



The Hybrid Workplace Index

Powered by LiquidSpace | Q1 2023

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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 dynamic organizations to more than 10,000 flexible office providers, from Berlin to Boise.

Hybrid Workplace Index

Q1 2023 Key Findings

- 1 Collaboration remains King and Queen.
- 2 Fridays are decidedly **not** 'dead'.
- 3 Behold the **Hybrid Dividend**.

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 work week patterns of three F500 companies, and the 'hybrid dividend', looking at the cost of traditional real estate vs coworking.



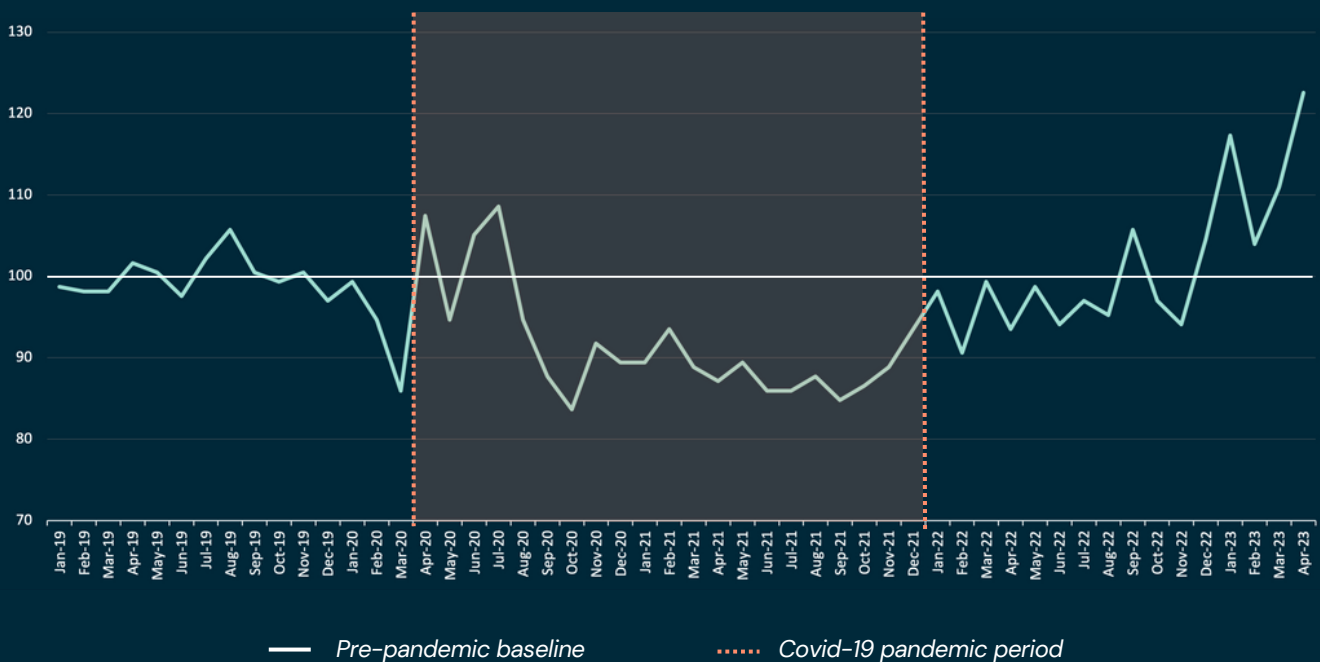


The Hybrid Engagement Index (HEI) tracks the relative rate of employee flexible office usage, against the pre-pandemic period average given a baseline value of 100.

