REBNY Research | 2023

Manhattan Office Building Visitation Report

Visits by Weekday

Continuing our analysis of building visitation rates, this report explores visits by weekday, comparing Mid-week (Tuesday-Thursday) to Monday & Friday visits.

Key findings include:

- Same-day mid-week employee workplace visits are on average 73% of their comparable levels in 2019. Fridays are on average 43% of their 2019 levels.

Office Only (Employee Workplace)

Based on a proprietary Placer.ai algorithm identifying a device visit as coming from an office employee

Total Building Visits

Includes all visits at an office building including visits to retail, hospitals, schools, etc. that are also contained within Manhattan's office buildings

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Summary

As part of its ongoing effort to provide a comprehensive and nuanced understanding of changing office building utilization levels, REBNY continues to analyze location intelligence data from Placer.ai. In prior reports REBNY tracked quarterly visitation rates.

In this more in-depth report, REBNY provides data on Manhattan building visitation rates by day of the week. We find that office employee (workplace) visits peak during midweek days (Tuesday-Thursday), averaging 68% of comparable 2019 levels. This is 12 pp higher than the average visit rate of 56% on Monday, and 31 pp higher than the average visit rate of 37% on Friday.

Additionally same-day mid-week employee workplace visits are on average 73% of their comparable levels in 2019. Fridays are on average 43% of their 2019 levels.

This report compares office employee (workplace) visits to total office building visits (total building visits), finding total building visitation rates are more consistent than employee workplace rates across the entire week. Total office building visitation merits further research and explanation since it underscores the full impact that office buildings have on New York City's economy, as homes to retail, retail establishments, restaurants, cultural institutions, and more.
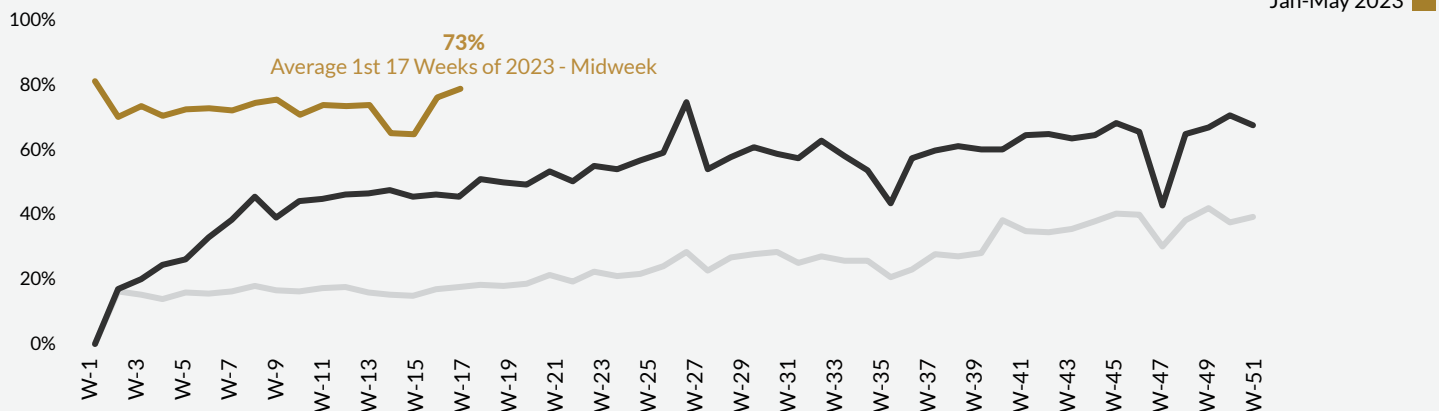
Employee Workplace Visit Rates
2023 vs 2019*

