

Reconsidering How to Assess Office Space Due to the COVID-19 Pandemic (2022)

Higher coming-to-office ratio, fewer number of desks per worker coming to the office

March 14, 2023

The COVID-19 pandemic has brought about drastic changes to work styles and workplaces, and how we use the workplace is also beginning to change significantly as a result. Under these circumstances, companies are faced with the need to reconsider the workplace and reassess the conventional office space. While companies have traditionally assessed their necessary office space based on the number of office occupants, it has become difficult to manage office space based on the number of people, as the number of office users has become fluid due to the advent of the coming-to-office ratio. Companies are also starting to introduce flexible desks and seats such as hot-desking and sofa seats as desks and seats available for work, in addition to fixed desks. Office space is beginning to be assessed based on the “number of desks” that takes into account the coming-to-office ratio.*1

In this report, Xymax Real Estate Institute (“Xymax REI”) considers how to assess office space by analyzing the relationship between the “number of people” and the “number of desks” in consideration of the situation and percentage of workers coming to the office of companies located in the 23 wards of Tokyo (“Tokyo 23 Wards”) based on the results of the Metropolitan Areas Office Demand Survey*2 conducted by Xymax REI in April and October 2022.

*1 *Reconsidering How to Assess Office Space Due to the COVID-19 Pandemic*, released on December 14, 2021
<https://www.xymax.co.jp/english/research/images/pdf/20211214.pdf>

*2 *Metropolitan Areas Office Demand Survey Spring 2022- (1) Demand Trends*, released on June 15, 2022
https://www.xymax.co.jp/english/research/images/pdf/20220615_1.pdf

Metropolitan Areas Office Demand Survey Autumn 2022- (1) Demand Trends, released on December 15, 2022
https://www.xymax.co.jp/english/research/images/pdf/20221215_1.pdf

1. Examining the relationship between the “coming-to-office ratio” and the “number of desks”

1.1. As workers return to the office, the number of desks per worker coming to the office decreases.

Figure 1 shows the coming-to-office ratio and number of desks per worker coming to the office of companies located in the Tokyo 23 Wards.

According to the company survey Xymax REI conducts on a continuous basis, the actual coming-to-office ratio averaged 62.9% at the time of the 2022 survey, a 3-point rise from April 2021. The report showed that while hybrid work has taken root, workers were gradually returning to the office in 2022.

Due to the increase in the number of workers coming to the office, the median number of desks per worker coming to the office was 1.67 in 2022, a decrease from the previous year. Possible factors for the drop in the number of desks per worker coming to the office other than the increase in the number of workers coming to the office include efforts to reduce the number of desks to a practical number on the back of a decline in the number of office users due to the progress in telework.

Figure 1: Coming-to-office Ratio and Number of Desks per Worker Coming to the Office (As of the 2021 and 2022 Surveys)

Indicator	2021 ^(*)	2022	Yoy change
Coming-to-office ratio (average)	59.9%	62.9%	+3.0%
No. of desks per worker coming to the office (median)	1.85 desks	1.67 desks	-0.18 desks

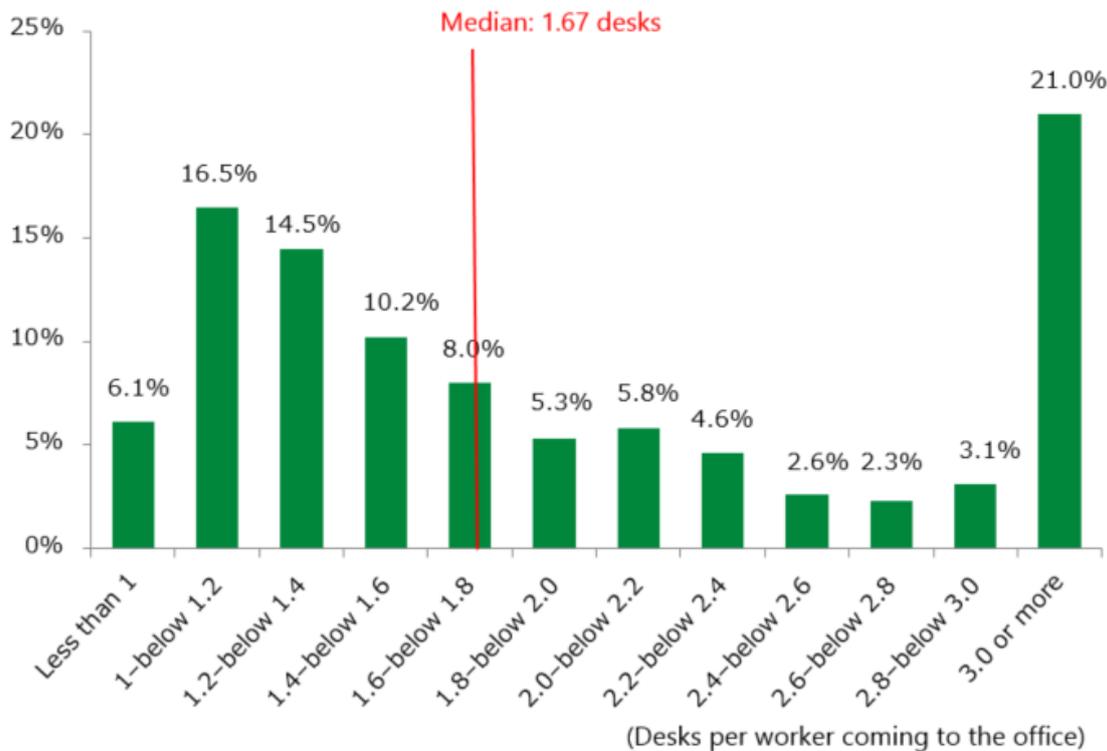
(Companies located in the Tokyo 23 Wards)

