

## The TMT Sector, September 2013

The technology, media and telecommunications (TMT) sector is becoming increasingly important to the property industry and, indeed, the UK economy in general.

It has been well documented for some time now that the cooling off around financial organisations taking up office space over the last couple of years has been, and continues to be, propped up by the TMT sector. In 2010, banking and finance accounted for about 50% of take-up in central London but is now close to 25% with the TMT sector filling the void at around 40% of take-up activity.

With the continued success of companies such as Google, Bloomberg, Apple, and Amazon, and the fact that they have become household names, it is unsurprising that those in the property industry want to track the success of these companies and understand more about them and the issues they face. So what are they?

Whether the nature of the core business is technology, telecommunications, advertising, publishing or broadcasting, or a combination of the lot, the issues facing these organisations are similar. However, planning for these issues will depend upon whether the business is already established or a start-up.

Attracting, developing and retaining talented people is key in a sector that can only be as creative and dynamic as its people enable it to be. So the right workplace location, internal environment and business culture are essential in choosing both where you want to work and in what fashion.

This has seen exciting 'TMT districts' develop in locations such as Shoreditch and King's Cross and there is also excitement building around the prospects of London's own version of Silicon Valley emerging in the Old Street area.

Wherever the district, bandwidth connectivity and the reliability and speed of broadband is an essential ingredient. Internal environments are usually designed for collaborative working and often combine work, fun and play and are deliberately designed to be an enabler for creative thinking.

The new X and Y generations are less likely to be inspired by glass palaces associated with corporate organisations. It should also be realised that younger people are growing up in an era of climate change and the importance of sustainable buildings is perhaps higher up the agenda than developers want to believe.

Flexibility of the building is very important as new start-up businesses in this sector need to have the ability to grow, and often at an incredible pace - first locally, but with ambition to become international and then global.

For the start-up company, cost will always be an issue. Ploughing as much money into the most important assets of the business - people and IT - and mitigating expenditure against overhead items such as property is foremost in the business plan.

The day-one workplace requirement is, therefore, likely to be the broom cupboard, but with the possibility of 100,000 sq ft being required within three years. Whatever the numbers, the concept of starting low and growing fast is the property challenge for both the TMT business and the developers trying to accommodate them. Does this mean that we will see buildings designed as a series of self-contained units - a kit of parts - whereby the tenant takes one to begin with, then three, then ten and so on?

In effect, we have the 20,000 sq ft floorplates divisible by 10, rather than by two or four? Perhaps this could become reality where buildings are being put up in locations considered only to be relevant to the TMT sector.

So, is there a requirement for developers and consultants to embrace the challenges facing TMT sector clients in a quest to become market leaders in this field? I suspect there probably is...