



THE CENTRAL LONDON MARKET

A Presentation to the Association of Danish Real Estate Lawyers

27 September 2013

CBRE



ECONOMIC CONTEXT AND CENTRAL LONDON PROPERTY MARKET

Kevin McCauley

Senior Director, UK Research and Consulting

CBRE



AGENDA

Economic context and outlook

Property market context

Property market trends

An investment perspective

GLOBAL FINANCIAL CENTRES INDEX

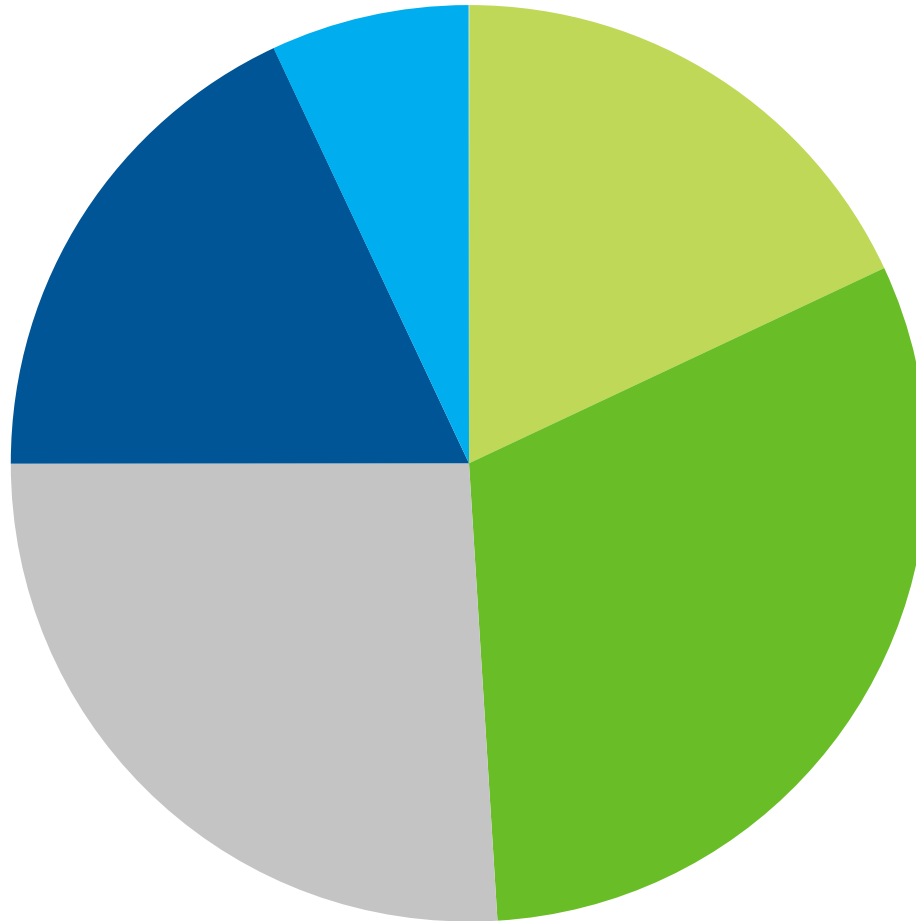
Remarkable Stability at the Top of the Rankings

	March-13	March-07
London	1	1
New York	2	2
Hong Kong	3	3
Singapore	4	4
Zurich	5	5
Tokyo	6	9
Geneva	7	10
Boston	8	14
Seoul	9	43
Frankfurt	10	6

Source: Z/Yen Global Financial Centres Index

LONDON TO PRESERVE ITS COMPETITIVENESS

Survey respondents are relatively optimistic



How will London's competitiveness as a financial centre change over the next 3 years?

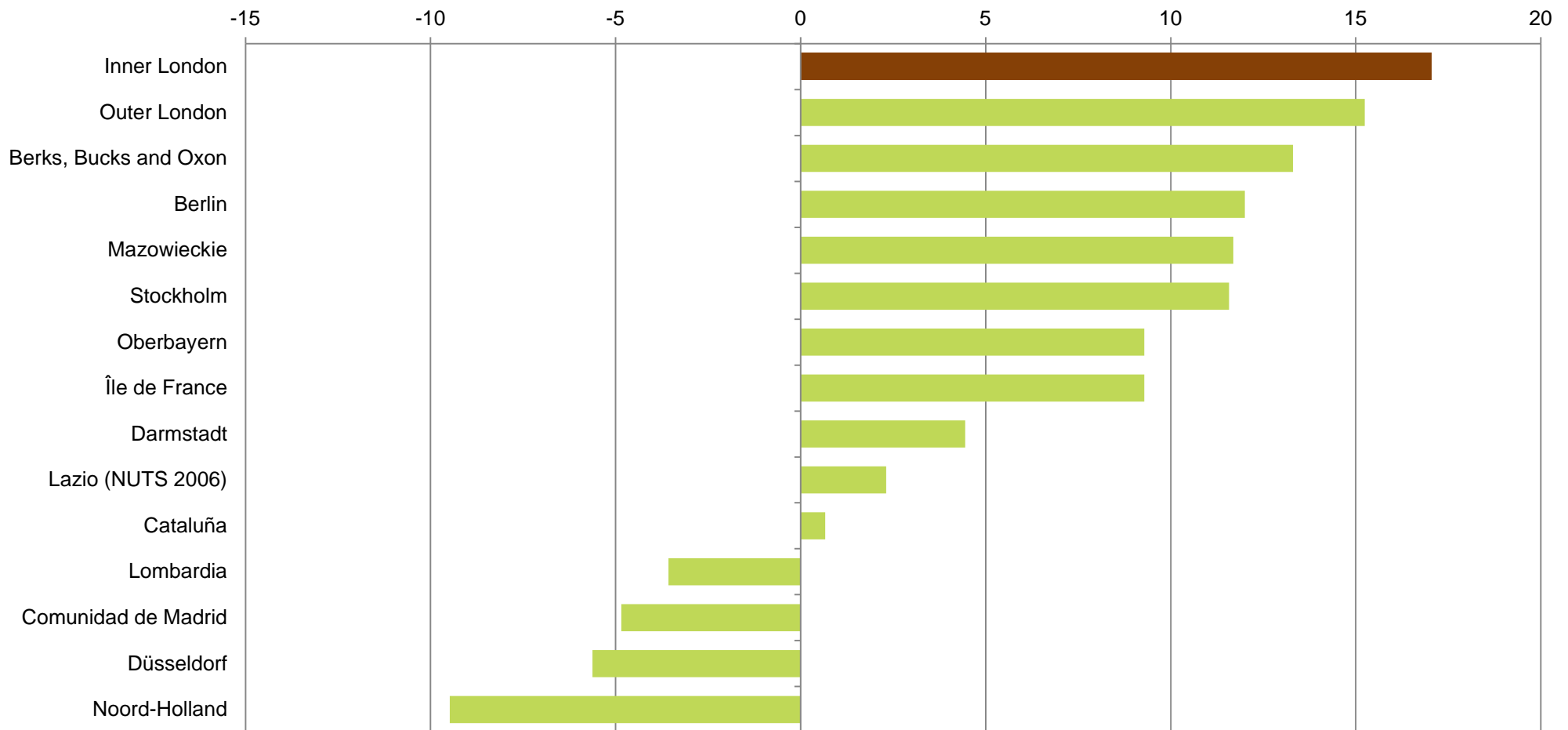
- Much more competitive
- A little more competitive
- Remain about the same
- A little less competitive
- Much less competitive

Source: Z/Yen Global Financial Centres Index September 2012

LONDON LEADS THE WAY IN HIGH-END JOBS GROWTH

Employment in KIS* (exc. Financial services)

% change, 2009-11; NUTS 2 regions with more than 200,000 jobs in 2008



Source: Eurostat. * KIS = Knowledge Intensive Service Industries;

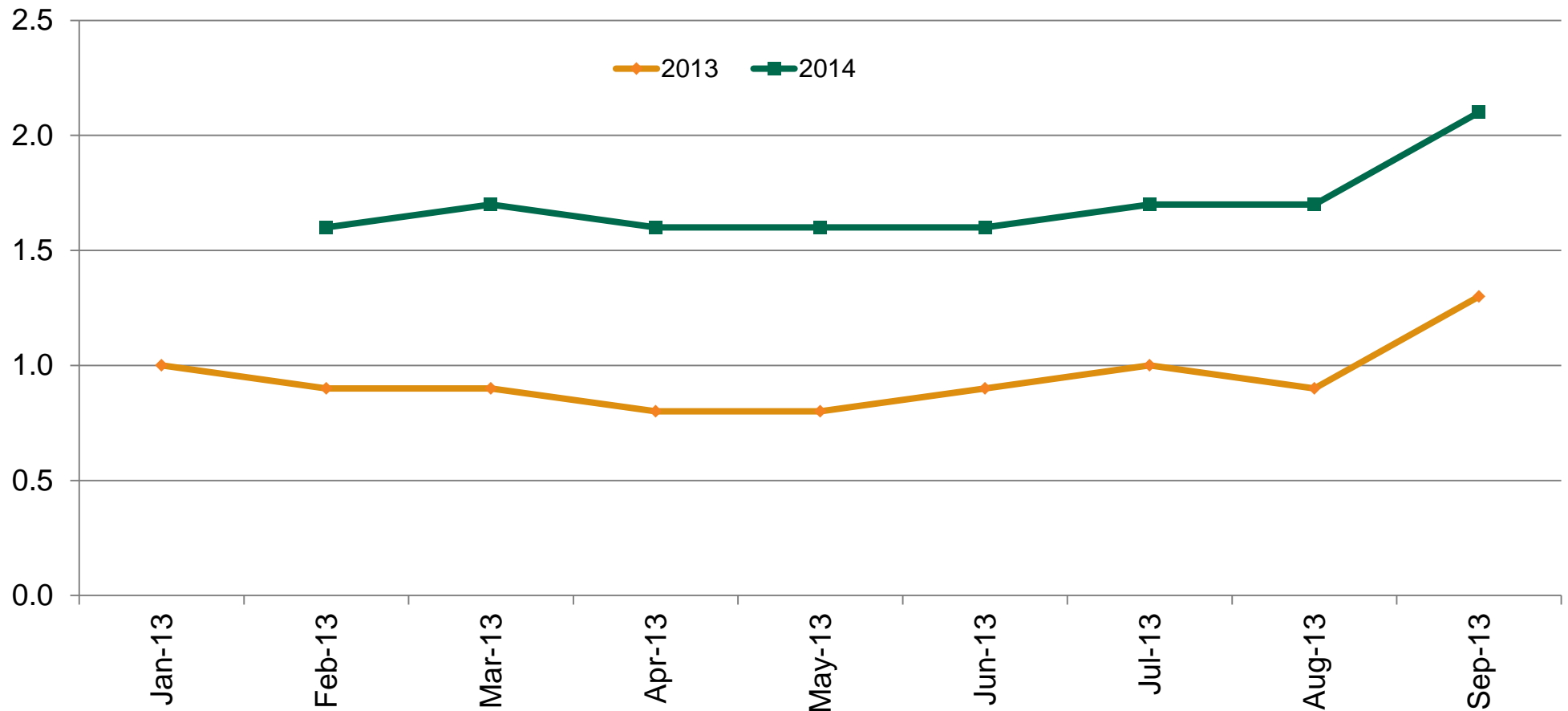
CENTRAL LONDON ECONOMY – KEY FACTS

- Central London accounts for 15% of the UK's GDP
- 2% of London's area but a third of all jobs
- One of the main global financial centres:
 - Ranked 1st in 2012 GFCI survey of global financial centres
 - Home to a third of Fortune 500 firms and 251 foreign banks
 - Largest investment banking centre in Europe
 - Largest international insurance market
- World leading centre for:
 - Legal services
 - Accountancy services
 - Management consultancy

IMPROVING SENTIMENT REFLECTED IN GDP FORECASTS

Consensus independent forecasts of UK GDP

% change per annum

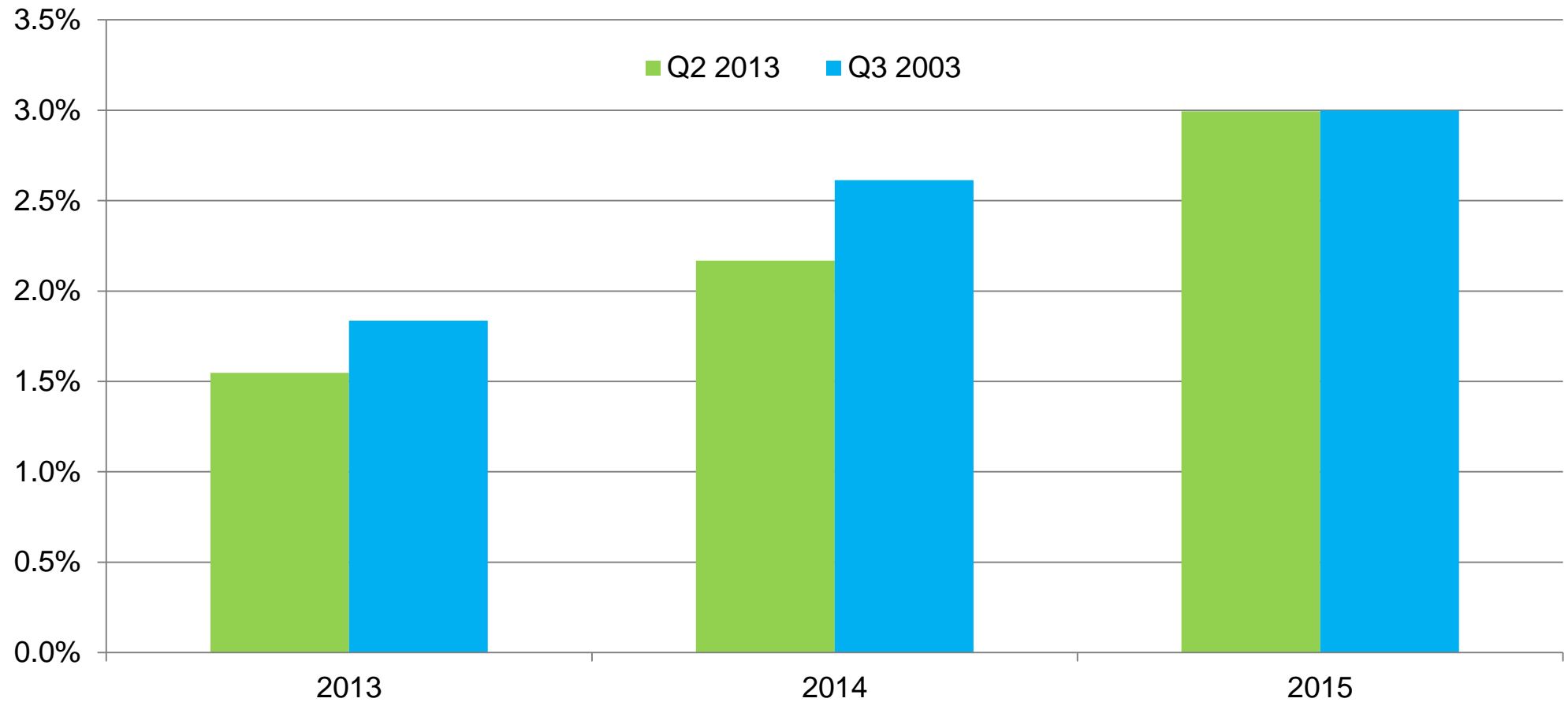


Source: HM Treasury

LONDON ECONOMY BENEFITTING FROM REBOUND IN SENTIMENT

London GDP Growth

% change per annum

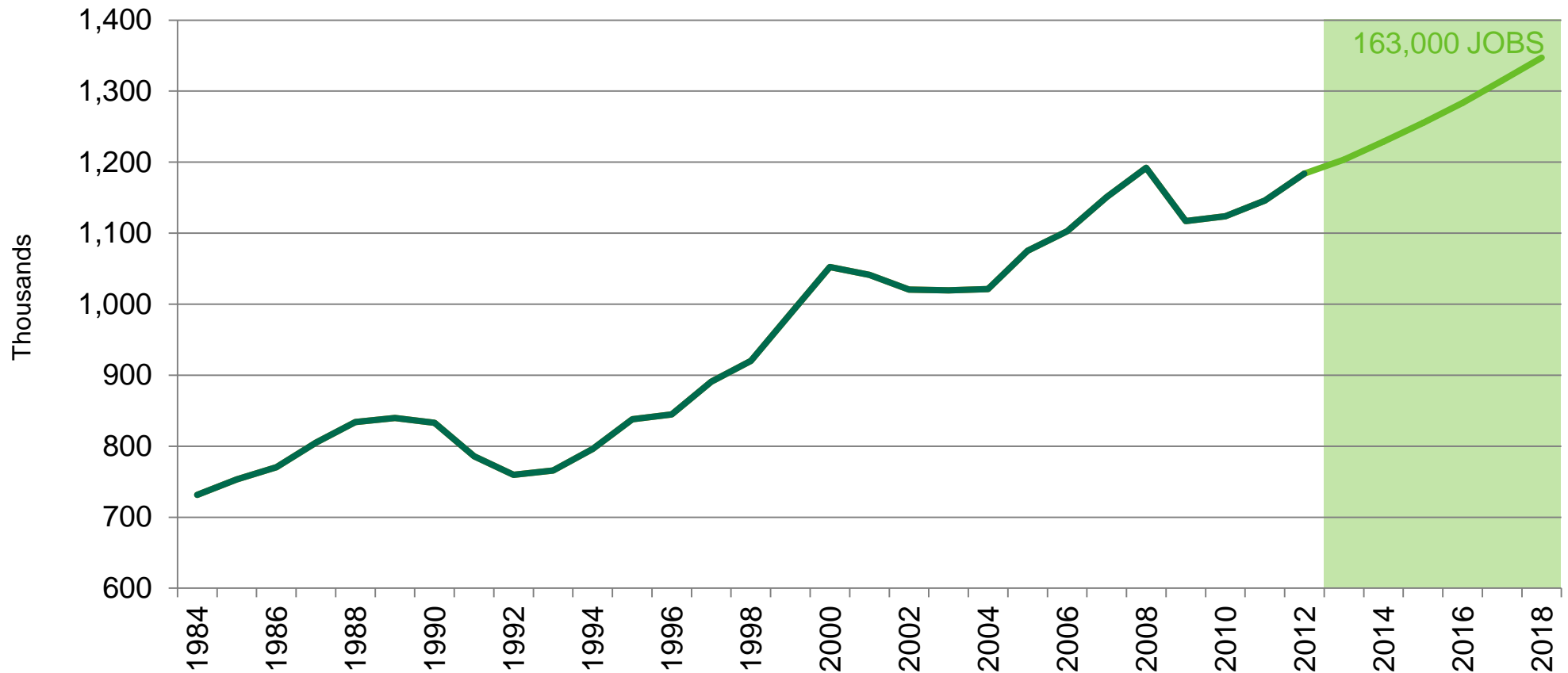


Source: Oxford Economics

JOBS GROWTH WILL CONTINUE AS THE WORLD ECONOMY PICKS UP

163,000 additional jobs, but pace still lags previous recoveries











Office-based Employment in Central & Inner London Boroughs, thousands



Source: CBRE, National Statistics, Experian

OFFICE-BASED EMPLOYMENT CENTRAL LONDON

Next six years...

	Banking & Finance		10% (29,000)
	Professional and Business Services		20% (86,000)
	TMT		24% (46,000)
	Admin. & Support		7% (10,000)
	Public administration		-8% (-9,000)

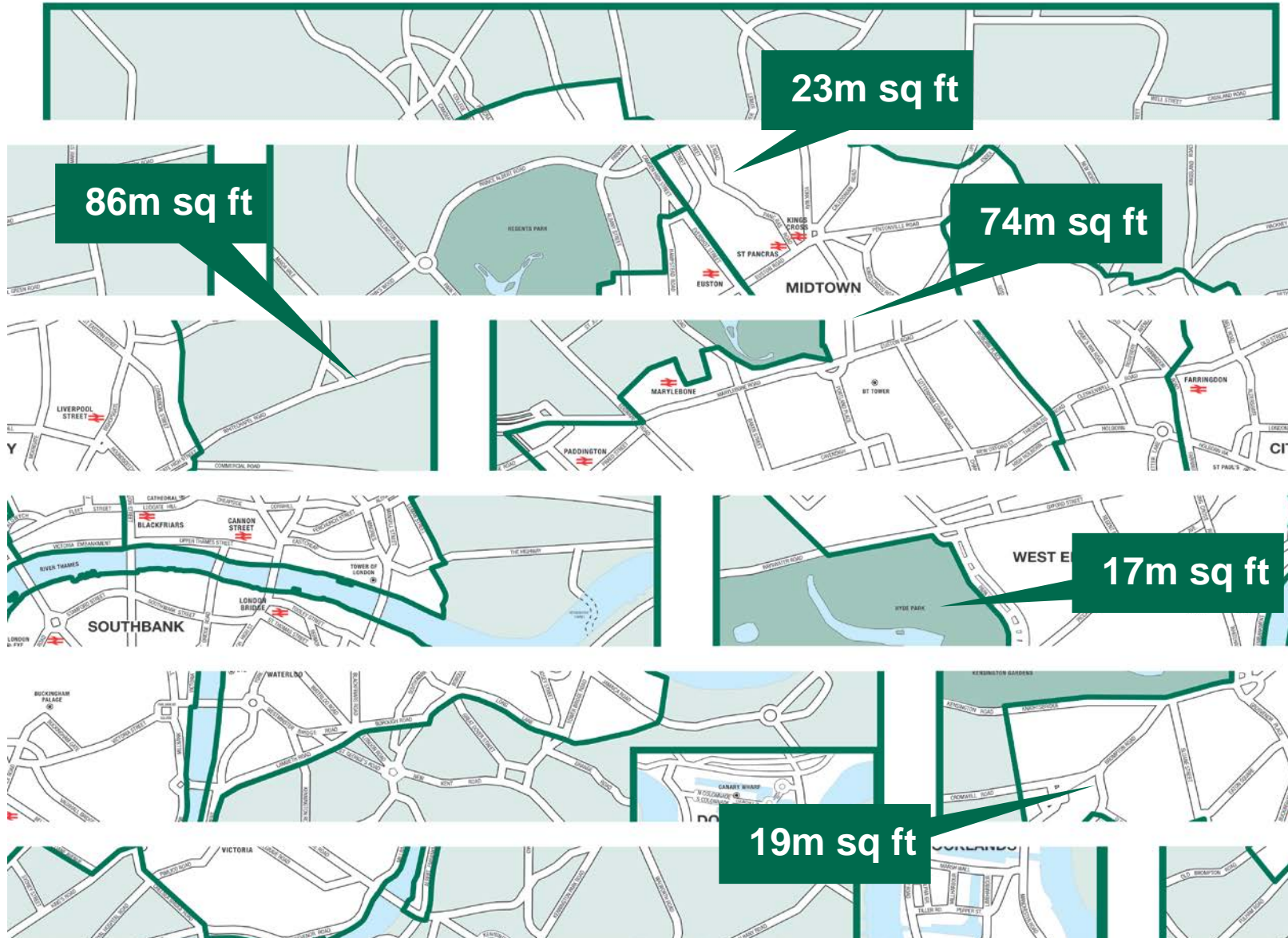
PROPERTY MARKET CONTEXT

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CENTRAL LONDON OFFICE MARKETS

Stock, Q2 2013





- Key financial district
- Investment banking, fund management, insurance, legal
- Large ‘trading floor’ buildings
- Nearly 50% built or refurbished since mid 1980s
- Positive planning regime

WEST END



- Small, historic ex-residential units. Larger buildings at fringes
- Around 30% built or refurbished since mid 1980s
- ‘Conservation’ ethos in planning - limited development opportunities
- Key submarket differences

PROPERTY MARKET TRENDS

CBRE



IS THE MARKET TAKING OFF AGAIN?



No?

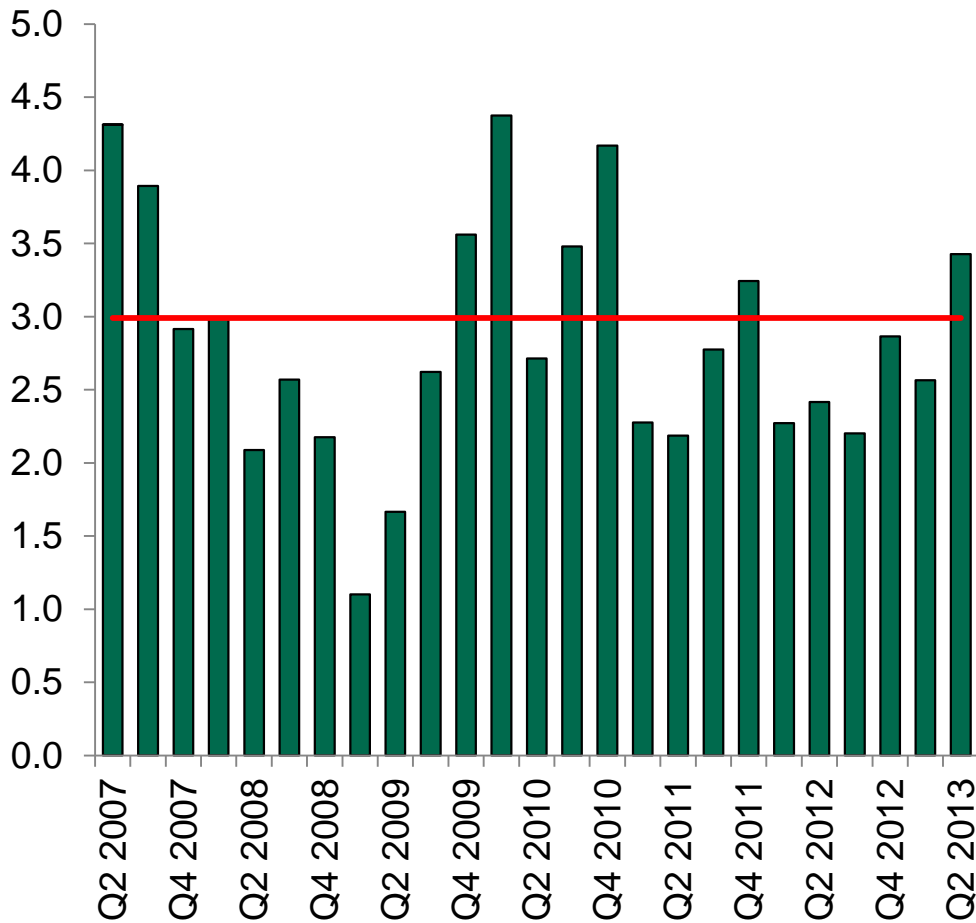


Yes?

