THE STATE OF TECH INDUSTRY WORKPLACES

The Workplace Benchmark

A deep look at how 1.4M ft² of office space is designed and occupied







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↓Density

Density helps companies measure and improve their footprint on the world. Its software unlocks comprehensive insights into how workspace is used through its privacy-first sensors. These insights inform workplace decisions at companies ranging from Fortune 1000 to high growth tech, including Uber, Pinterest, Shopify, Okta and other household names in financial services, e-commerce and social networking.

Today, Density partners with companies that occupy more than 1.25 billion square feet across 32 countries.



Daniel Davis Head of Research



Hassell is a leading international design practice with studios in Asia, Australia, the United States, and the United Kingdom.

Our purpose is to create a better future by designing the world's best places – places people love. We do this by combining strategic insight with creative design to unlock the social, cultural and economic value of places. We collaborate with the best minds in research, industry and design worldwide and we're committed to making a positive impact on communities and our environment.

WORKPLACES ARE LAGGING POLICY CHANGE

Tech companies have always been at the forefront of workplace design.

As the pandemic shifted where we work, these organizations adapted, leading the charge with hybrid and remote policies. But the physical workplaces stayed largely the same. Before the pandemic, these amenity-rich offices drew envy. Now, many are struggling to accommodate new work patterns and are sitting underutilized.

This report examines the workplaces of tech companies as they stand today. What's working? What's not? Is it a warning for other industries? Or is it an anomaly unique to tech that has pulled policies and workspaces out of sync?

This report is a joint effort from Density, a workplace analytics company, and Hassell, an international design firm. Together we examined 1.4M ft² of workplaces from tech companies in North America. By combining analysis of layouts with utilization data collected from Density's workplace sensors, we've been able to amass an incredibly accurate picture of the modern tech workplace.

CHAPTERS

- **1** Low utilization
- **2** The policy drives utilization
- **3** Variability in utilization
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- 5 Not enough meeting space
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Six big trends

What to do about it Extra analysis

SOME KEY TERMS

Tech company: An organization where creating software is central to their business.
Utilization: Number of people in space versus what it's designed for
Meeting room efficiency: Average meeting size/average meeting room capacity
Meeting room saturation: Percentage utilization at which your floor reaches meeting room "saturation" threshold of 80%

Image: Brookfield, San Francisco, USA. Photography by Marco Zecchin.



THE DATA

This report combines an analysis of 1.4M ft² of office layouts with utilization data collected from Density's workplace sensors. In total, we looked at 1,000 meeting rooms, and 16,000 seats. The data was gathered over the past year, from May 2023 to the end of May 2024.



1 year of utilization data



Utilization data for each space Data on how each space was utilized over the past year.

> Note: The floorplan above is an illustration and is not a real office from the study.

Trend 1 LOW UTILIZATION

Workplace utilization is down everywhere, and American tech companies aren't immune.

While tech companies are known as workplace pioneers, they're still grappling with the same challenges others are facing in the wake of the pandemic. For companies in the broader economy, peak daily utilization averaged just 27% in 2023 according to Density's analysis. Tech companies see slightly better utilization, around 34% on average, but this still means the offices are less than half full.

The utilization varies greatly by space type. Meeting rooms typically see the heaviest use. On the other hand, seats in open-plan areas are often vacant, with only 19% occupied at the busiest time each day. Similarly, seats in informal collaboration areas, like lounges and cafes, are only 18% occupied at the peak. And on off-peak hours or quiet days, these stats are even worse.

Peak daily utilization by space type



To calculate: for each stat we first found the peak value for each workplace each day. We then calculated the median value per workplace (the average daily peak) and took median of these values (the overall average daily peak). The same aggregation strategy is used in other stats in this report.

occupied each day.

Low utilization has big implications



Median area per workstation in our study.

Money

\$8000

Yearly rent per employee for tech companies in San Francisco, <u>according to CBRE</u>. Which is a lot to pay if they're not using the space.

Sustainability



Over an office building's lifetime, <u>8-9 times as much energy</u> is spent operating it compared to constructing it – energy still consumed if the space sits largely empty. Experience

'What is it that is bringing people in? The other people'

Phil Kirschner, McKinsey & Co.



