



CENTER CITY REPORTS | FEBRUARY 2022

Remote or In-Office Work?

How Downtown
Firms Are Thinking
About the Future

In early January, the Center City District (CCD) distributed a survey to Center City and University City employers to gauge their current stance on in-office and remote work, their plans for the first quarter of 2022, and factors they were weighing in making workplace decisions. The survey was distributed electronically between January 4 and January 21 to members of Central Philadelphia Development Corporation, CCD board member firms and was forwarded by the Building Owners and Managers Association to other downtown office tenants. A total of 250 companies and organizations received the five-minute survey and 114 (45.6%) responded.

The respondents represent a broad cross-section of industries and workforce size in Philadelphia; collectively they employ approximately 24,700 workers.

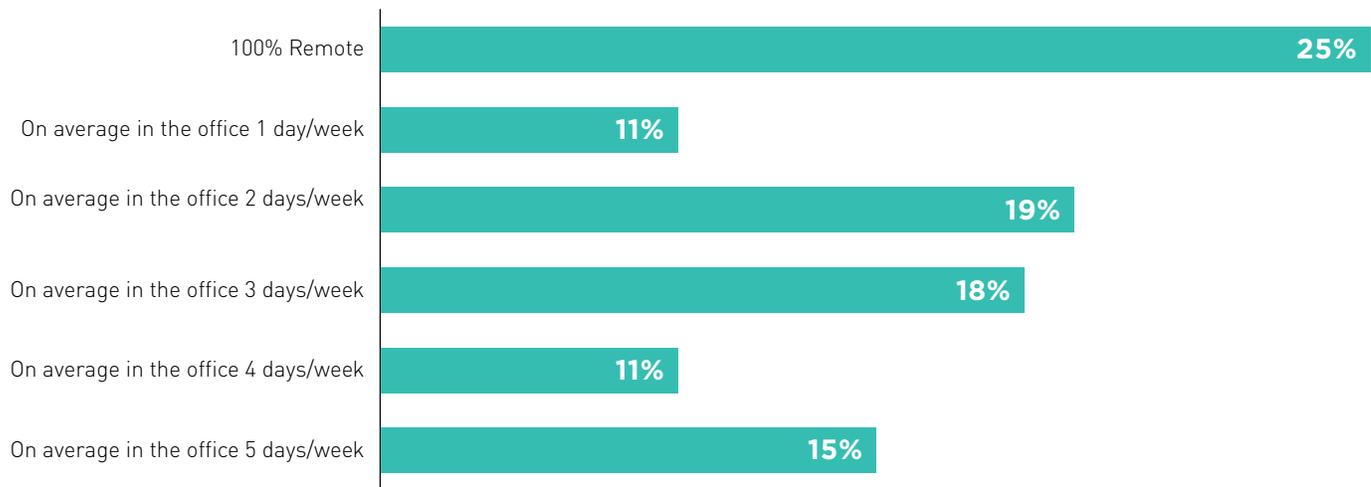
CURRENT WORK STATUS: JANUARY 2021

At the time of the survey, one-quarter of firms were totally remote in their operations, while three-quarters were in their offices: 11% had staff in the office on average just one day a week; 19% were in the office two days a week; 18% percent were present three days; 11% were in four days; 15% were on site five days a week.

PROFILE OF RESPONDENTS

NUMBER OF EMPLOYEES	NUMBER OF FIRMS
10 or less	20
11-25	25
26-50	21
51-100	13
101-200	13
201-999	10
1000 or more	6
Did not provide	6
Total	114

What is your office's current pattern of work?



During the last quarter of 2021, what was your business/organization's stance regarding in-office work?



