London
investor guide

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CITIZEN KHAN

"It's not a battle with developers"

THE POWER OF WE
WeWork on why nothing matters more than members

GAME PLAN
How e-gaming could take London retail to the next level

GO LONG
Reap the rewards in the capital's up and coming fringe districts

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WeWork: the space invader

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We talk to Sadiq Khan about his relationship with the property industry page 32

Emily Wright, editor

At arm's length

Sadiq Khan is engaged with the real estate sector. At least, that's according to the man himself. But as another MIPIM conference is set to come and go without an appearance from the mayor of London [at the time of writing], the property industry would be forgiven for having its doubts.

"It's not a battle with developers," insists Khan in our interview (p32). Good to know. But while it might not be a battle, that does not automatically mean it will be a collaboration. The mayor says his demands on developers, including a 35% affordable homes requirement on all new housing development – with the goal to increase this to 50% – and more recently plans to bring in rent controls, are working. But as the economic environment toughens and his targets become increasingly difficult to hit, does the property industry feel the same way?

Also in this issue we speak to WeWork's head of transactions for real estate Mary Finnigan (p26). Following news that the co-working giant signed two more sites at the start of the year at 21 Soho Square, W1, and 77 Leadenhall Street, EC3 we find out more about the firm's upcoming plans for 2019 both here in London, across the UK and beyond.

We also study the data and analysis on why connectivity has knocked location off the top spot when it comes to the value of London's office buildings (p6), and don't miss the latest news on US co-working firm Convene's plans to enter the London market (p50).

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MAKING THE CONNECTION

Occupiers are increasingly favouring connectivity over location, according to Radius Data Exchange and WiredScore data. So what does that mean for the future of London offices?

Finance and professional firms make up the lion's share of occupation in the non-digital comparison buildings

Graham Shone
Head of offices research

There are few things with more power than digital performance when it comes to adding to the value of a building. And now it appears that connectivity has crept higher up the list of priorities for occupiers than a long-standing factor that has been so crucial: location, location, location.

Radius Data Exchange figures show that occupiers are likely to pay 5% more in rent for London office space with strong connectivity than for similar space without a guarantee of high digital performance.

Looking at 65 office buildings across central London with at least a certification from WiredScore, we matched all of those buildings with similar neighbouring premises without an accreditation for connectivity. Comparing rental data on new deals over the past five years between them showed that, on average, space was being let for 4.7% more in what we will call the "digital buildings".

Crucially, the age of the premises is removed as a skew factor in this, with more than half of the comparable buildings being either the same age or younger than their WiredScore-rated counterparts.

Certain areas across London appear more sensitive to this phenomenon, with the City Core and West End not showing a great deal of variance in rental tone, seeing just a 0.3% and 1.6% difference in average rent respectively.

In the maturing areas, however, the contrast is much starker. In the City Fringe, digital buildings command rental values that are 9.6% higher than the comparative premises; and the highest variance comes on the South Bank, where a 15.2% bump was seen.

Tech, media and telecoms firms

Looking at the tenant composition of digital buildings, it's not surprising to see that tech, media and telecoms companies take the largest share, with 30%. In non-digital premises, that share decreases to 14%.

Traditionally, TMT companies have preferred cheaper office space than their counterparts in other dominant occupier sectors – Radius Data Exchange figures indicate that typical rents on new deals for TMT tenants are 26% below those for financial occupiers, and 8% below those for tenants in the professional sector.

Finance and professional firms make up the lion's share of occupation in the non-digital comparison buildings, commanding 21% and 19% of the let floorspace respectively. Surprisingly, serviced office operators command a larger share of occupied space in non-digital buildings than in those with a connectivity rating.

Therefore, removing both the age of the building and the type of tenant attracted to the premises as potential skew factors, the digital buildings can be said to have performed

IMAGEPLOTTER/REX/SHUTTERSTOCK

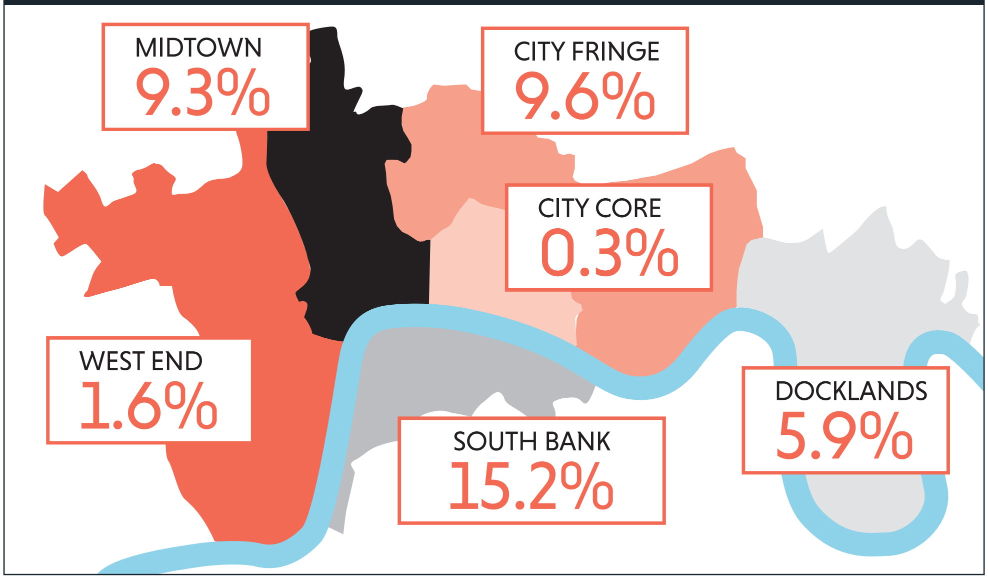
exceptionally well in attracting higher rental tone.

Improving user experience

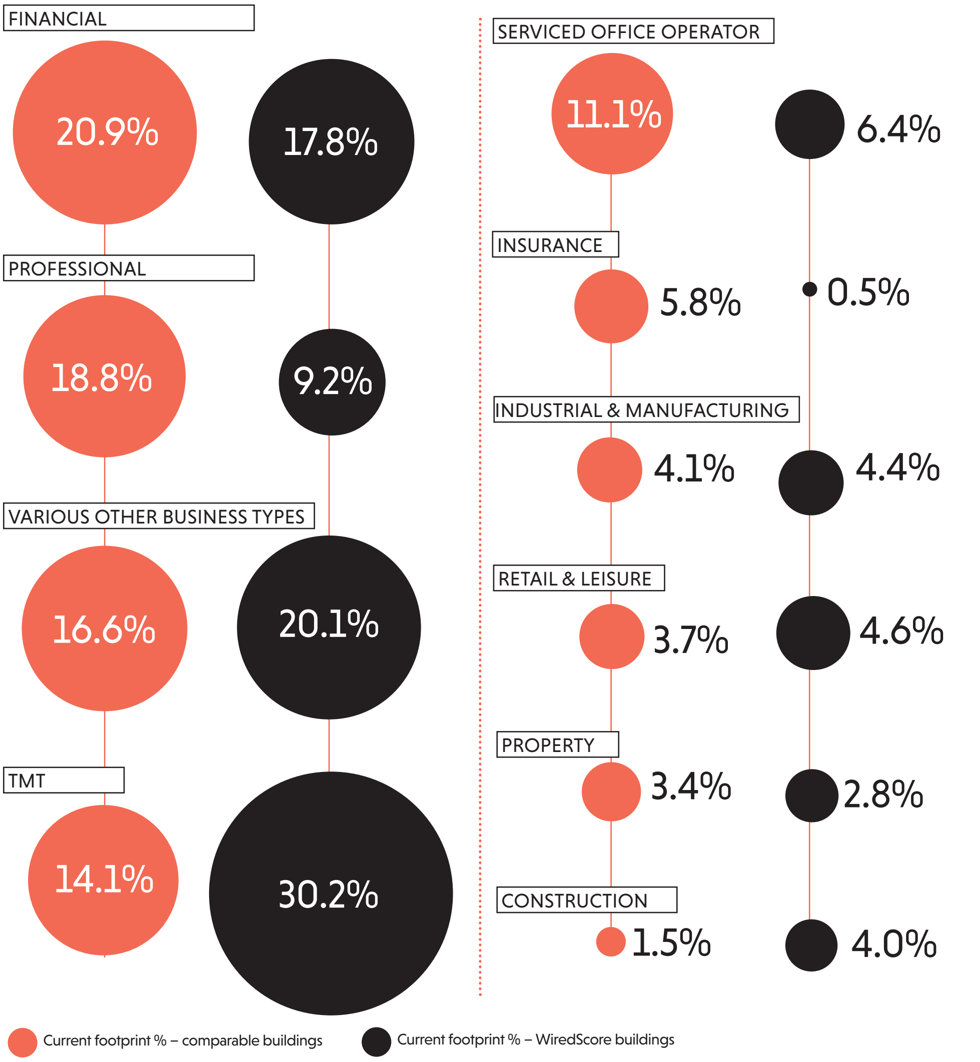
Connectivity and technological enhancements are clearly key factors in occupier decisions – as reflected in the *CBRE 2018 EMEA Occupier Sentiment Survey*, which indicated that a focus on improving user experience and wellness driven by the deployment of technology will be a strong focus for businesses moving forward.

Some 62% of respondents to the survey said they planned to increase their investment in real estate technology over the next three years, and it is widely anticipated that this trend will continue when the next set of occupier survey results arrives in April this year.

AVERAGE UPLIFT IN LONDON OFFICE RENT: DIGITAL BUILDINGS v NON-DIGITAL



OCCUPIER FOOTPRINT: DIGITAL BUILDINGS v NON-DIGITAL



Source: Radius Data Exchange

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WHAT'S NEXT FOR LONDON RETAIL?

