



CPA
City Property Association

The City as a Place for People



The City skyline

2026

The City's skyline by 2026 – showing towers under construction or with planning permission but are not yet built

- 01 22 Bishopsgate, 'Twentytwo'
- 02 130 Fenchurch Street
- 03 One Undershaft, 'The Trellis'
- 04 6-8 Bishopsgate
- 05 52 Lime Street, 'The Scalpel'
- 06 40 Leadenhall Street
- 07 60-70 St Mary Axe, 'The Can of Ham'
- 08 100 Bishopsgate
- 09 10 Fenchurch Avenue
- 10 1 Leadenhall Street
- 11 150 Bishopsgate
- 12 80 Fenchurch Street

Image credit:
City of London Corporation and GMJ



08/13

CHAPTER ONE

The City as a Place for People

With technology and global trade driving change, businesses need to recruit and retain the best to succeed. We talked to some of the world's leading businesses and found out how dense connected cities offer them a crucial competitive edge.



18/21

CHAPTER THREE

Spaces to collaborate

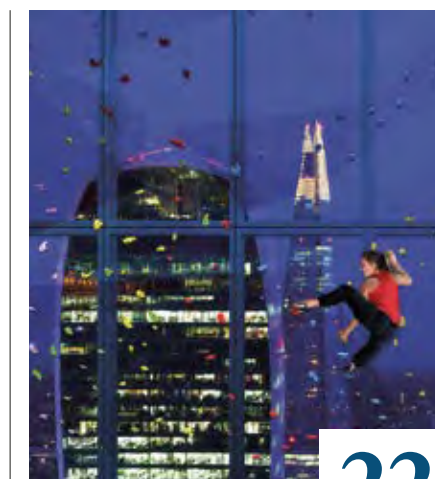
Where we work has become more, not less, important with the advent of agile working. Businesses looking for fresh perspectives realise that interaction and teamwork are crucial – but how are they delivering spaces to collaborate?

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CHAPTER TWO

Blurring the boundaries

Established City firms and nimble start-ups alike need technological and creative insights to drive innovation. We explore how the blurring of industries is creating new clusters that draw on the best of the Square Mile and the fringe.



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CHAPTER FOUR

Investing in the workplace

With competition for talent fiercer than ever, businesses are finding that people-centred spaces are a key asset in attracting the best. How are firms leveraging their workplaces to get the best out of people?

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Foreword

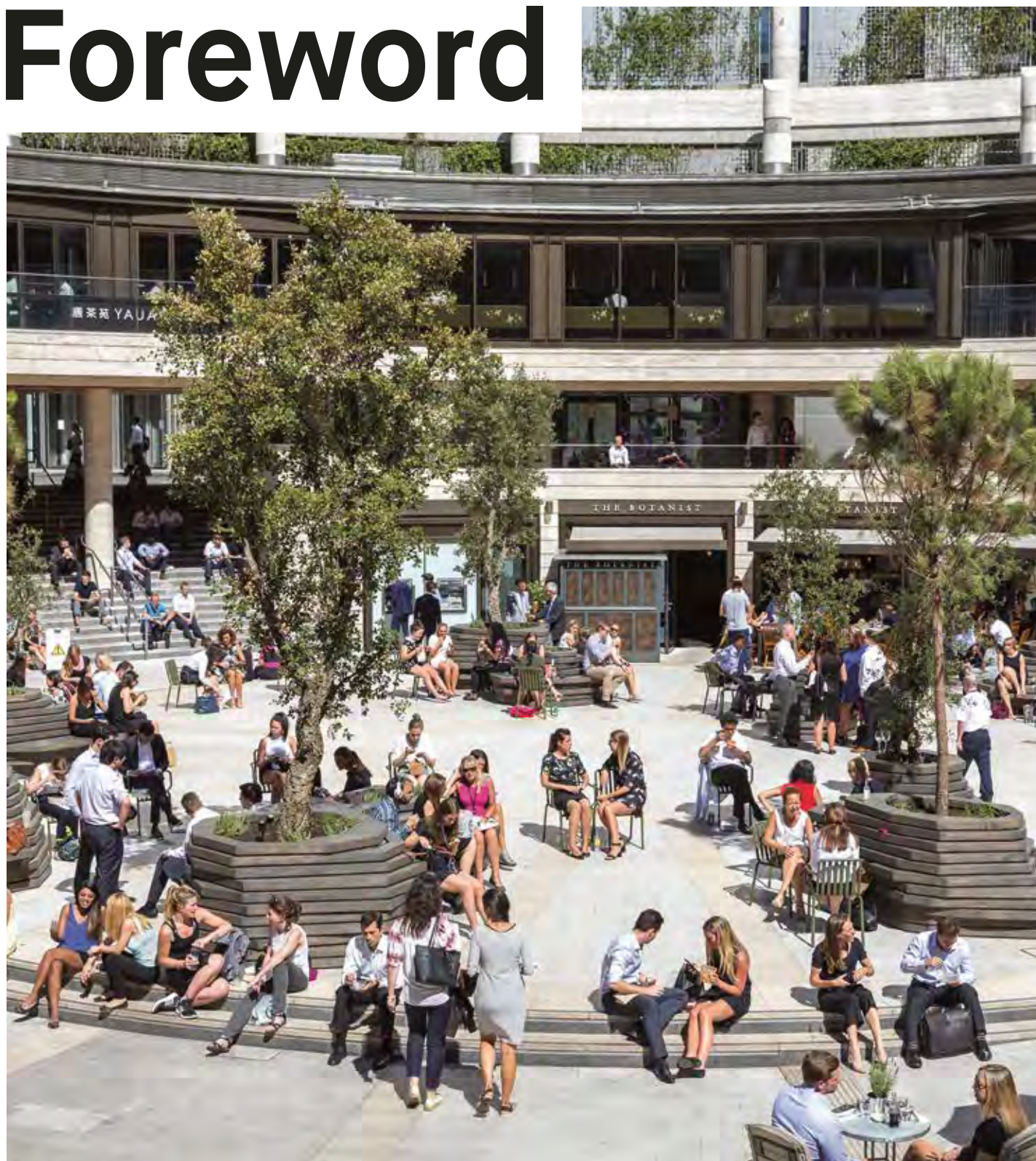


Image credit: British Land

Broadgate



Catherine McGuinness
Chairman of the Policy and Resources Committee,
City of London Corporation



Mark Ridley
CPA President

Talent lies at the heart of the City of London's success as a global economic centre. Nine out of ten global institutional investors we surveyed believed London was the best place in Europe for financial services talent. But as new technologies change the world of work and innovation blurs and reconfigures industries, the competition for highly skilled and mobile talent has become ever more intense.

Businesses compete by attracting and developing the world's top talent, and increasingly they are finding that place is crucial when it comes to competing for the brightest and best. To understand the drivers of change and the innovative approaches that investors, developers and businesses are adopting to compete for workers, we spoke with 65 businesses and developers based in the Square Mile across a series of in-depth interviews, three roundtables, and a City professionals networking event.

The City has long been at the cutting edge of innovative commercial developments. Now developers, architects and businesses are finding new ways to create workplaces that are designed to facilitate collaboration and creativity. Alongside this, the City has become an ever more attractive destination in recent years with a wide range of new shops, restaurants and bars, and our ambitious Culture Mile initiative, all creating a world-class destination for globally mobile workers.

These new developments complement the City's traditional strengths, not least unrivalled transport connectivity and ready access to a highly skilled talent pool, as new creative and digital industries boost the City's financial and professional agglomeration and spur innovation. Against a backdrop of uncertainty from ongoing Brexit negotiations, London continues to be seen as a place for businesses to locate and thrive, remaining the top European city for business for 60% of the 101 global institutional investors we surveyed.

The future attractiveness and competitiveness of the City depends on its continuing ability to evolve. This report helps to identify the drivers of change and the innovative responses needed.

The City Property Association represents 150 of the leading owners, investors, professional advisors and developers of real estate in the Square Mile. For over a century we have been championing the City of London as the best place in the world to invest and build commercial property.

The City remains a global leader for real estate because of its ability to evolve. This is key now, more than ever, with the challenges posed by increasing globalisation and the UK leaving the European Union.

Despite the ancient history of the Square Mile, more than anywhere else it embraces modernity. It ensures it is continually relevant by looking to the future, listening and adapting. The City's entrepreneurial and innovative culture has ensured that it has remained relevant for 2000 years, and this timely report demonstrates that the future is all about place.

