

VIEWPOINT

Latest findings suggest a shift toward in-office work

CBRE INSIGHTS
Q3 2023

Evolving Workforces

U.S. Office Attendance Policy Trends Q3 2023



After a prolonged period of pandemic-related uncertainty, companies across the United States are increasingly adopting more defined policies around their office attendance requirements. CBRE Consulting has been tracking these policies for 278 U.S. companies—representing a cross-section of sizes, geographic footprints and industry sectors—to better understand the emerging consensus on office attendance.

This piece highlights the findings of this analysis in two parts:

1. Stated office attendance policies

- The current state of office attendance policies (degree of in-office vs. remote work).
- Changes in the approach to office attendance throughout 2023.
- Notable differences in policy preferences across industries.

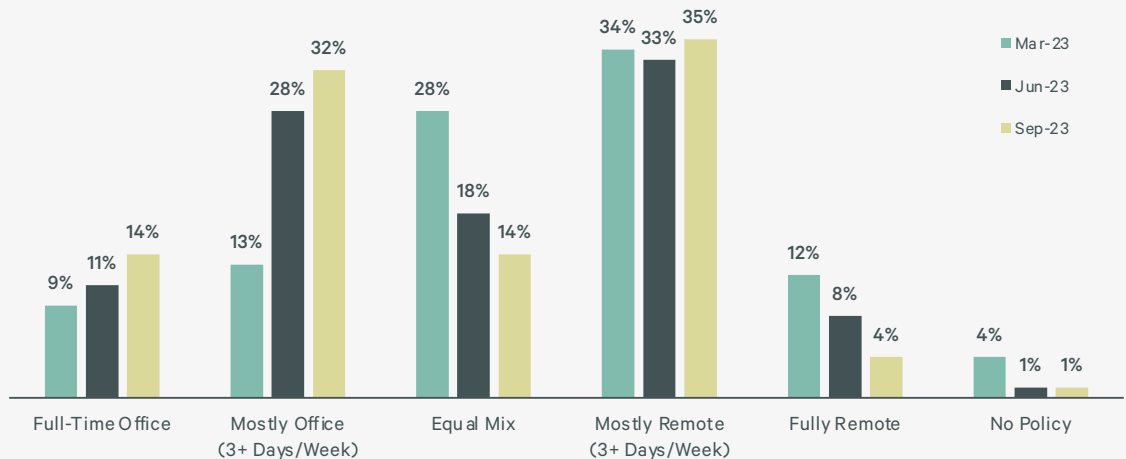
2. Potential impacts of attendance policies on talent retention and attraction

- The effect of attendance policy on employee turnover rates (retention risk).
- How company policy affects talent retention risk across industry sectors.
- The influence of attendance policy on the time required to hire new employees (talent attraction risk).



Office Attendance Policy Shifts in 2023

Figure 1: What is the current posture on office attendance policy? Quarterly Comparison, YTD 2023 (N = 278)



Source: CBRE Research, Q3 2023.

N= 278 companies sourced through CBRE client data and publicly available statements to the press/announcements on company websites.

Key Takeaway #1

Most organizations have set a policy on attendance and expect people to work at the office 2-4 days per week.

