



The Future of Office Space – Post the Covid-19 Pandemic

*- How will the current pandemic change trends for office space?
A study based on the principal actors within the industry*

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BACKGROUND, AIM & PROBLEM FORMULATION

- Current situation and the Covid-19 pandemic
- Workplace trends over the years
- Change in required office space?
- Expected future office trends as a consequence of the pandemic?

METHODOLOGY

- Choice of research method
- Scenario-based interviews with relevant actors within the industry
- Structure of the scenarios
- Data collection
- Analysis of data

SCENARIO 1

Remote work gains popularity, the demand for traditional office space significantly decreases and technology becomes essential

In this scenario, home-offices is a major trend and the demand for traditional office space has radically decreased where more and more people work outside the office. In this scenario, significant savings in real estate costs are made where major investments are put into IT and communication solutions.

For some companies, the costs savings achieved in terms of office space is instead used to relocate to a higher-quality location. Another change is the increased use of external flex-office facilities. Further, real estate companies are forced to offer more flexible solutions where concepts such as fully-furnished and well-developed IT-infrastructure offices will be necessary in order justify the existence of the office.

Employees no longer settle down where the jobs are located but instead are much freer in choosing their main place of residence. The exchange of information takes place through different types of channels and therefore requires active and regular use of modern and well-developed channels of communication. The need to travel for work is no longer necessary, instead many meetings or work-related visits are instead conducted remotely. Another outcome in this scenario is the access to new pools of talent due to fewer geographical limitations where new, innovative processes are developed to boost productivity and thereby creating an even stronger corporate culture.

As a result of the above changes, the regular office space required decreases with up to 30 percent and the vacancy levels for office space therefore increases.

SCENARIO 2

Bounce back to business as usual, but with a slight decrease in traditional office space and a deeper understanding that every organization is unique

In this second scenario, we “bounce” back to business as usual, with some changes. The main changes in terms of spatial use include a slight decrease in number of traditional desks and instead an increase in demand for a more spontaneous use of workplace, both in terms of quantity and qualitative. Further, we will see some savings in terms of real estate costs and an increase in investments in IT and communication tools/solutions. A somewhat improved digital infrastructure will need to be developed in order to enable remote working in a somewhat increased scale.

In terms of location preferences, the importance of location remains specific to sectors and companies and there is no significant change in the preferences for the choice of location. The idea that people settle down where the jobs are located continues to apply due to the fact that the majority of employees still come to the office on a regular basis. For the few remote workers, the exchange of information will take place through several different communication channels, some of them new ones. In terms of work-related travels, the need will still be found necessary, however, in a slight decreased extent.

Some companies might come to consider more flexible solutions, such as co-working spaces. This will require a deeper understanding and a more analyzed review of the specific organization/company at hand, since all companies have different prerequisites and inhabits different strengths and weaknesses.

As a result of the above changes, the regular office space required in this second scenario, decreases moderately, with up to 5 percent.

SCENARIO 3

Counter-reaction to the pandemic - we miss getting together and seek out more social contact. The required office space therefore increases, and the headquarters will soon be a forgotten era
This third and last scenario, can be described as a counterreaction to the social distancing and isolation which the pandemic contributed with. We miss interacting with one another and have therefore discovered a new profound appreciation of meeting up with colleagues at a physical workplace. The overall real estate costs increase due to additional requirements for more space and due to additional, local office pop-ups.

Due to the increased demand for additional space, several companies will have to contemplate less expensive locations. Another consequence is the rise of the distributed and decentralized office where we will witness multiple smaller locations in one city, thereby eliminating the need for massive headquarters buildings and as a consequence, daily commuting. The workplace will become more local, meaning that offices and workplaces will pop up in a more dispersed manner across cities and regions.

