

ADAPT | EVOLVE | IMPROVE

OFFICE FIT

MIDDLE EAST 2021





Introduction

The pandemic has had an impact on the way we do things. For some, albeit for a brief period, the working styles changed, and how we shop and spend our leisure time changed. It also had an impact on the choice of accommodation we live in.

The move back to normality has also been quite different in countries around the world. A few global cities, such as Dubai, have bounced back from the setbacks of the lockdown fairly quickly to resume a normal routine.

Before the onset of COVID-19, as an industry we were focusing on key issues such as the environmental emergency and ESG, the challenges in our communities around mental health, new technologies which are fundamentally changing the ways in which we live and work, and changing attitudes towards work and workplaces, particularly offices. All of these continue to remain of paramount importance.

In response to the COVID-19 pandemic, as owners and occupiers adapt, evolve and improve their strategy especially around workplaces, Savills launched the Office Fit survey in 2020, to provide practical insights and design-led advice from our global experts.

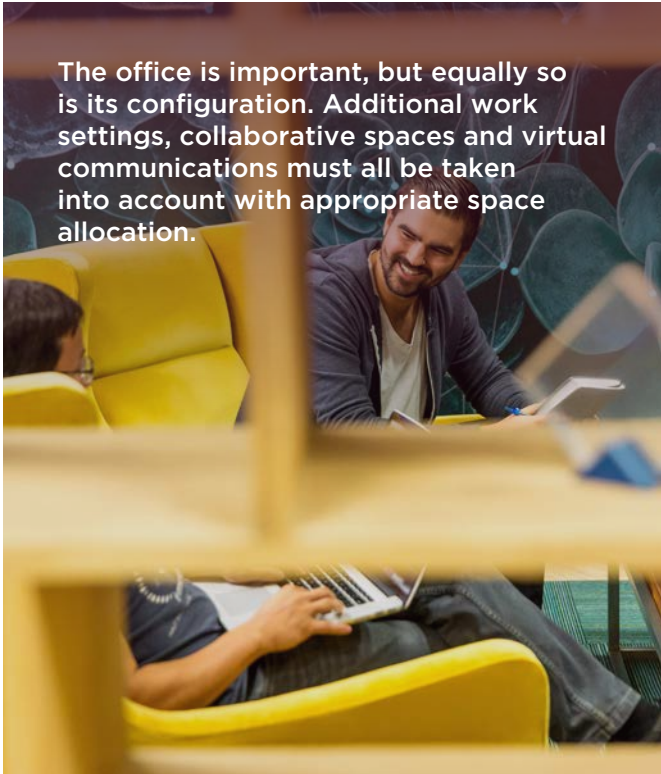
A year on, we carried out a follow-up study, to understand how perceptions around workplaces have changed.

As part of the study, we analysed responses from a survey of 100,000 owner and occupier clients and office workers across the EMEA region. Our findings indicate that the office remains vital, not only for corporate culture and success, but it also plays a huge role in the recovery, offering normality and reconnection.

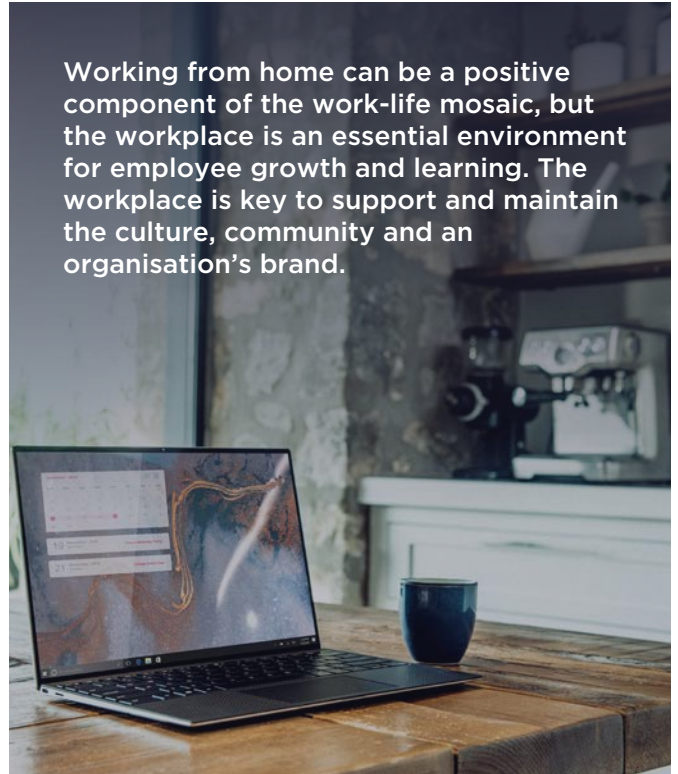
Our findings indicate a clear shift in favour of offices as a place that facilitates and supports mental health, promotes collaboration and productivity. 87% of the respondents believe the office remains essential for successful business operations especially post pandemic. The office emerged as the preferred choice to instil a sense of belonging and pride in the company and a place that promotes professional growth.

