

Adaptive Spaces

Nordic Office Occupier Sentiment Survey

REPORT

Transforming to Meet
the Future of Work

CBRE RESEARCH
JUNE 2023

CBRE



Survey Overview

48

Nordic Responses

32%

Financial and Professional Services

23%

Tech, Media and Telecoms

62%

expect contraction in their office footprint in the next three years

50%

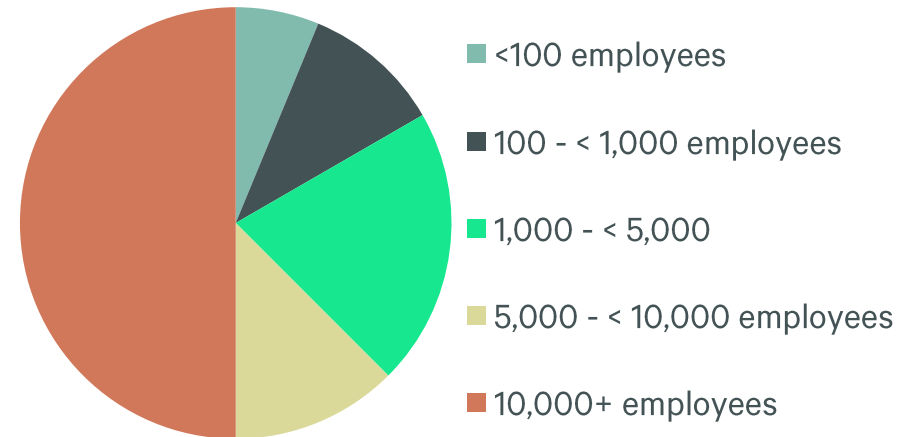
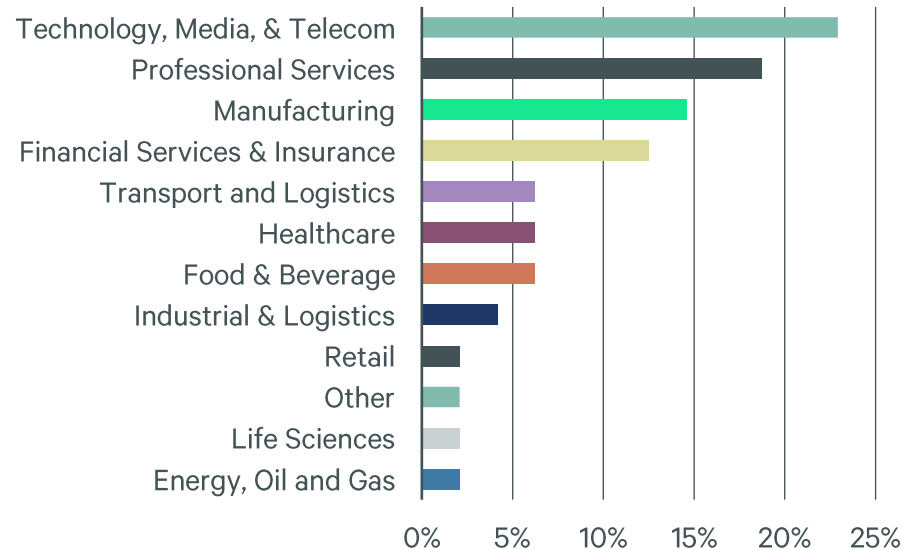
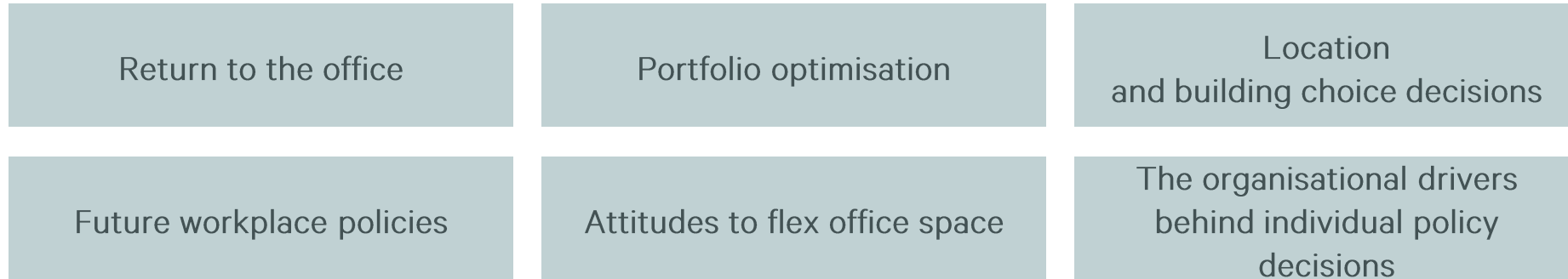
>10,000 employees

34%

Between 1,000 - 10,000 employees

Nordic Office Occupier Sentiment Survey 2023

CBRE’s Nordic Office Occupier Sentiment Survey 2023 surveyed the views of 48 office occupiers on:



Source: Nordic Office Occupier Sentiment Survey 2023.

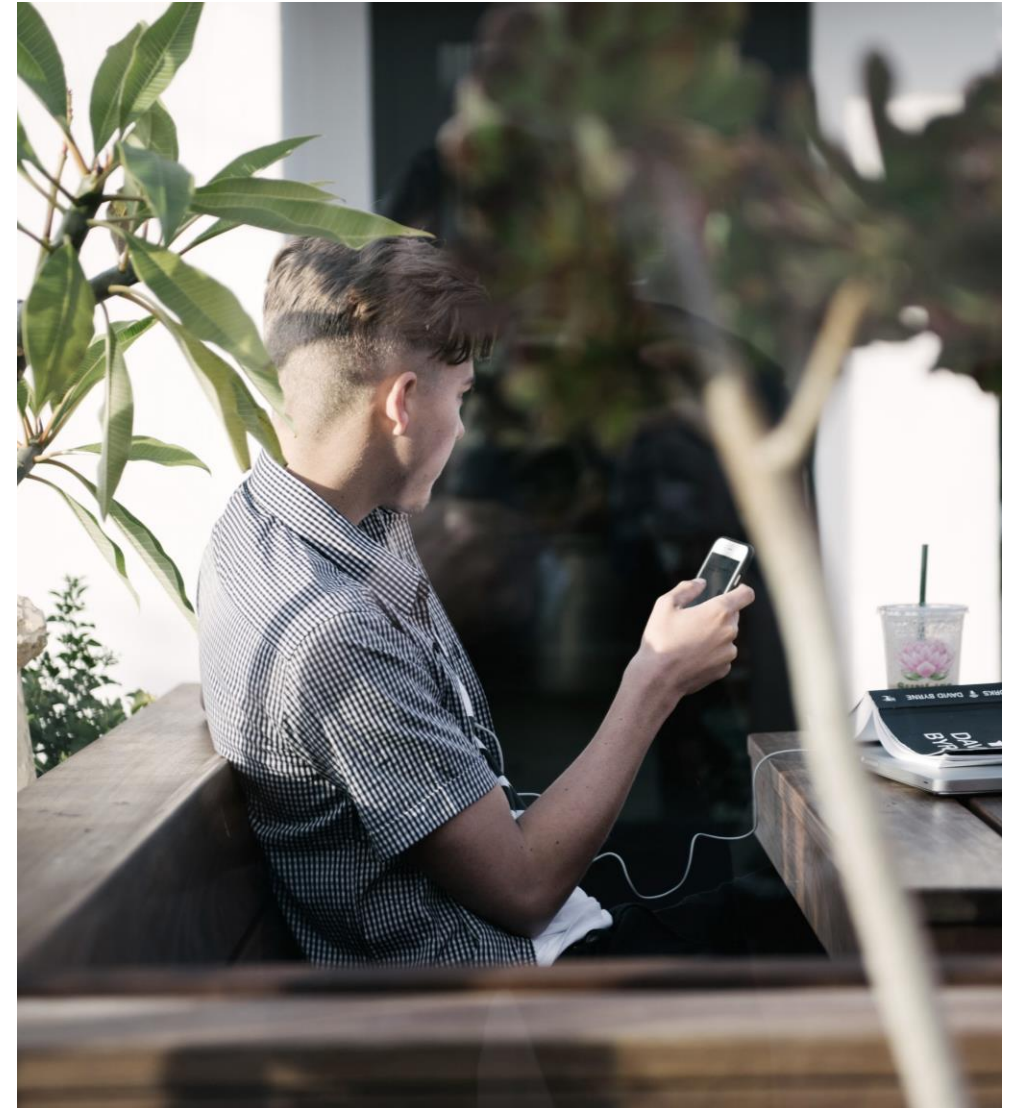
01

Key Findings

"Nordic occupiers are further emphasizing hybrid solutions, and at the same time including policies for office attendance to strengthen company culture and collaboration"

