



**The state of the estate:**  
Insights from the top

2023 update

# Foreword

## **Leesman has a simple mission:**

to help organisations create great workplaces for their employees.

Pre the pandemic, this meant us having a tight focus on understanding how corporate offices worked for those who used them. Since March 2020, we have thrown that focus wider, to include employees' own homes and all the spaces they might seek out in between.

It is also vital that we understand our clients' thinking. In May 2021, as organisations began to emerge from the crisis management phase of the pandemic, we asked a group of influential real estate leaders what the 'people and place' plans looked 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, so we deployed a revised survey to the same group.

Once again, the results heavily influenced our research investigations, especially as it was clear respondents' thinking was starting to crystallise.

Our latest poll, which opened in Q4 of 2022, yielded over 100 responses. The following is a summary of the findings.

**Understanding the reasons for change is critical, because people must believe they will emerge from the turbulence as winners. If they believe they are relying on a bad business model, they won't engage.**

Darrell Rigby, *Winning in Turbulence*



# Planning for the future

## Q1. Which of the following best describes the status of your organisation's post-pandemic workplace strategy?

This heavy-weight question has been a key indicator in each of the previous deployments of the poll. With Covid still casting a long shadow over 2021 and 2022, we were keen to see if opinions were changing as an end to the pandemic phase seemed to be materialising.

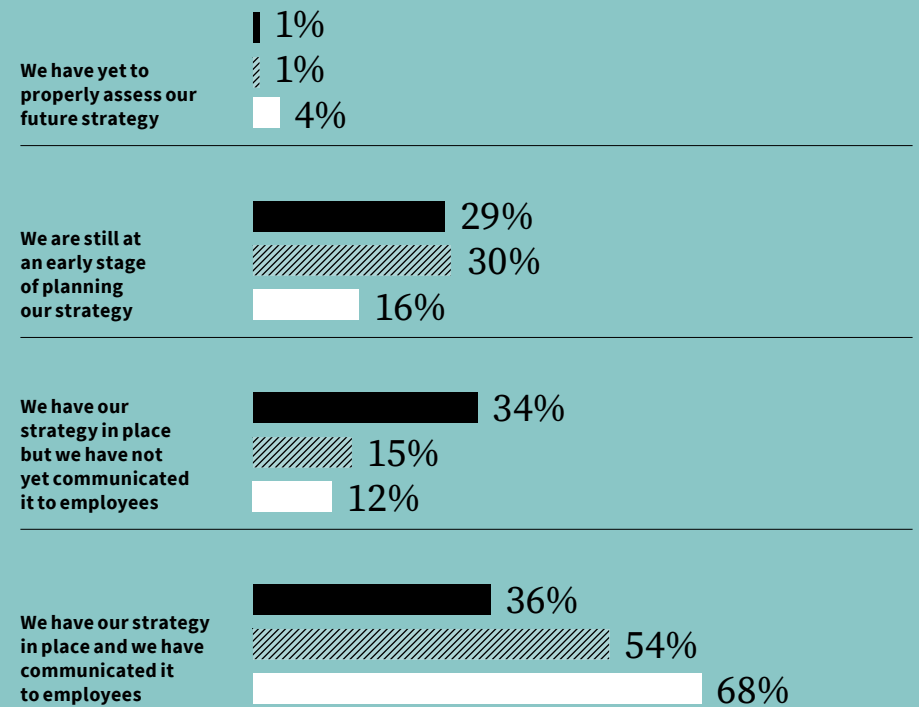
Indeed it appears uncertainty is dissipating, with the latest results showing an encouraging fall in the proportion of organisations still at 'an early stage of planning their strategy.' Chart 1 shows that just 16% of respondents indicated they were at this stage, compared to almost 30% in Q2 of 2021.

The proportion of respondents who have not communicated their post-pandemic workplace strategy to their employees has also dropped consistently over the 2 years that the poll has run. From over a third of respondents in Q2 of 2021 to 12% in Q4 of 2022.

It follows therefore that we see a strong and stable increase in the proportion of organisations who have communicated it to employees, from 36% in Q2 of 2021, to nearly 54% in Q1 of 2022 and now 68% in our latest poll.

