CBRE Research

The Future of the Office Survey

Survey Highlights

SEPTEMBER 2020

CBRE

BREAKDOWN OF RESPONDENTS

77
RESPONDENTS
Survey closed September 21

50%
are Fortune 500 Firms

50%+
trending companies

75%
GLOBAL

Regions with major presence:

100% United States
89% Continental Europe
80% India
64% Eastern Asia
64% UK

23%
TECH, MEDIA & TELECOM

21%
BANKING & FINANCE

12%
INDUSTRIAL & MANUFACTURING

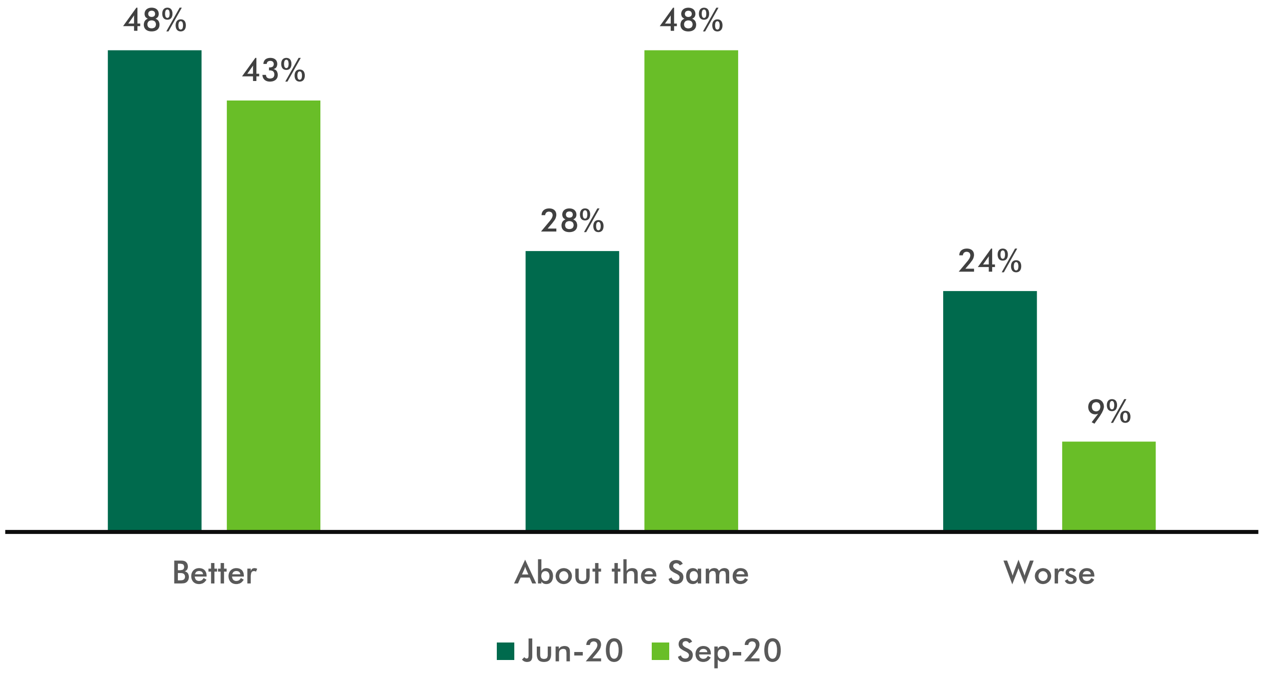
8%
BUSINESS & PROFESSIONAL SERVICES

CURRENT STATE

THE BUSINESS OUTLOOK IS RELATIVELY POSITIVE

What do you expect the state of the business environment to be in the next six months?

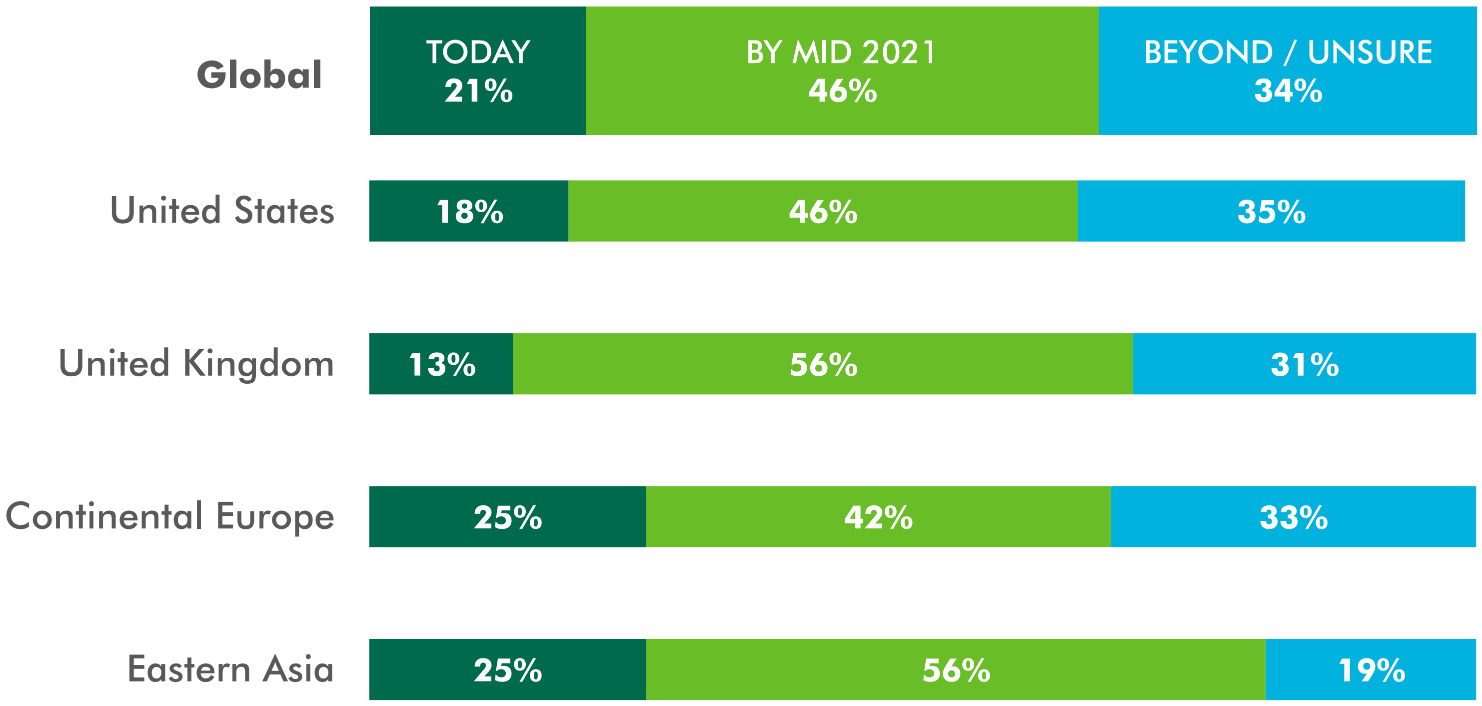
Most respondents believe the business environment will be about the same, if not better, in the next six months.



OFFICE RE-ENTRY PLANS PROMISING

Currently, when will all employees have access to the physical office?

