



BASKING

THE STATE OF RTO: FINDING A NEW EQUILIBRIUM

Navigating Change, Shaping the Future

November 2023

Outline

- Executive Summary
- Portfolio Selection
- Global Workplace Occupancy Trends
- Regional Workplace Occupancy Trends
- Conclusion
- Key Terms and Concepts

Objective

Analyze and compare 2023 office utilization trends to inform global organizations in developing strategic CRE and RTO plans.

Methodology

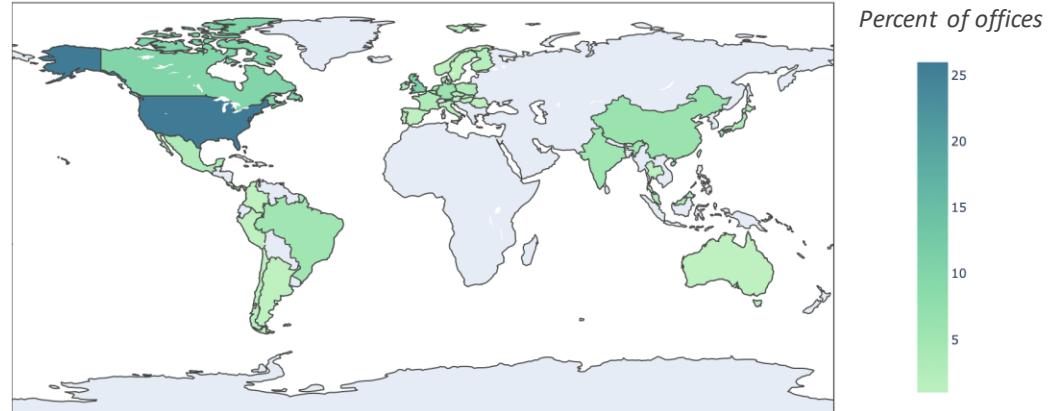
- **Data Collection:** The study collected office space utilization data from 121 offices worldwide connected with Basking.io. The data was grouped based on different global markets and sub-regions.
- **Office Utilization Metrics:** The research conducted an in-depth analysis of quarterly shifts in office occupancy behavior metrics, with a focus on peak utilization rates, visit duration, frequency, and weekdays. This examination aimed to identify trends and patterns in office space usage over time and providing valuable insights into the optimal use of office spaces.
- **Comparative Assessment:** A comprehensive analysis was undertaken to identify regional variations in office usage. The study emphasizes the significance of workplace analytics in driving data-driven CRE success.

Key Findings

- **North America Lead Global Office Occupancy:** Between January and October 2023, North America recorded the highest weekly average peak occupancy rate at 35%, with APAC following closely at 34%, Europe at 33%, and LATAM at 21%. The recent RTO announcements have not fluctuated the occupancy rates across different regions.
- **Short Stays on Rise:** Global office usage has remained consistent since Q1 2023, with a notable increase in short-duration visits during Q3. This suggests that individuals are now visiting the office primarily for specific tasks and meetings.
- **Regional Variations Impact Office Utilization:** Regional trends exhibit notable variances, suggesting influences from factors such as [commute time](#), [public transport availability](#), and [employee job roles](#) on office space utilization. The data highlights the necessity of considering these factors when formulating effective Return-to-Office (RTO) strategies.

Portfolio Selection: Insights from 121 Offices Worldwide

In 2022, Basking collected data from 100 offices (7 organizations) worldwide, primarily from the Professional Services, Investment Management, Biotech, Tech and IT services industries, to establish office utilization benchmarks. By 2023, the list expanded to 121 offices, distributed across regions as follows: 41% in EMEA, 30% in North America, 18% in APAC, and 11% in LATAM.

