

February 2024

The Return to Office

Dive into the data to uncover the state of office recovery in major cities nationwide – and see how the in-office workforce has evolved since COVID.

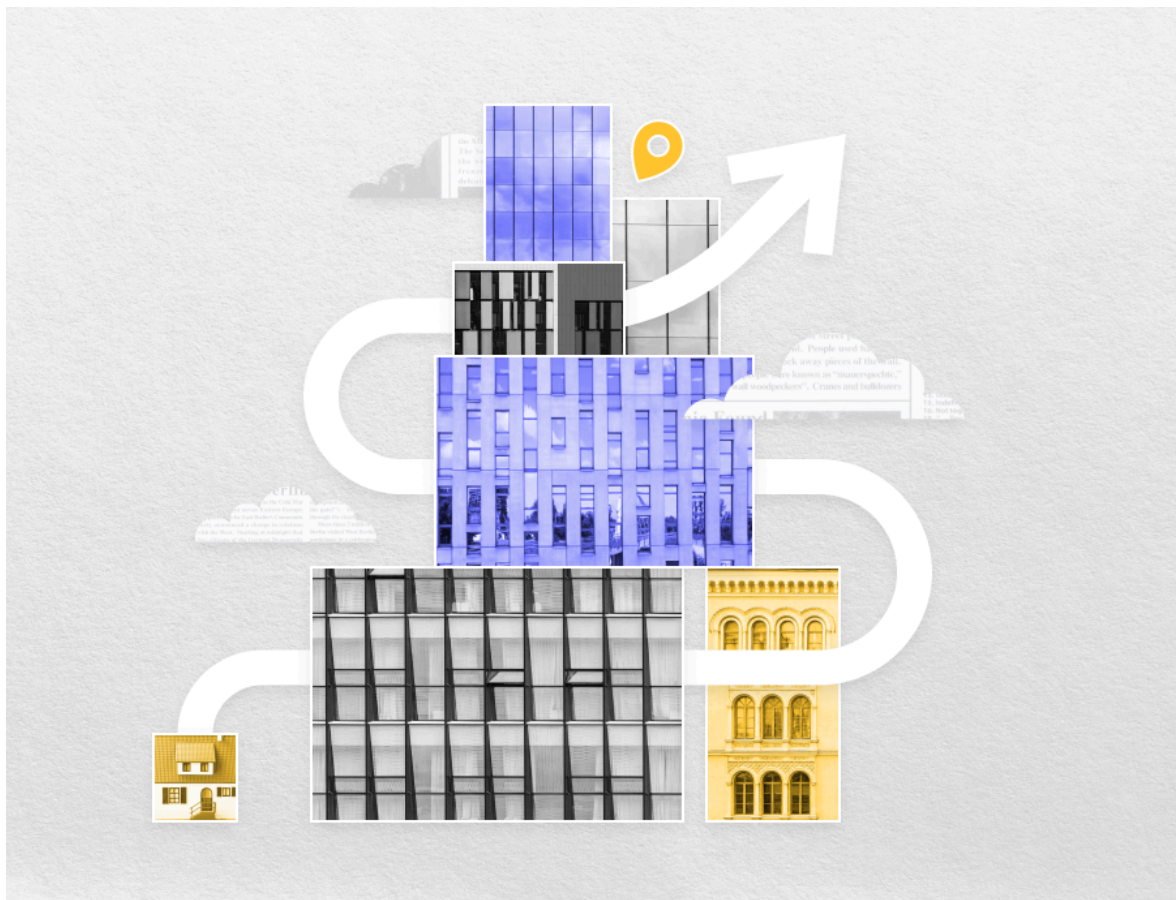


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The Placer.ai Nationwide Office Building Index: *The office building index analyzes foot traffic data from some 1,000 office buildings across the country. It only includes commercial office buildings, and commercial office buildings with retail offerings on the first floor (like an office building that might include a national coffee chain on the ground floor). It does NOT include mixed-use buildings that are both residential and commercial.*

This white paper includes data from Placer.ai Data Version 2.0, which implements improvements to our extrapolation capabilities, adds short visit monitoring, and enhances visit detection.

