Building for the future of office space in the GCC

The nature of office space is undergoing a transformation. The offices of the future will be fundamentally different in terms of the product, lease terms, design, amenities, and technology. The challenge for owners and developers of office buildings in the GCC is to understand these changes and their impact on demand, and then to adapt.

Long-term shifts that are affecting work were accelerated by the COVID-19 pandemic. A younger workforce, particularly in the GCC, has different expectations, desiring greater flexibility and nontraditional workplace amenities. Technology is altering how teams collaborate and projects advance. The gig economy is pushing some people to work as contractors rather than as employees.

However, the pandemic validated hybrid and remote work. Employers realized that they could function with the bulk of their employees outside of the workplace, especially for office work. Employees realized that they could avoid commutes and have greater flexibility and work–life balance. According to a 2022 PwC Middle East workforce survey, 63 percent of respondents said they were capable of performing their job remotely. Only 28 percent said they were currently working full time in-person. Among Gen Z respondents, just 15 percent favored full time work in an office.

Companies, however, want employees back at the office, to ensure a cohesive culture, improve collaboration, and instill employee commitment and belonging. They see the office as a place for interaction with colleagues and even for socialization to build a company culture, and traditional work requirements.

These trends have direct implications for office space needs. Overall, companies need less space than in the past. They need their space to be more flexible and adaptable, to serve employees who are present a few days a week.

For that reason, developers and building owners should consider changing their offering in several ways.

Developers and owners should make their offerings more variable. The goal should be to maximize the financial returns for every square meter of space. The range of their customers' requirements has expanded as fewer companies want traditional floor plans and layouts. Some want a plain building core that they can fit out on their own. Others want move-in ready spaces, with varying levels of finishes and furnishings.

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Developers and owners can reconceive office space to support the diverse ways that people want to work, discarding traditional rows of cubicles, opting instead for activity-based working. Specifically, sections of each space should have varying amenities to support different work activities and purposes. These include: a quiet zone for individual work, thinking, writing, coding, and resting; an interactive zone for office tasks, team huddles, calls, and impromptu meetings; and a social zone for formal meetings, socializing, and celebrations. Flexible office designs will improve efficient space usage, such as through modular elements like portable moving spaces and movable walls. Google uses privacy robots to create on-demand, visual privacy barriers between employee workstations.

Developers and owners should offer more flexible, short-term arrangements along with traditional medium- or long-term leases. Such segments as gig or remote workers want a co-working location, renting space by the day or even by the hour.

Developers and owners can adopt technological innovations, particularly solutions that enable seamless interactions among employees working remotely and those on site. These support hybrid work arrangements. Although such technologies include metaverse and hologram programs today, developers and owners must keep pace with future innovations. Similarly, companies can use digitization to make their facility and community management more efficient.

These measures require three enablers:

First, developers and owners can further monetize their assets and generate additional revenue streams given the continued shift to flexible and co-working spaces. For instance, they could:

- Create a platform to help tenants rent out unused individual spaces or conference rooms on a per-usage basis. The platform will help tenants maximize returns and generate additional revenues for the asset manager.

- Offer entrepreneurship resources to support leasing tenants, such as operational assistance, access to start-up programs, and networking events.

Second, developers and owners can design offices to maximize occupants' health and well-being, and the building's sustainability. Along with gyms and wellness centers, buildings can include more innovative features like health pods. For example, pods at a Citi office in London allow employees to measure vital signs. Offices can include open areas and access to green space. Environmental tools can calculate employees' carbon footprint and incentivize more sustainable habits, thereby reducing the building's environmental impact.

Third, developers and employers can partner to develop the ideal office space. For instance, several large corporations have joined with co-working spaces on global deals that offer a membership to their staff. These partnerships make corporations more flexible by providing office space in multiple cities. For developers, these partnerships create a base of demand despite uncertainty regarding employee behavior.

With a proactive, strategic approach, office developers and building owners can look ahead and build the kinds of space that remain fully occupied, generate a financial return, and fuel economic growth in the region.

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