4TH QUARTER 2021

WORK LOCATION POLICIES

During the last quarter of 2021, only 8% of firms directed all employees to *work from home*; 31% allowed their employees to make the decision; 28%, encouraged employees to *work from the office* without mandating it, while 33% required a minimum number of days in the office. Among those mandating an office presence, 43% required a minimum of three days per week; 18% required 2 days; 16% required a minimum of four days; 13% required five days

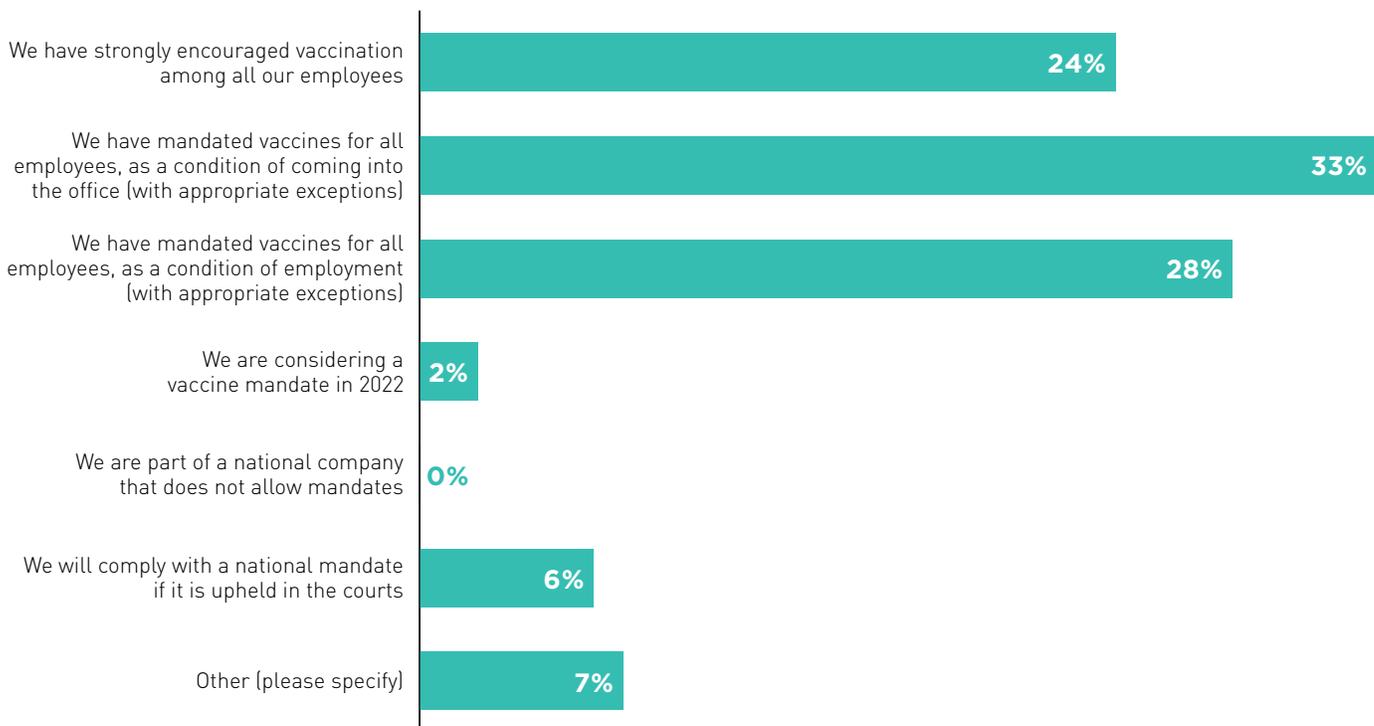
and 11% required just one day per week in the office. About a third of respondents have office locations both within Philadelphia and in the surrounding suburbs and among those firms 44% allowed employees to choose between working at their suburban or city office, while 56% did not allow their employees to choose. Only 4% of firms encouraged or financially supported their employees to work in coworking spaces close to their homes.

