

# Site Selection After COVID 19: Predictions From The Experts

*Research Conducted Week of April 13, 2020, in Partnership with Development Counsellors International*

“

**Our hope is that this new research will help corporate clients and economic development organizations weather this economic calamity.**

Jay Garner, Site Selectors Guild  
board chair and president of  
Garner Economics LLC



“

This survey gives us a sense for what site selectors are seeing from their corporate clients, and a glimpse into what we might expect coming out of this crisis.

Rick Weddle, president and CEO  
of the Site Selectors Guild



“

**In the past three years alone, Guild members facilitated the announced creation of approximately 165,000 jobs and \$90 billion in announced capital investment.**



# Overview

- **Summary of Guild Member Survey on COVID-19 (pg. 6)**
  - Chris Lloyd, McGuireWoods Consulting
- **Changes Coming to Global Supply Chain Strategy (pg. 21)**
  - Michelle Comerford, Biggins Lacy Shapiro & Company
- **Corporate Real Estate: How Space Utilization Will Change (pg. 26)**
  - Gregg Wassmansdorf, Newmark Knight Frank

# Summary of Guild Member Survey on COVID-19



**CHRIS LLOYD**  
McGuireWoods Consulting

“

We should absolutely avoid social distancing - at least in the literal sense of the word. Physical distancing is all-required. Maintaining social contacts in these troublesome times is critical to strengthening interpersonal links and trust.”

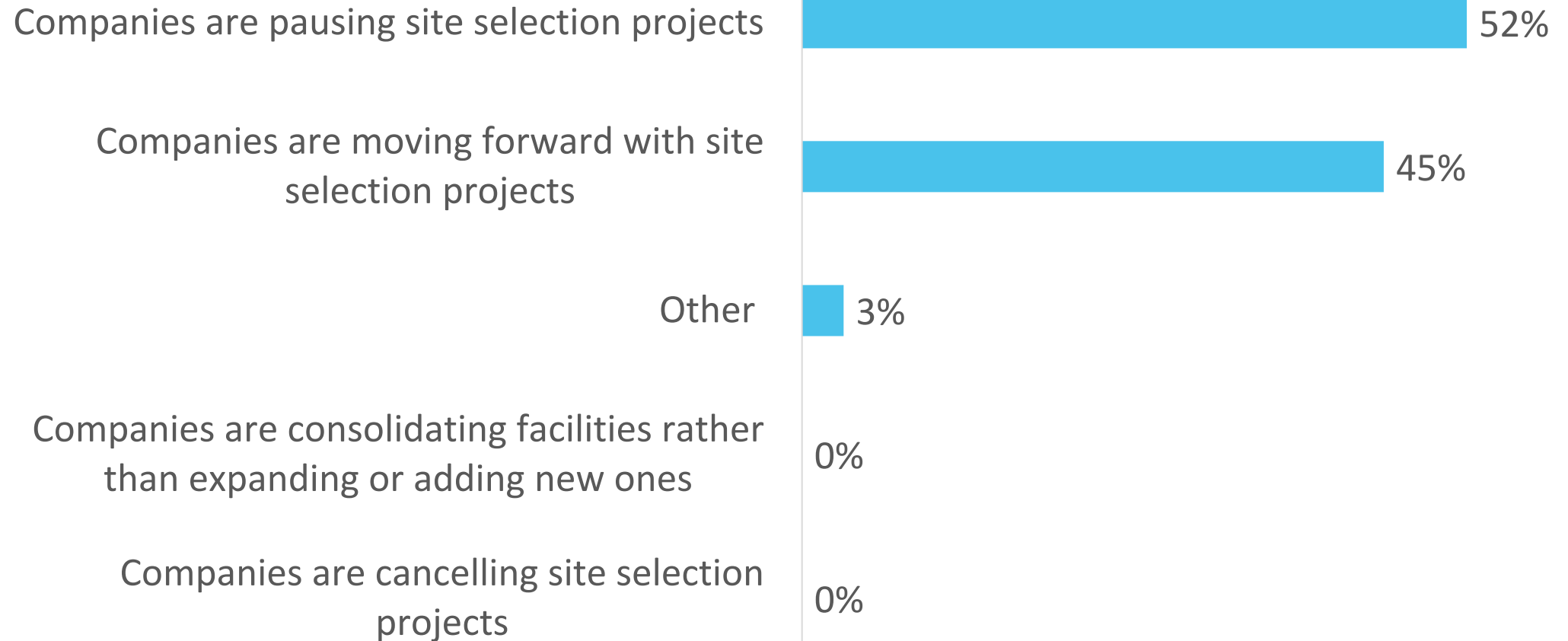
“

We are busy! And are still counting on our EDO friends to assist us with our project inquiries currently when we reach out. We will all cut each other some slack and give grace...”



