Metropolitan Areas Office Demand Survey Spring 2022 – (2) Work Styles and the Workplace

Satellite offices introduced by 25% of companies, increasingly by SMEs

June 15, 2022

1. Introduction

Due to the rapid spread of telework due to the COVID-19 pandemic, a flexible work style not constrained by place or time is gradually taking root, leading to changes in companies' office demand.

Since Autumn 2016, Xymax Real Estate Institute has conducted questionnaire surveys on companies' use of offices and work styles on a semi-annual basis to carry out a continuous analysis of the relationship with office demand. Of the results of the 12th survey, this report, **"(2) Work Styles and the Workplace,"** summarizes companies' usage patterns of the office and telework, and their intentions going forward. The **"(1) Demand Trends"** (*1) volume of the report released on the same day covers office demand and its future direction.

*1 *Metropolitan Areas Office Demand Survey Spring 2022 – (1) Demand Trends*, released on June 15, 2022
https://www.xymax.co.jp/english/research/images/pdf/20220615_1.pdf

(1 tsubo = approx. 3.3 sqm)

Main Findings

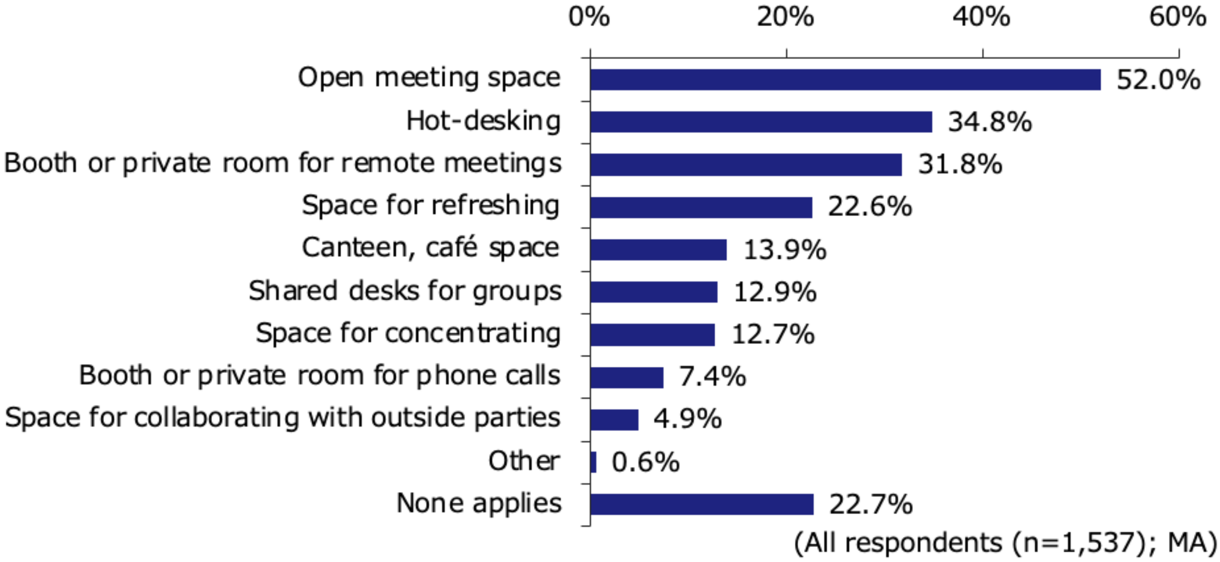
- With regard to the type of space companies wish to have in their office in the future, the following gained a larger percentage of preference than the current rate of adoption: Booth or private room for remote meetings (46.5%), space for refreshing (33.1%) and space for concentrating (31.8%).
- With regard to the ratio of fixed desks and flexible desks in the office, 38.6% of the companies have fixed desks only, while approximately 60% of the companies provide desks that can be used for flexible purposes.
- 51.9% of the companies offer a work-from-home (WFH) policy, while 25.1% provide a satellite office.
- 23.8% of the companies that provide a satellite office replied that they introduced it for the first time in the past year. This percentage rises to 28.4% among companies with less than 100 employees, indicating that the use of a satellite office is growing among these companies.
- Approximately 60% of the companies believe telework offers the advantage of "health & productivity management and well-being."

2. Findings

2.1. Usage patterns of the main office

The most popular types of flexible space in companies' current office included "Open meeting space" (52.0%) and "Hot-desking" (34.8%) **(Figure 1)**.

Figure 1: Flexible Space



The most popular type of space that companies wish to have in their office going forward (about 1 to 2 years from now), regardless of the current situation, was "Booth or private room for remote meetings" (46.5%). The percentage was higher than the current adoption rate (31.8%) **(Figure 2)**. Other types of space that gained a preference rate of more than 10 pp higher than the current adoption rate were "Space for refreshing" (33.1%), "Space for concentrating" (31.8%) and "Booth or private room for phone calls" (20.7%), suggesting that they might be increasingly introduced in offices going forward.

Figure 2: Space that Companies Wish to Have Going Forward

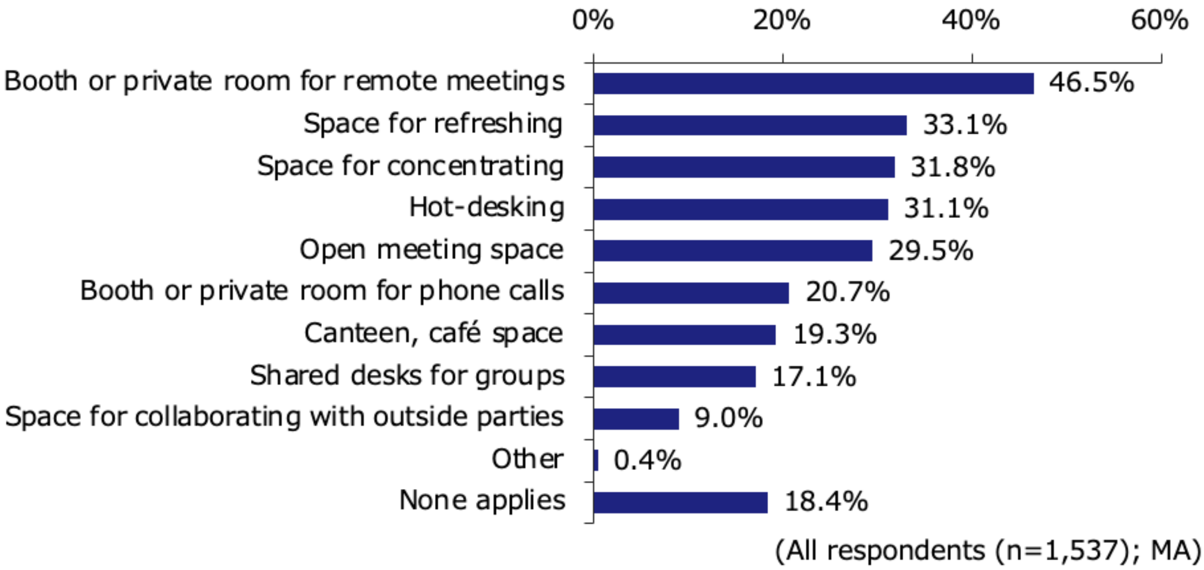
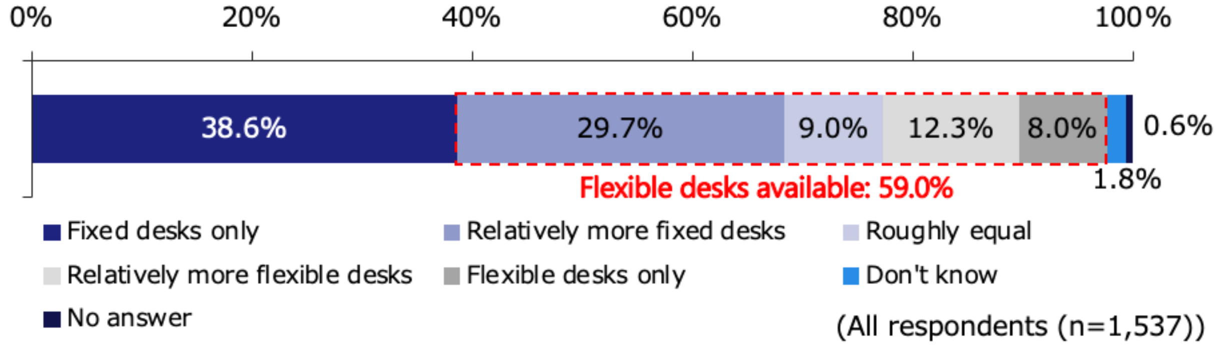


