

# US Office Occupancy

A closer look at the utilization trends

Period:

*Nov 2021 - Jun 2022*



## Introduction

**Data is the cornerstone of an agile workplace strategy.** Occupancy data on a portfolio of buildings is the prerequisite for understanding the relationship between space supply and occupancy demand.

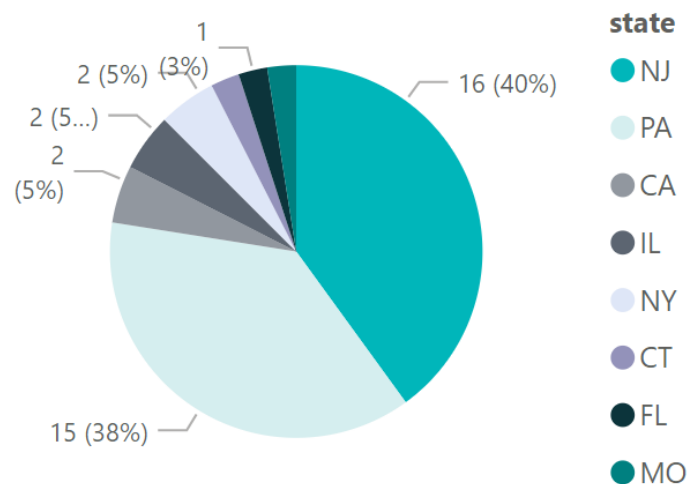
However, your workplace strategy does not exist in a vacuum. Economic trends, industry and functional particularities, generational and demographic traits, and geographic differences are all factors that workplace leaders need to take into account in order to deliver a world-class office environment fitting the expectations of their end-users.

Understanding how portfolio and/or building occupancy features and trends measure up to comparable organizations and buildings provide the reference points needed to make confident and informed workplace strategy decisions.

## Scope of analysis

Locatee measures buildings in 18 states, 94 cities across the US, among which the largest metropolitan areas: New York City, Los Angeles, San Francisco, Philadelphia, Boston, Washington DC, Atlanta, Chicago, Miami, Jacksonville, Kansas City, Cincinnati, Minneapolis, Tampa etc. Locatee measures buildings in the following states: CA, FL, GA, AR, TX, MO, DC, IL, IN, CT, MA, MN, RI, NY, NJ, PA, OH, UT.

The present analysis was conducted based on the data from 40 representative buildings located in the United States. The below graphs presents the buildings included in the benchmarks grouped by location: state.



## Definitions

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**Peak utilization (%)**       $\text{Peak utilization} / \text{Capacity}$

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**Average utilization (%)**       $\text{Average utilization} / \text{Capacity}$

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**Peak utilization**      Refers to the day, in the analyzed time period, when the number of people in a selected area is at its maximum. It is calculated by selecting the highest occupancy detected.

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**Average utilization**      This is the average of the occupancy levels recorded over a time period. It is calculated by adding all the occupancy levels recorded in a building or in a space within a defined time frame and dividing that value by the count of those readings.

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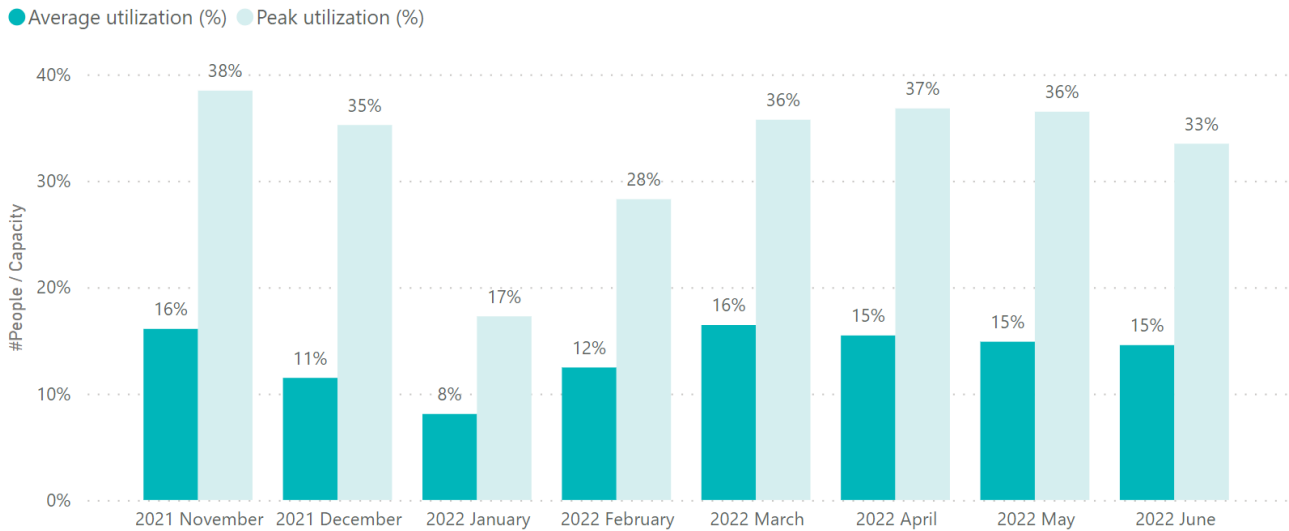
**Capacity**      Maximum number of building occupants or the total number of spaces available.

