Hassell

GREAT ADAPTATIONS

Commercial & Workplace

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August, 2023

SUMMARY

The workplace is in a moment of transition. Organisations are adjusting their workplace policies as they begin looking ahead post-pandemic. At the same time, workplaces are being adapted to meet the needs of new work patterns. In this year's Annual Workplace Futures Survey, we looked at the changes organisations were making, their impact, and where they might be headed.

Since early 2020, we've been building a body of data in our Annual Workplace Futures Survey. This year we added to this rich data set by surveying 3,500 office workers across Australia, Belgium, China, the Netherlands, Singapore, the United States and the United Kingdom.

By publishing this report, we hope to help organisations navigate these changes. These results reinforce the importance of aligning your workplace's design with your workplace policy.

NAB Place Melbourne, Australia. Photography by Nicole England.

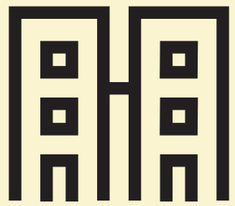
KEY FINDINGS

Work has changed, the office needs to as well.

Things changed quickly during the pandemic. In many organisations, workplace designs haven't kept up with changes to workplace policies. But those companies that have adapted their workplace for their new work style report significantly higher workplace satisfaction scores.

Not even a downturn will bring things back to where they were.

Hybrid is here to stay. And while many predict that a recession might force employees to return to the office, our research shows that a large cohort won't return, even under that economic pressure.



One of the most desirable workplace amenities: a vibrant city.

Companies are figuring out the perks and amenities that draw people back to the office. Our study reveals that people often link office visits with other trips they have to make, which means the urban environment around an office is a key factor in its ability to attract employees back.

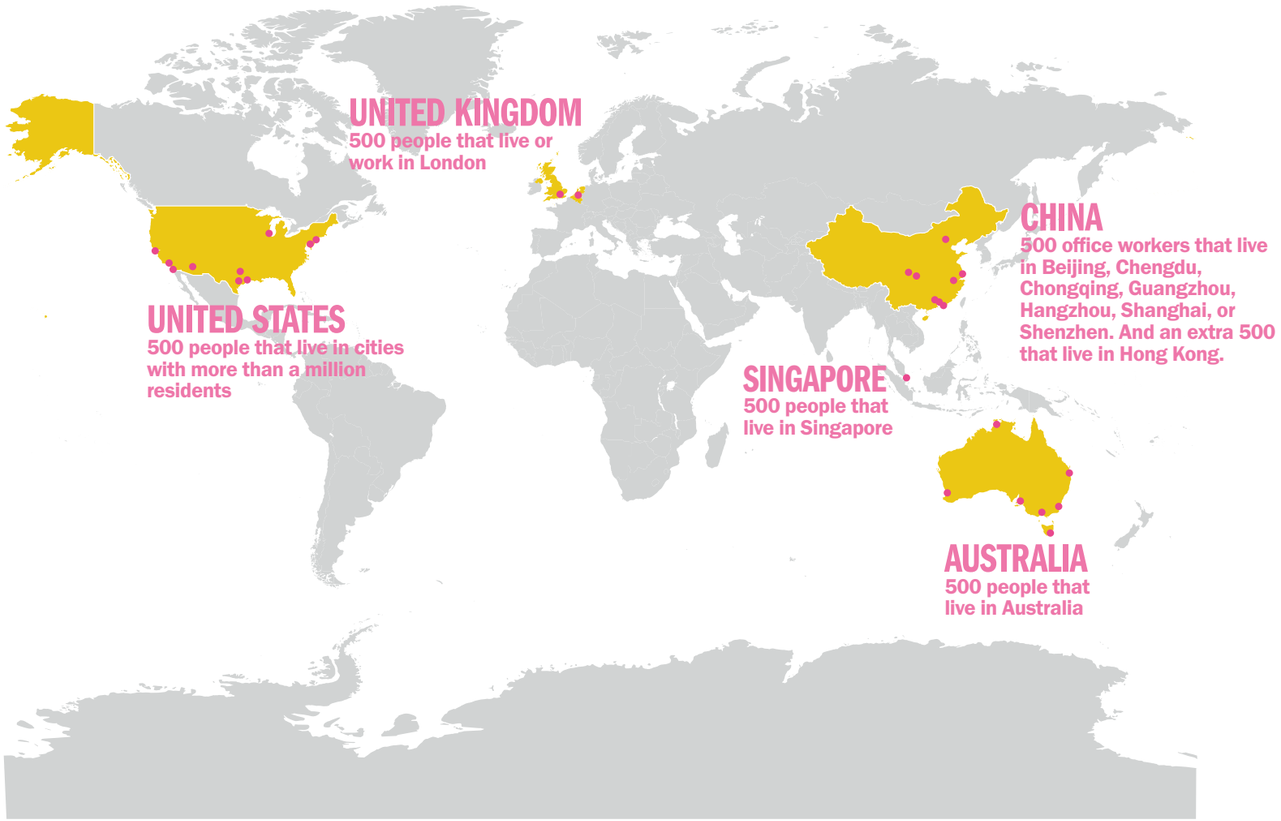
Policy and design changes are suffering from a lack of change management and support.

