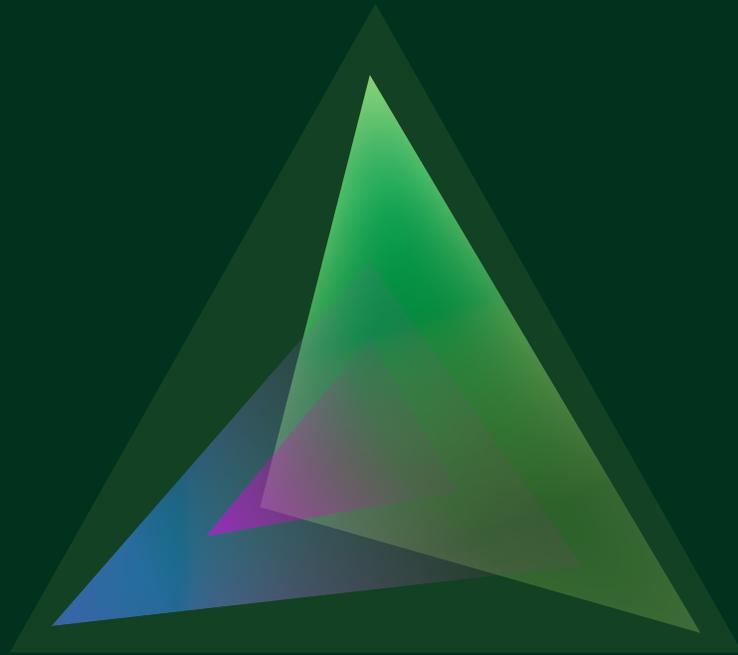


THE NEXT NORMAL

HOW HYBRID WORK IS TRANSFORMING
COMMERCIAL REAL ESTATE



A complete guide to hybrid work, how companies can adopt it and what its impact will be on the workplace

CBRE



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Executive Summary

01

Hybrid work isn't new. But it's now normal.

The pandemic accelerated the adoption of workplace flexibility, demonstrating that many people can be productive outside the office. Work now includes a multitude of digital-first tasks, such as writing emails and creating spreadsheets—which can be accomplished virtually and often were prior to COVID-19. Hybrid work is consequently something many already engaged in to varying degrees before the pandemic.

02

Hybrid work will require a hybrid workplace.

With employers viewing the office as a place for collaboration and meaningful employee connection, the role of the workplace is shifting towards a more intentional work setting defined by its ability to bring people and teams together. This shift has marked implications for office design, planning and workplace equity—balancing the in-office and virtual employee experiences.

03

Hybrid work will lead to more consumer-oriented offices.

In this 'next normal,' organizations will need to create differentiated offices where employees want to work. This will lead to more consumer-oriented approaches to the workplace where employers design their offices around the needs of their workforce.

Introduction

After a large-scale experiment in virtual work due to the coronavirus pandemic, the traditional boundaries of where work is performed are being redefined.



Individual employees overwhelmingly want the flexibility to work virtually at least part of the time, [according to research from CBRE](#). But most office workers also want to work in an office for at least part of the week.

Meanwhile, companies want their employees to remain productive and connected to one another. For some, this will mean a full return to the office. Others will give their employees latitude to find the right balance of work in—and outside of—the office.

The need to balance employee flexibility and organizational productivity has led companies to explore hybrid work models, which enable employees to work from the office or virtually. Their approach involves rethinking how, when and where we work.

“Under a hybrid work model, employees are given greater flexibility to choose where they work, often within a set of guardrails established by leadership. This hybrid arrangement balances the benefit of time together in the office with employee expectations for greater convenience. This makes it vital for each company to define what hybrid work means for their organization and set the agenda for their employees to ensure they have time together in person.”

[LENNY BEAUDOIN](#)

EXECUTIVE MANAGING DIRECTOR, CBRE WORKPLACE DESIGN, OCCUPANCY

Hybrid Work: There's No One-Size-Fits-All Approach

Hybrid work gained prominence in the wake of COVID-19 as many companies adopted virtual work policies—almost overnight, in some cases—to ensure the health and safety of employees during the pandemic.

Today, many office workers like their newfound flexibility. In CBRE's [most recent Workforce Sentiment Survey](#) of 10,000 employees across 18 countries, 85% of respondents said they would prefer to work virtually at least two to three days a week going forward.

