

# Metropolitan Areas Office Demand Survey 2016 New Ways of Working and Office

Ways of working changed. Alternative workspaces are becoming popular.

January 30, 2017

Keeping workers and improving productivity are urgent matters facing companies in Japan; labor shortage from the aging population and decline in working-age population is a nationwide problem. More companies are starting to allow employees to be flexible on where and when they work. If this trend goes on, it will impact the office space demand. For example, not only the required size of office but also the preferred location and the way of using the office space will be different in the future.

Xymax Real Estate Institute started a regular survey on the use of office space and ways of how people work. Based on the survey, we examine the impact of the trends on the office space demand. The study of new ways of working and alternative workspaces from our first survey is covered in this report. For the office demand trend part, please read the other report released on January 12, 2017.

## Summary of Survey Results: New Ways of Working and Office

### 1. Initiatives on New Ways of Working (Page 2 – Page 5)

**Companies that hire more are more positive. Different industries take different approaches.**

**Figures 2 and 3**

- More than half of the companies made mobile working available for employees.
- Large companies with more employees are more positive in allowing different ways of working.
- Mobile working is popular in manufacturers while hot-desking offices and work-from-home programs are popular in telecommunication industry.
- Top management took the initiative (62%).
- New ways of working were started aiming to improve productivity (65%).

### 2. Alternative Workspaces Year-on-Year Change (Page 6 – Page 7)

Largest progress over the year was work-from-home program (7.0%). Use of mobile-work office (not the main office, not the home) started in the past year (4.4%). **Different workspaces are becoming more available.**

**Figure 6**

### 3. Office Strategy – Intention and Focus (Page 8 – Page 9)

There are not only traditional personal desk areas but also refresh spaces and hot-desking areas.

**Companies showed intention to have strategies that allow employees to work away from the main office** such as working from home or use of mobile-work office.

**Figure 9**

### 4. Office Strategy – Concerns (Page 10)

Cost-control related matters dominated the top concerns. Companies worry that improving the office is costly and its cost efficiency is unclear.

**Figure 11**

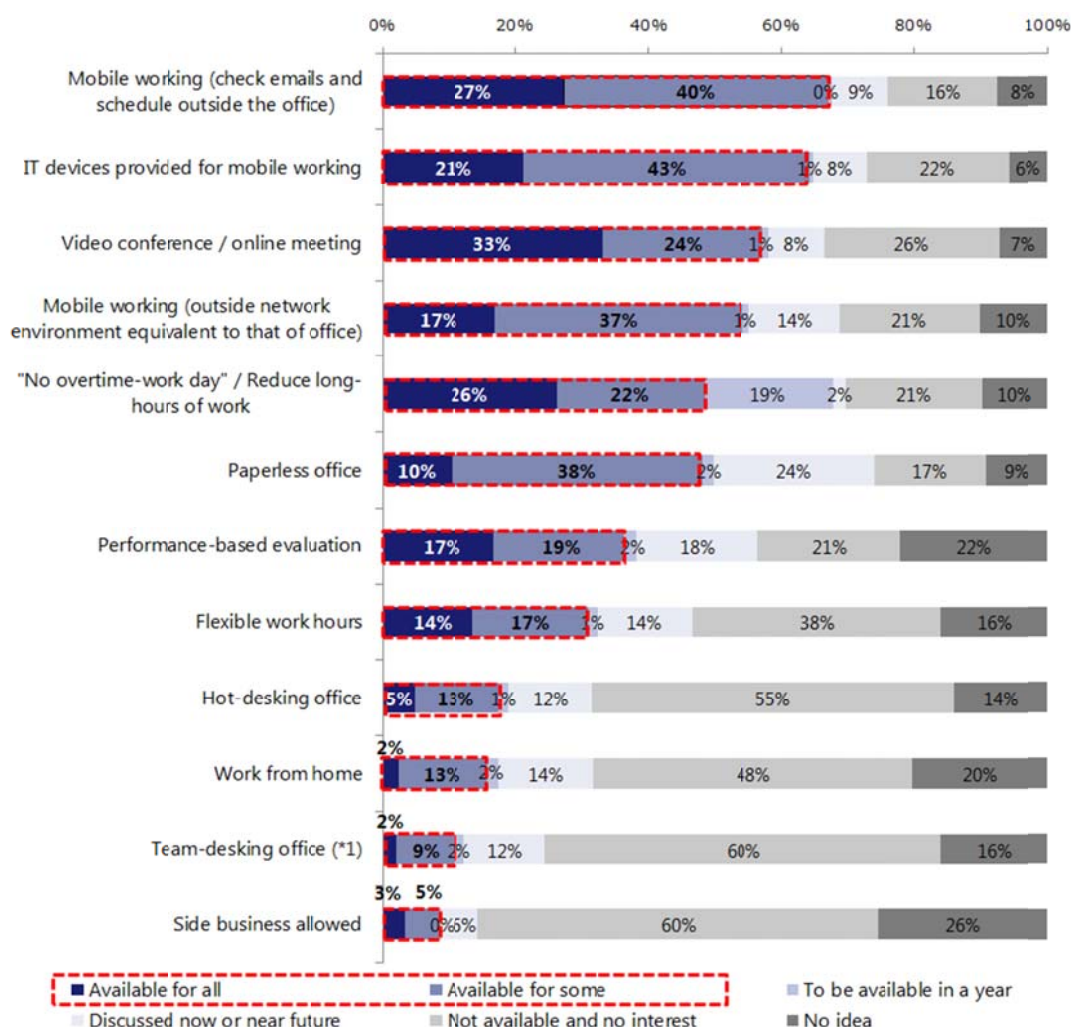
# 1. Initiatives on New Ways of Working

- ✓ More than half of the companies made mobile working available for employees.
- ✓ Large companies with more employees are more positive in allowing different ways of working.
- ✓ Mobile working is popular in manufacturers while hot-desking offices and work-from-home programs are popular in telecommunication industry.

"Reform the way we work" is a top priority of the Japanese government. It contains a wide range of issues such as reducing the long hours of work and narrowing the pay gap. In our survey, companies were asked about availability of the new ways of working at their current office, in connection with the use of office and the personnel system that give the employees more choices in where to work (**Figure 1**).

