

Adaptive Spaces

2024 Americas Office Occupier Sentiment Survey

REPORT

Driving Strategic
Change

CBRE RESEARCH
AUGUST 2024

CBRE



Executive Summary

CBRE’s 2024 Americas Office Occupier Sentiment Survey provides insights from 225 corporate real estate executives overseeing office portfolios across the U.S., Canada and Latin America. It examines current and future portfolio strategies and technology and sustainability initiatives. The report analyzes trends among office occupiers seeking to align their workspaces with hybrid work models while meeting their business objectives.

KEY FINDINGS

1

Attendance policies are a mainstay, but adherence still lags; one-third of respondents want more in-office attendance.

Approximately 80% of organizations have a return-to-office policy, but only 17% actively enforce these policies. This disconnect between policy and enforcement contributes to the gap between employer expectations and employee behavior: 60% want employees to work in the office three or more days per week, but only 51% of employees are in the office that frequently. Thirty-four percent of respondents anticipate closing this gap by increasing attendance. Space sharing remains top of mind to align with new utilization patterns and optimize portfolios.

2

More than 70% report having an effective workplace but still struggle with how to objectively measure performance.

Seventy-three percent of occupiers believe their workplace is effective, yet only 46% actively measure effectiveness. Those that measure most often use space utilization, employee engagement scores and employee retention/attrition metrics. Those who use space utilization statistics are less likely to report an effective workplace than those relying on data measuring interpersonal connections, such as employee engagement scores or retention/attrition.

3

More companies are returning to expansion mode while renewals remain in favor.

Thirty-eight percent of respondents expect to increase portfolio requirements, up from 20% in 2023. This reflects a waning of the post-pandemic focus on space reduction. Eighty percent of respondents are considering renewals, motivated to stay in place and benefit from market adjustments while avoiding the high costs of moving and building out new space. Still, 59% are considering relocation to upgrade location, space or experience. Flexibility remains a top priority for renewals or relocations.

4

Moving toward more technologically advanced and sustainable portfolios with net zero targets driving change.

Forty percent of respondents report that they are starting to deploy more advanced technologies and applications to automate workflows and operations, and 43% use AI mostly for lease administration. Most occupiers anticipate maintaining their real estate tech spending at last year's level, likely due to economic pressures and cost containment strategies. Fifty-seven percent have a net zero target that they are partnering with landlords to work toward, citing the importance of green building certification.

01

The Reality of Office Attendance

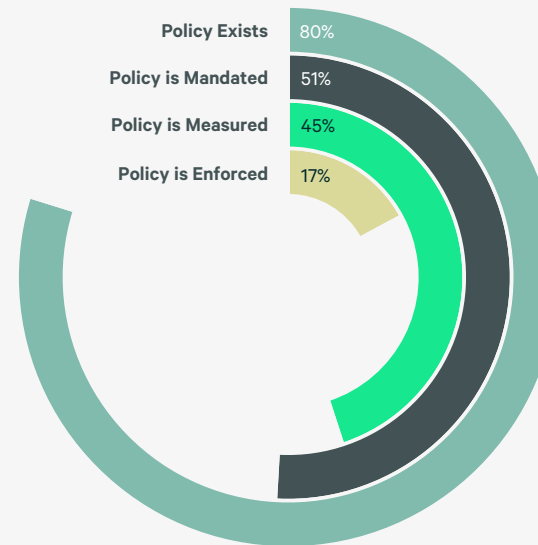


Office attendance policies are common, but enforcement still lags

Four years into widespread hybrid working patterns, most organizations that plan to do so have created expectations around office attendance. Eighty percent of respondents say that their company now has a policy on office attendance—up slightly from 78% in 2023.

For the companies with an office attendance policy, measurement and enforcement strategies vary. Fifty-one percent of respondents with a policy report that they mandate attendance, but only about 45% measure it, and only 17% consistently enforce it. This disconnect is a factor in the continued gap between employer expectations and employee behavior. While policies are important for clarification and guidance, they are not guaranteed to drive compliance, especially without enforcement. At the same time, holding employees accountable to mandates can create negative outcomes if employers don't strive to understand, and remedy, the barriers blocking more frequent office utilization. Employers who remain frustrated with lack of office utilization should explore the underlying challenge in order to deploy the right lever for change.

Figure 1: Office Attendance Policies and Mandates



Source: CBRE Research, May 2024.

Holding employees accountable to mandates can create negative outcomes if employers don't strive to understand, and remedy, the barriers blocking more frequent office utilization.

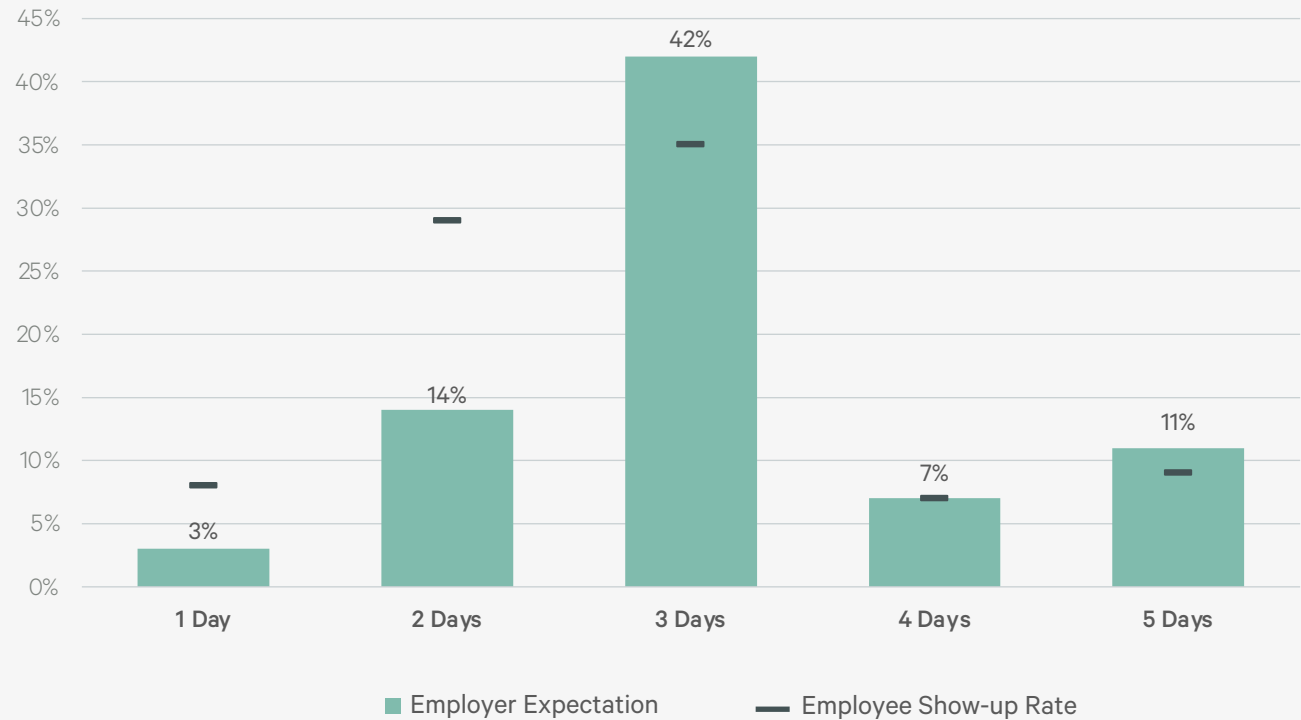
Employers and employees reach stalemate around office attendance

A disconnect persists between employer expectations for office attendance and employee behavior. Sixty percent of respondents report that they want their employees in the office three or more days per week, while only 51% report that employees work in the office at that frequency. Conversely, 37% of employees show up 1-2 days a week, yet only 17% of employers are satisfied with that attendance.

Bridging the gap between 1-2 days and 3 days per week in-office should translate to better alignment between employers and employees on office attendance. The gap between employer expectations and employee behavior has narrowed slightly since 2023 but suggests a stalemate is approaching on office attendance.

	Average Office Attendance Days		
	Tech	Financial Services	Overall
Employer Expectation	2.8 days	3.3 days	3.1 days
Employee Show-up Rate	2.4 days	2.9 days	2.8 days

Figure 2: Employer Expectations for Office Attendance vs. Actual Show-up



Source: CBRE Research, May 2024.
Figures do not total to 100% due to omission of those with no expectation/not reporting show-up rate.

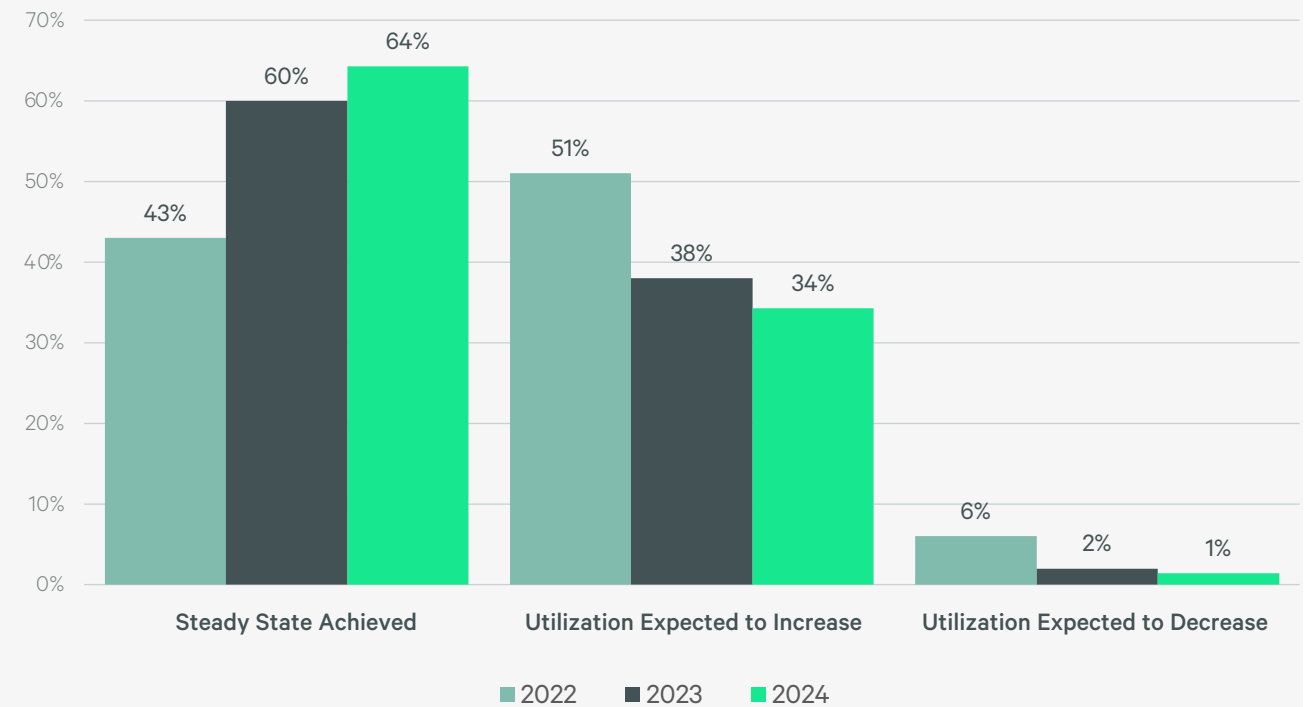
Steady state edges closer

More organizations have accepted that they have reached a steady state with their utilization: 64% of respondents report that their current office utilization patterns are at a steady state, up from 60% last year and 43% in 2022. This statistic suggests that organizations have largely accepted hybrid working patterns as a new normal.

64%

of respondents report that their current office utilization patterns are at a steady state.