For many companies, having some employees who work outside the office is not new. But the broad-scale recognition that organizations need to sustain virtual connectivity at scale and actively support a hybrid workforce marks a new approach for many such companies.

Over the past decade, technology advancements and a growing desire among employees for flexibility started paving the path to make the accelerated structural change we see today.

This evolution is already taking place. In [CBRE's 2021 Occupier Sentiment Survey](#), 87% of large companies with 10,000 or more employees say they will be adopting hybrid work. But these companies aren't taking a homogenous approach to hybrid work.

By far the most popular approach to hybrid work involves setting guidance for who can—or should—be in the office and when. CBRE calls this approach “hybrid work with guardrails,” and it's being pursued by 78% of large companies with 10,000 or more employees.

Yet each company is setting guidelines that are often unique to their organization. Some companies are requiring

employees to spend a certain amount of their work week in the office. Others are taking a team-by-team approach, asking certain groups to spend more time in the office than others.

Over the coming months, many companies will need to define what hybrid work means to them. Those definitions will likely vary between organizations and will continue to be refined over time as companies collect data on what is effective—and what is not.



The Challenges Behind Adopting Hybrid Work

Despite the interest in hybrid work among companies and employees, businesses are confronting real-world challenges in adopting it.

Some of the most common challenges include the following:

01

Hybrid work is difficult to implement.

Decision makers are facing a number of questions integral to implementing a hybrid work model.

Key among them: How can you ensure the right people are in the office? What will office occupancy rates be? And what will employees need most in the office?

Most organizations are providing guidance for employees in an effort to bring a degree of predictability to the hybrid workplace. These policies are likely to be revisited as companies collect real-world observations over time.

02

Hybrid work makes it challenging to ensure workplace equity for all employees.

A central challenge with hybrid work is workplace equity—ensuring employees who work virtually are visible, engaged and offered the same opportunities as their counterparts in the physical office.

As employees head back to the office under a hybrid model, concerns are rising about inequities in the workplace experience, and companies are exploring ways to sustain parity between those who work in the office and those who work virtually.

03

A hybrid workplace can lead to a disconnected workforce.

Culture has long been viewed as a way to attract and retain talent. However, with a dispersed workforce, building a culture that attracts employees to the company becomes more challenging. To create culture, collaboration and connections must be formed and nurtured between employees, teams and leadership who may be operating under different work models.

Companies that adopt hybrid work will need to determine ways to meaningfully connect their workforce in the right place at the right time and maintain their workplace culture between the virtual and in-office divide.

A Framework for Understanding Hybrid Work

Hybrid work involves more than giving employees the binary choice to work virtually or in the office. It requires understanding the unique needs and working styles of both individual employees and teams.

CBRE believes the successful adoption of hybrid work within a company requires defining WHERE work can be accomplished, WHAT work requires in-person collaboration to accomplish and WHO benefits most from spending time in the office.

