



The Future Office

Rising expectations in a hybrid world

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Introduction

Hybrid working is the top preference for UK workers in 2022; but there remain significant questions about what hybrid working really looks like in practice and the role the office should play in this new context.

We've looked at the state of the office in today's market, focusing on areas such as rising employee expectations, culture and the importance of the office for employee wellbeing.

This paper explores the opportunity for businesses to optimise their office space as a competitive advantage; both in terms of recruitment and retention, but also employee wellbeing and ultimately productivity. At the same time, we have sought to set out considerations that can help businesses customise their office model to best serve their needs in a hybrid world.

The market is evolving. Hybrid working presents an opportunity for landlords to make offices work better for the people who work in them every day. Through collaboration and customisation, landlords and businesses can together create workplaces fit for a hybrid world which enable businesses to thrive.

Foreword

Oliver Knight Head of Offices, Landsec



It's extraordinary to think that just three years ago, the concept of flexible working was seen predominantly as a perk rather than as a mainstream way of working.

The pandemic accelerated what was a trend in waiting and a realisation that productivity and flexibility are not mutually exclusive; it showed that providing employees with the freedom and autonomy to make their own choices about their working time could help alleviate some existing workplace challenges. The result was to usher in a new purpose for the office in boosting creativity, collaboration and problem solving.

In the months that followed the relaxation of the final COVID restrictions, signals suggested a return to normal working patterns. **Research conducted between 2021 and 2022, however, confounded this expectation, suggesting the proportion of homeworkers intending to continue working from home grew from 30% to 42%.¹** To put that into context, this figure is representative of all workers in the UK – including those who may not have a defined

office as their primary workplace – so the real trend towards homeworking is stronger than these figures appear on first glance.

We've clearly seen a fundamental shift in the way we work; and therefore, in the way that we use and expect to use our office buildings. The role of the office is changing and, rather than a cry of 'the office is dead', this evolution provides numerous opportunities, not least for landlords and customers to work in partnership. This new era for offices requires landlords to work hand in hand with their customers to develop innovative spaces that best serve the needs of their people, that create collaborative and open working environments and that meaningfully contribute to a culture that enables businesses to thrive. The role the office plays has only increased in value.

In delivering this project, The Future Office: *Rising expectations in a hybrid world*, Landsec has combined its own extensive analysis and insights from its broad office customer base with new polling of more than 800 UK workers. Commissioned in

partnership with Censuswide, and spanning four different sectors (legal services, financial services, technology and energy businesses), this report seeks to illustrate what employees want from their offices and enable businesses to better understand the differences in opinion that exist between employ-er and employ-ee.

The aim of this paper is to guide businesses as they make critical real estate decisions – decisions that affect their employees, their culture, and their productivity. We hope this paper prompts meaningful discussion between landlords and customers so that together we can deliver the very best workplace solutions.

¹ ONS – [Is hybrid working here to stay \(2022\)](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/2022-05-23#:~:text=Since%20then%2C%20the%20proportion%20of,future%20of%20homeworking%20look%20like%3F)

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/2022-05-23#:~:text=Since%20then%2C%20the%20proportion%20of,future%20of%20homeworking%20look%20like%3F

Chapter 1

Great expectations

The introduction of hybrid working as a central working practice has presented a fundamental challenge to the way business is conducted. In this context, rising employee expectations cannot be ignored.

Benefits that were once considered 'nice-to-have' are now essential and office space must combine quality and flexibility, whilst reflecting the aspirations and values of the individuals who inhabit them. All this to encourage employees into the office, even if on a hybrid basis, in order to support recruitment and retention, growth opportunities and an inclusive culture.

Remote working has proved itself not only possible, but profitable. From the businesses we spoke to it was clear that many experienced growth while their staff were legally obliged to work from their homes. Yet there has remained a strong demand for a physical office space as employees continued to seek the same meaningful opportunities for development, culture and progression as they did pre-2020. In 2021, the Chartered Institute of Internal Auditors for the UK declared a 'culture crisis' as people experienced fewer face-to-face interactions when hybrid working². In a hybrid environment, businesses must be intentional if they hope to deliver a successful workplace culture.

79% of respondents in our survey said a strong hybrid working arrangement was either somewhat or extremely important when choosing an employer.

