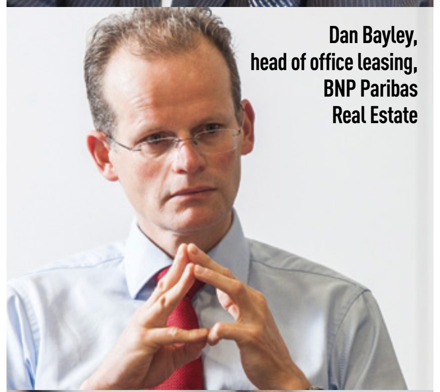
John Slade, UK chief executive, BNP Paribas Real Estate



Dan Bayley, head of office leasing, BNP Paribas Real Estate

Nigel Fuller, senior fund manager, Legal & General Property

Nick Searl, partner, Argent

Jon Spring, land director, Mount Anvil

BIGGER BUSINESS, SAME SPACE

The idea that firms can expand their operations without increasing their space sounds like a panacea for supply-squeezed London, but is it realistic? By Rebecca Kent

Like pop-ups and PRS, a new term is worming its way into the commercial property lexicon: spaceless growth. Technology is making office environments more dynamic and space is expensive and limited – in London especially.

So it is on these principles that the concept of a company expanding its operations within the existing confines of its office came about.

However, at an *Estates Gazette* round table debate last week about the impact of technology on London property, it was clear among the occupiers and industry experts present that the phenomenon is not clear-cut.

Certainly, there was recognition of a seismic shift in the way businesses function, but according to Dan Bayley, BNP Paribas Real Estate's head of office leasing, "not everyone is trying to push people into the smallest holes".

Google is a classic example, he said. "The finance director isn't driving things, it's the business development teams. And while they are not rolling around like peas in a drum, they've got a lot of space because they know they are going to keep growing."

By comparison, News UK, which downsized by 90,000 sq ft when it moved into The Place at London Bridge Quarter, SE1, was a classic example of an old-school firm driving efficiency to the point of spaceless shrinkage, Bayley said.

Across the table at BNP Paribas Real Estate's City headquarters, Charlie Green, chief executive of The Office Group, was unequivocal about the rate of change in the functions and activities of businesses.

"There is a transformation going on right now and nobody can avoid it," he said. "The two main drivers are technology and cost. Cost is driving the space efficiency, and technology is a solution to how you handle it."

John Slade, chief executive of BNP Paribas Real Estate, said it was not all one-way traffic and that despite a "contraction and opposition to development in London, there are still forces going towards traditional working".

But it was when the experts looked at the importance of winning business and talent in an increasingly competitive economic climate that they found accord.

Jim Herbert, chief executive of insurance company Aon, led the firm's recent transition into its new global headquarters at 122 Leadenhall Street, EC3 (see www.estatesgazette.com/videos for a tour). The move was preceded by five years of strategic thought over how the company could run a dynamic operation in a highly efficient workplace.

"To understand what our value proposition is for talent is the critical issue for us now. We try to understand not only how we use our space in the most efficient way, but also how we create a space that's different, that's vibrant and innovative," he said.

This is also evident in Resolution Property's Alphabeta building on Finsbury Square, EC2. Head of UK investment at Resolution, Jacob Loftus, described how occupiers had created cafés and breakout spaces within their own workplaces because of "what it says to their staff and their clients about who they are". This was despite shared amenities throughout the property already being part of the leasing proposition.

Argent partner Nick Searl said occupiers in Argent's buildings felt it important that their staff had a choice of where they could operate, be it inside the building or out. And with the cost of recruiting staff exceeding that of property, they had to be a priority, he added.

With the revolution in workplace design established, the discussion turned to what the move towards dynamic working and agile behaviour meant for the rest of the industry and whether mixed-use development could address new demands.

"We are going to see a shift in where businesses need to be to service the growth of London," said Alan Holland, business unit director at SEGRO. "How city logistics interplays with the mixed-use agenda in London will be a game-changer."

Holland added that it was inevitable and essential that logistics units would be restored to zones one and two in response to "the Uberisation of last-mile delivery", with no question of the economic advantage to occupiers which, he was adamant, would pay a premium. Those units would be smaller hubs in vertical cities containing a greater intensity of uses than ever before, he added.

Masterplanner Petra Havelska of Marko & Placemakers said it was time to be clever about use of existing stock, pointing to the 6m sq ft manufacturing district in Brooklyn, New York, Industry City, which mixes industrial with retail, innovation and offices.

Slade said mixed-use "doesn't scare developers now like it used to", but the experts were candid about the challenges.

Nigel Fuller, senior fund manager at Legal & General Property, highlighted the differing rates of obsolescence as problematic, while Bayley cited the level of control that occupiers demand over their space.

Jon Spring, director at Mount Anvil, pointed to an "archaic and restrictive" planning system, with local authorities that do not understand how industrial and residential can be mixed.

The message that came full circle was that design matters for buildings inside and out, and however it manifests itself, as spaceless growth or otherwise, what is clear is that the industry is on the cusp of a revolution.

WATCH HIGHLIGHTS OF THE ROUND TABLE AT WWW.ESTATESGAZETTE.COM/VIDEOS, OR LISTEN TO A FULL AUDIO RECORDING AT WWW.ESTATESGAZETTE.LIBSYN.COM

IN PARTNERSHIP WITH BNP PARIBAS REAL ESTATE

Petra Havelska, co-founder, Marko & Placemakers

Jim Herbert, chief executive, Aon Risk Solutions

Charlie Green, co-chief executive, The Office Group

Jacob Loftus, head of UK investment, Resolution Property

Alan Holland, business unit director for Greater London, SEGRO

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