

# The COVID Crisis and the Office Sector: a Longitudinal Study

Round One Interview Summaries  
December 2020 - January 2021

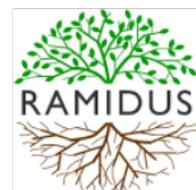
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## Summary of Findings

### **Research Topic and Approach**

The research investigated the views and experiences of UK-based corporate office occupiers regarding their operation and occupation of office space during the ongoing pandemic and their expectations of how this could change as the short-term impacts of the pandemic subsided. Drawing upon interviews with ten respondents who predominantly held either EMEA or global real estate roles, the occupier organisations ranged from public sector through partnerships to publicly quoted entities. In addition to offices, a number of interviewees also had substantial property holdings in other sectors. This represents the views of the interviewees in December 2020 and January 2021.

### **Corporate real estate change pre-pandemic**

There was variation in workplace models across the ten organisations, ranging from those centred on one desk per employee to those with established agile working models. Most had been engaged in densification and consolidation in the last decade, albeit to different degrees. Several organisations were considering more flexible working practices prior to the pandemic and around half of the organisations had explored working from home (WFH); but adoption had been mixed.

### **Pre-pandemic business continuity planning**

Prior to the pandemic most organisations had disaster or continuity plans in place, none had a specific pandemic plan. These plans primarily assumed migration of staff from one site to another in the event of disruption. No organisation foresaw a scenario where none of their offices could be used.

### **The emergency shift to WFH**

Organisations that were predominantly laptop (and cloud) based had a greater capacity to adjust more quickly to the need to shift to WFH.

### **Supporting the remote workforce**

Communication was generally perceived to be regular and helpful in relation to staff engagement and wellbeing, with surveys carried out to evaluate workforce experiences. The challenges of adapting to working from home were addressed through various methods, including town hall meetings, team calls, email and support helplines. Companies were reported as being proactive in ensuring employees remained engaged, reflecting on the importance of social connection, and the day-to-day interactions missing when working from home. Across organisations, challenges emerged in ensuring equipment was provided to assist WFH.

### **The operation and use of offices during the pandemic**

All of the organisations kept their offices open and operational during the initial lockdown and, with one exception, very small occupancy rates mainly for priority users, such as IT and other staff for whom office access was critical to ongoing business operations. As government restrictions relaxed, there was a limited return to the office for employees who wanted and were able to use them, but organisations placed restrictions on access. For most respondents, adapting office space to provide 'Covid-secure' workplaces did not involve significant additional expenditure. Indeed, additional costs were sometimes exceeded by savings in operating costs. Throughout the period, divergent approaches to the management of the office have been seen. The solutions have ranged from 'low-tech options to 'off-the-shelf' IT packages and bespoke in-house developed software.

### **Business performance and productivity during the pandemic**

Business performance continued to be strong across the companies interviewed. Overall, productivity was not perceived to have been negatively impacted and was generally perceived to

have been maintained or enhanced. Some interviewees expressed concern that employees were working longer hours at home and there were issues arising from 'over communication' and virtual fatigue. In particular, managing teams was perceived to be more difficult as was working in a new team. It was argued that that developing innovation and attracting new business would prove more challenging if current circumstances persisted.

### **Workforce experiences**

Diverse and variegated challenges emerged with employees lived experiences with demographic variations emerging. Younger, more junior colleagues living in shared accommodation had limited space for WFH set-ups and were more likely to miss out on social office interactions and relationship building with colleagues. Employees with younger children faced other challenges in balancing childcare and schooling responsibilities with WFH. Although lived experiences of WFH differed, there remains a general desire among the workforces to continue with some element of home working in the future.

### **Expectations regarding WFH post-pandemic**

For most organisations, given the perceived relative success of the shift to WFH, the pandemic has prompted them to evaluate what the role of the office workplace should be, how much should be used and how the space should be configured? All respondents envisioned some type of hybrid working pattern for most of the workforce. With certain exceptions, they expected that most staff would prefer to work from the office two or three days per week.

### **The evolving role of the office - corporate culture**

The importance of the office to building corporate culture and teams, driving innovation and learning, facilitating collaboration and connection came up frequently. It was clear that respondents felt that the office was important for creating, maintaining and transmitting the, often tacit, norms, values and behaviours that constitute corporate culture. However, it was also acknowledged that building corporate culture was not necessarily incompatible with hybrid working.

### **The evolving role of the office - collaboration**

Whilst there was some recognition that some types of collaboration could occur whilst working from home, team-working was also commonly cited as a key function of the office. Some respondents emphasised that collaboration was much more important for some types of role or tasks compared to others, although it was pointed out that there were different types of collaboration of which some were fairly easily conducted online. There was agreement that physical presence in the office was crucial for new staff and informal training and learning.

### **Implications for office design**

An increased emphasis on working from home and using offices to facilitate and support corporate culture, communication, connection, collaboration, creativity, chance meetings and knowledge sharing was expected to have implications on the quantity of space, the quality of space, the configuration of space and the allocation of space. It was expected that there would be a shift towards more activity-based layouts and away from allocated, fixed and personal workstations. Some respondents felt that the pandemic was essentially accelerating a shift that was already underway.

### **Potential challenges in managing demand for office space**

The use of 'demand management tools' in order to manage the allocation of space was expected to increase. It was also expected that there would be significant challenges in dealing with peaks in demand for space and facilitating co-ordination within teams so that they could identify shared times and shared spaces to gather in the offices. It seems clear that hybrid models create challenges in identifying space solutions that can accommodate variable demand for multiple office-based activities such as focus work, client meetings and collaboration.

**The implications of increased WFH on level of demand for office space**

Most respondents expected to have lower footprints as a result the increase of WFH and associated changes to office space configuration. A reduction of 20%-30% was cited most commonly. Whilst there was limited enthusiasm for using satellite offices or co-working offices, there was an acknowledgment that they might be appropriate for staff for whom WFH was not suitable.