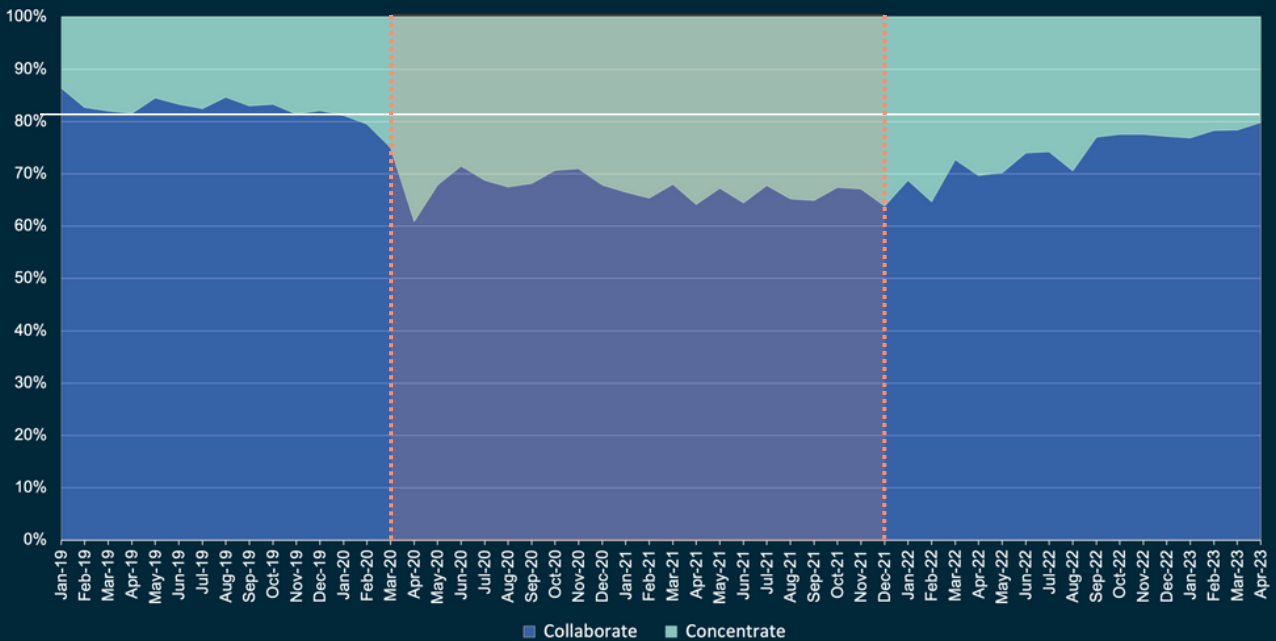
Despite a dip in February (which saw only 19 working days excluding weekends and Presidents day) numbers have far exceeded pre-pandemic levels in 2023, sitting 22.6% higher at the end of April.