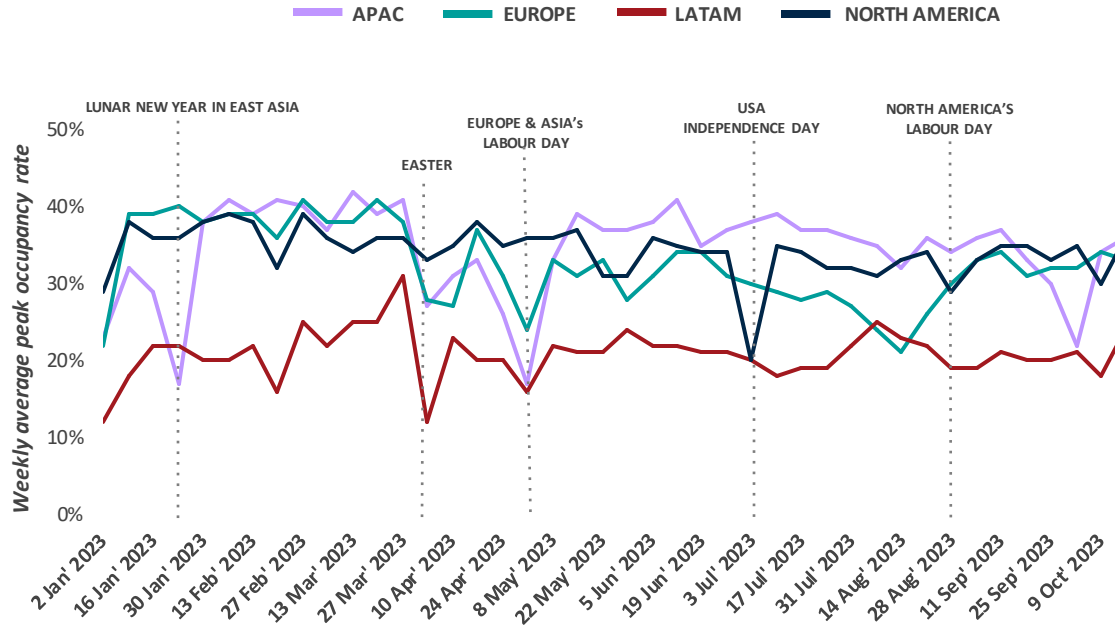




Global Workplace Occupancy Trends: A Comprehensive Overview

2023 Occupancy Rates Stabilized at 35%-40% in North America, Europe, and APAC BASKING

Time Period: Jan – Oct 2023



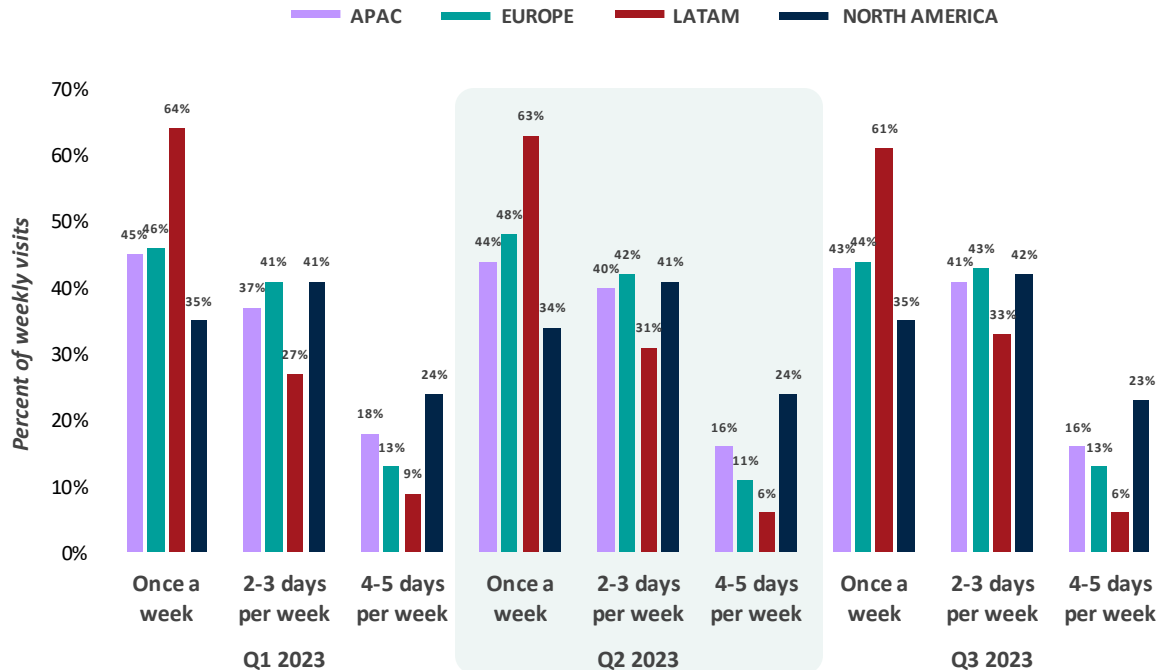
This metric helps illustrate how well-utilized offices are across different regions of the world with respect to their capacity.

- From January to June 2023 North America had the highest weekly average peak occupancy rate of 35%, followed by APAC (34%), Europe (33%), and LATAM (21%).
- Compared to the same period in 2022*, all regions observed an increase in occupancy rates, with the highest YOY change in LATAM (112%), followed by APAC (52%), North America (26%), and Europe (10%).

*Refer to [Slide 32](#) for comparison between 2022 and 2023 occupancy data

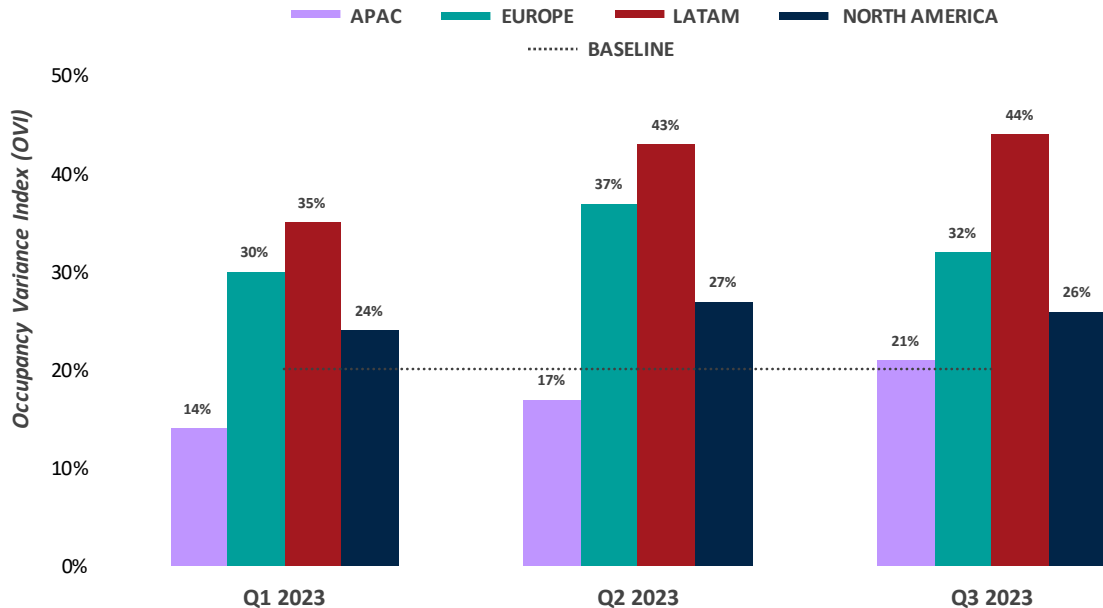
In Q3, North America Maintained Highest Office Visit Frequency

Time Period: Q1 – Q3 2023



- In Q3, North America continued to exhibit the highest frequency of office visitors with 65% of weekly visits occurring on at least 2 days per week, surpassing other regions.
- In LATAM people continue to visit the office once a week with only a mere 6% of visits occurring 4-5 days per week, illustrating a distinctive contrast to the frequency patterns observed in other regions.

Time Period: Q1 – Q3 2023

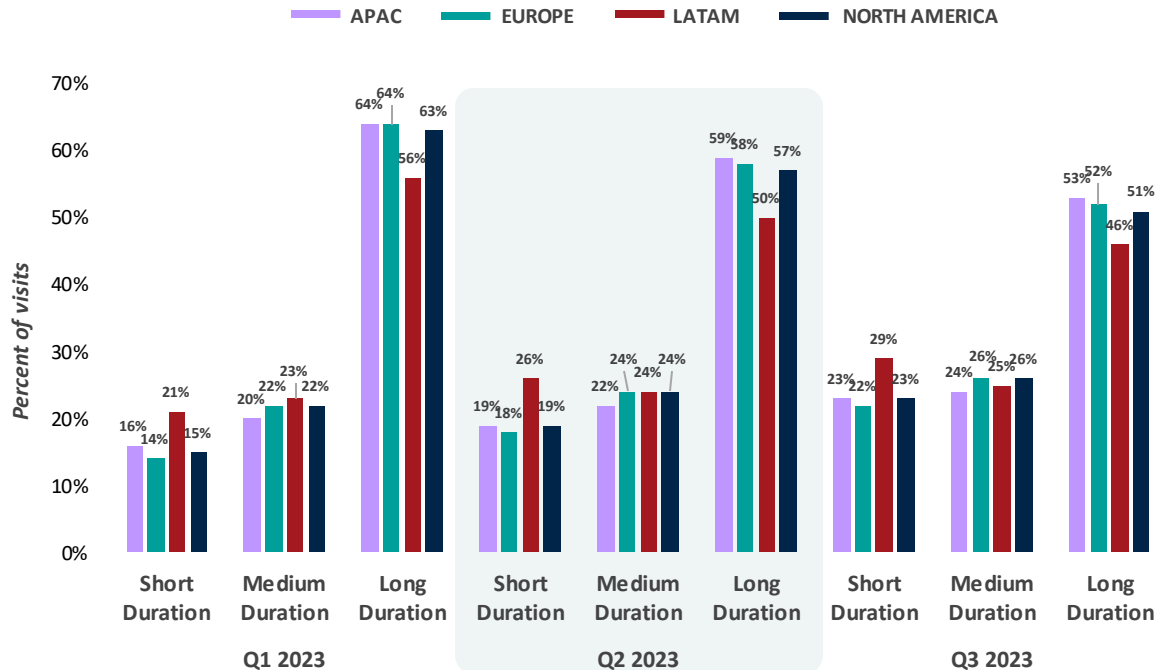


- APAC consistently had the lowest OVI throughout the year (~<20%), indicating minimal effort in weekly occupancy management. In contrast, LATAM consistently recorded the highest OVI each quarter, reflecting substantial efforts in optimizing weekly occupancy.
- In Europe, the OVI exceeded 30% in each quarter. This highlights the need to reduce midweek peaks and better distribute occupancy, particularly on Mondays and Fridays.

