

Demand for Tucson Office Space – Less, Same or More?



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TUCSON, ARIZONA – Not a day goes by that one of our landlord clients, an appraiser, or lender doesn't ask us what the Tucson office market will look like once we work our way through the ongoing COVID-19 pandemic. We certainly wish we had a crystal ball that could see through this conundrum; however, it just isn't that easy. The crystal ball, as clouded as it is, probably would not hold a vision of this pandemic ending tomorrow and all office workers returning back to their offices. The likelihood of this happening approaches zero. But, let's just say it does end tomorrow, what happens to the office space?

There are good arguments for several scenarios...Tucson office users will need *more* space to accommodate their returning employees... office users will need the *same amount* of space... or office users will require *less* space to accommodate less employees returning to work. One thing is for sure, the office market isn't going away and will absolutely return to some kind of new normal. Just what that will be is hard to know and likely still several months away.

With so many employees continuing to work from home, employers

are unable to determine what their office space needs actually are, and exactly what the new office environment will need to look like. Employers across the spectrum have had very mixed results as to the “actual” productivity of their employees.

Initially everyone felt that working remotely was the way of the future. As more time went by, more employers and employees started rethinking things. Again, the million dollar question is... when will employees return... how many will return... and what environment will be needed to make them feel that they're in a safe place? So, we offer the following three scenarios for your consideration.

Businesses will need more space.

We all know the feeling these days – “I sure wish that person [talking, sitting, thinking] nearby would just *back off.*” As companies resume office activity, many employees are likely coming through the front door carrying this same defensiveness. And for good reason! Social distancing is fully part of today's business environment. Companies recognize that employee productivity is tied directly with employee wellbeing. Cramped office space may have been accepted pre-COVID without a second thought, but no longer. To accommodate this ‘new normal,’ forward-thinking companies may actually want *more* office space in Tucson. By providing larger work areas for employees, whether in open work areas or private offices, companies can alleviate employee anxiety and thereby boost overall productivity. Certainly, there are costs involved with this solution, such as increased rent, additional office furniture and related. That said, these increased expenses pale in comparison to the hidden costs of staff turnover and employee friction due to dissatisfaction with their workplace layout. While this scenario won't play out for every company, it may be the case for more companies than we'd likely expect. And that's good news for Landlords.

Businesses will need the same amount of space.

When the pandemic is over, users will probably need the same amount of space they are currently leasing. Why? Most companies will probably take a cautious approach pulling employees back into the office with social distancing being the main focus. At first, half to three quarters of a staff could be invited back. Perhaps rotating office workers by week, with distancing for health reasons being a main focus as society in general gets used to the old-normal and settles itself down.

Another option: Employers study their worker's productivity and those workers who sustain their efforts or produce more from home can stay at home while the rest of the workers return to the office, perhaps on a rotated schedule, as above. The 'work at home versus at the office' must be worked through over time; once it is, employers will have a clearer picture of their office needs upon which to act.

Businesses will need less space.

One of the positive results of the pandemic was that companies had to quickly implement processes and systems to allow employees to work from home. Rather than every employee having to work in the office, the pandemic has shown that a radically different office model can be successful. Of course, there have been hiccups along the way. Employees working from home as a permanent solution ultimately will not be the "wave of the future" for many reasons. While the commute is great, for many the isolation and lack of interaction will lead them back to the office. Employees still crave the interaction of their peers and the opportunity to work collaboratively and brainstorm. Others need a work environment outside of their home to focus and be productive.

As we slowly start to climb out of the COVID curve, employers will adapt and recreate the "Creative Office". A lingering effect from this pandemic will likely see continued social

distancing and a reduction of total employees in the office at a single time. A new hybrid with work from home and the office will evolve as the new office model and environment. This re-creation of the office and work environment will lead to a downsizing of office square footage, with only a portion of employees in the workplace at a time. An upside to this downsizing of total square footage is companies upscaling in to higher quality space.

To learn more, the **Cushman & Wakefield Office team** can be reached at 520.748.7100.