How and where people shop is having a huge impact on the capital's retail space. The biggest challenge now could be what to do with it. James Child crunches the numbers

RAY TANG/LNP/REX/SHUTTERSTOCK

ANDY RAIN/EPA/REX/SHUTTERSTOCK

The rapid structural change in the retail sector is having a significant effect on London's real estate, as changes in consumer behaviour begin to dictate the value of shops in the capital.

Shopper habits and expectations have changed immeasurably during the past decade.

Online spending has now breached the one in every five pounds spent in retail level, peaking last November at 21.5%, a record high according to the Office for National Statistics.

The advent of smartphones and the domination of Amazon have challenged the existing norms.

Figures from Radius Data Exchange show that London is not immune from these trials and tribulations.

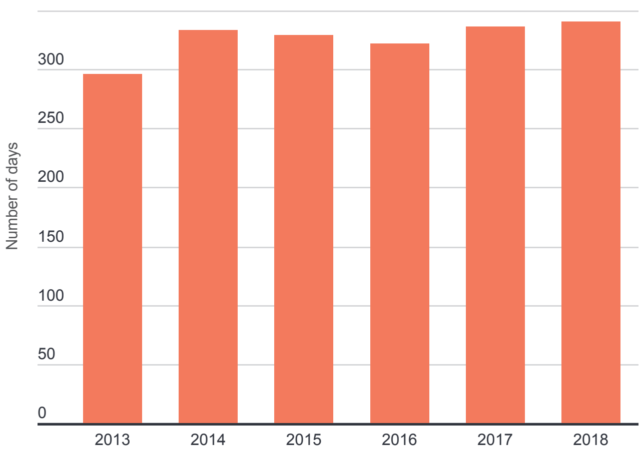
UK store closures reached dizzying heights last year, with 18.2m sq ft of space being shuttered owing to administrations, company voluntary arrangements and restructuring.

Analysis shows that 30% of that space was vacated in London and the South East.

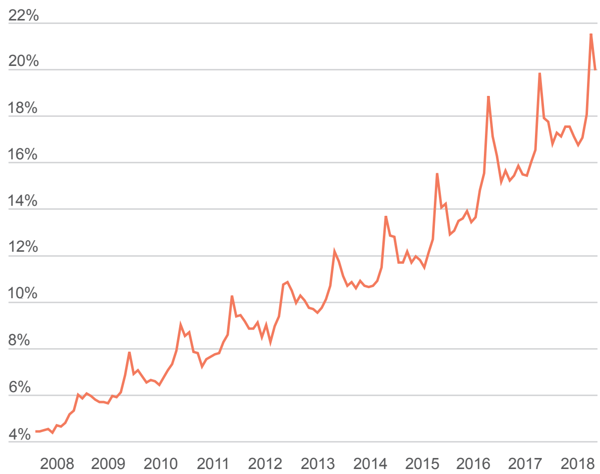
With the traditional levels of supply and demand altered, shops that become available are now taking even longer to let than before.

The average time taken for a shop to be relet in the capital is up by 15% since 2013, taking

AVERAGE NUMBER OF DAYS ON THE MARKET BEFORE OCCUPATION



RETAIL SPEND ONLINE



Source: Radius Data Exchange

Some 18.2m sq ft of retail space was shuttered in the UK in 2018

the best part of 11 months to be occupied.

The increasing vacancy rates and slower occupancy times have seen a surge of planning applications for change of use, converting retail premises to other use types.

Slight slowdown

In London, the data shows that applications for the conversion of space slowed slightly in 2018 after significant rises in the previous five years – more than doubling in number, and following the national trend throughout the rest of the UK.

The retreat of bricks-and-mortar retail has been clearly indicated by the construction pipeline for new space in London.

Although more than 8m sq ft of new retail stock is in the pipeline to be delivered by the end of 2022, construction activity has slowed, and many scheme extensions have been parked in light of the uncertain conditions in the sector, as well as the unpredictable economy.

Hammerson's decision to postpone its Brent Cross extension is the clearest example of landlords curbing physical growth to suit conditions, but reinvesting in prime locations that are still attractive to consumers.

London itself is safeguarded from the worst of the retail crisis at present. Its large population and tourism mean that footfall is always high in prime locations.

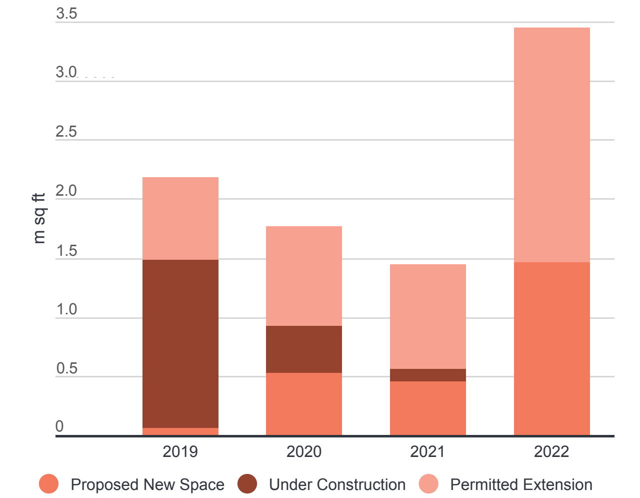
With the demolition and repurposing of real estate expensive, and land in very short supply, we can expect to see an increase in residential elements to existing shopping centres in the capital.

One in three schemes in London already has plans for residential development, which could create an additional 10,000 homes.

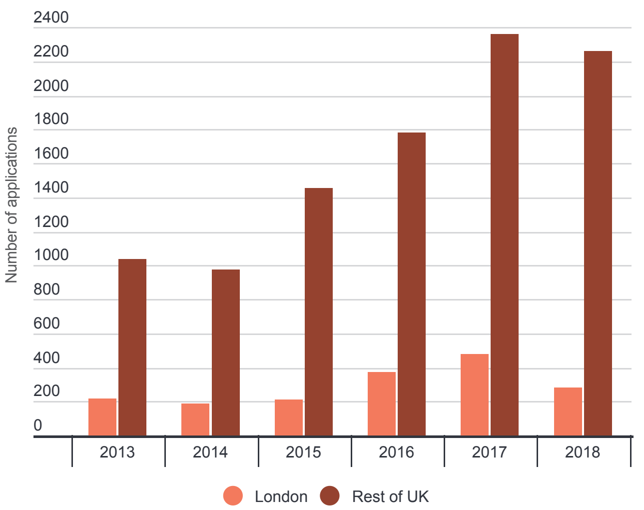
We no longer need as many shops, and the biggest challenge in the future may well be what to do with them.

With the click-and-collect market estimated to almost double by 2023 and the need for urban logistics hubs, perhaps the empty shop does have its place in the community after all.

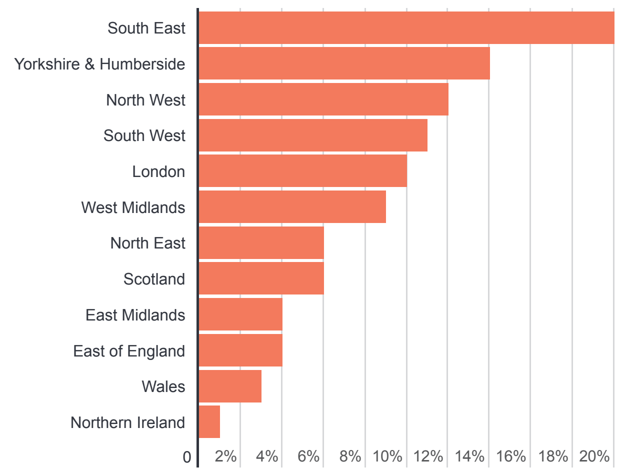
PIPELINE OF NEW RETAIL SPACE IN LONDON & THE SOUTH EAST



RETAIL CHANGE OF USE PLANNING APPLICATIONS IN LONDON VS THE REST OF THE UK



REGIONAL BREAKDOWN FOR STORE CLOSURES SINCE 2018



Source: Radius Data Exchange

SLICKER CITIES

Is software the answer to streamlining London's convoluted planning process?

Jamie Holmes, chief executive, VU.CITY

Technology is the key to a faster, efficient and more democratic planning system.

Planning is too often expensive, slow and fallible. The system can be viewed with suspicion by the public and hampered by the complexities of politics. But as populations grow, urban density increases and housing shortages bite it has never been more important.

The planning process requires clear and detailed information from multiple sources. It needs strategic thinking and imagination, as well as the ability to persuade – all of which present their own challenges.

Software development and artificial intelligence are already having a tangible impact on all stages of the planning process. Technology is already starting to help streamline planning, making it quicker and less expensive. We have seen this ourselves with the adoption of VU.CITY by the majority of London boroughs, improving dialogue and promoting closer collaboration with project teams. But this is just the start and with technological advances much more is possible.

VU.CITY's software platform enables technical and creative consultants to work together, designing and illustrating development plans in 3D within an accurate representation of the streetscape. Design changes can be tested quickly and feasibility assessed much earlier in the process, reducing the time and cost of numerous iterations. Furthermore, it makes creating images and testing different viewpoints far quicker and easier.

Currently, it is a laborious process, often involving someone physically walking the streets to take photographs. One London development required 80 pictures to cover all angles and viewpoints – more than half were to demonstrate that you couldn't see the building from a particular position and several others that the effect was marginal.

Accurate 3D modelling enables this job to be done more quickly, cheaply and efficiently, creating a detailed visualisation that can be viewed from every window, not just street level. Bringing 3D visuals into the pre-planning stage can save months of discussions, eliminates the risk of misunderstanding and adds context.

It is also being used in the later stages of the planning process for public consultations and by planning committees, making visualising developments much easier for professionals and lay people alike.