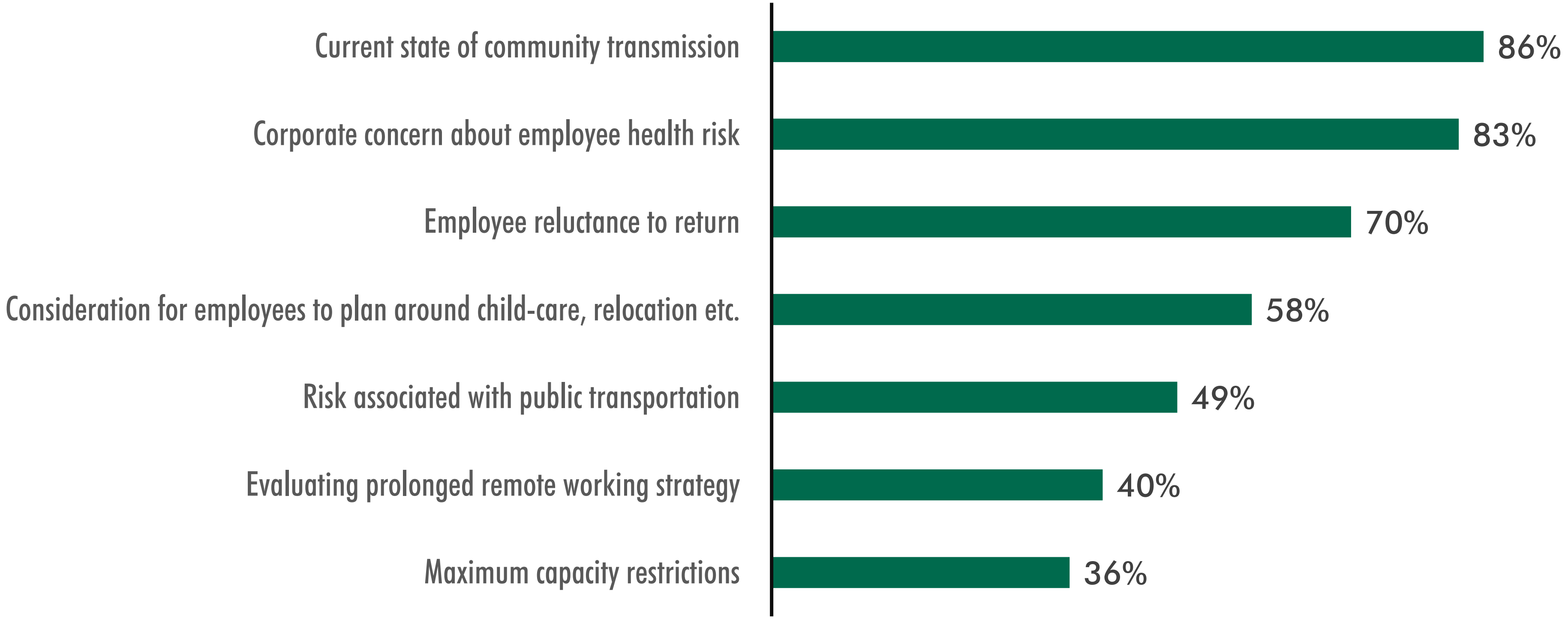
On average globally, 67% of respondents expect all employees to have access to the physical office by mid-2021 – led by Eastern Asia.



THE PATH OF THE VIRUS IS THE BIGGEST UNKNOWN

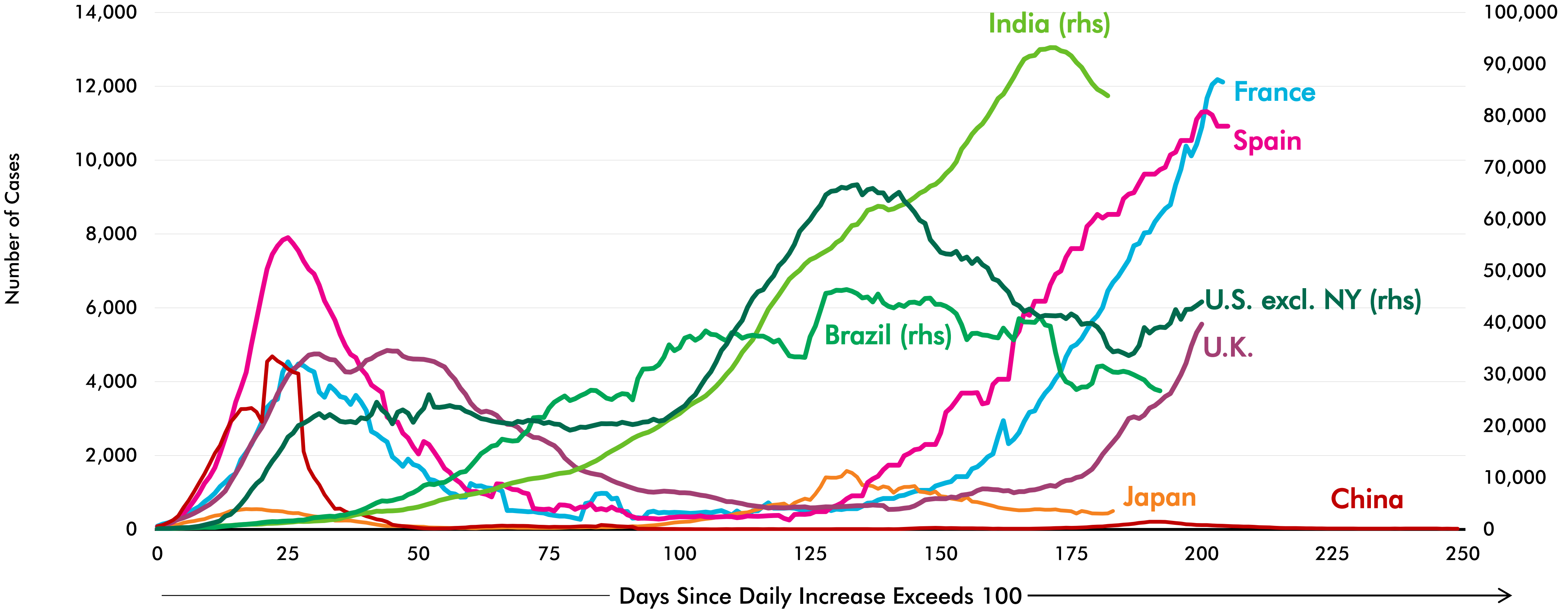
What is preventing your organization from offering more employees access to the physical office?

Sustained COVID-related issues continue to hamper employee access to the office.



