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OFFICE

OF THE FUTURE **REVISITED**



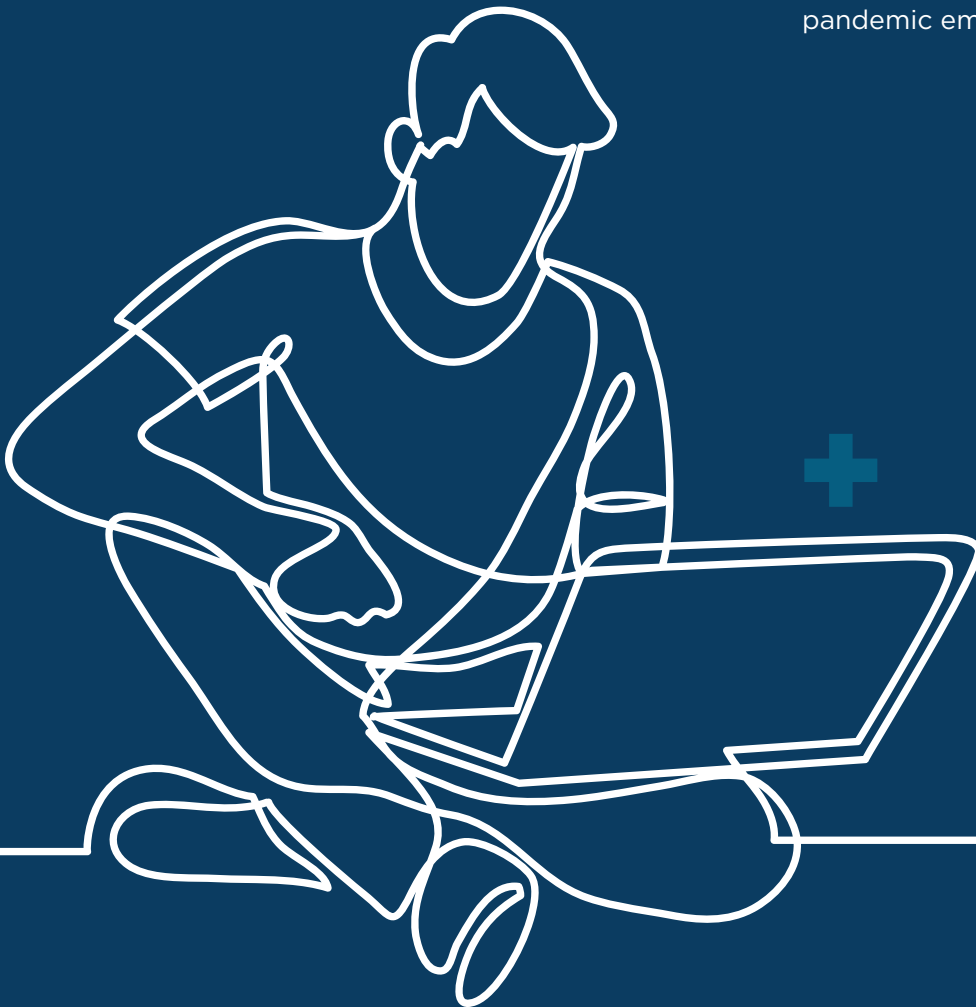
THREE NEW REALITIES SHAPING
HYBRID WORKPLACE STRATEGIES



THREE NEW REALITIES SHAPING HYBRID WORKPLACE STRATEGIES

Since our publication of “[Workplace Ecosystems of the Future](#)” in early 2021, much of the world finds itself in a different place relative to the global pandemic. Variants continue to impact communities—certainly no one has declared victory. Still, in many locations, life looks and feels closer to life before 2020.

Many companies are now trying to bring more office workers back into the office in earnest, even if those employees return fewer than five days a week. Yet despite the emerging optimism, business leaders are facing new challenges that may be every bit as difficult as the ones they faced in early 2020 when the pandemic emptied offices of people.





This report first looks at three new realities, outlined below, that have significant implications as organizations experiment and develop new workplace strategies. Then, we show how six different companies are approaching hybrid workplaces—a window into real-time thinking and experimentation at a time when no one size solution fits every organization.



REALITY ONE:

Demand for office space is accelerating. An improving economy paired with strong office-using employment growth is driving office space demand. Leaders recognize the value of bringing employees together, even if less frequently. Tenants are taking advantage of a favorable market with an eye to long-term space needs, especially the technology, financial services, healthcare and life sciences industries.

REALITY TWO:

Hybrid is here to stay. Now is the time to embrace hybrid, close expectations gaps between leaders and employees and cultivate a common understanding to optimize employee experiences. Organizations must answer “What does hybrid mean for us,” or run the risk of eroding employee engagement and business performance.

REALITY THREE:

The role of the office has changed. Culture, collaboration and innovation now drive the office’s purpose. As offices and portfolios built for another time catch up to new needs, it’s forcing different kinds of business conversations and relationships between leadership, and employees around the workplace.

1

OFFICE SPACE IS STILL IN DEMAND

ECONOMICS, GROWTH &
OPPORTUNITIES ACCELERATE
OFFICE DEMAND

Demand is returning—and as with most office cycles, it is being driven by job creation. In less than two years since the onset of the pandemic much of the world has returned to pre-pandemic employment levels. By comparison, it took nearly three times as long after the Great Financial Crisis of the late 2000s for employment to return to pre-recession numbers.

Notably, sectors that tend to be office-based are faring better than others—hospitality, for example. In many countries, office-using employment is already back to Q1 2020 levels. And even in countries where employment hasn't fully recovered, it's on track to return by the middle of 2022. Long term, U.S. office employment is expected to grow 50% faster than total employment by the end of 2030, and high-tech jobs are forecasted to grow twice as much.

