

OCCUPANCY, THE PANDEMIC, AND WHAT DO WE DO NOW?

Group 4:

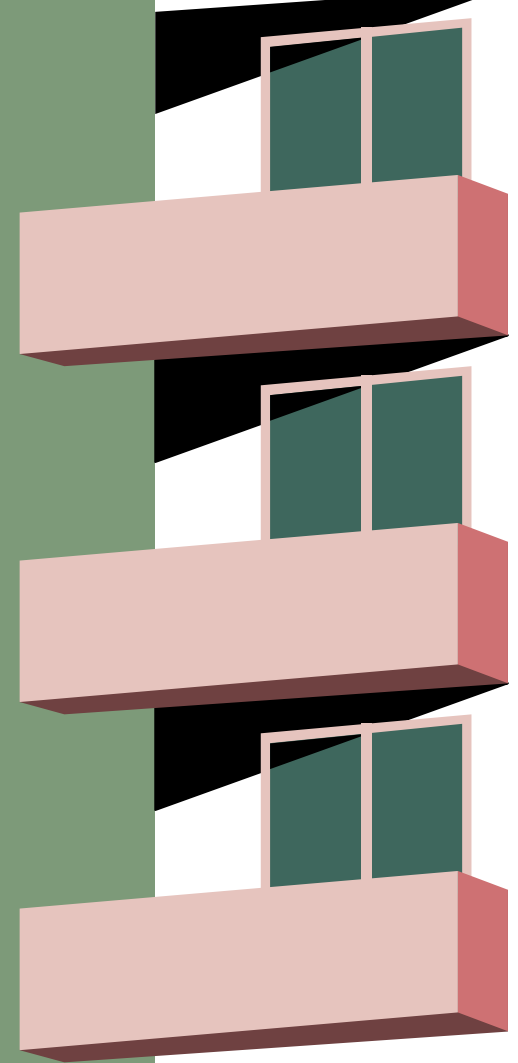
Bryan Ramirez, Hector Pena, Matthew A. Baker, Steven
Cheun, Suritaneil Sahota



HUH?

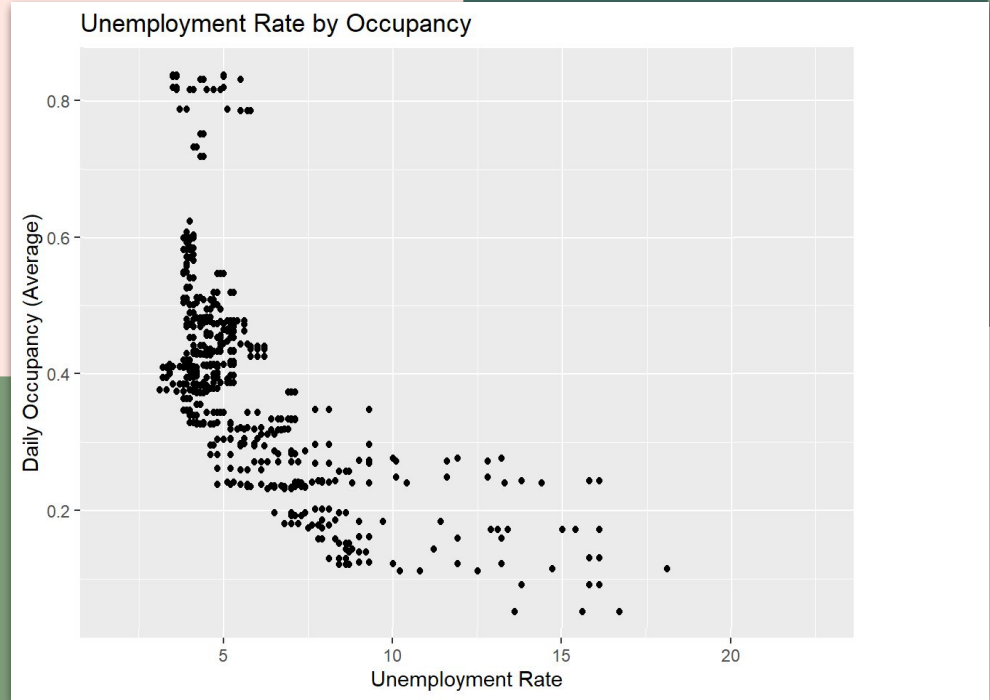
- DATA FROM 2018 - 2024, WITH A
FOCUS ON 2020 ONWARD

