

Adaptive Spaces

2023-2024 CBRE Global Workplace & Occupancy Insights

REPORT

The Workplace
Evolution:
The path from
efficiency to
effectiveness

CBRE INSIGHTS
DECEMBER 2023



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01

Executive Summary

The 2023-2024 Global Workplace & Occupancy Insights report summarizes three years of office benchmarking and client sentiment surveys to identify how CBRE clients are creating efficient portfolios and effective work experiences in the wake of the pandemic. The report examines global data from select CBRE clients representing 350 million sq. ft./32 million sq. m. and breaks down insights by portfolio size and geography. The report explores trends across major office occupiers and offers insights for any organization considering how the workplace can support the business' needs and cultural objectives.

01

Over the last three years, hybrid work has driven portfolio optimization

The broad adoption of hybrid work has led to portfolio reductions and enabled planning efficiencies, including a **22%** decrease in the average square foot per person globally and a **28%** increase in **occupancy rates**, which measure the allocation of people to seats. Organizations have increased space-sharing **30%** and adapted to support hybrid work styles by increasing collaboration spaces by **44%** globally since 2021. While **45%** of participants have policies requiring employees be in the office three or more days per week, less than **4%** consistently implement consequences for not following policy.

02

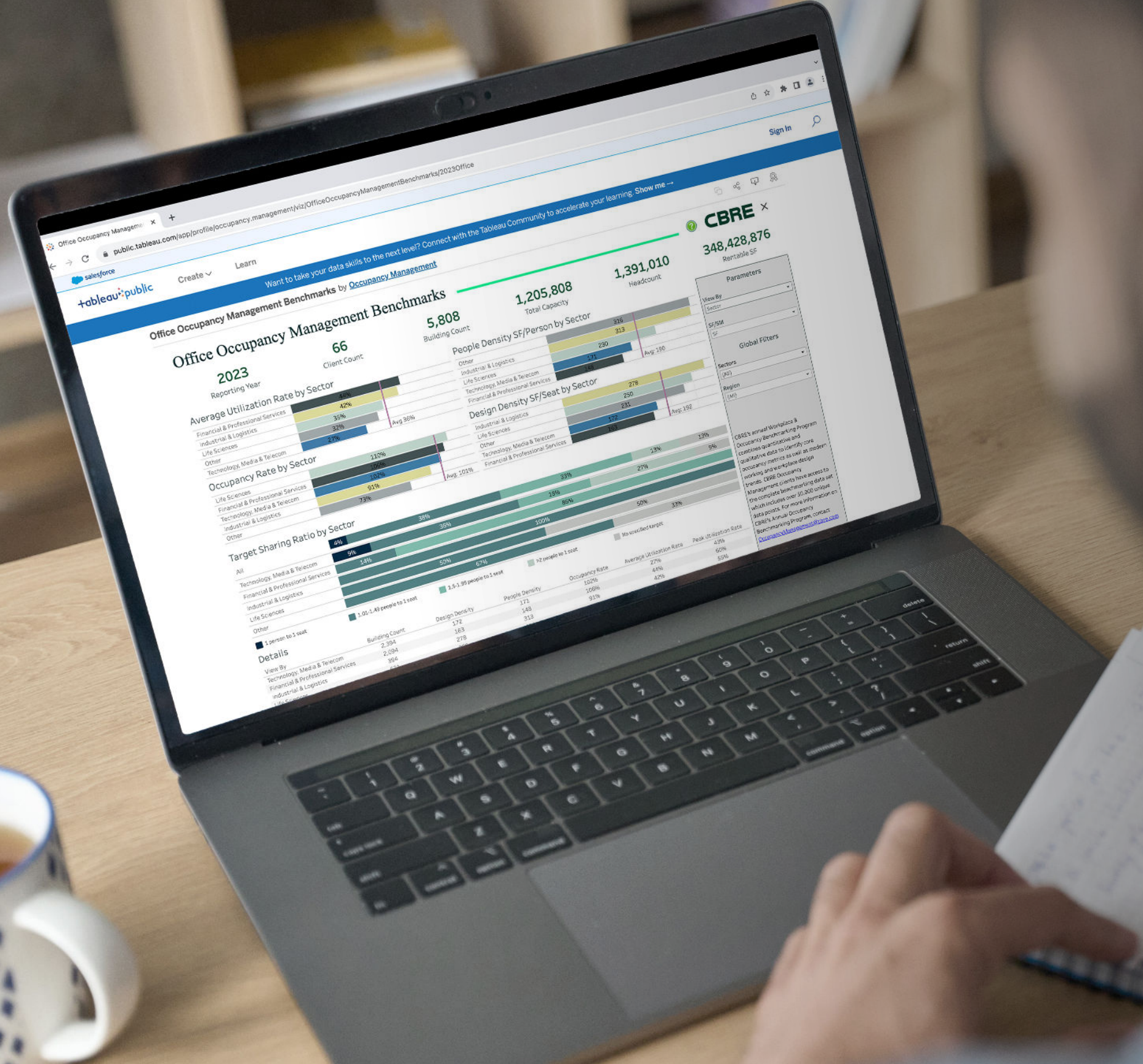
Today, despite these efficiencies, there is still an imbalance of space supply and demand

Despite these planning improvements and hybrid workplace policies, office space **utilization rates**, which measure the actual use of space, remain under **40%**, a **45%** decrease from the pre-pandemic global average of **64%**. This suggests that office attendance has plateaued, exposing an imbalance of space supply and demand that will not simply resolve itself without purposeful action such as well-communicated changes to hybrid policy, workplace experience improvements that attract more employees to the office or further reductions in portfolio size.

03

Moving forward, portfolio optimization and new performance metrics will make the workplace more efficient and effective

To address the imbalance of space supply and demand, most organizations are increasing space-sharing and prioritizing portfolio optimization, with **43%** planning to decrease their portfolio size by more than **30%** in the next three years. Along the way, corporate real estate (CRE) leaders will be tasked with making the overall workplace experience more effective in supporting the organization's business and cultural goals. This will require a new scorecard that partners CRE with HR, Finance and IT to track the workplace's impact on employee performance, operational priorities, financial goals and ESG objectives. To prepare for this new level of data sharing and collaboration, CRE teams plan to increase the use of micro level utilization data gathered through sensors and Wi-Fi/network activity to measure employee workstyles, reduce occupancy costs per visit and enable dynamic building management.



Office Occupancy Management Benchmarks Dashboard

Explore these Occupancy Metrics and more in CBRE's new Office Occupancy Management Benchmarks dashboard

[Explore now](#)

02

Hybrid Programs That Work

Hybrid work is standard, but approaches vary

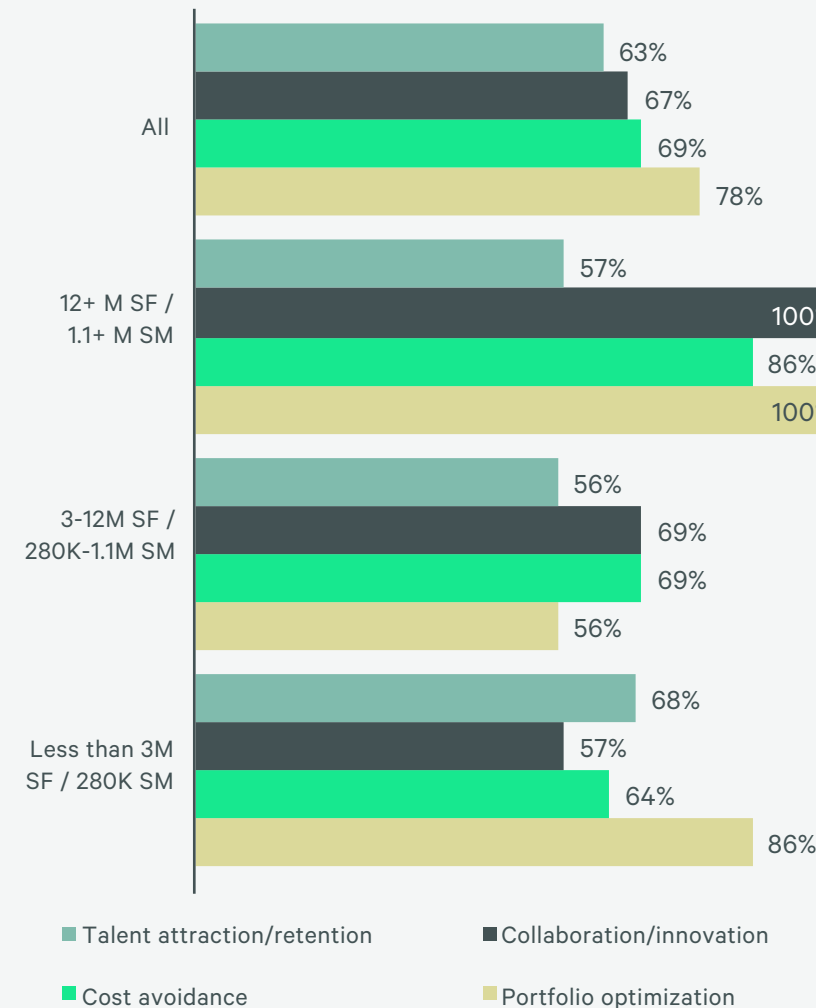
Organizations' primary motivation for supporting hybrid work is to optimize their real estate portfolio. Most organizations ask employees to spend half their time or more in the office, with less than **10%** requiring in-office work full time.

Despite having similar motivations and policies, organizations' approaches to hybrid work vary, particularly by portfolio size. For example, participants with medium-sized portfolios are not investing in training workers on effective hybrid work practices and are offering training for managers at significantly lower rates than their peers. While most participants are investing in technology tools to support hybrid work and collaboration, companies with larger portfolios are more likely to implement the training, change management, and communication programs needed to drive transformation.

90%

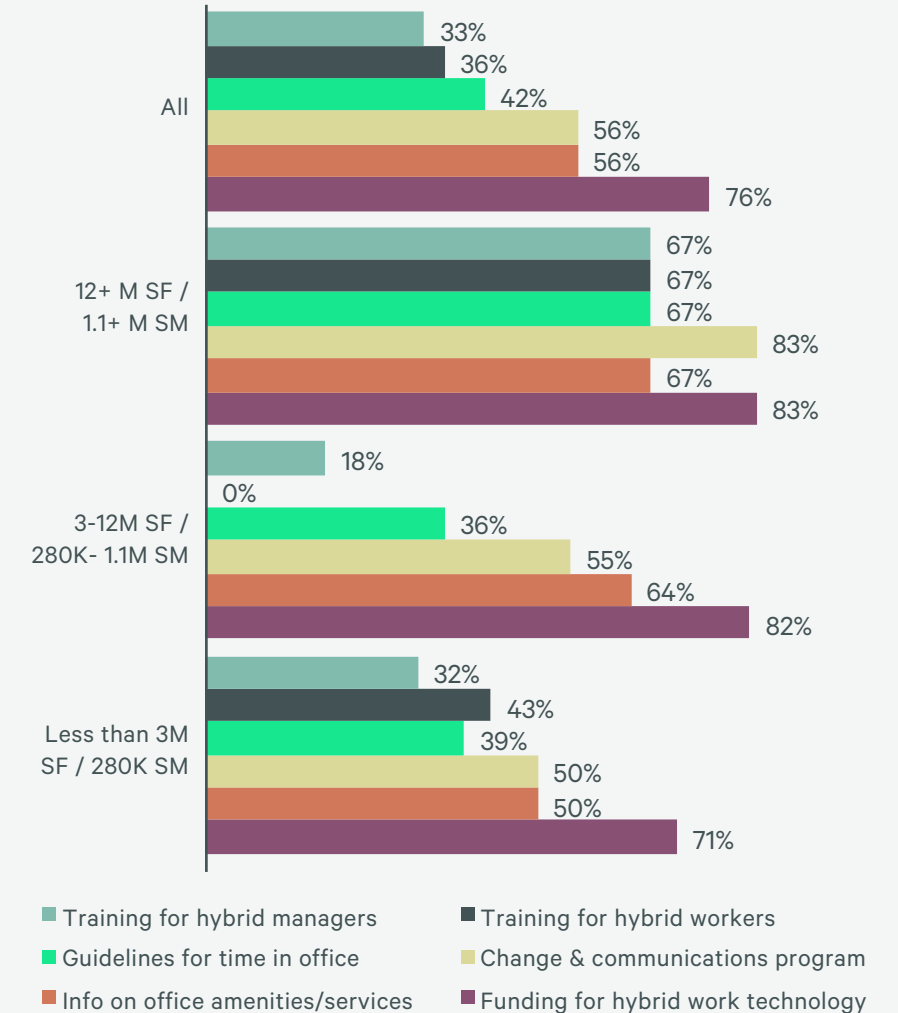
of workplace policies offered a hybrid program, an **8%** increase from **83%** in 2021

FIGURE 1: What are the goals for supporting hybrid work?



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

FIGURE 2: Which of the following is included in your hybrid work program?



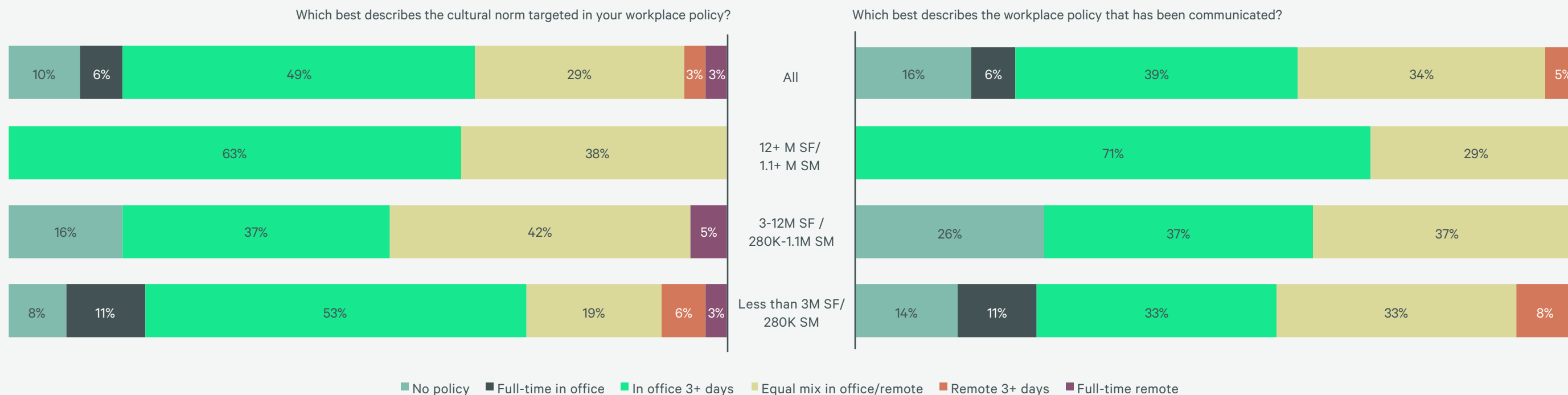
Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

There are gaps between what organizations want and what policies say

Organizations create workplace policies to establish cultural norms and guide employees' behavior. These policies are especially important for setting clear expectations during times of change but must be communicated clearly and consistently to drive the desired behaviors. When we compare the behaviors that policies target to the behaviors that policies communicate, we see a disconnect between what leaders expect and the direction they give employees. No wonder **81%** of participants say leadership expectations and employee behavior are not in sync.

81%
of participants say leadership expectations and employee behavior are not in sync

FIGURES 3, 4: The difference between targeted behavior and policy requirements



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

Common characteristics of successful hybrid work programs

19%

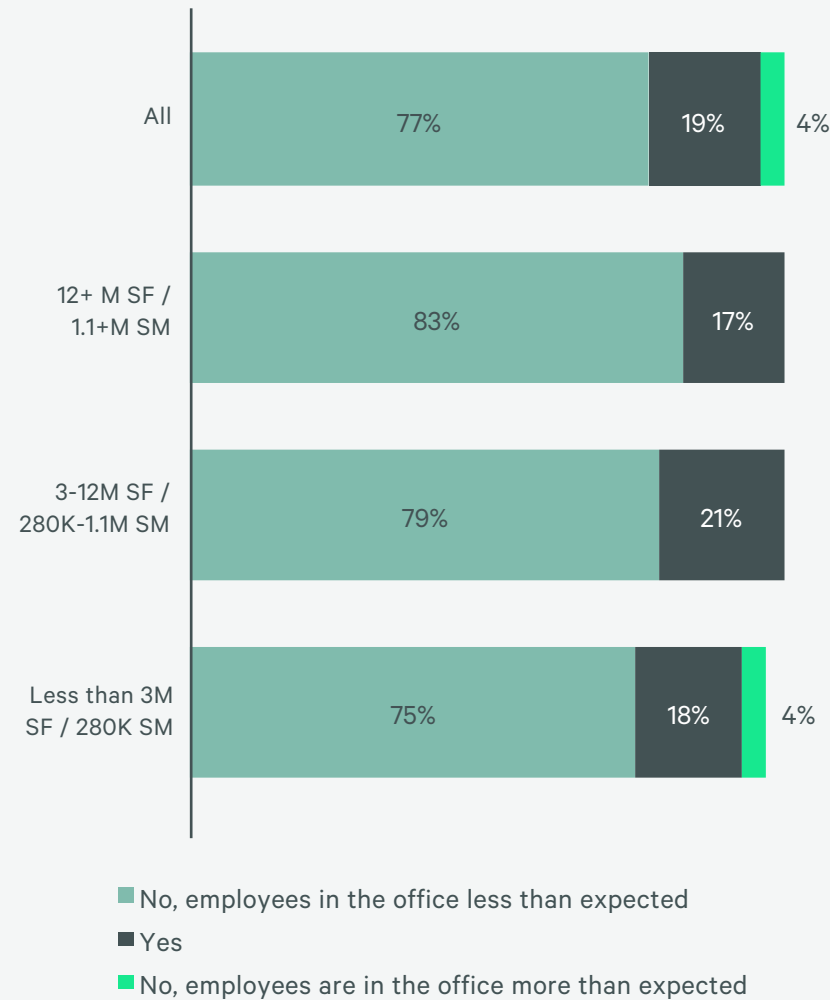
of participants claim to have successful hybrid programs where employee behaviors and leadership expectations align

Only 19% of participants claim to have successful hybrid programs where employee behaviors and leadership expectations align. These organizations have common characteristics—most notably, all of them have documented workplace policies and guidelines. Those organizations that have clearly communicated leadership expectations are most likely to see the desired behaviors from employees.

