

Metropolitan Areas Office Demand Survey Spring 2024 <Summary Report>

Offices expanding as companies move to a hybrid model with employees coming to the office frequently

July 31, 2024

One year has passed since the COVID-19 pandemic came to a tentative end with its reclassification as a Class 5 disease. Has this changed the work styles at Japanese companies?

Since autumn 2016, Xymax Real Estate Institute has continuously conducted a semi-annual questionnaire survey of companies on office use and employee work styles to analyze the relationship to office demand. We have published a report summarizing the results of the 16th survey. This **Summary Report** is an excerpt from the full report.

Main Findings

- Changes in office size over the past year: **"Expansion (actual + potential)" accounted for 15.9%**, the third consecutive year of increases since bottoming out in the Spring 2021 survey (**Figure 1**).
- Future office size (up to 2–3 years ahead): **"Want to expand" (19.2%)** outweighed "Want to downsize" (5.1%) (**Figure 2**).
- Coming-to-office ratio: **"100% (Come to office full time)" accounted for 24.7%**. "60%–99% (Tend to come to office)" (44.4%) increased slightly. We believe that many companies are continuing to adopt hybrid work but with an increasing percentage of employees coming to the office (**Figure 3**).
- Major focuses when implementing office strategy: **"Improvement of employee satisfaction" (64.4%)** increased significantly (+36.1 pt) from the Spring 2019 survey (**Figure 4**).
- Spaces companies want to add/introduce in the future: Top choices were **"Meeting room (private room)" (25.0%)** and **"Booth or private room for remote meetings" (24.9%)** (**Figure 5**).
- Issues felt in the main office*: The top response was "Difficulty in controlling comfortable temperatures" (42.3%), followed by **"Lack of meeting rooms" (32.4%)** and **"Lack of private rooms for remote meetings" (26.4%)** (**Figure 6-1**). When comparing this in terms of the comfort rating of the main office, we found that a certain number of companies with the highest comfort rating (5–6 points) also considered these top three matters as issues (**Figure 6-2**).
- Availability of telework locations and policies: **45.5% of companies adopted a work-from-home policy and 29.7% satellite offices**. Both were unchanged from the Spring 2023 survey (**Figure 7**).

*Main office: Not the decentralized office that serves as a telework location (e.g., satellite office), but the traditional office for congregating.

