



Australian Government  
Department of Finance

# Australian Government Office Occupancy Report

2020





1. Executive Summary .....	3
2. Key Metric Trends .....	4
3. Work-points and Headcount .....	5
4. Density Metrics .....	6
5. Occupational Density .....	7
6. Cost Indicators .....	8
7. Tenancies by State and Territory .....	9
8. ACT Tenancies .....	10
9. Tenancies by Remoteness .....	11
10. Tenancies by Size .....	12
11. Tenancies by Lease Expiry .....	13
12. Tenancies by Tenancy Type .....	14
13. Top 10 Largest Entities by Controlled Area .....	15
14. Appendix A: Glossary of Terms .....	16
15. Appendix B: Methodology and Technical Notes .....	17



81 Entities

609 Tenancies

2,900,473 m<sup>2</sup>  
of Controlled Area2,302,775 m<sup>2</sup>  
of Usable Office Area

Table 1. Key Metrics

Measure	2018	2019	2020
Tenancies (n)	541	568	609
Controlled Area (m <sup>2</sup> )	2,744,222	2,838,345	2,900,473
Change in footprint (Controlled Area) (%)	-0.2	3.4	2.2
Usable Office Area (m <sup>2</sup> )	2,177,308	2,253,361	2,302,775
Work-points (n)	158,357	164,632	167,194
Staff (n)	136,008	139,583	152,447
Vacant Work-points (n)	22,349	25,049	14,747
Work-point Vacancy Rate (%)	14.1	15.2	8.8
National Fit-Out Density (m <sup>2</sup> )	13.7	13.7	13.8
National Occupational Density (m <sup>2</sup> )	16.0	16.1	15.1
Tenancies meeting Occupational Density Target (%)	31.6	27.6	40.1
Net Tenancy Expenditure (\$m)	1,299.3	1,336.5	1,395.4
Cost per Controlled Area (\$)	473	471	481
Cost per Staff (\$)	9,553	9,575	9,153
Cost per Work-Point (\$)	8,205	8,118	8,346

This 2020 Australian Government Office Occupancy Report (Occupancy Report) is based on the 2020 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 2020.

Key findings indicate an ongoing improvement in the efficiency of the Commonwealth's property portfolio. In particular, the Commonwealth's national occupational density reduced from 16.1 m<sup>2</sup> in 2019 to 15.1 m<sup>2</sup> in 2020, and the percentage of leases meeting the occupational density target in 2020 increased from 27.6 per cent to 40.1 per cent. The primary driver for this outcome was the increase in the total number of staff allocated to leases, and subsequent reductions in work-point vacancies, with an additional 12,864 staff allocated to leases in 2020 when compared to 2019.

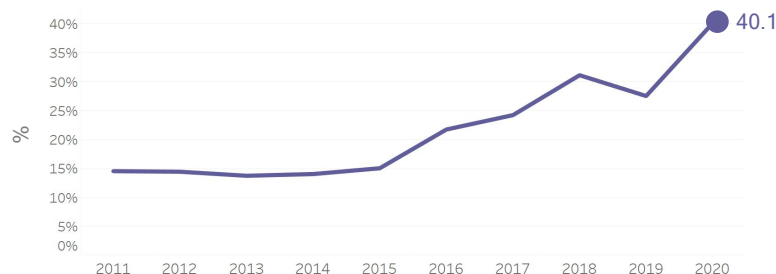
The reported staffing numbers have been influenced by budget measures and surge requirements to support individuals, businesses and local communities to recover from the Australian bushfires and the COVID-19 pandemic, as well as to support jobs and improve essential services<sup>1</sup>.

The total for individual staffing numbers reported for tenancies, including new tenancies reporting in 2020, was 9.2 per cent higher than in 2019. However, the usable office area only increased by 2.2 per cent during the same period. This indicates that a large percentage of staff have been absorbed within the existing portfolio footprint. Accordingly, entities reported a decrease in work-point vacancy rates, with 8.8 per cent work-point vacancy rate reported in 2020, compared to 15.2 per cent in 2019.

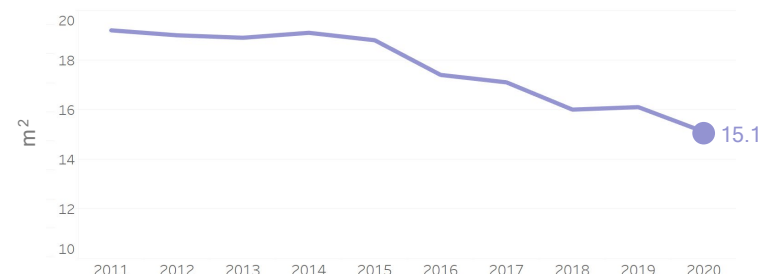
The number of Commonwealth tenancies in 2020 increased by 41 from the 2019 report. This accounts for the net impact of new tenancies, newly reported tenancies and expired tenancies. The overall controlled area has increased by 62,128 m<sup>2</sup> (2.2 per cent).

## 2. Key Metric Trends, 2011-2020

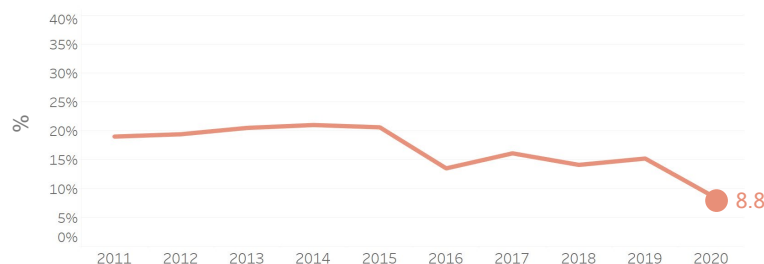
**Chart 2.a Proportion of tenancies meeting the Occupational Density Target**



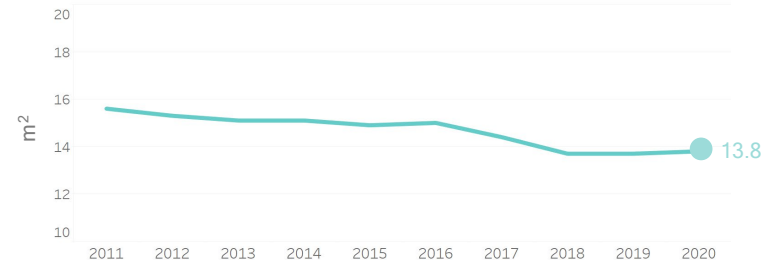
**Chart 2.b National Occupational Density**



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



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



Over the period from 2011 to 2020, there has been significant improvement in key efficiency metrics. The proportion of tenancies meeting the occupational density target has increased, while the national occupational density, national fit-out density and national work-point vacancy rate have all reduced. In general, these changes are incremental over time as existing leases expire.