89%

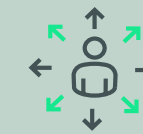
of organizations with successful hybrid programs have portfolios of less than 6 million sq. ft./ 557K sq. m., suggesting small organizations can enforce leadership expectations more easily than large organizations

FIGURE 5:
Are the hybrid work expectations of leaders and employee behaviors in sync?



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

In addition to clear guidelines, successful hybrid programs also include:



Policies that offer employees flexibility

89% of these organizations offer remote work 1-2 days per week.



Office designs that support hybrid work styles

63% of these organizations have office portfolios primarily designed for activity-based working, and 25% are designed primarily for focus-based working.



Investment in tools to support hybrid collaboration

44% include both change management and technology investments in their hybrid work program.

03

Rebalancing Space Supply & Demand



“

Many organizations are using pre-COVID office space for a post-pandemic workforce. Until they repurpose or rightsize old offices to support new work styles, they'll continue to struggle with low office utilization.

Susan Wasmund
CBRE Global Occupancy Management Lead

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Hybrid work has changed the demand for office space

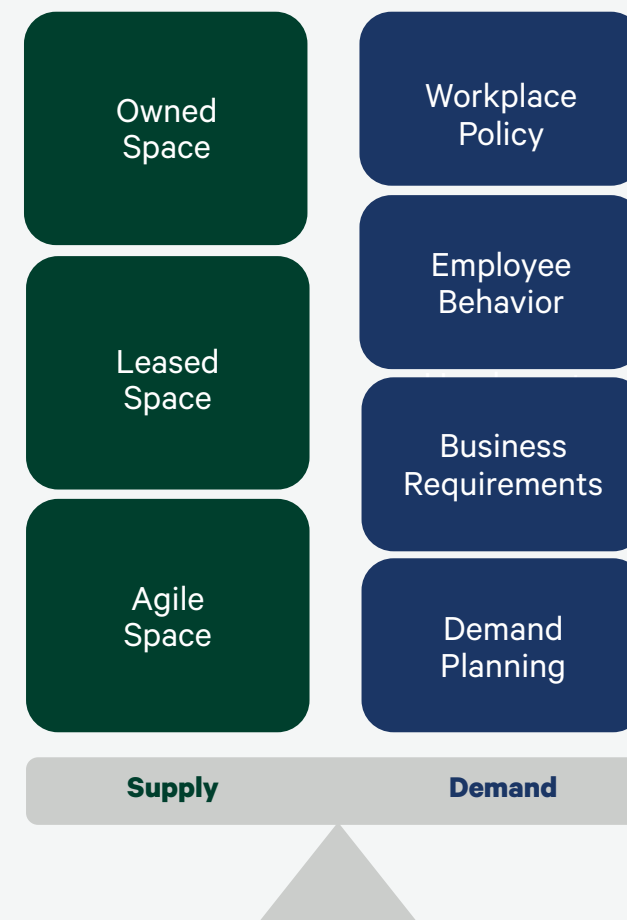
In 2023, only **6%** of organizations asked their employees to be in the office full time. Widespread adoption of hybrid work led to a **30%** increase in space-sharing since 2021. This means that today’s demand for office space is no longer driven by headcount but by a combination of business requirements, workplace policy and employee behaviors, which can be understood by examining office attendance and space-use patterns.

FIGURE 6: The new demand for space

Traditional Supply & Demand



New Supply & Demand



Source: CBRE Workplace & Occupancy Management, 2023.

Occupancy Strategy Terms

Office Attendance: The total number of employees who visit the office in a given time period

Office Show-up Rate: A method of understanding the demand for space based on employee attendance patterns. Calculated by dividing the office attendance (OA) by the total headcount of the office

Office Utilization Rate: A method of comparing space demand and supply to determine if space is being used effectively. Calculated by dividing the office attendance by the capacity of the office

Office attendance data helps organizations understand their demand for space, while space utilization data measures how effectively the space supports that demand.

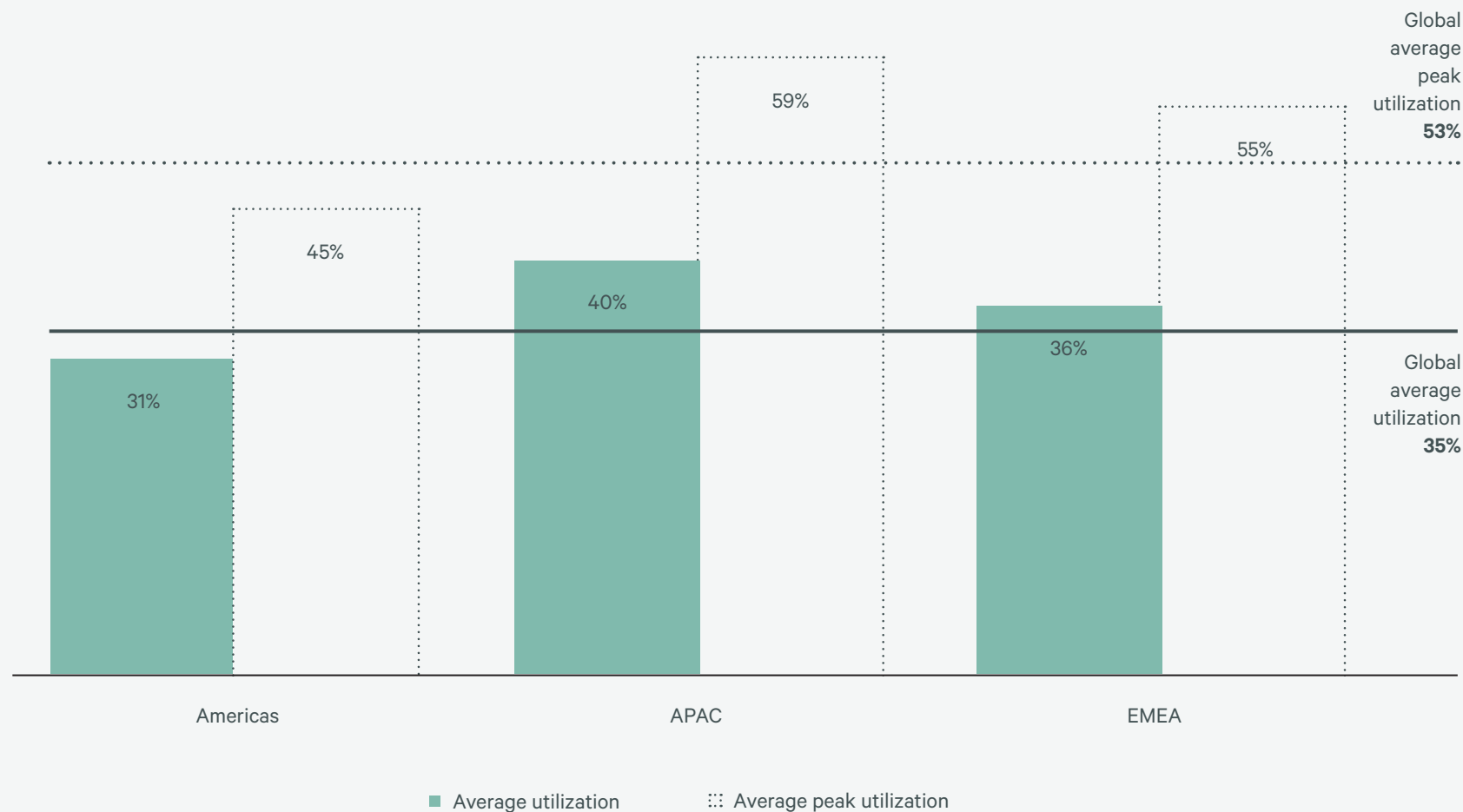
Low office utilization exposes an imbalance of space supply & demand

From Q2 2022 to Q2 2023, global average office utilization, which measures the actual use of space, was **35%** (**31%** Americas, **40%** Asia-Pacific, and **36%** EMEA), a **45%** decrease from the pre-pandemic global average of **64%**. Low pre-pandemic office space utilization has been exacerbated by hybrid work, creating an excess of underutilized space in office portfolios.

The operational and financial impacts of underutilized space remain a top concern for CRE leaders, prompting many organizations to implement or expand utilization management solutions. Of the **81%** who measure space utilization, **96%** use badge swipe data, a **21%** increase since 2021. Decreased use of Wi-Fi network data (down **19%** since 2021) and threshold and desk/chair sensors (down **42%** and **68%** respectively since 2021) suggests badge data has been sufficient for many organizations. However, plans to increase the use of Wi-Fi/network data and ceiling-mounted area sensors indicate a need for more detailed, higher-quality data to support portfolio optimization and workplace experience goals.

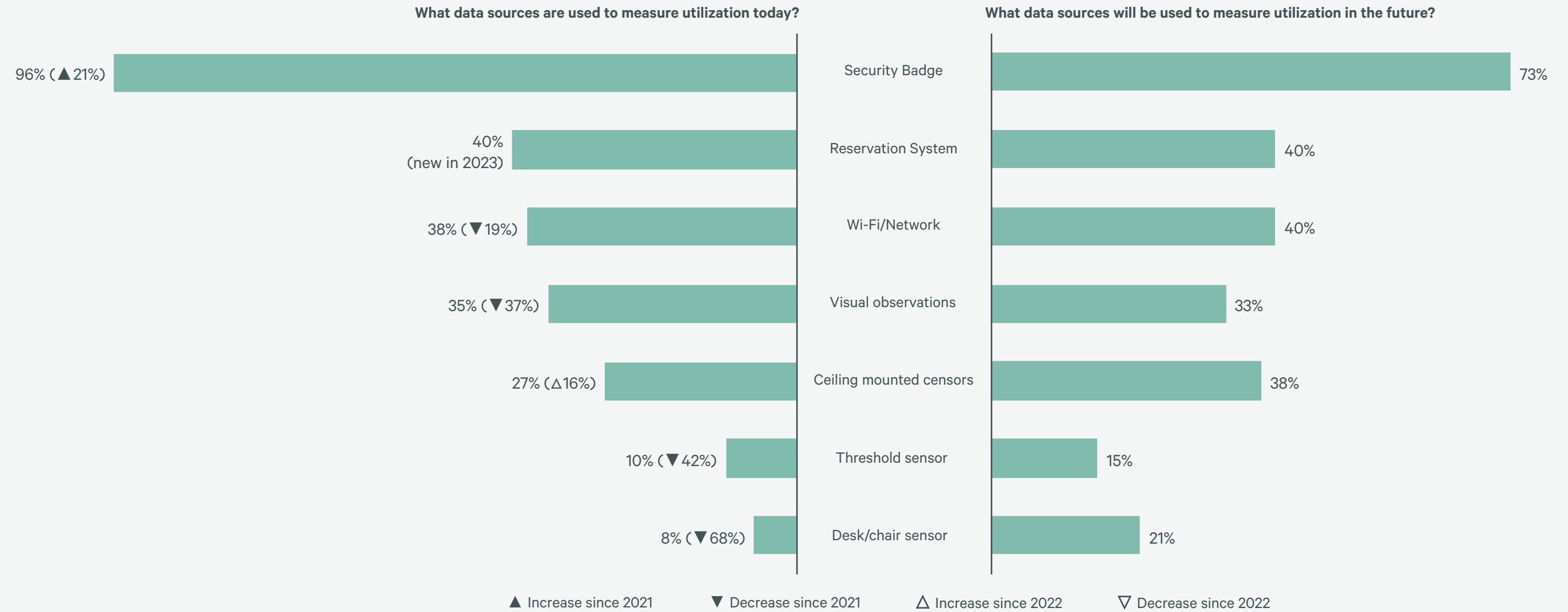
According to research from global utilization sensor provider XY Sense, **36%** of workstations go unused on a typical work day and **29%** are used less than 3 hours per day

FIGURE 7: Average office utilization rates from Q2 2022-Q2 2023



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

FIGURE 8: Sources of utilization data now and in the future



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023

Rebalancing the supply & demand of space

Organizations have three options for rebalancing space supply and demand. They can focus on increasing the demand for space, decreasing the supply of space or optimizing the portfolio by doing both.

FIGURE 9: Space supply & demand imbalance

Designing for new hybrid work styles

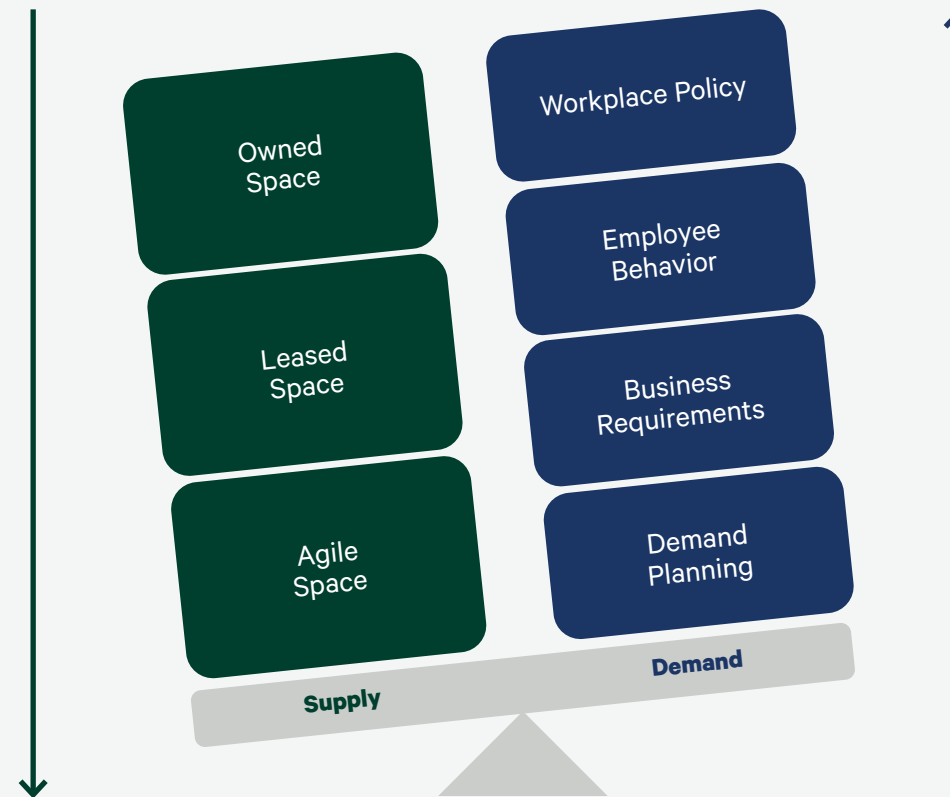
- Ensure the right balance of focus, collaboration, support and amenity space based on employee use patterns and business objectives for the workplace.

Reconsidering occupancy planning metrics to measure the full opportunity of alternative workspaces

- Include collaboration and focus areas in your office capacity.
- Use utilization data to inform space-sharing ratios based on employee work patterns.

Decreasing excess supply of underutilized space

- Consolidate multiple office locations.
- Concentrate headcount growth in existing locations to absorb underutilized space.
- Increase the use of flexible lease terms and agile solutions to increase portfolio elasticity.



Clarifying office attendance expectations through clear policies and change management processes

- Ensure that policies clearly communicate in-office, hybrid or remote requirements and any consequences for violating policy.
- Implement a change management plan to increase awareness of workplace value and attendance expectations. Well-defined plans will help employees understand the why of new policies and how in-office time supports company culture and goals.

Growing organic employee demand for space creating workplace experiences that support connection and community

Implement a hybrid demand planning process

- Measure office attendance and space utilization on an ongoing basis to understand the employee behaviors driving your current and future space demand.
- Standardize recurring demand planning process that incorporates workplace policy, employee behavior and business requirements to improve planning accuracy and speed.

Training employees and managers to build effective hybrid work and collaboration skills

Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

Clarify office attendance expectations, but use mandates with caution

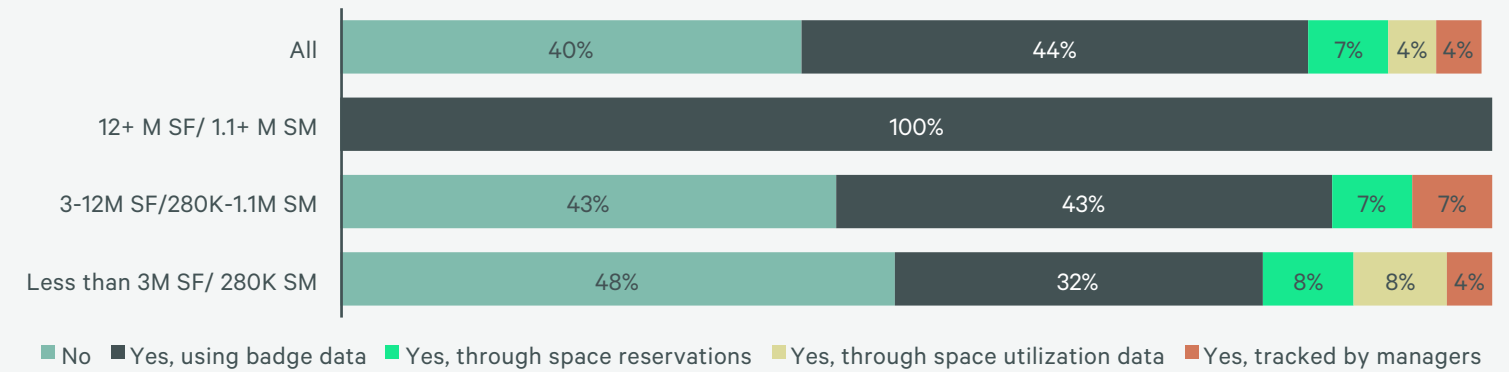
In 2023, **60%** are tracking employee attendance but only **4%** consistently enforce consequences for not following policy

Workplace policies range from providing guidance for time in office to explicitly mandating office attendance. Policies that require employees to spend a specific amount of time in the office provide clear guidance on what is expected, but many organizations avoid these mandates to maintain employees' sense of empowerment and trust in leadership.

While mandating office attendance provides an enforceable policy, organizations must consider their appetite for acting on those policies and how those choices may impact long-term relationships with employees, their public brand identity and overall corporate culture.

