

The impact of COVID-19  
on office space usage in  
the Middle East

November 2020

# Introduction

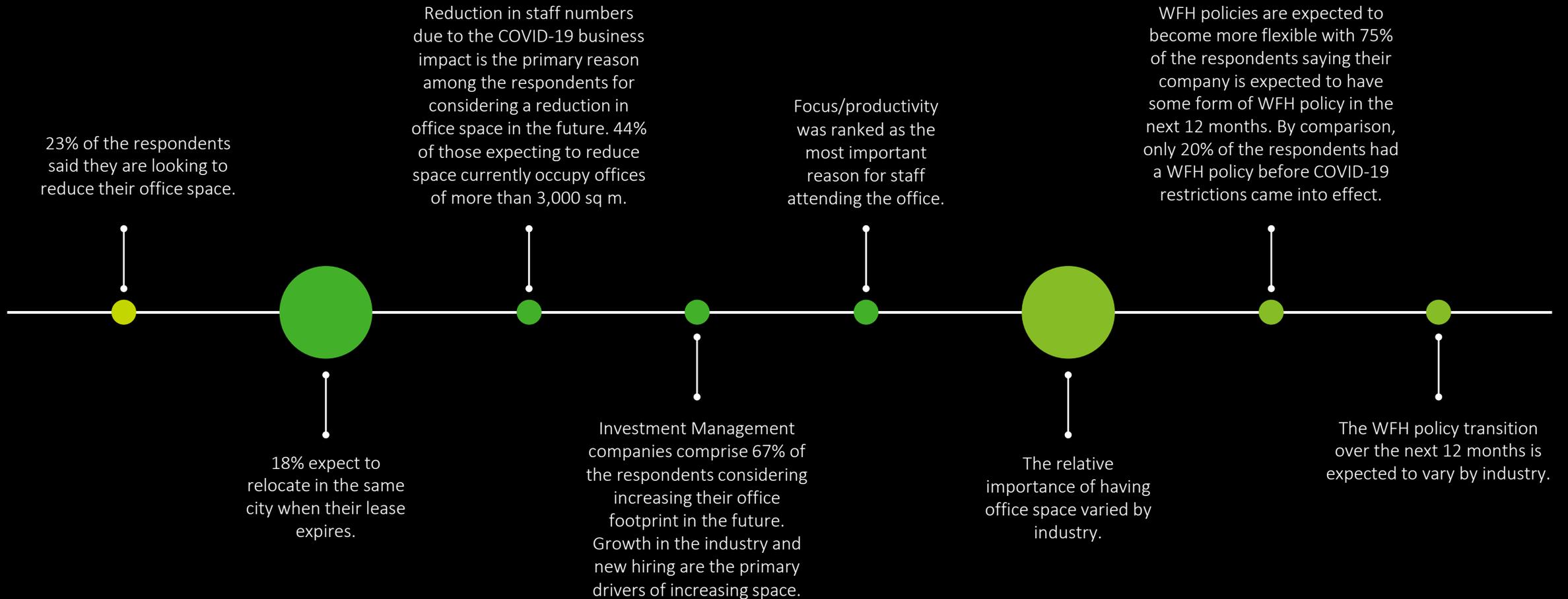
To help identify the impact of COVID-19 on office space usage in the Middle East, Deloitte captures sentiment from companies in relation to the evolving nature of their bricks and mortar requirements, work from home (WFH) experience and policies during the current COVID-19 pandemic.

This survey was conducted in October 2020 and the findings are based on responses from senior executives across a range of industries.