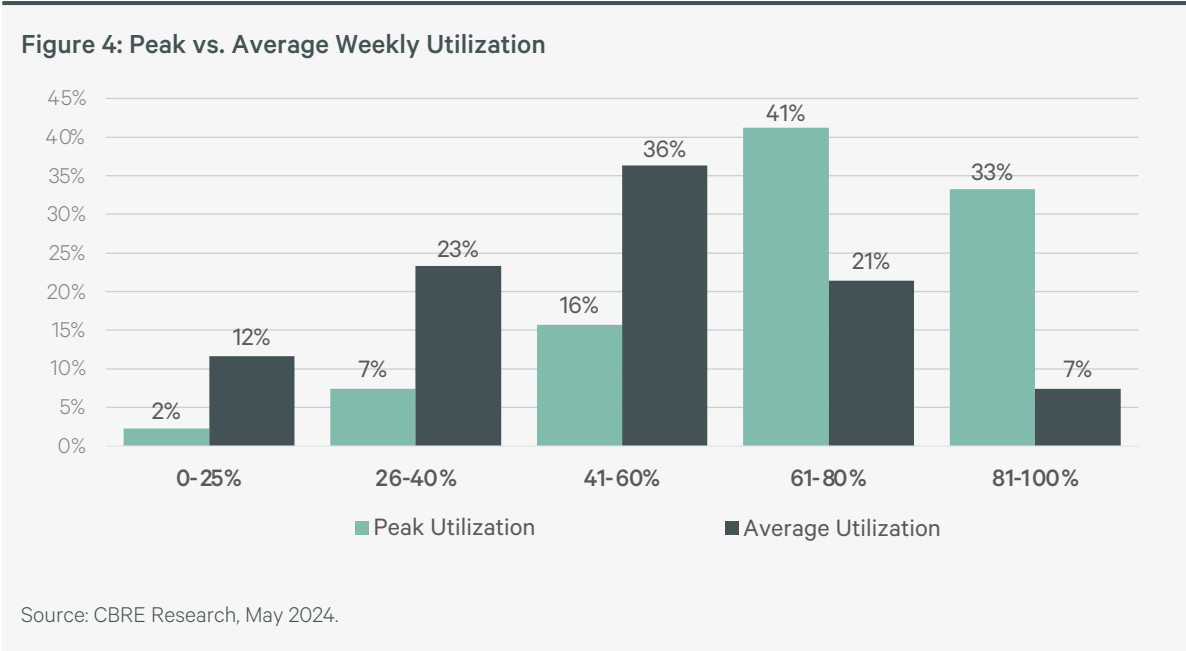
Figure 3: Expectations About Office Utilization Patterns



Source: CBRE Research, May 2024.

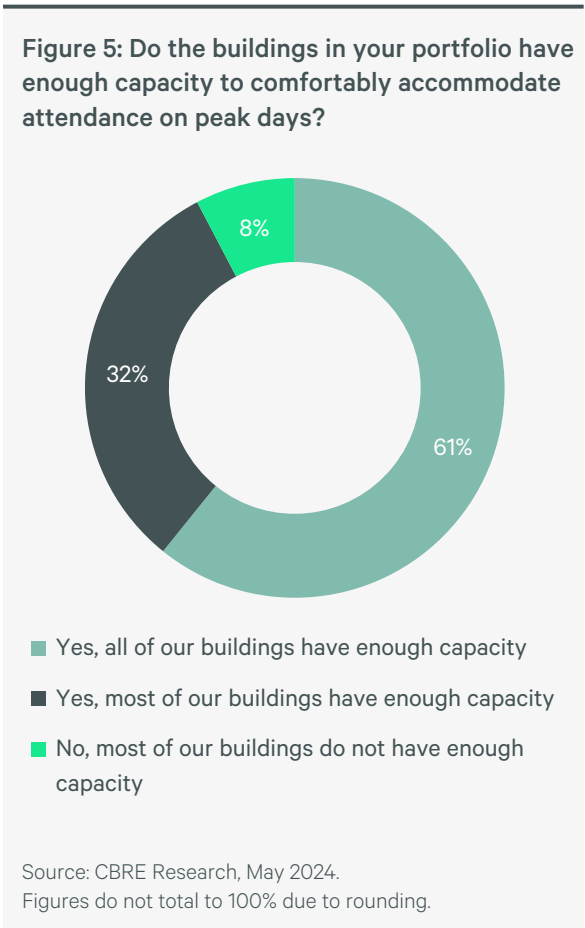
Adapting to the peaks and valleys of office utilization

This increased acceptance of steady state means planning for a new reality of hybrid work patterns that naturally lead to uneven office attendance across the week. On peak attendance days, typically Tuesday and Wednesday, 74% of organizations report an office utilization rate greater than 60%. Only 28% achieve 60% plus utilization across the week, meaning that for most companies the lowest attendance days of Monday and Friday have much less utilization. Planning for peak utilization while ensuring vibrancy in the office even during off-peak times is essential for occupiers making portfolio decisions today.



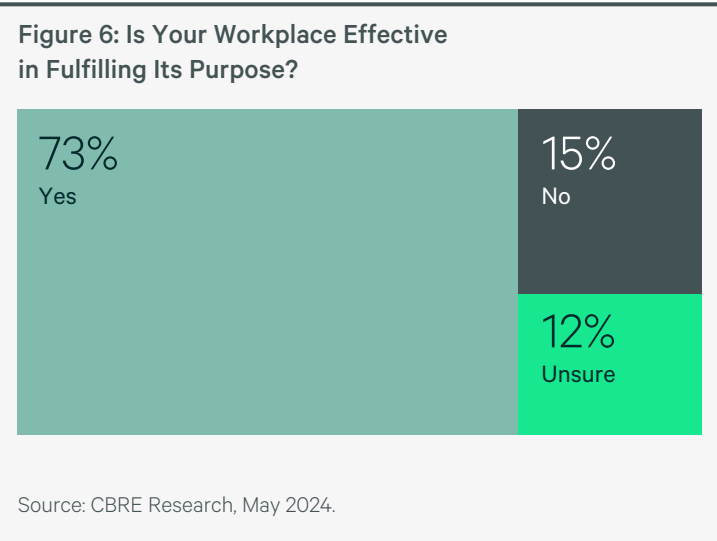
While many occupiers have recalibrated their office portfolios to adapt to lower utilization, 61% of respondents report that their buildings have enough capacity to accommodate attendance on peak days. However, 40% report that some (32%) or most (8%) of their buildings do not have the capacity to accommodate peak attendance. These companies may have trimmed their space too much or business growth may have necessitated more hiring.

The 40% of respondents that are short on office space may seek to expand their portfolio to accommodate peak attendance, which would increase office leasing activity.



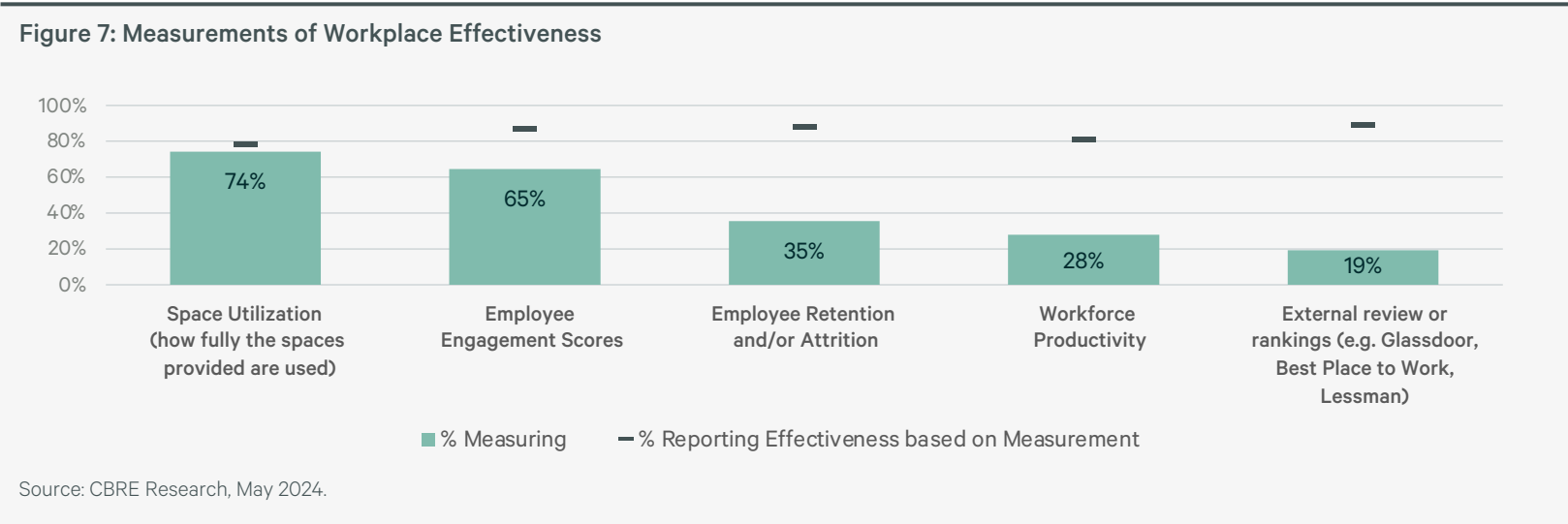
Effectiveness of the workplace is top of mind, but KPIs not uniform

Across surveyed occupiers, 73% report that their workplace is effective in fulfilling its purpose, yet less than half of respondents report that they are measuring effectiveness. With more than one-quarter of respondents indicating that their workplace is ineffective (or at best they are unsure of its effectiveness) and half of respondents not measuring effectiveness at all, today's environment clearly presents an opportunity to drive better KPIs around workplace performance.



Those measuring effectiveness most often track space utilization (74%), employee engagement (65%) and employee retention/attrition (35%). In [CBRE's Fall 2023 Occupier Survey](#), respondents cited interpersonal connection as the most important value proposition of the office, reinforcing the importance of measuring those aspects of the workplace. Respondents using space utilization were less likely to report an effective workplace (78%) compared to those measuring effectiveness using employee engagement scores (87%) or employee retention/attrition (88%).

Only 28% of respondents use workforce productivity to measure workplace effectiveness, underscoring the difficulty of measuring productivity, particularly in the context of the workplace. Of the organizations using productivity to measure workplace effectiveness, 81% report that the workplace meets their needs. Hybrid work has drawn extra attention to employee productivity, as reduced visibility into employees' day-to-day work habits is a point of contention for corporate leaders.



Desk sharing remains in favor

Recalibrating the workplace to meet the realities of hybrid work means that more companies are embracing desk sharing. In 2024, only 40% of companies report having an employee-to-desk ratio of 1.0:1 or less—down from 56% last year. That number is expected to drop to just one-third of respondents over the next two years, as 1.0:1 seat planning continues to lose favorability among occupiers planning for hybrid work.

The most occupiers report seat sharing of up to two employees per seat, but the share of those gravitating to three or more employees per seat is growing. The shift toward greater seat sharing will drive additional portfolio downsizing to a degree, but many offices will also be reconfigured to include more collaboration and amenity space while housing fewer desks dedicated to individual employees. [CBRE's Global Workplace & Occupancy Insights](#) report examines the impacts of increased seat sharing, which include emphasizing alternative work seats. Additional seating types in collaborative and social spaces enable employees to work in places other than traditional desks based on whether they are performing focused work or collaborating with colleagues.

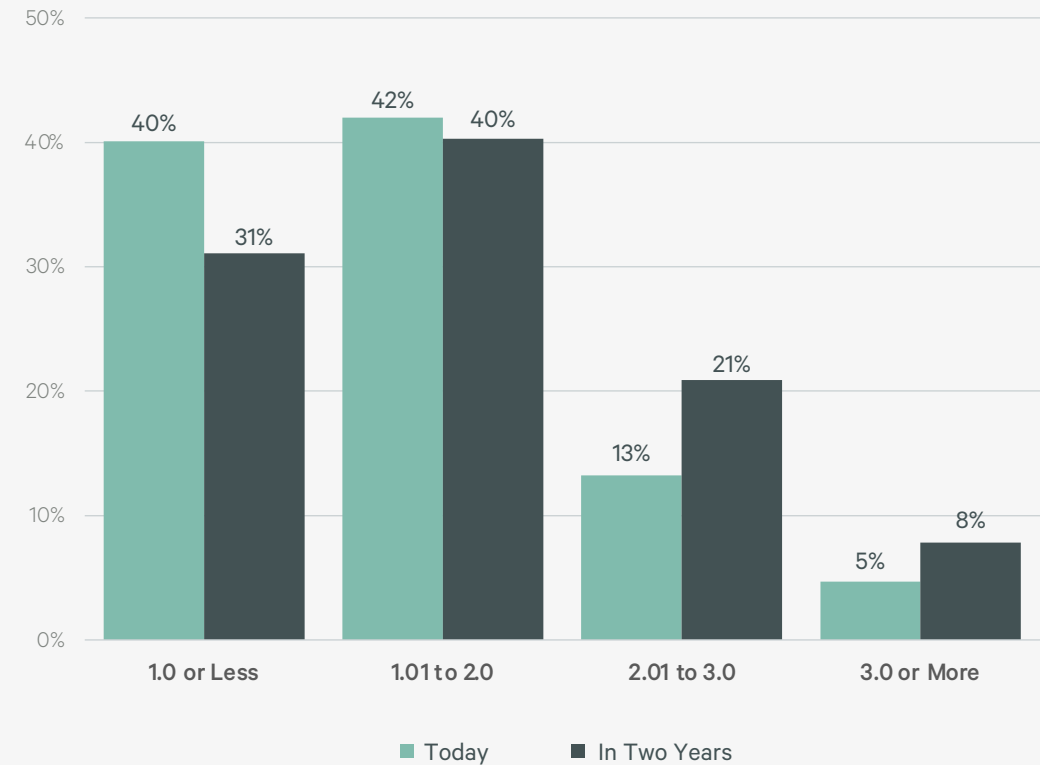
2024 | 2026

Financial Services 1.6:1 → 1.8:1

2024 | 2026

Technology 1.7:1 → 2.1:1

Figure 8: Employee-to-Desk Ratio



Source: CBRE Research, May 2024.

