



Australian Government  
Department of Finance

# Australian Government Office Occupancy Report 2021



1. Executive Summary .....	3
2. Key Trends, 2011 – 2021 .....	4
3. Work-points and Headcount .....	5
4. Occupational Density .....	6
5. Cost Indicators .....	7
6. Tenancies by State and Territory .....	8
7. ACT Tenancies .....	9
8. Tenancies by Remoteness Classification .....	10
9. Tenancies by Lease Expiry .....	11
10. Top 10 Largest Entities by Controlled Area .....	12
11. Property Operating Expenses.....	13
12. Non-Office Areas.....	14
13. Appendix A: Glossary of Terms and Concepts .....	15
14. Appendix B: Methodology and Technical Notes.....	16



75 Entities

617 Tenancies

2,922,664 m<sup>2</sup>  
of Controlled Area

2,314,718 m<sup>2</sup>  
of Usable Office Area

**Table 1. Key Metrics**

Measure	2019	2020	2021
Tenancies (n)	568	609	<b>617</b>
Controlled Area (m <sup>2</sup> )	2,838,345	2,900,473	<b>2,922,664</b>
Change in footprint (Controlled Area) (%)	3.4	2.2	<b>0.8</b>
Usable Office Area (m <sup>2</sup> )	2,253,361	2,302,775	<b>2,314,718</b>
Work-points (n)	164,632	167,194	<b>170,331</b>
Staff (n)	139,583	152,447	<b>157,645</b>
Vacant Work-points (n)	25,049	14,747	<b>12,686</b>
Work-point Vacancy Rate (%)	15.2	8.8	<b>7.4</b>
National Fit-Out Density (m <sup>2</sup> )	13.7	13.8	<b>13.6</b>
National Occupational Density (m <sup>2</sup> )	16.1	15.1	<b>14.7</b>
Tenancies meeting Occupational Density Target (%)	27.6	40.1	<b>43.6</b>
Net Tenancy Expenditure (\$m)	1,336.5	1,395.4	<b>1,449.9</b>
Cost per Controlled Area (\$)	471	481	<b>496</b>
Cost per Staff (\$)	9,575	9,153	<b>9,197</b>
Cost per Work-Point (\$)	8,118	8,346	<b>8,512</b>

This 2021 Australian Government Office Occupancy Report (Occupancy Report) is based on the 2021 office data collection. It provides insights into office tenancies with at least 500 m<sup>2</sup> of usable office area that were leased or owned by non-corporate Commonwealth entities as at 30 June 2021.

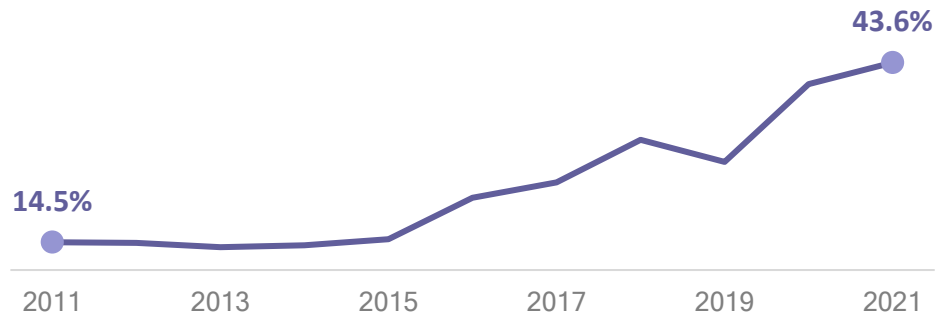
Office data from 2021 highlights how the current property policy settings are driving continued improvement in the efficiency of the Commonwealth's property portfolio, building on the improvements of previous years. The Commonwealth's national occupational density reduced to 14.7 m<sup>2</sup> in 2021 from 15.1 m<sup>2</sup> in 2020, and the percentage of leases meeting the occupational density target increased to 43.6 per cent in 2021, up from 40.1 per cent in 2020. The primary driver for this outcome was the proportionally higher increase in the headcount allocated to leases (3.4 per cent), compared to the smaller increase in usable office area (0.5 per cent).

Entities also reported a decrease in vacant work-points, with 7.4 per cent work-point vacancy rate reported in 2021, compared to 8.8 per cent in 2020, and 15.2 per cent in 2019. This indicates that entities are increasingly efficient in their use of office accommodation.

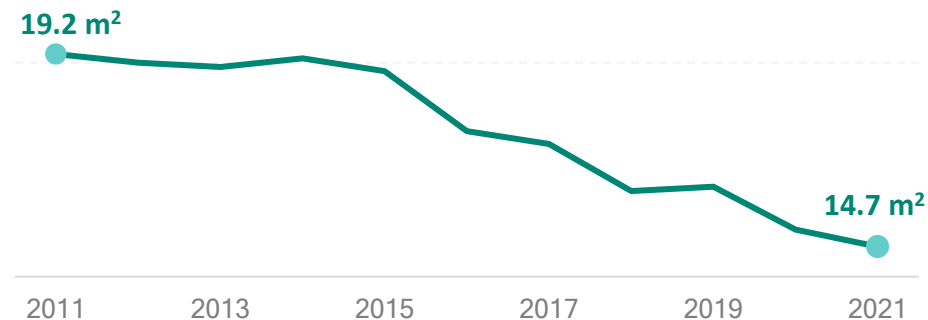
Further improvement in space efficiency is anticipated over the next two years, when 39.7 per cent of those leases that do not yet meet the occupational density target are set to expire. As leases are reconsidered, entities have an opportunity to further right-size their property footprint.

Office leasing conditions in all capital cities, with the exception of Canberra, have become more favourable for the Commonwealth and most other tenants. This has been influenced by lower demand for office space as a result of COVID-19 and industry expectations about smaller office requirements in the future to reflect changing workplace policies and worker preferences.

