Xymax Real Estate Institute
RESEARCH REPORT

Metropolitan Areas Office Demand Survey Autumn 2023 <Summary Report>

More than 70% of companies continue to embrace hybrid work after the pandemic, leading to a trend toward office expansion.

January 18, 2024

What impact do the long COVID-19 pandemic and its end have on the work styles at Japanese companies and office demand? Since autumn 2016, Xymax Real Estate Institute ("Xymax REI") has been conducting a semi-annual questionnaire survey of companies across Japan on their office use and employee work styles to continuously analyze their relationship with office demand. We have released a report on the results of the 15th survey. This Summary is an excerpt of the report.

Main Findings

- In terms of changes in office size over the past year, the **percentage of "expansion (actual + potential)" rose after bottoming out in the Spring 2021 survey**, with the DI, the difference between the expansion total and the downsizing total, in positive territory at 4.8 **(Figure 1)**.
- In terms of future office size (up to 2–3 years ahead), **16.8% of the companies replied that they "want to expand," outnumbering those that "want to downsize" (7.5%) (Figure 2)**. However, the percentage has not returned to pre-pandemic (before the Spring 2019 survey) levels.
- As for how often employees come to the office, the **percentage of "100% (come to office full time)" was 25.2%**, roughly unchanged from the Spring 2023 survey, which was conducted immediately after COVID-19 was downgraded to a Class 5 disease **(Figure 3)**. Regarding future intentions, "100% (come to office full time)" was 25.1%, with the **remaining 74.9% intending to continue implementing telework**. This suggests that telework will take root as a permanent work style even after the end of the pandemic.
- When asked if workplace strategies are important in retaining talent and human capital management, **more than 70% replied "important" or "somewhat important" (Figure 4-1)**.
- **40.8% of companies were "interested" in providing a workplace in the provinces (areas other than the current location of the head office) (Figure 5-1)**. Especially popular initiatives were "develop/use a workation facility for temporary work at resorts, etc." (50.7%) and "use satellite office services in the provinces (temporarily or permanently)" (47.7%) **(Figure 5-2)**.
- **The availability of a work-from-home policy was 44.9%**, decreasing after its peak in the Autumn 2021 survey **(Figure 6)**. **The availability of a satellite office was 30.9%** and increasing each year.

