

A look into the hybrid present and future of offices

As companies continue to adapt to the hybrid new normal, Real Estate and Facility Management professionals have a big task ahead planning office capacity strategy for the coming years. This summary of insights from more than 100 unique responses, estimated to represent more than 1million office workers around the world, gives a snapshot of the plans and the reasoning behind what is happening right now.



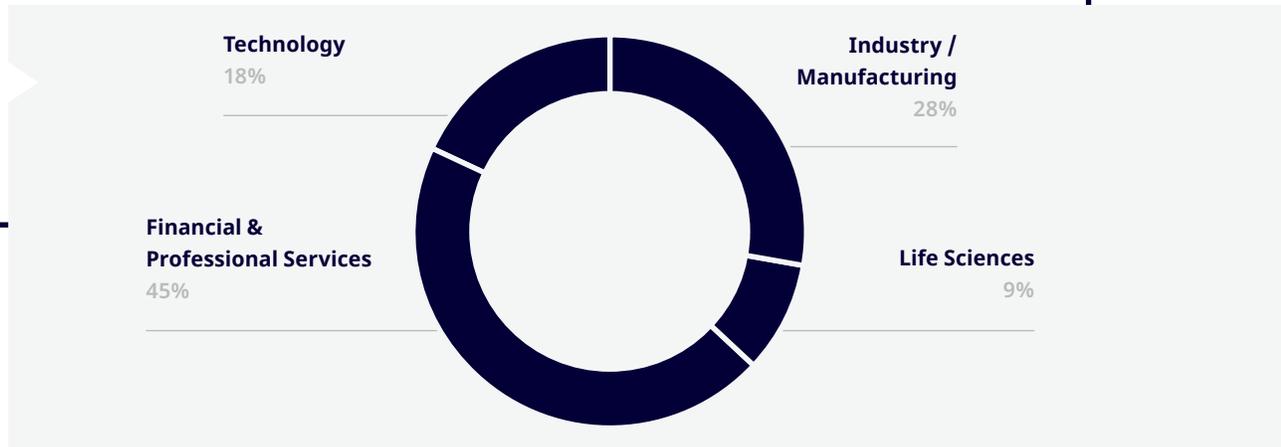
How are companies approaching office capacity planning and why?

Have companies found the answers to the hybrid future after an unprecedented change in the fundamental understanding of 'workplace'?

Many routes can lead to the answers and the good news is that companies have already started the process. This summary outlines the what, the why and the how of their different approaches – how they differ in some cases and are similar in others.

The data in this summary covers companies within four key industries: Financial and Professional Services, Industry and Manufacturing, Technology, and Life Sciences. The survey questions have been solely focused on the office environment.

Responses split by industry

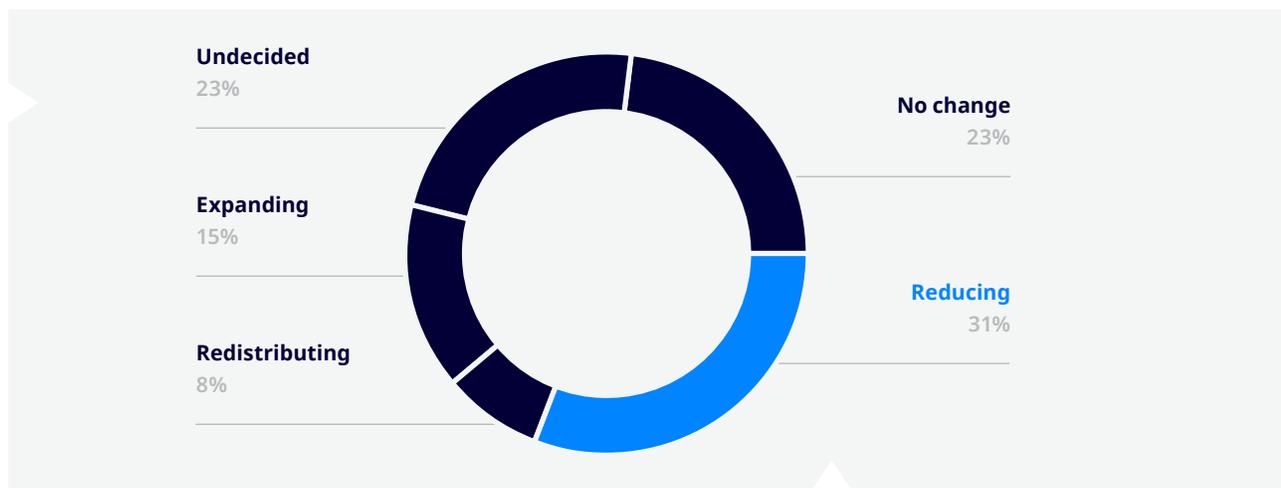


What are companies planning to do with their real estate footprint?