Chart 1

■ Q2 2021 responses  
▨ Q1 2022 responses  
□ Q4 2022 responses



# Hybrid continues to take hold

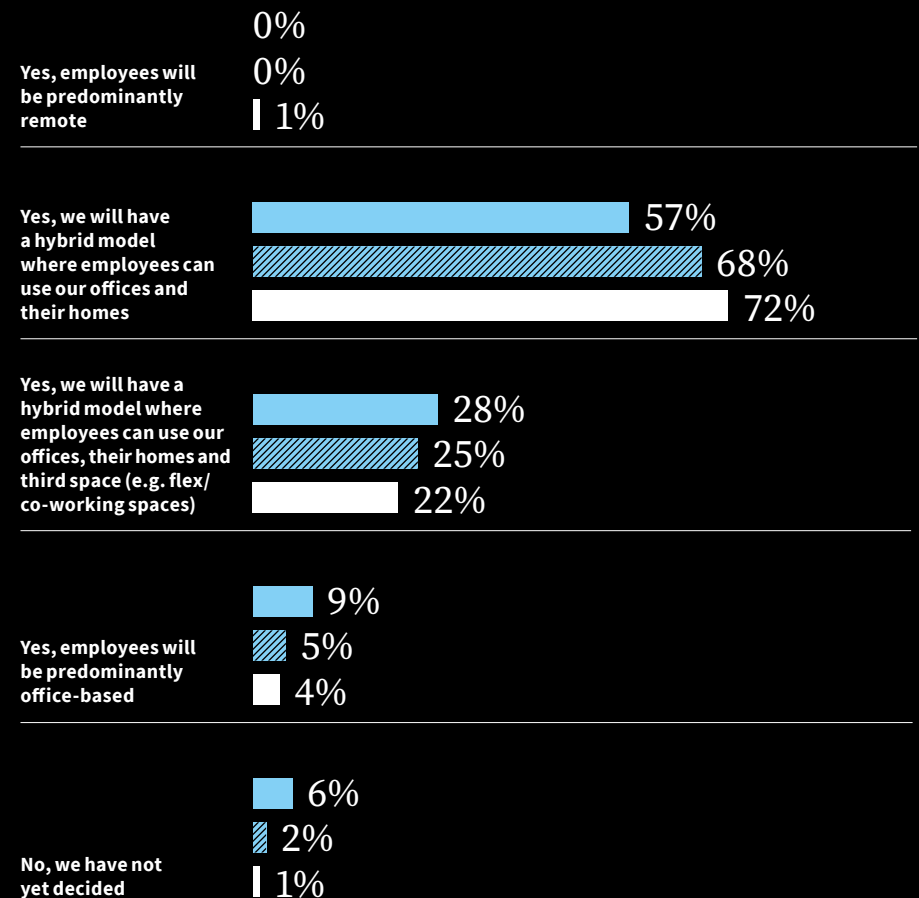
## Q2. Has your organisation made a decision about where in the future, employees will be working?

The latest results from this question preserve the general direction of travel previously observed. With dwindling proportions of predominantly 'office-based' percentages and low 'predominantly remote' percentages, 72% of respondents from the latest poll confirmed they will be deploying 'a hybrid model where employees can use our offices and their homes.' That is up from 57% in Q2 of 2021.

Furthermore, 22% of respondents indicated that they would adopt 'a hybrid model where employees can use our offices, their homes and third space (flex/co-working spaces).' So, hybrid working is the clear winner. Yet it is important to point out that the number of respondent organisations selecting this third space/flex/co-worker option has been steadily decreasing year on year from 28% in Q2 of 2021.

Chart 2

- Q2 2021 responses
- ▨ Q1 2022 responses
- Q4 2022 responses





# Reality, choice and free will

## Q3. Who decides how often employees work in the office?

The final decision on how often employees need to work in their offices remains one of the most emotive parts of the hybrid working debate. Get the ‘load balancing’ of this right and organisations could achieve significant space savings. But call it wrong and organisations could risk overcrowding on some days and economically unsustainable ‘ghost towns’ on others.