Key changes to the property policy and operating environment have contributed to these efficiency improvements, including:

- reducing the Occupational Density Target from 1:16m<sup>2</sup> to 1:14m<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 in 2017;
- reforming the Commonwealth Property Management Framework to better support entities to sublease existing underutilised space and to formalise lease notification and endorsement processes; and
- improving the quality of information provided by entities to underpin this report.

Many entities have also improved their property planning, supported by the Strategic Property Adviser and their Property Service Providers. The Commonwealth Leasing Strategy 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.

The number of reported work-points increased by 2,562 since 2019, with an increase in the staff headcount of 12,864. 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).

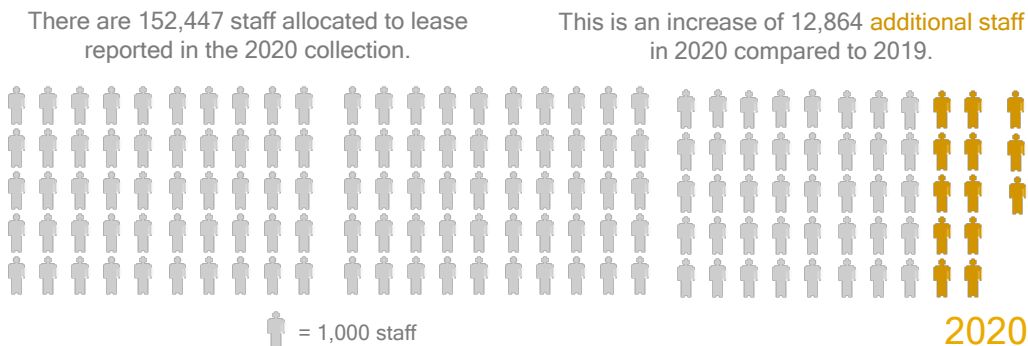
The net impact of this change a decrease in the work-point vacancy rate, with an 8.8 per cent vacancy rate reported in 2020 compared to 15.2 per cent in 2019, representing an overall reduction of 10,302 vacant work-points. This indicates that existing office accommodation was utilised more efficiently in 2020 than in previous years.

The increased staff in 2020 partly reflects budget measures and surge requirements agreed by the government in response to natural disasters and the COVID-19 pandemic<sup>2</sup>.

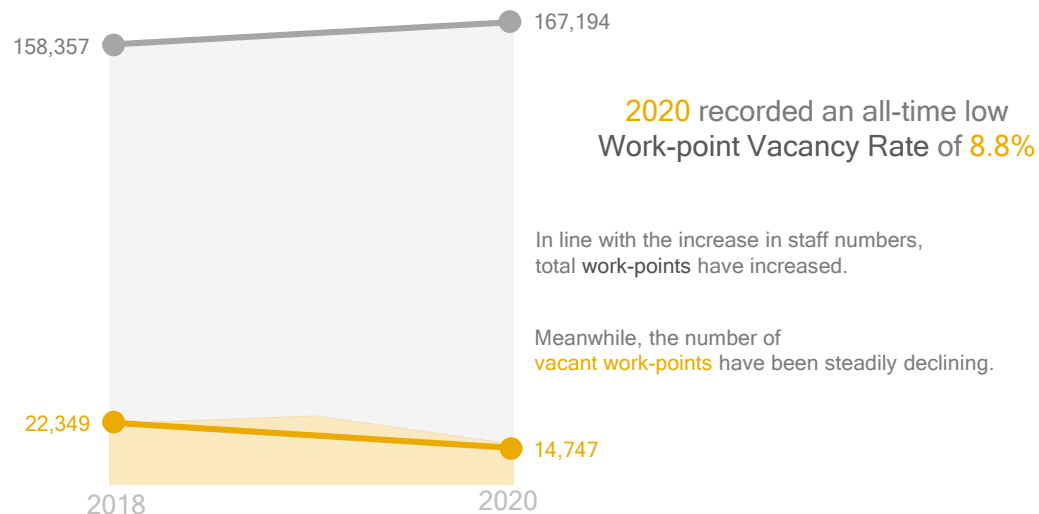
The overall improvement in both work-point vacancy and occupational density in 2020 demonstrates significant progress in using existing office space more efficiently. However, the 2020 increase to the number of staff may reverse as the need for COVID-19 support diminishes. Going forward, it will be important for entities to maintain a focus on ensuring that property efficiency remains high.

1. Refer to Appendix A for the formal definition of Staff for this report  
2. Department of Finance, Agency Resourcing Budget Paper No.4, 2020-21

**Chart 3.a Reported Staff Numbers, Additional Staff since 2019**



**Chart 3.b Work-point Vacancy Rate, Work-points and Unoccupied Work-points, 2018-2020**



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

Measure	2018	2019	2020
Work-points (n)	158,357	164,632	<b>167,194</b>
Staff (n)	136,008	139,583	<b>152,447</b>
Vacant Work-points (n)	22,349	25,049	<b>14,747</b>
Work-point Vacancy Rate (%)	14.1	15.2	<b>8.8</b>



Chart 4. Distribution of Occupational Density, 2020

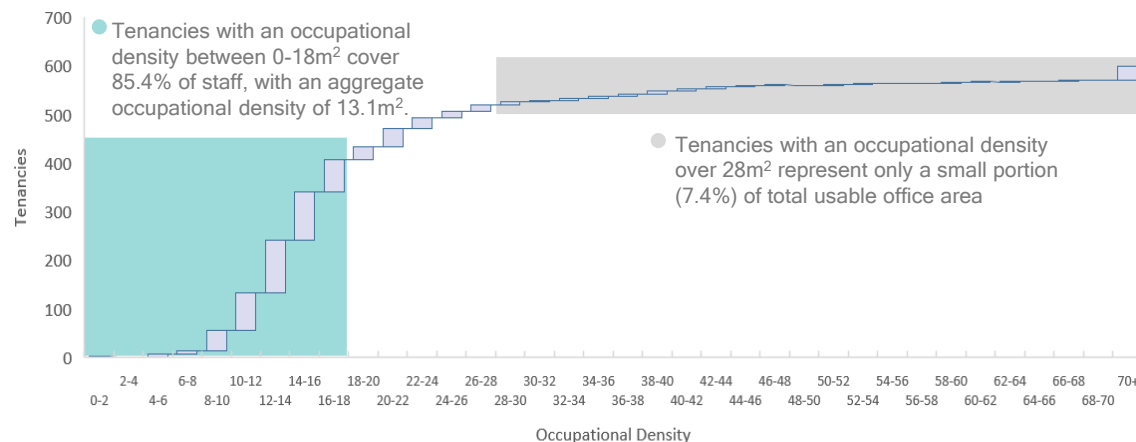


Table 4. Occupational Density Metrics, 2020

	% Tenancies	Occupational Density (m <sup>2</sup> )	% Usable Office Area	% Staff
0-18m <sup>2</sup>	66.8%	13.1	74.2%	85.4%
>18m <sup>2</sup> - 28m <sup>2</sup>	18.6%	21.9	17.8%	12.3%
> 28m <sup>2</sup>	13.1%	49.0	7.4%	2.3%
<b>Tenancies meeting the occupational density target</b>				
0-14m <sup>2</sup>	40.1%	11.7	42.6%	54.8%

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

In 2020, the occupational density for office tenancies across the Commonwealth reduced to 15.1 m<sup>2</sup> from 16.1 m<sup>2</sup> in 2019. The proportion of tenancies meeting the target increased to 40.1 per cent from 27.6 per cent in 2019. This significant 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 lower fit-out and occupational densities.