More than half of the companies have already made available the mobile working (work away from office with IT tools) and the video/online conference system ("for all the employees" and "for some employees" combined, the same applies hereafter). This was followed by "set a 'no overtime-work day' and reduce long-hours of work" (48%), which is also one of the important topics in "reform the way we work". Work-from-home programs are available at 15% of the companies; it is 31% if combined with "discussed now or near future".

**Figure 1: Progress in Company's Approaches to New Ways of Working** (Single answer) (n=1,124)



(\*1) Team desking: Desk areas designated for use by a department or a team. The members can use any of the desks within the area.

PICK UP

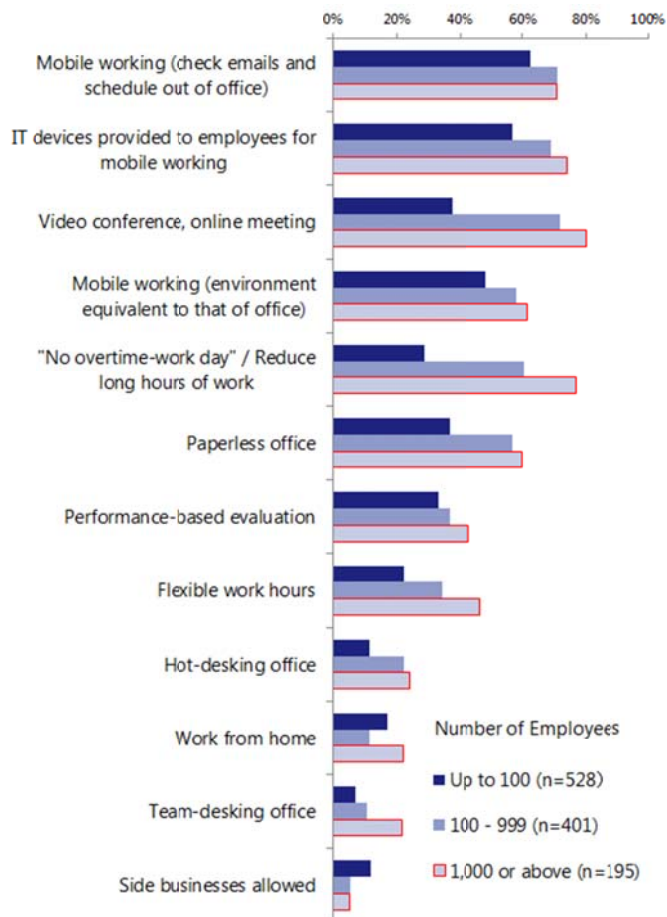
Which Companies Are Seeing More Progress in New Ways of Working?

Companies that are making progress in adopting new ways of working have some tendency.

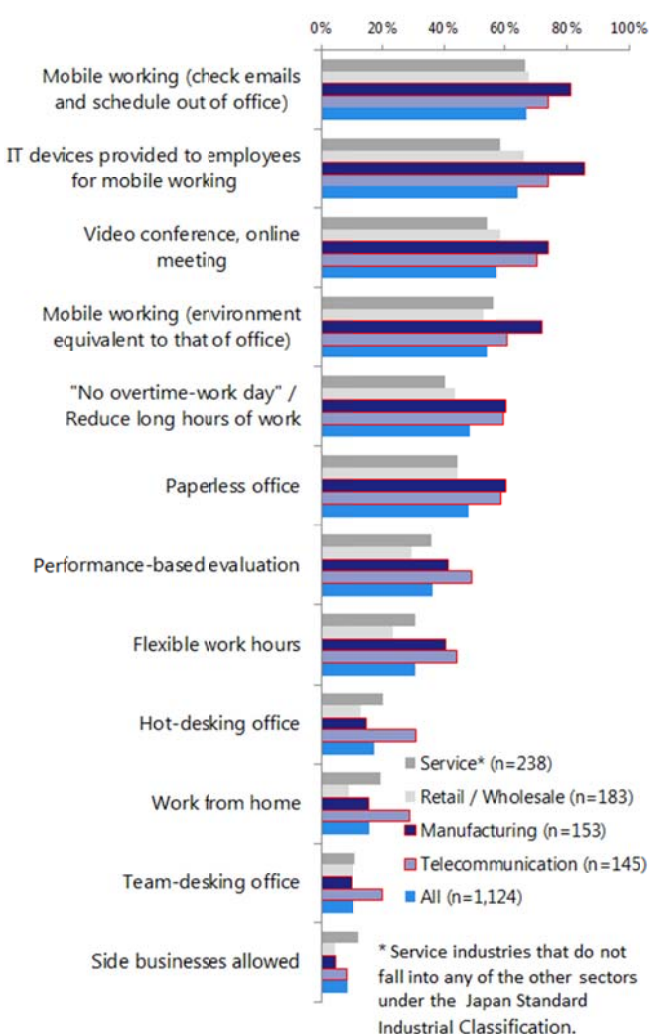
One is the number of employees hired by the company. The larger the number of employees, the more likely the company has adopted most of the new ways of working except for the side businesses (Figure 2).

The other one is the type of industry. In manufacturing companies, a high percentage of companies made mobile working available for employees. In telecommunication companies, high percentages of companies adopted many of the new ways of working, with a particularly high rate for hot desking offices and work-from-home programs (Figure 3).

