



# Reimagining the Future of Buildings and Work

Powered by the new competitive advantage  
- Adaptability and Futures Thinking



The business environment has changed rapidly since the pandemic. We have all been permanently uprooted—both physically and culturally—from what used to be the status quo.

These systemic changes continue to affect everyone, both directly and indirectly. Every company has been impacted, as well as every commercial building owner and landlord, tenant, worker, supplier, customer, and local community.

To survive and stay in business, many companies were forced to make tough choices. They had to reinvent their offerings, downsize their operations,

move to smaller spaces or restructure as a hybrid or virtual organization without physical headquarters.

The pandemic is just one element of a systemic disruption that continues to challenge business as usual. The disruptions have hindered how companies operate, but they have also unleashed opportunities to reimagine and shape business. Some companies have found new ways to thrive.

The key enablers are **adaptability** combined with **futures thinking**: the pillars of a new competitive advantage.





This article (first in the series) provides a contextual overview of emerging and converging trends and issues reshaping the future of buildings, organizations, and the “new normal” for the modern workforce. Our aim is to explore how leaders and innovators harness the power of adaptability and use the tools of futures thinking to design the workplace of tomorrow. We will also examine how the real estate industry is resisting change and driving innovation.



Subsequent articles will delve more deeply into specific issues, opportunities, and insights gleaned from a variety of perspectives and sources:

- Managers and owners of commercial real estate
- Decision-makers and experts in corporations and professional services
- Non-governmental organizations
- Government agencies and retail organizations
- Tenants, employees, and contract workers, including freelancers
- Members of the under-30 Gen Z and Y generations
- Various subject matter experts

## Issues and Questions Facing Business Leaders and Owners

If the virtual organization is gaining traction as the preferred way of operating, what will the future of work look like?

For hybrid organizations, what current challenges face leaders who want employees to return to the office full-time or part-time?

For virtual organizations without a headquarters, where employees work from self-organized workspaces, how do leaders ensure the same opportunities and sense of belonging for their dispersed workforces?

How is AI reshaping the future of work today?



With commercial office building vacancies ranging from 30% to 47% nationwide, how do owners recoup lost revenue? Where do tenants and workers go?

## The pandemic changed everything.

To reduce the rate of spread of infection, we were isolated in lockdowns and sent to work from home. This disrupted the in-person, office-dependent paradigm.

*There is no going back.*

# Converging Issues and Trends that Continue to Disrupt Business as Usual

### *Let's dive in.*

Millions of people are now working from home or from remote locations. Some workers maintain productivity through more flexible schedules. Other struggle with mental health issues that result from the isolation. Many leaders wonder about the future of the workforce.

To appreciate the shift, consider these changes reported by Statistics Canada, including worker preferences on working remotely, full- or part-time (versus returning to the office).

- **As of May 2021, 5 million Canadians were working from home, accounting for about 20 per cent of the Canadian workforce.** Though this has declined from the 40 per cent reported during the pandemic, it still represents a lot of people.
- **Over one-third of Canadian jobs can be done remotely.** However, not every job can be performed this way. The feasibility of working remotely varies by job and industry type. For example, about 85 per cent of workers in finance and insurance can work remotely, compared to only 4 per cent of those in the agricultural fields.



- **Around 90 per cent of Canadians feel as productive or more productive working from home.** An overwhelming majority of Canadian workers have seen their productivity increase or stay the same when compared to in-office work. Of the 90 per cent, approximately 41.2 per cent claimed to have seen increased productivity rates. For those who reported decreased productivity, the greatest contributing factors are childcare, inadequate work environments, inaccessibility to work documents, weak internet connection, and lack of social interaction.
- **Eighty per cent of new teleworkers prefer to continue working remotely at least half the time.** Employees have noted working from home has increased their workweek flexibility, mainly due to the lack of commute time and greater time spent with family. Workers have also reported higher job satisfaction, stronger autonomy, and money saved thanks to lower gasoline consumption and a reduced need for daycare. Those who prefer an in-office schedule cited lack of social interaction and reduced possibilities of workplace advancement.
- Anecdotally, the **quiet quit** trend is slowly changing to a **quiet regret** with an unfortunate rise in under- or unemployment.



