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Shaping London’s future workplaces
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It is fascinating to note that the coffee shops of the City of London in the 17th and 18th centuries, which provided alternative ways of working to the exchanges and merchant houses of the day, are now replicated in a world where the workplace has broken free from the shackles of the fixed desk. As then, social interaction is recognised as a key factor in a successful service economy. Its impact is disrupting the traditional methods of space provision. As just one example is WeWork, which describes itself as “a place where we’re redefining success measured by personal fulfillment, not just the bottom line. Community is our catalyst”. Only six years in business, the company has a market capitalisation of $16 billion, with 800,000 square feet in London which it hopes to double in 2017. It is the Uber and Airbnb of the office market.

In spite of this new flexibility, the capital still needs offices – yet Government policies on permitted development rights have had a serious impact on some boroughs’ supply of commercial space.

Technology is also changing how things are made. Quieter and cleaner, new ways of making can be integrated into mixed-use developments in a way that was once unacceptable. We must not forget that while the volume of manufacturing has been dropping in London, it still provides a substantial number of jobs in industries that mix less easily with other forms of development. Yet space for industrial uses is also under threat as the demand for housing pushes up land prices. London needs a stronger city-wide strategy to protect existing industrial sites and to plan for May 2019 when the current exemptions to permitted development are removed.

The speed of change in the way we work in the future will undoubtedly increase, and as the Mayor considers the contents of his next London Plan, he must ensure that London becomes smarter as a City in its supply of data, in its digital capacity and its ability to adapt with buildings flexible enough to absorb radical new ways of working.

Peter Murray
Chairman, New London Architecture
October 2016
EXECUTIVE SUMMARY

Informed by roundtables and interviews with over 70 representatives from across business and the built environment, as well as policy and literature review, this NLA research examines how London can ensure its future resilience through its provision of space and land for business.

Though the impact of the EU referendum vote is as yet uncertain, in a post-Brexit world, it is clear that London will have to work very hard to attract and retain the best global talent. Availability, affordability, quality and location of workspace will be critical.

We need to design buildings and spaces that are more adaptable to the changing demands of contemporary business. This need to accommodate more uses in less space presents opportunities for innovative ways of thinking about how and where we work.

The research highlights eight recommendations for the London Mayor to ensure London’s future resilience as he sets out the next version of the London Plan:

1) Create an adaptable, open and smart city
2) Integrate workspaces with transport infrastructure
3) Protect London’s industrial land and uses
4) Provide affordable space for new and expanding businesses
5) Investigate new mixed-use typologies
6) Pilot new design-led industrial developments
7) Promote the wellbeing agenda as part of planning policy
8) Plan for a multi-generational workforce
• Local authorities should undertake a ‘business needs assessment’ as part of their Local Plan to identify the needs of industrial occupiers.

• Stronger documentation is needed at a local level to identify the diversity of industrial activity in London, and to highlight its value in terms of its affordability and contribution to local economies. This could support a wider educational campaign on the importance of the sector to the city.

• Use classes should be reviewed to accommodate modern industry, urban logistics, making and manufacture, and to reflect the reality of how these uses support local communities and economic ecosystems. More consideration should be given to the balance between what is defined as a primary and ancillary use of a site.

4) Provide affordable space for new and expanding businesses

London faces an acute and growing shortage of affordable workspace, which is essential in supporting SMEs and start-ups.

Some boroughs are already redefining public ‘hub’ assets such as libraries and community centres to incorporate affordable and shared workspace. Third sector and community-led organisations are providing alternative models for affordable workspace, alongside or integrated with affordable housing, in local neighbourhoods.

• The Mayor should work with boroughs and developers to make quantifiable provision for affordable workspace a key part of planning policy, including provision in new developments.

• Boroughs should incorporate shared and open workspace in Local Plans, so they can test and measure its value.

• More innovative combinations of varied spaces and leasing arrangements in individual developments should be encouraged to support a diverse ecology of businesses in local areas.

