


Fall 2023

# CRE Trends & the RTO Outlook





The corporate real estate market is in the midst of a long and tumultuous evolution - but this fall it is being hit by a once-in-a-generation confluence of especially challenging threats – increased demand for flexible work, increased interest rates, reduced budgets, and a reduced demand for traditional office space. **But, it's not all doom and gloom, and there will be winners that overcome and lead through this industry transition.**

Want to be one of them?

Here, access trusted data and insights on the state of the CRE market and the RTO landscape. Also, learn about the transformation of the experience economy, the value of real estate experience, and why investment in this space is critical for success through this market evolution.

Put these real estate insights to work for your property today!

# It's tough out there

Landlords are under intense pressure. Rent growth is slow, and competition for tenants is at an all-time high. According to the *National Association of Realtors*, office tenants have lowered the average square footage they use per person, and 102 million additional square feet of space became available this spring compared to the spring prior. Additionally NAR reported that the US office vacancy rate hit a record high of 13.1%.

**102 M**  
SQUARE FEET

more  
available now

RECORD HIGH  
**13.1%**

US office  
vacancy rate

## RTW policies are changing — and employees support it

A driving factor in this market change has been the fundamental shift in how, where, and when work happens. That said, some interesting data was just released.

According to a recent *Resume Builder survey*, 90% of the 1,000 participating companies plan to implement return-to-office policies by the end of 2024, and nearly 30% say they will threaten to fire employees who don't comply with in-office requirements. What's more – only 2% of business leaders said their company never plans to require employees to work in person.

Supporting data from *Hubspot* reported that **73% of remote workers are in fact back to the office at least once a week**, and according to a recent *Bankrate survey* of over 2,000 people, 68% of full time workers support a hybrid schedule. Data like this is so important to understand. It tells us that the traditional workplace model requiring employees to come into a physical office five days is a thing of the past, but that the office itself is not. Not only do leaders see the value of in-person work, but so do employees.



# Experience data is critical for continued success

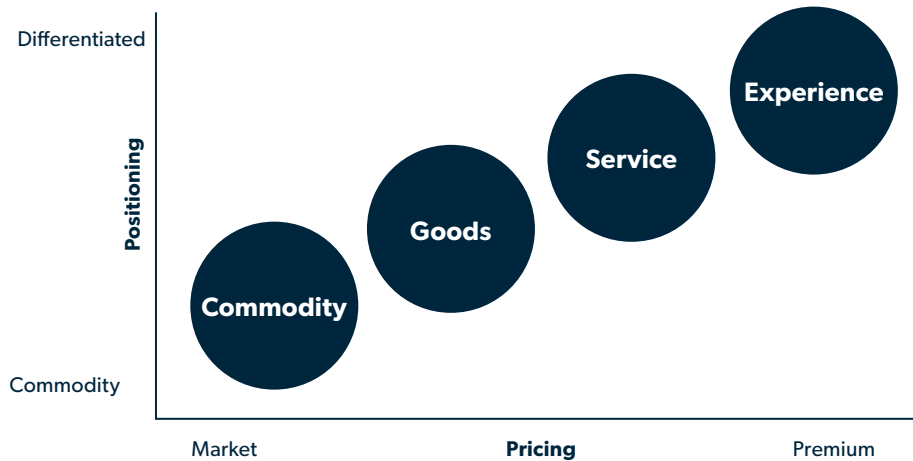
The shift in workplace requirements has led to a seismic transformation in the real estate experience economy – space has moved from a commodity, to a service and now to an experience. No longer can real estate be simply looked at as a cost center. If employees are going to leave the comfort of their homes, commute, and get back into the office – they need the promise of experience.

We see this come to life when comparing the low overall office occupancy to the growing demand for the high-value office space, the kind that prioritizes experiences. Termed “the flight to quality” – this is a recent trend in the leasing market characterized by increased demand for Class A and Class A-plus properties.

