

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

Satellite offices introduced by approx. 30% of companies, with possibility of expanding to the provinces

December 15, 2022

1. Introduction

Due to the rapid spread of telework in the wake of the COVID-19 pandemic, flexible work styles not constrained by location or time are taking root, leading to changes in companies' office demand.

Since autumn 2016, Xymax Real Estate Institute has been conducting a questionnaire survey of companies across Japan on their use of offices and their employees' work styles on a semi-annual basis to analyze the relationship with office demand on a continuous basis. This report, **"(2) Work Styles and the Workplace,"** summarizes the results of the 13th survey that indicates companies' actual usage of telework and workplace strategies. **"(1) Demand Trends"**^{*1} released on the same day summarizes the results that indicate companies' actual office demand and its future direction.

^{*1} *Metropolitan Areas Office Demand Survey Autumn 2022 – (1) Demand Trends*, released on December 15, 2022
https://www.xymax.co.jp/english/research/images/pdf/20221215_1.pdf

Main Findings

- 69.2% of the companies replied that they have introduced some kind of place or policy for telework. In particular, satellite offices were available at 28.5% of the companies, the highest percentage ever.
- 15.6% of the companies replied that the performance of their employees "improved" from before the outbreak of the COVID-19 pandemic, while 14.1% replied it "declined," which is an improvement from the previous survey.
- 63.4% of the companies have intentions to reconsider their workplace strategies. The initiatives for the main office they are interested in are those based on hybrid work, such as "Place emphasis on creating a place for communication and on functions for congregating" (48.1%).
- As for initiatives concerning the place or policy for telework that companies want to engage in going forward, intentions to introduce a "work-from-home policy" (39.8%) have dropped below the current availability, while the need for "satellite offices" (29.8%) was on par with the actual availability.
- 36.9% of the companies replied they were interested in initiatives for providing a workplace in the provinces. Initiatives that attracted a high level of interest include "Provide or use a workation facility where employees can temporarily work in a resort" (52.1%), "Use (temporarily or routinely) the services of a satellite office in the provinces" (49.0%). Companies also anticipate benefits such as "Improvement in employee satisfaction and work-life balance" (68.9%) from these initiatives.

2. Findings

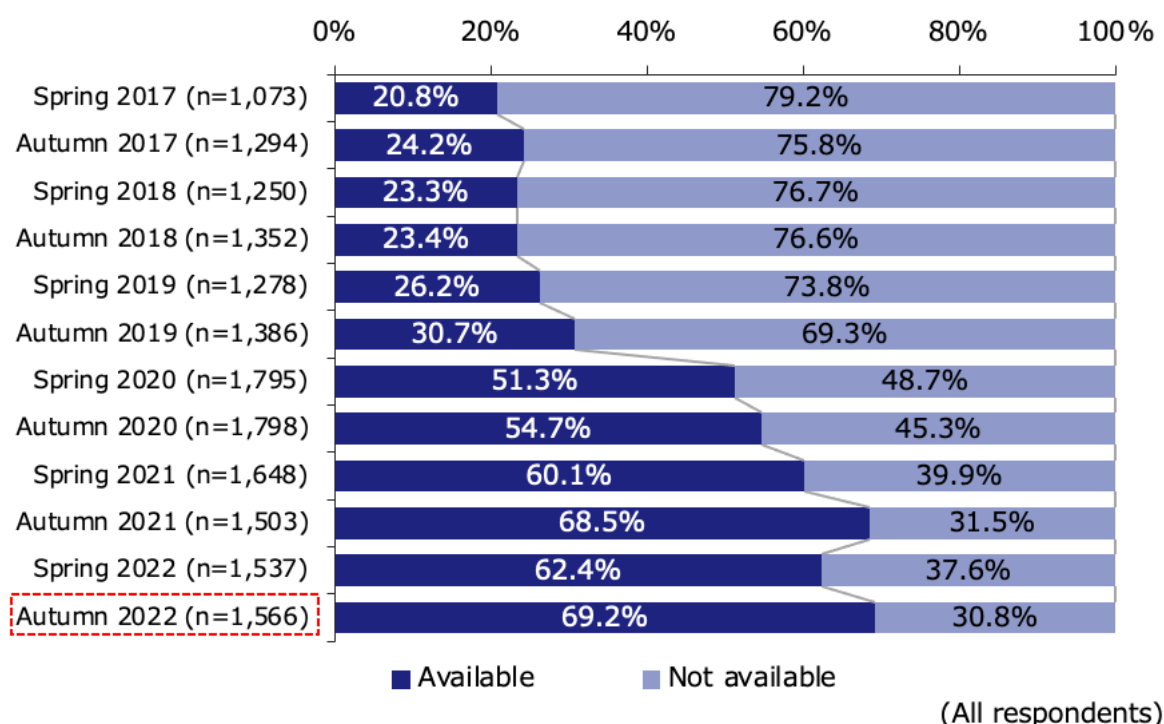
2.1. Actual state of telework and work styles

Regarding places or policies for employees to telework, 69.2% of the companies replied that they have introduced at least one of the following three: A work-from-home (WFH) policy; a satellite office,^{*2} etc. provided by a specialized operator; and a satellite office, etc. owned or rented by own company (**Figure 1**).

^{*2} Satellite office: A generic term for workplaces provided for telework apart from the main office or the home.

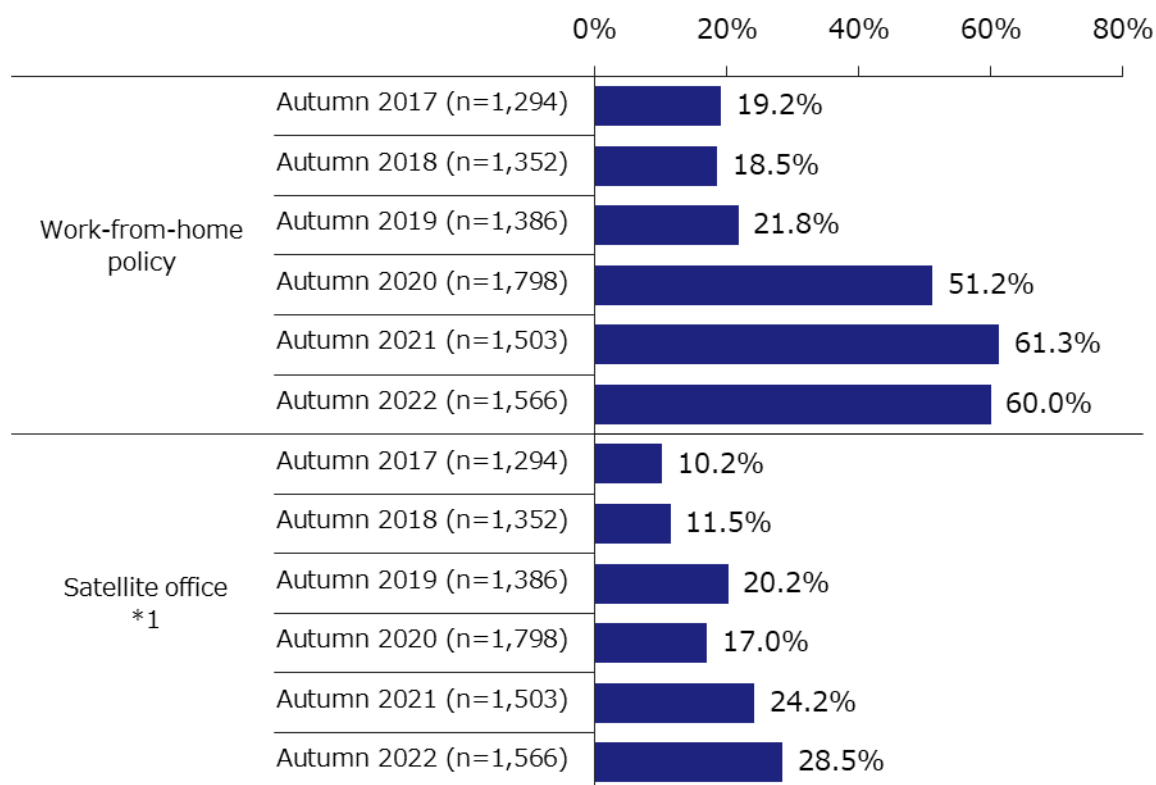
They include those that are provided by specialized services operators and those that are provided by the company.

Figure 1: Availability of a Place or Policy for Telework



As for the availability of each place or policy for telework, "work-from-home policy," which increased significantly in the wake of the COVID-19 pandemic, may have peaked out (60.0%). On the other hand, the availability of satellite offices was the highest ever at 28.5% (**Figure 2**).

Figure 2: Availability of Work-from-home Policy and Satellite Office



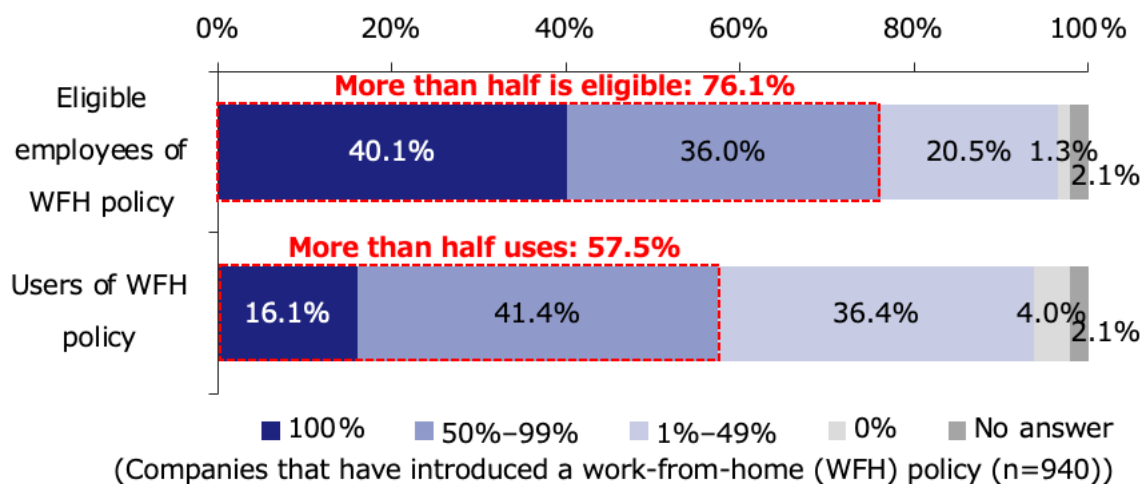
(All respondents; MA)

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

For **Figure 3**, we asked companies that have introduced a work-from-home policy the proportions of employees eligible for the policy and employees that actually use the policy among all employees and classified the percentages into four categories: "100%," "50%–99%," "1%–49%," and "0%."