SECOND WAVE INFECTION AND LOCAL SURGES

Daily new cases in 7-day moving averages

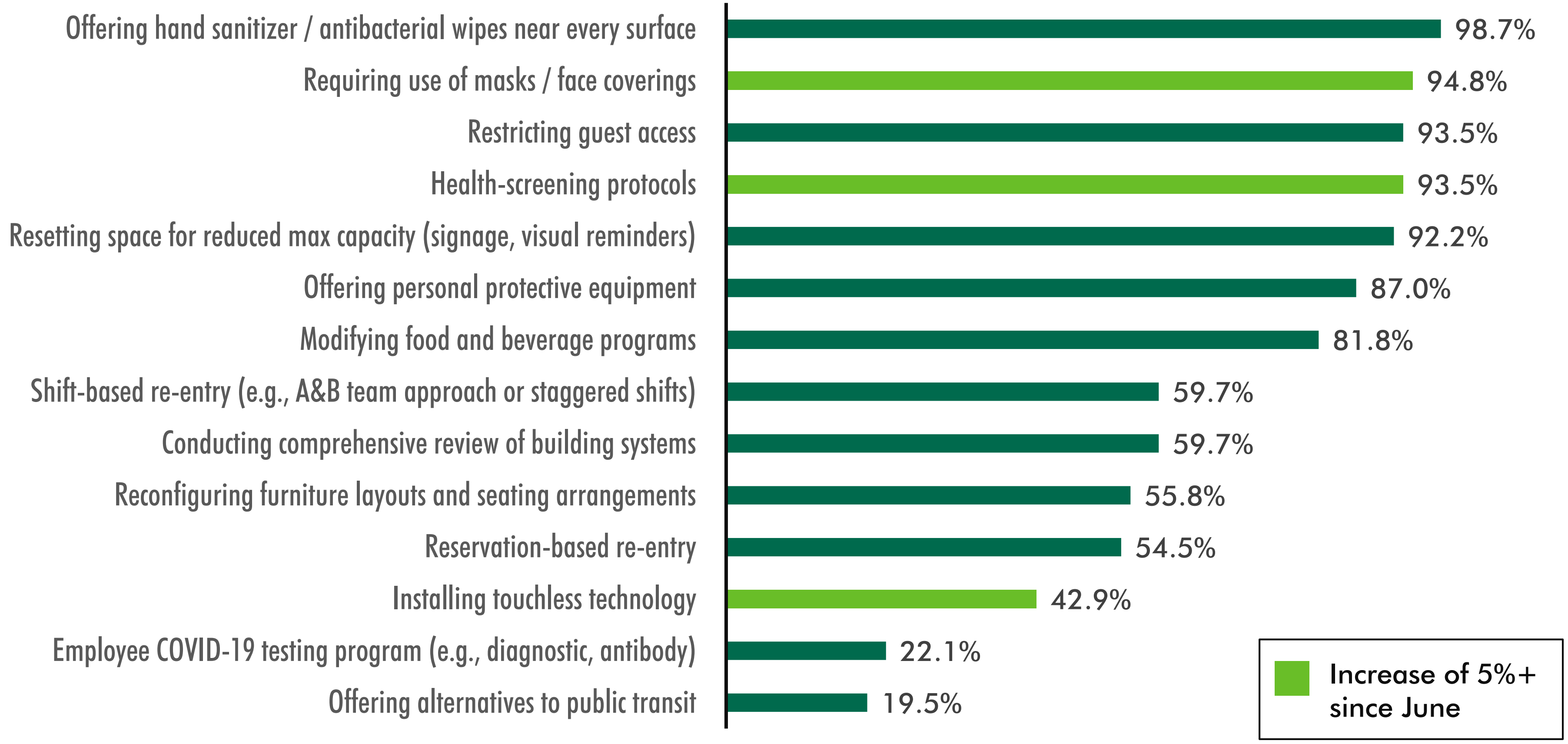


Source: CBRE Research, European Centre for Disease Prevention, COVID Tracking Project, Macrobond, 28 Sep 2020.
Note: Number reported as a 7-day moving average.

HEALTH AND SAFETY MEASURES REMAIN TOP PRIORITY

What measures are being taken to ensure health & safety of employees when they return to the physical office?

Generally, the steps being taken to ensure employee health & safety upon return remain unchanged from June 2020 survey.



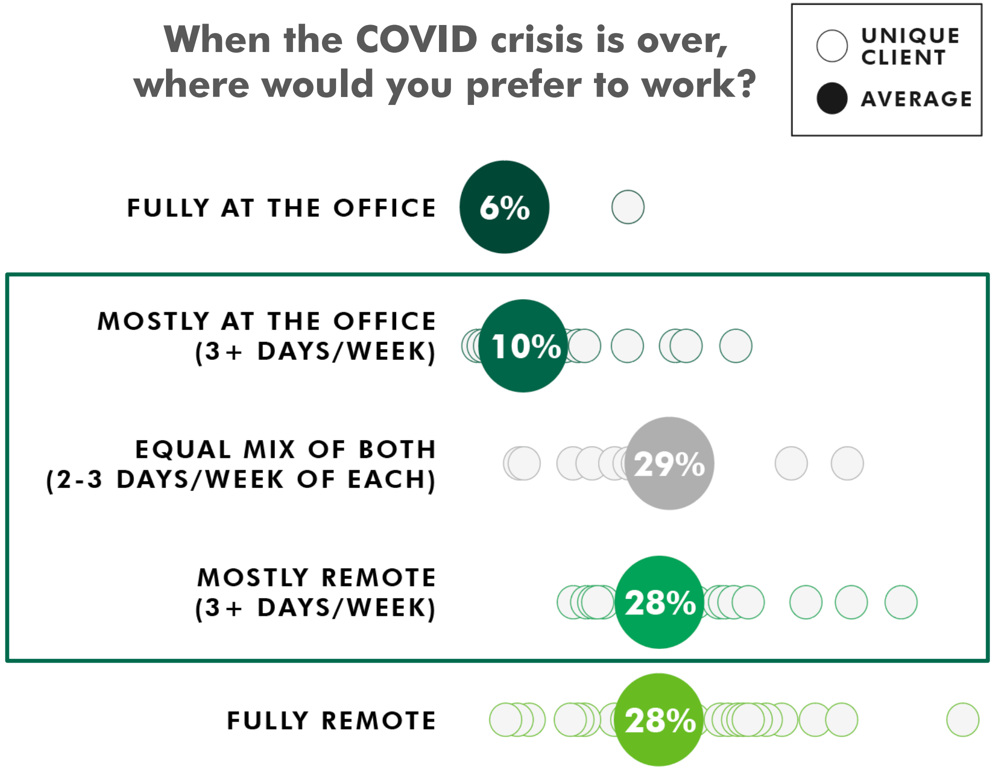
WORKFORCE & WORKPLACE STRATEGY

A BALANCE OF OFFICE AND REMOTE WAYS OF WORKING PREFERRED BY MOST

67% of employees desire a balance of office and remote as their preferred workstyle.

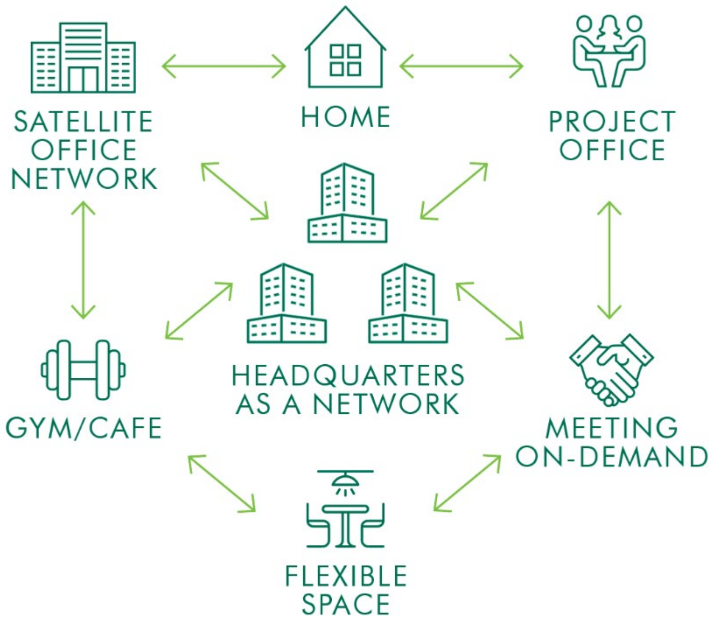
WORKFORCE SENTIMENT SURVEY, 2020

CBRE survey of 10,000 client employees



73% of companies anticipate supporting balanced workstyles in the future.

CBRE OCCUPIER SENTIMENT SURVEY, 2020



Note: 61% of companies had this sentiment in Jun-20

THE PHYSICAL OFFICE IS STILL A REQUIREMENT FOR MOST

Compared with pre-COVID, what is the future of full-time remote work in your company?

81% of organizations anticipate most of their workforce to utilize the office as their destination of choice – even if it is more fluidly.