IMPROVING CONFIDENCE FILTERING THROUGH TO THE OCCUPIER MARKET

Central London take-up / UK Services PMI

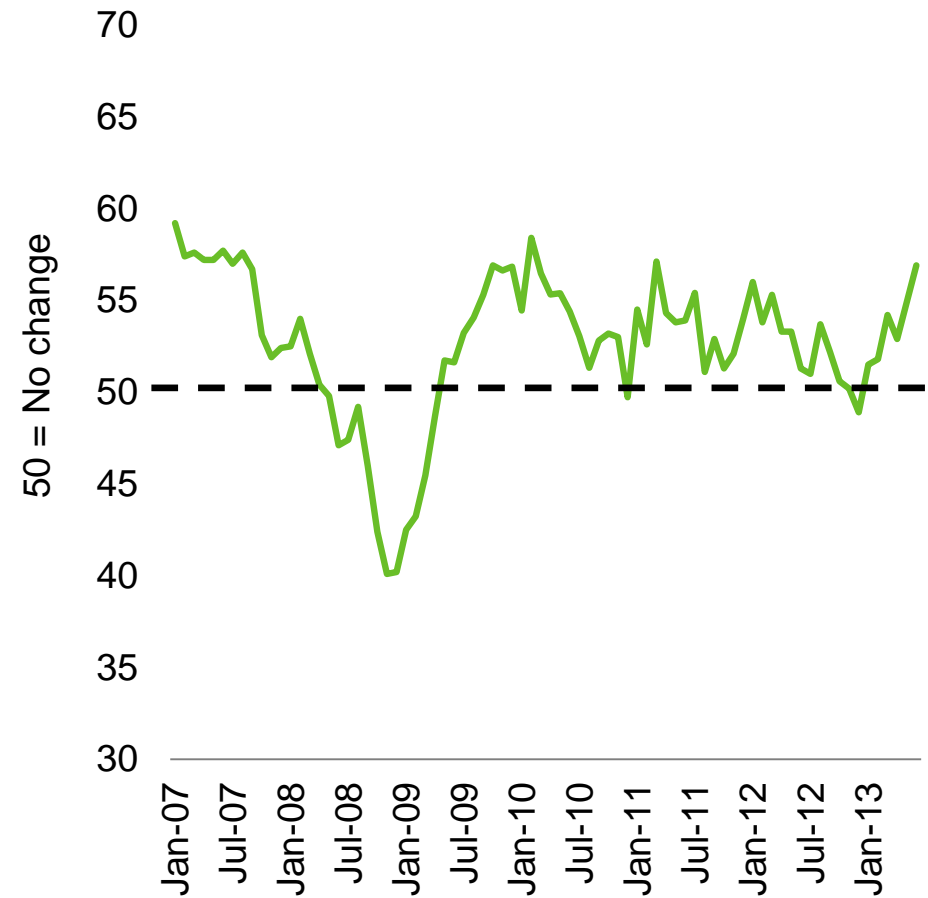
Million sq ft



Source: CBRE



PMI Activity, balance of responses

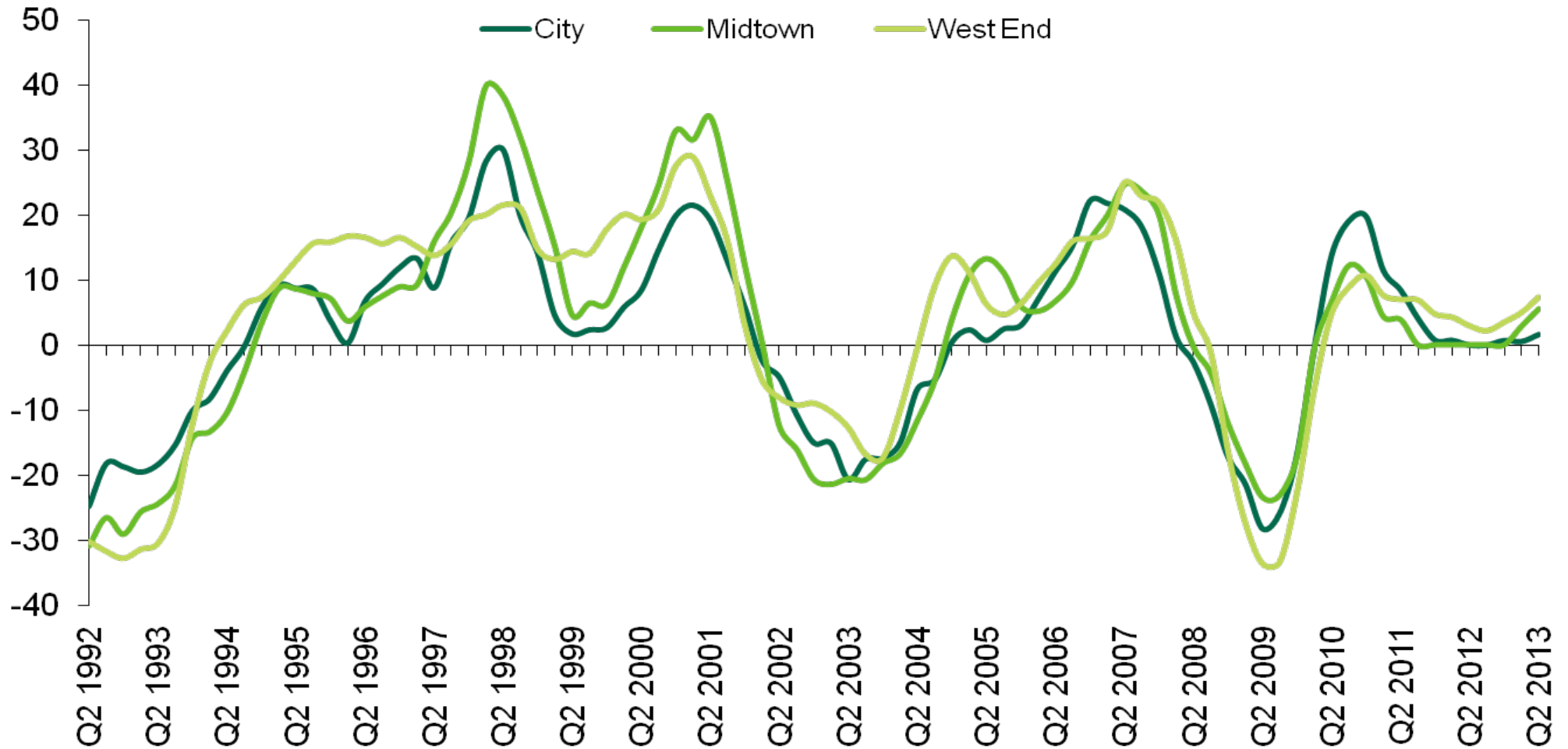


Source: Markit Economics

CENTRAL LONDON PRIME RENT INDEX ANNUAL GROWTH

Q2 2013

%



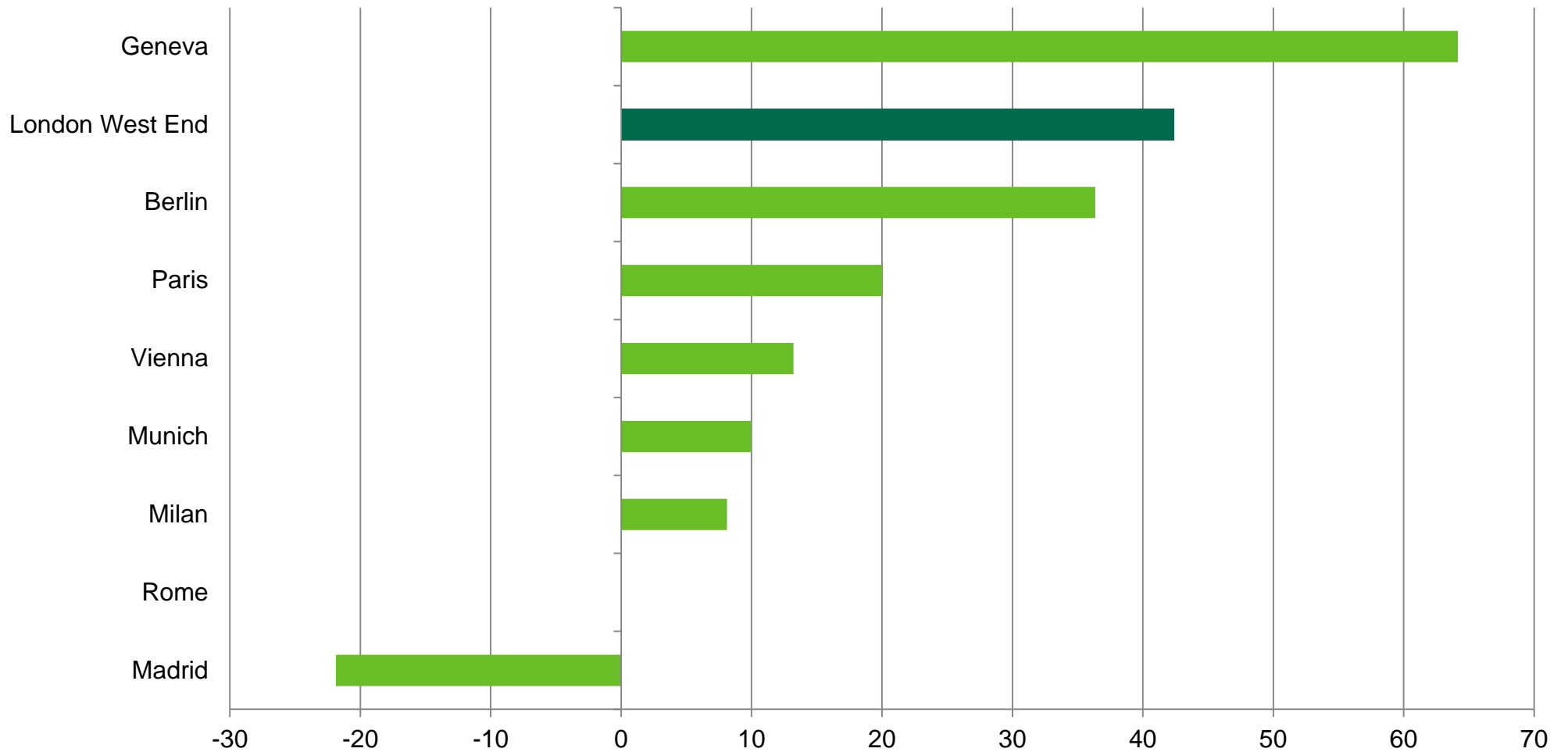
Source: CBRE

CBRE

MANY PRIME RENTS DEFIED RECESSION

Prime High Street Rents

% change in rents 2008-12 (€)



Source: CBRE.

INTERNATIONAL BRANDS

City Ranking

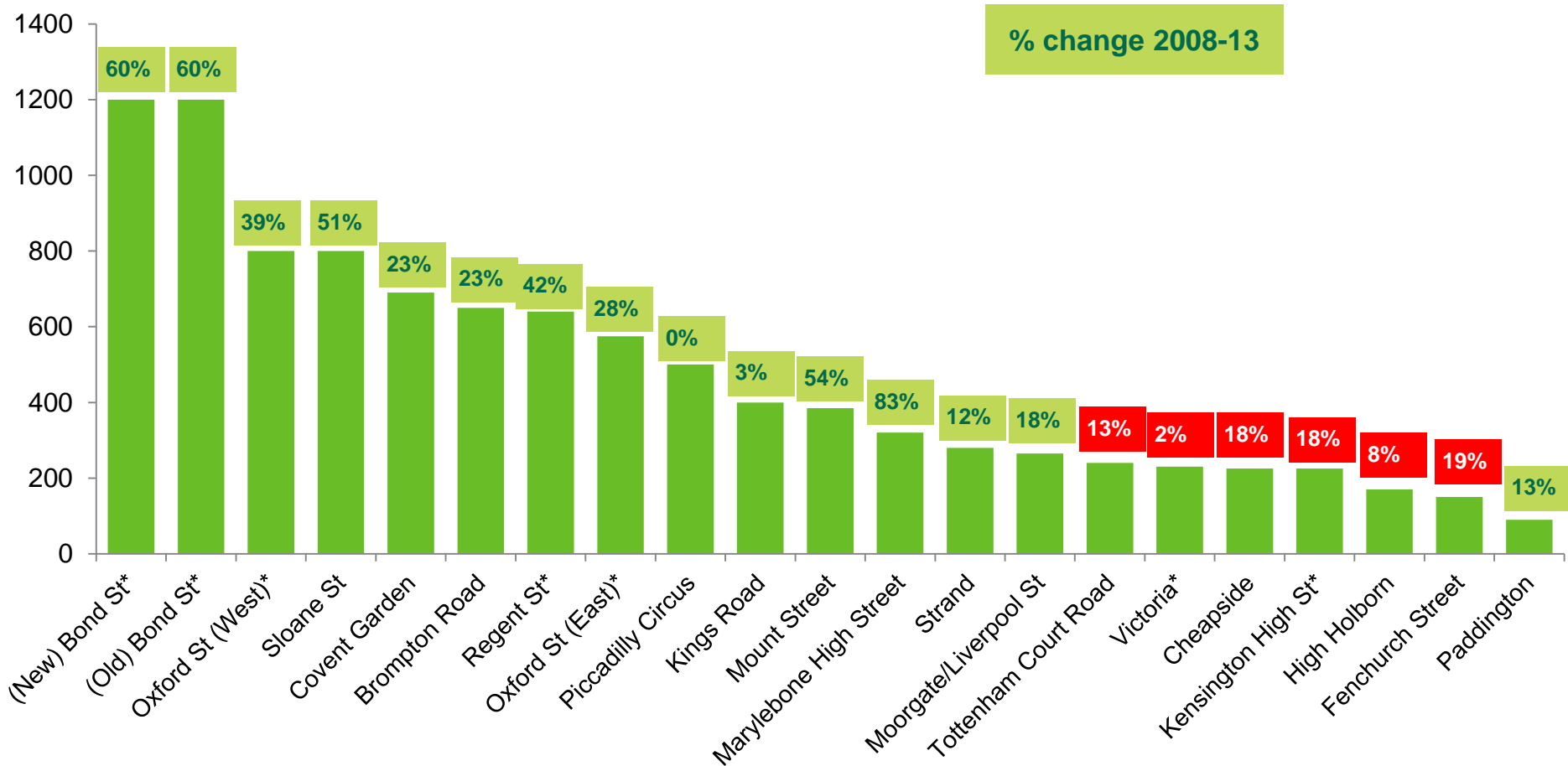
2013 Rank	City	Country	2013 – % of retailers present
1	London	United Kingdom	55.5%
2	Dubai	United Arab Emirates	53.8%
3	Paris	France	44.2%
4	Moscow	Russia	43.9%
5	New York	United States	43.9%
6	Hong Kong	Hong Kong	42.5%
7	Madrid	Spain	41.5%
8	Beijing	China	40.5%
9	Kuwait City	Kuwait	40.5%
10	Shanghai	China	40.2%

Source: CBRE. Note Sample of 320 retailers

WIDE VARIATION IN RENTAL PERFORMANCE

Central London Prime Rents

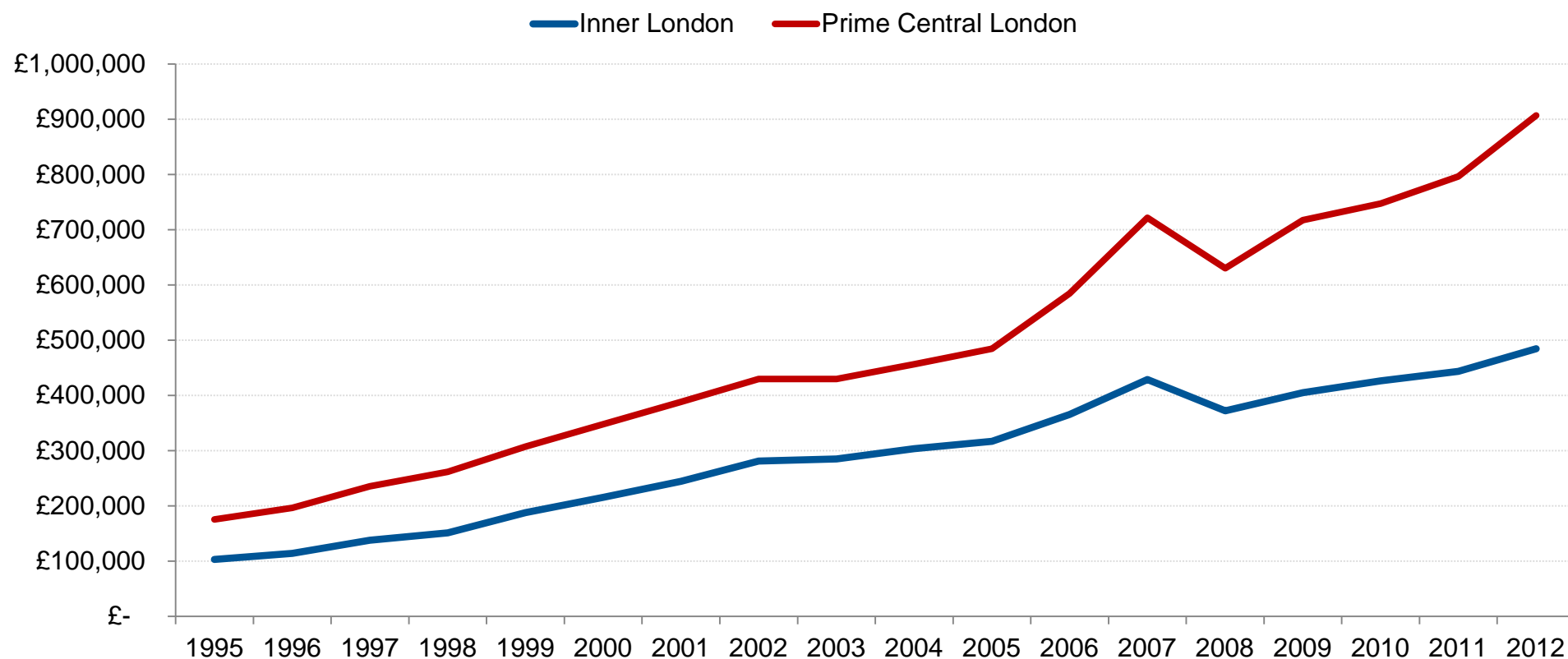
£ per sq ft



Source: CBRE. *30 ft zones

8% PA PCL RESIDENTIAL PRICE GROWTH SINCE 2002

Nominal average price

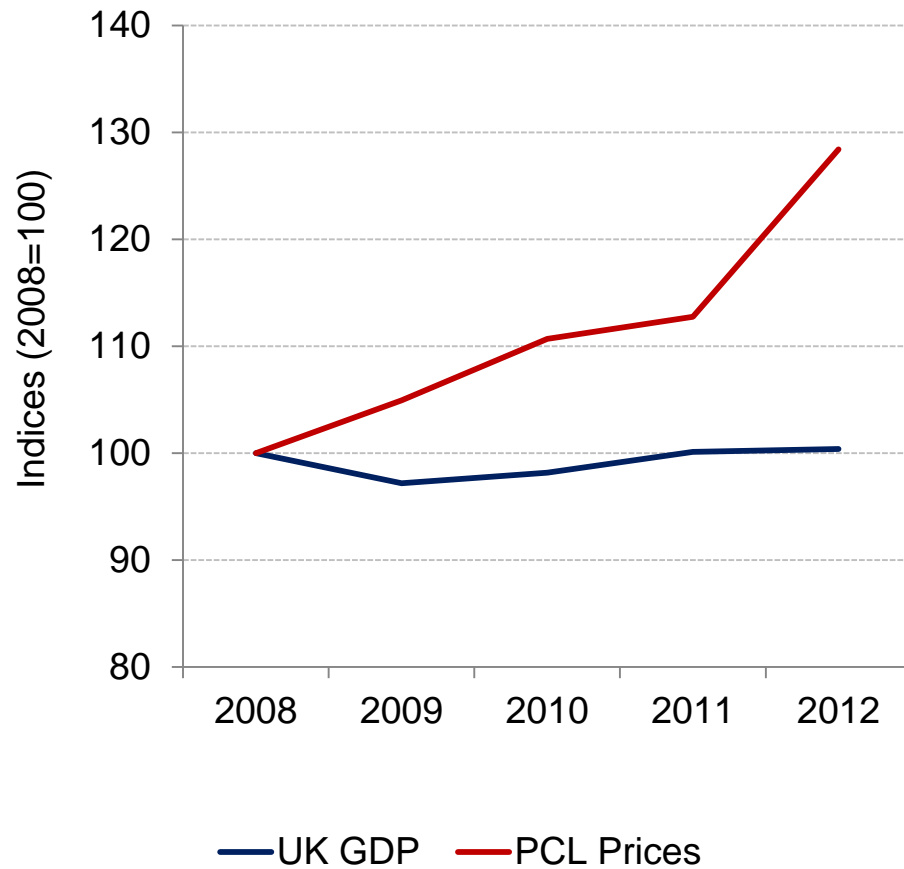


Note: Prime Central London is defined as Westminster and Kensington and Chelsea

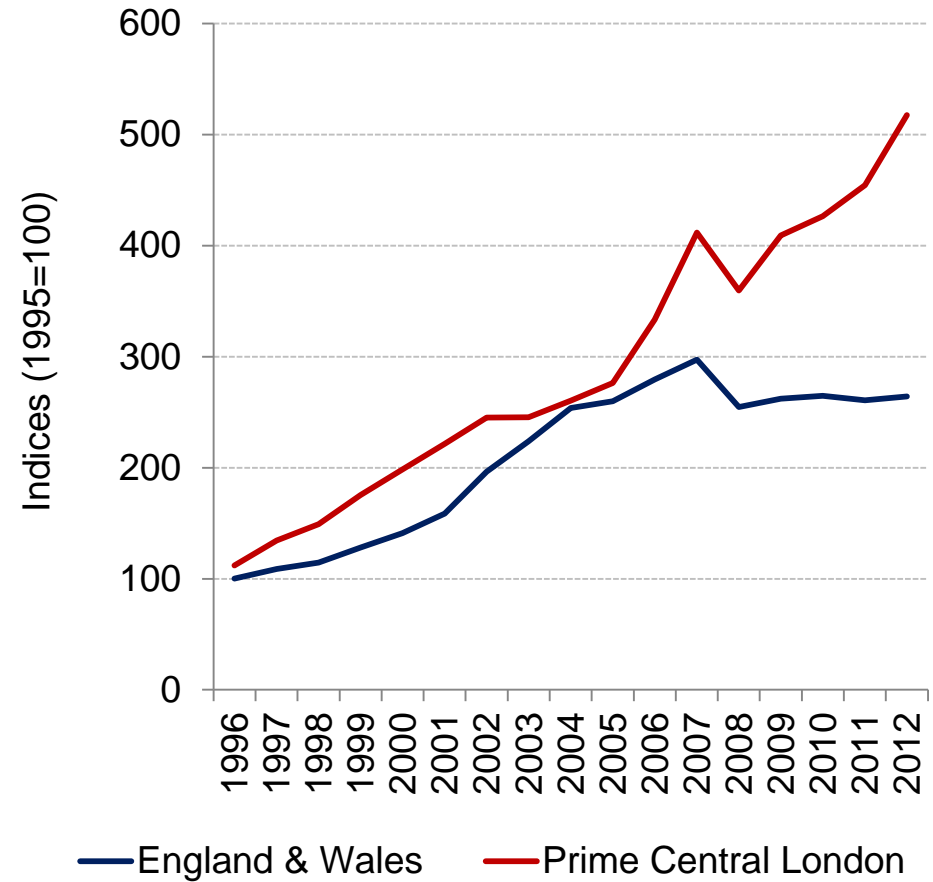
Source: Land Registry and CBRE

PRIME MARKET INFLUENCED BY GLOBAL ECONOMIC GROWTH

PCL residential prices not driven by UK economic growth?



PCL residential de-coupled from wider housing market?

