

EMPLOYEES' SATISFACTION FIRST – NEW PRACTICES IN THE MARKET

Figure 1: BLC2 Business Center in Kaunas which is about to obtain Fitwel certification



Source: Urban Inventors

BRIEF INTRODUCTION

- Workplace wellness has become a hot topic recently as occupiers become more aware of the role of the office environment in retaining talented workforce. At the same time, landlords see this as a new way to emphasize the quality of their projects in order to attract tenants. This ViewPoint covers certificates relating to indoor workspace only, namely Well, Fitwel, Reset, and the Leesman Index. Consequently, the most popular sustainability measurements – BREEAM and LEEDS – are not presented here.
- The findings suggest that air is the most notable criteria determining productivity, satisfaction, and well-being.
- Office developers in the Baltics have not yet engaged actively in obtaining such sustainability measurements. Nevertheless, the first certified projects have recently been or are about to be commissioned in the Baltics' capital cities.

WELL CERTIFICATE

As a consequence of the remote working environment during the Covid-19 pandemics, many changes will be implemented in the way offices organize their day-to-day activities. Roughly speaking, offices are now required to outperform the highly personalized and convenient work from home habit and find new ways to attract tenants. One way to attain office wellness objectives is to obtain indoor sustainability certifications.

The performance-based WELL certificate is the most popular indoor sustainability measurement provided by the International WELL Building Institute, a public benefit corporation which is seeking to improve human wellbeing through the qualitative criteria for the environment. It is valid for 3 years from the date of the certification award letter. Its criteria are associated with the divergent viewpoint regarding the

workspace. The core focus of the certificate is based on the air, water, nourishment, light, movement, thermal comfort, sound, materials, mind, community, and innovation concepts of the building. Certain standards are prerequisites for certification while others are optional. Offices are the most popular assets registered for the certification. However, other buildings such as retail, residential, education properties, and others are also common among WELL certified projects.

The pace of the WELL certification recognition is also quite astonishing, considering that from the first certified project in July 2014 until the end of 2016 the certified projects' area reached 75,000 sq m, while until the 13th of August 2020 it has increased to ca. 63 mln sq m with currently existing 323 certified, 320 pre-certified, and 3,872 registered projects across 62 countries working with and interested in the WELL standardization. In terms of the assessment, standards are graded in the categories of bronze, compliance, pilot, silver, gold and platinum.

Quality working environment increases employees' performance and improves the retention of the talented workforce.

Even though, the WELL sustainability certification term is widely acknowledged in the USA, the concept has already started to evolve in the European market, as well. Some recognizable office developers, including Skanska and Futureal Group, have recently designed the working environment according to the human sustainability approach in business centers in several CEE countries. The Swedish developer's Skanska portfolio contains numerous buildings which guarantee a healthy working experience, including Spark C in Poland as well as Visionary and Praga Studios in the Czech Republic. Regarding the Futureal Group, a number of projects, namely Advance Tower, Corvin Technology & Science Park (Corvin 5), and Budapest One Business Park in Hungary, were awarded with the WELL precertification, proving to be healthy in terms of the human experience. As for the Baltics, the unique wooden office property developed by Eastnine – The Pine is registered to be among the first WELL certified projects in the Baltics since the development of the asset will be highly focused on human wellness promotion. In addition, two undisclosed properties in Lithuania are registered for potential WELL certification obtaining, as well.

Figure 2: The Pine BC in Riga



Source: Eastnine

It could be argued whether it is the employees, employers or commercial owners that benefit by the greatest extent from the certification. It is believed that a quality working environment not only improves significantly employees' performance and productivity but is also advantageous in terms of the retention of the high-quality, talented employees. It goes without saying that higher satisfaction and a healthier routine are achieved by both employees and employers as high-quality working conditions reduce absenteeism and promote healthy habits. While tenants enjoy the enhanced quality of life, commercial building owners and developers are able to maximize the financial performance of rental rates and supposedly increase the future resale value, as well as gain a stronger competitive advantage in the market which contributes to the building differentiation among other real estate products. However, the WELL certification is not succeeding as the obvious pattern to follow for pipeline development projects due to the fact that it requires substantial initial investment from the building owners. According to the WELL organization's article-analysis, an engineering consulting firm Cundall with their London office demonstrated a positive ROI within 3 months by implementing WELL certification criteria, and reported a 50% decline in absenteeism (saving £90,000 per year) and a 27% drop in staff turnover (leading to annual saving of £122,000) – both of which are enough to make up initially incurred costs.¹

Figure 3: Number of WELL certified buildings in each continent as of the 13th of August 2020