The wider context

But where it is having the most impact is in helping to understand the effect a development has on the wider area. At planning committees where 3D modelling is used the focus shifts; questions are not only about what a scheme looks like but also about its impact and wider context. Two planning enquiries in Tower Hamlets were won with the help of VU.CITY's 3D modelling platform because they enabled expert witnesses to give a much clearer and reasonable argument for densification.

And when you start plugging different data sets into the model, such as sunlight, traffic and pedestrian flow, you can assess the impact of multiple variables at the same time.

Virtual modelling allows you to show how the development will change an area and what that change means, which is a powerful tool. It can be used to help remove suspicion at public consultation and help generate positive engagement.

It also means you can open up consultations to a wider audience, putting interactive 3D visuals online or even in an app. Personal experience of public consultations shows that the wider the audience the more balanced the views.

Having access to more detailed information and in a clearer manner is also a step on the road to building trust. But could we take that one

VU.CITY's software platform designs flexible 3D development plans

step further and democratise the planning process?

If we can determine how a city is going to change then we can involve not only the design teams but also help the public visualise and understand the wider impact of a development from the outset. We can create a tool that is accessible to all and allows people to view different simulations and comment at a much earlier stage.

Development and regeneration proposals therefore become more transparent, the public is included earlier in the process and can even help shape the plans into something that better meets the needs of the community.

Plugging in additional data sets – Land Registry, listed buildings, demographics, Section 106 proposals and transportation, to name a few – help people to see the bigger picture.

Reducing risk

In the longer term a collaborative tool could enable a different sort of narrative between developers and local authorities in which appropriate use is determined before land acquisition. It would facilitate more accurate pricing and create a level playing field. Of course, it wouldn't work in all cases but anything that helps reduce risk in development and takes away some of the uncertainty has got to be beneficial to the speed and delivery of development.

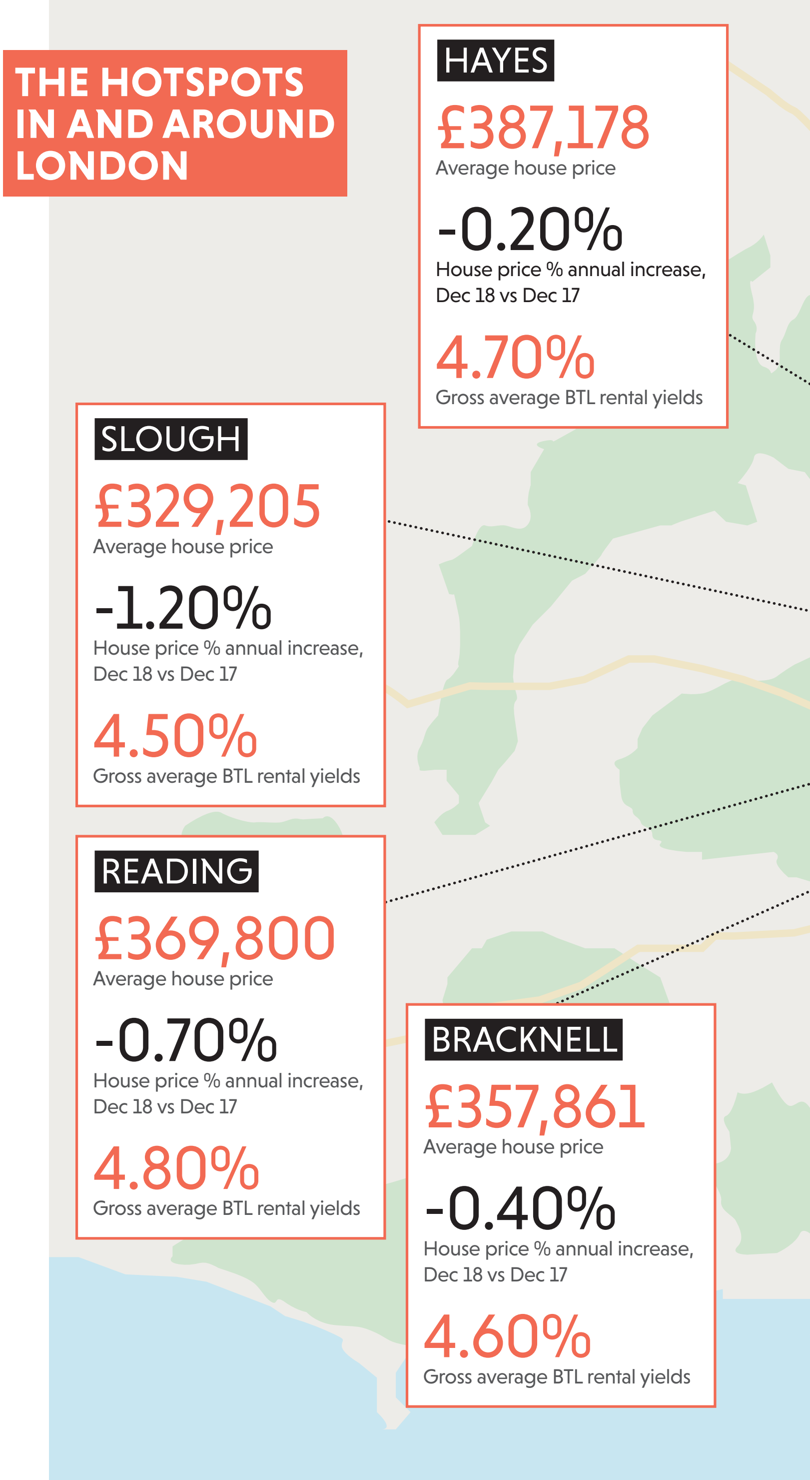
In the short term, the goal is to grow the number of cities covered by VU.CITY beyond London, Manchester, Birmingham, Brighton, Belfast and Paris and increase the accuracy. Currently VU.CITY is accurate to 15cm at roofscape, making it the most accurate large-scale model of its type in the world. We want to develop that level of accuracy for the facades within the 3D model to make it even more realistic and have secured Innovate UK funding in order to do just that for the Square Mile.

Collaboration will further benefit the modelling platform and our aim is for existing tools such as public consultation platforms Commonplace and Built ID to be able to plug into VU.CITY. This is about shared information and opening access on a variety of different levels to ultimately generate more timely and relevant development.

London and growing cities around the world need to be sustainable, enjoyable places to live and work and an efficient and transparent planning system plays a big part in that. VU.CITY offers the Smart City Platform for that.

BEYOND THE FRINGE

As London property prices continue to rocket, developers are looking at the outer city hotspots for investment opportunities



Anna White

Central London's prolonged and unfettered reign as the darling of global real estate investment has come to an end. For now.

In the aftermath of the global financial crisis it had mass appeal as a safe haven for international wealth and the place to live for domestic buyers.

But in the run-up to the Brexit deadline the main players are opportunist funds picking off small sites from developers in financial difficulty where plans or construction have stalled.

Meanwhile, in the mainstream market institutional investors, private buy-to-let landlords and owner-occupiers are scouring the city fringes and beyond for up-and-coming investment hotspots.

Investment indicators

The most compelling locations for capital appreciation and yield have direct access to London and its talent pool, new or due transport infrastructure and a town upgrade on the way.

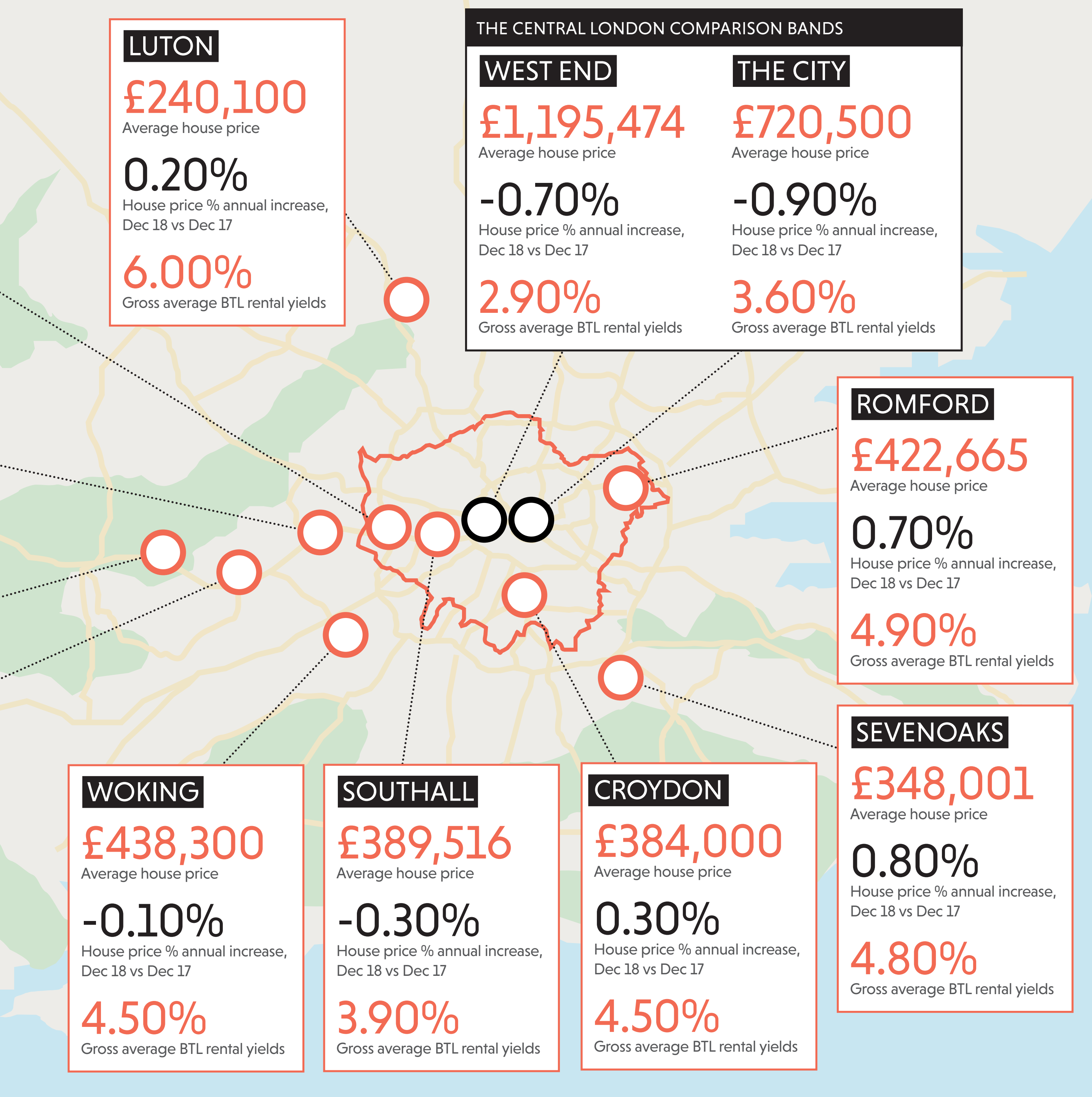
Crossrail took the baton from the Olympic Park-led regeneration of east London as the investment story of the past decade in the UK, and is still running with it.