**Figure 2:**  
New Ways of Working  
(Available for All Employees + Some Employees)  
by Number of Employees per Company



**Figure 3:**  
New Ways of Working  
(Available for All Employees + Some Employees)  
by Industry of Company

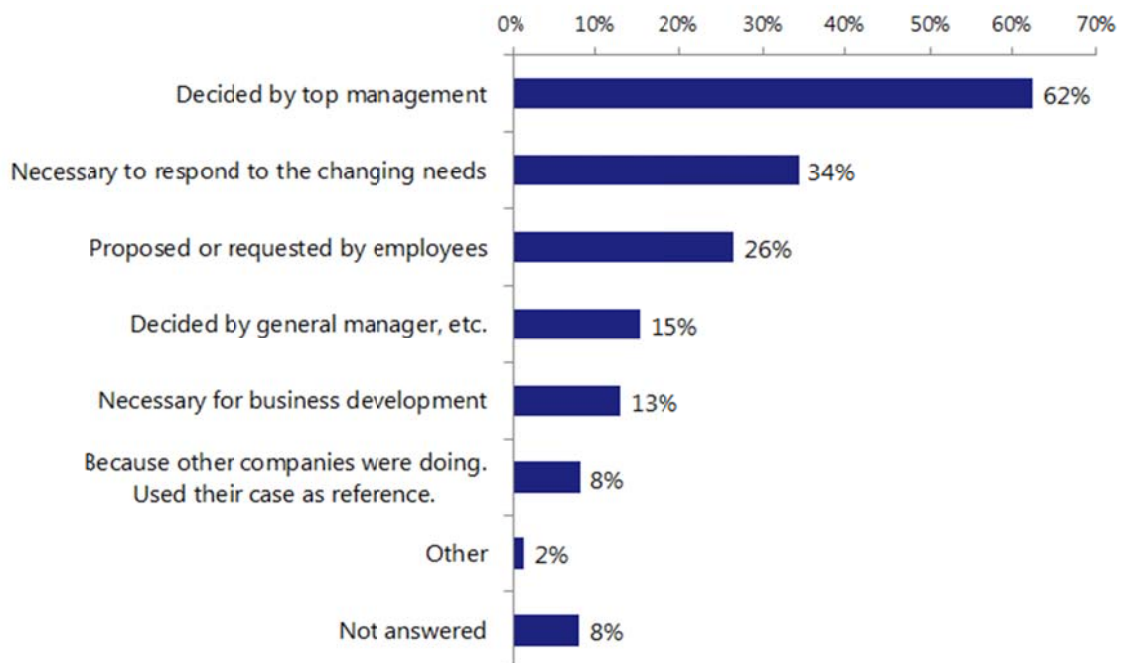


✓ Companies' initiatives on new ways of working were started because it was decided by top management (62%).

Regarding the new ways of working in **Figure 1**, we asked the companies how the initiatives have started. Over half of the companies said it started following the decision by top management (62%), which topped the list followed by it was "necessary to respond to the changing needs" (34%). A bottom-up initiative such as the initiatives started by on-site staff did not reach 30% and stayed at 26% (**Figure 4**).

**Figure 4: How the initiatives on new ways of working started?**

(Multiple answers) (n=1,062)



- ✓ As purposes of taking initiatives on new ways of working, the highest percentage of companies said the initiatives aim to "improve productivity" (65%).

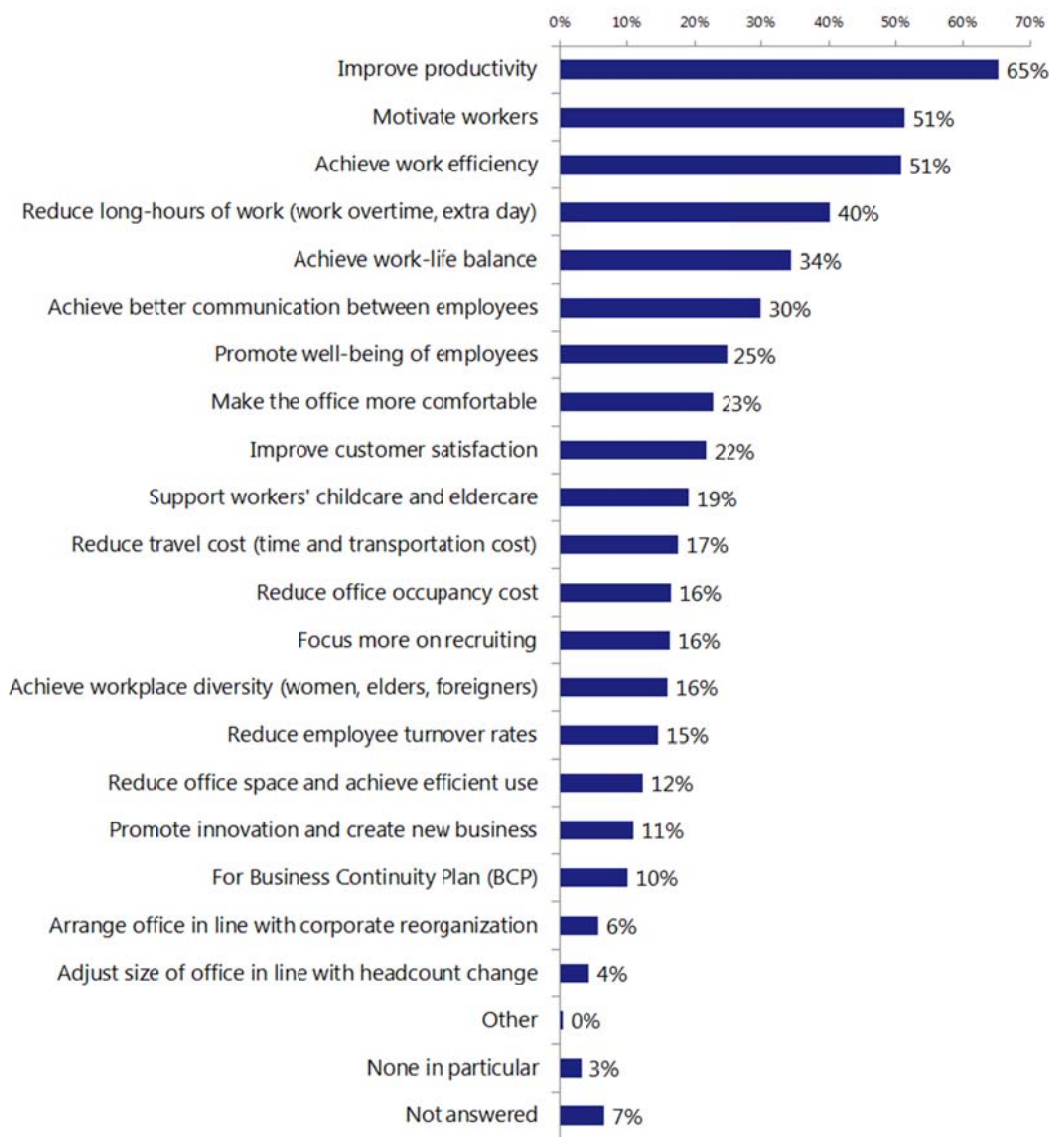
Those related to improvements of work environment ranked higher than cost-related matters.

