MAKING MOVES

StartUp Edition

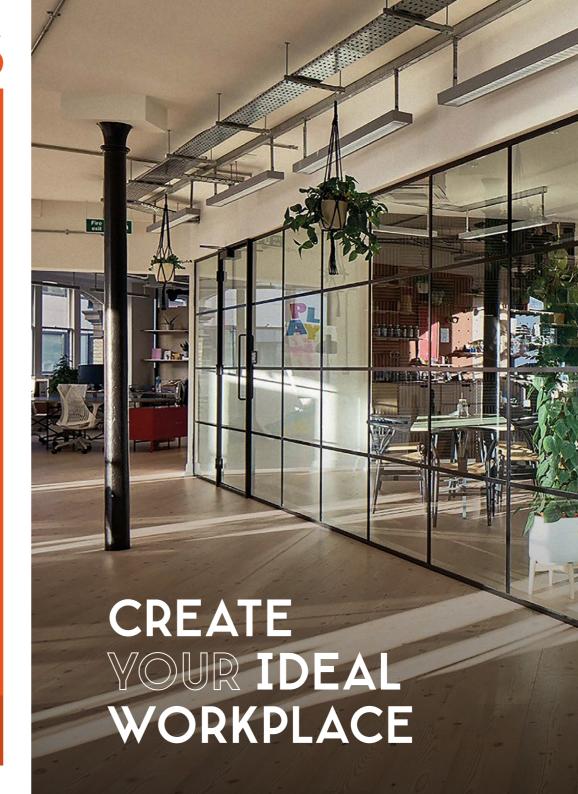
HOW TO FIND THE RIGHT SPACE TO GROW YOUR START UP



How to choose the right advisor

Don't let your space affect your growth

Wellness in the workplace







EDITOR'S NOTE

The world of property and StartUps do not align. StartUps typically seek flexibility, low costs and ways to save time. The property industry has always focused on security, expense and lengthy legal transactions.

This is why we set up Making Moves. Our mission is to disrupt an archaic industry. On one hand we are seeking new ways to transact and speed up the process of finding a new office and on the other hand, we guide our StartUp clients through the current process required, which if not managed correctly can lead to expensive mistakes.

Personally, I am a big fan of acronyms. In particular, I love the "Five P's". With an addition of a sixth "P", we have the perfect solution on how to approach the leasing of your new office.

PRIOR PREPARATION PREVENTS POOR PROPERTY PERFORMANCE

We are all about planning here at Making Moves. We help our clients with budgeting, location finding and establishing the size of office you need. Importantly, we also advise the type of lease you should consider. This is particularly relevant to StartUps. High growth and long leases do not match up too well.



- INTERVIEW WITH **TOUCAN BOX**
- **HOW DO YOU CHOOSE** THE RIGHT ADVISOR?
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toucanbox.com Founded: 2011 No. of staff: 50+ London W6 Making Moves began with one simple concept; to provide London office occupiers with conflict free advice, with a particular focus on the StartUp sector.

More often than not, high growth companies are often overlooked in favour of more established companies, that have a stronger balance sheet and are willing to commit to longer leases... a very 'landlord' way of thinking.

We recently sat down with Benjamin Récapé of Toucan Box, to understand the challenges for a StartUp company searching for office space including where, when and how to approach the process, plus the key issues to be aware of.

MM: What is important to you when exploring the office market?

BR: When exploring the market, what I really want is someone to help me define what I can afford, how much space I will need, what length of lease would be most suitable and where and what is a good deal or not. Most importantly, I need access to properties off the books (sub-lets, short-lease, cat B, shell etc...).

MM: Why would you use a Commercial Property Finder?

BR: In short... I have been through the process of moving building several times and I know the general rules and dynamics of the

industry. I have learnt through experience that it is always beneficial to have someone on my side that I can trust and give me insider advice. I have access to far more properties that I wouldn't have otherwise.

MM: So, with that in mind, what information would you have found most useful when you did your first deal?