Talented, highly skilled workers are not only concerned with remuneration. They value other factors: a careful balance of workspace design, the local offering of food, leisure and culture, and the experience of our public spaces. So these factors affect the location decisions of businesses - be they major, established corporations or foot-loose start-ups.

It is critical that public perceptions of the City recognise the burgeoning cultural and leisure offer which has emerged in recent years and is set to grow even further. As an association, we are proud to support initiatives such as ONECITY which promotes the area's vibrant cultural, leisure, food and retail offer to a younger generation of City workers across a number of digital and social media platforms.

There is a renewed sense of purpose and optimism across the City, and the promotion of the area to the very talent it must continue to attract must be driven alongside the Square Mile's ongoing evolution. This research report presents a valuable overview of the changes which policymakers and the real estate industry must embrace if the City is to continue as the pre-eminent global business destination.



Place is crucial when it comes to competing for the brightest and best"

Why the City of London continues to be the world leader for networking, deal-making and attracting top talent

The City as a Place for People



People and talent are now, more than ever, crucial to business decisions and competitiveness. While for years location has been important for accessing the right talent, today the most productive businesses from new and established industries are packing into central neighbourhoods in a few chosen world cities. These places offer the right people, business connections and buzz.

Sitting at the heart of the world's leading business networks, the City of London draws on a highly skilled, international workforce across a range of knowledge-intensive sectors. This makes the City one of the densest business agglomerations in the world, with almost half a million people working in the Square Mile each day, seven out of ten of them in

high skilled jobs.¹ This report draws on an extensive interview programme with businesses, investors and developers at the cutting edge of innovation across the City, to understand their location choices and how they are putting people at the heart of their decision-making.

Why does location still matter?

The rise of agile working has transformed the world of work, with globalisation and technology driving rapid change. Successful knowledge economy businesses now operate across continents, servicing markets across the globe. This is enabled by ubiquitous communications technologies that mean people can work from anywhere.

¹ 68% of jobs in the City are high skilled, compared with 45% for Great Britain, ONS, Jobs by SIC, SOC, 2015

² Richard Florida and Edward Glaeser (The New Urban Crisis and Triumph of the City) show how the top jobs and industries are located in specific cities rather than the predicted 'flat' map predicted by Friedman (The World is Flat, 2005)

But as London's ongoing growth attests, rather than the world of work scattering evenly, it has concentrated and become spikier.² Economic growth is becoming more urban, with the 300 largest cities accounting for half of global output. Indeed, there is currently over 1,350,000 sq m of space under development in the Square Mile. The location of a business determines who they can hire, who they can meet, and who they can learn from, work and trade with. The City of London offers businesses an environment in which they can interact with the top teams of global businesses in related industries, while benefiting from the prestige and buzz of the Square Mile. 2,500 European corporate decision makers polled revealed that they see London as the leading European city for business and talent, receiving a fifth of votes from respondents, outstripping continental rivals. Global institutional investors were even clearer - 58% identified London as the best European city for business.

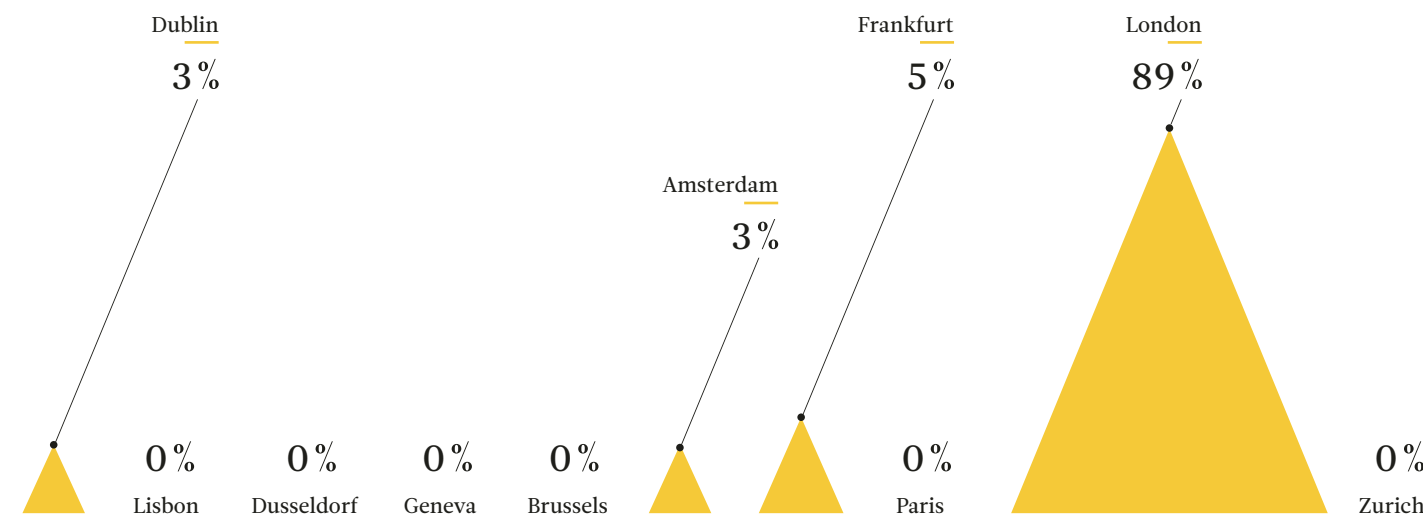
Specialisation, diversity and the blurring of industries

World-leading cities have both the scale and history to support clusters of businesses that capitalise on urban locations. These specialisms often develop over centuries - in the City's case, from early trader networks and insurance markets supported by guilds and coffee houses, which continue to develop networks and spark innovations today.

Insurance firms, for example, have long characterised the City's Leadenhall cluster. Our interviews with both well established and younger companies highlighted a common logic in their location decisions: insurance brokers (180 of which are accredited at Lloyds and have access to underwriter boxes) must be within a five-minute walk of the Lloyds of London trading floor. This gives them access to the exclusive market-making facilities that only Lloyds offers. In fact, the City's enduring appeal to these firms is so particular

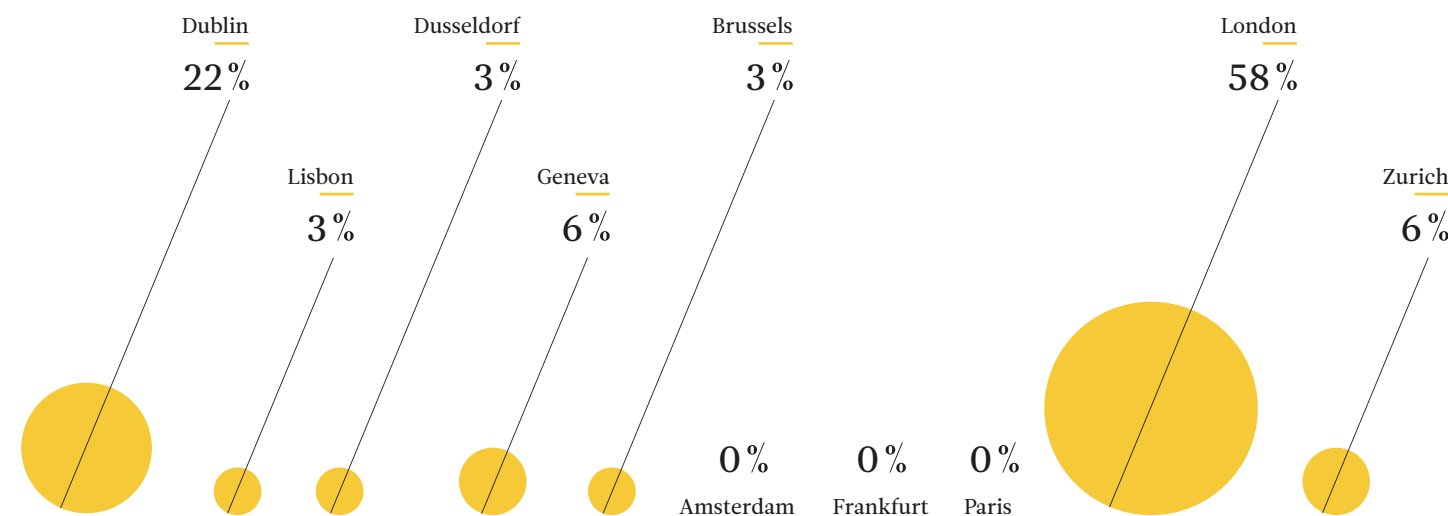
Which European city has the best pool of talent for financial services?

Source: 2018 FTI Survey of 101 Global Institutional Investors



What is the best European city for businesses?

