BRING YOUR OFFICE TO LIFE
Cover image: Maddocks office, Melbourne. Courtesy of Bates Smart
Howard Parry-Husbands (event MC) is chief executive of Pollinate. Pollinate specialises in strategic research to better understand how ideas spread in order to manage consumer behaviour change and influence positive transformations for society.

Dr Libby Sander is the founder and director of the Future of Work Project and assistant professor of organisational behaviour at Bond University. Libby’s clients include Microsoft Europe, Lendlease and the Gold Coast 2018 Commonwealth Games.

Kellie Payne is studio director at Bates Smart, and leads the Workplace and Education Strategy team, overseeing the design and development of innovative large scale fit-outs that improve how people work.

Tone Wheeler, principal and director, Environa Studio, is one of the best-known sustainability architects in Australia as well as an author, educator and consultant. For the past 20 years he has worked as an architect in his own practice and has won numerous awards and competitions.

Loreta Brazukas, senior ESD Consultant, Floth, is an expert in green building design, and is currently helping to make the WELL Building Standard more accessible in Australia.

Christian Criado-Perez, is an academic and PhD candidate at UNSW, CRC for Low Carbon Living, connecting the evidence that exists for high-performance buildings with policy makers to promote healthier, more productive workspaces.

Laura West is associate director, CBRE in the advisory and transaction services Queensland business, specialising in commercial and retail tenant representation, occupancy cost analysis and tailored strategic advice for clients.

Roger Walker, national director, facilities manager, Incorp, is a workplace and commercial building strategist who combines technology improvements with clever commercial structures to deliver economic, environmental and social benefits to building owners and tenants.

Axl Driml is principal sustainability manager, Department of Housing and Public Works. He is a qualified architect and project manager, and currently manages over one million square meters of owned and leased office space for the public service.

Jack Bartlett is business development manager for Johnson Controls. He specialises in building automation systems.

Deborah Bishop is asset manager at Dexus and is responsible for Waterfront Place in Brisbane. Deborah has more than 20 years of experience in the property industry in Australia and the UK across the retail, industrial and office sectors, including at Knight Frank, CBRE and Stockland Property Group.

Craig Rodgers, innovation lead, Charter Hall, is focused on identifying emerging property technologies, sector disruptions and customer trends across the office business.

Liam Timms is fund manager, Lendlease International Towers Sydney. The fund has been named the world’s most sustainable development fund by the prestigious Global Real Estate Sustainability Benchmark for three consecutive years.

Tina Perinotto is publisher and managing editor of The Fifth Estate. She has covered sustainable property and business issues for more than 20 years for Australia’s most influential business publications.
FOREWORD

In the almost 10 years since we launched with *The Fifth Estate* we’ve learnt three important things about offices, the topic we covered at our event in Brisbane on 27 March 2018, Bring Your Office to Life.

One is that offices are capable of huge sustainability gains; they can achieve massive cuts in energy and greenhouse gas emissions.

Second, their design can influence, even shape, the productivity of our economy. Think how high-tech and creative people want stimulating, quirky offices.

And third is that, since we spend most of our waking hours in our offices, how they look and feel will be something we take back to our private lives. If the boss can make our office beautiful, sustainable and happy, then why can’t the rest of the places we live and play in go the same way?

It doesn’t have to be about expensive “stuff”. It can be as simple as a better layout or some hardy indoor plants – but the more biophilia the better! And we’re learning that a happy office is hugely connected to better attitudes and social relations with the people around us. Are we working as a team with a common goal? Are we happy to be inclusive and diverse? How powerful would a bigger generosity of spirit be if we brought those lessons home to the other places we go in our private time?

The thing about high-end office design and management is that they attract the best minds in the world because they’re dedicated to maximising the most valuable and expensive investment by the biggest corporates – their staff.

They’ve taken a few wrong turns in history – and no one should forget Taylorism now that data sensors and data mining is at hand – but overall the trajectory is to greater humanity and sustainability, which creates the best results.

As we heard from our amazing panellists the best and brightest corporates realise that sustainability and biophilia is good for us and generates better productivity. We learnt that food is the “glue” to team work, that engagement of staff when you are about to massively disrupt their style of working is a big help, and that we have some strong herd instincts and like to work in known clusters of maybe up to 30 people that we can connect with and get to know.

A massive thanks to our impressive panelists who all put in big efforts to bring out their best possible work and insights, to our fabulous sponsors who we rely on to make these events happen, to the audience who filled our space to capacity and to our collaborating partners CitySmart for introducing us to Brisbane for the first time. We’ll be back!

Tina Perinotto,
Managing editor and publisher,
*The Fifth Estate*
MC Howard Parry-Husbands, chief executive of strategic research consultancy Pollinate, kicked off the event with a helicopter view of the major trends on the horizon.

**GREEN PRODUCTS AND THE INFLUENCE FACTOR**

First, there is an increase in people making efforts to purchase greener products and services.

"The more you guys influence the fitouts and designs of the very best buildings and office spaces, the more that will trickle down," he said.

**TRUST IS COLLAPSING AND IT’S GLOBAL**

A trust index ranked 80 countries on their level of trust, and Australia was one of the 10 countries in the world that had above-average belief that the system was failing.

"Fifty-nine per cent of Australians when asked say the system is failing."

Issues included immigration and globalisation.

"There’s been a steady collapse in trust. The average Australian consumer no longer trusts government, the media, they don’t even trust NGOs, and they don’t trust businesses either. They don’t trust each other… We’ve lost faith in the institutions we’ve trusted up until now in society to get us where we are."

There were three main drivers: institutions are in crisis, the system is failing us and we’re a breeding ground for fear.

How does this relate to the healthy office trend? Well, a key component, biophilia, is a response to this anxiety.

"Biology makes you happy. According to Planet Ark research a few years ago, 68 per cent of Australians will tell you, ‘Nature and wood make me happier in the workplace.’"

The latest research was published by Forest and Wood Products Australia earlier in 2018 asked 1000 people how they felt in the office, and asked about biophilic elements such as a view, plants, wood – and how much of them there were.

The research found that in those offices with high levels of biophilia, productivity went up eight per cent and there was a 13 per cent increase in wellbeing.

"The Productivity Commission can’t do this, but putting wood in your office can."

"The results are now quite clear: simply, wood and biophilic elements will increase productivity, will increase wellbeing. There’s absolutely no reason not to create a sustainable office."

"Concrete does not make you happy. Unless you run a concrete company."

Wood has the benefit of carbon sequestration and there are benefits for the forest industry.

"And obviously that’s a paradox. There’s a lot of work here to do. It’s a failure of green marketing."

**A SHIFT IN VALUES**

"Place" was incredibly important in catering to a shift in values.

"Place identity theory underpins all of our work. Whether you like it or not, your identity, who you are and your values, is inextricably bound to the place where you both grew up and also where you choose to work."
“Whether you like it or not, there’s a symbiotic relationship between you, your identity and place.”

For example, think about Melbourne laneways.

“Why is it that the best place to get coffee in Melbourne is sitting on an upturned milk crate in an alleyway that smells of wee?

“This is Melbourne’s beating heart. It’s its identity. It’s thriving with cultural richness. It reflects Melbourne’s values.”

Therefore what you need to do is match office space with the value set of the people that are going to be in there.

“There is a shift going on in the Australian psyche – away from traditional. We’re seeing a fracturing of Australian society.

“This is your challenge: your building needs to reflect the values of the community it serves. And the community you’re serving is increasingly fractured, and indeed has a lot of anxiety.

“It’s not just about sustainability, it’s about putting the soul back into the building. And the two go together.”
Dr Libby Sander, Future of Work Project founder and Bond University assistant professor of organisational behaviour, began with a provocation: that what we actually want to do is “get lost”.

“You can now pay a company called Black Tomato $20,000 to put you [at a glacier in] Iceland, and that’s it. That’s all you get. But you need to figure out how to get out of there.”

To the contrary we have technology offering the idea of “the seamless experience”, which Sander said is a “huge change to what people are expecting of work”.

“There’s an app at Twitter [offices] where you can see, ‘Where are the cool people sitting today that I want to sit next to?’ I can pick a locker and it will unlock it for me. It will then dispense coffee for me out of a tap that looks like a water filter.

“So there’s this ‘seamless’ expectation. This is now the expectation we have for employees.”

There are, however, some challenges with the notion of seamless workplaces.

“I was recently at Google for some meetings, and the problem with this seamless environment is we’ve lost the ability to be ‘human’ when it goes wrong.

“So I was with the head of research, and we booked a meeting room. So we go in to the meeting room, sit down and start having the meeting. And about five minutes later somebody else came in and said, ‘I’ve got this room booked. We’ve got a meeting in here.’

“So most of you would probably say, ‘I’m sorry. I’ll go and find another room.’ But they had a complete meltdown. It was incomprehensible to them that the system had not worked. So for 15 minutes they went between the panel outside the room, looking at the panel, going back to their phone and laptops, arguing, having a Mexican standoff about who should be in the room.

“I honestly thought they were going to get engineers to come in to find out what happened to their system.

“So we need to balance this. Because we’re not doing it that well.

“We want all that tech stuff but we want face-to-face as well. We’ve proven that significantly in research.”

THE PROBLEM WITH RESEARCH
Sander said the problem with a lot of the research that’s done on workplaces is that it’s in isolation.

“What effect does a plant have on my executive memory function? What effect does a stand-up desk have on my heart-rate variability, on my cortisol levels? And that’s all great, and it’s important, but we’ve kind of lost the ability to look at the environment as a whole.”

THE IMPORTANCE OF CULTURE
Sander also talked about the importance of culture in healthy offices.

“If you give people a beautiful biophilic environment, with wonderful spaces and the acoustics are done brilliantly, but their leader is still a sociopath, it’s not going to make any difference.

“And sociopathy is on the rise in workplaces, unfortunately, which is a whole other stream of research, but it’s a big deal.”

LET’S LOOK AT THE BENEFITS AND COSTS
Sander said open plan offices can work, and activity-based environments can work,
but there’s “a lot of pieces that need to be put together”, with costs and benefits needing to be weighed.

