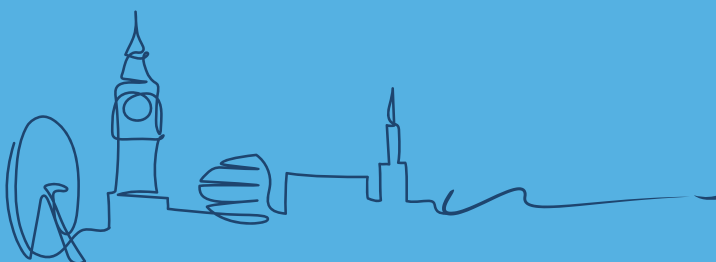




The impact of COVID-19 on UK businesses.

How are you reprioritising to meet
your employee and business needs?



flexioffices.
the workspace people

White paper

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Flexioffices Overview



Michael Dubicki

Business Development Director

Covid-19 has had a profound effect on businesses.

At a stroke, it has forced us to adopt completely different working models. Whilst some companies were well-versed in remote working methodologies and navigated the transition easily, for others this was a logistical and technological mountain which in many cases still hasn't been surmounted. Many also had to completely overhaul the fundamentals of their businesses in order to continue trading and delivering products / services.

It has also shone a stark light on an asset that most businesses have, but haven't necessarily considered too deeply in the past: the office. Up until now it has been a pretty straightforward equation; desks for people to sit at, kitchens, meeting rooms etc. Simply put, the provision of space from which 'work' can be conducted. Then it was a question of where it should be and how much it would cost.

But Covid-19 has asked deeper questions of the office. What does the office actually do? Why do we have them? Do we need them? The pandemic has asked businesses to re-look at office space and include the perspective of how it affects people – their productivity, their wellbeing, how they interact together and engage in positive experiences. Again, simply put, **the office has become much more than just walls and desks**. Companies won't abandon offices, but they will become more

demanding of what workspaces deliver and the role they play in attracting people to them.

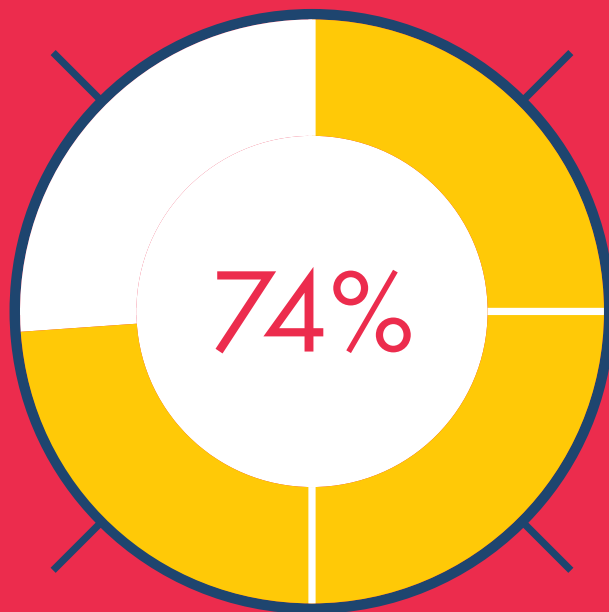
Because of this, Flexioffices decided to conduct a survey of UK businesses to find out more about changing attitudes to the workplace and what it is likely to look like after COVID-19.

Alongside the expected focus around price and location, the primary drivers affecting the thought process around office space are now heavily weighted towards a much greater focus on future flexibility of contracts, wellbeing of people and the quality / cleanliness of the environment, coupled with an overwhelming desire to reduce the overall size of space being occupied.

At Flexioffices, we have spent 20 years re-looking at real estate challenges with our roots planted firmly in flexible office space, putting us in a strong position to deliver against these key drivers when new office space is needed. Our solution to property challenges will never be to just 'throw square feet at it', but to understand where efficiencies can be created in utilizing space more intelligently.

Importantly, the focus that drives our service is **people**. We want to ensure that when new office space is required, we can use our expertise to pin-point a space that will make employees **want** to come back to it, and which will help your business thrive in the future.





of businesses we spoke
to have been significantly
impacted as a result
of COVID-19.

Introduction

Only 1.7 million people in the UK worked from home prior to the coronavirus pandemic, which has since caused a seismic shift in working habits and methods – and seen an estimated 20 million people relocating to home offices¹.

Over the past few years, businesses have been looking at their workspaces and trying to identify the right layouts and environments to get the best from their staff. From open-plan setups to breakout areas, these conversations have featured somewhere on most corporate agendas. But then COVID-19 happened. The challenge that nobody saw coming and no business had prepared for. Almost overnight the world changed, and so too did the working environment. From lockdowns to social distancing, workplaces and organisations have experienced a never-before-seen level of turmoil, and our old ways of working are simply memories now.

COVID-19 has disrupted the global economy, impacting businesses in every industry and of all sizes, forcing them to rethink their approach to how they deliver their products and services.

So, as we venture into this new and uncharted territory, what are the new priorities for businesses? What do employees want and need? How can your workforce be empowered to still give their best? Remote working had been on the rise in recent years, but COVID has accelerated this exodus from the office at lightening speeds. So, what does this mean going forward? Why should employees return to the workplace? What will the office environment look like? This crisis has given organisations an opportunity to take stock of their operations and consider how best to function in future.

To understand the current state of play, and how businesses plan to move forward, we conducted a survey of over 391 decision-makers and influencers of office space, across 13 different industry sectors and covering 10 different UK regions (see Appendix 1). This report delves into the data and identifies the key insights.

