

How Hybrid Work Will Transform Our Workplaces

by Lenny Beaudoin



With workforces seeking more flexibility on where and how they work, companies are increasingly turning to hybrid models to strike a balance between virtual and in-office work.

Hybrid work is already evolving our work experience—and how companies think about their real estate portfolios.

We see changes right now in these three key areas:

Workplace design

Space utilization

Talent attraction and retention

CBRE's latest [Occupier Sentiment Survey](#), conducted globally in spring 2021, found that 87% of large companies with 10,000 or more employees say they will be adopting hybrid work.

This wide-scale shift to hybrid work will have manifold implications for the workplace—and how companies and people leverage those workplaces to drive business outcomes and advance their careers.

While [each company will take a different approach to implementing hybrid work](#), a number of changes are already emerging.

The good news: companies that successfully adopt hybrid work have the potential to create more productive workplaces, embrace flexibility and retain valuable talent.

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A hybrid workplace will need to be a destination that attracts employees.

Attracting workers to the office will mean providing a better workplace. Good office planning is a bit like good urban planning. A well-planned city designates both public and private spaces. Similarly, great offices feature central gathering spaces that attract employees—cafes, for instance, or inviting collaboration spaces. These types of places draw people together and can be considered an office's “urban core”.

Organizations will need to think differently about the shared spaces and services they provide as well as the technology and amenities to make their workplace a highly attractive destination for their people.

We call this the “consumerization” of the workplace, whereby organizations will reimagine their workplace to be a magnet, or destination, that competes for people's attendance much like retail and hospitality venues appeal to consumers today.

Newly hybrid companies will benefit from adding amenities to collaboration spaces to help draw their employees to the office and to one another. These spaces will likely also command a larger portion of a given workspace, as companies reduce the amount of assigned seating.

The net result means offices will be better provisioned and offer better services that employees will be able to access in the office: The office will be materially enhanced with greater technology, integration and connectivity.

Hybrid companies will use less office space— but they’ll see greater utilization of that space.

Most organizations that historically provided one space per worker held 10 to 15% of space vacant for contingencies. This “just-in-case” approach to space planning came at a huge cost in capital and operating costs.

The move to hybrid work will likely change that calculus for most organizations. By and large, companies are now re-thinking the investments they make in the workplace.

This may mean some organizations lease less space directly to accommodate an increasingly virtual workforce and embrace flexible space or coworking to meet peak occupancy demands.

Put another way: Office space investments will likely move from a “just-in-case” to a “just-in-time” model.

But if organizations use less office space, they are also likely to see greater utilization of that space, thanks to an ongoing trend called **activity-based work**, a workplace design ethos that favors unique settings tailored to different types of work.

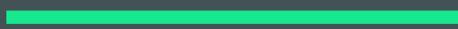
Historically, companies have averaged around 65% in total space utilization. Someone with an assigned space at an office was likely present about two-thirds of the time, accounting for vacation, sick days, business travel and other events.

CBRE predicts this number will likely approach 75-80% as companies see more people using shared assets or more people using less directly held space. That dynamic will reduce the need to hold vacant space in reserve.



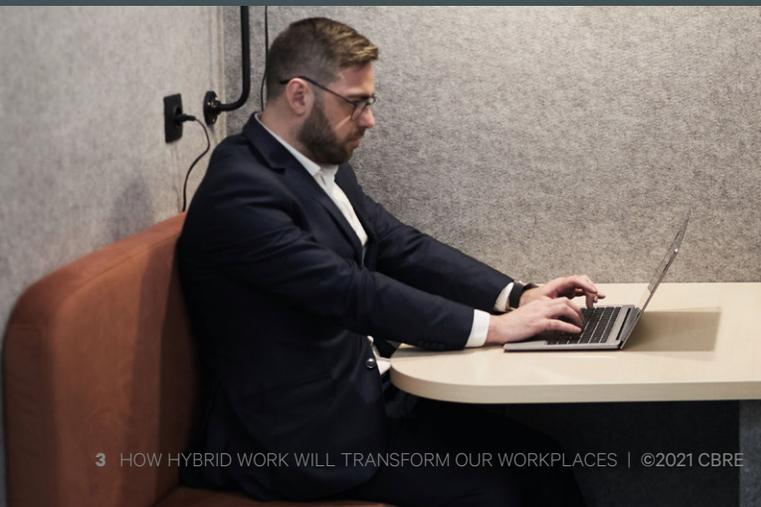
65%

Pre-COVID
Space Utilization



80%

Post-COVID Predicted
Space Utilization



Companies that successfully adopt hybrid work will be poised to better retain talent.

The biggest question and concern most organizations are confronting is how to calibrate successful hybrid work policies between different teams and people. Many companies have a legacy of senior managers who may have more traditional attitudes about how and where work is best performed, combined with a workforce that has unequivocally stated they want more flexibility.

In short, the challenge is putting in place policies that are equitable and appealing to their workforces while maintaining organizational productivity.

If a company allows its employees greater flexibility until more certainty comes about post pandemic—and we are still very much in the heart of the pandemic—and then starts to see an effect on business, it can always pull people back into the office. But a company that takes a hard line and requires employees to come back to the office risks losing talent—and it's a lot harder to recover from the impact that has on a business.

Even before the pandemic, research showed that employees were more likely to stay with companies that afforded them some flexibility. In fact, CBRE found that [having the flexibility to work virtually was the number one benefit job seekers sought out](#)—and this was pre-COVID-19.

At the same time, CBRE also found [62% of people want to go back to the office for at least part of the week for team connection and community.](#)

That makes it critically important for companies to meet their employees where they are—both in terms of offering flexibility to work outside the office at least part of the time and giving them attractive destinations to engage with their colleagues and teams.

This article is based upon insights from the CBRE Institute.





Contact

**Lenny
Beaudoin**

**Executive Managing Director and Global Lead,
Workplace, Design, Occupancy**

+1 212 984 8139

lenny.beaudoin@cbre.com

Learn more about how to successfully adopt hybrid work and how it will transform commercial real estate in CBRE's complete guide.

For more information on the latest market trends in commercial real estate, explore cbre.com/futureofwork

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