68%	56%	37%
Midweek (Tu-Th)	Monday	Friday
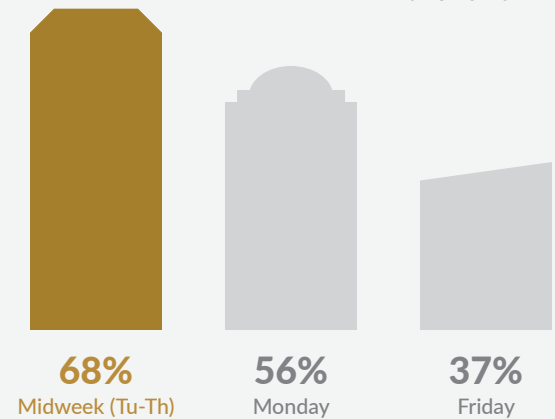
Based on average visits per weekday during first 5 months of 2023 compared to average Maximum weekday during 2019. (See Methodology note for more detail)

Same-Day Comparison: Wednesday*
% of Same Day/Week in 2019

2021
2022
Jan-May 2023

73%
Average 1st 17 Weeks of 2023 - Midweek

Holidays are displayed but excluded from average shown

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A Note on Methodology

From the start of this research initiative, REBNY has pointed out how easy it is to misinterpret return to office or building visitation rates. One of the most common mistakes is to equate either of these rates with an occupancy rate or with employees being in the office five days a week. It would also be inaccurate to define full recovery of the office market as returning to 100% occupancy.

This goal line never existed. Whether it is Kastle's Weekly Barometer or different visit rates presented in this report, it is important to remember that prior to the pandemic offices were typically occupied by employees at 80% of their total capacity for around four days a week.[1] Confusion over these rates and efforts to reach more precise calculations underscore how much office occupancy was largely taken for granted prior to the pandemic.

The findings in this report match what many landlords see in their portfolios based on conversations REBNY has had with major Manhattan office owners. It is also consistent with trends from other reports such as Kastle's Weekly Office Barometer. However, rates shown in this report differ in two key ways: how visits to buildings are filtered (or not filtered), and how the pre-pandemic baseline is calculated.

Visits Filtering/Non-filtering

This report compares visits for office employees (employee workplace visits) to total office building visits (total building visits). Reports based on card swipes such Kastle (most similar to employee workplace visits) are the most precise for employee return to office in specific buildings but do not capture the full impact of the activity that occurs in an office building and its streetscape.

Office Only (Employee Workplace)
Based on a proprietary Placer.ai algorithm incorporating very rigorous standards that identify a mobile device visit as coming from an office employee's device

Total Building Visits
Includes visits to the workplace from office employees and visits to the long list of non-office space uses (retail, schools, medical facilities, and public open spaces) at office buildings

Pre-pandemic Baseline

How the baseline (pre-pandemic) is defined makes a big difference. In determining the baseline there are two options available:

- **Same-day comparison:** Rates can be a same-day snapshot, comparing for example the first Friday of April 2023 to first Friday of April 2019; second Friday of April 2023 to second Friday of April 2019 etc.) For example, Kastle's weekday snapshot provides this valuable level of detail. This report also uses some same-day comparisons. This approach is useful to gauge week-to-week movement in workday visitation but will inherently be more volatile due to daily events impacting visitation. REBNY has excluded holidays from any same-day comparisons.

- **Normalized or maximum baseline comparisons:** Each workday can be compared to some chosen baseline period that either represents an average level of visits or the maximum level of visits. (Kastle, for example, compares weekdays to a pre-pandemic normalized period defined as a three-week period in February of 2020).

In this report, unless a same-day rate is specified, REBNY is using a baseline comparison that is the ratio between average year-to-date visits per weekday and maximum weekday average in 2019 for each building. For example, if the average Friday visits equal 1,000 and the max weekday average in 2019 was 2,000 (on Wednesday), the rate is 50%. The average for each building is then averaged across buildings.

This approach was chosen because it captures the gap between visits on off-peak weekdays to typical peak workdays prior to the pandemic. This method also more closely matches the frequently expressed gut feeling that offices generally have very low occupancy on Fridays.