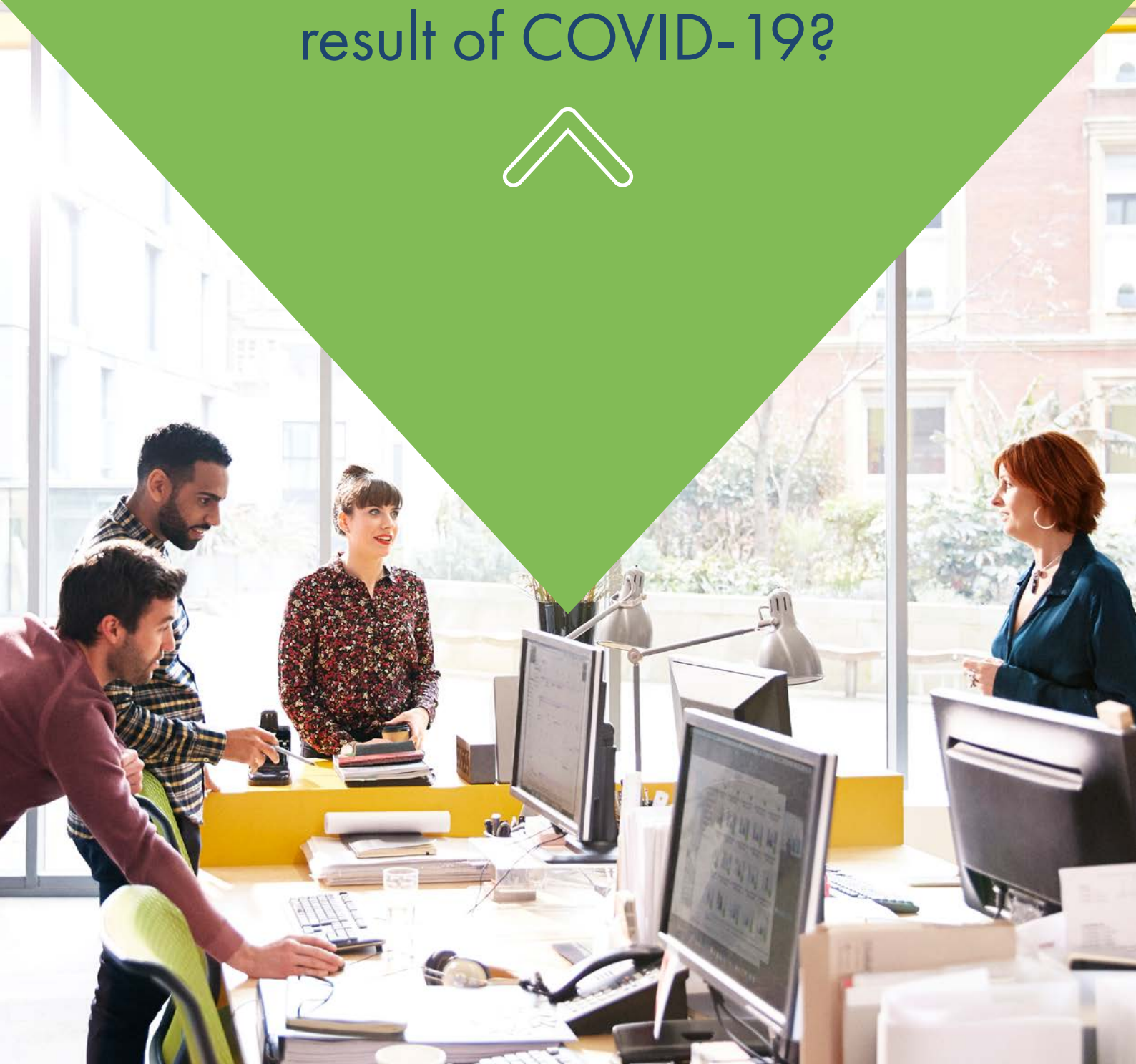
2 out of 3 employers say that maintaining employee morale during the pandemic has been a challenge, particularly in companies that have 500 employees or more². So, however the working environment looks in future, there will need to be an increased focus on employee needs.





PART 1

How have business
priorities changed as a
result of COVID-19?





Life before COVID-19

Prior to COVID-19, just 16% of employers were using technology more frequently to track productivity, well-being and engagement to better understand their employees' experiences³. However, this is likely to change in the new working environment.

According to Deloitte's 2020 Global Human Capital Trends survey, almost 80% of respondents said that before this year's pandemic, fostering a sense of belonging in the workplace was important to their organisation's success in the coming 12-18 months⁴. Additionally, 93% of participants said that they agreed a sense of belonging drives organisational performance⁵. So, it's clear that there was a growing focus on employees before COVID.

Well-being was also a hot topic and buzzword in many businesses earlier this year, but it appears it was yet to impact employees' lives on a day-to-day basis – 80% of organisations said worker well-being is important or very important for their success over the next 12–18 months, but only 12% were ready to address this issue⁶. What's more, most employees (63%) believe their organisation does not effectively balance economics and empathy when making decisions⁷.

Prior to COVID-19, 55% of companies were redesigning their organisation to become more people-centric⁸, but the benefits of this had yet to trickle down to the workforce. So, what impact did the pandemic have on business plans, potential solutions, and the focus on employees? Well, let's see...

Prior to COVID-19, 55% of companies were redesigning their organisation to become more people-centric⁸

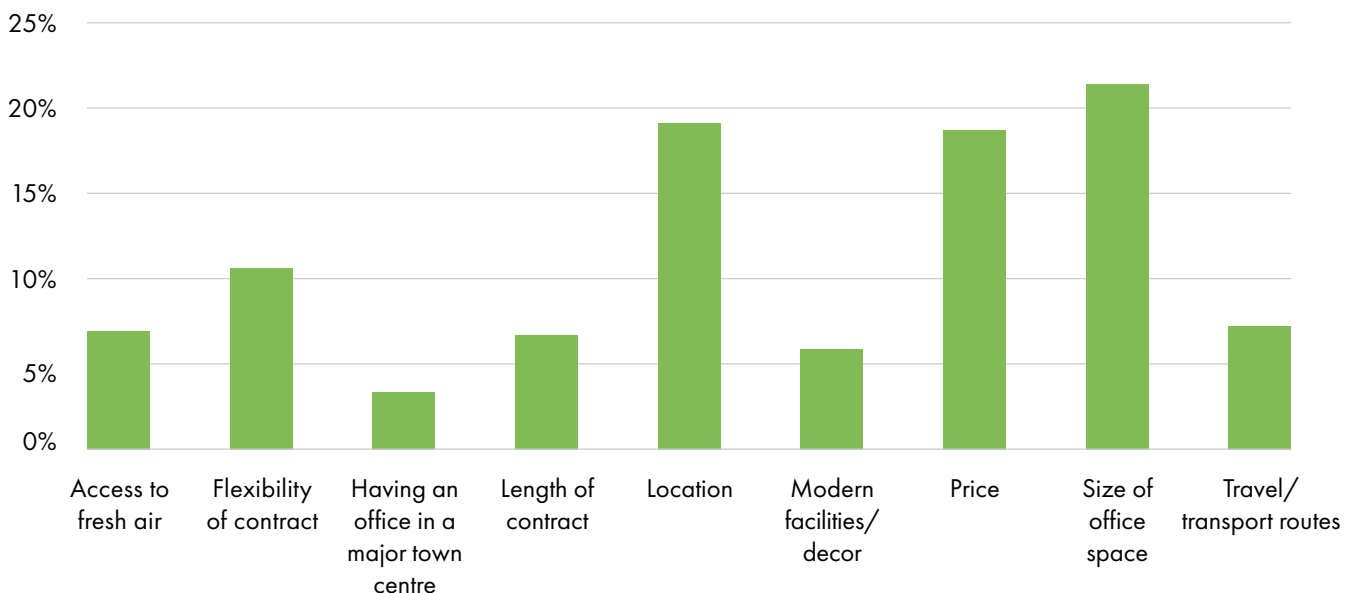
The impact of COVID-19

Understandably, almost every organisation has had to make changes based on the impact of COVID-19. Businesses in short term and flexible contracts have found it easier to break out of contracts to save money⁹ but even companies in long-term letting agreements have been looking to break free. Given the overheads involved in property letting and the now proven capabilities of employees to work from home, it's expected that businesses will look to reduce their space and rent in the short term – focusing more on remote

working practices. However, when considering the long-term impact, our research shows the growing importance these contract types will have on businesses searching for more flexibility in the future, with 43% of our respondents saying they will need flexible contracts in the future in comparison to 22% of respondents who are currently in a flexible contract. It would seem the flexible office space sector is likely to see a great rise in interest – a reaction it has been preparing for over many years.