Survey Overview

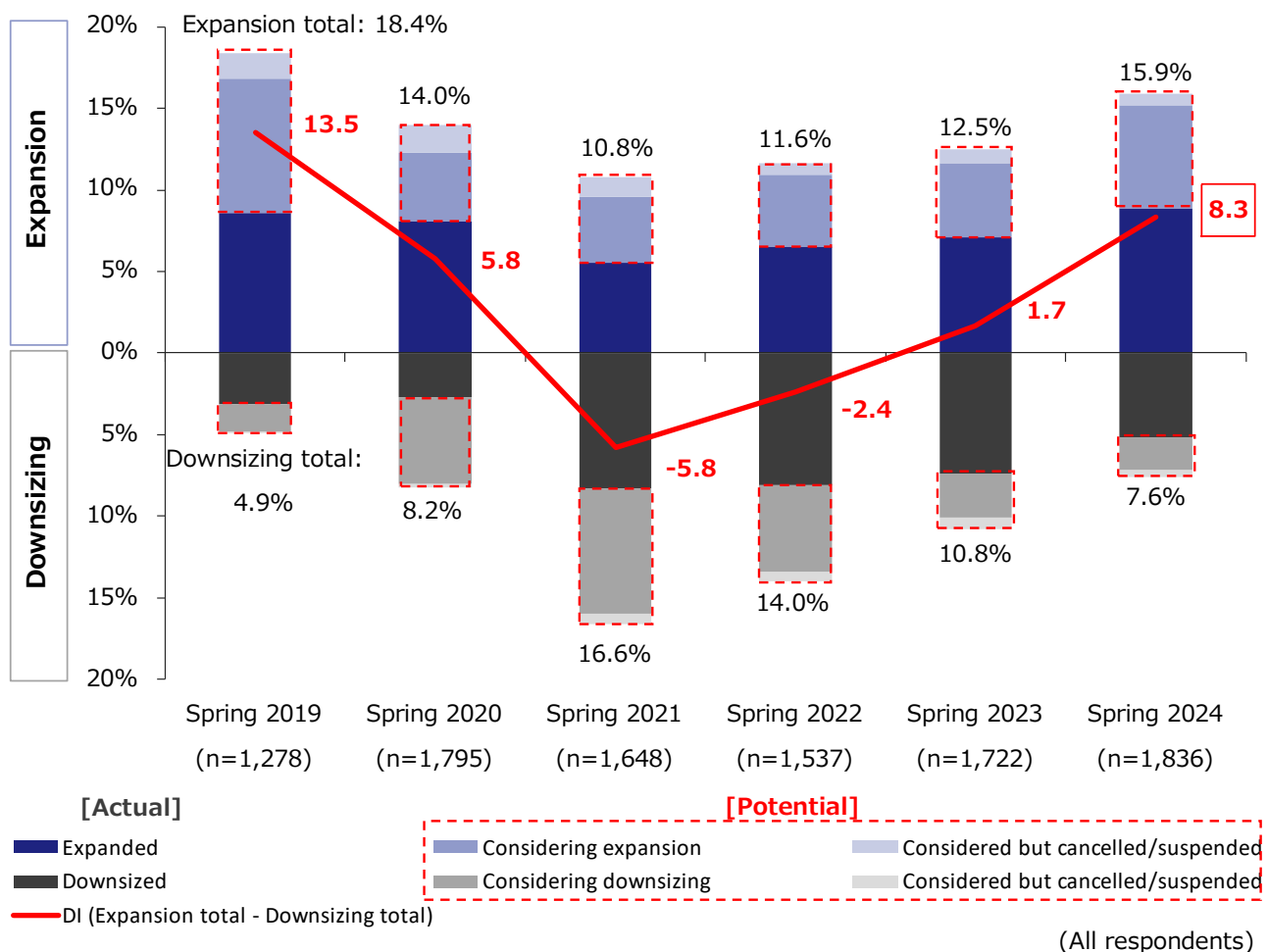
Survey period:	June 4–16, 2024
Target respondents:	55,645 companies in total that include the following: <ul style="list-style-type: none">• Tenants of office buildings managed by the Xymax Group• Companies subscribing to ZXY, a satellite office service for corporate customers• Client companies of XYMAX INFONISTA Corporation
No. of valid responses:	1,836 (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)
Survey method:	Email

topic 1

In terms of changes in office size over the past year, the percentage of “Expansion (actual + potential)” was 15.9%, increasing since bottoming out in the Spring 2021 survey (**Figure 1**). Similarly, the percentage of “Downsizing (actual + potential)” was 7.6%, declining since peaking in Spring 2021.

The DI, which is the difference between the expansion total and the downsizing total, increased in the positive direction to 8.3. Not only has the downsizing trend that had been in place for a while due to the outbreak of the COVID-19 pandemic settled, but it has also reversed into an expansion trend.