“What we’ve looked at is, how much real estate can we save by taking away permanent desks? But what is the cost of productivity to your organisation if only one in four of workers say their workplace supports the way they can work effectively?

“With my own research found that if people can’t think and concentrate, not only will they not collaborate more, they’ll actually collaborate less, and they will become more hostile and more withdrawn. So this idea that we just make everybody collaborate – there isn’t a one-size-fits-all, and we need to be really clear about that in terms of workplaces.”

We could be doing much better. Sander said research showed that:

- 53 per cent are disturbed on an ongoing basis while trying to focus
- 77 per cent of employees prefer quiet when they are trying to focus
- 68 per cent of employees report being distracted by noise

**THE COSTS OF POOR OFFICE PERFORMANCE**

Sander said presenteeism costs $34 billion a year to the Australian economy.

“We’ve focused a lot on absenteeism: $7 billion a year. Presenteeism: you’re at work but you don’t feel well. You’ve got a headache. The airconditioning is too cold. You’ve got neck strain. You’re just not comfortable.

“A workplace, to be effective, has to be physically and psychological comfortable. And we often don’t think about those two things."

**“If people can’t think and concentrate, not only will they not collaborate more, they’ll actually collaborate less.”**

The first thing people do when they go into a space, Sander said, is have an unconscious psychological reaction.

“If that isn’t right, all of those other things won’t follow. How do I feel?”

Sander showed a slide of Japanese words – Kanso, Shibui, Seijaku – meaning simplicity, beauty and calm – “three really nice Japanese words that underscore the types of things we’re looking for so that your employees don’t want to escape to Iceland”.

“We’re looking for optimisation.

“At the same time, we’re critically short of sleep, we’re massively stressed, mental health and heart disease are looming issues for employers that are going to cost a huge amount of money if we don’t start to address it better.”

**THE NEW THIRD SPACE: DOWNTIME ON DEMAND**

There’s a number of companies providing a “third space” now to combat this. You can rent out somewhere to sleep, to escape.

“People need to escape from everyday life, from the workplace. Because they just don’t feel that they can cope. They’re not sleeping at home. They’re spending 2-3 hours a day commuting, and they’re not functional at work.”

**SO WHAT’S GOING ON IN THE CITY?**

Descartes said: “A great city should be an inventory of the possible.”

“What we need to think about is that our brand needs to be much more now than our own space. How do we interact with the city around us?”

**UNUSED SPACE**

Sander likened Rotterdam’s new city hall to Lego because it could be reshaped with need.

“So if we need a bit, we’ll bring it back, if we don’t need a bit we’ll just pick it up and move it somewhere else in the city so it gets used more effectively.

**THINK ABOUT CO-CREATION**

Staff should be involved in the design of office space.

“How much are you involving your staff?”

She showed a slide of a new greenfield development in the UK, which citizens were helping to design.

“The first structure they’ve designed: a pub. That’s what we want first: to build community. To create this feeling."

**MIXED-REALITY WORKPLACES**

Then there is the idea of “mixed-reality workplaces”. 
“Time Warner are just about to open their new offices at Hudson Yards in NY, which is a massive development. And their head of workplace said a couple of weeks ago, ‘What we need to do is create a magic experience for our employees, because if we don’t they’re going to go somewhere else.’

“This is a pretty scary bar for a lot of us. So Time Warner is focused on mixed reality – the face-to-face, the analog, and then the ability to use VR, use AR to enhance the workplace experience.

“As with the Twitter example, everything can be done from your phone. And this is what employees are expecting.”

Another example of offices going above and beyond is Google’s Port Authority building in NY.

“The elevators are so big that trucks can fit in them. So there’s food trucks going up delivering lunch. So you don’t need to go out onto the street to get this fantastic New York-Type food. Google will bring it to you inside the building.”

**COMPETING WITH THE BIG GUNS**

So how do we compete with this kind of stuff?

“We need to create these precincts that have very fluid boundaries. It’s not just about your workplace. It’s how are people experiencing the city around them and what else can we offer? And that’s not just up to us on our own.”

**A DISCONNECT**

There is a disconnect in many organisations regarding what offices are designed to do, and how the workplaces function in reality.

“We have great intentions. We spend millions of dollars on design. Business from a top five bluechip Australian corporate, who shall remain nameless, has spent incredible amounts of money on office rebranding, but for some reason feel they need to tell their workforce how to use the toilet paper.

Sander said an image telling workers which toilet roll to use was in every cubicle she visited at the client’s office.

“So how does that make you feel? We still treat our workforce a lot like children. We struggle to let go.”

**WHO ARE WE? DEPENDS ON THE ENVIRONMENT**

Our workplace design can influence how people behave.

“Because the reality is environmental cues can make us different versions of ourselves.

She showed an image of people congregated around a bar. But it wasn’t a bar. It was Twitter’s new office in New York, Chelsea.

“Everything is designed around food, around magic, around flexibility. They specifically made this a speak-easy. You can get whatever alcohol you want. But the emphasis on food is massive. And why is that? Food is about security. The values we’re looking for now are belonging and identity and security.

“One of the challenges we have with things like ABW is that it often takes away identity. It makes people feel indifferent if it’s not done well.”

**WE NEED BEAUTY, FOCUS AND CHOICE**

“In terms of my own research, if we look at the holistic workplace it’s not enough to do stuff in isolation.

“What we found is you need three things. You need it to be beautiful. And a lot of workplaces haven’t been, and they’re starting to be. It’s a fundamental human need that we have. We don’t need to be taught. But we react psychologically. And don’t just do media shot hero rooms at the front and rows and acres of open plan desks out the back. It’s not enough.

“People have to be able to focus. A trend is that private workspaces are coming back. Are we surprised? Because literally we can drive people insane if they cannot think and they cannot concentrate. What if you’re at 50 per cent of your productivity because you don’t feel well and you literally can’t think. People do not habituate to noise. We have this idea that people will get used to it. They don’t. You might think you’re used to it but if we test your body, look at your cortisol levels, and look at what your brain is doing, you haven’t got used to it and you work less effectively.

“Lastly, people need to be able to connect when they choose to. If we force them to, and we don’t think about the social factors and everything else, it doesn’t work. Obviously it’s a huge factor, but we’ve had an overemphasis on connecting instead of actually being able to think.”
Bates Smart studio director Kellie Payne started her presentation with a thoughtful view that architects design spaces that are “touch-points for humanity throughout our lives”.

“I’ve been involved in designing hospitals, schools, workplaces, where we meet, where we play, and retirement spaces. So really from the cradle to … I’ll say retirement – I haven’t gone further yet.

“And since the mid-1980s there’s the science of evidence-based design, that’s been experimenting and analysing on these spaces to understand how the design of them impacts the health of the people. I like to think of it as a David Attenborough experiment, where he’s sort of sitting there doing experiments on habitats for homosapiens, and watching them closely.

“For us, there’s a really strong acknowledgement that evidence is in well and truly that design impacts our biology, how we feel stress, how we feel anxiety. It impacts our relationships and our physical health.

“And as a practice, we strongly believe we have a moral and civic responsibility to understand the impact that design decisions have on the people that inhabit our buildings and workplaces.

“This responsibility has now hit the mainstream commercial real estate sector.

“Tools such as the WELL Building Standard have helped challenge clients and bring them onboard with the concepts. But we also believe that a checklist approach to this misses the very heart and soul. So again, these words about soul and beauty.

“First principles involve asking clients what they’re trying to achieve in this space.

“How can we look at that through the lens of creativity, to create something beautiful, engaging and unique as a result?”

The Five Factors of Workplace Wellbeing

Bates Smart studio director Kellie Payne started a project five years ago after completing the Royal Children’s Hospital in Melbourne to better understand how design can influence health.

They identified five health factors.

“Rather than a checklist this is an interactive index with different levers that clients and the design team can pull, and we can set the expectations of what the outcomes are going to be from the project. And this is critical, we have to measure it afterwards and see what we’re doing and curate it and calibrate it to get the outcomes we want.”

Vitality

“The first of our factors is your physical health. We talk about it in terms of wellbeing. ‘Salutogenic design’ is what we call it.

“Up until quite recently design was focused on pathogenic design – so preventing the spread of disease. And in the late ’70s it was decided that maybe we should change this. And it wasn’t in the late ’70s, really. It was back in Florence Nightingale’s time, where she said, ‘We have to have hospitals with higher roofs, we need better ventilation, we need natural light to make these people healthier and we will see the benefits.’

“But now we’re in a post-antibiotic age and we’re looking towards health. So salute means ‘to your health’ and salutogenic design is about health promotion. And this isn’t just something that designers
and a few academics support. This has led to the setting up of the World Health Organization as an organisation that promotes health rather than prevents disease. It’s quite a significant difference.

“When we talk about vitality we want to talk about how design helps the physical health of the building users.”

A new project Bates Smart is working on in Pyrmont, about to start construction, has been designed with vitality in mind.

Payne shared a famous study, that has been replicated many times – a memory test given to a group of people who were then split into two groups. One went for a 20-minute walk through a park; the other through a city street.

“And they came back together and were given the same memory test. And the park street strollers performed 20 per cent better on the second test than they did the first. And the city strollers: no change at all in performance.

“And there’s a multitude of studies, but in order to achieve this we can’t just put a Madonna lily in the corner of your office and say ‘There you go’. We have to understand the subtleties of these studies. And that’s why they’re repeated so often.

“What we’re finding is it’s actually the dappled light that you walk through; it’s the meander and the wander.”

Payne said Bates Smart is using those lessons to inform the design of buildings.

“We can’t just put a Madonna lily in the corner of your office and say ‘There you go.’ … It’s actually the dappled light that you walk through; it’s the meander and the wander.”

COMMUNITY

The second wellbeing factor is around social health and sense of community.

“Two years ago I was lucky enough to work with the Salvation Army, designing their new headquarters in Sydney.

“And we talked to them about the impact. So there was a study that followed patients for seven-and-a-half years, and looked at people with strong social connections, average social connections, and no social connections.

“Those with adequate social relationships were found to have a 50 per cent greater
The likelihood of surviving clinical disease than those with poor social connections.