The Occupancy Variance Index (OVI) provides insights into the weekly distribution of site occupancy. It is calculated by taking the Standard Deviation of the peak occupancy for each weekday divided by the Average peak occupancy for the entire week. A high OVI indicates variable occupancy throughout the week, suggesting a need for optimization, while a low OVI indicates stability. Typically, a site with evenly distributed occupancy across the week maintains an OVI lower than 20%.

Long Stays Declined by >17% Across Regions From Q1 to Q3

Time Period: Q1 – Q3 2023



- Quarter by quarter, each region experienced a consistent decline in the number of long duration visits. Consequently, there has been an uptick in short to medium-duration visits.
- North America and observed a decline of 19% from Q1 to Q3 in long duration visits, followed by LATAM (18%), APAC and Europe (17%).

Short Duration: <=3 hours
Medium Duration: 3-6 hours
Long Duration: >6 hours

North America Workplace Occupancy Trends

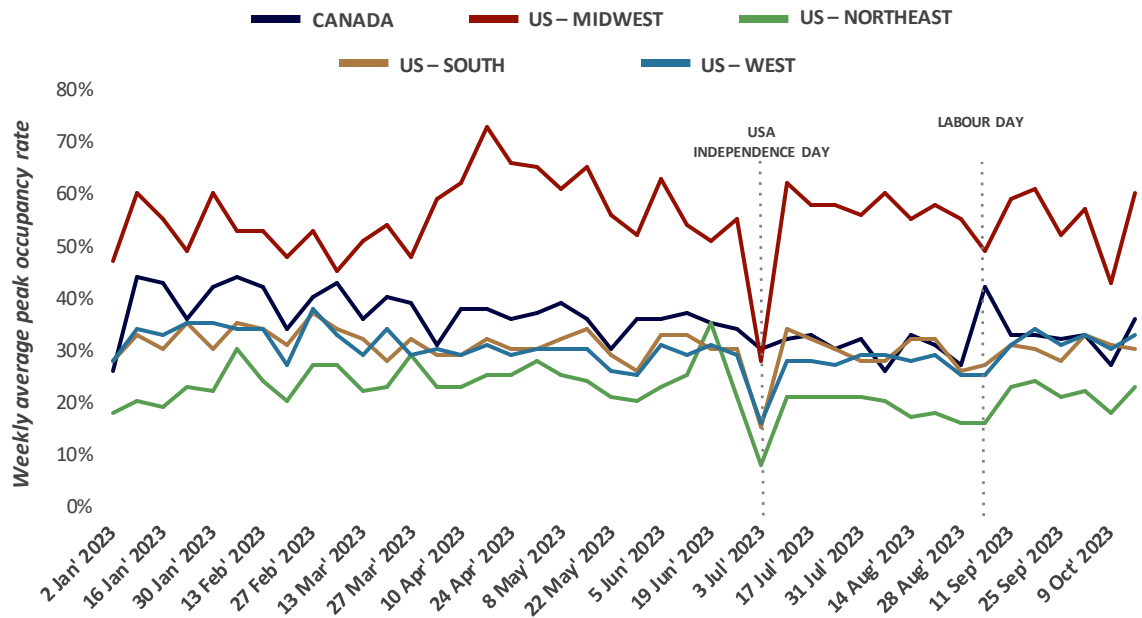


Key Takeaways

- While the occupancy rates remained consistent over time in the region, reduced commute times and increased flexibility have emerged as potential key factors contributing to well-utilized offices in the US Midwest.
- Approximately half of the office visits across regions lasted for less than 6 hours. This highlights a potential trend of shorter, task-specific visits, which could impact office design and utilization strategies in the context of the return to office.
- US – West's varied visitation patterns suggest a 'Hybrid Office Model' for Return to Office (RTO). This model offers visit flexibility and optimizes space usage with a low OVI. Promote collaboration and productivity during visits for success.

Occupancy Rates < 40% in All North American Regions Except US-Midwest

Time Period: Jan – Oct 2023

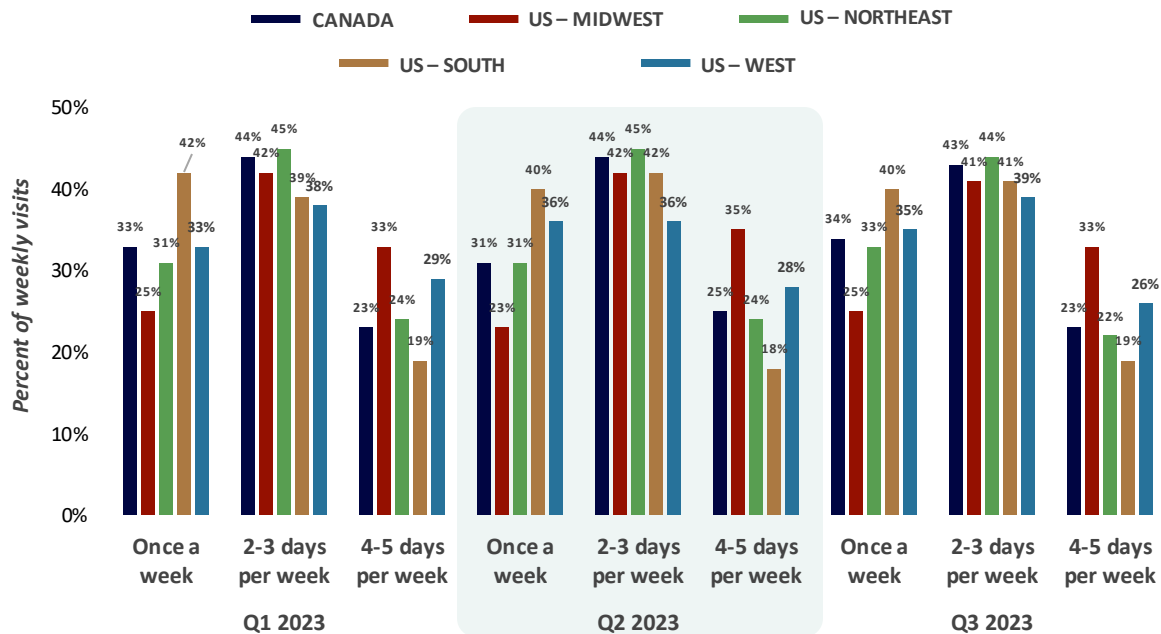


Between January and October 2023 the US Midwestern region continued to observe the highest weekly average peak occupancy rate in North America at 55%, outpacing Canada (35%), US South (31%), West (30%), and Northeastern (22%) regions.

