



Earning Back the Commute

How landlords and property teams can use workplace experience technology to support the hybrid workforce.



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Chapter 1

Introduction



Adjusting to Change

Let's face it: since the onset of the COVID-19 pandemic, many employees don't want to be in the office full-time.

Naturally, these sentiments don't come without consequence for corporate tenants and landlords: in our *State of Workplace Experience in 2022* [report](#), we found that only 48% of landlords operate office buildings with more than 75% occupancy, and an additional 20% operate office buildings with just 51-75% occupancy.

Similarly, the office space that is being retained by tenants is currently underutilized. Only 24% of landlords see more than 75% daily utilization for their properties, and even more landlords (36%) see just 51-75% daily utilization for their properties than any other category.

Regardless, there is still significant debate around the value of physical workplaces. Despite low occupancy and utilization rates, over half (52%) of employers still believe that companies are more likely to succeed when employees spend more time in the office.

This has led to tenant companies trying to balance the best of both worlds: by adopting hybrid work models, they can give employees more flexibility in their daily work schedules and increase satisfaction. They can also still benefit as a business by leveraging the physical workplace for productivity, collaboration, and in-person connection.

Thus, as tenant companies adapt their workplaces to support their employees in more personalized ways, landlords and property teams need to follow suit. After all, in today's fluctuating landscape, the only way to truly differentiate workplace properties from competitors, attract and retain tenants, and increase your net operating income (NOI) is to directly tune into tenants and their needs. Simply offering office space — even when complete with traditional amenities and services — is not enough to bring employees back into the office and cultivate successful hybrid workplaces. **Instead, you need to earn their commute.**

This means that the success of the workplace now depends on how much value it offers tenants through enhanced workplace experiences. The more value a workplace offers, the more willing tenants and employees will be to return to the office.

But how can landlords and property teams achieve this goal? The answer is, in short, through technology. To generate better workplace experiences, you will require tools that can bridge the gaps between the physical and digital workplaces, enabling true flexibility for hybrid tenants and creating efficiencies in physical and remote work environments.

In *Earning Back the Commute*, we walk you through exactly why experiences are so important in our current economy. We also discuss what kinds of workplace experiences and investments are most successful for landlords and property teams as we enter a hybrid-first future.

Let's begin.



Chapter 2

The ROI of Experiences



From Commodities to Experiences

In today's economy, adding value to your company is all about how you make people feel. Said in another way, value is all about experiences.

Internationally-acclaimed authors Joseph Pine II and James H. Gilmore define and explore what they've dubbed an "[experience economy](#)" in their best-selling book, *The Experience Economy: Competing for Customer Time, Attention, and Money*. An experience economy, they explain, is an economy in which companies sell

memorable experiences to customers instead of just a product. This business strategy is the secret behind keeping products and services competitive with modern consumers.

However, it's important to note that we didn't always live in an experience economy. This new-age era follows the natural trajectory of economic offerings over time, which can be broken down into the following four stages:

