Precinct Properties is developing an Innovation Precinct in Auckland Central’s Wynyard Quarter. The precinct could provide up to 48,000 sqm of space across five developments. The buildings will be leased to innovation focused tenants who seek agile, flexible and collaborative working environments. Auckland Council’s Auckland, Tourism, Events and Economic Development (ATEED) has a memorandum of understanding with Precinct Properties to lease up to 24,000 sqm to activate the area. Currently ATEED has taken a head lease over 8,500 sqm at 12 Madden Street (5a), 1,500 sqm in the Mason Brothers building and also around 1,800 sqm in The Lysaght Building which is not owned by Precinct Properties. GridAKL has been established by ATEED to stimulate growth of the innovation community, which is a key aspiration of the Innovation Precinct’s vision. GridAKL’s role is to assist high-impact, growth-orientated, technology-focused businesses and entrepreneurs to develop and commercialise their innovations.
Wynyard Quarter’s Innovation Precinct

Contents

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Key Findings

WORKPLACE TRENDS

1. The workplace is changing. There is on-going demand for more efficient, agile and flexible space to meet the needs of a new workforce.
2. Tenants are implementing new designs to meet demand, increase density and keep costs down.
3. Focussing on workplace and demographic trends will help tenants plan their whole-of-life leasing strategy.
4. Despite the change in demographics, there will need to be delivery of space that meets all cohorts of the workforce.
5. New Zealand is joining in on global trends with a rise in shared space and co-working facilities. At present, more than 40 co-working facilities are in operation across New Zealand with more expected soon.

WORKPLACE OCCUPATIONAL SURVEY RESULTS

6. Nationally, the CBD office density for the four regions has reduced between the 2014 and 2016 surveys to 17.2 sqm per person compared to 16.4 sqm per person respectively.
7. The legal sector continues to have one of the lowest average density ratings than other major sectors at 22.2 sqm per person.
8. Total occupancy cost (TOC) per sqm has increased from $399/sqm to $427/sqm and has increased moderately per person from $6,550 to $7,328 between the two survey periods.
9. In the private sector, office density is 18.1 sqm per person and TOC is at $8,159 per person p.a. and $451/sqm.
10. In the public sector, office density is at 16.0 sqm per person and TOC is at $6,267 per person p.a. and $392/sqm.
11. Leases which have been signed but where tenants are still to move in, show increased levels of density in comparison to existing premises. New buildings will show the highest density.
12. TOC are rising, which is why density has become a major consideration. However, not all space available suits a tenant’s need for immediate occupation. This has been especially noticeable in the prime sector – particularly in Auckland.

OFFICE DENSITY PER PERSON EXPLANATION

*Higher density* refers to less space per person. i.e. space is being used more intensely. A *lower density* refers to more space per person. i.e. the space is being used less intensely. For example, 16 sqm per person is a lower density rate than 14 sqm per person. If the change in the two rates are being interpreted, a change from 16 sqm per person to 14 sqm per person represents an increase in density and a decrease in space occupied per person.

**LOWER DENSITY** (16m²/person)

**HIGHER DENSITY** (14m²/person)

A decrease in space occupied... ...equals an increase in density.
Alternative Workplace & Office Trends

DEMAND DRIVERS
The demand for more efficient, agile and flexible space is increasing. The following trends are the drivers and influencers of this demand:

- A new generation of workers with different wants and needs.
- Increasing demand for technology and cyber security.
- The fundamental importance of innovation and staff collaboration.
- A culture of sharing and community.

MEETING DEMAND
Ways tenants can meet this demand within the built workplace environment include:

- Collaborative Workstations
- Breakout Rooms
- Quiet Spaces
- Relaxation Rooms
- Social Open Space
- Thinner Walls
- Wall Art & Graphics
- Outdoor Amenities
- High Ceilings
- Adjustable Desks
- Plants & Greenery
- Project Rooms
- Glass and Flexi Walls

NEW ZEALAND HAS SEEN A LARGE INCREASE IN SHARED SPACE AND CO-WORKING FACILITIES

What? Provides occupants with a flexible, agile and collaborative shared working environment.