During the pandemic, organisations had to make changes overnight. They didn't have time for change management plans. This has carried forward, and many companies are being hindered by a disconnect between the design of the workplace, the workplace policy, and how these are implemented.

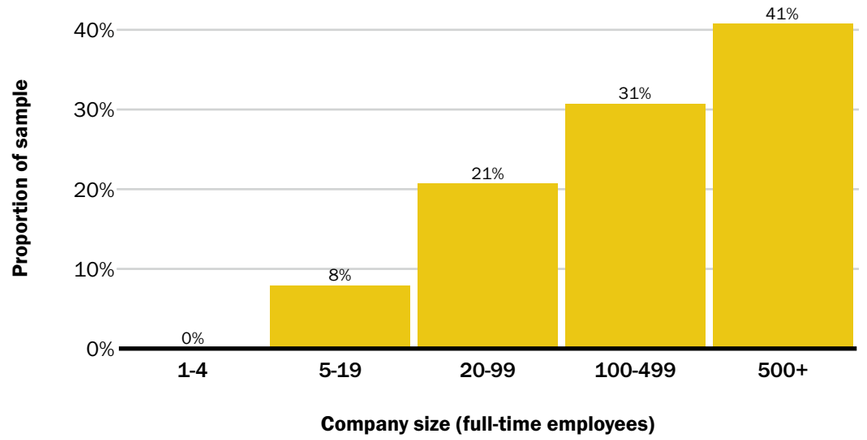
METHODOLOGY

We surveyed 3,500 people in Australia, Belgium, China, the Netherlands, Singapore, the UK and the US about their current work life. We recruited these people using a third-party research firm that was tasked with ensuring a representative mix of knowledge workers in each country that completed the survey.

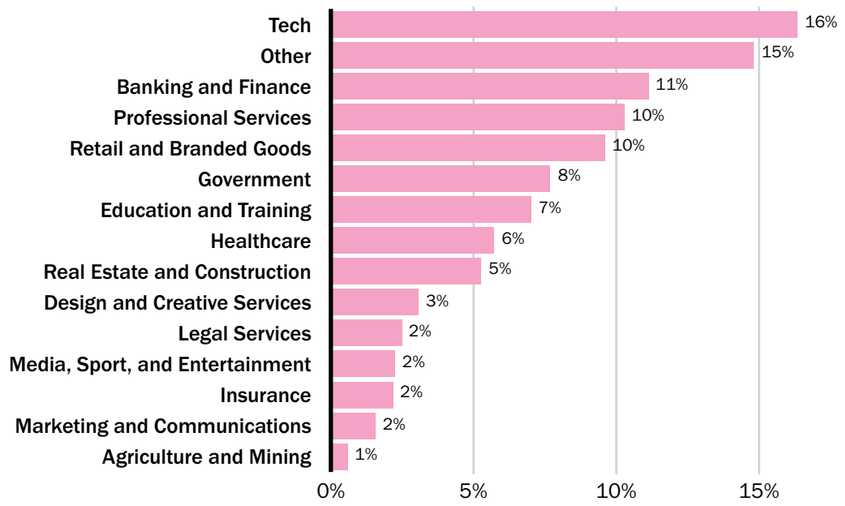
All the people we surveyed either work in an office building or do work that would have been done there before the pandemic. This data, gathered in April 2023, builds on previous survey data collected from 5,600 people since the pandemic began. In total, this represents almost two million data points across four years.



Mostly mid to large firms



From a range of knowledge-based industries



Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

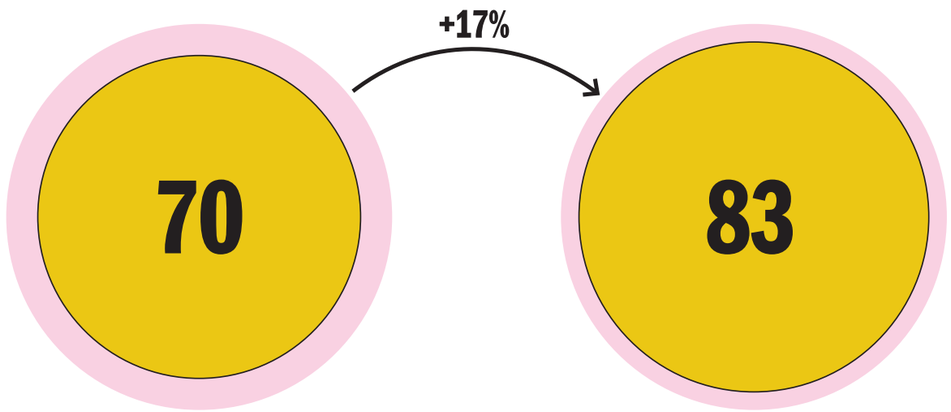
WORK HAS CHANGED, THE OFFICE NEEDS TO AS WELL

It goes without saying that the pandemic has permanently changed how we work. There's more hybrid work, more Zoom calls, more flexibility – and none of this is going away.

