



SUMMER 2021

# OFFICE OCCUPIER SENTIMENT SURVEY

EMEA RESULTS

CBRE

# SUMMER 2021: EMEA OCCUPIER SENTIMENT SURVEY

Heading into the summer period, office occupiers in EMEA are addressing a range of challenges that span different timeframes but are inherently linked. Starting with the current position around office opening and attendance, a majority report that all their offices are open but that only a proportion of the workforce currently has access. Office re-openings and a shift towards more normal occupancy patterns will gather pace over the second half of the year, supported by a range of health protocols and partial access restrictions.

Looking further ahead, there is clearly still a broad range of solutions being considered – and in some cases activated – for future steady-state working arrangements. To the extent that there is any emerging consensus, it points towards a rules-based hybrid working pattern with most workers in the office most of the time. And this looks to have shifted opinions on the importance of the office itself: almost as many companies expect their portfolios to expand over the next three years as foresee contraction.

Alongside these changes, occupiers see an enlarged role for flexible space as part of their space solutions. They also regard collaboration, employee engagement and corporate culture as the main planks of workplace strategy, with enhanced technology seen as the key enabler of these goals. Solving for all of these things together will require a high degree of agility and strong feedback loops – points which are acknowledged in a willingness to experiment and perhaps trial more radical solutions than have been considered previously.

## Richard Holberton

*Head of Office Occupier Research, EMEA*

## Survey Details

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### DATE

June 2021

### NUMBER OF RESPONDENTS

130

### PORTFOLIO REGION

EMEA

### COMPANY SIZE

29% < 100 employees (Small)

60% 101-10,000 employees (Medium)

11% > 10,000 employees (Large)

## KEY TRENDS AND INSIGHTS

### 1. Offices will repopulate over the remainder of this year, led by small companies

Current levels of access to offices remain limited and variable, but companies are putting considerable effort into facilitating a fuller return. Most are targeting the second half of this year.

### 2. Mixed or hybrid working is the intended landing zone for most, but much of the detail remains to be filled in

Most companies, and nearly 80% of larger ones, are leaning towards some form of mixed or hybrid working pattern. Precise outcomes may depend on decision-making processes and the extent of employee influence.

### 3. Offices feature strongly in corporates' thinking about the future distribution of work, but they will be used differently

With very few companies targeting a fully-remote solution, office-based work continues to feature prominently. A third of companies expect their portfolios to expand over the next three years.

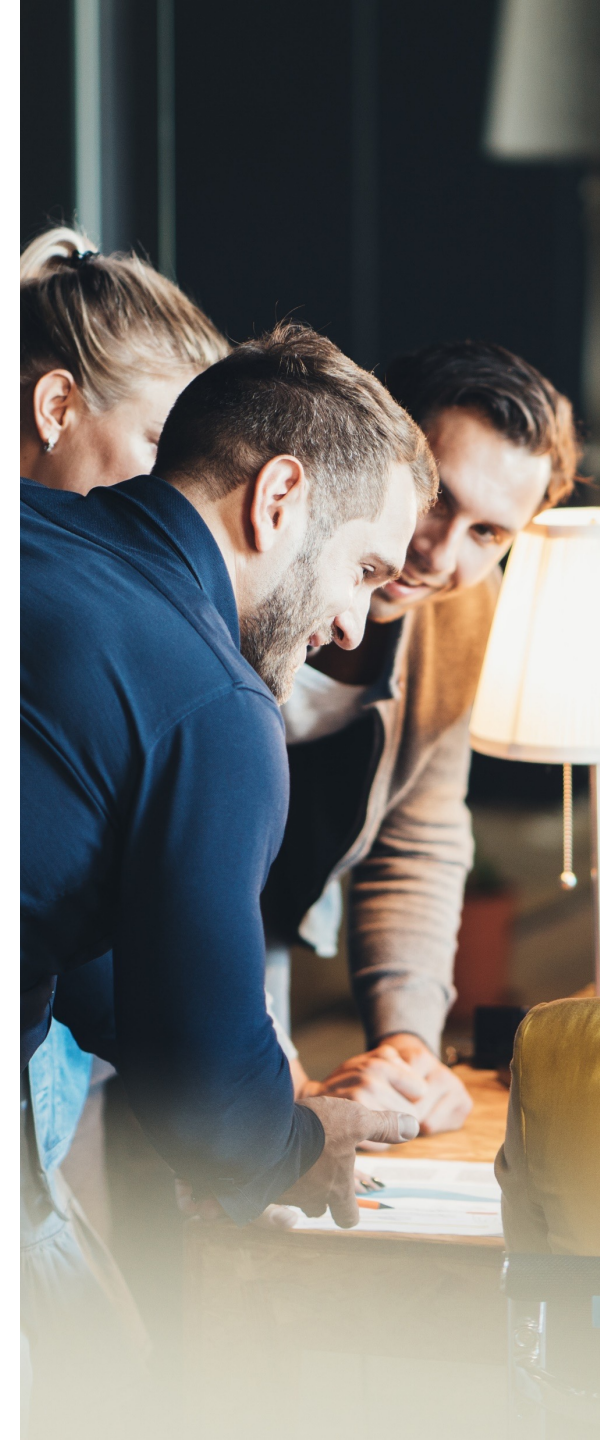
### 4. New work strategies – and interim pilot projects to assess them will accelerate the growth of flex space markets

Corporate appetite for flex space will expand, partly to cope with demand fluctuations but also as a way of widening employee choice of working environments.

### 5. Workplace solutions will be geared strongly around collaboration, engagement and culture. Technology is the glue

Higher proportions of office space will be devoted to collaborative spaces. Companies accept the need to experiment initially with pilot workplace schemes in select locations.

