



# The Hybrid Workplace Index

Powered by LiquidSpace | Q4 2022

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## About LiquidSpace

LiquidSpace is the leading global on-demand office marketplace and hybrid workplace management platform, enabling companies and their employees to simply discover, evaluate and book professional coworking, meeting and office spaces by the hour, day, month or year.

Since 2011, the LiquidSpace Marketplace has facilitated millions of flexible office transactions, connecting 130,000+ individuals and organizations with more than 10,000 flexible office providers, from Willis Tower in Chicago, to a local coworking space in Tuscany.

## Hybrid Workplace Index

### Q4 2022 Key Findings

- 1** Employee engagement continues to rise, with collaboration the primary driver.
- 2** Flexible Office Cost Index (FOCI) up 21% on the year, as office demand shifts away from traditional leasing.
- 3** The norming of a hybrid workweek, with mid-week in-office rhythm.

We define **Hybrid Workplace** as the **continuum of workspace options**, comprising home, on-demand workplaces, and traditional company offices, enabling employees to 'work from where it works'. Companies are embracing hybrid workplace strategies to achieve talent, real estate and ESG objectives.

### Talent acquisition and retention

- **Traditional office challenge:** Great talent expects the freedom to choose where to work.
- **Hybrid workplace advantage:** Attract talent from the global talent pool and support them wherever they choose to work.

### Cost reduction

- **Traditional office challenge:** Traditional portfolios are capital intensive, rigid, and grossly under-utilized.
- **Hybrid workplace advantage:** Pay for what you use.

### Productivity

- **Traditional office challenge:** HQ centric workplaces impose a tyranny of the majority on employees, assuming that one homogenous workplace can be optimal for all.
- **Hybrid workplace advantage:** Equip every individual with access to the best workplace for their individual work-style, their location, and the task at hand.

### Sustainability

- **Traditional office challenge:** Commercial real estate contributes 40% of the global carbon footprint.
- **Hybrid workplace advantage:** Zero-waste, pay only for what you use.

The Hybrid Workplace Indices draw from the extensive LiquidSpace Marketplace dataset. They offer a view into real time employee engagement and spend within the flexible office dimension of behaviors and emerging trends in the Hybrid Workplace market. Indexed time series metrics provide a clear picture of Hybrid Workplace behavior before, during, and after the COVID-19 pandemic.

- 1 The Hybrid Engagement Index (HEI)** – benchmarks the level of Flexible Office Hybrid Workplace activity per engaged employee.
- 2 The Hybrid Worktype Index (HWI)** – illuminates the mix of Collaboration vs Concentration as a percentage of spend.
- 3 The Flexible Office Cost Index (FOCI)** – shows the average cost per Flexible Office/Hybrid Workplace transaction.

In addition, in this quarter's report, we provide two data drill downs to explore the shift in work from CBD to Suburb and a look into hybrid activity by day of the week.





