THE EVOLVING WORKPLACE:
HOW U.S. OFFICE SPACE IS CHANGING
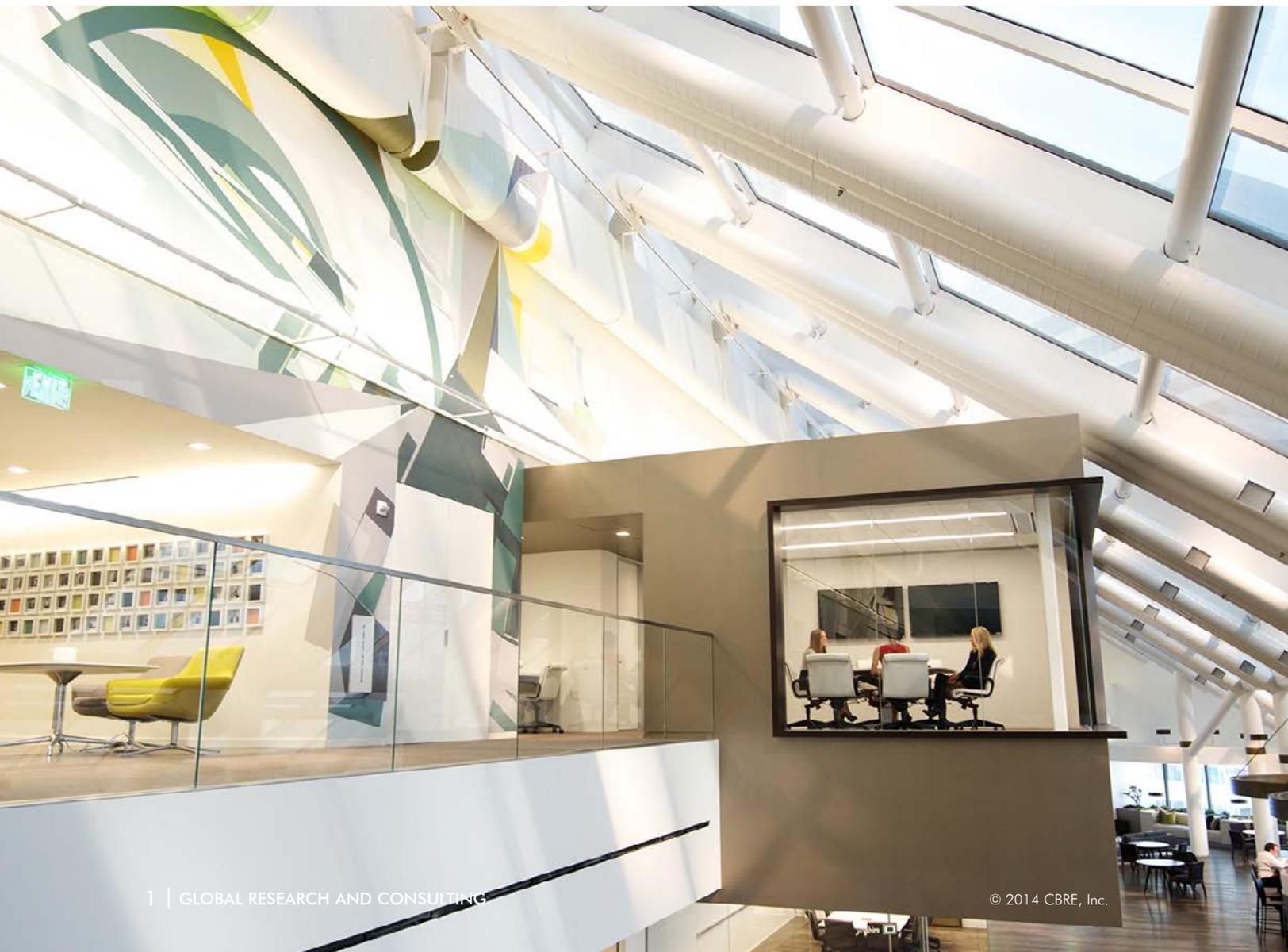
CBRE

Executive Summary

- A successful workplace strategy provides employee choice in workspace options and delivers a solution that is custom fit for the company, its business and its employee culture.

- While in the office, people spend less than 50% of their workday at their desk; the majority of time is spent working with others (either in a meeting, face-to-face or virtually).