We asked the companies what are the purposes of working on new ways of working. The most popular response by companies was to "improve the productivity" (65%). It was followed by "motivate employees" (51%) and "achieve work efficiency" (51%), and then by "reduce long-hours of work (work overtime, work extra day)" (40%) (Figure 5).

Other purposes related to improving the work environment followed: "achieve work-life balance" (34%), "achieve better communications between employees" (30%), and "promote well-being of employees" (25%). They ranked higher than the cost-related matters such as "reduce travel cost such as time and transportation cost" (17%) and "reduce office occupancy cost" (16%).

**Figure 5: Purposes of Taking Initiatives on New Ways of Working**

(Multiple answers) (n=1,062)



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## 2. Alternative Workspaces Year-on-Year Change

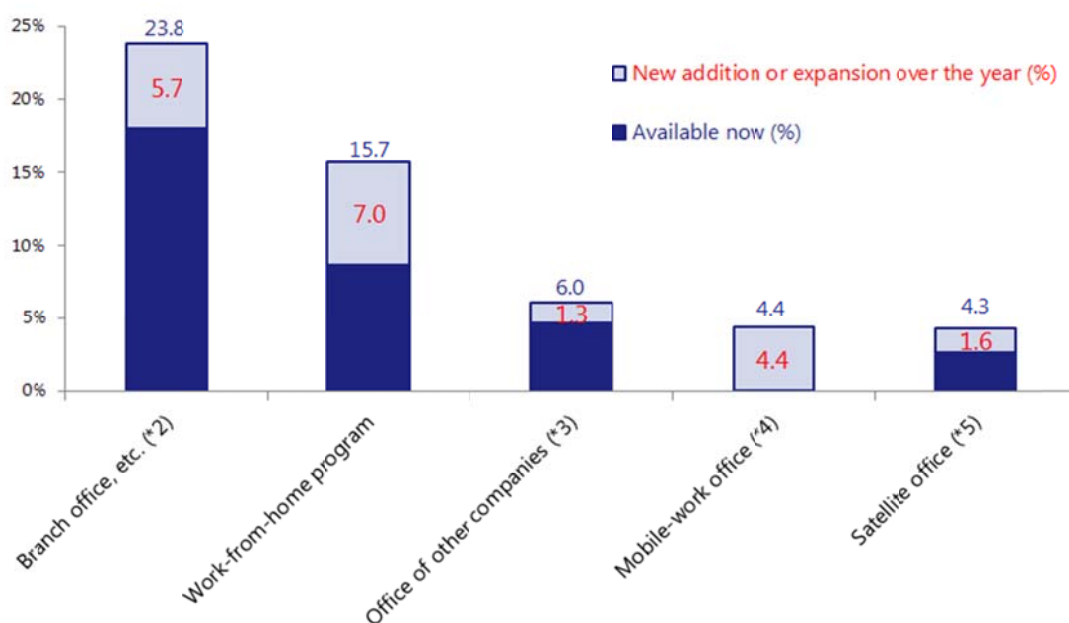
- ✓ Over the past year, "work-from-home programs" (7.0%), "provide branch offices an environment equivalent to that of main office" (5.7%) and "use of mobile-work office<sup>\*4</sup>" (4.4%) showed particular progress among other alternative workspaces.
- Companies are starting to allow employees to use multiple workspaces.

**Figure 6** is a graph showing the alternative workspaces made available by companies other than the main office and what they added or expanded over the past year. Each bar shows the current availability, and the new addition or expansion is shown within the bar and colored light blue.

In the alternative workspaces available now, the branch offices<sup>\*2</sup> topped the list at 23.8%. In the year-on-year changes, the work-from-home programs saw the most progress over the past year. The graph shows that the use of mobile-work office<sup>\*4</sup> was started or expanded at companies in the past year. This means that companies have just started taking initiative in making it available.

**Figure 6: Alternative Workspaces Made Available by Company Now and Year-on-Year Change**

(Multiple answers) (n=1,124)



(\*2) Company's branch office, etc.: Branch offices or similar kinds of the company. The company provides an environment equivalent to that of the main office

(\*3) Other company's office: Affiliated companies' offices, clients' offices, partner companies' offices or any other such offices where employees are allowed to use.

(\*4) Mobile-work office: Offices near terminal stations in a city center where employees use for a short period of time. Such offices are equipped with environment equivalent to that of the main office. The examples of this type of office include the serviced office and shared office operated by other companies.

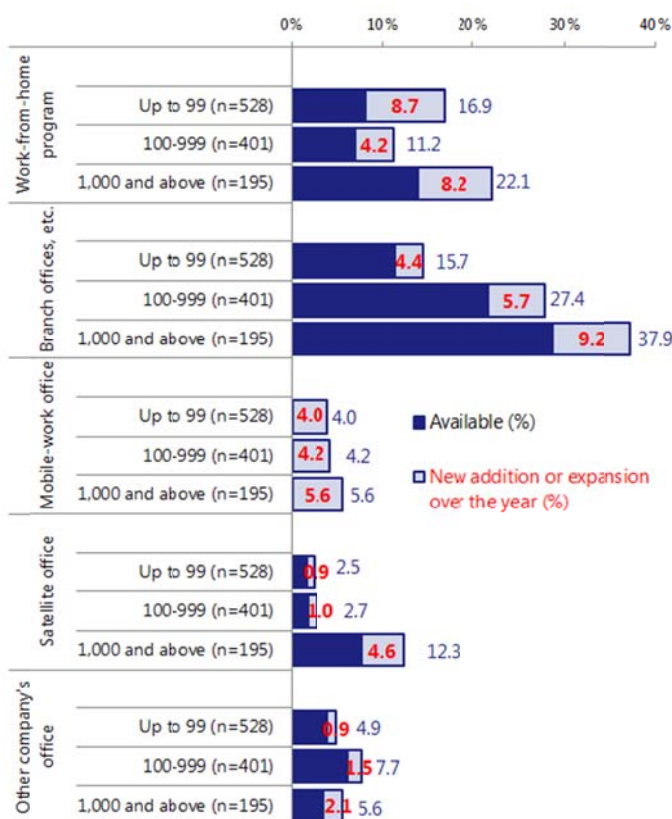
(\*5) Satellite office: Offices in regional or local areas where employees work for long hours. Such offices are equipped with environment equivalent to that of the main office. This type of office can be those set up by the company or set up and operated by other companies.

