Xymax Real Estate Institute
RESEARCH REPORT

Metropolitan Areas Office Demand Survey Spring 2021

Examining changes in work styles and the workplace caused by the COVID-19 pandemic

June 9, 2021

In the past several years, companies have been promoting work style reforms aimed at acquiring personnel and improving productivity, with more companies aiming to shift from the conventional, inflexible work style to one that is not constrained by place or time. After more than a year since the global outbreak of the novel coronavirus (COVID-19), how has companies' ideas toward work styles and the workplace changed?

Since Autumn 2016, Xymax Real Estate Institute (hereinafter, "Xymax REI") has conducted questionnaire surveys on companies' use of offices and work styles on a semi-annual basis to continuously analyze the relationship between office demand. This report covers the results of the tenth survey.

Summary of Survey Results

1. Change in Office Demand (April 2020–March 2021) (Pages 3–13)

- 18.6% of the companies replied that the number of users* of their office increased and 11.0% replied that rent per tsubo rose over the past year, both the smallest percentage since the start of the survey. Companies that downsized their office outweighed those that expanded for the first time since the start of the survey.
  *In this report, "users" refer to employees who are eligible to use the office though they may not be using it every day.
- As the reason for downsizing the office, 58.8% of the companies replied, "Less space will be needed due to telework," representing a significant increase from the Spring 2020 survey.
- In terms of the sum of the actual change in office size over the past year and the percentage of companies that may change their office size going forward, the percentage of "Expansion (actual + potential)" has been declining since the Spring 2019 survey. On the other hand, the percentage of "Downsizing (actual + potential)" is rising, suggesting that more companies may further downsize their office.
- In terms of the percentage of employees coming to the office after the end of the pandemic (intention), the percentage of companies replying "100% (Come to office entirely)" (25.2%) was larger than the actual percentage (17.7%), while the remaining 74.8% of companies intended to carry out telework, although the frequency and degree vary.
- The percentage of companies that wanted the percentage of desks to users of the office to be "less than 100%" was 45.4%, 29.3 percentage points more than the current percentage (16.1%). This trend is likely to continue since it seems that more companies are reducing their number of desks on the back of fewer employees coming to the office due to the progress of telework, among other factors.
- As for business sentiment, "Good" and "Somewhat good" totaled 24.1%, while "Bad" and "Somewhat bad" totaled 38.7%, indicating a business sentiment DI of -14.6.

2. Diversification of Workplaces (Pages 14–20)

- With regard to flexible space within the companies' current office, 31.7% of the companies have introduced a "Booth or private room for remote meetings," which suggests a rising need for space that can respond to teleworking employees. The result also indicated that desks that can be used flexibly were available at around 60% of the companies.
- Nearly 30% of the companies want to increase the share of flexible desks going forward. The most popular reason was because fewer employees come to the office to work due to telework (60.7%). This suggests that companies are requiring an office layout that can respond flexibly to the change in the percentage of workers coming to the office instead of the conventional layout that offers fixed desks for all users of the office.
- In terms of the change in the availability rate of places for telework, "Developing/using a work-from-home program" has increased significantly since Spring 2020, the survey that followed the outbreak of COVID-19. The availability of satellite offices is also increasingly each year.
- More than half of the companies that use both a satellite office and a work-from-home program replied that they think they can obtain benefits from telework (sum of "Strongly agree" and "Somewhat agree") such as "Office cost efficiency," "Drop in turnover rate (e.g., rise in reinstatement rate of women after maternity leave)," "Advantage in hiring," and "Productivity improvement." This suggests that companies with more options of telework places valued telework more.
- With regard to reviewing workplace strategies, companies that were reviewing the strategies and were succeeding remained at 10.6%, while more than half of the companies were still exploring, such as "Reviewing but facing challenges" (16.8%) and "Considering review or gathering information" (36.8%).

3. Outlook of Office Demand (Pages 21–29)

- 25.5% of the companies replied that the number of users of their offices will increase, while 14.1% replied it will decrease. As for office size, more companies wanted to downsize (16.4%) than expand (10.8%), suggesting that an increase in the number of users of the office may not directly lead to an increase in office size.
- 46.4% of the companies wished to have a booth or private room for remote meetings in their current office, significantly outweighing the current availability rate (31.7%).
- As for measures in places for telework companies want to implement in the future, the percentage of "Satellite office" (29.1%) was 10.2 percentage points larger than the current availability rate (18.9%).
- The requirement that companies focused on the most in the property in which to set up a satellite office after the end of the pandemic was "High security performance" (59.7%). Around half of the companies focused on "It is close to where employees live" (50.9%), while only 21.5% placed emphasis on the property being "an office district or an office building." This suggests that many companies consider satellite offices as a way to bring the workplace close to employees' homes.
- As for the location of the workplace after the end of the pandemic, "Keep HQ functions in city center and disperse workplaces in suburbs (incl. WFH)" (40.0%) substantially outweighed "Consolidate workplaces in the city center" (7.9%).

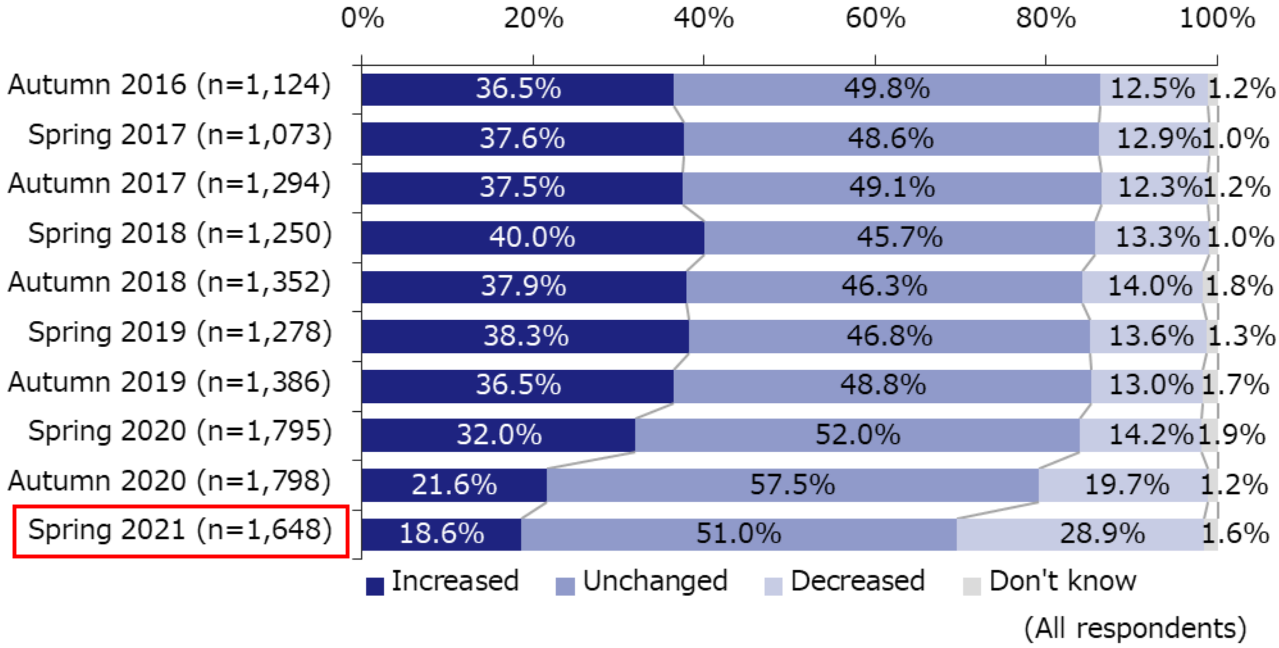
1. Change in Office Demand (April 2020–March 2021)

1.1. Changes in number of users, size, and rent

The changes in the number of users of the office, office size, and rent per tsubo (including CAM charges; the same applies hereinafter) over the past year (April 2020–March 2021) were as shown in **Figures 1, 2, and 8**. Looking at the trend of the results of all these items from the past shows that the tide has changed in office demand with the outbreak of COVID-19.

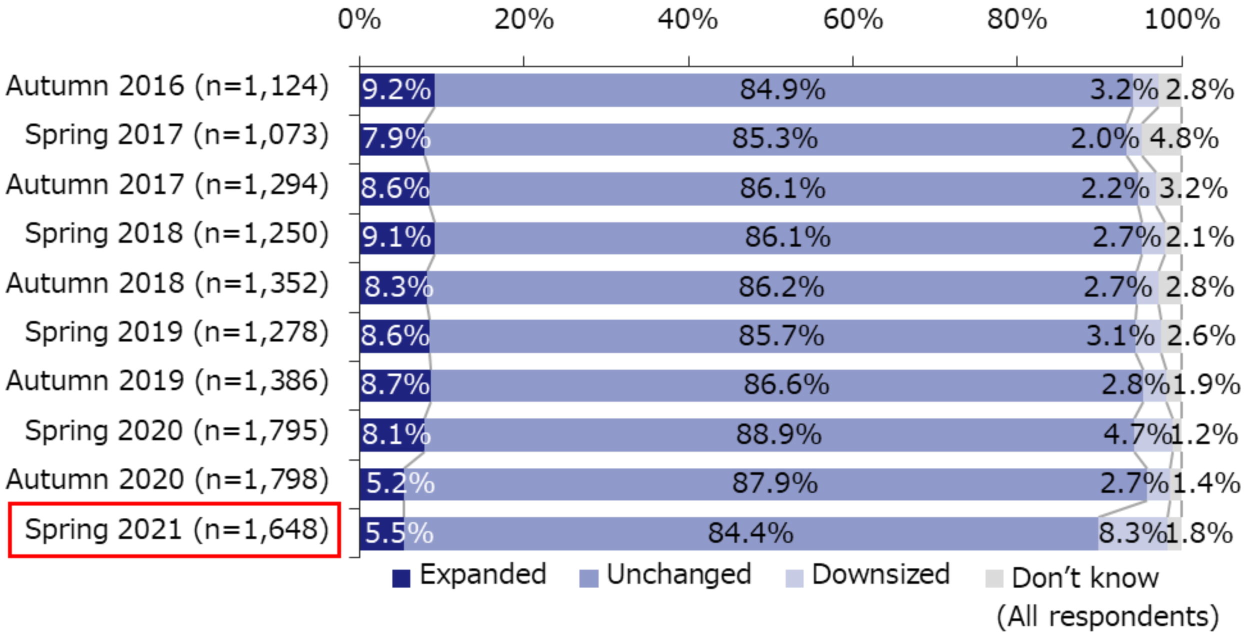
A record low of 18.6% of the companies replied that they saw an increase in the number of eligible users of their office **(Figure 1 (bottom bar))**. Meanwhile, 28.9% saw a decrease. This represents an increase from Autumn 2020, but it may include companies that saw fewer employees coming to the office due to telework.

Figure 1: Change in Number of Users of the Office



As for the office size, 5.5% of the companies (roughly the same as Autumn 2020) replied that they expanded their office, while 8.3% replied that they downsized, which is an increase on the previous survey and the first time companies that downsized exceeded those that expanded **(Figure 2 (bottom bar))**.

Figure 2: Change in Office Size



The most popular style of office expansion was "Relocation" (40.7%), followed by "Expansion in same building" (30.8%) **(Figure 3)**. The most popular styles of downsizing were "Relocation" (46.3%) and "Downsizing in same building" (31.6%) **(Figure 4)**.

Figure 3: Style of Office Expansion

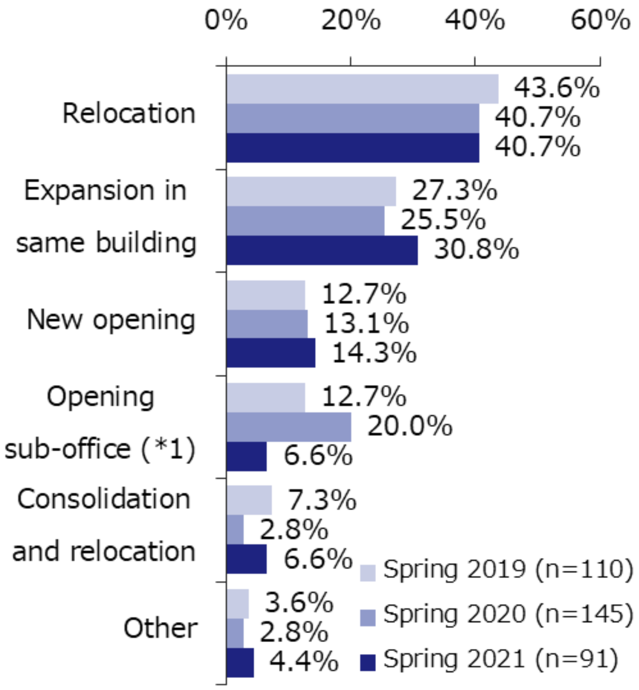
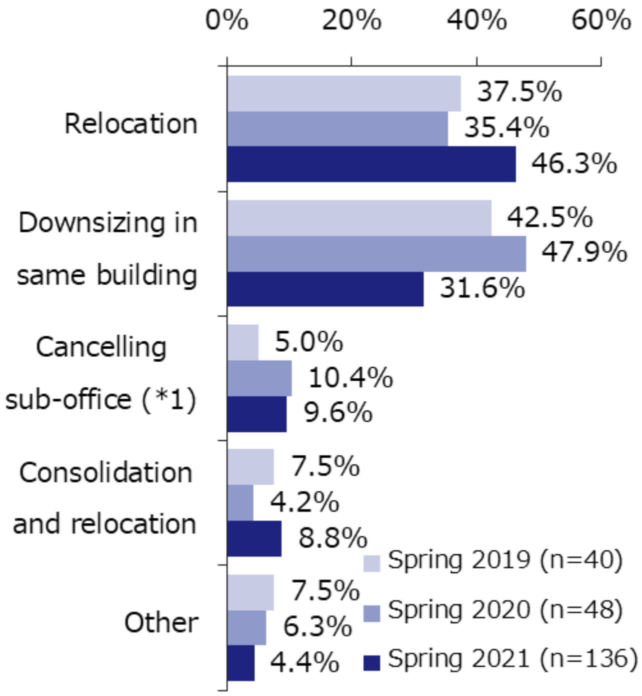


Figure 4: Style of Office Downsizing



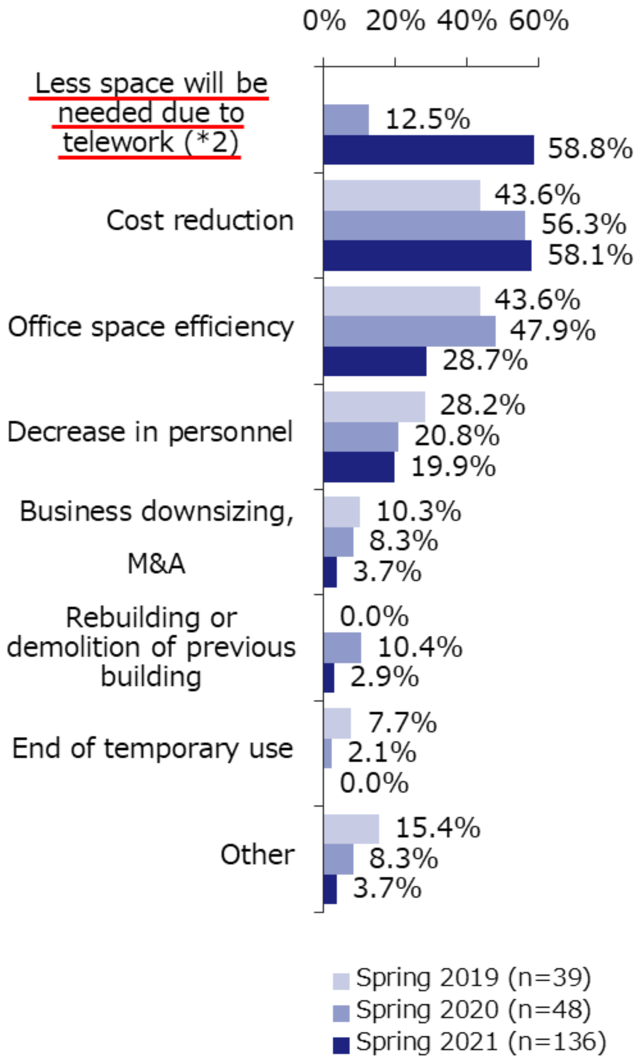
(Figure 3: Companies that expanded; Figure 4: Companies that downsized; multiple answer (MA))

*1 Sub-office: A separate office located near the main office such as the head office to handle some of the functions of the main office

The most popular reason for office expansion was "Office became too small due to increase in personnel (Increase in personnel)" (52.7%), while "Safety and security of employees (e.g., infectious disease control)" (20.9%) nearly doubled from Spring 2020 **(Figure 5)**. The most popular reason for downsizing was "Less space will be needed due to telework" (58.8%), rising significantly from Spring 2020.