Trend 2

THE POLICY **DRIVES UTILIZATION**

Workplace policies have changed significantly in the past couple of years. It feels obvious but it has important ramifications for how we use our workplaces.

The tech companies we studied had mostly adopted hybrid policies. Some utilized structured policies, asking employees to work from the office two or three days a week. Others had a more informal approach, letting people decide where they work best. None required employees to be back five days a week.

While none of this is surprising, it's worth pausing to reflect on the magnitude of this change. This is a wholesale reimagining of where and how work gets done. And this has big implications for how workplaces are used.



Most common workplace policies

Density + Hassell ©

Trend 2 THE POLICY **DRIVES UTILIZATION**

The policy isn't just about the amount of time people spend in an office, it also influences the activities they do there.

Workplace policies often dictate where a person works. Unsurprisingly, we see this reflected in utilization patterns: if you ask people to be in the office three days a week, they'll be there more frequently than if you don't set a minimum. But the impact isn't as significant as you might expect. Going from a laissez-faire policy to a more strict three-day requirement only nets a 17% increase in utilization.

The more interesting difference has to do with how people use the office. At companies requiring attendance, people spend more time at their desks. Whereas those given a choice in where they work, tend to spend more time in the meeting spaces when they visit an office. These differences in utilization all have important implications for how workplaces are designed.

How policy shapes utilization



Trend 3 VARIABILITY IN UTILIZATION

Hybrid policies present a challenge: variable utilization. If you give people a choice about when to come in, some days utilization will be low, others it'll be near capacity. It's a natural byproduct of flexibility.

Before the pandemic, offices had relatively predictable utilizations. People tended to come in five days a week and you could plan around that. But this has all gone out the window with hybrid policies.

Utilization varies a lot, and it varies almost every day. Knowing that the average utilization is 34%, doesn't tell you much about what it'll be on any given day. Some days utilization will be 20% and others it'll be 50%, with a fairly even distribution between. This isn't just a couple of outlier days you need to accommodate, it's a constant pattern of variation.



How often a given level of utilization is reached

Trend 3 VARIABILITY IN UTILIZATION

Utilization varies throughout the week, throughout the year, and by the organization and its policy. Which is a lot for a workplace to accommodate.

One of the biggest sources of variation is the weekly rise and fall in attendance. This tends to peak on Tuesdays, Wednesdays, and Thursdays. But it's not the same for all organizations – the policy impacts when the peak occurs and how big it will be.



The Workplace Benchmark: The State of Tech Industry Workplaces



Trend 4

OVER OPTIMIZED ON OPEN-PLAN

Tech companies were big adopters of open-plan offices. These workplaces are so tuned around in-person collaboration that they're struggling to adapt to new work patterns.

Every workplace in this study is open-plan. While open-plan offices aren't a new idea – they've been popular for the past couple of decades – there's something unique about how completely the tech industry embraced this concept. In other industries, like finance or law, you tend to see a mix of open-plan and enclosed offices. But virtually every workstation in this study is a desk in a shared area (there are only a few enclosed offices and no cubicles).

Average space distribution



Trend 4

OVER OPTIMIZED ON OPEN-PLAN

These open-plan offices were designed for a time when people were in the office every day and required areas to sit together and have informal conversations. As work habits have shifted, many of these spaces are no longer fit for purpose.

The offices in this study feature a lot of informal collaboration areas like booths, cafes, and lounges. They're perfect places to run into people for a quick chat, but they're less than ideal for video calls and hybrid meetings. Today, these spaces stand largely empty, with around 18% of the seats occupied at the daily peak.

The issue for tech companies is that they embraced open-plan seating and in-person collaboration so wholeheartedly. While this strategy put them ahead before the pandemic, it's now become a hindrance as they adopt new work policies, leaving large swaths of their offices underutilized.



Peak usage vs. space distribution

Trend 5

NOT ENOUGH MEETING SPACE

With video calls and hybrid meetings on the rise, people have more need for enclosed meeting rooms. Meeting rooms are often at capacity even if the office is quiet elsewhere.

