

New Ernst & Young Survey Outlines Predictions for the Future of Workplaces



Despite inflation and climbing interest rates, attitudes on office real estate are still “surprisingly rosy.” At least that’s the conclusion from the recent Ernst & Young Future Workplace Index survey, which collects data from hundreds of C-suite leaders across a range of industries.

The consulting firm reports that 58% of respondents indicated they would continue to invest in commercial real estate (CRE), and that this included “enhancing or expanding the real estate footprint.” Only 33% of respondents mentioned plans to “downsize their investment in commercial real estate.”

Hybrid Needs

Another trend picked up on in the report is the ongoing (and seemingly accelerating) shift towards a hybrid workforce, with 70% of employees “working from home at least two to three days a week.”

According to EY, the upshot of this trend is that over 60% of respondents said they were considering leasing suburban office space as the workforce shifts out of city centers. Many of the employers surveyed added that they still considered physical office spaces a “crucial component to a company’s ability to thrive now and in the future.”

An Ongoing Development

Interestingly, a CommercialEdge analysis from the start of 2022 shows that this move towards the suburbs is nothing new. As the Proptech outfit outlines, 67% of offices built in the last 20 years have been in suburban areas.

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CommercialEdge is quick to point out that this shift hasn't been universal, with many Midwest cities bucking the trend. Overall, however, they do state that from 2002-2021: "Clearly, suburban office development outpaced that of urban office development in the vast majority of markets across the country."

They add that, as companies develop large "campuses" away from urban centers, many smaller businesses have followed suit in the move to the suburbs.

The Four-Day Workweek

Perhaps one of the more surprising findings in EY's report was that around 40% of companies stated they had either "started using a four-day workweek or are in the process of implementing one."

EY notes that, in the face of a tight labor market, these companies are making increased efforts to attract and retain employees by considering new incentives.

So are Things Looking up for Office?

After a year where opinions on the office issue have ranged from bracing for "an apocalypse" to "taking a wait and see approach," EY's data comes as something of a ray of light. That said, it's still hard to predict exactly what the future holds for the office market.

There's no doubt that the situation will continue to develop in interesting ways in 2023, and we'll be keeping a sharp eye on the trends, as and when they unfold.

For now, however, the shifting workweek, new office locations and an increasingly complex hybrid environment should be taken for exactly what they are: opportunities for savvy CRE professionals to come up with creative solutions in a changing market.