Figure 5: Reason for Expansion

Figure 6: Reason for Downsizing

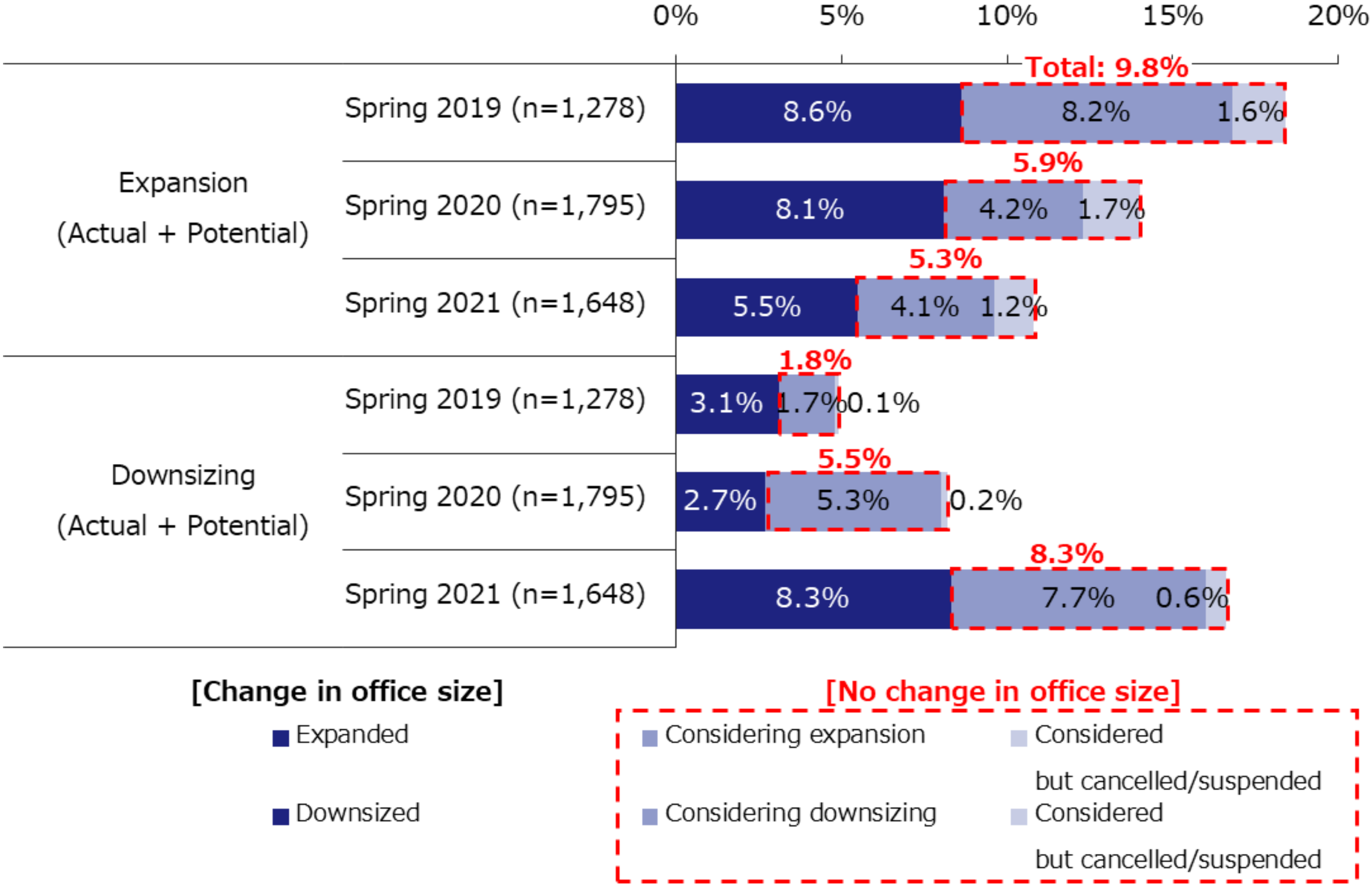


(Figure 5: Companies that expanded (excerpt); Figure 6: Companies that downsized; MA)

*2 The results for Spring 2019 are not indicated since the choice was added from the Spring 2020 survey.

5.3% of the companies that did not change their office size over the past year either were considering expanding or had considered expanding but cancelled or suspended the plan. The percentage of "Expansion (Actual + Potential)" has been declining since Spring 2019 **(Figure 7)**. Meanwhile, 8.3% of the companies either were considering downsizing their office or considered downsizing but cancelled or suspended the plan. The percentage of "Downsizing (Actual + Potential)" has been increasing since Spring 2019. The percentage of companies that downsized over the past year also rose to 8.3%, suggesting that even more companies may downsize their offices going forward, considering that more companies have a possibility to downsize.

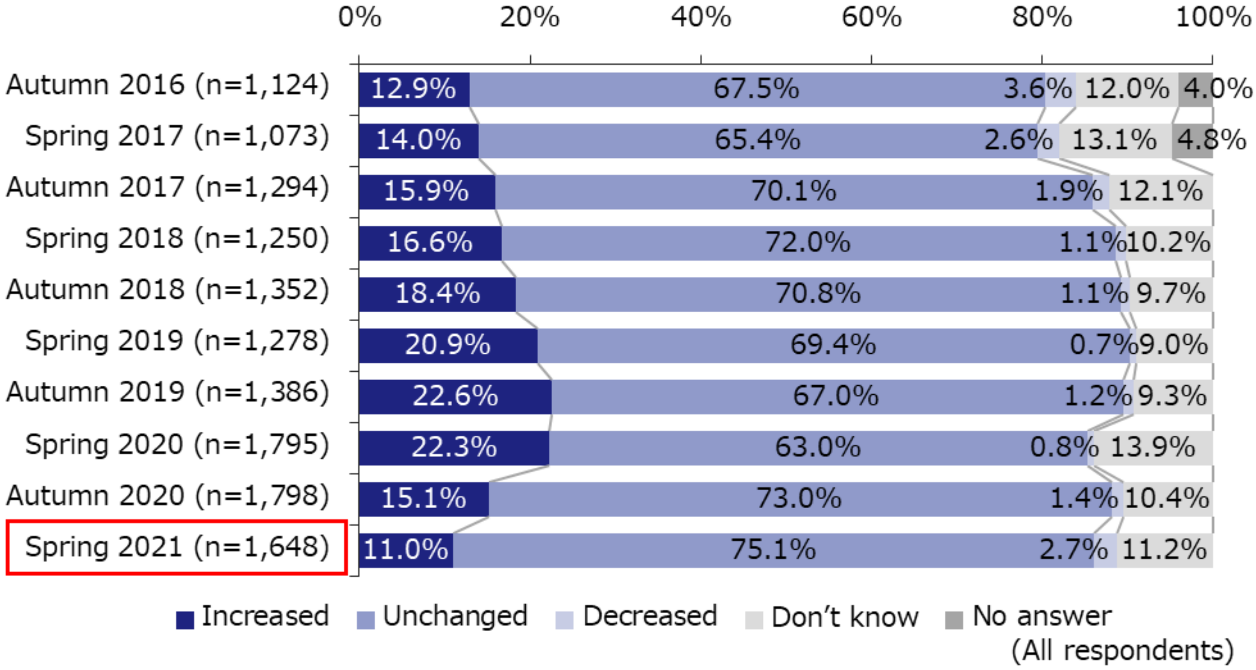
Figure 7: Change in Office Size over Past Year (Actual + Potential)



(All respondents; excerpt)

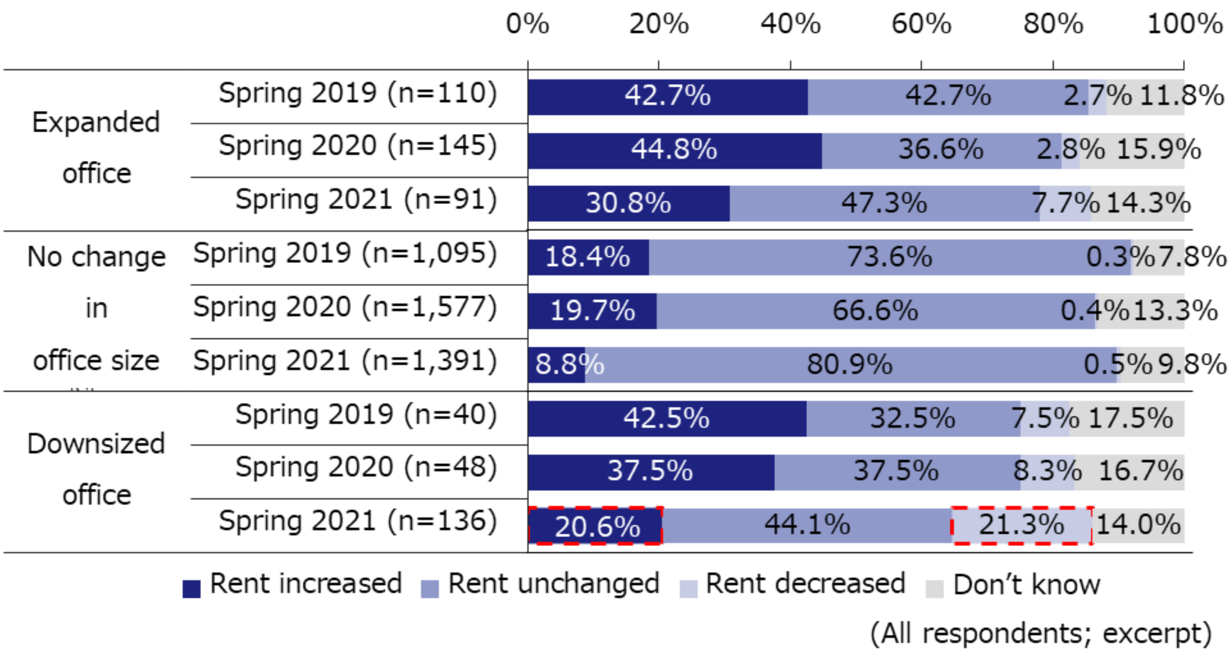
The percentage of the companies that replied that rent per tsubo "increased" was 11.0%, another decline in percentage following the previous survey **(Figure 8 (bottom bar))**.

Figure 8: Change in Rent per Tsubo



In terms of the change in rent per tsubo by the change in office size, the percentage of companies that experienced an increase in rent had significantly outweighed those that experienced a decrease, regardless of changes in office size until Spring 2020. This time, however, the percentage of the percentages of a rent increase and a decrease were roughly the same among companies that downsized their office **(Figure 9)**.

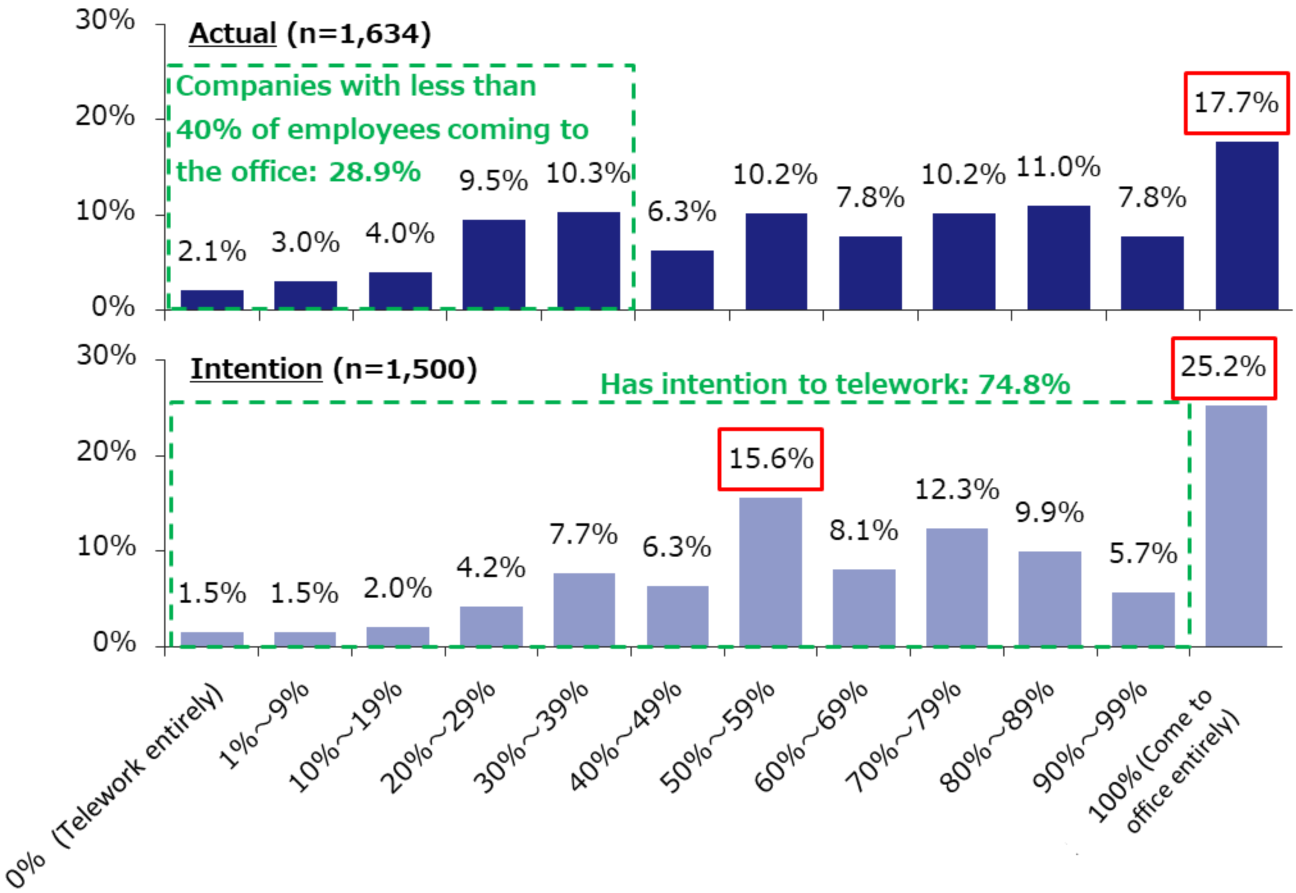
Figure 9: Changes in Office Size and Rent per Tsubo



1.2. Change in percentage of employees coming to the office

We asked the companies their “Current average percentage of employees coming to the office (Actual)” and the “Percentage of employees coming to the office after the end of the pandemic (Intension),” with 100% being all employees coming to the office **(Figure 10)**. In terms of the “Actual” percentage, 17.7% of the companies replied “100% (Come to office entirely),” while 28.9% kept the percentage at “less than 40%” (40% of companies coming to the office is approximately all employees coming to the office for two days per week on average). In terms of “Intention” for after the end of the pandemic, “100% (Come to office entirely)” increased to 25.2%. However, the remaining 74.8% of the companies intend to carry out telework, although the frequency and degree vary. These results were roughly the same as the results of Autumn 2020.

