



‘You’re competing with the commute’: how businesses are rethinking their offices Save

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BT is responsible for installing superfast broadband in millions of UK homes and businesses. But when it came to its own offices, the technology was not up to scratch. Meetings at its old City of London headquarters were regularly thwarted by bad connections. The technology “just didn’t make the grade”, according to the team within BT charged with finding and developing a new office site.

BT is one of many businesses that have moved their workforces to new, more appealing premises as they encourage staff back to the office after the pandemic.

For many, adapting to hybrid work patterns has been a chance to downsize and cut property costs. But it has also laid the ground for a more fundamental rethink of what the modern workplace should be, from issues such as net zero commitments and technology, to location and staff wellbeing.

While parts of the office market are contracting — analysts at Jefferies recently noted that London vacancies were at a 30-year high — there is still demand for modern, smaller central locations. There were 590 office property transactions in London in 2022, the highest number of deals on record, according to agent Cushman & Wakefield, with strongest demand for premises under 25,000 square feet, which typically accommodate about 150 staff.

Law firms including Reed Smith, Clifford Chance and Addleshaw Goddard took a record 1.5mn sq ft of space in the UK capital last year, 95 per cent of which was new or refurbished, according to agency Knight Frank. HSBC is moving its global headquarters from Canary Wharf to a more central and greener site in the City, a move that follows a similar plan in New York. US investment firm Pimco struck a multimillion-pound deal to let a brand new modern space in London’s Marylebone.

Martin Devine, at commercial real estate services company Avison Young, said workers wanted to feel part of something less mundane and so the office had “absolutely” become central to staff attraction and retention.

“The pandemic really allowed people time to reflect and the post-pandemic mindset is, ‘I’m going to make decisions for me.’ People want to feel a sense of connection to the space they work in from a health perspective, a social perspective and individual perspective. And if companies don’t realise that, they’ll struggle to grow.”

The Financial Times visited three companies that have made significant office moves to examine how workplaces are evolving.

The ‘destination’ office

When Santander UK announced in 2021 that it would move its headquarters out of central London to a sprawling state-of-the-art building in Milton Keynes, its plan was to create a workplace employees wanted to come to, rather than had to.

The £150mn-office building, located a 30-minute train ride north of the capital, has capacity for about 5,000 staff and is akin to a tech campus. The ground floor resembles an indoor high street with a brasserie, microbrewery, bakery and capacity for street food trucks, all of which are open to the public.

Milton Keynes — established in 1967 — has long been the base for many of Santander UK’s employees, including IT and operations teams. But the offices were on disparate sites and “hadn’t been invested in”, according to Stephen White, the bank’s chief operating officer. “This is now much more about an HQ for the whole of Santander UK.”

It has ditched pre-pandemic layouts for a more dynamic environment. Ranks of desks have given way to large tables with different individual set-ups, including curved dual screens, where employees can plug in

their laptops. Others are left empty for flexible use, such as team catch-ups. There is a huge suite of meeting rooms, space for focused work, relaxed areas for coffee or casual team huddles and private booths. The second floor is a co-working space for local entrepreneurs.

Sean Espinasse, creative director at Oktra, an office design specialist, said the provision of quiet spaces and private phone booths was a significant shift compared with before the pandemic. After working at home for such a prolonged period, people were more acutely aware of noise in an open-plan office, he said.

Before 2020, Espinasse said about 70 per cent of space would have been occupied by traditional banks of desks, while the remaining 30 per cent was for collaboration. Now, with most of Oktra's clients it's a 50-50 split.

Espinasse added that "people will gravitate to the space that suits their mindset" — for example, extroverts congregating around social/collaborative zones and introverts in more quiet areas.

But he believes good design encourages behavioural change. "Not only should we consider the visual and audible separation [between different zones] but also proximity and travel distance between both areas. When we can design spaces in that way they are super successful because they feel natural to the users."

Santander UK has considered environmental aspects — its building harvests rainwater for its plants and for flushing toilets and has photovoltaic cells on the roof that generate about 15 per cent of the site's energy. It is constructed around a huge atrium that provides lots of natural light.