Key Findings 2023

- 01 Office return rates are gradually recovering as companies are tightening RTO policies
- 02 A growing focus on portfolio optimisation
- 03 Sustainability is driving building selection and accessibility defining location
- 04 Desk sharing and digitalization are influencing office design



02

“Office return rates are gradually recovering as companies are tightening RTO policies”

A gradual return to the office

Nordic occupiers are gradually bringing employees back to the office. This is proving to be a challenging task as only 13% of the Nordic office occupiers report office attendance rates over 60%. The reasons behind the slower than expected return to the office vary between reluctance to commute, vague or evolving mandates, or a preference for remote working among some employees.

Nearly half of companies report office attendance rates of 40% or lower, while 41% of Nordic occupiers see their average weekly office attendance between 41% and 60%.

Smaller companies see lower office attendance

Over 60% of large companies with over 5,000 employees are reporting return rates above 40%, whereas this is typical only for 45% of companies with less than 5,000 employees. There are sector differences in office attendance, and companies in Tech, Media and Telecoms (TMT) are more likely to have lower office attendance rates: 54% are seeing average attendance of 40% or below, compared with only 29% of Financial and Professional Services (FPS) companies.

Figure 1. Typical average weekly office attendance rates



Source: Nordic Office Occupier Sentiment Survey 2023.

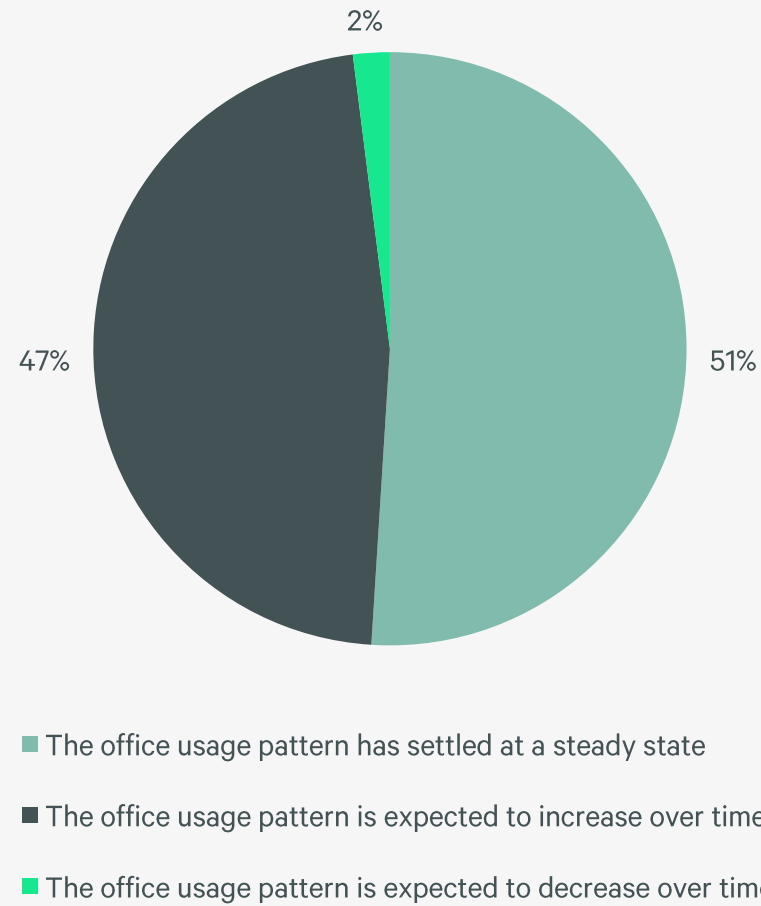
End state or scope for progress?

Half of Nordic occupiers (51%) regard current return rates as a steady-state position, which suggests that many have accepted a reduction of their earlier attendance rate targets. However, 47% do not see the current position as an end state and are seeking to generate further increases. Nearly two-thirds of these are expecting to reach a steady state in either the second half of this year or the first half of 2024, while there remains high uncertainty around the timing.

Economic outlook matters

For 41% of Nordic occupiers, the prospect of a weak short-term economic outlook is associated with heightened urgency to raise the frequency of office attendance. These respondents state that executives at their respective companies are much more focused on getting employees into the office more often as the economic outlook weakens. This is especially true for larger 10,000+ companies, where 50% say the economic sentiment increases the urgency to raise office attendance.

Figure 2. Scope for further efforts to influence office attendance



Source: Nordic Office Occupier Sentiment Survey 2023.

51%

Regard current level of office attendance as settled

63%

Of those who do not see current level as settled expect to reach this point until H1 2024

41%

Heightening their focus on raising the frequency of office attendance due to the weak economic outlook

Current guidance is tightening

Nearly two-thirds (61%) of companies now have some level of requirement for office attendance in place with more than 30% requiring the workforce to be at the office half of the working week. A quarter (27%) of Nordic occupiers are retaining a voluntary position, whereby there is support for office attendance (but no specified proportion), and still a high degree of employee discretion.

No strict measures for tracking attendance

Over half of Nordic companies are not formally tracking attendance at all, but say the adherence to protocols is based on an honour system. Less than 25% of occupiers check office visits through badge swipes, sensors and VPN logins, while 10% of companies track employee adherence to protocols via digital booking systems or manager oversight. There are some notable sector differences in this area: among FPS, 60% have some form of tracking mechanism and 22% say that guidelines are enforced. These figures compare with 29% and 0% respectively for TMT companies.