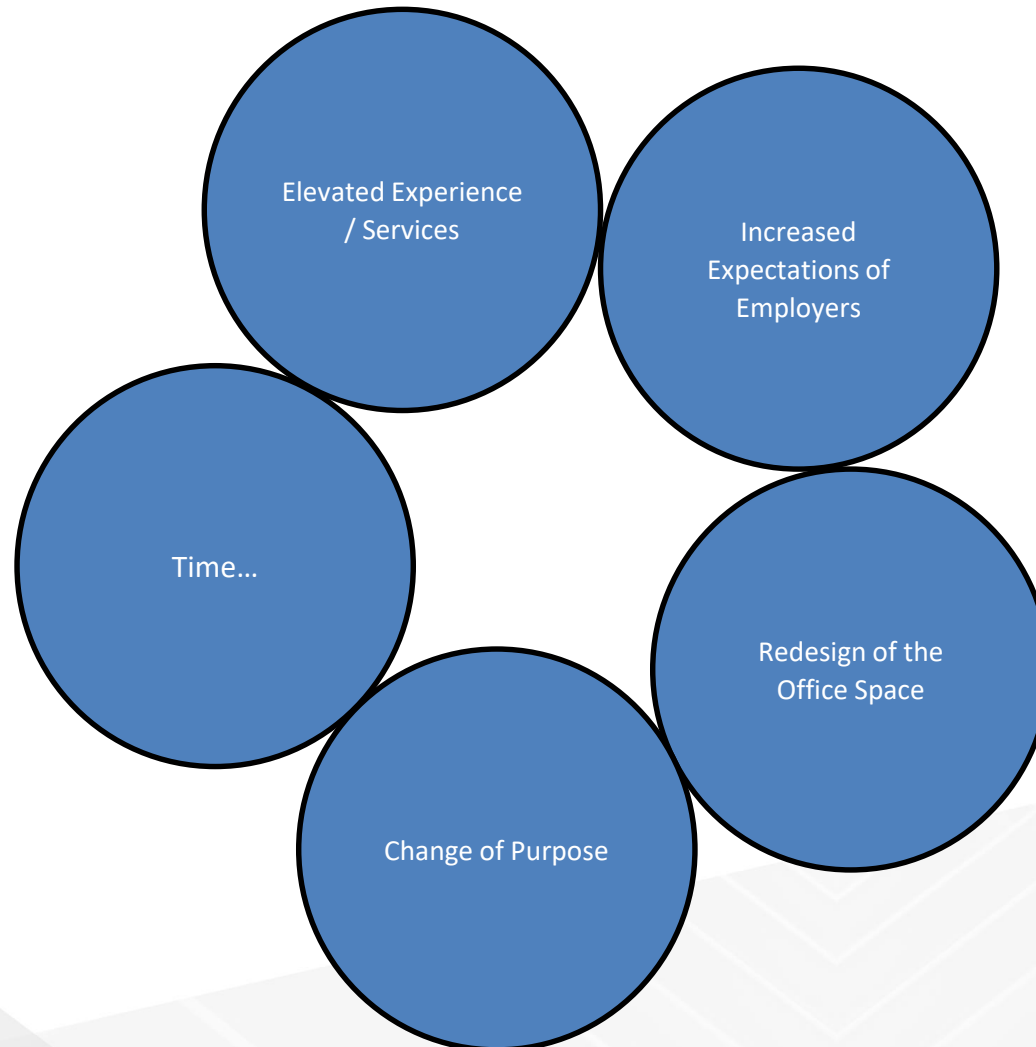
In terms of the exchange of communication, it will still take place through direct and personal contact, set in physical workplaces. However, still with an emphasis on safety and sufficient and necessary social distancing.
As a result of the above, the office space required increases with up to 20 percent.

RESULTS

- 8 interviews
- 6/8 chose scenario 2 as the most likely outcome, meaning no significant change in office space is believed to occur

	Most likely believed scenario
Interviewee 1 (project development/construction company)	Scenario 1
Interviewee 2 (project development/construction company)	Scenario 2
Interviewee 3 (landlord)	Scenario 1
Interviewee 4 (tenant)	Scenario 2
Interviewee 5 (landlord)	Scenario 2
Interviewee 6 (landlord)	Scenario 2
Interviewee 7 (tenant)	Scenario 2
Interviewee 8 (tenant)	Scenario 2

RESULTS - IDENTIFIED THEMES



ANALYSIS

- Analysis of the Themes

Theme	Ranking
Redesign of the office space	5
Elevated experience/services	4
Increased expectations of employers	3
Change of purpose	2
Time	1

- Other Themes

DISCUSSION & CONCLUSION

- Organizations' ability to change
- Reasons why remote work could be challenging
- Lease agreements with upcoming expiration dates
- Required office space will most likely not decrease
- New office trends are to be expected

MANY THANKS FOR YOUR ATTENTION!

