

PLANNING UPDATE

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FUTURE OF THE OFFICE: A REFLECTION ON CONTEMPORARY WORKING PRIORITIES



The year 2022 marks both the end of an era and an exciting new start for Gerald Eve, as we move into our new West End London office at One Fitzroy. Establishing the optimum location for our new office has been a long and considered process, requiring reflection on our priorities as a firm, against the backdrop of a turbulent period of fluctuating need and ESG initiatives. This process was informed by our recent experience in securing our City Office at Bow Bells House in 2020.

The impact of the pandemic has had undeniable residual effects on London office market trends. Using our own experience as an example, we consider the extent to which market transformations have been triggered by the events of recent years, exactly how Covid has changed working practices, and how we see this trend manifesting in the future.

The abrupt move to remote working in March 2020 highlighted some clear advantages for staff. The short commute from bedroom to 'office' resulted in a distinct work-life balance shift. Personal priorities were able to take precedence. No longer did you have to sit for 8 hours per day in the middle of an office floorplate with little access to daylight or natural ventilation.

Market Trends

As many have moved to a more hybrid working model, the office market has adapted to meet these needs, providing opportunities aligned with those presented when working from home.

Key trends include:



Employees less willing to travel long distances, including both commuting and travel to meetings. Proximity to travel hubs is important.



Working environments have come to the forefront, with open plan spaces, good natural light and natural ventilation, greening and collaborative working areas all becoming non-negotiables. Terraces and break out spaces are now highly desirable.



The provision of additional amenities, including cycle and shower facilities, wellbeing and prayer rooms are the expected baseline, with a general desire to deliver a more relaxed and "home" feeling within the office. For those looking to deliver over and above, amenities including gyms, cinema rooms and spa services are being accommodated.

London office demand was stable in Q1 2022, with Q2 marking the highest number of lettings since before the pandemic, representing a clear commitment to returning to the office. Tenants are placing greater emphasis on best-in-class space, influenced by subjective characteristics rather than overall costs.

ESG ('Environment, Social and Corporate Governance') initiatives, which were rising in importance pre-covid, are very much in focus when considering new office developments. This is being reflected in growing market demand, requiring developers to go over and above to attract the 'flight to quality'. The British Business Bank defines ESG as "a set of standards measuring a business's impact on society, the environment, and how transparent and accountable it is". According to the CBI, two-thirds of investors now take ESG factors into account when investing in a company, demonstrating the integral role that it plays within sustainable business practice.

Gerald Eve and ESG

In assessing our own requirements, despite firm wide hot desking, a move to hybrid working and the introduction of flexible working hours, overall floorspace provision reduced only marginally from 29,000 sq ft to 26,000 sq ft. This was mainly due to the additional working environment offer and amenities which we sought to accommodate, as well as the provision of a much improved floorplate configuration.

A significant increase in cycle parking, luxury changing facilities, the delivery of multi-disciplinary rooms to accommodate our exceptional health and wellbeing classes such as yoga and pilates, and an increase in informal, collaborative areas, have seen a transformation in terms of how our space is used daily. Doing this has enabled us to achieve a FitWel¹ rating of two stars.

From an environmental perspective, grade A+ space is now a pre-requisite in seeking high-quality office space, with individual employees holding firms to account on environmental and sustainability credentials. For Gerald Eve, it was vital to ensure that both the base building and fit out would maintain an 'Excellent' BREEAM rating and an EPC rating of B to comply with the terms of our lease but also from a brand perspective. In addition, 100,000 kg of CO₂e has been saved through the reuse of existing fit out-materials, coupled with operational energy reductions which seek to meet our strategic goal of becoming carbon neutral by 2022/23 and carbon negative by 2027/28.

What is abundantly clear, is that ESG demands, such as environmental performance, diversity and inclusion, community, and corporate governance, are not only a priority at the top of the firm but are also being driven at the grassroots level. This is resulting in a holistic move towards more sustainable and socially focused commercial decisions across Gerald Eve.

PLANNING THE FUTURE OF THE OFFICE

So where does that leave us moving forward? Recent trends have demonstrated that the office is no longer just considered as a working environment in which employees are glued to their desks. Employees are certainly ready to abandon the Teams call for face-to-face catch ups, however the working environment is key to enticing employees to make the commute back into central London.

Numerous studies have reported the benefits of employee wellbeing resulting in increased resilience, better employee engagement, reduced sickness and improved productivity (CIPD, 2022). In order for offices to thrive, it is therefore essential for wellbeing to be at the heart of development.

Employee wellbeing is not just limited to within the building, the external areas are also important. A well-versed example being the Mayor's Urban Greening policy (London Plan 2021, Policy G5) which requires all major development proposals to "contribute to the greening of London by including urban greening as a fundamental element of site and building design", providing environmental contributions whilst also resulting in added social benefits, delivering on wellness targets.

Outside of London, Urban Greening is also important with the enhanced surrounding public realm being considered as part of office developments.

Whilst this thought piece focuses on wellbeing and amenities, there is a wider environmental and sustainability debate about how existing low grade office stock can meet future requirements and the balance between retaining a building with refurbishment verses demolition and redevelopment.

As a Firm, Gerald Eve recognises the importance of work life balance and the benefits of flexible working. It was clear to us that priorities had changed since 2019. Whilst our City Office at Bow Bells House opened in 2021 was delivering our adopted ESG approach, this was lacking in our West End base. Our new head quarters at One Fitzroy now provides a strong base for us to build on future initiatives and reach our environmental goals.

¹ A certification system for optimising buildings to improve health and productivity outcomes through target improvements to design and operational strategies.

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