Figure 3. Current Return to Office guidance

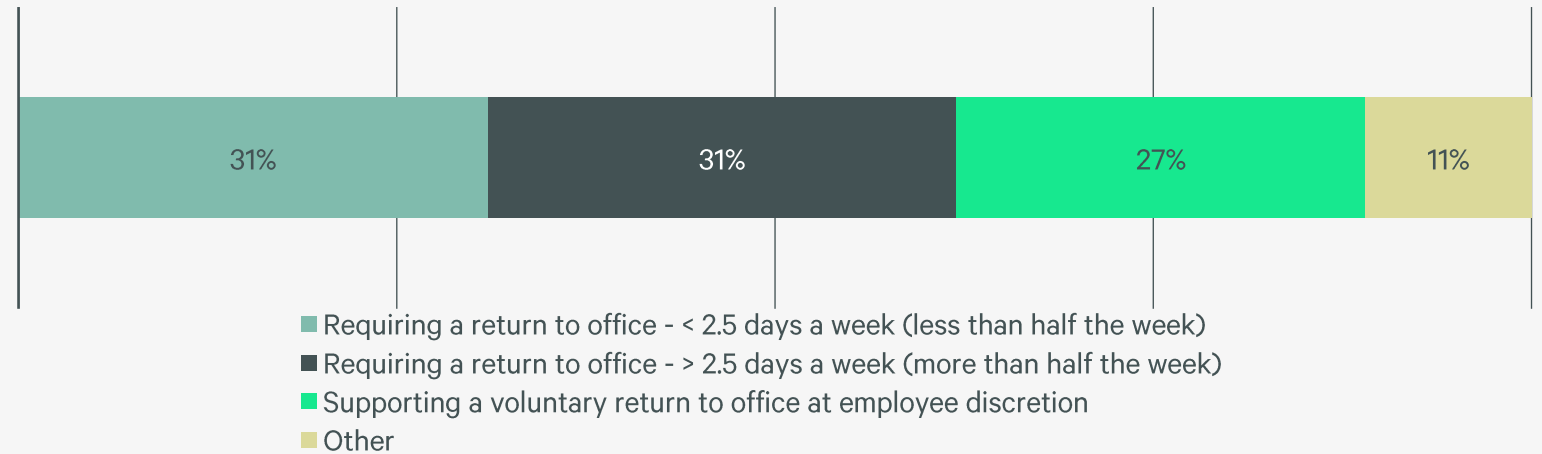
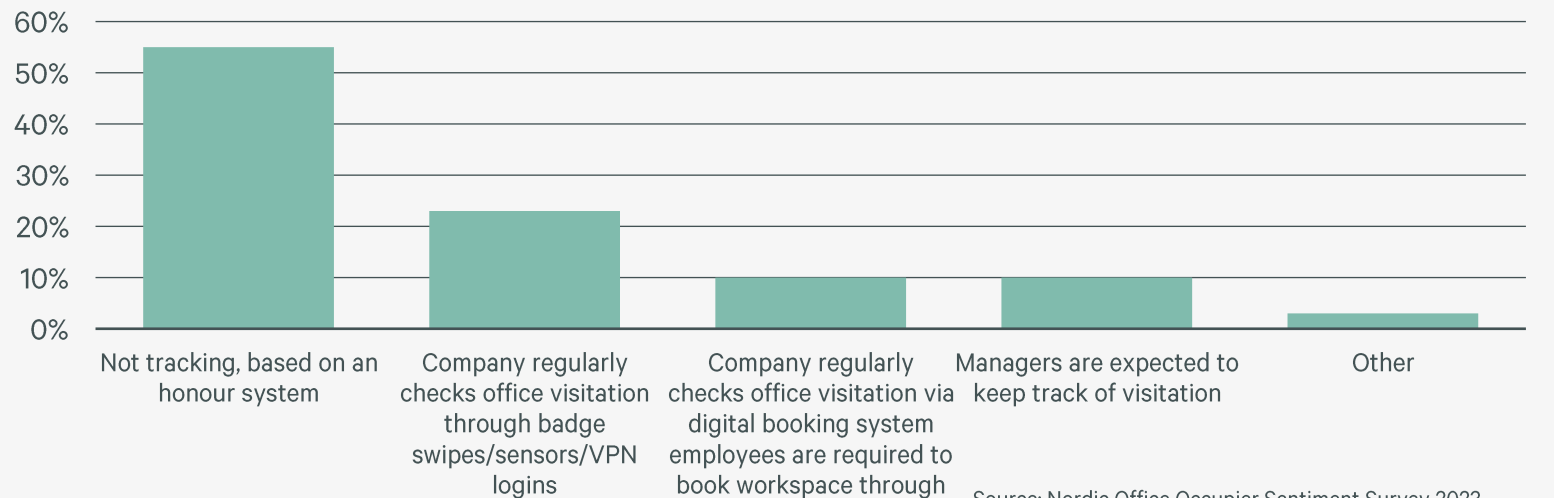


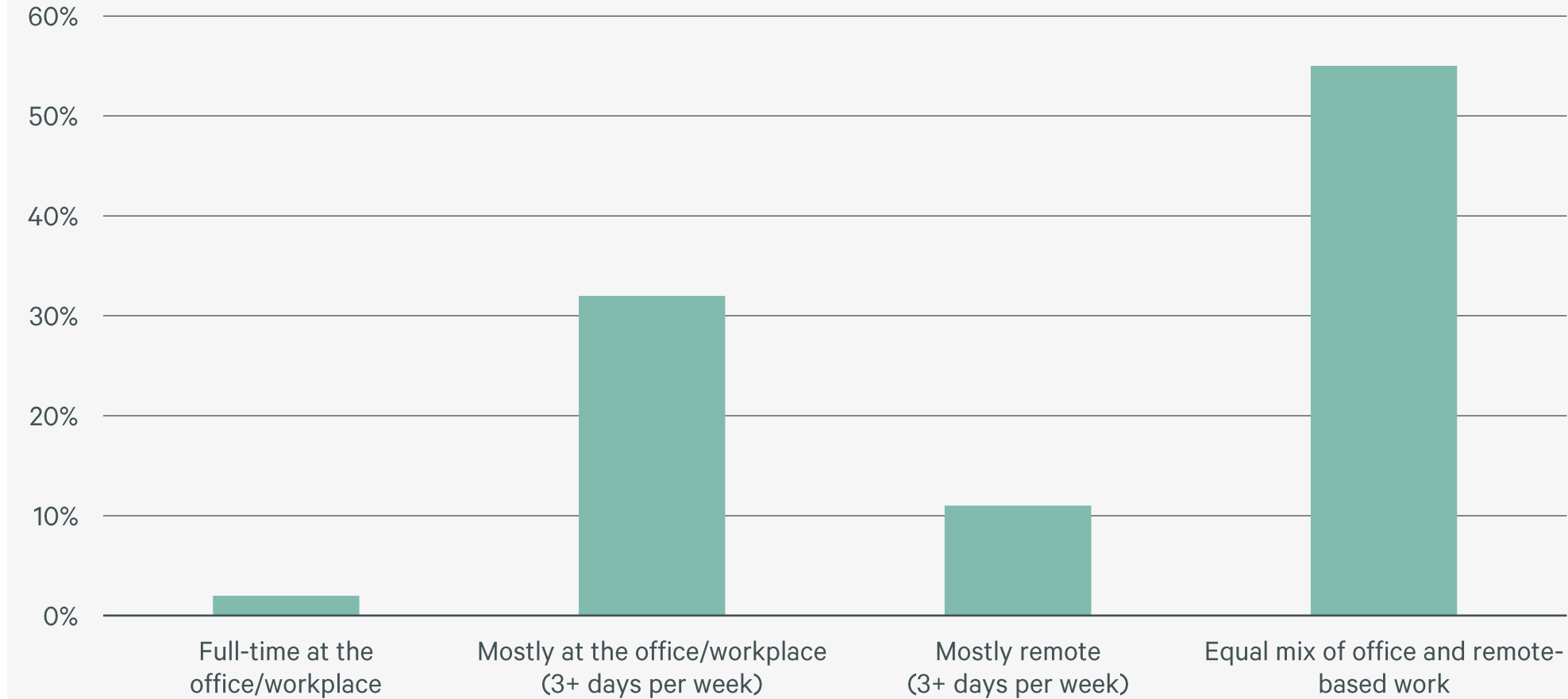
Figure 4. Measures to track adherence to protocols



Source: Nordic Office Occupier Sentiment Survey 2023.

Majority of occupiers have guidance in place for number of days to visit the office

Figure 5. Aspirations for future workplace policy



34%

Say their future workplace policy aims to be full-time or mostly at the office (>3 days per week)

11%

Are aiming for a mostly-remote workplace solution

Source: Nordic Office Occupier Sentiment Survey 2023.

Top-down guidance leads the office return

Nearly half of companies (47%) indicate that they have a policy or guidance about when employees should visit the office in future, as defined by the company or team – that is, via a largely top-down process.