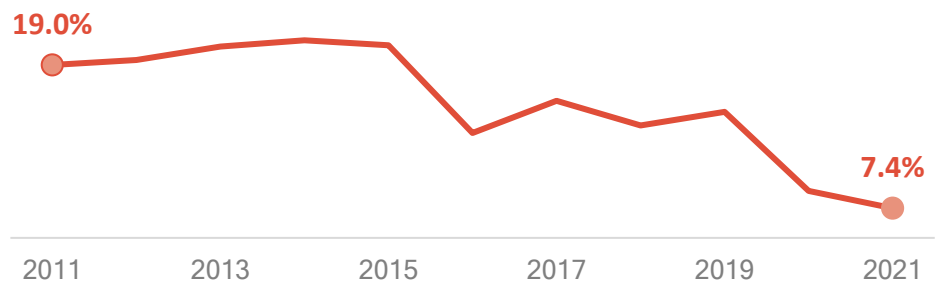
**Chart 2.a Proportion of tenancies meeting the Occupational Density Target**



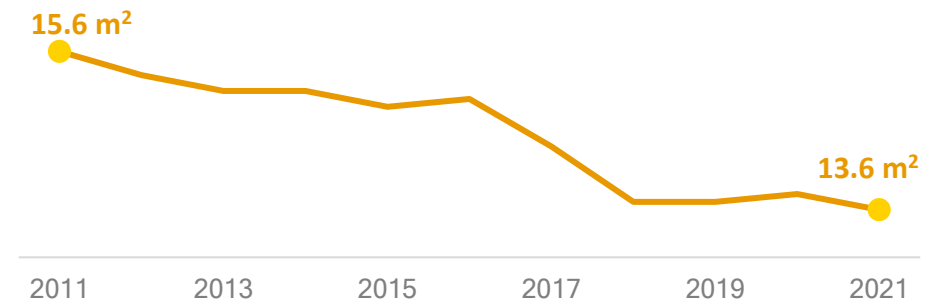
**Chart 2.b National Occupational Density**



**Chart 2.c National Work-point Vacancy Rate**



**Chart 2.d National Fit-Out Density**



2021 saw a continuation of the positive trends in efficient property that have occurred over the past decade. Over the period 2011 to 2021, the proportion of tenancies meeting the occupational density target has increased to 43.6 per cent, while the national occupational density, national fit-out density and national work-point vacancy rate have also improved to their best results since reporting commenced in 2011. In general, the incremental improvement in property efficiency over time is occurring as expected, as expiring leases provide opportunities to right-size property footprints.

Key changes to Commonwealth property policy settings and operating environment have driven efficiency improvements, including:

- reducing the occupational density target from 1:16m<sup>2</sup> to 1:14 m<sup>2</sup> in 2013;
- Operation Tetris in 2015, which consolidated a number of tenancies and reduced underutilised space, focussed on Canberra;
- implementing the Property Services Coordinated Procurement Arrangements and appointing a Strategic Property Adviser; and
- updating the Commonwealth Property Management Framework to better support entities to sublease existing underutilised space and to formalise lease notification and endorsement processes.

Finance has also worked closely with entities and their Property Service Providers to improve the quality of data supplied by entities to inform this report. The ongoing improvement in property efficiency is also underpinned by stronger property planning, supported by the Strategic Property Adviser and Property Service Providers. The Commonwealth Leasing Strategy, which was first introduced in 2017 and is updated at least annually, provides entities with a 10-year property planning horizon and has been supported by an increasing number of entities developing property management plans, which set out a long-term vision of how property underpins the delivery of operations.

# 3. Work-points and Headcount

The number of reported work-points increased by 3,137 since 2020, with an increase in staff headcount of 5,198. The headcount refers to all full-time, part-time and casual APS and non-APS staff (for example, contractors) that are allocated to a tenancy. For convenience, the term ‘staff’<sup>1</sup> is used throughout this report, although it is not directly comparable with other workforce metrics, such as Average Staffing Level (ASL).

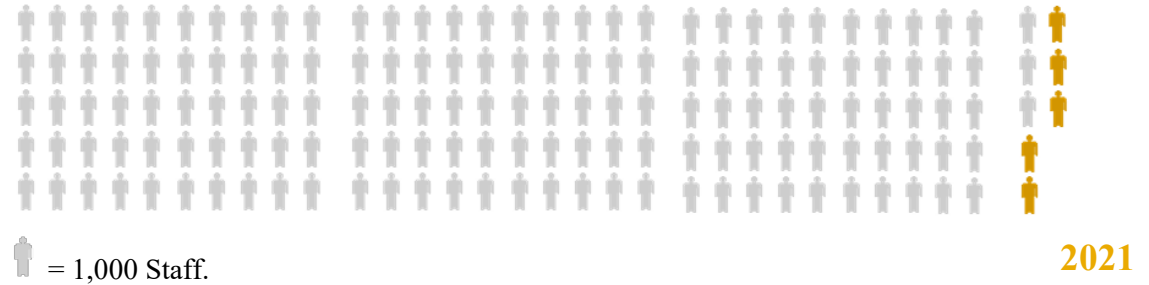
The net impact of this change in 2021 was a decrease in the work-point vacancy rate to 7.4 per cent from 8.8 per cent in 2020. Overall this is a reduction of 2,061 vacant work-points, indicating entities are continuing to improve efficiency by infilling current office accommodation and relinquishing leases with excess vacant work points.

The increased staff in 2021 partly reflects budget measures agreed by the government to continue to respond to COVID-19 and to facilitate the re-opening of the economy. Sustainment of some of this additional staff will continue to be required over much of the forward estimates. However, recent growth is expected to moderate as the economy continues to recover and grow, while the continued investment in digital capabilities will support further changes in future years<sup>2</sup>.

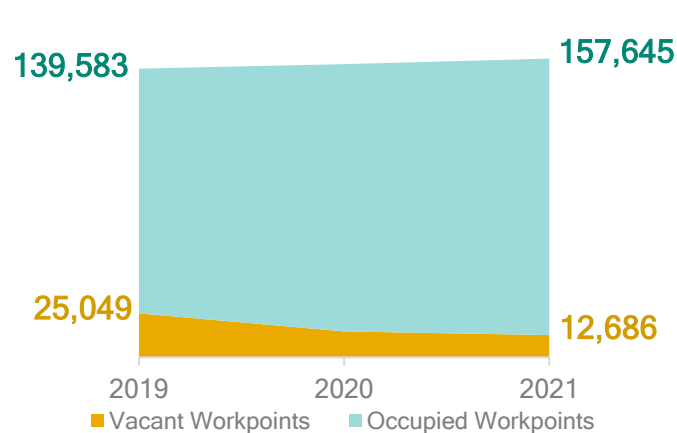
The overall improvement in both work-point vacancy and occupational density in 2021 demonstrates continued and notable progress in using existing office space more efficiently. However, as the need for short term workforce surge in capability and capacity to support the delivery of pandemic response policies decreases, it will be important for entities to maintain a focus on ensuring that their property remains fit for purpose, and that right-sizing opportunities, such as sub-leasing or handing back underutilised space, are employed if staffing levels reduce.

**Chart 3.a Reported Staff Numbers, Additional Staff since 2020**

There are 157,645 staff allocated to leases reported in the 2021 collection. This is an **increase of 5,198** compared to 2020.



