

# FRANKLIN SHANKS

## THE NEW ERA OF WORK 2024



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# WHAT'S GOING ON WITH OFFICE?



*Mike Franklin*



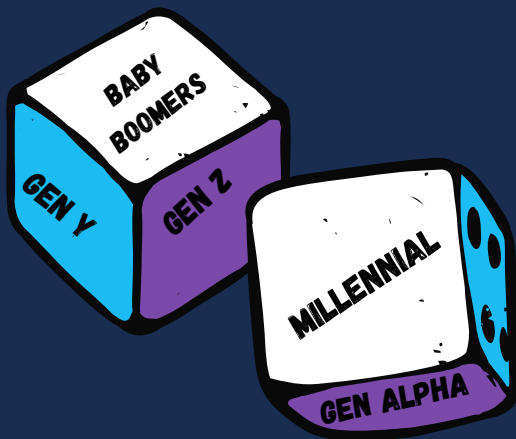
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## A Glance at WFH

Many business leaders are still grappling with the disruptions of a fragmented workforce.

With a new cohort of young workers now entering the workforce, new arrangements must be implemented, ones that attract these workers and keep them engaged. Our youngest working generation, Gen-Z, is particularly determined in their career aspirations and they feel strongly about what they will and won't accept, in both their social and working lives, so The New Era Of Work cannot rest on the laurels of its past

The pandemic years effectively made the traditional office schedule obsolete, and while the argument still rages on between some, what we should now be investing our energies into are solutions for a new era.

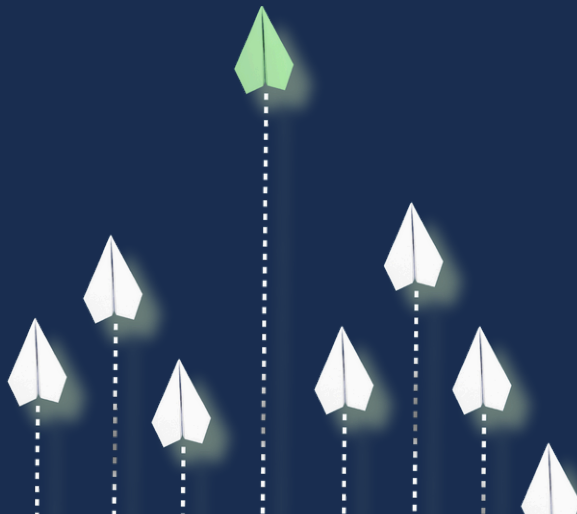


## Pioneering New Leadership

New Leadership styles will be needed for new working models, as a dispersed workforce needs Leaders that actively pursue the inherent benefits of flexible work.

- New Leadership will need to apply a more holistic view of people performance, enabled by real-time people-metrics, much the same way as today's sports coaches have live player data, to make in-the-moment decisions.
- The trade-off for work-flexibility is that workers will have to get used to greater digital oversight of their productivity and performance outputs.

**Summary: The WFH debate will eventually take a Darwinian turn, as "return-to-office" style Leadership will increasingly struggle to onboard the top young talent, thereby rendering the claimed performance benefits of "office bound" null and void.**

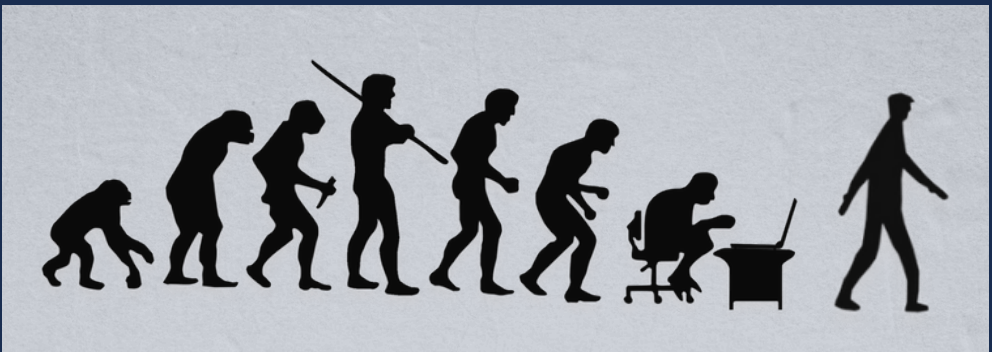


## Transitioning Work

The words “work” and “job” are transforming their societal meaning, and with 1 in 3 Millennials now working a 2nd job full-time employment is coming under threat from freelance.

- 70% of Gen-Z's express a preference for a freelance career, over traditional full-time jobs (Fiverr).
- Millennials and Gen-Zs are set to account for 60% of the workforce by 2025.