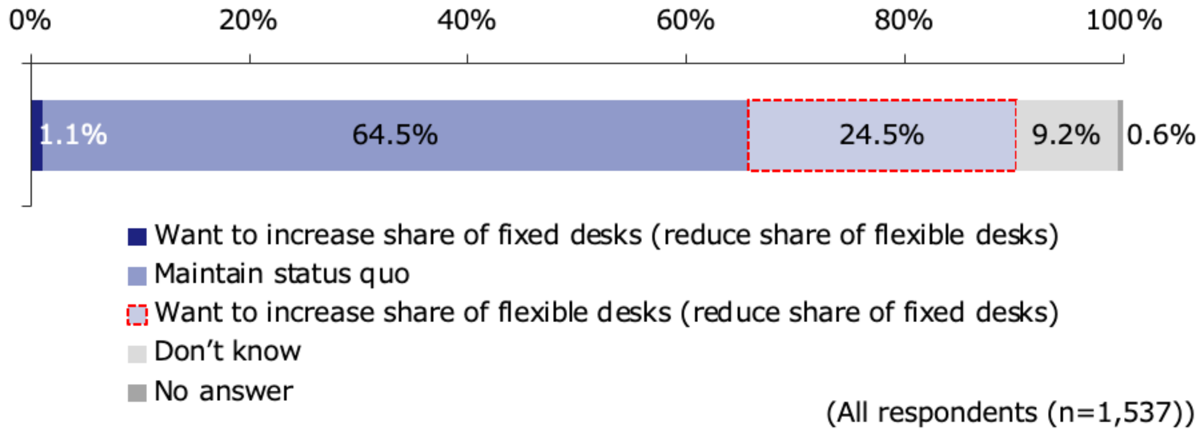
Figure 3 shows the share of fixed desks and that of desks in flexible space such as those indicated in **Figure 1** of among all desks in the office (excluding meeting rooms). "Fixed desks only" accounted for only 38.6%, while approximately 60% of the companies provide desks that can be used for flexible purposes more or less. "Flexible desks only" accounted for 8.0%.

Figure 3: Share of Fixed Desks and Flexible Desks



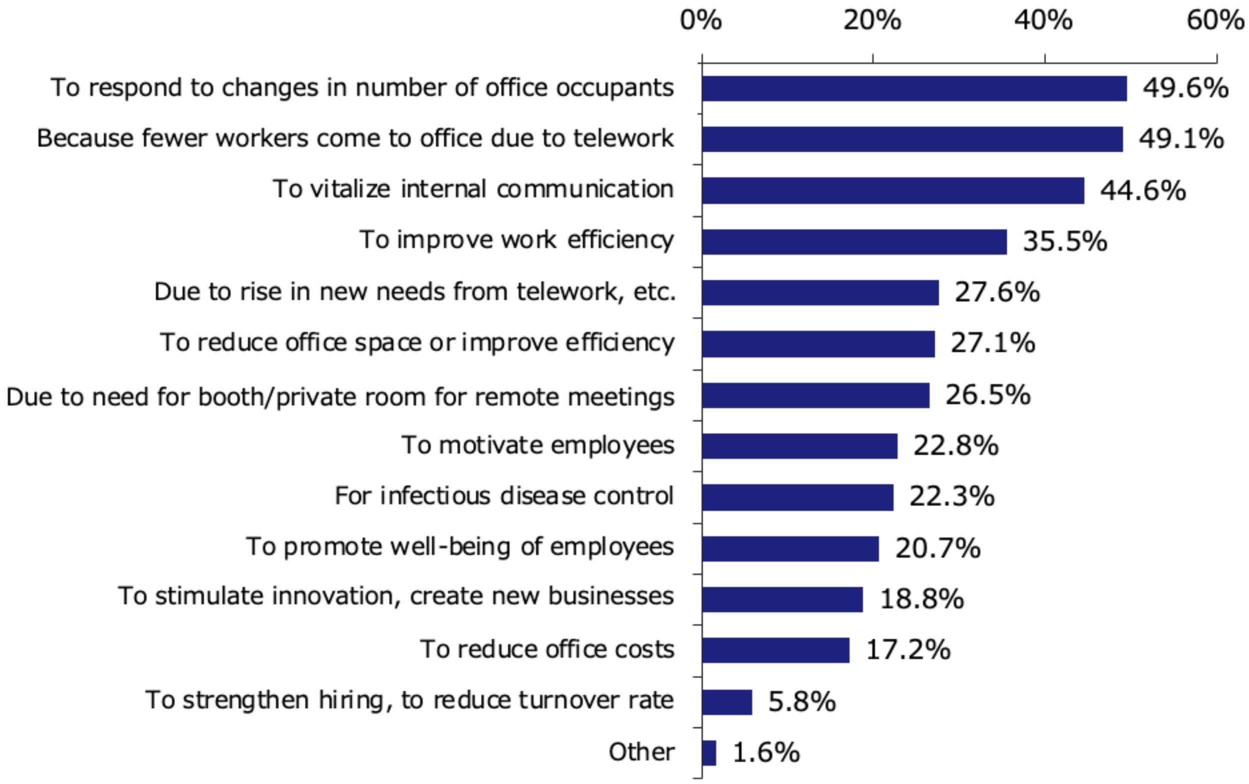
As for companies' future intentions on the share of fixed desks and flexible desks, the most popular answer was "Maintain the status quo" (64.5%), while 24.5% wish to increase the share of flexible desks **(Figure 4)**.

Figure 4: Future Intention on Share of Fixed Desks and Flexible Desks



When we asked companies that wanted to increase the share of flexible desks the reason for wanting to do so, the top replies were "To respond to changes in the number of office occupants" (49.6%) and "Because fewer workers come to the office due to telework" (49.1%) **(Figure 5)**. This suggests that companies require an office layout that can respond flexibly to the change in the number of workers coming to the office instead of the conventional layout that provides fixed desks for every office occupant. Furthermore, replies such as "To vitalize internal communication" (44.6%) and "Due to rise in new needs from telework, etc." (27.6%) suggest the possibility of re-examinations of office layouts to better suit post-pandemic work styles.