FT Office vs. FT Remote

Primarily "Office-Based" Workforce	"Distributed" Workforce	Primarily "Remote" Workforce
<1 in 4 FT Remote	*<2 in 4 FT Remote*	*>3 in 4 FT Remote*
39%	**42%**	**11%**

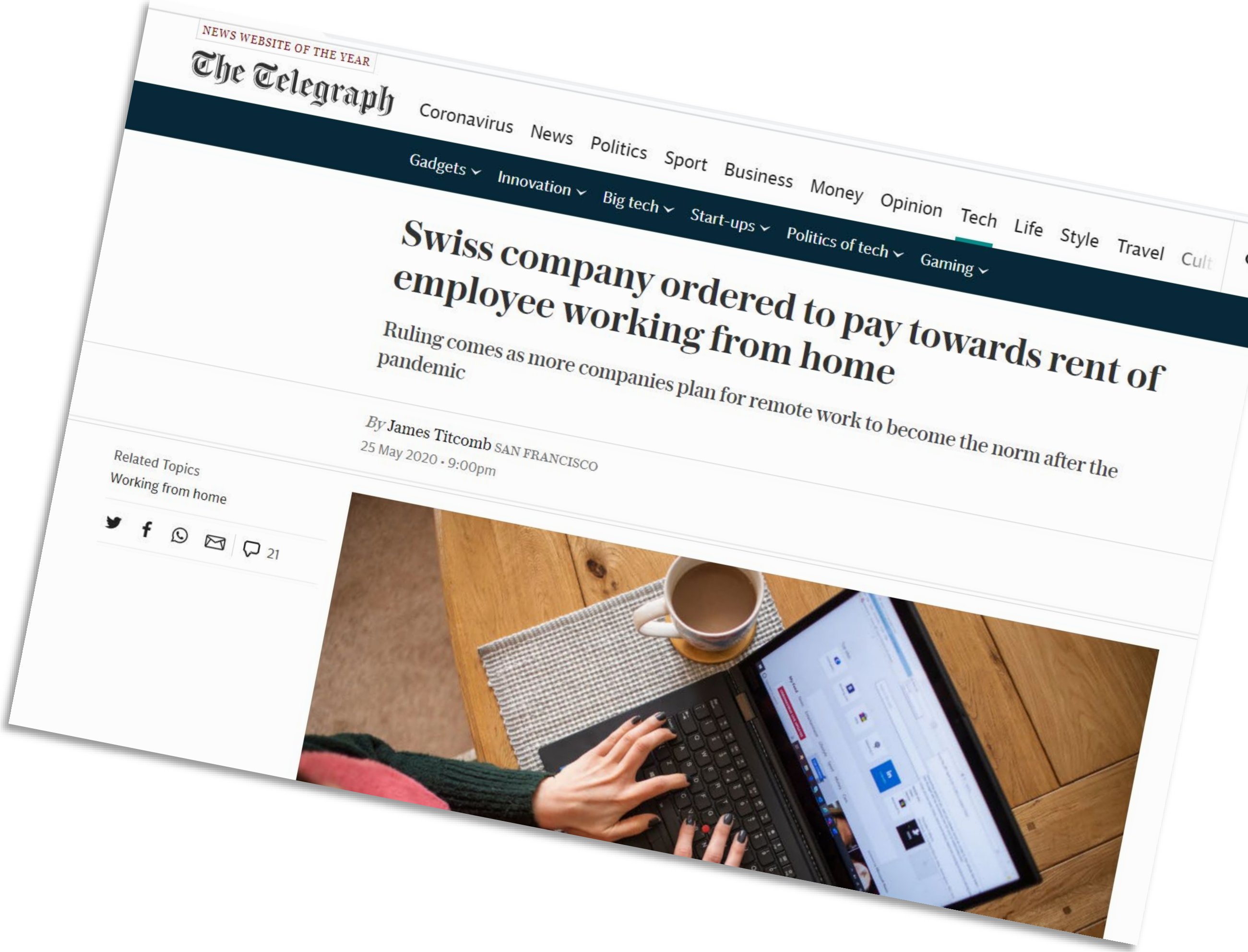
% of Respondents

ASSESSING THE CONSEQUENCES OF REMOTE WORK

Remote work policies must comply with local employment law and take unintended consequences into account.

Issues to consider relative to remote work policies:

- An employer's ability to require home working
- An employee's right to insist on home working
- Required processes to implement home working
- Arrangements for home working (health and safety obligations, expense reimbursement, tax allowances, etc.)
- Key issues to address in employment contracts and policies
- Considerations for employers when communicating and monitoring the performance of employees


NEWS WEBSITE OF THE YEAR

The Telegraph

Coronavirus News Politics Sport Business Money Opinion Tech Life Style Travel

Gadgets Innovation Big tech Start-ups Politics of tech Gaming

Swiss company ordered to pay towards rent of employee working from home

Ruling comes as more companies plan for remote work to become the norm after the pandemic

By James Titcomb SAN FRANCISCO

25 May 2020 • 9:00pm

Related Topics

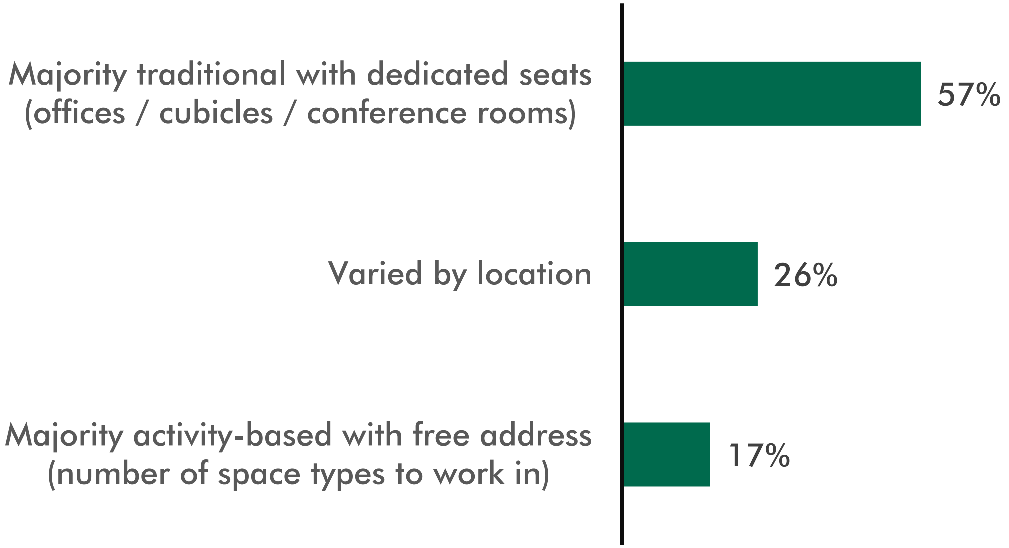
Working from home

21

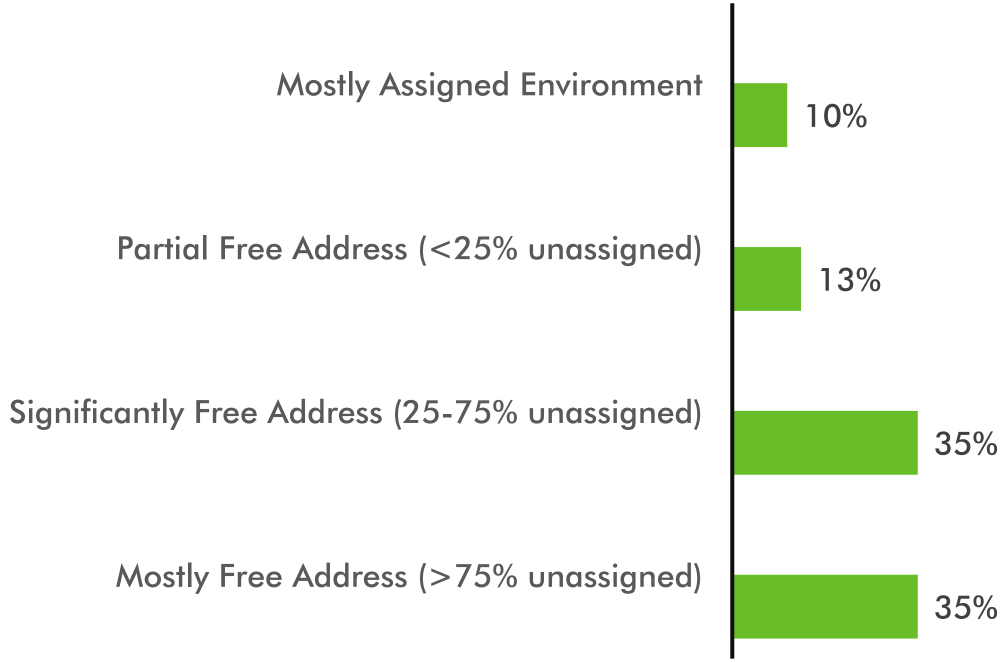
Source: Global Guide to Remote Working, DLA Piper

SUPPORTING THE NEW NORMAL WILL ACCELERATE WORKPLACE TRANSFORMATION

Pre-COVID, how were the majority of your workplaces designed?



