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Administrative Space Consolidation in a Hybrid Work Environment

October 16, 2025

Components to Successful Space Consolidation

- Directive and Alignment of Senior Management
- Transactional – Identifying the Opportunity
- Strategic – Employee satisfaction with the new work environment

Directive and Alignment of Senior Management

- Finance team advises the need to reduce lease expense
  - The current initiative is to reduce lease expense $5M over 4 years
- Real Estate team reviews leases and proposes opportunities
- Management team (COO) communicates to Department / Group leaders of the upcoming exercise
- Space Planners meet with Department / Group leasers to devise a monitoring plan and strategy for successful implementation.

Components to Successful Space Consolidation

- Directive and Alignment of Senior Management
- Transactional – Identifying the Opportunity
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Transactional – Identifying the Opportunity

- Create a schedule including lease space size and lease end date.
- Identify lease space in your portfolio that is underutilized. Most likely administrative or clinical space.
- Develop a plan to walk the spaces at different times on different days of the week to confirm underutilization.
- Repeat walk-throughs for several weeks that do not include holidays.

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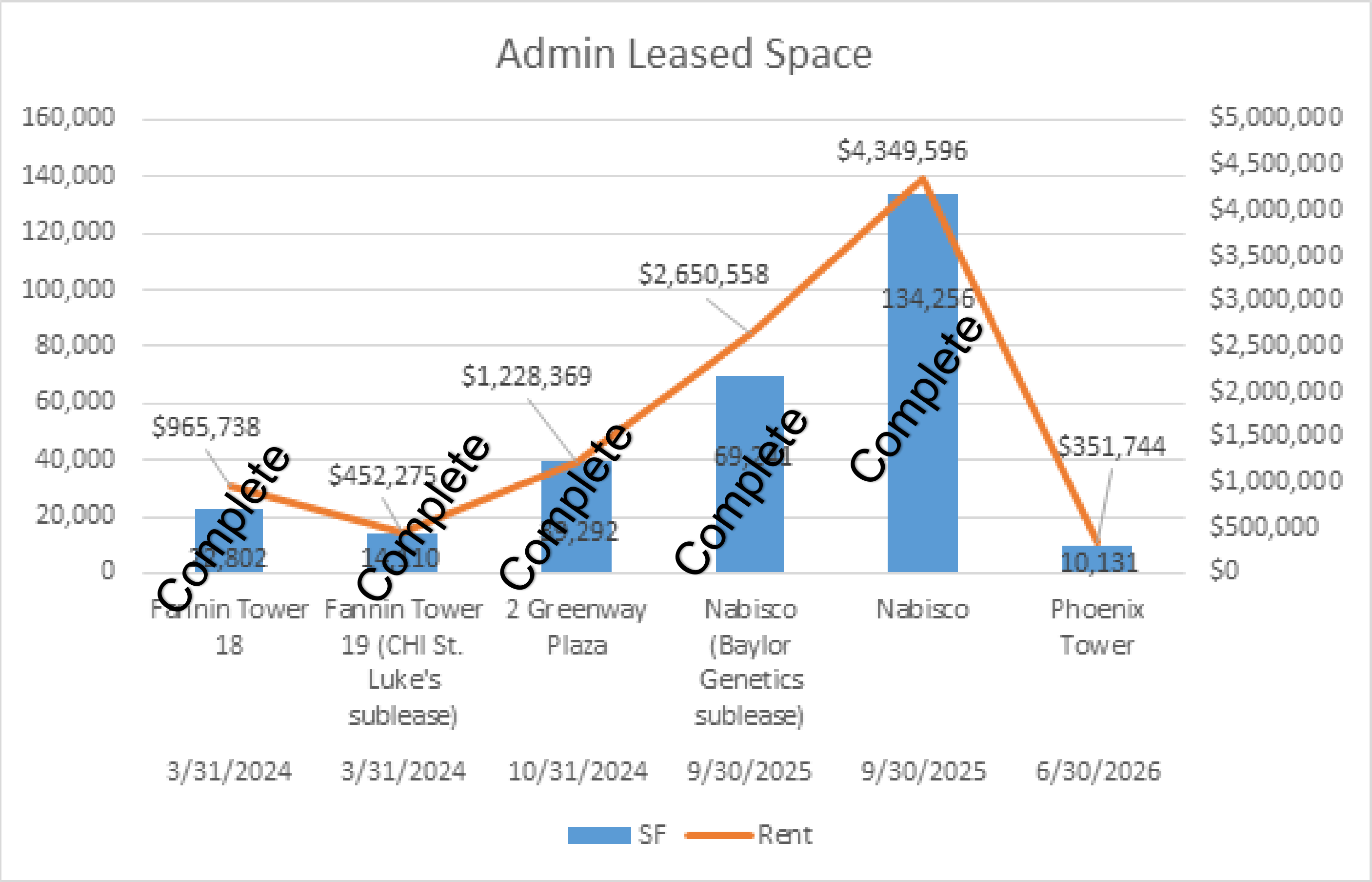
Administrative Lease Space Opportunities March 2023 - November 2024 (The Plan)