Why? Gives occupants the ability to network and collaborate with other like-minded people as well as providing space to work independently, with no long term lease commitment.

Who?
- Businesses who are high-impact, growth-orientated and technology-focused.
- Entrepreneurs who are wanting to develop and commercialise their innovations.
- Freelancers who do not want to feel isolated and/or limited from the social community and collaborative working environment.
- Businesses who do not want, or cannot afford, a long term lease.

Where? There are now over 40 co-working facilities across New Zealand with the majority in Auckland, Wellington and Christchurch. This is growing rapidly. We expect to see at least a 20% increase within the next 12 months.

How? Different membership schemes and a suite of service additions are provided to accommodate the various members’ working style.

NEW ZEALAND’S FUTURE GENERATIONS OF WORKERS

- Millennials (born between 1981 and 1998) will dominate the workforce by 2023, comprising 38% of the workforce.
- The number of Gen Z (born between 1999 and to date) will almost equal Gen X employees, while ‘Baby Boomers’ will more than halve.

Workplaces are increasingly being designed to accommodate workplaces that meet the needs of multiple workforce generations.

- The most influential impacts the younger generations are having on the workplace is to facilitate designs that encourage social interaction, work-life balance, collaborative work and the generation’s strong relationship with technology, the internet and social media.

- Workplaces are now being designed with:
  - Open hubs and game rooms for eating and socialising as collaboration does not stop at the desk.
  - Active designs by locating printers and coffee machines/water coolers a healthy walk away from people’s workstations.
  - Lounge areas where people can gather with their laptops and mobiles.
  - Project rooms so people can gather and collaborate on specific work tasks or projects.

New Zealand Working Population by Generation

<table>
<thead>
<tr>
<th>Generation</th>
<th>2015</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silents</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Gen X</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Millennials</td>
<td>27%</td>
<td>37%</td>
</tr>
<tr>
<td>Gen Z</td>
<td>34%</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proportion of Working Population</th>
<th>2015</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>5%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>10%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>15%</td>
<td>27%</td>
<td>37%</td>
</tr>
<tr>
<td>20%</td>
<td>32%</td>
<td>34%</td>
</tr>
<tr>
<td>25%</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>30%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>35%</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>40%</td>
<td>32%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: Statistics NZ, Colliers International Research
National labour force projections (15-79 years), by age and sex, 2015 (base)-2068
Corporate Real Estate Trends

**GOALS**

**ORGANISATIONAL ALIGNMENT**
A workplace that matches the organisation’s needs.

**COST CONTROL**

**SOCIAL ALIGNMENT**
A workplace that matches the individual’s needs.

**WORKPLACE SOLUTIONS**

- **COLLABORATIVE**
- **AGILE & FLEXIBLE**
- **AUTHENTIC**
- **BRAND ALIGNMENT**
- **TAILOR-MADE**
- **DIVERSE**
- **TECHNOLOGICAL**
- **WELLNESS**

Co-working and the sharing of big ideas stimulates innovation forming a competitive advantage for the organisation.

Engaging staff and enhancing productivity by providing different staff the right atmosphere and location for the best outcomes.

Sweating the asset rather than the employee for better layout and density ratios that keep rental costs as affordable as possible.

A workplace that expresses the brand identity boosts the organisation’s attractiveness to clients and staff.

Satisfying the desire for a better work experience for employees leads to the retention and attraction of the best staff.

Traditional approaches like the corporate or home office are being blended by a mix of alternative workplace approaches.

Incorporating changing demographics and workplace diversity enhances corporate social responsibility, business reputation and a wider pool of potential employees.

Technological connectivity and data intelligence formulate winning insights and outputs that ultimately benefit the organisation and clients.