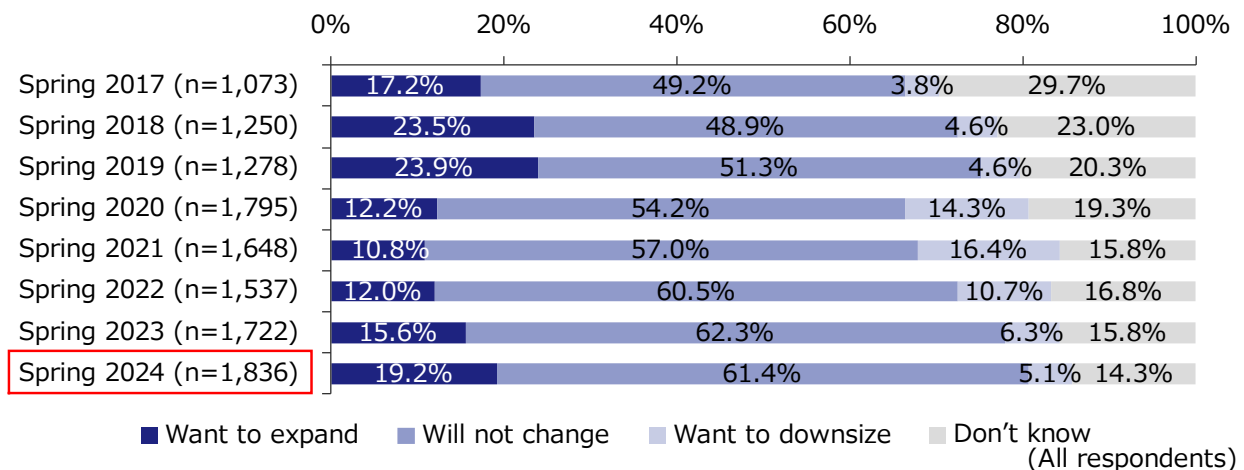
Figure 1: Change in Office Size over Past Year (Actual + Potential)



topic 2

In terms of future office size (up to 2–3 years ahead), 19.2% of the companies said they “want to expand,” more than those who said they “want to downsize” (5.1%) **(Figure 2)**. When compared over time, the percentage of companies that “want to expand” has been increasing since bottoming out in the Spring 2021 survey and has not returned to pre-pandemic (prior to the Spring 2019 survey) levels.