The 40.1 per cent of tenancies that met the occupational density target, account for 42.6 per cent of the total usable office area in 2020. These tenancies provided accommodation for 54.8 per cent of total staff. The occupational density for these tenancies was 11.7m<sup>2</sup>, which is well below the 14m<sup>2</sup> target.

Of the tenancies that did not meet the occupational density target, there are 163 tenancies that have an occupational density between 14 and 18m<sup>2</sup>. 26.4 per cent (43) of these tenancies have an end date within the next two years, which provides an opportunity to reconsider tenancy size and consolidate space in line with the government's target. 51 per cent of these tenancies have fit-out densities below 14m<sup>2</sup>, indicating they have the potential to meet the target in future years.

When assessing these tenancies alongside those that met the target (all tenancies with an occupational density up to 18m<sup>2</sup>) the 66.8 per cent of tenancies accounts for 74.2 per cent of total usable office space and 85.4 per cent of staff. The occupational density for this group of tenancies is 13.1m<sup>2</sup>, which is below the government's target.

While a number of tenancies are above the occupational density target there is a requirement to balance efficiencies from achieving the occupational density 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 or specialist facilities or where the lease is in a regional or remote location with limited suitable property options.





## 5. Occupational Density

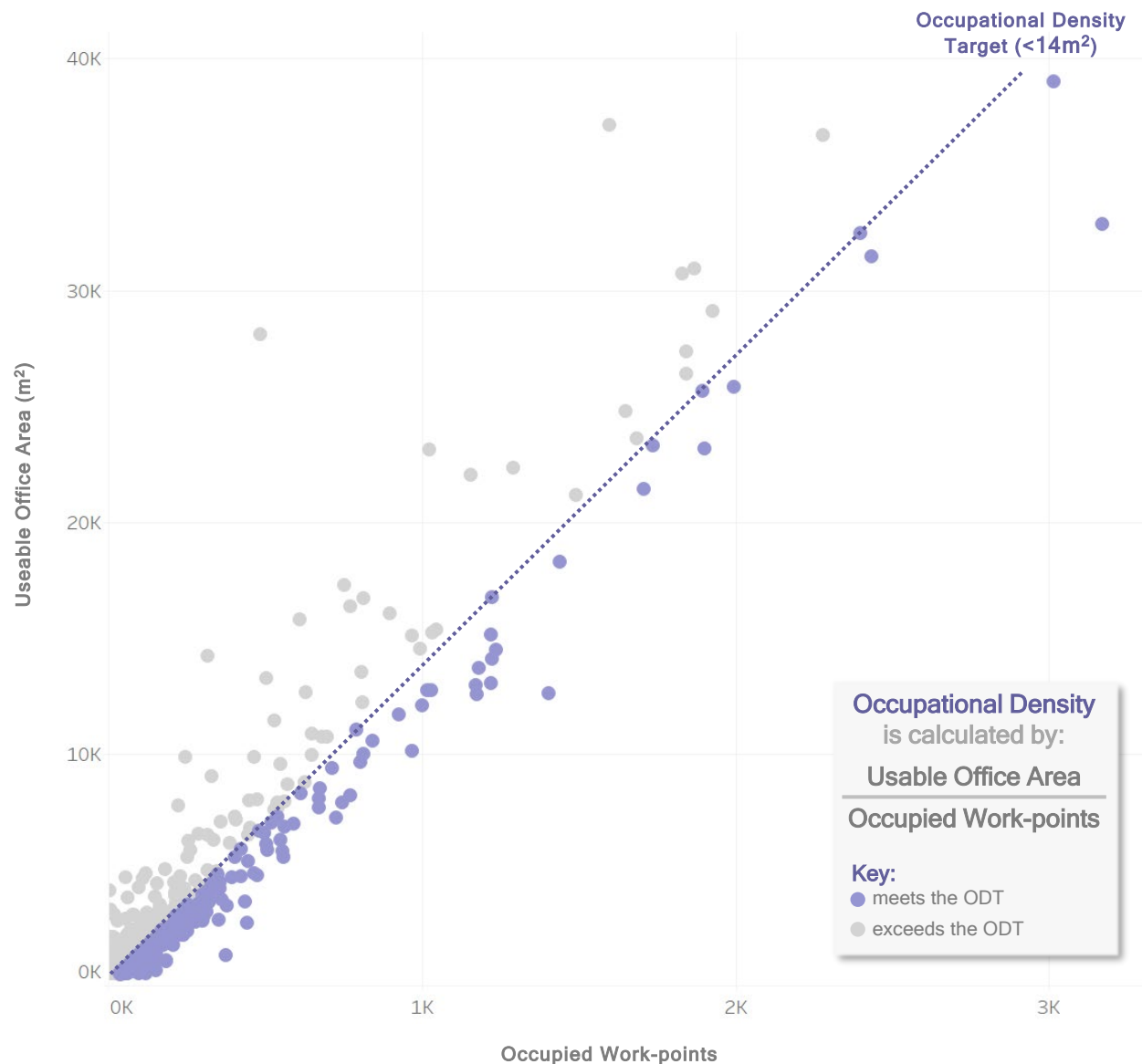
Chart 5 shows the distribution of tenancies in reference to the two drivers of occupational density - usable office area and occupied work-points. A decrease in usable office area along with an increase in the number of occupied work-points contribute towards a tenancy's ability to meet the occupational density target.

Many Commonwealth leases for office accommodation are negotiated for a 5-10 year initial term, with additional options for extensions. Due to the significant costs of fit-out, many entities are unable to significantly improve occupational density until the end of a lease. As a result, whole-of-government progress towards meeting the occupational density target level is incremental.

At 30 June 2020, there were a significant number of longer term leases that will be reaching expiry over the next five years, with entities approaching the market now or in the near future.

While lease decisions may be made in advance of current lease end dates, the improvements in the national occupational density will not be realised until the new lease commences and the previous lease is relinquished.

Chart 5. Distribution of Occupational Density, 2020



**Chart 6.a Net Tenancy Expenditure, 2018-2020**



Net tenancy expenditure in 2020 increased by \$58.9 million (4.4 per cent) from 2019 as a result of annual escalation built into existing leases and the overall increase in controlled area in 2020.