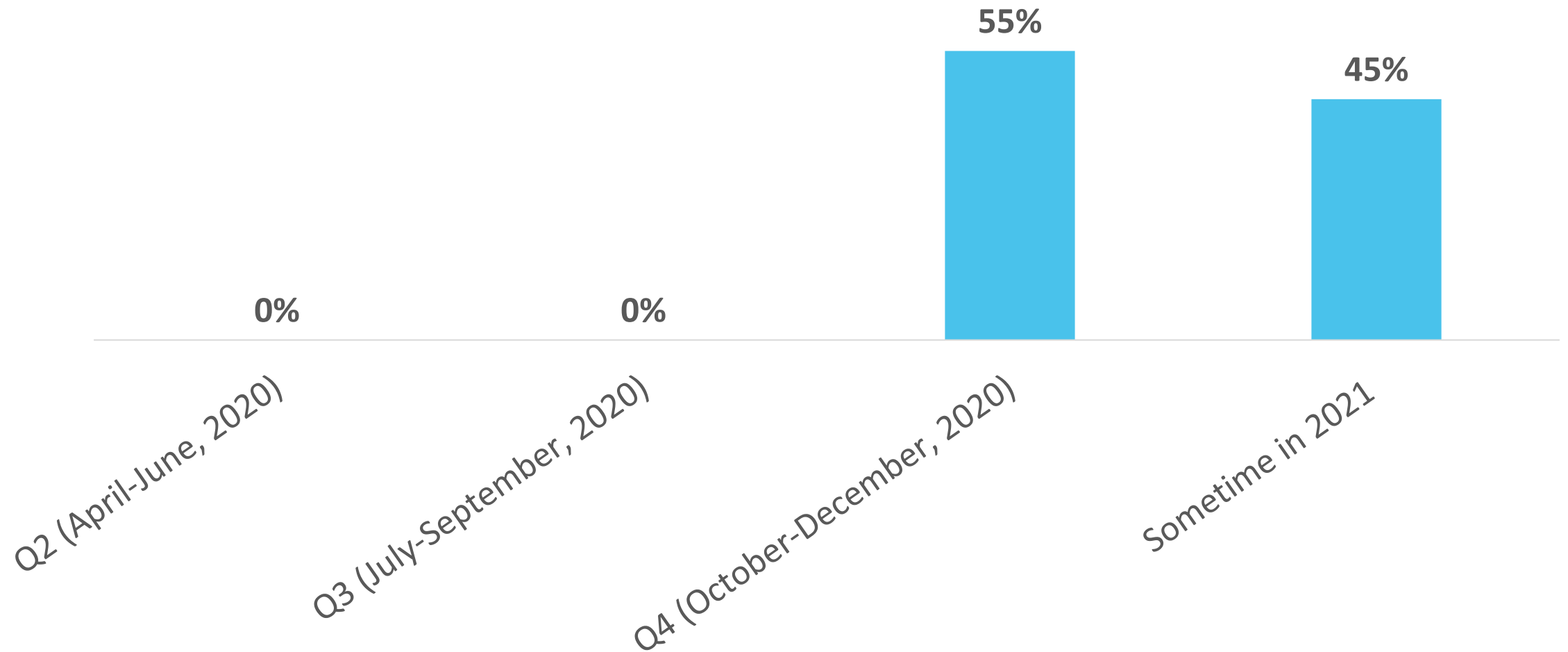


# Current Environment





# Predicted Return of Activity

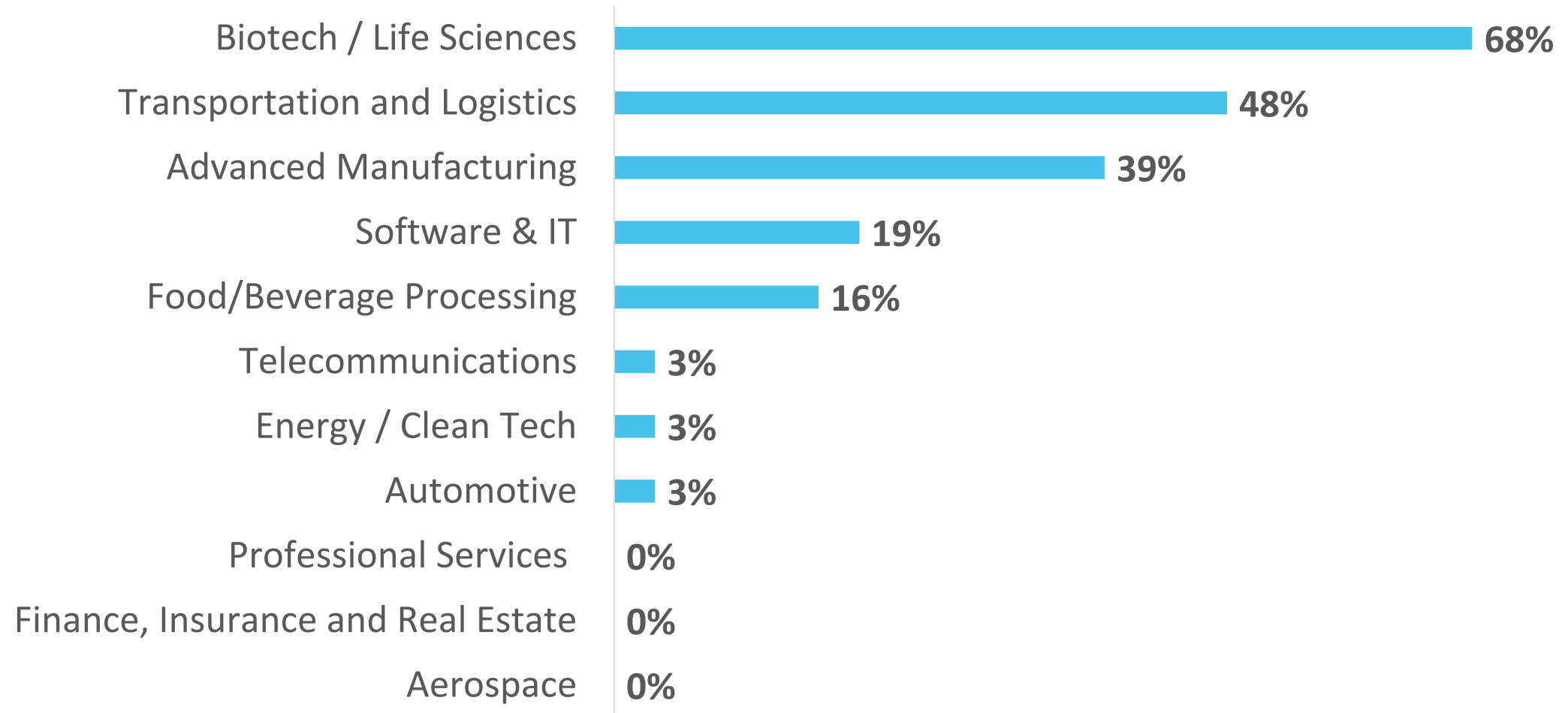


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**Life Sciences, Logistics and Advanced  
Manufacturing Emerge As “Hot”  
Industries in A Post-COVID World”**

