

# Metropolitan Areas Office Demand Survey Spring 2023

## <Detailed Report>

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The gap between companies' actual coming-to-office ratio and future intentions shrinks ahead of the end of the COVID-19 pandemic.

August 18, 2023

**Xymax Real Estate Institute**

# Survey Overview

What impact do the long COVID-19 pandemic and its end have on the work styles at Japanese companies and office demand?

Since autumn 2016, Xymax Real Estate Institute (“Xymax REI”) 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 continuously. This report is on the the results of the 14th survey.

<b>Survey period</b>	June 6–June 18, 2023
<b>Target respondents</b>	47,616 companies in total that include the following: <ul style="list-style-type: none"> <li>• Tenants of office buildings managed by the Xymax Group</li> <li>• Companies subscribing to ZXY, a satellite office service for corporate customers</li> <li>• Client companies of XYMAX INFONISTA Corporation</li> </ul>
<b>Number of valid answers</b>	1,722 (Aggregated in office units; therefore, answers from different offices of the same company are treated as separate answers.)
<b>Geographical coverage</b>	Nationwide (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, and Chiba Prefectures)
<b>Survey method</b>	Email

The percentage mix in the charts contained in this report is rounded to the first decimal place and, therefore, may not add up to 100%.

## Attributes of respondent companies

		%	n		%	n
<b>Sector</b>	Agriculture and forestry	0.1%	1	<b>Type of office</b>	Head office	65.2% 1,122
	Mining and quarrying of stone and gravel	0.1%	2		Branch office	23.1% 397
	Construction	6.0%	103		Sales office	8.1% 139
	Manufacturing	15.6%	269		Sub-office	1.5% 25
	Electricity, gas, heat supply and water	0.6%	10		Call center	0.5% 8
	Information and communications	16.4%	282		Computer room	0.1% 1
	Transport and postal services	1.9%	33		Other	1.7% 30
	Wholesale and retail trade	12.3%	211	<b>Location of office</b>	Tokyo 23 Wards	61.4% 1,057
	Finance and insurance	3.4%	58		Nagoya city	11.8% 204
	Real estate and goods rental and leasing	4.7%	81		Osaia city	5.9% 102
	Scientific research, professional and technical services	7.8%	135		Fukuoka city	4.5% 77
	Accommodations, eating and drinking services	1.1%	19		Other	16.4% 282
	Living-related and personal services and amusement services	0.9%	15	<b>Size of office under lease contract (1 tsubo = 3.3 sqm)</b>	Less than 30 tsubo	19.0% 328
	Education, learning support	1.5%	26		30–49 tsubo	12.2% 210
	Medical, health care and welfare	2.3%	40		50–99 tsubo	15.4% 265
	Compound services	1.5%	26		100–199 tsubo	14.2% 244
	Services, n.e.c.	20.4%	352		200 tsubo or more	18.9% 325
	Governments and agencies (Excl. those classified elsewhere)	0.3%	6		No answer	20.3% 350
	Unclassifiable	3.1%	53	<b>Average age of employees</b>	20–29	1.8% 31
<b>Number of employees</b>	Less than 100	49.9%	860		30–39	33.0% 568
	100–999	32.8%	565		40–49	53.1% 915
	1,000 or more	17.0%	293		50–59	9.6% 165
	Unknown	0.2%	4		60 or above	2.1% 36
					No answer	0.4% 7

# Main Findings

## 1. Outlook of office demand (from P.4)

- The percentage of companies with an increase (29.7%) in office occupants over the past year exceeded that of companies with a decrease (10.9%).
- As for changes in office size over the past year, the percentage of “Expansion (actual + potential)” rose after bottoming in the Spring 2021 survey, overtaking the rate of “Downsizing (actual + potential)” this time.
- The percentage of companies with an increase (14.7%) in rent per tsubo over the past year exceeded that of companies with a decrease (2.5%).
- 35.4% of the companies replied that the number of office occupants would increase, a rise of 13.2 pt from the Spring 2020 survey.
- In terms of office size, the percentage of “Want to expand” (15.6%) outweighed that of “Want to downsize” (6.3%).

## 2. Factors that affect office demand (from P.19)

- As for the coming-to-office ratio at the time of the survey, the percentage of “100% (come to office full time)” was 25.7%, the highest since the COVID-19 pandemic. Regarding future intentions, “100% (come to office full time)” was 25.6%, with the remaining 74.4% intending to continue implementing telework. The gap between actual and intention has shrunk compared to previous surveys.
- 32.1% of the companies felt their office was small, outweighing those that felt it was large (15.6%).

## 3. Work styles and the workplace (from P.28)

- The most popular type of space companies wanted in their office in the future was “Booth or private room for remote meetings” (29.1%).
- The companies' comfort rating of their main office revealed that only 19.2% of companies achieved “psychological comfort,” the top comfort level.
- The availability of a work-from-home policy was 45.6%, continuing downward after peaking in the Spring 2021 survey. On the other hand, the availability of satellite offices was 30.3% and increasing every year.
- The most popular current issue was “Not enough meeting rooms or private rooms for remote meetings” (35.3%).
- Compared to before the pandemic, the percentage of replies that employee performance and well-being “improved” exceeded that of replies that they “declined.” There was also a positive correlation between these evaluations and office comfort ratings and the availability of places for telework.
- As for companies' interest in using the different types of satellite offices, the most popular was the “Intensive solo-work type” (63.0%) and the “City-center touchdown type” (62.8%), rising in percentage by nearly 10 pt from the Autumn 2020 survey.

# 1. Outlook of Office Demand

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1. Changes over the past year
2. Future intentions

# Rise in ratio of companies with office occupant increase; continued decline in decrease

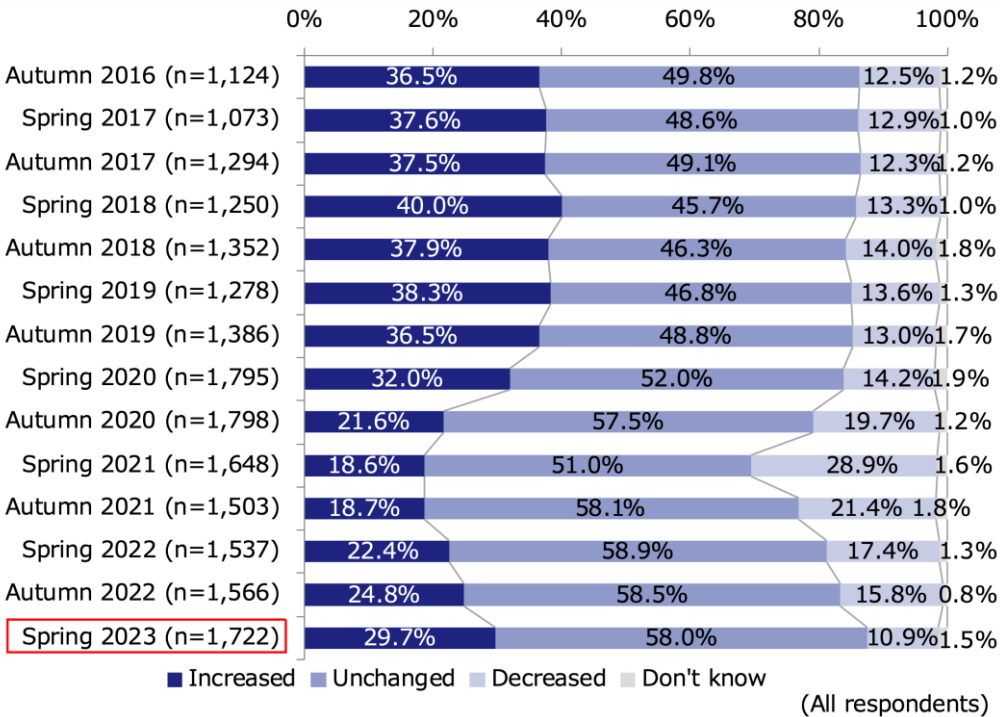
Figure 1 (red frame) indicates the change in the number of office occupants\* over the past year.

The percentage of companies with an increase (29.7%) in office occupants exceeded that of companies with a decrease (10.9%).

Compared to previous surveys, the percentage of “increased” has been rising since bottoming in the Spring 2021 survey, while that of “decreased” has been declining since peaking in the Spring 2021 survey.

\*The number of people belonging to the office, regardless of whether they come to the office or not)

Figure 1: Change in Number of Office Occupants

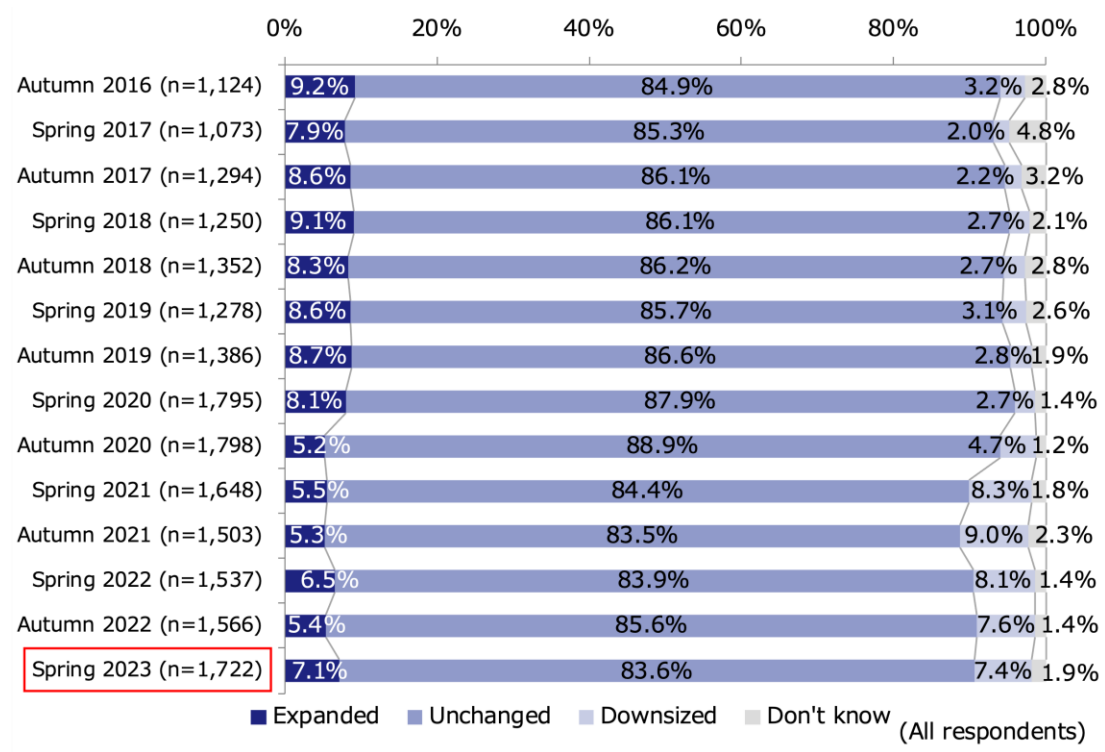


# Largest percentage of companies expanding office size since Autumn 2020

As for changes in office size over the past year, the percentage of companies that expanded their office size was 7.1%, while that of companies that downsized was 7.4% (Figure 2 (red frame)).

Although “downsized” continues to outweigh “expanded,” the gap is shrinking.

Figure 2: Change in Office Size



# “Relocation” the most popular style for both expansion and downsizing of office

The most popular style of office size expansion was “Relocation” (42.3%), followed by “Expansion in same building” (30.9%) (Figure 3).

The most popular style of office size downsizing was “Relocation” (49.6%) (Figure 4).

Figure 3: Style of Office Expansion

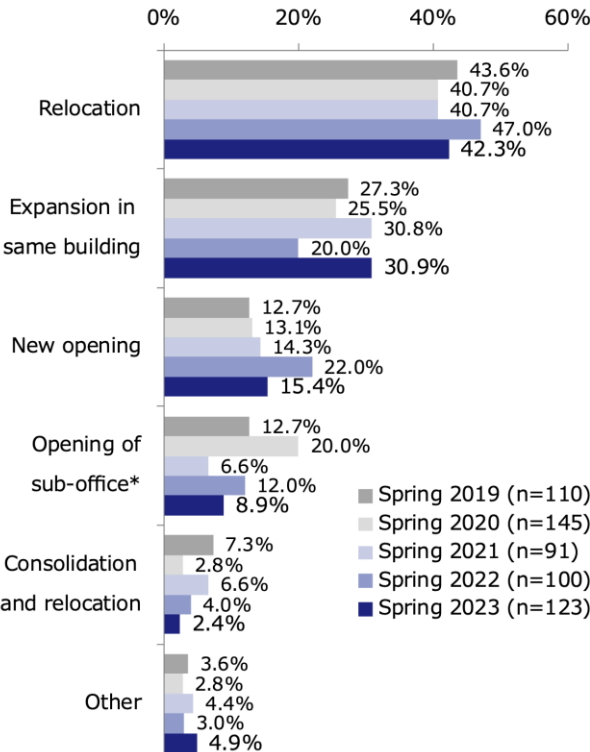
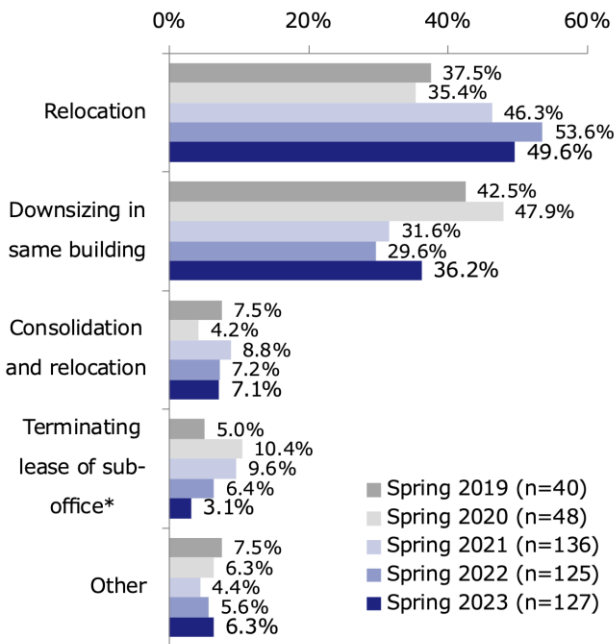


Figure 4: Style of Office Downsizing



(Figure 3: Companies that expanded; MA)  
(Figure 4: Companies that downsized; MA)

\* Sub-office: A separate office located near the main office (e.g., head office) to handle some of its functions

### 1.1. Changes over the past year

## Top reason for office expansion: Increase in office occupants & people coming to the office

The top reason for office size expansion was “Increase in number of people” (63.4%) (Figure 5). This reason had been declining since the pandemic but turned upward this time.