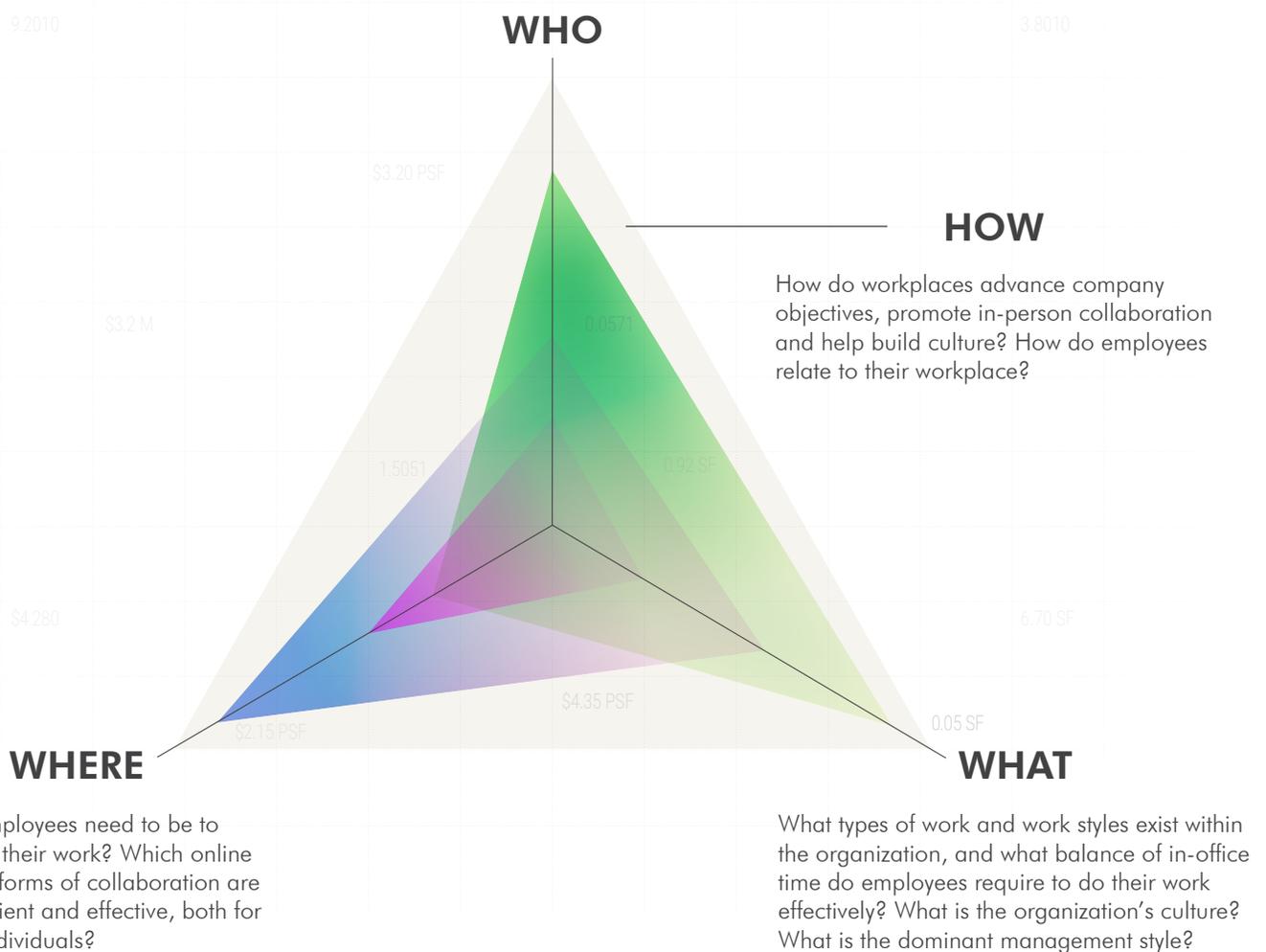
An overarching question is HOW workspaces advance company objectives, employee collaboration and culture.

In short, the successful adoption of hybrid work first involves understanding the unique needs of the

company and workforce before prescribing workplace and employee policy strategies.

By using this framework, decision makers can take a methodological approach to defining hybrid work in the context of the organization.

Who chooses the work model: the company or the employee? If the company makes all prescriptive decisions, how might this lack of choice affect talent retention? Who within the company can most effectively benefit from virtual work? Who will benefit most from working alongside their colleagues and managers at the office?



THE SPECTRUM OF HYBRID WORK MODELS

Once an organization has answered the questions in the Hybrid Work Framework, they must then select a model for implementing their vision. Models currently under consideration range across a spectrum from the most anchored “office-first” to the most flexible “virtual-first,” and there is great diversity in the middle. Just as there will be no one-size-fits-all approach across organizations, many are also choosing to apply different models on a department-by-department or team-by-team basis.

OFFICE FIRST

In this model, organizations see the office as the primary workplace. Companies that choose this model will allow employees to work virtually at least some of the time but view office attendance “most of the time” as critical to their culture.



BLENDED

A growing number of organizations have announced plans to move to a truly hybrid workplace model and aspire to an equal blend of time spent between the physical and virtual environments. Companies that choose this model will continue to offer employees the flexibility to work outside the office but expect a commensurate balance of time spent in the office to engage in collaborative activities.

VIRTUAL FIRST

In this model, organizations have found the “work-from-home” experiment to be so effective that they elevated virtual work as the new standard. Companies that choose this model accept a virtual work culture most of the time but will often retain some office space where their employees can collaborate and work on an as-needed basis.