What do our findings indicate?

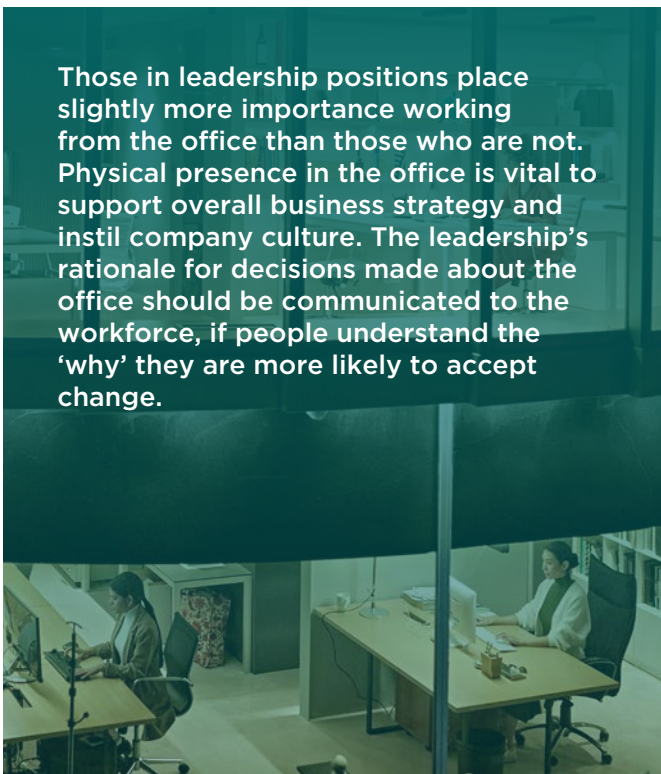
The office is important, but equally so is its configuration. Additional work settings, collaborative spaces and virtual communications must all be taken into account with appropriate space allocation.



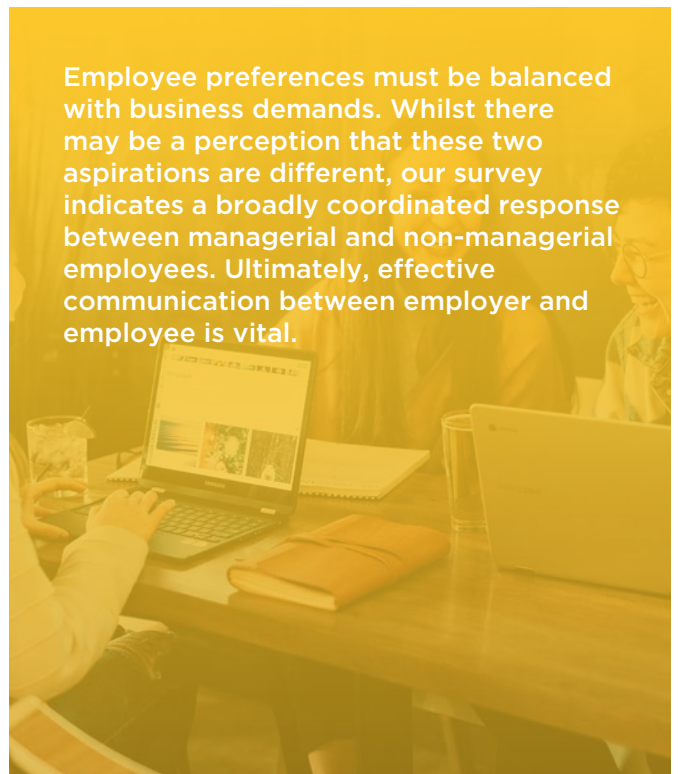
Working from home can be a positive component of the work-life mosaic, but the workplace is an essential environment for employee growth and learning. The workplace is key to support and maintain the culture, community and an organisation's brand.



Those in leadership positions place slightly more importance working from the office than those who are not. Physical presence in the office is vital to support overall business strategy and instil company culture. The leadership's rationale for decisions made about the office should be communicated to the workforce, if people understand the 'why' they are more likely to accept change.