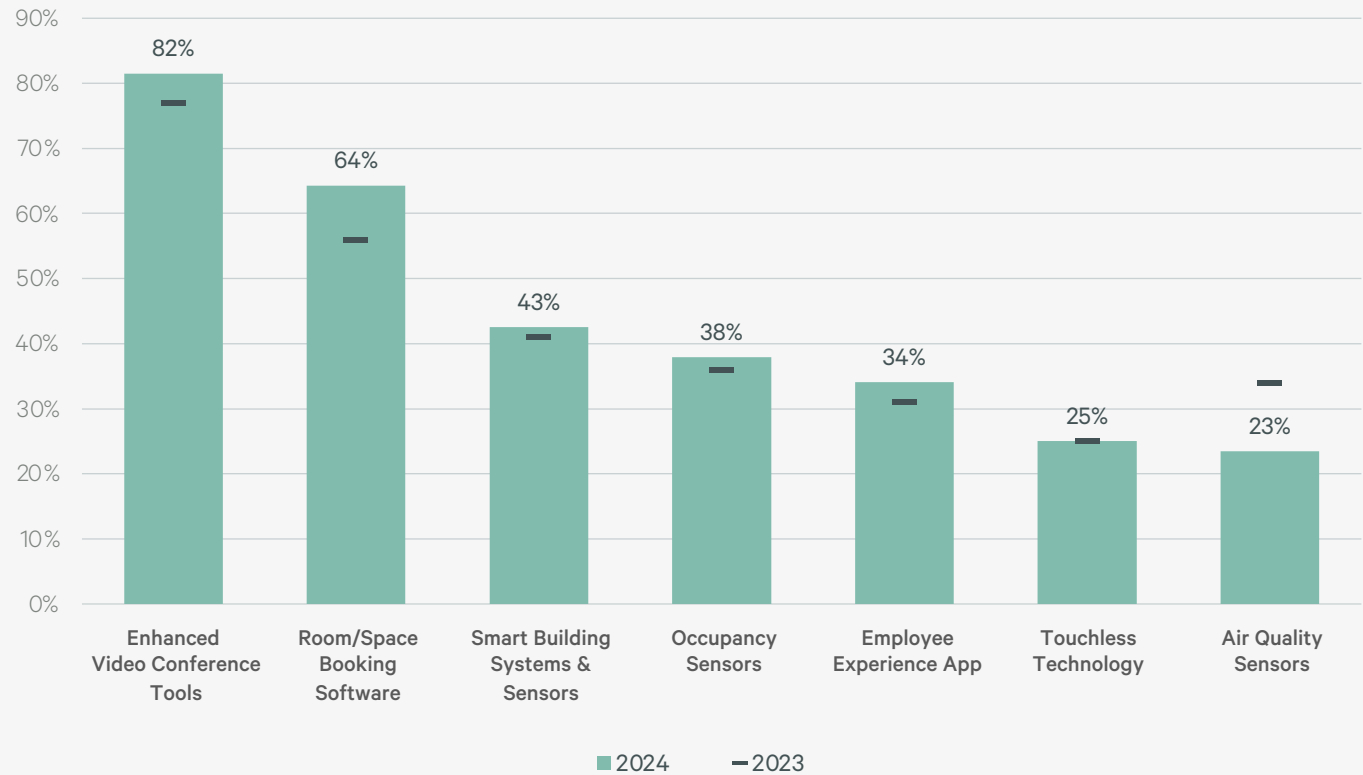
Technology priorities to support hybrid work

Occupiers also continue to prioritize technology that better connects a hybrid workforce and makes space planning more predictable. Enhancing video-conferencing tools in the office is a top priority for occupiers, with 82% ranking it among their top three priorities. Room-booking software—which helps to manage limited space availability for a hybrid workplace—is a top priority for 64% of companies.

82%

of respondents report that enhancing video-conference tools in the office remains a top priority

Figure 9: Corporate Real Estate Technology Priorities



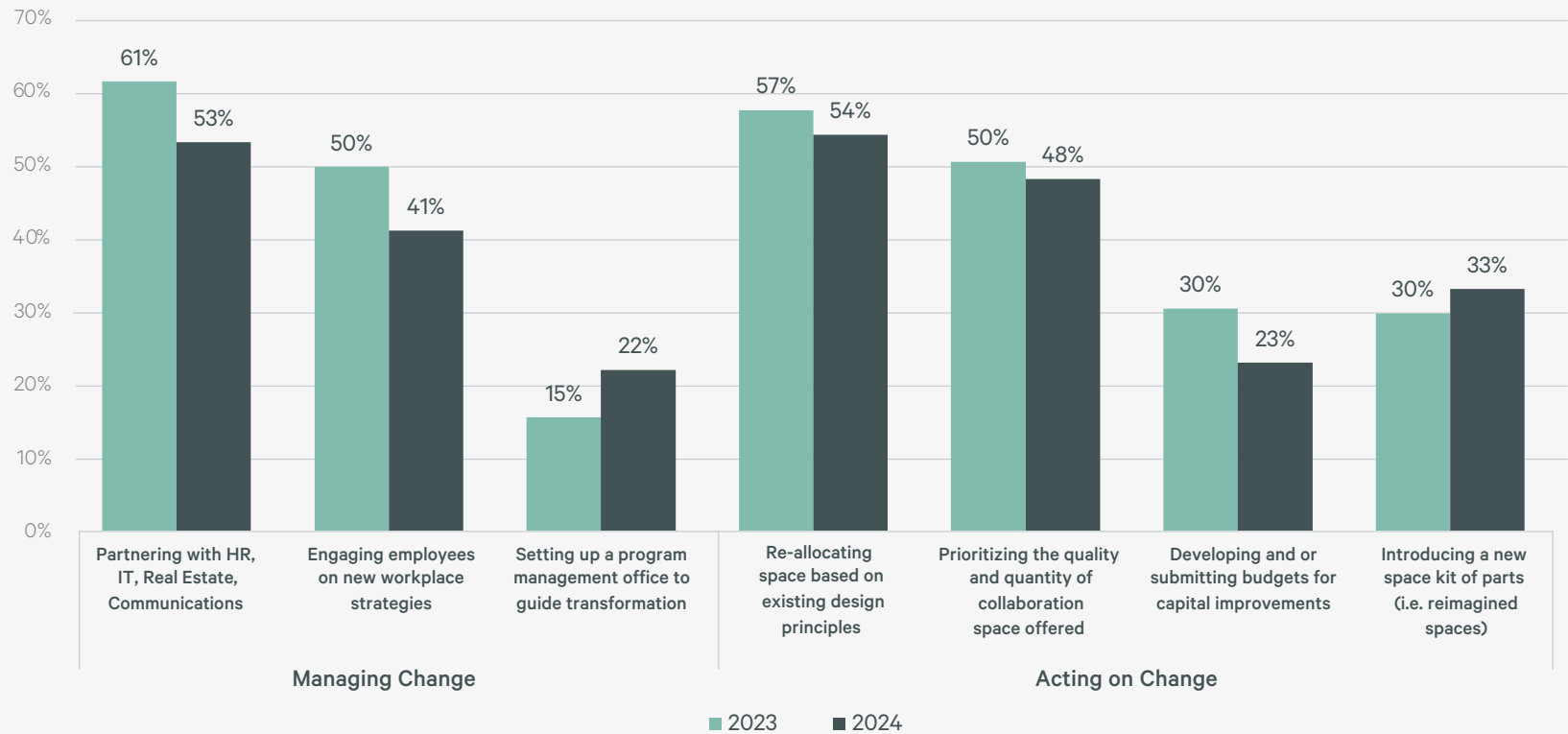
Source: CBRE Research, May 2024.

Workplace change still in transition amid economic uncertainty

This year, half of organizations are managing change by partnering with other internal organizations and more than 40% by seeking feedback from employees. This is less than last year, signaling perhaps that some have finished the planning stages and are moving toward action. Interestingly, 22% report setting up a program management office to guide transformation, up from 15% last year, further supporting this point of view.

Occupiers continue to activate change toward supporting the future of work in 2024. The slight decrease in respondents deploying active change strategies is likely due to having already implemented change during the last four post-pandemic years. Additionally, budget constraints are a hindrance to change today—only 23% of occupiers report budgeting for capital improvements in their plans, down from 30% last year. Cost containment measures mean companies must be creative and specific in reinventing the workplace to support the future of work.

Figure 10: Workplace Change Strategies



Source: CBRE Research, May 2024.

02

Effective Portfolio Planning



Growing share of occupiers anticipate portfolio expansion

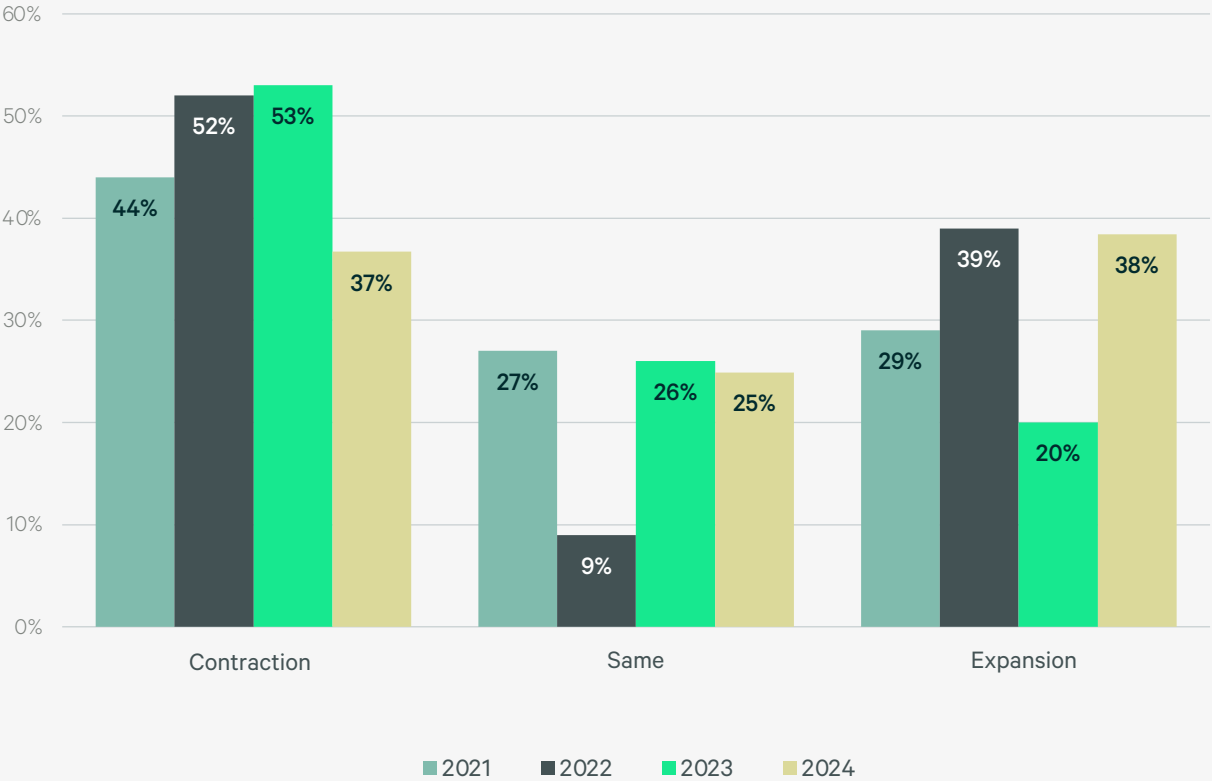
Companies' expectations for portfolio growth versus contraction have shifted over the past year: 38% of respondents now expect portfolio growth (compared to 20% in 2023), while 37% anticipate contraction (down from 53%). Sentiment toward expansion this year is similar to 2022 survey results, which aligned with a rebound in leasing in late 2021 through 2022, supported by renewed hiring and increased tech leasing.

