

SPACEPOINT[↑]

London Office Update
February 2024



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Strong leasing and rental growth for GPE

>> Market Update

GPE, the listed London developer, said it was seeing continued strong leasing across its estate, 10.4% ahead of estimated rental values, in a business update for the quarter to 31 December 2023.

GPE said £16.1 million of leases were signed in the nine months to 31 December 2023. There were 12 new leases and renewals signed generating annual rent of £5 million, with market lettings on average 6.5% ahead of March 2023 ERV. A further £6 million of rent is under offer.

GPE said the majority of activity was in its flex offices. At 16 Dufour's Place, W1, it relet the fourth floor (2,200 square feet) on a fully managed basis. The new customer has taken a two-year lease, paying a rent of £258 per square foot (inclusive of all costs), an increase of 28% on the previous lease with two months void and 21.8% ahead of March 2023 ERV.

It is planning expansion of its flex offer across its portfolio. It has committed to the refurbishment of 141 Wardour Street, W1 for 29,900 square feet of new fully managed space.

Toby Courtauld, chief executive, said in a statement: "Operationally, we are pleased, once again, to have delivered a strong leasing quarter with £5 million of new leasing deals, bringing the total deals for the financial year to date to £16.1 million, 10.4% ahead of the valuer's ERV. This success reaffirms our confidence in our portfolio rental value guidance of 2.5% to 5% growth for the financial year, with the best space potentially higher still.

"Despite a recent improvement in the outlook for interest rates, the macro-economic backdrop in which we operate remains challenging, limiting activity in our investment markets and placing selective upward pressure on yields, particularly for non-prime spaces. However, as we start the new year, we are encouraged by early indications that acquisition opportunities are starting to emerge.

"In this context, GPE is well placed. Despite rising barriers to entry in our

markets, including a more challenging planning regime, our substantial capex programme is set to deliver the very best, sustainable spaces into a market starved of such supply; our focus on HQ development and our flex offer is meeting customer demand that is increasingly discerning; and with our strong balance sheet, plentiful liquidity and recycling opportunities, we remain well placed to capitalise on opportunities as they arise."

Call us to discuss your objectives and needs for your office.

Call 0203 369 9800



A firmer strategy by EY to encourage office attendance

>> Commentary

This is a summarised version of the [original article from Personnel Today](#)

Accountancy firm EY has become the latest employer to use staff turnstile data to monitor office attendance in a crackdown on breaches of its hybrid working policy.

Sources told the Financial Times that the company is using the data as a “carrot rather than a stick” to encourage teams to comply with EY’s hybrid working guidelines, with it being estimated that at least half of some teams were failing to attend the office for at least the recommended two days per week.

Several major UK employers are using building access data to monitor office attendance and adherence to hybrid working policies, including BNP Paribas and law firm Slaughter & May.

There is a growing desire among employers to encourage more employees back into offices. Nationwide Building Society recently told staff it was scrapping its “work from anywhere” policy and would require a minimum of two days in the office per week, while Bank of America has threatened disciplinary action if employees refuse to meet office attendance requirements.

A report in The Times this week has also suggested some employers have started using surveillance software to monitor employees’ work at home and in the office, with one worker claiming her employer, which was not named, took a screenshot every 10 minutes to analyse employees’ productivity levels.

The Information Commissioner’s Office recently issued guidance warning that “excessive monitoring can have an adverse impact on the data protection rights and freedoms of workers” and is “likely to intrude into workers’ private lives and undermine their privacy and mental wellbeing”.

Rachel Barnet, an associate in the employment team at law firm Ashfords, said workforce monitoring can help improve efficiency or address concerns

about security, but it must be necessary and proportionate.

Kate Palka, a lawyer at The Legal Director, said: “Introducing monitoring – whether through screen capture, CCTV, internet usage, keystroke logging or reading emails – must include discussion and be transparent (except in extremely limited circumstances, such as where you suspect criminal activity). You must clearly inform employees what type of monitoring will be used, how it will work out in practice and the purposes for it, as well as how long you will keep any information that is gathered.”

Get in touch if you are considering your office options in 2024.

Call 0203 369 9800



Navigating Notice Periods: A Crucial Guide for Tenants



Education

Whether you're in a serviced or managed office under a license agreement or a traditional lease, understanding the nuances of notice periods and the required methods of serving notice is critical to avoid disaster.

