The state of the estate:
Insights from the top

Source: © Leesman 2022
Data collected between 09.02.2022 as 03.03.2022

Foreword

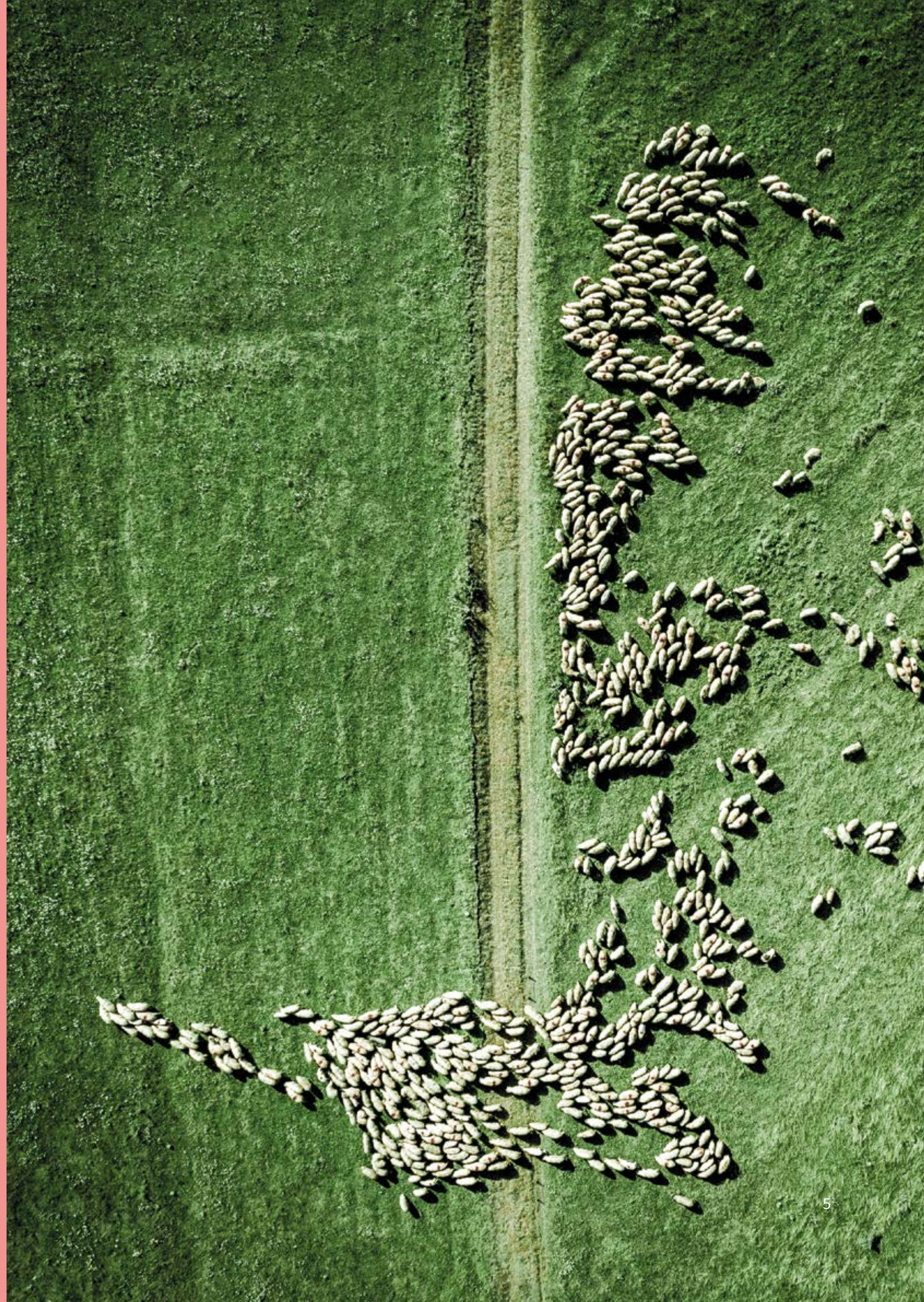
Leesman has a simple mission: to share insights and knowledge that help organisations create better places to work.