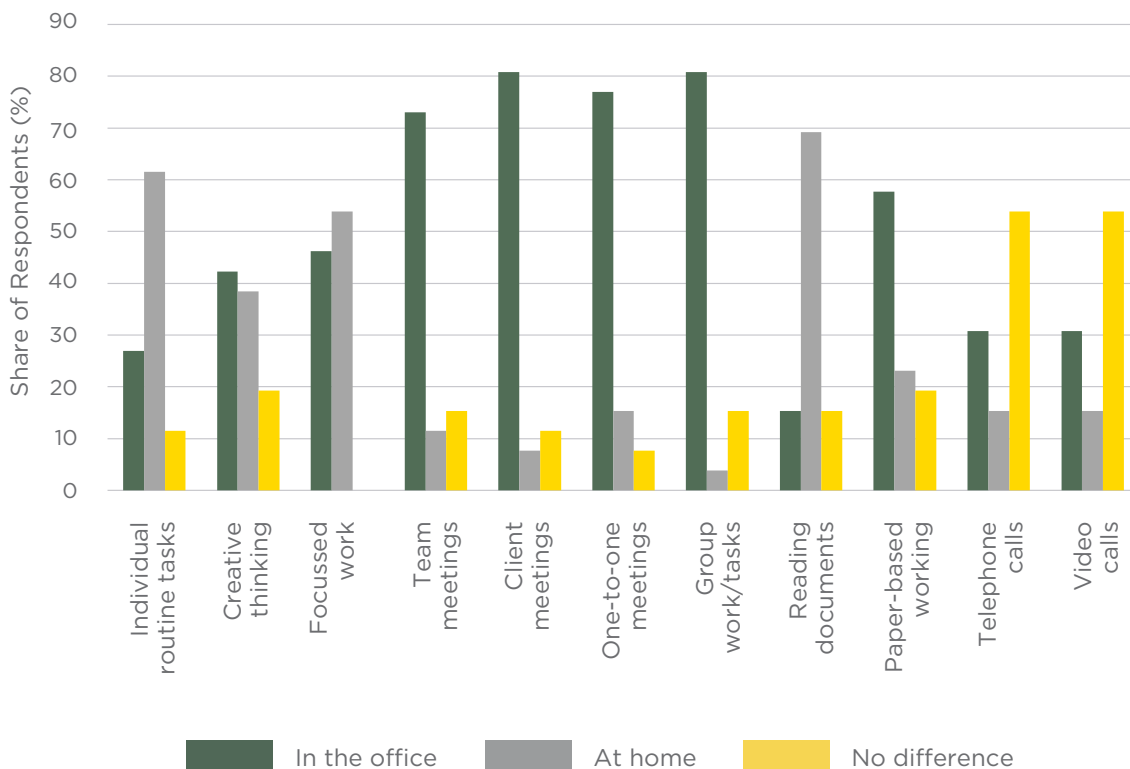


Employee preferences must be balanced with business demands. Whilst there may be a perception that these two aspirations are different, our survey indicates a broadly coordinated response between managerial and non-managerial employees. Ultimately, effective communication between employer and employee is vital.



Which activities are best suited for the office?

When it comes to the office, meetings and group tasks emerged as the most preferred activities to be carried out at the office. Whilst online meetings have been quite efficient, convenient and widely used over the last 12 to 18 months, the constant use of technology amid the virtual environment has led to the recently popularised and colloquial ‘Zoom Fatigue’— the exhaustion brought about by excessive virtual interactions. It is therefore no surprise that on an average, 77% of the respondents have chosen the office as the best location for meetings (team / group / one-to-one) and group tasks and workshops. Close to 81% of the respondents also felt that the office environment is best suited for group work / tasks and client meetings. On the other hand, reading documents (69%) and individual routine tasks (61%) were best completed at home, according to the respondents.



