oxymax

Metropolitan Areas Office Demand Survey Autumn 2023
<Detailed Report>

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

January 18, 2024

Xymax Real Estate Institute

Survey Overview

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. This report covers the results of the 15th survey.

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, and Chiba Prefectures and others)
Survey method	Email

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%

Attributes of respondent companies

Sector		Type of office		Location of office	
Agriculture and forestry	2 (0.1%)	Head office	1,095 (64.2%)	Tokyo 23 Wards	988 (57.9%)
Mining and quarrying of stone and gravel	2 (0.1%)	Branch office	387 (22.7%)	Osaka City	196 (11.5%)
Construction	113 (6.6%)	Sales office	146 (8.6%)	Nagoya City	113 (6.6%)
Manufacturing	272 (16.0%)	Sub-office	20 (1.2%)	Fukuoka City	77 (4.5%)
Electricity, gas, heat supply and water	14 (0.8%)	Call center	9 (0.5%)	Other	331 (19.4%)
Information and communications	280 (16.4%)	Computer room	1 (0.1%)		
Transport and postal services	31 (1.8%)	Other	47 (2.8%)		
Wholesale and retail trade	243 (14.3%)			**Size of office under lease contract (1 tsubo = 3.33 sqm)**	
Finance and insurance	56 (3.3%)			Less than 30 tsubo	312 (18.3%)
Real estate and goods rental and leasing	80 (4.7%)			30–49 tsubo	217 (12.7%)
Scientific research, professional and technical services	124 (7.3%)			50–99 tsubo	292 (17.1%)
Accommodations, eating and drinking services	13 (0.8%)			100–199 tsubo	227 (13.3%)
Living-related and personal services and amusement services	17 (1.0%)			200 tsubo or more	313 (18.4%)
Education, learning support	24 (1.4%)			No answer	344 (20.2%)
Medical, health care and welfare	27 (1.6%)			**Average employee age**	
Compound services	20 (1.2%)			20–29	40 (2.3%)
Services, n.e.c.	335 (19.6%)			30–39	549 (32.2%)
Governments and agencies (Excl. those classified elsewhere)	7 (0.4%)			40–49	888 (52.1%)
Unclassifiable	45 (2.6%)			50–59	185 (10.9%)
Number of employees Less than 100	852 (50.0%)			60 or above	33 (1.9%)
100–999	551 (32.3%)			No answer	10 (0.6%)
1,000 or more	297 (17.4%)				
Unknown	5 (0.3%)				

Main Findings

1. **Outlook of office demand (from P.4)**

   - The percentage of companies with an <u>increase (31.2%)</u> in office occupants over the past year <u>exceeded the percentage of companies with a decrease (11.6%)</u>.
   - In terms of changes in office size over the past year, <u>"expanded" (7.3%) exceeded "downsized" (5.3%) for the first time since the Autumn 2020 survey</u>. The percentage of "expansion (actual + potential)" has also continued to rise since 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.
   - Regarding office size, the <u>percentage of "want to expand" (16.8%) outweighed that of "want to downsize" (7.5%)</u>.

2. **Factors affecting office demand (from P.12)**

   - Regarding the coming-to-office ratio, the <u>percentage of "100% (come to office full time)" was 25.2%</u>, leveling off from the Spring 2023 survey when the percentage hit the highest since the COVID-19 pandemic. In terms of future intentions, "100% (come to office full time)" was 25.1%, with the remaining <u>74.9% intending to continue implementing telework</u>. This suggests that telework will take root as a permanent work style even after the end of the pandemic.
   - <u>29.5% of companies "reconsidered" their policies regarding coming to the office and teleworking</u> when COVID-19 was downgraded to a Class 5 disease. 56.4% said they had "no plans to reconsider."
   - <u>29.6% of the companies felt their office was small</u>, more than those who felt it was large (15.8%).

3. **Work styles and the workplace (from P.19)**

   - <u>72.2% of the companies said they thought workplaces strategies were "important" or "somewhat important"</u> in terms of retaining talent and human capital management.
   - When comparing the existing space in companies' current office with the Spring 2019 survey, <u>"fixed desks" (78.7%) decreased</u>, while <u>"open meeting space" (57.2%) and "hot-desking" (44.0%) increased significantly</u>, indicating that offices were becoming increasingly flexible.
   - 40.8% of companies were "interested" in providing a workplace in the provinces (areas other than the current location of the head office). Especially popular initiatives were "develop/use a workation facility for temporary work at resorts, etc." (50.7% of companies interested in providing a workplace in the provinces) and "use satellite office services in the provinces (temporarily or permanently)" (47.7%).
   - <u>The availability of a work-from-home policy was 44.9%</u>, declining after its peak in the Autumn 2021 survey. The <u>availability of a satellite office was 30.9%</u>, rising each year.
   - Many companies said work-related communication was in place even online. In particular, we found that <u>nearly 80% of the companies have managed to maintain communication with external parties</u>.
   - <u>34.4% of companies had the intention to use satellite offices in the future</u>. Regarding the type of satellite office they wanted to use, the most popular was the "type where private rooms and booths for individual work are shared with other companies" (60.0%).
   - Regarding employee performance compared to before the pandemic, 17.0% of the companies said it had "improved," more than those who said it had "declined" (10.7%). Evaluation has improved over time, with the percentage of "declined" decreasing year by year.

1. Outlook of office demand

1. Changes over the past year

2. Future intentions

Ratio of companies with office occupant increase continues to rise after Spring 2021 bottom
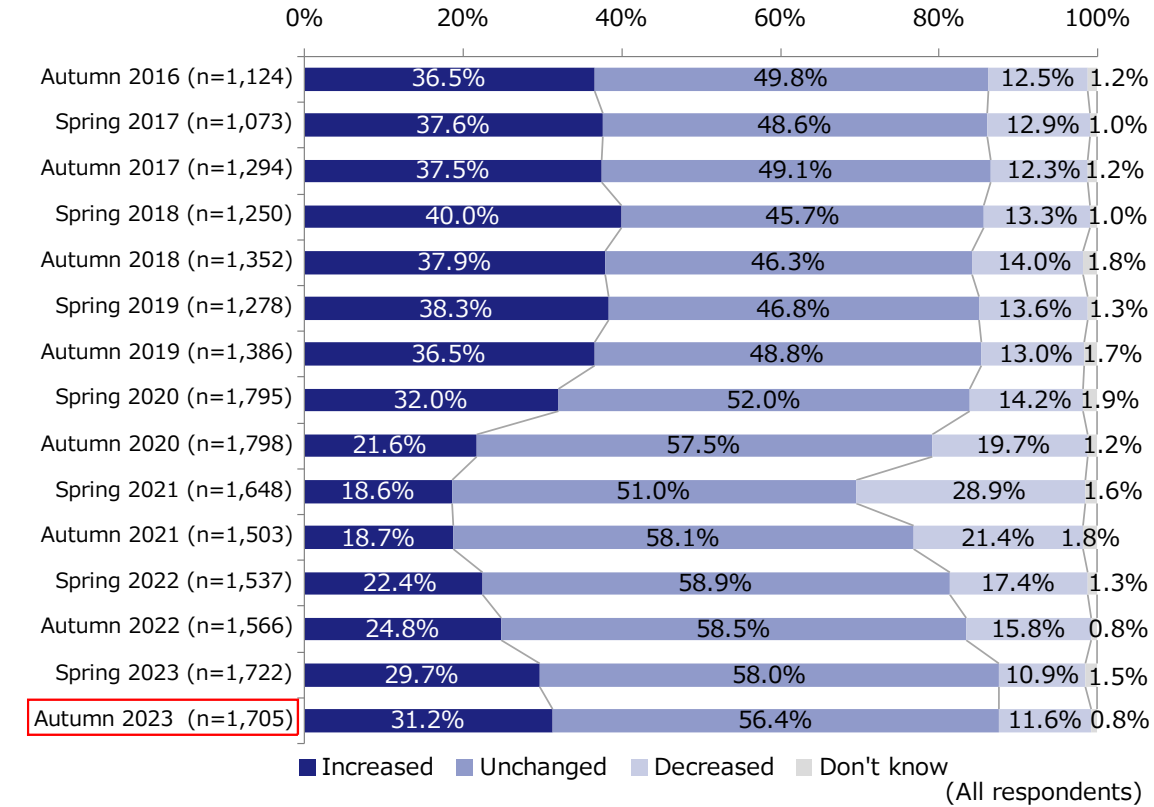
Figure 1 (red frame) indicates the change in the number of office occupants* over the past year.

The percentage of companies with an increase in office occupants was 31.2%, more than the percentage of companies with a decrease (11.6%).

Compared to previous surveys, the percentage of "increased" has been on a rising trend since bottoming out in the Spring 2021 survey.

 *The number of people belonging to the office, regardless of whether they come to the office or not

Figure 1: Change in Number of Office Occupants

Survey	Increased	Unchanged	Decreased	Don't know
Autumn 2016 (n=1,124)	36.5%	49.8%	12.5%	1.2%
Spring 2017 (n=1,073)	37.6%	48.6%	12.9%	1.0%
Autumn 2017 (n=1,294)	37.5%	49.1%	12.3%	1.2%
Spring 2018 (n=1,250)	40.0%	45.7%	13.3%	1.0%
Autumn 2018 (n=1,352)	37.9%	46.3%	14.0%	1.8%
Spring 2019 (n=1,278)	38.3%	46.8%	13.6%	1.3%
Autumn 2019 (n=1,386)	36.5%	48.8%	13.0%	1.7%
Spring 2020 (n=1,795)	32.0%	52.0%	14.2%	1.9%
Autumn 2020 (n=1,798)	21.6%	57.5%	19.7%	1.2%
Spring 2021 (n=1,648)	18.6%	51.0%	28.9%	1.6%
Autumn 2021 (n=1,503)	18.7%	58.1%	21.4%	1.8%
Spring 2022 (n=1,537)	22.4%	58.9%	17.4%	1.3%
Autumn 2022 (n=1,566)	24.8%	58.5%	15.8%	0.8%
Spring 2023 (n=1,722)	29.7%	58.0%	10.9%	1.5%
Autumn 2023 (n=1,705)	31.2%	56.4%	11.6%	0.8%

Legend: ■ Increased ■ Unchanged ■ Decreased ■ Don't know

(All respondents)
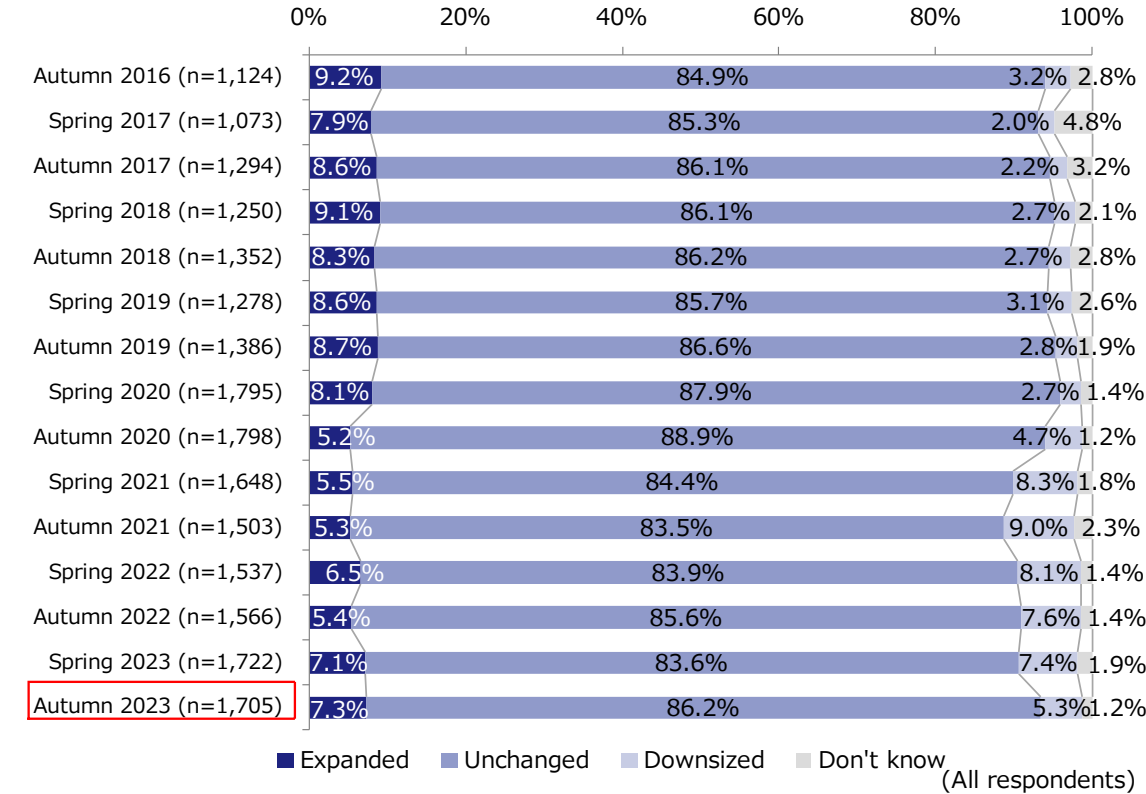
For the first time since Autumn 2020, the percentage of companies that had expanded their office size outnumbered those that had downsized

Regarding changes in office size over the past year, the percentage of companies that had "expanded" their office size was 7.3%, more than the percentage of companies that had "downsized" (5.3%) (Figure 2 (red frame)).