"And this is excluding evidence around suicide and accidents. So it’s just purely your body’s ability to fight disease.

“I think social isolation is the new smoking. It is equal to 15 cigarettes a day. It has a bigger impact on your health than obesity does.

“When we talked to them about it in terms of their space, and how they support their staff social interaction along with the social interaction with the community, they completely flipped their minds."

Payne said the Salvation Army had a highly hierarchical structure in how they interacted with one another, and how they sent messages down the line.

“And it was really a rethinking about how they support their staff. The workplace brought all of their social spaces together, into a large semi-public open space with a chapel, large meeting rooms, great event spaces along with consultation rooms. And the general of the army’s office sat… in the heart of these community spaces.”

Food spaces can be seen as the social glue of an organisation.

“I’m a strong believer that in order to collaborate in a real way, to share my knowledge with you, I need three things. I need to know you – I need to know who you are. I need to like you – I’m not going to give you anything if I don’t like you. And I need to respect that you’ll do something valuable with the information or the client that I share with you. And one of the fastest way we know to build that connection is through food.

Bates Smart designed a “continuous commons” with “a whole different variety of food offerings, from fully catered to self-serve, to a small cafe, to like a domestic kitchen”.

“But I think in a very different way to the kind of Google-esque design, which is more on the kitsch end of the spectrum… it’s very experience-based. And this passion for experience does need to be balanced with real social connection, and a reality in how we live and respect each other.”

The new space has increased collaboration across the organisation profoundly.

“So we tracked people with proximity monitors before and after they moved and we’ve seen a 200 per cent increase in connections through the organisation that weren’t there before, just through this collaboration commons.

COGNITIVE HEALTH

The third factor in health design is cognitive health.

“How do we design to support occupants to think at their best?

“And I think the evidence is well and truly in. We can influence this through our design and I think the finance sector has probably been one of the most passionate uptakers.”

Payne mentioned a project for Latitude, a fintech company.

“Issue of trust is easily the number one issue for the sector. This trust is not only with their customers but with their staff as well, because if you want your customers to trust you, your staff have to trust you. Because they’re the go-between.”

They’re also facing issues to do with innovation.

“The complete foundations of the finance sector are collapsing. They’re standing on shifting sands. So they really need innovation.

One of the key issues Bates Smart talked to the client about was cognitive function.

“One of the biggest impacts we can make on cognitive function is natural daylight. It’s highly restorative.”

Payne recounted experiments where in Sweden post-operative patients were put in rooms either with an abundance of natural light or not.

“The sunny side of the ward had 46 per cent more daylight. And they took 22 per cent less painkillers while they were staying there. Just through this one change to the space.”

At Latitude, every workspace is within 7.5 metres of natural light.

“And we think that makes a huge difference
to how people perform in the business. It’s also about gentle curves. It’s part of the biophilia piece. We call it ‘soft fascination’.

“If we gently curve the corners and bring people into rounder spaces, their fight or flight instincts change completely. So there’s studies where people are hooked up, measuring their cognitive function, and looking at sharp geometries versus curved geometries, and there’s a 50 per cent reduction in the fight or flight instinct when we’re looking at curves.”

This is particularly important in financial institutions.

“There’s a lot of threats.”

“When you do come to cut your budget, acoustics is not the place to start.”

Acoustic performance is also critical. “When you do come to cut your budget, acoustics is not the place to start. If you cut acoustics, you will completely reduce your engagement with your staff and their satisfaction in the workplace, no matter how gold the taps are, or how soft and comfortable the seats are. People need quiet.

“And it’s got to be one of the primary drivers when you’re planning out the space as well. So we need to have open collaboration spaces closer to circulation where the noise can bleed. They also need to have white noise buffers so people can speak openly and collaborate without fear of distracting others.

“Then we need a built form blocker – an acoustic box that I can escape into and get complete silence while I think. And that can protect the open plan space.”

In another study, which looked at people recovering from heart surgery, the room with worse acoustic absorption and separation saw patients see a 30 per cent increase in blood pressure medications needed.

“We know that acoustics affect our heart rate and heart rates are key to performance. That’s why all those silicon valley CEOs are taking beta blockers at the moment, to keep calm and carry on.

OPTIMISM

The fourth factor is around psychological health, referred to by Payne as ‘optimism’.

“So again we’re looking for the health promotion factor. We want to create spaces that reduce stress and support resilience. I think this is a large part of the crisis of confidence people are having. They’re feeling overwhelmed.”

A benchmark study that started evidence-based design in the mid ‘80s involved post-operative care patients put into two different rooms – half with a view of a brick wall and the other in room looking at a deciduous tree.

“[Those looking at the tree had] a nine per cent faster recovery time. So they left a day early. They took 22 per cent less painkillers. And – my favourite – they made 71 per cent less negative comments to the nurses while they were there. They felt they were better cared for… and their stress was reduced.”

A workplace for legal practice Maddocks was used as an example of where this has been applied.

“In the legal profession, stress, anxiety and mental health is a critical issue. They face very poor statistics around those issues, and so it was something they were really keen to address through the design.

“[Maddocks] were moving to a brand new building. They were an anchor tenant. So we negotiated on their behalf during the agreement to lease period to create a double-height outdoor room for them on the corner of the building [see book cover]. And this is connected to a double-height indoor room, which is their staff breakout. So that they can come out here and work. It’s got full wifi connection throughout. And their whole workplace actually wraps around looking down onto these two signature spaces to try to get people to maybe refocus their mind and take a break and look down onto nature.”
ENABLE

The final factor is called “enable” – supporting a sense of control over events and environments.

“Designing to enable people is actually giving control back. I think this is why people are paying $20,000 to be dropped in Iceland. While I was preparing this talk I reckon I would have been interested in it! When you face stress, we want to escape. And the ability to have some sense of control over our destiny, and a belief that no matter what happens we can face it is critical to that.

“Design plays a huge part in that.” Payne mentioned a workplace for RACV in Melbourne.

“They’d been in the same space for 20 years, and they’d had the same business structure in terms of how they structured their staff. A lot of staff dealing with poor middle management issues, line of sight management… So they used their workplace design process – and a new CEO – as a chance to flip that on its head, and activity-based working was a solution they came up with not to save space – they spent as much if not more on space than they would have – but as a way to free up their staff and give them autonomy while still feeling nurtured as part of a tight-knit group.

“There was a 26 per cent increase in job satisfaction when employees were given autonomy over their workspace.”

ENDING NOTE: THE IMPORTANCE OF BIOPHILIA

“There’s this amazing study…this is why dentists seem to put aquariums in waiting rooms.

“We put a three-storey one in the waiting room as people come into the children’s hospital because there’s nothing more important than a child in trauma and how quickly we can triage them. And the ability to calm their parents down before they go into that triage can be a life-or-death issue to get the information out of them. So we also included meerkats in some of the waiting and recovery areas, because we know that nature, and direct contact with nature, has an immediate calming effect. And despite bringing your dog to work day, I think we really do need to look at how we can integrate our lives and our workflow better with nature.”
Howard Parry-Husbands: You mentioned, Kellie, that lawyers have issues. What’s going on for lawyers?

Kellie Payne: I actually quite feel for lawyers, especially in open plan situations, because their work is highly focused. It’s very individualised. They’re always high performers. Their industry is going through such revolution at the moment … hourly rates and fees are not such an ongoing thing for them anymore. It’s much more challenged on delivering on set price fees, so collaboration is now a major driver towards success. And so this is changing the way they work, the way that they have to work together, and the speed at which they can get their product to the marketplace.

Howard: Daryl Clifford, partner at Corrs Chambers-Westgarth, how’s the new space working for you?

Darryl Clifford: I think it works really well. I think there are a number of reasons for that. Getting the right consultants; not using it as an opportunity to save money, to reduce spaces; it really focused on finding a space that worked well. So having daylight spaces, having flexible spaces – you need different spaces for different things. Having the right technology so you can seamlessly go from your work area to a meeting room and have someone pick up a phone on any extension. My two favourite things: we’ve got a great cafe, which is a great space for everyone across the firm’s divisions, skills, activities to get together. It works really well. The other favourite thing is the “fake” skylight. You look at the stairs and you go up, and it looks like there’s a natural skylight. You forget that we’ve got EY on top of us and about 20 floors of concrete.

Dr Gemma Irving, UQ Business School: A big challenge for organisations is managing the change process associated with these redesigns and fitouts. Can any of you speak to any tips on how we can encourage our own organisations to involve the people who are actually going to use the space in that process?

Libby Sander: I think it’s fantastic now that people are recognising it is a change management process … Recently, there was an organisation going to [activity-based working] in the [National Insurance Disability Scheme] space, and they said, “Actually, we’re not going to show [staff] the plans. We’re just going to let them move in, we’re going to put up some soft Christmas decorations (it was around Christmas) and it will be a really nice surprise.” Unfortunately this still happens a lot. The thing about change management is it takes a lot of time and effort. You hear a lot of dissent and you have to be prepared to incorporate the feedback. Many organisations struggle with that because of the time pressure. And I think it has to be genuine. And you have to understand not everyone is going to be suited to activity-based working. That’s the reality. People are different individually and they do different types of work. And we have to be prepared to incorporate that in the way we design our organisations and realise that change management isn’t a few memos, a couple of meetings, a presentation with the designer. It’s an ongoing process over probably several years.

Kellie: I also think one of the keys is great leadership. I think that great leaders make great workplaces. They have to listen first. They will have their own business drivers but they have to listen to what’s important to their staff.

“Change is an ongoing process over probably several years.”
Activity-based working has been a great experiment, a sort of social experiment, but I’m a bit more of a “choose-your-own-adventure” person. If they really want to sit over there every day, why do we have to force them to move? I think a great leader respects their staff, knows their staff, but then they’ve got to communicate the business drivers of what they’re doing – that this will align us with those business objectives. The leaders have to believe it. They have to demonstrate it through their own behaviour. Once that happens, we tend to see less resistance to change management.

Valerie Bares, esc Consulting: What would be three simple, easy things you can do in an open plan office to improve wellbeing?

