

(re)imagine



Asia Pacific | September 2020

Research

Optimism in the face of crisis

Executive summary

JLL's recent survey of Asia Pacific corporate real estate (CRE) leaders revealed that two thirds are confident about the future of their businesses in the near term. They have a clear view of what they must do next to make the next generation of work spaces healthy and safe, and enable their on-site and remote teams to collaborate and be productive.

Portfolio rationalization relatively limited

A majority intend to maintain or increase their total real estate footprint (60%) and number of locations/sites (71%).

While others anticipate rationalizing their portfolio (40% expect some decrease in their total footprint), with 29% foreseeing a decrease in locations.

De-densification plans remain conservative

Office space will need to be re-designed and re-configured to reduce the average number of seats per 100 staff to 82 from the pre-COVID-19 benchmark of 91. Split team and multiple shift arrangements and expanded remote working policies will also help achieve some minor de-densification.

Health and Wellness, plus quality offices spaces to come to the fore

58% of CRE leaders highlight health and wellness as their top investment priority. 43% of CRE leaders intend to split their workforces by adding medium/smaller offices to their portfolio (20%) or adding flex/co-working space (23%). 94% of occupiers expect their share of higher quality space to remain the same or increase, while 96% expect to reduce their amount of lower quality spaces.

Technology investment to boost home and in office working

Employers and employees in Asia Pacific are likely to continue to enjoy greater flexibility post-pandemic, with 70% of employers intending to invest in remote technologies to support this. Employees have enjoyed the flexibility that working from home brings to their professional and personal lives. Investment in technology that optimizes productivity in office will also see investment with 45% of respondents expecting to invest in collaboration tools in the office.



Optimism in the face of crisis

On average, 68% of employees across Asia Pacific were forced to work from home during the height of the pandemic according to a recent **JLL survey**. Working practices have been disrupted like never before and employers must now reimagine the way forward and decide the best way to provide safe and productive environments for their teams. Whilst it is clear the majority of staff will return to the office, remote working will play an increasing role, whether full or part time. Health, wellness, technology and productivity will be key to future decision making.

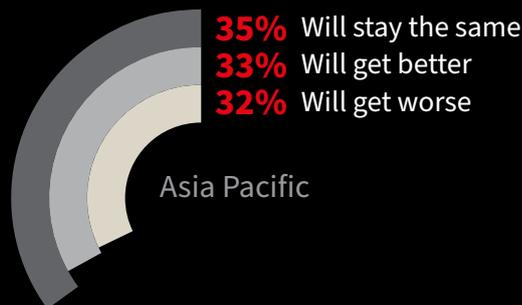
The big question for both employers and employees is: *How will the office be reimaged?* We set out to discover the mindsets and plans of occupiers across Asia Pacific. We asked 200 CRE leaders how they will manage their workplaces and real estate portfolios going forward, and how well their business continuity plans worked during the pandemic. We particularly wanted to learn their strategies to assure their employees' health and wellness, and to gain insights into their post-pandemic technology and productivity investment priorities.

One clear headline is that 68% of those surveyed are optimistic about the future state of their business.

Impact of pandemic on business

68%

Highlight optimism about future state of their business



On top of that optimism is a consistently high level of confidence across the region: 93% are confident that their business/recovery plans to mitigate the impact of COVID-19 will be successful. Nearly 80% are confident that they have the right CRE service partner to advise on next steps while 70% are confident in their governments' ability to advise and take the right measures to mitigate future risk.

90% of CRE leaders region wide are confident that their workforces can cope with the current crisis and step into the new reality. A smaller percentage (65% - still a significant majority) of employees recently interviewed said they are confident about the future of their companies.

