GOODWIN

Envisioning the New Normal:

Real Estate + Technology

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This article is the third in a multi-part series examining the impact of the COVID-19 pandemic on select real estate sectors and the considerations around how technologies will shape future operations and accelerate means to re-entry of physical space.

Part 3: Life Sciences and Healthcare Industries

The life sciences and healthcare sectors impact a substantial portion of the U.S. and European economies, in terms of both GDP and the number of individuals employed. In the context of a global pandemic, both industries play an existential role in society. Accordingly, ensuring the safe and ongoing operation of life sciences and healthcare facilities is not only paramount for these industries themselves, but for society as a whole.

Throughout the COVID-19 crisis, national, regional and local governments in the U.S. and in Europe have excepted "essential services" from the restrictions and limitations imposed on general economic activity. Life sciences and healthcare industries – self-evidently – fall largely within applicable carveouts during a public health emergency, and thus companies and institutions in these fields have carried on throughout the pandemic. Nonetheless, as these sectors continue to adapt to the "new normal," it is important to examine the considerations and best practices that will affect their operations going forward.

Life Sciences Industry

Laboratories (U.S.): Unlike many other skilled industries, "work from home" is not a precautionary avenue available to laboratories to mitigate the risk of COVID-19. Given the nature of the work being performed, remote or virtual work is nearly impossible in the laboratory environment. Lab operators need to be physically present to conduct experimentation and complete other vital tasks. Furthermore, the highly-technical structure of laboratories can make space reconfiguration challenging and expensive.

Despite some challenging realities that affect laboratories, the setting does possess certain intrinsic characteristics that provide advantages in a COVID-19 world. Widespread usage of personal protective equipment, fastidious efforts to prevent contamination, use of fresh air and systematic sanitization are fundamental aspects of the laboratory modus operandi and serve as effective tools to minimize the transmission of COVID-19. In addition, some life sciences companies have redeployed the innovation endemic to the industry to create or utilize PropTech-type preventative devices for their laboratories. For example, one Boston-based life sciences laboratory generated an app that maps out scheduling data to show the physical presence of employees in the laboratory, thus aiding social distancing efforts.

Laboratories (Europe – UK): In Europe, return to work guidance has been coordinated by individual national governments. In general, lab spaces and research facilities have been subject to similarly strict guidance as other sectors.

Taking the UK as an example, due to the requirement for on-site collaboration between workers often in close proximity, a lack of flexibility of both shifts and floor layouts, and a high incidence of multiple-use items such as testing machines and apparatuses (not all of which can be easily washed down after each use), many lab spaces and research facilities were forced to temporarily close operations in the early stages of the pandemic in order to reconfigure their spaces (where possible) and institute protocols to comply with social distancing guidelines. Exceptions were made for workers to service lab spaces that required ongoing maintenance and which, if shut, would result in substantive damage to instruments, or loss of research data. As the UK is beginning to tentatively reopen, as part of detailed return to work **guidance**, the government is asking lab space and research facility owners to consider each activity and whether it is: (a) business critical; and (b) cannot be performed remotely, and if so, to take all mitigating actions possible to reduce the risk of transmission between staff involved in such activity within the lab space and research facility workplace. In the short term, this has resulted in increased costs for lab space operators as they seek to adjust to the new world and create a safe environment for its workers. For example, thermometer screenings to recognize workers with elevated temperatures, contactless entry (including more sophisticated facial recognition technology) to log and monitor staff site attendance (which assists in managing rotations for social distancing, and contact tracing in the event of an outbreak), and designated spaces for decontamination/ disinfection (including by using UV equipment) are just some of the PropTech investments being explored by lab space operators.

Biomanufacturing and Other Life Sciences Manufacturing Facilities: Considering the production processes involved, like laboratories, a fully remote workforce is unrealistic for biomanufacturing and other life sciences manufacturing facilities. Consequently, such facilities need to address the risk of COVID-19 through on-site measures. Personal protective equipment, social distancing policies and facility sanitization are essential. Moreover, as advances in artificial intelligence and robotics enable life sciences manufacturing facilities to further automate their production processes, companies should consider whether the inclusion of these technologies can eliminate workplace situations that lend themselves to the spread of COVID-19.

Office: One could be excused for conceptualizing the life sciences industry as only its R&D components of laboratory space and manufacturing facilities. However, so much of the R&D process is supported and complemented by individuals working in traditional office settings. As a result, life sciences companies and organizations should consider the recommendations detailed in the previous installment of this series, **Part I: Office**, for their office spaces in order to keep their employees and guests as safe as possible.

Healthcare Industry

Hospitals and Medical Office: Practices that are becoming the "new normal" for office, retail and other assets classes have been a fixture at hospitals and medical offices for some time. Masks, gloves and other personal protective equipment, ubiquitous handwashing stations, restricted access and constant sanitization have been hallmarks of these environments. Notwithstanding this fact, challenges remain and there are measures that hospitals and medical offices should consider adopting in order to confront the "new normal."

