

OFFICE BY THE NUMBERS

Defining the New Hybrid Work Model

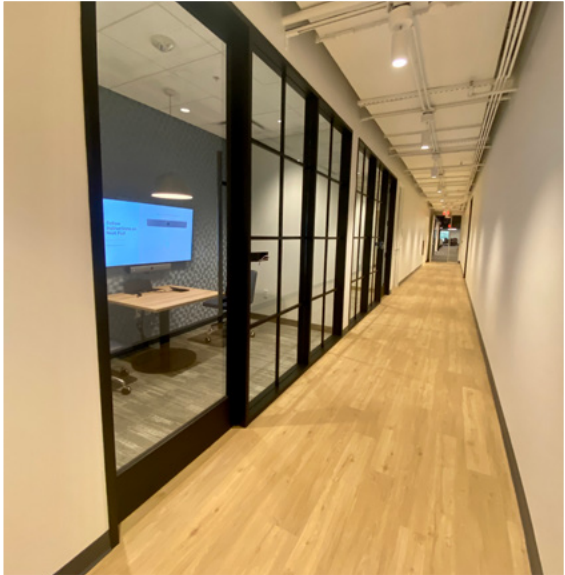
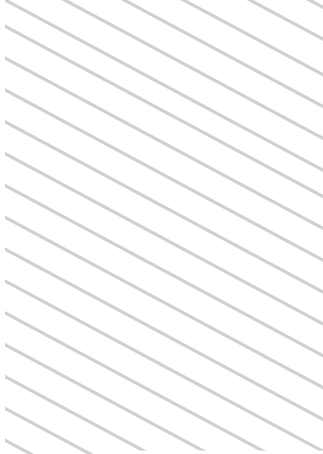
December 2022



Defining the New Hybrid Work Model


Employers are increasingly focused on bringing staff back to the office and are making significant moves to draw employees out of the work-from-home model widely adopted during the pandemic. Employees have come to expect a level of flexibility in their day-to-day schedules, and all signs seem to indicate that the hybrid work model that allows them to split time between in-office and remote work is here to stay. Using location intelligence data from Placer.ai, we explored this trend by comparing the change to in-office employee traffic from January 2020 through September 2022, we found that employee traffic continues to increase across all of metro Richmond’s major office parks. While traffic numbers are not back to pre-pandemic levels across the board, the lower numbers can more likely be attributed to this new hybrid work model than to an increase in office vacancy.

In metro Richmond, major office parks are seeing current employee traffic average 58% on a monthly basis compared to the numbers posted in January 2020, before the start of the pandemic. Quarterly traffic numbers shown in the Richmond MSA Office Parks graph (located on page 2) compare current office usage to the first quarter of 2020, where traffic was at pre-pandemic levels for the majority of that three-month period. Western Henrico County’s Innsbrook, the largest suburban office submarket in the metro region, has seen a spike in vacancy and, as a result is on the lower end of the employee traffic recovery at 34% of the January 2020 count. Richmond’s CBD also has large blocks of available space and is posting monthly traffic at 48% compared to the start of 2020. On the opposite end of the spectrum, centrally located Scott’s Addition, an area desirable for its lifestyle amenities, walkability, and creative office inventory, is posting traffic at 85% of the January 2020 numbers. Placer.ai data also indicates that almost 94% of employees commute 30 miles or less to the office, with the majority traveling between 10 and 30 miles.