To reinforce this, when thinking about their future office space, 21% of respondents say the size of their office space will be the most important consideration, 19% say price and 19% say location. In fourth place is flexibility of contract. This type of requirement would previously have been considered a sign of non-committal, but it's likely this will become part of the new normal. (Figure 1)

Figure 1. Thinking specifically about your office space, how do you foresee your workspace needs changing?



With unexpected operational changes, office abandonments, and remote working requirements, employees have had a variety of changes forced upon them – not something that's associated with good mental health. In fact, 79% of businesses say they have seen a surge in employee requests for mental health support¹⁰. In fact, REBA's research into COVID-19 and employee mental health reported that 88% of respondents believe employee mental health support will now receive greater backing at board level¹¹.

But a need for more support doesn't necessarily mean it will be procured or given, so what are businesses actually saying about the new requirements? Well, 46% of our survey respondents said they plan on offering more support for mental health than before. Additional research also showed 70% of businesses are committing to increasing investment into mental health support for their employees¹². So, it seems that on this occasion, the needs of the employees and the support of the business seem to be aligned. But this alignment also needs to seep into the workplace itself – providing collaborative, supportive, and safe spaces.

The impact of COVID-19

While organisations know they need to make changes and put new policies/procedures in place, they are also fully aware that new measures are going to be challenging and pose a new cost to the business. Going forward, businesses need to provide well-ventilated meeting spaces and screens/barriers between employees – a fact that has not been lost on them. But this is only a fraction of the changes that will need to be implemented.

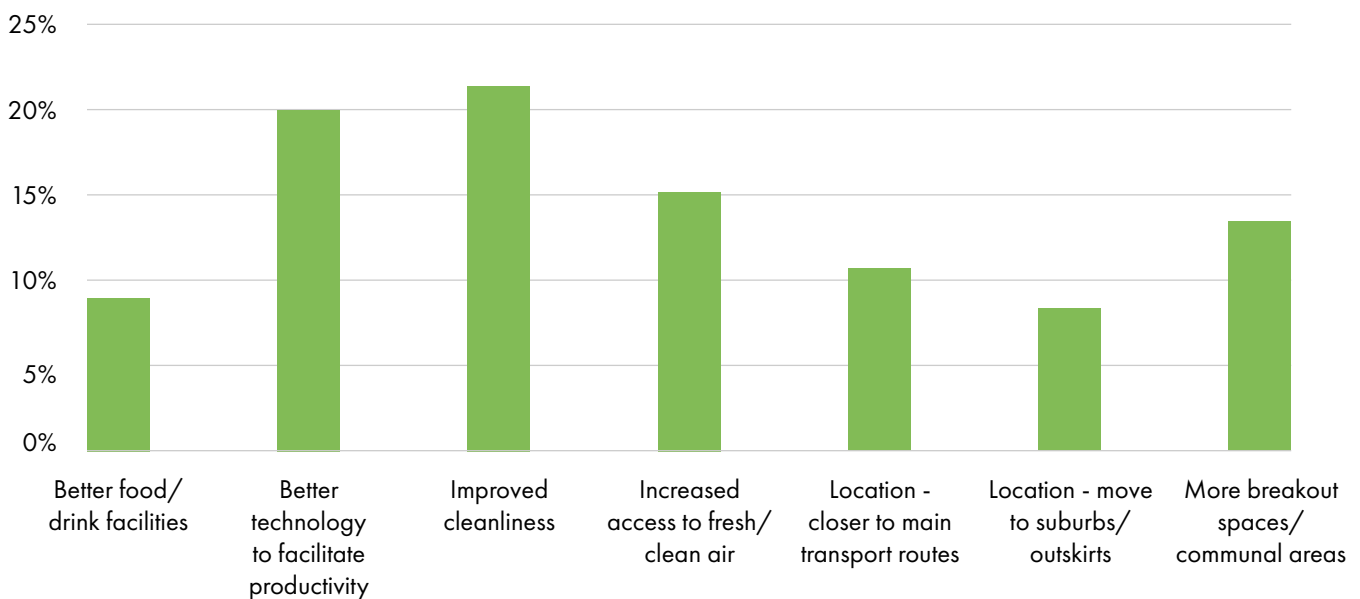
16% of respondents say that they will need more flexibility in their workspace contracts and 44% of businesses that currently own their workplace will be looking to cut their fixed overheads (e.g. mortgages) to rent their next workplace.



In addition to finding ways to better manage overheads and future outgoings, organisations know they may need to change business models and operating procedures to prevent such disruption in the future. These types of changes require new technologies that maximise productivity, collaboration, and even workplace cleanliness.

Businesses are now starting to see the benefits of technology, with 15% of respondents saying their workspace needs better technology. When asked if they could change one thing about their workspace, 20% said they would want better technology to facilitate productivity. (Figure 2)

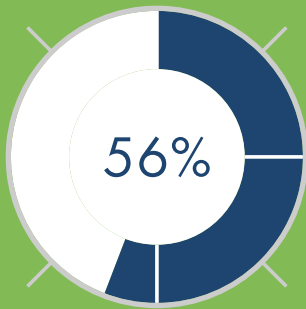
Figure 2. If you could change one thing about your office what would it be?



Having said all this, our data shows that these findings are not a consensus across the board. They are in fact influenced by factors including location, current contract length, and industry type (e.g. blue-collar vs white collar).

And of course, even with the right tools and technology, organisations may fail to see long-lasting benefits without the right office space and working environments.

More of our findings...



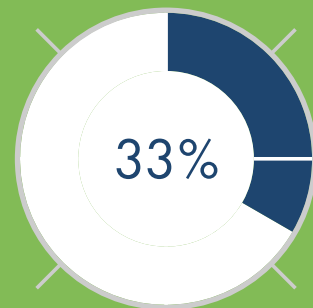
of employers say flexible working hours and remote working will be implemented more than before.



Across the board, businesses are most concerned with implementing social distancing measures in the office (21%), implementing new technology (15%), and needing increased flexibility in their premise's contracts (16%).



36% of those in London are looking to move away from their current city, 56% are encouraging more flexible working hours, and 39% of those who are looking to move want more flexible contracts.



of businesses said that the most useful information they can have right now is 'How can I ensure my people remain happy, healthy and safe?'

While regionally, businesses in Central London are focused on how their needs might change, many across the rest of the UK do not foresee their needs changing or are currently unsure.