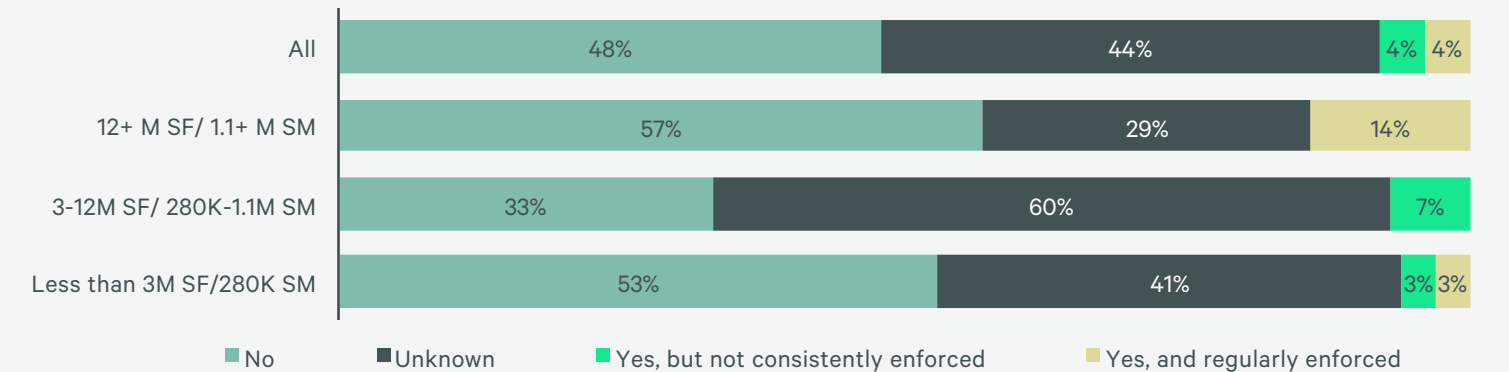
In 2023, **60%** of participants are tracking employees' office attendance but only **4%** consistently enforce consequences for not following policy. Organizations with large portfolios (more than 12 million sq. ft./1.1 million sq. m.) are most likely to track in-office attendance. Organizations that track attendance are most likely to use badge or space reservation data. Unlike measuring space utilization, which typically uses anonymous data, tracking employees' office attendance is not anonymous. Depending on the data collected, tracking individual employees' attendance may violate many regional identity and privacy protection laws such as Europe's General Data Protection Regulation. Grouping attendance data by teams of more than five employees is usually sufficient for the data to be used.

FIGURE 10: If your hybrid program requires employees to work in the office, is employees' office attendance tracked?



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

FIGURE 11: Are there consequences for employees who do not follow hybrid policy requirements?



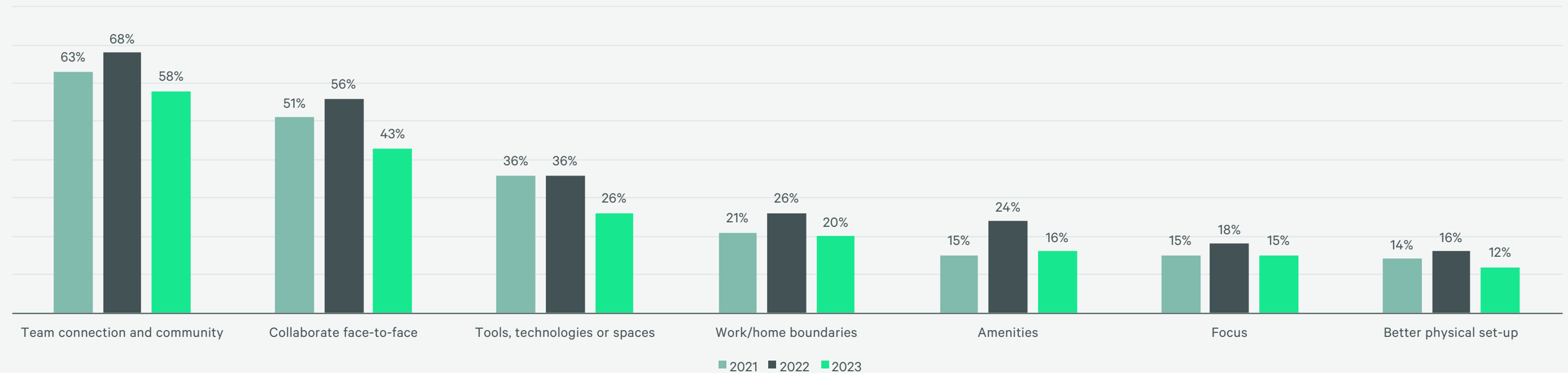
Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

Grow organic demand for space by improving the workplace experience

Since 2021, CBRE U.S. Workplace Sentiment surveys have found that most employees who want to go to the office do so for connection and community (although these results cannot be extrapolated to Asia-Pacific and EMEA employees). More specifically, these surveys proved that U.S. employees rely on the office for three things:

- Building relationships with newly formed teams or colleagues
- Meetings with leaders or mentors
- Participating in work events

FIGURE 12: What are the primary reasons you would come into the office?



Source: CBRE U.S. Workplace Sentiment Surveys, 2021-2023.

Building relationships with newly formed teams or colleagues

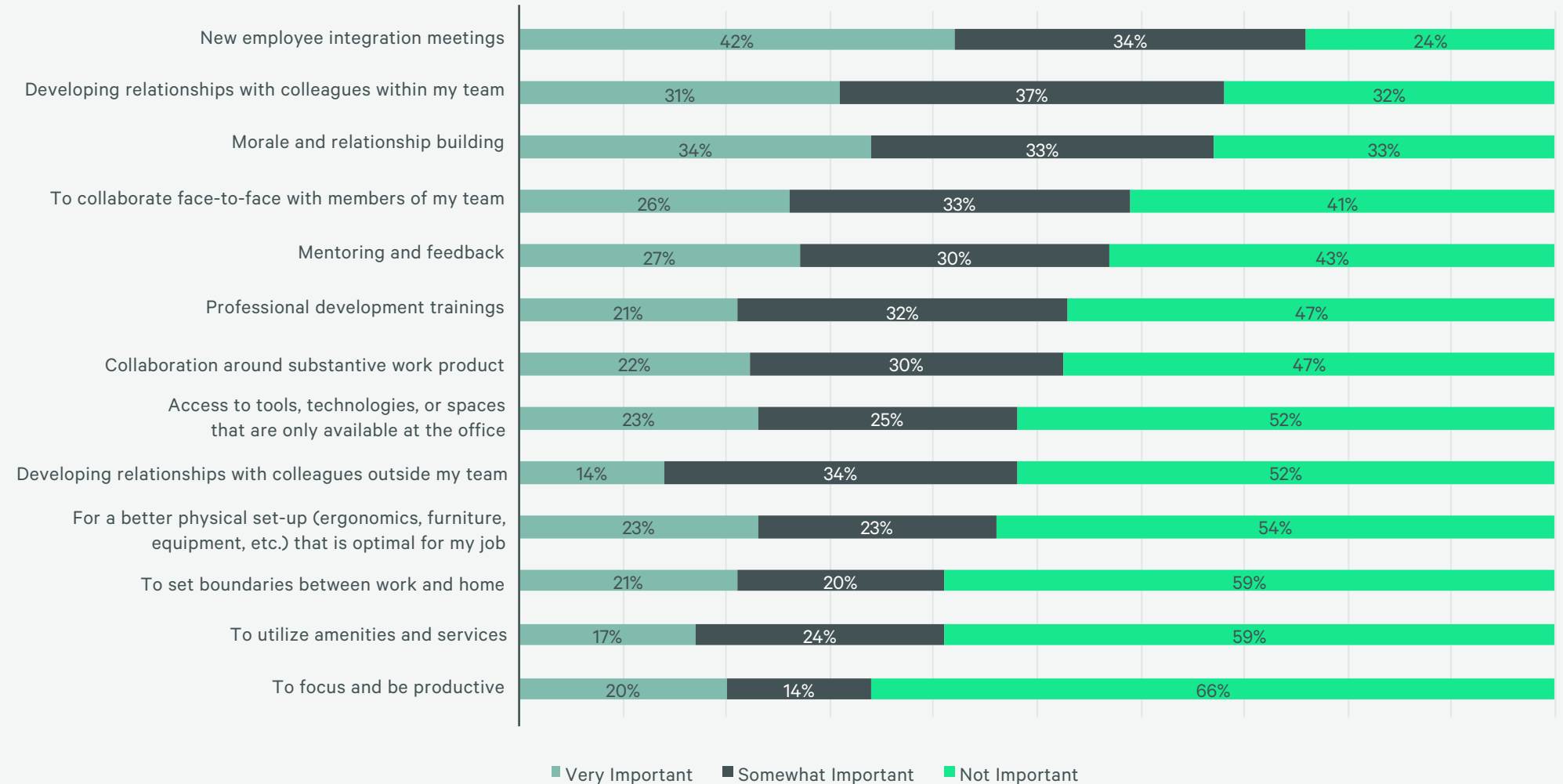
Over the past three years, many clients have attributed the success of remote working to the relationships built and maintained when predominately working from the office. Face-to-face interactions are critical to onboarding new employees, familiarizing them with organizational culture and building trust. In the 2023 sentiment survey, participants cited "new employee integration meetings" as the most important reason to work in the office.



Employees hired during the pandemic or shortly thereafter benefit from an intentional re-onboarding program.

These employees were unable to be onboarded in the office environment when they first joined, and because they weren't expected to be in the office for such a long period after their hire, many view themselves as remote-first employees, regardless of the organization's policy. A re-onboarding program reintroduces these workers to the organization and connects them to the workplace, colleagues and company norms and expectations.

FIGURE 13: Considering your professional development, how important is it to be in the office for the following reasons?



Source: CBRE U.S. Workplace Sentiment Surveys, 2021-2023.

Leadership interaction

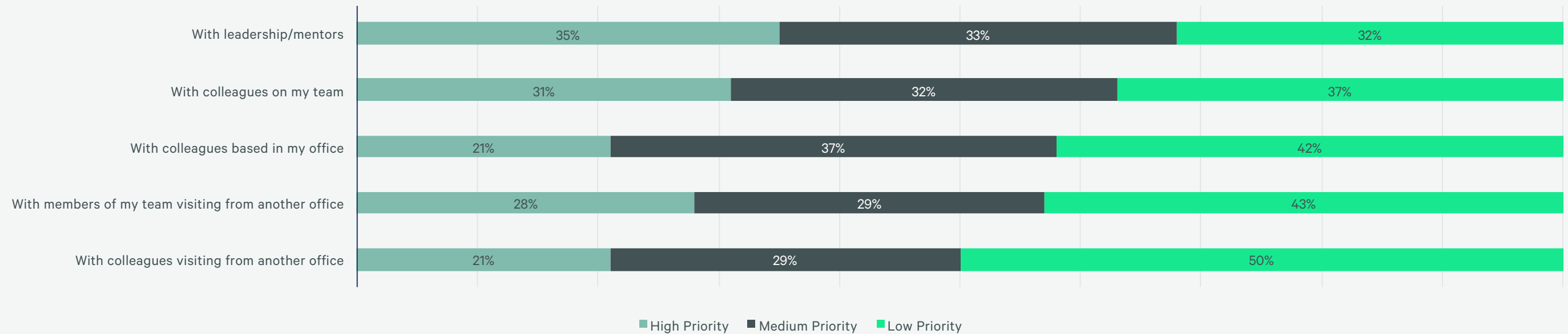
In addition to a preference for working with new colleagues face-to-face, employees prefer in-person attendance at meetings with leaders or mentors. Knowing that employees value the opportunity to interact with leaders, many organizations have implemented policies to encourage leader attendance in the office. By creating an environment where senior employees lead by example, organizations are hoping to incentivize individuals to come into the office more frequently.



Creating drive-by leadership interaction opportunities has proved to be a powerful draw for many companies striving to encourage employees to come back into the office.

Leaders rotate working from open spaces in the office, such as a lounge or café area. This allows for more personal and casual interactions between leaders and teams. This approach has an added bonus of creating awareness of the diversity of space types in the office, helping draw employees away from desks and conference rooms and into areas where they can mix and collaborate.

FIGURE 14: How important is the office for meetings with the following participants?



Source: CBRE U.S. Workplace Sentiment Surveys, 2021-2023.

In-Office Events

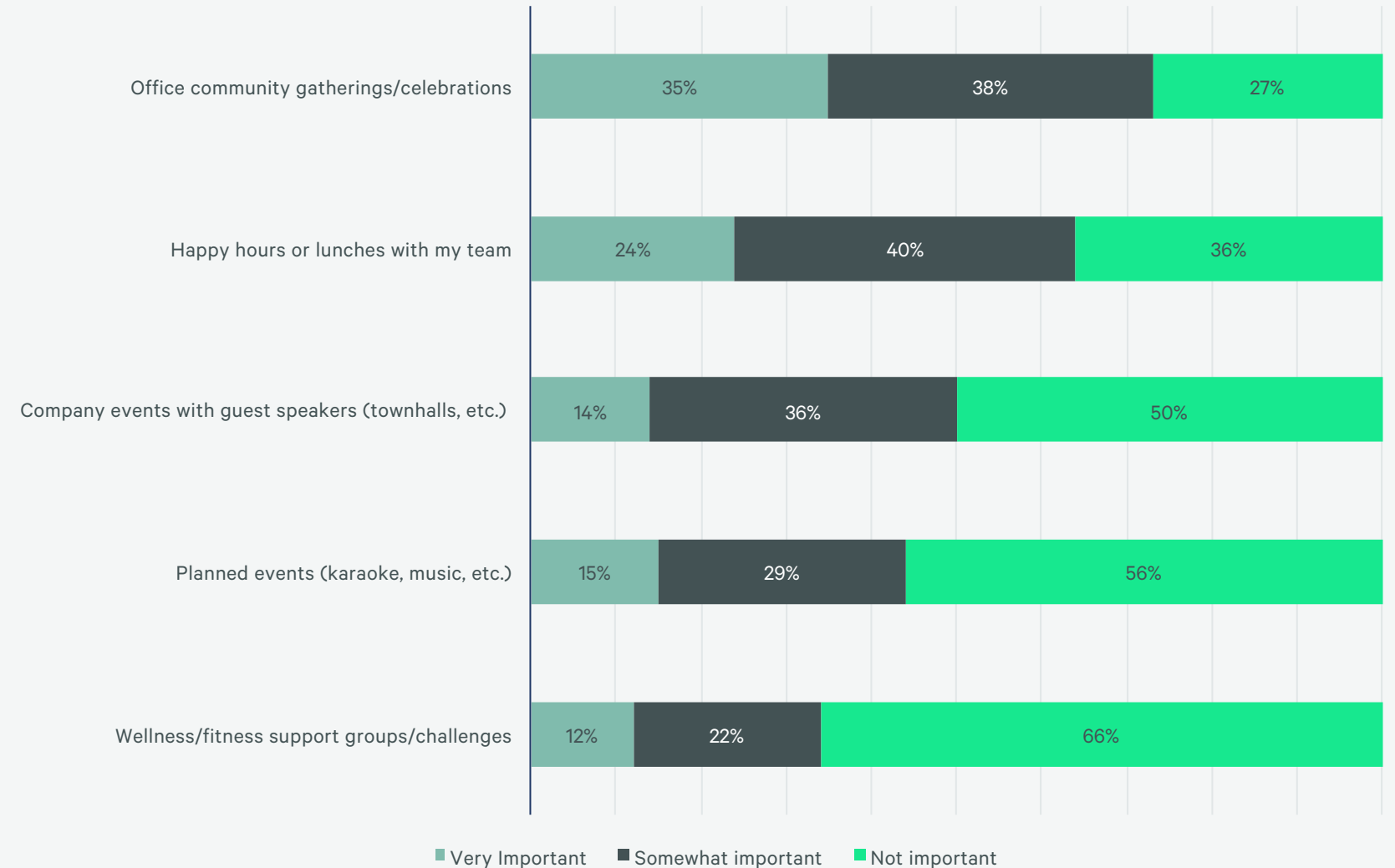
As large in-office gatherings return, organizations want to spend resources wisely on events that employees truly value. Increased hybrid work has led to employees forming new habits and placing less priority on attending every company event. Respondents to the 2023 sentiment survey indicated that they are more likely to attend events occurring in the office during typical work hours. This includes work-related or personal celebrations, team lunches and townhalls. More informal events that take place outside the office were a lower priority for participants.



Affinity groups or Employee Resource Groups in an organization typically have high participation rates.

Partnering with these groups to conduct in-office events can provide a double benefit for in-office participation. Further, these groups are often active in social channels such as Slack, Yammer, or others across the organization and can help create buzz around events that translates into higher participation and recognition.

FIGURE 15: How important is the office for the following social opportunities?



Source: CBRE U.S. Workplace Sentiment Surveys, 2021-2023.

Implement a hybrid demand planning process

Portfolio optimization ensures the workplace design effectively supports the company’s goals in the most efficient way possible. While optimization will increase the overall value the workplace provides, it will not always result in immediate cost savings since space consolidations, design improvements and technology investments are often needed to create the desired workplace experience.

To optimize the real estate portfolio, organizations must have a consistent, recurring process for modeling and responding to constant changes to space supply and demand. This process starts with a deep understanding of the current portfolio as well as employee behaviors, workplace policies, business requirements and headcount projections. This data can then be used to calculate the space required for the hybrid work patterns of current and future employees.

Once space needs are understood, scenario plans can be developed to calculate the cost and benefits of change.

