CUSHMAN & WAKEFIELD | CORENET GLOBAL

WHAT OCCUPIERS WANT

2023 SURVEY RESULTS

2023 WHAT OCCUPIERS WANT SURVEY

INTRODUCTION & PREVIOUS REPORTS

Cushman & Wakefield collaborates with CRE leaders annually to capture the latest insights on office occupancy. **What Occupiers Want** explores the evolution of strategic decision drivers, trends in location and workplace, and perspectives on changes to portfolios. Each year's issue has a special theme.

2023

ESG (Environmental, Social and Governance)

The rising importance of ESG and how it serves as a framework for policies , procedures and decision-making in organisations.

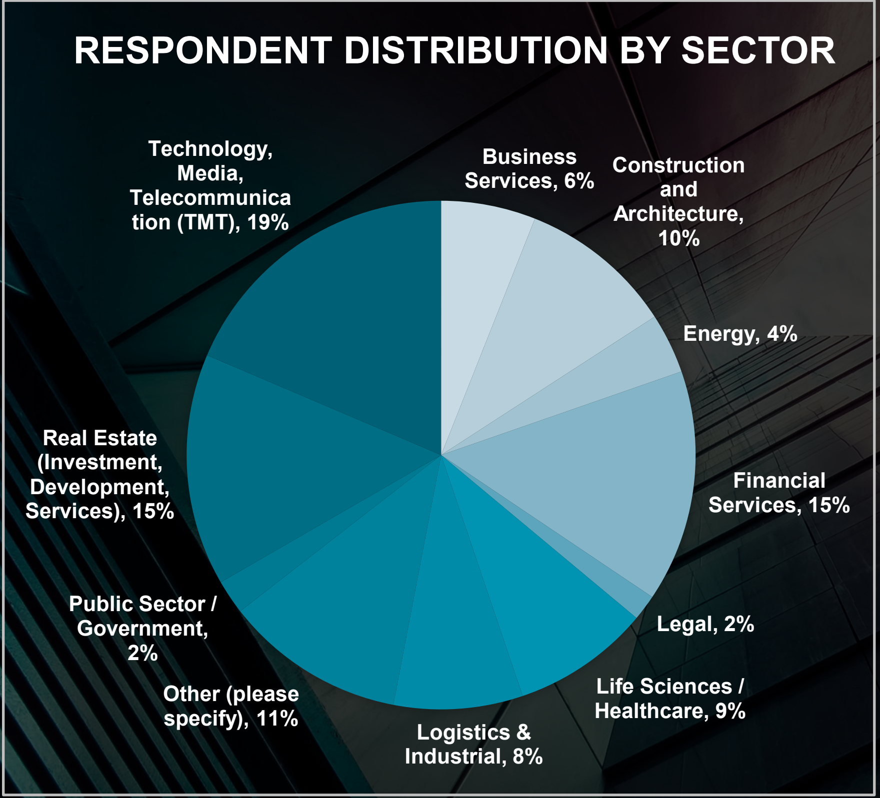
CRE LEADERSHIP PROVIDED RESPONSES THAT ARE DISTRIBUTED GLOBALLY ACROSS SECTORS

2023 SURVEY RESPONDENTS

AMERICAS 56%

EMEA 35%

APAC 9%



- Globally, over 180 CRE leaders completed the What Occupiers Want Survey in H1 2023
- The views represent approximately 9.6m employees globally and 741M sq. ft. of floor area

Source: Cushman & Wakefield Analysis

2023 WHAT OCCUPIERS WANT SURVEY

TOP TAKEAWAYS

WORKPLACE, LOCATION AND PORTFOLIO

1 COST IS NOW ON PAR WITH TALENT AS A STRATEGIC DRIVER OF CRE

Cost, talent and operational excellence are the top three CRE strategic drivers. Talent is #2 in EMEA and remains #1 in the Americas.

2 COMMUNAL OFFICE SPACE WILL DOUBLE TO FOSTER CREATIVITY, INNOVATION AND COLLABORATION

The targeted level of communal office space has nearly doubled compared to pre-pandemic levels (40-50% vs. 20-30%), with over 80% seeing the office as a centralized meeting place that encourages creativity and innovation.

