

# UK Office Occupiers' Survey 2022

What commercial occupiers want from the office this year



**Welcome**





# Welcome

The business landscape has changed hugely since we last surveyed office-based businesses in 2018.

The UK has left the EU, COVID-19 has come and stayed with us – creating a new way of working for many – and more recently the economy has been hit by inflationary pressures, the fuel crisis and instability in Europe. These impacts have provided a catalyst for change in the way in which landlords and tenants view their office space. Despite predictions that “the office is dead,” our survey shows that the office still has a real place in our working life. However, its purpose is being re-evaluated to reflect current and future business needs.

We’ve teamed up with YouGov to survey more than 500 business senior decision makers, who have a responsibility for office occupancy decisions.

We've asked them for their thoughts on their post-pandemic office requirements, areas of opportunity and concern and their approach to the hot topic of environmental, social and governance (ESG).

We also spoke to Knight Frank about what was important to them when choosing their new Birmingham office. Their landlord, Sterling Property Ventures, also discusses the development of one of the city’s greenest office developments.

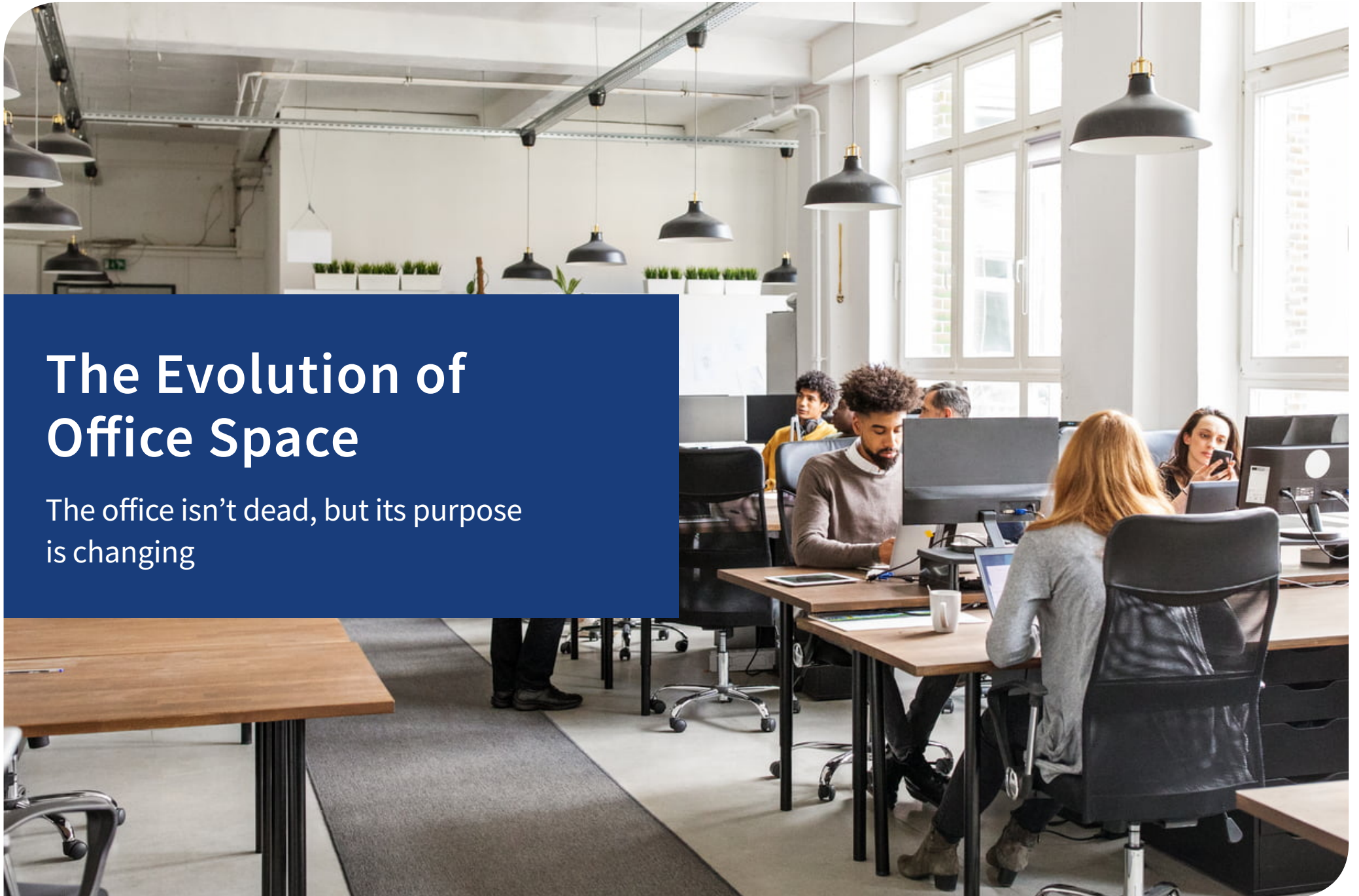
I hope that you find this report useful. Please do get in touch if you’d like to discuss any of the issues raised.



Adrian Barlow  
Partner and National Head of  
Real Estate

# The Evolution of Office Space

The office isn't dead, but its purpose is changing





## The Evolution of Office Space

When considering their office space, larger businesses appear to be the most responsive to the challenges of the past few years.

Nearly half, 46%, of large businesses and 39% of medium sized businesses are now looking to either upsize, downsize or relocate their office space.

Many of these have been driven by financial motives, with 33% of large businesses citing a desire to save on occupier costs. The pandemic has given them the opportunity to reassess what their office space is needed for.

35% of such businesses said they were responding to the changing ways their employees are working following the pandemic.

This includes accommodating different working patterns, providing greater flexibility in how or where their employees work, and to attract and retain staff.

The pandemic has led employees to review their priorities: when, where and how much they want to work. Employers seem to be taking this change on board.

[According to the Daily Telegraph, as many as half of British workers are considering changing their job.](#) Businesses will be looking to retain good workers, offering as an incentive flexible working environments adjusted to their needs.

# 33%

of large businesses that are changing their spaces cited a desire to save on occupier costs, but 35% cited employee needs (such as accommodating flexible working).



Looking across all the businesses surveyed, the number looking to change their office space is 29%.

56% of businesses overall are planning to keep their existing space and another 11% are planning to reorganise their current offices.