The breakdown of **Figure 6** by number of workers per company shows that large companies are more likely to allow the use of branch offices equipped the same as the main office and the use of satellite offices (**Figure 7**). In year-on-year change, the new addition or expansion of use of mobile-work offices was equally seen at all the company sizes. The largest year-on-year change was the work-from-home programs at companies that employ up to 99 employees (8.7%).

By industry type, the work-from-home programs, use of mobile-work offices and use of other companies' offices tend to be high at telecommunication companies (**Figure 8**).

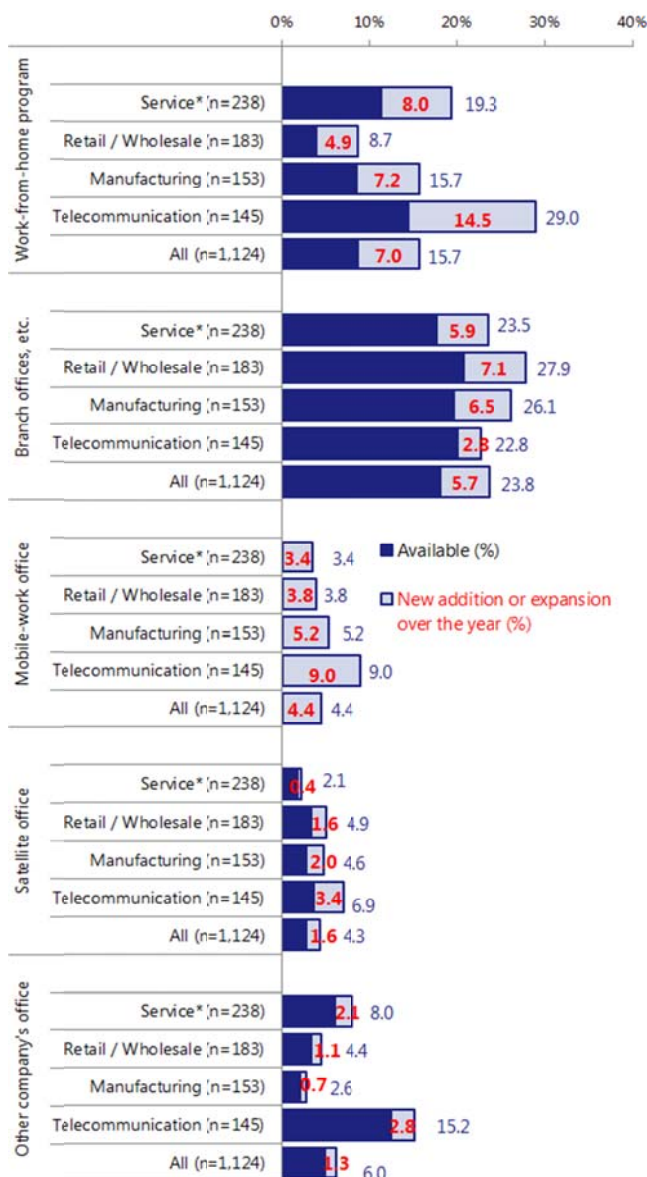
**Figure 7: Alternative Workspaces by Headcount Now and Year-on-Year Change**

(Multiple answers) (n=1,124)



**Figure 8: Alternative Workspaces by Industry Now and Year-on-Year Change**

(Multiple answers) (n=1,124)



\* Service industries that do not fall into any of the other sectors under the Japan Standard Industrial Classification.

Some errors of figures had been found in **Figure 7**, and the revisions were made on February 8, 2017.

### 3. Office Strategy – Intention & Focus

#### 3-1. Office Strategy – Intention

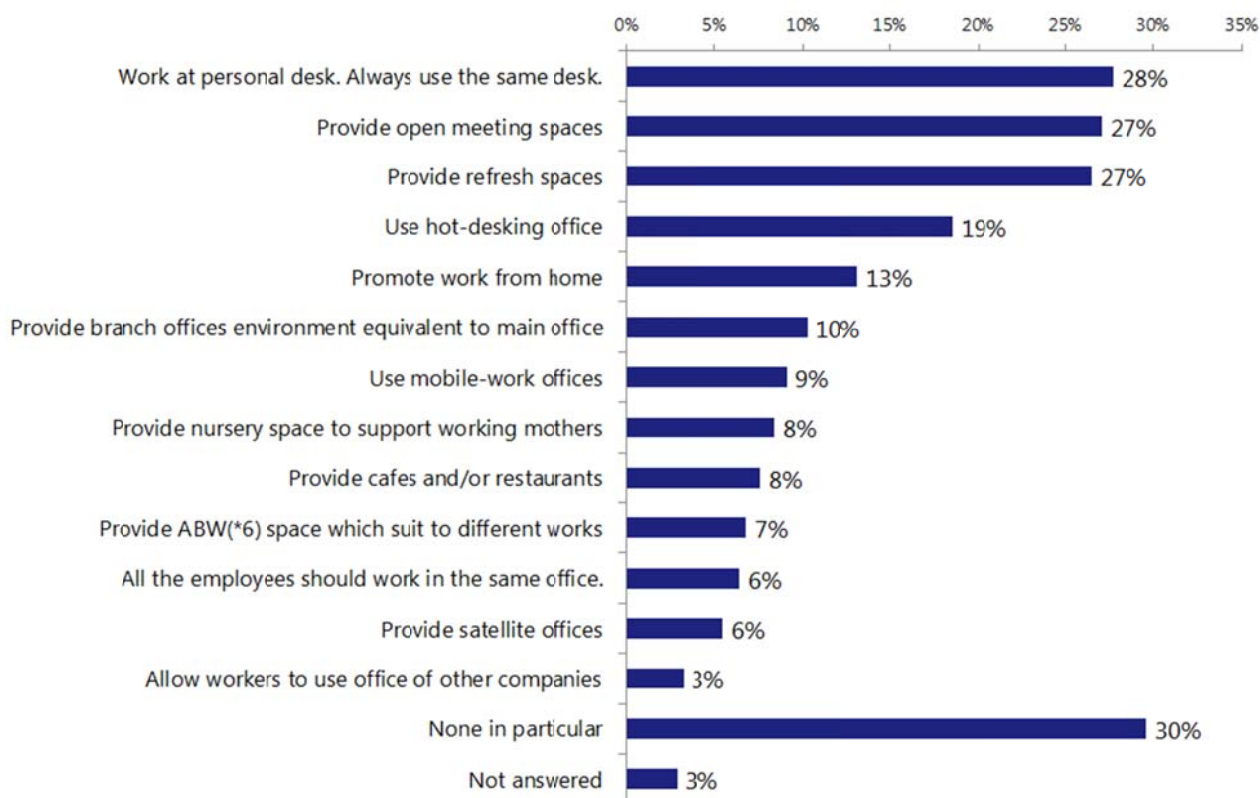
- ✓ Companies showed intention to have various areas within their office such as refresh spaces and hot-desking areas.
- They also have intention to allow employees to work away from main offices by using work-from-home programs or mobile-work offices.

