

The Weekly Take

Shake It Up: The new playbook for office occupancy

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Bob Sulentic

We know. We know for sure that almost all companies want some version of being in the office. They really believe... Here's the things people consistently believe. They believe it helps with culture. They believe it helps with problem solving. They really believe it's important for young people that come into the organization. They believe it helps with creativity because there's this general view, that I think there's plenty of support for, that people bouncing ideas off each other results in greater creativity than people sitting alone and being apart from each other.

Spencer Levy

That was CBRE's CEO Bob Sulentic talking about the case for the return to office when he appeared on The Weekly Take last summer. When Bob came on the show, the reopening and readjustment from the pandemic was slowly but surely happening. In the year since, amid changing habits, technological and design innovations, and perhaps above all, economic uncertainty, occupiers everywhere continue to grapple with return to office policies. So has any consensus emerged? CBRE's 2023 U.S. Office Occupier Sentiment Survey sought to answer that question. And on this episode, we welcome a leader of the team behind the report, CBRE Global Head of Occupier Thought Leadership Julie Whelan – who in the last few weeks also hosted our Mid-Year Global Real Estate Market Outlook event and was named executive editor of CBRE's new monthly newsletter, *Our Take*, which you can subscribe to right now. Julie, thanks for finding some time out of your busy schedule to come back to the show.

Julie Whelan

Thank you, Spencer. You know one of my favorite things to do is be here with you on The Weekly Take. You mentioned *Our Take* and I couldn't be more excited to share a little bit about it – but not just yet. I'll wait till the end of the episode, but thanks for the mention. We're super excited about it.

Spencer Levy

You bet, Julie. You're going to help us flesh out the data and put it all into context. And we'll also hear from Occupy our guests who have appeared on our air over the past year. Coming up, CBRE's 2023 Occupiers Sentiment Survey. I'm Spencer Levy and that's right now on The Weekly Take.

Spencer Levy

Welcome to The Weekly Take. So, Julie, first of all, what's the headline about the office sector today?

Julie Whelan

When I look at the survey, if I had to use a few phrases to describe what it was telling us, it's that, number one, companies are providing more clarity to their employees than they ever have before. Number two, that clarity is making them more decisive, and that means they would probably be ready to take more action. But as you just mentioned in your opening comments, the economy is providing somewhat of an overhang right now, and it's slowing decision making a bit at the current moment. But I do think that once there is clarity around the economy, we're going to see a rebound in office because most organizations know that they want the office to enable the future of work.

Spencer Levy

Would you agree that right now the economy really hovers over all other issues?

Julie Whelan

Absolutely. We just released a study around tenants in the market, which we track closely every single month. And the reality is the tenants in the market have been bobbing along below pandemic averages for the last three years. But leasing activity, as we all know, in 2021 and 2022, picked up. However, there has been a drop in that leasing activity recently, and yet, the tenants in the market are still present. So there's just a bit of a disconnect right now as tenants are waiting to see what's going to happen. But I do believe that when there's clarity, they are still in the market and ready to act once that clarity presents itself.

Spencer Levy

Well, Julie, before we get into the weeds, because I know this was an extensive undertaking as it is every year, tell us about the report, the methodology and all that went into it.

Julie Whelan

The way that we get this data is we go to our clients and we ask them a series of survey questions. And we don't just do this in the U.S.. We do it in Canada and the UK and Europe and Asia Pacific. But this that we're going to discuss today is mostly North America, and it covers over 200 companies. They range from small companies to large multinational firms and across a variety of sectors. So what that allows us to do is pick apart the results and be able to tell a deeper story about the market. And I will give a little bit of a plug to our Europe and our Asia-Pacific counterparts because their reports are live also. And when you visit the digital experience, they're all interlinked together.

Spencer Levy

So that's interesting. Any major differences in the conclusions that they're seeing in Europe, Asia versus the US?