The £15bn high-speed railway (the Elizabeth line) will stop at 41 destinations from Reading in Berkshire through central London to Shenfield in Essex and has driven the transformation of urban centres such as Woking in Surrey and Tottenham Court Road, W1T.

The investment arc for a project such as Crossrail starts long before the tunnelling machines appear. Early land speculators wade in when plans are first approved (flipping to housebuilders), serial property investors buy off-plan and sell on, and those homeowners who wanted to benefit from house price inflation have long moved in.

The final investment phase is still to come. Each location will see an influx of renters when the service finally runs (now due in autumn 2019) as this property tribe does not benefit from living near the Elizabeth line before it launches. Demand will therefore drive up rents for landlords at that point.

Another investment indicator is a "forward-thinking town council" that has upgraded retail and leisure around transport hubs, says Cushman Wakefield's Chris Lewis. He cites Reading and Bracknell. "These towns give you a welcome when you step off the train," he says.



Average house price – source: Zoopla UK Cities Index. House price % annual increase – source: Zoopla UK Cities Index. Gross average BTL – source: Cushman & Wakefield

The arrival of big occupiers suggests Reading is still a safe bet for investment as its talent pool expands and workers choose to live there, generating more trade for local businesses. The average office rent is £38.50 per sq ft compared with £67.50 in the City and £110 in the West End. Virgin Media has committed to 120,000 sq ft in the Thames Valley town.

Lewis's pick of the M4 corridor, however, is Slough. "It has great connectivity already and will benefit from Crossrail but the town centre and retail offering have some way to go," making it ripe for attention.

So, which other fringe towns are making their own case for investment?

The London spread

Although all investor tribes – from housebuilder to office occupier to homeowner and tenant – are looking beyond the capital for yields and house price growth, the preferred locations are still reliant on London. "The next wave of investment in the South East is still headed for places within the sphere of the influence of London," says Nick Whitten, director – UK research at JLL.

Lewis agrees: "London is the engine room of UK commerce, with the highest quality of workforce, but it has just got expensive, pushing commercial and residential property investment into the fringe towns, in turn driving regeneration across the South East."

Romford

Buy-to-let yield: 4.9%

The combination of Crossrail and constrained housing supply has driven up house prices in Romford, in the London borough of Havering. It is surrounded by green belt land and, despite the flow of young families coming out of London, its construction pipeline is dominated by one-and two-bedroom flats.

"New build here is geared towards the first-time buyer and investor," explains Andy Redman of Savills.

"The retail mix is not right in the town either," he says. "There are retail investors worried about the high street who are building homes on top of units to spread their risk. The next wave of investment in Romford needs to be a retail upgrade and leisure facilities."

And it's coming. The mixed-use Bridge Close scheme will deliver 1,000 homes, commercial space, a new primary school and will open up the river path, giving direct access to the nearby Crossrail station. A £25m funding package is being ploughed into the new Sapphire Ice and Leisure development – part of the council's masterplan.

Barry Jessop, director of developer First Base, says: "Romford is a major market town in its own right and is reported to be the fourth-largest retail centre in London. It has a very good catchment, a natural footfall and a high level of surrounding wealth, but the town centre and retail offer have been neglected. With such strong demographics, along with a revitalised town centre and the arrival of Crossrail, we expect to see high levels of growth."

Change is due to sweep across the north of Essex following a proposal for three garden communities, which will deliver 43,000 homes.

Sevenoaks

Buy-to-let yield: 4.8%

The most popular destination for people moving out of London is Sevenoaks in Kent, according to recent data from Hamptons International. This has not escaped the attention of developers. Crest Nicholson closed its central London office last year and has opened one in Sevenoaks. One consultant told EG that a handful of major national housebuilders are focusing on Kent.

The county is also set to benefit from the biggest road infrastructure project since the M25 was carved around Greater London. The 14.5-mile, three-lane dual Lower Thames Crossing will connect the M2 at Rochester and the M25 in Essex between North and South Ockendon and includes a 2.4-mile tunnel between Gravesend and Tilbury. It is expected to halve the journey time northbound along the Dartford Crossing and ease congestion across the whole of the easterly commuter belt.

"The Lower Thames Crossing will bring more housing supply as plans are for new homes to track the route," says Redman. The proposal is out for public consultation.

"Kent is cheaper than some of the other Home Counties such as Surrey or Hertfordshire and has a good mix of affordability, access to London and choice of schools," says Nick Whitten, director – UK research at JLL.

Berkeley Homes has a few apartments remaining in its Ryewood development by the Sevenoaks Wildlife Reserve. Prices start from £279,995 and help to buy is available.

Sevenoaks: first choice for people moving out of London

BARRY PHILLIPS/EVENING STANDARD/REX/SHUTTERSTOCK

Southall

Buy-to-let yield: 3.9%

Southall in the borough of Ealing is one of the few untapped locations in London with a considerable regeneration journey to come. It has a clapped-out shopping centre and some local shops but it's the supply of land (old utility sites) and the imminent arrival of Crossrail that has piqued investor interest.

Once the Elizabeth line is running through the Southall Crossrail interchange it will take only eight minutes to get to Heathrow, 13 to Paddington and 24 to Liverpool Street.

Southall is currently cheaper than neighbouring areas Brentford, Greenford and Heston and has been predicted by Rightmove to become one of the highest price-growth areas in London as the vast Ealing regeneration spreads.

There's a ready-made employment market, says property consultant Jack Ballantine. "Aside from Crossrail, the Heathrow expansion is set to create 40,000 jobs locally. There are also a number of leading hospitals in the area that provide for an already strong workforce."

The first developers are breaking ground and over the next three years locals will see 3,500 homes springing up from developers Strawberry Star, Redrow and Berkeley Group, to be built alongside the existing Victorian terraced houses.

"Southall is on the cusp of change," Ballantine adds.

Southall: on the cusp of change

BEN ROWE/REX/SHUTTERSTOCK

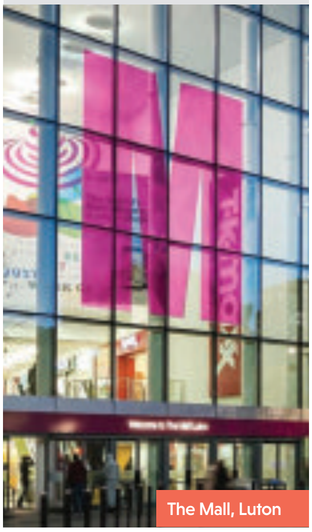
Luton

Buy-to-let yield: 6%
Luton in Bedfordshire ranks as the best commuter destination in and around Greater London by efficiency of train service combined with reasonably priced housing – the average property price is £253,988.

The Luton Investment Framework has sunk £1.5bn into regenerating the town centre with the delivery of hundreds of new homes, shops and restaurants, creating 18,500 new jobs over the next 20 years. The airport is expanding and house prices have risen 22% since 2015.

Nick Leeming, chairman of estate agent Jackson-Stops, believes Luton will continue to outperform London: "With the Bedfordshire town benefiting from significant inward investment over the next 20 years, we expect Luton to continue being a key spot for commuters, and investors alike," he says.

LU2ON by Strawberry Star Homes is a new 6.8-acre development on the former site of the Vauxhall Motors factory. It will deliver 785 studios, one- and two-bedroom apartments, with private roof gardens and a 24-hour concierge service. Phase one (400 flats) is due to be completed in 2021.



The Mall, Luton

Croydon: connections count

CHARLES BOWMAN/ROBERT HARDING/REX/SHUTTERSTOCK

Croydon

Buy-to-let yield: 4.5%
Recent research from estate agent Portico has named Croydon as one of the top 10 investment hotspots within Greater London. This message is echoed in the local plan, which dubs Croydon London's growth borough. It has the fastest-growing tech cluster in the capital and 10,500 homes in the pipeline.

Croydon is undergoing a £5.25bn regeneration plan led by developer Boxpark. New-build schemes include Saffron Tower and Surrey House and the refurbishment of the historic Nestlé Tower into 290 flats. The new Westfield shopping centre will increase its appeal and construction, leisure and new occupiers should create 23,000 new jobs over the next five years.

It's also well connected – the train takes 14 minutes to Gatwick Airport and 17 minutes to London Bridge.

Hayes

Buy-to-let yield: 4.7%
Hayes in west London is benefiting from the build-to-rent boom on the outskirts of the city. Residential developer HUB has just completed the 189-unit Material Store with 26 triplex apartments.

It's part of the wider industrial-to-residential conversion of the old Vinyl Factory, is a short walk to Hayes and Harlington Crossrail station and has a children's playground, party rooms and communal terraces.

