

# Metropolitan Areas Office Demand Survey Spring 2019

Capturing the changing trend of office demand

June 26, 2019

In the past several years, companies have been promoting workstyle reforms aiming at securing of personnel and improvement of productivity, with more companies introducing the flexible workstyles that are not constrained by place or time rather than the conventional, fixed ones. These trends are likely to have quantitative and qualitative effects on office demand.

Since autumn 2016, Xymax Real Estate Institute (hereinafter, "Xymax REI") has conducted surveys on companies' use of offices and workstyles on a semi-annual basis and has continuously analyzed their relationship with office demand. This report covers the results of the sixth survey.

(Related surveys:)

- Autumn 2016 (1st survey) Metropolitan Areas Office Demand Survey 2016 – Demand Trends, published January 12, 2017  
<https://www.xymax.co.jp/english/research/images/pdf/20170112.pdf>
- Autumn 2016 (1st survey) Metropolitan Areas Office Demand Survey 2016 – New Ways of Working and Office, published January 30, 2017  
<https://www.xymax.co.jp/english/research/images/pdf/20170130.pdf>
- Spring 2017 (2nd survey) Metropolitan Areas Office Demand Survey 2017 – Demand Trends, published August 2, 2017  
[https://www.xymax.co.jp/english/research/images/pdf/20170802\\_2.pdf](https://www.xymax.co.jp/english/research/images/pdf/20170802_2.pdf)
- Autumn 2017 (3rd survey) Metropolitan Areas Office Demand Survey Autumn 2017, published December 7, 2017  
<https://www.xymax.co.jp/english/research/images/pdf/20171207.pdf>
- Spring 2018 (4th survey) Metropolitan Areas Office Demand Survey Spring 2018, published July 3, 2018  
<https://www.xymax.co.jp/english/research/images/pdf/20180703.pdf>
- Autumn 2018 (5th survey) Metropolitan Areas Office Demand Survey Autumn 2018, published December 18, 2018  
<https://www.xymax.co.jp/english/research/images/pdf/20181218.pdf>

## Summary of Survey Results

### 1. Change in office demand (April 2018-March 2019) (Pages 3-14)

**38.3% of the companies experienced an increase in the number of office users over the past year, outnumbering the companies that experienced a decrease (13.6%). 8.6% of the companies expanded their office space, while 3.1% reduced it. Also, the percentage (20.9%) of the companies that experienced an increase in their rent per tsubo (incl. CAM) exceeded that (0.7%) of the companies experiencing a decrease, and has been rising every half year. Thus, office demand was robust. (Figures 1, 2, and 3)**

- Rent per tsubo tended to increase in every office location, with the highest percentage of the companies answered that they experienced an "increase" in Fukuoka City. Among the companies that had no changes in their office size, 18.4% reported "increased" rent per tsubo.
- By company size, the percentage of the large companies (with 1,000 or more employees) that experienced an increase of rent per tsubo was highest. By industry, the construction industry experienced increases of both office size and rent per tsubo, while the financial and insurance industries indicated a tendency of reducing their office size.
- More than half of the companies answered that they intended to decrease the percentage of the

number of seats in the number of office users to 100% or less in future (51.1%, the sum of “less than 100%” and “100%”). More companies providing “less than 100%” seats tended to introduce flexible work areas than the companies providing “more than 100%” seats.

- 38.8% of the total companies thought their current office was not large enough. For the percentage of the companies that felt their office was small, there was no significant difference between those providing “100%” seats for their office users and those providing “less than 100%” seats.
- As for business confidence, the percentage of the companies answering it was “bad” or “relatively bad” increased from our past surveys.

## 2. Diversification of workplaces (Pages 15-20)

**In terms of the layout of the current office, more companies are introducing spaces that can be used flexibly with no restriction of usage. More companies are also providing places and programs for telework, indicating that efforts to provide alternative workplaces are progressing both in and outside the office. (Figures 17 and 18)**

- Compared to the past surveys, the companies tended to increase their introduction of the spaces for flexible usages, such as space for refreshing and hot-desking.
- Regarding the initiatives to provide places and programs for telework, the rates of the companies that offered “work-from-home programs” (21.2%) and “use of serviced offices, shared offices, etc.” (9.2%) were highest since the start of our survey.
- The companies that reduced their office size tended to decrease fixed spaces such as fixed desk space and meeting rooms and to increase flexible spaces, whereby they may intend to improve their office space efficiency.

## 3. Outlook of office demand (Pages 21-27)

**The percentage of the companies that answered that the number of their office users “will increase” (41.5%) exceeded that of those answering it “will decrease” (4.9%). Also, the percentage of those wanting to expand their office size (23.9%) exceeded that of those wanting to reduce (4.6%). Thus, office demand will remain robust. (Figures 23 and 24)**

- By company size, the middle-sized companies (100-999 employees) indicated a stronger intention to expand their office size in future. By industry, the telecommunications industry showed a stronger office demand both in the past year and future.
- The top of the major focuses in implementing office strategy was “productivity improvement” (56.2%). The result suggests that the companies tended to place a greater focus on the issues related to employee satisfaction than those related to cost consciousness. As for the concerns and obstacles, the issues related to cost dominated the top 3: Approximately 40% of the companies chose “heavy cost burden,” which was followed by “risk of rise in rent levels.”
- The office space per person at the companies introducing a flexible layout such as ABW and/or a telework-support effort including use of serviced offices/shared offices was smaller than that at the companies not introducing these initiatives.

## 4. Topic: Future office strategy (Pages 28-30)

**In terms of future office strategies, the top answer regarding the head office was to concentrate in the center of Tokyo where good accessibility is secured (62.8%). On the other hand, the top answers regarding the offices other than the head office were to**

enhance work from home (49.3%) and to provide workspaces in various locations outside the head office (39.5%), both exceeding the strategy of consolidating offices into the head office as much as possible (33.3%). (Figures 33 and 34)

We believe that while head offices for “congregating” purposes will remain in demand, there will be more alternative workplaces as companies’ awareness changes.

## 1. Change in office demand (April 2018-March 2019)

1-1. Changes in the number of office users, size of office, and rent per tsubo (incl. CAM)

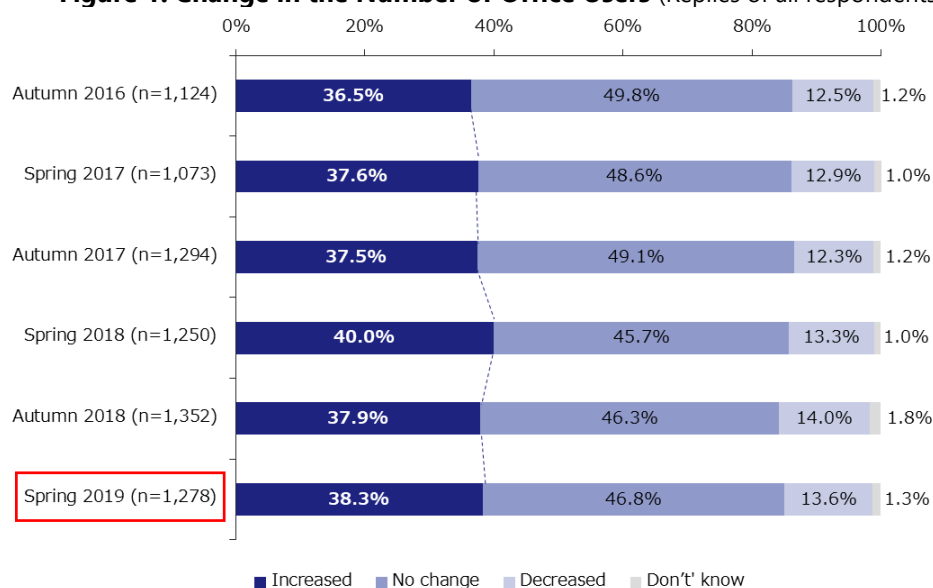
- ✓ More companies saw an increase in the number of users (38.3%) than a decrease (13.6%).
- ✓ More companies expanded their office space (8.6%) than those that reduced (3.1%).
- ✓ More companies experienced a rise in rent per tsubo (incl. CAM charges) (20.9%) than a decline (0.7%).

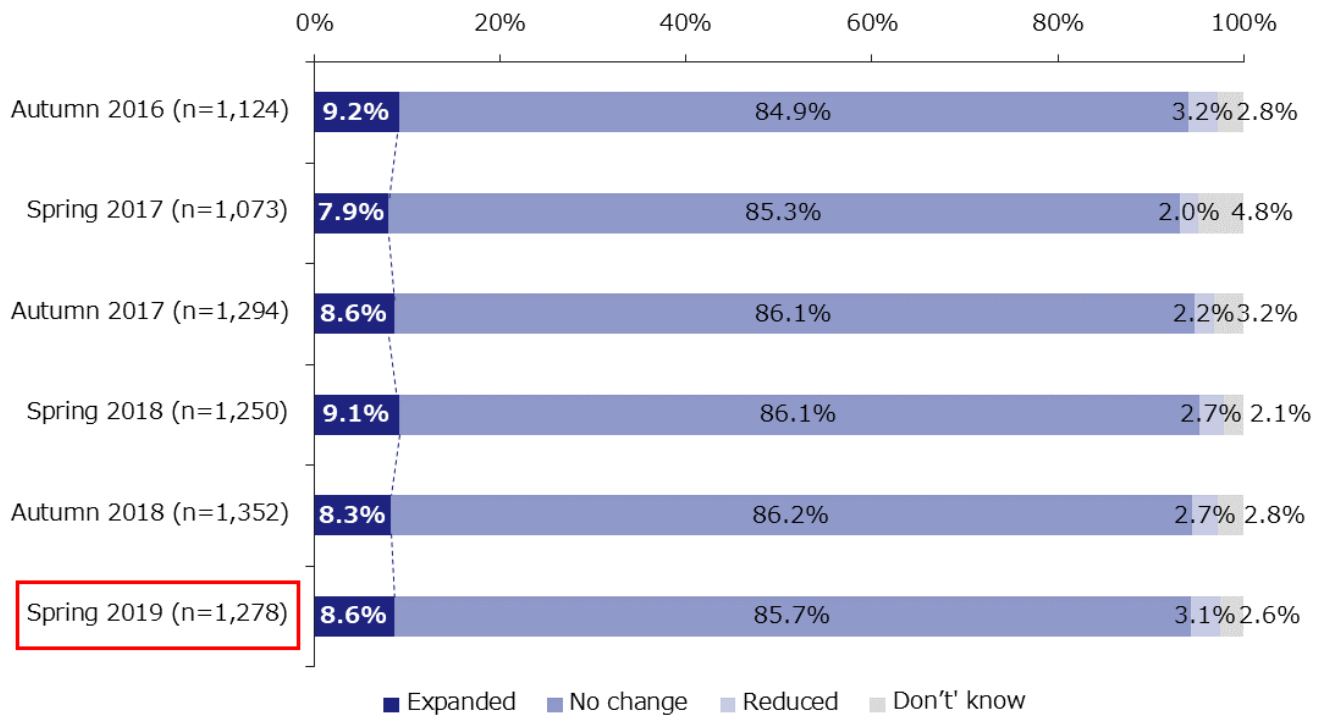
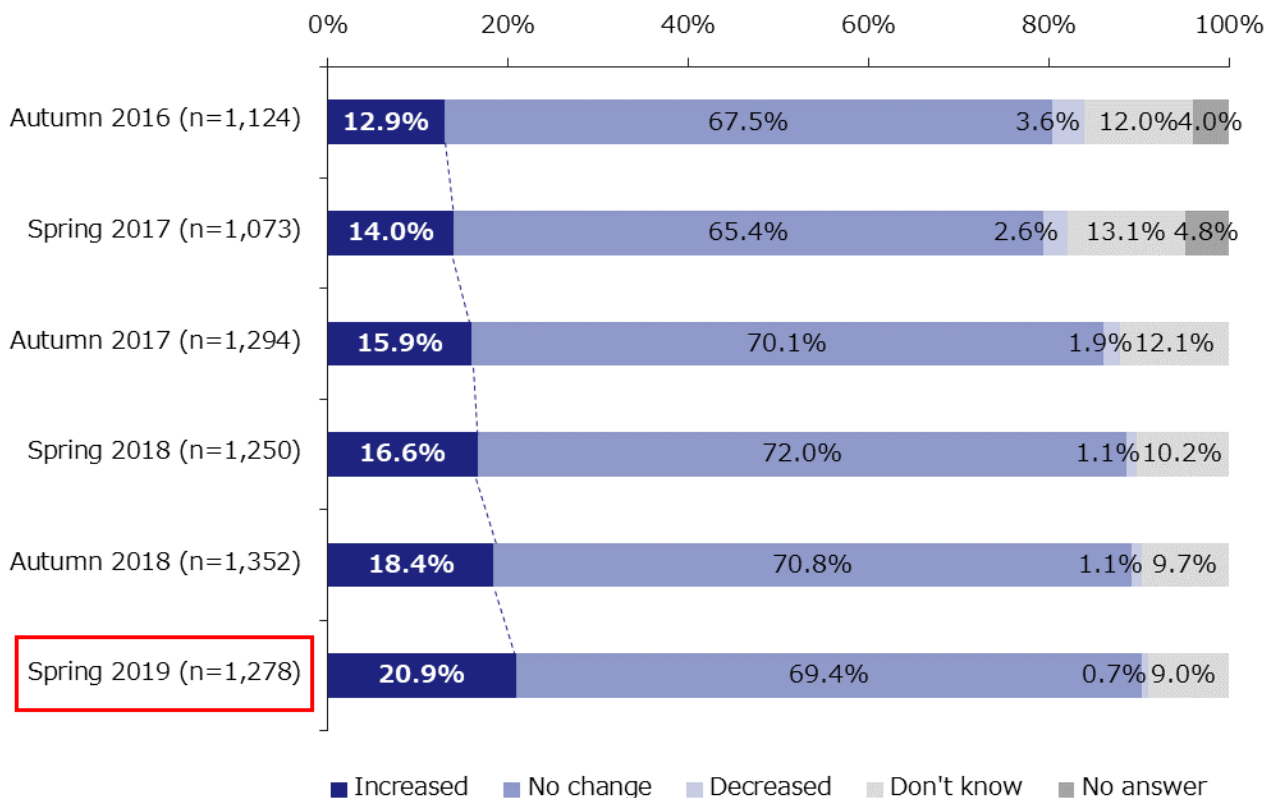
The changes in the number of office users, office size, and rent per tsubo (including CAM charges; the same applies hereafter) over the past year (April 2018-March 2019) were as below:

The percentage of the companies that experienced an increase in the number of office users far outnumbered that of the companies that experienced a decrease by 24.7 percentage points (**Figure 1, bottom bar**). Also, the percentage of the companies that expanded their office space exceeded that of the companies that reduced it by 5.5 percentage points (**Figure 2, bottom bar**). The percentage of the companies that saw an increase in rent per tsubo outstripped that of the companies that saw a decrease by 20.2 percentage points (**Figure 3, bottom bar**).