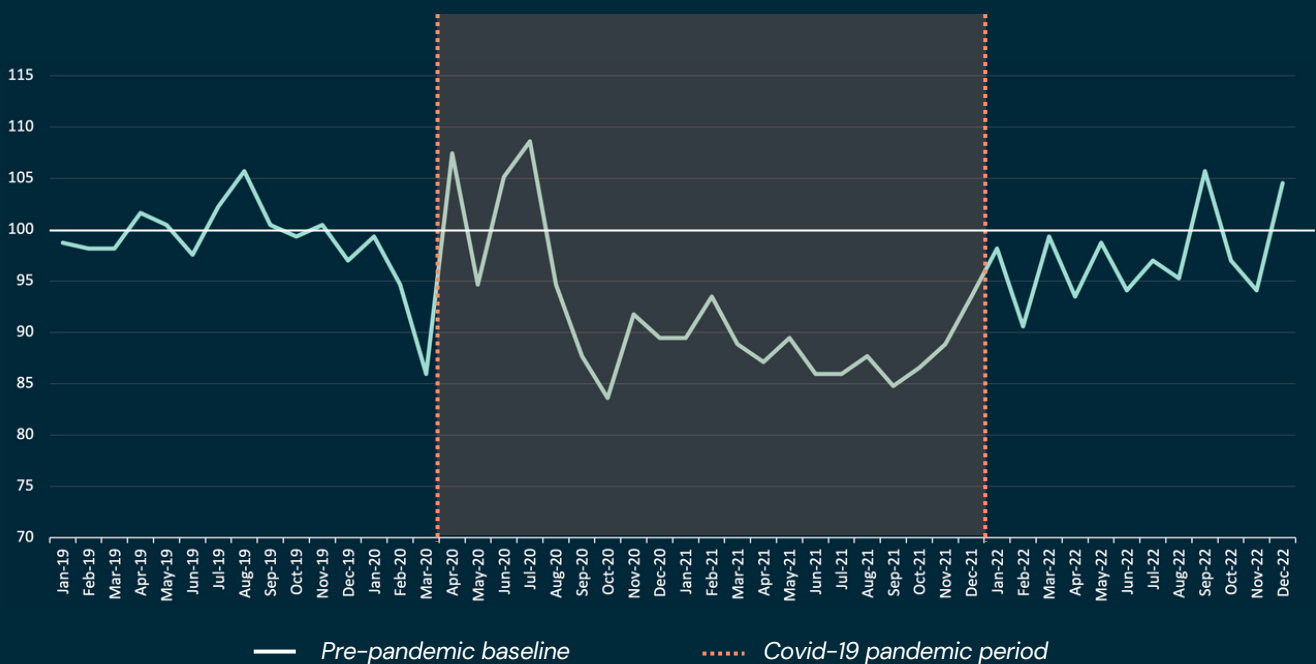


**The Hybrid Engagement Index (HEI)** tracks the relative rate of employee flexible office usage, against the pre-pandemic period average given a baseline value of 100.

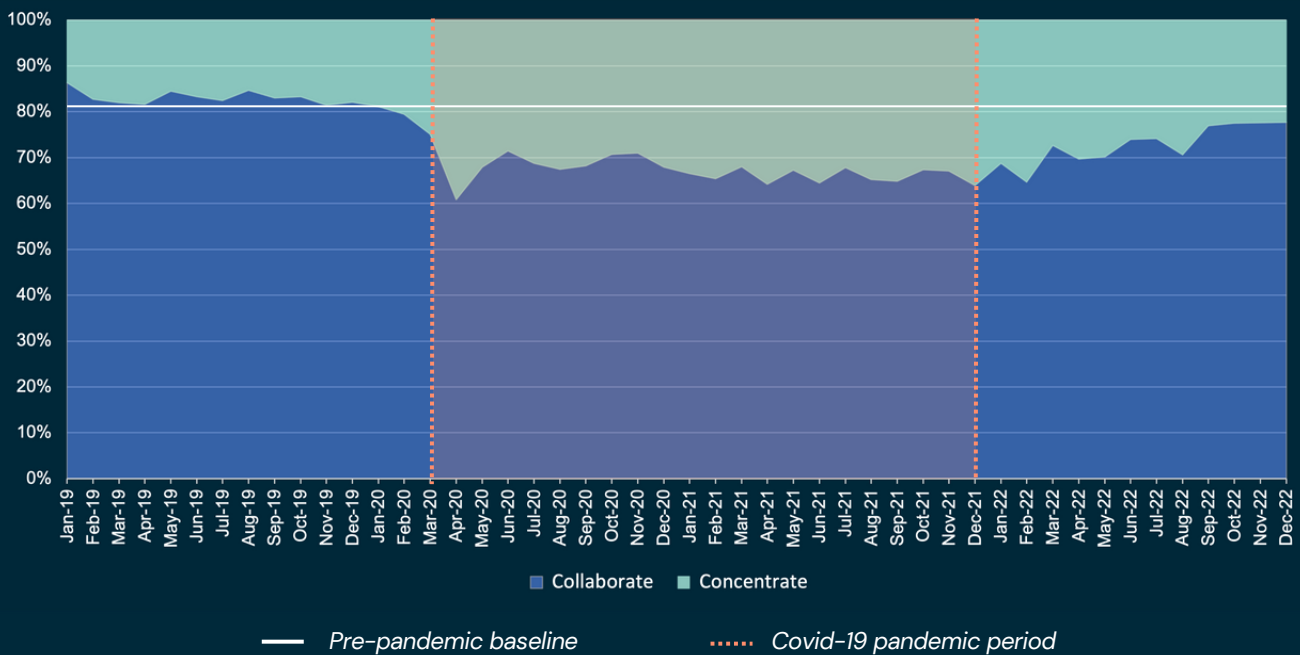
The HEI continued its yearlong positive trend in Q4 2022, with engagement rising 0.4% over Q3, and finishing the year at 180, overcoming expected seasonal effects.