A Shifting Landscape

The remote work war is far from over – and as the labor market [cools](#), companies are ramping up efforts to get workers back in the office. But even those employers that are cracking down on WFH aren't [generally](#) insisting that employees come in five days a week – for the [most](#) part.

Indeed, a growing consensus seems to posit that though in-person work carries important benefits, plugging in remotely at least part of the time also has its upsides. Nixing the daily commute can put the ever-elusive work/life balance within reach. And there's evidence to suggest that remote work can enhance productivity – limiting distractions and letting workers lean into their individual biological clocks (so-called "[chronoworking](#)").

But the precise contours of the new hybrid status-quo are still a work in progress. And to keep up, relevant stakeholders – from employers and workers to municipalities and local businesses – need to keep their fingers on the pulse of how this fast-changing reality is evolving on the ground.

This white paper dives into the data to explore some of the key trends shaping the office recovery. The analysis is based on Placer.ai's Nationwide Office Index, which examines foot traffic data from more than 1,000 office buildings across the country. What was the trajectory of the post-COVID office recovery in 2023? What impact did return-to-office (RTO) mandates have on major cities nationwide, including New York,

Dallas, San Francisco, and others? And how has the demographic and psychographic profile of office-goers changed since the pandemic?

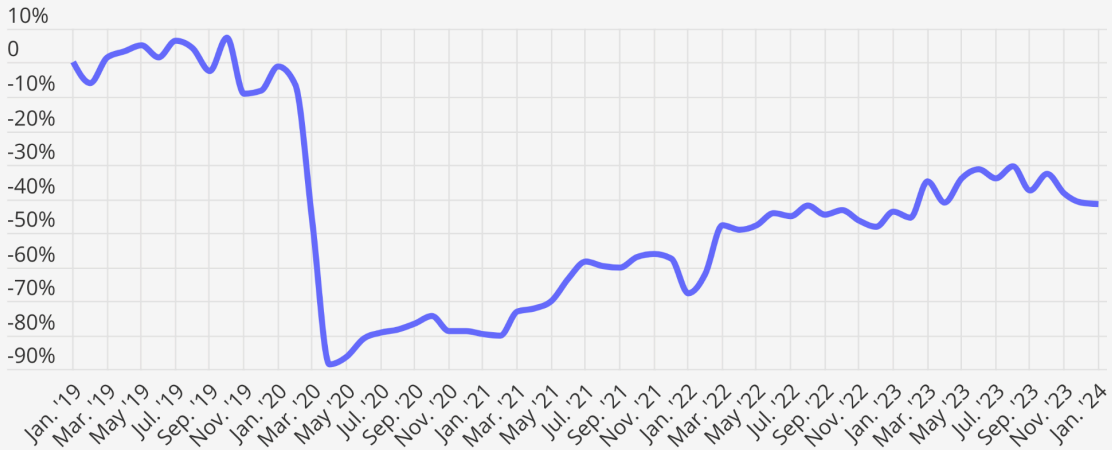
Rumors Greatly Exaggerated?

Analyzing office building foot traffic over the past several years suggests that the office recovery story is still very much being written. After plummeting during COVID, nationwide office visits began a slow but steady upward climb in 2021, reaching about 70.0% of January 2019 levels in August 2023.

Since then, the recovery appears to have stalled – with some observers even proclaiming the [death](#) of RTO. But looking back at the office visit trajectory since 2019 shows that the process has been anything but linear, with plenty of jumps, dips, and plateaus along the way. And though office foot traffic tapered somewhat between November 2023 and January 2024, this may be a reflection of holiday work patterns and of January's unusually cold and stormy [weather](#), rather than of any true reversal of RTO gains. Indeed, if 2024 is anything like last year, office visits may yet experience an additional boost as the year wears on.

