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Despite widespread use of remote work due to the COVID-19 pandemic, most businesses have yet to plan a reduction in their traditional brick-and-mortar office space, according to data from the first-quarter [AICPA Economic Outlook Survey](#), which polls CFOs, controllers and other senior-level CPAs and management accountants in business and industry.

Some 72 percent of business executives in the survey said their organizations had no

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month.

Overall, some 21 percent of business executives said their companies expected some downward revision in office space in the coming year, compared to 18 percent in the third quarter last year. The lack of action by others reflects to a large degree the reality of long-term leases – many companies that do not own their properties outright lack escape clauses, so they can either try to informally renegotiate or wait for renewal. Landlords, battered themselves by the pandemic, are often unwilling to make additional concessions with a more optimistic economic outlook emerging due to the stepped-up pace of vaccinations.

Anticipated Change in Office Footprint Over Next 12 Months

Change in Traditional Space	1Q21	3Q20
No change	72%	77%
Reduce 10 to 24 percent	9	5
Reduce 25 to 49 percent	4	3
Reduce less than 10 percent	4	5
Reduce 50 percent or more	3	4
Eliminate all traditional space	1	1

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“As the recovery progresses and we move towards the next-normal, more and more people will return to their traditional places of work,” said Ash Noah, CPA, CGMA, vice president and managing director of management accounting learning, education and development for the Association of International Certified Professional Accountants, representing the AICPA and CIMA. “But this doesn’t change the fundamental shifts we’re seeing toward more virtual and remote operations, which have been greatly accelerated during the past year. Some functions can’t be performed effectively remotely, of course, and we expect to see more office sharing, ‘hoteling’ of office space and more decentralized operations in general. The nature of office space and how it is utilized will continue to evolve towards a more flexible and hybrid operating model.”

In addition to insights on business forecasts and hiring prospects, the AICPA Economic Outlook Survey provides a broad baseline for how companies view the lingering impact of the pandemic. A little more than three-quarters of business executives (76 percent) say the pandemic had some negative impact on their business, down from 92 percent in the second quarter last year, the first quarter that fully reflected the imposition of workplace restrictions and stay-at-home orders. Significantly, 18 percent now see at least some positive impact to their organizations, compared to only five percent last spring.

Pandemic Impact on Business	1Q21	2Q20
Significant Negative Impact	20%	32%
Moderate Negative Impact	26%	32%

Slight Negative Impact	30%	28%
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