## Key findings

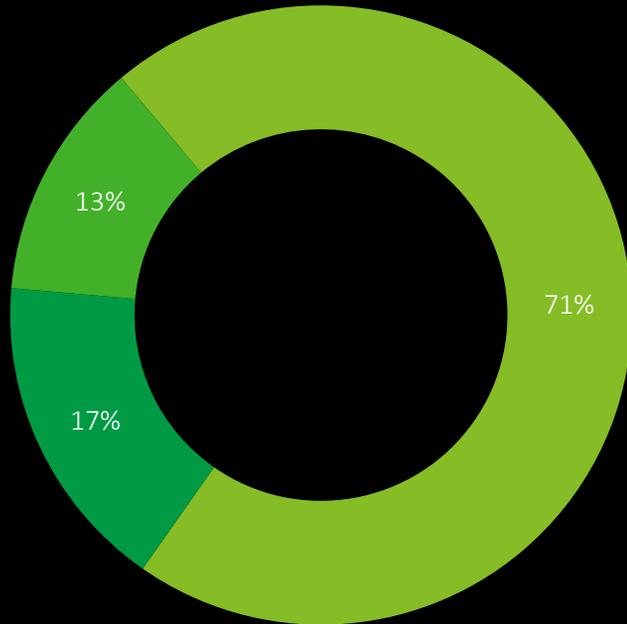




**23% of the respondents said they are looking to reduce their office space.**

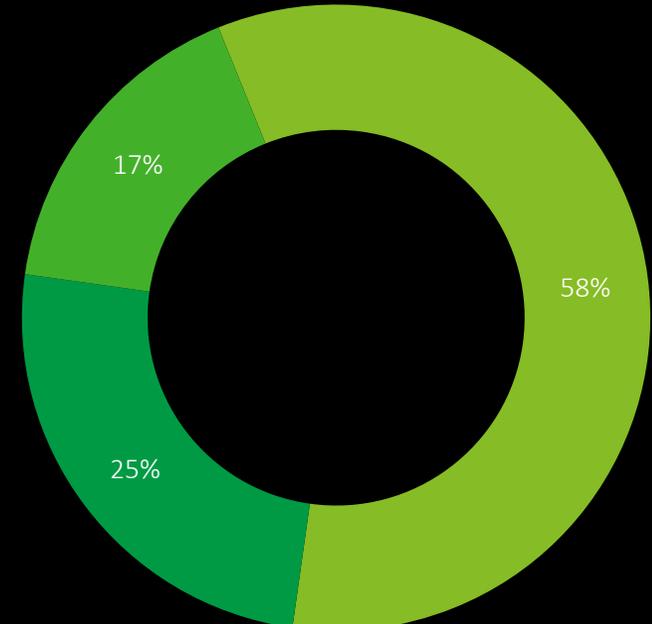
### Expected change in space requirements when current lease expires

■ No change ■ Space reduction ■ Space increase



### Expected change in space requirements for owners/occupiers

■ No change ■ Space reduction ■ Space increase



Note: Percentage may not total to 100 due to rounding

 **18% of the respondents expect to relocate in the same city when their lease expires.**

Professional services firms i.e. legal, consulting and architects represent the majority of the respondents considering relocation when their lease expires.

The current office size for the majority of the respondents considering relocation is 250 sq m or less.

66  
99

***We want to move to a more premium space and healthy office building for our staff.***

- Investment Management company currently occupying 500 to 1,000 sq m space

**Reasons for relocation:**

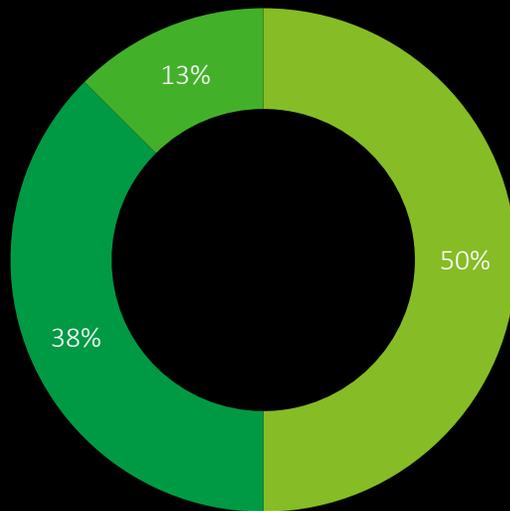
- ***Cost reduction***
- ***Headquarters presence***
- ***Unhappy with building maintenance***



**Reduction in staff numbers due to the COVID-19 business impact is the primary reason among the respondents for considering a reduction in office space in the future. 44% of those expecting to reduce space currently occupy offices of more than 3,000 sq m.**