It’s unsurprising then to observe a slight increase in the proportion of organisations who have mandated working in the office ‘a certain number of days,’ up from 33% in Q1 of 2022 to 34% in Q4 of 2022.

Yet leadership teams still seem nervous to put themselves in the firing line of this topic, with just over 50% of respondents still indicating that ‘decisions will be made at local or business unit/team level.’ Just 12% of organisations indicated they would permit ‘employees to have full choice.’

Chart 3

▨ Q1 2022 responses  
 ■ Q4 2022 responses

There will be an organisation-wide mandate to work in the office full-time  
 ▨ 1%  
 ■ 2%

There will be an organisation-wide mandate to work in the office a certain number of days  
 ▨ 33%  
 ■ 34%

There will not be an organisation-wide approach – decisions will be made at local or business unit/team level  
 ▨ 50%  
 ■ 50%

Employees will have full choice  
 ▨ 10%  
 ■ 12%

No decision has been made yet  
 ▨ 6%  
 ■ 1%

Not applicable – employees will be fully remote  
 0%  
 ■ 1%

# Catalysts of change

## Q4. What are the biggest drivers behind your real estate strategy?

Here, respondents were presented with 12 options from which they could choose to indicate the key catalysts for change to their organisation's real estate strategy.

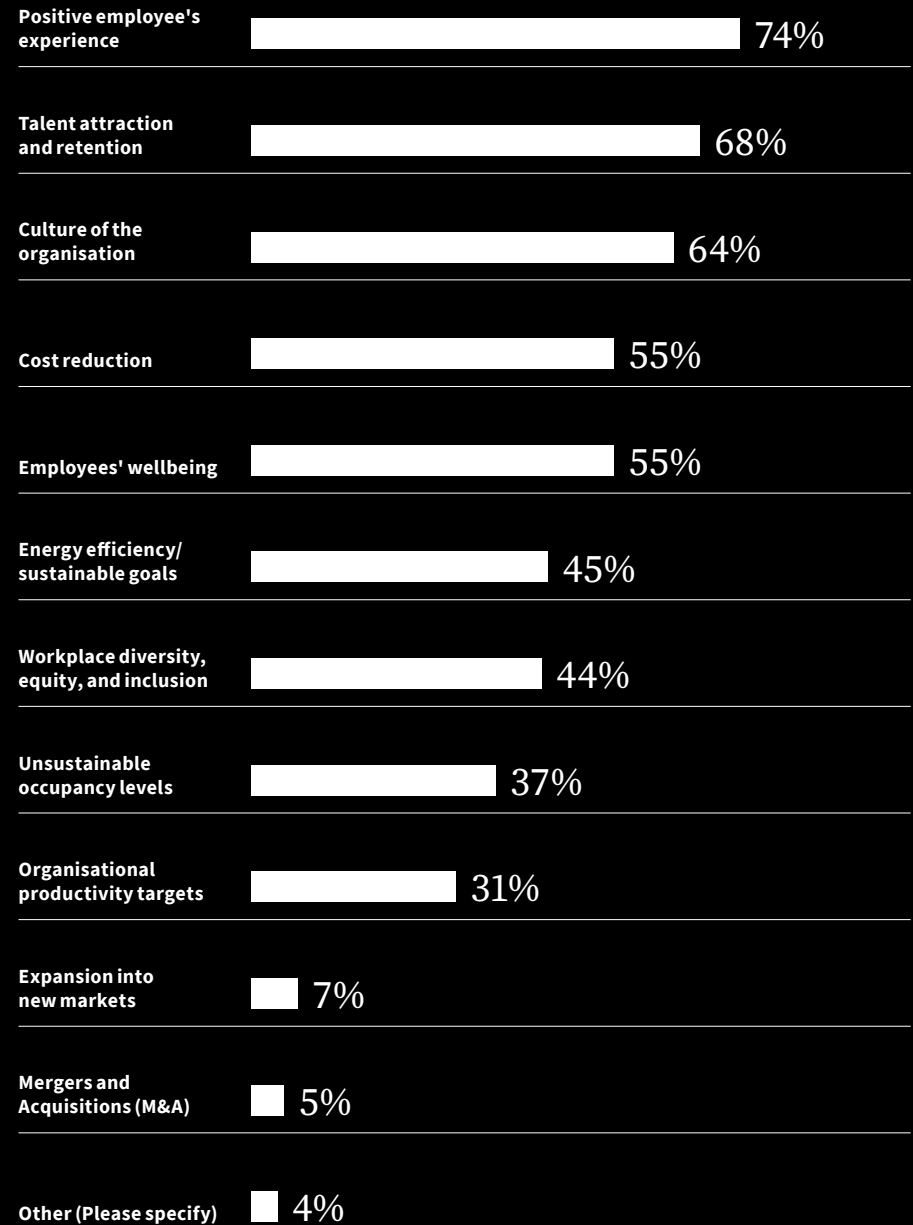
74% of respondents indicated that the biggest driver behind their real estate strategy was 'Positive employee's experience.' Next, 68% of respondents selected 'Talent attraction and retention' and 64% selected 'Culture of the organisation' as drivers of their real estate strategy.