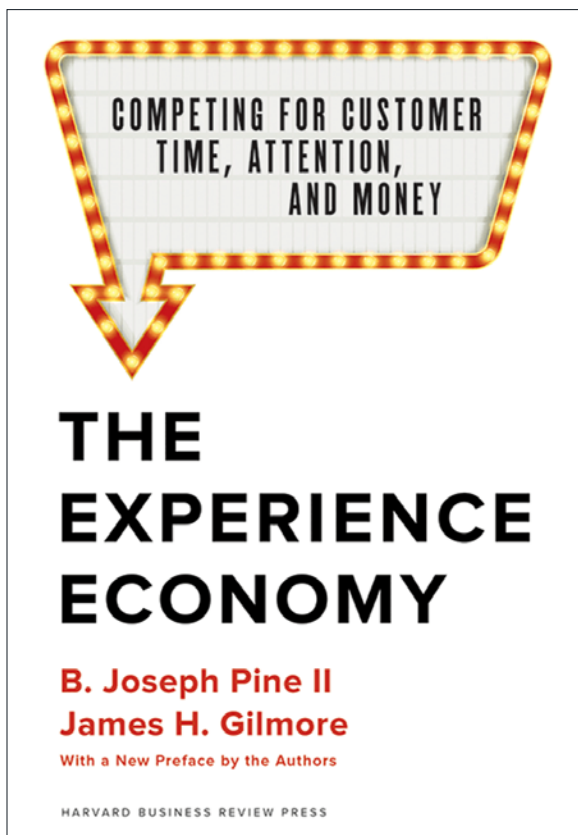
- » **Commodities:** Commodities encapsulate the natural materials (such as animals, minerals, and plants) that cannot be differentiated, and thus can be sold in bulk based on supply and demand.
- » **Goods:** Goods occur when commodities are used to create distinctive, tangible products that can then be sold based on a predetermined value.
- » **Services:** Services go beyond a physical, tangible product. Instead, they provide activities that are personalized to the consumer, which are often valued higher than the goods required to receive them.
- » **Experiences:** Experiences create the newest, and perhaps the most meaningful, economic offerings. These occur when a business uses both services and goods to engage an individual in a memorable way over time.

When executed correctly, the progression of these stages can make the difference between a business that succeeds and one that doesn't. At HqO's [EXPERIENCE 2021](#) event, Joseph Pine broke down this concept during a highly anticipated keynote presentation. The example he used? Everyone's favorite cup of coffee.

Generally speaking, Pine explained, the cost of harvesting coffee beans (i.e. the **commodities** in this equation) is about 1 or 2 cents per cup. When manufacturers take these beans and make them easily digestible to the consumer by grinding them, packaging them, and selling them, they become a **good** that can be sold in grocery stores at a higher price than the raw product. However, if that same coffee is sold at a fast-service diner where staff serves it already prepared to the consumer, it's worth a few more dollars per cup. This converts the good into a **service**.

Now, when does coffee become an **experience**? Well, Pine continued, just take a look at large coffee chains like Starbucks. Starbucks takes their offering a step beyond service, by serving their coffee in a way that is extremely customizable to the consumer and emulates a high-quality restaurant or cafe. Such distinct experiences — like order ahead capabilities for faster service, nice seating with charging stations to allow people to sit down and be productive when needed, and friendly staff that knows you by your name and can customize your order however you desire — allow them to increase the value of their product and charge a much higher price. This is why most Starbucks customers willingly pay more for their coffee over competitors, because they enjoy how the company makes them feel.

This is exactly what landlords and property teams need to accomplish in the workplace: in today's experience economy, the place where people work (the product) needs to evoke a positive, emotional response from tenants and employees (the consumers). This connection is the key behind increasing tenant satisfaction and engagement with the physical workplace — which will, in turn, differentiate your property and increase building occupancy.





Experiences in the Workplace

“Though people are now expressing slightly lower interest in features of the workplace, it doesn’t mean it’s still not important to them. Companies still need to optimize their office space to appeal to those employees. This relates to another trend we’re looking at, which is the hotelification of the workplace. It’s the idea that if you’re going to go into the office, you’re going to do it purposefully.”

Tim Oldman
CEO at Leesman, an HqO company

Now that we understand why experiences are so important, we can focus on how to successfully execute those experiences in the workplace.

And, according to Joseph Pine’s [latest research](#), this can be achieved through technology.

“[...] Increasingly, **digital platforms offer experiences.**” explains Pine in HqO’s *State of Workplace Experience in 2022 report*. “Think of Airbnb, which originally sold access to a sofa, a room, a house, but in 2016 created Airbnb experiences to enable those staying in Airbnb host properties to

connect with local experience stagers, particularly those that made guests feel like a local in their visited locale. And of course, in 2020 the platform pivoted to **digital experiences**, enabling Airbnb to continue garnering income while saving the businesses of many companies that would have gone under without visitors, and saving the sanity of many consumers that would not give up their experiences.”