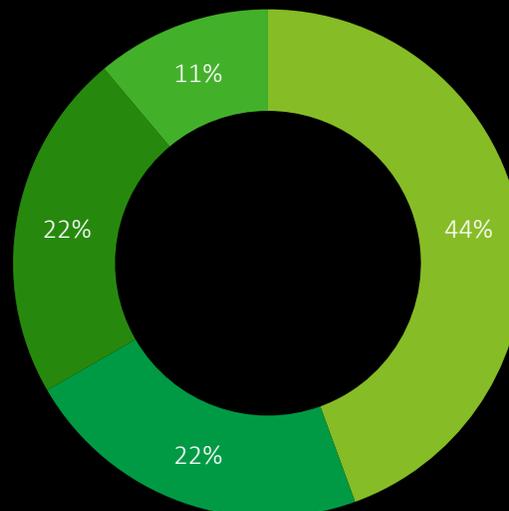
### Reasons for considering reduction in office space

- Downsizing due to COVID-19 business impact
- Work from home policy
- Cost optimisation



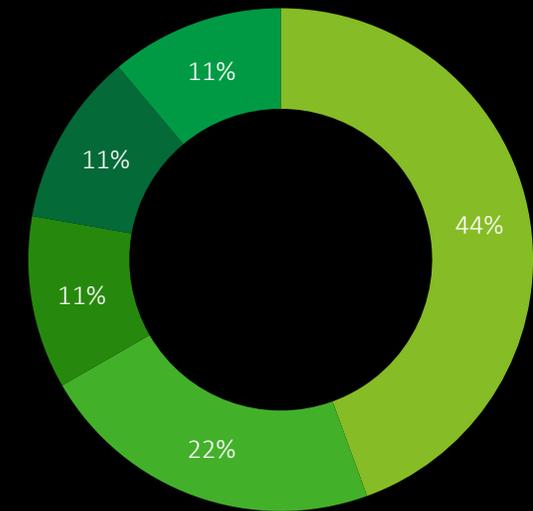
### The size of the current main office among respondents expecting to reduce space

- More than 3,000 sq m
- 1,500 to 3,000 sq m
- 1,000 to 1,500 sq m
- 250 to 500 sq m



### Respondents considering a reduction in office space

- Professional services – legal, consulting, architecture
- Oil and Gas
- Conglomerate
- Investment Management
- Real Estate and Construction



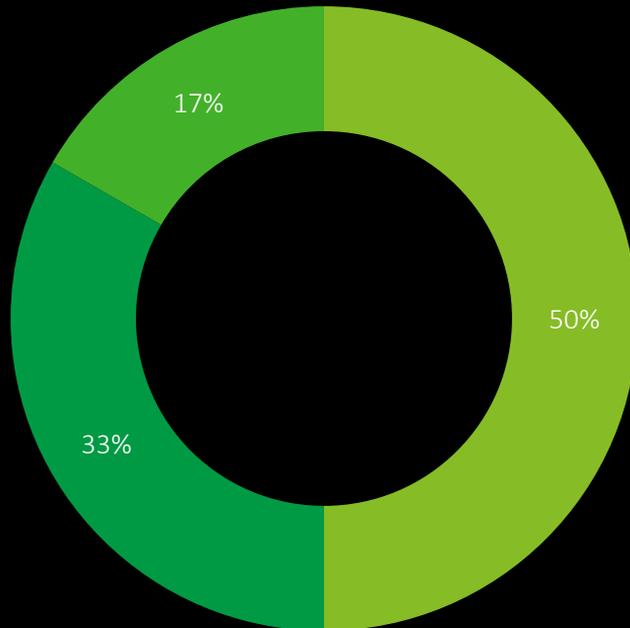
Note: Percentage may not total to 100 due to rounding



**Investment Management companies comprise 67% of the respondents considering increasing their office footprint in the future. Growth in the industry and new hiring are the primary drivers of increasing space.**