**International Variations**

Whilst the focus of the study has been mainly on the UK, a number of respondents discussed international variations in how the impacts of the pandemic could vary among different geographies and cultures. A fairly common point was that WFH relied upon adequate accommodation and reliable electricity and broadband services. It was pointed out that Europe and America had registered a higher propensity for WFH. In Asia, working from home has been minimal and most people have returned to work in the office pretty quickly. Clearly, local cultures, conditions and experiences of the pandemic were expected to be a key moderating variables that would influence the extent of WFH at a country level.

## Introduction

This document reports on the findings of the first round of interviews involved in a qualitative, longitudinal research project on the impacts of the ongoing pandemic on the office sector and, in particular, on major corporate office occupiers in the UK. For crises generated by major external shocks, there can be a lot of variability in their scale, causes, duration and severity and in their impacts on different sectors and businesses. Such shock events can be transformational producing both positive and negative outcomes. Not surprisingly, in the last year there has been a lot of interest in the business community generally and in the real estate research sector specifically on the 'future of the office' in a post-pandemic 'new normal'. Often focussed on the implications (and the potential extent) of the growth hybrid working, a number of substantive reports have been produced predominantly by large consulting groups and real estate advisory firms, with limited academic insight. This research contributes to the narrative looking at corporate real estate strategies over a number of years as a longitudinal study.

The research reported here is not just about potential shifts towards hybrid working. It focuses on the experiences of UK-based corporate real estate managers regarding the operation and occupation of office space during the ongoing pandemic and their expectations of how this could change as the short-term impacts of the pandemic subside. The research looks backwards at the experiences of major office occupiers in terms the effectiveness of business continuity planning, the impacts on business operating models and performance and, the use, operation of and operations in their offices during the pandemic.

The research also looks forward and investigates perceptions and expectations regarding changes in the quantity, configuration and role of office space. Some emphasis is placed on the shift to WFH and the extent to which there will be a permanent and significant shift towards hybrid working models. Whilst there will be impacts, the research does not consider implications of the pandemic for the various parts of the real estate investment quadrant - private equity (directly owned investments), public equity (mainly REITs), private debt (mainly bank and shadow bank lending) and public debt (mainly CMBS). This is a first snapshot that has captured the expectations of occupiers at a specific point in time. Later interviews will focus on the extent to which expectations are being fulfilled and how corporate real estate strategies are responding to changing economic, office sector and labour market dynamics.

## Research Approach

The ten interviewees predominantly held either EMEA or Global real estate roles. A couple were dealing with substantial UK only portfolios, for the others a significant focus was the UK. Definitions of what comprise Europe, differ, driven by the historic development of the company. Organisational types ranged from public sector through partnerships to publicly quoted companies.

In addition to offices, a number of interviewees also occupied different types of properties including: manufacturing, R&D, warehousing, retail, data centres, call centres, telecom masts, technical sites, laboratories, medical facilities and public sector facilities. Some sites were multi-purpose, for example technical sites with offices. The interviews were held in December 2020 and January 2021 and reflect the opinions of the participants at that point in time.

## Corporate real estate changes pre-pandemic

Initially respondents were asked how their organisation's use of office space has evolved over the last decade, although not all respondents had been with their organisation that long. There was variation in workplace models across the ten organisations, ranging from those who were more agile

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through to those still centred on one desk per employee (with a desktop computer). Several have been considering more flexible working, but adoption had been mixed. Prior to the pandemic, around half of the organisations had explored Working From Home (WFH).

*Even in 2015, we were still a PC based organisation. There wasn't a laptop in the building. But we did implement a flexible working policy. So, we allowed people to work from home and the take up of that policy was limited. (Consultancy Legal)*

Consulting and telecoms firms were generally more agile and well equipped to do so (e.g. using laptops over desktop computers). However, a number of organisations still expected staff to come to the office for the bulk of the working week, frequently referred to as *presenteeism*.

*You can't do a refurbishment to agile working, unless everybody's got their own laptops and the IT infrastructure is right...we were a bit of a dinosaur. On the IT side everyone had fixed screens, fixed PCs. Everybody sat at their own desk. Everybody was expected to be in the office. (Financial Services)*

*The way we use space, I would describe it in one word - traditional. (Consultancy Legal)*

*A pretty conservative model in terms of occupancy... the vast majority of our people - one desk per person working in the office... not really ... flexible. (Public Sector)*

Although conservative in their adoption of agile working, the public sector organisation was moving towards compliance with the UK's PAS 3000 framework for agile working. In contrast, respondents from large consulting firms described a fairly well-established agile model.

*I think it's fair to say the nature of the people employed, the nature of the work that we do requires us to spend a lot of time on client sites ..., flexibility has always been there. Pre-Covid there's no designated desks for anyone. (Consultancy1)*

*We had a good flexible policy that gave people choice to work at home... we all work off laptops predominantly and in the office it's 'plug and play'. So, we were very mobile pre-Covid. (Consultancy2)*

*Agile working has been front and centre of what we've been doing for at least sort of four or five years now...It's shown that people can work productively from home and it's probably accelerated some of the portfolio rationalisation. (Manufacturing1)*

Other respondents pointed to varying degrees of agile working between different locations and roles.

*I think it's fair to say different parts of the business have evolved at different speeds... the supply offices...which historically have been very old-fashioned, very cellular... the global vision for our future workplace? We've landed on activity-based working, unassigned desking... different types of spaces depending on the different types of work people do. (Manufacturing2)*

*We have a policy of flexible working for the general business. For the R&D business .. [it's a] one desk-one-person policy because the R&D guys work in scrums and very agile teams. (TMT1)*

As the discussion above suggests, organisations have been engaged in a trend to agile working over the last 10 years at different speeds and to different degrees. On simple metrics this corresponded to a densification of space against FTE numbers. Even the more traditional offices have been transforming their space.

*Where we are now versus where we were, say a decade ago - gradually decreasing the number of sites and the total footprint ...As part of that campus change in 2009/10, the directors lost their rooms... It's all open plan, apart from meeting rooms. (TMT2)*

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*There's always been a drive or threat throughout my experience to improve the efficiency of the office...I guess for the last two to three years we've been trying to get to a 0.8 figure - one person to 0.8 of a workstation. (TMT3)*

As one respondent commented, this shift towards more agile working patterns meant that a proportion of space was being under-utilised at least for some days of the week.