In the following excerpt from the same report, Pine outlines how workplace experience platforms can bring similar benefits to property teams and corporate employers alike:

“Workplace experiences can likewise be discovered, booked, customized, and delivered via experience platforms such as that provided by HqO. They can combine the best of both transactional and operational platforms to offer tenants, their employees, and even visitors physical and digital experiences (as well as services and goods).

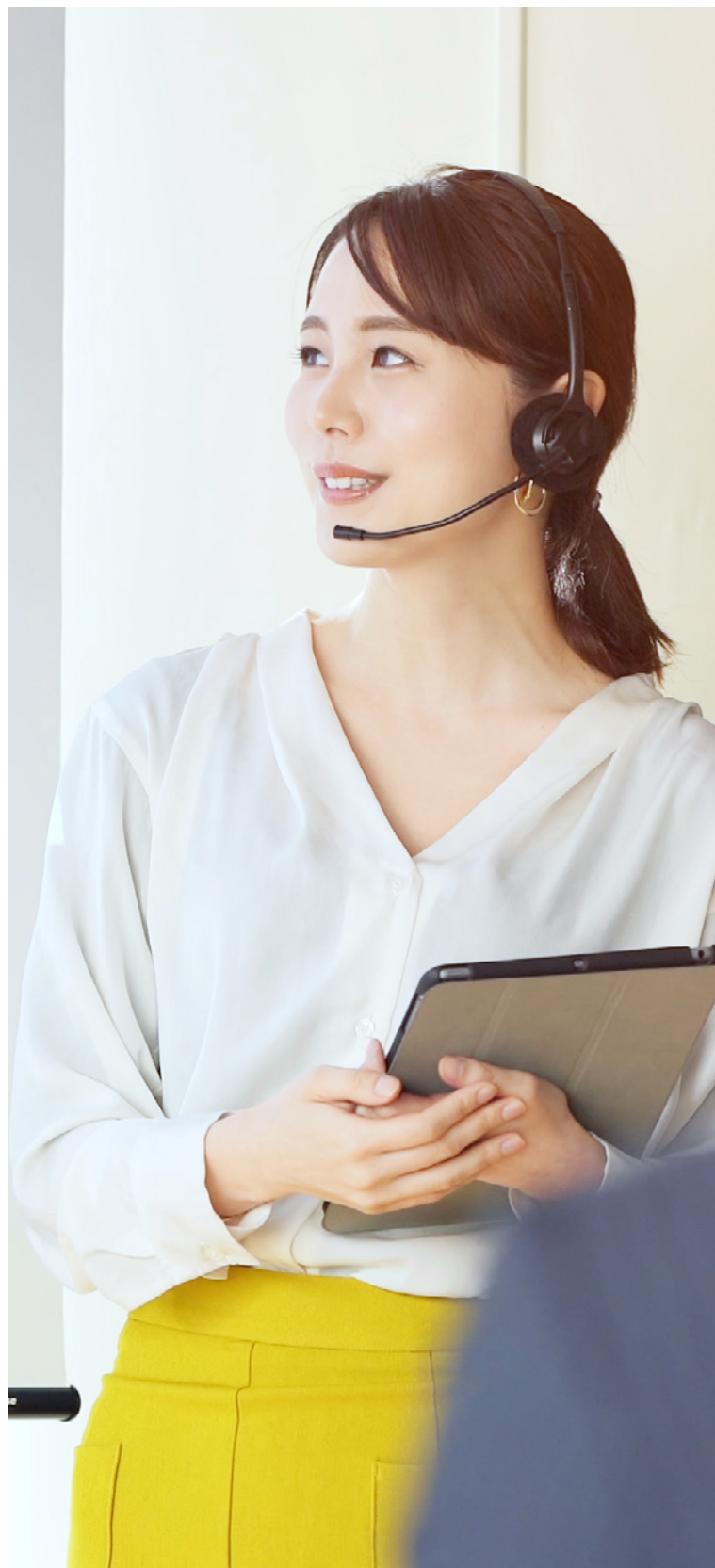
At the core of any workplace experience platform is the mobile app that connects tenants, employees (including those remote or hybrid), and others (including visitors) to all that a place has to offer. It becomes a one-stop-shop for building amenities, perks, programming, news, retail outlets, content, health and wellness opportunities, and on and on the list could go.