Meeting rooms are in high demand. This can be tracked by looking at the saturation point – the point at which it becomes hard to find a free meeting room (typically when 80% of them are in use). The average tech company workplace reaches saturation when overall utilization is only 56%. Meaning that when the office is half full, it's already hard to find a free meeting room.

To see how meeting room saturation trends vary by industry, see <u>Density's Workplace Benchmark</u> report.

Floor utilization vs. meeting saturation



Trend 5

NOT ENOUGH MEETING SPACE

Meeting rooms are being used as private offices, and private offices are being used as meeting rooms.

When a meeting room is occupied, you'll often find just one person in there. This is one of the reasons meeting rooms are under pressure. They're serving double duty both as places for groups to come together to collaborate and as places for individuals to find some quiet and privacy. This phenomenon is more pronounced in smaller meeting rooms – the average four- or six-person meeting room is occupied by a single person half the time. It is also more common in workplaces outside the tech industry, which see higher singleoccupancy rates (47% vs 36%).

Enclosed offices also serve these two functions. When they're occupied, half the time one person is in there, presumably with the door closed, getting some focus. But the rest of the time, two or more people are in there having a meeting or discussion. Although private offices serve these two functions, there weren't many in the workplaces we studied, so they did little to relieve pressure on meeting spaces.

How often meeting rooms and private offices are occupied by one person



Trend 6

NEW POLICIES, DATED LAYOUTS

If a workplace policy shapes what people do in an office, you'd expect that offices with different policies would have different spatial layouts. But we don't see this.

Despite differences in workplace policies, the workplaces in the study are surprisingly similar physically. Companies offering flexible work arrangements have nearly the same amount of desk and meeting space as those requiring three-day-a-week attendance – even though their workplace needs are vastly different.

There is very little difference between how space is distributed in these offices, despite the big differences in workplace policy.





Trend 6

NEW POLICIES, DATED LAYOUTS

It's easier to change a workplace policy than to change the workplace itself.

Companies have pushed ahead with the low-hanging fruit, leaving the workplace mostly as it was before the pandemic. They might be waiting for leases to end, or work patterns to settle down, or capital to become available, or other companies to go first. Either way, they're left with a workplace that is out of sync with their workplace policy. In the best case, the space is inefficient and awkward. In the worst case, the space actively works against the company's policy aims.

Image: Deloitte Workplace Sydney, Australia Photography by Earl Carter.





policy and workplace design



ALIGNING POLICY AND DESIGN

1. Bring the team together

Aligning the workplace requires more than physical adjustments to the office – it requires changes to the organization itself. At a minimum, facilities, HR, IT, and business leaders need to agree about the work culture they're creating. If these teams aren't aligned, then no amount of design will save the workplace.

2. Work through challenges

There isn't a one-size-fits-all solution to the challenges that workplaces face. The right strategy depends on a company's culture, trajectory, goals, and other factors. Rather than give a prescriptive solution, we'll outline potential ideas that might inspire action over the next couple of pages.

Key challenges identified in this study

	Potential solutions	Low overall utilization	Low utilization in seating areas	Variability in utilization	Saturated meeting rooms
1	Small changes				
	Add phone booths and quiet rooms				
	Add more people				
	Convert private offices				
	Study your workplace				
	Adjust the policy				
	Behavioral nudges				
	Better space management				
	Utilize more third spaces				
	Create prototypes and run pilots				
	Medium changes				
	Add more meeting rooms				
	Drop or sub-lease space				
	Adopt activity-based working				
	Large changes				
	Close floors on quiet days				
	Move into a building with coworking				
	Flexible leases and designs				
	Turn your office into a clubhouse				

SMALL CHANGES



Add phone booths and quiet rooms

Scale: Small change Impacts: Saturated meeting rooms

Companies are running out of meeting space partly because individuals are using these spaces to find quiet and privacy. On average, solo occupants account for 37% of a meeting room's utilization. One answer: provide more space for retreat. Phone booths, quiet rooms, and libraries can give people the quiet and solitude they need, reducing demand for valuable meeting space.