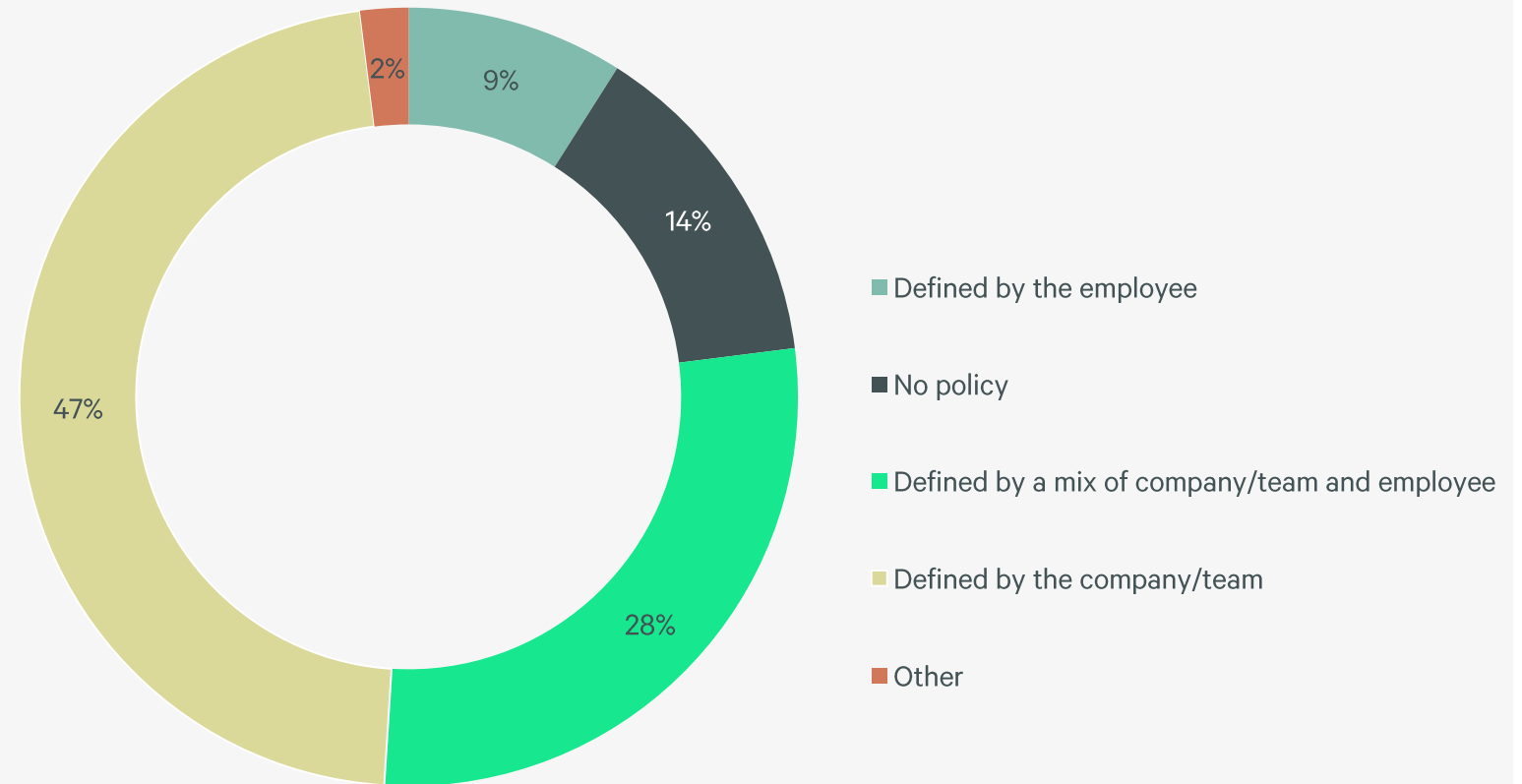
Fewer (28%) are permitting some element of employee choice within the framework of company guidance, and only 9% are devolving the issue entirely to employees.

Policy guidance doesn't yet extend to specifying which days of the week people are required to be in the office. Half (51%) of Nordic companies do not specify which days attendance is required. The challenge of distributing office attendance across the working week remains.

47%

Have a policy or guidance about when employees should visit the office in future

Figure 6. Policy guidance to achieve future RTO targets



Source: Nordic Office Occupier Sentiment Survey 2023.

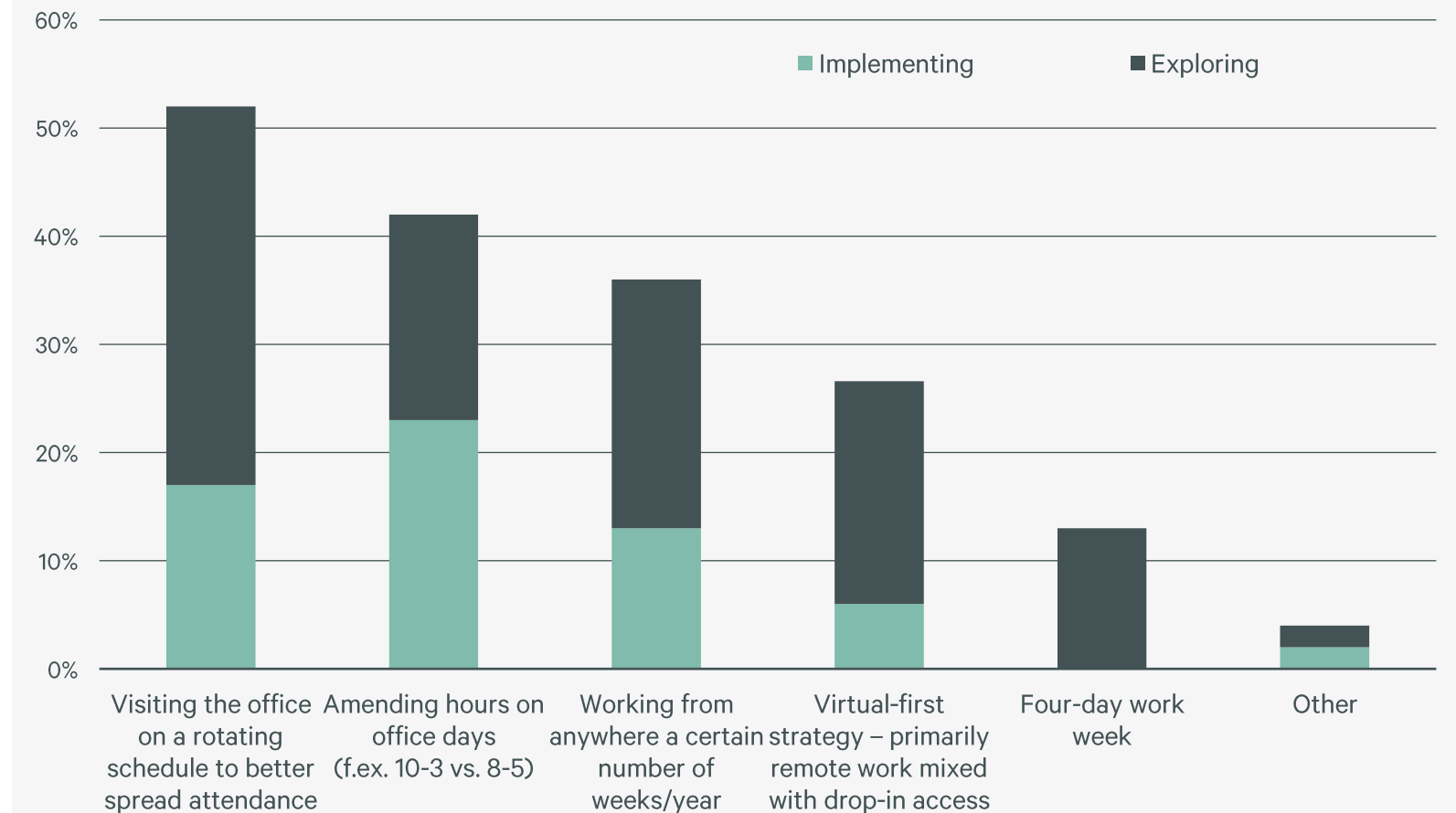
Spreading office attendance through rotation

At the same time as refining hybrid work solutions and employee engagement methods, companies are also prepared to consider a widening range of working practice innovations. These indicate more far-reaching changes that may be deployed as companies reorganise working practices.

Overall, the most popular device (52%) is asking employees to visit the office on a rotating schedule. This could help both in fostering collaboration and team culture over longer time periods than, say, 2-3 days per week. It could also solve the issue of uneven attendance across the working week by encouraging office attendance across longer blocks of time.

Staggered hours are the most-implemented method (23%) to alleviate pinch points in desk capacity. Permitting remote working for longer blocks of time (36%) and a virtual-first approach – remote work mixed with drop-in access (27%) – are also being widely considered, while the four-day work week is being explored by only 13% of the Nordic occupiers.

Figure 7. Emerging workplace policies



Source: Nordic Office Occupier Sentiment Survey 2023.