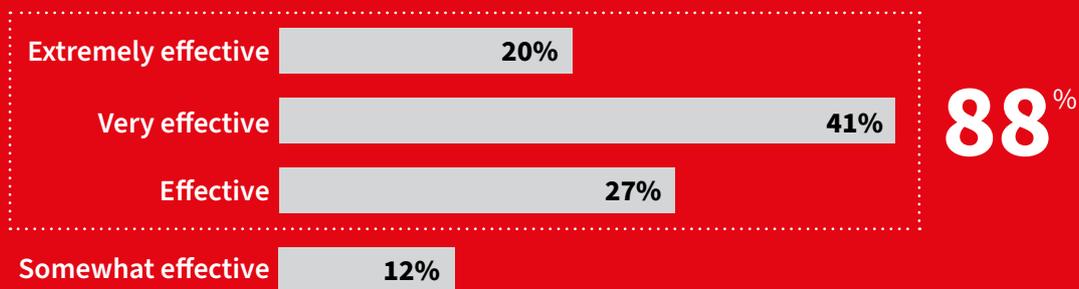


So how did we do in the crisis?

CRE leaders expressed high levels of satisfaction in the effectiveness of their business continuity plans (BCP). 94% of the companies surveyed implemented BCP plans and 88% of the CRE leaders surveyed judged their plans effective, very effective or extremely effective.

40% included mass working from home as part of their BCP plan. However, 32% had not planned for the entire workforce to work from home, and 27% were caught by surprise by the magnitude of the crisis.

Effectiveness of the business continuity plan



Reason for BCP falling short

- 32% No scenario envisaged 100% work from home
- 27% Our business did not envision crisis of this magnitude
- 16% Targeted only short term crisis and solutions
- 11% Workforce lacked preparedness
- 9% IT infrastructure was not robust enough

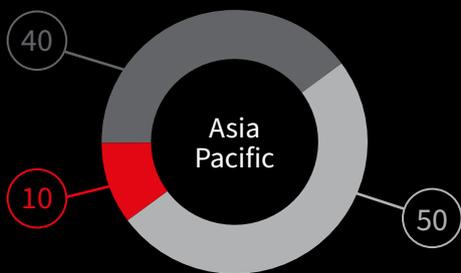


Majority of occupiers plan to **keep their portfolios intact**

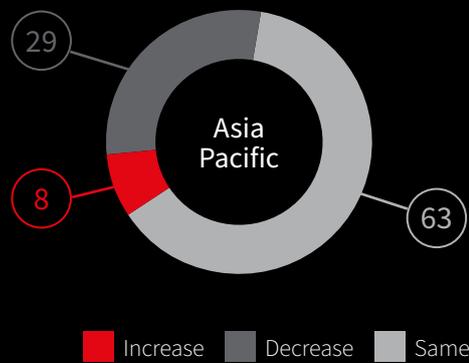
Across the region, 46% expect steady rationalisation of their portfolios, but 50% of CRE leaders expect no change in their total footprint and 63% expect no change in the total number of sites.



Impact on total footprint in the medium to long term (%)

