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WeeklyTAKE

CHANGES: HOW HYBRID WORK IS ALTERING THE WORLD'S WORKPLACES WITH CHINATSU KANEKO, KASEY GARCIA AND WOUTER OOSTING [8.17.21]

Spencer Levy

I'm Spencer Levy and this is The Weekly Take. On this episode, we're spanning the globe to talk about the brave new world of hybrid work with an international trio of veteran workplace strategists.

Chinatsu Kaneko

Currently, hybrid work tends to focus on location, which means office and home, office and remote work. But we think it's much, much more than that. We think hybrid work is about where, who and what.

Spencer Levy

That's Chinatsu Kaneko, a CBRE senior director and head of workplace strategy for North Asia. With more than two decades of experience in design, Chinatsu stayed up late to join us from Tokyo.

Kasey Garcia

We're moving a little bit in the direction towards more flexibility, a work-from-anywhere ethos and an understanding that as work changes, so must the workplace.

Spencer Levy

And that's Kasey Garcia, a senior director and leader of CBRE's Southwest Region in the U.S. Kasey joined us over her morning coffee in Los Angeles, where she's also a research and insights lead with an eye on the future. And completing our globe hopping roundtable, we're also joined by Wouter Oosting from Amsterdam.

Wouter Oosting

It's about greater flexibility. It's about making the office stick, but making the office also a rewarding place for a company, but also for individuals.

Spencer Levy

Wouter is a CBRE senior director of Occupier Workplace Strategies in the Netherlands and one of the original architects of CBRE's Workplace 360 program, which we'll talk about on this program.

With perspectives from every region and firsthand experience in the evolution of our own organization's workplace, we tackle a big question: Is hybrid here to stay? Coming up, the hybrid workplace, what it looks like today and what the future holds. That's right now on The Weekly Take.

Welcome to The Weekly Take, and this week we're talking about the hybrid office in connection with a terrific CBRE report on the same topic entitled *The Next Normal*, which I would interpret as what's coming next. So why don't we start with you, Kasey? What's the report about and what does the next normal look like?

Kasey Garcia

Yeah, we're making a prediction about the next normal, which is that we believe what will define it is the word hybrid, right—is an understanding that we're moving in the direction towards more flexibility, a work from anywhere ethos and an understanding that as work changes, so must the workplace. Where and how we get work done are undergoing some pretty fundamental shifts now through the pandemic. And so what the report attempts to define is all the variety of ways that you can interpret the hybrid future and how to be successful at doing so because it will require some intentional action on

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the part of all occupiers.

Spencer Levy

Chinatsu, what is the next normal mean to you?

Chinatsu Kaneko

I think currently hybrid work tends to focus on location, which means office and home, office and remote work. But we think it's much, much more than that. We think hybrid work is about where, who and what. So we're really interested to really dive in and understand and dissect, you know, where is work getting done, who's doing it and what activities need to be done, and how can we combine all of these findings to define what the next new normal hybrid work is?

Spencer Levy

We've used a lot of words here for different forms of hybrid. But let me just ask you Wouter: What is your definition of hybrid versus flex agile or an old fashioned word, hoteling?

Wouter Oosting

All right. I think hybrid is like a car. Where are, let's say, a hybrid car, which has two actually two motors, two different systems, to get the thing going. If I were to compare it to hoteling, which is just pre-booking of space, you want to use or flex offering, which is something a short stay where you deliberately make use of—those things are interesting if you combine into hybrid. But if you think about agile, agile is unlike typical project management, which is a waterfall approach. It is very much about sprints, about being adaptive to change. So if I were to combine flex, agile and hoteling, I'm actually saying that hybrid is actually combining the three of them together in one solution. It's allowing you to choose. It's allowing you to work location agnostic. And it's getting to the office deliberately, whether it's having a serendipity moment because you meet the CEO grabbing a cup of coffee or getting the inspiration, or there's an element of learning when getting into the office and making the office a intentional place where you want to go to. And I think it's actually combining the three other words you're mentioning, Spencer.