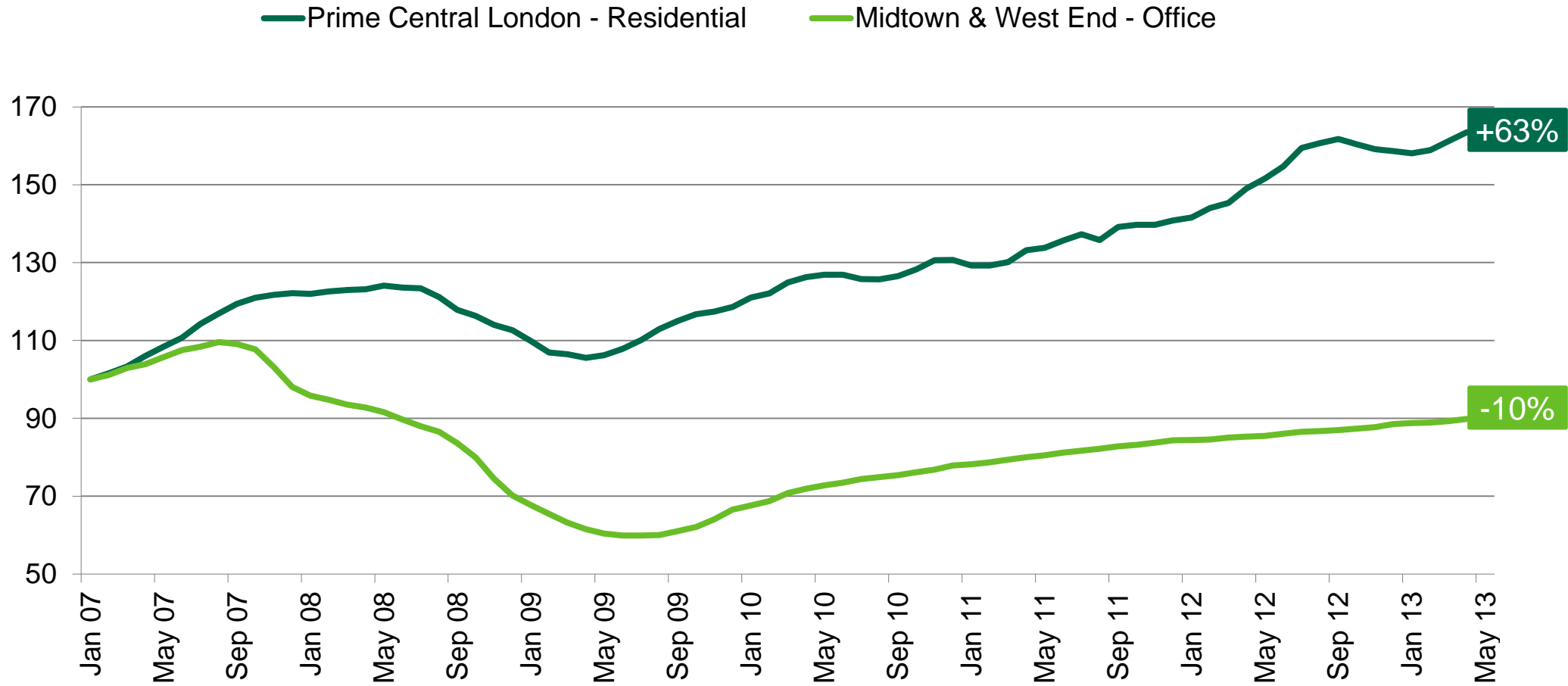


Source: Land Registry, CBRE

RESIDENTIAL VALUES OUTSTRIP OFFICES

Central London Residential and Office Capital Values

January 2007 = 100

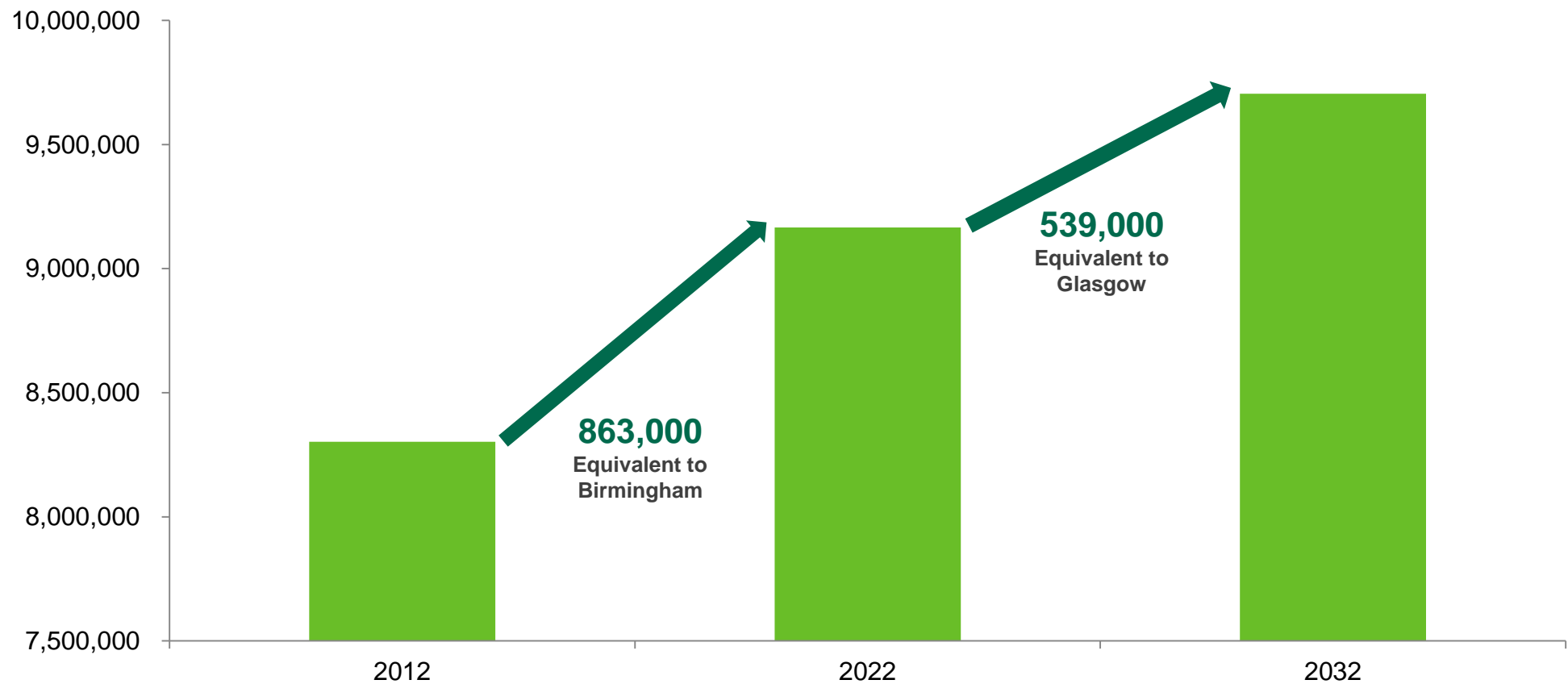


Source: IPD Monthly Index and Land Registry

LONDON CONTINUES TO GROW

Total Population, 2012 to 2032

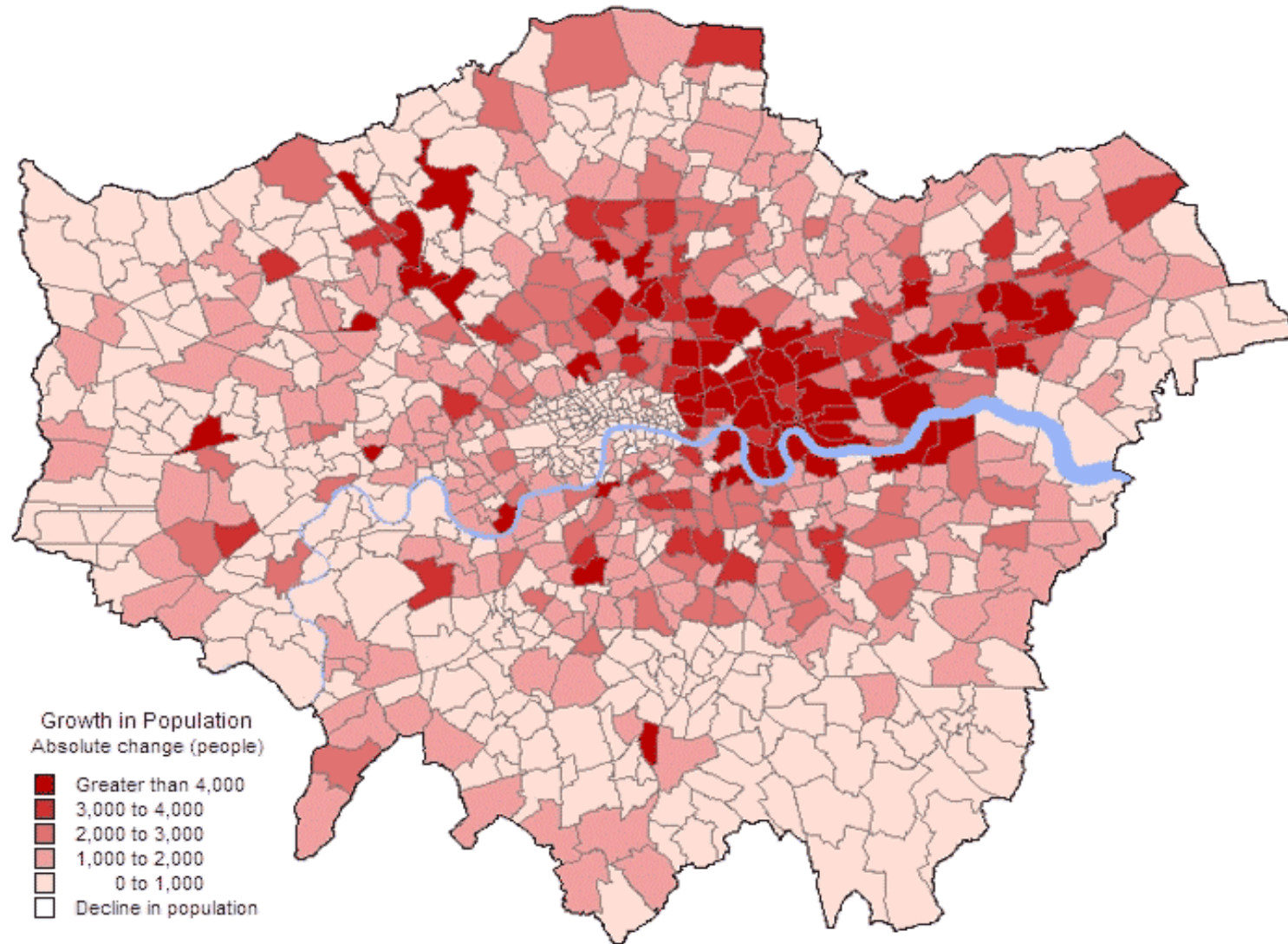
Number of people



Source: GLA 2012 Round Demographic Projections

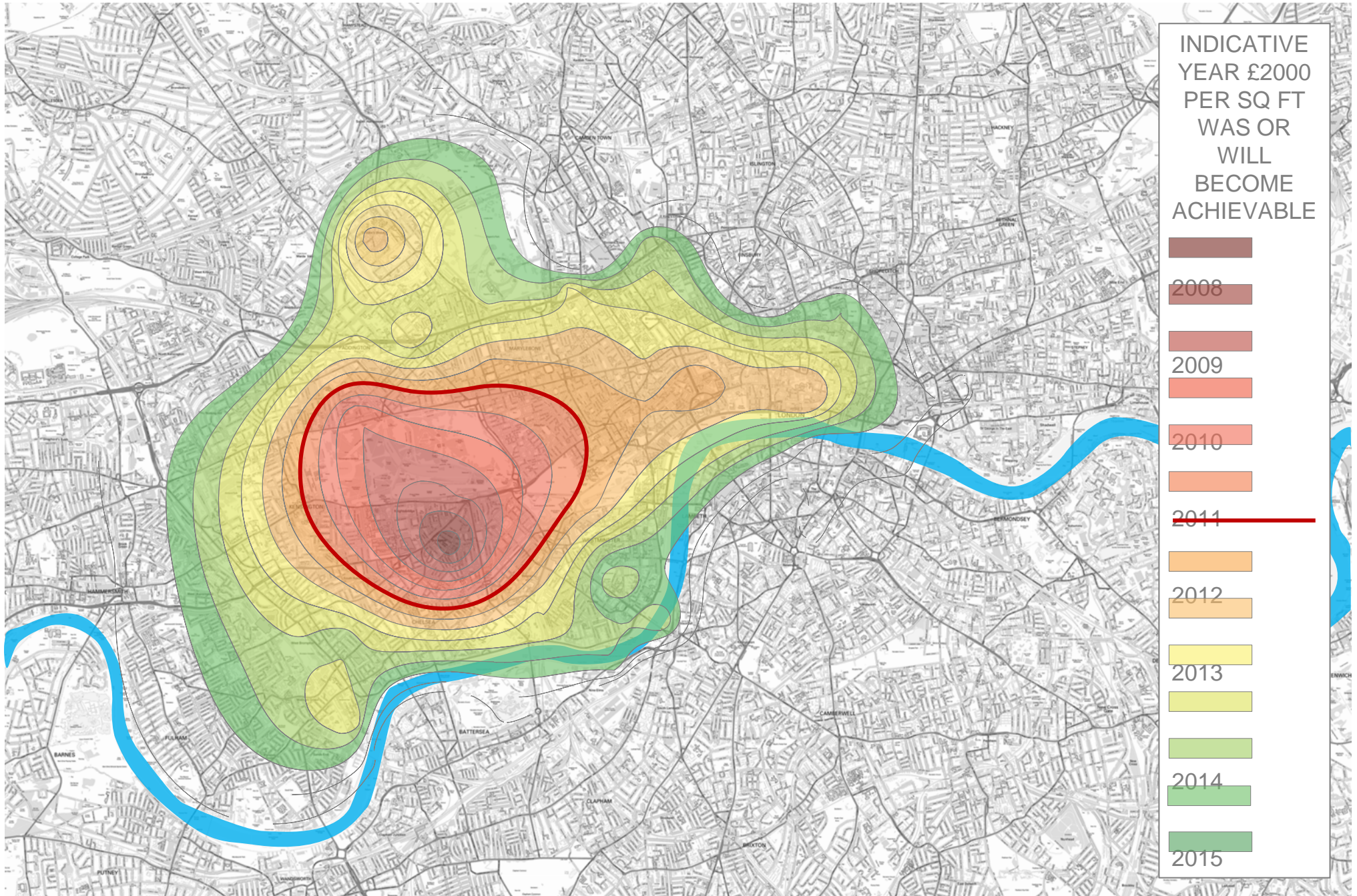
LONDON IS MOVING EAST

Project Population Change, 2011 to 2021



Source: GLA

RESIDENTIAL £2,000 PSF WAVE



AN INVESTMENT PERSPECTIVE

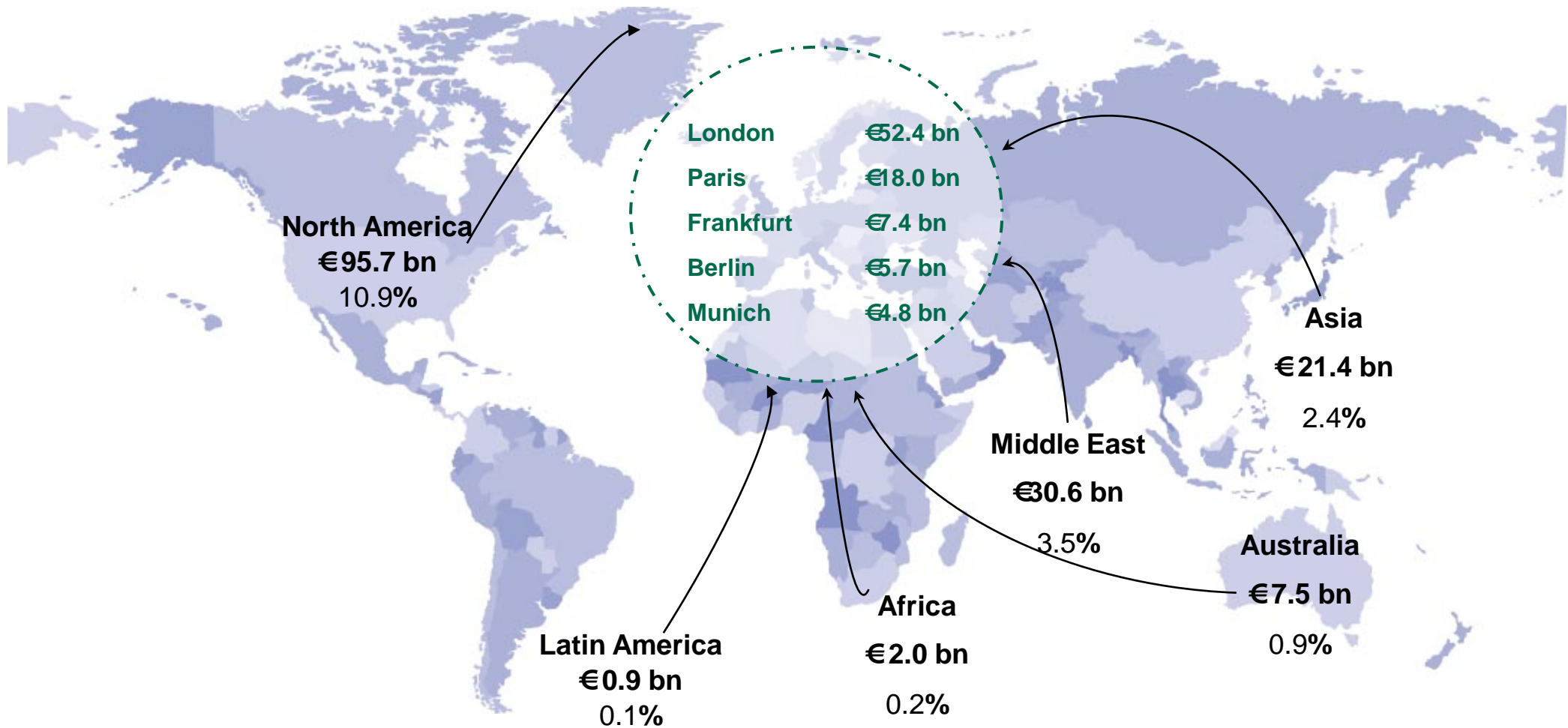
CBRE



CROSS-REGIONAL CRE INVESTMENT IN EUROPE

2007- H1 2013

- Over €158 billion came from outside of the European region in 2007-2012
- 33% of that capital was invested in London



Source: CBRE Research

Why London?

Transparency

Liquidity

Access to
market

Property cycle

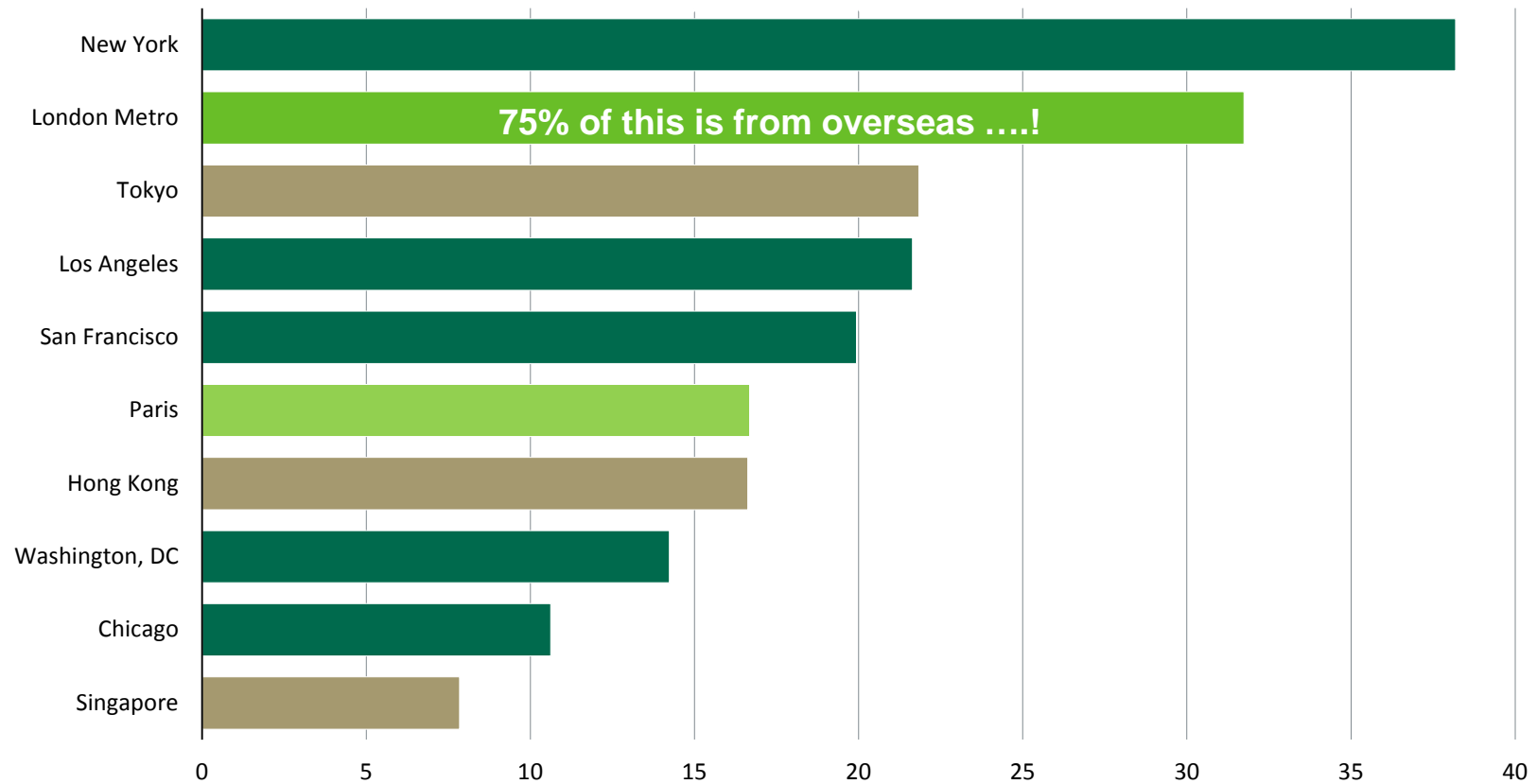
Currency
play

Safe haven

MOST ACTIVE REAL ESTATE INVESTMENT MARKETS, 2012

It's All About The Gateways ...

€ billions



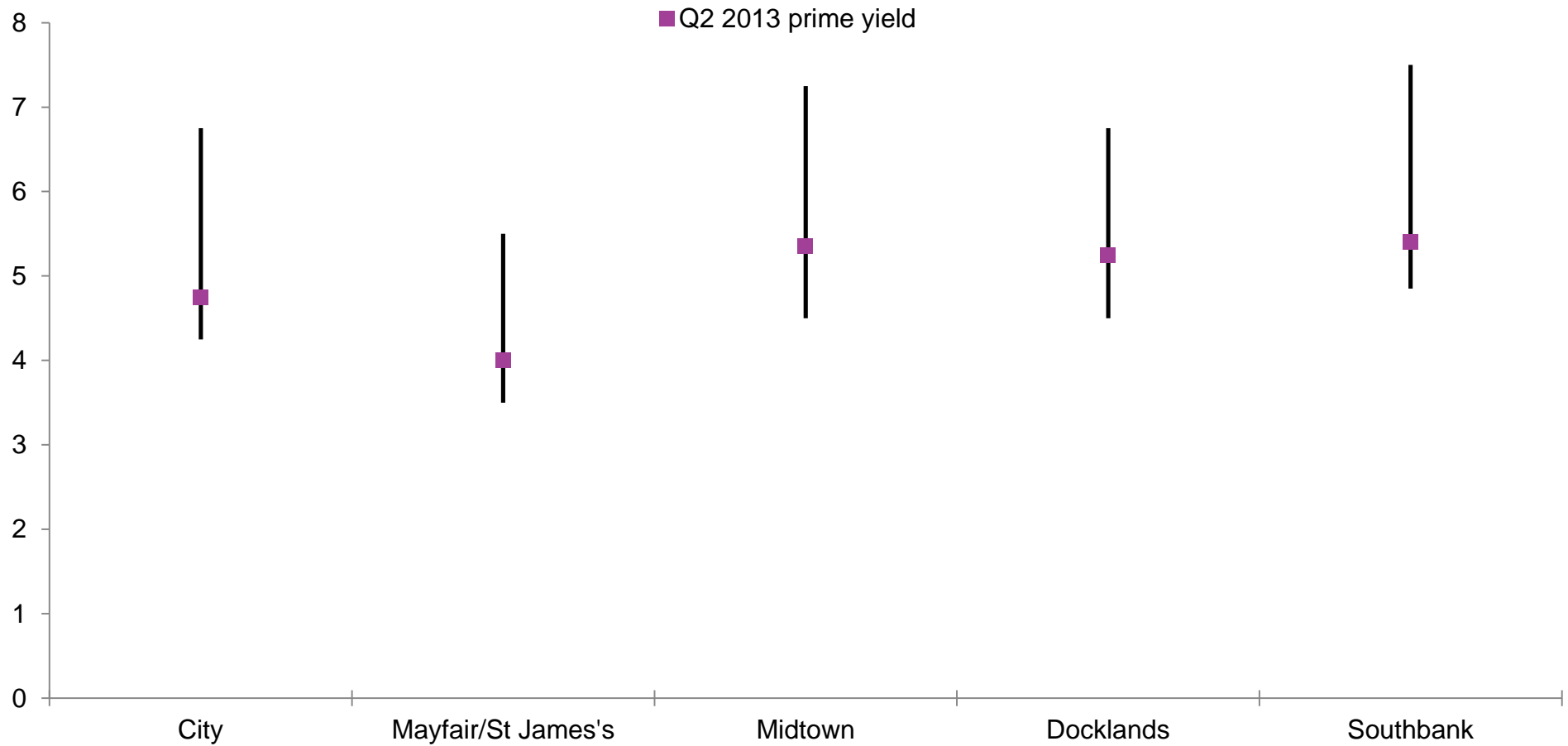
Source: RCA

CBRE

WEIGHT OF OVERSEAS MONEY SUPPORTS PRICING

Current yields vs previous cycle

Prime yield (%)



Source: CBRE



KEY THEMES

- Improving economic conditions – London as European hotspot
- “London factor” – appeal to international investors
- Supporting pricing across all sectors
- More residential conversions
- A more poly-centric London?



