LONDON’S MEDIA AND TECHNOLOGY SECTOR:
“GROWING CONFIDENCE, GROWING PAINS
AND GROWING APART”

- Media Tech will create 28,000 jobs in London by 2017
- Up to 2.8 million sq ft of new office space required to accommodate projected growth
- Clear distinctions between ‘Old School’ and ‘New School’ Media Tech companies

A major research report published by BNP Paribas Real Estate into the occupational requirements of media and technology businesses in London reveals that while the sector is growing in confidence, it is also becoming more diverse and has suffered its share of growing pains.

The ‘Media Tech London’ report highlights that Southbank, Shoreditch, Soho, Seven Dials, Smithfields and the Square Mile are the preferred London locations for Media and Technology businesses, suggesting that the ‘Tech City’ is not a phenomenon limited to just the City Fringe but spread out amongst London locations, coincidentally those beginning with ‘S’ seem to be most popular.

The leading international property adviser’s report also predicts that the Media Tech sector will generate 28,000 jobs by 2017, possibly requiring around 2.8 million sq ft of additional office accommodation, the equivalent of nine new Aldgate Towers. The report also looked at how and where Media Tech businesses are occupying office space in London.

Daniel Bayley, head of Central London for BNP Paribas Real Estate said: “In recent years much has been said about the media and technology sectors being the engine house for the capital’s office market. Our research shows that there is a growing confidence in the Media Tech sector, with 79% of respondents expecting business growth, compared to just 44% reported in 2012. This confidence is underlined by the expectation of the creation of tens of thousands of new jobs over the next three years.

“This period will see a large demand for new office space in London from Media Tech businesses and landlords should continue to embrace this sector. Those that currently have Media Tech occupiers with short leases or break clauses should look at how they can adapt their service offer within their existing buildings and engage with them early so they don’t risk losing them to better buildings with more receptive landlords.”
The BNP Paribas Real Estate report also looks at the difference in the occupational requirements of ‘Old School Media Tech’ companies - those in publishing, media and broadcasting, telecoms, classic PR firms, graphic design companies and hardware developers – and the ‘New School’ companies - app developers, web-based services, software developers, IT services and digital marketing agencies.

BNP Paribas Real Estate’s David Herzog, who acts for ‘New School’ companies like Uber, said: “Our research reveals that ‘New School’ businesses are looking to increase headcount by 40% more than existing staff levels, expand their floor space requirements and that they place greater importance on location and the amenities of their office space.

Bayley, who represented News Corporation in its acquisition of The News Building at London Bridge added: “On the other hand, the ‘Old School’ companies surveyed expected their headcount to be more static, to consolidate their floor space and have a more balanced preference for office space with location, local amenities, collaborative working spaces, fixed desks and building specification all being given roughly equal importance.

Herzog observed: “The fact that the Southbank, Soho, Seven Dials, Square Mile and Shoreditch were the most preferred locations demonstrates the dynamism of the sector. The popularity of the City, the core financial district, is particularly interesting as it shows the growing importance of Media Tech to the whole of London. Our report also shows that ‘location, location, location’ is not the most important consideration, as Media Tech occupiers want office space that is modern, light, spacious, efficient and open, over specific locations.”

Another surprising finding from the Media Tech London report was the overwhelming lean towards fixed desks for both the old school and new school businesses. Despite the trend in corporate real estate towards hot-desking, this is not popular amongst the Media Tech sector, although break out areas are very important.

Daniel Bayley said: “The ideal Media Tech office of the future will be air-conditioned on one single large raised floor, with fixed desks and have a hotel-style reception: not necessarily what we would have expected and significantly evolved from 2012’s more industrial warehouse, edgy space – highlighting the evolution into a more mature, established sector.

“There is a 50:50 preference split between suspended ceilings and exposed services. Owners should consider shell and floor delivery, especially on larger floor.”
The Media Tech Report makes four main recommendations for landlords and developers:

1. Target the Media Tech sector, it will continue to be the dominant sector in London over the next three years. There is an opportunity to develop new schemes aimed at this sector.

2. Landlords with Media Tech tenants in existing buildings need to engage with existing Media Tech occupiers to find out what they want to avoid them breaking their leases and moving (eg better fibre connectivity, more interesting common areas).

3. Those delivering new or refurbishment schemes should consider leaving them as “shell and floor” as Media Tech companies are 50:50 split between what kind of ceilings they prefer. This approach allows the delivery of a more bespoke fit out.

4. Not all Media Tech occupiers want to pay the higher rents now found in central London. Over 1/3 have expectations which are out of kilter with today’s rental levels. Developers should embrace commercial elements in mixed use schemes in emerging locations like Dalston, Hackney and Vauxhall that deliver lower cost offices in order to target some elements of the Media Tech sector – particularly small to medium-sized enterprises.

BNP Paribas Real Estate is the leading adviser for the UK media tech sector having recently represented News Corporation, Reed Elsevier and Angry Birds as well as being involved in recent Google and Amazon deals and is currently advising on a number of other media tech requirements.

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About BNP Paribas Real Estate
BNP Paribas Real Estate, one of the leading international real estate providers, offers 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 38 countries with more than 180 offices and 3,700 employees (17 wholly owned 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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