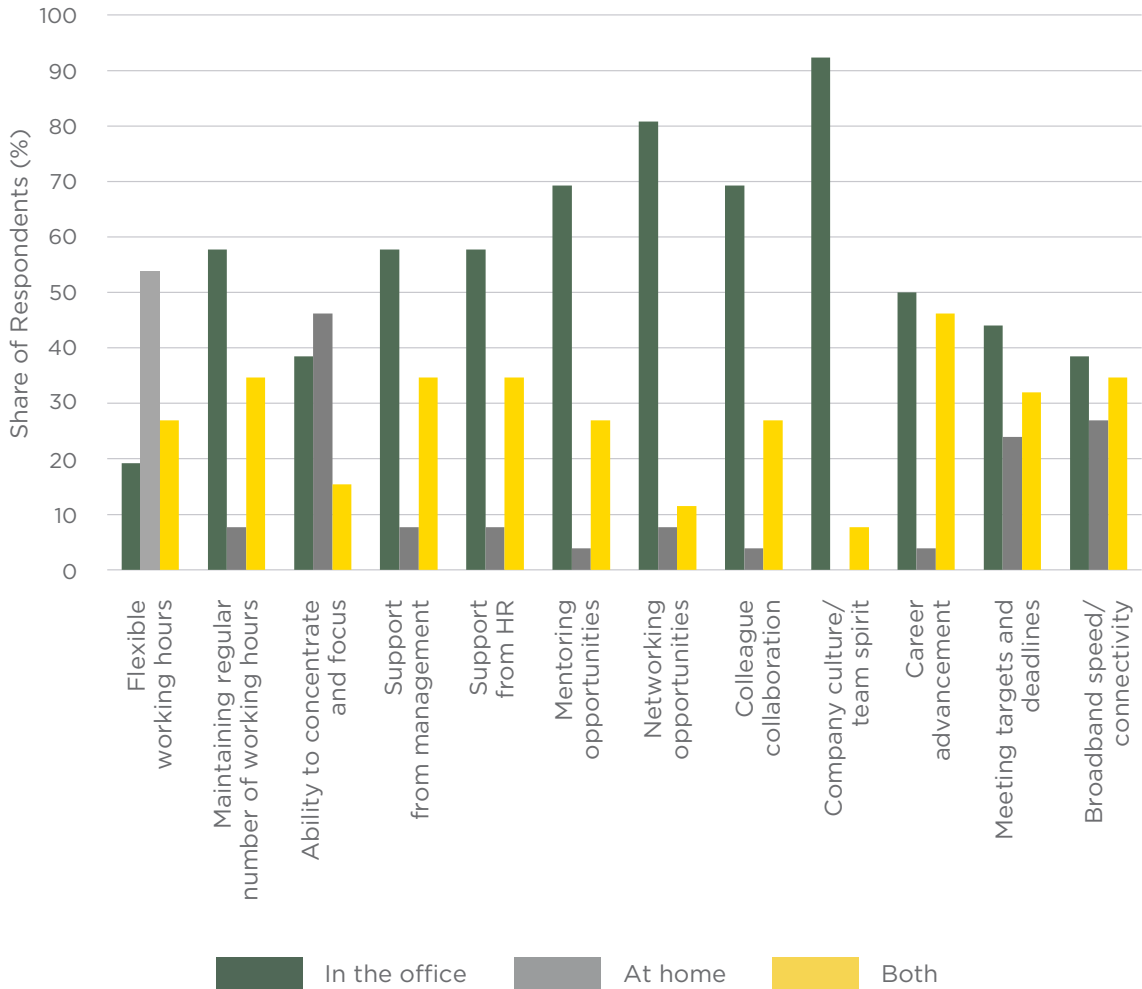
81%

said the office environment is best suited for group work / tasks and client meetings

61%

said individual routine tasks were best completed at home

The office also ranked high in promoting the company culture and team spirit (as per 92% of the respondents). Networking (81% of respondents), mentoring opportunities (69% of respondents) and support from the HR and management (58% of respondents) were among the other key metrics which are best achieved at the office.



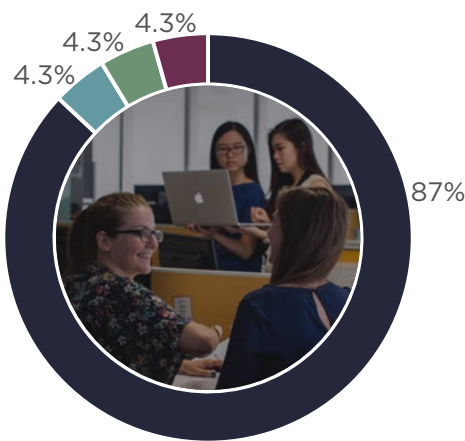
If not the office, then where?

Whilst offices remain vital, alternative work locations have gained greater popularity. We are seeing growing interest in a 'hub & roam' model where external and flexible workplaces form a valuable component for businesses in the future.

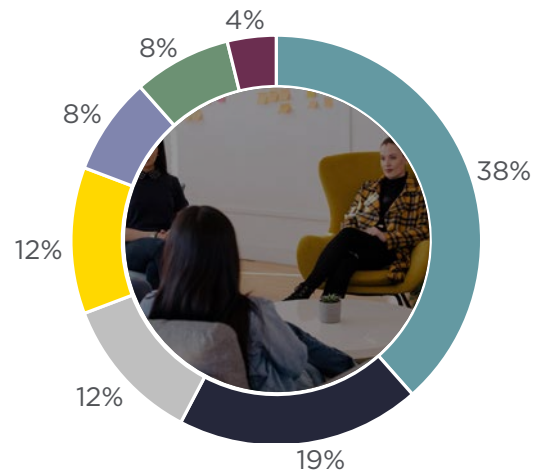
Our survey indicates that, while working away from the office, 67% of the respondents would prefer to work from home as their main work location outside of the office. This is followed by coffee shops and other flexible/serviced offices and the client's office.

When working outside of the office in the future, which remote working locations will you use in a typical week?