Despite this slight increase in net tenancy expenditure in 2020, the national average cost per staff decreased by \$422 per person (to \$9,153) in comparison to 2019. The cost per staff was lowest in Tasmania at \$5,770 and highest in the Northern Territory at \$14,164.

Tasmania also recorded the lowest cost per m<sup>2</sup> at \$316 followed by Western Australia (\$432 per m<sup>2</sup>), Northern Territory (\$433 per m<sup>2</sup>), Victoria (\$445 per m<sup>2</sup>), South Australia (\$459 per m<sup>2</sup>), Australian Capital Territory (\$473 per m<sup>2</sup>), Queensland (\$504 per m<sup>2</sup>) and New South Wales (\$561 per m<sup>2</sup>). The cost per work-point was also lowest in Tasmania at \$5,320, while the Australian Capital Territory, New South Wales, South Australia, Victoria, Western Australia and Queensland ranged between \$7,710 and \$11,197 per work-point.

The average national cost of \$481 per m<sup>2</sup> is slightly lower than the benchmark cost across the broader Australian market of \$484 per m<sup>2</sup>. To determine this average square metre benchmark, the Australian Government's Strategic Property Adviser (SPA) undertook an analysis of A-grade office space across major Australian cities based on transactions that occurred in the period June 2019 to June 2020, and identified an average weighted cost (net effective rent which excludes outgoings but includes the amortised benefits of incentives) of \$484 per m<sup>2</sup> across the six largest CBD markets. The SPA noted that, relative to 2019, the average national cost reflected initial rises to incentive levels following the onset of the COVID-19 pandemic in the first half of 2020, with more significant falls to effective rental levels occurring in the second half of the 2020 calendar year.

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 6.b Cost per m<sup>2</sup>, Cost per Staff, Cost per Work-point**



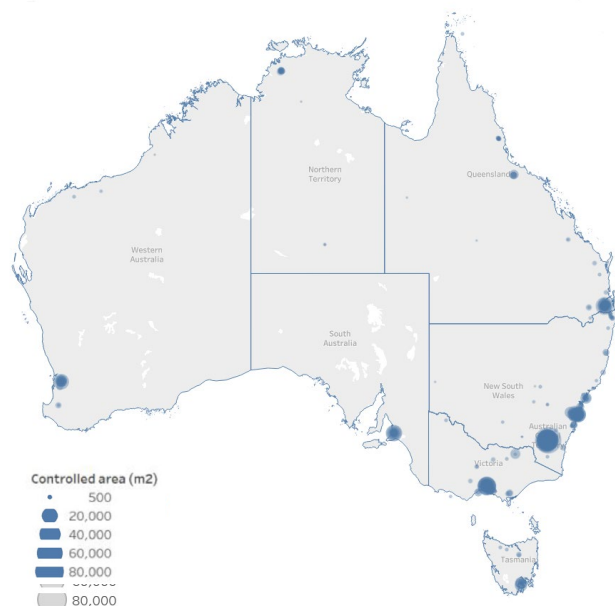
**Table 6. Summary Metrics**

Measure	2018	2019	2020
Net Tenancy Expenditure (\$m)	1,299.3	1,336.5	1,395.4
National Cost per m <sup>2</sup> (\$)	473	471	481
National Cost per Staff (\$)	9,553	9,575	9,153
National Cost per Work-point (\$)	8,205	8,118	8,346



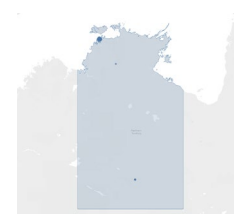


Chart 7. Tenancies by State and Controlled Area



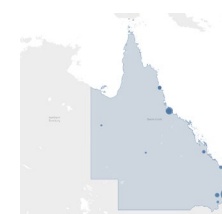
## National Summary

Tenancies: 609  
Controlled Area (m<sup>2</sup>): 2,900,473  
Usable Office Area (m<sup>2</sup>): 2,302,775  
Work-points: 167,194  
Staff: 152,447  
Work-Point Vacancy Rate: 8.8%  
Fit-Out Density: 13.8  
Occupational Density: 15.1  
Tenancies Meeting OD Target: 40.1%  
Net Tenancy Expenditure: \$1.4b  
Cost per Controlled Area: \$481  
Cost per Staff: \$9,153  
Cost per Work-Point: \$8,346



## Northern Territory

Tenancies: 21  
Controlled Area (m<sup>2</sup>): 34,445  
Usable Office Area (m<sup>2</sup>): 25,621  
Work-points: 1,332  
Staff: 1,053  
Work-Point Vacancy Rate: 20.9%  
Fit-Out Density: 19.2  
Occupational Density: 24.3  
Tenancies Meeting OD Target: 19.0%  
Net Tenancy Expenditure: \$14.9m  
Cost per Controlled Area: \$433  
Cost per Staff: \$14,164  
Cost per Work-Point: \$11,197



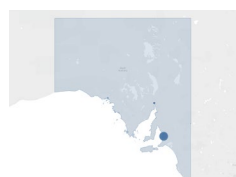
## Queensland

Tenancies: 91  
Controlled Area (m<sup>2</sup>): 297,662  
Usable Office Area (m<sup>2</sup>): 219,462  
Work-points: 16,153  
Staff: 15,505  
Work-Point Vacancy Rate: 4.0%  
Fit-Out Density: 13.6  
Occupational Density: 14.2  
Tenancies Meeting OD Target: 48.4%  
Net Tenancy Expenditure: \$150.1m  
Cost per Controlled Area: \$504  
Cost per Staff: \$9,682  
Cost per Work-Point: \$9,293



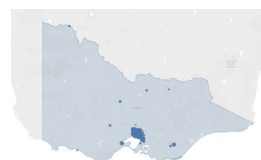
## Western Australia

Tenancies: 41  
Controlled Area (m<sup>2</sup>): 126,316  
Usable Office Area (m<sup>2</sup>): 90,335  
Work-points: 6,277  
Staff: 5,917  
Work-Point Vacancy Rate: 5.7%  
Fit-Out Density: 14.4  
Occupational Density: 15.3  
Tenancies Meeting OD Target: 31.7%  
Net Tenancy Expenditure: \$54.6m  
Cost per Controlled Area: \$432  
Cost per Staff: \$9,221  
Cost per Work-Point: \$8,692



## South Australia

Tenancies: 43  
Controlled Area (m<sup>2</sup>): 133,660  
Usable Office Area (m<sup>2</sup>): 100,543  
Work-points: 7,559  
Staff: 7,465  
Work-Point Vacancy Rate: 1.2%  
Fit-Out Density: 13.3  
Occupational Density: 13.5  
Tenancies Meeting OD Target: 44.2%  
Net Tenancy Expenditure: \$61.4m  
Cost per Controlled Area: \$459  
Cost per Staff: \$8,225  
Cost per Work-Point: \$8,123



