

## Miami's flexible office spaces are set to thrive, says Pipeline CEO

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The global pandemic has hit close to home for many businesses across South Florida. Those who have found opportunity amid the chaos include locally owned Pipeline Workspaces, Miami-Dade's original shared workspace. Since opening its initial space in Brickell in 2012, Pipeline it has expanded to Coral Gables, Doral, Fort Lauderdale and beyond South Florida. state and nationally.

Industry watchers have questioned the viability of shared workspaces in the COVID age. It's a marketwide concern; in 2019, co-working space was one of South Florida's strongest commercial sectors, accounting for more than 20% of the Miami-Dade leasing activity.

But if any one thing is certain, it's change. What appeared a bleak outlook for co-working just a few months ago is now far brighter, finds Philippe Houdard, CEO and Co-Founder of Pipeline Workspaces.

In this exclusive Q&A with the Miami Herald, Houdard discusses how the flexible office segment is changing, evolving opportunities for work-share spaces and the outlook for the broader office sector.

### **Q: How has your business, which offers shared workspaces, been impacted by COVID-19?**

We've maintained roughly 80% to 90% occupancy across our portfolio, so we're managing fairly well at this time. When the pandemic first hit though, the office space sector got seriously rattled. Some experts were even suggesting workers may never come back to an office, period. But what is actually happening is more of an evolution, with many workers splitting time between home and office. Companies still want a physical presence for their employees to tie everything together, but they are offering flexibility too.

We're hearing from a lot of people experiencing distractions at home and needing to escape, even if just for a bit. They may love their family and dog, but they need more human interaction. The hybrid office/home structure has quickly become common practice. With people alternating between the two, that means very low concentration of people in Pipeline at any given time. The feel is relatively calm, and when most people come in, they're focused and do what they need to do.

### **Q: Since the pandemic began, has Pipeline experienced a change in the mix of its clients?**

In early March, once the pandemic spread in earnest, everyone was stunned, fearful about the future. Things got quiet for what seemed like an eternity. Then, one morning, a 25-person company called us about getting space. They came in wearing gloves and masks and signed a couple of days later. A second company with 30 people reached out to us. Leads kept trickling in. Since then, we've been signing more companies leaving their long-term leases, wanting to downsize, wanting a flexible option, and to have someone else manage all of the safety protocols to protect their employees. We've seen a lot of larger companies but have also smaller professional service businesses, a few law firms, a construction company, private equity; it's been across the board.

Everyone is just looking for flexibility and a safe harbor.

**Q: Have Pipeline’s members been negatively impacted due to the pandemic?**

A pandemic didn’t factor into our business plans, but our space configuration actually happens to be relatively well-suited for the times. Thankfully, we never bought into the trendy co-working concept of jamming gig workers in like sardines, creating a dense environment presumably to maximize revenue per square foot. Instead, we chose to make Pipeline a boutique office environment, with spacious layouts, more professional and predominantly private offices. Everything for us is about professionalization and personalization, so the relationships with our members has made it easier to guide everyone through the changes of our safety plan.

We tend to have a lot of stable and mature companies. Our spaces have attracted major companies like Uber, Google, Kayak, Spotify and Microsoft. These are the types of companies that seem to be doing fine these days, better able to weather the storm, which in turn has helped us keep the membership strong. Most of the stable, mid-sized companies are holding up as well. Only a few small companies ended their membership, but my impression is that they were already up against the ropes.

**Q: What protective measures has Pipeline put in place to address the coronavirus?**

One of my brothers lives in China, so I had a bit of a head start in anticipating what might be coming our way. Once it became obvious we were entering a serious situation, we quickly engaged public health officials, medical experts, architects and designers to create a comprehensive workplace strategy. Priority No. One became safety and health for Pipeline members and our team.

Throughout the early months, we had Pipeline members that are essential workers, including some health care companies, that were working in the space. They were the trendsetters. By closely observing them work and their patterns of behavior, along with many conversations, this provided us early insight. We decided to concentrate on three areas – physical changes to Pipeline’s spaces, new protocols for behavioral change, and intensified cleaning measures.

Regarding physical changes, everything is focused on keeping density low and members far apart from one another. We have redesigned the spatial layout for all common areas, resulting in greater spacing and division to avoid congregation. Pipeline already consists predominantly of private offices, but for the open areas we’ve added plexiglass and buffer zone partitions for open area desks and introduced zigzag seating for everyone to maintain distance.

The new protocols for our members are focused on physical distancing as well, with clear reminders throughout the space to comply with CDC guidelines. Our team nudges people to help remind them when necessary. We immediately put a cap on maximum occupancy in common areas, such as the cafés, business centers and conference rooms. We also analyzed the patterns of movement by our members and identified one-direction walking in certain areas to avoid people crossing paths. We introduced well-being stations throughout the spaces which include sanitizer dispensers, wipes and general cleaning materials. And we provide masks to members who might have forgotten to bring their own. We also instituted a three-layer deep cleaning process for office furniture, surfaces and high-touch points. The spaces are cleaned numerous times a day.

Pipeline managers are also scheduling more virtual tours to give prospective members a first look at our spaces without having to visit in person, which minimizes the number of visitors at our locations.

**Q: How do you think the industry is going to evolve?**

There is a clear division between flexible office space and co-working. Genuine flexible office spaces, like Pipeline, cater to independent professionals, small corporate teams. This segment is poised for tremendous growth in the long run.

The world is uncertain and companies have more questions about the future than answers. How many employees will I have in six months? How much time will they spend in the office? Will I hire more people outside of my geography? Might we move? Everyone wants to keep their options open, avoid entering into long-term agreements and get just enough space and not more while they figure things out. It's the very concept that flexible office space is built on.

On the other side of the divide are co-working spaces that captured popular imagination, especially hip spaces, dense, tilted toward an open desk environment. I have to believe those companies are going to have a very difficult time. Consolidation will take place for those that squeak by.

One other major trend is that landlords for large buildings are already having to adapt and get creative, as tenants are more inclined to walk away from re-signing five- or 10-year leases. The leverage has shifted, as tenants look to downsize and spend less money on rent. Sitting in the wings are flexible office spaces ready to embrace these companies, offering a year term, maybe 6 months, maybe less. And showing ways they can take considerably less floor space. We've already been approached by several buildings inquiring about our interest in managing parts of their buildings for them.

**Q: How do you think these recent events will influence the future of work?**

More than anything, there is intertwining of work and personal time, which I think will lead to a healthy rebalancing. The mechanisms for this are clearly visible, as companies chip away at office cultures that held onto unproductive face time a bit too long and start to accelerate the adoption of online technologies.

To the surprise of many, working from home produced surprisingly positive results, even if the workday now also incorporated helping kids with remote education and working out in the living room. All of a sudden, there is no need to even hide this. There are limits and strains to working from home of course, with dogs barking and children chatting in the background. Combine that with the needs for humans to socialize and be around others, and the office will simply evolve. I expect companies to seek out ways from their employees to both work from home and work near home in their offices, so as to maintain company cultures and benefit from bringing people together to solve problems and imagine new ways of doing things. Everyone will just need to wash their hands and keep their distance.