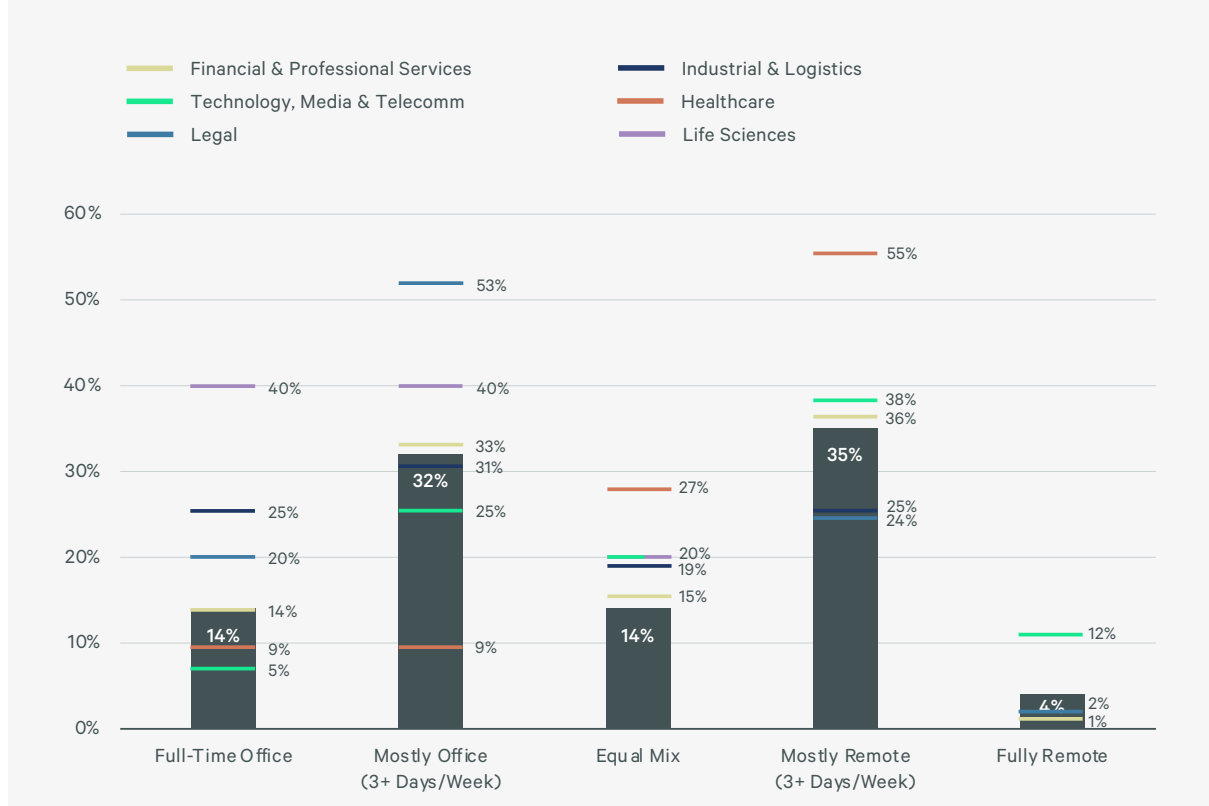
- 95% of organizations have a policy that includes expectations for some in-office employee attendance.
- 14% of organizations have “full-time office” policies requiring five days per week in the office.
- 81% have some type of hybrid/flexible attendance policy
 - 32% of these are “mostly office,” requiring three or more days of office attendance per week
 - 35% are “mostly remote” (three or more days/week)
 - 14% of companies are an equal mix of office-based and remote: These companies likely have the greatest flexibility in their office attendance policies and many do not prescribe required number of days in the office.
- Only 4% of organization in the sample remain “fully remote.”
- 1% of the organizations in the sample have no set policy.

Key Takeaway #2

More companies are shifting to office-centric attendance policies, while the number of companies that are fully remote has consistently declined each quarter this year.

- Companies that are "mostly office" (three or more days per week) saw the greatest increase throughout 2023 (from 13% in Q1 to 32% in Q3).
- In Q1, 12% of companies had "fully remote" policies; this number decreased to 8% in Q2 and to 4% in Q3.
- Meanwhile, companies with a "full-time office" policy have increased over the same time period from 9% in Q1, 11% in Q2 and 14% in Q3.
- More than three times as many companies require five days a week in the office than are fully remote, representing a major shift toward in-office work.

Figure 2: How does attendance policy vary by industry sector? Q3 2023 (N = 278)



Source: CBRE Research, Q3 2023.

N= 278 companies sourced through CBRE client data and publicly available statements to the press/announcements on company websites.

Key Takeaway #3

Variations exist in attendance policy based on a company's industry. Those that are more equipment-dependent (e.g., life sciences, industrial & logistics, etc.) tend to require more days of in-office work.