For more than two years, *People* have worked away from, what used to be, their normal *Places* of work. As people return or have been returning, it is now without question that their normal places need to truly work for them. As a result, investment is going into the workplace – both in terms of the physical places and the experiences provided to office working people.

Companies are taking very different approaches when planning their future real estate footprint

69%
Not reducing

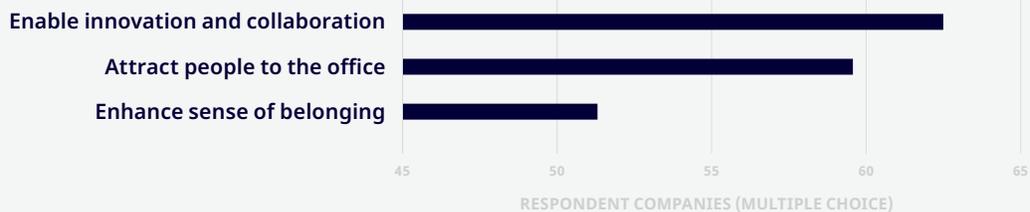


31%
Reducing

69% of companies are not planning to reduce – they are either expanding, keeping as is or have not decided yet - while 31% have decided to reduce their real estate footprint.

Taking a closer look at what is happening inside office buildings, 62% of companies are investing in their workplace offerings. Real Estate and Facility Management professionals laid out three main reasons for their increased investment into the workplace and experience:

The top 3 reasons for changing office offerings



To achieve these aims, the physical office needs to emphasise its role as a **place for collaboration, connection, innovation, and informal meetings** – addressing the various needs of different communities and work cultures.

It is important to improve the workplace experience and the emotional connection between colleagues. These bonds are the glue that makes employees feel safe and confident to reach out to colleagues when they are not physically together. It builds up the physiological safety between people, which is one of the best parameters for high performing teams and organisations.

Companies that are investing in upgrading their facilities, workplace environment and workplace experience are likely doing so as a response to entice employees back to the office. While investment is still focused primarily on the physical place that people work in, it is also increasingly focused on the experience that people get when they come to the office.

The lines between *people* and *places* are blurring and increasingly interconnected – the closer they align, the higher chance of them acting as a catalyst for unleashing *people potential*.

QUESTIONS TO EXPLORE FURTHER:

- What drives innovation and collaboration for your company – is it enough to have people onsite to harvest the fruits of interaction?
- Do you have a clear vision of what it requires from a workplace environment to facilitate an enhanced sense of belonging?



Changing business priorities, changes Real Estate & Facility Management actions

Pre- and post-COVID prioritised outcomes – and changes in rankings

RANK	PRE-COVID
1	Operational efficiency
2	Employee engagement
3	Employee productivity
4	Cost savings
5	Environmental sustainability

RANK	POST-COVID
1	Employee engagement ▲
2	Operational efficiency ▼
3	Environmental sustainability ▲
4	Attract talent ▲
5	Employee productivity ▼

The ranking of business priorities for Real Estate and Facility Management professionals has changed significantly over the past couple of years. While four priorities remain the same, their ranking has changed.

Today, employee engagement is the top priority, however cost savings are not to be found in top five. Now attract talent has taken over, which makes sense when focus is turned towards people.

This could be an indication that Facility Management and Real Estate professionals are increasingly representing an area of important correlation to business outcomes – not just from a cost perspective, but also to create an environment where employees can thrive and perform. Since *employee engagement* is a top priority in all industries, Real Estate, Facility Management and Human Resources professionals need to come together and find a holistic approach to understand and track the development of employee engagement. Solving the puzzle of how these professionals can work together might be the real game-changer for business success. It is time to connect *People metrics* and *Places metrics*.

QUESTIONS TO EXPLORE FURTHER:

- How do you define employee engagement – and do all stakeholders agree on the definition?
- Are you equipped with the needed knowledge and stakeholder support to ensure the changed ranking of prioritised business outcomes?