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1) There are of course exceptions to this. Some of the Class B office buildings in prime tech submarkets such as Madison Square Park and Flatiron were arguably over-occupied (from a building services and infrastructure) perspective prior to the pandemic.

Key Findings

Step into any given office space on a Monday or a Friday, and the changes that have come with new hybrid workplace flexibility are on full display. Step out of that office on a Monday or a Friday, and the drop off in street activity is not as stark, even in prime office districts like Grand Central. This reality begs the question, how many people are working in the office on any given day and what else are they doing at the office building if they are not working in the office?

Data from Placer.ai can help answer these questions by providing consistent, mobile device data for different types of visitors, including office workers, visitors, storefront employees, shoppers, and medical patients, to Manhattan office buildings for the last several years.

To do so, this report looks closely at two different sets of data for a sample of buildings, employee workplace visits and total building visits.

Office Only (Employee Workplace)
Based on a proprietary Placer.ai algorithm identifying a device visit as coming from an office employee

Total Building Visits
Includes all visits at an office building including visits to retail, hospitals, schools, etc. that are also contained within Manhattan's office buildings

Employee Workplace Visit Rates
Compared to 2019 Pre-Pandemic Baseline

Employee workplace visits peak Tuesday through Thursday with a significant drop off on Friday.

Based on data from Placer.ai from a sample of 50 Manhattan office buildings with consistent data, employee workplace visits averaged 68% of 2019 levels on midweek days (Tuesday through Thursday) for January through May 2023. This is 12 pp higher than on Monday (56%) and 31 pp higher than on Friday (37%), with negligible visits on Saturday and Sunday.

56%	70%	69%	65%	37%	10%	7%
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
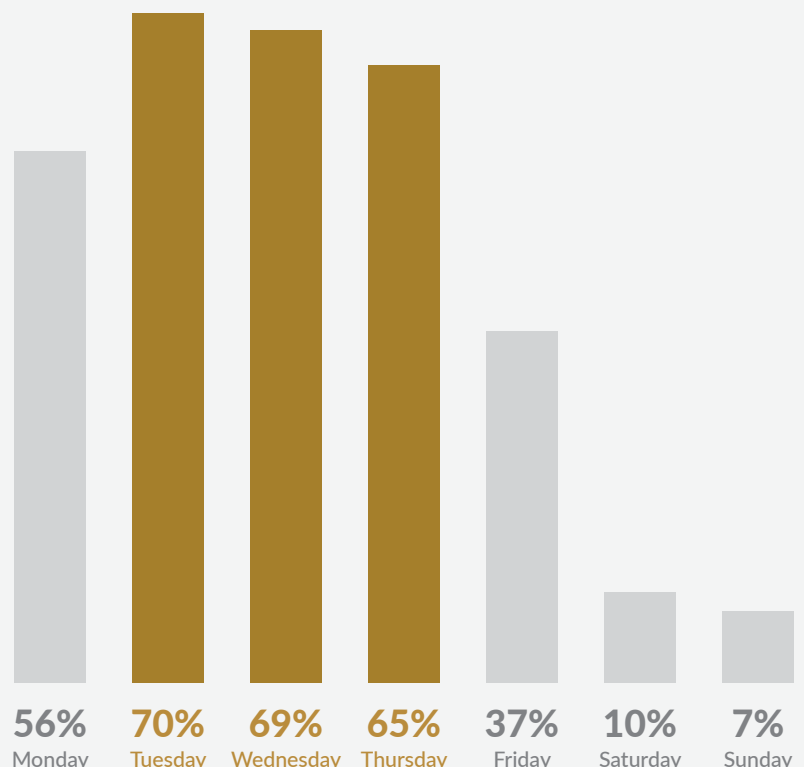
Mid-week employee visits started to edge ahead of Monday and Friday employee visits in spring 2022, and that trend has persisted into 2023.

REBNY's analysis shows that this gap in employee visits between mid-week days and Monday and Friday became noticeable in the spring of 2022. The timing coincides with the acceleration in return to office that emerged after Omicron and underscores that hybrid workplace policies were a critical component of the renewed push to get employees back in the office.