As of the 2023 survey, the companies that foresee expansion cite reasons due to expected business growth and evolving workplace design standards that accommodate new work patterns. Additionally, a small share (9%) believes they must add to their portfolio after over-contracting during the pandemic.

38%

of respondents now expect portfolio growth (compared to 20% in 2023)

Figure 11: Real Estate Portfolio Status



Source: CBRE Research, May 2024.

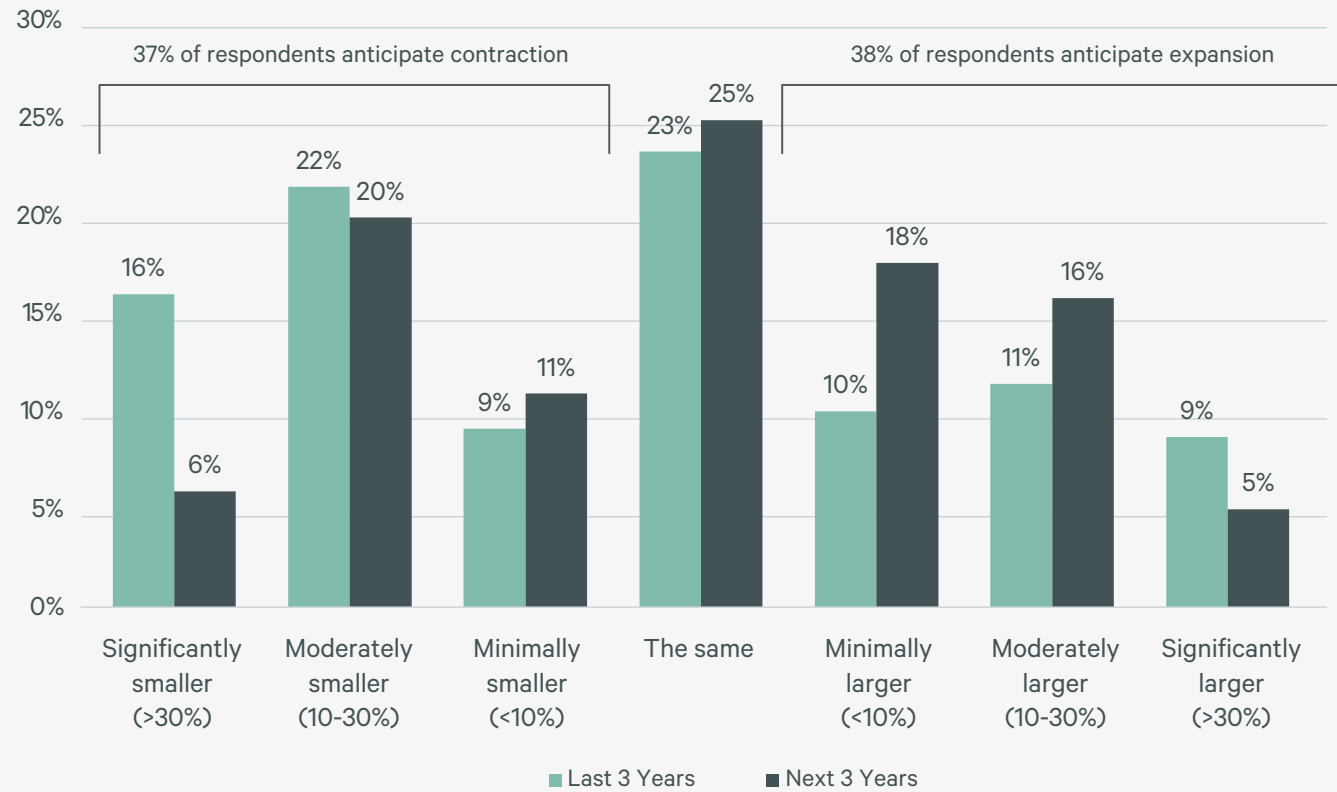
When looking back at the last three years, the sentiment in shifting portfolio strategies is clear. Respondents are anticipating less contraction and more expansion over the next three years than has occurred over the last three years. Large companies (more than 10,000 employees) are still the most likely to downsize, with 58% planning reductions compared to 26% of all other respondents. Reasons for downsizing vary: 41% cite the need for less space due to increased hybrid work, while 28% aim to address inefficiencies that existed before the pandemic. An additional 23% plan to reduce costs.

The growth outlook among the smallest companies has improved over the past year: 80% of companies with fewer than 1,000 employees intend to maintain or expand their portfolios over the next three years, compared to 63% who responded similarly last year. Tenants with smaller requirements will continue to drive transaction velocity and shape the future of office leasing activity. Leases sized between 10,000 and 20,000 sq. ft. account for an annual average of 54% of all lease transactions over the past five years—by far the largest share across all size tranches.

58%

of large companies plan reductions compared to 26% of all other respondents

Figure 12: Portfolio Size Change Expectations over Next Three Years, 2021-2024



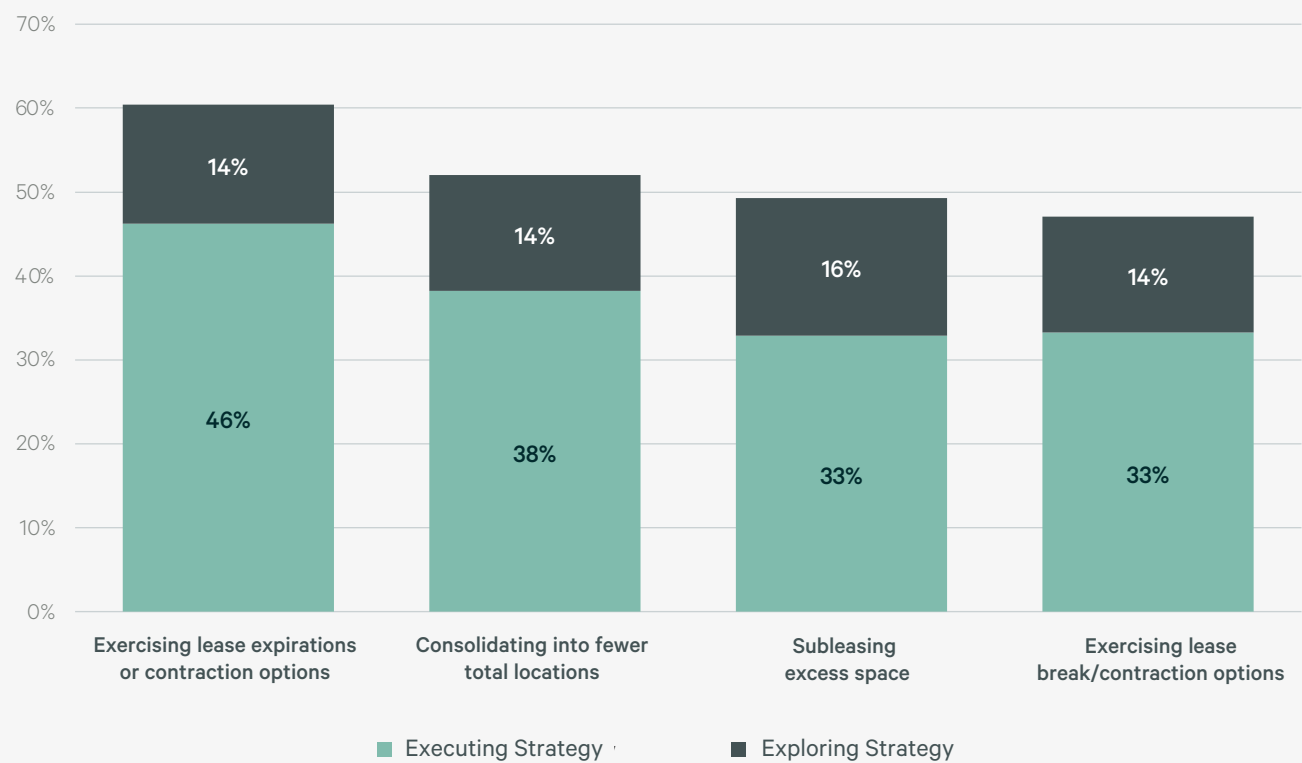
Source: CBRE Research, May 2024.

Strategies for optimizing office portfolios

Most tenants optimize their office portfolios by exercising lease expiration and contraction options or consolidating into preferred locations. Other strategies include subleasing excess space, although fewer respondents chose that option this year compared to last year (49% vs. 62%), and exercising lease break and contraction options.

The trends are evident in office statistics, most recently signaling a turning point as of Q2 2024. Net absorption was negative in 12 of the last 17 quarters since Q1 2020, and sublease availabilities have stabilized after reaching a recent peak. However, the saturated sublease market makes this strategy less viable today, and occupiers are less confident they can find a user to take their space.

Figure 13: Downsizing Strategies for Portfolio Optimization

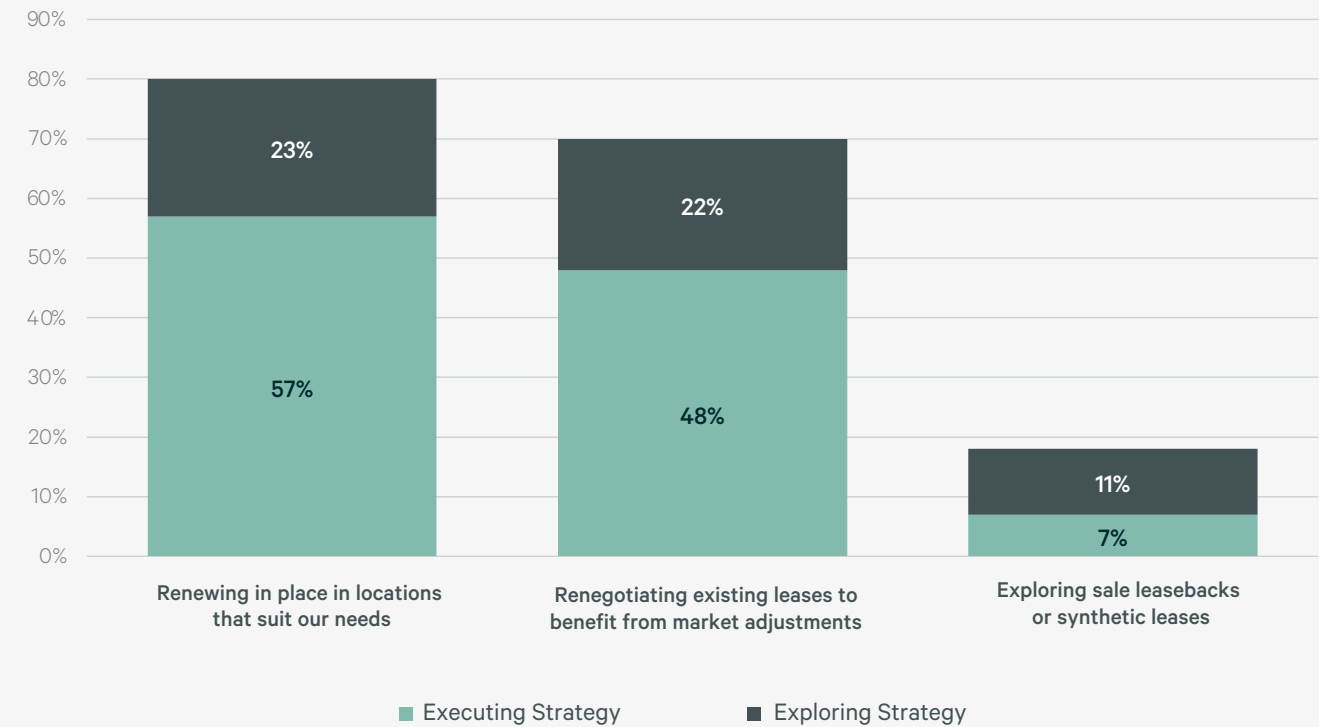


Tenant negotiating leverage and desire to avoid capital costs motivate many to stay in place