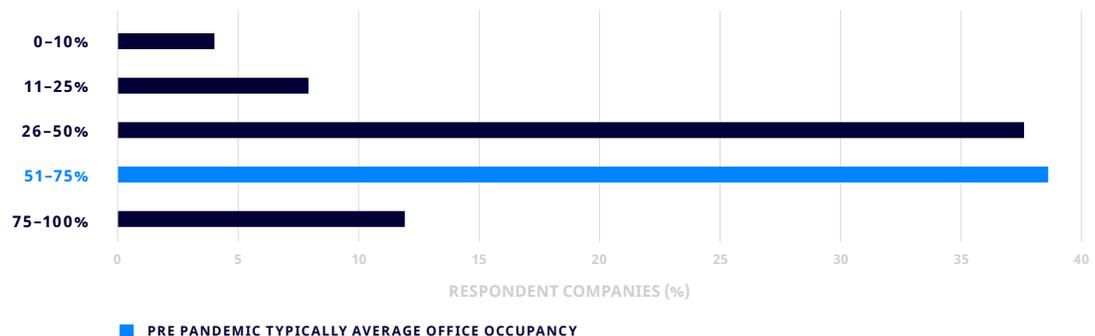
Who is involved in the decision making for office capacity planning?

Companies are taking different approaches in terms of office capacity planning – some have a higher tendency to use a top-down approach with management making the decisions, while others are aiming for solutions involving employees directly. In general, for all industries, employees are involved between 44-58% of the time.

What is the expected office occupancy in 2022?

Pre-pandemic, typical average office occupancy was around 50-70% - there were always people out of the office due to travel, sickness, customer visits and similar. Today there is a broader spread of expectations, with 76% of companies expecting anything between 25-75% occupancy on a typical workday. While this is a very broad spread it might paint a realistic picture of the hybrid future.

Estimated typical average office occupancy



Which tools are in play for Real Estate & Facility Management professionals?

Data gathering in general within Real Estate and Facility Management appears to be mainly driven by technology tools, but relatively closely followed by manual counting and manual forecasting. Data is everywhere, the challenging part can be to combine and make sense of it for decision making. The real estate footprint and capacity planning and investments into facilities and experiences are important decisions hence the more data to back-up the decisions, the better.

Technology tools are used to a higher degree than manual tools



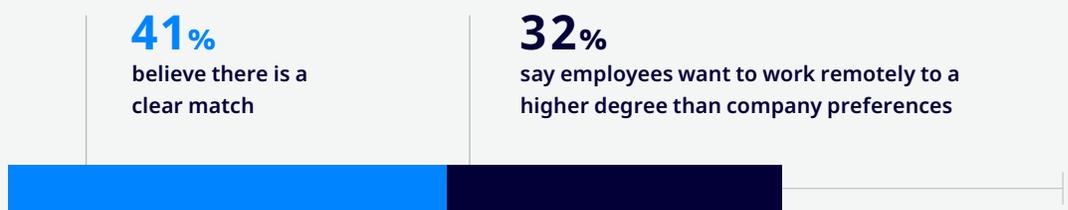
QUESTIONS TO EXPLORE FURTHER:

- Do you have dedicated data resources at your availability to analyse and combine your data sources?
- What data do you believe would be the biggest game-changer for your company in relation to Real Estate and FM?

But how do company preferences and employee preferences match up in relation to remote working?

Do companies then have a valid picture of reality – maybe the mismatch is even bigger than what the data shows directly? Or does it reflect what the company hopes to be true? How companies that have a mismatch, and especially those who are aware of it due to asking employees directly, are going to relate and act upon this fact, will be interesting to follow.

Preference match on office occupancy



However, out of the 41% saying there is a match, **close to half of the replies are from companies where employees have not been involved.**

QUESTION TO EXPLORE FURTHER:

- How do you handle differences in company and employee preferences?

SECTION 2

What are the plans for office capacity and footprint?

By taking a closer look at the different plans and digging deeper into the data it seems there are five distinct and interesting insights emerging, framed into the following profiles:



Plan to reduce real estate footprint

These companies are to a higher degree making use of data and technology to register planned office days, desk booking and occupancy trends. At the same time this group is also investing significantly in upgrading facilities, workplaces and experiences.

The decision to reduce real estate footprint is closely connected with their expected average occupancy closer to 25-50% than the 51-75% area. These companies have been good at listening to their employees and believe that they can reduce their footprint while still investing in office facilities and overall experience to provide a solid hybrid experience for their employees.

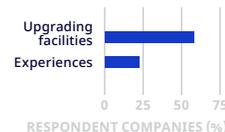
TOP PRE-COVID OUTCOMES

- 1 Cost savings
- 2 Operational efficiency
- 3 Employee engagement

TOP POST-COVID OUTCOMES

- 1 Employee engagement
- 2 Cost savings
- 3 Attract talent

WORKPLACE OFFERINGS



TOP CHANGE DRIVERS

- 1 Cost
- 2 Enable innovation and collaboration
- 3 To attract people into the office

Plan to expand real estate footprint

These companies are basing their decisions on data from manual counting and manual forecasting. The business priority for this group is Employee Engagement, which jumped significantly from priority 5 pre-COVID-19 to priority 1 post-COVID-19.