BR: When I was in the process of securing my first deal, I would have liked someone approachable and hands on, holding my hand and teaching me the basics of the industry. I would have liked to have been told what the options were and the differences between them. And it's not just that. What are

dilapidations, what are alienation provisions!? There is so much property jargon that agents like to throw at us to confuse us... just keep it simple, keep it honest! As a young growing business, we had lot on and whilst we had a good idea of what is happening around us,

Having access to external services is also essential, such as lawyers/solicitors, building services and more. For many of us, this will be the first time we've done this, or maybe the second time, and we haven't yet got or identified our own trusted suppliers.



property can be confusing, and we were new to this... so most importantly, cut out the rubbish and be human!

Other really useful info that I have learnt is that VAT must also be accounted for on top of everything, as well as stamp duty tax, and more importantly, deposits which can as much be as 9 or 12 months rent.

As a young and fast-growing business, we can't afford to have our capital tied up in ESCROW, so having alternative solutions or having this kept to a minimum would be in our best interest. Be sure to let us know about this from the first instance so we can start accounting for it.

Timelines are also another interesting one; how long it takes to find an office, how long the negotiation process is (and what that includes) and of course, fitting out the space and who to use that won't rip us off!

MM: What could we do to be different, or what other services would you find useful?

BR: Business Rates! Firstly, more information on this and secondly, asking clients if they have ever looked into savings from their rates or come up with schemes to help StartUps with their rates.

MM: What would you like to see from your property advisor?

BR: Be personable, be human and be yourself. Use mobiles and texts rather than landlines, it's much more efficient. It also goes without saying you need to always be there, you never know when we might need support!

Be honest when you are advising the customer – if you don't have a particular product, or you can't help in a certain field, just say so. Listen to the customer and hear them out... what exactly are their problems and challenges and what are the real-world solutions you can provide them with.

Give us lots of recommendations... why you think something will work or won't work based on your experiences or similar clients.

Cost is one of the biggest factors for any StartUp... it will literally make or break a company, so when it comes to cost, lay them all out on the table. What are all the associated costs, hidden costs, what are the running costs, what is the cost of each building and so on. //



HOW DO YOU CHOOSE THE RIGHT ADVISOR?

TENACITY

DRIVE

SHARPNESS

KNOWLEDGE

EXPERIENCE

Make sure you engage with an agent who is invested in your company and is hungry to go out and secure you a great deal.

Some of the larger, more corporate agencies may not be as driven to help you find the perfect office and get you a great deal. Some agent's fees are based on a percentage of the rent agreed over the lease period which actually means the more rent you pay — the higher the fee you will be charged. Look out for agents like Making Moves whose fees are based purely on the savings we can make you.

Attention to detail, responsive and proactive. For an agent to represent you, they need to be ahead of the game.

Finding an office that works for your business is easier said than done. Make sure you engage with a property advisor who has the correct knowledge to advise you on which type of property you should take, at what rent and in the right location. They must also have the technical knowledge to ensure you do not sign up to a lease which could impact on vour business in the future.

Who have they dealt with before? Established businesses for whom cost and stability is key? Or high growth StartUp companies where flexibility is an absolute must?



BRIEF DEVELOPER

There are a lot of things to consider when moving office. Our handy brief developer is a good place to start the discussion internally. By filling in the questions below, we can then work with you to establish the main drivers behind your office requirement. So, grab a coffee with your team and start Making some Moves...

When are you planning to move?

The entire process of finding an office, negotiating the lease, going through the legals and moving in can take up to 6 months, so better to start planning ahead!

When is your lease expiry or break date?

Before doing anything, it is best to check the terms of your lease and break date to check if you are actually able to move out of your current space. You will also need to think about exit costs from your building (dilapidations) and factor these into your budget.

How much space do you think you'll need?

How many people are you now? How many people do you expect to be over the next 3–5 years? These can be difficult questions to answer if your business is fairly new. We have worked with companies who have grown from 5-80 people in the space of 2 years!

At Making Moves we specialise working with high growth businesses, so we can offer you advice on your property strategy. Taking the wrong amount of space may be detrimental to your business, affecting company culture if splitting the team up, or even impact on profits. What type of space are you looking for?

This is the fun bit. What style of office suits your business? Modern and functional, or something a little quirkier?

