Guide To Consider

WHEN CHOOSING A NEW OFFICE SPACE

For Your Team

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Abstract

Choosing a new office space for your team in Sydney requires careful consideration of several factors. Location is key, ensuring accessibility for both employees and clients while being close to transport hubs and essential amenities. The space should accommodate your team's current needs with room for growth, offering a flexible layout for collaborative work and private areas for focus. Natural lighting and modern facilities enhance productivity and well-being, while energy-efficient systems reduce long-term costs. Additionally, the overall design should reflect your company's culture and values, creating an inspiring and functional environment where your team can thrive.

1. Introduction

Choosing the right office space for your team in Sydney is a crucial decision that can impact productivity, employee satisfaction, and overall business success. This guide provides essential considerations to help you navigate the process of selecting an office that meets your team's needs in this dynamic city. From location and accessibility to space layout and design, every aspect plays a role in creating a work environment that fosters collaboration and creativity. Whether you're expanding or relocating, this guide will help you identify key factors like budget, amenities, and future growth potential, ensuring you make an informed decision for your Sydney workspace.

2. Why Now Might Be the Best Time to Look for New Office Space

The corporate real estate market in Sydney is showing signs of recovery, but to get what you want, you may need to work fast.

Many companies are sitting on their hands while figuring out how much office space they will actually need in a hybrid work environment. But commercial real estate brokers say that landlords are willing to make good deals now as the market slowly recovers.

While lease vacancy rates aren't expected to return to the 30-year average of 15 percent until at least 2026, according to insights from real estate market research firm CBRE, leasing activity is picking up-- totaling 45.8 million square feet, up over 26 percent from last year. Additionally, average gross asking rent increased by 1.2 percent to \$35.10 per square foot. The improvement in office demand will be greatest in markets hardest hit during the downturn, including parts of Manhattan, Chicago, Seattle, and Dallas.

Though the market in Sydney is getting more competitive, many companies are still hesitant, not wanting to waste time, effort, and resources on making large changes without more certain projections into when, and how many, employees will return to the office full time, says Julie Whelan, global head of occupier thought leadership at CBRE.

A recent survey by CBRE of 207 office-using companies globally found that more than 70 percent expect a full return to the office to unfold in 2022. Those companies allowing employees to decide will see workers trickling back throughout the year; those requiring a return on a part-time basis can expect a return by July. And those requiring a full-time return are largely already back.

This suggests overall office occupancy will steadily increase, especially for tech and financial services companies with money to spare, says Whelan. You should especially move fast if you're looking to downsize, she says, since most companies will end up doing so. Remote work has led to a 9 percent reduction in per-employee office use in a baseline scenario, according to insights from CBRE.

Getting a Deal

Companies in Sydney looking to coax employees back to the office are seeking space with attractive amenities and flexibility, such as free meals, comfortable spaces to socialize and relax, and fitness studios. "The evolution to hybrid work and employee preferences has led to a flight to quality," says Robert Rivani, president of Black Lion Investment Group, a Los Angeles-based real estate investment firm.

In Sydney, for example, Rivani says areas that are purely corporate, with vast, traditional office space, or those in more suburban locations, lost tenants to smaller spaces in more bustling neighborhoods. For example, while the overall office vacancy rate declined across L.A. in the first quarter of 2022, in downtown the vacancy rate rose to 22.4 percent, according to reports from CBRE.

In Sydney, however, which experienced a population boom during the pandemic, there was a corresponding surge in demand for downtown office space, and in areas such as Brickell, which touts high-end restaurants, bars, and nightlife. Absorption climbed to an all-time high of 6.8 million square feet in the last quarter of 2021, and overall office vacancy declined to 3 percent, according to CBRE.

"The high end of the market is going to rebound faster and become tighter, so it might not be there when you want it if you wait too long," says Whelan.

Before you jump ship to a new location, it's of course worth negotiating with your current landlord to see if they're willing to budge on rent or offer other incentives. Rivani says he commonly hears of landlords offering shorter lease terms, free rent, and car loans to hang onto tenants. For new leases,

some landlords will ask for smaller deposits, one or two months instead of the usual four or six, or insert "Covid pause" clauses, which would not penalize tenants in the case of another surge or shutdown. If a space isn't move-in ready, you can also negotiate on renovations.

