

Pandemic Sends Office Furniture Packing

Empty Offices, Reconfigured Workstations Leave Glut of Unwanted Chairs and Desks



An undisclosed technology company hired a furniture liquidator to pack up its nearly 900 workstations spanning five floors of offices in Austin, Texas, and place the furniture on the resale market. (Lars Frazer/CoStar)

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Electric sit-stand desks and ergonomic chairs that a tech company bought to attract top talent in Austin, Texas, are being wrapped in brown paper and plastic as a moving crew prepares to load 70 trailers with the once-coveted office furniture.

An undisclosed technology company hired furniture liquidator Total Office Solutions to pack up its nearly 900 workstations spanning five floors of offices at The Domain in Austin and place the items on the resale market.

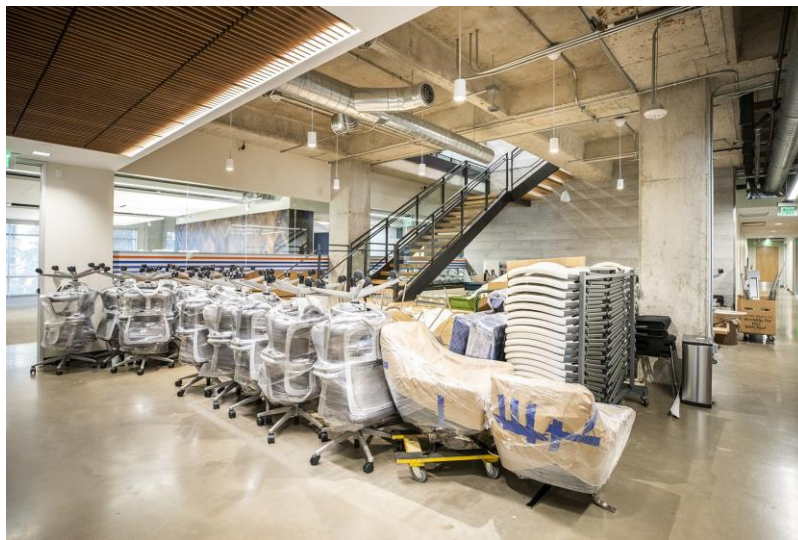
There aren't likely to be many takers. The pandemic has flooded the used furniture marketplace with corporate goods tossed to the curb by companies downsizing or upgrading their offices to comply with new design standards aimed at mitigating the spread of COVID-19. Liquidators like Total Office Solutions often have little choice but to just throw the stuff away.

"The bottom has fallen out of the market, leaving me to bring these products to landfills," said Michael Monette, CEO of Total Office Solutions, a Dallas-based firm hired by companies and landlords to dispose of office furniture, in an interview with CoStar News.

Case in point: Total Office Solutions had to recycle or toss 94% of the roughly 11 million pounds of used office furniture it handled in 2020. That's the exact opposite of the situation in the pre-pandemic days of 2019, when it was able to resell 94% of the estimated 7 million pounds of used furniture that came its way.

"It's been more difficult to come up with the value of the inventory in a pandemic and it's become more difficult to find a buyer," said Monette. "We had a client a few months ago landfill 700 wooden case sets that three years ago would've sold like hotcakes, but there's just no channel to sell them today. It breaks my heart to see 700 wooden case sets go to the landfill, especially when you think about the carbon footprint, but one of the things you learn in this business is you can't fall in love with furniture."

Total Office Solutions had its best year ever in 2020 in terms of revenue and 2021 is on track to be even better, Monette said. Once on the job, the company decides what it can resell, what needs to be recycled and what has to be thrown away.



Total Office Solutions loaded 70 trailers measuring 54 feet with once-coveted office furniture for a tech company. (Lars Frazer/CoStar)

Recessions typically send a wave of used office furniture to the sidelines. But Monette said this recession is different as more office space goes back to landlords, which hire companies like his to leave the building with a ready-to-lease white box. Tenants these days want office furniture

that can be flexible and adapt to the needs of the evolving pandemic, and many older pieces of furniture are simply not suited to the job, Monette said.

The pandemic has led to U.S. office tenants moving out of 177 million more square feet of space than they moved into between the second quarter of 2020 and end of 2021, according to Cushman & Wakefield. That negative net absorption tops prior recessions: The Great Recession led to office tenants leaving behind 104 million more square feet than they moved into, while the dot-com bubble saw office tenants move out of 100 million more square feet than was newly occupied, said David Smith, Cushman & Wakefield's head of occupier research for the Americas.

"We've seen seven straight consecutive quarters of negative net absorption, which is in line with previous recessions," said Smith in an interview with CoStar News.

The past three quarters have shown improvement for the office market, however, and Smith is "optimistic that we are going to move toward positive absorption in 2022 and vacancy will peak this year."