The top 3 amenities that attract employees to the office around the world




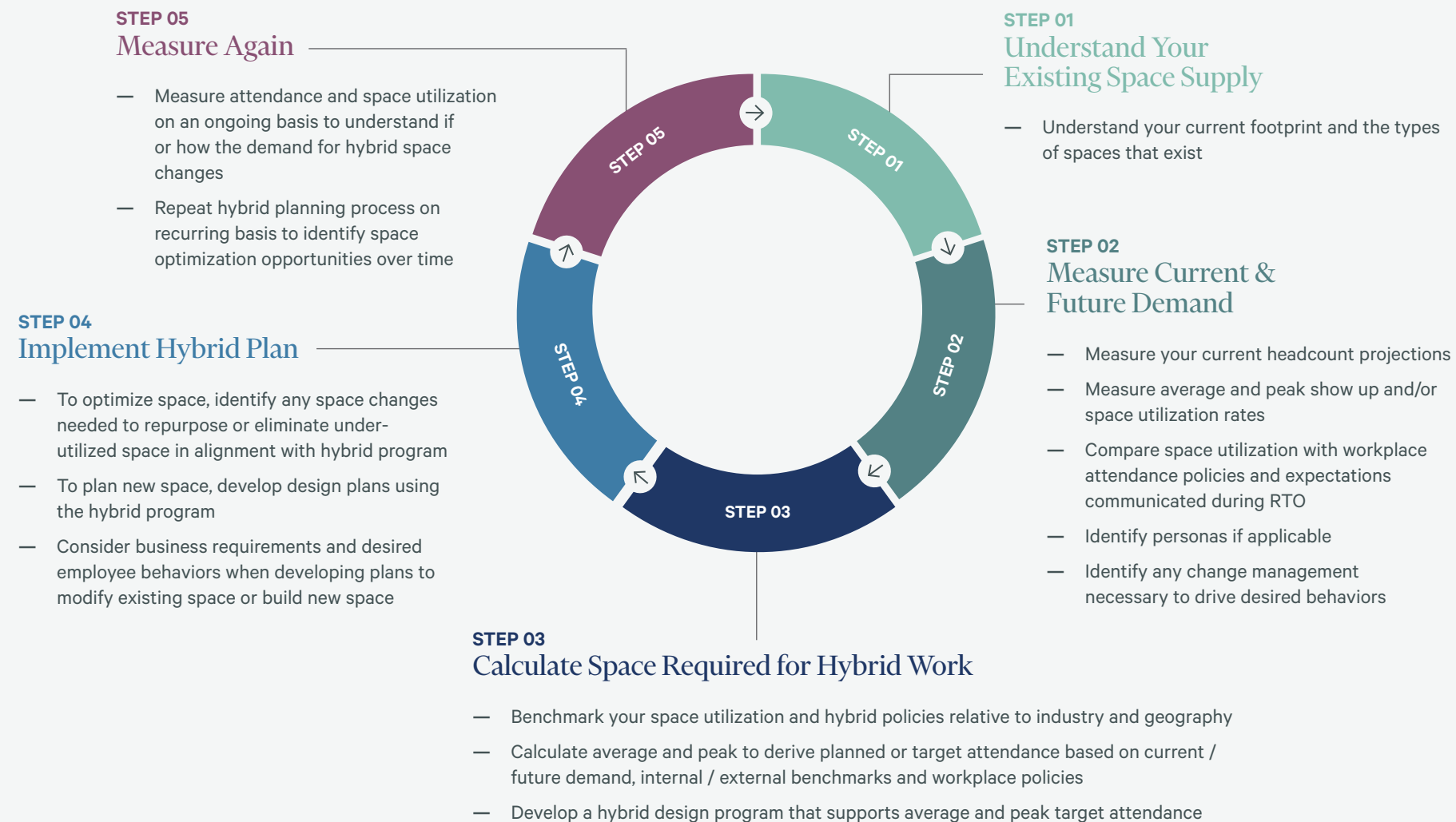
		
01 Café/ restaurant	02 Free parking	03 Barista/ coffee shop

FIGURE 16: Hybrid demand planning process



Source: CBRE Workplace & Occupancy Management, 2023.

Reconsider occupancy planning metrics to measure the opportunity of *alternative work seats*

58% of employees go to the office for connection, while only **15%** go for focus work

Traditionally, an office’s capacity was based on the number of desks and offices that could be assigned to people for focus work. Today, hybrid employees are more likely to share space, using a variety of space types for collaboration and focus throughout the day. To understand the full planning opportunity afforded by hybrid work, alternative work seats where employees can work comfortably for an extended period should be included in the office capacity.

Let’s look at an example of how including alternative work seats can impact our understanding of office capacity. The traditional capacity of the floor plan in Figure 17 is 117, because there are 117 workstations and offices designed for extended focus work. Taking into consideration alternative work seats such as those in conference rooms, huddle rooms and informal collaboration areas, we can increase the capacity to accommodate hybrid work styles. To ensure collaboration seats are available when needed, we will add **50%** of the alternative work seats to the total number of focus seats, increasing our capacity to 274.

Including alternative work seats more accurately measures hybrid workplace performance and planning efficiencies because it accounts for the space where collaboration work is done. The approximately **40%** difference in capacity highlights how traditional occupancy metrics, that have not been updated to reflect the reality of how most employees work today, can misrepresent portfolio performance and cost savings opportunities hybrid work can offer.

FIGURE 17: Including alternative work seats in office capacity



Traditional Capacity (= focus seats)	117
Focus Seats	117
Alternative Seats	311
Collaborative Seats	198
Amenity Seats	116
<hr/>	
New Capacity (= focus seats + 50% of alternative seats)*	274
Focus Seats	117
Alternative Seats	311
Collaborative Seats	198
Amenity Seats	116

* Percent of alternative seats to include in capacity will vary by Workplace strategy.
Source: CBRE Workplace & Occupancy Management and CBRE Design Collective, 2023.

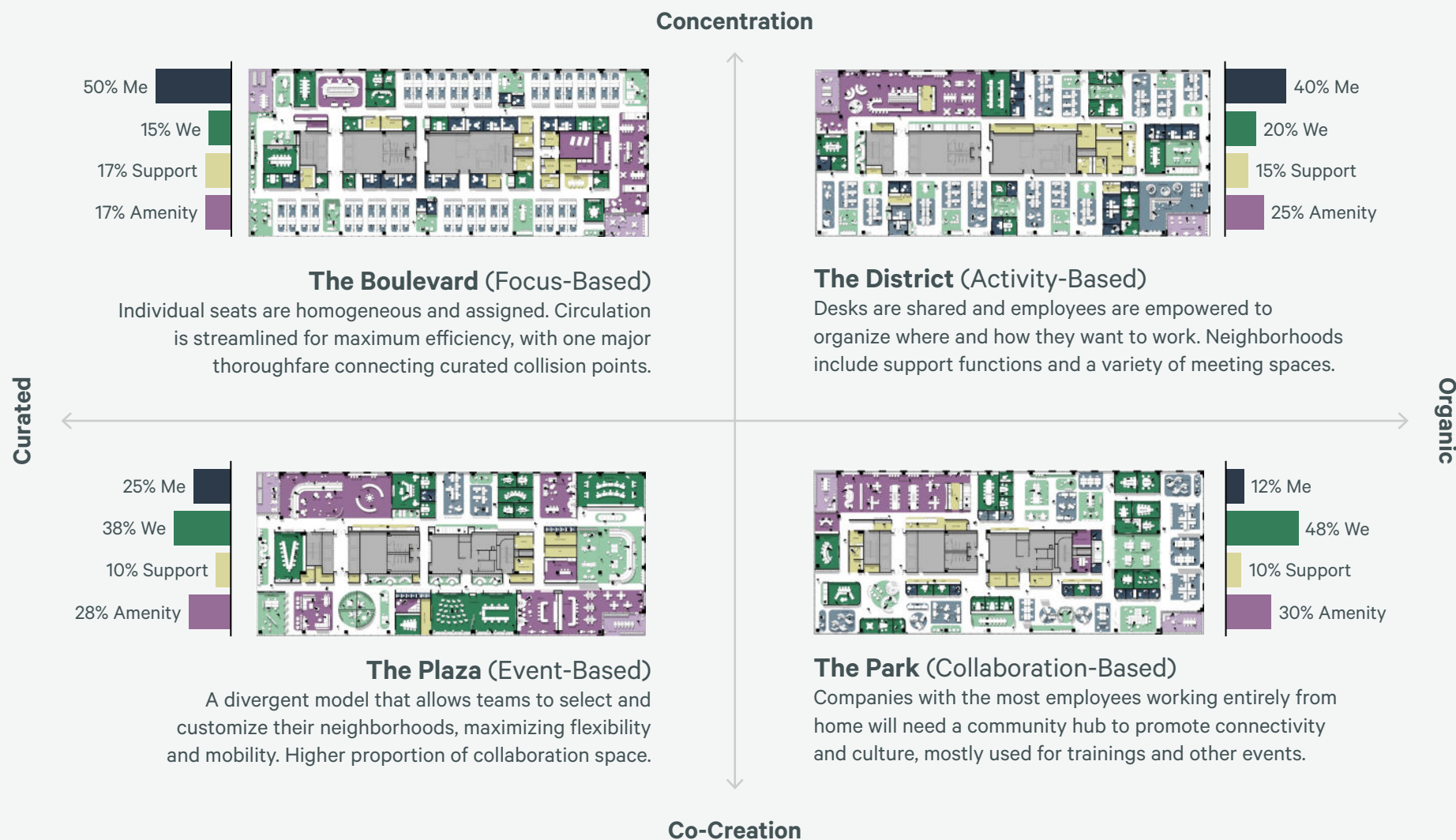
Design for new hybrid work styles

Emerging workplace designs focus on creating spaces that are flexible, collaborative, sustainable and inclusive. By designing workplaces that incorporate these trends, organizations can boost employee engagement and create a more positive and productive work environment for everyone.

CBRE Design Collective has developed four new office design concepts to support various company objectives and workplace strategies. Each design concept recommends a specific composition of space to accommodate focus and collaboration work based on the organization’s defined purpose for the office.

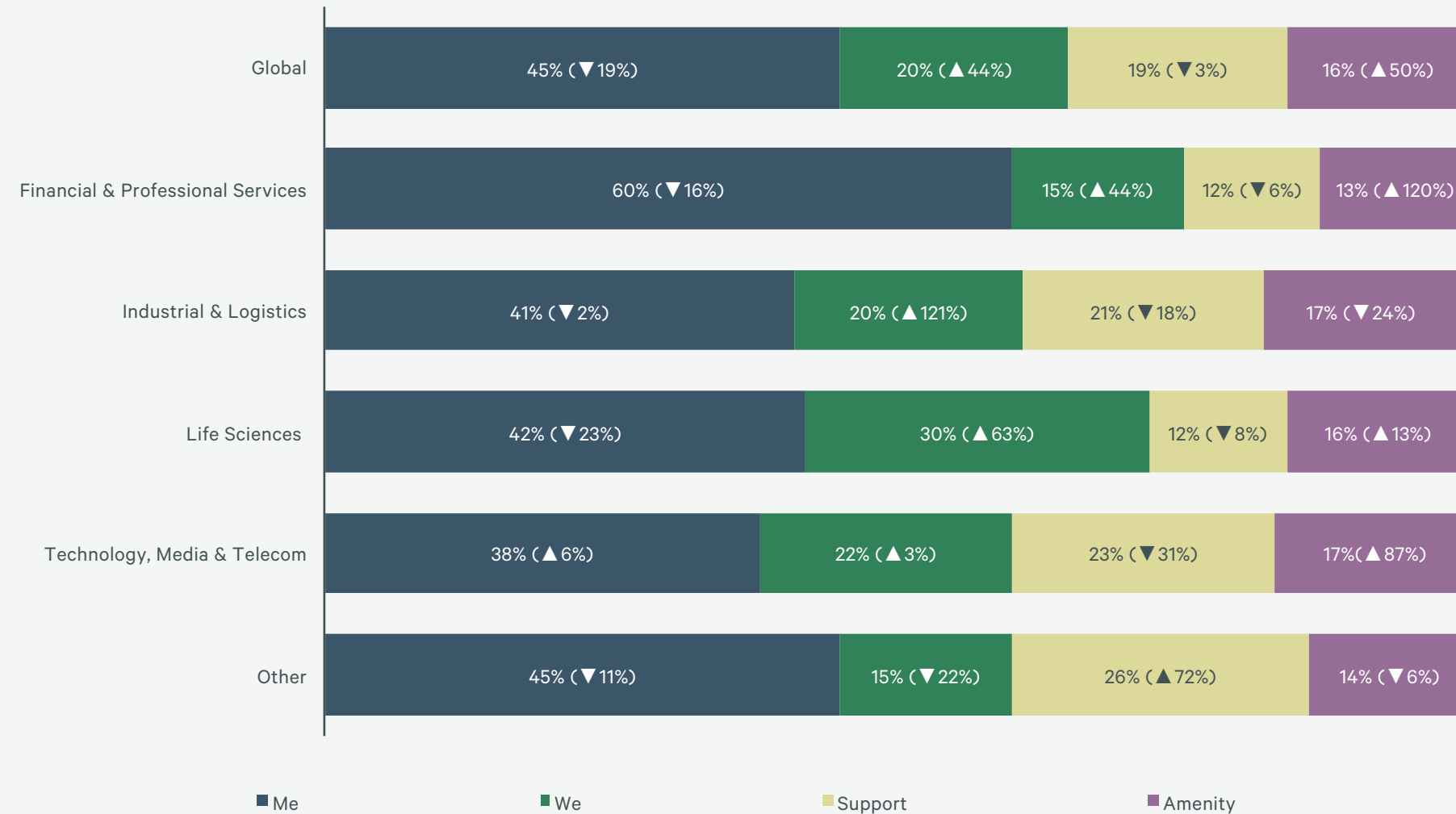
In 2023, offices designed for activity-based working were most common and had the highest utilization rates

FIGURE 18: Emerging design trends



Source: CBRE Design Collective, 2023.

FIGURE 19: Office space composition changes since 2021



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

Organizations have increased collaboration space by **44%** and decreased private space by **19%** since 2021

According to VergeSense, there has been a **16% increase in the use of meeting spaces** since 2020. During that time, benchmarking participants have increased collaboration or we space by **44%** and decreased private or me space by **19%** to support new work styles and hybrid work policies.

In 2023, portfolios of Financial & Professional Services participants strongly resemble focus-based design recommendations with an excess of me space. On the other hand, Technology, Media, & Telecom and Life Sciences portfolios resemble activity-based designs, with an excess of support space and deficit of amenity space. Industrial & Logistics and Life Sciences sectors have significantly increased the amount of collaboration space over the last three years, **75%** and **114%** respectively. Both of these sectors typically require more support space for their unique onsite R&D and testing needs. Ongoing micro level utilization data is needed to understand how the rebalancing of space will increase employees' use of space in 2024.

Decreasing the supply of space

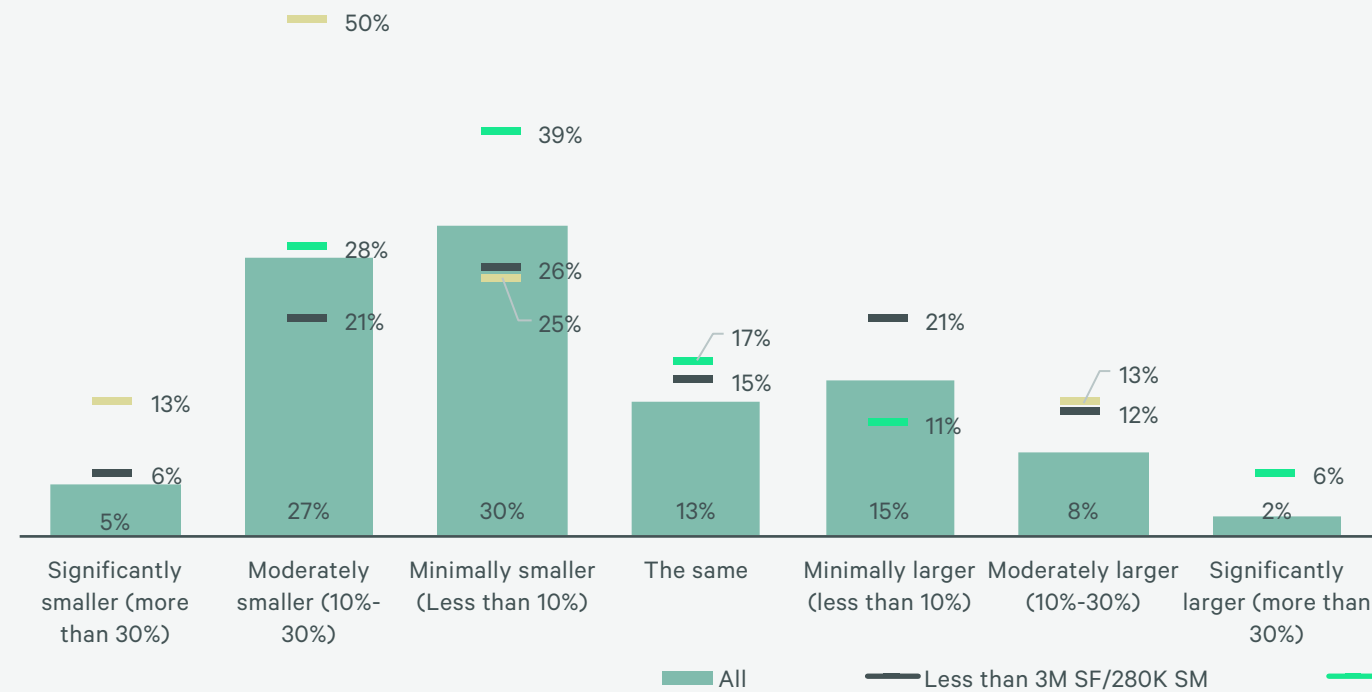
62% of participants reduced their portfolio size between 2020 and 2023. An additional 63% expect further portfolio reductions by 2026, while 29% of respondents plan to expand their portfolios over the next three years. Organizations with less than 12 million sq. ft./1.1 million sq. m., who saw minimal to moderate space decreases in the past, are planning more significant reductions in the future.

