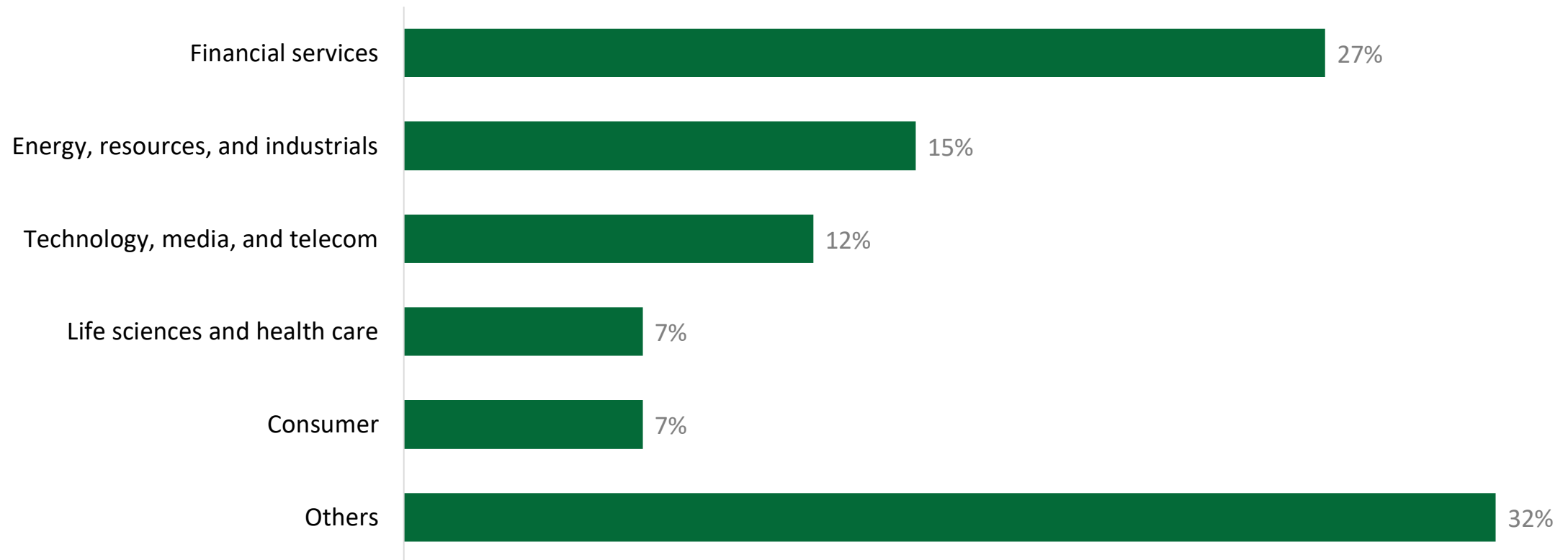




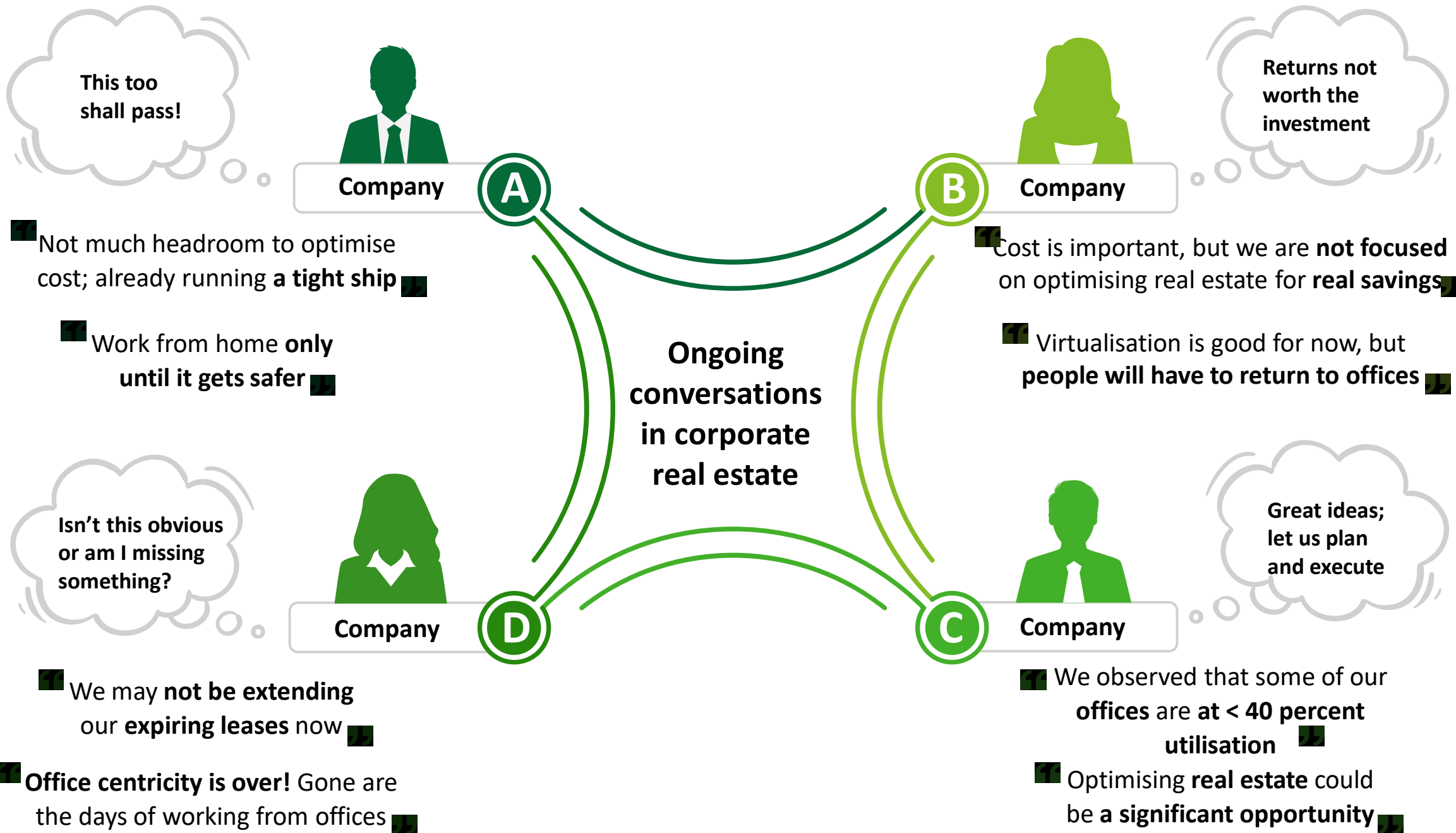
Corporate real estate (CRE) post COVID-19

