



**Instant**  
RETHINKING WORKSPACE

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Key trends across the industry

**Operator Survey  
2021**

# Key Findings



77% of operators are positive about the future of the industry



In the next 6-months, 64% of operators see occupancy rates above 81%



82% of clients continue to see private office space as the most important element, despite increased focus on collaboration



The recycling policy and carbon footprint polices were most important to clients

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## Executive Summary

- Despite the pandemic, confidence within the industry remains high, with 77% of operators reporting a positive outlook within the flex market. Perception is particularly high for operators located on the outskirts of the city, where demand continues to grow. The market is so optimistic, that nearly half of operators suggested they are likely to expand in the near future.
- As occupancy rates start to increase in both the UK and APAC, the US is still lagging behind, as employees are slower to return to the office.
- Globally, of those who do commute to the office, the vast majority currently spend over 50% of their time at their desks despite the emphasis on collaboration within workplace strategies.
- As sustainability gains a larger focus, CRE leaders are looking to operators for an effective recycling and carbon footprint policy. There are clear obstacles for both clients and operators to meet net-zero targets, but there are also an array of opportunities operators should be emphasizing as we enter 2022.

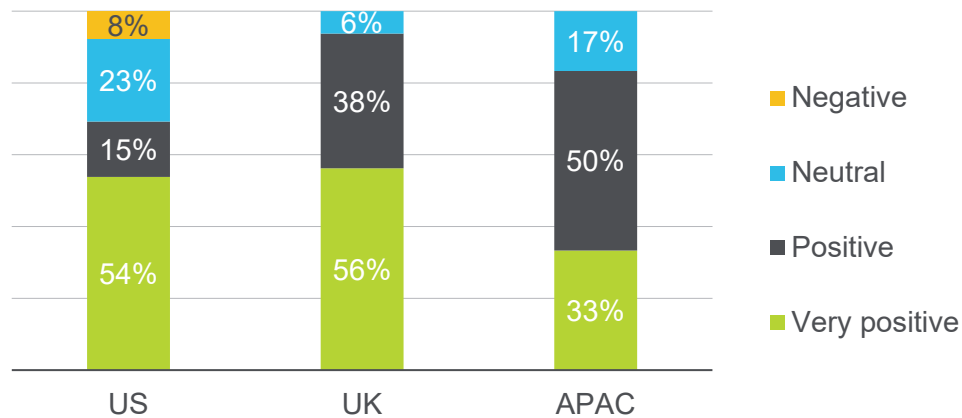
*\*This survey was conducted in September 2021. Therefore, the research does not take into consideration the recent economic events around the world, particularly inflation, and the impact of the new Covid-19 variant, Omicron. The survey intends to highlight the feelings and attitudes of operators across the globe from Q3 2021, and their perceptions of the flex market as we go into 2022.*

# Perceptions from operators

Despite the economic turmoil and the impact this had on corporate real estate, perceptions remain particularly positive with **77% of operators feeling positive about the future of the industry.**

With the successful rollout of global vaccinations accelerating major economies, operators see opportunity as many of their clients look to reshape their real estate portfolios in response to new workspace strategies focused on hybrid working and sustainability. In fact, the US is the only region reporting a negative outlook as employees are pushing back on return to office. Operators in the UK are the most positive, with 94% of operators surveyed feeling positive.

## Global Perceptions

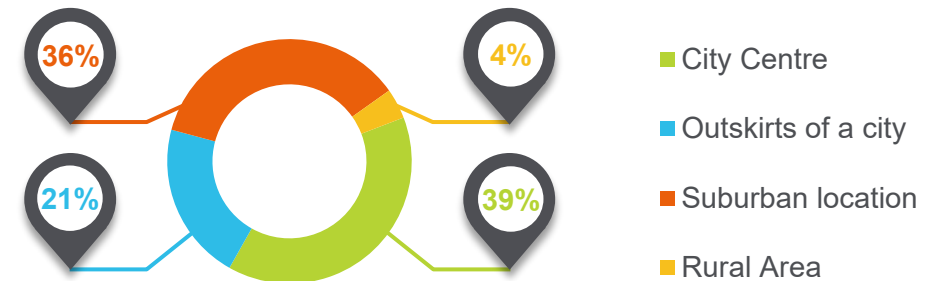


With occupancy rates slowly increasing, operators believe that city center activity will go back to pre-pandemic levels. Operators on the outskirts of major cities have the most positive perceptions of the flex market, highlighting the shift in demand of flex space from traditional busy city centers to those regions on the periphery. Whether this trend is here to stay is still to be determined, nearly all large corporates we speak to say that they will continue to focus on city core markets as their initial first step.