Figure 5: Reason for Wanting to Increase Share of Flexible Desks

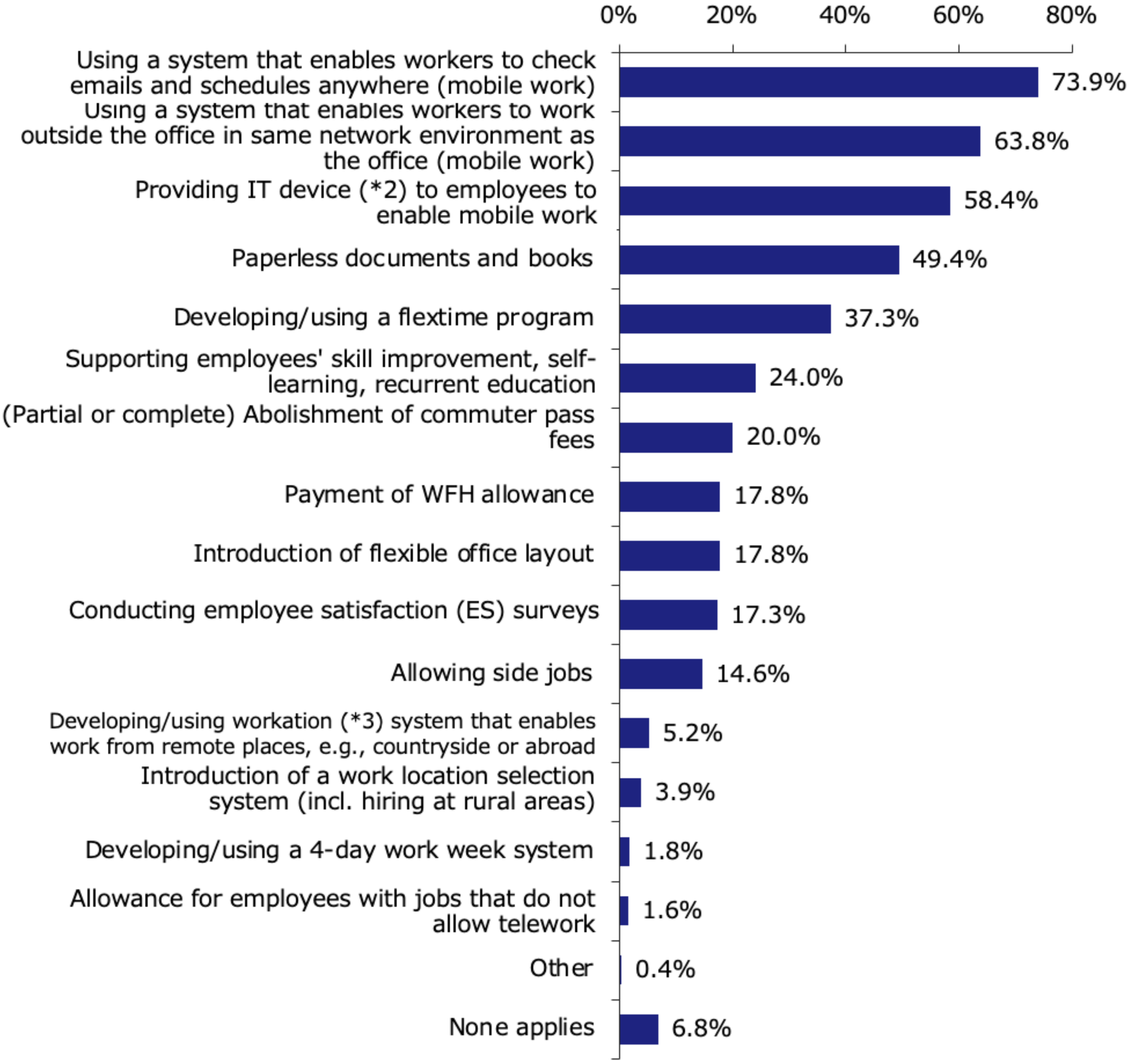


(Companies that want to increase share of flexible desks (n=377); MA)

2.2. Work styles and telework

Figure 6 shows the initiatives on work styles that companies are implementing, regardless of whether the initiative accommodates all or some of the target persons. More than half of the companies had introduced mobile work measures (the top three answers). Other top replies include "Paperless documents and books" (49.4%) and "Developing/using a flextime program" (37.3%).

Figure 6: Initiative on Work Styles

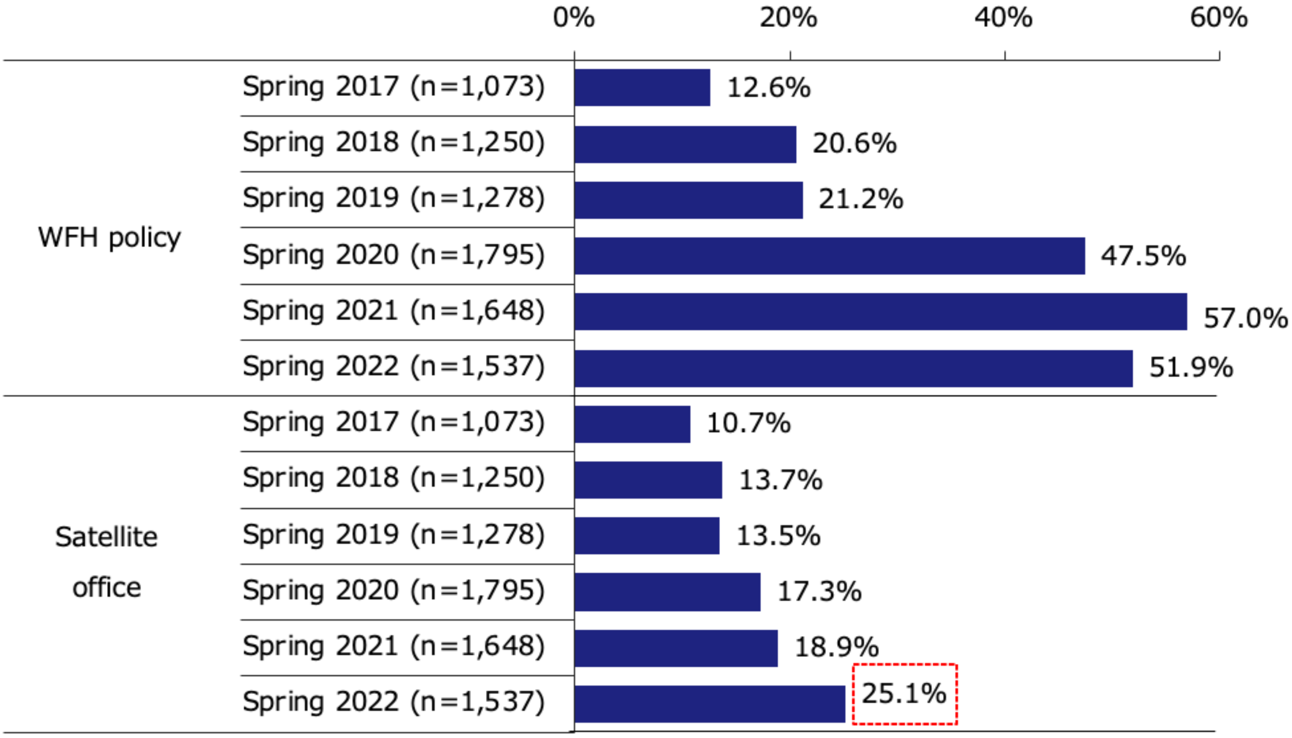


(All respondents (n=1,537); MA) *WFH: Work-from-home

*2 IT device: Smartphones, mobile PCs, tablets, etc.
*3 Workation: A portmanteau of working vacation, meaning to work from a travel destination, etc.

Figure 7 shows the trend of the availability, or adoption rate, of a work-from-home (WFH) policy and a satellite office (both or either of the following: “Using a satellite office, etc. provided by a specialized operator, etc.” or “Establishing a satellite office, etc. owned or rented by own company”) as measures concerning the place for telework. While the adoption rate of a WFH policy has increased significantly since the outbreak of the COVID-19 pandemic, the rate in this survey fell from a year ago. On the other hand, the adoption rate of satellite offices has been rising year after year, reaching 25.1% this time.

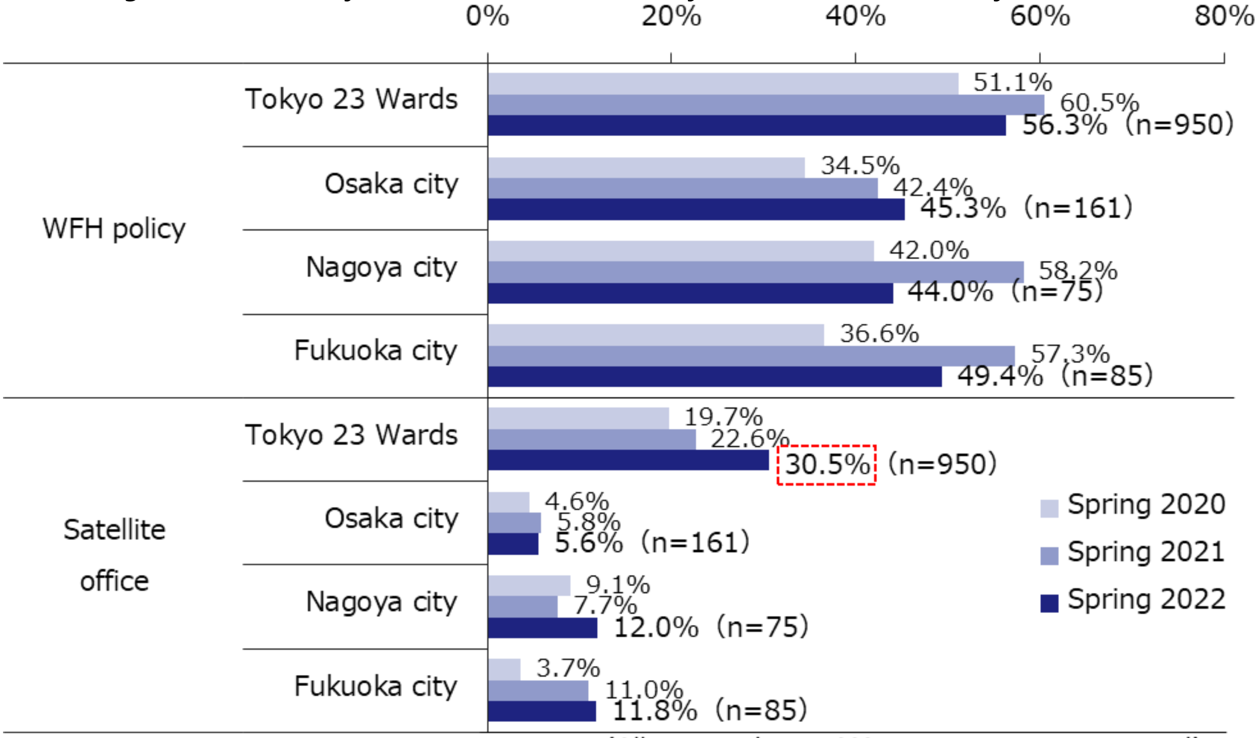
Figure 7: Availability of Work-from-home Policy and Satellite Office



(All respondents; MA; excerpt; reaggregated)

By office location, the adoption rate of satellite offices in the Tokyo 23 Wards (30.5%) was more than double that of other areas and higher than the rates in the past **(Figure 8)**.