### Hybrid Engagement Index (HEI) – Employee usage rate

*Bookings per employee (Indexed to 2019 pre-pandemic benchmark of 100)*



## Hybrid Worktype Index (HWI) – Work activity mix, Collaboration vs Concentration



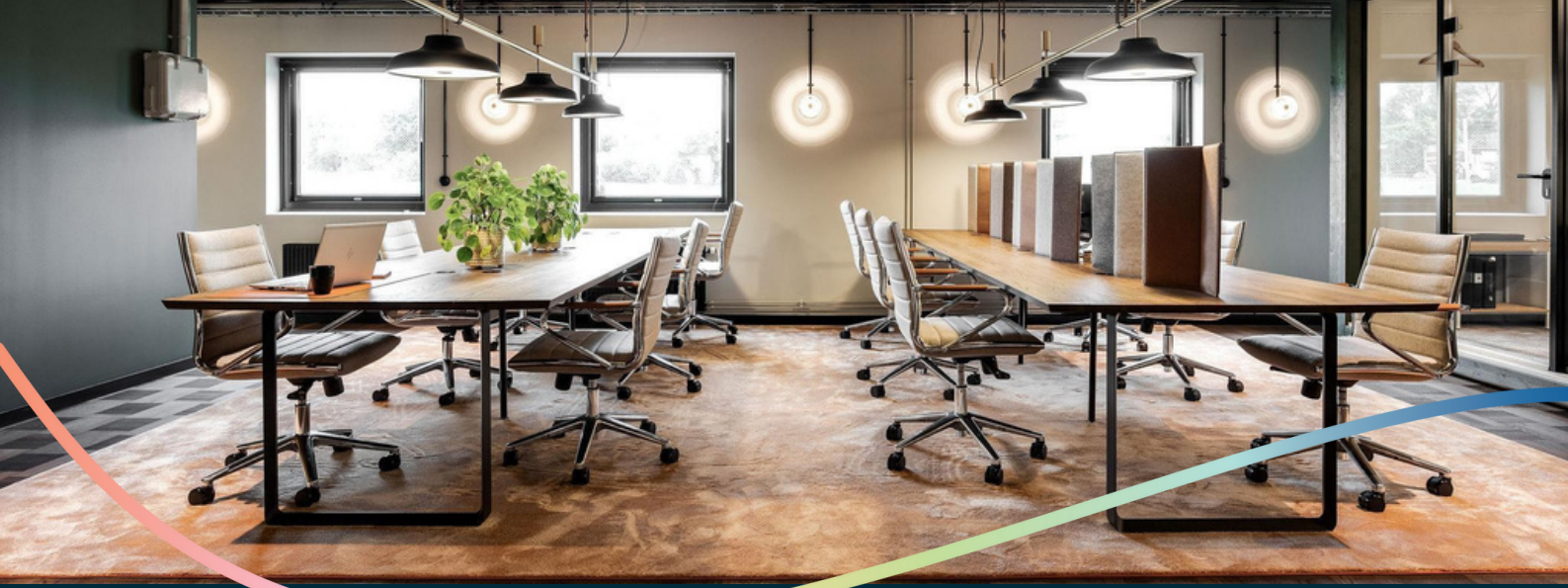
The Hybrid Worktype Index (HWI) tracks the mix of work activity, characterizing workspace transactions as either primarily for Collaboration (highlighted by the booking of meeting rooms, huddle rooms, team spaces) or Concentration

(booking individual offices or desks).