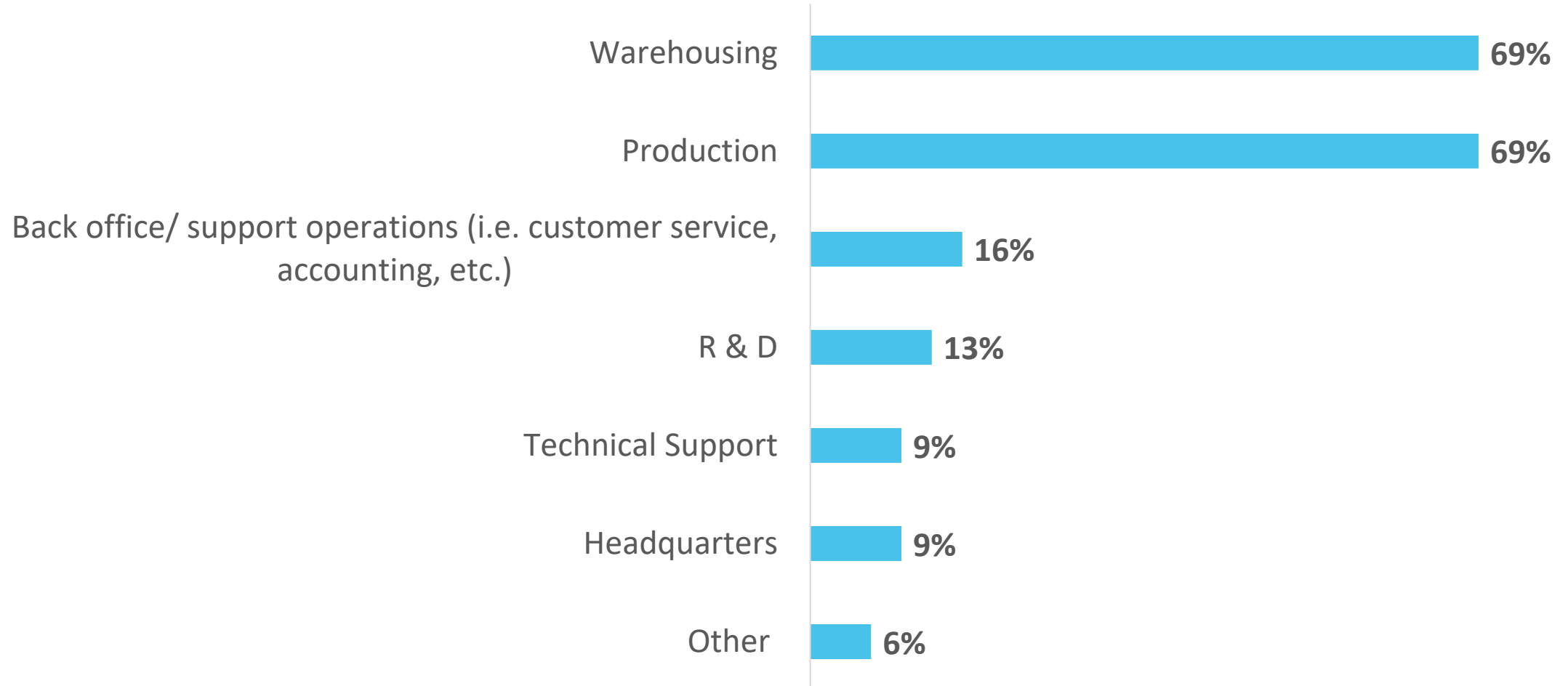


# Most Active *Industries* Post COVID-19



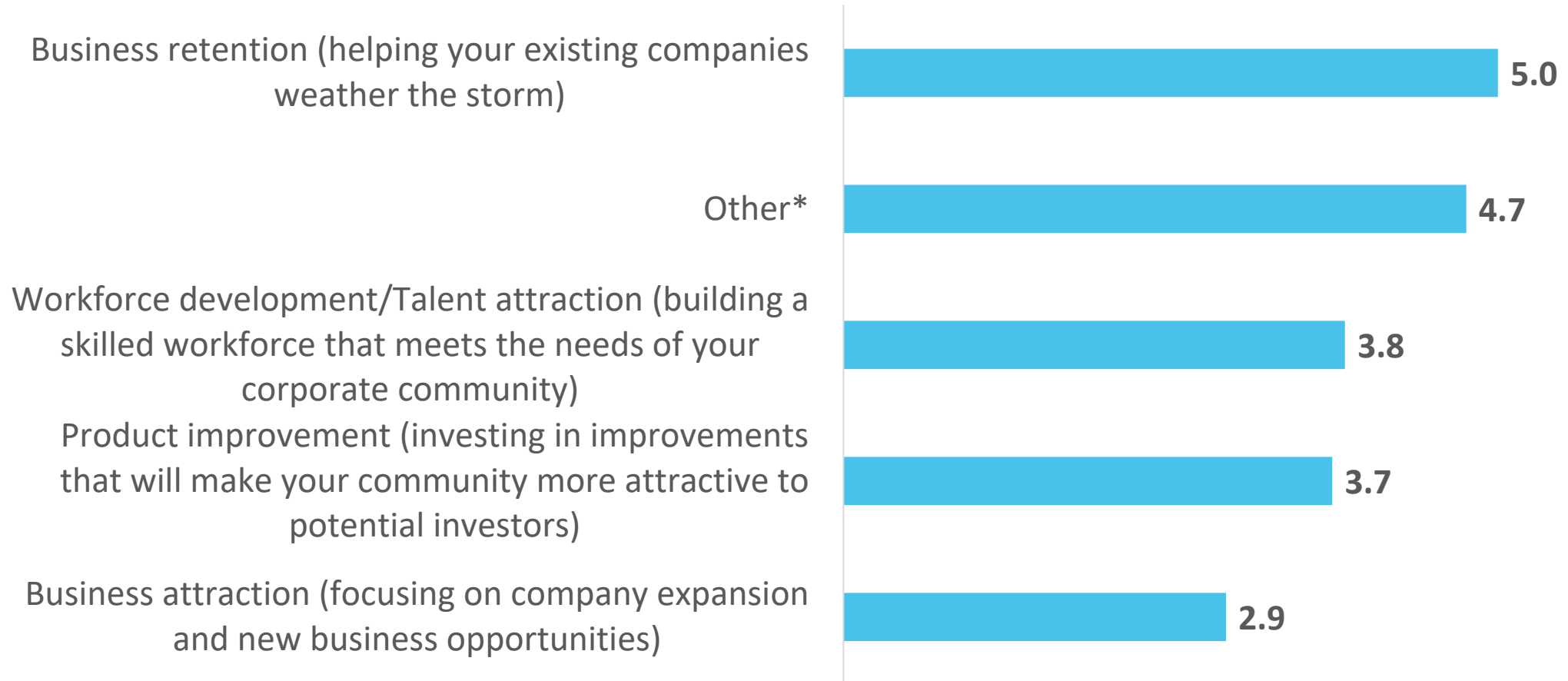


# Most *Active Functions* Post COVID-19





# Recommended Priorities for EDOs



*\* "Other" responses include workforce retention/connecting unemployed workers to jobs; revisiting target industries; communication on new initiatives and restoring international suppliers*

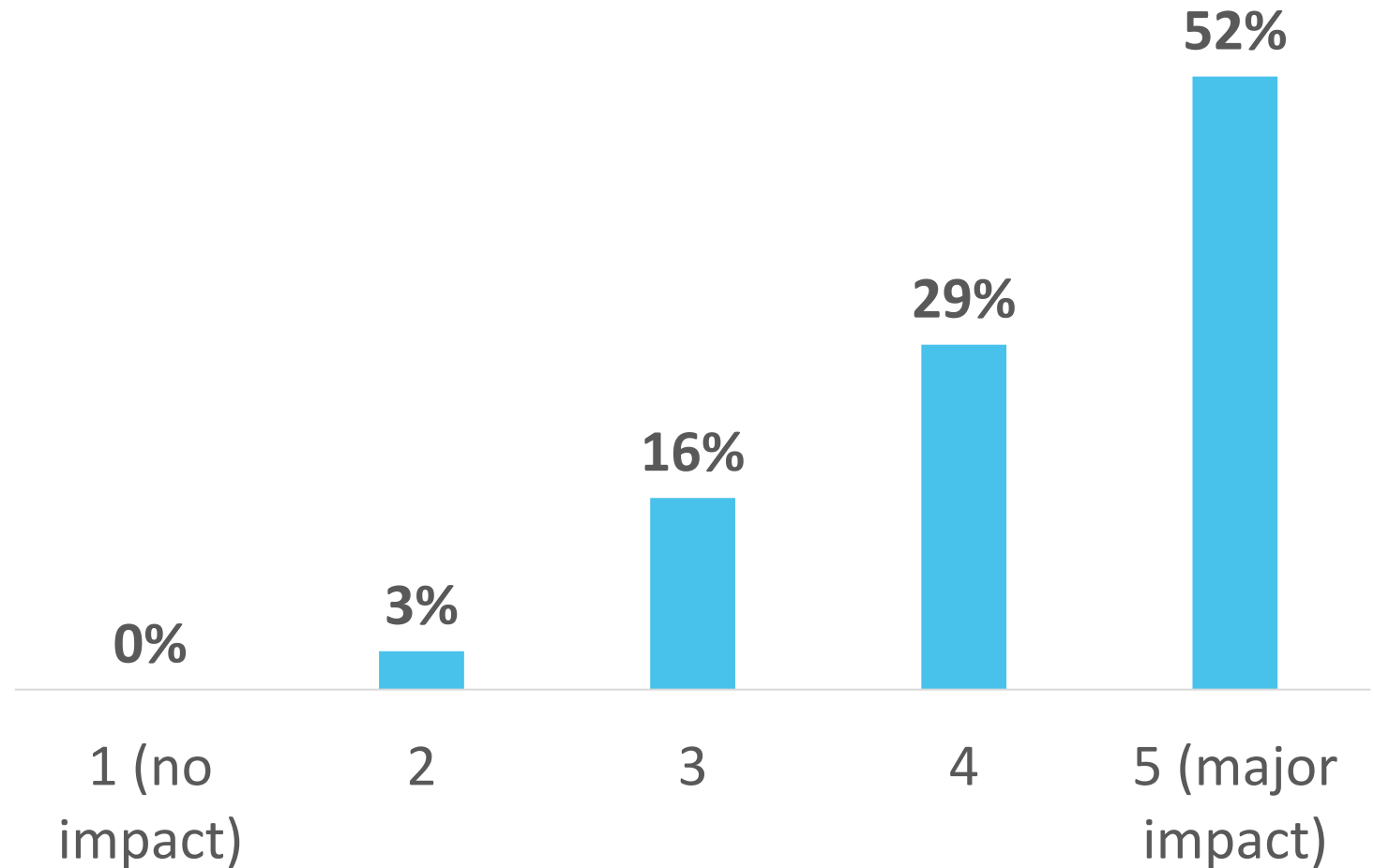
“

**De-risking The Supply Chain: How  
COVID-19 Will Force A Shift In Global  
Distribution...”**



# Impact On Global Supply Chain Strategies

**MEAN:  
4.3**







# Impact On Global Supply Chain Strategies

*“Companies have been focused for decades on lowest cost scenarios; growth in China and SE Asia is a great example. Now, the quest for lowest cost will become more balanced with reduction in risk.”*

*“The trend toward regionalization of supply chains was well underway before COVID-19...it will now accelerate. So will China plus 1 or 2 and reshoring to North America. Companies will carry more safety stock and extend their supplier networks.”*