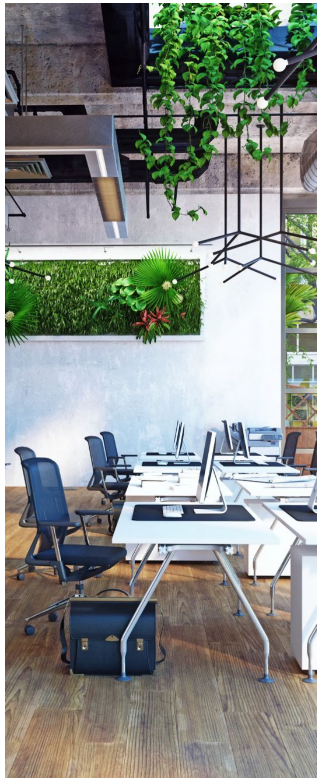
3 CENTRAL BUSINESS DISTRICTS ARE STILL PREFERRED FOR HQ LOCATIONS, BUT TALENT IS BEING RECRUITED OUTSIDE CITY BOUNDARIES

Most occupiers recruit beyond city boundaries, with 26% recruiting from anywhere in the world.

4 OFFICE OCCUPANCY REMAINS LOW, DRIVING FURTHER FOOTPRINT REDUCTION

Most occupiers maintain occupancy levels lower than 45%. Most occupiers (63%) have plans to further reduce their real estate footprints. This year, more occupiers are targeting a floor area reduction of 25% or more.

ESG SPECIAL FEATURE



5 ESG RISES IN IMPORTANCE IN EMEA WHILE LAGGING IN THE AMERICAS

Since the last survey, ESG moved from #8 to #5 globally as a key CRE driver. Currently, ESG ranks #3 in EMEA and #6 in the Americas.

6 MOST CRE TEAMS HAVE DEFINED ESG GOALS AND SEE IT AS "THE RIGHT THING TO DO"

Over two-thirds of CRE teams have ESG goals, with only 42% actually implementing measures to reach those goals, mainly including reductions in scope 1 emissions. ESG drivers vary by geographic region. In the Americas, company reputation ranks #1, while in EMEA, climate change ranks #1. However, still one in three companies do not have ESG goals.

7 FLEXIBLE WORK IS A KEY ENABLER OF SOCIAL IMPACT

According to C&W XSF, choice and control over where or when employees work drives engagement. CRE teams also see flexible work as a social impact enabler.

COST IS NOW ON PAR WITH TALENT AS TOP CRE STRATEGIC DRIVERS

Cost, talent and operational excellence are the top three strategic drivers that inform key real estate decisions. Talent is #2 in EMEA and remains #1 in the Americas.

Occupiers consistently identify cost, talent and operational excellence as the top drivers of CRE strategy and real estate decisions. The order of these drivers has shifted some in 2023; talent continues to be very important—and remains #1 in the Americas—but cost has risen in importance. This is not surprising given the elevated uncertainty since mid-2022, as inflation peaked and, in response, interest rates began to rise.

Given that cost pressure is the top challenge facing occupiers in 2023 and real estate is typically the second-largest expense category (after talent), CRE executives are looking for ways to thoughtfully reduce spend: reducing floorplans, subleasing space, mothballing underutilized or unused floors, and expanding in lower cost markets. That said, occupiers are willing to spend money on the right investments. This includes buildings that offer sustainability features and green certifications or activated office space that increases employee attendance and engagement.

WHAT ARE THE MOST IMPORTANT STRATEGIC DRIVERS THAT INFORM KEY OFFICE REAL ESTATE DECISIONS SUCH AS SIGNING NEW LEASES, NEW LOCATIONS ETC. (BY REGION)?

	1	2	3	4	5
GLOBAL	Cost Pressure	Talent Sourcing & Retention	Operational Excellence	Customer Relations	ESG
AMERICAS	Talent Sourcing & Retention	Cost Pressure	Operational Excellence	Customer Relations	Corporate Brand
EMEA	Cost Pressure	Talent Sourcing & Retention	ESG	Operational Excellence	Customer Relations
ASIA PACIFIC	Operational Excellence	Customer Relations	Cost Pressure	Corporate Brand	ESG