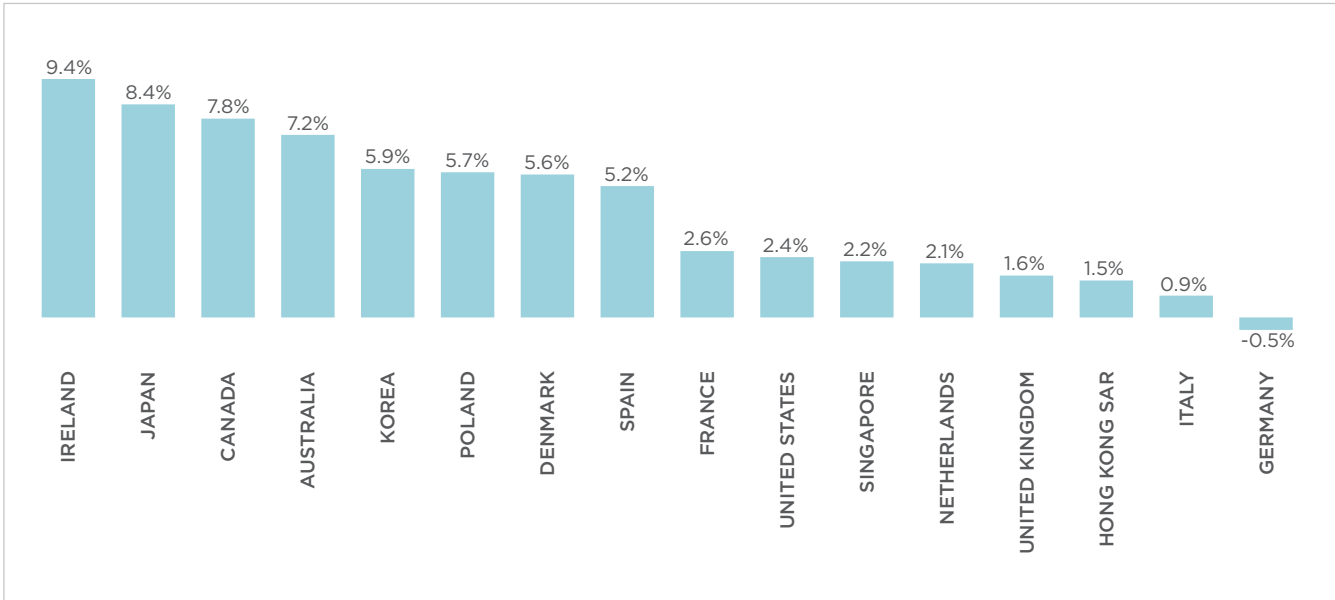


It took three times as long after the Great Financial Crisis for employment to recover to pre-recession levels



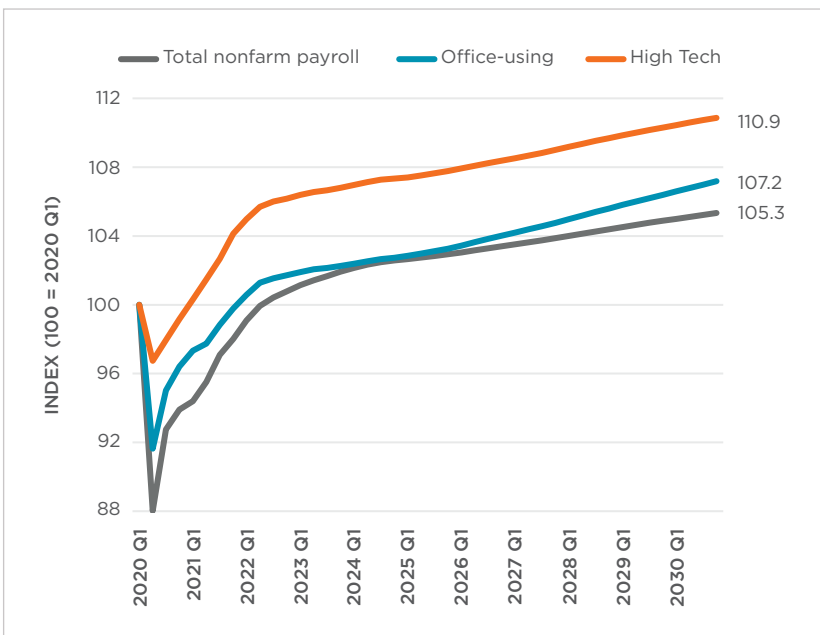
SECTORS THAT USE OFFICE SPACE LEADING ROBUST JOB GROWTH

EMPLOYMENT GROWTH BY COUNTRY SINCE PANDEMIC ECONOMIC DOWNTURN



Source: Moody's Analytics Estimated; Australian Bureau of Statistics; Census and Statistics Department Hong Kong Special Administrative Region; EUROSTAT; French National Institute of Statistics and Economic Studies; Italian National Institute of Statistics; Japan Statistics Bureau; National Institute of Statistics (Spain); Singapore Department of Statistics; Statistics Canada; Statistics Denmark; Statistics Korea; Statistics Netherlands; U.S. Bureau of Labor Statistics

FORECASTED U.S. JOB GROWTH THROUGH 2030, SELECT SECTORS



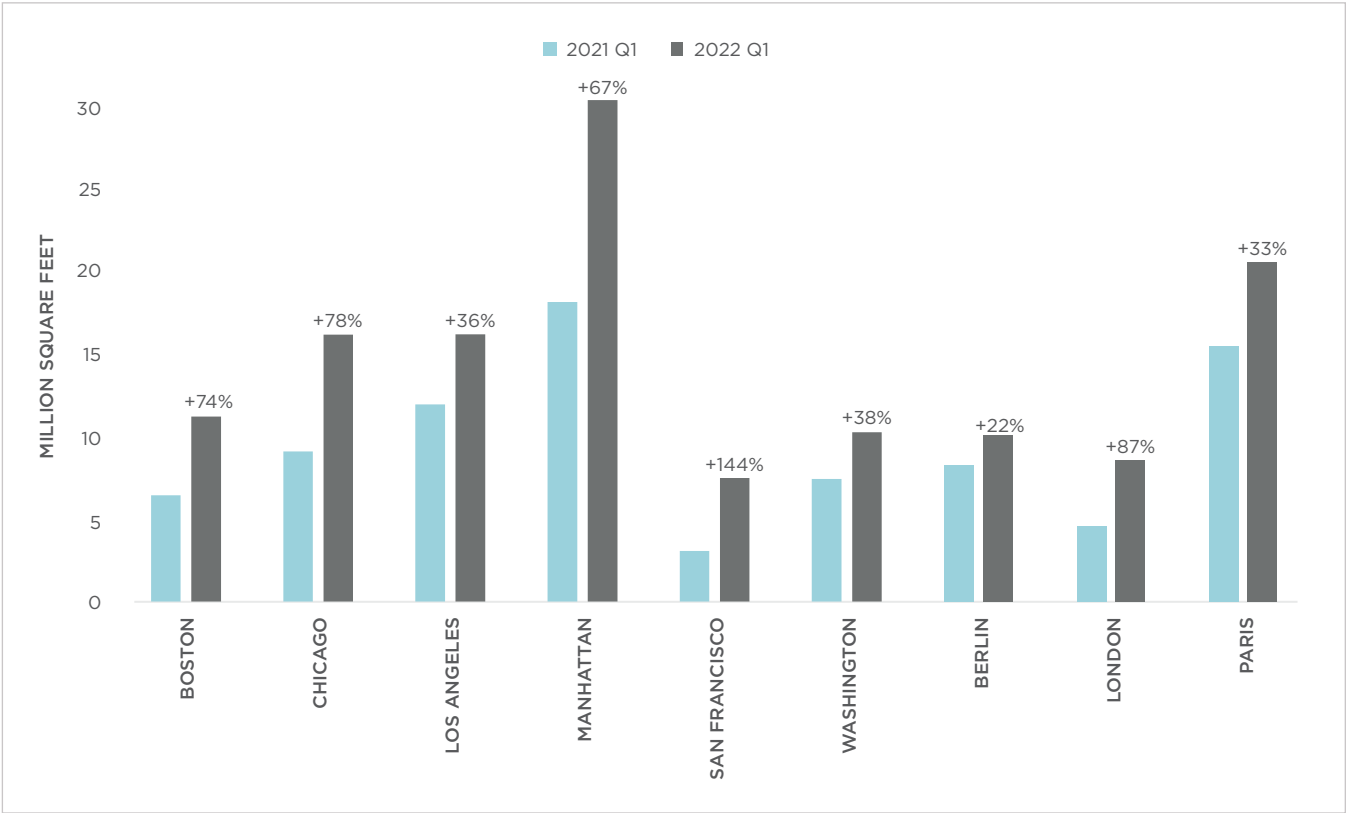
Source: U.S. Bureau of Labor Statistics; Moody's Analytics Estimated