- Workplaces that allow employees the ability to self-select their work location resulted in 10%-15% higher employee satisfaction levels compared to those that did not.

- By creating workplace solutions that reflect how people work and what they value, organizations can drive measurable improvements in employee satisfaction and business productivity while reflecting their brands and value to customers.

Smart organizations recognize the need to provide a great workplace experience for their employees by creating an environment where they want to be rather than where they have to be—one that makes work more productive and enjoyable, and connects them to the brand and culture of the organization.

Why is workplace strategy relevant now?

Workplace strategy embodies a strategic approach for improving the efficiency and effectiveness of an organization's office environment. It is about providing employee choice in workspace options and delivering a solution that is custom fit for the company, its business and its employee culture. A successful workplace strategy is derived by aligning core organizational objectives with real estate solutions, technology infrastructure, people policies and office services. These tools can be leveraged to drive desired changes to work practices and behaviors.

Fundamentally, the nature of the work environment is evolving. It has become increasingly important to anticipate the needs of employees when it comes to their workspace. In the past, organizations largely determined their space needs by examining their existing office configuration and determining what alterations needed to be made for future growth. This often led to replicated, outdated or outmoded space configurations, as many companies adopted inefficient solutions driven solely by the demand to lower real estate costs.

One of the primary challenges with this strategy is to strike the right balance between "focus space" and "collaboration space." In other words, to find a harmonious solution that supports the different ways individuals and teams work, while also facilitating a seamless transition between these different types of work environments. In order to develop a more thoughtful workplace strategy, a company must collect targeted information to better understand their unique workplace culture and work practices. This will create an opportunity to assess how people work in alignment with the company's overall organizational objectives, while also providing a more thoughtfully constructed work experience.

The idea of choice is an integral component in today's office environment and must include a mix of both open and private workspaces, allowing employees to choose the way they want to work on any given day. However, most traditional office environments disproportionately favor individual work at the expense of collaborative spaces. Moving forward, organizations must continually ask themselves: What is the proper balance of space (private, collaborative, social and shared) that will support the way they work and how will it facilitate the work experience they want to achieve? Ideally, space configurations, technology and corporate policies should reflect the growing need for the balance of workspaces between private or collaborative work.

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Workplace flexibility is the key to unlocking a productive workplace.

Figure 1: Workplace Utilization Rates

Source: CBRE, 2014.

It is increasingly apparent that workplace flexibility is the key to unlocking a productive workplace and workforce. In a recent CBRE study of more than 20,000 workers around the world, two fundamental themes emerged. First, while in the office, people spend less than 50% of their workday at their desk. Essentially, in their overall work routine they spend about half of their time working independently, while the other half is spent working with others (either in a meeting, face-to-face or virtually). Second, the results of the study show that workplaces that allow employees the ability to self-select their work location resulted in 10%-15% higher employee satisfaction levels compared to those that did not. In addition, both formal and anecdotal feedback from office workers provides further insight into the workplace attributes that employees value most.

> Today's employees want a stronger sense of community to connect with one another in an increasingly virtual world.

- In an increasingly virtual world, today's employees have a stronger sense of community and value the opportunity to connect with one another face to face. As a result, the workplace should provide a more transparent environment where employees can see each other working, with easy access to spaces for formal and informal interaction and company events that bring people together.

- Both employees and clients desire to be engaged in a brand that not only reflects the values of the firm, but the values of its employees when they step into a space.

- Additionally, there is a growing importance placed on both occupant and building health. Early feedback from CBRE's recent headquarters move in Downtown Los Angeles suggests the implementation of new wellness standards are positively impacting employee morale, reducing absenteeism and improving general mental and physical health.

Increased mobility is placing a greater demand on the IT infrastructure.

The way people work is continuously evolving. Stacy Crook, Senior Research Analyst for International Data Corporation's Mobile Enterprise Research program, reports that the U.S., Canada and Latin America combined are likely to see growth from 182.5 million mobile workers in 2010 to 212.1 million mobile workers in 2015 (CBRE, The Workshop Global Report, 2013). Fueled by mobile technology, increasing workplace flexibility is the key to unlocking a productive work environment and workforce. Truly flexible work requires seamless remote access to company files and networks. However, when evaluating contemporary work environments, many companies continue to maintain antiquated infrastructure, furnishings and technology solutions that do not support the work experience that today's employees seek. The rise in mobile workers is placing a greater demand on the enterprise IT infrastructure and changing how businesses need to support their employees. It is crucial that companies provide mobile IT solutions that enhance ways their employees interact by giving them greater ability to connect from any device anywhere.