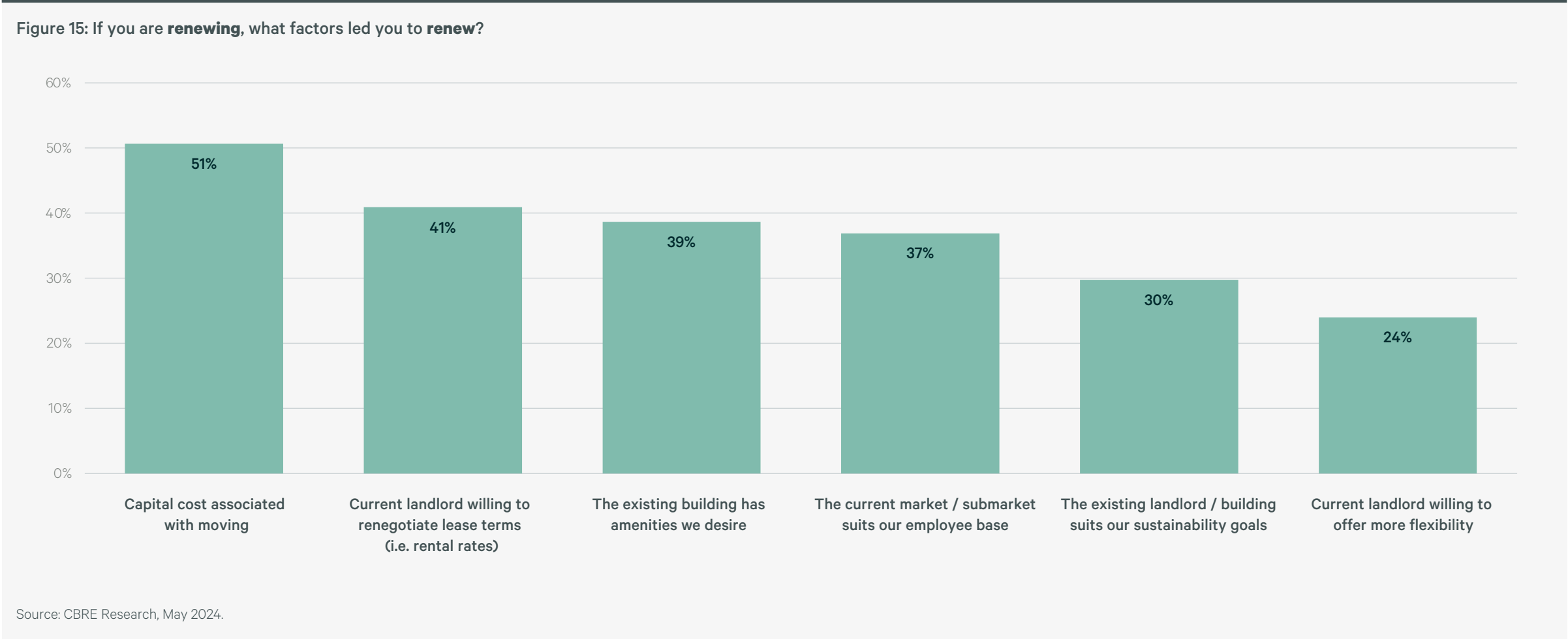
Tenant negotiating leverage and capital costs associated with moving are influencing tenants' location and leasing strategies. Occupiers strongly prefer to stay in current locations—assuming the space fits their needs—with 80% of overall respondents and 92% of large occupiers saying they are executing or exploring renewals. Tenants are motivated to stay in place when they can renegotiate their existing leases to benefit from market adjustments while avoiding relocation costs that do not align with their cost containment strategies.

Large companies with more than 10,000 employees are more likely to adopt this strategy (89% executing or exploring) than small companies with fewer than 1,000 employees (47% executing or exploring). Large occupiers tend to be more successful in these negotiations because landlords are motivated to retain them rather than deal with a sizable vacancy.

Figure 14: Occupier Strategies for Portfolio Optimization



Source: CBRE Research, May 2024.

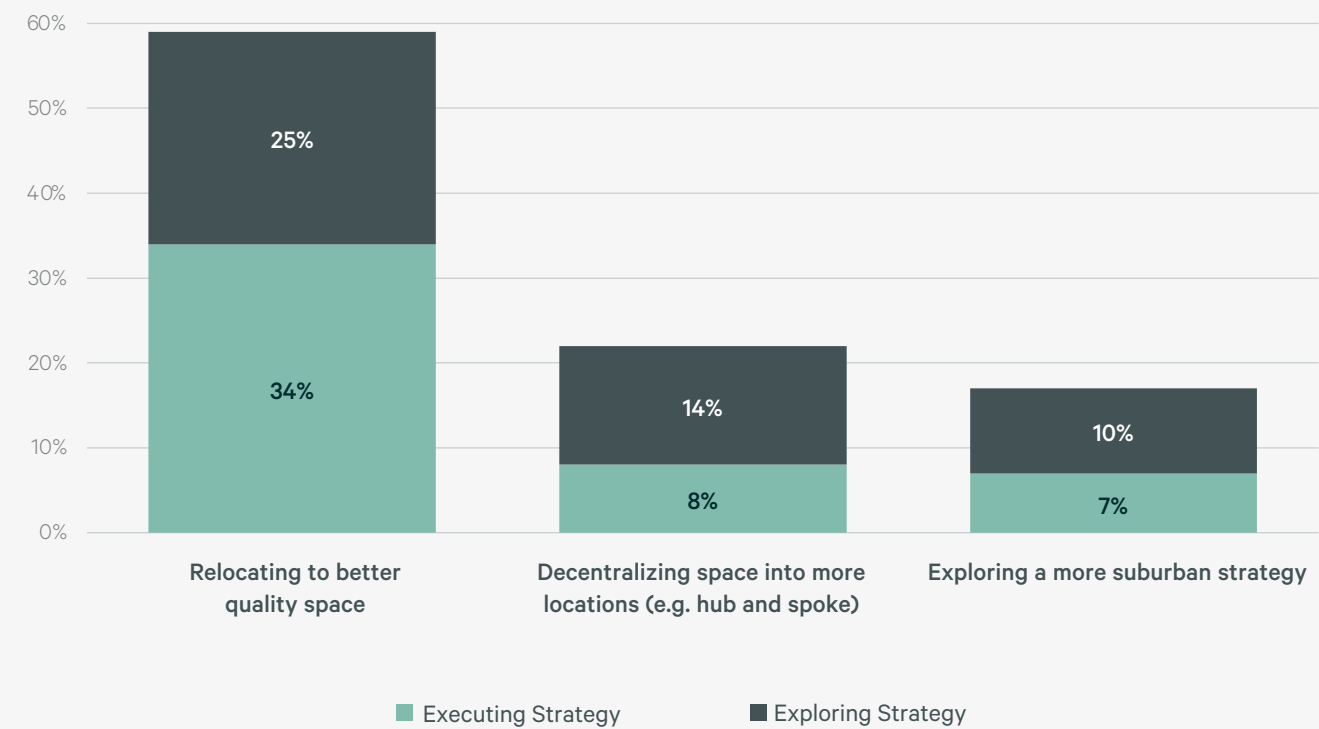


Tenant preferences for experience, amenities and services drive flight to quality

Led by large, well-capitalized companies, tenants continue seeking higher-quality offices: 59% of all respondents are executing or exploring to relocate to better-quality space, consistent with 2023. Approximately 57% of occupiers cite downsizing while upgrading their offices as a motivating factor for relocation, while another 57% desire improved amenities and services for their employees.

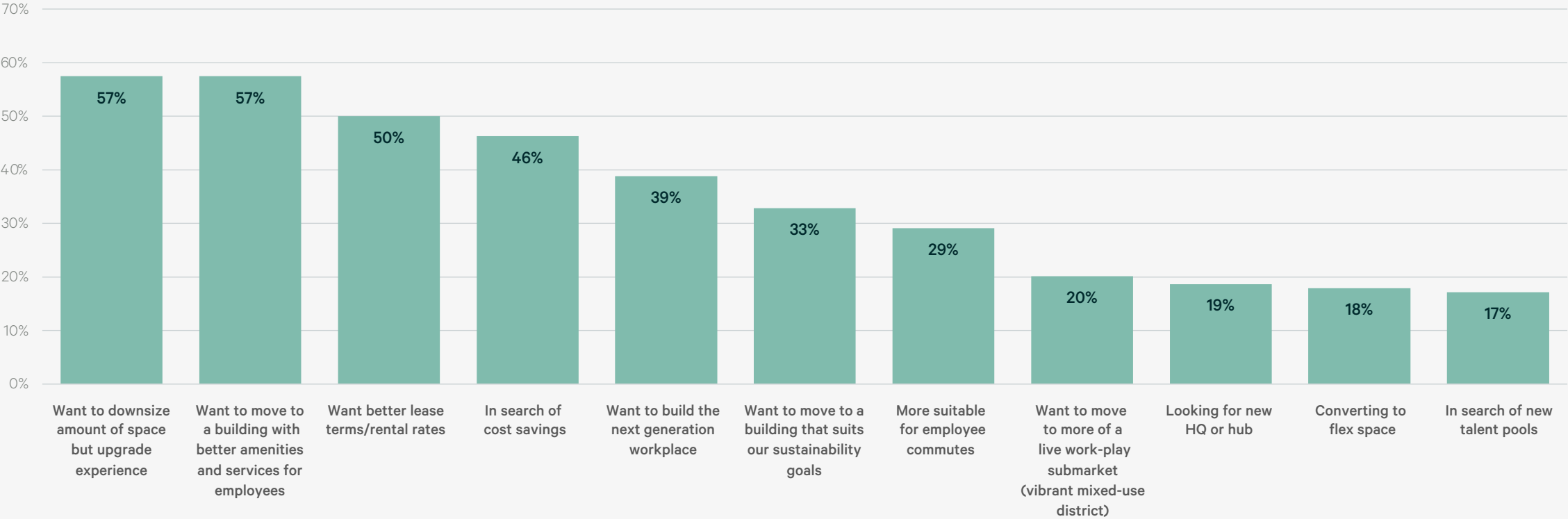
A higher share (83% executing or exploring) of large tenants share this preference than small tenants with fewer than 500 employees (32% executing or exploring). More occupiers already operating in Class A space are upgrading to better locations (42% executing this strategy). In comparison, only 26% of those who operate in Class B/C spaces and are typically more sensitive to cost are making a similar move.

Figure 16: Strategies for Upgrading Office Portfolios



Source: CBRE Research, May 2024.

Figure 17: If you are **relocating**, what factors led you to **relocate**?