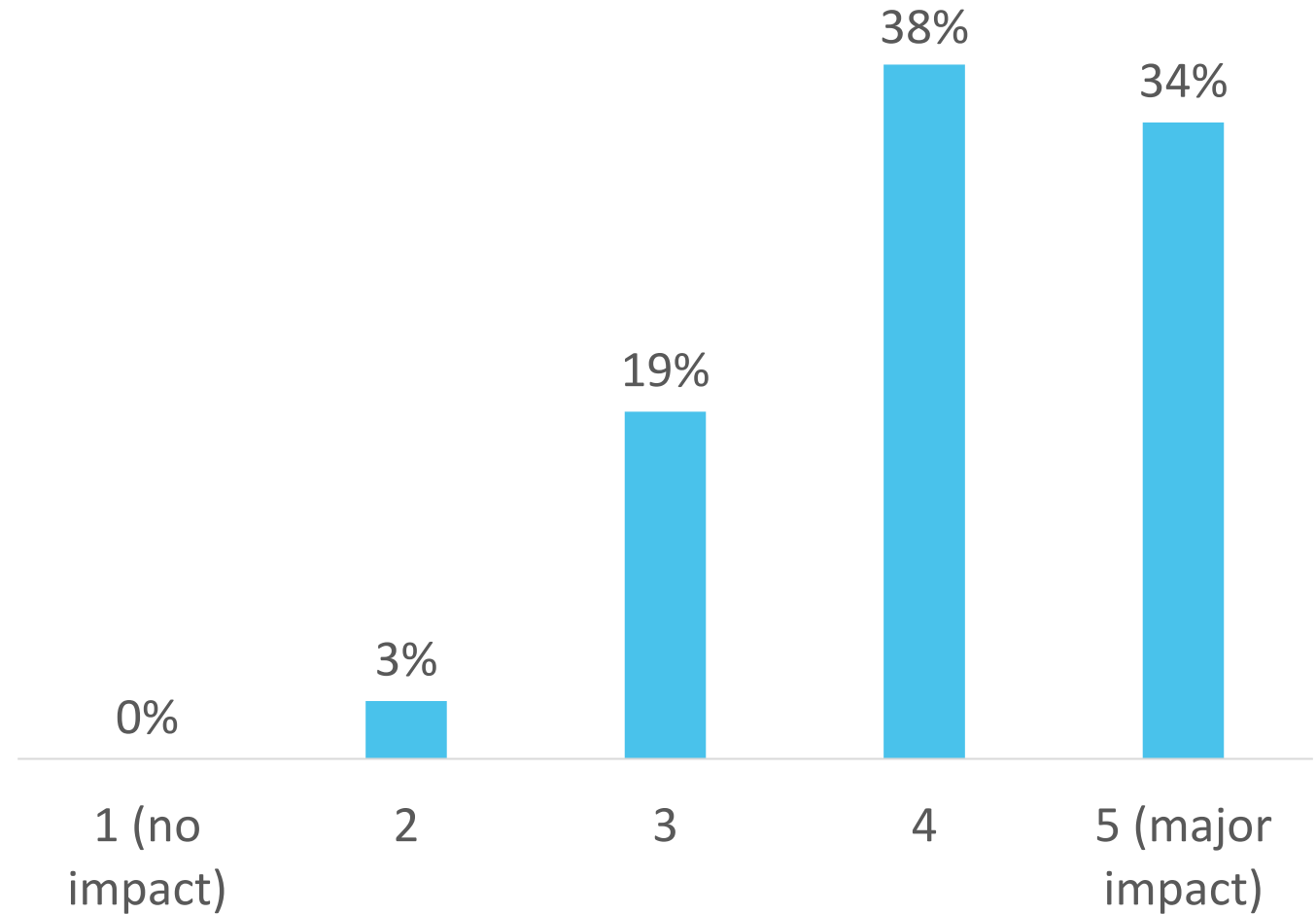
“

**After The “Work From Home  
Experiment”...”**



# Long Term Impact of Current Remote Workers

**MEAN:  
4.0**





# What Do Site Selectors Want to Hear?

- **31% - Updates on Market Conditions (i.e., announcements/closures)**
- **27% - New Approaches/Resources to Support Major Employers during COVID-19**
- **19% - Updates on Incentives (i.e. changes in compliance, new etc.)**
- **15% - Information on sites, buildings and infrastructure**
- **15% - Training (re-skilling) and labor force information**

# Changes Coming to Global Supply Chain Strategy



**MICHELLE COMERFORD**  
Biggins Lacy Shapiro & Company

# Coronavirus Disruption



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COMMENTARY • SUPPLY CHAINS

## Coronavirus should inspire businesses to prepare their supply chains for the future

By JOHN CHAMBERS

**AXIOS** Sections About Axios Sign up

## Coronavirus has disrupted supply chains for nearly 75% of U.S. companies

What it means for businesses and consumers

By Dion Rabouin

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Warehousing Transport Procurement **Risk/Compliance** Technology Sustainability 3PL/4PL

HOME | **RISK/COMPLIANCE**

## Coronavirus Impacts Every Sector of the Supply Chain

Long before the coronavirus was classified as a pandemic, the virus was taking hits at the supply chain.