*1 Reconsidering How to Assess Office Space Due to the COVID-19 Pandemic, released on Dec. 14, 2021

1.2. Number of desks per worker coming to the office

Figure 2 shows the distribution of the number of desks per worker coming to the office at the time of the 2022 survey. As the distribution indicates, the number of desks provided for the number of workers coming to the office currently varies significantly among companies. The fact that the largest percentage of companies (21%) provide more than 3 desks per worker coming to the office, in contrast to the median value of 1.67 desks, suggests that there may be a surplus of desks due to the delay to make adjustments to the number of desks provided based on the conventional number of office occupants.

Figure 2: Distribution of Number of Desks per Worker Coming to the Office (As of the 2022 Survey; n=1,010)



(Companies located in the Tokyo 23 Wards; excludes "coming-to-office ratio = 0%")

1.3. The number of desks per worker coming to the office may continue to decrease

In the 2022 company survey, companies' intended post-pandemic coming-to-office ratio averaged 68.5%, 5.6 points more than the actual performance of 62.9%, indicating that workers' return to the office may see further progress. Note that companies' intended post-pandemic coming-to-office ratio has been steady at 65%–70% since the 2020 survey.

When we look at companies' intended number of desks per worker coming to the office in light of these circumstances, the median value is 1.18 desks, which indicates that the general trend among companies is to reduce the number of desks per worker coming to the office in line with companies' office attendance policies (**Figure 3**).

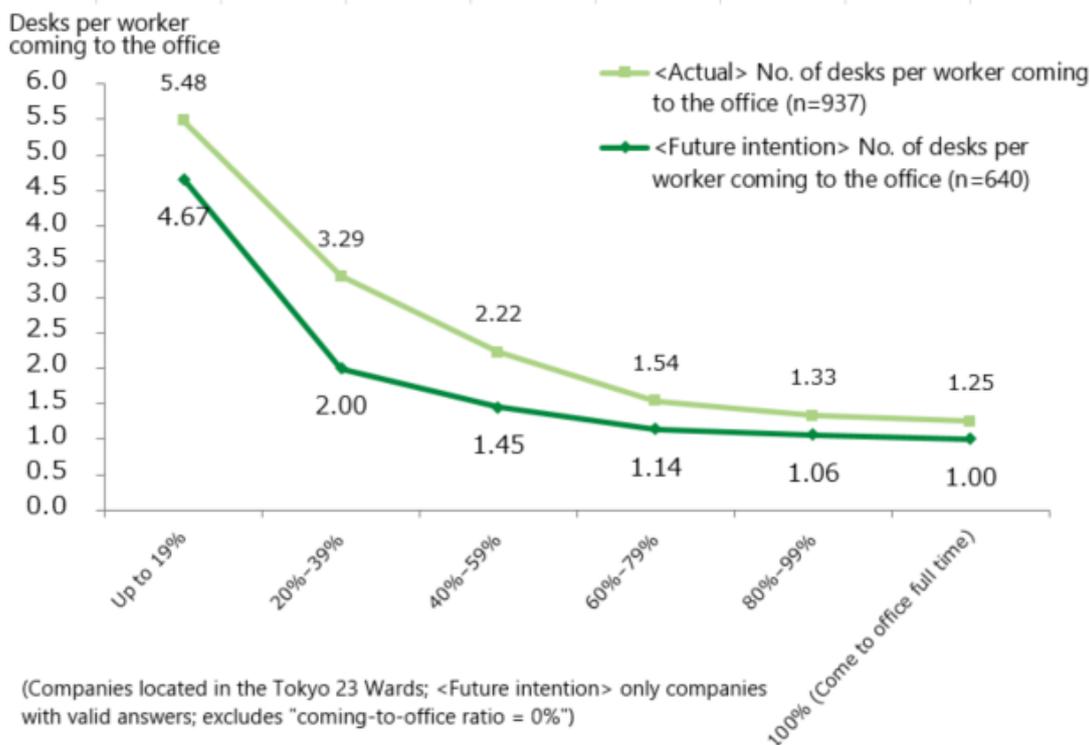
Figure 3: Number of Desks per Worker Coming to the Office (Actual Figure in 2022 and Future Intention)