DEMAND FOR OFFICE SPACE INDICATES CONFIDENCE

Executive leaders continue to factor in employee preferences for more flexibility as they map their organization’s path, particularly in a labor market environment where employees have options. But even as companies eye flexibility, we already see signs that leaders are making strong bets on the future of office space. These office space leasing decisions signal that the office will continue to be a primary feature in the workplace ecosystem of the future.

- + Positive activity is broad and is impacting secondary and gateway cities.
- + Across the U.S., 4-quarter rolling leasing activity is up 41% in Q1 2022.
- + Leasing activity is up twice as much on average in the six U.S. gateway markets at 63%.

GATEWAY CITY LEASING ACTIVITY: Q1 2021 VS. Q1 2022



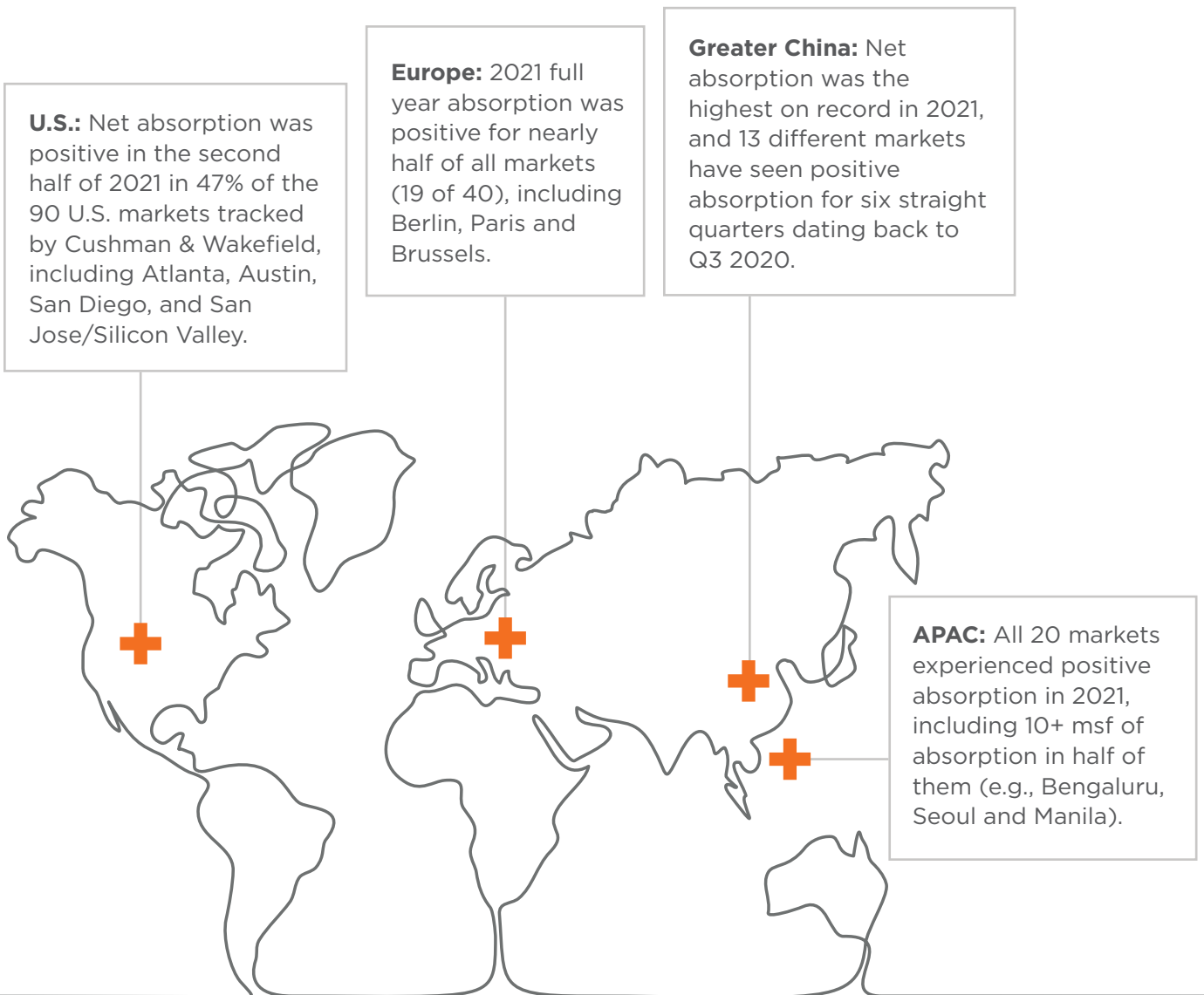
Source: Cushman & Wakefield Research





HOW LONG WILL THE WINDOW BE OPEN?

Tenants are enjoying favorable market conditions to act on future space needs. The extent of the tenant-friendly opportunities will vary by market but will not last forever. This is already apparent in the data across the globe where net absorption has turned positive, indicating demand is outstripping supply once again.