*Homeworking was accepted. But the default position was in the office. There's probably an average of 65-70% occupancy throughout the rest of the week...which I think is fairly standard across a lot of corporates. (Manufacturing2)*

One respondent in particular pointed to a the 'peak' problem, where demand is concentrated mid-week in agile work environments.

*Pre-Covid, we'd ended up with what I call 'the midweek mountain'... They want to meet up in groups on the Tuesday morning at 10:00 o'clock and sit where they usually sit. So, space management becomes more challenging and people have been working in a more hybrid way. (TMT2)*

A range of density levels appears' to exist. A respondent from a law firm described the result of a more traditional model.

*Our benchmarks against any sector look terrible. We use more space per person than... any other business. (Consultancy Legal)*

Whereas a respondent from a large consulting firm described a situation where they were expanding the workforce by 50% whilst decreasing the quantity of space used by 25% to 30%.

*We've taken out a substantial amount of the portfolio - somewhere in the region of about 25 to 30%...We've been fortunate in that a lot of the leases were coming to an actual end... Which gave us this once in a generation opportunity really to renew the office network...That's been paramount to rightsizing all of our offices in the last 10 years. (Consultancy1)*

### Pre-pandemic business continuity planning

Prior to the pandemic most organisations typically had disaster or continuity plans in place. The focus of these plans was largely based on the presumption that, if one site was disrupted, staff could migrate to another site. No organisation foresaw a scenario where *all* offices could not be used. Organisations with offices in Asia had some advance notice of the implications of the pandemic and were more prepared, but no organisation had continuity plans that specifically considered a pandemic.

*We have...a very robust business continuity management system...But you can't second guess every event. But don't forget also, we had this happening in Asia in some smaller locations... we never mobilized the business continuity plan as such, because of the anticipation that it was heading our way (Consultancy Legal)*

*...we had relatively detailed business continuity plans, and it did work quite well. But I think a lot of that is by virtue of the fact that we're sort of reasonably advanced in the digital environment... (TMT1)*

*...we did have a disaster plan and contingency planning... I don't think anybody, public or private sector effectively was perfectly positioned for this. (Public Sector)*

*...contingency plans for a whole range of things, but principally that would be one building going down and how we would react to that...I think no one envisaged all of the network closing down at once... (Consultancy1)*

*There was obviously, a contingent disaster recovery plan in place, ... But my perception of it... was that it was very much geared towards the one-off event.. and potentially a week or two weeks, but no more than that... (Manufacturing2)*

One respondent, whose organisation retained surplus office space for business continuity purposes, reported that the intention was to reduce this capacity significantly.

*We are rationalising the amounts of ... space that we have around the world...[we have] reduced that down from 530 to 190 [desks] going forwards. Because we've shown that people can largely work from home, we don't need to have that space reserved for a crisis. (Manufacturing1)*

## The emergency shift to Working from Home (WFH)

Not surprisingly, more agile organisations had a greater capacity to adjust more quickly. The speed of response from clients varied, as they had different capacities for adjustments, which impacted the smoothness of moving business online.

*...it was just good fortune, not by design, but we are now a laptop-based organisation and we had a sort of an 'iflex' policy..... That migration, I thought went very well and there were just a few lumpy moments, but nothing that ever got in the way of the business. (Consultancy Legal)*

*So, when we started dealing with Covid and there was the first lockdown back in March, it's probably an exaggeration to say it was straightforward, but it was for most parts of the organisation... The company...is used to working on relatively hybrid way. We were relatively well placed...So, it's sort of ...just a continuation of what we were doing anyway, but obviously a massive acceleration. (TMT2)*

*... we're used to working across different countries... very used to Zoom. So, the technology we've been using for a year or two already. (Manufacturing2)*

*We switched to virtual work really very easily because we were able to do so. The biggest challenge...was the speed of execution of our clients being able to move to that way of working, was the most difficult. (Consultancy2)*

Clearly, the transition to WFH was smoother for organisations that had more experience of agile, mobile working. However, given the lack of contingency planning for a pandemic, most firms had to improvise to some degree.

*... it's been kind of very ad hoc, very kind of improvised and on the hoof...I think anybody who said that they've had it all been smoothly and efficiently done, you know that can't be right, can it? (Public Sector)*

## Supporting the remote workforce

Communication was perceived to be regular and helpful in relation to staff engagement and wellbeing, with surveys carried out to evaluate workforce experiences. The challenges of adapting to WFH were addressed through various other methods, including town hall meetings, team calls, email and support helplines. Companies were reported as being proactive in ensuring employees remained engaged, reflecting on the importance of social connection, and the day-to-day interactions missing when working from home.

*I think one of the things that we were all kind of quite impressed with was senior leadership's response to what was happening...We did get regular surveys to see what was working, what wasn't working. We've also had a focus on well-being...a focus on trying to gauge how people are doing and what can you do to help them more. (TMT3)*

*Regular communications, that's for sure and right from the top...reassuring people. There was a lot of email communications ...The focus is very much on people, doing the right thing... it's not all about profit. It's about people. There have been regular surveys. How are you coping? How are you finding things? But also, you know, what's your preference? (Consultancy1)*

*There was a lot of really good support in terms of how do you learn and adapt to working from home? Mental wellness and well-being and... how you stay connected with your teams, not just on a work basis but on social basis as well. (Manufacturing2)*

Across organisations challenges emerged in ensuring equipment was provided to assist WFH. Support solutions were developed in relation to setting up home offices, allowing employees to take equipment home from offices, procure laptops, peripherals and technology licences, claiming furniture and incidentals on expenses. However, when the pandemic hit, there were grey areas and overlaps as people's needs and working conditions changed, so allowances were made to facilitate WFH. Existing digital and flexible working strategies generally helped to mitigate potential problems in moving to WFH. Due to the nature of the jobs, Some companies had a more *ad hoc* response to WFH and found the transition more challenging than others, which reflected the specifics of the job performed (including interface with the public). Not unexpectedly, IT support was key. Such WFH practices appear to have stimulated debate within organisations on the future WFH practices and how to ensure people can work 'happily, comfortably and productively' irrespective of location.