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



— Pre-pandemic baseline

..... Covid-19 pandemic period

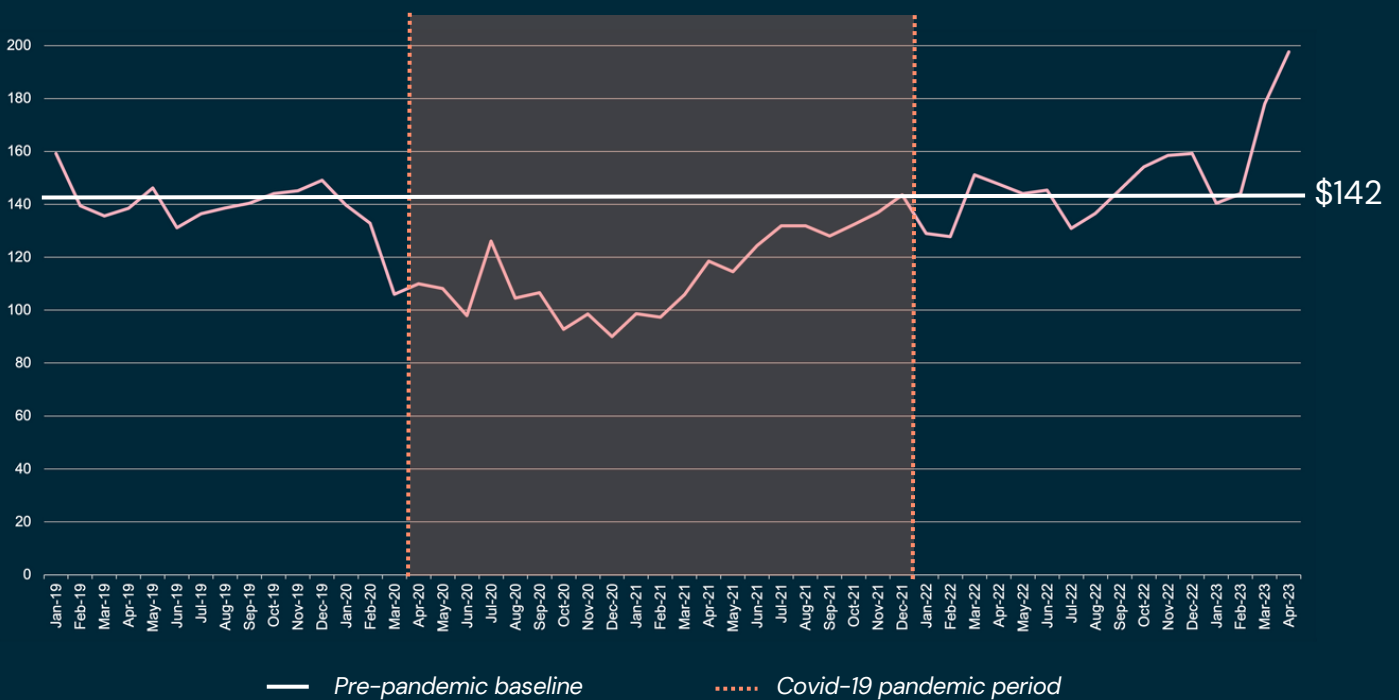
The Hybrid Worktype Index (HWI) tracks the mix of work activity, characterizing workspace transactions as either primarily for Collaboration (highlighted by the booking of meeting rooms, huddle rooms, team spaces) or Concentration (booking individual offices or desks).

In Q1, Collaboration space continued to trend upwards as a percentage of hybrid workplace spend, growing to 78.3% at the end of Q1 and reaching 79.1% in April.





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.

Having made steady progress throughout Q4, ending the year at \$169, average costs have shown rapid increase in 2023 YTD, reaching \$198 at the end of April (a 39% increase from the pre-pandemic baseline).

Collaboration space costs (meeting rooms, training rooms, event spaces), grew 14.5% quarter-on-quarter. Concentration space costs (desks, private offices), grew 14.5% quarter-on-quarter.

Drill down: Friday is not dead

Much attention has been given in recent months to the Return To Office (RTO) mandates of some notable companies.

In an attempt to engineer collaboration many have gone so far as to prescribe not only the number of required in-office days but also the specific days of the week.

