CBRE Survey: The ten main challenges and trends in offices after the pandemic

Returning to the office, changes in work models and space optimisation continue to be among the hottest topics that both employees and employers are talking about. The massive return of workers to the office proved to be an even greater challenge than many expected. Moreover, the requirements and needs of companies are rapidly evolving over time. The CBRE real estate/consulting company’s survey among nearly 140 companies across Europe, including the Czech Republic, reveals ten demanding tasks and challenges that are currently affecting the strategic decision-making of companies and their future expectations to a significant extent. At the same time, it shines light on the current trends.

**1. The return of people to the office is still relatively low following the pandemic**

Roughly half the companies surveyed said that the return to the office is at 40% of what was previously “normal” or even lower. 56% of the companies consider this to be more or less stable, the rest expect this share to increase or are working towards that end. Two-thirds of the companies plan to achieve this in the next 12 months, while the remaining third has a longer timeframe.

“*Companies still consider the office a key benefit for their employees, and therefore seek to strike a balance between providing support and formulating obligations to get their consent to returning to the office. Good mutual communication is absolutely essential in this respect. I strongly recommend conducting a survey among the employees and finding out their expectations, providing training to executives and then clearly communicating the benefits of a personal presence at the workplace,”* said **Simon Orr, Director Advisory & Transactions – Offices in CBRE.**

**2. Companies are gradually determining their requirements for the re-introduction of presence**

Two-thirds of the companies currently have a defined requirement for the personal participation of employees in the workplace, while 41% of the employers require presence for more than half the working week. This is a significant change from last year, when only about 40% of companies required a certain level of personal presence. However, the enforcement of these directives remains in question: only 10% of companies say they are consistently enforcing them. At the same time, there are still a fifth of the companies that support work from the office, but they do not set a proportional part of it and leave decisions purely up to the people.

**3. The hybrid model of work is on the rise, companies are looking for balance**

A total of 46% of companies already have some form of policy on how employees should come to the office. Roughly half the businesses prefer employees to distribute their time equally between working in the office and working from home. Less than 40% want them to spend three or more days a week in person at the workplace. And only 11% of the companies do not mind that most of the work is done remotely. *“We see a certain discrepancy between the requirements of companies and employees. But if you give people a certain degree of flexibility, they are twice as likely to recommend you as an employer and two and a half times more likely to indicate that they are happy at work,”* explained **Filip Muška, Workplace Strategies Lead in CBRE**.

**4. Companies are going even further: they are considering significant innovations in the arrangement and organisation of work**

The survey also showed that companies are willing to think about even more fundamental changes. Schedule rotations, flexible working hours, time-limited remote work and fully remote work are in their sights. *“Overall, the most popular option among companies is the presence of people in the workplace according to a predetermined rotation plan. It is preferred by 52% of the respondents, from which it helps to strengthen cooperation and team culture for longer than 2-3 days a week. This system resolves the problem of the uneven presence of different team members during the working week by supporting attendance at the office in longer blocks of time. However, the situation differs in the various regions: in Central and Eastern Europe, which includes the Czech Republic, this trend is currently being tested, which was confirmed by a total of 35% of companies,”* commented **Filip Muška**.

**5. Companies are optimising. They are reducing expenses for office space while improving their quality**

There are a number of global changes currently taking place. Companies do not have the certainty of what the demand for their goods or services will look like in the near future, and at the same time what changes in the method of organising work could still occur. For this reason, many companies are trying to improve their efficiency and reduce the cost of existing assets by consolidating their portfolio. Nearly 60% of the companies participating in the survey have reduced their office space by about 10 to 30% over the past three years, although only 45% of the companies considered this move last year. In the Czech Republic and the CEE region, it has only been 42% of the companies, but in the next three years the Czech Republic should see a similar trend *“On the other hand, with austerity measures, there is an increased emphasis on the quality of the spaces that remain in the portfolio of companies. These must better suit new working procedures while offering a pleasant environment with an emphasis on ergonomics, i.e., the physical and mental needs of employees. 45% of companies have confirmed they are moving at least some departments to more suitable premises and another 23% are considering such an option,”* stated **Muška**.