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# General overview

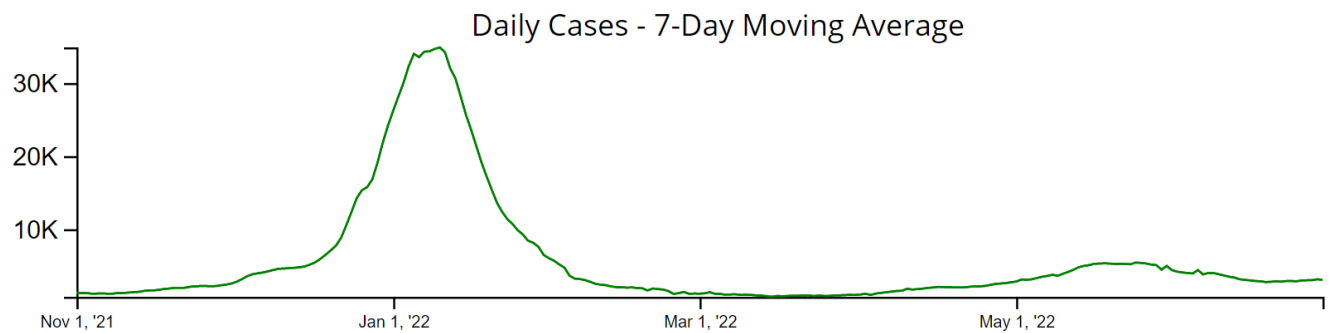
This section presents office utilization metrics aggregated for all buildings included in this report.

## Key office utilization metrics



Comparing key utilization metrics of your real estate portfolio with the market benchmarks can give you a view of a relative under- or over-utilization of your buildings. This can also give you an idea if your building’s occupancy follows the general trend or is a result of your own policies. Analyzing past trends can also help you assess whether the gap between your portfolio and market benchmarks increased or decreased over time, and if there are any patterns related to seasonality.