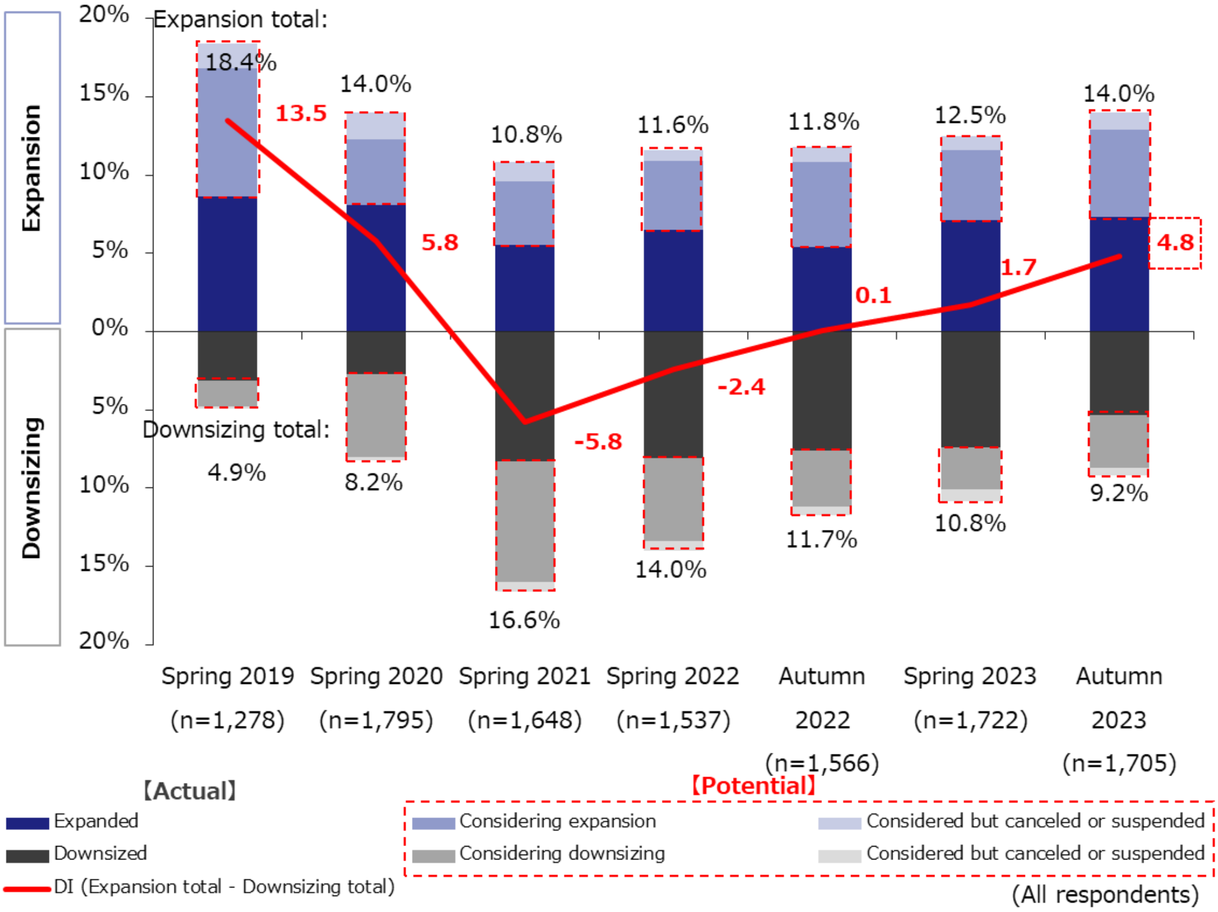
<Survey Overview>

Survey period:	November 15–26, 2023
Target respondents:	48,049 companies in total that include the following: ・Tenants of office buildings managed by the Xymax Group ・Companies subscribing to ZXY, a satellite office service for corporate customers ・Client companies of XYMAX INFONISTA Corporation
Number of valid answers:	1,705 (Aggregated in office units; therefore, answers from different offices of the same company are treated as separate answers.)
Geographical coverage:	Nationwide (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba, and other prefectures)
Survey method:	Email

topic 1

In terms of changes in office size over the past year, the percentage of "expansion (actual + potential)" rose after bottoming out in the Spring 2021 survey, with the DI, the difference between the expansion total and the downsizing total, in positive territory at 4.8 (Figure 1). The downsizing trend that has persisted since the COVID-19 pandemic appears to have subsided and shifted to an expansionary phase.

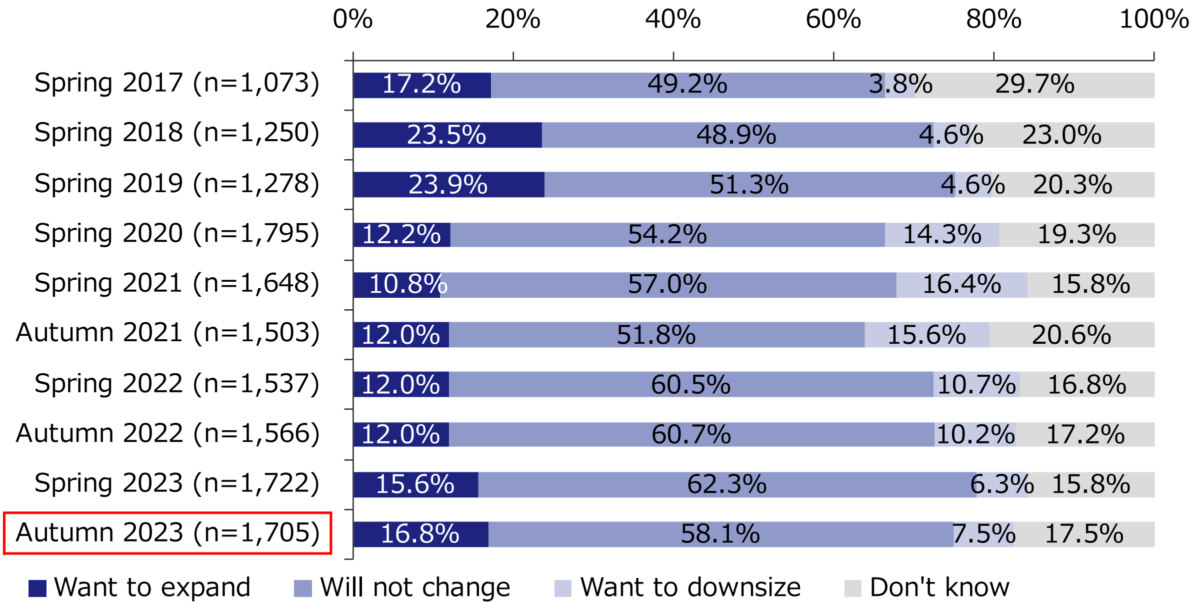
Figure 1: Change in Office Size over Past Year (Actual + Potential)