THE CENTRAL LONDON INVESTMENT MARKET

Tim Pring

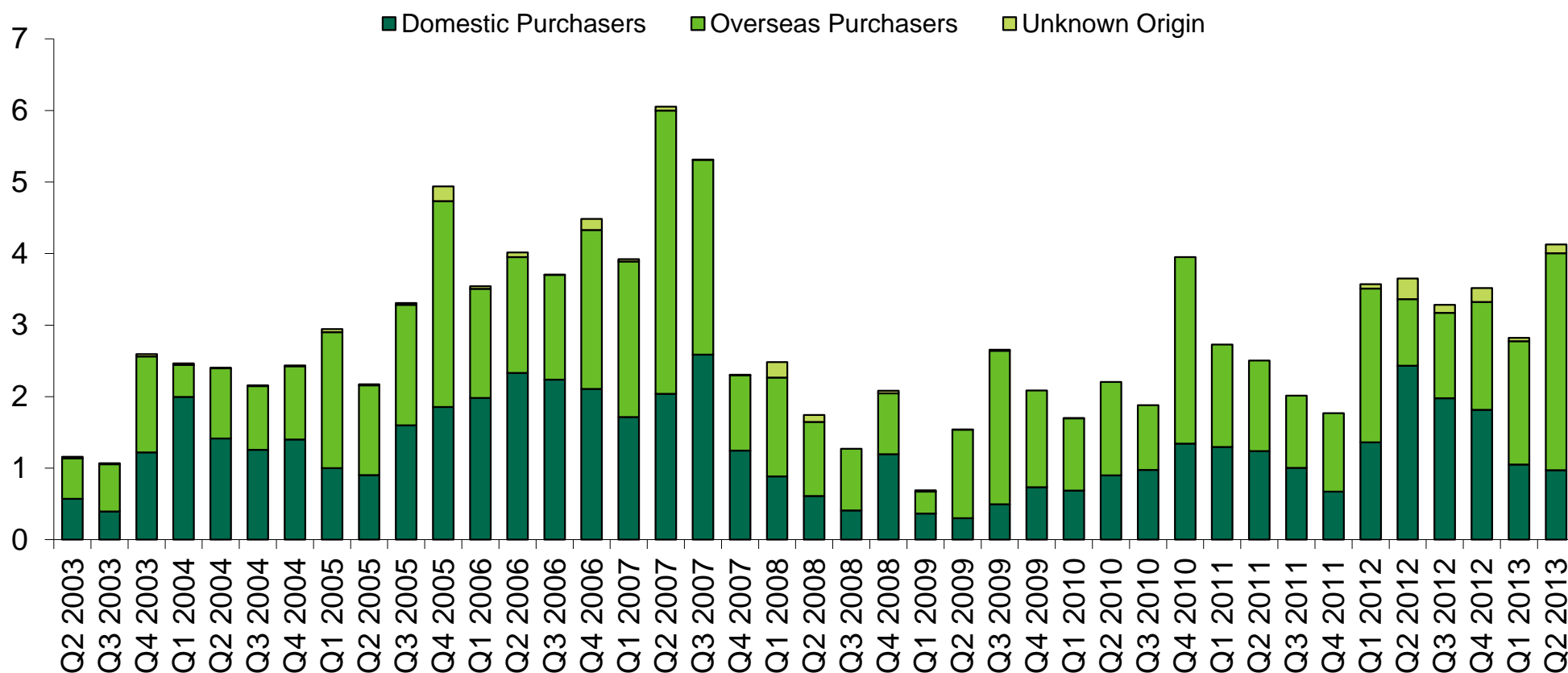
CBRE



PICK-UP IN VOLUMES IN Q2

Central London capital transactions

£ billion



2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.8	9.5	13.4	15.8	17.6	7.6	7.0	9.7	9.0	14.0

Source: CBRE

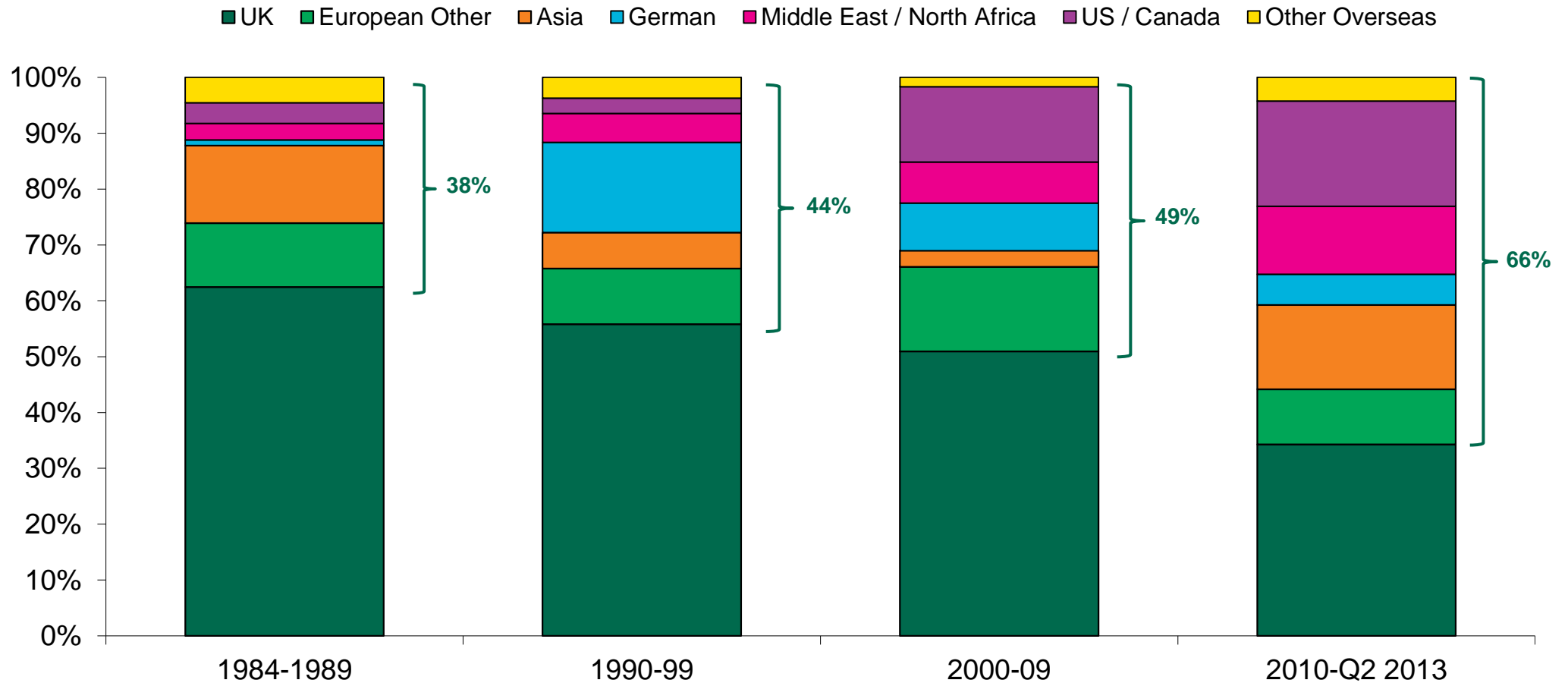
Annual Totals (£bn)



GLOBALISATION OF LONDON'S OFFICE MARKET

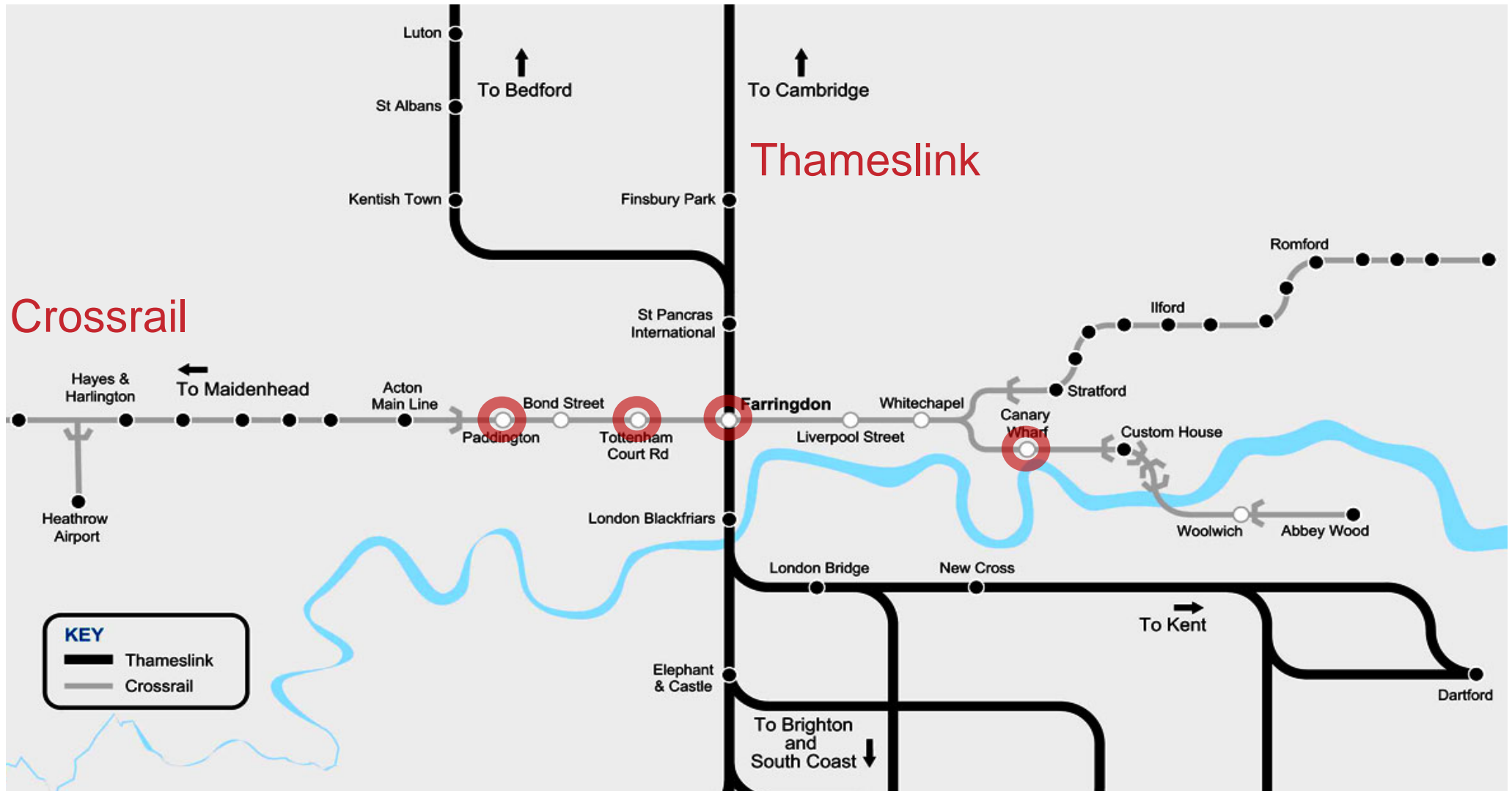
Central London capital transactions by purchaser

% Investment transactions



Source: CBRE

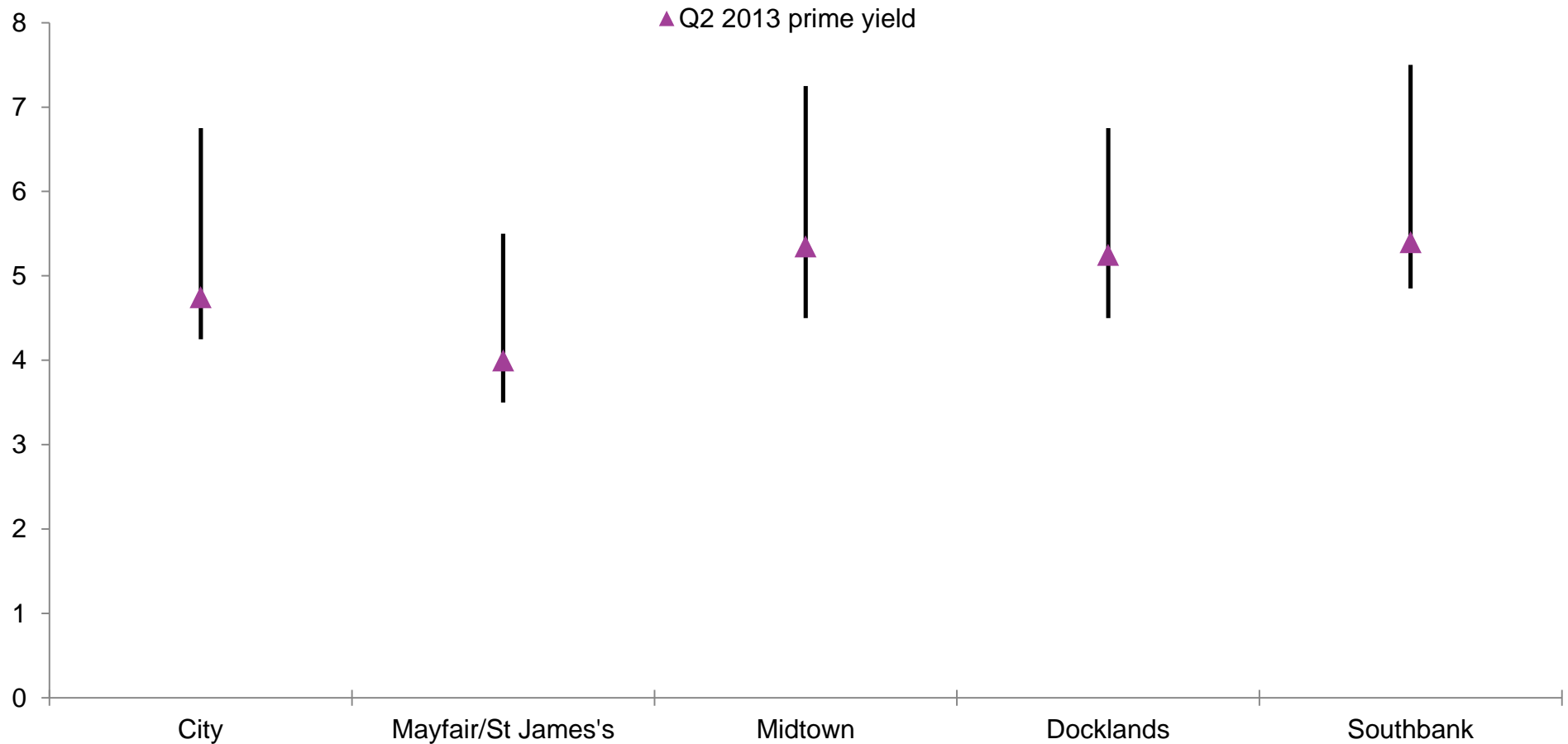
NEW TRANSPORT SCHEMES



WEIGHT OF OVERSEAS MONEY SUPPORTS PRICING

Current rents vs previous cycle

Prime yield (%)



Source: CBRE

EXAMPLE – 1 FLEET PLACE, EC4



Built by British Land (BL) in 1992

170,000 sq ft

Let to Denton Wilde Sapte until 2025 @ £6.064 million per annum

- Sold by BL in 2005 to Legal & General (L&G) for £120 million, 5.0% NIY, £701 per sq ft
- Sold by L&G in 2009 to London & Stamford (L&S) for £74 million, 7.75% NIY, £437 per sq ft
- Sold by L&S in 2013 to Private Overseas Investor for £112.5 million, 5.1% NIY, £663 per sq ft

INVESTMENT MARKET

- Pick-up in volumes
- Q3 likely to be strong
- 2013 on par or even ahead of 2012
- Overseas buyers still dominant
- Further yield compression?
- Improved leasing market to support pricing



THE CENTRAL LONDON OFFICE MARKET

Dan Hanmer



01

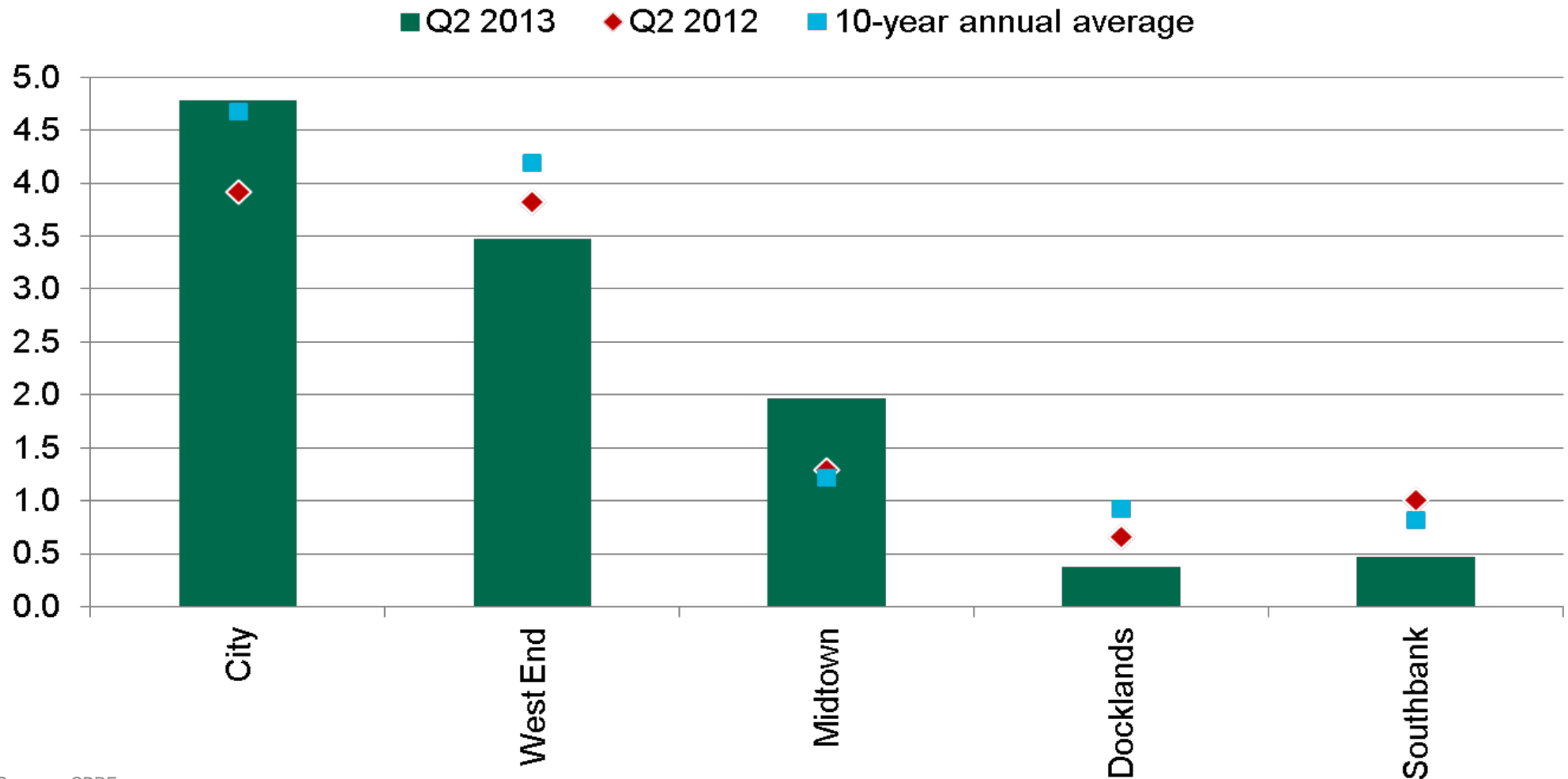
CENTRAL LONDON OCCUPIER MARKET



MIDTOWN AND CITY STAND-OUT PERFORMERS

Central London take-up, 12 months totals

Million sq ft



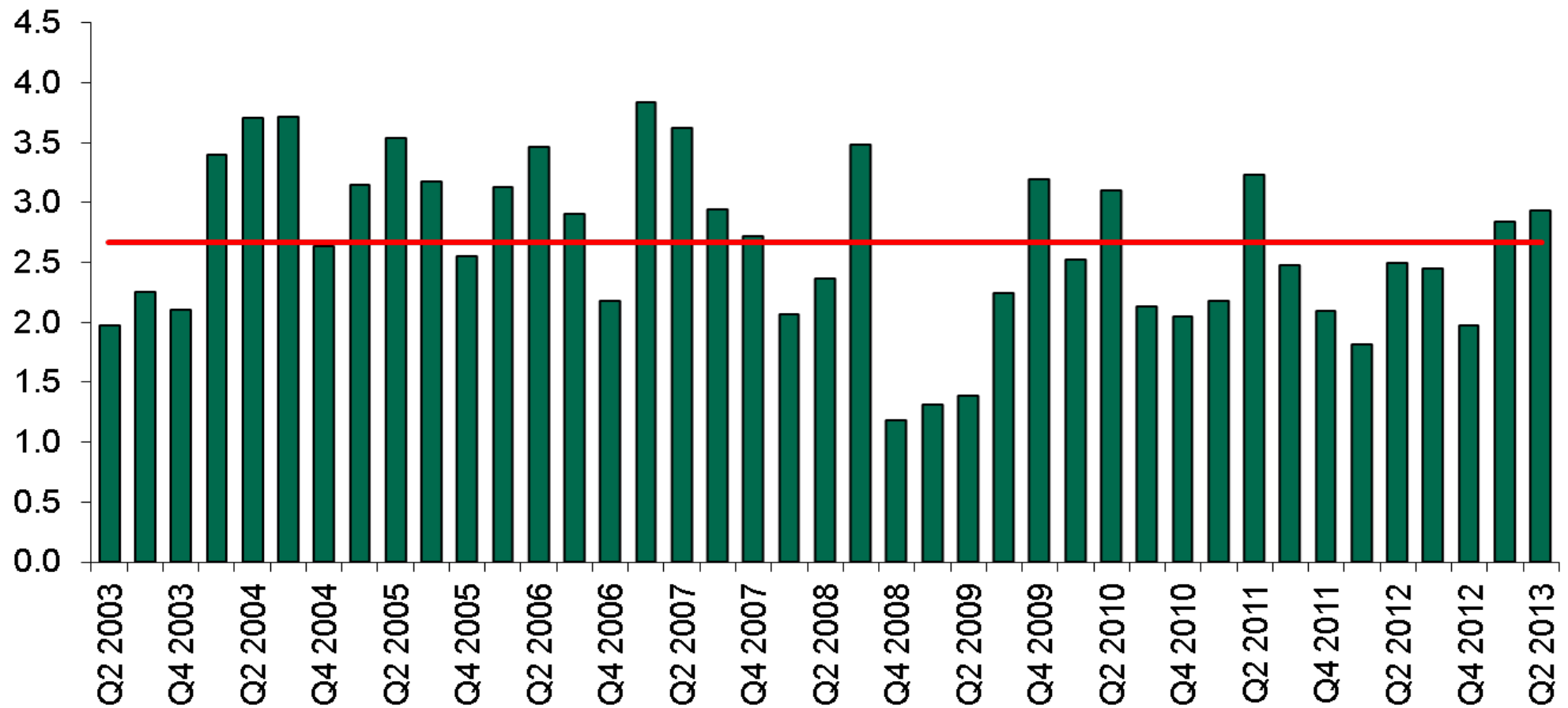
Source: CBRE

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UNDER OFFERS CONTINUE TO RISE