## Covid Impact

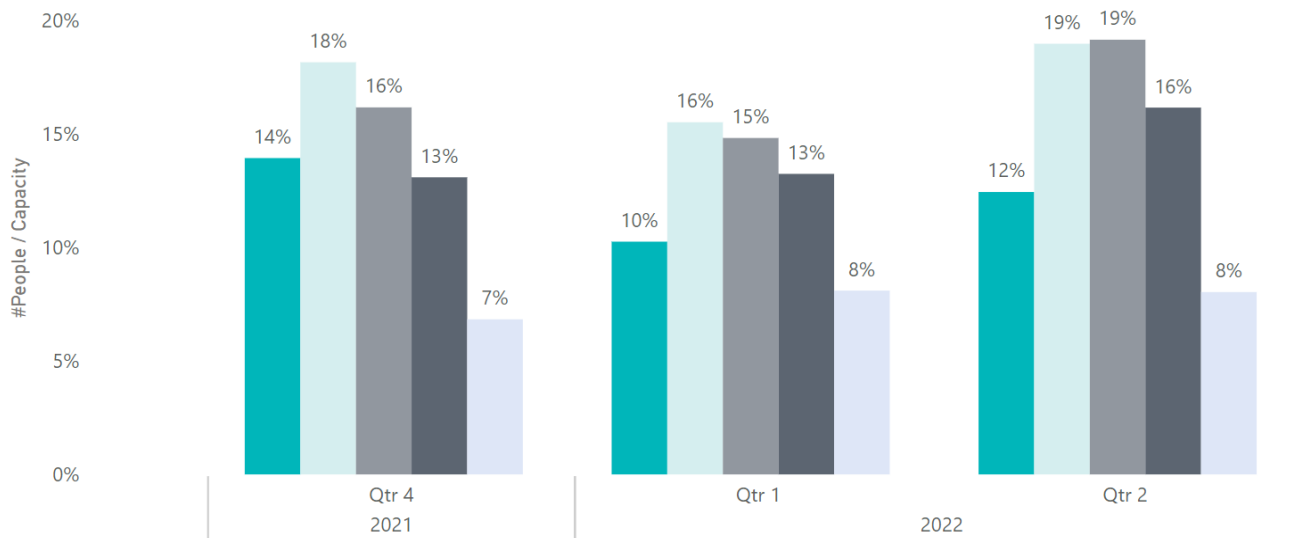


Source: <https://covid.cdc.gov/>, data for New Jersey

By comparing “Key office utilization metrics” with the data on COVID cases, you can separate the periods during which office presence was impacted significantly by a COVID wave from the normal, seasonal trends in office utilization. By looking at the COVID waves presented on the above graph, we can assume that low occupancy in January and February 2022 was largely as result of the high number of infections.

## Average utilization by day of week

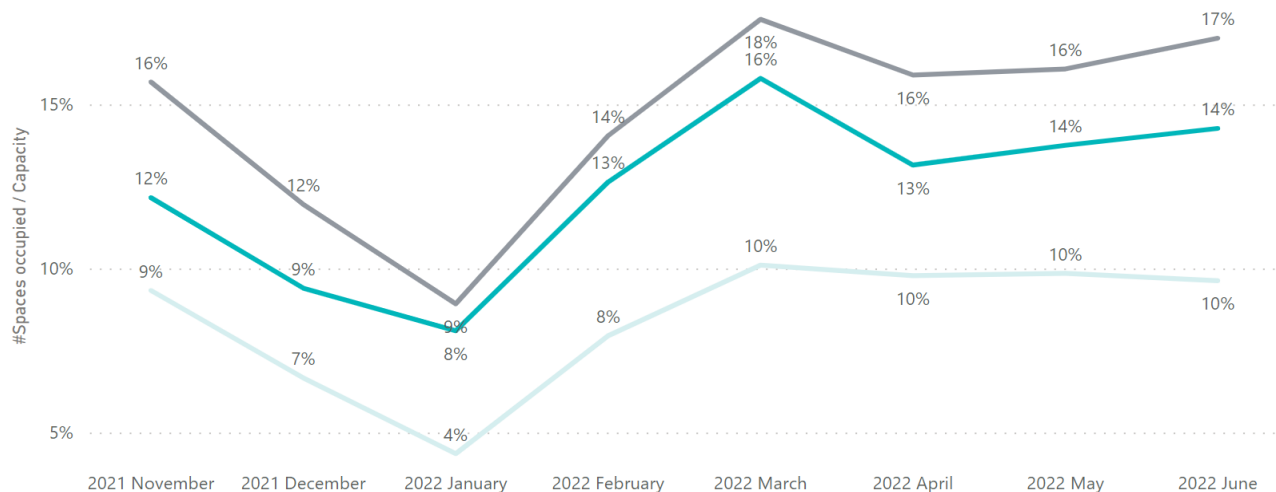
Day of week ● Monday ● Tuesday ● Wednesday ● Thursday ● Friday



The graph presents how office attendance in the U.S. is distributed over weekdays. Comparing this data to corresponding data for your buildings can help you assess if your low and high attendance days are on par with the market average. Across the benchmark, Fridays have the lowest attendance (“home office” day) whereas Tuesday and Wednesday are characterized by high office attendance. Your usage pattern might be different based on the policies you have established.

## Average utilization by space type

Space Type ● Collaboration ● Desk ● Meeting room



This chart is a monthly comparison of average utilization benchmark for key space types. The view gives insight into trends and relationships between usage of different spaces. These can be used to develop a better understanding of how the occupancy of different space types evolved over time on the market and how it compares to the trends recorded in your portfolio. Based on these insights, you can take preemptive action to reach your desired occupancy. Below you will also find our interpretation of the emerging trends.