Workplaces aren't always adapting to these changes. Roughly two-thirds of people we surveyed said their workplace had implemented some type of design change in the past year. These ranged from minor additions (such as adding meeting spaces for virtual calls) to major alterations (such as downsizing and moving to a smaller office). Still, that leaves over a third of workplaces (38%) where nothing changed.

For companies adopting new work methods, particularly hybrid, modifying their workplace often had a significant impact. On average, a hybrid worker's satisfaction with their office was 70 out of 100. This jumped to 83 in offices that had been renovated in the past year – a 17% increase.

This increase in satisfaction is easy to understand. Before the pandemic, most offices were designed around the assumption that people would be there five days a week. As work habits have shifted and company policies have changed, it makes sense that workplaces that have adapted tend to perform better. But given that over a third of workplaces are still much as they were before the pandemic, there's still a way to go for the office to catch up with the changes to work.



Workplace satisfaction in a typical hybrid office...

...that was renovated in the past 12 months.

Satisfaction is measured on a scale ranging from 0 to 100

Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

MORE PEOPLE ARE IN THE OFFICE

In all the markets we track, people spent more time working in an office and less time working at home than last year.

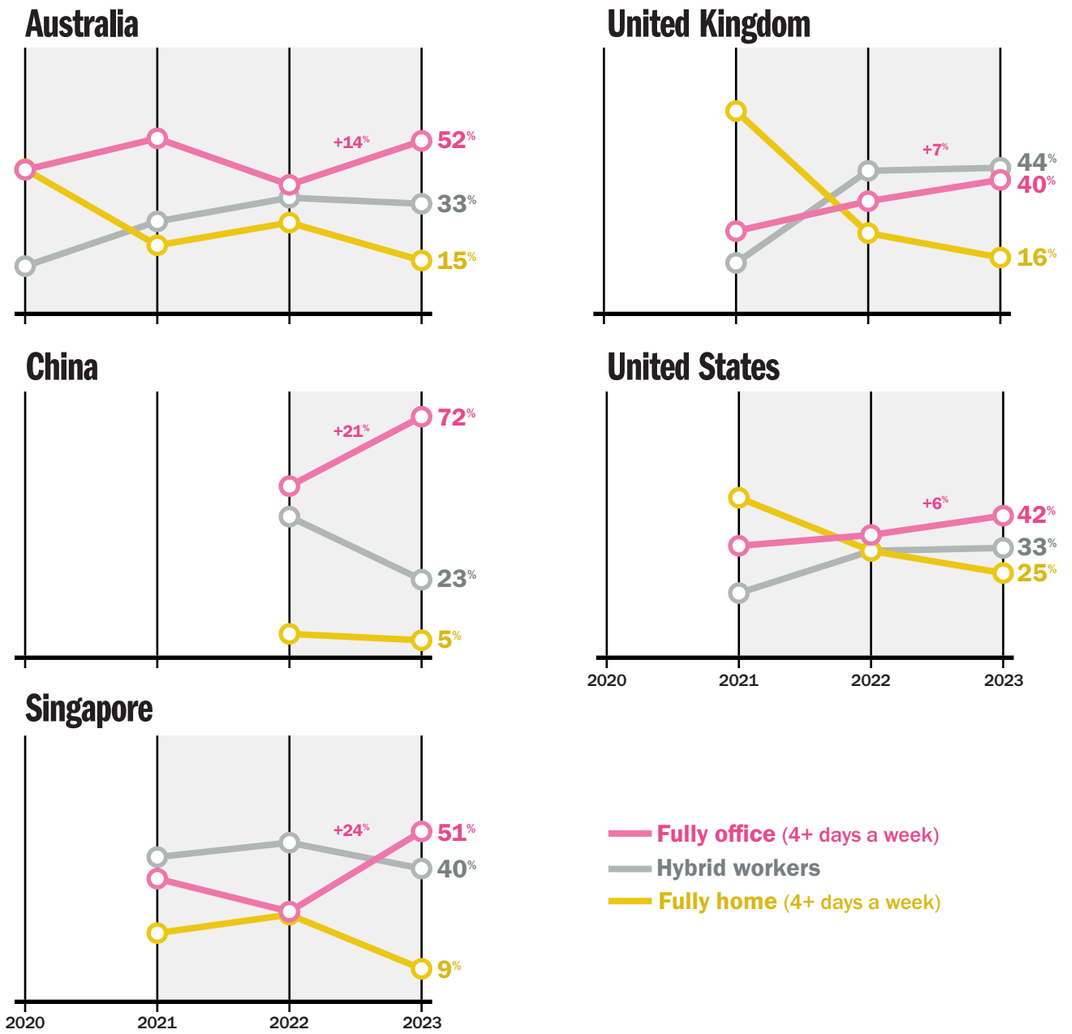
There are a number of factors contributing to these changes:
- → **The end of lockdowns:** This was the first time since 2020 that none of the places we studied had stay-at-home orders in place.
- → **Policies:** More companies either encouraged or required employees back this year.
- → **Choice:** People that could choose where they worked picked the office more often this year.
- → **Hybrid work:** Being able to choose where you work has remained popular since the start of the pandemic.