Whelan notes that most business owners have six to 18 months to make a deal before the market tightens, and that, of course, could change if the pandemic experiences another wave. While that may seem like a long time, you'll likely want to start looking now or budgeting to see if making an office transition is a smart idea now rather than later.

"Landlords have been much more willing to negotiate on things like free rent periods and tenant improvement allowances, and in some cases they're willing to take a hit," says Whelan. So if you're looking, now may be the best time to take the leap.

3. Looking For A New Office Space For Your Business? How To Determine Whether You Should Rent Or Buy

As the CEO of a growing company in Sydney that was starting to go from a startup to a stable business, I was sure the issue I was grappling with was not unique. With 43 employees, our current office was tapped for space, and we began the hunt to find a new office to lease. As we began looking at all the options out there that would allow us some short-term and mid-term (five-year) growth, I began to realize that, with a rising rent environment, it may actually be more financially prudent to buy my next office rather than rent it

With this newfound thought process, I shifted my focus from looking for leases to now considering both leasing and purchasing options. I was on the hunt for something shy of 10,000 square feet, which would give me enough runway to grow for five to ten years, knowing that if I grew out of a property I had purchased, I could always keep it as an investment property.

Once I honed in on my search, I found some great options for both lease and purchase. But, after I found two spaces (one for lease and one for purchase) that were almost identical in size and location, I had to make some decisions about what was going to make the most financial sense.

I started out by running the financial numbers. For the leased property, the owner was willing to give me $20 per square foot in a tenant improvement allowance, which would cover about half the expense of remodeling the 9,000 square foot space. This didn't include the cost of cabling for IT or the cost to move. This meant it was going to cost me about $180,000 to remodel the space and another $30,000 in moving and cabling expenses for a total outlay of $210,000. This was for a six-year lease on a space in a shared building that had another five tenants taking up the remaining 14,000 square feet of the building.

When I started running the numbers on the space available for purchase, which was a standalone 8,000 square foot building, I had to consider the cost of the building and the expected cost to remodel, which made my total cost $1.7 million.

Obviously, comparing $1.7 million to $210,000, it would seem like a no-brainer to pick the rent option. However, my bank was willing to loan me 75% of the cost, which meant my out of pocket expense was now $425,000 -- still twice the upfront cost of the rental option. However, when I started to dig into

this further, I realized my monthly expenses for mortgage, taxes and utilities were going to be $7,000 per month less if I bought compared to renting. This meant, over the six-year term of the lease, I would actually save $432,000, so that over six years I would, in fact, spend $222,000 less by buying versus renting. Plus, at the end of the lease, I would have to then either pay the new market rate for rent or find something new, whereas if I were to buy, I would fix that cost for the business on day one.

Feeling very comfortable that the financial decision to buy made sense, I next had to look at other factors. My biggest concern was growing out of the space and needing to find another building. I did some research on the building for purchase, and it turned out that the parking lot attached to the building was zoned for another two-story structure. I met with a contractor who suggested that, if I needed additional space but didn't want to affect the parking, I could simply build a second-floor office, leaving the first floor for parking, which would give me an additional 4,500 square feet of work space.

Another factor I considered was the enjoyment of having our own building with no other tenants. This would allow us to use the building solely for our business and not have to worry about the effect on other tenants, which could include using the parking lot for office functions and parties. This was the deal clincher for me. If I could use the building for the sole betterment of the business and not have to worry about the business being handcuffed by building rules or disturbing other tenants, I knew I could grow a better business.

So, if you're looking at the benefits of buying or renting your next office, I encourage you to focus on the obvious items like financial sense, but be sure that you go through a thorough process of also determining what's best for your business. To recap my process, here are the steps I went through to reach my conclusion -- and that you can follow for your own business:

Step 1: Determine if you really need space or if you can rearrange your current space to better fit what your business looks like today

Step 2: Armed with the knowledge that simply rearranging isn't possible, determine how much space you may need over the next five to ten years as you grow your business.

Step 3: Based on current rent and mortgage rates, do comparisons of renting versus owning to see which one makes more financial sense.

Step 4: Whether leasing or buying, make sure the building has enough space to accommodate your growth -- and also that parking can support your growth.

Step 5: Try to envision what running your business would be like in each location. Does being a tenant in a large building help more than being in a stand-alone building? Does control over building usage help your business?