## Work-from-Home Statistics for Canadians

- **30%** of Canada's workforce worked remotely between April 2020 and June 2021
- **90%** of teleworkers report consistent or higher productivity rates working remotely, as compared with in-office work
- **41%** of teleworkers would prefer to work half their weekly hours remotely
- **39%** of teleworkers would rather work remotely for most, if not all, of their time
- **37-48%** of all paid jobs in advanced economies, such as Canada and the U.S., can be performed remotely
- **8%** of businesses are strongly considering consolidating their physical office spaces due to remote working options
- **37%** of remote workers are over the age of 55
- **54%** of gig workers believe they are working more than before the pandemic

Source: Working from Home Statistics in Canada for 2023  
- Made in CA





# Climate Change and Extreme Weather Events

Blistering heatwaves, wildfires, smoke, floods, and damaging superstorms are increasing in frequency, severity, and unpredictability. They are impacting business and local communities in regions across the globe. The *World Forum* reports that as extreme weather events increase, so do their direct economic costs.

While extreme events have increased more than five times over the same number of decades, the cost of extreme events has increased nearly eight times globally, inflation-adjusted, since the 1970s. This equates to a nearly 77 per cent increase in the cost per event, inflation-adjusted, over the past five decades.

## Climate Mitigation, Adaptation, and Futures Thinking Are Good Investments for Business

The increasing frequency and costs associated with extreme weather events underscore the need for **mitigation**, **adaptation**, and **futures thinking** from the government, policymakers, and developers and landlords of commercial office buildings, shopping malls, multi-unit residential buildings (MURBs), etc.

More events will affect production and the supply chain. This will increase uncertainty about the availability of food, goods, and labour. These disruptions will increase inflation, which in turn will impact investment, consumption, and trade. This provides the impetus to act on the threat of climate change.<sup>i</sup>

Policymakers and governments will be forced to make tough decisions in response to weather-related destruction and disruption in the coming decades.

Now is the time for governments to change their policies and help business mitigate their emissions.

## Other Trends Affecting the Future of Buildings and Work

- **Inflation** causes a rise in prices, including interest rates, and is reflected in a drop in purchasing power.
- **Technology**, such as online shopping, remote meeting applications, AI, machine learning, and robotics, continues to influence how people research, create, share and store information, and perform other work tasks.
- **The digital transformation** enables business to use digital technologies to more quickly create new (or modify existing) business processes, culture, and customer experiences to meet changing requirements. According to Marc Benioff, Chairman, Co-CEO, “Salesforce says it begins and ends with how you think about, and engage with, customers.”<sup>ii</sup>

# Impacts

Some impacts of the above-noted issues are described at a higher level below.

## The Role of Commercial Building Owners and Landlords Is Changing

After the pandemic, some large employers are giving up square footage as they juggle remote work. This shift is devastating building owners and landlords and, by extension, the cities they operate in.



Building occupancy levels are in the 30 to 40 per cent range in some areas, which is forcing commercial building owners and landlords to be more creative with the use of the space. This includes turning office buildings into mixed-used properties, creative more collaborative work-live spaces, and even converting them into residential space (e.g., student housing), which helps to address the growing housing shortage.

## The Impact of Commercial Real Estate on Climate Is Becoming More Transparent

Climate change and environmental responsibility are growing concerns. Many owners of triple-A commercial properties are ahead of the curve, as investors demand that commercial real estate portfolio managers meet their ESG targets. Energy-efficient buildings are valued higher, garner higher rental rates, have less churn, and are more comfortable so they boost productivity. Operational costs are pennies on the pound when compared to rental rates, but as carbon prices escalate their reduced operational costs will become more important.

Innovation and digital transformation are key enablers of meeting environmental, operational, and business objectives. For example, *BOMA Canada* focuses on helping its members to leverage technology to improve their buildings' energy, water, and waste management. This begins with building owners understanding their business goals and objectives, and then implementing the right technology to meet ESG goals and performance objectives.





*“However, triple-A buildings account for a small percentage of all building stock,” said Bala Gnanam, Vice President – Sustainability, Advocacy and Stakeholder Objectives, BOMA Canada. “To help the industry get on track to hitting its emission reduction targets, we must reach out to and mobilize owners of small and medium-sized buildings, the mid-tier, to follow suit on what the large building owners have been doing to reduce emissions.”*

Empty (or near-empty) buildings provide commercial building owners and landlords with an opportunity to address ESG and Net Zero goals. Buildings often need to be vacant to engage in major renovations and retrofits, such as upgrading end-of-life equipment. Commercial property owners can build resiliency into their buildings, invest in sustainability, and meet certification standards to address the requirements of both potential tenants and investors.