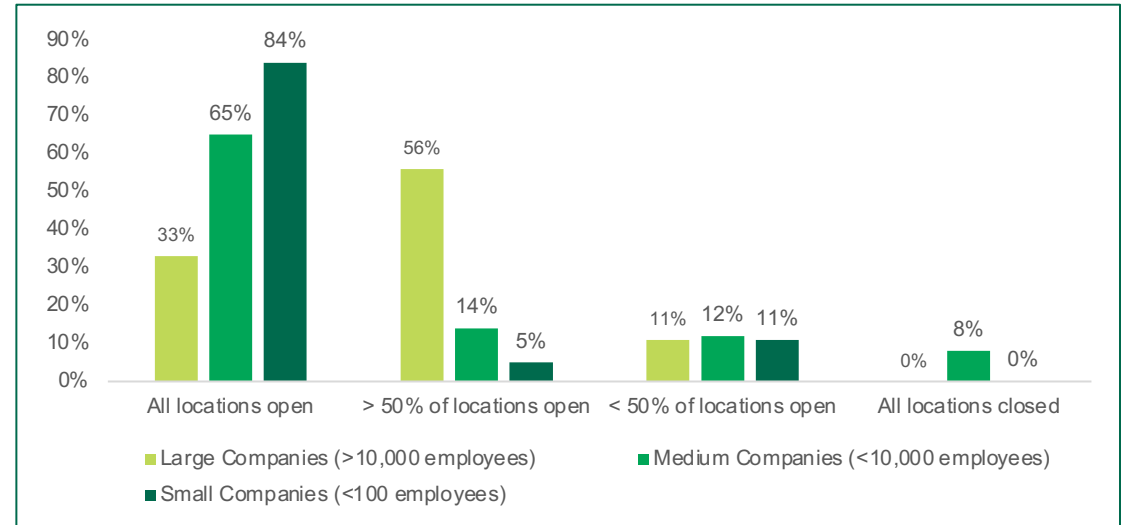
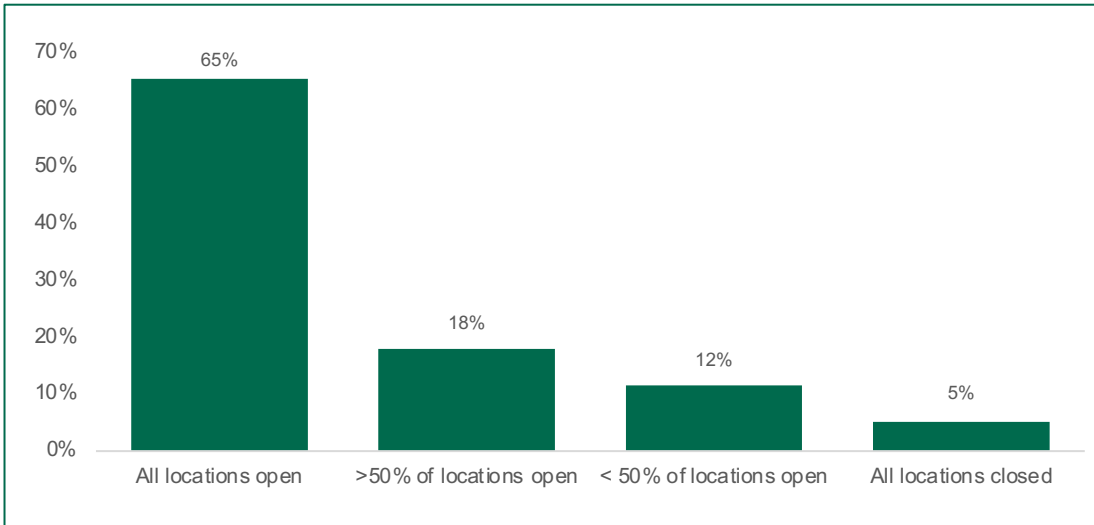
### 6. The portfolio and workplace strategies pursued by large occupiers will widen the popularity – and value – gradients between assets of different quality



**BACK TO THE OFFICE ?**

# OFFICES PREDOMINANTLY OPEN, PARTICULARLY FOR SMALL COMPANIES

How many locations are currently open for occupancy in your portfolio?



- Although guidance to work from home where possible remains in place in some countries, around two-thirds of companies report that all office locations are open.
- In some cases, this represents a technical provision for essential personnel, operations and FM services rather than a full re-opening: more than half of companies report that there are maximum occupancy restrictions in place even in those offices that are open.

- Small companies look to be further advanced in this process, with fewer obstacles to resuming or continuing normal operations. Over 80% of small companies report all locations open, compared with only a third of the largest companies, although a majority of these have opened more than half of their sites.
- There are sector differences as well. Life sciences companies lead, with over 70% reporting full reopening – partly reflecting the difficulty of working from home in this sector – with lower numbers for banking & finance (57%) and TMT (46%).

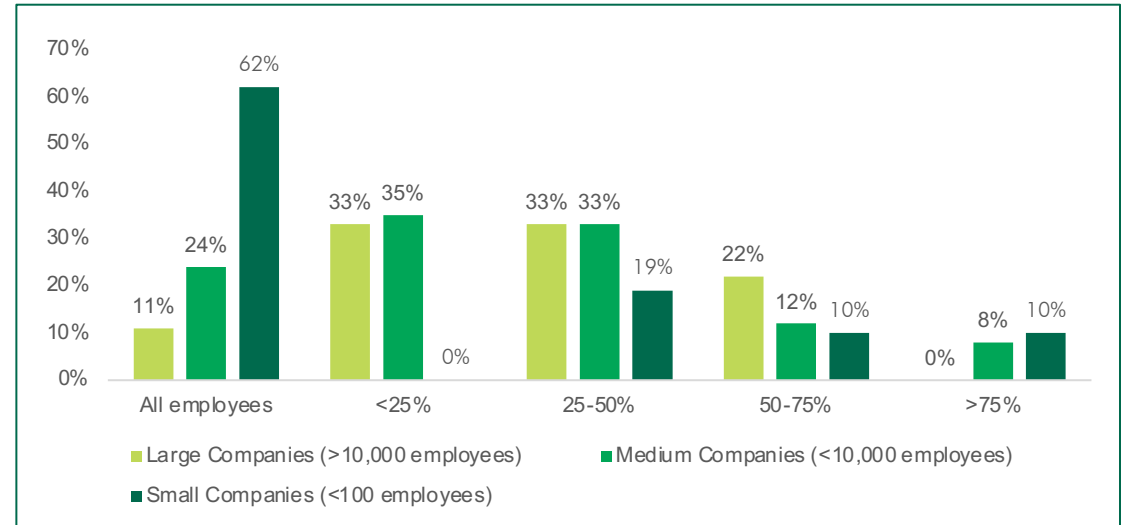
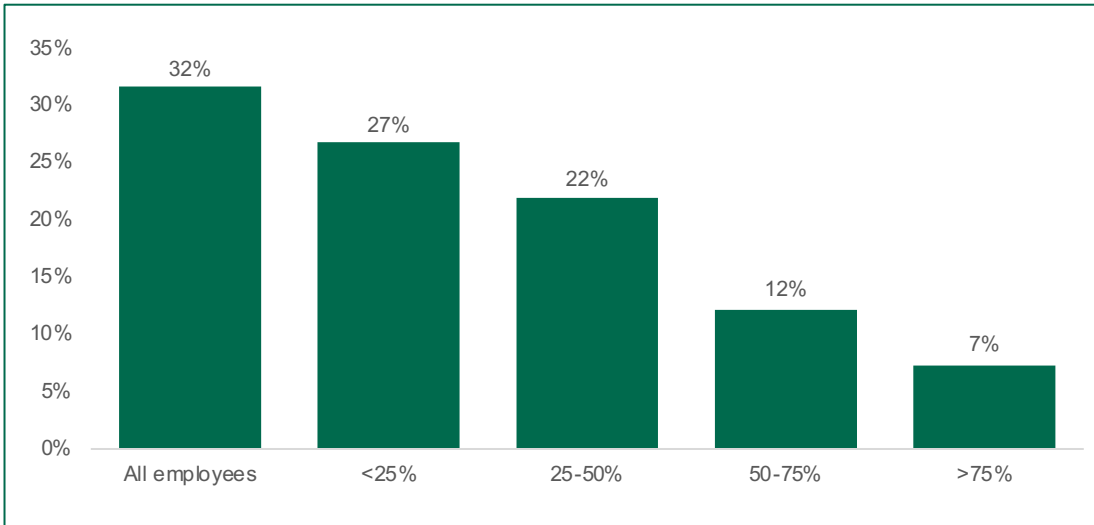