2

HYBRID IS HERE TO STAY

TEST AND LEARN NOW TO CURATE EXPERIENCES AND FLEXIBILITY FOR THE FUTURE

THE PEOPLE HAVE SPOKEN

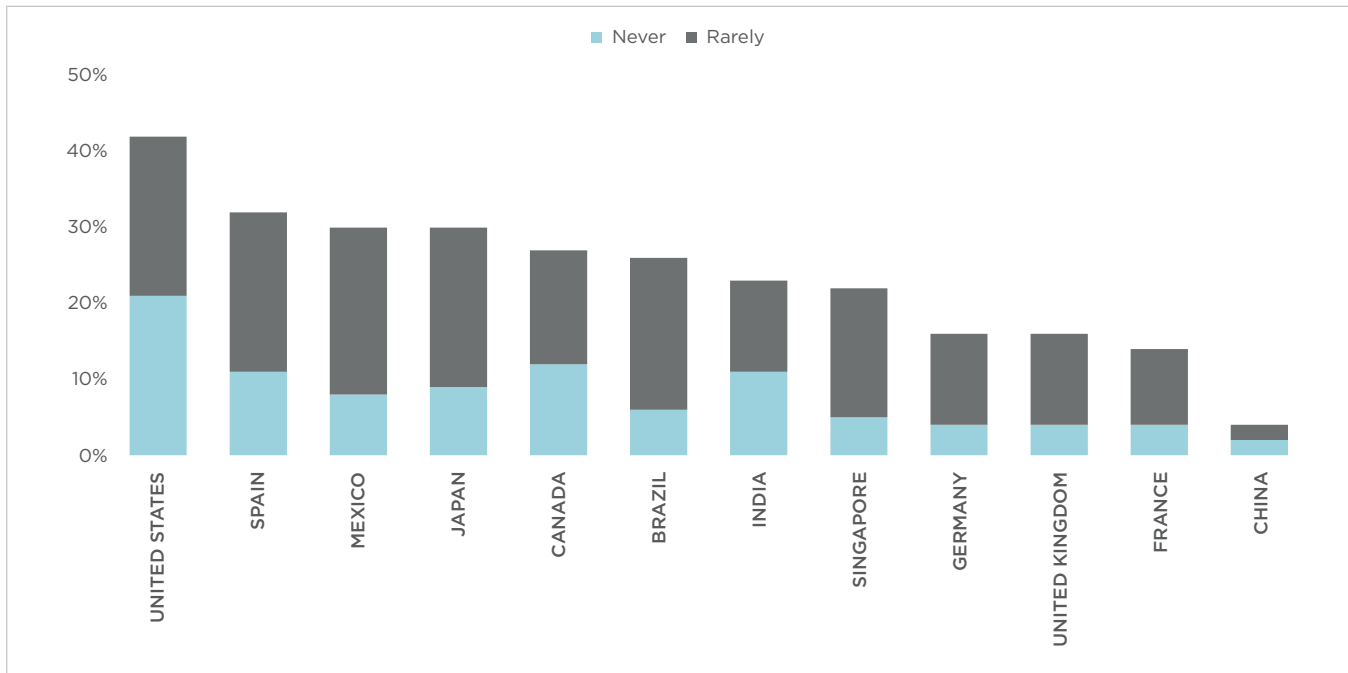
As of the last quarter of 2021, a fifth of U.S. employees indicated preferences to work in the office rarely and another fifth would prefer to never come to the office. These preferences aren't limited to employees in the U.S. Nearly a third of office workers in Spain, Mexico and Japan have the same sentiment. To compete for talent in today's environment where one out of five people prefer to never be in the office, corporate leaders will need to create office environments that inspire employees and draw them in.



To compete for talent, companies need to create spaces that inspire employees and give them compelling reasons to come together with their colleagues.



EMPLOYEE PREFERENCES TO WORK IN THE OFFICE POST-PANDEMIC



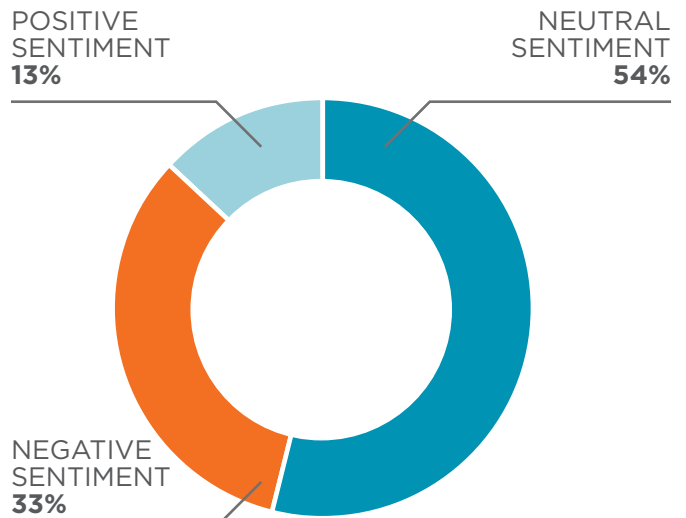
Source: Cushman & Wakefield's Experience per SF™ (XSF) Survey

HEALTH AND ANXIETY-RELATED CONCERNS ARE TOP OF MIND

Better work-life balance, financial benefits and savings, and a greater ability to focus without office distractions are just a few drivers of new workstyle preferences.

A look at online discourse about the return to office showed the majority (54%) of discussion is neither strongly for or against it. Rather, the core of the back to office discussion is related to the mental health and well-being of workers. Employees continue to have legitimate concerns in these areas.

SENTIMENT FOR RETURNING TO THE OFFICE, BASED ON ONLINE DISCUSSIONS.



Source: Decode-M



Further, Cushman & Wakefield's Experience per Square Foot™ (XSF) survey data shows that mental health and wellbeing actually improves when employees are working in the office frequently. To ensure employees have these positive in-office experiences, the office needs to be a destination that supports social connection and emotional wellbeing for employees.

SOME PREFERENCES MAY BE A PRODUCT OF THE MOMENT

Employee concerns about health and safety should eventually fade when people largely feel comfortable and protected, and confident their dependents are safe in the care of others—schools, day care centers, adult care facilities and the like. In many places around the world, levels of comfort seem to be on the rise given the increase of activities in other physical environments like restaurants, sports and entertainment venues, shopping centers and hotels.

OTHER PREFERENCES REPRESENT A PERMANENT SHIFT

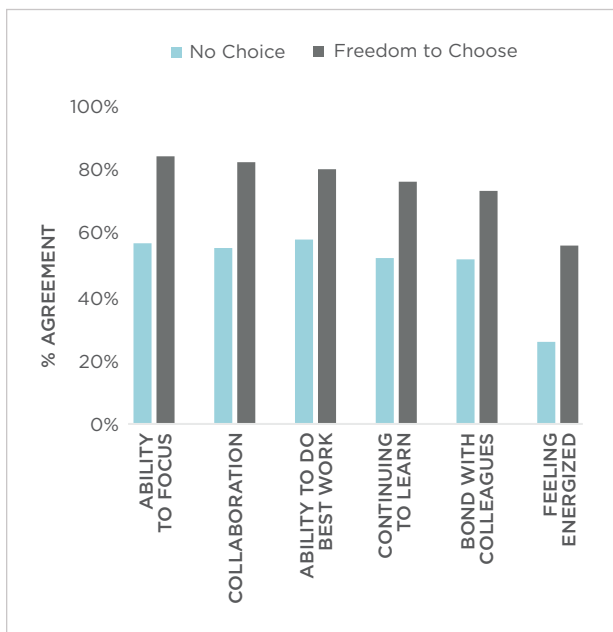
At this writing, U.S. employers were trying to fill approximately 11 million jobs in an economy with 3.6% unemployment. Clearly not all of these openings are office-using roles, but many are, which is one reason employees have the leverage to demand workplace flexibility. Workers are seeking more control over where, how and with whom they spend their time. If their current employers don't offer choice, they can likely find it elsewhere.