And yet over a quarter of the workers polled said they were 'not very satisfied' or 'not satisfied at all' with their employers' current hybrid working offer (29%). This increases to over half when focused on graduate and entry level employees (52%) – evidencing the need for greater engagement and collaboration between employer, employee and landlord to achieve an environment and culture that works for all.

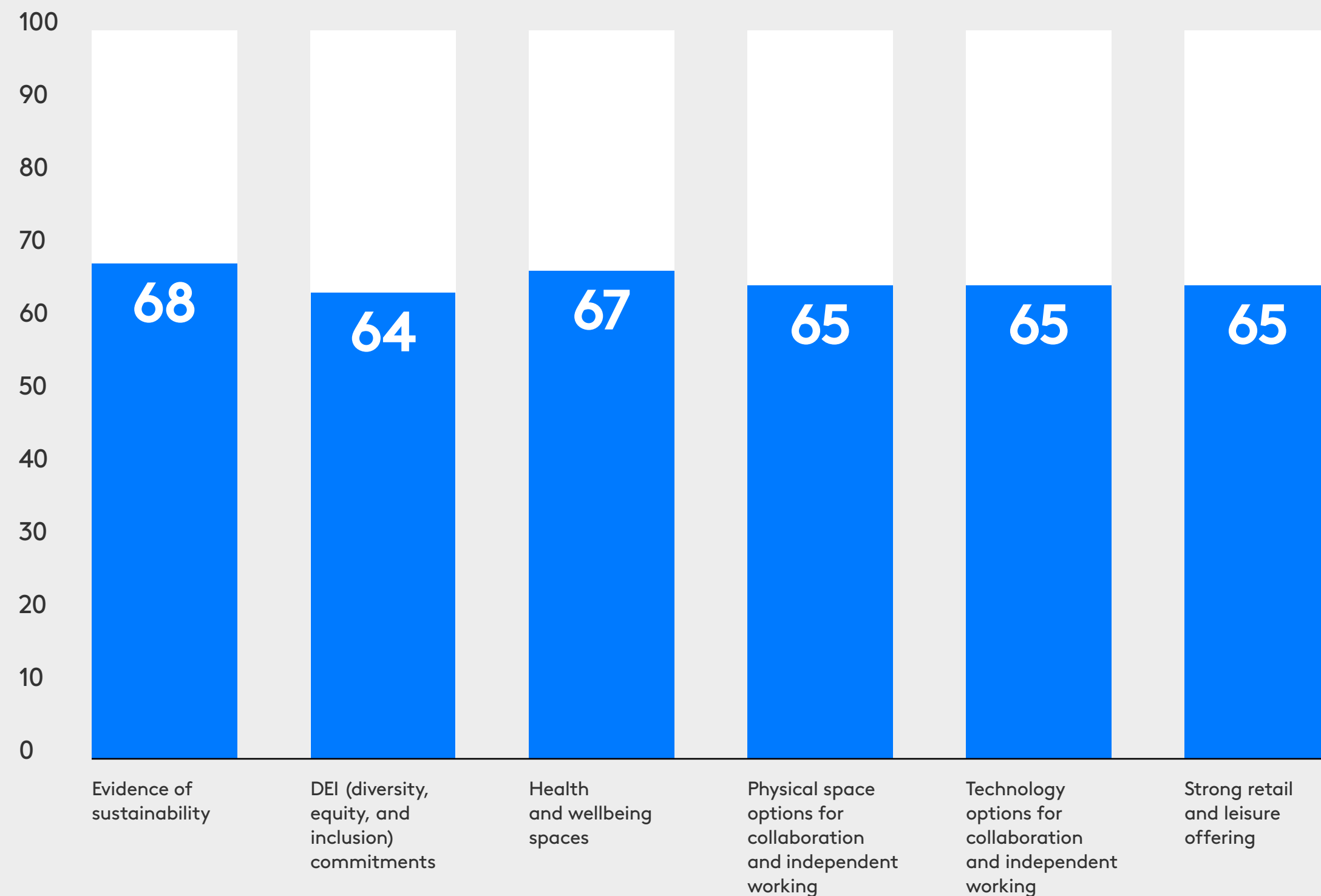


² Hybrid office working exposes post-pandemic culture crisis, IIA (June 2021)
www.iaa.org.uk/policy-and-research/press-releases/hybrid-office-working-exposes-post-pandemic-culture-crisis/

% of respondents to choose which factor was most important to them in an office environment.