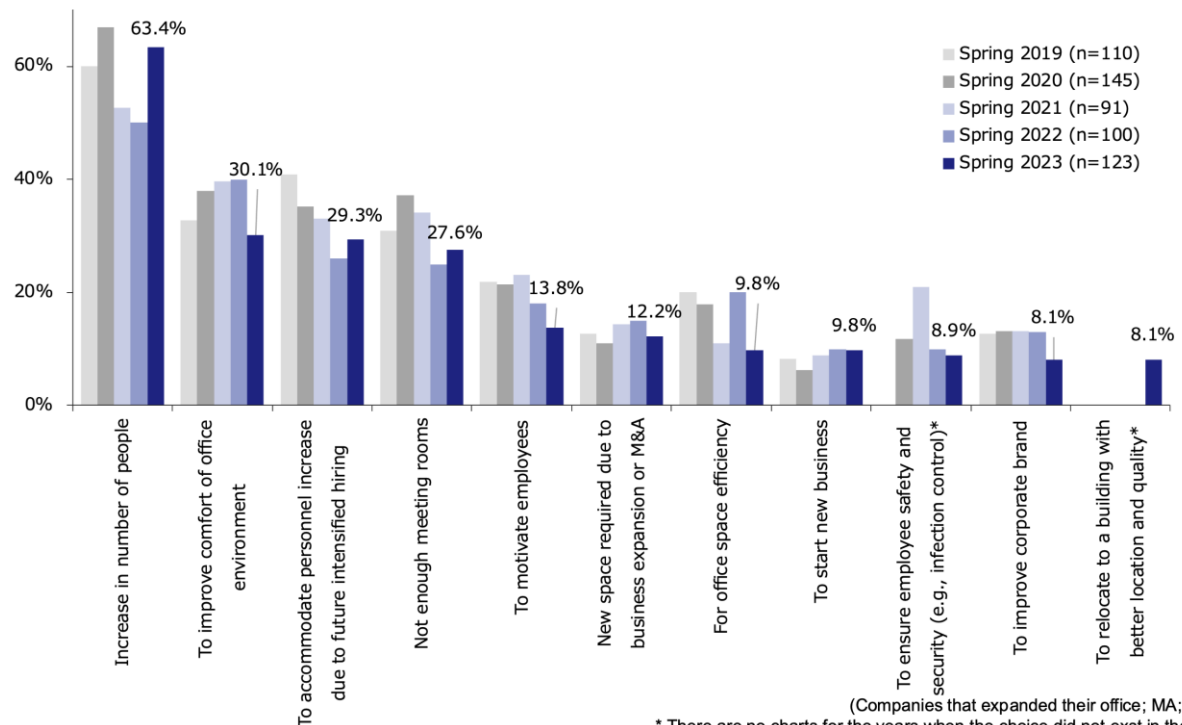
The factors for the rise include the rise in the percentage of companies with an increase in the number of office occupants\*1, as per Figure 1, and an increase in the number of people coming to the office.\*2 In this survey, we also asked about the change in the number of people coming to the office over the past year. 33.5% of companies replied that the number “increased,” exceeding the percentage of “decreased” (9.3%).

This result suggests that, with the transition of COVID-19 to a Class 5 infectious disease in May of this year, a certain number of workers are returning to the office from teleworking, affecting office demand.

\*1 The number of people belonging to the office, regardless of whether they come to the office or not)

\*2 The average number of people coming to the office at the time of the survey

Figure 5: Reason for Office Size Expansion



(Companies that expanded their office; MA; excerpt)  
 \* There are no charts for the years when the choice did not exist in the survey.

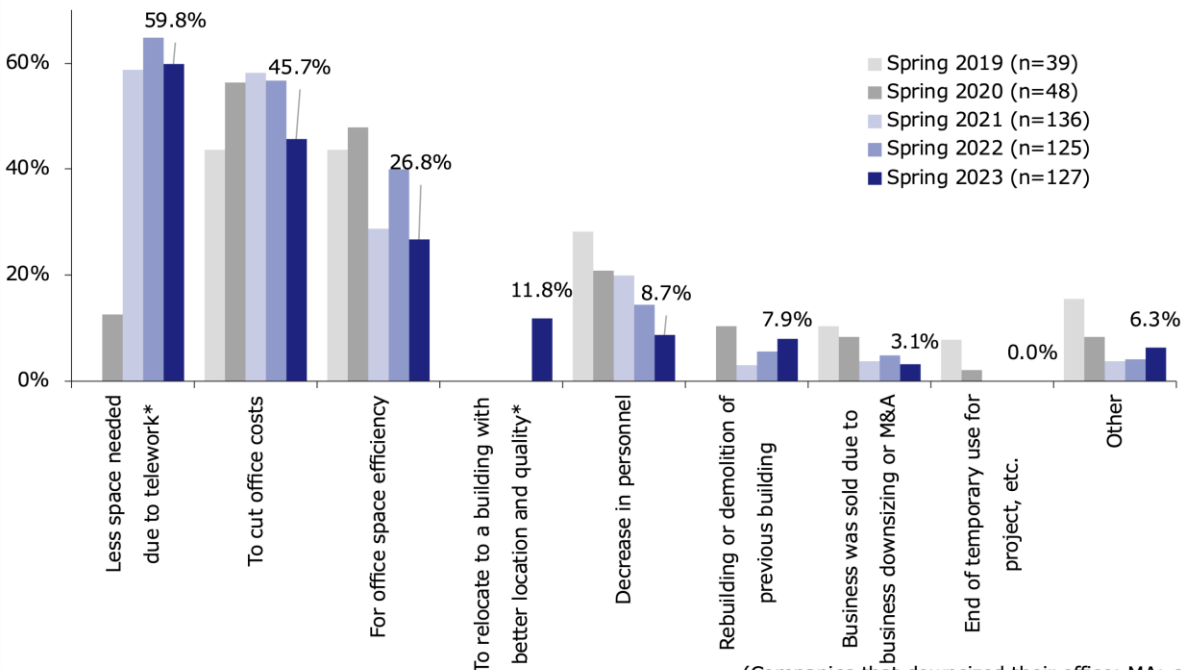


# Top reason for office downsizing: “Less space needed due to telework”

The top reasons for office downsizing were “Less space needed due to telework” (59.8%) and “To cut office costs” (45.7%) (Figure 6).

However, the percentages of these two reasons have decreased compared to the Spring 2022 survey.

**Figure 6: Reason for Office Downsizing**



(Companies that downsized their office; MA; excerpt)  
 \* There are no charts for the years when the choice did not exist in the survey.

### 1.1. Changes over the past year

## Expansion (actual + potential) overtaking downsizing when including potential expansion

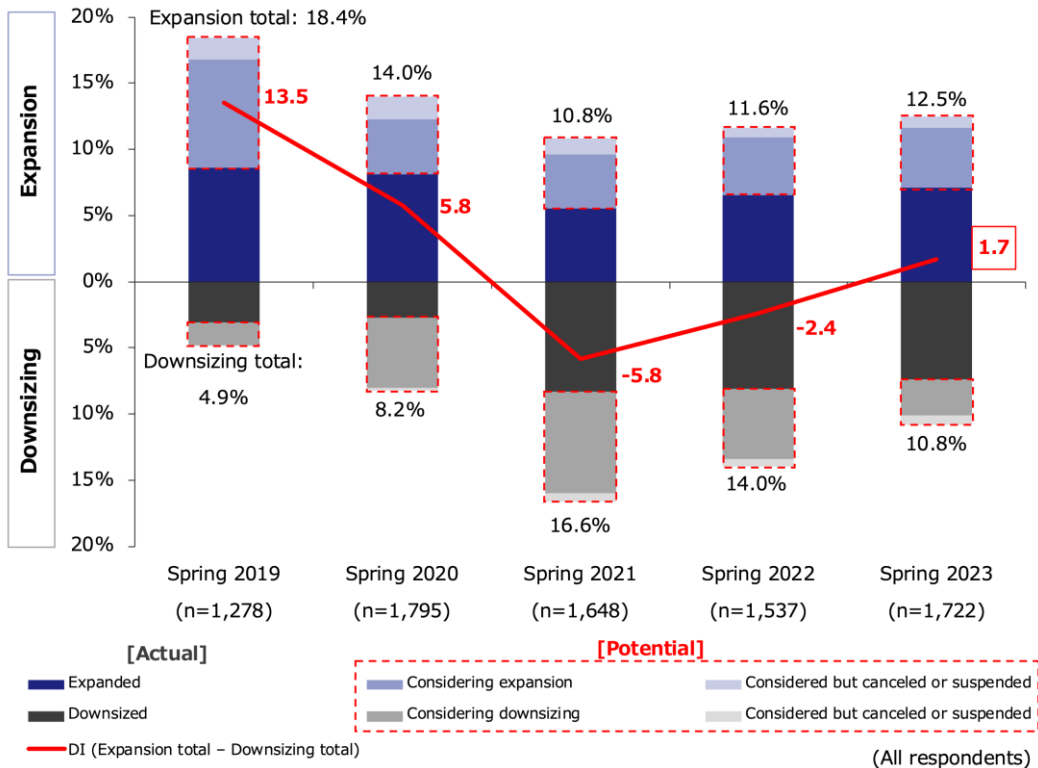
Even if office size was unchanged over the past year, when we add the percentage of “Considering expansion” and that of “Considered but canceled or suspended” as the percentage of “Potential expansion,” the total “Expansion (actual + potential)” comes to 12.5%, which has been rising since the Spring 2021 survey (Figure 7).

Similarly, the total “Downsizing (actual + potential)” comes to 10.8%, declining since Spring 2021.

Although downsizing exceeded expansion in actual performance (Figure 2), expansion overtook downsizing in this survey when adding potential expansion. The downsizing trend that has continued since the COVID-19 pandemic appears to have subsided.

Downsizing is also characterized by a greater fluctuation in the percentage of “potential” than expansion (especially during recessionary periods). It can be inferred that quite a few companies felt the need to downsize, but it did not materialize.

**Figure 7: Actual + Potential Change in Office Size over the Past Year**

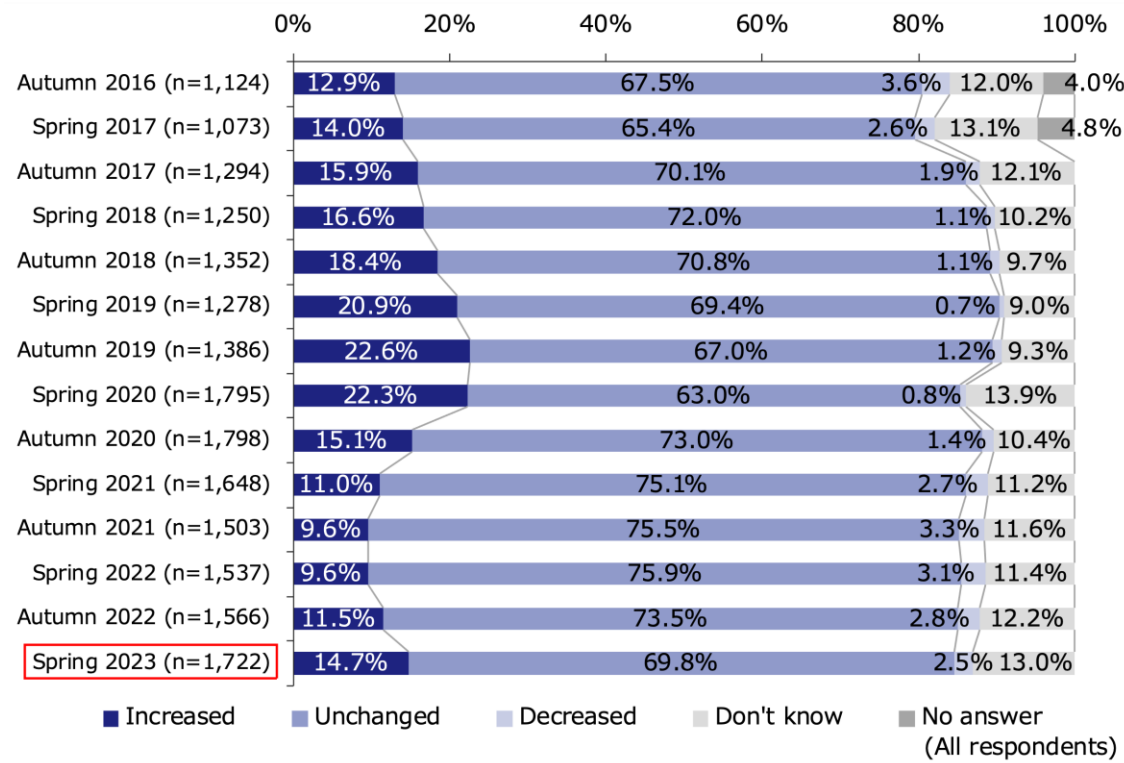


# Rent per tsubo increase at 14.7% of companies, significantly more than a decrease

As for changes in rent per tsubo, 14.7% of companies saw an increase, outweighing companies that saw a decrease (2.5%) (Figure 8 (red frame)).

Although there have been reports indicating concerns over office demand in city centers since the COVID-19 pandemic, demand seems to be recovering as the pandemic abates.

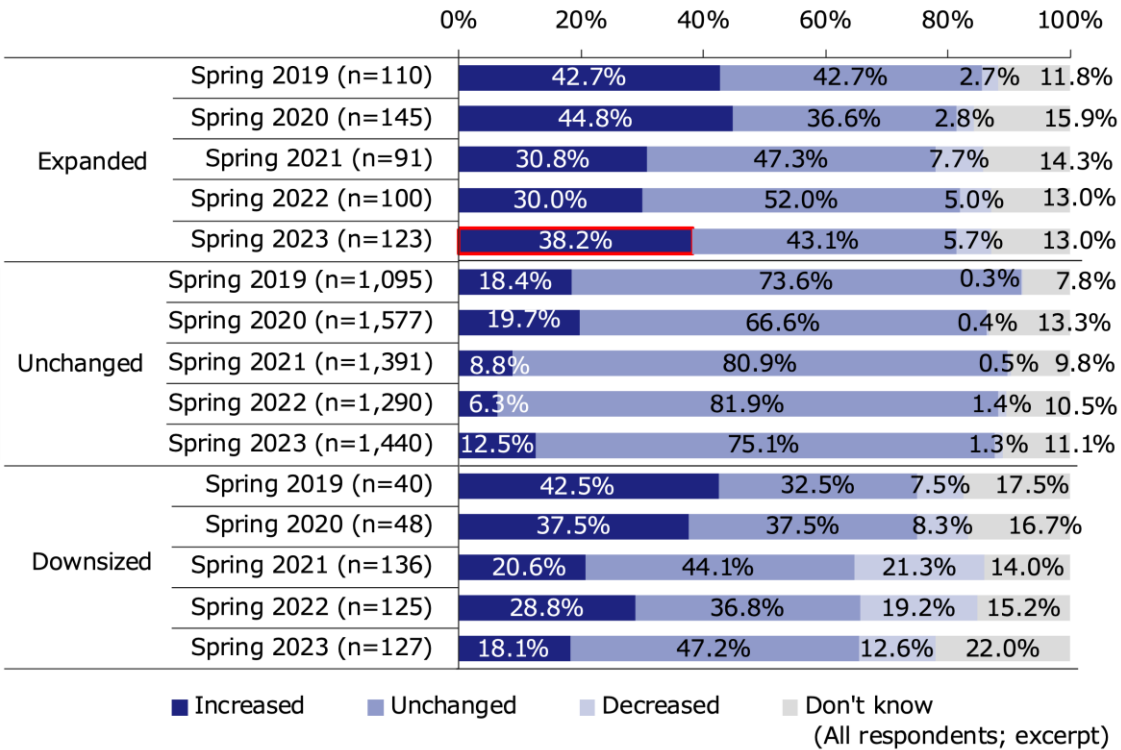
**Figure 8: Change in Rent per Tsubo**



# Rent per tsubo increase at approx. 38% of companies that expanded office size

In terms of change in rent per tsubo by change in office size, the percentage of companies that expanded their office size that saw a rent increase (38.2%) rose from the previous survey (Figure 9).