The difference in attitude is most acute in smaller and microbusinesses. Only 21% of these businesses are looking to alter their office space in some way and 64% are planning to stay the same.

This is probably a sign of financial caution in this sector following the pandemic.





## Timing is everything

For those who have decided to alter their office space, changes are being planned and executed swiftly.

73% of all businesses who are changing their requirements (including 63% of large companies) will do so within a year.

One of the main constraints to taking immediate action is cited as lease terms. Large businesses gave this as their main reason for not moving sooner.

Both microbusinesses and small businesses cited financial and operational issues as their main constraints to moving.

Concern about the UK economy and pandemic uncertainty also scored highly in their decision-making.

By contrast, among the larger businesses who are delaying changing their requirements, there is an uncertainty on how new working patterns would work.

This is a factor which again puts a brake on any major decision making at this point.

Current lease terms are the main constraint preventing large companies from changing their office space within the next 12 months.



## Expert Advice

What kind of issues will a corporate occupier need to consider if they want to move? Partner Tim Rayner gave us the facts to help ensure a smooth transition.

### **Expiry of fixed term**

Where the occupier has vacated, a lease will end automatically at contractual expiry without the need to give notice.

If a occupier is moving to other premises, they may want to try and negotiate a flexible period after the end of the lease to ensure a short overlap.

That may be easier to achieve by the tactical use of notices and lease renewal proceedings if the lease has security of tenure. Otherwise, it'll require the landlord's consent. In either case, it's worth remembering that flexibility tends to come at a premium.





## Surrender

A surrender is a way to end a lease early - but it requires the landlord's consent. If the landlord doesn't have another occupier lined up, that consent may require a premium. This may factor in the rent and other lost income to the end of the term, as well as the occupier's likely dilapidations liability. Simply abandoning a property will not terminate the lease or the liabilities arising under it.

## Break option

An occupier can unilaterally terminate a lease early if the lease contains a break right. Frequently, leases contain pre-conditions which need to be satisfied for the lease to be broken. As a minimum, notice will need to be given. Other conditions might include a requirement to pay the rent or vacant possession.

Even these more basic pre-conditions can contain traps.

If there is sufficient uncertainty as to what needs to be done to comply it may be appropriate for an occupier to consider adopting a twin-track approach: seeking to comply with the conditions as best they can on the one hand, whilst encouraging the landlord to accept a surrender and a payment instead of compliance, on the other.

In almost all cases, it'll be necessary to instruct a specialist solicitor to serve notices and provide advice on what is needed. Particularly in the current climate, landlords may be keen to hang on to their rental incomes and argue a break has not been properly exercised. Solicitors can help tenants navigate these challenges.

It's not unheard of for occupiers to tactically give notice to break a lease of a property they actually intend to continue to occupy.

This is to prompt the landlord to offer a rental reduction, especially in a weaker market. This can be effective but it remains a risky option, not least because once served, a break notice cannot be withdrawn, even by agreement.

## Don't forget about dilapidations

If an occupier leaves a property in a poor condition at the end of the lease, they may face a claim by the landlord for dilapidations. Dilapidations can be a significant cost for occupiers and should be considered early as part of any overall exit strategy.

Ideally an occupier should actively consider whether to undertake the remedial works before lease end. As a minimum the occupier should instruct a surveyor to record the condition of the property before lease end.

### Tim Rayner

Joint National Head of Real Estate Disputes and the Corporate Occupier sector



## Offices with purpose

Propelled by the change in working patterns caused by the pandemic, our online survey found that attitudes towards the purpose of the office have also changed. However, the vote for the office remains high.

Very few of those surveyed who are planning to change their property requirements - just 6% - plan to have their workforce working from home full time.

This reinforces the view that while the purpose of the office may have shifted, the need for a workplace is still very much alive.

40%

of businesses see the office as an important space for collaboration and 40% feel their staff work better in an office







Overall, the top two drivers selected were that 40% of businesses believe staff work better in an office and 40% see the office as an important space for collaboration.

This was particularly echoed by larger businesses. 54% said the office was an important space for collaboration. A following 37% said the office is important as “a place to nurture our employees in a way that embodies our culture”.

Such responses could be interpreted as a move away from the traditional view of an office, as a place for employees to work five days out of seven. Instead, it’s becoming a place workers may only need to attend a few times a week to collaborate, exchange ideas and meet colleagues.

A commute to the office must have purpose, particularly as employees seek greater work/life balance and flexibility.

The knock-on effect of this shift extends to a decrease in desirability of on-site services such as gyms, concierge and restaurants. Just 5% of businesses now believe that these facilities would fall within the top three employee wants.

## Expert Insight

Many employers recognise that asking staff to go back to working in an office five days a week is a non-starter. The 'new normal' is to adopt an agile, flexible or hybrid working arrangement, allowing employees to combine working from home with coming into the office. Our survey indicates that businesses are worried about being able to attract and retain staff. They're right to be concerned. We know from widespread reports into the 'great resignation' that up to a third of UK workers are considering changing their jobs this year. In many cases, they want a better work/life balance and aren't prepared to go back to the way they worked pre-pandemic.

The employers who are successfully navigating this issue are those who are thinking what staff want from the workplace and designing workplaces to accommodate that. It's not about gyms or fancy coffees. The focus is what staff can get out of being in the workplace that they don't experience at home. One of the most important aspects is being able to easily share ideas and collaborate with colleagues. Fixed 'anchor days' are becoming a popular way to encourage teams to come together, go out for lunch and meet clients.

Some employees will still be worried about the risks of getting COVID-19 if they return to the office. This will be particularly prevalent now, as cases are increasing rapidly again.

Anyone who's nervous about returning, perhaps because they have an underlying health condition (or live with someone who has) will want to know what steps their employer is taking to protect them.

We're advising clients to continue to review their risk assessments on a regular basis. The government has put a huge emphasis on the need for offices to be properly ventilated. But there are other steps they can take too, such as making sure that teams are not crammed together and work surfaces are regularly cleaned.

All these considerations create a healthy and attractive workplace, encouraging staff to feel comfortable and motivated to visit their office.

### **Jo Moseley**

Practice Development Lawyer





## Location, location, location

Businesses gave a diverse range of responses as to the locations they were interested in.

