

FOR MANY ORGANIZATIONS, the results of the pandemic-driven shift to remote work have been better than expected. Respondents to the January 2021 *Fortune*/Deloitte CEO Survey confirmed their October 2020 findings, indicating that remote working is here to stay: More than one-third of their employees will continue to work from home even a year from now. This has prompted leaders across industries to rethink where their employees work for the longer term—and how this could change their need for office space.

The October 2020 *Fortune*/Deloitte CEO Survey found that 76% of CEOs indicated that their organizations would need less space moving forward. This could drive significant cost savings in both operating costs and capital expenditures. Real estate and facilities are often one of an organization's top three expenses; as a rule of thumb, they can represent 2% to 5% of organizational revenue.

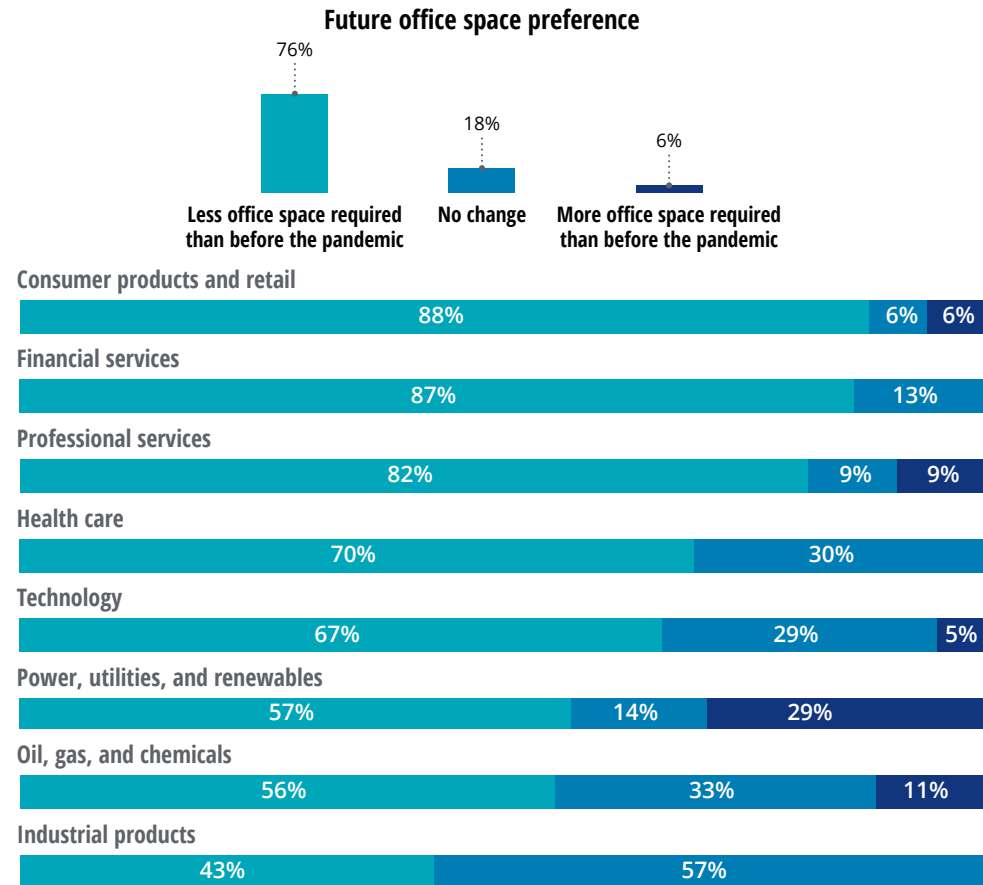
The extent of the potential savings depends on several factors, including:

- Employers that continue to permit remote work will need to decide on the frequency with which employees need to be in the office, which will shape leadership decisions on how much space the organization needs.
- Historically, many organizations would open a physical location to attract new employees in a particular market. With the greater acceptance of remote working, organizations are now increasingly looking to attract talent in markets where they do not have physical space. The extent to which leaders seek talent in such markets will likely also influence the amount of space an organization must maintain.

Reduced needs for office space could substantially reduce costs



A notable industry outlier: 29% of power, utilities, and renewables CEOs expect to need *more* office space in the future.



Note: Due to rounding, percentages do not always add up to 100%. Analysis includes significant industries with more than 5% representation in the sample.

Source: October 2020 *Fortune*/Deloitte CEO Survey.

The future of office space can create financial opportunities

Depending on how aggressive organizations are with these and other considerations, our experience shows that they may find it possible to reduce real estate and facilities costs by 10% to more than 20%. And cost savings aren't the only potential benefits of shifting work to the home. The ability to recruit workers from anywhere could open up a much broader talent pool, and the flexibility that remote work enables could improve the employee experience.

About the authors

Griffin James | grijames@deloitte.com

Griffin James is a senior manager in Deloitte Consulting LLP's Real Estate & Location Strategy practice. With more than 19 years of real estate-related experience, James has driven substantial enterprise value for his clients through the design and optimization of corporate real estate and facilities operating models, service delivery and outsourcing strategies, portfolio optimization, and enterprise cost reduction efforts.

David Asker | dasker@deloitte.com

David Asker is a manager in Deloitte Consulting LLP's global Real Estate Transformation practice. He has more than 20 years of business strategy and real estate consulting expertise. Asker has directed site selection, technology implementation, and facility construction for clients, including government, education, universities, health care, and Fortune 1000 organizations. He focuses on assisting clients with real estate transformation efforts, including facility strategy, smart buildings, operational improvement, technology enablement, outsourcing and insourcing strategies, process improvement, delivery model modification, facility management evaluation, and system benchmarking.

The future of office space can create financial opportunities

Finance Transformation Services

CFOs know finance transformation can be difficult and time-consuming. But they also know it's an effective way to keep up with the changing needs of the business. Whether it's technology disruption, business model innovation, or a new industry ecosystem, Deloitte helps finance organizations look ahead to what's next while keeping the ship on a steady course. To learn more, visit [Deloitte.com](https://www.deloitte.com).

Deloitte.

Insights

Sign up for Deloitte Insights updates at www.deloitte.com/insights.



Follow @DeloitteInsight

Deloitte Insights contributors

Editorial: Junko Kaji, Sayanika Bordoloi, Rupesh Bhat, and Nairita Gangopadhyay

Creative: Adamya Manshiva and R Pradeepan

Promotion: Maria Martin Cirujano

About Deloitte Insights

Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

About this publication

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.