Figure 10: Percentage of Employees Coming to the Office (Actual and Intention)

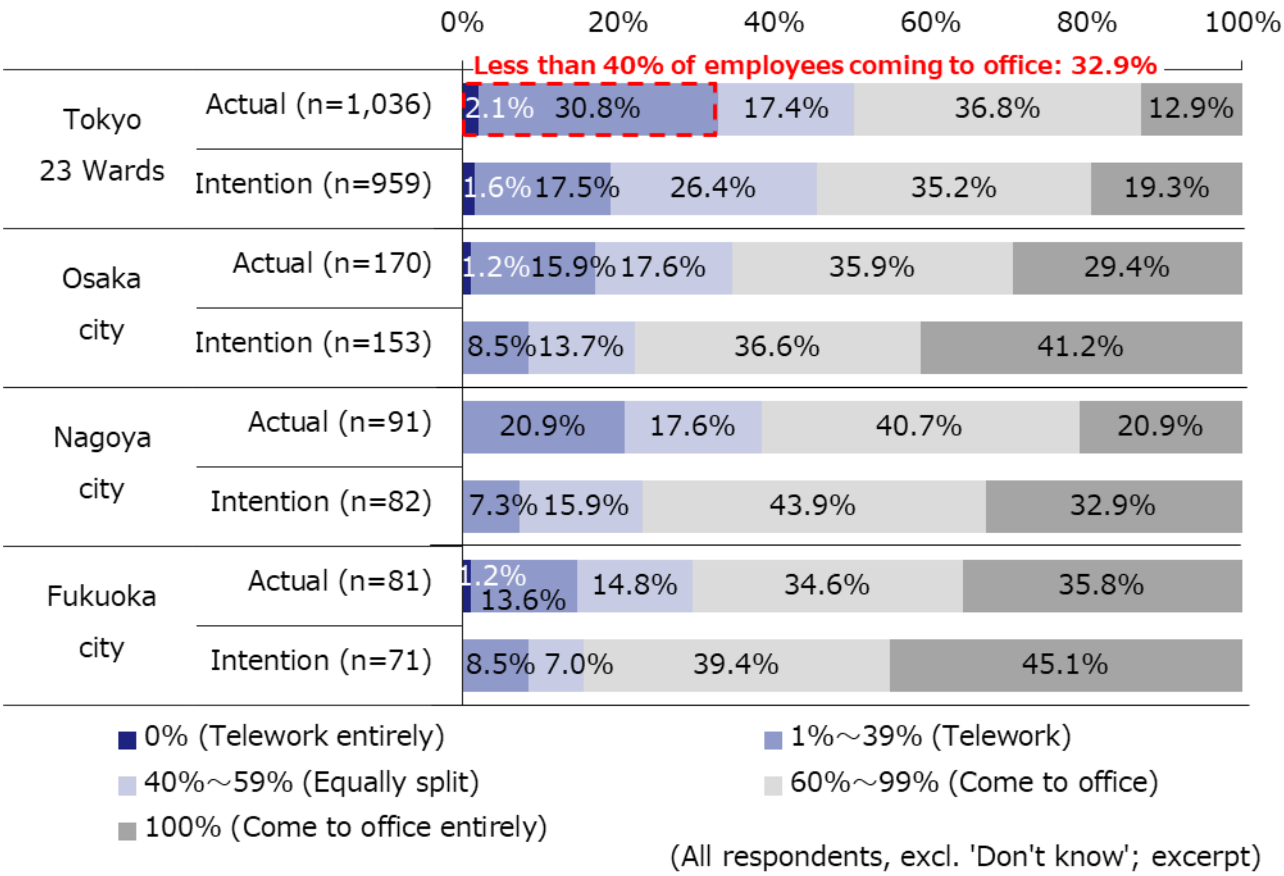


(All respondents, excluding 'Don't know')

We grouped the percentage of employees coming to the office (Actual/Intention) of **Figure 10** into "0% (Telework entirely)," "1%–39% (Telework)," "40%–59% (Equally split)," "60%–99% (Come to office,)" and "100% (Come to office entirely)" and examined the characteristics by company attribute **(Figure 11)**.

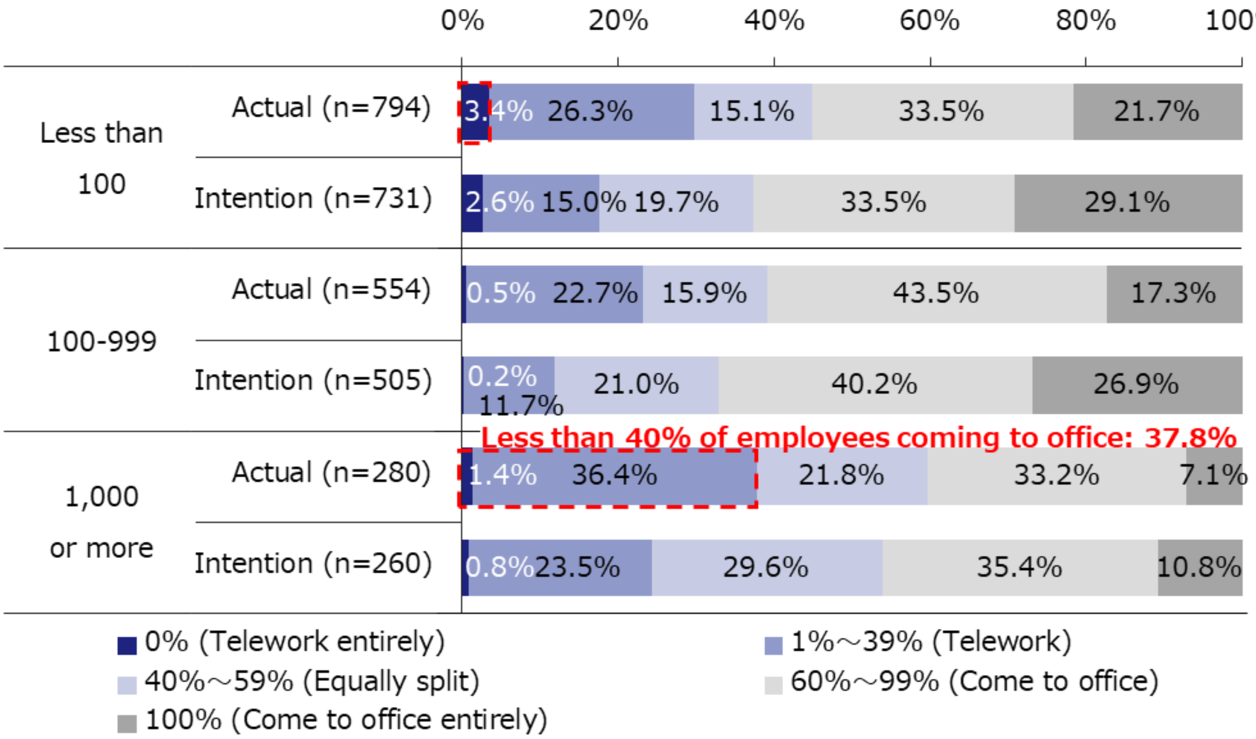
In terms of the Actual percentage by office location, the percentage of "100% (Come to office entirely)" remained at 12.9% in the Tokyo 23 Wards, while "Less than 40%" (sum of "0% (Telework entirely)" and "1%–39% (Telework)") accounted for nearly a third (32.9%) of total, indicating a greater tendency for telework than other locations. This tendency was not only seen in Tokyo 23 Wards but also in Tokyo, Kanagawa, Saitama, and Chiba Prefectures.

Figure 11: Percentage of Employees Coming to the Office (Actual and Intension) – By Office Location



By number of employees, large companies with 1,000 employees or more had a small percentage of "100% (Come to office entirely)" both in Actual and Intention, while "Less than 40%" (sum of "0% (Telework entirely)" and "1%–39% (Telework)") as the current Actual percentage accounted for 37.8% **(Figure 12)**. We also found that companies with less than 99 employees had a higher Actual percentage of "0% (Telework entirely)" (3.4%) than other sizes of companies.

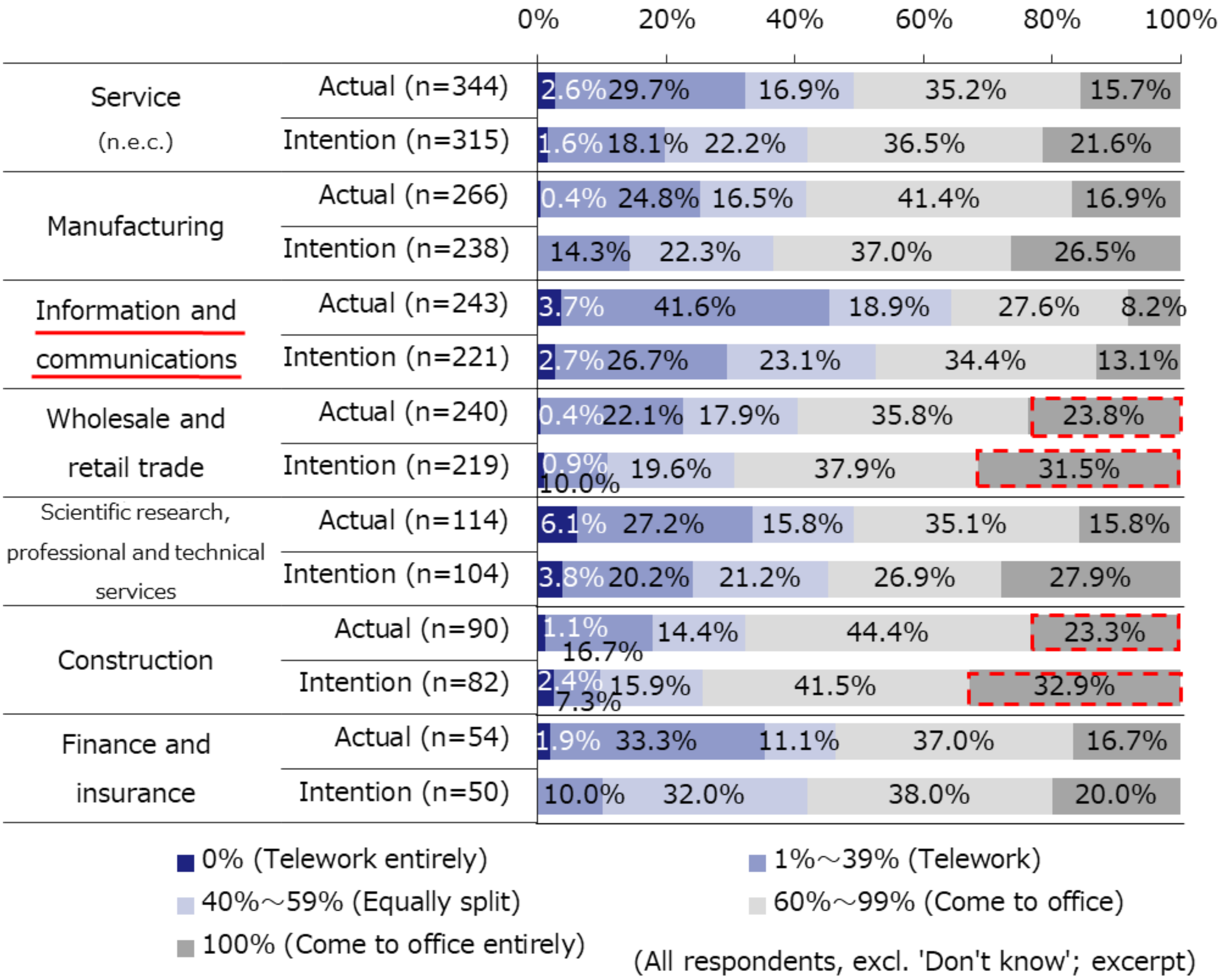
Figure 12: Percentage of Employees Coming to the Office (Actual and Intension) – By Number of Employees



(All respondents, excl. 'Don't know'; excerpt)

By sector, “100% (Come to office entirely)” was the most popular among the construction and wholesale and retail trade sectors both in Actual and Intention **(Figure 13)**. In the information and communications sector, the Actual percentage of “1%–39% (Telework)” was the largest among all sectors at 41.6%, with “100% (Come to office entirely)” remaining at 8.2%. This proves that telework has especially proliferated in this sector.

Figure 13: Percentage of Employees Coming to the Office (Actual and Intension) – By Sector

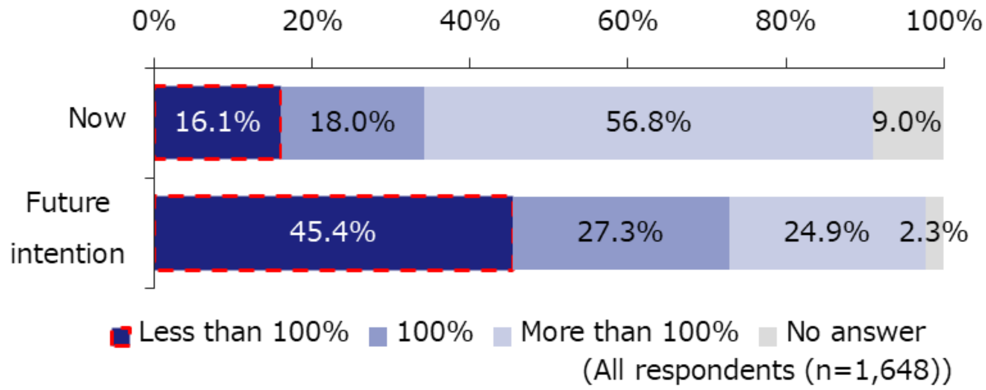


1.3. Changes in number of desks and impression of office size

We calculated the percentage of desks companies provided for the users of their office based on the numbers of users and desks. We also asked companies how much they wanted to provide desks for the users going forward. **Figure 14** compares the results by grouping them into "Less than 100%," "100%" and "More than 100%."

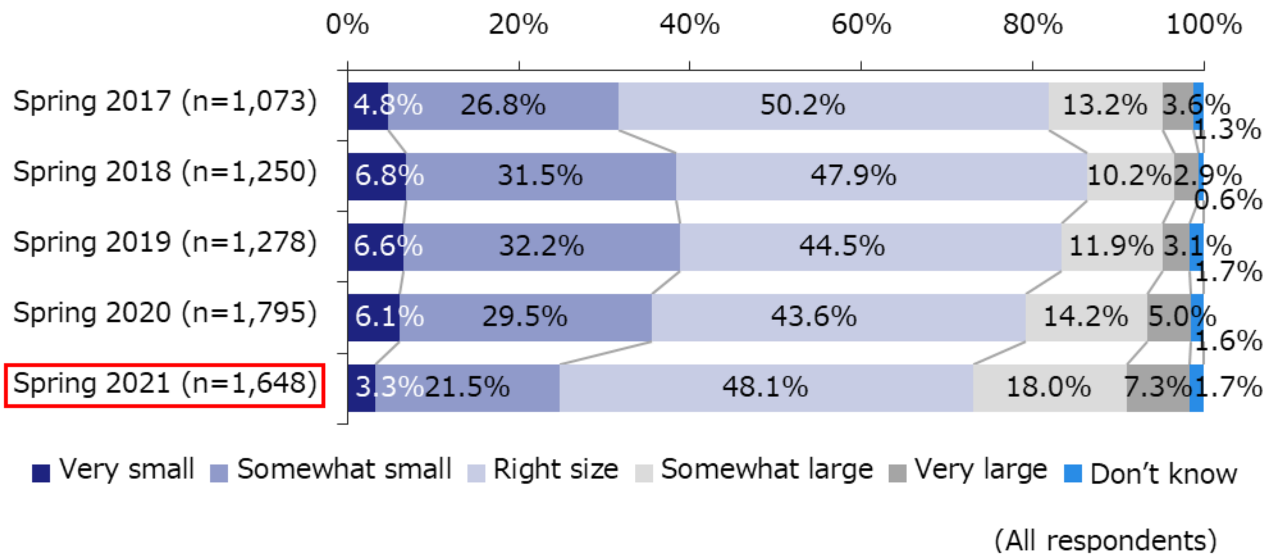
Currently, the largest percentage of companies (56.8%) have provided desks for users of the office for "More than 100%." However, while the percentage of "More than 100%" of desks in the future halved to 24.9%, that of "Less than 100%" was 45.4%, 29.3 percentage points more than the current percentage (16.1%). This suggests that more companies are reducing their number of desks as fewer employees come to the office due to the progress of telework. This trend is likely to continue going forward.

Figure 14: Percentage of Desks to Number of Users of Office (Current and Future Intention)



When we asked respondents' impressions on their current office size, 24.8% replied their office was "very small" or "somewhat small," while a similar 25.3% felt it was "very large" or "somewhat large" **(Figure 15)**. Compared to Spring 2020, "Very large" and "Somewhat large" have increased while "Very small" and "Somewhat small" have decreased, suggesting that the impression of the office being small has declined as fewer people come to the office due to telework.