topic 2

In terms of future office size (up to 2–3 years ahead), 16.8% of the companies replied that they "want to expand," outnumbering those that "want to downsize" (7.5%) (Figure 2). When compared over time, the percentage of "want to expand" has also increased since bottoming out in the Spring 2021 survey. However, the percentage has not returned to pre-pandemic (before the Spring 2019 survey) levels, which is probably due in part to the fact that hybrid work has taken root.

Figure 2: Future Change in Office Size



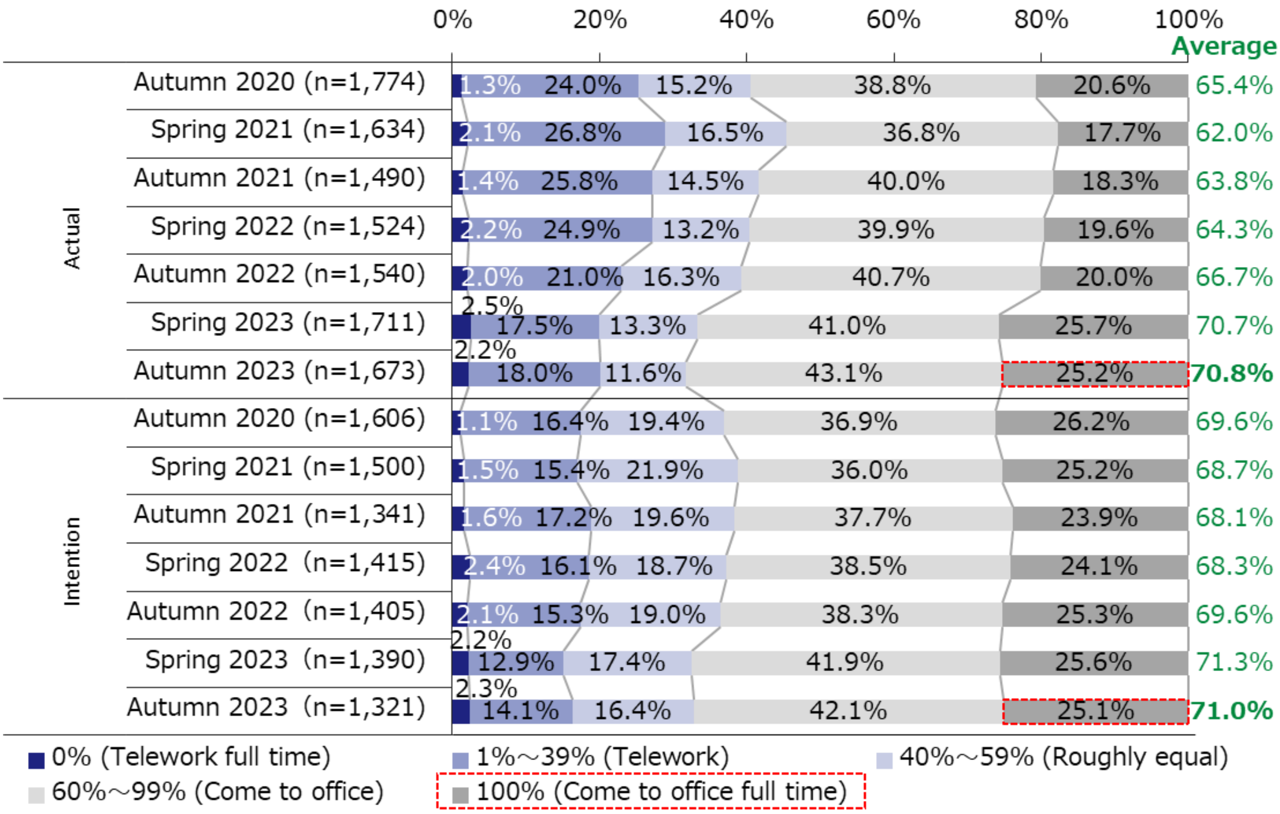
(All respondents)