'Cost reduction' and 'Employee's wellbeing' rounded off the top five answers selected by the highest proportion of respondents. Both with the same proportion of respondents indicating these as a driver (55%).

An analysis of the text responses from the 'Other' answer, showed how the effect of the commute on employees had become a driver for some organisations' real estate future thinking.

**Chart 4**

■ Q4 2022 responses



# Intelligent insights

## Q5. Are you measuring daily 'return to office' occupancy levels?

With many organisations trying to reduce real estate footprints and consequently working through plans that would help balance peak loads from the mid-week days, we were not surprised to see that 93% of respondents indicated that they are measuring occupancy levels.

However, we were surprised to see that 51% were still reliant on 'Badge and access control data' to measure occupancy levels. Whilst this requires minimal investment, it also provides the most basic level of insight and therefore we expected to see a much higher adoption of sensor technologies.

Indeed, just 9% of organisations indicated that they are utilising 'Sensor data'. We do believe that the rapid advancement of these technologies and their integration with workplace experience apps and intelligent building technologies will see this rapidly accelerate over the next two to three years.

Chart 5

■ Q4 2022 responses

Yes, using badge/  
access control data 51%

Yes, using sensor data 9%

Yes, other  
(please state) 4%

Yes, using  
observational data 2%

Yes, using a combination  
of the methods above 27%

No, but we intend/  
need to 4%

No, and we do not  
see a need 3%

Not applicable -  
Employees are  
fully remote 0%



# Days of the week

## Q6. For those employees returning to your offices, what is your attitude towards the day/s in the week they choose to return?

Whilst question 3 revealed very few employees will be offered full choice regarding how often they will work in the office, question 6 reveals that 48% of organisations intend to offer employees full autonomy over which days they choose to return. This has risen from 14% in Q1 of 2022.

Clearly, this freedom restricts the extent to which corporate real estate teams can reduce their portfolios. Furthermore, 30% of respondents indicated that they 'are asking management to help spread loads across the working week.' A more 'structured approach to who can attend site on defined days' feels more strategic and sustainable, but only 6% of respondents selected this answer.

Chart 6

■ Q4 2022 responses

We are giving employees full choice over which days they choose 48%

We are asking management to help spread loads across the working week 30%

We have yet to address this problem 10%

There will be a structured approach to who can attend site on defined days 6%

We do not believe this to be an issue for us 5%

Not applicable – Employees are fully remote 1%

# Historic seat allocation

## Q7. Pre-pandemic, across your entire portfolio, approximately what proportion of your desks/workstations/work-points were permanently assigned to specific individuals on a 1:1 basis?