US – Midwest = Illinois, Indiana, Michigan, Minnesota, Missouri
US – Northeast = New York
US – South = Washington DC, Florida, North Carolina, Texas, Virginia
US – West = Arizona, California, Washington

North America Did Not Observe a Q3 Increase in Office Visit Frequency

Time Period: Q1 – Q3 2023

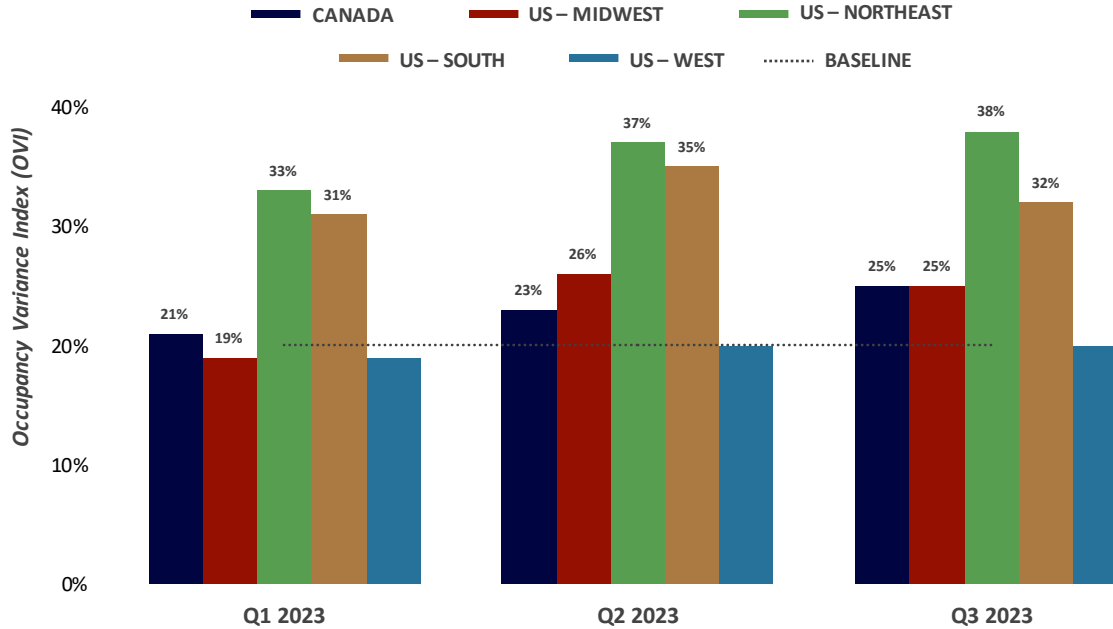


- Quarter over quarter the pattern for the frequency of office visits remained consistent across all North American regions, with South observing the highest percentage of 'once a Week' visits at 40%.
- '4-5 days per week' remained more popular in Midwest compared to other regions. Conversely, for the remaining North American regions, '2-3 days per week' is the preferred option.

US - Midwest = Illinois, Indiana, Michigan, Minnesota, Missouri
US - Northeast = New York
US - South = Washington DC, Florida, North Carolina, Texas, Virginia
US - West = Arizona, California, Washington

US – Northeast Had Highest OVI Q1-Q3; West Had Lowest OVI

Time Period: Q1 – Q3 2023

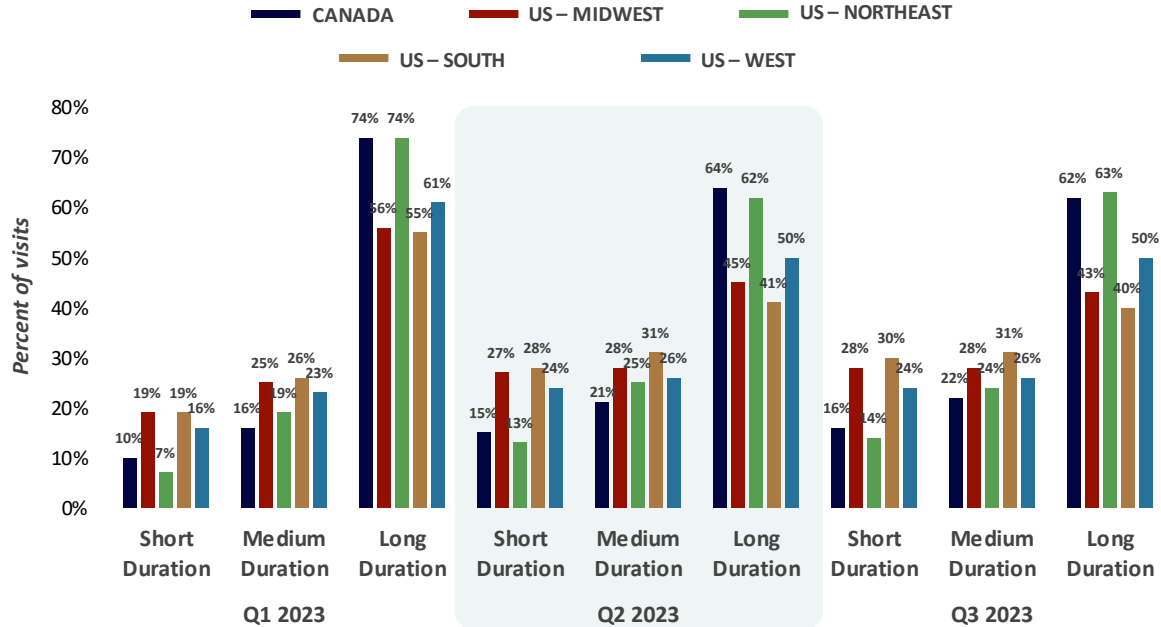


- US–Northeast and South maintaining an OVI above 30% each quarter indicates the need to optimize occupancy across different weekdays.
- Moreover, Canada and Midwest offices maintained an OVI closer to 20% baseline reflecting near similar occupancy level throughout the week.

US – Midwest = Illinois, Indiana, Michigan, Minnesota, Missouri
US – Northeast = New York
US – South = Washington DC, Florida, North Carolina, Texas, Virginia
US – West = Arizona, California, Washington

Less Than Half of US South and Midwest Visits Lasted >6 Hours

Time Period: Q1 – Q3 2023



- In line with visit frequency, both Canada and US Northeast shared similar patterns for visit duration, with the majority of visits (62% and 63%, respectively) lasting for long durations.
- Similarly, US South and Midwest exhibited analogous duration patterns, as most visits (43% and 40%, respectively) were of long duration while a considerable percentage of visits (28% and 30%, respectively) were of short duration.

US – Midwest = Illinois, Indiana, Michigan, Minnesota, Missouri
US – Northeast = New York
US – South = Washington DC, Florida, North Carolina, Texas, Virginia
US – West = Arizona, California, Washington

