

# July 2018 Newsletter from the Business Centre Specialist



## Investors views

In previous newsletters I have commented on the growing interest in flexible space by major property companies and investment funds. There is no doubt that interest is growing but many property investors are still wary of being involved with the serviced office and coworking sectors and this has an impact on growth, particularly for those companies who are growing through leasing premises.

This article about investor attitudes gives some insight into investor's views and shows that there is still some way to go before the sector is fully accepted.

<http://www.allsof.co.uk/media/an-investors-view-of-the-thriving-serviced-office-sector/>

There are however a number of property owners and investors moving into the business centre market, or perhaps better described as the 'flexible space' market. Many are looking at setting up their own brands or entering into management agreements.

## Free Seminar 12<sup>th</sup> September 2018

If you are free on 12<sup>th</sup> September you are invited to attend a free seminar specifically for business centre operators. This is one of a very successful series of seminars organised by IPX-Change, Rio Designs and myself. It is not a sales pitch and is genuinely an informative event. The content is

- Opportunities and challenges in the booming flexible workspace market
- Sq ft per person – What works and how?
- Best practice in IT and telecoms
- Co-working space – getting it right

The seminar is held at Milliken, 5 Berry Street, London, EC1V 0AA.

If you would like an invitation, please get in touch with me and I will arrange for one to be sent nearer the time.



## UK Market Summary 2018: The Evolution of Flexible Workspace

This is probably the definitive guide to what is happening in the UK flexible space market. This is a must read for everyone involved in the flexible space market in all its forms.

To download a copy, please follow this link.

<https://www.instantoffices.com/blog/reports-and-research/uk-market-summary-2018/>

## Improve your internet for free (and make a profit!)

Every business centre operator knows that the most important physical aspect of a modern business centre is the internet supply. Businesses cannot work without it and with the rise of 'The Internet of Things' a good internet is no longer good enough, it has to be great and far better than you can get at home.

The Government are currently running **The Gigabit Broadband Voucher Scheme**. This is something you as a business can use to upgrade your network and make your business centre more attractive at the same time.

As a business centre, you may be eligible for up to £3k per company in your centre therefore if you have ,say, 30 clients occupying your centre you could be looking at £90k to increase the IT infrastructure at your centre.

The details are here

<https://gigabitvoucher.culture.gov.uk/>

You do need to have a registered supplier to access this scheme.

I have been working with a registered supplier and can introduce you to them. If you are interested, please get in touch with me at [thomas.m.stokes@gmail.com](mailto:thomas.m.stokes@gmail.com)



## The Workspace Revolution: Reaching the tipping point.

The Regus & Spaces owners have recently published this report which makes interesting reading.

<https://www.iwgplc.com/WorkspaceRevolution/Index>

Allworkspace provided an excellent summary of the key findings as follows

## Key Findings from the Report

Of those who participated in the survey:

- 91% said that flexible workspace enables employees in their company to be more productive while on the move
- 89% believe flexible working helps their business grow (compared to 68% in 2016)
- 87% believe flexible working helps their business stay competitive
- 83% believe flexible working helps their business maximise profits (compared to the 67% that said it improved sales in 2016)
- 80% stated that enabling their company's employees to work from anywhere helped them recruit and retain top talent (64% in 2016)
- 81% said remote working locations help employees achieve a better work/life balance
- 78% said an increasing proportion of companies are choosing flexible office space to respond to employee demand for drop-in locations
- 72% said providing access to a huge network of flexible workspace helps them attract more talent
- 82% stated flexible working helps them create a presence in new markets
- 73% stated it helps them mitigate risk
- 89% stated optimized costs is a key driver for increased use of remote working locations

In other words, flexible workspaces allow companies to run leaner businesses, invest more in growth, and attract top talent. And although the flexible workspace industry has experienced incredible growth over the past five years, IWG's report found that there is still room for growth, especially in underserved areas where people still have to choose between working from home or from a coffee shop.



If you are growing, what is the best way to do so?

According to this article published in Allworkspace, the ideal business model for a workspace portfolio is to incorporate management contracts, leases and ownership.

<https://allwork.space/2018/05/are-management-contracts-the-future-of-the-flexible-workspace-industry/>

If you need advice on this, please contact me.

## Highlights from the BCA conference.

The BCA annual conference took place in May this year. For those who did not attend, here is a summary of the Key takeaways provided by Allworkspace.

- The programme was dominated by technology and innovation as they relate to the flexible workspace industry.
- The conference urged operators to not forget their roots, especially as corporate coworking becomes more mainstream

See more detail by linking to

<https://allwork.space/2018/05/key-takeaways-from-the-2018-bca-conference/>

## CLLOUDVO™ Coworking day passes

As usual, many of the comments about coworking come from the USA mainly because it has been established there longer than in the UK. This is an interesting article about day usage of coworking spaces and once converted into UK speak may give you some ideas to help improve membership numbers

<https://cloudvo.com/how-to-use-coworking-day-passes-to-generate-leads-and-why-you-should/>

## Changes in the office broking sector

There have been a few changes in the office broker sector recently. Richard Smith has re-branded Search Office Space (SOS) as Office Freedom.

Flexioffices (Flexi), one of the UK's leading serviced office brokers, has secured £8.2 million of investment from NVM Private Equity (NVM) as part of the funding package for a management buyout.

