



## **Our market**

Understanding now and next

## **To help deliver The Workspace Advantage for the long-term we:**

1. Maintain p19
2. Evolve p24
3. Listen p28
4. Shape p34

**In the following  
section we outline  
our thinking on each.**



# MAINTAIN

**Maintaining our focus on London, the flexible office market and the trends that affect our customers.**

**Environmentally friendly ways to get to work**

We encourage our customers to cycle to work and we provide extensive cycle storage and changing facilities in our properties.

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### Trends that affect the London market

1. Strong demand for space despite the uncertainty surrounding the UK's withdrawal from the EU.

#### Description

60% of Londoners feel Brexit is the biggest issue facing the country<sup>1</sup>. However, despite continued economic uncertainty, demand for commercial property has remained strong while London continues to be a key cultural and financial hub, generating £425bn per year and representing 24% of national output<sup>2</sup>.

#### What this means for Workspace

The resilience of London's flexible office market makes it the perfect fit for Workspace. The Capital continues to be a vibrant home for business, with 100,000 new businesses born in London every year<sup>3</sup>. We continue to see strong demand for our offer across both our established and emerging London locations, and target acquisitions in areas where we expect to see robust growth.

6m

Londoners in work<sup>4</sup>

#### Link to our strategy

- Right Market

1. Ipsos MORI December 2018 Issues index.
2. GLA London's Economy Today report, January 2019.
3. Department for Business, Energy & Industrial Strategy report, 2018.
4. Centre for London, The London Intelligence, Issue 7, January 2019.

2. With London job openings at a record high, attracting and retaining of talent is critical for businesses.

#### Description

The rate of job growth in London has been faster in the 10 years since 2008 than in the years leading up to it<sup>4</sup>, while unemployment continues to fall. The rise in job openings means there will be more highly skilled job vacancies than there are candidates to fill the roles. There is a greater competition for businesses to attract and secure the most talented professionals.

#### What this means for Workspace

In order to attract and retain the best talent, employers need to provide the flexibility and modern office facilities that inspire, stimulate and respond to changing employee needs. Our model offers flexible leases and spaces, while our refurbishment and redevelopment pipeline means the properties in our unique portfolio are continuously upgraded to meet evolving customer needs while also creating striking buildings through leading-edge design.

13%

more job vacancies in 2018 than in 2017<sup>5</sup>

#### Link to our strategy

- Right Properties  
- Right Customers  
- Right Market  
- Right Brand

5. CV Library Recruiter report, January 2019.

3. Londoners increasingly favour walking or cycling to work.

#### Description

Growth in numbers travelling on London's transport network continues to be stalled. There is an increase in environmentally friendly methods of commuting, with 15% of Londoners now walking or cycling to work<sup>6</sup>. TFL is spending £169m on cycling infrastructure every year, including boosting safety via new Cycle Superhighways and Quietways<sup>7</sup>.

#### What this means for Workspace

This mode of transport reflects a changing pattern in working, where professionals opt to live closer to their place of work. Our properties are strategically located throughout London in both fringe and central locations, giving customers the choice of proximity. We promote cycle-to-work schemes to customers and provide extensive cycle storage facilities in our properties. In 2018/2019, we installed an additional 121 bicycle storage spaces and 136 lockers into business centres.

121

new cycling spaces installed this year

#### Link to our strategy

- Right customers  
- Right properties  
- Right market

6. Department for Transport, Walking and Cycling Statistics, 2018.
7. London Assembly Transport Committee report, March 2018.

### Trends that affect the flexible office market

1. Continued growth of the flexible office market.

#### Description

Since 2014 the flexible office space market has more than doubled globally, with one fifth of take-up in leading cities, including London<sup>8</sup>. The past two years have seen an influx of conventional landlords into the market - 79% of landlords are currently considering some form of flexible provision<sup>9</sup> - while demand from customers of all sizes is on the rise - further fuelling a polarisation in the office market.

#### What this means for Workspace

With more than 30 years of experience operating in the market, the amplified spotlight on flexible space is highly advantageous to Workspace. We are seeing high demand from a range of business sizes, including increased demand from larger businesses looking to take space with us.

30%

of UK landlords said experience is the main barrier of entry to the flexible market<sup>10</sup>

#### Link to our strategy

- Right market  
- Right brand  
- Right customers

8. JLL, Disruption or distraction, Flex Space EMEA Research 2018.
9. CBRE, UK landlords and investors embrace the flexible revolution, Research 2018.
10. CBRE, UK landlords and investors embrace the flexible revolution, Research 2018.