Short Duration: <=3 hours
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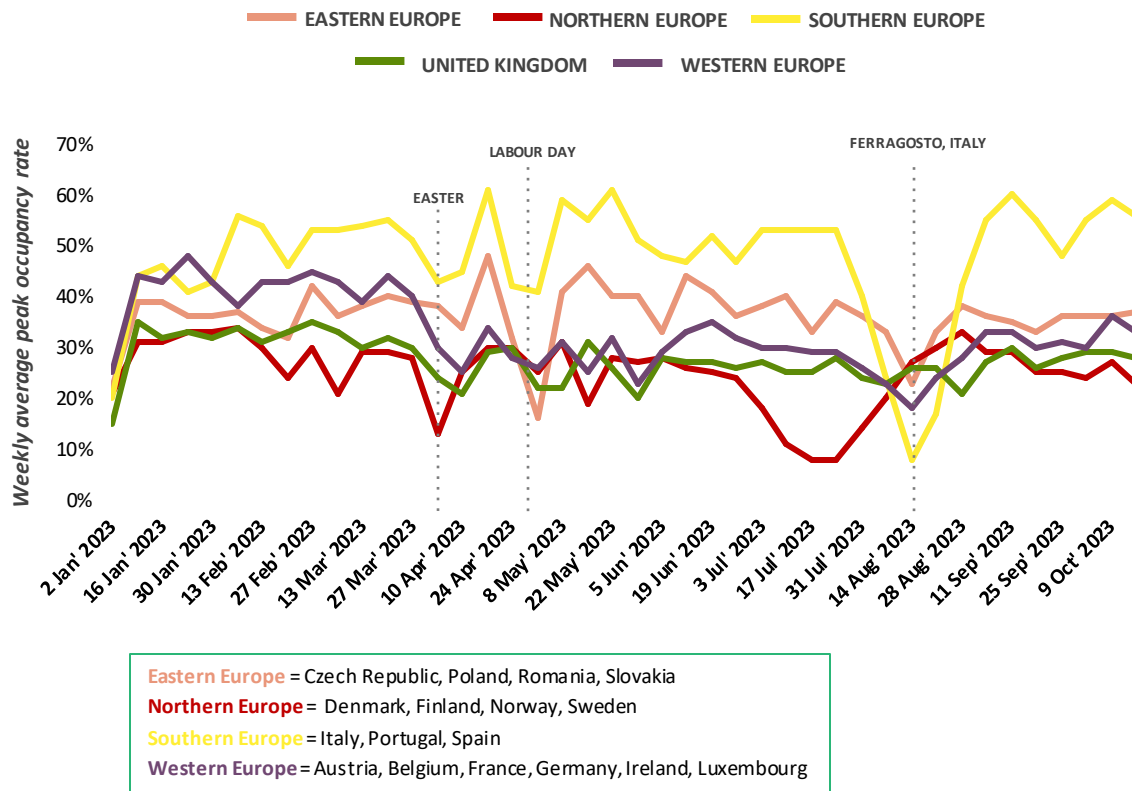
Europe Workplace Occupancy Trends

Key Takeaways

- Like the US Midwest, Southern Europe demonstrates efficient space usage with a 47% weekly average peak occupancy rate and the lowest OVI in Europe of 21%. Additionally, over 58% of visits last less than 6 hours. These patterns provide significant insights for RTO planning, underscoring the need to optimize office space while accommodating diverse visit durations.
- Conversely, Northern Europe maintains the lowest occupancy rate at 25%, with infrequent office visits for 4-5 days per week. The region also holds an OVI of 24%, ranking just behind the South. This indicates that office visits are often brief, contributing to a low peak occupancy rate. Furthermore, the low OVI suggests that visits are evenly spread across weekdays, with fewer visit accumulations on Tuesday, Wednesday, and Thursday.

Southern Countries Maintained the Highest Occupancy Rate in Europe at 47%

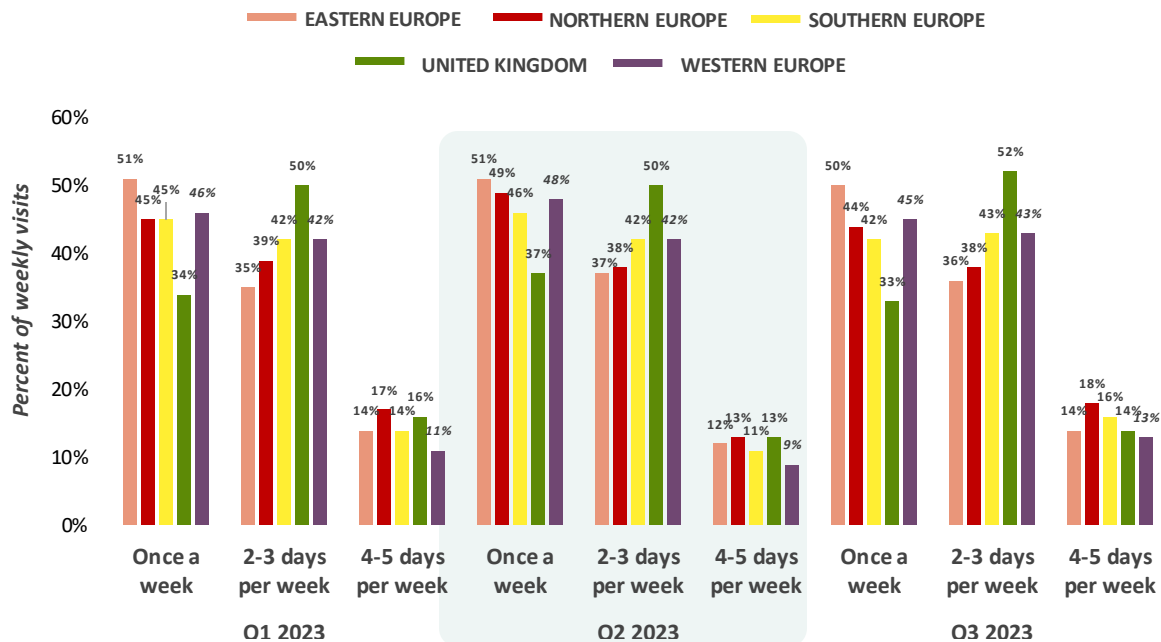
Time Period: Jan – Oct 2023



- Across Europe the Southern region boasted the highest weekly average peak occupancy rate at 47%, outpacing Eastern Europe (38%), Western Europe (31%), the UK (28%), and Northern Europe (25%).
- In July, Northern Europe experienced a decline in occupancy rates, while Southern Europe saw a similar decline in August, primarily attributed to the impact of summer holidays.

Half of Weekly Visits Observed in the UK Occurred 2-3 Days Per Week

Time Period: Q1 – Q3 2023

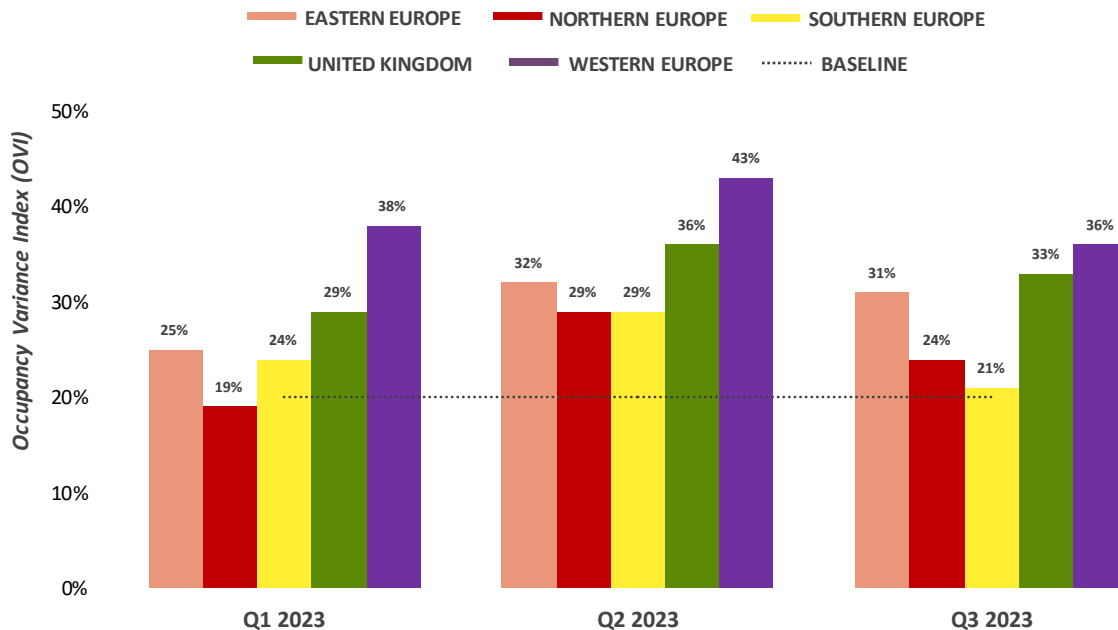


Compared to Q2, Western and Northern Europe saw a 3pp-5pp increase in 4-5 days per week visits in Q3, resulting in a corresponding decline in 'Once a Week' visits by the same proportion.