In May 2021, we asked a group of influential real estate leaders what the future of 'people and place' was looking like in their organisation. The results helped guide our research agenda over the rest of the year. Nine months on in February 2022, we wanted to see if sentiments had changed.

The following are the findings from that poll of 125 real estate leaders representing 105 global organisations.

We've been brought up in this consensus-based culture. This is perfectly designed to prevent any change from ever happening.

L. David Marquet.
Management theorist and former nuclear submarine commander.



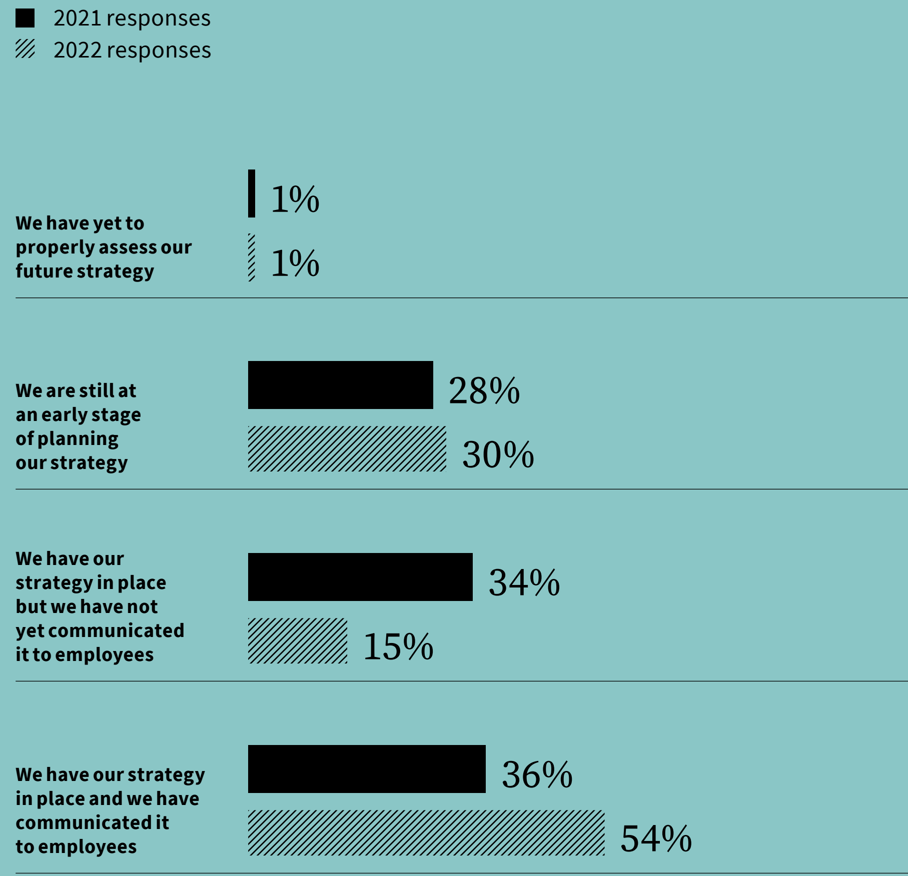
Planning the future

Q. Which of the following best describes the status of your organisation's post-pandemic workplace strategy?

The positive news is that two years on from the start of the pandemic, organisations are at last focussing in on their post-pandemic realities and have communicated what this means to employees. In 2021, more than a year into the pandemic, just 36 percent of respondents had communicated a future workplace strategy to employees. The financial services, manufacturing/engineering, insurance and media industries are now leading the way in their decision-making.

Nearly a year on, and this has swelled to nearly 54 percent in the 2022 responses. Some might well express surprise that as the threat of the pandemic diminishes, this number is still not higher. It remains worrying that with more employers encouraging the 'return to office', 30 percent of respondents were "still at an early stage of planning" their strategy.