Operators still see a window of opportunity to adapt their business models to support the shift to hybrid working. As a result, we may start to see big organizations expand their corporate real estate portfolios to accommodate for flex space, albeit with the total amount of space occupied reduced.

With over 80% of GDP generated from cities<sup>1</sup>, it would be fitting to assume that the majority of economic development within corporate real estate would be in city centers. However, the impact of the pandemic has shifted the ways in which people work, with many now adopting new hybrid models of working. In response to this shift, companies that were traditionally located in city centers may now need to rethink their property portfolios to accommodate for new hybrid working models that incorporate flexible working.

## Where will expansion take place?

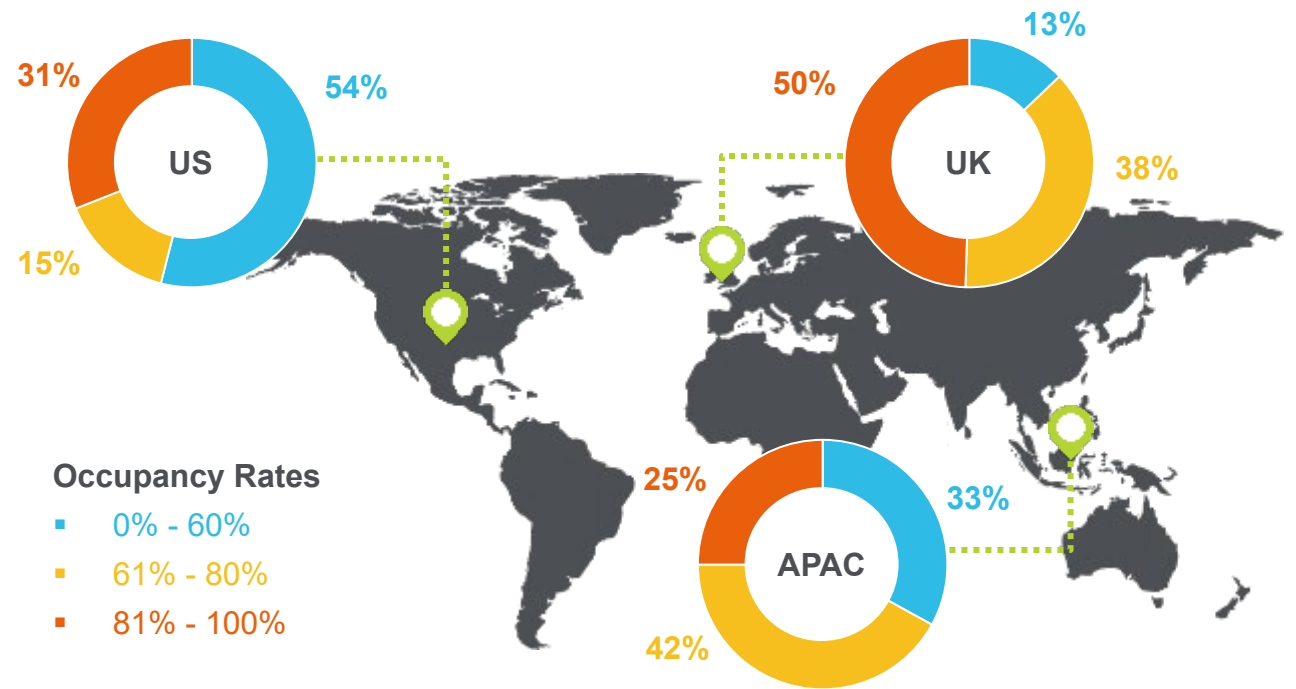




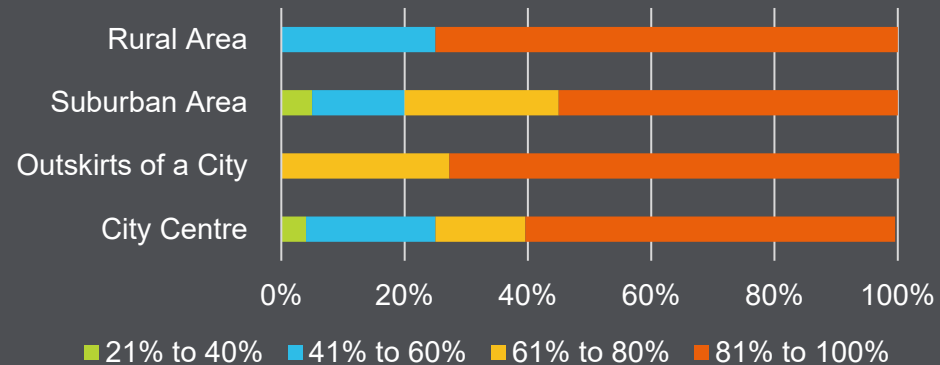
# What does future occupancy look like?

As we start to see occupancy rates slowly increase, we see wide variation across regions:

- Occupancy rates in the UK are higher than those in APAC and the US.
- APAC markets are quickly catching up and are expected to overtake the UK in the new year.
- From the time of being surveyed, 64% of operators believe occupancy rates will be above 81% in the next 6-months.



## Future Occupancy by Region



When asked about how occupancy rates will look like at a regional level in the next 6-months, predictions indicate that rural areas and outskirts of a city centre will have the highest occupancy. Interestingly, operators found that occupancy rates within city centres will remain below other markets in the short term.