"Expanded" exceeded "downsized" for the first time since the Autumn 2020 survey.

Figure 2: Change in Office Size

	Expanded	Unchanged	Downsized	Don't know
Autumn 2016 (n=1,124)	9.2%	84.9%	3.2%	2.8%
Spring 2017 (n=1,073)	7.9%	85.3%	2.0%	4.8%
Autumn 2017 (n=1,294)	8.6%	86.1%	2.2%	3.2%
Spring 2018 (n=1,250)	9.1%	86.1%	2.7%	2.1%
Autumn 2018 (n=1,352)	8.3%	86.2%	2.7%	2.8%
Spring 2019 (n=1,278)	8.6%	85.7%	3.1%	2.6%
Autumn 2019 (n=1,386)	8.7%	86.6%	2.8%	1.9%
Spring 2020 (n=1,795)	8.1%	87.9%	2.7%	1.4%
Autumn 2020 (n=1,798)	5.2%	88.9%	4.7%	1.2%
Spring 2021 (n=1,648)	5.5%	84.4%	8.3%	1.8%
Autumn 2021 (n=1,503)	5.3%	83.5%	9.0%	2.3%
Spring 2022 (n=1,537)	6.5%	83.9%	8.1%	1.4%
Autumn 2022 (n=1,566)	5.4%	85.6%	7.6%	1.4%
Spring 2023 (n=1,722)	7.1%	83.6%	7.4%	1.9%
Autumn 2023 (n=1,705)	7.3%	86.2%	5.3%	1.2%

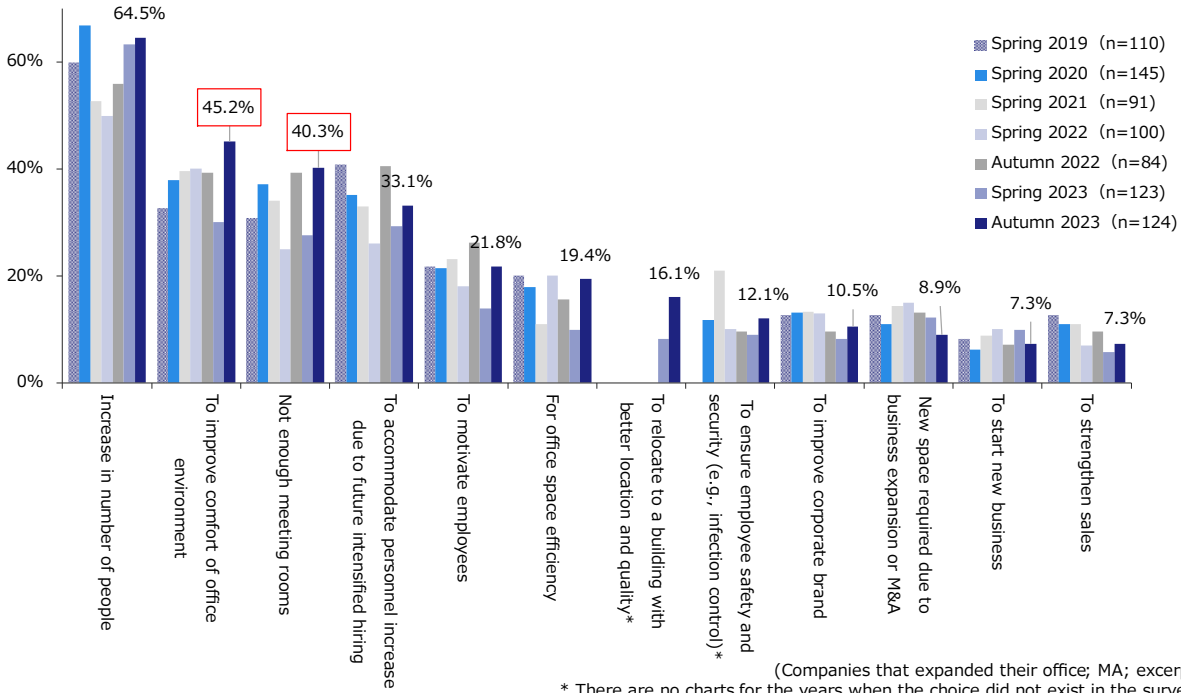■ Expanded ■ Unchanged ■ Downsized ■ Don't know

(All respondents)

"To improve comfort of office environment" and "not enough meeting rooms" increase as reason for office size expansion

The most popular reason for office size expansion was "increase in number of people" (64.5%) (Figure 3).

"To improve comfort of office environment" (45.2%) and "not enough meeting rooms" (40.3%) increased significantly from the Spring 2023 survey, reaching record highs.
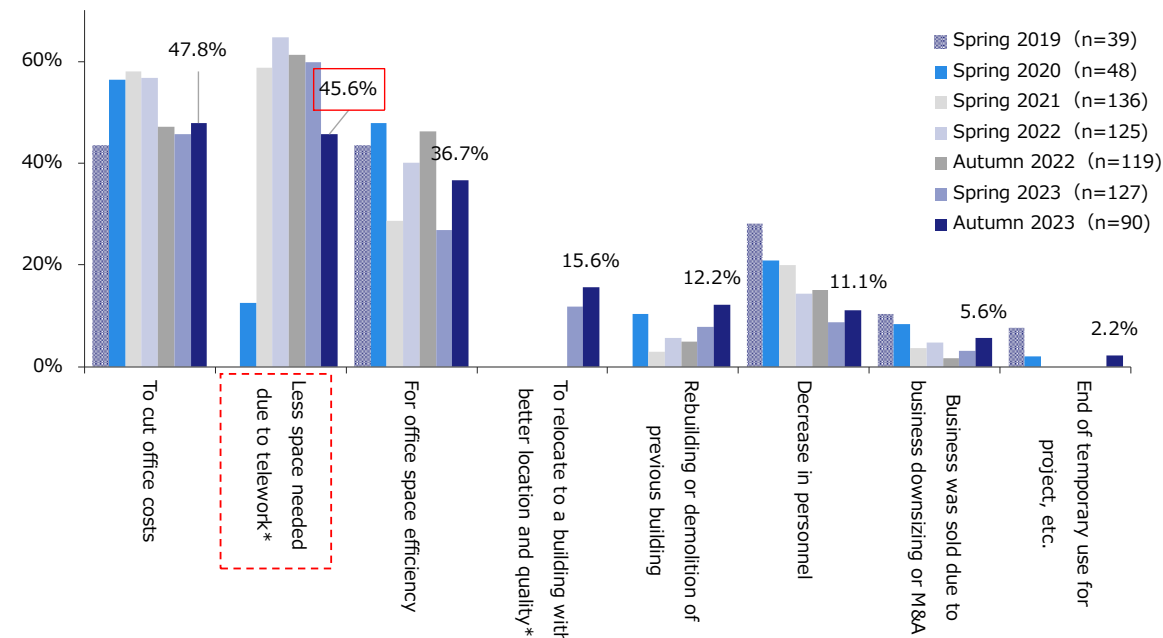
Figure 3: Reason for Office Size Expansion

Legend:
- Spring 2019 (n=110)
- Spring 2020 (n=145)
- Spring 2021 (n=91)
- Spring 2022 (n=100)
- Autumn 2022 (n=84)
- Spring 2023 (n=123)
- Autumn 2023 (n=124)

(Companies that expanded their office; MA; excerpt)
* There are no charts for the years when the choice did not exist in the survey.

"To cut costs" the top reason for office downsizing; "less space needed due to telework" decreasing

The top reasons for office downsizing were "to cut office costs" (47.8%) and "less space needed due to telework" (45.6%) (Figure 4).

However, "less space needed due to telework" has been decreasing since peaking in the Spring 2022 survey, indicating that the office downsizing trend that gathered momentum during the pandemic has abated.

Figure 4: Reason for Office Downsizing

Legend:
- Spring 2019 (n=39)
- Spring 2020 (n=48)
- Spring 2021 (n=136)
- Spring 2022 (n=125)
- Autumn 2022 (n=119)
- Spring 2023 (n=127)
- Autumn 2023 (n=90)

Categories (x-axis):
- To cut office costs — 47.8%
- Less space needed due to telework* — 45.6%
- For office space efficiency — 36.7%
- To relocate to a building with better location and quality* — 15.6%
- Rebuilding or demolition of previous building — 12.2%
- Decrease in personnel — 11.1%
- Business downsizing or M&A —
- Business was sold due to — 5.6%
- End of temporary use for project, etc. — 2.2%

(Companies that downsized their office; MA; excerpt)
*There are no charts for the years when the choice did not exist in the survey.

"Expansion (actual + potential)" increases after bottoming out in Spring 2021

Even if office size had unchanged over the past year, when we add the percentage of "considering expansion" and the percentage of "considered but canceled or suspended" as the percentage of "potential expansion," the total "expansion (actual + potential)" came to 14.0% and has been rising since the Spring 2021 survey (Figure 5).

Similarly, the total "downsizing (actual + potential)" came to 9.2%, with the DI, the difference between the expansion total and the downsizing total, in positive territory at 4.8. The downsizing trend that has persisted since the COVID-19 pandemic appears to have subsided and shifted to an expansionary phase.
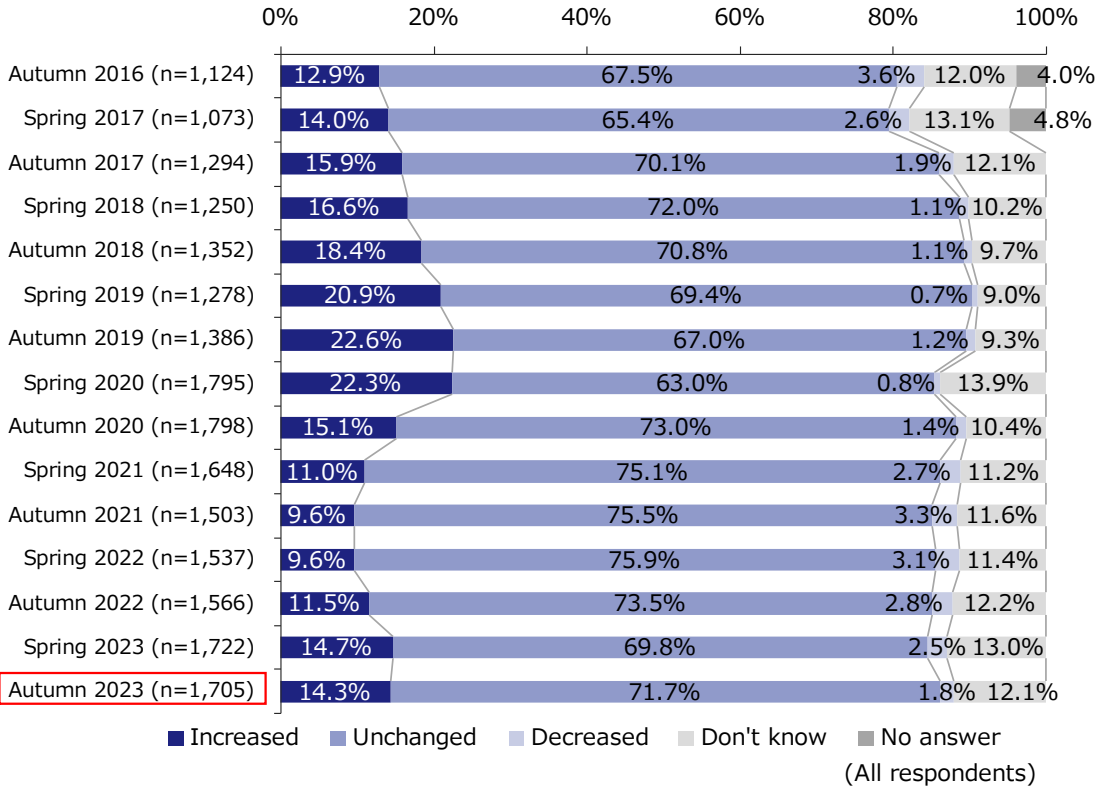
Figure 5: Actual + Potential Change in Office Size over Past Year
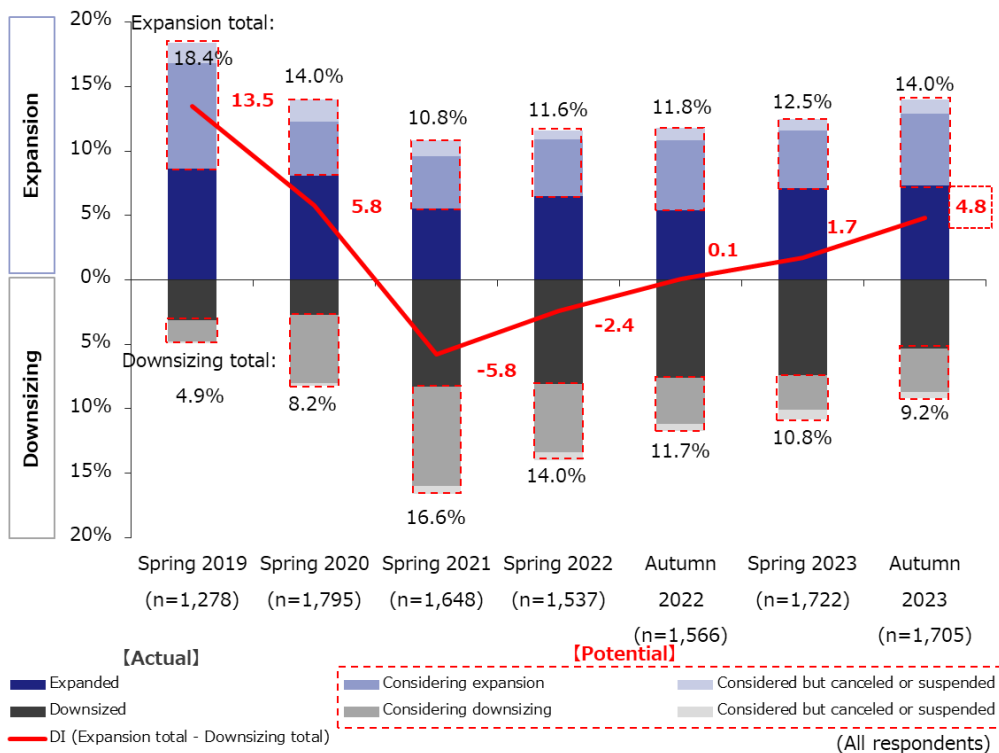
14.3% of companies saw rent per tsubo increase, outnumbering those that saw a decrease