topic 3

When comparing the current coming-to-office ratio (actual) over time, the percentage of "100% (come to office full time)" has leveled off at 25.2%, after rising to its highest level since the COVID-19 pandemic, 25.7%, in the Spring 2023 survey, which was conducted immediately after COVID-19 was downgraded to a Class 5 disease (Figure 3).

Regarding future intentions, "100% (come to office full time)" was 25.1%, with the remaining 74.9% intending to continue implementing telework. This suggests that telework will take root as a permanent work style even after the end of the pandemic. The average figure hardly differs between the actual (70.8%) and the intention (71.0%), indicating that the current state is already close to the intended state.

Figure 3: Actual and Intended Coming-to-Office Ratio (Comparison over Time)



([Actual] Excludes 'Don't know'
[Intention] Excludes 'Don't know' and 'Leave to employees; will not set specific target')

topic 4

When asked if workplace strategies* are important in retaining talent and human capital management, more than 70% of the companies replied they were "important" or "somewhat important" (Figure 4-1).

*Strategies for the entire workplace, including not only the development of the main office environment but also the establishment of telework locations

When we asked each group of respondents the initiative of interest for the main office, <u>the group that considered workplace strategies to be "important" tended to have a higher interest in each initiative</u> (Figure 4-2). In contrast, the group that considered workplace strategies as "not important" had a higher percentage of "maintain status quo" for the main office. This indicates that companies recognizing the importance of workplace strategies are more interested in advancing the functions of their main office.

Figure 4-1: Attitude Toward Workplace Strategies in Retaining Talent and Human Capital Management