**Figure 9: Change in Rent per Tsubo – By Change in Office Size**



# 13.2 pt rise in expectation of increase in office occupants compared to Spring 2020

35.4% of the companies replied that the number of office occupants\* of their current office will increase in 1–2 years, while 4.6% replied it will decrease (Figure 10).

In Spring 2020, immediately after the outbreak of the pandemic, the percentages of “Will increase” and “Will decrease” were even at the 22% level. “Will increase” subsequently rose every year and significantly exceeded the “Will decrease” percentage this time.

Similarly, as for companies’ intentions toward their office size 2–3 years ahead, “Want to expand” (15.6%) outweighed “Want to downsize” (6.3%) (Figure 11).

However, the results of surveys since Spring 2020 show that the growth of the percentage of “Want to expand” is not as much as that of the percentage of an expected increase in office occupants. This implies that an increase in office occupants may not directly lead to an expansion in office size due to the spread of telework, etc.

\*The number of people belonging to the office, regardless of whether they come to the office or not)

Figure 10: Future Number of Office Occupants

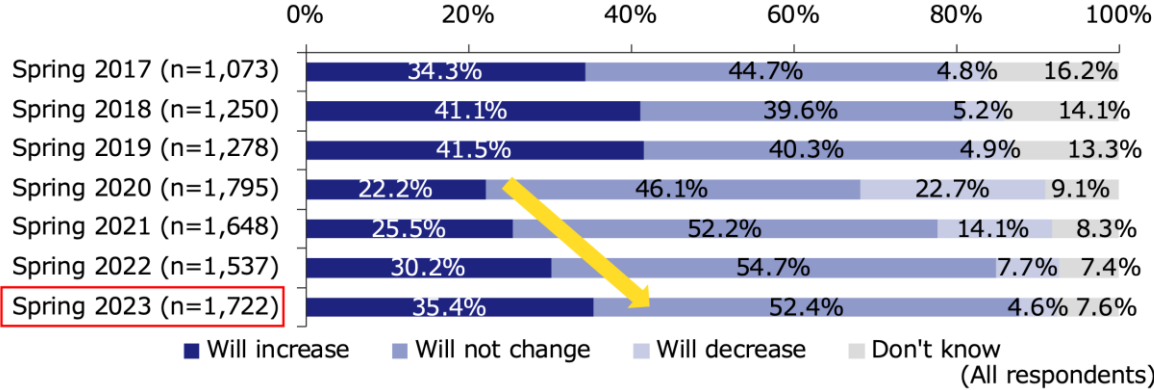
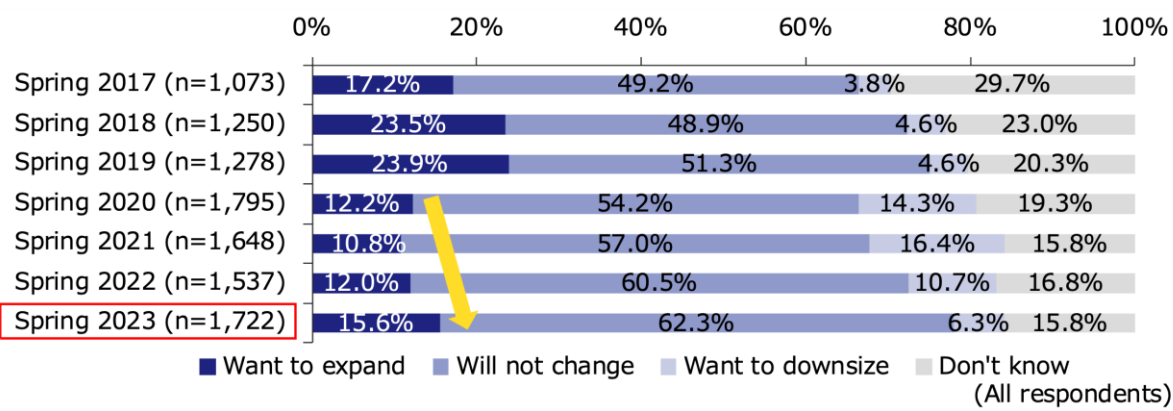


Figure 11: Future Change in Office Size



## Greater intention to expand than to downsize irrespective of office location or company size

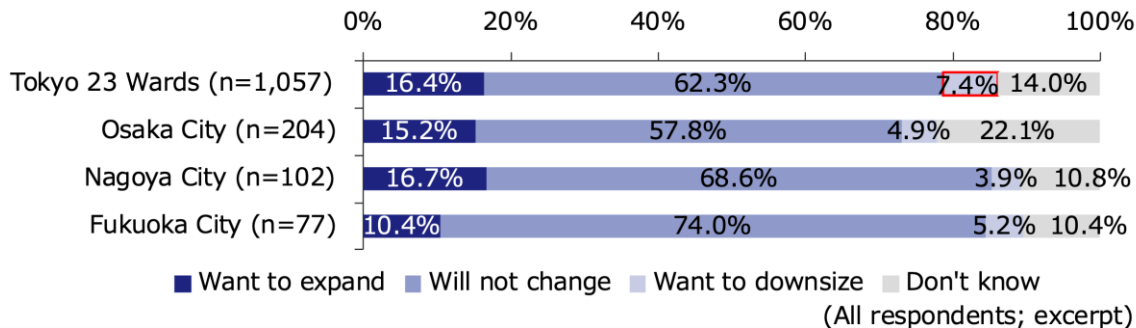
Here, we compare companies' intentions toward office size by company attributes.

By office location, the percentage of "Want to expand" was more than double that of "Want to downsize" in all company groups (Figure 12). Although Tokyo 23 Wards had a slightly higher percentage of "Want to downsize" than other cities, there was no significant difference by office location.

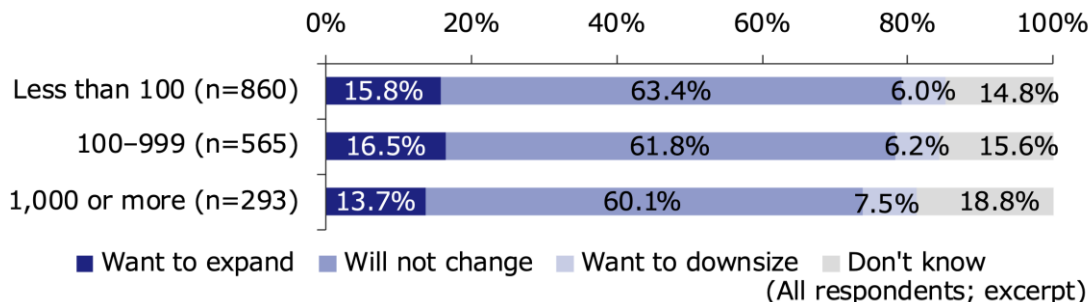
Similarly, the percentage of "Want to expand" was larger than that of "Want to downsize" in all company groups by number of employees (Figure 13).

The percentage of "Want to downsize" halved at large companies with more than 1,000 employees compared to the results of the Spring 2022 survey (15.0% in Spring 2022), resulting in an increase in the percentage of "Want to expand" (9.8% in Spring 2022).

**Figure 12: Future Change in Office Size – By Office Location**



**Figure 13: Future Change in Office Size – By Number of Employees**

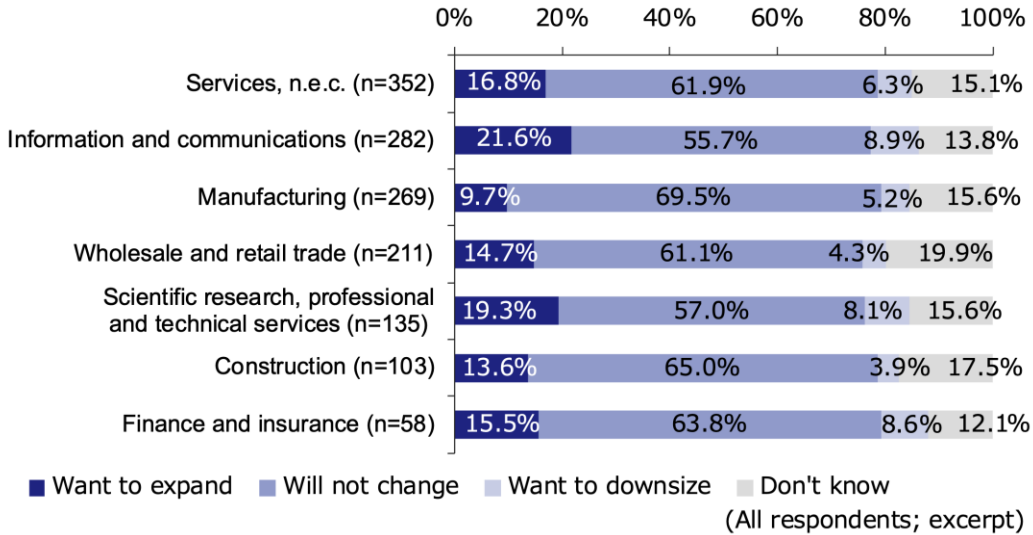


# More than 30% of information and communications companies want to expand or downsize

By sector, “Want to expand” outweighed “Want to downsize” in all sectors (Figure 14).

The information and communications sector showed larger percentages of both “Want to expand” (21.6%) and “Want to downsize” (8.9%) than other sectors, indicating that more than 30% of companies in the sector wish to change their office size in some way.

**Figure 14: Future Change in Office Size – By Sector**



# “Relocation” most popular style; “expansion in same building” declining

The most popular style among companies that wanted to expand their office size was “Relocation” (46.5%) (Figure 15).

The most popular style for office downsizing was also “Relocation” (55.0%) (Figure 16).

Compared to previous surveys, the percentages of “Expansion in same building” (32.0%) and “Downsizing in same building” (23.9%) have been decreasing every year. This suggests a rising need to change the location or property specifications by relocating, both for office expansion and downsizing.

Figure 15: Style of Intention to Expand

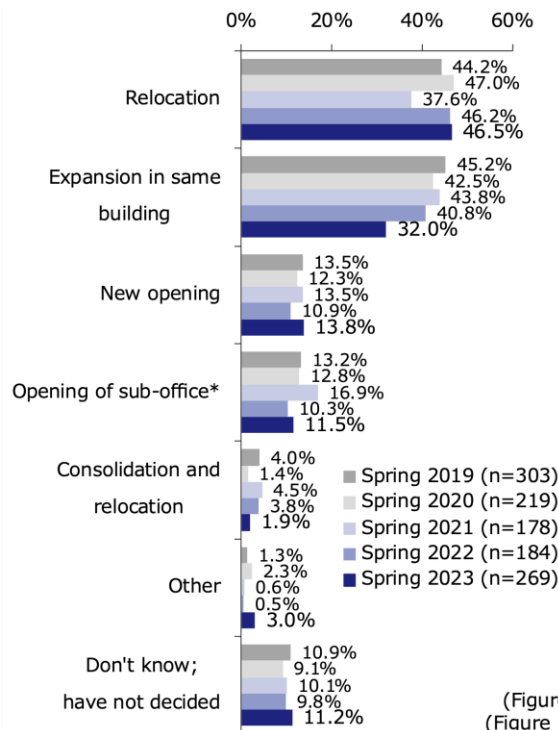
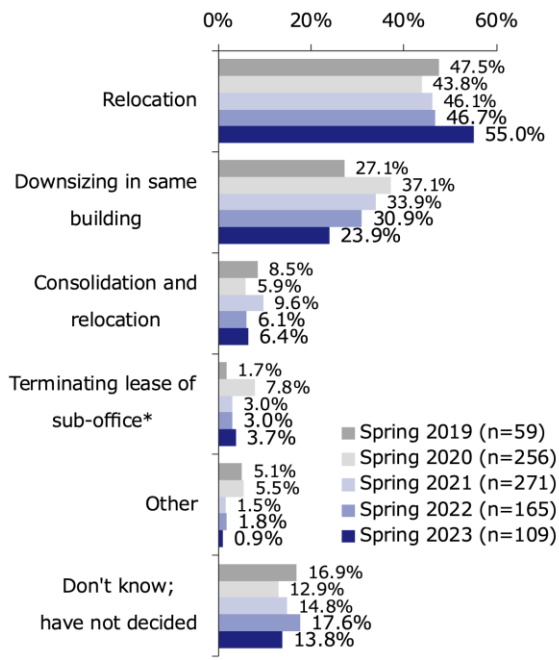


Figure 16: Style of Intention to Downsize



(Figure 15: Companies that want to expand; MA; optional answer)  
(Figure 16: Companies that want to downsize; MA; optional answer)

\* Sub-office: A separate office located near the main office (e.g., head office) to handle some of its functions



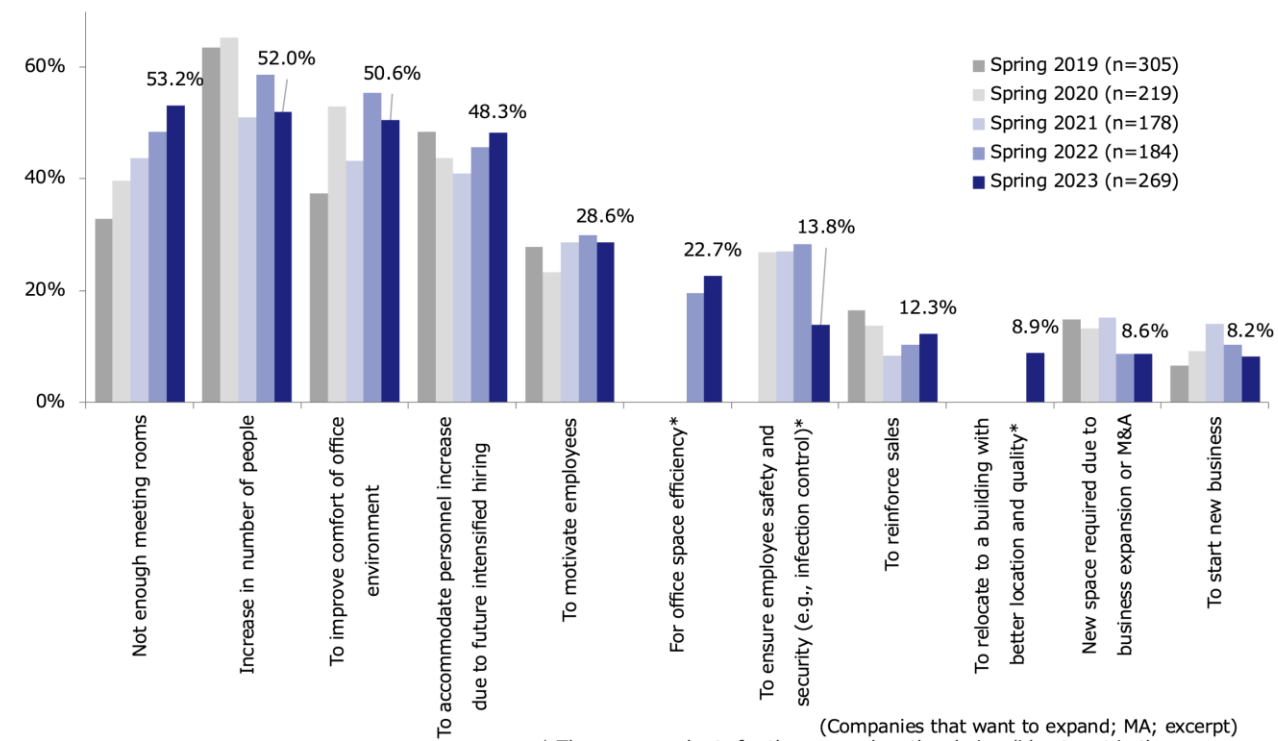
# “Not enough meeting rooms” top reason for wanting to expand, rising every year

The top reason for wanting to expand was “Not enough meeting rooms” (53.2%), outstripping “Increase in number of people” (52.0%), the top reason in the Spring 2022 survey, by a small margin (Figure 17).