ESG ranked #8 in 2021

Previous Survey Global Ranking

1. Talent
2. Cost Pressure
3. Operational Excellence
4. Corporate Brand
5. Customer relations

2 OFFICE COMMUNAL SPACE PROPORTION TO DOUBLE, AS COMPANIES SEEK TO FOSTER CREATIVITY, INNOVATION AND COLLABORATION

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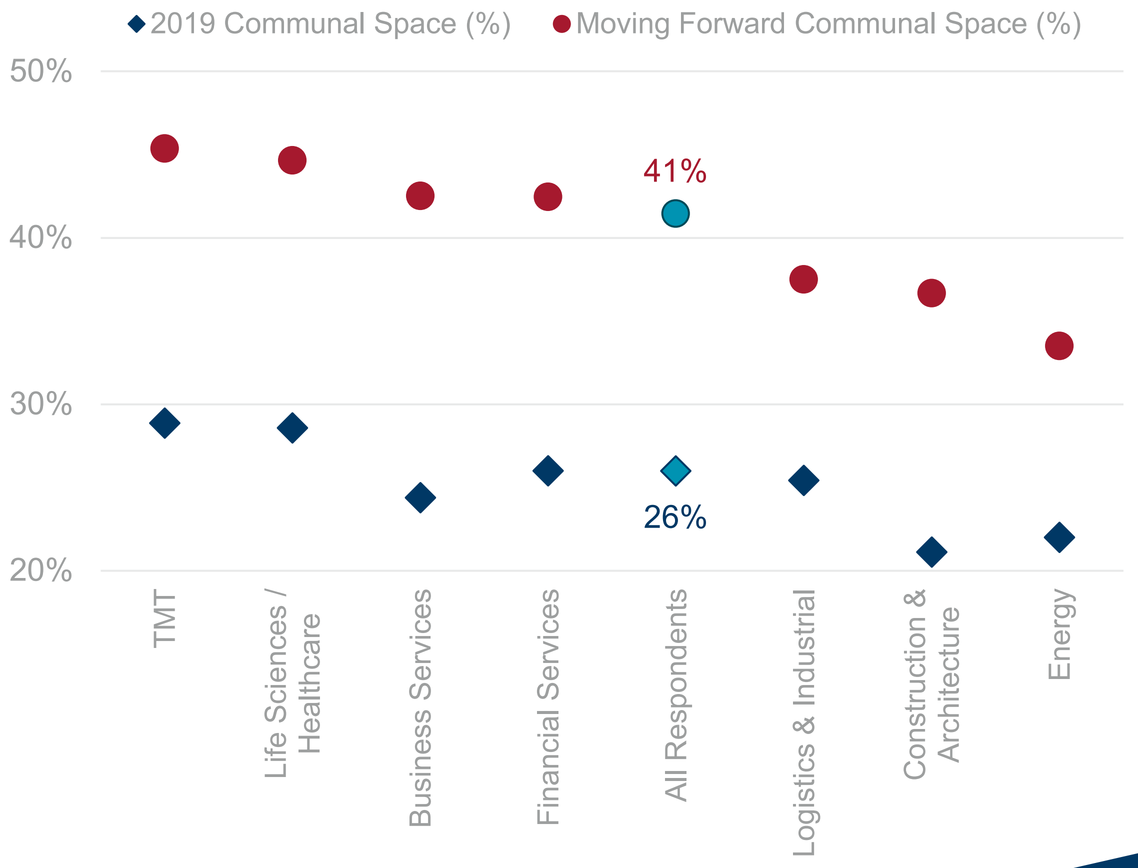
The targeted amount of communal space within the office has doubled compared to pre-pandemic levels (40-50% vs 20-30%), with majority of occupiers (89%) seeing the office as a place for creativity, innovation and a planned meeting point.

The purpose of the office is clearly changing. However, occupiers have not fully adapted to this new way of working. The office is not about keeping tabs on people, nor is it required for many workers to be productive. It is a meeting point with clients, a place for creativity, innovation and synergies, as well as a place for learning and development. Right now, approximately half of occupiers believe their offices provide for these purposes; the remaining 45% still have work to do.

Along with additional communal space in their offices, occupiers are looking to flexible office / coworking as a solution for an increasingly hybrid workforce. Forty percent of companies are currently providing their employees with access to flexible workspaces in some capacity. One-third of users are also looking to increase the amount of flexible space used by their teams.

WHAT IS YOUR COMPANY'S TARGET PERCENTAGE FOR COMMUNAL SPACE?



3 CBD REMAINS THE PREFERRED HQ LOCATION, BUT RECRUITING EXPANDS BEYOND TYPICAL BOUNDARIES

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Most occupiers recruit beyond city boundaries, with 26% recruiting from anywhere in the world.

