



CELEBRATING  
55 YEARS

# nerej

## **Workplace culture: Impacts on office use - by Daniel Calano**

September 16, 2022 - Appraisal & Consulting



Daniel Calano

The discussion of office work vs. hybrid work, is not new, but has been accelerated since the beginning of the pandemic. It has been debated in studies and news, seemingly forever. The difference now is that it is not just talk... hybrid is mandatory action, completely built into our culture. How does it impact office use? 100%! No longer is it where you sit in the office, but whether you sit.

The Millennial generation workers have learned over the last 2.5 years that flexibility is a must in any job. The pandemic forced the culture shift, and technology made it possible. Other factors like family formation and dual-income needs made flexibility in the workplace potentially the most important factor in employment.

Every potential job applicant expects flexibility, and studies suggest that over 50% would quit without it. Record low unemployment makes jobs easier to leave, and creates opportunities for change. A recent Gallup poll recently reported that workers without flexibility range from unhappy to angry. Employers have to be very careful in policies/words they embrace. Old words to lose in hiring are: Boss, hierarchy, 9 to 5, corporate capitalism; and new words to use are teamwork, meaningful work, human centric, flexibility.

Will cultural shifts change office use and design? Bet on it! Consider the recent history of the office. Once upon a time job culture included "jacket and tie," private office, closed doors and C suites. Perhaps change started with casual Fridays, then Fridays off. Slowly, office walls were fewer, open spaces were more common. During the tech years of early 2000, offices flourished with openness, creative design, play areas, food courts. Companies added space for future growth. We all know what happened with the tech bust: Excess space, useless space, lower rents.

It took over a decade to come back to the "norm," as companies grew, and space became tight again. Now, cultural change has caused new vacancy. According to recent statistics, New York City has 20% office vacancy, and other less major cities have closer to 50%. Yes, much is caused by over-supply, but most is caused by under-use, caused by a true cultural shift. Hybrid work is here to stay. Other polls say that about 30% of workers expect to be in office only two days per week. Physical office space is less important. Virtual office is a more likely alternative as technology continues to improve.

Changes in life create changes in culture. Culture modifies needs and wants. Employers who do not recognize this or are unwilling to modify will lose the best employees. Will this change again? Perhaps. High unemployment could put employers back in charge. New generations could have different needs. The youngest generation is already showing some signs of wanting more office life in order to meet cohorts and find mentors. Anything is possible. But, for the time being, offices will, at best, be partly used. The conundrum to ponder is that brick and mortar structure is obviously more permanent than generational change. It is a difficult time, and timing, for developers, investors, owners and landlords. No easy answers!

Daniel Calano, CRE, is managing partner and principal of Prospectus, LLC, Cambridge, MA.