Figure 15: Impression of Office Size

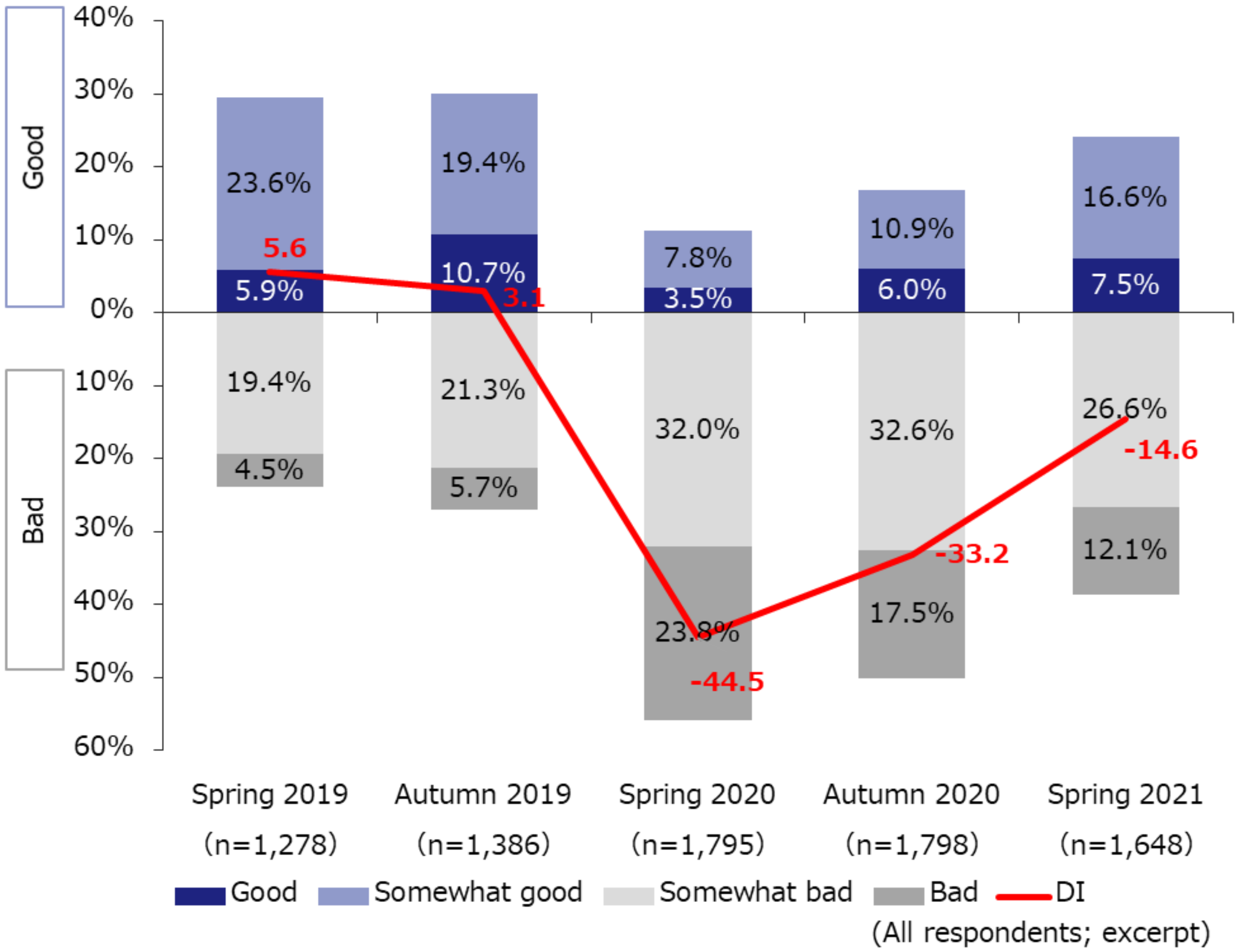


1.4. Change in business sentiment

Figure 16 indicates the "Business Sentiment DI," which is the sum of the percentage of "Good" and "Somewhat good" business sentiments minus that of "Bad" and "Somewhat Bad" sentiments from a five-scale rating of "Good," "Somewhat good," "Neither good nor bad," "Somewhat Bad," and "Bad."

In this survey, the sum of "Good" and "Somewhat good" was 24.1%, while that of "Bad" and "Somewhat bad" was 38.7%, indicating a business sentiment DI of -14.6. The business sentiment DI that turned substantially negative in the Spring 2020 survey, which was conducted immediately after the outbreak of COVID-19, remained negative despite continuing to recover, indicating that more companies have a negative business sentiment than a positive sentiment.

Figure 16: Business Sentiment

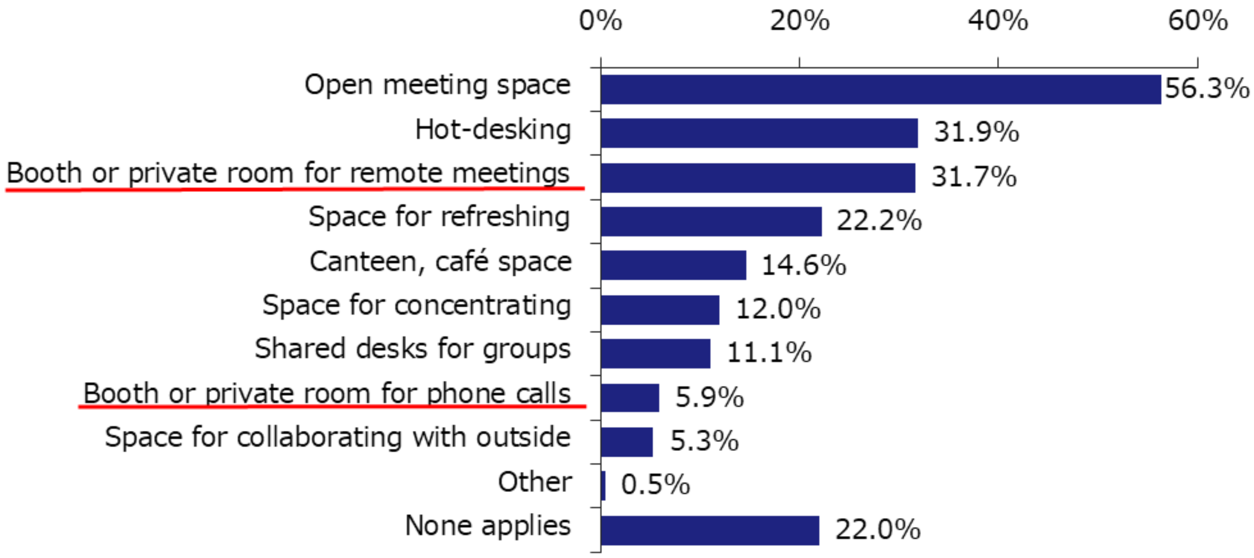


2. Diversification of Workplaces

2.1. Office layout

Figure 17 shows the results of flexible spaces companies have in their current office. The top replies included "Open meeting space" (56.3%) and "Hot-desking" (31.9%). In the Spring 2020 survey, 15.8% of the companies had introduced a "Booth for phone/online conference," while in this survey 31.7% had introduced a "Booth or private room for remote meetings" and 5.9% a "Booth or private room for phone calls," which suggest a rising need for space that can respond to teleworking employees.

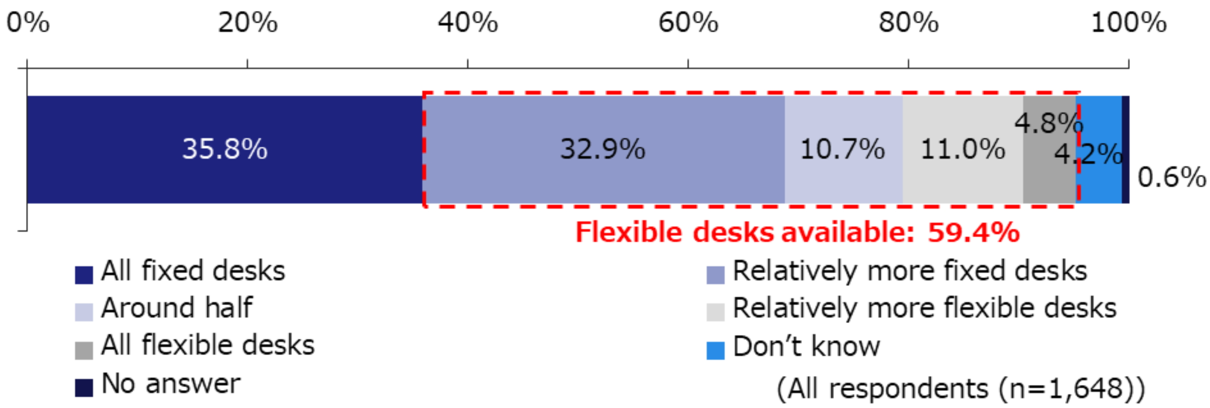
Figure 17: Flexible Spaces



(All respondents (n=1,648); MA)

Of the desks within the office (excluding meeting rooms), we asked the companies the share of fixed desks and that of flexible spaces as indicated in **Figure 17 (Figure 18)**. The result showed that only 35.8% of the companies had "100% fixed desks; 0% flexible desks (All fixed desks)" and that around 60% of the companies had provided some number of flexible desks. About 5% replied, "0% fixed desks; 100% flexible desks (All flexible desks)."

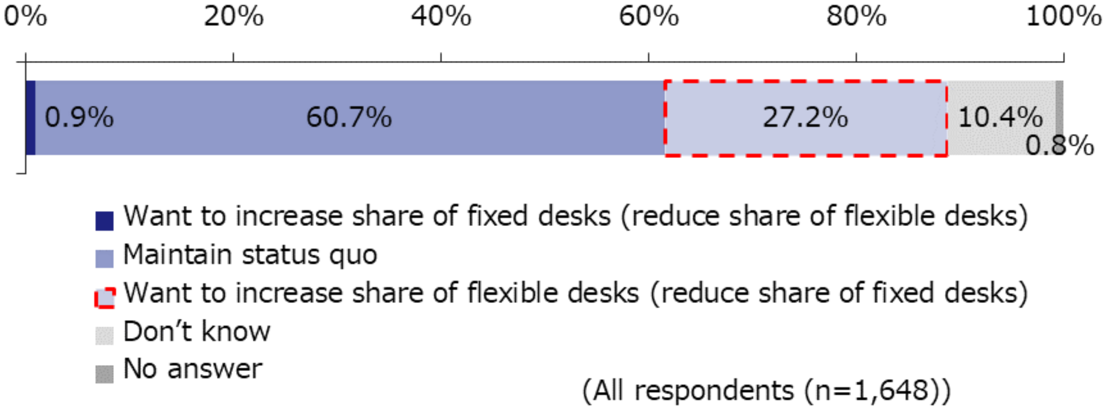
Figure 18: Share of Fixed Desks and Flexible Desks



(All respondents (n=1,648))

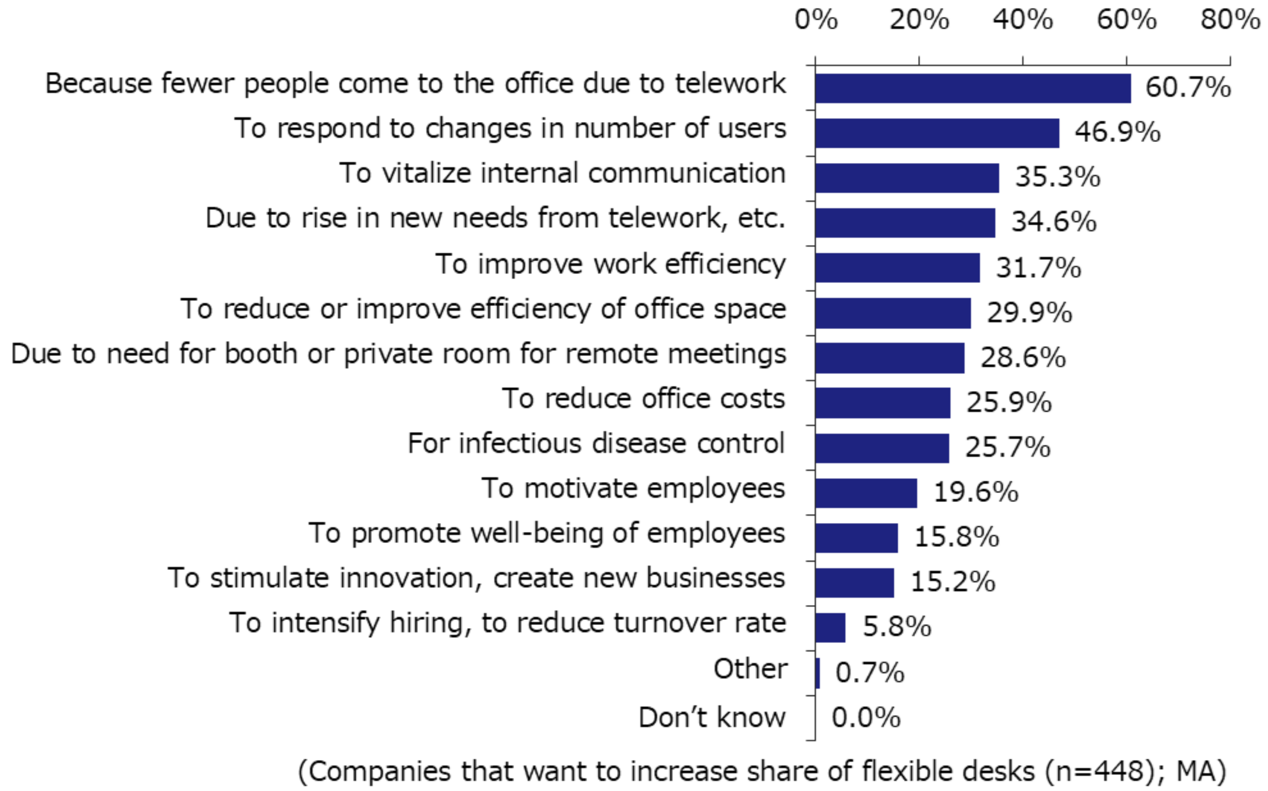
When we asked the companies their future intentions on the share of fixed desks and flexible desks, "Maintain the status quo" was the top reply (60.7%), while companies that "Want to increase share of flexible desks" accounted for nearly 30% at 27.2% **(Figure 19)**.

Figure 19: Future Intention on Share of Fixed Desks and Flexible Desks



When we asked companies that "Want to increase share of flexible desks" the reason for doing so, the top reason was "Because fewer people come to the office due to telework" (60.7%), which suggests that companies are requiring an office layout that can respond flexibly to the change in the percentage of workers coming to the office instead of the conventional layout that offers fixed desks for all users of the office **(Figure 20)**. Furthermore, the fact that "Due to a rise in new needs from telework, etc." (34.6%) ranked high after "To respond to changes in number of users" (46.9%) and "To vitalize internal communication" (35.3%) suggests that companies will re-examine their office layout in accordance with New Normal work styles.

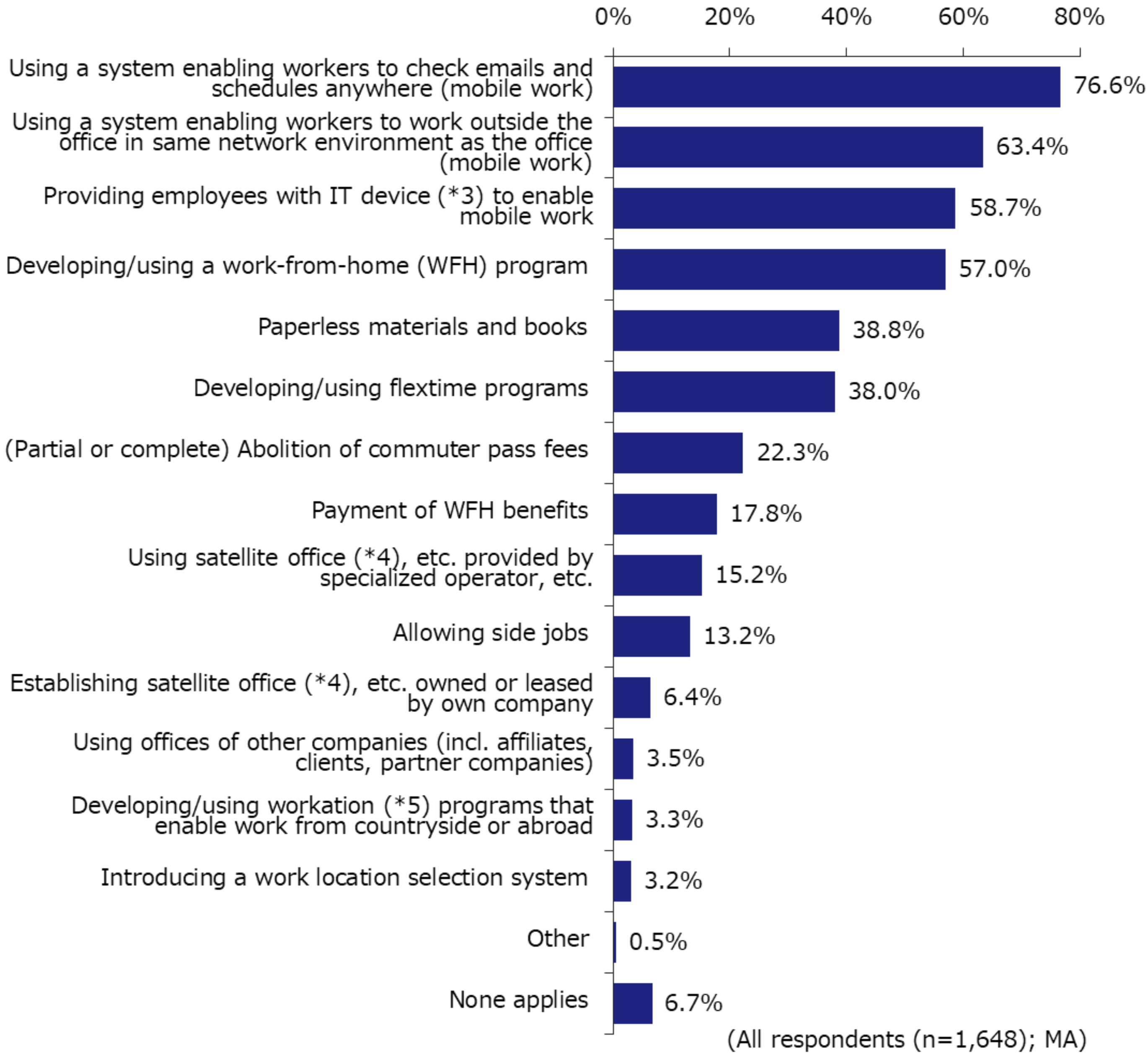
Figure 20: Reason for Wanting to Increase Share of Flexible Desks



2.2. Current status of telework

Figure 21 shows the initiatives on work styles that companies are implementing, regardless of whether the initiative accommodated all or some of the target persons. Many companies had implemented mobile work measures (the top three items). Other top replies included "Developing/using a work-from-home (WFH) program" (57.0%) and "Paperless materials and books" (38.8%).