Kellie Payne: The first thing you’ve got to understand is, what is the problem? What’s the recourse? Is it, “I don’t want to sit next to Libby?” Or is it, I actually need something completely different. Maybe I don’t even need a desk to work at.

Sue McDonnell, Telstra: The thing I’ve learnt in rolling out change in ABW, is teaching people how to share. A lot of ABW comes down to how people interact with one another. How do we incorporate that in design?

Kellie: Sharing in workplaces is actually a really logical discussion because it’s about functionality. So I can own this space, I can own this desk, but the desk doesn’t do a lot for me. I can only work on a computer. I can’t really collaborate with anyone. I can’t get acoustic privacy. So a whole lot of things it can’t do. This desk represents 2.4 square metres of my own personal space. And if I give that up [it’s for] a quiet room, a casual meeting area, a sit-to-stand desk, coffee points, a whole big array of things. And I think it’s about communicating the benefits of sharing – telling people that through sharing you get control and autonomy over what you’re doing, and it’s so much better for you. It’s quite confronting for a lot of people, especially senior people.

Libby: You have to balance it. There are a handful of empirical studies about ABW. We need to be careful about psychological identity. If we say to someone, “You can’t have photos on your desk.” People need to be able to express themselves in the workplace, and if they have no way of doing that, that’s very confronting. And it leads to indifference. So if I’m sitting next to you today I’m not even going to bother saying hello to you because I’m not going to sit next to you tomorrow. So there’s a lot of work still to be done to enact [ABW] well and not to force everyone to do it if it doesn’t fundamentally suit their personality, or the type of work they’re doing.

Kellie: A critical thing for any developers: the 3000-square-metre floor plate that was the panacea for workplace isn’t a great ABW environment.
Environa Studio’s Tone Wheeler gave the audience a history lesson on the three waves of sustainability, starting with a quick chapter on the story of Western and Eastern architecture.

Sustainability was almost built in with our first structures, Wheeler said.

There was no power so buildings had to do the conditioning and keep people comfortable and provide light.

In hot, arid conditions, such as in the Alhambra in Spain, plants, water, shade and verandahs kept the place cool. In cold climates thick timber, small windows and high insulation kept people comfortable, mostly by their own body heat. In Eastern cultures buildings were spread out for summer conditions, under shade, and small and compact for winter conditions.

“Then we reach the 20th century. And the buildings are a pastiche. Modernism thrives. Grauman’s Chinese Theatre on Hollywood Boulevard, looking Eastern but in reality a modernist box, is the first building that was ever airconditioned.

“J’accuse Wallace Carrier, the inventor of that airconditioning, because it led to massive changes in how buildings are designed. Take the Bauhaus building that initiated modern design, a building that’s completely curtain glass wall but has no airconditioning. Hence you can see the vast use of blinds on the inside in order to ameliorate the conditions.

“The Cite de Refuge in Paris, designed by Le Corbusier for the Salvation Army is a great example. For the first design he invents two terms for it, the mur neutralisant, which basically means double glazing with low-e glass; and respiration exacte, which means airconditioning.

“Unfortunately those two things didn’t exist then, and so in the late ’20s he does a building like this, and they move in and it’s impossible. So Le Corbusier comes back and says, ’I can fix that,’ and he invents the brise-soleil (sun breakers) on the outside of the building in order to make it habitable, beginning a long tradition of architects creating a problem only then to find elaborate ways of solving it.

“So we arrive at the point of putting airconditioning into buildings. Lever House is the progenitor of a huge number of buildings. A curtain glass wall that’s been airconditioned. In other words, the building could be built anywhere in any country, as Le Corbusier had predicted.”

Buckminster Fuller, an engineer, went further and suggested putting a dome over the whole of midtown New York and making it airconditioned.
THE RISE OF ENVIRONMENTALISM, AND THE WOMEN BEHIND IT

A massive disruption occurs with the invention of air conditioning, and architects designing buildings that don’t provide thermal comfort. It is a key part of what leads to the rise of environmentalism.

This is a post-World War II movement that looks at the way in which buildings have suddenly failed.

“Rising to the fore is Buckminster Fuller who, eight years after proposing an air-conditioned dome over New York, says, ‘Well, we need an operating manual for “spaceship Earth”’. He’s suddenly discovered the environmental importance of the earth.”

BARBARA WARD

“But he stole the idea from a woman called Barbara Ward, who, two years earlier had written a book called Spaceship Earth, which further demonstrates that men get the recognition women deserve.

RACHEL CARSON

Another woman at the helm of environmentalism, investigating environmental degradation, was Rachel Carson, a scientist who wrote Silent Spring.

“How disappointing and ironic that she looks at the influence of DDT and other toxins in creating cancer, but she herself dies at the age of 56 from it. But not before we start to recognise the huge influence she has on the biophilic movement and the idea of the natural environment.

JANE JACOBS

“In the built environment it’s Jane Jacobs, and her seminal book The Death and Life of Great American Cities. Jacobs, a journalist, looks at what’s happening in her own part of New York and writes at length about the way in which walkable cities, cities with parks – all of the things we now take for granted as being good urban design – are being destroyed in the name of progress. All captured in this seminal book from the early ’60s.”

Barbara Ward’s book Only One Earth, is where the word sustainability first appears.

“It’s still one of the best books that has ever been written on it.”

“"The environmental movement ... is definitely a feminist movement.”

“In that sense, the environmental movement as we have it at the moment is definitely a feminist movement.”

THE THREE WAVES OF SUSTAINABILITY

There are three waves in sustainability.

“The first one is what I call ‘moral encouragement’, which is the idea that you change your lifestyle, you change how you live, in order to save the planet.”

There are a number of resources from around 1945 about designing for Australian conditions, including Homes in the Sun and Sunshine and Shade in Australasia.

“In the 1970s we start to see a series of things you might assume to be the early Internet. The Last Whole Earth Catalogue: its motto is ‘access to tools’. So the idea here is that if you give people information they will change their life. They will transform what they do. This of course is a major misunderstanding.”

The guide was instrumental in setting up a whole series of hippy communes but didn’t actually change what was happening in the city.

“So the ideas are out there and they’re being implemented in various ways, but at the margins, at the edges. At the end of ‘moral encouragement’ is a whole series of books on solar homes. So the culmination of this is it actually doesn’t change city planning, it doesn’t change large buildings; it is just a fringe activity. By my estimates in Sydney in that 25-year period after the second World War, when Sydney’s population doubled, there were about 500,000 homes built. It is my estimate that about 50 of them were passive solar. Not a great success rate.”

SECOND WAVE: RULES, REGULATIONS AND CODES

In the ’90s and the ’00s the second wave of sustainability was rules, regulations and codes.

“In other words the government steps in and said, ‘Well this is a major issue.’

“Unfortunately I don’t think the government is a very good resource for
understanding where we are, and social roles. They tend to lag behind. “Books are still being published, but it starts to move away from the individual house and starts to look at larger issues and we start to see topics focus on solar access to lots and the ways in which subdivisions are made. More importantly, there is a national strategy on energy efficiency.”

**NATHERS** was developed and so too **NABERS**.

**GREEN STAR ARRIVES**

“We then had Green Star, a voluntary program that deals with the elites. So it takes the top one per cent of town at the very beginning, and there are signature buildings that have 5 Star and 6 Star constructions. They are awarded stars for a very complicated, very rigorous system.

“Maria Atkinson and Che Wall set it up so it was brilliantly academically rigorous, but incredibly expensive, and spawns a whole new industry of engineers sitting at computers doing simulations to try and prove whether the building does in fact save that last one per cent of energy and goes from being 4 Stars to 5 Stars.”

While Australia has excelled at the top end, the performance at the bottom end is terrible. “Almost every country in the world has better building standards for thermal comfort, lighting and energy than Australia. Australia has far-and-away great standards for human safety and fire safety. The Grenfell tower could never have been built in Australia. For that we’re very thankful for the building code. But unfortunately other parts of it were never enacted. Which led to a point where Australia had 30 per cent of its homes without roof insulation... the very basic requirement for thermal comfort.”

**THE THIRD WAVE**

The third wave is about lifestyle, liveability and quality.

“By this I mean just don’t mention climate change, solar, green or any other thing to do with sustainability. Those words lead to all sorts of protests.”

The smart move is to talk about people’s lifestyles, Wheeler said, giving credit to the Institute for Sustainable Futures and Dr Chris Reardon for the YourHome website.

“It’s a fantastic resource. It tells you an enormous amount about all aspects of a sustainable home.”

“The third wave is about lifestyle, liveability and quality.” Wheeler also mentioned the “long life, loose fit, low energy” maxim of building.

“It moves away from energy and water and starts to move into what the buildings are made out of. And then it becomes human health.

“In Australia we respond with one of the great websites for this, which is Ecospecifier. Originally a start up at the RMIT in Melbourne, Ecospecifier is now a privately run business based in Brisbane that has now gone worldwide.

“And it starts to influence the way in which materials are being sold. You start to get [companies] pitching their ideas about their materials partly on their recyclability, the cradle-to-cradle, but moreover on human health.

“There was a proliferation of technical information, but the people-centric approach came with John Elkington’s Cannibals With Forks, which contained the premise of the triple-bottom-line.

“This book is only 20 years old. This idea that you put people, planet and profit together and that that’s how businesses get run is a very recent but very potent thing that many of the large businesses are looking at.”

Wheeler said we’ve now reached a position of “peak sustainability” or “how green karma runs over brown dogma”.

**THE FUTURE IS NOT TO BE FOUND IN GOVERNMENT**

“What is significant about this is they strived to get the very best building they could under the early Green Star. It was never post-occupancy evaluated. They

“Now I think Australia is a perfect example of this. Because we have world class green karma. But sadly we also have industrial-strength brown dogma. There’s no other country in the world where the national treasurer would stand up in parliament brandishing a piece of coal, saying, ‘This is the future.’

“So, as Howard said, leadership is invested. It is going to be bottom up. You’re certainly not going to find it from federal parliament.”

What you will find it in is the amazing technological advancements from places like the University of NSW developing “the world’s best silicon chip”.

There are a number of buildings embodying green karma. Wheeler notes Lendlease’s previous headquarters at 30 The Bond in Sydney, the first 5 Star Green Star building.