CASE STUDY SimpliSafe®

 **LOCATION**
16,015 SF at Highwoods III (Innsbrook)
with 45,000 Vehicles Per Day (Broad St)

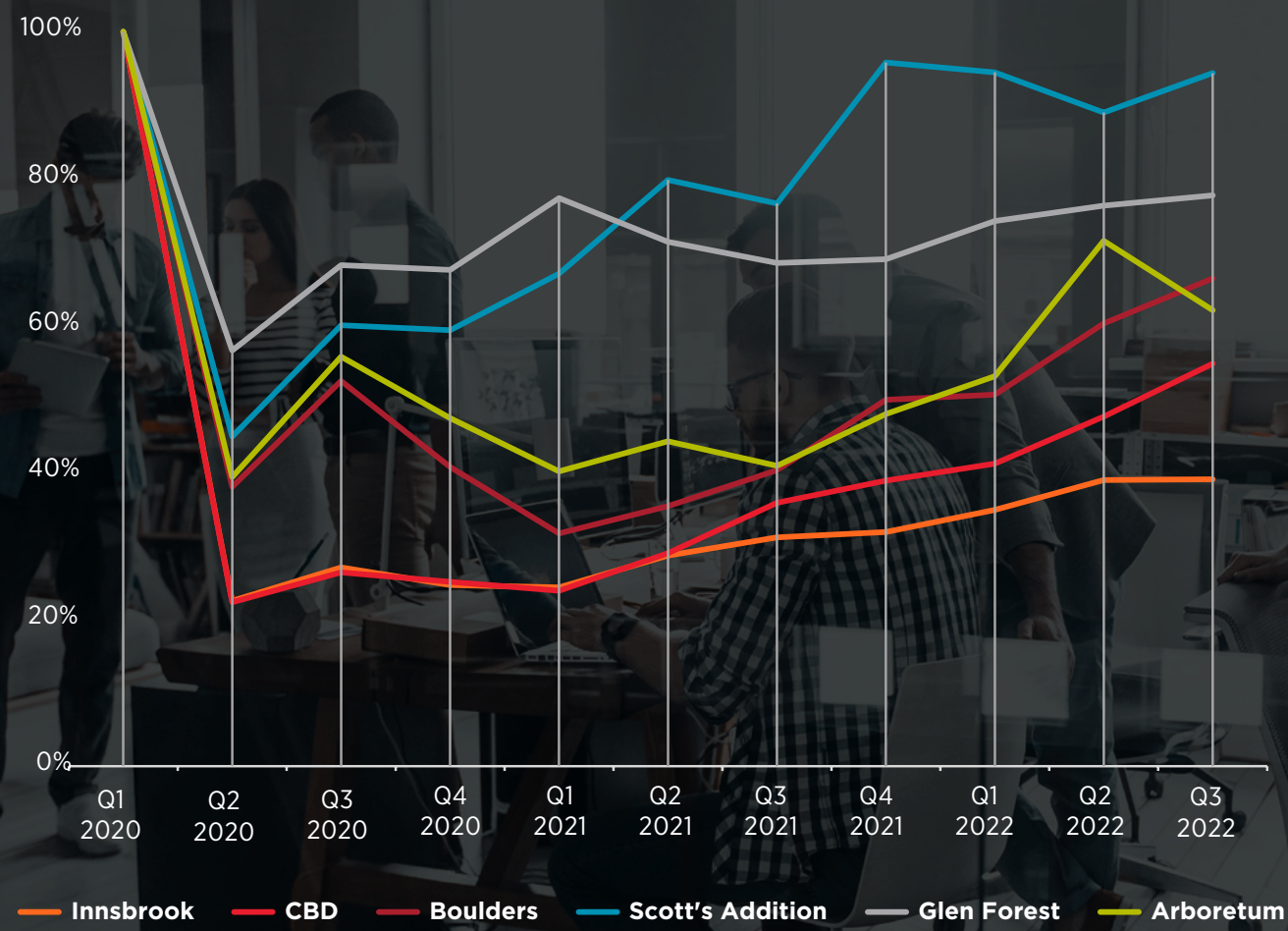
 **DECIDING FACTORS**
Secure Building & Established Business
Park Location to Accommodate 24/7
Monitoring Center Operation with
200+ Employees