Source: 2018 FTI Survey of 101 Global Institutional Investors





London was rated by business leaders as the best European city for business and the best pool of talent for financial services”

that it confines the spread of insurance firms to a few prestigious and specialised streets.

However, the insurance cluster also relies on related industries. The City’s financial and business services are world renowned, with nearly 90% of global institutional investors surveyed identifying London as the best European city for FS talent. Across rankings such as Z/Yen’s Global Financial Centres Index, the Mori Memorial Foundation’s Global Power City Index and PwC’s Cities of Opportunity report, London ranks first globally. Specialisms and international networks have built up over many years. Today, 18% of global banking activity is booked through the UK as are 36% of assets managed in Europe, and 85% hedge fund assets managed in Europe, mainly through the City’s international financial cluster.³

Alongside the huge economies of scale associated with clearing and currency volumes in the City, there are less tangible but equally important benefits. As regulation and compliance have grown since the financial crash of 2008, being close to regulatory bodies and political decision-makers ensures that businesses stay closely connected with the latest protocols and developments.

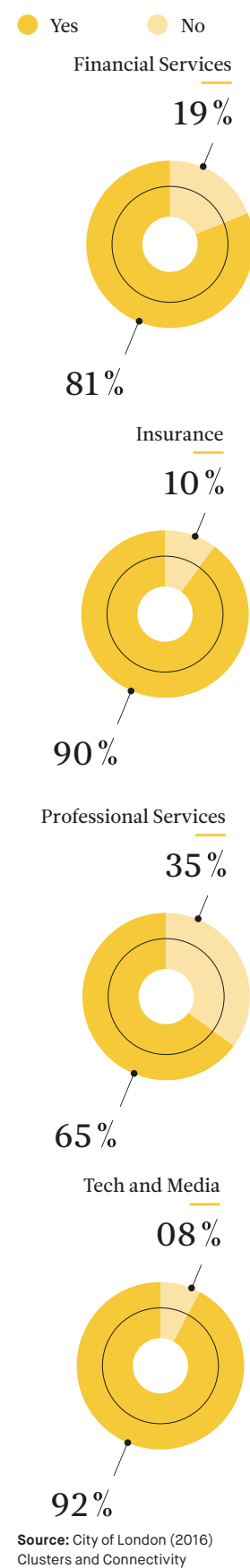
The true value of the City’s financial services sector is the breadth and depth of expertise across its mix of banking, insurance, fund management, securities, derivatives and foreign exchange expertise, supported by market and regulatory infrastructure. The ongoing strengths of related professional services, such as legal services, accountancy or management consultancy, are strongly established as part of the City’s global reputation. They draw on and support the cluster’s longer term strengths.

Subsectors in associated industries also benefit from locating in the same dense centres as consultancies, while business advisory and legal firms trade and learn from each other. Our interviews found that the history and established critical mass of successful businesses form a large part of the City’s attraction – an office’s address adds gravitas and credibility to a business and its branding.

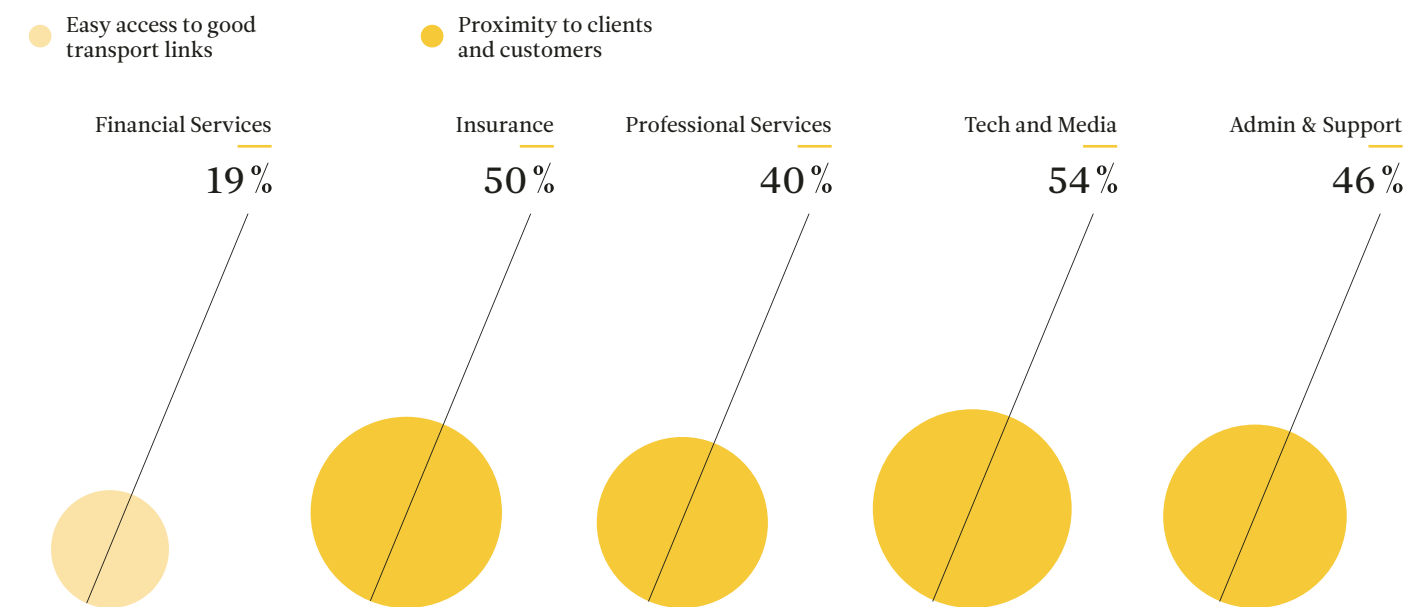
These established clusters add to London’s reputation as a top global city for knowledge-intensive firms. London is home to 40% of the top 250 companies with global or regional headquarters in Europe. Alongside world-leading specialisms in finance, insurance, legal and professional services, this diversity adds value and distinctiveness to businesses operating in the Square Mile.

³ Djankov (2017) The City of London after Brexit

Do you think a City location affects whether you can attract the right staff? (Issue rated as important)