It's a match

Employees are increasingly looking for workplaces to embody the values they want to see from their employer.



When asked which factors are most important to them in an office environment, respondents to our survey revealed some clear priorities. In an environment where employees see each of these factors as being of similar importance, businesses should consider how the physical build and fit-out of their workplace and local ecosystem can help them demonstrate their own values and priorities. In turn, attracting talent that shares them. As landlords, we've spent many years developing a host of different products, and services to help deliver against business priorities.

For example, 68% of respondents told us they want to see evidence of sustainability and 64% said they want to see evidence of diversity, equity and inclusion (DEI) commitments.

This provides strong impetus to businesses to think creatively and collaboratively about how they can bring to life their own sustainability and inclusivity values in the workplaces they offer.

Qube Research & Technologies, a global financial services company, provide a strong example of this – from the outset they were clear they wanted to minimise waste and use as many recycled materials as possible in their office to reflect their commitment to sustainability. We paired them with the right experts to be able to deliver this. We focus on delivering sustainable places, reducing our buildings' impact on the environment through design and operation – just last year we committed to invest £135m to help us achieve our net zero transition plan – and we are excited to be able to partner with customers who share that vision. Designing workplaces in this way provides a clear contribution to an employer's own sustainability strategy but also supports the employees' personal values.

2022 Grade A office take up in London represents 78.6%* of all take-up which reinforces the flight to quality trend. A high-quality building with sustainable features will support talent attraction and retention.

*Statistic provided by CBRE

At a time when the cost of energy stands to affect businesses of all kinds, where possible we are working with our customers to identify opportunities for energy and cost savings.

By partnering with you, we can gain a deeper understanding of your values that drive your business – allowing us to identify ways to optimise your space – in a world where expectations are rising.

The Forge represents 139,000 sq ft of Grade A office space in the cultural hub of Bankside, London. It's the UK's first commercial development to be designed in line with UK Green Building Council's net zero carbon buildings framework, meeting high sustainability standards that apply to our future operation as well as the build.