17% of white-collar businesses will be looking at flexible contracts, while 18% of blue collar are hoping to implement new technology.



PART 2

What do employees
need and want from their
working environments?



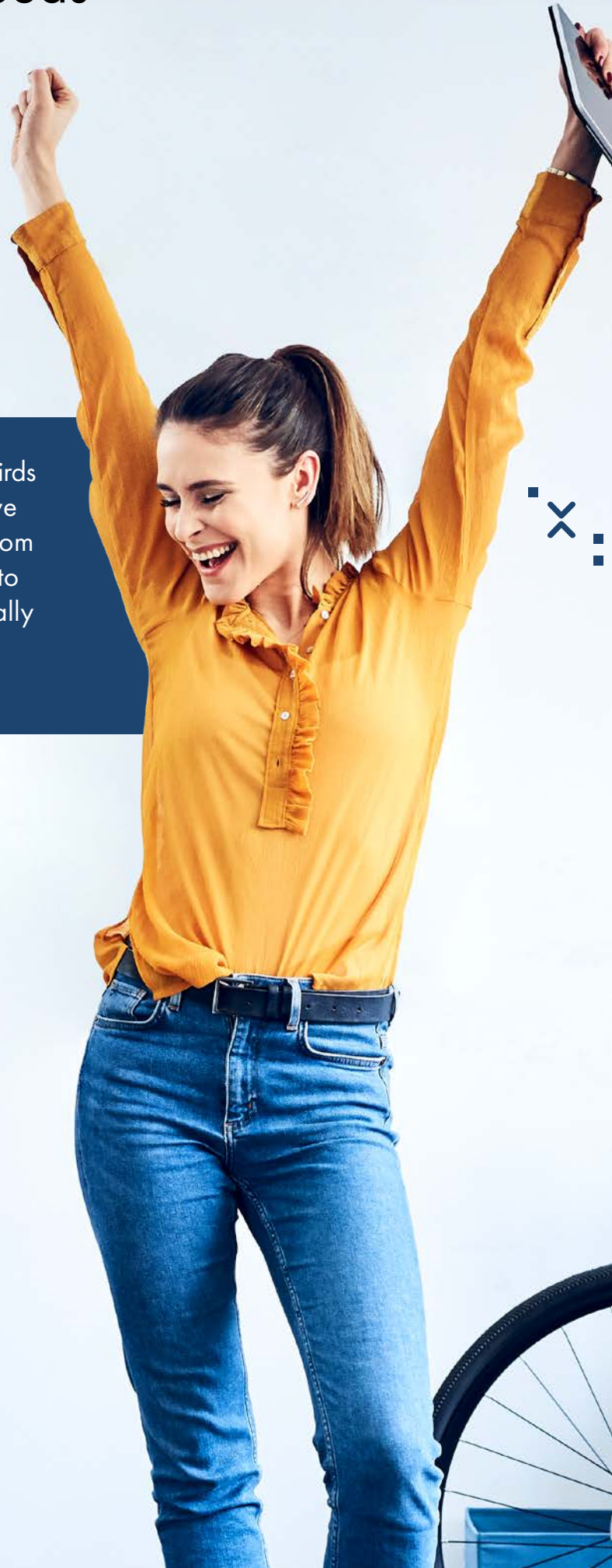
Employee wants and needs

COVID-19 and the associated changes to the traditional working environment have put employee well-being front and centre. From physical, mental, and even financial challenges, workers have faced a myriad of difficulties simultaneously. In some industries, the pandemic has pushed employees to work longer hours - creating exhaustion and burnout, whilst forcing them to face the stress of balancing professional and personal demands at the same time. During lockdown, responsibilities such as being a parent or caregiver could no longer be separated from work. With all this still front of mind, organisations have seen the impacts long-term remote working has had on employee well-being, emphasising the need for additional support now and making it a top priority when the return-to-work process begins.

Having experienced working from home, two-thirds of people say they're just as or more productive at home, and would like to continue to work from home at least some of the time.¹³ But, in order to maintain this productivity in future and potentially back in an office space, it's important that the organisation provides the right environment.

Not surprisingly, those who feel much more productive at home are the ones most likely to want to continue to work from home (55%)¹⁴. However, there is still hope for the workplace with 2 out of 3 employers say that maintaining employee morale during the pandemic has been a challenge¹⁵, and 54% having found their job has been increasingly difficult¹⁶. So where does this leave businesses? How can organisations meet employee's needs in a way that has no negative impact on their service or product delivery when the workforce returns the office?

¹³ dynata | ¹⁴ dynata | ¹⁵ CNBC | ¹⁶ CNBC



New ways to do business

One of the key insights from this year's pandemic was that people are motivated to the highest levels when they can connect their work to a greater purpose and mission. Employees want to contribute to their organisations when

they understand how their unique talents and strengths have an impact on larger goals. This means culture. People need to feel united and driven by a common goal or set of behaviours.



One-third of companies say they found maintaining company culture difficult during the pandemic¹⁷. This is of course something that will need to be given great consideration and attention when workers to return to the workspace.

Although employees are being productive at home, there's a sense of community and connection that is missed most. As the nation begins to return to workplaces or applies new business practices, employers are likely to expand the support they provide. And this means collaborative technologies. With remote working likely to continue in the immediate future, and the increasing flexibility that is likely to be offered to employees as we move back to the office, companies now understand that they must utilise technology to enable collaboration – plus provide physical, mental, and emotional support. It's also worth noting that trying to update existing workspaces to create community, personal connections,

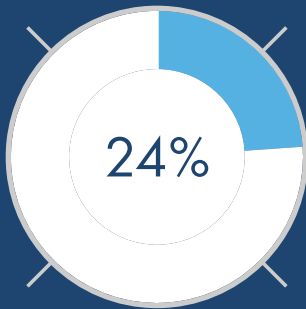
and improved well-being can be a mammoth (and potentially costly) undertaking.

Could it be that the office of the future will ultimately need to work harder to be a place where employees **want** to be, not **need** to be? That means, more spaces to be comfortable and collaborate, and more areas to hold meetings. 19% of our survey respondents are already thinking along these lines, requiring more areas for collaboration or more areas for employees to relax on breaks. So, in some instances, businesses may in fact find more value in moving to a new flexible office space that is already created with these factors in mind.



There is an increased awareness of office cleanliness, however more surprisingly, 20% of those surveyed now realise the importance that better technology will have on their business.

More of our findings...



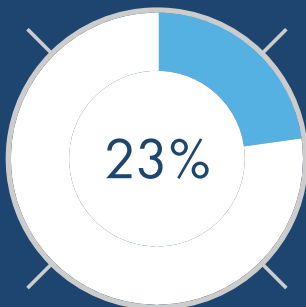
of those in 'people' roles say that the one thing they want to change is access to more breakout spaces and communal areas.



20% of those surveyed realise the importance that better technology will have on their business.