Ultimately, organizations that use mandates will be at a disadvantage. Limiting choice in a post-pandemic workplace is likely to backfire, as our global XSF™ data shows that employees with choice and control over where they work perform better.





EMPLOYEE PERFORMANCE SURVEY RESULTS: EMPLOYEES WITH CHOICE VS. NO CHOICE



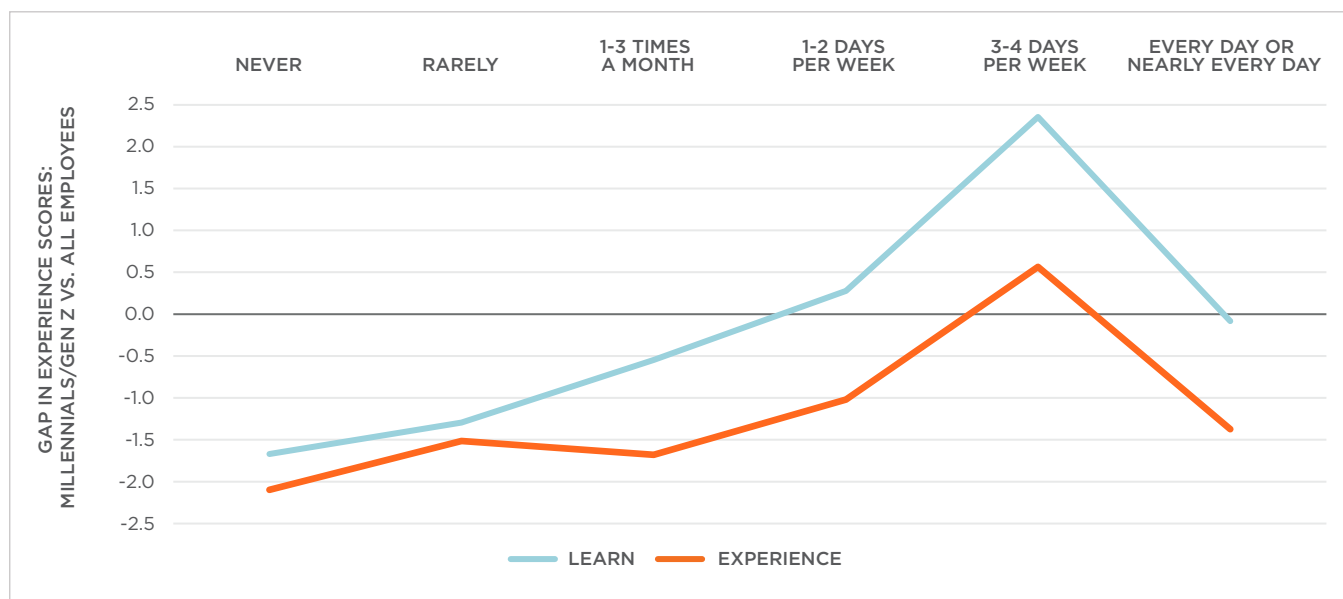
Source: Cushman & Wakefield's Experience per SF™ (XSF) Survey



The companies with the most engaged employees are—and will continue to be—the ones that provide their employees workplace choices

At the same time, Cushman & Wakefield data indicates that employees need the office to support their desire to learn, make meaningful cultural connections to their organizations and to engage more deeply with colleagues. Many employees rate in-office experiences higher, and the workers who have the most meaningful workplace experiences are the ones who come into the office multiple days a week.

GAP BETWEEN MILLENNIALS/GEN Z EXPERIENCE VS. ALL EMPLOYEES BY IN-OFFICE FREQUENCY



Source: Cushman & Wakefield's Experience per SF™ (XSF) Survey



Young workers in the office 3-4 days per week have the highest experience and learning scores. And, they are the only group that is higher than the overall average.

Employees continue to have legitimate concerns in these areas that impact their wellbeing. This is illustrated by only 46% have a very good sense of wellbeing, 46% feel energized throughout their day, while 53% of employees report having work-life balance, and only 54% feel inspired at work.

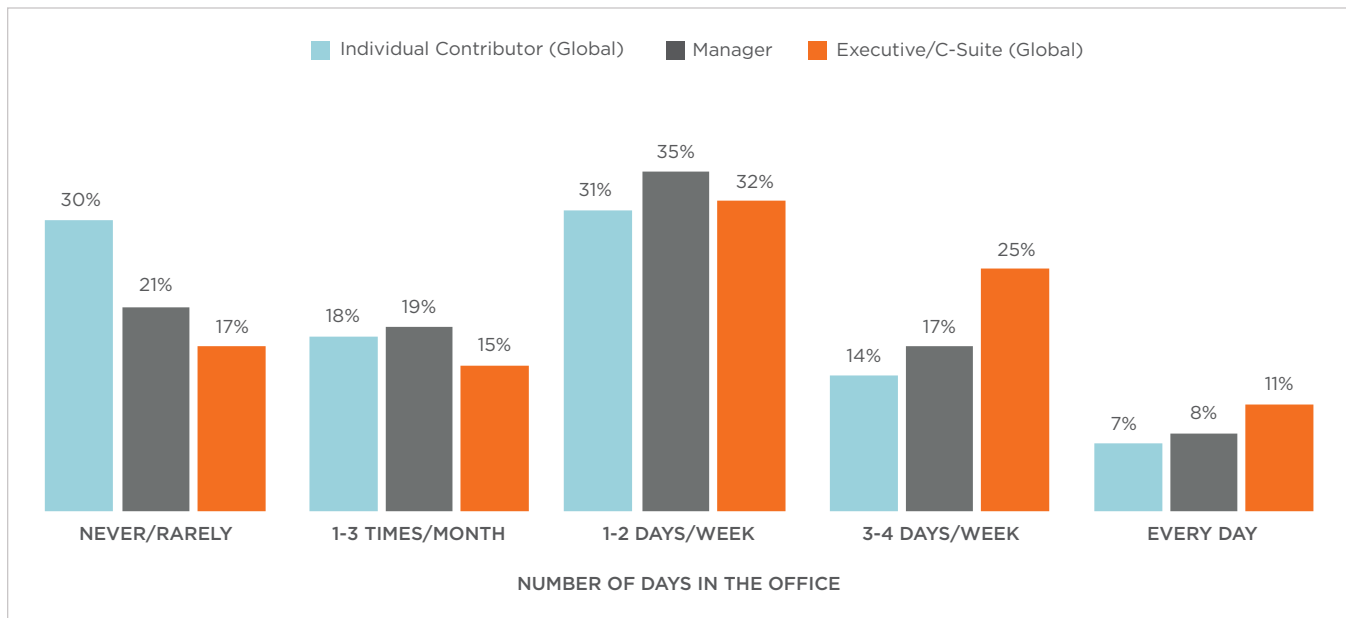
THE DISCONNECT BETWEEN EMPLOYEES AND LEADERSHIP A THREAT

While employees and their employers generally agree that the future of the office will be characterized by more flexibility and agility, expectations at the executive management level are different than overall employee expectations.