Here is an interesting interview with Geraint Evans, Managing Director at Flexioffices outlining his views on the market

[https://allwork.space/2018/06/flexioffices-buyout-were-making-up-for-lost-time/?utm\\_source=ABCN+Members+and+Associates&utm\\_campaign=606ea60c7c-EMAIL\\_CAMPAIGN\\_AWS\\_MAY\\_30\\_ABCN\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_49f205142d-606ea60c7c-177686225](https://allwork.space/2018/06/flexioffices-buyout-were-making-up-for-lost-time/?utm_source=ABCN+Members+and+Associates&utm_campaign=606ea60c7c-EMAIL_CAMPAIGN_AWS_MAY_30_ABCN_COPY_01&utm_medium=email&utm_term=0_49f205142d-606ea60c7c-177686225)

## MTD

I have mentioned this before in previous newsletters but thought that it would be worthwhile mentioning it again. Making Tax Digital (MTD) is a government project that aims to make it easier for individuals and businesses to get their tax right and keep on top of their affairs.

The underlying aim is for all tax records to be maintained electronically with digital links to government systems. The government call this an 'electronic account'. Your account

information must be kept in 'functional compatible software'. This means a software program which allows information to be recorded in an electronic form and which sends and receives information to and from HMRC digitally.

There is no point in leaving this to the last minute. Speake to your accountant now and start to get this in place so that it is tried and tested before the scheme is live.

## Virtual offices and HMRC

Virtual Offices are one of the essential parts of running a business centre but extreme care must be taken to ensure that you are compliant with HMRC's requirements. They are concerned specifically about money laundering.

If you are a BCA member you will have been reminded often of the need to register with HMRC if you offer virtual offices. For the clients I have been working with, I have provided detailed information on this.

HMRC are carrying out inspections of business centres and large fines will be imposed on any business centre which is not compliant.

Please make sure that you are registered and take all necessary steps to ensure that you know exactly what your virtual clients are doing.

## GDPR

You are probably fed up with GDPR just now. However, I thought that this article written by Regus is a great and very informative article. It really is one piece of legislation you can't afford to be complacent about, not least because the risk of heavy financial penalties for non-compliance.

<https://www.regus.com/work-us/gdpr-experts-explain-how-to-protect-data-on-the-move/>

*For my GDPR policy, please see the end of this newsletter.*

## Ghost of MWB Business Exchange appears in UK Supreme Court

An article by Jonathan Price published 4<sup>th</sup> June 2018. After reading this, check your licence agreement to see if it needs amending.

UK's second largest business centre chain, [MWB Business Exchange was acquired by Regus in 2013](#), following the bankruptcy of the parent company, MWB plc, in November 2012. [Regus' initial bid of 60p per share for MWBEX was outbid](#) at 100p per share by Hong Kong billionaire Anson Chan's Pyrrho Investments, the largest minority shareholder in MWB plc. Regus however put in a final bid at 101.5p to seal the deal and the MWBEX name disappeared from public view. Until last month that is.

MWBEX left behind itself a piece of unfinished business in the form of a lawsuit against a former client, Rock Advertising Limited, which had got into arrears with its payments back in 2011. The case involved a tricky point of contract law and since 2013 has worked its way through the British court system ending up in the Supreme Court, which handed down its judgment late last month.

The point of law may be of interest to other serviced office operators and so I will summarise it briefly.

The license agreement between MWBEX and Rock Advertising contained a 'No Oral Modification' or NOM clause, which said that any variation or amendment to the license agreement was not valid unless in writing and signed by the parties. This was important because, after Rock Advertising got into financial difficulty one of its directors negotiated with the financial controller of MWBEX and agreed with him a revised schedule of payments to cover the arrears. This agreement was never written down as required by the NOM clause and the question was whether MWBEX was bound by the revised schedule despite the NOM clause.

At the initial trial of the case the High Court judge held that the revised schedule was not binding because of the NOM clause, but that decision was appealed by Rock Advertising and in the Court of Appeal, the decision went the other way, holding the parties to an agreement that they can agree to vary any part of it, in any way they choose.

What did the Supreme Court decide?

After an extensive review of all the relevant authorities, going back well over one hundred years and including important cases from the USA, Canada and Australia as well as from the UK, Lord Sumption giving the leading judgment of the Supreme Court, upheld the NOM clause, saying that there were a number of good business reasons for allowing the parties to require certain formal steps to be undertaken, such as putting contract variations in writing, if that is what they had originally agreed to.

In reaching their judgment the members of the Court were influenced by the terms of the Uniform Commercial Code of the US and by the Convention for the International Sale of Goods, as well as by the many previous court judgments that were argued before them.

**The upshot is that having a NOM clause in your licence agreement is a good idea and there are now no doubts about its validity.**

I imagine that this is the very last occasion on which the MWBEX name will make the news – at least outside of the law courts and universities, as *MWB Business Exchange Ltd v Rock Advertising Ltd* 2018 UKSC 25 will be studied by law students and cited by barristers for many decades to come – and so the ghost of MWBEX can finally be laid to rest.

## **Opportunities to purchase business centres.**

**North West** – A large and 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.

**Livingston** – large business centre for sale. Please contact me for details

**West Bromwich** – Business centre for sale which currently is a mix of licenced and leased offices. Potential to develop further and increase occupancy by adopting a more flexible approach.

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

**Derby** – a small existing business centre for sale



*Tom is a recognised expert in Business Centres and provides independent advice to operators of serviced offices and managed workspace. 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*

*Please get in touch*

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

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

<https://twitter.com/flexibleexpert>

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# 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.