Chart 1



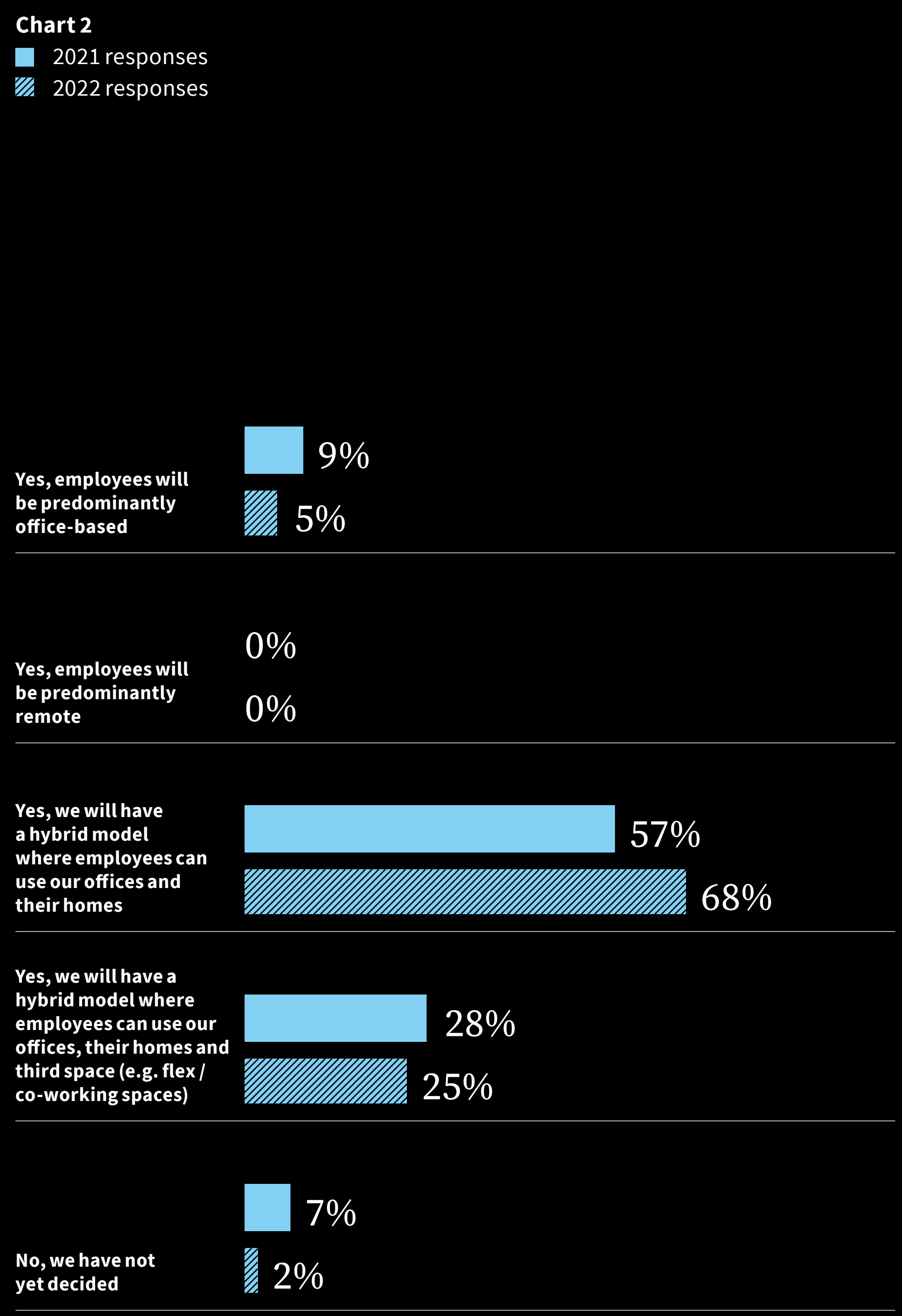
Hybrid takes hold

Q. Has your organisation made a decision about where employees will be working post Covid?

The data here is more decisive, with a clear increase in the number of organisations pursuing a hybrid working approach. More than two thirds of respondents (68 percent) indicated that their employees will be offered a hybrid model utilising their homes and the office as places of work, up from 57 percent in 2021.

