was consistent, there are several key difference between the two surveys to note, including, but not limited to:

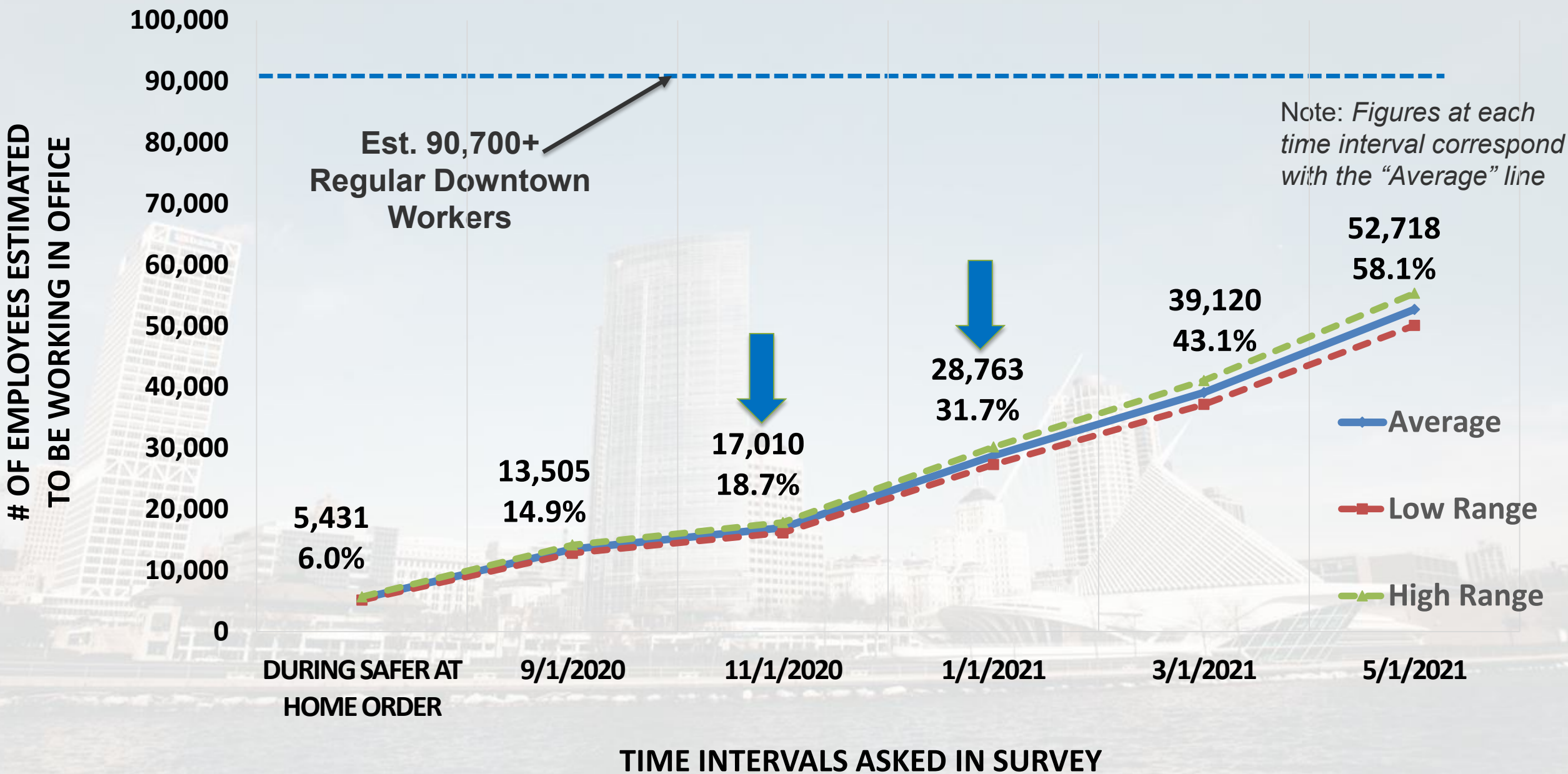
- Survey #1 was conducted in Summer 2020, and closed shortly before Independence Day
- Survey #2 was conducted in Fall after the traditional school year began
- Some different respondents between the two surveys (but many same respondents for both surveys)
- Different COVID-19 pandemic circumstances at the time the survey was conducted and concluded



SURVEY DATA SUMMARY & KEY TAKEAWAYS

(Survey #2)

ESTIMATED WORKER RETURN PACE TO DOWNTOWN



ESTIMATED WORKER RETURN TO DOWNTOWN

DETAILS CONT.