- Tech companies remain the most likely to have remote-centric attendance policies, while companies in financial and professional services, life sciences and law lean more office-centric.
- 12% of tech companies remain fully remote and 38% are mostly remote (3+ days per week) versus 4% and 36% respectively for all companies in the data set.
- Tech companies seem to be shifting away from fully remote work: in Q2 2023, 24% of tech companies were fully remote vs. 12% in Q3.
- For tech, the greatest increase was in “mostly office” policies: up to 25% vs. 9% in Q2.
- Industries with equipment dependencies tend to have policies requiring some in-office work: 80% of life sciences and 56% of industrial & logistics companies are either full-time office or mostly office.
- Nearly three-quarters of law firms (73%) have either full-time or mostly office attendance policies.
- Financial and professional services are also more office-centric, with 14% requiring full-time office attendance and another 33% mostly in-office (3+ days).
- Financial and professional services companies experienced a major increase in the number of organizations with a “mostly office” policy (33% in Q3 vs. 12% in Q2), while the percentage with an “equal mix” hybrid policy declined from 29% to 15%. This suggests that more of these companies are defining their policies and requiring some office attendance.

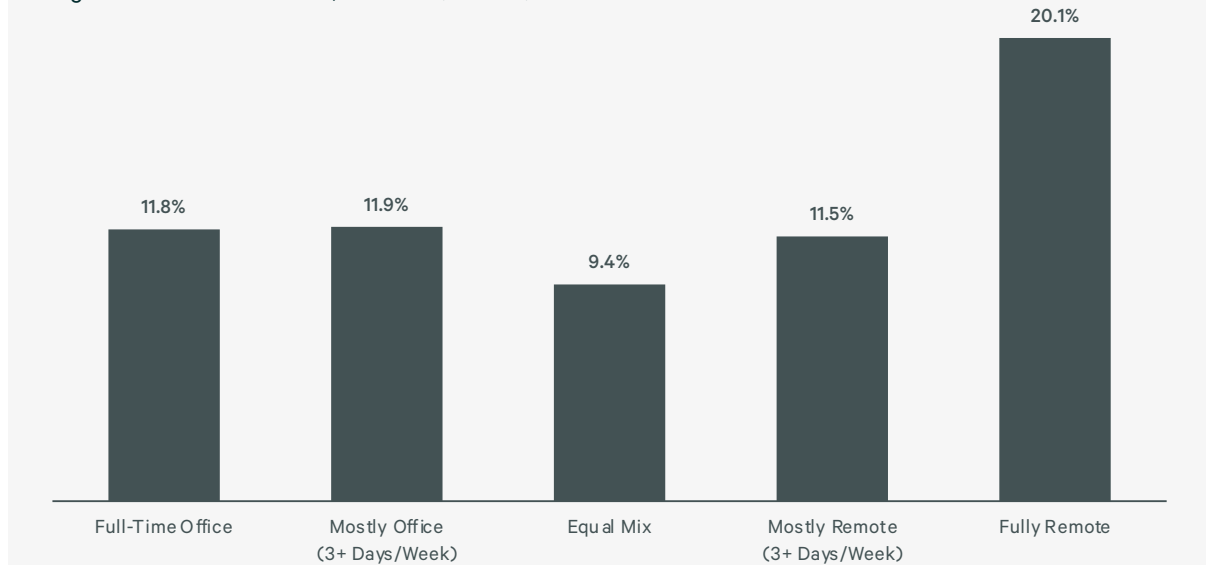


Potential Impacts on Talent Attraction and Retention

While a multitude of internal and external factors impact talent attraction and retention, a company's stated attendance policy may influence turnover rates and time to hire. CBRE Consulting's analysis suggests that fully remote companies are facing more challenges in attracting and retaining talent than companies requiring part- or full-time office attendance. While attendance policy is likely one of many factors impacting employee turnover, there's an emerging view that a correlation may exist between remote work and diminished employee engagement that contributes to increased attrition. The increased turnover, paired with a longer time to hire new talent, can have material cost and efficiency impacts for fully-remote companies. For example, the Society for Human Resource Managers calculates the attrition cost at 6-9 months of salary for a typical knowledge worker.



Figure 3: Does employee turnover risk vary by attendance policy?
Average Annual Turnover Rate, Q3 2023 (N = 278)



Source: CBRE Research, Q3 2023.