Return to Office Continues Its Recovery

Nationwide Office Building Visits Compared to a January 2019 Baseline



TGIF Vibes

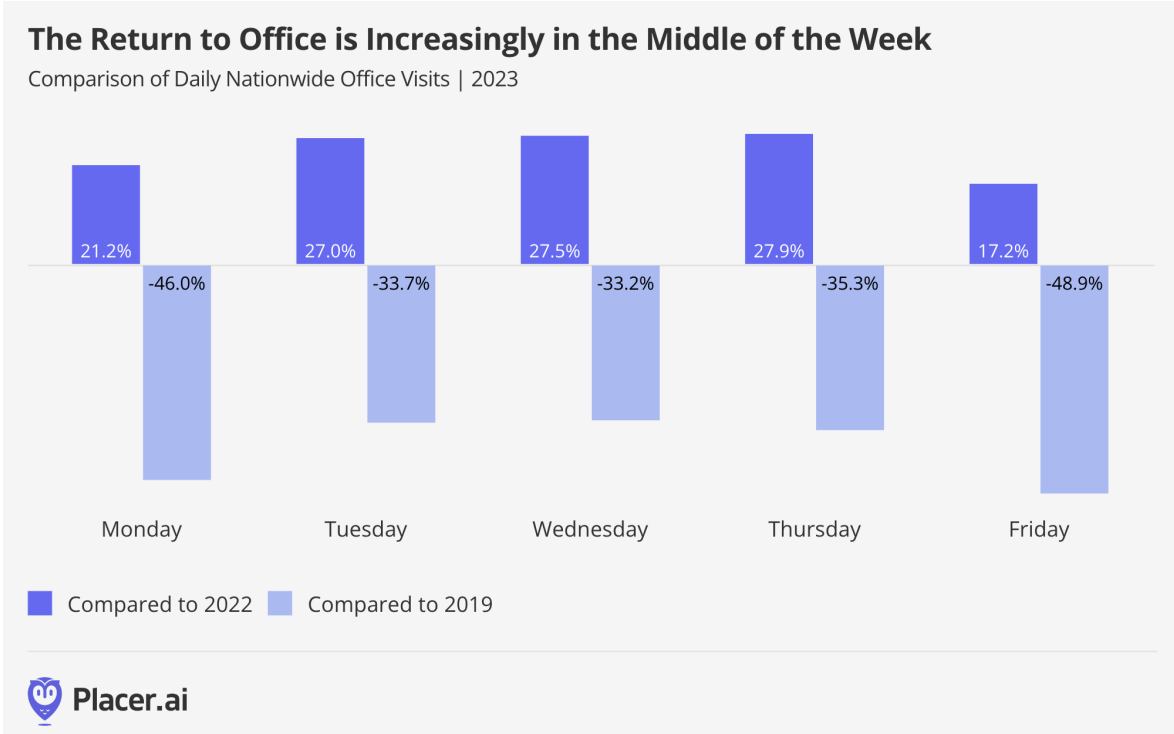
But for now, at least, a full return to pre-COVID work norms doesn't appear to be in the cards. And like in 2022, last year's hybrid work week gave off some serious TGIF vibes.

On Tuesdays, Wednesdays, and Thursdays, office foot traffic was just 33.2% to 35.3% lower than it was pre-COVID. But on Mondays and Fridays, visits were down a whopping 46.0% and 48.9%, respectively. From a Year-over-year (YoY) perspective too, the middle of the week experienced the most pronounced visit recovery, with Tuesday, Wednesday, and Thursday visits up about 27.0% compared to 2022.

The slower Monday and Friday office recovery may be driven in part by workers seeking to leverage the flexibility of WFH for extended weekend [trips](#). (Indeed, hybrid work even gave rise to a new form of nuptials – the [remote-work wedding](#).) So-called [super commuters](#), many of whom decamped to more remote locales during COVID, may also prefer to concentrate visits mid-week to limit time on the road. And let's face



it – few people would object to easing in and out of the weekend by working in their pajamas. Whatever the motivating factors – and despite employer [pushback](#) – the TGIF work week appears poised to remain a fixture of the post-pandemic working world.