It enables a connection between building users and owners that bypasses tenant ‘gatekeepers’ and engages employees beyond what posters, newsletters, emails, or any other method of communication can do. It can be opened up to third parties that can enhance workplace experiences by providing access to outside experiences, such as virtual classes, fitness centers, coaching, nearby amenities, and on and on that list could go. And as with all such transactional platforms, there’s nothing wrong with getting a piece of every transaction!

Moreover [...] a workplace experience platform can (and should) become a two-way communications hub so that the building owner can learn about its tenants, and those tenants can learn more about each individual employee. Anything you can digitize you can customize, so such digital learning should open avenues to better customize to each individual. For the more you learn from every interaction, the better you can customize. The better you customize the more your tenants and their employees benefit. The more they benefit the more they are willing to interact with you again. And every interaction is an opportunity to learn!”

Workplace experience platforms also follow suit with other changes to the industry due to today’s experience economy, namely the [rise of Workplace Experience \(WX\) Managers](#). WX Managers — or those of similar titles — are employees whose sole purpose is to enhance the experiences of tenants and employees for their company. Technology can help these roles fulfill very specific functions, especially for property teams, such as increasing tenant satisfaction with your building, attracting and retaining tenants, and even optimizing spend.

In the next section, we discuss exactly what modern tenants are looking for, and how technology can serve as the gateway to supporting their needs.



What Tenants Want

“When you go to bed this evening and you think about what time to set your alarm clock for in the morning, are you going to set it an hour earlier so you can head into the office? Or are you going to set it an hour later to be at your home desk at the same time, and not have to pay for the commute into the office? The office needs to provide an amazing experience for everyone, so that people simply want to be with each other in the workplace and those other factors don’t matter as much.”

Tim Oldman
CEO at Leesman, an HqO company

In order for landlords and property teams to determine what tenants actually want from the office, it’s important to understand why the workforce (as a whole) might resist a return in the first place.

[Cresa](#), an occupier-centric commercial real estate firm, has identified six factors for office employees that influence these decisions: the commute, flexibility, childcare, the home office, health and safety, and the lack of a compelling reason to return in general.

Such reasonings come as no surprise in a post-pandemic world where many companies have shifted to remote or hybrid work and never looked back — after all, according to [Leesman data](#) 85% of employees work from home at least some of the time. Additionally, 73.1% of employees cite remote work as an important factor impacting their work-life balance.

Thus, having to worry about a lengthy or difficult commute to get into the office, or needing to find childcare and more flexibility to manage one’s schedule, can actually be a deterrent to corporate employees. And, with employees hesitant to return to the office, tenant companies are forced to adjust their own policies and structures to support this heightened level of autonomy.

In order for property teams to successfully navigate these changes, office buildings need to become compelling enough to negate employee pain points and bring value to tenant businesses.

And from what we do know, compelling workplaces start with more modernized, flexible spaces that allow people to come and go, be more productive, and work the way they want to work. Tenants and employees are also seeking out unique and engaging amenities and resources — and perhaps more importantly — amenities and resources that they happen to *know* about.

Because of this, having an ongoing series of physical and digital programming that entices people to come into the office through fun, utility, and consistent communication will let tenants know exactly what value their office space brings to the table — whether they follow a hybrid work model or not.





The Value of Community Management

[Nuveen](#) is one of the largest investment managers in the world, with over 85 years of real estate experience and a portfolio spanning across the globe. To get a better sense of the strategies they implement to attract and engage tenants, we sat down with Alexa Verma, Community Manager at Four Oaks Place, a Nuveen property located in Houston, Texas.

It's wonderful to meet you, Alexa! To kick things off, can you tell us a little bit about your experience in commercial real estate?

