



# Office utilisation rates rising

*Whether by stick or carrot, business owners are proactively prioritising in-office attendance in 2024.*

Although not all businesses are officially mandating it, more occupiers encouraged staff to spend dedicated time in the centralised office in the past 12 months and the trend is expected to gather momentum this year as work-from-home and hybrid models ease.

Chris Farhi, Bayleys' head of insights, data and consulting said some business owners are pushing and others are pulling to lift attendance rates.

"Push policies requiring staff to spend a minimum number of days in the office does come at the risk of staff becoming disgruntled, so others are pulling staff in by improving office environments.

"They're weighing up location, quality of space, and implementing design changes like quiet zones and breakout areas to address productivity concerns among staff who have become used to being siloed at home."

Farhi said while laypeople perceive that hybrid working models forced a substantial drop in required office space, the actual experience has been far less drastic.

"Where firms have reduced desk numbers, space savings are often offset by the need for more collaborative and meeting space.

"Our Q4 2023 survey of 125 commercial agents across the Bayleys network reported leasing activity levels for occupiers seeking better quality (location and/or premises) was roughly quadruple that of tenants simply driven by sizing up or down."

Bayleys' national head of occupier solutions and strategy, Steve Rendall said corporates are progressively moving towards mandating a minimum number of days in the office, often lead by global directives and with a wide range of approaches.

"Corporates are relying more on the quality of space and the various organisational, cultural and training benefits that this can provide to entice staff in.

“Where firms have reduced desk numbers, space savings are often offset by the need for more collaborative and meeting space.

**CHRIS FARHI**  
HEAD OF INSIGHTS,  
DATA AND CONSULTING

"Right-sized premises with functional ratios of working and non-working space, proximity to transport links, and that are universally safe and secure to access/exit, are fundamental occupier requirements today."

Rendall said occupiers want a quality fitout that aligns with their brand, conveys the right tone to peers and clients, and helps attract the best staff talent.

"Tenants still generally seek funding and/or assistance from landlords to complete fitouts. Optimal solutions come from working with experienced landlords that have access to capital and quality service providers like consultants, designers, and specialist fitout companies."

Larger corporates and public sector occupiers are seeking buildings close to mass transport systems and with Green-star and/or NABERSNZ (energy efficiency) accreditations since they align with these tenants' sophisticated ESG policies.

"We see smaller and medium-sized organisations more focused on adding value to their team's wellbeing such as access to gyms, green space and end-of-trip facilities for active commuters and exercisers."

Noting strong occupier activity from the professional services sector (lawyers, accountants, consultants) and media, marketing and recruitment, Rendall cites engineering consultancy as one industry that is proactively and visibly "walking the talk" on property quality.

"They often work with clients in larger public sector organisations with strong commitments to affordable transport, safety, and ESG principles so the engineering consultants themselves are gravitating towards newer buildings nearer the waterfront and public transport systems over mid-town and upper Queen Street locations.

"That said, we are forecasting a significant improvement in inner city

“End-of-trip facilities are also in demand because staff health and wellbeing initiatives are being championed.

**MATT GORDON**  
ASSOCIATE DIRECTOR  
AUCKLAND OFFICE LEASING

office vacancy rates once the City Rail Link is completed and the Upper Albert Street and mid-town precincts recover."

The push to be back in the office is also underway in city fringe locations, according to Matt Gordon, Bayleys' associate director Auckland office leasing.

"I have clients that went fully work-from-home and completely dispensed with an office that now realise they do, in fact, need one to foster a team vibe and staff collaboration. This then flows through to greater productivity and helps with staff attraction/retention.

"Even tenants with a hybrid or flexi work model are now prioritising the office far more in response to staff saying they find it easier to get into the 'work zone' if they're actually at the office.

"We're seeing strong demand for quality city fringe space from architects, designers, advertising and marketing industry business owners that require in-person connectivity among colleagues – especially when they are pitching for or working on a new project."

Gordon said the flight to quality continues in city fringe locations, with character space still favoured.

"Workplaces with a bit of funk and flair is what the creatives are after – polished concrete or wooden floors, higher-stud exposed ceilings, plenty of character brick work – rather than more-vanilla office space with low ceilings, strip lighting and carpet tiles.

"End-of-trip facilities are also in demand because staff health and wellbeing initiatives are being championed."

While accredited Green-star or similarly-rated premises are not as often seen or sought on the city fringe, Gordon said safety and security, and easy walkable access to amenity like gyms, green space, and cafes rate highly with occupiers.

"As an example, software creators, Serato took circa 1,500sqm of high-spec'd space in Ponsonby Central in 2022, taking a smaller footprint than originally envisaged but leveraging off the high level of amenity both in the building itself and the wider Ponsonby precinct."