Figure 21: Initiatives on Work Styles



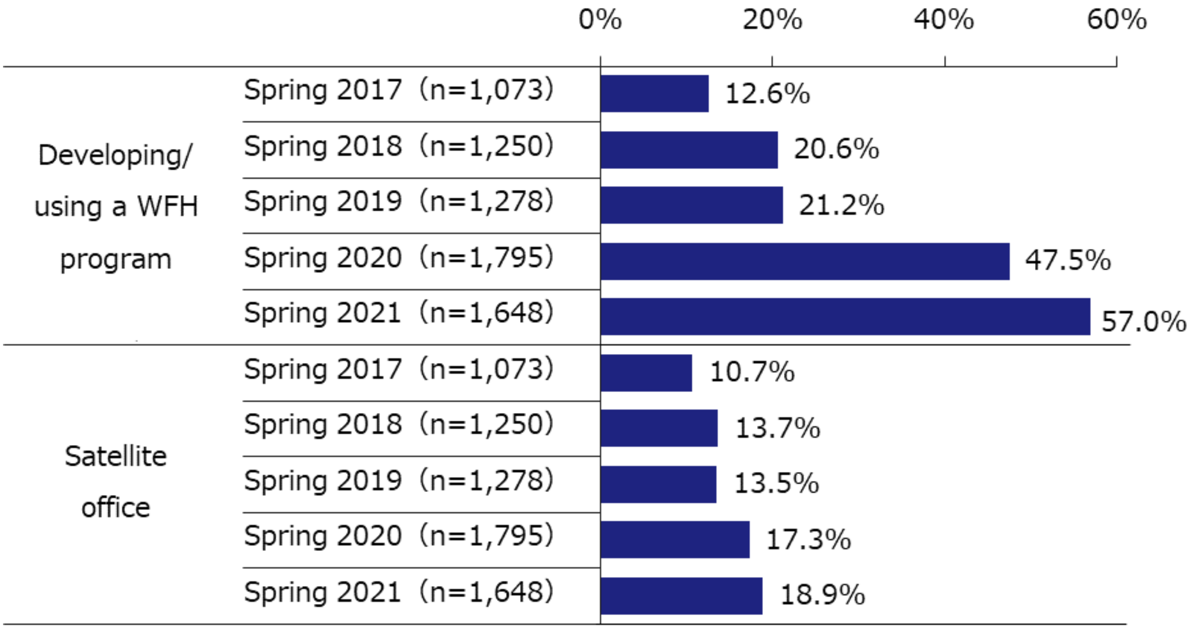
*3 IT device: Smartphones, mobile PCs, tablets, etc.

*4 Satellite office: A collective term for workplaces established for telework, apart from the main office or the home. There are those that are provided by specialized service operators and those that are provided by the company.

*5 Workation: A portmanteau of working vacation, meaning to work from a travel destination, etc.

Of these initiatives, we examined the trend of "Developing/using a work-from-home (WFH) program" and "Satellite offices" (either of the following: "Using satellite office, etc. provided by specialized operator, etc." and "Establishing satellite office, etc. owned or leased by own company"), which are initiatives related to places for telework. This shows that "Developing/using a work-from-home (WFH) program" has increased significantly since the Spring 2020 survey, which was conducted after the outbreak of COVID-19 **(Figure 22)**. The availability of satellite offices is also increasing each year.

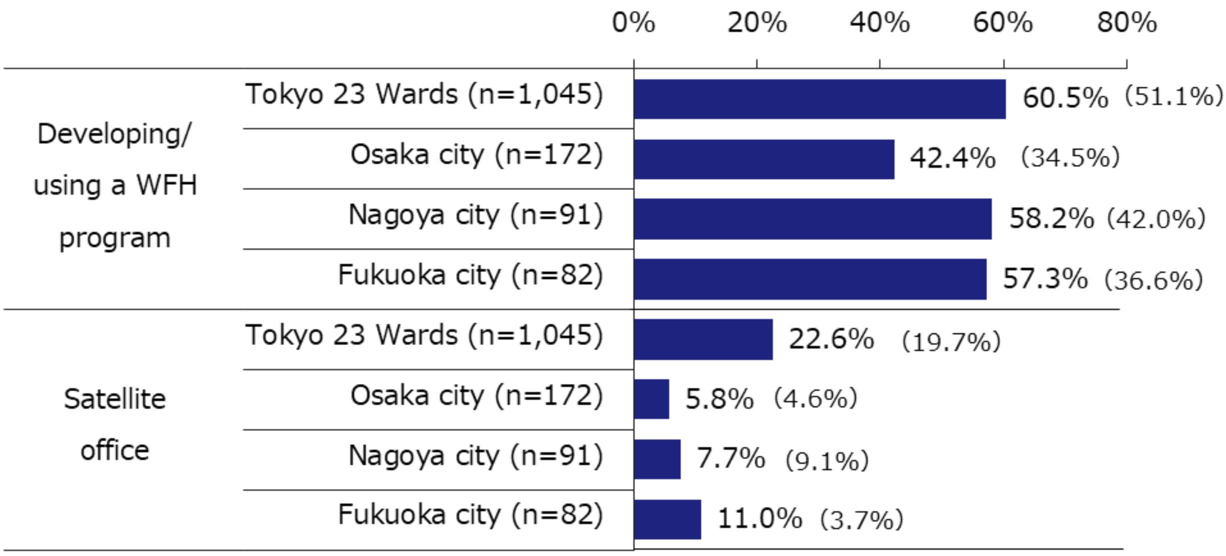
Figure 22: Availability of Work-from-home and Satellite Offices



(All respondents; MA; excerpt; re-aggregated)

By office location, the availability of satellite offices in Tokyo 23 Wards was more than double that of other areas **(Figure 23)**.

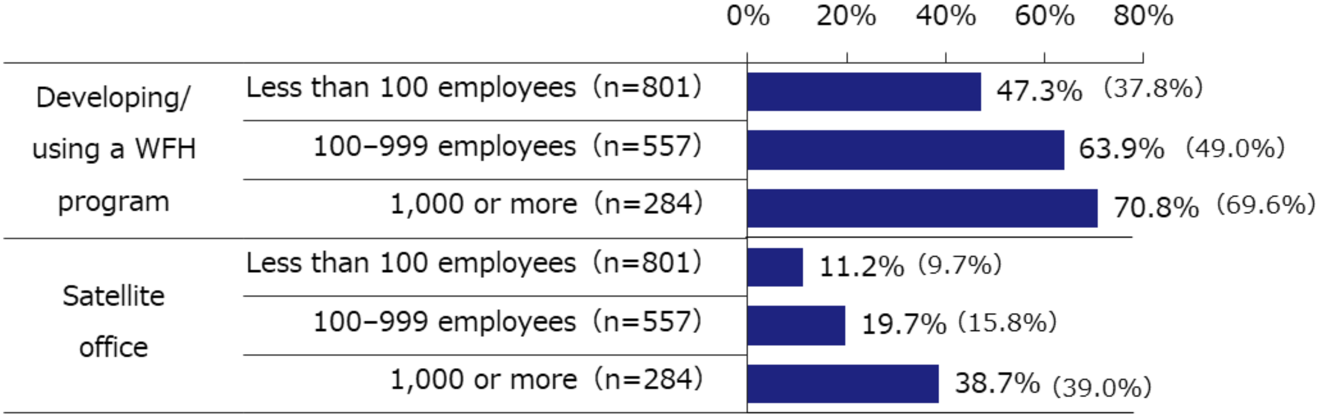
Figure 23: Availability of Work-from-home and Satellite Offices – By Office Location (Figures in brackets are results of Spring 2020 for reference)



(All respondents; MA; excerpt; re-aggregated)

When examining in terms of number of employees, we found that larger companies offered greater availability of both WFH and satellite offices **(Figure 24)**.

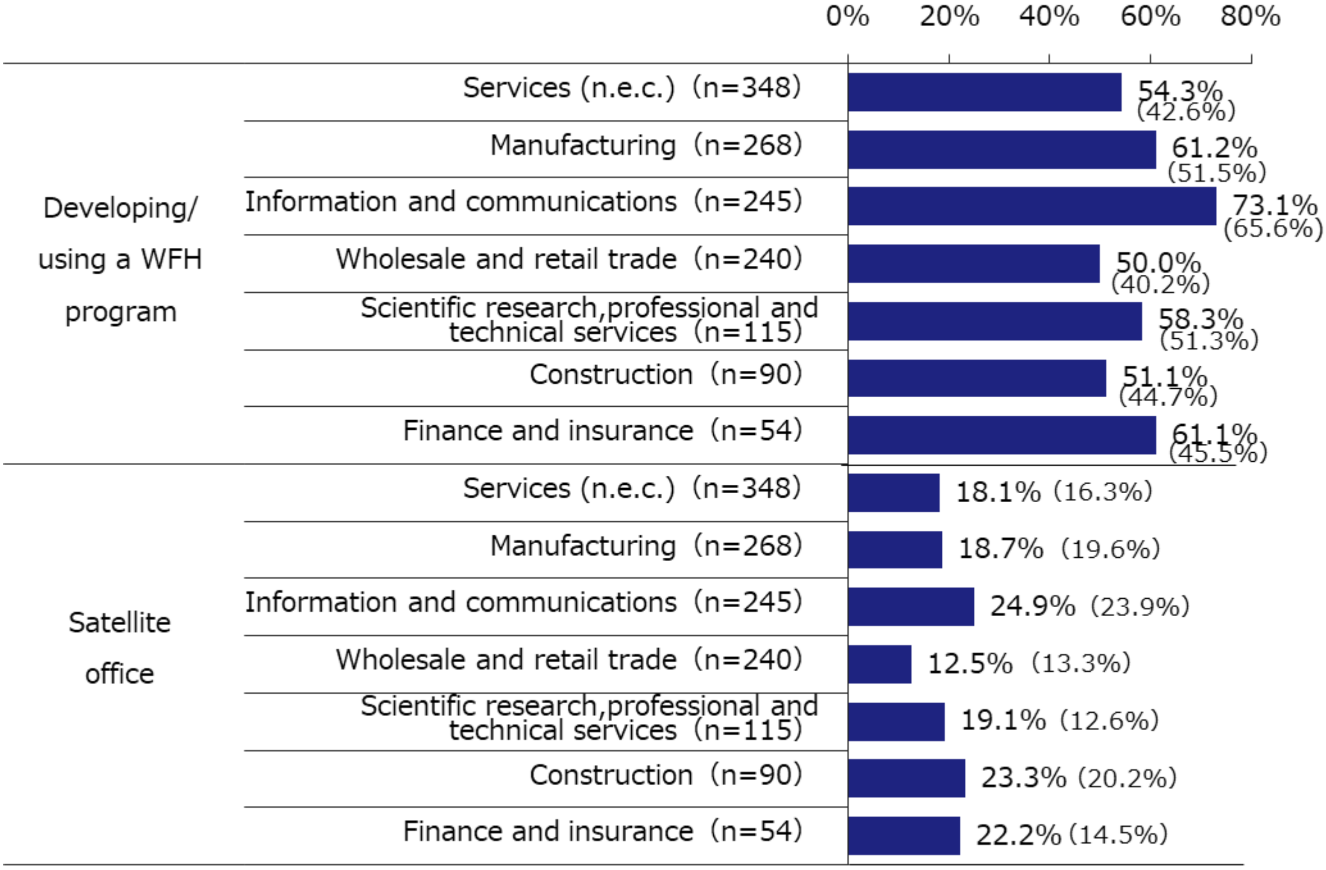
Figure 24: Availability of Work-from-home and Satellite Offices – By Number of Employees (Figures in brackets are results of Spring 2020 for reference)



(All respondents; MA; excerpt; re-aggregated)

By sector, WFH was available at more than half of the companies in all sectors. Although the availability of satellite offices was relatively low in the wholesale and retail trade sector, the availability did not vary significantly, indicating that satellite offices are available regardless of sector **(Figure 25)**.

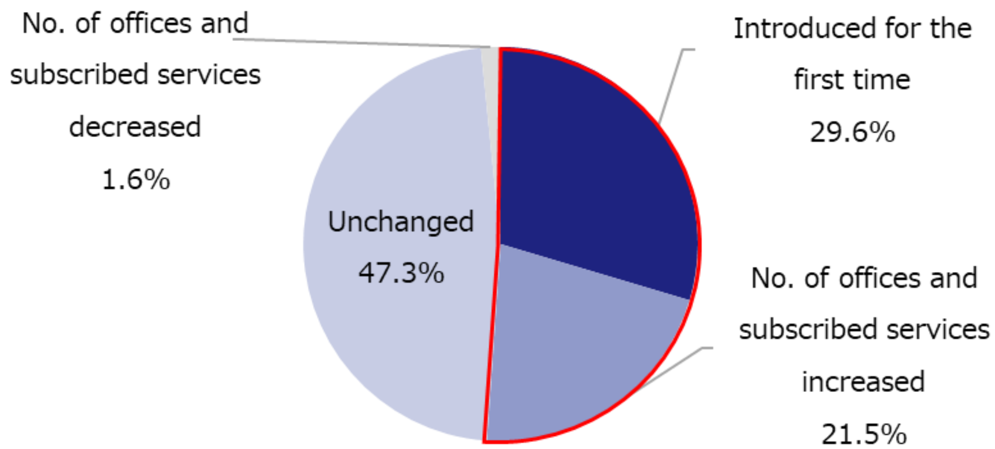
Figure 25: Availability of Work-from-home and Satellite Offices – By Sector (Figures in brackets are results of Spring 2020 for reference)



(All respondents; MA; excerpt; re-aggregated)

We asked companies that replied they have introduced a satellite office in **Figure 22** whether there were any changes in the provision of satellite offices over the past year (April 2020–March 2021). More than half of the companies had increased the provision of a satellite office, with 29.6% introducing it for the first time and 21.5% seeing an increase in the number of offices and subscribed services **(Figure 26)**.