**Chart 3.b Work-point Vacancy Rate, Work-points and Unoccupied Work-points, 2019-2021**



2021 recorded an all-time low Work-point Vacancy Rate of **7.4 per cent**

In line with the increase in staff numbers, total work-points have increased.

Meanwhile, the number of **vacant work-points** have been steadily declining.

**Table 3. Summary of Staff and Work-points by year**

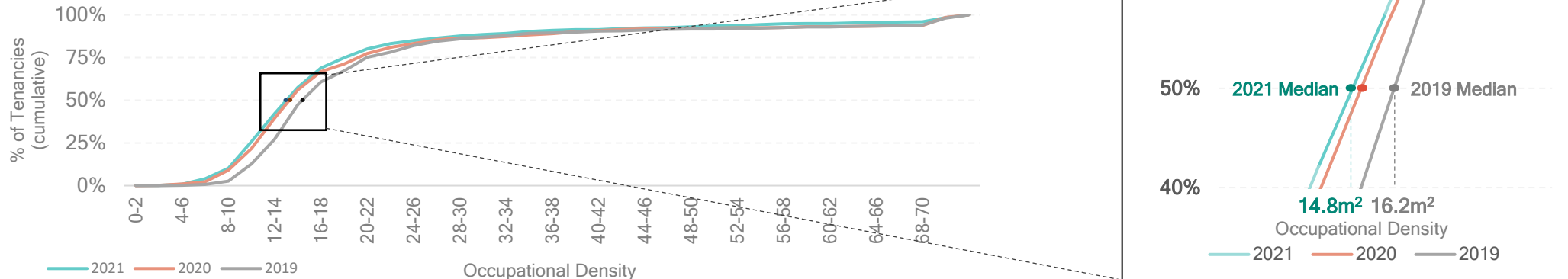
Measure	2019	2020	2021
Work-points (n)	164,632	167,194	<b>170,331</b>
Staff (n)	139,583	152,447	<b>157,645</b>
Vacant Work-points (n)	25,049	14,747	<b>12,686</b>
Work-point Vacancy Rate (%)	15.2	8.8	<b>7.4</b>

<sup>1</sup> Refer to Appendix A for the formal definition of Staff for this report

<sup>2</sup> Department of Finance, Agency Resourcing Budget Paper No.4, 2021-22

# 4. Occupational Density

**Chart 4. Distribution of Occupational Density, 2019 – 2021**



In 2021, the distribution of occupational densities for office tenancies across the Commonwealth continued to improve, with 43.6 per cent of tenancies meeting the occupational density target. This improvement, which continues the long-term positive trend, is primarily attributed to the decrease in work-point vacancy (with more staff occupying existing work-points) and the continued incremental transition of older tenancy leases to new leases with improved fit-out and occupational densities. Chart 4 shows this trend as a continued shift to the left, as higher proportions of tenancies have lower occupational densities.

The 43.6 per cent of tenancies that met the occupational density target account for 41.3 per cent of the total usable office area in 2021. These tenancies provided accommodation for 53.6 per cent of total staff. The occupational density for these tenancies was 11.3m<sup>2</sup>, which is well below the 14m<sup>2</sup> target.

Of the tenancies that did not meet the occupational density target, 157 have an occupational density between 14m<sup>2</sup> and 18m<sup>2</sup> and 38.2 per cent (60) of these have an end date within the next two years, which will provide an opportunity to reconsider tenancy size and consolidate space in line with the government’s target and operational requirements. 45 per cent (27) of these tenancies have fit-out densities below 14m<sup>2</sup>, indicating they already have the potential to meet the target in future years.

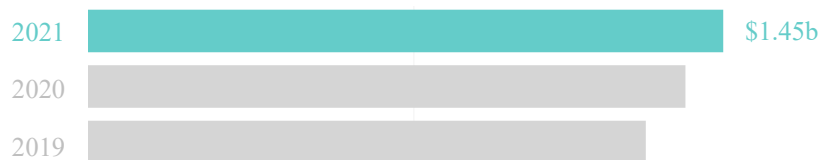
While a number of tenancies are above the occupational density target, there is a requirement to balance efficiencies from achieving the target with costs associated with either refitting properties or relinquishing leases prior to expiry. Other tenancies that do not meet the occupational density target may still be value for money, for example, where their primary purpose is to support operational requirements, specialist facilities or where the lease is in a regional or remote location with limited alternative suitable property options.

**Table 4. Occupational Density Metrics, 2021**

	Tenancies (%)	Occupational Density (m <sup>2</sup> )	Usable Office Area (%)	Staff (%)
0-18m <sup>2</sup>	69.0	13.0	75.0	85.0
>18m <sup>2</sup> - 28m <sup>2</sup>	17.5	21.2	19.2	13.3
> 28m <sup>2</sup>	11.8	44.9	5.1	1.7
<b>Tenancies meeting the occupational density target</b>				
0-14m <sup>2</sup>	43.6	11.3	41.3	53.6

- a) Percentages in this table are based on the national totals provided in Table 1.
- b) Ten tenancies have no occupational density due to no staff being reported, resulting in the above percentages not totalling 100 per cent. These tenancies may be new (not yet occupied), recently vacated just prior to lease expiry, or may be undergoing a refit.

Chart 5.a Net Tenancy Expenditure, 2019-2021



Net tenancy expenditure in 2021 increased by \$54.5 million (3.9 per cent) from 2020 as a result of annual escalation built into existing leases, additional tenancies reported in this period, and the subsequent increase in controlled area (22,192 m<sup>2</sup>) in 2021.

With this slight increase in net tenancy expenditure in 2021, the national average cost per staff also increased marginally by \$44 (or 0.5 per cent) per person (to \$9,197) in comparison to 2020. The cost per staff was lowest in Tasmania at \$6,811 and highest in the Northern Territory at \$13,428.

The Strategic Property Adviser undertook an analysis of A-grade office space across major Australian cities and determined an average square metre benchmark of \$439 per m<sup>2</sup> based on transactions that occurred in the period July 2020 to June 2021. The benchmark is an average weighted cost (net effective rent which excludes outgoings but includes the amortised benefits of incentives) across the six largest CBD markets. The Strategic Property Adviser noted that, relative to 2020, average net effective rents fell by approximately 10 per cent, reflecting substantial changes to market conditions as landlords sought to encourage transaction activity.

There were 52 new, initial term leases entered into during the 2020-2021 financial year with an average cost of \$320 per m<sup>2</sup>, which compares very favourably with the national benchmark of \$439 per m<sup>2</sup>, and indicates that Property Service Providers are negotiating favourable lease terms for the Commonwealth. The average national cost of \$496 per m<sup>2</sup> was expected to exceed the benchmark this year as only a portion of the Commonwealth's portfolio expired during this period, which allows rents to reset to the lower current market levels.

