

# The more flexible the better?

## Why professional services firms are rethinking office spaces

Spacious offices in highly desirable locales have long been de rigueur for London's top firms. But new technology and working practices are causing firms to reconsider their office design.

Increasing rents for the capital's premier postcodes, new ways of working, and satisfying the needs of next generation talent are driving change in the way firms think about the office spaces they occupy.

The challenge to find the most conducive – and cost efficient – working environment is no longer a binary one; new working practices and technologies are widening the perennial debate between open plan and a closed-door cellular layout. Today's professional services firms are tapping into new trends to create collaborative activity-based offices and non-hierarchical spaces better-suited to accommodate desk sharing and agile working.

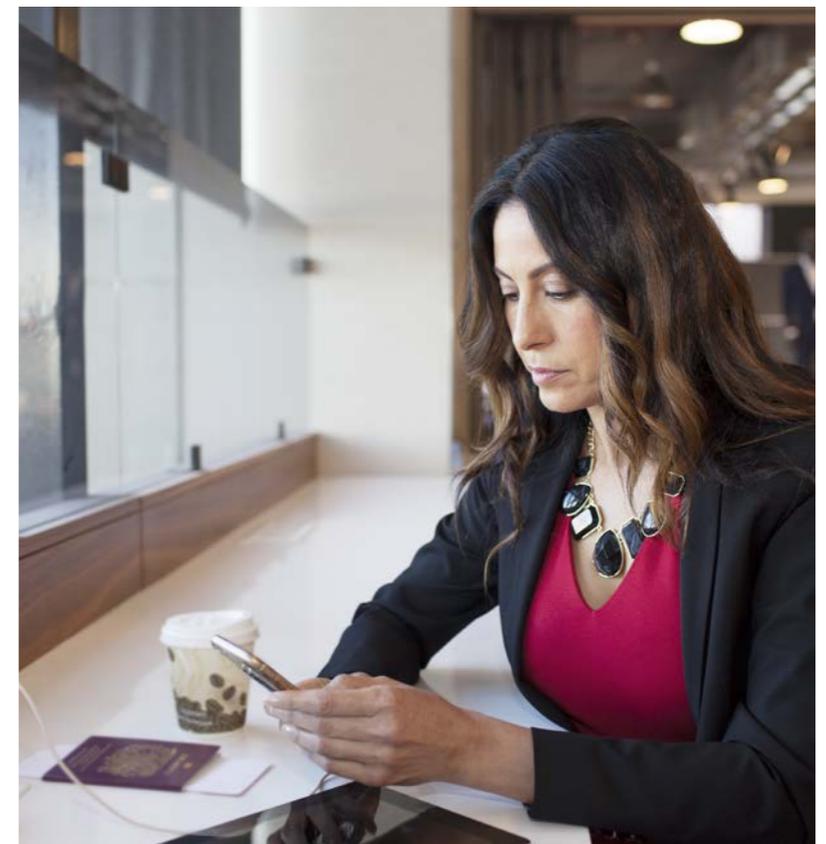
“You need to look at the bigger picture,” says Lewis Beck, Head of Workplace, EMEA, at real estate agency CBRE. “Some law firms are committing to their office spaces for up to 20 years. However, you must remain flexible. Will your building continue to suit your needs well into the future?”

It's not just Brexit jitters, the state of the economy or a firm's bottom line that needs to be considered. From the impact of artificial intelligence on head counts right through to an always-connected workforce that can operate seamlessly away from the office, technology is playing an ever-greater role in influencing the way that firms should use their office space.

### Millennials at work

And it's not just how many – or how few – desks a firm allows for, it's what else they can provide that may soon be all-important. While relatively new to the job market, millennials will, by 2025, comprise roughly 75% of the workforce.\*

“The working environment, the overall ‘experience’ and the culture of the organisation are all starting to play a bigger role in millennials’ decision



making when it comes to jobs,” says Beck. “They are demanding better amenities, better facilities and better benefit schemes.”

\*Source: Deloitte Millennial Survey 2014

The new generation of London office schemes are responding with hotel like services, shared food halls, conferencing facilities, gyms and shower facilities and some with viewing decks that literally tower over their neighbours but it is the inbuilt smart building technology that will really separate the old from the new in terms of building functionality. But this will come at a cost.

For London's largest 100 law firms, CBRE estimates that the average office rental is now £49.41 per square foot, lagging the average

prime City rental of £68.50 per sq. ft. When you factor in business rates and service charges, total occupancy costs could exceed £100 per sq. ft for new office buildings. The situation doesn't look like easing any time soon either; commercial office rents in London have been steadily climbing since 2009 when prime rents in the City stood at £45 per sq ft.

"Therein lies the problem," says Frances Warner Lacey, Senior Director in CBRE's London Advisory and Transaction team. "There's pressure to upgrade

to better premises, but how do you do that in an environment where rental costs are increasing – London is an expensive place to be located."