Actionable Strategies to Successfully Transition to Hybrid Work

CBRE has determined essential short- and long-term recommendations and strategies that organizations should consider to successfully adopt hybrid work.

Every company will, of course, have its own unique needs. But the following recommendations offer actionable strategies companies can take to simplify the transition to hybrid work.

HOW CBRE HELPED A EUROPEAN TECHNOLOGY COMPANY ADOPT A HYBRID WORK MODEL

Working with a technology firm in The Netherlands, CBRE partnered with the executive leadership team to determine how they could best transition to a hybrid work model.

The firm first examined their workforce, employee working style and management approaches under our hybrid workplace framework and then used its key findings to propose a hybrid work model that best fit their organizational needs. These findings included:

- **A younger workforce:** CBRE found that the majority (61%) of their workforce had been at the company for less than two years, 81% was Generation Z and 80% were non-natives. The organization's culture had predominately relied on bringing people together in the office before COVID-19 and had suffered in the intervening months of virtual work.
- **A focus on individual work and virtual collaboration:** Through its work mode study, CBRE discovered a high level of individual and focused work (47%) and that most collaboration (24%) was accomplished through virtual channels, making a move to hybrid work more feasible.

- **An appreciation for virtual work and a need for time in the office:** CBRE conducted a series of sentiment surveys and found the company's workforce enjoyed having the flexibility to work virtually. But the organization's predominant management style also required at least some in-office time to foster employee engagement and organizational productivity.

THE RECOMMENDATION

Based on all outstanding factors and key findings, CBRE recommended a flexible balance of 50% working from home combined with structured team days in the office.

The firm further broke down which workday activities could be effectively accomplished outside the office and which workday tasks necessitated in-person collaboration.

The net result was a hybrid-work plan that delivered improved organizational culture, greater team productivity and a 21% reduction of the company's real estate footprint.

A group of three business professionals are seated around a conference table in a modern office setting. A man in a white shirt and glasses is smiling and looking towards a woman on the right. Another man in a suit is smiling in the background. The table is covered with papers and a glass of water. The text "Short-Term Recommendations" is overlaid in the center.

Short-Term Recommendations

01

Involve your employees and teams in the conversation.

Many companies are already leveraging a mix of employee surveys, polls and dialogue to determine what teams and people want after COVID-19, what they need the office for and how often they expect to be there.

But no workforce is homogenous. Each employee and team will have different needs. Consider asking employees, managers and executive leaders about WHERE work can be done effectively, WHAT work requires in-person collaboration to complete and WHO will need to be in the office and when.

Involving employees in the conversation shouldn't be a one-time event. Schedule regular check-ins with the workforce to course correct as needed.

02

Communicate new workplace policies.

Regardless of which virtual work policy the company chooses, make sure the workforce knows what to expect and what's expected of them in turn.

Key items to consider include developing policies on meeting etiquette for virtual and in-person participants, recommending office space use cases and detailing expected work hours. It's important to think through what policies should apply to your entire workforce and which should apply to individual teams.

Allow for continuous feedback from employees to determine what policies are working—and which are not. The goal is to afford employees flexibility while maintaining predictability in where and when they work.

By aspiring to a level of predictability, companies can enable employees to understand what the workplace expectations are—and have a better baseline for space planning considerations.

“The office should be defined as a place where teams can work together and meaningfully interact with one another. If those interactions help inspire people in ways that include and go beyond collaboration, the office becomes a much more compelling destination for employees.”

CHINATSU KANEKO

SENIOR DIRECTOR
CBRE WORKPLACE STRATEGY



03

Invest in the right technology.

From facilitating virtual collaboration to helping employees reserve time in the office, the right technology can help companies and teams transition effectively to hybrid work.

The most important technologies to invest in include video conferencing, chat applications and audio-visual setups—such as well-placed microphones, speakers

and high-definition displays—in meeting rooms so attendees can clearly communicate with one another.

In [CBRE's 2021 Occupier Sentiment Survey](#), 70% of large companies with 10,000 or more employees said they are investing in enhanced video conferencing hardware and software.

Other important technologies to invest in include employee experience applications and software that enable employees to book meetings and reserve time in the office to meet with

their teams. In the same survey, 33% of large companies said they were investing in employee experience applications.