### Expected increase in office space requirement

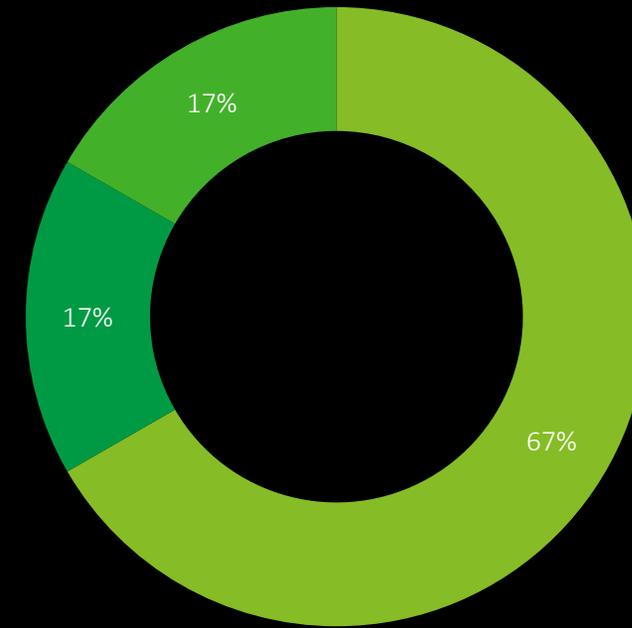
■ 0-25% space increase ■ 25-50% space increase ■ More than 50% space increase



Expected increase in space (industry):  
- Investment Management  
- Banking, financial services and insurance (BFSI)

### Size of current main office among respondents expecting to increase space

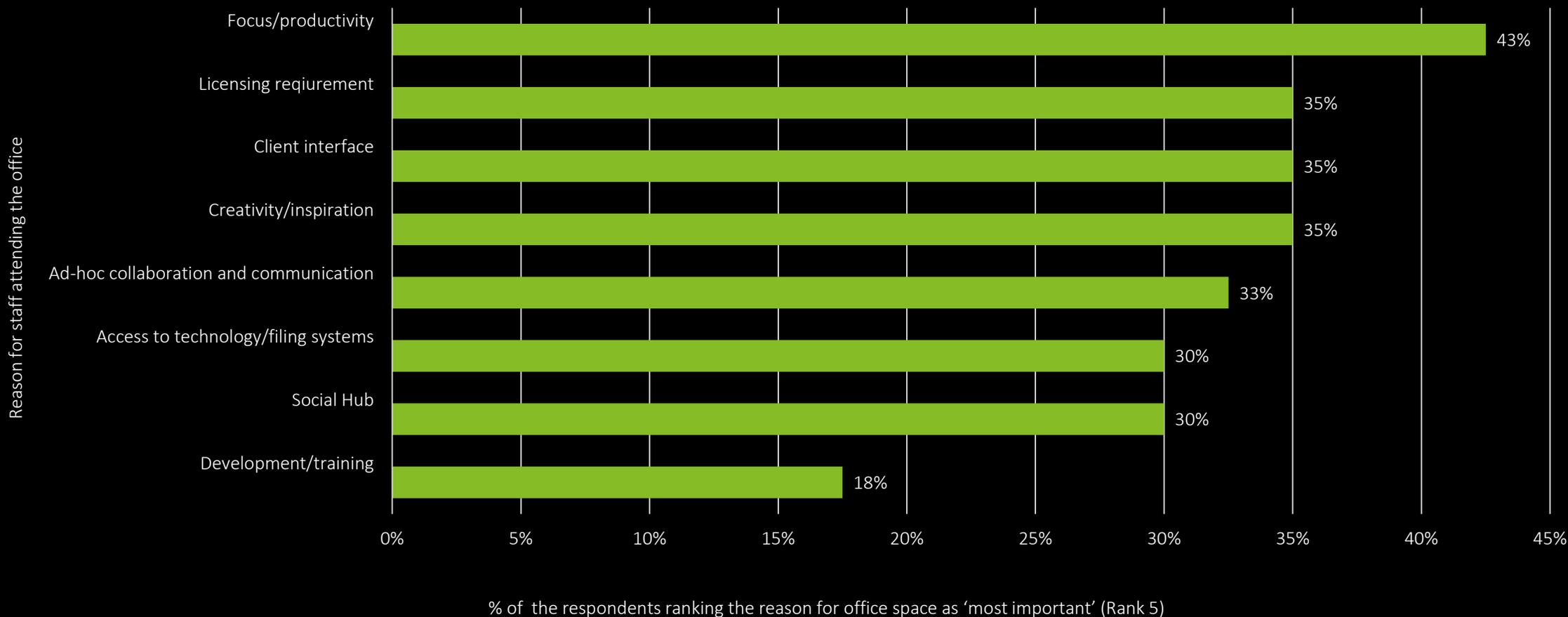
■ 250 to 500 sq m ■ 500 to 1,000 sq m ■ More than 3,000 sq m



