



The wellness factor

In today's working world, premium and sought-after office spaces are those that care for the people in them.

Car parks and vast corner offices are no longer the most desired amenities for commercial tenants looking for premium office space.

An increasing focus on health, and a persistent flight-to-quality, mean those in the market for top-of-the-line workplaces now need to know how buildings, and landlords, will accommodate hybrid working models as well as the health and well-being of staff.

In a report predicting UK workspace trends in 2024, Bayleys' global partner Knight Frank found the hybrid working model, where employees split their time between the office and working from home, remains the normal mode for most workplaces post-pandemic. The report predicts that through 2024 more



organisations will continue to embrace the hybrid model, requiring workplaces that are flexible, collaborative and technology-driven so they can accommodate a mix of remote and in-office work.

The report also found more office spaces included biophilic, or natural environment-driven design elements such as natural light, plants, outdoor spaces and ergonomic furniture design, to promote employee health and wellness.

Bayleys national director of property management services, Stuart Bent says those same trends are being seen in premium office space in New Zealand, largely among leases of 1,000sqm or more, as employers balance hybrid working with trying to encourage workers back to the office.

Bent says while New Zealand is behind other larger markets, change is being driven in some instances by large corporates with offshore head offices particularly around sustainability, a key part of the wellness movement.

"Many of those large global corporates are mandated to meet certain baselines in terms of their commitment to wellness and sustainability."

That includes the performance of the buildings those large tenants occupy as well as more tangible wellness facilities such as cafes, exercise areas and community engagement strategies, Bent says.

He cites Bayleys' head office tenancy within Auckland's Harbour Grounds precinct as an example, which features a lobby screen displaying building performance metrics such as the NABERSNZ energy efficiency rating as well as water and waste consumption.



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BAYLEYS NATIONAL
DIRECTOR OF PROPERTY
MANAGEMENT SERVICES

Bayleys national director office leasing, Matt Lamb says the shift to NABERSNZ energy ratings, an independent building measure backed by the government, is growing quickly and he expects that to extend to other performance measures.

"It will become the standard of what landlords are doing for tenants, because it's part of how corporates demonstrate their commitment not just to sustainability but the wellness of people in their building," Lamb says.

"It's not enough to know how the building is performing. It's how companies take those metrics and move them forward, asking: How are we doing better? Are we recycling? What else can we be doing that supports the well-being of our people?"

These wellness metrics are now so embedded in the DNA of large corporates as part of their brand and recruitment strategies, Lamb says they are unlikely to be relegated to merely "nice-to-haves" in tighter economic conditions.

"Companies recognise the importance of these metrics to the bottom line, and if they are in a position where they need to cut costs, they will look at other measures, like opting for a smaller footprint, rather than pulling away from wellness and sustainability initiatives."

THE INSPECTION LIST

Aside from building performance a lot of in-demand wellness initiatives focus on health and facilitating staff fitness, with features like end-of-trip facilities like bike racks and high-end, well-maintained lockers and showers, Lamb says.

"It's now pretty standard that pre-tenancy building inspections will take place in the basement level of buildings to see what facilities are there, or can be added."

When it comes to new builds, we are now seeing developers work directly with tenants to create bespoke wellness facilities, Lamb says, citing, as an example, Mansons TCLM Ltd's development of 30 Daldy Street in Auckland's Wynyard Quarter. The eight-level building, due for completion in 2025, will have a dedicated wellness hub on the ground floor. Mansons is collaborating with incoming tenants to tailor their preferences for the space.

"That could be a yoga studio, a meditation space or given over to additional end-of-trip facilities. The tenants will be able to decide what will best suit their needs."

“Other landlords like Precinct Properties offer concierge facilities and include those extra touches like fitness classes, bike repair services and within end-of-trip facilities, hair tongs and a towel and laundry service that create a premium experience.”

THE RETAIL EFFECT

The demand for wellness initiatives in corporate workplaces is having a flow-on effect in the retail space as more small-scale wellness businesses, or chains, like pilates studios pop up among the premium office blocks.

Bayleys national director retail, Chris Beasleigh says there has been a notable uptick in fitness businesses leasing retail space around premium offices, or even taking spare space inside corporate buildings.

“There’s a lot of demand for businesses like Studio Pilates which has just gone into Wynyard Quarter and there are others spaced around the city. You’d expect about one in every three large office buildings to meet demand without having so many they’re over-supplied; they need a fairly wide demographic.”

Beasleigh says other wellness-related businesses like hotel spas and gyms are appearing as the premium-grade office spaces open are quickly tenanted.

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THE NEW NORMAL

Though wellness is here to stay as part of corporate business strategies, Lamb says the dust is still settling on the effectiveness of some initiatives in drawing staff back to the office and it is unclear what the most effective hybrid model for business is.

“It is still relatively early days and there is still some signalling to come over the next one to two years of what the hybrid model will look like,” he says. “Some businesses have mandated staff be in the office three days a week, without specifying which days. That naturally means they’re at 100% occupancy midweek and almost empty at the start and end of the week. There’s just some ironing out of those things to happen to see how these wellness and hybrid working initiatives can be most effective.”

That doesn’t mean landlords can rest on their laurels if they hope to remain competitive, he says.

“It’s crucial landlords stay up to date with the latest trends in office space and keep up with regular renovations

and capital expenditure necessary to preserve the competitiveness and appeal of their assets. You’d never, in this market, build anything less than the latest.”

Lamb cites Mansons’ commitment to only develop buildings that meet the latest Green Star sustainability principles, “because they want to sell their product”.

“A large target market is offshore purchasers and they have requirements to only buy the latest and greatest as part of their portfolio and brand fit.

“It’s not just about attracting staff back to the office. It’s about being known to offer a good environment to work in,” he says, adding that even for brands with less financial capacity, “it’s about demonstrating that you’re trying to do good”.



COMMON GROUND



While wellness and sustainability can look different for different employers, landlords and organisations, for Auckland’s Harbour Grounds precinct the connecting factor is community.

The seven-building precinct adjacent to Wynyard Quarter is a leading example of a holistic approach to workspaces that consider environmental and social well-being alongside economic well-being.

Harbour Grounds is home to large corporates such as Fonterra, Datacom, Air New Zealand, Visa, Microsoft and Bayleys, which also manages the site through Bayleys Property Services on behalf of 151 Property.

As well as sustainability frameworks through GRESB and NABERSNZ measuring building performance, the precinct features a worm farm, bee hives and bug hotels. There is a network of cafes and a range of end-of-trip facilities for joggers, walkers and cyclists.

A dedicated customer experience and engagement manager, Maia Poananga, of Bayleys Property Services,

manages a regular programme of events, communications and initiatives for Harbour Grounds occupiers, all designed to foster a better work-life balance, as well as a sense of community within the precinct.

Events range from fitness classes and guided bike rides to painting, food trucks and even kitten cuddling through local charities.

Poananga says the community events are designed to meet one of four principles: sustainability, wellness, creativity and culture. Engagement from precinct occupiers has grown quickly. Of around 5,000 people working within Harbour Grounds, over 3,000 receive the digital newsletter and that figure is growing.

Poananga came to the role from a similar one in London where community management and well-being initiatives are quite common. She says while roles like hers are still rare in the New Zealand commercial property landscape, they do play an integral part of developing community and workplace culture to create a great place to work, live and play.