The percentage of “Not enough meeting rooms” has been rising every year since the Spring 2019 survey, which was before the COVID-19 pandemic. This is probably due to companies requiring facilities that meet new needs for increasing face-to-face communication opportunities, such as meetings, when employees come to the office on the back of the spread of hybrid work.

Other top reasons include “To improve the comfort of the office environment” (50.6%), “To accommodate personnel increase due to future intensified hiring” (48.3%), and “To motivate employees” (28.6%).

Figure 17: Reason for Intention to Expand



\* There are no charts for the years when the choice did not exist in the survey.

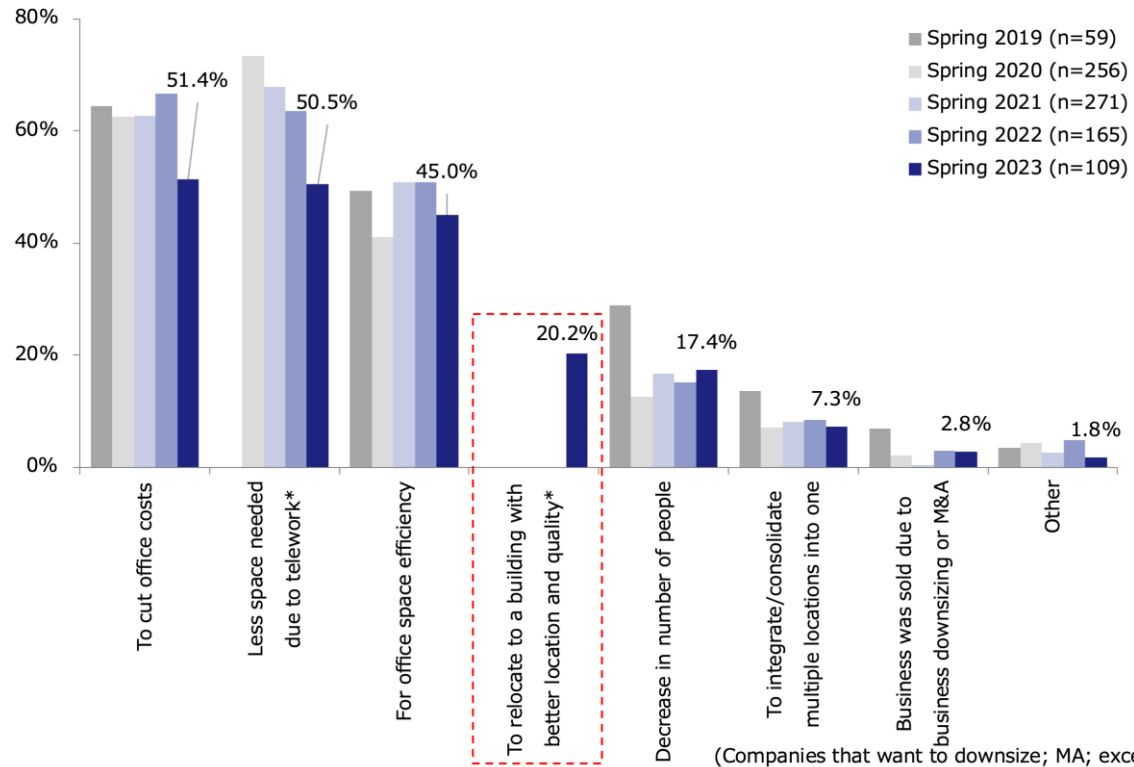
# “To cut office costs” and “Less space needed due to telework” top reasons for wanting to downsize

The top reason for wanting to downsize was “To cut office costs” (51.4%). However, its percentage dropped by more than 10 pt from previous surveys (Figure 18).

The second most popular reason, “Less space needed due to telework” (50.5%), also saw the lowest percentage since the Spring 2020 survey. This is probably because the reduction and streamlining of office space in response to the adoption of telework have already been implemented more than three years after the outbreak of the pandemic.

The new reason added from this survey, “To relocate to a building with better location and quality,” amounted to 20.2%, suggesting that some companies consider offices not as a cost to be cut but as an investment. As the necessary amount of space will be able to be reduced due to hybrid work, relocating to a higher quality office while keeping rent payments down may gain support.

Figure 18: Reason for Intention to Downsize



(Companies that want to downsize; MA; excerpt)  
 \* There are no charts for the years when the choice did not exist in the survey.

## 2. Factors That Affect Office Demand

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1. Coming-to-office ratio
2. Percentage of desks, impression of size, business sentiment

# Intentions to continue implementing telework after end of pandemic at 74.4% of companies

With a 100% coming-to-office ratio being all employees coming to the office, we asked companies' "current average coming-to-office ratio (actual)" and "future coming-to-office ratio (intention)" (Figure 19).

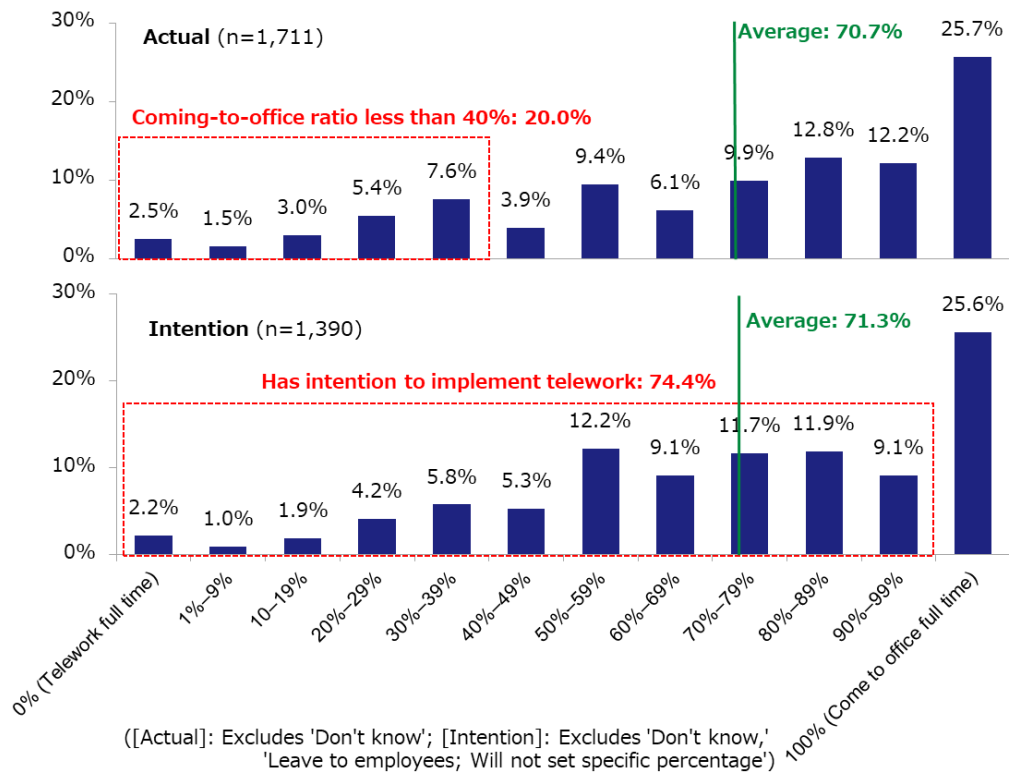
Regarding the actual ratio, while 25.7% of the companies had 100% (come to office full time), 20% kept their ratio at less than 40%. The average\* ratio was 70.7%.

Regarding future intentions, 25.6% of the companies replied 100% (come to office full time), while the remaining 74.4% intended to continue implementing telework. The average was 71.3%, which is not significantly different from the average actual ratio.

11.4% of all companies (n=1,722) chose "Leave to employees; Will not set specific," a choice added from this survey.

\*The average figure was calculated from the median figure of the range of each choice: 5% for "1%-9%," 14.5% for "10%-19%," 24.5% for "20%-29%," etc.

Figure 19: Coming-to-office Ratio (Actual and Intention)



# "100% coming-to-office ratio (come to office full time)" at 25.7%, highest since the pandemic

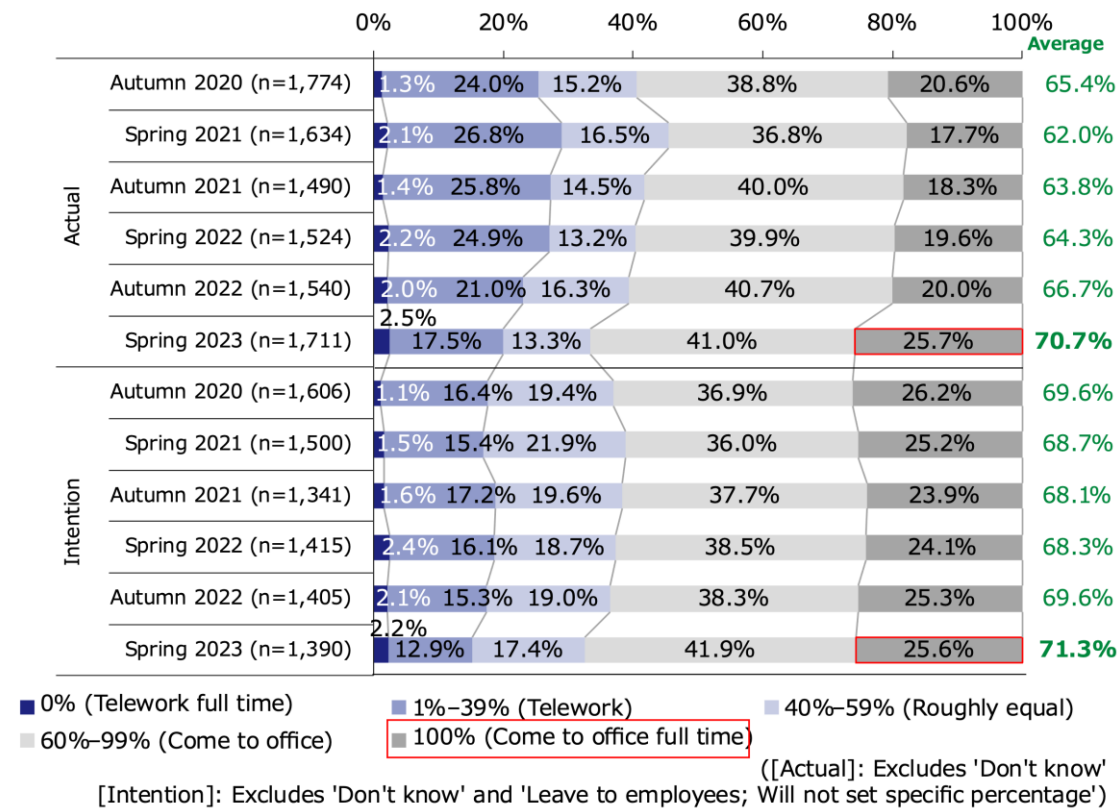
We divided the coming-to-office ratio (actual and intention) of Figure 19 into five levels: 0% (telework full time), 1%–39% (telework), 40%–59% (roughly equal), 60%–99% (come to office), and 100% (come to office full time), and compared the results with previous surveys (Figure 20).

Regarding the actual ratio, "100% (come to office full time)," which had remained around 20% since Autumn 2020, rose to 25.7%, the highest since the pandemic. There appears to be a trend among some companies to have employees return to the office from teleworking following the abatement of the pandemic.

In future intentions, however, the percentage of "100% (come to office full time)" (25.6%) has not increased from previous surveys, suggesting that a certain number of companies will continue adopting hybrid work after the end of the pandemic.

The gap between actual and intention has shrunk compared to previous surveys, indicating that reality is approaching intentions ahead of the end of the pandemic.

Figure 20: Actual and Intended Coming-to-Office Ratio (Comparison over Time)

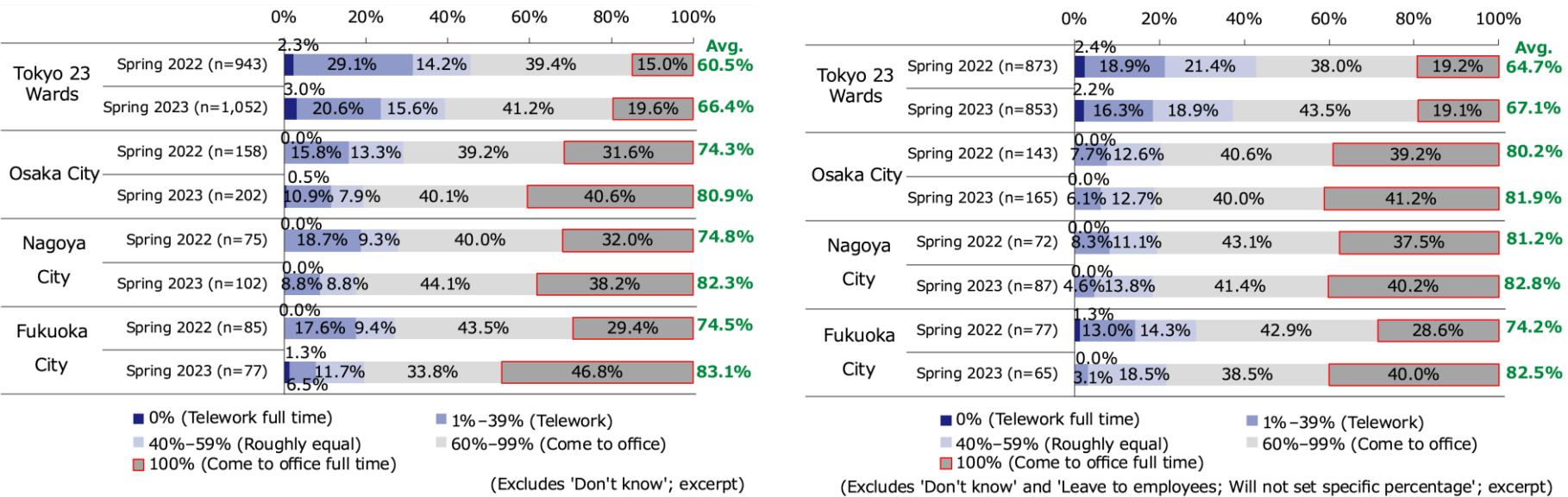


# Prominent increase in coming-to-office ratio outside Tokyo; intentions to continue adopting hybrid work at a certain number of companies

By office location, “100% (come to office full time)” is relatively uncommon in Tokyo 23 Wards for both actual and intention at less than 20%, indicating that telework is more widespread than in other cities (Figure 21). Compared to Spring 2022, the rise of “100% (come to office full time)” (actual) is prominent in Osaka, Nagoya, and Fukuoka, indicating that employees are returning to the office in those cities.

