

2024

The State of Real Estate Experience (REX)

Everything CRE Operators, Owners, and Occupiers Need to Know About REX in 2024



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Navigating the Crossroads of Opportunity and Challenge in 2024 CRE

2024 Looms Large for the CRE Industry

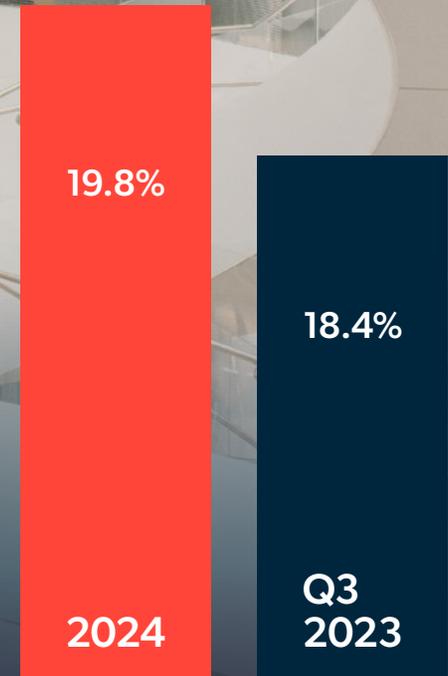
While whispers of an impending recession hang in the air, whispers of opportunity also resonate. This is a year poised on a knife's edge, where potential triumphs and pitfalls lie in equal measure.

CBRE recently released a stark statistic: **U.S. office vacancy is projected to peak at 19.8% in 2024, a significant climb from 18.4% in Q3 2023.** That said, **90% of companies anticipate a return to the office environment by the end of 2024.** Together, these statements paint a picture of a market in flux, where traditional models are being challenged and new paradigms are emerging.

But amidst the challenges, opportunities abound. The rise of hybrid work models presents a chance to reimagine the very concept of “office space,”

transforming it from a simple cost center into a dynamic hub for collaboration, engagement, and innovation. And at the same time, technology is evolving at unprecedented speed, offering innovative solutions for space optimization, tenant and employee engagement, and data-driven decision-making.

Whether you're a seasoned investor, a property manager navigating the trenches, or an occupier focused on your employee retention and ROI of space, **this eBook, which leverages proprietary data gathered by HqO company, Leesman, over the last decade from 8,000+ workspaces and 1.8+ million employees,** is your roadmap to understanding and navigating the exciting, yet complex, terrain of 2024.



Record High U.S. Office Vacancy Rate

State of REX: At A Glance

Data sourced by HqO Company, Leesman



89% of employees feel that when they are in the office, focused work at a desk is the most important activity they need their workplace to support, however, **1 in 4 employees don't believe their workplace enables them to work productively**



1 in 3 employees don't believe their workplace creates an enjoyable environment to work in



The most important features to employees when they are in the office are furniture, beverages, general cleanliness, and temperature control



Technology features are three of the top twenty features employees rank most important to an effective work environment

Real Estate Experience and the Flight to Quality

Real Estate: No Longer Just a Cost Center

Over the last several years there has been a fundamental evolution in the **real estate economy** as space has moved from a commodity, to a valued service, and now to a **must-have experience**. In response, HqO has created a new market category, the **Real Estate Experience (REX)**, putting the customer and their experiences of space at the center of this significant market transformation.