Julie Whelan

What I would say is that largely the direction of travel is the same. We know that organizations are getting more flexible and I think that Europe and the US are most closely tied. However, Europe is not engaging in quite as much of a hybrid work mentality as we are here in the US, and we're actually doing a lot of work to try to pick apart why that is. Asia-Pacific is obviously very different, but what's interesting in Asia-Pacific is that the domestic Asian firms are acting very differently than the multinational firms in Asia. The multinational firms are much more with global blanket policies that tend to allow their workers in Asia a little bit more flexibility over the domestic firms that tend to have more of a mostly in-office culture. Flexibility is still being achieved there. It's just that what flexibility looks like to domestic Asian companies is different than what flexibility means here. Here, it might mean 2 to 3 days out of the office. There, it may mean 1 to 2 days a month out of

the office. So flexibility is really a major theme everywhere. It's just that it's presenting itself in different ways across the different regions.

Spencer Levy

Okay, Julie, what do you say we jump in now and hear from an occupier?

Julie Whelan

Yeah, let's jump in.

Spencer Levy

Indeed. So let's start our engines with the real estate leader of an iconic American automaker. Jim Dobleski of the Ford Motor Company. We asked Jim how Ford was approaching return to office policies at a huge company with lots of different roles, some of which had to be done in person, on the assembly line, for example, and some which could easily accommodate remote work.

Jim Dobleski

We're learning every day, and I think one of the big things in the ability that we have here within Ford Land is our flexibility to support Ford Motor Company. One size does not fit all. You have to have standards, and we do. But you have to be flexible within those standards because people are working very differently than they worked in the past. And it's an exciting time to be a part of real estate and to understand and really develop the future.

Spencer Levy

Julie, what do you think of Ford's approach?

Julie Whelan

I think Ford's approach is sound, and the particular phrase that Jim Dobleski used that jumped out at me is we are learning every day. And companies have a real opportunity to try new things. They have an opportunity to measure what is working, to measure what's not working, and most importantly, to change quickly what isn't working. What this survey has told us, it's that return to office has happened. It's in the past. Nearly 80% of the organizations that we survey today want folks in the office at least half the time, if not more. However, it's not necessarily happening the way that they would like it to right now. So what they're doing is they're trying to deploy change management strategies where they can to make it happen because mandates aren't the way to go. There are a few companies that have tried it, but it's not the best way to build trust with your employees. And we also know that although communicating via memos is important and it's a good table stake, it's not the full story. So today we have companies that are generally reporting pretty low office utilization levels. Our survey told us that most are below 60% and only a quarter are reporting that office utilization is above 60%, which is where we probably would have been before the pandemic. So that's only 25% of companies that are achieving office utilization levels that are where they were. But, what's interesting is that divide between the smaller companies and the bigger companies. So smaller companies are really driving return to office, with over a third of them that are reporting that higher attendance, versus only 6% of the larger companies. And when I look at that, I think the reason is because it's much harder to turn a big ship. One of the major questions that I get is have we reached steady state? Are we going to increase our office utilization? And nearly 40% of companies this year told us there's room for growth. They believe that through mid-next year, they're going to continue to chip away at this and get their offices utilized to a greater degree. And that's big because we know that that action isn't necessarily coming from

smaller occupiers who are largely already there. It's really the largest companies that are trying to move the dial right now.

Spencer Levy

I think your comments are consistent with a lot of the conversations we've had on this show in that the future of office has less to do with the physical office and more to do with the relationship between labor and management. They're looking at themselves as a whole person and then using that as the lens through which they decide to go back to the office. Does that somehow resonate with you, Julie?

Julie Whelan

It does. It does. Spencer, we ran a 20,000 person global survey in 2022 that we called our Live-Work-Shop survey. And what we tried to understand was how behaviors were changing post-pandemic and how those changes in behaviors were driving how people use real estate differently. And one of the sections was very focused on the office and work. And what we found is that employees definitely want more flexibility overall in their lives. However, there is still things, depending on generation, that are very important to them. So, for instance, the younger generations believe that they want more learning and development. No surprise. They're earlier in their career and they want to come to the office to be able to get that learning, to be able to get that development, to be able to get that knowledge sharing from the older generations in the office that have had the experience and that can push that down to them. At the same time, those younger generations also often use the office as their social anchor and as a place where they have work friendships, not only professional work relationships. And so I think from that perspective, especially the younger generations, although no doubt they absolutely want flexibility, they also desire to have an office to be able to satisfy those elements of both their work life and their personal life.