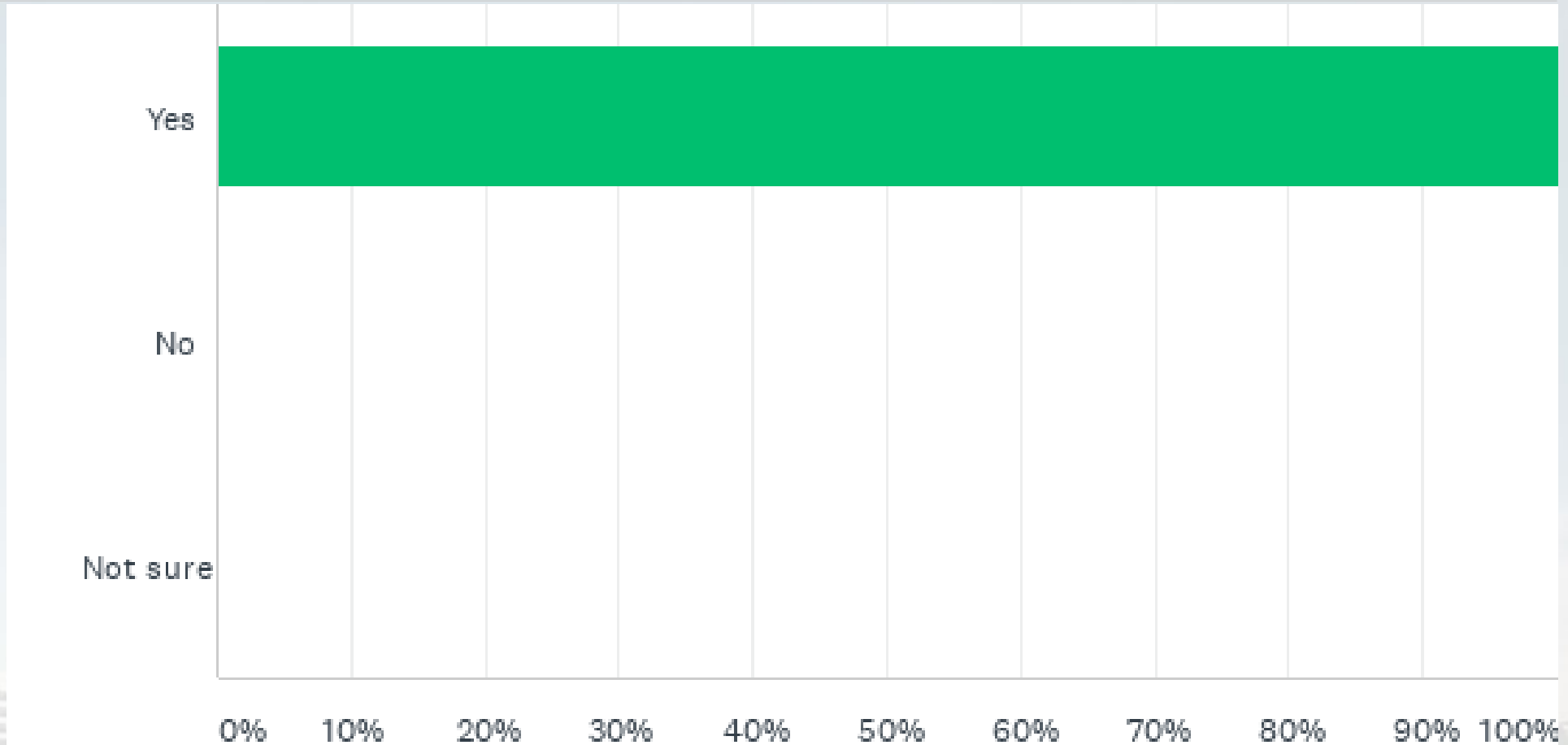
| Time Intervals | | <u>Low Range</u> | | <u>Average</u> | | <u>High Range</u> | |
|--|---------------------------|------------------|---------------|----------------|---------------|-------------------|---------------|
| | | % | Number | % | Number | % | Number |
| During Safer at Home Order | | 5.7% | 5,159 | 6.0% | 5,431 | 6.3% | 5,702 |
| % of 90,700 Regular Employees Working Downtown | as of November 1st | 17.8% | 16,159 | 18.7% | 17,010 | 19.7% | 17,860 |
| | as of January 1, 2021 | 30.1% | 27,324 | 31.7% | 28,763 | 33.3% | 30,201 |
| | as of March 1, 2021 | 40.9% | 37,164 | 43.1% | 39,120 | 45.2% | 41,076 |
| | as of May 1, 2021 | 55.2% | 50,082 | 58.1% | 52,718 | 61.0% | 55,354 |
| % Working Remotely at start of 2021 | | 54.5% | 49,498 | 57.4% | 52,103 | 60.3% | 54,708 |

Key: Response options were grouped in 10% increments (i.e. 10-20%, 21-30%, etc.). Therefore, an example for the chart above is: “Low Range” = 10%, Average = 15%, High Range = 20%

Question: Do you anticipate that by the end of 2020 some employees will still be working remotely?

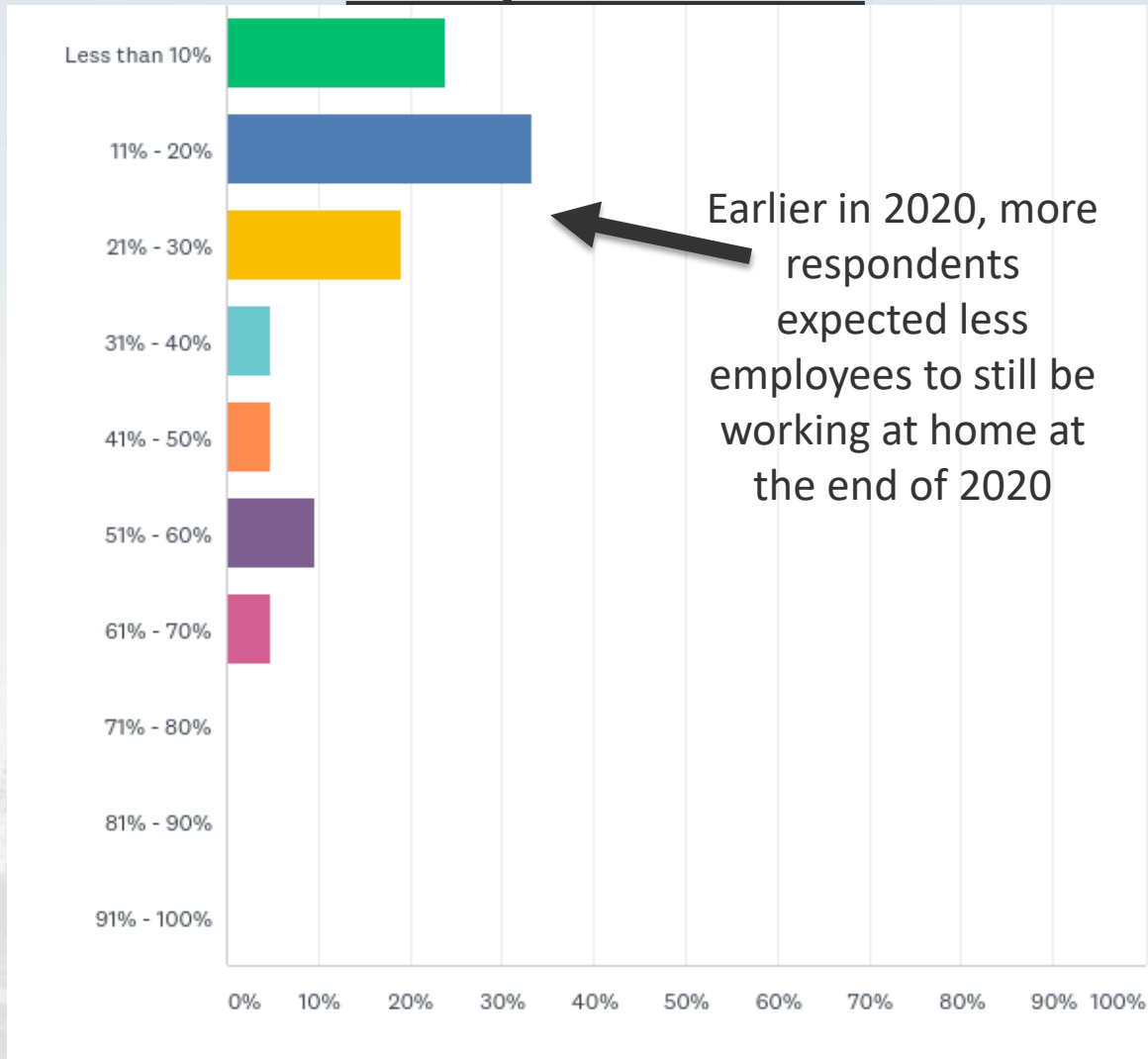
Takeaway: All respondents expect some amount of tenants or employees to be working remotely at the end of 2020.

