

THE FUTURE OF THE WORKPLACE

1.0 – TSP 2030





“Oh, the times, they are changing”

The last decade has seen many changes in the UK Office market and many are asking themselves “what next?”

10 years ago, serviced offices were associated with only one major brand, Regus. During this short space of time, the market has evolved and spawned many more brands at different price points with varied offerings. This explosion of flexible workspace has brought with it technological innovations and a new way of thinking about how companies use space to achieve their business goals.

Many argue that the serviced office market was long overdue a renaissance and evolution. The economic atomisation of the economy has meant many smaller businesses are now in existence that are able to compete with larger businesses. We believe this is due to the democratisation of technology, social media and general improvements in connectivity. This has created demand for smaller, more flexible space, but also

a new financial model. One which allows smaller companies to prosper and scale in a more linear fashion, without the cashflow constraints that traditional leasing is replete with.

The collective efforts of both smaller businesses, and the new workplace providers who have sought to cater for them, has engendered new norms in commercial property occupation.

Aside from the obvious reduction of lease lengths, service provision, environmental considerations and amenity value have now become buzzwords that were once scoffed at by many but have now become gospel. In essence, for traditional landlords the war has been lost, it is resolutely time to join the wave of modernity that is sweeping through our industry. The new world is different, but arguably more profitable and certainly more exciting.

But what next?

What other factors are gathering pace and momentum to change the way we work and deliver space for tenants? What will we see that matters over the next 10 years and what impact will it have on commercial property?

The Environment? With a flurry of countries all over the globe seeking to compete to be carbon neutral, we can expect to see huge and rapid innovation in building technology and sustainability. From the landlord perspective, avoiding the 'brown discount' will be key to supporting capital values and income going forwards.

Generational Change? The millennials are coming through to C Level posts thick and fast. We are in the midst of a generation handover of leadership as Baby Boomers start to enjoy their retirement. Accommodating Gen Z'ers will also be a challenge for landlords over the next decade as more and more enter the workforce and challenge traditional occupational habits.

Artificial Intelligence? AI will impact every element of property. It will eventually impact supply and demand constraints more generally, but more importantly, it will impact on how landlords run their buildings and service changing occupier needs.

The Politics of Identity? This is very much a nascent theme in property. But landlords should be wary of not overbranding their property assets, and therefore over-running the brands of the occupiers who seek to work within them. Beyond this, we appear to be going through a second sexual revolution with new concepts of gender identity and norms. Landlords must be aware of this in their buildings, for example, gender neutral facilities and so on.

LET'S MOVE THINGS FORWARD

At TSP we are overwhelmingly excited by the new opportunities and markets opening up in the commercial property sector. It is our view that commercial property itself is well overdue a renaissance. We have geared ourselves to be at the forefront of this movement.

We have already seen with many clients that those who embrace change and accept the new demands of the occupier are reaping the rewards. We have seen first-hand premium rents, enhanced capital values and less operational headaches.

Keep a look out over the coming months as we delve deeper into the factors we believe are gathering pace and momentum and their potential impact within the commercial property sector. Or, to talk in more detail about our thinking, please contact Ian Doak.

Ian Doak

TSP

020 7284 9040

id@tspuk.com

5th Floor, 112-116 New Oxford Street
London, WC1A 1HH

www.tspuk.com