The Commonwealth's property portfolio, and therefore its national cost, is driven by the Commonwealth selecting property to meet its operational requirements. This may require that a property:

- has significant non-office areas, or
- is in a specific location or region.

These factors can impact on the average cost. However, the ongoing reduction in cost per staff demonstrates both improving market outcomes and that the Commonwealth is utilising office space that is fit for purpose and meets business needs to enable entities to deliver their functions and provide important services to the public.

Chart 5.b Cost per m<sup>2</sup>, Cost per Staff, Cost per Work-point

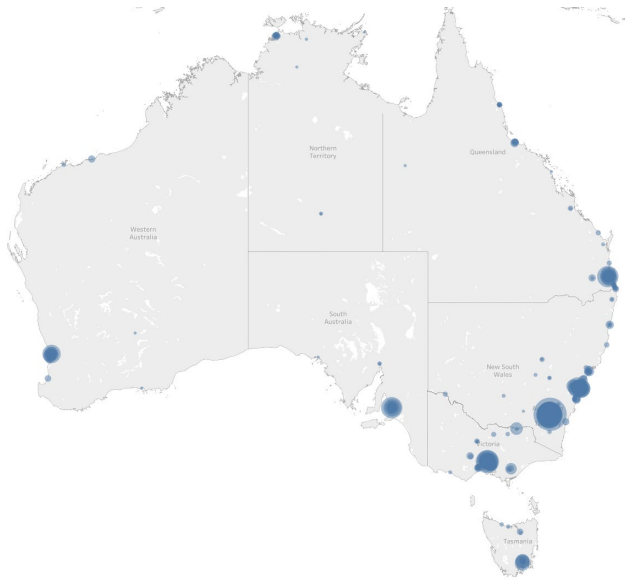


Table 5. Summary Metrics

Measure	2019	2020	2021
Net Tenancy Expenditure (\$m)	1,336.5	1,395.4	<b>1,449.9</b>
National Cost per m <sup>2</sup> (\$)	471	481	<b>496</b>
National Cost per Staff (\$)	9,575	9,153	<b>9,197</b>
National Cost per Work-point (\$)	8,118	8,346	<b>8,512</b>

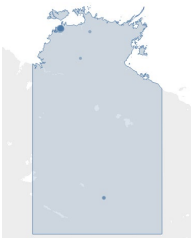
# 6. Tenancies by State and Territory

**Chart 6. Tenancies by State and Controlled Area**



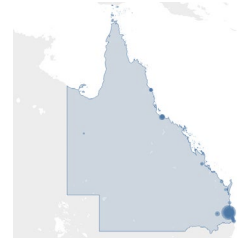
### National Summary

Tenancies: 617  
 Controlled Area (m<sup>2</sup>): 2,922,664  
 Usable Office Area (m<sup>2</sup>): 2,314,718  
 Work-points: 170,331  
 Staff: 157,645  
 Work-Point Vacancy Rate: 7.4%  
 Fit-Out Density: 13.6  
 Occupational Density: 14.7  
 Tenancies Meeting OD Target: 43.6%  
 Net Tenancy Expenditure: \$1,449.9m  
 Cost per Controlled Area: \$496  
 Cost per Staff: \$9,197  
 Cost per Work-Point: \$8,512



### Northern Territory

Tenancies: 19  
 Controlled Area (m<sup>2</sup>): 26,691  
 Usable Office Area (m<sup>2</sup>): 20,282  
 Work-points: 1,314  
 Staff: 997  
 Work-Point Vacancy Rate: 24.1%  
 Fit-Out Density: 15.4  
 Occupational Density: 20.3  
 Tenancies Meeting OD Target: 15.8%  
 Net Tenancy Expenditure: \$13.4m  
 Cost per Controlled Area: \$502  
 Cost per Staff: \$13,428  
 Cost per Work-Point: \$10,189



### Queensland

Tenancies: 85  
 Controlled Area (m<sup>2</sup>): 270,553  
 Usable Office Area (m<sup>2</sup>): 202,395  
 Work-points: 15,386  
 Staff: 15,616  
 Work-Point Vacancy Rate: -1.5%  
 Fit-Out Density: 13.2  
 Occupational Density: 13.0  
 Tenancies Meeting OD Target: 56.5%  
 Net Tenancy Expenditure: \$142.1m  
 Cost per Controlled Area: \$525  
 Cost per Staff: \$9,099  
 Cost per Work-Point: \$9,235



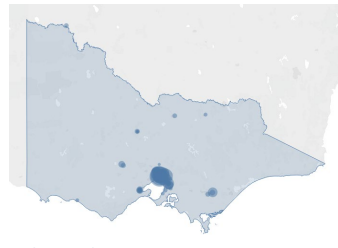
### Western Australia

Tenancies: 44  
 Controlled Area (m<sup>2</sup>): 136,743  
 Usable Office Area (m<sup>2</sup>): 91,718  
 Work-points: 6,571  
 Staff: 6,064  
 Work-Point Vacancy Rate: 7.7%  
 Fit-Out Density: 14.0  
 Occupational Density: 15.1  
 Tenancies Meeting OD Target: 38.6%  
 Net Tenancy Expenditure: \$52.1m  
 Cost per Controlled Area: \$381  
 Cost per Staff: \$8,590  
 Cost per Work-Point: \$7,928



### South Australia

Tenancies: 46  
 Controlled Area (m<sup>2</sup>): 141,904  
 Usable Office Area (m<sup>2</sup>): 105,402  
 Work-points: 8,067  
 Staff: 7,628  
 Work-Point Vacancy Rate: 5.4%  
 Fit-Out Density: 13.1  
 Occupational Density: 13.8  
 Tenancies Meeting OD Target: 60.9%  
 Net Tenancy Expenditure: \$64.0m  
 Cost per Controlled Area: \$451  
 Cost per Staff: \$8,384  
 Cost per Work-Point: \$7,928



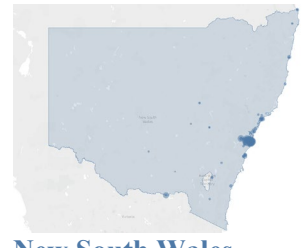
### Victoria

Tenancies: 113  
 Controlled Area (m<sup>2</sup>): 453,436  
 Usable Office Area (m<sup>2</sup>): 343,789  
 Work-points: 25,707  
 Staff: 24,319  
 Work-Point Vacancy Rate: 5.4%  
 Fit-Out Density: 13.4  
 Occupational Density: 14.1  
 Tenancies Meeting OD Target: 47.8%  
 Net Tenancy Expenditure: \$211.1m  
 Cost per Controlled Area: \$466  
 Cost per Staff: \$8,680  
 Cost per Work-Point: \$8,211