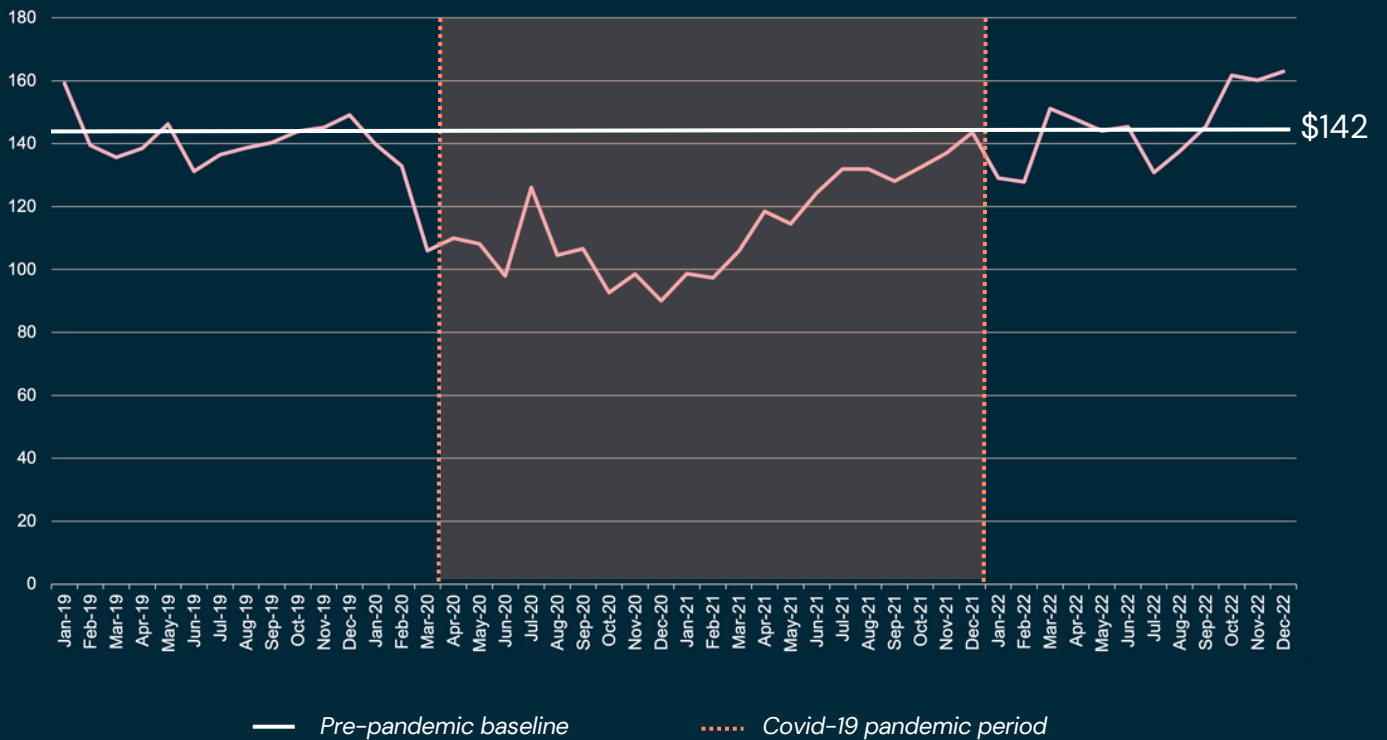
In Q4, Collaboration space continued to trend upwards as a percentage of hybrid workplace spend, growing 4% over Q3, to 77.7%.