### Inspiring spaces

We own and manage our buildings, retaining complete control over the customer experience. This means we can design spaces that deliver vibrant and collaborative working environments.

## 2. Landlords and operators are putting customers first.

### Description

The real estate market is being driven by the end user. A more customer-centric approach is being adopted across the real estate industry – taking inspiration from the retail and hospitality sectors<sup>8</sup>. Customers now expect a certain level of facility provision beyond just the serviced office providers.

### What this means for Workspace

Ownership of our properties gives us complete control over the customer experience. We regularly adapt our properties to changing customer needs, providing leading-edge facilities and flexible space with a focus on wellbeing.

Direct relationships with our customers and feedback surveys help inform how we meet their needs. This is why we invest in high-speed, resilient connectivity and networking events. In 2018/19, we launched the WorkspacePerks benefits platform, giving customers the opportunity to trade exclusive deals with companies across our portfolio.

# 50

exclusive customer offers already on our WorkspacePerks benefits platform

### Link to our strategy

- Right brand
- Right market
- Right properties

<sup>8</sup> JLL, Disruption or distraction, Flex Space EMEA Research 2018.



## Our market

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### Trends that affect our customers

1. Ways of working continue to change as employees become more mobile.

#### Description

The workforce is increasingly fluid. People aren't fixed to their desks in a specific office anymore: sometimes they prefer to work in a café, breakout area, meeting room, or remotely. One in seven people in the EU are now self-employed and 56% of employees work from other company premises at least once a month<sup>1</sup>. Estimates suggest 30% of the EU's working population operates in the on-demand or gig economy<sup>1</sup>, many using co-working space.

#### What this means for Workspace

We offer built-in flexibility that caters to customers who want to hot-desk or work in collaborative communal areas. Our building-wide Wi-Fi allows customers to work anywhere in the building. In addition, we provide in-building mobile coverage where required. Club Workspace is one of the largest co-working networks in London, with 19 locations across our portfolio.

19

Club Workspace co-working locations across London

#### Link to our strategy

- Right properties
- Right market

1. JLL, Disruption or Distraction, Flex Space EMEA Research 2018.

2. Customers prioritise connectivity when they are weighing up their office needs.

#### Description

Occupiers are increasingly favouring connectivity over location, according to Radius Data Exchange. Occupiers are likely to pay 5% more in rent for London office space with strong connectivity than for similar space without a guarantee of high digital performance<sup>2</sup>.

#### What this means for Workspace

Ownership of the buildings means we can provide our digitally-dependent customer base with immediate access to high-speed internet connectivity, best-in-class levels of infrastructure diversity and robust emergency back-up services to protect against service disruption. 33 of our properties are already Wired Certified Gold or Platinum, and we are working across our portfolio to achieve the rating.

77%

of commercial tenants state poor connectivity impacts their profitability<sup>3</sup>

#### Link to our strategy

- Right brand
- Right customers

2. Radius Data Exchange and WiredScore office connectivity report, 2019.  
3. Radius Global Market value of connectivity research 2017.



#### Super connected

Our building-wide Wi-Fi allows customers to work anywhere in the building.



### 3. 'Millennials' and 'Generation Z' value workplace culture as much as financial reward.

#### Description

Attracting and retaining talented millennials and Generation Z staff begins with both financial rewards and workplace culture<sup>4</sup>. Young people say that employers offering more flexibility than they did three years ago are achieving greater profitability, and that these working environments are more stimulating, healthy and satisfying<sup>4</sup>. Employees increasingly look for a sense of family and community.

#### What this means for Workspace

The look and feel of our buildings are carefully crafted to create individuality and appeal to our ever-changing customer base.

A key part of the Workspace brand is the facilitation of networking and collaboration – we host more than 300 events per year. Staff wellbeing is also central to our product: we provide light and open space designed to encourage movement and social interaction and to deter sedentary working.

## 70%

of UK millennials say they want flexible working options<sup>5</sup>

#### Link to our strategy

- Right brand
- Right customers

4. Deloitte Millennial Survey Report 2018.

5. Powwownow Flexible Working Survey 2018.

### 4. Businesses want their landlords to have strong sustainability credentials.

#### Description

Social media has played a positive role in making young people more socially conscious – in 2018 online searches for 'plastic recycling' increased by 55%<sup>6</sup>. Occupiers are challenging landlords to ensure they are both environmentally and socially sustainable. The most common customer queries Workspace receives relate to single-use plastics and renewable energy.