According to a recent report from CBRE's Workplace Strategy Group, remote information accessibility is the most important workplace attribute according to employees, yet it is also the poorest-performing measure of employee satisfaction. Advancements in technology have and will continue to play an increasingly critical role in the workplace environment, as information becomes easier to access and employees are able to connect to company networks through laptops, tablets or mobile devices. Among the ways organizations are responding is by allowing employees to increasingly self-select the type of technology that best supports the way they work, in addition to self-selecting the type of workspace that is best suited to the task at hand.

Figure 2: Workplace Satisfaction Survey


Source: CBRE, 2014.

Due to increased mobility, office spaces are now essentially competing with employees' homes, coffee shops co-working facilities and any other location equipped with Wi-Fi. As a result, it becomes crucial to strike the right balance between employee mobility and maintaining a sense of office community. This can be achieved by offering employees a greater variety of work settings and by changing how space is allocated, whereby increasing the opportunity for social and business interactions. Additionally, premier in-office technology, light and bright facilities, and health and wellness provisions will also attract employees to the physical office.

Meeting the needs of a multigenerational workforce

Another force driving workplace change is the generational shift within the workforce. Generational diversity in the workplace is greater than ever before. More people are postponing retirement, while at the same time, an infusion of younger workers are entering the workforce.

Millennials represent the new workforce generation, and they account for approximately 24%, or 77 million, of the U.S. population. It is estimated that by 2025, three of every four workers will be millennials. They bring a different mindset from their boomer predecessors, with evolving expectations for a unique work environment. While job security and loyalty were paramount to previous generations, millennials tend to be more focused on the experience.

Figure 3: Millennials in the Workforce

■	GREATEST/SILENT
■	BOOMERS
■	GEN X
■	MILLENNIALS
■	GEN Z
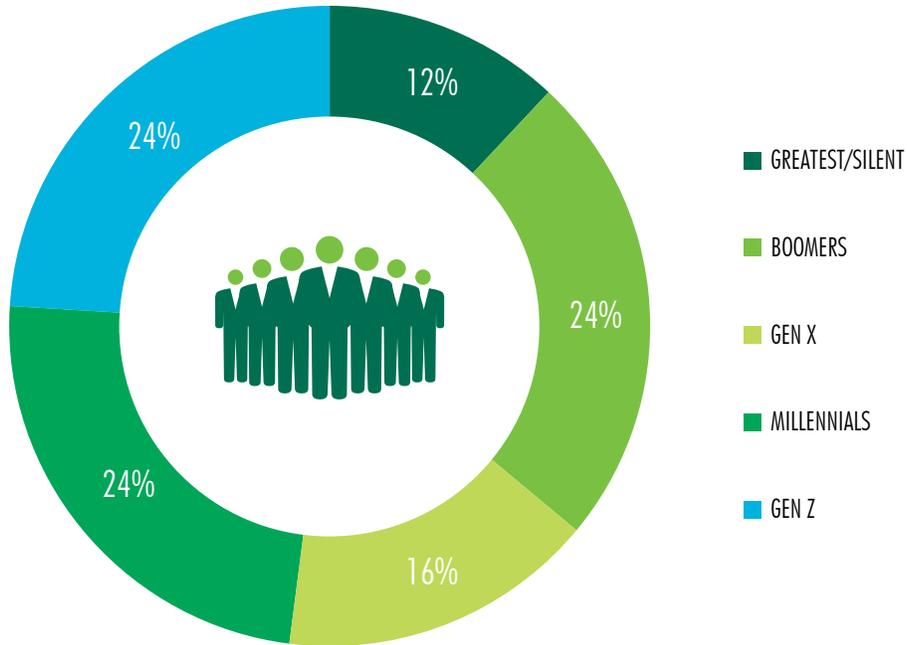
Source: Nielsen, 2013.