Keeping staff fit and healthy leads to better productivity and satisfaction.
**BENEFITS**

- Co-working and the sharing of big ideas stimulates innovation forming a competitive advantage for the organisation.

- Engaging staff and enhancing productivity by providing different staff the right atmosphere and location for the best outcomes.

- Sweating the asset rather than the employee for better layout and density ratios that keep rental costs as affordable as possible.

- A workplace that expresses the brand identity boosts the organisation’s attractiveness to clients and staff.

- Satisfying the desire for a better work experience for employees leads to the retention and attraction of the best staff.

- Incorporating changing demographics and workplace diversity enhances corporate social responsibility, business reputation and a wider pool of potential employees.

- Technological connectivity and data intelligence formulate winning insights and outputs that ultimately benefit the organisation and clients.

- Keeping staff fit and healthy leads to better productivity and satisfaction.

**APPROACHES**

Traditional approaches like the corporate or home office are being blended by a mix of alternative workplace approaches.
## Office Occupational Survey Results by Region

Source: Colliers International Research

### Auckland CBD

<table>
<thead>
<tr>
<th>Survey Period</th>
<th>Office Density (m²/person)</th>
<th>Total Occupancy Cost ($/m²)</th>
<th>Total Occupancy Cost ($/person)</th>
<th>Proportion of Private Offices</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2010</td>
<td>16.1</td>
<td>$232</td>
<td>$3,572</td>
<td>14.3%</td>
<td>9,867</td>
</tr>
<tr>
<td>2010-2012</td>
<td>17.2</td>
<td>$268</td>
<td>$4,609</td>
<td>4.3%</td>
<td>15,937</td>
</tr>
<tr>
<td>2012-2014</td>
<td>14.5</td>
<td>$232</td>
<td>$3,373</td>
<td>6.3%</td>
<td>15,674</td>
</tr>
<tr>
<td>2014-2016</td>
<td>15.4</td>
<td>$286</td>
<td>$4,404</td>
<td>3.2%</td>
<td>2,910</td>
</tr>
</tbody>
</table>

### Hamilton CBD

<table>
<thead>
<tr>
<th>Survey Period</th>
<th>Office Density (m²/person)</th>
<th>Total Occupancy Cost ($/m²)</th>
<th>Total Occupancy Cost ($/person)</th>
<th>Proportion of Private Offices</th>
<th>Sample size</th>
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</thead>
<tbody>
<tr>
<td>2008-2010</td>
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<tr>
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<td>$286</td>
<td>$4,404</td>
<td>3.2%</td>
<td>2,910</td>
</tr>
</tbody>
</table>

### Wellington CBD

<table>
<thead>
<tr>
<th>Survey Period</th>
<th>Office Density (m²/person)</th>
<th>Total Occupancy Cost ($/m²)</th>
<th>Total Occupancy Cost ($/person)</th>
<th>Proportion of Private Offices</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2010</td>
<td>14.4</td>
<td>$491</td>
<td>$7,054</td>
<td>4.0%</td>
<td>173,007</td>
</tr>
<tr>
<td>2010-2012</td>
<td>17.5</td>
<td>$413</td>
<td>$7,214</td>
<td>5.2%</td>
<td>159,708</td>
</tr>
<tr>
<td>2012-2014</td>
<td>16.4</td>
<td>$345</td>
<td>$5,649</td>
<td>5.0%</td>
<td>101,116</td>
</tr>
<tr>
<td>2014-2016</td>
<td>16.2</td>
<td>$367</td>
<td>$5,950</td>
<td>1.8%</td>
<td>104,886</td>
</tr>
</tbody>
</table>