What types of office or ideas are likely to help achieving ideal working environment? We asked the companies to choose the ideas closest to their own (Figure 9). Their responses show that they have intention to have or prepare various plans that enable employees to work at different places, not only the traditional office with fixed personal desks (28%).

In more specific, their strategy included, for example, having various spaces within the office such as open meeting spaces (27%), refresh spaces (27%) and hot-desking offices (19%) and providing opportunities to use alternative workspaces such as work-from-home programs (13%), mobile-work office (9%), nursery space for working mothers (8%) and satellite office (6%).

**Figure 9: Office Strategy – What types of offices or office strategy might be helpful in achieving ideal ways of working?**

(Multiple answers) (n=1,124)



(\*6) ABW (Activity Based Working): Booths for multi-purpose activities such as to concentrate on solo work, to collaborate in a team, or other activities.



3-2. Office Strategy – Focus

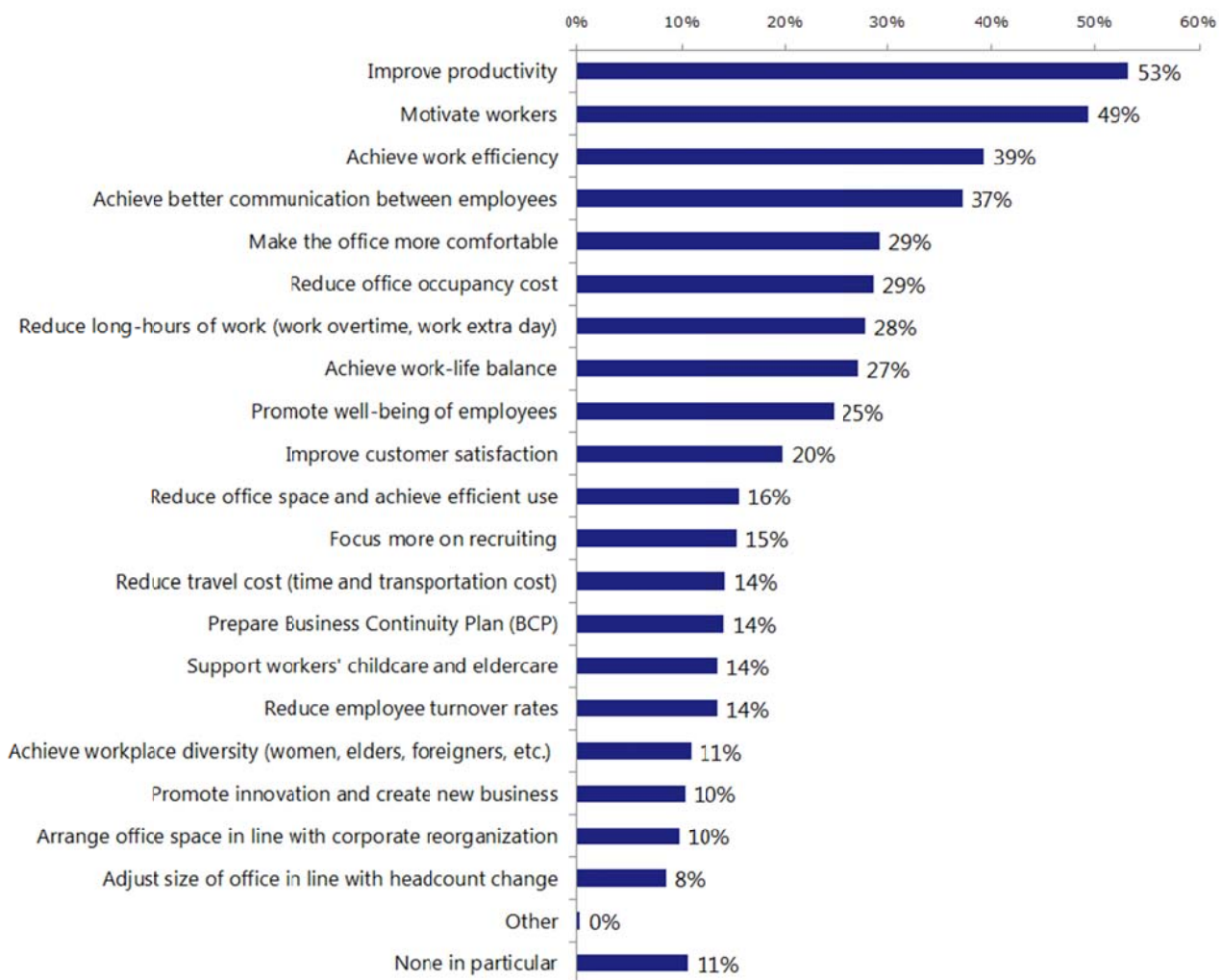
- ✓ Companies think "improve productivity" (53%), "motivate workers" (49%) and "achieve work efficiency" (39%) are important in office strategy. These percentages exceeded that of "reduce office occupancy cost" (29%).