### Tasmania

Tenancies: 21  
 Controlled Area (m<sup>2</sup>): 60,351  
 Usable Office Area (m<sup>2</sup>): 55,768  
 Work-points: 3,672  
 Staff: 3,361  
 Work-Point Vacancy Rate: 8.5%  
 Fit-Out Density: 15.2  
 Occupational Density: 16.6  
 Tenancies Meeting OD Target: 38.1%  
 Net Tenancy Expenditure: \$22.9m  
 Cost per Controlled Area: \$379  
 Cost per Staff: \$6,811  
 Cost per Work-Point: \$6,234

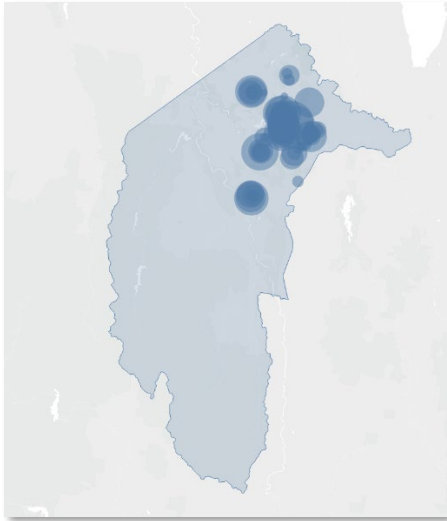


### New South Wales

Tenancies: 130  
 Controlled Area (m<sup>2</sup>): 515,788  
 Usable Office Area (m<sup>2</sup>): 380,192  
 Work-points: 27,380  
 Staff: 25,510  
 Work-Point Vacancy Rate: 6.8%  
 Fit-Out Density: 13.9  
 Occupational Density: 14.9  
 Tenancies Meeting OD Target: 50.0%  
 Net Tenancy Expenditure: \$292.6m  
 Cost per Controlled Area: \$567  
 Cost per Staff: \$11,469  
 Cost per Work-Point: \$10,686

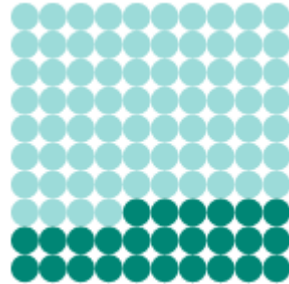


Chart 7. ACT Tenancies by Controlled Area



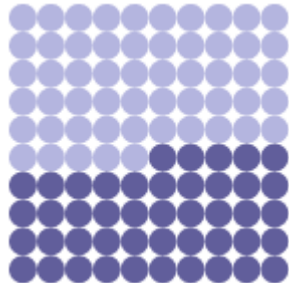
### Australian Capital Territory

Tenancies: 159  
 Controlled Area (m<sup>2</sup>): 1,317,199  
 Usable Office Area (m<sup>2</sup>): 1,115,172  
 Work-points: 82,234  
 Staff: 74,150  
 Work-Point Vacancy Rate: 9.8%  
 Fit-Out Density: 13.6  
 Occupational Density: 15.0  
 Tenancies Meeting OD Target: 28.9%  
 Net Tenancy Expenditure: \$651.8m  
 Cost per Controlled Area: \$495  
 Cost per Staff: \$8,790  
 Cost per Work-Point: \$7,926



**25.8%**

of tenancies are in the ACT



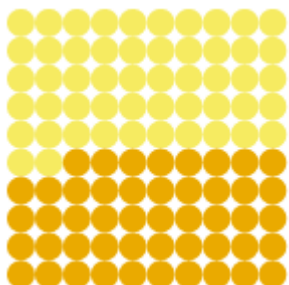
**45.1%**

of controlled area is in the ACT



**47.0%**

of staff are in the ACT



**48.3%**

of work-points are in the ACT

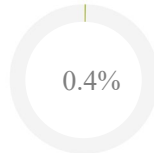
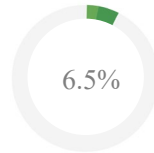
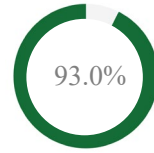
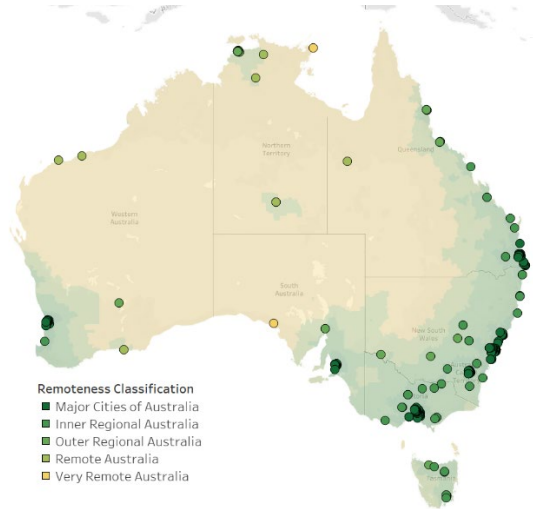
The ACT is a unique office accommodation market compared to other Australian capital cities, with approximately 62 per cent of the market held as Commonwealth tenancies in 2021.

In 2020, Canberra was the only Australian capital city office leasing market in which vacancy fell. This trend continued in 2021, with the Strategic Property Adviser reporting that Canberra’s vacancy reduced from 10.1 per cent in 2020 to 7.7 per cent in 2021, despite market capacity increasing by 31,000 m<sup>2</sup>. While the Commonwealth accounted for most large-scale leasing transactions in Canberra in 2021, the net tenancy expenditure of \$651.8 million in 2021 only increased slightly from 2020 expenditure (\$609.3 million).

Commonwealth tenancies in the ACT are more likely to have longer leases than Commonwealth tenancies in other states, with 22 tenancies with leases that are due to expire in 10 to 20 years, compared to only 13 tenancies across the rest of Australia. 28.9 per cent of ACT tenancies meet the occupational density target (down from 29.2 per cent in 2020), with another 36 tenancies (22.6 per cent) having an occupational density between 14 m<sup>2</sup> and 16 m<sup>2</sup>.

# 8. Tenancies by Remoteness Classification

**Chart 8. Tenancies by Remoteness Classification**



**Major Cities** account for 83.8 per cent of tenancies and 93.0 per cent of total controlled area. All entities have tenancies within one or more major cities.

**Inner Regional** and **Outer Regional** account for 14.4 per cent of tenancies and 6.5 per cent of total controlled area. 19 out of 75 (25.3 per cent) entities have tenancies in this region.