Spencer Levy

Well Wouter, what's your perspective on the next normal? And I'd like you to add another element to it, which I'm going to ask the other folks as well, which is how might the next normal look different in Amsterdam than, say, it looks in Japan or in Los Angeles?

Wouter Oosting

That's an interesting question. So I think from the many surveys we've seen around us, from the different clients that going back to normal like it was pre-pandemic, there's no evidence, let's say, that we are all going back to the way it was. Actually, we want to do a step forward. So we think about a normal—I think is perhaps more a next normal or a new normal. But it's for sure not going back to the way it was. From the many conversations we have, we see that it's about greater flexibility. It's about making the office stick, but making the office also a place, a rewarding place for a company, but also for individuals. So if you ask me what's going to happen here in Amsterdam, you know, we have not that many commuting times. So I think the office is going to be about collaboration, about connectivity. And I think it's also about offering the people greater flexibility to choose where they want to work. But more importantly, I think that it's not a location choice. So it's not like home or office—not that binary. You need to understand who your people are, what makes them tick, understand where they are most effective, and then decide whether is, let's say, more virtually or there is a physical component that really requires people to come together.

Spencer Levy

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You mentioned commuting time and you mentioned that folks in Amsterdam may not have long commutes. And I certainly am not throwing Los Angeles under the bus here, Kasey. But I think it's fair to say that L.A. does have long commutes. How does that play into the hybrid office and the next normal in L.A. versus, say, in Amsterdam where they don't have these commute issues?

Kasey Garcia

It's definitely pushing us more towards the flexible end of the spectrum. I'd say that the more challenges that you have on transportation and actually getting to where you need to go, the more likely that an organization or that its people will demand just greater optionality in terms of the locations that they can do their work. And a lot of that has to do with productivity gains and losses, right? I mean, for myself, just to orient you around the L.A. market, I live in Glendale and I often work in the downtown office. And as the crow flies, it shouldn't be very far. And yet on a bad day of traffic, it can easily take me an hour to get into the office. And that's one way. That adds up over the course of time. And I think that everybody has realized the value of that time in their day to day lives now that it's been removed through the forced work-from-home experiment of the pandemic. And so what we sacrifice in terms of ability to be productive at work or what we sacrifice in terms of ability to be present with our families, you start to do just different value calculations.

Spencer Levy

Well, Kasey, not that I am in the ribbon-cutting department for CBRE, but yes, indeed, I was at the Glendale grand opening, standing right next to Rick Caruso, the developer. And so you live in Glendale in our office there. It's an old Masonic church where they put a huge staircase in the middle. It is super awesome. So—

Kasey Garcia

It's beautiful.

Spencer Levy

Why don't you work there?

Kasey Garcia

I ask myself that every day, Spencer. I do live about five minutes from that office. I could walk from it. It's fantastic. I do occasionally, you know, so I'll admit I do occasionally go there. Here's the issue, though, and it comes back to what Chinatsu you were saying before of kind of the who, the where and the why. I'll focus on the who for just a second, which is that work is not just about going into the office, punching your card and hiding away in some cubicle or something like that. The reason I go into work is because of the people that I meet there and just because of the nature of my role, the people that I work with most frequently are in the downtown office. I know that if I'm going into the Glendale office, I'm going there to just kind of get some peace and quiet as opposed to going into an office for—Wouter, what you were saying—connectivity and collaboration and culture. I actually like to call those the three C's. And that's really what I and generally what we're seeing across the workforce, what everyone is finding motivating about getting to go where they need to go.

Spencer Levy

Certainly hope you make it to the Glendale office once in a while because it is really cool. Chinatsu, let's come back to you. Talk about how it might be different in Tokyo and then Japan at large versus, say, L.A. or Amsterdam.