03

“A growing focus on
portfolio optimisation”

Occupiers are scaling down and optimizing their footprint

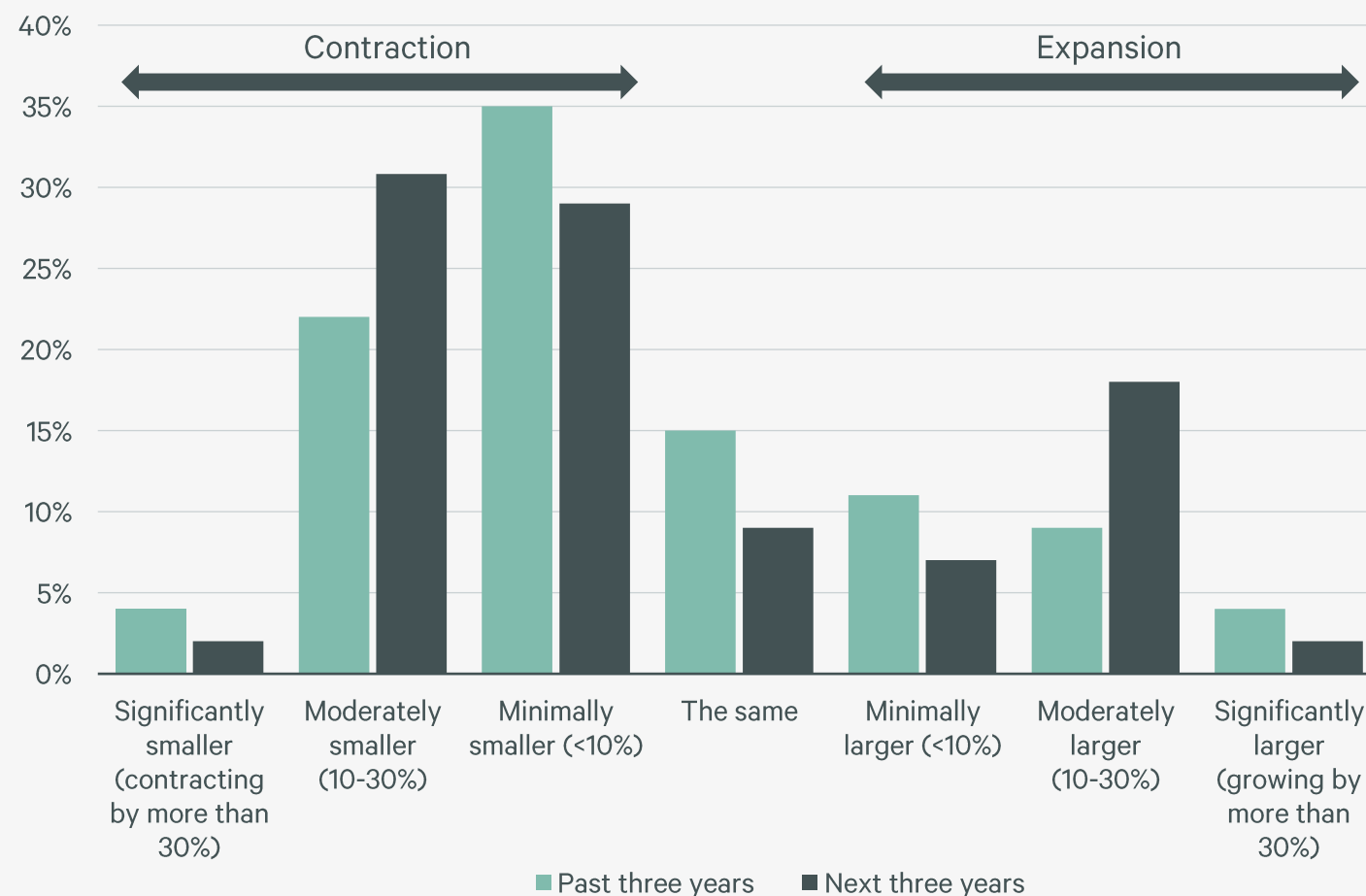
The focus areas of corporate portfolio strategy are downsizing, consolidation, and driving efficiency/cost improvements from existing assets. But portfolio optimisation is becoming an evermore sophisticated process, with many companies carrying out asset audits across their portfolio to identify cost, quality, user experience and other attributes. A growing focus on space quality is one consequence.

61% of the companies have contracted their footprint over the past three years. Directionally, the same trend looks likely over the coming three years, with a very similar proportion expecting to contract. In our previous Nordic Occupier Survey in 2020¹, 45% of Nordic office occupiers were expecting to size down of their office portfolios in the future, while this year's survey results show that 62% of the respondents indicate contraction to their office portfolios in the next three years.

The key reasons behind this contracting are hybrid work (90%), inefficiencies in the portfolio pre-dating the pandemic (38%) and cost measures (34%). A mere 27% of companies aim to expand their portfolio footprint in the near-term on the back of expected business growth.

¹Source: Nordics Occupier Flash Survey, CBRE Research, November 2020.

Figure 8. Size trajectory of corporate real estate portfolios



Source: Nordic Office Occupier Sentiment Survey 2023.

Companies aim for fewer locations with higher quality

Several portfolio strategies are geared towards enhancing the quality profile of a portfolio. Over 70% of companies are exercising lease expiries, breaks, or other contraction options; and 65% are renewing in place where the current location and lease remain fit for purpose.

Portfolio enhancements and quality upgrades

More than half (52%) of companies are relocating into better quality space for at least some of their functions, and a further 19% are exploring the possibilities for doing so.

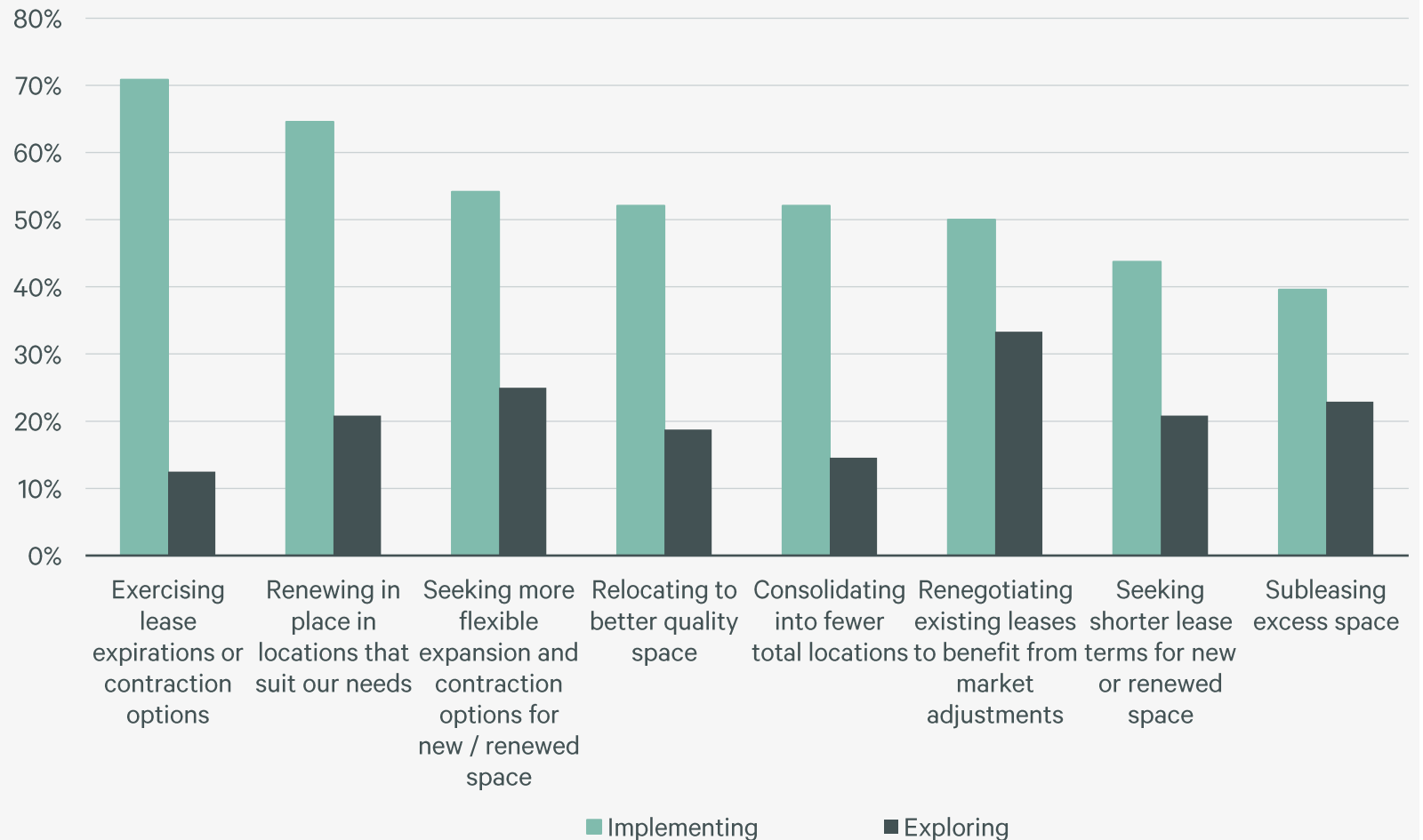
67%

Are already implementing or exploring to consolidate into fewer locations

40%

Are subleasing their excess space

Figure 9. Focus areas for portfolio strategy



Source: Nordic Office Occupier Sentiment Survey 2023.

