



CREDIBLE THINKING

TOWN CENTRE V OUT OF TOWN OFFICES: THE FUTURE ACCORDING TO COVID 19'



WRITTEN BY

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The last month has seen unprecedented social change and with it, a plethora of different opinions over the future of the UK's office market. With the continuing commentary surrounding the future of We Work, IWG and the whole serviced office sector, taken together with the rapidly expanding Zoom conference calling phenomenon, what is this going to mean into the second half of 2020 and beyond?

For a start, I think I speak for most people in that I had never envisaged having a Zoom wine tasting party on a Saturday night with our friends, sitting at our kitchen table and actually enjoying it. The social interaction was welcome and it felt like a night out – or was that the alcohol and a month cooped up at home affecting our state of mind? Who knows, but it felt pretty good.

So, do we actually enjoy the social interaction of going to work? I know I do, but perhaps going forward I won't be going into the office for a full 5 days each week? Without question, employers and employees will get more used to home working, so what will that mean for take-up of office space? What size and shape of physical property will occupiers look for when we come out of lockdown? One thing, change won't immediately be rapid given the long-term lease structure of the UK's market and the physical time restraints in building, refurbishing and launching office space into the market.

What about transport with social distancing measures in place, how will employees get to work in the future if these measures don't end in the medium term? Will we all want to bundle into the tube, bus or tram during rush hour given the worries about potential infection? Do you remember all of the 'defunct' out of town offices in the UK that the major institutional investors have shied away from in the current cycle? These aren't built on the use of busy public transport, but the environmental pariah called the car. Will the rise of the Millennial employee who has so far demanded to be in a town centre change their opinion? We know that trends grow very quickly on social media so what if the public transport

system doesn't open quickly post lockdown – just how will employee's get to the office?

Perhaps it will mean that employees will want to drive to a Business Park, with its abundant car parking, allowing them to 'social distance' on their commute. Once in the office, large expansive open plan floor plates will allow 'social distancing' to continue and even on lunch break, instead of heading to a busy Pret a Manger, you could go for a stroll around a parkland environment.

Would that be going back to the dark ages in terms of how we occupy office buildings? Perhaps not. Especially if employees can plug their driverless electric cars into environmentally friendly charging points in off peak times in the sea of car parking surrounding their office building.

I'm not saying that Business Parks are going to be the major highlight of property investment going forward but they will become more important for occupiers in a post COVID-19 world. A defensive play both for occupiers and investors. Electric charging points, easy access by personal car, wide open spaces and large floor plates. Sounds good to me but then I've been championing the Business Park for 20 years.

Perhaps I am barking up the wrong tree here. Perhaps we as humans are fickle and forgetful, and as soon as we leave lockdown will we all revert back to type. I know for one, I'll be thinking a little harder about the daily commute and how we use offices going forward. I'm sure employers and employees will be too.

The rise of Zoom Video Communications - reflected in its share price

\$68.72

1st Jan 2020

vs.

\$150.25

23rd April 2020

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