Central London under offers

Million sq ft



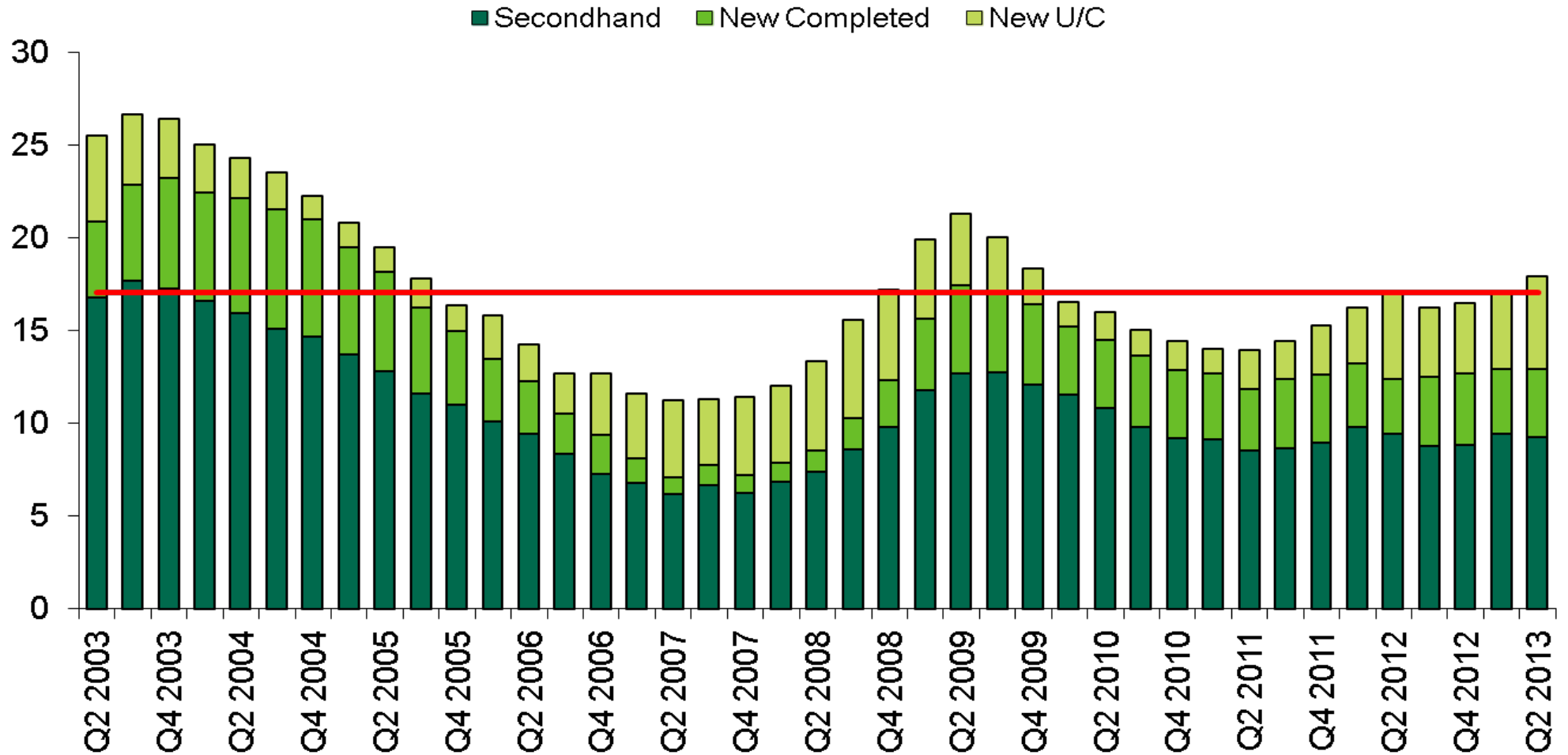
Source: CBRE



NEW SPACE CAUSES AVAILABILITY TO RISE

Central London availability

Million sq ft



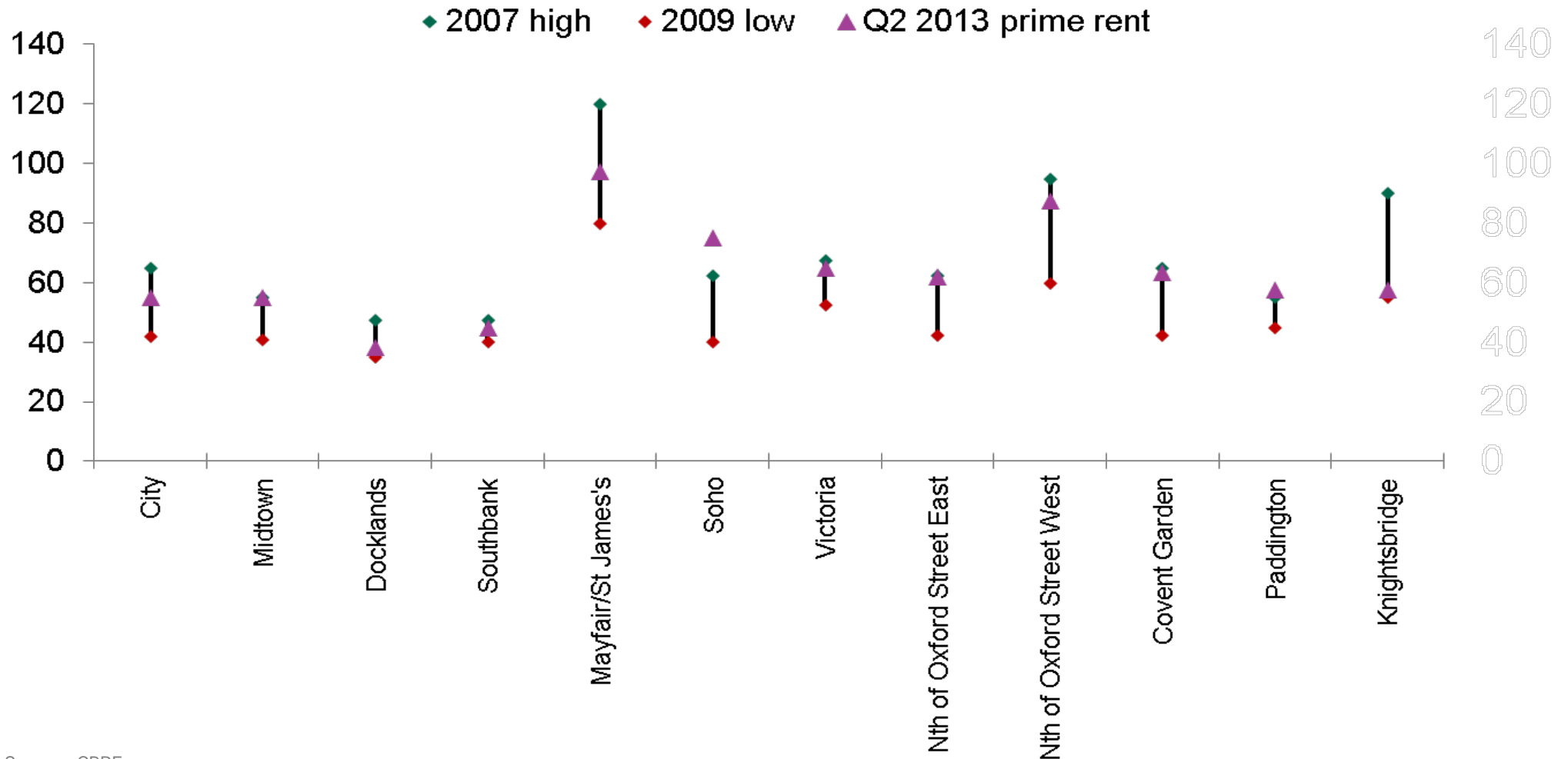
Source: CBRE



PRIME HEADLINE RENTS: RECOVERY PROGRESS

Current rents vs previous cycle

£ per sq ft



Source: CBRE



IS THE MARKET TAKING OFF AGAIN?



No?

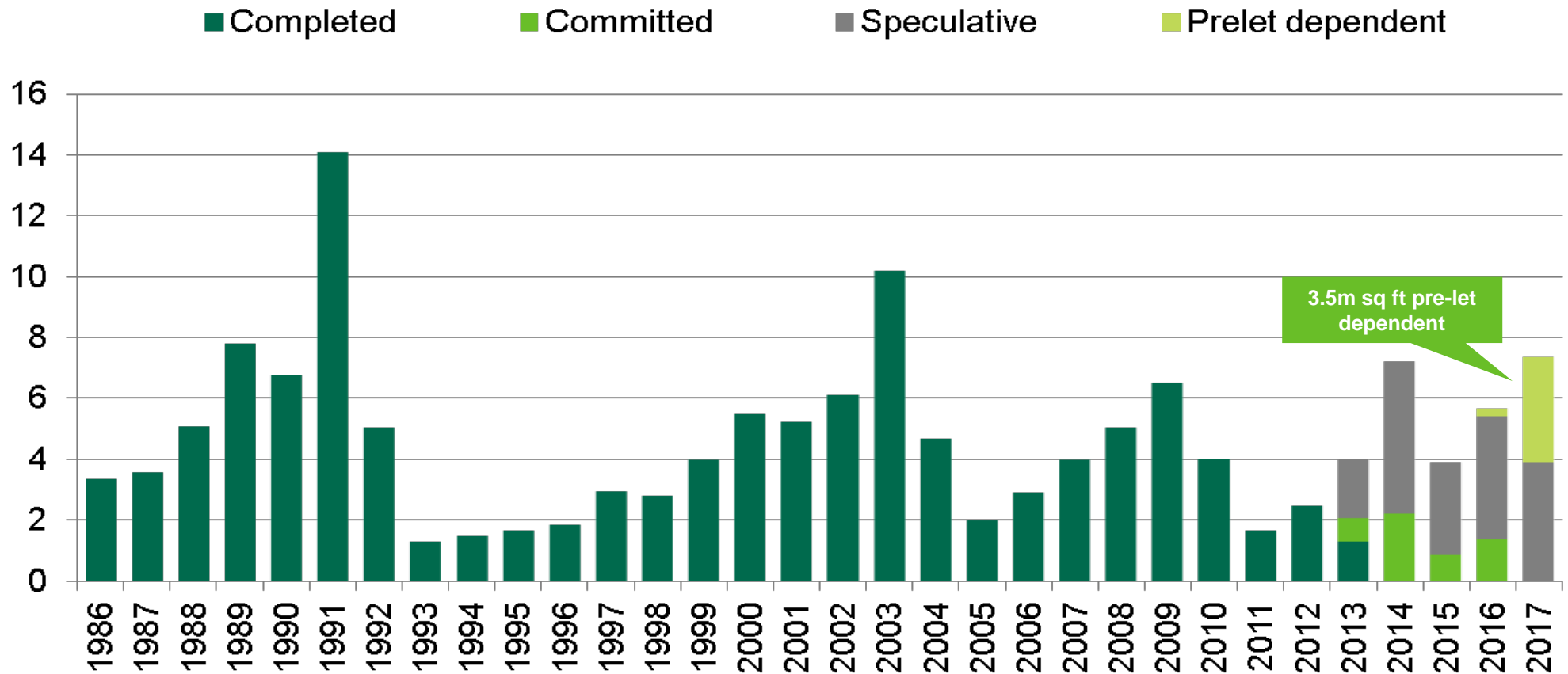


Yes?

LIMITED COMPLETIONS LEVELS DESPITE 2014

Central London developments

Million sq ft



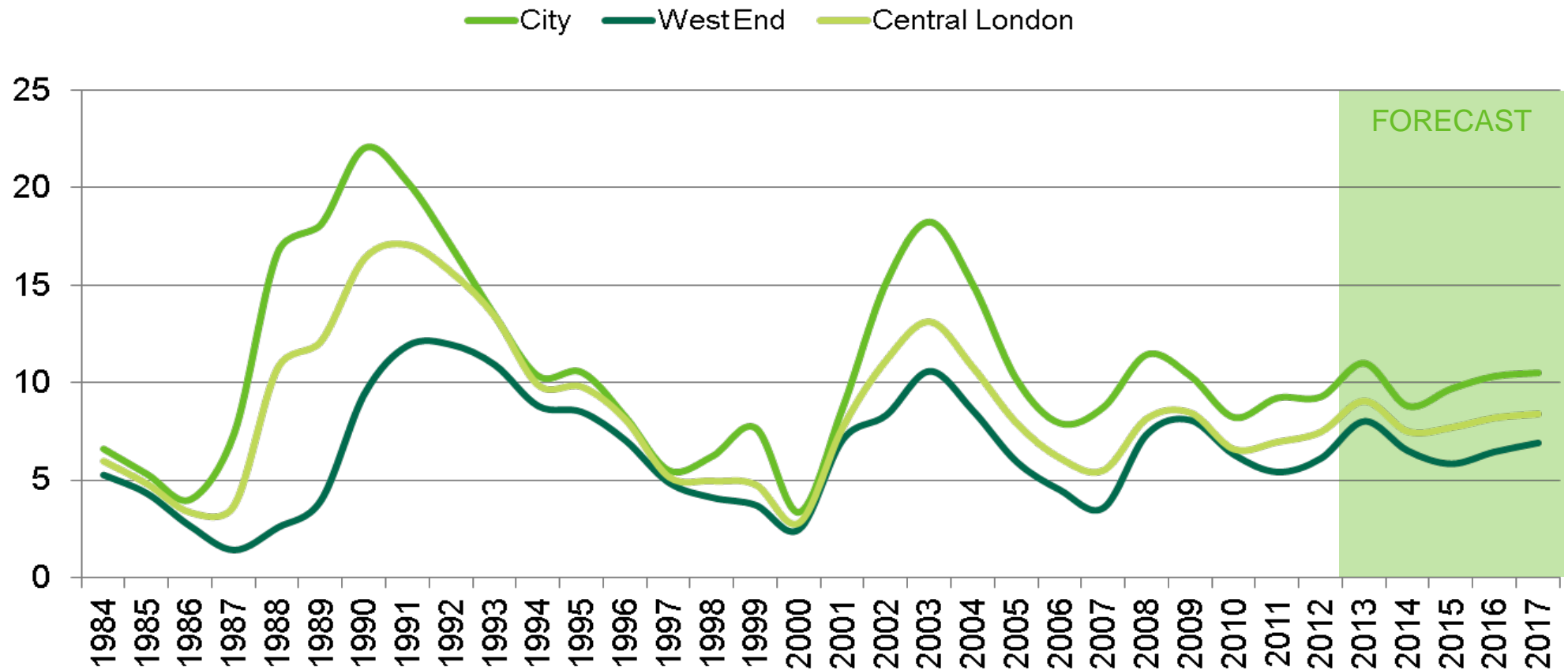
Source: CBRE



NEARING PEAK IN AVAILABILITY

Central London availability rates

% of stock



Source: CBRE



CENTRAL LONDON RENT FORECASTS

Q2 2013

£ per sq ft	2012	2013	2014	2015	2016	2017	Annualised growth (%)
Mayfair / St James's	92.50	97.50	102.75	112.00	117.75	119.00	5.2
City	55.00	55.00	60.75	65.5	66.25	66.75	3.9
Midtown	52.50	55.00	61.25	66.25	68.75	70.00	5.9
Southbank	45.00	47.50	48.75	53.25	56.00	57.00	4.8
Docklands	38.50	38.50	40.50	43.50	46.5	47.5	4.3
North of Oxford St, East	60.0	65.00	70.00	71.25	73.25	73.25	4.1
North of Oxford St, West	85.0	87.50	90.75	98.25	103.75	106.00	4.5
Paddington	57.5	57.50	60.75	65.25	68.50	70.00	4.0
Soho	75.0	76.00	78.75	85.25	90.25	92.25	4.2
Victoria	62.5	65.00	68.00	70.00	73.00	74.50	3.6

Source: CBRE

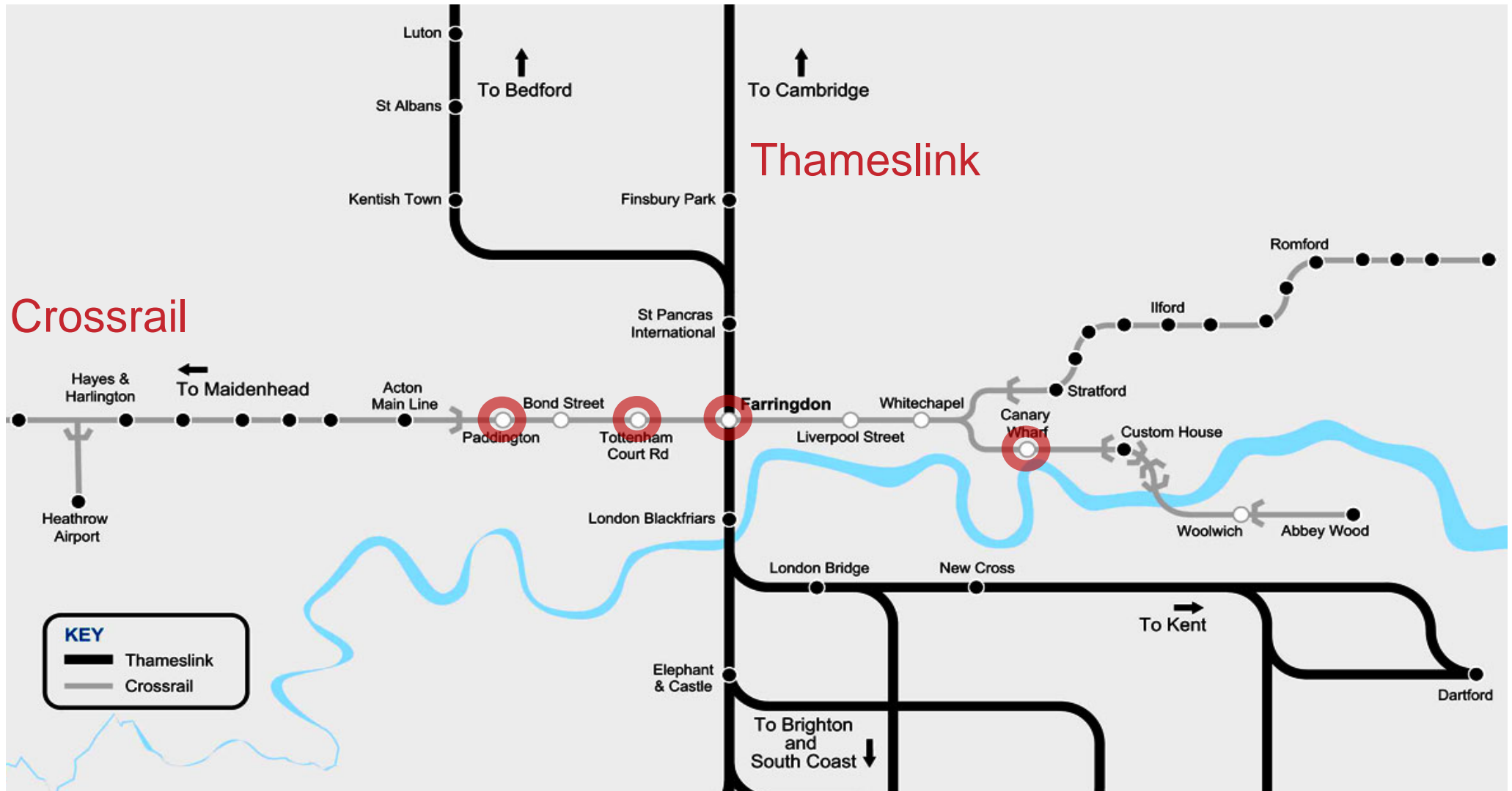


02

KEY THEMES

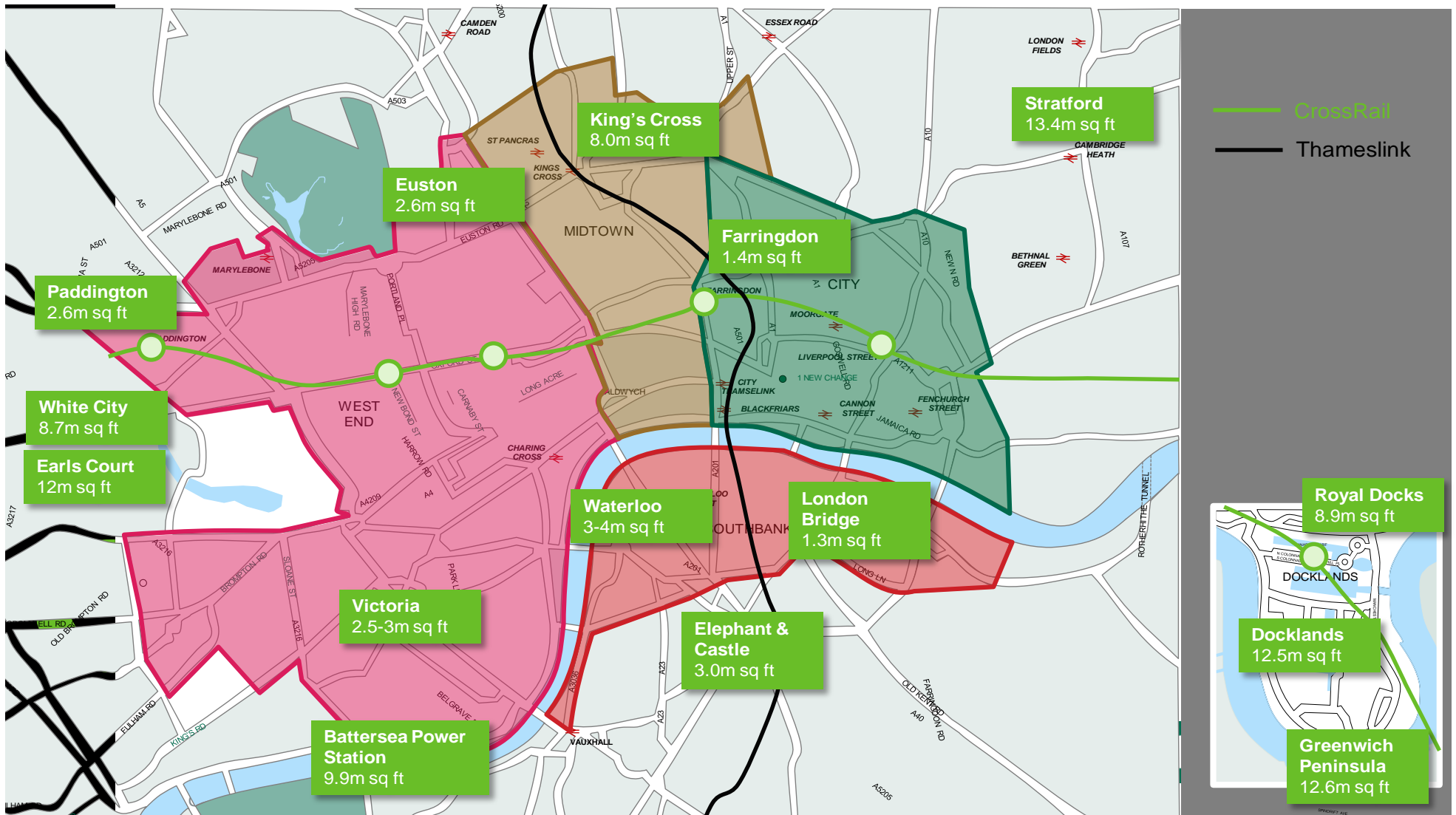


NEW TRANSPORT SCHEMES

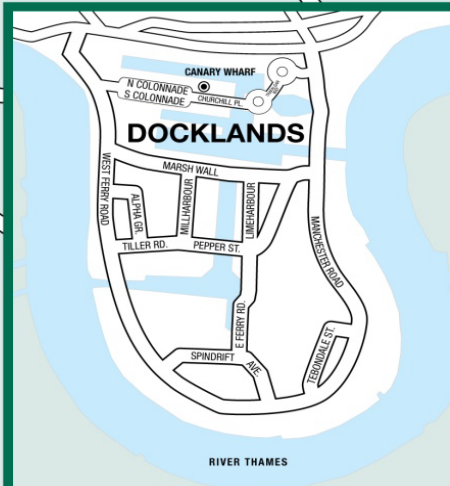
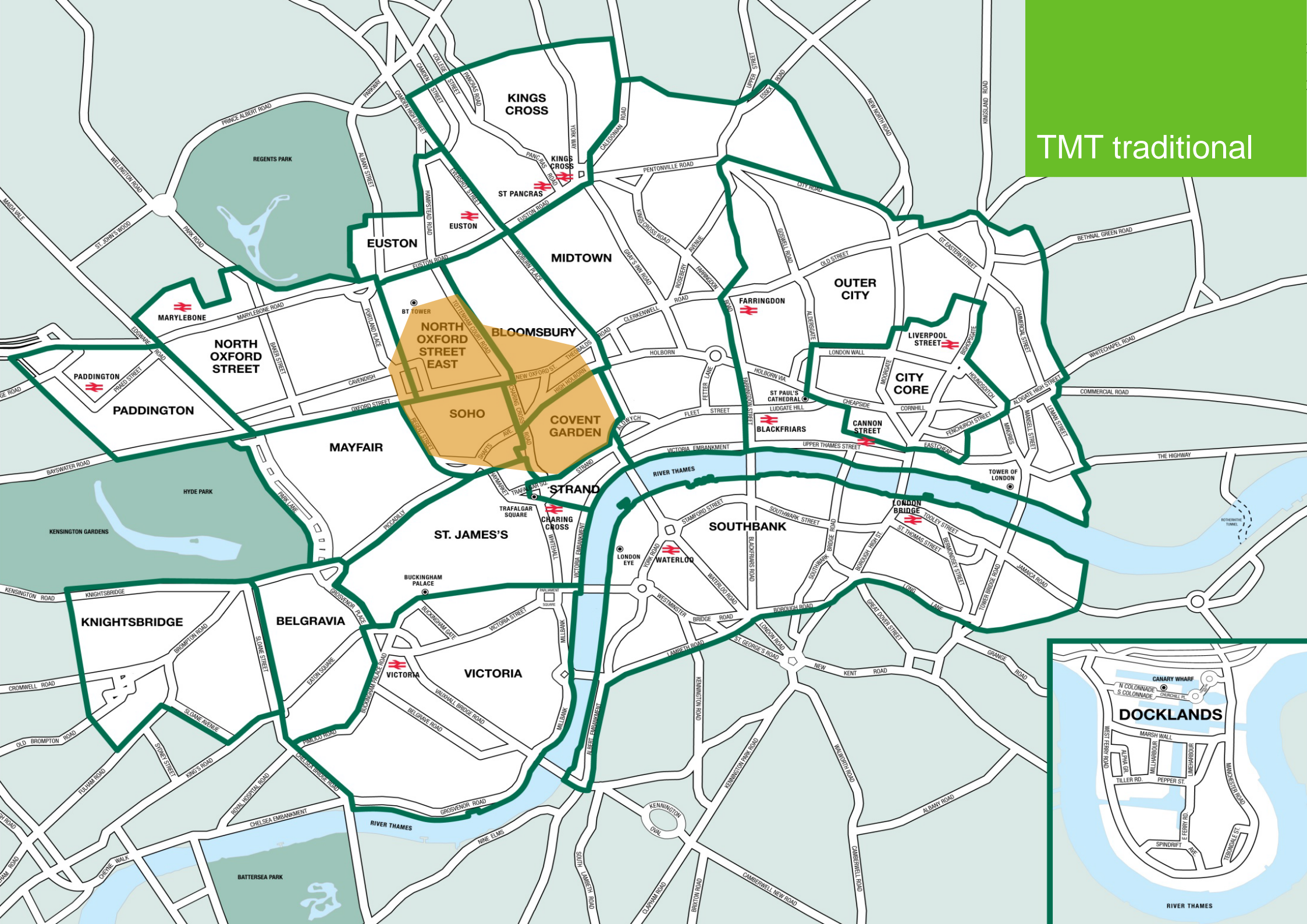