- + When asked about expectations of how many days they plan to work in the office post-pandemic, only 17% of C-suite respondents globally indicated they plan to **work remotely most of the time**. That percentage jumps to 30% for individual contributors who plan to work remotely most of the time.
- + The U.S. gap is even larger—only 9% of executive leaders said they plan to work remotely versus 40% of individual contributors.



POST-PANDEMIC EXPECTATIONS FOR IN-OFFICE ATTENDANCE: C-SUITE COMPARED TO INDIVIDUAL CONTRIBUTORS AND MANAGERS



Source: Cushman & Wakefield's Experience per SF™ (XSF) Survey

The relationship holds on the other end of the spectrum, as well.

- + A higher percentage of executive leaders indicated they're more likely than individual contributors **return to the office full-time**—11% versus 7%.
- + And again, that gap is even higher in the U.S., where by a 3-to-1 margin executives indicated they prefer a full-time return to office (19% vs. 6%).

To succeed, companies need to close the expectation gap between leadership and employees related to hybrid working and the purpose of the office. Without similar expectations across all employee groups around the balance between in-office and remote work, organizations run the risk of making planning decisions that hinder and even potentially damage employee and company performance.

Much is at stake, from policy development, to space design, technology strategy, real estate portfolio decisions and more. Executive leaders and managers must recognize the new reality of the hybrid office and shift their mindset to not only acknowledge the importance of employee expectations and needs but to design the office workplace of the future accordingly. Those who fail to make the shift will likely see greater turnover, lose competitiveness in recruiting top talent and lack the agility to respond when employee and company performance suffers.



THE ROLE OF THE OFFICE HAS CHANGED

COLLABORATION, INNOVATION
& CULTURE DRIVE THE
OFFICE'S PURPOSE



Most organizations believe the office is now the place for building culture and for inspiring creativity and innovation

In a survey of CoreNet Global members, when asked about the primary role of the office post-pandemic, 70% of respondents identified the office as the center of creativity and innovation and the best place to build company culture. As organizations shift to focus more on these purposes, they will deemphasize individual dedicated desks and private offices in favor of creating more collaborative and specialty spaces.

It appears the shift will not always necessarily reduce space per employee ratios as we are seeing many organizations reimagining space to emphasize collaboration while still utilizing similar amounts of square footage. In fact, strong job growth has spurred many companies to add office space to house a larger workforce, even if in a more agile manner. Regardless of space allocation, the office will require a new type of flexibility: one focused on personal choice, permission and trust.

NEW STRATEGIES WILL IMPACT PORTFOLIO SIZE AND SPACE ALLOCATION DIFFERENTLY

There's no one standard for the future of the office—not only from company to company but from location to location within the same organization's real estate footprint. Each organization's real estate portfolio offers unique opportunities. What's required of leaders is to comprehensively review not only the physical characteristics, functionality and utilization of existing spaces but the experience in each location to determine which spaces to keep, which to shed, and which to adapt to support a more agile workforce.

The following three scenarios show how an organization might transform its offices to accommodate growth, encourage collaboration and give employees choice.

**BASELINE SCENARIO:
PRE-PANDEMIC WORKSTYLE AND SPACE
ALLOCATION**

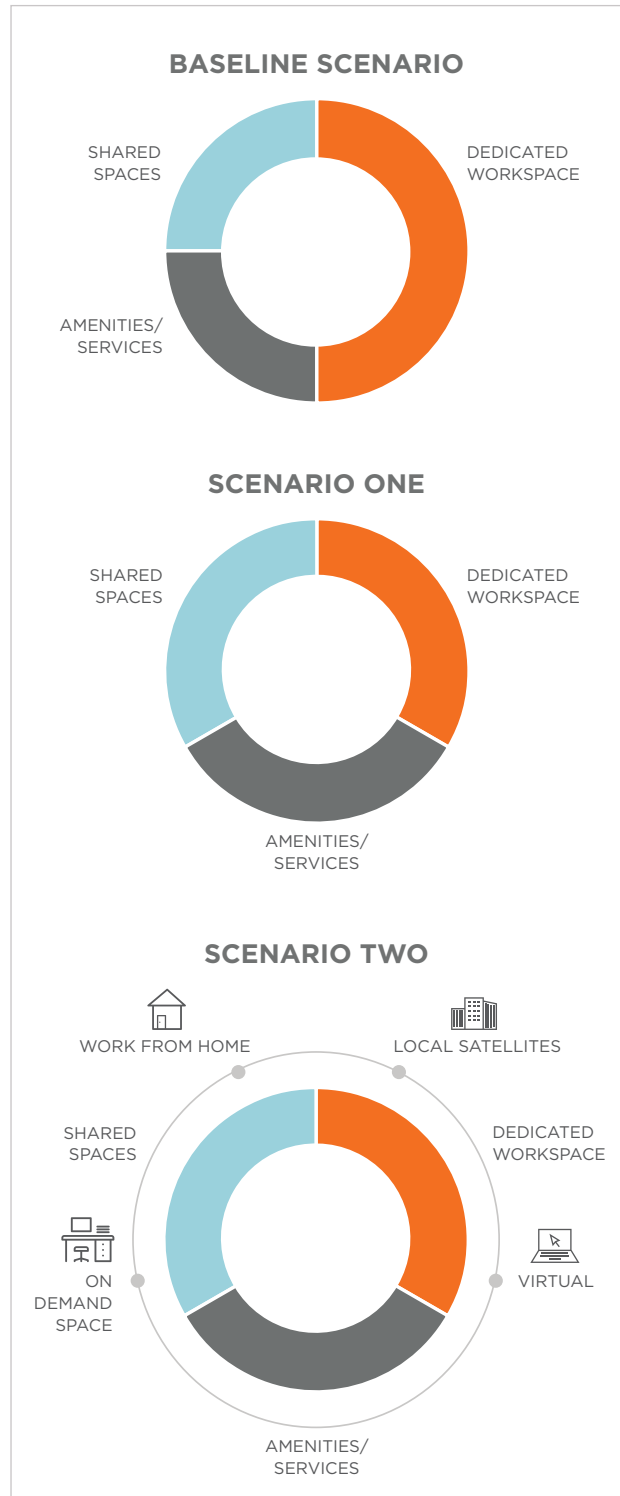
- + Pre-pandemic
- + Traditional in-office workstyle
- + High percentage dedicated to individual seats