Survey #1 had several respondents answer that they were “not sure”.



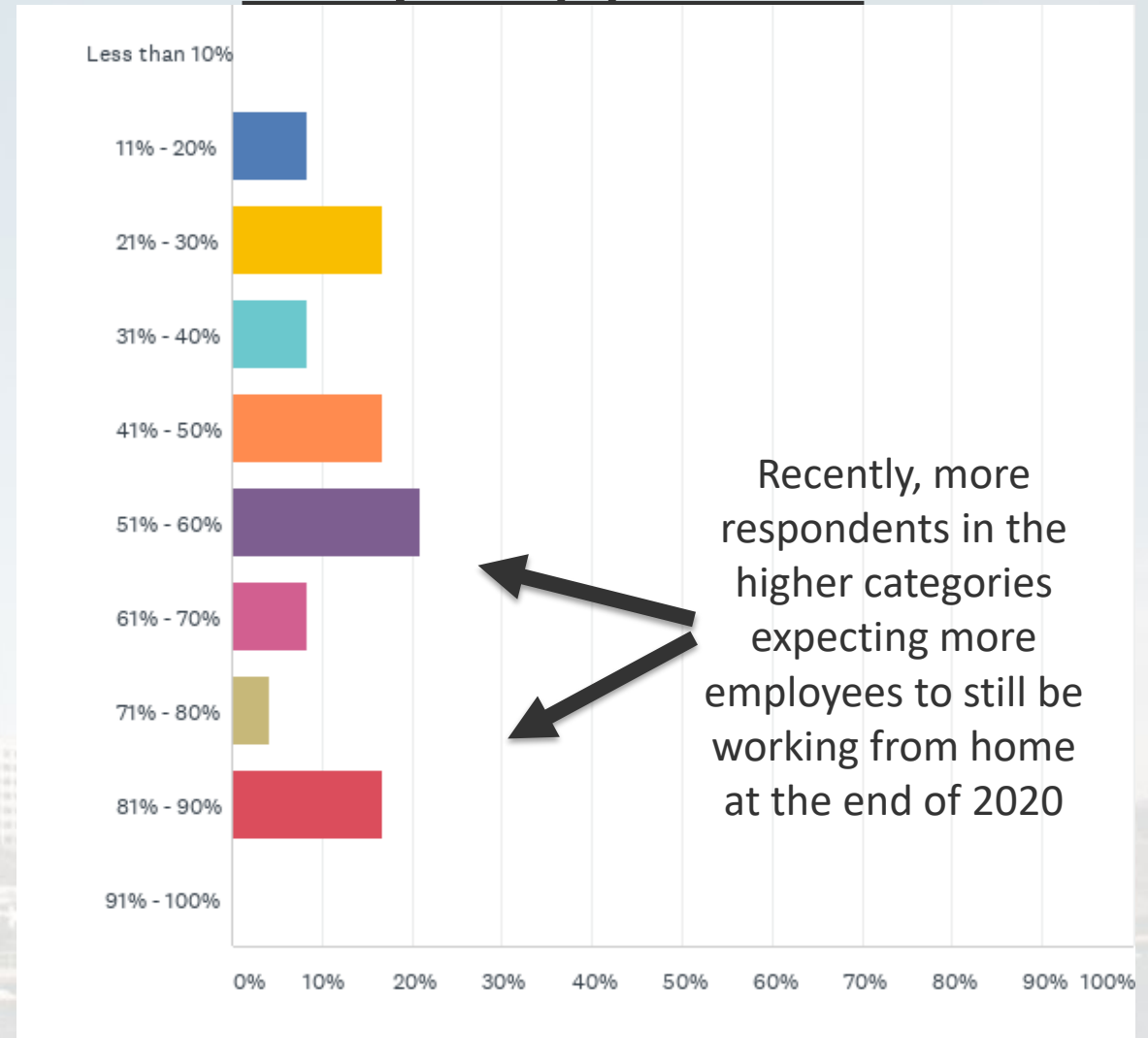
Sample Comparative Question: Please indicate the approximate percentage of employees that may still be working remotely at the end of 2020.

