

## Final Newsletter from the Business Centre Specialist – 2019



Yes, this is my final newsletter as I intend to wind down my activities in 2019.

I will still be able to offer independent advice to business centres but doing so remotely from my office. I have done this successfully on a number of occasions.

Over the years I have developed a comprehensive report on the development and management of flexible space centres and this will still be available. It covers everything an operator or potential operator needs to know and is full of industry contacts. This will still be available. Contact me if interested.

I will be watching with interest as this sector continues to grow.

**Tom Stokes**

### **Business Centre opportunities**

**Sheffield** – I have been asked to assist in the marketing of a property in Sheffield which is owned by Sheffield City Council. The property is at 38 Carver Street, Sheffield, S1 4FY

38 Carver St sits in the centre of Sheffield City Centre and is a key part of the Heart of City II redevelopment of Sheffield City Centre.

The property sits on one of the key axis of the site and provides a link from the already vibrant areas around Division St to the beating heart of the development around Charter Sq and the new HSBC headquarters at Grosvenor House.

Colloco have been appointed to secure a co-working/business centre operator for the building on a leasehold basis. The building needs investment to bring it up to an occupiable standard and as part of a transaction their clients are willing to invest in return for a higher rental and or a profit/revenue share. They are therefore seeking proposals based on a leasehold basis for all or part of the building. Parties will need to confirm what works they require to be done to the building (if any) and also confirm if and how they would wish to structure and profit/revenue share.

<https://colloco.co/find-a-property/properties/981-38-carver-street-sheffield>

Contact the agent directly if you are interested. Tim Bottrill. 07810 865 561

[tim@colloco.co.uk](mailto:tim@colloco.co.uk)

**Cambridgeshire** – a small business centre in Cambridgeshire may become available for sale in the near future. Email me if you want details when available.

**Liverpool area** – A small business centre for sale freehold. Email me for details.

**East Midlands** – Very large business centre for sale as a going concern. Please email me if you would like details sent to you.

**Kirkintilloch** – Business centre for sale. Currently full but with development potential into adjoining properties.

**Rugby** – property of just under 5000 sq ft suitable for conversion to business centre. Owner will consider assisting with fit out costs

**Ayrshire** – Small business centre for sale. Please email me for details

## Threat or Opportunity?

Not so long ago Serviced Offices were on the fringe of the property world and coworking barely existed. Now it is mainstream with some advocating that it is now in its own property class. Landlords who previously would not contemplate letting space to flexible providers are now joining the game.

Change has been rapid over the past five years and it is possible there is more disruption to come for existing flexible space operators.

Where will this disruption come from and will it be seen as a threat or an opportunity to increase market share.

**The High Street** – Everyone must be aware that the High Street is struggling with well-known retailers disappearing and possibly more to come in 2019. Shopping centre owners and Local Authorities across the country are looking at ways to revitalise their High Streets, fill vacant premises and increase footfall and activity. JLL recently produced some research based in the US “ Can coworking work in the Mall.” This could be a major growth area for flexible operators, particularly those specialising in coworking and perhaps working jointly with coffee shops or retailers

**Public Libraries** – With cash strapped Local Authorities closing libraries one option would be to downsize rather than close and to partner with flexible space operators to provide a new source of income. Many libraries are well placed in the local community and a joint library/ business centre could be a possibility.

**Hotels** – We already know that many hotel lounges are full of mobile workers/freelancers working on their laptops, drinking coffee and having meetings. However, some hotels are taking this a stage further and setting up their own coworking brands within their hotels. Accor Hotels are partnering with Nextdoor to trial coworking in hotels. Selina, a hotel & coworking company are opening a hotel & coworking property in NY. Will more follow? In a variation of this, some business space operators are already combining flexible space and serviced apartments.

**Sports stadia** – A number of sporting venues already have business centres attached to their stadia. However many have large hospitality areas which lie vacant most of the week and off-season. Could these be turned into flexible business space in the same way as some hotels operate from stadia converting hospitality boxes into hotel rooms on non-match days.



## Mergers and Acquisitions

This article by Douglas Green appeared in Estates Gazette which is an excellent summary of what is happening in the market

<https://www.gkre.co.uk/index.php/2019/01/18/what-next-for-ma-in-the-flexible-office-market-estates-gazette/>



## Coworking market forecast from Essensys

It is the time of year for market reports and forecasts and this one is from Essensys.