## Flexible Office Cost Index (FOCI) – the average cost of an on-demand Hybrid Workplace transaction



The Flexible Office Cost Index (FOCI) tracks the average cost of an on-demand Hybrid Workplace transaction (any booking with hour or day duration including desks, private offices, meeting rooms, training rooms and event spaces).

The pre-pandemic average cost of \$142 is used as the benchmark for the FOCI.

The FOCI grew steadily month-on-month throughout Q4, ending the year at \$169, a gain of 19.2% over the pre-pandemic base year.

Collaboration space costs (meeting rooms, training rooms, event spaces), grew 14.6% quarter-on-quarter. Concentration space costs (desks, private offices), grew 11.3% quarter-on-quarter.

## Drill down: Redistribution of place from CBD to Suburbs

One of the most conspicuous effects of the pandemic has been the hollowing out of office work presence in most major metros. In this new section of our Hybrid Workplace report, we look at trends in booking activity in three

US cities, New York, Chicago and San Francisco, illustrating the impacts of the pandemic and the varying degrees of recovery in Central Business District (CBD) activity.

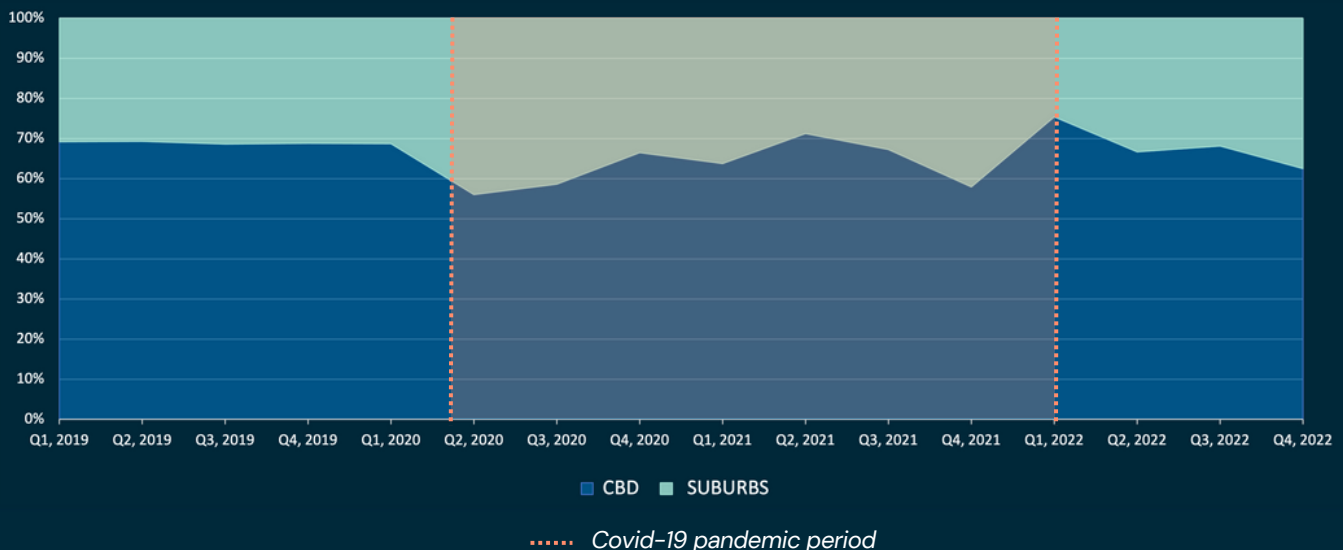


### New York

We looked at hybrid workplace bookings in Manhattan CBD vs the outer boroughs characterized as Suburbs in this analysis. Across the broader NYC metro area, pre-pandemic mix of Manhattan CBD vs outer borough Suburb activity was stable at 69% vs 31%. In the first months of the pandemic, CBD

activity dropped precipitously to 56%, followed by a steady recovery over the following five quarters. A second sharp drop in CBD activity occurred in Q4 2021, coinciding with the Omicron surge. CBD activity has since recovered once again to 63% in the most recent quarter.