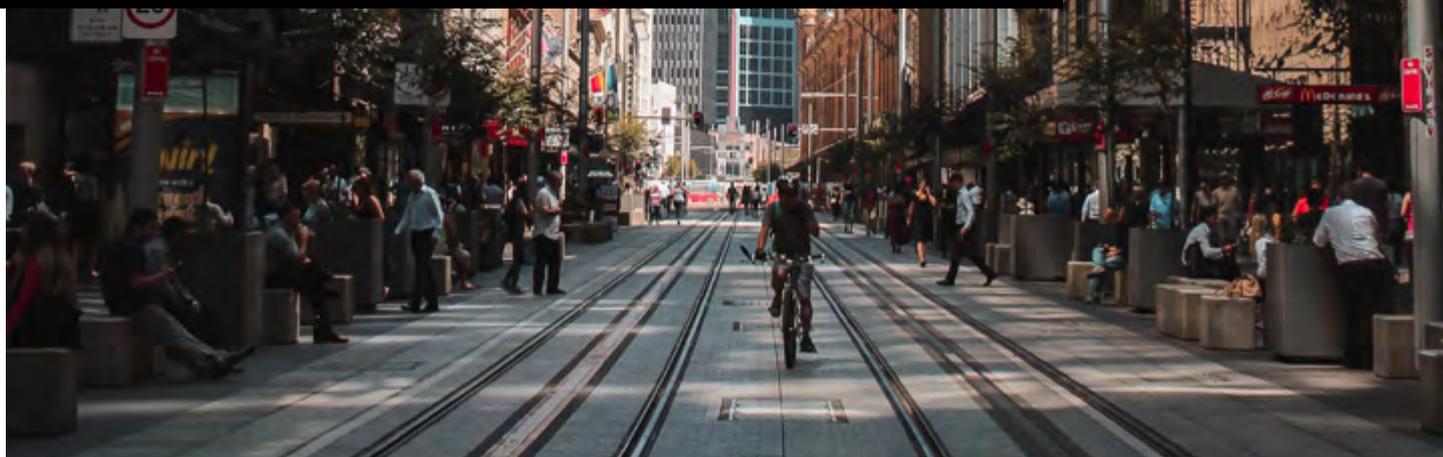


Impact on number of sites in the medium to long term (%)



Impact on CRE portfolio in medium to long term

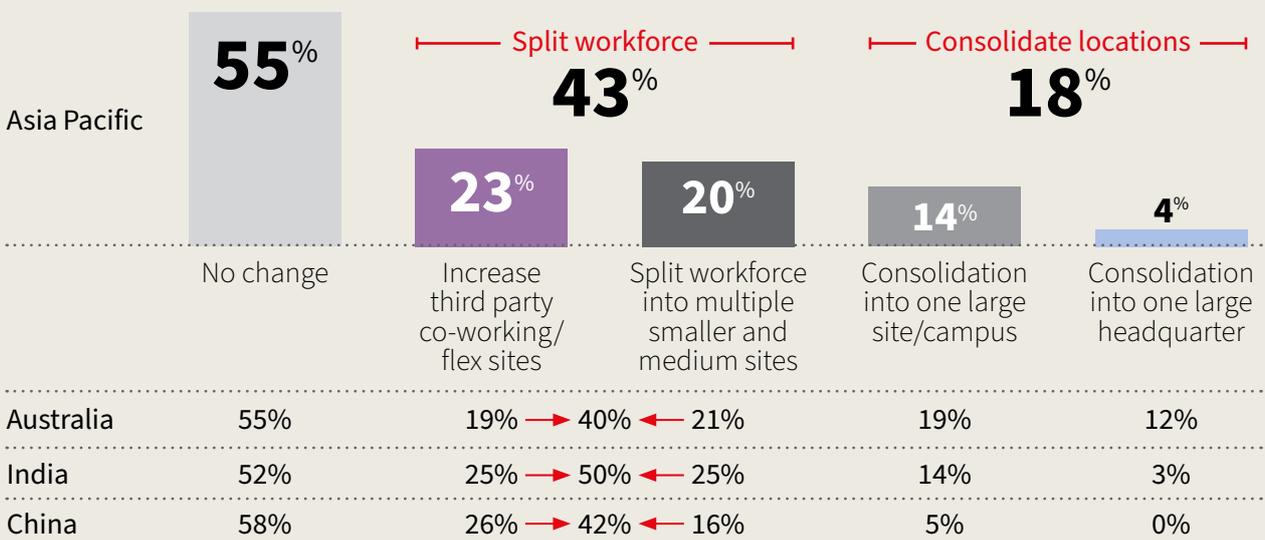
	Asia Pacific	Australia	India	China
Massive and accelerated rationalization	10%	2%	16%	5%
Steady rationalization	46%	60%	40%	48%
Moderate impact	30%	24%	30%	34%
No impact	14%	14%	14%	13%



The pandemic has led to de-densification across the region as split-team models and social distancing measures have been put in place. Occupiers also expect longer term de-densification which may be achieved in part by providing flexible support for their remote working teams. 82% of CRE leaders surveyed intend to expand (or initiate) remote/work from home policies. While more than half of all occupiers anticipate no significant change to their portfolio, 43% are considering splitting their workforces across flex sites and multiple offices.