Eastern Europe = Czech Republic, Poland, Romania, Slovakia
Northern Europe = Denmark, Finland, Norway, Sweden
Southern Europe = Italy, Portugal, Spain
Western Europe = Austria, Belgium, France, Germany, Ireland, Luxembourg

Western Europe Had Highest Q3 OVI of 36%

Time Period: Q1 – Q3 2023

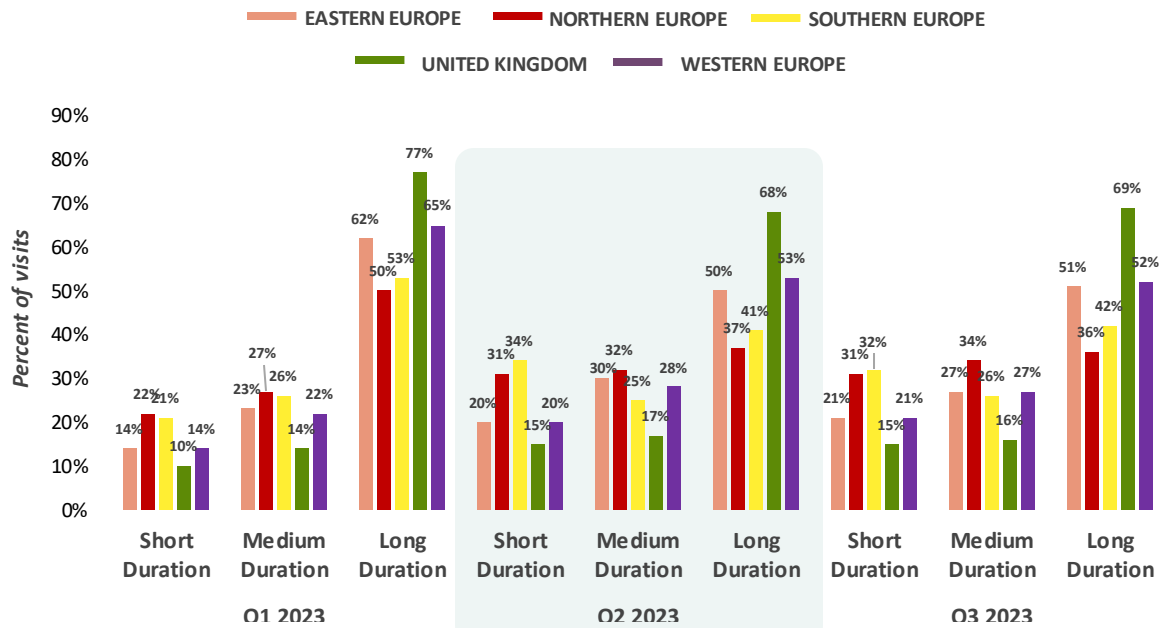


Eastern Europe = Czech Republic, Poland, Romania, Slovakia
Northern Europe = Denmark, Finland, Norway, Sweden
Southern Europe = Italy, Portugal, Spain
Western Europe = Austria, Belgium, France, Germany, Ireland, Luxembourg

Western Europe consistently maintained the highest OVI, exceeding 36% each quarter, with the United Kingdom at 33% and Eastern Europe at 31% in Q3. This highlights the imperative of optimizing high midweek occupancy in these regions.

69% of UK Visits Lasted > 6 Hours; Northern and Southern Europe Much Lower

Time Period: Q1 – Q3 2023



■ The UK exhibited the highest proportion of long-duration visits at 69%, whereas the Northern (36%) and Southern (42%) regions of Europe had comparatively lower percentages of long-duration visits.

Eastern Europe = Czech Republic, Poland, Romania, Slovakia
Northern Europe = Denmark, Finland, Norway, Sweden
Southern Europe = Italy, Portugal, Spain
Western Europe = Austria, Belgium, France, Germany, Ireland, Luxembourg

Short Duration: <=3 hours
 Medium Duration: 3-6 hours
 Long Duration: >6 hours

APAC Workplace Occupancy Trends

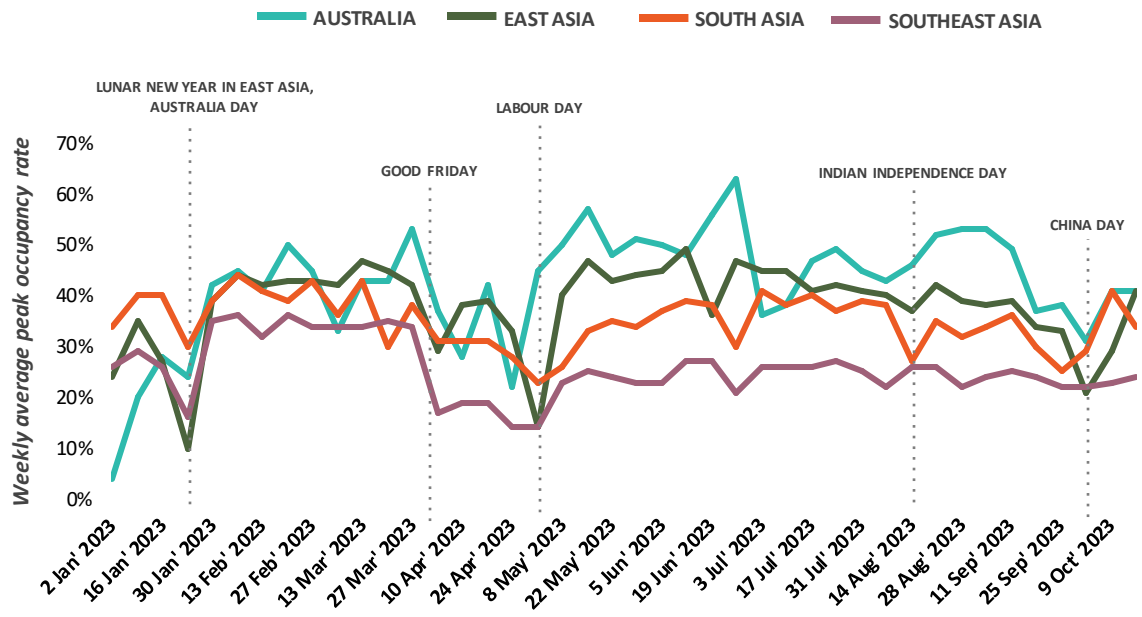


Key Takeaways

- Cultural and demographic differences significantly shape how people use offices. The occupancy trends highlight that local cultural norms must be considered in planning the return-to-office (RTO).
- In Australia 'once a week' office visits remain the top choice, but a 10pp rise in the '2-3 days per week' category from Q1 to Q3 hints at changing return-to-office habits.
- Meanwhile, East and South Asia consistently display flexibility, with low Occupancy Variance Index (OVI), high % of '4-5 days per week' visits and more than 45% of visits lasting for ≤ 6 hours.