The impact of these factors is different in each country. In China, the return to office has been rapid. In contrast, the increase in office work has been relatively slight in the United Kingdom and the United States.

Except for China, no country is on track to return to pre-pandemic levels of office work. Even with the increases in office work, hybrid remains popular, as does working from home.

We expect that the rate of change we saw this year won't persist and that, after a couple of years of rapid, urgent change, we're starting to enter a new period of stable and gradual shifts, with the current level of office work as the baseline.

This year, people spent more time working from an office in all the markets we track.



Source: Hassell Workplace Futures Survey 2020 to 2023. Includes all data globally.

DON'T COUNT ON PEOPLE RETURNING IN A DOWNTURN

Economic issues are top of mind for many right now. There's inflation, cost of living increases, and the looming potential for a recession.

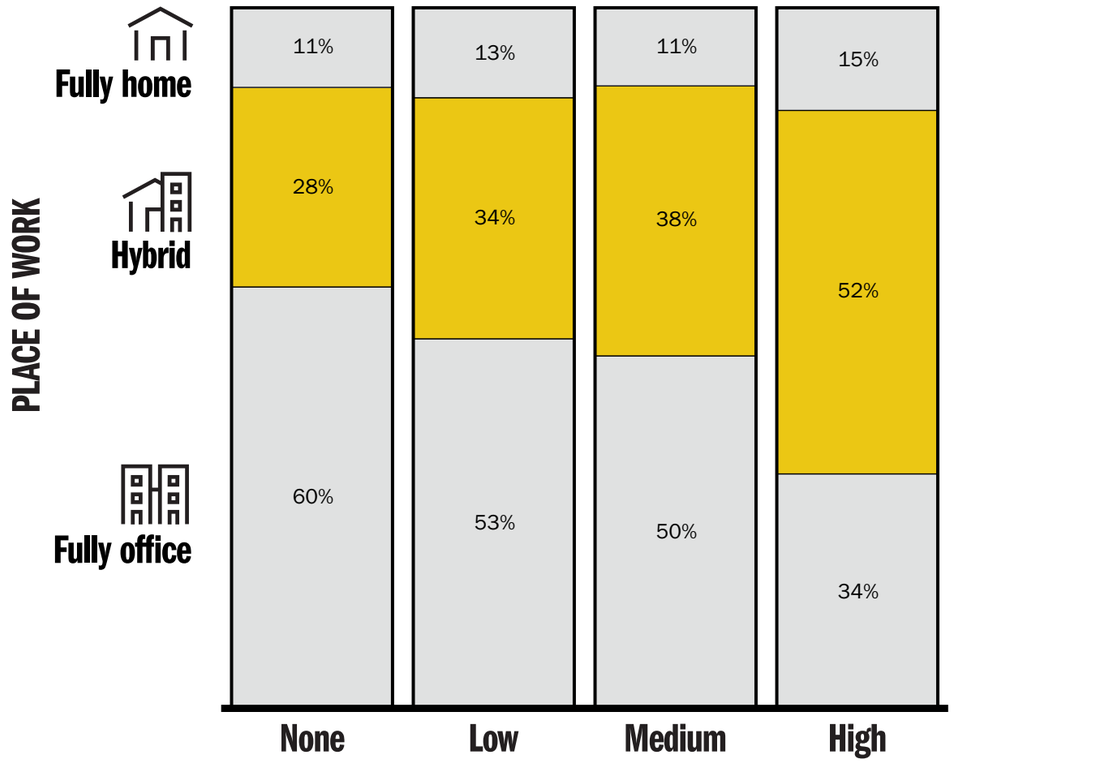
Some predict that a downturn will bring people back to the office. In publications like Bloomberg, the BBC, and The Wall Street Journal, pundits say that organisations will have more power to mandate that people work from an office because employees won't have the options they currently enjoy in today's tight job market.

If this were true, you'd expect that people would be returning in droves if they worked for companies that were downsizing (as many tech firms have done recently), if they thought their job was on the line, and if they believed it would be hard to find a new job.

In fact, you see the opposite: those most at risk of losing their job are twice as likely to be hybrid workers as those who are safe.

So for anyone predicting a downturn will bring people back to the office: it's just not looking likely. In the current job market, those most worried about their jobs are not returning in great numbers. And if there is a downturn, it seems likely that you'd see companies cutting costs, shrinking their footprints, and embracing hybrid even more than they are currently.

The most at-risk employees are less likely to work from an office.



Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

THE VALUE OF A VIBRANT CITY

Many organisations are trying to find the right perks, policies, and amenities to draw people back to their offices. Our study indicates that one of the most desirable workplace amenities isn't found in the workplace; it's the vibrancy of what's happening outside.

People commuting into a workplace don't typically visit the office and head straight home. They might pick up some groceries, or visit friends at a bar, or hit up the gym. In other words, they make their trip to the office worthwhile by combining it with other errands or things they want to do. This means that the quality of the urban environment around an office is a key factor in the workplace's ability to attract people.