### Dunedin CBD

<table>
<thead>
<tr>
<th>Survey Period</th>
<th>Office Density (m²/person)</th>
<th>Total Occupancy Cost ($/m²)</th>
<th>Total Occupancy Cost ($/person)</th>
<th>Proportion of Private Offices</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2010</td>
<td>27.4</td>
<td>$200</td>
<td>$5,493</td>
<td>7.5%</td>
<td>7,674</td>
</tr>
<tr>
<td>2010-2012</td>
<td>24.0</td>
<td>$210</td>
<td>$5,036</td>
<td>6.6%</td>
<td>4,708</td>
</tr>
<tr>
<td>2012-2014</td>
<td>20.8</td>
<td>$247</td>
<td>$5,138</td>
<td>6.0%</td>
<td>4,880</td>
</tr>
<tr>
<td>2014-2016</td>
<td>18.3</td>
<td>$209</td>
<td>$3,830</td>
<td>1.1%</td>
<td>8,467</td>
</tr>
</tbody>
</table>

### Christchurch CBD

<table>
<thead>
<tr>
<th>Survey Period</th>
<th>Office Density (m²/person)</th>
<th>Total Occupancy Cost ($/m²)</th>
<th>Total Occupancy Cost ($/person)</th>
<th>Proportion of Private Offices</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2010</td>
<td>20.6</td>
<td>$337</td>
<td>$6,933</td>
<td>N/A</td>
<td>46,499</td>
</tr>
<tr>
<td>2014-2016</td>
<td>18.5</td>
<td>$485</td>
<td>$8,984</td>
<td>N/A</td>
<td>49,044</td>
</tr>
</tbody>
</table>

### Metropolitan Auckland

<table>
<thead>
<tr>
<th>Survey Period</th>
<th>Office Density (m²/person)</th>
<th>Total Occupancy Cost ($/m²)</th>
<th>Total Occupancy Cost ($/person)</th>
<th>Proportion of Private Offices</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2016</td>
<td>15.2</td>
<td>$397</td>
<td>$6,027</td>
<td>3.9%</td>
<td>26,628</td>
</tr>
</tbody>
</table>

### National CBD

<table>
<thead>
<tr>
<th>Survey Period</th>
<th>Office Density (m²/person)</th>
<th>Total Occupancy Cost ($/m²)</th>
<th>Total Occupancy Cost ($/person)</th>
<th>Proportion of Private Offices</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2010*</td>
<td>15.9</td>
<td>$472</td>
<td>$7,526</td>
<td>6.9%</td>
<td>410,000</td>
</tr>
<tr>
<td>2010-2012</td>
<td>17.1</td>
<td>$450</td>
<td>$7,713</td>
<td>4.8%</td>
<td>320,015</td>
</tr>
<tr>
<td>2012-2014</td>
<td>16.4</td>
<td>$399</td>
<td>$6,550</td>
<td>8.2%</td>
<td>186,768</td>
</tr>
<tr>
<td>2014-2016**</td>
<td>17.2</td>
<td>$427</td>
<td>$7,328</td>
<td>1.9%</td>
<td>207,910</td>
</tr>
</tbody>
</table>

*Includes Christchurch CBD  **Figures excludes metropolitan Auckland office  ***A high proportion of secondary leases were analysed for Dunedin CBD
National Results

Key Finding: Decrease in density and an increase in total operating expenses

- Nationally, the CBD office density for the five regions has reduced between the 2014 and 2016 surveys to 17.2 sqm per person compared to 16.4 sqm per person.
- Total occupancy cost (TOC) per sqm has increased from $399 per sqm to $427/sqm and has increased moderately per person from $6,550 per person to $7,328 per person between the two survey periods.
- The drive for less space per person implemented by many tenants to increase efficiency and reduce overall costs is unsurprising. However, there has been a significant variance in the overall results by location, sector and grade.
- Prime office space has experienced a slight reduction in CBD office density between the 2014 and 2016 surveys, from 17.3 sqm per person to 17.8 sqm per person.
- The government’s mandate under the accommodation strategy to increase workplace efficiency and keep costs down has been successful. This is most notable when the national results are split by private and public sector leases.

Nationally, the private sector office density is 18.1 sqm per person and $8,159 per person p.a.
- The public sector is at 16 sqm per person and $6,267 per person p.a.
- The drive for higher density from the public sector will continue due to the influence of Wellington Accommodation Project tranche 2 (WAP2).