This move is further mirrored in the fall in the number of respondents who indicated that their employees will be predominantly office-based, nearly halving from 2021 (9 percent) to 2022 (5 percent).

But it it is also worth noting that we observed a reduction in the proportion of organisations who said that they will grant employees access to flex/third spaces as part of those hybrid strategies, down 3 percentage points since 2021.



Reality, choice and free will

Q. Who will decide how often employees work in the office, post Covid?

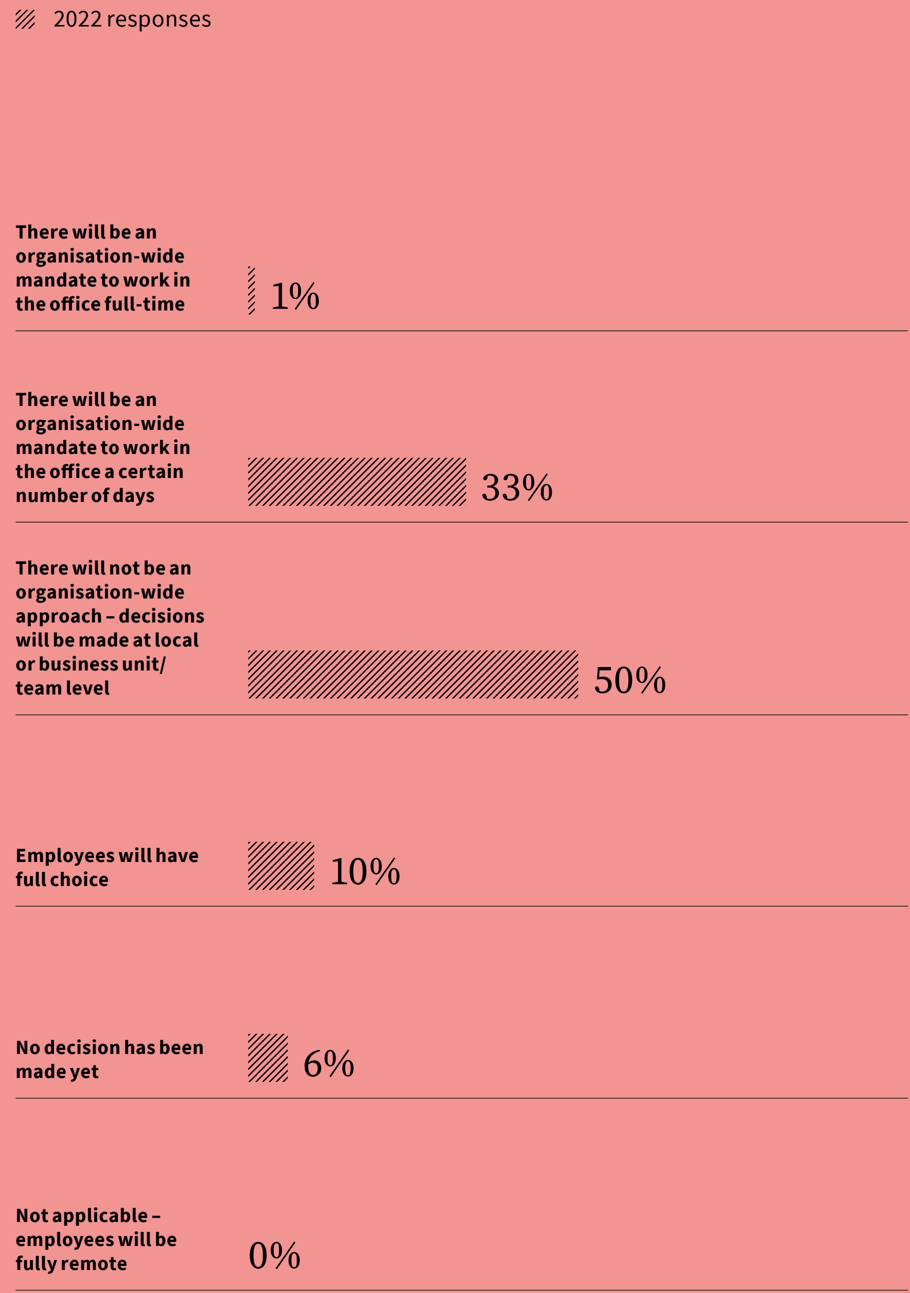
In one of the biggest year-on-year changes, in 2021, over 40 percent of respondents had not made a decision on who will govern how often employees work in the office. This year, just six percent were still yet to decide.