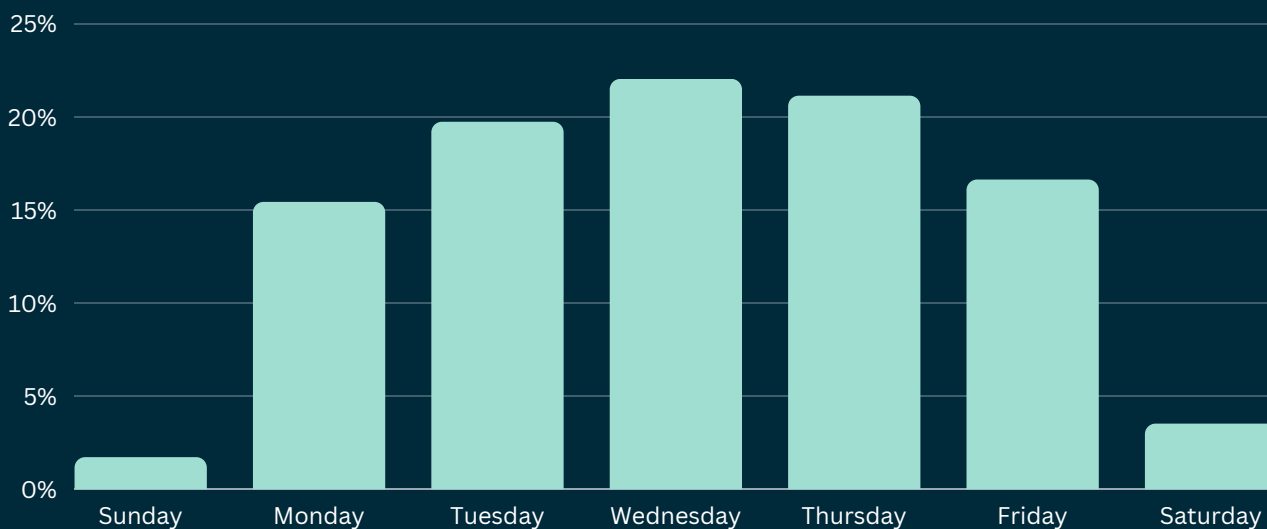
No surprise then that the mid-week "hump days" of Tuesday-Thursday are often cited as the in-office days, as if face-to-face collaboration can be so easily bottled. Along with this approach has come the declaration from some industry principals that "Friday is dead" as it relates to the utility of an office. So, we decided to take a deep

dive into this contentious topic, through the lens of the fast growing community of professionals who enjoy full choice.

What days of the week do they choose an option other than home? Are patterns consistent across similar companies (same industry vertical, same size)? Is Friday really dead?

Conclusion 1: The data is clear and unequivocal. Fully 16.6% of all on-demand bookings in the LiquidSpace Marketplace in 2022/2023 were for hybrid work on Fridays.

Friday himself/herself/itself had this to say "the news of my death has been greatly exaggerated". And its' sibling, Monday, is thriving as well, capturing 15.4% of all bookings.



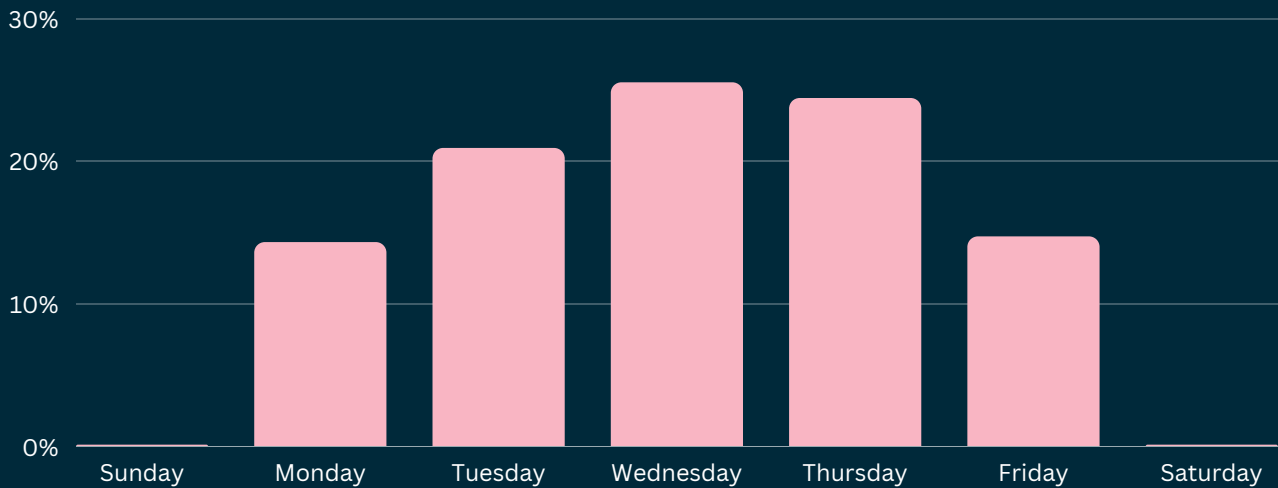
Is this pattern consistent across companies?