Additionally, some companies may consider investing in workplace sensors, which can be used to track workplace occupancy rates—and collect data on which workspaces are most used by employees. This data can be used to inform investment decisions and workplace policies.

HOW ACTIVITY-BASED WORKING PREPARED CBRE FOR A POST-PANDEMIC WAY OF WORKING

Starting in the early 2010s, CBRE was the first global real estate services firm to adopt activity-based working (ABW) across its office portfolio with the introduction of the company's internal work model, Workplace360.

Since that time, CBRE has opened more than 80 Workplace360 offices globally and continues to transition employees to ABW as it opens new offices. This wide-scale adoption led to:

- **Improved workforce resilience:** As CBRE closed its offices due to COVID-19 in March 2020, it transitioned quickly and efficiently to virtual work in large part due to its adoption of ABW.

Prior to COVID-19, the firm had equipped its employees with key technologies to enable virtual work with distributed colleagues while implementing ABW. This enabled a degree of preparedness and resilience among its workforce and business leaders.

- **Greater workplace flexibility:** Flexibility is a necessity in an increasingly global business world where remote work can just as easily be defined as working on the road as working from home. Adopting ABW has allowed CBRE to better serve its distributed client base.

Flexibility within the office—moving seamlessly between work settings—is also critical for our diverse workforce whose typical day-in-the-life can vary from heads-down focused work to dynamic team collaboration. More than just a policy change, CBRE's implementation of ABW also entailed a wholesale reinvention of how we design and allocate space to provide choice and variety when working on-site.

KEY RESULTS

Workplace360 has had tremendous impact on CBRE's operational efficiency, workflow productivity and employee engagement. Through a 10% increase in CapEx per sq. ft. cost and the implementation of ABW, CBRE leases ~25% less space across its portfolio and realizes an average cost savings of 20% over the life of each lease.

The 19k+ employees impacted globally enjoy award-winning environments with more generous allocations of collaboration space, amenities and high-tech features compared to their precursors. As a living lab, Workplace360 also provides CBRE's advisory professionals with unique insights for client and industry leadership.

U.S. POST-OCCUPANCY STATS

- **92% of employees** believe their work environment reflects a **world-class organization**
- **93% of employees** say they would **not go back** to the old way of working
- **93% of employees** believe Workplace360 reflects a **reinvestment in employees, processes and technology**

Source: Post-occupancy employee surveys conducted across 16 U.S. CBRE offices from 2013–2019.



04

Make room for collaboration in the office.

In [survey](#) after [survey](#), employees consistently say the most compelling reasons to go back to the office include collaborating in person, attending meetings and experiencing serendipitous encounters with colleagues.

All of this has implications for office design. Offices have traditionally been built around individual workstations. But a hybrid workplace needs to facilitate

in-person collaboration and in-office flexibility.

Today, we are seeing clients' prioritizing capital to build more collaborative work zones and to enhance video conferencing to support a newly hybrid workforce.

If you aren't willing to take on a full-office renovation, lower-cost options are available.

These include investing in multi-use furniture and movable whiteboards to create more flexible office spaces. It can also involve moving desks around to create more open and collaborative spaces.

“If you only provide a basic workplace, you should have an expectation that the employee experience might not entice people to come into the office. But if you approach workplace design with the desire to make your office the best place your employees can do their work, you’ll see ripple effects across your organization—and a more successful adoption of hybrid work.”

WOUTER OOSTING

SENIOR DIRECTOR
CBRE WORKPLACE





A modern office lounge area with a large window overlooking a city skyline. The room features several blue and yellow armchairs arranged around a gold, lattice-style coffee table. The ceiling has circular pendant lights. The floor is highly reflective, showing the furniture and the view outside.

Long-Term Recommendations

01

Enhance office design to improve collaboration.

In [CBRE's 2021 Occupier Sentiment Survey](#), 37% of large companies with 10,000 or more employees said they plan to invest in activity-based working. Moreover, 47% are revisiting their office design standards and 60% are enhancing collaboration spaces in and around the office, indicating a recognition that the role of the office will change under a hybrid work model.

In fact, 97% of those large organizations anticipate embracing more shared workplace environments with at

least targeted if not full mobility around seating for employees—underscoring a move away from assigned desks and towards a free-address model.