In terms of changes in rent per tsubo over the past year, 14.3% of companies experienced an increase, outweighing companies that experienced a decrease (1.8%). However, the difference between the two has shrunk compared to before the pandemic (Figure 6 (red frame)).
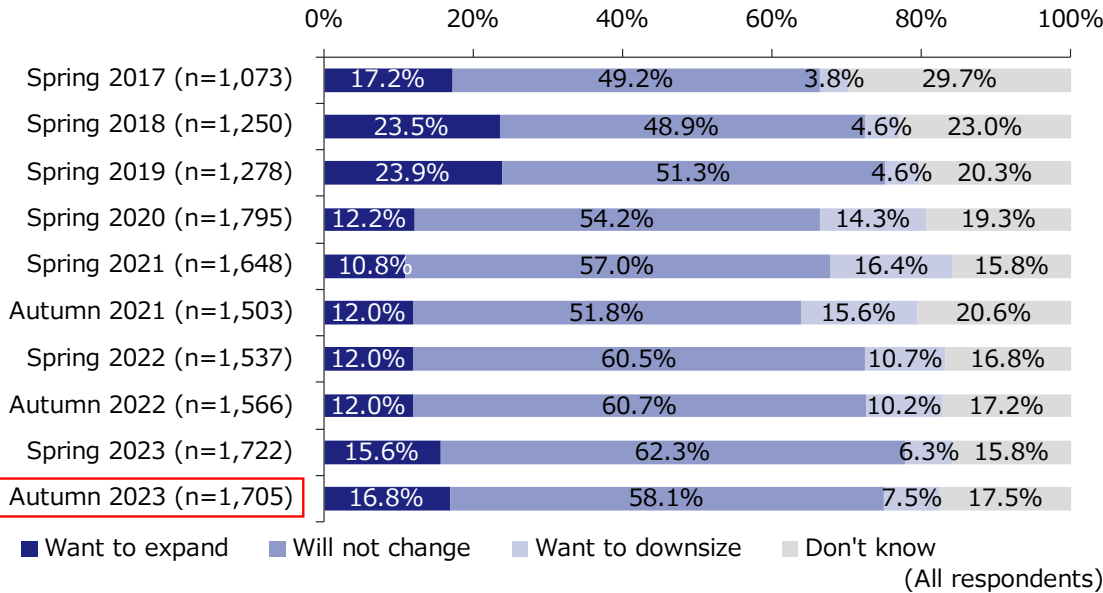
Figure 6: Change in Rent per Tsubo

	Increased	Unchanged	Decreased	Don't know	No answer
Autumn 2016 (n=1,124)	12.9%	67.5%	3.6%	12.0%	4.0%
Spring 2017 (n=1,073)	14.0%	65.4%	2.6%	13.1%	4.8%
Autumn 2017 (n=1,294)	15.9%	70.1%	1.9%	12.1%	
Spring 2018 (n=1,250)	16.6%	72.0%	1.1%	10.2%	
Autumn 2018 (n=1,352)	18.4%	70.8%	1.1%	9.7%	
Spring 2019 (n=1,278)	20.9%	69.4%	0.7%	9.0%	
Autumn 2019 (n=1,386)	22.6%	67.0%	1.2%	9.3%	
Spring 2020 (n=1,795)	22.3%	63.0%	0.8%	13.9%	
Autumn 2020 (n=1,798)	15.1%	73.0%	1.4%	10.4%	
Spring 2021 (n=1,648)	11.0%	75.1%	2.7%	11.2%	
Autumn 2021 (n=1,503)	9.6%	75.5%	3.3%	11.6%	
Spring 2022 (n=1,537)	9.6%	75.9%	3.1%	11.4%	
Autumn 2022 (n=1,566)	11.5%	73.5%	2.8%	12.2%	
Spring 2023 (n=1,722)	14.7%	69.8%	2.5%	13.0%	
Autumn 2023 (n=1,705)	14.3%	71.7%	1.8%	12.1%	

(All respondents)

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"Want to expand" office size increasing, albeit not as much as before the pandemic

The percentage of companies that "want to expand" their office size in the future (up to 2–3 years ahead) was 16.8%, outweighing the percentage of companies that "want to downsize" (7.5%) (Figure 7 (red frame)).

The percentage of "want to expand" has been increasing over the years after 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 7: Future Change in Office Size

	Want to expand	Will not change	Want to downsize	Don't know
Spring 2017 (n=1,073)	17.2%	49.2%	3.8%	29.7%
Spring 2018 (n=1,250)	23.5%	48.9%	4.6%	23.0%
Spring 2019 (n=1,278)	23.9%	51.3%	4.6%	20.3%
Spring 2020 (n=1,795)	12.2%	54.2%	14.3%	19.3%
Spring 2021 (n=1,648)	10.8%	57.0%	16.4%	15.8%
Autumn 2021 (n=1,503)	12.0%	51.8%	15.6%	20.6%
Spring 2022 (n=1,537)	12.0%	60.5%	10.7%	16.8%
Autumn 2022 (n=1,566)	12.0%	60.7%	10.2%	17.2%
Spring 2023 (n=1,722)	15.6%	62.3%	6.3%	15.8%
Autumn 2023 (n=1,705)	16.8%	58.1%	7.5%	17.5%

(All respondents)

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2. Factors affecting office demand

1. Coming-to-office ratio

2. Percentage of desks, impression of office size, business sentiment

74.9% of companies intend to continue implementing telework even after end of pandemic

With a 100% coming-to-office ratio meaning all employees coming to the office, we asked companies' current average coming-to-office ratio (actual) and future coming-to-office ratio (intention) (Figure 8).
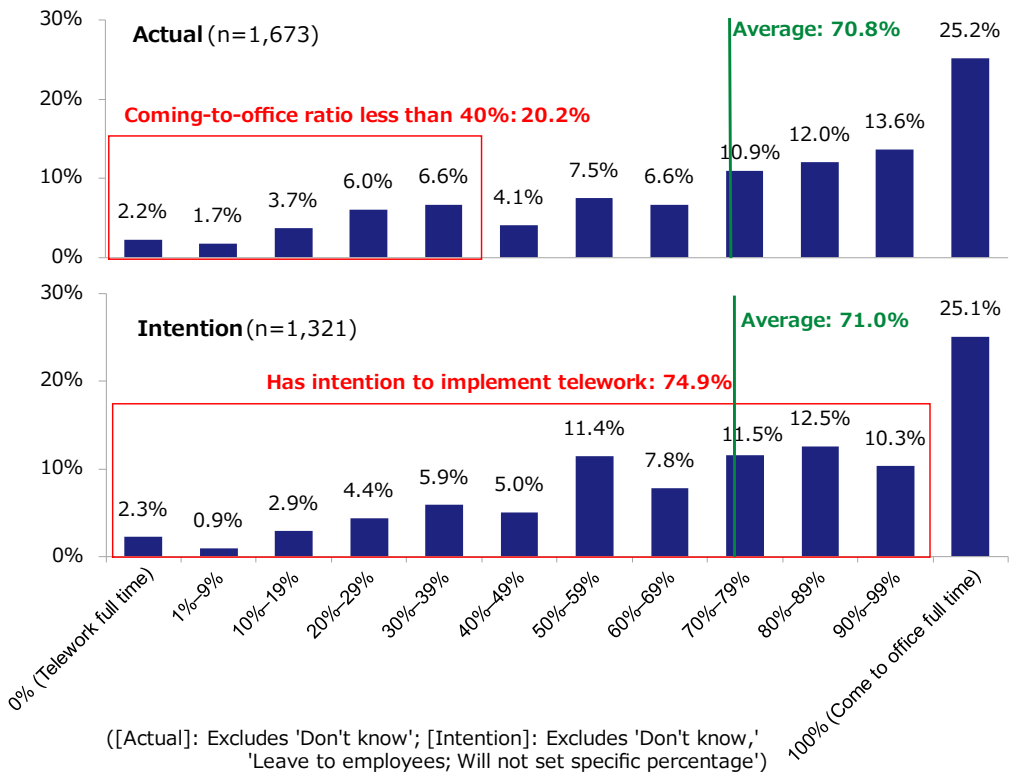
Regarding the actual ratio, while 25.2% of the companies replied "100% (come to office full time)," 20.2% kept their ratio at less than 40%.

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.

12.1% of all companies (n=1,705) said their future intention was to "leave it to employees; will not set a specific percentage," a slight increase from the Spring 2023 survey (11.4%).

*The average figure was calculated from the median figure of the range of each choice: 5% for "1%–9%," 14.5% for "10%–19%," 24.5% for "20%–29%," etc.

Figure 8: Actual and Intended Coming-to-Office Ratio

Actual (n=1,673)

Coming-to-office ratio less than 40%: 20.2%

Average: 70.8%

2.2% 1.7% 3.7% 6.0% 6.6% 4.1% 7.5% 6.6% 10.9% 12.0% 13.6% 25.2%

Intention (n=1,321)

Has intention to implement telework: 74.9%

Average: 71.0%

2.3% 0.9% 2.9% 4.4% 5.9% 5.0% 11.4% 7.8% 11.5% 12.5% 10.3% 25.1%

0% (Telework full time) · 1%–9% · 10%–19% · 20%–29% · 30%–39% · 40%–49% · 50%–59% · 60%–69% · 70%–79% · 80%–89% · 90%–99% · 100% (Come to office full time)

([Actual]: Excludes 'Don't know'; [Intention]: Excludes 'Don't know,' 'Leave to employees; Will not set specific percentage')