**84%** of small companies report all locations open

**71%** of life sciences locations fully open

# ONLY A THIRD CURRENTLY ENABLING OFFICE ACCESS FOR FULL WORKFORCE

For employees who are expected to return to the office, how many currently have at least some access to the office?



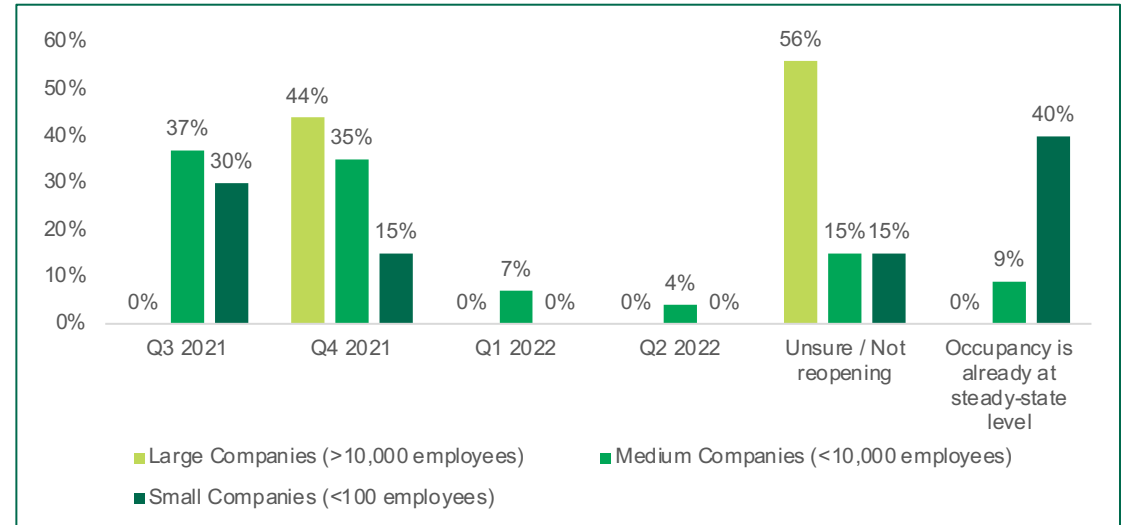
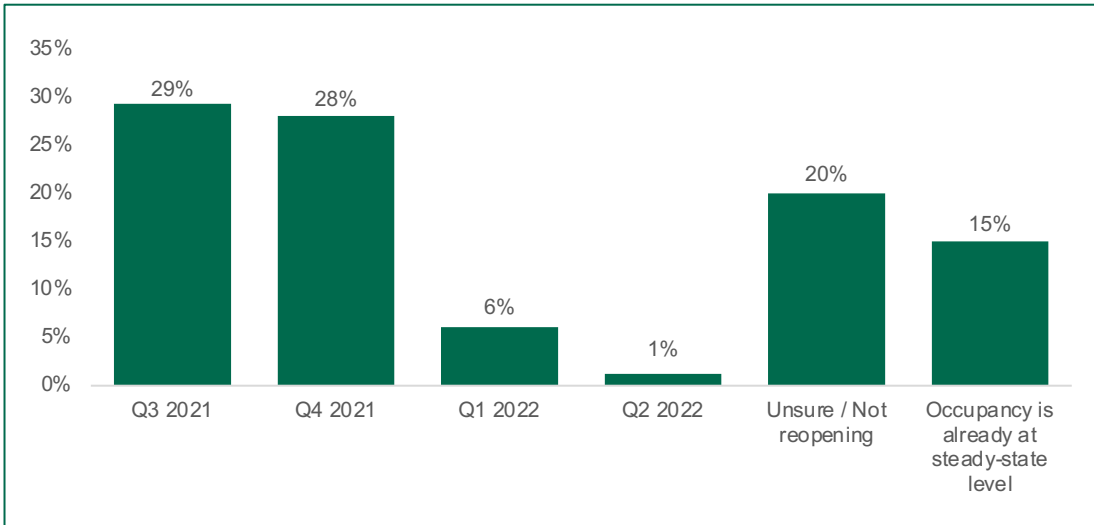
- The reopening of offices doesn't yet equate to access for the entire workforce. Only a third of companies are currently in this position, with a further 20% allowing access for more than half of their staff.
- Again there are significant size differences: over 60% of small companies are permitting full access, reflecting greater uniformity of role and health circumstances and generally greater ease of planning. Only 11% of large companies and 24% of medium-sized companies are in the same position. Most medium-sized and large companies are typically allowing access for less than half their employees.
- Companies are putting considerable effort into supporting a more substantial office return in due course. Measures that are underway or planned include: continued use of face coverings (73%); visual signage to promote social distancing (69%); restrictions on guest access (50%) and reconfiguring furniture and seating layouts (50%). Significant numbers are running communications programmes to encourage employee vaccination and/or testing.