43%

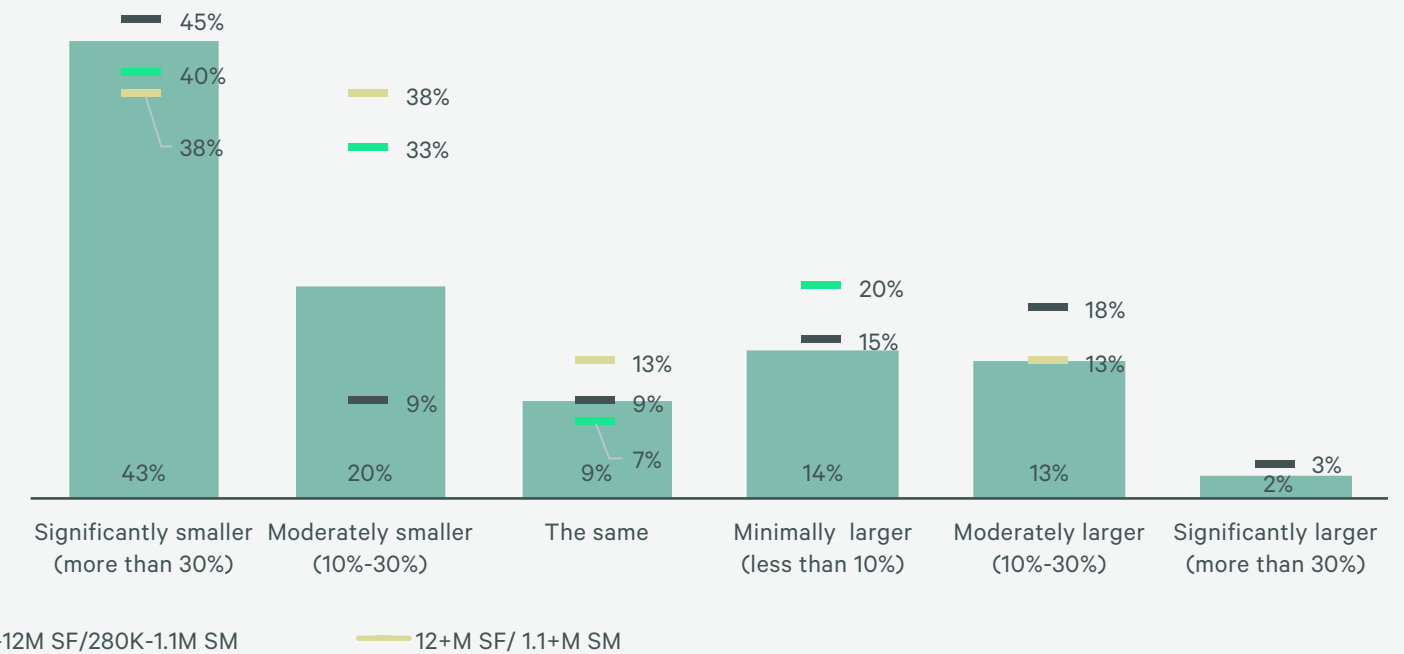
plan to reduce their portfolio more than 30% by 2026

FIGURE 20: Portfolio Changes 2020-2026

How has the portfolio changed since January 2020?



How do you expect the portfolio size to change over the next three years?



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

Top portfolio optimization strategies

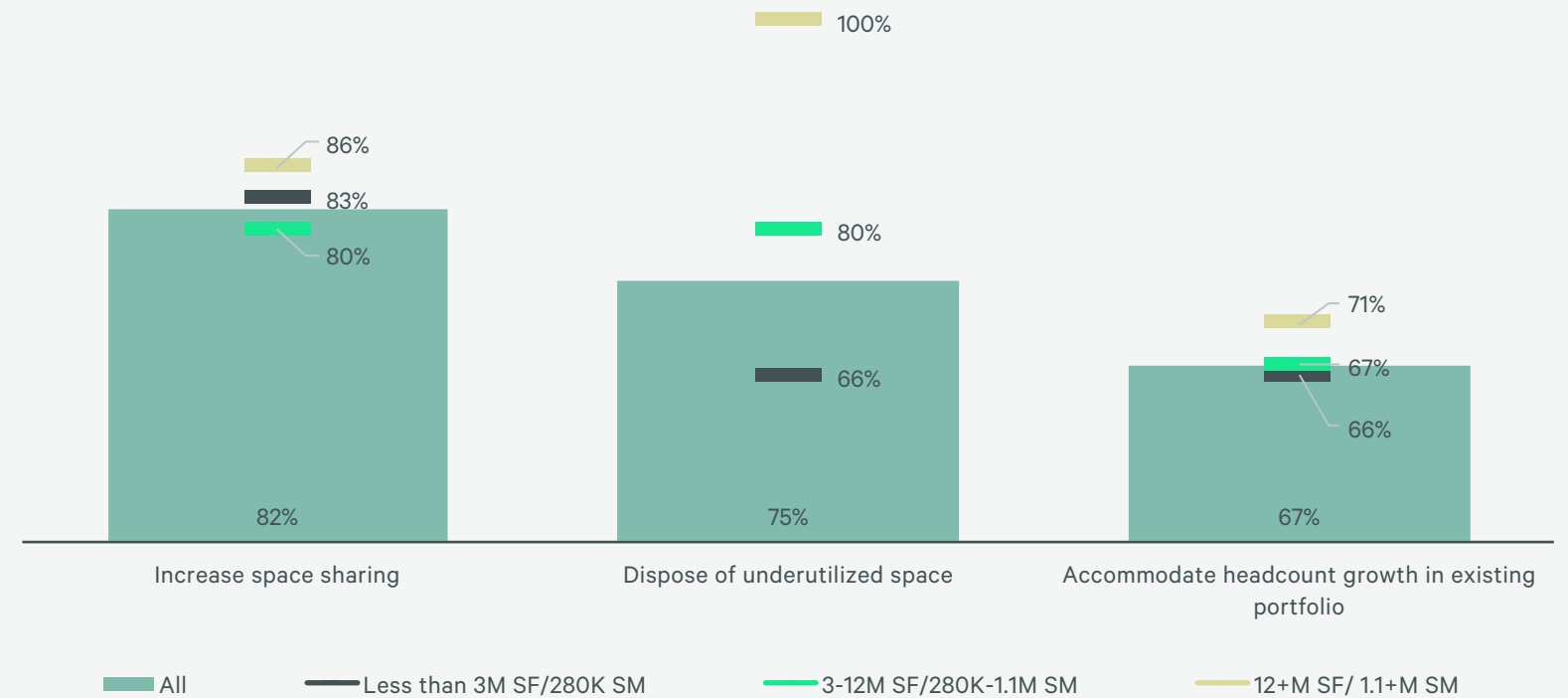
Portfolio optimization remains the top objective for corporate real estate teams. Of those organizations planning to optimize their portfolio, **75%** plan to dispose of underutilized space and **82%** plan to increase space-sharing.

Hybrid policies that offer employees flexibility offer the greatest opportunity to reduce or repurpose existing space. Understanding how these policies impact space utilization rates is critical to identifying portfolio optimization opportunities.

75%

plan to dispose of underutilized space by 2026

FIGURE 21: Top Three Portfolio Optimization Strategies



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

04

Measuring Workplace Effectiveness



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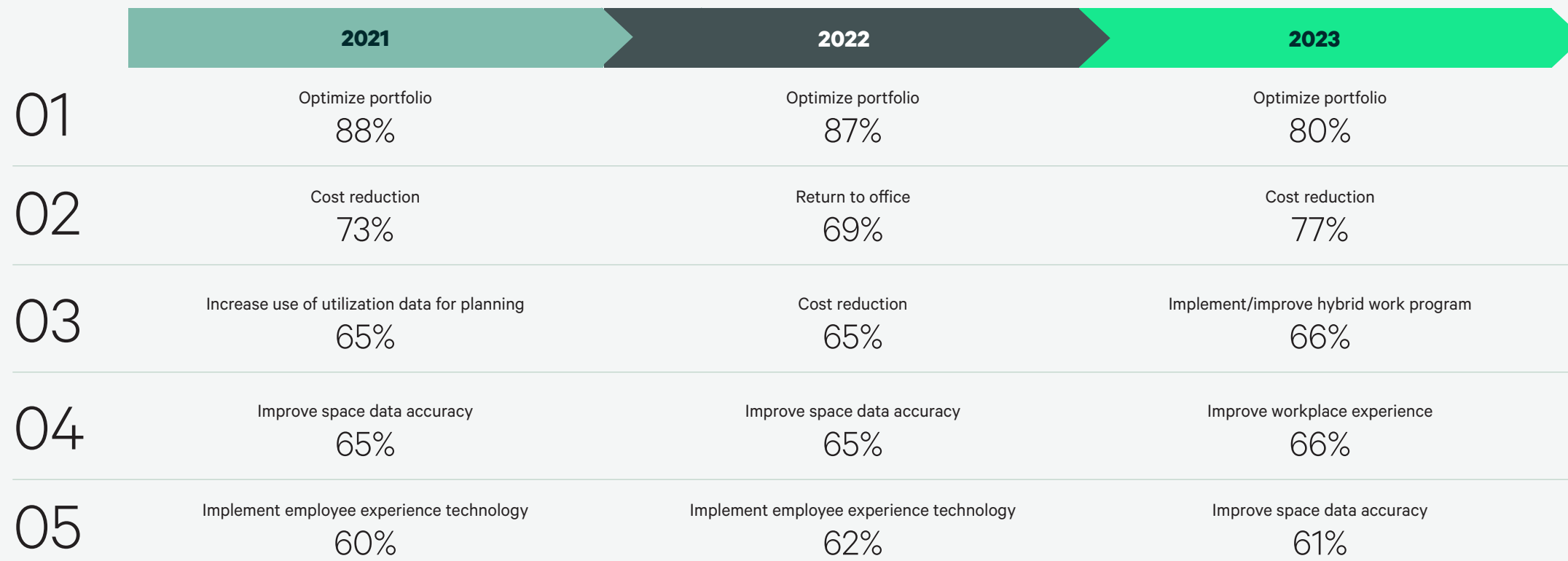
What really is changing in placemaking is this mindset of thinking less about employees as somebody that you transactionally provide accommodation to, but rather thinking about them as a consumer of an experience that you host and curate for them on site.

Lenny Beaudoin
CBRE Global Head of Workplace

”

Portfolio optimization remains the top CRE goal

FIGURE 22: Top Five Goals of CRE Teams from 2021-2023



Source: CBRE Workplace & Occupancy Benchmarking Program, 2023.

There have been few changes to CRE goals over the last three years. Portfolio optimization and cost reduction have remained top objectives for corporate real estate teams who are focusing on two strategies to achieve these goals: 1) increasing space-sharing and 2) eliminating underutilized space. **86%** of participants plan to dispose of underutilized space to reduce costs, while **75%** will do it to optimize the portfolio. **76%** of participants plan to increase space-sharing to reduce costs, while **82%** will do it to help optimize the portfolio.

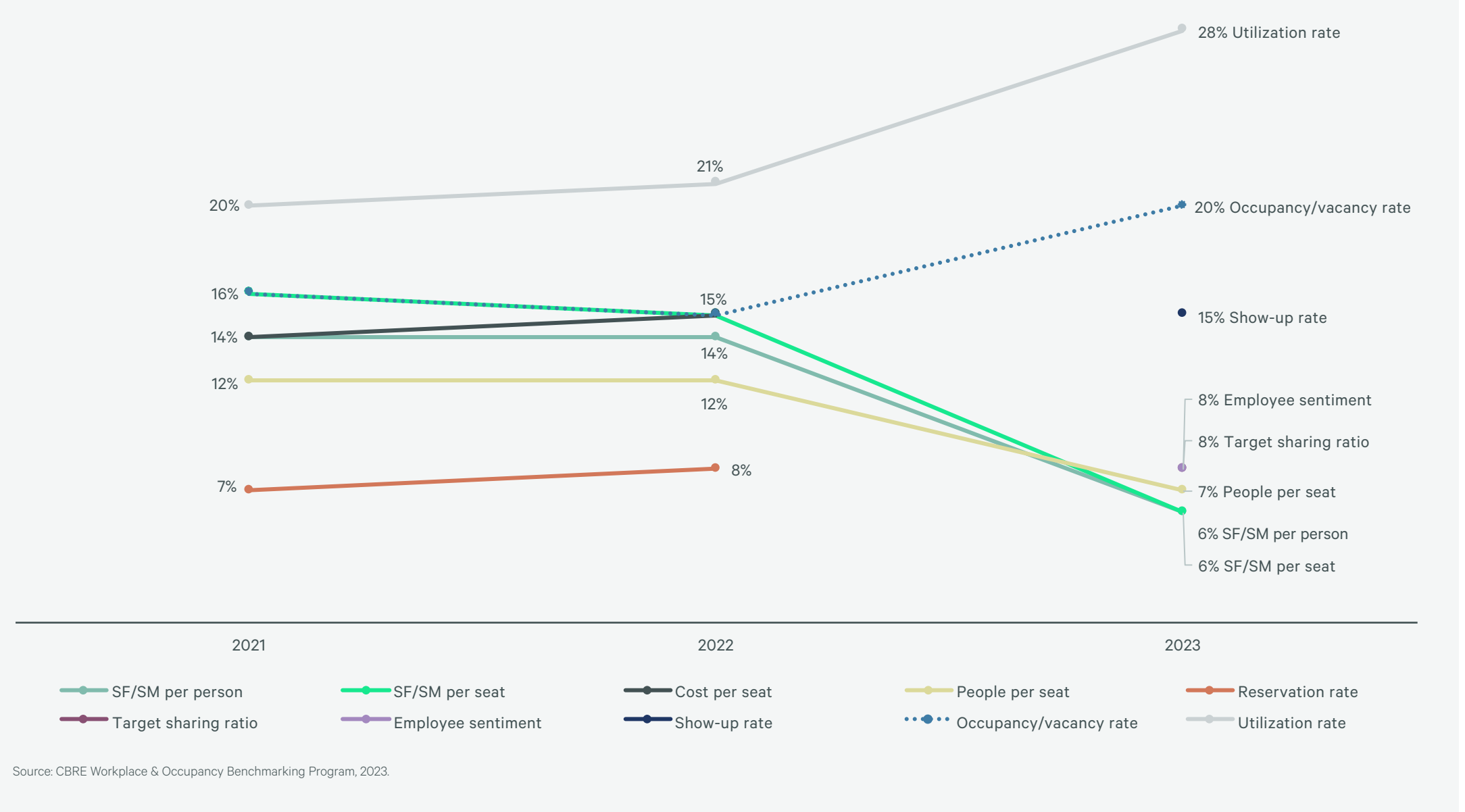
One exception, however: in 2023 we saw an increased emphasis on hybrid working and workplace experience goals supplant an earlier focus on simply returning employees to the office. This focus reflects the evolution of the workplace from a managed expense to a valuable asset in the competition for talent. As a result, CRE leaders who were once focused on making the portfolio efficient are now challenged to also make the workplace experience more effective.

The new occupancy metrics that matter most

To address the shift from efficiency to effectiveness, CRE leaders have reprioritized the metrics that matter most and expanded their perspective from occupancy to the holistic workplace. While utilization rate remains the most important metric, planning metrics like sq. ft./sq. m. per person and sq. ft./sq. m. per seat have been replaced with workplace performance metrics such as employee sentiment and attendance or show-up rate.

For the first time, sq. ft./sq. m. per person and sq. ft./sq. m. per seat are no longer in the top 5 metrics that matter most

FIGURE 23: Occupancy Metrics that Matter Most 2021-2023



This reprioritization reflects the expansion of workplace metrics from measuring plans for space to measuring the reality of how space performs.

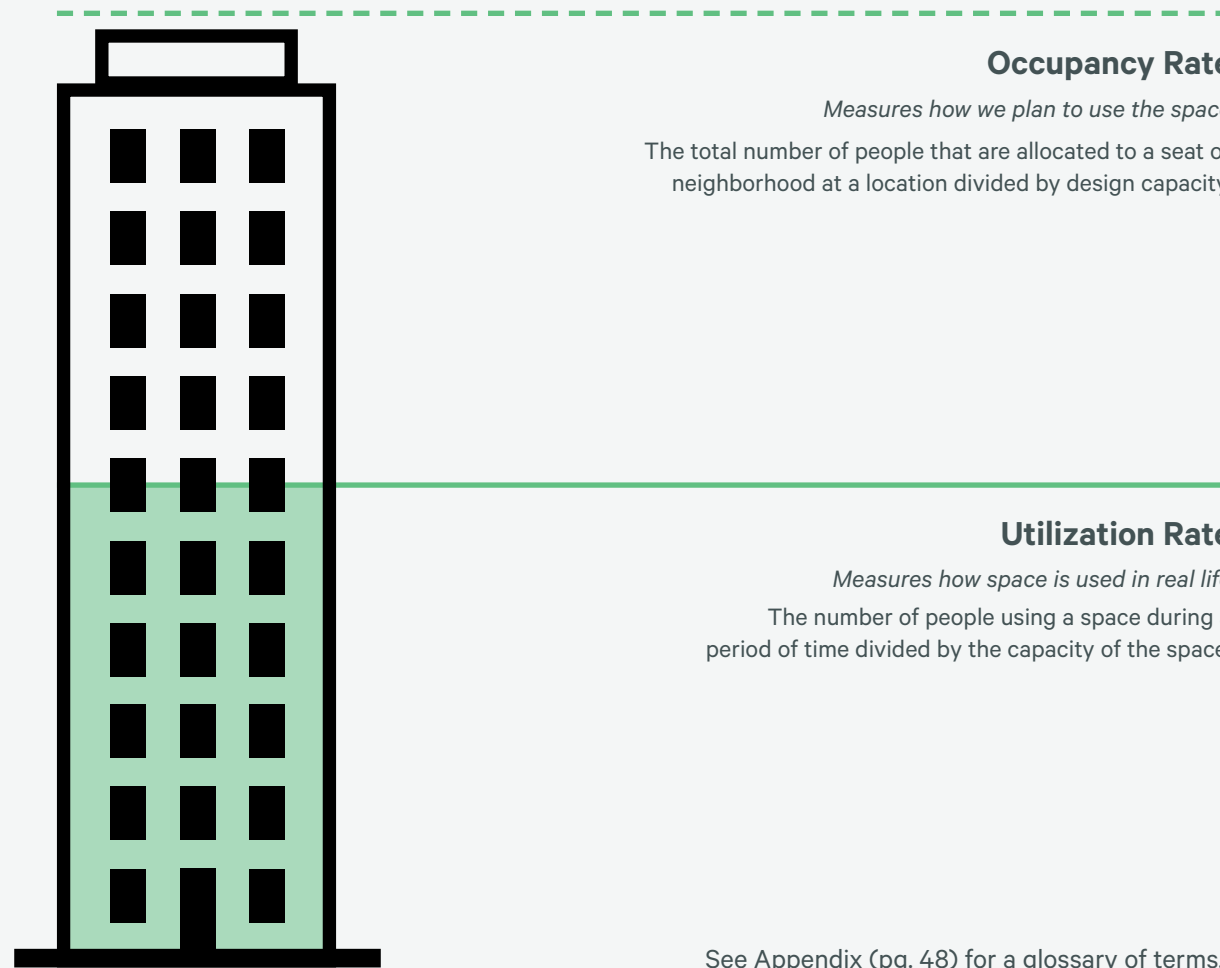
FIGURE 24: Workplace Metrics–Planning vs. Performing

		Planning Metrics Measures how a space is intended to be used	Performance Metrics Measures how effectively the workplace supports the business
sq. ft./sq. m. per seat	The total rentable or usable sq. ft. or sq. m. divided by the total number of seats.	✔	
sq. ft./sq. m. per person	The total rentable or usable sq. ft. or sq. m. divided by the total headcount.	✔	
Target sharing ratio	A planning concept that identifies the number of people that can share a single seat over time. For example, a sharing ratio of 2 to 1 means that for every 2 people a single shared space is needed.	✔	
Occupancy rate	The total number of people that are allocated to a seat or neighborhood at a location divided by design capacity	✔	
Employee sentiment	A measure of employee’s feelings about the workplace experience.		✔
Show-up rate	A method of understanding the demand for space based on employee attendance patterns. Calculate by dividing the office attendance by the total headcount of the office.		✔
Utilization rate (capacity based)	A method of comparing space demand and supply to determine if space is being used effectively. Calculate by dividing the office attendance by the capacity of the office.		✔
Utilization rate (time based)	A method of comparing space demand and supply to determine if space is being used effectively. Calculate by dividing The time a space is used divided by the total time a space is available to be used.		✔

Source: CBRE Workplace & Occupancy Management, 2023.