*... we had some very fundamental challenges which we got over.... One of them was the setup of the home office - a place where someone could actually set up properly and work. (Consultancy Legal)*

*The thinking was, pre-Covid you could only ask for support working from home if you were a contractual home worker. Otherwise, if you wanted to buy a chair or whatever else, you have to do it yourself. So, it was a simple split and obviously it's become much greyer this year because of circumstances. We have also had people asking for all sorts of other bits to be taken home and we've tried to make allowances. (TMT2)*

*We are contemplating, you know, a future way of working. What else do we need to provide for people to make sure that they are at their most happy, productive, comfortable, wherever they are? ...He (the CEO) wanted everyone to have the correct ergonomic chair and a decent desk and a lamp... (TMT1)*

*... our facilities team were driving around the country delivering office furniture for a few weeks to people. (Financial Services)*

## The operation and use of offices during the pandemic

All of the organisations in our sample kept their offices (often nominally) open and operational during the initial lockdown. However, this was usually with very low occupancy rates for priority users such as IT and other staff for whom office access was critical to ongoing business operations. As government restrictions relaxed, there was a limited return to the Covid secure office for employees who wanted and were able to use them. Most organisations placed restrictions on access. Whilst the timeline varied, these responses typify the experiences of the majority of the organisations.

*So, we don't have any sites that have been closed, not on a permanent or indefinite basis as a result of the pandemic...we've had to apply Covid assured standards to our workplace and effectively that at least halves our capacity. (Public Sector)*

*We have got Covid secure offices that we can offer you, should you wish to come in. So, that was the whole ethos about ensuring people could come in if and when they wanted to. (Consultancy1)*

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*In Europe we closed almost no offices. So, the offices were still technically open because in most places there were a handful of people who needed to be in the office. So, we had to find ways of keeping the offices open. So, that was really about PPE and additional cleaning regimes and one-way systems, and you're controlling who was allowed into the office and who was not. I mean, one of the big things was desk booking, so we already had a software for booking rooms which we could use for desks. (TMT1)*

*...when things started to reopen in June or July, ... they have 20 - 25% max [occupancy] and, if you're not on a list, you're not in.... They want you to work from home if you can... But they are very conscious of health and well-being. (Financial Services)*

*... until August... if you wanted to go into a building, you had to apply via an HR panel and be given special dispensation...in August we developed an in-house booking system for access to buildings.... the ability for people to go in and book access for a day to an office has remained and is still in place now. But the numbers are very, very low. (TMT2)*

For most respondents, adapting office space to provide 'Covid-secure' workplaces did not involve significant additional expenditure. Indeed, additional costs were sometimes exceeded by savings in operating costs.

*But fundamentally, we saved in cost terms. The buildings have been open for the people who need to be there, that we made the changes we need to make in order to make them Covid safe... (TMT1)*

*I can't think of anywhere where Covid has cost us a fortune as an occupier to be honest. (Financial Services)*

*... the overarching cost of operating the building... on the whole didn't go up... (Consultancy2)*

*... a lot of the services we provide have been closed down - reduced in scope. So, we had to furlough quite a lot of staff and/or make them redundant. So, there has been a big impact on the resourcing. (Manufacturing1)*

*... we did see an increased spend on stuff like deep cleaning and prepping offices for the partial return..., the anti-viral, anti-bacterial door handle coverings and all of that sort of stuff, gel stations. So, we saw our spend go up on that. We saw some savings on the retail side because of the rents that we got abated in various countries... (TMT3)*

One respondent experienced a major increase in demand for their services but the nature of the work meant there was limited capacity for mobile working. They commented that *...the cost base for the Department has shot up with trying to switch the IT, bringing more people in etc. (Public Sector)*

### Relationships with landlords during the pandemic

For the office occupiers interviewed, the comments from respondents on their relationships with landlords during the pandemic were, perhaps surprisingly, generally positive. Perhaps this is partly because the majority of respondents reported that their business performed relatively well financially during the pandemic and continued to pay rent.

*... some things could have gone better, but generally very good rapport with them...Where things have fallen down is getting people to share the pain ... moving to monthly payments.... that has caused some friction. Which I'm a bit disappointed about, to be honest. I'm not surprised about...But, absolutely fine on the Covid operational side, no concerns. (TMT2)*

*... if you go to ... landlords around the world and say "We want a reduction" and then you've either got to say "We have a cash flow problem" or "We have a finance problem" which is not ... good for the share price and, secondly, it isn't true...We had adult conversations about service charges. (TMT1)*

*...it's the first time landlords have actually started to come to us for a change, saying "What do you need from us?" So, we were working really very closely with a lot of the landlords to ensure that those buildings were opened for our younger people. I think it's fair to say in a lot of locations we're still the only organisation within these buildings. (Consultancy1)*

*...absolutely no issues. Landlords - very supportive. Did they want to give us any discounts on rent?... yes, [but with] lots of issues...Landlords said "OK, we might let you off if you can prove to us you can't pay your rent because Covid is destroying your business" and, clearly, we couldn't do that. (Manufacturing2)*

*We didn't particularly aggressively go after trying to not pay office landlords, even though we weren't using the buildings. Because it seemed a little bit disingenuous when you are actually making more money... (TMT3)*

## Business performance and productivity during the pandemic

Following the initial challenges of adapting to working during the pandemic, business performance continued to be strong across the companies interviewed and, in the main, it was 'business as usual', with some savings being made on occupier and travel related costs. Only one company furloughed a number of support staff and had made redundancies. In contrast, the public sector organisation had to respond to a large increase in demand for their services and recruited accordingly. The pandemic prompted some companies to reconsider their workplace strategies and specifically reflect on productivity. Some organisations brought forward plans to refurbish offices whilst others postponed taking additional space. The pandemic is clearly creating conditions for change and an acceleration of plans in relation to workplace design and operation.