Occupancy data is by Kastle card swipes, 2020 onward



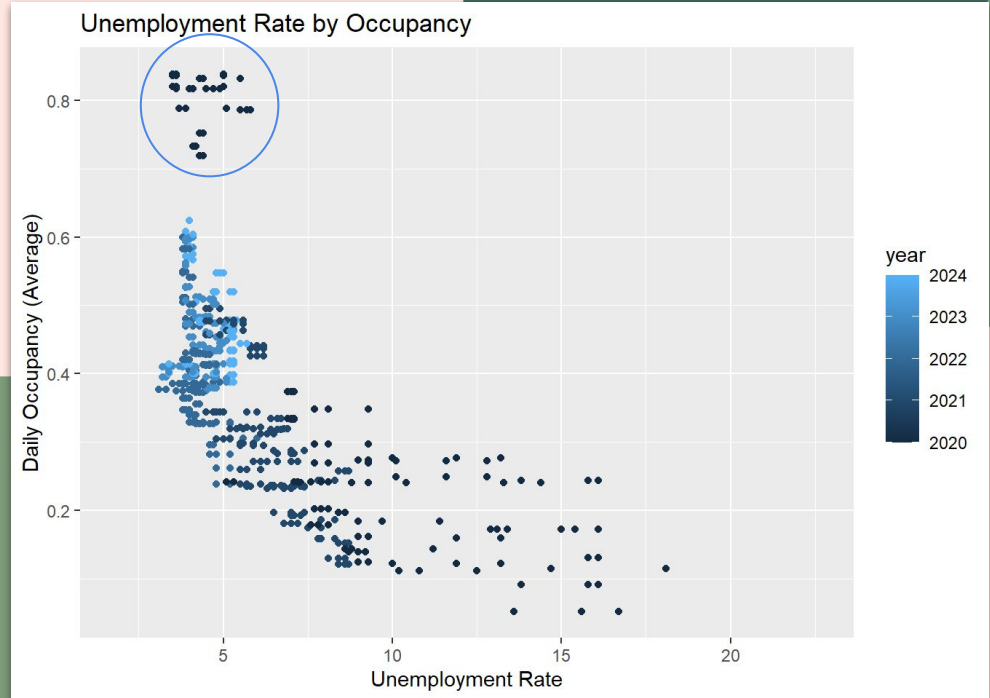
DO MORE PEOPLE GO INTO THE OFFICE WHEN UNEMPLOYMENT IS LOW?

- Observations by given market and quarter
 - From Q1 2020 - Q4 2024
- Negative relationship, More unemployment means less occupancy!
 - Third Variable?



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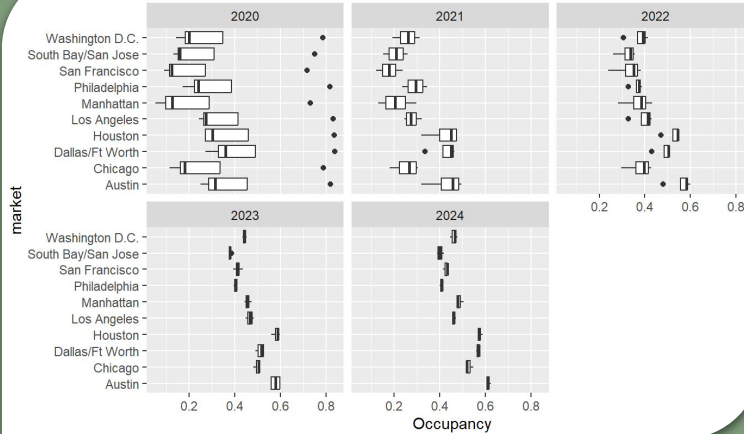
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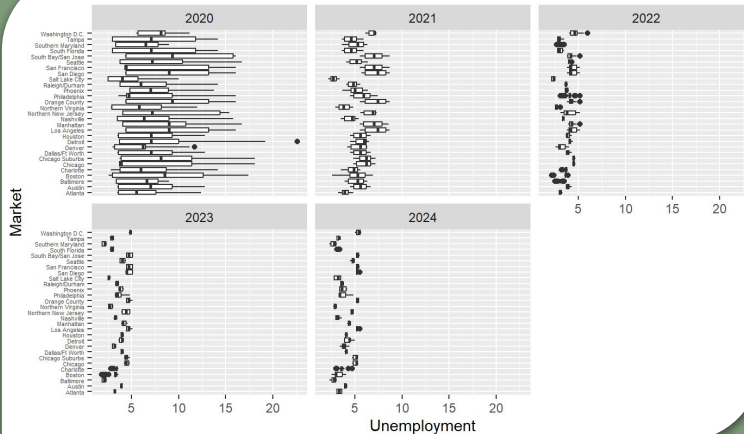
BOXPLOTS TELL A STORY

