

**RED**PAPER

# Unlocking Success in Office Buildings

Three Keys for Tenant Attraction and Retention

Issue 5





# UNLOCKING SUCCESS IN OFFICE BUILDINGS

## THREE KEYS FOR TENANT ATTRACTION AND RETENTION

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# UNLOCKING SUCCESS FOR TOMORROW'S OFFICE

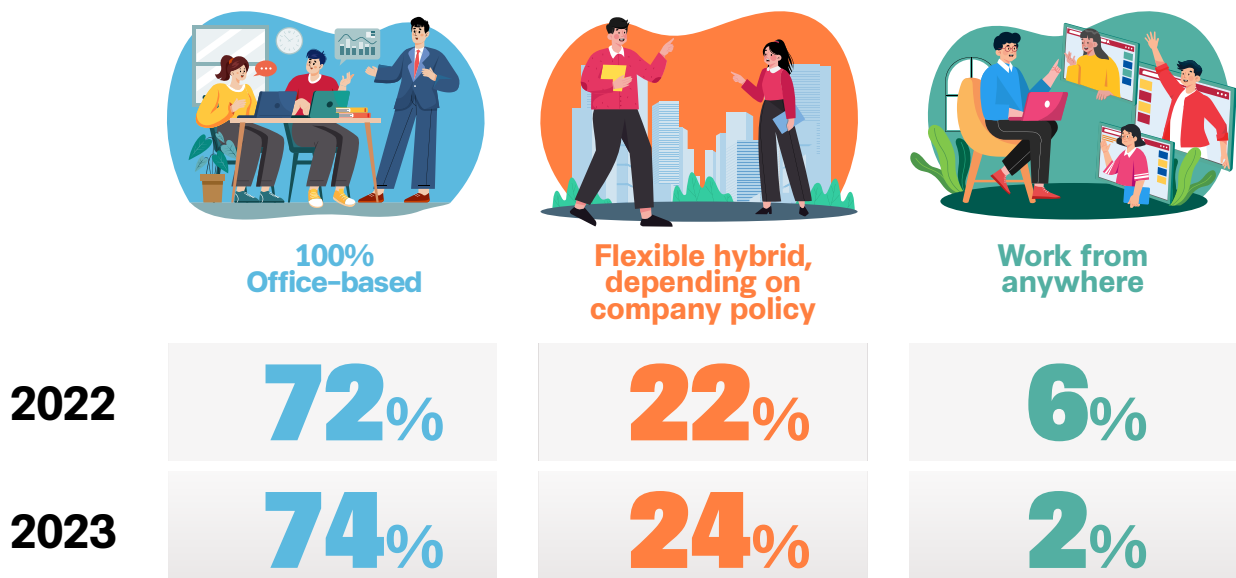
## Three Keys for Tenant Attraction and Retention

Amidst Bangkok's highly competitive office building rental market, an anticipated addition of 1.8 million sq.m. of office space over the next three years is set to bring the total supply to 11.5 million sq.m.<sup>1</sup> With the evolving employment landscape increasingly being shaped by advanced technologies and the emergence of new styles of work, REDPAPER explores the essential factors to consider when developing a successful office building project. These considerations incorporate the challenges and changes that are essential in the creation of office spaces, aiming to meet the diverse demands of tenants and building users.

When looking at 2023 so far, what is clear is that things have largely returned to normal and this has been a year of fresh starts with people getting back to their usual routines. When it comes to work, a large number of organisations have either resumed onsite operations or embraced a hybrid work arrangement. This required a strategic response from business leaders to accommodate the evolving behaviours and preferences of employees – and ultimately securing the retention of top-tier talent. An integral aspect of this adaptation involves upgrading workplace environments. Notably, this involves incorporating employee-centric amenities aimed at promoting a more productive work environment. This paradigm shift has given rise to the 'Tomorrow's Office' trend, a forward-thinking approach that reconceptualises workspaces and transcends the conventional notion of an office, moving to a more comprehensive ecosystem that optimises operational efficiency. Consequently, this trend has become pivotal in the decision-making process of prospective office tenants, who prioritise workspaces designed to streamline and improve productivity.