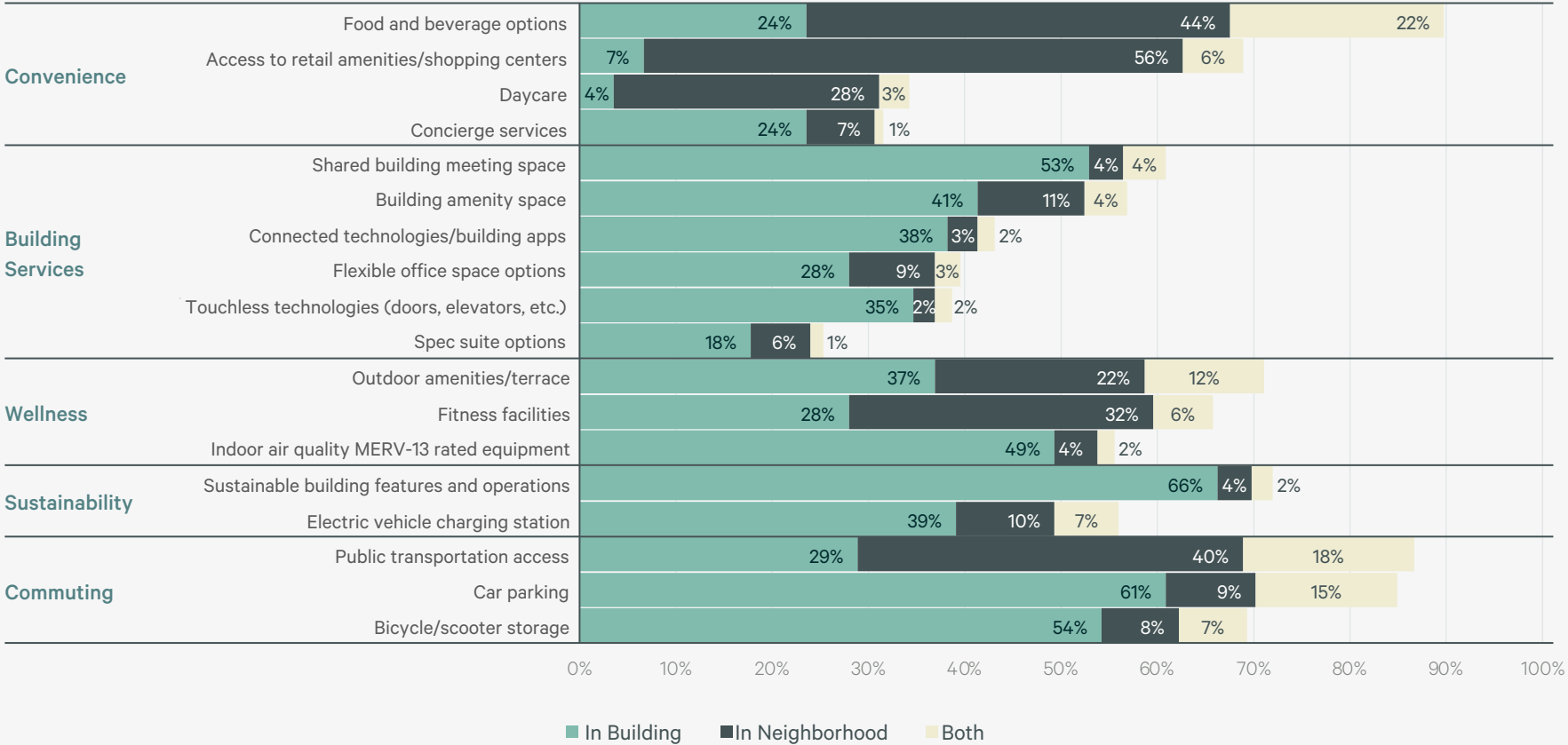


Source: CBRE Research, May 2024.

Amenities that enhance the employee experience

Office surveys and data consistently highlight the [strong preference for prime or high-quality office spaces](#). However, what constitutes “prime” is often subjective and continually evolves based on occupiers' needs and the changing purpose of office spaces. Both the building and surrounding neighborhood amenities play a crucial role in creating an exceptional employee experience that remote work cannot replicate.

Figure 18: Most Desirable Amenities for Occupiers



Source: CBRE Research, May 2024.

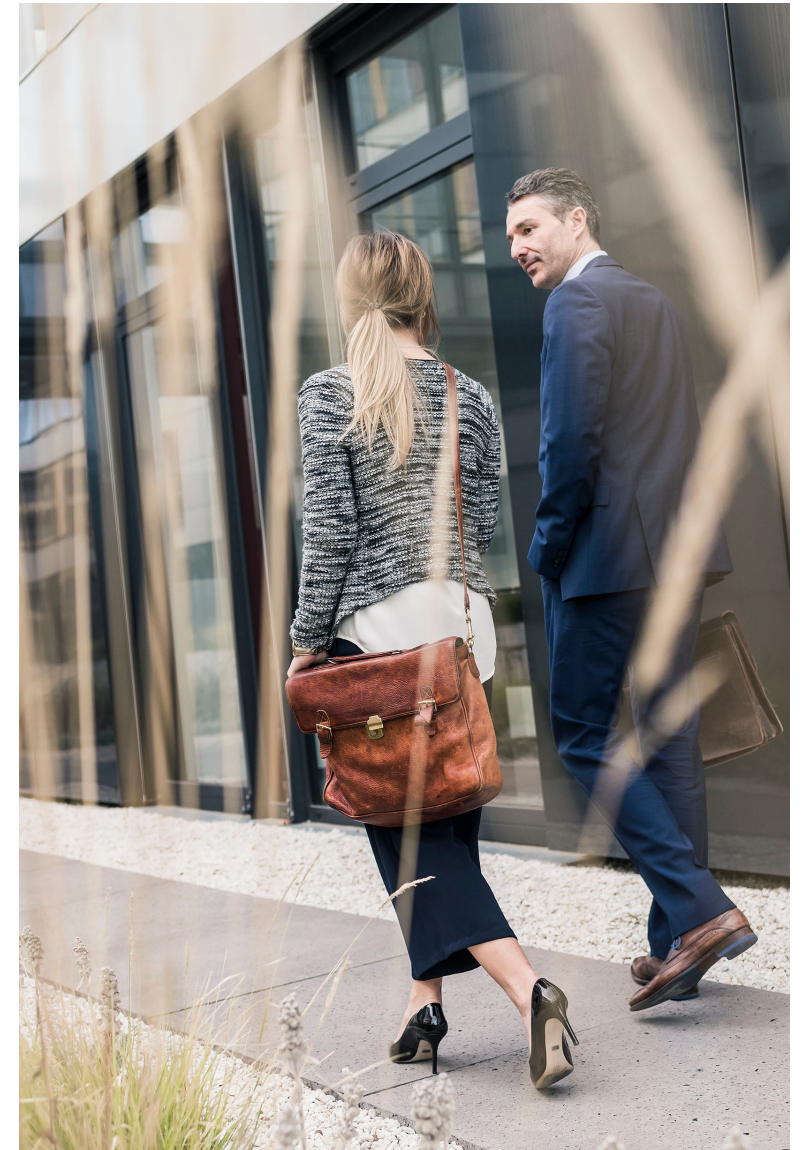
The most valued amenity is a short, easy commute, which has become even more important than in 2023. The need for in-building car parking has risen from 54% to 61% this year, with an additional 24% desiring parking within the neighborhood or both. The preference for in-building car parking is also higher among tenants with suburban portfolios (72%) compared to urban portfolios (60%). Eighty-seven percent of respondents prioritize public transport in the building or neighborhood, and 69% want bicycle and scooter storage.

Beyond commuting, occupiers also value convenient access to goods and services that enhance work-life harmony. Retail amenities, shopping centers (69%), and onsite food/beverage options (90%) should be easily walkable within the neighborhood. Additionally, 35% express a desire for nearby daycare facilities. Tenant preference for access to food and entertainment has led to the [outperformance of vibrant mixed-use districts](#). Across all office classes, vacancies are lower and rents higher in vibrant mixed-use districts like Fulton Market in Chicago, Seaport in Boston, Midtown in Atlanta, and Union Station in Denver compared to prime office-centric districts in these same markets.

Sustainable building features and operations are in high demand, especially among large occupiers, and grew the most in importance compared to last year: 77% of large occupiers favored in-building sustainability, versus 61% last year.

Tenants increasingly expect the integration of cutting-edge technology to enhance employee experience and ensure safety and resource efficiency. Connected building apps can offer exceptional features for employees, including on-demand room booking, maintenance requests, food ordering and real-time insights into building occupancy and parking availability.

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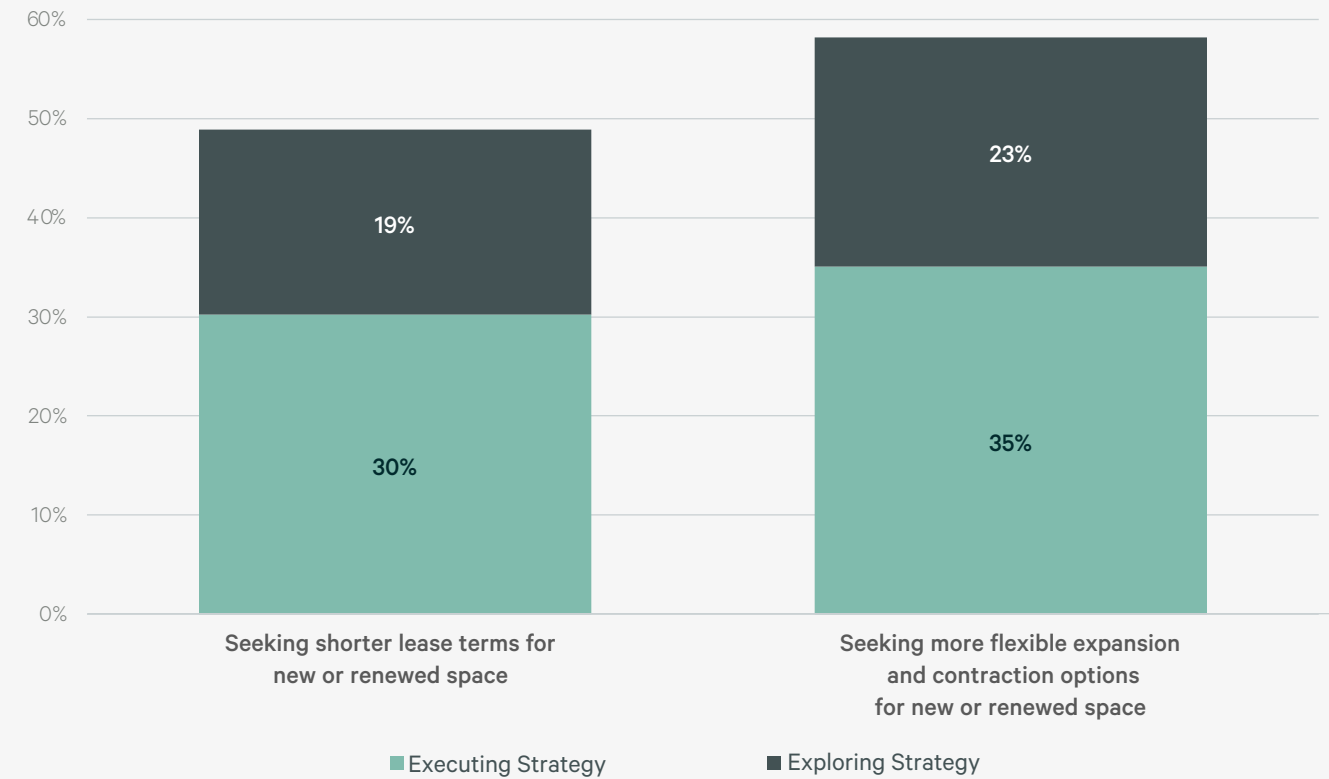
Flexible solutions to solve for hybrid work and more

Office tenants continue to prioritize adaptability, scalability and technology integration to navigate the unpredictable nature of hybrid work and business cycles. Landlords who understand these needs can work with tenants to create attractive spaces and lease terms that meet occupiers' expectations.

Forty-nine percent of respondents are exploring or executing shorter lease terms for new or renewed space. This trend is more pronounced among large companies (with 10,000+ employees), where 80% are exploring or executing shorter leases, while only 25% of small companies (with fewer than 1,000 employees) are doing the same.

Fifty-eight percent of respondents are either exploring or executing more flexible expansion and contraction options. While free rent and tenant improvement allowances are more traditional concessions, landlords that have flexible space offerings are finding creative ways to offer flexibility as a concession by providing access to on-demand workspaces as short-term needs arise. This works best in buildings where the landlord offers the flexible office space directly.