Above: A quiet room at Deloitte, Sydney, Australia. Photography by Earl Carter.



Add more people

Scale: Small change Impacts: Low overall utilization and low utilization in seating areas

At low utilization levels across the board, almost every office has room for more. Target the additional capacity your space can handle by measuring the relationship between space saturation and overall utilization. In most cases, meeting room availability will be the limiting factor. Experiment with assigning more people to your space and observe how your space performs as behaviors change.

Above: ARUP, Melbourne, Australia. Photography by Earl Carter.



Convert private offices to meeting spaces

Scale: Small change Impacts: Low utilization in seating areas, and saturated meeting rooms

Private, enclosed offices sit empty 78% of the time. So why not take some of this underutilized space and convert it into much-needed meeting rooms? The biggest obstacle is the politics, so lean into the data to make the case. Once this is out of the way, the conversion is typically straightforward – often just a case of swapping out the furniture.

Above: Meeting room at Brookfield Properties, San Francisco, USA. Photography by Marco Zecchin. This meeting room wasn't a conversion, but we like it anyway.

SMALL CHANGES



Study your workplace

Scale: Small change Impacts: Low overall utilization, low utilization in seating areas, variability in utilization, and saturated meeting rooms

Every workplace is different. In this study, while we saw general trends between the offices, there were still many outliers that didn't fit the overall pattern. To catch these nuances, it's especially important to continuously capture data on how people use the workplace, both before and after an intervention. Density's sensors and analytics tools are the market leader in this area.



SMALL CHANGES



Adjust the policy

Scale: Small change Impacts: Low overall utilization, low utilization in seating areas, variability in utilization, and saturated meeting rooms

A company's workplace policy clearly has a significant impact on how employees use the workplace. If an office is struggling to accommodate new work patterns, tweaks to the policy – such as which days people are required to come in – may help manage the demand for space.

Above: Deloitte, Sydney, Australia. Photography by Earl Carter.



Behavioral nudges

Scale: Small change Impacts: Low overall utilization and variability in utilization

Many organizations are testing different ways to influence workplace behavior post-pandemic. These include carrots (such as financial incentives, perks, and new workplace amenities) and sticks (such as monitoring attendance). There isn't a clear winner, meaning your company will need to run its own experiments to see what works.

Above: UniSuper, Melbourne, Australia. Photography by Sarah Pannell.



Better space management

Scale: Small change Impacts: Low overall utilization, and low utilization in seating areas

A workplace's success isn't just about design, it's also about operations. There are some simple elements to this, like making sure the technology works in meeting rooms and that activity-based employees have the same setup. There are also some complicated elements, like hospitality and the technology experience. These can be just as important as any design intervention.

Above: Baker McKenzie, London, UK. Photography by Hufton + Crow.

SMALL CHANGES



Utilize more third spaces

Scale: Small change Impacts: Variability in utilization and saturated meeting rooms

A third space is a workplace that is neither a company's office nor an employee's home. It might be a cafe, a coworking space, or a conference facility. For workplaces struggling with busy meeting rooms or unpredictable utilization, try offloading some of that demand to a third place.

Above and right: FORA Borough, London, UK. Photography by Mark Cocksedge.





Create prototypes and run pilots

Scale: Small change

Impacts: Low overall utilization, low utilization in seating areas, variability in utilization, and saturated meeting rooms

Some firms have avoided workplace changes, partly because it's a big investment with an uncertain payoff. You can eliminate some risk by prototyping the changes first (perhaps on a single floor or building). Monitor people's reactions with sensors, interviews, and surveys allowing you to fail fast and learn fast.

MEDIUM CHANGES



Add more meeting rooms

Scale: Medium change Impacts: Saturated meeting rooms

Workplace needs have changed since the pandemic. When everyone was in the office, people could catch up in informal lounges and cafes. But now collaboration often happens online, necessitating more enclosed space. In this study we saw that many offices simply don't have enough meeting rooms and would benefit from realigning their space ratios.

Above: A meeting room at AMP, Sydney, Australia. Photography by Nicole England.