March 16, 2020 | By Mackenna Moralez

**CNBC** MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV

ECONOMY

## There will be a 'massive' shuffling of supply chains globally after coronavirus shutdowns

PUBLISHED FRI, MAR 20 2020 2:45 AM EDT

By Huiheng Tan @HUIHENG\_TAN

COVID-19

## Changes in demand and disrupted supply chains feed into shortages at the store

Andy Uhler | Apr 13, 2020

**Harvard Business Review**

Coronavirus Magazine Popular Topics Podcasts Video Store The Big Idea Visual Library

SUPPLY CHAIN

## Coronavirus Is a Wake-Up Call for Supply Chain Management

by Thomas Y. Choi, Dale Rogers and Bindhya Vakil

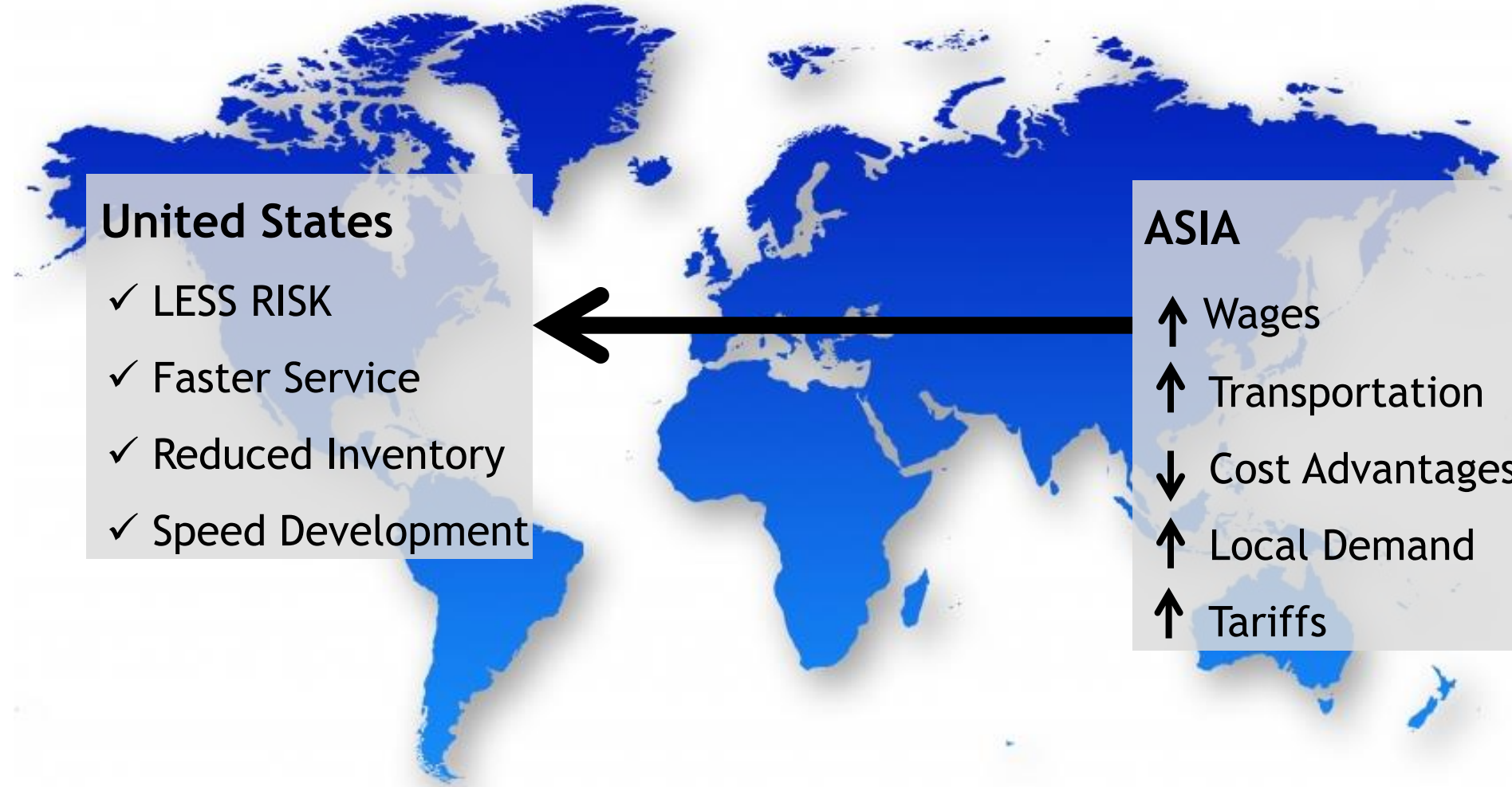
March 27, 2020

**BUSINESS NEWS** MARCH 11, 2020 / 6:33 AM / A MONTH AGO

## China's coronavirus-induced supply chain woes fan concerns of possible drug shortages



# Acceleration of Trend\*



*\*For products destined for U.S. market*



# Changing Strategies

- **“Local for Local”**
  - Regionalized manufacturing strategy
- **Smaller plants**
  - Capacity based on market size to be served
- **Strategic commodities closer to home**
  - Minimize risk exposure; government strategies/support
- **Increased automation/AI**
  - Less reliance on low cost manual labor
- **Short-term vs Long-term**
  - Run on Distribution/WH space in short-term for increased inventory