**62%** of small companies permitting office access for all employees

# REOPENING TO GATHER PACE FROM SECOND HALF OF THIS YEAR

When do you expect your office occupancy pattern to settle at steady-state level (as opposed to temporary or precautionary level)?



- So when are companies envisaging a more widespread return and the emergence of more stable occupancy patterns ?
- Nearly 60% are expecting a significant shift in the second half of this year, with a much smaller proportion (<10%) expecting a delay to 2022. Since this is likely to require both a relaxation of health policy guidance and a shift in employee behaviour, there is still some residual hesitancy here: 20% of companies are either unsure about timeframe or not planning to reopen.

- This figure rises to over 50% for very large companies – highlighting the complexity of planning reopening across multiple jurisdictions with different policy positions. Among small companies, 40% report that occupancy is already at a stable level and a further 45% expect to reach this point in 2021.



**57%**

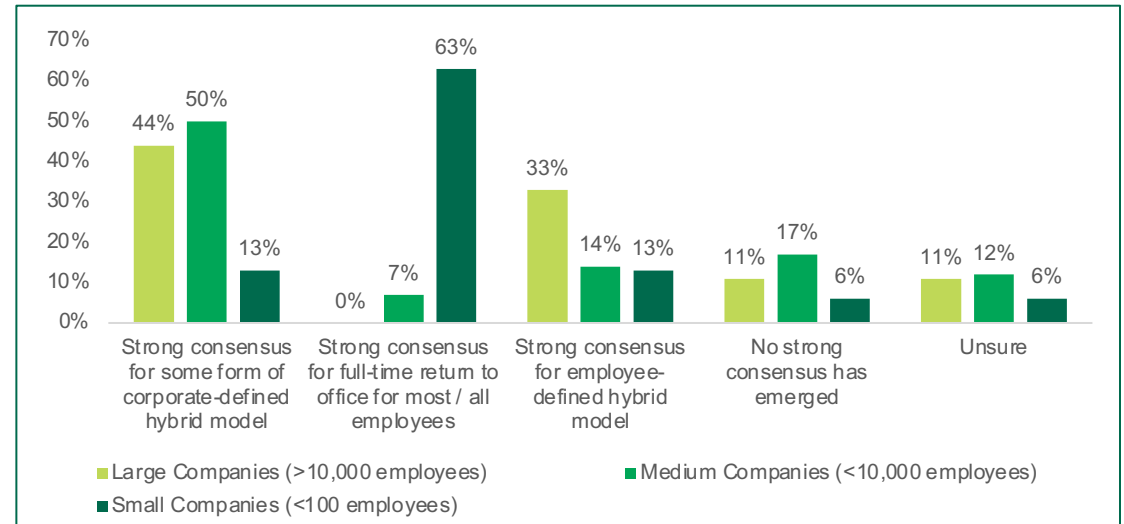
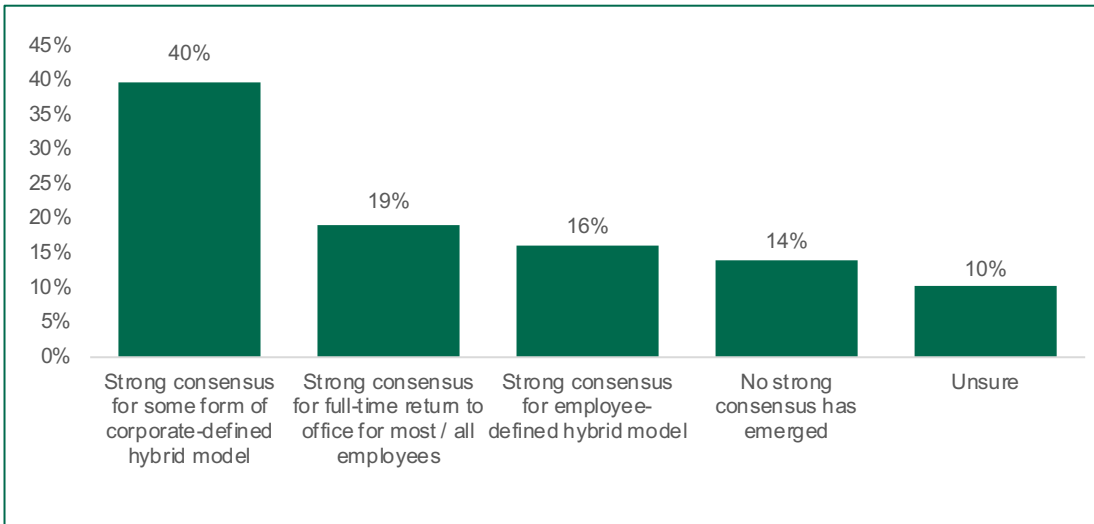
expect new office occupancy levels to be established this year

# THE OFFICE: ADAPTING TO NEW WORKING PRACTICES



## HEADING FOR HYBRID – BUT WHO DECIDES ?

Is there strong consensus among C-level executives regarding your organization’s workplace policy in a steady state?



- Alongside measures to facilitate a return to the office, companies are evaluating a range of solutions for future working arrangements. Nearly 60% of companies are leaning towards some form of mixed or hybrid work pattern, and this tendency is even more pronounced for large companies (77%).
- The extent of employee autonomy in influencing these arrangements is a key consideration. Among the companies that favour a hybrid solution, over two-thirds say the detail has been set through consensus at corporate level, and the remainder by an employee –defined model.

- Size and sector differences are substantial in this area. Across the sample as a whole 20% support a full-time return to the office for most employees, but for small companies this rises to 63%. Support for corporate-defined hybrid models is far higher in banking & finance and TMT (over 60% in both cases) than in life sciences where 50% favour a higher level of direct employee influence.