All available markets show decreasing unemployment and occupancy for each year since 2020.

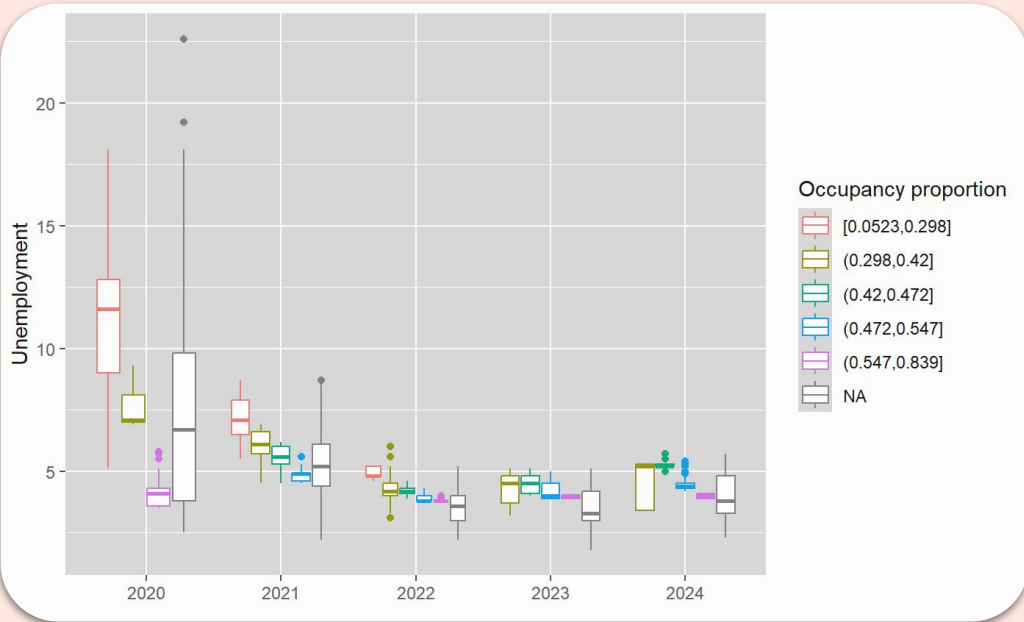
Occupancy Across Available Markets



Unemployment Across Available Markets



BUILDING AN ANALYSIS



OCCUPANCY?

Occupancy and Unemployment, separated by year

IS THERE A RELATIONSHIP?