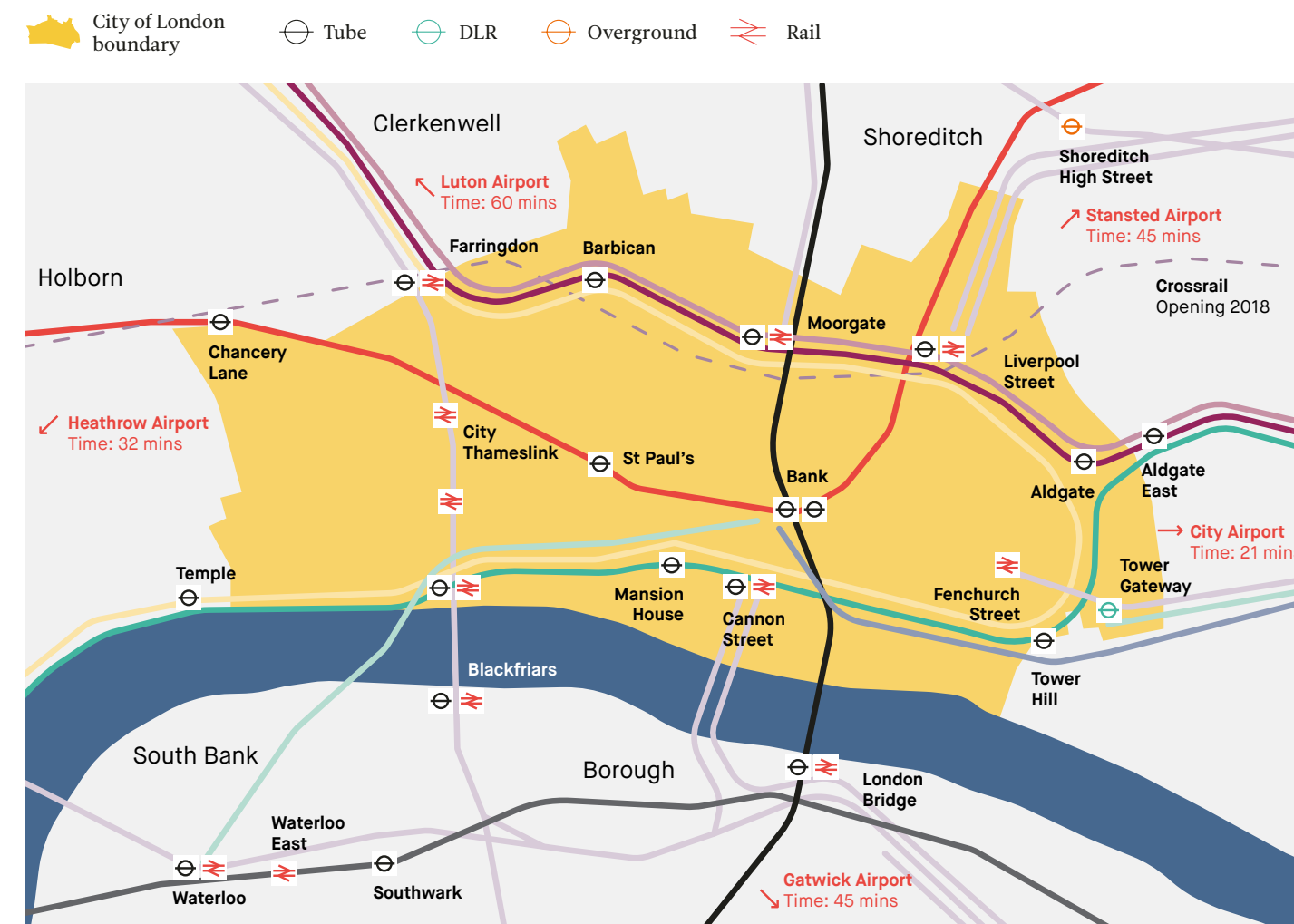


What was your key reason for choosing the City? (Issue rated as most important)



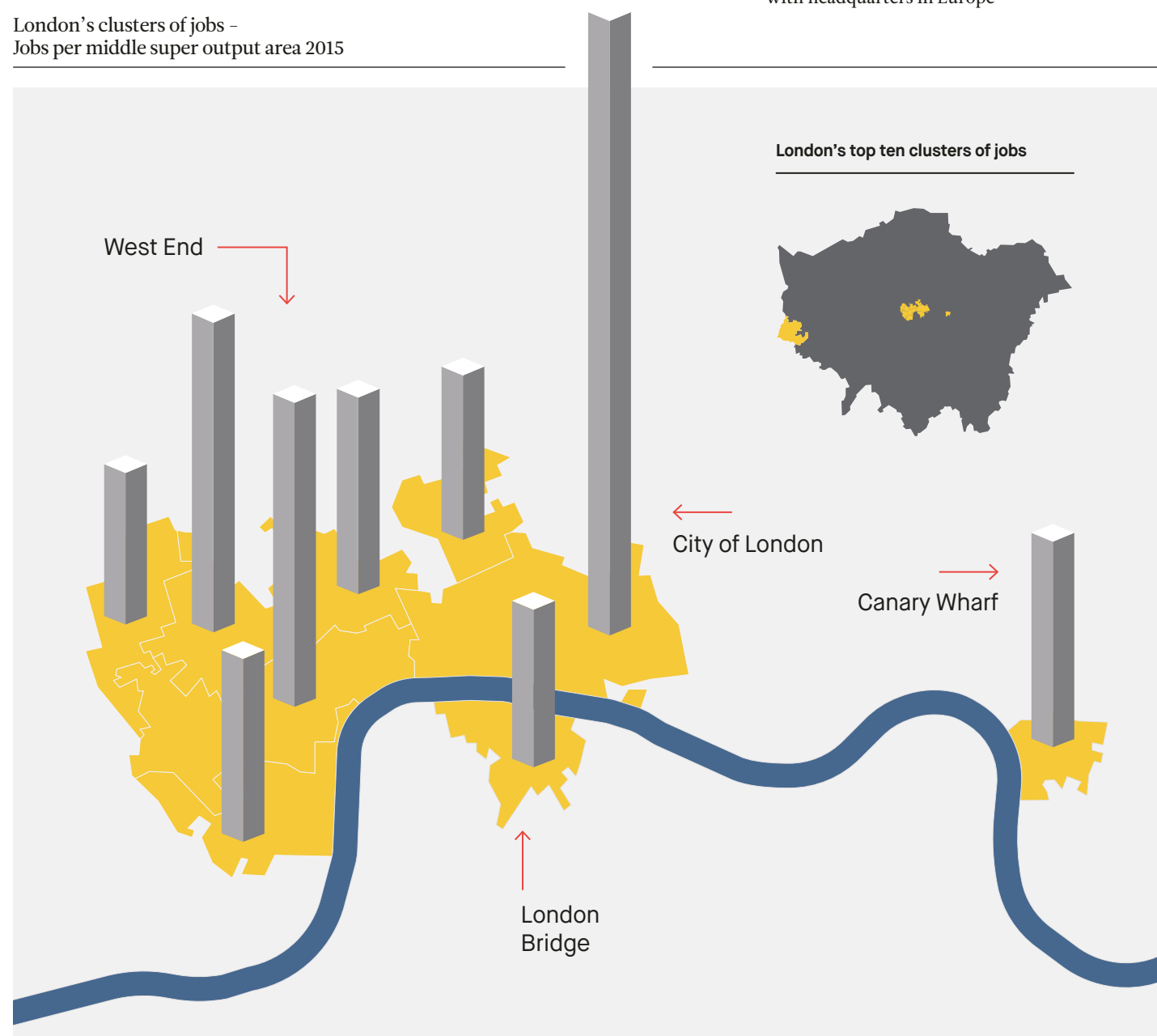
Source: City of London 2016, Clusters and Connectivity

City transport links



London is home to
40%
 of the top 250 companies
 with headquarters in Europe

London's clusters of jobs -
 Jobs per middle super output area 2015



Source: Inter-Departmental Business Register, Workplaces in London 2015

Place matters for doing business

In the knowledge economy, innovation is essential. New ideas, products and services shaped in one place are instantly sold to markets across the world as innovations are shared and replicated. Such speed of change makes being on the cutting edge more important than ever.

The right location enables businesses to forge and enhance client relationships crucial for trade in the knowledge economy. Face-to-face meetings with clients are essential for exchanging complex ideas and products, understanding their needs and perspectives, and gaining their trust and confidence. We spoke to one architecture firm which for decades had prioritised being close to suppliers and interior designers for easy access to samples and quotes. They recently moved to the City from Clerkenwell to be closer to key commercial clients, enabling them to discuss complex plans face to face with different clients. Even emerging sectors, such as fintech or jobs like app developers,⁴ which could in theory work anywhere, tend to locate in cities such as London to be close to ideas and markets and established related firms.

Many firms benefit from being close to businesses in related industries. The largest financial institutions in the world – from commercial and investment banks to insurers, asset managers and hedge funds – have their European headquarters in London, as do the 15 largest legal practices in Europe.⁵

The repeated message from our interviews was that London is where the meetings are held and the deals are made. More than two thirds of companies across the Square Mile do business with each other.⁶ Trade between these sectors benefits all the firms involved, as doing business together in the City fosters a cross-pollination of ideas, leading to new or better services.

Increase in jobs
 from 2010-16

36%

Increase in businesses
 from 2010-16

42%

City workers born
 outside of the UK, 2016

41%

Place matters for attracting talent

From our discussions with the City's leading firms and property stakeholders, it was clear that the top global businesses consider talented staff to be central to their operations. Our previous work highlighted that businesses see a City location as key to attracting talent across sectors – 81% in financial services, 92% in the tech industry.⁷ Time and again, businesses told us of the importance of transport connectivity to their location decisions – allowing them to hire from a wide catchment area rich with graduates and bring together clients and teams from across the country and the globe at short notice. The Square Mile is already at the heart of a dense transport network that brings in more than nine out of ten of its staff each day, and by 2019 the Elizabeth Line will bring 1.5 million more people to within a 45-minute commute of central London.

Attracting such a highly skilled and mobile workforce to jobs in globally connected businesses is core to the City's success. This is particularly striking at the executive level – London is the most international of all world cities in terms of its spread of leadership talent, drawing on 95 nationalities. And as a result of the scale and spread of top knowledge-based jobs, it is seen as 'the high skills capital of the world'.⁸

Talented individuals can choose not only between world cities or businesses, but increasingly between industries. Rare global cities such as London – ranked top for intellectual capital and innovation in PwC's Cities of Opportunity – offer an international workforce⁹ the most sought-after career opportunities. London's 'career escalator' attracts around a fifth of all UK graduates to work in the capital,¹⁰ and our research¹¹ shows that internationally mobile workers are particularly attracted by career progression, high wages and the depth and range of businesses operating here.