**Remote** and **Very Remote** account for 1.8 per cent of tenancies and 0.4 per cent of total controlled area. Four out of 75 (5.3 per cent) entities have tenancies in this classification.

Spatial measures such as occupational density and fit-out density are more relevant in major cities and inner regional locations, with lower density a feature of outer regional and remote locations, mostly due to the limited accommodation options available in these markets, which restricts options to find spatially efficient office accommodation.

The cost per square metre is lowest in remote Australia, followed by very remote Australia. However, the cost per staff and per work-point is lowest in inner regional Australia.

- a) The Occupancy Report uses the Australian Bureau of Statistics' classification of remoteness, with Hobart classified as 'inner regional' and Darwin as 'outer regional'.

**Table 8. Summary of Tenancies by Remoteness**

Measure	Major Cities	Inner Regional	Outer Regional	Remote and Very Remote	Total (all tenancies)
Number of Tenancies (n)	517	56	33	11	617
Controlled area (m <sup>2</sup> )	2,719,443	136,867	54,224	12,130	2,922,664
Usable Office Area (m <sup>2</sup> )	2,146,299	115,536	42,437	10,447	2,314,718
Work-points (n)	158,654	8,481	2,926	270	170,331
Staff (n)	146,238	8,452	2,824	131	157,645
Vacant Work-points (n)	12,416	29	102	139	12,686
Work-point Vacancy Rate (%)	7.8	0.3	3.5	51.5	7.4
Fit-out Density (m <sup>2</sup> )	13.5	13.6	14.5	38.7	13.6
Occupational Density (m <sup>2</sup> )	14.7	13.7	15.0	79.7	14.7
Tenancies Meeting the ODT (%)	43.5	55.4	39.4	0.0	43.6
Net Tenancy Expenditure (\$m)	1370.5	51.4	25.6	2.5	1,449.9
Cost per m <sup>2</sup> (\$)	504	375	472	202	496
Cost per Staff (\$)	9,372	6,076	9,068	18,741	9,197
Cost per Work-point (\$)	8,638	6,055	8,752	9,093	8,512

Lease expiry presents an important opportunity for the Commonwealth to assess the footprint of each tenancy and right-size where necessary. At 30 June 2021, 239 (38.7 per cent) tenancies (representing 27.7 per cent of the total controlled area) have a lease either in holdover or expiring within two years. Of these, 138 are not meeting the occupational density target and present further opportunities to improve the efficiency of the Commonwealth property portfolio and further reduce the national occupational density.

Since 2019, the weighted average<sup>3</sup> duration of lease expiry for tenancies not meeting the occupational density target, has reduced from 7.4 years to 5.2 years, and is now lower than for leases meeting the target (weighted average duration of lease expiry of 5.6 years). This indicates that there is a greater number of leases with opportunities to right-size with renewal approaching sooner than those leases already meeting the target.

Where an entity is occupying a building that it owns, it can significantly affect the cost metrics as there may be no rent paid. Owned tenancy data is included in each of the categories so metrics are comparable to previous years. However, a collective metric for these owned tenancies has also been provided in Table 9.

Note: Not all owned tenancies are occupied by the owning entity. Some are leased to other Commonwealth entities with rent paid. In these circumstances, while costs are transferred from one entity to another, there is no net rent expense for the Commonwealth. Only two leases in the 20+ Years category are not owned – however, one of these tenancies is occupied rent-free as it is partially funded by the Commonwealth.

**Table 9. Tenancies by Lease Expiry**

Measure	Holdover	0-2 Years	2-5 Years	5-10 Years	10-20 Years	20+ Years	Owned
Number of Tenancies (n)	15	224	206	126	35	11	40
Number of Owned Tenancies <sup>4</sup> (inclusive) (n)	0	10	7	4	10	9	40
Controlled Area (m <sup>2</sup> )	47,903	762,473	714,013	686,297	559,646	152,332	400,209
Usable Office Area (m <sup>2</sup> )	41,886	639,947	614,586	587,754	338,915	91,631	199,961
Work-points (n)	3,173	46,027	45,181	42,770	26,950	6,230	13,532
Staff (n)	2,566	41,789	42,348	42,241	23,511	5,190	11,745
Vacant Work-points (n)	607	4,238	2,833	529	3,439	1,040	1,787
Work-point Vacancy Rate (%)	19.1	9.2	6.3	1.2	12.8	16.7	13.2
Fit-out Density (m <sup>2</sup> )	13.2	13.9	13.6	13.7	12.6	14.7	14.8
Occupational Density (m <sup>2</sup> )	16.3	15.3	14.5	13.9	14.4	17.7	17.0
Meeting the Occupational Density Target (%)	26.7	43.3	45.1	46.8	40.0	18.2	37.5
Net Tenancy Expenditure (\$m)	18.5	402.6	382.6	391.7	246.3	8.3	50.3
Cost per m <sup>2</sup> (\$)	385	528	536	571	440	54	126
Cost per Staff (\$)	7,196	9,633	9,034	9,272	10,478	1,596	4,281
Cost per Work-point (\$)	5,819	8,746	8,468	9,158	9,141	1,330	3,716

<sup>3</sup> Weighted Average Lease Expiry (WALE) has been weighted based on Controlled Area, excluding Commonwealth owned tenancies.

<sup>4</sup> Some owned tenancies are leased to other Commonwealth entities. In these circumstances, while costs are transferred from one entity to another, there is no net rent expense for the Commonwealth.

