

TMT dials up expansion in London

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Amid the current economic uncertainty, there is one group of occupiers that is continuing to thrive. Companies in the technology, media and telecommunications sector are out in force with major requirements for office space.

This week Ogilvy & Mather became the latest company in the TMT sector to relaunch a large-scale search for office space in the West End.

The media giant, which last considered a potential relocation in 2009, has now appointed Cushman & Wakefield joint agent alongside James Andrew International, to spearhead a search for around 200,000 sq ft of office space.

Ready to relocate

Ogilvy is likely to look for self-contained buildings ready for occupation in 2014, and will relocate from its base at Canary Wharf, E14.

Also this month, US computer giant Apple reinvigorated its 180,000 sq ft West End requirement. An absence of available stock will mean that Steve Jobs's company will now have to consider prelet opportunities.

The requirements come as King Sturge releases figures showing that TMT occupiers are now actively searching for more office space than financial services firms for the first time since the turn of the century. The agent says that 23% of office leasing deals in the capital in 2010 were to TMT companies, compared with 14% for the financial sector.

Andrew Barnes, partner in King Sturge's West End office team, says: "The TMT share of West End office take-up in 2010 was significantly boosted by a number of large deals signed at new schemes. Last year saw the sector overtake financial occupiers in the West End for the first time since the dotcom bubble of 2000."

The explosion in demand across the sector has happened almost overnight. At the beginning of last year, following a



ANALYSIS

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spate of mergers and acquisitions, particularly in the telecoms market, TMT firms made the call to rationalise their office space. But, says King Sturge, by Q4 last year, 20 TMT occupiers were out scouring the West End for space, accounting for 798,000 sq ft of active demand – up from 475,000 sq ft in Q3. Compare that with financial services occupiers, whose active demand in the capital fell from 591,700 sq ft in Q3 to 422,200 sq ft over the last quarter of 2010.

"TMT is one of the few business sectors to have seen genuine expansion, and demand is such that occupiers are looking beyond the traditional boundaries of Soho into the wider West End market," adds Barnes.

"This is also being driven by the availability of large, newly developed grade-A space offering more attractive rental terms than the prime rents seen in the core of the West End. Furthermore, many of these new buildings, with large floorplates, are often efficient 'cost in use' for their occupants."

In addition to Ogilvy, Facebook is closing in on a site for its 35,000 sq ft requirement as it moves to increase its presence in London; Twitter needs as much as 8,000 sq ft as it reviews its real estate strategy in the capital; Google is still looking for 150,000 sq ft, and is thought to be considering King's Cross; Expedia wants 50,000 sq ft of cheaper office space than it currently occupies; and Tripadvisor is in the market for 20,000 sq ft.

Fringe locations

But with prized Soho space in limited supply, and more fringe areas such as King's Cross coming into their own, core West End locations are not the only catchment area for TMT occupiers, says Robert Noel, Land Securities' London chief.

"We've never really seen a huge migration of tenants from the West End to the City," says Noel, "but the towers in the Square Mile are likely to provide a real draw for traditional West End firms, with the prospect of panoramic views over London, and lower rents."