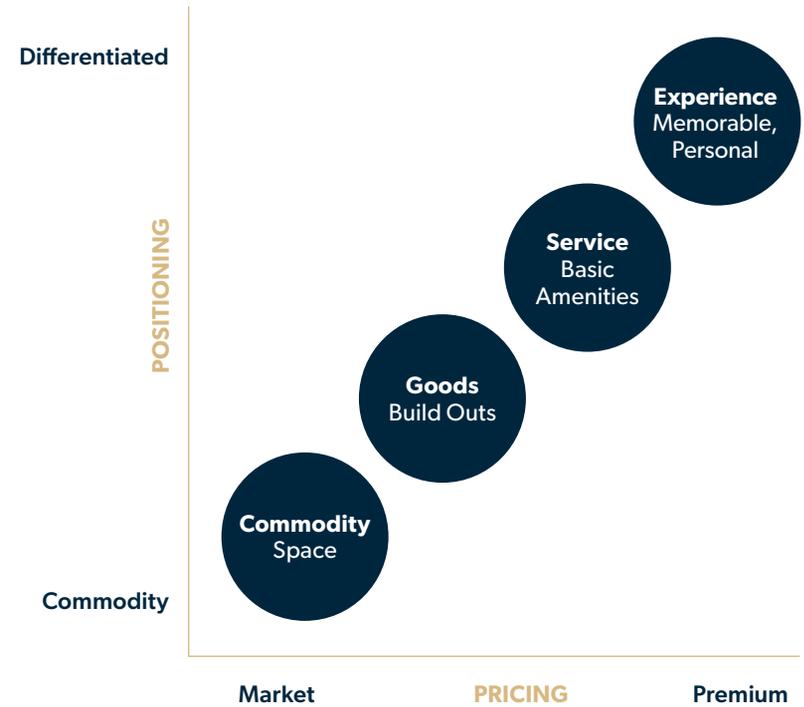
The idea behind this is that real estate can no longer be simply looked at as a cost center. If employees are going to leave the comfort of their homes, commute, and get back into the office — they need the promise of experience.

Leading owners, operators, and occupiers understand this. While there is record low overall office occupancy, there is a 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.

The flight to quality has the potential to offset some of the turmoil in the broader CRE market, but more than that, it underscores the seismic transformation of the real estate experience economy. Rather than leasing an office, today’s top companies want a premium office — they want an experience that can more than justify the cost of its investment, and their RTO requirements. That’s what the flight to quality demonstrates at a basic level; the office has a future in high-value, experiential spaces. It’s not just a temporary salvo, it’s an existential shift, and forward-thinking industry leaders have already begun to reap the benefits.

THE EXPERIENCE ECONOMY EVOLUTION



Key REX Trends Reshaping the CRE Industry in 2024

5 REX Trends You Need-to-Know

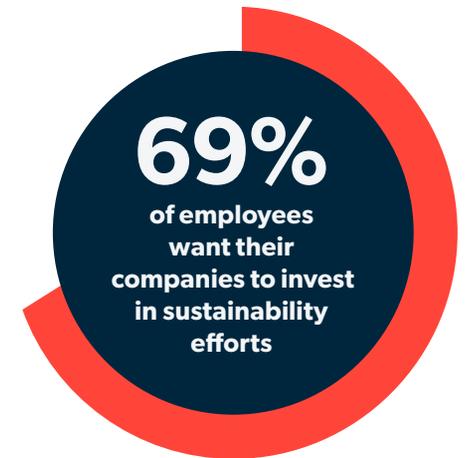
To succeed through the continued transformation of real estate this year, operators, owners, and occupiers alike must leverage and invest in the REX trends reshaping the future of how end-users work and interact with properties and spaces. **These include:**

1. Increased Demand for Shared and Flexible Spaces

The rise of the “gig economy” and changing work styles is fueling the demand for flexible and co-working spaces. Leading properties offer shared workspaces, meeting rooms, and event areas that cater to diverse needs and allow for greater community interaction. In fact, according to a recent *Harvard Business Review* study, in the last three years **18% of organizations began leasing a flexible workspace or co-working space, and 59% have added more meeting spaces or collaborative workspaces to their current office.**

2. Heightened Focus on Sustainability

According to *Deloitte Consumer Center*, **69% of employees want their companies to invest in sustainability efforts, however, HqO data shows that 43% do not believe their workplace contributes to environmental sustainability.** With a rapidly growing focus on environmental impact, CRE properties are making significant investments to shift towards sustainable design and practices. This includes implementing features like energy-efficient systems, renewable energy sources, and on-site waste management. Additionally, buildings are increasingly promoting micro-mobility options like bike-sharing programs and electric vehicle charging stations to reduce car dependence.