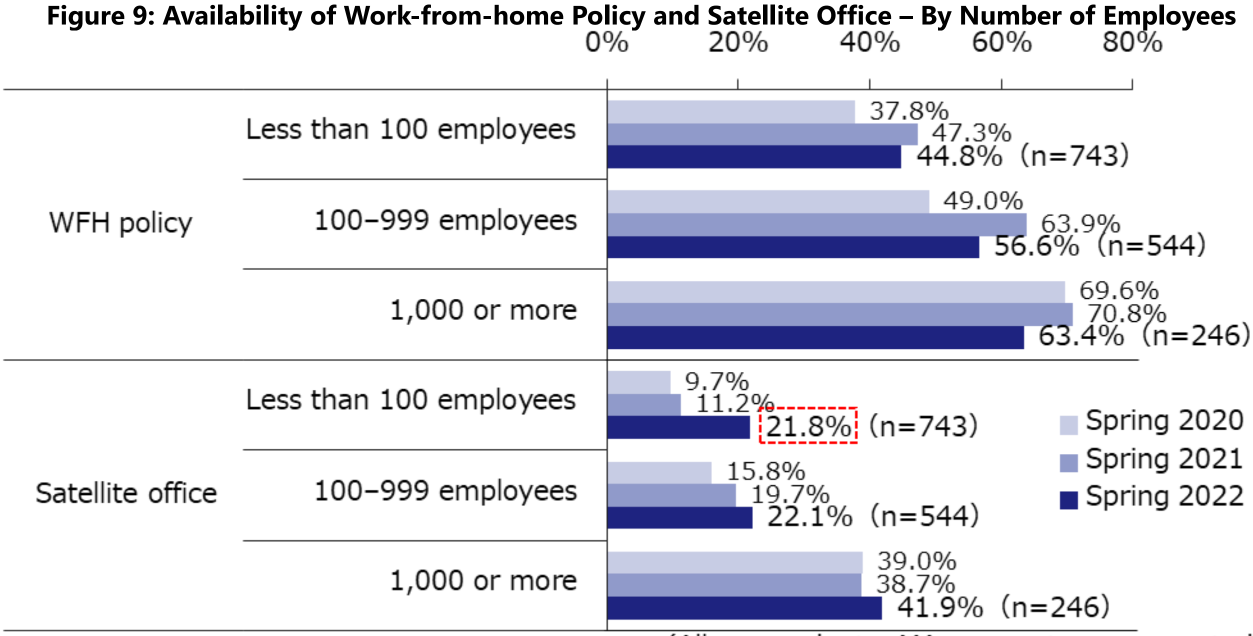
Figure 8: Availability of Work-from-home Policy and Satellite Office – By Office Location



(All respondents; MA; excerpt; reaggregated)

By the number of employees, companies with more employees had higher adoption rates for both WFH policies and satellite offices **(Figure 9)**. The adoption rate of satellite offices has been growing at all sizes of companies, especially among companies with “less than 100 employees,” where it has nearly doubled over the past year (11.2%→21.8%).

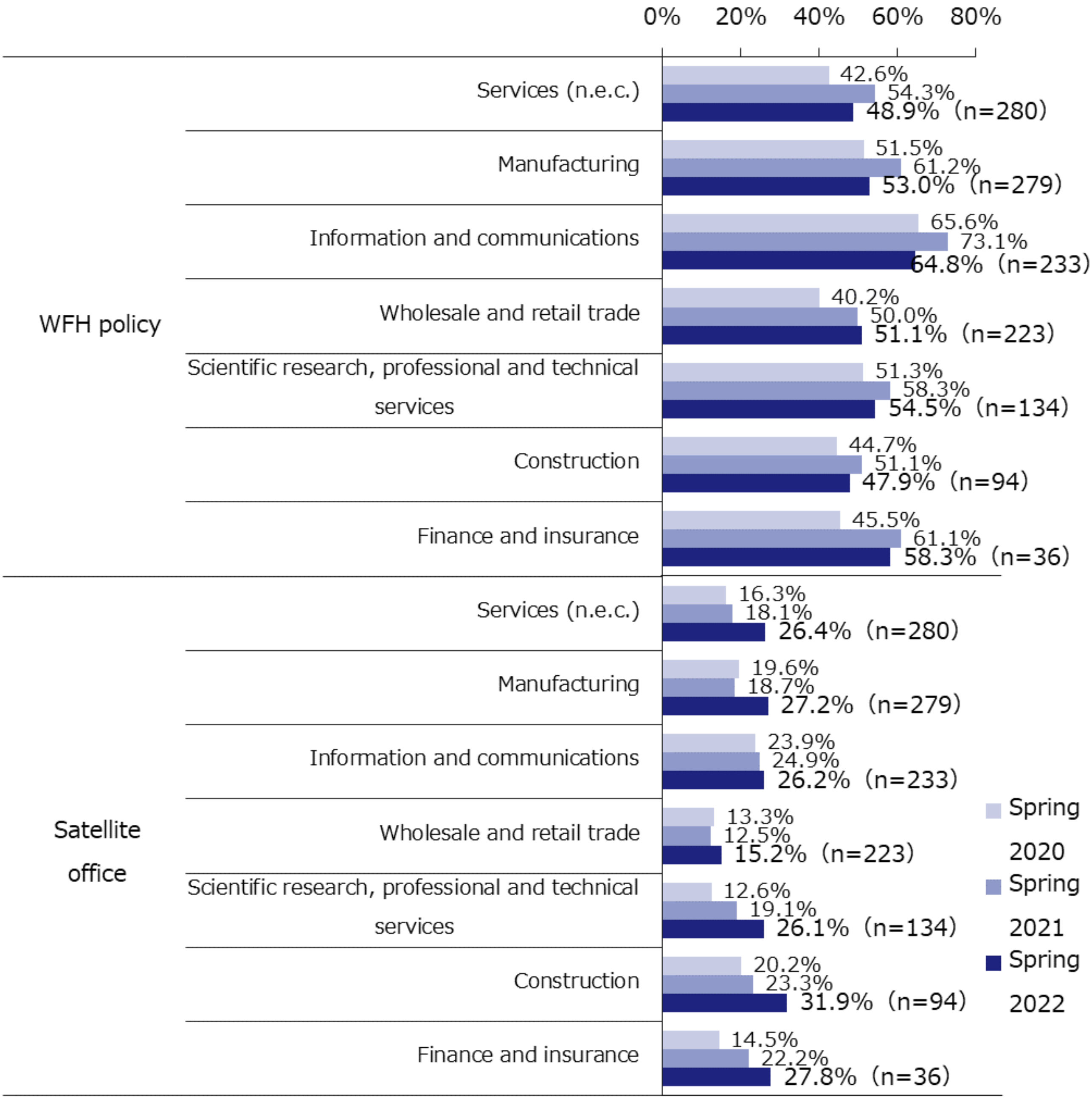
Figure 9: Availability of Work-from-home Policy and Satellite Office – By Number of Employees



(All respondents; MA; excerpt; reaggregated)

By sector, the availability of satellite offices has increased in all sectors **(Figure 10)**.