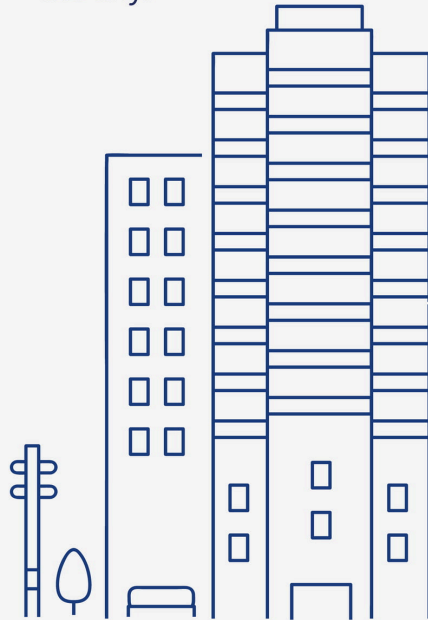
Unsurprisingly cities remain very popular, with 50% of businesses saying they'd prefer to stay either in a city/town centre or on the edge of the city.

This was particularly high with large businesses, where 68% gave a vote to being in or around the city.

With 43% of respondents concerned about recruiting and maintaining quality staff, it's easy to understand why cities remain an attractive option for businesses of all sizes. They offer large and diverse populations, with young or emerging talent attracted to the opportunities city life offers.

# 50%

of businesses are saying they'd prefer to stay either in or around the city.



However, our survey also revealed an increasing vote for flexible/serviced office space like WeWork.

Nearly a quarter (24%) of businesses planning to change property requirements said they would be looking at flexible space.

This rose to 35% among the larger corporates, and across all businesses, included a vote from legal and IT businesses (46% and 55% respectively.)

This desire for more flexible space may be a move to reduce fixed overhead costs. More likely, it could be to increase flexibility as businesses work out their occupancy needs following the pandemic, before tying themselves into a more constrained lease.

# 24%

of businesses are considering flexible or serviced spaces.



# Recruitment, Retention and the Great Resignation

The office is important for attracting and retaining staff in a fiercely competitive market.





## Recruitment, Retention and the Great Resignation

Over the course of 2022, it's estimated that 40% of employees will move jobs, with 18% certain to move, according to [McKinsey & Company](#).

This change has, to some extent, been driven by the pandemic, with people changing the way they think about work and life, now termed 'the great resignation.'

Our survey found that 43% of all businesses, rising to 54% of medium sized businesses and 62% of large businesses cited recruiting and retaining staff as one of their biggest threats to their business.

This is creating a major headache for employers, who are now considering new ways to differentiate their employment offer to better attract and retain talent.

Changing or improving the office environment to meet new demands and keep employees happy could be a relatively easy win compared to replacing valued talent.



## Employee expectations from the office

According to commercial interior design agency [Morgan Lovell](#), before the onset of COVID-19, we were witnessing a move away from workplace 1.0 to workplace 2.0. This was essentially a shift from binary working space (a desk or meeting room) to using hot desks and breakout rooms to support agile working.

The pandemic has forced a sudden shift to a different way of working. Rapid uptake in home and now hybrid working has brought its own challenges and opportunities. 43% of all businesses planning to change property requirements (and 38% of large businesses and 62% of medium sized businesses) said their occupier needs are changing to cater for employee trends.

They're looking to accommodate increasing numbers; offering different working patterns; responding to employee demands or trying to attract and retain good staff. This reaffirms that there's still a requirement for the office – its purpose is just changing.

As we move back into the office following the pandemic, we asked businesses what top three things they felt their employees now expect from and valued about the office.

These top three requirements are similar for medium sized businesses. Employers at small and micro businesses also believe employees would like the office to be easily accessible from home (43%), rather than close to public transport (18%).

From those working in larger businesses, the top five employee expectations appear to be:

Modern, quality space

48%

Great WIFI and technology

44%

Agility/flexible working

43%

An environmentally friendly/healthy building

37%

Proximity to public transport

24%



Interestingly, having good shops and leisure conveniences nearby were not as important as might be expected. Only 8% of large businesses said this was important to their staff.

Perhaps this reflects the move to hybrid working, with employees now partaking in these activities nearer to home.

37% of large businesses said an environmentally friendly/healthy office was important to staff.

Drilling down further, the three most important factors needed to create a 'healthy building' reflect new post-pandemic behaviours and concerns: fresh air or good ventilation; natural light; and space between desks.

These choices were followed by personal space individuals can control.

It can be argued that these requirements reflect what employees have become accustomed to when working from home over the last two years.

They also reflect the general increased focus on wellness in the workplace.

Across all businesses, gyms and touch-free technology were down the bottom of the list, with 2% and 2% of the vote respectively.

## Businesses believe that the most important factors which create a healthy building are:

Fresh air/good ventilation

76%

Natural light

76%

Space between desks 37%

Personal Space Individuals Can Control 31%

## Expert Insight

The last two years have undoubtedly changed attitudes to attendance at the office. This survey highlights the ever-changing attitude of occupiers, driven by conversations with its workforce and the need to attract and retain talent.

Businesses are now asking their employees what would attract them back to the office and what they now expect from their workspaces.

In the wake of the pandemic, gone are the requirements for onsite gyms, bars or pool tables. Workers now want better access to outside space, fresh air and a more environmentally sustainable building.

The pandemic has taught us all how important fresh air and ventilation is. While this hasn't been considered the most important factor in the past, now management of indoor air quality is vitally important to office occupiers.

We've seen a shift during the last two years to bring indoor air quality into environmental management plans for buildings and also, for the individual tenants.

This is seen as a move to prevent future pandemics by drawing on the lessons learned during COVID-19.

It's also reflecting recent studies showing indoor air quality being significantly poor, leading to health concerns for the people who occupy the spaces. As recruiting and retaining talent remains a priority, it's in businesses' best interests to provide a healthy and attractive workspace for colleagues. This links back to the overall environmental setting of a building.

Occupants want to make better use of the space available, with access to sustainable transport, quality space and facilities. They also want to enable people to travel to work by healthier means, such as cycling or running.

### **Claire Petricca-Riding**

Partner and National Head of Planning & Environment





## Supporting junior staff

One of the biggest challenges of home working has been the [lack of mentoring opportunities for younger staff](#). As digital nomads, Generation Z is thought to be the most adaptable to working from home. But research from McKinsey & Company also shows that they are amongst the most eager to return to the office in some form.

The data suggests that almost half of those falling into the Gen Z bracket want hybrid working, compared with 44% of 30 to 49-year olds and 38% of those aged 50 and over, according to the [BBC report](#).