One popular approach is activity-based working, a design ethos centered around providing employees with a number of unique work settings around the office such as configurable meeting rooms, social spaces and collaborative work environments.

Regardless of which approach a company takes, employers should think critically about how and why the workforce will use the physical office—and what will help make their time there dynamic and engaging.

“For too long now, our workplaces have been static instead of dynamic. We sit at one desk all day long with occasional meetings to break up the monotony. But we know that our workdays aren’t static. We’re constantly doing different tasks that require different environments.”

[KASEY GARCIA](#)

SENIOR DIRECTOR, CBRE WORKPLACE

What Are the Top Three Areas that Workplace Solutions Need to Support?

Collaboration, culture and employee engagement are the key value-adds of the office among large companies with more than 10,000 employees—edging out talent attraction.

83%
Team Collaboration

60%
Corporate Culture

57%
Employee Engagement

50%
Talent Attraction

Source: CBRE 2021 Occupier Sentiment Survey.



02

Prioritize workplace equity.

It's equally critical to think about how the company will balance the in-office and virtual employee experiences and prioritize workplace equity across them.

Whether employees are in the office or working virtually, they

will need a number of tools to engage their colleagues—and in-office settings that properly equip them to engage with teams and colleagues that may be working virtually.

From ensuring virtual meeting participants can productively engage with colleagues to facilitating programming and events to maintain culture and

organizational cohesion, there are myriad factors to consider.

Technology will play a role, along with effective in-office and virtual employee programming. Consider working with human resources teams to engage employees and offer them ways to serendipitously interact with one another regardless of their location.

03

Determine what hybrid work will mean for office occupancy rates.

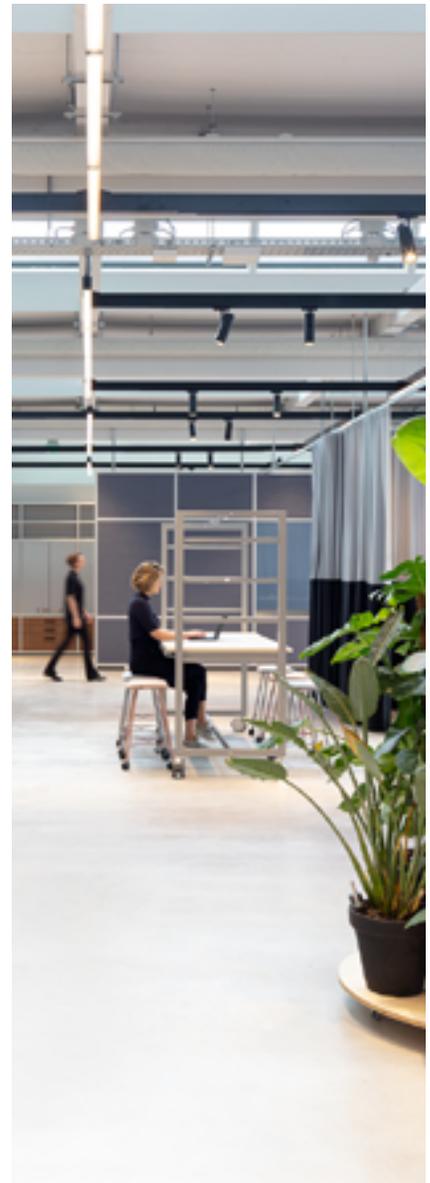
Through analyzing employee sentiment surveys and dictating organizational policies, it should be possible to model average occupancy rates for your workspaces. But these numbers are unlikely to remain static. Developing new metrics for office occupancy rates will involve a combined approach that includes:

- **Tracking workplace use rates:** As the company transitions to a hybrid work model, it's important to track how many people are in the workspaces on any given day and what office areas are seeing the highest demand.

The goal is to collect enough data to anticipate how often workplaces are being used and by whom. Over time, this data can offer insights into how best to reconfigure the workspaces.

- **Regularly surveying employees:** While quantitative data is helpful, it's also critical to collect qualitative data and insights from your employees to see what they need most from the office—and if a hybrid work model is working for them.

Consider asking key questions around how often employees are going to the office, how often they want to go to the office and what challenges employees are experiencing while working virtually.



