

# May 2018 Newsletter from the Business Centre Specialist



## Reviews

For the past few months we have been inundated with reviews for 2017 and predictions on how the market will perform. Inevitably, coworking features strongly.

I have included a link to the report from Cushman & Wakefield. The main difference of this review is that it is not aimed at business centre operators but at investors and landlords. It is a reflection in the growing acceptance of the flexible space sector into mainstream property. This trend followed on from reports last year from CBRE & Savilles and Deloitte the year before. Links to the latter reports are in previous newsletters on my website.

In the RICS members magazine 'Modus' there was an article entitled 'That Shrinking Feeling' and said "What next for the traditional office provider, now that their far more agile and flexible occupiers are discovering they can employ the same amount of people in far less space?" Traditional landlords are threatening to move towards more flexibility evidenced by the recent announcement that Land Securities are now considering a flexible offering.

The Cushman report is well worth reading as it gives a good indication on how the market is changing. Also have a read at the blog from Paul Smith on a similar subject



In this report, Cushman & Wakefield say

"The rise of the flexible workplace has been one of the driving factors of recent positive office performance, particularly in Central London.

Across Central London alone, flexible workplace providers have taken nearly 20% of office space, while competition in the regional cities is intensifying.

In response to such growth, industry stakeholders are rapidly examining their approach not only to the sector but also to flexibility in general.

How will this fast growing sub sector evolve and what does it mean for traditional office space? In this report, we consider how the sector has expanded across Central London and the UK regions and how business models from both operators and landlords are adapting to changing customer demands."

<http://www.cushmanwakefield.co.uk/en-gb/research-and-insight/2018/coworking-2018/>

## Going to the BCA conference? (or even if you are not)

Milliken Industrials are hosting a reception at the showroom at 5 Berry Street, London, EC1V 0AA on the evening of Monday 14<sup>th</sup> May between 5pm and 8pm where there will be some **Gin Tasting**. Milliken provide floor coverings to a number of business centres and are regular hosts of the seminars organised by Rio Designs, IPX-Change and myself. It is basically for delegates who are travelling down to London the night before the conference and would like an additional networking opportunity.

It is not part of the BCA conference programme and is therefore open to any business centre personnel. It is a free event.

If you would like to come to this event, please email me to let me know.

## Coworking is Growing

The results of the 2018 Coworking survey are now available and can be linked here

<http://www.deskmag.com/en/1-7-million-members-will-work-in-coworking-spaces-by-the-end-of-2018-survey>

The key findings were

- There are projected to be nearly 19,000 Coworking spaces and 1.7 million members in the year 2018, which would be all-time highs.
- 29% of all Coworking spaces opened within the last year.
- For the 5th consecutive year, the number of members per location has grown again. The average space now has 159 members.
- 72% of operators responded yes, they plan on expanding, either to a larger location, within their current location, or opening a new location.
- The 3 biggest challenges listed by operators were:
  - 1) attracting new members
  - 2) general workload
  - 3) property prices

## A further attraction of flexible space

From April 2019, the new directive by the International Accounting Standards Board (IASB) means that leases will be listed on company balance sheets as both assets and liabilities, making them more like mortgages. Businesses will have to report the amortisation of the asset and interest on the lease liability, as opposed to recording the current rent as an operational expense.

As a result of this directive, long-term leases will become less and less popular as business owners choose to go down the more flexible route.

This is without doubt something you should build into your marketing literature and campaigns over the coming months.



## Guide to Coworking and other management systems

When advising business centres, one of the things I always stress is the need to have good management systems in place. It saves time and money and is essential to ensure that your centre(s) are run efficiently. It will also help when you come to sell your business if you can produce quick and accurate information.

The following guide produced by Greetly summarises the systems which are on the market and which are emerging as the flexible space sector changes,

<https://www.greetly.com/blog/coworking-space-management-software-guide>

A UK based system not in this guide but well worth checking out is Coherent

<https://coherent.work/>

## Asbestos

If your building is older than 1999 there is a chance that it may contain Asbestos. This is a useful guide to your legal requirements prepared by Shoosmiths.