New Zealand CBD Office Density (m²/person) vs TOC (per person)
Auckland CBD Results

Key Finding: Decrease in density and an increase in total operating cost

- Auckland CBD office density has decreased to 18.1 sqm per person compared to 16.8 sqm per person between the 2014 and 2016 survey periods.
- Prime CBD density has decreased to 18.5 sqm per person. The result was influenced by lower density legal sector leases and limited prime office options.
- With prime vacancy at 1.9% (Jun-16), many tenants cannot find their ideal space, so are leasing more space than required.
- Total occupancy cost (TOC) has increased from $533/sqm to $566/sqm between the two survey periods. Both the prime and secondary sectors experienced increases due to rental growth across the CBD.
- There is a substantial difference in TOC per person between the 2014 and 2016 surveys, $8,956 per person to $10,266 per person respectively. This is due to lower density rates and higher rents.
- Previous Auckland CBD workplace surveys shows that office density has increased since 1998, but density rates are now below the low recorded in 2008. This is a reflection of tight market conditions leading up to 2008, a subsequent oversupply in office space due to the global financial crisis and more recently, the inability to secure appropriate space in a low vacancy environment.
- Given that rental costs are expected to increase further, tenants will need to consider the implication of density on TOC in long-term financial planning.

Metropolitan Auckland Results

Key Finding: Decrease in density and an increase in total operating cost

- In the Auckland metropolitan area, office density has not significantly changed since 2012, decreasing to 15.2 sqm per person in 2016 compared to 15.1 sqm per person in 2012.
- TOC per sqm in metropolitan Auckland is $397/sqm compared to the CBD at $566/sqm.
- Tenants are moving within the CBD and sometimes from the CBD into the metropolitan market to seek space efficiencies and mitigate rising costs.

Auckland CBD Office Density (m²/person) vs TOC (per person)

| Auckland CBD Office Occupational Survey Results (2016) |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                 | OFFICE DENSITY (M²/PERSON) | TOTAL OCCUPANCY COST ($/M²) | TOTAL OCCUPANCY COST ($/PERSON) | PROPORTION OF PRIVATE OFFICES |
| AUCKLAND CBD OVERALL            | 18.1 | $566 | $10,266 | 4.2% |
| Grade                          |      |      |        |      |
| Prime                          | 18.5 | $589 | $10,871 | 4.0% |
| Secondary                      | 16.7 | $462 | $7,728 | 5.1% |
| Size of Organisation           |      |      |        |      |
| Up to 20 Workstations          | 22.6 | $424 | $9,583 | 18.5% |
| 21-100 Workstations            | 18.8 | $579 | $10,867 | 5.8% |
| 101+ Workstations              | 17.4 | $574 | $9,993 | 2.2% |
| METROPOLITAN AUCKLAND OVERALL  | 15.2 | $397 | $6,027 | 3.9% |
| Grade                          |      |      |        |      |
| Prime                          | 17.5 | $415 | $7,250 | 3.4% |
| Secondary                      | 14.3 | $388 | $5,532 | 4.1% |
| Size of Organisation           |      |      |        |      |
| Up to 20 Workstations          | 19.8 | $295 | $5,822 | 8.7% |
| 21-100 Workstations            | 16.4 | $399 | $6,553 | 4.5% |
| 101+ Workstations              | 11.8 | $414 | $4,891 | 1.9% |

Source: Colliers International Research.
For a detailed and historical breakdown please contact us.
Wellington Results