As an example, consider the story told by the top two metrics: occupancy rate and utilization rate. Space-sharing has enabled global office occupancy rates over **100%**, meaning there are more people assigned to an office location than there are workspaces at that location. But actual global space utilization rate remains under **40%**, which means that despite how many people are planned to use an office location, less than **40%** of the workspaces get used in real life. While increased planning efficiency enables portfolio optimization and eventual cost reductions, the more critical metric here is the low utilization rate that exposes an imbalance of space supply and demand: too few people using too much space. The operational and financial impacts of underutilized space remains a top concern for CRE leaders in 2023, illustrating the growing reliance on performance metrics such as utilization rate over planning metrics such as occupancy rate. The next step in the evolution of workplace metrics is to understand how effectively the workplace supports an organization’s goals.

FIGURE 25: Occupancy Rate vs. Utilization Rate



Source: CBRE Workplace & Occupancy Management, 2023.

Space-sharing is working. Occupancy rates are over **100%**, meaning that offices have more people than seats. Traditionally, offices have had more seats than employees but this has changed thanks to the mass adoption of hybrid planning concepts.

How to measure workplace effectiveness

Workplace effectiveness measures how well the combined physical and digital work experience supports the unique business and cultural goals of an organization. By measuring the impact of the work experience on employee and business performance such as employee sentiment and talent retention, we can understand the true value and ROI of workplace investments.

To measure the effectiveness of the hybrid workplace, CBRE recommends a new balanced scorecard that moves beyond traditional real estate metrics (e.g. rentable sq. ft. or rentable sq. m. per person or cost per rentable sq. ft. or rentable sq. m.) to show the broader impact the workplace has on employee performance, business priorities and financial/ ESG objectives.

CBRE uses a tailored evaluation tool that connects the workplace to key drivers and demonstrates priorities across four areas:

Employee Experience

Curating a great employee experience is critical to driving employees to the office and overall engagement. However, measuring a successful experience in a hybrid environment goes beyond utilization metrics. Capturing employee sentiment and validating with recruiting/ attrition metrics provides a more holistic view of worker satisfaction.

Organizational Dynamics

With employees continuing to view the office as a place for building relationships over individual work, strong organizational dynamics are imperative to driving office attendance and a well-connected workforce. Assessing how the space, policies and events drive employee interactions is critical to a successful workplace.

Financial

As organizations look to drive more efficiency and trim underutilized space in real estate portfolios, traditional financial performance metrics become less applicable. Evaluating the costs of curating a strong workplace experience and having a clear understanding of which elements have the best ROI will be the new key financial metrics.

ESG

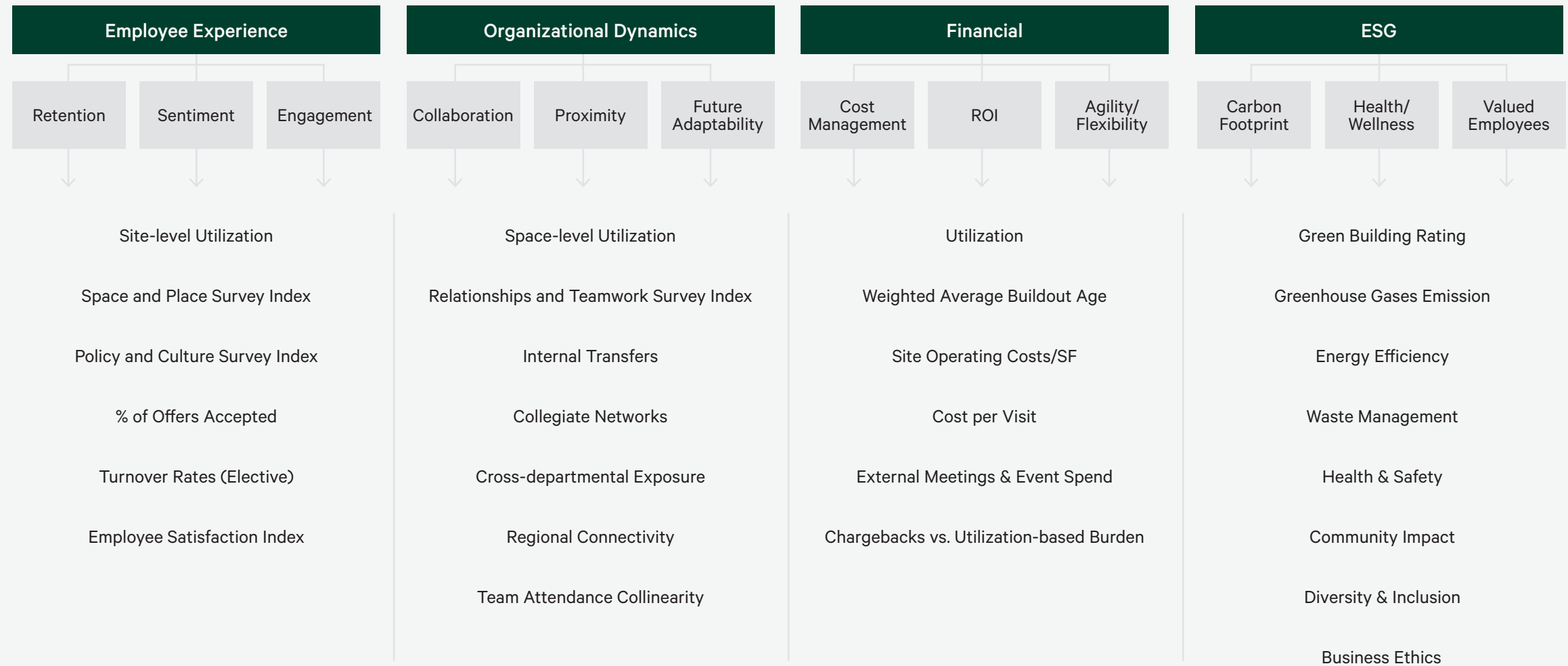
Environmental, Social, and Governance considerations form the three main pillars of ESG. These pillars comprise a variety of interdependent issues, topics and themes. The growing focus on ESG has raised questions on how to adopt strategic measures to create a new definition of the workplace of the future.

This approach designs customized metrics based on an organization's unique needs, resulting in a workplace scorecard specifically suited to that organization's desired outcomes. Common priorities across global office occupiers include employee retention and engagement, organizational adaptability and resilience, financial cost management and ROI, carbon reduction, and employee wellness. A new workplace scorecard that considers these priorities may include metrics that have traditionally been held by other parts of the business such as HR or IT, including employee turnover rates, collegiate networks, expense of offsite meetings and community impact.



Co-creating this scorecard with a cross-functional team of leaders and employees ensures the full impact of the workplace is understood across all stakeholders. This level of effort requires leadership support and advocacy, as well as the thoughtful integration of data across teams.

FIGURE 26: Example of a New Workplace Scorecard



Source: CBRE Workplace & Occupancy Management, 2023.

05

Conclusion

01

Over the last three years, hybrid work has driven portfolio reductions and planning efficiencies

Space-sharing has increased the number of people that can be assigned to an office location.

- As forecast in the 2022 Insights report the average sq. ft./sq. m. per person has dropped **22%** and, for the first time ever, the average global occupancy rate (number of people assigned to number of seats) is over **100%**.

Existing spaces have been consolidated or redesigned to support hybrid work styles.

- There has been a **44%** increase in collaboration or we space globally since 2021.

Most participants have reduced their office portfolio size since the onset of the pandemic.

- **62%** of participants have reduced their portfolios since January 2020.

02

Today, despite these efficiencies, there is still an imbalance of space supply and demand

Most employees who elect to work in the office do so for connection and community, decreasing the demand for traditional workspaces designed for individual and focused work.

- **58%** of employees go to the office for connection, while only **15%** go for focus work.

Organizations are quantifying the use of office space to understand portfolio performance.

- **80%** use space utilization data for portfolio strategy planning.

The combination of hybrid work and underutilized office space has created an imbalance of office supply and demand.

- From Q2 2022 to Q2 2023, global average office utilization, which measures the real-world use of space was **35%**, a **45%** decrease from the pre-pandemic global average of **64%**.

03

Moving forward, portfolio reductions and new performance metrics will make the workplace more efficient and more effective

Organizations plan to increase space-sharing and eliminate underutilized space to achieve their top priority: portfolio optimization.

- **43%** plan to decrease their portfolio size by more than **30%** in the next three years.

The new metrics that matter move beyond measuring occupancy plans to measuring workplace performance.

- Performance metrics like utilization rate and employee sentiment are being prioritized over planning metrics such as sq. ft./sq. m. per seat.

Workplace effectiveness measures the impact real estate has on employee performance, operational priorities, financial goals and ESG objectives.

- Co-creating a new workplace effectiveness scorecard with leaders and employees across the business ensures the workplace supports the business and cultural needs of all stakeholders.

06

Regional Office Insights

FIGURE 27: Data Set Size

Americas

Client Count
57

Building Count
2,834

RSF
211,169,414

RSM
19,618,117

EMEA

Client Count
34

Building Count
2,001

RSF
74,938,357

RSM
6,961,943

APAC

Client Count
34

Building Count
973

RSF
62,321,105

RSM
5,789,772

Portfolio Changes 2020-2026

Americas

63% of Americas participants reduced their portfolio size between 2020 and 2023. 64% of participants expect further portfolio reductions by 2026. 31% of participants plan to expand their portfolios over the next three years.

APAC

The majority of Asia-Pacific participants (92%) saw minimal (around 10%) or no change to portfolio size since January 2020. While no participants reported significant portfolio reductions (-30%) yet, about 2 out of 5 still expect this magnitude of reduction taking place within the next three years.

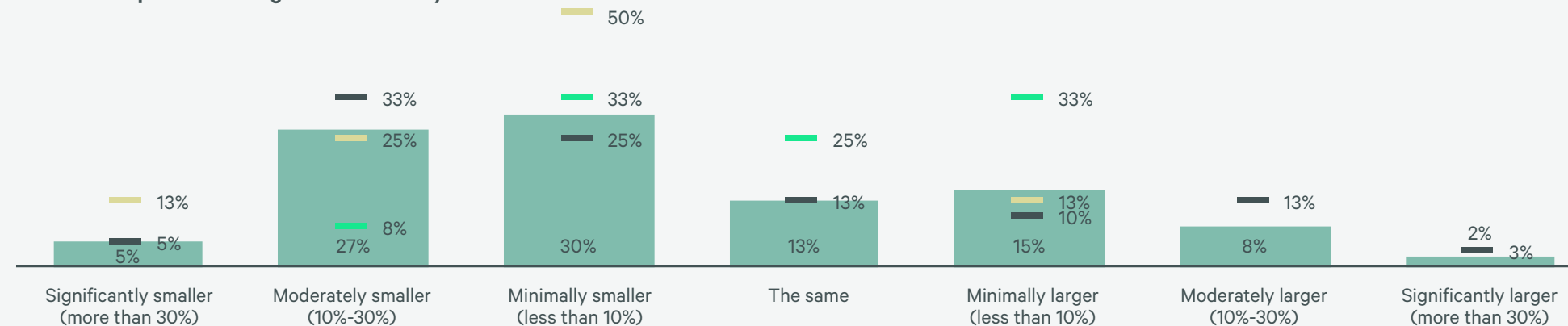
In addition, 33% of Asia-Pacific participants expect portfolio size to increase—the highest percentage among all regions.

EMEA

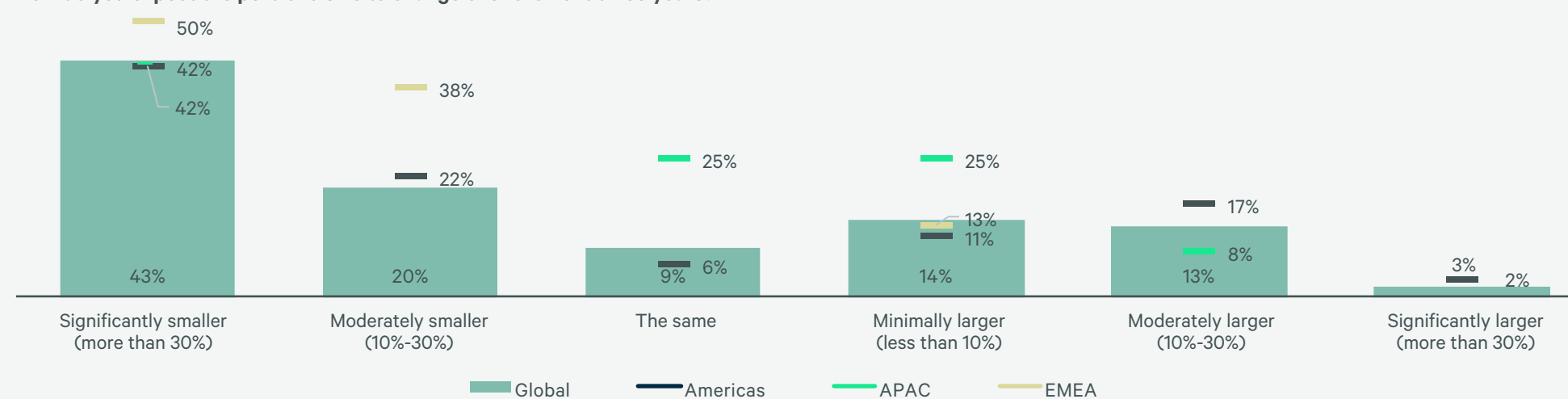
75% of EMEA participants have experienced portfolio reductions since the beginning of 2020, in part enabled by increased space-sharing. With utilization rates still significantly below pre-pandemic levels and the widespread acceptance of hybrid working, 88% of participants expect further contraction over the next three years, with 50% expecting their portfolio to be significantly smaller in the future.

FIGURE 28: Portfolio changes 2020-2026

How has the portfolio changed since January 2020?



How do you expect the portfolio size to change over the next three years?



Source: CBRE Workplace & Occupancy Management, 2023.

Key Office Metrics

Americas

Despite an average office occupancy rate of **81%**, average office utilization in Americas was **31%**—the lowest of all regions. Decreases in sq. ft./sq. m. per person (**4%**) and sq. ft./sq. m. per seat (**10%**) combined with a **12%** increase in occupancy rates, prove that portfolio optimization efforts have made office designs more efficient since 2021.

APAC

All three key office metrics indicate Asia-Pacific has the most efficient office space globally, and increasingly so over the last three years. In 2023, occupancy rates are at **125%** (**37%** increase from 2021), utilization rates are at **40%**—the highest among all regions—and density metrics are at 126 sq. ft./12 sq. m. per seat and 101 sq. ft./9 sq. m. per person (**34%** reduction from 2021).

EMEA

While average office utilization in EMEA was **36%**, it is expected to rise given that **66% of organizations now have some form of attendance requirement in place**. Although utilization levels are still considerably lower than pre-pandemic levels, **55%** of participants in EMEA feel they have found a steady state in terms of occupancy levels, indicating further office consolidation as organizations rightsize their portfolios.