 **PARK AMENITIES**
Lakefront Location, Walking Trails,
Fitness Center

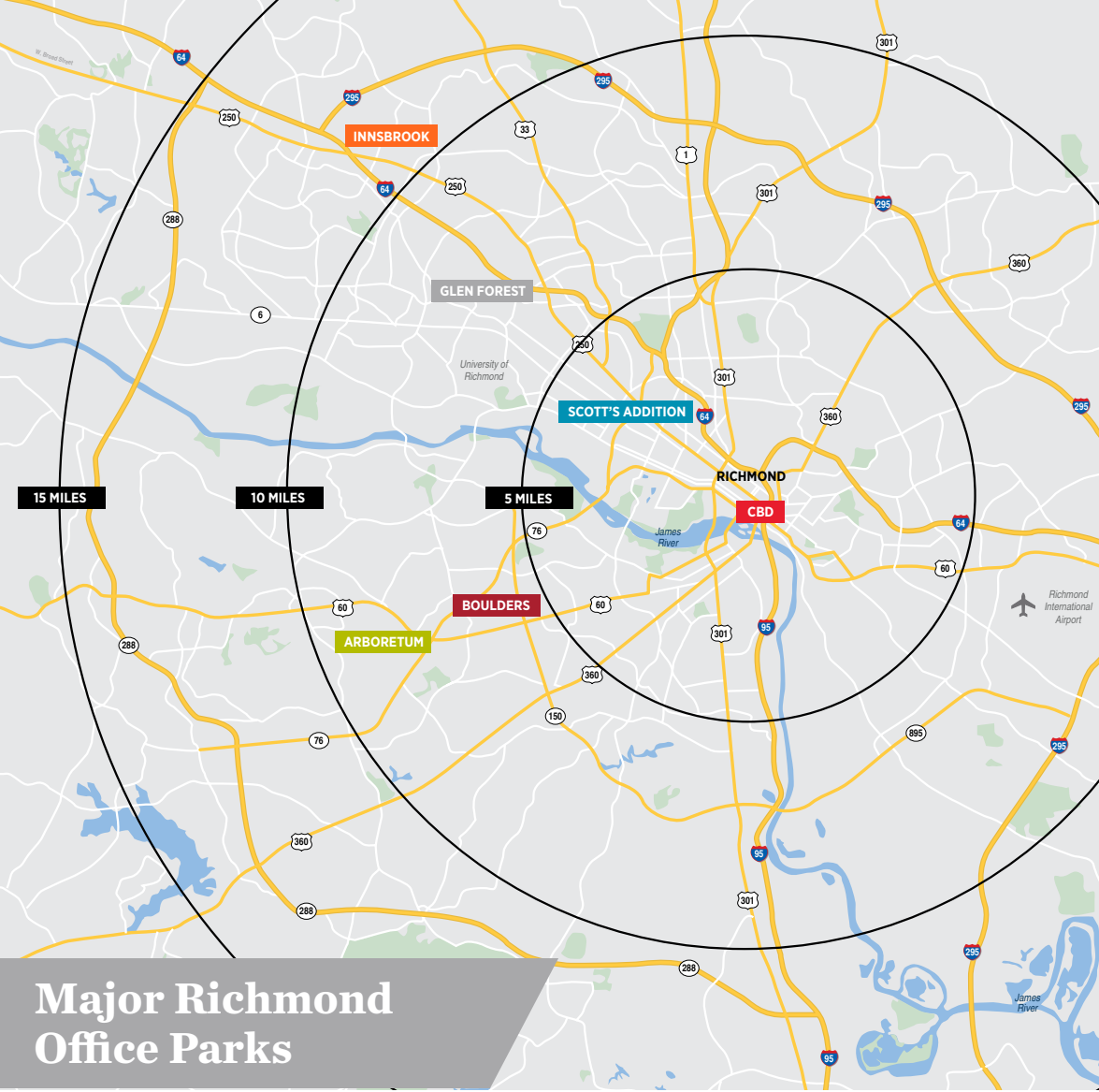
 **AREA AMENITIES**
Proximity to Major Retail Corridor
Including Upscale Shopping, Open Air Mall,
Formal & Casual Dining + Interstate Access

Richmond MSA Office Parks

Placer Visit Data by % of Q1 2020 Total



Placer.ai Data Methodology: Using location tracking data received from mobile devices, Placer.ai provides traffic numbers for employees, visitors, and residents to specific buildings, parks, and study areas. For our purposes, the graph measures the number of employees were on site for a minimum of 30 minutes from Monday through Friday during business hours. Placer.ai will only count each unique employee once per day.