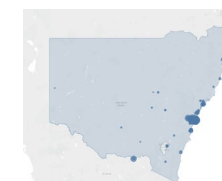
## Victoria

Tenancies: 106  
Controlled Area (m<sup>2</sup>): 446,094  
Usable Office Area (m<sup>2</sup>): 338,685  
Work-points: 25,121  
Staff: 23,908  
Work-Point Vacancy Rate: 4.8%  
Fit-Out Density: 13.5  
Occupational Density: 14.2  
Tenancies Meeting OD Target: 48.1%  
Net Tenancy Expenditure: \$198.3m  
Cost per Controlled Area: \$445  
Cost per Staff: \$8,296  
Cost per Work-Point: \$7,896



## Tasmania

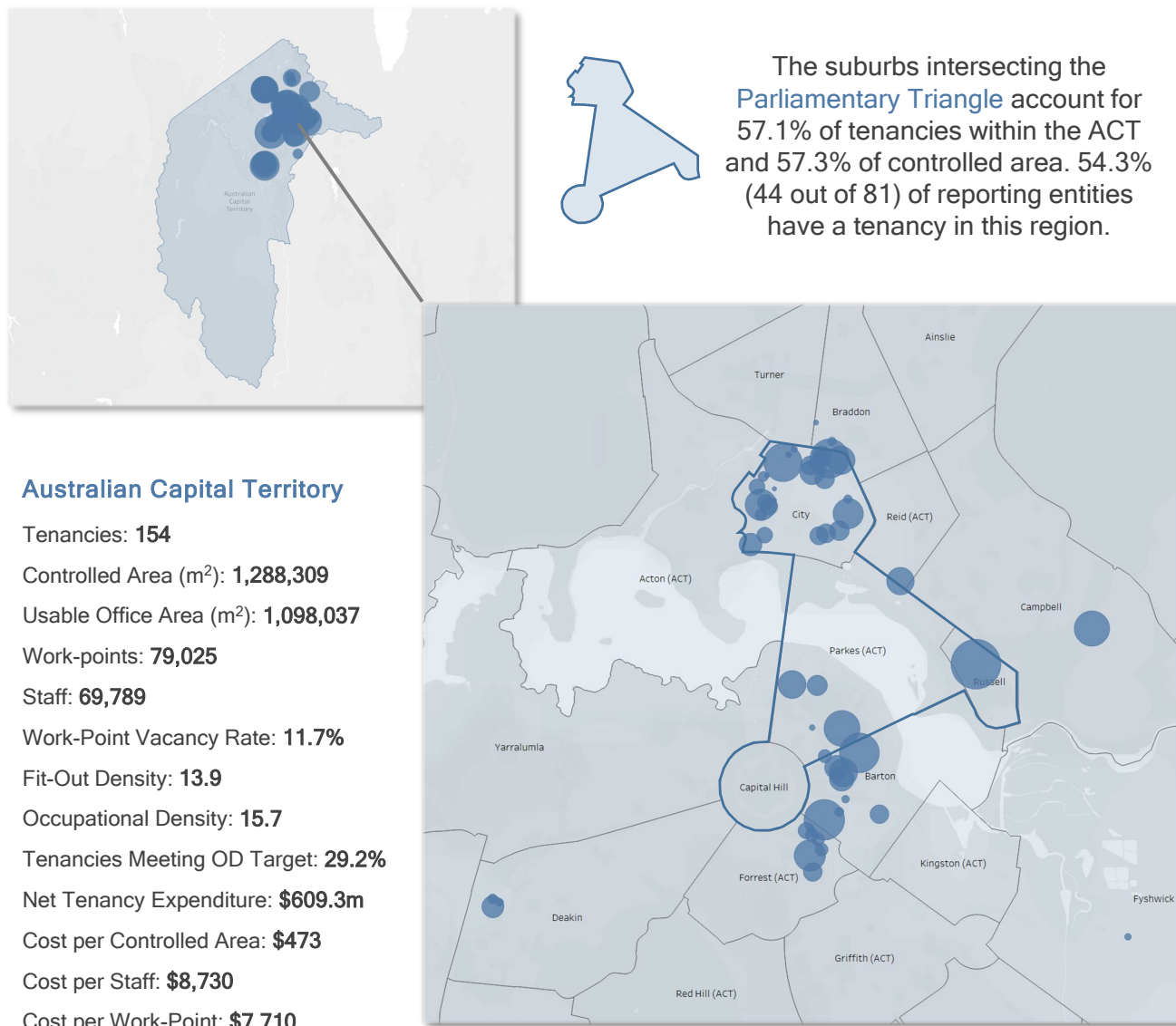
Tenancies: 21  
Controlled Area (m<sup>2</sup>): 61,589  
Usable Office Area (m<sup>2</sup>): 56,360  
Work-points: 3,655  
Staff: 3,370  
Work-Point Vacancy Rate: 7.8%  
Fit-Out Density: 15.4  
Occupational Density: 16.7  
Tenancies Meeting OD Target: 38.1%  
Net Tenancy Expenditure: \$19.4m  
Cost per Controlled Area: \$316  
Cost per Staff: \$5,770  
Cost per Work-Point: \$5,320



## New South Wales

Tenancies: 132  
Controlled Area (m<sup>2</sup>): 512,397  
Usable Office Area (m<sup>2</sup>): 373,734  
Work-points: 28,072  
Staff: 25,440  
Work-Point Vacancy Rate: 9.4%  
Fit-Out Density: 13.3  
Occupational Density: 14.7  
Tenancies Meeting OD Target: 45.5%  
Net Tenancy Expenditure: \$287.3m  
Cost per Controlled Area: \$561  
Cost per Staff: \$11,293  
Cost per Work-Point: \$10,234

**Chart 8. ACT Tenancies by Controlled Area**



The SPA reported that the Commonwealth occupied over 60 per cent of the Canberra office market in 2020.

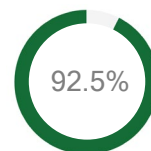
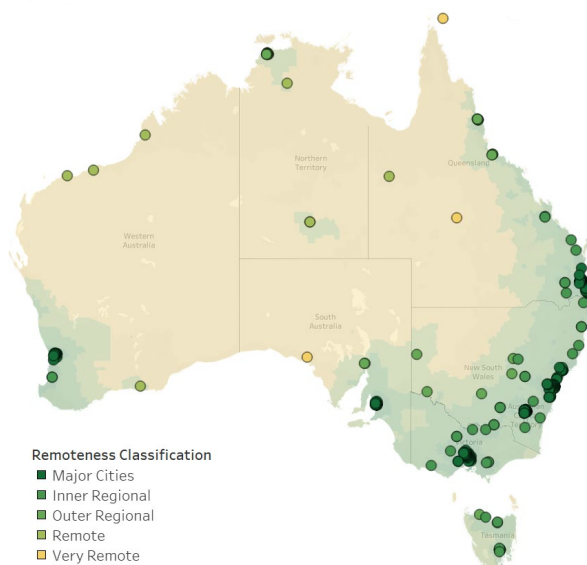
The Commonwealth tenancies within the ACT account for 25.3 per cent of all tenancies, 44.4 per cent of the total controlled area, 45.8 per cent of total allocated staff, and 47.3 per cent of total work-points.