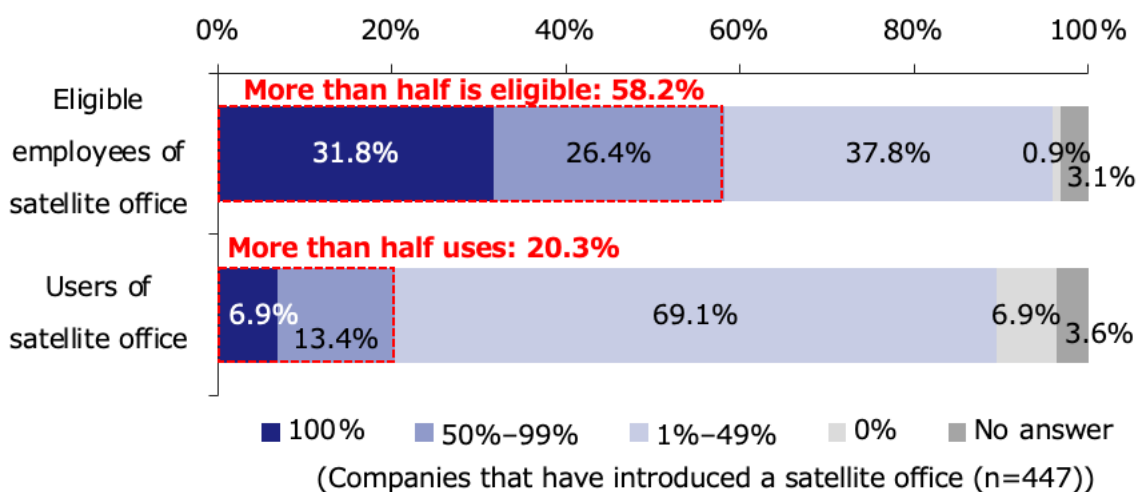
As for the proportion of eligible employees of WFH, 40.1% of the companies replied "100%." Combined with "50%–99%" (36.0%), 76.1% of the companies have more than half of their employees eligible for WFH. As for users of the WFH policy, 57.5% of the companies have more than half of the employees using the policy, indicating that the policy is not only available but is also actually being used.

Figure 3: Percentages of Eligible Employees and Users of the Work-from-Home Policy Among All Employees



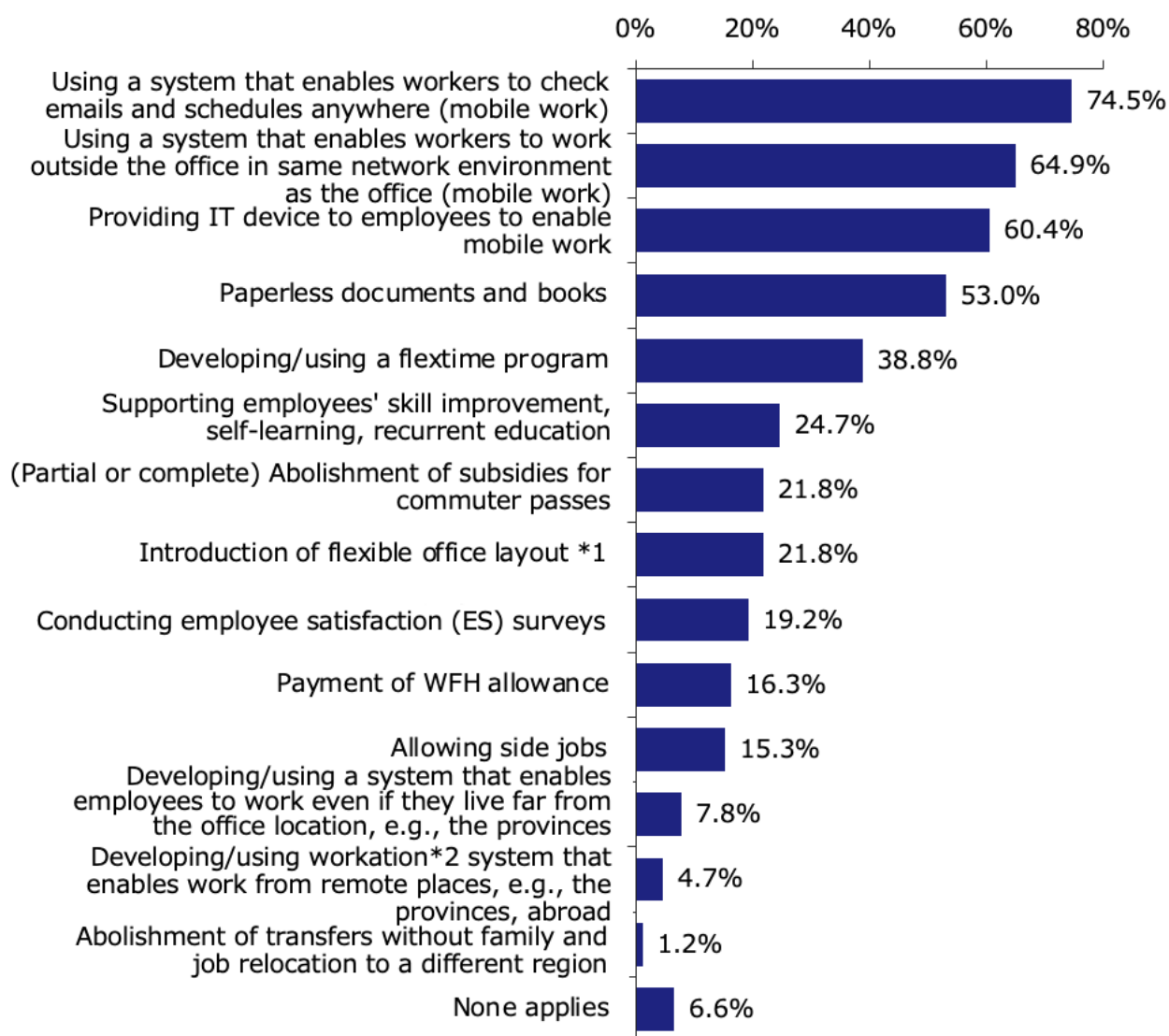
As for satellite offices, while 58.2% of the companies replied that more than half of all employees were eligible, only 20.3% replied that more than half of their employees use them, indicating a gap between the percentage of eligible employees and the percentage of actual users (**Figure 4**). Possible factors for this include the small number of desks for the number of eligible employees, since satellite offices are often introduced as one among multiple places for work, and the fact that during the pandemic many employees choose to work from home, where they can avoid coming into contact with a large number of people.

Figure 4: Percentages of Eligible Employees and Users of Satellite Offices Among All Employees



The top results for other initiatives concerning work styles were related to ICT investment, including “Using a system that enables workers to check emails and schedules anywhere (mobile work)” (74.5%), “Using a system that enables workers to work outside the office in the same network environment as the office (mobile work)” (64.9%), and “Providing IT device to employees to enable mobile work” (60.4%) (**Figure 5**).

Figure 5: Work Style Initiatives Engaged In



(All respondents (n=1,566); MA)

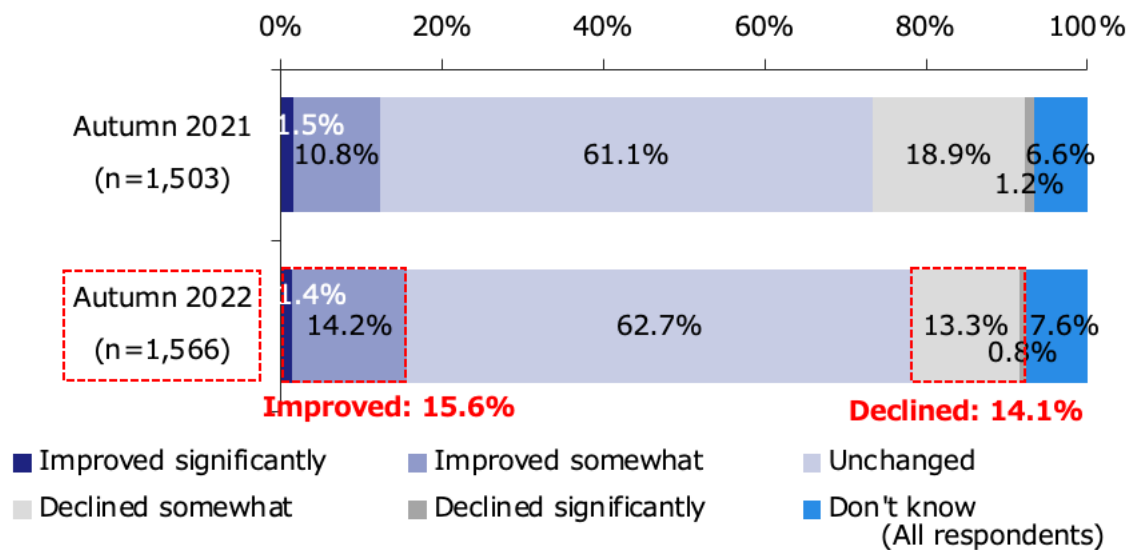
*1 Flexible office layout: Hot-desking, group hot-desking, open meeting space, space for refreshing, ABW, canteen and cafe space, etc.