Coming-to-office ratio of "100% (come to office full time)" at 25.2%, leveling off after COVID-19's downgrade to Class 5
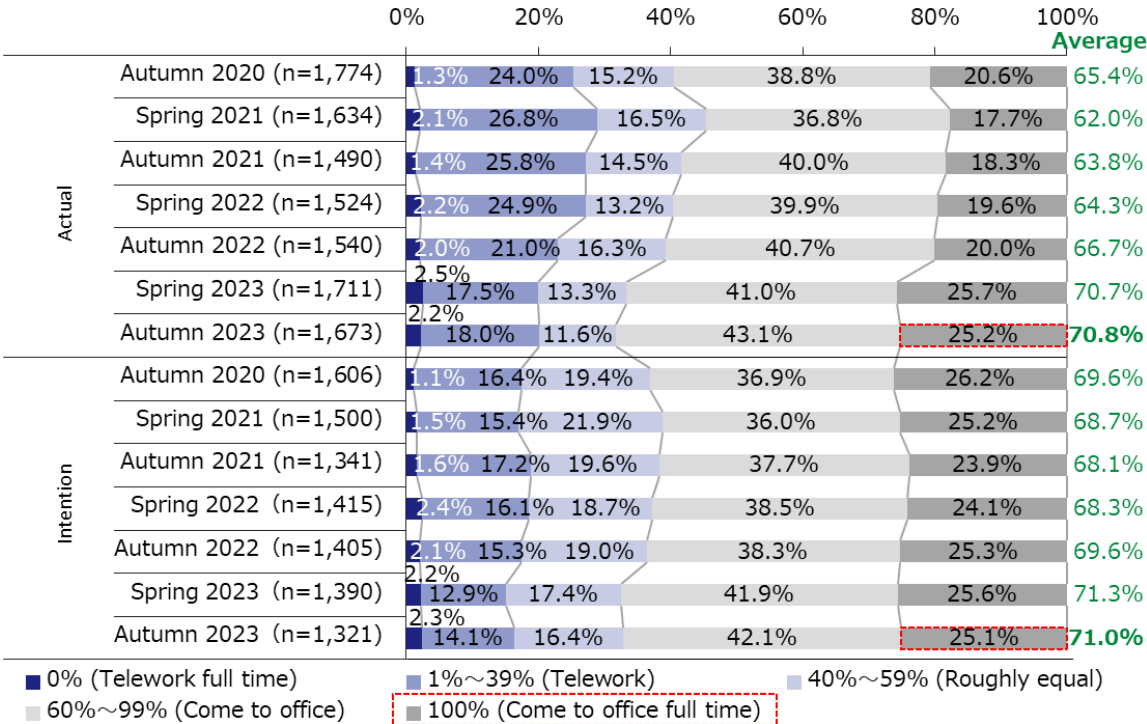
We divided the coming-to-office ratio (actual and intention) of Figure 8 into five levels: 0% (telework full time), 1%–39% (telework), 40%–59% (roughly equal), 60%–99% (come to office), and 100% (come to office full time), and compared the results with previous surveys (Figure 9).

Regarding the actual ratio, "100% (come to office full time)" rose to its highest level since the pandemic, 25.7%, in the Spring 2023 survey, which was conducted immediately after COVID-19 was downgraded to a Class 5 disease. This time, it has leveled off at 25.2%.

Similarly for the intended ratio, "100% (come to office full time)" leveled off from the Spring 2023 survey at 25.1%.

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

Legend:
- 0% (Telework full time)
- 1%～39% (Telework)
- 40%～59% (Roughly equal)
- 60%～99% (Come to office)
- 100% (Come to office full time)

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

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30% of companies reconsidered coming-to-office and telework policies after COVID-19 downgrade to Class 5

When we asked companies whether they reconsidered their policies regarding coming to the office and teleworking after COVID-19 was downgraded to a Class 5 disease, 29.5% said they "reconsidered," while 56.4% said they had "no plans to reconsider" (Figure 10).

While some predict that companies will resume their pre-pandemic work styles following a break in the long-running pandemic, nearly 60% of the companies had not actually changed work styles.

When examining companies' current coming-to-office ratio by status of reconsidering their coming-to-office policy, only 14.7% of companies that reconsidered their policy had a 100% coming-to-office ratio, indicating that the end of the pandemic does not necessarily result in a return to the office (Figure 11).

Meanwhile, 32.3% of the companies with "no plans to reconsider" had a 100% coming-to-office ratio, suggesting that these companies include a certain number of companies that did not implement teleworking or other measures during the pandemic.

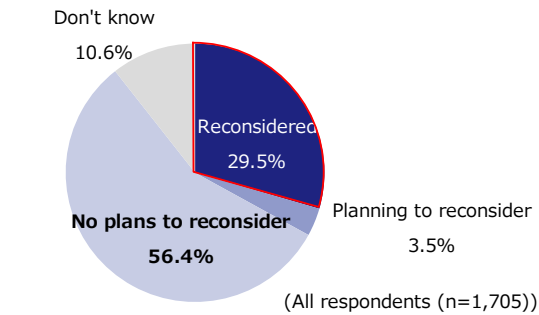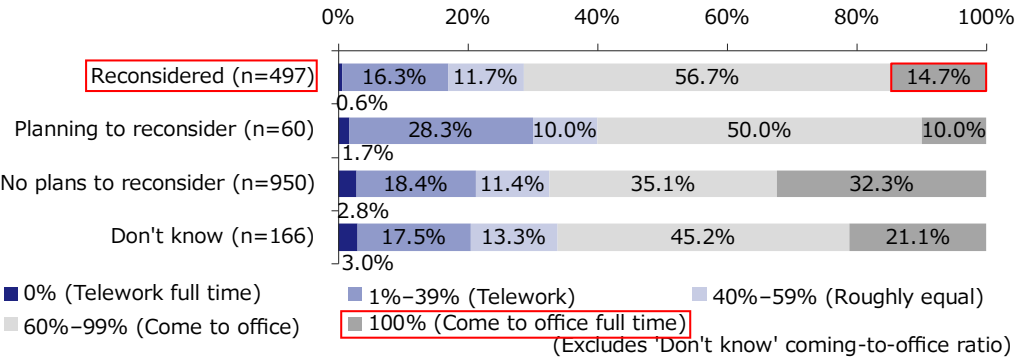**Figure 10: Reconsideration of Coming-to-Office Policy after COVID-19 Downgrade to Class 5 Disease**

Don't know 10.6%

Reconsidered 29.5%

No plans to reconsider 56.4%

Planning to reconsider 3.5%

(All respondents (n=1,705))

Figure 11: Actual Coming-to-Office Ratio – By Status of Reconsidering Coming-to-Office Policy

	0% (Telework full time)	1%–39% (Telework)	40%–59% (Roughly equal)	60%–99% (Come to office)	100% (Come to office full time)
Reconsidered (n=497)	0.6%	16.3%	11.7%	56.7%	14.7%
Planning to reconsider (n=60)	1.7%	28.3%	10.0%	50.0%	10.0%
No plans to reconsider (n=950)	2.8%	18.4%	11.4%	35.1%	32.3%
Don't know (n=166)	3.0%	17.5%	13.3%	45.2%	21.1%

- 0% (Telework full time)
- 1%–39% (Telework)
- 40%–59% (Roughly equal)
- 60%–99% (Come to office)
- 100% (Come to office full time)

(Excludes 'Don't know' coming-to-office ratio)

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Many companies are formulating hybrid work rules as the pandemic abates

When we asked companies in an open-ended question the details of reconsidering their policies concerning coming to the office and teleworking (Figure 10), while some shifted their policy to have employees return to the office (e.g., "Now requiring employees to come to the office as a rule," "Abolished the work-from-home policy"), many companies are formulating teleworking rules on this occasion, indicating that companies are not necessarily embracing a complete return to the office.

In answers such as "We began to think of work styles that accommodate the changing times and circumstances" and "We are facilitating a shift to actively use both on-site work and remote work," we also saw how the pandemic and its end have prompted companies to reconsider their work styles. The following are excerpts of answers.

[Reference] Specific reconsiderations following the downgrade to Class 5 (open-ended question; excerpt)

- We made telework an official program after adopting it on a tentative basis during the pandemic.
- We changed the positioning of telework from a "COVID response" to a "work-life balance response."
- We changed our system to require all employees to come to the office on the monthly "return to office" day (at the start of the month).
- We recommend departments to arbitrarily set a date to come to work.
- We have enabled employees to choose from "come to the office," "work from home," and "come to the office and work from home."
- We changed our instructions from "work from home as much as possible" to "maximize your work output."
- In preparation for another emergency even after the pandemic has abated, those whose work involves visiting customers will continue teleworking, and clerical staff will also continue teleworking in shifts. We will also explore ways to cut costs.
- We limited working from home to one day per week after the shift to Class 5, changed it to two days per week, and now allow it without limits in special circumstances.
- Working from home was once abolished but is being reconsidered to allow to some degree.
- We will reconstruct the standards by conducting a factual investigation to resolve complaints and dissatisfactions among employees concerning the difference in the coming-to-office ratio between departments. Specifically, if employees want to work from home but are not able to, we will examine the issue. If they do not want to do so but feel a sense of unfairness in the system, we will examine the cause, review payment standards for transportation expenses for commuting, and consider work-from-home allowances.
- We signed up for a shared office space, relieving us from having to return to the office from customer visits.

Details of teleworking rules

- Abolished the 50% limit on the coming-to-office ratio. Individuals have discretion over coming to the office or working from home. Advance application of monthly schedules is required.
- Start of teleworking now possible three months after hire versus one year previously.
- Working from home requires permission depending on the employee's skills and experience.
- Established guidelines for the number of days that employees come to the office (twice a week, come to office 50% per month).
- Employees must come to office one day per week; they can work flexibly for the remaining four days.
- Set rules to come to the office at least one day per week.
- Mandated weekly department meetings that require everyone to come to the office.
- Revised the coming-to-office ratio from 30% to around 60% depending on the department.
- Increased the number of days for management staff to come to the office.
- Added employees' parents' homes as telework locations, in addition to their own homes.

16

29.6% feel office is "very small" or "somewhat small"

We calculated the percentage of desks that companies provided to their office occupants based on the number of office occupants and desks at the time of the survey and grouped the results into "less than 100%," "100%," and "more than 100%" (Figure 12).

Companies with desks for "more than 100%" of office occupants accounted for the most (51.8%), while companies with desks for "less than 100%" of office occupants accounted for 21.9%.

As for how companies felt about the size of their current office, 29.6% replied they felt their office was either "very small" or "somewhat small," while 15.8% felt it was "very large" or "somewhat large" (Figure 13 (red frame)).

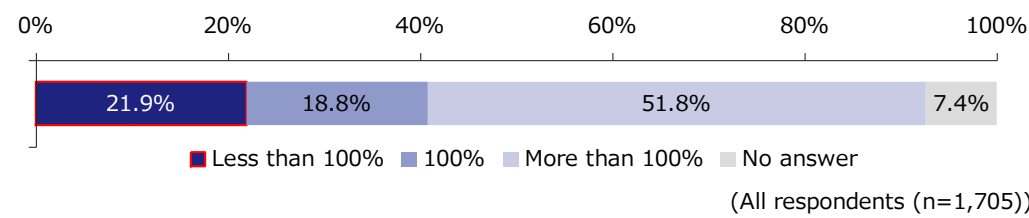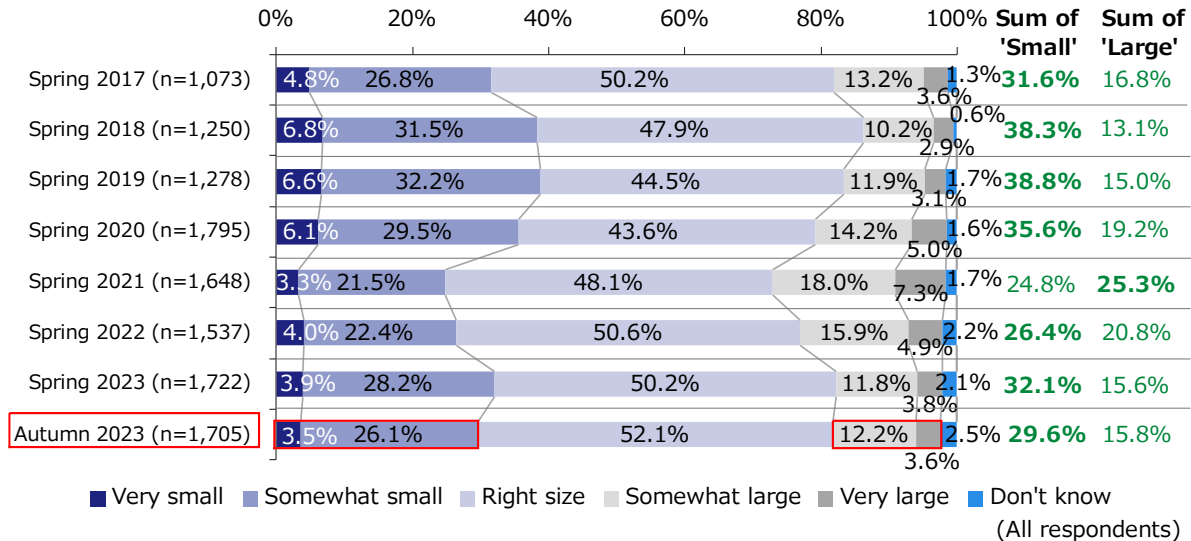**Figure 12: Percentage of Desks to Office Occupants**

21.9%	18.8%	51.8%	7.4%

■ Less than 100% ■ 100% ■ More than 100% ■ No answer

(All respondents (n=1,705))