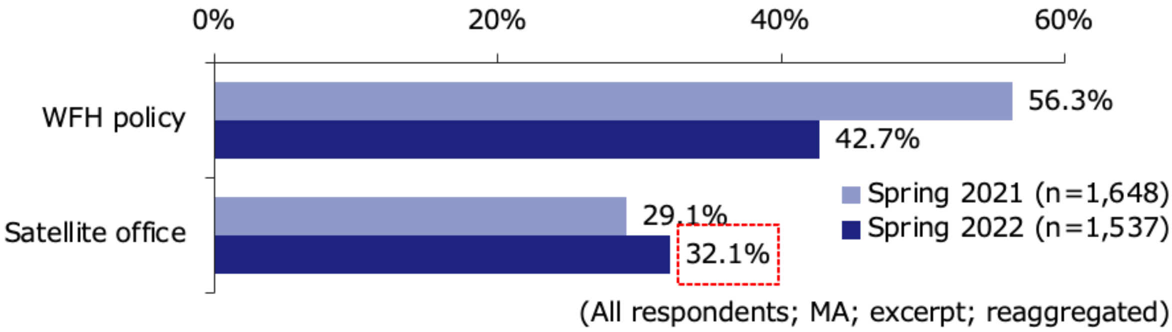
Figure 10: Availability of Work-from-home Policy and Satellite Office – By Sector



(All respondents; MA; excerpt; reaggregated)

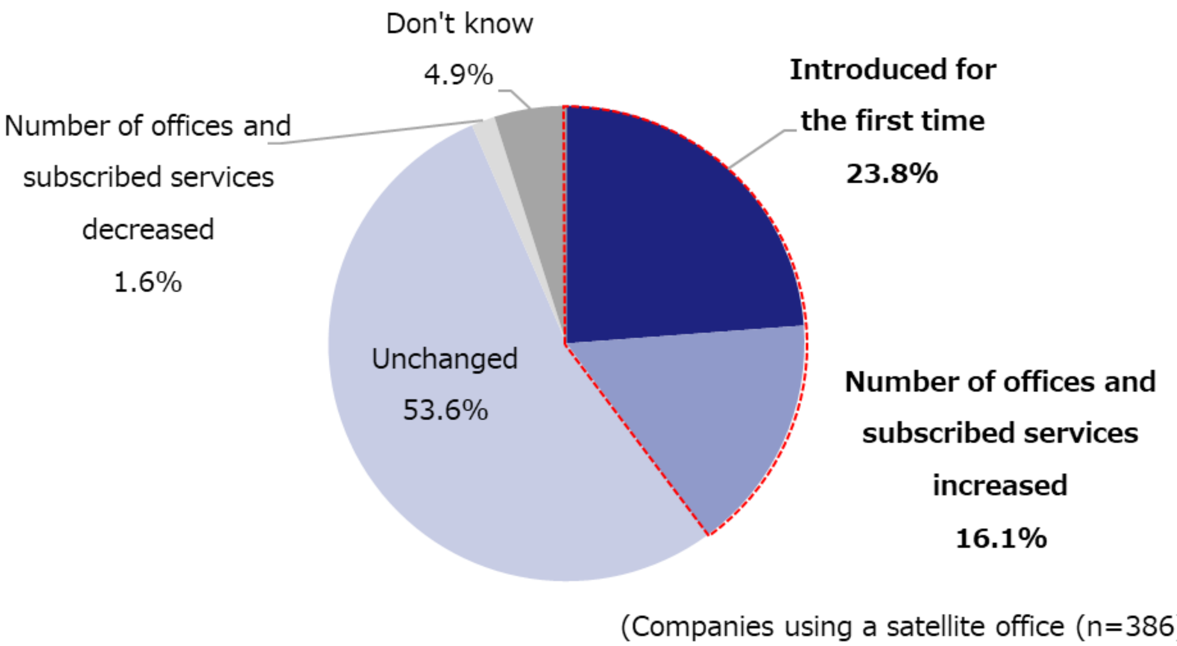
Figure 11 shows the initiative regarding the place for telework that companies want to implement going forward (about 1 to 2 years from now), regardless of the current situation. Compared to the Spring 2021 survey, the WFH policy (42.7%) dropped by more than 10 pp, while satellite offices (32.1%) rose slightly. Amid the spread of telework, satellite offices appear to be rising in presence as a means of telework.

Figure 11: Initiative Related to the Place for Telework Companies Want to Implement



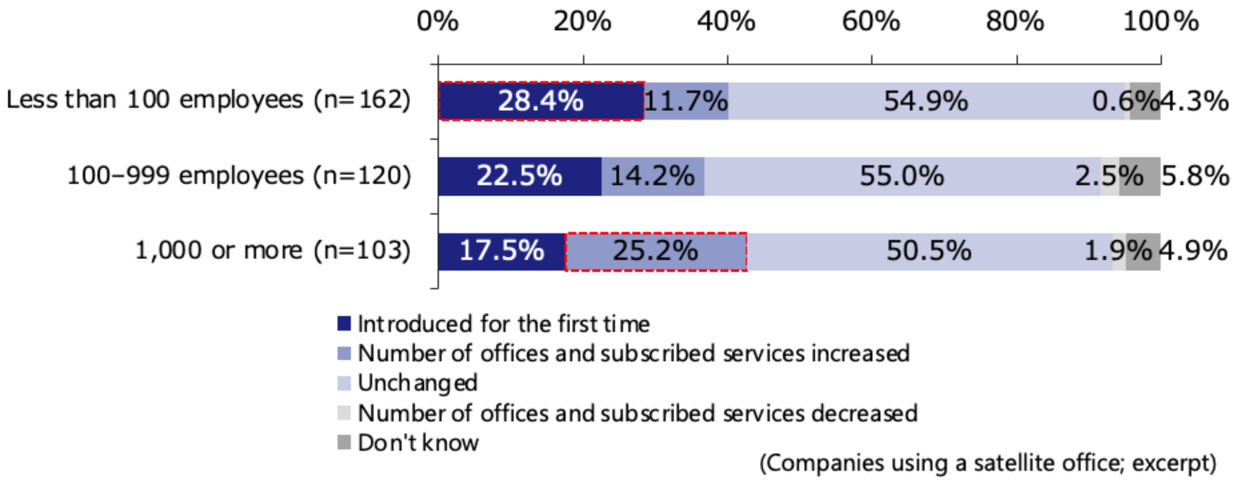
We then asked companies that replied in **Figure 7** that they provide a satellite office whether there were any changes in the provision of satellite offices over the past year (April 2021 to March 2022) **(Figure 12)**. 23.8% of the companies replied that they introduced a satellite office for the first time, and 16.1% answered that the number of offices and subscribed services increased, indicating that around 40% of the companies increased their use of satellite offices over the past year.

Figure 12: Change in Provision of Satellite Offices



When looking into this result by the number of employees, the percentage of "Introduced for the first time" in the past year tended to be higher especially among companies with a smaller number of employees, with the percentage being 28.4% among companies with less than 100 employees **(Figure 13)**. The percentage of "Number of offices and subscribed services increased" rose to 25.2% among companies with 1,000 or more employees. These results suggest that the use of satellite offices is increasing among both large companies, who are the earlier adopters, and SMEs.

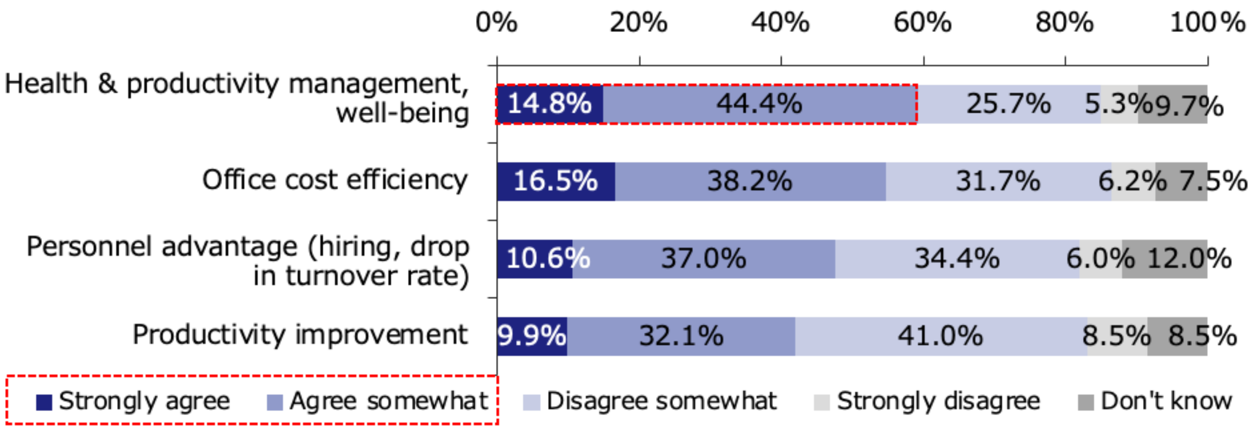
Figure 13: Change in Provision of Satellite Offices – By Number of Employees



(Companies using a satellite office; excerpt)

Figure 14 shows the results of the advantages companies believe telework will bring ("Health & productivity management, well-being," "Office cost efficiency," "Personnel advantage (hiring, drop in turnover rate)," and "Productivity improvement"). The top reply (in terms of the sum of "Strongly agree" and "Agree somewhat") was "Health & productivity management, well-being," with as much as approximately 60% of the companies believing telework will bring this advantage.

