

Semigration: fuelling the shift to hybrid working

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Amongst the many things the pandemic has shown us, the most encouraging is that, when faced with the need and the opportunity, South Africans have the willingness to embrace ways to restructure our present and the foresight to plan for a reimagining of the future.



Smartphones, smart-remote offices, smart homes, smart cars, smart shopping and now, slowly and necessarily, the reshaping of South Africa's urban centres as smart cities. Semigration is a growing global trend that has seen individuals and families move locally in a search for a more balanced lifestyle. The global pandemic in the past year has increased the popularity of this trend.

This trend has meant that businesses of all sizes have had to relook at their operating models, analysing the expectations of their workforce. Many businesses have seen improved productivity due to the greater flexibility afforded to employees, and most businesses are now considering work from home (WFH) and a hybrid model as a longer-term business reality.

In South Africa, most out-of-city moves are 'semigration' related, i.e., people choosing to move to a different location within the country. The provinces high in demand are those that are mostly considered as lifestyle, or holiday as well as retirement destinations, specifically the coastal provinces of the Western Cape and KwaZulu-Natal. Additionally, peripheral and suburban areas in metros and secondary cities and towns have seen a resurgence of interest, and this time for permanent occupation.

The pandemic has pushed the fast-forward button: it is no longer only the wealthy or retired considering outlying and remote areas as primary residences. An enhanced focus on lifestyle, surroundings, quality of life and issues such as personal safety, are seeing people of all ages, married, single and families considering 'semigration'.

Suburban migration will drive the 'hybrid' way of working in South Africa

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The 'Zoom boom' has sparked mass migration from urban cities to smaller towns. Investors moving their wealth around the world in search for greener pastures, greater returns and more security is not a new concept. Now influenced by the 'Zoom boom', major cities are experiencing a mass exodus as property buyers are investing in suburbia, which offers a higher quality of life for a fraction of the cost. The Franchise of Flexible Office Space in the suburbs has also caught the attention of investors in South Africa.

"The workplace is going through transformation, which is characterised by decentralisation, as workplaces move from the large global cities to 'outer city' locations: smaller cities, towns and suburban locations," says Alan Van der Westhuizen, head of partnership growth for IWG plc SA.

This model provides geographical flexibility, allowing employees the option to not only choose if and when they want to go into a flexible workspace, but where. IWG Plc (Regus and Spaces in South Africa) have 57 centres all through the country – including the first franchised centre in Pietermaritzburg – giving employees a choice as to where they want to work. "I believe it's our responsibility to support other local businesses so we can all grow together. By creating hubs in the communities where employees live, we're fostering greater community connection and business growth," adds Van Der Westhuizen.

According to the chief executive of the Pam Golding Property Group, Dr Andrew Golding, semigration is not a brand-new trend that arose solely as a result of the pandemic. He says it has been taking place over the past two to five years and it was primarily to coastal living and in estates. Now the latest new normal is more of a decentralisation of urban living from the greater metropolises to urban areas in smaller towns and villages.

Business opportunities can be won or lost in a matter of minutes. Having employees who can work from anywhere, at any time and who aren't tied to their desks means small businesses can be more responsive. In fact, being fleet of foot is one of the biggest advantages over larger competitors.

Many leading corporations are moving quickly to streamline their workplaces. Lloyds Banking Group reports plans to cut office space by 20%, while HSBC says it will shrink office space by 40%. And Chase CEO Jamie Dimon declared that the organisation plans to significantly reduce in-office capacity by as much as 40%.

New research from IWG shows:

- More than three times the number of FTSE 250 companies are looking to use a more flexible 'hub and spoke' style office model, compared to those looking to carry on in the same way as pre-pandemic
- Almost half (49%) are considering moving offices to areas where their workforce typically live
- Only 13% expect that their workforce will return a five-day office week by the end of 2021

IWG has signed partnership deals with Standard Chartered and Ernst and Young, amongst others, enabling them to work from any of IWG's 3,500 workspaces globally.



Hybrid working to become the norm for FTSE 250 companies

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The survey results show that other businesses are likely to follow suit. Only 13% predict that their workforce will return to

existing offices full-time by the end of the year. As a result, businesses are re-assessing their office space, with 38% downsizing across the board and 42% looking to either move to or invest in a shared office.

Hybrid working models offer employees what they want most: the freedom to work how, where, and when they want. Today's smart office technology empowers people to choose how they do their best work. And that means everyone on the team can make the choices that are right for them.

Some may thrive being in the office most days. Others may prefer to spend more time working remotely. With smart office technology and the right serviced office environment close to home, it is a win win situation for the entire team.

Mark Dixon, founder and CEO of IWG, said: *"The pandemic has proven the ability of global workforces to work effectively in different ways and in different places. Our research shows that hybrid working will continue to be very popular with employees and businesses. Employees have realised that hours have been wasted commuting to an office that they don't need to be in, whilst businesses have seen that a hybrid model not only means happier and more engaged employees, but also significant cost savings. This shift also has the potential to transform local economies; in 2019 we forecast that over the next 10 years local economies were set to benefit from £12bn as a result of the growth in hybrid work patterns. The pandemic has not only accelerated this trend but likely increased that figure."*

About IWG PLC

Through our companies we provide that choice, and serve the whole world of work: Regus, Spaces, No18, Basepoint, Open Office and Signature. We create personal, financial and strategic value for businesses of every size. From some of the most exciting companies and well-known organisations on the planet, to individuals and the next generation of industry leaders. All of them harness the power of flexible working to increase their productivity, efficiency, agility and market proximity.

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