**Summary: Younger workers don't have the same burden of loyalty towards the corporate employer as their elders do. Many of them have witnessed the stress that their parents were subjected to, in the pursuit of a decent wage, and for now these younger workers are committed to a more balanced life, in which 'career' is just one of the various components, and not the singular focus.**

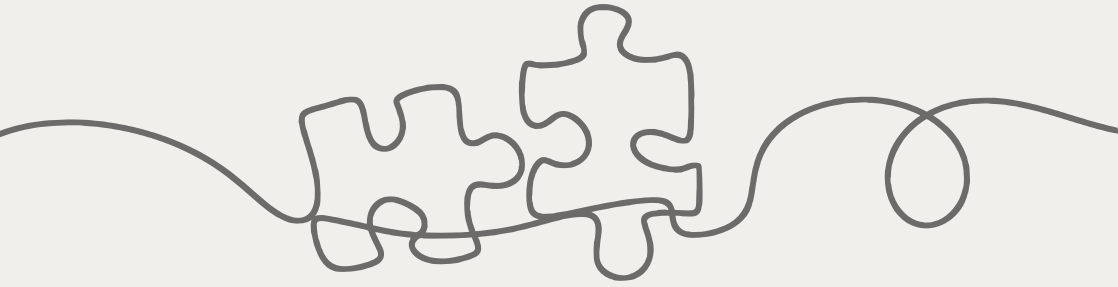


## The New Era Office

- The Office is very far from doomed. Sydney CBD now has office attendance at 77% of pre-pandemic levels, a rise from 49% just 12 months ago.
- There are only 6 full-floor, contiguous premium office spaces, available in Sydney CBD towers (May 2024) so Sydney CBD is doing just fine. The caution is more with the lower grade developments and fringe CBD's, such as Parramatta, Macquarie Park and Chatswood.
- North Sydney may soon provide an excellent proof-point for other fringe locations, as the metro station is mere months away from opening. If North Sydney flourishes, it will be the first non-primary CBD in the country to do so, and a new success model may emerge.

**Summary: The sector is having to transition its offering at break-neck speed, and while there are cautions on the fringes, there's no indication that Office won't make the transition.**





## Role and Purpose

- The office is now competing for attendance with freelance work. To compete office can no longer be a silent and gloomy desk-bound place. It must become the gathering place, the soul of the organisation's culture, where people want to go, not have to go.
- Whether you envisage the office behaving like a country club, or like a virtual scene from the Metaverse, it matters not. What matters is that people are pulled towards it, because they perceive the performance benefits, the social benefits and the career benefits of being there.

**Summary: You should not build your new house with the bricks from the rubble of your old house. A new era is upon Office, and its central purpose is Engagement.**

## Flight to Quality

- High-end offices will continue to flourish, and centrally located, close to transport, amenity-rich offices, will continue to be the prized options.
- Larger employers 1000 pax or more will take 20%-30% less space, but they will invest more in the quality of the internal space. At an average of \$2750 per sqm, Sydney now has some of the most expensive fit-outs in the world.
- High-quality alternative CBDs are about to go big. Tech Central with its 3 Universities, and landmark developments, such as Atlassian Tower, is seeking to emulate London's Kings Cross, which went from veritable dump to a global destination, attracting 10 million visitors per year, in less than a decade.

**Summary: Other than Stoics and Buddhist monks, people like nice things. The things that will attract the best people, are the nicest of things.**





## Lease Terms & Landlords

- New lease types, and new fee models may be on the horizon.
- Landlords will have to come up with new strategies to outcompete. One option is Performance Based Outcomes (PBO), where an “at risk” component of the rental fee is tied to occupier successes, such as Tenant Profitability and Worker Satisfaction rating. The most difficult “sell” to **Property** would be to challenge the prevailing valuation model.
- Landlords are used to charging an additional premium for high ESG credentials and NABERS ratings, and tenants may soon start demanding a more shared value-arrangement, linked to the proven outcomes.

**Summary: The tide has turned and Landlords are going to have to do a bit more for their occupancy assurance than “build it and they will come.” Tenants are wisening up to their leverage and it now goes beyond mere incentives.**



## In Office Design

- Foyers and open spaces will increasingly use biophilic, natural designs, due to their alignment to “Planet”.
- Desks, docking stations and desk chairs will go, due to their proven performance and health degradation effects.
- Spaces will be designed as conversation activators, broken out into distinct, semi-open zones, that encourage movement and ideation.
- Technology will cease to be the afterthought, particularly as it will increasingly do much of our thinking, via AI.

