

Offices Probably Won't Shrink Much After The Pandemic, But Density Will

November 4, 2020 | Christie Moffat, Bisnow Houston (<https://www.bisnow.com/author/christie-moffat-216170>) (<mailto:christie.moffat@bisnow.com>)



People are starting to slowly trickle back to Houston's office buildings, but for many companies, the question of how much space they will need in the future is still under discussion.

Some industry players have theorized that corporate downsizing is inevitable now that remote work technologies have been widely adopted. Others say the need for office space remains (<https://www.bisnow.com/national/news/office/office-sector-banks-on-lowered-densities-more-demand-in-post-pandemic-rebound-104552>), especially in the long term.

Companies that have done an office lease over the last 10 years, regardless of industry, have mostly opted to make their space denser and more efficient, Hicks Ventures (<https://www.bisnow.com/tags/hicks-ventures>) principal Patrick Hicks (<https://www.bisnow.com/tags/patrick-hicks>) said.

"That means less individual work area, more collaborative space, hoteling or whatever you want to call it. So with this new thing, I would say 90% of them even will have to make their footprint bigger," Hicks said during a *Bisnow* webinar Oct. 29.

Hicks said he would be shocked if office occupancies at his properties fell by even 5% from where they were prior to the coronavirus pandemic. Instead, he predicts space usage is more likely to stay the same as an eventual vaccine comes into play and more people return to the office.

Gensler (<https://www.bisnow.com/tags/gensler>) co-Managing Director Stephanie Burritt (<https://www.bisnow.com/tags/stephanie-burritt>) said she also thinks the overall square footage of most corporate offices will look very similar in the future. The main focus for companies will be reallocating the space and how it functions to provide more distancing.

"It feels like a breakeven right now, what my gut is also telling me," Burritt said.

CBRE (<https://www.bisnow.com/tags/cbre>) Executive Vice President Jon Lee (<https://www.bisnow.com/tags/jon-lee>) said that anecdotally, he doesn't have any clients of significant size that are expanding their footprint.

"Definitely trimming on the margin or reallocating, but I think it's going to be flat, is my guess," Lee said.

The economic uncertainty of the pandemic has forced many companies to hold off on deploying capital or making any major changes. But lease renewals (<https://www.bisnow.com/tags/lease-renewals>) are inevitably going to come up during 2021, and many firms will be forced to make a decision.

That has already begun to happen, according to Hicks. Now that office occupancy has returned to about 50% across his portfolio, tenants are more interested in planning for the future.

"Now they're finally sort of addressing it, as opposed to kicking the can to the last minute," Hicks said.

Transwestern (<https://www.bisnow.com/tags/transwestern>) Senior Managing Director Doug Little (<https://www.bisnow.com/tags/doug-little>) said that at the moment, the uncertainty is leading to shorter renewal lease terms in Houston.