EMERGING LONDON MARKETS

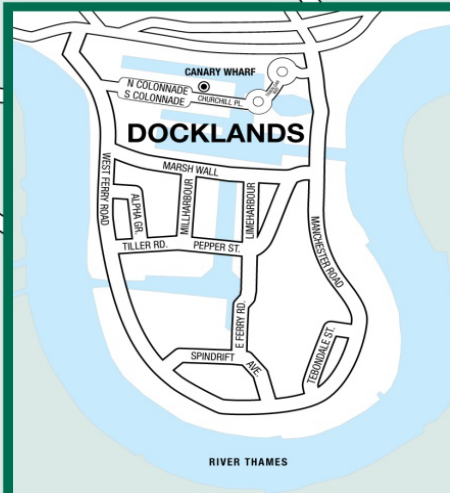
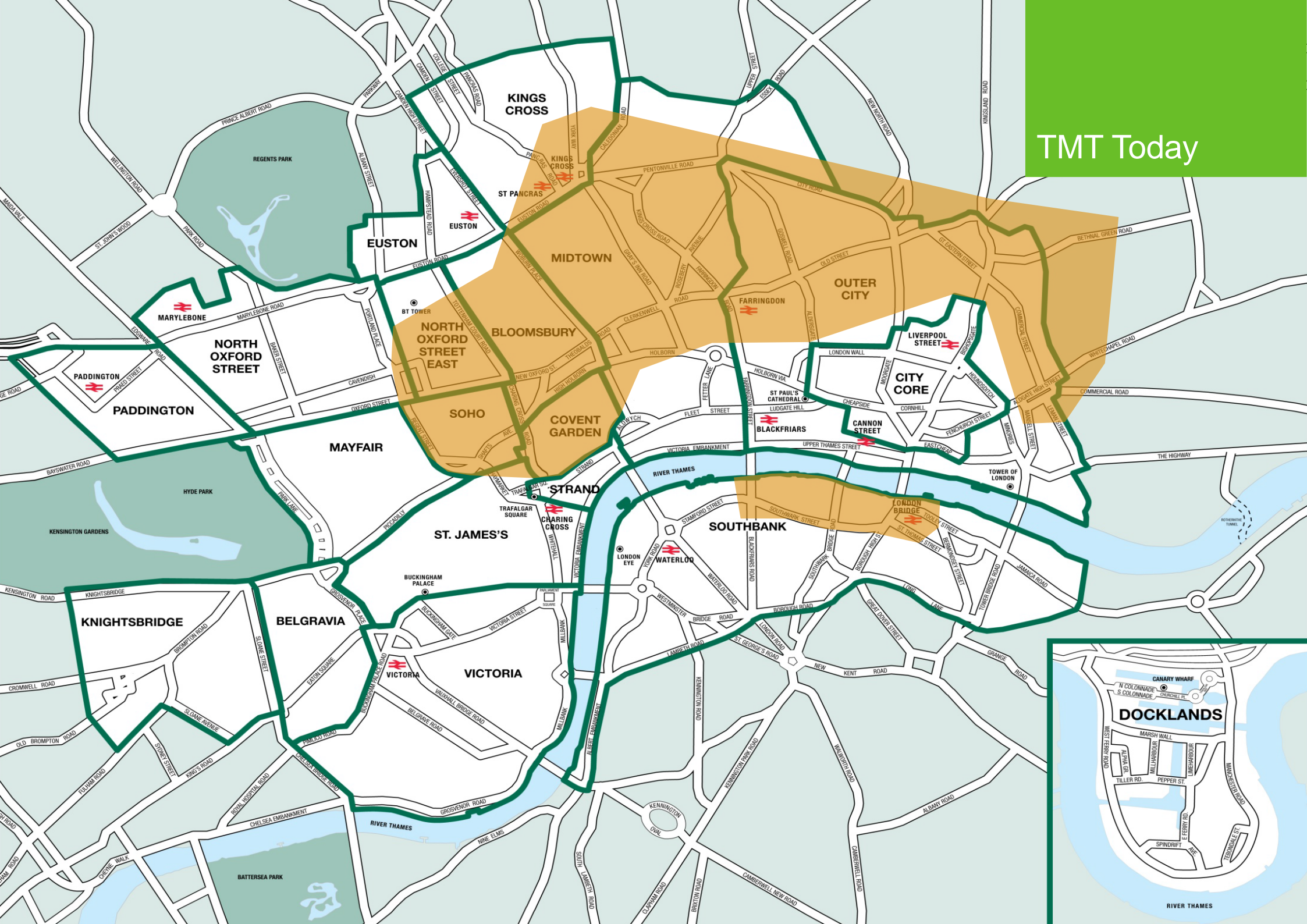
Mixed-use developments



TMT traditional



TMT Today



CENTRAL LONDON TMT RELOCATIONS, UNITS >25,000 SQ FT

2010 – Q2 2013

Number of TMT occupiers relocating



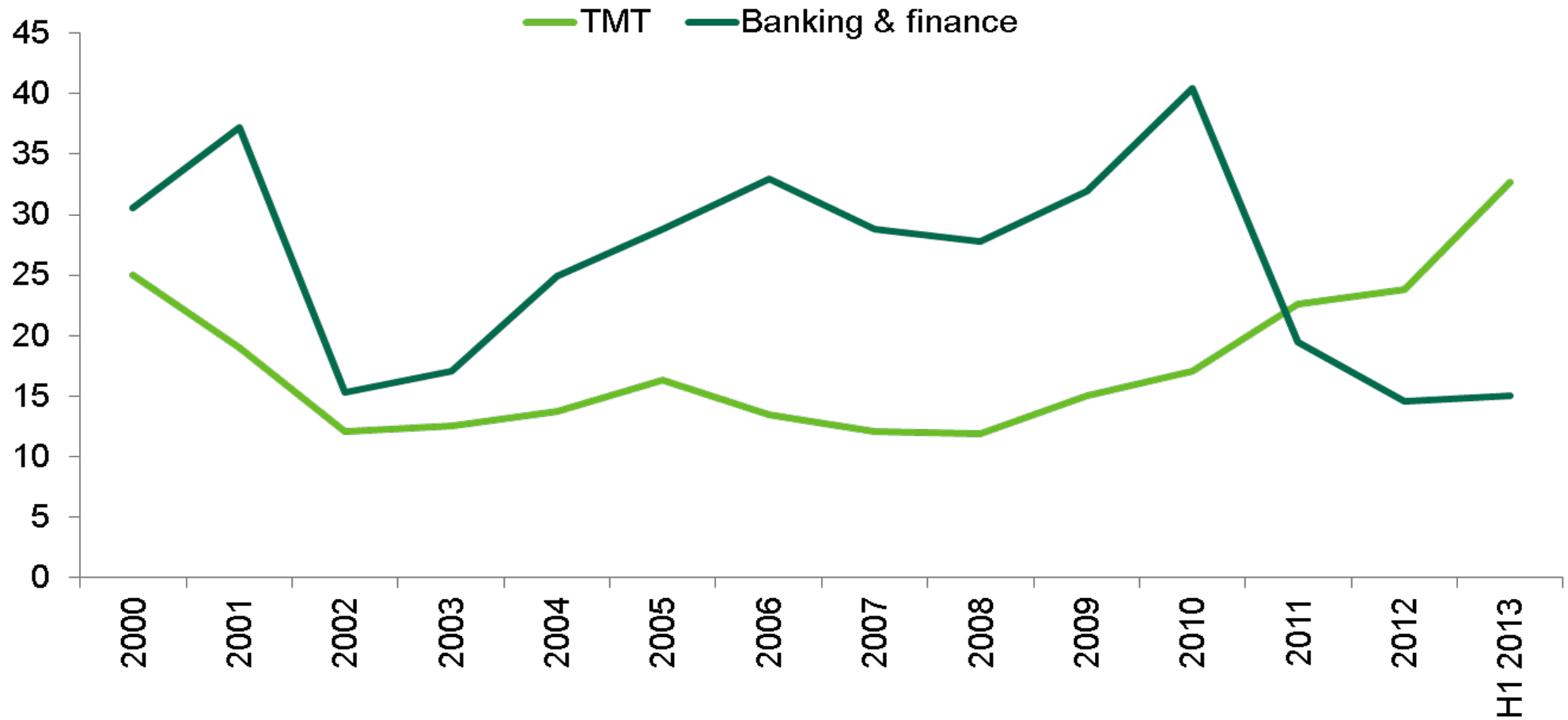
Source: CBRE

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GROWTH IN TMT HELPING OFFSET THE FALL IN BANKING & FINANCE

% share of take-up

% of total take-up*



Source: CBRE. * Excludes unknowns

IMPLICATIONS FOR LONDON

- Outperformance for locations:
 - Close to existing transport hubs
 - Benefitting from transport enhancements
 - With strong appeal to TMT occupiers
- Rising rents creating tensions between location and cost
- Evolution of more polycentric structure in commercial property markets
- Locations with (improved) accessibility and large-scale development key winners

WORK IS CHANGING

Google
facebook
twitter



Technology rapidly changing our world



Changing generations



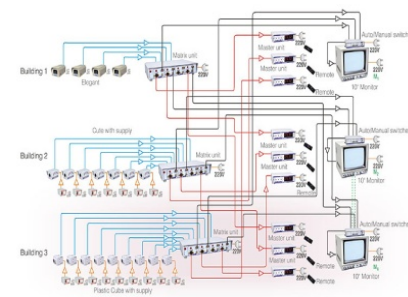
any time
any place
any device



Shift work – life balance



From individual to team focus



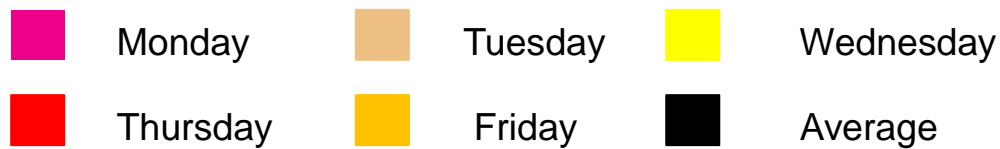
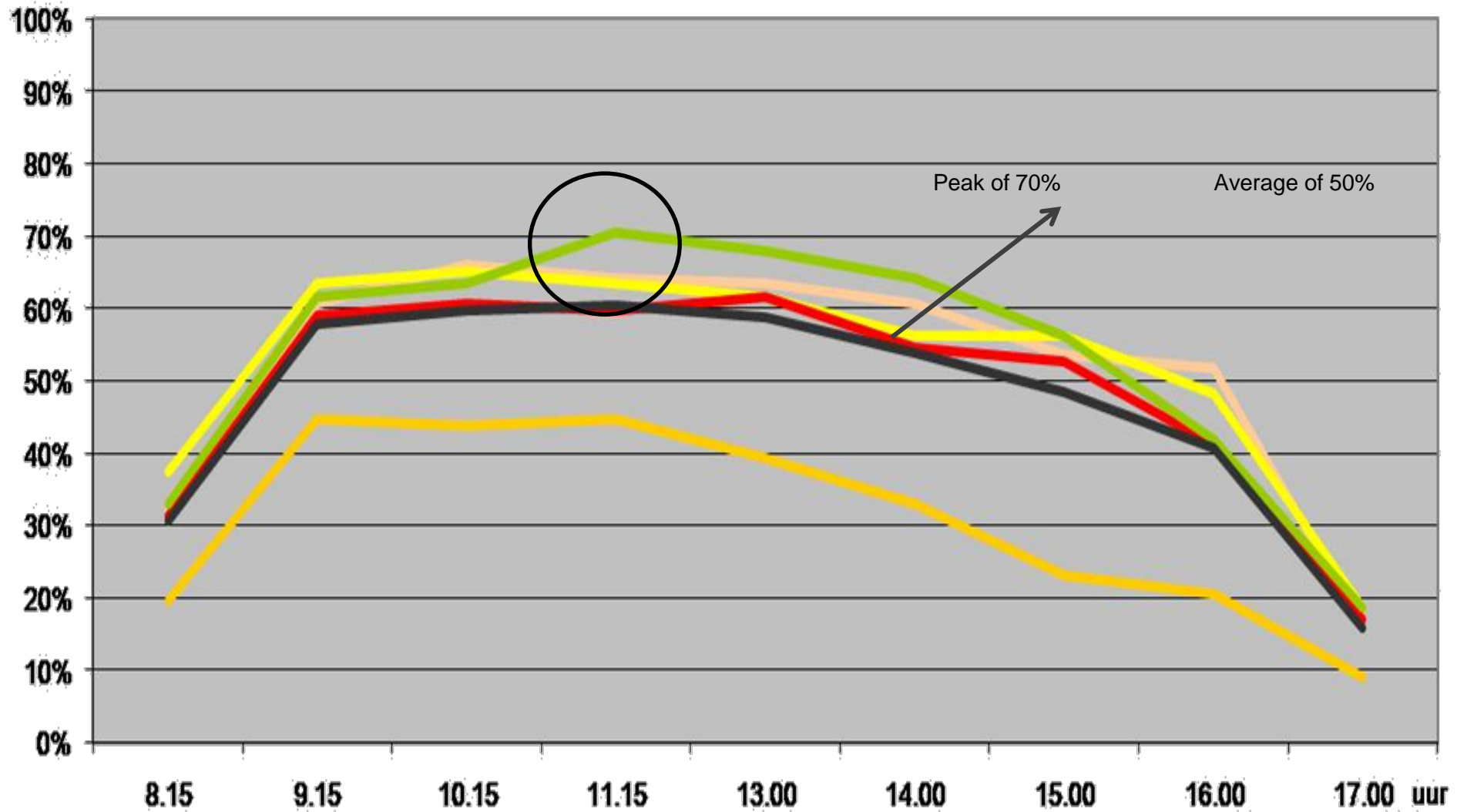
More complex work



Need for communication

WORK IS CHANGING

Decrease of occupancy



NEW WAYS OF WORKING

WHY?

Flexibility; the ability to respond to change

Better use of space and efficiency

To stimulate multi functionality of spaces

Less movements

To steer on desired culture

An empty office is not motivating



To stimulate collaboration

To support learning methods

To support different working styles

Image: reliable and professional

To attract talent

To meet contemporary needs

Optimal work/life balance

NEW WAYS OF WORKING

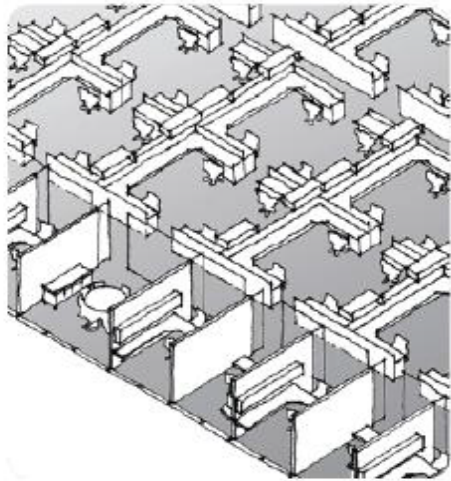
Leading

- Shared
- Touch-down
- Space as Facilitator
- Work is What I Do
- Virtual Connectivity
- Communities of Practice

Lagging

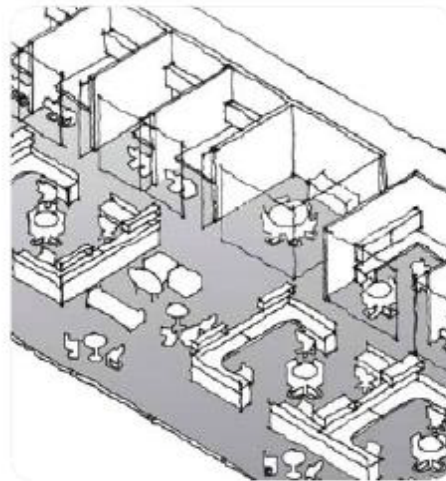
- Dedicated
- Territorial
- Space as Status
- Work is Where I Go
- Bricks and Mortar
- Command and Control

NEW WAYS OF WORKING



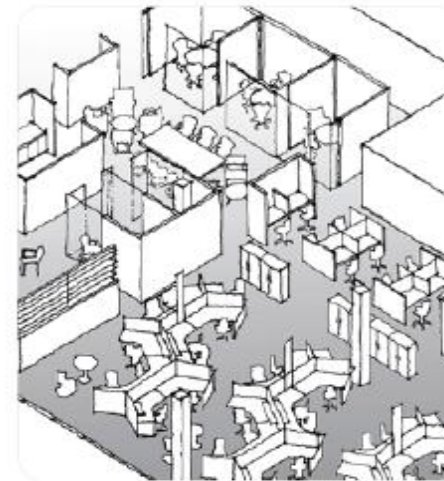
Conventional

- Traditional office layout
- Everyone assigned a desk
- Little variety beyond desks, offices and meeting rooms



More Open

- Offices on the interior
- Everyone/most everyone assigned a desk
- More open / collaborative space



Activity-based

- Various settings for various work
- People share spaces

Organizations Are Asking These Questions

- How can we attract and retain talent?
- How can we optimize for innovation and productivity?
- How can we reduce our costs at the same time?

WHAT'S CHANGING OCCUPANCY

THE DRIVERS

- PEOPLE
- COST
- LOCATION
- IMAGE



THE INNOVATIVE WORKPLACE

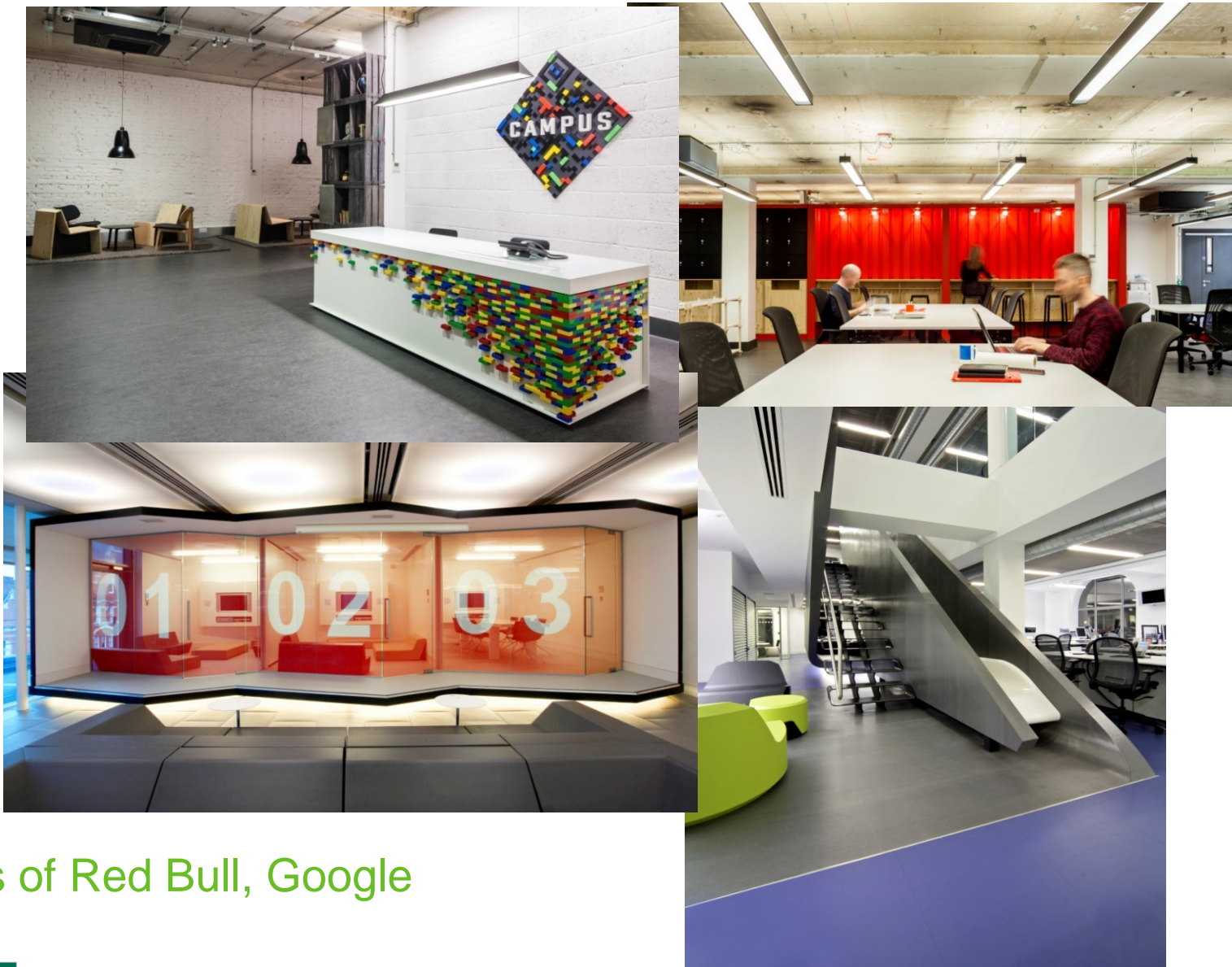


THE RESULT UP TO 25% SAVINGS

Moving to a new location

	TRADITIONAL	INNOVATIVE
KEY FIGURES		
<i>employees</i>	500	500
<i>flex ratio</i>	1	0.8
<i>workspaces</i>	500	400
SQUARE METRES (LETTABLE FLOOR SPACE)		
<i>per workspace</i>	17.0	18.5
<i>per employee</i>	17.0	14.8
<i>total</i>	8,500	7,400
RENT AND SERVICE CHARGES (€)*		
<i>per sq m</i>	250	250
<i>per annum</i>	2,125,000	1,850,000
<i>savings per annum</i>		275,000
INTERIOR- AND NON-RECURRING COSTS (€)*		
<i>per sq m</i>	500	650
<i>per annum</i>	4,250,000	4,810,000
<i>extra non-recurring costs</i>		560,000
ALL THINGS CONSIDERED		
<i>payback period in years</i>		2.0

UNDERSTANDING OCCUPIERS...



Images of Red Bull, Google

UNDERSTANDING OCCUPIERS...



UNDERSTANDING OCCUPIERS...





THE MARKET FOR LAW FIRMS IN CENTRAL LONDON

Colin Manders

CBRE



WELCOME TO THE PARTY!



THE LAW FIRM PRACTICE GROUP

CBRE's Law Firm Practice Group (LFPG) was formed in 1991. It comprises 31 members worldwide and has an ExCom comprising 16 members.

It is focused entirely and exclusively on the needs and business of law firms, worldwide.

EMEA Members (based in London):

Cris Tollast

Frances Warner Lacey

Colin Manders










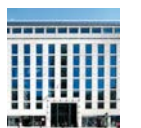




GLOBAL COVERAGE

Law firms in London

We act for all these law firms in London having leveraged off our global occupier penetration. We are members of our worldwide Law Firm Practice Group.

We understand the market requirements for law firms

HILL DICKINSON	BAKER BOTTS LLP	MinterEllison LAWYERS	NABARRO
			
33,000 Sq Ft Acquisition (2012)	21,000 Sq Ft Strategic advice (2012)	3,000 Sq Ft Lease Re-structure (2012)	130,000 Sq Ft Relocation (2012)
Weil	GJE	quinn emanuel trial lawyers	FRESHFIELDS BRUCKHAUS DERINGER
			
74,500 Sq Ft Acquisition/ Disposal (2010)	25,000 Sq Ft Lease acquisition (2010)	11,380 Sq Ft Lease acquisition (2010)	220,000 Sq Ft Lease Regear (2010)
Hogan Lovells	ORRICK	INCE & CO	LG
			
255,000 Sq Ft Professional advice (2010/2012)	44,565 Sq Ft Professional advice (2013)	54,300 Sq Ft Professional advice (2011)	118,000 Sq Ft Professional advice and agency (2011/13)

GLOBAL COVERAGE (2)

Law firms in London

We act for all these law firms in London having leveraged off our global occupier penetration. We are members of our worldwide Law Firm Practice Group.