Have you thought about locations?

In our experience, when attracting top talent, location can be one of the key factors to consider in your office move.

And what about budget?

Take a look at our market rent guides to get an idea of different office rates in London. Remember you will also need to take into account service charge, business rates, solicitor fees, dilapidations, removal costs etc...

Do you have any special requirements for your new office? E.g. bike racks, showers, gym, concierge, accessibility etc.

Are you an active office or do you want to encourage staff to be more so? Is outside space such as a terrace essential to your requirement or do you need to ensure there is adequate parking available? //

See our Market Rent Guide for an up-to-date list of rent prices across London

makingmoves.london/ market-rent-guide





HOW MUCH OFFICE SPACE DO I REALLY NEED?





Establishing how much office space you need is often the very first question asked when looking to relocate. The answer is not always straightforward as each business will have a different use and need for the space. Buildings also vary and some will be more efficient in their layout than others. Our resident advisor on space requirements and Head of Making Moves Technical, Ben Woodcock, provides the low-down on what to consider.

Most buildings will be designed for an occupational density of 1 person every 10m² (or approximately two ping pong tables worth of space per person).

This may sound like a lot, but this includes space for desking, circulation, meeting rooms, shower facilities etc. and is therefore applied across the entire floor. It's not just about simple space either, being designed to 1:10m² means that electrical supplies, heating, cooling and fresh air will be calculated on this basis. Therefore, if you are a high-power user you may need to bring in additional supplies or if you have high level of heat gain then again you may need to bring in additional cooling.

Newer buildings, particularly Grade A space, will often be designed to a higher density level of around 1 person every 8-10m². This will therefore allow you more flexibility to increase your head count or provide the comfort of having a more spacious office, sufficient power, cooling and fresh air.

Traditionally the number of employees per area of floor space (occupant density) depended on the industry, with lawyers often seen as needing the greatest space due to having lots of cellular offices and meeting rooms. In recent years office design has become far more considered than previous trends of ramming as many people into a uniform open plan layout as possible.

Open plan is still widely used but now more thought is put into behavioural aspects of how staff interact and communicate, creating different working zones, bringing in culture and identity and a greater understanding of wellness has taken the design of office space to the next evolutionary stage.

Increasing occupancy to over what the building was designed for might be seen as a good way to save money, but it will also reduce options for growth and reduce the users comfort in many ways.

Overheating, a lack of fresh air and increased noise will lead to a poorer environment, increased stress and tension. All of these risks not only reduce the ability for employees to work at their best but also impacts company culture, the performance of the business as well as limiting flexibility as the business evolves.

to be efficient by reviewing how you use the space, using areas of 'agile working' (or shared space), or even using the main building reception for your waiting area can help keep use of space efficient without creating heavy compromises.

Forecasting your business over the forthcoming years is essential when establishing the amount of space you need. Fast growing businesses may want to take shorter leases in cheaper offices with larger space, or want offices where there are options for expansion within the building.

It is best to discuss your requirements with your agent (enter, Making Moves) who will use their experience to work out the size range of space suitable for you and base your building search on this. When you have a shortlist of buildings Making Moves can

SERVICED OFFICE

1 person = 1 desk



CONVENTIONAL LEASE

1 person = $10m^2/92$ sq ft (approx 2 x table tennis tables)



It's all about balance. Having enough space for break out areas, storage, large working areas is great but obviously you still have to pay for the space through rent, service charge and business rates. There are ways provide you with 'space fit' drawings that allow you to see if the number of desks, meeting rooms, break out space you require fit in before progressing with negotiations and space planning your fit out. //

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WELLNESS IN THE WORKPLACE

Workplace design can directly influence how employees feel and perform at work. Create spaces where employees want to work and are able to work well.



BREAKOUT SPACE

It is an essential part of the day to take a proper break from your screen and desk. Offering a fresh fruit bowl or a healthy and nutritious lunch option can enable employees to look after their physical health as well as their mental health. Having a space where employees can relax and talk to each other is also important for company culture and encourages positive relationships between staff.



Depending on the project you are working on, it is imperative that there are quiet, private spaces available to either have a confidential 1:1 or an important telephone conversation.