Figure 2: Future Change in Office Size

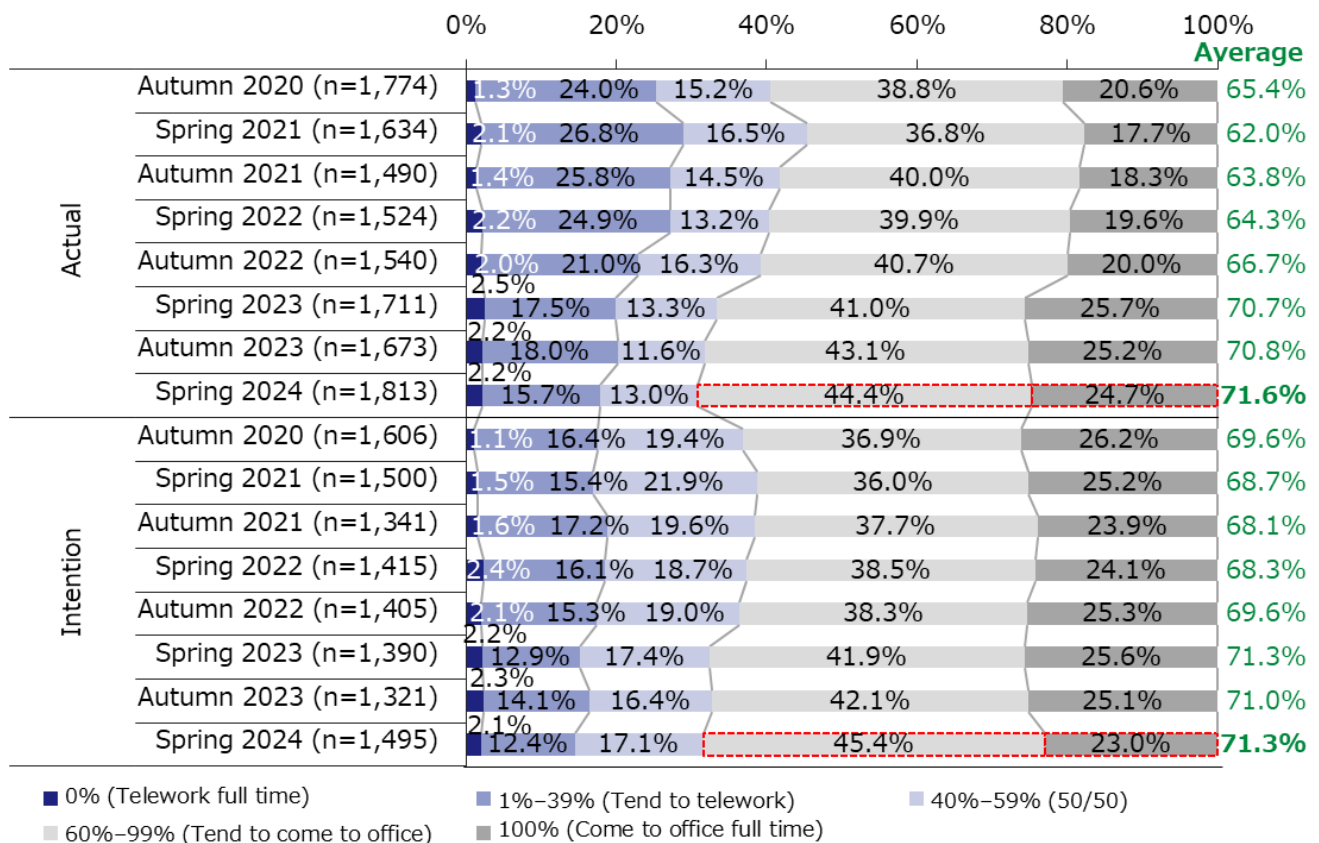


topic 3

When looking at the current coming-to-office ratio (actual) over time, “100% (Come to office full time)” accounted for 24.7%, largely unchanged since the Spring 2023 survey, which was conducted immediately after COVID-19 was reclassified as a Class 5 disease (**Figure 3**).

However, “60%–99% (Tend to come to office)” has been increasing slightly in terms of both actual and intention. This suggests that while many companies still adopt hybrid work, which embraces both coming to the office and teleworking, the rate of employees coming to the office has been gradually increasing.

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 employee; will not set specific target')

topic 4

As for companies' major focuses when implementing office strategy, the top response was "Productivity improvement" (68.5%) (**Figure 4**).

When compared with the Spring 2019 survey, which was conducted prior to the outbreak of the COVID-19 pandemic, "Improvement of employee satisfaction" (64.4%), the second most popular response, increased significantly by 36.1 pt, indicating that there has been a change in the values toward the office. The percentages increased in all items, suggesting a rise in expectations toward office planning and the office's role in solving management issues.

Other items that showed significant increases are underlined in red.

Figure 4: Major Focuses When Implementing Office Strategy



(All respondents; MA)

*1 For Spring 2019, the percentage of companies that chose either 'Intensified hiring' or 'Reduction of turnover rate'