FIGURE 29A: Average Office Utilization Rates from Q2 2022- Q2 2023

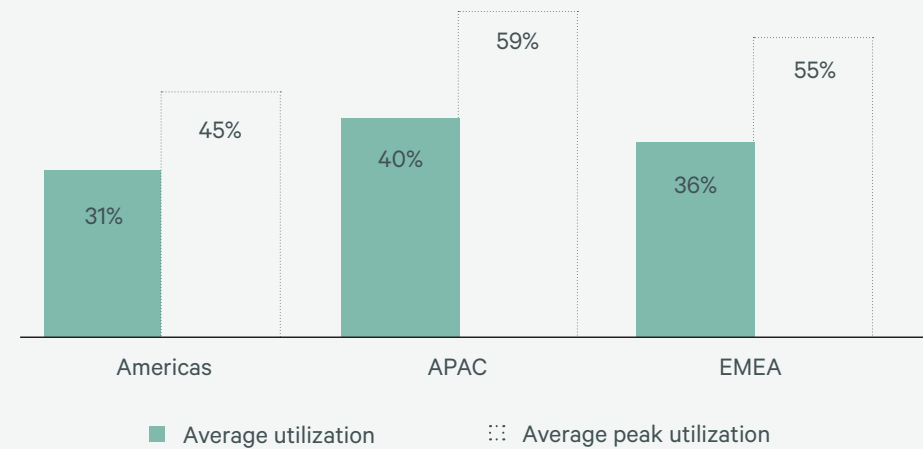


FIGURE 29B: Average office occupancy rates from Q2 2022- Q2 2023

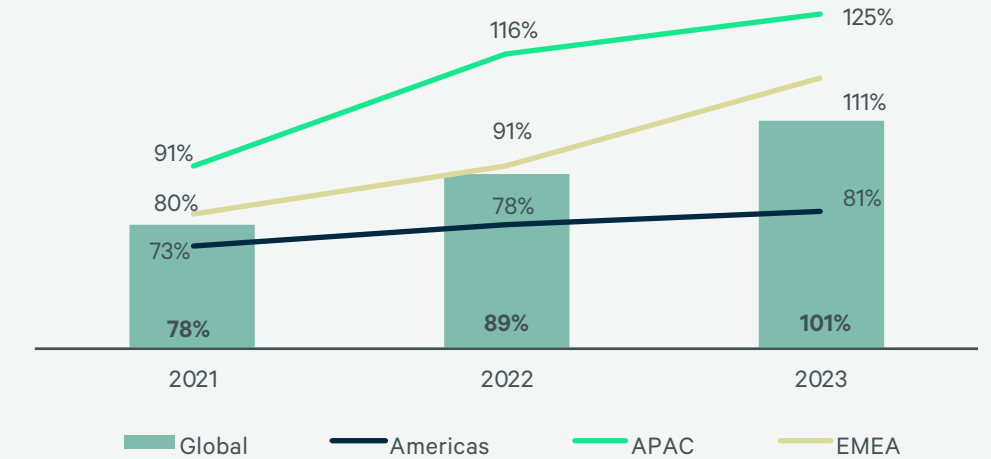


FIGURE 29C: Average SF per person 2021-2023

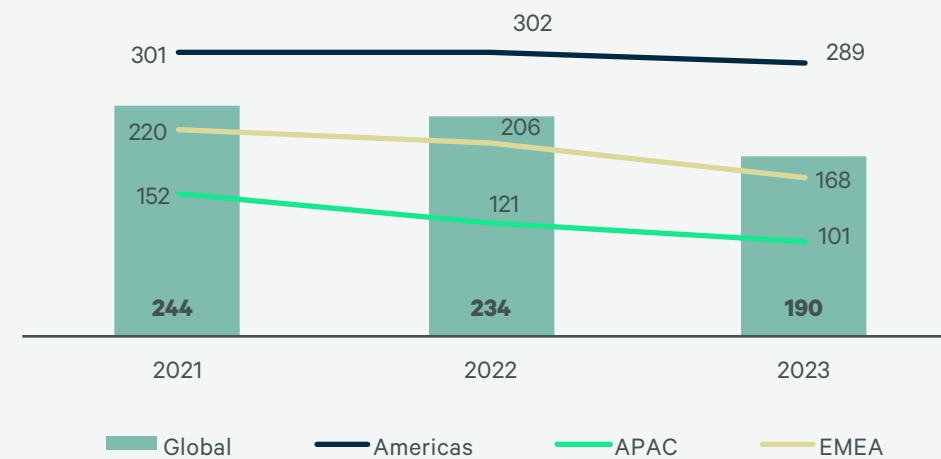
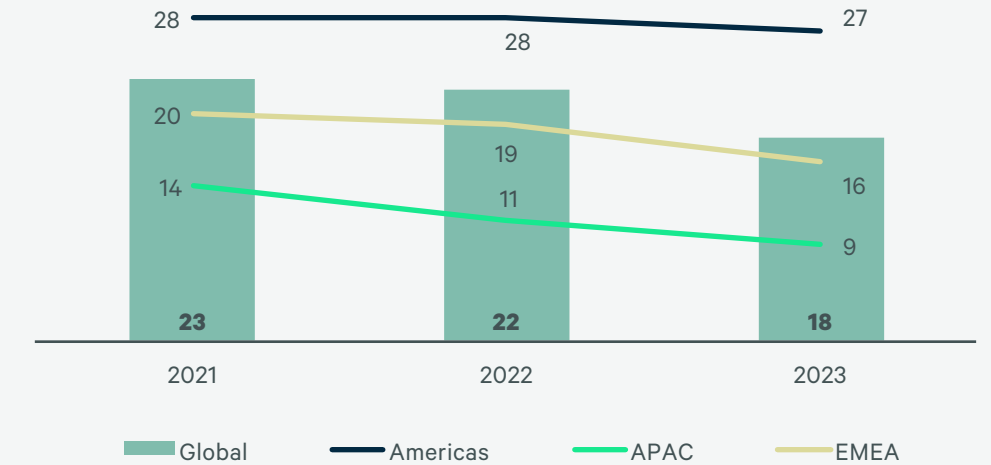


FIGURE 29D: Average SM per person 2021-2023



Source: CBRE Workplace & Occupancy Management, 2023.

FIGURE 29E: Average SF per seat 2021-2023

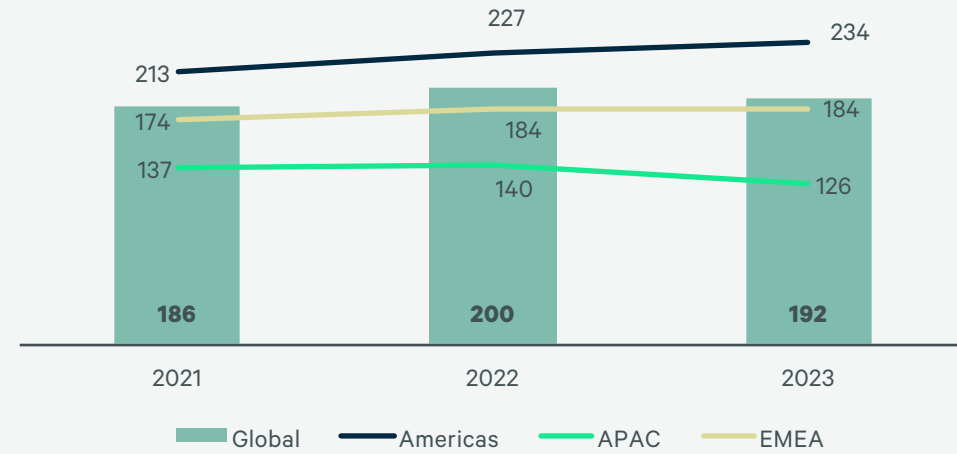


FIGURE 29F: Average SM per seat 2021-2023

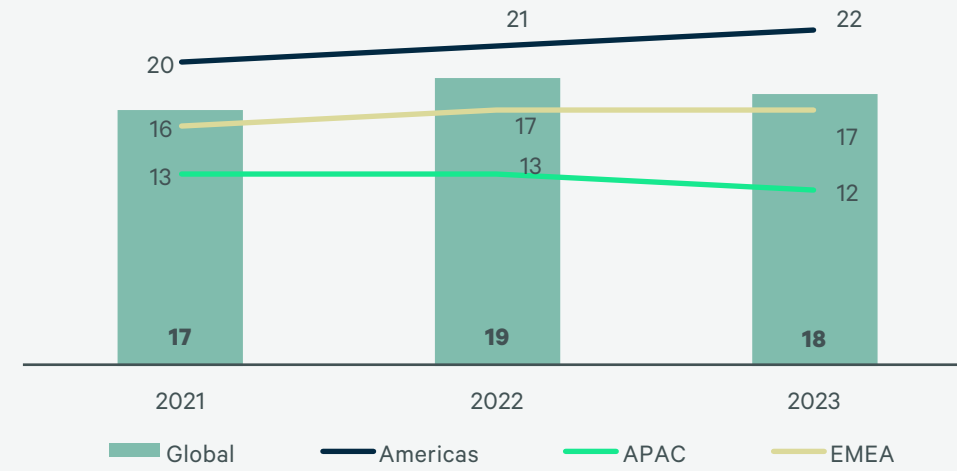
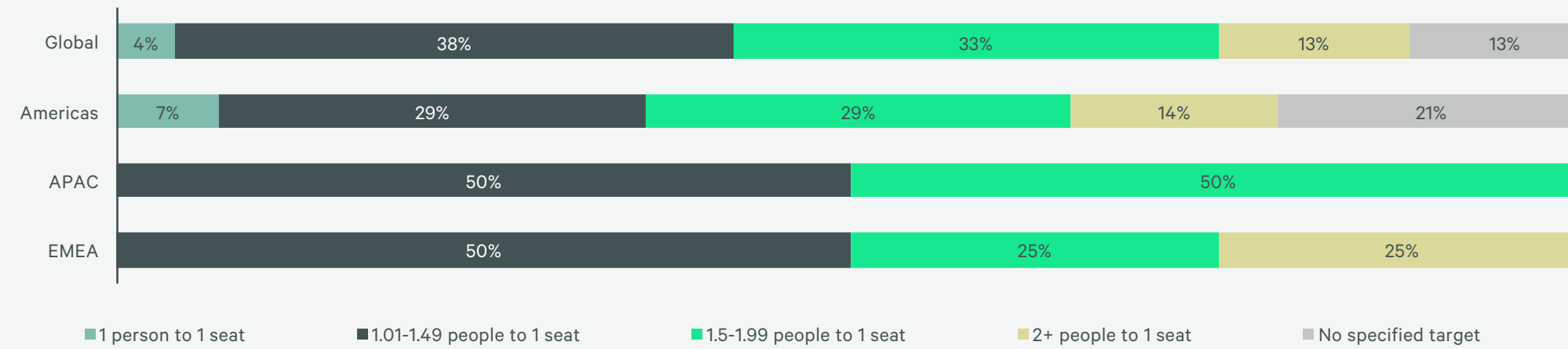


FIGURE 29G: 2023 Office Target Sharing Ratios



Source: CBRE Workplace & Occupancy Management, 2023.

FIGURE 30: Office Space Composition Changes Since 2021

The Boulevard (Focus-Based)



The District (Activity-Based)



The Plaza (Event-Based)



The Park (Collaboration-Based)



Source: CBRE Workplace & Occupancy Management and CBRE Design Collective, 2023.

Office Space Composition

Americas

Since 2021, the Americas region has increased collaboration or “we” space by **30%** while decreasing private or “me” space **12%** to support hybrid work styles. As a result, we see the space composition in the Americas fall between CBRE’s recommendations for “focus-based” work and “activity-based” work but with an excess of support and deficit of amenity space. Compared to other regions, the Americas has less collaboration and more support space than both APAC and EMEA.

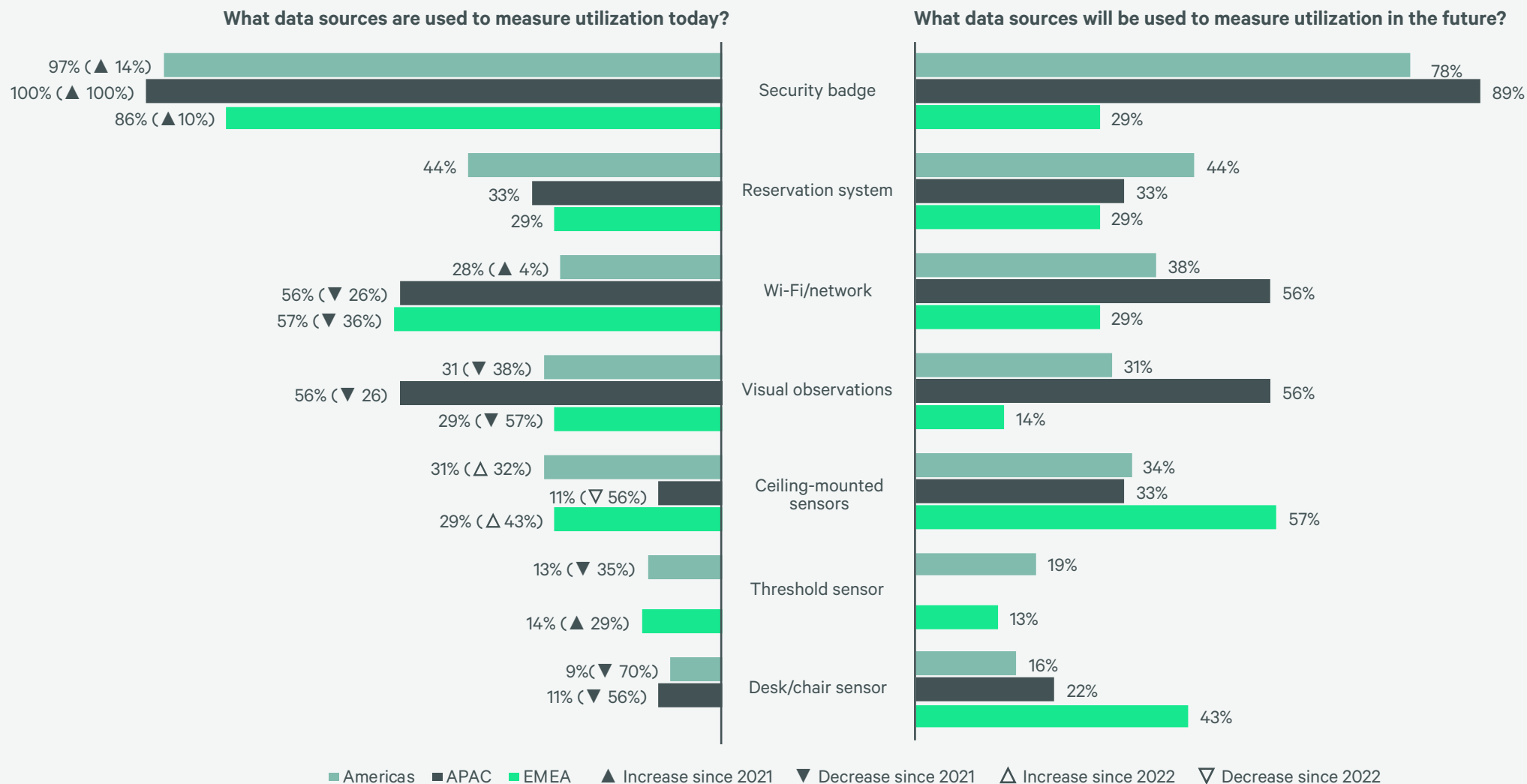
APAC

Asia-Pacific continues to have a slightly-lower-than-global-average proportion of Me space (**44%** vs. **45%**), with this proportion decreasing by **20%** from 2021 and now equal to EMEA. Compared to global averages, APAC saw a higher increase in amenity space, with the proportion of support space (**16%**) lower than the global average (**19%**).

EMEA

EMEA has seen the most change in spatial composition when compared with the other regions. Me space decreased by **30%** and the amount of collaboration (**+83%**), support (**+35%**) and amenity space (**+33%**) all saw significant increases over the last 3 years reflecting the changes in the type of work people are performing in the office.

FIGURE 31: Sources of Utilization Data Now and in the Future



Source: CBRE Workplace & Occupancy Management, 2023.

Sources of Utilization Data

Americas

Although **97%** of participants in the Americas use badge data to measure space utilization today, only **78%** plan to use it in the future. Decreased use of visual observations and plans to increase the use of Wi-Fi/network and sensor data suggests that micro level utilization data is needed for further portfolio optimization, cost reduction and employee experience initiatives.

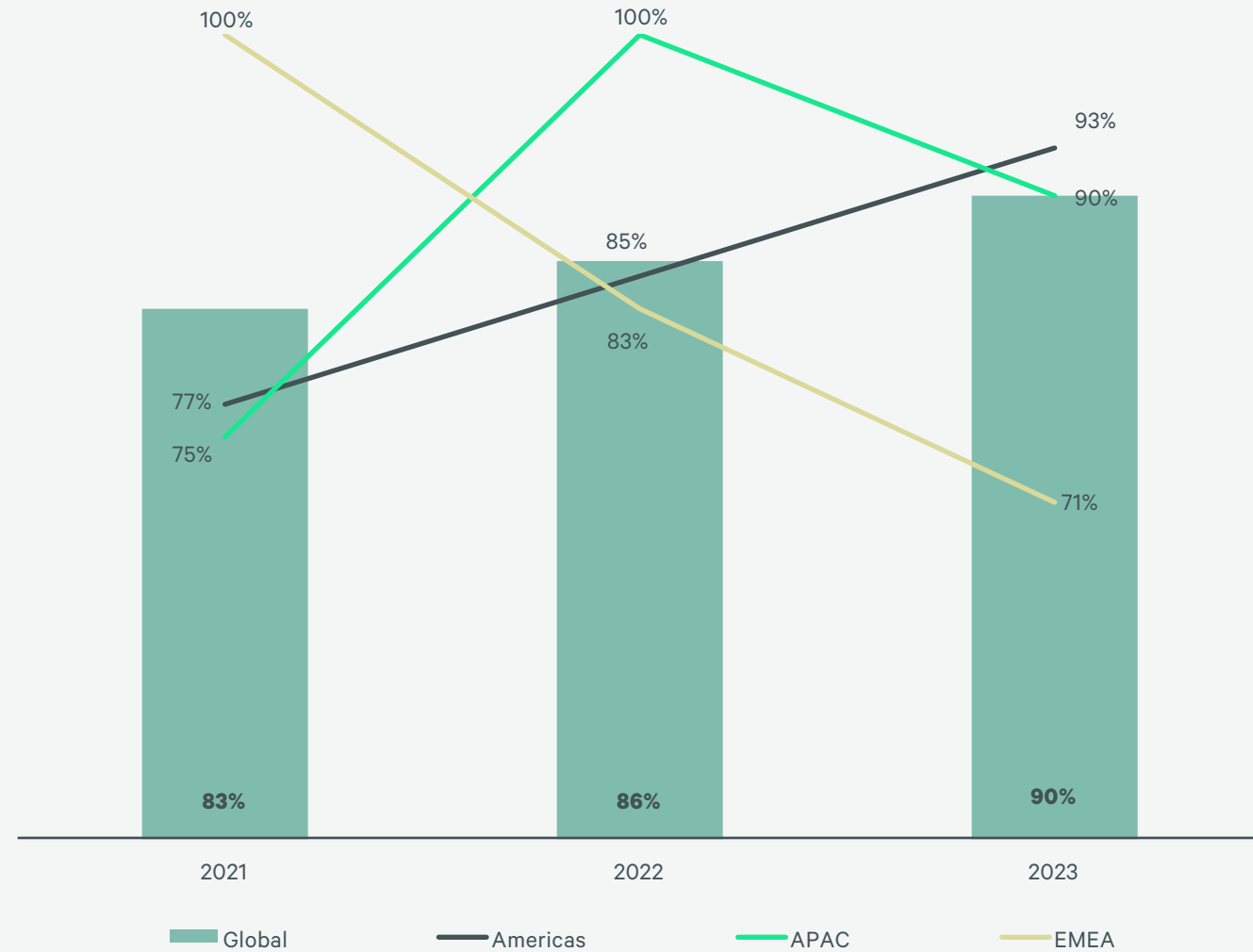
APAC

100% of Asia-Pacific use security badge data to understand space utilization, with most also rely on data from Wi-Fi/network activity and visual observations. While this will remain fairly constant in the future, we expect to see a slight decrease in the use of badge data, balanced with an increase in the use of ceiling-mounted area sensors and desk/chair sensors.

EMEA

Organizations in EMEA plan to decrease the use of badge data by over **60%** and increase the use of ceiling-mounted area sensors by **96%** in the future. If these plans come to fruition, ceiling-mounted area sensors, desk/chair sensors, and Wi-Fi/network data will be the top three most used data sources in EMEA in the future, demonstrating a significant commitment to high quality, micro level space utilization data.

FIGURE 32: Organizations with hybrid working programs, 2021-2023



Source: CBRE Workplace & Occupancy Management, 2023

Hybrid Work

Americas

In 2023, **93%** of workplace policies in the Americas offered some level of hybrid work, a **21%** increase from **77%** in 2021. The Americas region requires the least amount of time in office, with only **69%** of organizations asking employees to be in the office for 2.5-4 days per week. **7%** of respondents support remote work for 3 days or more per week, making the Americas the only region to do so.