ACOUSTICS

Noise can really affect how people work and is a huge source of distraction. Quality flooring can really help to create a good environment for both concentration and discussion.



SHOWER FACILITIES

Encourage employees to cycle or run



COLLABORATIVE SPACE

BIOPHILIC DESIGN

Elements such as good natural

Encourage collaboration between different employees and departments by implementing an area with a variety of soft seating available. This creates a cosy environment where employees can work quietly or have an informal meeting over a coffee.



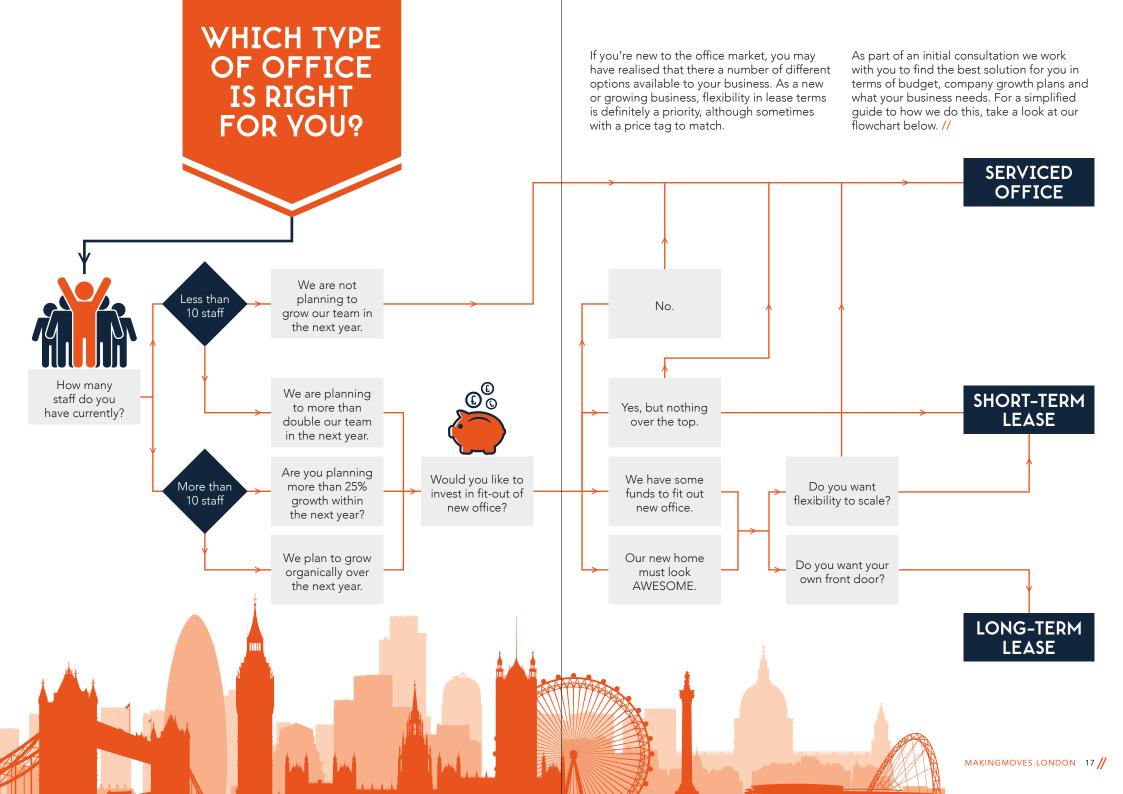
AGILE WORKING

Having an area where employees can 'hot desk' increases fluidity and flexibility throughout the workplace and encourages agile working. It allows for more communication between people who may not ordinarily cross paths.

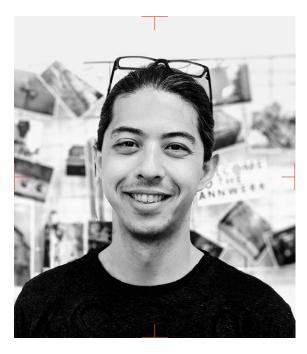












LANDLORD INTERVIEW **FABRIX CAPITAL:**

Alex Kim is an Asset Manager at Fabrix Capital, a forward thinking property investment company, who are a young, brand-aware team creating design-led, affordable workspaces across London for StartUp and SME occupiers.