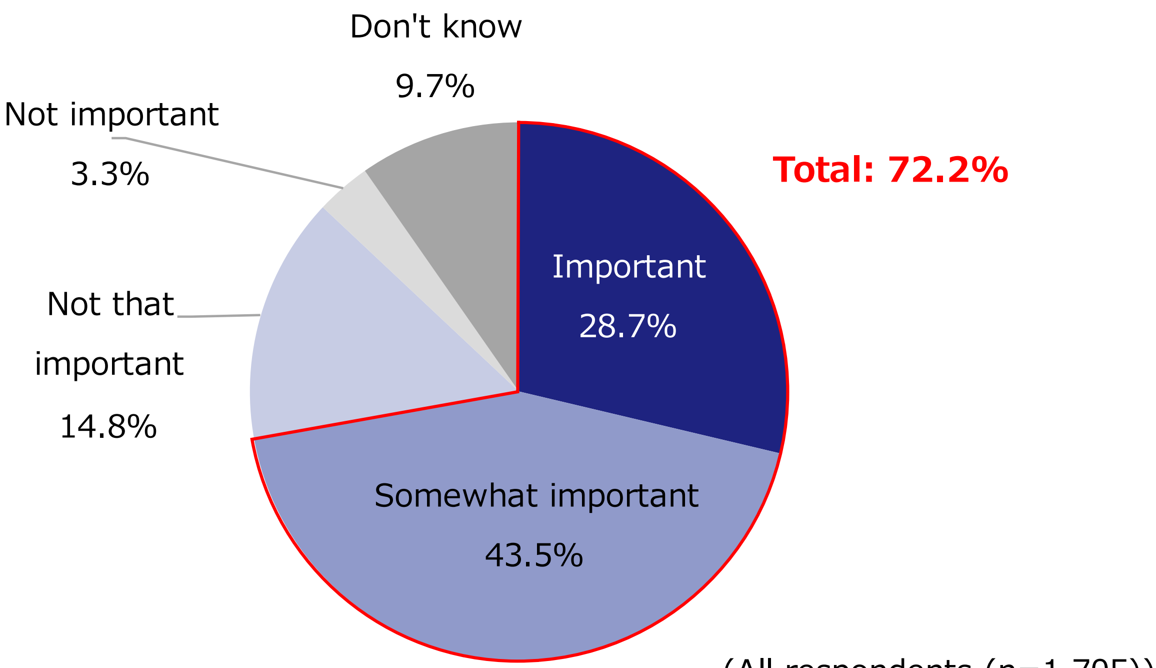
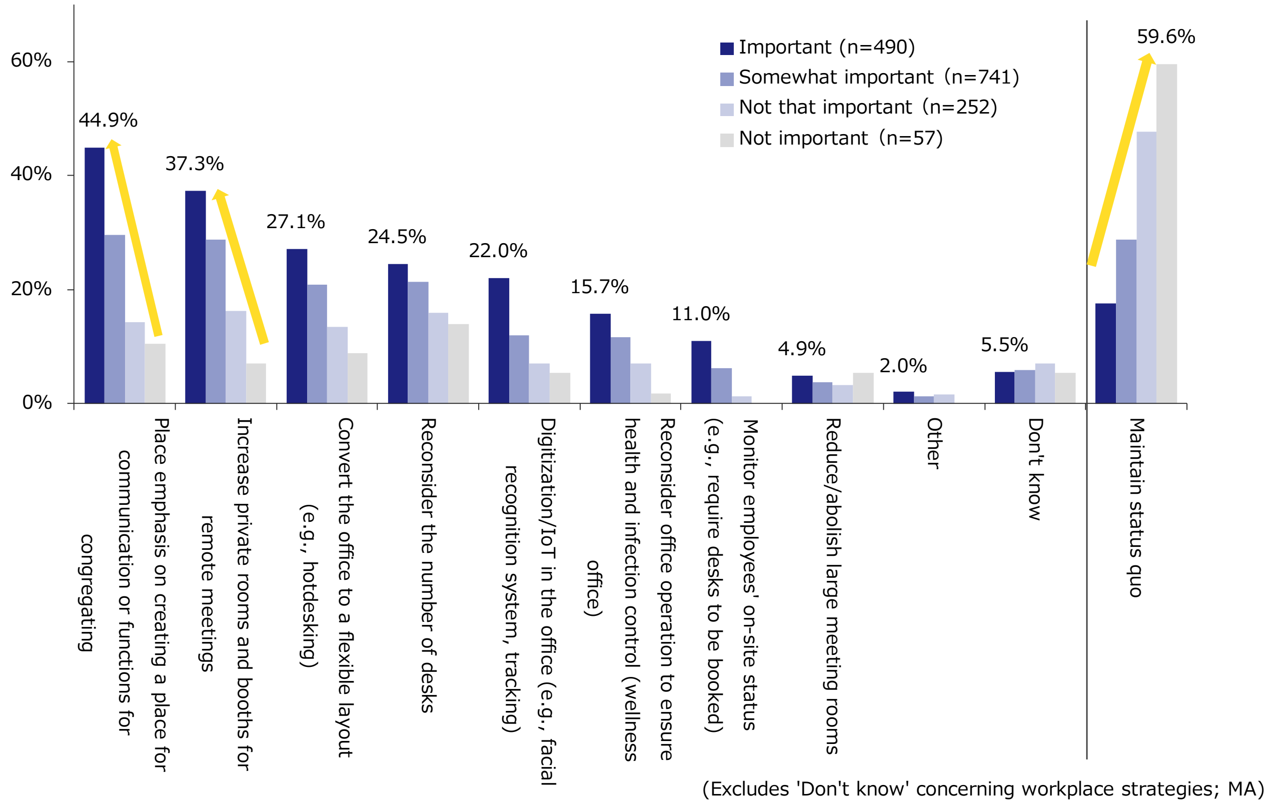


Figure 4-2: Initiative of Interest for the Main Office – By Attitude Toward Workplace Strategies



(Excludes 'Don't know' concerning workplace strategies; MA)

topic 5

40.8% of the companies were "interested" in providing a workplace in the provinces (areas other than the current location of the head office) (Figure 5-1).