Primary working location outside of the office

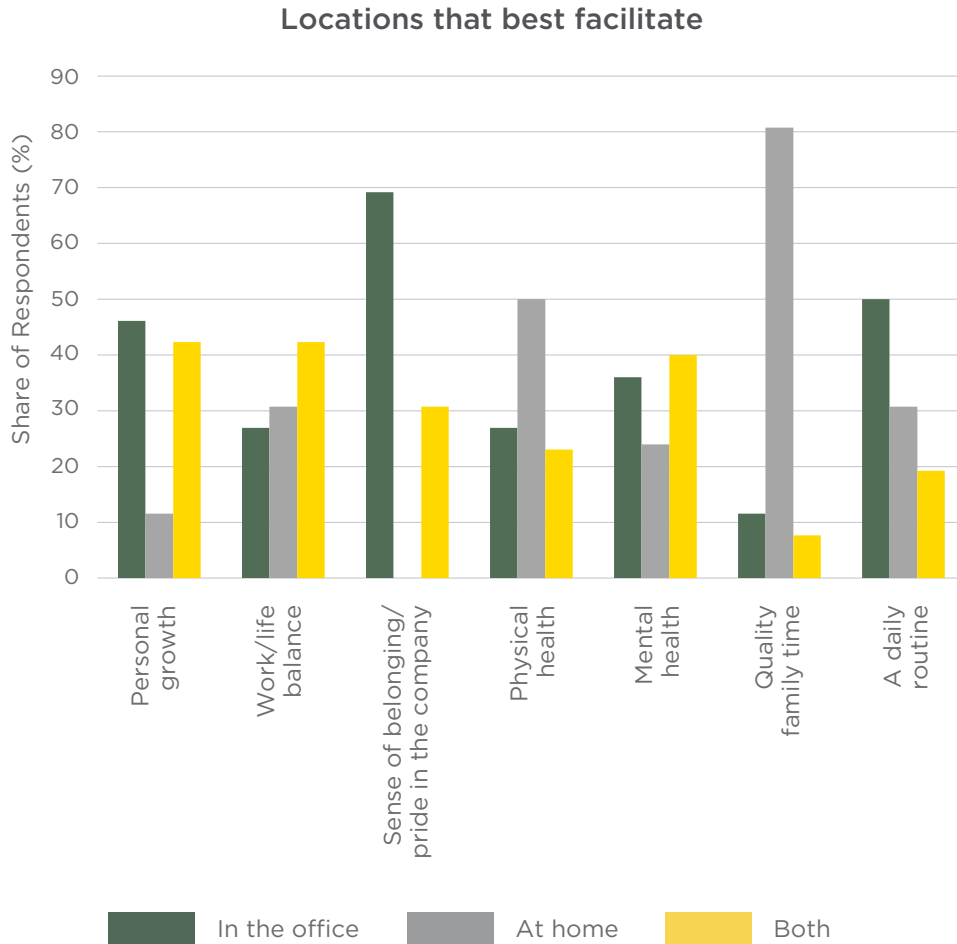


Locations outside of the office used some of the time



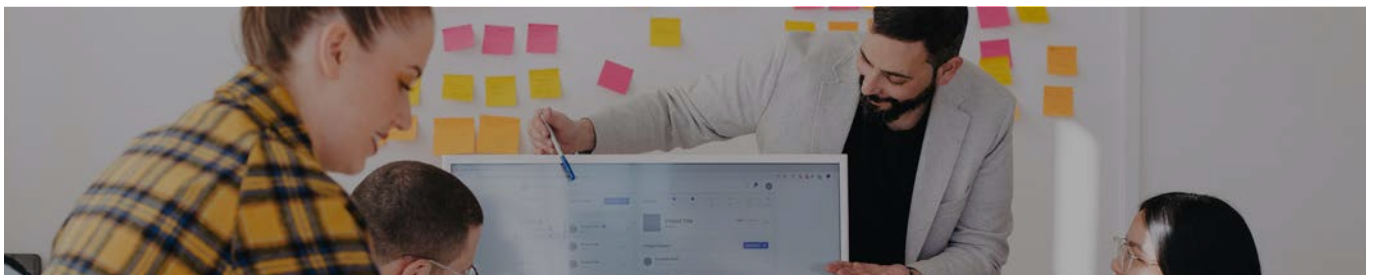
Our survey presented the views of the respondents on the places they prefer most for different tasks. The choices were simple; home, office or a mixture of both. The data shows that the majority of office employees believe a mixture of both is the likely option going forward.

However, to glean some insight from the survey results, it is worth concentrating on the significant differences between the home and the office. As shown in the chart below, personal growth is vitally important to most workers and our survey respondents felt this is best achieved in an office environment.



For corporates, the sense of pride in instilling and maintaining corporate culture and connection is key. The fear around homeworking is the resultant growth of sub-cultures or even worse, countercultures. A company that becomes dysfunctional may not deliver the growth expected and even required.

However, the office must provide more of the benefits of home working, such as physical health and a better work-life balance, as respondents believe these are better achieved at home. This may link to the potential shifts in times to commute and time spent away from the home, which has implications for future office hours, location and design.