New York and Miami Approach 80.0% Recovery

Analyzing nationwide office visitation patterns can shed important light on evolving work and commuting norms. But to really understand the dynamics of office recovery, it is crucial to zoom in on local trends. RTO in tech-heavy San Francisco doesn't look the same as it does in New York's financial districts. And commutes in Dallas are very different than in Chicago or Washington, D.C.

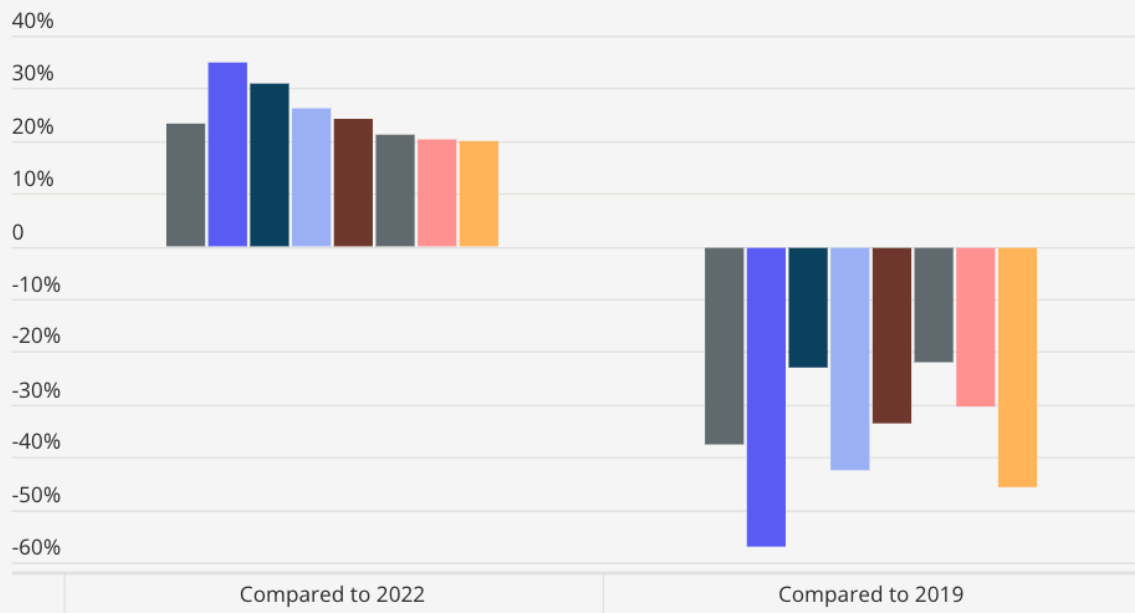
Overall, foot traffic to buildings in Placer.ai's Nationwide Office Index was down 36.8% in 2023 compared to 2019 – and up 23.6% compared to 2022. But drilling down into the data for seven major markets shows that each one experienced a very different recovery trajectory.

In New York and Miami, offices drew just 22.5% and 21.9% less visits, respectively, in 2023 than in 2019 – meaning that they recovered nearly 80.0% of their pre-COVID foot traffic. In New York, remote work policy shifts by major employers like [Goldman Sachs](#) and [JPMorgan](#) appear to have helped set a new tone for the financial sector. And Miami may have benefited from Florida’s early lifting of COVID [restrictions](#) in late 2020, as well as from the steady [influx](#) of tech companies over the past several years.

San Francisco, for its part, continued to lag behind the other major cities in 2023, with office building foot traffic still 55.1% below 2019 levels. But on a YoY basis, the northern California hub experienced the greatest visit growth of any analyzed city, indicating that San Francisco’s office recovery is still unfolding.