Chinatsu Kaneko

Sure. Tokyo is a large city. And yes, people spend about an hour and a half one way to commute to work. And we've seen survey after survey, you know, employees saying that, oh my god, with this

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pandemic and working from home, I'm spending an extra three hours a day on my health, with my family, quality time—this is a great. We do hear that. But at the same time, I've also heard voices that say, you know, now working at home, I don't have a break between work and home. That mental shift, actually, the commute time was really helpful for that. I think it's different in L.A. because you guys are driving. But, you know, in Japan, we're in public transportation and in public transportation that commute time can be your private time. You can study, you could listen to a podcast like this one that we're doing. You can learn, you can read books. And people actually find that that time was also pretty valuable, too. And so I think when pandemics started, there are a lot of perks that we realized because it was different and it was new and we were discovering. But now it's been so long that we are also starting to reflect and learn and rediscover the value of the things that, you know, back in the normal days. And so I think what we're looking for is a combination of what worked back then and then what we are learning now.

Wouter Oosting

I think a country culture is of influence in terms of asking people to come back to the office. I don't think organizations, let's say, are a collection of individuals. And you can ask in surveys, how many days do you want to work from home and how many days you want to be in the office. There is a fundamental element, and that is actually organizational management. What makes team effective? So if management would say our team is most effective whilst having them back into the office, that will drive people to come back into the office, I think. And if I would line that one with the different countries, Germany perhaps has more structure, is more hierarchic. Perhaps the Nordics are way more about having the responsibility on the people itself. So each country will use their, let's say, local flavor to determine how much of a decision is made on behalf of the people by management. And how much of that decision is be put back into the people. If you think about hybrid, which is a combination of a virtual and a physical collaboration, I think making decisions is truly a interactive process about having the understanding of the people and combine that with a company culture or adding that over their local culture.

Spencer Levy

Let's talk about another element that will influence how workplaces come together, which is the demographics of the employees. Folks that are unmarried, no kids, are going to be different than people that are married with kids in the suburbs. Would you agree that that's going to influence some workplace decisions as well, Kasey?

Kasey Garcia

Absolutely. And we're starting to see one of the largest cohorts of workers, the millennials, move into a different life stage right now. Millennials have always been characterized as, you know, very young and very progressive thinking. And I think that was true for a while. But I think it was less attributable to their birth year than it was attributable to where they were in their careers. They were young in their careers, as well as young in age, and looking more for professional development opportunities or work-life balance you and just kind of trying to enjoy what youth has to offer. And now that many of them are moving into their 30s and 40s, in many cases, they're starting to have families thinking about moving into the suburbs. You know that the pandemic has in a lot of ways accelerated people's desires for this. And that's really what's driving, I think, a lot of the conversation here. I think it was inevitable. I don't think we can blame COVID entirely. And we see this every time a generation kind of shifts into this life stage as well.

Spencer Levy

But let's talk about a increasingly important issue in not just in the United States, but I really think globally. I think one of the things that accelerated during the COVID crisis was the importance of so-called ESG—environmental social governance. And where people work is an enormous S issue, social

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issue. Do you treat people in the office better or worse than people that are working from home? So let's go back to Japan for a moment. Can I ask you, what do you think is going to be from an ESG, from a social perspective, the difference in treatment between people in the office and at home? And how does that impact the way employers think about hybrid?

Chinatsu Kaneko

Well, ESG is a huge focus for every company, right? And I think the social impact, the social capital and being able to cultivate that through organization, through the workplace is hugely critical. I think we're in an era where we want to be human beings, we want fulfillment from work, we want to contribute to society, and we want to belong to a group of people who have the same vision and same goals. And that's what we're looking for out of work because we've spent so much of our hours working. And so I think that is the social capital that organizations need to be more conscious of and execute on. I say this because I have a keen sort of urgency. I see so many young people who are entrepreneurs. You see the FIRE movement—the financially independent, and retire early movement—to people who are saying no to belonging to organization and being becoming very independent. And I think that's where the talents are leaking to. So organizations have to work really, really hard to make it attractive for very talented people to want to belong to organizations.