**REDUCING STAFF CHURN AND LOST TIME**

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never went back and looked at how much water and energy they saved. In the words of the development managers, they didn’t need to because they were already making so much more money from efficiencies from the staff.

“This is the seminal building that shows in Australia what has been happening widely overseas – that you don’t save money in energy and water. What you do is you save money in the reduction in staff churn, in the reduction in lost time. Yes you get the problem of presenteeism. The building is so much better than your home. If you’re feeling ill why not go to work? You’ll feel better there than you will in your home. And so presenteeism rises. But absenteeism falls; work productivity goes up. Work hours shorten but productivity goes up.

“So the importance of this is it starts to show a world in which people can enjoy going to work. And Lendlease banks the profits from that and starts to promote it as its means to its corporate clients, that it can produce world class interiors, not on the basis of energy and water, but on the basis that they’ll provide places where the corporates will want to come.”

Wheeler also mentioned a building he designed in Perth, the Kingspan Insulation headquarters, because he believes the focus on large CBD offices “betrays the fact that many more people work outside the CBD, and many people work in small offices”.

“They threw everything at CH2 to see what worked and what didn’t.” Wheeler said about 50 per cent of what was thrown didn’t stick – the shower towers and wind turbines, for example. Much of what did work was hidden.

“There was this enormous phase change material in the basement. Not very sexy unless you’re an engineer. But what it did do is deliver an extraordinary change to the internal environment by looking at the way in which people feel comfortable. Turns out people actually react to radiant temperature more than they do to the convective temperature. It’s a recent phenomenon.”

Wheeler also mentioned Council House 2 (CH2) in Melbourne.

“A building that had an extraordinary number of ideas in it. Almost every piece of technology, because it was council-promoted. They threw everything at it to see what worked and what didn’t.”

“We convinced them to buy the furniture for the long-term.”

The sustainability of the building was so high that they would need the furniture there for a long time.

**OVERCOMING BROWN DOGMA**

“My lessons are simple,” Wheeler said.

“Moral encouragement is defeated by GIGFEE – Green Is Good For Everybody Else.

“Although Howard had the demonstration of people who believe in green – 86 per cent – the people who will act on that for their own life and put their money where their mouth is is less than three per cent. ‘Green is good. Everyone else should be doing it. But I’ve got an ageing grandmother. I’ve got children. I’ve got to get to soccer training across the other side of town. I need that super-powered hummer to do it.’”

Wheeler said the way forward was to “focus on people”.

“It’s the customer not the client. It’s a huge lesson for architects. It’s the customer. It’s the occupant not the building.

“We need flexible and diversified spaces. We need hybrid and mixed-modes of engineering. The old idea of linear deductive reasoning for engineering is gone.”

“The interior of it uses everything you see at the high end, which is to say a super esky – a super insulated building.

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“Long life, loose fit and low impact.”

His last note was a lesson for designers: “We need to be collaborative, consultative and not formative.

“So I ask you to go forth and make better places for people.”
Floth ESD consultant Loreta Brazukas is a specialist on the WELL Building Standard and her presentation focused on the more than 100 features that make up WELL, addressing seven concepts: air, water, nourishment, light, fitness, comfort and mind. The biggest WELL differentiator, she said, is verified performance.

Brazukas began with an image of a runner in full flight breaking through a finish line.

“How does this image make you feel? I’m not going to talk a lot about research today. I just have two research studies I want to share.”

The first, she said, was a good one to explain the essence of the WELL Building Standard – a study from the University of Toronto for a call centre, which separated people into two groups.

“The groups were asked to get money for a charity. One of the groups had the image placed into its script. Nothing was said about it. It was just an image placed into their script. And then both groups went away and started gathering money for the charity.

“The one with the image gathered a significant amount more money. And this experiment was tried and tested again and again, and they found the same results.”

Brazukas said the debriefing was the most interesting thing about the study.

“They asked people about the image in their script. Time and again the response came, ‘What image?’ People didn’t even notice the image. It was in their script and was affecting them and they didn’t know it was doing it.

“And I think that’s a really great example of how you don’t have to actively see something for it to influence you unconsciously. And that’s where the WELL Building Standard comes in.”

Brazukas said a lot of WELL’s features were not intended to be obvious and “in your face”.

“They’re to affect you unconsciously.”

There’s more than 100 features that make up the WELL Building Standard, addressing seven concepts: air, water, nourishment, light, fitness, comfort and mind. There’s also an innovation category.

“I think the biggest WELL differentiator is verified performance,” Brazukas said.

“WELL is data driven, and it’s a third party that goes onto your site and does all of the air quality testing, water quality testing, light testing. And that’s really where the robustness and integrity of the system comes from.”

It is the first tool to focus exclusively on building occupants and health and wellbeing, she said.

“It is evidence-based. It tries to take all of the research and codify it into best practice for design and construction to give project teams some advice and direction on how to use that information.”

As an example, Brazukas mentioned a study that had influenced the WELL Building Standard on air quality.

“This was a double-blind study where there were occupants coming into an office working, a group of people changing the air quality of the space – so it ranged from poor quality over 1400 parts per million of CO2 to great air quality of 550ppm – and then a group of psychologists who didn’t know about the changing air quality came in to test the cognitive function of the employees.

“What they found was those differences in air quality really affect the way people think in terms of strategy, information usage and crisis response. It’s really when people have to think that those CO2 levels have the most significant impact on human health.”

Brazukas said WELL was taking off because people were investing in people, “and that’s because for a typical service-providing business, their main cost – 90 per cent of it – is staff.”

“About 15 per cent of that 90 per cent is affected by poor wellbeing.”
EVIDENCE-BASED DECISIONS IN SHORT SUPPLY

CHRISTIAN CRIADO PEREZ, UNSW BUSINESS SCHOOL

Christian Criado Perez was part of the following Bring Your Office to Life panel. Here is an article describing the work that underpinned his contribution – an in-depth study of 200 senior managers in the Australian built environment sector to assess the key drivers shaping the design and development of office buildings.

Is it the role of managers in the built environment to stay in touch with the latest research on best practices in their field? Given the impact that their decisions can have on building performance and on occupants’ wellbeing, I argue that it is an essential part of their role. Striving to base their decisions on the best available evidence is not only in their best interest, it is their professional responsibility to all stakeholders involved.

Researchers and industry experts across the globe have identified multiple practices that optimise the design of our workspaces, resulting in improved health, comfort and productivity. Thorough post-occupancy evaluations, numerous scientific studies on the built environment and careful analysis of innovative practices are rich sources of information that organisations can rely on. Unfortunately, decision makers rarely capitalise on this opportunity and often ignore rich sources of evidence, applying lower performing solutions.

Based on interviews and survey responses collected from over 200 senior managers in the Australian built environment sector, we assessed what key drivers are shaping the design and development of high-performing office buildings.

One of our key findings is the overarching risk aversion that is present among all the stakeholders involved. As a result, innovation and cutting-edge solutions are often replaced by repetition of suboptimal designs and a strict adherence to the minimum requirements from codes and rating schemes. In parallel, the growing complexities are driving managers to rely more on expert consultants and industry guidelines, which managers are trusting to be making recommendations based on rigorous evidence. But are they? Should managers rely on third parties to be evidence-based?

“One of our key findings is the overarching risk aversion present among all the stakeholders involved.”

The influence of specialist consultants and industry bodies highlights their potential role in positively influencing their sector with evidence-based practices. However, this also represents a risk, as the evidence that these experts ignore will often be missed. A solution to this problem is for managers to surface the assumptions made and evaluate the evidence that supports them. This analytical capability is a core part of evidence-based decision making (EBDM), which is setting a higher standard for the built environment by relying on the best available evidence from research and practice. It is a framework that has yielded great benefits in medicine and social policy by informing decisions with the best available evidence. The concept has become somewhat popular in the built environment under the label of “evidence-based design”, yet our research shows that EBDM is not widely practiced in this industry.

While we have identified some patches of EBDM in the built environment, several important sources of evidence are often ignored, particularly those beyond one’s organisation. The anecdotal evidence and learnings from personal experience is highly influential, but a true expertise requires learning from within and beyond ones inner circle. While there are positive initiatives such as knowledge-sharing practices among colleagues, it is worrisome to see the conclusions that are drawn from sparse and narrowly scoped data. In the meantime, other valuable evidence such as academic research and an assessment of the outcomes of previous decisions are mostly untapped.

There are several obstacles in the sector for the full implementation of EBDM. Our research has identified some of these obstacles and has put forward a number of strategies to promote the adoption of EBDM.

Some of these practices involve the systematic collection of feedback from occupants – this requires collecting quality data from a large sample, in contrast with asking an HR manager to comment on whether their staff is happy with their new office; tapping into the knowledge available from academic research; promoting a culture where the exploration of novel evidence is encouraged and part of the “standard” process; and framing each project as an opportunity to learn and increase their expertise. Adopting EBDM turns any project into a learning experience where expertise is fine-tuned and flourished.

For a brief report expanding on these points please click here.
Tina Perinotto: Christian, tell us about why you’ve found very incremental forward movements in innovation.

Christian Criado Perez: What we found was a very, very risk-averse environment. The ideal evidence most persuasive to decision-makers was, “What has been done and is working?” They like to see the building down the road that’s implemented this new technology and if it works. And then they’ll go and use it. But the consequence of that is there’s very little innovation.

Tina: Christian you also said that between engineers, owners, developers and architects, there was marginal difference in risk-taking – even architects. Tone?

Tone Wheeler: Can I throw this to Laura because my view of it is that architects have dug a grave for themselves by talking about themselves and not their clients. The clients are often getting advice from real estate. And therefore I want to hear from Laura – what is the real estate industry doing?

Laura West: I’d like to think that my approach is much more collaborative. It’s about working together to get the greatest outcome. So listening to what everyone has spoken about this morning… we have to put our egos aside. A lot of us in the industry have quite large egos and that can often get in the way of better outcomes for our cities and for our organisations.