Even in these three cities, however, only 30–40% of companies intend to have their employees come to the office full time, with the remaining 60–70% intending to embrace telework to some extent. Most of these companies, except those that chose “0% (telework full time),” will adopt hybrid work, which combines coming to the office and teleworking, suggesting that hybrid work will become a common choice irrespective of region.

**Figure 21: Actual (Left) and Intended (Right) Coming-to-office Ratio – By Office Location**

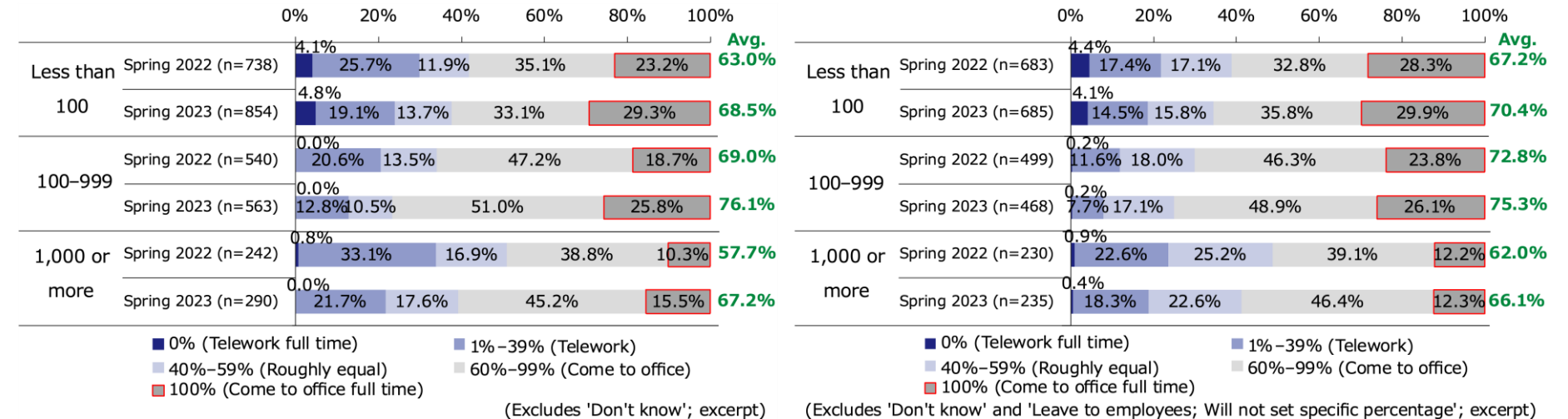


# Intentions to continue implementing telework at approx. 70% of SMEs

By the number of employees, while the actual percentage of “100% (come to office full time)” was more than 20% among small and medium-sized companies (“Less than 100 employees” and “100–999 employees”), the results indicate that telework has become widespread regardless of the size of the company (Figure 22).

Regarding future intentions, 70%–90% of companies of all sizes intend to implement telework.

Figure 22: Actual (Left) and Intended (Right) Coming-to-office Ratio – By Number of Employees

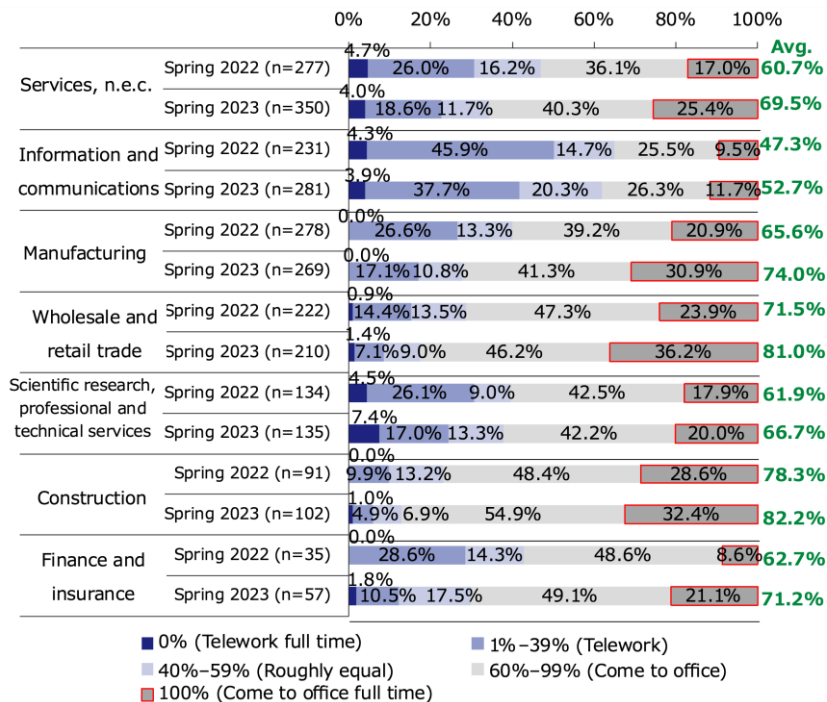


## 2.1. Coming-to-office ratio

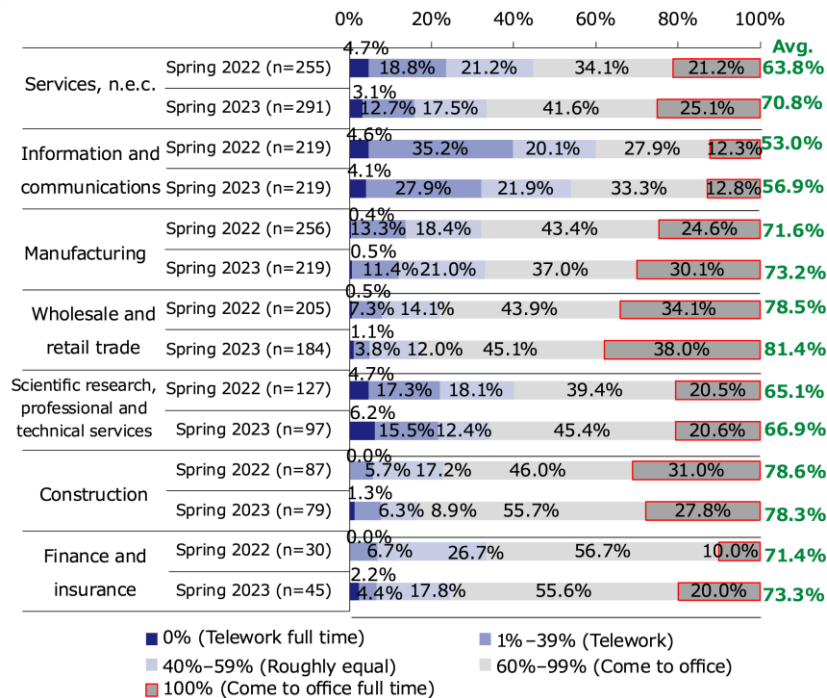
# Large percentage of “Come to office full time” in wholesale and retail trade and construction sectors; intentions to continue hybrid work at a certain number of companies

By sector, while the actual and intended percentages of “100% (come to office full time)” were relatively high in the “Wholesale and retail trade” and “Construction” sectors, a certain number of companies implement telework in every sector and intend to continue adopting hybrid work (Figure 23).

**Figure 23: Actual (Left) and Intended (Right) Coming-to-office Ratio – By Sector**



(Excludes 'Don't know'; excerpt)



(Excludes 'Don't know' and 'Leave to employees; Will not set specific percentage'; excerpt)



# Desired percentage of desks to office occupants: Less than 100% at 40% of companies

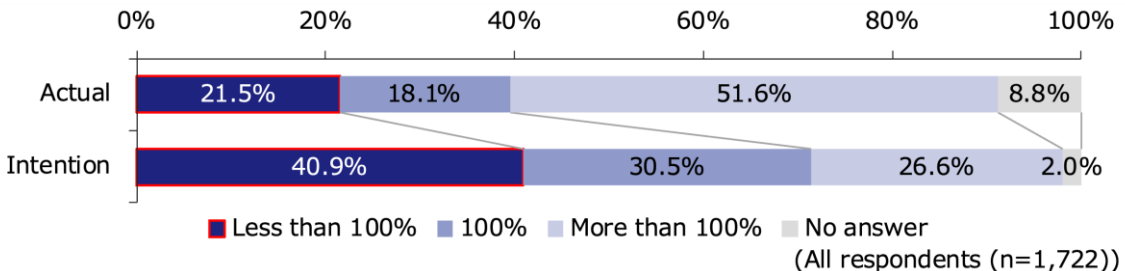
We calculated the actual percentage of desks that companies provided for their office occupants based on the numbers of office occupants and desks at the time of the survey and the intended percentage of desks to the number of office occupants in the future, and grouped the results into “Less than 100%,” “100%,” and “More than 100%” (Figure 24).

Regarding the actual percentage, desks for “more than 100%” of office occupants were the most common (51.6% of companies).

As for the intended percentage, the percentage of “More than 100%” halved to 26.6%, while “Less than 100%” rose to 40.9%, significantly higher than the actual percentage (21.5%).

An increasing number of companies are reducing their number of desks as telework spreads and takes root.

**Figure 24: Percentage of Desks to Number of Office Occupants (Actual and Intention)**



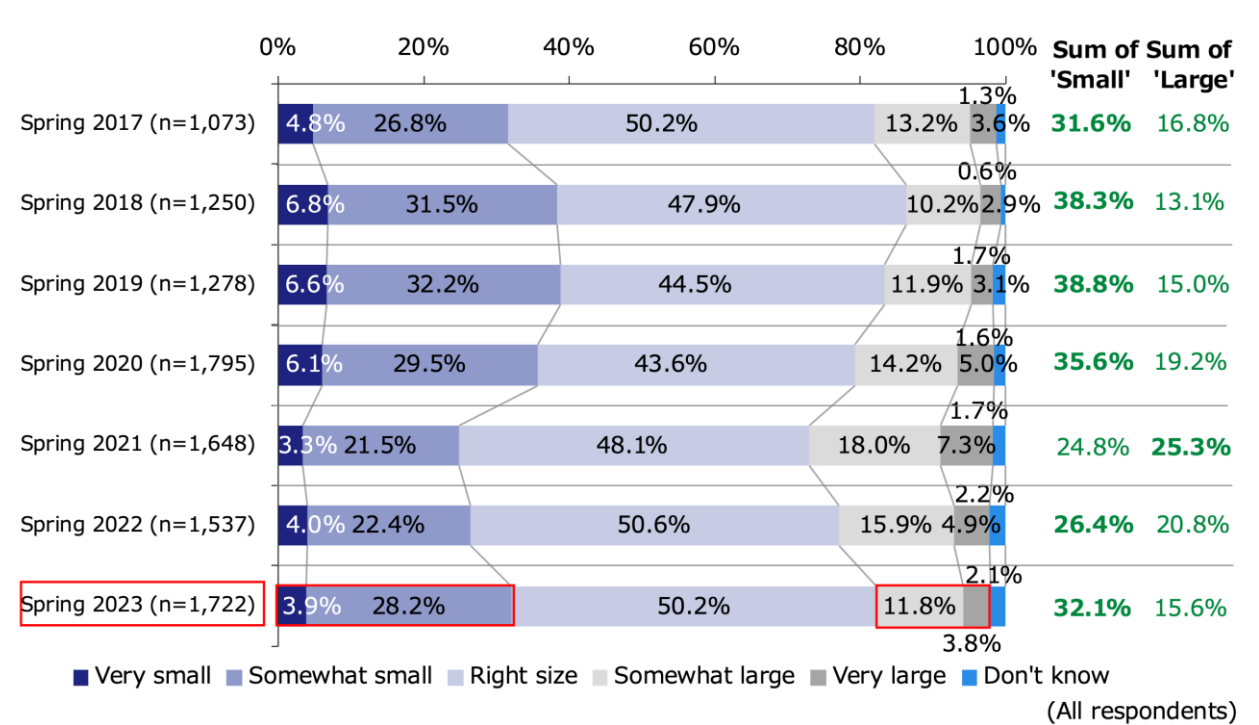
# Office “Very small” or “Somewhat small” at more than 30% of companies

When we asked the respondents’ impression of the size of their current office, 32.1% replied their office was either “Very small” or “Somewhat small,” while 15.6% felt it was “Very large” or “Somewhat large” (Figure 25).

The sum of “Very small” and “Somewhat small” has increased from a year ago.

As mentioned earlier, this was likely affected by factors such as the rise in the percentage of companies with an increase in the number of people coming to the office over the past year (P.8) and the marginal increase in the coming-to-office ratio (P.21).

**Figure 25: Impression of Office Size**



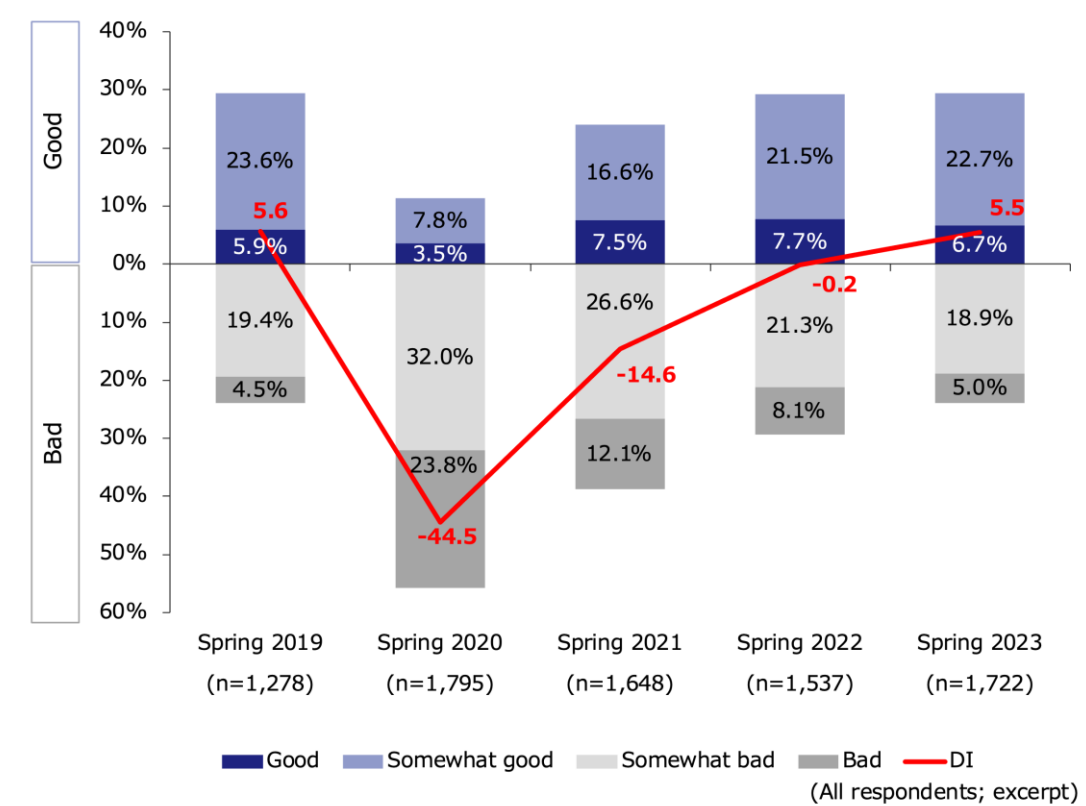
# Positive business sentiment DI for first time since COVID-19 pandemic

Figure 26 shows the “business sentiment DI,” which is the sum of the percentages of “Good” and “Somewhat good” business sentiments (for own company) minus that of the percentages of “Bad” and “Somewhat bad” sentiments based on a five-scale rating of “Good,” “Somewhat good,” “Neither good nor bad,” “Somewhat bad,” and “Bad.”