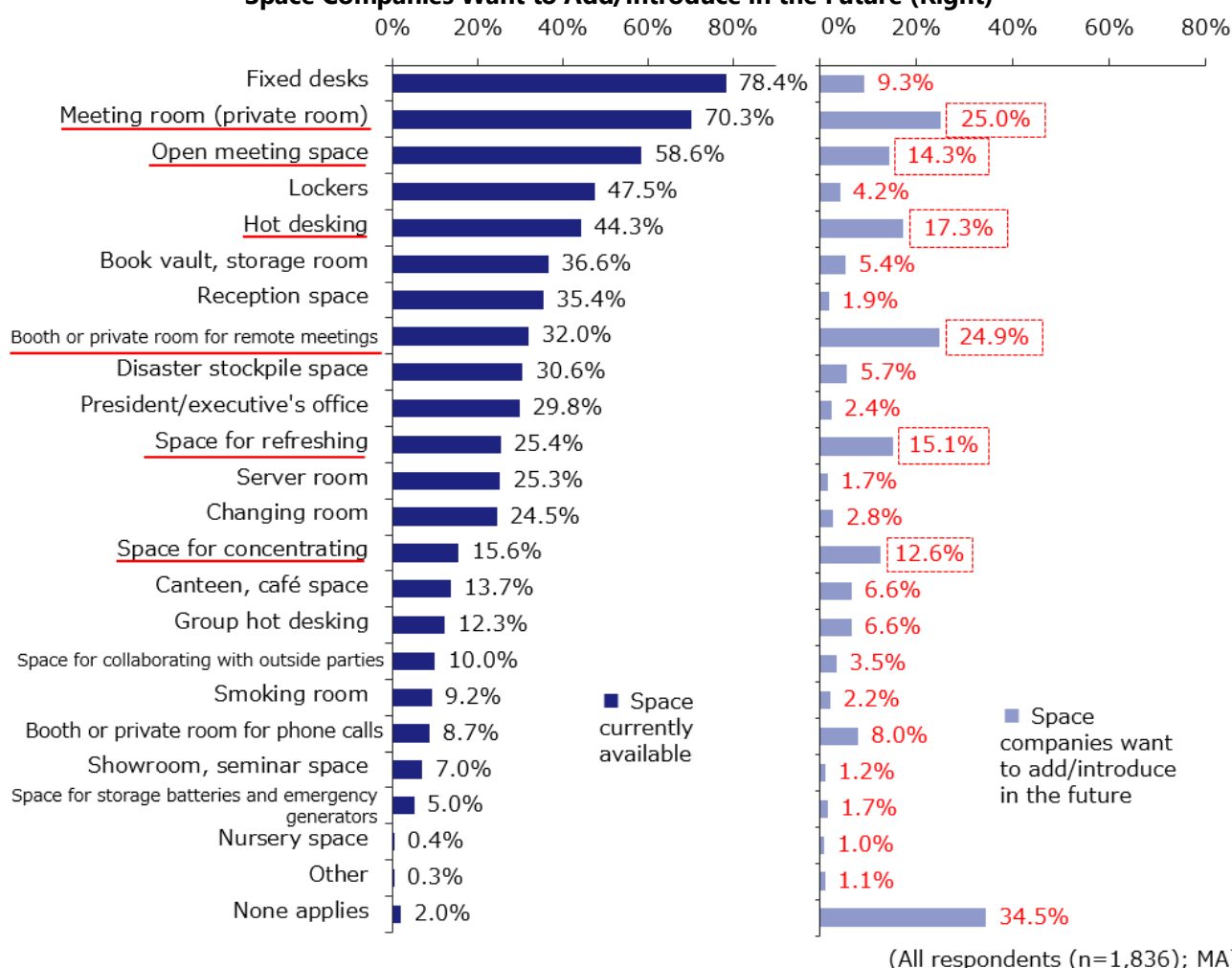
*2 No chart for the year in which the choice did not exist.

topic 5

In terms of the various spaces currently available in companies' offices (left chart), the top responses were "Fixed desks" (78.4%) and "Meeting room (private room)" (70.3%), followed by "Open meeting space" (58.6%) (**Figure 5**)

Meanwhile, the top responses for space that companies want to add or introduce in the future (right chart) included "Meeting room (private room)" (25.0%), "Booth or private room for remote meetings" (24.9%), and "Hot desking" (17.3%). We believe that, since employees are coming to the office more frequently (**topic 3**) while continuing to work under the hybrid model, there has been an increase in face-to-face meetings when employees are in the office and remote meetings, resulting in a rise in the need for space dedicated to such meetings. Going forward, workplaces will need to be designed to allow employees to choose where they work flexibly and to encourage communication.

Figure 5: Space Currently Available in the Office (Left) and Space Companies Want to Add/Introduce in the Future (Right)



topic 6

The top issue felt by companies concerning their current main office was “Difficulty in controlling comfortable temperatures” (42.3%) (**Figure 6-1**). This was followed by “Lack of meeting rooms” (32.4%) and “Lack of private rooms for remote meetings” (26.4%), indicating a lack of meeting space due to an increase in the frequency of employees coming to the office.