3. Rising Desire for Experiential Working

According to HqO data, **67% of employees agree that the design of their workplace contributes to their enjoyment when in the office.** Leading CRE properties know this, and are moving beyond providing mere functionality to instead offering unique employee experiences. This includes rooftop gardens, communal working spaces, and niche nooks for collaboration. Additionally they are developing community events, cultural spaces, and partnerships with local businesses. In 2024 this rapidly growing trend will support the creation of vibrant and engaging environments that foster connection and a sense of belonging.

4. Increased Value of Data

Data and analytics are playing an increasingly important role in CRE management and engagement. By analyzing data on things like occupancy, energy consumption, and tenant/employee preferences, owners, operators, and occupiers can make informed decisions about design, amenities, and operations, ultimately creating more efficient and user-friendly spaces.



Pro Tip

HqO's Intelligence product suite, the industry standard for measuring and assessing the health and performance of a customer's experience within a property, which directly correlates to tenant and employee engagement, satisfaction, and retention, **is your key to success.**

Leveraging insight from **1.8+ million employees and 8,000+ workplaces**, this suite of products utilizes the proven methodology established by Leesman, an HqO company and the industry's most trusted workplace experience data source and benchmarking framework.

Speak to an HqO expert to learn more.

5. Blurring Lines Between Residential and Commercial Spaces

As hybrid work models become more prevalent, the differences between "living" and "work" spaces are becoming increasingly more irrelevant. It is anticipated that we will see plans for more mixed-use developments with integrated living, working, and leisure spaces, catering to the evolving needs of individuals and businesses in 2024 and beyond.



2024 In-Office Must-Haves

What Employees Want in the Office

After the setbacks of the pandemic, employee engagement levels in the U.S. began a gradual recovery in 2023. This positive trend is expected to continue through 2024, driven by companies, owners, and operators who are prioritizing employee feedback when crafting their real estate experiences by paying attention to what employees want:



**Seamless
Technology
Experiences**

**Office
Essentials**

**Workspaces
that Prioritize
Wellbeing**

**Flexible and
Hybrid Work
Options**

**Productive
Workplaces**

Seamless Technology Experiences

70% of employees consider digital tools essential for their everyday work tasks, but 29% believe their workplace does not provide sufficient technology to help them be productive, according to Zipdo's *Essential Workplace Technology Statistics In 2024*. Further supporting these statements is HqO data that shows **technology features to be three of the top twenty features employees rank most important to an effective work environment**. Common complaints range from clunky software, slow internet speeds, and outdated hardware — all of which directly and negatively impact employee productivity and morale. Employees are sick of navigating complex interfaces, troubleshooting technical issues, and waiting for applications to load. This not only impacts their output but also creates a negative work environment, breeding dissatisfaction with the office.

Technology Features Ranked Most Important for an Effective Work Environment

67.61%

WiFi Connectivity

66.45%

IT Help Desk

55.37%

Computing Equipment

In 2024, **seamless technology experiences are an expectation in the workplace**. To respond, operators, owners and occupiers alike will all need to invest in:



Seamless Connectivity

High-speed internet, 5G access, and reliable Wi-Fi throughout the property is no longer negotiable.



Data Analytics Capabilities

Utilize data collected to understand user behavior, optimize spaces, and personalize experiences.

Did you know that HqO's REX Assessment is the industry — leading survey measuring end-user experience within a property or space?

Speak to an HqO expert to learn more.



Enhanced Security Solutions

Prioritize cybersecurity measures and access control protocols to ensure data privacy and physical security.



Smart Building Systems

Optimize energy use, automate tasks, and offer touchless interactions for safety and convenience.