Instead, most respondents (50 percent) said that decisions on how often employees work in the office will be made at local/ team level. Most of the remainder of respondents (33 percent) indicated that the company will make some decisions on how often employees are required to work in the office.

To some extent, this shows a retraction of some of the intent shown last year to offer employees more freedom. In 2021, 37 percent of respondents indicated that they intended to give employees full choice on how often they work in the office.

Yet nine months later and this number has shrunk dramatically to 10 percent, perhaps as organisations realise the operational complexity of granting employees complete freedom makes it almost impossible to reliably predict workplace attendance levels.

Chart 3



Days of the week

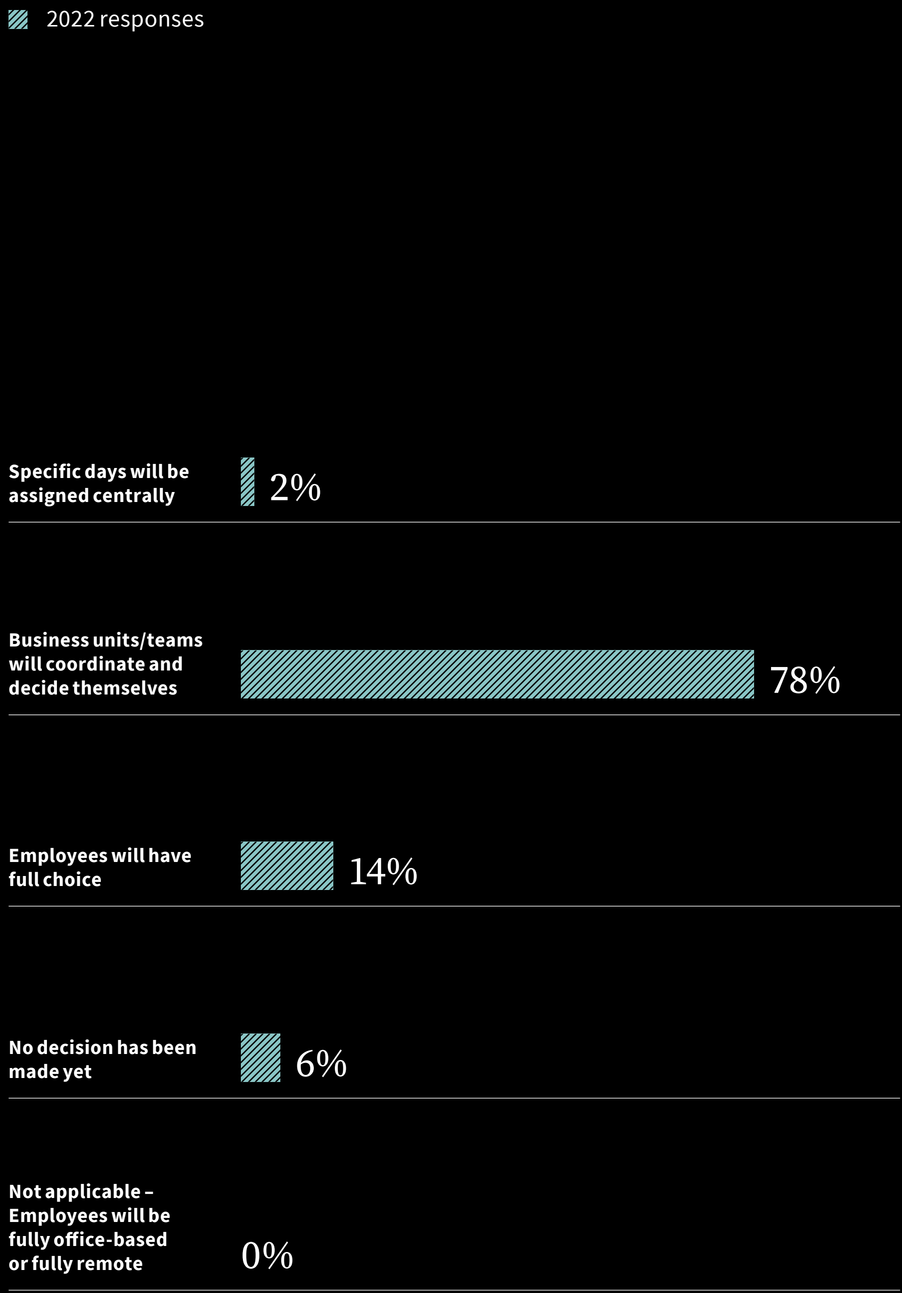
Q. Who will decide which days employees work in the office, post covid?