Crest Nicholson has started the groundworks for its new 88-home site, while Bellway Homes has submitted planning for 118 new residential units and commercial space.

"Tenant appetite for the rental apartments remains strong, both for residents moving locally and also those looking for better-value accommodation with quick links into the city. These will of course only improve once Crossrail is completed," says a spokesman for developer EcoWorld.

Material Store, Hayes

THE SPACE INVADER

It's the rapidly growing, rapidly diversifying real estate disruptor that's still making huge losses and doesn't call itself a property company. But WeWork really does think "the customer is king"

Samantha McClary

WeWork is a bit like Marmite. There are those who love it and there are those for whom it leaves a bitter taste in their mouths. But love it or loathe it, there is no denying that it has caught the headlines over the past few years and has encouraged others – in the real estate business, at least – to direct their focus just a little bit more towards the needs of the customer.

Here, Mary Finnigan, WeWork's head of real estate transactions for EMEA and Australia, talks about why WeWork is not a real estate company, how the business works and why nothing matters more to the business than its members.

But first, let's take a quick look at the growth of WeWork.

From a standing start in New York City in 2010 (or 2008 if you include its predecessor, Green Desk), the firm, which started life as a co-working

KRIS TRIPPLAAR/SIPA USA/REX/SHUTTERSTOCK space provider, has grown into a flexible workspace provider with some 10m sq ft worldwide and much more besides.

Indeed, the recent change of name from WeWork to the We Company is a reflection that it is no longer just a space provider. A quick Google will soon show you how far the tentacles of WeWork – or the We Company – now reach. The firm, with help from the $6bn of investment from Japan-based Softbank, has acquired a whole range of businesses over the past nine years, from architecture firm Case, which uses 3D scanning to help design buildings, to coding academy Flatiron and community building platform Meetup.

The We Company now brings its WeWork flexible office space, co-housing business WeLive and educational business WeGrow together with one aim: "To create a world where people work to make a life, not just a living."

Those words, from founder Adam Neumann, are definitely not the words of a real estate business founder.

It is a nice idea, though. And while the mission is yet to have made the We Company a profit (latest figures showed a $1.6bn loss for the first nine months of 2018), it is a mission those within the company relish.

"Our passion is providing our membership base with the best possible experience within the WeWork community," says Finnigan.

"It's an obsession," she adds later, "with member experience that informs all aspects of the business."

Focusing on the end-user – the customer or the member – has become the hottest trend in real estate over the past 18 months. While "customer is king" has long been a slogan in the service industry, as "space as a service" becomes one of the most overused slogans in property circles, the customer has started to polish off her crown in the real estate industry.

WeWork's membership base is its end-user. To the wider real estate community, it is the occupier or end customer. But that word "member" is important to WeWork. Not just because it fits with the current trend, but because to the company it means that the users of its spaces – and all of the We Company's products – are part of its growth story. By being so close to its members, WeWork says it is able to react quickly to their wants and desires and deliver without any fixed expectations.

"WeWork is a global community platform," explains Finnigan. "Which means we provide all of the space, the technology, the services and facilitate the network for our member businesses to grow and to be successful.

"To me the notion of a customer or a tenant suggests a separation in terms of approach between the provider and the end-user,

YONHAP/EPA/REX/SHUTTERSTOCK

The WeWork brand reaches Seoul

> *The notion of a customer suggests a separation between the provider and the end-user, whereas we are part of the same community. Our members are talking to each other as much as they are talking to us*
>
> *Mary Finnigan | WeWork*

Mary Finnigan: "We are best in class at operating and activating space"

ED TELLING PHOTOGRAPHY

Adam Neumann: "People work to make a life, not just a living"

MARK LENNIHAN/AP/REX/SHUTTERSTOCK

whereas for us we are a platform, we are all part of the same community. Our members are talking to each other as much as they are talking to us."

Finnigan says WeWork's network of members is becoming an ecosystem in its own right, with company surveys showing that half of its members are transacting together and 70% are talking to each other or collaborating in some way.

And while nine years ago that collaboration between members might have been between individual entrepreneurs and SMEs, today it is between those groups and some very large global players. Players such as Microsoft, GoPro, Barclays, Deloitte and Bosch to name but a few. These members – enterprise members, as the We Company labels them – now make up some 30% of the WeWork community.

"The reason they are attracted to WeWork is that they don't want certain parts of their employee base to be so inward-looking," says Finnigan. "They want them to be more outward-looking, to be speaking to the creators or the designers within our community and to be feeding off each other in terms of ideas."

It stinks of utopia, doesn't it? A place where companies big and small can come together so that people can collaborate and create, to work to create a life, not just a living.

The idea behind the brand and the ethos of it makes complete sense in a world that will no longer tolerate bland places to work, in a world where talent attraction and retention is second to making a profit for companies all around the world.

The model, however, has not, does not and may never have the full support of the entire real estate community. Indeed, it has spurred plenty of the major players either to invest in rival flexible office space players (think Blackstone and The Office Group and Brookfield and Convene) or develop their own offerings (think British Land and Storey and Landsec and Myo).

More recently it has seen some landlords walk away from leasing deals, with a deal between Worthington Group and the company for 45,000 sq ft at 125 Deansgate in Manchester collapsing after the landlord raised concerns about how the brand could affect the value of the building.

Whether WeWork likes to admit it or not, it has disrupted the office space market. And like Marmite, not everyone will like that – and not everyone in real estate will want to work alongside the new, flashy kid in town.

Finnigan remains optimistic, though. "I think the industry does recognise that we are best in class at operating and activating space," she says. "More and more value will be ascribed to the operation and activation of space as time goes on, so we are here to partner with those who want that experiential offering in their buildings.

"There has been a deep-seated shift in the way that people work and I think that, irrespective of what happens with the economy, that shift is not going away."

EG Property Podcasts

Listen to the interview with WeWork's head of transactions of EMEA and Australia, Mary Finnigan, at www.estatesgazette.podbean.com

WHY IS LANDSEC BACK IN FLEXIBLE OFFICES?

It's first attempt failed but that has not stopped Landsec from re-entering the market with Myo, a new operation that allows businesses to create and expand their own workspace

Louise Dransfield

Landsec has ventured into the flexible office market for a second time, more than a decade after its first attempt failed.

Myo – from "make your own" – offers customised offices for businesses needing space for between 15 and 80 people on leases ranging from 12 months to three years. It will also offer formalised subletting, so that businesses can rent bigger space to grow into.

The operation is headed by Oliver Knight, who has been at Landsec since 2014, first as its leasing and sales director and then as its investment director.

Landsec's first flexible office business, Landflex, was launched in the early 2000s before the arrival of Apple's first consumer iPhone. Knight says: "From a technology standpoint, we have to understand how much the world has changed in that time."

Working differently

He adds that the concept of flexible office space back then was more "plug and play space", which was typically fitted out in a generic form. In comparison, he argues, today people work differently, and business leaders are under more pressure to offer better-quality workplaces to attract and retain the best people.

Knight says: "Myo is more all-encompassing than Landflex. We are thinking about how we give people the best possible day at work. How do we remove the hassle both from [the business] taking new office space and from the day-to-day user in that space."

This all-encompassing service includes just a three-page agreement document and offers super-fast connectivity as well as IT support and a concierge service.

But don't expect the beer on tap that was at one time offered in WeWork's office spaces – or the reported mandatory 4pm Friday happy hours at WeWork's own headquarters.

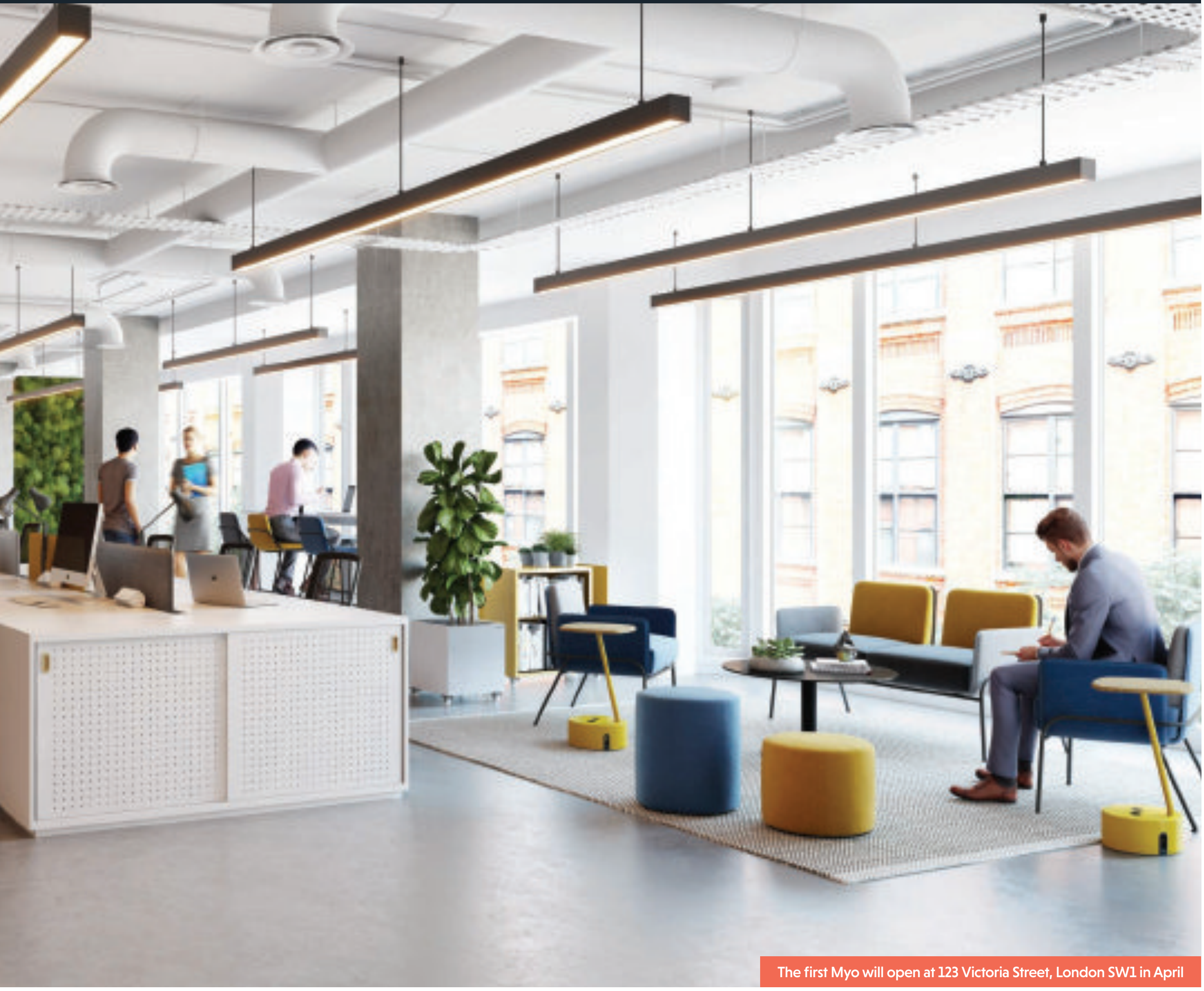
Knight says: "We will be covering the obvious things such as refreshments and making sure we have different days with different experiences, without it being over the top.