03

“Sustainability is driving building selection and accessibility is defining location”

Green and flex trends support occupier business

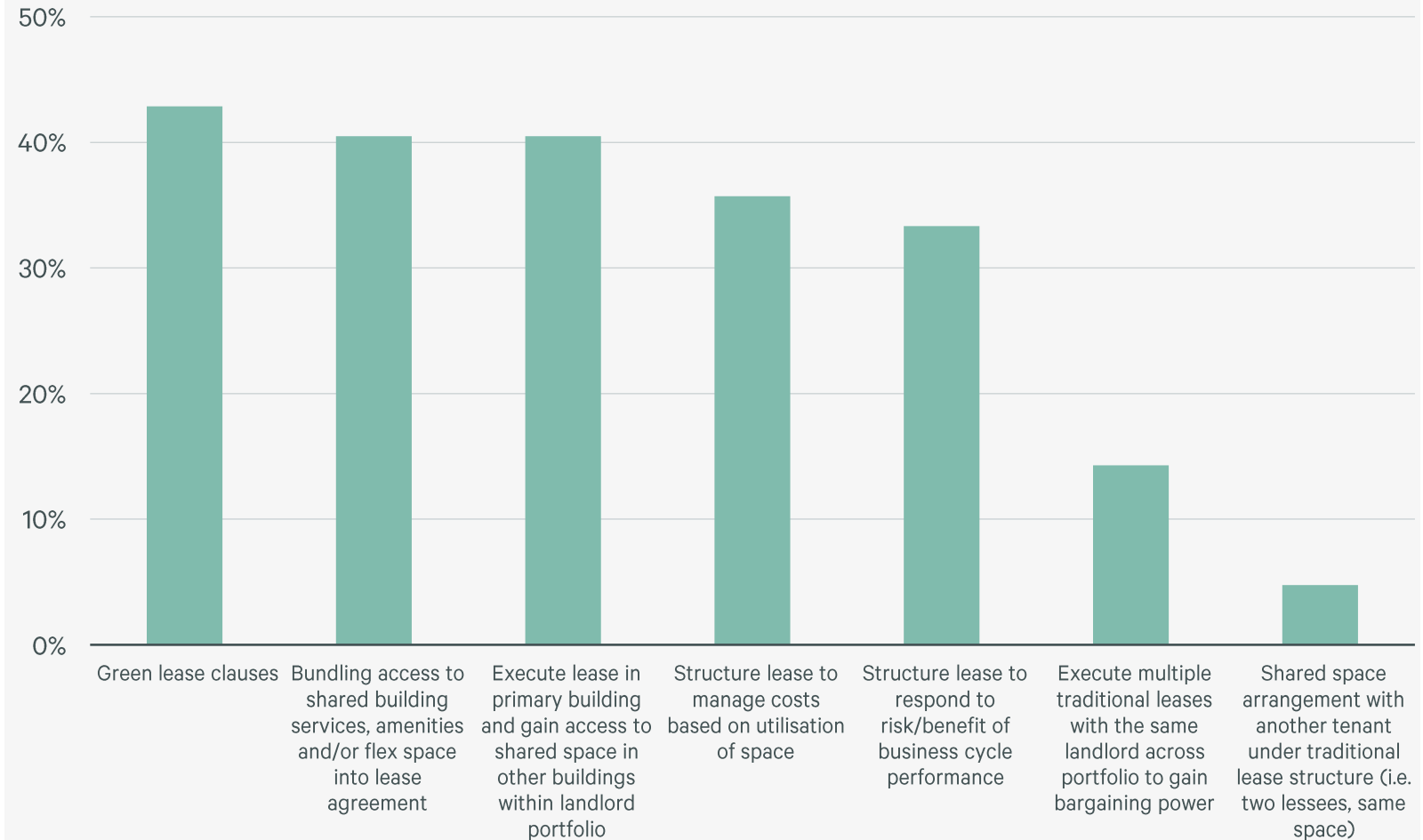
Sustainability and collaboration to enhance work

Nordic occupiers are in general positive to incorporate green lease clauses (43%), access to shared services (40,5%) and including further access to flex space in other buildings within the landlord portfolio (40,5%) to enhance future business. All of the above trends support general sustainability awareness and office space flexibility trends.

Sharing the same office space with another tenant under a traditional lease structure is still not an appealing alternative to the majority of occupiers (5%).



Figure 10. Desired lease features for future work arrangements



Source: Nordic Office Occupier Sentiment Survey 2023.

Raising targets for flex office exposure

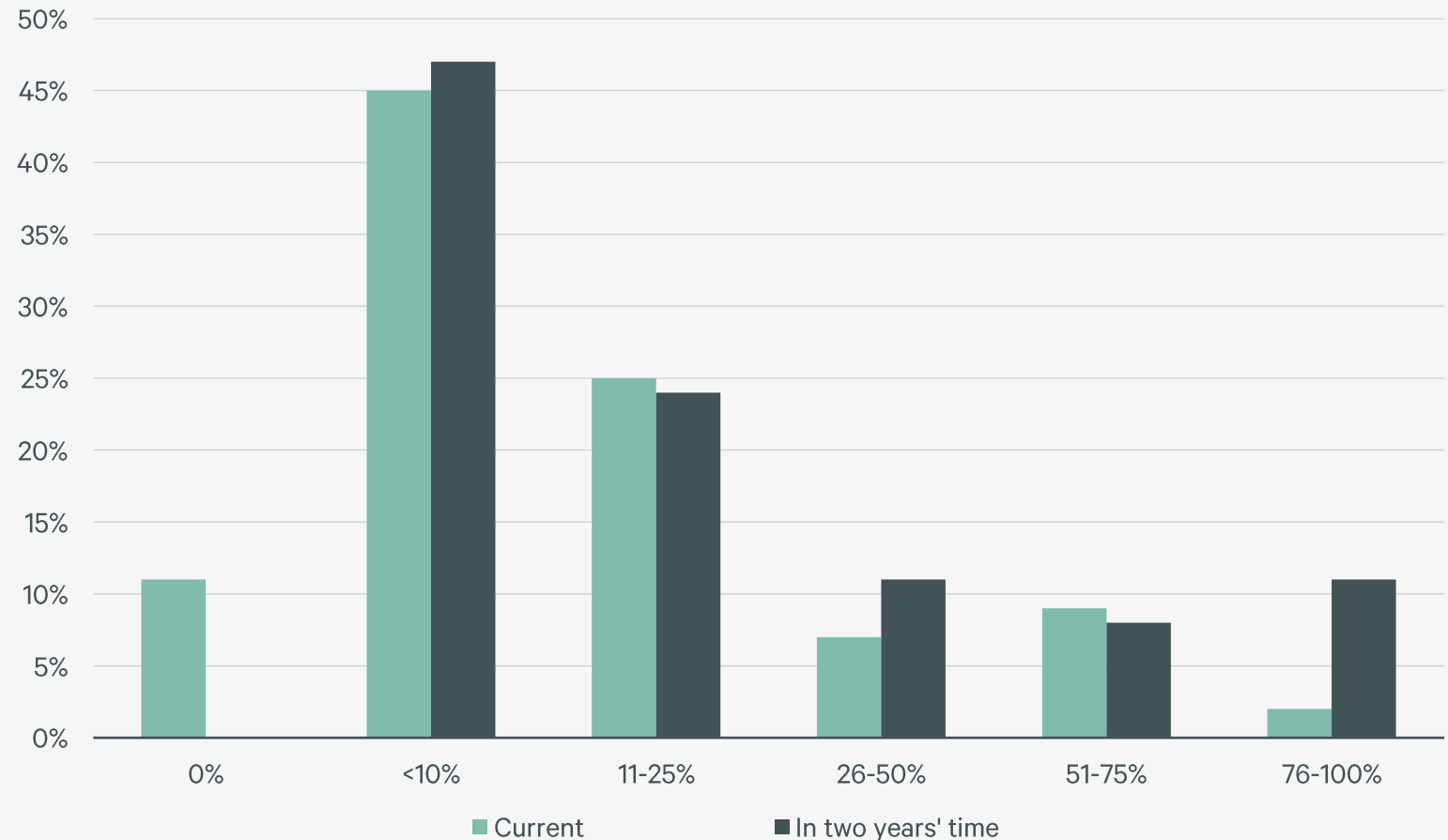
The appetite for flex office space in a portfolio continues to grow with occupiers prepared to consider higher allocations of flex space ahead. One out of ten respondents even consider moving a majority of their lease portfolio into flex. There are still companies >1000 employees that are more likely to have less flex space exposure.