AI-Driven Amenities

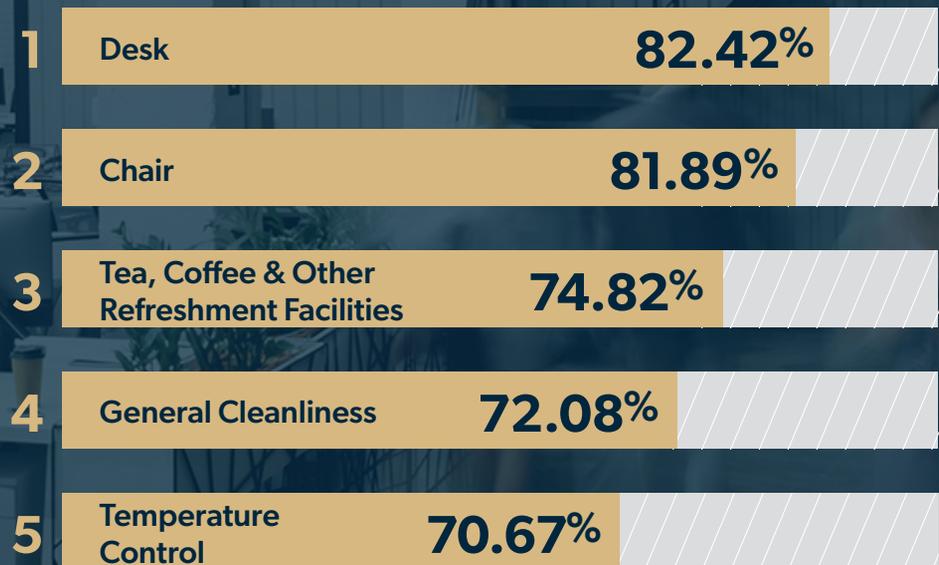
From space optimization and virtual tours to personalized services like package delivery robots, AI will enhance experiences.

Office Essentials

Data collected by HqO company, Leesman, over the last three years from nearly 200 organizations shows that the **most important features to employees when they are in the office are furniture, beverages, general cleanliness, and temperature control.**

This desire for the “basics” reflects a deep-seated need for stability, reliability, and comfort in their work environment. After navigating the uncertainties of remote work during the pandemic, some employees may prioritize a return to familiar routines and a sense of normalcy. Additionally, with the constant influx of information and technological demands, having a stable and familiar physical environment can provide a psychological foundation for employees to concentrate and perform their best. The core need for a supportive, functional, and clean workspace remains paramount for most employees.

5 Most Important Office Features to Employees



Workspaces that Prioritize Wellbeing

In our post-pandemic world, employees have been forced to navigate new levels of stress, burnout, and loneliness. According to *Workhuman*, **4 out of 10 U.S. employees say their job negatively impacts their mental health, and fewer than 1 in 4 employees say their organization cares about their wellbeing** — nearly half the number who said the same before COVID-19 rocked the workplace. That said, in 2024, employees are demanding change.

Leading operators, owners, and occupiers have already recognized that investing in employee wellness isn't just a moral imperative — it's a strategic business decision. By nurturing a culture that values wellness, organizations witness enhanced productivity, reduced absenteeism, and increased employee retention rates. Beyond gym memberships and ergonomic workstations, workplaces are integrating mental health support, stress management programs, and Employee Resource Groups (ERGs) — just to name a few. Organizations taking a more comprehensive approach to wellness are seeing more engaged and productive employees.

But the concept of “wellness in the workplace” doesn't just impact benefit offerings however, it also directly influences workplace design. Properties, offices, and even amenities are now being built, and rebuilt, through the lens of wellbeing. Air quality, natural light, and access to outside space are increasingly top priorities for end-users of space. While sometimes expensive for owners and occupiers to consider, these elements are quickly going from “nice to have” to “must haves” for employees' overall satisfaction, and for organizations' bottom-line. As an example, data from a *UCLA*-study shows that **companies that voluntarily adopt international “green” practices and standards have employees who are 16% more productive.**