This trend has been almost consistent with the past five surveys (Autumn 2016, Spring 2017, Autumn 2017, Spring 2018, and Autumn 2018), with the percentage of the companies that experienced a rise in rent per tsubo increasing every half year.

**Figure 1: Change in the Number of Office Users** (Replies of all respondents)



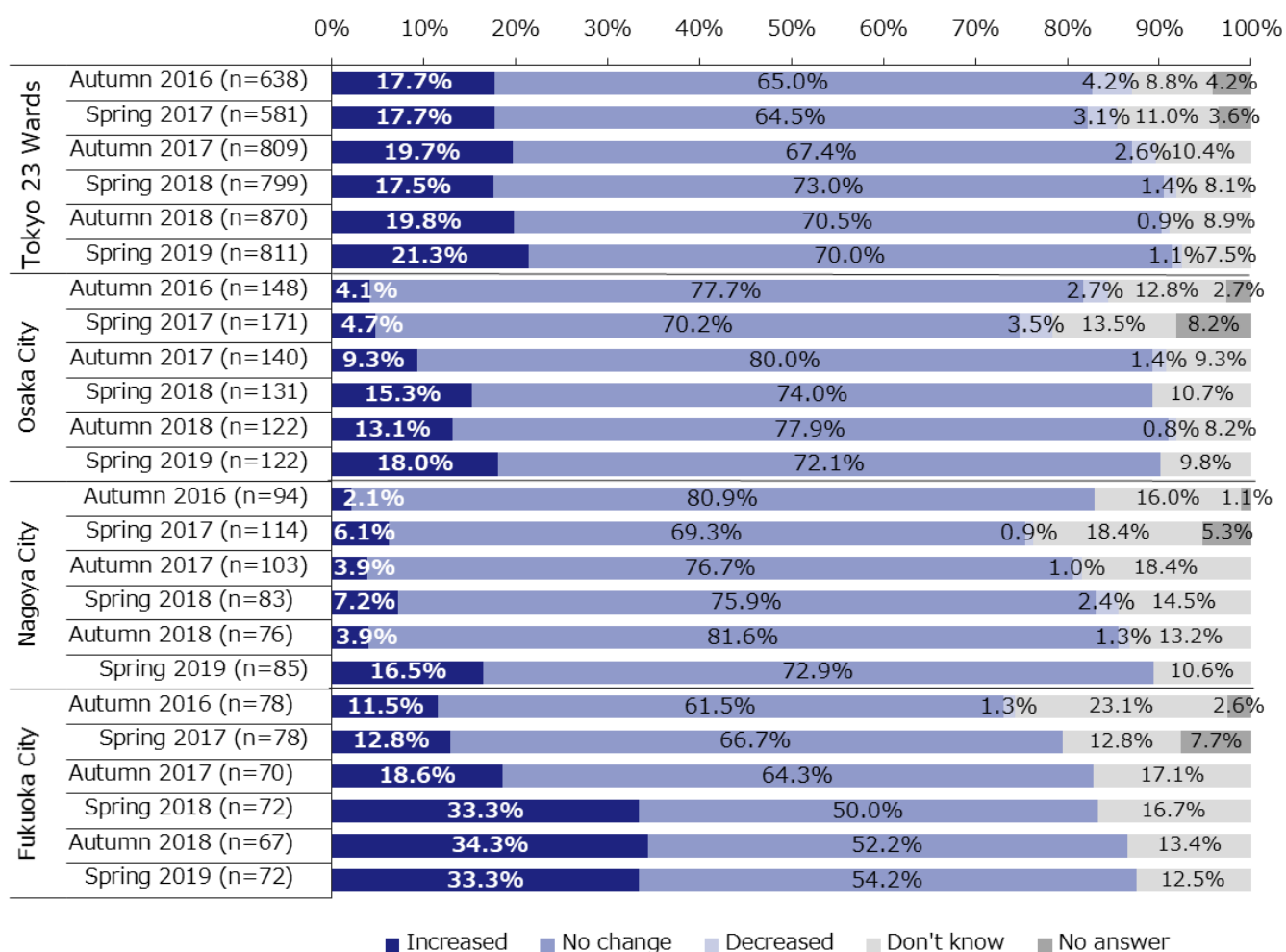
**Figure 2: Change in the Office Size** (Replies of all respondents)**Figure 3: Change in Rent per Tsubo** (Replies of all respondents)**Metropolitan Areas Office Demand Survey Spring 2019**

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Next, we look at changes in the number of office users and the office size by the office location, although no significant differences were observed. However, when looking at change in rent per tsubo by the office location, we found that more companies tended to answer that they experienced an “increase” of rent per tsubo in every city (**Figure 4**). In Fukuoka City, in particular, the highest percentage (33.3%) of the companies experienced an increase of rent per tsubo. In no cities except the Tokyo 23 Wards, there were the companies that reported a “decrease” in rent per tsubo. The tendency suggests that steady office demand is spreading into the regional cities.

**Figure 4: Change in Rent per Tsubo by the Office Location**  
(Replies of all respondents, data of the major locations only)



## PICK UP

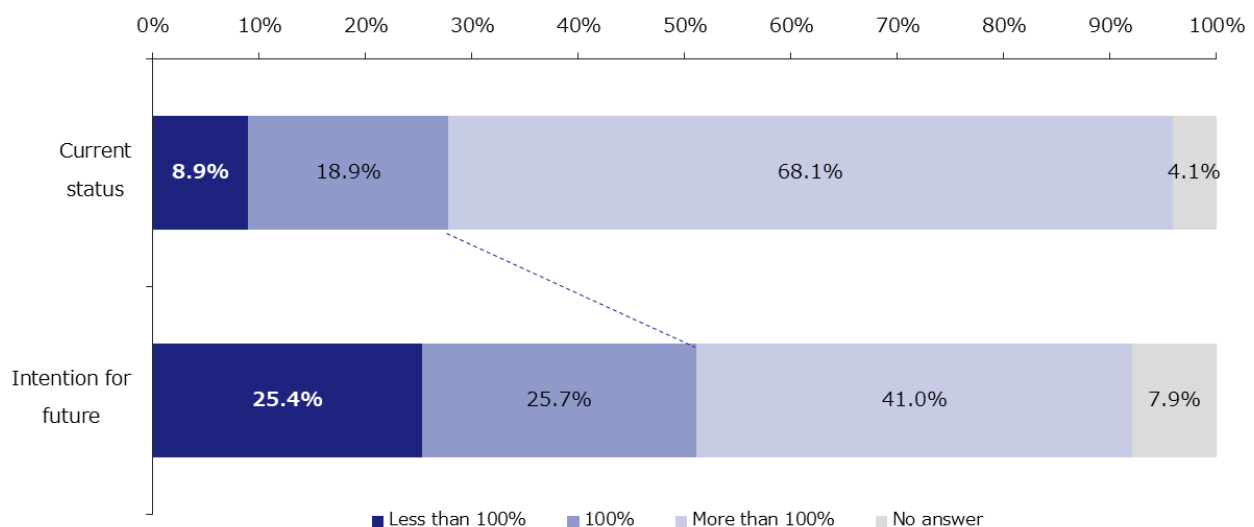
### Relationship between the Number of Seats vs. the Number of Office Users and the Initiative for the Work Area

We asked the companies about the percentage of the number of seats prepared currently in the number of office users, and about to what percentage they would like to increase/decrease the number of seats in future. When their answers were grouped into 3 levels – “less than 100%,” “100%,” and “more than 100%,” the result revealed a gap between their current status and ideal.

As for the number of seats currently prepared, the majority (68.1%) of the companies provided the number of seats that accounted for “more than 100%” of the number of office users (**Figure 5**). However, when their current status and intention for future was compared, the percentage of the companies that had an intention to provide “more than 100%” seats decreased by 27.1 percentage points, whereas that of those intending to provide “less than 100%” or “100%” seats increased. The result revealed that more than half of the companies (51.1%, the sum of “less than 100%” and “100%”) had an intention to limit their number of seats to 100% or less in future.

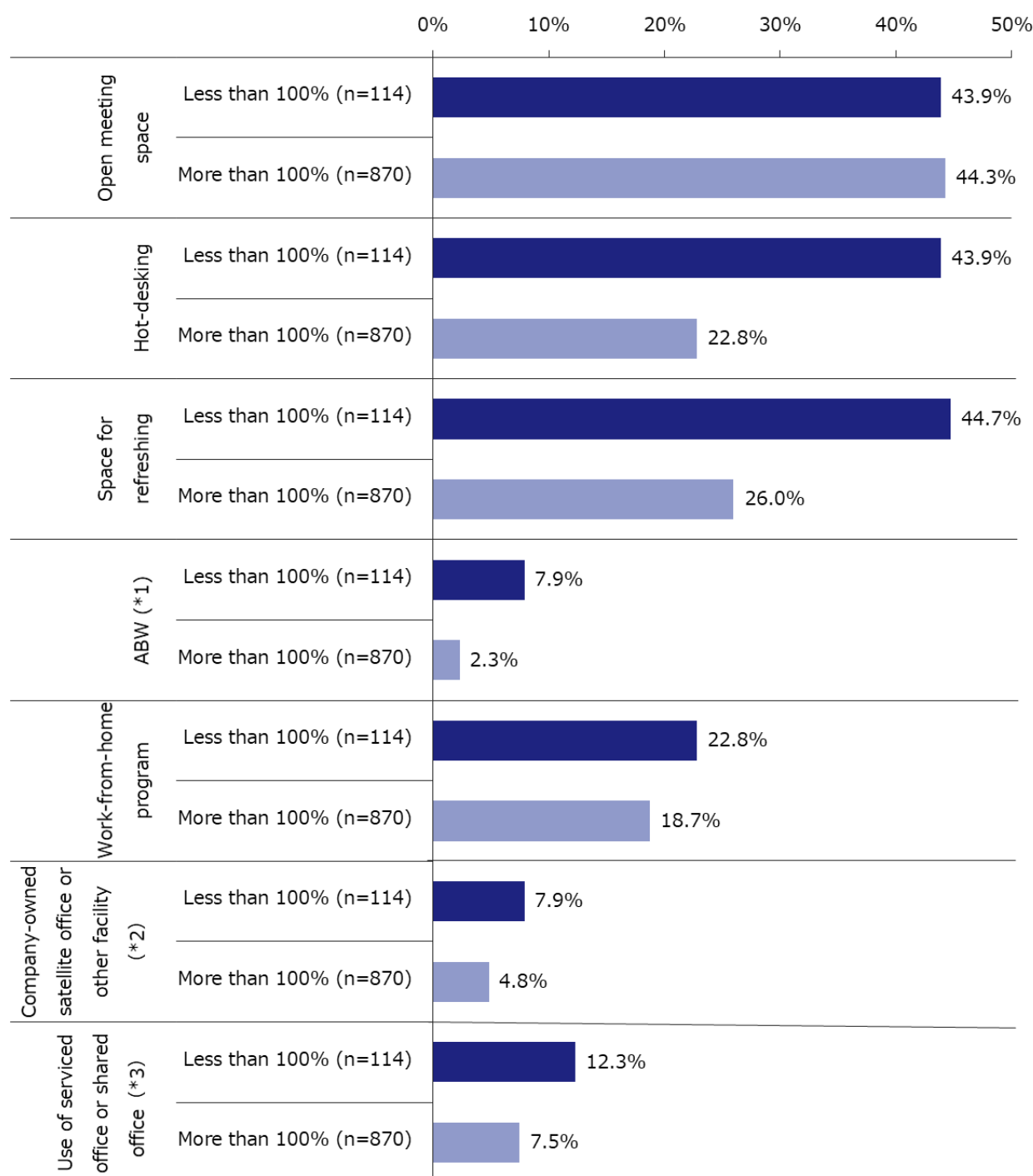
In addition, we compared the companies currently providing “less than 100%” seats and those providing “more than 100%” seats with regard to their initiatives for flexible office layouts and telework (**Figure 6**). As the result, more companies providing “less than 100%” seats were introducing most of the initiatives than those providing “more than 100%.” While no significant difference is found between the two groups in terms of the introduction of open meeting space and work-from-home program, there are large differences in hot-desking and space for refreshing. Thus, the companies preparing smaller number of seats are shown to have made a range of innovative efforts for both inside of the office and out-of-office work area.

**Figure 5: The Number of Seats vs. the Number of Office Users**  
– Current Status and Intention for Future  
(Replies of all respondents (n=1,278))



**Figure 6: Companies' Initiatives for the Work Area, by the Percentage of the Number of Seats in the Number of Office Users**

(Replies of all respondents, excerpted (n=1,278))



\*1 ABW (Activity Based Working: A workstyle that allows a variety of work areas within the office that can be arranged and chosen for the workers' activities, such as booths for concentration and space for team work.

\*2 Satellite office: An office that is established near the convenient railway station or in the suburb for the benefit of employee's commuting time, being equipped with the facilities similar to that of the main office.

\*3 Serviced office or shared office provided by the specialized operators, regardless of the detail of the contract (e.g. monthly charge or pay-by-the-hour).



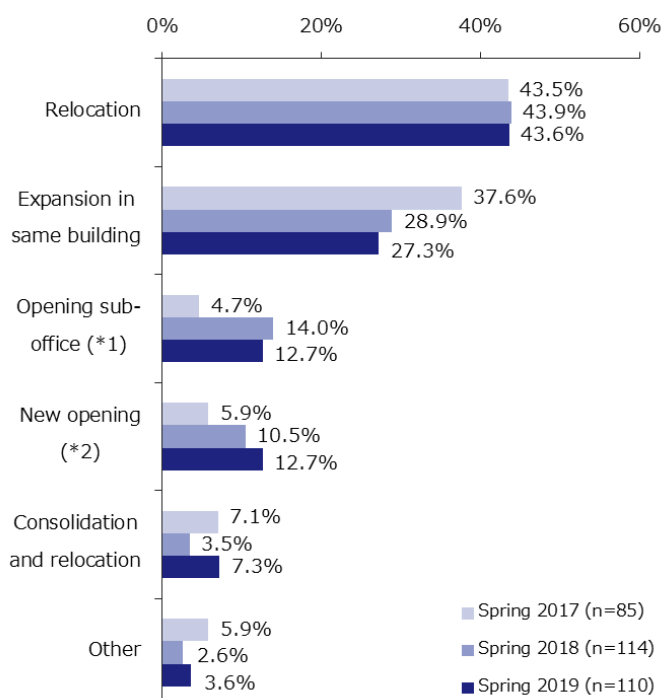
## 1-2. Change in the office size (in detail)

- ✓ The top two styles of office size expansion were “relocation” (43.6%) and “expanded area in the same building” (27.3%). The top reason for expansion was “our office space became too small due to increased personnel” (60.0%).
- ✓ The most common style of office size reduction was “reduced area in the same building” (42.5%) that outnumbered “relocation” (37.5%). The most common two reasons for reduction were “to reduce office costs” and “to improve office space efficiency” (43.6%).

