

Winter 2018

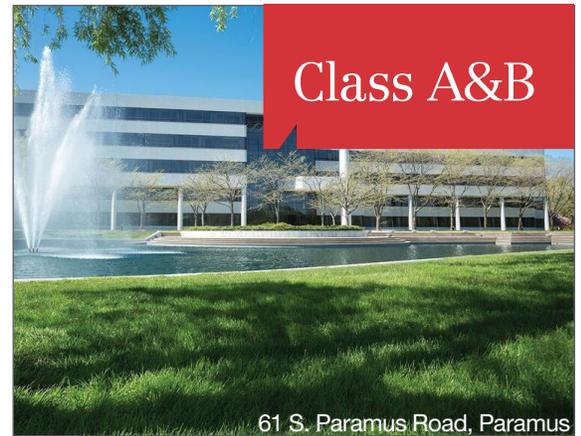
Bergen County Report



300 Tice Boulevard, Woodcliff Lake - Sold for \$28,000,000

The Pros and Cons of Open Concept Offices

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The cubicle was once the premiere piece of office furniture, invading millions of businesses across America since the 1960s. Modern offices, however, have come to reject the isolating and cellular structure of a cubicle office. Studies show that nearly **70% of American workplaces have embraced the open concept office design**. Open concept offices feature bright colors, few walls, and multiple communal work areas. Despite its popularity, the open concept office has some drawbacks. Below is an examination of the pros and cons to utilizing an open concept office design.

The Pros



Improved Engagement at Work

Just 33% of Americans actively enjoy working in their workplace. Over 50% of American workers are completely unengaged and they only view their work as a means to a paycheck. Open concept offices can provide a solution to the severe lack of employee engagement.

Providing employees with designated personal workspaces will make them 1.4 times more likely to be engaged with their work. When employees are provided with different areas to work in – and when employees are encouraged to move between these spaces – they are 1.3 times more likely to be engaged in their work compared to stationary employees. In order to maximize engagement and productivity, open concept offices should assign each employee with their own workstation while also providing the entire office with a handful of un-assigned, semi-private work rooms. Ultimately, the freedom of movement in an open concept office makes for more fulfilled employees.

An Affordable Office Model

The open concept office saves many businesses money with less walls and centralizing the control of HVAC and lighting fixtures. A recent study found that **up to 45% of energy consumption in buildings is due to lighting**. With more natural light, open concept offices do not need to rely on artificial light sources as frequently as cellular offices. The open concept office design conserves energy and improves airflow in an office. Businesses that opt for an open concept office will likely have a more affordable energy bill.

Prevents a Sedentary Lifestyle

Employees stood almost 20% more in an open concept office as opposed to when they worked in a cellular office. In a 2012 study, it was found that **sitting for most of the day increases the likelihood of developing a risk of a terminal cardiac arrest by 90%**. Additionally, the risk for a stroke or a heart attack increases by 147% for people with largely sedentary lifestyles. Therefore, open concept offices can help prevent the risks associated with sedentary lifestyles.

When compared to the stationary furniture in cubicles, the furniture in open concept offices is better for employee health. A 2016 OSHA report found that furniture with minimal ergonomic design – including cubicles – cost employers approximately \$54 billion annually. Many open concept offices also have multi-functional furniture such as desks that have adjustable heights, allowing employees to sit or stand while working. Open concept offices are more likely to feature furniture that is better for employee health.

The Cons

While ergonomic furniture can be beneficial to employees, an open concept office can also prove damaging to employee health. One 2011 study found that **employees working in open concept offices took 62% more sick days off** compared to employees working in isolated cellular or cubicle offices. This study accounted for many factors including the socio-economic status of the study participants and their lifestyle decisions (such as smoking habits). Due to the communal nature of open concept offices, employees are more likely to come into contact with one another and pass around their illnesses.

Businesses that do not utilize remote work or that do not benefit from remote work will need to be prepared for more employees taking time off in open concept offices.

The Severe Lack of Security

A 2017 study found that 75% of employees steal from their employer at least once (from staplers to laptops or hard drives). **Employees stole an annual \$50 billion from their employers.** Open concept offices need to be vigilant with protecting both employee and business information.

The Noise is Distracting

Talking is the most distracting source of office noise for almost 50% of employees surveyed in a 2008 study. **Conversations wasted an average of 21.5 minutes per day.** With a lack of cubicle walls to dampen ambient noise, open concept office employees must struggle to balance collaborating with their peers while also focusing on completing their work independently.

Employers who choose to embrace an open concept office will need to decide how to address dampening noise without negatively impacting the core designs behind an open concept office.

Ultimately, open concept offices have both advantages and drawbacks. There are many factors for businesses to consider before moving forward with an open concept office design. So long as businesses understand the needs and nuances of their employees and of their industry, it is possible for an open concept office to be successful.



Bergen County, New Jersey Winter 2018 Office Report

Class A&B

A Point to Consider:

Across the country, millennials are driving many changes to the office sector landscape. Their penchant for transit-oriented developments generates many challenges for the landlords in northern New Jersey's suburban markets. In these communities, it continues to be a tenant's market. Whether you are a landlord interested in selling an asset or a corporation looking for another location, we can show you how to benefit from the current opportunities in the market.

Submarket Overview:

Submarket	Total RBA SF	Total Vacant Available SF	Total Vacant Available	Total Net Absorption SF	Total SF Leased	Average Asking Rate PSF
Bergen County Total	31,700,840	4,498,131	14.2%	(288,525)	368,134	\$25.22
Bergen North	10,866,048	1,329,679	12.2%	95,745	56,030	\$25.59
Bergen East	9,971,262	1,230,670	12.3%	(223,796)	185,704	\$25.33
Bergen Central	7,445,227	1,203,408	16.2%	(133,218)	85,763	\$25.18
Meadowlands	3,418,303	734,374	21.5%	(27,256)	40,637	\$24.16

Lease Transactions:

Tenant	Address	Size (SF)	Submarket
Cancer Genetics*Renewal	201 State Route 17 N, Rutherford	18,000	Meadowlands
Steward Partners Global Advisory	115 W. Century Road, Paramus	9,000	Bergen Central
Matrix-International Financial Services	201 State Route 17 N, Rutherford	8,961	Meadowlands
First Republic Bank	115 W. Century Road, Paramus	8,437	Bergen Central

Sale Transactions:

Address	Size (SF)	Price	Buyer	Seller
300 Tice Boulevard, Woodcliff Lake	240,000	\$28,000,000	BHN Associates & Hudson Equities Mgmt Group	Mack-Cali Realty Corporation
61 S Paramus Road, Paramus	269,191	\$24,000,000	Garrison Investment Group & Onyx Equities LLC	Mack-Cali Realty Corporation