Spencer Levy

Let's now turn to another occupier. Another big and diverse, but different kind of company. Chris Noble is the Group Vice President of properties for Walgreens. We met last fall at his Chicago headquarters. Walgreens has around 10,000 stores, distribution centers and, of course, offices, in its portfolio. Chris told us about a return to office policy that is letting leaders and managers determine when it truly matters for teams to be in-person versus remote. He said it was paying off most in terms of morale. Let's hear from Chris.

Chris Noble

Some people would say we're missing some of the energy that comes from having everybody together in the office, and I think there's some truth to that. At the same time, what we've seen is our overall employee engagement scores have gone up over the last couple of years. I think people have really appreciated the flexibility that they've been given to try to curate an approach that works for them.

Spencer Levy

Julie, did other occupiers suggest morale was more important than say, one of the favorite words that you and I debate all the time: Productivity.

Julie Whelan

Yeah, well, Spencer, if I had to give an answer to that based on the survey results, it's that I think that ultimately, morale leads to productivity or the word that I have been trained more to use, which is organizational effectiveness. So although our survey didn't talk about that directly, there was a recent Gallup workplace poll that I love to study every year. And

what they found is that it doesn't have to do with so much of the flexibility that employees have as the relationship that they have with their managers and teams. It's built on things like trust. It's built on things like clarity, goal setting. Many say that they want their manager to feel more present all the time. This is all the elements of very strong relationships. And so if we can train managers to help build new relationships, guide employees through this new world, then we will better help our organizations evolve. And some of the ways that we can do that is by teaching and coaching managers with things like being more present. That doesn't necessarily mean having to be in the office together, but even when you are working on a more hybrid structure and you are remote, still being present in that employee's lives. Driving new team norms and behaviors around when you should come together, and why. Setting objectives in a more real time way of providing feedback, because business flows real time. And so the idea of setting goals beginning of year, revisiting them mid-year, and ultimately seeing if they've been accomplished year end is probably not the way that managers are going to most effectively manage in this new world. So there's a lot of new muscle that needs to be built across the managers in order to drive this morale and this productivity and this engagement. And as we know, it can hurt to build new muscles. It can be painful, but once you do, it creates a stronger organization at the core.

Spencer Levy

You know what I found really interesting about your answer, Julie? I don't think it touched on real estate at all.

Julie Whelan

Absolutely. Having the best workplace for employees to go into is not going to mean anything if you don't have the culture that supports it and that makes them want to be there. And so that's why we often say, and I think I said at the beginning of our discussion, that the office can enable the future of work, but the office isn't going to create a future of work.

Spencer Levy

Well, we're clearly in a new world, Julie. I remember a time before ideas like engagement scores that Chris Noble just mentioned. The richness of an employee's lifestyle was not a central concern. That seems to be different now. Apropos of this issue, I want to share one occupier's take. Carim Khouzami is the CEO of Baltimore Gas and Electric, or BGE. Carim came on the show and talked about BGE's views on workplace issues and how he finds his own balance in life by coaching Little League baseball.

Carim Khouzami

It's all about trying to find that balance and trying to find the way to prioritize having some time to yourself because all of us have jobs that are very demanding. All of us have a lot of responsibilities that we're trying to live up to. And if you don't take that time to decompress, you're going to explode. You've got to basically find a way to find that place where you can reset, recalibrate and re-energize.

Spencer Levy

So Julie, lifestyle balance, work-life harmony. There are many terms out there. How universal is this emphasis?

Julie Whelan

Well, I'd like to start just by saying that I thank Carim for being that coach, because I am so thankful for all the coaches in my kids' lives that dedicate so much time and hopefully get