I started at Four Oaks Place as its Community Manager in August 2021. However, my background is actually in Sports Management and Events. Switching industries was overwhelming and exciting all at the same time! Currently, my event experience has translated well to my new role and prepared me for the large tenant base that we have at Four Oaks Place. Commercial real estate (CRE) actually has opened some doors for me creatively, as I can plan a variety of events that interest our tenants rather than sticking to one specific category. I've truly loved my role here — I feel like I get to bring extra “fun and joy” to the workplace for our tenants!

That's wonderful! As a Community Manager, it's your job to stay connected with your tenants and ensure a positive workplace environment. What is Nuveen's vision for their workplace properties, and how do you help execute on that vision?

Nuveen sets the bar high and strives for only the best for their tenants. They have a great team creating a positive culture that puts the tenant and their needs first. It's a great path to follow, and helps me plan programs and amenities that will make our campus one that each employee wants to come to every day. Nuveen focuses heavily on environmental, social, and governance (ESG) efforts as well, which has been an even greater influence for our buildings. We center our programming and events around bringing our tenants together and providing different ways to make our environment and surrounding community a better place. We've found our tenants want that sort of connection to their workplace.

Above: External view of Nuveen's Four Oaks Place property in Houston, Texas.

Can you tell me a little more about Four Oaks Place, and some of the strategies your team has implemented to support your tenants?

Four Oaks Place consists of five premium office buildings that make up 2.3 million square feet of prime office space in the Uptown District of Houston, Texas. With such a large multi-tenant campus, our team does our best to connect directly to each tenant to make them feel like this is a second home. We want to build a sense of community among our buildings.

We plan one to two tenant events or programs per week to bring our tenants together and provide a safe, enjoyable atmosphere. We also utilize many online platforms to reach our tenants and keep them informed of campus happenings. Our [HqO powered] building app is a favored resource for event details, property amenities, digital programming, and tenant guidelines. We also use an online work order system which allows our Engineering Department to respond promptly to our tenants' needs.



Have your strategies changed over the course of the pandemic? Why or why not?

As we move forward from the beginning of the pandemic, we now see many tenants back in office and looking for a workplace that offers engagement and programs for their employees. We have significantly increased our in-person events within the last year. Although, we do recognize that many employees are still on hybrid schedules. So, we target our higher attended days for in-person events and still offer a variety of digital programs for those working from home. We try to offer the best of both worlds.

As you mentioned, flexible spaces and hybrid work are two of the largest trends to come out of the past year. How are you equipping Four Oaks to support those trends?

We understand the flexibility in schedules that our tenants provide for their employees. We utilize our building app to keep all tenants engaged and connected to Four Oaks Place. On the app, we make sure to offer content that spans from community offers, virtual fitness classes, and digital giveaways to in-person event details, property amenity information, and in-person wellness programs.

In your own words, what role does technology play in tenant engagement, attraction, and retention?

Technology is very important at the tenant level! It's our way to connect to so many people in our buildings, especially in a timely and consistent manner. We strive for face-to-face contact to build relationships, but we know everyone has a busy work day and it's not realistic to depend solely on in-person connections with our large campus. Tenant engagement comes in many forms, and so we use technology to loop in all aspects of our programs.

Left: External view of Nuveen's Four Oaks Place property in Houston, Texas.

What is your favorite feature/aspect of your workplace experience app? Why?

I love being able to upload content easily and see how it resonates with our building customers. Each program or event lives within its own button, which allows users to click into that page to read the content. I can then track how many clicks or RSVPs we have so I know what interests our tenants most. My goal is to cater events to our tenants, and this data helps supplement the direct feedback I receive from tenants.

To wrap things up, where do you see the future of the workplace heading?

It's exciting to think about what the future holds, given that the last few years have already broadened our understanding of what the workplace can potentially become. I think it's wise to stay flexible and adaptable to all circumstances, and to understand what is important to our tenants and their employees. Once we know the goals for their ideal workplace experience, we can adjust our plans to create the best experience possible for our tenants. Continued activation on our property will keep our tenants engaged and the communication open, which allows us to proactively see where workplace needs are heading. Overall, a sense of community will always be a leading need for a positive workplace environment, and we'll continue to create that for our tenants at Four Oaks.