**Key Finding: Increase in density and an increase in total operating cost**

- Overall Wellington CBD office density has increased to 16.2 sqm per person compared to 16.4 sqm per person between the 2014 and 2016 surveys.
- Prime grade density has significantly increased at 15.8 sqm per person compared to the 2014 rate at 20.4 sqm per person. Secondary grade density is at a similar rate to the last survey with an office density rate at 16.3 sqm per person.
- The government occupies around 43% of the Wellington CBD office space. The Crown has completed two strategies to reduce and mitigate rising property-related costs. Known as the Wellington Accommodation Project tranches 1 and 2 (WAP 1 & 2) these successfully located 29 government agencies either by re-locating to new space or refurbishing existing space.
- From the strategies above, there has been a large shift in density and total operating costs (TOC) in the public sector. TOC has decreased from approximately $7,691 per person in 2012 to $5,618 per person in 2016, a saving of approximately 27%. Office density has increased to 15.2 sqm per person in 2016 compared to 17.2 sqm per person in 2012.

---

**Wellington CBD Office Density (m²/person) vs TOC (per person)**

Source: Colliers International Research

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**Wellington CBD Office Occupational Survey Results (2016)**

<table>
<thead>
<tr>
<th>WELLINGTON CBD OVERALL</th>
<th>OFFICE DENSITY (m²/PERSON)</th>
<th>TOTAL OCCUPANCY COST ($/M²)</th>
<th>TOTAL OCCUPANCY COST ($/PERSON)</th>
<th>PROPORTION OF PRIVATE OFFICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime</td>
<td>15.8</td>
<td>$446</td>
<td>$7,041</td>
<td>1.1%</td>
</tr>
<tr>
<td>Secondary</td>
<td>16.3</td>
<td>$352</td>
<td>$5,746</td>
<td>1.9%</td>
</tr>
<tr>
<td>Private Sector</td>
<td>17.6</td>
<td>$363</td>
<td>$6,370</td>
<td>4.0%</td>
</tr>
<tr>
<td>Public Sector</td>
<td>15.2</td>
<td>$371</td>
<td>$5,618</td>
<td>0.0%</td>
</tr>
<tr>
<td>Up to 20 Workstations</td>
<td>24.0</td>
<td>$339</td>
<td>$8,144</td>
<td>7.4%</td>
</tr>
<tr>
<td>21-100 Workstations</td>
<td>20.5</td>
<td>$368</td>
<td>$7,535</td>
<td>2.8%</td>
</tr>
<tr>
<td>101+ Workstations</td>
<td>13.5</td>
<td>$375</td>
<td>$5,062</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Source: Colliers International Research.
For a detailed and historical breakdown please contact us.
Christchurch Results

Key Finding: Increase in density and an increase in total operating cost

- We were unable to report on Christchurch CBD density rates in 2012 and 2014 workplace reports due to the cordon and subsequent rebuild after the earthquakes. The completion of numerous buildings across the CBD enables us to reinitiate the survey.
- Higher density has also enabled tenants to commit to higher rents that are required for the more modern and earthquake strengthened premises.

- Christchurch’s CBD office density has increased to 18.5 sqm per person in 2016 in comparison to 2010 where density was at 20.6 sqm per person. New, modern buildings have enabled greater efficiencies in density.
- Total operating cost is $485/sqm and $8,984 per person compared to $337/sqm and $6,933 per person in the 2010 survey.

Christchurch Office Occupational Survey Results (2016)

<table>
<thead>
<tr>
<th>CHRISTCHURCH CBD OVERALL</th>
<th>OFFICE DENSITY (M²/PERS)</th>
<th>TOTAL OCCUPANCY COST ($/M²)</th>
<th>TOTAL OCCUPANCY COST ($/PERS)</th>
<th>PROPORTION OF PRIVATE OFFICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prime</td>
<td>18.5</td>
<td>$485</td>
<td>$8,984</td>
<td>N/A</td>
</tr>
<tr>
<td>Secondary</td>
<td>20.5</td>
<td>$411</td>
<td>$8,408</td>
<td>N/A</td>
</tr>
<tr>
<td>Sector Type</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Sector</td>
<td>18.6</td>
<td>$507</td>
<td>$9,444</td>
<td>N/A</td>
</tr>
<tr>
<td>Public Sector</td>
<td>18.5</td>
<td>$464</td>
<td>$8,579</td>
<td>N/A</td>
</tr>
<tr>
<td>Size of Organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 20 Workstations</td>
<td>27.5</td>
<td>$486</td>
<td>$13,354</td>
<td>N/A</td>
</tr>
<tr>
<td>21-100 Workstations</td>
<td>18.0</td>
<td>$514</td>
<td>$9,262</td>
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<tr>
<td>101+ Workstations</td>
<td>18.2</td>
<td>$474</td>
<td>$8,650</td>
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</tbody>
</table>