enjoyment out of doing all that coaching, as Carim says. So work-life balance is absolutely a thing. And we talked earlier about some of the global and regional differences in hybrid work. And I am a big believer that because we do not have a great work-life balance culture here in the U.S., that's why employees are really leaning into the flexibility associated with hybrid work, because in a way, they've been empowered to take their work-life balance back. So as I've mentioned a couple of times, we did that Live-Work-Shop report. And what we know is that employees, especially younger employees, do have a desire to have a pretty clean cut line between work and life. That being said, what we found throughout all the survey results is that salaries still tends to be the most important factor when you're actually looking for a job. But then once you're in the job, that flexibility really becomes a close second. And it's not always just the flexibility, but it's things like the commute and the ease of my commute and the company commitment that they are actually showing me to a healthy work-life balance. These are all things that are very, very important. And again, it's not just by communicating it in the job description that somebody's answering or in the welcome letter that you get. But it's really having companies live by that culture, that they do support a work life balance and are willing to afford employees the flexibility to get that balance in whatever way works for them so that they can be engaged in things like coaching or volunteering or doing whatever helps to reset, recalibrate, re-energize, as Carim said. So I think that this idea of work-life balance is very important right now in the U.S. culture, especially in an economically uncertain environment, where it's difficult to provide all of those promotions or increases in salary right now. So, really paying attention to the softer side of the equation and how that engages and retains your employees is important.

Spencer Levy

So let's now turn to the role of physical space, technology and design in the return to office. I want to play back part of my conversation with Lisa Ingram, the CEO of the White Castle restaurant chain. Lisa, a.k.a The Queen of Sliders, told us that her company's new headquarters in Columbus, Ohio, which came online during the pandemic, represented a major shift in White Castle's real estate strategy.

Lisa Ingram

We went from a building that had served us well for 80 some years, but was very closed off - lots of hallways, lots of offices - to our building now, which is very open, lots of natural light. There are no offices. I do not have an office. Everybody is in cubicles because we really believe that that's part of our open and fun culture that for you to come out of your office and then engage with people versus being just at your desk and having that engagement sort of happen serendipitously is really a fun thing about our brand.

Spencer Levy

And speaking of fun, Julie, the White Castle headquarters actually has a working slide in its lobby, which of course, I tested out on my visit.

Julie Whelan

Well, Spencer, your LinkedIn posts often make me laugh, and I hope with that one I was laughing with you, and not at you.

Spencer Levy

Well, that's what you say on air here, Julie, but that's okay to laugh at me once in a while, too. Now let's get back to the idea of office as a place for engagement, as much as, if not more, then heads down work. What do you think about this, Julie?

Julie Whelan

Well, I think that organizations can fall into a trap with this that we need to be very careful about. So, depending on who your employee base is and the reasons that they come into the office, you might need a very different design structure. So while generally, we believe that most organizations are moving towards what we would call activity based workplaces, and we knew that this was becoming true before the pandemic, and this trend has just accelerated since the pandemic. And so what we're finding is that fungible space design is really important also, meaning that as you study how the actual space you designed is working, you are able to change out the areas that may not be working as well. So maybe a two person conference room needs to be turned into a four person conference room or a row of benching needs to be turned into some soft seating to get it to be used more. And so this idea of designing for the way your employees work, but keeping it fungible enough that you can change it in the future is very important right now. And another basis of all of this is space sharing. That tended to be a dirty phrase not long ago. But what we know through this survey is that the vast amount of organizations are moving away from a 1 to 1 employee to seating structure, and they're moving more towards two employees to one seat, if not more. And that doesn't mean just cubicles, but all of those different activity zones that you're providing, people could in essence be seats that when you do have peak attendance for that one or two days in the office, you're able to really make that space work for you. So, very interesting design coming out of all of this that is incrementally changing right now, but is going to lead to some pretty significant change over the next decade in the way our workplaces are designed.

Spencer Levy

Julie, on a show that we recently had, I asked the question about, would you rather have the best office building in a second tier location or the worst office building in a top tier location? And a corollary answer was, do amenities really matter? What's your point of view?

Julie Whelan

So amenities do matter. We've done a lot of studying on the office side of things around what is happening with vacancy, and we know that vacancy has risen. And so we set out to understand, is that vacancy that has grown in the market... can it be attributed to a certain stock of buildings? And long story short, 80% of the vacancy added to the market over the last three years came from just 10% of the buildings. And when you look at the characteristics of those 10% of the buildings, they tend to be in lower amenity square areas, higher crime zones. So clearly, market really, really matters in this equation. And the markets that seem to be thriving right now are those mixed use, live-work-shop districts that were outperforming even before the pandemic.

Spencer Levy

What does that mean for the future of cities?