What is the future of seating assignments in your real estate portfolio?



In a future steady-state environment will the importance of your physical office change?

Dependence on the office as a place for individual work is evolving…

…but dependence on the office for groups to come together in pursuit of a common goal has never been more important.

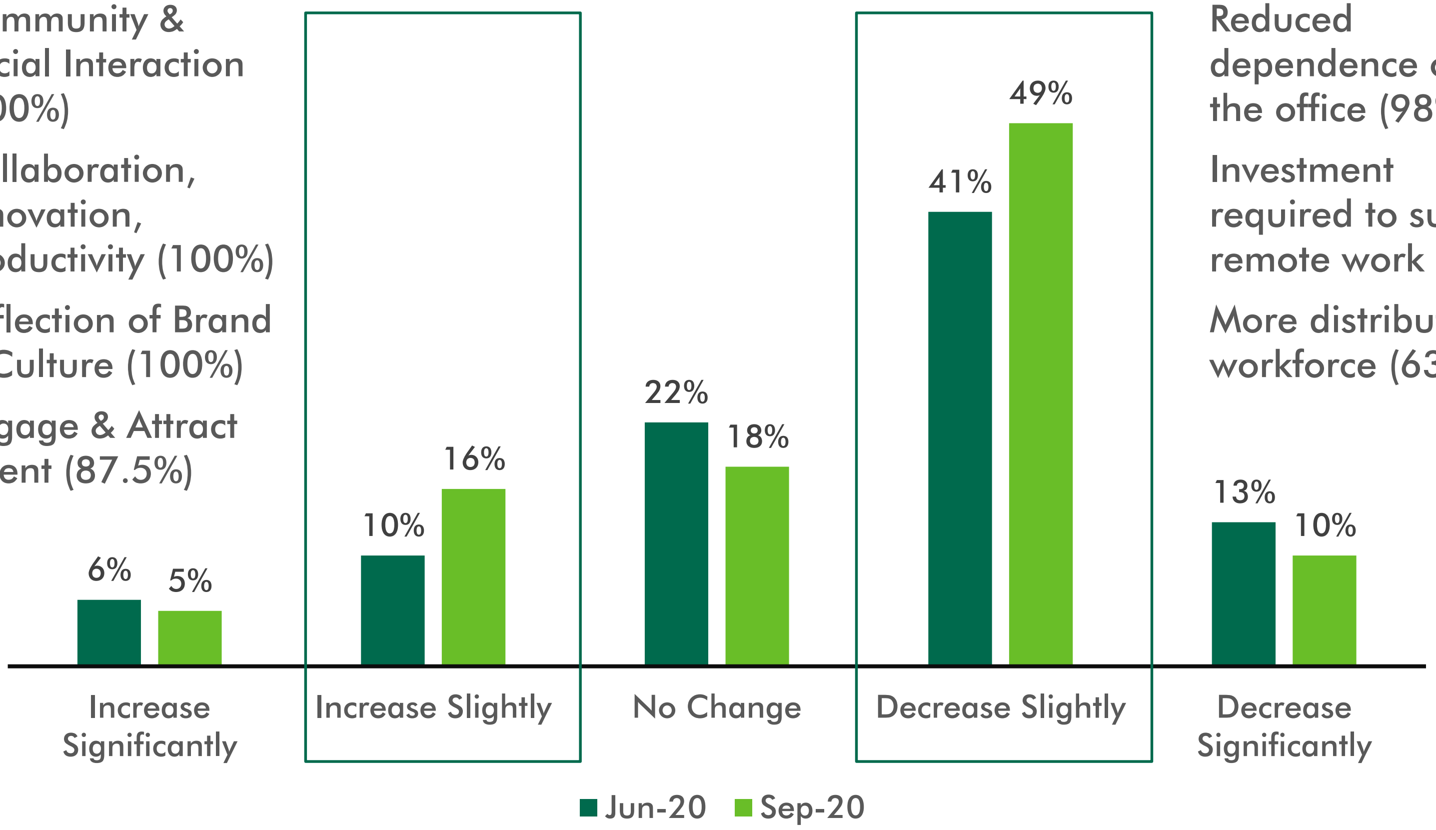
WHY?

Community & Social Interaction (100%)

Collaboration, Innovation, Productivity (100%)

Reflection of Brand & Culture (100%)

Engage & Attract Talent (87.5%)



WHY?

Reduced dependence on the office (98%)

Investment required to support remote work (76%)

More distributed workforce (63%)

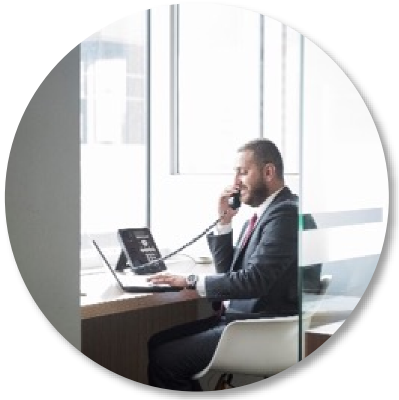
Do you have a metric that you track to measure the impact of your workplace?

Measuring the impact of the workplace not only from a cost and efficiency perspective – but also from an employee and productivity perspective – will be important to strategically position the C-Suite discussion in the future.

WORKPLACE FLEXIBILITY

Assigned Seating ←→ **Unassigned Seating**

Dedicated Seats
Work primarily from the office with minimal out of office mobility



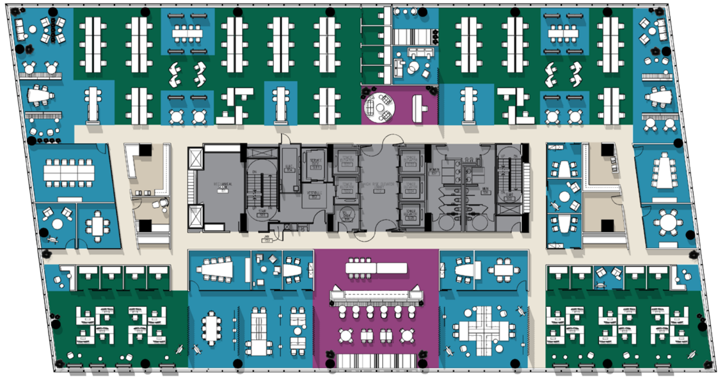
Targeted Mobility
Hybrid dedicated and shared seats driven by work style and functional needs

Hotdesking
Majority of seats are unassigned and reserved in advance or upon arrival

Activity-Based Work
Shared Departmental 'neighborhoods' with more variety in work setting choices

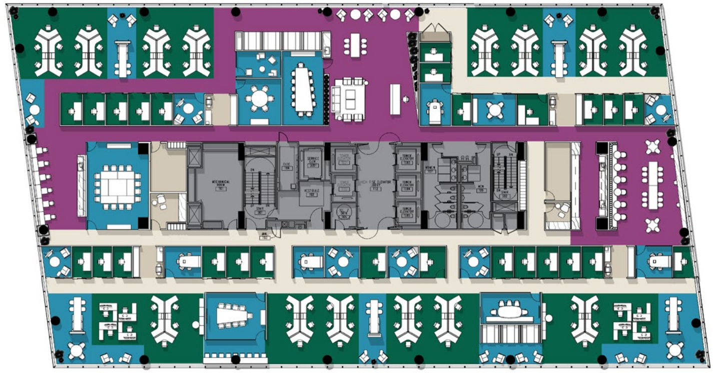
Work from Home
Individuals work primarily from the home and occasionally come to the office