We understand the market requirements for law firms

			 KattenMuchinRosenman LLP
			
5,000 Sq Ft Acquisition (2010 and 2011)	5,000 Sq Ft Acquisition (2010)	120,000 Sq Ft Relocation and Disposal (2007 and 2011)	6,000 Sq Ft Acquisition (2010)

			
			
67,000/5,000 Sq Ft Surrender / Acquisition (2011)	125,000 Sq Ft Restructure (2011)	429,000 Sq Ft Professional advice (2010/2012)	180,000 Sq Ft Lease Acquisition (2008)

			
			
80,000 Sq Ft Acquisition (2010)	18,000 Sq Ft Disposal (2012)	27,000 Sq Ft Lease renewal – expansion (2009)	2,500 Sq Ft Lease acquisition (2009)

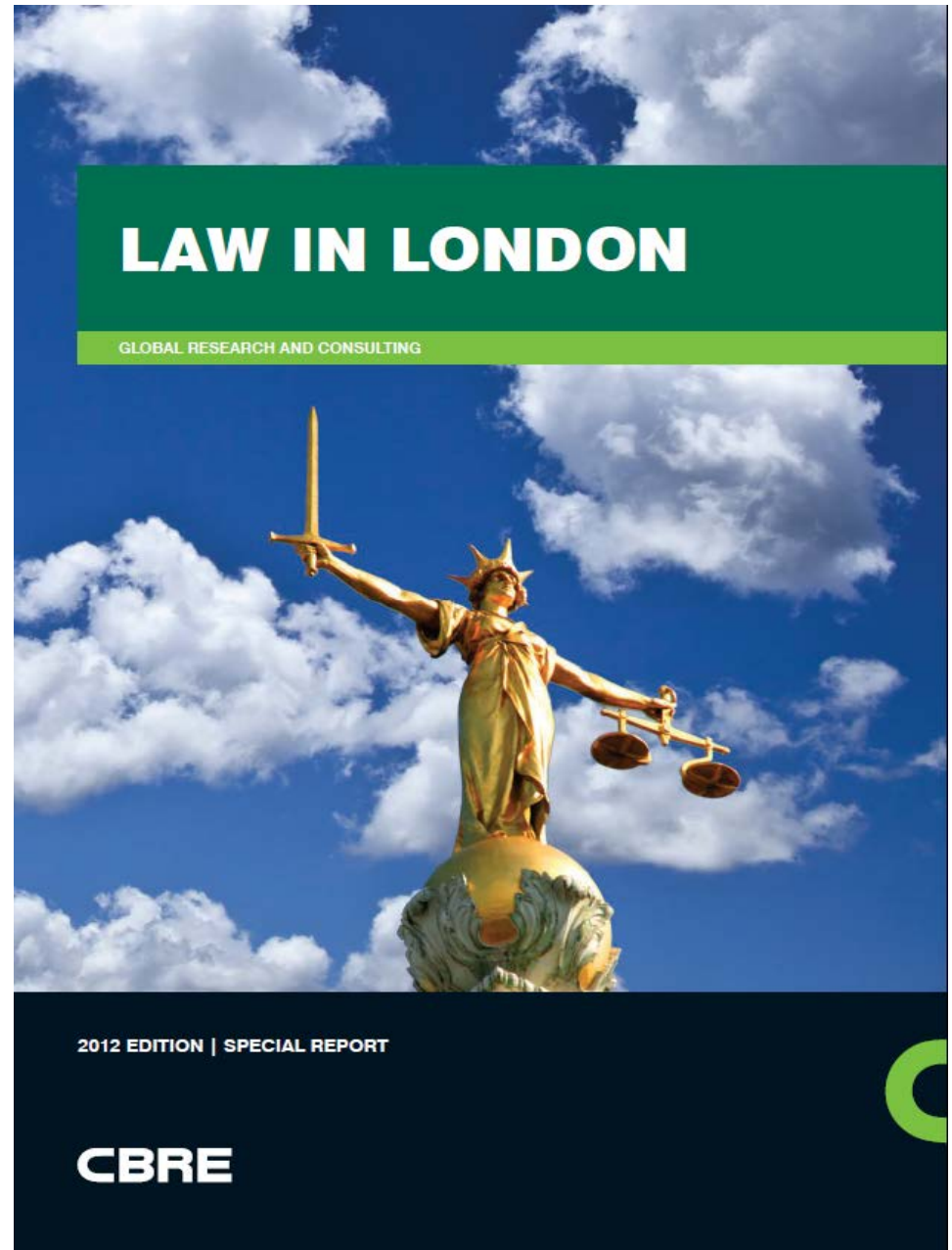
LAW IN LONDON 2012

From: Geoffrey Lander
[mailto:geoffrey@landeruk.net]
Sent: 09 October 2012 17:14
To: Martel, Nick @ London HH
Cc: Warner Lacey , Frances @ London SMC
Subject: RE: Law Firm Practice Group

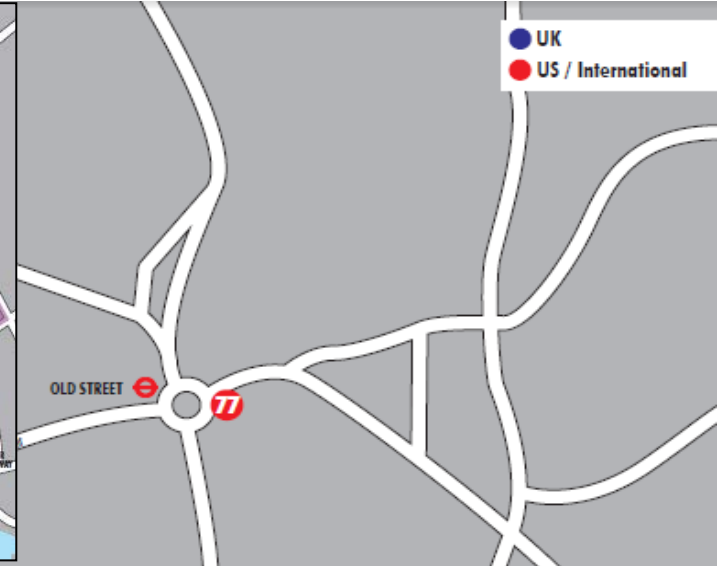
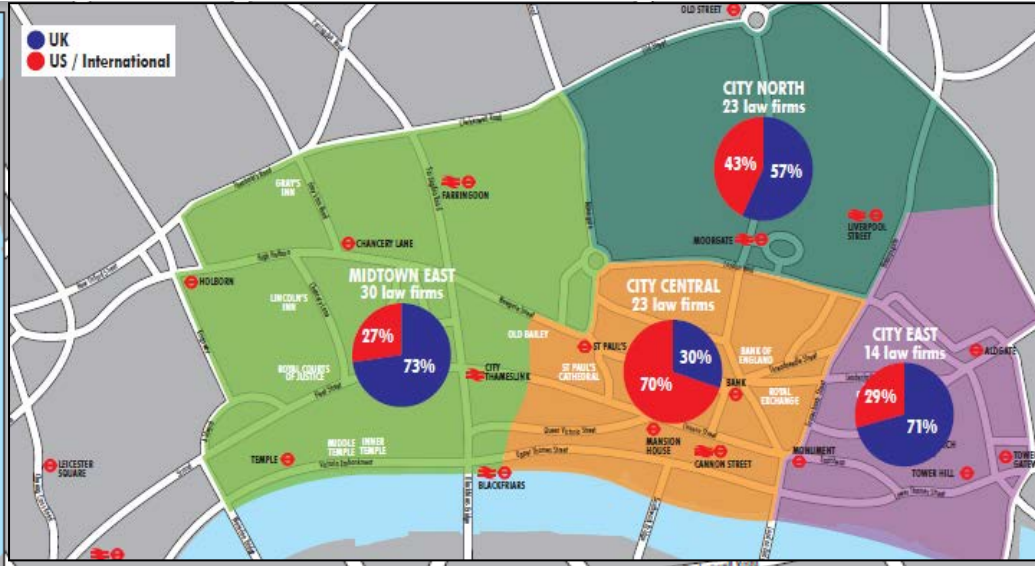
Dear Nick,
This is superb. A lot of consultants could learn from this. It is exactly what any CEO or FD of a law firm would want to know and there's no jargon! Fancy that . Not a single FR+ I anywhere!!! I am looking forward even more to the meeting.
Geoffrey

The 2013 report is underway and will cover workplace strategies

CBRE



LOCATION IN LONDON



CBRE LEGAL 100

1	Clifford Chance	UK	26	Field Fisher Waterhouse	UK	51	Holman Fenwick & Willan	UK	76	Osborne Clarke	UK
2	Allen & Overy	UK	27	Olswang	UK	52	Kennedys	UK	77	Fried Frank Harris Shriver & Jacobson	USA
3	Linklaters	UK	28	Latham & Watkins	USA	53	Sullivan & Cromwell	USA	78	Chadbourne & Parke	USA
4	Freshfields Bruckhaus Deringer	UK	29	K & L Gates	USA	54	Travers Smith	UK	79	Bingham McCutchen	USA
5	Herbert Smith	UK	30	Lawrence Graham	UK	55	Cleary Gottlieb Steen & Hamilton	USA	80	Kingsley Napley	UK
6	Hogan Lovells	USA	31	Shearman & Sterling	USA	56	Ince & Co	UK	81	Russell Jones & Walker	UK
7	Norton Rose	UK	32	Macfarlanes	UK	57	Dechert	USA	82	Wedlake Bell	UK
8	Slaughter & May	UK	33	Bird & Bird	UK	58	Debevoise & Plimpton	USA	83	Arnold & Porter	USA
9	Berwin Leighton Paisner	UK	34	Sidley Austin	USA	59	Wilmer Hale	USA	84	Finers Stephens Innocent	UK
10	Simmons & Simmons	UK	35	White & Case	USA	60	Berrymans Lace Mawer	UK	85	Simpson Thacher & Bartlett	USA
11	Clyde & Co	UK	36	Jones Day	USA	61	Bircham Dyson Bell	UK	86	Fulbright & Jaworski	USA
12	Ashurst	UK	37	Reynolds Porter Chamberlain	UK	62	Irwin Mitchell	UK	87	Morgan Lewis & Bockius	USA
13	S J Berwin	UK	38	Skadden Arps Slate Meagher & Flom	USA	63	Bryan Cave	USA	88	O'Melveny & Myers	USA
14	Pinsent Masons	UK	39	DAC Beachcroft	UK	64	Orrick Herrington & Sutcliffe	USA	89	Edwards Wildman	USA
15	CMS Cameron McKenna	UK	40	Kirkland & Ellis	USA	65	Manches	UK	90	Hill Dickinson	UK
16	Reed Smith	USA	41	Charles Russell	UK	66	Morrison Foerster	USA	91	Maclay Murray & Spens	UK
17	DLA Piper	UK	42	Speechly Bircham	UK	67	Harbottle & Lewis	UK	92	Cravath Swaine & Moore	USA
18	Mayer Brown	USA	43	Trowers & Hamlins	UK	68	Fladgate	UK	93	Sackers & Partners	UK
19	SNR Denton	UK	44	Mishcon de Reya	UK	69	Milbank Tweed Hadley & McCloy	USA	94	Akin Gump Strauss Hauer & Feld	USA
20	Baker McKenzie	USA	45	Weil Gotshal & Manges	USA	70	Covington & Burling	USA	95	Howard Kennedy	UK
21	Stephenson Harwood	UK	46	Lewis Silkin	UK	71	Winckworth Sherwood	UK	96	Dorsey & Witney	USA
22	Addleshaw Goddard	UK	47	Farrer & Co	UK	72	Bristows	UK	97	McDermott, Will & Emery	USA
23	Nabarro	UK	48	Withers	UK	73	Wragge & Co	UK	98	TLT	UK
24	Eversheds	UK	49	Squire Sanders	USA	74	Gibson Dunn	USA	99	Fasken Martineau	Canada
25	Taylor Wessing	UK	50	Watson Farley & Williams	UK	75	Parabis	UK	100	Salans	USA

LAW IN LONDON 2012

Conclusions

- The Legal Services Act – Deregulation
 - Some effect in high volume work such as conveyancing
 - Funding for M&A activities

- Pressure
 - Continued consolidation / mergers / acquisitions
 - Slower growth or contraction for many firms
 - Numerous layoffs / de-equitising / reducing number of partners – shore up PEP
 - Outsourcing / near-shoring
 - Uncertainty in projecting / realising future growth

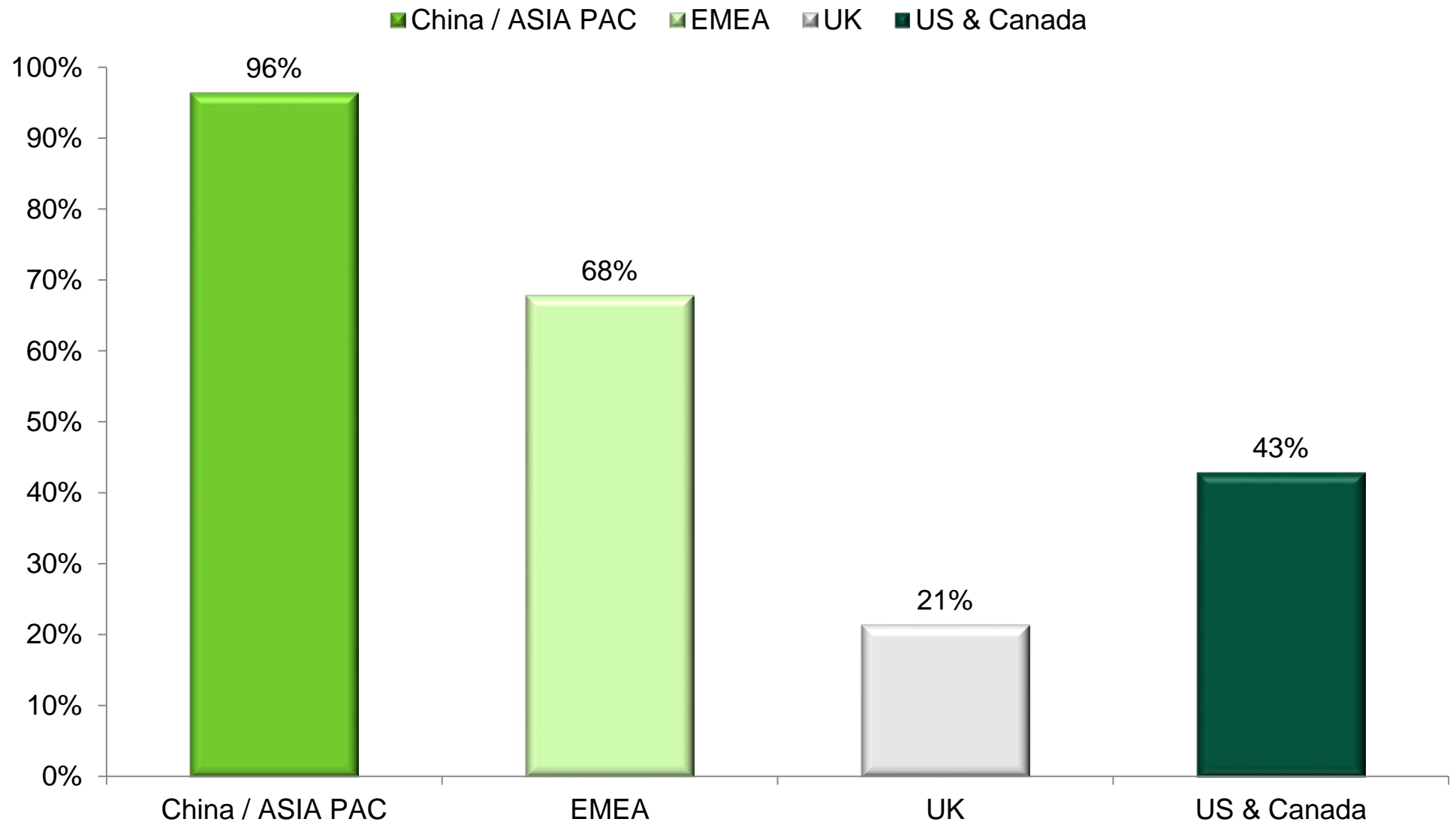
- Focus on economics
 - Occupancy costs / funding of capital / partner liability
 - Changing nature of space utilisation – intensification
 - Open plan / hybrid / cellular
 - Support / libraries / technology
 - Legal demand

LAW IN LONDON 2012

Conclusions

- Focus on economics
 - Occupancy costs / funding of capital / partner liability
 - Changing nature of space utilisation – intensification
 - Open plan / hybrid / cellular
 - Support / libraries / technology
- Legal demand for space
 - Constrained since 2008 - Preference to re-gear or postpone
 - Evidence of take up improving

IS THERE AN AGREED STRATEGY TO INCREASE YOUR PRESENCE IN ANY OF THE FOLLOWING REGIONS?



28 Respondents
Multiple options

PEOPLE THEN PROPERTY?

DLA Piper cuts 251

**Cobbets goes into
administration:500 jobs lost**

Ashurst defers partner
payouts after first half slump

HERBERT SMITH CUTS 43

Clifford Chance cuts City Associates

Eversheds, DLA Piper and Allen & Overy: 450 jobs
affected by their reviews.

LAW IN LONDON 2012

Conclusions

Debevoise & Plimpton
60,000 sq ft

Dorsey & Whitney
30,000 sq ft

Akin Gump Strauss Hauer & Feld
25,000 sq ft

2013

Nabarro
130,000 sq ft

Mischon de Reya
100,000 sq ft

Field Fisher Waterhouse
80,000 sq ft

2014

CMSCameronMcKenna
180,000 sq ft

Morrison & Foerster
50,000 sq ft

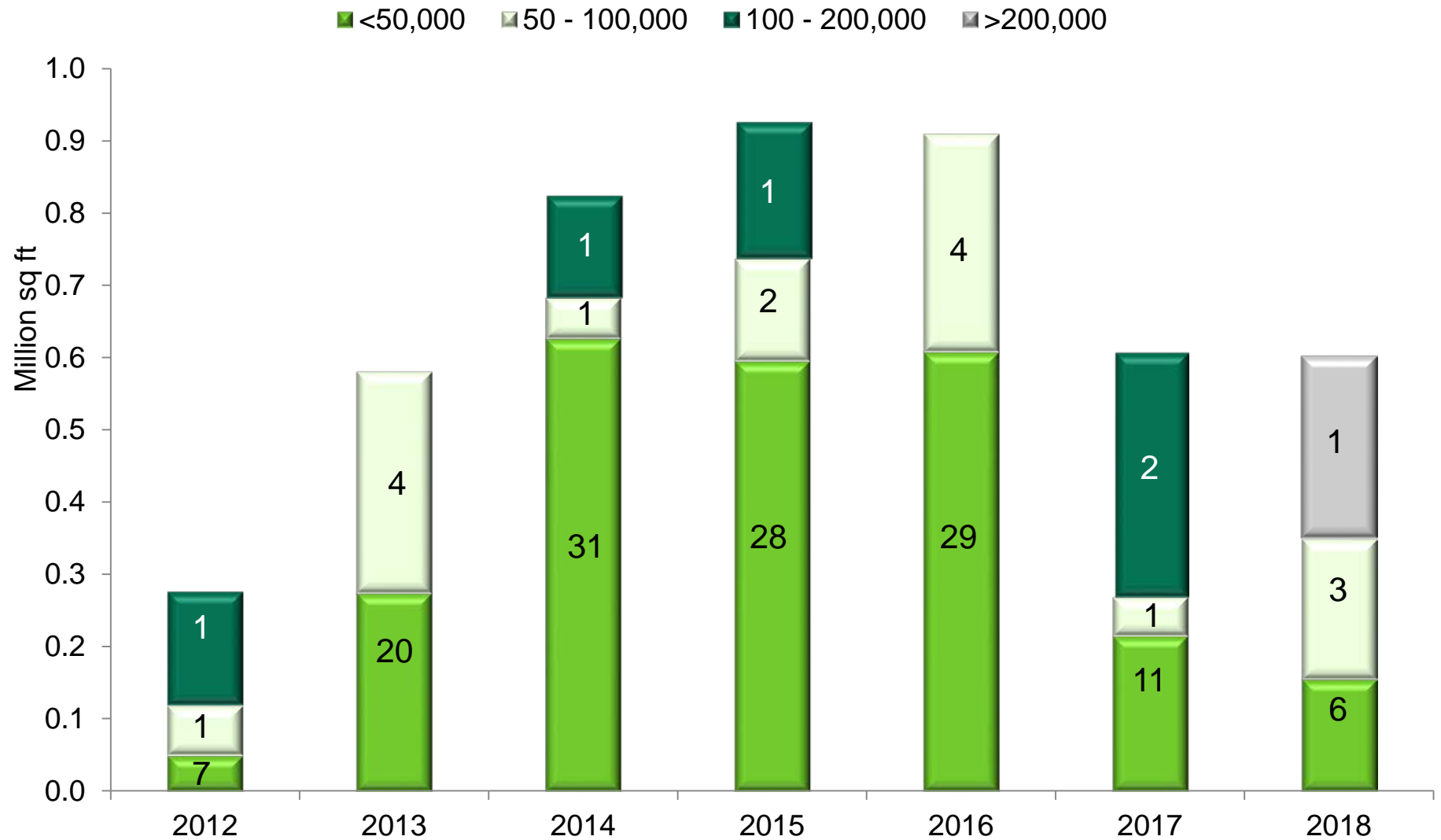
2015

Bird & Bird
150,000 sq ft

Cleary Gottlieb Steen & Hamilton
60,000 sq ft

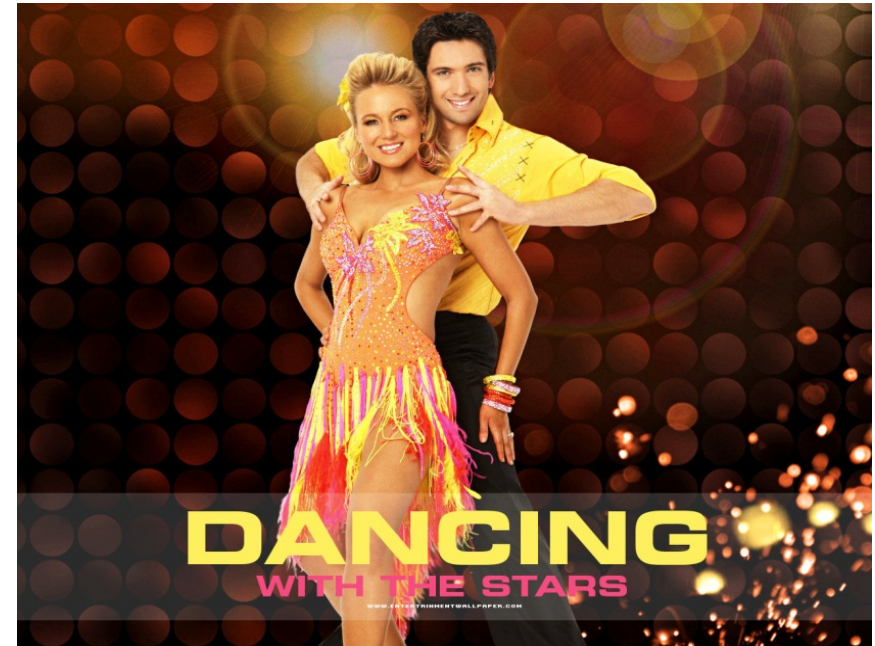
2016

CENTRAL LONDON LEGAL SECTOR LEASE EVENTS, 2012 – 2018





DANCING WITH THE STARS



THE LEGAL SERVICES ACT AND ABS

liability
company
dividend
partnership
ltd
limited
sole-trader
plc
director
partner not-for-profit
unlimited shareholder



CBRE

RECENT LEGAL TRANSACTIONS 2013

Key transactions 2013

12/14 NEW FETTER LANE

CANNON PLACE

RIVERBANK HOUSE

10 ALDERMANBURY

6 AGAR STREET



Bird & Bird

142,000 sq ft
£58.80 per sq ft
May 2013



CMS

140,000 sq ft
Rent Confidential
July 2013



Field Fisher Waterhouse

100,000 sq ft
£47.50 per sq ft
August 2013



Debevoise & Plimpton

51,000 sq ft
£48.00 per sq ft
April 2013



Davenport Lyons

31,500 sq ft
Rent Confidential
July 2013

RECENT LEGAL TRANSACTIONS 2012

Key transactions 2012

125 LONDON WALL

BROADGATE TOWER

5 NEW STREET SQUARE

222 GRAYS INN ROAD

1 FLEET PLACE



Nabarro

125,000 sq ft
Rent Confidential
December 2012



Hill Dickinson

32,000 sq ft
£43.50 per sq ft
November 2012



Stewarts Law

23,000 sq ft
£57.50 per sq ft
November 2012



Bindmans LLP

21,000 sq ft
£32.50 per sq ft
March 2012



Quinn Emmanuel

18,000 sq ft
£37.50 per sq ft
November 2012

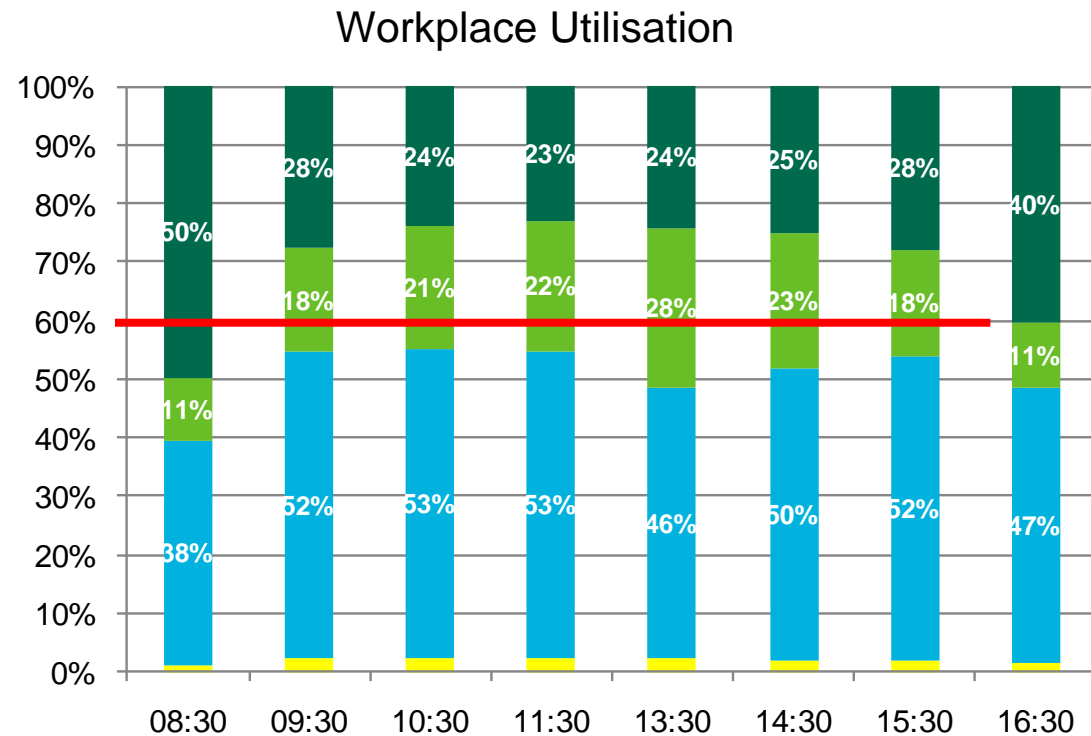
CURRENT LEGAL REQUIREMENTS

Occupier	Size
	200,000 sq ft
	80,000 sq ft
	70,000 sq ft
	70,000 sq ft
	50,000 sq ft
	50,000 sq ft
	40,000 sq ft
	40,000 sq ft
	40,000 sq ft

SPACE ANALYSIS

Do you want to reduce the amount of office space you use?

