Site Selection Trends: Office Mandates, Interest Rates and Workforce Gains

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When evaluating the ideal location for a new facility or office, businesses must consider a variety of factors. These factors evolve over time and are influenced by shifting economic, political and social influences. Below are recent developments that organizations should consider in their site selection process for Q4 2024 and beyond.

Increase of Return to Office Mandates

One of the most significant and lasting consequences of the COVID-19 pandemic has been the dramatic increase in employees working remotely and away from the office. When the country shut down and shelter-in-place orders were issued to protect against potential exposure to COVID-19, remote working triggered a chain reaction that reshaped how employees performed their jobs and brought significant changes to the commercial real estate industry, particularly in office spaces. At the height of the pandemic, the National Bureau of Economic Research estimated that approximately 50% of all jobs were remote between April and December 2020. These numbers have since dropped and only about 14% of adults work from home full-time.[1]

However, even more businesses are instituting mandates that employees return to the office. Some of these mandates are based on hybrid models, which require workers to return to the office at least two to three days a week. Other companies are eliminating remote work, requiring employees in the office full-time. According to CBRE's 2024 Americas Office Occupier Sentiment Survey, 80% of businesses currently have a return-to-office mandate.[2]

Many businesses are evaluating existing and future sites to accommodate return-to-office mandates. Some businesses that downsized during the pandemic are expanding to accommodate peak activity in the office. Others are considering renovations or completely new spaces to further entice workers back into the office.

Lowered Interest Rates

On September 18, 2024, the Federal Reserve cut interest rates for the first time since the beginning of the COVID-19 pandemic[3], and many are projecting further decreases by the Federal Reserve down the road. If the Federal Reserve lowers interest rates again, it could prompt sidelined investors to re-enter the market, potentially boosting development in the commercial real estate sector.

Workforce Growth

Many states in the South, including Georgia, continue to see gains in the workforce. Unemployment in Georgia, for example, remains lower than the national average. Georgia experienced impressive growth in several sectors throughout the year, including health care; local

[1] https://www.usatoday.com/money/blueprint/business/hr-payroll/remote-work-statistics/
[2] https://www.cbre.com/insights/reports/2024-americas-office-occupier-sentiment-survey
[3] https://www.cnbc.com/2024/09/18/fed-cuts-rates-september-2024-.html

government; and professional, scientific, and technical services.[4] This is just one of many reasons why *Area Development* magazine has named Georgia the top state for business in 2024 for the 11th year in a row.[5]

Conclusion

As businesses navigate the complexities of site selection in the current economic landscape, the return-to-office mandates, lowered interest rates, and ongoing workforce growth will play critical roles in shaping their decisions. Companies must remain agile and responsive to these trends to establish a conducive and productive environment for their employees. By aligning their site selection strategies with these emerging trends, organizations can position themselves for success in a competitive market, ultimately fostering a resilient future in evolving workplace dynamics. The attorneys and other professionals in Thompson Hine's Site Selection Practice Group can assist companies in developing and executing their site selection strategies.

For More Information

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[4] https://dol.georgia.gov/press-releases/2024-09-19/georgia-maintains-top-business-ranking-11th-consecutive-year-jobs

[5] https://www.areadevelopment.com/Top-States-for-Doing-Business/q3-2024/top-states-for-doing-business-in-2024-a-continued-legacy-of-excellence.shtml