The Forge, Bankside





Chapter 2

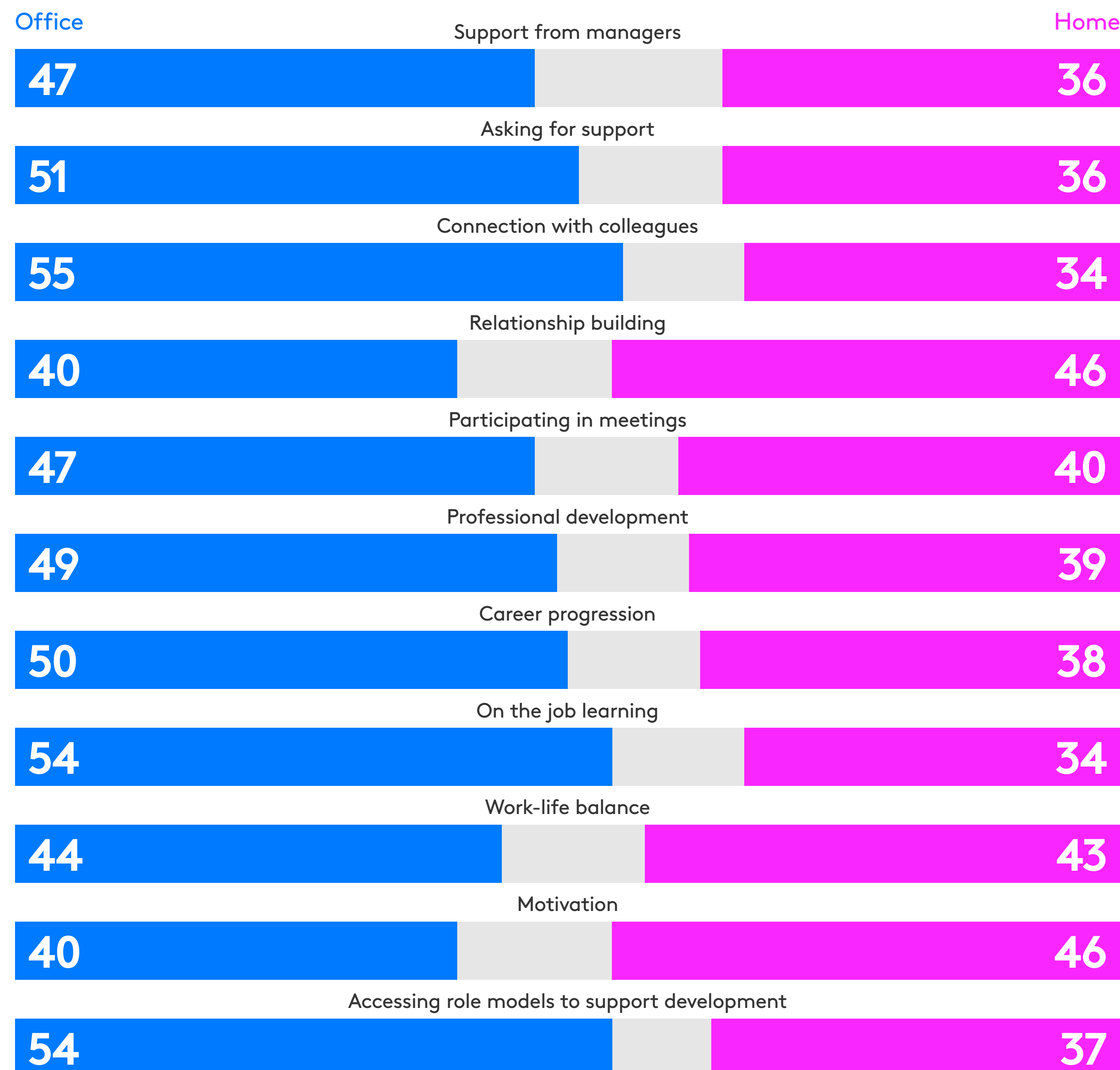
Building for culture

A clear and present challenge with hybrid working is that there can be no one-size-fits-all model. The nature of different sectors places different demands on their employees, whether they be different working styles, experience, commuting costs or the desire for on the job learning and development.

Consistent across these results is employees' desire for stronger connections and development. Factors intrinsically connected to company culture include: the way a workplace might support or look to negate hierarchy; the way collaboration is encouraged; opportunity for independent work alongside collaboration. All of which can be heavily influenced, negatively or positively, by the fit-out of an office.

% of respondents to choose which environment they find best for different aspects of their work.

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While employee expectations are certainly rising, this data presents an opportunity for businesses to set expectations of their own employees too. How you build your workplace can be a powerful reminder of how you expect your colleagues to connect with and support one another.

“We’re increasingly comfortable with the hybrid working policy we have settled on – knowing, of course, that it is likely to take some time to adjust. What we do sense is that a large majority are happy with the way we have said they can work – and while three days a week may not be right for every team, we offer flexible working hours to try and support those differences.”

Emma Potter
Workplace Director,
Ruffer LLP

In this context, the role of landlords runs much deeper than just a transactional partner – it is important to take time understanding businesses’ needs and cultures in order to provide the solutions that can best serve their goals. It is in having transparent conversations about which aspects of company culture are most crucial that the best workplaces are created.

80 Victoria Street



Chapter 3

The opportunity in wellbeing

In addition to the impact a high quality, flexible, fit-for-purpose office can have on employee experience and career development, there is no doubt that it also has a very real impact on mental health and wellbeing.

This is neither new nor surprising; there has been an ever-increasing flow of studies from our industry on health and wellbeing within the office, further accelerated by the realities and strains of the pandemic.

What's more, **70% of respondents found it easier to protect their mental health when working at least part or full time from the office compared to at home**. When we break this down by age group, this figure increases among colleagues over the age of 55 (86%); a powerful reminder that the merits of an office designed with wellbeing in mind benefit those of all ages.

While we can and should continue to find opportunities to improve, office designers must remember what the industry has already learned from a focus on wellbeing that spans more than ten years. As new research suggests 60% of employees do not believe their employer cares about their mental wellbeing³, the office is a powerful resource available to businesses to help protect and enhance colleagues' wellbeing and demonstrate how seriously they take it.

"We've used the return to the office to start having our mid managers and HR team do regular, informal check ins with people face-to-face. This, combined with the social events we're having, have meant that we are seeing people really enjoying being back in the office."