# 10. Top 10 Largest Entities by Controlled Area

Chart 10.a Top 10 Entities Proportion of Controlled Area

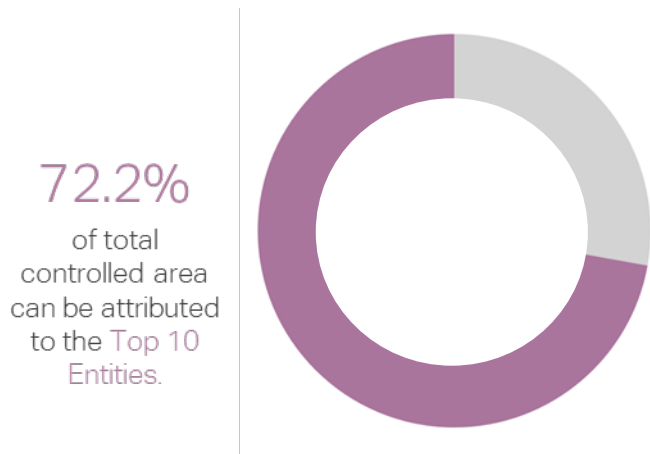


Chart 10.b Top 10 Entities Controlled Area Proportion Breakdown

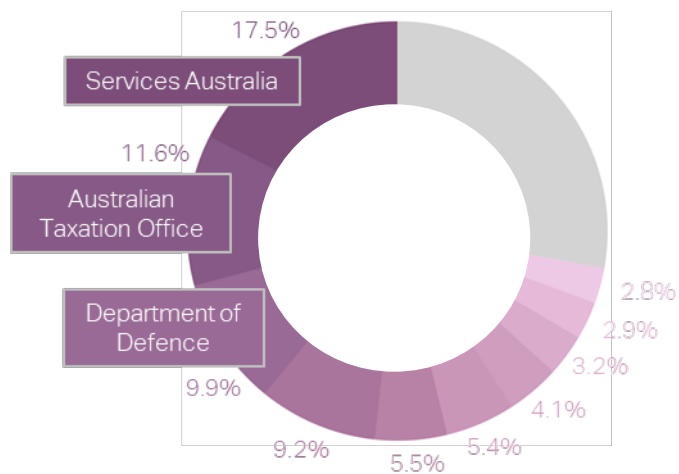


Table 10. Top 10 Largest Entities by Controlled Area – Summary

Entity	Controlled Area (m <sup>2</sup> )	Tenancies (n)	Usable Office Area (m <sup>2</sup> )	Occupational Density (m <sup>2</sup> )	Proportion of Total Controlled Area (%)
Services Australia	512,121	158	407,510	11.3	17.5
Australian Taxation Office	340,197	24	319,672	14.0	11.6
Department of Defence	290,142	43	282,025	17.7	9.9
Department of Home Affairs	267,434	47	227,747	20.4	9.2
Australian Federal Police	161,569	23	81,040	12.8	5.5
Federal Court of Australia	157,250	9	15,718	13.7	5.4
Department of Agriculture, Water and the Environment	119,441	20	104,479	15.6	4.1
Department of Health	94,351	12	82,805	16.8	3.2
Department of Industry, Science, Energy and Resources	85,132	16	53,438	15.5	2.9
Department of Education, Skills and Employment	81,566	21	80,878	14.6	2.8
<b>Subtotal of Top 10 Entities</b>	<b>2,109,203</b>	<b>373</b>	<b>1,655,311</b>	<b>14.5</b>	<b>72.2%</b>
<b>Total (all entities)</b>	<b>2,922,664</b>	<b>617</b>	<b>2,314,718</b>	<b>14.7</b>	<b>100%</b>
<b>Top 10 Entities as proportion of total</b>	<b>72.2%</b>	<b>60.5%</b>	<b>71.5%</b>	<b>—</b>	<b>--</b>

The ten entities with the largest aggregated controlled area account for 72.2 per cent of the Commonwealth’s office space, and 60.5 per cent of the total number of tenancies.

Note: entities reflected their composition as at 30 June 2021 at the time of the data collection. Subsequent name changes and the impact of any Machinery of Government changes that occurred after this date will be taken into account in future reports.

In addition to the net tenancy expenditure (\$1,449.9 million) for Commonwealth tenancies, entities also need to pay for expenses incurred to operate each property. Entities report these property operating expenses under several categories in the office data collection, including: repairs and maintenance, energy, water and sewerage, and cleaning and waste removal.

In 2021, the total reported property operating expenses for the 617 tenancies was \$206.9 million (equivalent to 14.3 per cent of net tenancy expense).

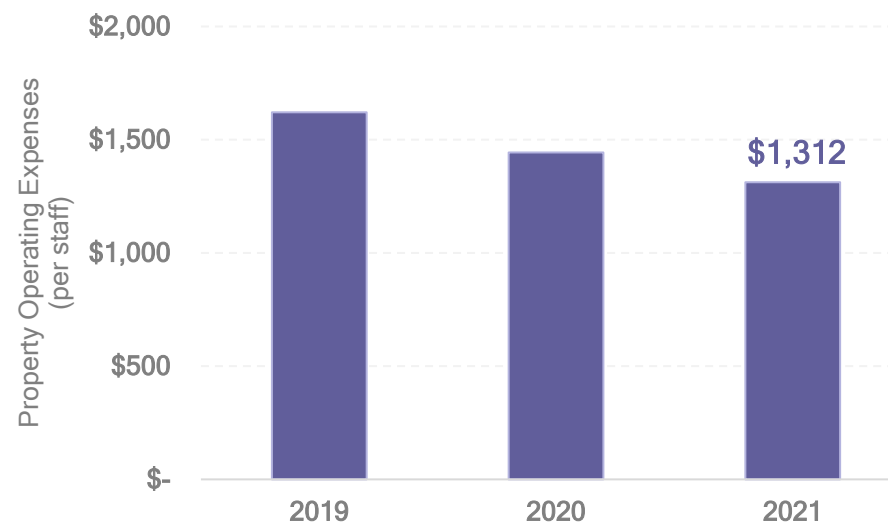
At a cost per staff level, the property operating expenses have been decreasing across the past three years, from \$1,621 per staff in 2019 to \$1,312 per staff in 2021.

This improvement has been driven by a combination of an increase in staffing (12.9 per cent) attributed to leases and an overall decrease in property operating expenses (-8.6 per cent) since 2019.

The majority of property operating expenses are managed by Property Service Providers through the Whole of Australian Government Property Services Coordinated Procurement Arrangements, which commenced in 2018.

The reduction in property operating expenses across the 2019 to 2021 period can, in part, be attributed to improved efficiency in the management of properties through Property Service Providers. This adds a further dimension to how the Commonwealth is achieving effective usage of leased and owned office accommodation.

**Chart 11. Property Operating Expenses per Staff Allocated to Lease**



**Table 11. Property Operating Expenses Summary**

Property Operating Expenses	2019	2020	2021
Total Property Operating Expenses (\$m)	226.2	220.1	<b>206.9</b>
Change in Property Operating Expenses (%)	3.7	-4.8	<b>-6.7</b>
Per m <sup>2</sup> (\$)	79.7	75.9	<b>70.8</b>
Per Staff (\$)	1,621	1,444	<b>1,312</b>

While the focus of this report is on the utilisation of the office areas within tenancies it is important to recognise that office space may only account for a portion of each tenancy's use.

Of the 617 tenancies in 2021, only 160 (25.9 per cent) were reported as being 100 per cent office space. Of the remaining 457 tenancies, 23.6 per cent of the controlled area is used for other activities, which equates to 20.8 per cent total controlled area for all tenancies.

There are 10 categories of non-office area available for entities to report<sup>5</sup>. A list of the categories is in Table 12, along with the proportion of national controlled area for each category.

