

A Hybrid Model of Work has Arrived

As companies focus on a return to the office it appears a hybrid work model is here to stay...for now.

Historically low unemployment (1.8% in MN) has given employees more clout. Workers have grown accustomed to remote work and more flexibility. Working remote means working anywhere. This means time spent commuting or riding on public transportation can be spent on increasing productivity or used for leisure and many home offices are popping up in vacation or lake home environments.

This trend is transforming the way we use office space and will impact demand for years to come! Many office workers have gone to a hybrid schedule of in-office and remote to 100% remote in some instances. A hybrid approach may have a dramatic impact on demand if businesses begin to limit office visits to 2 or 3 days per week and implement a hoteling model. Vacancy rates, which are already at historical highs, could increase even further. With leases having staggered expirations over the next 12 to 60 months it will take time for the full impact of this shift to be felt.

In response to this trend many companies are pursuing higher quality space with an increased focus on amenities. The goal is to entice employees back into an office environment that

promotes collaboration, synergy and a culture that will help attract and retain talent. Club rooms, on site cafés, fitness centers, conference areas, outdoor patios and lounges are just a few amenities that are becoming more common.

Recent trends in space design include a renewed focus on collaborative areas such as breakrooms that can be used for multipurpose events both large and small. Private office or self-enclosed pods are increasing in popularity where privacy and focus are important. Even open area plan areas may be isolated into smaller groups for increased privacy noise reduction and separation from other staff. Upgrades to HVAC systems are also including MERV 13 filters and UV light treatment to improve air quality and reduce worker health concerns. Below is a sample fit plan for a tenant reducing their footprint from 7,000 RSF to 3,925 RSF while still being able to accommodate all staff at once utilizing hoteling and flexible work spaces.

There are a number of jobs that benefit from the transfer of knowledge from one's peers or through a more collaborative in-person experience. A hybrid model is likely here to stay, though if we enter our next recession or unemployment edges us beyond 5% it will be interesting to see if the leverage the labor force now holds will stand as the hybrid office evolves.

Example "Hybrid" Space Plan

INDIVIDUAL SPACES

- 2 Private Offices (small)
- 3 Private Offices (medium)
- 3 Partner Offices
- 8 Workstations

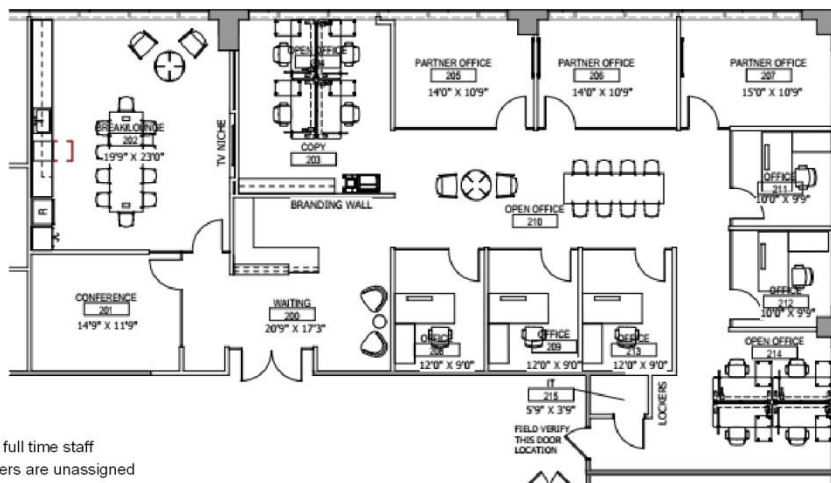
SHARED SPACES

- 1 Conference
- 1 Break/Lounge
- 1 Reception

SUPPORT

- 1 IT/Data Room
- 1 Print/Copy Area

Building Rentable SF: 3,925 RSF



Notes:

- Larger offices are reserved for full time staff
- Smaller offices for hybrid workers are unassigned
- Open plan areas are separated for privacy
- Breakroom serves as a conference center, as well as touchdown areas for hybrid staff and a lounge
- Open seating / collaborative areas can be used for meetings and hoteling overflow staff

Recent Transactions

OFFICE



New Lease
8300 Tower
Bloomington, MN



New Lease
Plymouth, MN



Lease Renewal
Riverplace
Minneapolis, MN

LAW OFFICE OF
JEFFREY A. JONES, PA

New Lease
Golden Hills Office Center
Golden Valley, MN

SOUTHWEST METRO
INTERMEDIATE DISTRICT 288

Office Building Purchase
Shakopee, MN



New Lease
Eagan, MN



New Lease
Minneapolis, MN

CSC Gold

New Lease
Minneapolis, MN

RETAIL



Lease
North Loop
Minneapolis, MN



Restaurant
New Lease
Roseville, MN

LAND

Hollydale Golf Course
Residential Development Sale
Plymouth, MN

8012 Old Cedar Ave S
Sale for Affordable Housing
Development
Bloomington, MN

INVESTMENT

1050 Larpenteur Ave
Medical Building Sale
St. Paul, MN

Lakeville Professional Plaza
Sale
Lakeville, MN

Everbrook Academy
Sale
Minnetonka, MN

INDUSTRIAL



New Lease
Roseville, MN



New Lease
Bloomington, MN



New Lease
New Brighton, MN



Build-to-Suit
West Jefferson, OH



New Lease
St. Paul Midway Area, MN



Industrial Sale
63 St. Anthony Pkwy
Minneapolis, MN

Industrial Purchase
6601 Shingle Creek Pkwy
Brooklyn Center, MN

MEDICAL



New Lease
Eden Prairie, MN



Silver Lake Dental
The focus is on you

Building Purchase
New Brighton, MN



New Lease
Plymouth, MN



New Lease
Arden Hills, MN



New Lease
Minneapolis, MN



New Lease
Buffalo, MN

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Experienced. Respected. Trusted.

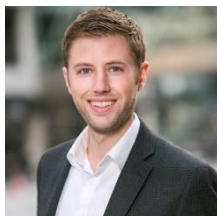
Services

- Site Search and Selection
- Lease Negotiation
- Building Acquisition
- Build-to-Suit Representation
- Strategic Planning
- Advisory and Consulting Services
- Valuation & Appraisal Services
- Disposition of Excess Real Estate

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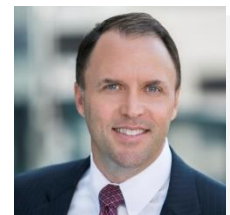
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- Land
- Investment

We believe tenants deserve exclusive representation with an advocate fighting for them. TaTonka can help you navigate the real estate process to achieve the flexibility and terms your business needs. Contact us today to start the conversation!

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