### Redistribution of place – New York

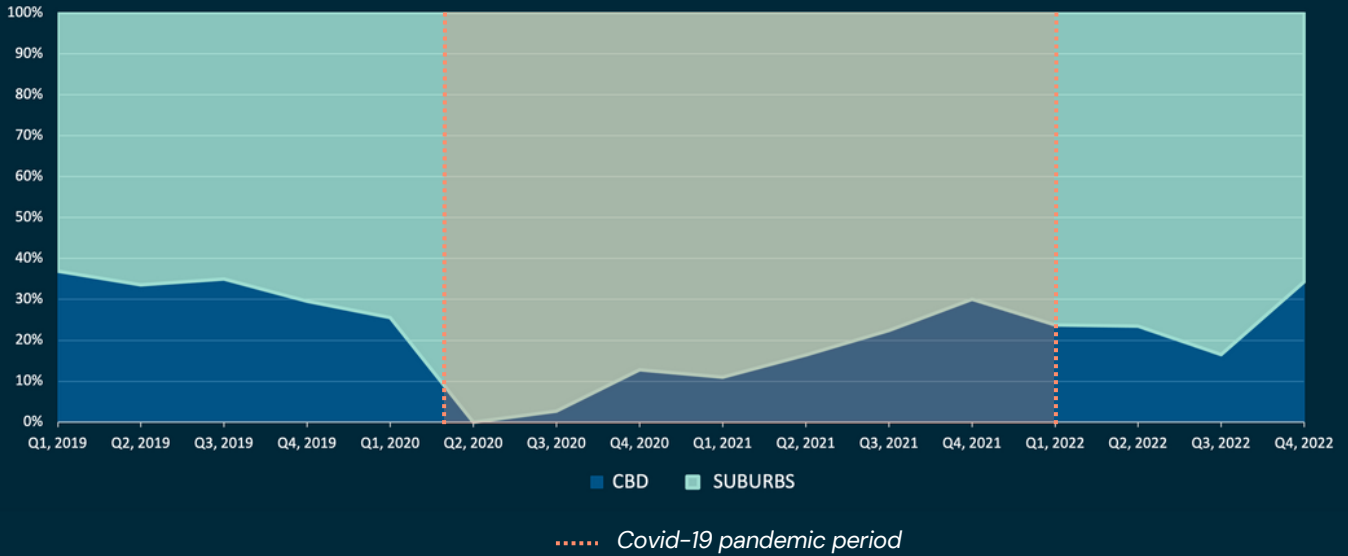


## Chicago

The windy city evidenced a more pronounced “flight to suburb” during the pandemic. Booking activity in “The loop” CBD plummeted from 35% of activity to zero during the first

wave of the pandemic amidst shelter in place mandates. The CBD activity rebounded strongly to 34% of booking activity in Q4, reversing the downward trend of the prior three quarters and more than doubling over Q3.