Drop or sub-lease space

Scale: Medium change Impacts: Low overall utilization, and low utilization in seating areas

For underutilized offices, the best solution might be releasing space. This is sometimes easier said than done. Ideally, the workplace and lease are designed around this scenario (see above). If this isn't the case, look carefully not just at overall utilization numbers, but at which spaces aren't being used.

Above: SEEK Global HQ, Melbourne, Australia. This building was designed to be reconfigured around SEEK's needs. While SEEK is the sole tenant initially, the building is effectively divided into two wings so that one can be sub-leased with a separate entrance. The ground floor is designed in such a way that it can be converted into a childcare center with street access if needed. And the floors themselves are large, rectangular, and easily adapted to different needs.



Adopt activity-based working

Scale: Medium change Impacts: Low utilization in seating areas, and variability in utilization.

In activity-based workplaces, employees don't have an assigned desk. Instead, the office functions a bit like a cafe or library, with people free to sit wherever they like. If people aren't coming in every day (like we saw with many companies in this study), their desks aren't sitting empty, which saves space.

Above: ComputerShare, Melbourne, Australia. Photography by Earl Carter.

LARGE CHANGES



Close floors on quiet days

Scale: Large change Impacts: Low utilization in seating areas, and variability in utilization

Workplaces are often busy in the middle of the week and deserted on Mondays and Fridays. One solution: close some of the space on quiet days. This saves energy and ensures the remaining space has enough people to feel vibrant. To be effective, this has to be part of the design (like above) – you can't close areas with meeting rooms and amenities people need access to.

Above: Stacking diagram of an office designed for an Australian Government Entity. On quiet days, only a few floors will open. And on busy days, the whole space will be operational. The floors are specially designed to make it easy to switch them on and off without interrupting the rest of the office. The project is currently under construction. Read more here.



LARGE CHANGES

Flexible leases and designs

Scale: Large change

Impacts: Low overall utilization, and low utilization in seating areas

Another way to address uncertain utilization patterns is to build flexibility into the lease. In the project shown on this page, Suncorp can expand and contract their lease at set times (as well as having access to the coworking space on-demand). The workplace is designed to accommodate these changes. If the lower floors are jettisoned, the upper floors still work as a stand-alone office without any modifications.

Right: Suncorp Workplace, Brisbane, Australia. Photography by David Chatfield.

LARGE CHANGES

Turn your office into a clubhouse

Scale: Large change

Impacts: Low utilization in seating areas, and saturated meeting rooms

A clubhouse is a workplace that functions as a social hub. Instead of desks, the office has space for collaboration, culture, and creativity. Employees do most of their desk-based work at home or in a third space, and use the office primarily to connect with others. It's a different way of thinking about the workplace, but one that is in line with how many workplaces in this study were being used.

Left: The Work Project, Asia Square, Singapore. Photography by E.K. Yap.

Below: A layout for a meeting-focused clubhouse in Sydney, Australia. This office features 24 workstations over 26,000 soft. <u>Read more here</u>.

Workshop and training

METHODOLOGY

This report is based on an analysis of anonymous performance data from a selection of offices in Density's extensive portfolio.

All the offices are located in North America and occupied by tech companies (that is to say, companies that create software as a central part of their business).

The offices were carefully selected to allow us to study the relationship between workplace utilization, policy, and layouts. We only selected offices with Density sensors in the majority of the work and meeting areas. And we only included offices with utilization data going back at least six months and with accurate floorplans that were typical of the overall office.

In total, 31 offices met our strict criteria. While this study has fewer projects than some other reports, our focus on a small and important part of the overall office market meant that quality had to trump quantity.

FURTHER READING

The Workplace Benchmark, Density Great Adaptations: 2023 workplace futures survey, Hassell 4 space utilization metrics to measure — and how to optimize them, Density The three-day-a-week office: a strategy for the new era of hybrid working, Hassell A workplace occupancy planning guide for the modern office, Density Redefining workspaces: the rise of the desk-less office, Hassell

Image: NAB Place, Melbourne, Australia. Photography by Nicole England.

KEY PROJECT STATS

Scale, density, and meeting ratios of each office analyzed.