Lease Goals to be Accomplished by November 01, 2025

- **Reduce administrative lease space from 196KSF to 50KSF (146KSF reduction)**
- **Reduce administrative annual cost from $6.54M to $1.62M ($4.92M reduction)**

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Walk Through Survey Results

	Average	Maximum	Minimum
Total	48.1	61	39
CCIT	9.8	13	5
Diversity & Student Services	1.5	3	0
Holding	0.4	2	0
Parking/Travel	5.4	7	4
Supply Chain	0.8	3	0
IT	1.1	2	0
Shared	0.0	0	0
Pathology	1.6	2	1
Research	0.0	0	0
Internal Audit	6.8	14	1
Finance	0.3	1	0
Mosaic	3.7	20	0
Ambulatory Ops	14.7	18	11
Shared	2.0	4	0

Nabisco - 411 Capacity, 11.7% Occupancy

	Average	Maximum	Minimum
Total	33.8	41	17
Cardiology/Research	6.3	9	2
Finance	0.0	0	0
Research	0.9	2	0
Risk Management	1.9	4	0
Human Resources	24.6	37	10

Fannin Tower 18 - 118 Capacity, 28.6% Occupancy

	Average	Maximum	Minimum
Total	92.3	116	75
Patient Business Services	62.3	83	48
Baylor Med Care/Business Ops	24.6	33	19
Shared	3.7	8	1
Chief Investment Office	1.7	4	0

Greenway 8 - 314 Capacity, 29.4% Occupancy

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Walk Through Survey Results – All Locations Summarized

	Average Occupancy Rate	Capacity (Offices + Workstations)	Average Workstations Utilized
Nabisco	11.7%	411	48.1
6624 Fannin	28.6%	118	33.8
2 Greenway Plaza	29.4%	314	92.3
Phoenix Tower	40.5%	56	22.7
Admin 6	28.4%	68	19.3
Admin 7	10.7%	14	1.5