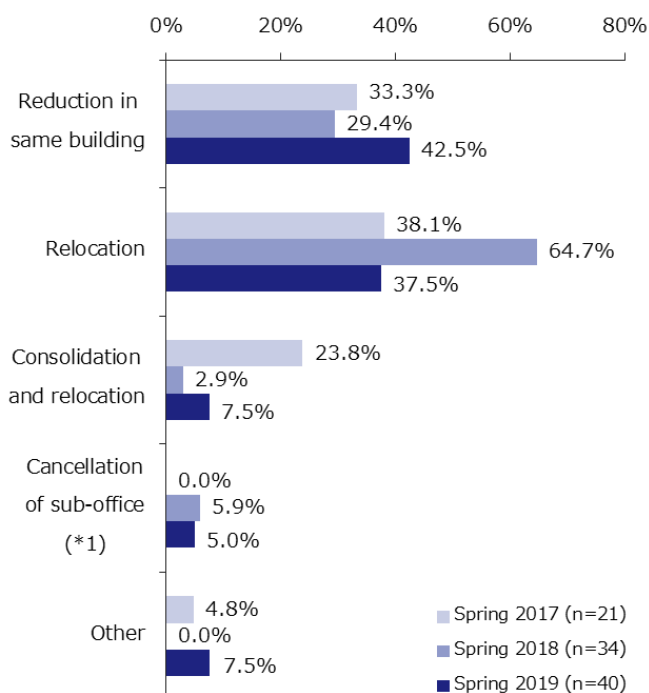
In terms of the style of office size expansion, the most companies expanded their office by relocating to another building (43.6%), which followed by “expanded area in the same building” (27.3%). The percentage of “new opening” increased from the past survey results (**Figure 7**). As for the style of office size reduction, the percentage of “reduced area in the same building” increased and outnumbered that of “relocation” (**Figure 8**).

**Figure 7: Style of Office Size Expansion**

(The companies that expanded office size, multiple answers, excerpted)

**Figure 8: Style of Office Size Reduction**

(The companies that reduced office size, multiple answers)



\*1 Sub-office: An office located near the main office such as the headquarters for separating some of its functions.

\*2 New opening: Opening a new office within the same building in which the company is located.

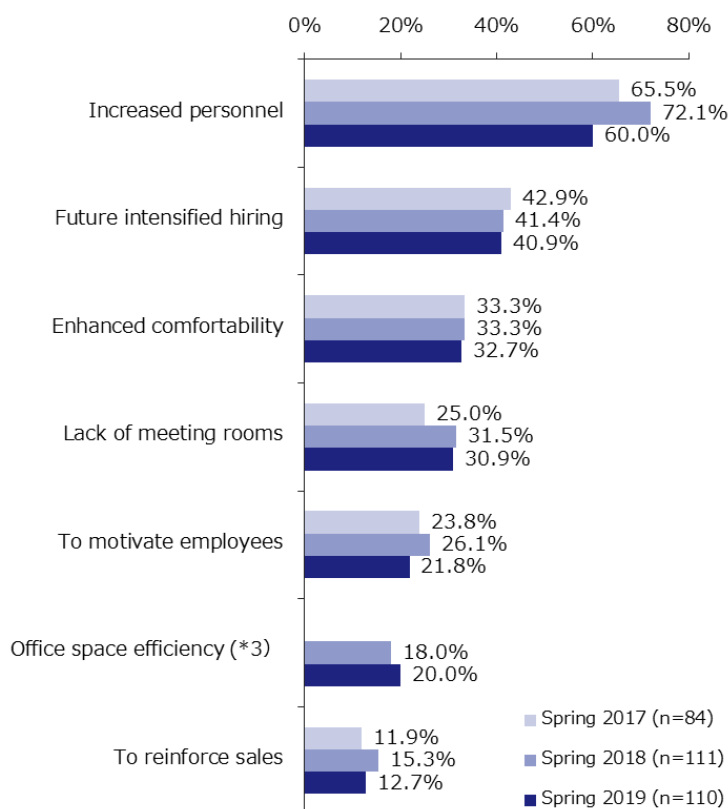


The top reasons for office size expansion included “our office space became too small due to increased personnel” (60.0%) and “to respond to personnel increase due to future intensified hiring efforts” (40.9%), which indicates the companies’ positive stance toward securing personnel, while the percentage of “our office space became too small due to increased personnel” decreased from that in our Sprint 2018 survey. The third reason was “to enhance comfortability in the office environment” (32.7%), which suggests a rising interest in the impact of offices on working people (**Figure 9**).

The top two reasons for office size reduction were “to reduce office costs” (43.6%) and “to improve office space efficiency” (43.6%) (**Figure 10**). Given the percentage of “cost reduction” decreasing and that of “efficiency” increasing year by year, it seems that more companies tend to reduce their office size on account of office space efficiency.

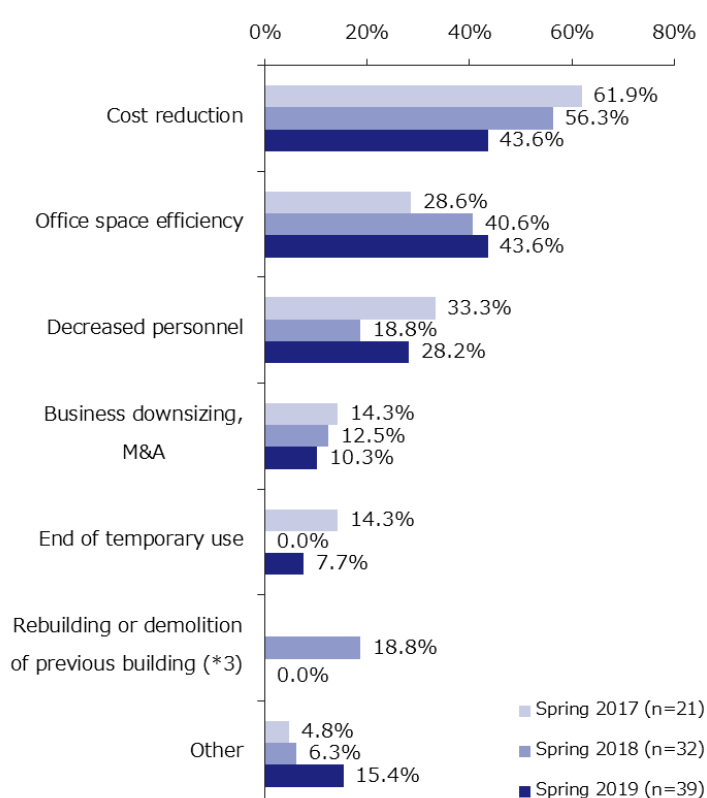
**Figure 9: Reason for Office Size Expansion**

(The companies that expanded office size, multiple answers)



**Figure 10: Reason for Office Size Reduction**

(The companies that reduced office size, multiple answers)



\*3 No data for Spring 2017, since this option was added from the Spring 2018 survey.

### 1-3. Actual and potential change in the office size

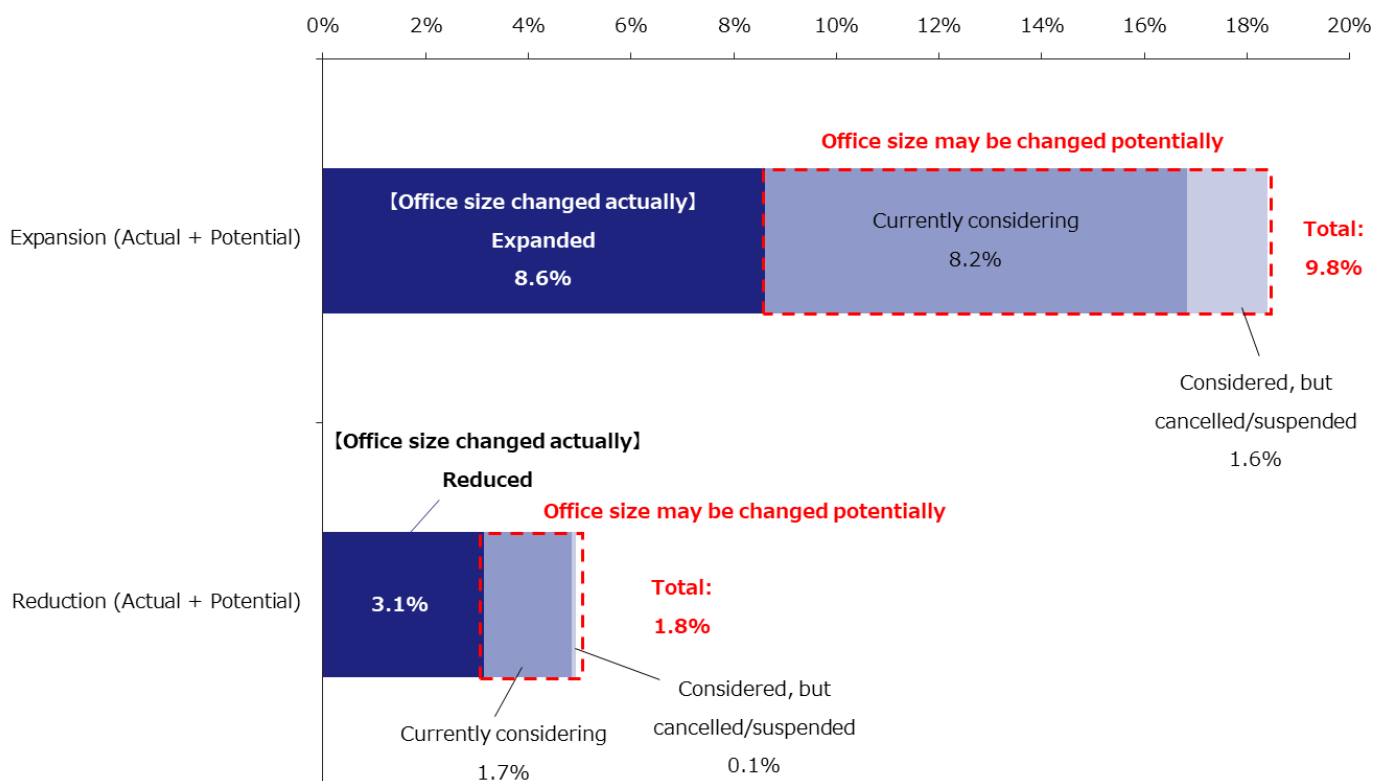
- ✓ A substantial number of the companies had a potential to change their office size even though they did not right now. Approximately 10% of all the companies were considering expansion, or had considered but cancelled or suspended the plan.

9.8% of the companies that experienced "no change" in their office size over the past year were either "considering expansion" or "had considered expansion but cancelled or suspended the plan," indicating that they had a potential to expand. Combined with the percentage of the companies that actually expanded their office size, the percentage of actual and potential expansion amounts to 18.4% (**Figure 11**).

1.7% of the companies were "considering reduction" and 0.1% "had considered reduction but cancelled or suspended the plan." Combined with the percentage of the companies that actually reduced their office size, the percentage of actual and potential reduction amounts to 4.9%.

**Figure 11: Actual and Potential Change in Office Size over the Past Year**

(Replies of all respondents (n=1,278), excerpted)

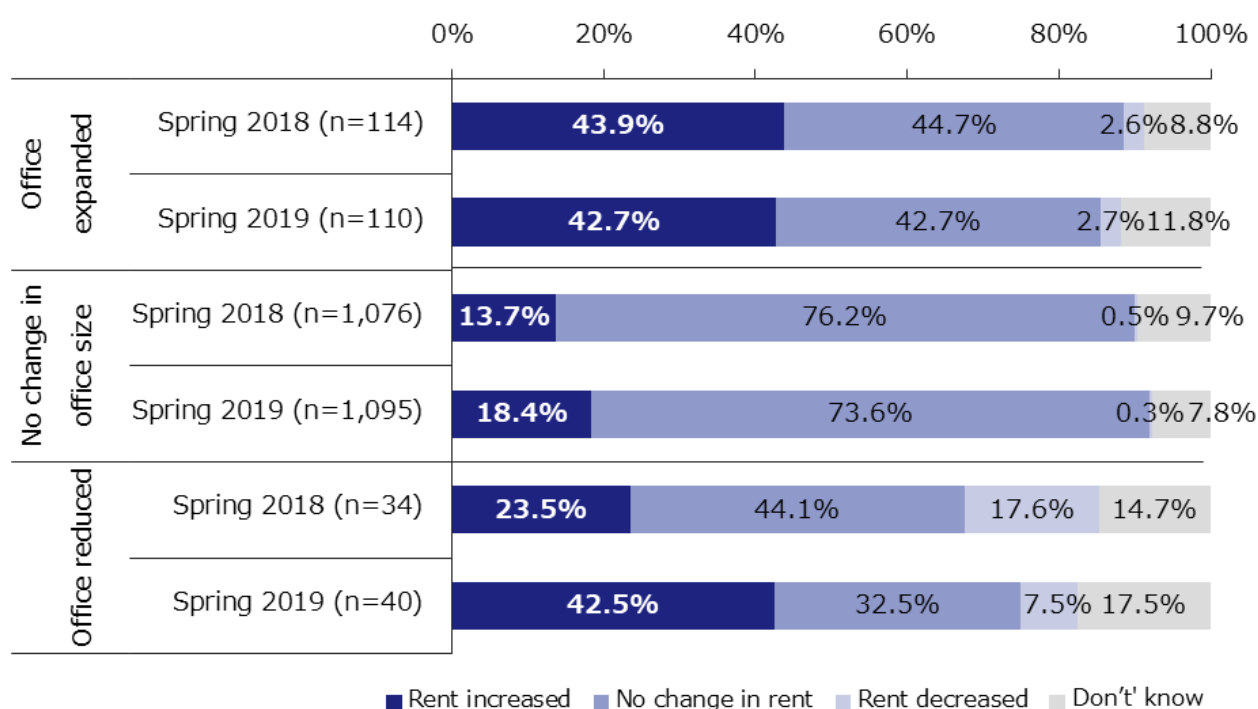


## 1-4. Change in rent per tsubo (in detail)

- ✓ 42.7% of the companies that expanded their office size and 42.5% of the companies that reduced it experienced an increase in rent per tsubo.
- ✓ 18.4% of the companies that had no change in their office size experienced an increase in rent per tsubo.

