

Property Weekly

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CRE owners rethink office spaces and tenancy contracts in the UAE

With WFH proving to be just as effective, is the office space now being considered an additional overhead cost?

Esha Nag

Property Weekly Editor

The coronavirus pandemic is now forcing commercial real estate owners to rethink office spaces and rents and be more flexible with the terms and conditions they lay down on the tenancy contracts, say Dubai real estate experts. The second quarter of the year did not see any new office space handover in both Abu Dhabi and Dubai, keeping the total available stock at 3.8 million and 8.7 million sq m of GLA respectively. However, in the second half of the year, a total of 312,000 sq m of GLA is expected to handover in Dubai, says a JLL Q2 report.

ICD Brookfield Place - a new-age office

The much-anticipated ICD Brookfield Place in the DIFC is expected to be operational late August, with the first tenants moving in, says a spokesperson at ICD Brookfield. The mixed-use development will mark a turning point for the DIFC which has not seen new construction on this scale in the past 10 years.

The 53-storey office tower designed by Foster + Partners features over four acres of curated dining, retail and community space alongside 900,000 square feet of contemporary work-space. It incorporates world leading advancements in technology, for example, UV light in the HVAC system to prevent the transmission of bacterial and viral infections, smart building sensors to monitor air quality and a touchless entry experience all giving corporates great confidence in going back to the workplace.

The project focuses on amenities, facilities and the creation of a unique environment to attract tenants and end-users. Some of the unique features include construction that eliminates the use of corner columns, offering 360-degree panoramic views, 3-meter floor to ceiling heights and the floor plates allow for interconnecting stairs - helping to foster greater connectivity for its occupants.

There will also be a 21,000 square foot landscaped 'Summer Garden', a 20,000 square foot food hall, and London's famous 'Arts Club', frequented once by literary greats like Charles Dickens.

Experts feel that the pandemic has forced corporates to continue to consolidate operations and implement cost-reduction measures, with the current office demand focused on smaller, fitted-out units of less than 1,000 sq m. According to the JLL report, Grade A rents in Dubai decreased 13 per cent year-on-year to reach Dh1,315 per square metre. In the long term, the report said, four key factors are expected to shape the future of office demand: remote working and flexible office solutions, office design focused on collaborative spaces, technology, and commuting patterns.



ICD Brookfield Place expects to be operational next month



Michael Young
director and head of advisory and transactions, CBRE



Dounia Fadi
CEO, Berkshire Hathaway Homes



Dana Salbak
head of research, JLL Mena

Under these conditions, the market remains favourable to tenants, with landlords offering incentives and contributions to capital expenditures to reduce costs on tenants.

Remote offices in demand

Dounia Fadi, chief operating officer of Berkshire Hathaway Homes, says the pandemic has

impacted the way we look at our living and working spaces. "The idea of remote offices or WFH (work from home) will mean every home will need a dedicated working space and for commercial office buildings, the question for businesses will be why pay high rents, maintenance and general upkeep of office space when their productivity during the isolation period was as efficient. Not to mention the huge impact of office commute stress and cost. So all our customers, residential and commercial, are going to be looking at real estate very differently."

Michael Young, director and head of advisory and transactions at CBRE, has noted a slowdown in tenant relocation negotiations across all sectors since March. "We anticipate there will be further pressure on rental rates and an increase in tenant lease incentives," says Young.

A hybrid model

Dana Salbak, head of research, Mena, at JLL, agrees to this, saying, "Looking ahead, we expect corporates to adopt a hybrid model of working, with some of their employees based in HQ offices, while others continuing to work from home, or in flexible office spaces. She believes the next normal will include a mixed implementation of working from the office, working from home, along with "working from anywhere."

"Project handovers have experienced delays in the commercial market," says Salbak. "[But] a delay in supply is not such a bad thing, as the residential market is oversupplied.

PARTNER CONTENT

Yardi proptech solutions get realty stakeholders up to speed on the 'new normal'

App-based tools such as RENTCafé, Procure to Pay and VendorCafé speed up business processes in the UAE



Said Haider
Regional Sales Director ME

The current pandemic situation has allowed proptech solutions to shine in the UAE as interest in technology that empowers real estate stakeholders to simplify processes and speed up a return to the 'new normal' has been at an all-time high. Yardi, which designs, develops and supports software solutions for real estate owners and managers, has seen this trend across its digital platforms, which have enjoyed a surge in deployment from companies eager to seize new opportunities in the market.