For private circulation only
August 2020

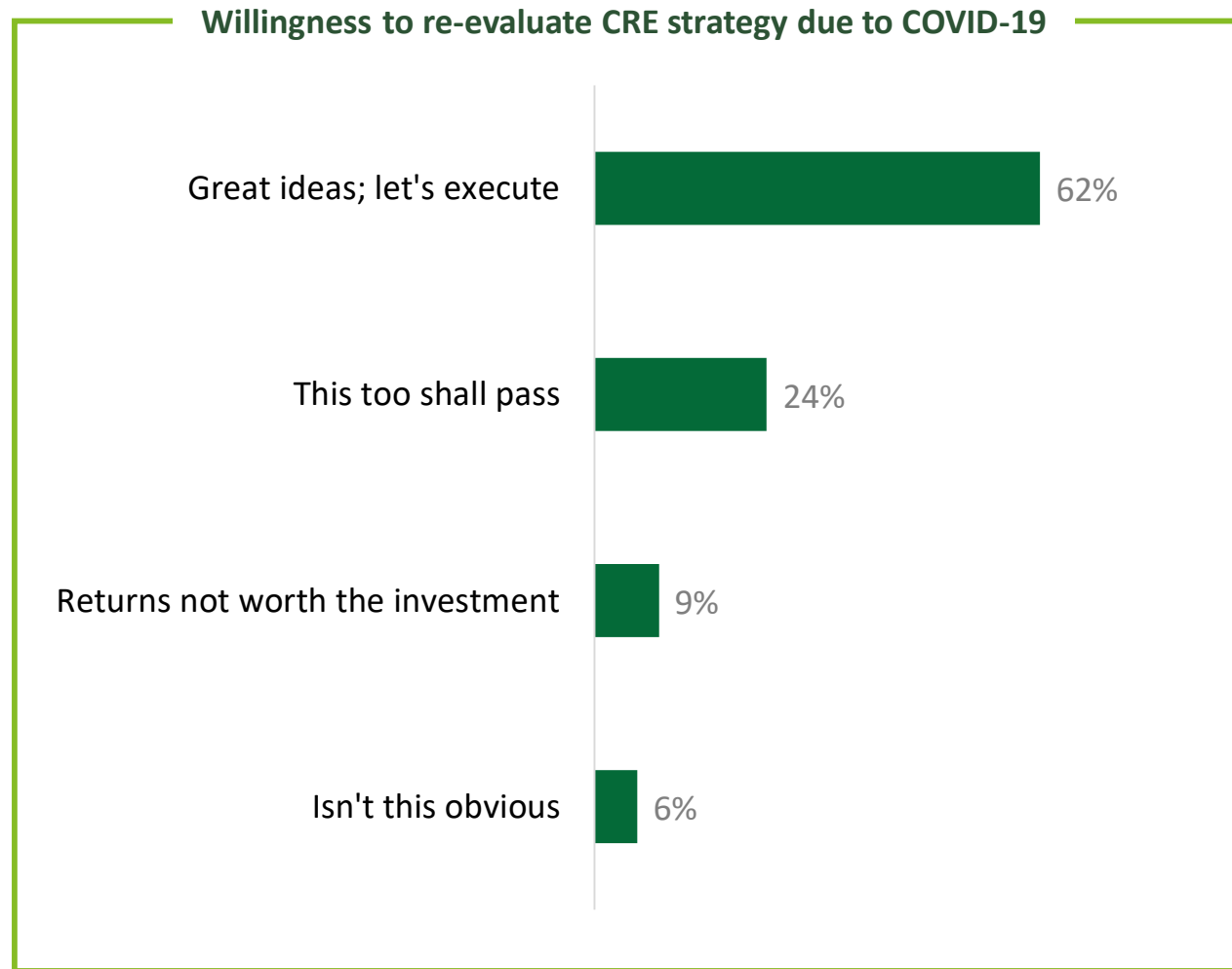
Industry distribution of poll respondents