How are you and your company going about attracting StartUps to your Properties?

We meet a lot of businesses growing out of co-working spaces searching for a home to invest in their workplace and culture.

We are making that transition as easy as possible by pre-installing fibre connectivity, data infrastructure, kitchens and offering furniture packages. Our leases are drafted fairly and we make sure every resource is available for the legal process.

Deposits are always an issue for our StartUp clients. How does this work with you guys and how do you assess fairly?

The industry as a whole, but especially bank valuation methodology, needs to be more progressive in this area. A lot of Landlord reticence stems from inflexible banking terms putting pressure on negotiations. As a team we look at the context of a business: be it the track record of founders. their sources of funding, existing overheads as well as profit levels. We have agreed deposits, bank guarantees, rent in advance or a combination of all three to find a solution that suits both parties.

What do you think the future for Workspaces is in the UK?

We will follow the residential market where workspaces will react to business needs rather than the other way round. If you need space for a day, week, month or a number of years there will be a product available to you and online technology will enable real visibility and transparency.



How are you developing your portfolio to incorporate Wellbeing initiatives within the workplace?

Typical initiatives in Wellbeing are facilitated by amenity spaces; showers, lockers, cycle storage, roof terraces, gyms etc. That's fine if you have a big 100,000 sq ft building or a sprawling estate but it's not so simple in smaller buildings.

Wellbeing isn't a one size fits all issue; if your team likes to run to work then cycle storage isn't much use to them! We enhance our buildings by increasing the size or number of windows and remove redundant structure to enhance volume. We choose finishes that complement the architecture but also bring warmth to a space. We also ensure that

materials we use in construction (paints etc) are toxin free as well as cleaning products in our building management.

At Rivington Studios we commissioned artwork throughout the common areas and installed an arcade machine in the reception - making a space beautiful and fun is one way of contributing towards a happy day at work! We are also collaborating with innovative curators to host a series of art shows before leasing the restaurant/retail space at Rivington Street which will promote new and young artists.

If you had one piece of advice for a StartUp when looking for an office, what it would be?

Prioritise. In my experience location is always the biggest driver for a business. Set a hierarchy of business needs and stick to it; you can spend so much time touring buildings and areas you never intend to occupy – don't waste your time! And always be open to a phone call or face to face meeting to bottom out a negotiation business is about people after all. //





We believe in keeping things simple. We simplify confusing property jargon and educate our clients as much as possible. Here are some standard terms that may be a little harder to get your head around.

AGREEMENT TO LEASE

An Agreement to Lease is a binding contract between the landlord of a commercial property and a prospective occupier, outlining the basic details of the lease. It is a preliminary short form document, which is normally prepared by a commercial real estate agent.

ALIENATION

Your ability to pass on your lease commitment to another party (e.g. subletting your floor to another company).

NET EFFECTIVE RENT

In short, the net effective rent is calculated by taking the total amount of concession (e.g. rent-free periods), dividing it by the term of the lease, then deducting that amount from the annual asking rent.

DILAPIDATIONS & YIELDING UP

Virtually all commercial leases contain an obligation for the property to be returned to the landlord at the end of the lease in a good condition and state of repair. But who decides what constitutes a good state of repair? What exactly are the obligations of the occupier? What can a landlord demand?

'Dilapidations' describes the items in disrepair which are covered by the tenant's obligations to maintain in the lease. The obligations can be set out, among other places, in repairing covenants, decorating covenants, reinstatement requirements (dealing with alterations made by the tenant) and terms which cover 'yielding up' (returning the property to the landlord at the end of the lease term).

When there are Dilapidations issues, the tenant has breached these covenants and the landlord is entitled to be compensated.

LICENCE TO ALTER

It is often necessary for leaseholders to alter premises they occupy, either before they first move in, or because of a need to refurbish the premises or change their operations.

Depending on the conditions of the lease and the nature of the alterations it is likely that a licence to alter will be required from the landlord giving the leaseholder permission to carry out the alterations.