*“Major tenants have their own targets with respect to sustainability, energy efficiency, and employee health and wellness,” said Julian Smith, Vice President – Energy and Sustainability Canada, JLL. “Commercial building owners must look at their properties holistically to understand what will attract new tenants into their spaces and take that into consideration when developing their own targets.”*

## What’s Happening with Leased Property Spaces and Where Are Tenants Going?

There is a large discrepancy between commercial leased property spaces in various sectors. For example, retail leased property spaces have rebounded, whereas commercial office space has not. Unlike past business cycles, the long-term effect of the work from home trend is not yet known.

For example, the occupancy rate for commercial retail space in Toronto declined to single-digit percentages in 2020 and 2021. It has gradually risen through 2022 and 2023 to a current estimated 60 per cent occupancy. While office space vacancies never hit the single digit mark, but they are creeping up.

With more space available to tenants looking to move, the most commonly heard phrase is that there is “flight to quality”. Tenants in Class B buildings now have the opportunity to move into Class A buildings, which was not possible a few years ago. More prestigious buildings with central locations and better amenities are hoping to attract staff back to the office.



Landlords are looking to improve their properties and operations to become more attractive to prospective tenants. This includes elevating property amenities (e.g., better food court offerings, end-of-trip bicycle facilities), improving operating efficiency to reduce costs, and taking steps to decarbonize buildings, helping to raise tenants' corporate ESG credibility.

*"Cadillac Fairview owns and operates best-in-class shopping and office facilities across Canada," said Graeme Doyle, Senior Manager, Operations, Toronto-Dominion Centre, Cadillac Fairview Corporation Limited. "Along with other large commercial real estate owners, Cadillac Fairview has committed to carbon neutrality by 2050. This is a big task, involving large capital expenditures to electrify fossil fuel-powered heating systems and improve building efficiency overall."*

## On Culture, Work Environment and Career Development

Consider the long-term impact of working remotely in full or part-time – how will this new mode of operation influence and impact the Employee Value Proposition (EVP). And what is the impact on the organizational Culture, Work Environment, and Employee Development?

In her article, 'The Impact of Remote Work: Culture, Work Environment, and Career Development', Industrial Organizational Psychologist, Dr. Ashlyn Lowe says that "the EVP represents the promise a company makes to its employees and provides a framework to measure and manage the employee experience across five domains - Competition, Culture, Work Environment, Career and Benefits. Collectively these five domains are critical in attracting, retaining, and motivating talent as they answer the very basic question: "why should I work here?"<sup>iii</sup>

## Three Employee Value Proposition Areas to Pay Attention to

**Culture - Visible and Invisible:** How do we maintain and sustain our culture - the values, beliefs, and ways of working - in an environment where relationships are being cultivated and developed very differently from before? Will our culture be compelling and remain a competitive advantage? How should we adapt our culture to the changing environment?

**Work Environment:** A significant body of *research* published in *Harvard Business Review*, supports the idea that for employees to be productive and happy, they need to feel both autonomous and connected at work. Striking the right balance between the two requires dedicated focus and changes in behavior.

Greater flexibility in working practices and hours is a silver lining for many employees, and the businesses that try to reverse course post COVID-19 will quickly discover that workers have already adapted and prefer these practices.

**Career development:** Now, leaders find themselves struggling to adapt historical development strategies to fit the current environment. Can we create new environments where employees grow and develop as quickly and effectively in a hybrid model? Example: More actively integrating remote workers to assess interest areas and determine what they should learn to remain relevant in the market, and how they should learn it.

Source: Lowe, A. ,(2020, December). 'The Impact of Remote Work: Culture, Work Environment, and Career Development' [Post]. LinkedIn. [https://www.linkedin.com/pulse/impact-remote-work-culture-environment-career-development-ashlyn-lowel/](https://www.linkedin.com/pulse/impact-remote-work-culture-environment-career-development-ashlyn-lowel)

# Impact of Remote and Hybrid Work

Remote work helps to reduce carbon emissions due to reduction in commute times. An Economic and Social Report from Statistics Canada predicted a complete transition into telework could reduce annual greenhouse emissions of about 8.6 megatonnes of carbon dioxide equivalent.

Remote employees also report a greater level of work flexibility and productivity. Before the pandemic, people spent an average total of 55 minutes commuting to and from work every day. Time normally used for commuting can now be swapped for more re-energizing routines. However, the lack of separation between one's private and public life has made it difficult for some people to draw boundaries and regulate their workloads.



With many companies continuing to offer flexible work locations, the impact of hybrid and remote workers has become a key part of measuring a company's emissions.

In his 2023 article, *Are Remote Workers Better for Corporate Net Zero Efforts — Or Worse?*, journalist Ari Bendersky reported global emissions fell by a record amount in 2020. But they were temporary, and U.S. greenhouse gas emissions increased 1.3 per cent in 2022, led by buildings, industry, and transportation. But the pandemic finally answered that previously unresolved question around carbon emissions from employee commuting.