*... the decision was taken then to pretty much fast track the office refurbishment ...and through the approval process in a month... No one is going to have their own desk. Even the CEO... (Financial Services)*

Overall, productivity was not perceived to have been negatively impacted in the short-term for any of our interviewees and was generally perceived to have been maintained or enhanced. Operations previously conducted face-to-face effectively moved online as companies ensured those with client facing roles were able to consistently meet needs. However, on a less positive note, some interviewees expressed concern that employees were working longer hours at home and there were issues arising from 'over communication' and virtual fatigue. In particular, managing teams was perceived to be more difficult, as well as working in a new team. It was argued that developing new business strategies out of the office would prove challenging if current circumstances persisted.

*It was a bit sketchy to start with, but really, since the summer, the business has been at full tilt and actually right now is as busy as I've ever seen it... things are looking very good in terms of turnover perspective. A lot of savings around travel. (Consultancy Legal)*

*...(from the) online staff questionnaire...we found...that overall people felt more productive working from home than they did coming into the office. And by how much? By margins of 4%, 5% 6%. Which I think is material... but it differed across roles... partners felt they were less productive at working from home because they were having to spend more time managing their teams and managing individuals. (Consultancy Legal)*

*My question... is "Was that productivity going up or was that people working more hours, so they achieved more? So, it wasn't necessarily about your productivity, but hours going up. (TMT1)*

*We've almost had more meetings because it's easy just to set them up...I actually think people who have almost been busier... If you've got three years of working from home say, you might be very reactive, but where would all the new initiatives and the new policies and the new areas of business be developed? (Financial Services)*

*So,... productivity was not impacted ... but ... other areas like creativity and innovation, continuous improvement and the integration of new staff were instead slowed down (Manufacturing2)*

*... there might be a certain element of fatigue, and there's certainly an amount of, you are off one phone call and onto the next, and there is no time to actually do stuff anymore. It's a lot more over communication. I've said that productivity has improved, but I can't give you a measure, an empirical measure that says that it has. But there is a perception that it has. (TMT3)*

*A recent study have worked out that people in the UK are working an incremental two hours per day...There's a balance of positive productivity versus negative productivity that's starting to come through. I think people are being more productive. (Consultancy2)*

*I don't think there's been any significant perceived reduction of productivity. I think people have been able to work from home well. It is more around perception, perception from staff through these staff surveys. It's more around perceived productivity, rather than any hard facts. (Manufacturing1)*

## Workforce experiences

Diverse and variegated challenges emerged with employees' lived experiences, often reflecting demographics. For example, younger, more junior colleagues living in shared accommodation had limited space for WFH set-ups and were more likely to miss out on social office interactions and relationship building with colleagues. Employees with children faced other challenges in balancing childcare and schooling responsibilities with WFH. Increased flexibility in relation to WFH and the adoption of altered working schedules was encouraged, to account for the dynamics of working across demographics and varied living / caring responsibilities provided employees continued to work effectively. Although lived experiences of WFH differed, as discussed later, there remains a desire to continue with some element of home working in the future.

*..., some of the junior associates were perhaps sharing the houses in London. They were amongst the most challenged.... (Consultancy Legal)*

*...on the question of people coming in, they were younger. That's definitely an issue... the practical considerations around and people are living with their folks or in a flat share or whatever, and they might not have the accommodation. And then they therefore don't want to stay at home. Obviously, they want to be in the office. They are new and they want to build relationships and become part of the business... (TMT2)*

*I was doing meetings... and downstairs ... my daughter on a dancing lesson on Zoom with the music ...I'm not one that thinks the office is dead... (Financial Services)*

*I mean it can be absolutely no fun in a shared house in London in lockdown, trying to juggle stuff. And, equally, I've got colleagues that are in their 30s and they've got a partner and a house. But, they've just had their first child and ...(the) two of them work*

*from home and juggle the childcare and all that. So, I think it is a different experience according to what your setup is at home. (TMT3)*

*Our average age is 28 ... a lot of those haven't necessarily got the right facilities for working at home long term. We are conscious of that and we have tried obviously to assist wherever possible... (Consultancy1)*

*... your digital natives ... they're just missing their social side of being in the office. But,...executing their workload isn't the problem. They're missing the learning quantum, you know ... When we're talking about the graduates that we have coming in, how do they connect with their seniors and learn? (Consultancy2)*

*We asked people how many days in the future they would like to work from home... the average is two to three days a week... It was the older staff in the more senior ranks that wanted to work from home more, ... but the younger workforce and people on the lower ranks wants to come to the office more frequently. (Manufacturing1)*

As has been widely cited, there was a recognition that certain segments of the workforce such as younger staff had stronger preferences to be in the office. This was one of the motivations that companies had to allow access to offices as the lockdown was relaxed.

*That's why we've kept our offices open for people that really do need to come in. A lot of them we can see from the screen they're working from bedrooms and all the rest of it. So, it was vitally important to support that age group, which is why we opened the doors as soon as we could...The take-up actually wasn't as high as we thought it was going to be, and that's still the case with the youngsters. But I think they know that they can if they need to come. (Consultancy1)*

*When the rules were relaxed, they did give the opportunity for people to come in for client centric, business critical activities and they were screened by the managing partnership... (Consultancy2)*

*... our offices have been open for people with critical needs who can't work from home to come in It was on a case-by-case basis. (Manufacturing2)*

## Expectations regarding WFH post-pandemic

For most organisations, given the relative success of the shift to WFH, the pandemic has prompted them to evaluate what the role of the office workplace should be, how much should be used and how the space should be configured. All respondents envisioned some type of hybrid working pattern for most of the workforce. With certain exceptions, they expected that most staff would prefer to work from the office two or three days per week. Most respondents cited internal workforce surveys that were largely consistent with the existing research briefly discussed earlier.