This concept is further supported by Gartner’s 2023 Market Guide for Workplace Experience, which states that investing in employee experience is the #1 priority of two-thirds of corporate real estate leaders.

**Complete HqO’s Real Estate Experience Readiness Assessment to review your current strategy and explore recommendations for elevating it.**

**The Experience Economy Evolution**



**BETTER REAL ESTATE EXPERIENCE CAN LEAD TO**

**23% GREATER PROFITABILITY**

**18% HIGHER PRODUCTIVITY**

# Don't get left behind

To give people the experience they need and demand, organizations need data and insights – and that's where Intelligence comes in.

**Intelligence**, a new product of **HqO's Real Estate Experience (REX) Platform**, is the ultimate real estate and analytics engine that delivers **the first and only industry standard for assessing and benchmarking performance**.

Through Intelligence operators and occupiers of real estate gain:

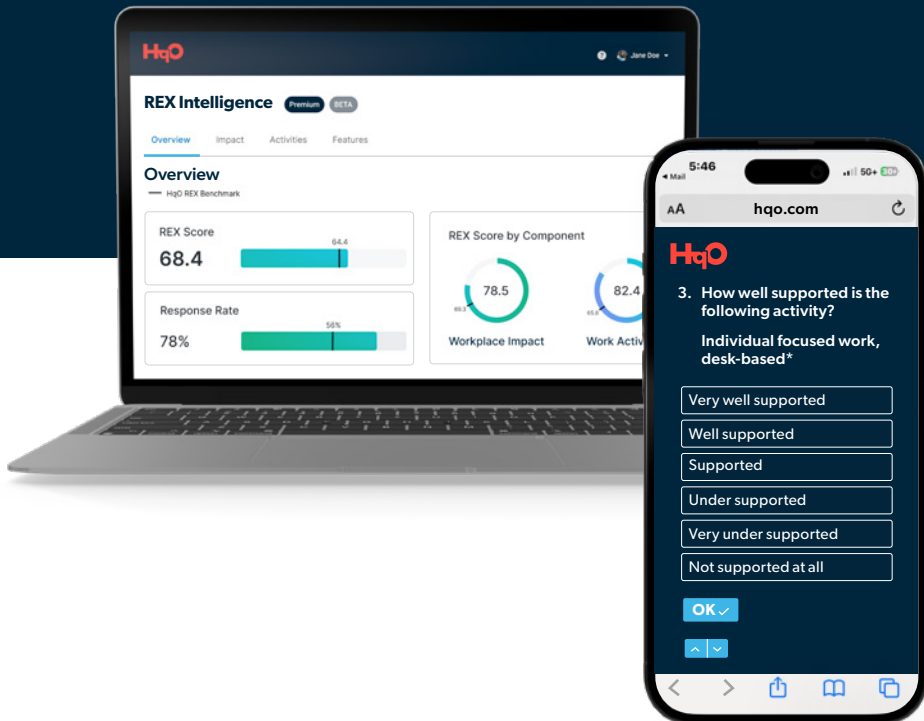
- Immediate access to global real estate insights from 1.3+ million employees and 8,000+ workplaces collected through the proven methodology of Leesman, an HqO company and the industry's most trusted workplace experience data source and benchmarking framework.
- Property-specific insights by deploying the Intelligence product suite at an asset.

