

THE BUSINESS CENTRE SPECIALIST



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The Business Centre or Flexible Space market is going through a period of significant change which is highlighted in a series of reports.

Instant Offices

Instant offices have published flexible workspace reviews about both the UK and the US markets in 2016 and the latter does have some interesting statistics which could point to trends in the UK.

According to the data in the UK it was confirmed that serviced offices are enjoying record demand from occupiers and there was a strong increase in workstation rates.

There was double digit growth in occupier enquiries for flexible workspace and workstation rates increased above the rate of inflation.

The total number of centres increased by 11% across the UK and with occupier demand robust, Instant are predicting that the market is set for further expansion.

There has been more variety to the types of space available in the UK driven by new entrants to the market and more varied

occupier demand.

On co-working, the increase in centres in the US offering some form of co-working was four times that of conventional serviced offices, which increased in the US by 3.4%. Could this trend happen here?

According to deskmag.com the co-working market across the world has increased by nearly 300% in just five years.

The US is the largest market with 3596 centres but the UK comes a close second with 3290 centres. That must put the UK well ahead if analysed per head of population.

The UK report has analysis of both the London market and the regional market and is well worth reading.

It concludes that there are more options for firms than at any time previously. It is clear that there is now wider acceptance of the flexible workspace market from traditional and institutional landlords as well as commercial agents in the conventional sector.

These reports have been generally encouraging but will Brexit affect the performance of business centres?

To read both these reports, please follow these links.

<http://www.instantoffices.com/en/how-we-can-help-you/guides-and-reports/uk-flexible-workspace-review-2016>

<http://www.theinstantgroup.com/media/205246/us-flexible-office-review-2016.pdf>

FLEXIBLE WORKSPACES: GLOSSARY OF TERMS

In Officing Today there was a Glossary of Terms for flexible workspace which many operators will find of interest, together with a number of other reports



<https://www.officingtoday.com/2016/05/flexible-workspaces-glossary-of-terms/>

Also in Officing Today there was a report on the Social Workspace Conference and this section based on the presentation by Pier Mucelli of eOffice, This are a couple of the sections I thought were very interesting.

‘Who’s doing social workplaces?’

Pier Mucelli of [eOffice](#) opened proceedings with an overview of the latest coworking and social workplace trends in London. While we’re all aware of the big players in coworking and serviced offices, of more interest was Pier’s summary of alternative brands coming onto the scene, including:

- TimberYard, an artisan coffee shop that actively welcomes desk workers to its space (without hiding the plug sockets).
- Incubators and open workspaces in establishments like the British Library and Imperial College.
- Branded technology accelerators by corporate giants, such as Mozilla Spaces, Google Campus, Cisco’s Idea London, Microsoft Venture, Rocket Internet, Founders Factory, and Cocoon Networks.
- A rise in members clubs and exclusive business clubs, such as 12 Hay Hill, Soho House, The Hospital Club, One Alfred Place, The ClubHouse, and Club Cafe Royal.

Pier drew attention to a number of traditional serviced office operators who are now managing large coworking spaces – including Regus’s Spaces, The Office Group, Pavillion, and Servcorp’s coworking space in Mayfair – as well as conventional landlords opening their own flexible workspaces.

The pace at which new operators are coming onto the scene – both from inside and outside the flexible workspace sector – is difficult to ignore. It is not just a sign of a competitive market but also one that’s diversifying in new and innovative ways, and while it represents new challenges for existing operators, it’s also an encouraging indicator of a healthy, growing market.”