Based on U.S. workforce data for 278 companies sourced through LinkedIn® Talent Insights

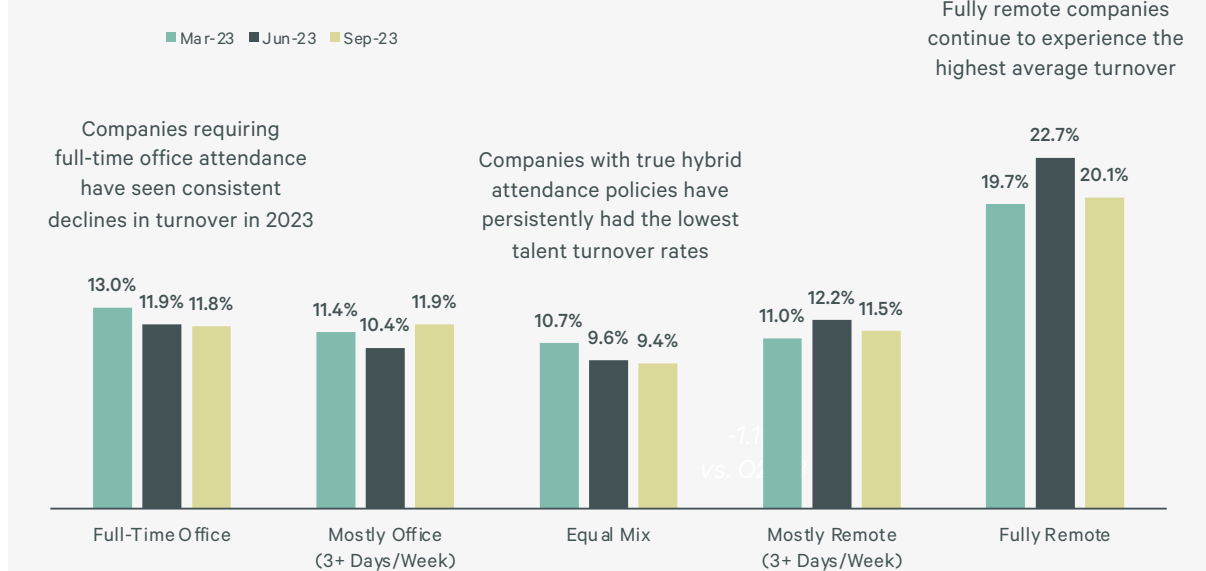
Key Takeaway #1

For all three quarters of 2023, fully remote companies have had an average turnover rate that is nearly 10 percentage points higher than companies in all other attendance categories.

- Generally, a “healthy” organization turnover rate is at/near 10% annually.
- In Q3, fully remote companies had an average annual turnover of 20.1% while companies in all other categories had more typical turnover rates between 9.4% and 11.9%.
- Companies with a full-time office attendance policy have an average turnover rate of 11.8%, at or below the rate for companies with various hybrid/flexible policies.
- The elevated turnover rates for fully remote companies will carry a heavy cost associated with backfilling roles and training new employees.

Figure 4: Is turnover risk changing over time?

Average Annual Turnover Rate Quarterly Comparison YTD 2023 (N = 278)



Source: CBRE Research, Q3 2023.