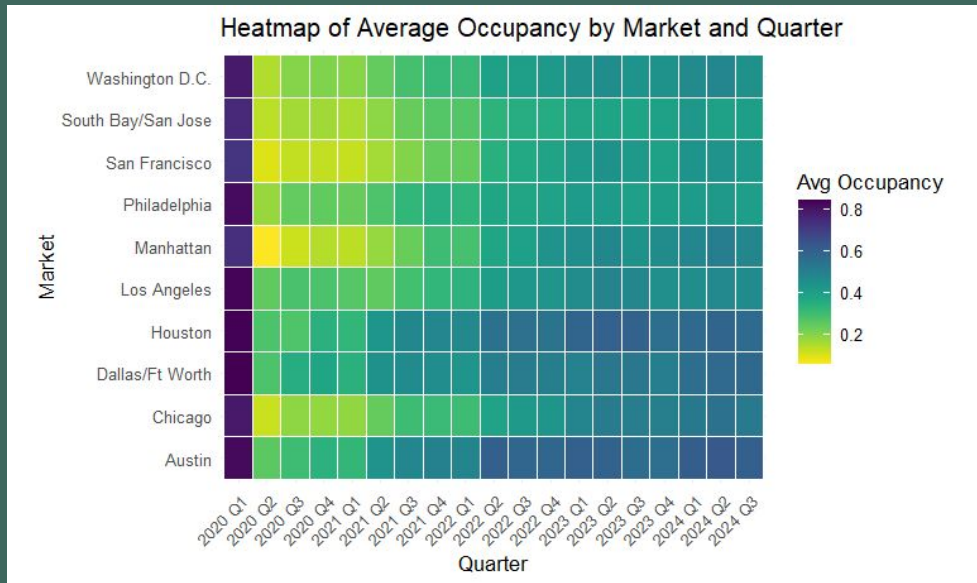
Yes, Even in each individual year, there is a negative relationship, unemployment does effect occupancy!

WHAT DOES THIS MEAN?

If you want people in office, consider low unemployment areas.

A MORE IMPORTANT RELATIONSHIP

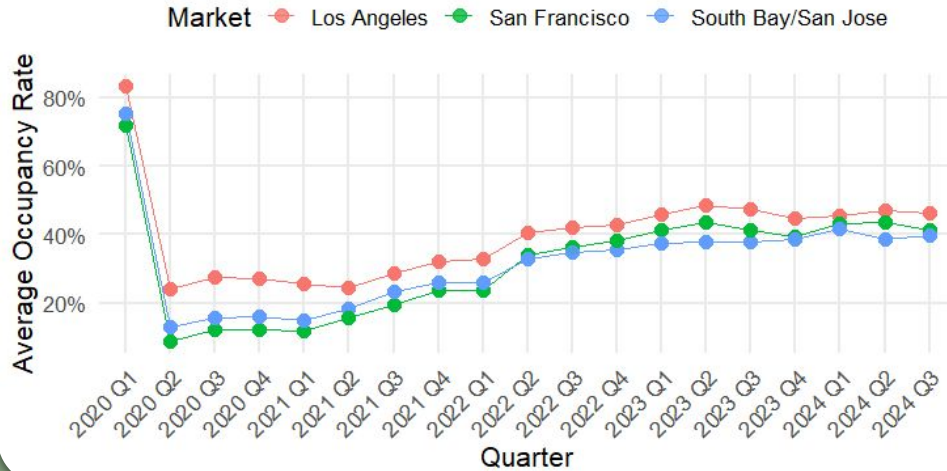
- Assume 2020 Q1 outliers reflect pre-pandemic levels of occupancy
- Four years and lifted Covid restrictions have not resulted in pre-pandemic levels
- Employers should consider workplace solutions that have this in mind.



A CASE STUDY

Average Office Occupancy Proportion Over Time

Based on Kastle card swipe data (% of pre-pandemic baseline)



Consider three large markets in California:

- Unemployment rates are by state, so controls for variability in Employment
- After an initial drop in occupancy, it recovers until approx. 2023 Q2.
- Then Stabilizes, with none rising above the 50% mark.



A CASE STUDY

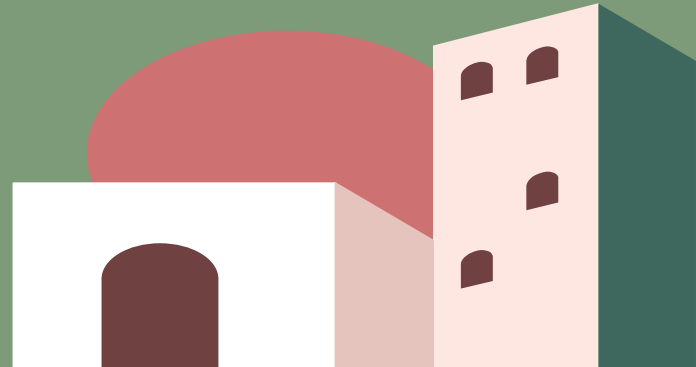
Average Office Occupancy Proportion Over Time