"I think it's fair to say the British don't do enforced fun and there is a time and place where you have got to get on with work as well. So I think there is a fine balance between curating a space and overdoing it."

He adds: "The co-working sector generally has a bit of a reputation for densification and a lot of talk about hospitality but not necessarily delivering day to day – and we are looking at that in detail to make sure we are going to deliver.

"It's the little touches such as towel service that will make a big difference."

Myo will open its first venue at 123 Victoria Street, SW1,


The first Myo will open at 123 Victoria Street, London SW1 in April

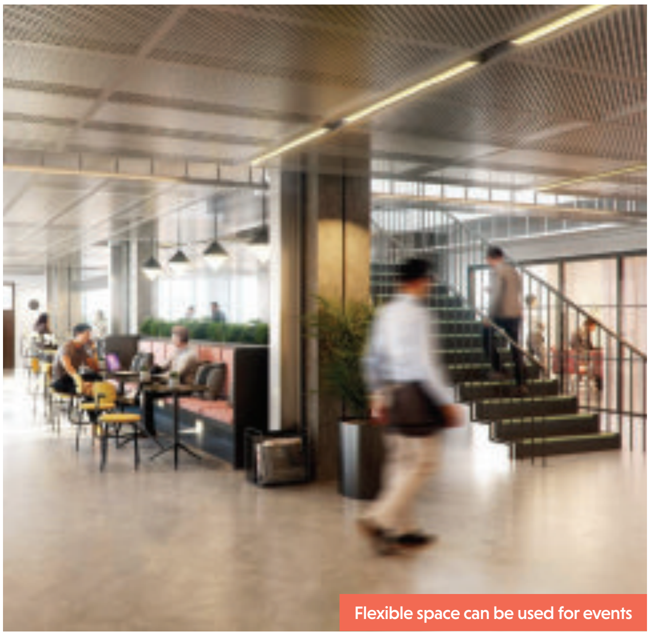
across 36,000 sq ft in April and Knight says it is already "in negotiations with a few parties on terms".

Event space

Within the space, Myo will also offer six meeting rooms – of which two can become an event space, owing to movable walls. This will be offered to Myo members as well as external customers.

Landsec will look to incorporate Myo within its future developments. It could also occupy any space that becomes vacant in its developed portfolio.

Knights adds that Landsec is also well-positioned in terms of balance sheet and financial fire power should it wish to buy assets specifically for Myo.


Flexible space can be used for events

At present, Landsec has a total office portfolio spanning around 6.5m sq ft and has a development pipeline of around 2m sq ft across London, including its recently acquired site at 25 Lavington Street on the South Bank, and it is looking to bolster this further.

The company is understood to be in the running for another five-acre site south of the River Thames, near Waterloo.

However, for now, Landsec needs to get it right at 123 Victoria Street so as to compete with long-time and dominant operators such as WeWork, as well as fellow property firm British Land, which set up a similar business in 2017.

AT ARM'S LENGTH

Mayor of London Sadiq Khan says developers understand the need for affordable housing targets. But, with economic uncertainty ahead, should he do more to engage with the property sector? Emma Rosser asks him where he stands on his ongoing relationship with real estate

His predecessor could not get enough of the real estate community and was a regular at MIPIM, but Sadiq Khan, just over two years into his four-year tenure as London mayor, has never been to the annual get together of the real estate community. And he won't be going this year either.

His communications with the property industry, the sector will tell you, have been few and far between, with the face-to-face meetings handed over to deputy mayors Jules Pipe and James Murray and the Greater London Authority's executive director of housing and land David Lunts.

So EG spoke to the man himself to find out exactly where he stands on property.

Housing targets

Whether the sector agrees or not, Khan believes that there is strong collaboration between the mayor's office and the industry, and that his demands on developers to

ROB PINNEY/LNP/REX/SHUTTERSTOCK

Khan, Michael Bloomberg (left) and architect Norman Foster (right) tour the site of the new Bloomberg HQ in the city of London in 2017

deliver affordable housing are working.

Those demands include a 35% affordable homes requirement on all new housing development – with the goal to increase this to 50% – and more recently plans to bring in rent controls.

> *The problem is that the macroeconomic situation – uncertainty around Brexit – is leading some developers to pause when it comes to starting to build other sorts of homes*

Smashing records

"We're not on track [to deliver on affordable housing targets], we're beating it," Khan tells EG, enthusiastically. "The target last year was to start building 12,500 genuinely affordable homes. I've made it hard for myself – 12,500 starts would have been a record. We've smashed that record. This year, the target I have set is 14,000 affordable starts, and we're on track to meet that as well. We've got to be breaking records."

According to London Assembly figures, there were 2,400 starts in the six months to September 2018, meaning that there is still some way to go to hit that magic 14,000 for the March 2019 target. Indeed, EG revealed in February that the number of consents for all new homes across London fell by 32% in 2016-2018, a drop of 40,000.

Uncertain times

Khan admits that it's not going to be easy, especially with those targets increasing to 17,000 next year and 116,000 in total by 2022.

"The problem is that the macroeconomic situation – uncertainty around Brexit – is leading some developers to pause when it comes to starting to build other sorts of homes," he says.

"The reality is that all of those in the real estate industry want to make a profit, and there's nothing wrong with that. We are saying to developers that the *quid pro quo* of you getting permission to build these homes you want to build and make profit on is that a significant number should be genuinely affordable homes."

His solution to affordable

GUY BELL/REX/SHUTTERSTOCK

The newly elected mayor arriving at City Hall on his first day, in May 2016

TOLGA AKMEN/LNP/REX/SHUTTERSTOCK

Khan's predecessor Boris Johnson addresses MIPIM in 2014. Khan has yet to attend the event

BEBERT BRUNO/SIPA/REX/SHUTTERSTOCK

delivery, he says, is collaboration. And he insists that he and his two deputy mayors, Pipe and Murray, are engaging with the industry.

"The good news is, it's not a battle against developers," he says. "Most developers get it. What I've been impressed by is the willingness of developers to work with us."

He points to the rising proportion of affordable homes being delivered as an example, growing, he says, from 13% in Boris Johnson's last term to 38% today.

Working together

"That's developers working collaboratively with us, not us threatening them," says Khan. "I see more of that teamwork going on between developers, those in the real estate industry, councils and City Hall. Because it's in all our interests to make sure we meet London's housing need."

He adds: "We need to make sure that we get more assistance from the government, in the form of grants and financial assistance. But also changing the law around land assembly to make it easier for us to build the homes we need."

Alongside his demand on developers to deliver "genuinely affordable" homes, Khan this week upped his pressure on the real estate community to deliver affordable workspace, with the launch of the Creative Land Trust.

The Trust will seek to deliver 1,000 affordable workspaces for artists and creatives at rents of just £15-19 per sq ft.

Creative thinking

Khan is certain that the development community will get behind him.

"I don't believe that someone who wants to build homes in London doesn't realise the importance of having good communities, and the reality is that one of the reasons London is an attractive place is because of our creative sector," says the mayor.

So, while Khan himself may not be engaging with the real estate sector, there is no denying that he is engaging in his own right.

He is confident and aggressive in his demeanour. And he will need to be, as he will almost certainly have a lot to battle with during the final two years of his current tenure as mayor.

His affordable targets will be increasingly difficult to reach as the economic environment gets tougher. And with another no-show at MIPIM this year, whether his sidekicks will really be able to get an under-pressure real estate sector on side remains to be seen.

Radius Data Exchange

Powered by EG

British Land is using Radius Data Exchange to get a real-time view of the market faster.

TAT-KEI LO
Strategy Associate,
British Land

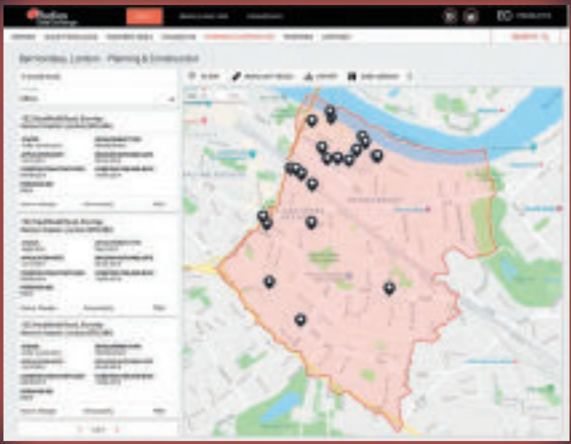
British Land

British Land is a leading UK commercial property company focused on high quality retail and London offices, with £16.8bn of assets under management.