Similar to laboratories and manufacturing facilities, social distancing is imperative in hospital and medical office settings. Crowded waiting rooms and lobbies filled with vulnerable patients could function as a veritable petri dish for the potentially lethal spread of COVID-19. As a result, among other measures, hospitals and medical offices have responded by staggering arrival and appointment times, refusing or reducing the number of visitors permitted for patients, and mandating masks and hand sanitation for all patients, visitors and staff upon entry in order to mitigate the risk of COVID-19 transmission. Moreover – and although it may require the repurposing of existing physical space –

the preexisting trend toward telehealth is also helpful here. Broader incorporation of telehealth for non-emergency patients could further reduce human density in hospitals and medical offices and thereby minimize breakouts of COVID-19.

Specialty Healthcare Facilities (U.S.): U.S. nursing homes and skilled care facilities, in part due to the frequent human-to-human interaction, are particularly susceptible to COVID-19 exposure. Compounding this reality is the fact that many occupants of these facilities are the most vulnerable to serious illness or death from the disease. As of July 15, 2020, over 40% of COVID-19 deaths in the United States were linked to nursing homes and other long-term care facilities, even though such facilities accounted for only 9% of U.S. COVID-19 cases.

Unfortunately, given the nature of the healthcare services provided by skilled care facilities in the U.S., it is impossible to eliminate physical contact entirely. Nonetheless, there remain measures that specialty healthcare facilities can employ to counteract COVID-19. Testing of personnel and occupants together with contract tracing, isolation and limiting or preventing outside visitors are critical steps in ensuring that COVID-19 is not introduced from beyond the facilities themselves. Operators should explore how to utilize technology and telehealth as a substitute for in-person services and off-site medical visits. Moreover, practices relevant to other parts of the healthcare and life sciences industries – minimization of physical contact, social distancing when possible, personal protective equipment usage, regular sanitization and constant handwashing – are applicable to specialty healthcare facilities as well.

Specialty Healthcare Facilities (Europe – UK): In Europe, the regulations and guidance for COVID-19, along with the success of transmission control and mortality rates, for residential and nursing care homes has varied greatly between member states during the pandemic. On one end of the spectrum, Germany has been successful in implementing strict isolation, testing and training protocols for care homes at an early stage, leading to overall low mortality rates and public satisfaction. On the other end of the spectrum, there is popular consensus that Spain and the UK have been late to implement adequate protocols to protect care home residents, resulting in unnecessary transmission and deaths.

Taking the UK as an example, it is worth noting that approximately 400,000 older people live in care homes in the UK, meaning a bed base three times that of the acute hospital sector. Of this population, over 20,000 individuals (or over 5% of all care home residents) to date have been confirmed or suspected to have died from COVID-19 – mirroring the difficult situation faced by the industry in the U.S. and placing the UK behind only Spain in having the highest mortality rates for care homes in Europe, the death rate being double that of France and Spain, and 13 times higher than Germany. The common consensus is that the UK's high mortality rate has been due to a lack of clear guidance for risk mitigation during the early stages of the pandemic, a lack of a test-and-trace system and a failure to enforce a compulsory quarantine for aged care residents leaving hospitals to return back to care homes. In response, the government in consultation with key industry groups has recently updated its **guidance** on the admission and care of residents in care homes during the pandemic. The new guidance deals with a range of issues, from admission, isolation and testing of residents before being received from the hospital or the community, caring for symptomatic residents, reporting of cases, and supporting staff (including provision and use of PPE). The hope is that the guidance will reduce the risk of further transmission and ensure the UK avoids further tragedy in the care home sector in the case of a "second wave" of the pandemic. As a positive response to the guidance, an increasing number of operators are exploring how to reinvent care homes so that they are "tech-ready" to allow the provision of "technology enabled care services", which can reduce the frequency of resident contact with healthcare professionals. For example, remote diagnosis and treatment of medical conditions, remote monitoring of key resident health signals and telehealth (including virtual GPs using in-built tech in resident rooms) have the potential to reduce costly staff time and the number of off-site medical visits for residents, thereby reducing COVID-19 and other disease transmission risk.

Looking Ahead

Given the likelihood of the continued presence of COVID-19, aging populations and myriad other factors, the life sciences and healthcare sectors will continue to play a crucial role in the economies and societies of the U.S. and Europe. Accordingly, identifying and incorporating operational best practices that adapt to the "new normal" will be an ongoing, evolving and collaborative endeavor for companies and organizations in the healthcare and life sciences spaces. The success of this effort will have momentous implications not just for these industries, but for all of us.

Part 4 Preview: Retail

The next article in our Envisioning the New Normal: Real Estate + Technology series will focus on the retail industry. With COVID-19 taking a significant toll on brick and mortar stores and restaurants, retailers have been forced to adapt in both their physical locations and on their digital platforms. In-store retailers will need to prioritize maintaining a clean and safe environment, and should consider implementing options for curbside pickup and contactless ordering and payment, as well as pivoting to an omnichannel model and utilizing technology to enhance the in-store and online experience. For those in the retail world who will not be able to adapt to a rapidly changing landscape, there is a potential for the creative repurposing of retail spaces.

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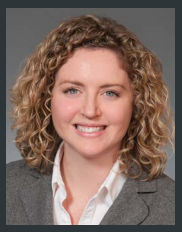

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