To explore this we evaluated the day by day hybrid work week patterns of three F500 companies. Company 1 is 18 months into its hybrid strategy rollout,

actively transforming its legacy office portfolio and rebalancing into on-demand space.

Their hybrid work week balance mirrors the overall averages we observe in our marketplace, with Wednesday their peak day at 25.5% slightly higher than the global average of 22%.

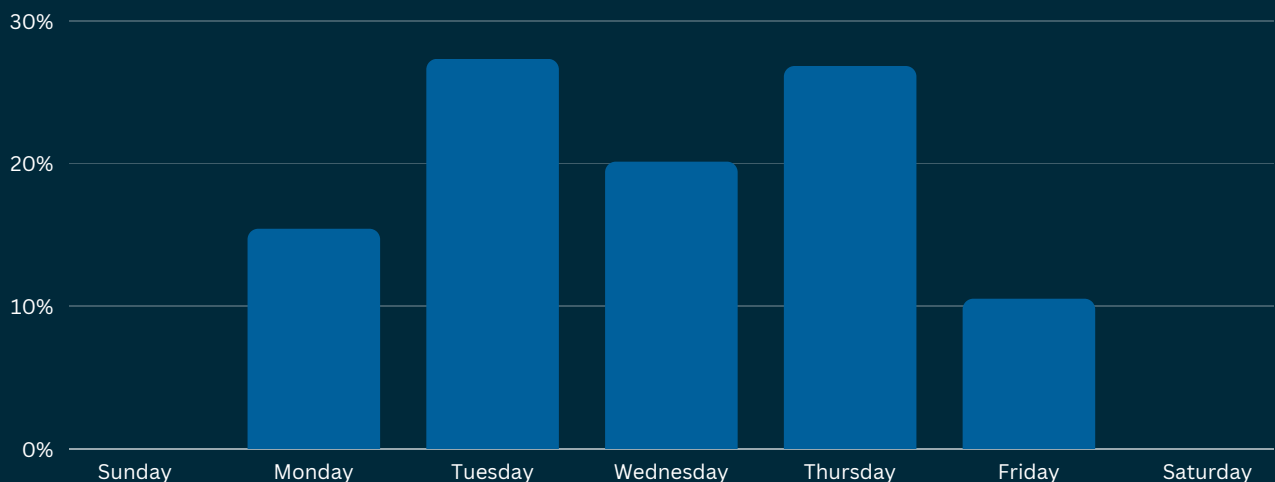
Office visits – Company 1



The next two F500 companies we analyzed are of similar size, and operate in the same industry vertical with similar product and service offerings. Company 2's hybrid work week norms deviate distinctly from the global averages displaying a camelback distribution. Their peak days are Tuesday at 27.3% and Thursday at 26.8%. Wednesday is

comparatively lower at 20%, with Monday and Friday rounding out at 15.4% and 10.5%.