Before delving into notice periods, it's crucial to differentiate between serviced or managed offices and traditional leases. Serviced offices typically operate under license agreements, offering flexibility and shared amenities, while traditional leases involve a more long-term commitment and a direct lease of the space. Serviced offices usually lack break options, with the term lengths being inherently shorter, whilst traditional leases often include break clauses, allowing tenants to terminate the lease before its expiration date. For instance, in a 5-year lease with a break at the third year.

Most traditional leases, excluding those falling within the protective provisions of the Landlord & Tenant Act 1954 (Part II), conclude at the end of the term without automatic renewal. In contrast, with license agreements, if proper notice isn't served, the agreement often auto-renews for the length of the initial term. This can mean, for example, committing initially to a 12-month term might inadvertently lead to another 12-month term in the absence of a timely or appropriately served notice.

Timing the serving of any notice is crucial, as one of the most prevalent issues tenants face is miscalculating their notice period. This lack of precision can result in losing the right to break the lease, or succumbing to an auto-renewal of a license, thereby forcing tenants to pay double property costs as they secure new space while still tied to their previous office.

Equally important is the method through which notice should be served. Email may seem like a convenient option, but many agreements explicitly require notice to be delivered in person or via recorded post. Ignoring this stipulation can render your notice invalid, trapping you in your current space and incurring additional costs. Always consult your agreement,

and ideally your solicitor, to ensure you comply with the specified delivery method.

By understanding the specifics of your agreement, calculating your notice period accurately, allowing more than the required time, and following the correct procedures, you can avoid common pitfalls and ensure a seamless transition to your new space.

Are you approaching your break clause and considering options?

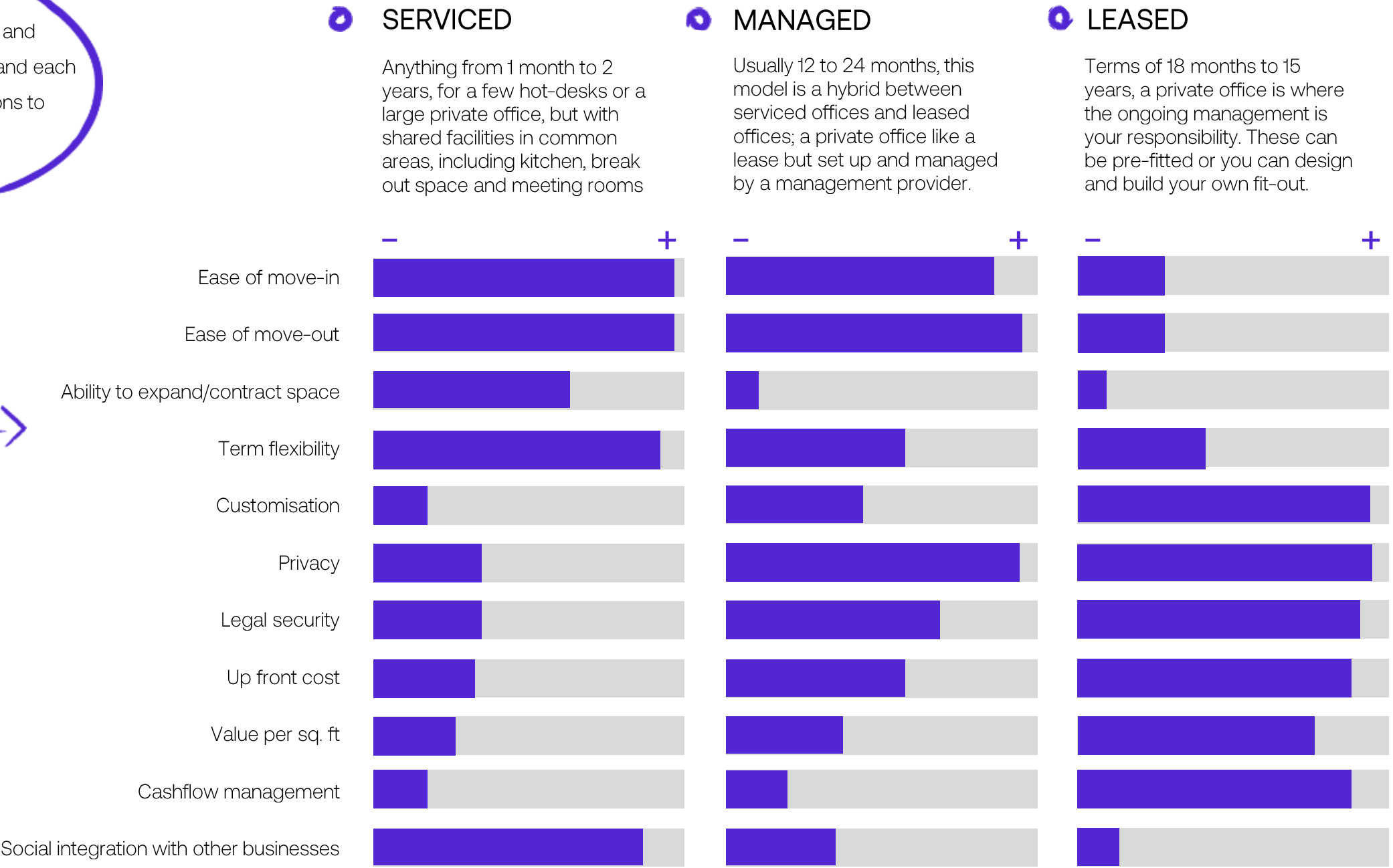
Call [0203 369 9800](tel:0203 369 9800)