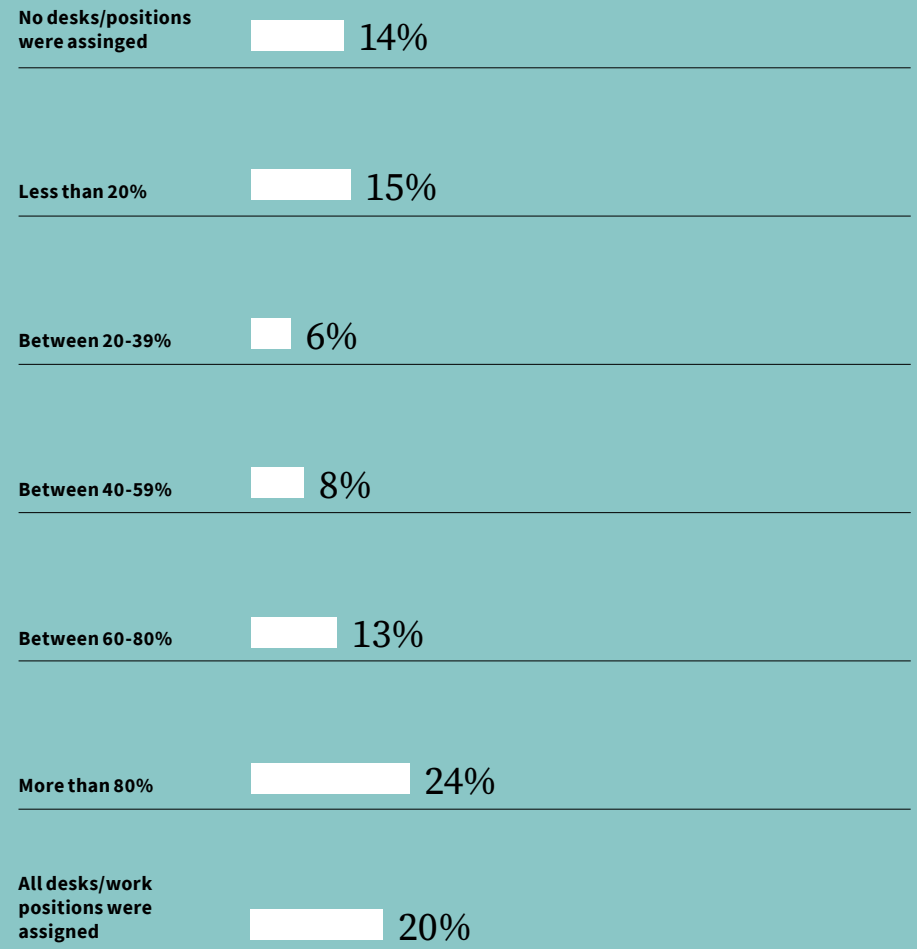
Of all the questions posed in this poll, it is the combination of answers to this and the following questions that give a true sense of the magnitude of change taking place.

Respondents indicated that pre-pandemic 86% had some form of permanently assigned desks/workstations/work-points.

The highest proportion of respondents (24%) indicated that more than 80% of their desks/workstations/work-points were permanently assigned. Additionally, 20% (the second highest proportion of respondents) indicated that all desks/workstations/work-points were assigned.

Chart 7

■ Q4 2022 responses



# Future seat allocation

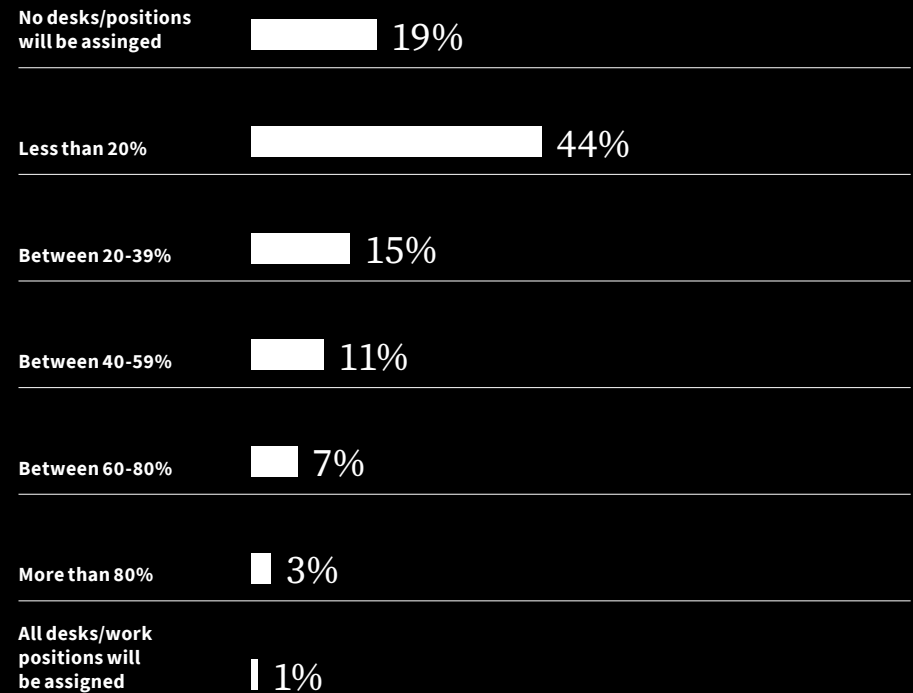
Q8. In say 18-months' time, across your entire portfolio, approximately what proportion of your desks/workstations/work-points do you anticipate being permanently assigned to specific individuals on a 1:1 basis?