I think the clients that we’re working with are highly risk averse, and at the end of the day they have shareholder returns and we have to look at their business strategy and what they want to achieve. The image you had up there Tone about people, planet and profit is 100 per cent correct, but whilst we would like to deliver that advice when we’re speaking to clients about their workplaces, the planet tends to take lesser importance when you’re looking at that bottom-line cost and you have option A versus option B, and option A may have that great value to the planet, but it comes at a higher cost right now.

So it’s fantastic to see what’s coming out of the ground, such as 25 King Street, Brisbane’s first [cross-laminated timber] building. That’s exceptional and a great outcome. Lendlease is doing a fantastic job with that, and I hope that work will continue, particularly in Brisbane.

However, in real estate we’re chasing lease expiries and chasing outcomes so we often come up against time, and I think that’s where a big challenge comes for organisations, as to how they balance people, planet and profit to ensure that they’re meeting everyone’s expectations. So it’s fantastic when you’ve got leaders of organisations who will take a collaborative approach. We are seeing a real increase in change management come into places now in workplace strategy. And that’s something that’s definitely on the increase.

“A lot of us in the industry have quite large egos and that can often get in the way of better outcomes.”
Tina Perinotto: Loreta, you’re a WELL professional. What’s the appetite from the clients in taking up WELL?

Loreta Brazukas: I think the driver of WELL is definitely that employer [tenant] looking for a WELL-certified spaces so they can then pursue their own WELL tenancy ratings.

What’s interesting is that very early on in some of our projects – maybe three years ago when WELL was fairly new – we did have a lot of conversations with real estate agents about what we want to do in new projects, what our tenants are going to be looking for 10 years down the line and to future proof the buildings. A lot of real estate agents we spoke to had this idea about wellbeing: that’s what everyone’s asking for. They want spaces designed for wellness, and that idea was thrown around a lot.

But I think what happened is the WELL Building Standard came in and really codified that. Because even as people were talking about it, it wasn’t very well defined. And now you can actually point to something – standards and codes – and say, “This is what we need the space to be designed to.”

Tina: Is it just the top-end clients asking for WELL, or is it moving down the ranks?

Loreta: The standard is freely available online so I think a lot of people are looking to it as best-practice guidelines, and looking at maybe implementing bits and pieces without fully registering or certifying the space.

Anthony Marklund, Floth: Certainly we are seeing not just the top end of town going for WELL; smaller buildings as well are actually implementing these measures. And interestingly, on a town planning front, we’re actually seeing development approvals requiring WELL, for example from [Economic Development Queensland].

Laura: One of the biggest challenges is leadership. Often we’ll see that within that 10-year lease term arising you’ll have a CEO that will come and go. So you get that disconnect. In such a long period of time I think we need to look at how we can work more flexibly to deliver these great outcomes.

Christian: These ratings are a great way to foster evidence-based practices. They are based on evidence, but I do see a risk in missing the soul of the building, if you start going after the checklists or stars and missing the bigger picture. And that’s why we focus more on the importance of evidence-based decision-making in general, beyond simply achieving that rating scheme.

Josiah Padget, CETEC: What innovations have you seen that you’re most excited about in the built environment?

Tone: One of the really exciting things is that industry is overtaking universities in research at the bigger end – Lendlease, Stockland and others – [especially with cross-laminated timber, think giant pieces of plywood. You can’t design a high-rise timber building] as an architect. It’s a completely different set of rules. So you have to have engineers in the room right from the very beginning. Lendlease is now in dialogue with a company setting up in Wodonga to use Australian forests to make this CLT. It happened earlier in New Zealand, because they’re way ahead of the curve on this. Cross-laminated timber has been one material that is not coming out of research labs; it’s coming out of businesses who are looking for a better, cheaper way to build a building. And the current zeitgeist is that many of these things align to green as well. And that gives them that added impetus.

“One of the really exciting things is that industry is overtaking universities in research.”

Laura: [Another innovation is] co-working, which we’re seeing a huge influx of nationally and also globally. A lot of people look at it and say, “What does that
mean for our organisation?” Particularly in real estate. I think we need to look at what technology and co-working can do for us and how we can embrace it, and think about what it will be, because it’s moving at such a pace. And I think that’s really exciting for us as an industry over the next two, three, five, 10 years.

Louisa Carter, Arcadis: We have had a discussion mainly based on tenant-based investments. And I think there’s potentially a large moment in our buildings and procurements and tenancy agreements around “making our markets”. So, for example, at Arcadis we only have 70 per cent of the desks for 100 per cent of an agile workforce. And this has been something implemented in the last two years. What this means is there’s a big moment in time as buildings get re-lived. So what could that mean? It’s about the neighbourhood of a building. It’s about the fragmentation of ownerships. It’s about people needing less space but more collaboration and co-working spaces. It might just mean that some building owners make their markets around customer focus. Any reflections on that?

Laura: In our CBRE research, we’ve seen that while the area occupants are taking is [reducing] – they’re densifying – it doesn’t actually feel like it. Because occupants are being smarter about how they’re using spaces. And we worked with Arcadis on space at 120 Edward Street, and it was a fantastic outcome. So I think it’s great to hear their reflection on that.

Tone: The issue I think we’ve been facing in Sydney and Melbourne is the change you’re talking about, in terms of leasing and owning, will be that people will no longer be willing to train to the central CBD as the place of work if the journey to work destroys the day. Therefore what we’re seeing in Sydney is the rise of satellite areas akin to London more than any other city – the rise of places like North Sydney, St Leonards, Chatswood, Hurstville, Penrith, and so on.

That actually has a much greater impact on what kinds of buildings there will be because they are not going to be in a CBD tower. And those buildings have a different method of procurement. I think the big change that’s coming in the big cities – the big four – is to do with integrating transport and buildings. And it’s that nexus that’s going to mean the actual buildings that people live in and work in will have to be closer, and that’s a massive reorganisation of the city.

Howard Parry-Husbands: We’ve just done research with people who commute and they’re actually happy with a longer commute. Everything you read about is, “I want it as quick as possible.” What they really want is the certainty. Twenty-five minutes? Half-an-hour? They don’t really care. This is valued time. And it’s very rare “me” time. I think we need to be iconoclastic and challenge conventions, because that might challenge the built form. This is also about collaboration – planning transport systems around buildings. Many of my clients are in this room. And to be honest I often look at a precinct like this and ask, “Well what’s next to it?” And they go, “I don’t know. I’m not doing that bit.” The person on the streets sees it all. And there’s [currently] no integration at that macro level.
In terms of density there’s no doubt that Sydney – a city 100km long and 50km deep – is a city that could easily contain twice that population with no loss of lifestyle if you chose the building typologies correctly. Rob Adams has done a study in Melbourne that said you can accommodate twice the population of Melbourne simply by taking every High Street – which he determined to be a street that had a tram on it – and you doubled the height of the buildings along those High Streets. You could double the population. So there’s questions to be asked about the building forms. We need to try to get to the people who are in small office buildings, or industrial parks and technology parks and so on. They need as much attention to make those buildings better as you do in the CBD.

Jeremy Mansfield, Lendlease: Just commenting on innovation and how to get over that risk aversion, one of the ways that we’ve discovered you can really buy in people and organisations is through prototyping, experimentation, minimum viable product-type approaches. That works for very large hospitals. I’ve even discovered it when trialling a number of electric vehicles, to understand how they operate – how you actually understand how you interface with technology – so you actually learn by doing. It’s about getting that feedback so you can actually respond to that.

Christian: That is a perfect example of being evidence-based, because you’re challenging your assumptions and you’re saying, “Well let’s collect rigorous data on what works and what doesn’t.” When we asked people what they trusted and relied on the most, they said feedback from clients and customers to see what works and what doesn’t.

But when you dig a little deeper to see how they did that, they said, “Well we email the HR manager and ask how happy the staff are.” It’s already challenging enough to measure productivity and things like that, but if you’re relying on an HR manager to tell you how happy the staff is based on the building, that’s just very poor data.

“We need to try to get to the people who are in small office buildings, or industrial parks and technology parks. They need as much attention to make those buildings better as you do in the CBD.”
The Queensland Department of Housing and Public Works has a number of sustainability-focused policies and strategies in place. It also has a split incentive problem and one million square metres of lease space available, Axl Driml said.

Policies to achieve better performance include: by 2025 getting portfolio buildings up to an average of five-star NABERS both leased and owned; by 2050, getting onboard with the carbon neutral existing buildings trajectory through the Climate Change transition strategy, the Queensland Building Plan 2017 and the Power in Queensland Plan.

Before the 2017 state election and a government promise to bring in Environmental Upgrade Agreements, the t3 Initiative was underway.

The strategic target is to take the worst performing buildings and gradually build them up through LED upgrades, mechanical plant upgrades and other measures.

“Being our buildings, we’ve got that particular control over things. To improve the strategic management of buildings throughout life cycle assessment… that’s coming in at the moment.”

Tools being trialled include Green Star Performance.

“When we do get the opportunity, we do get to construct Green Star-rated buildings and we’ve got quite a few already in our portfolio; for leased buildings, we’ve got control over the energy usage within the fitout.

“We are a pretty large organisation in the market, so we can use our market influence to really push leases – as poor performing leases come up, we can replace them with our higher performing lease, and we can just appeal to the good nature of the landlords.”

Solutions need to allow tenants to stay in-situ and improve the energy performance of leased space, which also overcomes the split incentive.

The landlords own most of the light fittings, the tenants pay for electricity on those light fittings so what they can do to improve outcomes is encourage the landlords to improve the light fittings, through programs such as t3.

“The strategic target is to take the worst performing buildings and gradually build them up through LED upgrades, mechanical plant upgrades and other measures.”

How do you make the business business case for better more sustainable offices and take your pitch up to the C suite? We set the scene for some quick elevator pitches. Axl Driml, principal sustainability manager, Queensland Department of Housing and Public Works, made the overall case for change. Roger Walker, national director of facilities management at Incorp, focused on the t3 Initiative – an industry-led program, run on a cost recovery model, designed to improve workplace energy efficiency and performance.