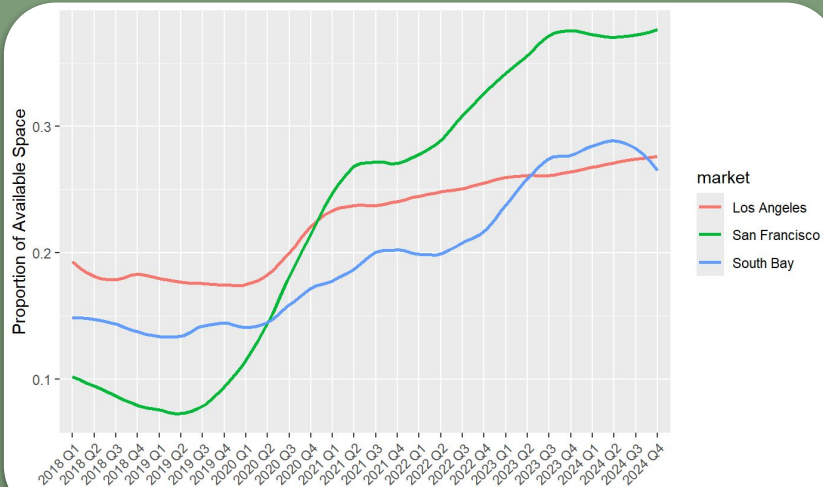
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Consider three large markets in California:

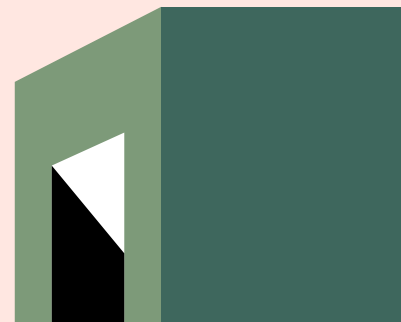
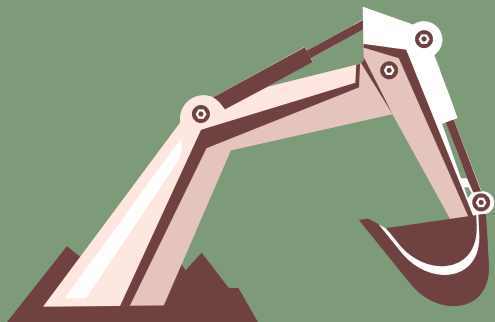
- In California, Employers should consider renting less office space
- Rotate workers, Consider Shared Workspaces.

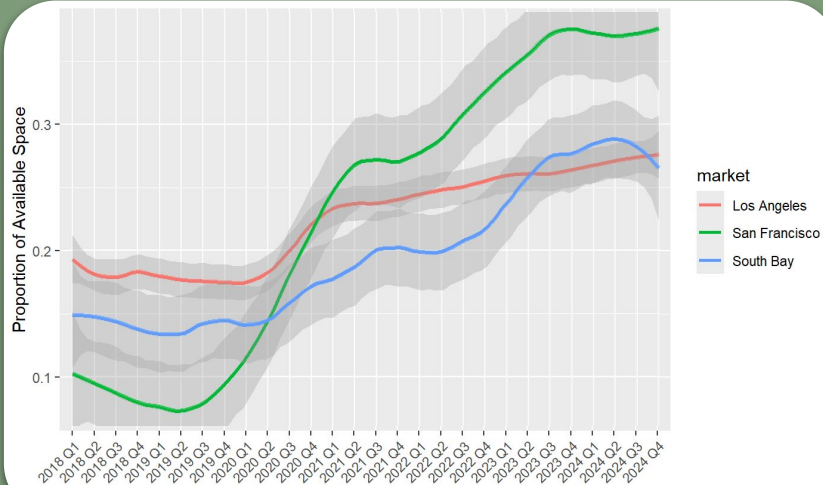




WHAT ABOUT AVAILABILITY?