**Table 12. Summary of Non-Office Areas**

Non-Office Area Category	Total Area	% of Controlled Area
Non-Office Area C – Basement or Inadequate Amenity	151,214	5.2
Non-Office Area D – Police Station, Laboratory or Hospital	52,359	1.8
Non-Office Area E – Specifically for Operational Activity	137,355	4.7
Non-Office Area F – Public Facility	41,224	1.4
Non-Office Area G – Judicial Chambers and Court Rooms	112,569	3.9
Non-Office Area H – Areas Specifically for the Governor-General, Prime Minister and Parliamentarians	592	0.0
Non-Office Area I – Emergency and Crisis Coordination Areas	9,558	0.3
Non-Office Area J – Exempt Area	1,696	0.1
Non-Office Area L – Shopfronts	79,928	2.7
Non-Office Area M – ICT/Data Warehouse	21,451	0.7
<b>Total</b>	<b>607,946</b>	<b>20.8</b>

While Non-Office Area C – Basement or Inadequate Amenity has the highest proportion of national controlled area at 5.2 per cent, the public facing areas of tenancies (Non-Office Area L – Shopfronts and Non-Office Area E – Specifically for Operational Activity) account for an aggregate 7.4 per cent of controlled area.

These areas are primarily within Service Australia shopfronts (15.6 per cent of tenancies) and operational sites for other entities across Australia that support direct interactions with the public. These areas require different fit-outs to meet operational priorities, such as customer service and safety, and may not align with the principles of the occupational density target of 14m<sup>2</sup>, however these properties often include back-office areas for staff to complete administrative tasks.

Judicial Chambers and Court Rooms are also located within a number of Commonwealth tenancies. These areas account for 3.9 per cent of overall controlled area and like the other public facing areas are not subject to the same fit-out and density requirements as office accommodation.

<sup>5</sup> Descriptions of what areas can be included in each of the non-office areas is detailed in the Office Data Collection Manual, published on the Department of Finance website.

Controlled area is the net lettable area of a tenancy, minus any area that has been sub-let to a third party.

Cost per square metre is the net tenancy expenditure divided by the controlled area.

Cost per staff is the net tenancy expenditure divided by the number of staff.

Cost per work-point is the net tenancy expenditure divided by the number of work-points.

Fit-out density is the square metres of usable office area divided by the total number of work-points. The national fit-out density is calculated by dividing the aggregate usable office area for all tenancies by the aggregate number of work-points.

Meeting the occupational density target expressed as a percentage by dividing the number of tenancies with an occupational density of less than, or equal to 14m<sup>2</sup> by the total number of tenancies in the dataset.

Net lettable area represents the total office space of a tenancy, this is measured in square metres (m<sup>2</sup>) and is the area between internal walls of a building that is being leased.

Net tenancy expenditure is the total annual rent (GST inclusive) expense of the tenancy.

Occupational density is the square metres of usable office area divided by the number of occupied work-points. The national occupational density is calculated by dividing the aggregate usable office area for all tenancies by the aggregate number of occupied work-points. The Government has set an occupational density target of 14 m<sup>2</sup> of usable office area per occupied work-point.

Occupied work-points is the number of occupied desks in a tenancy, which is equivalent to the number of staff allocated to lease.

Staff, or staff allocated to lease is the number of staff (including contractors) allocated to a tenancy, measured by HR data, swipe card access or ICT systems. This is a count of individual staff allocated to the lease (i.e. a headcount) and is not an Average Staffing Level (ASL).

Usable office area is the controlled area of a tenancy, minus any area that is deemed unsuitable for office work.

Most areas that are deemed not suitable for office work may fall into one of the following non-office area categories (which are considered on a lease-by-lease basis):

- Basement or inadequate amenities – including physical constraints, such as the absence of natural light or ongoing construction, maintenance or fit-out.
- Police station, laboratory, or hospital.
- Areas specifically for operational activity – including space to interview, counsel, or detain members of the public.
- Public facilities – including areas that are freely accessible to the public, such as libraries, galleries, reception areas and waiting areas.
- Judicial chambers and court rooms.
- Areas specifically for the Governor-General, the Prime Minister, and Parliamentarians.
- Emergency and Crisis Coordination Areas.

Vacant work-points is the number of vacant desks in a tenancy, which is derived by subtracting the staff allocated to lease from the number of work-points in a tenancy.

A Work-point is defined as a desk, enclosed office, or a counter where it would be reasonable to expect a person to carry out office work on an ongoing basis. Work-points are counted by entities in the weeks leading up to 30 June.

Work-point vacancy rate is the number of vacant work-points expressed as a percentage of total work-points. This can be negative where staff is greater than work-points.

## The Dataset

Finance undertakes an annual data collection on all properties that have an office component. This includes leases where office space is only a small portion of the properties' purpose. Contributing to the data collection is mandatory for all non-corporate Commonwealth entities and optional for corporate Commonwealth entities.

The subset of data underpinning this report is defined by the following conditions:

- Non-corporate Commonwealth entity leases or owned office accommodation with at least 500m<sup>2</sup> of usable office area; and
- Current leases as at 30 June 2021.

40 tenancies are included in this report for the first time, but are not new tenancies.

There are three circumstances where this may occur:

- the lease was incorrectly reported in previous years;
- the amount of controlled area changed in the new reporting period, perhaps due to fit-out modifications; and / or
- previously sub-leased areas were reincorporated into the controlled area of the head-lease.

As with the 2020 Occupancy Report, this report uses controlled area as the standard measure, rather than net lettable area. This prevents double-counting of areas sub-let to other entities and provides a more accurate measure of space at a Whole-of-Government level and a better indication of the Commonwealth's overall footprint.

## Collection and verification of data

All non-corporate Commonwealth entities are required to report office space information for all tenancies (regardless of size and cost) annually, unless exempted. Corporate Commonwealth entities and Commonwealth companies are invited to report office space information to Finance, but are not required to do so, and their information is not presented in the Occupancy Report.

Entities' property information is stored on the Australian Government Property Register, which is a cloud-based database that can be accessed and updated at any time by Finance, entities and Property Service Providers.

Property information is entered into the Australian Government Property Register by entities or their Property Service Provider and is verified by a senior executive before being submitted to Finance.

Finance interrogates the submitted data to ensure it is consistent and reasonable, liaising with entities or Property Service Providers to confirm its accuracy and completeness.

## Data Collection Timeframes

The reported office data is collected through the Australian Government Property Register, which entities (through their Property Service Provider) are required to update annually, as at 30 June.

The point-in-time nature of the data can add volatility to annual results. However, the information provides an understanding of medium and long-term trends, especially given that the impact of leasing decisions are evident over several years.