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*Salesforce*, for example, is continuing to allow people to work from home or adopt a hybrid work model. That strategy will reduce emissions per employee by 29 per cent, according to the company's, "Decarbonizing a Work From Anywhere World" *report in 2021*, which outlines its climate action plan to reach *Net Zero*. The reduction of emissions is particularly surprising given that their strategy includes measuring their hybrid employees' at-home energy usage.

"While home emissions will increase due to the additional energy required to support remote work, reductions in office energy emissions and commute emissions outweigh anticipated home increases," stated the report.



*Newer or retrofitted office buildings may use cleaner energy than homes by tapping into commercial renewable energy production systems, such as solar and wind, and by using electrified heating and cooling systems.*



There's an argument to be made both for and against the environmental benefits of remote work. Newer or retrofitted office buildings may use cleaner energy than homes by tapping into commercial renewable energy production systems, such as solar and wind, and by using electrified heating and cooling systems. They also may implement greener practices than we typically see in homes, such as using recycled water.

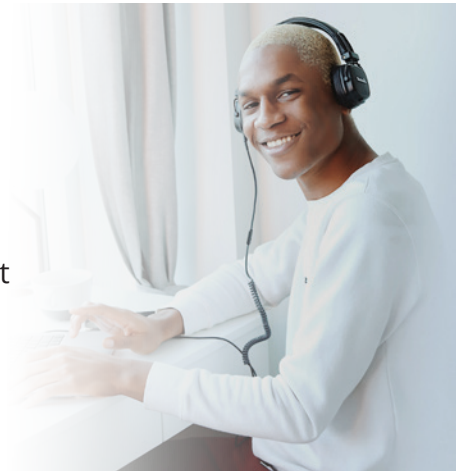
## Does WFH really make a difference?

The jury is still out on whether having a totally remote or hybrid workforce can significantly reduce a company's overall carbon footprint. However, failing to acknowledge its impact would mean denying a new movement in sustainability.

*"In the short term it's the commute, but in the long term if companies can use office space more efficiently, then they build less and use less office space - that's the impact," said Boris Gamazaychikov, Manager, Emissions Reduction, Salesforce. "That's where you really get bang for your buck in carbon reduction — more efficient office space usage through a hybrid work situation."*

## A Convergence of Change Influencing Buildings, Business, and Work

Converging issues and trends are reshaping the landscape of business and work. A huge disruption has changed how things are traditionally done. The pandemic was a catalyst for significant change, forcing millions of Canadians to work remotely. And now a portion of that workforce has demonstrated a preference for remaining remote, declaring increased productivity, flexibility, and job satisfaction.



*The future of work will likely involve a hybrid model that balances the benefits of in-person collaboration with remote work, as well as the importance of sustainability on corporate strategies.*

Climate change and extreme weather events are posing a growing threat to businesses and their communities. The economic costs have continued to increase, demonstrating the need to develop strategies for mitigation, adaptation, and long-term planning. Inflation, technology advancements, and digital transformation are influencing the present and future of work, forcing businesses to adapt quickly so that they can survive and thrive.

These trends are impacting different aspects of business and work. Building owners must respond to changing leasing market demands. Employers must adapt to the shifts in workplace occupancy and tenant preferences. With remote and hybrid work models becoming more prevalent, employers must ensure the business culture, work environment, and options for career development keep pace. And while remote work is helping to reduce carbon emissions, companies must take steps to understand and address the long-term impact on corporate sustainability.

Due to the convergence of these issues, businesses must become adaptable, forward thinking, and environmentally responsible. The future of work will likely involve a hybrid model that balances the benefits of in-person collaboration with remote work, as well as the importance of sustainability on corporate strategies.

Let us know what you think about the future of buildings and work. Please send your thoughts and feedback to RSI: [communications@rethinksustainability.ca](mailto:communications@rethinksustainability.ca)

The next articles in this series are solution focused. They include real-world examples of how mitigation, adaptability, and futures thinking were applied by government and private organizations and others to create and transform communities, buildings, work, and related practices for thriving today and in the fast-emerging future.

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i This is the economic cost of extreme weather - World Economic Forum (weforum.org)  
ii What is Digital Transformation? Why Is It Important - Salesforce.com  
iii Lowe, A., (2020, December). 'The Impact of Remote Work: Culture, Work Environment, and Career Development' [Post]. LinkedIn. (<https://www.linkedin.com/pulse/impact-remote-work-culture-environment-career-development-ashlyn-low/>)