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

2.2. Evaluation of and issues in work styles

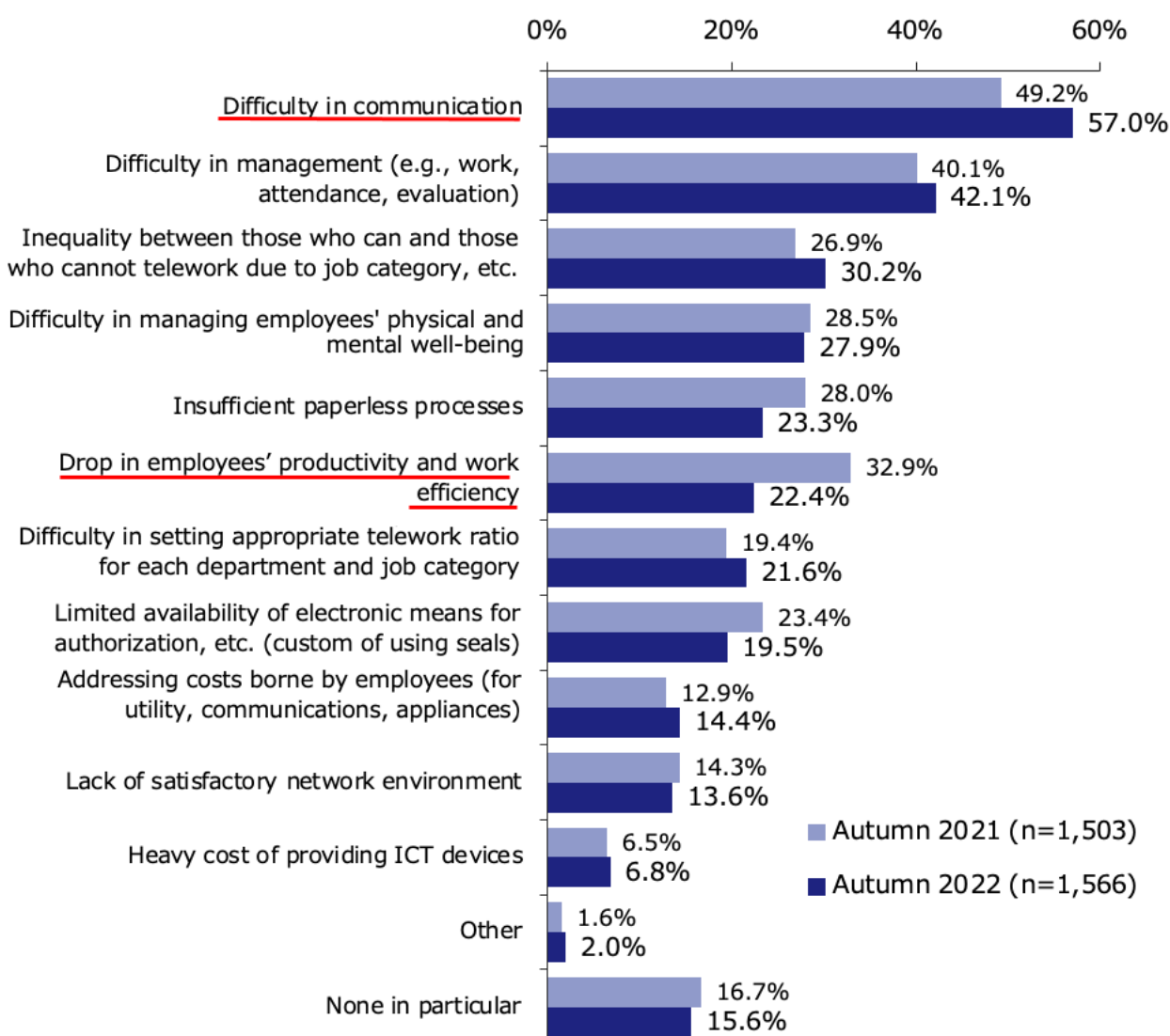
When we asked companies how their employees' performance changed from before the outbreak of the pandemic, a majority (62.7%) of them replied that there was no change (**Figure 6**). Among companies that saw a change, 15.6% replied that performance "improved," while a similar percentage (14.1%) replied that performance "declined." Compared to the Autumn 2021 survey, the evaluation of performance has improved, as we assume companies that introduced telework in the wake of the pandemic have gradually developed their environment and operational rules, enabling employee performance to improve under the new work style.

Figure 6: Employee Performance Compared to Before the Pandemic



As for issues and challenges in operating telework, the top reply was “Difficulty in communication” (57.0%), which has increased in percentage since the Autumn 2021 survey (**Figure 7**). This was followed by “Difficulty in management (e.g., work, attendance, evaluation)” (42.1%) and “A sense of inequality between those who can and those who cannot telework due to job category, etc.” (30.2%). “Drop in employee productivity and work efficiency” decreased 10.5 pp from the Autumn 2021 survey, suggesting that an environment for telework has become more developed as confirmed in **Figure 6**.

Figure 7: Issues and Challenges in Operating Telework

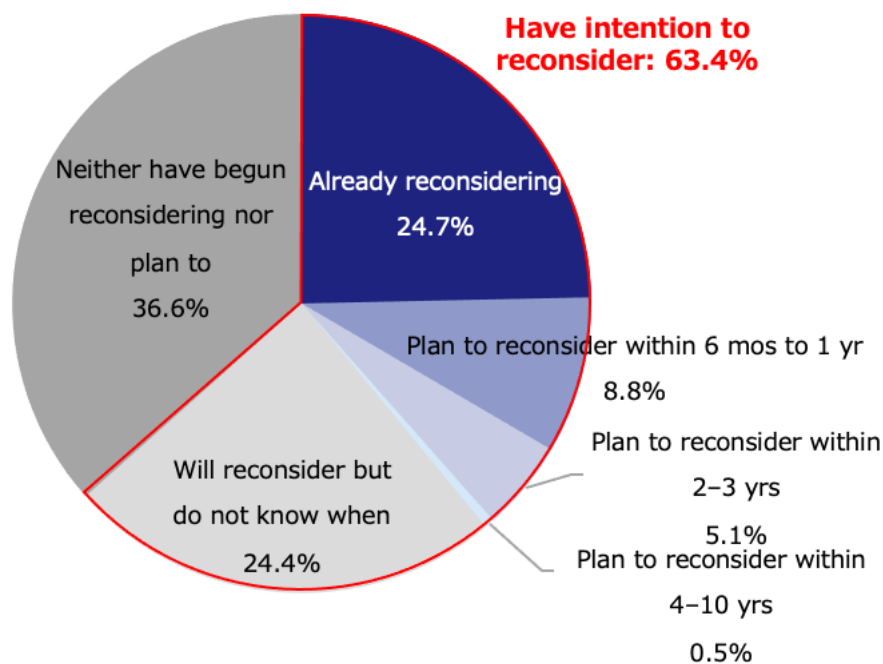


(All respondents; MA)

2.3. Reconsidering workplace strategies

In the wake of the COVID-19 pandemic, companies have been faced with challenges such as controlling the percentage of employees coming to the office and utilizing telework, which have forced them to reconsider the workplace comprehensively. **Figure 8** shows whether companies have begun reconsidering their workplace strategies. It reveals that, while the largest percentage of companies (36.6%) “neither have begun reconsidering nor plan to,” the remaining 63.4% have intentions to reconsider in the future.

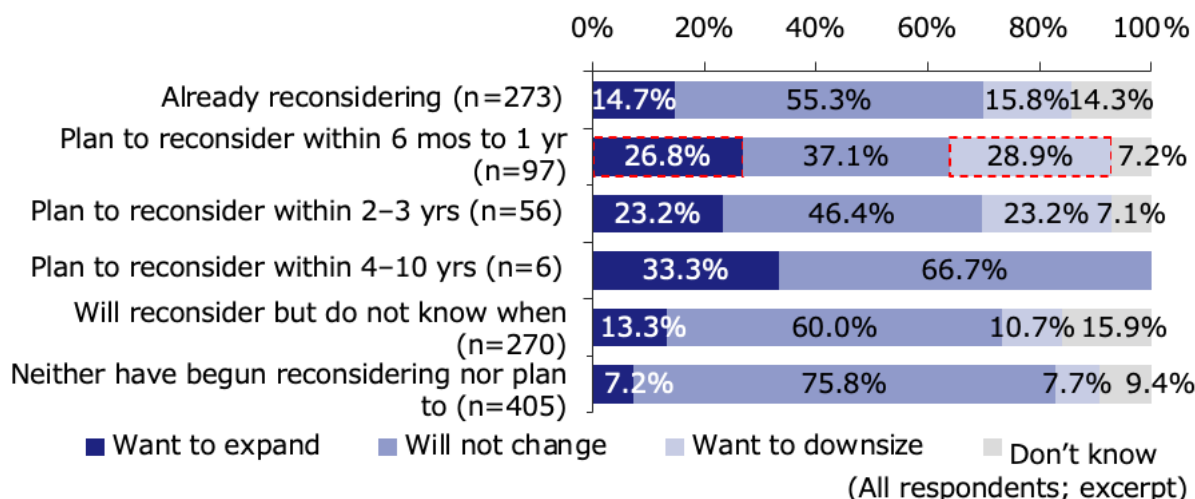
Figure 8: Status of Reconsidering Workplace Strategies



(All respondents excl. 'Don't know' (n=1,107))

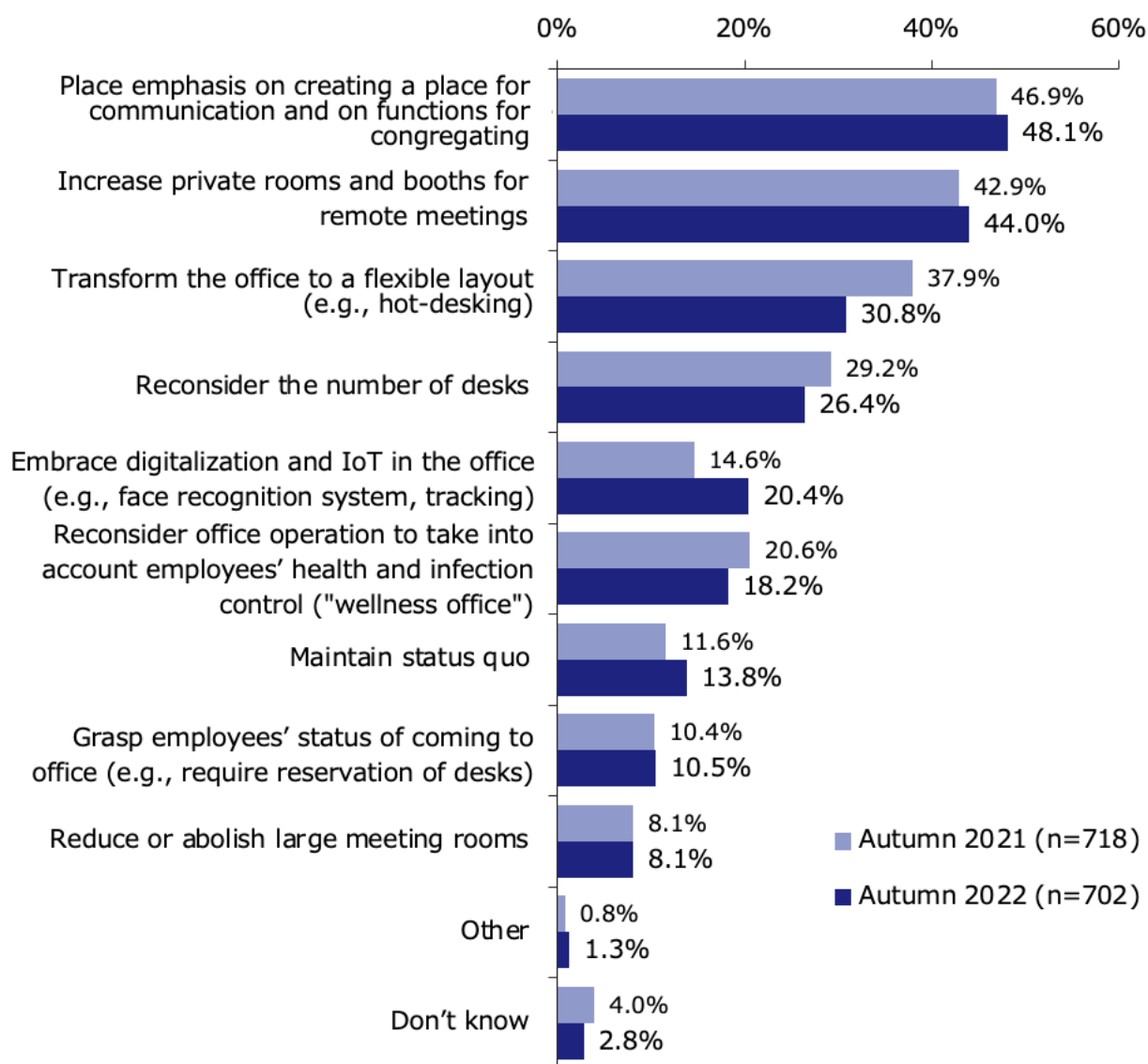
Figure 9 shows companies' intentions on office size, as described in **Figure 7** of “(1) Demand Trends,” sorted by the status of reconsidering workplace strategies. This shows that more than half of the companies that replied they plan to reconsider their workplace strategies within 6 months to 1 year intend to change their office size.