He added that "while the fourth quarter of 2021 was still negative, it was considerably less so. It's moving in the right direction."

Evolution

Workplace design has come a long way since individual offices and rows of desks were replaced by the fabric-covered cubicles made famous in the 1990s-era [newspaper comic strip](#) "Dilbert."

In the past two decades, offices evolved to bring in more natural light, add more creature comforts and include more spaces for people to congregate. Then the pandemic happened, and interior designers and office furniture makers started seeking new ways to add flexibility that allows for social distancing and to adapt to the new hybrid work model of the future.

"People don't want to be in an enclosed space or room with 10 to 12 other people for hours on a daily basis," said Sean Curran, a senior interior designer at Boston-based architecture firm Dyer Brown. "Employees want to collaborate and stay connected, but they are expecting a place where they can feel safe, a sense of belonging and a space they can control."



Workers with Total Office Solutions wrap up office furniture in hopes of reselling it to another user. (Lars Frazer/CoStar)

This could mean trading close-knit clusters of desks for larger workstations spread farther apart, with nearby media screens helping employees collaborate even if they aren't sitting next to one another, Curran said. Furnishings become more important in adding flexibility to the workplace — without the addition of permanent walls — with furniture makers designing free-standing screen walls or louvered ceiling panels meant to create semi-enclosed spaces, offering employees areas they can control away from colleagues.

Since the pandemic brought about the sharp uptick in video calls, the office of the future might need to be designed with noise damping materials and white noise machines, as well as partitions and enclosures.

"The work space no longer fits what the work style is," said Michael Kennedy, a principal in Avison Young's Dallas office whose background includes working as an architect and developer. "Everyone may as well have a T-shirt on saying, 'I'm on a call,' whether its Teams or Zoom."

Introducing all that new stuff means plenty of existing furniture has to go, and not just because companies want to let people work remotely. Recent health concerns have designers thinking twice about whether certain furnishings can withstand the cleaners commonly used during the pandemic, for instance.

In fact, the design of healthcare facilities is having a huge influence on the latest office spaces, said Ana Pinto-Alexander, director of health interiors and principal at Dallas-based architecture firm HKS.

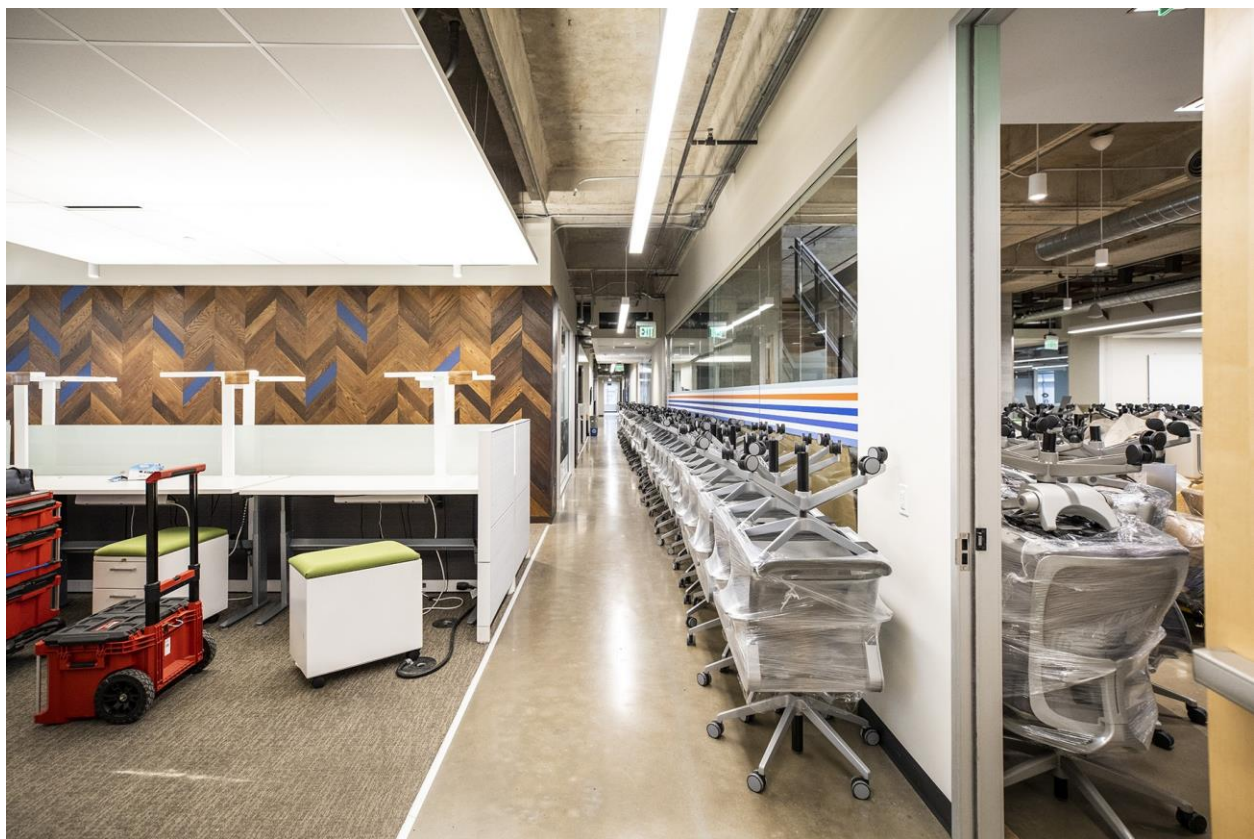
"In healthcare, we've had to remove all wood because wood is porous and, even if it has a finish, the harsh chemicals used to kill a virus will remove the finish and eat up these materials," Pinto-Alexander said.