Southeast Asia Recorded the Lowest Average Occupancy Rate of 25%

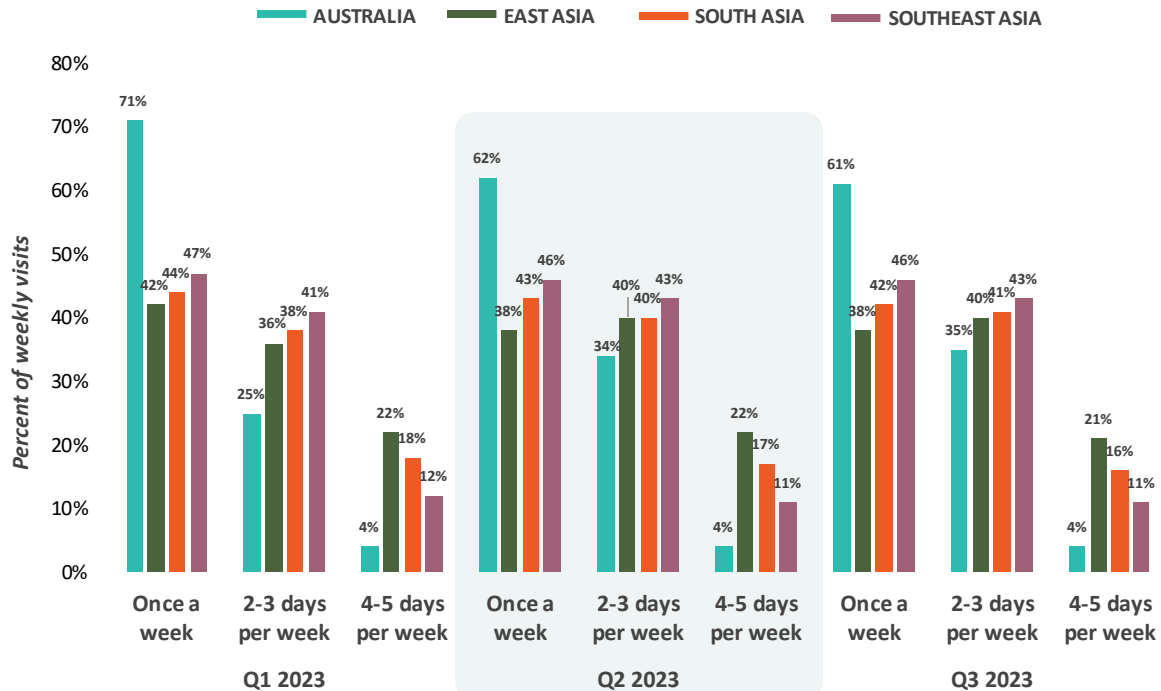
Time Period: Jan – Oct 2023



Between January and October, Australia had the highest weekly average peak occupancy rate at 42%, followed by East Asia (38%), South Asia (35%), and Southeast Asia (25%).

East Asia = China, Hong Kong, Japan, Taiwan
South Asia = India
Southeast Asia = Malaysia, Singapore, Thailand

All Regions Except Australia Observed ~40% of Weekly Visits at 2-3 Days Per Week **BASKING**

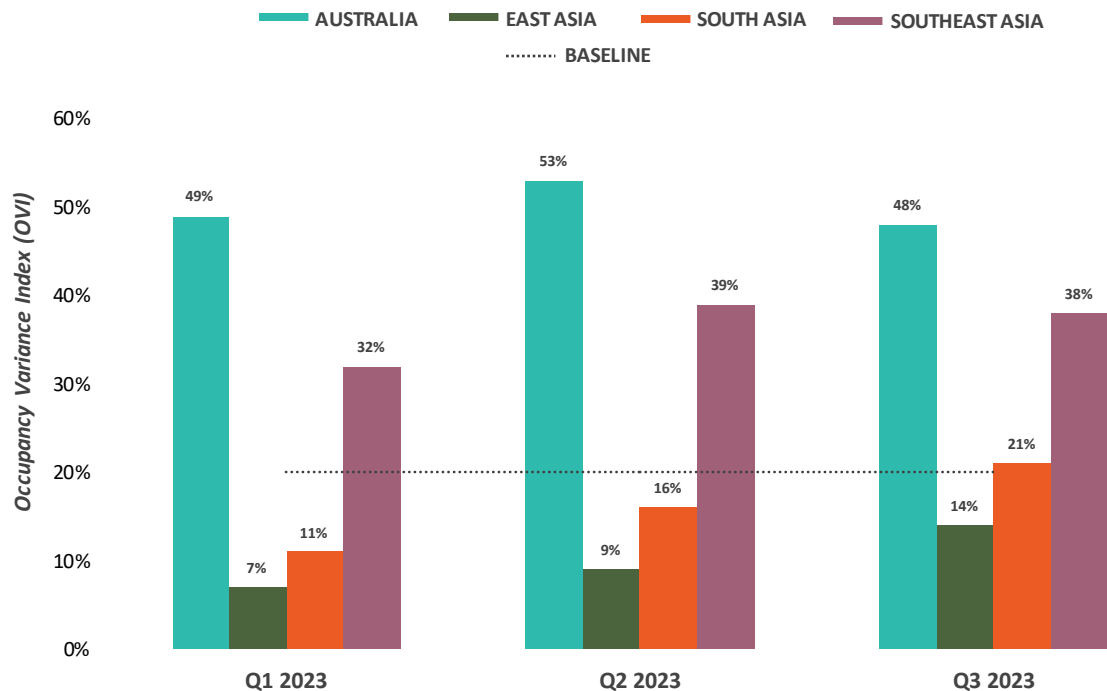


Time Period: Q1 – Q3 2023

East Asia = China, Hong Kong, Japan, Taiwan
 South Asia = India
 Southeast Asia = Malaysia, Singapore, Thailand

- Australians displayed a consistent tendency to visit the office once a week each quarter, surpassing other APAC regions. However, there was a notable 10pp increase in the '2-3 days per week' category from Q1 to Q3.
- In contrast, East and South Asia observed higher office visit frequencies compared to other regions, with 21% of East Asia's workforce opting for '4-5 days per week' and 16% in South Asia.