Figure 9: Future Change in Office Size – By Status of Reconsidering Workplace Strategies



We then extracted companies that have intentions to reconsider their workplace strategies (**Figure 8**) and asked them the initiative for the main office they are interested in. As in the previous survey, the top reply was "Place emphasis on creating a place for communication and on functions for congregating" (48.1%). This was followed by "Increase private rooms and booths for remote meetings" (44.0%), indicating that the top initiatives are those based on a hybrid work style that combines telework and coming to the office (**Figure 10**).

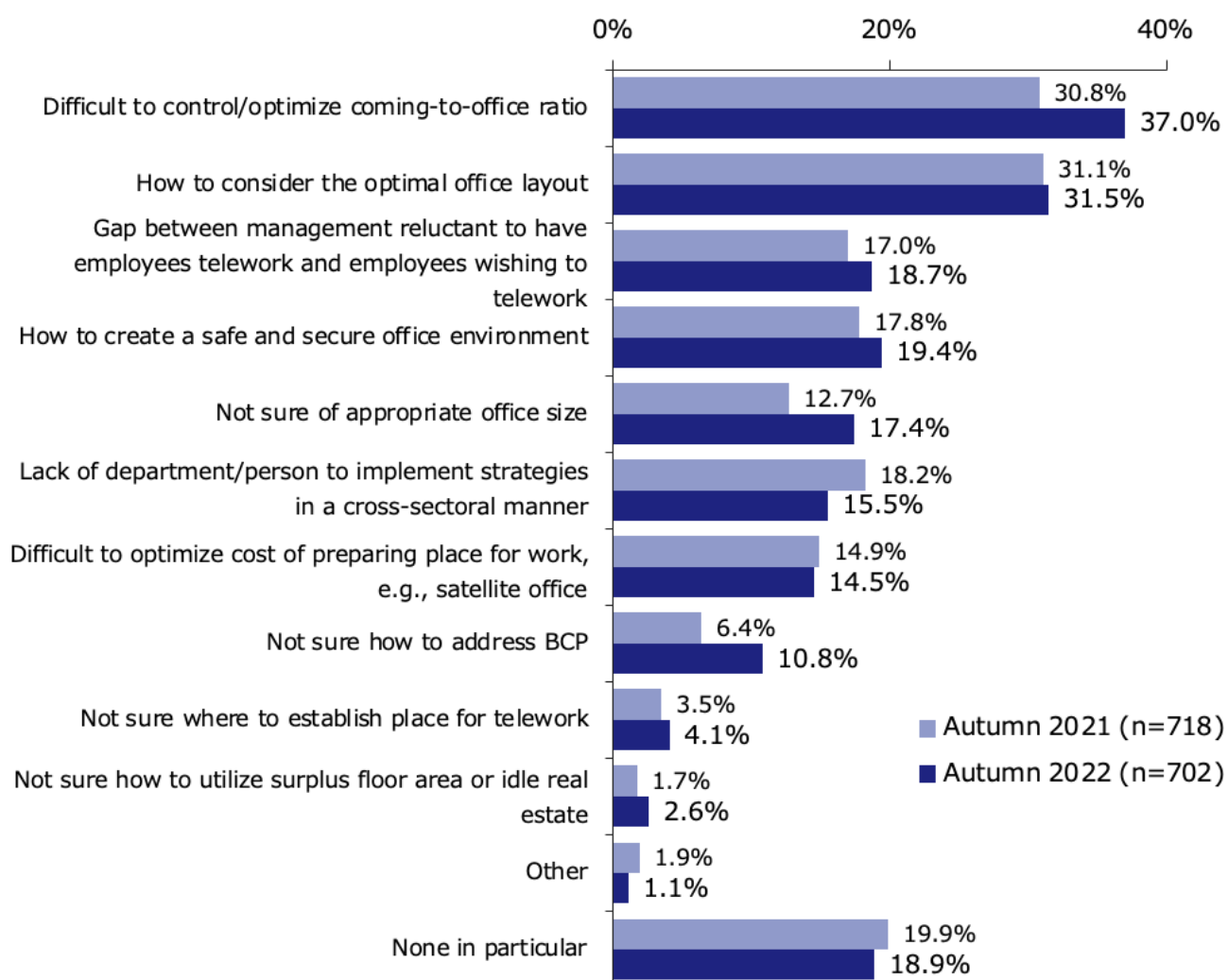
Figure 10: Initiative for Main Office Interested In



(Companies with intention to reconsider workplace strategies; MA)

Figure 11 shows the issues and challenges in reconsidering workplace strategies among companies with intentions to reconsider the strategies. The top issue was “Difficult to control/optimize the coming-to-office ratio” (37.0%), up 6.2 pp from the previous survey. This was followed by “How to consider the optimal office layout” (31.5%), indicating that the top issues are related to how the main office should be and be operated. Many issues, including “Not sure of appropriate office size” and “Not sure how to address BCP,” increased in percentage from the previous survey.

Figure 11: Issues and Challenges when Reconsidering Workplace Strategies



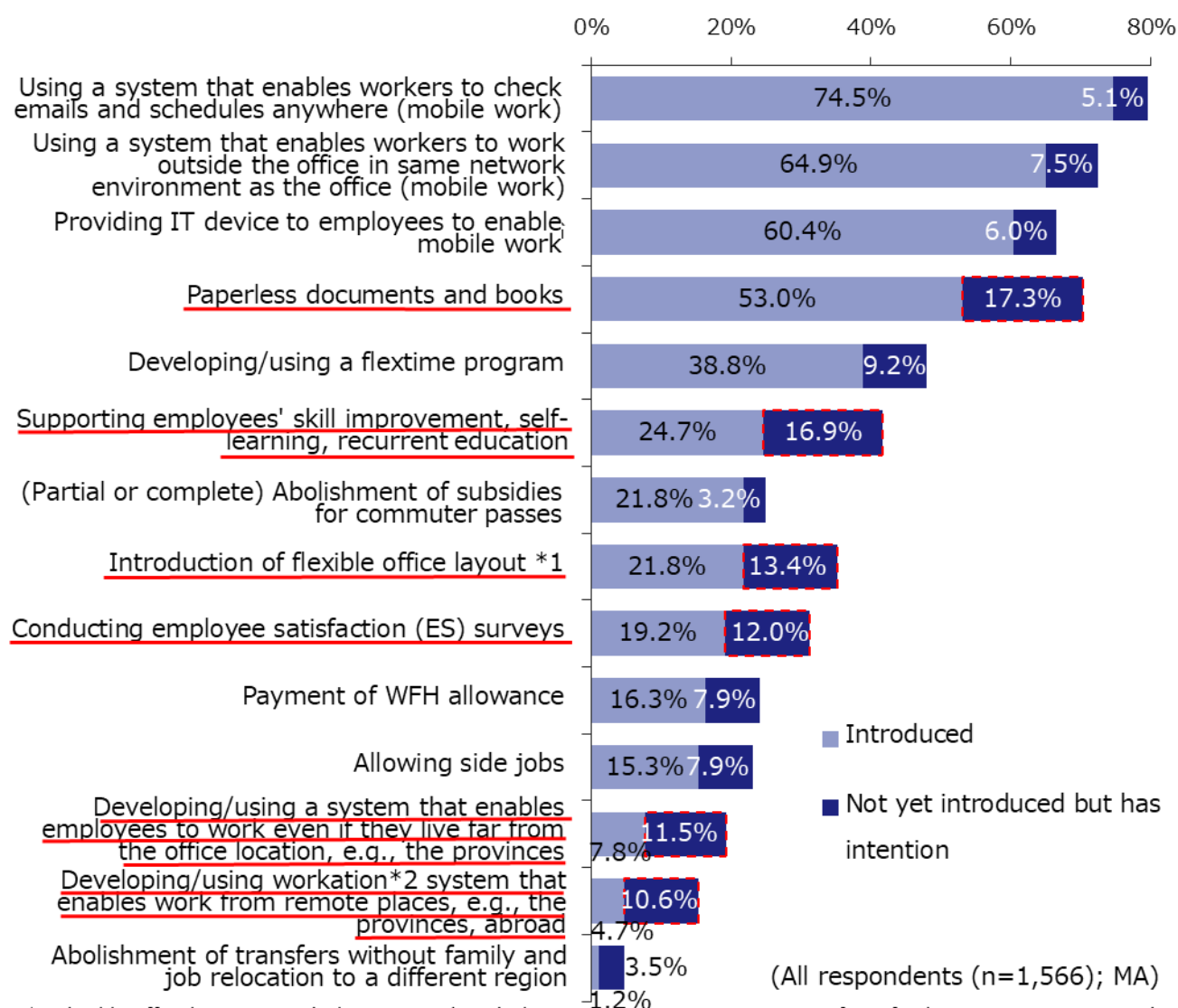
(Companies with intention to reconsider workplace strategies; MA)

2.4. Outlook of work styles and the workplace

From here, we will examine the outlook of work styles and the workplace.

Figure 12 shows the percentage of work style initiatives companies replied in **Figure 5** that they have already introduced and the percentage companies replied they have not yet introduced but have the intention of doing so in the future ("not yet introduced but has intention"). For "Paperless documents and books," the percentage of "not yet introduced but has intention" was 17.3%, which, together with the current availability (53.0%), indicates that more than 70% of the companies will potentially introduce the initiative in the future. Availability is expected to rise for "Supporting employees' skill improvement, self-learning, recurrent education," "Introduction of a flexible office layout," and "Conducting employee satisfaction (ES) surveys," which are currently available at around 20% of the companies, as well as for advanced initiatives such as "Developing/using a system that enables employees to work even if they live far from the office location, e.g., the provinces" and "Developing/using a workation system that enables work from remote places, e.g., the provinces or abroad," which are currently low in availability.