Survey 1: June 2020



Earlier in 2020, more respondents expected less employees to still be working at home at the end of 2020

Survey 2: Sept/Oct 2020



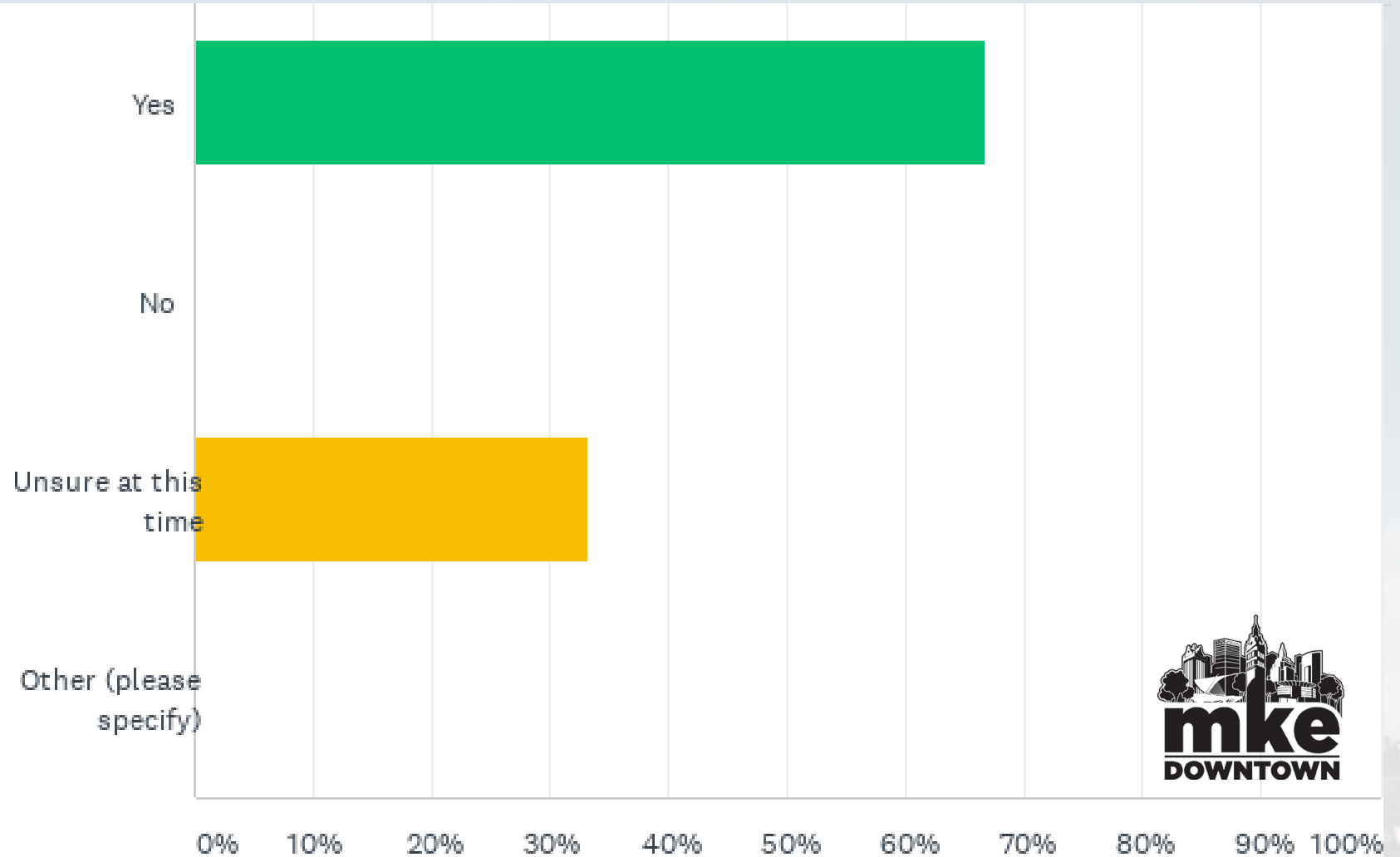
Recently, more respondents in the higher categories expecting more employees to still be working from home at the end of 2020

As the COVID-19 pandemic continues, with worker safety a top priority, employers are delaying their planned return to the office.

Question: Do you expect tenant employees at the office building you own or manage to split their time working partially from the downtown office location and partially from home?

Takeaway: New question in Survey #2 as the split model of working from home & working from the office started to become more prevalent.