Source: Colliers International Research.
For a detailed and historical breakdown please contact us.
Hamilton Results

Key Finding: Decrease in density and an increase in total operating cost

- Hamilton’s CBD office market density was lower in the 2016 survey at 15.4 sqm per person compared to 14.5 sqm per person in the 2014 survey.
- Hamilton’s prime sector has a significantly higher total operating cost than the secondary sector due to the quality of new builds entering the market and the associated rental rates.
- Prime density rates are lower than previous surveys as tenants look to take on extra space to grow.

Dunedin Results

Key Finding: Increase in density and a decrease in total operating cost

- Although higher than other areas surveyed, office density rates in Dunedin’s CBD continues to increase steadily overtime, currently at 18.3 sqm per person compared to 14.3 sqm per person in 2010.
- A high proportion of secondary quality premises were leased influencing the overall results.
- Refurbishment and re-configuration of older stock has provided greater efficiencies in space utilisation.
- Despite this higher density rating, costs per person remains stable, indicating pressure on occupancy costs to increase in Dunedin in the short term.

Hamilton and Dunedin Office Occupational Survey Results (2016)

<table>
<thead>
<tr>
<th>OFFICE DENSITY (m²/person)</th>
<th>TOTAL OCCUPANCY COST ($/m²)</th>
<th>TOTAL OCCUPANCY COST ($/person)</th>
<th>PROPORTION OF PRIVATE OFFICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamilton CBD Overall</td>
<td>15.4</td>
<td>$286</td>
<td>$4,404</td>
</tr>
<tr>
<td>Dunedin CBD Overall*</td>
<td>18.3</td>
<td>$209</td>
<td>$3,830</td>
</tr>
</tbody>
</table>

Source: Colliers International Research.

* A high proportion of secondary leases were analysed for Dunedin CBD.

For a detailed and historical breakdown please contact us.
New Build Office Occupational Trends

› Strong business conditions, higher employment and a positive economic outlook has enabled a surge in new office construction, particularly in Auckland.

› Many of these buildings have been pre-committed, enabling tenants to plan for optimal efficiency. Once these buildings reach practical completion and tenants are in occupation, we will likely see increased density rates compared to current 2016 results.

› We are aware of a number of leases for new build premises that have density rates typically ranging between 12 and 14 sqm per person.

› Base build typically allows for 10 sqm per person, enabling even greater occupational density if required.

› Due to higher total operating costs in the future, as rents and operating expenses increase, tenants searching for new space will focus more on density.

Trustpower, 108-127 Durham Street, Tauranga Central

The newly constructed, three storey purpose-built office at 108-127 Durham Street is leased to power company, Trustpower. The 7,200 sqm building houses around 525 employees giving an office density rate of 13.7 sqm per person.
Global Perspective

Peter Black, National Director Workplace Strategy & Design
Colliers International Sydney, Australia

Peter Black recently commented on the key changes that will shape the design of commercial office buildings over the next ten years and make a lot of existing, and even new, office buildings obsolete.

› The structure of buildings will get ‘thinner’. They will be more transparent, connected vertically and horizontally and will have a lighter footprint.
› Spaces and buildings that have character, are non-corporate and are authentic which will become increasingly valuable for occupiers.
› Commercial buildings will be all about creating communities. People will increasingly have a choice and the means to work away from the ‘office’.
› Buildings will need to show that they can support the bottom line of occupiers. Tenants are measuring rent as a percentage of revenue and bench marking against their peers.