While San Francisco Offices are Seeing a Strong Year-Over-Year Visit Recovery, New York and Miami are the Nearest to Pre-COVID Levels

2023 | Office Building Visits



Nationwide
 San Francisco
 *New York
 Chicago
 *Washington, D.C.
 Miami
 *Dallas
 Los Angeles

*Including some offices located in the greater New York/Washington, D.C./Dallas region.



Financial Sector Helps Drive RTO

To better understand the relationship between employees' occupational backgrounds and local office recovery trends, we examined the share of Financial, Insurance, and Real Estate sector workers in the [captured markets](#) of different cities' office buildings. (A POI's captured market is derived by weighting the census block groups (CBGs) in its True Trade Area according to the share of actual visits from each CBG – thus providing a snapshot of the people that actually visit the POI in practice). We then compared this metric to each city's year-over-four-year (Yo4Y) office visit gap.

The analysis suggests that the finance sector has indeed been an important driver of office recovery. Generally speaking, cities with greater shares of employees from this sector tended to experience greater office recovery than other urban centers. And for New York City in particular, the dominance of the finance industry may go some way towards explaining the city's emergence as an RTO leader.

Cities With Larger Shares of Financial, Insurance, and Real Estate Sector Employees in Their Office Trade Areas are Seeing Stronger Office Recovery

2023



Created with [Datawrapper](#)

i *Based on STI: Popstats Data Combined with Placer.ai Captured Trade Area Data | *Including some offices located in the greater New York/Washington, D.C./Dallas region.



Edging Towards Normalcy

Regional differences notwithstanding, office foot traffic has yet to rebound to pre-COVID levels in any major U.S. market. But counting visits only tells part of the RTO story. Stakeholders seeking to adapt to the new normal also need to understand the evolving characteristics of the in-office crowd. Are office-goers more or less



affluent than they were four years ago? And is there a difference in the employee age breakdown?

To explore the evolution of the demographic and psychographic attributes of office-goers since COVID, we analyzed the [captured markets](#) of buildings included in the Placer.ai Office Indexes with data from STI ([Popstats](#)) and Spatial.ai ([PersonaLive](#)). And strikingly, despite stubborn Yo4Y office visit gaps, the profiles of last year's office visitors largely resembled what they were before COVID – with some marked shifts. This may serve as a further indication that 2023 brought us closer to an emerging new normal.

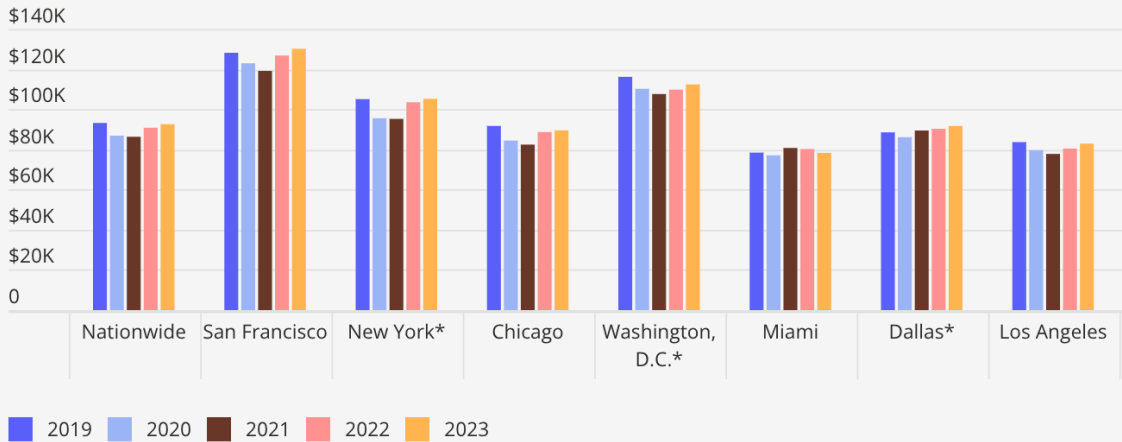
Rebounding Income Levels – With Regional Variation

The median household income (HHI) of the Office Indexes fell during COVID. But by 2022, the median HHI in the trade areas of the Office Indexes was climbing back nationwide in all cities analyzed, and fell just 0.6% short of 2019 levels in 2023. And in some cities, including San Francisco and Dallas, the median HHI of office-goers is higher now than it was pre-pandemic.