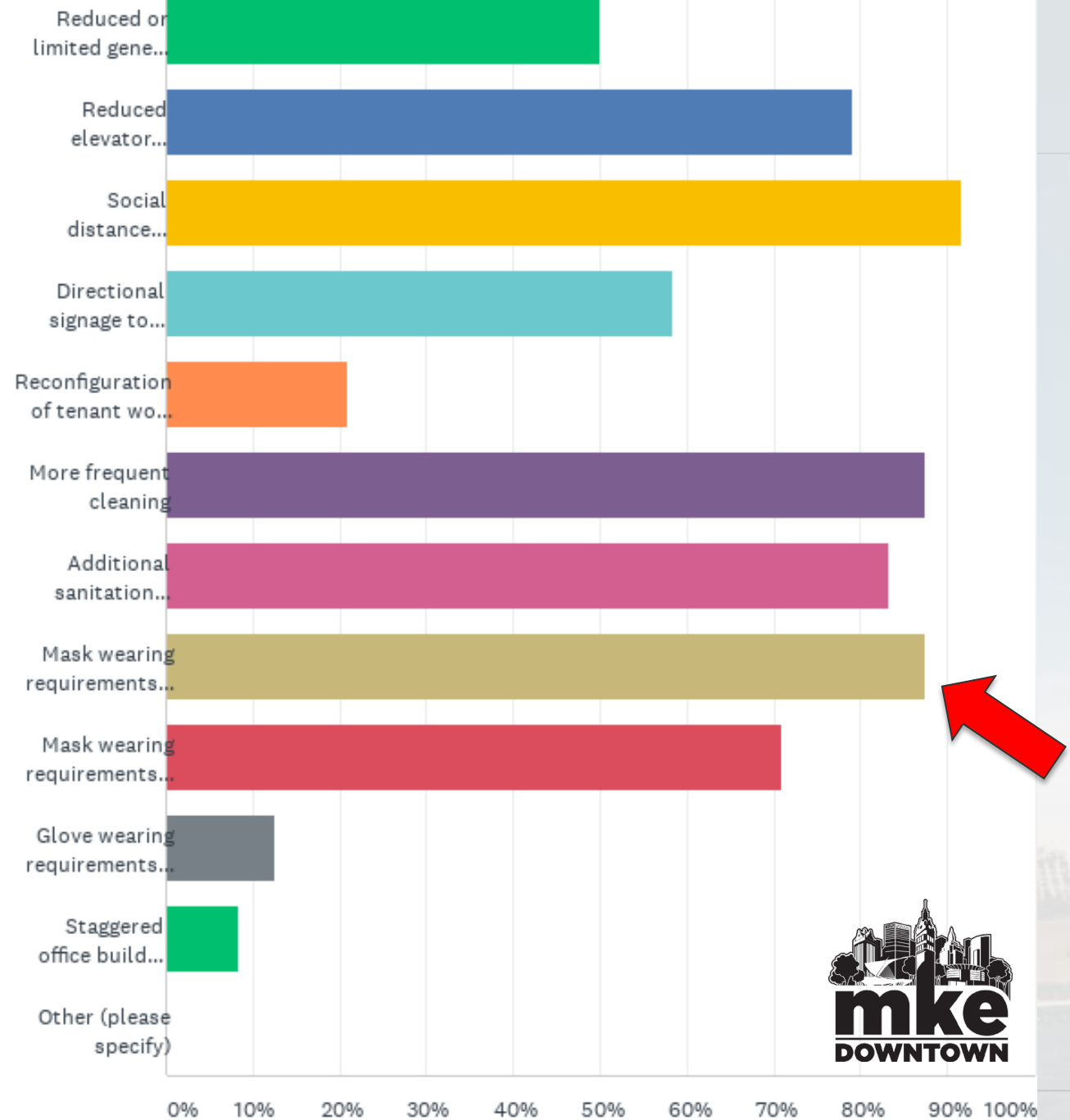
Nearly all respondents expect some type of work environment split for the foreseeable future.



Question: What accommodations, if any, are being implemented in the office building you manage or own to increase safety and comfort levels as employees return to work?

Takeaway: Top responses are consistent between both surveys and include: social distancing & associated signage, more frequent cleaning, additional sanitation stations, mask wearing by management staff, and reducing elevator capacity

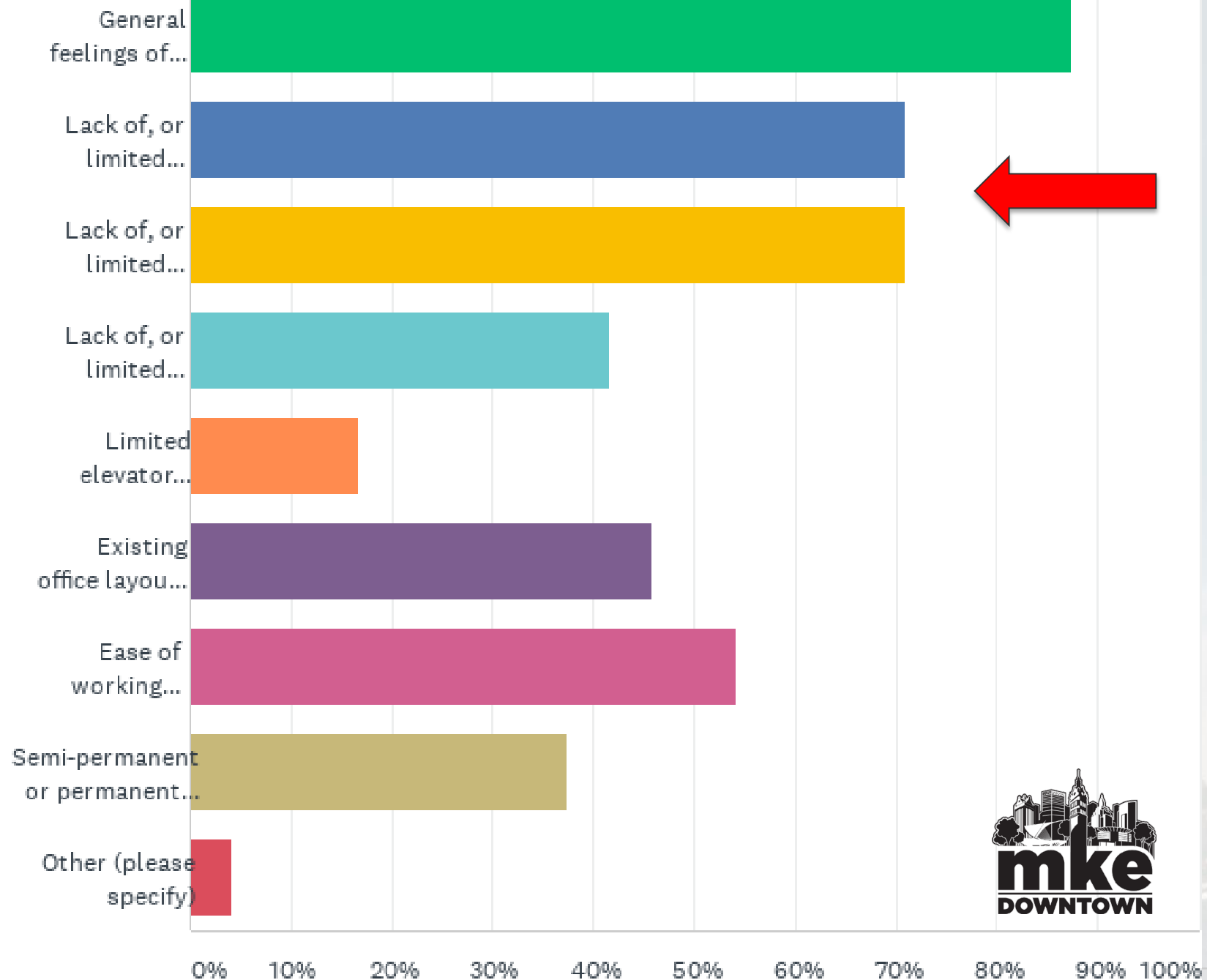
Biggest increase in mask wearing requirements for management staff



