

OCTOBER 2020

# REMOTE WORK TRENDS & THE IMPACT ON OFFICE SPACE

COVID-19 has fundamentally changed the way employees work, and the way businesses operate. The pandemic fueled the need for the continued transformation of office space to better support social distancing, provide cleaner and more efficient workplace environments, and offer work from home opportunities.

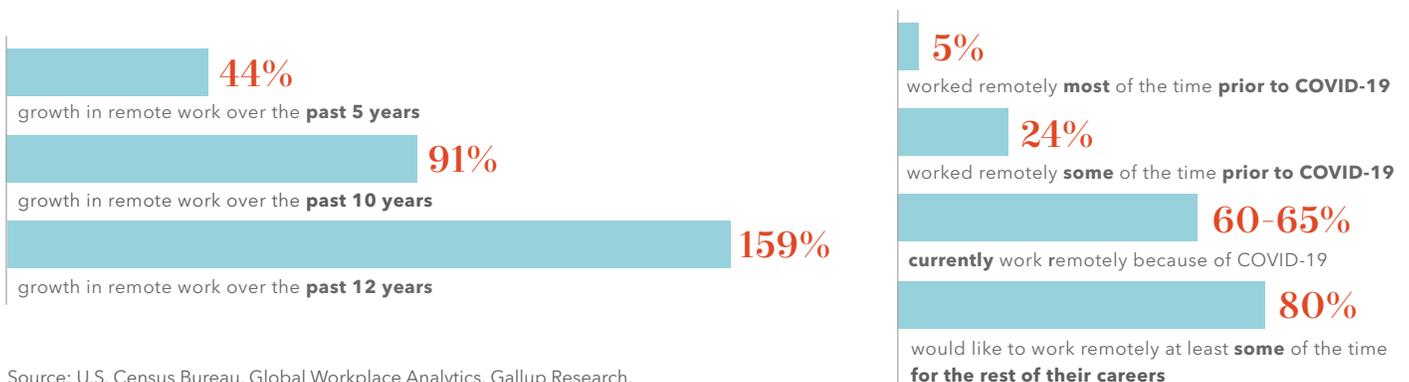
Remote work trends have been accelerating for more than a decade. A study conducted by Global Workplace Analytics estimated that the total growth of U.S. employees that work remotely has grown by 159% over the last 12 years, 91% over the previous ten years, and 44% over the previous five years. While the recent pandemic forced

employers to become more flexible with employee work arrangements, the sustained growth has been part of the workplace evolution well before the impacts of COVID-19. Although the volume of remote workers continues to grow, the total percentage of employees working remotely has been relatively low compared to total employment. It is estimated that before COVID-19, only 5% of U.S. employees worked remotely most of the time, representing approximately 7.6 million workers. When including those who worked remotely at least part-time, the total percentage increased to 24%, representing 36.5 million of the total 152 million employed in early 2020. As such, three-quarters of the

workforce exclusively worked from the office prior to the pandemic. However, these figures shifted in 2020 as between 60% and 65% of employees currently work remotely full-time.