Top 3 places to visit before or after the office

Australia
- → A café
- → A grocery store
- → Public transport

China
- → A restaurant
- → Public transport
- → Retail or a store

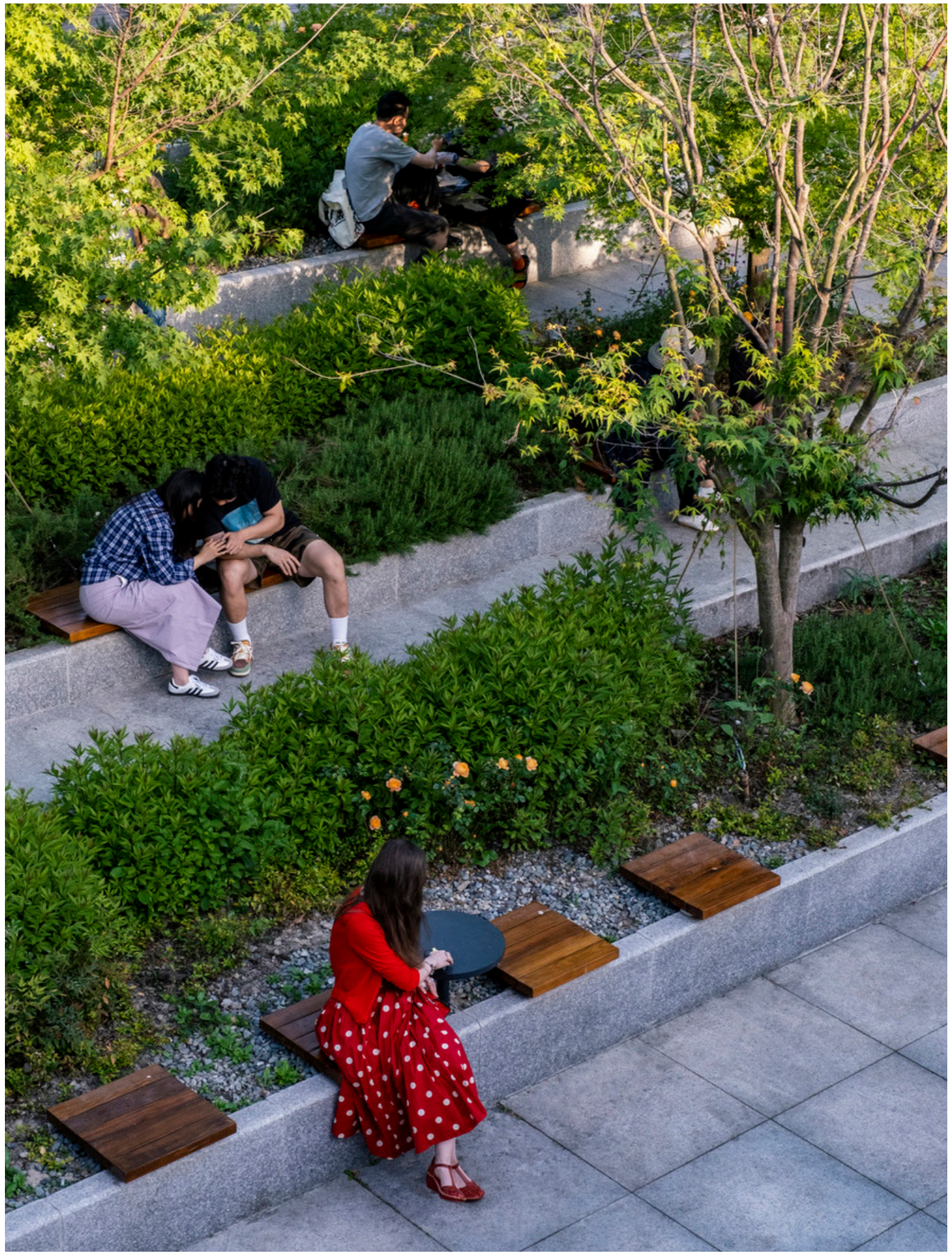
NL and Belgium
- → Only the office
- → A grocery store
- → Public transport

Singapore
- → Public transport
- → A café
- → Retail or a store

United Kingdom
- → A grocery store
- → Public transport
- → A café

United States
- → A restaurant
- → Only the office
- → A café

Source: Hassell Workplace Futures Survey 2023. Includes all data globally.



West Bund Waterfront, Shanghai, China. Photography by Hassell.

GROCERIES, GREENERY AND RETAIL THERAPY

People want to work in places connected to incredible amenities. When we asked them which amenities they most desired, grocery stores, green spaces, and great retail topped the list in most countries.

Grocery stores aren't an amenity you'd typically associate with an office development. You're more likely to find cafes, bars, restaurants, and retail in an office's podium. But given the cost of living increases recently, a grocery store offers tenants a place to grab a cheap lunch and to pick up something fresh on their way home (making the commute more worthwhile by pairing it with a trip they already had to make).