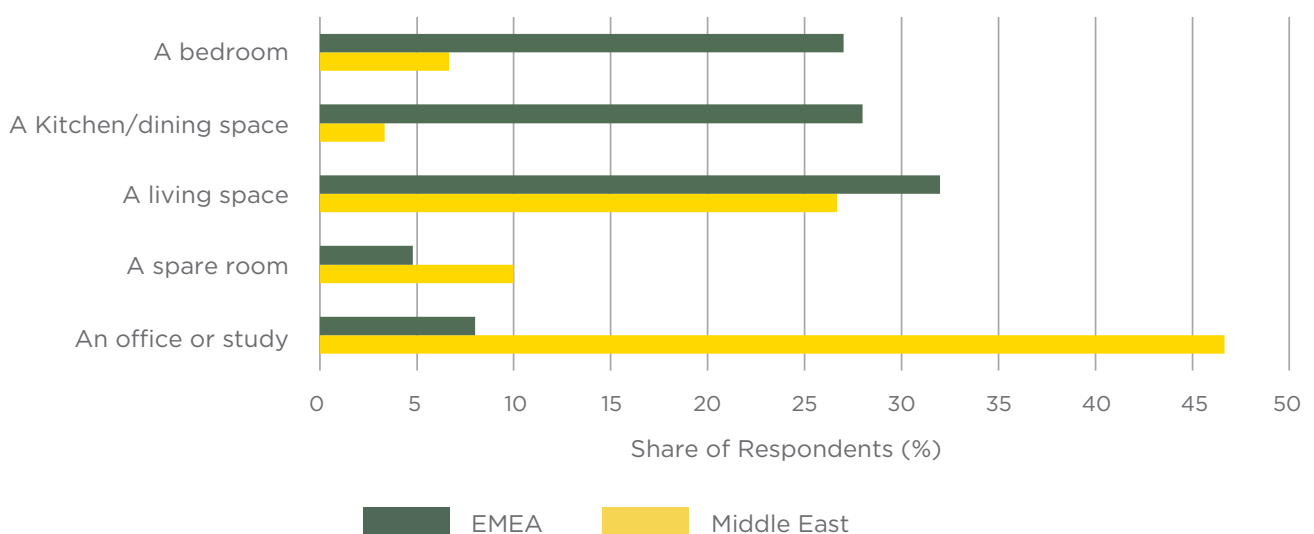
But are employees really equipped to work from home?

Corporates have demonstrated concerns regarding whether employees have the physical infrastructure to adequately work from home. As we can see below, younger workers across EMEA are working from living rooms, kitchens and bedrooms. Though it may be manageable for a brief period of time, for hybrid working to be truly successful, employees need to have the long-term physical infrastructure to efficiently work from home.

In the Middle East, the situation is more favourable towards working from home, as close to 47% of respondents have suggested they have an office or a study which they use to work. However, it is important to note that 64.5% of the respondents from the Middle East were in Senior Management or Manager/Team Leader positions.



At home, what type of space do you mostly use to work?