Julie Whelan

So I believe that the future of cities is going to thrive just fine. And the reason that this survey data is leading me to that conclusion is we ask the question, are you looking to a more suburban strategy? Are you looking to more of a hub and spoke strategy that everybody was talking about at the beginning of the pandemic? Or are you centralizing into cities? And this survey and our Live-Work-Shop survey both told us that organizations and people are centralizing more into cities. Now, that does not mean CBDs, traditional office districts as they were, as we talk about mixed use districts are the future. However, having them be in central places to catchment zones of people, to public transportation in

order for groups of people to come together more easily is really important. And that's why our cities were built. That's why they're central. They have the airport infrastructure, the public transportation infrastructure, the highway infrastructure to get people into them for the most part. Now those cities are broken down to a lot of submarkets. So I would agree that the more mixed use environments, maybe that aren't in that traditional urban core, are going to benefit from all of this. But I am very bullish based on what occupiers are telling us in their actions of transactions and also in how they're answering these survey results that cities are going to do just fine. It is just going to take some time and a little bit of reinvention to get there.

Spencer Levy

Julie I can't let this discussion of amenities pass without the following highlight from Thomas Neltner from Fifth Third Bank in Cincinnati. He told us the story behind one of the more unusual occupier tactics that we heard all year. That is how the bank has made its headquarters and its branches and workplace locations more inviting to staff and customers by creating, well, a literal sensory experience.

Thomas Neltner

I was at the Napa Valley Inn in Napa Valley. I don't know if anybody has ever been to the Napa Valley Inn, but it's beautiful. And we were out there about five years ago and my wife and I walked in and the scent in that hotel was so good. I mean, I'm like, this woke me up. And the sound along with it, it was like calming and it was so good. And I came back, and I remember having a conversation with you. I said, we have to, with the atrium and with our branches, have to experiment with, how do we track all of your senses, whether it be smell or it be sound. And so we have music in our branches as well. We have music in our branches, and we also have scent in our branches that we're experimenting with. And we also have in the atrium, and it gives a certain vibe. It gives a certain feeling, but the scent and the sound is important.

Spencer Levy

So Julie, is bespoke scented air and a groovy playlist the key to optimizing real estate?

Julie Whelan

Well, I think that Thomas is on to something with describing that experience that he had as a consumer of a leisure activity. And I think that what we know is that we have to start to treat our employees more like consumers. So from that angle, I would say yes. I think that there are different things that are going to work for different organizations, and scent and music may work for some of them, and in others, I have heard that places like Doggie Daycare is onsite, since everybody has gotten pets during the pandemic, are really important especially for the younger generation. So amenities absolutely matter. And yes, the tried and true amenities like really great fitness facilities and food and beverage options for when you don't want to leave the building are important. But there are other things that are popping up that are a little bit more sophisticated and are a little bit more finite and therefore makes that competitive stock smaller. So for employees themselves, convenience is really important. So whether that's convenience of the type of amenities that are on site that they can engage with to, again, make their work-life balance better, or the convenience of being right on or near a public transit line or having accessible car parking is extremely, extremely important. Also, wellness is really important. So well certified buildings, and I know that certifications aren't the end all, be all, but it is certainly a stamp on that building that it is a well building that employees can engage with that have the amenities and even the programming that make that employee happy. I was in a building in Boston, 33 Arch Street the other day, and there was an urban beekeeper

downstairs teaching us all about urban beekeeping, which is an idea of programming that makes the employee be more engaged with that building. But then there are also amenities that are important for the tenant themselves and the real estate professional that is signing that lease. And this is what is really becoming quite progressive. Additionally, sustainability is another huge, I would argue, isn't even just an amenity anymore, but has to be a table stake, but that many organizations are looking to, to again say the competitive stock of buildings that I'm willing to look at is getting smaller because it needs to have that checklist of things, including sustainability features like energy efficiency at the base of it, that is so important to me. So amenities from a consumer as an employee experience is really important, but also from the organization that is signing that lease and is asking for a lot more than they have in the past.

Spencer Levy

Well, you should know, Julie, that we had an episode of this show on both, on wellness and in the wellness episode. We taped it in a Brookfield office in Los Angeles. The building asset managers, they had beekeeping in that building, too. So maybe beekeeping is the new gym. I don't know, because it seems to be going everywhere.