14% of influencers consider access to fresh air as one of the most important factors, while decision-makers are more concerned about flexibility of contracts.



of managing directors and senior decision-makers say price and size of office space are the most important factors when making a decision about a future office space.



PART 3

How has the onset of Covid-19 impacted decision making when it comes to office space and employee engagement?



Moving or staying put?

Our research has found that not only have businesses recognised that their needs have changed, but some are already considering how they need to react to the challenges presented by COVID-19, particularly when it comes to the property market. In fact, 25% of businesses who were not considering moving before, are now considering it as a direct result of COVID-19.

And 55% of those businesses are currently located in central London. Overall though there are regional differences – when looking at businesses who were considering moving before COVID-19, as well as those who weren't looking to move but are now considering it, 42% of those in London will be or are considering moving, while 53% of those in the rest of the UK are currently looking to stay put.

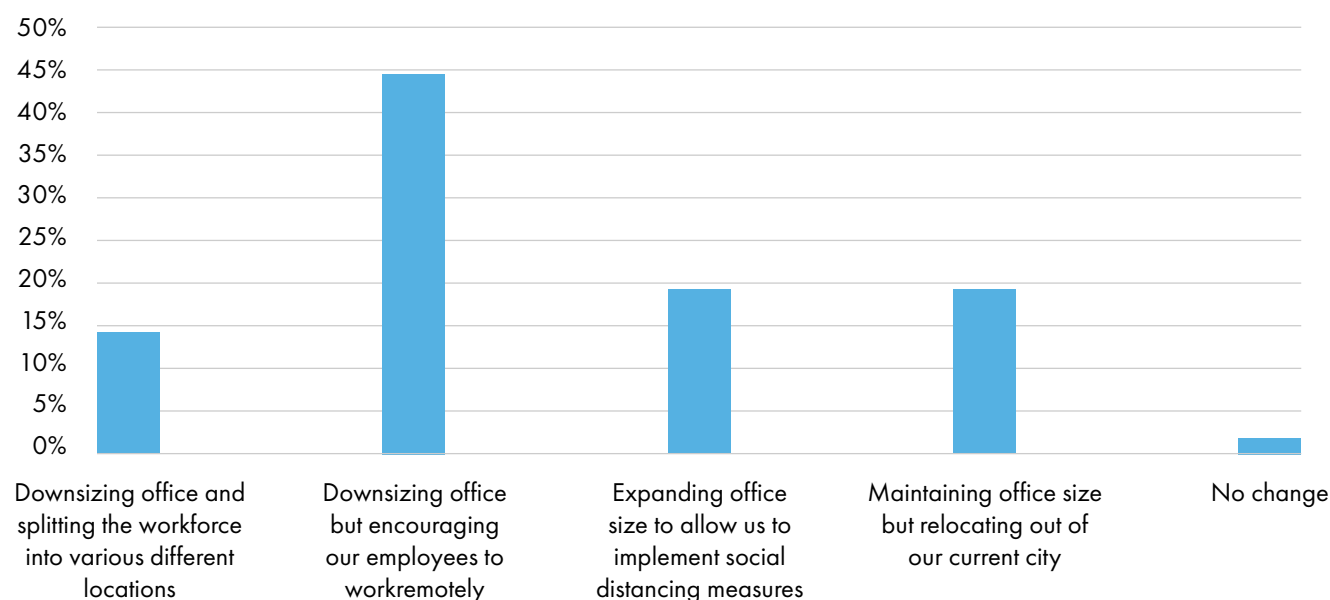
When focusing on the industries who have expressed their intentions to move, blue collar businesses are now more likely to move with 33% of construction and 40% of utilities considering it. Given that these organisations typically have large and disparate workforces – a more flexible working environment is likely more suited to their needs.

White collar businesses are not overlooking a possible move though. 30% of business services and 31% of consumer services are also considering moving office space. What is startling, is how fast these organisations are considering taking these fairly large steps. Of those planning to move/considering it, 55% will be looking to make a decision in the next 3-6 months, and 90% are looking to move before the end of 2020. With this data in mind, it's safe to say COVID-19 has had a remarkable impact on UK business. The types of contracts businesses need from their

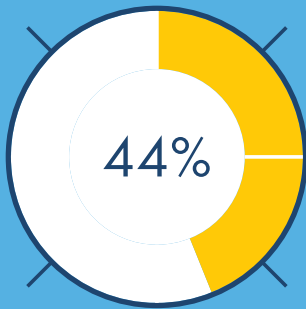
future workplace have changed too, with 39% looking for flexible rolling contracts.

So, we know that organisations are looking to move, they are looking to move quickly, and they are looking for flexible contracts, but what about the spaces themselves? Well, 57% of businesses will be looking to downsize and more specifically 44% will be looking to downsize and encourage their people to work remotely (Figure 4). It seems the face of the UK workplace is changing like never before.

Figure 4. Are you considering any of the following ways to change the shape of office space you currently use?



More of our findings...



of people who currently own their office space are looking to rent next time.



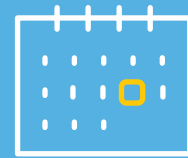
42% of businesses in London are now moving or considering moving as a direct result of COVID-19, however 53% of the rest of the UK are less inclined to move.



Blue collar businesses are now more likely to move with 33% of construction and 40% of utilities considering it.



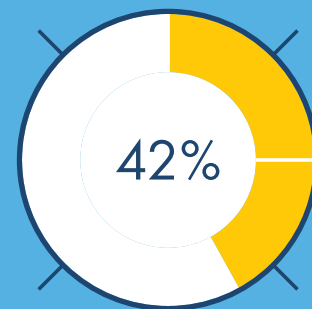
For those considering moving, 58% will be downsizing.



Of those planning to move/considering it, 55% will be looking to make a decision in the next 3-6 months.



Of those who rent, 39% will be looking to downsize their office space and encouraging employees to work remotely.



of businesses say they are going to move or are considering moving specifically because of COVID-19.



PART 4

Your future workplace considerations



People need more than premises

As this report has shown, there are two key areas to consider when reviewing your workspace – your employees and your business' needs. So, let's start with your employees. Safety and security will always be a priority when providing a workplace for your employees, but is that all that's needed? Of course not. We now know that collaboration, culture, and common values are a must, but so too is flexibility.

Almost 80% of respondents to Deloitte's 2020 Global Human Capital Trends survey said that before this year's pandemic, fostering a sense of belonging in the workplace was important to their organisation's success in the coming 12-18 months¹⁹.

The COVID-19 pandemic has shown that although workers are, in most cases, capable of completing their tasks and role requirements at home, they ultimately lose out on face-to-face interactions and a feeling of integration with the overall goals of the business.

So, going forward, flexibility will be key. This flexibility needs to account for a growth in remote working (for at least part of the working week), collaborative technologies that align the workforce, and safety measures that comply with social distancing guidelines.