Which type of office is right for you?

>> Types of office

Each business has differing needs and priorities for their staff and clients, and each office type offers alternative solutions to cater for those requirements:



Serviced offices

What is a serviced office?

A simple analogy is to think of a serviced office as a hotel for businesses. You turn up, and everything you need in an office is there and ready to go. Serviced offices are fully managed, set up and equipped to enable you to start work immediately, with all costs wrapped up into one monthly bill. The concept of the serviced office revolves around a combination of hospitality and flexibility. It delivers all the office amenities required to run a business, on a contract length of your choice and served with a smile.



The benefits of serviced offices



Flexibility – you can occupy a serviced office for any period of time from a few months to a few years. As your company grows or your needs change, you will be able to scale accordingly.

Simplicity – you arrive, you plug in, and you go. The offices are fully furnished, internet is installed, and telephone can be at the ready. Set up is absolutely minimal.

Speed – as the agreement is by license rather than lease, solicitors do not typically need to be involved. This means agreements can be finalised in a few days, allowing an almost immediate move.

Low set up costs – you won't incur solicitors fees, fit out costs, there is no need to purchase any furnishings or pay any IT instalment costs. The office is plug and play. Unlike a leased office, all these aspects are already in hand.

Facility management – the operator will manage the office to ensure it runs smoothly, dealing with everything, from call handling, meeting and greeting visiting clients, overseeing the cleaning, and to supplying teas and coffees.

Leverage their portfolio – A lot of providers have multiple locations situated across London and other parts of the country, and you can use their facilities across all locations.

Will serviced suit my business?



Serviced offices appeal to companies of all shapes and sizes, from small start-ups to large corporates. Serviced really comes into its own when companies require flexibility.

Scaling companies – If your head count is expected to grow quickly and you want your office to scale in line with your headcount, then serviced is worth considering.

Start-ups – you don't have to commit to a long lease length, which will allow you to adapt with your business in which ever direction it takes.

Project space – if you only require the space to last for the duration of a certain project, that is no problem.

Overflow – if your current office proves to be too small but you are tied into it for another year or so, then serviced can act as excellent overflow space.

Between offices – whilst you wait for your new dream space to come to fruition, you can keep the doors open and occupy a serviced office as a stop gap.

Serviced office availability

* For a bespoke search, please click here 

SEARCH



Westminster Horse Guards Avenue, SW1

Desks 10

Monthly Total £7,500

[Click here for more details](#)



Soho Golden Square, W1F

Desks 6

Monthly Total £4,500

[Click here for more details](#)



Kings Cross One Pancras Square, N1C

Desks 15

Monthly Total £17,250

[Click here for more details](#)



Camden Hawley Crescent, NW1

Desks 3

Monthly Total £1,750

[Click here for more details](#)



Hammersmith Angel Walk, W6

Desks 36

Monthly Total £31,560

[Click here for more details](#)



Old Street City Road, EC1V

Desks 24

Monthly Total £36,397

[Click here for more details](#)

Leased offices

What is a leased office?

