EIGHT SHARDS REQUIRED TO HOUSE GROWING TMT SECTOR

Dan Bayley, MD of Central London at BNP Paribas Real Estate, discusses future real estate requirements of the growing TMT sector in London:

“The technology, media and telecommunications (TMT) sector has been heralded by many as a saviour in the London office market, as growth from traditional occupiers has stymied over recent years in response to the challenging economic climate. The TMT sector has been the one to buck this downward trend and achieve genuine growth.

Through speaking with occupiers, our recent research report enabled us to better understand the sector’s property needs. For example, our survey revealed that 54% of TMT firms expect to grow London headcount on average by one third over the next three years; this translates into at least 1.2m sq ft of additional space. To put this in perspective, it essentially means the equivalent of two Shards.

If we combine this additional space with current office space demand, we forecast that TMT sector demand will reach 4.65m sq ft by the end of 2014 - equivalent to eight Shards and half of the total average take up in London per year.

The research also highlighted how this key occupier group identifies with emerging London locations such as King’s Cross, Southbank, Shoreditch and Stratford. This creates a great opportunity for investors to look more seriously at these kinds of locations, as well as the traditional core markets - but the entry price will be key factor to a successful outcome.

Looking ahead, the growth in the significance of TMT in London will further increase, creating a challenge for property owners to continue to provide well-priced, raw and edgy space for smaller tech companies. As they grow, these companies need to broaden their geographical boundaries and increase their budgets to secure the right kind of space to attract and retain their talent.”

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About the research:
BNPPRE commissioned independent consultancy Meridian West to interview more than 100 senior real estate decision makers within Greater London from technology, media and telecommunications (TMT) companies. The sample comprised a cross section of company types, reflective of the diverse range of organisations within the sector, varying from start-ups to more mature organisations. Those interviewed represented: media & broadcasting 39%; marketing, advertising & PR 21%; software development 14%, publishing 10%, web-based services 6%, other 6%, telecoms 4%.

To find out more about the report, or BNP Paribas Real Estate, please visit:
http://www.realestate.bnpparibas.co.uk/tmt

About BNP Paribas Real Estate
BNP Paribas Real Estate is a leading international real estate provider. It offers to its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management. BNP Paribas Real Estate has local expertise on a global scale through its presence in 30 countries (15 wholly owned subsidiaries and 15 by its Alliance network, that represent today more than 2,500 people) with 3,400 employees. BNP Paribas Real Estate is a subsidiary of BNP Paribas with more than 150 offices.
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