Despite the change in working patterns over the past 20-months, demand for office space has not disappeared. Instead, the occupier mindset has changed and both employers and employees alike see flexible workspace as supporting and enhancing the flexible working model rather than being a redundant asset. Flex space will be the key to achieving this balance and, as a result, operators surveyed fully expect occupancy rates to continue on this upward trajectory going into 2022.

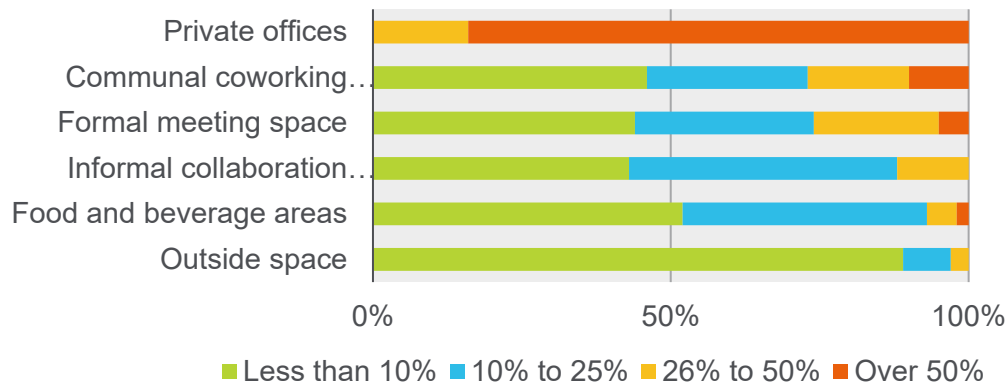
## RETHINKING WORKSPACE

# How are clients using space?

As businesses face uncertainty about what the future workplace will look like, many are asking themselves how they can adapt the workplace to meet future requirements. One of these requirements is encouraging informal collaboration in the office. Operators have taken to providing reconfigurable seating and additional space around amenities and making room for employees to be able to walk and talk.

Clients are also asking for tech friendly meeting areas and investments into office space including bookable rooms, in-room video facilities, interactive white boards, access via apps, online booking, and an increase in automation and remote monitoring. Space is no longer being used for its original purpose in the office. To combat this, operators need to provide a wide range of choice.

