

Development boom in London offices needs to provide for hybrid working strategies says Savills

3 years ago



“We’re in a development boom and hybrid working is here to stay”. These were the clear messages coming out of Savills inaugural Central London Occupier Group’s client breakfast, which took place in the Margaret Street head office on Thursday 31st March 2022.

Mat Oakley, Savills head of commercial research, kicked off the event with an overview of the London office market with reports of a record surge in new development as landlords respond to a ‘flight to quality’ from occupiers.

“The evidence is clear to see” he said, “businesses want prime offices in a post pandemic war for talent with 90% of take-up in London occurring on Grade A space. The volume of new development coming through will be tailored to this hunt for best in class and a competitive tension between businesses will continue to push rents on prime space up. Sub-letting is not the solution for occupiers wanting tailored design while flexible options enables corporate companies to adjust to new ways of agile working”.

Savills recognises construction costs, the cost of ‘greening’, hybrid working strategies and sustainability as the key themes for 2022 in London’s occupier market. Meanwhile the opening of the Elizabeth Line will see Tottenham Court Road and Liverpool Street Station become genuine considerations for businesses wanting well connected, Central London offices. However, vibrant locations are just as important as building design, said the firm.

Tanya Broadfield, director of Sustainability at Savills added: “The pandemic put a laser focus on the dramatic change to all of our lifestyles and the importance of the E and S in ESG in our working life. The environmentally motivated Gen Z are about to overtake Millennials in spending power, and their sustainability literacy makes data, disclosure and transparency essential for businesses measuring their environmental impact. We are seeing a huge number of corporations committing to Net Zero targets; we now need to ensure they understand what these mean. The biggest change any of us can make is to

reduce our energy consumption but while Net Zero is the talk right now, the future is in the circular economy. Designing out waste and pollution from the start, keeping materials in use and regenerating natural systems.”

Caroline Pontifex, workplace experience director at KKS Savills, concluded the seminar with a focus on how office design is responding to the environmental and social factors influencing the way Londoners work.

Caroline said: “Individual working is no longer the primary function of offices as we evolve to great hybrid working. This will see a rise in immersive meeting rooms with tech assistance such as VR headsets and protocols in place to ensure consistency. While there will be focus rooms, there will also be a rise in centralised social space to drive interaction. Gym spaces and dog friendly leases are also on the rise. Workplace culture is the most attractive element drive to attract and retain talent.”

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