Once again, the data is suggesting that here at least, companies have made a decision on their workplace strategy.

In 2021, 41 percent of respondent organisations indicated that no decision had yet been made on which days employees would work in the offices. In 2022, that number has dropped to a mere six percent of respondents. Furthermore, the number of respondents indicating that employees will have full autonomy has drastically reduced to 14 percent in 2022, compared to 37 percent in 2021.

As with decisions on "how often employees work in the office", the data indicates that the most commonly adopted strategy is that this decision will be made at local level by business units/teams. 78 percent of respondents indicated that this was their strategy moving forward.

Chart 4



Change is happening

Q. In the last 12 months, to what extent have you made physical changes to your workplaces to support employees' needs post Covid?

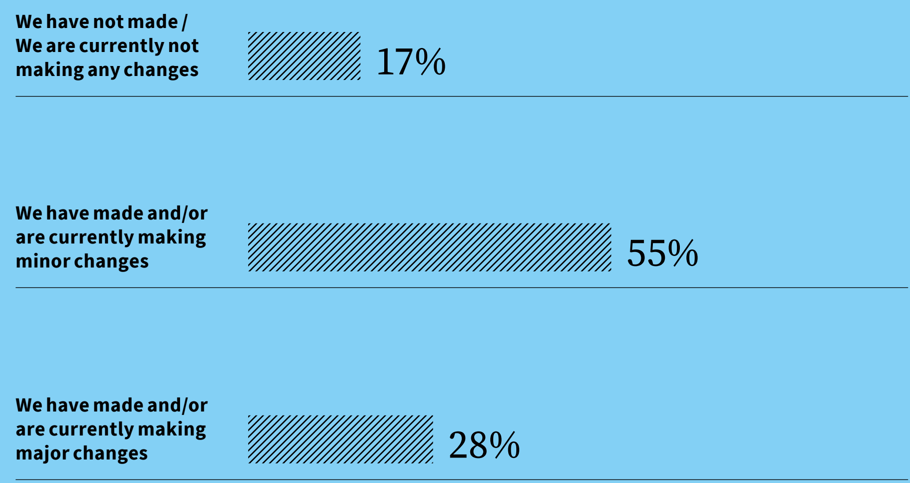
Over 83 percent of respondents indicated that they have made physical changes to their workplace to support employees' needs. Nearly 30 percent of respondents indicated that the physical changes were major ones.

By far the most common theme among those who indicated "minor" changes was adding additional "collaboration space" within their workspaces. Others included occupancy monitoring, additional phone/video booths, introduction of "flex space" and increasing number of small meeting rooms.