Figure 26: Change in the Provision of Satellite Offices

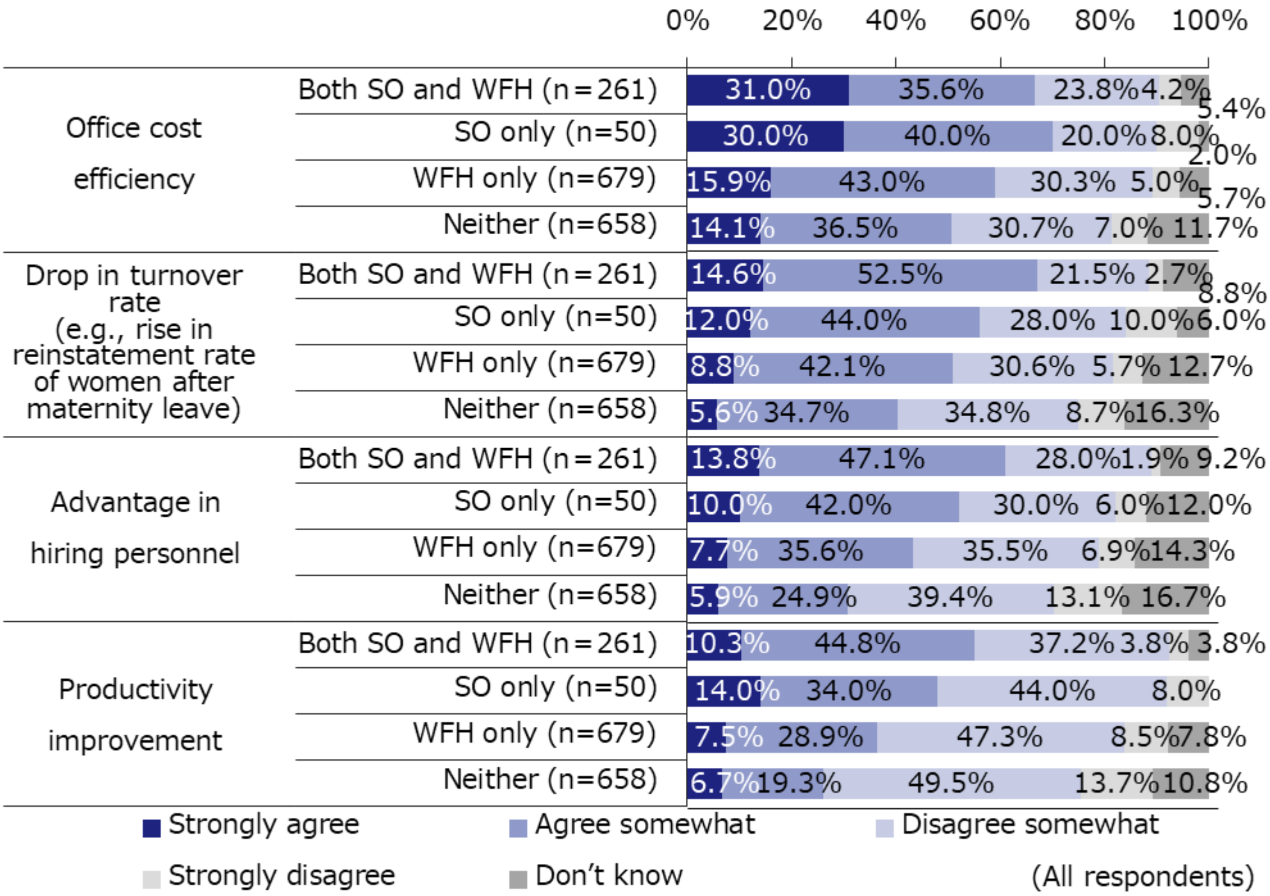


(Companies using a satellite office (n=311))

In **Figure 27**, we asked all companies whether they think that telework brings advantages such as "Office cost efficiency," "Drop in turnover rate (e.g., rise in reinstatement rate of women after maternity leave)," "Advantage in hiring," and "Productivity improvement," and compared the results by availability of telework (*6). More than half of the companies that used both a satellite office and a WFH program thought that they could achieve all the benefits (sum of "Strongly agree" and "Somewhat agree"), indicating that companies that offered more places for telework rated the advantages of teleworking more highly.

*6 The companies shown in Figure 22 were categorized into the following four groups: "Use both satellite office and WFH," "Satellite office only," "WFH only," and "Neither."

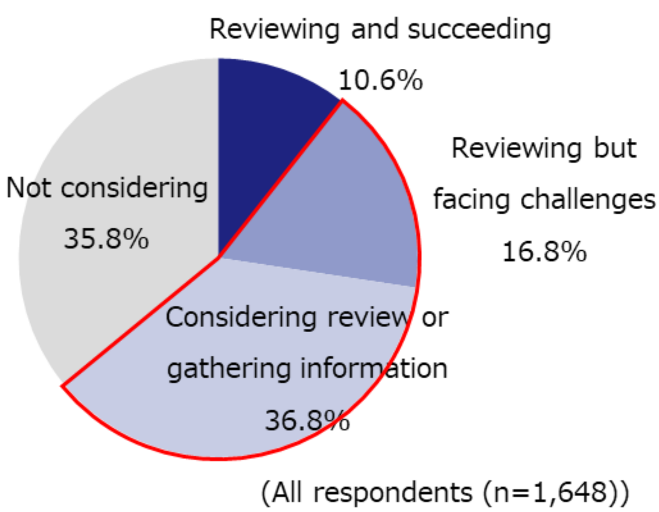
Figure 27: Advantages of Telework – By Telework Availability



2.3. Implementation of Workplace Strategies

Following the outbreak of COVID-19, reviewing workplace strategies has become a managerial issue for companies. However, when we asked companies if they reviewed their workplace strategies, only 10.6% replied they were reviewing and were succeeding, while more than half were still exploring, such as "Reviewing but facing challenges" (16.8%) and "Considering review or gathering information" (36.8%) **(Figure 28)**.

Figure 28: Implementation of Workplace Strategies

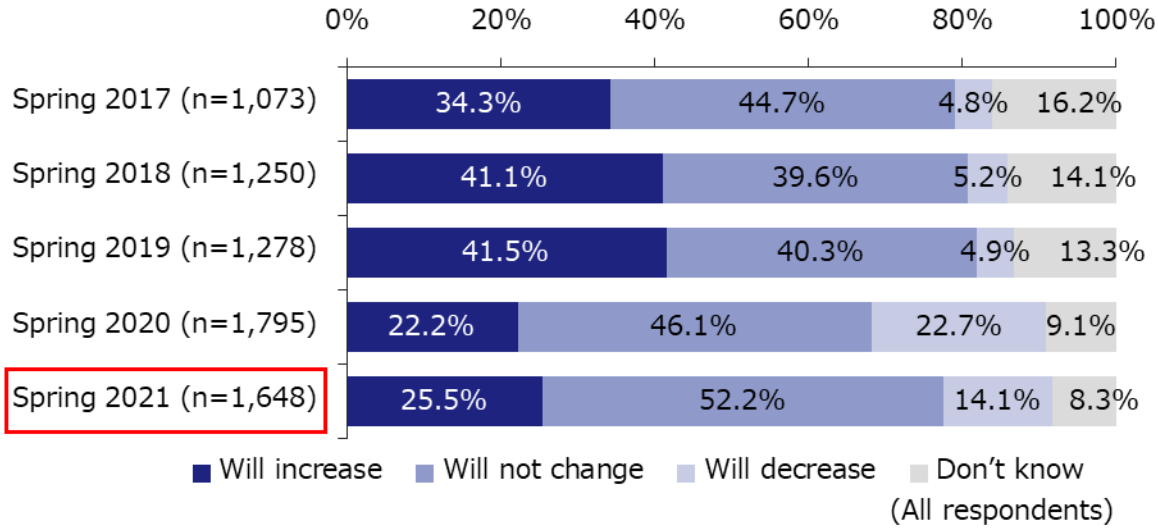


3. Outlook of Office Demand

3.1. Outlook of number of users and office size

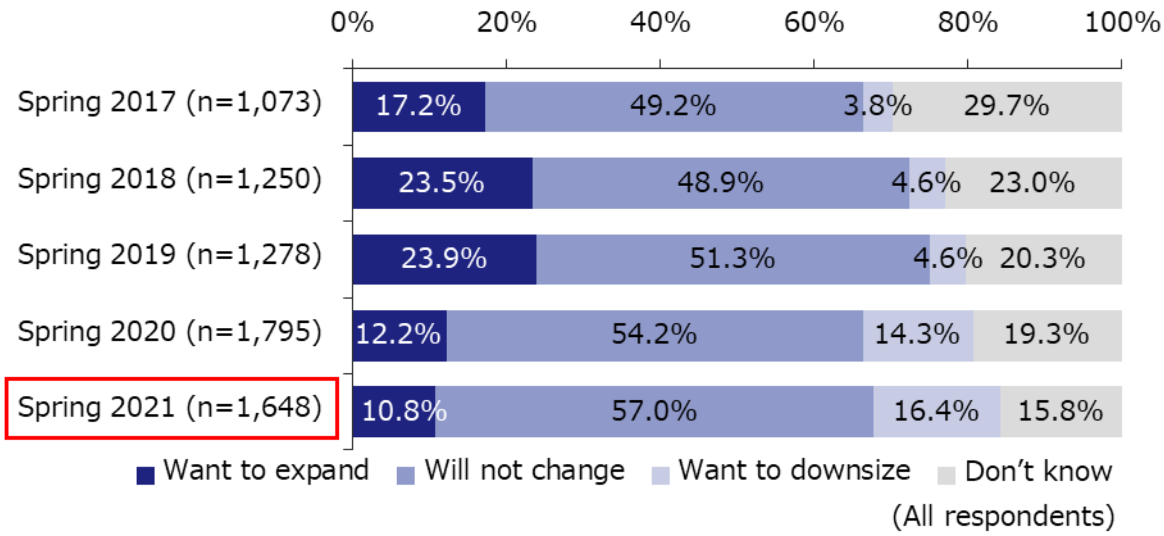
We asked companies their 1–2 year outlook of the number of users of their current office (including employees who will not come to the office due to telework). 25.5% of the companies replied that the number will increase, while 14.1% replied it will decrease. In Spring 2020, "Will increase" and "Will decrease" were even, a sharp shift from the trend before Spring 2019. In this survey "Will increase" outweighed "Will decrease" again **(Figure 29)**.

Figure 29: Future Change in Number of Users of Office



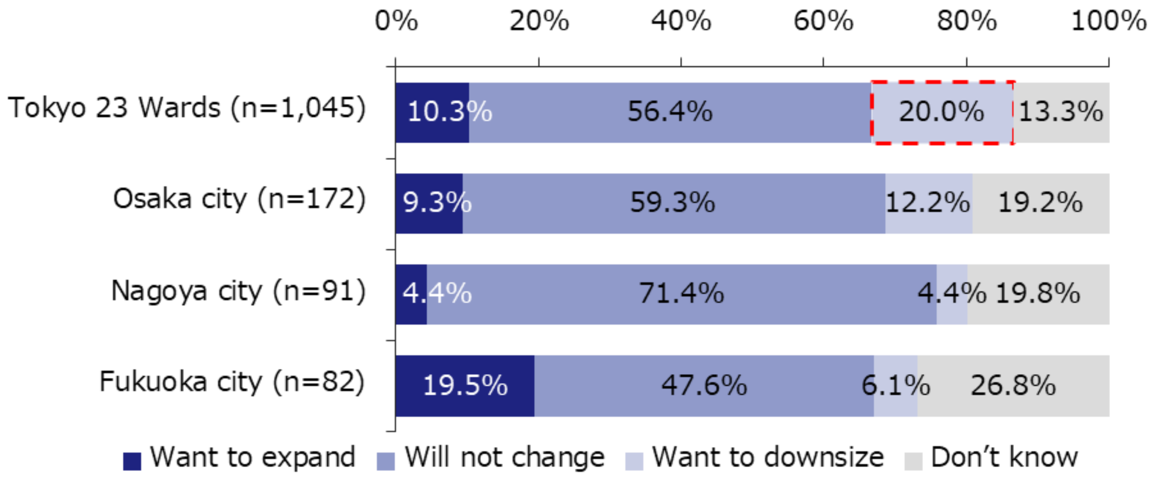
In contrast, companies' intentions toward their office size 2–3 years ahead continued to see "Want to downsize" outweigh "Want to expand," as 10.8% wanted to expand while 16.4% wanted to downsize **(Figure 30)**. Going forward, an increase in the number of users of the office may not directly lead to an increase in office size due to the spread of telework and the use of satellite offices.

Figure 30: Intention toward Future Office Size



Let us examine companies' intentions toward future office size by company attribute. By office location, companies in Tokyo 23 Ward had a stronger intention to downsize compared to companies in other areas, with "Want to downsize" accounting for 20.0% **(Figure 31)**. Companies in Fukuoka city showed greater intentions toward expansion (19.5%) than downsizing (6.1%).

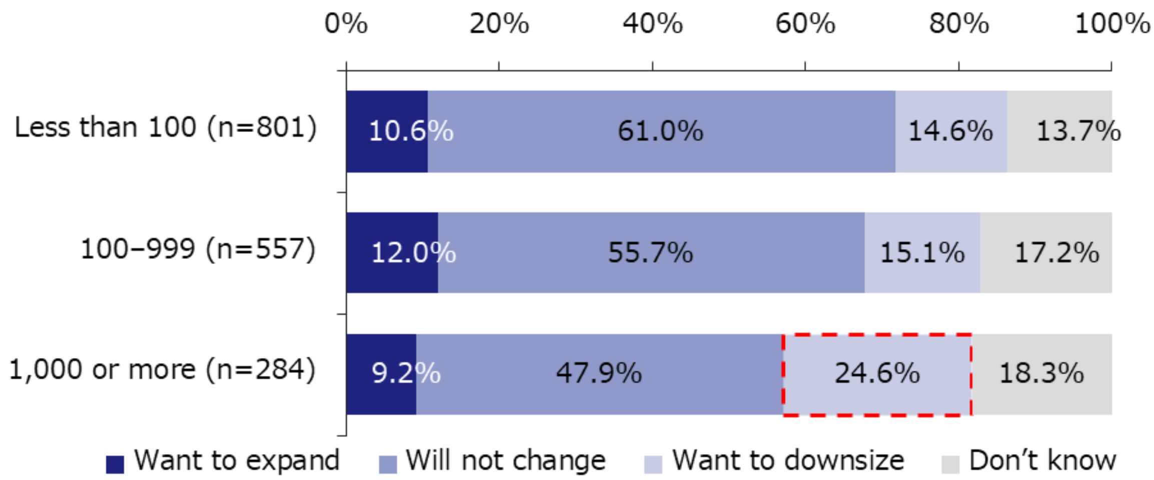
Figure 31: Intention toward Future Office Size – By Office Location



(All respondents; excerpt)

By number of employees, we found that large companies with 1,000 employees or more had a relatively higher percentage of the intention to downsize (24.6%) **(Figure 32)**.

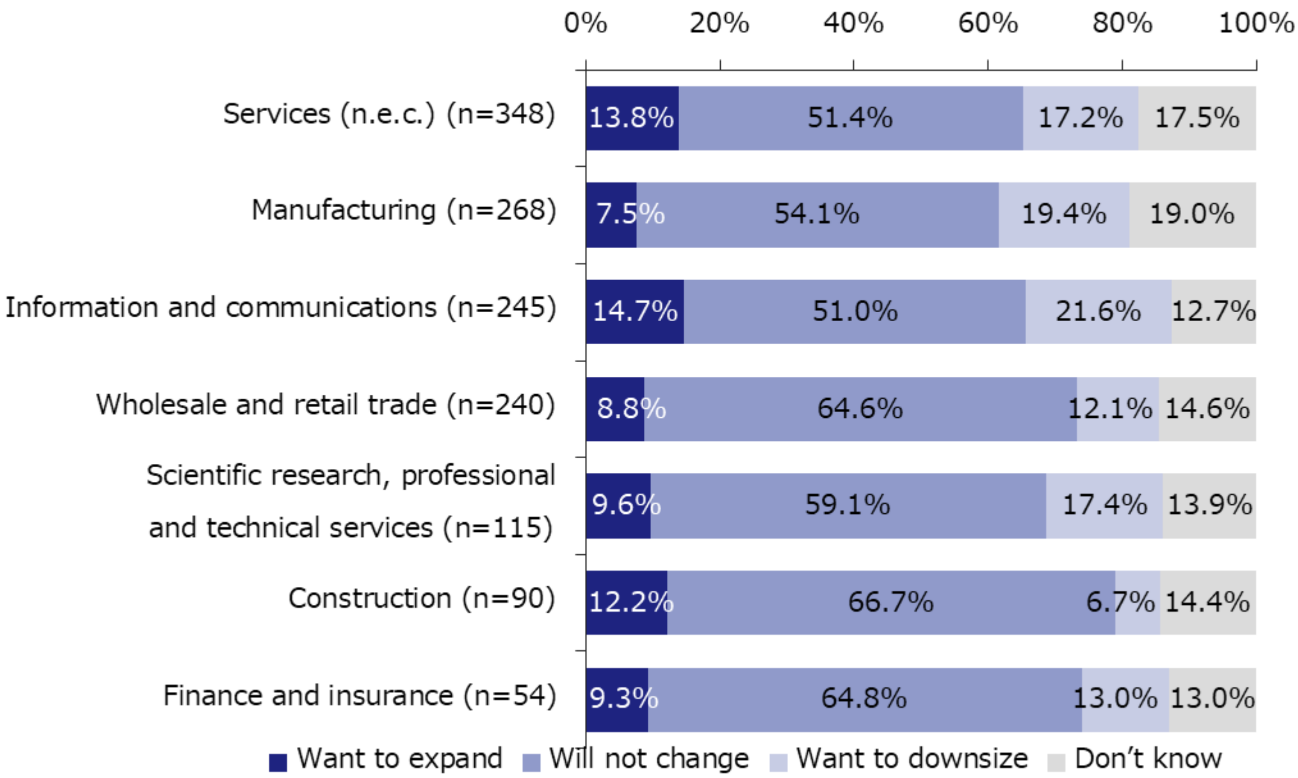
Figure 32: Intention toward Future Office Size – By Number of Employees



(All respondents; excerpt)

By sector, the sectors with high intentions to downsize included information and communications (21.6%), services, manufacturing, and scientific research, professional and technical services sectors **(Figure 33)**. The information and communications sector also had a relatively high intention to expand (14.7%).