To learn more about Nuveen, visit them at <https://www.nuveen.com/realestate>.



Right: External view of Nuveen's Four Oaks Place property in Houston, Texas.

Chapter 3

Flexibility, Utility, and Fun



Creating Flexible Environments

According to recent [HqO data](#), 86% of employers (or tenant companies) have already implemented a flexible or hybrid working model since the beginning of the pandemic, and an additional 14% plan to implement these models in the next two years. Similarly, 68% of employers have redesigned their physical workspaces to support modern employee needs, while 28% plan to implement redesigned spaces in the next two years.

This brings about a common question for landlords and property teams: With flexible workplaces in such high demand, what exactly does it mean to redesign office space?

Generally, there are four types of flexible workspace: coworking, shared amenity space, private suites, and enterprise offerings:

» **Coworking:** Perhaps the most well-known version of flex space, coworking is where companies and individuals can work alongside each other in a neutral space. They can work independently or collaborate, but most importantly, they can use communal resources and benefit from shorter-term contracts. Though it still encourages flexibility, the downside of a true coworking model is that members are tied more directly to the company facilitating the coworking space than the building's landlord.

» **Shared amenity space:** Shared amenity spaces merge the traditional workplace with the coworking model, consisting of features like bookable desks, different-sized conference rooms, lounges, and more. Companies using the space can still retain their company's identity and branding, but they can also reap the benefits of optionality from a more hybrid work environment. This model also brings to question the needs of your specific business. For example, some office owners may limit flexible amenity centers to the tenants of their building. For those thinking more long-term, they may want to open up their amenities to the public to increase building engagement and attract future tenants.

» **Private suites:** Another popular flex option is private suites. These are dedicated, fully-fitted out and pre-furnished spaces of varying sizes that occupants can lease for short periods of time. Leveraging a flexible lease can help tenants who need temporary work environments as they determine their next move — all while still benefiting from an office building's conveniences such as internet access, catering, resources, and more.

» **Enterprise offerings:** This kind of flex space is similar to private suites but on a much larger scale. This category is broad, and can include the following: shared rooms or floors within a larger building community, individual satellite offices, and even larger hub-and-spoke models. These options enable employees to work flexibly — in the office, in work-near-home locations, and even remote. By giving new life to previously underutilized space, landlords can increase tenant engagement with their building through empowering workers to use open space, seating, and amenities throughout their assets.

Flexible workplaces need to bring value to your tenant companies, and thus no matter what you do, you need to make sure that your goals align with their goals. Not only will flexible office space support the hybrid workforce, but it will help tenants reduce their office footprints and — in some cases — help tenants explore and enjoy other properties across your portfolio under a shared, enhanced experience.



Enhancing Utility and Removing Friction

Besides providing more communal, collaborative spaces that tenants are seeking, owners and operators also need to invest in a technology tool set that brings more functional and versatile capabilities to their properties.

For example, a workplace experience platform can provide the following in a unified mobile app, giving tenants access to all physical and online workplace resources:

» Mobile access and visitor

management: Tenants can ditch their key card. Forever. A workplace experience app can let tenants use their smartphones to enter the office and even their suite, which means that companies can quit worrying about cumbersome, easy-to-lose key cards. This feature is particularly useful for hybrid workers, who may use their access cards infrequently. They can also manage the whole visitor management process through their app in a similar manner.

» Transit information:

Commuting is never easy, and landlords can play a pivotal role in helping tenants and employees commute with ease. A workplace experience app can deliver commuting data to tenants' smartphones to make their trips to and from the office as seamless (and as painless) as possible.

