

Flexible Workspaces in Sydney and Surrounding Regions

How has Covid-19 changed work arrangements in Australia? Are these changes here to stay and how can they be made sustainable?

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FUTURE OF WORK

Remote working could be the future of work. While the possibility has been around for a while, covid-19 has accelerated the implementation of more flexible work arrangements.

A large number of employees have been compelled to work from home during the lock-down periods, and some continued to work from home even after the restrictions were eased.

Remote working and flexible working arrangements have offered a range of benefits such as different ways of living with better work and life balance, an opportunity to move towards outer areas for a change in social and natural environment, development of local economies due to an increase in customers and increase in demand for local services, as well as the opportunity to even out population density.

However, is remote working a sustainable practice to continue into the future?

*SOME CONCERNS
AROUND FLEXIBLE
WORK
ARRANGEMENTS
INCLUDE...*

Maintaining organisational culture...

According to Blauensteiner (2020):

- Less experienced employees feel disconnected, with fewer opportunities to build networks with peers and colleagues; and for managers it is more difficult to mentor remotely.
- Harder to maintain/build organisational and team culture.
- Perception of lower prestige in non-CBD locations (hub and spoke model)
- Staff potentially confronting longer / more expensive commutes to get to non-CBD locations.
- Impact on productivity.

According to Dery and Hafermalz (2015):

- Less visibility means junior employees might not get to know the seniors and their contribution.
- When this happens, employees often feel a weak sense of identity as a part of the particular organisation.
- Less incidental interactions makes it hard for colleagues to get to know each other. Emails and texts are very 'direct'.
- Head office is seen as more prestigious.
- 'Head office syndrome' - when decisions would be made in the head office without consultation with or consideration of remote workers.
- This causes remote workers to feel left out.

*The Impact of ICT on Work, edited by Jungwoo Lee, Springer
Singapore Pte. Limited, 2015*

HOWEVER, COMING BACK TO THE CBD COMES WITH ITS OWN SET OF CHALLENGES...

Office physical infrastructure

- Limitations in lifts cause long queues in the mornings and afternoons.
- Desk rearrangements for social distancing reduces the space and number of workers.
- Need for physical contact to open doors, operate copy machine, etc.

Public transport

- Cannot carry as many passengers as prior to covid-19.
- People might be concerned about the spread of covid-19.

WHERE ARE PEOPLE AND BUSINESSES GOING?

“There are very strong reasons why businesses locate to where they do, and ultimately it comes down to proximity to customers, suppliers, the workforce catchment and other strategic relationships they may have”.

JLL report (2020) finds that strong leasing activity, above-trend rental growth, and competitive yields in suburbs **has** led to strong investment volumes in suburbs which amount to A\$7.12 billion, “well above the 10-year average of A\$4.94 billion”. Suburban areas “saw the pool of investors expand from private investors and high net-worth individuals to include bigger players”.

People are making a long-term commitment to move out of the CBD...

Regional property market elevated “with metro residents fleeing cities to make a sea or tree change”. (White 2020)

- Due to flexible work arrangements, people stop worrying about long commute times between work and home.
- Regional houses are more affordable.
- Regional areas have lower density and thus more appealing lifestyle (i.e. quieter, coastal, community feel).

Particularly, in October 2020, White found that “while overall capital city markets saw a 0.2 per cent increase, it was **Australia’s regional housing market that brought the nation’s average up, with its housing prices rising by 0.9 per cent in October**”.

Lasker (2020) notices the same trend - rents are falling in many parts of the country, however, “the further away from the CBD, the more resilient the rental values”. Consequently, most economic activities shift to the suburbs.

<https://www.abc.net.au/news/2020-09-15/covid-19-pandemic-leads-to-escape-from-the-city-cbd/12663426>



Maginn and Mortimer (2020) see the rise of localism in outer-suburban LGAs denoted by the increase in the number of visitors in suburban retail / recreation centres.

While nationally, the number of visitors decreased “almost 20% on average... nineteen LGAs performed above the national average” instead. Maginn and Mortimer (2020) found that most of the LGAs gaining traction are outer-suburban LGAs in Adelaide, Perth and Sydney.”