Motives are multiple

With reducing capital expenditure being the main reason for more than 50%. The strategy is also seen as a solution for uncertain demand ahead and to give employees options on where to work. Offering of meeting and collaboration space or trying out new work space models together with entering new markets are all reasons for every fourth respondent.

“There is a balance between flex space as a way of pursuing aims, raising the quality of amenity and also user experience, which many companies are striving for.”

Figure 11. Flexible office space allocations



Source: Nordic Office Occupier Sentiment Survey 2023.

Preferences driving location decisions

CBRE’s [Live-Work-Shop report](#) revealed that employees now attach more importance to the quality of work environment than pre-pandemic. People have become less tolerant of long commutes – two thirds of European employees rated commute time or proximity to home as a core job selection factor, second only to salary and compensation.

These shifts are finding their way into the mix of factors that drives corporate location and selecting building decisions. Public transportation access is by some distance the most important factor in selecting location (80%), and even more important for TMT sector companies (82%). This is followed by on-site food and beverage (66%), car parking (57%), with either “ease of commute” factors such as electric vehicle (EV) charging points (55%) and bike or scooter storage (36%). Nordic occupiers are also fond of fitness facilities (43%).

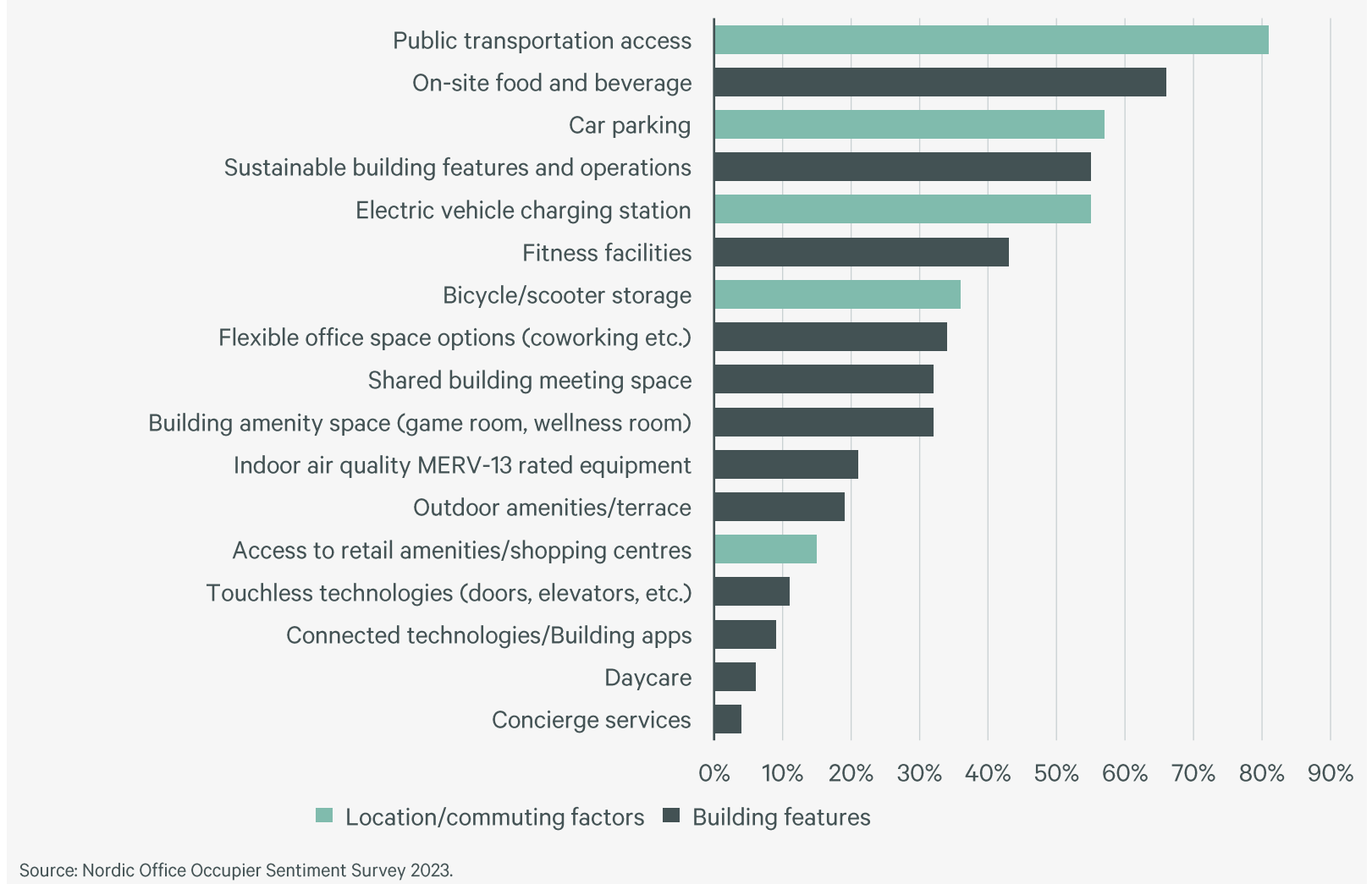
55%

Of companies see charging stations as an influence on location

82%

Of TMT companies see public transport as a key locational driver

Figure 12. Most desirable locational and building-selection criteria



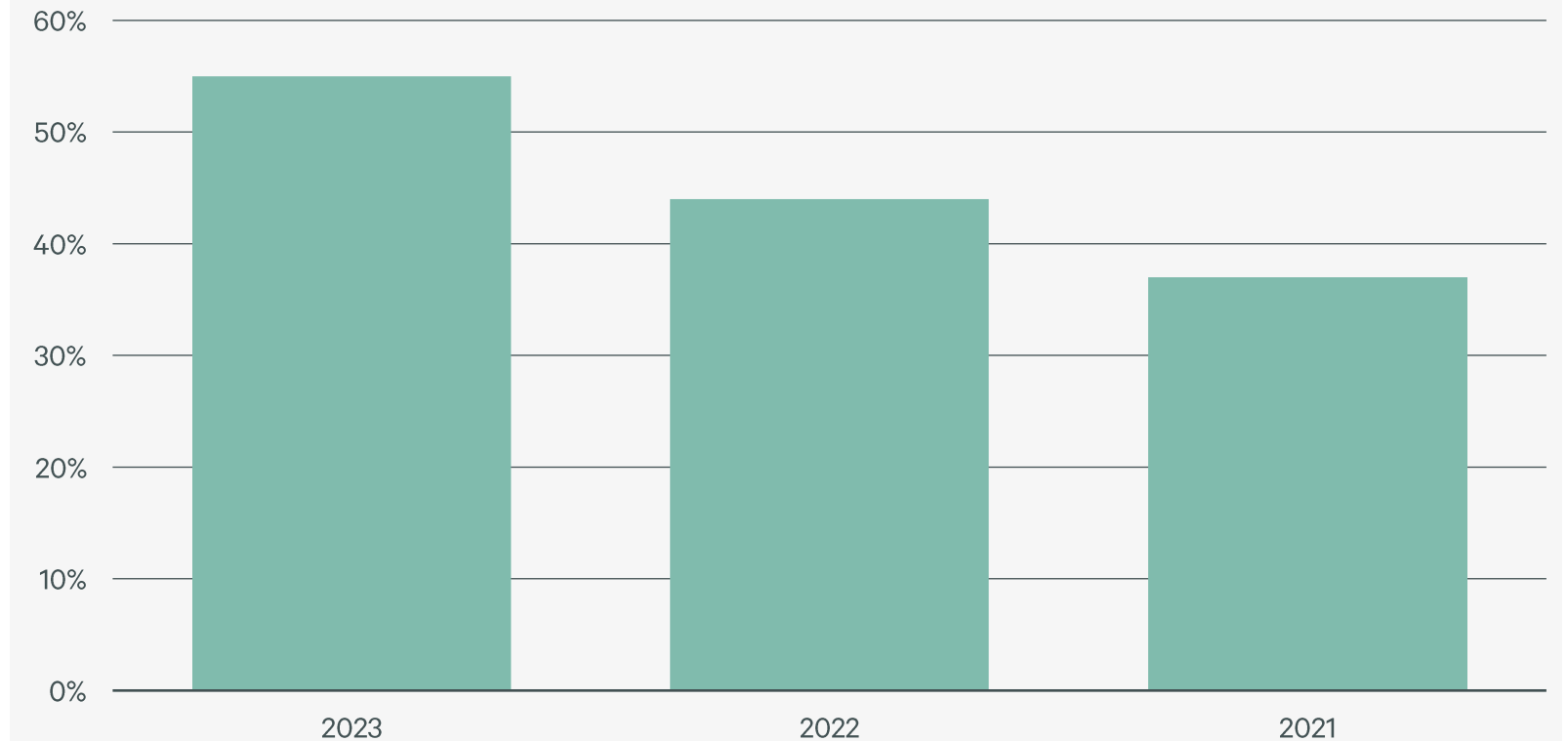
Source: Nordic Office Occupier Sentiment Survey 2023.

Sustainability on the rise

Among the factors that influence building selection and operation, sustainability is becoming visibly more important, and ranks first among the criteria that drive decisions. 55% of European companies see sustainability among the most sought-after features for selecting buildings, which compares with 44% last year and 37% the year before that. For large companies, many with publicly-stated sustainability targets, the proportion is even higher at 64%, indicating a major effect on building choice.