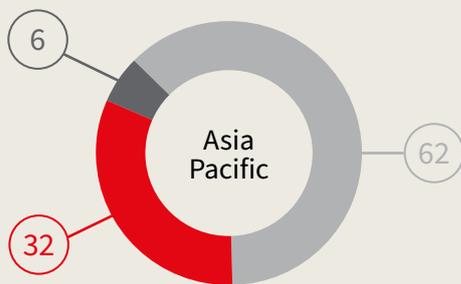
CRE leaders also expect a shift towards higher quality space with 94% of respondents expecting the share of high-quality space in their portfolios either staying the same or increasing. A similar proportion (96%) expected share of lower quality space in their portfolios to decrease. Better quality offices will be better equipped to facilitate the enhanced technologies that occupiers expect to incorporate in future workplaces and they will also enable employers to meet the health and wellness demands of employees.

Transformation of portfolio in medium to long term



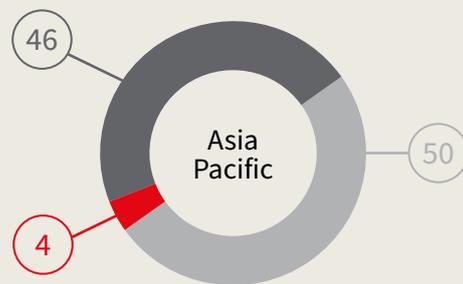