Figure 14: Advantage Believed to be Brought by Telework

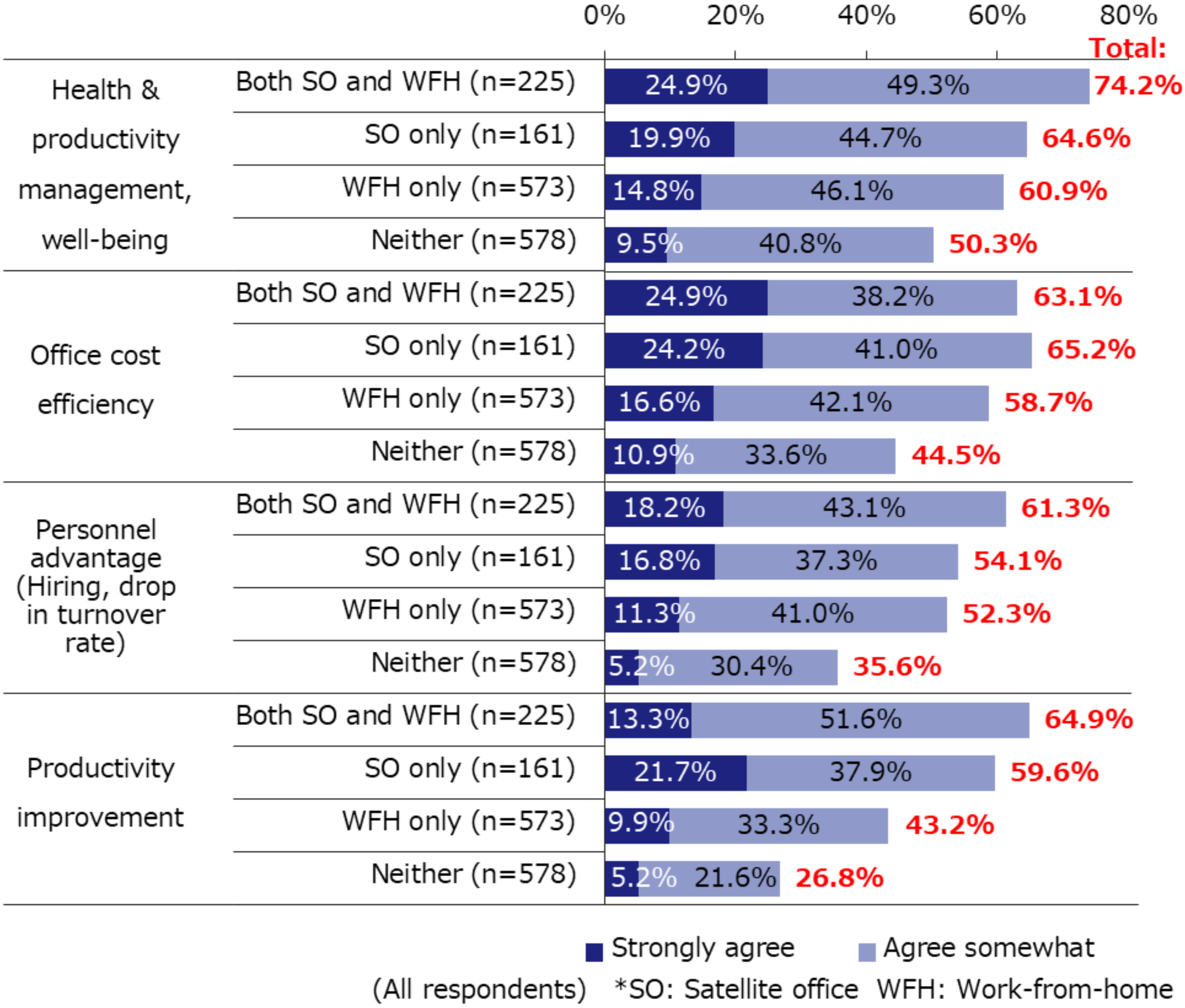


All respondents (n=1,537))

Figure 15 compares this result by the availability of telework (*4). We found that companies providing both a satellite office and a WFH policy rate the benefits of telework highly, with more than 60% of such companies believing that telework is beneficial in all four types of advantages.

*4 Based on **Figure 7**, the companies were categorized into the following four groups: "Use both satellite office and WFH," "Satellite office only," "WFH only," and "Neither."

Figure 15: Advantage Believed to be Brought by Telework – By Telework Availability



2.3. Values surrounding the workplace

When we asked companies the conditions they preferred to have in the building in which their main office will be established after the end of the pandemic, the top condition was "High security performance" (59.7%), followed by "Good cleaning, sanitation, and maintenance of the building" (57.7%) and "High seismic capacity (e.g., new standards, seismic isolation/control) (57.3%) **(Figure 16)**. Although a simple comparison is not possible since the choices were changed in this survey, conditions including "Natural light" (37.3%), "Smart technology (e.g., contactless)" (18.0%), and "Environmental and/or wellness certification" (11.4%) rose in preference compared to the Spring 2021 survey, suggesting that the values required in office buildings are becoming diversified.

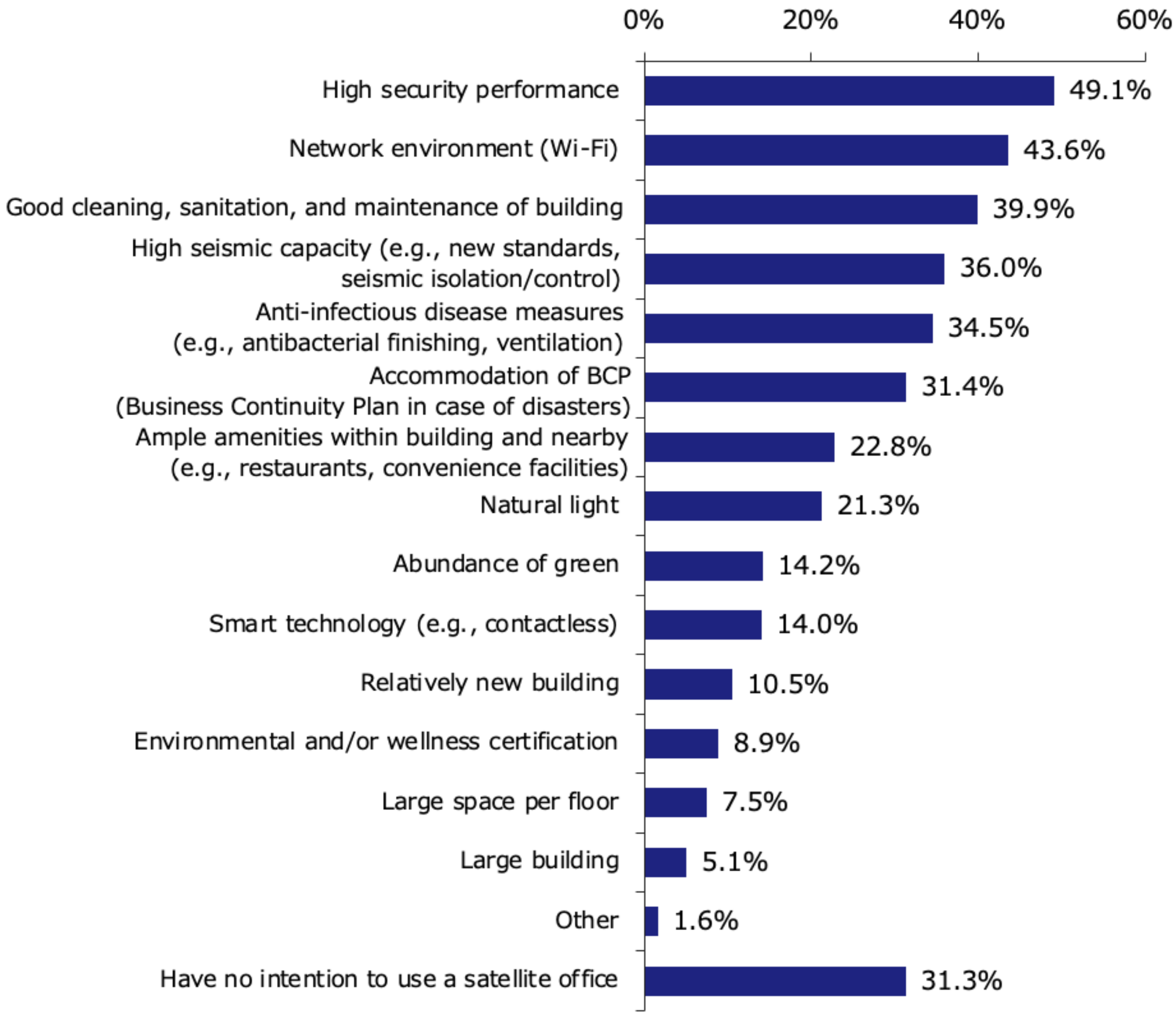
Figure 16: Preferable Conditions of the Building for the Main Office