Green spaces are another amenity that has come up in our past surveys. It is consistently one of the top amenities people want to see inside their workplace (see this whitepaper), so it's no surprise that it's also something people want access to in the wider urban environment.

Which places would you most want to have within a 5-minute walk of your office?

	Australia	United Kingdom	Singapore	Netherlands and Belgium	United States	China
Grocery store	1st	1st	1st	2nd	3rd	6th
Greenspaces	3rd	2st	4th	1st	4th	5th
Retail	4th	3rd	3rd	5th	5th	2nd

People could pick up to three amenities from a list. The chart shows the rank of selected amenities in each country.
The list included:

- an area to play sports
- a bar
- a café
- a church or place of worship
- a cultural destination (eg. a cinema, museum, theatre, etc.)
- a gym
- a grocery store or market
- a healthcare facility (eg. a pharmacy, dentist, doctor's office, etc.)
- a park, garden, or other greenspace
- a public transportation stop
- a restaurant
- a retail shop or store
- a school or daycare.

Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

WANT PEOPLE BACK? DO NOTHING

What will bring employees back to the office? In our survey, the companies with the highest rates of return did nothing. They didn't add perks, they didn't add incentives, they didn't renovate the office, or add new amenities. Instead, they left their workplace as it was and mandated that employees work there five days a week.

While these companies had high rates of return, they suffered in most other key metrics. They had less engagement, they suffered from higher turnover, and they had less productive employees.

This underscores the importance of considering how we measure workplace success.

If all you want to do is bring people back to the office, mandating that they return is, weirdly enough, effective. But if your goal is to aid employee productivity, attract and retain talent, or increase workplace satisfaction, you clearly need to take a different path.

Be careful how you measure success. The companies with the most employees back in the office were those that mandated a return, but they're suffering in many key metrics.

94%

Of the employees required to return fully to the office were there four or more days a week.

"My company required me to work from the office"

The primary reason these employees go to the office (not productivity or culture).

1.3X

More likely to be contemplating quitting compared to others.

18%

Less engaged compared to employees at other companies.

Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

WANT PEOPLE BACK? NAIL THE BASICS

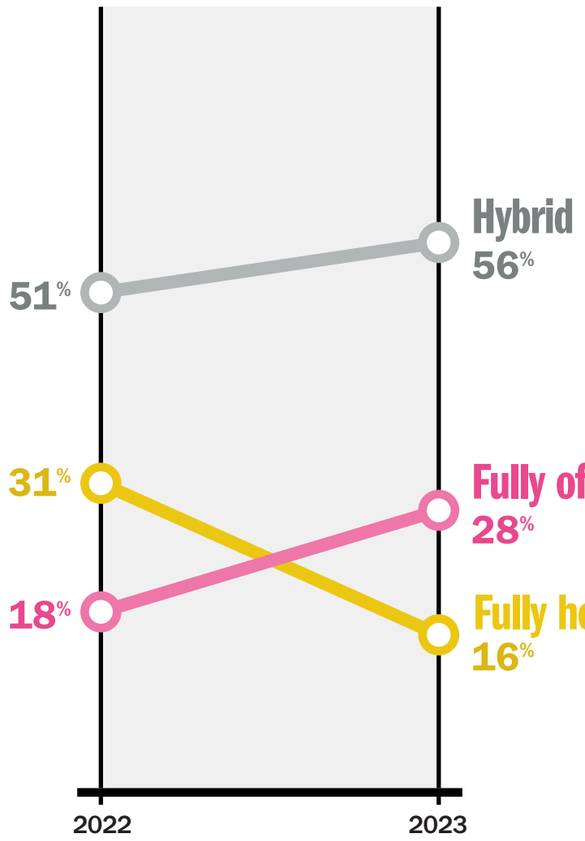
People who could choose where they worked were much more likely to pick the office this year.

These people have flexible workplace policies. Their bosses give them the complete freedom to decide on any given day whether they'd like to work from home, the office, or elsewhere.

Most adopt a hybrid schedule, working partly from home and partly from the office. But a quarter of them (28%) choose to work exclusively from an office. This is up significantly from the 18% who did so last year. Over the same period, the number working from home has fallen to 16%, down from 31% last year.

There are three main reasons people say they're picking their office: it's easier to communicate, they feel more productive, and the technology is better. While this sounds simple, many organisations, unfortunately, don't get these basics right. At these companies, employees were far more likely to choose hybrid or remote work.

People who can choose where to work were more likely to choose the office this year.



Top 3 reasons why people chose the office

- → "It's easier to communicate with people in the office"
- → "I am more productive in the office"
- → "The technology is better at the office"

People who can choose where to work are 1.55 times as likely to be working fully at the office this year compared to last.

Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

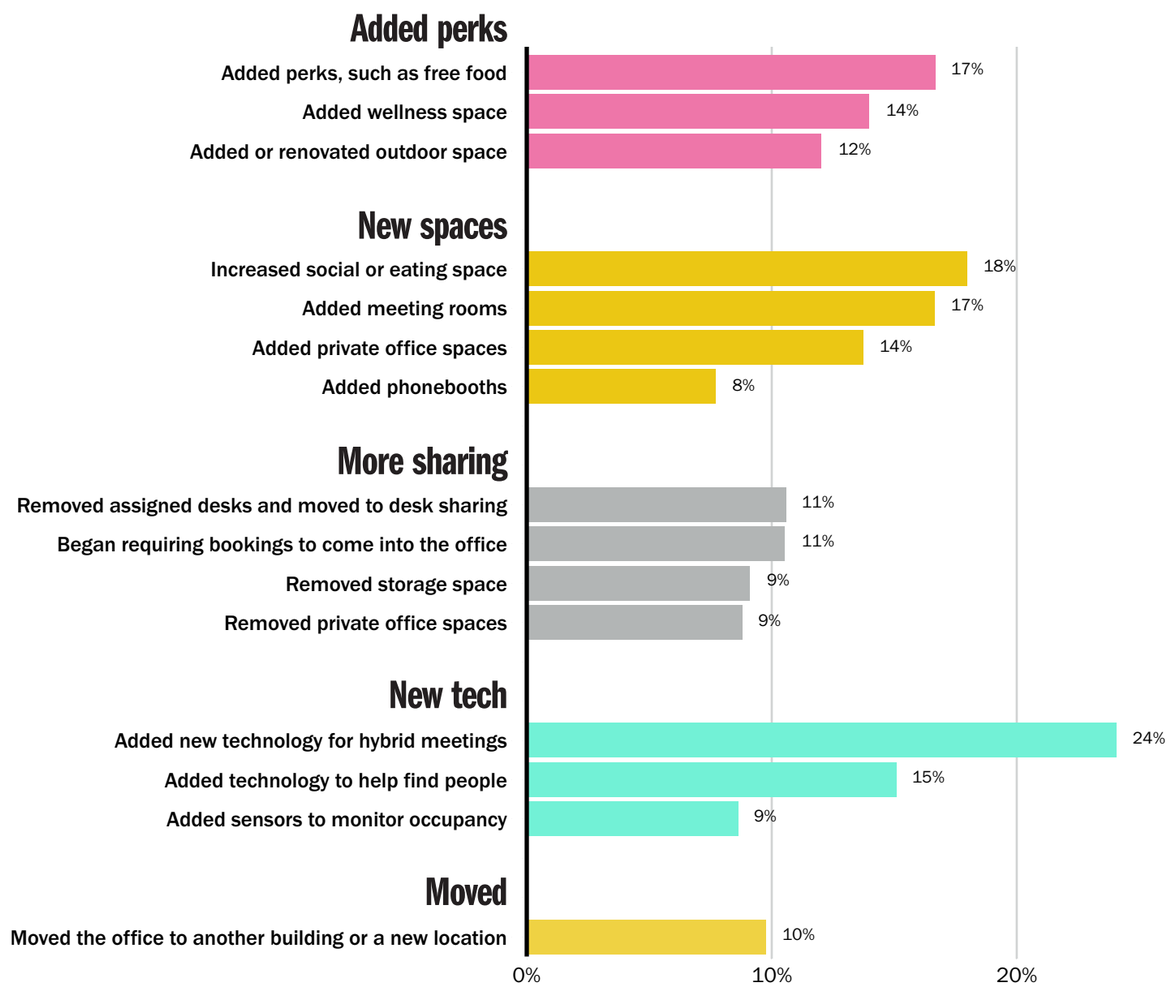
THERE'S NO SINGLE CHANGE EVERYONE IS MAKING

Companies are making all sorts of changes to their offices. The most common change is adding technology, particularly to improve hybrid meetings. There are also a lot of changes involving the programming of the space, especially adding new meeting rooms or social spaces. And there are also many changes involving perks, such as offering free food or providing more outdoor space.

To accommodate hybrid work, many of these changes involve adapting offices designed before the pandemic. This entails adding more space and integrating different technologies for hybrid meetings.

What's most striking about these changes is the breadth. There isn't a uniform response – a single change that every company is making. Instead, there is a wide range of approaches being tested.

In the past 12 months, which changes have occurred at your company's office?



Percentage selected
(Participants could pick up more than one option)

Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

WHAT'S THE MOST EFFECTIVE CHANGE? IT DEPENDS...

No company or workplace is the same, and neither are their workplace changes. A range of factors influence why companies are modifying their workplace.

For example, growing companies are more likely to increase social space, add technology for hybrid meetings, and add a wellness space. In contrast, companies cutting headcount are more likely to have moved to desk sharing, removed storage space, or kept their office the same. This makes sense – these are all strategies for cutting costs.

The best change for your particular organisation depends on a whole host of factors. Of particular importance in our research were the company's hybrid policy, the industry, the office's location, the company's size, and culture. There isn't a one-size-fits-all solution. Every organisation is unique, and the most effective workplace changes depend on the particular characteristics of your business.