Figure 13: Impression of Office Size

	Very small	Somewhat small	Right size	Somewhat large	Very large	Don't know	Sum of 'Small'	Sum of 'Large'
Spring 2017 (n=1,073)	4.8%	26.8%	50.2%	13.2%	3.6%	1.3%	**31.6%**	16.8%
Spring 2018 (n=1,250)	6.8%	31.5%	47.9%	10.2%	2.9%	0.6%	**38.3%**	13.1%
Spring 2019 (n=1,278)	6.6%	32.2%	44.5%	11.9%	3.1%	1.7%	**38.8%**	15.0%
Spring 2020 (n=1,795)	6.1%	29.5%	43.6%	14.2%	5.0%	1.6%	**35.6%**	19.2%
Spring 2021 (n=1,648)	3.3%	21.5%	48.1%	18.0%	7.3%	1.7%	24.8%	**25.3%**
Spring 2022 (n=1,537)	4.0%	22.4%	50.6%	15.9%	4.9%	2.2%	**26.4%**	20.8%
Spring 2023 (n=1,722)	3.9%	28.2%	50.2%	11.8%	3.8%	2.1%	**32.1%**	15.6%
Autumn 2023 (n=1,705)	3.5%	26.1%	52.1%	12.2%	3.6%	2.5%	**29.6%**	15.8%

■ Very small ■ Somewhat small ■ Right size ■ Somewhat large ■ Very large ■ Don't know
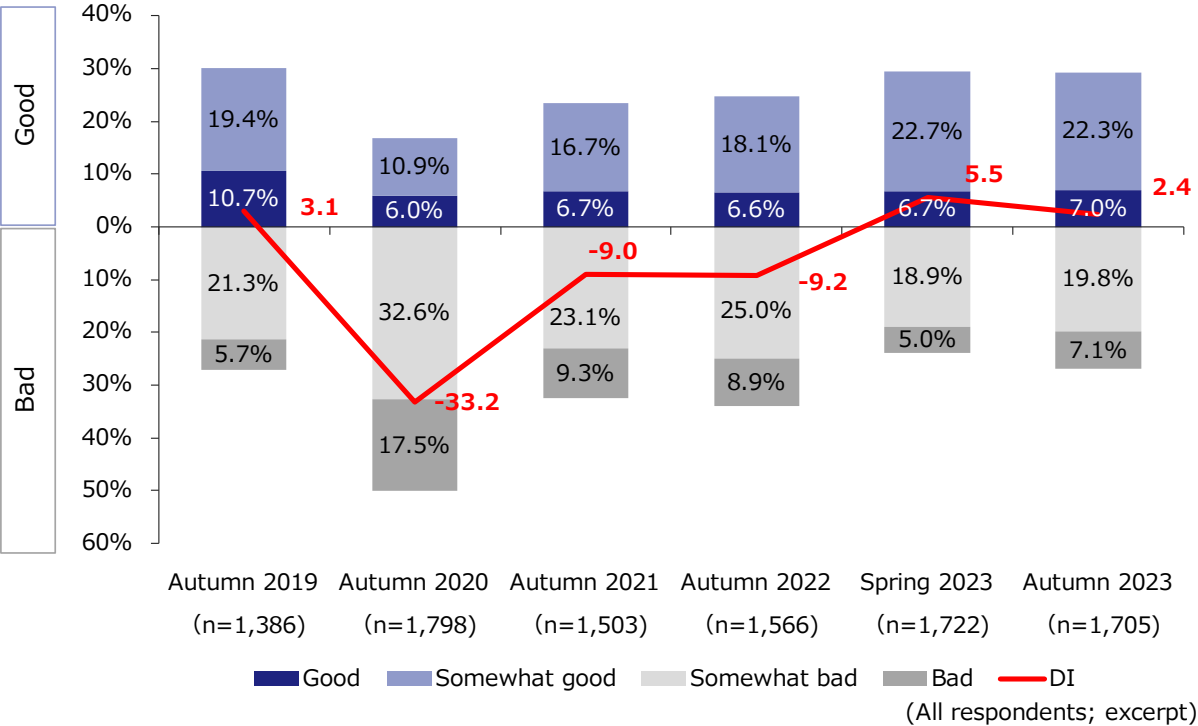
(All respondents)

Business sentiment DI remained positive at 2.4, continuing from the previous survey

Figure 14 shows the business sentiment DI, which is the sum of the percentages of "good" and "somewhat good" business sentiments (for own company) minus the sum of the percentages of "bad" and "somewhat bad" sentiments based on 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 29.3%, and that of "bad" and "somewhat bad" was 26.9%.

The business sentiment DI remained positive at 2.4, continuing from the Spring 2023 survey when it first turned positive after the outbreak of the COVID-19 pandemic.

Figure 14: Business Sentiment

	Autumn 2019 (n=1,386)	Autumn 2020 (n=1,798)	Autumn 2021 (n=1,503)	Autumn 2022 (n=1,566)	Spring 2023 (n=1,722)	Autumn 2023 (n=1,705)
Somewhat good	19.4%	10.9%	16.7%	18.1%	22.7%	22.3%
Good	10.7%	6.0%	6.7%	6.6%	6.7%	7.0%
Somewhat bad	21.3%	32.6%	23.1%	25.0%	18.9%	19.8%
Bad	5.7%	17.5%	9.3%	8.9%	5.0%	7.1%
DI	3.1	-33.2	-9.0	-9.2	5.5	2.4

Good / Bad

Legend: Good, Somewhat good, Somewhat bad, Bad, DI

(All respondents; excerpt)
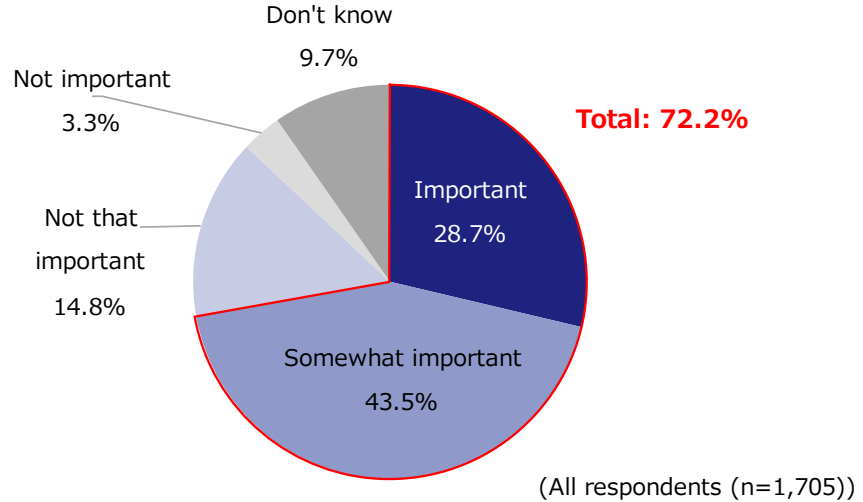
3. Work styles and the workplace

1. Workplace strategies and the main office

2. Work styles and telework

3. Evaluation compared to before the pandemic

More than 70% of companies place importance on workplace strategies for human capital management

When asked whether workplace strategies* were important in retaining talent and human capital management, more than 70% of the companies said they thought they were "important" or "somewhat important" (Figure 15).

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

Figure 15: Attitude Toward Workplace Strategies in Retaining Talent and Human Capital Management

Don't know
9.7%

Not important
3.3%

Not that important
14.8%

Total: 72.2%

Important
28.7%

Somewhat important
43.5%

(All respondents (n=1,705))

"Fixed desks" decreased from before the pandemic; offices becoming more flexible

Figure 16 shows the existing space in companies' current offices in comparison with the pre-pandemic Spring 2019 survey.

While "fixed desks" (78.7%) decreased by approx. 16 points, "open meeting space" (57.2%) and "hot-desking" (44.0%) increased significantly, suggesting that offices have become more flexible after the pandemic.

"Booth or private room for remote meetings," which has been increasing in presence since the pandemic, accounted for 40.1%, indicating that it is being adopted by many companies.

Figure 16: Existing Space in Current Office (in Rented Office Area)

Category	Spring 2019	Autumn 2023
Fixed desks	94.8%	78.7%
Open meeting space	44.9%	57.2%
Hot-desking	25.2%	44.0%
Booth or private room for remote meetings*		40.1%
Space for refreshing	29.3%	24.6%
Space for concentrating*		14.7%
Canteen, café space	8.0%	14.5%
Group hot-desking	7.3%	14.1%
Booth or private room for phone calls*		9.7%
Space for collaborating with outside parties*		6.2%

Spring 2019 (n=1,278)
Autumn 2023 (n=1,705)

(All respondents; MA; excerpt)
*There are no charts for the year when the choice did not exist in the survey.
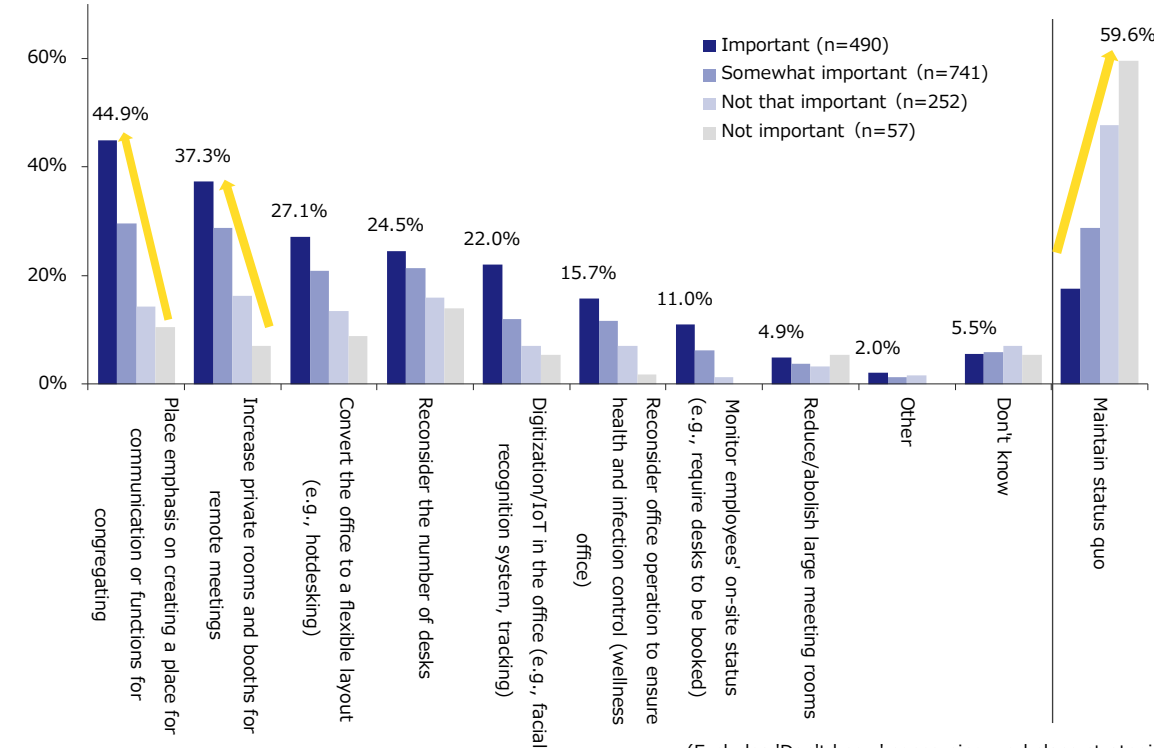
Companies placing importance on workplace strategies are interested in advancing the functions of their main office

When we asked each respondent group of Figure 15 (attitude toward workplace strategies in retaining talent and human capital management) their initiative of interest for the main office, we found that the group that considered workplace strategies to be "important" tended to have a higher interest in each initiative (Figure 17).

The difference was especially large in initiatives such as "place emphasis on creating a place for communication or functions for congregating" and "increase private rooms and booths for remote meetings."