5) Investigate new mixed-use building typologies

New types of buildings that integrate living, working, making, logistics, manufacturing and/or leisure are already starting to appear in major cities worldwide.

As land costs remain high, the need to accommodate more uses in less space calls for greater density and intensification of development. Bolder steps are needed to ensure that workspace is integrated within new mixed-use building types, and not lost to higher-value uses.

• Local authorities should encourage early stage discussions between developers, space managers and occupiers to create more mixed-use schemes and encourage more innovative typologies of design and development that accommodate diverse uses.

• The Mayor should look to other major international cities for examples of how industrial and commercial uses can be integrated at neighbourhood level.

6) Pilot new design-led industrial developments

One of the reasons that older light industrial buildings are disappearing from cities is that they are seen as blots on the landscape and unsuitable neighbours to residential areas. Pilot projects with the involvement of major developers and policy makers could provide an inspiration and impetus to generating new light industrial structures.

• The Mayor should promote pilot schemes for modern design-led industrial developments, especially those for ‘clean tech’ including small-scale manufacturing and digital fabrication. This should also identify best practice for co-locating industrial and residential uses in areas not currently designated for industrial uses.

• Design-led solutions for industrial schemes could address the critical need to accommodate industrial and logistical uses closer to the potential customer at a time when land values are increasing. By allowing for multi-tenant occupancy, high-rise industrial schemes could become the norm by providing the developer/owner with sufficient return in the face of rising land values.

7) Promote the wellbeing agenda as part of planning policy

Workers are choosing to work in cities with high-quality amenities, cultural activities, leisure provision and a focus on health and wellbeing to support a more balanced lifestyle.

While much has been done to champion wellbeing within the office space itself, promoting a wider place-based approach to design and planning has a key role to play in the wellbeing agenda, by encouraging walking and cycling and providing spaces for respite. It also supports local economic growth by providing safer, more pleasant and more environmentally sustainable spaces in which to work.

• The Mayor and local authorities – which now have responsibility for public health – should support design and development that actively seeks to promote physical activity and mental wellbeing.

8) Plan for a multi-generational workforce

While there is much focus on attracting and retaining tech-savvy millennials, the shape of the global workforce is in fact much more diverse in terms of age, as we are living and working longer.

Research shows that older workers are often as keen to work flexibly as younger employees, while policy makers and companies have begun to recognise that the experience and skills of older generations are vital in boosting growth. ‘4G’ workplaces, in which there are at least four generations of workers, will become more common as people delay retiring from work.

• London should pilot workspace concepts that specifically aim to bring together younger workers and entrepreneurs with senior professionals in an environment that can be adapted to different needs. This could help to generate innovative business ideas that can be put into practice using experience and leadership
CHAPTER 1: INTRODUCTION: WORK IN LONDON

‘The city is one large workplace, so the workplace needs to be more like the city.’
Despina Katsikakis, Transforming Workplace

‘Work’ of an infinite variety has shaped London’s entire urban landscape – from the legacy of great Victorian industrial buildings to the huge modern sheds housing logistic and manufacturing operations, and from glass and steel commercial towers of the iconic changing City skyline to workshops in railway arches and tiny craft studios. But, as the quote above suggests, the entire city – including its streets, cafés, shops, parks, public spaces, libraries, community centres and homes – is now synonymous with work, as the speed of change in technology becomes even faster and the boundaries between working, living and leisure ever more indistinct.

We work everywhere and at every time of day and night. Buildings and spaces for work are now often more than physical containers for economic activity – in the contemporary knowledge- and service-led economies, they are often the expression of corporate values and identity. But these are just one, highly visible part of an intricate web of workplaces that also include more anonymous and mundane structures housing manufacturing, industry, services and support staff, and thousands of other functions that keep the city thriving. In recent years London’s economy has continued to grow, but land and space for commercial and industrial uses are under threat – especially because of the massive demand for housing a population expected to grow to more than 10 million by 2039 and the higher value thus accorded to residential property.