Office visits – Company 2



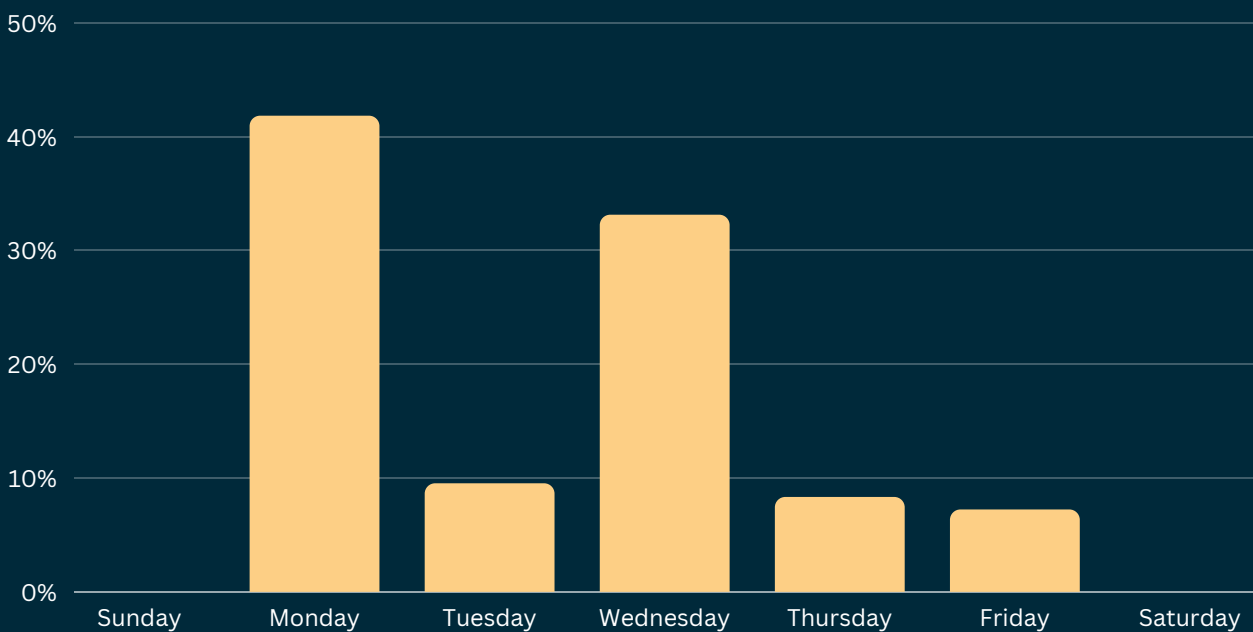
Interestingly, Company 3, operating in the same industry and across similar geographies, exhibited a distinctly different distribution. Their peak day is Monday, with 41.8% followed by Wednesday at 33.1%. Tuesday, Thursday and Friday all fell between 7 and 9%.

Is there a lesson here for HR and Workplace leaders? Yes. If a well intentioned executive at any of these three companies were to accept

the conventional wisdom of "Friday is dead" and mandate a Tuesday/Wednesday/Thursday 'Return to Office' policy, they would almost assuredly miss the mark of the true needs of their individual employees and teams.

Want to maximize productivity and engagement across your organization? Let your employees participate in defining the new rhythms of work.

Office Visits - Company 3





The Hybrid Dividend

In this era of unprecedented change, the companies that harness the power of hybrid work are reaping extraordinary rewards. We stand witness to a remarkable phenomenon: the emergence of the "Hybrid Dividend" as a transformative force in the business landscape.

The Hybrid Dividend refers to the benefits companies and their employees experience when implementing hybrid work models, utilizing flexible coworking spaces, and decreasing dependence on long-term leased offices. It encompasses the advantages gained from increased employee productivity and wellness, cost savings, agility, and the ability to adapt to changing work dynamics and preferences.

The data speaks volumes: heightened productivity, substantial cost savings, and unmatched adaptability are just the tip of the iceberg.

The trajectory of success is unmistakable, with forward-thinking organizations capitalizing on the flexibility of on-demand coworking spaces and breaking free from their reliance solely on traditional leased offices.

Consider the case of a prominent Fortune 500 company that has fully embraced hybrid transformation. Observing their traditional portfolio utilization insights and their LiquidSpace Marketplace transaction data, we see that the actual cost per employee per day at their remaining traditional office portfolio is \$345, based on actual office utilization. However, if their traditional offices were to magically return to 100% utilization, the cost per employee per day would be reduced to \$45. Meanwhile, their growing use of on-demand coworking spaces and other flexible options incurs an actual cost of \$21.65 per employee per day.

