

## Businesses Looking to Expand Office Portfolios as Working Patterns Evolve, Says CBRE

3 years ago



A significant majority of businesses, (68%) expect to be promoting a more regular return to the office by the middle of this year, according to the latest EMEA Occupier Sentiment Survey from global real estate advisor CBRE.

Nearly a quarter of those surveyed (23%) said the process is already underway, with 45% focussing on the remainder of H1 as the return period. The survey also pointed to some notable sector differences, with nearly 80% of financial companies aiming for a more regular return by mid-year. By contrast, over a third of technology companies are allowing the process to take its own course without specifying a timeframe.

Whilst timelines are in place for returning, organisations are clearly favouring choice over mandate. Only 6% of companies surveyed are requiring employees to return to the office on a full-time basis, with 70% permitting either a voluntary return to the office at the employees' discretion, or requiring return on a part-time basis.

A clear majority (72%) of companies say that they are moving towards a hybrid workplace model in which employees have a measure of choice within the framework of company guidance. Not only is this appreciably higher than last year (55%), but most say that there is strong C-suite endorsement of this position and nearly two-thirds (65%) say that sentiment has actually strengthened in this direction during the pandemic.

Richard Holberton, Head of EMEA Occupier research, CBRE commented: "Companies must now decide

how much personal autonomy to allow as well as the balance between office and home. Over half of companies aspire to an equal mix of office and remote-based work – up from 29% last year, while 38% think their workers will be at the office for three or more days per week.”

Regardless of location, a growing number of companies also expect their portfolios to expand. A year ago, a third of companies were expecting to expand physically over the next three years. This has now risen to over 40% overall, with the figure rising to 60% in the technology sector.

Richard Holberton commented: “Portfolio locations are also coming more into focus, with over a quarter of businesses considering relocating some functions to lower cost regions or cities. Cost isn’t the only factor at play though, with many businesses looking to relocate to better quality space.”

Market changes have also led to increased popularity for the flex office market. The proportion of companies for whom flex space represents less than 10% of their portfolio has halved from 86% now to an expected 41% in two years’ time.

Richard Holberton continues: “The increase in flex has been driven by a means of entering new markets and to prepare for uncertain demand. The desire of occupiers to expand into new markets is also consistent with flex office providers looking to do the same.”

Nearly 90% of those questioned, indicated that that they would be making changes to their real estate strategy as a result of the pandemic. Linked to this, the survey also indicated the increasing importance of workplace strategy compared with the same period a year ago. Companies are increasingly looking to increase collaborative areas – up from 36% to 63% and are revisiting design standards (up from 22% to 50%). Enhancing or increasing workplace amenities (up from 9% to 36%) and altering layouts to provide more open space have also increased in popularity. The survey also indicated a heightened desire for an increased emphasis on health and wellness, with 41% of business citing this as being important.

Richard Holberton concludes: “Office occupiers face a complex matrix of issues as they adjust to and indeed shape a new reality. After a period of huge uncertainty, there is more clarity emerging over the direction of future real estate strategy, with only a small minority of companies reporting no change in their real estate strategies.