**6. Property owners are coming under pressure. Companies are demanding greater flexibility in lease agreements**

The ongoing changes are also increasingly reflected in the preferences of companies regarding the conclusion of lease agreements, which are intended to provide more freedom. 42% of the companies would appreciate having access to shared services in the building, equipment and/or flexible spaces as part of the agreement. There is also identical interest in concluding so-called environmental lease clauses, on the basis of which the owner and occupier of the building assume specific obligations to ensure the sustainable operation of the property and to improve the environment. In addition, 40% of the companies require lease contracts to reflect to a greater extent the different use and occupancy of their offices during the working week.

**7. Interest in flexible office spaces is growing at a faster tempo**

The popularity of flexible offices is growing due to the diverse offer and higher awareness of companies. *“There are many reasons for their use. They offer a high user experience and an opportunity to build new contacts, they are also useful in times of uncertain demand or when entering new markets as a ‘test office’. However, the main factor that 43% of companies report is the effort to avoid investments in expensive office equipment and long-term commitments associated with traditional leases,”* said **Lenka Ferguson, a CBRE specialist in flexible offices and coworking spaces**. Almost two-thirds of the respondents say that flexible spaces currently account for less than 10% of their portfolio. Nevertheless, only about half expect their situation to look the same in two years. Of course, there are differences between companies depending on their size and business. In any case, large companies with more than 5000 employees currently achieve half the share of flexible space in 1.5% of the cases, but in two years this share should already apply to 12% of the companies.

**8. The choice of office spaces is affected by their availability and sustainable solutions**

Employees are increasingly placing an emphasis on the quality of the work environment and are less willing to commute to work than before the pandemic. For two-thirds, commuting time is in fact the second most important factor when choosing a job right after salary conditions. Both of these changes are now largely reflected in the strategic decisions of companies when choosing suitable offices. The most important for them are: good public transport accessibility (80%), an abundance of parking spaces (57%), charging stations for electric cars (48%), parking spaces for bikes or scooters (38%) and dining opportunities in the locality (54%). ESG principles are also becoming more important. 55% of the companies consider sustainability to be one of the most desirable features when choosing a building, which is 11 percentage points higher year-on-year. *“An important factor for respondents from the Czech Republic and the CEE region, in addition to those mentioned above, was also the availability of food and refreshments in the building, which was reported by a total of 60% of the respondents,”* added **Filip** **Muška**.

**9. The sharing of workplaces and the focus on modern technology will intensify**

The ongoing changes in working methods also have a significant impact on the appearance of offices. Companies are trying to create a work environment that encourages collaboration, improves the user experience, while at the same time enabling the space and resources to be used as efficiently as possible. In this spirit, companies aim to reduce the number of fixed workplaces (72% of respondents) and, conversely, to create workplaces divided into individual zones, which employees alternate during the day according to the type of activity performed (73% of companies). *“The implications are also evident in the area of design and technological equipment. Video conferencing and room booking systems are considered key tools in supporting new work styles and connecting teams,”* stated **Muška**.

**10. When making decisions, the needs of people are increasingly emphasised**

The inclusion of individuals, high motivation and productivity, facilitating team performance and related topics are currently resonating across companies. When managing changes, the needs of people are increasingly emphasised. Thus, decisions on the appearance of office space or the measures taken to support the transition to a new working arrangement are increasingly influenced by the opinions of employees. 55% of the surveyed companies report their involvement through various internal surveys or focus groups. At the same time, 68% of the respondents are resolving their concerns about the weakening of their company culture during and after the pandemic by building high-performance teams, while 65% of the companies are supporting employee engagement and motivation.

More about the survey:

A total of 136 European companies (62 of which came directly from the CEE region) participated in the *European Office Occupier Sentiment Survey*, the largest share of which (27%) specialises in financial and professional services, and 23% of the companies focus on technology, media and telecommunications. Companies with over 5000 employees formed a total of 58% of the respondents.

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