Figure 12: Work Style Initiatives Companies Want to Engage In

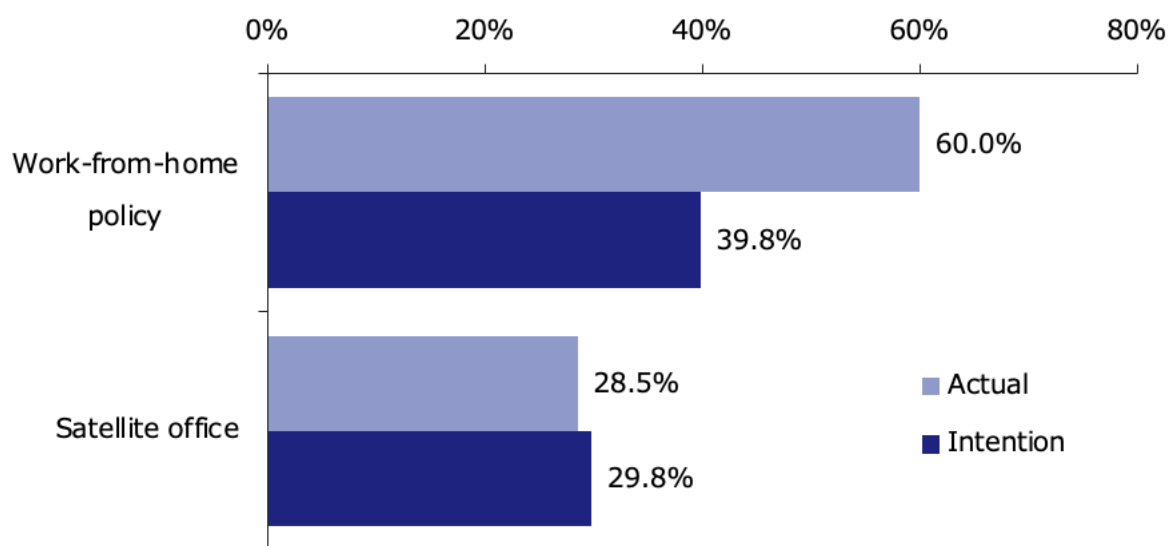


*1 Flexible office layout: Hot-desking, group hot-desking, open meeting space, space for refreshing, ABW, canteen and cafe space, etc.

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

Figure 13 shows the initiative concerning the place or policy for telework that companies want to engage in going forward (about 1 to 2 years from now) regardless of the current situation. The result indicates that companies' intentions to introduce a "work-from-home policy," which is currently available at 60.0% of companies, have dropped to 39.8%, while the need for a "satellite office" is on par with the current availability.

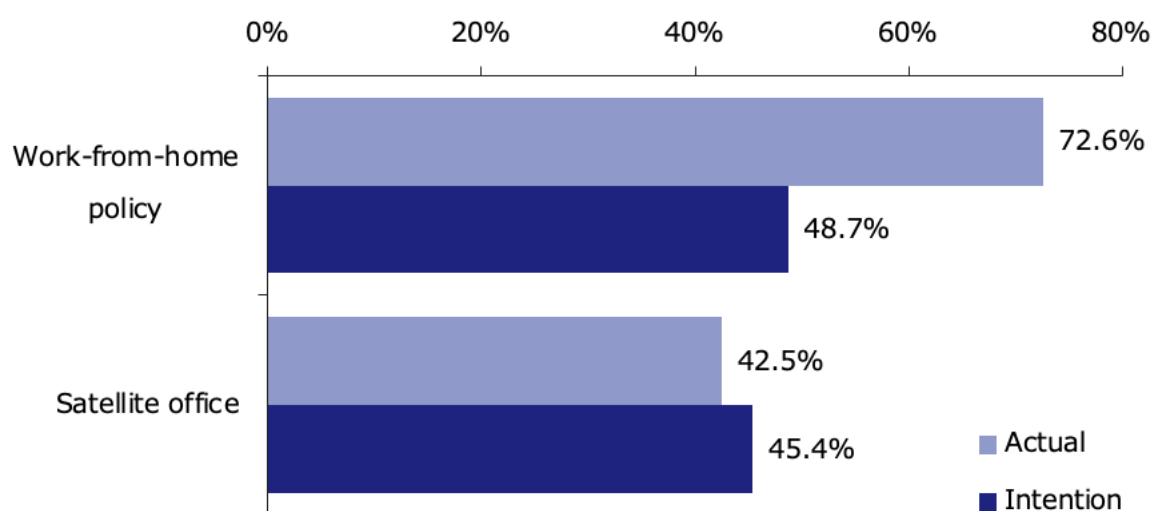
Figure 13: Initiative Concerning the Place or Policy for Telework Companies Want to Engage In



(All respondents (n=1,566))

When focusing on companies that have intentions to reconsider workplace strategies, their intentions to engage were shared roughly equally among the two initiatives, with 48.7% of the companies wanting to introduce a work-from-home policy and 45.4% satellite offices. (**Figure 14**).

Figure 14: Initiative Concerning the Place or Policy for Telework Companies with Intentions to Reconsider Workplace Strategies Want to Engage In

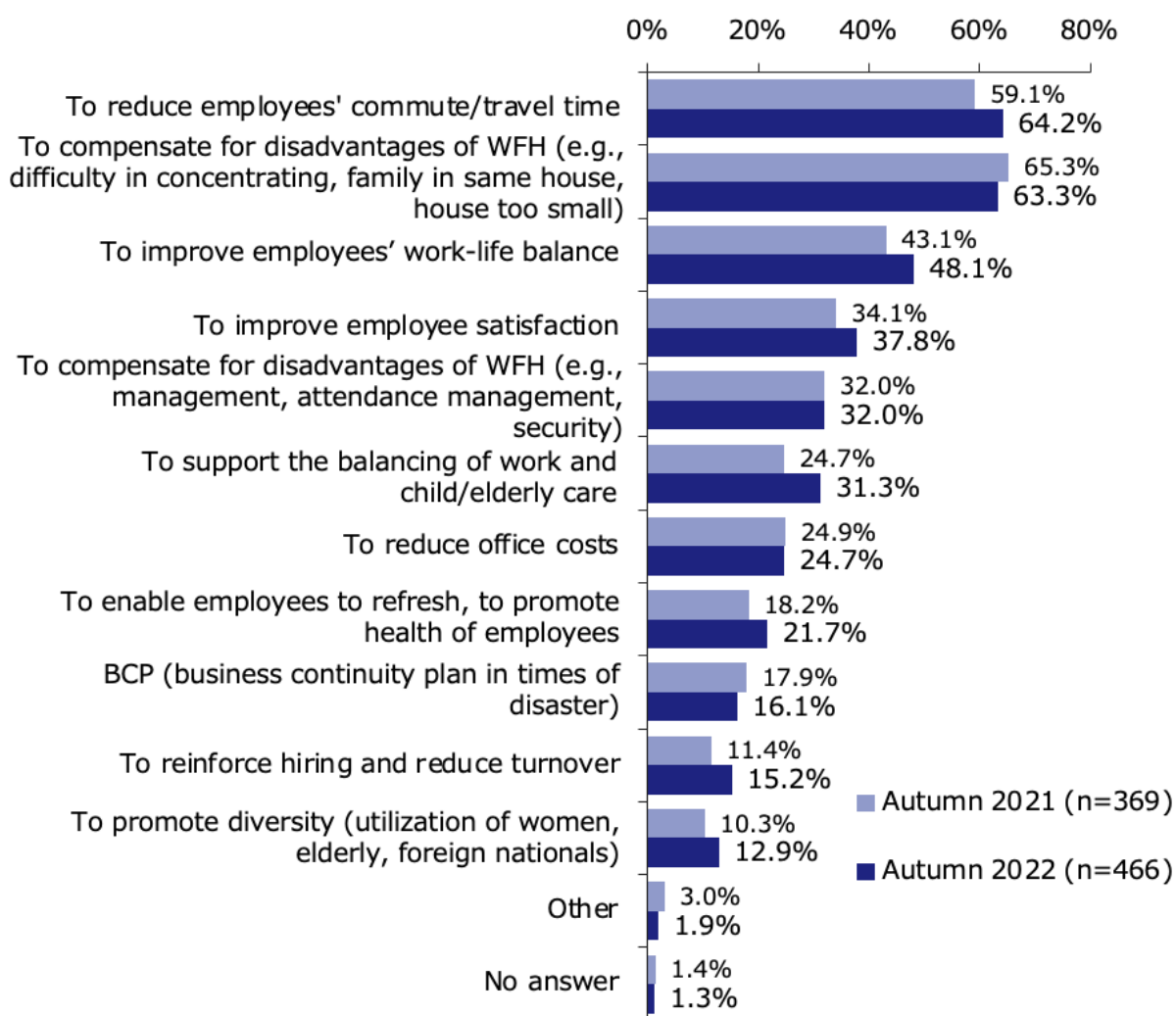


(Companies with intention to reconsider workplace strategies (n=702); MA)

From here, we will delve deeper into the needs of companies that replied they want to use a satellite office in the future.

Figure 15 shows the reasons for wanting to use a satellite office. “To reduce employees’ commute/travel time” (64.2%) and “To compensate for the disadvantages of WFH (e.g., difficulty in concentrating, family in same house, house too small)” (63.3%) were chosen by more than 60% of the companies. “To improve employees’ work-life balance” (48.1%) followed, and “To support the balancing of work and child/elderly care” (31.3%) increased from the previous survey, suggesting that companies expect satellite offices to support employees’ ease of work.

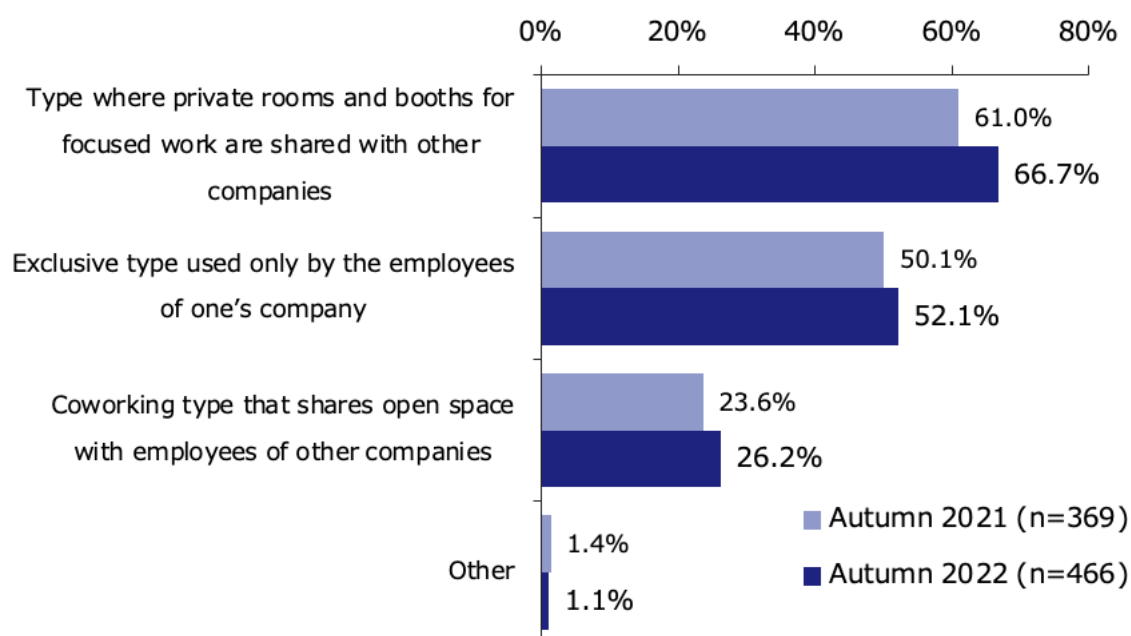
Figure 15: Reason for Wanting to Use a Satellite Office in the Future



(Companies that want to use a satellite office in the future)

Figure 16 shows the types of satellite offices preferred by companies that have intentions to use a satellite office in the future. As in the previous survey, the most popular type was a “type where private rooms and booths for focused work are shared with other companies” (66.7%). The popularity of an “exclusive type used only by the employees of one’s company” was 52.1%, almost double that of a “coworking type that shares open space with employees of other companies” (26.2%).