Survey taken over 12 days from 1/10-2/15/23

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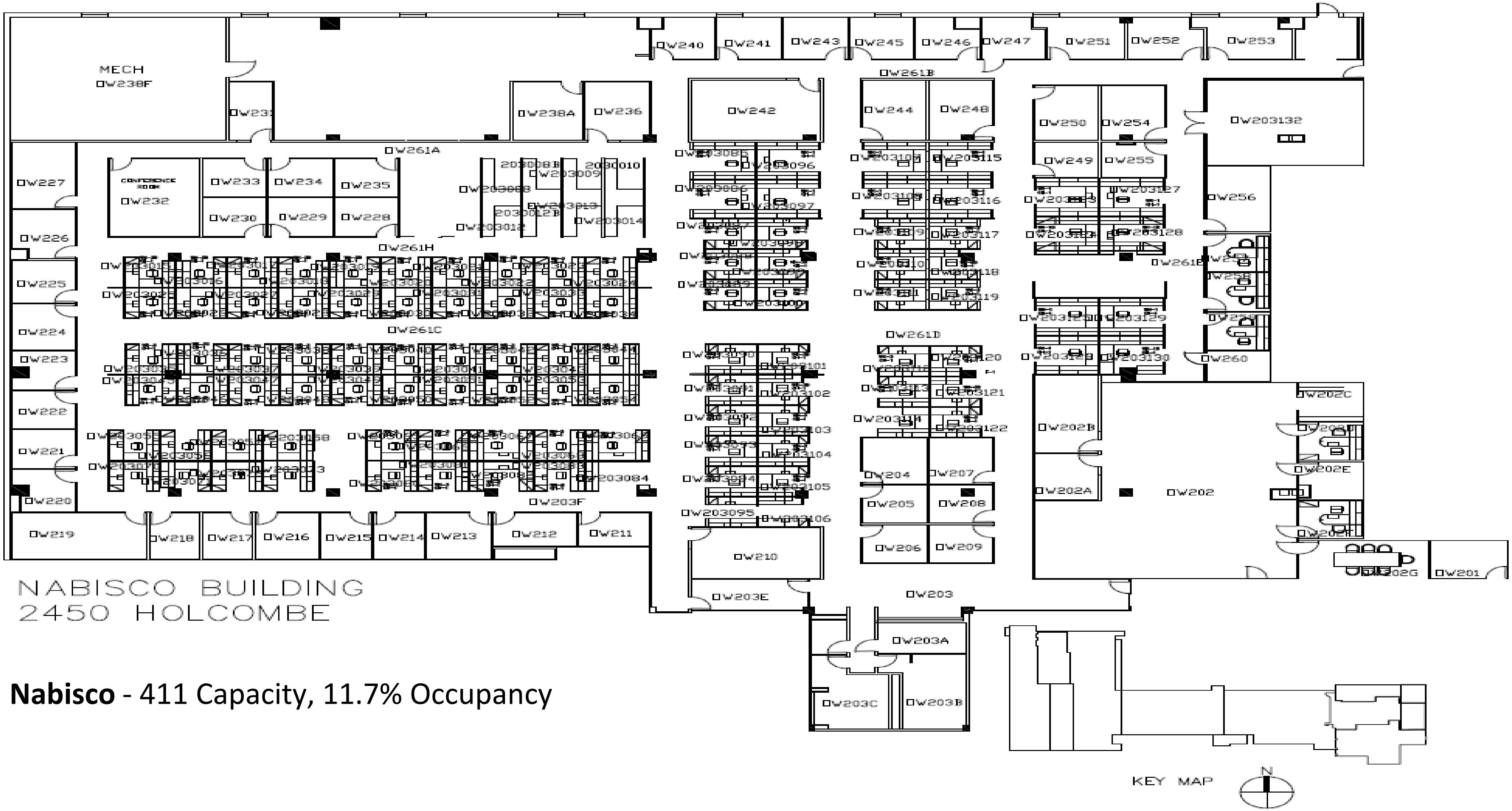

Nabisco - 411 Capacity, 11.7% Occupancy

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Greenway 8th Floor – 17,500 SF; 314 Capacity, 29.4% Occupancy

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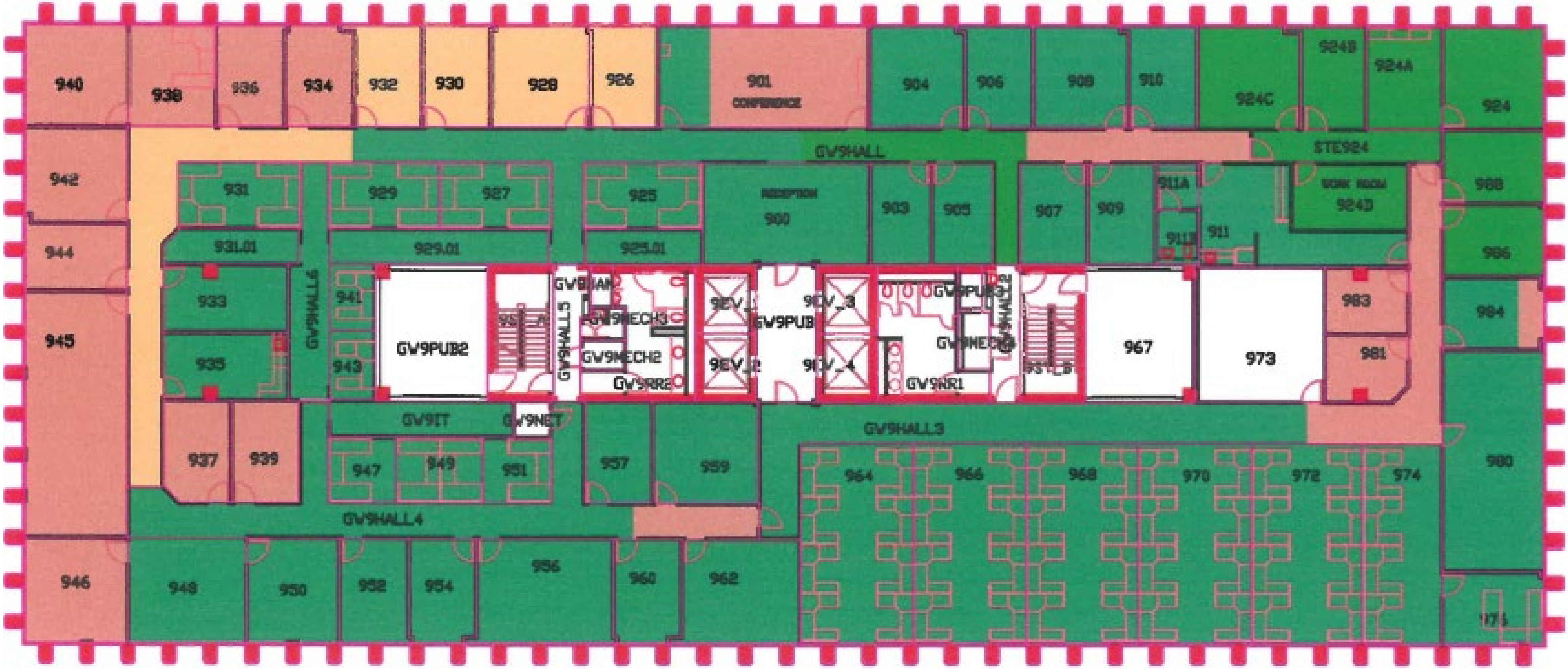