Tat-Kei Lo, Strategy Associate, supports its Places People Prefer strategy.

He spends his day analysing market trends, identifying lucrative opportunities and building investment arguments to present to British Land's Investment Committee.

He tells us how Radius Data Exchange's instant view of the market is critical to this work.



How does a typical morning start for a strategist with British Land?

The core of my job is researching sector performance, so I start the day by checking the news.

I get the high-level view of the market from Radius Data Exchange and saved searches alert me to particular topics.

I then take a deep dive into articles related to markets that I am currently analysing. Many articles reference data, so I use that and the commentary to build my arguments.

The morning is all about acquiring information of strategic importance.

How do you use Radius Data Exchange to assess opportunities?

When a sector is of particular interest to British Land, I look into what the underlying market trends are on the occupier side and examine general market conditions.

For example, take our co-working, serviced-office offer. I assess how the sector's landscape is changing in London and the opportunity this presents for British Land.

The transactional data in this area is where Radius Data Exchange really comes in handy.

What can transactional real estate data tell you?

It tells you things like how short and long-term leases in a sector change over time.

If we take a 10-year look back at leasing transactions smaller than 5,000 sq ft, we can see that occupiers are looking for smaller places but not finding the quality of space they require.

This presents a significant opportunity for our business.

How important is it that agents are now sharing their data electronically?

Data should be in real time. Consider stock market data, it's so much more powerful in terms of live updates. You get audit rates almost immediately.

It would take more than a week to call multiple agents, have detailed conversations and aggregate that data myself.

With Radius Data Exchange, I get the answer in one or two hours and can act on it immediately. The more up-to-date the data, the sooner I know how to adapt my approach.

What else do you consider to be strengths of Radius Data Exchange?

It's one source of data that's comprehensive and easy to use.

It's also very DIY and quite unique in that way. I really like how visual the interface is and the interactive map. It makes it easier to get the story of a particular area faster.

The detailed building histories and planning information are also very useful for supporting case studies.

I'd recommend the service to anyone else working in a strategic real estate role.

ALEX HOFFORD/EPA-EFE/REX/SHUTTERSTOCK

HOW E-SPORTS COULD CHANGE THE GAME

E-gaming is a growing pastime, especially among the young. High-profile tournaments are attracting thousands of spectators, while gamers themselves could just be the new saviours of the high street

The Kinguin team takes on the Tyloo team from China at the 2018 ICBC (Asia) e-Sports Festival in Hong Kong

Pui-Guan Man

Just like the video games it relies on, the next few years look set to be action-packed for the e-gaming sector, which seems likely to level up significantly in terms of growth.

Predicted by PwC to reach $1.6bn by 2022, the niche market is still at grass-roots stage in the UK but has gained an impressive following worldwide.

Having exploded in popularity in Asia, where e-gaming will become a medal sport in 2022 at the Asian Games, the phenomenon has spread to the US and looks bound for meaningful growth in the UK.

E-gaming – organised, commercially driven and competitive video-gaming – is also a leisure activity that Mike Ashley trumpeted in his parliamentary hearing in December on reviving the high street.

Ashley's own Sports Direct last year bought 50% of GAME Digital's Belong business, which includes e-gaming arenas.

Expanding market

In recent years, competitive gaming has also spread across the basements of GAME stores, in shopping centres, and virtual reality arcades across the UK.

Andrew Fahey, director and e-sports lead at PwC, says while it is "early days", e-sports trends in the UK generally follow those seen in the US. He points to Walmart as an example, which is rolling out e-sports facilities across five locations.

"On top of that, you have people who are curious about setting up e-sports venues in London and Birmingham," he adds.

The latter city in particular presents opportunities to build real estate specifically for e-sports, since it will host the Commonwealth Games in 2022 and already holds major e-gaming tournaments.

Festivals and competitions staged at the SSE Arena in Wembley and the NEC in Birmingham sold out in 2018;

by 2021 these are forecast to generate £8m in UK ticket sales.

"It is a blank sheet of paper on what that might look like – whether it would be for a team based there or a gaming centre able to facilitate e-sports events," says Fahey.

Notably, Twickenham Stadium diversified into the sector last month when it signed a partnership with professional competitive gaming organisation Excel Esports.

Fahey says: "The beauty of the industry is that there are no rules at the moment. Anyone with investment who wants to build a structure will be able to fill it – there's no question about that."

> *The beauty of the industry is that there are no rules at the moment. Anyone with investment who wants to build a structure will be able to fill it – there's no question about that*
>
> *Andrew Fahey | PwC*

More than a fad?

Determining whether e-gaming is a mere fad is a challenge that comes from outside the industry, says Fahey, particularly from those seeing it "for the first time" – while the market remains immature, it is rapidly "evolving and growing".

"There is a difference between e-sports and [traditional] gaming," he says. "People have teams and players they support, and each title is a different sport altogether.

"Unlike other [modes] of entertainment, this is a social, community-driven form of entertainment, so the actual e-sports spectacle itself is secondary to the community around it. It [combines] technology advancement, changing consumer behaviour and current trends in social media and interaction.

"I think the genie is out of the bottle, and the following for this type of entertainment is such that it may have a number of different reincarnations over the next 10 years, but it will still be here in one shape or form."

Hybrid appeal

Much has been made of the growing importance of merging technology with bricks-and-mortar when it comes to retail.

Arguably, e-gaming companies are part of an occupier group that has got closer than others have in combining food and beverage, leisure, technology and social interaction in a physical space.

Shanghai-based Wanyoo Café has just unveiled its first physical store in Europe with the launch of its cyber café brand at one of Shaftesbury's units on Charing Cross Road, WC2, and is positioning itself as an early mover in this space with £21m of backing from Wang Sicong, the son of Chinese billionaire Wang Jianlin.

Its 5,330 sq ft, two-storey café, which opened in late January, features a 12-terminal e-sports battle arena, private rooms and booths, and public gaming and co-working spaces. There is also a large screen to display live streams of global tournaments as well as a food and beverage bar.

Huge potential

For Andrew Price, asset executive at Shaftesbury, the potential for e-sports is vast. The chance to expand the model for hybrid uses proved particularly promising.

"By embracing the e-sports concept, we think it provides another dimension to Chinatown and its evolving leisure offer," he says.

"E-sports is one of a number of change initiatives that you've just got to understand and [experiment with], and who knows where it'll go from here. You can't ignore these sorts of movements.

"It is early days, but I can really see it morphing with other technologies, whether it is hybrid use – for example,

2018 LOL World Championship final match at Munhak stadium in Incheon, South Korea

JEON HEON-KYUN/EPA-EFE/REX/SHUTTERSTOCK

ALEX HOFFORD/EPA-EFE/REX/SHUTTERSTOCK

AFLO/REX/SHUTTERSTOCK

Munhak stadium in Incheon, South Korea, hosted the League of Legends World Championship in 2018

JEON HEON-KYUN/EPA-EFE/REX/SHUTTERSTOCK

becoming a part of cinemas – or a general food offer."

> *E-sports is one of a number of change initiatives that you've just got to understand and [experiment with], and who knows where it'll go from here. You can't ignore these sorts of movements*
>
> *Andrew Price | Shaftesbury*

Tapping the student market

Price says that drawing in the core 18-35-year-old demographic will also drive footfall in surrounding areas, particular in the evenings when there is the most demand for e-gaming.

"When Wanyoo came in, they had done a lot of work with various student bodies within the greater London universities," he comments.

"We know that in Chinatown – and we saw it with the growth of dessert bars – if you get the right offers then you can really start to attract repeat business from this younger audience."

Shaftesbury is now keeping a close eye on the launch, as well as trends in the broader e-gaming industry, to determine whether to add more e-gaming occupiers to its portfolio.

"We'll stay close to Wanyoo and see how their business develops. I wouldn't rule it out," Price says.

"Five years ago, we had our first bubble tea operators in Chinatown; we've got up to five or six now, and we feel there is a market there.

"You have to be careful and keep a close eye on saturation. But as long as you give businesses time and don't bombard them, with one use at one time – you have to let markets evolve and grow."

A growing high street presence

Zhaorong Chen, the chief executive of Wanyoo's UK business, spent a year searching for the company's first location in the UK, first by consulting with agencies before approaching Shaftesbury directly.

For Chen, choosing London for Wanyoo's launch was a no-brainer, notwithstanding the current political uncertainty. "The people, the culture, the economics – London is the best place for Wanyoo to align with and choose as its first shop in the UK," he says.

"More than half of our customers are students. The other half is the gamers, the YouTubers – and it is also a good place for people to communicate with other customers."

Wanyoo, which operates across 1,100 locations in more than 50 cities in countries including the US, Australia and Canada as well as China, plans to open at least three more stores in the UK within the next two years. Before the year ends, Chen plans to open a 4,300 sq ft shop in Liverpool Street, EC2, catering to its 65% student population. He is currently negotiating lease lengths on the second launch.

"[The area] has six universities, and Liverpool Street is a very young place, so it is essential to open there.

"We will also choose Manchester and Coventry, which are amazing places [full of] students and gamers."

Chen will look for leases with a minimum of five years in Manchester and Coventry. The space requirements for these premises will also differ slightly from that of the Chinatown flagship, which has 88 computers and is on a 10-year lease. In Coventry, he is aiming for a slightly smaller space of around 4,000 sq ft.

"It will depend on the population of the place. In Liverpool Street, I may also [put in] 88 computers, but in Coventry I will maybe put in 50. We will test the market first and add more [or reduce accordingly]."