Note: Percentage may not total to 100 due to rounding



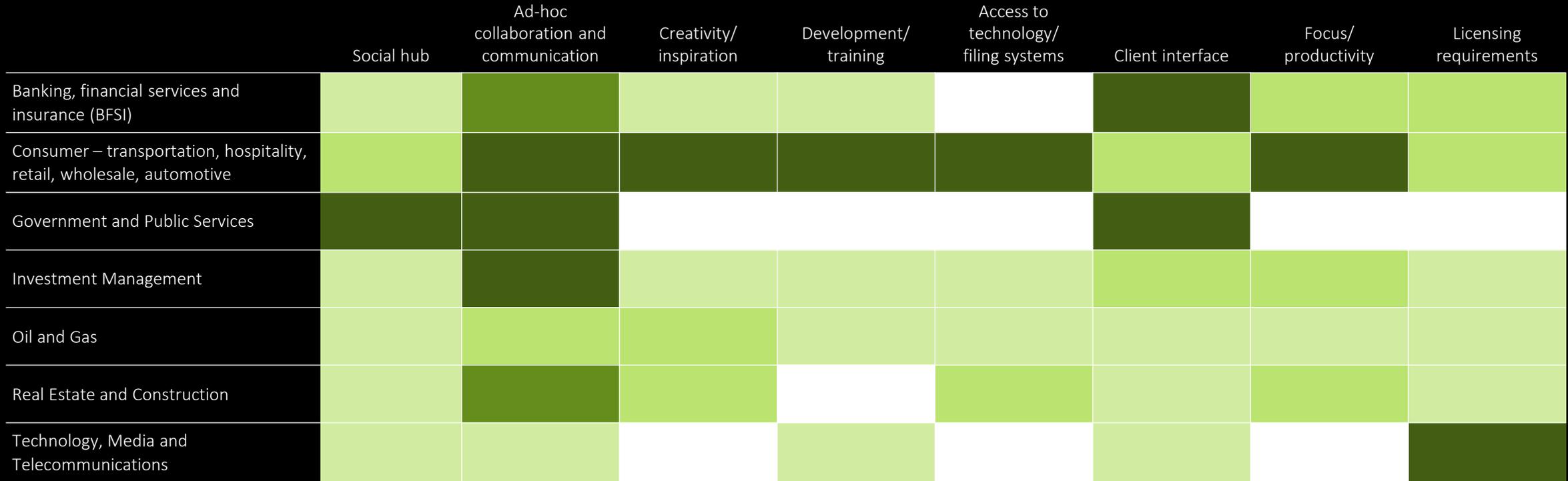
# Focus/productivity was ranked as the most important reason for staff attending the office.



Note: The respondents were asked to rank each workplace function from 1 to 5 in ascending order of importance. Responses were not mutually exclusive – multiple workplace functions could receive the same rank.

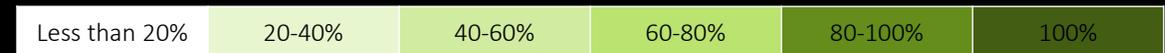


# The relative importance of having office space varied by industry.



Note: The respondents were asked to rank each workplace function from 1 to 5 in ascending order of importance. Responses were not mutually exclusive – multiple workplace functions could receive the same rank.