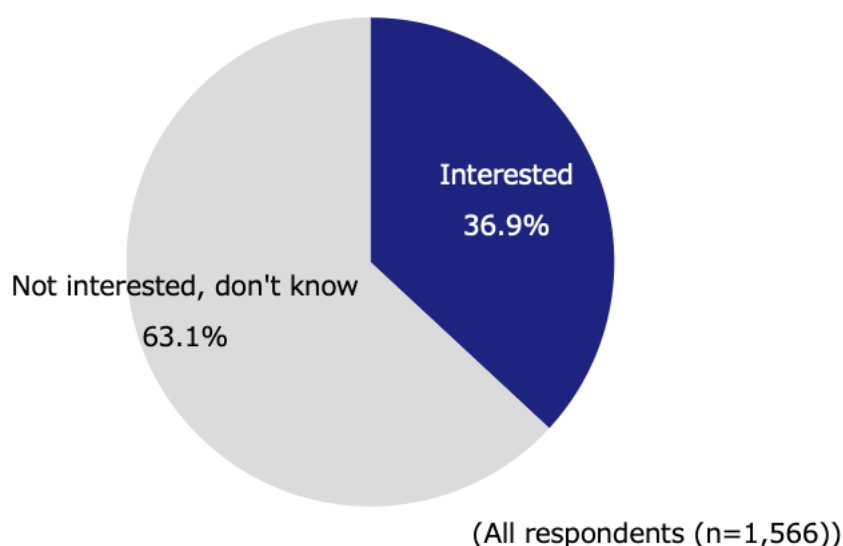
Figure 16: Preferred Type of Satellite Office



(Companies that want to use a satellite office in the future)

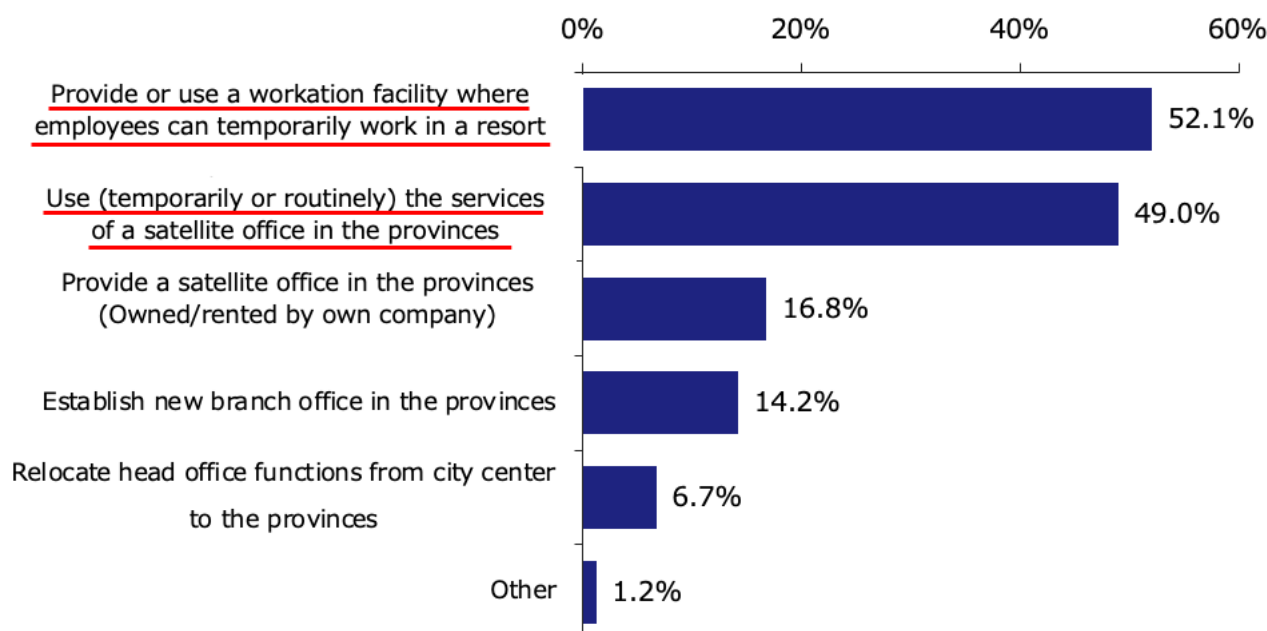
Furthermore, we asked companies the initiatives they were interested in concerning providing a workplace in the provinces (i.e., areas other than the current location of the head office) and the benefits they anticipate. 36.9% of the companies were “interested” in any such initiative (**Figure 17**).

Figure 17: Interest in Initiatives Concerning Providing a Workplace in the Provinces



Companies interested in providing a workplace in the provinces showed high interest in initiatives such as “Provide or use a workation facility where employees can temporarily work in a resort” (52.1%) and “Use (temporarily or routinely) the services of a satellite office in the provinces” (49.0%) (**Figure 18**).

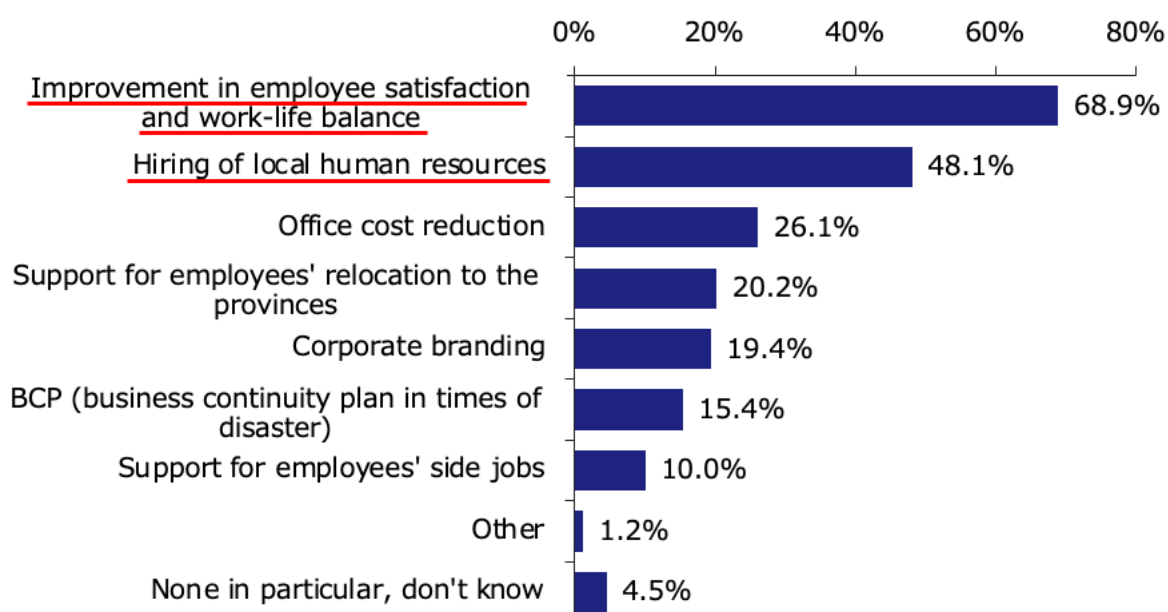
Figure 18: Initiative Interested in Related to Providing a Workplace in the Provinces



(Companies interested in initiatives related to providing a workplace in the provinces (n=578); MA)

As for the benefits that companies anticipate from providing a workplace in the provinces, the top reply was “Improvement in employee satisfaction and work-life balance” (68.9%), followed by “Hiring of local human resources” (48.1%) (**Figure 19**).

Figure 19: Anticipated Benefits from Providing a Workplace in the Provinces



(Companies interested in initiatives related to providing a workplace in the provinces (n=578); MA)

3. Summary

In this survey, we found that companies have continued to adopt telework, which spread rapidly due to the COVID-19 pandemic. In particular, while the availability of a work-from-home policy may have peaked out as years have passed since the outbreak of the pandemic, the availability of satellite offices has continued to rise. As we confirmed in “(1) Demand Trends,” many companies intend to continue adopting hybrid work, which combines telework and coming to the office, even after the end of the pandemic. The trend of expanding the place or policy for telework may continue to advance.

On the other hand, we found that companies are increasingly finding communication to be a challenge to telework. Companies that are contemplating a reconsideration of workplace strategies have a high level of interest in updating the functions of their main office in order to address these challenges. Going forward, they are likely to explore the optimal form of the main office that specializes in functions such as communication, while at the same time offering support to help employees work more easily by developing a place or policy for telework. In addition, a certain number of companies are interested in providing a workplace in the provinces, which leads us to expect that companies’ workplace strategies will become increasingly diverse. We will continue to investigate how companies build their entire workplace that consists of the main office and telework locations.