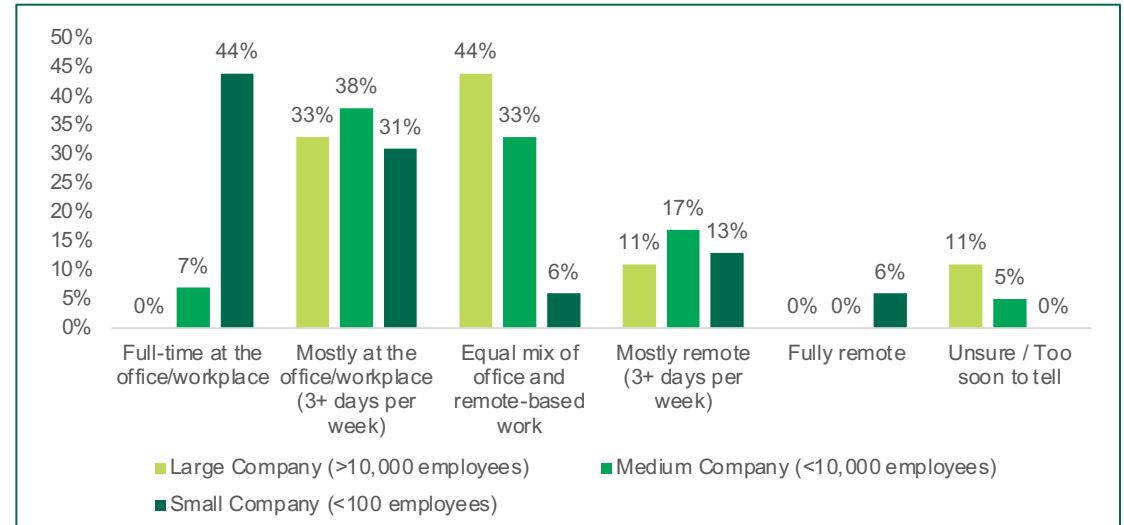
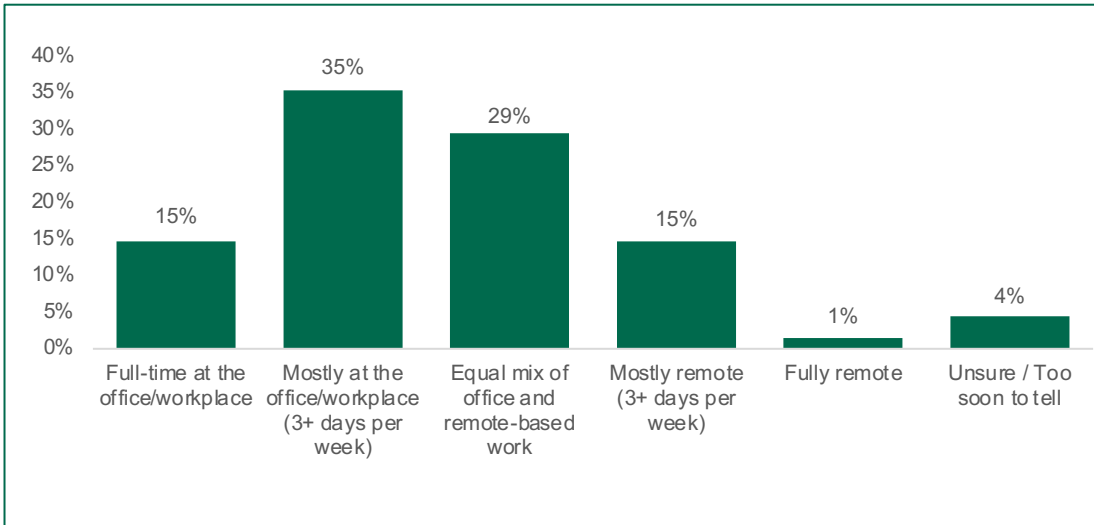


77%

of large companies anticipating adoption of hybrid working practices

# OFFICES FEATURE IN MOST SOLUTIONS

Looking ahead, which best describes the cultural norm in a steady state that your organization aspires to with workplace policy?



- Where do these varied decision routes look set to land?
- Corporates are leaning towards solutions that contain sizeable elements of office-based work: nearly 80% expect to settle on an approach where work is either fully or mostly done at the office, or equally split. Only 15% expect a mostly-remote solution.
- Whether through flexibility or need, willingness to consider a wide range of solutions is mostly the preserve of larger companies. Small firms are disproportionately planning to return full-time to the office and unlikely to favour an equal split arrangement.

- TMT companies are most likely to prefer a mostly-at-the-office solution, reflecting the need for face-to-face collaboration in R&D and product design work. For both banking & finance and life sciences, around two-thirds favour with an equal mix or mostly remote.
- Clearly every company will have its own individual needs and constraints. Indeed, within a company there may be large variations in the needs and preferences of different teams. A detailed understanding of these factors will support the development of actionable strategies.