Greenway 9th Floor – 17,500 SF

314 Capacity, 29.4% Occupancy

Administrative Lease Space Analysis
McGovern to Greenway 2

Location	Square Feet	Rate	Annual Expense	
Nabisco				
Nabisco 1st floor (CCIT, OEM, Parking, IT)*	57,498	$ 33.83	$ 1,945,157.34	
Dr. Fortis, Dr. Moreno, Parking, IT training				
Nabisco 4th floor (mechanical space)	6,794	$ 16.16	$ 109,791.04	
Nabisco 2nd floor West (PBS, HR, Int. Audit, Risk Mgmt.)	48,442	$ 34.09	$ 1,651,387.78	
Nabisco Commercialization (Joe Petrosino, Michael Dilling, Global, Phiogen)	10,840	$ 31.00	$ 336,040.00	
Total	123,574		$ 4,042,376.16	
Greenway				
Greenway 2 8th floor	19,646	$ 30.62	$ 601,560.52	
Greenway 2 9th floor	19,646	$ 30.62	$ 601,560.52	
Total	39,292		$ 1,203,121.04	
Savings				% Space Reduction
Leasing GW2, 9 SF Reduction	103,928	Approach Taken	$ 3,440,815.64	84%
Leasing GW2, 8 & 9 SF Reduction	84,282		$ 2,839,255.12	68%
* Pathology has a lab processing space on Nabisco 1st floor, moving to West Belfort when space is available				

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Components to Successful Space Consolidation

- Transactional – Identifying the Opportunity
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Strategic – Client Satisfaction

- Meet with department leaders to communicate this is a team effort
- Engage with Stakeholders early and often – “Coffee with Friends”
- Develop a “space scope” to ensure department space needs are met in the new space
- Hold meetings in the new location to agree on modifications necessary to make the space viable for the new occupants.
- Complete renovations to accommodate new occupants
- Provide moving support and “Go-Live” space “adjustments”

Case Study – 2022 Finance Team Relocation

- Goal was to consolidate 22KSF to 5 KSF based on surveys and interviews with the department
- We met with the department and communicated this is a team effort
- We employed the "Coffee with Friends" concept
- We made minor modifications to the new space to accommodate the department space needs
- We completed the renovations to everyone's satisfaction
- We provided moving support and "Go-Live" space "adjustments"

Case Study – 2022 Finance Team Relocation

- Within 3 months of move in – occupancy dropped to 30%
- 6 months after move in – Everyone in the department signed “Remote Work” agreements.
- **Was this a Successful Relocation effort?**
  - Everyone reports being happier now than before the move
  - Employee turnover is less than before the move
  - Lease costs were reduced
  - The jury is still out on the team building challenges of working remote

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Questions ?