Source: Number of organisations (n=41) that participated in the CRE roundtable. Participant polls were conducted at various times during the session



CRE strategy realignment due to COVID-19



Source: Poll conducted during the Deloitte CRE roundtable held on 12 June 2020

-  **65 percent** respondents indicated that they were **considering a re-evaluation** of their CRE strategy.
-  **9 percent** respondents were of the view that the **returns do not justify** the upfront financial investment.

Contents



1. Workplace of the future



2. CRE cost optimisation



3. Centralisation of CRE functions in Global In-house Centres (GICs)



Workplace of the future

Short-term design
vs.
Long-term design

Too many changes
vs.
Just enough

Physical infra.
vs.
Digital infra.

Workplace changes



Delivery model



Office
vs.
Remote and co-working

Productivity gain
vs.
Productivity loss

Customer focus
vs.
Employee focus

Workplace of the future

Home office setup
vs.
Workplace changes

Global policies
vs.
Govt. regulations

Employee wellbeing



Risk and compliance



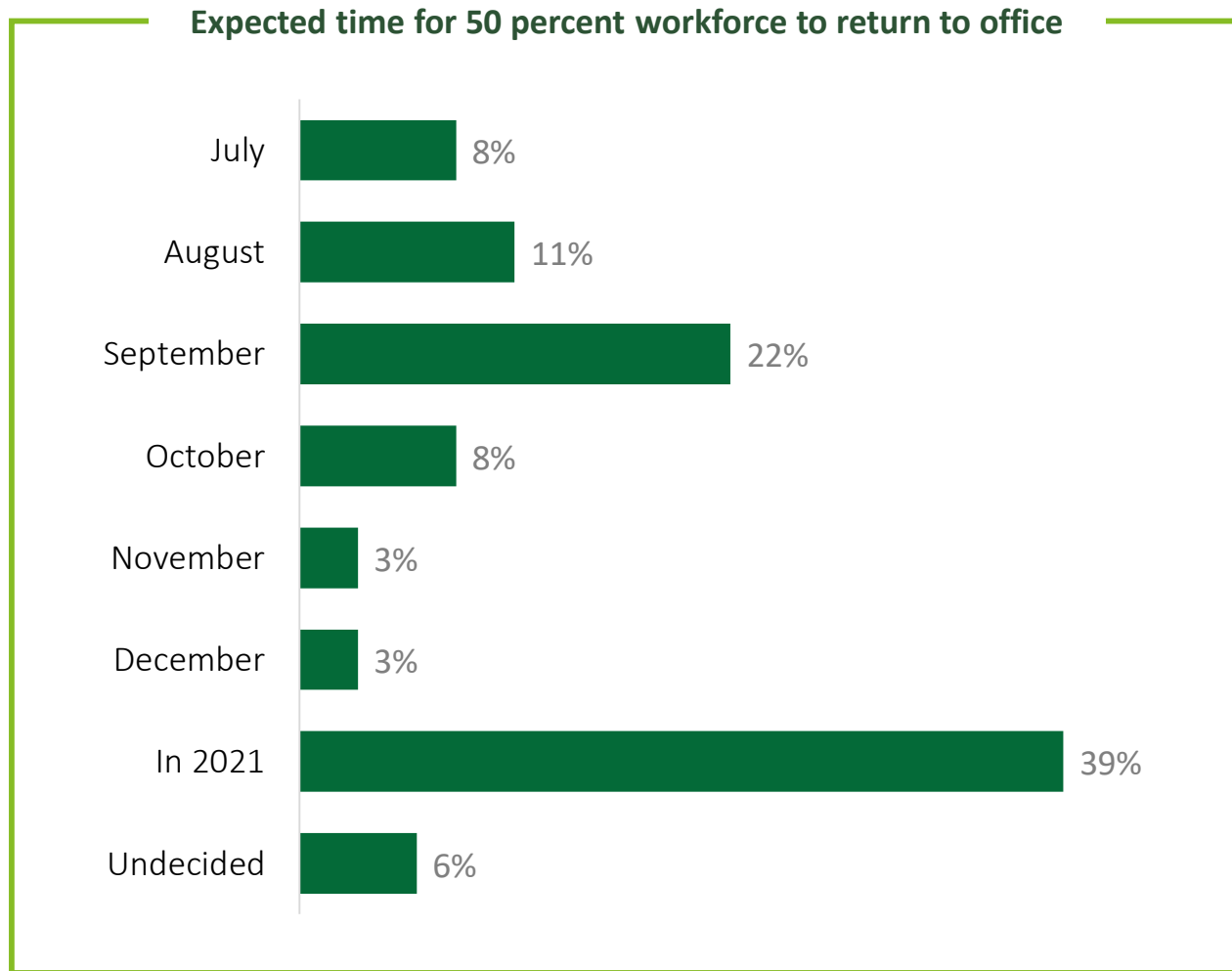
Health and safety
vs.
Business operations

Virtual engagement
vs.
Office collaboration

Staggered re-entry
vs.
Accelerated re-entry

Surveillance
vs.
Data privacy

Half of workforce returning to office



Source: Poll conducted during the Deloitte CRE roundtable held on 12 June 2020



41 percent respondents expect 50 percent workforce to return to office by Q3 2020 end.



45 percent respondents were either **undecided** or did not expect half of the workforce to **return before 2021**.

Challenges in workforce returning to office (select top three)