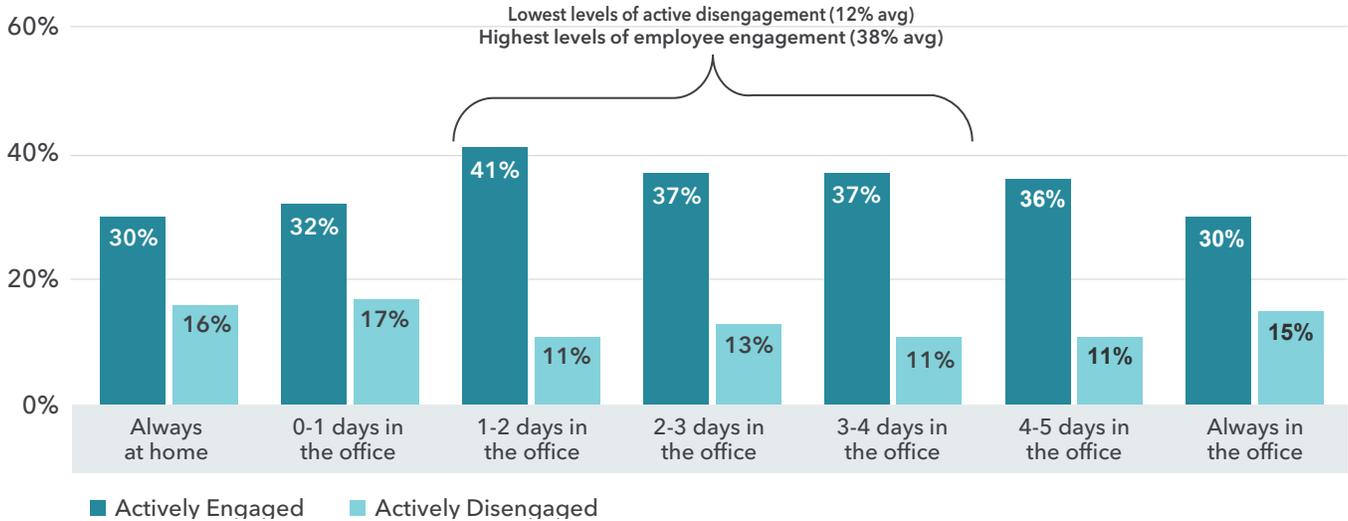
In response, most companies implemented successful work from home strategies during the short-term. But as offices begin to reopen, employers will need to consider incorporating flexible work arrangements to cultivate employee engagement and retain talent. Many surveys suggest that more than 80% of employees would like to work remotely at least some of the time for the rest of their careers, while a 2020 survey compiled by Gensler found that only 12% want to work from home full-time. In the end, most employees want to return to the workplace in some capacity, but they want to be in

**FIGURE 1: REMOTE WORK TRENDS ARE ACCELERATING**



Source: U.S. Census Bureau, Global Workplace Analytics, Gallup Research.

**FIGURE 2: EMPLOYEE ENGAGEMENT BY REMOTE WORK FREQUENCY**



Source: Gallup Research

an office environment that incorporates social distancing, promotes health and wellness and values employee safety.

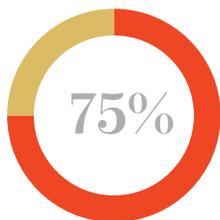
After reviewing results from several employee engagement surveys, it appears that overall employee engagement varies when working remotely. However, the lowest engagement levels consistently came from employees that either work in the office exclusively or work from home

exclusively. The best results came from those working in the office between two and four days per week. This segment reported both the highest engagement levels coupled with the lowest levels of active disengagement, illustrating the importance to provide flexibility and balance between work locations. Gallup Research reports that engaged teams have 17% higher productivity rates and are 21% more profitable.

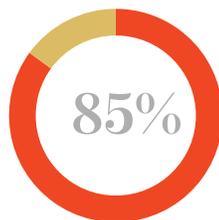
Productivity, can be much harder to measure. After an adjustment period during the first few months following COVID-19, many companies began reporting that overall productivity remained at pre-pandemic levels or increased. Without long commutes, socializing with colleagues, and unavoidable distractions, most workers appear to be getting more done. While employees and employers both “feel” like they are more productive working

**FIGURE 3: REMOTE WORK ALLOWS FOR INCREASED PRODUCTIVITY**

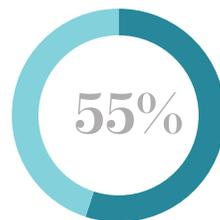
% of employees who feel more productive when they are working remote



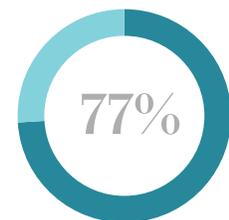
% of businesses that feel flexible work locations increase productivity



% of employees who say that collaboration is more difficult while working remote



% of employees who say people are what they miss most when working remote



Source: FlexJobs, Gallup Research, Gensler



remotely, it largely depends on the type of work performed.

For individual head-down tasks, working remotely appears to boost productivity while collaborative group work provides mixed results. Approximately 55% of all employees say that collaboration is more difficult while working remotely, and 50% of Gen Z and Millennials feel it's harder to avoid distractions when working from home, ultimately impacting their overall productivity.

