

How does your office space measure up?

BENCHMARK YOUR WORKSPACE MANAGEMENT AGAINST AUSTRALIAN BEST PRACTICE.



An overhead photograph of a long wooden conference table. Five people are seated around the table, engaged in a meeting. They are looking at various documents, tablets, and laptops. The table is cluttered with papers, a small potted plant, and other office supplies. The background is a plain, light-colored wall.

State of play

Accommodation costs are the single biggest expense for knowledge-based organisations, after people costs, with the average total expense per workpoint coming in around \$15,000 per year. Most organisations don't use their space nearly as efficiently as they could. This is both costly and avoidable.

How efficiently your organisation uses their valuable real estate is often difficult to measure and understand. Businesses change constantly – it's hard to track how many people an organisation has in any one location while simultaneously calculating how much space is available. It's like tracking a quick-moving target.

Technology is changing this. A new generation of workplace software is enabling businesses to easily measure, manage and report their real estate usage. This technology is driving performance to a whole new level by helping

businesses to understand, manage and better predict their real estate requirements.

About this report

This benchmark study is the first in a series of Grosvenor studies that focus on best-practice real estate and workplace management. With data drawn from the highest performing organisations in the country, this benchmark report will enable you to:

- Understand the measures that demonstrate best practice in workplace management.
- Identify the technologies, workplace strategies and management practices that enable organisations to drive improvements.
- Gain insights on how you can measure your own organisation's performance as the first step to drive improvement.

Workplace Density

This first study focuses on the most basic, and by definition, most important measure: workplace density. Put simply, this tells us how many square meters of office space are required for each workpoint*.

This study was made possible by Serraview™.

Serraview™ deliver world class workplace management software to the country's largest office users. With prior approval from their customers, Serraview has made de-identified aggregate data on workplace usage available to Grosvenor.

This means that for the first time we have real hard data that is not influenced by an organisation trying to sell a good story, or someone trying to pitch their new office building. It also represents the best-in-class as many of the organisations using this software have been practice managing their workplace strategies for over a decade.

* Workpoint refers to an office, workstation or similar work environment that is designed to be used as a permanent or semi-permanent fashion.

OVER
1.9M
SQUARE METERS OF
OFFICE SPACE

REPRESENTING
44
ORGANISATIONS

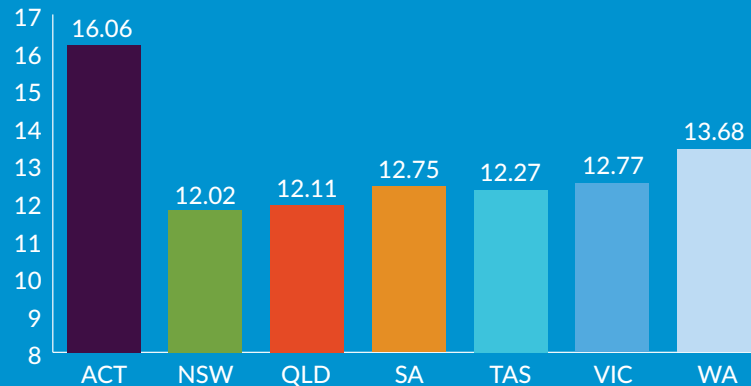
MANAGING
151,797
WORKSTATIONS

OCCUPYING
184
BUILDINGS

Average workplace density

The first measure we looked at was an overall assessment of how well organisations are utilising their space across the country.

Workplace density – SQM per workpoint (office sites only)



The best organisations in the country are able to achieve an average workplace density of between 12 and 13 square meters per workpoint. There was no great variation across the country with the exception of the ACT where average densities are around 30% higher.

With the federal government constituting about 80% of the office space in the ACT this demonstrates a significant opportunity for cost reduction.

Lies! Damn lies! And statistics.

Many organisations will claim to do better than this. However, the way that space is measured is crucial to assess accurately how well you perform. These measures include ALL office space divided by the number of workpoints available. This means meeting rooms, quiet rooms, training & conference facilities, lunch rooms and all other lettable area all need to be factored into your assessment.

Quick assessment

A quick and simple way to ensure your organisation is measuring the right thing is to look at your lease. All commercial leases will use a standardised measure called Net Lettable Area (NLA). NLA is what rents are determined on and as such should be the area you use to measure your performance. Check out [Property Council of Australia](#) for more information.

City versus Metro

The commonly accepted logic is that city accommodation is more expensive than office space in the metropolitan area. However, this advantage is wasted if you simply use more space in your non-CBD buildings.

The second measure we studied was the relative performance of the organisation, based on the location of the building being either within the CBD or in a suburban location.

Workpoint Density – SQM per Workpoint



Note: we have removed the regional locations from this chart due to the data sample size available

Are we really saving costs by moving to the suburbs?

The interesting aspect of this data is this: if you assume that a non-CBD location will provide you with a 20% cost advantage on rent rates and taxes for the same space in the CBD then you need to ensure that your usage of the space doesn't eat into that advantage.

In this example, the cost advantage is lost through less efficient use of space. Of course there are all sorts of other reasons why an organisation would choose a metropolitan location over a CBD location. Even so, the cost issues need to be looked at based on usage not just real estate costs.