Environment

The pandemic has accelerated the conversation around furniture's sustainability, with a heightened awareness of global issues such as climate change coming into conversations executives have with interior designers.

"Part of our responsibility today, as designers, is to make sure office furniture doesn't end up in landfills," said Curran with Dyer Brown. "We are killing our planet with so many issues with global warming and natural disasters. We know better today, and we have alternatives, especially as designers and architects, to reuse and recycle furniture."

Companies concerned about their carbon footprint such as Microsoft Corp., which hopes to become [carbon negative by 2030](#), or that are looking to comply with environmental, social and governance standards, sustainability is no longer optional for companies. ESG standards are fast [becoming part of the financial conversation](#) for real estate investors.



A tech company's former office in The Domain, which is known as Austin's second business district outside of downtown. (Lars Frazer/CoStar)

"There's never been this mentality of let's throw everything away and start new, but there's been this heightened responsibility in educating clients in helping them understand how we can reuse or salvage furniture with these diversion programs and lengthen the life span of their office furniture," Curran said.

Major companies wanting to monitor their carbon footprint often outsource an asset inventory system meant to track the initial purchase of office furniture and computers to the end of their

lifespan. That's where a new kind of business has formed, with London-based Globechain being one of those companies seeking to help connect businesses with charities and people looking to reuse office furniture that would otherwise be tossed.

The 6-year-old online reuse platform, founded by CEO May Al-Karooni, helps companies create an audit trail of their office assets that tracks costs of transporting, storing and disposing of those items. In Europe, the ESG regulations have spurred the business forward, Al-Karooni said, with those global conversations coming to the United States as the company focuses on expanding its business into New York and Texas.

"It's not just the direct costs of taking things to the landfill or the incineration costs, but it's the costs tied to logistics, labor and storage," Al-Karooni said in an interview. "Companies are spending thousands and millions of pounds and there's no system to know what's there."

One company Al-Karooni works with manages commercial properties and spends 6 million pounds a year paying workers to take away furniture, she said. In looking at the indirect costs tied to this part of the company's business, she said it added 60 million pounds over a three-year period to the cost of those items.



An outdoor area at the tech company's former office in Austin. (Lars Frazer/CoStar)

Companies are under pressure to report on their waste and sustainability as part of government regulations or to secure financing. Al-Karooni said that means what's thrown out — like furniture waste — is increasingly becoming a hot topic in boardrooms. And it isn't an easy

problem for companies to address, with the treated woods in office furniture seen by interior designers as being unable to hold up to the cleaners used in the pandemic. It's also hard to dispose of some furniture because the treated wood can't be recycled, adding to the landfill problem.

That's why her company is in expansion mode, she said, offering a service to businesses needing to track assets internally or find them a new home. Like Facebook's marketplace function, companies can list their old goods online through Globechain's global network and find a charitable institution, school or groups able to put the old furniture toward a new use.

In Globechain's model, the furniture taker pays for pickup, finding a way to get it from one place to another. The company already has a logistics function built into its platform in the United Kingdom, tracking would-be pickups and giving discounted logistics options to charities and other groups looking for alternative methods of shipping goods. The platform also gives companies the ability to lend company furniture to employees working at home or off-site, Al-Karooni said.

Meanwhile, Monette and his furniture disposal team at Total Office Solutions are keeping an eye on the clock, which is "always ticking and ticking in dollars" as they look to see what they can move at a profit. From the cost of bringing in trained employees to carefully wrap swivel chairs and bulky desks for moving, to loading trucks, to paying for drivers and fuel, to storage at one of the company's warehouses, expenses can add up quickly.

But Monette expects the office furniture market to return to some sort of normalcy in coming years.

"Americans are not going to work from home," he said. "People will come together at work, maybe a little more distanced from one another, but I don't anticipate we'll be a nation of nomads. I think it will be no more than a five-year period before we'll be in a more normal environment."