# How to Prepare

## 1. **WORKFORCE TRAINING**

- Automated plants require more skilled workers

## 2. **Ready-To-Go Sites and Buildings**

- Project timelines will become even shorter

## 3. **Flexible Incentive Support Programs**

- Ability to support specific project needs/business case gaps

## 4. **Supply Chain Gap Fulfillment**

- Match existing manufacturing capabilities with needs for suppliers

# Corporate Real Estate: How Space Utilization Will Change

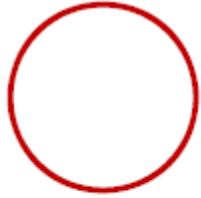


**GREGG WASSMANSDORF**  
Newmark Knight Frank –  
Global Strategy

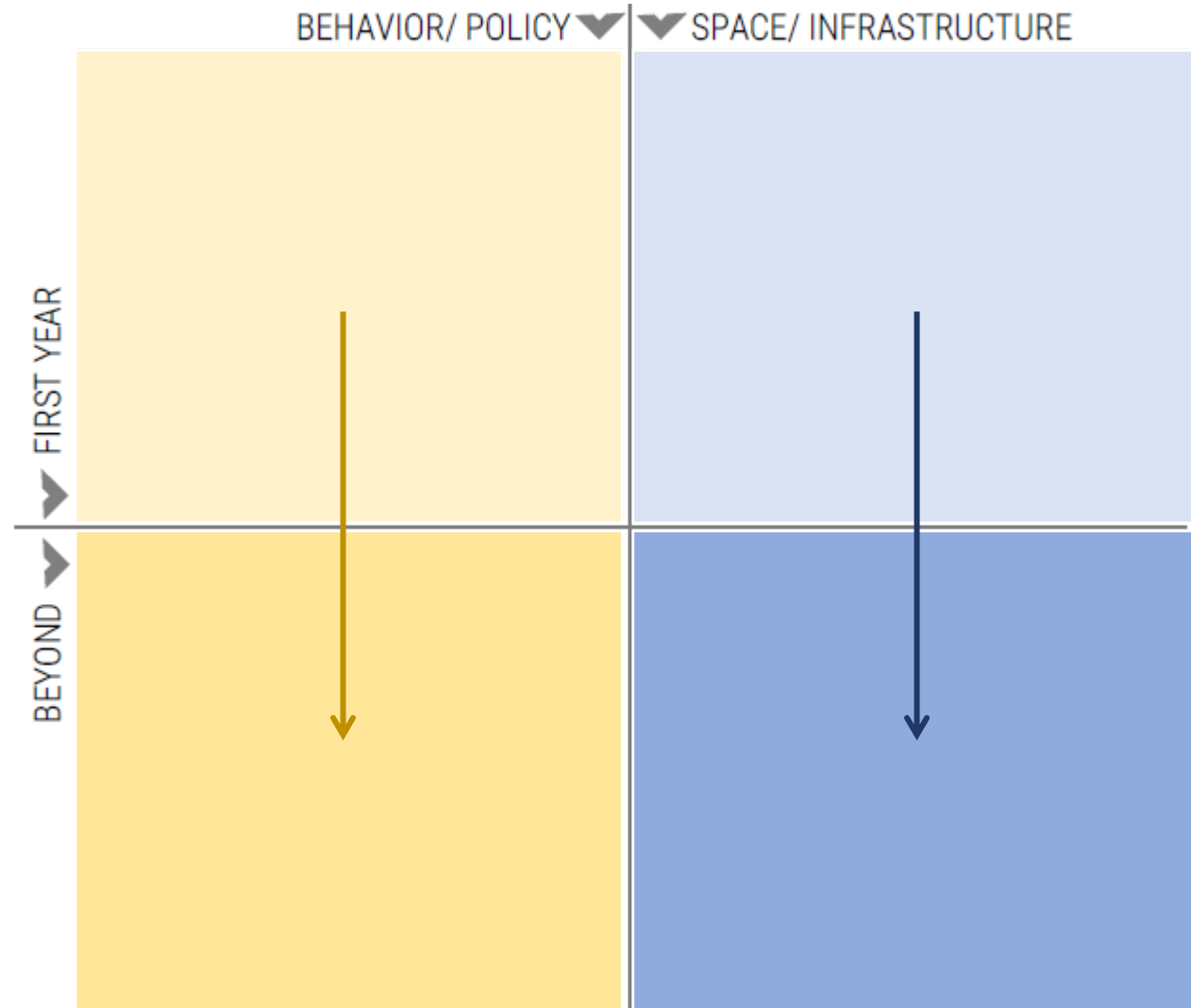


# CRE's new workplace

- **COVID-19 is a catalyst and accelerator**
- **CRE solutions are only beginning to emerge**
- **Key changes to business operations and CRE**
  - New Hygiene Protocols
  - Remote Working
  - Physical Distancing
  - Business Continuity



## CRE Change Elements





## NEW HYGIENE PROTOCOLS

**Post COVID-19, stringent cleansing regimens, behavior protocols and constant communication about hygiene will be highest priority in the first year back in the office. After new protocols become the norm, building tenants and owners will invest in significant building infrastructure and sanitation technology improvements.**

Even before the COVID-19 pandemic, poor ambient conditions - such as air quality, ventilation and temperature control - were a top complaint of office workers across all industries and building types.

	BEHAVIOR/ POLICY ▼	▼ SPACE/ INFRASTRUCTURE
FIRST YEAR ▼	<p>New cleaning, mail and delivery protocols and behavioral expectations shared with staff regularly (visually and verbally)</p> <p>Clean desk policy</p> <p>Protective gear provided</p> <p>Health screening at entry points</p> <p>"COVID-19 safe" vendor contracts</p>	<p>Hygienic surfaces added to entry, equipment, and furniture features</p> <p>Removeable panels on reception desk, workstations and café tables</p> <p>Soft seating in reception and other high-traffic areas reupholstered with anti-viral fabric, or replaced with "healthier" alternatives</p>
BEYOND ▼	<p>More paid sick days</p> <p>New dedicated department conducts cleanliness inspections</p> <p>VOIP and personal cell phones replace desk phones, one of the dirtiest office surfaces</p> <p>Enhanced digitization to reduce paper, and virus transmission</p>	<p>Touchless entry and tech features</p> <p>Integrated disinfectant stations ("the new water cooler")</p> <p>Anti-viral and anti-microbial furniture/architectural surfaces</p> <p>Smart air filtration and automatic cleansing systems linked to and triggered by occupancy sensors</p> <p>Larger mailroom/ staging areas</p>



## REMOTE WORKING

**Post COVID-19, it is predicted that U.S. home-based workers will double from 5% to 10%. Organizations will explore variations in remote work policy to find what's right for them. Firms may save on real estate but in turn there will be increased spending on technology, sanitation, training, and building virtual culture.**

The COVID-19 pandemic has thrust organizations into high-stress remote working situations. This reactive state does not accurately represent normal remote working. Leadership should not form strong opinions about alternative workplace strategies based on this unprecedented experience.

