

Quick Take: Informational

Office Sector

Here We (Don't) Go (To the Office) Again



Green Street

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Several large companies announced changes to their return to office (RTO) plans recently due to the Omicron Covid variant while New York and California have reinstated indoor mask mandates. Return to office plans are likely to remain moving targets amid an uncertain trajectory of coronavirus cases, though the tech industry appears more likely to be more open minded with regards to a remote work environment. The odds of a furthered delay return to office seems likely given the inertia towards pushing back dates (i.e., others have already done so), the historical experience with the Delta variant, and the continued employee popularity of working from home (WFH). Relevant highlights are summarized below:

CA and NY Mask Up: California has reinstated a state-wide mask mandate regardless of vaccination status. New York has introduced a mask mandate for all public indoor spaces that do not have a vaccine requirement. Office utilization rates in California, particularly the Bay Area (~25%), have lagged those in other markets (particularly the Sun Belt, close to ~50%). The reimposition of mask mandates is likely to prolong lower office utilization rates along the West Coast relative to other markets.

Take a Ride to '23: Ride-hailing giant Lyft recently announced that the company is pushing its RTO date to '23 in light of the Omicron variant. While pushing back RTO dates is not surprising, the decision to take any possibility of a RTO in '22 off the table is a bold move, but may help in the war for talent as survey results continue to highlight employees' preference for flexibility amidst a tight labor market.

Jefferies Takes a Break and Gets a Booster: Financial services firm Jefferies announced that employees will be working from home until the new year after the firm experienced over 40 new covid cases (nearly 1% of employees) in the first eight days of the month. The firm will also require all employees who are eligible for a booster shot to receive a dose by January 31st.

Metaverse Over Office? Meta, formerly known as Facebook, told employees this week that it is pushing back its required RTO date by three to five months, though offices will be open for those that want to go in. Notably, the company's vice president of human resources mentioned that some staff was not yet ready to come back to the office. Further, Bill Gates predicts that virtual meetings will move to the metaverse in two to three years.

Google Delays: Google is no longer requiring employees RTO on January 10, 2022. The tech giant noted that it will wait until early '22 to assess when its U.S. offices can safely return to a long-term working environment. Google stated that its U.S. offices were ~40% occupied in recent weeks.

Ford: The car manufacturer is pushing back its RTO to March, citing concerns over new Covid-19 cases. The decision will affect roughly 30k employees and Ford noted that it will begin a RTO pilot phase for select employees in February and March.

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