Some companies feel that remote work trends have negatively impacted productivity suggesting there is a big difference between a busy workforce

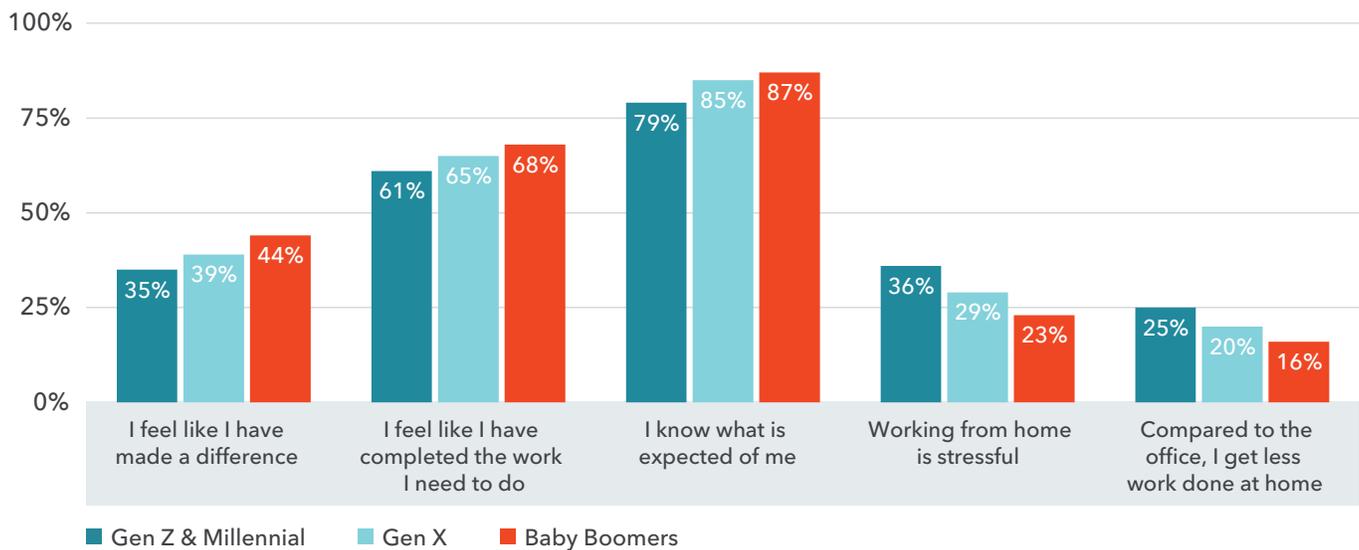
and a productive workforce. In a recent Bloomberg article, JPMorgan reported that productivity has fallen for staff working from home and that total output is particularly affected on Mondays and Friday's, citing that remote work is not a substitute for organic interaction. Regardless of position, it appears that most employees would like to return to work in some capacity. The primary reason is because they miss the face-to-face interaction with their colleagues. This trend is especially prevalent with the younger generation.

Over the past decade, the workplace environment has continuously evolved to accommodate the new

wave of younger employees and their professional preferences. These have included greater flexibility in workplace design, more open-plan layouts, increased collaboration areas, additional social spaces, culture-rich amenities, and work from home options—to create a desirable and holistic work/play environment. While recent modifications in office design concepts have become synonymous with trendy tech and younger generations, the changes also spanned across industries, cultures, and generations, most of which have been willing to embrace the change.

Nevertheless, younger employees

**FIGURE 4: YOUNGER EMPLOYEES ARE HAVING A HARDER TIME WITH REMOTE WORK**



Source: Gensler, Work from Home Survey 2020

appear to be having a more challenging time working remotely compared to their more seasoned coworkers, despite their perceived readiness for remote work. According to the 2020 Work from Home Survey conducted by Gensler, both Gen Z and Millennials are less likely to feel that they've

made a difference or completed their required workload by the end of a typical workday. Remote work can also have a separation effect on younger workers, as they often feel there is a gap between the work they perform and their company's mission. Additionally, the younger cohort reports feeling

additional stress when working from home, often feeling that they get less done than working in the office.