This result resembles the result of "Purposes of Taking Initiatives on New Ways of Working".

We asked the companies what are important when implementing the office strategy (**Figure 10**). "Improve productivity" topped the rank, followed by "motivate workers". Then "achieve work efficiency" took the third place. This result was similar to the result of the "Purposes of Taking Initiatives on New Ways of Working" (**Figure 5**).

"Reduce office occupancy cost" (29%) ranked sixth. The cost saving had always been an unavoidable issue in the past; however, companies now tend to put more emphasis on workers such as trying to improve their motivation and achieve better communications between employees.

**Figure 10: What are important in office strategy?** (Multiple answers) (n=1,124)



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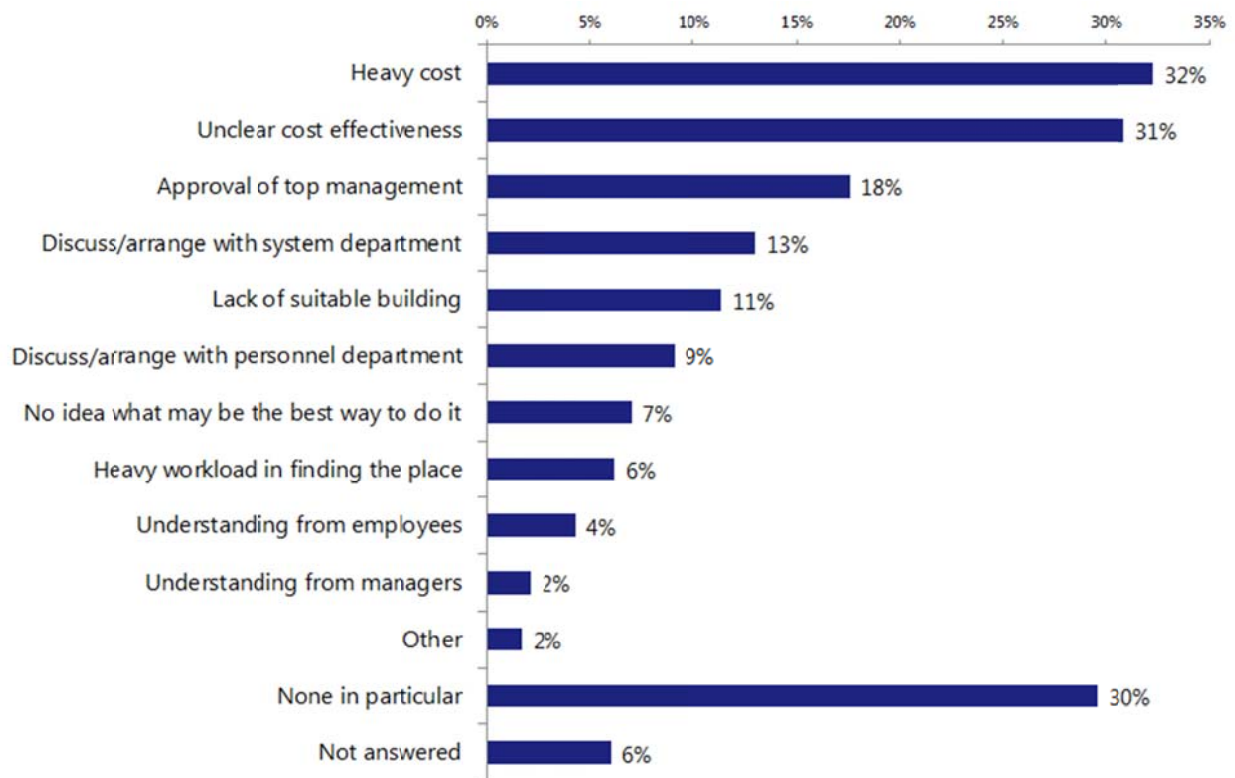
## 4. Office Strategy – Concerns

✓ Cost-related matters such as "heavy cost" and "unclear cost effectiveness" dominated the top concerns.

When companies were asked about the concerns and obstacles on office strategy, they raised cost-related matters such as "heavy cost" (32%) and "unclear cost effectiveness" (31%) (**Figure 11**). This is similar to the result of "Work Style and Use of Office Space Survey" conducted by Xymax Real Estate Institute in 2015. Although companies think improving productivity and work environment is important, they still think the cost (fixed cost) is a concern.

**Figure 11: Concerns and Obstacles When Implementing Office Strategy**

(Multiple answers) (n=1,124)



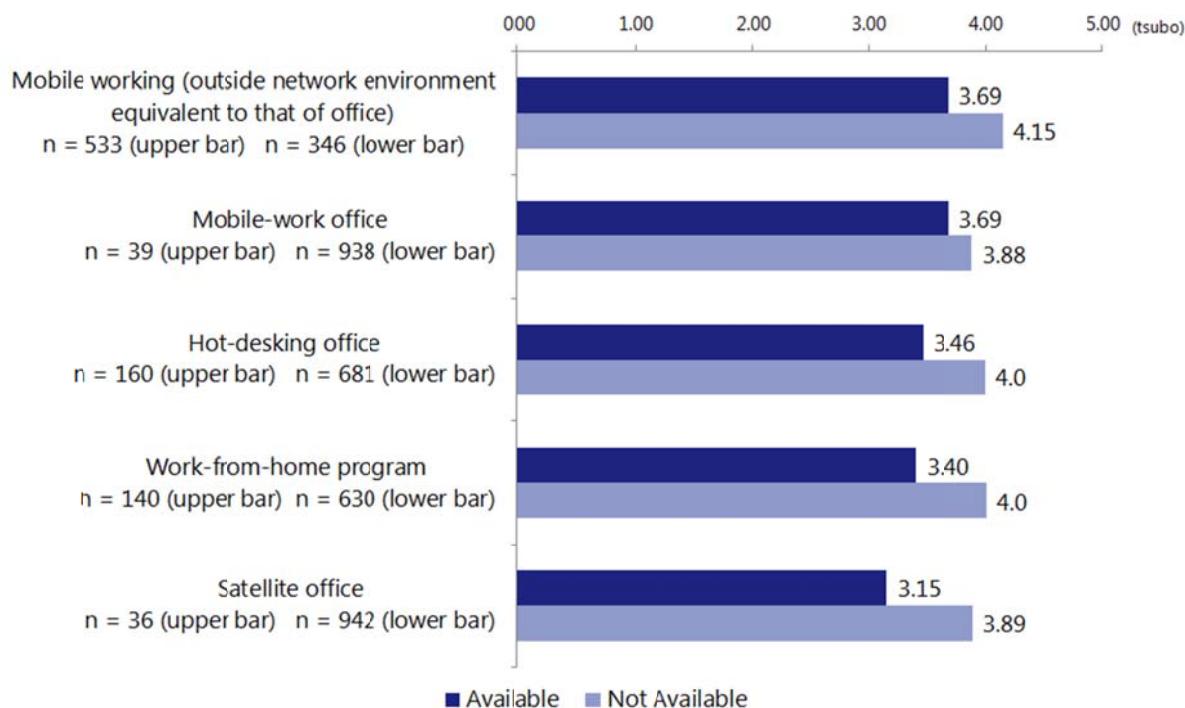
### PICK UP (Reference)