INSIGHTS FROM

**1.3+ M  
EMPLOYEES**

**8,000+  
WORKPLACES**

COLLECTED THROUGH  
PROVEN METHODOLOGY

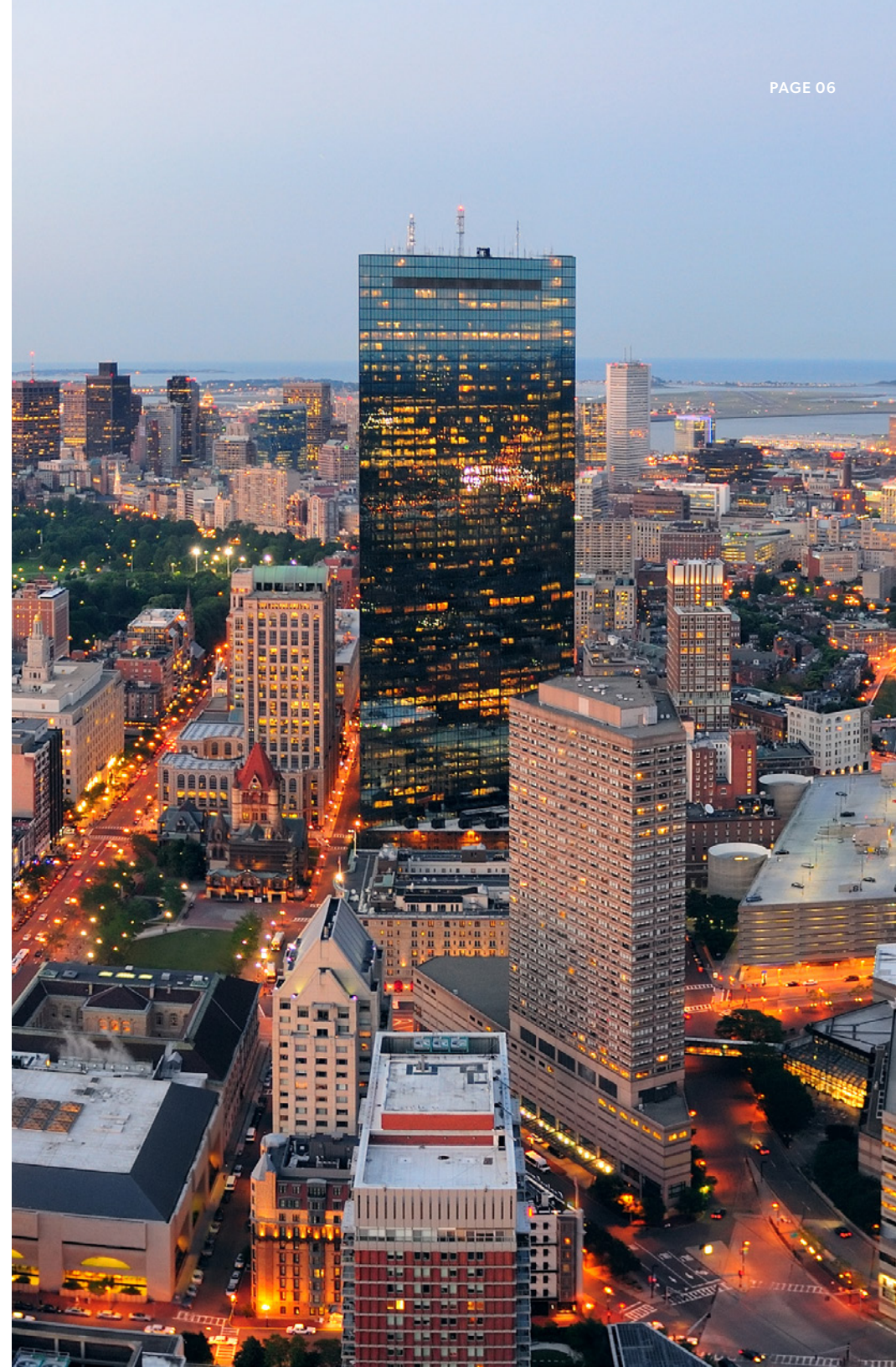


**Enhance your real estate  
experience with Intelligence**

# About HqO

HqO, ranked No. 75 on the Inc. 5000 list, is transforming how people connect with each other and the places they work. The HqO Workplace Experience Platform and App makes it easy for companies and commercial property teams to create modern workplaces through world-class amenities and services that allow people to thrive and produce the best results. Active in over 250 million square feet in 25 countries, 57% of the Fortune 100 rely on HqO to enhance their workplace experiences, improve employee satisfaction, and drive operational excellence.

**For more information, visit [www.hqo.com](http://www.hqo.com)**





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