Survey Overview

Survey period	October 18–October 30, 2022
Target respondents	<p>47,115 companies in total that include the following:</p> <ul style="list-style-type: none"> • Tenants of office buildings managed by the Xymax Group • Companies subscribing to ZXY, a satellite office service for corporate customers • Client companies of XYMAX INFONISTA Corporation
Number of valid answers	<p>1,566; response rate: 3.3%</p> <p>(Aggregated in office units; therefore, answers from different offices of the same company are treated as separate answers.)</p>
Geographical coverage	Nationwide (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba Prefectures and others)
Survey method	Email
Topics covered in the survey	<p>Current office</p> <ul style="list-style-type: none"> • Lease type, office type, location, office area under lease contract, rent per tsubo (incl. CAM charges), no. of office occupants, no. of workers coming to the office, no. of desks • Coming-to-office ratio (actual and intention) <p>Change in office demand (October 2021–September 2022)</p> <ul style="list-style-type: none"> • Change in office size and the style and reasons of the change • Change in rent per tsubo • Change in number of office occupants <p>Work style during the COVID-19 pandemic</p> <ul style="list-style-type: none"> • Implementation of work style initiatives, implementation of initiatives concerning the place or policy for telework, availability of work-from-home policy and satellite offices • Change in employees' performance • Issues and challenges in administering telework • Status, issues, and challenges of reconsidering workplace strategies <p>Outlook of office demand</p> <ul style="list-style-type: none"> • Business sentiment, theme to focus on • Intentions on office size • Intentions on initiatives concerning the office, intentions on initiatives concerning work styles, intentions on initiatives concerning the place or policy for telework, preferred type of satellite office and reason thereof • Initiatives interested in concerning providing workplaces in the provinces, anticipated benefits from providing a workplace in the provinces <p>Company attributes</p> <ul style="list-style-type: none"> • Sector, number of employees, average age of employees

Respondent attributes

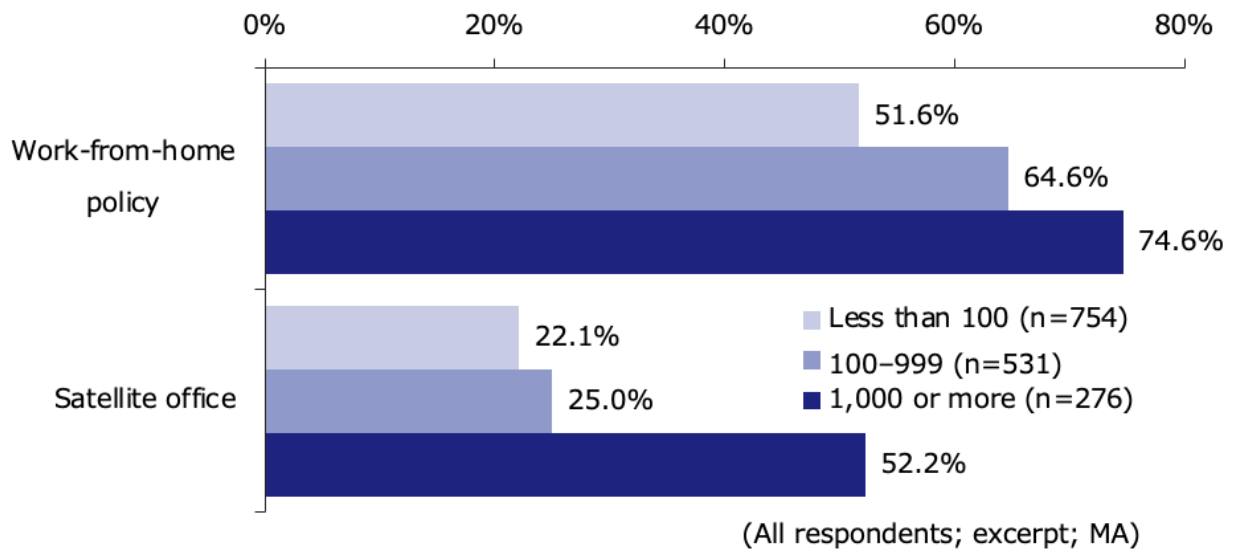
- Department, job position

Attributes of Respondent Companies

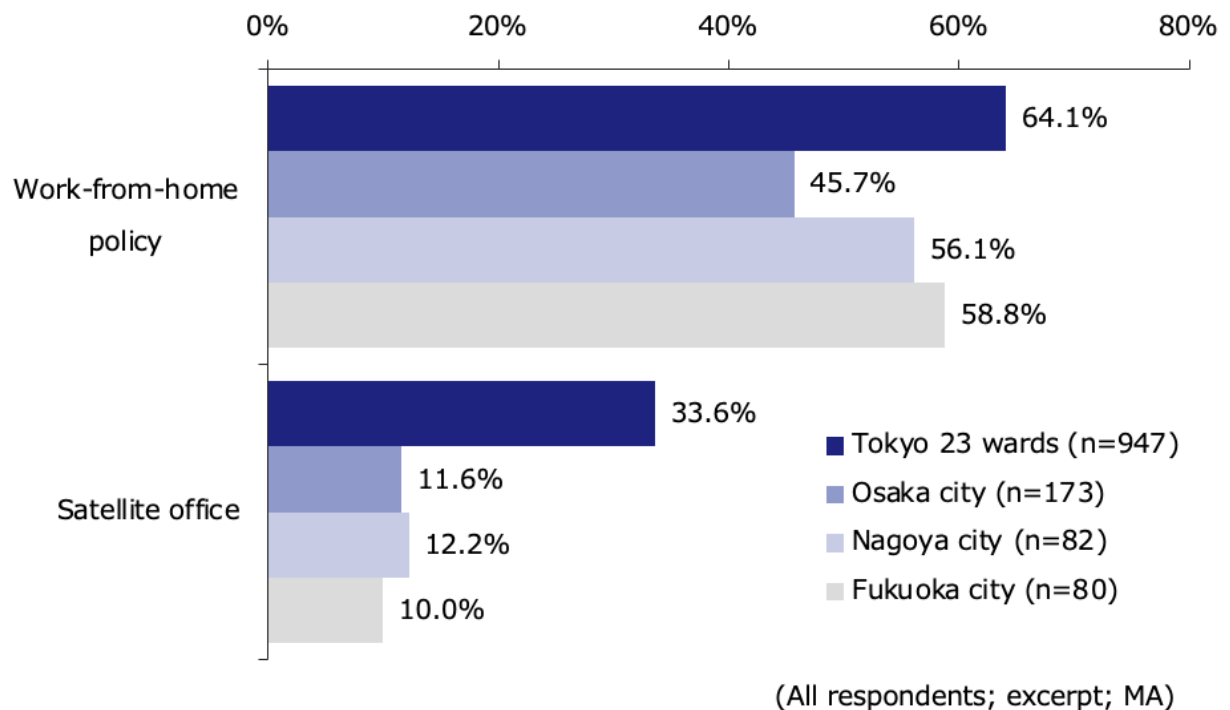
		%	n			%	n
Sector	Agriculture and forestry	0.2%	3	Type of office	Head office	65.7%	1,029
	Mining and quarrying of stone and gravel	0.2%	3		Branch office	23.0%	360
	Construction	5.9%	93		Sales office	8.3%	130
	Manufacturing	17.3%	271		Sub-office *1	0.8%	13
	Electricity, gas, heat supply and water	0.5%	8		Call center	0.2%	3
	Information and communications	16.0%	250		Computer room	0.1%	2
	Transport and postal services	1.9%	29		Other	1.9%	29
	Wholesale and retail trade	13.8%	216	Location of office	Tokyo 23 Wards	60.5%	947
	Finance and insurance	3.3%	51		Osaka city	11.0%	173
	Real estate and goods rental and leasing	5.4%	85		Nagoya city	5.2%	82
	Scientific research, professional and technical services	8.0%	126		Fukuoka city	5.1%	80
	Accommodations, eating and drinking services	1.1%	18		Other	18.1%	284
	Living-related and personal services and amusement services	1.0%	16	Size of office under lease contract (1 tsubo = 3.3 sqm)	Less than 30 tsubo	16.9%	265
	Education, learning support	1.1%	18		30–49 tsubo	13.2%	207
	Medical, health care and welfare	2.0%	31		50–99 tsubo	17.4%	272
	Compound services	1.1%	18		100–199 tsubo	14.4%	226
	Services, n.e.c.	18.3%	287		200 tsubo or more	20.1%	315
	Governments and agencies (Excl. those classified elsewhere)	0.2%	3		No answer	17.9%	281
	Unclassifiable	2.6%	40				
Number of employees	Less than 100	48.1%	754	Average age of employees	20–29	1.5%	23
	100–999	33.9%	531		30–39	33.2%	520
	1,000 or more	17.6%	276		40–49	53.8%	843
	Unknown	0.3%	5		50–59	8.7%	136
					60 or above	2.3%	36
					No answer	0.5%	8

Reference Materials

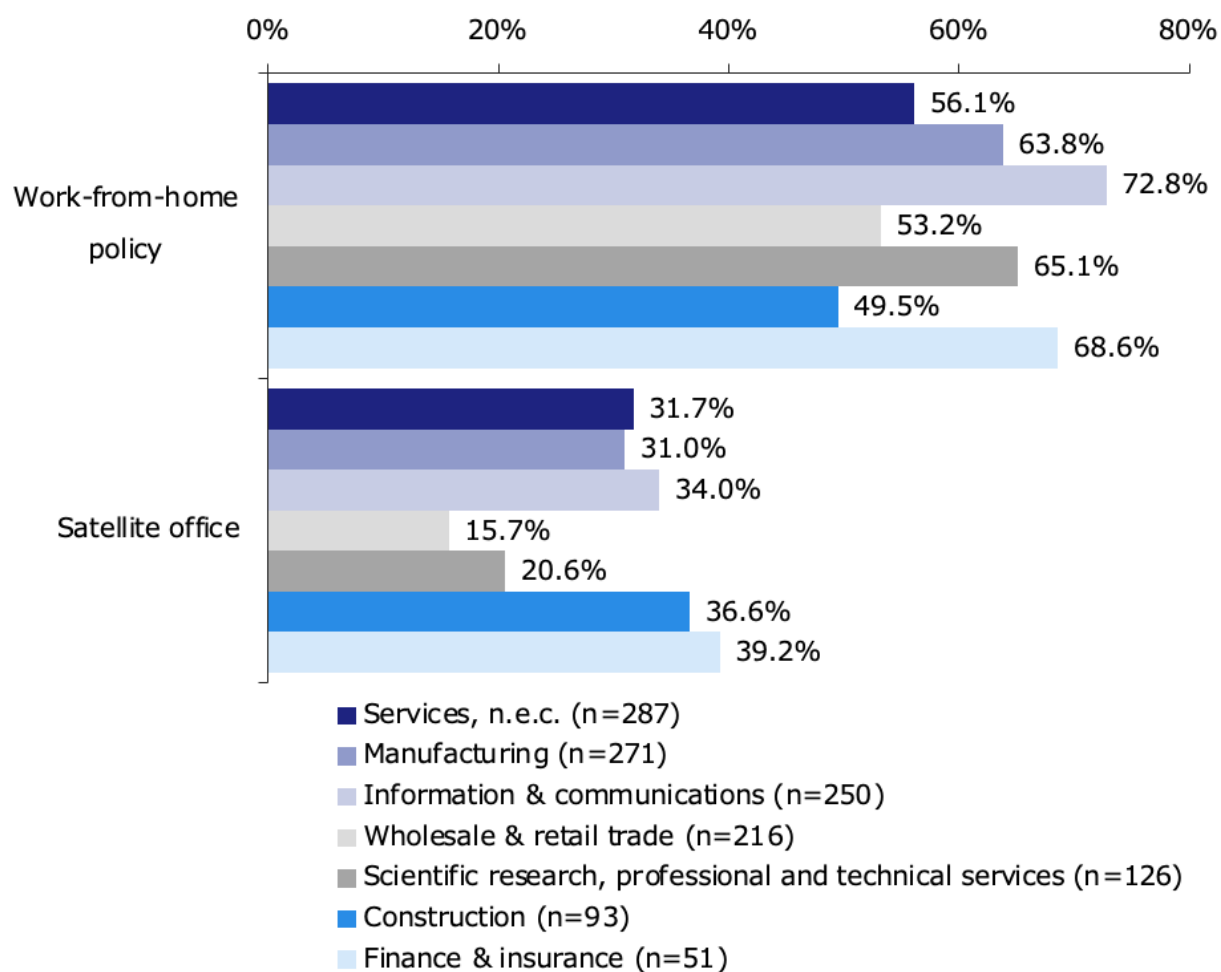
Reference 1: Availability of Work-from-Home Policy and Satellite Office – By Number of Employees