Most employees (63%) believe their organisation does not effectively balance economics and empathy when making decisions²⁰. In future, the need to prioritise employee well-being will have to be considered as part of the working environment and workspace.

The data and insights from our survey has cemented the belief that a workspace is not just premises. It's the people within it. It's your employees, their health, their well-being, and ultimately their productivity, so this needs to play a vital role in your future workplace plans. People need to feel safe, supported, and encouraged, and that takes more than just an open-plan office or some indoor plants.

Your business needs

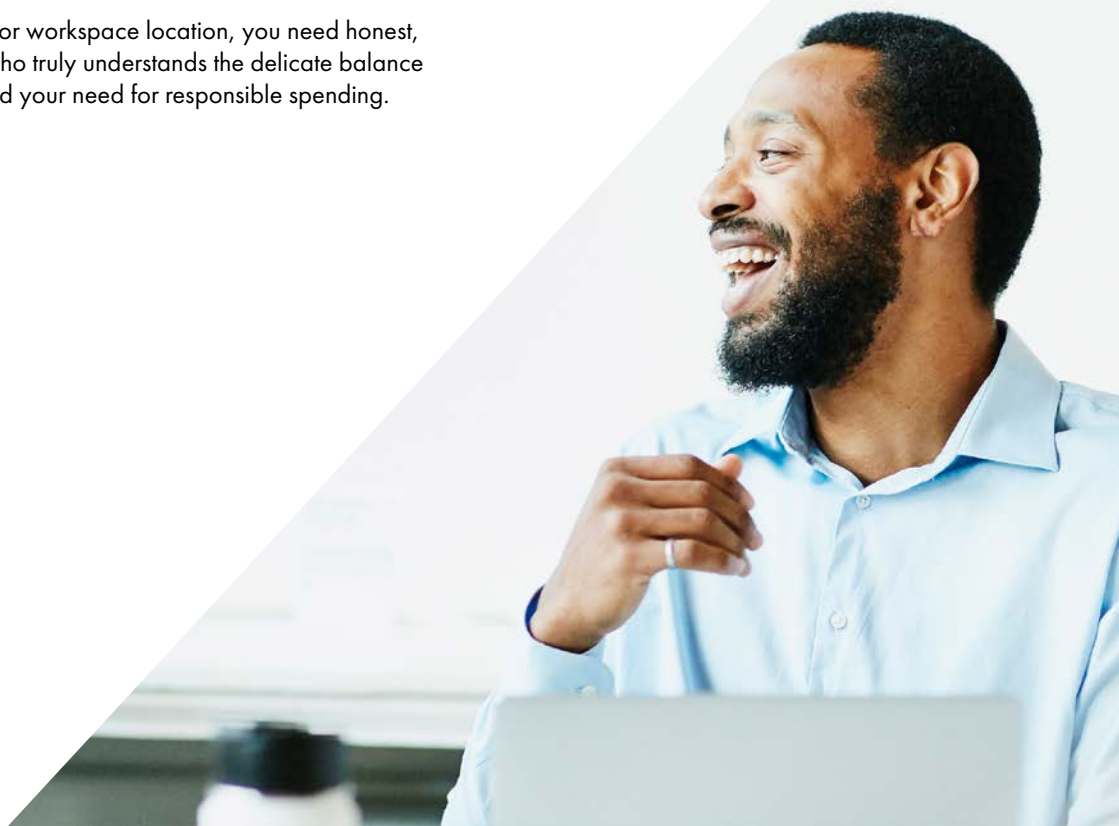
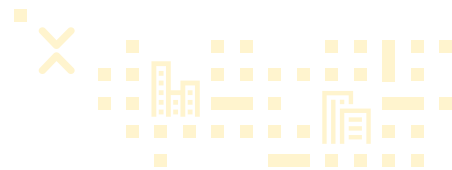
All businesses need to effectively sell their product or service in order to achieve turnover and profit – that's a given. But with the now paramount importance of employee well-being, how does this also fit into your goals and objectives? How can you stay true to your businesses financial objectives whilst also providing superior support for your workforce? Well, it will require a lot of thinking, consideration, and potentially expert assistance.

56% of employers say flexible working hours and remote working will be implemented more than before. This means that flexibility will also be a prominent factor in the choice of workspace and office.

You want to maintain a vibrant culture and highly motivated employees. However, you also need to account for the cost implications of moving or staying put, as well as the financial, cultural, and geographical aspects of your decision. You want to realise new opportunities while minimising risks to both your workforce and your bottom line. It's a potential maze of difficult decisions and large investments. So, with that in mind, you need to consider your available support. The future of workspaces will be built on foundations of flexibility and agility. Ensuring you achieve this will require expert knowledge and guidance.

39% of businesses will look for a flexible rolling contract in future.

If you decide to move your office or workspace location, you need honest, impartial advice from an expert who truly understands the delicate balance between employee well-being and your need for responsible spending.