Millennials grew up with advanced technology, and they expect it to be up to date and efficient in their workspace. Their delineation between work and life is much less defined, especially compared to the baby-boom generation, so they require access and mobility to stay constantly connected to the virtual office. More important to their success is that millennials want to feel fulfilled; collaboration, a strong office culture and feeling a part of a larger brand and mission are keys to their engagement. A recent research study from Georgia Tech showed that millennials crave both flexibility in their work experience (52% would prefer to work from both home and the office) and a desire to be connected to the community of a physical workplace (41% would prefer to work mainly from one office).
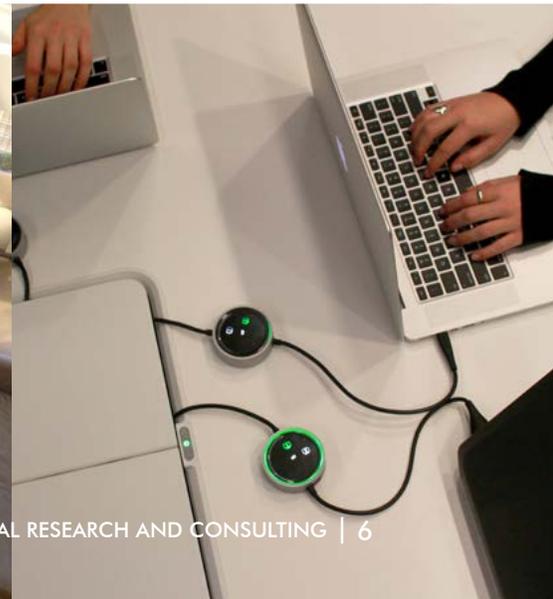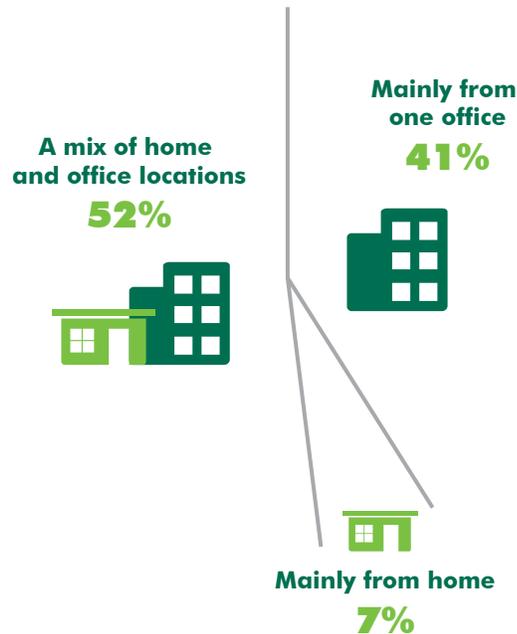
Figure 4: Millennial Preference in Workplace Environment

A mix of home and office locations
52%

Mainly from one office
41%

Mainly from home
7%

Source: CBRE, 2014.

The results of the study clearly illustrate the desire that millennials do not want to exclusively telecommute. It's not about working from home, its about creating a seamless mixture of work environments. Because a sense of community is important, social connections, networking opportunities and workplace flexibility are paramount. With changes in how the workforce is evolving, the next generation of talent is demanding a different experience. Organizations must provide more services and improved infrastructure without adding additional expenses. This can be accomplished by more intensely optimizing real estate assets in order to reinvest in new services and technology.

Additionally, uncertain global economic conditions have served as a catalyst to re-examine attitudes about how work is being supported in the workplace. Many companies were forced to downsize their space needs during the recession while maintaining staff levels and accounting for future growth, resulting in smaller but smarter offices. This trend has continued post-recession, and the recovery has emboldened many organizations to challenge fundamental assumptions regarding how space is allocated in support of different types of work functions.

What to do?