<https://theconversation.com/how-covid-all-but-killed-the-australian-cbd-147848>



With people working in their homes and economic activity shifting to the suburbs, providing co-working spaces for remote workers and entrepreneurs near their homes is an idea worth considering.

Why is co-working a good idea?

- Supports remote workers with the conditions they need for work.
- Supports the local economy as remote workers go to local shops
- Enables agglomeration and idea-generating process between individuals.

For businesses specifically:

- Cost savings.
- Increase flexibility for lease arrangements.
- Increase employee engagement.
- Retain current staff.
- Increase employee productivity (less travel time and stress etc.).
- Reduce ongoing risks similar to COVID (by having a distributed workforce).

(Blauensteiner 2020)

WHAT ARE POTENTIAL
CHALLENGES IN USING
DECENTRALISED WORKPLACES
IN THE SUBURBS?

HOW WOULD FLEXIBLE WORK
ARRANGEMENTS BE SUSTAINED
TO BENEFIT MORE PARTIES
INVOLVED?

WHAT WOULD THE IDEAL WORK
ARRANGEMENT LOOK LIKE?

This paper will look into four different categories of stakeholders and how their support and partnership towards building more agile work arrangements could benefit them:

- First of all, how councils could support this practice to promote jobs and local economic development.
- Secondly, the roles of private operators and landlords in increased demand for decentralised workspaces and how they could profit from it.
- Thirdly, how state government can contribute to this practice and mobilise the economic gears in suburban areas.
- Finally, how private businesses and organisations can make use of the opportunity of changing work arrangements for their benefit.

[Scope of discussion will be limited to New South Wales. Research will be conducted on the stakeholders and existing infrastructure in the 33 LGAs of Sydney as well as 8 municipality in the regional area, namely Bathurst, Lithgow, Central Coast, Newcastle, Orange, Wollongong, Nowra, and Lake Macquarie.]

DEFINITIONS

Flexspace – A space divided into smaller private space rented by a number of different tenants.

Co-working – Shared workspaces. Usually renters book a table for themselves but sit within the same space with other renters who they might not know.

Makerspace – A workshop particularly for engineering and technology-based inventions.

Accelerator – A program and/or space to develop high-potential start-up ideas within a short period of time.

Incubator – A program in a dedicated space to develop start-up ideas and what it needs to troubleshoot prior to launching

Business advisory – A service that gives businesses advice to improve their practices, such as in terms of marketing, growth, financial planning, and many more.



METHODOLOGY

Researcher put together a database that lists ready-to-use workspaces throughout New South Wales, their main functionality, their partners, whether supported by councils, and the price range. Next, the researcher looked into why some places were working better than others and looked for a common denominator that could be improved to support businesses in New South Wales. This step involved desktop research and interviews with stakeholders from workspace operators, entrepreneurs, employees, and business advisors.

FINDINGS

WHAT DO REMOTE WORKERS WANT?

From Analyst / Reconciliation staff from a large bank:

- Interviewee got into a full-time job in this role during the lockdown (May 2020), and they have been working remotely from their apartment ever since.
- **Flexible work arrangements cut costs and time for preparing oneself to go to work.**
- His role requires a lot of individual work, and there are **barely any collaborative processes.**
- There are daily online meetings (formal) with the team.
- There are online casual meetings and they just had an early internal Christmas party recently – held face to face.
- Happy with the current arrangement but would be nice to **see the team 1-2 times a week.**

From front desk clerk:

- Interviewee is a student who has worked as a casual front desk clerk in her university for a few months.
- When working from home, she mainly replies to emails and performs other clerical duties.
- At times, interviewee claims to have **problems turning off from work mode.**
- Interviewee believes **there are no changes in the work-place culture.**
- They work as a team, but mainly see the customers instead of each other.
- There's a **considerable age gap between her and the seniors.** The team is nice, but it's hard to get closer to them.
- Interviewee lives in student housing. She **always goes to the computer lab to work** because it has **nice facilities and bigger screens.**
- Despite these, interviewee states she's satisfied with her current work arrangement.



In short...