In the effort to create workplace efficiencies, leverage technology advances, and adapt to work's evolving nature, many businesses increased office



**FIGURE 5: WORKPLACE DENSITY HAS BEEN ON THE RISE**



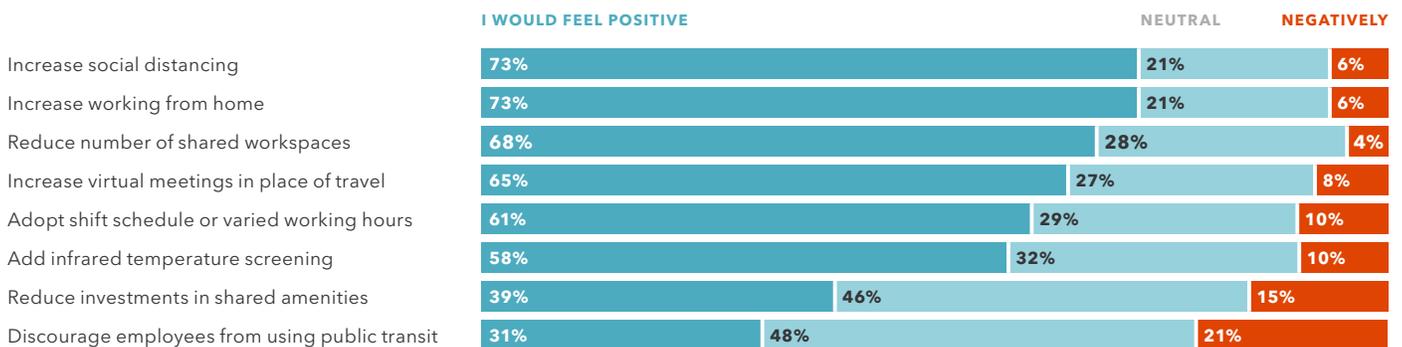
Source: BOMA, CoreNet Global

density within their space allocations. This trend gained momentum during the economic recovery and expansion period following the Great Recession and continued until the recent COVID-19 pandemic. The transformation of office space typically included varying degrees of workspace balance between open-concepts, private offices, and collaboration areas. It was often personalized to each company's brand, vision, and unique work culture.

Workplace modifications also created increased office density, typically measured by using a ratio of average square feet per person. While the calculation can generally be used to determine the total amount of office space needed, the modern workforce operates differently because dynamic work trends require an evolving environment. Densification without proper planning can sometimes create a crowding effect, which will impact focus, performance, engagement, and job satisfaction. And now, with health and

safety concerns surrounding COVID-19, office workplace density is projected to decrease as companies establish new guidelines when re-opening their offices. These changes are expected to include increased social distancing, more work from home opportunities, a reduced number of shared workspaces, and fewer shared amenities.

**FIGURE 6: WHAT DO EMPLOYEES WANT WHEN THE OFFICE REOPENS**



Source: Gensler, Work from Home Survey 2020



## FIVE KEY TAKEAWAYS

### EMBRACE REMOTE WORK BECAUSE IT'S HERE TO STAY



U.S. employees that work remotely has grown by approximately 159% over the last 12 years and 44% over the last five years. In the future, more than 80% of employees would like to work from home in some capacity.

### FIND A BALANCE BETWEEN EMPLOYEE SENTIMENT & LEADERSHIP EXPECTATIONS



Only 12% of employees want to return to the office full-time, prompting companies to creatively incorporate remote work alternatives. Employees want and expect greater work flexibility, both in how they work and where they work. This will be essential for talent retention and employee recruitment.

### CAREFULLY CONSIDER EMPLOYEE ENGAGEMENT AND PRODUCTIVITY



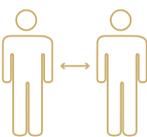
The optimal balance appears to range between 2-4 days per week in the office, reporting the highest engagement levels and lowest levels of active disengagement. While productivity results vary, employees want to return to the office for face-to-face interaction and more in-person collaboration.

### ACCOUNT FOR DE-DENSIFICATION IN OFFICE SPACE PLANS



Real estate strategies will continue to evolve post-pandemic, requiring more flexibility, less density, and workspaces that can exist anywhere. Individual space requirements will vary as companies establish their balance between de-densification, in-office work, and remote work strategies.

### PRIORITIZE SOCIAL DISTANCING, HEALTH AND WELLNESS & WORKPLACE SAFETY



The office work environment will need to include heightened measures to keep employees healthy and safe. COVID-19 introduced the world to social distancing and the six-foot rule, a concept that will remain a vital component of new space design and retrofitting existing space.

## Contact

### GARY BARAGONA

Director of Research

415.229.8925

[gary.baragona@kidder.com](mailto:gary.baragona@kidder.com)

### KIDDER.COM

This information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of income and expenses. CONSULT YOUR ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL ADVISOR.