Unsurprisingly, given the importance of skilled people to today's growth industries, the competition for talent is changing. Recent years have seen a transformation in how companies compete for elite workers. Alongside the traditional draws – remuneration, prestige and career opportunities – companies are looking at new ways to attract and retain talent, by focusing on their location, the design of their buildings, facilities and local amenities. Place has become an asset rather than simply a location, the office a service rather than a cost.

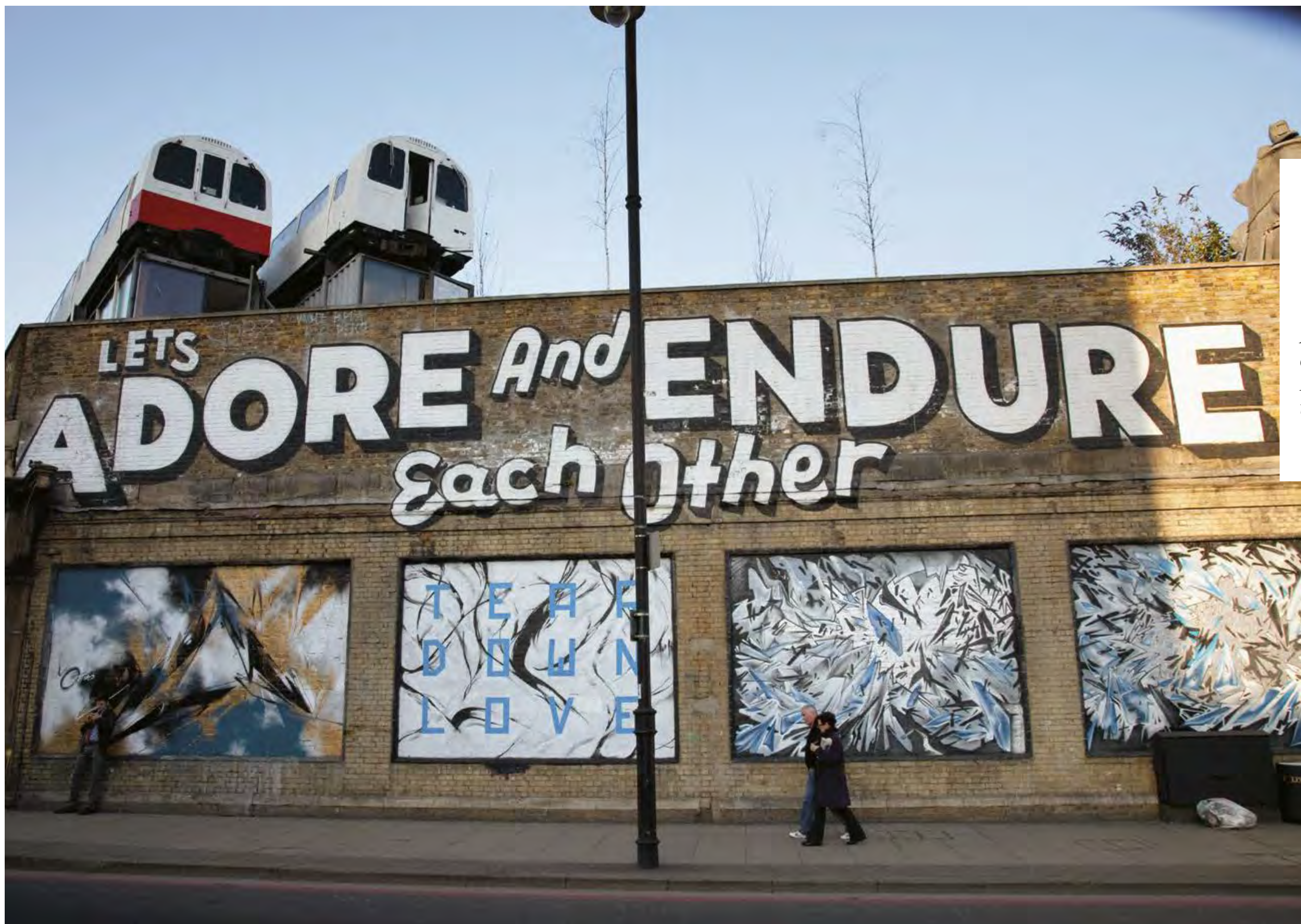
To understand how this works in practice we talked to 65 businesses, developers, agents and investors working in and around the City, covering some of the most innovative approaches and major developments contributing to the City's growth. This report shares insights from these interviews, roundtables as well as workshops – and case study examples of cutting edge practice.

4 Tech City UK (2017) Tech Nation
 5 Djankov (2017) The City of London after Brexit
 6 Bone Wells Urbecon & London Metropolitan University (2013) City SME Supply Chains
 7 City of London (2016) Clusters and Connectivity
 8 Deloitte (2016) Global Cities Global Talent
 9 Greater London Authority (2017) London's foreign born population (37%)
 10 Centre for Cities (2016) The Great British Brain Drain
 11 Ipsos Mori (2011) Understanding Global Financial Networks

Jobs density per sq m



Source: Inter-Departmental Business Register, Workplaces in London 2015



Blurring the boundaries

As businesses and sectors become more and more interconnected, the Square Mile is providing fertile ground for them to mix and thrive

Proximity has always mattered to businesses, and the City of London has long provided companies with an enviable range of competitive advantages – access to world-leading specialists, services and clients, and a large pool of talent. It also offers the benefits of its physical infrastructure, as set out in the previous chapter, including excellent transport connectivity and a wide range of prestige and heritage office space.

In addition, many businesses we talked to said new proximities are shaping their location decisions – they want to be close to the innovative knowhow and creativity that will give them a competitive edge. This in turn is shaping new clusters and location choices across the City, with emerging sectors moving to the Square Mile and established ones developing new areas of expertise.

The City has always been an environment in which the long-established specialisms of finance, insurance and law can innovate and thrive. Advances in digital technologies are now transforming how companies do business and are opening up entirely new markets – offering possibilities to challenger firms as well as incumbents.

Businesses we talked to believe that new opportunities and disruptive change comes from the application of fresh perspectives drawn from different sectors. This has created an appetite for new skills and ways of working, blending longstanding expertise with insights from a diverse range of fields.

“The City is diversifying and attracting newer kinds of occupiers”



Many of the City firms we spoke to are exploring the opportunities offered by new technologies. Legal firm Allen & Overy is investigating potential digital solutions to legal, regulatory and deal-related issues, insurance firm XL Catlin is exploring changes to risk as robotic and autonomous systems come on stream, and Starling Bank is pioneering mobile-based financial products.

Competitive edges

This shift in focus to exploit new opportunities has spatial consequences as businesses locate near potential clients, collaborators and talent. In recent years there has been a clear commercial appetite to draw on the best of the City and the increasingly dynamic areas on its fringes – not least Tech City to the north.

This trend has spawned a new generation of business clusters around the edges of the City, capitalising on the longstanding advantages of City property and a range of newer opportunities. Established businesses want to be close to nimble digital start-ups and creative enterprises to secure the teams they need to learn about and capitalise on new opportunities.

On the northern fringes of the City, the Alphabeta building has entrances facing both Shoreditch and the Square Mile, and hosts a mix of financial and tech firms. Principal Place also occupies a strategic position between Square Mile landmarks and Tech City, and is home to Amazon's UK HQ, while Allen & Overy has located its tech innovation space a stone's throw from Shoreditch.

This trend is shaping neighbourhoods all over the Square Mile. A cluster of creative businesses is taking root in Chancery Lane to the west, while in the east, Aldgate's former City back offices are being transformed into thriving hubs for creative start-ups, drawing on the area's creative heritage.

New arrivals

In addition, new types of firms are moving to the City – several architecture and engineering businesses have moved into the Square Mile as a result of expansion or consolidation, close to the established design expertise of Farringdon. Information and communications firms now account for 38,000 jobs in the City,¹ up nearly 60% from 2010 and 2016, of which Bloomberg is the most notable recent example.

CASE STUDY: SAATCHI & SAATCHI



Saatchi & Saatchi moved to new offices in Chancery Lane from the established Charlotte Street advertising cluster. The City is diversifying and attracting newer kinds of occupiers. "The make-up of Chancery Lane is changing," Pierre Paton, office manager at Saatchi & Saatchi, told us. "There are more creative businesses moving in all the time."

Creative agencies value the proximity of Chancery Lane to Soho, a short distance west, as well as to the design and digital hubs of east London. The neighbourhood is also on the doorstep of Leather Lane's food stalls and boutique coffee shops, and it will benefit from the nearby Elizabeth Line, which is set to open this year. BAFTA and Oscar-winning studio Framestore has recently taken a 15-year lease on 40 Chancery Lane, a move that is likely to draw in a host of other creative businesses.