- Remote workers benefit from working near their accommodation.
- **It cuts travel time, cost, and time to prepare to go to work.**
- However, by merging home space with work space, some workers may have trouble turning off from work mode.
- **Facilities and structures set up for typical working / studying environments** such as the computer lab may **act as a more ideal workplace** for such people.
- Remote working reduces the social interaction workers usually have with their peers. This is particularly felt by those whose tasks mostly need to be done individually.
- Working individually for an extended amount of time may even widen the existing gap between employees due to differences e.g. age, position.
- For this reason, remote workers feel **the need to see their co-workers at least 1-2 times a week.**

Then, what should work arrangements look like?

- A possible model to look at is a *hybrid model* where remote workers **work at their local co-working space** or remote office to ensure they have a conducive environment and supporting facilities to do their tasks.
- The manager could **map out where their workers live** and **assign ones who lives in one LGA to a workspace closer to their homes.**
- However, **1-2 times a week** they would **come back to the head office or to one of the remote offices for face to face meetings or participate in team building activities.**
- This is also known as *the inter-suburb arrangement*.
- Thus, remote workers would **require less time and money to travel** but could still access a **space which is built to help the users focus on their work.**
- This would also **fulfil remote workers' social needs** as there would be other people occupying the space.

What would employers and employees look for in an ideal suburban workspace / office space?

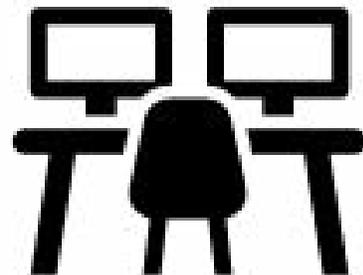
According to Blauensteiner (2020):

- Has access to public transport and parking near satellite office / co-working space.
- Has access to high quality amenity, cafes, wellness, safety.
- Located in active precincts to offer after hours safety.

Are we ready to move into the suburbs?

From web searches, the researcher mapped out a number of co-working spaces, business incubators, and flex spaces located throughout New South Wales.

- Infrastructure-wise, **the number of such spaces is unevenly distributed across the region**; some areas are dominated by private operators with some state and council-run workspaces in particular LGAs.
- Most regional areas such as Wollongong, Central Coast, Newcastle, and Orange have a range of choices that enable remote workers to move into a coworking space.
- However, most co-working spaces and business incubators in Sydney are concentrated in the City of Sydney and North Sydney area.

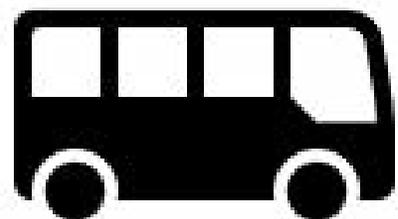


This means that there are areas in which remote workers might have more trouble in accessing a co-working space and business support.

- For instance, Cumberland, Hunters Hill, Strathfield, Lithgow, and Georges River notably have no or little physical space for start-ups and remote workers to set up their office or work in a co-working space.
 - LGAs located further from the CBD, such as Penrith, Hawkesbury, Liverpool, Camden, Wollondilly, Sutherland Shire, and Campbelltown also have limited options for such spaces.
 - Areas such as Canterbury-Bankstown, Fairfield, Hornsby, and Ku-ring-gai notably have less than three.
-

While these areas are connected to the CBD, **should the CBD become inaccessible in the future once again, remote workers would still have to travel to other areas should their organisation set up a flex space.**

This poses a question on whether inter-regional transportation can easily be accessed, particularly after hours, and how long would it take them to travel to other suburbs.

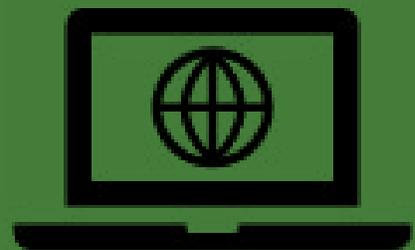


Other important considerations:

According to an interview with a business advisor:

- Sometimes, not a lot of people living in the area know about the existence of the usable co-working place (including the local businesses).
- Every area has its characteristics and challenges.
- The older generation tend not to use technology - they want to open a shop and work in the office. Thus, they are unlikely to think they need a co-working space.
- There are less choices for industry connections in the suburbs for particular occupations (e.g. IT/tech is mainly CBD).