Among the companies that expanded and reduced their office size, the percentage of those answering that their rent per tsubo "increased" exceeded significantly that of those answering "decreased" rent per tsubo (**Figure 12**). Also, among the companies that had no changes in their office size, the percentage of those that experienced "increased" rent per tsubo (18.4%) exceeded that of those that experienced "decreased" rent per tsubo (0.3%) by 18.1. The results indicate that rents are on a rising trend overall not only in newly-signed lease but also in existing lease.

**Figure 12: Change in Office Size and Rent per Tsubo** (Replies of all respondents)



## PICK UP

### Changes in Office Size and Rent per Tsubo by Company Profile

There were differences in the changes in office size and rent per tsubo by company size, industry, and office location.

**Figure 13** shows the "Office Size Diffusion Index (DI)" – the change in office size (the percentage of "expanded" minus that of "reduced"), and the "Rent per Tsubo DI" – the change in rent per tsubo (the percentage of "increase" in rent per tsubo minus the percentage of "decrease") over the past year (April 2018-March 2019). From this report, Fukuoka City was added to the survey.

#### ▲By company size (number of employees)

For the companies with 1,000 or more employees, Office Size DI was lower but Rent DI was highest. On the other hand, for the companies with less than 100 employees, Office Size DI was higher but Rent DI was lower.

#### ◆By industry

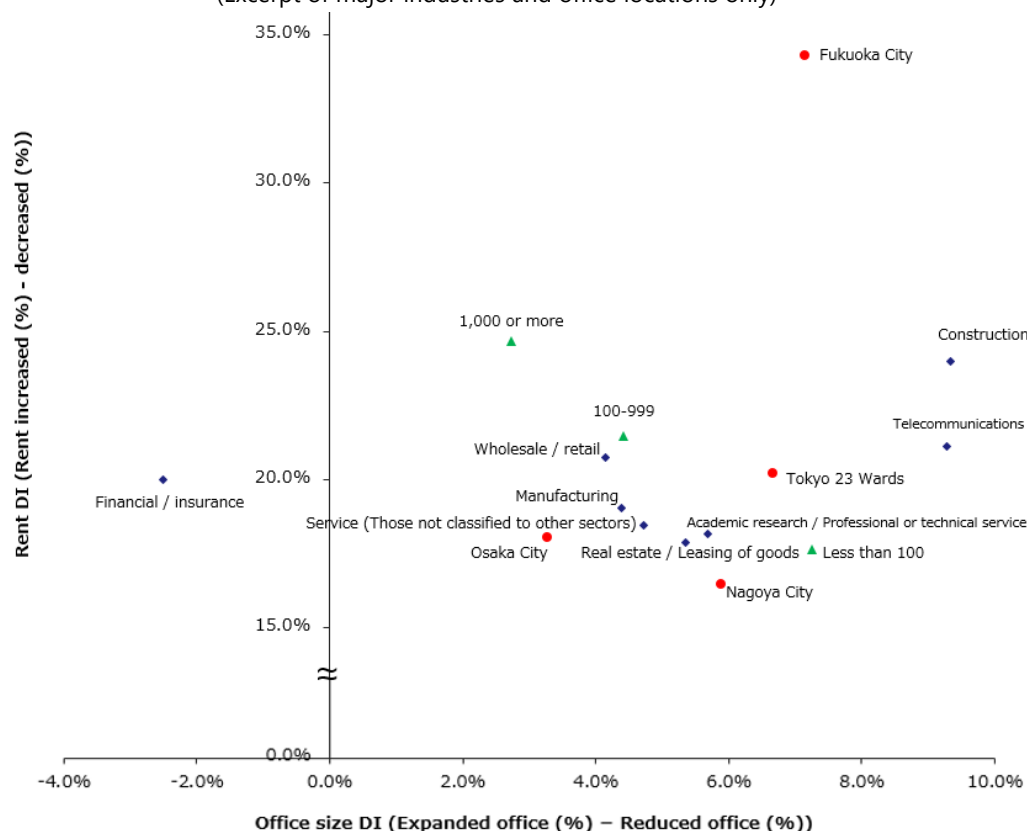
The construction industry showed higher Office Size DI and Rent DI than other industries. The telecommunications industry followed the construction industry in terms of the percentage of the companies that expanded their office size. For the financial and insurance industries, Rent DI was higher, but the percentage of the companies that reduced their office size exceeded that of those expanded their office size, which resulted in negative Office Size DI found solely among all the industries.

#### ●By office location

Fukuoka City indicated highest Office Size DI and Rent DI exceeding those for The Tokyo 23 Wards. Osaka City showed lower Office Size DI, and Nagoya City had highest Rent DI.

**Figure 13: Office Size DI and Rent DI (Both Indicate Changes in the Past)**

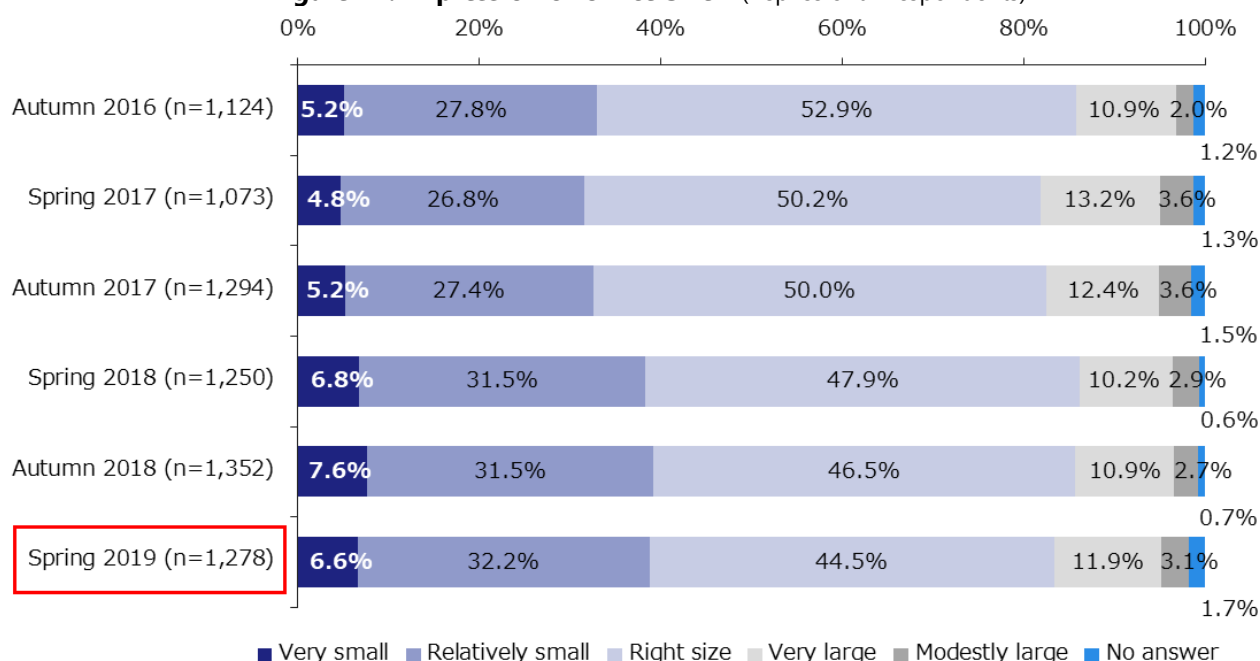
(Excerpt of major industries and office locations only)



## 1-5. Impression of office size and business confidence

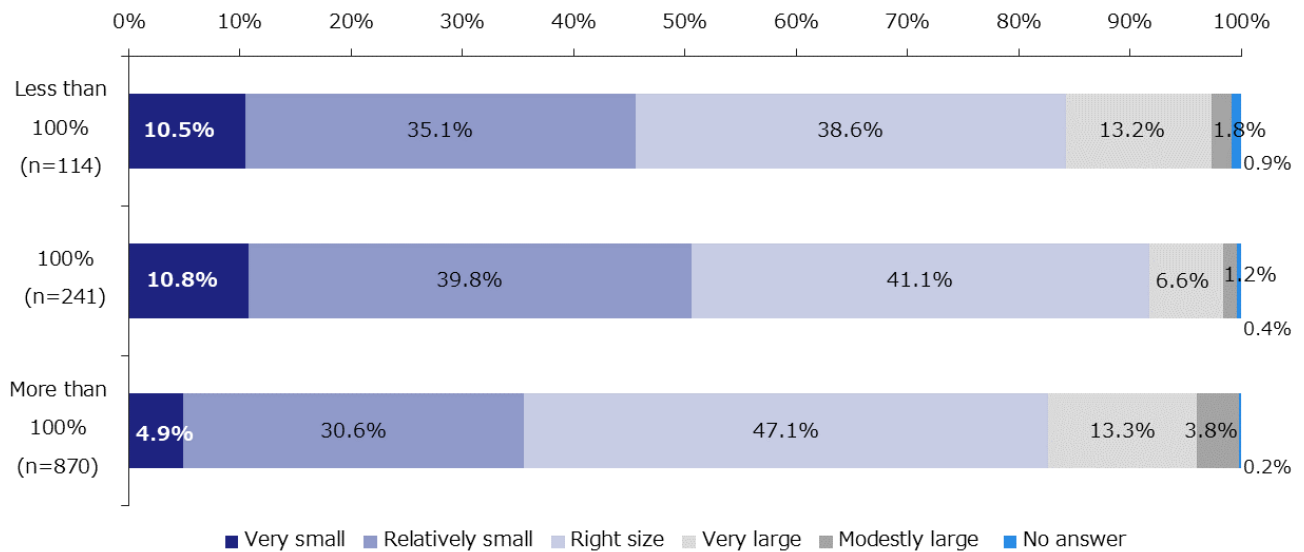
- ✓ 38.8% of the companies felt that their current office was small.
- ✓ While the business confidence among 29.5% of the companies was either "good" or "relatively good," 23.9% of the companies answered that it was "bad" or "relatively bad."

When we asked how the companies felt about their current office size, 38.8% of them in total answered that they felt their office was "very small" or "relatively small." The percentage exceeded that of the companies that felt their office was "very large" or "modestly large" (15.0%), indicating a potential need for expansion of office (**Figure 14**). When the results were compared with those of the past five surveys, the percentage of the companies that felt their office was small increased from Autumn 2017 to Spring 2018, and has been keeping on the same level since then.

**Figure 14: Impression of Office Size** (Replies of all respondents)

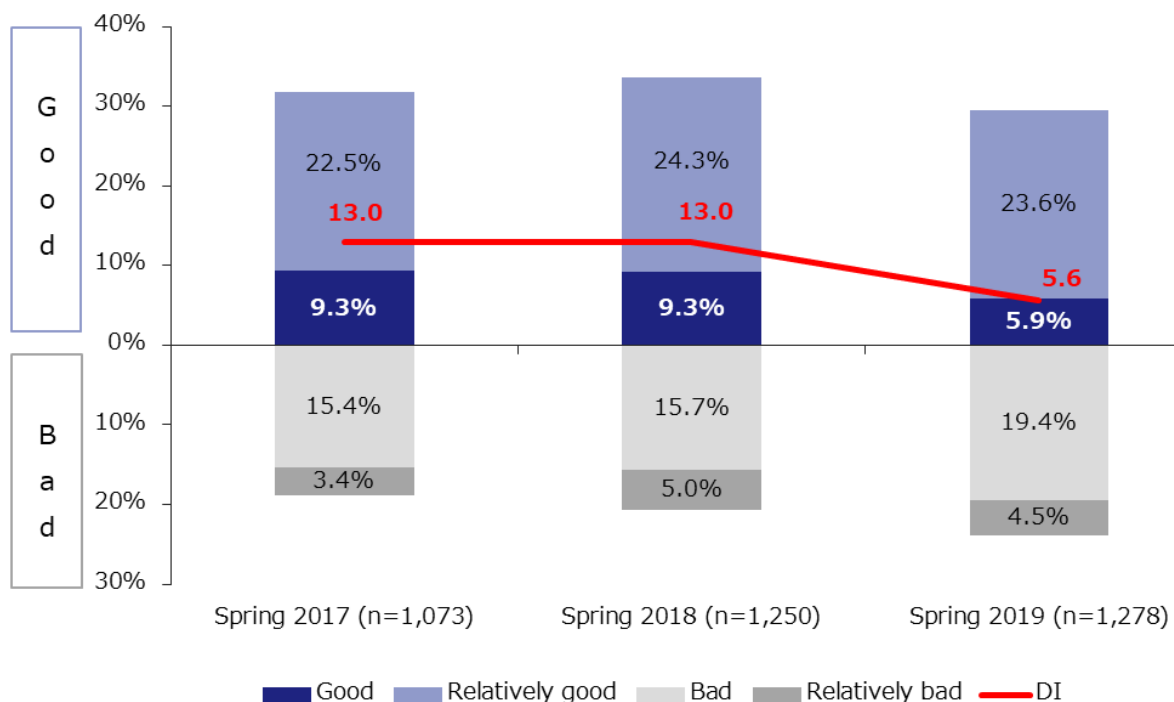
When we look at the companies' impression of office size by the rate of the number of seats prepared in the number of office users (**Figure 5**), there was no significant difference in the percentage of the companies that felt their office was small between those providing "100%" seats and those providing "less than 100%" seats (**Figure 15**). Moreover, the percentage of those that felt their office was large was higher in the companies providing "less than 100%" seats than those providing "100%" seats. As mentioned above, higher percentage of the companies providing smaller number of seats relative to the number of office users prepared their work areas that allowed flexible workstyle. Such efforts may help them improving their impression of office size while aiming for office space efficiency.

**Figure 15: Impression of Office Size, by the Rate of the Number of Seats Prepared in the Number of Office Users** (Replies of all respondents)



As for business confidence, "Business Confidence DI" is presented in **Figure 16** as the difference of the total percentage of "good" and "relatively good" minus that of "bad" and "relatively bad." In this survey, while 29.5% of the companies answered business confidence was "good" or "relatively good," 23.9% answered it was "bad" or "relatively bad." The DI was lowest (5.6) among the surveys we have conducted.