- Uncover whether space can be used more efficiently
- Understand where you can release space
- Understand where you can accommodate more people



KEY

- Empty
- Unoccupied
- Occupied
- Average Occupancy

WORK CULTURE

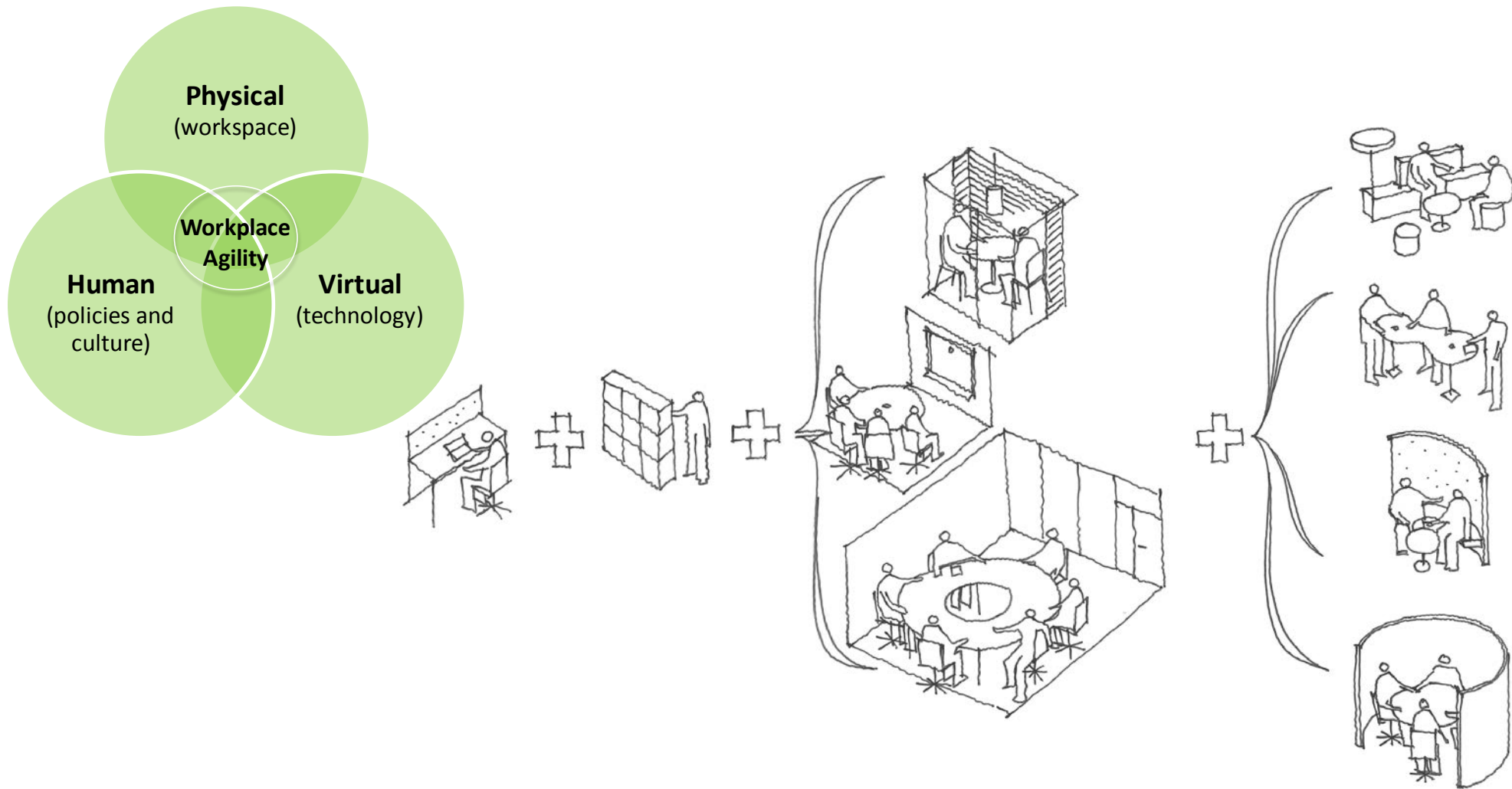
rigidity

9 to 5
ownership
inputs
command & control
paper dependant
emails, emails, emails
technology a problem
late, long, formal meetings
linear
analogue
hard wired
assigned
workstyle

agility

anytime
shared use
outputs
trust
paper independent
face to face
technology an 'invisible' enabler
constant collaboration
multiple dimensions
digital
wireless
anywhere
lifestyle

WORKPLACE TRENDS – A KIT OF PARTS



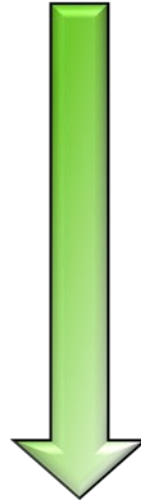
THE CHANGING LEGAL WORKPLACE

Single Occupancy Cellular Offices

Dual Occupancy Cellular Offices

Hybrid

Open Plan



Status

Confidentiality

Concentration

Cross Selling

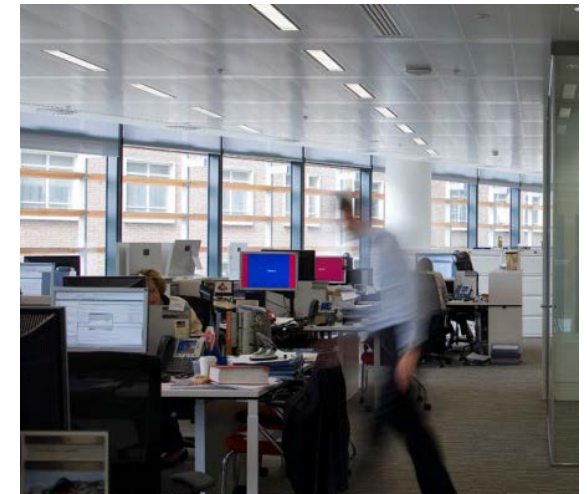
Team Working

Inter firm Communication

IT Literacy

Space Intensification

CHANGING WAYS LAWYERS DO BUSINESS



WORKPLACE JOURNEY

Fully Cellular

Mixed Cellular/Open Plan

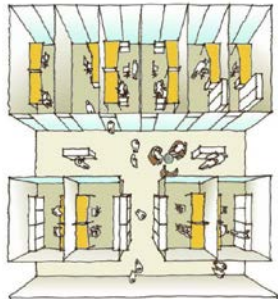
Fully Open Plan Multi Work Settings

Non Territorial

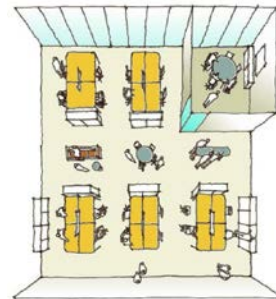
Virtual Office



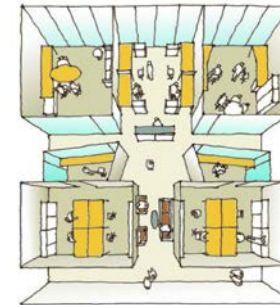
Hierarchical



Collaborative

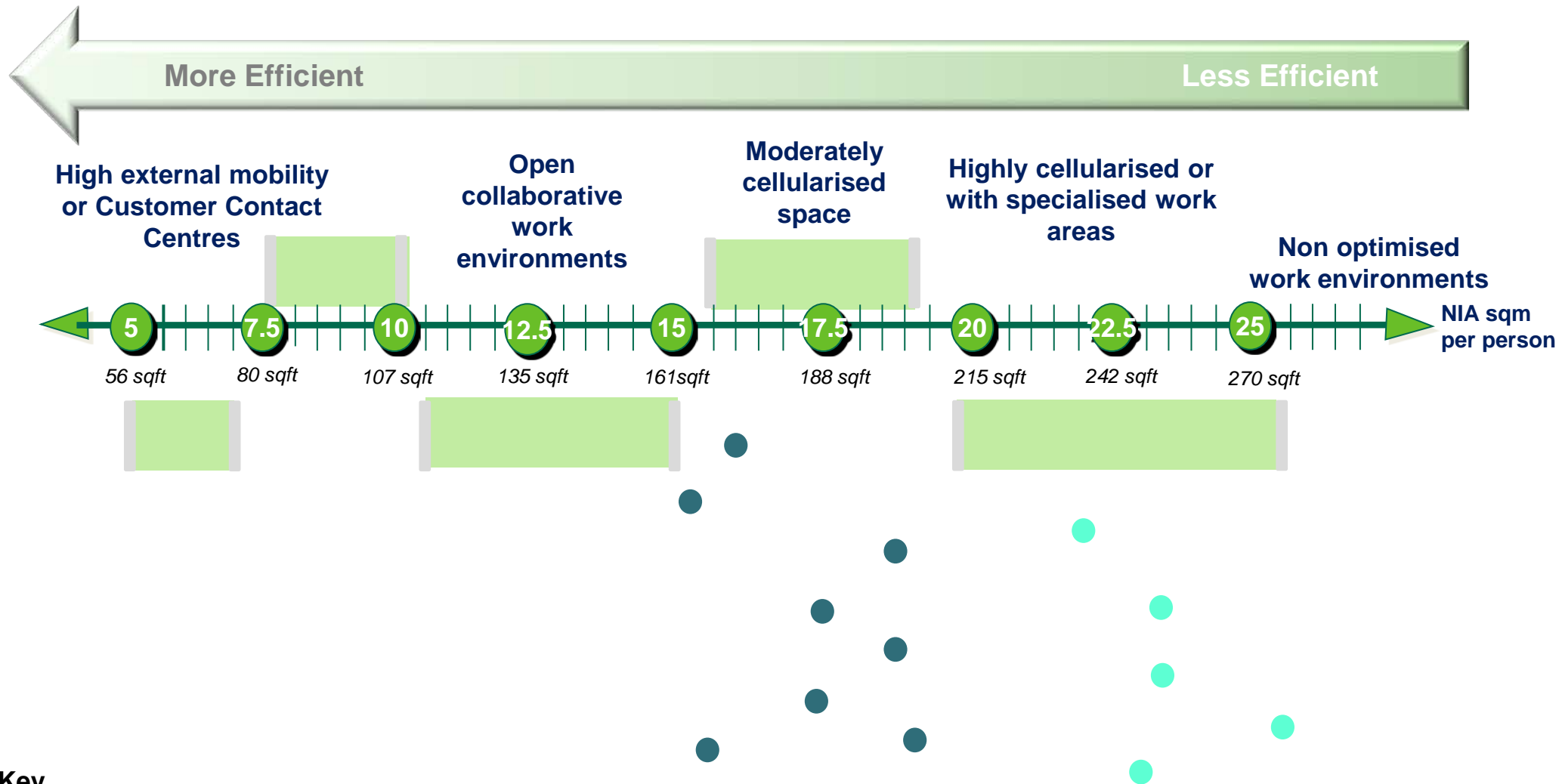


Flexible



Mobile & accessible

BENCHMARKING SPACE USE: UK LAW FIRMS



Key

- RPC, Beachcroft, Osborne Clark, Lovells, CMS Cameron McKenna, McGrigor Donalds, A&L Goodbody,
- Eversheds, Allen & Overy, Clifford Chance, Addleshaw Goddard, SNRD

LAW FIRM: OPEN PLAN COLLABORATIVE ENVIRONMENTS



Eversheds



RPC



Speechly Bircham

CBRE



McGrigor Donald

LAW FIRMS APPLYING ENCLOSED OFFICES



Allen & Overy

Still enclosed but applying consistent, modular designed offices and furniture to allow for single to three person occupancy for future growth and flexibility



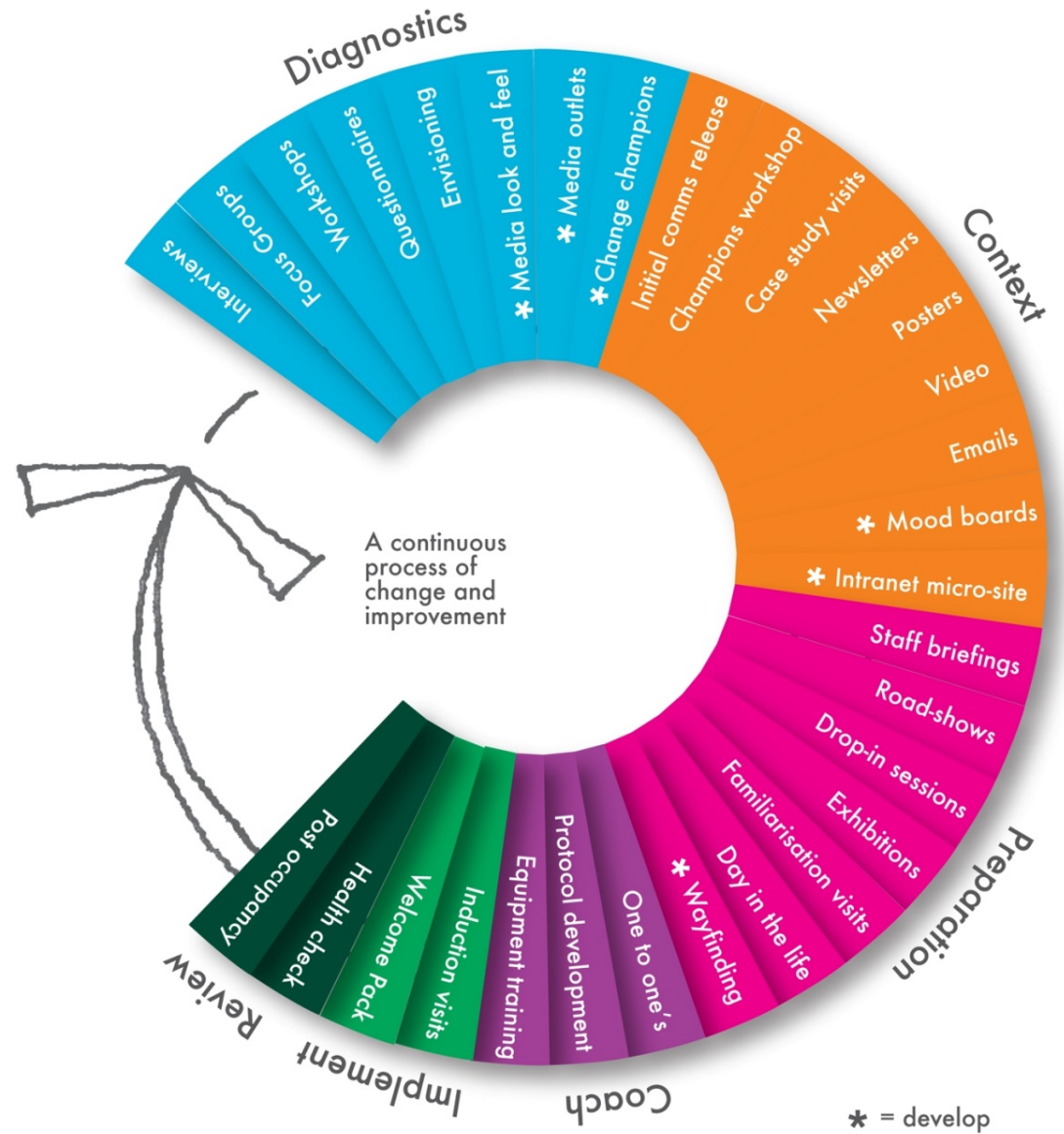
*High cellularisation
hinders growth and is
Costly in churn costs*

Sample of traditional approach to Legal Firm with offices around the perimeter, support staff in centre corridor spaces



Mayer Brown International

CHANGE MANAGEMENT



What is it?

Workplace360 is **examining how we work** at CBRE from all aspects – work environment, supporting technology, branding, personal productivity, space efficiency, sustainability, mobility, flexibility and more – applying this research **to transform our future workplace.**



The Benefits

Over the next 10 years, we have the opportunity to impact 3M SF of leases expiring.

Conservatively: \$100M in Rent Savings and \$30M in Capital Savings

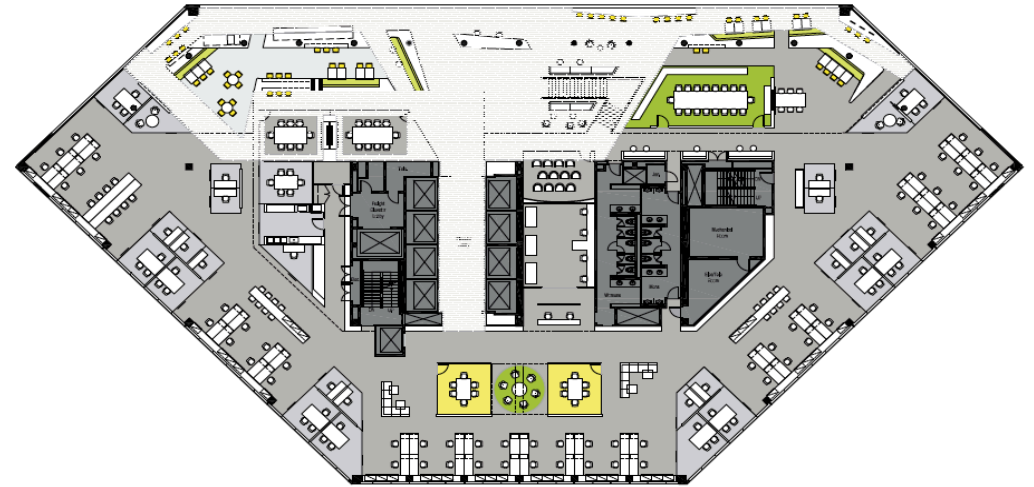
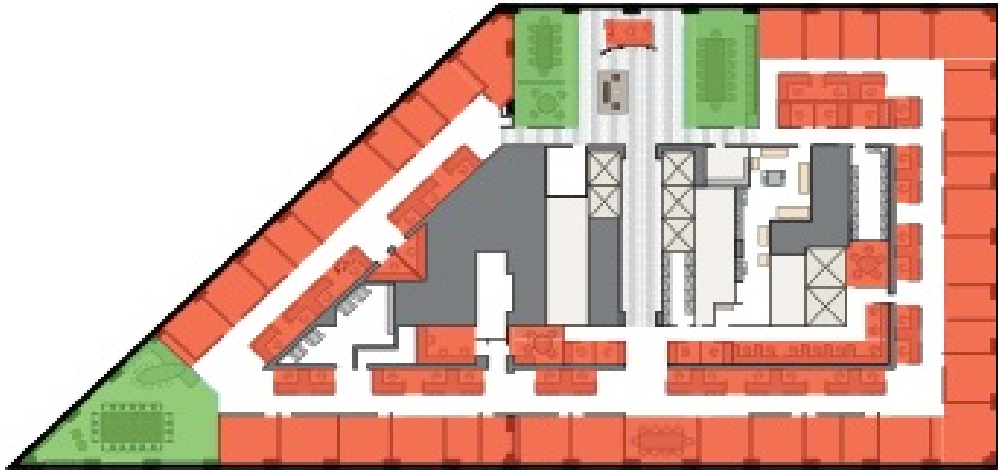
Portfolio Savings Opportunity

**COST AVOIDANCE +
COST SAVINGS =**

- Shrink our actual footprint
- With room to grow!

Workplace360 DTLA





355 S. Grand **PERIMETER OFFICE**

- **52k sq ft total**
- 171 seats for 171 people
- Needed 12k sq ft more space for growth

400 S. Hope **FREE ADDRESS**

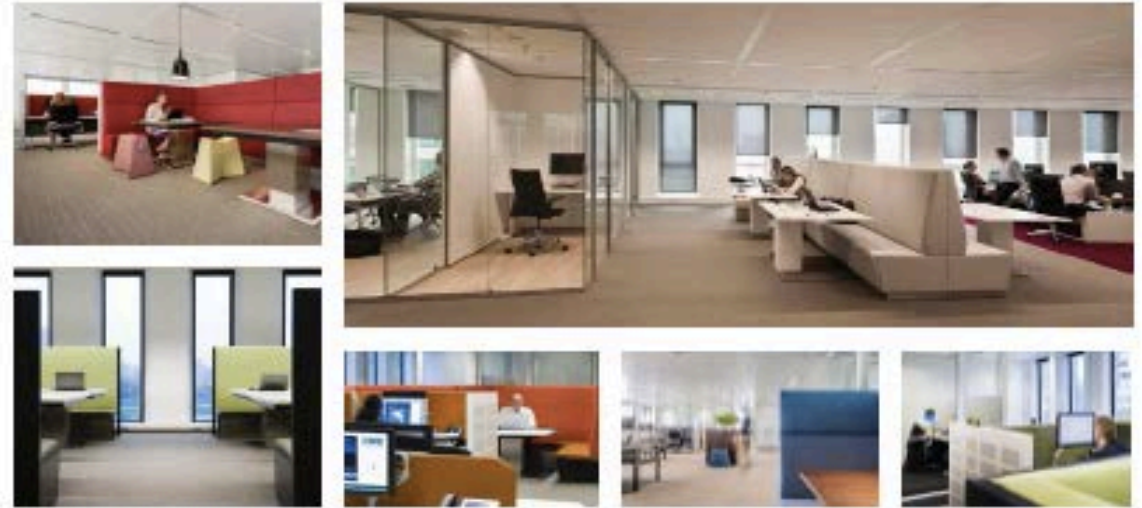
- **48k sq ft total**
- 168 seats for 210 people
- \$3.1m in reduced real estate expenses

Our Professionals Want Choice

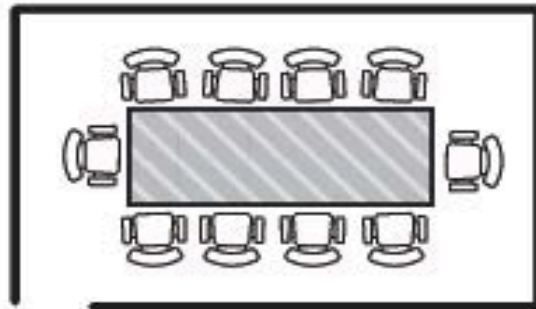
INDIVIDUAL



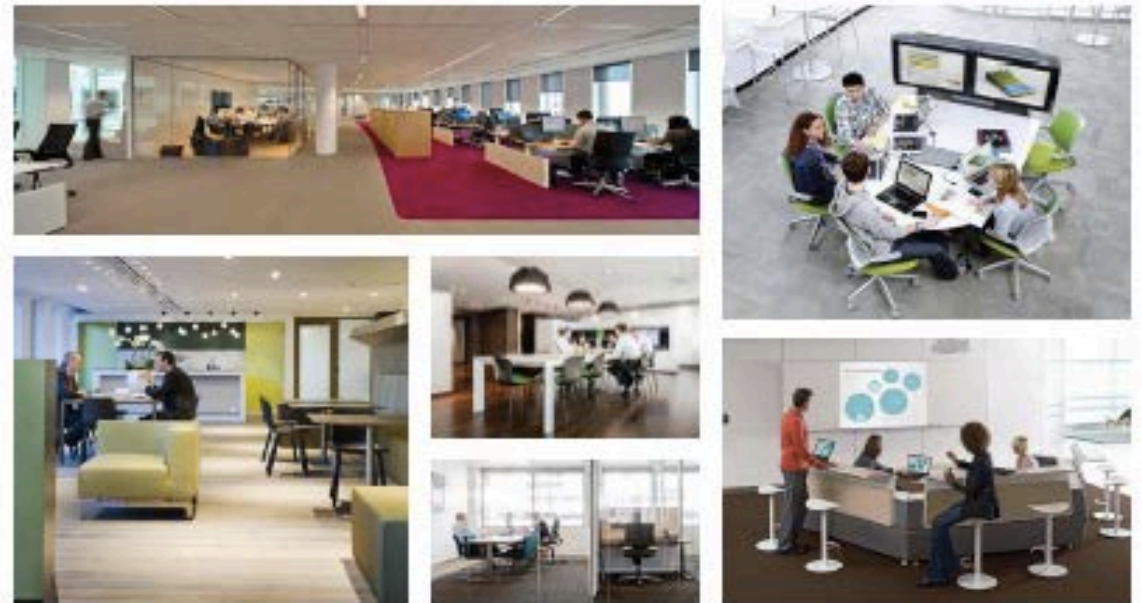
VS



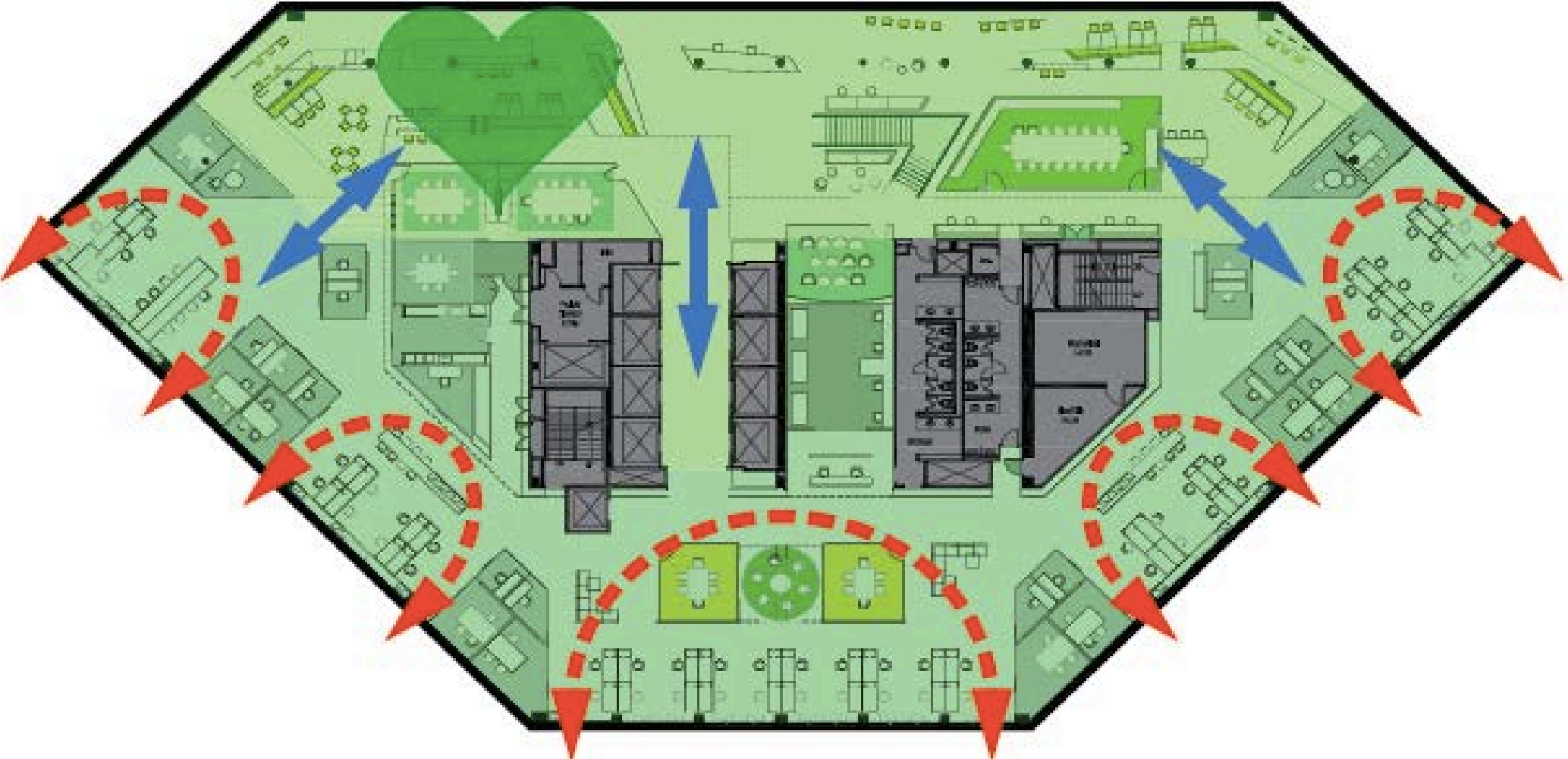
COLLABORATIVE



VS



Neighbourhoods of Activity



Create Inspired Design





TESTING THE NEW FURNITURE





CBRE

QUESTIONS