### ***Key trend #1: collaboration spaces take heightened role in the office***

This is a very important development for the office space in general. Traditionally, “the office” was built with the individual desk at its center. Overall, footprint was defined based on needs in terms of desks. The reason: the individual desk was the space where the individual worker was spending an overwhelming majority of the time in the office.

Hybrid working and the rise of “punctuated collaboration” as a reason to come to the office are upending this traditional logic. For instance, if pre-pandemic, an office worker was spending five days, 40 hours in the building, they may have spent 30 or more hours at their individual desk (according to research, the typical white collar employee spends an average of 8 hours in meetings per week – 1 hour average meeting duration \* an average of 8 meetings per week).

However, if that same employee only comes to the office twice a week for 12 hours, and during these 12 hours, spends half of that time in meetings, the time spent on the individual desk has decreased from 30+ hours to just 6 hours.

If the average usage of meeting rooms and collaboration spaces continues to increase and does so at a faster rate than the desk spaces, workplace leaders should reflect on this when they assess the distribution of space types in their buildings.

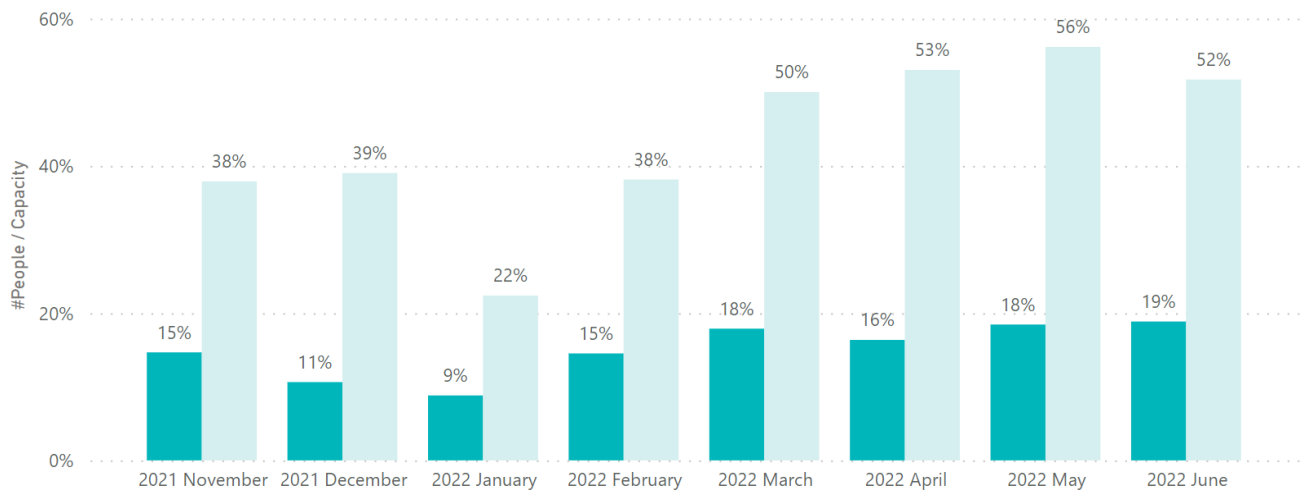
## Key metrics by building size

This section presents key office utilization metrics grouped into different building sizes. Building size is defined by the total number of spaces available in the building.

As utilization metrics vary significantly across different building sizes, benchmarking your portfolio based on building size will equip you with insights that are relevant for a particular type of office.