"Yardi provides complete real estate management solutions for property managers in accounting, marketing, leasing, property management, procurement and much more in large multinational enterprises, and small and mid-size holdings," says Said Haider, Regional Sales Director, Middle East at Yardi. "Yardi works across different markets - commercial and retail, residential, student housing, airports, coworking and more, - and invests heavily in different proptech solutions."

RENTCafé

With more than six million residential units using the app, RENTCafé has been an invaluable tool for hassle-free online transactions. The app allows landlords to tap into a powerful property marketing platform

with easy-to-use features to create their own dynamic marketing websites, maintain convenient self-service options and access smart multichannel marketing tools.

"This solution increases online visibility of clients, providing features such as creating their own website. Yardi also supports with SEO and SEM to improve visibility," says Haider. "RENTCafé also supports online leasing, which is key in minimising vacancies, and supports property managers with a full suite of tools to work remotely."

For tenants, RENTCafé provides a secure, app-based solution to make payments, submit maintenance requests and manage smart home features in ways that work for them.

Procure to Pay

Used to manage millions of transactions worth billions of dollars, Procure to Pay empowers businesses to go fully paperless and reduce manual tasks with a suite of end-to-end procure-to-pay solutions.

"It reduces invoice processing cost and uses smart tools and analytics to capture invoice missing information," notes Haider. "The entire process is paperless with little to no manual intervention."

The Procure to Pay suite combines Yardi PayScan and VendorCafé to support the pro-

cedure-to-pay workflow. It covers purchase requisition, workflow approval and issuance of purchase order, which are then allocated to the VendorCafé portal. "It helps approve invoices faster," says Haider.

VendorCafé

Designed as a one-stop shop vendor management solution, VendorCafé centralises product and service vendor information in a single system of record, with a 360-degree view of vendors and property associations. "It improves efficiency and helps significantly reduce paper usage and waste," says Haider.

Coworking spaces

"The demand for coworking or shared spaces may have been temporarily affected, but in the long term the demand will be there," says Haider. Underpinning its support to this rising segment, Yardi will be launching a new product catering to coworking and shared office spaces in 2021. "This will be an important step to nurturing a thriving community of startups in the UAE," says Haider.

Icons of luxury from around the world

Here's a look at real estate projects in some of the iconic buildings in London, New York and Dubai

Westminster Fire Station in Victoria, London

The former Westminster Fire Station is in the midst of a transformation. Development manager Alchemi Group, in partnership with Far East Orchard Limited, a Singapore-based property developer, is working to restore the Grade II listed Edwardian building into a neighbourhood address. Led by architecture practice Openstudio, the former Fire Station will be home to a destination restaurant in the old engine bays, and six boutique apartments, while a new build Station House will house a further 11 apartments.

The Towers of the Waldorf Astoria New York

The iconic Waldorf Astoria New York has officially launched the sales of the building's condominium residences. The Towers of the Waldorf Astoria, earlier this year. The Waldorf Astoria has been a beacon of timeless glamour and luxury for nearly a century. When the Waldorf Astoria opened on Park Avenue to rapturous reviews in 1931, it was the largest and tallest hotel in the world and is currently New York City's largest privately owned landmark.

The property is in the midst of an unprecedented restoration, undertaken by renowned architects Skidmore, Owings & Merrill, with great attention given to the original Art Deco design. The full block property, which will include 375 condominium residences and the 375-key Waldorf Astoria New York hotel, will welcome residents and guests in 2022.

The Towers of the Waldorf Astoria will offer



Waldorf Astoria New York

375 residences starting from \$1.7 million. Occupancy is projected for 2022.

One&Only One Za'abeel, Dubai

Due to open in 2021, the iconic One Za'abeel is a symbol of ambition, innovation and the pioneering spirit of Dubai. Developed by Ithra Dubai, a fully owned subsidiary of Investment Corporation of Dubai, One Za'abeel stands tall and proud in the Za'abeel district in the heart of the city, strategically positioned at the crossroads of the old and new business districts of Dubai. The two-tower, high-rise mixed-use development incorporates One&Only One Za'abeel, luxury residences, serviced apartments, and office spaces, in addition to The Gallery, an opulent retail podium, and a panoramic sky concourse. The Lixa, which connects the two towers, Peniston International will be designing the interiors of One&Only One Za'abeel.

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Supplied

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