Those undertaking major changes also highlighted additional "collaboration space" was on the agenda, closely followed by implementing Activity Based Working.

Chart 5

2022 responses



Work in progress

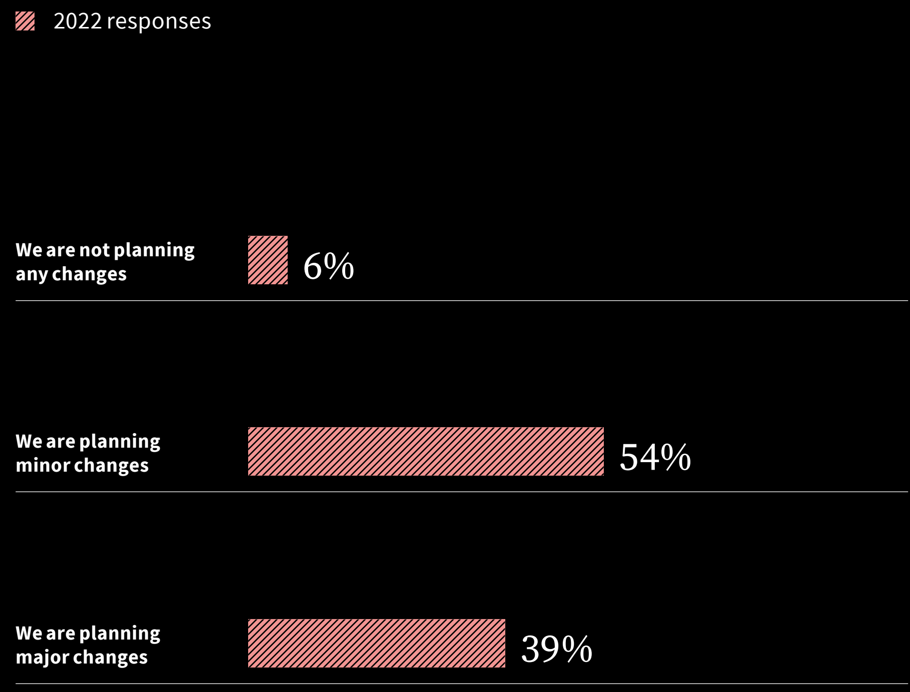
Q. To what extent are you planning to make physical changes to your workplaces to support employees' needs post Covid?

Despite over 80 percent of respondents indicating that they have already made physical changes in the last 12 months, approximately 94 percent of respondents have indicated that they are still planning further changes to their workplaces.

The energy industry appears to be most open to planning major change to their workspace with 75 percent of respondents from that sector suggesting this is their strategy.

Conversely, the data indicates that the professional service industry are least likely to make physical changes to their office with nearly 30 percent of respondents from that group indicating that they don't plan on making any further physical changes to their workplaces.