Source: Poll conducted during the Deloitte CRE roundtable held on 12 June 2020

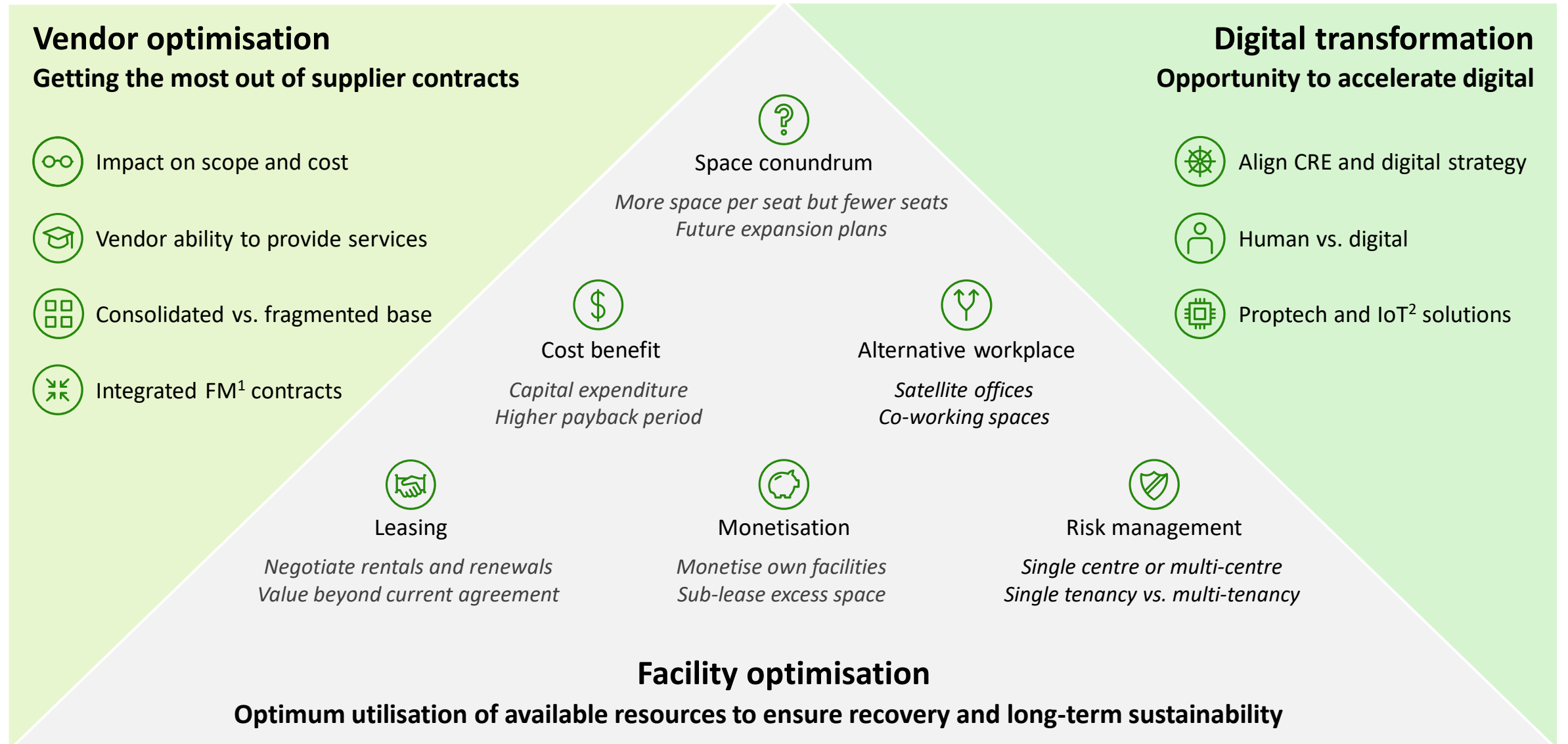


67 percent respondents considered preparation of workplace and **employee health and safety** as primary challenges.