Indicator	2022 actual	Future intention	Intention - actual
Coming-to-office ratio (average)	62.9%	68.5%	+ 5.6%
No. of desks per worker coming to the office (median)	1.67 desks	1.18 desks	Approx. -30%

(Companies located in the Tokyo 23 Wards; <Future intention> only companies with valid answers)

Furthermore, when we look at the intended number of desks per worker coming to the office by the post-pandemic coming-to-office ratio, we can see that companies with a lower coming-to-office ratio tend to have more desks per worker coming to the office (**Figure 4**). Companies with an intended coming-to-office ratio of less than 60%, in particular, are likely to seek to reduce the number of desks going forward as there is a gap between the actual performance and the intention.

Figure 4: Number of Desks per Worker Coming to the Office by the Intended Coming-to-office Ratio (Actual Figure in 2022 and Future Intention)



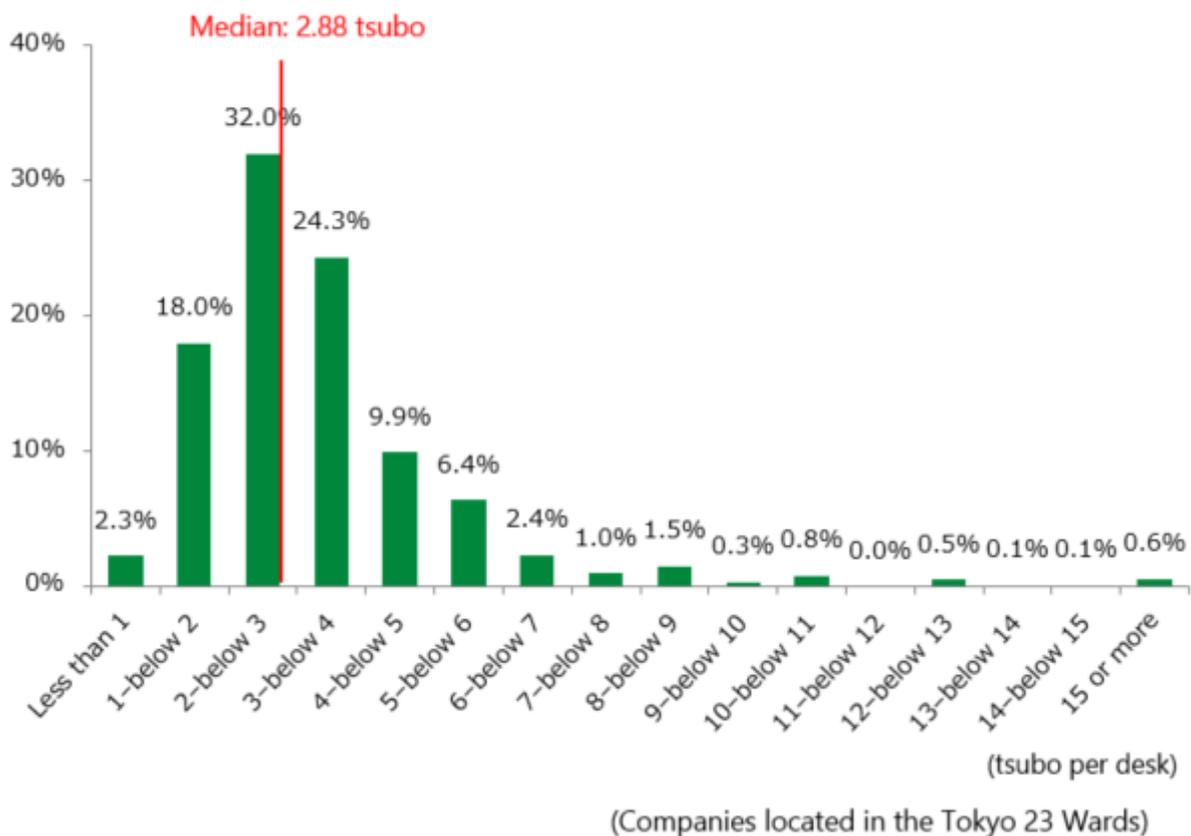
<Reference> Office Space per Desk (2022)

Figure 5 is the distribution of office space per desk calculated from companies' leased space and number of desks in their office as reported in the 2022 survey. The median value in 2022 was 2.88 tsubo per desk, which is not significantly different from the 2021 survey*¹ (2.86 tsubo/desk).

