



## **Office Tenant Survey: Nearly Two out of Three Occupiers are Not Planning to Downscale their Offices over COVID-19**

- Eight percent of the respondents plan to expand their premises
- 13 percent intend to reduce their office footprint
- Only 14 percent of the companies polled offer no home office option
- Desk sharing practised only by a minority of companies
- Trend toward shorter lease terms, opening up opportunities for investors

**Berlin, 12 October 2020.** In a poll that RUECKERCONSULT conducted among office tenants in September 2020, around 60 percent of the respondents stated that they are not planning to change the size of their offices due to COVID-19. A total of 210 companies participated in the survey. Only 13 percent of these intend to downsize their premises, while another 14 percent have not yet made up their minds. Eight percent of the survey respondents are planning to expand their floor space in order to ensure that minimum distances are observed. The survey findings were discussed with Michael Schöneich, Commercial Director of ISG, Ken Kuhnke, Head of Lettings Management and member of the senior management of HIH Real Estate, and Mathias Gross, member of the board of Polis Immobilien AG, within the framework of an online press conference.

Working from home has become a firmly established part of Germany's corporate culture lately. Only 14 percent of the respondents have not given their employees the option to work from home. Another finding is that working from home does not seem to have made people more productive. Only ten percent of the corporate respondents reported an increase in productivity, whereas 23 percent said that productivity had declined. Shifting workplaces or sharing desks are options that remain more or less the exception in German office reality. The overwhelming majority of respondent tenants stated they do not use this form of office organisation.

“Even in the modern work environment, there is no substitute for offices. They guarantee personal exchange, creativity and productivity at the workplace. While the home office will indeed play a role in future, it will quickly lose in significance once the coronavirus crisis is over,” commented Mathias Gross, member of the board of Polis Immobilien AG.



Slightly over one in three companies (36 percent) have not responded to COVID-19 with protective measures in their offices. 20 percent are planning to equip their workplaces with lateral screens, or have already done so. Around 13 percent of the poll respondents use fixed walking routes to reduce the risk of infection. Roughly eleven percent rearranged their cafeteria area or intend to do so, again to minimise the infection risk. Michael Schöneich, Commercial Director of ISG, commented: “As far as we can see, interior layout consulting is a service not readily available on the market. The majority of companies have so far responded without clear focus to preventive measures, or have failed to do more than selective one-off measures. But even at this time it is quite easy to create a COVID-secure office. Moreover, we assume that offices will have larger common areas and more conference rooms. What sets the office apart from your private home is not so much its function as a workplace but its role as a gathering point of high-end design.”

Ken Kuhnke, Head of Lettings and member of the senior management of HIH Real Estate, analysed the current situation on the occupier market for offices: “At the moment, the market is defined by slow decision-making processes, cancellations and postponements. Moreover, tenants and tenant leads are more interested in new tenancies with shorter lease terms due to the experiences made during the crisis. This could translate into opportunities for investors in the medium term. Generally shorter fixed lease terms will make it possible to speed up the upward price trend after things return to normal. We estimate that the office market will recover as early as next year. While working from home is a wide-spread practice now, it will not lead to a general floor-space reduction among office occupiers. Rather, office employment will continue to increase. And working from home will actually accelerate the trend toward larger areas for interacting and collaborating. Whenever remote workers do come in, their in-house stints will focus on exchange and interaction, and thus necessitate adequate space to set up ‘get-together’ zones. Considering this and the takeaways from numerous talks with tenants, I understand that personal work areas may be scaled back, but that the floor space thereby gained will be turned into attractive social areas. Tenants are well aware that the pandemic is going to end at some point and that the shortage of skilled labour will not have gone away by that time.”



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## **About ISG**

ISG is an international construction services companies specialising in the interior fit-out of offices and retail units. Taking on the role of general contractor, ISG implements state-of-the-art workplace concepts and office environments for leading domestic and international companies as well as store concepts for international branded retailers. In addition to construction services, ISG offers to handle the entire planning effort in a design & build process. Aside from its principal place of business in Frankfurt am Main, ISG maintains German sales offices in Berlin, Hamburg, Cologne, Düsseldorf and Munich.

## **About HIH Real Estate AG**

HIH Group is one of Germany's leading providers of holistic management services for real estate investments. Our service spectrum covers the entire life cycle of a given property, extending from property development to the structuring of real estate investments and all the way to asset management and property management. We take pride in tailored investment solutions and an efficient investment fund administration. Our clients benefit from the extensive range of deliverables provided by each of our companies, the short lines of communication and the close collaboration within the HIH Group.

With c. 36.5 billion euros in real estate assets under management and 810 employees at eleven different locations, we develop and control commercial real estate across Europe.

For more details, visit us on the internet at: [www.hih.de](http://www.hih.de)

## **About POLIS Immobilien AG**

Formed as a property PLC in Berlin in 1998, POLIS Immobilien AG acquires office properties for its own portfolio, modernising or revitalising them if necessary, and managing them in-house. POLIS focuses on office properties located in the inner-city locations of Germany's



major office hubs. At the moment, the portfolio of POLIS Immobilien AG includes 32 assets with a combined fair market value of c. 575 million euros and a lettable area of around 198,000 square metres (as of 30 June 2020). For more details, go to [www.polis.de](http://www.polis.de).