Businesses are encouraging the return to office for those aged 45 and over, due to the need for them to mentor younger colleagues.

62% of large businesses and 56% of medium businesses said that having the office as a place to nurture and mentor staff is important.

Our survey also showed that a quarter or more of large (25%) and small businesses (28%), and a third of medium businesses (33%), valued the need to mentor staff as one of the two main purposes for their office.

The office is still therefore an important place to train, mentor and look after staff, as well as getting the best from them as teams collaborate. By making these colleagues feel valued and invested in, businesses hope they'll be able to motivate and retain their young talent amidst fierce competition.



## Large firms more aware of disability compliance

One area of marked contrast between large and small employers is the attitude towards compliance with the government's [National Disability Strategy](#).

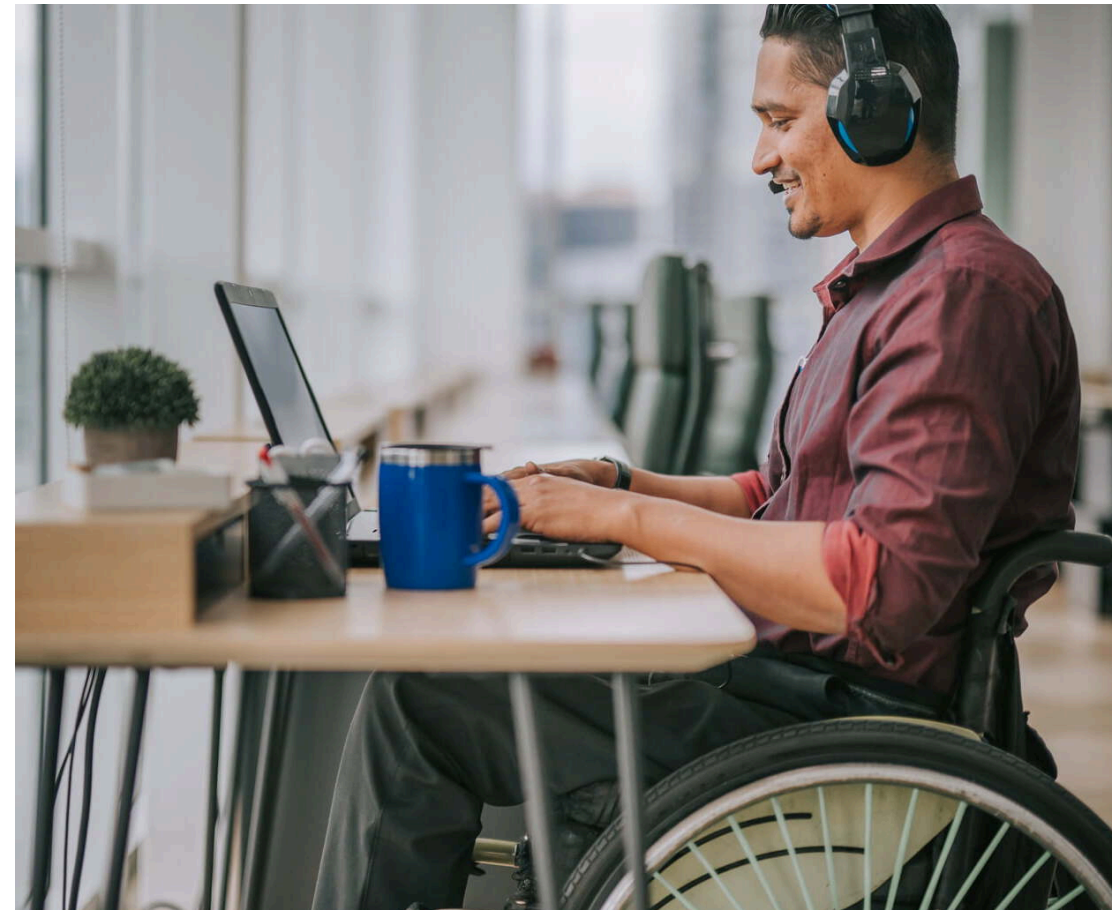
The Strategy, published in July 2021, sets out a series of initiatives to help the UK's 3 million people with a disability or long-term health condition into work.

One initiative encourages employers to recruit, retain and progress employees who have disabilities. Another looks at transforming the Access to Work Scheme.

This scheme helps those who need to access the equipment and services they require to travel to, and perform in their work. This includes providing accessible office space.

According to our results, the Strategy is backed by large employers with three quarters (75%) of larger businesses saying that compliance with the Strategy was either important or very important when deciding on office space.

This fell to 61% for medium sized companies and 39% for smaller and micro businesses. 13% of respondents in microbusinesses said they did not know about the strategy, as did 10% of businesses overall.



## What you need to know about the national disability strategy

Last July, the government published a policy paper setting out its national disability strategy. It outlines a number of areas, including work, where improvements need to be made to help transform the everyday lives of people with disabilities.

### Work

Of the 7 million working-aged people with a disability or long-term health condition, only 55% are in work. To improve this, the government plans to:

1. Improve the support available to people with disabilities to help them to start or remain in work, which will mainly be driven via Job Centres.

2. Encourage employers to recruit, retain and progress employees who have disabilities by creating inclusive workplaces.

To do this, it'll review its Disability Confident employer scheme, promote the voluntary reporting framework, and disseminate best practice guides to employers (which will be aimed at SMEs).

The Disability Confident scheme has been in place for several years.

It helps employers make the most of the talents people with disabilities can bring by “providing them with the knowledge, skills and confidence they need to attract, recruit, retain and progress disabled people in the workplace”.

It also requires employers to commit to offering to interview people with disabilities that meet the minimum criteria for the job. The review will consider how well the interview requirement is working in practice and explore further ways of “encouraging” employers to progress through the scheme effectively.

3. Strengthen workplace rights, “encourage” flexible working, and “introduce carers’ leave”.

These are not new proposals. The 2019 Queen’s speech outlined the government’s plans to make flexible working the default position unless employers have a “good reason” not to. Research indicate that offering flexible working arrangements increases job applications by 30%.

4. Transform the Access to Work Scheme by making it fully digital and “radically” improving employers’ and disabled people’s experience of using it.

### Will anything change?

Many of these changes could make a real difference to some people. But the majority are couched as “proposals”, “considerations” and “encouragement” and are unlikely to have any major impact unless they are backed up with legal requirements that employers and landlords have to follow.