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 17: Initiative of Interest for the Main Office – By Attitude Toward Workplace Strategies

Legend:
- Important (n=490)
- Somewhat important (n=741)
- Not that important (n=252)
- Not important (n=57)

Values shown (Important group):
- Place emphasis on creating a place for communication or functions for congregating: 44.9%
- Increase private rooms and booths for remote meetings: 37.3%
- Convert the office to a flexible layout (e.g., hotdesking): 27.1%
- Reconsider the number of desks: 24.5%
- Digitization/IoT in the office (e.g., facial recognition system, tracking): 22.0%
- Reconsider office operation to ensure health and infection control (wellness office): 15.7%
- Monitor employees' on-site status (e.g., require desks to be booked): 11.0%
- Reduce/abolish large meeting rooms: 4.9%
- Other: 2.0%
- Don't know: 5.5%
- Maintain status quo: 59.6%

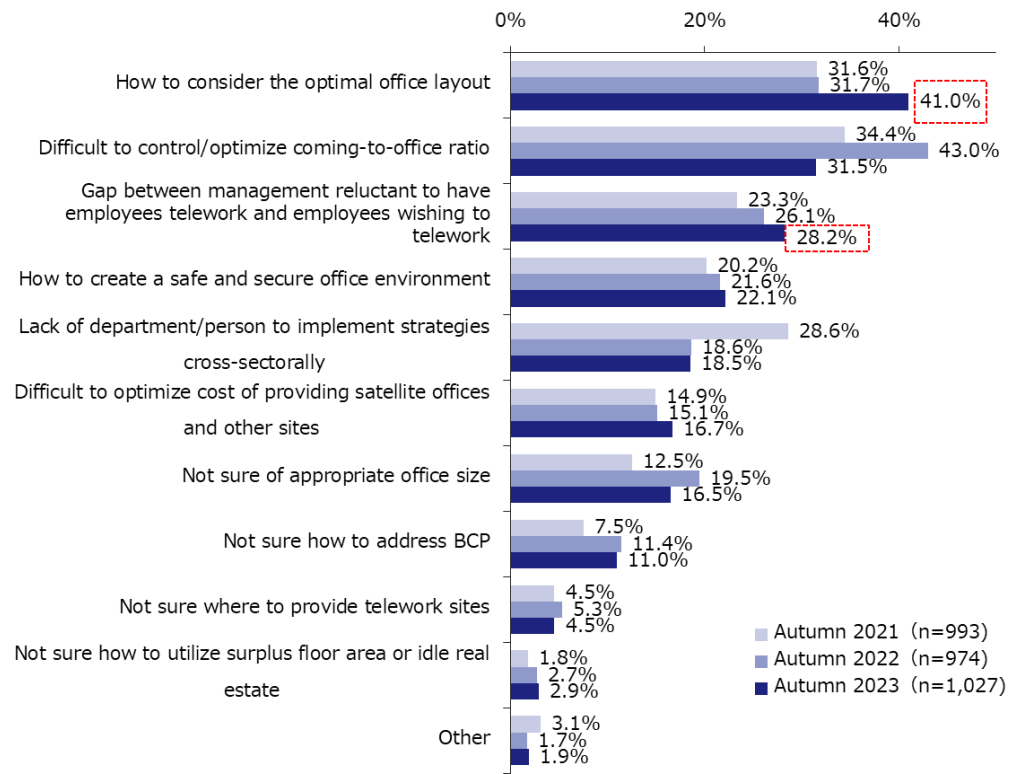(Excludes 'Don't know' concerning workplace strategies; MA)

"How to consider the optimal office layout" increased as a problem or issue

Figure 18 shows a comparison over the years of the problems and issues with reconsidering workplace strategies.

"Difficult to control/optimize coming-to-office ratio" (31.5%), which ranked top in the Autumn 2022 survey, dropped by 11.5 points and was replaced by "how to consider the optimal office layout" (41.0%), which grew by 9.3 points. This suggests that companies are turning their attention to how to use their main office following the spread of hybrid work, which combines coming to the office and teleworking.

"Gap between management reluctant to have employees telework and employees wishing to telework" (28.2%) also increased slightly.

Figure 18: Problems and Issues with Reconsidering Workplace Strategies

How to consider the optimal office layout: 31.6%, 31.7%, 41.0%

Difficult to control/optimize coming-to-office ratio: 34.4%, 43.0%, 31.5%

Gap between management reluctant to have employees telework and employees wishing to telework: 23.3%, 26.1%, 28.2%

How to create a safe and secure office environment: 20.2%, 21.6%, 22.1%

Lack of department/person to implement strategies cross-sectorally: 28.6%, 18.6%, 18.5%

Difficult to optimize cost of providing satellite offices and other sites: 14.9%, 15.1%, 16.7%

Not sure of appropriate office size: 12.5%, 19.5%, 16.5%

Not sure how to address BCP: 7.5%, 11.4%, 11.0%

Not sure where to provide telework sites: 4.5%, 5.3%, 4.5%

Not sure how to utilize surplus floor area or idle real estate: 1.8%, 2.7%, 2.9%

Other: 3.1%, 1.7%, 1.9%

Autumn 2021 (n=993)
Autumn 2022 (n=974)
Autumn 2023 (n=1,027)

(Excludes companies that replied there were no issues in particular; MA)

23

40% are interested in providing a workplace in the provinces; top initiative is develop/use a workation facility

When we asked the companies the initiative they were interested in concerning providing a workplace in the provinces,* 40.8% of all companies said they were "interested" in at least one of the initiatives. This was a slight increase from the Autumn 2022 survey (36.9%) (Figure 19).

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 around half of the companies interested in providing a workplace in the provinces have interest in these initiatives (Figure 20).

*Areas other than the current location of the head office

Figure 19: Interest in Initiatives for Providing a Workplace in the Provinces

	Interested	Not interested/Don't know
Autumn 2022 (n=1,566)	36.9%	63.1%
Autumn 2023 (n=1,705)	40.8%	59.2%

(All respondents)
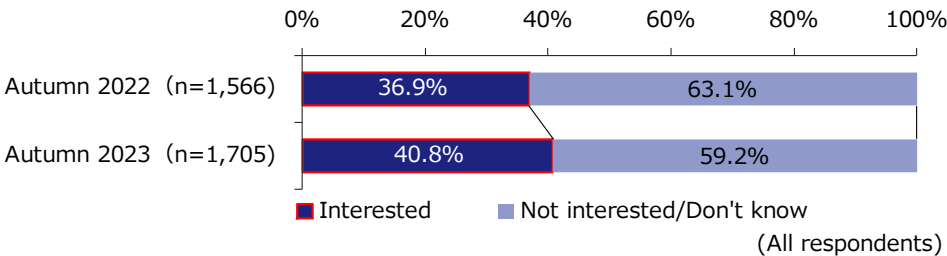
Figure 20: Initiative of Interest for Providing a Workplace in the Provinces

Initiative	%
Develop/use a workation facility for temporary work at resorts, etc.	50.7%
Use satellite office services in the provinces (temporarily or permanently)	47.7%
Establish a satellite office in the provinces (owned or rented by own company)	15.8%
Set up a new branch office, etc. in the provinces	14.5%
Relocate head office functions from the city center to the provinces	6.5%
Other	1.9%
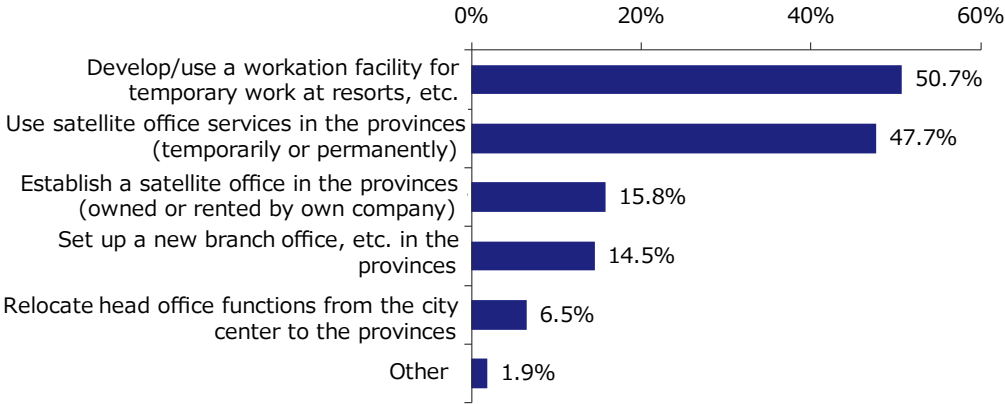
(Companies interested in providing a workplace in the provinces (n=696); MA)

A place or policy for employees to telework is available at approx. 60% of companies

58.4% of the companies replied that at least one of the following three initiatives for telework was available: Work-from-home policy; a satellite office, etc. provided by a specialized operator, etc.; and a satellite office, etc. owned or rented by own company (Figure 21 (red frame)).

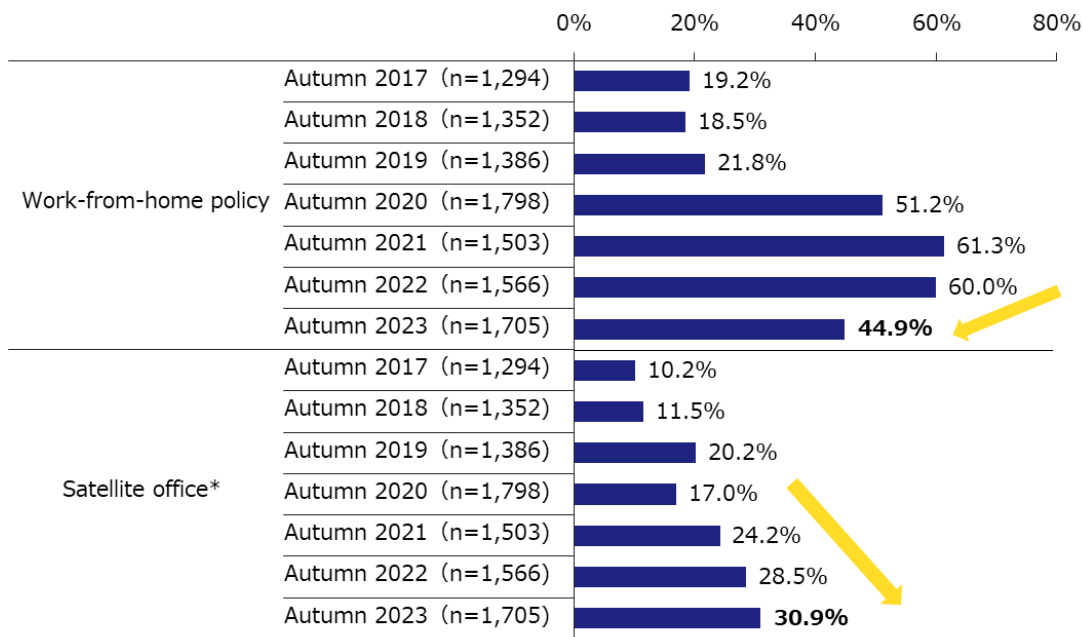**Figure 21: Availability of Place or Policy for Telework**

	Available	Not available
Spring 2017 (n=1,073)	20.8%	79.2%
Autumn 2017 (n=1,294)	24.2%	75.8%
Spring 2018 (n=1,250)	23.3%	76.7%
Autumn 2018 (n=1,352)	23.4%	76.6%
Spring 2019 (n=1,278)	26.2%	73.8%
Autumn 2019 (n=1,386)	30.7%	69.3%
Spring 2020 (n=1,795)	51.3%	48.7%
Autumn 2020 (n=1,798)	54.7%	45.3%
Spring 2021 (n=1,648)	60.1%	39.9%
Autumn 2021 (n=1,503)	68.5%	31.5%
Spring 2022 (n=1,537)	62.4%	37.6%
Autumn 2022 (n=1,566)	69.2%	30.8%
Spring 2023 (n=1,722)	58.9%	41.1%
Autumn 2023 (n=1,705)	58.4%	41.6%

■ Available ■ Not available

(All respondents)

Availability of work-from-home policy decreasing; availability of satellite offices rising each year

The availability of a work-from-home policy has been decreasing after peaking in the Autumn 2021 survey, dropping to 44.9% this time (Figure 22).

On the other hand, the availability of satellite offices has been rising each year, this time to 30.9%.

Figure 22: Availability of Work-from-Home Policy and Satellite Office

		Percentage
Work-from-home policy	Autumn 2017 (n=1,294)	19.2%
	Autumn 2018 (n=1,352)	18.5%
	Autumn 2019 (n=1,386)	21.8%
	Autumn 2020 (n=1,798)	51.2%
	Autumn 2021 (n=1,503)	61.3%
	Autumn 2022 (n=1,566)	60.0%
	Autumn 2023 (n=1,705)	**44.9%**
Satellite office*	Autumn 2017 (n=1,294)	10.2%
	Autumn 2018 (n=1,352)	11.5%
	Autumn 2019 (n=1,386)	20.2%
	Autumn 2020 (n=1,798)	17.0%
	Autumn 2021 (n=1,503)	24.2%
	Autumn 2022 (n=1,566)	28.5%
	Autumn 2023 (n=1,705)	**30.9%**

(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"

Work-from-home policy: Gap between eligible employees and actual users

We asked companies with a work-from-home policy (Figure 22) the percentage of employees eligible for the policy and the percentage of employees actually using the policy (users). Figure 23 shows the distribution of the percentages.

As much as 43.9% of the companies replied that "100%" of their employees were eligible, indicating that they are the majority among companies with a work-from-home policy. On the other hand, only 18.0% of the companies replied that "100%" of their employees were users, which indicates that there is a gap between eligible employees and actual users.