Figure 19: Occupiers Seek Flexible Lease Terms



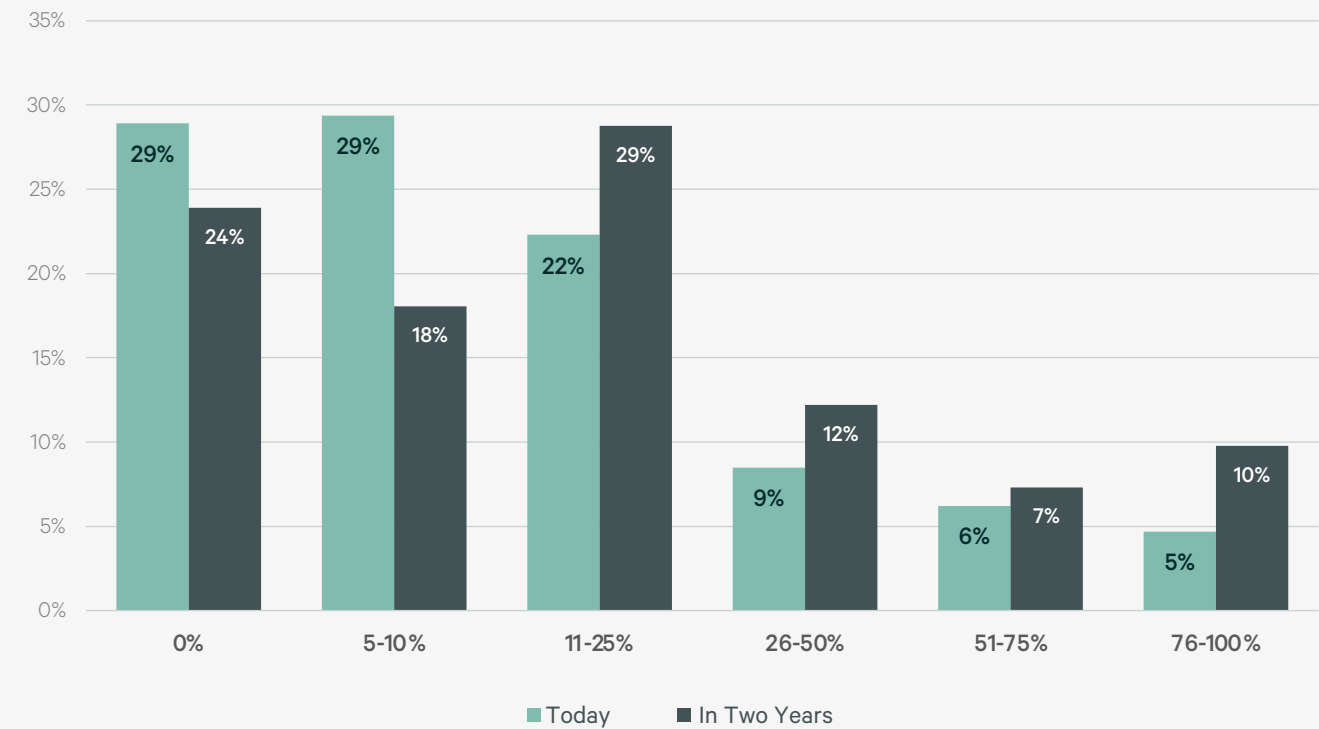
Source: CBRE Research, May 2024.

Flexible office space poised to remain in favor

More occupiers are integrating flex space into their real estate portfolios. Reducing capital expenditures, offering employees meeting and collaboration space on demand, and solving for uncertain demand are the main motivators to use flex space. In 2023, 36% of respondents said that flex space makes up more than 10% of their portfolio; that proportion increased to 42% this year. Respondents expect further demand: Over the next two years, 58% anticipate flex space will account for more than 10% of their portfolio. Consistent with previous surveys, technology companies and smaller occupiers remain the largest flex space users, though flex still accounts for only 5% to 15% of most of these users' portfolios. While demand is growing, flex space still comprises a relatively small percentage of most occupiers' portfolios. Nevertheless, this demand can still drive growth in the flex space market, which makes up less than 2% of total U.S. office inventory.

Over the next two years, 58% anticipate flex space will account for more than 10% of their portfolio, led by technology companies and smaller operators.

Figure 20: Allocation of Flexible Office Space in Portfolio



Source: CBRE Research, May 2024.

03

Looking Ahead – Sustainability and Technology

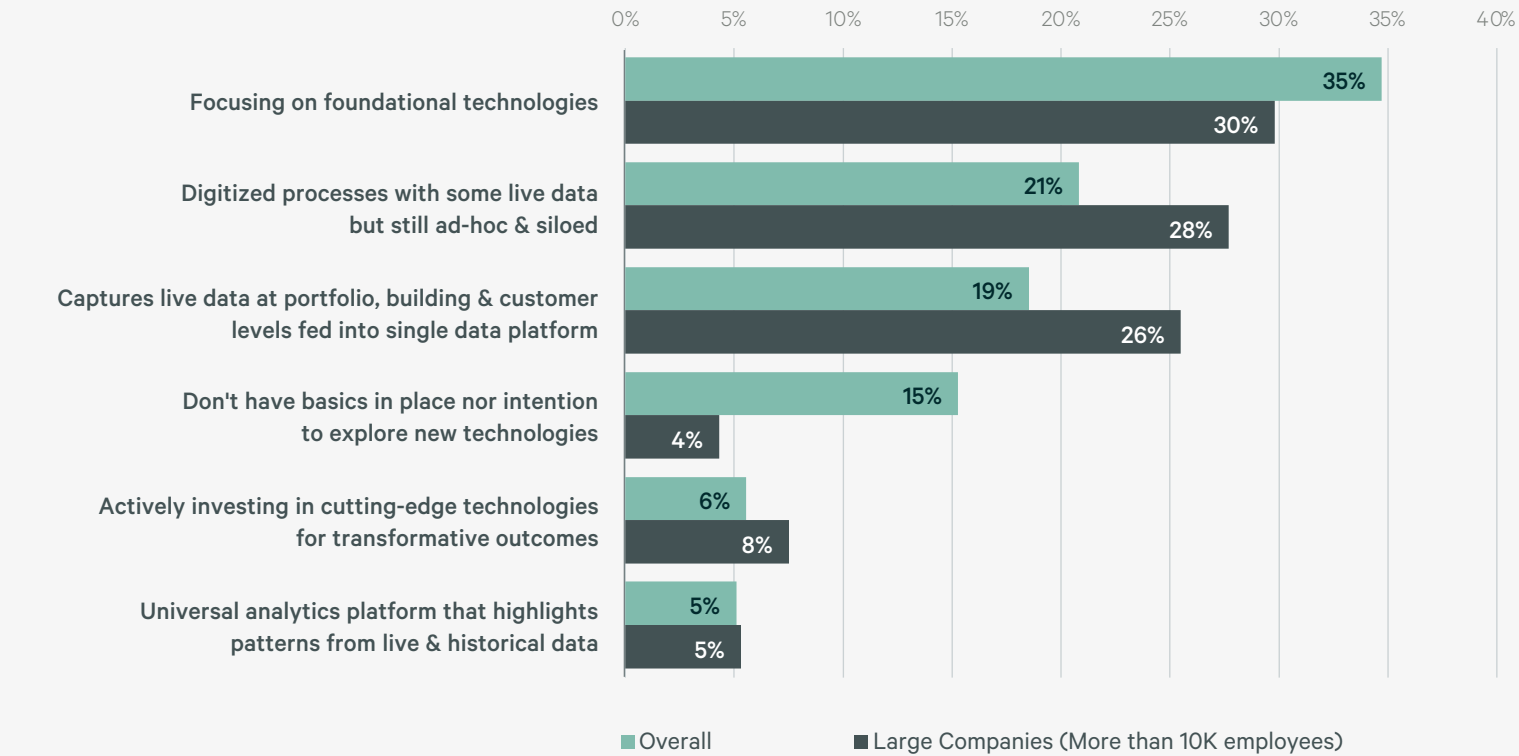


Digital strategy at various levels of adoption

Sixty-five percent of respondents said they have a digital strategy and roadmap in place. The share is higher (73%) for medium to large companies (more than 1,000 employees) with more resources and complex organizational structures that can greatly benefit from technology integration. Still, a little over half of the small companies (fewer than 100 employees) have a digital strategy and roadmap. Tech and finance companies also have a relatively higher share of respondents with a digital strategy versus professional services.

Corporate real estate (CRE) professionals are embracing technology to enhance their portfolio decision-making processes. Most occupiers report focusing on foundational technologies or digitized processes that are ad-hoc and siloed, and fewer companies are operating on the extremes of having either no or conversely very advanced digital processes. Understandably, larger companies with robust budgets and complex portfolios exhibit more advanced capabilities. These advanced functions include capturing real-time data at portfolio, building and customer levels, which then feed into a centralized data platform (26% of large companies, compared to 19% of all respondents).

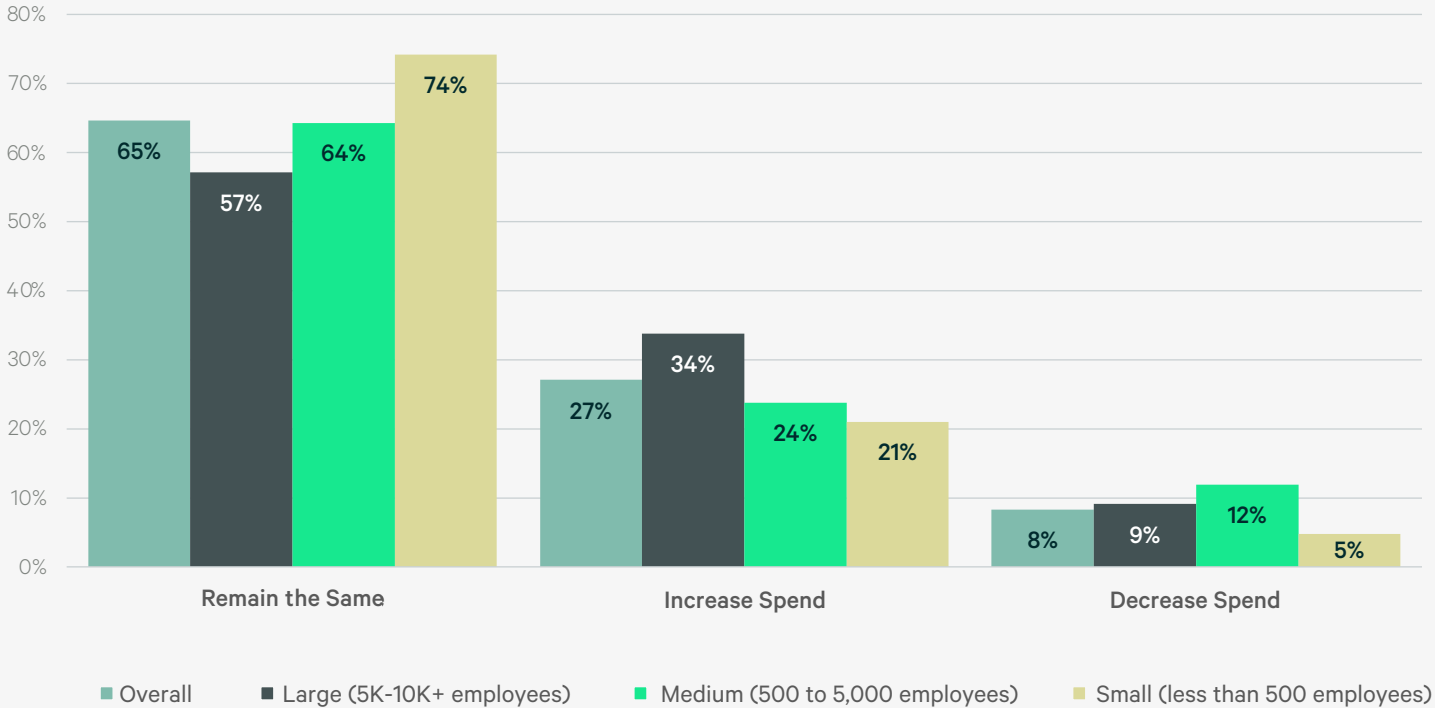
Figure 21: How digitally advanced is your Corporate Real Estate services function?



Source: CBRE Research, May 2024.

Most occupiers anticipate maintaining their real estate tech spending at last year's level, while 27% plan to increase their tech spend, and only 8% expect a decrease. Most occupiers indicate that they will maintain their technology spend over the next 12 months, implying that advancements in technology innovation are not expected to change significantly from today.

Figure 22: Are you planning to change real estate technology spend in the next 12 months compared to 2023?



Source: CBRE Research, May 2024.