**Summary: The post-industrial era, battery-hen, rabbit-warren, watch-clock office, has reached the end of its shelf-life. The new designs are about attraction, not detention, so we can expect a flurry of innovative and engaging concepts, akin to flagship retail stores’ ethos.**



## Automated Services

- Facilities management will be robotic and autonomous. Robotic “stewards” will clean rooms, deliver drinks, and run in-office errands, so that the workers who have come into the space can maximise the performance outputs of their time.
- Access will be biometric, and integrated booking systems will do much of the work that the friendly concierge has done up until now.
- Sun, wind and rain will be harnessed, so that buildings can be as free from the utilities companies, their bills, and their occasional downtime, as possible.

**Summary: Cost, convenience and conservation are focusses for the new era. As more investment by Landlords goes into many of the solutions already mentioned, they will be looking for ways to maintain profitability by trimming human costs that can be handed over to the machines.**



## External Office Design

- The best offices have become hive-like, where the continuation of work-activity flows from inside to outside. Rooftop patios, corporate gardens, boardwalks and parklands, are an amenity of choice for the younger generations, and closely align with Gen-Z's "Planet" conscious concerns.
- Green-space amenity comfortably ticks the E and the S of ESG, but with tech-addiction becoming a rising social concern the advent of tech-free zones may soon incorporate the G as well, as designated green-space locations could legally be allocated a tech-free status.

**Summary: The lines are blurring between work-time and leisure time, until soon, no delineation will be made. Employers that are serious about talent will insist on nature amenity. Landlords that are serious about occupancy won't wait for it to be asked for.**



## Health and Wellbeing

- Pulling all nighters (as a badge of honour) will go the way of turning up with a filthy cold (as a badge of honour). Health and performance will be taken with huge seriousness, as scientific proof confirms that sedentary office environments are an enabler of multiple health issues.
- The health of society is moving towards AI enabled health tracking, via sensors and wearables, for monitoring the vital health stats and movement patterns of individuals.
- With sports teams, construction, mining, education and utilities all using sensors and wearables to track worker health, jumping across to corporate is a very logical next step.
- However, worker approval will remain an impediment, with privacy concerns that their data will be used against them, hacked, or inadvertently leaked.

**Summary: As a concept health tracking is nothing new, but it gets really interesting in the corporate world when company-wide health stats become publicly available, as Health Rankings. Then a flurry of health-conscious activation will occur**



## Office's Performance Opportunity

- Problem: Today most organisations, and therefore most office arrangements, fail to distinguish between Productivity (doing tasks) and Performance (achieving goals). Lots of people, many with earphones in, at their laptop screens, is not a performance mindset for an office, regardless of the quality of the work being done at the laptop.



- Opportunity: This inward retreat of people is what the office must truly shine at countering, and this is where its highest purpose must reside, to bring people out into the open again, to exalt creativity and critical thinking.

## What Are The Next Moves?

- Office must prepare for the certain arrival of AI. This will mean that many of the former Productivity tasks will soon be done by machines. The people who did these tasks previously will be both trimmed and repurposed.

**To Do:** Review current staffing through this lens, and plan an office environment that is geared towards critical thinking and conversation.



- Freelance has arrived as a viable alternative to the traditional job and is a stated preference for many younger workers.

**To Do:** Review not just the words that are spoken, but the behaviour that is enacted, by management, with regards to flexible hours and remote working. The micro-aggressions towards this type of working arrangement must be phased out, or Office Job A vs Office Job B will soon become “anywhere but the office”

- The office remains as the de facto place of work, with an existing captive audience, but as we experienced in 2020/2021 it only takes one major disruption to challenge decades of habitual routine.

**To Do:** Speed and urgency of action must be lifted, as while most businesses are reviewing new office models, much of this occurs as in-house activity, and it invariably plays second-fiddle to normal business activity. There are long-standing professionals who deliver office planning as their career; find a good one and use their expertise.







- Old habits die hard. It is the philosophy aligned to office that needs to change first, and this change requires a complete mindset shift. The former use-cases for office, which can be defined as “the place we go to earn money” will not withstand the pressure test of new EQ demands. Office must have meaning beyond financial and status, it must adopt a more nurturing, more holistic view of its role in the lives of its workers, and reposition itself as the community town hall, and the oasis where people congregate.

**To Do:** Deploy professionals to workshop thoroughly the vision of the business, and the precise role that office has in acting as the long term enabler of this vision.



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**Email: [hello@franklinshanks.com](mailto:hello@franklinshanks.com)**

**Website: [www.franklinshanks.com](http://www.franklinshanks.com)**

**LinkedIn: Franklin Shanks**

