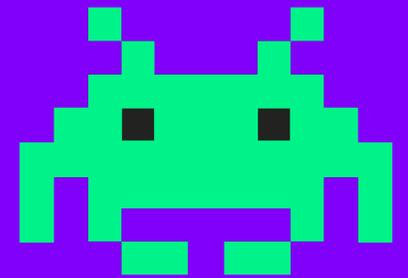
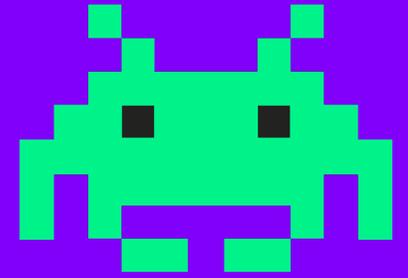


Space Invaders arriving at a building near you



Mike Coplowe – Development Manager
Legal & General Investment Management

Alan Bunting – Project Director
British Land

Luke Kelly – Development Executive
British Land

Russell Durling – Head of Development
& Architectural Design
Fora

Katrina Kostic Samen – Managing Partner
KKS Strategy & BCO President

Philip Ross – Managing Director
Unwork

Adam Thornton – Director
5Plus Architects

Ian Cartwright – Project Manager
Great Portland Estates

Gordon Graham – Partner
Alinea Consulting

Alastair Kenyon – Partner
Alinea Consulting

Iain Roberts – Chairman
Buro Four

Stuart Flaxton – Director of
Corporate Occupiers
Buro Four

Martin Smith – Office Sector Lead
Buro Four

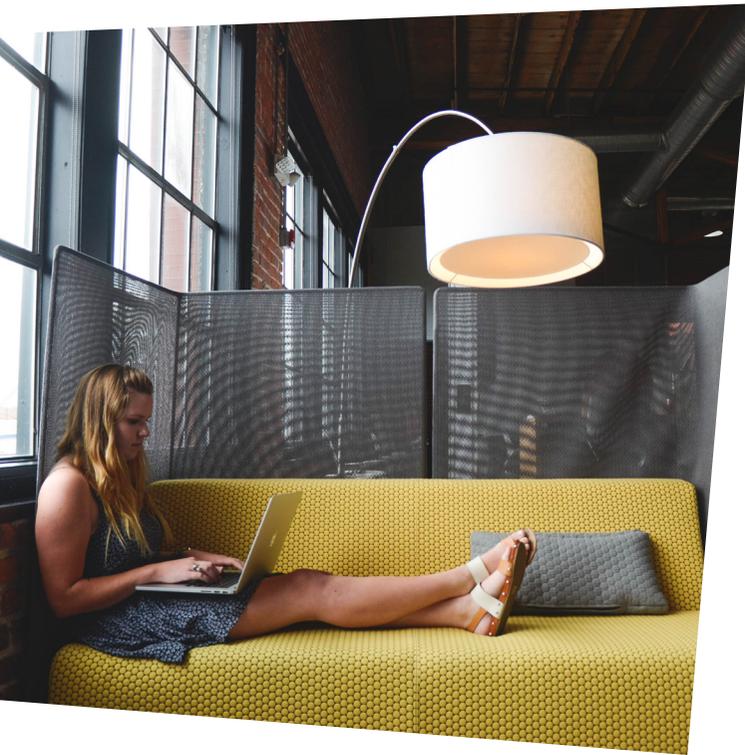
Space invaders are making a comeback; not as a revival of the 1970s video game, but as the ‘invasion’ of co-working groups such as WeWork, now central London’s biggest corporate occupier of offices.

The rise of the co-working phenomenon was one of four main topics discussed by 14 leading industry professionals at the *Space Invaders Breakfast Round Table* organised by Buro Four and Alinea Consulting in London’s Covent Garden this September.

Iain Roberts, Chairman of Buro Four, hosted the event. Katrina Kostic Samen, Managing Partner of KKS Strategy and President of the British Council for Offices (BCO), set the scene.



Q1. What do post-millennials (born after the year 2000) expect from their work environment?



To define the workspace of the future, Katrina Kostic Samen said the answer lay in studying what was in the “backpacks” of 14 to 18-year-olds, the first generation born into a fully digital age. For this generation, technology – and sustainability – is a given. When asked about the top three things they would like when undertaking their schoolwork, this generation, who Katrina called Generation 2020, answered: natural light, outdoor space and food.

