

London's office market will bounce back, as it always does

By Iain Parker and Alastair Kenyon 3 September 2020

This is an exciting moment for redefining workspaces, say Alinea's Iain Parker and Alastair Kenyon



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Our business, like many others, has been grappling with how and when we return to the office and making sure that, when we do so, we are providing a safe and secure environment and that there are sound business reasons for it. There are certainly benefits to be had from not being in all day, every day, and we think it is really important to get the balance right and motivate and encourage our people back.

Having reopened our office at the beginning of July, and with more and more now wanting to come back in, we are intending to increase the available space to about 50% within the coming weeks.

But looking beyond our firm at the wider commercial sector, the market is hesitant as developers battle with two large challenges. First, the UK recession causing customers to closely guard their pennies. Second, the difficult predictions of how we might all live, work and play in the future. This in turn triggers the daily question: what does the future workplace actually look like?

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Time will be needed to overcome both of these challenges, so the short-term activity is likely to see delayed decisions, extended feasibility review of schemes, phased starts of some schemes with a limited commitment and occupiers extending existing leases for a short while rather than moving into shiny new premises. No doubt there will be exceptions for those who subscribe to the mantra of “fortune favours the brave”, and there is certainly some activity of scouting around for new assets to be ready for the next market peak.

There is a severe undersupply of grade A space in the regions, so perhaps this represents an opportunity for some. However, investment volumes remained subdued in July with only 64 deals done, in comparison with a monthly average of 195.

Despite the gloomy short-term outlook, we should be confident that the medium- to longer-term activity will reignite the celebration of working in the best city in the world – and London will bounce back as it always does. It may well be different, with workplace buildings being more of a social hub with collaboration spaces and individual desks being more in equilibrium. But the need to come together to be creative, learn, maintain a healthy wellbeing and socialise around the clock all give great confidence to a continued need for an inspiring commercial sector.

It is inevitable that our working patterns and styles will change, and many commentators have said that covid-19 is merely an accelerator of an already set direction of travel. It is understandable to expect a subdued mood and level of confidence while the virus dictates restricted people movement and behaviours.

But the truth is that we are at the start of an exciting and redefined future commercial sector, which carries the hopes and vision of flexible, secure and collaborative workplaces delivered in a net zero carbon approach, coupled with greater pedestrianisation, more green spaces and cleaner air. So why is that not exciting?

Iain Parker and Alastair Kenyon are partners at Alinea