The article contains

- Continued focus on service and hospitality
- Shift toward the human experience
- Global expansion of coworking providers
- Enterprise-grade technologies
- Expansion of coworking across non-traditional office spaces
- Increased concern for secure network connectivity
- Big data on coworking trends
- Proptech will become a household name
- All eyes on Asia-Pac

Read the full forecast here

[https://essensys.tech/blog/2019-coworking-market-forecast/?utm\\_campaign=2019%20Market%20Forecast&utm\\_source=email&utm\\_medium=email%20newsletter&utm\\_term=Coworking%20Market%20Forecast&utm\\_content=AllWork](https://essensys.tech/blog/2019-coworking-market-forecast/?utm_campaign=2019%20Market%20Forecast&utm_source=email&utm_medium=email%20newsletter&utm_term=Coworking%20Market%20Forecast&utm_content=AllWork)



## 5 possible scenarios for the future of Coworking.

This article appeared in Biznow and was based on a report by Knight Frank which looked at what might happen in the coworking world.

The 5 scenarios are:-

1. Coworking continues its rapid growth.
2. Coworking keeps growing, but with industry consolidation.
3. As coworking's rate of growth slows, large companies remain successful but end ambitious growth plans.

4. Occupancy is reduced, with the coworking industry itself challenged during the next economic downturn.
5. Coworking is completely disrupted, reducing occupancy by half.

Read more at: <https://www.bisnow.com/national/news/office/what-does-the-future-of-coworking-look-like-here-are-5-different-scenarios-96163>



**Colliers have also produced a report on coworking which came up with the following conclusions.**

- **Fast Growth** – Flexible workspace continues to grow at a rapid pace, now accounting for one-third of office leasing in the last 18 months alone.
- **Focus on Enterprise** – Some flexible workspace providers are aggressively targeting larger corporations (“enterprise clients”).
- **Talent Forward** – Numerous companies see real value in flexible workspace providing the work environment to attract and retain the best young talent in the market.
- **Diversified Uses** – Firms are leasing flexible workspace for everything from “surge” space to touchdown space for traveling employees to incubators for new products and project teams, among others.
- **Bright Shiny Object** – Flexible workspace is one of the few growing sources of office demand, although it still makes up only a fraction of the office market, with 1.6% of all inventory in leading office markets.
- **Changing the Model** – Flexible workspace is impacting traditional leasing models and occupier client portfolios, together with the nature of how office space is designed and utilized. Traditional landlords are responding with their own flexible workspace and lease options.
- **Tech and High Wages** – The concentration of coworking space is almost double in tech markets than in other markets. Coworking also concentrates in high-wage markets and cities with a large concentration of professional services firms.
- **Downturn Ready?** – Since the vast majority of flexible workspace came online after the Great Recession (late 2007 to mid-2009), its performance during a downturn is untested, but it could provide a buffer to landlords as occupier clients put a premium on flexibility during a downturn.
- **Testing the Economics** – While the growth of major flexible workspace providers, in terms of leasing volume and locations, is undeniable, some providers are highly leveraged with corporate debt and could be susceptible to a market downturn, particularly if office rents start to decline.

## Business Rates

Many occupiers of business centres are now receiving notices from the Valuation Office requesting details of the rent they are paying. It is extremely important that when completing the returns it is made very clear that the rent (licence fee) is inclusive of services and not simply rent. As the business centre operator, my advice is that you contact the issuing Valuation Office and demonstrate to them what is included in the licence fee and what the value is of these services. You should also brief your clients.

The Valuation office is collecting this information in preparation for the next revaluation in 2021 and I understand that the date on which the values will be based will be 1<sup>st</sup> April 2019

## Flexible Offices Head Out Of Town



Another article being picked up by the property press of trends in the flexible space market.  
<https://www.propertyweek.com/comment/flexible-offices-head-out-of-town/5100856.article>



## Saturated coworking market could be in trouble

Here is a different take on the coworking market which appeared in Allwork

A top London analyst warns that the competitive flexible office market may soon implode and lead companies to go bust.

Coworking firms take up long leases of unused office space, refurbish, then offer customers flexible leases.

WeWork, arguably the most well-known operator in the industry, has secured investments from Japan's SoftBank Group that value the company at billions of dollars. Despite this, SoftBank has reportedly scaled back on its most recent investment round into WeWork as investors are second-guessing the market's future.

"This is going to be the year that really tests the workspace-as-a-service model," said Mat Oakley, head of European commercial research at Savills. "I think we will start to see some failures in that sector from this year.

Oakley said that demand for flexible offices is still high, but some late bloomers are going to have trouble flourishing.

Each provider has little differentiation, so competitive pricing being the only selling point of some operators may be a bad sign.

Some attempts at reaching a broader audience, such as large corporations, have helped. Leni Zneimer, WeWork's general manager for the UK and Ireland, said that Microsoft and HSBC have teams throughout WeWork's offices.



## Key findings from IWG's 2019 workplace survey

This link appeared in Allworkspace which summarises the IWG 2019 workspace survey.

In summary the report shows that 62% of firms globally reported that they now have a flexible working policy in place, which is largely due to employee demand.