Figure 23: Percentage of Eligible Employees (Top) and Actual Users (Bottom) of Work-from-Home Policy
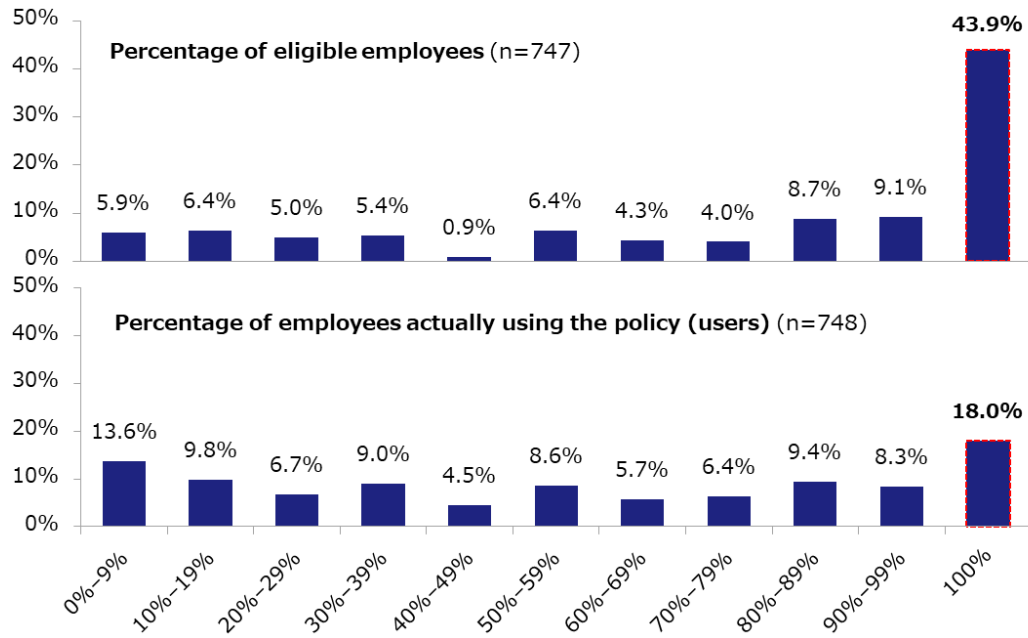
(Companies with a work-from-home policy (excludes non-respondents))

Companies increasingly provide satellite offices, but there is room for growth in actual use

We asked companies with a satellite office (Figure 22) the percentage of eligible employees and the percentage of employees actually using it (users). Figure 24 shows the distribution of the percentages.

The largest number of companies (28.7%) replied that "100%" of their employees were eligible. However, only 6.9% of the companies replied that "100%" of their employees were users, with around 40% of companies saying only "0%–9%" of employees were actual users. These results suggest that companies with a satellite office environment but few actual users have room for user growth.

Figure 24: Percentage of Eligible Employees (Top) and Users (Bottom) of Satellite Offices

Percentage of eligible employees (n=509)

Percentage of actual users (users) (n=509)
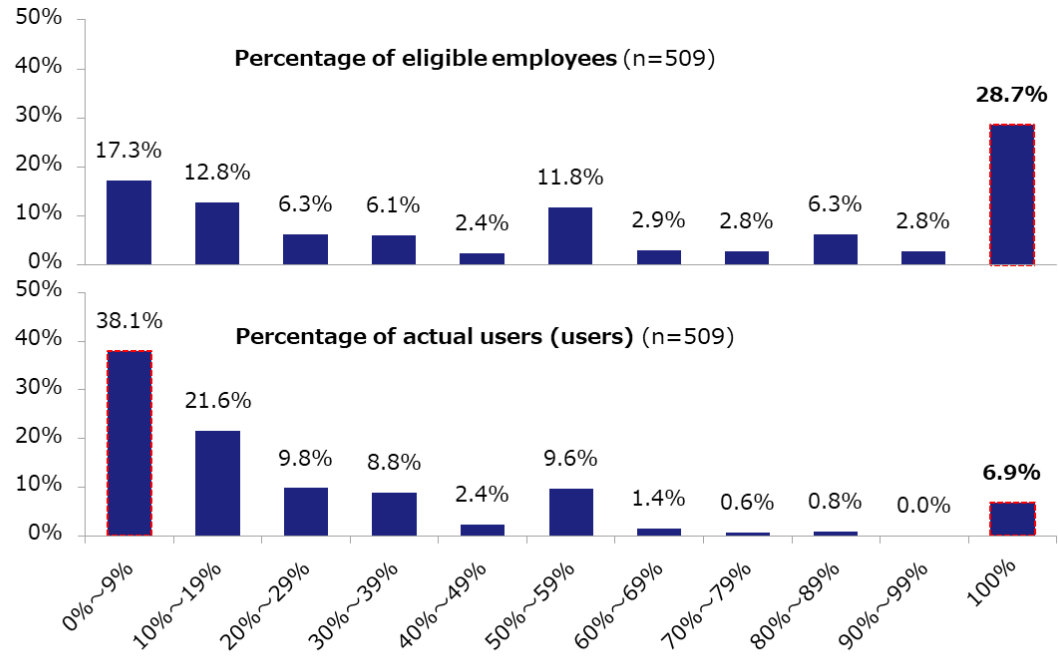
(Companies with a satellite office (excludes non-respondents))

28

Communication for business execution "in place" even online at a majority of companies

We asked the companies to rate five communication-related situations on a scale of "agree" to "disagree." Figure 25-1 shows the results for online communication, and Figure 25-2 shows the results for offline communication.

Figure 25-1 indicates that work-related communication is in place even online at a majority of companies, with, in particular, nearly 80% saying communication with external parties is in place.

On the other hand, Figure 25-2 shows that not a few companies face challenges with offline communication. In particular, 45.1% of the companies replied that they "agree"* in "communication between employees in the office and teleworking employees is scarce," indicating that this is an issue that should be addressed in the future.

*The sum of "agree" and "agree somewhat"

Figure 25-1: Situation Regarding Communication (Online)

	Agree	Agree somewhat	Disagree somewhat	Disagree	Don't know
Internal communication for business execution is in place even online	20.1%	45.0%	19.6%	7.8%	7.5%
External communication (e.g., business negotiations and meetings) is in place even online	25.6%	49.8%	13.7%	5.3%	5.5%

(All respondents (n=1,705))
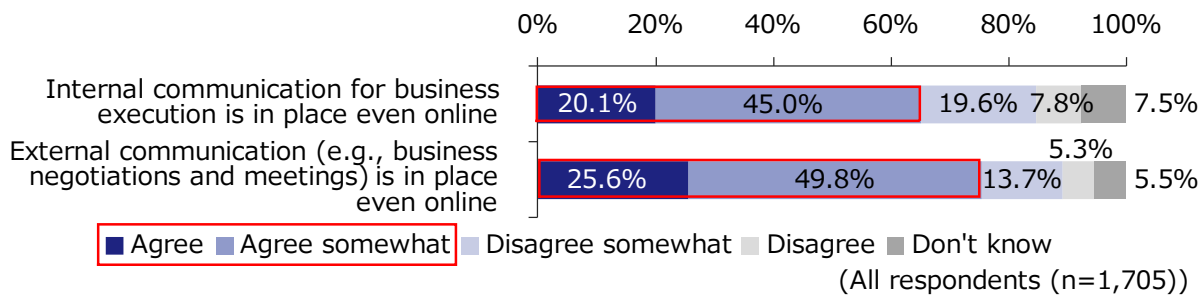
Figure 25-2: Situation Regarding Communication (Offline)

	Agree	Agree somewhat	Disagree somewhat	Disagree	Don't know
Communication between employees in the office and teleworking employees is scarce	10.6%	34.5%	24.8%	15.1%	15.0%
Face-to-face communication in the office is not active	8.8%	28.6%	32.2%	22.2%	8.2%
There is no space for activating communication within the office, or if there is, it is not utilized	9.8%	23.8%	29.4%	24.6%	12.4%

(All respondents (n=1,705))

29
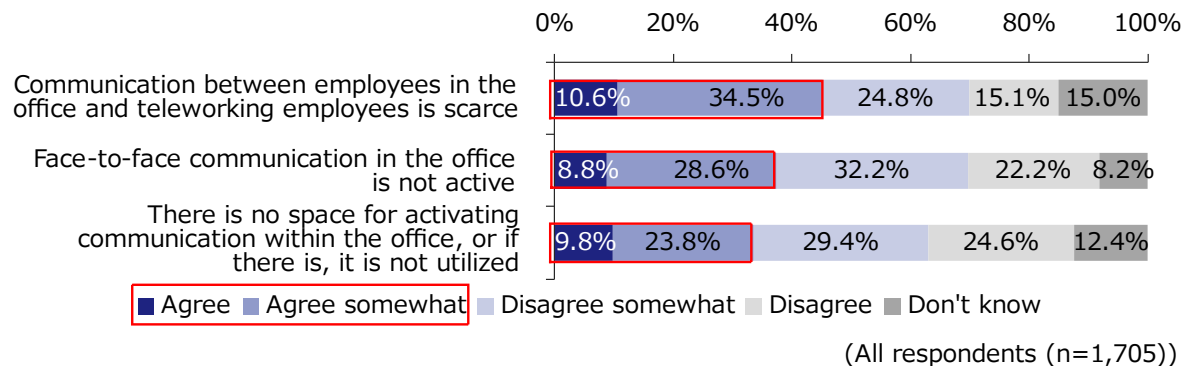
Keywords of communication issues: "Interdepartmental," "new employee training," "interpersonal differences"

When we asked companies in an open-ended question their current communication issues, comments that were especially common included "scarce interdepartmental communication," "training of new/young employees," and "interpersonal differences in awareness." The following are some excerpts of the answers.

A certain number of respondents said they did not face any issues (e.g., "Currently there are no issues, since we have established a task force aimed at facilitating communication," "Efficiency has improved as we have managed to hold regular meetings online") or that communication issues were not related to telework (e.g., Those who do not take the initiative to communicate do not do so whether they are in the office or teleworking," "The issue is how to convince management who assume that communication is difficult when teleworking").

[Reference] Current communication issues (open-ended question; excerpt)

- There is no place for interdepartmental communication.
- The office has minimal space and no space or opportunity for communicating with other departments.
- There have been no significant changes within the team, but trial and error continues in communicating with other teams and communicating outside of work, as the impact of teleworking is significant.
- Information sharing is scarce, since those working in physical stores, those mainly teleworking, and those working in the head office act individually.
- It may take time for new members to become familiar with existing members.
- I feel it is difficult to train new employees without face-to-face contact.
- It is taking some time for mid-career employees to get up to speed.
- I don't know the faces and names of the young employees who joined the company after the pandemic broke out, so I cannot even greet them when I pass them in the hallway.
- Those with low communication skills who cannot act independently are not suited for remote work, but it is hard to tell at the time of the interview.
- Camaraderie seems to be less than it used to be, but I'm no longer sure of the necessity of camaraderie in the first place.
- We have exchange meetings during work hours to encourage communication, but they are not working that well.

- Gatherings outside of work (e.g., drinking parties) have decreased significantly, and I am wondering how we should respond in the future, since each employee has a different attitude toward such things.
- There is a generational divide between the Show Generation and Generation Z due to different attitudes toward communication.
- Communication varies between people since some people are proficient in using online tools while others are not.
- IT literacy is generally low among the manager class at the sales sites, resulting in mainly telephone and email communication instead of online tools.
- Chat communication is good in the sense that it leaves evidence, but attention should be paid to appropriate wording.
- When there is more than one person on the other end of a business meeting with a customer, it is hard to follow up on someone with a frown.
- It has become hard to elicit the counterparty's needs through small talk within or outside the company.
- There are situations where it lacks speed.
- While almost all employees come to the office, managers continue to work from home, resulting in lack of communication with those in such ranks. Conference tools are in place, but the atmosphere is not one where you can easily ask managers to make time for you.
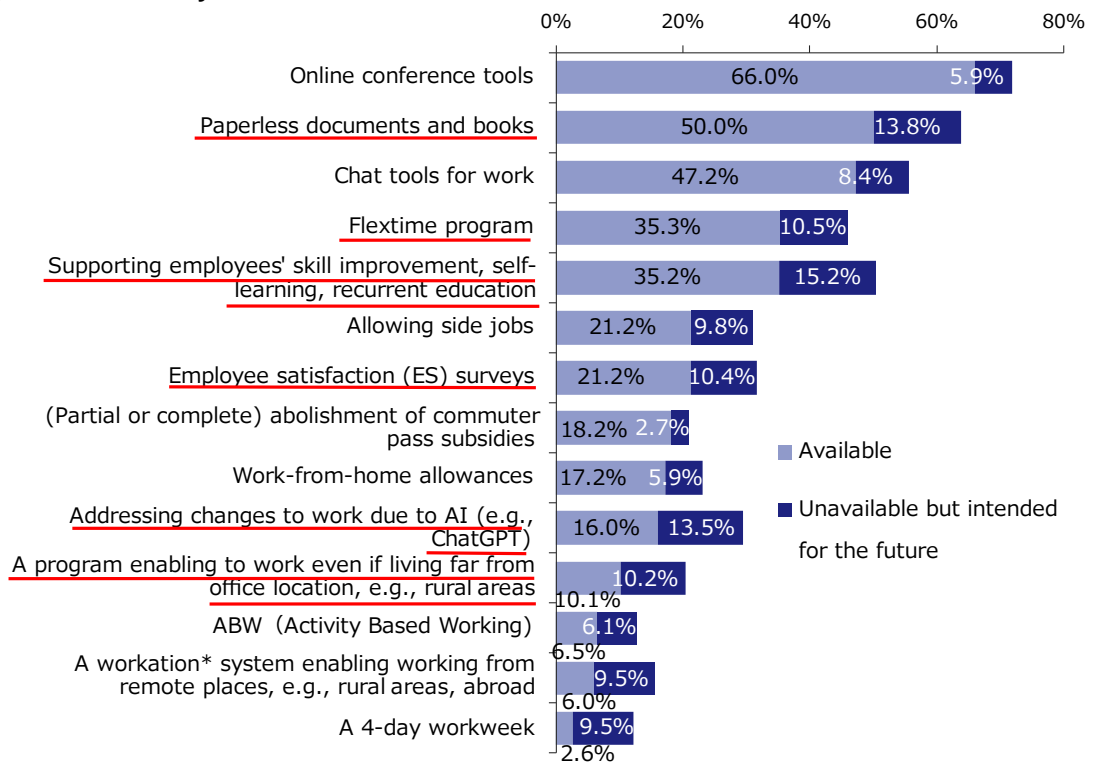
30

Initiatives such as "Addressing changes to work due to AI (e.g., ChatGPT)" are expected to increase in the future

Figure 26 shows the percentage of work style initiatives currently available at the companies combined with the percentage of initiatives not currently available but that companies intend to implement in the future ("unavailable but intended for the future").