As difficult as the pandemic was on urban cores, any talk of a mass exodus out of Central Business Districts (CBDs) is overblown. They remain the most desirable location for companies' office headquarters. Two-thirds of occupiers prefer headquarters locations in the CBD (57%) or in emerging creative urban areas (12%). CBD's share of leasing activity is down, but only slightly from pre-pandemic levels; in the U.S., CBD's share of Class-A leasing has been 38.6% since 2020, while it was 41.8% in the three years prior to the pandemic. Occupiers are signaling that they intend to remain in urban cores with their major offices. Eighty percent of firms have not considered moving their offices out of the CBD, and only 8% see that type of shift as a trend. However, as discussed in the next section, overall footprint reduction is expected to impact CBDs too.

CBD real estate is typically more expensive. While cost is important in office location selection, the #1 criteria remains accessibility to talent, which is elevated in thick labor markets in and around major cities. This brings employers back to those dense markets again and again. There are some signs, however, that talent recruitment strategies are expanding their geography. While 43% of companies have not yet changed their recruitment strategy, 31% are now recruiting from outside the city boundaries in which they are located, and another one-fourth of respondents are recruiting from anywhere in the world.

Call Outs:

- CBD remains the most popular option for HQ operations. This figure increased from 48% in last year's survey.
- Despite cost being a top strategic driver, CBD remains as the preferred location for HQ as it offers access to talent, public transport and amenities.
- 22% of respondents are considering the possibility of moving office functions from CBD to suburban areas.
- A higher percentage of respondents from EMEA consider Creative Urban Areas as preferred HQ locations compared to respondents from the Americas

WHAT IS YOUR COMPANY'S PREFERRED HQ LOCATION (OFFICES)?

2023	1st	2nd	3rd	4th	5th
	57%	16%	12%	10%	5%
	Central Business Districts	Suburban Business Park	Creative Urban Areas*	Regional Cities	Residential Area

4 OFFICE OCCUPANCY REMAINS LOW, DRIVING FURTHER FOOTPRINT REDUCTION

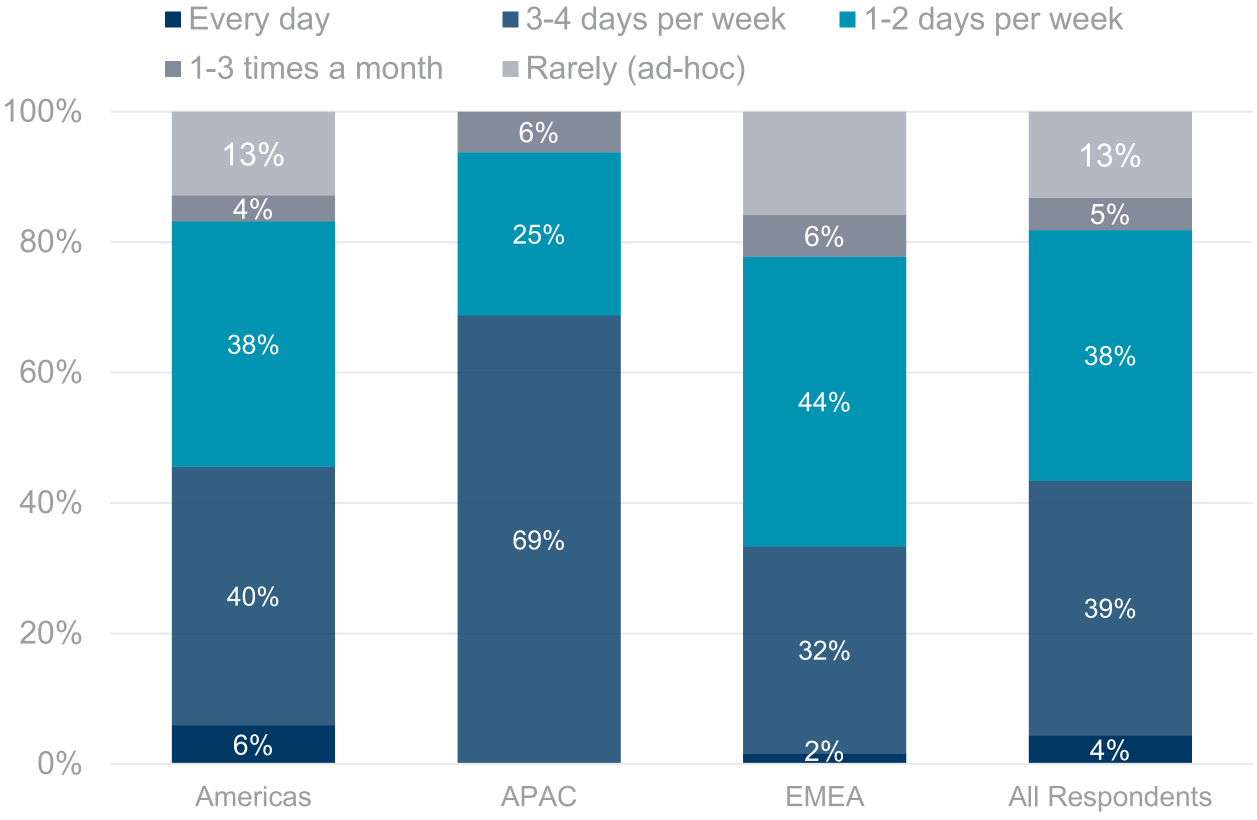
Most occupiers are at occupancy levels that are half that of pre-pandemic levels. Nearly two-thirds of occupiers (63%) are planning for further real estate footprint reductions over the next two years.