(All respondents (n=1,537); MA)

*5 "Furnished office": A type of leased office for which the lessor provides some interior fittings beforehand, such as for the reception area and meeting rooms, which enables tenants to cut relocation costs.

Similarly, **Figure 17** shows the conditions that companies prefer to have in the building in which they will establish a satellite office after the end of the pandemic. The top conditions include those concerning workers' safety, security, and comfort, such as "High security performance" (49.1%), which was the most popular. The result was not hugely different from the conditions required in the building of the main office shown in **Figure 16**. With the spread of telework, there has been a rise in cases where workers work in a satellite office all day, which may have led to companies requiring the same workplace quality in satellite offices as in the main office.

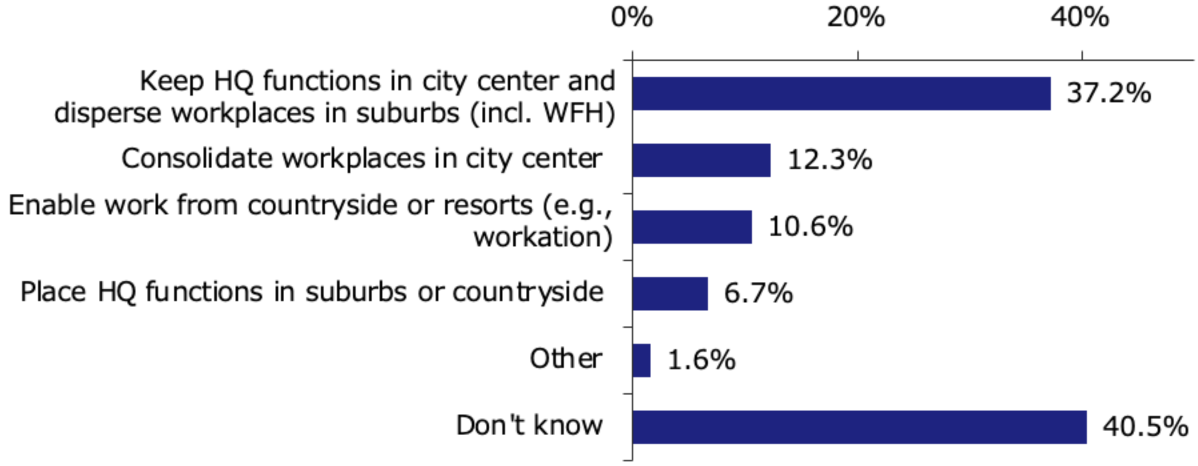
Figure 17: Preferable Conditions of the Building for a Satellite Office



(All respondents (n=1,537); MA)

Lastly, we asked companies their thoughts on the location of the workplace after the end of the pandemic **(Figure 18)**. The percentage of "Keep HQ functions in city center and disperse workplaces in suburbs (incl. WFH)," which indicates companies' orientation toward hybrid work, was 37.2%, far outstripping "Consolidate workplaces in the city center" (12.3%). However, even a greater percentage of companies chose "Don't know" (40.5%), indicating that many companies have not yet made up their minds about their workplace strategies.

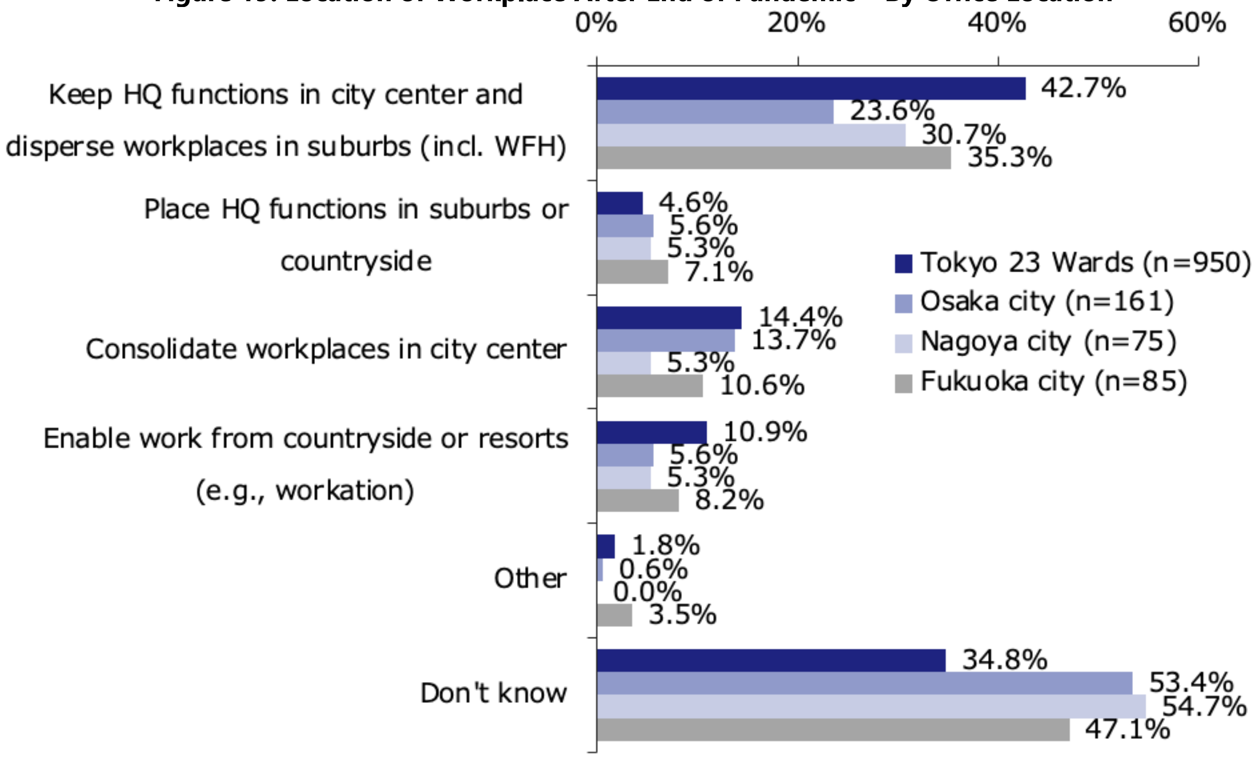
Figure 18: Location of Workplace After End of Pandemic



(All respondents (n=1,537); MA)

When looking into this result by office location, companies with their office in the Tokyo 23 Wards showed a relatively stronger orientation toward hybrid work (42.7%) **(Figure 19)**. A majority of companies with offices in Osaka city and Nagoya city chose "Don't know."

Figure 19: Location of Workplace After End of Pandemic – By Office Location



(All respondents; MA; excerpt)

3. Summary

From the multiple data we introduced in this report, we confirmed that the use of satellite offices was not only increasing, but also spreading from large companies to SMEs and from the Tokyo 23 Wards to regional cities. It may be that the rapid growth of work-from-home policies has abated for the time being due to the lengthening of the COVID-19 pandemic, while satellite offices have risen in presence as companies recognize its value as a means for telework.