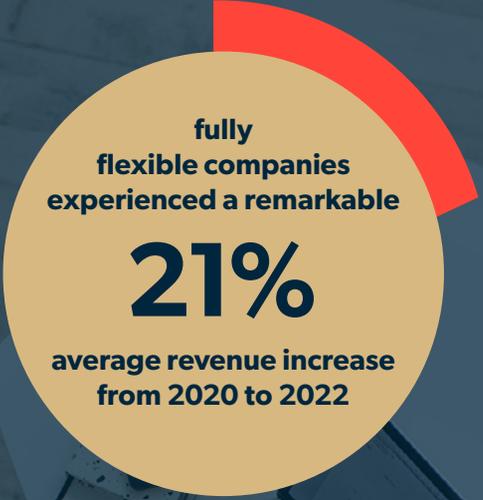
Flexible and Hybrid Work Options

The past few years have brought a dramatic transformation to what “workplace” means. Remote and hybrid work arrangements, which were once considered luxuries for a select few, became essential during the pandemic and have now become ingrained in the expectations of modern employees. And while some new data suggests an increased push for RTO efforts in the coming years — **hybrid work is widely seen as the future of work.**

Why?

Most obviously — employee satisfaction. By design, hybrid work fosters more diverse and inclusive company culture. It can also improve employee engagement and retention by providing a better work-life balance and fostering a sense of autonomy. Ultimately, hybrid work can lead to higher levels of innovation and creativity by bringing together diverse perspectives in a flexible environment. This is supported by a recent *Bankrate* survey which revealed that **68% of full-time workers favor a hybrid schedule.** In fact, a recent *fLL* study reported that **73% of employees who have access to amenities want to return to the office at least some of the time.** Additionally, *HR Review* data shows hybrid workers are the most satisfied employee group, with a **happiness score of 73%.** This makes sense given that according to *FlexJobs*, **79% of workers feel flexible jobs promote better work-life balance and less stressful workdays.**

But beyond the individual benefits, hybrid work also presents clear advantages for an organizations’ bottom line. According to the *FlexJobs Index*, **fully flexible companies experienced a remarkable 21% average revenue increase from 2020 to 2022, four times greater than at less-flexible firms.**



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Productive Workplaces

In the post-pandemic world, employers are increasingly turning to amenities to attract employees back to the office. From swanky rooftop terraces and barista cafes to nap pods and meditation rooms, these perks are designed to make the office a more appealing and enjoyable place to be. And it seems to be working. In fact, a recent *JLL* study reported that **73% of employees who have access to amenities want to return to the office at least some of the time.**

However, employees also need and want productive workspaces. In fact, according to HqO data, **89% of employees feel that when they are in the office, focused work at a desk is the most important activity they need their workplace to support,**

however, **1 in 4 employees don't believe their workplace enables them to work productively, and 1 in 3 don't believe their workplace creates an enjoyable environment to work in.** This means having access to quiet areas, well-equipped conference rooms for collaboration, and ergonomic furniture that supports their physical and mental wellbeing is critical to employee satisfaction. In fact, a 2022 report by *Framery* found that **57% of workers agree that access to privacy is the best office perk.**

Striking the right balance between playful amenities and productive environments is key to creating an office that truly meets the diverse needs of today's workforce, and earns back the commute.



1 in 4 employees don't believe their workplace enables them to work productively



1 in 3 employees don't believe their workplace creates an enjoyable environment to work in

89%

of employees feel that when they are in the office, focused work at a desk is the most important activity they need their workplace to support

A Strategic Approach to Success in 2024

First Step to Success: A REX Strategy

A REX strategy is a comprehensive plan designed to optimize the end-user experience of real estate spaces, programming, and amenities — it helps owners, operators, and occupiers alike connect their real estate to people. Making it less about the structures, the walls and windows, the floors and halls — a REX strategy focuses on the people within them and provides an actionable roadmap to improve their experience.

How do you make one? Here are 5 steps to success:

1 Define Your Objectives

Clearly outline your objectives and make sure to align them with the most up-to-date REX trends. These should include improving tenant and employee satisfaction, retention, engagement, and increasing new acquisition.

2 Get to Know Your End-Users

To develop a strategy that will succeed, you must understand your tenants and their employees — what they want and what they need from your space.