Activity-Based Work



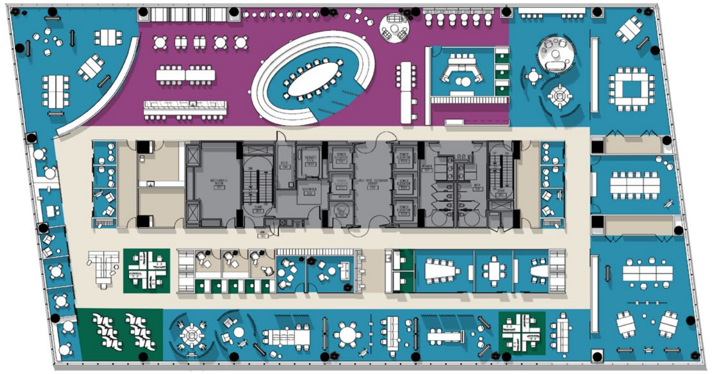
50% ME
25% WE
10% SUPPORT
10% AMENITY

Team-Based Work



36% ME
36% WE
10% SUPPORT
18% AMENITY

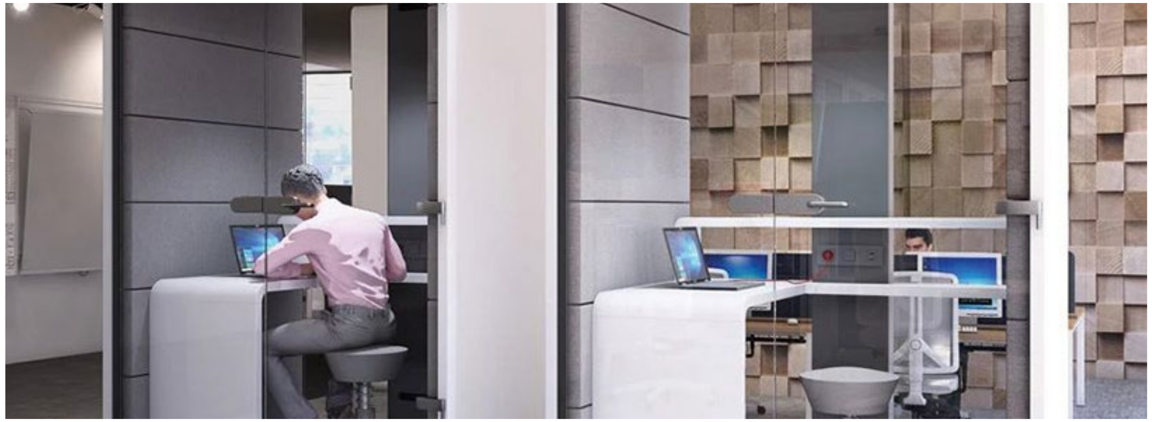
Event-Based Work



25% ME
50% WE
10% SUPPORT
15% AMENITY

FOUR LIKELY BETS

More Enclosed and Modular Offices



Hotelification of the Office Experience

Increased Investment in Collaborative Technology

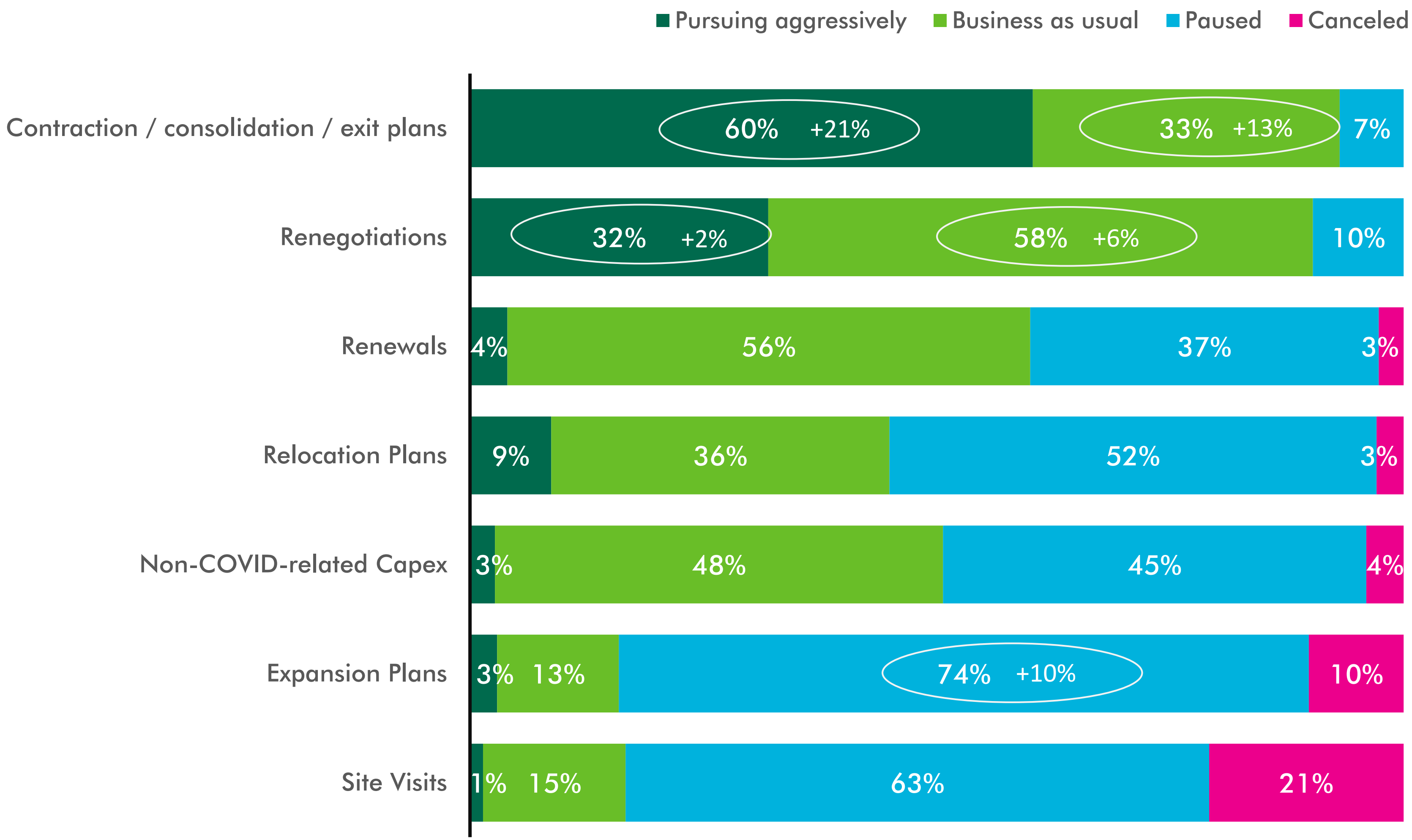
Sustained Reliance on Remote Work

PORTFOLIO STRATEGY

PORTFOLIO OPTIMIZATION GROWING AS AN AREA OF FOCUS

Due to COVID, how are the following portfolio strategy decisions impacted?