*... "what does the future of work look like?" and so we are kicking off that review process now as to what happens. I think the expectation is that people will go to the office three days a week and work from home two days a week... I think there's a general expectation that people are not going to be in the office five days a week anymore. (TMT3)*

*..., there's quite a desire to have that flexibility. There is relatively few who want to work from home all of the time, and relatively few who want to work in the office all the time. Although there are some people at either end of that that spectrum. (TMT1)*

*..., next year (2021), there will be a more formalised plan around ... people being given permission to work from home for a specific number of days per week and there will be protocols and such like that will be put in place to cater for that... it will go from informal pre-pandemic to more formalised post-pandemic... post pandemic ... the average is two to three days a week. (Manufacturing1)*

*...we had stats coming back that range between 60% and 75% that said "We only plan to come back like maximum of two days a week." (Manufacturing2)*

*You got nine plus months evidence that people can work, and organisations can work perfectly well remotely. And I know there are problems, but it works. That was never there before ... people weren't given the choice before. Didn't have the equipment... they had to go in to do a role because of cultural pressures or technical reasons... Those few things together, I think, are too powerful for the office to escape... you could be looking up to an average of 30% reduction in office space. (TMT2)*

Whilst pointing out that there was some desire to return to the office, one respondent noted that that WFH could become part of package required to retain and attract staff.

*I think there's a lot of different views, and if you're not offering the right amenities to staff now, they won't stay with you. They'll go work with somebody else. So, it's about recruitment. (Financial Services)*

In addition, the same respondent felt there would be a shift towards the dislocation of work from a single place.

*The job is no longer in a particular place. In fact, where you work, it won't be on the job description anymore. (Financial Services)*

## The evolving role of the office - corporate culture

The importance of the office to building corporate culture and teams, driving innovation and learning, facilitating collaboration and connection came up frequently. Most of the responses were generally consistent with findings in previous research. It was clear that respondents felt that the office was important for creating, maintaining and transmitting the, often tacit, norms, values and behaviours that constitute corporate culture. However, it was also acknowledged that building corporate culture was not necessarily incompatible with hybrid working.

*... a concern that we've had about working from home, ... it's about how it affects your culture as an organisation. It's harder to maintain that culture... when you're not coming together regularly. (TMT3)*

*That corporate community... You cannot take that for granted. You've got to kind of re-invest in it. (Consultancy Legal)*

*Culture is important...that was one of the reasons for building the HQ back in 2009/10. The project that kicked off in 2007 was to bring together disparate buildings and creating more of a cultural hub. So, there definitely is value in that...But, you just don't need to be there five days a week to tap into that. (TMT2)*

*And we see that coming into the office being really important to instil the firm's culture. And I know there are lots of examples of technology companies really losing that social, cultural aspects from everybody working on remote platforms. (Manufacturing1)*

*Do they have to be in the office as often as they were pre-Covid? No. But, you know, part of who we are as a business is our culture, is to have this need to get together and connect. (Manufacturing2)*

## The evolving role of the office - collaboration

Whilst there was some recognition that some types of collaboration could occur whilst working from home, team-working was also commonly cited as a key function of the office.

*If I'm doing emails and Zoom calls and writing reports, I don't need to be in the office. I can do that perfectly well from home.... But, if I need to connect with teams and people, then I'm coming in. (Manufacturing2)*

*The office will become more about collaboration, teaming and engaging in the [Name deleted] brand. (Consultancy2)*

When asked about productivity, which was regarded as being resilient through the shift to WFH, it was not necessarily considered sustainable in the long term.

*I think there's more of a challenge around where you kind of break the teams up and ... the next thing... How do you build those relationships and how do you make that work? (TMT1)*

*The nature of the office will change post- pandemic and we've actually got a couple pilots that we're looking at currently...if you've got the vast majority of your staff... being able to work from home successfully, ... and if they feel productive working from home, then the only reason why they would come into the office is to engage socially, to collaborate with teams face-to-face. (Manufacturing1)*

*... in terms of innovation, continuous improvement, they said there's a black hole there... to really be generating innovation and creativity, you need to be face-to-face and that happens when people spark off each other and interact with each other. (Manufacturing2)*

*...it's not like those informal conversations that you have or the chance meetings that you get bumping into someone in an office building or travelling... (TMT3)*

Some respondents emphasised that collaboration was much more important for some types of role or tasks compared to others, although it was pointed out that there were different types of collaboration of which some were fairly easily done online.

*... we've got to be really careful because ... There's lots of different types of collaboration,... That's what we're drilling down to what people want to come back and do. (Manufacturing2)*

There was agreement that physical presence in the office was crucial for new staff and informal training and learning.

*I think that's the big take out for us is that the office is very, very important. I mean, those trainees that came on board in March and have never met their bosses. Never been into the building. And that for them, that's unsustainable.... In fact, the whole business could not carry on unless we can get back into the building and get back in quite quickly. (Consultancy Legal)*

*Training and learning and integrating and introducing new people into the business happens when you're all together. So, people learn by overhearing conversations, seeing how other people work. (Manufacturing2)*

## Implications for office design

An increased emphasis on WFH and using offices to facilitate and support corporate culture, communication, connection, collaboration, creativity, chance meetings and knowledge sharing was expected to have implications on the quantity of space, the quality of space, the configuration of space and the allocation of space. Not surprisingly, office occupiers that already had hybrid or agile working and activity-based space configurations seemed to be best placed in terms of adapting and operating during the pandemic. Essentially, they were already providing space and support services

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in ways that others are now broadly aiming to emulate. This respondent worked for an organisation that, pre-pandemic, seems to have been at the vanguard of 'the agile office'.

*... we didn't reconfigure any of the layouts. We had a fairly, flexible and agile approach..., a variety of settings, whether that's desks, booths, lots and lots of soft furnishings, a lot of settees, lots of places where you can just sit for half an hour, an hour, two hours if you so wish. All have got access to Wi-Fi and pretty much everywhere you will be able to plug your laptop in ... We worked quite a lot with our tech provider [Name deleted] who provide all our sensors. So, we'd already installed 15,500 sensors throughout our network under each seating in the work setting... So that, when people came in, they were all colour coded and they knew where to go on a particular day. Each day, one setting would close down, another work setting would set up and that would enable a deep clean to go forward. (Consultancy1)*

For many it was expected that there would be a shift towards more activity-based layouts and away from allocated, fixed and personal workstations. There was a general sense that lower occupancy rates might not necessarily mean lower footprints because of the different layouts or collaborative spaces that might be needed.