Wouter Oosting

Instead of talking about one generation ago, most companies have four, even five different generations within a workplace, you know. So instead of highlighting one or two generations sort of that, Spencer, I think it's truly about connecting those ones, you know. Older ones, perhaps email and phone; younger ones perhaps to check Slack channels. And I think the trick is, if you want to think about equality and you want to introduce hybrid, there is in a sense, how do you want to make that one work? How do you make sure that the same energy? How do you make sure that people who are within a social adjustment when working from home, how do you take care of those ones? Older ones, you know, they have their own enclosed room, big screens; younger ones, perhaps in a 50 square meter apartment with two kids trying to work in there. So there's inequality throughout. So I think if you think about what are we trying to offer, it's not about KPI's. You know, it's not about the requirements, but it's more about understanding who your people are. What are they longing for, doing something greater than themselves and focus on those kind of critical elements. That's something we can facilitate. But how do you harmonize all those different needs for four or five generations, you know?

Spencer Levy

Let me push back on everybody here for just a moment, because I want to give you a story. So I was in Moscow prior to the pandemic, had a wonderful meal with our terrific team there. But it was in a restaurant that was a farm-to-table organic restaurant. Food was delicious. Restaurant was awesome, but I could have been in any city in the world. It felt generic to me. So do we run the risk today of a generic workplace because so many people are talking about hybrid, so many people are talking about the functionality of the workplace, or will we still have these local distinctions? Let's start with you, Kasey. What do you think?

Kasey Garcia

We're absolutely going to have local distinctions. I mean, we talked about some of the reasons why when we were comparing Tokyo versus L.A., right. I mean, the size of apartments is different. The way that we commute is different. The way that we relate to the hierarchy of a business is different. And so those will, of course, have echo effects. I think it'll come down to really placemaking by company, you know, what is it that makes CBRE special? We really try to emphasize that in the way that we design and implement our spaces. What is it that makes any other company special? You want to walk into a space and feel that you have arrived at that location. You don't want to feel that you've arrived at any

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old insurance agency or any old technology company. Right. The reason why you chose this employer in particular is because you resonate with their mission or their culture or their brand. And those are the things that we're trying to bring to the forefront.

Chinatsu Kaneko

Can I add to that that question? Because I feel really passionate about it. The generic office—I completely hear you. There have been so many times I walked into a space, a generic office, and maybe the only thing I thought was, oh, I could switch the logo and that would be just fine. But I keep thinking back to our CBRE 360 program. It was based on a principle that one, workplace is an asset and this workplace is going to improve the way we work. And also it's going to make collaboration even better than it used to be. CBRE 360 program has principles that are consistent, something that we adhere to, but it's locally interpreted. And the thing that makes it so special is that the local team discuss and create what's right for them. And I think it's the people who get involved in creating it end up loving and taking care of that workplace that makes it so special to them, which then resonates because you can feel it when the visitors come and walk through that space. You can feel that people love that space because they built it.

Wouter Oosting

I think for sure that this period has created a shift in mindset. We've been speaking to tech officers who was always quite keen on having the people in the office because they know that in terms of creation of the products they needed to have their people in-house today. Today that's still a debatable discussion. And what we have learned, we have learned that we can shift call centers or contact centers all virtual. We've learned that we can recreate agile processes all virtual. But at the same time asking managers, what do you feel about the result? We have proven that we can work from home. We have proven that we can work remote. But in the end, you want to go there to meet your colleagues. In the end, you want to go there because you want to have this inspiration part or the creativity part or whether it's in brainstorming session. There are crucial component that will for sure get people back into the office. And I think that's what needs to be identified.

Spencer Levy

I think the word that would not perfectly describe what you're saying is culture, but I think culture is the word.

Wouter Oosting

Yeah.

Spencer Levy

That you're—

Wouter Oosting

Well—

Spencer Levy

Go ahead Wouter.