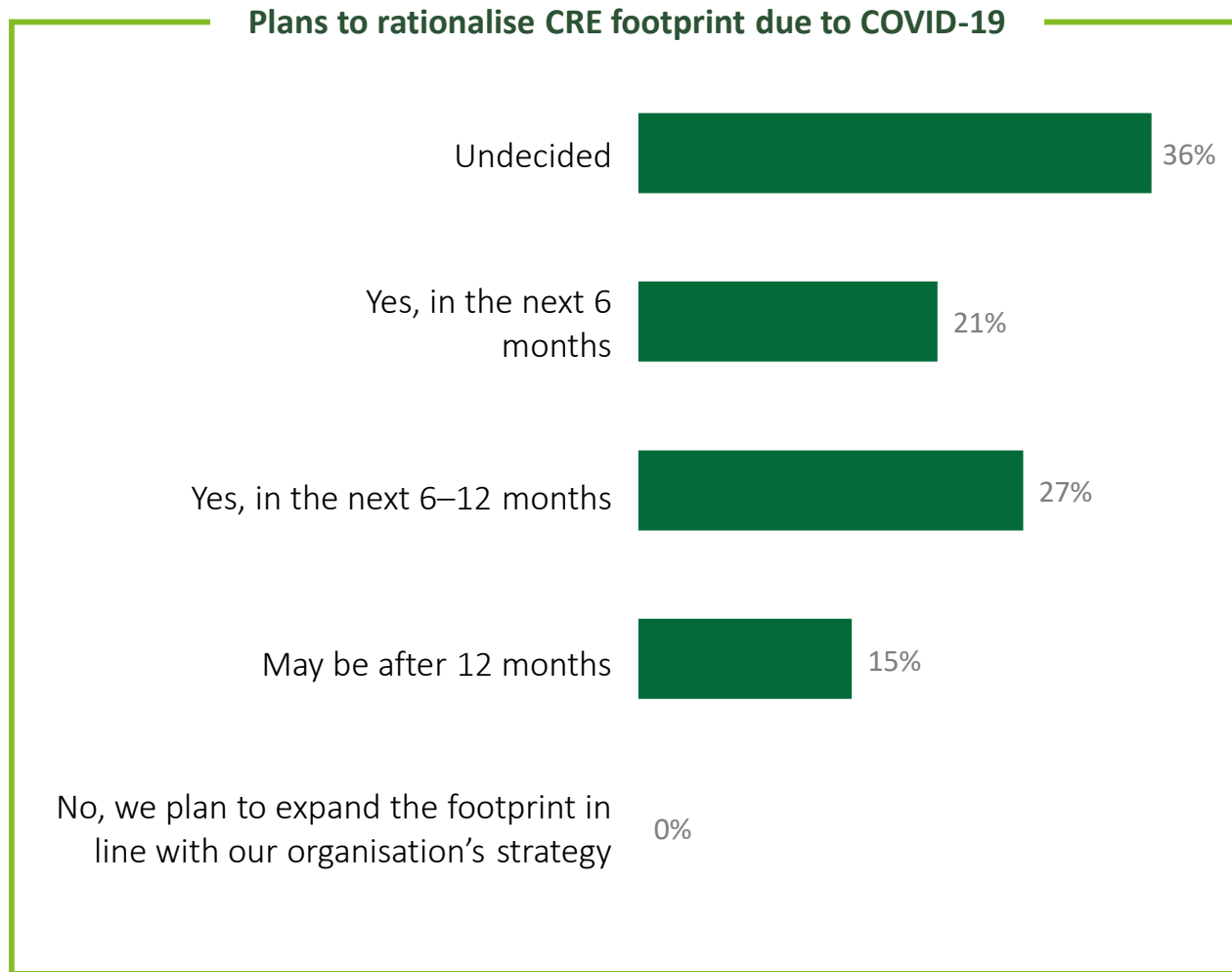
17 percent respondents believed that building **employee trust** was a challenge, indicating the need for a robust **communication strategy**.