**SCENARIO ONE:
SAME SIZE, BETTER EXPERIENCE**

- + Seeks to increase space utilization, team and business performance and employee engagement with features not found working from home
- + Space mix and amenities amplifies the office experience
- + Provides flexibility and choice
- + Increases collaboration, engagement and knowledge sharing
- + Improves network connectivity, equipment and workplace ergonomics

**SCENARIO TWO:
LESS SPACE, BETTER EXPERIENCE**

- + Reduce core space and leverage entire ecosystem — home space, local satellite offices, on-demand space and third places
- + Enables employee’s best work in the kind of space that fits the task
- + Enhances work-life balance and wellbeing
- + Proximity to ecosystem shortens commutes and increases productivity



THINKING DIFFERENTLY: WHERE TO START

Having determined that choice is an imperative for productivity and retention, as is alignment between the expectations of leadership and employees, how does one start designing an optimal hybrid solution?

It's a business challenge that requires an integrated approach from real estate, human resources, finance and technology leadership. No longer can these departments work independently. Rather they need to work cooperatively as the organization defines brand, builds culture, develops and refines policies and creates reputation capital.

Change management also plays a crucial role, assisting with changing leadership mindset, work processes, physical spaces and or locations, integration points and communication patterns.

Organizational leaders need to be asking themselves the following questions:

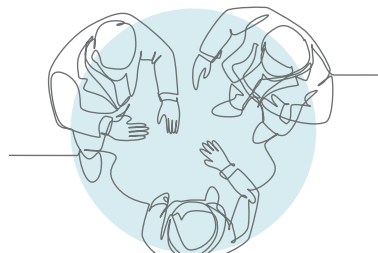
- + What do we need to change about our culture to support hybrid working?
- + Do we have the right technology strategy to ensure equitable connectivity?
- + What policies are in place to support hybrid working?
- + Is leadership ready to advocate for and sponsor our organization's vision for the future workplace?
- + Is human resources, technology / IT, real estate, facilities management and internal brand aligned in implementation?
- + What are the day-to-day interactions an employee comes into contact with (e.g., events, meetings, reception, etc.) and are they maximizing employee experience?
- + Do we have the right variety of physical places to suit different activities (e.g. individual, collaborative, social, learning activities etc.)?

HYBRID WORKING IS ENABLED BY LEADERSHIP, CULTURE AND POLICIES



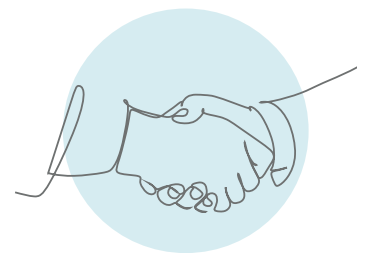
LEADERSHIP

- + Training
- + Support
- + Strategy & Vision



CULTURE

- + Inspiration
- + Inclusion
- + Wellbeing



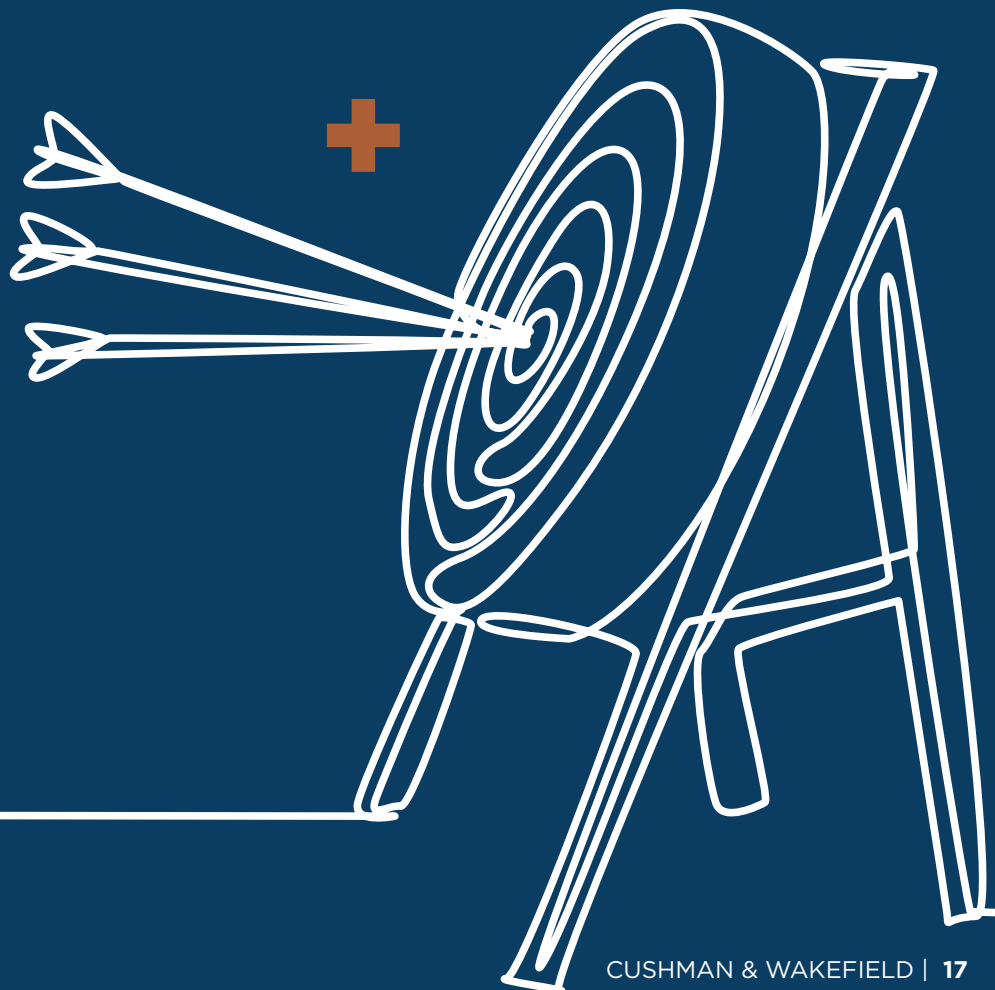
POLICIES

- + Human Touch Points
- + Integrated HR, IT & Real Estate
- + Flexibility

CURRENT OFFICE SPACE STRATEGY SCENARIOS

WHAT ARE ORGANIZATIONS
PLANNING IN 2022

While it's abundantly clear that there's no universal solution to the hybrid workplace of the future, we offer examples of how six different organizations have already begun to develop hybrid work models.