Chart 6



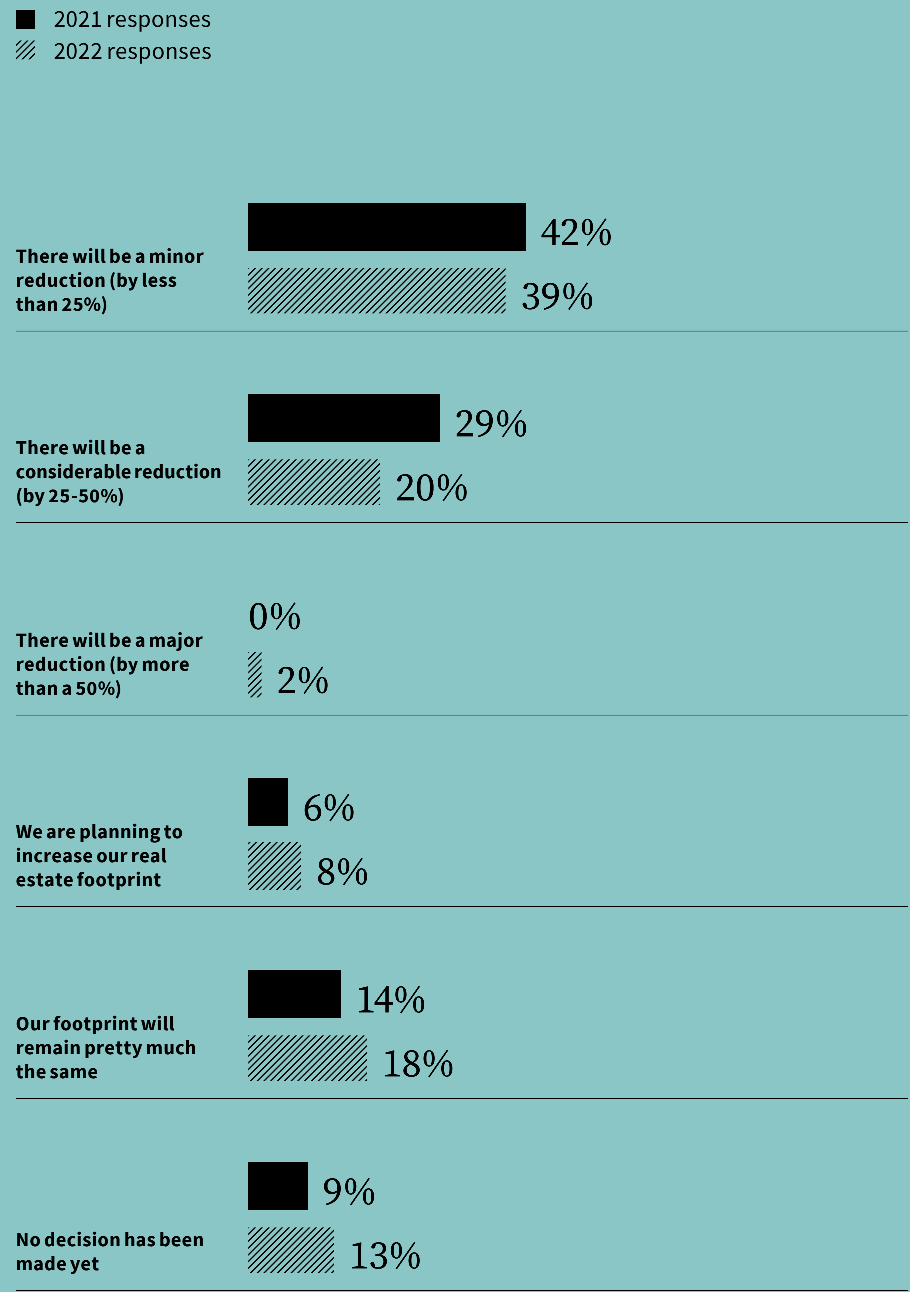
Real estate footprints

Q. Overall, how will your real estate footprint change over the next 18 months?

The picture here is less clear and requires further exploration. In 2021, over 70 percent of respondents indicated that there would be a reduction in their overall real estate footprint. However, in the 2022 poll this dropped to just over 60 percent of respondents indicating a reduction. Moreover, the percent of respondents who indicated that they plan to increase their footprint has risen from around six percent in 2021 to eight percent in 2022.

There are a number of explanations to consider here, not least that a good proportion of those intending to reduce their portfolios last year may by now have successfully done so and do not need to go further. Nevertheless, nearly two-thirds of respondents do see themselves operating with less real estate in the future, serving up a stark warning to landlords and developers.

Chart 7



Change is neither good nor bad, it simply is. It can be greeted with terror or joy, a tantrum that says 'I want it the way it was,' or a dance that says 'look, something new.'

Don Draper.
Mad Men, season 3, episode 2.

Notes

Leesman®

Since 2010 we have equipped organisations globally with the data and insights necessary to build people and place systems that deliver outstanding employee experience. The data behind that work powers our curiosity and allows us to publish independent, cutting-edge research that fuels debate and lateral thinking.

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