<http://www.shoosmiths.co.uk/client-resources/legal-updates/asbestos-risks-in-commercial-property-13807.aspx>

## Should we follow We Work?

You may have seen this blog about We Work on linked in. Not only is it a commentary about We Work but also discusses the changes taking place in the market and the changing attitude to funds

<https://www.linkedin.com/pulse/should-you-copy-wework-part1-dror-poleg/>

## Why is there so much choice in flexible workspace and what value does it add to your business – an article

by Paul Smith of the Instant Group

<https://www.linkedin.com/pulse/why-so-much-more-choice-flexible-workspace-what-value-paul-swift/>

# GDPR

What do you need to do if you own or manage property?

On 25 May 2018, the EU's General Data Protection Regulation (GDPR) will come into effect across the EU (including the UK – regardless of Brexit). The GDPR will have a significant impact on those who collect, use and otherwise process “personal data”. In a property context, that means landlords, their property managers and any of their contractors or sub-contractors.

Broadly, “personal data” means any information which relates to an identified or identifiable individual. It will include, for example, an individual's name and contact details; it will also (usually) include information about their energy usage and the dates and times they enter / exit a building.

Property businesses increasingly want to collect and share more personal data, for a wider variety of purposes, than those associated with traditional building management. For example, personal data may be collected and used for the purposes of:

- increasing the energy efficiency of buildings;
- measuring energy usage, for example by installing smart meters;
- sharing data as part of Smart City or Smart Building projects; and
- generating revenue from data, by sharing it with third parties.

It is therefore essential that property businesses understand and comply with the GDPR, not least because there will be increased penalties for non-compliance, including (in the worst cases) fines of up to Euro 20 million or 4% of worldwide turnover.

## **Key areas of impact for property businesses**

The key areas of impact will be around:

- rent and payments collection data;
- energy usage data;
- building and car parking security data;
- property occupancy data; and
- contracts between the property owner or fund manager and the property manager.

## **Next steps**

The key areas of impact highlighted above are just some of the considerations for property businesses.

By 25<sup>th</sup> May, property businesses must:

- give careful consideration to what personal data they collect and how they use, share and otherwise process it;

- review their existing property management agreements to ensure that they meet the more onerous requirements of the GDPR, and properly allocate risk between the property manager and the fund or business contracting with the property manager;
- ensure that they have a GDPR-compliant privacy policy explaining (amongst other things) what personal data is collected, for what purposes and how it is shared; and
- put in place those other policies, procedures and governance structures which will be needed – together with relevant training – to ensure on-going compliance.

If you have any doubts about this, consult an expert.

## Some thoughts on growing your business.

One of the challenges about growing your business centre portfolio is letting go. Working with just one or two centres means that you have to wear a lot of different hats and take on many of the tasks yourself. And no doubt you think you are better at it than anyone else (at least within your centre or centres).

There is always the danger you will over-stretch yourself and you now need to think about your staff structure.

If you are growing, you do need to think and plan further ahead and encourage your staff to do so. You need to surround yourself with dedicated staff who are committed to our industry and passionate about it. Allow them to start making decisions (even if they do make the occasional mistake) and have regular feedback and discussions with them which in itself is a form of training.

You do however need to 'let go' and then you will be in a better position to see the bigger picture.

## Opportunities to purchase business centres.

**Sheffield** – There is an opportunity to create a new serviced office in Sheffield. Email me if you want details.

**North West** – Large 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.

**Aberdeen** – I have a client who may have a 40000 sq ft building available for conversion to a serviced office. There would be a contribution to the fit out cost. Email me if interested

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

**Doncaster** – Property available for conversion to fully serviced office

**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.

*The  
Business Centre  
Specialist*

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*
- *General advice about business centres*

*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>

As a reminder, if you do not want to receive my newsletter 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.