In this survey, the sum of the percentages of “Good” and “Somewhat good” was 29.4%, and that of “Bad” and “Somewhat bad” was 23.9%.

The business sentiment DI was 5.5, turning positive for the first time since falling significantly negative in the Spring 2020 survey, which immediately followed the pandemic outbreak.

Figure 26: Business Sentiment



# 3. Work Styles and the Workplace

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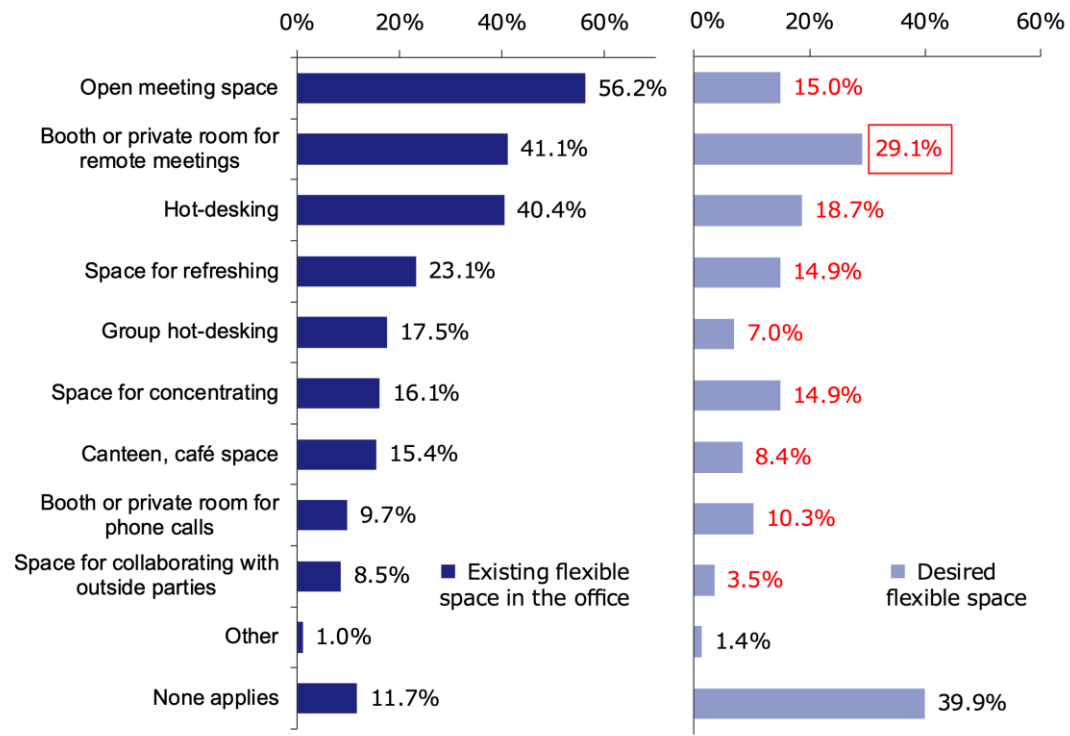
1. Usage and comfort of the main office
2. Work styles and telework
3. Current issues; evaluation compared to before the pandemic
4. Values about the workplace

# “Booth or private room for remote meetings” most desired in the office

Figure 27 shows the existing and desired flexible space in companies’ offices. The top replies for existing space (left side of the chart) were “Open meeting space” (56.2%) and “Booth or private room for remote meetings” (41.1%).

Regarding the desired flexible space (right side of the chart), the most popular was “Booth or private room for remote meetings” (29.1%). As companies transition to a hybrid model, which combines coming to the office and teleworking, there seems to be a rising need for this kind of space to accommodate an increasing number of remote meetings when employees are in the office.

**Figure 27: Existing Flexible Space in the Office (Left) and Desired Flexible Space (Right)**



(All respondents (n=1,722); MA; excerpt)

# “Psychological comfort” in offices at only 19.2% of companies

We asked companies to rate the comfort level of their current main office on a 7-point scale from 0 to 6 based on Figure 28’s pyramid chart.\*1 Only 19.2% of the companies rated 5 and 6 points, which meet “psychological comfort,” the top level.

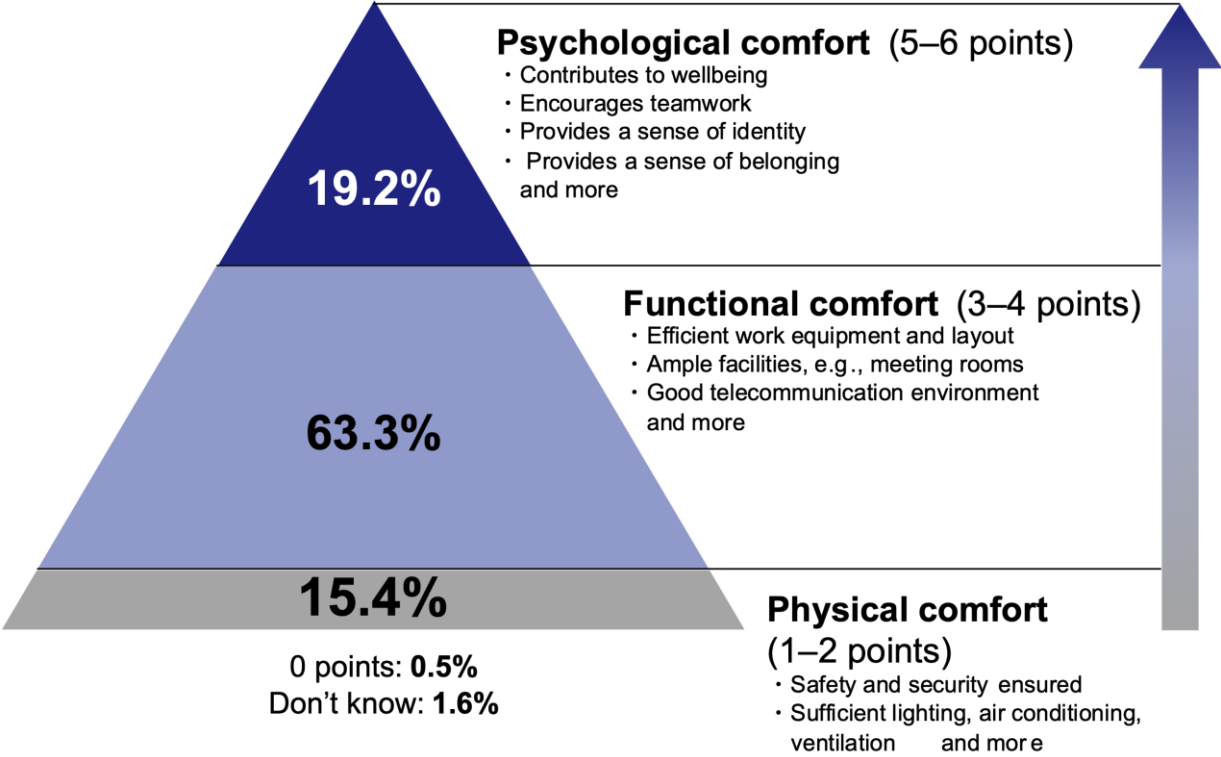
The volume zone was 3 and 4 points (63.3%), which meet “functional comfort.”

With the coming-to-office ratio on a slight uptrend as the pandemic subsides, office comfort is expected to affect productivity and engagement when employees come to the office. Overseas experts have pointed out Japanese companies’ lack of interest in the psychological comfort in offices.\*2 Going forward, not only the minimum functionality and safety but also a high level of comfort may become required of offices in Japan.

\*1 Created by Xymax REI based on a pyramid model for environmental comfort developed by Dr. Jacqueline Vischer of the University of Montreal. A chart with equal proportions of the three levels was presented in the survey.

\*2 Reference article (Japanese only): [WORKTREND 26] Global: New Workplace Trends at an Inflection Point <https://soken.xymax.co.jp/hataarakikataoffice/viewpoint/worktrend/column27.html>

Figure 28: Comfort Rating of the Main Office



(All respondents (n=1,722 )) Created by Xymax REI based on a concept chart by Dr . Jacqueline Vischer

# Growth in “Supporting recurrent education” and “Allowing side jobs” from a year ago

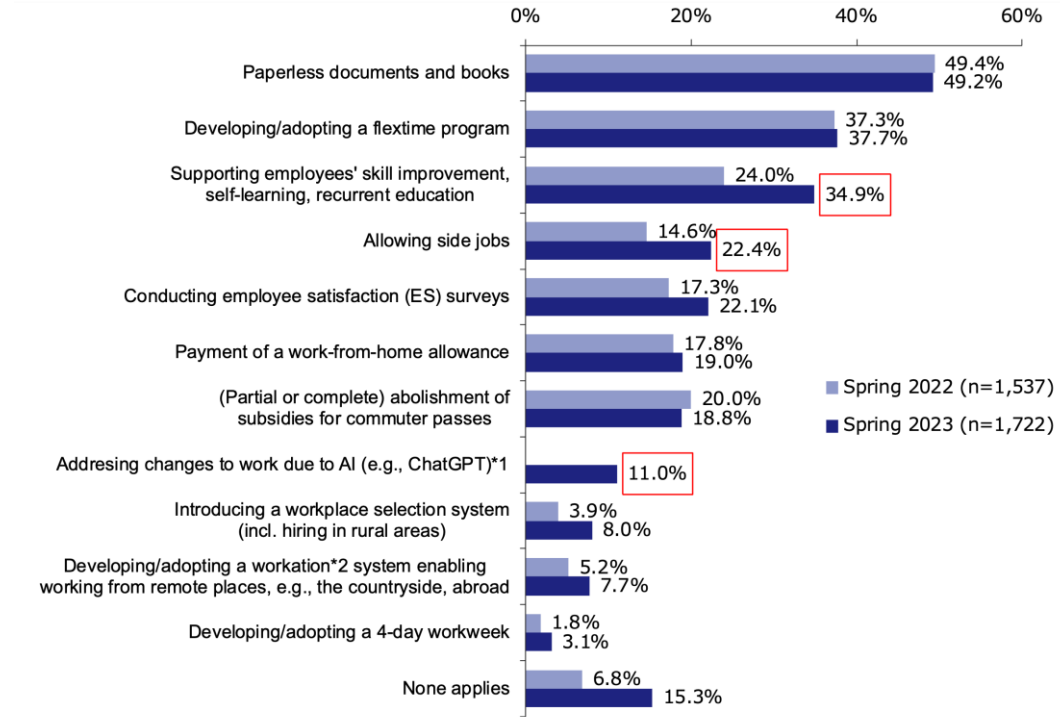
Figure 29 shows the initiatives on work styles that companies are implementing, regardless of whether the initiatives accommodate all or some of the target persons.

Top replies include “Paperless documents and books” (49.2%) and “Developing/adopting a flextime program” (37.7%).

Compared to the Spring 2022 survey, growth was prominent in “Supporting employees’ skill improvement, self-learning, and recurrent education” (up 10.9 pt) and “Allowing side jobs” (up 7.8 pt). The percentage of “Addressing changes to work due to AI (e.g., ChatGPT),” a new choice added from this survey, was 11.0%.

For reference, as for initiatives companies wanted to implement in the future, the following had higher percentages than the actual implementation rate: “Addressing changes to work due to AI (e.g., ChatGPT),” “Developing/adopting a workation system that enables working from remote places, e.g., the countryside, abroad,” and “Developing/adopting a 4-day workweek.” These initiatives may become widespread in the future.

Figure 29: Initiatives on Work Styles



(All respondents; MA; excerpt)

\*1 There are no charts for the years when the choice did not exist in the survey.  
 \*2 Workation: A portmanteau of work and vacation, meaning to work from a travel destination, etc.

# Decline in availability of work-from-home policy; rise in availability of satellite offices

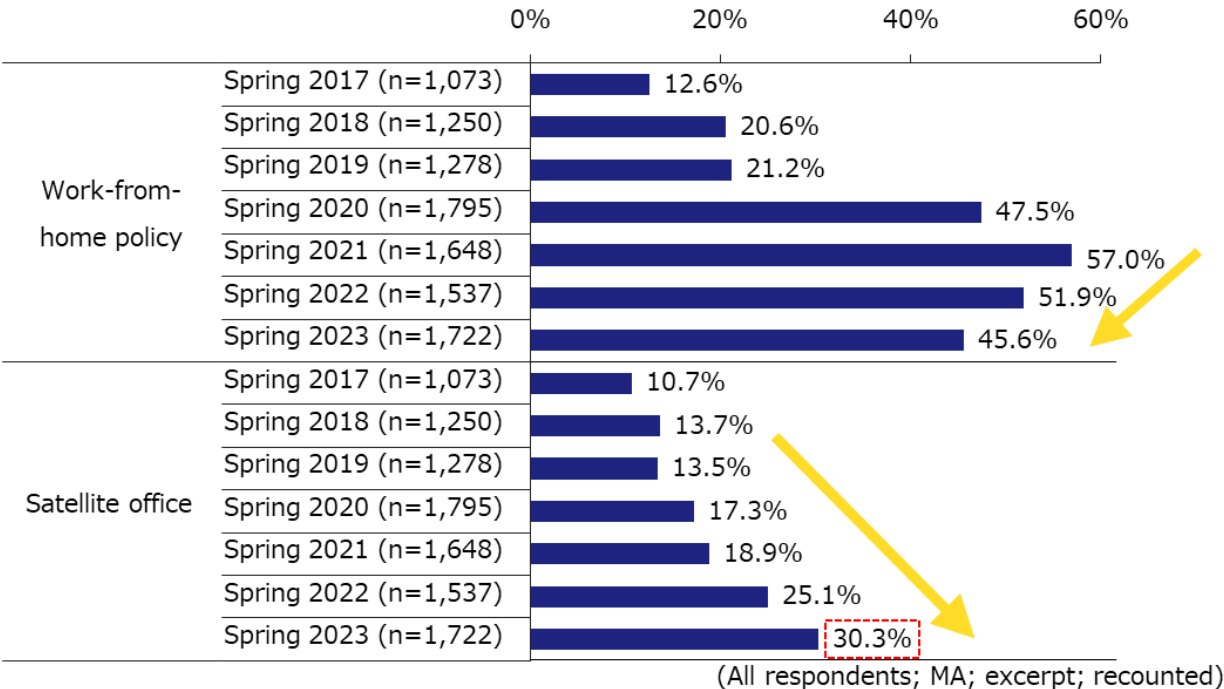
Figure 30 shows the trend of the availability of a “Work-from-home policy” and a “Satellite office” (both or either of the following: “Using a satellite office, etc. provided by a specialized operator, etc.” or “Establishing a satellite office, etc. owned or rented by own company”) as an initiative on the place/policy for telework.