A conventional leased office is the predominant method for companies occupying office premises. A company (the Tenant) will agree a lease contract to rent an office space for a period of time (usually a number of years) from a Landlord.

It is a more complex arrangement than that of the simplicity of a serviced office, but, with it, comes substantially more freedom to create exactly the space you want, as well as greater privacy, and significantly more security from a legal rights perspective.



The leased office market is comprised of:

New leases - offered by the building owner, are typically on contractual terms of 5 -20 years, and incorporating lease break opportunities within those periods. These are often presented in a condition known as CAT-A; meaning heating, lighting, ventilation and power are all supplied to the space, but the incoming Tenant will need to install their own fixtures, fittings and furnishings, etc. Although, it is becoming more frequent for Landlords to install a “speculative fit-out” (known as CAT-A+) that offers most elements of what a business may need from a space.

Sub-leases - offered by Tenants who no longer need some or all of their space. This will be an office that is typically offered with the existing fit-out in place, although larger spaces with many years left on the lease may be stripped out and offered as CAT-A space. By taking out a sub-lease, it is the current Tenant who becomes your Landlord, and they themselves retain their Tenant relationship with their original Landlord, the Superior Landlord. Sub-leases may be short term, such as 12 months, or sometimes up to 10 years.

Assignments - are existing lease contracts that are being offered to the market by the outgoing Tenant. Unlike a sub-lease, which can offer part or all of the demised area on new contractual terms, an assignment of a lease is the trading of an existing lease on its prescribed terms, though it is possible to latterly make amendments to the prescribed terms, to a certain degree. Assigning their lease, for the most part, absolves the assignor Tenant from their contractual obligations to the premises, and the assignee Tenant becomes entirely responsible. Much like sub-leases, assigned office premises are frequently offered with the existing fit-out in situ, and are often for terms from 12 months – 5 years.

Preparing for the end of your lease:

When approaching the end of your contract in a conventional lease space, a lot of planning is required to ensure your exit from your current space and transition into your new space goes as smoothly as possible. Some elements are simply organisational good practice, but other considerations are those of your legal obligations contained within your lease which, if not appropriately managed, then it could cost your organisation significant amounts of money and turmoil.

Leased office availability

* For a bespoke search,
please click here



SEARCH



Clerkenwell **Goswell Road**

Size (sq ft) 9,217 sq ft
Monthly Total **£69,627**

[Click here for more details](#)



Soho **Greek Street**

Size (sq ft) 1,306
Monthly Total **£12,393**

[Click here for more details](#)



Covent Garden **Shorts Gardens**

Size (sq ft) 2,448 sq ft
Monthly Total **£27,836**

[Click here for more details](#)



The City **New Change**

Size (sq ft) 8,908 sq ft
Monthly Total **£82,161**

[Click here for more details](#)



Kensington **Kensington High Street**

Size (sq ft) 4,667 sq ft
Monthly Total **£39,175**

[Click here for more details](#)



The City **Leadenhall Street**

Size (sq ft) 3,455 sq ft
Monthly Total **£328,398**

[Click here for more details](#)