The SPA advises that Canberra was the only capital city market in which vacancy fell in 2020, from 10.3 per cent to 10.1 per cent, despite market capacity increasing by 69,000 m<sup>2</sup>. While the Commonwealth accounted for most large-scale leasing transactions in Canberra in 2020, the net tenancy expenditure of \$609.3 million in 2020 remained relatively stable (\$609.2 million in 2019).

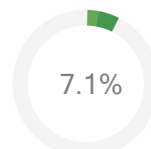
The tenancies in the ACT are also more likely to have longer leases, with 23 tenancies with leases that are due to expire in 10 to 20 years, compared to only 13 tenancies across the rest of Australia. 29.2 per cent of ACT tenancies meet the occupational density target (up from 24.5 per cent in 2019), with another 34 tenancies (22.1 per cent) having an occupational density between 14 m<sup>2</sup> and 16 m<sup>2</sup>.

Density outcomes are likely to continue to improve as longer leases expire and are replaced with more efficient, contemporary lease agreements.

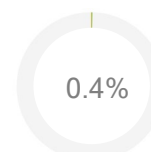
**Chart 9. Tenancies by Remoteness Classification**



**Major Cities** account for 82.4 per cent of tenancies and 92.5 per cent of total controlled area. All entities have tenancies within one or more major cities.



**Inner Regional** and **Outer Regional** account for 15.6 per cent of tenancies and 7.1 per cent of total controlled area. 20 out of 81 (24.7%) entities have tenancies in this region.



**Remote** and **Very Remote** account for 2.0 per cent of tenancies and 0.4 per cent of total controlled area. 5 out of 81 (6.2%) entities have tenancies in this classification.

Table 9 shows that 82.4 per cent of tenancies are located in major cities, which account for 92.5 per cent of the total controlled area.

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

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.

**Table 9. Summary of Tenancies by Remoteness**

Measure	Major Cities	Inner Regional	Outer Regional	Remote and Very Remote	Total (all tenancies)
Number of Tenancies (n)	502	54	41	12	609
Controlled area (m <sup>2</sup> )	2,683,460	132,345	74,431	10,237	2,900,473
Usable Office Area (m <sup>2</sup> )	2,126,138	109,389	58,494	8,753	2,302,775
Work-points (n)	155,124	8,277	3,440	353	167,194
Staff (n)	140,981	8,110	3,105	251	152,447
Vacant Work-points (n)	14,143	167	335	102	14,747
Work-point Vacancy Rate (%)	9.1	2.0	9.7	28.9	8.8
Fit-out Density (m <sup>2</sup> )	13.7	13.2	17.0	24.8	13.8
Occupational Density (m <sup>2</sup> )	15.1	13.5	18.8	34.9	15.1
Tenancies Meeting the ODT (%)	39.8	53.7	36.6	0.0	40.1
Net Tenancy Expenditure (\$m)	1,310.0	50.2	32.3	2.9	1,395.4
Cost per m <sup>2</sup> (\$)	488	379	434	279	481
Cost per Staff (\$)	9,292	6,192	10,393	11,366	9,153
Cost per Work-point (\$)	8,445	6,067	9,381	8,082	8,346

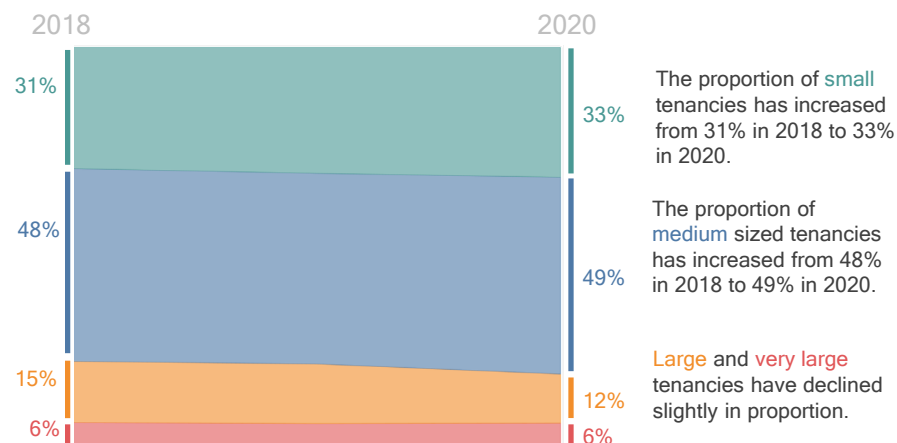
(a) The Occupancy Report uses the Australian Bureau of Statistics' classification of remoteness, with Hobart classified as 'inner regional' and Darwin as 'outer regional'.

(b) 'Remote Australia' includes figures for tenancies classed as 'Very Remote Australia'.

The 2020 data, in Table 10, shows that large-sized tenancies demonstrated the highest adherence to the occupational density target (50.7 per cent), which is a shift from 2019 where medium-sized tenancies demonstrated the highest adherence (36.4 per cent in 2019). Very large tenancies had a work-point vacancy rate of 10.5 per cent in 2020, which has reduced from 13.6 per cent in 2019. The work-point vacancy rate in small tenancies also significantly reduced from 22.1 per cent in 2019 to 1.4 per cent in 2020.

The data also indicates that small-sized tenancies have less dense fit-outs at 14.8 m<sup>2</sup> per work-point compared to large-sized tenancies that have a fit-out density of 13.1 m<sup>2</sup>. This may be influenced by the reduced flexibility inherent in a smaller floorplate. Small-sized tenancies have the lowest cost per m<sup>2</sup> at \$409, with all other tenancies ranging from \$427 to \$538. The cost per staff is lowest in large-sized tenancies at \$8,164 and similarly the cost per work-point is also lowest in large-sized tenancies at \$7,486. The highest cost per staff and per work-point were seen in small-sized tenancies at \$11,565 and \$11,408 respectively.

**Chart 10. Lease Composition by Tenancy Size, 2018-2020**



A tenancy is categorised as:

- Small, where the usable office area is between 500 - 1,000 m<sup>2</sup>,
- Medium, where the usable office area is between 1,000 - 5,000 m<sup>2</sup>,
- Large, where the usable office area is between 5,000 - 15,000 m<sup>2</sup>,
- Very large, where the usable office area is greater than 15,000 m<sup>2</sup>.