Question: What do you believe to be the most significant challenge to employees returning to work in the office building you manage?

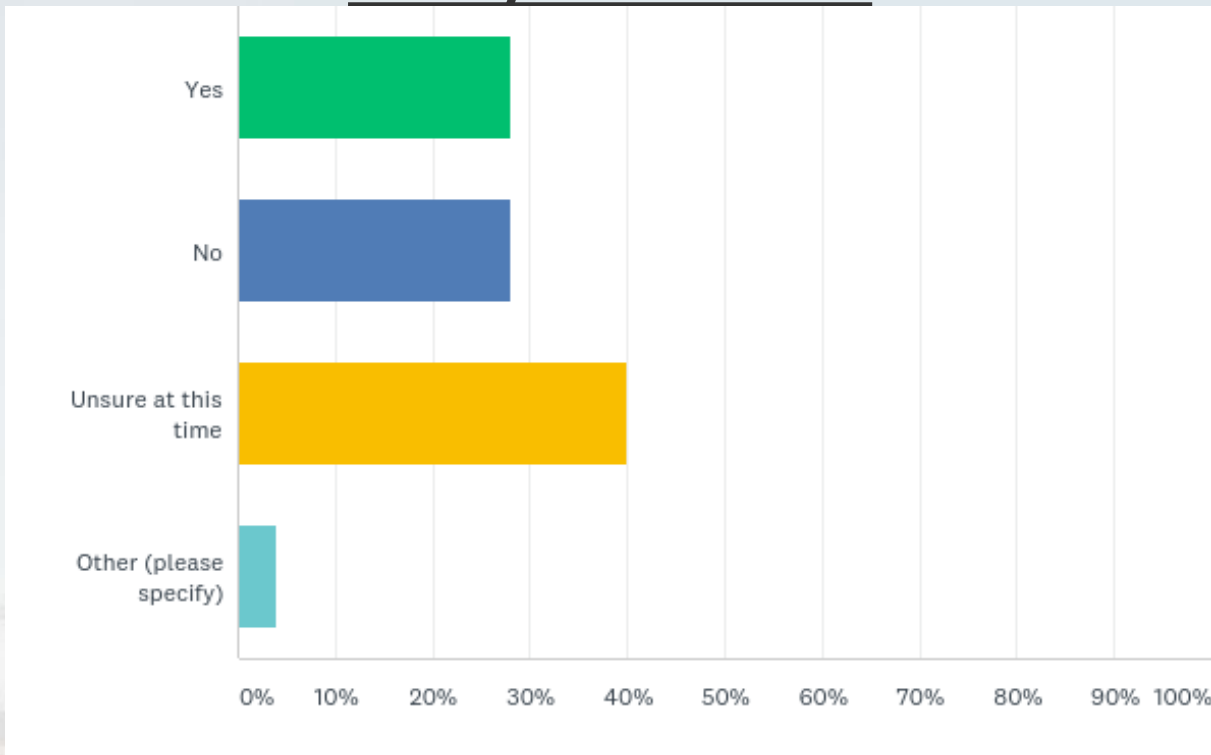
Takeaway: General feelings of safety continues to be top challenge between Survey #1 and #2.

Lack of in person schooling and limited childcare emerged as the #2 challenge, overtaking the ease of working from home