Led by Incorp and Brisbane City Council’s sustainability agency CitySmart, the t3 Initiative removes much of the complexity and bureaucracy that has stifled the growth of Environmental Upgrade Agreements, while still addressing the “split incentive” issue that makes upgrading existing stock difficult in the highly tenanted commercial building space. See this article by The Fifth Estate. The initiative is named to reference the three pillars of sustainability touched on by the program – economic, environmental and social.
“It’s an agreement, a very simple agreement between the tenant and the landlord to give up a certain amount of [energy] savings back to the landlord so that they can then start financing some upgrades.”

The t3 solution involves the tenant entering into a voluntary agreement over outgoings, while the owner receives an income stream that can be invested back into the building, Roger Walker said.

Incorp is doing its first two Brisbane buildings under the t3 Initiative with Housing Public Works and QIC, at 33 Charlotte Street and 111 George Street. The lighting upgrade for these buildings is being made to meet compliance requirements for the WELL Building Standard in terms of melanopic light intensity, making it easier for future tenants to pursue WELL ratings.

“The savings go back to QIC to provide them with the incentive to fund that.”

The Initiative has been based on Environmental Upgrade Agreements, but has been simplified, and the key component is there’s no change to the actual lease.

“What we’re saying is that we’ll give you a bit more money if you change the lights… “

The initiative is “a cultural change program” based on the triple-bottom line.

“So we look at the financial, the environmental and the social.

“What we’re actually doing is changing our conversation and it’s an industry conversation and a problem that’s been around for years.”

Under the t3 Initiative, Incorp says to tenants, “You’ve got a choice at the moment.” The culture is changing, the expectation of people they employ is changing. We need to be smarter, we need to look at the external environment and social aspects of what we’re doing.

“That discussion is, ‘Would you like to continue paying your electricity bills and the maintenance for the asset, or would you like to go a bit further with an owner? They will invest in improving the workplace for your staff, so that’s your choice.’”

There are very few tenants who decline. Once the agreement is made it is up to the owners to decide how they will fund the works.

“What we do under this to simplify it is have a locked income stream… there’s not a whole lot of procedure to go through.

“Anyone across the industry can hopefully manage those projects as a cultural change, so then all of a sudden we get a whole lot of investment in existing buildings utilising expense lines to improve the assets and reduce our environmental impact as well.”

“PERSPECTIVES ON WELLNESS

Jack Bartlett from Johnson Controls gave an example of how the company had been pursuing wellness in its offices.

In a similar program to the WELL Building Standard, the company’s control systems measure and verify information including temperature, humidity, VOCs and CO2, with inputs then introduced into the building to control those factors.

“Comfort isn’t just a measure of temperature,” Bartlett said, “and for years it’s been around controlling airconditioning to maintain stable temperature for tenants and making them comfortable.”

What is felt in the office is a combination of temperature, humidity and VOCs – so the off-gassing of different carpets and paints and materials used in the space, and CO2.

Too much CO2, for example, makes people feel stuffy and tired.

The company has been introducing a system called “the Shaw method of airconditioning”, which is based on decoupling latent heat from sensible heat.

“What’s great about the Shaw method of airconditioning is it’s infinitely retrofittable within the build environment. So there’s very little to no impact upon the building tenants as we go through and do the works.”

It achieves better indoor environmental control and actively controls the humidity and the temperature in the space, and allows users to introduce a lot more fresh air into the building. It also eliminates “parasitic” heating load that’s in the building.

“Traditionally to control the humidity to keep people comfortable, you need to overcool the air, so you require hundreds of kilowatts of airconditioning to do this, and then you introduce electric heat to re-heat that air to a temperature that keeps you comfortable, not only within the humidity, but within the temperature of the space.”

The Shaw method eliminates electric re-heat completely, eliminating hundreds of kilowatts of electric re-heat, and eliminates a hundred kilowatts of overcooling too.

“So, it has a huge energy benefit, and also makes people a lot more comfortable within the space.”
INVESTORS EMBRACE ACTION – THE BIG TRENDS IN OFFICES FROM THE TOP

They’ve heard the evidence. Now where will investors put their money? Here’s an edited version of what they said in the Investor Panel.

PANELLISTS
Deborah Bishop, asset manager, Dexus
Craig Rodgers, innovation lead – office, Charter Hall
Liam Timms, fund manager, International Towers Sydney, Lendlease

MODERATOR
Tina Perinotto, managing editor, The Fifth Estate

Tina Perinotto: Liam, how important is sustainability?
Liam Timms: I look at the sustainability side as a very holistic approach, and there hasn’t been a project where the team hasn’t stepped up the level of engagement during the course of the project. There is always ongoing discussion.

In a recent conversation with an off-shore investor, they mentioned a real estate conference in New York where Australia was mentioned as leading the market in capability and innovation, despite what we’re saying about ourselves.

There are organisations that strive to achieve, and this is something investors look at when globally assessing where to place their capital. The drive to achieve benchmarking is critical, and the innovation that happens at the top of the game ultimately filters down to us at the coal face.

For example, with light fittings, it was the big end of town that was specific and set the standard. Today, you can’t buy inefficient light fittings and you’ve got to thank the guys who started at the front end of the game, when people criticised us and said, “Oh, your projects are costing you more money.”

The bottom line is that everybody is benefitting from that behaviour and therefore the willingness of those big investors who have the vision to back their managers to be ambitious is really critical because it helps every single person.

Now if you go into Bunnings, most of the timber product is certified. So it’s nearly harder to behave in a negative way compared to 10 or 15 years ago.

Tina: When it comes to big innovation, we hear it’s usually one or two people that really push it and pull the whole industry or the whole organisation forward. Do some people have to really stick their necks out?
Liam: Many times I’ve found my role is to protect the people who work for me to be ambitious, who sit out there on the branch and not feel like someone’s busy trying to saw it off.

Unfortunately, that’s what happens in most corporates – you work in a very hierarchical structure and nobody goes for it unless someone has proved it 10 times over.

Someone said to me, “How are you going to change the industry?” It’s quite simple. We’re just going to go and do it, then we’ll win an award for it, and all our peers will think, “We want it too.” Then the industry approves. That is a very Australian thing.

Some people say that overseas people record their footprints and do all the

“In Australia we have an absolute fervour for beating each other.”
obligations. But they say in Australia we have an absolute fervour for beating each other.

I think that’s because our background has always been a very diverse, capable community. We’ve always had to be diverse, we’ve always had to be resourceful and capable and I think that just plays out in the way we do business.

Tina: Craig, there was an article about Charter Hall saying “we love sustainability”, so tell us how much you love it?

Craig Rodgers: It’s been a big focus for us for a long time now. Recently we were awarded the largest Green Star portfolio in the country and we rated something like 170 properties with the existing Green Star tool.

That was a big project for us and a big commitment, but I think the market is now at a point where you can’t not love sustainability. I think sustainability is just hygiene; we need it for our investors overseas, they’re looking at us through different rating tools like GRESB and other mechanisms. Tenants are expecting sustainability and we want to care for the community, we want to do the right thing, and having a good sustainable approach is all about how we achieve that.

Tina: Deborah, you’re in charge of Waterfront Place and the building is 35 years old. So, what about the challenges of that? Tell us about what you’ve had to do to bring it up to the standards tenants expect.

Deborah Bishop: Dexus has a massive commitment to sustainability, and we identify that on many levels, from the environment through to the building through to creating options.

At Waterfront Place we’ve had a great partnership with our customers and some really good investment from an owner’s perspective over the years.

It also helps that we’ve got a pretty fabulous building design wise, with really good footprints that we’ll be able to retrofit really beautiful spaces without much trouble. The developers left us a great legacy, so sustainability wise, we’ve got the essential services, 200 per cent redundancy power, we’ve got massive floor plates and we do all of the lovely things that we’re creating in our products. But ultimately customers expect a great base building environment.

That has meant, for example, customising an LED light fitting for the building’s grid at a higher cost than T5 lighting. The cost was justified because we could prove to customers on leasing inspections that not only do you get a great building, but we’re helping their bottom line. We will invest in the fitting because operating costs will be less.

So, it’s been a case of building on that year on year, with just getting the base case right … then your performance is both beneficial for your base building and for your customer, then we can have a lot of fun with adding to it each year, and so that ends in some great stories.

Tina: How far can we go in designing a building? What’s the ingredients for a building that’s going to last a really long time?

Craig: That the million-dollar question. We’ve all heard this morning the way we use places is changing, and it’s changing because the technologies are not keeping us to our desks. It gives us options about where we can work. You don’t need to come to the office anymore. We can work at a café and we can work in a third space, and a third space might be a lobby space or it might be another area that we can activate now.

So, I think that technology really is the key and we’re building buildings now that have a high focus on technology. Real estate’s not just about the bricks and mortar. It’s really about the technology first, then the people and then the bricks and mortar. It’s really flipped around.

I think if we can get that technology piece right then it lets people have a choice, it unlocks them and gives them good decisive data, and they can make decisions about their business, how they use the space, how their people use their space. But it also connects people in a community way and creates some emotion around the workplace and drives
some collaboration within the space, and I think that’s a good thing.

Tina: Some emotion around the workplace? That’s interesting.

Craig: Well I guess it’s a bit like putting the soul back into the forest; putting the emotion back into the buildings and getting that emotional connection between the user and the workspace.

Tina: So Liam, how far do you go at Lendlease in terms of technology, sophisticated data? How far do you go in the sensors and data you put into buildings?

Liam: It is moving so rapidly. Discussions are continually needed, as technology can become redundant within a few years, so let’s not lock ourselves down. How information is used also matters.

If you think about the cost of people, employees and their level of performance, real estate is a lever to that success. It’s not a cost. It’s not there to be fought over like the cost of A4 paper. If you’re dealing with the procurement people, if they want to fight with you over that sort of stuff, my advice: stop the negotiation, talk to somebody who has a business where they understand that the talent is what matters to them, the thought leadership of those people and how those people can change the future – because I can guarantee you they’re the business you want to have in the space, in the community, because they’re the ones that will thrive.

Deborah: We see it as an absolute partnership. We want our customers to have their staff wanting to be at work, and we strive to meet those needs and it’s an evolving process. At Dexus, we try risky things. We’ve got a project at the moment where we’re trying to create a space that’s completely flexible – sort of next-level WeWork.