# The Office of the Future: a case study

A tenant and landlord view of Knight Frank's new office at 103 Colmore Row, Birmingham





## Embracing The New

We're now hopefully post pandemic and are seeing a real acceleration in people returning to the city centre. But without doubt, the world of work is changing.

Next wave technologies are emerging and the war for talent is intensifying.

While every business is different, organisations are seeking to reinvent and redefine working practices by utilising the positive aspects of hybrid working models. The Birmingham office of Knight Frank is no different.



Our people were our highest priority when relocating our Birmingham office, and how we prepare business for the future. It was key we considered spaces, meetings, travels, events and importantly the work/life balance. The shift to a more flexible and inclusive dynamic meant we had to give greater consideration to the connectivity of different locations.

Our physical and digital presence will have a direct impact on the future of our workplace and how we'll interact, move around and conduct business. These factors led us to seek office space that is both attractive to staff and able to compete with alternative work settings, such as home. The office increasingly needs to provide employees with more than they can obtain elsewhere.

So the opportunity to acquire space within an amenity rich building, particularly related to health and personal wellbeing was compelling. The office increasingly needs to provide employees with more than they can obtain elsewhere. So the opportunity to acquire space within an amenity rich building, particularly related to health and personal wellbeing was compelling.

The momentum growing around the human impact on the environment and our planet is incredibly important to Knight Frank. We are committed to a wide range of environmental initiatives. Having the opportunity to relocate to a building with ESG at the heart of its design was also too good an opportunity to miss.

Our new location is Birmingham's first EPC A-rated office building and the only one to date connected to the City-wide district heating system.

As a partnership, we feel this sends out an important message to not only our clients but our people. We feel that Real Estate should prioritise carbon reduction and in acquiring space at 103, we're practicing what we preach and leading from the front.

In addition to the above, 103 Colmore Row is in a super prime location and provides a new landmark on the skyline for the City.

As a development it has raised the bar in terms of design, quality of space provided and occupier experience. The floors offer the tenants and their clients unrivalled views of the City - why wouldn't we want to be part of this building?

**Ashley Hudson**

Partner, Knight Frank





## 103 Colmore Row

The landmark 103 Colmore Row was completed at the end of 2021. It delivers over 230,000 square feet of Prime Grade A office space over 26 floors in the centre of Birmingham's business district.

The site was formally occupied by the Natwest Tower, which was no longer fit for purpose and had to be demolished. The existing basement was retained however, ensuring circa 400 tonnes of embedded carbon remained on site.

Sustainability and wellbeing are at the core of 103 Colmore Row. It's the first privately owned commercial office in Birmingham's central business district to benefit from the city's District Energy Scheme, which provides a low carbon source of energy.

### Other key features of 103 Colmore Row include:

- Fresh air ventilation and floor to ceiling glazing which floods the floorplates with natural light, both of which are important for staff wellbeing
- BREEAM Excellent rating and an EPC A
- 100 per cent renewable sources for its electricity and the gas supply for the restaurant. This, alongside the district heating, makes it one of the cleanest and greenest office developments in Birmingham
- Parking which includes spaces for charging electrical vehicles as well as 92 bicycle spaces and shower/changing facilities. Occupiers are encouraged to take up the City Council's Travelwise scheme. This scheme encourages the use alternative modes of transport for commuting, reducing car journeys into the city.

The building is the first in Birmingham to combine enhanced facilities management with smart tech, via its own mobile app, to deliver an unrivalled occupier experience including:

- Virtual concierge services and meeting room bookings
- Exclusive offers from local shops bars and restaurants, information about what's on in the city, news and updates about the building, and real-time travel information
- Access to real time data about the building's energy performance and usage for the on-site property and facilities management team. Occupiers will also have access to their own energy performance, enabling them to demonstrate their environmental credentials.

**Sterling Property Ventures** – why we're committed to creating better buildings and a greener future

For landlords and investors, ESG is becoming more and more important. We certainly noticed an increased focus during the construction of 103 Colmore Row.

For landlords it can impact the ability to acquire properties, with banks factoring sustainability and green performance into their lending criteria. For investors and landlords, ESG can affect tenant demand, which in turn may impact rental levels and the overall investment value of a building.

Occupiers are also increasingly asking for more green and engaging spaces and facilities in their offices, both for staff wellbeing and productivity.

The more engaging a building is, the more engaged and productive employees are likely to be. It was therefore important we created the best possible platform for our future tenants to grow.

We're extremely proud of the BREEAM Excellent and EPC A ratings. These credentials make us stand out from the crowd and are one of the reasons our tenants have chosen to move to 103 Colmore Row.

Undoubtedly, they've been pivotal in the huge letting success we've had to date.

As a best-in-class building, we feel 103 Colmore Row is delivering where it matters.

For today's environmentally and ethically minded businesses, this means providing much more than just office space. The buildings they occupy have to reflect their own corporate values, particularly where ESG is concerned.

We're immensely proud of what we've achieved. We hope it lays down the marker for even better buildings to be built in Birmingham as we all move towards a greener future.