Gareth Daniell

Head of Office Operations,
DMH Stallard LLP



Lucent, W1

Designing for health and wellbeing

While not everyone will find wellbeing benefits from coming into the office, this research shows that the majority of employees do.

Businesses should be thinking carefully about how they not only support wellbeing, but how wellbeing itself can act as a motivator to encourage staff into the office.

At Landsec, we have long invested in this approach and adopt best practice from the WELL Building Standard and British Council for Offices (BCO) to ensure our

Lucent has been designed with health and wellbeing at its heart. It delivers a rounded approach that combines solutions to optimise physical and mental health at work. With light-flooded spaces, clean air systems and ample access to nature for collaborative working or quiet contemplation, every detail has been designed to help people reach their full potential.

buildings are healthy, productive spaces for our customers. From the materials we use, to the accessible outdoor spaces we offer across our portfolio; every design choice is made with the customer's wellbeing in mind. In 2021, we built on this commitment by becoming the first UK REIT to register for the WELL Portfolio Programme to ensure we provide a healthy and safe environment for office customers to return to.

Though smart design cannot guarantee strong employee wellbeing in isolation (it demands similar investment across policies and culture), it can provide businesses with a foundation with which to engage employees on the topic – and live up to the promises of culture and policies.

Insight

Harriet Minter

Journalist, author and hybrid world specialist



While some people predicted the pandemic would lead to the death of the office, in reality two years of enforced working from home has reminded us what we enjoyed about going into work – connection with our colleagues and a change of environment. When we start to view the office through this lens we can see how it can become a powerful tool in attracting talent.

In the future it won't be enough to simply provide a ping-pong table and snacks, you'll need to ensure your office can encourage collaboration and also provide quiet spaces for those needing to do deeper work. Prior to the pandemic the leading assumption was that people who wanted to work from home or have greater flexibility in their working lives had given up on ambition. They wanted an easier life and the price for that was letting go of any hope of advancement in your career. We know now, this isn't the case. If your business wants to attract and retain the best talent then it has to offer employees a way of achieving not just work-life balance but work-life blend.

Very few people want to work from home full time but very few also want to return to the office full-time (the ONS puts both of these groups at about 10% of the workforce). Smart employers should be thinking about how the office can provide staff with the tools to advance their career, not just the place they come to sit at a desk and do Zoom calls.

This research shows that employees see the office as the place where they can get support, ask questions and develop their careers - creating spaces which help them do this is going to be the key to helping your business stand out against the competition.

Conclusion

This research demonstrates that while hybrid working has been widely adopted, it is poorly defined, if at all. This has led to myriad of different approaches, some of which are working well while others are still being worked through.

We believe that whilst challenging, the flexibility that sits at the heart of hybrid working should be celebrated – and protected. A business's approach to hybrid working is another way, alongside behaviours, values, policies and communication, for it to demonstrate its culture to not only its people but also to its external stakeholders.

At Landsec, we see first-hand that the companies who have successfully adopted hybrid working are those who allow their culture to drive the approach. While it leads to a plethora of different outcomes, the guiding principle is the same.

As your landlord, we're here as expert partners to help you identify what that means for your workplace. By working hand in hand, we can deliver a solution that brings together the priorities of businesses and employees in a way that means everyone's demands are met and is unique to you.

Appendix

Methodology

Landsec embarked on two pieces of central research to inform the findings of this paper:

1. Quantitative research conducted by Censuswide between 26.08.2022 and 07.09.2022.

The survey reached 804 white collar workers whose professions do not fully require them to be at the office. Survey respondents represented a wide range of levels within businesses, from entry level to senior leadership and spanned four sectors: financial services, legal services, technology and energy.

Censuswide abides by and employs members of the Market Research Society which is based on the ESOMAR principles.

2. Landsec interviewed 11 senior leaders from existing customers, facilitated by FleishmanHillard and Powerscourt.

The same discussion guide was used across these interviews to better understand the lived experience of Landsec customers.

Contributing customers included:

- Wellington Management
- 3i
- Mediobanca
- Ruffer
- TTT Moneycorp
- Infor
- Qube Research & Technologies
- EDF
- Cheniere Marketing Ltd
- DMH Stallard
- Experian

We'd like to extend our thanks to all those involved in the development of this paper.

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