Julie Whelan

Yeah, it's a pretty cool thing right now.

Spencer Levy

Let's stay with this idea for a moment and I want to bring back Ford Land CEO Jim Dobleski, because what they are doing a lot in terms of portfolio optimization. Ford is remaking an industrial space in downtown Detroit into an amenity rich, flexible office facility with an eye on helping to revitalize the neighborhood. It's also part of a strategy of consolidation for Ford. I'll let Jim describe it.

Jim Dobleski

Again, I think it goes back to the experience, right? Are the facilities set up? Do they have the footprint to allow us to create an experience that we need within that space? Obviously, financials will tie in to that. We're trying to consolidate our portfolio so that people can work closer together. So there's a number of different variables that go into that. But I think the first thing that we look at is, does the facility allow us to work the way we need to work?

Spencer Levy

So Julie, what have you learned from occupiers about consolidation, Julie?

Julie Whelan

So there's no getting around it. Occupiers have been consolidating for the last three years and they are going to continue to consolidate for the next three years. It's a core question that we ask in the survey, and this year over 50% of occupiers said we are still consolidating, we are still downsizing. And generally, what that means is probably 10 to 30% less space. But there's a couple important things to note there. Number one, that means that nearly half of occupiers are either staying the same or growing. So there is a counterbalancing force to that in our office market. But no doubt that overall demand has been muted as a result of organizations planning for hybrid, feeling like they need less space, and economic uncertainty. So demand is down. But what's interesting is that they're not just consolidating. They're also looking to relocate. Now, I will say that given the economic uncertainty overhang that we have right now, you do have a lot of organizations turning back to renewals to buy some time until they have a little bit more economic clarity.

However, there are also a good chunk of them that are relocating to better quality space. And I think that one of the things that we found really interesting during this period of time is that rents have stayed at a base level, relatively steady over the last three, even though there has been such reduced demand. And a lot of that reason is because some of these occupiers that are relocating to the better quality space don't have a lot of sensitivity to price. They are actually transacting at higher price levels, but just for smaller amounts of space, than they ever have before. So in New York, for instance, I think there were 142 leases signed in 2022 that were \$100 a square foot, or \$100 a square foot or more. And that was historic off of what was already historic in 2021. So, really interesting dynamic happening in the market with organizations willing to pay more to provide a really great employee experience. Whereas in the past, it was really more about efficiency. And although efficiency always matters, because nobody wants to waste money on space they're not using, it is really more about the employee experience.

Spencer Levy

So Julie, you mentioned when we talked about sustainability being table stakes. I think that really what it comes down to isn't the company's desire, though that is part of it. It is the employees of that company's desire that they have these things because some of these things fit in with the values of the employees and they want to work for a company, work in a building, that shares those values. Is that a fair way to put it?

Julie Whelan

Yep. And that is one of the driving forces, is because their employees, the consumers of their products, the shareholders in their business, all are calling for it. And we just talked about the fact that employees are consumers themselves, and employees are making decisions to work at companies that are more sustainable companies, either through the real estate that they're in or the process that they have to create their products. And it needs to be very visible right at the beginning of a job search process for many employees in order to have them engage with that company. And then once they're in the company, having opportunities to actually partake in that sustainability journey and feel that they're a part of it is also really important. So clearly, yes, there are reasons to do this to meet net zero goals. There are reasons to do this because there is regulation coming fast and furious that everybody's going to have to meet. But also it's because at the core of it, it is the ethically right and responsible thing to do for organizations. And they know, as I said, that their stakeholders want it, and that their employees want it, and that their consumers want it.

Spencer Levy

Let's stay on the talent topic, Julie, and let's go to one area that I think we got to discuss, and that's that not all of these details about what occupiers are doing with or want from their real estate. I'm talking about the why. Why does the office still matter? To lead us into that discussion, here is, again, a clip from Thomas Neltner, the real estate leader of Fifth Third Bank.

