

Extended Abstract: Changing Office Spaces and Their Spatial Variation Across the Urban Hierarchy in the Era of Hybrid Work

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Hybrid work has become one of the most consequential organizational transformations triggered by the COVID-19 pandemic, reshaping both firm-level office practices and the spatial evolution of cities. Denmark provides a particularly revealing context for understanding these developments due to its high digital readiness, flexible labour markets, and historically centralized urban structure. Drawing on the combined insights of two nationwide firm surveys (2023 and 2024), longitudinal administrative registers (2014–2023), and a refined urban hierarchy typology, this extended abstract provides insights of how work-from-home (WFH) institutionalisation is transforming office demand across Danish urban landscapes.

Hybrid Work as a Catalyst of Urban Transformation

The pandemic represents a classic “shock” within evolutionary and transformative resilience frameworks (Martin & Sunley, 2015; Trippl et al., 2023). While initial lockdowns were managed through emergency WFH arrangements, hybrid work rapidly moved from temporary practice to a structural feature of Danish labour markets, particularly in knowledge-intensive and managerial occupations (Javakhishvili-Larsen et al., 2026). This transition aligns with transformative resilience, in which cities and firms do not simply “bounce back,” but strategically reorganize to exploit new conditions (Banica et al., 2020; Martin & Sunley, 2020).

From this perspective, hybrid work functions as both a trigger for organizational innovation and a mechanism that shapes broader urban spatial dynamics. Stability, adaptation, and transformation, core dimensions of evolutionary resilience (Trippl et al., 2023), can all be observed in stages: firms originally absorbed the COVID-shock by shifting to emergency WFH; then incrementally adapted systems and routines; and are now transforming office design, space use, and workforce geographies.

The Office Space Paradox: Reconfiguration Without Downsizing

A key contribution of the surveys is the challenge they pose to the widespread assumption that WFH automatically leads to office-space reductions. Instead, the empirical findings show what may

be called an “office space paradox”, as the preliminary analyses based on the nationwide surveys from 2023 and 2024 demonstrate firms that adopt WFH practices are also more likely to expand their office footprints, while controlling for industry, firm growth, firm size and other heterogeneous characteristics.

According to Survey-2024, firms that adopted hybrid work practices, whether full-time or part-time WFH, were 4.2 percentage points more likely to expand their office space compared to non-adopters (Report II, 2026, under publication). When asked how their day-to-day work had changed after the pandemic, most firms emphasized that, rather than downsizing, those with hybrid workers were reallocating office environments toward collaborative, social, and knowledge-exchange functions. This indicates that hybrid work encourages a reorganization of office space, prioritizing shared and interactive work settings over individual desk space. This is consistent with theories of absorptive capacity, which hold that tacit knowledge transfer and innovation depend on high-quality face-to-face interactions (Cohen & Levinthal, 1990). Hybrid work reduces daily presence, but it increases the value of shared organizational arenas that support coordination, cohesion, and culture (Figueiredo et al., 2018).

These findings raise key questions:

How does the institutionalisation of hybrid work alter demand for and use of office space? And how do these transformations vary across the urban hierarchy? To address these questions, the paper examines three interconnected dimensions: (1) whether firms retain, reduce, or expand their total office area; (2) how they reallocate space toward collaborative and relational activities; and (3) whether these adjustments differ across urban contexts, including large, medium-sized cities, and small towns.

The Role of Urban Hierarchy in Office Adaptation

Denmark is a country of approximately six million inhabitants, where Copenhagen functions not only as the capital city but also as the country’s main metropolitan area. The Copenhagen metropolitan region accounts for roughly one-third of the Danish population and about half of total national employment. Within this highly centralized urban structure, a central contribution of the study is its ability to assess how office-space transformations vary across different types of cities. Using an urban typology distinguishing:

- large cities (100,000+ inhabitants)
- medium cities (30,000-100,000 inhabitants)
- small towns (10,000-30,000 inhabitants)

The study examines whether hybrid work is reshaping office space according to a consistent national pattern or whether distinct “territorial logics” are emerging across the Danish urban hierarchy. Below we outline the underlying assumptions guiding our analysis and the aspects we seek to investigate further:

Large Cities: Including the Capital City Area and metropolitan hubs like Aarhus and Aalborg, where the concentration of knowledge workers drives the most significant reconfiguration of office space into collaborative hubs (Statistics Denmark, 2018; Javakhishvili-Larsen et al., 2025).

Large cities retain their functional primacy as talent hubs. Firms here show the highest propensity for office reconfiguration, leveraging knowledge-intensive labour markets and dense innovation ecosystems. Many expansions in collaborative space occur in these settings, supporting face-to-face interaction crucial to competitive advantage (Cohen & Levinthal, 1990).

Medium-Sized Cities: Provincial centres that act as regional anchors and may benefit from the "hub-and-spoke" models of larger firms (Statistics Denmark, 2018).

Medium cities appear to play a particularly dynamic role. They combine high amenity value, acceptable commuting distances for hybrid workers, and lower costs of office real estate. Survey results and register data will be combined to study whether some office expansions may be more likely in medium-sized urban centres than in metropolitan cores, reflecting emerging polycentricity.

Small Towns: Commuter municipalities that are seeing new demand for local business infrastructure driven by residents who WFH but require professional "third places" near their homes (Statistics Denmark, 2018; Javakhishvili-Larsen et al., 2025).

In small towns, effects can be more ambiguous. Some firms capitalize on cheaper real estate to create flexible local hubs, but others maintain minimal physical presence. Patterns depend heavily on industry composition: knowledge- and service-intensive firms adapt spatially, while manufacturing-oriented firms show limited change.

Linking Surveys and Registers

As currently ongoing study, we believe that a distinguishing strength of the paper is its multi-layered methodological design.

Dual nationwide surveys

The two surveys provide a rare longitudinal perspective. Survey-2023 examines firm behaviour during the COVID-19 lockdowns, capturing how organisations used WFH as a crisis-management strategy (Christensen et al. 2024; Javakhishvili-Larsen et al. 2025). Survey-2024, in contrast,

documents firms' post-pandemic adaptations and shows that hybrid work has become a normalised part of everyday operations. Although employees returned to the office after the crisis, informal WFH arrangements, typically one or two days per week, have become institutionalised through mutual agreements between employers and employees. This indicates a shift from emergency measures to stable, long-term hybrid work practices.

Administrative registers (2014-2023)

Even though both surveys are nationwide and representative, with the weights that capture more or less the whole landscape of firms in Danish private sector, the register data of firm statistics and building statistics allow the study to elevate the survey responses for all Danish firms from 2014 - 2023 (may be updated to 2024), in order to contextualize survey findings within long-term trends and analyse the trend -related changes versus pandemic-related changes. The register data for the buildings provide measures of office area with high precision and the register data for the firms helps to observe the firm heterogeneity, by sector, firm size, and employment composition and other variables.

Finally, we apply statistical models to assess whether a firm's location or local industry-mix that shapes its likelihood of expanding or repurposing office space. This allows us to determine whether the "reconfigured office" represents a national pattern or diverges across different urban settings.

The COVID-19 pandemic functioned as an accelerator for organizational and spatial innovation, forcing a transition from reactive crisis management to transformative resilience. Urban change driven by office space reconfiguration is not merely a matter of size; it is a manifestation of adaptive robustness, the ability of a city to change its structural components to restore core functionalities such as employment and growth. By understanding how firms are reshuffling their physical footprints across the urban hierarchy, Danish policymakers can design more effective, place-based interventions that ensure both metropolitan cores and peripheral regions benefit from the new flexibility of the hybrid labour market.

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