This so-called Jelly Bean Generation – whose social media of choice is Snapchat and Instagram – also wanted their own space to communicate in real time via their smartphones, while simultaneously enjoying the social interaction of sitting side by side.

These expectations are being played out at the Microsoft Envisioning Center at the Microsoft HQ near Seattle, explained Philip Ross, Managing Director of Unwork, a consultancy specialising in the future of work.

Here, Microsoft has developed Surface Studio, a physical workspace where data analytics becomes live and real time, and video and immersive technology is used to anticipate and respond to space occupiers’ needs, while also incorporating side-by-side working.

“The big platform players like Microsoft are going headlong into real estate,” said Philip, author, commentator and consultant, who has advised the likes of EY, Allen & Overy, GlaxoSmithKline, McKinsey & Company, Cisco and PwC.

“This is an ‘app-centric’ world where the smartphone will be the gateway,” Philip explained. “This will allow for a private, cellular environment – one where the occupier interacts with the building and with devices to create an experience based on where they are standing, who they are and what they want to do.” Interaction will be more through voice and movement than the keyboard.

CAT A office buildings will be impacted dramatically as it will call for a new location layer, with microphone and speaker arrays in the ceiling. Acoustics will be key, with tech players already designing solutions to balance noise and acoustics, such as the new Bose SoundWear Companion speaker, worn around the shoulders.

With post-millennials looking for a sense of privacy and place, and a community feel, co-working spaces are morphing into specialised ‘guilds’, where the office meets the hotel, said Philip. Such examples are Neuehaus in Los Angeles, The Wing in New York and Washington DC, and The Ministry in London.

“The big platform players like Microsoft are going headlong into real estate”

Philip Ross – Managing Director
Unwork

To summarise, Katrina Kostic Samen pulled out four key points about post-millennials:

1. They have a short attention span. No cold coffee or non-functioning internet service for them. Building management becomes more like a concierge service. Luke Kelly of British Land backed this up by pointing out that this was “the generation of instant gratification.”
2. They like design and a sense of place. This is why the co-working might appeal to them as there is a different sensory experience for every corner turned.
3. They are reliant on technology – rather than just competent.
4. Their sense of immediacy brings a lack of self-esteem and self-confidence, and high proportion of mental health problems.

“It is critical that we address the mental health issues among the younger generations,” said Katrina. However, it was noted that the future was scary for everyone... with one attendee pointing out that the first working day after Brexit was April Fool’s Day!

“It is critical that we address the mental health issues among the younger generations”

Katrina Kostic Samen – Managing Partner
KKS Strategy & BCO President



Q2. How will post-millennials' expectations change the needs of tenants?



Alan Bunting, Project Director at British Land, pointed out three key ways that British Land was tackling the changing needs of tenants, and reflecting the expectations of the new generations coming into the workplace:

1. The creation of comfortable, attractive spaces, with a sense of place and a blurring between outside and inside. USB ports, for example, are included in garden benches, while blue space (water) is also important.
2. Attractive buildings with shared facilities – winter gardens, terraces, basketball courts on rooftops, with a “balance and a little bit of fun”, catering for the needs of the occupiers and the surrounding community.
3. Flexibility to allow for continuous change and development, whether to add more space or create flexible space for a project team.

“We and the rest of the industry are slowly waking up to the fact that we can’t just do the 25-year lease and head off skiing. We need to be there to help out,” said Alan Bunting.

Several attendees mentioned the requirement by occupiers to personalise their space, to bring in their branding and create a sense of home. They didn’t want to feel that they were “on someone else’s sofa,” said one participant. Katrina mentioned that her office had its own dog, Leo. Such requirements call for workspaces to take on really good building managers, to help create that sense of community.

The changing way of how buildings are used and occupied puts a question mark over the valuation market. Co-working spaces share many similarities with the hotel sector when it comes to valuation and has never been particularly sophisticated, attendees heard. Both are about income streams. The expectation was that once the co-working market became more mature, let’s say in five years’ time, then valuation would be done “more appropriately.”

“We and the rest of the industry are slowly waking up to the fact that we can’t just do the 25-year lease and head off skiing. We need to be there to help out”

Alan Bunting – Project Director
British Land

Q3. Are we panicking about WeWork for nothing?