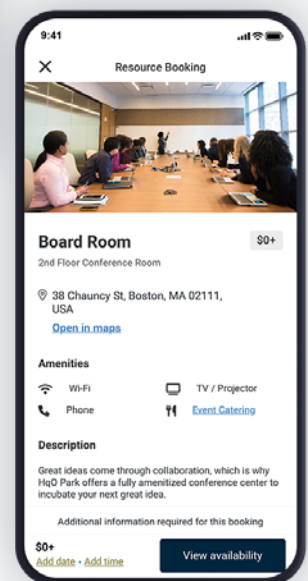
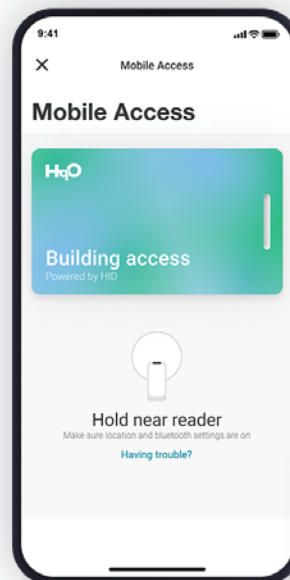
» Capacity management:

Certain tools can help tenants understand how many people are in their office and limit capacity to improve employee safety. This feature is particularly useful for workplaces where COVID-19 is a concern.

» Work orders and service requests:

Property teams can streamline the tenant work order process by enabling it through a building app. This will save tenants and employees time, and simplify the process by offering all necessary workplace tools in a single location.

With these capabilities, the workplace can become a well-oiled, productive hub of activity for tenant companies and their employees — even if they're hybrid.



Right: Screenshots of the HqO Workplace Experience Platform, displaying mobile access and resource booking features.

Tech-Enabled Fun and Engagement

Landlords and property teams can also improve the quality of their workplace experiences through engaging and memorable strategies that bring “fun” to their properties. This will help tenants feel more strongly connected to their physical office and larger communities, as well as serve as a major draw for hybrid workers who may want to break up their work days to destress or rejuvenate.

A workplace experience platform can help owners and operators achieve this in several ways, all outlined below.

Programming

Property teams can create in-app content that is continuous, varied, and meaningful to their tenants. These capabilities will help them promote events, get registrations, and even send mobile alerts as reminders of upcoming activity. This means:

- » **Continuous programming** that draws tenants to on-site fitness, health, and wellness services; activating on-site amenities; and other entertainment-based activities on an ongoing basis.
- » **A variety of programming** that keeps the workplace interesting through classes and events focused on nutrition and cooking; personal and professional development; financial wellness; and other general interests.
- » **More meaningful experiences** that tenants will want to participate in again and again, such as volunteering and corporate social responsibility (CSR) programs; events that highlight special interest groups such as new mothers and the LGBTQ+ community; new employee communications; and events that highlight local and community happenings.

Furthermore, Tenant Experience Managers and property teams can use their workplace experience platform to curate these offerings and easily create targeted content and programs in just a few clicks without outside assistance.

Local Discounts

Tenants and employees can come to the office and benefit from exclusive discounts at local retailers, which can be hosted through a workplace experience app.



Connected Retail

To help tenants save time and skip the lunch line, or to even improve their quick errands between meetings, property teams can enable food and convenience order ahead from local vendors through their workplace experience app.