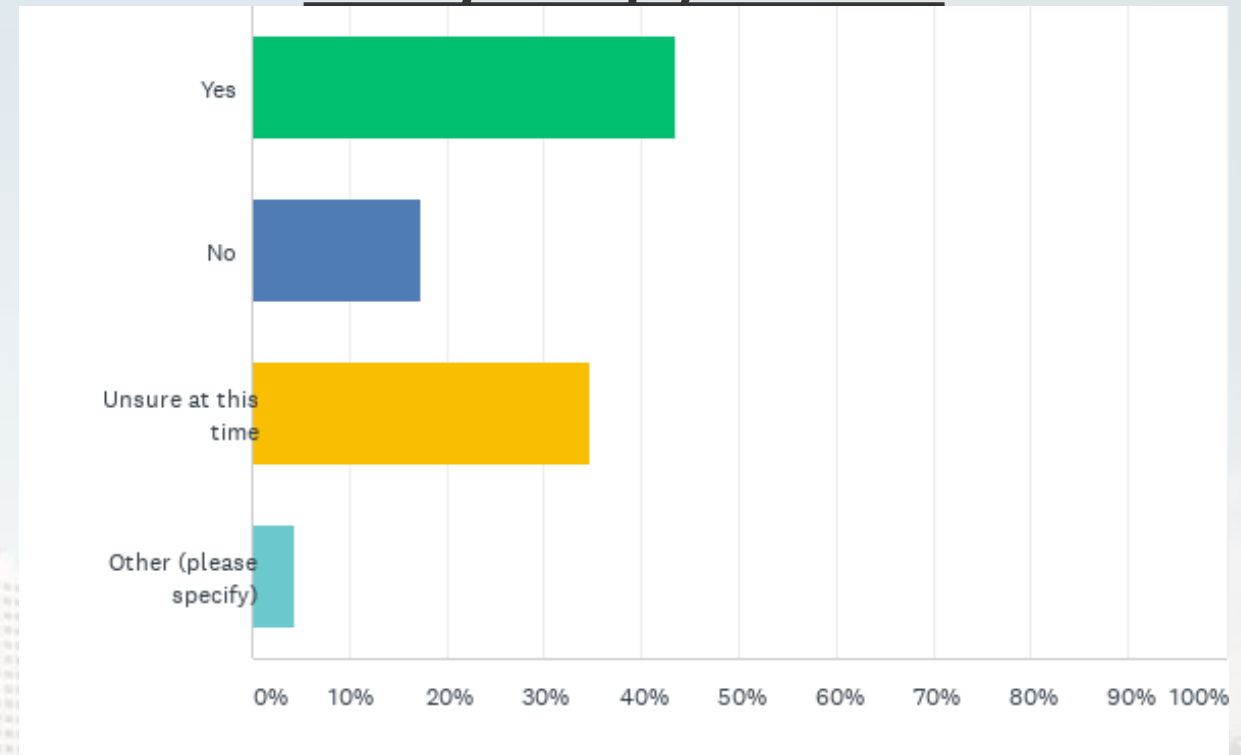


Sample Comparative Question: Do you anticipate tenant requests for office space size reductions as a result of more employees working from home permanently or in rotation?

Survey 1: June 2020



Survey 2: Sept/Oct 2020



Takeaway: In Survey #2, slightly more respondents shifted from the “unsure” and “no” category to the “yes” category as they expect more requests for office space size reductions in the future.

LOOKING AHEAD: OFFICE SPACE CONTINUES TO BE A BUSINESS NECESSITY, BUT IT MAY ADJUST

Kahler Slater moving office to BMO Tower, turning pandemic into opportunity

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Kahler Slater executive vice presidents Al Krueger (left) and Glenn Roby stand in the architecture firm's future space in BMO Tower, where they will have Milwaukee City Hall's clock tower outside their windows.