A thorough analysis of culture and business should take place before implementing any workplace strategy. By creating workplace solutions that reflect how people work and what they value, organizations can drive measurable improvements in employee satisfaction and business productivity while reflecting their brands and value to customers. Cost savings are no longer the only driver for workplace change—overall productivity and worker effectiveness, along with the generational shift,

The answer is choice—providing a more flexible way of working within a system of places.
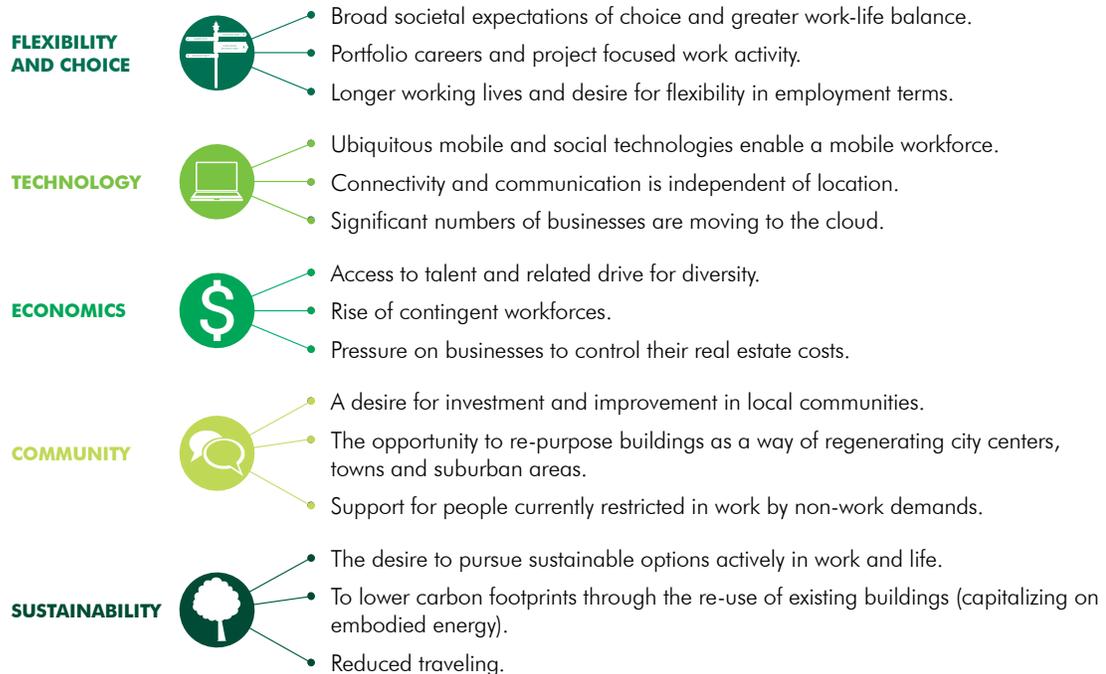
are now major motivating factors. Combined with these are other significant influences such as technology, the global economy and a focus on employee wellness that have been driving the overall evolution in the workplace during the past decade.

A successful workplace strategy is derived from organizational objectives that are focused on the future. Real estate, technology and corporate policy can and should be leveraged as critical tools to drive desired changes to work practices and behaviors. Overarching trends in the workplace environment are continuing to evolve placing greater responsibility on businesses to adapt. The answer is choice—providing a more flexible way of working within a system of places, technologies and behaviors. Organizations that provide flexibility and choice will create greater office efficiencies and higher levels of employee satisfaction. By more intensely utilizing their assets, they are able to reinvest in technology and a suite of services that can make the new workplace environment a reality for their workforce. These types of strategies will become the standard by the time many current office leases expire, because the future workforce will demand it.

Figure 5: What is Driving Change

FACTORS THAT WILL INFLUENCE CHANGE
We have identified five broad societal drivers influencing change in the way people are living and working.

FLEXIBILITY AND CHOICE
- Broad societal expectations of choice and greater work-life balance.
- Portfolio careers and project focused work activity.
- Longer working lives and desire for flexibility in employment terms.

TECHNOLOGY
- Ubiquitous mobile and social technologies enable a mobile workforce.
- Connectivity and communication is independent of location.
- Significant numbers of businesses are moving to the cloud.

ECONOMICS
- Access to talent and related drive for diversity.
- Rise of contingent workforces.
- Pressure on businesses to control their real estate costs.

COMMUNITY
- A desire for investment and improvement in local communities.
- The opportunity to re-purpose buildings as a way of regenerating city centers, towns and suburban areas.
- Support for people currently restricted in work by non-work demands.

SUSTAINABILITY
- The desire to pursue sustainable options actively in work and life.
- To lower carbon footprints through the re-use of existing buildings (capitalizing on embodied energy).
- Reduced traveling.

Source: CBRE, The Workshop Global Report, 2013.

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