The world-renowned advertising and creative agency has recently moved to Chancery Lane, joining a burgeoning but unplanned cluster of creative businesses on the western edge of the Square Mile. Chancery Lane has historically been home to legal practices, though in recent years these have been joined by creative professionals.

¹ ONS, 2016: BRES

These build on and complement the City's traditional strengths – firms such as UBS and Linklaters have increased floorspace in the City, while Schroders' move to a new HQ in the Square Mile attests to the enduring benefits of the location.

The blurring of industries has created a need for a wide range of skills, so firms that have easy access to London's large, diverse and skilled labour market are at a clear advantage. Established players are seeking talented professionals, those equipped with the technological capabilities and creative foresight to bring forward innovations and disrupt established markets.

PwC highlights digital as an increasingly mainstream part of financial services.² Businesses are strengthening their in-house capabilities, as well as buying in expertise from elsewhere – the Square Mile's computer consultancy sector has more than doubled between 2010 and 2016.³

As well as spurring industries to branch into new fields, the current pace of digital change has created a demand for skills in specialisms unheard of a decade ago. Given the intense competition for such skills, it is at the heart of business strategies to secure the best.

² PwC (2016) Financial services technology 2020 and beyond: Embracing disruption
³ ONS, 2016: BRES
⁴ KPMG (2017) Value of fintech

CASE STUDY: FINTECH IN THE SQUARE MILE



The financial services landscape of the City is evolving, driven by the innovative vigour of fintech firms. Several founded in the past decade have prospered in the Square Mile, enriching established markets through the application of new technological solutions to products and services. Funding Circle's direct lending platform has lent more than £3.5 billion to small businesses, while iZettle's small business payments service has experienced steady growth.⁴

Young fintech firms benefit from the dense network of expertise and the presence of world-leading companies that have traditionally given City businesses a head start. They also benefit from participating in a wider London ecosystem that extends to the tech hub of

Shoreditch and specialist facilities such as Level 39 in Canary Wharf.

Businesses at the forefront of innovation require new skills. Starling Bank, based in Broadgate, recruits artists, designers and technologists, in addition to finance professionals, as a way of developing new solutions and products. As Hakan Enver from Morgan McKinley commented: "Competition for talent is fierce and banks are now learning from and competing with small fintech firms for the same smart people."

A Square Mile location offers a range of advantages – not least access to the diverse range of talent needed for challenger businesses to thrive.

Spaces to collaborate

Fresh perspectives come when people collaborate. Businesses are increasingly designing in space for ‘bump’ moments

Much has been made in recent decades of the potential for agile working. Yet while many organisations have implemented a flexible working strategy, the decentralised, home-based working revolution predicted by some observers of the late 20th century has not come to pass. Technological advancements have made it theoretically possible to work from anywhere, but this shift has not led to the demise of the office, nor has it diminished the attractiveness of urban business locations.

In fact, place has become more rather than less important with the advent of agile working. Geographically, firms are consolidating their operations in specific locations and, at the office level, there’s increased attention to design and organisation. These trends reflect the importance of place in enabling human interaction, collaboration, and the potential to form new relationships.

This can be seen with blue chip firms such as AIG and Linklaters consolidating their operations in the City of London – recognising that the value of teams working more closely far exceeds any potential savings from downsizing office space or moving out to the periphery. Businesses vote with their feet and pay a premium to be based where they can capture the benefits of the rich interconnections that dense cities offer. There has been a 41% increase in businesses in the City of London in the six years up to 2016, including 1,200 start-ups per year, which benefit from participating in a dense business ecosystem.

Leading businesses place collaboration at the centre of their organisational values, and this emphasis on communication and networking is reflected in workplace design.



CASE STUDY: WEWORK

WeWork have harnessed the power of collaboration to disrupt the central London office market in recent years. The shared workspace provider is a relative newcomer to the property scene, but their distinctive approach has proved to be remarkably effective. “Our spaces are designed to bring people together,” said Matthew Brown, Director at WeWork, “many community members who meet here end up working with each other.” Features such as community-wide events, shared kitchens and the now famous beer taps have resulted in an extraordinary level of serendipitous collisions - over 70% of WeWork members go on to

collaborate with other members on future projects.

This approach has paid dividends for WeWork. They are set to become London’s largest private renter of offices, leapfrogging its established competitors to take 232,000 square metres of London office space. They have grown to 19 locations in and around the City, doubling their Square Mile footprint in 2017, and recently taking the iconic No 1 Poultry. High occupancy rates and rapid expansion shows that placing the power of collaboration at the heart of the workplace is an attractive proposition for mature firms and start-ups alike.

“Our spaces are designed to bring people together”

Matthew Brown
Director at WeWork



400,000

square metres of shared workspace in the City



Storey, British Land

© Appold Studios EC2A

→ Companies are focusing on ways to maximise the benefits that come from personal interactions – relationship-building, learning and trust lead to more effective partnerships. More broadly, creativity and novel solutions to problems are enabled by collaboration, as a wider range of perspectives are taken on board.

Chance encounters

One major bank we talked to emphasised the importance of the 'bump' moment – the chance encounter that sparks a new collaborative relationship, usually between people from different teams or specialisms. Today's cutting-edge designers are looking into how such sparks can be engineered into the modern office.

The businesses we spoke to have adopted a range of spatial solutions suited to their scale and needs. These can be as simple as designing in open and flexible spaces that can be used for a variety of purposes, allowing teams to meet and collaborate in different ways – and even to be overheard by others, potentially bringing in wider skills. On a grander scale, some City-based organisations have looked at how their entire building fabric can be structured to facilitate these kinds of encounters throughout the day, with a particular focus on shared facilities.

Bloomberg told us its open meeting and eating spaces provide a stage for chance encounters, as well as project team catch-ups. Consideration is given to how people move through different spaces, so that colleagues are brought together throughout the working day.

The Leadenhall Building, also known as the 'Cheesegrater', features shared cycling facilities so that people from different businesses – and from different parts of each organisation – encounter each other on a daily basis. These everyday meetings help to break down barriers, establish relationships between people and raise the potential to generate

CASE STUDY: BLOOMBERG



Bloomberg's new headquarters in the heart of the Square Mile is shaped by the principle that transparency, openness and collaboration fuel innovation.

The global data, technology and news organisation's European headquarters takes this to new heights. The cores have been pushed to the edges to visually open the floors and reveal a spiralling ramp – a sculptural walkway that brings people together and encourages chance interactions.

The double-height 'pantry' is at the heart of the building and central to Bloomberg's ethos of collaboration and transparency. The space is designed to create a communal hub that reflects the energy of the City.

The unique, cluster desking system makes the environment adaptable

to the ebb and flow of today's workplace, which shifts frequently between independent work and collaboration with colleagues.

All meeting rooms are completely transparent and interspersed among the open-plan workspaces. Booths and standing 'pods', offer alternative meeting areas for employees and clients that inspire informal meet-ups.

"We have always believed in hiring the most talented, driven, and creative people, creating an environment that fosters collaboration and communication among them. That approach has guided our growth, and it is the foundation upon which our new London building now stands," Patricia Pierotti, Head of HR, Bloomberg L.P., EMEA.

- 1 Nathan (2017) Urban incubators, innovation and inequality
- 2 What Works Centre for Local Economic Growth (undated) Business Advice Toolkit: Incubators

fresh insights into problems. The success of shared facilities has inspired the building's managers to set up a weekly food market in the public space under the landmark tower.

Innovation hub

Many companies have taken the collaboration principle to a new level across the organisation – by incorporating business incubators at the heart of their building or using co-working spaces to complement their core locations.

Law firm Allen & Overy has introduced 'Fuse', a collaborative tech innovation space at the heart of its City of London headquarters. Seven start-ups joined it to work on disruptive digital innovations with the firm's in-house technology team. In general, young firms benefit in several ways from occupying incubator space – by sharing resources, matching skills to needs, learning and de-risking, and building a community.¹ Evidence also suggests that participating firms gain in terms of increased employment and sales.²

However, co-working spaces are maturing into more than places for bootstrapped start-ups and entrepreneurs. One major bank uses British Land's

'Storey' flexible working space to accommodate specific project-focused teams, deliberately taking talent out of their departmental and specialist comfort zones to encourage collaboration and generate fresh ideas.

Businesses insist this is much more than a practical solution to short-term accommodation pressures – they believe that mature firms can learn a lot from nimble start-ups, which are unencumbered by established routines and set procedures. Co-working specialist WeWork host larger organisations, such as IBM, who have found non-traditional flexible workspace layouts encourage rapid project concept development and creativity.