Wanyoo has also said one of its goals is to work with universities to provide internships and employment opportunities.

It's still at an early stage but, as an occupier group, e-gaming could be a key part of boosting the appeal of physical spaces to younger generations and tapping into that all-important market.

Either way, the future looks promising for e-sports, and may yet prove to counter the challenges in the retail and leisure industry, and battle its way into retail's "League of Legends".

WHO TO KNOW | SARAH CARY

ENFIELD'S BEST OF BRITISH

After 10 years at British Land, Sarah Cary moved into local government when she became Enfield Council's executive director for place last year. Here, she discusses her new role

Anna Ward

After growing up in Dallas, Texas, Sarah Cary relocated to pursue a career in real estate in the UK. After nearly a decade at British Land, where she was latterly head of sustainable places, Cary moved into local government in March last year.

She is currently Enfield Council's executive director for place, responsible for regeneration and development across the borough, an area of London just smaller than Cardiff with a population of around 330,000.

Here, she talks to EG about her new role, the borough's £6bn, 20-year Meridian Water regeneration scheme and the challenge of running a team of 800 people.

EG: How did you get into the property industry?

SC: I grew up in an American suburb in Dallas, and when I was a teenager I had to drive to high school. I got really bored sitting in traffic and staring out the window, and it got me thinking: "Why do we live the way we do?"

WHO TO KNOW | SARAH CARY

Crossrail 2 will be a key opportunity for Enfield

JEFF BLACKLER/REX/SHUTTERSTOCK


Plans for the Meridian Water regeneration project

I got interested in urban planning, sociology and the environmental impact of cities. I have built a career focused on trying to make cities a bit better for people and the planet.

I'm really pleased to be able to work in north London. It doesn't look like Dallas, but it feels like coming home. It is similar in that there are a lot of strong connections around school and churches, and both cities are very ethnically diverse.

> *The council owns a lot of land and property. We want to leverage that to bring new businesses in and to support economic development, alongside being more efficient in our own operations.*

What are you responsible for?
I run a consumer-facing operation, including services such as collecting bins from 125,000 homes, as well as strategic operations, which looks at long-term things such as how Enfield can get the most out of Crossrail 2.

Other service areas I look after are planning service and maintaining and improving our council housing. We have 15,000 homes. We also have a whole system for complaints and engagement with residents, and it is important that I listen to what residents are telling us about what they want for the borough.

What is your role on the Meridian Water project, and what excites you the most about it?
It is such a big focus for us as a council. Peter George is part of my management team, as the project director responsible for Meridian Water. We are quickly growing a dedicated team within the council to deliver the infrastructure and homes for the future at Meridian Water.

I am most excited about how the design integrates the city and the park, so people walk out of their houses and can access the big marshes and miles of the regional park. It is not your classic Georgian park with a fence. It will be very urban. I am passionate about integrating nature with cities.

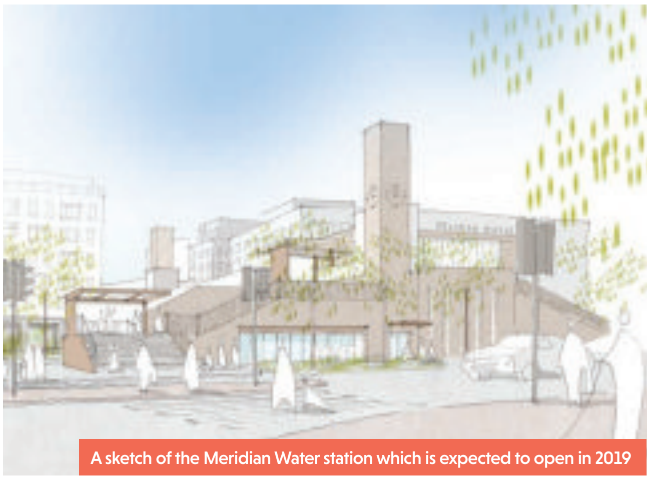
How did you get the job at Enfield Council?
I'd been at British Land for 10 years. I really enjoyed working there but I'm not the kind of person who wants to work at one company for the rest of my life. Having done lots of different things in my career, I wanted to go back to work on a bit of city, a bit of development where I could spend years and see the benefits – see the change to the city.

I had a couple of conversations with people in local government and went from there. It is my first role in local government, partly because I came to the UK as an American citizen and couldn't get a job in local government until I got my visa.

What did you learn from your previous role that you can apply to this one?
I bring a really diverse background of experience,

Living in Dallas sparked Cary's interest in urban planning

WESTEND61/REX/SHUTTERSTOCK



A sketch of the Meridian Water station which is expected to open in 2019

Edmonton Green Shopping Centre

HIGH LEVEL/REX/SHUTTERSTOCK

having worked not just on design or town planning but on a range of projects, large and small, delivering construction, getting planning, doing strategic masterplans. I think that breadth of experience has already been really helpful.

What is a typical day for you?

I start off by checking in on a couple of projects to make sure they are going in the right direction. I usually have at least one meeting, one-to-one with someone in the team. I am big on spending time with direct reports one-to-one, then letting them get on with things.

I will probably have a meeting in relation to the council budget – we have seen central government funding cut substantially, so we have to watch it carefully to deliver more services for more people with less money.

I usually also have a meeting with a cabinet member or councillor to understand their concerns and ideas, ideally out in the borough on-site. Nearly every day I have an evening briefing, for example on housing repairs.

I love the job, but it is harder work than at British Land.

What is your proudest achievement since starting the role?

I think there are two big ones. The first is that we have started to think about council property ownership as a good way to deliver economic benefit and housing delivery. The council is unique in that it owns a lot of land and property. Before, this was seen purely in financial terms, but we've stopped having that conversation. We want to leverage it to bring new businesses in and to support economic development, alongside being more efficient in our own operations.

The other thing is we have agreed to build a new office for a local software business, which was recently approved by our planning committee. It helps the company expand to bring a further 100 highly skilled jobs to Enfield, and it is a good property investment for the council too.

What are your main aims for 2019?

This year for me is all about building more homes – and more affordable homes.

What are the most challenging aspects of your role?

I came from running a team of 10 people and I am now running a department of 800. So, I moved from a small team in a strategic role to a large team in day-to-day operational business.

It has been a challenge to change my management style and the way that I work and to trust people.

And the best aspects of your role?

I am excited about building more homes for Londoners. This is something that councils can do.

What is your favourite building in Enfield?

My favourite one in terms of design and quality is Forty Hall, an old Jacobean manor house in a park setting. The landscape is stunning.

In terms of what is possible for Enfield, I am going to go out on a limb and say Edmonton Green Shopping Centre.

It is a massive pile of concrete, but it is very well connected and an example of a site with so much potential to improve for the benefit of Enfield residents.

Introducing the future of co-working

Anna Ward

Scotch tastings, afternoon tea, yoga and World Cup screenings. These are just some of the amenities available to Convene customers in New York which could cross the Atlantic this year for the company's London launch.

With more than $150m (£116m) in financing under its belt from investors including Brookfield Property Partners, the US flexible meeting and working space start-up is now investing serious money in London, which will be its first international outpost, and is in talks to acquire space at Twenty Two Bishopsgate.

Last November, it announced its first hires in the capital: Blackstone's Elliott Sparsis, who joins as vice president of real estate, and James Frankis from Gensler, who is taking on the role of director of strategic solutions for London.

Sparsis joins Convene after six years at the US private equity firm, where he was senior manager overseeing the firm's portfolio of central London offices.

He was involved in several of Blackstone's highest-profile investments in the office sector, including Chiswick Park, the Adelphi Building, WC2, 20 Old Bailey, EC4, and 125 Old Broad Street, EC2.

Previously, Frankis spent just over four years at the US design, planning and consulting firm's London office. After joining as an associate, he became European practice area lead for consulting in May last year.

Founded in 2009, Convene manages common space and meeting rooms in office buildings. It has also branched out into club space and hospitality services such as fitness classes and catering. Its in-house technology platform, Elevate, offers landlords data on how tenants use space.

London calling

Convene currently operates in six cities in the US but is looking to expand to London this year. The company runs locations in New York, Boston, Philadelphia, Washington, Los Angeles and Chicago.

In February last year, it hired CBRE to finds its first London locations. It plans to open around 500,000 sq ft of office space in London, taking its global total to 1.7m sq ft by the end of 2019.

Sparsis says: "We have identified two key areas to open in. The City is our target market for our first site. Canary Wharf is another priority."

Convene is also looking at the West End, City fringe, South Bank and Midtown submarkets.

Convene's business model involves partnering with landlords. The partnership can include a lease, but typically involves unique terms. In London, it has the opportunity to team up with some of its investors, such as Brookfield, which already operates real estate in the city.

Sparsis says: "We want partnerships with landlords. Owning outright is not in our strategy. We would also work with enterprise tenants [occupiers] as well – that is something we see working well. We can work in a three-way deal with both landlords and tenants."

The firm is targeting a range of landlord partners, not just its investors. "We are not exclusively tied to operating with our investor Brookfield in London. The metrics of the building have to stack up," adds Sparsis.

Frankis says: "We really are trying to partner with landlords. This has been very successful in the US.

"WeWork is more of a tenant in a building. Our deal structure is different, and how we approach a building is different. It is about starting to identify the right building, and landlords that have a progressive approach around what we think the future of workplace is."

Crowded market

The pair are bullish about the opportunities that London will offer, despite co-working being a crowded market.

"The workplace market in London is big, underestimated," says Frankis. "That is going to need to be augmented by things such as tech, club space, places to work and focus, and places to unwind and socialise."

It remains to be seen whether working Londoners put down their free pints of beer and table tennis bats and embrace a new model, but Sparsis is sanguine about his competitors: "Rivals cannot compete with the experience we have built over the years in the US. We will have competitors, but we are confident in the product."