Major Richmond Office Parks

INNSBROOK Total Office: 6,843,651 SF • High Density Suburban Office Park Location • Home to 23,795 Employees	GLEN FOREST Total Office: 757,998 SF • Near West End Suburban Park • Mix of Office & Medical Tenants	SCOTT'S ADDITION Total Office: 529,489 SF • Dense Mixed-Use Live/Work Area • Mix of Creative Office Redevelopment, Apartments & Retail
CBD Total Office: 8,253,676 SF • Downtown High-Rise District • Mix of Owner-Occupant, Investor-Owned & State/Local Government	BOULDERS Total Office: 1,050,574 SF • Mid-Rise REIT-Owned Suburban Campus • Wide Range of Occupants & Suite Sizes	ARBORETUM Total Office: 595,474 SF • Mid-Rise Suburban Office Park • Historically High Occupancy Mix of Locally-Owned Businesses

On a national level, Cushman & Wakefield’s research also indicates the hybrid work model is here to stay. Not only do employees across industries want hybrid solutions, but their reasons for going to the office have shifted to be about socialization, collaboration, connection, and achieving work-life balance.

Cushman & Wakefield’s Total Workplace team studied employees across a range of industries, utilizing our proprietary Experience per Square Foot™ (XSF) survey, to determine how hybrid preferences vary as well as why employees still want a physical office. XSF scores employees’ workplace experience and benchmarking performance, and statistically uncovers real estate and workplace metrics relating to engagement and experience. Here’s what the study uncovered:

1

EVERYONE EXPECTS HYBRID WORK

Regardless of industry, employees expect a hybrid work model going forward. Our survey indicates that 44% of employees want to go to the office periodically, up to two days a week. XSF survey results also indicate that employees with flexible hours are 1.4x more engaged and their workplace experience is 1.9x better than those without flexibility.

2

HEALTHCARE & TECHNOLOGY LEAD REMOTE WORK TREND

Professional services/consulting & life sciences companies have the highest percentage of employees who want to return full-time, while the Healthcare and Technology sectors have the highest percentage interested in remote work.

3

FLEXIBLE HOURS INCREASE ENGAGEMENT

XSF survey results also indicate that employees with flexible hours are 1.4x more engaged and their workplace experience is 1.9x better than those without flexibility.

4

SOCIALIZATION DRIVES RETURN-TO-WORK

Over time, more employees have come to view the office as a place for personal connections and rely less on it to access resources than they used to. The largest downward shift of all the reasons tested, this likely reflects the fact that they have created more effective workspaces at home. The primary reason employees go into the office is socialization, with 52% of respondents indicating seeing their coworkers was the most important reason to return, regardless of industry.

5

VALUE OF OFFICE CULTURE NEEDS TO BE COMMUNICATED

15% of survey respondents indicated there are no benefits in coming to the office. Companies need to convey the value of the office as a place for connection and collaboration if they want to entice respondents back.

These findings are the result of more than 11,000 respondents across major industries from October 1, 2020 to August 15, 2022.

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The Richmond office market is in active recovery, and while employee traffic is down from pre-pandemic numbers, office utilization is on the rise. As companies implement the hybrid work model as a component of the post-COVID world, the traditional in-person office environment is not likely to be replaced.

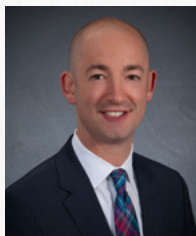
“Quality office spaces across the Richmond market are winning - those that offer employees a reason to choose the office over their living rooms are highly amenitized, creative, and agile workspaces. We see this trend continuing throughout the post-COVID recovery and driving absorption market-wide.”

KATE HOSKO | VICE PRESIDENT
CUSHMAN & WAKEFIELD | THALHIMER

FOR MORE INFORMATION:

**LIZ GREVING**

Research Manager
Tel: 804 648 5881
liz.greving@thalhimer.com
thalhimer.com

**BRIAN BERKEY**

Senior Vice President
Tel: 804 697 3458
brian.berkey@thalhimer.com
thalhimer.com

**AMY BRODERICK**

Senior Vice President
Tel: 804 344 7189
amy.broderick@thalhimer.com
thalhimer.com

ABOUT CUSHMAN & WAKEFIELD | THALHIMER

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