### Redistribution of place – Chicago

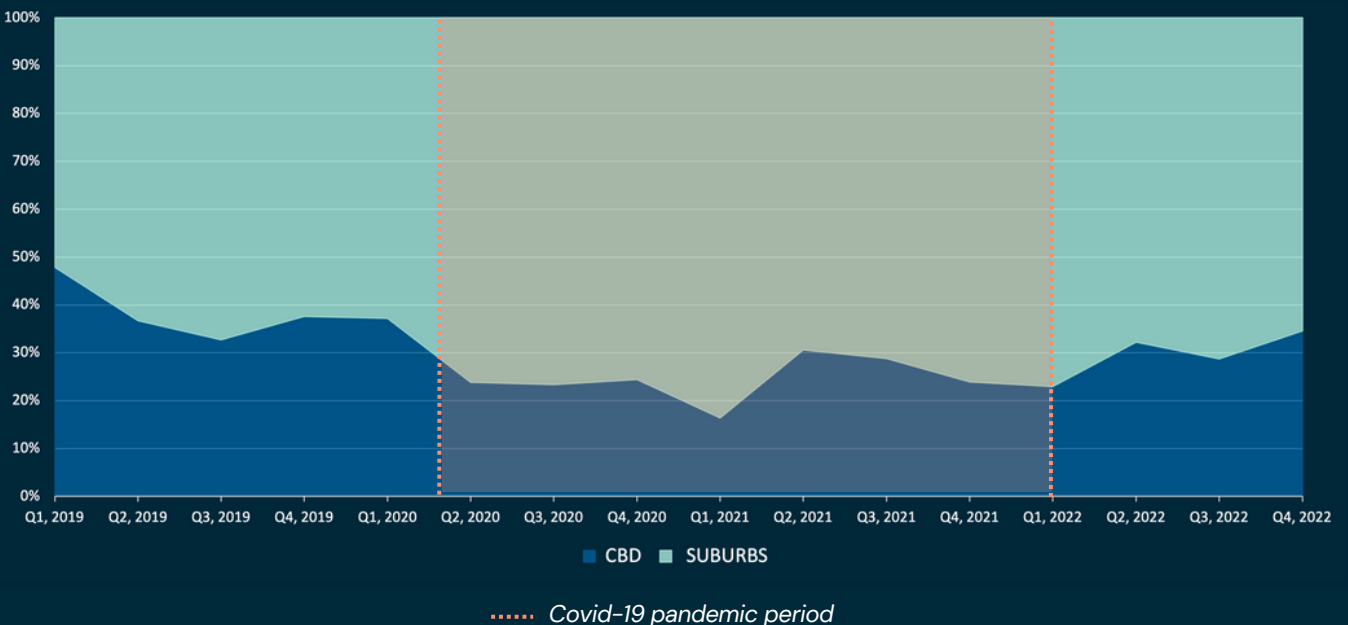


## San Francisco

San Francisco’s “financial district” CBD was already showing signs of pull back in 2019, dropping from 47% to 37% of booking activity. The pandemic accelerated this trend, with

booking activity in the CBD dropping to 16% during the first shutdown. The CBD continued to post positive gains in Q4, growing to 35%, and approaching 2019 levels.

### Redistribution of place – San Francisco

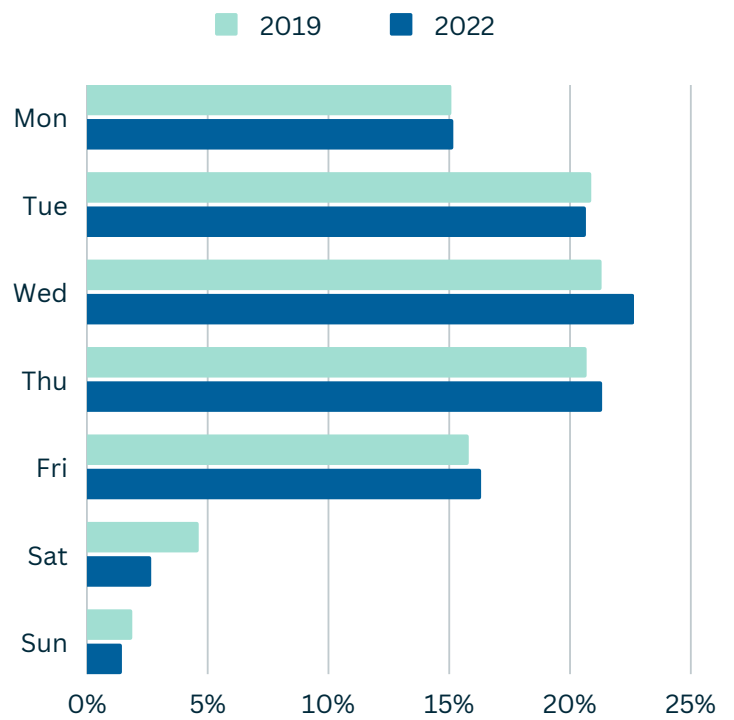




## Drill down: Redistribution of the hybrid workweek

With many companies experimenting with prescribed days of the week in the office, we took a deeper dive into how the flexible office workweek has evolved post-pandemic.