**Table 10. Tenancies by Size**

Measure	Small	Medium	Large	Very Large	Total
Number of Tenancies (n)	199	301	75	34	609
Controlled Area (m <sup>2</sup> )	268,543	967,953	758,158	905,819	2,900,473
Usable Office Area (m <sup>2</sup> )	142,276	669,047	674,664	816,788	2,302,775
Work-points (n)	9,632	46,858	51,503	59,201	167,194
Staff (n)	9,501	42,714	47,231	53,001	152,447
Vacant Work-points (n)	131	4,144	4,272	6,200	14,747
Work-point Vacancy Rate (%)	1.4	8.8	8.3	10.5	8.8
Fit-out Density (m <sup>2</sup> )	14.8	14.3	13.1	13.8	13.8
Occupational Density (m <sup>2</sup> )	15.0	15.7	14.3	15.4	15.1
Meeting the Occupational Density Target (%)	41.7	36.9	50.7	35.3	40.1
Net Tenancy Expenditure (\$m)	109.9	412.9	385.6	487.0	1,395.4
Cost per m <sup>2</sup> (\$)	409	427	509	538	481
Cost per Staff (\$)	11,565	9,667	8,164	9,189	9,153
Cost per Work-point (\$)	11,408	8,812	7,486	8,227	8,346

Approximately one per cent of Commonwealth tenancies (representing one per cent of total controlled area) are leases that are continuing on a month-by-month basis (i.e. in 'holdover'). These tenancies have an occupational density of 14.6 m<sup>2</sup> and a fit-out density of 15.0 m<sup>2</sup>.

A further 32.5 per cent of tenancies (representing 21.6 per cent of the total controlled area) have a lease expiry within two years of the 30 June 2020 collection reporting date. The occupational density for these tenancies is 16.7 m<sup>2</sup>, with a fit-out density of 14.4 m<sup>2</sup>. 33.2 per cent of tenancies (representing 26.2 per cent of the total controlled area) have a lease expiry within 2 to 5 years. The occupational density for these tenancies is 14.4 m<sup>2</sup>, with a fit-out density of 13.8 m<sup>2</sup>.

Where an entity is occupying a building that it owns, it can significantly affect the costs 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 11.

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.

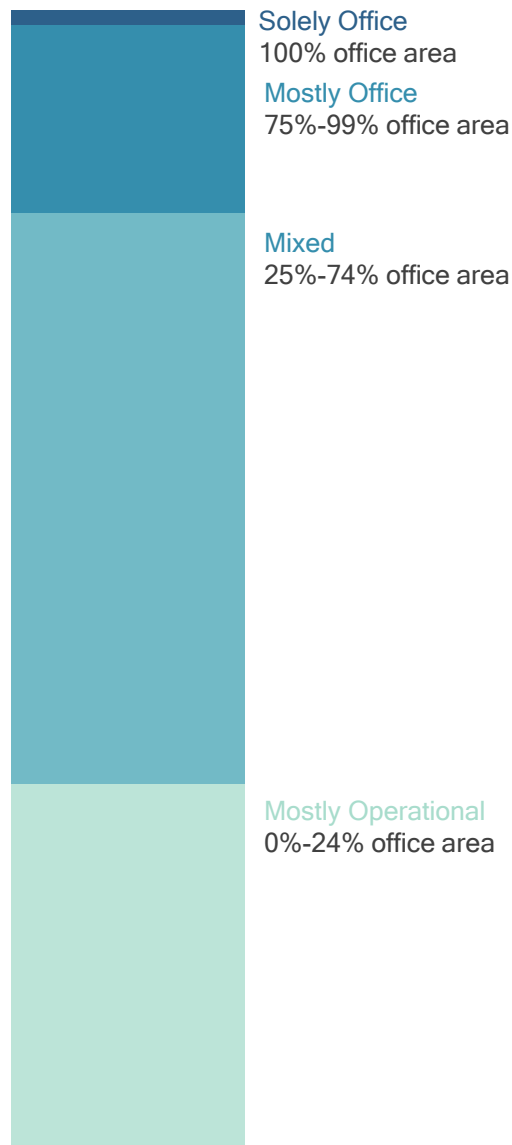
**Table 11. Tenancies by Lease Expiry**

Measure	Holdover	0-2 Years	2-5 Years	5-10 Years	10-20 Years	20+ Years	Owned
Number of Tenancies (n)	7	198	202	151	37	14	38
Number of Owned Tenancies (inclusive) (n)	0	8	2	6	10	12	38
Controlled Area (m <sup>2</sup> )	29,237	625,399	760,356	681,422	667,973	136,085	371,141
Usable Office Area (m <sup>2</sup> )	23,981	522,597	658,493	580,694	433,805	83,206	172,375
Work-points (n)	1,603	36,389	47,605	43,537	31,948	6,112	12,193
Staff (n)	1,640	31,342	45,743	40,904	27,346	5,472	10,954
Vacant Work-points (n)	-37	5,047	1,862	2,633	4,602	640	1,239
Work-point Vacancy Rate <sup>1</sup> (%)	-2.3	13.9	3.9	6.0	14.4	10.5	10.2
Fit-out Density (m <sup>2</sup> )	15.0	14.4	13.8	13.3	13.6	13.6	14.1
Occupational Density (m <sup>2</sup> )	14.6	16.7	14.4	14.2	15.9	15.2	15.7
Meeting the Occupational Density Target (%)	42.9	38.9	42.6	40.4	27.0	7.1	39.5
Net Tenancy Expenditure (\$m)	14.3	300.8	414.1	369.8	288.4	8.0	51.9
Cost per m <sup>2</sup> (\$)	490	481	545	543	432	58	140
Cost per Staff (\$)	8,732	9,599	9,052	9,040	10,548	1,454	4,735
Cost per Work-point (\$)	8,933	8,267	8,698	8,493	9,029	1,301	4,254

1. Where a work-point vacancy rate is negative, there are more staff allocated to the lease than there are work-points. This may reflect staff accessing flexible arrangements such as part-time or flexible shift work, or staff may be on short term leave.



Chart 12. Tenancy Type Categories



Depending on the ratio of usable office area to controlled area, a tenancy is categorised as either:

- solely office, where a tenancy's usable office area equals 100 per cent of its controlled area;
- mostly office, where a tenancy's usable office area is between 75 and 99 per cent;
- mixed, where a tenancy's usable office area is between 25 and 74 per cent; and
- mostly operational, where a tenancy's usable office area makes up less than 25 per cent of the controlled area.

Mostly operational tenancies include office space that is within operational facilities, archives facilities, container examination facilities, and federal law court buildings. Calculation of spatial density measures is not influenced by office type because they are determined relative to usable office area. However, net tenancy expenditure throughout this report is based on controlled area (as costs relate to the total controlled area of the tenancy). Therefore, in mostly operational facilities such as a warehouse with a small office component the cost per staff or work-point is heavily affected by the cost of the operational facility.