Beyond the solutions put in place by individual firms, a wider recognition of the benefits of collaboration is reflected in the increasing popularity of shared workspaces. These accounted for more than a fifth of leasing activity across London in 2017, and now total 4% of all office space in the City. Such cutting-edge workplaces encourage collaboration, help generate innovative solutions and improve business productivity.

Investing in the workplace

Innovative technology, communal facilities and healthy surroundings have become priorities for companies looking to attract top talent

The workplace is increasingly seen as the key to attracting and retaining the right people, with businesses adopting a variety of approaches to creating environments where people want to work. For decades, companies viewed office space in terms of rental cost and lease length, which resulted in employees' workspace being gradually reduced – from 16 sq m per person in the mid-1990s to 11 sq m in the mid-2010s.¹

While these metrics remain important, in recent years their relative importance has started to shift. Across the range of businesses we spoke to, a clear message came up time and time again – they see the workplace as a tool to keep talent, using varied and energising settings supported by great facilities.

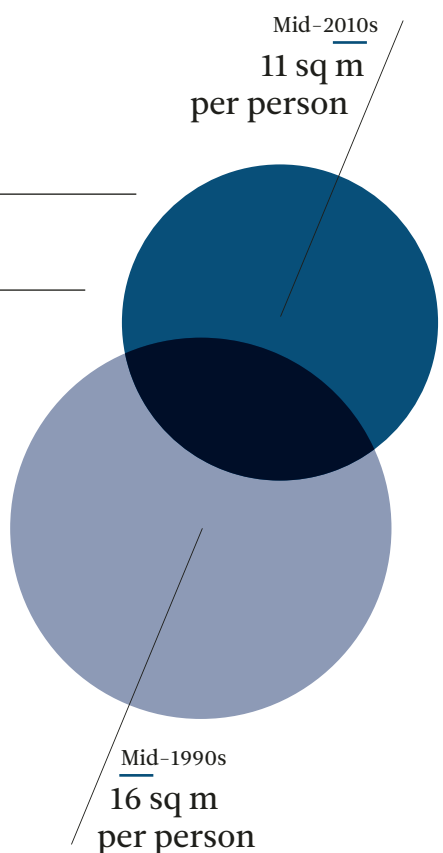
In many ways, smaller and more agile digital and creative firms were ahead of this curve in the late 2000s. They built their workplaces around their staff. As office hours extended beyond the typical 9 to 5, good kitchen facilities – and a supply of good coffee – became essential. People were increasingly given more choice and variety in where they worked, be it on a sofa or a rooftop.

Today, this focus on people – the notion that workplaces exist to maximise the potential of talent – is commonplace across a wide range of businesses. Evidence suggests that happy workers increase business productivity by 12%, while unhappy workers reduce productivity by 10%.² For many of the world-leading companies we talked to – from UBS to Bloomberg – the workplace is leveraged as an asset which can be used to attract and retain talent, placing people at the heart of the business.

People centred

The talented professionals we spoke to were candid about what attracts them to a workplace. While salaries remain an obvious draw, a decisive factor is how attractive an office is and what this signals about an organisation's ethos. Property industry figures tell us this has become a notably more important factor in recent years, as younger talent with different values join the workplace. Alongside this, the Square Mile's property offer has diversified, with 'edgy' spaces sitting alongside prestige international HQs, attracting skilled professionals with diverse career aspirations.

Efficient workspaces



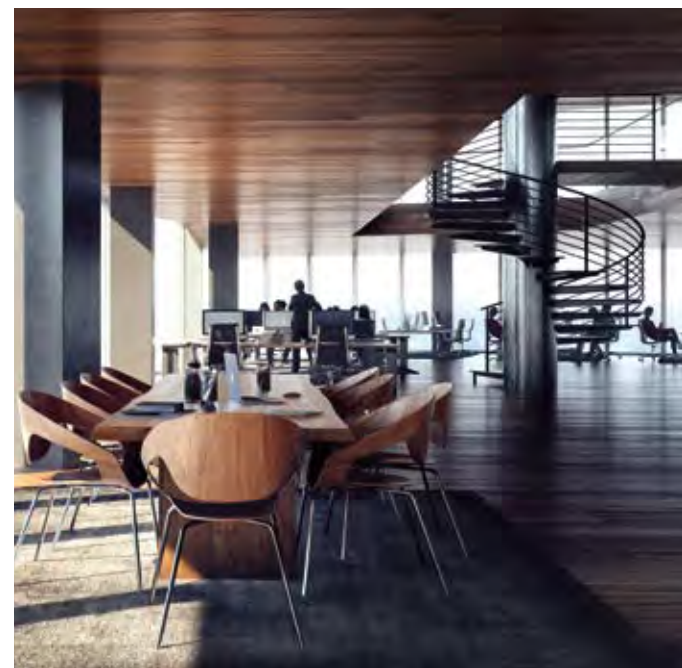
Source: British Council of Offices (2013) Occupier density study

There are common themes in how companies are enhancing their workplaces, including a new focus on design and the facilities on offer. Developers are responding to occupier demand by retaining unusual features (such as historic elevators) when refurbishing buildings, rather than seeking to apply standard specifications across the board. New developments are paying more attention to communal spaces, food preparation areas and bicycle parking – services that increase the appeal of a workplace and improve the experience of using the building.

Other considerations have come into focus more recently. Firms such as JLL recognise the increasing importance of health ratings for occupiers. Prioritising health and wellbeing in the workplace sends a



Sometimes not thinking about business is good for business”



CASE STUDY: TWENTYTWO

“Sometimes not thinking about business is good for business.” This is one of the key messages of Twentytwo, a cutting edge 62-storey tower rapidly rising over Bishopsgate. And it is apt for a building that devotes a large proportion of its floorspace to communal spaces and facilities.

“As people thrive, businesses grow” is the underlying approach of Twentytwo. Individuals can customise their working day – by making use of yoga studios, a fresh and varied food offer, and even a 25th floor climbing window – making this an attractive proposition for globally mobile professionals. The building is designed to place the wellness of workers at the forefront of the workplace, promising an appealing and productive place to work.

Technology has been employed to make the building as user-friendly as possible. Scanning capabilities ease the process of arrival and travel through the building to deliver a seamless and frictionless user experience. Occupiers can customise their working environment – floorplates are easily adaptable and can accommodate interconnecting stairs between floors, which encourages activity and reduces lift journeys.

The focus on enhancing people's experience, rather than on maximising lettable net internal area, signals a shift in investor perspective. Occupiers' prime concern is to recruit and retain the best staff.

When the office becomes an asset in this way, the building plays a key role in how the business performs.



Twentytwo Bishopsgate



Leadenhall Building

Image credit:

© Paul Raftery Courtesy of Rogers Stirk Harbour + Partners

message to professionals that they are valued. A business operating in a healthy building gains from improved productivity and a host of other benefits. Rather than trying to pare back occupancy to the bone, the firms occupying the Leadenhall Building, for example, allocate space for healthily stocked kitchens, space for eating and meeting, and for activities such as yoga classes.

That businesses are committing money and attention to these facilities signals a market push towards the office as a service for people. Businesses see the commercial benefits of having the right talent working in a space that enhances productivity. Agents told us City buildings that don't perform will face difficulties in finding tenants in the future.



Businesses are becoming more aware of the benefits that a wellbeing-focused environment can bring"

Jonnie Allen,
Director at Cundall



CASE STUDY: ONE CARTER LANE

"All businesses want to increase productivity and reduce staff turnover," said Jonnie Allen, Director at Cundall. The global engineering consultancy decided to put wellness at the heart of its new headquarters opposite St Paul's Cathedral. One Carter Lane was the first European building to earn WELL accreditation, an increasingly popular measure of workspace wellbeing. Its gold standard rating means that it holds valuable lessons for other companies that aspire to improve worker wellbeing.

A walk through its workspace reveals a rich variety of air-cleansing plants, sustainably sourced and re-used furniture and fittings selected for their low toxicity, and flexible

spaces used for yoga classes and other activities.

Cundall came to the City from Farringdon, attracted by the potential to accommodate all its London talent in a single location. Its new HQ has the capacity to host large staff meetings, reinforcing a sense of community and common endeavour.

The lessons learned at One Carter Lane are having an impact. Allen told us: "Businesses are becoming more aware of the benefits that a wellbeing-focused environment can bring." As a result of Cundall's advice to clients, wellness innovations pioneered in the Square Mile are now informing workplace improvements further afield.