Comparing flexible office usage by day of week in 2022 vs 2019, weekend activity slipped from 6.4% to 4%. Usage increased mid-late week, with Wednesday evidencing the largest gains, now accounting for 22.6% of total hybrid workweek activity.



# Until next time

Examining all three of our indices and this quarter's drill downs, it's evident that change is the constant.

What we do know for sure is that collaboration remains a powerful draw. Employees are demonstrating their desire to gather, and this activity is growing increasingly distributed.

We've said it before, but it's clear that the future of work is hybrid.

We'll see you next quarter for updates on the Hybrid Workplace Indices and more data drill downs.



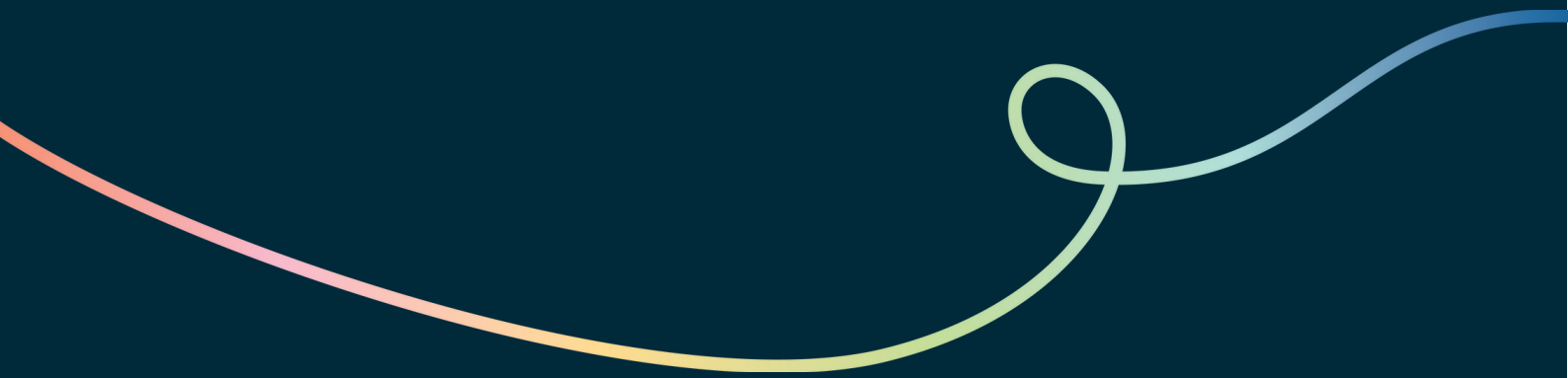
## Methodology

The Hybrid Workplace Indices reflect time series data derived from aggregated and anonymized workspace bookings on the LiquidSpace Marketplace platform. The LiquidSpace user-base is comprised of organizations of all sizes – F1000 multinational enterprises, dynamic startups, small businesses and solopreneurs – representing a diverse cross-section of industry verticals – including federal, state and local government, finance, insurance,

real estate, healthcare, technology, professional services, legal and education.

Each time series Index in this report spans these three periods. A pre-pandemic period, defined as January 2019 – February 2020 which serves as the baseline for subsequent periods. The COVID-19 pandemic period is defined as March 2020 – December 2021. The post-pandemic period is defined as January 2022 – present.





Have more questions? Interested in a custom data drill down?  
Drop us a line at [enterprise@liquidspace.com](mailto:enterprise@liquidspace.com)

For press inquiries please contact [rachael@liquidspace.com](mailto:rachael@liquidspace.com)



1900 S Norfolk St., Suite 350  
San Mateo, CA 94403  
+1 (855) 254-7843