As we have seen so far, companies are taking initiatives to make alternative workspaces available for employees. What are the influences of such initiatives on use of the main office? **Figure 12** compares the office space per person of companies allowing employees to use alternative workspaces and that of companies not allowing such alternative workspaces.

In any of the initiatives, the office space per person of "available" companies was smaller than that of "not available" companies. However, we should remember that alternative workspace initiatives are not the only factor of this result; other factors such as increase or decrease in number of employees and change of layout may have influenced it.

Xymax Real Estate Institute's survey will continue. Through the survey, we will further study the relation between the way of working and use of office.

**Figure 12: Office Space per Person (tsubo) by Alternative Workspaces**  
 (Companies that provided the information on the size of office and number of workers.)



**"Available"**

Companies that responded that they took the initiatives for all the employees or for some employees. Companies that responded that they have prepared and made alternative workspaces available.

**"Not Available"**

Companies that responded that they will take the initiatives within one year, the initiatives are being discussed now or will discuss in the near future, or the initiatives are not taken and they have no interest in them (but excluding those who said "no idea"). Companies that did not give any space when they were asked about which alternative workspaces they have made available for employees.

### Survey Overview

<b>Timing</b>	October 2016
<b>Target Respondents</b>	3,252 companies <ul style="list-style-type: none"> <li>• Companies that are tenants of office buildings managed by Xymax Group</li> <li>• Client companies of XYMAX INFONISTA Corporation</li> </ul>
<b>Effective Responses</b>	1,124 companies    Response rate: 35%
<b>Geographical Coverage</b>	Prefectures in Japan (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba and others)
<b>Distribution</b>	Either by email or questionnaire sheet
<b>Topics Covered in Survey</b>	<p><u>New Ways of Working and Office</u></p> <p>Companies' initiatives to allow employees to work any time and any place</p> <ul style="list-style-type: none"> <li>• Progress in initiatives on new ways of working</li> <li>• Progress on office strategy</li> <li>• How the initiatives started</li> <li>• What are the purposes</li> </ul> <p>Use of Office Now and Year-on-Year Change</p> <ul style="list-style-type: none"> <li>• Office layout and change (areas newly added or expanded / areas downsized or removed)</li> <li>• Use of alternative workspaces and year-on-year change (workspaces newly added or expanded / workspaces downsized or removed)</li> </ul> <p>Office strategy for new ways of working</p> <ul style="list-style-type: none"> <li>• Office strategy intention</li> <li>• Office strategy focus</li> <li>• Concerns and obstacles</li> </ul> <p>Company Profile</p> <ul style="list-style-type: none"> <li>• Industry, place of headquarters, number of employees, year of incorporation</li> </ul> <p>About the office</p> <ul style="list-style-type: none"> <li>• Location, nearest station, leased area, number of office workers, rent per tsubo</li> </ul>

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## Profile of Respondent Companies (Upper row: %) (Lower row: number)

**Industry**

Service*	Wholesale / Retail	Manufacturing	Telecommunications	Academic research / Professional or technical service	Construction
21%	16%	14%	13%	7%	7%
238	183	153	145	76	75

\* Service industries that do not fall into any of the other sectors under the Japan Standard Industrial Classification.

Real estate / Leasing of goods	Financial / Insurance	Unclassified	Medical / Welfare	Transportation / Postal service	Education / Learning support
5%	4%	3%	2%	2%	2%
61	45	39	22	21	19

Multi-service business	Daily life services / Entertainment	Civil service (excl. those classified to other sectors)	Accommodation / Food & beverage	Electricity, Gas, Heat, Water	Mining / Quarry / Gravel extraction
1%	1%	1%	1%	1%	0%
13	10	7	7	7	2

Agriculture / Forestry	All
0%	100%
1	1,124

**Number of Employees**

10 and below	11-50	51-100	101-300	301-500	501-1,000	1,001+	All
14%	24%	10%	19%	7%	9%	16%	100%
161	273	118	212	77	105	178	1,124

**Type of Office**

Head office	Branch office	Sales office	Sub-office	Satellite office	Call center	Computer room	Other	All
58%	27%	10%	2%	0%	0%	0%	2%	100%
650	300	118	18	4	3	3	28	1,124

**Location of Office (Prefecture)**

Tokyo	Osaka	Aichi	Fukuoka	Kanagawa	Saitama	Chiba	Other	All
60%	14%	8%	7%	7%	3%	1%	0%	100%
670	152	94	79	77	34	13	5	1,124

**Size of Office under Lease Contract in tsubo** (1 tsubo = 3.3 sqm)

30 and below	Up to 50	Up to 100	Up to 200	200 and above	Not answered	All
18%	15%	22%	17%	23%	5%	100%
203	174	243	188	259	57	1,124

Graphs contained in this report

- The sum of the rates may not be 100% in some cases because the rates are rounded to the second decimal place. The sum of the rates of multiple answers is not 100%.

**For questions on this report, please contact us.**

**Xymax Real Estate Institute**

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