This trend continued in the second and third quarters of 2022 when visits increased substantially. Visits have levelled off in the last few months, but the gap between mid-week and Monday and Friday has generally held firm.

Device Visits: Mid-Week vs Monday & Friday
Average Daily Device Visits

Monday ■
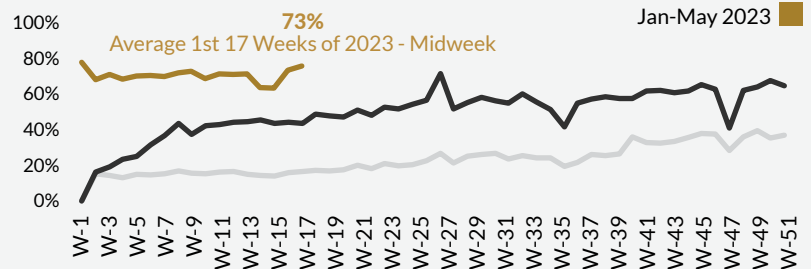Tuesday, Wednesday, Thursday ■
Friday ■

Mid-week Gap Emerges
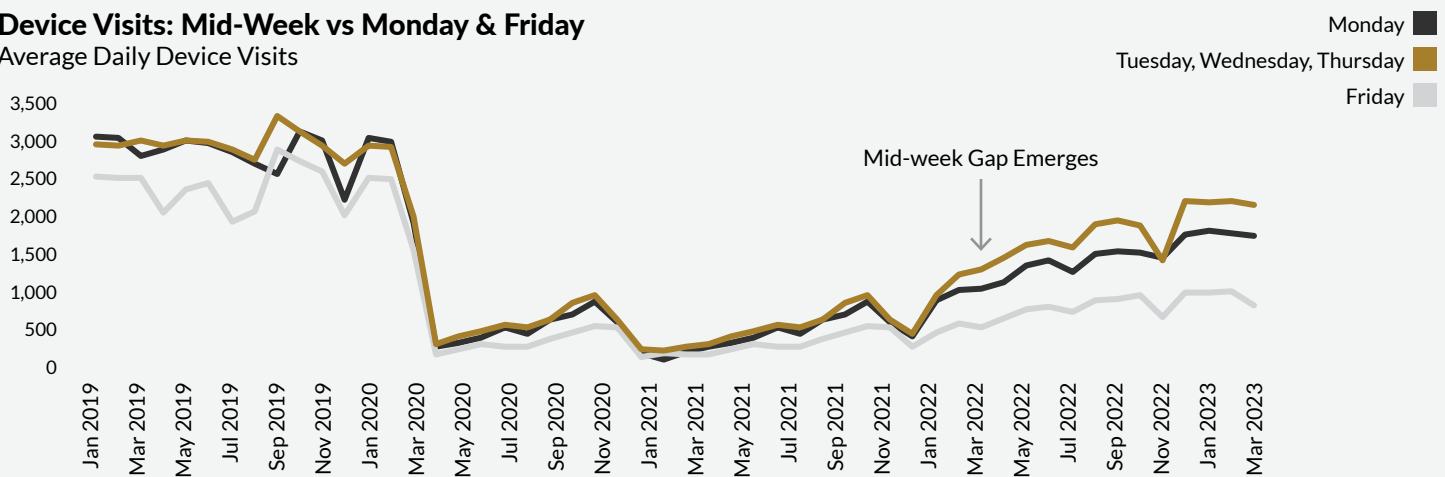
2023 mid-week employee visitation rates are significantly above 2022 levels and only approximately 27 percent below 2019 mid-week levels.