The long-term effects of the referendum vote to leave the European Union in June 2016 – despite 60 per cent of Londoners voting to remain, defying the national result – are at present uncertain, as the ‘Brexit’ decision to leave has also resulted in what is undoubtedly the most profound shock to the political landscape of modern times. This generates unprecedented uncertainty and instability about both the UK-wide and London economy, leading to lack of inward investment, redundancies, and – most significantly – companies reportedly starting to turn their attention to transferring staff to major cities still within the EU such as Paris, Dublin, Amsterdam, Berlin and Frankfurt, especially in the banking, finance and tech sectors. London has exceptional strength in the diverse fabric of its economy, however, and it is possible that ‘with a shortage of … stock in many areas, slower growth rather than a rental decline is most likely.’ What is almost certain is that London will still have to work harder than ever to compete on a global level to attract and retain the best talent. Availability, affordability and – most importantly for the built environment industries – the quality of the spaces across the city in which we work will become ever more important. As work becomes ‘boundless’ and costs remain high, the need to accommodate more uses in less space – and thus for greater density and intensification of development – can present new opportunities for innovative ways of thinking about how and where we work, and the places that we need for it. Some of these possibilities – new, flexible building typologies that fully integrate living and working, and decentralised but super-connected hubs, for example – are explored in Chapter 6.

Left: Cream café in Shoreditch
© Grant Smith
1.1 WHAT IS ‘WORK’ AND WHAT IS SHAPING HOW WE WORK TODAY?

If you ask people why they work, most will say for money’, writes Joanna Biggs in All Day Long, her study of contemporary Britain at work. But, as she points out, work is no longer ‘the essential but dull part of our lives’ in which we offer labour in return for wages.¹ In the 21st century the technological revolution, globalisation and demographic shifts have radically changed the nature of work in every city around the world. Work is not just the output of products and services – it is also about the creation of personal and social value, meaning, identity and networks. This fundamental shift has and will impact on the types of space that we need for work and where these are located in the capital.

Undoubtedly technological innovation – most recently mobile innovation, social media and cloud technology – is the underlying force that has shaped a new world of work, freeing us from our desks and enabling (almost) everyone to work in any location they choose. Technology – evolving at a phenomenally fast rate – has disrupted the hierarchical structures of work and the workplace, and the need for collaboration, flexibility, innovation and adaptability are of fundamental importance in business creation and growth. The once dominant ‘command and control’ structures of the corporate world especially are becoming fragmented and decentralised, and these are being reflected in the physical structures of work environments and management practices, such as ‘agile working’. Working environments therefore need to be designed specifically to support innovation: ‘Without that, a lot of businesses just won’t keep up’, said Kevin Chapman, Head of Office Development at Lendlease at a recent NLA event.²

Technology has led to a more homogenous global business market, the blending of digital and physical workspaces, and a greater erosion of the historical boundaries between different business sectors. It has also increased expectations and transformed the relationship between employers and employees. The latter are ‘expecting far more from the technology they are provided with to do their jobs, and demanding the ability to use their own technology at work’.³ Alongside this, a recent report estimated that up to 47 per cent of jobs might be lost through automation.⁴ Consequently, successful cities and businesses will place more emphasis on attracting workers with more interpersonal, creative thinking, empathetic and social intelligence skills.⁵ Innovation as an end in itself has become a key driver, meaning that skilled programming/engineering talent is also more desirable. A parallel trend is the rise in popularity of ‘making’ and craft, often as a secondary job, as a reaction to homogenisation and to the separation from process created by large-scale business, mass production and technology.