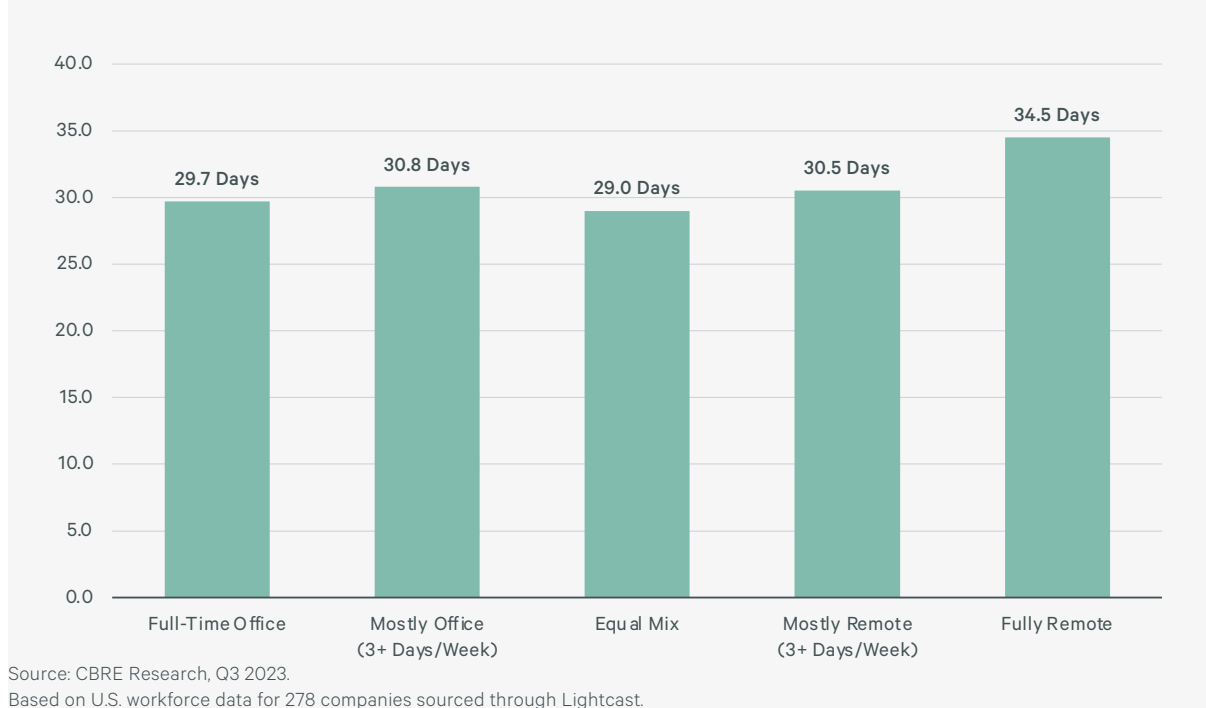
Based on U.S. workforce data for 278 companies sourced through LinkedIn® Talent Insights

Key Takeaway #2

Turnover rates for fully remote companies have been consistently elevated throughout 2023, while average turnover is steadily edging down for full-time office companies.

- The turnover rates for fully remote companies has remained consistently high: 19.7% in Q1, 22.7% in Q2 and 20.1% in Q3.
- Full-time office companies began the year with an average turnover rate (13.0%) slightly above companies with more hybrid/flexible policies. By Q3 that gap had closed and in some instances, full-time office companies had lower turnover rates (11.8% on average after two consecutive quarters of declines).
- Companies with an “equal mix” policy of hybrid/flexible work also saw three quarters of declining average turnover, from 10.7% in Q1 to 9.4% in Q3.
- Tech companies are unique in that they are experiencing elevated turnover rates for both fully remote (22.5% in Q3) and full-time office (27.7% in Q3) employees. Tech companies with “equal mix” or “mostly office” attendance policies are performing the best on turnover (10.8% and 12.4%, respectively.)

Figure 5: Does the time to hire new employees vary based on attendance policy?
Median Job Posting Duration, Q3 2023 (N = 278)



Key Takeaway #3

Fully remote companies may be at a slight disadvantage in attracting new talent.

- Fully remote companies had a median job posting duration of 34.5 days in Q3, 11%-16% more time than companies with other office attendance policies.
- Companies with an “equal mix” hybrid/flexible policy had the shortest median time to fill active job postings at 29.0 days.
- Full-time office companies had the second-lowest talent attraction risk with a median job posting duration of 29.7 days.

While some fully remote companies may be saving occupancy costs, it's likely that this benefit is being negated by the financial and opportunity cost of increased employee churn and a longer lead time for hiring and onboarding new employees.

Median job posting duration is a proxy for the time it takes for companies to fill active job postings.

Conclusion

As the end of 2023 nears, more U.S. companies are providing greater definition around their expectations for office attendance. Overall, evidence suggests a sustained pivot away from fully remote work to more in-office attendance policies, with the greatest increases in both full-time office and mostly in-office (3+ days) attendance.

While each company's approach will vary, those that have formulated an intentional and actionable strategy that creates an impactful, vibrant experience and work environment have had the most success attracting employees to the office. Through investments in workspaces, technology, wellbeing and amenities, companies are deeply focused on enhancing employee experiences and company culture as a way to magnetize the office.

Contacts

Chris Volney

Managing Director
CBRE Consulting
chris.volney@cbre.com

Emily Neff

Managing Director
CBRE Consulting
emily.neff@cbre.com

Heejae Park

Senior Manager
CBRE Consulting
heejae.park@cbre.com

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