<sup>1</sup> 2023 office rental supply at 9.5 million sq.m. Source: CBRE Q1 2023

### Working arrangement comparison between 2022 and 2023



**REDPAPER, a real estate data and trend report,**<sup>2</sup> collected both quantitative research data by using interview questionnaires with 300 Gen Y and Gen Z office workers in the Bangkok metropolitan region, and qualitative research<sup>3</sup> involving six executives of organisations renting space in office buildings in July 2023. **REDPAPER identified three essential components that entrepreneurs and employees value in the workplace of the future.**

<sup>2</sup> Sponsored by Frasers Property (Thailand) Public Company Limited in collaboration with Numbers 10 Research Company Limited.

<sup>3</sup> In-depth interviews of six executives of organisations renting space in new office buildings aged 1-5 years and office buildings over 30 years old.

# 1 Digital Connectivity

## Strong, reliable, with seamless building-wide coverage

**95%** of respondents prioritise buildings that offer uninterrupted digital connectivity. They value seamless high-speed internet access, as well as consistent internet and telephone signals throughout the facility. This preference stems from their desire to work without any disruptions.

In today's landscape of work, digital connectivity holds comparable significance to an efficient electrical system. Work patterns have evolved to depend heavily on email, chat, the cloud, and online platforms as essential tools. Furthermore, this current period is clearly digital, with technology deeply ingrained in our work routines, encompassing the implementation of AI, big data, IoT, and similar advancements, all of which necessitate smooth, rapid, and effective connectivity.

Based on the above requirements, **REDPAPER**, analysed and developed the following findings concerning office buildings that satisfy the demands of digital organisations.



**Be equipped with robust digital infrastructure** that supports high-speed internet and ever-changing technologies



**Allow various internet service providers and have a backup signal** in the event of any unanticipated service interruptions



**Use non-absorptive construction materials that do not block digital signals**



**Install signal boosters** to enhance the efficiency of signal distribution within the building



**Arrange signal distribution on each floor** for comprehensive coverage across the entire building



In mid-2023, WiredScore, the International Digital Connectivity Certification Organisation, expanded its digital signal performance certification for commercial buildings in Thailand for the first time, reflecting the growth and potential of the grade A office building market in the heart of Bangkok - marking an intriguing development in the Thai office building market. This year, only 2.6%<sup>4</sup> of total office space in the market has been built and certified. Obtaining this accreditation can build greater trust among entrepreneurs and employees interested in renting space in office buildings that meet such standards and criteria.

<sup>4</sup> Calculated from a total 9.5 million sq.m. of completed office rental space in 2023.

## 2 Service-driven Innovation

### Focus on convenience, simplify complicated tasks, and increase flexibility

# 79%

of respondents agreed that the development of modern office buildings should include a range of innovations and services to efficiently satisfy the demands of tenants while also facilitating building users. A modern office should feature the following assistive technology innovations:



#### An application with technological features

for tenants to access the building, communicate, and receive notifications about the building's system maintenance and utility payments



#### Renewable energy management

to reduce energy consumption



#### A smart office system

that allows remote control of lighting and air conditioning



#### A touchless visitor management system

featuring a QR code which visitors can scan to gain entry into the building



#### Emergency notification systems,

such as smoke detectors and a seismic alert system



#### A security face scanning system

to access and depart different parts of the building



#### A real-time parking availability and reservation system

improving access and convenience for visitors



#### CCTV to capture license plate information

and issue e-stamp parking tickets



Incorporating these innovations will help simplify complicated contact processes and make various operations faster and easier, as well as strengthen the building's security management system by detecting and alerting emergency situations, and instantly verifying the identity of people entering and exiting the building. Additionally, these innovations modernise the office building in alignment with the digital era and improve occupancy satisfaction which, in turn, helps office building developers maintain high occupancy rates.

## 3 Productive Environment

### Motivating office workers by improving their quality of life

**73%** of respondents express a strong desire for an office environment that fosters productivity, supports well-being, and encourages work-life balance. The COVID-19 pandemic necessitated a shift to remote work for most employees, leading to significant changes in their work habits and lifestyles. As we transition back to the office and adapt to the new normal, employees increasingly value the harmony between their professional and personal lives. Satisfying work experiences are now recognised as crucial for enhancing overall work efficiency.