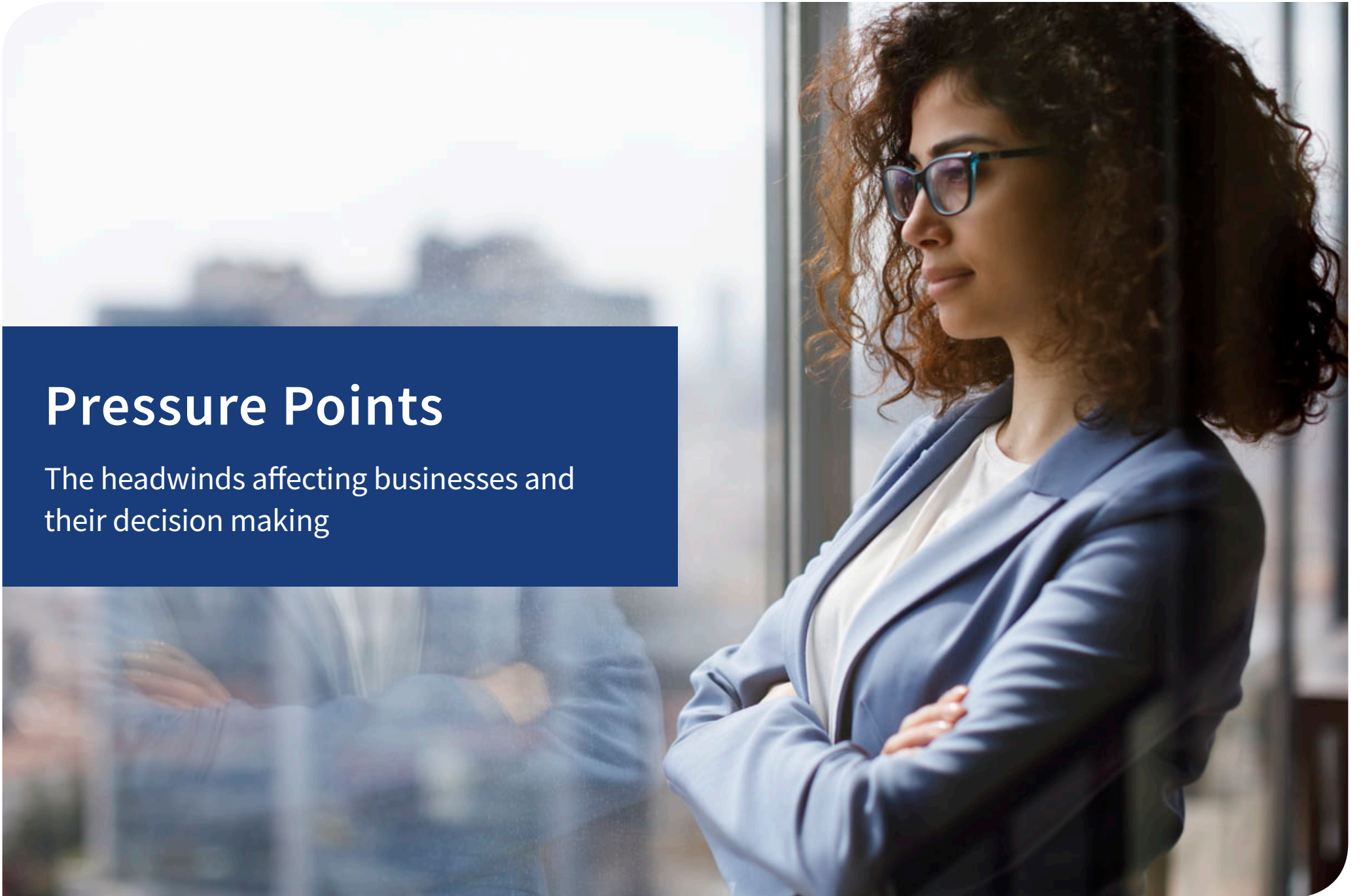
**Andrew Hawkins**

Development Director, Sterling Property Ventures Ltd



# Pressure Points

The headwinds affecting businesses and their decision making





## What's worrying businesses in 2022?

At the time of this survey (January - February 2022), we asked businesses what their main concerns were going forward.

Across all businesses, top of the list remains the fear of recruiting and maintaining good staff, at 43%. Businesses also stated their concerns about the impact of the pandemic, 36%, followed by the long-term impact of Brexit, 35%.

These fears were statistically significant among larger businesses, where the pandemic was cited by 45% of respondents and the impact of Brexit by 40%.



of businesses believe that the long term impact of Brexit presents the biggest threat to them whilst 36% believe it to be the pandemic

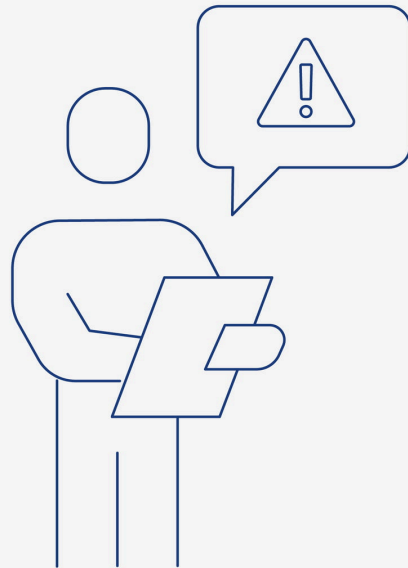
This is no surprise. England only recently ended the last of its COVID-19 restrictions, with medical experts cautioning that [the pandemic is not yet over](#). Businesses will be mindful that the situation could quickly change if the virus becomes more aggressive or there are new variants, which could potentially impact the way we work once again.

According to newspaper reports, a number of businesses have called upon the government for help with Brexit-related issues. Challenges cited (particularly by small businesses) include increased bureaucracy and delays costing more time and money.

28% of large companies and 26% of medium companies also stated cyber-attacks as a threat to business. This concern may have escalated in recent weeks, given the growing political turmoil in Europe.

# 28%

of large companies and **26%** of medium companies also stated cyber-attacks as a threat to business.



Lower down on the list in terms of worries were employment laws (13%) and currency fluctuations (9%).

Other concerns mentioned across all businesses include respondents citing rising energy costs and inflation as threats to their businesses.

For a number of smaller businesses in particular, the recent rise in energy costs [could be their breaking point](#).

Combined with UK [inflation at a thirty-year high](#), and the recent unrest [threatening to raise fuel prices further](#), it's understandable why so many businesses have cited these factors as a threat to their prosperity.

One quarter of smaller and micro businesses also cited regulation as an issue.

This appears to be significantly less of an issue for larger businesses (17%), who have more access to professional teams to help with this.

The result of these concerns does seem to generate an overall sense of caution.

As discussed earlier in this report, the general mood appears geared towards saving costs (25% across all businesses). 33% of large businesses and 31% of microbusinesses cited saving money as the main reason for changing their office requirements.