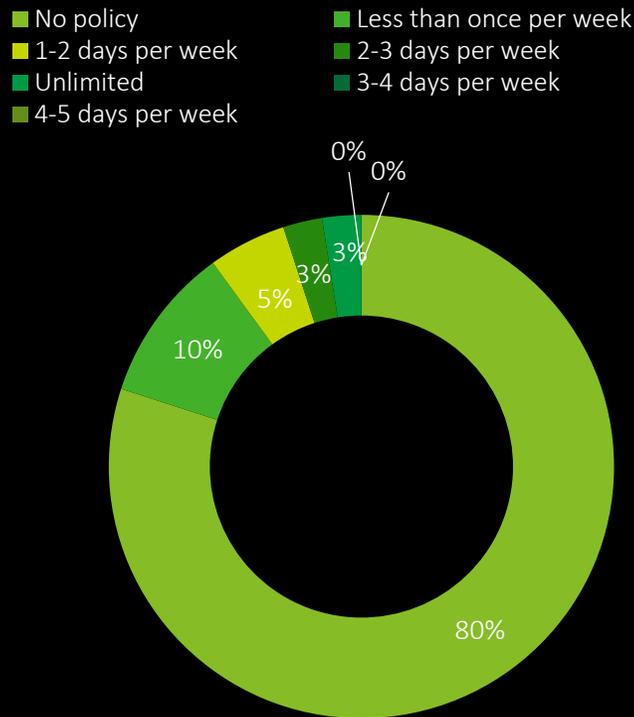
Key: % of the respondents ranking the workplace function as four or five.



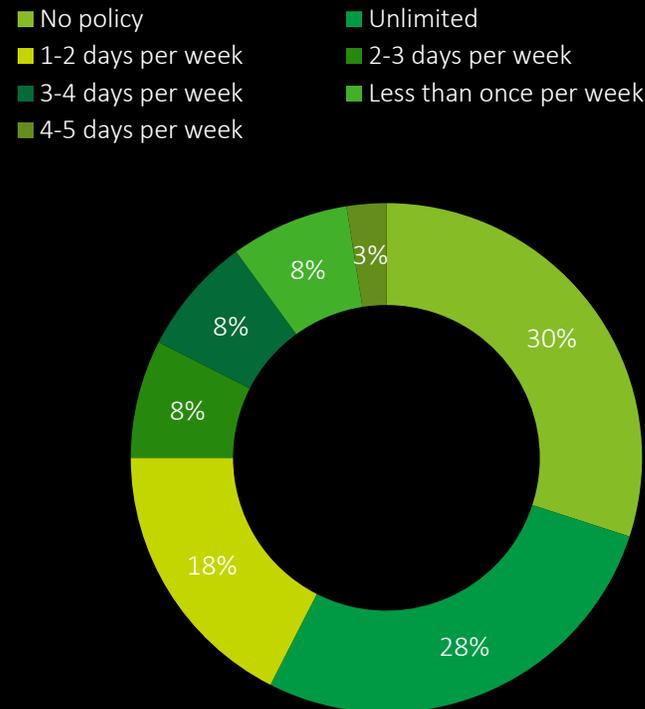


**WFH policies are expected to become more flexible with 75% of the respondents saying their company is expected to have some form of WFH policy in the next 12 months. By comparison, only 20% of the respondents had a WFH policy before COVID-19 restrictions came into effect.**

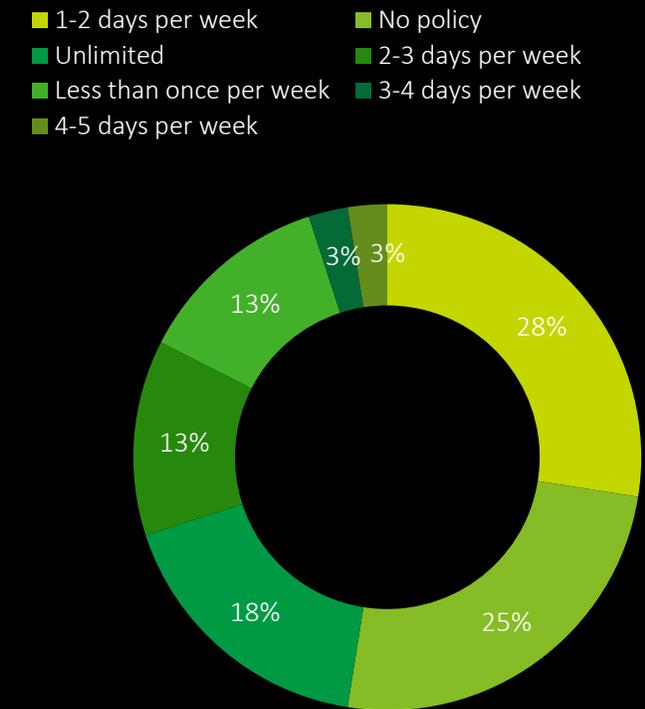
WFH policy before COVID-19 restrictions (before March 2020)