#### Desirable office features for working adults include:



**Various types of seating, both in work zones and other parts of the office,** allowing employees to adjust to the working environment as needed



**Adequate and appropriate lighting** to prevent eye issues, enhance job motivation, and encourage a sense of well-being



**Creating spaces that nurture creativity,** such as tranquil green areas, places to unwind, and engaging activities zones, all of which can help employees relieve any stress from work



**Air conditioning systems with the option to adjust temperatures**



**Effective air filtration** to eliminate dust and prevent the spread of germs within the building

Considering both a conducive work environment and the trend to more sustainable living, many leading organisations are now actively seeking office buildings that comply with internationally recognised standards when evaluating the well-being and quality of life of occupants. The WELL Building Standards, established by the International WELL Building Institute (IWBI), assess the aspects of a building that have a direct impact on its occupants, covering seven crucial areas: Air, Water, Nourishment, Light, Fitness, Comfort, and Mind.





**REDPAPER** has identified the following key operational trends among successful real estate developers that are contributing to the growing popularity of office building projects, especially in the grade A office building sector:

## 1 The safety of the building's occupants is of the utmost importance

In addition to meeting standard safety requirements for office buildings, such as maintaining building safety performance, emergency alarm systems, and conducting contingency plan drills, developers are advised to integrate automated building features to enhance overall safety. This involves deploying tools like flame detection sensors and motion detection sensors, along with systems designed to proactively identify and analyse potential threats.



## 2 Elevate service standards through a 'Mobile first approach'

In line with the prevailing trend of widespread smartphone use among Thais, office building developers can offer enhanced services to building users through mobile phone applications. This app should incorporate useful functionalities, such as cardless building access via smartphones, smart controls to manage electricity, lighting, air-conditioning, and electronic equipment, as well as an emergency alert system.

## 3 Implementing environmental standards that address important global concerns

A building's structure needs to consider factors such as the ventilation system, energy efficiency, and incorporating more green spaces within the structure. This involves using energy-efficient construction materials with properties to mitigate noise, sunlight, and heat. Additionally, developing a renewable energy system is crucial to minimise environmental impacts. One option, among many, is the Leadership in Energy & Environmental Design (LEED) certification, globally recognised as a mark of environmentally conscious building practices.





## 4 Increasing green practices while reducing environmental impacts

Commencing with an assessment and formulation of a building construction strategy based on carbon dioxide emissions, the aim is to substantially lower the quantity of greenhouse gas emissions, for instance, by calculating the carbon footprint of building materials, choosing low-carbon over traditional concrete, and reusing existing resources. The purpose of these efforts is to achieve Net Zero Carbon supporting national and global efforts on climate action.



In addition to preparing the building's infrastructure across various dimensions to support tenants and building users, real estate developers must extend their focus to upgrading a broader range of services. The objective is to develop an office building that meets the diverse needs of tenants and all building users by adding services that amplify their productivity, elevate their quality of life, and better facilitate their work processes through a service as a priority (As a Service) business approach.

This can cover simplifying and expediting the service process, such as improved service coordination, facilitating and offering assistance with the building's system, and leveraging applications to expedite transactions and activities within the building, ensuring it stands out in a highly competitive office rental market.

REDPAPER believes that real estate developers must go beyond conventional paradigms to establish an outstanding office building that is marketable, and ready for both current use and future needs. Workplace needs today, post-Covid, require much more than what we have come to know as the 'traditional' office building. This involves comprehensive infrastructure design and development along with an expansion in services enabling more far-reaching utilisation of the building while providing increased convenience - all in line with the work habits and lifestyles of the new generation. In doing so, the experience of tenants and building users will be significantly enhanced, delivering service excellence that surpasses expectations and aligns perfectly with Tomorrow's Office trends.

## 5 Maintaining relationships with customers for sustainable growth

Office developers and service providers should monitor, investigate, and evaluate the ever-changing behaviours and functional requirements of building occupants to enhance services and better facilitate the needs of tenants.





## About US

**REDPAPER**, Frasers Property Thailand's insight report, provides a series of articles which address trends, gaps, and analysis of the real estate industry in Thailand, particularly in the residential, industrial and commercial sectors, in addition to reporting useful facts and commentary from market leaders to readers.

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