**Figure 16: Business Confidence DI** (Replies of all respondents, excerpted)



## 2. Diversification of Workplaces

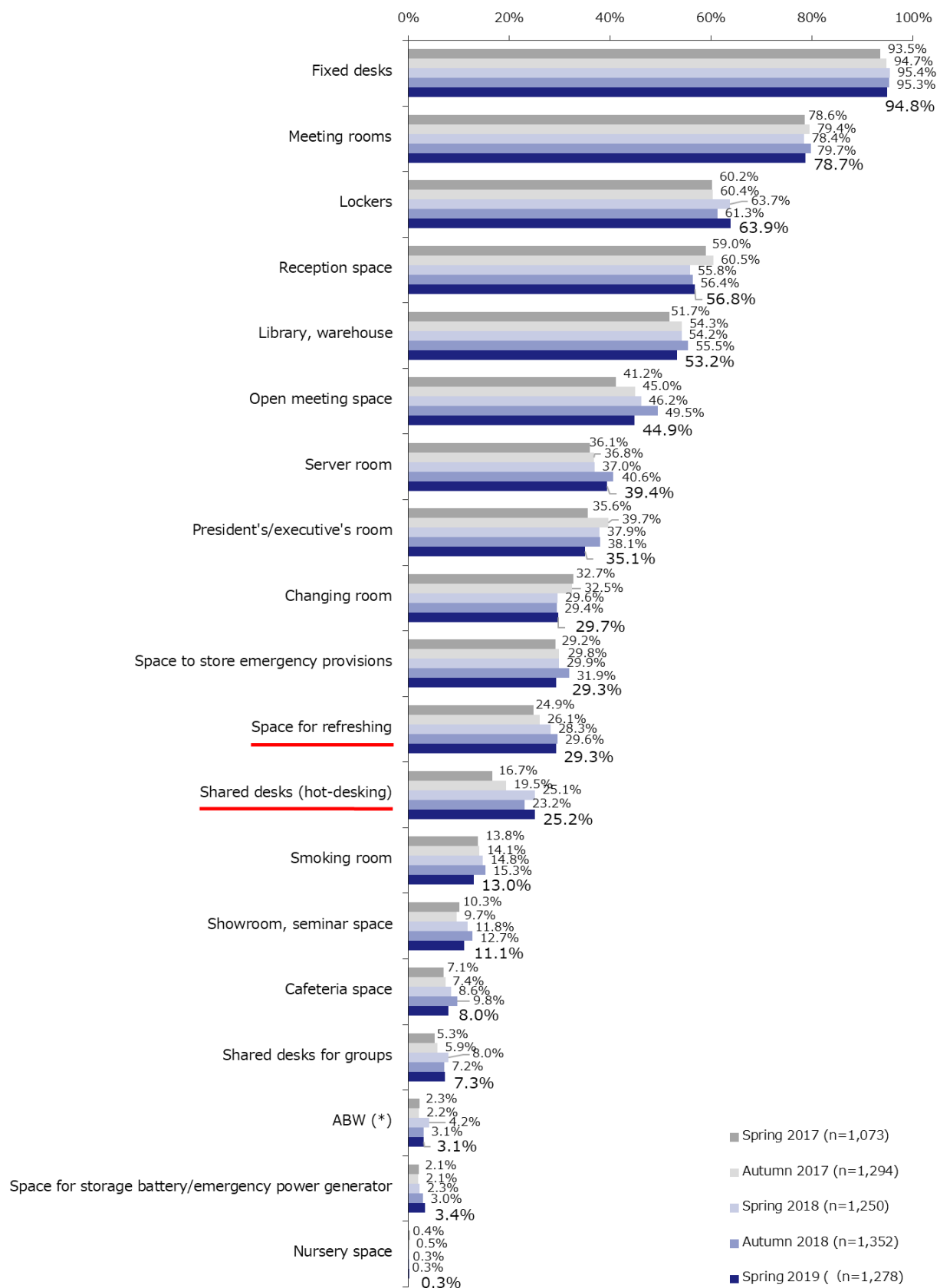
### 2-1. Office layout

- ✓ Although no major difference was seen compared to the past survey, there is a slightly rising trend in the spaces for flexible usages, such as space for refreshing and hot-desking.

**Figure 17 (lower bar)** indicates what the companies' current offices have.

Although no major difference was seen compared to the past surveys, the spaces that allow flexible usages to meet users' needs (e.g. "space for refreshing" and "hot-desking") tend to increase slightly.



**Figure 17: Layout of Current Office** (Replies of all respondents, multiple answers, excerpted)

\*ABW (Activity Based Working): A workstyle that allows a variety of work areas within the office that can be arranged and chosen for the workers' activities, such as booths for concentration and space for team work.

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## 2-2. Initiatives to support telework

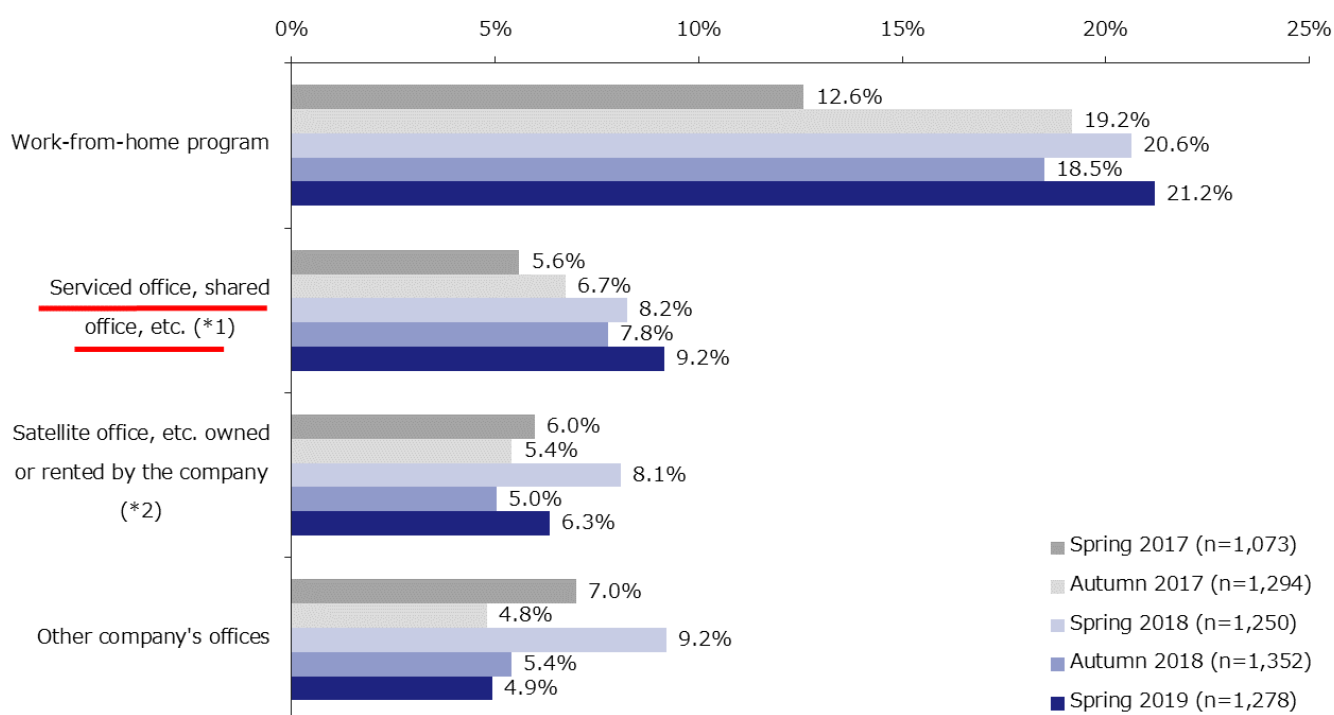
- ✓ "Development and use of work-from-home programs" was the most popular answer (21.2%), while "use of serviced offices, shared offices, etc. (\*1)" also increased.

About the companies' initiatives to support telework, we asked them if they offered or prepared any, even if such initiatives were only for the part of their people.

"Development and use of work-from-home programs" was the most popular answer (21.2%). Comparison with the past surveys shows that "use of serviced office or shared office provided by a specialized operator (\*1)" (9.2%) tends to increase (**Figure 18**). These results suggest that alternative workplaces are gradually becoming available following the recent prevalence of workstyle reforms.

**Figure 18: Types of Places and Programs for Telework**

(Replies of all respondents, multiple answers, excerpted)



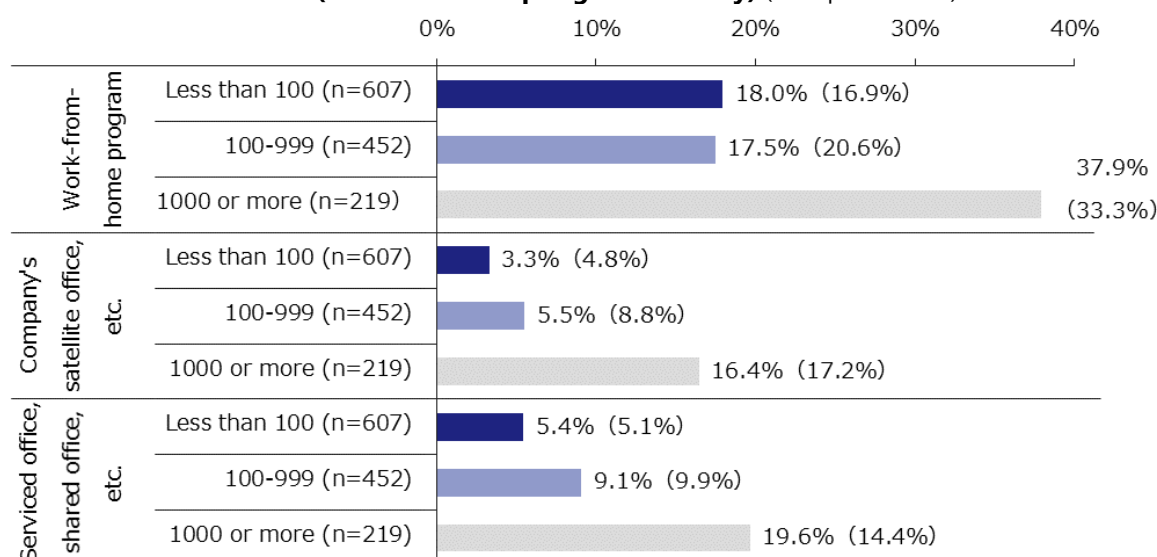
\*1 Serviced office or shared office provided by the specialized operators, regardless of the detail of the contract (e.g. monthly charge or pay-by-the-hour).

\*2 Satellite office: An office that is established near the convenient railway station or in the suburb for the benefit of employee's commuting time, being equipped with the facilities similar to that of the main office.

The initiatives to support telework varied depending on the attributes of the companies, such as company size and location.

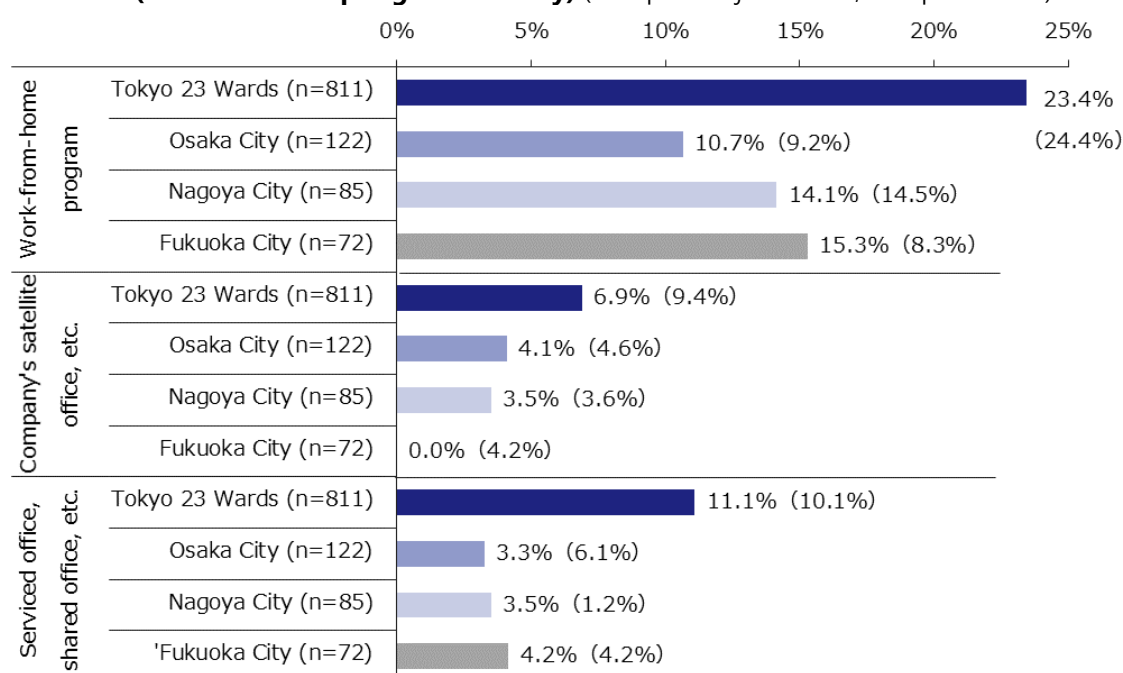
By company size (number of employees), the large companies with 1,000 or more employees showed highest percentages of availability regarding all the initiatives such as “work-from-home program” (37.9%) and “use of serviced offices, shared offices, etc.” (19.6%) (**Figure 19**).

**Figure 19: Availability of Places/Programs for Telework – By Company Size**  
(% in brackets: Spring 2018 survey) (Multiple answers)



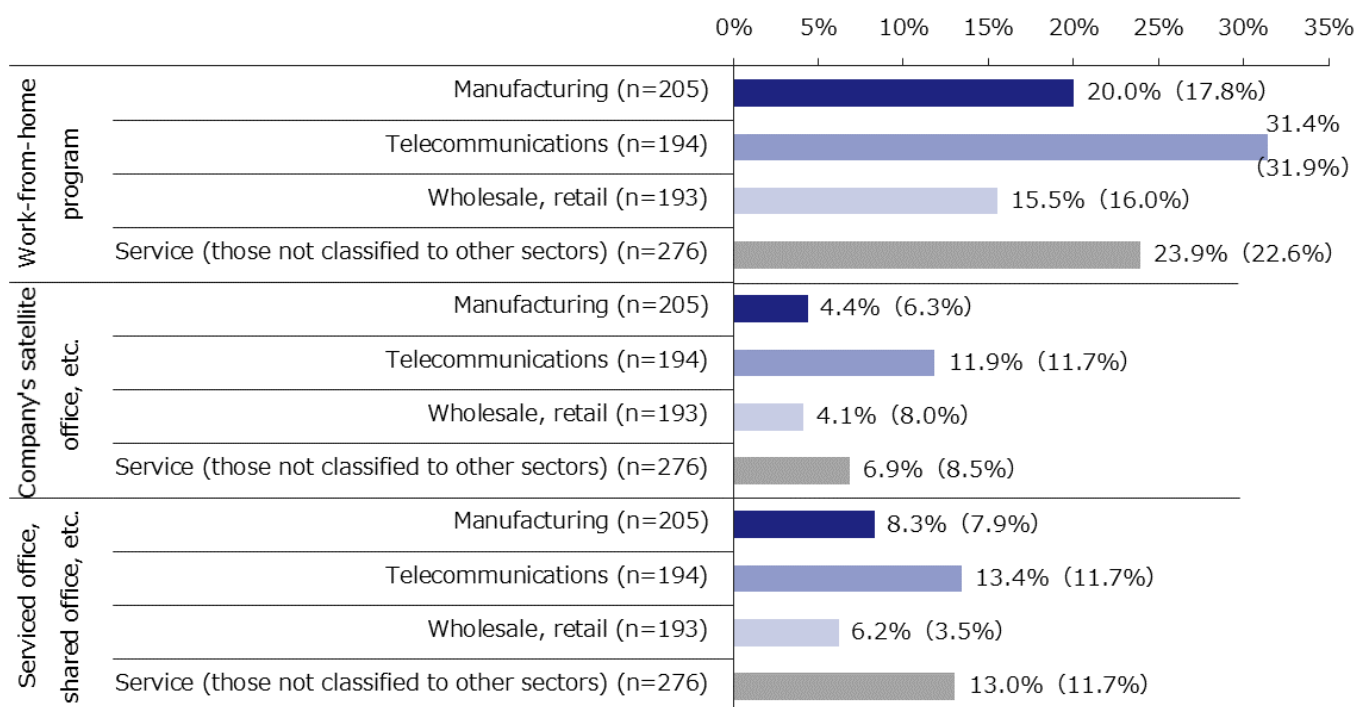
By office location, the Tokyo 23 Wards tended to show higher percentages of availability for all the initiatives (**Figure 20**).