Especially popular initiatives were "develop/use a workation facility for temporary work at resorts, etc." (50.7%) and "use satellite office services in the provinces (temporarily or permanently)" (47.7%), indicating that roughly half of the companies interested in providing a workplace in the provinces have interest in these initiatives (Figure 5-2).

Figure 5-1: Interest in Initiatives for Providing Workplaces in the Provinces

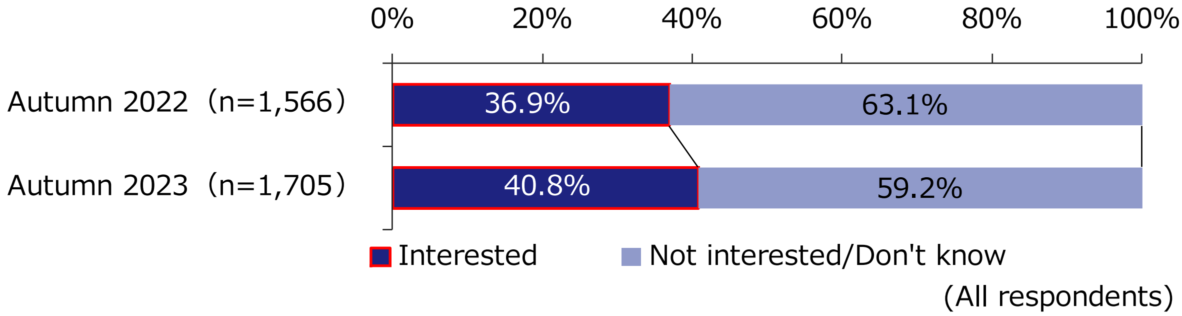
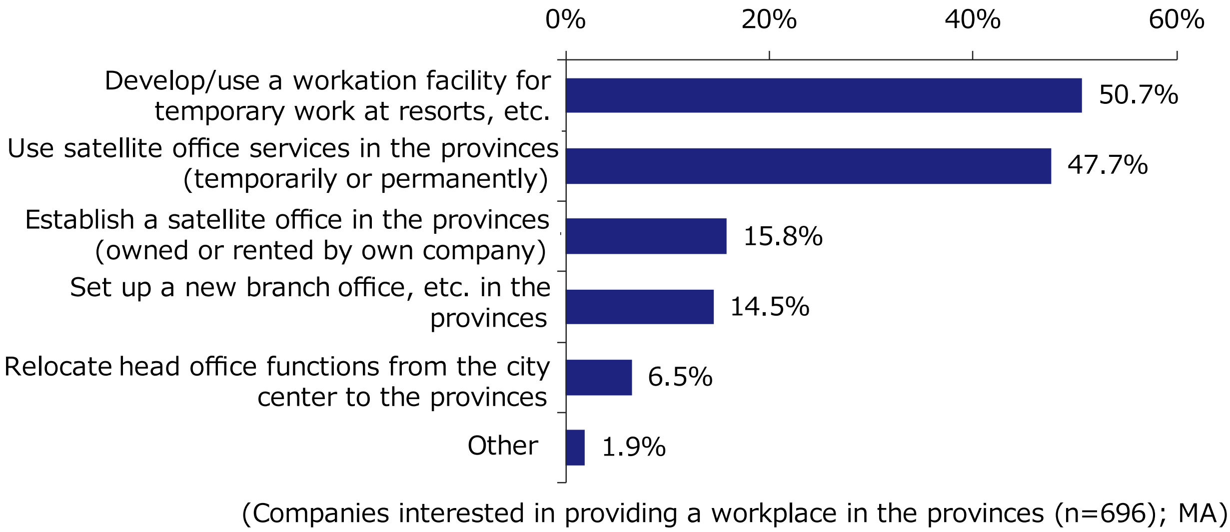