RECOMMENDATIONS



FOR COUNCILS

Market council-owned facilities that remote workers can use:

- Use co-working spaces for events and meetings.
- Promote them on social media.
- Hold hackathons in the area.
- Partner with business advisors to let clients know that they could go to a co-working space and how to book the room.

Form partnership with local businesses:

- Make use of the rise of localisation - spread the word on places people still go to.
- Have businesses tell their customers where to go if they need places for remote working, meeting, or Zoom call.
- As an exchange, provide food samples in the co-working space, directory of local services they can go to, etc.

FOR COUNCILS

Provide information about usable property inventory on website.

- People can propose ideas on what they want from the extra space (from people for people).
- Also give private operators info of expanding opportunities.
- Reduce possibilities of nepotism as each operator gets a fair-go in terms of information.

Ensure ease of access through:

- Provision of parking lots in the area.
- Ensure security and direct access to public transport.
- Put signage to let people know about the existence of the coworking space.
- Making sure the website is simple and easy to navigate.

FOR STATE GOVERNMENT

- Lead by example – use decentralised workspaces and provide information on their experience.

Provide support from the infrastructure perspective:

- Provide more cross-regional transport.
- Install transmission towers to mitigate the digital divide in regional areas.
- In terms of adding co-working space or start-up hub in regional areas, list ideal unused buildings and put them out for tender.

Provide support for property renovation / alteration – for both in CBD and regional decentralised offices.

- Install extra stairs to the few lower levels so lifts are less crowded.
- Glass installation between cubicles.
- Tap water / doors that activate by sensors.

FOR PRIVATE OPERATORS

To cut costs:

- Use vacant spaces from councils / empty retail space for co-working space and flex space.

For those in the overly saturated flex space market:

- Form partnerships with local businesses e.g. catering services from nearby restaurants, discount when they go to local property consulting service, etc.
- Provide after-hours private shuttle buses that goes around the LGA to alleviate people's concern about after hours safety, spread of covid-19 on public transport, or finding a parking spot – charge a little extra.
- Provide ready-to-rent equipment such as power banks and chargers.
- If you have extra property, turn it into a workspace and promote it to businesses using co-working spaces.

*According to JLL (2020),
e-commerce is growing.*

*If businesses are moving towards
regional areas, they would need an
accessible storehouse nearby.*

“Companies need to deliver orders faster by being closer to
their customer base.”

<https://www.jll.com.au/en/trends-and-insights/investor/how-the-e-commerce-boom-during-covid-19-is-changing-industrial-real-estate>

FOR PRIVATE BUSINESSES

Consider using coworking spaces.

- Tap into talents in regional and suburban areas.
- Change of environment leading to greater innovative process.
- Flexibility in lease to prepare for changes in the future – thus the business depend less on vaccine availability.
- Direct decrease of cost in bills, maintenance, and amenities fees.

Consider this an opportunity for market research when looking for wider target audience in the market.

- Some suburbs are more ‘special’ and carry different dynamics due to the multicultural demography.
- The employees themselves will be able to tell what is working and what could be improved, or if there are any untapped potentials in the area.

FOR PRIVATE BUSINESSES

Building organisational culture:

- The HR department could send weekly emails of updates, events, as well as staff achievements (“Employee of the month” section) – and endorse their LinkedIn profile.
- Possibly put it up as profile photo of Teams group or Whatsapp group.
- Create casual/personal channel on communication platform.
- Voluntary meet-ups – put up poll to see when and where the team would like to go out. Post the link on communication platform / weekly email.
- Team decision-making through platforms such as Miro and polls. Uphold a policy that no one should be left out in decision-making.
- Make sure the higher-end visits the remote offices as well to change the perception of head office as the place for the high end of the bureaucracy / the prestigious place.

FOR RDA SYDNEY

Conduct research on what is missing / what prevents people from changing their work arrangements.

- Might start from own personal experience in co-working spaces / universities incubator breakout spaces / council-owned business centres.
- Or from personal conversations with other people using the place.

Create infographics (or vox pops) to post on social media.

- Informs people about council projects on co-working / entrepreneur hubs and changes in workplace arrangements.
- Informs people what you're looking at.
- Informs people about potential partnerships or projects, or who they can reach out to.
- Informs people that regional area is growing and there's an opportunity there.

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