VACCINATION REQUIREMENTS

Almost two-thirds of firms required vaccination: 33% mandated vaccination *as a condition of coming into the office* (with appropriate exceptions); 28% mandated vaccination *as a condition of employment* (with appropriate exceptions); one-quarter (24%) strongly encouraged their employees to get vaccinated. When the survey was first distributed, the Supreme Court had not yet ruled on the

Biden administration's vaccine mandate for large employees, so a percentage of those without mandates indicated that they would comply and a small percentage indicated they were considering their own mandate. Finally, several responded that they were very small firms, knew all employees were vaccinated, and had no need for a mandate.

What are your guidelines regarding vaccinations?



PLANS FOR 1ST QUARTER 2022

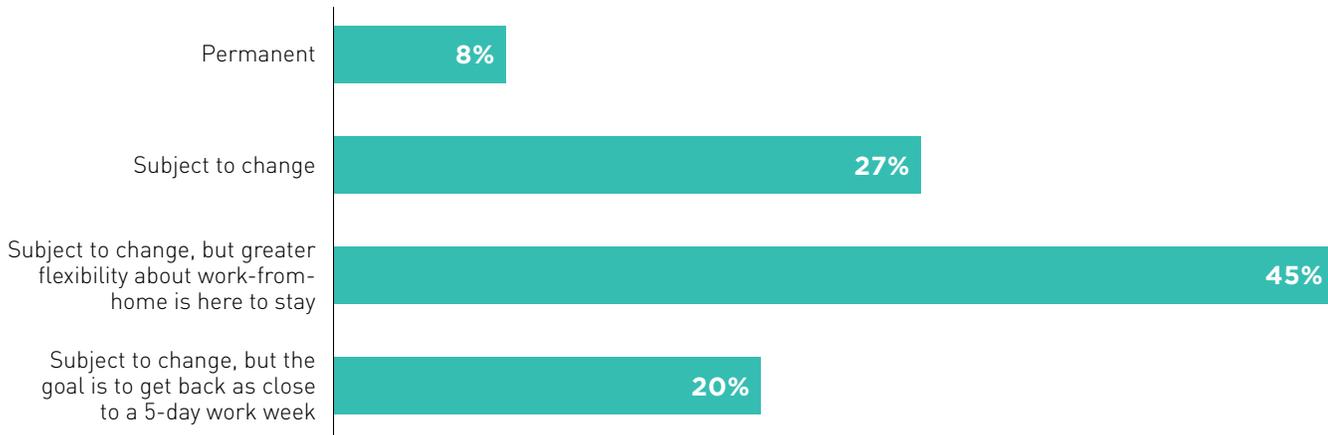
During the first quarter of 2022, 37% of firms planned to require a minimum of a number of days in the office, increasing from 33% in the last quarter of 2021. Of firms requiring a minimum number of days in the office, 41% will require three days, while the balance is

fairly evenly split between requiring one, two, four, and five days. In sum, 29% will require one or two days, 41% will require 3 days and 32% plan to require four or five days in the office.

During the first quarter of 2022, what is your planned stance regarding in-office work?



Are you considering these changes as permanent or subject to revision in the coming year as conditions change?



Uncertainty and flexibility characterized the posture of most firms. Several respondents noted their new policy could go into effect sometime between mid-January and March 1, based on trends with COVID infections. The majority of the firms expect to modify their policy as conditions change: 45% of respondents said their policy was subject to change, believing *greater flexibility about work-from-home is here to stay* and 20% will continue to adapt, but set the goal of *getting back to the five-day work week*. Only 8% considered their current policy as permanent.

Responses to the survey varied by firm size: 41% of firms with more than 200 employees were 100% remote, compared to 23% of firms with 50 or fewer employees. All firms with more than 200 employees consider the changes to their *work from home* policy as subject to change with 59% expecting to allow greater flexibility with regard to *work from home* in the future. None of the larger firms over 200 employees currently have the goal of returning to the five-day work week. Among smaller firms, 42% are requiring a minimum number of days in the office compared to 25% of the large firms. Some smaller local firms indicated a greater ease in changing guidelines, while larger firms may have to adhere to a national policy, reflecting conditions in offices in other cities.