Yes, WeWork is a 'space invader', propelled by a strong rocket! The success of such co-working groups comes from meeting the changing needs of tenants; in particular the need for flexibility and for "growth and swing space", whether for expansion or to house specific project teams, which often employ a freelance workforce.

An example of this was the deal agreed by Facebook to take all of WeWork's Soho space at 125 Shaftesbury Avenue in London earlier this year. Meanwhile, Russell Durling, Head of Development and Architectural Design at Fora, mentioned a client who had taken an initial 20 desks in a workspace, a month later that was 35, six months' later 70 and then 200 by the end of the year.

"It's a question of whether we have a vehicle to allow these project teams to exist within our businesses or whether we outsource this," said Mike Coplowe, Development Manager at Legal & General Investment Management, and who prior to that was an Associate at Alinea Consulting.

These changes in the workspace environment, and the launch of expansionist co-working groups in the market, were challenges not just for London but for locations across the UK. The question was posed: could Swindon be the next Hoxton?

Remember, the attendees were told, these co-working groups are no more than intermediaries in a constantly morphing marketplace, where the lines are being blurred between the office, hotels and residential sectors.

"It's a question of whether we allocate space within the building for project teams or whether it is more effectively outsourced to a co-working space"

Mike Coplowe – Development Manager
Legal & General Investment Management

Q4. Is the BCO specification a dead duck? Is there a future for the 25-year FRI lease?



The Space Invaders Breakfast Round Table organised by Buro Four and Alinea Consulting came at a time when the BCO is currently revising its standards, with the new edition of *Specifications* out in March 2019.

Iain Roberts brought up the issue of why in the UK, compared with the US and Europe, do we offer CAT A space? “Why do we try to predict how a tenant is going to occupy a space?” He suggested that the BCO specification could have a range of different types of CAT A buildings for different occupier types. Is a separate BCO specification covering co-working needed?

Adam Thornton, Director at 5Plus Architects, pointed out that the BCO had gone through the change of being about buildings to being about services, and now the BCO needed to be more about health and wellbeing.

Martin Smith of Buro Four suggested that BCO specifications should be a tool flexed up and down according to the zonal areas.

Mike Coplowe of Legal & General asked whether there should be some kind of “government or tax implication” when a CAT A building was “modified or removed,” as this had a huge implication in terms of the volume of waste. “There’s a big movement against single-use plastic, well single-use Category A is pretty terrible too!” he said.

Mike added that there would always be a demand for the 25-year lease from tenants with good covenants looking to use cash more effectively. However, there was no doubt that this market had shrunk.

Architects design buildings to last 60 years, yet we didn’t know what we would be building in three years’ time, said Adam Thornton. “We have to create long-life, loose-fit buildings that are flexible, sustainable and that will work with whatever changes over the next 20 or 30 years,” he added.

“We have to create long-life loose-fit buildings that are flexible, sustainable and that will work with whatever changes over the next 20 or 30 years”

Adam Thornton – Director
5Plus Architects

What does the future hold?



Iain Roberts
Chairman
Buro Four



Katrina Kostic Samen
Managing Partner
KKS Strategy & BCO President



Gordon Graham
Partner
Alinea Consulting



Alastair Kenyon
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Alinea Consulting



Martin Smith
Office Sector Lead
Buro Four



Stuart Flaxton
Director of
Corporate Occupiers
Buro Four

“Flexibility and designing for the future” – **Alan Bunting**

“Green is the new black” – **Martin Smith**

“How wellness and mental health relate to flexibility and technology”
– **Luke Kelly**

“Playing catch-up; moving the whole industry forward” – **Adam Thornton**

“Leaner and more sustainable” – **Alastair Kenyon**

“A variety of recognised standards to meet the requirements of different occupier types” – **Iain Roberts**

“Ways of working morph into other ways of working as technology gets hooked into a technological race. It’s about us putting in the infrastructure to facilitate this race” – **Ian Cartwright**

“The office is more than just a desk” – **Russell Durling**

“If we focus too much on one generation we ignore a huge percentage of the workforce” **Stuart Flaxton**

“Greater awareness of new asset classes” – **Mike Coplowe**

“How the likes of WeWork affect institutional blue-chip investors. This is an interesting time” – **Gordon Graham**

“The answer will be found in the ‘backpacks’ of 14 to 18-year-olds... the first generation born into a fully digital age” – **Katrina Kostic Samen**