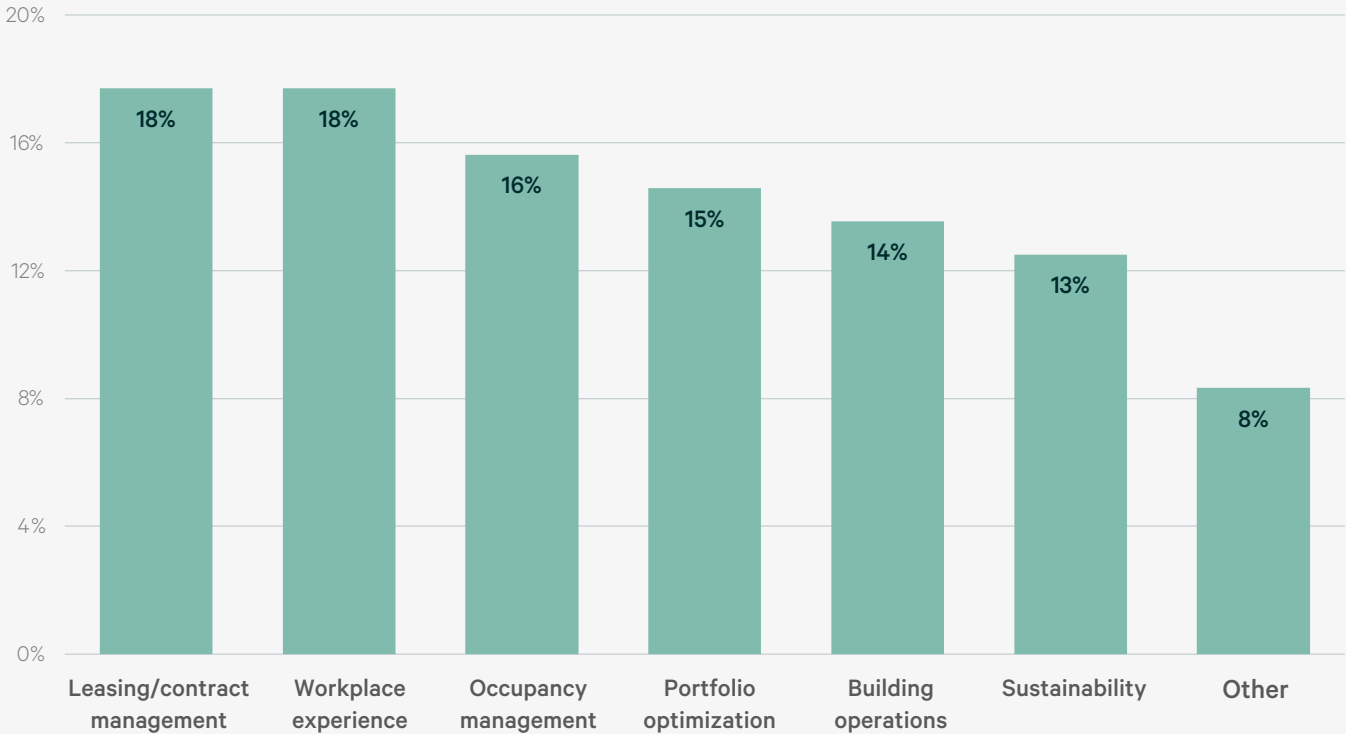
The use of artificial intelligence in CRE process

Recent advancements in AI and advanced analytics have accelerated its adoption and use among CRE professionals: 43% of all respondents and 53% of large occupiers said they use AI in their real estate process. The applications of AI most widely used among CRE professionals include leasing and contract management, workplace experience, occupancy management and portfolio optimization, with potential growth in building operations and sustainability. AI's continuing evolution will create new opportunities for automation, better algorithms and user-focused insights to enhance portfolio efficiency.

53%

of large occupiers said they use AI in their real estate process

Figure 23: Application of AI Among the 43% of Occupiers that Currently Use It



Source: CBRE Research, May 2024.

Achieving net-zero pledges in focus

Most occupiers—57% of all respondents and 86% of large companies—have publicly stated a net-zero pledge and aim to accomplish their goal by 2030.

Green building certification is clearly an important consideration for occupiers as they think about reaching these goals, as it is the most sought-after building feature that influences occupiers’ site selection. Fifty-five percent of respondents cite a building’s green certification presence or absence as a motivating factor when deciding whether to pay a premium, seek a discount or reject a building. The expectation for green certification is much higher (63%) for occupiers with a portfolio of mostly Class A/A+ buildings.

Of growing importance are green lease clauses. A meaningful 26% of occupiers say that the presence or absence of green lease clauses would impact their real estate decision. The most preferred features within these leases include sharing data on energy, water, and waste between parties; reporting and disclosure of carbon footprint by the landlord; and requiring the landlord to implement comprehensive recycling systems.

Occupiers also prioritize other sustainable features—including facilities that support cycling and walking, EV charging and smart technology—when selecting an office building.

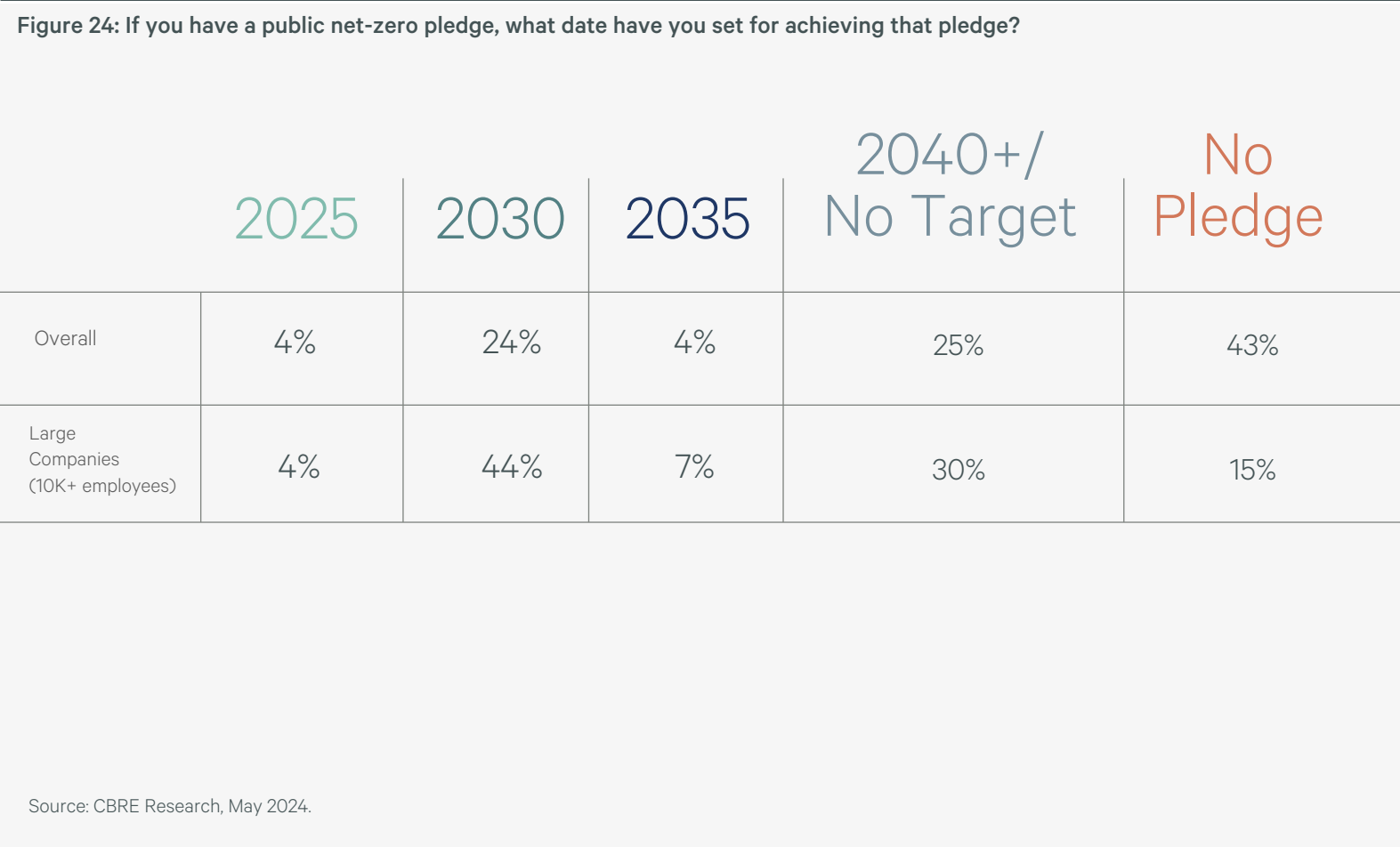
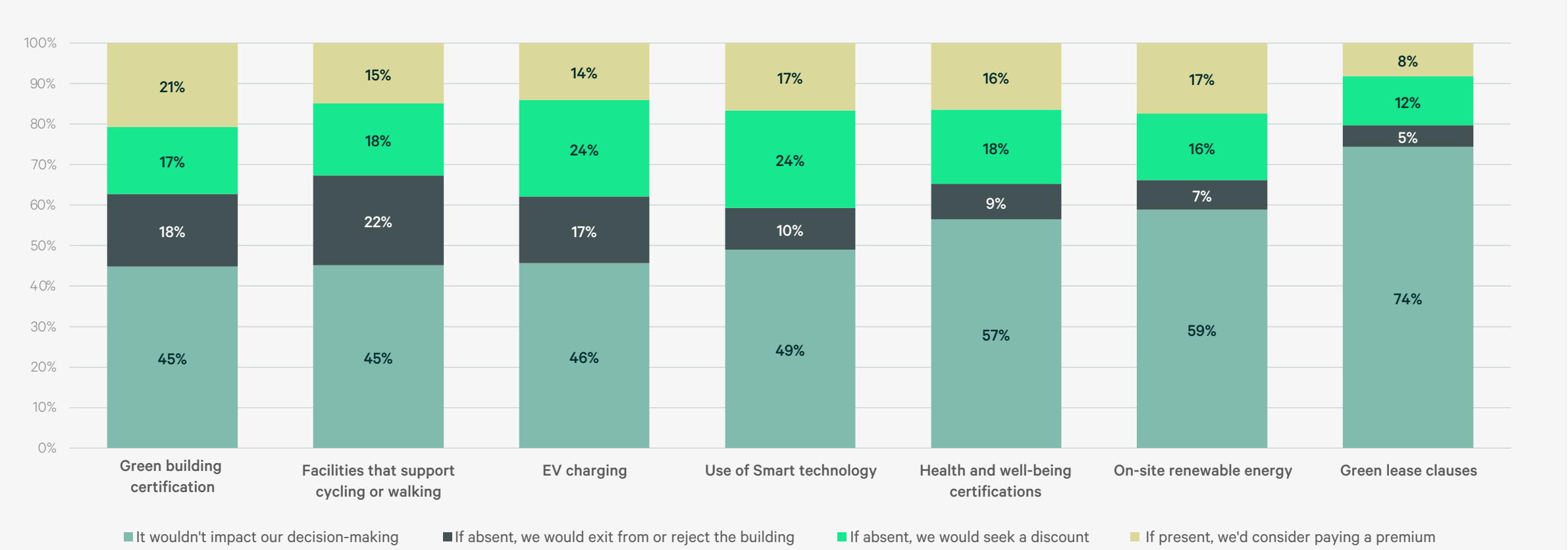


Figure 25: Which of the following environmental and social-related features are a priority in building-selection decisions and how would the presence or absence of these impact your organization's real estate decisions?



Source: CBRE Research, May 2024.

Considerations for Occupiers

The roles and responsibilities of CRE professionals have evolved and expanded to reflect the dynamic nature of today's workplace. CRE professionals are tasked with adapting physical workspaces to accommodate flexible work patterns, leveraging technology to increase workplace and organizational effectiveness, prioritizing sustainability to meet environmental goals, seeking flexible lease terms and enhancing the employee experience to drive retention and attraction.

Here are some key takeaways from the survey that occupiers should consider when making real estate portfolio decisions.

1

Focus on the underlying barrier to increased office utilization and deploy the right lever for change. In addition, clear office attendance policies are important because enforcing policies without clarity can lead to negative outcomes.

2

Build data and awareness around peak and average workplace utilization. First, identify if there is enough space in the portfolio to accommodate peak times creatively. This data can help inform future strategies to better ensure vibrancy during most of the day and week.

3

Create measurable and repeatable KPIs around workplace effectiveness that align with your business goals and are visible in the organization. This will help justify capital and operational spend around workplace and better tie it to organizational performance.

4

Use space sharing to achieve vibrancy at more points during the week. However, ensure that enough private space is available for tasks that require focus, concentration, quiet and confidentiality.

5

Think about different ways flexibility can play a role in increasing portfolio agility from traditional leases to flexible office space. If important to portfolio strategy, choose landlords that embrace tenant flexibility, through shorter lease terms or access to more on-demand spaces.

6

Balance renewal versus relocation decisions to remain within organizational limits of capital spend and capitalize on tenant leverage in this stage of the real estate cycle. If prime buildings are an important strategy to your organization, be aware of the potential near- to mid-term scarcity of such space.

7

When negotiating leases, complete due diligence on the building's debt structure and landlord profile to mitigate risk. Understand your leverage as a tenant in this environment of high interest rates, reduced values and potential building distress.

8

Continue to focus on using digitally advanced processes including AI to better manage your real estate portfolios, and partner with landlords that share this focus. This will lead to more efficient planning and operations and a more sustainable portfolio.

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