FACTORS INFLUENCING DECISIONS ON REMOTE OR IN-OFFICE WORK

The survey enabled respondents to offer insights as to how they are evaluating remote or in-office options. Respondents were asked to score a series of factors on a scale of 1 to 4 with 1 being least important and 4, most important. This allowed a tabulation of a weighted average for each factor.

Respondents were asked: ***As you and your senior management have discussed options for workplace location policies for 2022, on a scale of 1-4 with 4 being the most important, how has your company ranked the following factors in favor of continuing some form of remote work?***

Health safety concerns were paramount with a weighted score of 3.7. The ability to retain existing employees and attract new ones by allowing flexibility ranked second at 3.1, followed by uncertainty for parents about schools and child care at 3.0. Concerns about *public safety* and *quality of life* in Philadelphia as a reason for remaining remote scored 2.8; concerns about the business climate in Philadelphia ranked next with an average of 2.3. The ease at which staff adapted and made use of virtual technologies along with the time and cost saved through greater use of virtual meetings tied with a score of 2.2.

	RANK	WEIGHTED AVERAGE
Continuing health safety concerns due to COVID-variants	1	3.7
Ability to retain existing employees and attract new ones	2	3.1
Continuing uncertainty about schools and child-care for parents	3	3.0
Concerns about public safety and quality of life in Philadelphia	4	2.8
The ease at which staff adapted and made use of virtual technologies	5	2.6
Concerns the business climate/business friendliness in Philadelphia	6	2.3
Flexibility enjoyed by senior management with remote work	7	2.2
Time and cost saved through greater use of virtual meetings	8	2.2

Respondents were asked a parallel question: ***As you and your senior management have discussed options for workplace location policies for 2022, on a scale of 1-4 with 4 being the most important, how has your company ranked the following factors in favor of requiring some level on in-office work?***

Seventy percent (70%) of firms ranked the value of face-to-face meetings for collaboration with colleagues as most important with an average score of 3.6. The second most important (3.2) was the ability better to supervise and mentor staff and convey company culture. This was followed closely by the importance of professional development for all staff (3.1). Face-to-face meetings with clients ranked 2.8; while the ability in the office to focus on work with fewer distractions than at home scored 2.3. Access to technology and IT staff for troubleshooting was ranked 2.0, while the variety of restaurants available nearby for informal staff and client meetings scored 1.7.

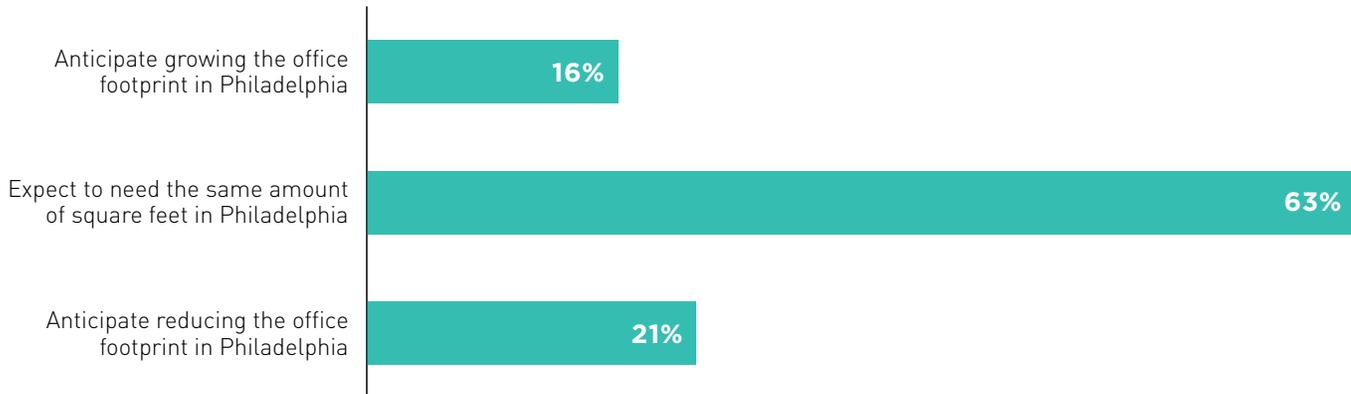
	RANK	WEIGHTED AVERAGE
Value of face-to-face meetings for collaboration with colleagues	1	3.6
Better ability to supervise and mentor staff & convey company culture	2	3.2
Professional development for all staff	3	3.1
Face-to-face meetings with clients	4	2.8
Ability to focus on work, fewer distractions than at home	5	2.3
Access to technology and IT staff for troubleshooting	6	2.0
Variety of restaurants available nearby for informal staff & client meetings	7	1.7