The bank encourages staff to spend about two days a week in the office. Employee feedback could lead to further adjustments. "A workspace is never done at handover," Espinasse added. "It's got to evolve."

Location, location, location

Electrical retailer Currys has gone the other way, moving its corporate staff from a site on the outskirts of London into the eighth floor of a central WeWork office.

As the company shifted to hybrid work, Paula Coughlan, its chief people, communications and sustainability officer, said: "We had a location [that] was very industrial. It had become too big."

The new site near Waterloo on the south bank of the river Thames offers more transport links, better local amenities and greater flexibility.

Due to its location, Currys ruled out refurbishing its existing office and decided against building a new one because it would take too long. It settled on a co-working option in a central location that would help to attract the right people, while also being cost effective.

The new space can accommodate about 230 of Curry's 1,400 corporate employees, with 90 more passes available for other WeWork sites. The company said that meant a third of its corporate workers could "work in person on any given day". There are eight meeting rooms and other shared spaces including a yoga and pilates room.

Ebbie Wisecarver, WeWork's head of global design and development, said the company had adapted its layouts to cater for larger companies: "As more large enterprises look to incorporate flexible space in their real estate portfolio, our spaces are designed with innate flexibility to shape shift as demand evolves."



Santander UK's new head office in Milton Keynes includes areas for casual team huddles as well as spaces for focused work, while its ground floor has a brasserie, microbrewery and bakery © Handout



Currys swapped its outer London office for a WeWork space near Waterloo station. The electrical retailer sees its new office set-up as a 'talent magnet'
© Charlie Bibby/FT

Coughlan believes the new office, and the fact that staff can use other WeWorks closer to their home, is a "talent magnet". "Our offering around flexibility and this facility, it blows candidates away," she said. "We don't mandate people to be in the office on specific days . . . that's a big sell."

Other large businesses, such as Amazon, are moving some staff into co-working spaces. This does bring extra risk. WeWork recently warned of "substantial doubt" over its future as excess supply in commercial property and competition hit the business.

Upgrading ageing infrastructure

BT's estate of 900 buildings across 400 locations in the UK was in decline, with many offices no longer acceptable. "We

had a burning platform," said Sue Glew, who runs BT's Better Workplace team.

She added that the company wanted to provide staff with a great place to work while consolidating its UK estate.

BT made a multimillion-pound investment in a new 325,000 sq ft building in Aldgate, on the eastern edge of the City. It can accommodate up to 3,500 staff and opened in late 2021.

The building has high-quality tech, prioritising seamless WiFi and rooms where hybrid meetings are easy to set up. "We've saved BT thousands of hours of dead time," Glew said.

BT's move highlights how location alone is not enough to draw workers back to the office.

Devine said certain buildings might have a great address "but when you break down the skeleton of an office building and how it operates, a lot of them need to be repositioned".

Tim Oldman, chief executive of Leesman, which analyses the experiences of employees in their workplaces, said data showed "the average home supports the average knowledge worker better than the average office. So 'average' is nowhere near good enough to magnetise employees back."

Glew recognised what the office was up against. "You're competing with the commute," she said. As a result, employers have to provide something people want to come to: "To . . . get people out of their spare room and slippers, the office has to be a destination and has to evolve to become genuinely inclusive."

Glew noted that a lot of work was done with BT's executive committee on what the company wanted to create. "How are we going to reflect the brand and its values through the office?" It needed to feel like home, she said, and must provide for people with varying needs, such as the neurodiverse and those with physical disabilities.

Similar to Currys and Santander, BT has attempted to make its new HQ spacious, with "relax and refuel" areas and quiet spaces for focused work. Its top floor, with expansive City views, is for flexible use, rather than for executives. The company also has new sites in Birmingham, Bristol and Manchester, and renovated its Glasgow and Belfast buildings.



BT's new Aldgate office near the City of London. The telecoms company hopes the more appealing premises will encourage staff to come into the office
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