Wouter Oosting

Yeah, I wanted to say that. So culture is so it's like tangible, but also intangible. Sometimes we measured by naming it social capital. It's the capital that's being built and that's based on shared norms—values give people a sense of belonging—helps to understand how people would create their network within the company. Some organizations have no natives working for them. Those people are in a lockdown in a rented space for more than a year. My guess would be they want to go into the

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office because their colleagues are their friends. That's where they work from, you know. So I think it's crucial that there's social capital. If that's always been built in a physical environment, it's not easy to, like, reproduce in a virtual environment. There are crucial elements which goes beyond functionality that really want to make people come to the office. And if it's not about the maximum capacity, I think from a company perspective, it's not about downsizing the space. It's more about keeping a certain level of fullness that guarantees that the serendipity moment or this contact, what is recreation or is inspiration starts to happen. That's what will attract people to come back into the office.

Spencer Levy

I had a great colleague once who said culture wins at the end of the day. Harvard says that great companies focus on productivity—they do not focus on efficiency. So I ask you, Kasey, at the end of the day, with hybrid workforce, aren't those the two key considerations for both employers and employees?

Kasey Garcia

Yeah, I might introduce actually a completely different term. I would maybe take issue with the fact that it's that companies are focusing on productivity. I would say they need to focus on innovation rather than that. And Wouter and I have actually had several definitional debates about this: Is it creativity? Is it innovation? Is it thought versus action? Right? But I'll just quickly define productivity versus innovation here. Productivity, there's really no question that productivity in a hybrid or remote work is functional because we've proved it now for the last 18 months. Did work happen? Yes. The world did not grind to a halt. Things still took place and kept going and we were able to stay afloat. Now, the question on every executive's mind is the sustainability of these kinds of actions of saying, OK, yes, we were able to keep pace, but will we be able to innovate and be able to capture that kind of abstract element of figuring out how to stay one step ahead of the competition? And that has not yet, I think, been quite as successfully proven—not that it's not possible. But it's the one that is keeping just about all of my clients up at night is figuring out, well, because innovation is not a formula, right? It's not something that you can easily say if I do this, then innovation will be spat out. It's dependent on people. It's dependent on culture. It's dependent on that *je ne sais quoi* of just the human brain, right? And how we do that, whether we're virtual or in person, is a very fickle thing. And we're going to need to figure that piece out. I think that's going to be part of the experimentation of going forward, because that's what's going to determine whether your company makes or breaks it, right? And whether you can kind of last. And this is something that not only concerned startups, but concerns even companies with the kind of tenure that CBRE has of thinking about how to kind of maximize that and ensure that, you know, we're not letting the startup that's kind of chomping at our heels overtake us in the race of the marketplace.

Spencer Levy

I want to get some final thoughts. I want to ask the same question I ask all of our participants, which is a crystal ball question. We're going to be looking backwards three to five years from now. We're looking back at what just changed over the next five years. So starting with you, Chinatsu, what do we see? What is going to be the biggest change in the five years coming up?

Chinatsu Kaneko

What I hope is that the workforce with this hybrid world, talent can cross borders and talents can cross regions and country and every other physical barriers. We have learned through this pandemic to connect and talk to each other online. And while it's not as great as face-to-face meetings and casual conversation in one physical space, we are able to connect online. And then what's amazing is that we're able to connect with people all over the world if we can work out the time differences. And in doing so, I think virtual collaboration technology is going to play a critical role in making this happen. The second thing is to think about a fun and engaging way to collect data. I don't think we can avoid it anymore. We need a lot of data to analyze and figure out what is the best way and best practices, and that means collecting a lot of data. I think one of the ways we could do that is to make it really fun and

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engaging. What if we took the idea of gamification and collecting data of the way we work and of the way that working spaces are being used? I think that would be really fun and it'd be a win-win situation. And lastly, the thing that we're going to be glad we didn't abandon, we didn't give up on the amazing impact of physical office space can have on organization and on each of us is working professional. And so I hope through this hybrid work conversation, I hope that companies are going to invest more and think more deeply about the physical space, because that's going to be the reflection, the best physical manifestation of what that organization is all about.