Step 6: Once the determination is made, move forward and put your business in the best place to allow you to grow.

Good luck!

4. How Much Office Space Do You Need?

Calculating how much office space your business needs is not an exact science—though, unfortunately, you may feel the need to come up with an exact number. A real estate agent will often ask you your requirements in terms of square feet, which he uses as a relative measurement of which properties on the market are eligible for consideration. In addition to square footage, he might also ask you for the number of permanent offices or rooms you'll require.

Average Space Requirements

Space requirements can vary tremendously by company in Sydney, by industry, and even by geographic area (think space-pressed Manhattan vs. spread-out Houston, for example). And then there's the significant matter of office style.

At one end of the spectrum—much in vogue these days—is the open space plan, which has no private offices: Everyone sits together, in one large room, in cubicle clusters or at tables. At the opposite end of the continuum is the traditional hard-wall layout, full of private offices, large conference rooms, and support rooms such as libraries, kitchens, and file rooms; though not as hip, professions requiring privacy and confidentiality—law firms and financial institutions, for example—prefer this sort of workplace. You have to decide what variety of layout suits your business best: open space, closed space, or a combination of both.

The estimates provided below are average space requirements—the number of square feet per person or function that's typical at most companies. Consider them rules of thumb. Each can be individually adjusted upward to provide a more spacious layout or downward to provide a more efficient use of office space.

Employees Requiring Offices:

- President (400 square feet)
- Vice presidents (200 square feet)
- Managers (150 square feet)

Employees Requiring Cubicles:

- Engineers (175 square feet)
- Accountants (150 square feet)
- Secretaries (125 square feet)

- Customer service reps (125 square feet)
- Programmers (125 square feet)

Employees in an Open Area:

- Data entry (125 square feet)
- Clerks (125 square feet)
- Temps (100 square feet)

Permanent Rooms and Spaces:

- File room (200 square feet)
- Storage room or library (200 square feet)
- Mail room (125 square feet)
- Work room (125 square feet)
- Reception area (100 square feet plus 10 square feet per person waiting)
- Lunch or break room (75 square feet plus 25 square feet per person seated)
- Conference room (50 square feet plus 25 square feet per person seated)

Don't forget to think of other specialty areas particular to your operations. If you have advanced technological needs, you might require a room for computers or servers, for example.

Cost Determinations

Ask your real estate agent in Sydney how much the space costs per square foot. This could help you determine your most important needs, and make sure the space where you desire to re-establish your business is also cost-effective.

Don't forget that you will be purchasing or signing a lease that will lock you into this office space for at least two to five years. Therefore, add 10 percent to 20 percent to the total square footage that you calculated to accommodate future growth. Remember that the additional expense of terminating a lease early and the cost of moving an office after only a short period of time will be more than offset by having this additional space in reserve waiting to be used.

5. Looking for a New Office for Your Team? Here's What to Take into Account

I have recently ran a poll on my LinkedIn account, asking people about their preferred style of work in Sydney. The majority of them chose "hybrid."

We're still going to the office this year, for a variety of reasons. For some, it's about productivity; for some, it's about having a more clear work schedule (fully remote workers spend 10% more time working than those who sign off when they leave the office). For others, it's about networking (57% of workers said that the main pain point for which they'd like to go to the office is "lack of social interaction"), and the list goes on.

If you, too, are working from an office this year and looking for a new space to host your team, what should you pay attention to? Here are my main recommendations:

Proximity is (more than ever) key

First of all, for people going back to the office, a long commute could actually be a deal-breaker. A survey among London respondents revealed that nearly two-thirds of them feel that it is more important now than before the pandemic, to be close to various amenities, so look for spaces that are either in your proximity or that have satellite spaces in multiple areas.

Design should be need-based

Given that people have different reasons to return to the office, the design of the space should reflect them. For example, a research project showed that the average professional spends over 40% of their time at work interacting with others; this percentage might be bigger or smaller, depending on the industry you're active in.

It's important to review and understand these behaviors and motivations — and have the space planned accordingly. Open, flexible spaces could work wonders for teams that need to collaborate frequently, but you also might need areas in which to focus or organize brainstorming sessions.