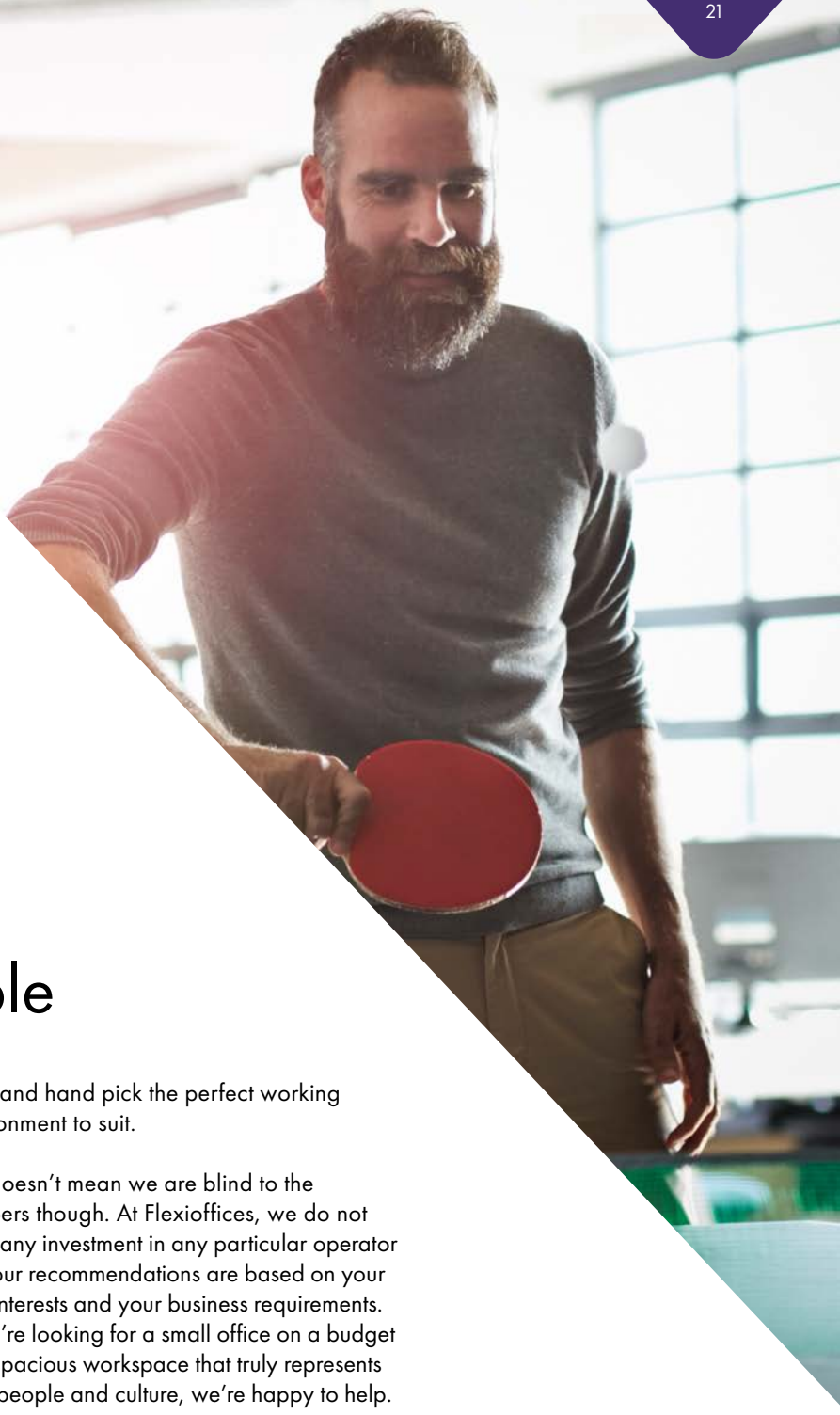


Find the perfect space



flexioffices.
the workspace people





Flexioffices – the workplace people

It's no secret that the world of business has changed dramatically over the past few months and will continue to do so for some time yet. Businesses will move premises to save costs, some will downsize for the same reason, and others will upsize to create more 'safe' space. The factor likely to drive decision-making at the current time is money – with organisations looking to minimise the financial impact of COVID-19. Cutting costs will likely take priority over all else, including employee well-being, at least in the short term. But, at Flexioffices, we know that employee well-being is the real key to business success and will ultimately win out as the priority for every organisation. So, don't prioritise one over the other. Instead, let us help you find the workspace that meets all your needs – both now and in the future.

We understand that work isn't just about desks, walls and meeting rooms. It's about your people. It's about relationships, collaboration, and a sense of unified purpose. When we work with our clients, we put your people first, taking the time to understand

them and hand pick the perfect working environment to suit.

This doesn't mean we are blind to the numbers though. At Flexioffices, we do not have any investment in any particular operator and our recommendations are based on your best interests and your business requirements. If you're looking for a small office on a budget or a spacious workspace that truly represents your people and culture, we're happy to help.

We are a team of experts.

With knowledge of the commercial market and experience of all business industries, combined with our continuous learning and improving, we are best placed to advise you. We are happy to take this knowledge and support you along your whole journey. From understanding your requirements, talking you through your options and budget, advising you on your most suitable options and organising viewings. Right through to securing your ideal space at the best rates.



Your business and people should not have to compromise on the most important aspects of their workspace, so if you are considering an office move in light of COVID-19 or for any other reason, do not hesitate to contact us. Our specialists will be happy to talk through any aspect of your transition plans and our services are completely free, so simply give us a call on

> 03301281537 <

or send an email to

> info@myflexioffices.com <

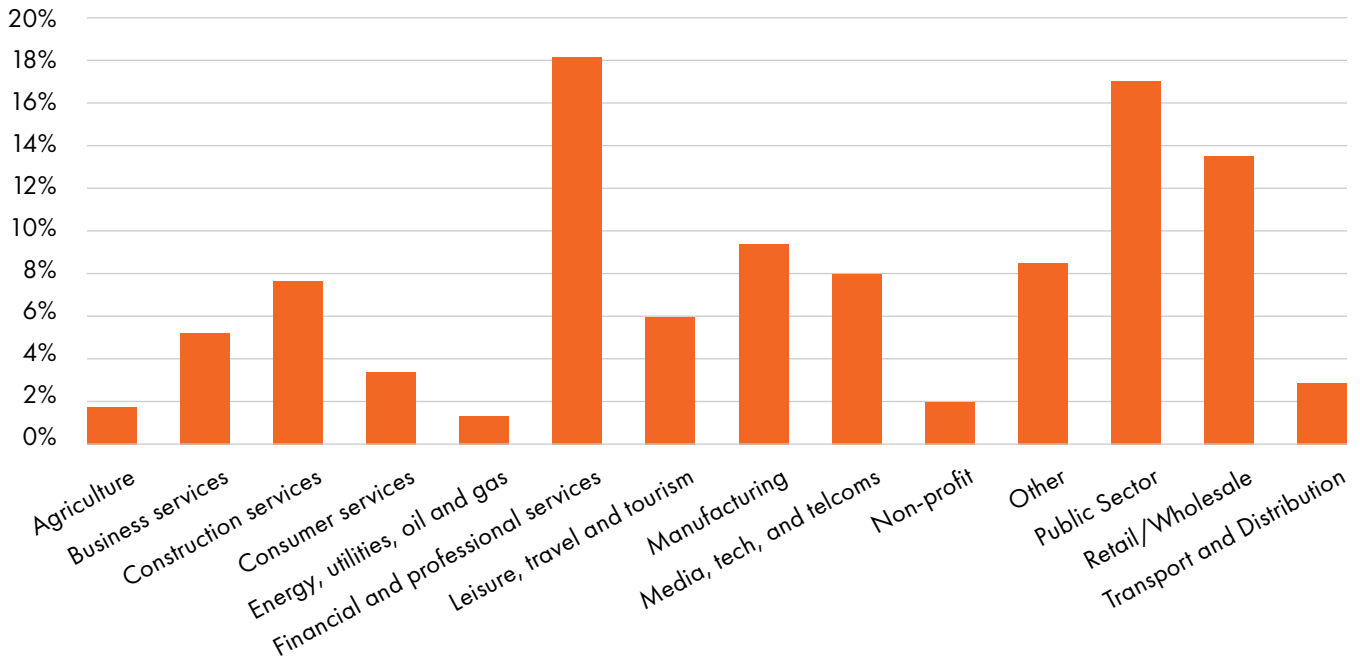


Appendix

558 participants recruited, 407 surveys completed, 391 completions analysed.

Those who were disqualified from the 558 included prospects who incorrectly answered the bot test, those who are not a decision-maker or influencer of office space, and those who do not operate in an office space under normal working conditions.

13 industry sectors including:



10 UK regions including:

Central London East Midlands East of England North East North West Outer London Scotland South East South West West Midlands

Q1 Does your role typically involve working in an office space under normal working conditions?