Better-paid, and more experienced employees often have [more access](#) to remote and hybrid work opportunities – and at the height of the pandemic, it was these workers that disproportionately stayed home. But as COVID receded, many of them came back to the office. Now, even if high-income workers – like many other employees – are coming in less frequently, their share of office visitors has very nearly bounced back to what it was before COVID.

Median Household Incomes are Reverting to Pre-COVID Levels at Offices Across Cities

2023 | Median Household Income



Based on STI: Popstats Data Combined with Placer.ai Captured Trade Area Data | *Including some offices located in the greater New York/Washington, D.C./Dallas region.



Younger Employees Lean In to In-Person Work

Who are the affluent employees driving the median HHI back up? Foot traffic data suggests that much of the HHI rebound may be fueled by “Educated Urbanites” – a segment defined by [Spatial.ai PersonaLive](#) as affluent, educated singles between the ages of 24 and 35 living in urban areas.

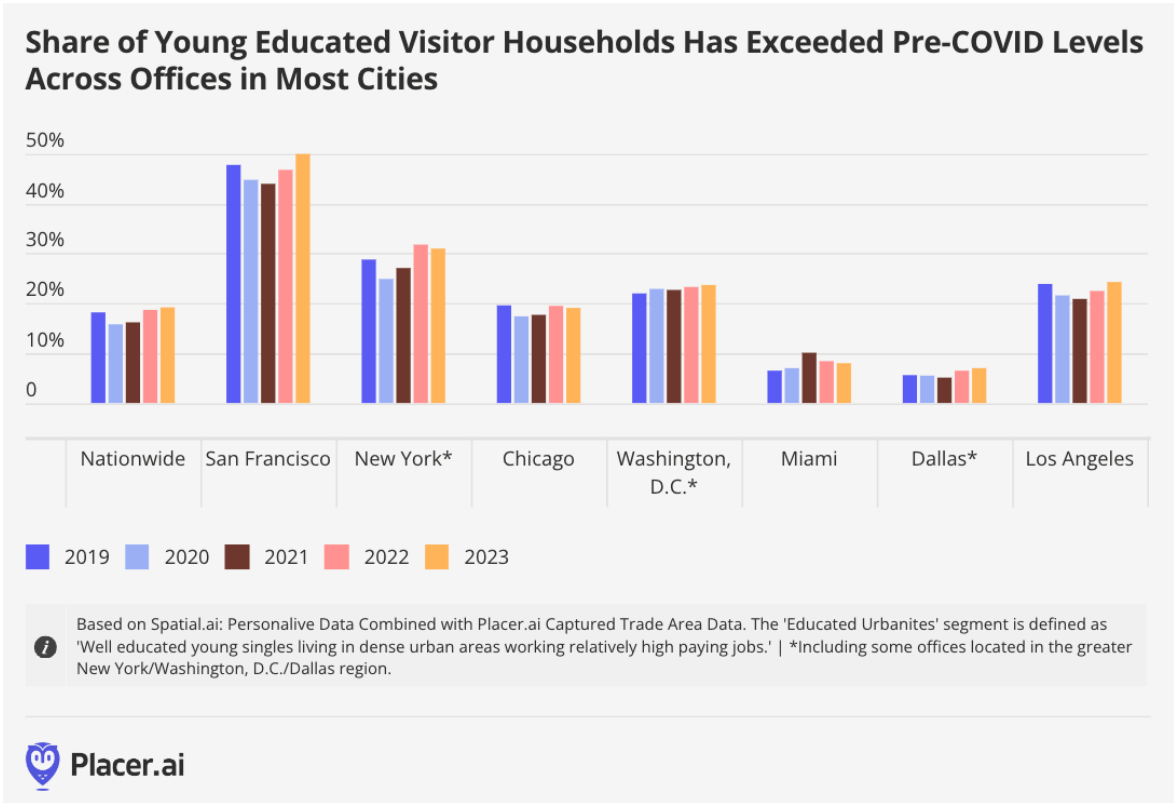
For younger employees in particular, fully remote work can come at a [significant cost](#). A lot of learning takes place at the water cooler – and informal interactions with more experienced colleagues can be critical for professional development. Out of sight can also equal [out of mind](#), making it more difficult for younger workers that don’t develop personal bonds with their co-workers and to potentially take other steps to advance their careers.