Hybrid and remote work schedules have meant that employees are not in the office at the same rate as they had been prior to the pandemic. Among survey respondents, just over half of occupiers indicate that their office space is 31%-60% full on any given day. This will vary greatly by day of the week (Tuesdays are typically the highest and Fridays the lowest), but the weekly average remains below the 60-80% pre-pandemic norm.

Occupiers continue to see the office as a critical part of work efficiency, on top of being a driver for innovation, collaboration and connection. Four-fifths of occupiers believe employee attendance in the office every week is necessary for optimal work efficiency, and 40% see three or more days per week as best. This is why occupiers are adding more amenities and services to increase usage and elevate employee experience—45% already have added amenities and services, while another 35% are planning to do so. The most common added amenities revolve around programming and space activation or food.

Taking these factors into account, occupiers are still looking to cut their footprints—to optimize for current usage and to control for costs in this economic environment. A majority of occupiers plan to cut their footprints in the next two years, and nearly a third see those cuts exceeding 25% of their current office footprint.

WHAT ARE THE REQUIREMENTS OF YOUR EMPLOYEES TO BE IN THE OFFICE FOR OPTIMAL WORK EFFICIENCY?



5/6 ESG IS RISING IN IMPORTANCE, AND MOST CRE TEAMS HAVE DEFINED ESG GOALS MAINLY SEEING IT AS "THE RIGHT THING TO DO"

ESG moved from #8 in 2021 to #5 globally as a strategic driver of key real estate decisions. Currently, ESG ranks #3 in EMEA and #6 in the Americas.

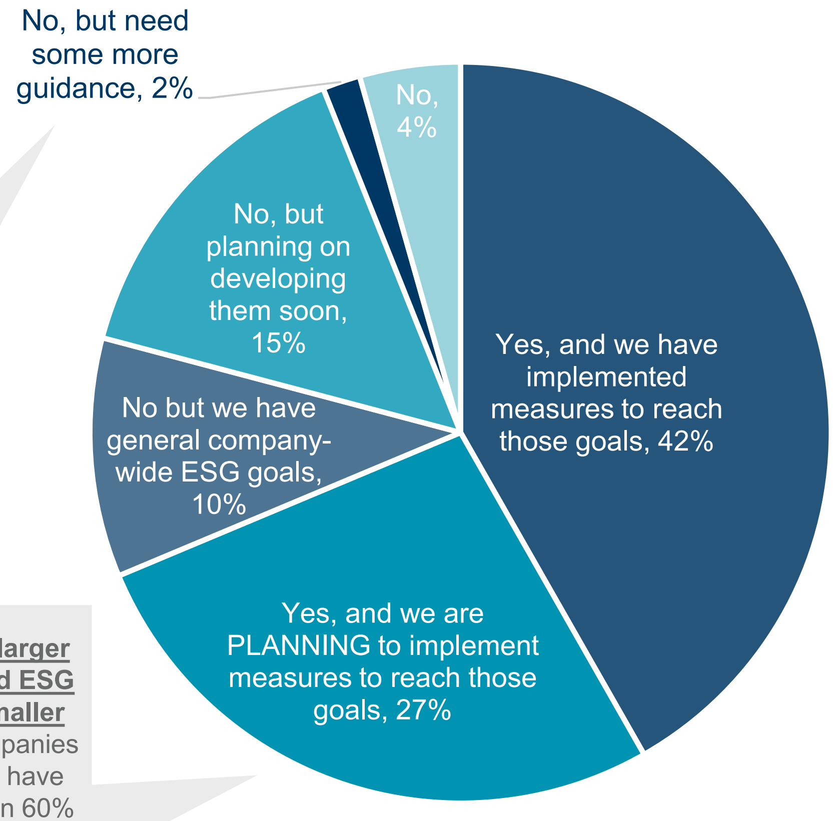
Companies' focus on ESG has accelerated in the past two years. For example, two-thirds of the 5,000 companies that have set net-zero commitments have done so since the beginning of 2022, according to ScienceBasedTargets.org. Goals and implementation plans for various ESG components are increasingly seen as essential to organizations' long-term financial performance, corporate reputation, and ability to attract clients, investment and talent.