# The Green Agenda

Actions taken by offices to reduce their environmental impact



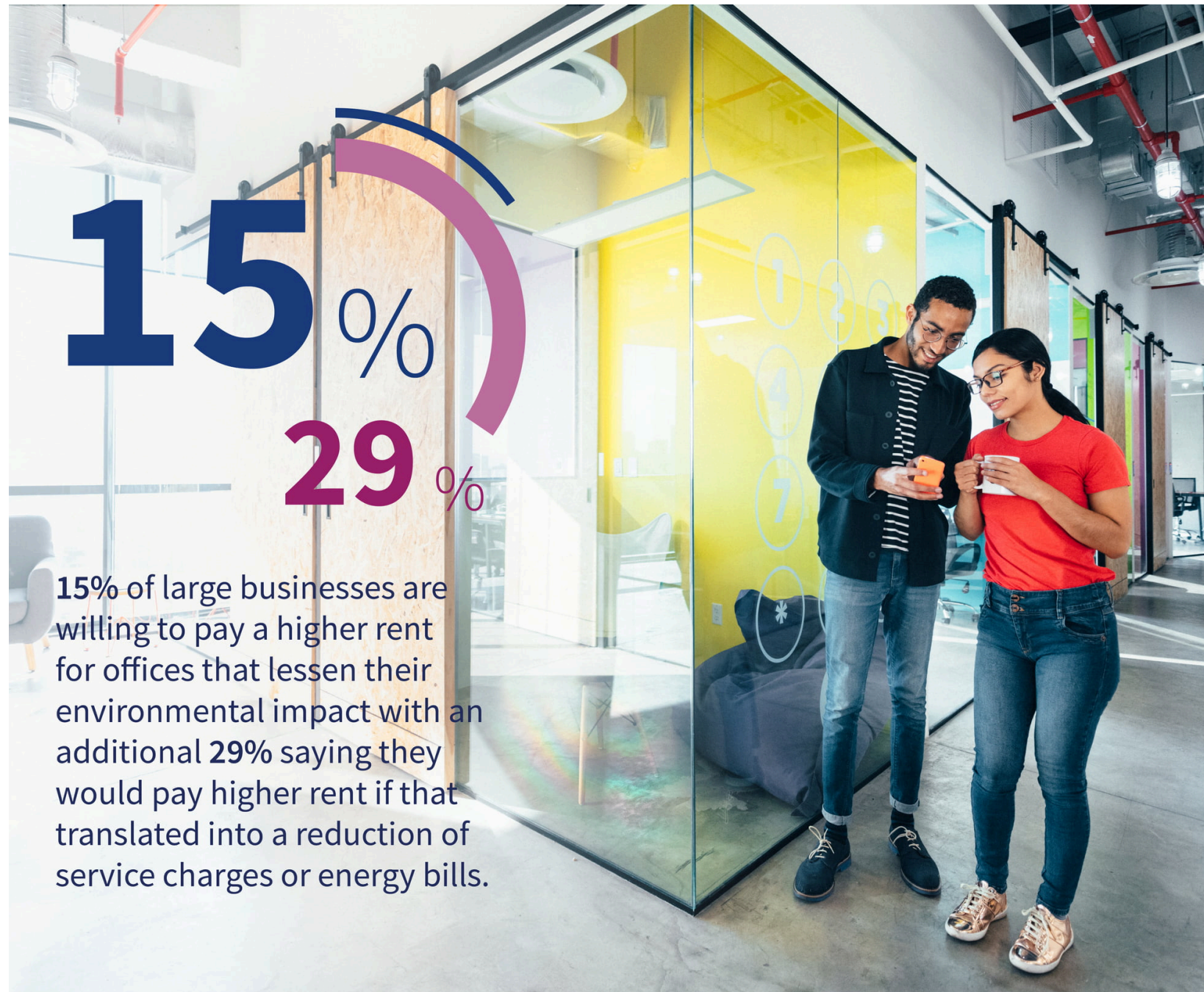


## A Vote for The Green Agenda

With climate change a key debate in the public sphere, pressure is growing on organisations to use their platforms to drive change.

Larger businesses with a greater carbon footprint are being increasingly held to account by customers, employees, investors, other stakeholders and lawmakers alike.

The European Commission recently laid down rules for companies to pay due diligence to human rights and the environment throughout their value chains.



15%

29%

15% of large businesses are willing to pay a higher rent for offices that lessen their environmental impact with an additional 29% saying they would pay higher rent if that translated into a reduction of service charges or energy bills.

Our survey revealed that most businesses do plan to reduce the environmental impact of their office.

Only 19% claimed they would make no changes, a figure which fell significantly to 14% for larger corporates. 15% of respondents from large businesses even said they would be prepared to pay higher rent for greener office space.

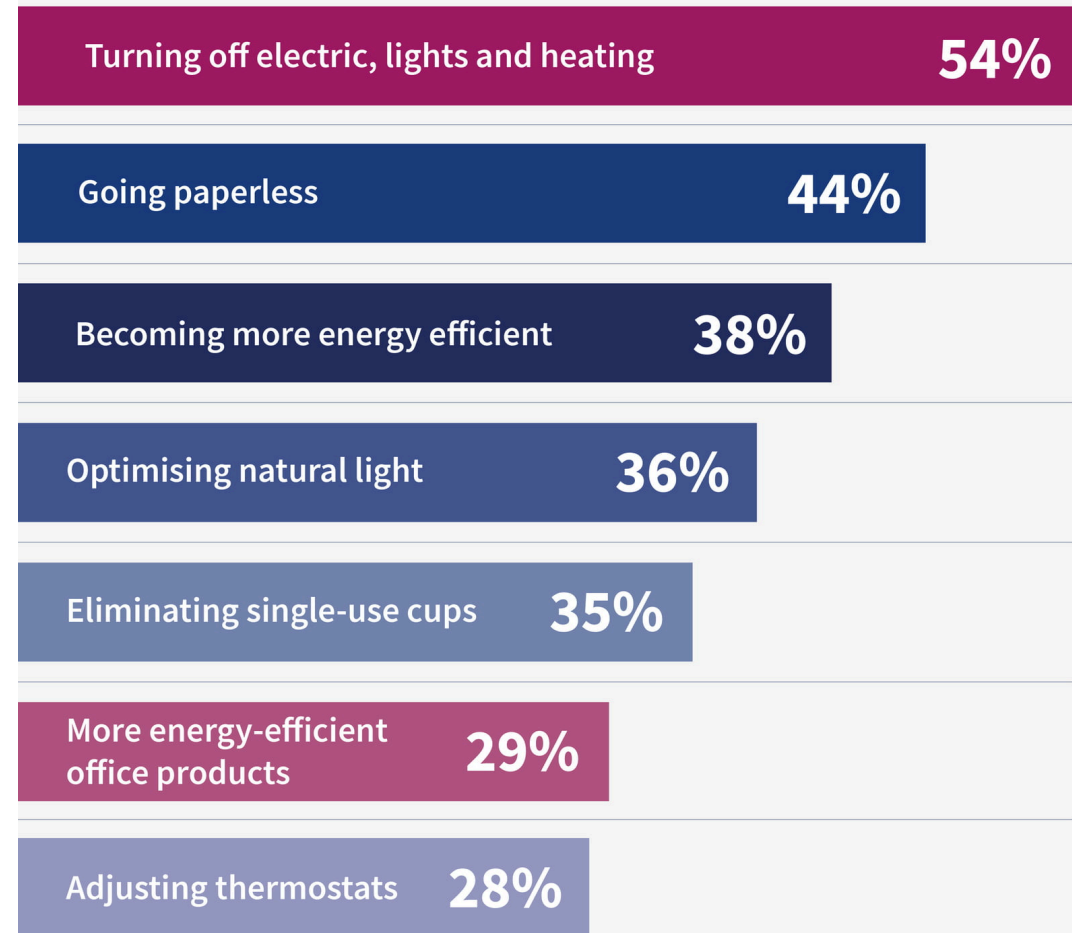
An additional 29% said they'd pay more if there was some financial benefit as a result, such as a reduction in service charges or energy bills. By contrast, 51% of small businesses said they wouldn't be willing to pay more rent to follow the green agenda.