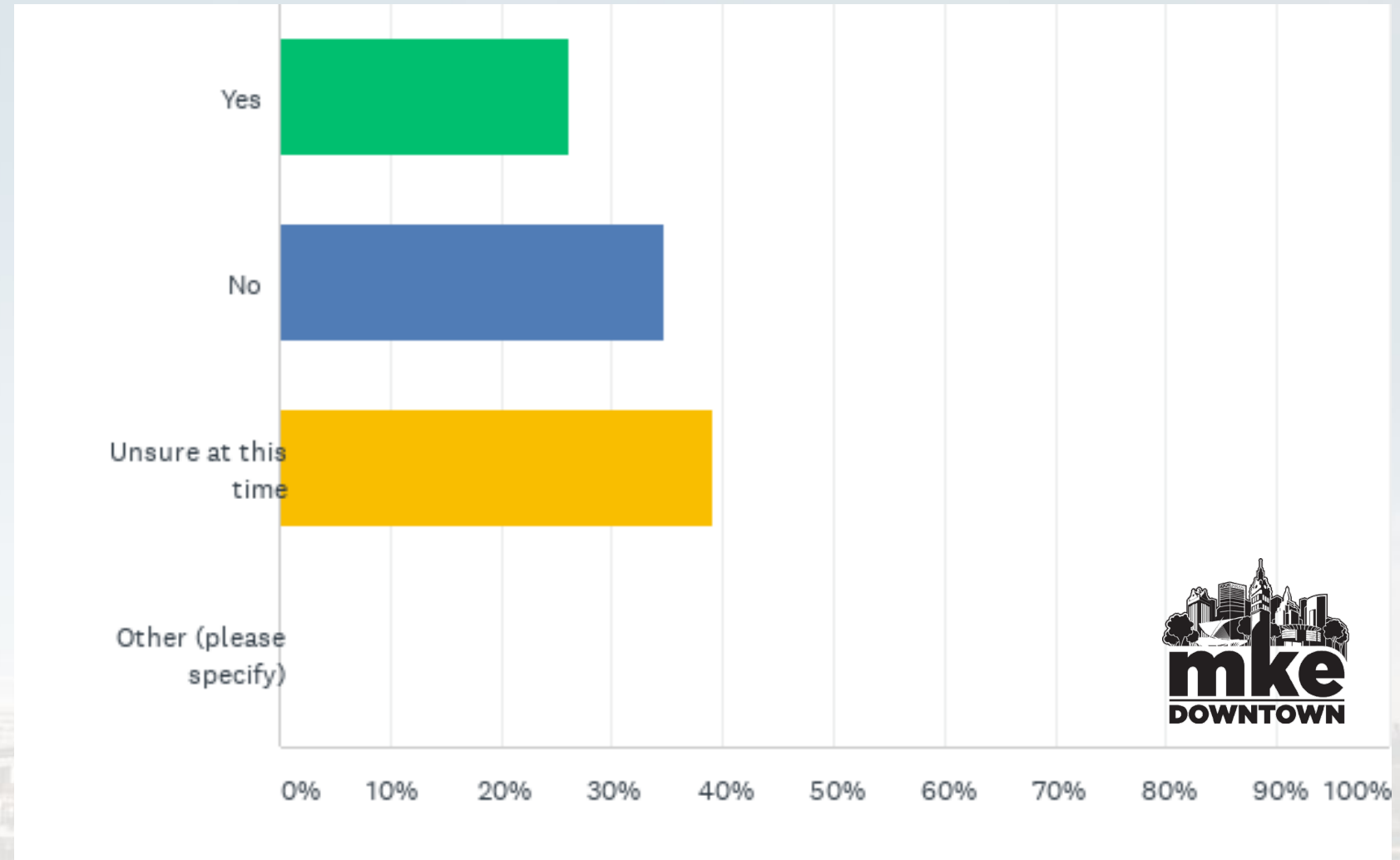
KAHLER SLATER

“Kahler Slater signed a 10-year lease for about 15,000 square feet on BMO Tower’s 17th floor. That is half of the square footage of its current space ASQ Center, where Kahler Slater has been located since 2001. The pandemic is one reason for the smaller footprint. Kahler Slater expects that remote working will remain popular long-term, so about 20% of its current employees will not require permanent desks in the new office, Roby said. It will have more flex spaces they can use when visiting.”



Question: Do you anticipate tenant requests for additional office space needs to accommodate physical distancing of employees?

Takeaway: Like Survey #1, most building managers are still unsure of the impact the COVID-19 pandemic will have on tenant requests for additional office space to accommodate social distancing.



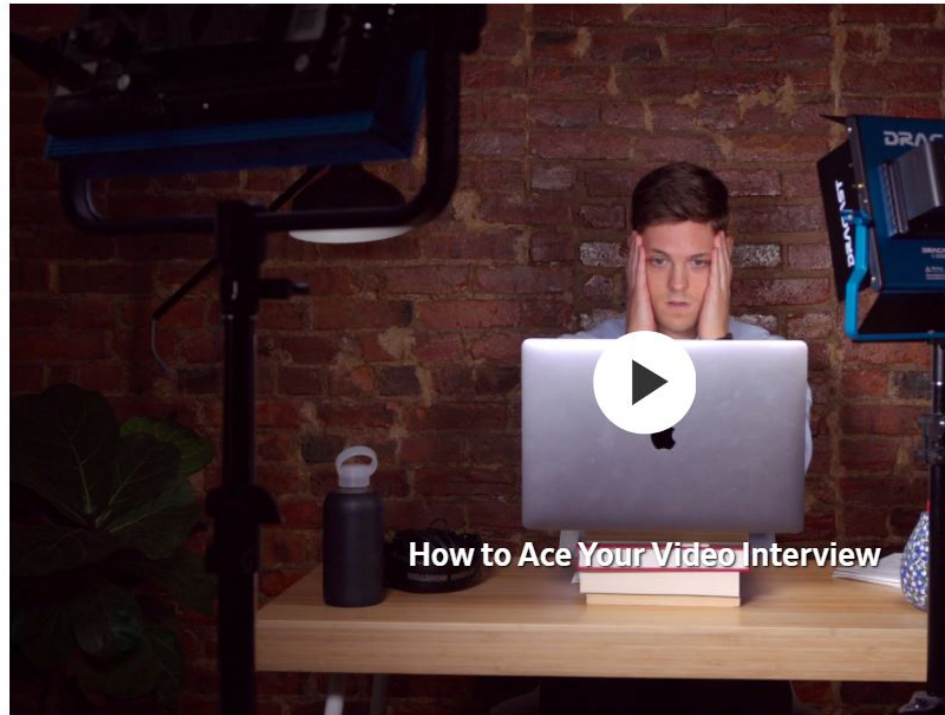
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THE WALL STREET JOURNAL.

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Companies Start to Think Remote Work Isn't So Great After All

Projects take longer. Collaboration is harder. And training new workers is a struggle. 'This is not going to be sustainable.'



Preparing for a video interview requires research, practice and set design. Career coach Ashlee Anderson, 11 years, tells you how to prepare—and make eye-contact through a screen. Photo: Adam Falk/The Wall Street

Take Five: Rumors of the office's demise are greatly exaggerated

November 4, 2020 by Joe Vanden Plas

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Even as the pandemic surges in Wisconsin, some major Milwaukee office expansions and relocations are happening.

Tom Daykin Milwaukee Journal Sentinel

Published 9:00 a.m. CT Nov. 6, 2020

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Wisconsin recently named Chris Richards as its new managing director and office. Richards, a Madison native, has worked in Madison commercial real estate stints at Oakbrook Corp. and Hovde Properties. He will be in the Madison and southwest Wisconsin commercial real estate

LOOKING AHEAD:

OFFICE SPACE CONTINUES TO BE A BUSINESS NECESSITY, BUT IT MAY ADJUST

“The office is going to change, and new trends will come out of this like any recession, but it’s impossible to train new employees, create culture and maintain culture when everyone is on an island in their own house.”

John Coury, Crestlight Capital and part of the Schlitz Park ownership group

Quote from a BizTimes panel discussion on the office market. Published Nov. 23, 2020

[The article notes that Mr. John Coury used the example of Yahoo, which at one time shed itself of any office and had all employees work from home. He said the company changed its mind after only a year or so because employees missed the collaborative work environment an office provided.]



ADDITIONAL ITEMS TO NOTE & TAKEAWAYS

- Rapidly changing environment with remaining levels of uncertainty. Control over the pandemic is necessary to rebuild consumer confidence and feelings of safety for workers to fully return to the office
- Differences in return plans between smaller and larger office buildings & tenants (*larger tenants appear to be more delayed*)
- Differences in return plans between multi-tenant buildings and single tenant buildings (*single tenant buildings appears to be more delayed*)
- Employers evaluating varying percentages of employees and functions that will return to the office permanently (see Kahler Slater article)
- Feedback suggests employees and employers are eager to return the office setting to re-boost unique corporate cultures, and re-capitalize on collaboration & innovation that cannot be replicated with working from home
- Flexibility on employee return to the office is important (i.e. work from the office and work from home mix as a employee satisfaction incentive)

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