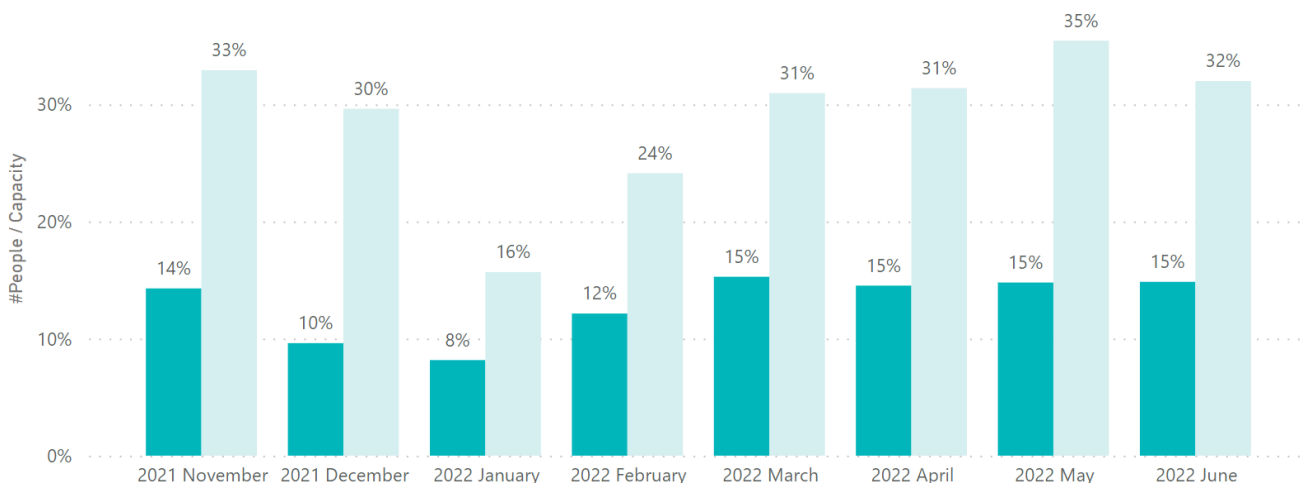
### Small buildings (<200 spaces)

● Average utilization (%) ● Peak utilization (%)



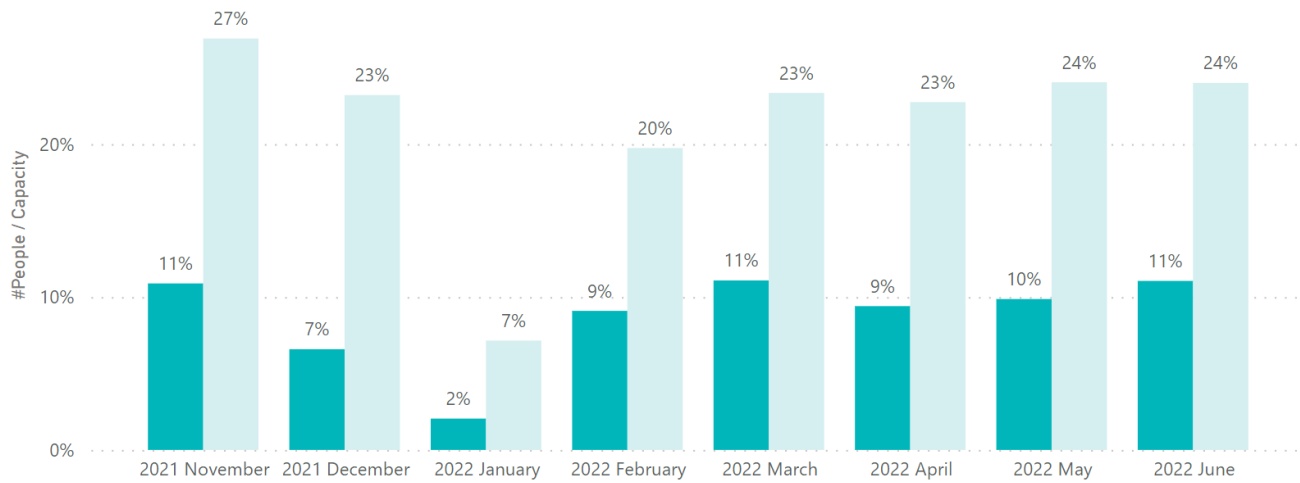
### Medium buildings (200-800 spaces)

● Average utilization (%) ● Peak utilization (%)



## Large buildings (>800 spaces)

● Average utilization (%) ● Peak utilization (%)



### **Key trend #2: smaller size buildings showcase higher occupancy rates**

We can observe that office utilization metrics are highest for small buildings and lowest for large offices.

This could possibly be explained by a notion that large buildings can be considered unsafe from the perspective of COVID, as a higher number of people cross paths in such settings. On the other hand, smaller offices could be considered as more cozy and communal in current times, which could contribute to higher relative occupancy.

Another way to view this is to consider that smaller offices tend to be representative of large urban center locations, and larger offices will be mostly located at the urban periphery. Large urban center offices tend to be more occupied than others.