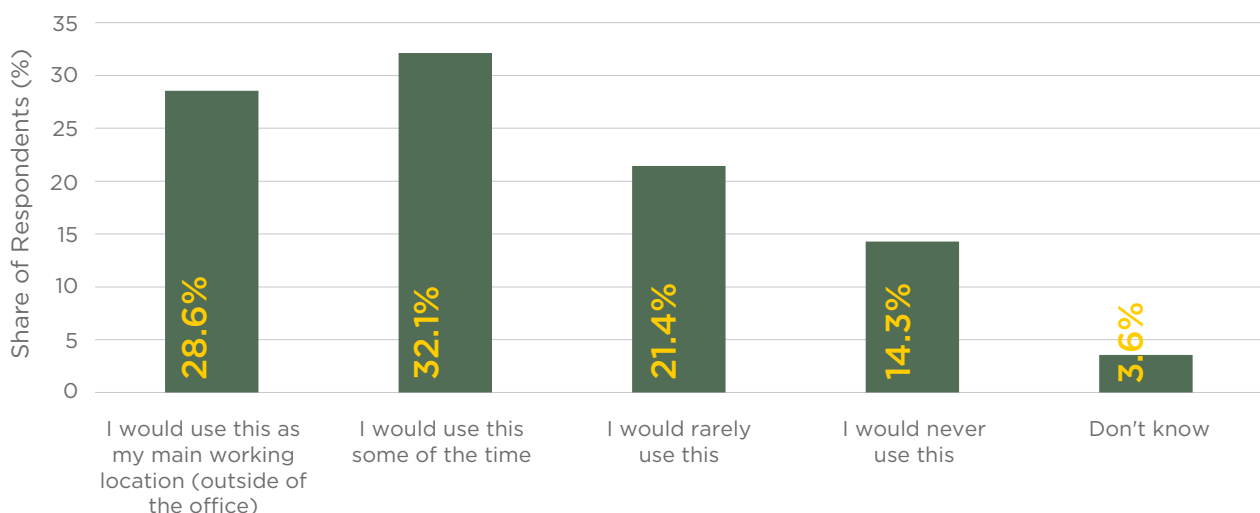


Is there still demand for flexible/serviced office spaces

The global pandemic has caused a number of challenges for the flexible workspace sector and as expected, the last 12 months saw the rates of private serviced offices and occupancy levels decrease globally. Private office occupancy fell from 81% to 68% over the last 12 months, while the shared space occupancy fell from 65% to 56%. Shared office space occupancy has seen a lower decrease compared with private offices, as there has been some demand from individuals seeking a space to work locally. ¹

There is not always a clear choice between home or office. What the survey data demonstrates very clearly is the broad variety of locations which provide a space to work. Our survey presents the opportunity for the market to service people who, when not working at home or in the office, are working in hotels, coffee shops and libraries.

If given the choice, would you prefer to work in a company leased or coworking office closer to your home, rather than commute to your main office location?



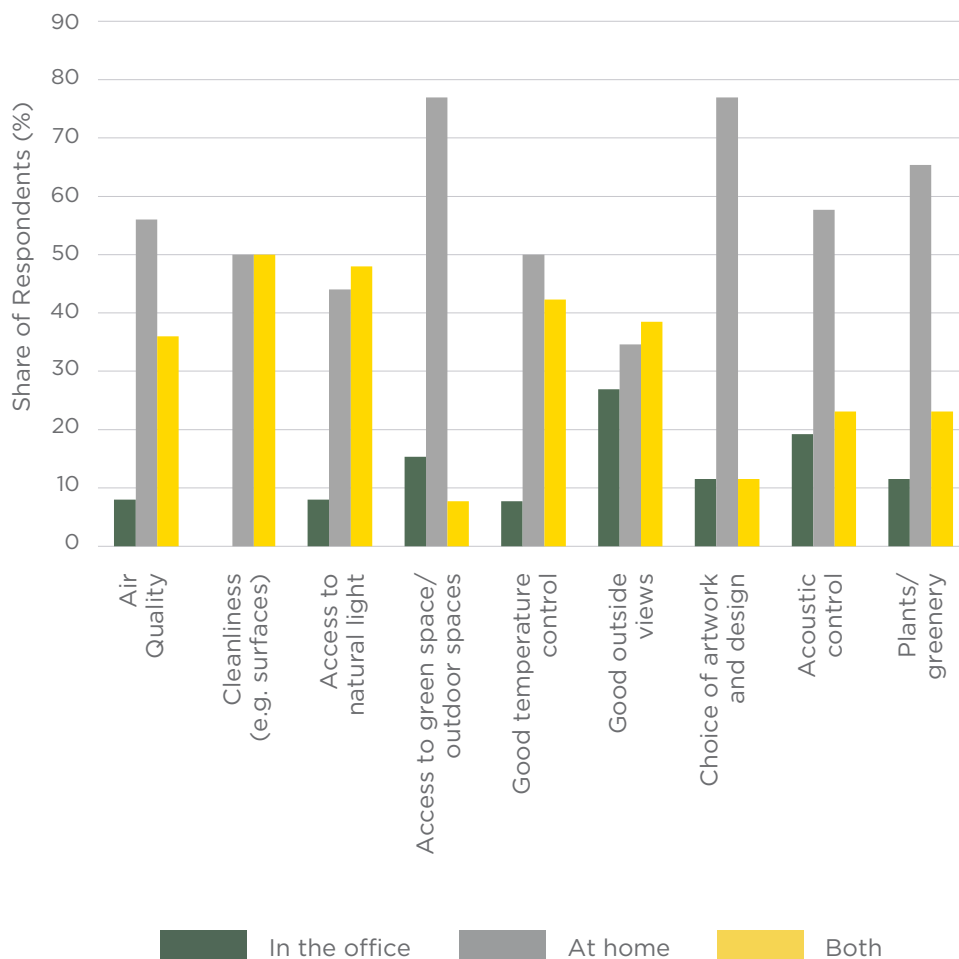
Interestingly, over 60% of the survey respondents shared that they would be willing to work in a company leased or coworking office closer to their home rather than commute to the main office, if that would help them save time.

¹ *The Workthere Flexmark 2.0, Savills*

What do employees expect from the office?

There has been an ongoing drive towards wellbeing in the workplace, which will now be further accelerated by the pandemic. The lockdown period has given people time to consider aspects of their comfort and wellbeing that are delivered more effectively at home than in the office. The survey results clearly demonstrate that people feel their fundamental needs such as cleanliness, natural light and green space are better met at home. Traditional offices can be constrained in terms of what they can provide; only a limited number of respondents said that their offices enabled access to outdoor and green space and good air quality.

