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### Special Otten Johnson Alert: Coping with Crisis and Thinking About the Future (From Our Home Offices)

*As our communities, nation, and world reel from the impact of the COVID-19 public health crisis, Otten Johnson extends our sincere gratitude to all of the health care providers, first responders, public health leaders, and others who are serving those who are sick and at risk. Since we are business lawyers without the skills or expertise to provide medical care, our contributions to resolving this crisis are largely relegated to working from home to avoid spreading disease and offering financial contributions to worthy organizations supporting our community. But because we cannot help but think of this crisis through the lens of our land use, real estate, and business practices, we are bringing our clients and friends this series of alerts, exploring how the current pandemic affects our work, what we're learning from it, and what the future holds.*

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## Part 8 – Mass Telecommuting: Zoom, the Office Market, and Beyond

April 13, 2020 • [Vincent Forcinito](#)

This installment in our series of alerts covering COVID-19 issues addresses the effects that the unprecedented number of individuals currently working from home may have on the future. This includes not only the possibility of more workers and companies embracing full- and part-time telecommuting policies, but also the effects that this may have on the nation's real estate market, and in particular, the demand for office space.

### Telecommuting on Steroids

Telecommuting (a fancy way of saying “working from home”), a popular working arrangement among millennials in particular, has become increasingly common. Large and small businesses alike have increasingly adopted formal or informal telecommuting policies, allowing workers to work a set number of days away from the office each week or month, or more infrequently, altogether. This trend has been buoyed by an abundance of technological advances and practices to keep colleagues connected and productive, including e-mail, online chatting and

document sharing, advanced teleconference software, and video conferencing (if anyone reading this alert was not aware of “Zoom” prior to March, you surely are now!).

Since 2005, the number of telecommuters working from home at least half-time has grown by 159%. In 2019, more than 4.7 million people in the United States worked from home, representing approximately 3.4% of the workforce. While a large number, employees working full- and even half-time from home has never been the norm. However, other than “essential” workers (thank you for your service to our communities!), right now it is.

As of April 7, more than 316 million people in at least 42 states, the District of Columbia and Puerto Rico have been urged to stay home. For kids, this means no school, and for the American worker, this overwhelmingly means no work. With so many workers being forced into telecommuting, many for the first time, this got us thinking: What effects might this have on the future of telecommuting, and what impacts will this have on our real estate practice and clients’ businesses?

As with most anything, there are both pros and cons to telecommuting, and many of us are presently experiencing the joys of both. Let’s start with the pros. Cutting out daily commutes in rush-hour traffic has enabled us to wake up, brew our coffee, and hop online most days before the crack of dawn (5:00 a.m. anyone?). We get to enjoy breakfast, lunch, and dinner with family, save on gas, dry-cleaning expenses and eating-out, and can even sneak in a few extra workouts a week. For many remote workers, there are also fewer interruptions from work in the form of meetings, chatting with coworkers and otherwise, leading to increased productivity. With a little self-discipline and focus, telecommuting enables workers to experience a new level of independence and flexibility, which can be a pro or con, depending on the individual worker and situation.

Among the cons, it can be tough to work in the same environment where you also live and relax. It can be difficult to “unplug” from the work day, and flip the switch to being a mom, dad, spouse, sibling, son or daughter. Oftentimes the “work” hours blend into the “home” hours, and this dichotomy blurs. While we save time in the form of our commutes and morning routines, many of us use our evening commutes to decompress from the day, listen to music, news or sports-radio, and reset for whatever the end of that commute holds for us. Many workers no longer have this time, which presents challenges in and of itself.

For many, telecommuting presents additional challenges in collaborating and communicating with colleagues, technological issues with security and connectivity (thank you IT workers), staying motivated, and dealing with and overcoming the distractions of home. With many school districts and universities closed and switching to remote learning for the foreseeable future, it may be hard for some workers to find quiet, distraction-free moments to work. And for anyone with pets, we can only ignore that sad stare for so long before our attention is away from work, and diverted to rolling around on the floor or throwing the ball outside.

However, despite some of the cons of telecommuting, many businesses and workers across the country have evidently found the pros to outweigh them.

## The Future Real Estate and Office Landscape

The question must be asked: will the current pandemic, and the resultant stay-at-home orders, including here in Colorado, accelerate the telecommuting trend? And what effects will this have on the real estate market, and the demand for office space in particular?

Based on the present social experiment, more employees and companies will find that telecommuting is feasible for most workers, and may find benefits in it. Employers may draw from a more geographically diverse pool of employees, reduce overhead expenses, and may even have better employee retention than companies that do not allow employees to telecommute at least some of the time. Employees that work remotely may analogize telecommuting to other benefits offered by their employer, and see it as a “perk” of the job. Research has shown that telecommuting increases job satisfaction, performance and loyalty to a company among employees. Given that telecommuting may quite possibly increase following the COVID-19 pandemic, and all of the attendant disruptions and oddities of our current reality, what effect will this (speculative, of course) increase in telecommuting have on the real estate market?

Without a crystal ball, this is challenging (impossible) to predict with any certainty. However, we can make some educated assumptions here, based on what we do know. As most companies do not operate fully remotely, without a dedicated office space, nor do they allow most workers to work remotely the majority of the time, the demand for office space is sure to continue. In Denver, where we have been fortunate to experience one of the strongest office markets in the country in recent years, there is a strong, diverse base of commercial tenants that have gobbled up office space at an impressive rate.

While there is a strong presence of retail, restaurant, travel, and leisure companies renting space within the city, these companies are certainly taking a hit during this period of mandatory closures. This hit will in turn will have inevitable impacts on commercial landlords in the immediate future. However, Denver is also an emerging hub for technology companies, who may be impacted less. Notably, Facebook, a company with which we are all familiar, recently scooped up another floor of downtown Denver office space.

While the coronavirus outbreak has transformed the real estate market, at least for the time being, we are optimistic we will see a bounce-back once things are again “normalized,” and businesses are free to open and employees are free to return to their offices. There certainly may be ripple effects, such as an increase in employee telecommuting, but we find it hard to believe that the current pandemic will lead to an all-out elimination of office spaces.



#### **Vincent's Tip**

Other than trying to stay as active as possible each day, I have dedicated a significant amount of time to cleaning up my backyard (be patient neighbors, the front is next!). Time in the sun with a rake = Stress Relief.

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