### Space savings

A typical legal employee occupies 240 square foot per person, according to CBRE, almost twice that of workers in the corporate and financial services sectors. Law firm utilisation levels are typically 50%-60%.

"The good news is that law firms can be more efficient around space," added Warner Lacey.

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Today, space-heavy cellular office configurations account for 67% of office layouts in London's 100 leading law firms. CBRE says the rest favour open plan offices (25%) or activity-based working environments (7%), both of which are more efficient in their use of space. Activity-based working divides the workplace into different zones for different work activities, allowing for easy collaboration, or for quiet places set aside for individuals to take confidential calls or undertake focus work.



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“Open-plan spaces might not work for everyone in terms of their culture and dynamics,” says Warner Lacey. “But when we first started our survey six years ago, just 10% of law firms had open-plan offices.

“It’s all about optimising your working environment. That can mean less built fixed space and having furniture solutions that can be moved around and adapted.”

More firms are committing to agile working. Whether that is untethering staff from their workstations, desk sharing, work-from-home schemes or a choice of different work settings in the office, 61% of law firms have now adopted at least one of these policies, up from 30% just 12 months ago. It can help the bottom line, too – working in a more agile way decreases the amount of space per fee earner if you leverage this by enabling a degree of desk sharing. “Even little things like driving down paper usage can

help when it comes to agile working,” says Warner Lacey. “I’ve walked round a number of law firms, which are open plan and supposedly agile, but with piles of paper stacked on desks. This doesn’t enable agility at all. It’s a challenge for some law firms.”

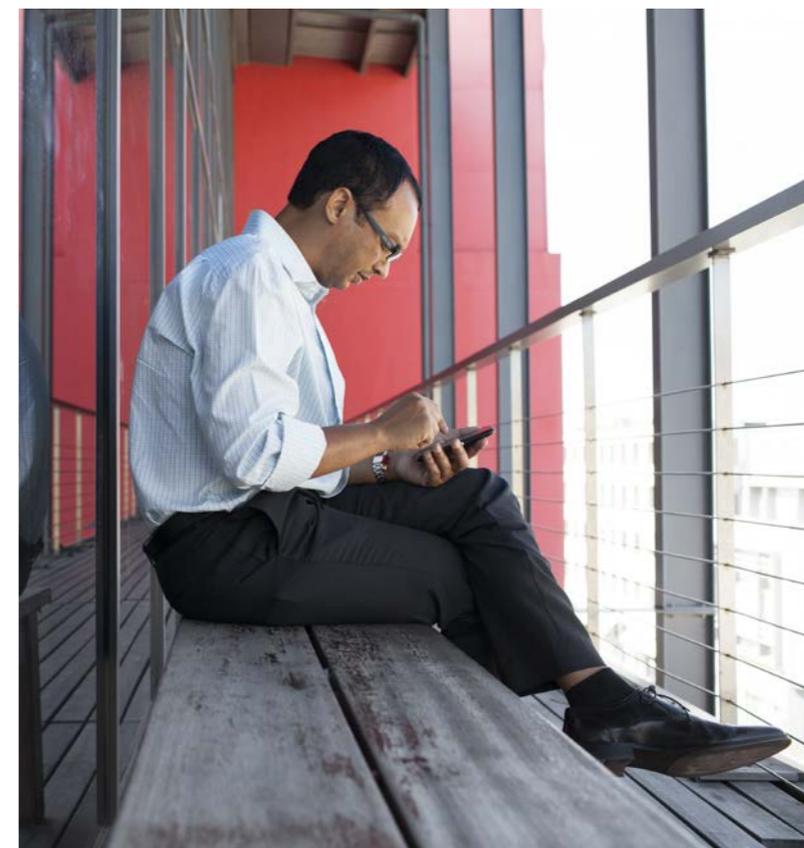
### Visions of the future

So, what will the workplace of the future look like? With landlord’s providing concierges, bike storage and gym facilities, event areas and restaurants and bars, demised office space can be assigned for working purposes which will help reduce space requirements.

Technology will enable agile working to come to the fore and meet the differing needs of different generations.

Flexibility is key to respond to the multitude of different disruptions facing the sector including AI, M&A activity and increasing competition. The provision of flexible office space is one solution which comes in many guises including co-working or serviced offices, start-up incubators and accelerators – allowing organisations to quickly flex their office space according to need.

The buildings themselves will also be easier to engage with, using next-generation smart technology.



“Overall employee experience will be key,” says Beck. “It will become a differentiator if you get it right. And happier employees will be more productive employees.”

Firms may be steeped in tradition and notoriously slow to embrace change, but there is a persuasive argument for doing more with less space. Why not set a precedent?

# Key takeaways

- CBRE advises law firms that they may need to reconfigure their current workplaces to ‘future-proof’ their practices. Creating an agile working environment will help a firm flex and adapt to future disruption
- Younger employees are driving the requirement for better amenities and facilities at work
- You can have your cake and eat it – firms can relocate and upgrade their premises without it hitting the bottom line by adopting more efficient space standards.

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