

**With remote working expected to continue to increase over the next 25 years, and employees therefore being able to work from anywhere, which may transform the commuter belt, what impact will this have on the supply and demand of real estate and the format, footprint and value of this real estate?**

*“Bees cannot make honey if they are sealed in a hive, they need access to the tempting nectar in the garden and while foraging they cross-pollinate the plants”*

Peter Rees, 2015

In a recent discussion with Peter Rees, the former chief planning officer for the City of London, regarding the modern workplace, he drew on a curious analogy of beehives on a compost heap. From his initial thoughts, he enthusiastically continued...

*“Instead of a hive of bees think of your workforce; for nectar-bearing flowers think bars and restaurants; and for the pollen, substitute the latest business gossip. A successfully creative business lives in a “beehive” on a “compost heap””*

This analogy alludes to the benefits we gain from working within a cluster of office towers that house similar industries. Extending to the idea that working away from the beehive and working in the flowers with like-minded individuals on the compost heap is beneficial in boosting the creation of innovative ideas to take back to the beehive.

Today there is undoubtedly a thirst to flee beyond the realms of the traditional workplace. According to ONS 2014, from 1998 to 2014 the number of remote workers increased by 41% to 4.2 million, of 30 million working in the UK.

Based on the question, the following will assume three set premises:

Remote working will increase in 25 years.

Employees will be able to work anywhere.

Remote working may transform the commuter belt.

Due to the broadness of the topic this article will simplify ‘*real estate*’ to: offices, homes and other realms, namely coffee shops. London and other significant regional hubs such as Birmingham and Manchester will be used as relevant case studies as central commuter hubs.

## **Offices**

Changing demands of the workforce has encouraged developers, landlords and employers to change their approach to the footprint and format of real estate. As the line between work and home is becoming increasingly blurred, we begin to look beyond the traditional workplace and turn to the “third space”. The demand for traditional office space is decreasing, along with its value. There is a desire from employees to work in more creative environments and therefore the demand and value for alternative space such as serviced and co-working spaces have seen a dramatic increase.

The Instant Group calculated that in 2015, Manchester’s serviced office market grew by 9% and in 2014 the London market grew substantially by 18%. The length of terms have changed as a result of

this growing trend. Whereas traditional office spaces offer leases of five to 15 years, the new era of Landlords are restructuring themselves in order to offer more flexible offices space. In 2015 51% of contracts in the UK were signed for an initial term of only 12 months. As the serviced and co-working revolution continues to boom, over the next 25 years we can assume that this will have a fundamental impact on the nature of the commuter hub.

### Homes

With remote working expected to continue to increase over the next 25 years, the commuter belt is likely to become internationalised as employees are no longer needed to be in the traditional office five days a week. Halifax noted that in 2015 house prices across the UK increased by 10.1% on average, with Royston, Hertfordshire experiencing a 19% increase. Whilst Kensington and Chelsea only experienced a 1% increase. The growth in remote working may have a downward pressure on city housing rents and capital value and upward pressure on the demand for housing within current commuter belts and beyond.

### Other: Coffee-shops

In the 17<sup>th</sup> and 18<sup>th</sup> Century, “remote working” was the dominant way to work. By going to coffee-houses and pubs to gossip and trade business, the coffee house became a primary gathering point for news and tip-offs. Unfortunately the rise of the utilitarian workplace of the 20<sup>th</sup> century dampened this way of working and encouraged employees to live monotonous lives at their allocated desk. Today the increase in remote working is influencing the resurrection of a coffee-shop culture.

The Allegra World Coffee Portal report, Project Café 2015 UK, calculated that in 2014 there were 5,781 branded coffee-shop outlets in the UK (Café Nero, Starbucks etc.). This number is forecasted to grow by 26% by 2020, demonstrating increased investment into spaces that allow employees to venture out of the traditional office to work. Manchester’s Spinningfields (Figure 1) developed by Allied London Properties and Granary Square (Figure 2) developed by King’s Cross Central Limited Partnership are spectacular examples of the changing format of real estate.



**Figure 1:** Spinningfields, Manchester  
**Source:** Foster + Partners



**Figure 2:** Granary Square, King's Cross London  
**Source:** King's Cross

### **Why the question presents challenges...**

The question is based on the assumption that remote working is expected to increase over the next 25 years. However, what if in 25 years remote working is no longer remote working, but the norm. Just as some 200 years ago, remote working was simply just working. The question has fundamentally failed to understand that remote working is not a new 'trend', but a pre-existing practice. Remote working extends from meeting a client for a drink, to strategising in a coffee-shop with colleagues, to reading your emails whilst on a treadmill.

The Office for National Statistics Report (2014) questions the notion that remote working may transform the commuter belt by confirming that people enjoy working in the company with others in order to promote innovation and collaboration. In Q1 2014 there were 30 million people in work in the UK of which 13.9% worked 'remotely', and furthermore from that statistic, 8.9% chose not to work in their home. Illustrating that commuter belt will not transform itself, but rather the nature in which it is used may change.

Lastly, the question ignores the impact variables will have on the commuter belt. One of great importance today is the Grey Vote. In the 2011 Workforce Census, the largest age group were 30-35 year olds, whom are now 35-40 year olds, accounting for 20% of the working population in London. As the UK grows into an aging population over the next 25 years. Those whom are used to commuting to the major hubs such as London, Bristol or Manchester for the past 10 years, are unlikely to change their routine in the future.

### **To the new beehives...**

Rees noted, as a bee it's no good occupying the smartest most efficient "beehive", if we don't participate in what is going on in the "compost-heap" below. As a 200 year old practice that is finally being re-embraced, remote working is encouraging employees to remove themselves from their beehive and explore the flowers, compost heap and beyond. Although it is difficult to foresee how the commuter belt will be transformed, the impact on the supply and demand of real estate is evident. As there is a demand for unconventional office space, there is now a strong and growing supply of 'office space' in the form of co-working areas, serviced offices, coffee-shops etcetera. Blooming these beautiful flowers upon our burgeoning compost heaps to help supply are not only of investment value to developers, landlords and occupiers alike, but encourage employees to produce finer Manuka honey within the beehive.