CRE cost optimisation



¹ FM : Facilities Management; ² Internet of Things

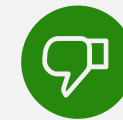
Rationalisation of CRE footprint



Source: Poll conducted during the Deloitte CRE roundtable held on 12 June 2020

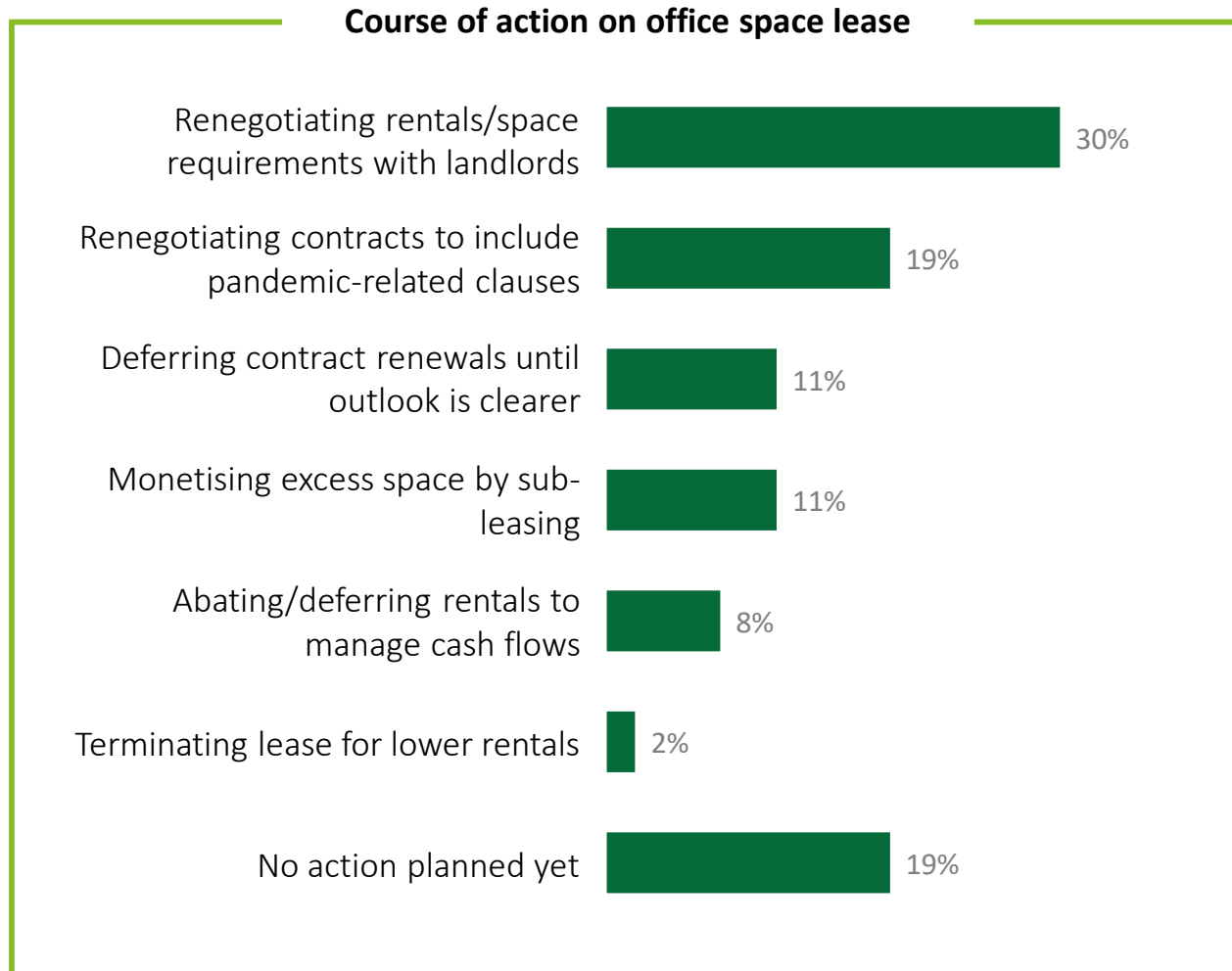


Majority of the respondents (48 percent) plan to rationalise CRE footprint in the next 12 months.