The longer-term impact on desk densities was being considered by some of the interviewees, but at present that seemed to be something still being considered. Desk density was discussed in relation to the current social distancing standards, where the number of desks and density has substantially lowered (pre-pandemic numbers oscillated between 4 and 6 sqm per person). One respondent had pointed out that desks might remain more distanced even after the end of social distancing measures and especially in some geographical context, employees will ask to maintain the same cleaning standards and to keep monitoring and improving health and well-being matters even in the future. But on this topic and more in general on the new office layouts a lot still needs to be considered and discussed.

*.. I expect the space will be more collaborative.... less square metres... as a consequence of the changes in ways of working... The layout of the space may change if we need to make it much more about collaborative environments and far more technically rich, technology-rich environments. (TMT1)*

*We're also trying to understand what the offices are going to look like... We're expecting them to be not as workstation heavy but to be more about collaboration space.... Reduced footprint, different layout, more about collaboration, less about workstations. More of a hybrid model, of not five days in the office, a number of days from home or working elsewhere. (TMT3)*

*... probably having a higher specification, probably in prime locations that people want to come to and set up to really create the collaborative platform for people to engage in a place. So, it'll be less around offices with huge amounts of fixed desks. It'll be more about creating a variety of different work zones with people being on a flexible technology platform. I think our vision is something along the lines of a hotel lounge where you will arrive in the building with your laptop or your mobile device.... it will be a real mixture of different settings where you know you can collaborate, you can work into the quiet zones, you can basically move around, not fixed to a seat. (Manufacturing1)*

*This will give us an opportunity to break with the ownership of space where every single person has their own desk...our average utilization level in 2015 was 55%...and then we modelled what it would be if everybody works from home two or three days a week...occupancy goes down to 32%, ...You cannot have an office with that amount of inefficiency... (Manufacturing1)*

Some respondents felt that the pandemic was essentially accelerating a shift that was going to occur anyway.

*It's not just about the offices. It's a whole new culture. A whole shift of culture for the business which I think would have happened anyway. But, what Covid has done is fast tracked it by two years. (Financial Services)*

*I think the pandemic is actually being a little bit of a catalyst for investing into things to help you manage that occupation... (TMT3)*

*Agile working in the past has been around, from a cost perspective, getting more people into the building and having a smaller footprint... post pandemic, two things will change. We will be increasing the sharing ratios... no longer being 12 people for every 10 desks... more like 14 or 15 going forward and ...rather than there being blocks of desks ... the agile workplace of the future...is going to be around more collaborative spaces. So, that hotelling type of site, people being on their own, portable devices, being able to sit pretty much anywhere in the building... (Manufacturing1)*

Of course, much of the change will be contingent upon the suppression of Covid. One respondent noted that 'Covid-secure' offices tended to be far from ideal for collaborative work.

*The office isn't really a welcoming place anymore because it's got so many controls around it. It is there purely to be a function of getting something done rather than generally being that place to connect. (Consultancy2)*

## Potential challenges in managing demand for office space

The use of 'demand management tools' in order to manage the allocation of space was expected to increase. It was also expected that there would be significant challenges in dealing with peaks in demand for space and facilitating co-ordination within teams so that they could identify shared times and shared spaces to gather in the offices.

*... the tools and models that are being promulgated in the past do not accommodate the behavioural aspects of managing space...some of these booking systems are just rubbish... Otherwise, you're going to get rid of too much space or still carry too much space or all your end users are going to be incredibly frustrated because they just won't know where to sit and they will be at loggerheads with each other. (TMT2)*

*"Do you see issues around peak?"... people will want to work from home on Monday and Friday... that still gives you three days where you've got all the numbers in... if you're looking at wanting to use it as collaboration space, then actually, it's not one person that's coming in. It's a team that's coming in. So, you have got to find a way of managing that... (TMT3)*

The need for quieter spaces in the office was specifically mentioned.

*... what people have said is that they value that quiet time. They think they're more productive, working from home, and that'll always be a place that perhaps they can go for that. But then we don't want to discourage them from coming into the office. So, if there's half a day collaborative time for them, and then they've got another half a day where they want to work quietly, then we need to provide more spaces like that. (Consultancy1)*

It seems clear that hybrid models create challenges in identifying space solutions that can accommodate variable demand for multiple office-based activities such as focussed work, client meetings and collaboration. Whilst some major office users have been engaged in agile working

practices and office usage for over a decade, the change in scale may well create additional challenges in modifying user behaviours and the office itself.

## The implications of increased WFH on level of demand for office space

Most respondents expected to have smaller footprints as a result the increase of WFH and associated changes to office space configuration.

*I think the consequence of the new ways of working in the redesign of space will be that we need less space going forward. I don't think it's going to be massive for a number of reasons, but it will clearly be less space... (TMT1)*

*We have set ourselves the target of reducing the portfolio by 50% by 2030." (Consultancy Legal)*

*... across the board you could be looking up to an average of 30% reduction in office space. (Telecoms2)*

*Cost reduction will come through footprint reduction largely. But we are looking to reinvest some of those savings in upgrading our workplaces... We're talking about a 10-year program... I think there will be a significant reduction in the portfolio. I would say 20% to 30%. Possibly more. (Manufacturing1)*

The view was mixed on where closures might take place, with some favouring strengthening CBD locations whilst others are planning to adopt a more decentralised approach.

*we need to think more laterally about what that proposition might be and where people live and where ultimately our talent may come from in the future, and what their needs are as well. I'm not completely sure yet whether that'll be decentralised, by the way. There's all sorts of debate at the minute (Consultancy2)*

## Potential use of satellite or flexible offices

Whilst there was limited enthusiasm for using satellite offices or co-working offices, there was an acknowledgment that they might be appropriate for staff for whom WFH was not suitable e.g. colleagues with caring duties, a lack of space and/or the need for socialisation. A number of respondents reported colleagues that had worked in alternative space away from their usual workplace. On membership opportunities or hub-and-spoke models, views are divided. The perceptions that most provision was in city centres and was relatively expensive was discussed.