**Figure 20: Availability of Places/Programs for Telework – By Office Location**  
(% in brackets: Spring 2018 survey) (Excerpt of major location, multiple answers)



By industry, telecommunications and service industries tended to show higher percentage of availability (Figure 21).

**Figure 21: Availability of Places/Programs for Telework – By Industry**  
(% in brackets: Spring 2018 survey) (Excerpt of major industries, multiple answers)



## PICK UP

### Change in Office Layout by Change in Office Size

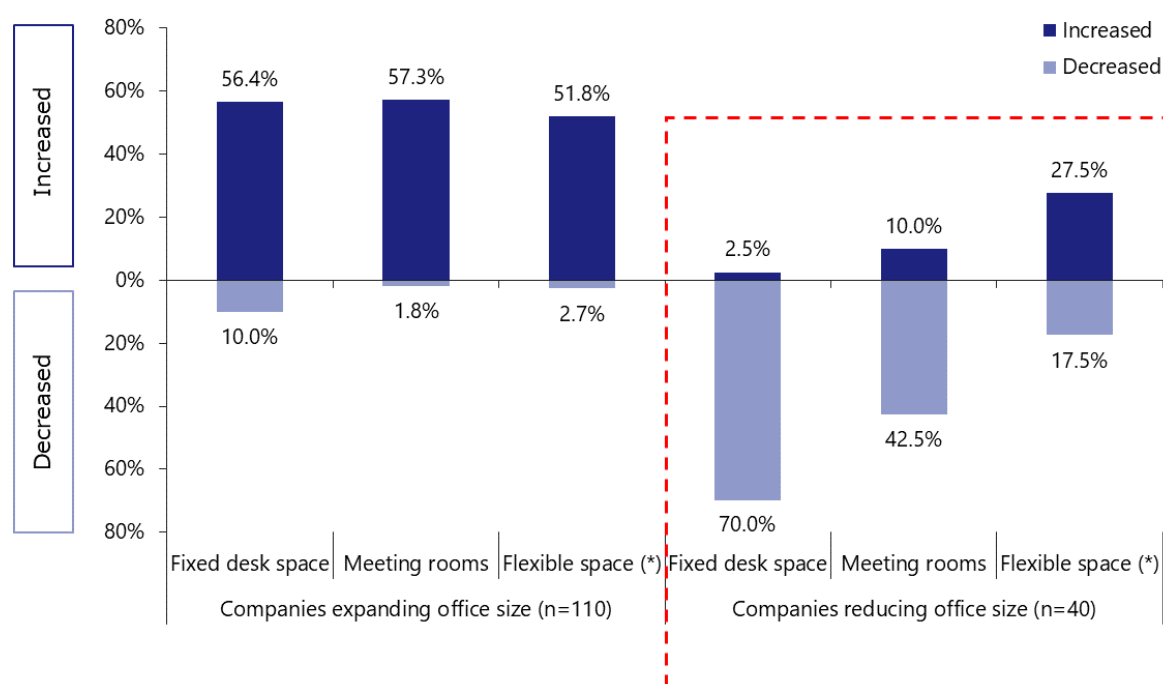
In this survey, we asked the companies about the change of their office layout over the past year (April 2018-March 2019) that was categorized into the 3 types: fixed desk space, meeting rooms, and flexible space (\*). Next, we examined the relationship between the change in the size of each layout type and the change in the size of the company's entire office (**Figure 22**).

The result revealed that the companies expanding their entire office size tended to increase the size of every layout type at the same time.

Among the companies reducing their entire office size, the percentage of those "increased flexible space" was highest (27.5%), whereas the percentages of those increased fixed desks and those increased meeting rooms were 2.5% and 10.0%, respectively. In addition, 70% of the companies reducing their entire office size decreased the fixed desk space. It seems that the companies reducing their entire office size intend to improve their office space efficiency by reducing the spaces of fixed location and usage like fixed desks and meeting rooms, while increasing flexible spaces such as hot-desking and open meeting space.

**Figure 22: Change in Office Layout by Change in Office Size**

(Replies of all respondents, excerpted)



\* Flexible space includes hot-desking, shared desks for groups, open meeting space, space for refreshing, ABW, and cafeteria space.

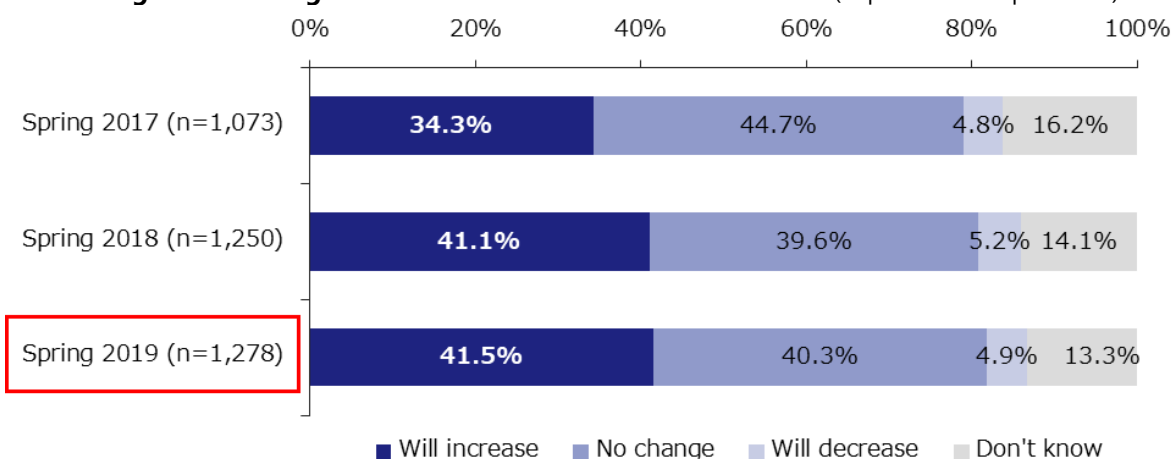
### 3. Outlook of Office Demand

#### 3-1. Outlook of the number of office users and the office size

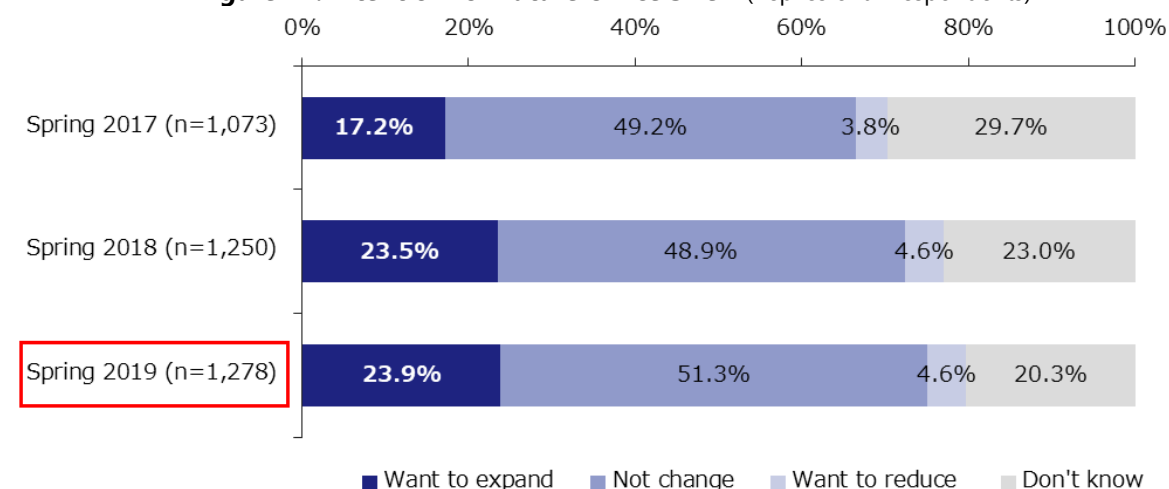
- ✓ 41.5% of the companies answered that the number of their office users "will increase," significantly exceeding that of those answering it "will decrease" (4.9%).
- ✓ Also, 23.9% of the companies answered that they wanted to expand their office size, exceeding that of those answering they wanted to reduce the office (4.6%). Thus, the strong demand for office space is likely to continue.

We asked the companies about their expectations of the number of users of their current office in the next one to two years. 41.5% of the companies answered that the number of users "will increase," significantly exceeding that of those answering "will decrease" (4.9%) (**Figure 23**). Likewise, in terms of the companies' intention toward their office size for the next two to three years, more companies wanted to expand (23.9%) than to reduce (4.6%) (**Figure 24**). Thus, the result of this survey indicates the strong demand for office space is likely to continue, like the result shown in the Spring 2018 survey.

**Figure 23: Change in the Future Number of Office Users** (Replies of all respondents)



**Figure 24: Intention for Future Office Size** (Replies of all respondents)

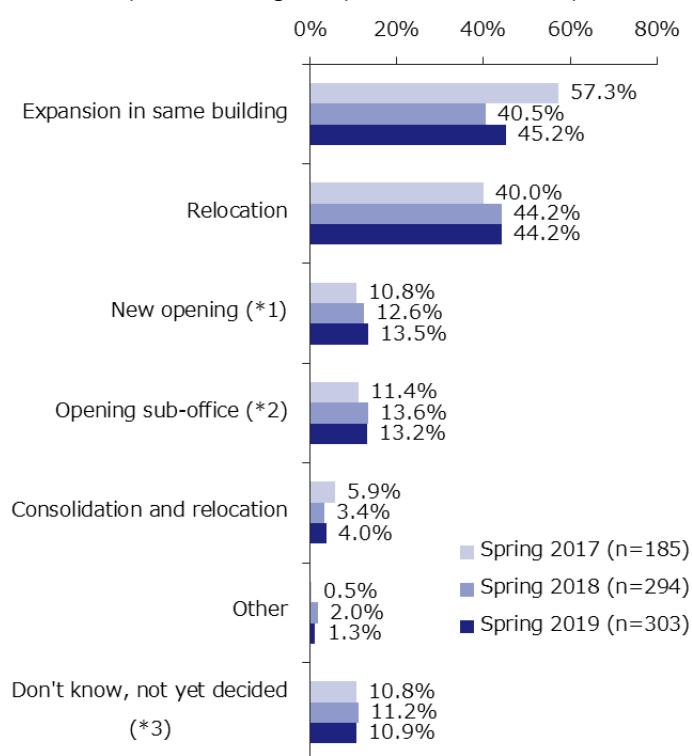


Regarding the styles of expansion asked among the companies that “want to expand” their office size, the top answers were “expanded area in the same building” (45.2%) and “relocation” (44.2%) (**Figure 25**). The top three reasons for future expansion were same as those answered by the companies that had already expanded: “our office space became too small due to increased personnel” (63.6%), “to respond to personnel increase due to future intensified hiring efforts” (48.5%), and “to enhance comfortability in the office environment” (37.4%) (**Figure 27**). When the result was compared with those of the past surveys, we found that the percentage of “to motivate employees” tended to increase.

As for the styles of office size reduction, the top answer was “relocation” (47.5%), like the Spring 2018 survey (**Figure 26**). The reasons for future reduction included “to reduce office costs” (64.4%) and “to improve office space efficiency” (49.2%) (**Figure 28**).

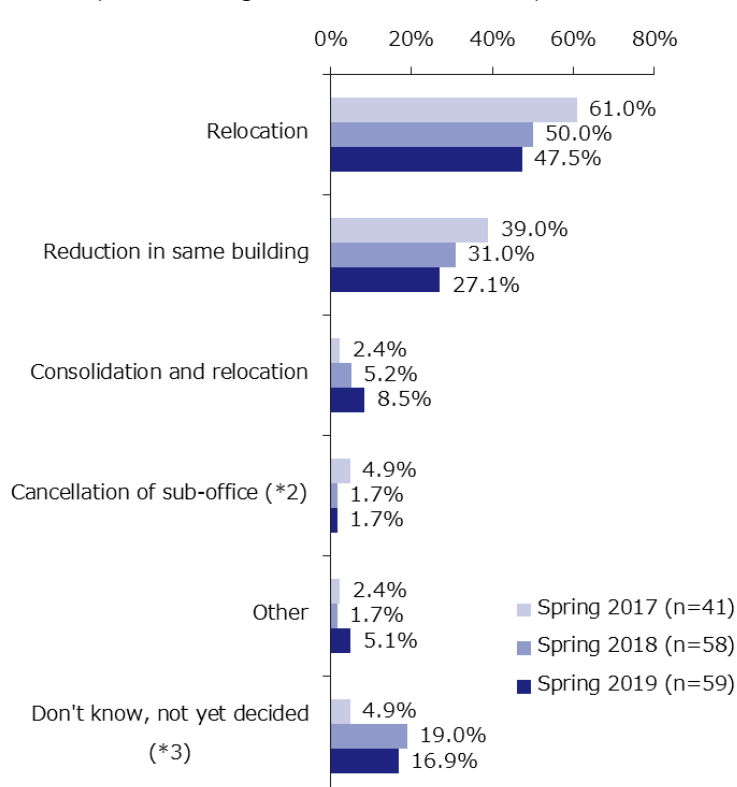
**Figure 25: Style of Future Expansion**

(Companies wanting to expand office size, multiple answers)



**Figure 26: Style of Future Reduction**

(Companies wanting to reduce office size, multiple answers)



\*1 New opening: Opening a new office in the building different from the one in which the company is located.