“UK SERVICED OFFICE INDUSTRY COULD BE WORTH £62BN

The UK serviced office sector is projected to increase in value significantly by 2025 according to a report by Capital Economics

Report highlights:

- UK is the leading global serviced office sector, with the largest and most mature market, accounting for over a third (36%) of the worldwide serviced office footprint
- Three key drivers are fueling this growth: increasing numbers of growth businesses, expansion of key sectors that use serviced offices the most and the trend towards more flexible working
- Sector’s growing appeal and strong returns have seen its increasing attraction to institutional investors and its emergence as a distinct property asset class

- Yet the serviced office sector still lacks a dedicated market-accepted valuation methodology, which would further spur its growth
- Using a conventional office model puts a £16bn value on the UK serviced office sector, but it is likely undervalued by close to 20% if it were appraised using a dedicated valuation approach
- Modest projections for the key drivers and using a dedicated valuation approach values the UK serviced office market at £62bn by 2025, whilst more optimistic projections set it at £126bn
- This report, for the first time, puts forward a specific valuation model to help the sector fulfill these projections and assist institutions in reaping the full reward of investing in serviced offices”

Follow this link to read the rest of this report

https://www.officingtoday.com/2016/06/uk-serviced-office-industry-could-be-worth-62bn/?utm_source=ABCN+Members+and+Associates&utm_campaign=84b458b9e6-OT_RoundUp_Oct_710_6_2015&utm_medium=email&utm_term=0_49f205142d-84b458b9e6-177686225

OB DIRECT



Some of my clients have received notification from Office Broker about OB Direct which is going to apply to centres outside the main cities as follows

“ Postcode areas outside of the main cities and London are not proving cost effective for our business and rather than stop sending enquiries altogether we have changed over to **OB DIRECT** this will enable you to continue receiving enquiries on a monthly rolling contract at a cost of £20 per month which can be cancelled at any time. The website will have all your contact details on, not ours and we will not be owed fees either, so you will be in complete control of any clients contacting you through the website and we will also send you any enquiries received through our affiliates.”

If you are affected, the interesting thing is that enquiries will now come direct to your business centre and this should mean that your conversion ratio from enquiry to letting should be much better. However, it still depends on how many enquiries you receive and this will depend on how much OB are putting into SEO. Clearly, your information must be appealing and accurate.

In my opinion, it is worth giving this a trial for say, 3 months, and see how it goes. It is important however that you closely monitor both enquiries and letting from this source. It would be interesting to get feedback on this.

VIRTUAL OFFICES

One of the things I am often asked is about Virtual Offices, and who can assist in helping get more Virtual Office Business. Simeon Howard of Your City Office is one of the leading providers of Virtual Offices in the UK and can assist business Centres to grow this aspect of their business and he has commented



“Now more than ever, we are seeing a wider market trend toward flexible working environments. It’s not just from existing operators, but from new and dynamic businesses such as We Work, who are expanding aggressively in order to take advantage of the demand. Virtual Office products are always the first steps to take when acquiring space, and its popularity is ever increasing as the concept of having a full time office space becomes a thing of the past. Technology and business has become much more pliable, and Virtual Offices are certainly the most flexible and cost effective spaces available at this moment in time.”

BUSINESS CENTRE OPPORTUNITIES

Here are some opportunities to grow either by acquisition or by creating new space.

Yorkshire - existing centre for sale - please contact me for details.

East Midlands - existing centre for sale - please contact me for details.

South West - existing centre available to purchase on a confidential basis- please contact me for details

Livingston - Property suitable for conversion available with details on my website. Please follow the link below.

<http://www.thebusinesscentrespecialist.co.uk/business-centre-opportunities.php>

If you are interested in opportunities to manage business centres, please let me know as I have a client who is considering offering properties to be developed as business centres under management contracts.

BUSINESS CENTRE SEMINARS

The second of our Business Centre seminars took place on 29th June and again was very well received. Apart from my presentation containing my top 10 hints in developing and managing business centres, there were short presentations from Richard Morris of IPX-Change re technology, Derrick Dickenson from Rio Designs on office design and from Tom Ball from Near Desk on co-working.

They are exclusively for business centre operators and we are planning more of these in the future. If you would like to be invited, please let me know.

ABOUT TOM STOKES

Tom Stokes 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.

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