Analyzing the trade areas of offices across major markets shows that – while [parents](#) were somewhat less likely to visit office buildings in 2023 than in 2019 – affluent



young professionals are making in-person attendance a [priority](#). Indeed, in 2023, the share of “Educated Urbanites” in offices’ captured markets exceeded pre-COVID levels in most analyzed cities – although the share of this segment still varied between regions, as did the magnitude of the shift over time.

Miami and Dallas, both of which feature relatively small shares of this demographic, saw more dramatic increases relative to their 2019 baselines – but smaller jumps in absolute terms. On the other end of the spectrum lay San Francisco, where the share of “Educated Urbanites” jumped from 47.8% in 2019 to a remarkable 50.0% in 2023. New York office buildings, for their parts, saw the share of this segment rise from 28.8% in 2019 to 31.0% in 2023.

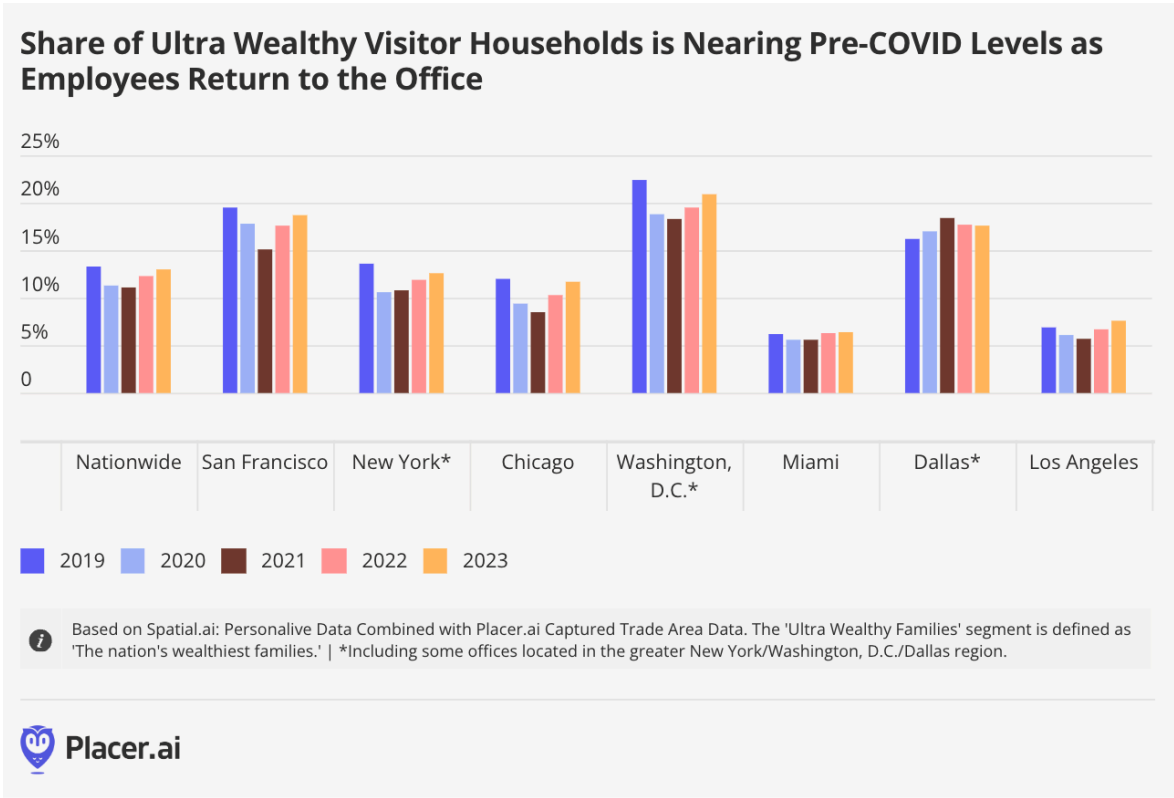


Affluent Gen Xers Lead by Example

Other segments’ RTO patterns seem a little more mixed. The share of “Ultra Wealthy Families” – a segment consisting of affluent Gen Xers between the ages of 45 and 54 –

is still slightly below pre-COVID levels on a nationwide basis. In 2023, this segment made up 13.0% of the Nationwide Office Index’s captured market – down slightly from 13.3% in 2019. In New York and San Francisco, for example – both of which saw the share of “Educated Urbanites” exceed pre-COVID levels last year – the share of “Ultra Wealthy Families” remained lower in 2023 than in 2019. At the same time, some cities’ Office Indexes, such as Miami, Dallas, and Los Angeles, have seen the share of this segment grow Yo4Y.

Workers belonging to this demographic tend to be more established in their careers, and may be [less likely](#) to be caring for small children. Well-to-do Gen Xers may also be more likely to be [executives](#), called back to the office to [lead by example](#). But employees belonging to this segment may consider the return to in-person work to be a choice rather than a necessity, which could explain this cohort’s more varied pace of RTO.



Negotiations Still Underway