Same-day visitation rates (which compare the same weekday in each week and year to that same weekday in 2019) highlight just how much of the improvement in visitation has occurred mid-week. Based on the first 17 weeks of 2023, for example, midweek employee workplace visits are 73% of their levels for the same weekday in 2019. This is a 34 pp improvement from the average of 39% in the first 17 weeks of 2022

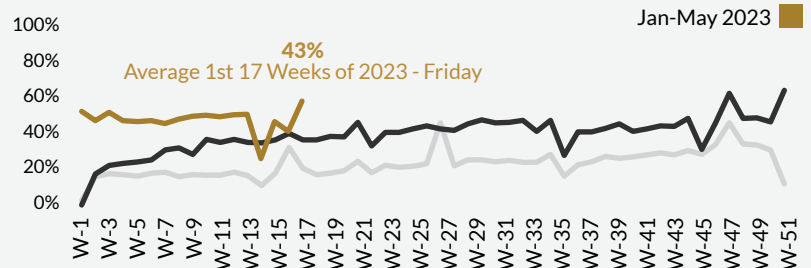In contrast, the average Friday rate for the first 17 weeks is only 43%.

Holidays are displayed but excluded from average shown

Same-Day Comparison: Wednesday*
% of Same Day/Week in 2019

2021 ■
2022 ■
Jan-May 2023 ■

73%
Average 1st 17 Weeks of 2023 - Midweek

Same-Day Comparison: Friday*
% of Same Day/Week in 2019

2021 ■
2022 ■
Jan-May 2023 ■

43%
Average 1st 17 Weeks of 2023 - Friday

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Class A buildings have slightly higher mid-week total building visitation rates.[2]

Mid-week total building visit rates in Class A+/A buildings average 63%, just above 59% in Class B and C. The gap between mid-week peak days and off-peak days is quite consistent regardless of class, but Class A buildings show slightly more variance between midweek and off-peak days, particularly Fridays.

Of note, the average Friday visitation rate in Class A/A+ buildings is 43%, slightly below the 46% rate in Class B buildings, suggesting that hybrid workplace policies have become the norm regardless of building class.