Another internal amenity factor comparable in importance to sustainability is on-site food and beverage (54%). There is a range of service/amenity factors - shared meeting space, flexible space options and fitness and wellness facilities - that influence building selection for 30-40% of companies. Technology, and personal services such as day-care or concierge services are viewed as less important (under 20%).

Figure 13. Influence of sustainability features on building choice decisions



Source: European Office Occupier Sentiment Survey 2023.

04

“Desk sharing and digitalization
are influencing office design”

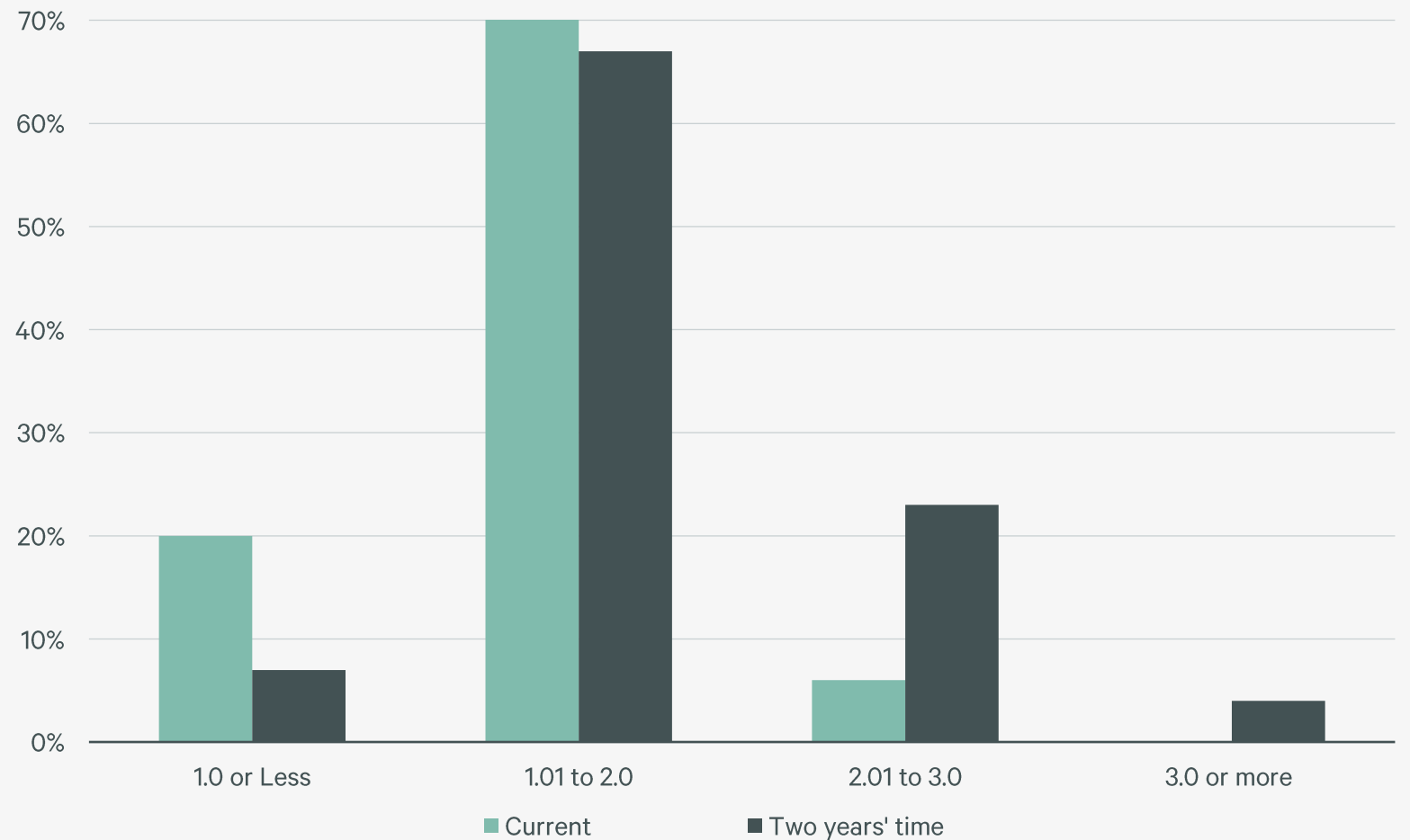
Desk sharing in focus for office design

Large companies with more than 5,000 employees in the Nordic countries shift the most: 88% are reducing dedicated or assigned seating, and equally many are increasing activity-based work environments. Other collaborative work space options are also becoming increasingly interesting for the larger companies, specifically hot-desking (81%), and targeted mobility arrangements (56%), which combine dedicated and shared seating options.

As a direct consequence of these changes, desk sharing ratios are changing for all size companies combined. Ratios higher than 2:1 go from currently 6% to 23% in two years' time. Ratios of 1:1 or below go in the opposite direction, from currently 20% to 7% in two years' time. 90% want to have an employee-to-desk ratio between 1.01 to 3.0 in two years.

In the Nordics the Financial Services & Insurance industry is typically moving from 1.5:1 to 2:1 in two years time with Technology, Media & Telecom industries ahead already today at 1:1 - 2:1 and planning for 1,5:1 – 2,5:1 in two years time.

Figure 14. Typical employee-to-desk ratios



Source: Nordic Office Occupier Sentiment Survey 2023.

Digitalization to support hybrid and flexible work

Evolving employee preferences and working practices are influencing internal building decisions. The importance of technology grows stronger and space enablement solutions such as video conferencing and room booking software are gaining traction. At the same time the importance of touchless technology and employee experience apps are falling behind together with the occupier wish for air quality sensors. Demand for occupancy sensors are at 55% with the Nordic office occupiers.



Figure 15. Real estate technology preferences



Source: Nordic Office Occupier Sentiment Survey 2023.

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