

## Building design, ESG and business rates top priorities in Savills central London occupier briefing

2 years ago



“With shortages of prime and green space only likely to get worse, tenants are going to have to make some tough decisions about what building features are most business-critical for their organisations.” These were the clear messages coming out of Savills Central London Occupier Group’s client breakfast, which took place in the Margaret Street head office on Thursday 23rd February 2023.

Mat Oakley, head of commercial research, set the scene with an update on the London office market with reports of delays in new development – 41% of 2023-36 pipeline is yet to start – while leasing take-up remains strong. Last year, total office take-up reached 10.4 million sq ft, 13% up on 2021. Activity sees the availability of the very best, most sustainable offices in London ever more constrained, he warned.

Marylís Ramos, Savills Earth Advisory director continued: “ESG is now dominating discussion in and around the property industry, and occupiers are faced with the challenge of navigating the complexity of ESG requirements, sustainability certifications and upcoming changes to national policy. For the occupier sector, the importance of understanding what to look out for at property acquisition stage is absolutely crucial, along with an understanding of green leases and how they facilitate collaboration with landlords to achieve their ESG commitments.”

Savills also addressed the topic of service charges for tenants, that “have long since been a point of contention between landlords and occupiers”. The firm highlighted that while occupiers cannot change the cost of services, they can have an influence on the type of service they receive. Just as choice will be a key theme for building design in 2023, so will choice be key to budgeting around service charges against rising

costs, Savills suggested. The firm pointed to greater transparency on budgets between landlord and building management teams in 2023 and going forward.

Also impacting costs and budgets in 2023 for London occupiers will be Business Rates, Savills continued. With the new 2023 Rating List going live from 1st April 2023, and rateable values based on market rental levels at 1st April 2021, the changes are an attempt to “bring property taxation up to date” said Savills. However, David Parker, Savills head of Rating cautioned the list is “arguably already out of date”.

“The importance of carefully reviewing your business rates, which can go up as well as down, is higher than ever”, David continued.

Following the event, Paul Bennett, Savills Central London Tenant Representation director, said: “In an environment of rising operating costs, these events aim to furnish our clients with the information they need in 2023 against changing legislation on business rates, evolving ESG ambitions, and an ongoing lack of new development in London. For occupiers there are factors in the offices market that are perceived as being out of control, but there are always choices available and we hope this message was made clear at last week’s event.”