- **Planning for peak occupancy days:**
In early discussions around hybrid work, some companies wondered what it might mean for their real estate portfolios—especially if they could only expect to a portion of their employees in the office on any given day.

But questions arose almost immediately around how to prepare for peak occupancy days when most of a company’s workforce might be in the office.

The question of peak occupancy days has serious implications for hybrid workplace planning and it’s something every company will need to solve.

- **Assessing the company’s portfolio strategy:** Hybrid work initially made headlines as something that would cause companies to become less reliant on traditional leased office space.

As it turns out, this isn’t exactly true. In [CBRE’s 2021 Occupier Sentiment Survey](#) just 9% of companies anticipated making a significant decrease in their office space holdings, which marked a 30% point drop from what was initially anticipated in March 2020.

The workspace designs necessary to support a hybrid work model are forcing many to reevaluate earlier plans to reduce their real estate footprint.

Some companies may choose to diversify their portfolios with satellite offices for suburban and employees who choose to work virtually—often called a “hub-and-spoke” model. Others may consider sponsoring “third workplaces” for their employees by offering compensation for coworking memberships at locations closer to home.

What Best Describes the Type of Seating Plans You Anticipate in Most of Your Workplace?

Among global multi-national companies with over 10,000 employees:

51%
activity-based working

35%
targeted mobility

8%
hot desking

3%
dedicated seats

Source: CBRE 2021 Occupier Sentiment Survey.

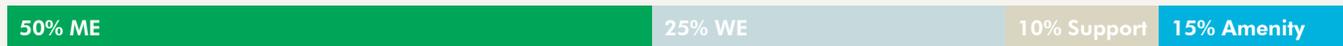
HYBRID WORK WILL REQUIRE A HYBRID WORKPLACE

Offices have traditionally been built around individual workstations. But a hybrid workplace needs to facilitate in-person collaboration and in-office flexibility. With employers viewing the office as a place for collaboration and meaningful employee connection, the role of the workplace is shifting towards a more intentional work setting defined by its ability to bring people and teams together. This shift has marked implications for office design, planning and workplace equity—or balancing the in-office and virtual employee experiences.

ACTIVITY-BASED WORK

Employees split time between home and office and engage in both individual and collaborative activities when there.

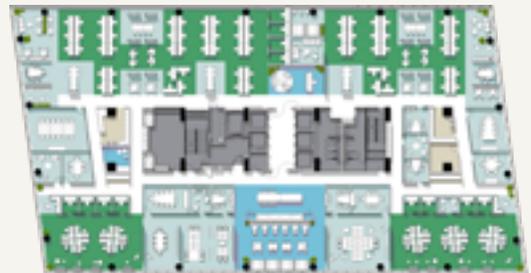
They report to a neighborhood shared with their function (or related functions).



TEAM-BASED WORK

Employees split time between home and office but come to the office primarily to collaborate with their team on a specific task or project.

They report to a “camp site” shared with their project team, with additional collaborative and social venues nearby.



EVENT-BASED WORK

Employees conduct most of their individual work at home and come to the office primarily for scheduled meetings and events.

Space is provided for collaboration and engagement with business partners, clients and community. Employees spend most of their time participating in creative meetings, brainstorming, socializing and learning.



What Hybrid Work Means for the Future of the Office

Companies may now be preparing to transition to a permanent hybrid work model—but many are also asking what this workplace strategy means for the future of the office.

CBRE believes that COVID-19 revealed three key principles about the modern workforce:

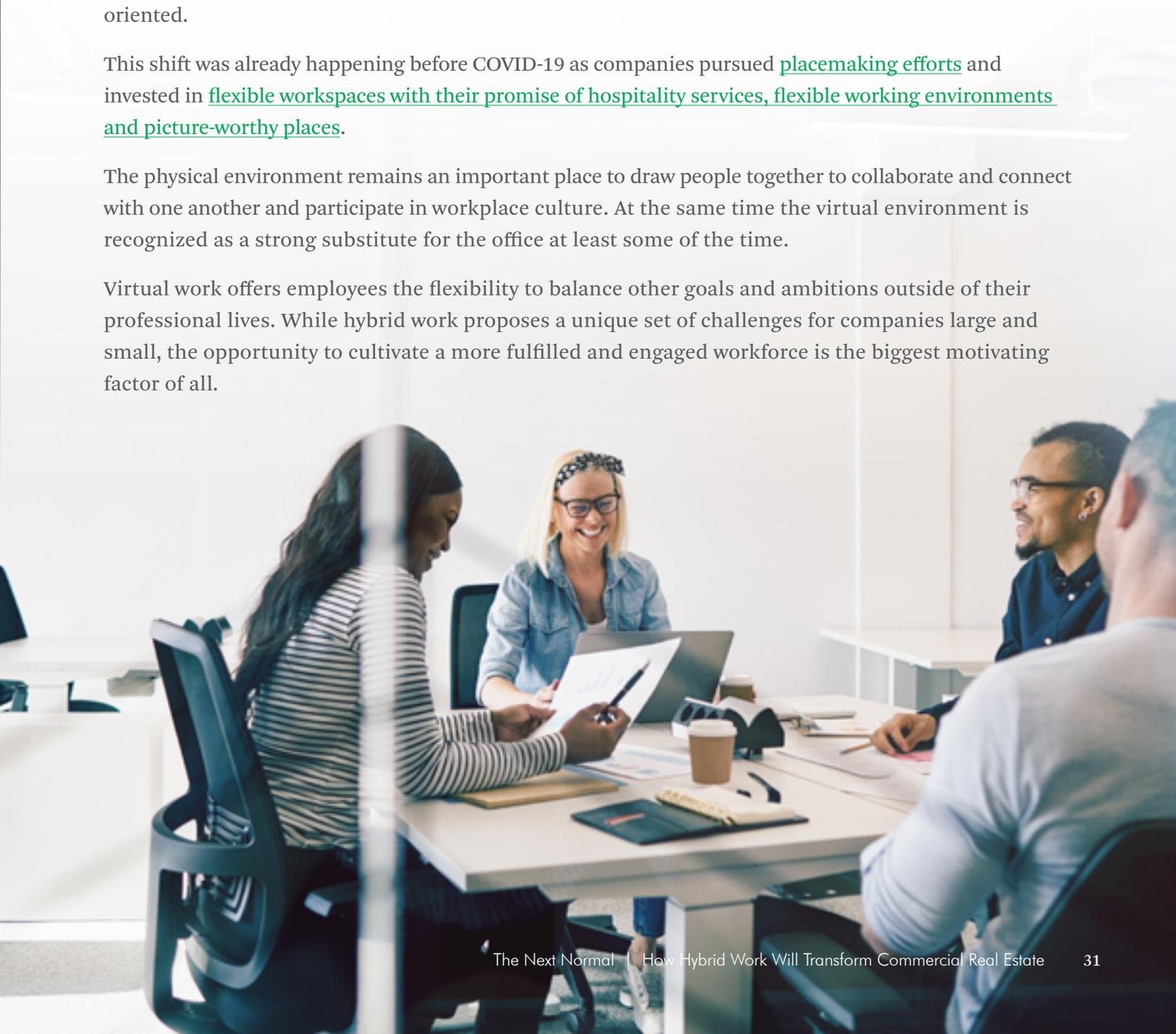
1. Employees value flexibility and the ability to more freely balance their professional and personal lives.
2. The digital infrastructure to support virtual work is already available.
3. There is widespread agreement among employees and companies that different kinds of work are best done in different types of spaces.

Taken together, these factors indicate that office space will need to offer enough value that people will choose the office over virtual work settings. In short, CBRE expects the office to become more consumer oriented.

This shift was already happening before COVID-19 as companies pursued [placemaking efforts](#) and invested in [flexible workspaces with their promise of hospitality services, flexible working environments and picture-worthy places](#).

The physical environment remains an important place to draw people together to collaborate and connect with one another and participate in workplace culture. At the same time the virtual environment is recognized as a strong substitute for the office at least some of the time.

Virtual work offers employees the flexibility to balance other goals and ambitions outside of their professional lives. While hybrid work proposes a unique set of challenges for companies large and small, the opportunity to cultivate a more fulfilled and engaged workforce is the biggest motivating factor of all.



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Methodology: We want to help global organizations understand the forces that determine how hybrid ways of working can be successfully introduced. This white paper is the result of an intercontinental initiative and a virtual steering group, comprised of colleagues from Asia Pacific, the Americas and EMEA. CBRE Research supported this model.

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