The availability of the work-from-home policy has been declining after peaking in the Spring 2021 survey, reaching 45.6% this time.

On the other hand, the availability of satellite offices has been rising every year, this time to 30.3%.

For reference, 58.9% of all companies have introduced at least a “Work-from-home policy” or a “Satellite office” (i.e., a place/policy for telework is available).

**Figure 30: Availability of Work-from-home Policy and Satellite Office**





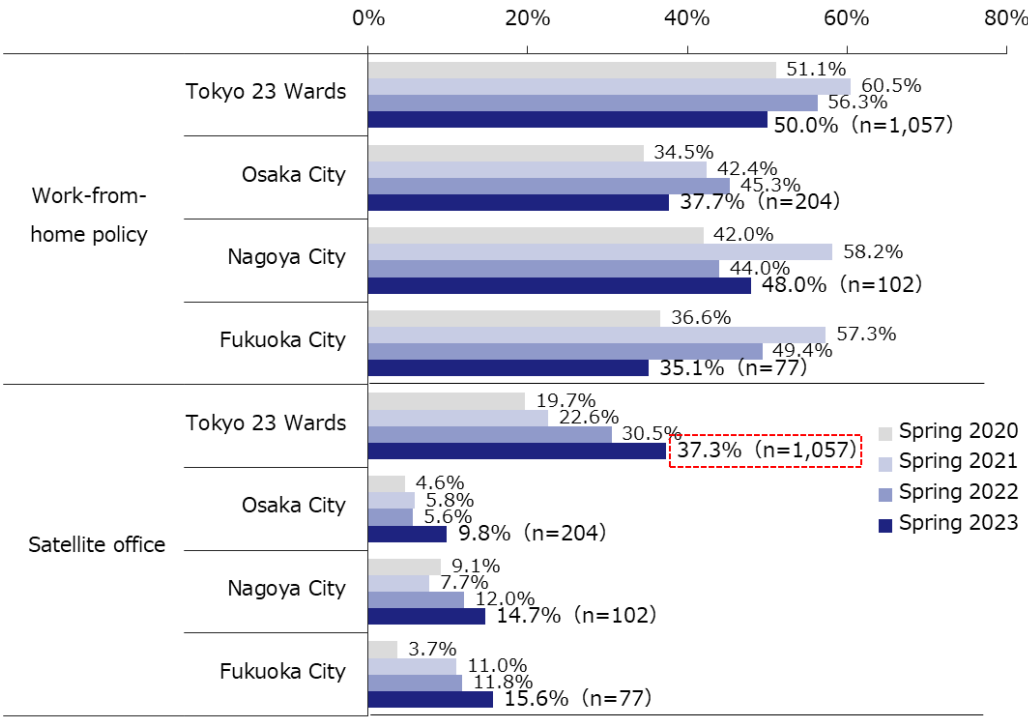
# Satellite office availability at 37.3% in Tokyo 23 Wards and steadily growing in regional cities

Figure 31 shows the trend of the availability of a “Work-from-home policy” and a “Satellite office” by office location from the Spring 2020 survey.

The availability of a satellite office reached 37.3% in the Tokyo 23 Wards at a significantly larger growth rate than in other cities. This is likely due to the concentration of locations of satellite office services provided by specialized operators in central Tokyo.

However, the availability rate has been increasing every year in other cities, suggesting a rise in need regardless of the region.

**Figure 31: Availability of Work-from-home Policy and Satellite Office – By Office Location**



(All respondents; MA; excerpt; recounted)

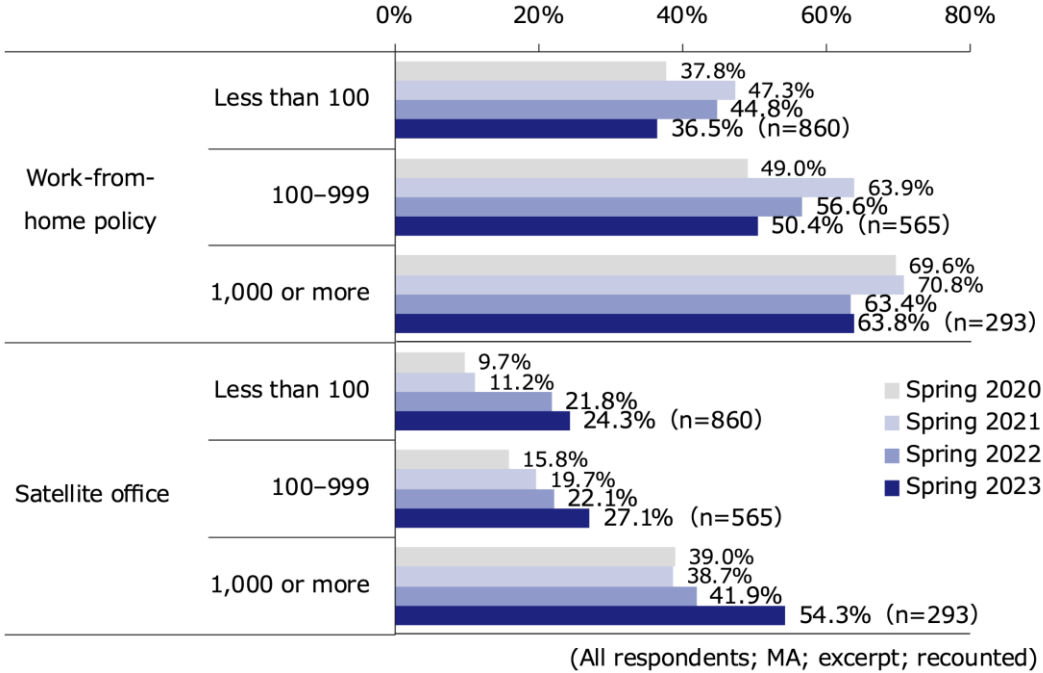
# Satellite office availability at 50%+ and growing every year among large companies

By number of employees, companies with more employees tend to have higher availability rates of both a work-from-home policy and satellite offices (Figure 32).

Compared to previous surveys, the availability of a work-from-home policy is declining in small and medium-sized companies (companies with less than 100 and 100–999 employees). It showed flat growth from the Spring 2022 survey at large companies (companies with 1,000 or more employees). As shown in Figure 22, the coming-to-office ratio is still relatively low at large companies, with more than 80% of the companies intending to continue adopting hybrid work. Working from home is expected to remain in high need.

The availability of satellite offices grew significantly at large companies, by 12.4 pt over the past year to 54.3%. It has also risen steadily every year in small and medium-sized companies with a large population, indicating that the use of satellite offices has been spreading regardless of company size.

**Figure 32: Availability of Work-from-home Policy and Satellite Office – By Number of Employees**



# Steady rise in satellite office availability in all sectors

The availability of satellite offices has been increasing in all sectors (Figure 34). The growth was especially large in the “Information and Communications” sector (up 11.0 pt) and the “Services, n.e.c.” sector (up 6.8 pt).

Figure 33: Availability of Work-from-home Policy – By Sector

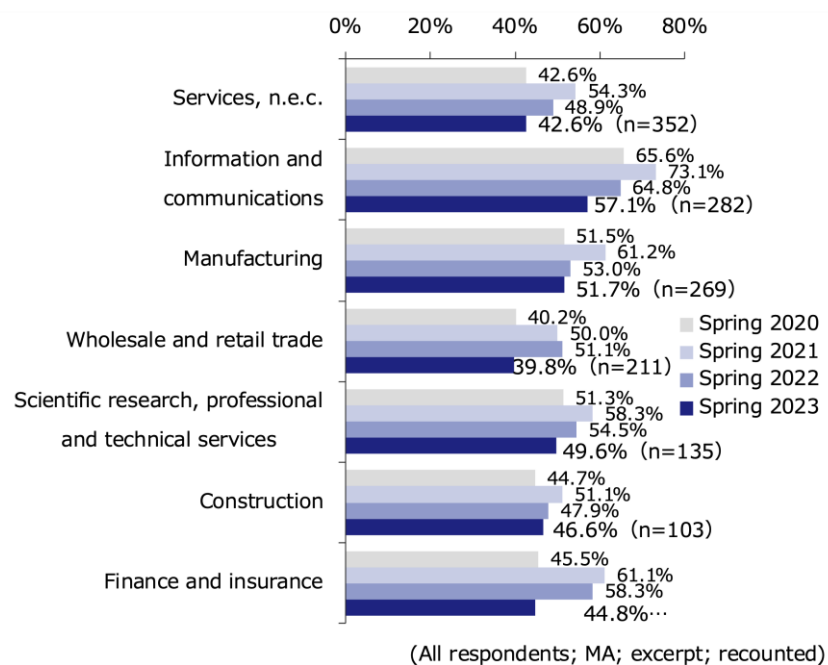
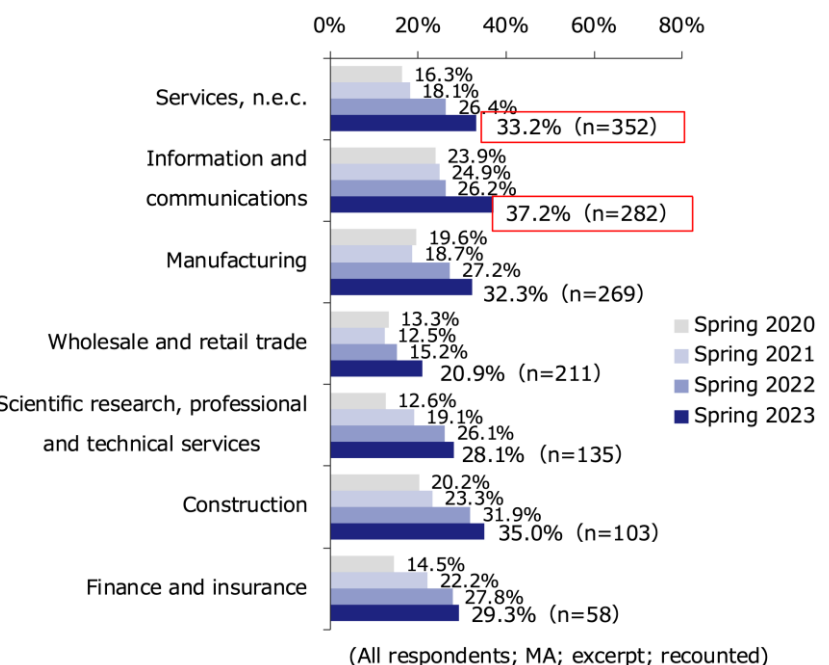


Figure 34: Availability of Satellite Office – By Sector



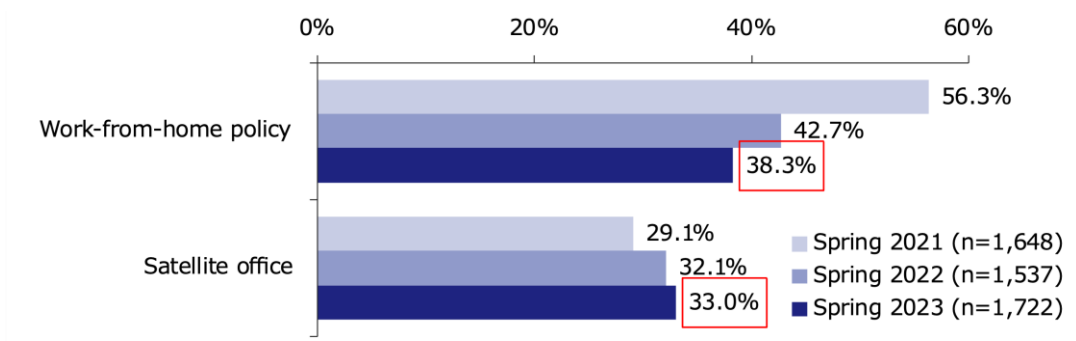
# 33.0% of companies want to introduce a satellite office

Figure 35 shows the initiative concerning the place or policy for telework that companies want to implement going forward (about 1 to 2 years from now), regardless of the current situation.

Compared to previous surveys, the work-from-home policy (38.3%) dropped, while satellite offices (33.0%) rose slightly.

As telework becomes widespread and takes root in companies, satellite offices appear to be rising in presence as a means of the work style.

**Figure 35: Initiatives Concerning the Place or Policy for Telework Companies Want to Implement**



(All respondents; MA; excerpt; recounted)

# Top current issue: “Not enough meeting rooms or private rooms for remote meetings”

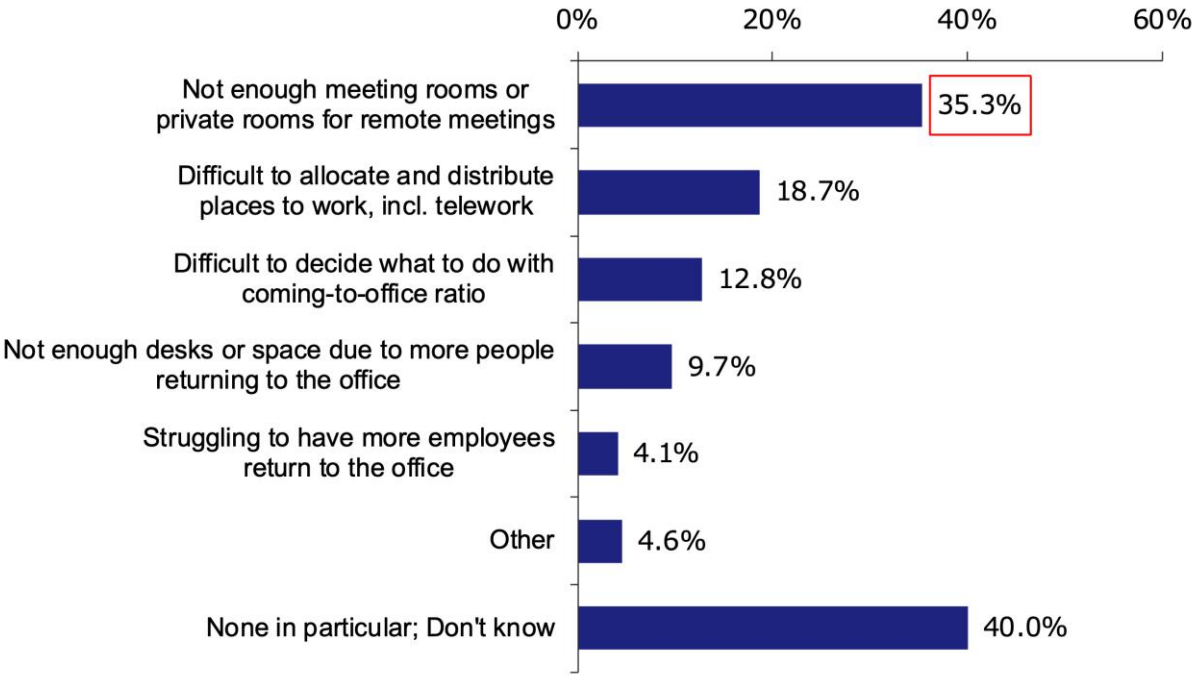
Figure 36 shows the current issues concerning work styles companies face. The top reply was “None in particular; Don’t know” (40.0%).