APAC

REDUCTION OF REAL ESTATE FOOTPRINT BY 50% THROUGH A REIMAGINATION OF THE WORKPLACE AND ROBUST CHANGE MANAGEMENT

Who: Global Pharma with 100,000 employees

Background: The company took the opportunity during the COVID-19 pandemic to aggressively optimize its real estate.

Specifically for a local office in the Asia-Pacific region, the company wanted to reduce its 10,000 square meters (sqm) of space on two floors down to 5,000 sqm on a single floor without reducing headcount.

Working closely with partners and its employees, the organization reimagined the workplace and implemented a change management project to guide employees from a dedicated desk approach to a new agile working style with a focus on collaboration spaces.

Outcomes

- ↓ Successfully reduced the total footprint by 50% with implementation of a robust hybrid work arrangement
- ↑ Increased proportion of collaborative space to 50% of footprint
- 😊 Positive employee adoption of the new hybrid work arrangement

AMPLIFYING CULTURE AND SUPPORTING HIGH GROWTH WITHIN THE SAME FOOTPRINT

Who: Global Fast Moving Consumer Goods Company with 100,000 employees

Background: Through a restack at an office in China (home to approximately 2,000 employees) the company wanted to amplify the organization's core values, reflect their vibrant culture and accommodate significant headcount growth.

The company revamped its workplace to inspire employees to reach their full potential and support their daily needs. The new workplace was also designed to help shift people away from a traditional work style to an activity-based work style.

Implementing a data-led approach to change, the organization also used a full-scale change management program to support the project management of the physical office move.

Outcomes

- ↓ Successfully implemented desk-sharing and activity-based working that reduced the space per person requirements
- 😊 Strong senior management buy-in
- 😊 Smooth transition from a traditional working environment to a new shared environment, anchored in high levels of staff engagement



EMEA

REDEFINING THE ROLE OF THE OFFICE TO ENHANCE EMPLOYEE EXPERIENCE AND FLEXIBILITY

Who: Global Technology Firm with 35,000 employees

Background: For an office in southern Europe, the company wished to redefine the role of the office moving toward a flexible way of working. Pre-pandemic, the workstyle was traditional, utilizing a 1:1 employee-to-desk ratio.

The company recognized that staff can work effectively remotely and expect more flexibility. So they implemented a hybrid approach aimed at improving talent attraction, retention and productivity.

To support the change, they leveraged an ecosystem of places to work and implemented next generation technology and equipment to support employees.

Outcomes

- 🗨️ Repositioned the office around experience and collaboration and introduced new centralized social and support areas
- ↑ Shifted from 1:1 desking to shared desking and increased variety of individual and collaborative spaces
- 🗨️ Embedded technology in furniture and spaces to support collaboration
- ↓ Reduced space and costs (though these were not the main objectives)

RATIONALISING REAL ESTATE AND MOVING TO REMOTE-FIRST

Who: Global Technology Firm with 3,000 employees

Background: This fast-moving firm's strategy for its real estate is heavily influenced by the young demographic of its workforce and the desire to grow and build culture.

The focus has been to establish the role of the office as the place for collaboration, socializing and learning by introducing more collaborative areas and introducing desk sharing.

Expected Outcomes

- ↑ 30% of its workforce is expected to go fully remote
- ↓ Potentially closing 10 offices where staff would be 100% remote
- ↓ The strategy will reduce the 55,000 sqm portfolio by 50% (i.e., moving from about 18 sqm per person to 9 sqm per person)

AMERICA

DECREASE FOOTPRINT THROUGH DESK-SHARING AND ELIMINATION OF OFFICES

Who: Global Financial Services Firm with 150,000 employees

Background: This company used an office consolidation project in the U.S. to implement a return-to-office global workplace program and introduce desk sharing. The planned outcome was to reduce space by 50%, as well as eliminate private offices and personal storage.

However, the program faced several challenges.

Employees were hesitant to return to the office and to share seats amid the uncertainty of the pandemic. Additionally, prior challenges with IT combined with limited information about a new seat reservation tool, meant employees didn't trust that the new technology would work.

To overcome these hurdles and support the transition, the company implemented a comprehensive change management, communication and engagement program.

Outcomes

- ↓ Successfully moved to desk-sharing and consolidated space in three months
- 📅 Reservation system successfully adopted
- 😊 High employee engagement through successful communications programme

OFFICE CENTRAL TO COLLEGIATE CULTURE AND EXPEDITED LEARNING THROUGH OSMOSIS

Who: Global Information Services Firm with 2,000 employees

Background: The high-growth company relies heavily on a young graduate workforce who highly value a collegiate culture. Its people are ambitious and high-performing and expedite their learning and career development mostly via osmosis.

The organization sees the office as central to maintaining a high-level of energy and keeping its culture intact as they scale up rapidly. However, the company also recognizes their employees' desire for flexibility and work-life balance. They've embraced a hybrid model that centers around the office, encouraging staff to be in on the same days of the week for majority of the week.

The organization is not planning to reduce its space requirements or footprint as they see value in everyone having their own desks as well as providing a high level of amenity spaces.

Outcomes

- 🗨️ Focus on providing a collegiate experience through workplace services and social spaces
- ↑ Increased footprint to accommodate high growth
- 😊 The right balance of remote versus in-office split for their employee mix



FINAL THOUGHTS

CONNECTING OFFICE SPACE STRATEGY TO NEW WORKPLACE REALITIES



Regardless of what's next for your organization, here are some final thoughts to consider as you chart a hybrid workplace path.

Office space is still in demand. There is clear value both for employees and the business in bringing people together, even on a more flexible basis. Ensure alignment of all key stakeholders (HR, IT, CRE) to implement a consistent and comprehensive workplace strategy and experience both for current return-to-office process and for a sustainable future.

Hybrid is here to stay. As workplaces shift towards more agility, leaders and employees will need to shift their mindsets from “My desk is where I work” to “I can work anywhere that supports my functionality, convenience and wellbeing.” Consider developing a new kind of flexibility. Make work-from-anywhere seamless by taking advantage of advances in digital innovation and technology to improve the workplace experience and enhance collaboration and innovation across the workplace ecosystem. Offer choice, permission and trust to employees.

The role of the office has changed. It is vital to understand employees diverse priorities and current workplace experience in order to align operational investment on what matters most and will lead to improved employee experience and engagement. One size does not fit all — embrace an adaptive approach to test, measure and adapt. Create an office that is the physical manifestation of culture and provide spaces that support various types of activities that need to happen in the office—meet, connect, collaborate, re-energize — that will inspire people to choose the office over their home or a third place.



ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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