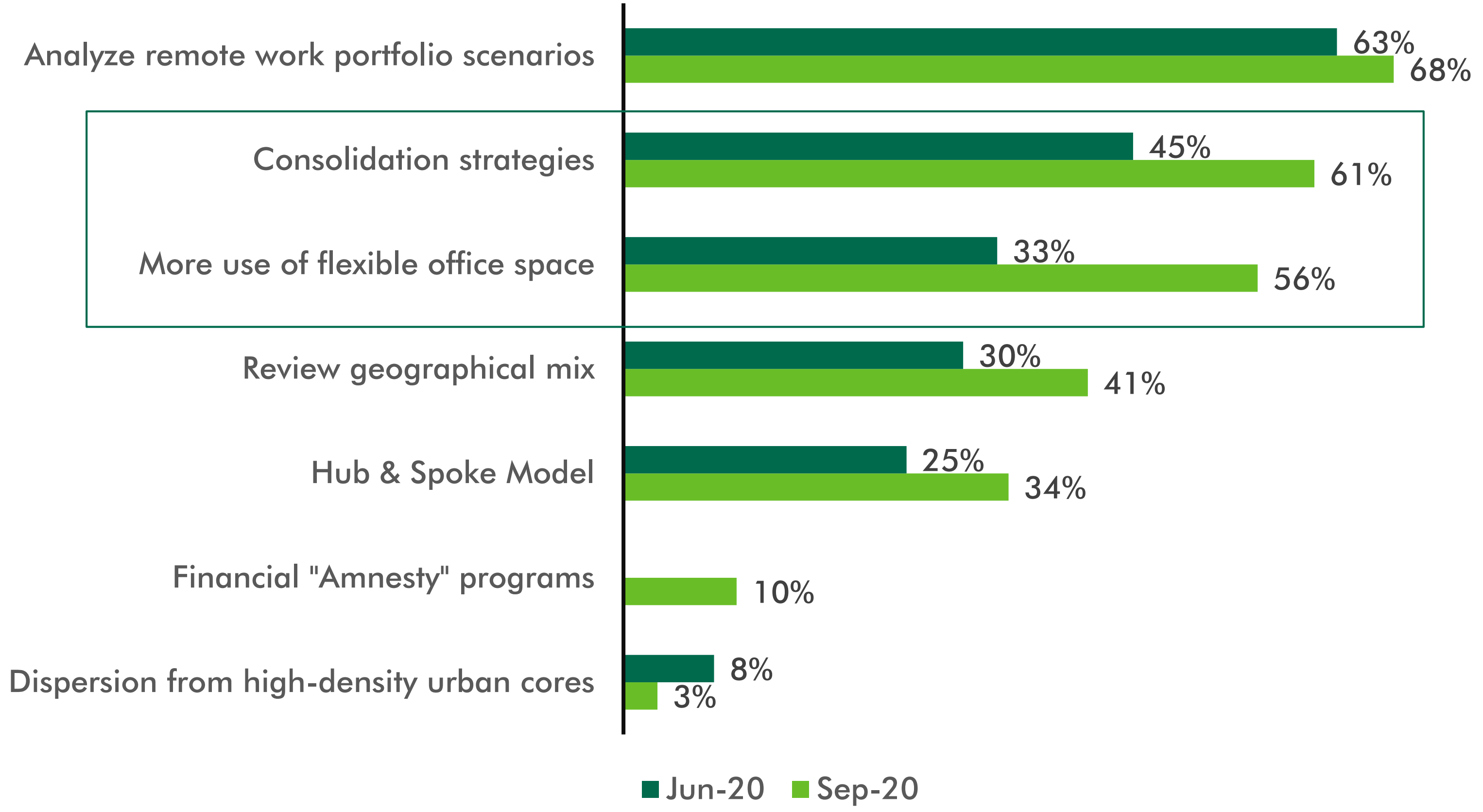
Organizations are more resolved to pursue actions that will help them optimize their portfolios while remaining agile to adjust course in the future as employees gradually return to more normal ways of working.



SCENARIO PLANNING FOR THE FUTURE

What future portfolio strategies are under consideration?

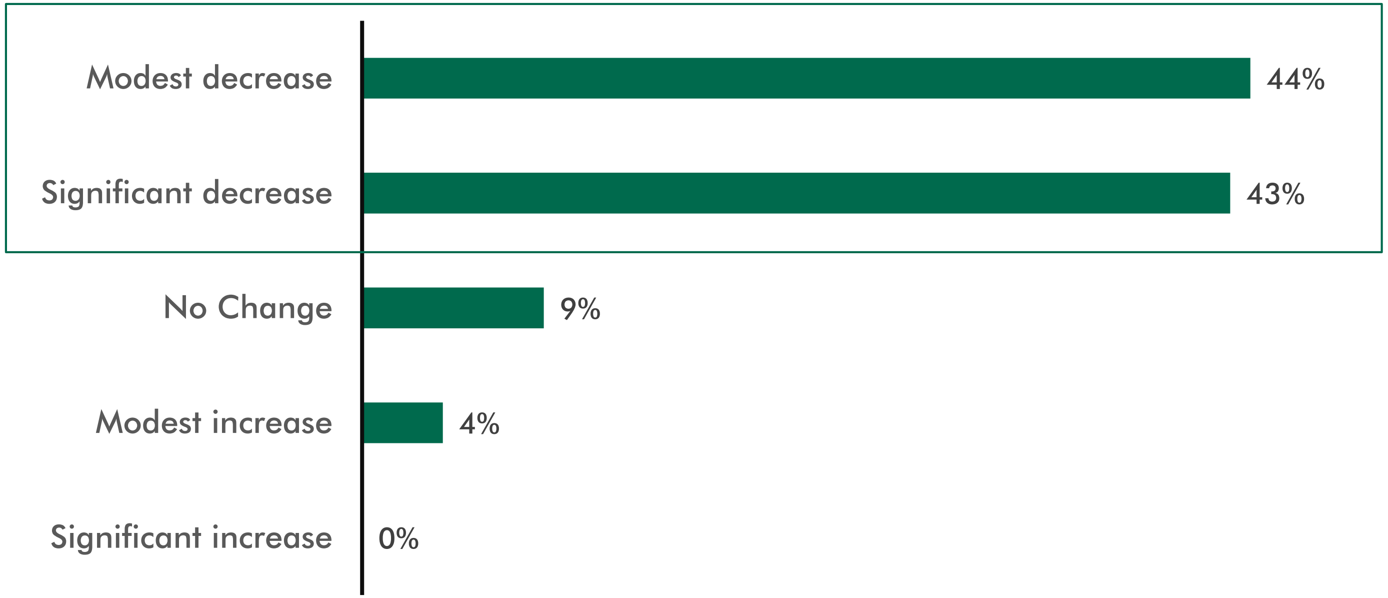
Planning for uncertainty and flexibility is at the forefront of future portfolio planning activities.



COVID HAS ACCELERATED DOMINANT PRE-COVID TRENDS

How do you expect your corporation's real estate portfolio to change over the next 3-5 years?

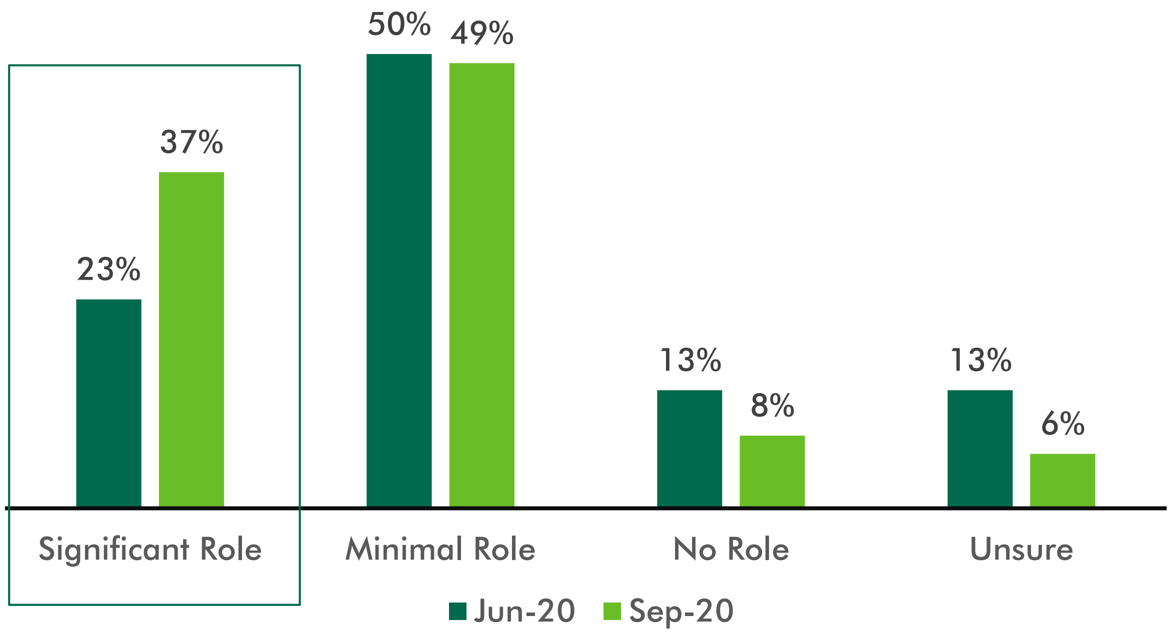
Real estate efficiency has been a focus among occupiers over the last decade and clearly remains one in the future.