	BEHAVIOR/ POLICY ▼	▼ SPACE/ INFRASTRUCTURE
FIRST YEAR ▼	<p>Employee surveys and manager input inform phased staff return to the office and preliminary remote work strategy</p> <p>Staff and managers trained on distributed team best practices</p> <p>Remote employees allocated funds for home office setup or coworking membership close to home</p>	<p>Routinely sanitized shared or unassigned seats and lockers dedicated to specific teams</p> <p>Touchdown stations without shared equipment (BYO)</p> <p>Video-conferencing installed in most or all conference rooms</p> <p>Telepresence in boardrooms</p>
BEYOND ▼	<p>Office shift-work and split weeks</p> <p>"Connected culture" program/ committee rolls out strategy for maintaining or evolving a firm's organizational culture with a distributed workforce</p> <p>Extensive new hire training and onboarding programs to forge a sense of connection</p>	<p>"Mobile office models"- some or all individual spaces are shared and reserved, and amenity/ collaborative spaces comprise more than half the RSF</p> <p>Tech-enabled flexible large-scale event space for all hands events</p> <p>Less space allocated to individual desk and offices</p>





## PHYSICAL DISTANCING

**Post COVID-19, physical distancing is implemented to strengthen social networks and communication while maintaining a spatial buffer. Individuals and organizations adopt sanitation policies, air quality improvements and self-distancing behaviors to reduce close contact and minimize large gatherings, likely until mid 2021. Spatial modifications vary based on budget and new build-out vs. retrofit, but smart solutions are designed to change over time.**

A larger space requirement resulting from physical distancing may be offset by savings from remote workers without dedicated seats, bifurcation and/ or smaller space standards.

	BEHAVIOR/ POLICY ▼	▼ SPACE/ INFRASTRUCTURE
FIRST YEAR ▼	<p>Frequent virtual meetings and team check-ins</p> <p>Staff asked/required to wear protective gear and eat in private</p> <p>Occupancy-limit and physical distancing signage throughout, especially in high-traffic areas</p> <p>Wayfinding directs traffic for one-way circulation</p>	<p>Restricted elevator occupancy/ staff utilize freight and stairs more</p> <p>Every other workstation and conference chair removed</p> <p>Seats reoriented to limit close, direct face-to-face positioning</p> <p>Office guest chairs removed</p> <p>Unassigned seats empower choice</p>
BEYOND ▼	<p>Traveling for business is limited</p> <p>Nimble firms/ more change-ready</p> <p>Internal mobility promoted so staff interact from safe distances</p> <p>Meeting times staggered to avoid large influx and outflow</p> <p>Lower floors preferred so staff can take the stairs and avoid elevators</p>	<p>"Compartmentalization" via small offices, neighborhood planning, suites, central cores, smaller floorplates</p> <p>Increased planning circulation</p> <p>More graciously proportioned conference rooms and pantries</p> <p>Fewer double offices and in-office gyms; more health clinics</p>



## BUSINESS CONTINUITY

**Post COVID-19, staff bifurcation and team decentralization may come into favor. Firms increasingly embrace the cloud and invest in robust, secure connectivity and mobile technologies. Business continuity plans (BCPs) accommodate waves of virus surge; staff may need to repeatedly evacuate and repopulate the workplace.**

The rate of technological advancement suggests that disaster recovery and business continuity plans have less than a year before they are outdated, and that window continues to shrink. The plan should be revisited about every 6 months.

	BEHAVIOR/ POLICY ▼	▼ SPACE/ INFRASTRUCTURE
FIRST YEAR ▼	<div>Decentralized work modeling and piloting</div> <div>Business continuity and disaster recovery plans are drafted, tested and/ or revised</div> <div>Dedicated BCP committees are formed</div> <div>Regular employee BCP training</div>	<div>Higher adoption of cloud technology and increased investments in network connectivity and data security</div> <div>Wider usage of VOIP</div> <div>To reduce reliance on mass transportation, employees join co-working spaces close to home if regional offices are not available</div>
BEYOND ▼	<div>Implementation of team bifurcation/ finalization of strategy</div> <div>Potential preference for distributed regional offices vs. consolidate HQ or campus</div> <div>Increased use of consultants</div> <div>Employers reimburse personal cell phone bill when used for business</div>	<div>Significant investment in building infrastructure improvement</div> <div>Home office consulting and design services offered to select employees</div> <div>BC sites get smaller as more people work from home, and are designed to bring people together effectively and safely</div>





# CRE Solutions Evolution

- Workplace attitudes, behaviors, and governance will shift over time
- CRE strategies must address:
  - “inside” (*how*)
    - Physical design for agility and “safety”
    - Technology deployment
    - Social / behavioral expectations & training
  - +
  - “outside” (*where*)
    - Metropolitan distribution & preferences
    - Downtowns vs. Suburbs
    - Office vs. Remote working
- Companies that pilot and adopt agile portfolio, workplace, and workforce strategies are likely to be better positioned



# COVID-19 Perspectives

[www.ngkf.com/covid-19](http://www.ngkf.com/covid-19)

The screenshot shows the 'COVID-19 Perspectives' webpage. At the top left is the Newmark Knight Frank logo. The main title 'COVID-19 Perspectives' is centered in a large white font against a background of a modern building's glass and steel structure. Below the title is a red banner with the text: 'SUPPORTING THE CAUSE: CLICK TO SUPPORT THE ORGANIZATIONS ON THE FRONT LINES OF THE CORONAVIRUS FIGHT.' Underneath the banner, the text 'Resources to help navigate implications for global real estate markets' is displayed. The page features four content cards arranged in a row. Each card has a header image, a category label, a title, and a 'Read' button with a right-pointing arrow.

Image	Category	Title	Read
	COMPANY COMMUNICATION	A Message From our CEO	<a href="#">Read</a>
	COMPANY COMMUNICATION	Support the Organizations on the Front Lines of the Coronavirus Fight	<a href="#">Read</a>
	04.16.20 INSIGHT	Property Management: Post COVID-19 Property Enhancements	<a href="#">Read</a>
	04.15.20 INSIGHT	COVID-19: Office Re-Boarding Roadmap	<a href="#">Read</a>

For more information,  
please visit [siteselectorsguild.com](http://siteselectorsguild.com)