Project id	Α	В	С	D	Е	F	G	Н	I	J	Κ	L	Μ	Ν	0	Ρ	Q	R	S	Т	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	Median
Scale																																
Floor area (ft ²)	32K	40K	28K	21K	113K	38K	64K	15K	63K	90K	47K	51K	7K	29K	47K	101K	66K	9K	64K	38K	36K	41K	91K	11K	9K	21K	16K	14K	12K	221K	23K	38K
Floors	1	2	2	1	7	1	3	1	3	2	2	2	1	1	2	4	3	1	2	1	1	5	4	1	1	1	1	1	1	2	1	1
Workpoints																																
Open-plan seats	240	302	210	208	631	276	396	231	655	573	272	452	38	193	392	358	396	144	443	312	172	208	443	98	59	144	134	108	80	1275	74	240
Private offices	0	16	0	0	31	6	48	0	0	0	16	2	0	18	7	0	0	11	6	0	0	0	38	0	8	19	0	0	0	0	2	0
Total workpoints	240	318	210	208	662	282	444	231	655	573	288	454	38	211	399	358	396	155	449	312	172	208	481	98	67	163	134	108	80	1275	76	240
Density																																
Overall (ft ² per workpoint)	133.2	126.7	134.4	98.8	170.9	133.6	143.5	65.8	96.7	157.3	164.9	111.9	187.8	135.7	116.5	282.7	165.7	60.6	143.1	120.5	209.3	197.9	188.2	115.0	137.3	127.9	116.0	129.4	145.6	173.3	300.3	135.7
Meeting ratios*																																
Quiet / phoneroom	1:12.0	1:26.5	1:7.2	1:29.7	1:55.2	1:14.1	1:10.1	1:231.0	1:36.4	1:16.9	1:8.7	1:37.8	1:9.5	1:70.3	1:36.3	1:4.3	1:8.2	1:31.0	1:74.8	1:52.0	1:43.0	1:4.5	1:24.1	1:14.0	1:16.8	-	-	-	1:10.0	1:27.7	1:8.4	1:19.8
Overall meeting seats	1:1.7	1:1.6	1:1.5	1:2.7	1:1.4	1:1.0	1:1.1	1:8.6	1:5.2	1:1.3	1:1.2	1:2.4	1:1.2	1:0.7	1:2.1	1:1.0	1:1.3	1:4.4	1:2.0	1:2.3	1:0.5	1:1.1	1:1.0	1:1.8	1:1.9	1:3.1	1:1.8	1:2.3	1:3.1	1:1.2	1:0.5	1:1.6
Overall meeting rooms	1:10.9	1:9.6	1:9.5	1:17.3	1:11.2	1:6.6	1:8.1	1:46.2	1:24.3	1:9.6	1:8.5	1:13.0	1:6.3	1:16.2	1:12.9	1:6.1	1:10.4	1:31.0	1:13.2	1:13.0	1:9.1	1:6.7	1:7.2	1:10.9	1:13.4	1:27.2	1:12.2	1:6.0	1:10.0	1:7.1	1:3.5	1:10.4
Overall informal collab.	1:3.4	1:3.0	1:5.2	1:2.8	1:1.4	1:3.0	1:4.3	1:4.3	1:2.2	1:1.2	1:1.7	1:3.8	1:1.2	1:13.2	1:2.7	1:0.7	1:2.1	1:6.5	1:2.2	1:2.4	1:0.6	1:0.5	1:1.8	1:6.1	1:6.7	1:1.4	1:7.1	1:3.4	1:1.6	1:0.7	1:1.2	1:2.4

* Ratios measured as unit per workpoint.

Eg. 1 phonebooth to 18.2 workpoints.

SPACE DISTRIBUTION OF EACH PROJECT

Percentage of floor area dedicated to a particular function in each office analyzed.

OVERALL

SPACE RATIOS

The ratio between the number of workstations and other space types.

* Top is the three best utilized workplaces overall. Bottom is the three worst utilized.

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DENSITIES

The area per workpoint for certain space types

* Top is the three best utilized workplaces overall. Bottom is the three worst utilized.

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