Hybrid policy

Hybrid companies are more likely to have:

- → Added technology for hybrid meetings
- → Started a booking system to visit the office
- → Moved to desk sharing

Office based companies are more likely to have:

- → Kept the office the same
- → Added sensors to monitor occupancy

Company growth

Growing companies are more likely to have:

- → Increased social space
- → Added technology for hybrid meetings
- → Added a wellness space

Shrinking companies are more likely to have:

- → Kept the office the same
- → Moved to desk sharing
- → Removed storage space

Company culture

Humanistic companies are more likely to have:

- → Added technology for hybrid meetings
- → Increased social space
- → Added perks, such as free food

Prescriptive companies are more likely to have:

- → Kept the office the same

Industry

Tech companies are more likely to have:

- → Added perks, such as free food
- → Moved to desk sharing
- → Added meeting rooms

Design companies are more likely to have:

- → Moved to a new location
- → Added private office spaces
- → Started a booking system to visit the office

Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

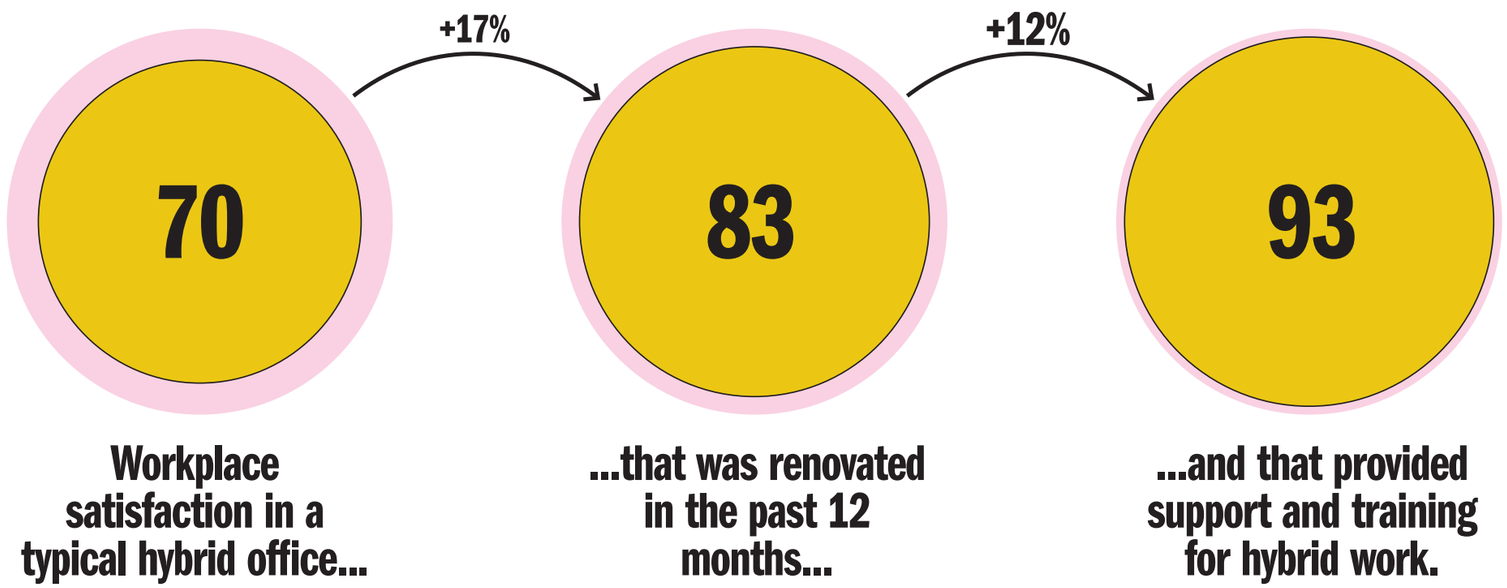
AN EFFECTIVE HYBRID STRATEGY IS ABOUT MORE THAN WORKPLACE DESIGN

In the midst of the pandemic, organisations didn't have time to carefully orchestrate change management plans. They had to adopt remote work almost overnight, and subsequently, many have adopted hybrid or some other post-pandemic policy just as abruptly.

Our research shows that the way workplace changes are managed is absolutely crucial to their success. That is to say, the workplace design's alignment to the workplace policy is important, but just as essential is how that change is managed.

On average, organisations that provide support and training around these changes achieve a 12% higher workplace satisfaction score.

But only some companies do this. Of the companies that have switched to hybrid and redesigned their workplace, around 64% have provided support and training to their managers, and 54% have provided it to their front-line employees. So there's still a disconnect in many organisations where the design of the workplace, the policy, and the implementation aren't always in sync.



Source: Hassell Workplace Futures Survey 2023. Includes all data globally.

RECAP: CREATING GREAT ADAPTATIONS

What successful organisations are doing right now

Boosting workplace satisfaction by updating their offices to fit new hybrid policies.

Not waiting for a recession to pull people back to the office or to make decisions about the workplace's future.

Attracting people back by getting the basics right and considering the office's relationship to the city.

Bringing HR and facilities together to align changes to workplace policy, workplace design, and implementation.

Suncorp Headquarters, Brisbane, Australia. Photography by David Chatfield.

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