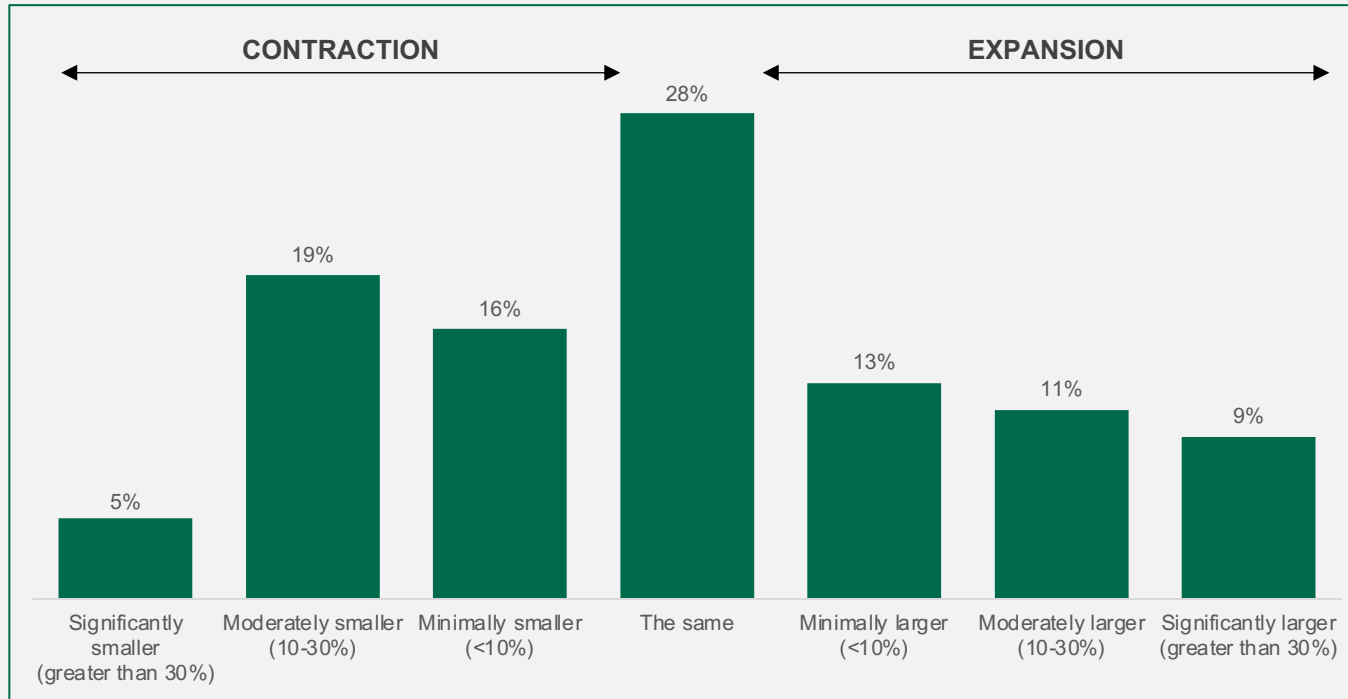


79%

expect that work will be office-based at least half the time

## GROWTH OR CONTRACTION?: SPLIT VERDICT

Assuming only organic movement in the portfolio, which of the following best describes your long-term expectations for the total size of your portfolio over the next three years?



**33%** expect portfolio expansion in the next three years

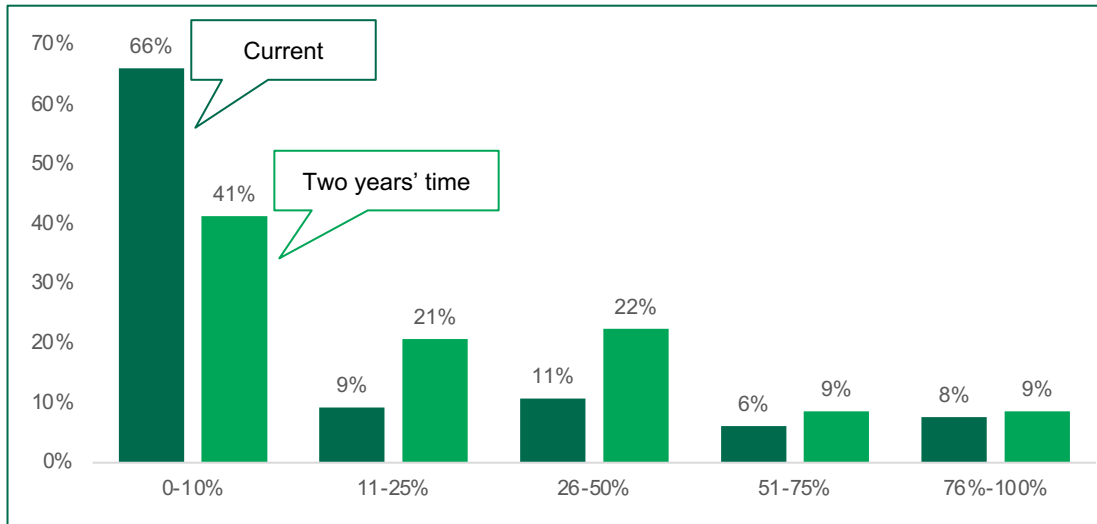
- With office-based work likely to be retained as a substantial part of future norms, expectations for changes in portfolio size are evenly balanced.
- Absent structural changes resulting from merger or acquisitions, 40% of companies expect their portfolios to contract over the next three years (although only 5% to a significant extent) compared with a third who anticipate expansion.
- TMT Companies are particularly optimistic, with over 60% expecting an expansion in their portfolios. Expectations in banking & finance are much more balanced: the same proportion (just under 30%) are planning for expansion as expect contraction, either side of a solid 40% that expects no change.



**FLEX IS A BIGGER  
PART OF THE ANSWER**

## APPETITE FOR FLEX: THE ONLY WAY IS UP

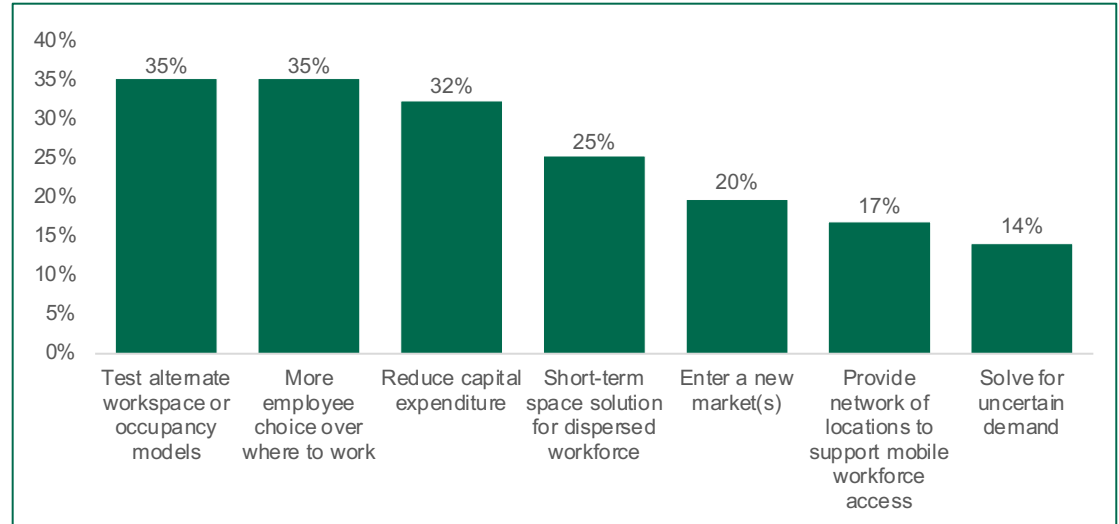
What percentage of your portfolio is made up of flexible office space?