Figure 33: Intention toward Future Office Size – By Sector



(All respondents; excerpt)

Regarding the style of the expansion, the top replies were "In the same building" (43.8%) and "Relocation" (37.6%) **(Figure 34)**. The most popular styles of downsizing were "Relocation" (46.1%) and "In the same building" (33.9%) **(Figure 35)**.

Figure 34: Style of Future Expansion

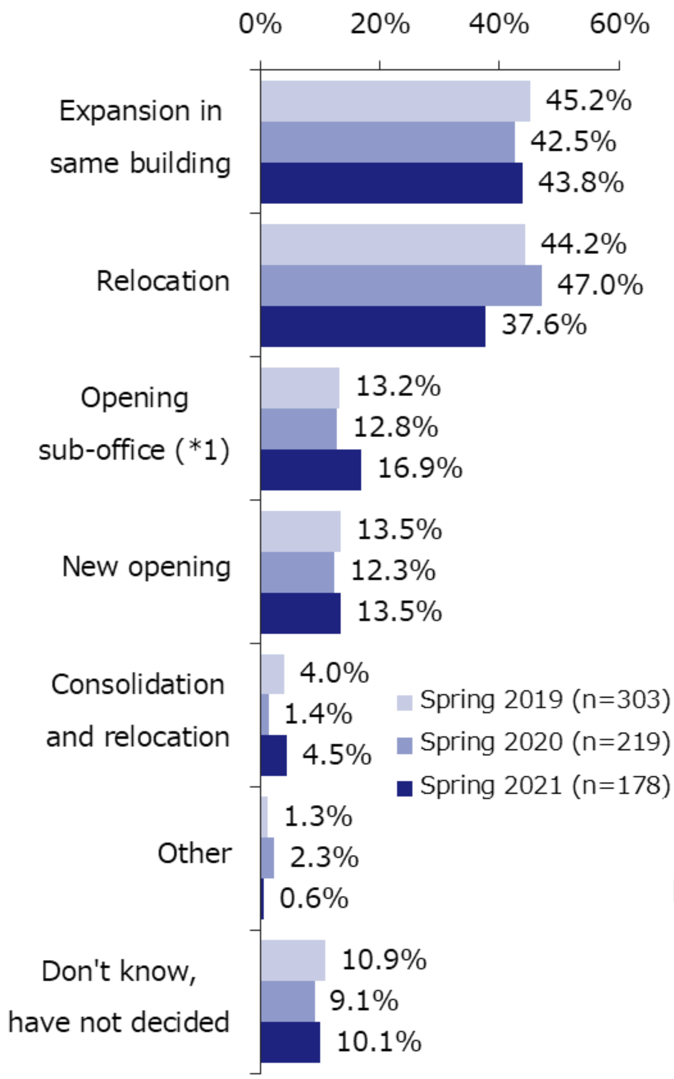
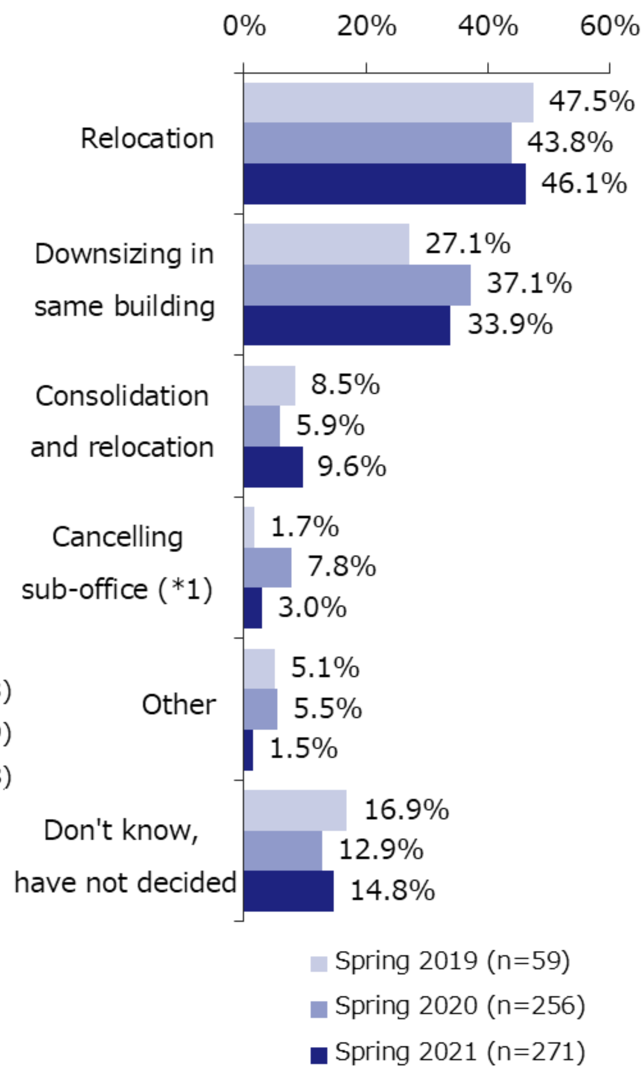


Figure 35: Style of Future Downsizing



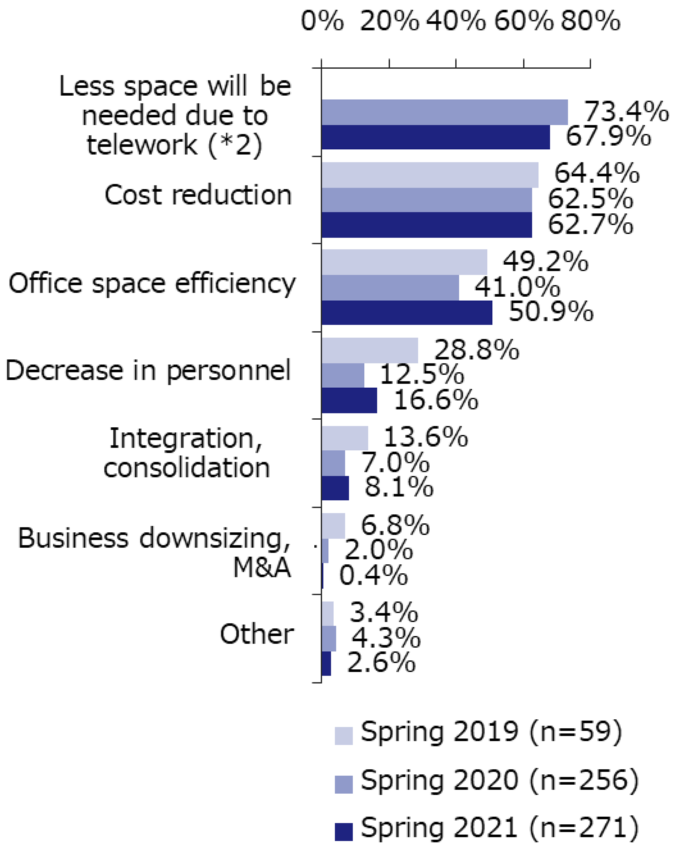
(Figure 34: Companies that want to expand; Figure 35: Companies that want to downsize; MA)

*1 Sub-office: A separate office located near the main office such as the head office to handle some of the functions of the main office

The most popular reason for wishing to expand the office was "Increase in personnel" (51.1%), as in the previous surveys, followed by "Not enough meeting rooms" (43.8%) and "For enhanced comfortability" (43.3%) **(Figure 36)**. The top reason for wishing to downsize the office was "Less space will be needed due to telework" (67.9%), followed by "Cost reduction" (62.7%) and "Office space efficiency" (50.9%) **(Figure 37)**.

Figure 36: Reason for Future Expansion

Figure 37: Reason for Future Downsizing



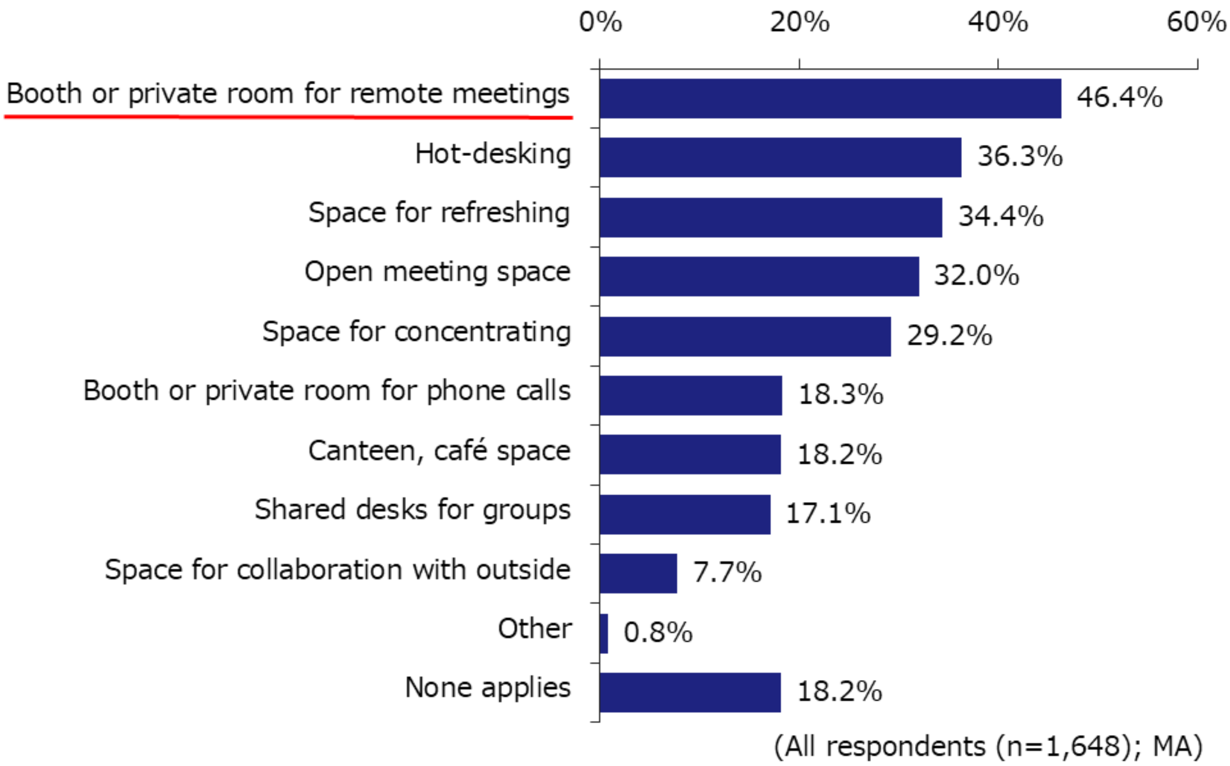
(Figure 36: Companies that want to expand; Figure 37: Companies that want to downsize; MA)

*2 The results for Spring 2019 are not indicated since the choice was added from the Spring 2020 survey.

3.2. Outlook of workplaces

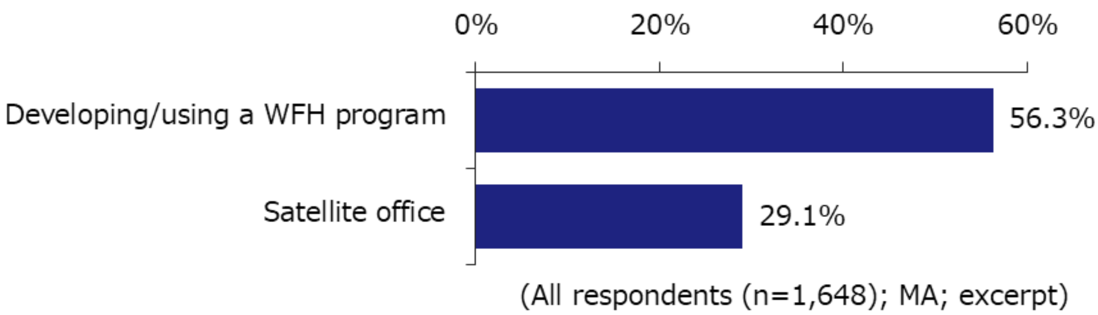
We asked companies what kind of space they prefer to have in their current office in the future (1–2 years from now) regardless of the current situation. 46.4% of the companies wanted a "Booth or private room for remote meetings," which significantly exceeded the current availability rate (31.7%) **(Figure 38)**. "Space for refreshing," "Space for concentrating," and "Booth or private room for phone calls" were also more than 10 percentage points higher than the current availability rate, suggesting they may be widely introduced in offices going forward.

Figure 38: Spaces Companies Prefer to Have in the Future



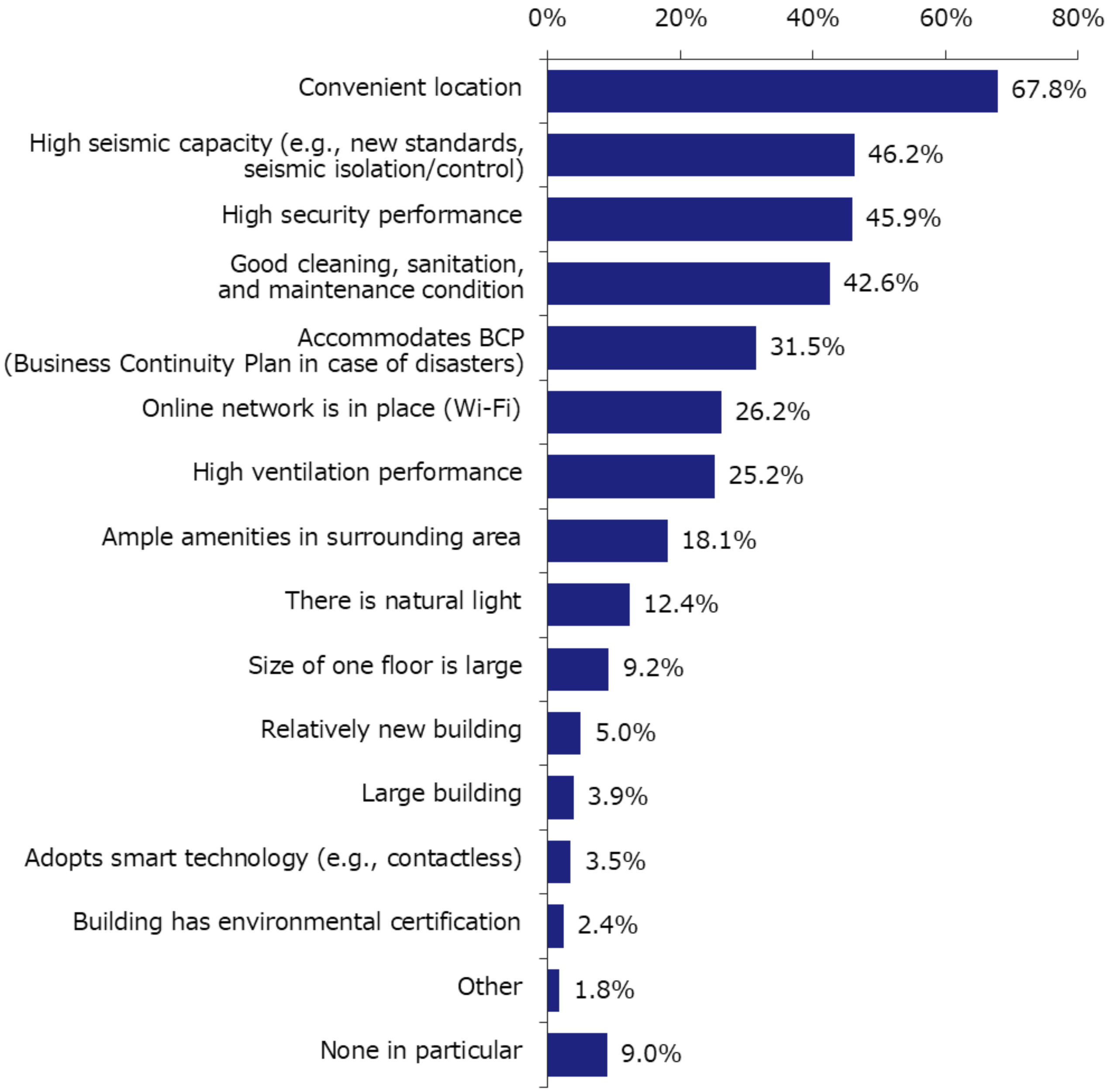
We also asked companies the initiative on the place for telework they wanted to implement in the future (1–2 years from now) regardless of the current situation. While work-from-home gained 56.3%, which is roughly in line with the current availability rate, satellite offices accounted for 29.1%, 10.2 percentage points more than the current availability rate of 18.9% **(Figure 39)**.

Figure 39: Initiatives related to Places for Telework Companies Want to Implement



When we asked companies the requirements they placed emphasis on in the property in which to establish their main office after the end of the pandemic, the top requirement was "Convenient location" (67.8%) **(Figure 40)**. Other top replies were requirements related to safety and security, such as "High seismic capacity (e.g., new standards, seismic isolation/control)" (46.2%) and "High security performance" (45.9%).