F500 Case Study – Actual traditional leased office vs hybrid on-demand cost / day

Traditional leased
(actual cost/day)

\$375.17 / day

Traditional leased
("magical" cost/day)

\$48.77 / day

Hybrid on-demand
(actual cost/day)

\$21.65 / day

Now, let's examine the comparative return on investment (ROI) of these options. By subtracting the cost of on-demand space from the cost of the traditional office portfolio, we can approximate the daily savings per employee that this company is realizing.

The difference amounts to a staggering \$323.35. For a team of 100 employees, this translates to potential daily savings of \$32,335 and an astounding annual hybrid dividend of \$8,083,750.

What makes these savings even more remarkable is the fact that, even if the company's traditional office portfolio magically achieved 100% utilization, the cost per employee per day would still be over two-times higher than the cost of their actual hybrid on-demand space usage. This stark contrast underscores the immense financial advantages of incorporating on-demand coworking spaces and embracing a hybrid work approach.

Let us dare to envision a world where agility and productivity coexist harmoniously, where cost-efficiency aligns with employee satisfaction. The hybrid dividend is the key that unlocks this door, propelling organizations towards a future of growth and success. It is a call to action, a transformative invitation to embrace change and shape a new paradigm of work.

The hybrid dividend is not just a concept; it is a tangible reality for a growing number of companies and their employees. By strategically blending traditional office spaces with on-demand coworking options, companies can unlock unprecedented cost efficiencies while empowering their employees to thrive in a dynamic and collaborative work environment.

With every step we take towards the hybrid work revolution, we unlock new possibilities and redefine the boundaries of success.



Until next time

Examining all three of our indices and this quarter's drill downs, what we know for sure is that every individual and every business is different.

Collaboration is still the biggest driver of bookings within LiquidSpace, but the when and how and where of that collaboration varies according to individual and business need.

What is consistent across every business is the hybrid dividend. It's hard to ignore the compelling savings to be made by adopting a zero waste workplace model.

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

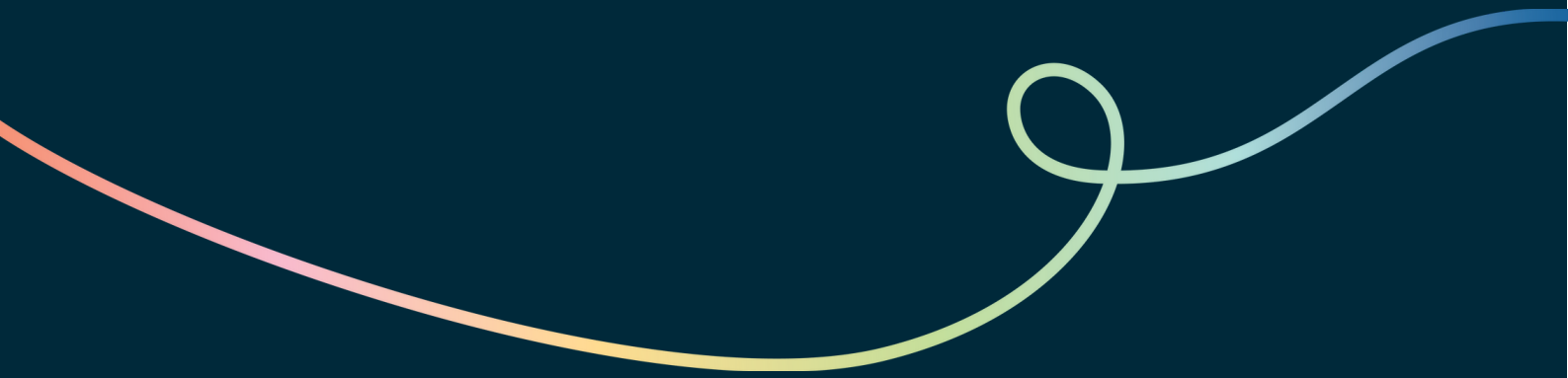


Methodology

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?
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