For more information contact Peter.Black@colliers.com

Vinny Di Meglio, Director
Colliers International New Jersey, United States

Vinny Di Meglio recently discussed the five aspects of how Millennials influence the workplace and how to make the workplace “Millennial-friendly”:

› Food Amenities: Millennials tend to blend work and personal time, and see lunch as another opportunity to collaborate in the office. Workplaces are being designed with pantries and kitchens as open hubs for interaction.
› Game Room: Millennials work hard and play hard. Some offices are being designed to locate printers a healthy walk away from people’s workstations and implementing games rooms with pool tables and Nintendo Wii systems.
› Mobile Bar: Inspired by the food carts Millennials frequent, this “moveable feast” is a cart stocked with healthy beverages, fruit, energy bars – reminding workers that it’s time to take a break.
› Relaxation Room: Millennials crave constant activity, even while working. Offices are being designed with acoustical smoothing and other sound-masking techniques. Nevertheless, providing quiet rooms for relaxing and meditation is also critical.
› Collaboration Space: Create ‘huddle’ rooms or spaces and lounge areas with furnishings ranging from low, soft seating to the increasingly popular bar-height countertops where people can gather standing or perching on stools, sometimes viewing a screen at one end of the counter.

For more information contact Vinny.DiMeglio@colliers.com

Damian Harrington, Director, Head of EMEA Research
Colliers International London, United Kingdom

Damian Harrington recently highlighted the extent to which outsourcing of services has had a positive impact on certain areas of the EU, including South-Eastern Europe, Central Europe, Central and Eastern Europe and the Baltics.

› This growth has been driven by the ability of these liberal economies to react to change, re-balance and attract private sector investment.
› It also reflects their more flexible approach to employment, with both contractual and self-employment increasing post global financial crisis in order to help spark an increase in employment.
› There has also been positive growth in the Nordics for similar reasons, with the tech sector playing a major part in the transformation of these markets.

For more information contact Damian.Harrington@colliers.com

Zac Tang, Analyst, Research & Advisory
Colliers International Hong Kong, China

Zac Tang recently showcased research on the growth in new office occupiers in Hong Kong:

› Chinese companies secured 400,000 sqft (37,160 sqm) of office space in Hong Kong under new leases in 2015.
› This represents 63% of the total additional space occupied by Chinese companies in Hong Kong last year.
› Flexible working space operators secured 252,000 sqft (23,400 sqm) of space in Hong Kong over the first five months of 2016 alone.
› Flexible working space continues to be a major occupier of layouts.

For more information contact Zac.Tang@colliers.com
B:HIVE, Smales Farm

Smales Farm is developing the B:Hive (Business Hive) in Auckland’s North Shore. The innovative office building will be around 11,000 sqm of office space across five levels and will have capacity to house up to 1,000 people. The B:HIVE will offer agile and flexible working space that’s easily adaptable to meet tenants’ growth and operational changes.

Background

 › This is the eighth edition of our CBD office workplace report which is released every two years. Leases with an effective date (date of occupation) between August 2014 and July 2016 have been analysed in Auckland, Wellington, Christchurch, Hamilton and Dunedin.

 › We have gathered more than 430 leases. We have excluded leases that accommodate less than five full-time employees. We have also excluded participants who did not want to participate or who were not suitable for the survey. This has been done to keep results meaningful and robust.

 › The national sample size covers 234,530 sqm and 13,867 employees. This includes Christchurch CBD for the first time since the 2010 survey.

 › The total operating cost (TOC) is the property cost of leasing net lettable space excluding GST. For the purposes of our survey, this includes rental, operating expenses and car parking costs. Other property costs such as furniture, information technology and utilities are excluded. Leasing incentives such as rent free periods and fit out contributions are excluded. Where fit-out rental or other improvements rental is payable, this is included in the total occupancy cost.

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