

## **And Now, Some Good News: More People Are Searching For Office Space Than Before** **Interest in CBD location remains high, despite increasing popularity of the suburban office sector.**

By Lynn Pollack

More people are searching for available office space now than before the pandemic, in what analysts at CommercialCafe are calling “a much more encouraging outlook” for the sector.

After declining substantially in 2020, searches for office space for rent followed a positive pathway in 2021, while nearly a quarter of respondents surveyed by the firm said they were looking to downsize their overall office footprint. Around 23% said they’d like to be the sole tenants in a building, while another 23% said they were looking for a better deal in terms of price per square foot. And 16% said they were looking for larger office spaces.

“Once again, the data gives credence to the argument that remote working hasn’t made offices obsolete—as news of big companies either investing in prime real estate, renewing, or expanding their leases has continued to pour in,” the CommercialCafe report states.

In addition, tenants appear to be looking for more outdoor spaces and better safety measures. Though half of those surveyed said their preferences haven’t changed much or at all, 12% say they’re seeking more natural light and outdoor amenities, while 10% said indoor environment monitoring and sanitation was a priority. An additional 7% said they’d like subletting to be an option in their lease agreement to maximize flexibility in a post-COVID world.

CommercialCafe also noted that interest in CBD location remains high, despite increasing popularity of the suburban office sector. What’s more, tenants appear to be staying put in their existing cities.

“In the first months of 2020, real estate professionals were gearing up for changes to their clients’ office location preferences due to significant outpourings of population across major U.S. cities, as well as uncertainties regarding the nature of the work schedule to be adopted by various companies (full return to the office, fully remote or hybrid),” the report notes. “However, while answering our survey, a clear majority (76%) of those looking for an office space said they were doing so within the same city. Furthermore, of those, 45% would like to move to a location near their city’s downtown or central business district.”

About 43% of respondents say they are aiming for a “full return” to office, though that number appears to wax and wane depending on COVID-19 surges.

Some of those large organizations are engaging with flex office providers that are scaled across the US and globally to create on-demand models or all-access subscription passes for their space.

And while office usage is up—hitting 40.5% nationally in April, the highest since the onset of the

COVID-19 pandemic in 2020—the future is still a bit fuzzy.

“As (return-to-office) plans ramp up, we expect office physical utilization to climb at least in the short run,” write Moody’s Analytics researchers Xiaodi Li, Victor Calanog and Kevin Fagan. “However, a multitude of surveys and early indications from initial post-COVID-19 work arrangements, it is likely that some workers will average around two days less in the office, which may ultimately form somewhat of a fuzzy ceiling at around 60%, with continued wide variance by office market, firm industry, and individual job type.”