Almost half of this group plans to upgrade their facilities and workplaces to attract people to the office, provide enough space and enable innovation and collaboration. This group expects average occupancy of 51-75%. While employees have limited flexibility in terms of managing office days, as set policies in place are primarily driven by functional managers, this group has found a good balance between company preferences and employee preferences.

TOP PRE-COVID OUTCOMES

- 1 Operational efficiency
- 2 Employee productivity
- 3 Cost savings



TOP POST-COVID OUTCOMES

- 1 Employee engagement
- 2 Cost savings
- 3 Environmental sustainability

WORKPLACE OFFERINGS



TOP CHANGE DRIVERS

- 1 To accommodate for capacity and occupancy peaks
- 2 Enable innovation and collaboration
- 3 To attract people into the office

No plan to change real estate footprint

This group has actively decided not to change their real estate footprint and instead focus on upgrading their facilities and workplace offerings in order to enhance a sense of belonging, enable innovation and collaboration, and attract people back to the office.

This group has used broad involvement from both employees and management. However, their decisions have been made based on the same priorities as pre-COVID-19, with a focus on operational efficiency. This group allows for maximum 2 remote days. The expected office occupancy is distributed between 25-100%, with an average of 50-75%. This indicates a very flexible approach and perhaps underlines the uncertainty of change looking ahead.

TOP PRE-COVID OUTCOMES

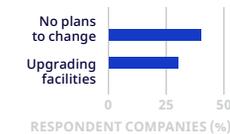
- 1 Operational efficiency
- 2 Employee productivity
- 3 Employee engagement



TOP POST-COVID OUTCOMES

- 1 Operational efficiency
- 2 Employee engagement
- 3 Employee productivity

WORKPLACE OFFERINGS



TOP CHANGE DRIVERS

- 1 Enable innovation and collaboration
- 2 To enhance sense of belonging
- 3 Changed perception of office

Plan to redistribute real estate footprint

The decision to redistribute or re-arrange the real estate footprint requires a clear strategy for what task each office should be able to solve – and the needs of employees at various locations. Most companies in this group are investing to upgrade facilities and workplaces as well as experiences.

This group almost entirely bases their decisions on employee input. Primarily change drivers are founded on a desire to accommodate the different workstyles and enhance the sense of belonging among employees. Business priorities have changed significantly for this group, with environmental sustainability as the top priority ahead of employee engagement and attracting talent. This group relies heavily on having a maximum 2 remote days and expected utilisation of office space averages about 50-75%, which matches company preferences and employee needs.

TOP PRE-COVID OUTCOMES

- 1 Operational efficiency
- 2 Cost savings
- 3 Attract talent



TOP POST-COVID OUTCOMES

- 1 Environmental sustainability
- 2 Employee engagement
- 3 Attract talent

WORKPLACE OFFERINGS



TOP CHANGE DRIVERS

- 1 To test different working modes/accommodate for different working styles
- 2 To enhance sense of belonging
- 3 Even between innovation and attract people to the office

Undecided

These companies are still in the process of testing and trying out different approaches. They are gathering a lot of data points to help them decide, both manual counting or forecasting - but also using different platforms and apps. Some are planning to change the workplace offerings by upgrading facilities and workplaces and experiences while the rest have no plans or are still undecided.

Both leadership and employees are involved in the ongoing process of defining the future. Their business priorities haven't changed since the pandemic, with the top three still being employee engagement, operational efficiency and environmental sustainability. Overall, they are following maximum 2 remote days or letting the manager decide. The expected average occupancy range is 25-75%, perhaps underlying why the decision has not yet been made due to the uncertainty.

TOP PRE-COVID OUTCOMES

- 1 Employee engagement
- 2 Operational efficiency
- 3 Environmental sustainability



TOP POST-COVID OUTCOMES

- 1 Employee engagement
- 2 Environmental sustainability
- 3 Operational efficiency

WORKPLACE OFFERINGS



TOP CHANGE DRIVERS

- 1 Enable innovation and collaboration
- 2 Test different working modes/accommodate for different working styles
- 3 To adapt to changed perception of office purpose into the office

Same destination – different routes

The hybrid present and future is here to stay. Employees expect it and companies are adapting to the new normal. Despite varying approaches to real estate footprint, all companies are becoming more and more focused on employee engagement. People are key to office working, therefore doing more to support their well-being and productivity will increase business performance.

Time will tell if there are in fact many routes to same destination of employee engagement – some might be more paved than others, some might have shortcuts, detours or holes in the road that need to be fixed when progressing on the journey. In general, it seems that companies are gearing up for the ride and taking actions accordingly.

With employee engagement being the top priority, it could be fair to conclude that **Real Estate and Facility Management are both truly just as much about *People* as about *Places*.**