None of the respondents plan to expand their CRE footprint.

Lease recalibration as a response to COVID-19 (select top three options)



Source: Poll conducted during the Deloitte CRE roundtable held on 12 June 2020



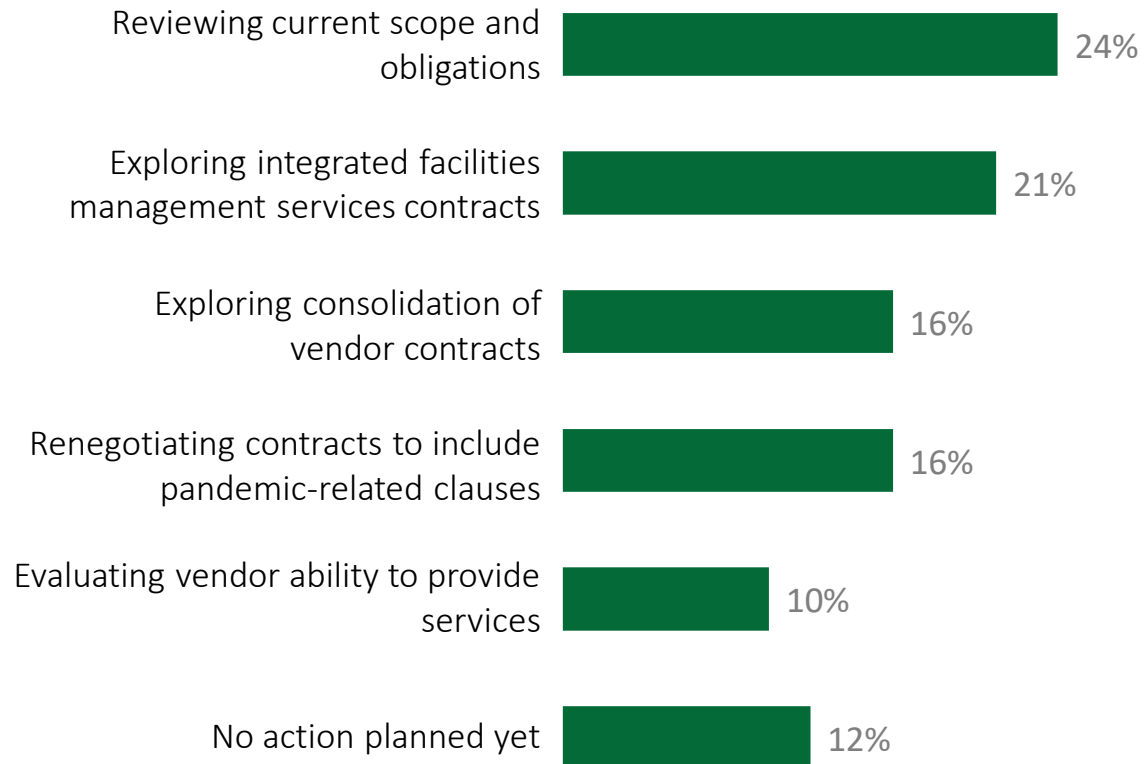
Almost half of the respondents plan to **renegotiate lease terms** with their landlords.