Activating Amenities

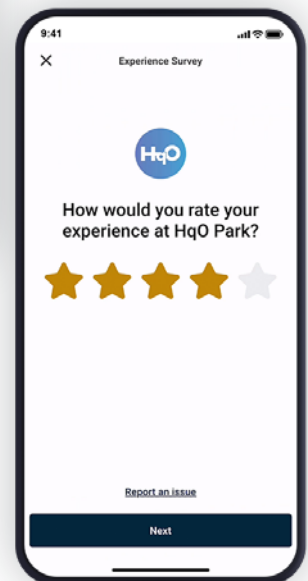
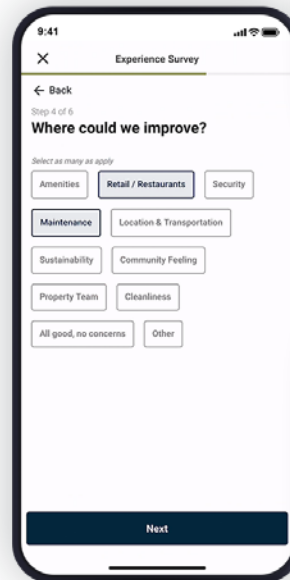
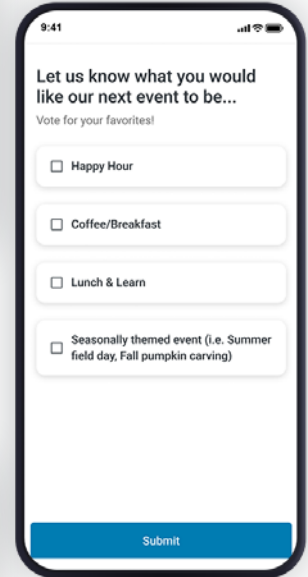
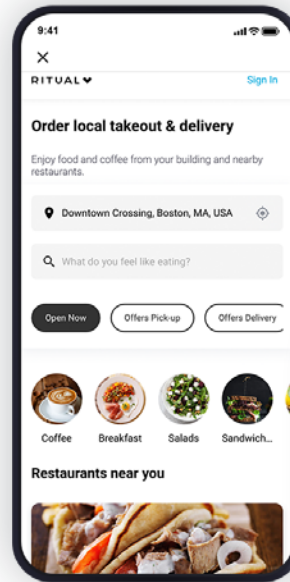
To ensure that tenants get the most out of the on-site amenities their property has invested in, owners and operators can also use workplace technology to stir up a buzz. For example, capabilities such as service bookings can highlight quick, but meaningful property offerings such as 10-minute manicures or massages in the office lobby. A workplace experience app can even leverage its content feature to promote new amenities, like fitness centers and lounges, as they become available to the tenant community.

Analytics and Feedback

Lastly, owners and operators can use technology to track program attendance and content engagement in real-time, so they can do more of what works and less of what doesn't.

They can also use a workplace experience app to help collect ongoing tenant feedback on desired programs and amenities, the quality of previous offerings, and overall tenant satisfaction through tailored poll questions and surveys.

By introducing engaging, informed, and non-work related elements to your property, tenants will look forward to returning to the office and connecting with their larger community — and possibly even invite their peers to join in on the fun.



Right: Screenshots of the HqO Workplace Experience App, displaying order ahead and feedback features.

Chapter 4

The Workplace as a Destination



Doubling Down on Experiences

“There’s [a] catchphrase that one of our clients uses a lot, and it’s quite interesting. They’re a very savvy retail company, and their strategy has always been ‘twice the experience and half the space.’ [...] If you commit, you can give your employees a five-star experience on almost every service line that makes that day in the workplace just amazing! Every office should be like a first-class lounge, and that is still cheaper than what you’d spend on unused real estate.”

Tim Oldman
CEO at Leesman, an HqO company

The success of workplace properties is dependent on the experiences landlords and property teams afford their tenants — enabling companies to better support more flexible, hybrid employees while keeping their businesses afloat.

More specifically, investing in workplace experience technology can bring the necessary flexibility, fun, and utility that tenants and employees seek. This combination of capabilities and resources is the key to “earning back” the tenant commute, and thus enticing the workforce to return to a new standard of office buildings focused on hospitality and engagement.

Want to learn more about how HqO can help increase occupancy at your property, and help your team triumph over modern day workplace challenges? [Schedule a demo](#) today.

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We Value Your Feedback

Thank you for reading *Earning Back the Commute* (Guide #0905). Please take a moment to let us know your thoughts in a [short survey](#).

About HqO

HqO, ranked No. 75 on the Inc. 5000 list, is transforming how people connect with each other and the places they work. The HqO Workplace Experience Platform makes it easy for companies and commercial property teams to create modern workplaces through world-class amenities and services that allow people to thrive and produce the best results. Active in over 250 million square feet in 25 countries, 57% of the Fortune 100 rely on HqO to enhance their workplace experiences, improve employee satisfaction, and drive operational excellence. For more information, visit <https://www.hqo.com/>.



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