### Time spent in different areas of an operator's office



Since the pandemic, we have seen a significant shift in mentality from clients who now require high quality space, albeit with less square feet. As many businesses attempt to entice their staff back to the office, improving features within the workplace that supports health and wellness is a top priority. Covid-19 has highlighted the crucial impact of occupant wellbeing on how effectively a workplace functions. When redesigning office space, operators need to support the physical and mental wellbeing of their occupants in line with workspace strategies including improved air quality, touchless controls and additional cleaning.



#### Outside Spaces and Natural Light

70% of all surveyed found that **availability of outside space and natural light** were needed to improve wellness within the workplace.



#### Adjustable temperature

The second most popular amenity needed to improve wellness was **adjustable temperature**. Regionally, the US found this the most important, followed by the UK and APAC.



#### Improvements to air quality

**Improvements to air quality** are key drivers of wellness within the workspace. Both the US and APAC found these significant amenities required to improve overall wellness.



#### Relaxation or non work related spaces

59% of those surveyed found that **relaxation or non work related spaces** were integral amenities needed to improve overall wellness within the workplace.



#### Ergonomic furniture

Nearly half of those surveyed found **ergonomic furniture** to be an important amenity to improve overall wellness.

## RETHINKING WORKSPACE

# The need to rethink sustainability is accelerating

With real estate predicted to consume some 40% of global energy annually, accounting for more than 20% of international emissions<sup>2</sup>, the reality is that it will be impossible to achieve a net-zero economy without significant changes within the industry. It is therefore not surprising that conversations between clients and providers of space continue to accelerate on how workspace can become more sustainable.

As clients set policies to become net-zero in line with government regulations, there is a disparity between large and small organizations, with the former having the financial flexibility to adapt sustainability policies and practices with ease. It is likely we will start to see more sustainability initiatives from both landlords and operators, as the urgency for net-zero has been accelerated in recent years – especially as clients ask for environmental, social and governance (ESG) data and metrics.

By providing ESG data, operators have a unique opportunity to use sustainability as a key feature within their real estate portfolios. ESG can enhance the occupier experience in the long-term, and this in turn makes real estate assets more attractive to investors and potential occupiers.

### How are clients adapting to sustainability practices?



“ Building a low-carbon society and economy is a challenge – and an opportunity. When individuals and businesses make pro-climate decisions, these can have a tangible impact on our world. ”

– Fora

### Some key metrics and data that can be used to help clients with their net-zero measure include:

- Carbon usage
- Volumes of waste and where it goes
- Energy efficiency
- Lighting efficiency

### Operators should also be asking themselves:

- How can we ensure our sustainability strategy is evolving?
- What investments in technology and people will be needed to achieve net-zero?
- How do we ensure employees and stakeholders are engaged and are actively supporting the sustainability agenda?

### The Recycling Policy

Two thirds suggested the Recycling Policy are areas of importance for clients.



### Carbon Footprint Space

One third suggested the carbon footprint space their clients work within is an area of importance.

# Where next?

Despite the change in working patterns over the past 20-months, demand for office space has not disappeared. Instead, the occupier mindset has changed and both employers and employees alike see flexible workspace as supporting and enhancing the flexible working model rather than being a redundant asset. Flex space will be the key to achieving a hybrid portfolio and, as a result, operators surveyed fully expect occupancy rates to continue on this upward trajectory going into 2022.

Demand is high for flexible workspaces with clients looking for high quality office space that delivers the best experience for their employees. From the Operator Survey, it is clear that clients seek new technologies to enhance the employee experience that delivers real value. In fact, 94% of operators indicate they will look into advancing their technological capacity through camera monitoring, smart phone apps, and meeting room bookings. 2022 will be a key year for those operators and clients looking to re-develop and re-prioritize their business strategies. What we can see is that the return to normal will never return, and now is the time to adapt quickly to the dynamic changes in the flex market.