Two-thirds of CRE executives indicate their firm has ESG goals that they have already begun to implement (42%) or are planning to implement. Only 6% of companies do not have ESG goals and do not plan to develop them soon.

The reasons for aligning real estate portfolios with ESG goals vary by global region. In the Americas, company reputation ranks #1, followed by utility costs and then ESG regulations. In EMEA, climate change is the #1 reason for alignment; climate change comes in at #5 in the Americas. The other top drivers in EMEA are company reputation and ESG regulations.

Companies appreciate the environmental value of incorporating sustainability into workplace designs and portfolio strategies. Accordingly, occupiers are ready to pay a premium to incorporate sustainability into the workplace and their office portfolios. On average, they are willing to pay up to a 22% premium for buildings with green credentials. This could have implications for discounts occupiers may come to expect at buildings that are not sustainable. Larger firms expect to pay a lower premium percentage, but of course their overall costs will be larger on an absolute basis. The willingness to pay is slightly lower for life sciences, healthcare and logistics/industrial organizations, but the average is still 17%.

HAVE YOU DEFINED ESG SPECIFIC GOALS FOR YOUR REAL ESTATE PORTFOLIO?



It is mainly the **Legal and Logistics & Industrial sectors** that do not have defined real estate ESG-specific goals, however, they are planning to develop them soon

A **higher proportion of larger companies have defined ESG real estate goals vs. smaller companies.** (83% of companies with 100,000 employees have defined goals vs. less than 60% of companies with fewer than 10,000 employees)

7 FLEXIBLE WORK IS A KEY ENABLER OF SOCIAL IMPACT

Occupiers and their CRE executives see flexible work as a social impact enabler within their organizations.

According to Cushman & Wakefield's Total Workplace Experience per SF™ (XSF) employee survey, workers value choice and control over where and when they work. Both types of flexibility drive employee engagement. Accordingly, CRE executives see flexible work arrangements as a critical way of adding value to their organization's social pillar goals. Additionally, there is a broad focus on employee wellness through workspace design guidelines that build equity and foster a culture of inclusion. This can be done through several initiatives, including but not limited to:

- Maximizing accessibility for all employees
- Offering a variety of workspaces that cater to different work styles, cultures and preferences
- Arranging flexibility for when and where people work

HOW DOES YOUR COMPANY ADD VALUE IN THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE PILLARS OF ESG? (TOP 3)

	#1	#2	#3
E ENVIRONMENTAL	Incorporating sustainability in workplace design or construction guidelines	Investing in sustainable buildings Occupiers are willing to pay a 22% premium on buildings with excellent sustainability credentials and green certifications. Smaller companies are willing to pay a 27% premium.	Integrating environmental DD into portfolio strategy and site selections
S SOCIAL	Flexible work arrangements According to XSF, employees report a better experience with choice and control over where they work.	Adding employee wellness benefits	Designing workspaces that build equality, foster inclusion, and address intersectional needs
G GOVERNANCE	Business ethics and integrity policies	Diversity of leadership and governance bodies	Corporate governance guidelines and training

LIFE IS WHAT WE MAKE IT

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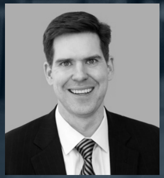

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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of $10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

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