This is where the change is revealed. 19% (up from 14%) of respondents expect there to be no assigned seats in their future workplaces. Further, 44% of respondents expect 80% or more desks to be unassigned.

A mere 3% of respondents indicated that 'more than 80%' of desks/workstations/work-points would be assigned in the future. Collectively, these figures represent a huge shift toward unassigned seating being the norm.

Chart 8

■ Q4 2022 responses



# Real estate footprints

## Q9. Overall, how will your real estate footprint change over the next 18 months?

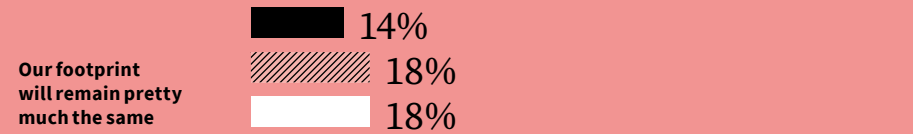
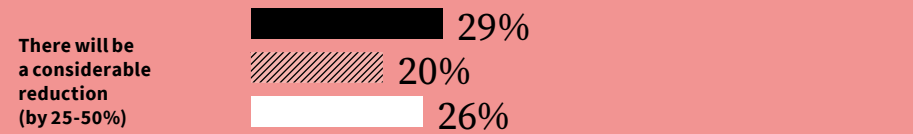
As in previous years, the answer selected by the highest proportion of respondents remains 'There will be a minor reduction (by less than 25%).' Each year, around 40% of respondents selected this option. Between 20% and 30% each year indicated that there will be a 'considerable reduction (25-30%).'

'There will be a major reduction (by more than 50%)' remains the least selected response.

However, whilst the proportion of respondents selecting this option is low, it has been growing consistently. In Q2 of 2021, 0% of respondents selected this option, 2% in Q1 of 2022 and 3% in Q4 of 2022. Collectively though, almost 70% of respondents from this year's poll indicated in one way or another that there would be some form of reduction in their real estate footprint in the next 18 months.

Chart 9

■ Q2 2021 responses  
 ▨ Q1 2022 responses  
 □ Q4 2022 responses



## Summary

As we approach the 3-year anniversary of the first lockdown, it is reassuring to see that almost 70% of respondents from our latest CRE poll indicated that they have a strategy in place and have communicated it to employees. This is a stark comparison to our first poll in Q2 of 2021, whereby only 36% of respondents indicated this was the case.

In regard to where organisations see their employees working in the future, a 'predominantly remote' strategy remains the least selected answer to this question. The proportion of respondents indicating that their employees will be 'predominantly office-based' was also very low (less than 5%).

We also observed that the proportion of organisations adopting this model has been on the decline over the 3 years that the poll has been running. The remaining 94% of organisations indicated that they are adopting a hybrid model. There can be little doubt that the future of knowledge work is a hybrid working one, where the vast majority of employers will offer employees some degree of location autonomy. And so hybrid working will be the default setting for most knowledge businesses. Each business may, quite rightly, operate very different versions of hybrid working, but at the core every organisation will face a set of basic challenges.

We will continue to try to understand those challenges and measure how different responses play out. If you would like to be involved in a future Corporate Real Estate Leader's Poll, or if you would like our help in understanding how hybrid working is working in your organisation, please let us know.



**The only constant I am sure of,  
is this accelerating rate of change.**

Peter Gabriel, *OVO*



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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