*We're looking at third spaces, a membership... If we are exploring the notion of near home locations. Well, firstly most of the big suppliers like WeWork and IWG etc. have their critical mass in city centres and town centres... that defeats the object, and they might as well come in the office if they're going to do that. (Consultancy2)*

*... we're talking about ... creating test hubs in flex offices so that we can test this new model before we commit to a 5-10 year lease and lots of capex... Whether we permanently move to one, I don't think that's a viable option, because of their mark-up on the rent, I don't think, longer term, it's a financially sustainable thing, but certainly in the shorter term." (Manufacturing2)*

One respondent from a large telecoms firm felt that their 'technical sites' might be suitable for use as small, decentralised office locations.

*They're going to become the satellite offices, the little individual drop-ins where, if you need to get away from the house to do some work because your broadband's contended by your other half or whatever, you drive down the road. (TMT3)*

Other respondents did not consider undertaking memberships in shared workspaces due to the nature of their business, mainly for reasons of confidentiality and branding.

*I think, for us the hub-and-spoke thing doesn't really work...successfully working from home, why would you want them scattered around coworking sites around the M25? Because that goes against what we're trying to do in terms of collaboration, bringing people together. You end up with splintered teams. Focus work at home, coming together into a nice central hub location with plenty of amenities, where staff will be able to collaborate, where they will feel the same [Name deleted] culture and where new staff in particular can be inducted and brought into the organisation and that's something that we're struggling with at the moment. (Manufacturing1)*

Several respondents pointed to increased use of procuring office space and associated support services on flexible terms until business uncertainty reduces.

*We've reorganized our portfolio to have flexible leases, typically on each floor so you know some of our larger offices we can occupy multiple floors, so we got separate lease on each of those. (Consultancy1)*

*...people are going to want to look for increased flexibility, particularly outside of CBD locations... (Consultancy2)*

## International variations

Whilst the focus of the study has been mainly on the UK, a number of respondents discussed international variations in how the impacts of the pandemic could vary among different geographies and cultures. A fairly common point was that WFH relied upon adequate accommodation and reliable electricity and broadband services. It was pointed out that Europe and America had registered a higher propensity for WFH. In Asia, working from home has been minimal and most people have returned to work in the office pretty quickly. Clearly, local cultures, conditions and experiences of the pandemic were expected to be key moderating variables that would influence the extent of WFH at a country level.

*We have one or two places where we have people in the office because we have the generator in the office, and if you're working from home, your power probably goes down a couple of times a day. So, it's just not practical. So, we do have that type of thing where actually keeping business resilience means actually being in the office because we can provide power and broadband and the outside world doesn't do that as well. (TMT1)*

*... in Japan where they said "We're all coming back because we can't work from home because it's high density living and it's just not practical for us." So, there's a cultural difference. No one size fits all. (Manufacturing2)*

*... the region that had a little bit more of a journey to go on was probably Germany, Switzerland, Austria because ... culturally certainly the Germans feel like work is a place to go. Rather than the thing that you do. They are very much on this work transition mode in terms of ways of working... I think they had to do more of that to enable people to be more mobile, but that was a symptom of culture rather than having access to those tools... fundamentally a symptom of culture really and leadership appetite. (Consultancy2)*

*And globally, the highest propensity or wish to work from home came from the Americas and Europe, but there was less willingness to work from home in Asia PAC...because people live in smaller flats. So, it doesn't work to the same extent. And*

*in places like the Middle East, as an example, it doesn't work to the same extent...*  
(Manufacturing1)

## Conclusions

This first round of interview identified a range of ways offices were being used at the start of 2020 and the nature of use appears to have had a direct influence on the speed and ease of adaptation to the pandemic. The future of office (amount, form, location, etc.) has yet to be decided by individual organisations and how they might use it, and the type of tasks performed in it. The indication is that it might be different in the future for a number of firms.

The pandemic has accelerated changes that were already in the air. Flexible working practices meant that occupancy rates of offices pre-pandemic was at 65 to 70%. Agile working in the form of open plan space and neighbourhoods had been quite widely adopted. Those businesses that had already moved to more flexible and agile working patterns had downsized their portfolio and created cost savings and were also able to respond more promptly and efficiently to the covid-19 shock.

A global pandemic was clearly an event that caught most business unprepared, it was not contained in any contingency plan and nobody really expected to have all office premises closed at the same time. Having already in place some adequate supporting IT software and technologies as well as providing employees with laptops rather than desktops computers, really made the difference in terms of adjusting to increased WFH and in operating "business as usual" during the pandemic.

Supporting employees through the pandemic meant most of all checking on their well-being. It also raised questions on the type of additional equipment and support to be provided to ensure a home office fit for purpose.

The operation of offices during the pandemic has clearly created problems relating to social distancing and enhanced cleaning standards. This has been in fact so far, a more difficult issue to address as compared to negotiating temporary or new and varied rental arrangements with landlords.

All interviewees reported that WFH has not caused drops in productivity rates, yet. There was in fact a sense that more work could be done in a more efficient way from customised and quieter home offices. However, problems of wellbeing, like screen fatigue and an increase in worked hours, were also reported, and the longer term sustainability of widespread WFH was questioned.. The impact of WFH has also had different generational responses, impacting harder on younger people, those with caring responsibilities or new staff to be integrated into teams.

The exact way by which offices will operate once this emergency will be over, is yet to be defined. However, some common trends are starting to emerge. All respondents envisioned some type of hybrid working patterns for most of the workforce. Work from the office is expected to resume on average for two or three days per week. Resuming working from a physical office location will be crucial especially for certain tasks and corporate objectives like building a corporate culture and learning, collaborative tasks and stimulating creativity and innovation. The relating implications for office design ultimately go back to creating spaces suitable for collaboration and most of all to managing in an effective and cost-efficient way this hybrid mode.

In terms of rethinking current real estate portfolios or the location of premises there has been a variety of different preliminary approaches. Some companies have considered the acquisition of memberships in co-working spaces, some others have thought about repurposing their more peripheral technical premises as satellite offices. Cultural and geographical diversities are equally important determinants to consider. In all cases, it's probably too early to assess the permanent effects of the pandemic over locational choices.

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