COVID supercharged the WFH revolution, upending traditional commuting patterns and offering employees and companies alike a taste of the advantages of a more flexible approach to work. But as employers and workers seek to negotiate the right balance between at-home and in-person work, the office landscape remains very much in flux. And by keeping abreast of nationwide and regional foot traffic trends – as well as the shifting demographic and psychographic characteristics of today's office-goers – stakeholders can adapt to this fast-changing reality.

Key Takeaways

1. **In 2023, visits to office buildings nationwide remained 36.8% below 2019 levels – but were up 23.6% compared to 2022.** And though RTO stalled during the final months of 2023, the non-linear trajectory of office foot traffic over the past four years suggests that a return to more accelerated recovery may yet be in the cards.
2. **The TGIF work week has become an integral part of the new hybrid normal.** Despite pushback by some employers, foot traffic data shows that in 2023, office recovery was heavily concentrated mid-week, and more sluggish on Mondays and Fridays.
3. **New York and Miami continue to lead the office recovery pack – with 2023 foot traffic for these cities' Office Indexes close to 80.0% of pre-pandemic levels.** And though San Francisco continues to lag behind other cities compared to 2019, it experienced the most pronounced YoY visit growth of any analyzed city in 2023.
4. **The finance sector appears to have emerged as an important driver of office recovery.** Cities like New York, with office trade areas featuring higher shares of Financial, Insurance, and Real Estate sector employees, tended to be ahead of the office recovery curve.
5. **Affluent employees are back in the office.** Many higher-HHI employees rode out the pandemic from home, and remain more likely to have access to remote and hybrid work arrangements. But the data indicates that the share of these workers among office-goers is bouncing back to pre-COVID levels.

6. **High-HHI young singles featured prominently in last year's RTO – with well-to-do Gen Xers not far behind.** Early-career professionals appear eager to take advantage of the benefits of working in-person with colleagues, while more established Gen Xers – many of whom no longer have small children at home – may be coming into the office to lead by example.