How? HqO's REX Assessment — the industry-leading tool for quantifying employees' workstyles, preferences and overall satisfaction. [Learn more.](#)

3 Assess Your Real Estate Performance

Using your REX Assessment results, HqO will generate your space's REX Score, which is the quality measure of end-user experience within a physical space, reflecting employees' workstyles, preferences, and overall satisfaction. The higher the Score, the more positive the real estate experience.

Spaces with a REX Score that meets or exceeds the REX Index benchmark (based on data gathered from 8,000+ workplaces and 1.8+ million employees) are eligible for Best Spaces to Work certification. [Learn more.](#)

4 Invest in Technology

Utilize technology to deliver your REX strategy and enhance your end-users' experience. According to *Forrester*, **66% of technology decision-makers say they'll increase investment in employee experience management software in 2024.**

PRO TIP: HqO's XM, the industry's only asset-agnostic, cross-property type experience management system, can help! [Request a demo.](#)

5 Listen, Learn & Improve Continuously

Track KPIs that align with your objectives including your REX Score, conversion rates, and metrics that deliver on your business and people goals. Then use your Intelligence data to amend and improve experiences as needed — your goal should always be to increase your REX Score. **After all, we know that a higher REX Score equates to better tenant and employee satisfaction and productivity.**

Considering these steps during your REX strategy development will help you create an actionable plan that not only attracts new tenants and employees, but supports the engagement, satisfaction and retention of the ones you already have.

Tools Needed to Bring Your REX Strategy to Life

2024 will bring a dynamic landscape for real estate, driven by evolving employee expectations and the need for data-driven decision-making. In this environment, REX tools, like those from HqO's REX Platform, will be the critical keys to success.

The REX Platform is a cross-property suite of powerful applications and services that assess the health and performance of a customer's experience within a physical space, while providing the tools to manage and optimize it, all from one central location. It has been proven to drive:

- ✓ Leasing Velocity
- ✓ Occupier Retention
- ✓ CapEx and OpEx Optimization
- ✓ Increased NOI

HqO's REX Platform

INTELLIGENCE

Learn what matters most to tenants and their employees — and get actionable data and insights to improve the experiences of real estate.



REX Assessment

The industry leading to measure a person's experience within a property. It requires ≈10 minutes to complete.

REX Score

Generated through data from HqO's REX Assessment, the simple 0-100 score is the quality measure of end-user experience within a physical space.

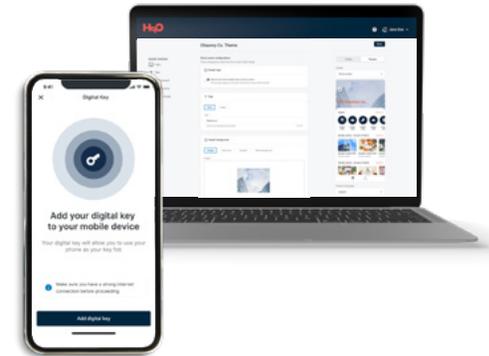
REX Index

The REX Index (REXi) is the world's first and only benchmark of employee workplace experience, against which REX Scores are measured and compared.



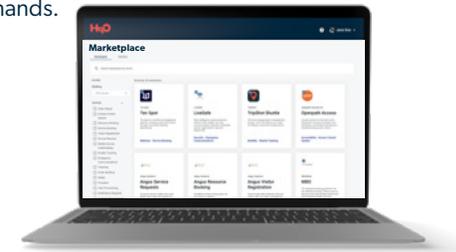
EXPERIENCE MANAGER (XM)

Deliver a property experience that is technology-forward and responsive to end-user preferences as discovered through Intelligence.



MARKETPLACE

Marry end-user experience data and insights from both Intelligence and XM with Marketplace services, products, and amenity partners to help property teams curate events and experiences that meet user demands.



About HqO

HqO is leading the transformation of the way people experience real estate. Through its Real Estate Experience (REX) Platform — a powerful and dynamic suite of applications and services — HqO has powered over 400 million square feet at over 700 properties across 32 countries. The world's most innovative organizations rely on HqO to drive operational excellence by maximizing and boosting tenant and employee acquisition, retention, and engagement.