Saatchi & Saatchi,
Chancery Lane

Technological edge

New technologies are being employed to improve the user experience of a building. Many of these innovations are at an early stage of development, but the lessons learned from the pioneers promise to transform the way we use workspaces in decades to come.

Mobile and visual recognition technologies are being used to streamline people's arrival in and movement through the workplace, reducing the need for cumbersome passes or check-in procedures. Temperature and lighting levels can be tailored to the needs of teams. Real-time monitoring of resource use and environmental conditions gives businesses an accurate picture of the footprint of their operation, allowing them to make informed decisions about strategy and practice.

New innovations, however, need not be prescriptive. 'Smart enabled' buildings, such as British Land's 100 Liverpool Street, allow occupiers to customise with features appropriate to their needs, which recognises that not all technological innovations are right for all businesses.

Businesses and property professionals tell us there has been a sea-change in what people want from office space – they have moved beyond the fundamentals of space calculations and occupancy ratios to put people at the heart of workplace design and functionality. Recent developments in the Square Mile have been at the vanguard of this new philosophy, pulling together design, facilities and technology to attract and retain talent. An office is not just a building; it is a space that serves the people in it.

Investing in place

Working in the City is no longer simply about offices. Cafes, restaurants and vibrant public spaces are now must-haves for business



Talented people are attracted to buzzy places. As competition for skilled staff intensifies, businesses increasingly recognise that it pays dividends to locate in vibrant, 24-hour places that offer a range of amenities. Place matters when it comes to attracting talent – not just in terms of office space, but also the surrounding environment. Property firms and occupiers emphasise the importance of creating successful places where people want to be. An attractive external environment is increasingly important when marketing and letting workplaces. As Mark Ridley, commercial director at Stanhope and president of the City Property Association, told us: "Place identity is important to occupiers because it attracts talent."

Occupiers see the external environment as more than simply a setting for a building. They prioritise the quality of the public realm and the calibre of nearby cafes, restaurants and coffee shops when deciding on a location. Businesses across the board are paying close attention to the experience of being in a place – what it's like to arrive from a nearby station or to pop out for lunch or to the gym – before they decide whether to lease office space.

One challenger bank told us that these considerations were crucial – much more so than a specific geographical location. Architect Rogers Stirk Harbour + Partners even created a 'food map' of the City when the firm moved offices, recognising the importance of amenities to a happy and productive workforce.

Vital public spaces

Property professionals are building in vibrancy and activity by creating spaces that make people want to spend time there – curating coffee and retail options to bring a sense of vitality and authenticity, for example. These amenities are now such an important part of the offer that developers forego the higher rents paid by chains in favour of independents.

This can be seen most strikingly in cases where a single organisation manages the buildings and the spaces in between – such as Broadgate's campus model – which means attention can be paid to the total experience of workspaces, amenities and the surrounding environment.

Reflecting this new focus, there has been a sea-change in the variety of shopping and eating options in the Square Mile over the past decade. The floorspace occupied by retail units and coffee shops has increased by 56% during that time.¹

This has heralded a change in perceptions. People we spoke to welcomed new venues such as The Ned and the Sky Garden, which have proved a draw for tourists and business professionals alike.



Place identity is important to occupiers because it attracts talent"

¹ City of London Corporation (2017) Retail units in the City of London

Sky Garden, 20 Fenchurch Street →



People have realised that it's essential to have great spaces in buildings supported by great amenities outside"



Image credit: Gareth Gardiner, 2017

CASE STUDY: BROADGATE



Image credit: British Land

The strategic positioning of Broadgate – in the City but close to the burgeoning tech and creative scene of Shoreditch – means the business campus is well placed for an ambitious programme of renewal.

Passers-by might glimpse surprising activities going on. Rather than suited office workers at computer terminals, a pop-up theatre performance might be taking place. This is part of an ongoing programme to animate and diversify the neighbourhood through new uses and activities.

The refurbishment of 2 Finsbury Avenue is a case in point. It now accommodates up and coming Starling Bank and Innovate Finance, while on the ground floor

the Theatre Deli arts café hosts live music, plays, comedy and performance workshops.

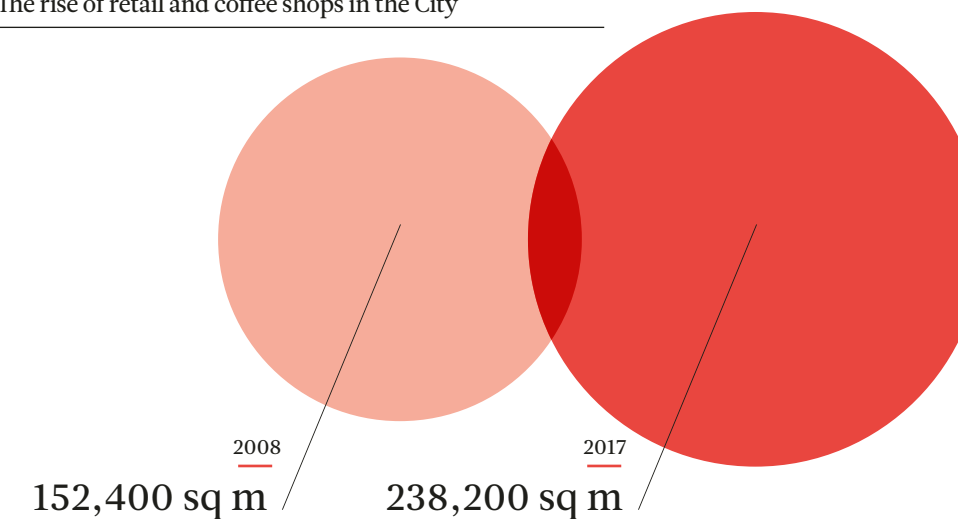
Broadgate has deftly used its campus model to implement improvements. A greater range of cafes, restaurants and bars are enlivening the quarter beyond working hours, while pop-up food stalls, art installations and seating areas are giving people good reason to linger.

David Lockyer, head of Broadgate at British Land, stresses the importance of high-quality public spaces and amenities to business. "We have created a real sense of vitality at Broadgate, which is engaging those who work at the campus and drawing in visitors from across the capital."



Kerb at the Gherkin

The rise of retail and coffee shops in the City



Source: City of London Corporation (2017) Retail units in the City of London

Culture Mile initiative

CASE STUDY: ANGEL COURT



Stanhope's landmark new development, One Angel Court, demonstrates the importance of a high-quality public realm underpinning an engaging new place identity. Occupying a key Square Mile location a short distance from the Bank of England, the development reinvigorated one of the City's first-generation office towers to provide high-quality office accommodation and a marked improvement in the tower's surroundings.

"It's about the 'and - and'" Mark Ridley, commercial director at Stanhope, told us. "People have realised that it's essential to have great spaces in buildings supported by great amenities outside."

Among the cafes and restaurants at Angel Court are Peruvian venue Coya, alongside Natural Kitchen and coffee and wine bar Notes. It's a ground-floor mix that has brought a welcome sense of vibrancy and vitality to Angel Court.

By providing great options for breakfast, lunch and evening dining, the reinvigoration of Angel Court shows that businesses are paying increasing attention to the 'full day experience' and creating places where people want to be. This has proved an attractive proposition for a broad range of occupiers.

2 Z/Yen (2017) The Global Financial Centres Index 22
 3 Katz and Wagner (2014) The rise of innovation districts
 4 Martins (2015) The extended workplace

With thanks to

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These include:

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About the City of London:

- The City is one of the densest business agglomerations in the world, with 483,000 workers in the Square Mile
- The City is a world-leading business centre; three-quarters of the City's jobs are in financial, professional, and related business services
- The City is home to a growing tech industry – information and communications jobs increased by nearly 60% in the six years to 2016
- The City is a dynamic environment for businesses – 1,200 businesses start up in the City every year, and around another 1,200 choose to move into the City
- The City is rich in talent – 68% of workers are employed in high-skilled jobs
- The City is young and open – 61% of professionals are aged between 22 and 39, while 41% hail from overseas
- The City is growing fast – 50% of floorspace has been completed since 1996, and 1,350,000 square metres of space is currently under construction
- The City is home to 13 new planned towers in the growing Eastern Cluster, which will accommodate 60% of the City's growth over the next decade
- The City is full of opportunities to collaborate, with 400,000 square metres of co-working spaces in the Square Mile
- The City is at the heart of a dense transport network, with 20 stations in or close by the Square Mile, connecting the City to the whole of London and the south of England. By 2019 the Elizabeth Line will bring 1.5 million more people within a 45-minute commute of the City and central London