The most popular among individual issues was “Not enough meeting rooms or private rooms for remote meetings” (35.3%).

As shown in Figure 27, the most desired flexible space was “Booth or private room for remote meetings.” This indicates a situation where conventional office functions alone are no longer sufficient as companies transition to a hybrid model, which combines coming to the office and teleworking, resulting in an increase in employees’ opportunities to participate in remote meetings when they come to the office.

On the other hand, the percentages of “Not enough desks or space due to more people returning to the office” (9.7%) and “Struggling to have more employees return to the office” (4.1%) remained in single digits.

Figure 36: Current Issues Concerning Work Styles



(All respondents (n=1,722); MA)

# Increase in percentage of employee performance improvement from before the pandemic

We asked companies to evaluate their “Employee performance,” “Employee well-being,” and “Personnel acquisition (new hiring, turnover reduction)” compared to before the pandemic. “Unchanged” was the majority reply (Figure 37).

For “Employee performance” and “Employee well-being,” “Improved\*1” outweighed “Declined\*2.”

Figure 38 shows the results of companies’ evaluation of “Employee performance” compared to previous surveys.

In the Spring 2023 survey, “Improved” was 17.3%, while “Declined” was 11.0%. The percentage of “Improved” has been rising every year, indicating a rise in evaluation. This is likely to be related to the fact that companies that introduced telework due to the pandemic have improved the work environment, and the new work style has taken root.

\*1 Sum of “Improved” and “Improved somewhat”

\*2 Sum of “Declined” and “Declined somewhat”

Figure 37: Current Evaluation Compared to Before COVID-19 Pandemic

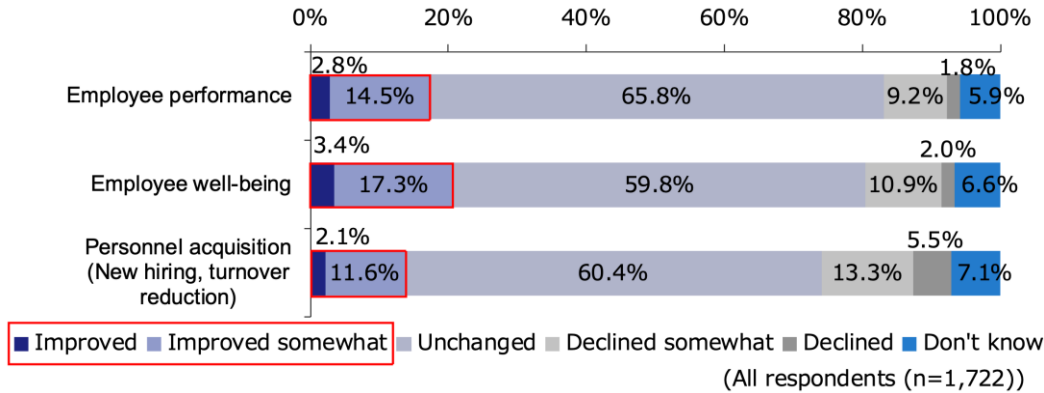
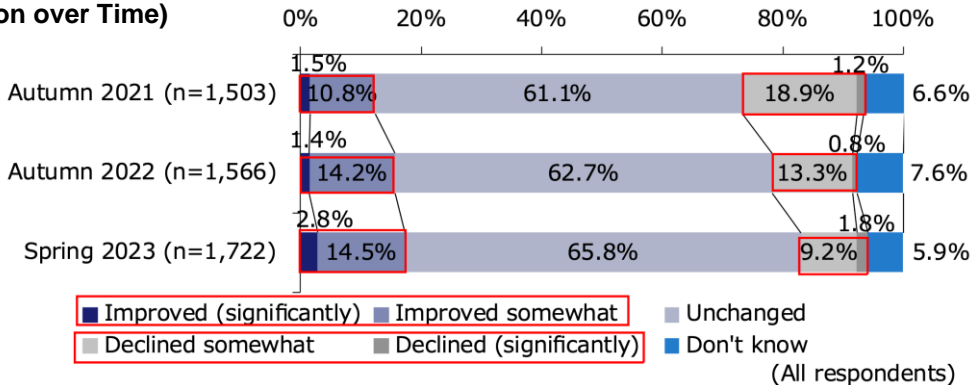


Figure 38: Current “Employee Performance” Evaluation Compared to Before COVID-19 Pandemic (Comparison over Time)

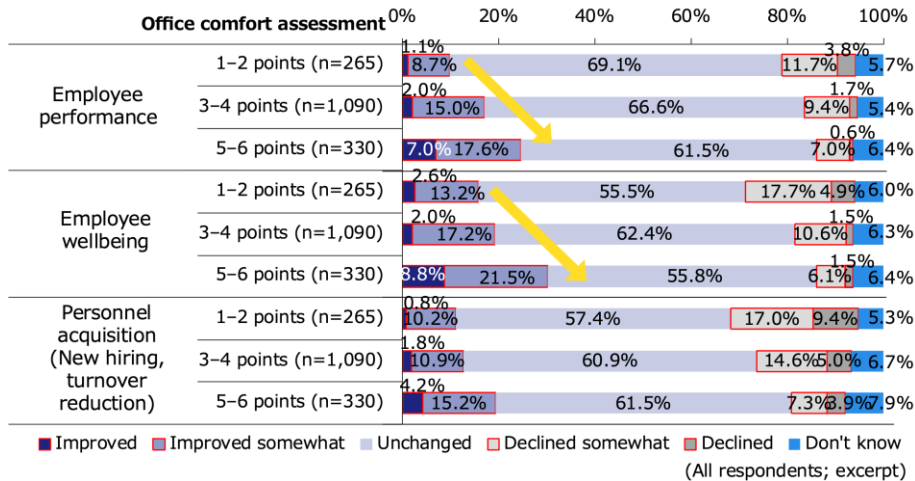


# Office comfort, availability of place/policy to telework, and employee performance correlation

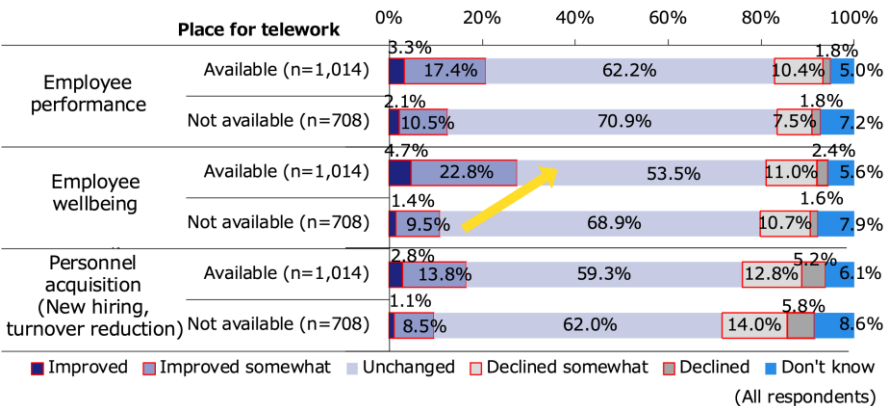
When comparing the evaluations in Figure 37 by the office comfort rating (Figure 28), the higher the comfort rating score, the larger the sum of “Improved” and the smaller the sum of “Declined” for all three indicators (Figure 39). Similarly, when comparing the group with a place/policy for telework (Figure 30) and the group without, the group with a place/policy for telework tended to have a larger sum of “Improved” for all three indicators (Figure 40).

These results imply that providing a workplace both at the main office and a telework location may positively correlate with the company’s outcome (the final desired result).

**Figure 39: Current Evaluation Compared to Before Pandemic – By Office Comfort Rating**



**Figure 40: Current Evaluation Compared to Before Pandemic – By Availability of Place/Policy for Telework**

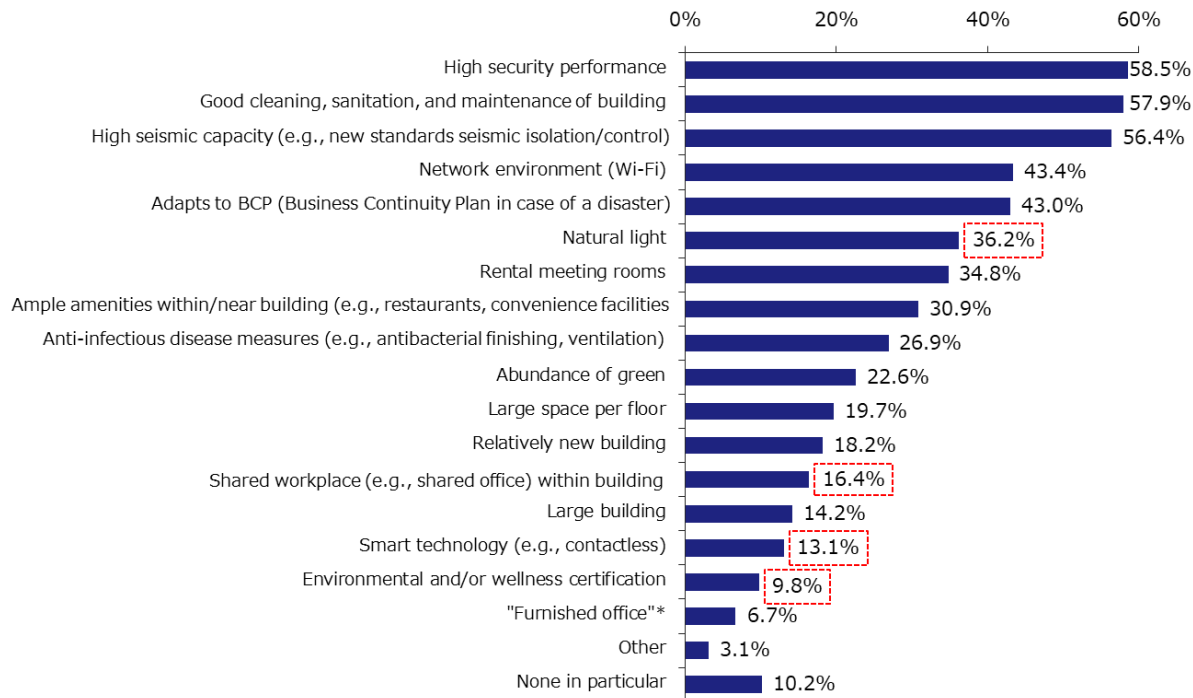


## Safety/security-related features most required in building. Also new value standards.

When we asked companies the features they preferred to have in the building for their main office, the top replies were features related to basic safety and security, such as “High security performance” (58.5%), “Good cleaning, sanitation, and maintenance of building” (57.9%), and “High seismic capacity (e.g., new standards seismic isolation/control)” (56.4%) (Figure 41).

Also, although the percentages were not high, relatively new value standards such as “Natural light” (36.2%), “Shared workplace (e.g., shared office) within building” (16.4%), “Smart technology (e.g., contactless)” (13.1%), and “Environmental and/or wellness certification” (9.8%) gained a certain degree of support, suggesting that the values required in office buildings are becoming diversified.

**Figure 41: Desired Features in the Building of the Main Office**



(All respondents (n=1,722); MA)

\*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, enabling tenants to cut relocation costs



## Satellite office market expands: Which type do companies want their employees to use?

The spread of telework has resulted in a greater significance of satellite offices as a workplace option other than the home. As a wider variety of satellite offices become available with the rising momentum of the market, which satellite office do companies' office managers want their employees to use?

We asked about their interest in using the following five major types of satellite offices after the end of the pandemic. The result is on the next page.

### ③ Any duration, any location: Project site type



- ✓ Has exclusive sections, suitable for system development or fixed-term projects
- ✓ Can be located where it is convenient for the project, such as where it is easy for project members to commute or near the client
- ✓ Has private rooms or meeting spaces suitable for working or holding meetings with multiple persons
- ✓ Easy to work with people not only within the company but also from outside the company

### ① Close to home: Intensive solo-work type



- ✓ Walking / biking distance from employees' homes, enabling commute time reduction
- ✓ Has private rooms for one person suited for intensive work and where phone calls and online meetings are also possible
- ✓ Has multifunctional copiers and lounge space, allowing employees to engage in a full day of work
- ✓ Offers features supporting a better balance with employees' private lives, e.g., nursery services, locations within retail properties where shopping can be done easily

### ④ Encounters and stimulation: City-center collaboration type



- ✓ Located in areas with brand value or character, mainly in city centers (e.g., IT companies in Shibuya, financial companies in Marunouchi)
- ✓ Shared by people from various industries and professions, offering opportunities for collaboration or innovation
- ✓ Features open spaces with attention to comfort and design
- ✓ Also offers plenty of intangible services, such as food and drink, events, and community-building opportunities

### ② Efficient travel: City-center touchdown type



- ✓ Multiple offices provided in major city-center office areas
- ✓ Used mainly by sales representatives dropping in between client visits or on days when they go directly to their clients and return home directly, enabling a reduction of travel time
- ✓ Offers a choice of office location that suits the employee's schedule of the day and allows drop-in use even for a short time
- ✓ Has private rooms and booths suited for individual work, as well as soundproof booths for phone calls and online meetings

### ⑤ Workation in countryside and multi-location residency type



- ✓ Located in the lush countryside, enabling work-life balance
- ✓ Enables working close to home, as it allows users to work for companies in urban centers while living in the countryside either temporarily or for the long term
- ✓ Sometimes shared by multiple companies, offering opportunities for cross-industry exchanges and exchanges with the local community

# 15-point rise in interest in “Project site type”

We asked companies to rate their interest in using each of the five types on a five-point scale. For all types, more than 40% of the companies replied that they either “Want to use (Already using)” or “Want to use somewhat” (Figure 42).

In particular, “① Close to home: Intensive solo-work type” (the sum of “Want to use (Already using)” and “Want to use somewhat:” 63.0%) and “② Efficient travel: City-center touchdown type” (62.8%) were popular, interest in both growing by nearly 10 pt from the Autumn 2020 survey when the same question was asked.

All types saw an increase in interest from the Autumn 2020 survey. In particular, “③ Any duration and any location: Project site type” rose significantly by 15.3 pt, indicating an increase in demand. “⑤ Workation in countryside and multi-location residency type” also rose by 8.2 pt.

Figure 42: Interest in Using the Five Satellite Office Types