#### What this means for Workspace

We provide our customers with transparency about how much energy they are using individually as well as the environmental performance of each building. We are working with our cafés to significantly reduce the amount of single-use items they use. The installation of solar panels across eight properties generated 107,540 kilowatt hours per annum. Overall, 2018 saw an increase in renewable energy generation from solar by 23% year-on-year.

## 107,540

kilowatts generated from solar energy across Workspace's portfolio

#### Link to our strategy

- Right people
- Right customers

6. Hitwise Green Living Report 2018.

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# EVOLVE

**The world is constantly changing. There are a number of macro trends we're seeing today that could impact the nature of work and the workplace in future decades.**

**To help us understand what's next, we spoke to some of London's young people who will be part of shaping 'next'.**

The young people featured in this section are currently on programmes with XLP, a charity working to create positive futures for young people growing up on London's inner-city estates.

Images were taken aboard one of the XLP community buses.



# GREAT

Macro trend:  
**Urbanisation**

“There is going to be more and more competition for jobs – and I want to have more than one! I’d like to be both a criminal psychologist and a musical theatre performer. These days, people can make money out of what they truly love doing thanks to social media and being able to work from home.

**Dieura, age 15**





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Macro trend:

### The 100 year life

“I like the idea of living until I’m 100 and working to 80 years old... but I may want to take longer weekends or holidays so I get to travel more.

I like experiencing new things and not being stuck in the same place – so I would prefer to commute than live near to where I work.”

**Tariq, age 20**



Macro trend:

### The gig economy

“I think the increase in short-term jobs and freelance work is a positive thing – it attracts more active people and means there will be more creativity in the workplace.”

**Holly, age 17**



Macro trend:  
**Cyber security**

“Hackers are finding it much easier to steal identities and commit fraud. It’s important that people have secure Wi-Fi to guard against attacks. For example, our school has a good system and they know everything we are doing – but it does mean we have less privacy.”

**Jess, age 16**

## **Our market**

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# LISTEN

**To help us deliver for the long term, we listen to all stakeholders. We listen to everyone who works for Workspace, to our investors, our neighbours, and to anyone within our supply chain.**

**It's one of the things that makes Workspace super connected.**

**This year, we asked stakeholders one simple question:**

**Q.**

**What value does Workspace provide to you?**



Stakeholder group:  
**Customers**

A.

“As a fast-growing business, we like knowing that we can take advantage of Workspace’s flexibility”

**Workspace’s response**

Our forward-thinking customers are often eager to expand, which is why we provide both flexible leases and space. Our on-site centre managers have close relationships with customers and are on hand to make office expansions easy, including the option of relocating to another Workspace property.

**Mighty Fine**

A honeycomb confectionary company based at China Works business centre in Vauxhall.

Stakeholder group:  
**Our people**

A.

“Opportunities  
to develop  
my career”

**Workspace's response**

Our strong corporate culture means employee retention and loyalty is high. We understand that our staff are our greatest assets, which is why we invest significantly in training and development opportunities.

In future years, we will be monitoring employee engagement and satisfaction through a new employee survey.

Read more on page 46.

**Georgia Macaulay**

Assistant Centre Manager,  
Edinburgh House, Vauxhall.

Stakeholder group:  
**Our suppliers and partners**

A.

“Both a collaborative relationship and the freedom to be creative”

**Workspace's response**

We build trusted, long-term relationships with our suppliers and partners, and require them to adhere to the same set of social, environmental and ethical standards as Workspace.

We worked closely with architects Squire & Partners to deliver The Frames' striking design while ensuring it blends into east London's surroundings.

**Henry Squire**

Partner at Squire & Partners, the architectural firm which designed The Frames in Shoreditch and is currently working on a number of projects for us.



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Stakeholder group:  
**Community**

A.

“Boosting the  
local economy  
and perception  
of the area”

**Workspace's response**

We aim to have a positive impact on the areas in which we operate, supporting local businesses and institutions, carrying out community consultations and hosting events at our business centres.

Our community investment programmes support disadvantaged young people in London, providing CV and career workshops, and interview practise.

**Russell Dryden**

Manager of the Blue Bermondsey Business Improvement District, a five-minute walk from The Biscuit Factory business centre.

Stakeholder group:  
**Investors**

# A. “Delivering long-term value”

## **Workspace’s response**

Following years of strong performance, it is important we keep investors informed about how we intend to deliver The Workspace Advantage for the long term.

This year we continued to advocate our values framework internally, reinforcing a culture that allows us to deliver our customer offer. We also mapped customer behaviours in order to strengthen relationships and maintain a leading-edge offer. Key acquisitions and investment decisions helped us deliver value to all stakeholders.