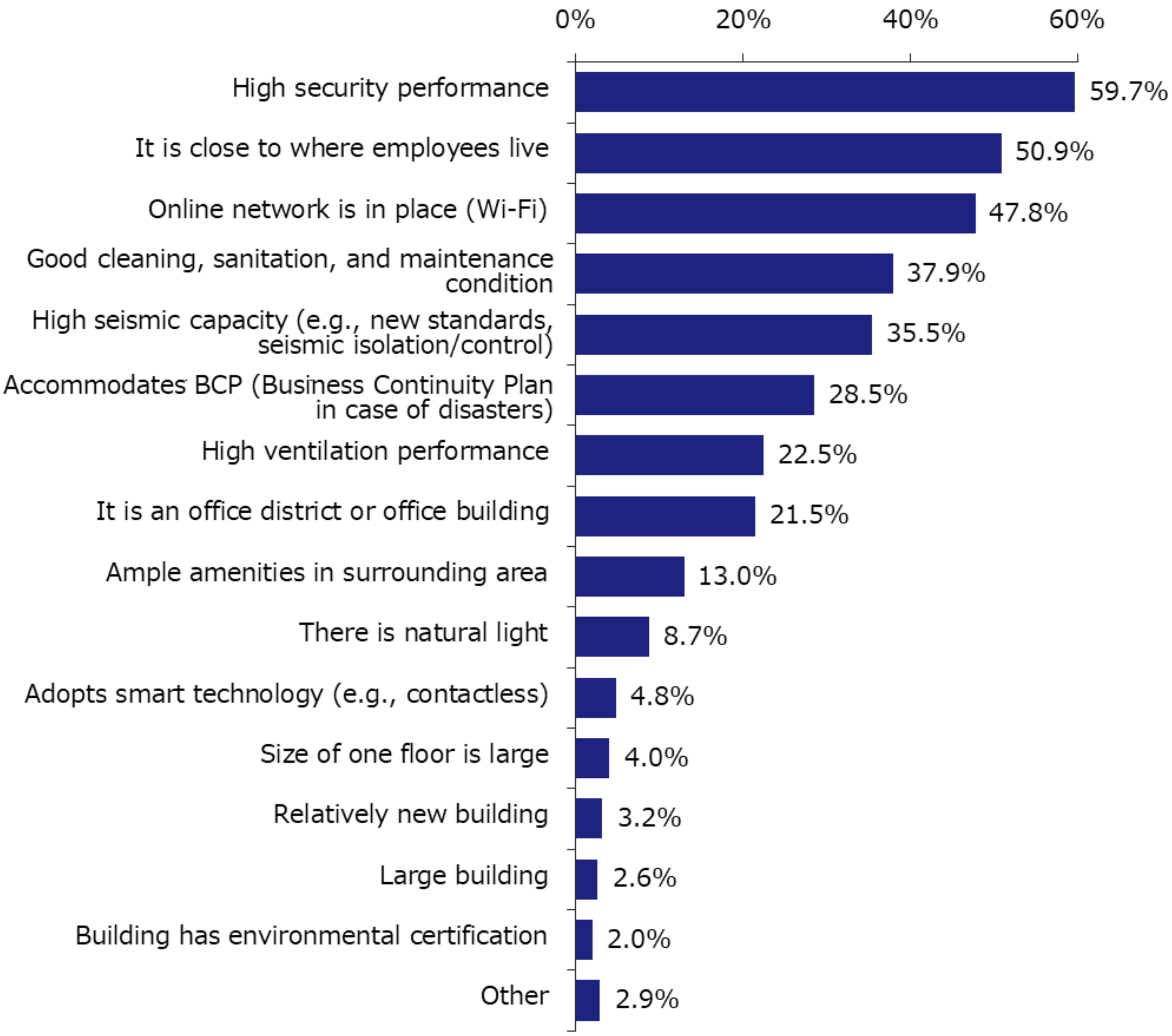
Figure 40: Key Requirement in Property for the Main Office



(All respondents (n=1,648); MA)

Similarly, **Figure 41** shows the results of the requirements that companies placed emphasis on in the property in which to establish a satellite office after the end of the pandemic. The top requirement was "High security performance" (59.7%). In addition, since "It is close to where employees live" ranked second at 50.9% while "It is an office district or office building" remained at 21.5%, we estimate that many companies consider a satellite office as a way to bring the workplace close to home.

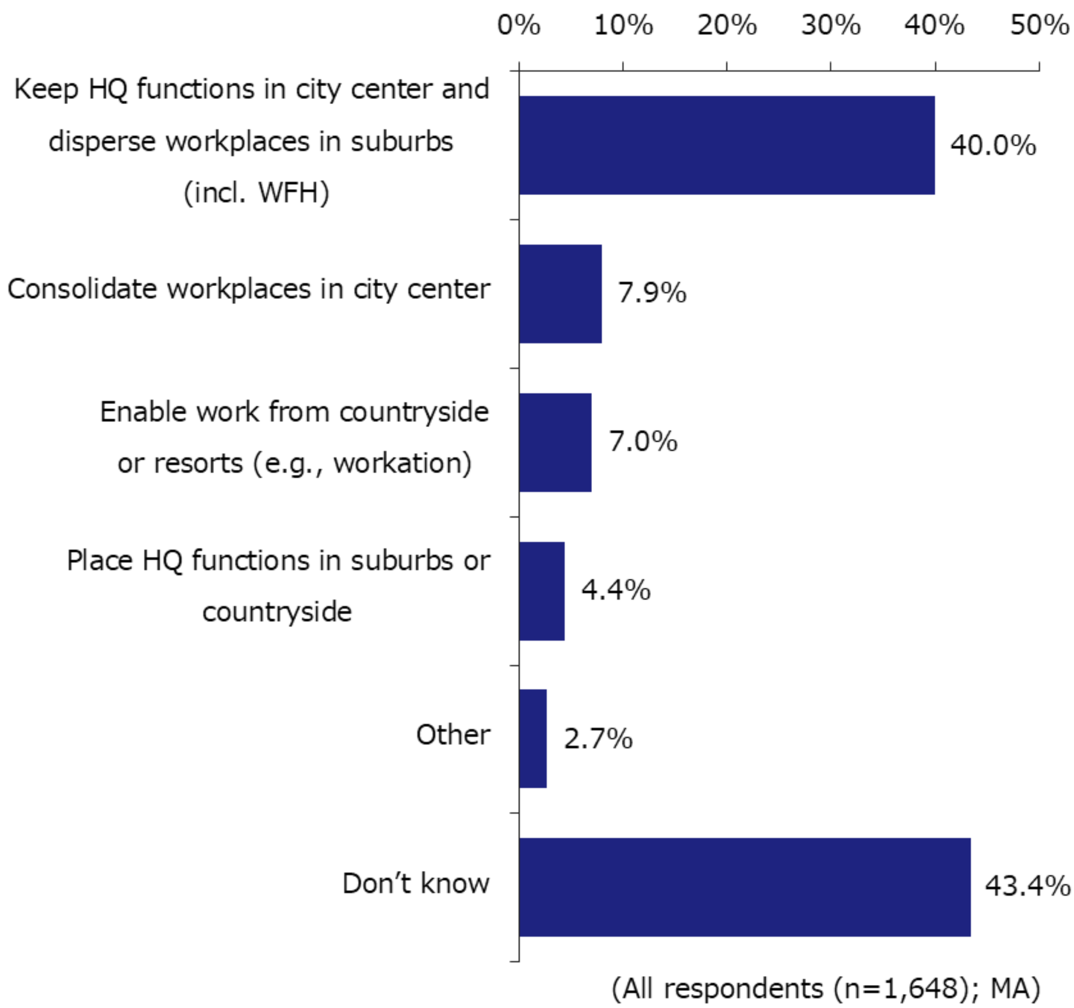
Figure 41: Key Requirement in Property for a Satellite Office



(All respondents, excl. 'Do not intend to use a satellite office' (n=1,065); MA)

Lastly, we asked companies about their thoughts on the location of the workplace after the end of the pandemic. "Keep HQ functions in the city center and disperse workplaces in the suburbs (incl. WFH)" gained 40.0%, far outstripping "Consolidated workplaces in the city center" (7.9%) **(Figure 42)**. However, even a greater percentage of companies replied, "Don't know," which indicates that many companies have not been able to make up their minds on their workplace strategies amid uncertainties as to when the pandemic will abate.

Figure 42: Location of Workplace after End of Pandemic



4. Summary

Until the outbreak of the COVID-19 pandemic, the number of users of the office and companies' office sizes had been on a rising trend in this survey series, indicating a general rule that an increase in personnel leads to an increase in office size (demand). This time, however, the survey showed a different trend from the past, as more companies replied that the number of users of the office will increase in the future than decrease, while in the meantime more companies replied that they wanted to downsize their office than expand. Various elements other than changes in the number of users, such as the availability of telework and a flexible office layout, are impacting changes in office demand (office size), which suggests that it is becoming impossible to consider the necessary office size based on a simple formula of "number of users x area per person." It will also be necessary to determine whether those elements are temporary factors of the pandemic or whether they will remain in the future.

As for work styles, we believe that a hybrid strategy of combining the office and telework will be established as a "New Normal" work style, as approximately 75% of the companies intend to use telework after the end of the pandemic and the availability of satellite offices has been rising year after year. Given this, what companies should consider as a workplace strategy will not only be to change the size of the main office or introduce a flexible layout but also to provide a satellite office, etc. as a place for telework and to examine the operational rules.

On the other hand, we should also focus on the fact that companies' actual work styles and intentions are not entirely showing the same tendencies. The difference in workplace strategies and initiatives will widen between companies that evolve their employees' work styles in anticipation of the end of the pandemic and companies that consider the current work style to be a temporary response to the pandemic and will return to their previous work styles after the pandemic has abated. At the same time, many companies are still considering strategies and are preparing for decision-making while gathering information amid uncertainties as to when the pandemic will abate.

Under circumstances that change every moment, companies must determine various elements in considering their workplace strategies. Xymax REI will strive to provide help by continuing to release useful survey results.

Survey Overview

Survey period	April 2021
Target respondents	Emails were sent to 42,616 companies in total that include: ・Companies that are tenants of office buildings managed by the Xymax Group ・Companies subscribing to ZXY, a satellite office service for corporations ・Client companies of XYMAX INFONISTA Corporation
Number of valid answers	1,648 companies; response rate: 3.9%
Geographical coverage	Nationwide (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba Prefectures and others)
Survey method	Email
Topics covered in the survey	Current office ・ Contract type, office type, location, office area under lease contract, rent per tsubo (incl. CAM charges), number of users of the office* ・ Impression of size, percentage of employees coming to the office (actual, intention) *"Users" are employees who are eligible to use the office though they may not be using it every day. Current status of office use and telework ・ Flexible space, number of desks, percentage of fixed desks and flexible space (actual, intention), intentions on number of desks ・ Implementation of initiatives on work styles, provision of a satellite office ・ Advantages of teleworking ・ Emphasis on and implementation of workplace strategies Change in office demand (April 2020–March 2021) ・ Change in office size and the details and reasons of the change ・ Change in rent per tsubo ・ Change in number of users Outlook of office demand ・ Business sentiment ・ Outlook of change in number of the users ・ Intentions to change office size and the details and reasons of the change ・ Preferred flexible space, initiatives on places for telework companies want to implement ・ Key requirements in the property in which to establish the main office and a satellite office ・ Location of the workplace Company attributes ・ Sector, number of employees, average age of employees

Attributes of Respondent Companies (Upper row: Percentage of total; Lower row: number of companies)

[Sector]

Agriculture and forestry	Mining and quarrying of stone and gravel	Construction	Manufacturing	Electricity, gas, heat supply and water	Information and communica-tions	Transport and postal services	Wholesale and retail trade	Finance and insurance	Real estate and goods rental and leasing
0.1%	0.1%	5.5%	16.3%	0.8%	14.9%	2.2%	14.6%	3.3%	5.1%
2	1	90	268	13	245	37	240	54	84

Scientific research, professional and technical services	Accommoda-tions, eating and drinking services	Living-related and personal services and amusement services	Education, learning support	Medical, health care and welfare	Compound services	Services, n.e.c.	Govern-ments and agencies (Excl. those classified elsewhere)	Unclassifiable
7.0%	0.5%	1.0%	1.3%	1.4%	1.6%	21.1%	0.6%	2.7%
115	9	17	21	23	27	348	10	44

[Number of employees]

Less than 100	100–999	1,000 or more	Unknown
48.6%	33.8%	17.2%	0.4%
801	557	284	6

[Type of office]

Head office	Branch office	Sales office	Sub-office	Call center	Computer room	Other
64.2%	22.9%	8.6%	0.9%	0.5%	0.1%	2.7%
1,058	378	142	15	9	2	44

[Location of office]

Tokyo 23 Wards	Nagoya city	Osaia city	Fukuoka city	Other
63.4%	5.5%	10.4%	5.0%	15.7%
1,045	91	172	82	258

[Size of office under lease contract (1 tsubo = 3.3 sqm)]

Less than 30 tsubo	30–49 tsubo	50–99 tsubo	100–199 tsubo	200 tsubo or more	No answer
15.4%	14.6%	17.7%	15.2%	21.8%	15.4%
254	241	291	250	359	253

[Average age of employees]

20–29	30–39	40–49	50–59	60 or above	No answer
2.2%	37.1%	51.2%	7.4%	1.6%	0.5%
36	611	843	122	27	9

The percentage mix in the charts contained in this report are rounded to the first decimal place and therefore may not add up to 100%.

Related Surveys

- Autumn 2016 (1st survey) *Metropolitan Areas Office Demand Survey 2016 – Demand Trends*, released on January 12, 2017
  https://www.xymax.co.jp/english/research/images/pdf/20170112.pdf
- Autumn 2016 (1st survey) *Metropolitan Areas Office Demand Survey 2016 – New Ways of Working and Office*, released on January 30, 2017
  https://www.xymax.co.jp/english/research/images/pdf/20170130.pdf
- Spring 2017 (2nd survey) *Metropolitan Areas Office Demand Survey 2017 – Demand Trends*, released on August 2, 2017
  https://www.xymax.co.jp/english/research/images/pdf/20170802_2.pdf
- Autumn 2017 (3rd survey) *Metropolitan Areas Office Demand Survey Autumn 2017*, released on December 7, 2017
  https://www.xymax.co.jp/english/research/images/pdf/20171207.pdf
- Spring 2018 (4th survey) *Metropolitan Areas Office Demand Survey Spring 2018*, released on July 3, 2018
  https://www.xymax.co.jp/english/research/images/pdf/20180703.pdf
- Autumn 2018 (5th survey) *Metropolitan Areas Office Demand Survey Autumn 2018*, released on December 18, 2018
  https://www.xymax.co.jp/english/research/images/pdf/20181218.pdf
- Spring 2019 (6th survey) *Metropolitan Areas Office Demand Survey Spring 2019*, released on June 26, 2019
  https://www.xymax.co.jp/english/research/images/pdf/20190626.pdf
- Autumn 2019 (7th survey) *Metropolitan Areas Office Demand Survey Autumn 2019*, released on November 27, 2019
  https://www.xymax.co.jp/english/research/images/pdf/20191127.pdf
- *TOPIC REPORT Companies' Work Styles and the Workplace under the Corona Crisis*, released on July 15, 2020
  https://www.xymax.co.jp/english/research/images/pdf/20200715.pdf
- Spring 2020 (8th survey) *Metropolitan Areas Office Demand Survey Spring 2020 (Carried Out in June)*, released on July 29, 2020
  https://www.xymax.co.jp/english/research/images/pdf/20200729.pdf
- *Greater Tokyo Company Survey on Work Styles and the Workplace – August 2020*, released on September 18, 2020
  https://www.xymax.co.jp/english/research/images/pdf/20200918.pdf
- Autumn 2020 (9th survey) *Metropolitan Areas Office Demand Survey Autumn 2020*, released on December 2, 2020
  https://www.xymax.co.jp/english/research/images/pdf/20201202.pdf
- *Greater Tokyo Company Survey on Work Styles and the Workplace – December 2020*, released on January 27, 2021
  https://soken.xymax.co.jp/2021/01/27/2101-greatertokyo_workstyle_survey_2012/ (Japanese)
- *Greater Tokyo Company Survey on Work Styles and the Workplace – January 2021*, released on March 10, 2021
  https://soken.xymax.co.jp/2021/03/10/2103-greatertokyo_workstyle_survey_2101/ (Japanese)
- *Workplace Strategy as a Managerial Issue*, released on March 22, 2021
  https://soken.xymax.co.jp/wp-content/uploads/2021/04/2103-TOPIC-REPORT-Workplace-Strategy-as-a-Managerial-Issue.pdf

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