Case Study

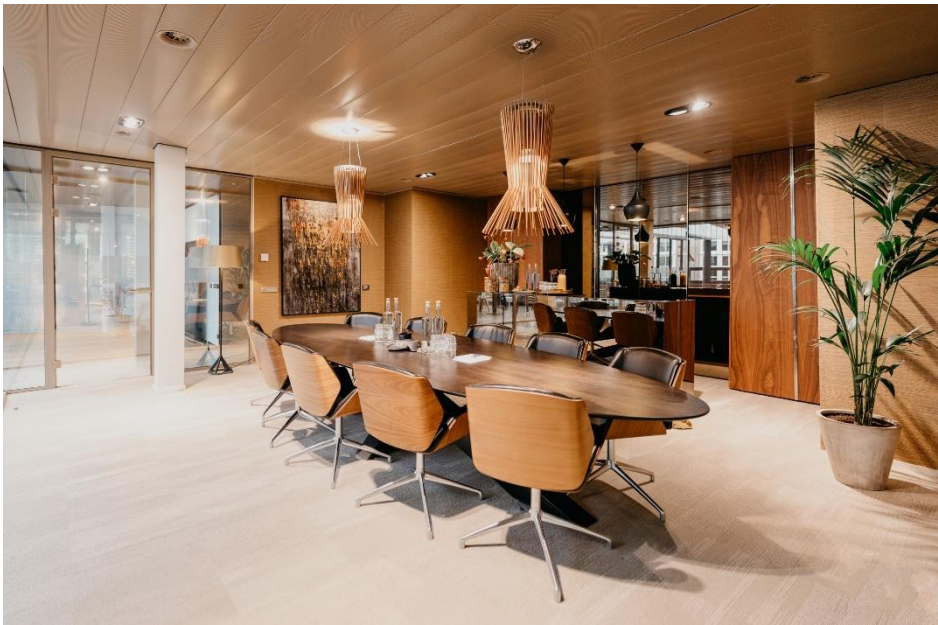
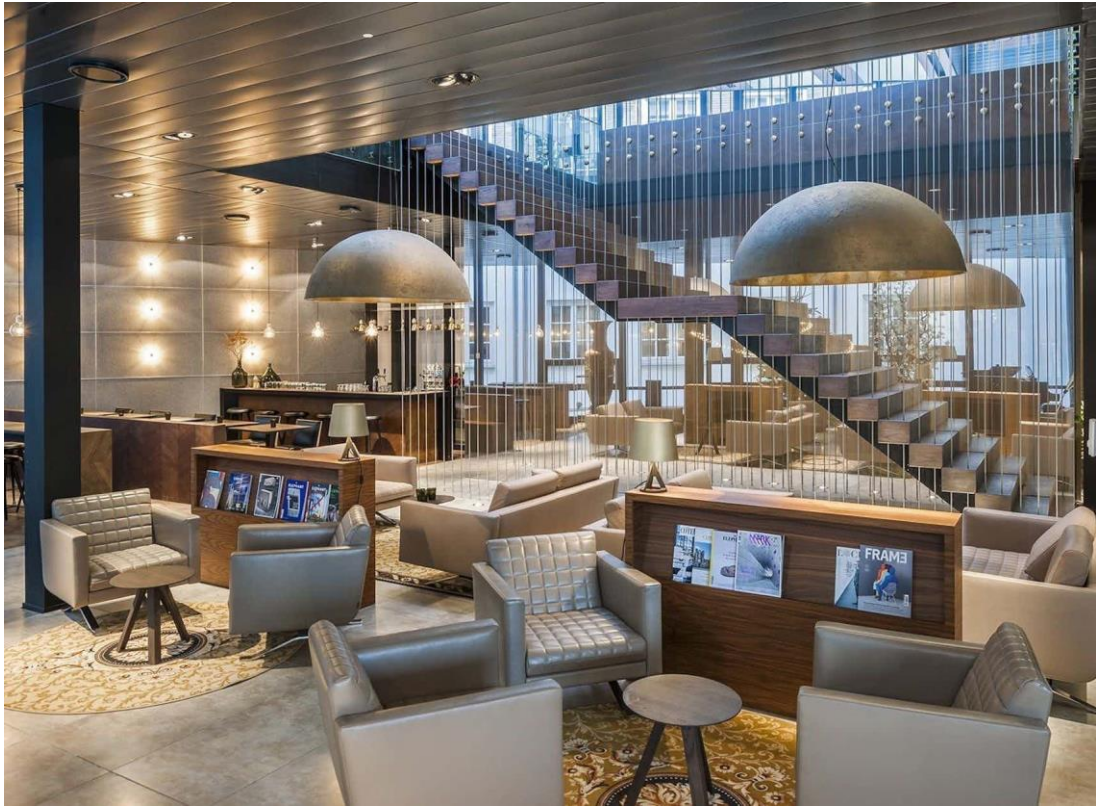


Sector	Location
Private Equity	Amsterdam



Freshstream are a long-standing client of Spacepoint. As well as their London office, they also wanted an Amsterdam presence.

As a private equity firm, it was important to get the feel of the office right. Nothing too showy yet still client facing and with an edge. The Baxter building was a good fit. After agreeing first refusal rights on the office next door and to have a contribution made towards our furniture, the deal was secured and all parties happy.



propertyperfected✓



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