19 percent respondents have **not planned any action** regarding their CRE leases.

Impact on facilities/transport vendor contracts (select top three options)

Plan for existing facilities/transport vendor contracts



Around 40 percent respondents were already reviewing or renegotiating their existing contracts.



A similar number of respondents (37 percent) planned to consolidate their facilities and transport contracts.

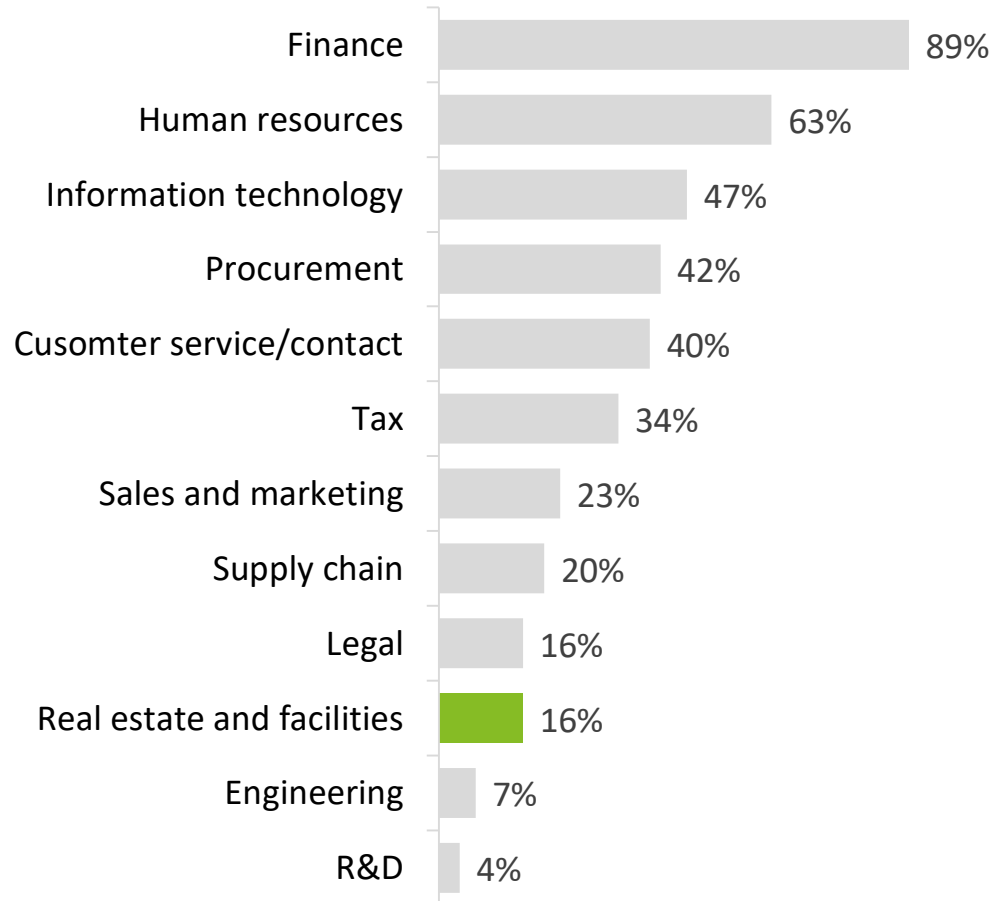


12 percent respondents have not planned any action.

Source: Poll conducted during the Deloitte CRE roundtable held on 12 June 2020







Centralisation of CRE function in GICs

What are the functions performed in GICs?



Source: Deloitte Shared Services Survey 2019; 379 participants across the globe

What are the factors limiting centralisation of RE?

-  Inability to carve out tasks that do not need on-site presence
-  Decentralised processes to cater to regional nuances
-  Focus on providing experience to employees, rather than efficiency
-  Use of traditional CRE levers for cost reduction
-  Availability of talent with a blend of RE operations and GIC skills
-  Limited scope due to a lean organisational structure

Centralising RE processes (select top three options)

Challenges in centralising RE processes



Source: Poll conducted during the Deloitte CRE roundtable held on 12 June 2020



Around 40 percent respondents indicated that their on-site operations are **not tailored for centralisation**.



14 percent respondents believed that RE processes are **already adequately outsourced**.



16 percent respondents cited **unavailability of the right talent** as a challenge for RE process centralisation.



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