Note: Responses not exclusive

Impact on higher quality spaces in the portfolio



	Australia	India	China
Increase	24%	38%	34%
Decrease	2%	6%	5%
Same	74%	56%	61%

Impact on lower quality spaces in the portfolio

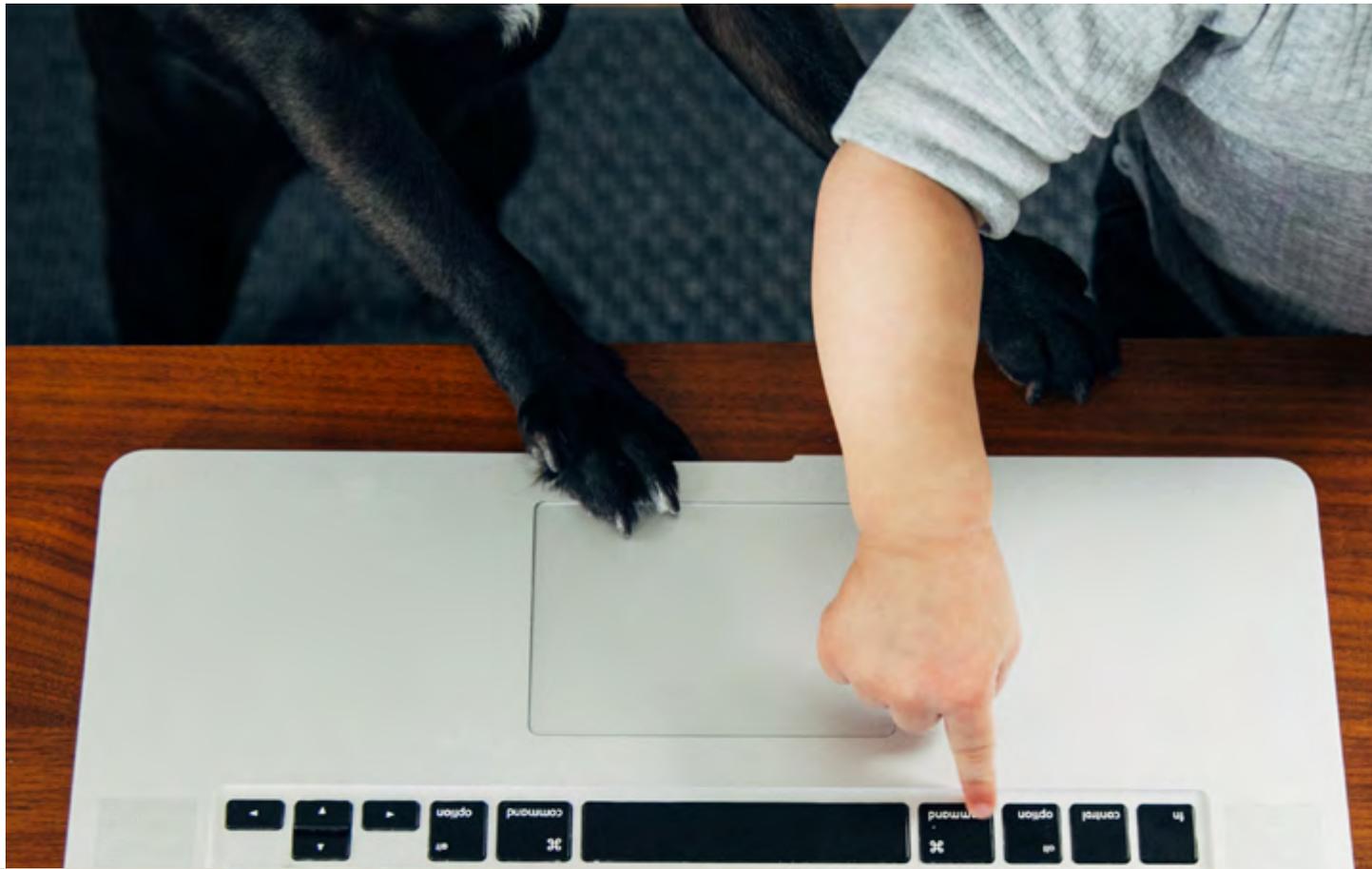


	Australia	India	China
Increase	2%	0%	10%
Decrease	31%	64%	45%
Same	67%	36%	45%

■ Increase ■ Decrease ■ Same

Enabling success in an era of change

CRE leaders in the region are overwhelmingly planning to prioritize investment in the health and wellness of their employees (58%) and technology (33%), while 63% have faith in available Proptech solutions to help them respond to and adapt to new requirements.