Table 12. Tenancies by Tenancy Type

Measure	Solely office (100% office area)	Mostly office (75% to 99% office)	Mixed (25% to 74% office)	Mostly operational (0% to 24% office)
Number of Tenancies (n)	140	307	140	22
Controlled Area m <sup>2</sup>	315,301	1,869,071	448,380	267,720
Usable Office Area (m <sup>2</sup> )	315,301	1,714,036	241,501	31,937
Work-points (n)	23,192	125,302	16,842	1,858
Staff (n)	19,644	115,610	15,329	1,864
Vacant Work-points (n)	3,548	9,692	1,513	-6
Work-point Vacancy Rate (%)	15.3	7.7	9.0	-0.3
Fit-out Density (m <sup>2</sup> )	13.6	13.7	14.3	17.2
Occupational Density (m <sup>2</sup> )	16.1	14.8	15.8	17.1
Meeting the Occupational Density Target (%)	37.1	38.8	47.1	31.8
Net Tenancy Expenditure (\$m)	152.3	992.8	204.9	45.4
Cost per m <sup>2</sup> (\$)	483	531	457	169
Cost per Staff (\$)	7,755	8,587	13,368	24,330
Cost per Work-point (\$)	6,569	7,923	12,167	24,408





# 13. Top 10 Largest Entities by Controlled Area

Chart 13.a Top 10 Entities Proportion of Controlled Area

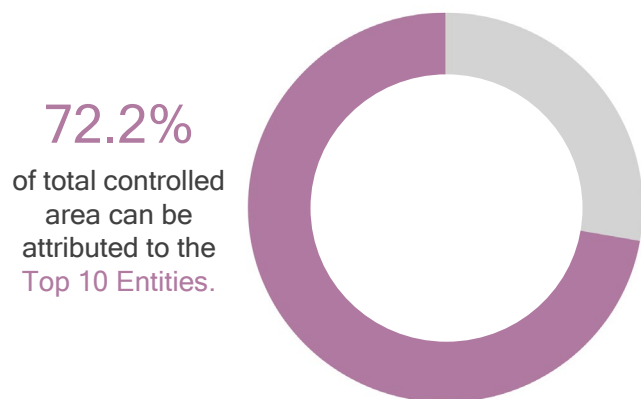


Chart 13.b Top 10 Entities Controlled Area Proportion Breakdown

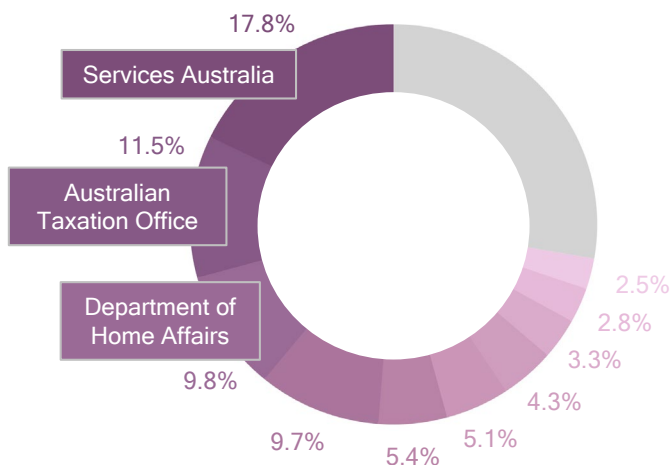


Table 13. Top 10 Largest Entities by Controlled Area

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	515,438	163	409,999	11.6	17.8%
Australian Taxation Office	333,107	23	313,749	13.8	11.5%
Department of Home Affairs	283,806	46	248,837	23.9	9.8%
Department of Defence	282,586	44	261,294	16.0	9.7%
Federal Court of Australia	157,250	9	15,718	15.1	5.4%
Australian Federal Police	147,549	21	86,073	17.4	5.1%
Department of Agriculture, Water and the Environment	125,341	24	108,463	16.2	4.3%
Department of Health	96,191	12	84,645	16.7	3.3%
Department of Industry, Science, Energy and Resources	81,742	17	49,506	14.3	2.8%
Department of Foreign Affairs and Trade	72,477	11	60,071	15.6	2.5%
Subtotal of Top 10 Entities	2,095,486	370	1,638,356	14.9	72.2%
Total (all entities)	2,900,473	609	2,302,775	15.1	100%
Top 10 Entities as proportion of total	72%	61%	71%	—	--

The ten entities with the largest controlled area account for 72.2 per cent of the Commonwealth's office space, and 61 per cent of the total number of tenancies.

Note: entities reflected their composition as at 30 June 2020 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.

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 occupied 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, 14 m<sup>2</sup> by the total number of tenancies that meet a given criteria.

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 each lease for all areas within 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 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-point 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 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 categories:

- 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-point 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.

Work-points 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.

### Changes to key terminology

In 2018 the measure of 'central tendency' for metrics in the Occupancy Report was changed from medians to averages. However, the methodology using the new 'average' values utilised aggregated values from the primary metrics of individual tenancies, such as usable office area and staff, to calculate a national value for key metrics.

In this version of the Occupancy Report the terminology used to describe key metrics no longer uses the word *average*, however the underlying methodology for calculating these values remains unchanged from that used since 2018.

Nothing this, readers should be aware of the following when reading this report:

- Where values for key terms, such as occupational density, are used in isolation, the value has been calculated using aggregated totals of the underlying metrics from individual tenancies within the relevant grouping, for example a state, tenancy type or size.
- Where the term average is used, it explicitly states the value for the key term is an actual average of individual lease values within the given group.

### The Dataset

Finance undertakes an annual data collection on all properties that have a utilised 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 with at least 500m<sup>2</sup> of usable office area; and
- Current leases as at 30 June 2020.

45 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 2019 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.

Property information is entered into the AGPR 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 PSPs 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 PSPs) are required to update annually, as at 30 June.

Due to the COVID-19 pandemic, the 2020 Office Data Collection, which normally occurs in August, was delayed until November 2020, with all entities' final submissions completed by June 2021. Despite this delay, all data was reported as at 30 June 2020.

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.

### Process changes to the 2020 office data collection

During the 2020 office data collection, Finance introduced enhanced data quality processes. This included automated checking of key property metrics of each reported lease. These processes have increased the accuracy of the property data reported in 2020.

In response to the greater number of staff working from home during the COVID-19 pandemic, the reporting methodology for the 2020 office data collection was also changed from a headcount to report Staff Allocated to Lease. Previously, reporting requirements allowed entities to select a methodology that would determine the number of staff that would normally work in a tenancy, and recommended that this could be done using HR systems or a manual headcount and assessment of a desk that displayed signs of regular occupation.

In 2020, entities reported the estimated number of staff that were regularly assigned to work in the tenancy on any given day. This included all staff (including contractors, consistent with previous years) regardless of whether they were present in the tenancy on the reporting date. This change was to take into account temporary work from home requirements that may have been in place on the collection date, including where the tenancy was affected by lockdown requirements. In order to collect this information, entities were advised to use alternate tools instead of manual headcounts, such as their Payroll or Human Resources data, or conduct an analysis of ICT login data or swipe (building entry) data.