For Victoria, South Australia and Tasmania, the metropolitan sites were more efficient and, we can assume, less expensive. This double advantage will generate significant cost savings.

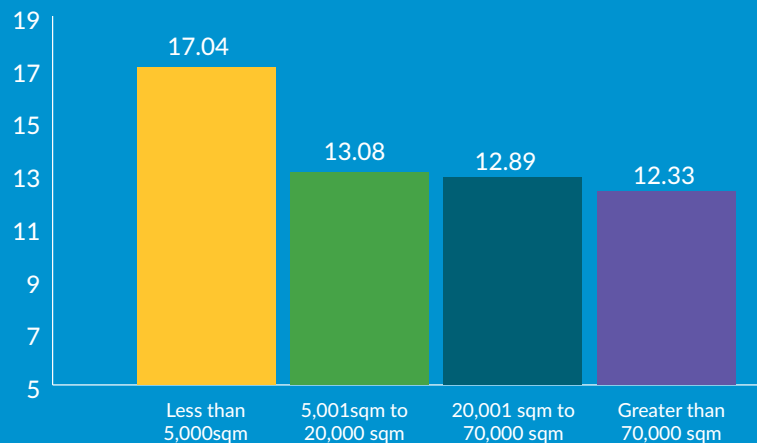
An example based on the NSW data is provided below:

AREA PER WORKPOINT		RENTAL COSTS		COST PER WORKPOINT	
CBD	METRO	CBD	METRO	CBD	METRO
10.8	15.3	\$1K	\$800	\$10,840	\$12,296
SQUARE METERS	SQUARE METERS	SQUARE METERS	SQUARE METERS	PER ANNUM	PER ANNUM

Is bigger really better?

The third and final assessment we made was to look at the relationship between building size and occupancy density. The accepted logic is that larger buildings result in more efficient use of space as shared areas (meeting rooms, conference, training and other non-dedicated spaces) can be spread across a greater number of individual workpoints.

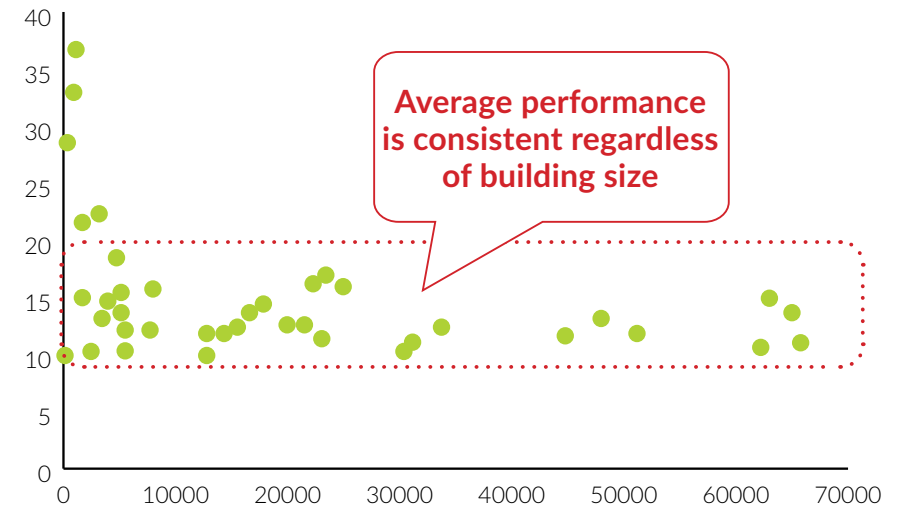
Average sqm density by building size



Clearly, the data demonstrates that larger buildings do, on average, result in more efficient space usage. However, the benefits drop off very quickly once the buildings gets over 5,000sqm.

This does not mean that smaller buildings are, by definition, less efficient. Within the data there was evidence of very small buildings achieving excellent density levels. One of the best buildings at 10.48 sqm was in a building of less than 250 sqm.

Average density for building up to 70,000sqm



The chart above shows us is that you don't have to be big to be efficient however if you're going to be inefficient it will be in a smaller building.

It needs to be reinstated that the numbers in this study are from a best practice system and represent the best and most efficient users of large amounts of office space. So if you're less than best practice, you're not alone.



What does this mean for your organisation?

If your business uses office accommodation and you are not already thinking about workplace strategies and efficiency, you're already behind the game and should start measuring performance.

The cost of real estate is only going to rise over the long term and there are great opportunities to improve efficiency and substantially reduce your costs.

If you are already using workplace strategies, you should look into using technology to measure and manage the workplace to further improve performance.

Need help?

Managing office space is about so much more than improving workspace density: people and change management, IT infrastructure, as well as productivity need to be factored into the equation.

Grosvenor's property expertise ensures you're moving in the right direction with a property strategy that's right for you. We make sure your portfolio is performing at its best, by reviewing internal resources and operations, as well as the health of your portfolio and the performance of your outsourced contracts. Get in touch with our property service practice lead, Kent Stuart to discuss your options.

Email: kentstuart@grosvenor.com.au

Phone: +61 3 9616 2700