Spencer Levy

A great answer, Chinatsu. But I think we still need to get to that DEI point of the equity point, because I still am concerned that there will be differences and those who are at home and those who are in the office. And I think that is a significant cultural shift for a lot of companies on how do you treat the same equally. But as technology advances, as we get better at these virtual meetings, I think we'll make great strides in that area as well. So, Wouter, same question to you: Next three to five years, what are the big changes we're going to see and maybe big changes we're not going to see in the next three to five years looking through your lens in Amsterdam and throughout Europe?

Wouter Oosting

I think that the need for physical proximity on an organizational level is going to be a challenge. I think that there is a certain level of doing work location agnostic. So you would ask me in the coming five years? I truly believe that the workspace is going to be human centric. It needs to be an experience like a branded experience. It needs to be a place people are going to love. That said—and it's an ongoing process for the last year—but what we are adding, I think, is what is actually our need for physical proximity that's going to be challenged and it's going to even go beyond county boundaries. I think it's going to go even further than that, having talent resources available. You know, you can pick up the phone and have somebody there who speaks Dutch, but not per se coming from the country in the Netherlands. It could be somewhere else. I think that shift will have an impact on the need for a physical proximity.

Spencer Levy

The final word to you, Kasey. Same question: three to five years from now when we're looking back, big changes that you think will happen, big changes that won't happen, and when will you start working out of the Glendale office?

Kasey Garcia

Tomorrow, if I could. No, I'll actually shamelessly plug an article that I wrote on this very topic called *Top 10 Predictions for the Future Workplace*. You can check it out on CBRE's research portal, *The Way Forward*, which says everything that I think on this topic. But I'll summarize and just add kind of a high-level prediction for the future, which is that I think more than ever what's come out of this pandemic is a willingness to challenge the status quo and make decisions based off of data, right? And an understanding of how space and work really can better align and support one another. And I think that is different. For a long time, there was an undercurrent of the way things always were. You know, work takes place in an office or workstation or a conference room—what else is there? And only the bold few were really playing around with those components. And now everybody is joining the table of conversation around this from the white-shoe law firms to the biotech and pharma to everything in between, right? And that's unusual. And I think it's a fantastic global community of really thinking through these challenges that we are all universally facing at the same time. And this moment is so unusual—not to be sappy and poetic—but it just it just feels really unified. It feels really kind of kind of a camaraderie about working through all of this. And we're all learning from each other. And I think that that's going to just launch us even further than we could have gone individually.

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Spencer Levy

Well, thank you, Kasey. Well, we're out of time here, so I want to thank our three terrific guests, starting with Chinatsu Kaneko joining us from Tokyo. Chinatsu, thank you so much for joining the show.

Chinatsu Kaneko

Arigato!

Spencer Levy

Domo arigato, thank you. And Wouter Oosting joining us from Amsterdam. Wouter, thank you for joining us.

Wouter Oosting

Yes, dank je wel.

Spencer Levy

And then last but not least. Kasey Garcia, who will be in the Glendale office starting next week. Kasey, thank you so much for joining us.

Kasey Garcia

Thanks for having us. We had a great time. Yes, we did.

Wouter Oosting

Yes, we did.

Spencer Levy

For more information on the topic of this show, including CBRE's newly published report, *The Next Normal: How Hybrid Work Will Transform Commercial Real Estate*, check out [CBRE.com/HybridWork](https://www.cbre.com/HybridWork). I'd also recommend a new article by our guest, Kasey Garcia, *The Future Workplace: Top Ten Predictions*. Look for that at [CBRE.com/TheWayForward](https://www.cbre.com/TheWayForward). And there's always more at our show's website, of course, [CBRE.com/TheWeeklyTake](https://www.cbre.com/TheWeeklyTake). We'll be back next week with the head of real estate from Allbirds for a conversation about e-commerce and the future of retail. Thanks again for joining us. I'm Spencer Levy. Be smart. Be safe. Be well.