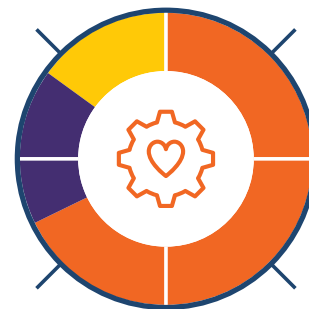
58%

42%

Yes - I work in an office as my primary working location

Yes - We work in temporary office spaces although this isn't my only workspace

Q2 What is your responsibility when your organisation is in the process of selecting a new office or workspace?



68%

17%

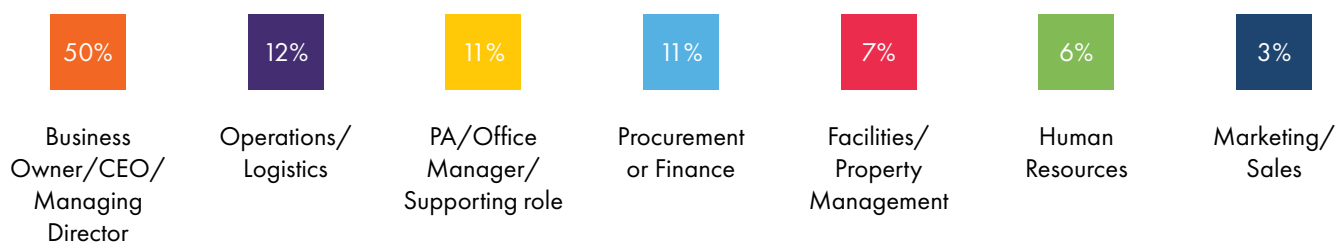
15%

Decision maker and budget holder

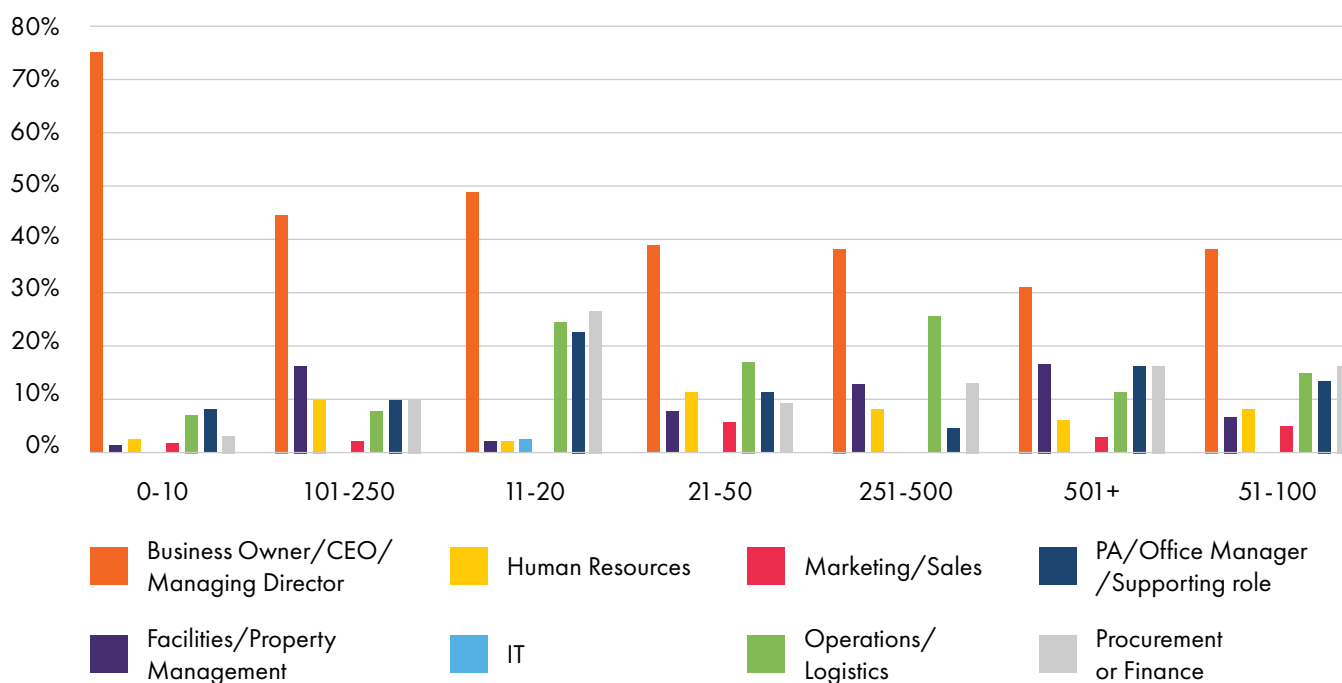
Influencer

Decision maker but have not budget holder

Appendix

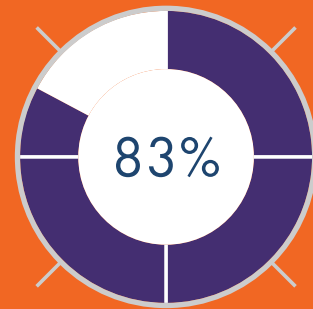


Decision maker by business size

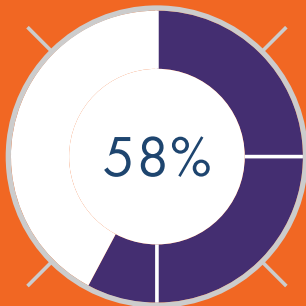


Participant data

In most businesses, senior management are considered the main decision maker, but as the businesses become larger, functions such as facilities, procurement and supporting roles become more involved in the process.



of respondents were a decision-maker with 68% holding budgetary responsibility over workspace



of respondents work in an office as their primary working location



The biggest influencer of decision-making is PA/Office managers – making up 43% of the influencers surveyed



Biggest response rate from those in financial services (18%), Public sector (15%) and retail (15%)

Evenly spread across the United Kingdom with 15% of data in Central London, 15% in the South East and 14% from the Northwest



¹ <https://www.businessleader.co.uk/how-many-people-in-the-uk-worked-from-home-prior-to-coronavirus-outbreak/81646/>

² <https://www.cnbc.com/2020/05/18/how-post-pandemic-office-spaces-could-change-corporate-culture.html>

³ <https://www.gartner.com/smarterwithgartner/9-future-of-work-trends-post-covid-19/>

⁴ <https://www2.deloitte.com/uk/en/insights/focus/human-capital-trends/2020/creating-a-culture-of-belonging.html>

⁵ <https://www2.deloitte.com/uk/en/insights/focus/human-capital-trends/2020/creating-a-culture-of-belonging.html>

⁶ <https://www2.deloitte.com/uk/en/insights/focus/human-capital-trends/2020/creating-a-culture-of-belonging.html>

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