FLEX OFFERS UNPRECEDENTED ALTERNATIVES TO UNCERTAINTY

What role do you believe flexible office space (coworking, serviced office, suites etc.) will play in your long-term real estate strategy?

Flexible office space is proving to be resilient as occupiers consider it to create new strategies that require a more iterative approach.



Evolving Occupier Uses for Flex…

1. Network of locations for mobile workforce
2. Enter new markets
3. Short-term space solution
4. Reduce capital expenditures
5. Test alternate occupancy models

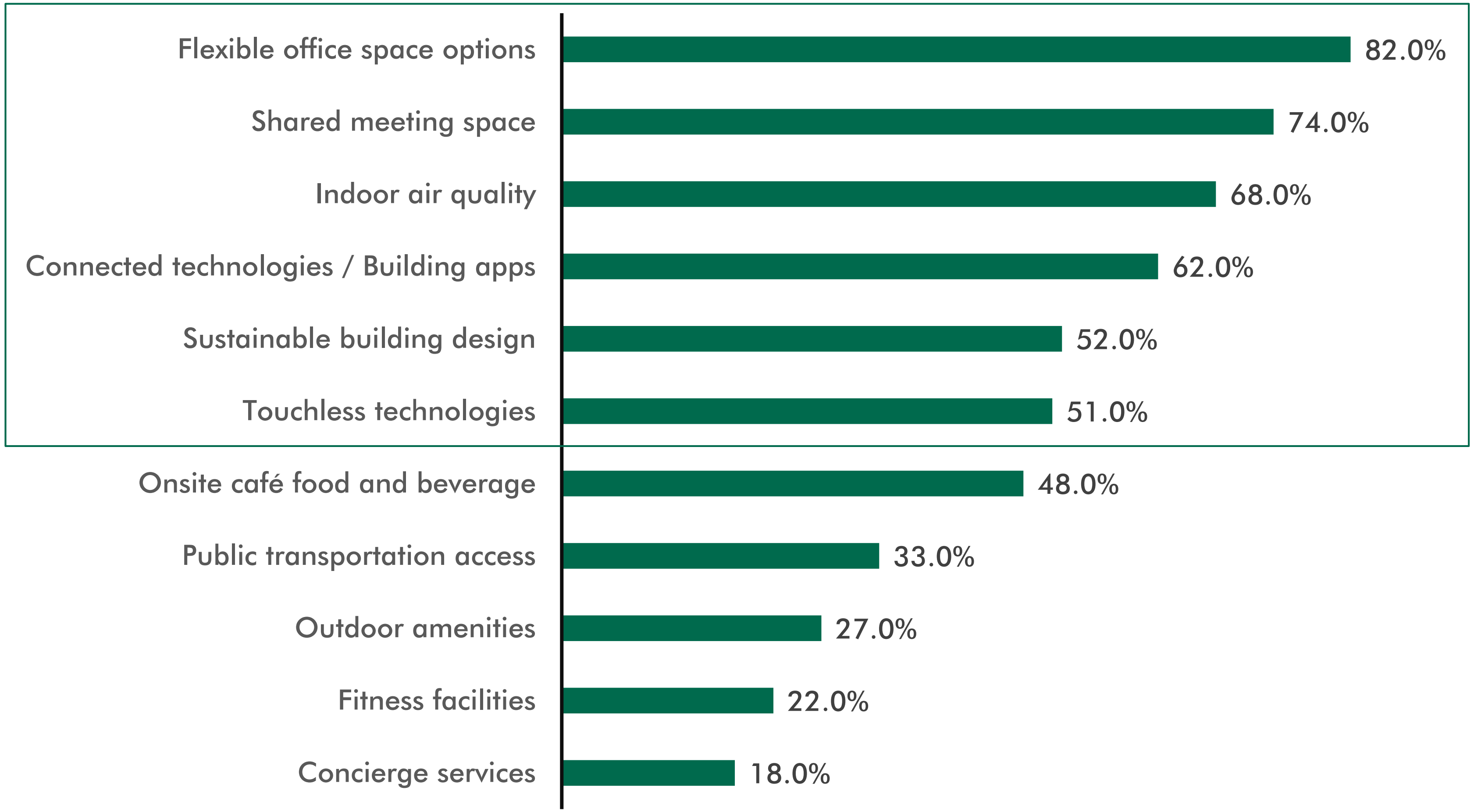
…and Demands of Flex

1. Health & safety
2. Privacy & security
3. Cost
4. Reputation of provider
5. Scale of network

CORPORATE OCCUPIER DESIRES ARE CHANGING

What will be the most in-demand building attributes in the future?

Occupier desires when selecting buildings may pose operational challenges for landlords to deliver in the short-term.



PORTFOLIO OPTIMIZATION ISSUES

Lease Accounting Changes

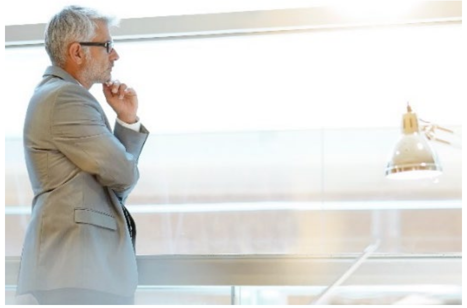
- Right of use impairments
- Alignment with C-Suite, Business Units and Finance

Risk Exposure

- Targeting smaller, suburban locations
- Less costly and disruptive to temporarily close several small locations

Geographical Mix of the Portfolio

- Work from anywhere considerations in play
- Considering skilled talent in less costly, smaller markets



Planning vs. Implementation

- Continued uncertainty about the future
- Exit leases, excess space on the sublease market and/or try to buy out of leases

KEY FINDINGS

Occupiers aspire to provide office access. 67% globally anticipate all employees to have access to the office by mid-2021 – this sentiment is very dependent on virus transmission and health considerations as the re-entry date nears.

Occupiers and employees expect an office option. 81% of respondents expect at least half of their workforce to be "office-based" in the future – 73% support these "office-based" employees in balancing their time between the office, home and "third places."

Transformation towards collaborative design will accelerate. As the role of the office evolves to favor teamwork over individual work, design will likely follow suit – 70% are planning to operate in a significantly "free address" environment to support a more mobile workforce.

Focus on optimization has intensified. 60% are aggressively pursuing consolidation strategies and 70% have expansion plans on hold as optimizing existing portfolios is a focus in light of uncertainty. Urban core remains important while hub and spoke strategies vary by market and sector.

Flexible solutions are attracting greater interest. 56% are considering more use of flexible office space as it offers unprecedented alternatives to plan for uncertainty – 82% indicate it is a desired attribute as they select buildings to lease in the future.

CONTACTS

KAREN ELLZEY
Executive Managing Director, Client Strategy, Transformation & Analytics, Global / Americas COVID-19 Crisis Management Lead for GWS, CBRE

617.869.6154
karen.ellzey@cbre.com

JULIE WHELAN
Vice President, Head of Global Occupier Thought Leadership, CBRE

508.789.7085
julie.whelan@cbre.com

LENNY BEAUDOIN
Executive Managing Director, Workplace, Occupancy, Design, CBRE

212.984.8139
lenny.beaudoin@cbre.com

MIKE NELSON
Senior Managing Director, Advisory & Transaction Services, Portfolio Optimization, CBRE

213.613.3214
mike.nelson@cbre.com

CBRE