Of the top initiatives, those unavailable but intended for the future include "paperless documents and books," "flextime program," and "supporting employees' skill improvement, self-learning, recurrent education."

Advanced initiatives with low current availability, such as "employee satisfaction (ES) surveys," "addressing changes to work due to AI (e.g., ChatGPT)," and "a program enabling to work even if living far from office location, e.g., rural areas," are expected to grow in availability in the future as their percentages of "unavailable but intended for the future" are more than 10%.

Figure 26: Work Style Initiatives

| Initiative	Available	Unavailable but intended for the future
Online conference tools	66.0%	5.9%
Paperless documents and books	50.0%	13.8%
Chat tools for work	47.2%	8.4%
Flextime program	35.3%	10.5%
Supporting employees' skill improvement, self-learning, recurrent education	35.2%	15.2%
Allowing side jobs	21.2%	9.8%
Employee satisfaction (ES) surveys	21.2%	10.4%
(Partial or complete) abolishment of commuter pass subsidies	18.2%	2.7%
Work-from-home allowances	17.2%	5.9%
Addressing changes to work due to AI (e.g., ChatGPT)	16.0%	13.5%
A program enabling to work even if living far from office location, e.g., rural areas	10.1%	10.2%
ABW (Activity Based Working)	6.5%	6.1%
A workation* system enabling working from remote places, e.g., rural areas, abroad	6.0%	9.5%
A 4-day workweek	2.6%	9.5%

(All respondents (n=1,705); MA)

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

34.4% of companies want to introduce a satellite office in the future

Figure 27 shows the initiative concerning the place or policy for telework that companies want to implement in the future (up to 1–2 years ahead), regardless of the current situation.

While intentions to introduce a work-from-home policy, which is currently in place in 44.9% of the companies, have decreased to 38.3%, intentions to introduce a satellite office has increased to 34.4%, slightly higher than the actual availability rate.

Figure 27: Initiatives Concerning the Place or Policy for Telework Companies Want to Implement
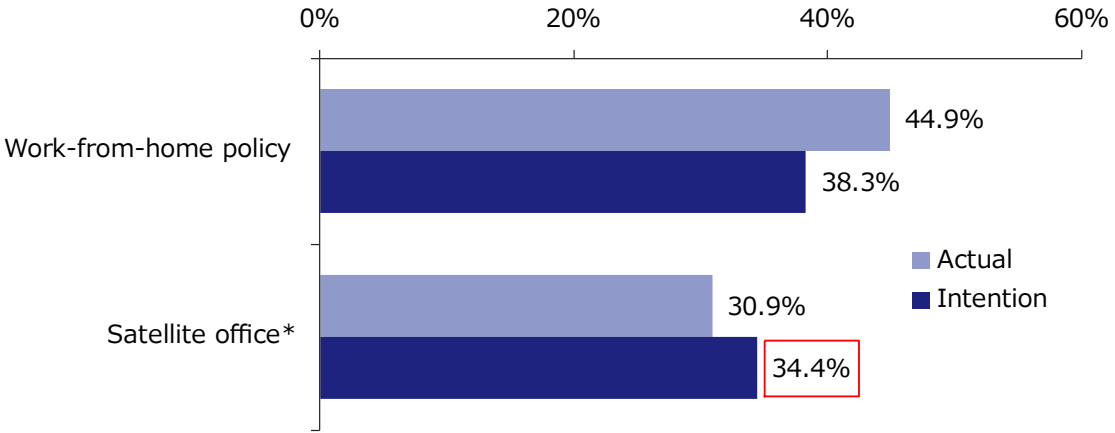
(All respondents (n=1,705))

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

"Type where private rooms and booths for individual work are shared with other companies" is popular

We asked the companies that want to use a satellite office in the future (Figure 24) their preferred type of satellite office (Figure 28).

As in the previous survey, the most popular was the "type where private rooms and booths for individual work are shared with other companies" (60.0%). The "exclusive type used only by employees of one's company" (39.5%) and the "type where meeting rooms for multiple people are shared with other companies" (39.2%) also gained a certain amount of popularity.

Figure 28: Preferred Type of Satellite Office
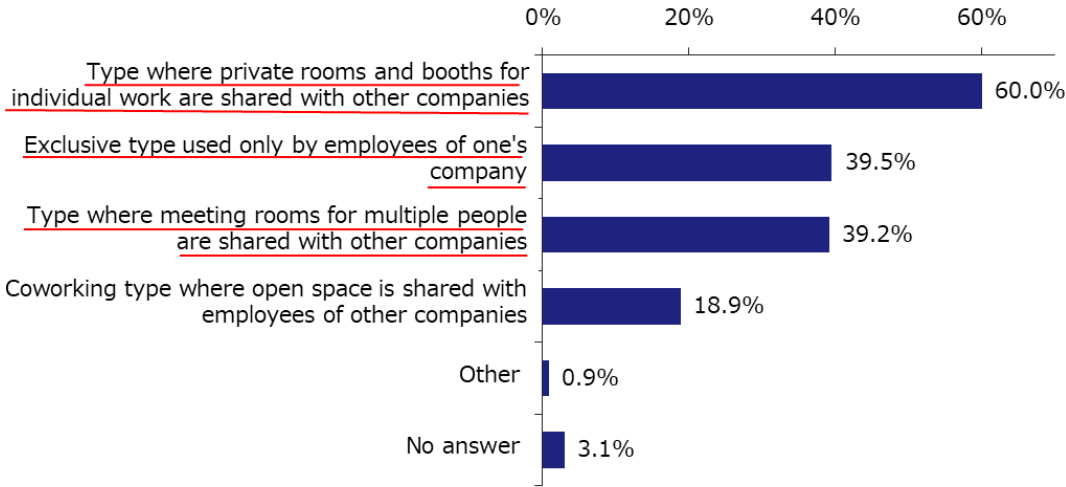
(Companies that want to introduce or continue using a satellite office (n=587); MA)

Reasons for wanting to use a satellite office include "to reduce commute time" and "to compensate for disadvantages of working from home"

Figure 29 shows the reasons for wanting to use a satellite office.

The top reasons were "to reduce employees' commute/travel time" (59.3%), "to compensate for disadvantages of working from home (e.g., difficulty in concentrating, family in same house, house too small)" (47.7%), and "to improve employees' work-life balance (39.4%).

Figure 29: Reason for Wanting to Use a Satellite Office in the Future
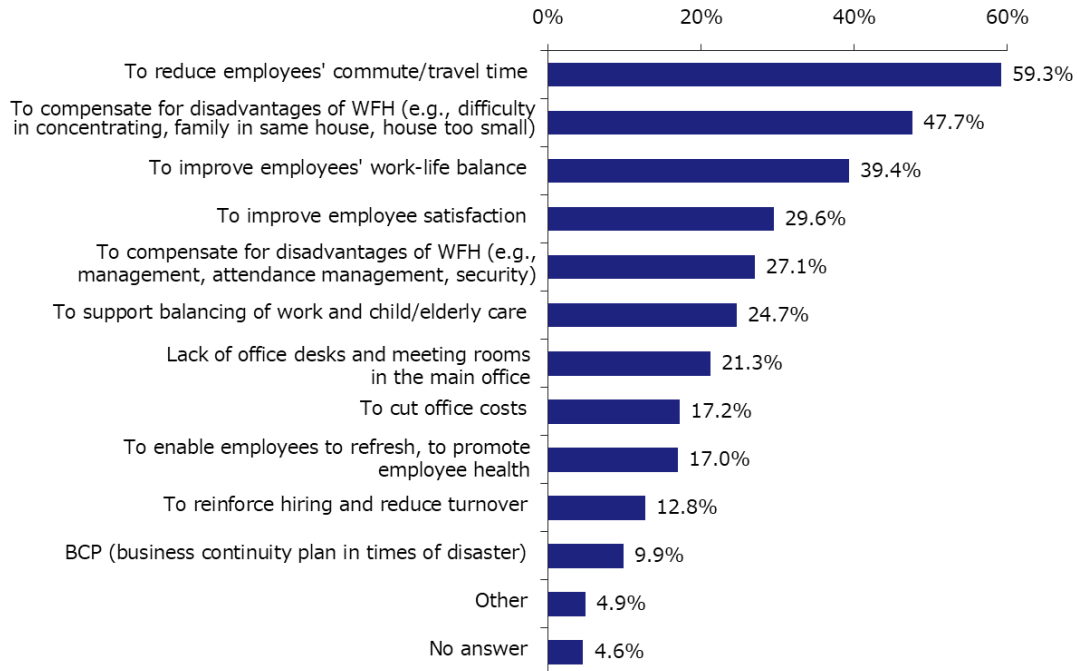
(Companies that have introduced or want to continue using a satellite office (n=587); MA)

Percentage of employee performance decline from before the pandemic is decreasing each year

We asked companies to rate their "employee performance," "employee well-being," and "talent retention (new hiring, turnover reduction)" compared to before the pandemic. The majority of respondents said "unchanged" for each of these items (Figure 30).

For "employee performance" and "employee well-being," "improved"[*1] outweighed "declined."[*2]

Figure 31 shows the results of companies' evaluation of "employee performance" compared to previous surveys.

In the Autumn 2023 survey, the "improved" total was 17.0%, while the "declined" total was 10.7%. The percentage of "declined" is decreasing each year. This is likely to be related to the fact that companies that introduced telework in response to the pandemic have improved the work environment and their employees have adapted to the work style, resulting in the new work style becoming established.

*1 Sum of "improved" and "improved somewhat"
*2 Sum of "declined" and "declined somewhat"

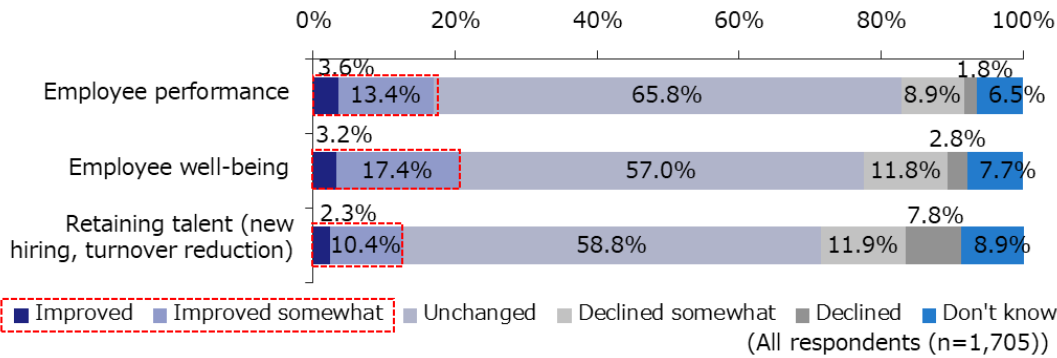**Figure 30: Current Evaluation Compared to Before COVID-19 Pandemic**

Figure 31: Current "Employee Performance" Evaluation Compared to Before COVID-19 Pandemic (Comparison over Time)

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