Total Building Visits By Class

Class A
Class B

	Class A	Class B
Monday	51%	47%
Tuesday	62%	59%
Wednesday	64%	58%
Thursday	62%	59%
Friday	43%	46%
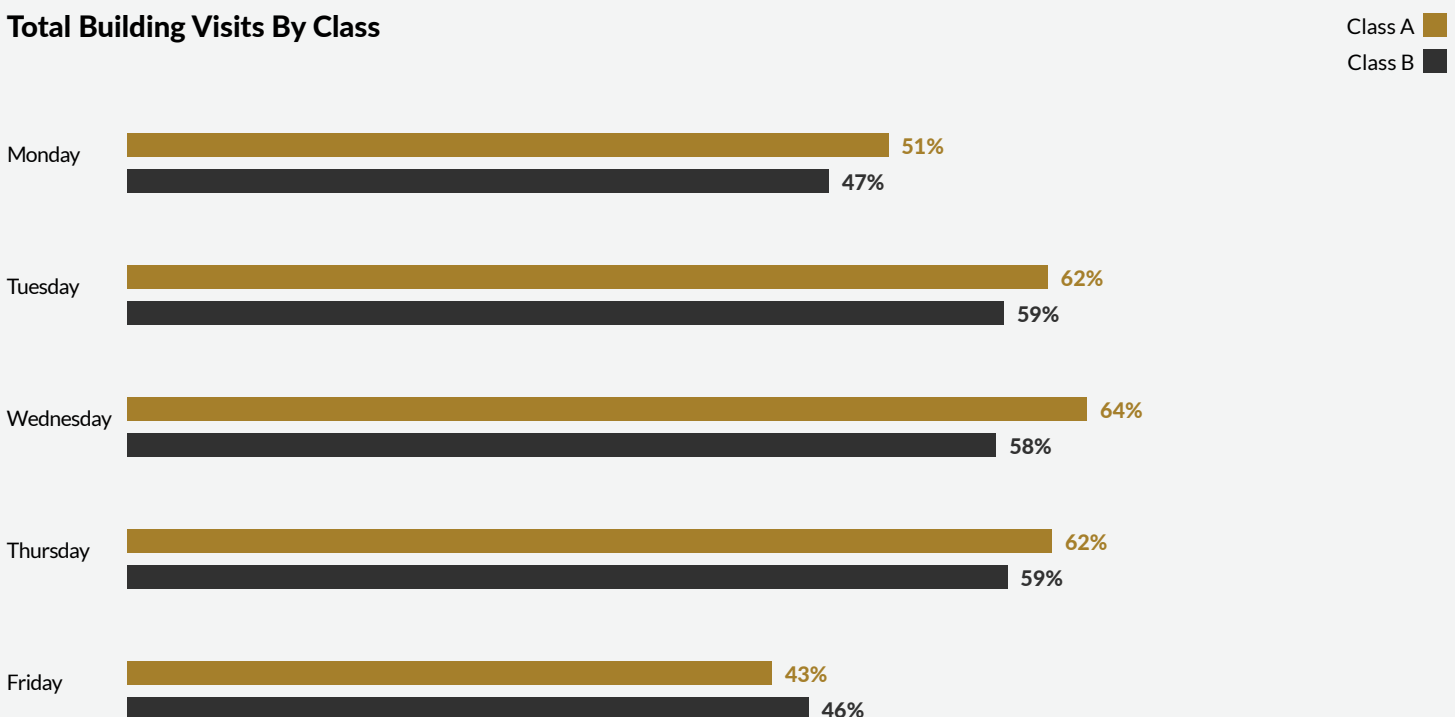
2) In order to test a wider set of buildings, total building visits were used for this comparison.
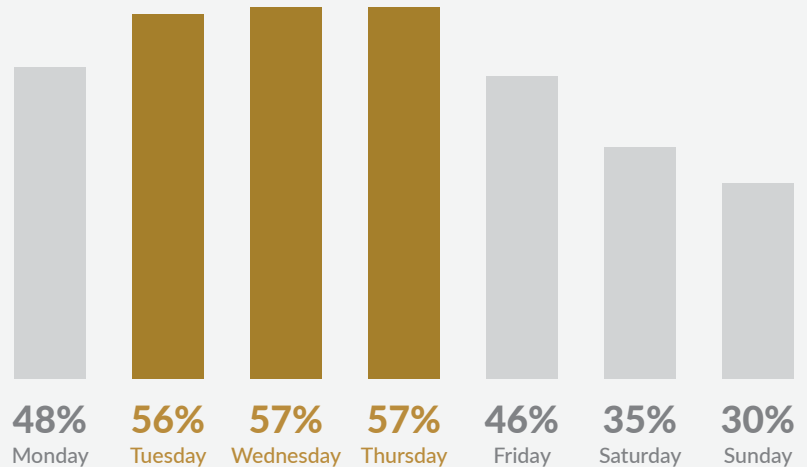
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Total building visits paint a different picture of office building utilization, with lower mid-week visitation rates but notably higher Friday and weekend visitation rates. In addition, total building visits have much less variability than employee visits.

Total building visit data from Placer.ai is different from Placer.ai's employee workplace visits and turnstile/card swipe data, like Kastle's Weekly Barometer. Total building visits includes visits to the retail (and other non-office-space uses) that are a part of many office buildings in Manhattan.[3] Total building visitation rates (not filtered for employees only, time of day, or duration) show that overall visitation rates are lower than employee-only visitation for Monday through Thursday, but much higher on Friday, Saturday, and Sunday.