When comparing this result in terms of the comfort rating of the main office, the group with lower comfort ratings was more likely to experience issues in all items (**Figure 6-2**). For example, “Difficulty in controlling comfortable temperatures” and “Lack of meeting rooms” were chosen by as many as 52.9% and 43.4% of the companies, respectively. Meanwhile, we found that a certain number of companies in the group with the highest comfort ratings (5–6 points) also felt that the top three items were issues. Items such as “Lack of meeting rooms” and “Lack of private rooms for remote meetings” likely reflect the failure of the office to adapt to changing work styles. Future improvements are expected.

Figure 6-1: Issues Felt in Current Main Office

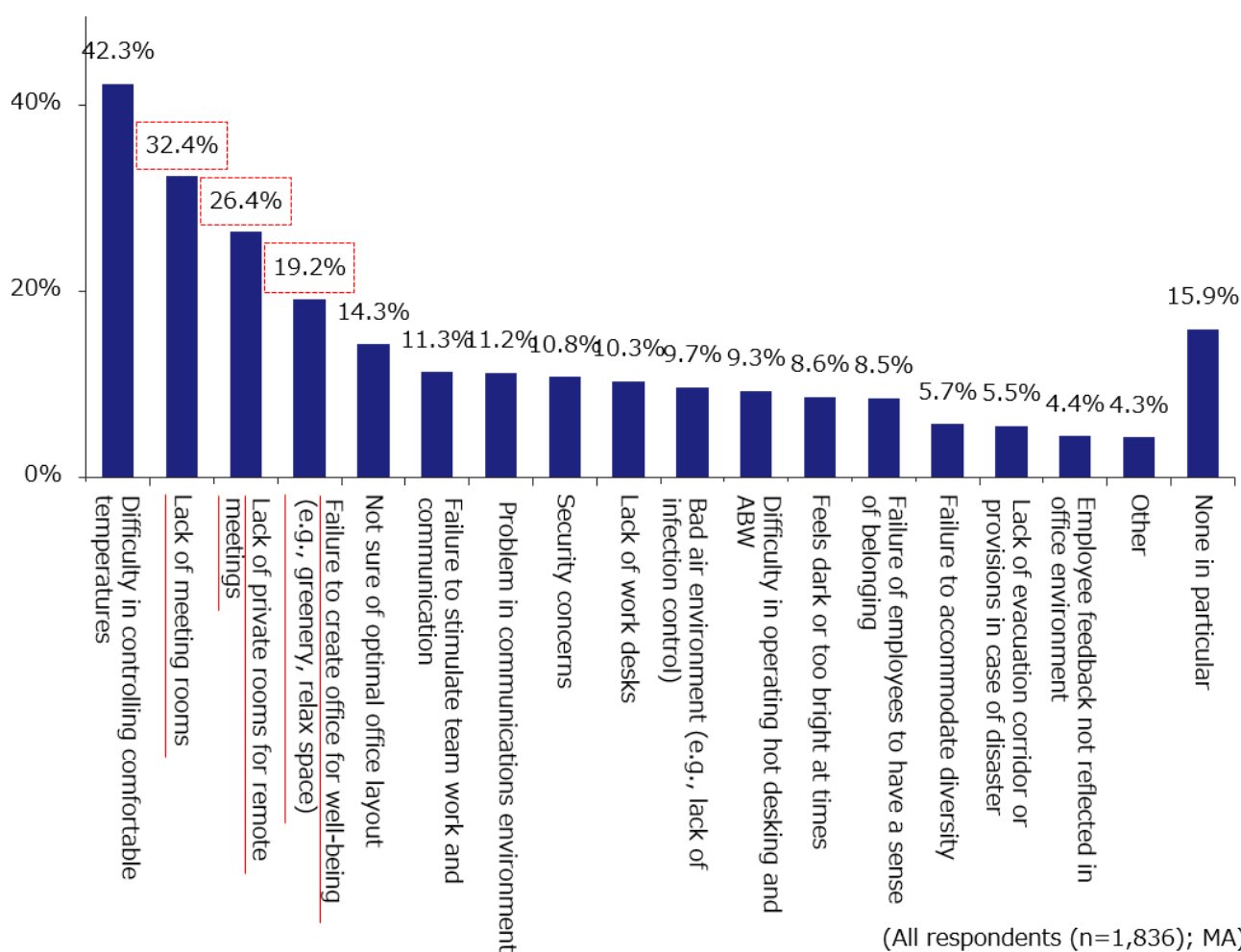
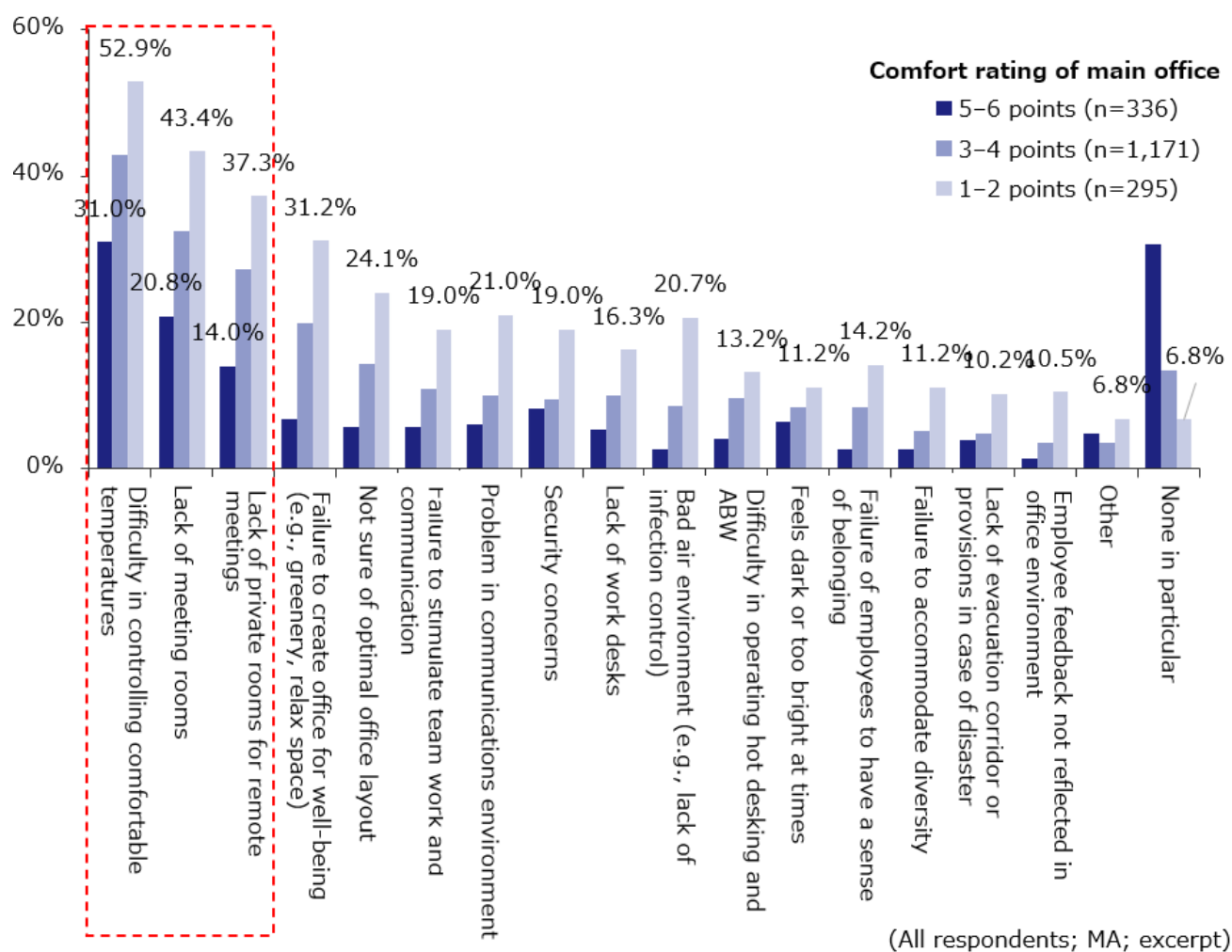
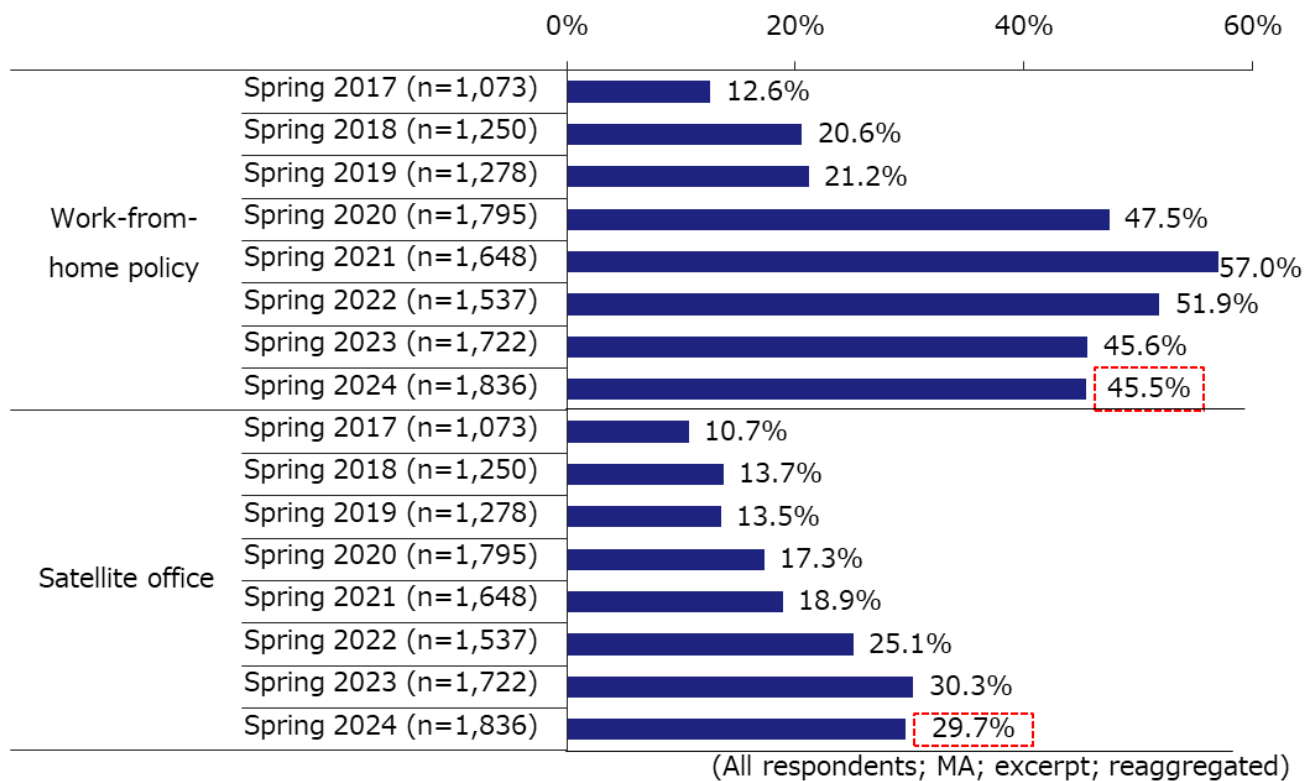


Figure 6-2: Issues Felt in Current Main Office – By Comfort Rating of Main Office

topic 7

The availability of work-from-home policies was 45.5% after declining since peaking in the Spring 2021 survey (Figure 7). The availability of satellite offices was 29.7%. Both were largely unchanged from Spring 2023.

Figure 7: Availability of Work-from-Home Policy and Satellite Office



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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