October 2020 WFH policy



Expectations of WFH policy over the next 12 months



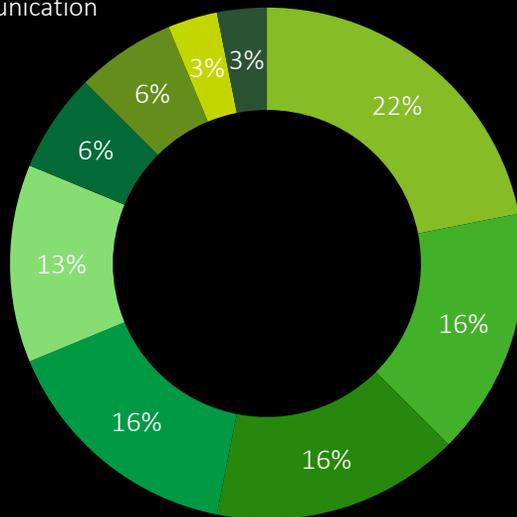
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**WFH policy transition over the next 12 months is expected to vary by industry. Investment Management\* companies with 25 to 50 employees or less in their main office form the highest proportion of respondents who expect to have no WFH policy over the next 12 months.**

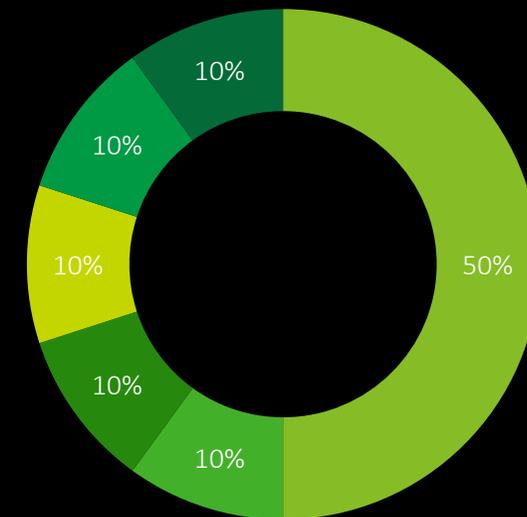
**No WFH policy before COVID-19 restrictions (before March 2020) - 80% of total respondents**

- Investment Management
- Banking, financial services and insurance (BFSI)
- Real Estate and Construction
- Professional services – legal, consulting, architecture
- Oil and Gas
- Holding company
- Consumer – transportation, hospitality, retail, wholesale, automotive
- Government and Public Services
- Marketing and communication



**Expectations of no WFH policy over the next 12 months - 25% of total respondents**

- Investment Management
- Banking, financial services and insurance (BFSI)
- Professional services – legal, consulting, architecture
- Government and Public Services
- Real Estate and Construction
- Consumer – transportation, hospitality, retail, wholesale, automotive



Note: \*Investment Management includes Asset Management and Private Equity firms  
Percentage may not total 100 due to rounding



## What the respondents have to say about workplace requirements and plans of their companies regarding work from home policies.

“Work from home or work in the office is based on what the employee prefers, not what is enforced. However, 95% of the team choose to work in the office everyday. Only 5% prefer to continue working partly from home and see an advantage in their productivity.”

— Financial Services company

“We expect to reduce office space as we are decreasing the employee number due to the reduction in the workload and current market conditions.”

— Construction and Engineering company

“I believe there will be flexibility in regards to the shape of the workplace. The old school design of desks and working stations should be replaced with new trendy/lifestyle offices. Moreover, it's the productivity of the employee that counts at the end of the day”.

— Hospitality company

“We want to reconfigure the office space, to allow more collaboration areas and install high tech equipment within our meeting rooms for video calls.”

— Investment Management company

“There is not enough innovation in making it possible to work from home. Some staff do not have large spaces at home; health, safety (appropriate seats) and technical equipment are additional factors.”

— Architecture company

“Companies depend on the office for company culture and productivity. Ideas, innovation and creativity do not work over video call.”

— Asset Management company



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