It's helpful to see how a space can fit your team and meet their needs even before planning. To do that, you can work with the landlord or agent on a test fit created with the help of a 3D space planning tool to get a better understanding of what that space will look like and show it to your colleagues.

3D custom plans are more intuitive and realistic than 2D space plans and manage to give a better actual feel of the future space. If more people are involved in the decision-making process, and if they are not in real estate, having a virtual, 3D representation of the space tends to become a must — especially if we're talking about millennials and Gen Z, who are so accustomed to gamification and everything digital.

The features and tech that matter

After having worked from home or remotely from a sunny destination, when going back to the office, we're looking for an A-class experience. Your next space should, therefore:

- Be bathed in natural light. This is the most important feature employees look for, especially if they spend most of their time on a screen.
- Use ergonomic furniture — standing desks and comfortable networking spaces
- Adopt a biophilic design, where natural elements are included for closeness to nature
- Use performant ventilation systems for fresh air to be constantly brought into the space, as high air quality can boost performance by 11%
- Integrate technology that facilitates people's work. Slow technology can be perceived as a downside to returning to the office. I am not talking just about fast internet, but also about voice and sensor-activated devices, management apps (to be able to book a meeting room digitally, for example) or digital access systems.
- Be accessible — besides being in the proximity of a transportation means, office spaces should be inclusive and accessible to everyone.

Sustainability

The built environment and construction sector accounts for 38% of global CO_2 emissions, and people become increasingly more aware and concerned about this. Furthermore, they say that companies should integrate sustainability into their services more now, with 65% of workers saying that they'd like to work for a company that has a strong sustainability policy in place.

How can you make sure you're working from a responsible space? Most office buildings have their ESG policies and measures taken available publicly. When going to a developer's website, you can look, for example, for certifications such as LEED (Leadership in Energy and Environmental Design).

Do your research

Once you've gone through all the criteria your future office space should meet, it's time for research. This used to be a mostly offline process, with many live visits being involved and a lot of time spent selecting the right space.

With the accelerated development of 3D digital twins, your alternative is to check most of the criteria online and then decide if you want to visit a space.

What these replicas do is offer you a realistic perspective of what your future office could look like, what technologies and amenities are available, how close it is to main points of interest, what ESG policies they have in place and what spaces are actually available for lease.

All relevant details you're looking for can be found on these replicas, as well as virtual tours through the space, with or without fit-outs. This will significantly reduce your time spent researching and improve your experience, allowing you to also easily share information online.

3D digital twins have already entered the real estate universe and are expected to keep evolving to a point of completely transforming the industry.

Design and features are critical for your new office — so is its proximity to main amenities and its orientation to technology. Addressing a generation of workers who are growingly accustomed to having an app for almost everything, the degree of digitalization of space enters the criteria list probably for the first time. The same happens with sustainability, creating, in my view, a balanced future where nature and technology co-exist and improve our whole existence.

6. How To Design A Functional And Inspiring Office Space For Your Team

Offices in Sydney are the spaces where employees spend most of their lives. It is the place where the business grows, and ideas flourish through the collaborative effort of a strong team. While the workplace represents the physical existence of the business, it is also the place for showcasing talent for the workforce. They must feel energised and invigorated to put their best foot forward while completing their work hours. The office must create a positive energy that fills them with an adrenaline rush to perform better.

However, most entrepreneurs in Sydney neglect this aspect of the leased or purchased commercial space. They are more inclined to create an office that attracts clients, stakeholders and suppliers. Ornamentation and expensive fixtures are not enough to build a productive workplace. It needs purposeful planning to get the best results. So, here is how to design a functional and inspiring office space for your team. These tips will help you include all the elements to generate maximum efficiency and cohesiveness.

1. Determine the Needs of Your Team

Since the office space is a dedicated workplace for employees, their needs must be considered while designing it. These include workforce size, collaboration needs, and traffic flow. Making the office an organised space that can easily adjust the workstations, equipment, reception, kitchen, meeting rooms and breakout zones is vital.

The nature of your organisation plays a significant role in choosing the floor plan and size of the office. While some businesses separate different departments through divisions, others create an open floor

plan for cross-departmental collaboration. If the business has many remote or hybrid workers, the seating arrangements must be maintained accordingly. The idea should be to reduce waste and increase efficiency.