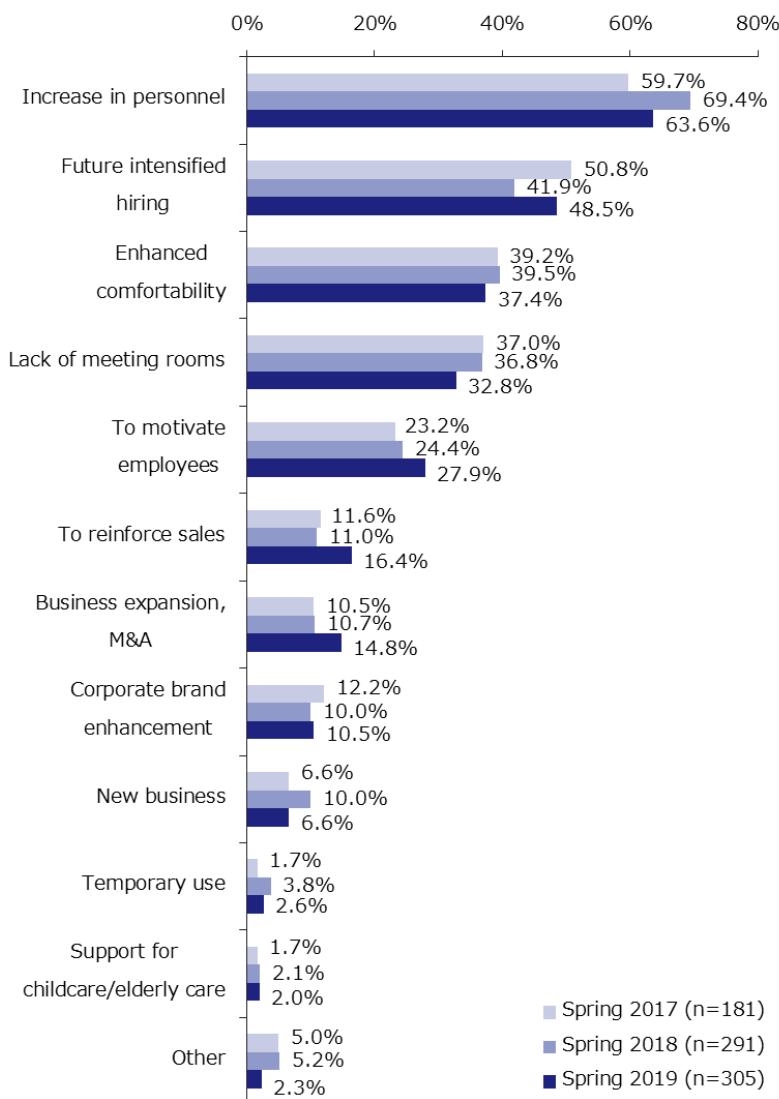
\*2 Sub-office: An office located near the main office such as the headquarters for separating some of its functions.

\*3 The data of “Don't know, not yet decided” for Spring 2017 survey is not consistent with our past reports, since this report excluded the contradictory answers.

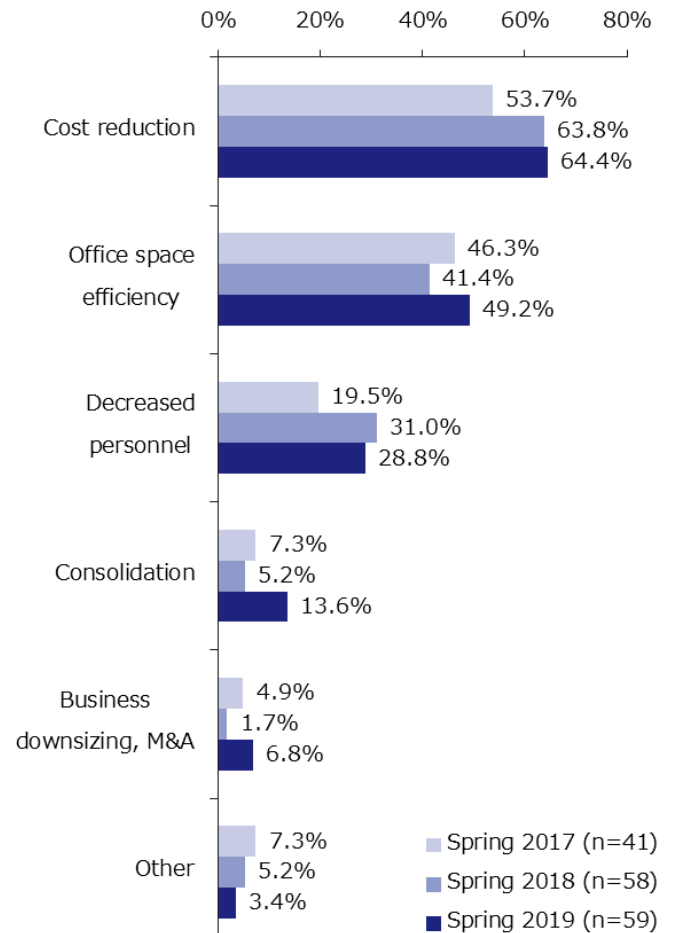


**Figure 27: Reason for Future Expansion**

(Companies wanting to expand office size, multiple answers)

**Figure 28: Reason for Future Reduction**

(Companies wanting to reduce office size, multiple answers)



## PICK UP

### Past and Future Changes in Office Size by Company Profile

**Figure 29** shows the Office Size DI (the percentage of “expanded” minus that of “reduced”) of the past year (April 2018–March 2019) and the future Office Size Intention DI (the percentage of “want to expand” minus the percentage of “want to reduce”).

#### ▲ By company size (number of employees)

For the companies with 100–999 employees, the future Office Size Intention DI was higher. For the companies with 1,000 or more employees, both the future Office Size Intention DI and the Office Size DI of the past year were lower.

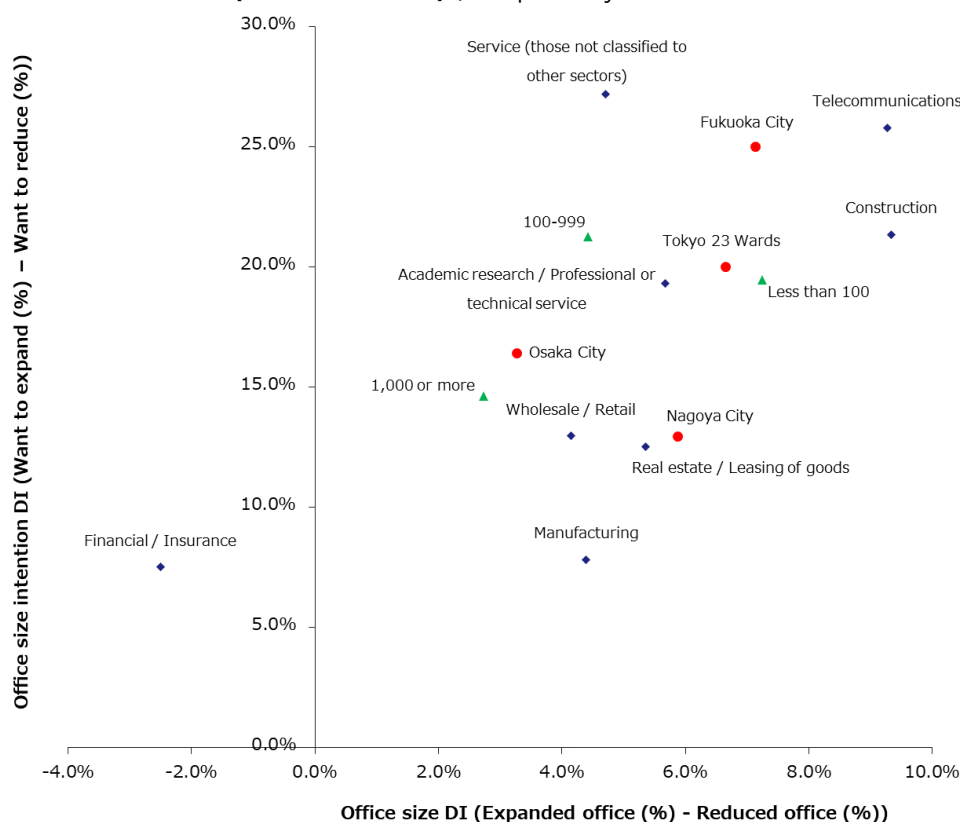
#### ◆ By industry

The result shows that office demand in the telecommunications industry was strong and is expected to be so still in future. The service industry indicated highest future Office Size Intention DI. On the other hand, in the financial and insurance industries, many companies reduced their office size in the past year and showed lower future Office Size Intention DI.

#### ● By office location

Fukuoka City indicated the strongest office demand both in the past year and for future. In Osaka City, while expansion of office size was relatively low in the past, its future Office Size Intention DI was higher than that for Nagoya City.

**Figure 29: Office Size DI (Past and Future)** (Excerpt of major industries and office locations only)



### 3-2. The major focuses, concerns, and obstacles in implementing office strategy

- ✓ The major focuses of the companies in implementing their office strategy included "productivity improvement" (56.2%), "enhancement of employees' motivation" (50.8%), and "enhancement of comfortability in the office environment" (37.5%): The issues related to employee satisfaction ranked high.
- ✓ As for concerns and obstacles in implementing office strategies, the issues related to cost dominated the top 3 rankings, which were followed by the issues concerning internal coordination such as "no approval from the management" (14.8%) and "coordination with the systems department" (13.9%).

The major focuses of the companies in implementing their office strategy were shown in **Figure 30**. The result suggests that the companies placed a greater focus on the issues related to employee satisfaction such as "enhancement of employees' motivation," "more active communication," and "enhancement of comfortability in the office environment" than the issues related to cost consciousness that included "reduction of office costs," "reduction of travel costs (time and transportation fee)," and "office space reduction/efficiency." It revealed that the companies had a greater awareness about providing a pleasant working environment for their employees.

**Figure 30: The Major Focuses in Implementing Office Strategy**

(Replies of all respondents (n=1,278), multiple answers)



As for the concerns and obstacles in implementing office strategies, approximately 40% of the companies chose "heavy cost burden" which was the top answer and "risk of rise in rent levels" (27.1%) came the next (**Figure 31**). Following the issues related to cost, those related to internal coordination such as "no approval from the management" (14.8%) and "coordination with the systems department" (13.9%) ranked higher.

**Figure 31: Concerns and Obstacles in Implementing Office Strategy**

(Replies of all respondents (n=1,278), multiple answers)



## PICK UP

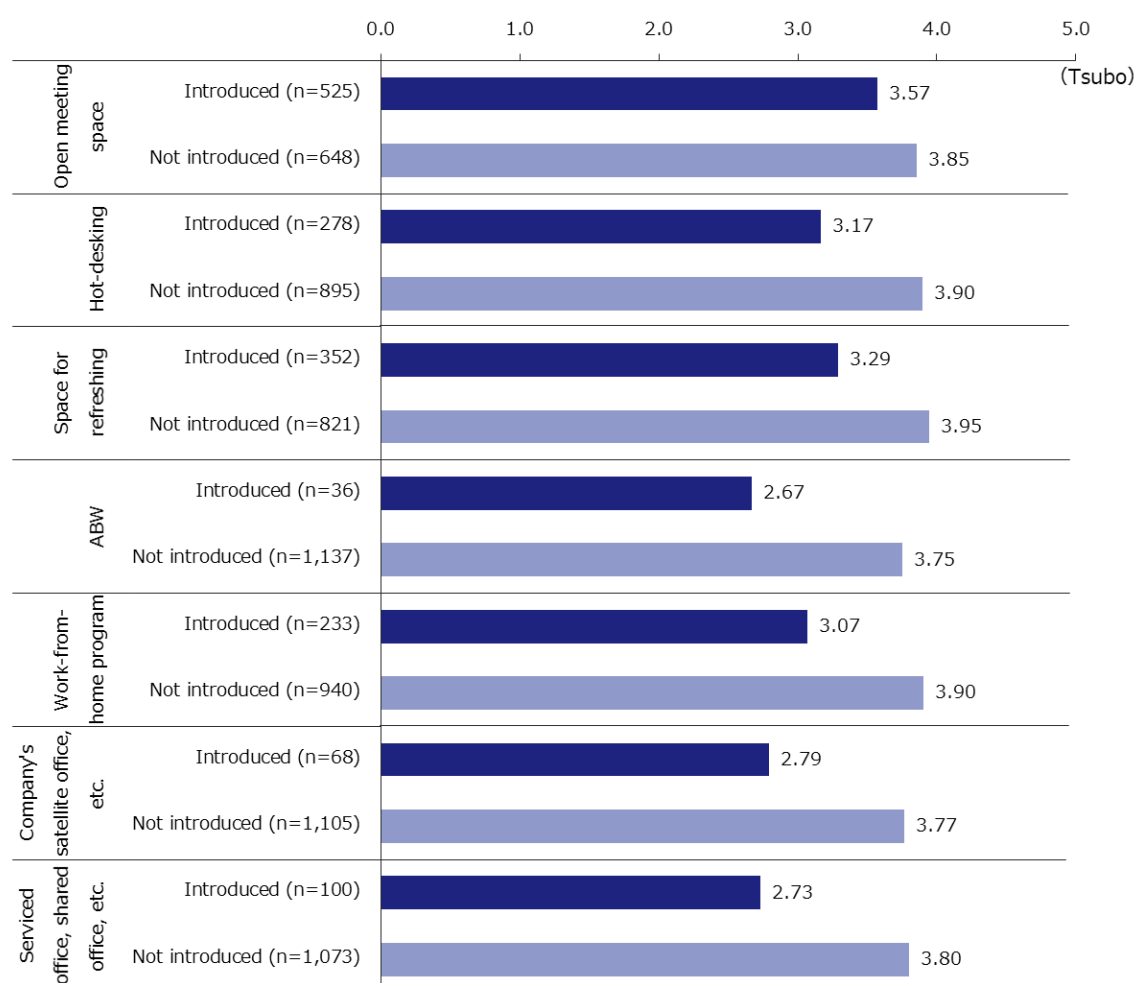
## Office Space per Person by Initiative on Workplace

A calculation of office space per person (the median) by the availability of a flexible office layout or telework indicates that in all layouts and types of telework, the companies where such layout or telework is available have a smaller office space per person than the companies where such initiatives are not available (**Figure 32**).