So technology is traditional for us. We’re creating products to accommodate for business’s changing needs. People don’t want as many meeting rooms, they want to use their space differently. So we’ll do that work for you and create that product for you. You focus on what you need to do – keep your Millennials happy – we’ll keep adding to our buildings, different products. We’ve got lots of different things we like to roll out and experiment on and just keep evolving because, you’re right, things are changing so quickly, and we’ve really got to keep up with that.

Craig: I think the rate of change of technologies has happened so quickly that we are going to be replacing things, but if we get the infrastructure right from the start, I think technology’s going to be a bit more plug and play.

I think we’re going to be plugging in different software apps from the cloud. There’s 2.2 billion mobile users now with two-thirds of people actually preferring to access the internet on their mobile phone. So, the mobile phone is going to be a huge key piece of equipment in real estate, on how we actually give people access, how we let them interact with the building, how they personalise their space and how they actually collaborate within that space. It’s definitely going to be a big part of it.

Tina: Charter Hall has a prop tech start up hub, and you do something called Comfy. Can you tell us about both those things?

Craig: The prop tech was an initiative Charter Hall invested in this year as the
first property technology accelerator within Australia. We partnered with Collective Campus out in Melbourne and went to market looking for property technology ideas. We had 50 applicants who applied for the accelerator program, and we chose four successful ideas… two marketplace ideas and two technology ideas.

Comfy is an app that connects users and space with the building control system and allows users to actually change airconditioning in their space. So, it really is a tool that has artificial intelligence and machine learning. It learns what every user likes in the space and then uses the zones within a building to give different levels of comfort depending on what people want.

It’s a little bit scary to some people, Comfy, that concept. We like to control our spaces. We think one temperature fits everybody, but everybody feels temperature differently. By giving people power to control the temperature, it makes them happier. We’ll see how that one plays out as we roll it out into four buildings in our portfolio. Johnson Controls is also using Comfy in their office in America to control the lights in their space.

Tina: We’re going open up to the floor for questions.

Phillip Saal, Aurecon: I personally believe we can tell a story to some of the [risk averse] people trying to bring them around, and that that might be a way that we’ll get a larger uptake of these sort of technologies and the initiatives that we’re talking about. What in your eyes is the most convincing story we can tell those people who are just looking at the bottom line, or perhaps aren’t convinced of the benefits?

Liam: If you’re talking to a C-suite person, you know very quickly whether you’re going to do business with them because they will get immediately the bit about talent, what it means to their business and the attraction of talent to their business. For those in the process of looking at a new development now, that design on the drawing board, by the time that’s delivered, the person you’re trying to attract coming out of uni is the kid at school who is 12 years old today. So if you haven’t got a completely open mind to have that discussion about being adaptable going forward and having a space where you can partner with those people occupying the space to continually improve, continually add to the space, then you’re not going to get anywhere.

That’s why we are very careful, from my perspective, about who sits inside that environment. And you’ll find those businesses [with an open mind] are always willing to invest forward, ahead of the curve, versus the people who want 10 silent reports on why they should do something. The people who are investing ahead of the curve are the people you can experiment with, you can fail safely with, which is really critical to success in the space.

Craig: Retaining tenants actually retains income and the more you engage with your tenants and understand what they want and how you can be a productivity partner with them to help them achieve the best they can, that’s where we all need to be going, and delivering those outcomes for our tenant customers.

“For those in the process of looking at a new development now, by the time that’s delivered, the person you’re trying to attract coming out of uni is the kid at school who is 12 years old today.”
Sam Collins, Mirvac: I’m just curious about the lease terms and what’s happening from the investor front from cash flow. We’re seeing a lot of spec suites happening in the market here, and that’s showing signs of slowing down, but if you’re doing smaller deals on smaller terms, what’s the attraction from an investor to get your return on capital when you’re all of sudden looking at 18 months, two years, three years, five years with breaks and all sorts of other creative things?

Deborah: What I love about Dexus and what we’ve done at Waterfront is… we talk about our “simple and easy” and our flexibility, but sometimes when you cut to the chase, that’s actually not real. You’ve got the stringent, must get five years. But what we are doing are the short-term deals. We’ve got a fabulous brand ambassador that’s our evidence of how brilliantly this works. So, he was a from a law firm, created his own firm, we let him have a one-year lease at Waterfront, gave him a complete handshake and said, “We’ll partner with you. Come on board.” He created a new energy, and it is about changing your dynamic environment.

So you get new blood in, new fitouts, re-inventing a bit of the property make up. So, this customer loved that opportunity, is completely grateful. Eighteen months later, he’s signed up a 1000-square-metre lease for eight years and we’ve backfilled his space twice. So for us it’s about going on that entire lifecycle journey with that business and helping that group, customers, Millennials, staying with them on their entire journey.

We’re seeing many versions of that, and then that story gets told and it’s a bit of publicity for him. Then others will come. In the last year we’ve filled up a couple of the spec suites, and we’re not afraid to do the short-term deals, because the commitment and our partnership’s there from day one, and then your customers will reward you if you deliver to them what you promise.

Tina: Craig, you have very good relationships with co-working people.

Craig: We have relationships with all the co-working providers. We even have our own product in a co-working space or flexi-space. Co-working flexibility is a disruptor in our space, there’s no doubt about it. I think in some ways, in regards to the leasing question, they’re probably going to be the answer to the leasing flexibility requirements that we’re seeing from the market. Everyone wants flexibility, and I think the answer is co-working to some degree.

And there’s going to be a change to long-term leases and there’s going to be a part that’s short-term leases. WeWork’s grown a $20 billion dollar business off the back of short-term leasing, so there’s obviously a market there, but I think they probably do it because they do shared space really well and give their customers a good experience and then create a really strong viable community.

Liam: My comment is the portfolio has to have a mix of the large right down to the small.

The big guys – the gorilla tenants as I call them – want to know what the little guys are up to. They talk about innovation and learning. All of stuff they want to know. And that’s about building community and having those people adjacent to each other, so the calibre of the small, high-performing, talented groups matters to the big guys. The big guys are in fact their greatest feeder as well. So there’s a great relationship. Encouraging that is critical to building a great community around the space and then delivering that.

Tina: We have a lot of really strong social movements at the moment. Right now, we’ve got the delete Facebook movement, which is all about invasion of our privacy. Now property owners are the ones doing a lot of data collection. I wonder whether that worries you as owners.

Liam: Legislation always lags what’s happening in a front-leading market. At the end of the day, you will want to connect with your friends overseas, you will want to send them a photo, you’re still going to do it, and the world is a better place for it. We do get a safer, more connected environment today than we
have had in the last century, if you look at the stats on world conflict. If you look to any geopolitical place, political leadership is failing to deliver across the board, so the community needs to look at these tools and say, these are very powerful tools for a community to work with and change the outcome…

Craig: I just think you’ve got to be careful with what you put online. You know, the less you put out there, the less you have to worry. We’ve been collecting data for a long time. We collect investor information now, we collect data and we have a compliance framework around how we manage that data and we have an obligation on what we can do and what we can’t do with it. I think it’s a bit like cybersecurity. It’s an emerging threat and we need to be aware of it and we need to be taking action and we need to be bolstering the way that we manage that particular arm of our business, and I think some people are more focused on that than others.

Tina: What do you think the single most important thing is to make tenants happy? We know what makes them healthy and sustainable, but as a closing comment, what makes them happy?

Deborah: From a personal perspective, because I’m my own customer in our own buildings, I just relate it back to the personal. Having a good personal experience, having somebody remember birthdays. At Waterfront we have a family carpark if you want kids to come and have lunch with you. They’re the basics. If we do the basics well, the rest will come. And you can be C-suite or a mailroom person. We don’t care, they’re all our customers. Dexus is happy to work with you, and now we’re starting to see some of those results come through on measurables.

Howard-Parry Husbands (summing up): It’s all about the customer, you have to go back to your values as organisations and the consumer values.

So, if I just sum up a couple of points here, a wonderful point from Liam there right at the beginning about what investors want – go back to the vision and be ambitious. I love this, it had a sense of a Nike moment there – Just Do It, you know. Say sorry, not please, and just get on with it, and especially if you’re the big end of town. You should be taking the risks. I think Liam speaks the truth. The big end of town is also looking at the bold ideas, so there is no time to be meek, and you’ve got to march in there and go, “Okay, I’ve got some ideas.”

I think some brilliant points that Deborah made – justify the expense, get the base case right and then build on it, build on it every year, and that adaptability around short-term leasing, build trust and partnerships, right back to where we started today, right back on the theme that ran through the early presentations – trust and partnership – and then as you all talked about, the small ones get bigger. Hoorah, you look good, they look good, everybody’s happy, it’s like a marriage. But
you’ve got to invest in a partnership. Then Craig picked up on the same point in terms of the flexibility, shared space and the success of short-term leasing. It can be done. So when the business dynamics change, or the commercial world changes, or macro-economics change, you just have to be adaptable, and if you’ve built good partnerships based on trust and taking risks and accepting failure, then chances are you’ll be able to have adaptable business models. And I loved your point Craig about sustainability now being hygiene. I like that; it’s a vision.

So, there’s some really big pictures here and if we put it together what the investors want here – you’ve heard it from them – they want to take risks, they want bold ideas, they recognise that an agile business model can work, but if you put it further back as well, building place, ladies and gentleman, is about society. The opportunities, the ideas, are across silos. You are going to significantly limit your opportunity in the future if you stay within your silo. You need to start playing with people outside of your world – that’s collaboration and co-creation. Sit down with your customers. Sit down with your tenants. Ask the tenants what they want. And don’t forget as well that once you start talking to people, it comes down to values and community.

And, most of all, if I could just add one observation, it’s definitely about getting the ladies involved because women have clearly got much more of the answers, because men looked like they’ve made a right mess of it up until about the 1960s. I think that’s incredibly important.

So coming back to a final point, building place is about society. You’re not architects building buildings, you’re architects of a stronger society. And you’re not building more durable buildings, you’re building a more resilient community. And you’re not managing a more sustainable bunch of real estate, you’re managing a more sustainable state across Australia. And you’ve got to really think outside of your place and think about placemaking as a place for people.