Source: CBRE Baltics

FITWEL CERTIFICATE

Fitwel provides guidelines on how to design and operate indoor sustainability. Its differentiation from the WELL standards is established by the less expensive costs needed to obtain the certification, a factor which helps remove the financial obstacles for some projects. Fitwel may assist for those commercial real estate occupiers who lack the budget or time for a full WELL certification process but want to deliver a healthier work environment. Created as a joint initiative led by the U.S. Centers for Disease Control and Prevention with the General Services Administration in 2016, Fitwel sets out criteria for design, construction, and operation of a healthier built environment. This standard has three separate categories which let you score one, two or three stars based on the combination of wellness strategy in the building and is valid for 3 years from the certification date. It is possible to apply Fitwel for new construction projects prior to occupancy, major renovation projects

1. Well Press Team (2018). Cundall Office, One Carter Lane. Retrieved from: <https://resources.wellcertified.com/articles/cundall-office-one-carter-lane/>

(Design Certification) as well as post occupancy for existing and completed projects (Built Certification). The assessment of the building also differs quite significantly from the WELL certification, since the evaluation of each project is done through the double-blind process during which two independent reviewers assess the project and confirm a numerical score. Nevertheless, the Fitwel concept also carries some drawbacks, namely the absence of precise criteria since it does not have any prerequisites, as well as weaker recognition in the market as it is not as stringent as the WELL certificate is.

Leading by example: Core BC and BLC2 in Lithuania will execute FITWEL standards.

Recently it has been announced that the first project in the Baltics incorporating the Fitwel standards is about to be commissioned in around 2021. The business center called Core (62,000 sq m), located in Vilnius city center and developed by Baltijos Gildija, is designed with such infrastructure to include an open green yard, open terrace with working spaces, sports and wellness activities, service for employees' well-being, lounge zones, etc. Core BC has announced the intention to incorporate such factors as community health, nutritious meals, safety, sports and similar activities which engage workers in a sustainable living path and adhere to Fitwel's outlook with regards to healthy working space. Furthermore, the BLC2 office building (13,000 sq m) in Kaunas is about to obtain Fitwel standardization for its A-class business premises commissioned in 2019.

Figure 4: Core Business Center Visualization



Source: Baltijos Gildija

RESET CERTIFICATE

Reset is a sustainable buildings' standard focusing solely on the indoor air quality from GIGA in Shanghai. Similar to the WELL certificate, Reset is a performance driven measure. Yet Reset has an outstanding air quality estimation standard which is sensor-based. When sensors are removed from the project or air quality worsens below the set requirements within the building, the project loses the certification. For obtaining certification it is essential to have the monitors accredited by the Reset providers that recognize the pollutants and efficiently upload the data into the assessment cloud for analysis.

Reset relies on information gathered over several months and differs from many other certificates which are completed in one day. This feature makes the certified project trustworthy and prevents implementation of air improvement or temperature and humidity regulatory systems temporarily with the purpose of passing the certificate's requirements. The Reset green building standard is able to track and report the wellness of the air in the premises via air-quality monitoring which is believed to increase workers' productivity, cognitive ability, and efficient performance in the office. The standard requires the building to be recertified each year once the Reset certificate is provided to a project. This guarantees the indoor air condition to be beyond reproach as long as the building holds the Reset certification.

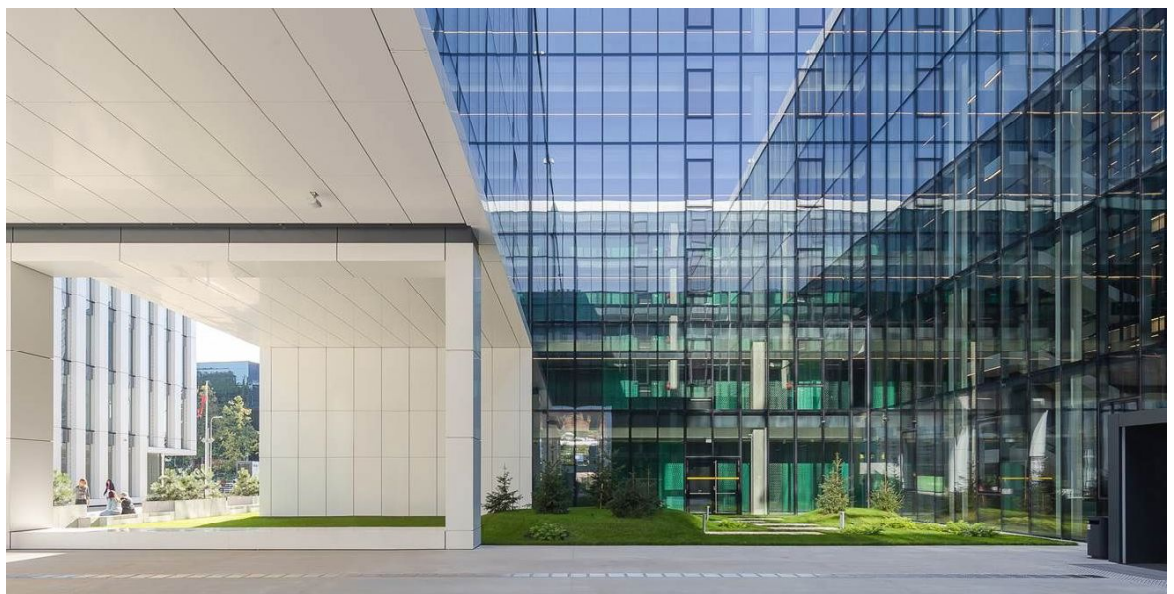
The Reset Air Quality Standard may become even more valuable after the Covid-19 pandemic crisis since now closer attention is placed on the healthy and hygienic environment for employees which is most effectively achieved through air quality. It could be argued that while many office wellness features are flexible to be applied in the later stages of the building lifetime, the HVAC systems implementation in the early stage of a project could benefit right from the very beginning not only to attract sizeable and recognizable tenants but also to save money in the longer term perspective with regards to utility bills.