Moreover, as we confirmed in the **"(1) Demand Trends"** volume of the report, many companies are oriented toward hybrid work, which combines coming to the office and teleworking, after the end of the pandemic. The roles required of the main office will probably change if hybrid work proliferates. There will be a mixture of workers coming to the office and those teleworking within the same company, a situation that will likely be impossible for the conventional, fixed desk workspace to deal with. With the ratio of workers coming to the office and that of those teleworking varying between departments and branch offices, hybrid meetings (a form of meeting where there is a mixture of face-to-face participants and remote participants) may become common, resulting in a need for private rooms for remote meetings or space suitable for hybrid meetings. We will continue to examine how companies establish their overall workplace, which consists of the main office and a telework location, going forward.

Survey Overview

Survey period	April 12–April 24, 2022
Target respondents	44,324 companies in total that include the following: ・Companies that are tenants of office buildings managed by the Xymax Group ・Companies subscribing to ZXY, a satellite office service for corporations ・Client companies of XYMAX INFONISTA Corporation
Number of valid answers	1,537 companies; response rate: 3.5%
Geographical coverage	Nationwide (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba Prefectures and others)
Survey method	Email
Topics covered in the survey	Current office ・ Lease type, office type, location, office area under lease contract, rent per tsubo (incl. CAM charges), number of office occupants ・ Impression of size, coming-to-office ratio (actual and intention) Usage patterns of the office and telework ・ Availability of flexible space and number of desks (actual and intention), percentage of fixed desks and desks in flexible space (actual and intention) ・ Implementation of initiative on work styles and the place for telework, change in the provision of satellite offices ・ Advantages of telework Change in office demand (April 2021–March 2022) ・ Change in office size and the details and reasons of the change ・ Change in rent per tsubo ・ Change in number of office occupants Outlook of office demand ・ Business sentiment ・ Outlook of the number of office occupants ・ Intentions on office size and the details and reasons thereof ・ Preferable flexible space, initiative on the place for telework companies want to implement ・ Preferable conditions of the building for the main office, preferable conditions of the building for a satellite office ・ Location of the workplace Company attributes ・ Sector, number of employees, average age of employees

Attributes of Respondent Companies

		%	n
Sector	Agriculture and forestry	0.1%	1
	Mining and quarrying of stone and gravel	0.1%	2
	Construction	6.1%	94
	Manufacturing	18.2%	279
	Electricity, gas, heat supply and water	0.3%	4
	Information and communications	15.2%	233
	Transport and postal services	1.7%	26
	Wholesale and retail trade	14.5%	223
	Finance and insurance	2.3%	36
	Real estate and goods rental and leasing	4.7%	72
	Scientific research, professional and technical services	8.7%	134
	Accommodations, eating and drinking services	0.7%	10
	Living-related and personal services and amusement services	1.7%	26
	Education, learning support	1.3%	20
	Medical, health care and welfare	1.9%	29
	Compound services	1.2%	19
	Services, n.e.c.	18.2%	280
	Governments and agencies (Excl. those classified elsewhere)	0.5%	7
	Unclassifiable	2.7%	42
Number of employees	Less than 100	48.3%	743
	100–999	35.4%	544
	1,000 or more	16.0%	246
	Unknown	0.3%	4

		%	n
Type of office	Head office	65.3%	1,003
	Branch office	22.8%	351
	Sales office	8.6%	132
	Sub-office	1.3%	20
	Call center	0.5%	8
	Computer room	0.1%	1
	Other	1.4%	22
Location of office	Tokyo 23 Wards	61.8%	950
	Nagoya city	10.5%	161
	Osaia city	4.9%	75
	Fukuoka city	5.5%	85
	Other	17.3%	266
Size of office under lease contract (1 tsubo = 3.3 sqm)	Less than 30 tsubo	17.4%	268
	30–49 tsubo	12.8%	197
	50–99 tsubo	16.9%	259
	100–199 tsubo	16.2%	249
	200 tsubo or more	20.0%	308
	No answer	16.7%	256
Average age of employees	20–29	2.2%	34
	30–39	36.0%	553
	40–49	50.8%	781
	50–59	8.6%	132
	60 or above	2.0%	30
	No answer	0.5%	7

Related Surveys

[Metropolitan Areas Office Demand Surveys]

・Autumn 2016 (1st survey) *Metropolitan Areas Office Demand Survey 2016 – Demand Trends*, released on 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*, released on January 30, 2017
https://www.xymax.co.jp/english/research/release/170130.html

・Spring 2017 (2nd survey) *Metropolitan Areas Office Demand Survey 2017 – Demand Trends*, released on August 2, 2017
https://www.xymax.co.jp/english/research/release/170802_2.html

・Autumn 2017 (3rd survey) *Metropolitan Areas Office Demand Survey Autumn 2017*, released on December 7, 2017
https://www.xymax.co.jp/english/research/release/171207.html

・Spring 2018 (4th survey) *Metropolitan Areas Office Demand Survey Spring 2018*, released on July 3, 2018
https://www.xymax.co.jp/english/research/release/180703.html

・Autumn 2018 (5th survey) *Metropolitan Areas Office Demand Survey Autumn 2018*, released on December 18, 2018
https://www.xymax.co.jp/english/research/images/pdf/20181218.pdf

・Spring 2019 (6th survey) *Metropolitan Areas Office Demand Survey Spring 2019*, released on June 26, 2019
https://www.xymax.co.jp/english/research/images/pdf/20190626.pdf

・Autumn 2019 (7th survey) *Metropolitan Areas Office Demand Survey Autumn 2019*, released on November 27, 2019
https://www.xymax.co.jp/english/research/images/pdf/20191127.pdf

・Spring 2020 (8th survey) *Metropolitan Areas Office Demand Survey Spring 2020 (Carried Out in June)*, released on July 29, 2020
https://www.xymax.co.jp/english/research/images/pdf/20200729.pdf

・Autumn 2020 (9th survey) *Metropolitan Areas Office Demand Survey Autumn 2020*, released on December 2, 2020
https://www.xymax.co.jp/english/research/images/pdf/20201202.pdf

・Spring 2021 (10th survey) *Metropolitan Areas Office Demand Survey Spring 2021*, released on June 9, 2021
https://www.xymax.co.jp/english/research/images/pdf/20210609.pdf

・Autumn 2021 (11th survey) *Metropolitan Areas Office Demand Survey Autumn 2021*, released on December 22, 2021
https://www.xymax.co.jp/english/research/images/pdf/20211222.pdf

・Spring 2022 (12th survey) *Metropolitan Areas Office Demand Survey Spring 2022 – (1) Demand Trends*, released on June 15, 2022
https://www.xymax.co.jp/english/research/images/pdf/20220615_1.pdf

Related Surveys

[Greater Tokyo Company Survey on Work Styles and the Workplace]

・*Greater Tokyo Company Survey on Work Styles and the Workplace – August 2020*, released on September 18, 2020
https://www.xymax.co.jp/english/research/images/pdf/20200918.pdf

・*Greater Tokyo Company Survey on Work Styles and the Workplace – December 2020*, released on January 27, 2021
https://www.xymax.co.jp/english/research/images/pdf/20210127.pdf

・*Greater Tokyo Company Survey on Work Styles and the Workplace – January 2021*, released on March 10, 2021
https://soken.xymax.co.jp/2021/03/10/2103-greatertokyo_workstyle_survey_2101/ (in Japanese)

・*Greater Tokyo Company Survey on Work Styles and the Workplace – July 2021*, released on August 13, 2021
https://soken.xymax.co.jp/2021/08/13/2108-greatertokyo_workstyle_survey_2107/ (in Japanese)

・*Greater Tokyo Company Survey on Work Styles and the Workplace – January 2022*, released on March 3, 2022
https://soken.xymax.co.jp/2022/03/03/2203-greatertokyo_workstyle_survey_2201/ (in Japanese)

[TOPIC REPORTS]

・*Companies' Work Styles and the Workplace under the Corona Crisis*, released on July 15, 2020
https://www.xymax.co.jp/english/research/images/pdf/20200715.pdf

・*Workplace Strategy as a Managerial Issue*, released on March 22, 2021
https://www.xymax.co.jp/english/research/images/pdf/20210322.pdf

・*Reconsidering How to Assess Office Space Due to the COVID-19 Pandemic*, released on December 14, 2021
https://www.xymax.co.jp/english/research/images/pdf/20211214.pdf

・*Exploring the Optimal Form of Hybrid Work*, released on March 11, 2022
https://www.xymax.co.jp/english/research/images/pdf/20220311.pdf

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%.

For further inquiries please contact below:

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