Reference 2: Availability of Work-from-Home Policy and Satellite Office – By Office Location

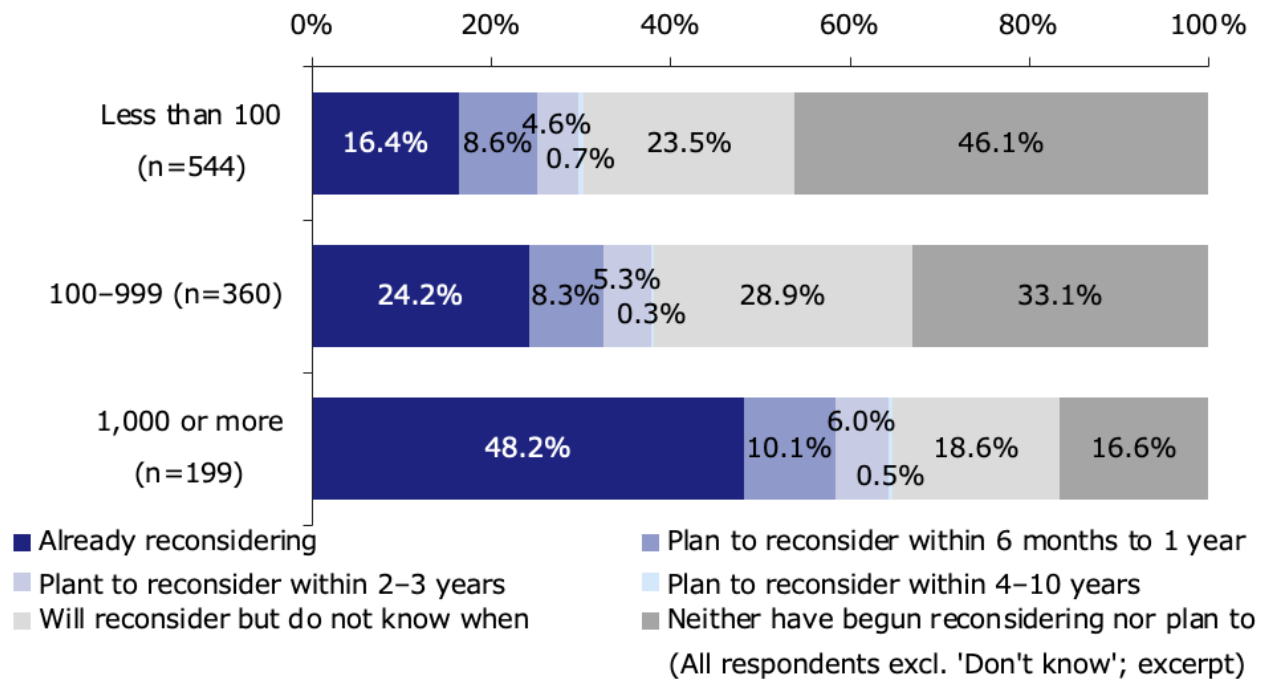


Reference 3: Availability of Work-from-Home Policy and Satellite Office – By Sector

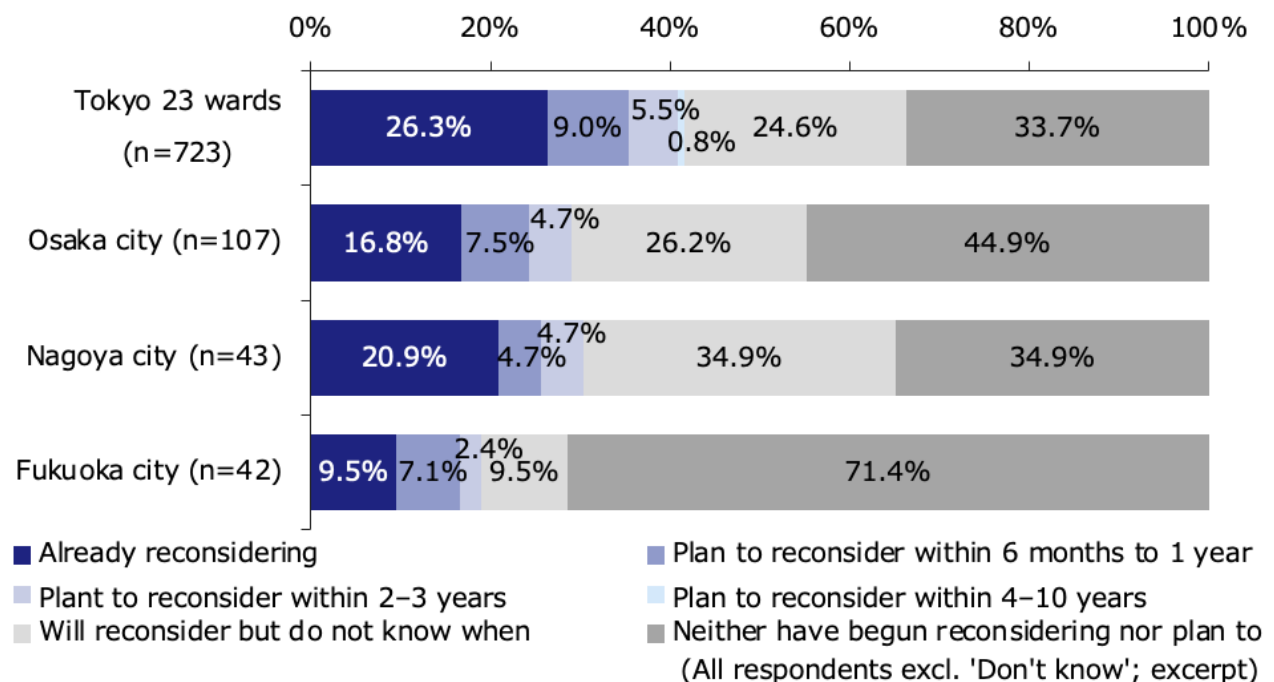


(All respondents; excerpt; MA)

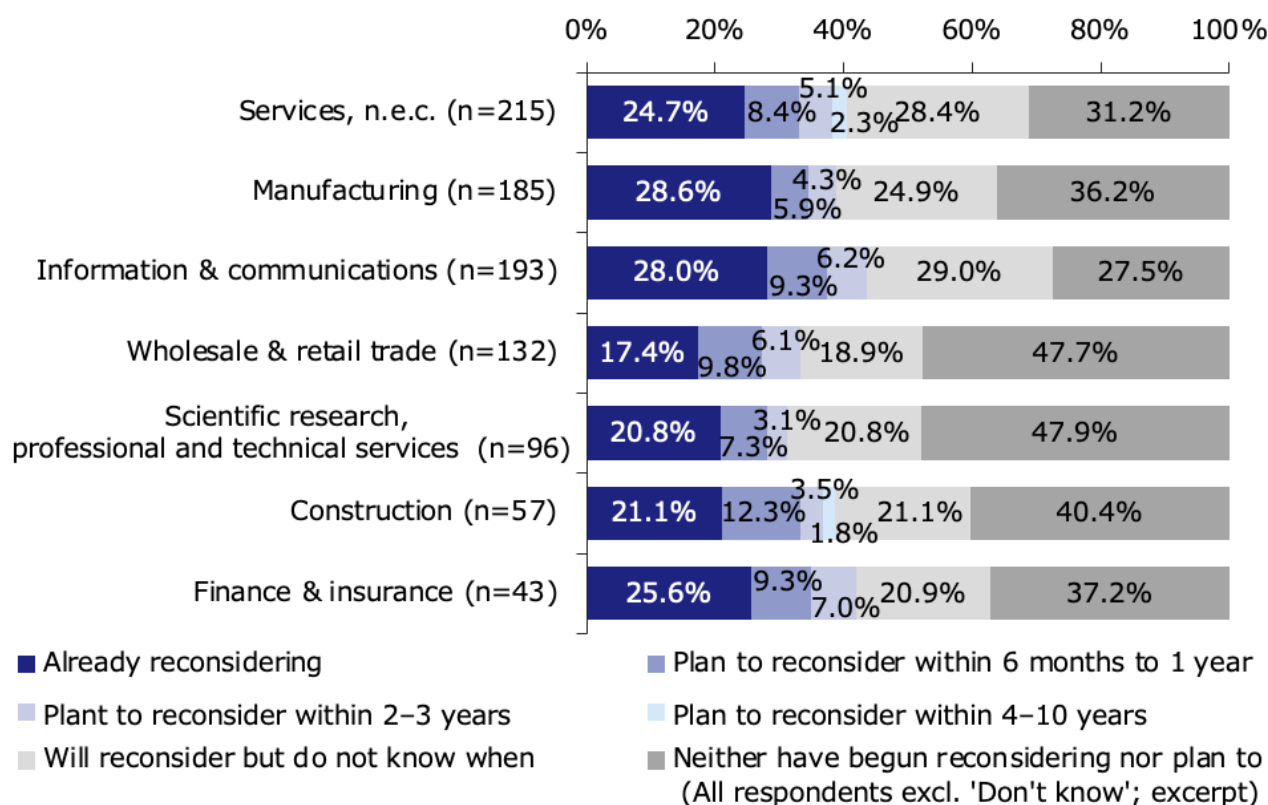
Reference 4: Status of Reconsidering Workplace Strategies – By Number of Employees



Reference 5: Status of Reconsidering Workplace Strategies – By Office Location



Reference 6: Status of Reconsidering Workplace Strategies – By Sector



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
- Spring 2022 (12th survey) *Metropolitan Areas Office Demand Survey Spring 2022 – (2) Work Styles and the Workplace*, released on June 15, 2022
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- Autumn 2022 (13th survey) *Metropolitan Areas Office Demand Survey Autumn 2022 – (1) Demand Trends*, released on December 15, 2022
https://www.xymax.co.jp/english/research/images/pdf/20221215_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
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[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>
- *Will Office Space Shrink Due to Hybrid Work?*, released on September 9, 2022
<https://www.xymax.co.jp/english/research/images/pdf/20220909.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%.

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