- The value placed by occupiers on flexibility looks to continue rising, partly in response to uncertain short-demand conditions but also for a range of more strategic reasons. Flex representation of 0-10% of a portfolio falls from two thirds of occupiers currently to around 40% in two years' time while higher levels of representation move upwards. Proportions in the range 11-50% more than double, from 20% to over 40% of companies. Medium-sized companies and the TMT sector look particularly acquisitive.

## TO SOLVE FOR A WIDE RANGE OF OUTCOMES

Identify the main reasons for use of a flexible office space environment



- Two areas emerge as strong reasons for the rising popularity of flex: its use as a way of evaluating different occupancy models, and as means of providing employees with more choice over work location and environment. The second of these is a particular driver for large companies and shows a preparedness to experiment with different combinations of space types, and to reconfigure on the basis of changes in employee preference and learnings from initial pilots.

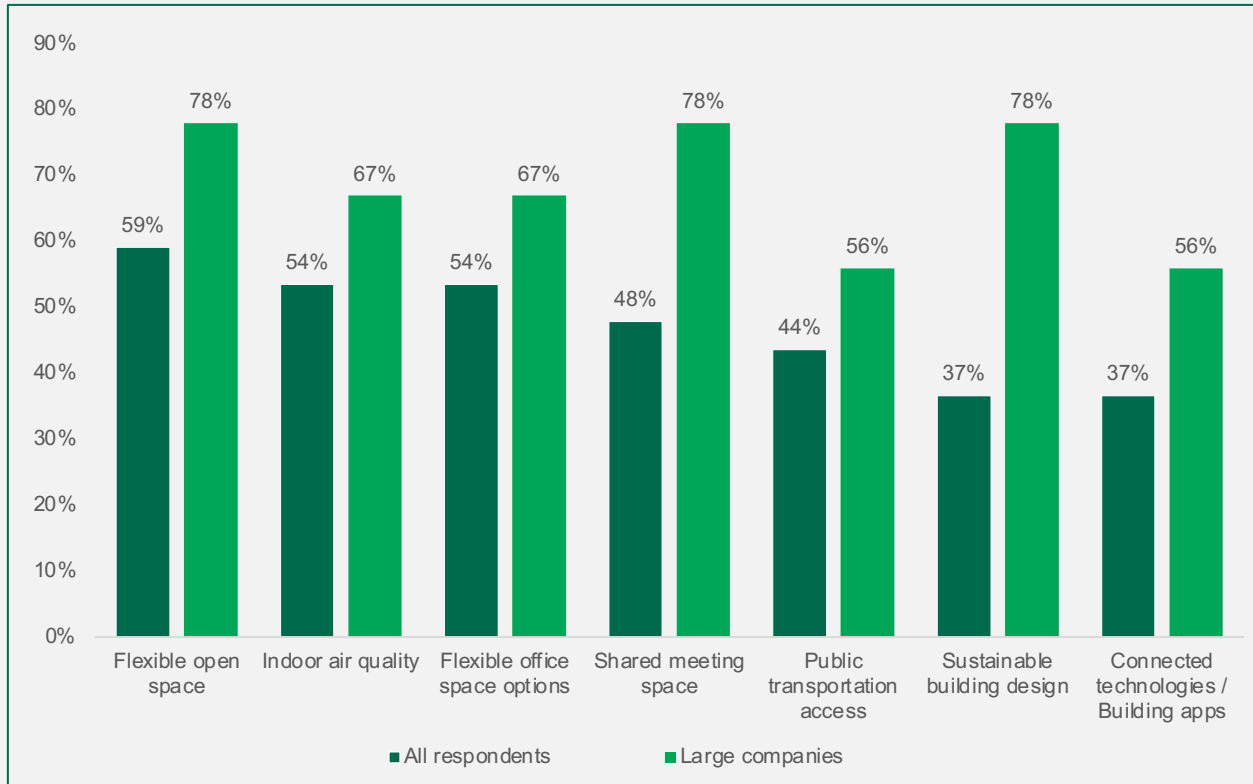


18%

of companies expect flex space to account for majority of their portfolio in two years' time

# FLEX, TECHNOLOGY AND FRESH AIR

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



**67%** of large companies view indoor air quality as a critical building amenity

Looking more broadly at factors that influence building selection three factors dominate:

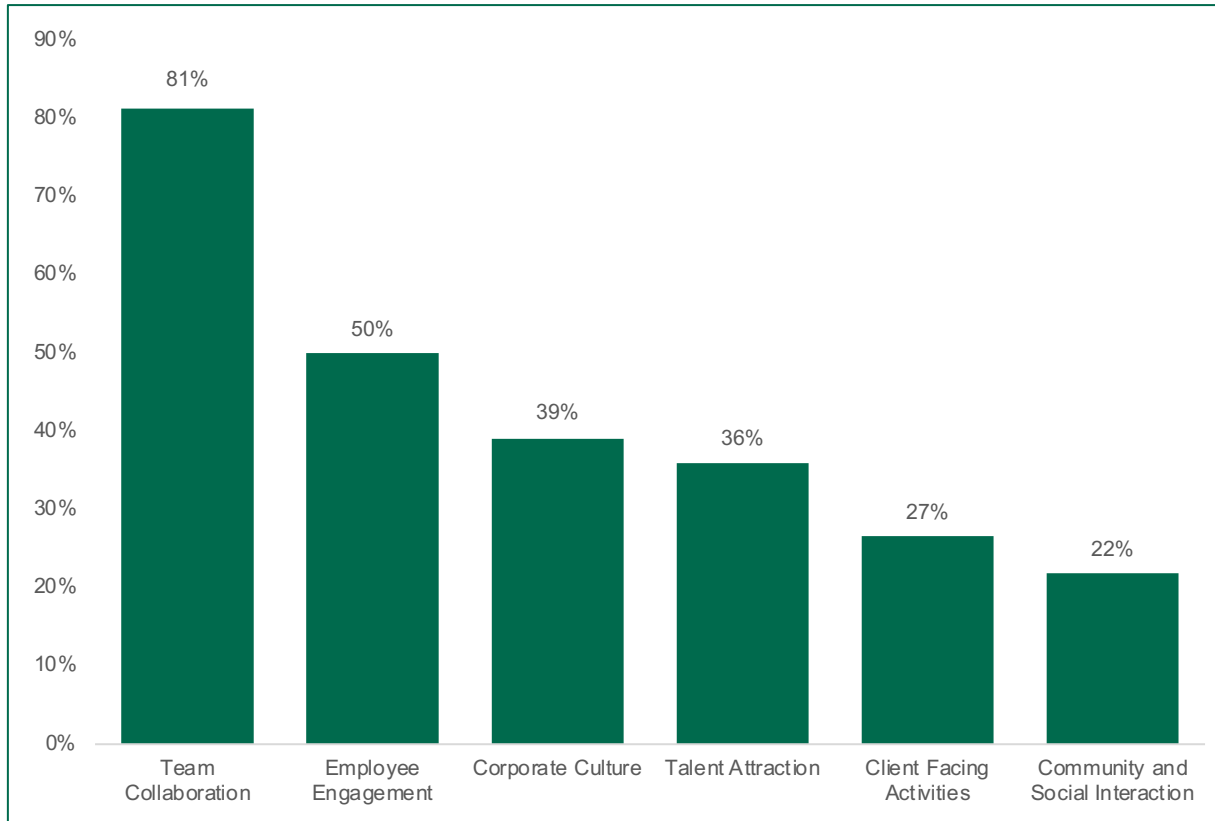
- Flexibility.
- Wellness and sustainability, especially air quality.
- Technology integration.
- Large companies give more importance to the full range of building amenity factors, consistent with the far-reaching changes in working practice and portfolio strategy that some are contemplating.
- The combination of portfolio rationalisation (for some) and more demanding quality criteria points towards further widening in the popularity, and value, gradient across assets of different standards.



**NEW WORKPLACE STRATEGIES: FOCUS  
IS ON TECH-ENABLED  
COLLABORATION**

# COLLABORATION IS THE KEY AIM

What are the top three areas that workplace solutions need to support moving forward?



As companies move closer towards resuming office-based work, restoration of the features that may have been eroded during lockdowns are clearly top of mind: principally collaboration, engagement and fostering a strong corporate culture.

**The main practical steps associated with this are:**

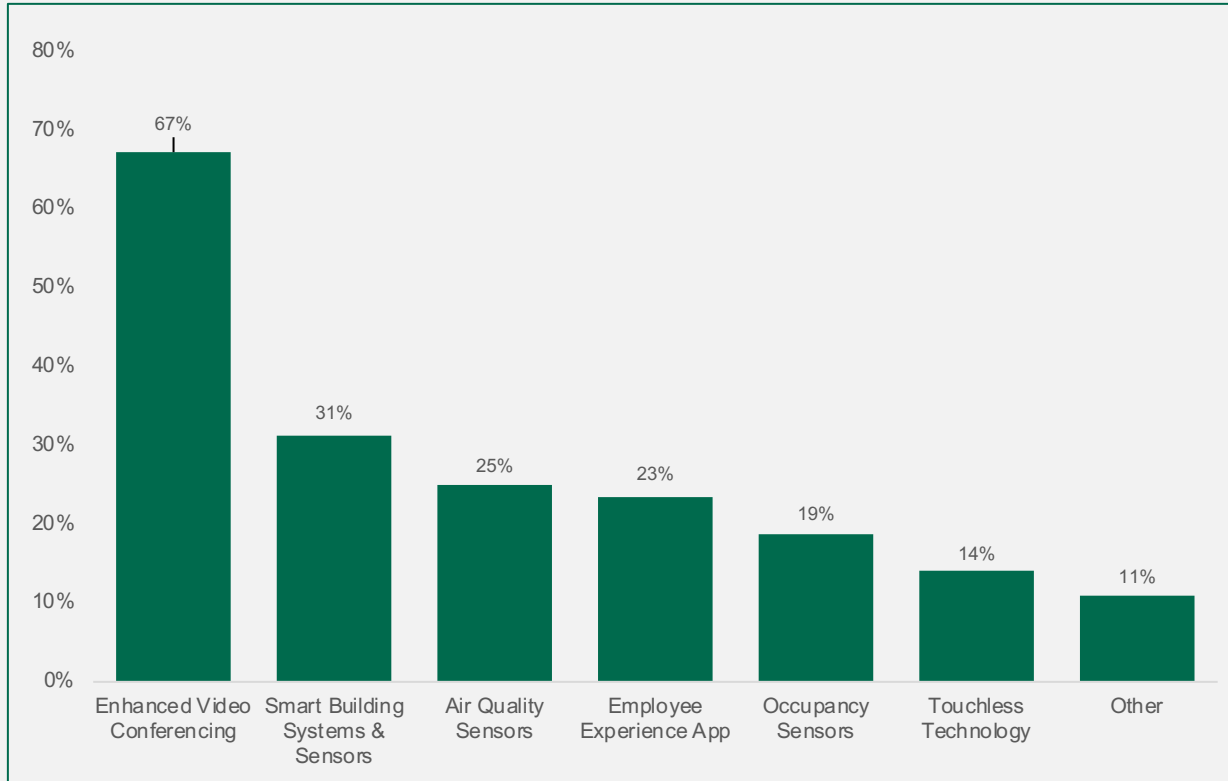
- Enhancing or increasing collaborative areas (36%).
- Piloting new workplace strategies in select locations (33%).
- Revisiting design standards (22%).
- Equally it needs to be recognised that achieving these goals will require more than physical design solutions, and that these need to go hand-in-hand with organisational, behavioural and leadership shifts. Given the length of time under which 'forced' working conditions have prevailed, this is more likely to be a gradual process than an immediate one.





## TECHNOLOGY CRITICAL IN SUPPORTING HYBRID WORK PATTERNS

Which of the following technologies are you using or considering for the future steady state?



**67%** of companies using or considering enhanced video conferencing

- Companies recognise that there are also technology needs associated with anticipated changes in workstyle.
- Enhanced video conferencing is by far the most popular (67%); with smart building systems and sensors also registering (31%) and also air quality sensors (25%).



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