LEESMAN INDEX

Leesman Index is a workplace effectiveness benchmark tool which provides insights to an organization's workspace suitability and helps compare the company's performance to other global firms. The assessment is done via an e-survey questionnaire where employees who work in the facilities (instead of a selected jury) provide their feedback on the level and quality of the workplace activities. The survey is split into four standardized sections which assess the workplace assistance to the business needs.

The examination evaluates the work activities, workplace impact, physical features, as well as service features. The survey assigns a score to each respondent separately based on their survey answers, and then aggregates them for all respondents within an organization to provide a benchmark score which is later compared to the responses from other companies having participated in the survey with the results stored on a worldwide database.

Figure 5: Danske Bank DC Pier in Vilnius



Source: Eastnine.

Photo: Norbert Tukaj.

The Leesman Index is a measure which has already been adapted on one of the Danske Bank's office assessment in the Baltics. After the review of the implemented solutions in Danske Bank DC Pier in Vilnius, the organization was awarded 7th place out of 971 offices globally in 2018 ensuring one of the best working experiences worldwide in respect of employee satisfaction. The performance of the office remained outstanding in the following year with 8th place in the global rankings at the end of 2019.

CONCLUSION

The Covid-19 pandemic has launched an interest in enhancing workplace wellness, which could generate stronger demand for properties that can provide high quality air, ventilation systems and other indoor environmental features. The certificates analyzed in this report bring relatively diverse assessments of the healthy workspace. However, all of them prove that the new sustainability pattern is emerging into the worldwide office market.

The independent research study done by View, Inc. and Future Workplace LLC¹ across the United States and Canada, conducted in April 2019, confirms the findings that indoor wellness promotion is a concept of high-importance in the market. It was estimated that 50% of surveyed people admit poor air quality being the cause for feeling sleepy during the working hours, while 58% of the respondents rated air quality as the first ranked priority affecting performance at work. Furthermore, it was computed that ca. 33% of surveyed people lose around 1 hour of work per day because of environmental conditions-related issues. Such and similar measurements have given rise to speculations that sometimes one additional worker might not be the most optimal solution for increasing returns in the company. If the workplace meets all conditions required for qualitative performance, then higher productivity of existing employees could even substitute the need for additional workforce units. Not only private entities, but also governmental bodies may consider the promotion of wellness certificates due to the potential influence on the aggregate economic level.

Indoor sustainability certificates are likely to become the de facto implemented solution in newly commissioned offices in the years to come. It is assumed that increased employees' satisfaction may attract sizeable companies, and this may lead to the fiercer competition for qualitative premises resulting in higher absorption rates and better revenue for owners. At the point when the standard becomes an essential rather than attainable practice, wellness indoor certificates are foreseen to provide a win-win situation for all parties involved.

1. View, Inc. and Future Workplace LLC. (2019). Future Workplace Wellness Study. Retrieved from: <https://view.com/sites/default/files/documents/workplace-wellness-study.pdf>

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CONTACTS

Denis Rein

Associate Director | Advisory & Transaction Services
M +370 698 51716
denis.rein@cbre.lt

Ignas Gostautas, PhD

Senior Analyst | Research & Consulting
M +370 694 88318
ignas.gostautas@cbre.lt

OFFICES

Office building Zala 1
Zala street 1
Riga, Latvia, LV-1010

Green Hall 2
Upes street 23
Vilnius, Lithuania, LT-08128

UMA Maakri
Maakri 19-21
Tallinn, Estonia, EE-10145

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