In addition, total building visitation rates (no filters based on employee only, time of day, or duration) also show a mid-week peak, but the average midweek rate (57%) is only 9 pp above Monday (48%) and 11 pp above Friday (46%). As a result, this data suggests overall visitation rates are generally more consistent as a share of 2019 levels.
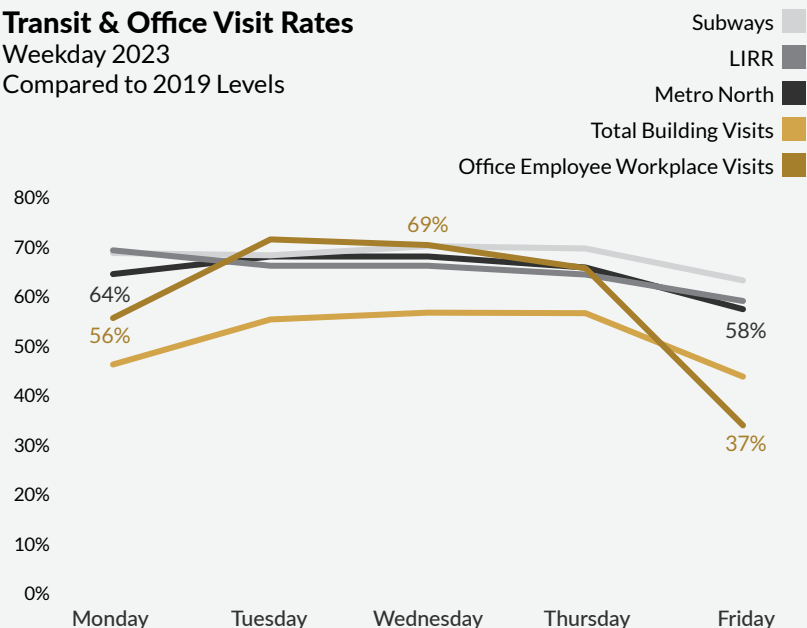
Higher visitation rates on non-peak weekdays likely reflect visits to non-office uses at office buildings. These rates also more closely align with other data sets such as transit and pedestrian counts that do not find such a steep drop between Mondays and Fridays and Tuesday through Thursday. For instance, New York City Transit subway data shows ridership of nearly 70% every day except for Friday, which dips to 64%. Metro North and LIRR show lower ridership particularly on Friday. Compared to the two office visitation rates, employee workplace visits more clearly reflect the drop off on Mondays and Fridays.

Total Building Visitation Rates
Compared to 2019 Pre-Pandemic Baseline

| 48% Monday | 56% Tuesday | 57% Wednesday | 57% Thursday | 46% Friday | 35% Saturday | 30% Sunday |

Transit & Office Visit Rates
Weekday 2023
Compared to 2019 Levels

Legend:
- Subways
- LIRR
- Metro North
- Total Building Visits
- Office Employee Workplace Visits

Values noted on chart: 64%, 56%, 69%, 58%, 37%

X-axis: Monday, Tuesday, Wednesday, Thursday, Friday
Y-axis: 0% to 80%

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3) Placer has a minimum visit threshold of 7 minutes for all devices. Placer.ai visits can be filtered by time of day and duration/dwell time. REBNY has done some initial work on analyzing data based on an estimated workday visit rate during office hours (7 AM to 7 PM) and with duration of at least 90 minutes.

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An Office Building is Much More than a Workplace

The findings in this report validate the trends perceived by many New Yorkers: busy streets and crowded restaurants, even as workers are not in the office as often as they were before the pandemic. The contrast between the workplace and the streetscape is most apparent on Fridays. At the same time, the data makes clear that office buildings are more than just a workplace. Manhattan's office market is the foundation for thousands of stores, restaurants, coffee shops, and delis, as well as hotels, medical facilities, museums, and public open spaces. Based on New York City Department of Finance data, Manhattan office buildings contain an estimated 21 million square feet in retail space (based on nearly 1,600 office buildings with at least 10,000 square feet).

The office worker and commuter is still the critical driver of this entire economic ecosystem. Prior to the pandemic, more than 1.6 million workers (most of them office workers) commuted into the city each weekday. Manhattan also has more than 800,000 daytime home dwellers and tourism (60 million in 2022) is nearly back to pre-pandemic levels. This rare combination of residents and tourists has been critical to Manhattan's recovery and kept foot traffic from plummeting to the depths seen in cities like San Francisco.

Going forward, it will be important to carefully review how these trends in employee visits and total building visits develop as the city continues to grow and recover.

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