As for the distribution of office space per desk, a majority of the replies were concentrated between 2 and 4 tsubo. On the other hand, we also found that a little less than 10% of the companies had more than 6 tsubo per desk.

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<https://www.xymax.co.jp/english/research/images/pdf/20211214.pdf>

Figure 5: Office Space per Desk (2022; n=1,019)



For reference, "office space per desk" multiplied by the aforementioned "number of desks per worker coming to the office" yields "office space per worker coming to the office."

2. Office space after the COVID-19 pandemic

These analyses suggest that the number of desks relative to the number of workers coming to the office may be reduced from the current number in general. However, will office space also be reduced as a result? According to the company survey conducted by Xymax REI on a continuous basis to understand the actual state and future direction of office demand, it is inferred that the possible directions of office space are not uniform, but are likely to be diverse as the following scenarios, as companies diversify their workplace strategies by promoting the introduction of ABW (Activity Based Working) and hybrid work, in which employees can choose where to work at their discretion according to their various duties.

- **Reduce office space in accordance with the drop in coming-to-office ratio**

Moves to reduce the number of desks in accordance with the drop in coming-to-office ratio to streamline the space of the main office have been seen since immediately after the outbreak of the pandemic. As many companies intend to continue to embrace telework, we expect to see a continued trend of increasing flexibility and reducing office space.

- **Expand office space due to an increase in personnel and a rise in the coming-to-office ratio**

It is likely that more companies will try to secure larger office space in order to respond to a rise in the number of office users going forward due to a future increase in personnel and a further return to the office toward the end of the pandemic.

- **Redesign the main office by introducing various types of space**

In order to promote a hybrid work style, more companies are aiming to add more value and give a clearer purpose to their main office by adding or reinforcing space for enhancing the features unique to the main office. By introducing a variety of office layouts other than the conventional work desk, these companies may not reduce the total size of their main office but may expand in some cases even if they reduce the number of work desks.

- **Provide more places for work other than the main office or the home due to the promotion of hybrid work**

Due to the spread of telework, there is a growing trend toward diversifying the place for work other than the main office by introducing a work-from-home program and providing satellite offices. This trend is expected to progress further in the future.

Survey Overview

Original data	<ul style="list-style-type: none"> · Metropolitan Areas Office Demand Survey Spring 2022 (Survey period: April 2022) · Metropolitan Areas Office Demand Survey Autumn 2022 (Survey period: October 2022) <p>After processing the duplicate data of the Spring 2022 and Autumn 2022 surveys and then aggregating them, the data with no missing answers to be used in the analyses were subject to the analyses.</p>
Target respondents	Of general office tenants occupying office buildings in the Tokyo 23 Wards, those with an office space per office occupant of at least 0.5 tsubo but less than 15 tsubo
Number of valid answers	1,019
Remarks	<ul style="list-style-type: none"> · “Space” refers to the contractual leased space. It includes office space, entrance (reception) area, meeting rooms, break rooms, libraries, storage rooms and enclosed hallways of private areas. · “Number of office occupants” refers the number of employees who are eligible to use the office though may not be using it every day. · “Coming-to-office ratio” is the company’s current average percentage of employees coming to the office and the intended percentage after the end of the pandemic, with 100% meaning all employees come to the office. · “Number of workers coming to the office” refers the average number of workers coming to the office at the time of the survey. · “Desks” refer to work desks in the main office where respondents replied that general work can be done. They include fixed desks (e.g., islands of opposing desks, cubicles), hot-desking, group hot-desking, desks in open meeting space, focus booths and private rooms (e.g., for making phone calls and holding online meetings), canteens and café space, space for refreshing and space for external collaboration. They do not include desks in meeting rooms (for small to large groups), president/executive rooms, reception areas, libraries and storage rooms, changing/locker rooms, server rooms, smoking rooms, day care space, show rooms and event space. · “Number of desks per worker coming to the office” is an indicator referring to the number of desks per worker coming to the office.

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%.

For further inquiries please contact below

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