Preferred work location for





Key Takeaways

- Our survey clearly shows that physical office space will remain a necessity for companies to operate successfully.
- To best meet a range of employee needs, a hybrid setting of both the home and office is required.
- It is important to consider generational differences; for example, younger people will require the office to build networks and progress in their careers.
- Instilling a work-life balance is critical, with a renewed focus on both physical and mental health.
- Desk space densities may decrease, but there will be a requirement to reconfigure the office to create a place employee want, rather than need, to be in.
- Flex space or serviced offices will see opportunities not only from start-ups or small companies but also from large corporates as they navigate the current shift in work-life dynamics.
- The majority of respondents believe that there will be a long-term impact on the design and size of the workplace.
- High-density, open plan workspaces will need to be rethought and reconfigured to allow for agile working.
- Activities such as reading and concentrating are better suited to working from home, whilst others such as meetings and collaboration are best achieved in the office. Design must change to successfully facilitate all of these things under one roof.
- Developers, investors and occupiers will need to consider future design solutions that can deliver green space, natural light and fresh air as employees prioritise their health and wellbeing.

FUTURE OF WORK

Join our experts to understand and discuss the future of hybrid working.



27 OCTOBER, WED
11AM – UAE TIME



Future of Work Panel Discussion

Ahead of the release of the detailed findings of the Office Fit survey, Savills Middle East hosted a panel discussion on the Future of Work to understand what lies ahead for hybrid working. Moderated by Richard Paul, Head of Professional Services and Consultancy, Savills, the discussion unearthed insights from Christopher Payne, Chief Economist, Peninsula Real Estate Management; Ben Corrigan, CEO and Founder, Bluehaus Group; Nadimeh Mehra, Vice President, District 2020; Julien Romanet, Deputy Head of Global RE, Gulf Islamic Investments and Steven Morgan, CEO Middle East, Savills.

The key takeaway of the discussion and our survey was the increased focus on people. The pandemic showed us that, supported by technology, working from home or outside of the traditional office can be successful. However, to foster the organisation's culture over the longer term, human interaction is essential.

There is, however, a growing preference for a workplace that is flexible, agile and hybrid. Companies must therefore work to create the modern office which can provide employees with different micro-environments to focus, engage and collaborate - all within the same space.

Future design solutions will likely incorporate skylights, large windows, operable fresh air opportunities, rooftop terraces, vegetation, balconies and courtyards: some of this is more prevalent in building design in recent years, but we will likely see more.

It remains to be seen if the world returns to working from the office full-time or if hybrid working is here to stay. In any case, companies have started to think about providing employees a space where they are motivated to come, work and feel fulfilled, personally and professionally.



As with most things, the market will decide if we adopt a hybrid model in the long term. If one company says we're going to have a hybrid model and you can work from home a couple of days but another says it's back in the office, we'll see how those two companies perform over time. If the 100% office-based one performs better than the other then that hybrid model company will soon revert to a normal model.

Christopher Payne
Chief Economist, Peninsula Real Estate Management

Our view is that a lot of what we're seeing today isn't necessarily new but is an acceleration of pre-COVID trends that were further hastened by the pandemic. As consultants we were designing workplaces and advising clients even before COVID to move towards the hybrid model – to create workplaces that are agile and component-based which ultimately become a destination, not an obligation to be in. We are now seeing an acceptance across almost all sectors whether banking, legal or technology firms regarding hybrid models, among other trends, and what the workplace of the future should look like.

Ben Corrigan
CEO and Founder, Bluehaus Group



The human centric element is critical to any real estate development. At District 2020 we don't look at it from a building perspective but from a community perspective. District 2020 is very future forward and future centric but it's based around the individual. The design thinking was applied on how the tenant, the resident the visitor would interact with the space.

Nadimeh Mehra
Vice President, District 2020



We're very bullish on the office sector. Our investment strategy hasn't changed much but we have adapted. The consideration now is how to put all the data we have together to select the right real estate investment to include not only the quantitative aspects but the qualitative items impacting tenants and occupants such as flexibility, access and wellness.

Julien Romanet

Deputy Head of Global RE, Gulf Islamic Investments

There has been continued interest in office space over the last 18 months or so and we've also seen that from our investors and clients globally. Interestingly, our capital markets teams globally are reporting that the pandemic is almost looking like a 2020 problem with the focus over the last 12 months turning to themes such as ESG and sustainability. Global space occupiers are going to become more and more focused on occupying sustainable space and that's really key for the future of work.

Steven Morgan

CEO Middle East, Savills



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Savills Office FiT was launched in response to the COVID-19 pandemic. It has been providing clients with practical, strategic and design-led advice and insights from our global experts, enabling the development of new strategies as owners and occupiers adapt, evolve and improve the workplace.



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