The report highlights the six top benefits of flexible work arrangements and also the top three challenges preventing the widespread adoption of flexible working.

[https://allwork.space/2019/03/key-findings-from-iwgs-2019-workplace-survey/?utm\\_source=ABCN+Members+and+Associates&utm\\_campaign=44318f44d3-EMAIL\\_CAMPAIGN\\_AWS\\_MAY\\_30\\_ABCN\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_49f205142d-44318f44d3-177686225](https://allwork.space/2019/03/key-findings-from-iwgs-2019-workplace-survey/?utm_source=ABCN+Members+and+Associates&utm_campaign=44318f44d3-EMAIL_CAMPAIGN_AWS_MAY_30_ABCN_COPY_01&utm_medium=email&utm_term=0_49f205142d-44318f44d3-177686225)

The actual report can be found here

[http://www.iwgplc.com/global-workspace-survey-2019?utm\\_source=linkedin&utm\\_medium=social&utm\\_campaign=organic\\_IWG\\_20190319](http://www.iwgplc.com/global-workspace-survey-2019?utm_source=linkedin&utm_medium=social&utm_campaign=organic_IWG_20190319)



## Converting Vacant Space to Shared Space

If you are considering setting up a coworking centre, this guide might be of use.

[https://www.wunsystems.com/converting-vacancy-coworking-space/?utm\\_source=Active+WUN+Clients+%28automatic+nightly+sync+%40+1+am+pst+with+Salesforce%29&utm\\_campaign=b7ae161b1a-EMAIL\\_CAMPAIGN\\_2019\\_03\\_20\\_02\\_37&utm\\_medium=email&utm\\_term=0\\_b4679b997f-b7ae161b1a-330702661#sf\\_form\\_salesforce\\_w2l\\_lead\\_29](https://www.wunsystems.com/converting-vacancy-coworking-space/?utm_source=Active+WUN+Clients+%28automatic+nightly+sync+%40+1+am+pst+with+Salesforce%29&utm_campaign=b7ae161b1a-EMAIL_CAMPAIGN_2019_03_20_02_37&utm_medium=email&utm_term=0_b4679b997f-b7ae161b1a-330702661#sf_form_salesforce_w2l_lead_29)

## Conferences

BCA – Tuesday 14<sup>th</sup> May 2019 - <https://www.bca.uk.com/events/bca-conference-2019>

GCUC UK – 23<sup>rd</sup> & 24<sup>th</sup> September 2019 - <https://uk.gcuc.co/>

Coworking Europe – 13<sup>th</sup> – 15<sup>th</sup> November 2019 <https://coworkingeurope.net/>

## Thanks

Thanks for reading my newsletters and I hope you have found them to be useful. As a reminder, back copies are in my website

<http://www.thebusinesscentrespecialist.co.uk/newsletters.php>



*Tom is a recognised expert in Business Centres and provides independent advice to operators of serviced offices, managed workspace and those in the flexible space industry. Details of all services offered and experience are [on his web site](#).*

*If you require any assistance with:-*

- *The development of a new centre*
- *Improving the performance of an existing centre*
- *Selling your centre or purchasing*
- *Management agreements*
- *General advice about business centres and flexible space*

*Please get in touch*

**Tom Stokes FRICS**

**07879 48 58 98**

[www.thebusinesscentrespecialist.co.uk](http://www.thebusinesscentrespecialist.co.uk)

Blog: [www.thebusinesscentrespecialist.wordpress.com](http://www.thebusinesscentrespecialist.wordpress.com)

<https://twitter.com/flexibleexpert>

<https://www.facebook.com/thebusinesscentrespecialist>

## Unsubscribe

As a reminder, you can **unsubscribe at any time**. You can do this by replying to the email and typing the word "Unsubscribe" in the subject or main body of the text. I will remove your email address from my mailing list and you will receive no further emails from me.

## My GDPR

The Business Centre Specialist is committed to protecting and safeguarding your personal data as a member of the business centre community, whether it be serviced offices, coworking, managed workspace, virtual offices, meeting rooms or occasionally self-storage.

I want to keep in touch with you, offering you support and services to enhance your product, whether it is simply providing you with my newsletters or advising of opportunities to develop your business.

From the 25th May, the new **General Data Protection Regulation (GDPR)** put you in charge of your personal data.

My policy is that the data I hold is purely about business centres either provided by you or available from your web site;

You now have **the right to**:

- Retrieve the data I hold about you if any;
- Manage the information I send you;
- Ask to unsubscribe from my communications to you at any time.

For any other requests regarding your personal data, including requesting access to the data I hold about you please email me at [thomas.m.stokes@gmail.com](mailto:thomas.m.stokes@gmail.com)

Remember that I will never sell your data or share with anyone else.

Your data is safe with me – and stays with me.