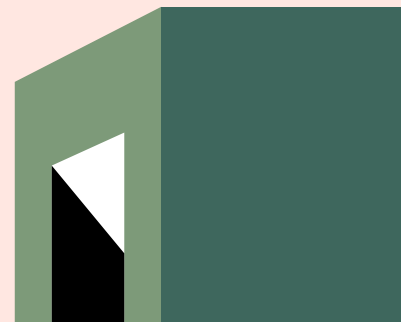
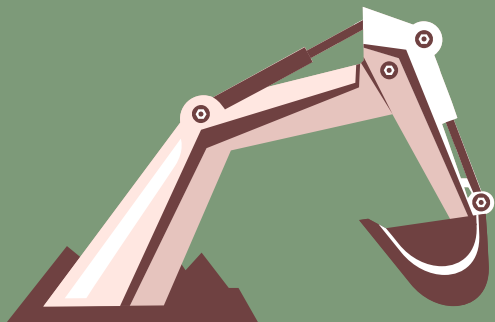
- Differences in available space, contrasts with uniformity in Occupancy
- While LA and South Bay aren't that different from one another, It appears that South Bay and SF are!
 - Employers should consider the possible opportunities.
 - Cost?



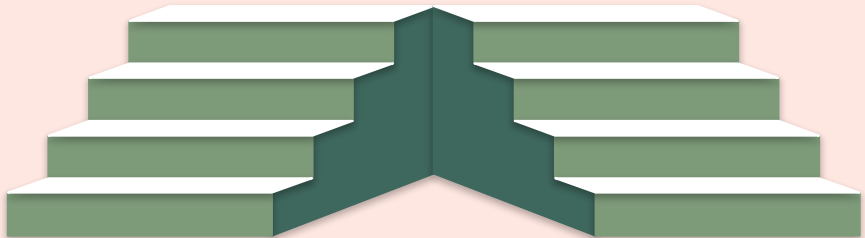
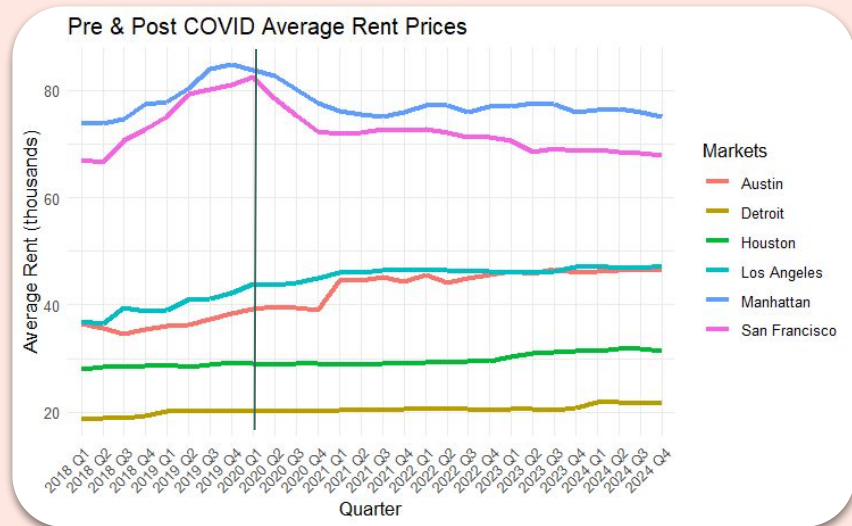


WHAT ABOUT AVAILABILITY?

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HAVE COSTS STABILIZED SINCE THE PANDEMIC?



In summary:

1. Local unemployment keeps people from the office.
2. Use occupancy as an opportunity, not an obstacle.
3. Rent is at a discount.
 - a. some areas might even want to incentivize!

Without Data, you're just another person with an opinion.

-W. Edwards Deming

Abstract geometric shapes in the bottom right corner, including a large light pink rectangle, a smaller white rectangle, a dark teal rectangle, and several smaller red and pink rectangles.



THANKS!

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