54% OF TMT FIRMS TO GROW HEADCOUNT IN LONDON OVER THE NEXT 3 YEARS

-Two new ‘Shards’ needed to house growth, making now a good time to
develop or forward fund London offices-

54% of TMT firms expect to grow headcount in London over the next three years. This translates into 1.2m sq ft of additional sector demand, above the sector take-up level through churn - equivalent to two Shards, according to new research conducted by BNP Paribas Real Estate (BNPPRE), the leading property adviser. This means it is a good time to develop or forward fund London office buildings, as the sector will contribute a large proportion of take up over the coming years.

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.

In total, BNPPRE forecasts TMT sector demand for office space to reach 4.65m sq ft in take up by the end of 2014 - equivalent to eight Shards. This is good news for investors, landlords and developers, as the sector steps up to breach part of the gap left by financial services firms.

Interestingly, the research also revealed that TMT firms believe access to funding is key to promoting London as the sector’s global centre and have called for government to provide this. However, London TMT companies don’t want the government to create designated technology hubs – they think this should be left to the private sector to determine – creating an opportunity for developers.

Dan Bayley, MD of Central London at BNP Paribas Real Estate, commented: “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. TMT provides an opportunity for investors, which they should embrace over the next three years.”
“The survey shows a huge variety of preferences for building style and location but most TMT firms do recognise property is important to their brand image. Landlords need to be confident in delivering an interesting end product and should recognise that one-size-fits-all will not apply in the future.” added Bayley.

Paul Henwood of BNP Paribas Real Estate’s investment team said: “The predicted growth of the TMT sector provides a positive occupational backdrop to the continued strength of the Central London investment market. The research shows how this key occupier group identifies with emerging locations such as King’s Cross, Southbank, Shoreditch and Stratford. There is 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”.

Louis Kenna, Head of Media and Telecom Finance at BNP Paribas in London, concluded: “TMT is important to Britain, not only in terms of the development of our own infrastructure but also in terms of developing an important export oriented industry. Looking ahead, the sector has a strong future, as the demand for broadband across Europe continues to grow exponentially and lessons learnt by the sector during the internet bubble of 2001 have served it well during the recent crisis.”

Those interviewed represented: media & broadcasting 39%; marketing, advertising & PR 21%; software development 14%, publishing 10%, web-based services 6%, other 6%, telecoms 4%.

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BNP Paribas Real Estate, leading international real estate provider, 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 36 countries through more than 150 offices and 3,400 employees (15 wholly owned subsidiaries and 21 by its alliance network, that represents today more than 3,000 people). BNP Paribas Real Estate is a subsidiary of BNP Paribas.

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