Thomas Neltner

Think about how you learn. You learn from observation. Most of your learning comes from observation, whether when you're a kid to see how your father behaved or your mother behaved or your brother didn't behave. And you saw that, but you also saw it in the workplace. We have told our people we have an obligation to not only teach our coworkers, learn from our coworkers, and you can't do that sitting at home. You can't do that not being in a room. You can't do that in exchange of ideas, and you feed off each other. And so I think productivity and efficiency are linked. But I think being in person and

really have an obligation to meet other people and to learn from other people is how we learn. And I think you're going to miss that. If you're not in the office, you're going to miss that. And I think there's going to be a set of people that are going to be behind because they're not in the office.

Spencer Levy

So Julie, I think what we're really talking about here is culture, vision, strategy. Big words. But given that the work place is now diffuse, it's the traditional workplace. It's your home. It could be a coffee shop. How has long term vision strategy changed with remote work now as a viable option in the toolkit?

Julie Whelan

So no surprise, we know that organizations are adopting hybrid work because they understand that the way that work is carried out is changing and that we now have technology that, and technology is accelerating every day in terms of its innovation, that can satisfy our work processes in a way that the office was only able to satisfy not too long ago. And so it's leading to this discussion of, what work should be done in the office versus what work should be done remotely. And in the beginning, there was a lot of discussion that remote work is best served for the heads down work that you need to do and in office work is best served for the collaborative and social time that you need to have with your colleagues. And while I do agree that right now, there is an element of that that's true. I also think that we have to remember that we're on an evolution of this. And as younger generations come into the workforce that have been trained, and their schooling to work together in more group and remote settings, that their understanding of how to work together while not always being together, is going to be much different than those of us that are in the workplace today. And when you think about these multinational companies, I think about my own job. I don't work with anybody that's even in my own home market. And there are thousands and thousands and tens of thousands of employees around the world that are in that same boat. And they have to learn how to be more collaborative and connected and innovative with people that are not necessarily in their own building because of just the nature of their job and the global nature of our companies. So again, while I think that the workplace can absolutely serve a good piece of culture and learning and development and collaboration and connecting teams, I don't think it's the only way, and that there is a muscle that we will be building in the future around how to do that better, in a more remote environment, also.

Spencer Levy

Great. Well, Julie, before we say goodbye, any final thoughts on your findings or what we might expect in terms of workplace trends in the U.S.? What should our listeners take away?

Julie Whelan

Well, Spencer, I think that we are going to continue to see organizations create change management strategies around getting better office utilization. So, I would put my money on the fact that we will see office utilization continue to tick up over the next year. At the same time, organizations will hopefully get more economic clarity, especially over the next six months, and be able to execute on more long term portfolio strategies that actually help the office enable this future of work that they're moving towards. I think it's all very exciting. As I said in the beginning, I've never seen more clarity and decisiveness. Now, we just have to wait for the period where the runway is open for us to be able to take action on all that.

Spencer Levy

Great. Well, thank you, Julie. You and your team produced a terrific report that our listeners should definitely read. So where can they find it?

Julie Whelan

So on our Research and Insights page of CBRE.com is not only this North American report, but also the report for Europe and Asia Pacific.

Spencer Levy

Anything you want to mention about *Our Take* CBRE'S new monthly newsletter?

Julie Whelan

I would love to, Spencer. So our take is a brand new concept for CBRE. It's an opportunity for our experts to share their voice, provide a little personal commentary with a lot of personality weaved in on all the most pressing industry trends. The listeners of the weekly take can subscribe at CBRE.com forward slash our take and we hope they enjoy it and find it useful because we've put a ton of work into this to help it be a quick read format. It will only take 3 minutes a month to get this information.

Spencer Levy

Well, thanks again, Julie.

Julie Whelan

Thank you. Spencer, it's been a blast.

Spencer Levy

Great job, as always. For more on our 2023 U.S. Office Occupiers Sentiment Survey and all the research Julie mentioned, you can find out more on the Research and Insights page on CBRE's website. And for more on our show, please visit CBRE.com/TheWeeklyTake. We'll post a link to the report there as well. Check it out. And don't forget to share the show and send us your feedback following the "Talk to Us" prompt on our landing page. And as always, we hope you'll subscribe rate and review us wherever you listen. We'll see you next week with more on the wider world of commercial real estate. For now, I'm Spencer Levy. Be smart. Be safe. Be well.