The office space per person at the companies that had introduced a flexible layout, especially ABW, was smaller than that at the companies not introducing such layouts by 1 tsubo or larger (1 tsubo = 3.3 sqm). In terms of the place for telework, the office space per person at the companies that used serviced or shared office and satellite office was 2.73 tsubo and 2.79 tsubo, respectively (3.80 tsubo and 3.77 tsubo, respectively, at companies that did not use such offices). The dispersion of workplaces may be contributing to improved efficiency of conventional office space. If workstyles continue to become more flexible and diverse both in and outside the office, it may affect the use of fixed office space, such as head offices, as well as office demand.

**Figure 32: Office Space per Person by Availability of Initiative on Workplace (Median)**

(Replies of the companies with office space per person of 1.5–15 tsubo (n=1,173))



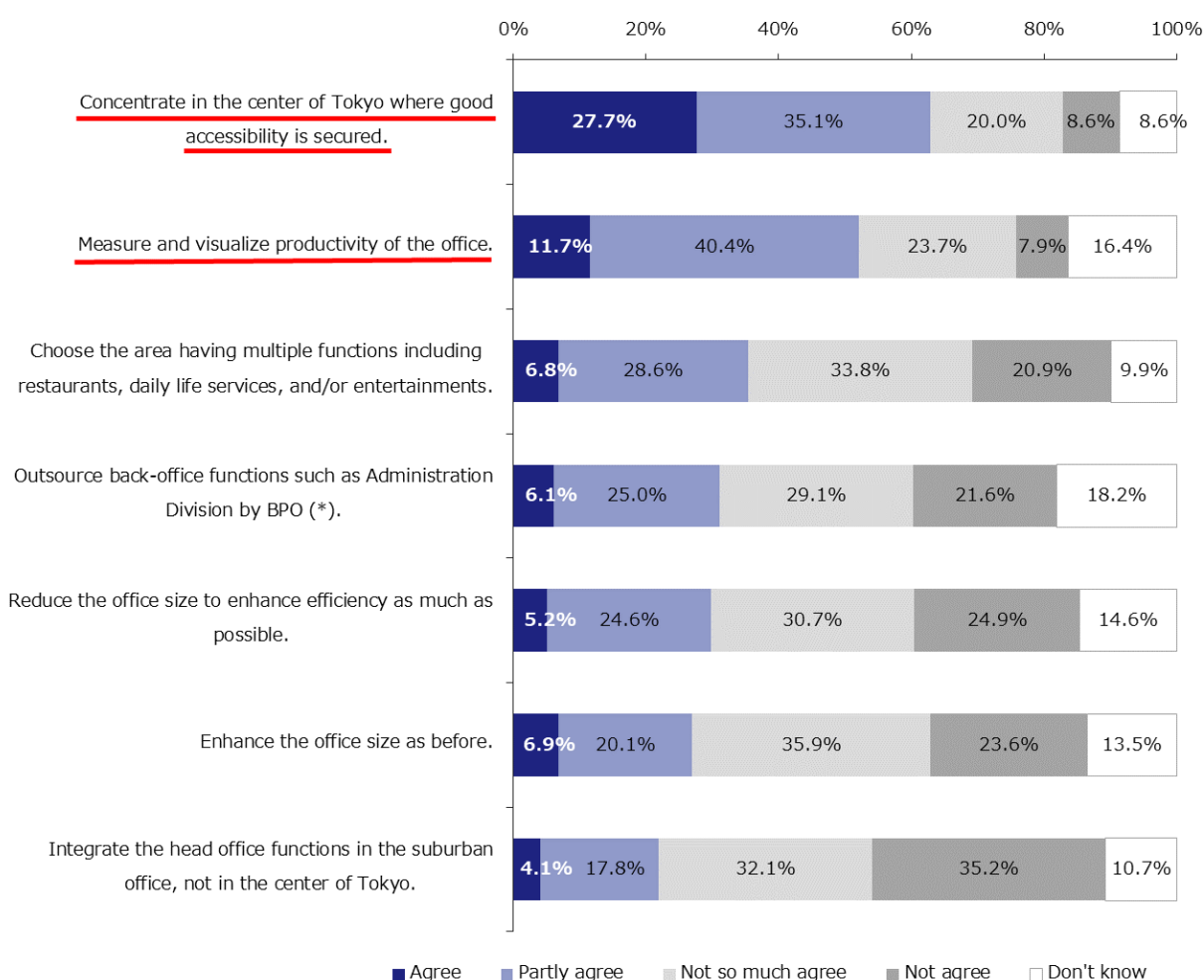
## 4. Topic: Future Office Strategy

### 4-1. Future office strategy for head office and other offices

- ✓ As the future strategy for the head office, the top answer was to “concentrate in the center of Tokyo where good accessibility is secured” (62.8%, the sum of “Agree” and “Partly agree”). The results also revealed that more than half of the companies intended to “measure/visualize the productivity of offices.”
- ✓ As the future strategy for offices other than the head office, 49.3% of the companies chose “enhance work from home” and 39.5% chose “provide workspaces in various locations outside the head office.” The percentage for the both strategies outnumbered that for “consolidate offices into the head office as much as possible” (33.3%).

We asked the companies about their strategy for the head office for 5–10 years ahead (**Figure 33**). The top answer was to “concentrate in the center of Tokyo where good accessibility is secured” (62.8%, the sum of “Agree” and “Partly agree”), followed by an intention to “measure/visualize the productivity of offices” by more than half of the companies (52.1%).

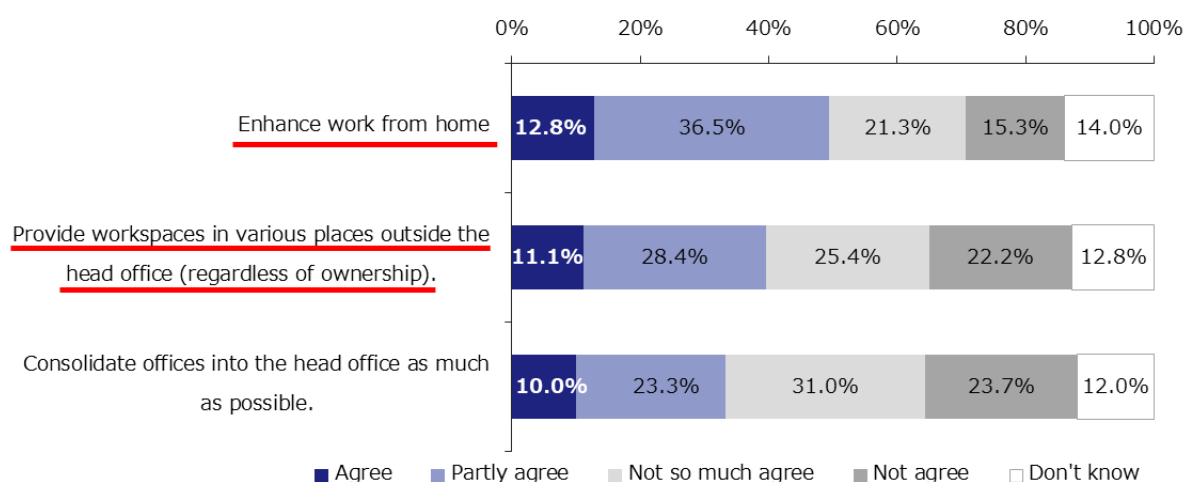
**Figure 33: Future Strategy for the Head Office** (Replies of all respondents (n=1,278))



\* BPO (Business Process Outsourcing): Outsourcing of the certain tasks of a company to a specialized contractor.

As for the future strategy for offices other than the head office, nearly half of the companies (49.3%) answered that they would “enhance work from home” (**Figure 34**). Furthermore, 39.5% of the companies answered that they would “provide workspaces in various places outside the head office,” exceeding the percentage of the companies that would “consolidate offices into the head office as much as possible.” They seem to have an intention to provide environment where their employees can work in various locations outside the head office rather than to integrate their functions in the head office.

**Figure 34: Future Strategy for Offices Other than the Head Office** (Replies of all respondents (n=1,278))



## 5. Summary

As we have examined in 1-1. [Changes in the number of office users, size of office, and rent per tsubo \(Incl. CAM charges\)](#), the increase exceeded the decrease in the number of office users, the size of office, and rent per tsubo over the past year, indicating continued robust demand for offices. In particular, the percentage of the companies that reported “increase” of rent per tsubo increased not only in the Tokyo 23 Wards but also in the regional cities such as Fukuoka City and among the companies that reported no change in their office size. In addition, as seen in 3-1. [Outlook of the number of office users and the office size](#), more companies answered that the number of their office users “will increase” than “will decrease” as well as more companies wanted to expand their office size than to reduce. Thus, the future demand for office space would be strong continuously. On the other hand, the percentage of the companies that answered that business confidence was “bad” or “relatively bad” increased from our past surveys, which may suggest changes in the business climate surrounding the companies.

In this survey, we asked the companies about the percentage of the number of seats prepared in the number of office users, regarding their current situation and intention for future. As the result, more than half of the companies had an intention to limit their number of seats to 100% of the number of their office users or less in future (**Figure 5**). In addition, more companies providing “less than 100%” seats introduced flexible office layouts and telework than those providing “more than 100%” seats (**Figure 6**), which indicated that they may try to improve their people’s impression of office size through these initiatives (**Figure 15**).

With regard to office layouts, more companies tend to provide the spaces for flexible usages such as space for refreshing and hot-desking. In addition, they are gradually introducing the places and programs for telework such as the work-from-home program and serviced office (**Figures 17 and 18**). For the companies that had reduced their entire office size, they tended to decrease the spaces of fixed location and usage like fixed desks



and meeting rooms but to increase flexible spaces such as hot-desking and open meeting space, through which they seem to aim for office space efficiency (**Figure 22**). In fact, the office space per person was smaller at the companies that had introduced a flexible office layout such as ABW and those utilizing serviced office or shared office. These efforts are likely to contribute to enhancement of office size efficiency (**Figure 32**). While availability of work-from-home program and/or serviced office is getting higher, diversification of workplaces must continue to affect future office demand.

As shown by the several results of this survey, the shift to more flexible workstyles without being bound to the location is expected to accelerate future, and the workplaces would be dispersed everywhere accordingly. On the other hand, as we saw in **Figures 33 and 34**, the head offices for “congregating” purposes will remain in demand, even if changing their shape and/or role. We intend to observe continuously the quantitative factors including the office size and the number of users, as well as the qualitative changes in office demand due to the social factors such as workstyle reforms.

## Survey Overview

<b>Survey period</b>	April-May, 2019
<b>Target respondents</b>	4,156 companies in total: <ul style="list-style-type: none"> <li>• Companies that are tenants of office buildings managed by the Xymax Group</li> <li>• Client companies of XYMAX INFONISTA Corporation</li> </ul>
<b>No. of valid responses</b>	1,278 companies; response rate, 31%
<b>Geographical coverage</b>	Nationwide (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba Prefectures and others)
<b>Survey method</b>	By email and questionnaire sheet
<b>Topics covered in the survey</b>	<p>Current office</p> <ul style="list-style-type: none"> <li>• Office type, location, contracted area, rent per tsubo (incl. CAM charges), number of office users</li> <li>• Number of work desks, intention for the number work desks, impression of office size</li> </ul> <p>Current status of office use and telework</p> <ul style="list-style-type: none"> <li>• Current status of office layout, current status of places for telework</li> </ul> <p>Change in office demand (April 2018-March 2019)</p> <ul style="list-style-type: none"> <li>• Change in the number of office users</li> <li>• Change in the office size, the details, and the reason</li> <li>• Change in rent per tsubo</li> </ul> <p>Change in office layout (April 2018-March 2019)</p> <ul style="list-style-type: none"> <li>• Change in the fixed desk space and the reason</li> <li>• Change in the meeting rooms and the reason</li> <li>• Change in the flexible space, the details, and the reason</li> </ul> <p>Change in workplaces for telework (April 2018-March 2019)</p> <ul style="list-style-type: none"> <li>• Change in the serviced office/shared office and the reason</li> <li>• Change in the satellite office and the reason</li> <li>• Change in the office located in the other company and the reason</li> <li>• Change in work-from-home program and the reason</li> </ul> <p>Outlook of office demand</p> <ul style="list-style-type: none"> <li>• The agenda the company focuses on and business confidence</li> <li>• Outlook of change in the number of office users</li> <li>• Intention to change the office size, the details, and the reason</li> <li>• Major focuses, concerns, and obstacles in implementing office strategy</li> </ul> <p>Future office strategy</p> <ul style="list-style-type: none"> <li>• Head office strategy, office strategy for other offices</li> </ul> <p>Company profile</p> <ul style="list-style-type: none"> <li>• Industry, location of head office, number of employees, year of establishment</li> </ul> <p>Respondent profile</p> <ul style="list-style-type: none"> <li>• Department, position, age group</li> </ul>

Profile of Respondent Companies (Upper row: percentage of total; Lower row: the number of companies)

【Industry】

Service (those not classified to other sectors)	Manufacturing	Telecommunications	Wholesale / Retail	Academic research / Professional or technical service	Construction	Real estate / Leasing of goods	Financial / Insurance	Unclassifiable industries	Transportation / Postal service
21.6%	16.0%	15.2%	15.1%	6.9%	5.9%	4.4%	3.1%	3.1%	2.0%
276	205	194	193	88	75	56	40	40	26

Medical / Welfare	Education / Learning support	Electricity, Gas, Heat, Water	Multi- service business	Daily life services / Entertainment	Accommodation / Restaurants	Civil service (excl. those classified to other sectors)	Agriculture / Forestry	Mining / Quarrying of stone and gravel
1.5%	1.4%	1.0%	0.8%	0.7%	0.6%	0.4%	0.2%	0.1%
19	18	13	10	9	8	5	2	1

【Number of employees】

Less than 100	100-999	1,000 or more
47.5%	35.4%	17.1%
607	452	219

【Type of office】

Head office	Branch office	Sales office	Other	Sub-office	Call center
59.1%	27.2%	10.4%	2.2%	0.9%	0.3%
755	347	133	28	11	4

【Location of office】

Tokyo 23 Wards	Osaka City	Nagoya City	Fukuoka City	Other
63.5%	9.6%	6.7%	5.6%	14.7%
811	122	85	72	188

【Size of office under lease contract in tsubo (1 tsubo = 3.3 sqm)】

Less than 30 tsubo	30-49 tsubo	50-99 tsubo	100-199 tsubo	200 tsubo or more	No answer
18.6%	17.0%	19.8%	17.3%	26.8%	0.5%
238	217	253	221	343	6

- The percentage mix in the charts contained in this report are rounded to the first decimal place and therefore may not add up to 100%.
- Figures 6, 18, 19, 20, 21, and 32 are excerpts of the main places and programs for telework or the office layouts.

## Contact for inquiries concerning this report

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### Metropolitan Areas Office Demand Survey Spring 2019

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