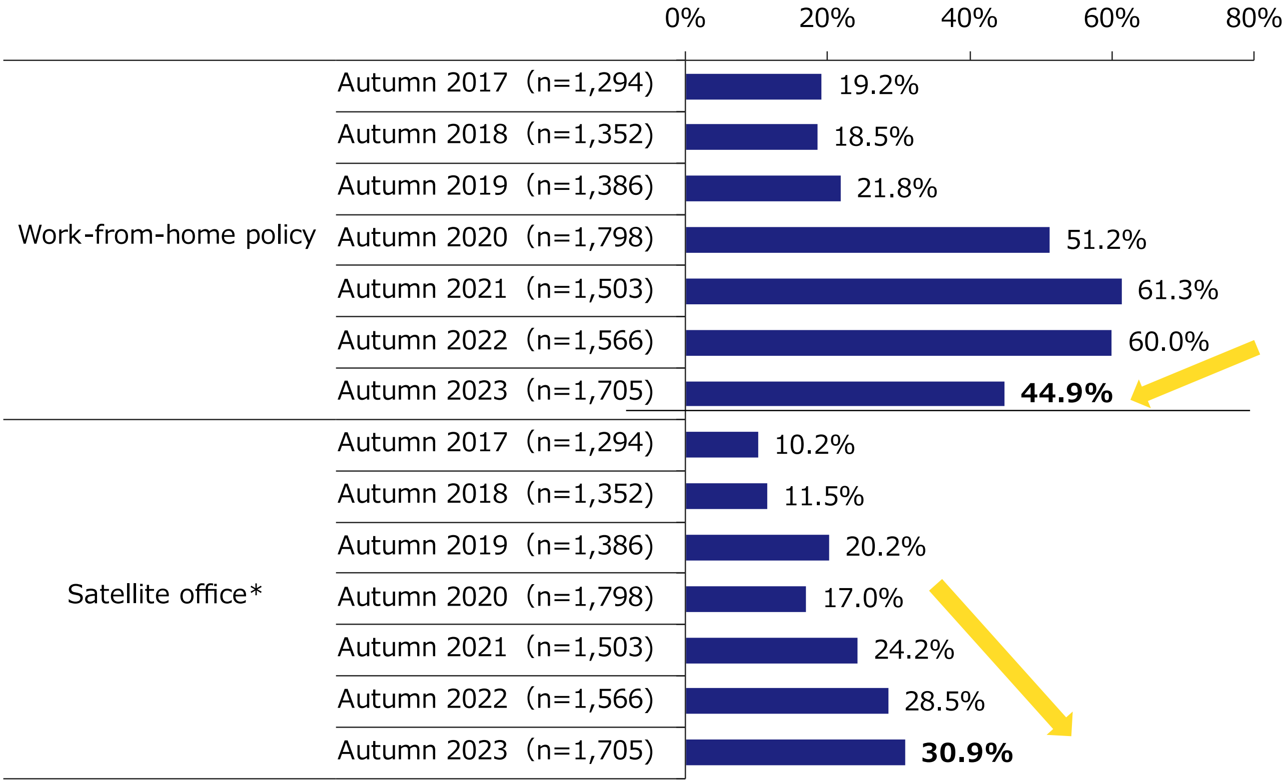
Figure 5-2: Initiative of Interest for Providing Workplaces in the Provinces



topic 6

The availability of a work-from-home policy has been decreasing since its peak in the Autumn 2021 survey and was 44.9% this time (Figure 6). On the other hand, the availability of a satellite office has increased each year and was 30.9% this time.

Figure 6: Availability of Work-from-Home Policy and Satellite Office



(All respondents; MA)

*Either "using a satellite office, etc. provided by a specialized operator, etc." or "established a satellite office, etc. owned or rented by own company"

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

For further inquiries, please contact below:

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