Top investment priority for CRE



Health and wellness of employee

55% Australia
65% India
53% China

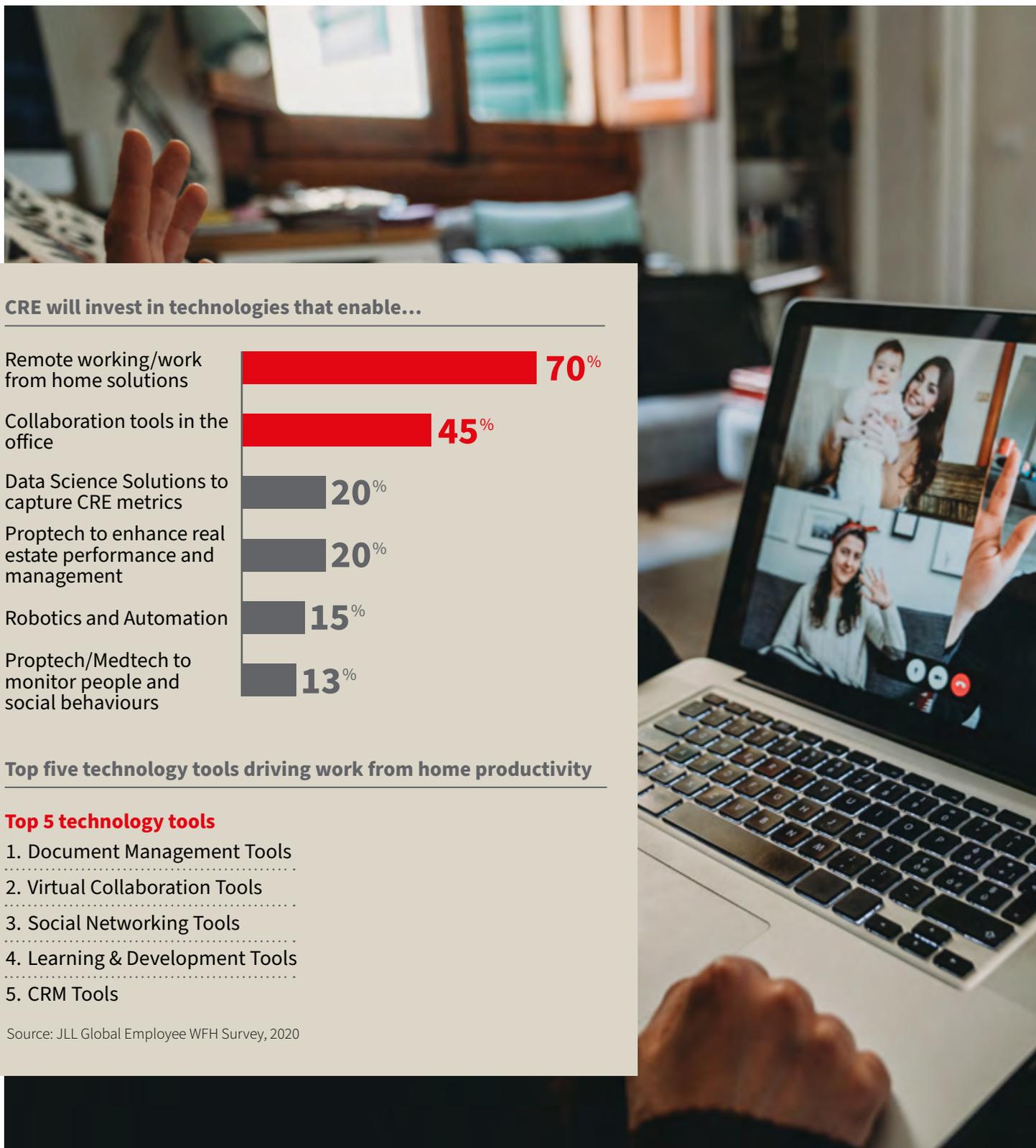


Technology to solve complex issues and problems

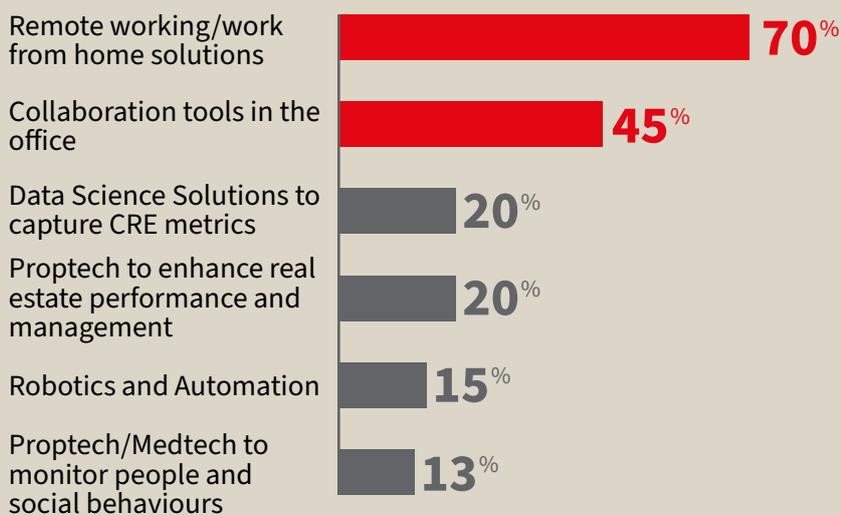
38% Australia
22% India
42% China

Employers and employees agree: tech boosts productivity

Technology was flagged as a key priority for CRE leaders with technology to enable both remote working and collaboration in the office standing out as key priorities for investment. This certainly matches the call from employees who told us that they feel more productive when they are tech ready.



CRE will invest in technologies that enable...