Changing demographics are also upending the traditional notions of how we work. With longer lifespans – estimated to rise to 92 for women and 90 for men in the City of London by 2030, for example⁶ – people will be working longer, and there may be four generations in one working environment. The financial crash of 2008 and decline of full-time jobs in traditional industries and economies has led to a massive growth in self-employment and the rise of the entrepreneur. Rather than one or two fixed jobs, people have parallel work activities, exploiting gaps in the market or making use of spare capacity and using technology to reach customers in the ‘gig economy’ and ‘sharing economy’ – already evident in the rise of such platforms as Airbnb, Uber and Etsy. At the same time, generational expectations are changing – millennials (those born between 1982 and 1995) will make up to 50 per cent of the global workforce by 2020, and a recent global survey highlighted how this generation honours personal values, long-term sustainability, ethics and a focus on ‘people first’ rather than profit.⁷ Consequently they choose to work in cities with high-quality amenities, cultural activities and leisure provision, and a focus on health and wellbeing to support a more balanced lifestyle. Flexibility is now the watchword for both businesses and cities alike: the view

Top left Dalston Cola makers © Grant Smith
Top right Worker at Fab © Hufton+Crow
Above left MS Amlin offices in The Leadenhall Building © Hufton+Crow
Above right MullenLowe Group office in C-Space on City Road © Hufton+Crow

Right Informal meeting booths in Assael Architecture’s new Putney offices
1.2 WHAT IS THE BROAD SHAPE OF LONDON’S ECONOMY AND BUSINESS ACTIVITY?

Despite the current uncertainty around its future position and role in Europe, London is undoubtedly one of the world’s great economic powerhouses: in 2014 its GVA (Gross Value Added) of goods and services was more than £364 billion (22.5 per cent of the UK’s total, despite the capital accounting for only 12.5 per cent of the national population). Londoners annually contribute 70 per cent more of the UK’s national income than people in the rest of the country each year – a difference of £16,000 per person. The size of London’s economy can by most measures be considered equivalent to that of a medium-sized Western country such as Spain or Italy. It is a global or regional headquarters for many companies: 40 per cent of the top European companies have their headquarters in London (compared to 8 per cent in Paris) and 60 per cent of non-European firms use London as their regional headquarters. London’s productivity outperforms the rest of the UK by 72 per cent.

The shape of London’s economy and business sector is diverse and thriving, reflecting its role as a driver of innovation and new enterprise, and as one of the main competitors in the global workplace market to attract and retain talent, especially for emerging sectors such as tech. There are more than 444,000 businesses registered here. It is one of the world’s leading service cities with finance and insurance (19.6 per cent of total employment), professional, scientific and technical services (11.7 per cent), and information and communication (11.6 per cent) the leading sectors. These are areas in which London has a high degree of specialisation compared to other global cities, but as the Greater London Authority’s (GLA) recent report highlighted, ‘the challenge … is that in a globalised world economy such high skilled sectors can potentially move elsewhere’. Nevertheless, it is these sectors that are growing in their demand for space, as a 2016 survey reports that the financial sector has leased 39 per cent of space under construction and the technology sector 38 per cent.

The most striking feature of London’s economic system is the massive growth in self-employment and business start-ups, partly as a result of the decline in full-time jobs following the financial crash of 2008. Up to 90 per cent of net business start-ups in the UK as a whole were in London from 2004 to 2008 and 2011 to 2014. Nevertheless, London’s economy is a complex ecosystem: although evidence suggests that manufacturing has declined sharply from the 1960s onwards, there are still more than 130,000 such jobs in the capital forming a richly diverse, hugely productive and dynamic sector, with the Old Kent Road alone housing:

‘vehicle repair businesses, builders’ merchants, courier facilities, rivers, stores, shippers, printers, caterers, aluminium and plastic container makers, trim producers, metal polishers and finishers, hydraulic equipment refurbishers, waste handlers, powder-coaters, art restorers and steel fabrications, set and prop, festive decoration and ceremonial hat manufacturers, stone carvers, terrazzo producers, bakers, potters, painters and sculptors, leatherworkers, jewelers, garment and furniture producers, the operators of ice cream vans, and more.’

of Justin Urquhart Stewart, co-founder of Seven Investment Management, that ‘the provision of flexible business space is a crucial pillar for any successful economy’ will doubtless be shared by many senior business people in London.