The issue is that adopting greener practices can be – or at least are perceived to be – costly at a time when businesses are trying to save money.

This could be short term thinking. As Blackrock Chief, Larry Fink said in his [2022 Letter to CEOs](#), businesses ignore the green agenda at their peril:

“I believe the decarbonizing of the global economy is going to create the greatest investment opportunity of our lifetime. It will also leave behind the companies that don't adapt, regardless of what industry they are in. And just as some companies risk being left behind, so do cities and countries that don't plan for the future. They risk losing jobs, even as other places gain them. The decarbonization of the economy will be accompanied by enormous job creation for those that engage in the necessary long-term planning.”

From our survey, favoured green measures across all companies include:





For most of the businesses we surveyed, green measures seem to translate to improving habits that can save costs, rather than investing in future technologies.

The belief tends to be that small changes, performed by employees across the company, can have a big impact. Measures requiring spending money appear to be less favoured.

Across all businesses only 11% would consider hiring a dedicated sustainability team, for example.

Similarly, just 13% would consider investing in PropTech. However, the figures are again significantly different for larger corporates which play out at 36% (to have sustainability team) and 30% (to invest in proptech) respectively.

The overall picture seems to be that, for now, green decisions are still being driven by financial considerations.

Only the larger companies seem to be able to take the long-term view and invest accordingly.





# Proptech - the preserve of the larger corporates?

How businesses are using proptech to support their offices



## Proptech- the preserve of the larger corporates?

The larger corporates and smaller businesses differ in their approach to the use of proptech in running their businesses.

It's a rapidly growing industry - [JLL Technologies reports a 300% growth](#) in the use of proptech over the past decade, and it's unlikely to stop. Our survey results highlight that many businesses have not grasped these opportunities yet. 68% of all businesses who responded to our online survey said they had no willingness to invest in proptech, although this figure is distorted significantly by smaller and micro businesses (80%).

83% of microbusinesses and 76% of small businesses said that they would not consider using proptech for anything.

Although these figures are high, this result is not particularly surprising since smaller businesses are less likely to reap the benefits of prop tech.

This is largely because large scale or fluid occupancy fluctuations don't apply to their businesses. And in current climates, the investment could be deemed as an unnecessary expense.

Large businesses have also bought into proptech to help meet their post-pandemic office requirements. With employees attending the office at different times of the week, proptech can help find workspaces, arrange meetings with colleagues and improve efficiencies through online receptions and registrations.

Proptech is used by large companies for:

For digital desk booking, reception and registration

28%

To improve physical security

25%

To provide data for decision making and occupancy management

22%

# Our Response

How Irwin Mitchell is evolving its own offices to meet new demands from our colleagues, clients and communities





## Our Response

Throughout our lives, we've experienced change and how we work has continuously evolved; admittedly sometimes slowly.

There are periods in time when a seismic change occurs and at the moment we are leading a business through one of those key periods; the hybrid working revolution.

As a business Irwin Mitchell has a sustained track record of supporting our colleagues in offering flexible working. However, in the last two years the way we support our clients and each other has been transformed.



The vast majority of our colleagues have been working at home for much of that period. We've adapted our processes and our technology to ensure we continue to support our clients. At the heart of our approach to this hybrid working revolution is Flexible by Choice. We trust our colleagues to do the right work, at the right time, in the right way.

Our colleagues are essential to the success of our business. They are the people who support our clients, to win new work and to run our business. This method of working is still new and we anticipate its evolution will continue for many months to come.

However, this poses a conundrum for the Irwin Mitchell offices of the future. We're currently based in 14 locations with over 400,000 square foot of office space. At Irwin Mitchell we still believe the office has a key role to play in our business. However, the frequency of its use and its purpose has changed.

We anticipate taking advantage of each lease event to enable us to explore what this means for our property strategy. We'll also be reviewing opportunities for fitting out space to accommodate the needs of our evolving ways of working.

The need for an increase in collaboration space and more flexible space to accommodate changing needs is something we're working through.

This will be showcased in the coming years as we fit out offices and explore increased geographical locations to support our exciting and ambitious strategic growth plans. We're a long way from having all of the answers as to what our offices will look like in the coming decade and beyond. But we're embracing the opportunities and are keen to encourage our colleagues to explore different ways of working.

Retaining our talent and attracting new talent to support our growth plans is critical to our success.

We want to ensure that we're able to embrace the hybrid working revolution to maximise this opportunity for our colleagues and our business.

**Sarah Ball**  
Director of Operations





**Gurpreet Hayer**

Senior Associate

[Contact Gurpreet](#)



**Tim Rayner**

Partner

[Contact Tim](#)

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 503 senior decision makers who have a responsibility for office occupancy decisions, 'Facilities/ premises/ health & safety' in private sector businesses (excluding sole traders). Fieldwork was undertaken between Tuesday 25 January and Saturday 9 February 2022. The survey was carried out online.

**Business size definitions:**

Across all business, N=145 are planning to change property requirements

Large businesses (250 + employees ) N=87

Medium business (50 to 249 employees) N=87

Small businesses (10 to 49 employees) N=143

Micro businesses (less than 10 employees) N=186.



Thank you for reading

# UK Office Occupiers' Survey Spring 2022

Visit [irwinmitchell.com](https://www.irwinmitchell.com) to find out how we can help you or your business with legal support and financial planning.