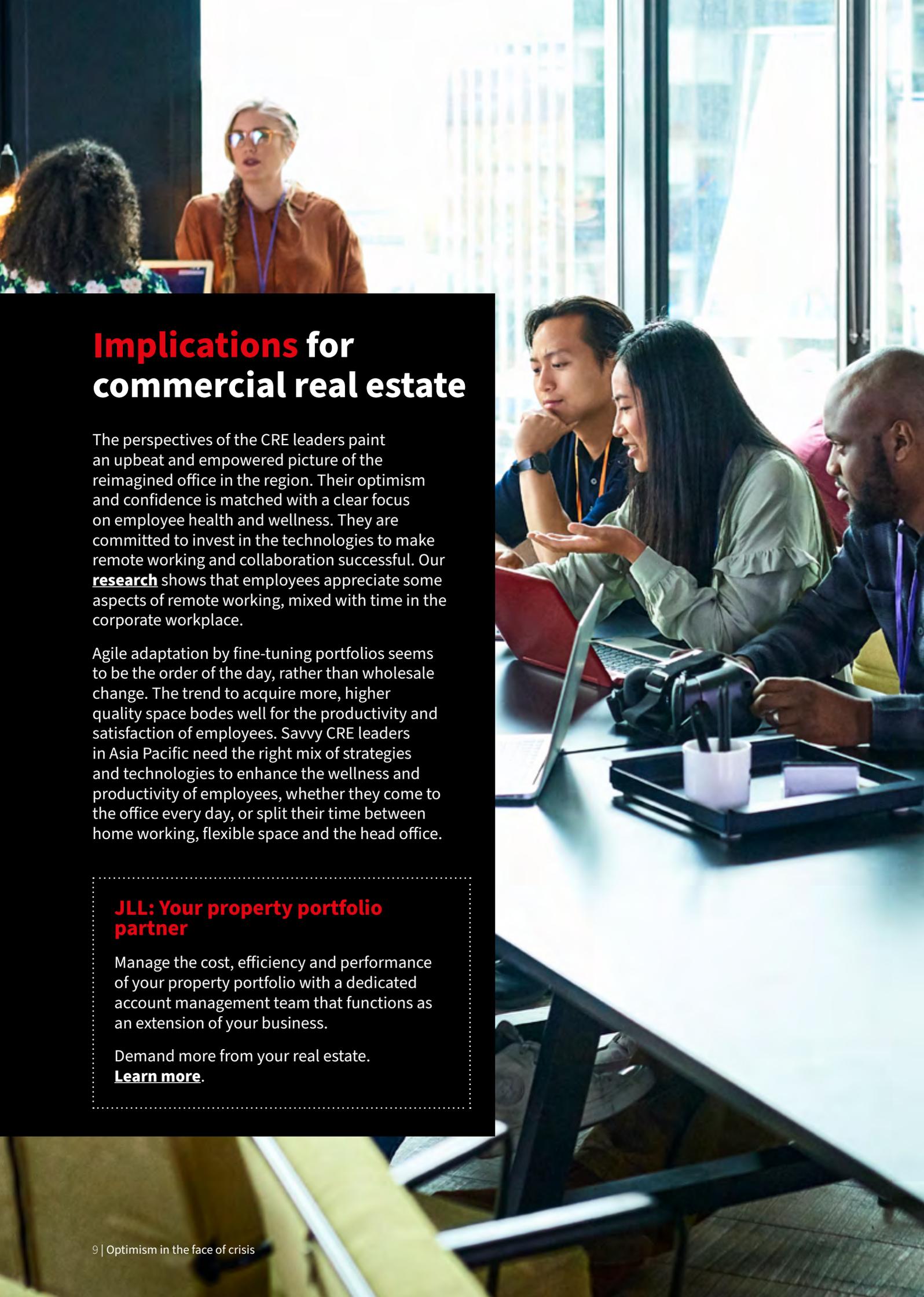


Top five technology tools driving work from home productivity

Top 5 technology tools

1. Document Management Tools
2. Virtual Collaboration Tools
3. Social Networking Tools
4. Learning & Development Tools
5. CRM Tools

Source: JLL Global Employee WFH Survey, 2020



Implications for commercial real estate

The perspectives of the CRE leaders paint an upbeat and empowered picture of the reimagined office in the region. Their optimism and confidence is matched with a clear focus on employee health and wellness. They are committed to invest in the technologies to make remote working and collaboration successful. Our **research** shows that employees appreciate some aspects of remote working, mixed with time in the corporate workplace.

Agile adaptation by fine-tuning portfolios seems to be the order of the day, rather than wholesale change. The trend to acquire more, higher quality space bodes well for the productivity and satisfaction of employees. Savvy CRE leaders in Asia Pacific need the right mix of strategies and technologies to enhance the wellness and productivity of employees, whether they come to the office every day, or split their time between home working, flexible space and the head office.

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JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 400 global research professionals track and analyse economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fuelled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

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