ANTICIPATED NEED FOR OFFICE SPACE

Nearly two-thirds of all firms and organizations expect to need the same amount of square footage for office space in Philadelphia with 16% expecting to expand. Among the 21% who anticipate reducing their office footprint, 57% were planning on less space because of an expected greater long-term reliance on remote work. Among

larger firms (with more than 200 employees), 60% expect to need the same square footage in Philadelphia, while 40% anticipate reducing. While 63% of small firms (those under 50 employees) expect to need the same amount of square footage, 20% anticipate taking more space and 17% anticipate contraction.

Based on your anticipated workplace location policies for 2022, what are your expected needs regarding real estate in Center City or University City Philadelphia?



CONCLUSIONS

Surveys capture attitudes at a point in time. Given how conditions and expectations have varied dramatically in the last two years, these findings should be considered more as a snapshot than a definitive portrait. The survey was completed in January 2022 as the Omicron variant was peaking, following a fall in which workers had been slowly, but steadily returning to work. The number of office workers present in Center City rose 32% between July and October 2021, before leveling off in November and tapering down slightly in December. This was reflected in transit ridership too.¹ In early January, several firms postponed plans to return.

Several broad trends however, do emerge. Despite high levels of vaccination among adults in the city and region, concerns over health safety remain the primary stated barrier to a more robust return to office. Third-ranked *uncertainty over schools and child-care* is also directly COVID-related, as many schools and day care centers have adopted an on-again, off-again mode as new cases are reported.

Second-ranked, *ability to retain existing employees and attract new ones*, has been the focus of extensive predictions and media stories, framed usually as “the balance is tipping in favor of employee needs.” If we are fortunate enough to be entering a period in which threats of COVID recede, vaccination rates continue to rise and no new, disruptive variants emerge, we will have a clearer view as to how much the balance has actually shifted in favor of employees having

a greater say in their terms of employment. We may also learn, if as the threat of COVID recedes, whether concerns about public safety may come to the fore. On the other hand, new waves of variants may compel employers to decide how long they can remain competitive while continually revising their policies and deadlines **or** if it is time to make definitive choices about their conditions of employment and let the chips fall where they may. Leadership may be about listening, but it is not about waiting to see what others will do.

What is clear however, is that employers greatly value face-to-face meetings for collaboration with colleagues, believe they can better mentor and supervise staff, convey company culture, ensure the continual professional development for all staff and remain most competitive when they are all in the office together. Whether this is three, four or five days a week remains to be seen. This will probably vary by firm type and size.

Finally, from a real estate perspective, after two years of disruption, while 21% of Center City and University City employers anticipate reducing their office footprint, primarily because of a greater reliance on remote work, 79% expect to maintain or expand the amount of space they occupy. If this expectation holds up, it can yield positive dividends for the many other employment sectors that rely on the presence of office workers. It also can ensure long-term stability for the tax base that supports both city services and public schools.

1: See CCD's January economic recovery report <https://centercityphila.org/research-reports/monitoring-philadelphias-economic-recovery-january-2022>