Australia Had Highest OVI Q1-Q3; East Asia Had Lowest



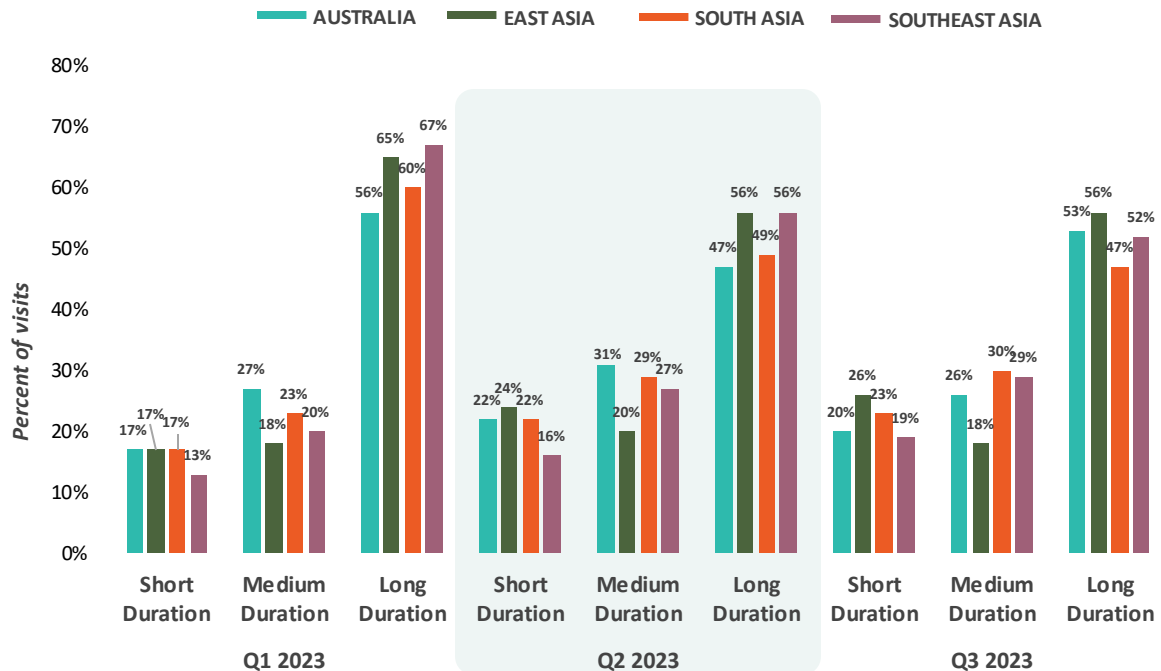
Time Period: Q1 – Q3 2023

- Australia maintaining an OVI above 40% each quarter indicates significant variations in occupancy across weekdays.
- In contrast, East and South Asia consistently maintaining an OVI below 20% reflects a consistent occupancy level throughout the week.

East Asia = China, Hong Kong, Japan, Taiwan
South Asia = India
Southeast Asia = Malaysia, Singapore, Thailand

Over 50% of Visits in All Regions Lasted >6 Hours

Time Period: Q1 – Q3 2023



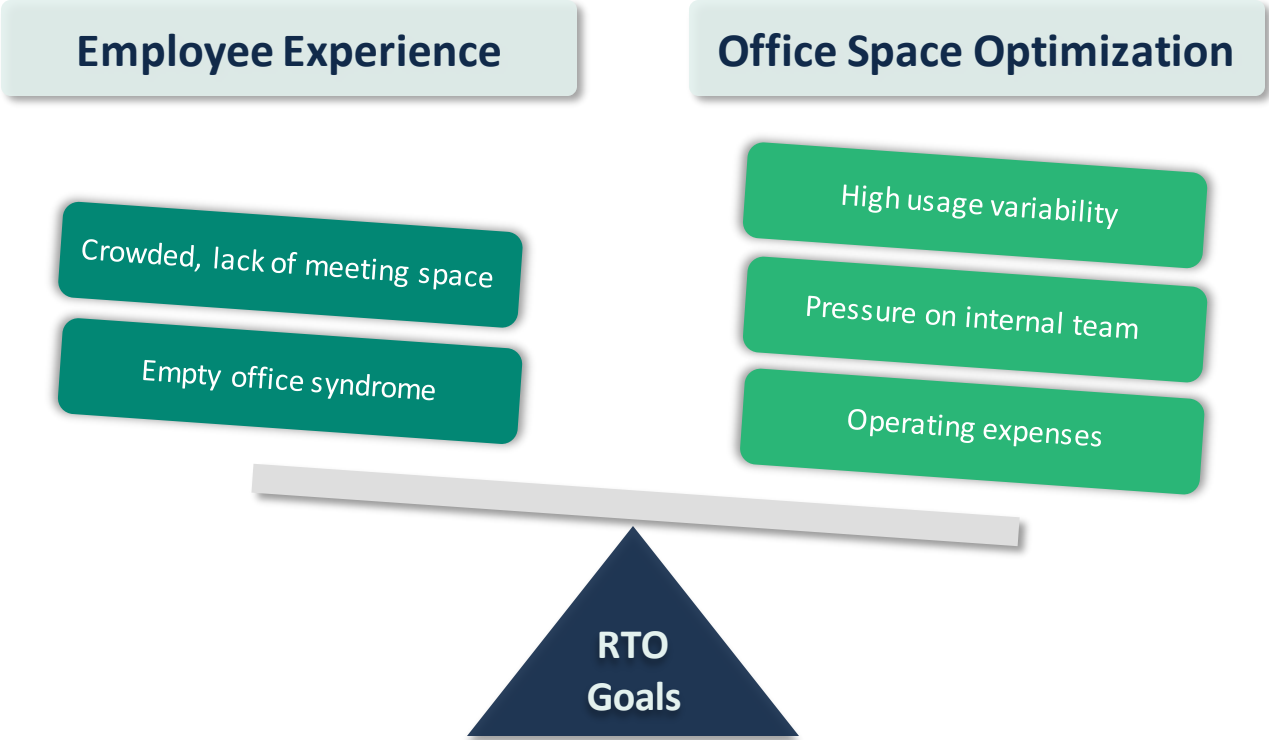
■ All APAC regions observed a minor decrease in long-duration visits from Q1 to Q3, with the most significant decline of 15pp occurring in Southeast Asia.

East Asia = China, Hong Kong, Japan, Taiwan
 South Asia = India
 Southeast Asia = Malaysia, Singapore, Thailand

Short Duration: <=3 hours
 Medium Duration: 3-6 hours
 Long Duration: >6 hours

Conclusion





Thank you!



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- **Daily Peak Occupancy**

The highest number of people observed in the office at the same time in a day. For example: if two people visited the office from 8 AM – 3 PM, and three people visited the office from 3 PM – 5 PM in a day, then, the peak occupancy for the day is three people. It helps answer *“What is the peak occupancy of a day?”*

- **Weekly Average Peak Occupancy Rate**

The weekly average of 'Daily Peak Occupancy' relative to the capacity of the office. It helps answer *“On average, how does the peak occupancy compare to the office's capacity per week?”*

- **Frequency of Visits:**

It represents the frequency with which people visit the office in a week. Note: If a person visits an office once in two different weeks, the “once a week” category would include both of the visits.

- **Duration of Visits**

It represents the time people spent in the office for a defined period. Note: If a person visits an office for 1 hour on two different days, the “1” hour bin would include both of the visits.

- **Weekdays for Visits**

It represents the popular weekdays for people to visit offices in a defined period. Note: If a person visits the office on “Tuesday” in two different weeks, the “Tuesday” bin would include both of the visits.

- **Occupancy Variance Index (OVI)**

It represents the variance in office visits across the week and is calculated as the Standard Deviation of the Weekly Percentage of Visits divided by the Average Percentage of Visits. A high OVI indicates significant variability in occupancy throughout the week, while a low OVI suggests stability.

Global Occupancy Rates: 2023 YTD vs 2022