APAC

Asia-Pacific has achieved the highest alignment of leader expectations to employee behaviors: **50%**, vs global average of **19%**. This may be because APAC also has the highest rate of tracking employee attendance (**67%**) and enforcing consequences for not following policy.

EMEA

EMEA has the highest proportion of participants (**14%**) not offering hybrid working to their employees with leaders choosing to prioritize in office work. **71%** of participants in EMEA have a formal hybrid working program in place with manager discretion and job function being used to determine eligibility for hybrid or remote working. EMEA is the only region not to require employees to work in the office full time, reflecting a commitment to offering employees flexible work solutions.

FIGURE 33: Which best describes the workplace policy that has been communicated?

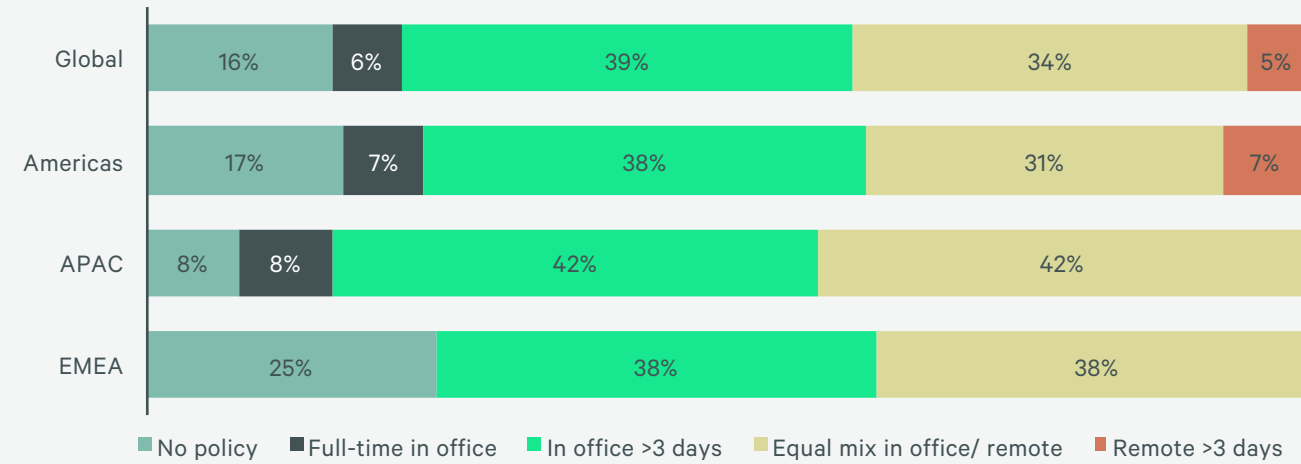


FIGURE 34: If your hybrid policy requires employees work in the office, is employees' office attendance tracked?

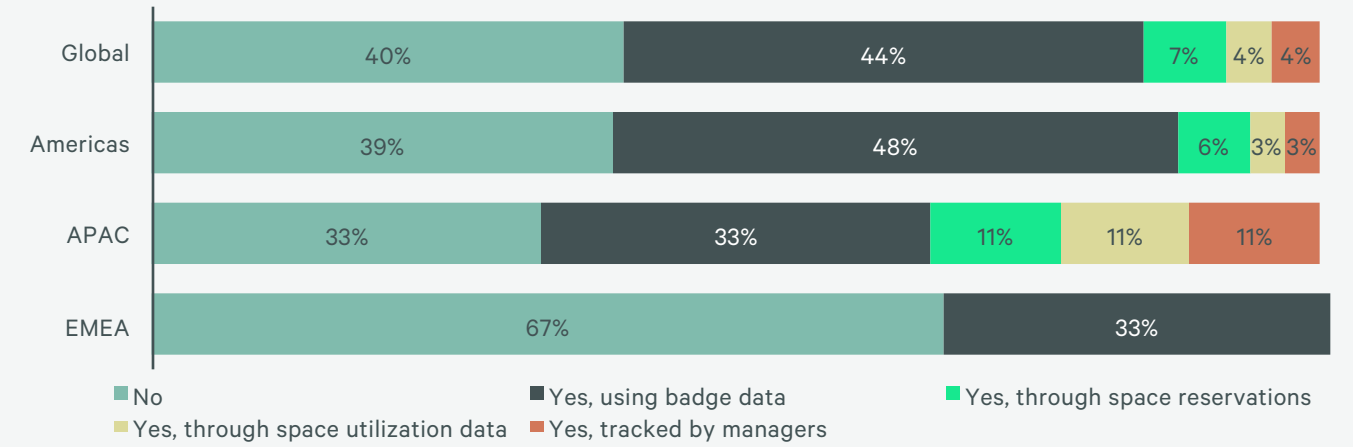


FIGURE 35: Are there are consequences for employees who do not follow hybrid policy requirements?

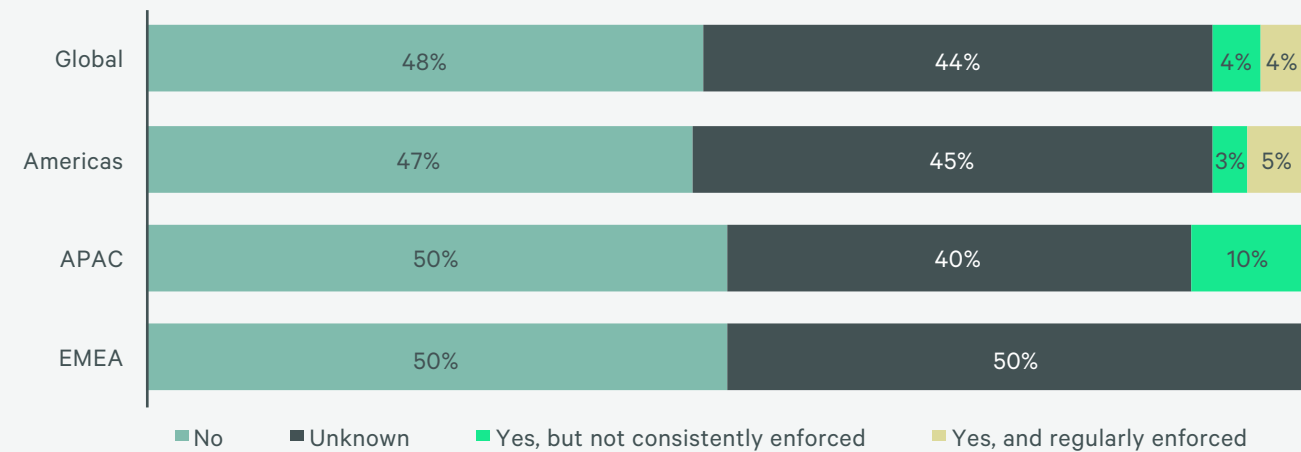
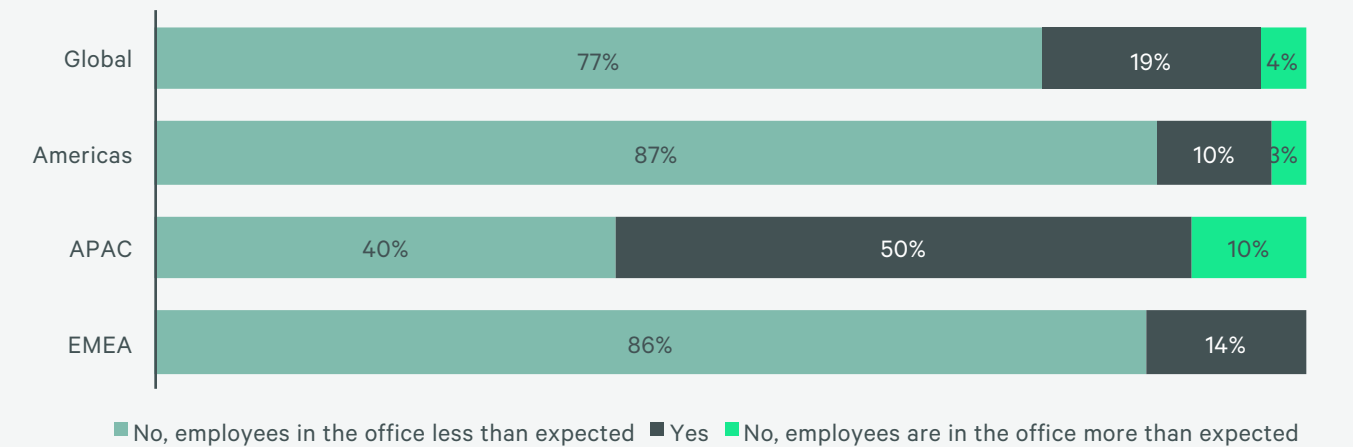


FIGURE 36: Are the hybrid work expectations of leaders and employee behaviors in sync?



Source: CBRE Workplace & Occupancy Management, 2023.

07

Appendix

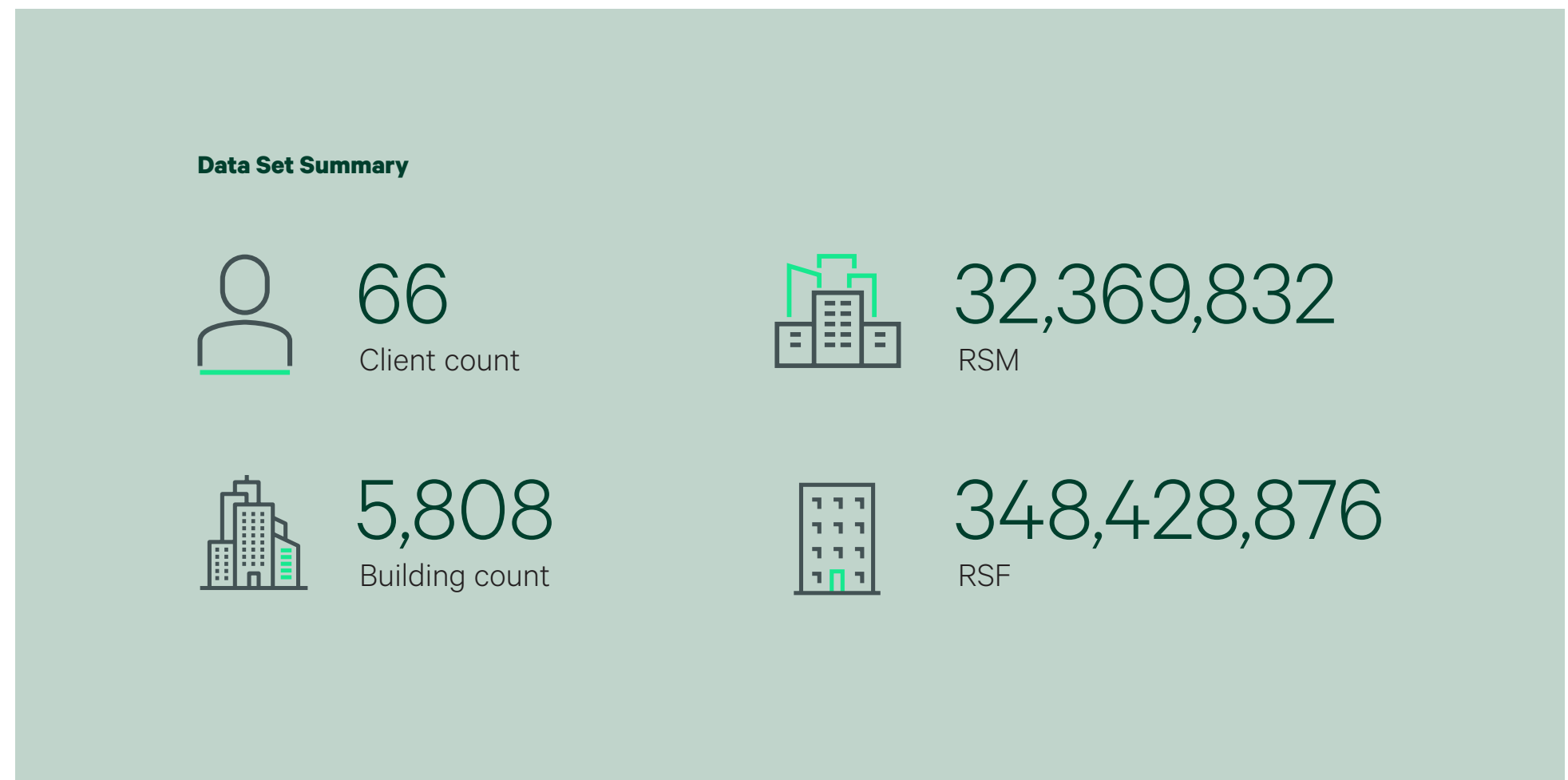
Methodology

The content of this report is based on CBRE’s Annual Workplace & Occupancy Benchmarking Program, which combines quantitative and qualitative data to identify key metrics as well as modern working and workplace design trends. Findings are supplemented with additional research and insights to contextualize their impact on Workplace and Occupancy Strategy trends for the year.

In 2023, 66 CBRE clients participated in the program, representing almost 350 million sq. ft. or 32 million sq. m across Americas, Asia-Pacific and EMEA. Clients’ portfolio sizes range from 0.5 million sq. ft. to 90 million sq. ft., with an average size of 9 million sq. ft.

CBRE’s Vantage Benchmarking program has established new data governance guidelines related to the classification of property types and sector data. These changes have been retroactively applied to historic benchmarking data to facilitate trending over time. As a result, historic data included in the 2023 report may vary from past publications. Due to rounding, numbers may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

Participating CBRE clients are provided access to the complete benchmarking data set summarized here which includes over 50,000 unique data points. For more information on CBRE’s Annual Occupancy Benchmarking Program, please email OccupancyManagement@cbre.com.



Glossary of terms

ALLOCATED HEADCOUNT

The total number of people that are allocated to a seat or neighborhood at a location. Includes assigned and sharing headcount plus headcount allocated to a zone/neighborhood. Does not include other headcount that may utilize the site.

ALTERNATIVE WORK SEAT

Select spaces that are not traditional individual seats but can be counted toward a location's capacity in an activity-based work or hybrid environments. May include specific select spaces (e.g., phone booths or pods) and or a percent of seats in select spaces (e.g., open or enclosed collaboration seats, seats in meeting rooms, and/or seats in amenity areas such as a café).

AMENITY SPACE

Total combined area of all space types intended to increase a location's usefulness such as education/training spaces, restaurants/ cafe, gym, childcare, reception, pantry, and conference center. These spaces are generally not allocable to organization units.

ATTENDANCE

The number of people who access a space during a period of time. This can include visitors if they represent a material percentage of office visits. May be tracked separately for different segments of Total Headcount, including dedicated/sharing populations or business units.

AVERAGE PEAK SHOW-UP RATE

The maximum number of people who access a space during a period of time divided by the total headcount.

AVERAGE SHOW-UP RATE

The average number of people who access a space during a period of time divided by the total headcount.

AVERAGE UTILIZATION

The average utilization rate reached during a specified time period

COLLABORATION SEAT

A seat (or count of seats) designed for teamwork, usually at tables within rooms, but certain open, more informal spaces may also be counted here.

COLLABORATION SPACE

(aka "We" space) Total combined area of all space types intended for use by a team or group of individuals at a time, such as open collaboration and enclosed collaboration spaces.

DESIGN CAPACITY

The number of total people that can use a location at any one point in time. Includes individual seats and alternative work seats. For traditional environments with 1:1 seating assignments, this may equal the total number of individual seats. For activity-based and hybrid environments, this may equal the total number of individual seats + the total number of alternative work seats. Should not exceed legal capacity

INDIVIDUAL SPACE

(aka "Me" space) Total combined area of all space types intended for use by one individual at a time, such as open workstations, enclosed workstations/offices, and phone rooms. This space type is generally characterized by the deepest focus or solo work.

MACRO LEVEL UTILIZATION DATA

Utilization data gathered at the building level or larger scale. Includes campus, metro, market, country, and regional utilization data.

MICRO LEVEL UTILIZATION DATA

Utilization data gathered at the floor level or smaller scale. Includes zone, neighborhood, or space level.

OCCUPANCY RATE

The total number of people that are allocated to a seat or neighborhood at a location divided by design capacity.

PEAK UTILIZATION

The maximum utilization rate reached during a specified time period.

PEOPLE PER SEAT

A point in time sharing ratio that captures the total headcount divided by the individual seats. This metric helps an organization understand how close they are to achieving or exceeding their target sharing ratio.

RENTABLE AREA

Measured as rentable square feet (RSF) or rentable square meters (RSM), may include a share of building support/common areas such as elevator lobbies, building corridors, and floor service areas

RESERVATION RATE

The time a reservable space is booked divided by the total time a space can be booked.

SHARING CAPACITY

The maximum number of people that can be planned to use seats over time. Unlike design capacity, sharing capacity considers the target sharing ratio of individual and alternative work seats to quantify the full planning opportunity in activity-based working and hybrid environments. Methods to determine sharing ratios will vary by client and workplace strategy.

SHOW-UP RATE

A method of understanding the demand for space based on employee attendance patterns

SQ. FT./SQ. M. PER SEAT

The total rentable sq. ft. or sq. m. divided by the total number of seats.

SQ. FT./SQ. M. PER PERSON

The total rentable sq. ft. or sq. m. divided by the total headcount.

SUPPORT SPACE

Total combined area of all space types intended to directly aid the work performed in the workspace, such as copy areas, mailroom, labs, file storage areas, file storage rooms, mothers/wellness rooms, lockers, data centers, and server/IDF closets.

TARGET SHARING RATIO

A planning concept that identifies the number of people that can share a single seat over time. For example, a sharing ratio of 2 to 1 means that for every 2 people a single shared space is needed. There may be multiple target sharing ratios used in a workplace strategy.

TOTAL HEADCOUNT

The total number of people that are planned to access an office location over time. Accounts for the full population including, workers with dedicated seats, workers who share seats, and workers who access the office on a regular basis.

UTILIZATION

A method of measuring the use of a space to determine if it is being used effectively

UTILIZATION RATE (CAPACITY-BASED)

The number of people using a space during a period of time divided by the capacity of the space.

UTILIZATION RATE (TIME-BASED)

The time a space is occupied divided by the total time a space is available to be occupied.

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For more information on CBRE's Annual Occupancy Benchmarking Program, please reach out to OccupancyManagement@cbre.com.

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