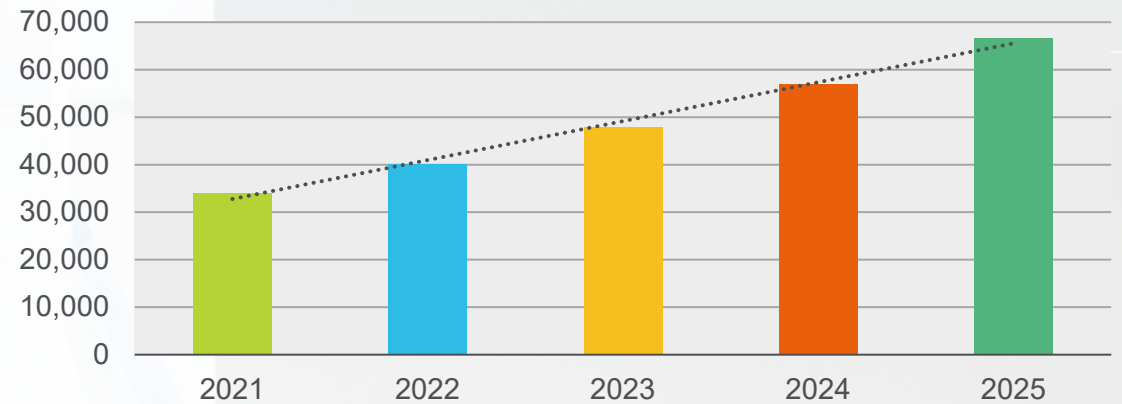
“ When companies provide an office setting where workers feel safe, inspired and in control, people are excited to return as often as 3-4 days a week. In practice, this means providing access to spaces that enable focus and collaborative work and an IT infrastructure that makes it easy to switch between online and offline work. ”

– **Industrious**

“ At Premier Workspaces, we focus on private offices. That focus allowed us to weather the storm. The pandemic ultimately showed that people prefer privacy. Additionally, they want to interact with others on their own terms. Our model is naturally designed for this level of interaction. With dedicated hospitality teams at each location, we were able to quickly deploy additional protocols based on CDC guidance. This really helped all parties feel better about the return to work. Now, we’re seeing a shift in new demand from larger corporations and others who see the universal benefits of flexible space – primarily for remote workers and others who want to be closer to home in the new normal. ”

– **Premier Workspaces**

Number of Flex Spaces Predicted Globally



# Rethinking Workspace.

## Space types defined:

- **Serviced** - Serviced offices are those that are fully equipped and managed by a specialist operator, which then rents individual offices or floors to other companies on a cost per desk or space basis. Also included in this segment are Managed Office, which are individually tailored workspace solutions procured and managed by a single supplier from start to finish with all costs included in one rental fee.
- **Coworking** - Coworking spaces involve a shared environment, most commonly an office, through which individuals not engaged by the same company work side-by-side, and which is charged on a monthly membership basis.
- **Hybrid** – Hybrid spaces are managed by a specialist operator that typically include a mixture of Serviced offices and Coworking spaces within the same building.
- **Other** – Spaces that aren't classed as Coworking, Serviced, or Hybrid offices such as being Workshop, Industrial, Studio or Leased space.

## Sources

1. World Bank (2020). Urban Development. Available here: <https://www.worldbank.org/en/topic/urbandevelopment/overview#1>
2. Knight Frank (2021). Cop-26, property & climate change. Available here: <https://www.knightfrank.com/research/article/2021-11-01-cop-26-and-the-climate-crisis-what-it-means-for-property-market->

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## About The Instant Group & Incendium

The Instant Group has been rethinking workspace since 1999 with over 250 experts across more than 150 countries. Instant enables agility and operational resilience for businesses of all sizes from inception through to delivery and management.

The global team advises on commercial real estate solutions from coworking and serviced offices to fully customised managed offices, modular office builds and portfolio strategy. Clients include Amex, Barclays, Prudential, Booking.com, Shell and Jaguar Land Rover. Instant has offices in London, Newcastle, Berlin, Budapest, Haifa, Istanbul, Paris, Dallas, New York, San Francisco, Hong Kong, Kuala Lumpur, Singapore, Sydney and Melbourne.

As part of The Instant Group, Incendium provides clients with real estate procurement, consulting, talent and change management programmes that enable organisations to use real estate as a catalyst of agility, performance and value.

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