2. Improve Teamwork With An Open Office

An open office in Sydney is a modern design that prevents working in isolation. Employees have suffered working in silos during the pandemic, which affected their mental well-being. Thus, the need of the hour is to build open offices with workstations created in a cubicle layout that maintains privacy while increasing engagement.

Movable partitions are another interesting way to increase teamwork and build a positive environment in your commercial real estate Sydney. It increases interactions and satisfaction levels of the employees who want to be heard and appreciated. It increases inclusivity and equity in the organisation and creates opportunities for the free flow of information and feedback.

3. Include Inspiring Design Elements

Creating a stimulating work environment requires preparing an inviting and refreshing interior office space. The colours of the walls must be bright and enlivening, such as blue to increase efficiency and yellow to promote creativity and innovation. The meeting rooms can be painted yellow, and the workstations have blue or red colour schemes that match the branding elements.

The workplace must have several indoor plants and spacious workstations for comfort and effective space utilisation. It increases the vivacity of the office and makes it appear more beautiful. Designers can add a bookshelf instead of a divider that can offer interesting reading options in their free time. They can use funky art and inspiring quotes on the walls of meeting rooms to ignite ideas. Creating a graffiti wall can help gather the feelings of employees where they can scribble their thoughts.

4. Use Natural Lighting and Efficient Fixtures

With businesses moving towards sustainability, using energy-efficient lighting has become necessary for owners of commercial real estate in Sydney. Besides using appliances and lights that consume less energy, property owners must create an office design with ample natural lighting and ventilation to refresh everyone.

Good lighting with natural air eliminates lethargy and inefficiency. Windows that run from the floor to the ceiling help achieve the best lighting. Many designers are also opting for a glass rooftop to increase exposure to sunlight. The indoor plants, too, can thrive in this environment and create a vibrant workplace.

5. Add Stimulating Attractions for Workers

A boring office does not inspire the workforce. An inviting commercial real estate in Sydney must have amenities and features that make it exciting and motivating for the employees to show up on time and give their best. These attractions include an activity room with indoor games like pool tables, gaming consoles, board games, etc. The coffee area should have a lounge space to increase interactions and happy conversations that allow releasing stress and work pressure.

The kitchen must have a well-appointed pantry with snack bars and hydration stations neatly organised. The waste management practices must be in full swing to increase employee participation. The visually appealing decor of the workplace must represent the brand guidelines and keep the employees focused on their goals through revitalising aesthetics.

6. Create Various Seating Arrangements

Although hot desks are used in co-working offices in Sydney, they can be adopted by businesses offering flexible work arrangements. After the pandemic, many employees prefer working from home or have chosen a hybrid work schedule. It has given employers the opportunity to create a comfortable office space that resembles a home. They have introduced ergonomic furniture that increases comfort and physical well-being of the workers.

In addition, they have included height-adjustable desks and team stations that unite members on a single long desk with several seats to enhance communication. Panel desks near the window to soak up the outside views are another way of inspiring employees. Hot desks help workers choose their workstations and enjoy flexibility for increased satisfaction. Also, mobile furniture can help them move their desks to any corner as per their comfort.

7. Let Technology Make It Organised

A cluttered workplace with wires all over the desks and passages can become disenchanting for workers. It is highly recommended that wireless devices be used throughout the office to ensure free movement of employees. Entrepreneurs who lease Sydney commercial real estate must adopt digital tools that allow workers to continue their work from anywhere and anytime.

It reduces restrictions and increases agility and efficiency. The IT infrastructure in the office must be upgraded to maintain the wireless systems and tools. The temperature in the office must be controlled with the help of smart technology to keep the environment stable.

Designing a functional and inspiring office space is highly beneficial in creating a supportive and high-growth work culture. It has become necessary for property owners to include these features in the property to satisfy the demands of tenants and increase employee engagement and retention.

7. Conclusion

In conclusion, selecting the right office space for your team in Sydney requires a thoughtful approach that balances functionality, comfort, and future growth. By considering key factors such as location, layout, amenities, and the specific needs of your team, you can create a workspace that fosters collaboration, boosts productivity, and aligns with your company's culture. The right environment not only enhances employee well-being but also supports business growth and success. As Sydney offers diverse options, taking the time to make an informed decision ensures you choose a space that benefits your team now and in the long term.

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