Typically, works that require a licence might include altering; the structure, building services, internal walls or doors, external windows and so on. Minor changes that might be permitted without the permission of the landlord could include; putting up shelves, redecorating, laying new carpets, and so on.

Alterations to leasehold premises are a common cause of dispute, and if there is any doubt about whether works require a licence to alter, the landlord should be consulted. Failure to obtain permission could constitute a serious breach of the lease.

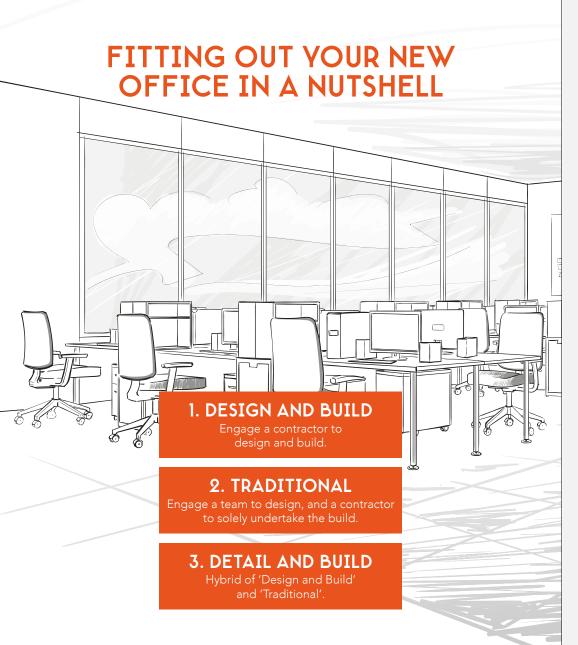
BREAK CLAUSE

A break clause in a commercial lease allows either you, as the occupier, or your landlord to terminate the lease early. It provides some flexibility as, depending on how your lease is drafted, the right to terminate the lease may arise on one or more specified dates, or it may be exercisable at any time during the term on a rolling basis.

REVERSIONARY LEASE

A lease that takes effect when an existing lease has expired. However, the expression 'reversionary lease' is also used to mean any lease where possession is delayed to a future date.

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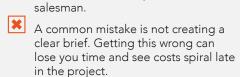
There are three popular methods of undertaking a fit out of your office: the most popular method is Design and Build (or D&B as abbreviated), because it is quick and simple. It also allows aspects of design to be developed during the course of the project.

If you are not an expert in this field this part of the process can be extremely time consuming and stressful. Making Moves remove the risks, to ensure your project will be completed on time and in budget. We make the process of moving office a far more enjoyable experience.

DOs and DON'Ts to consider throughout the Fit Out process:







Many contractors will discover you are moving and contact you. Don't be tempted to work with them all. Create a tender list based upon knowledge and recommendations

Don't assume the lowest cost is best.

Some contractors will try and win the job with a competitive quote. Be cautious!

Eliminate gaps in the design.

Discovering items when on site can force you to exceed your budget.

Don't take your focus off your core business. Having the resource and skills to manage the design, costs and contractors are not to be underestimated. Get help when you need it.



DO

- Approach fit out works as you would any other large business purchase.
- Ensure the person managing the process has experience and the time needed to manage it.
- Use a recognised form of building contract. For example, the JCT suite of contracts
 - Unless works are very simple, or you have a trusted contractor, get professional assistance from a chartered surveyor. This is true independent advice so don't get confused by contractors claiming they will project manage the process for you.
- Have a key decision maker to allow quick actions. Client delays are an open invitation for delay and additional costs.



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HAVING US ON YOUR SIDE MEANS ACHIEVING THE BEST DEAL POSSIBLE

Our combined experience of over 25 years, together with the high volume of office moves we carry out each year, gives us buying power in the market. This enables us to unlock otherwise unseen and off-market properties on behalf of our clients.

Not only can we find exclusive offices for our clients, but our highly skilled team are also experts in negotiating the best deal possible. We are able to source properties at competitive rates and pass those savings onto you. Therefore, when it comes to an office move, it can actually be more expensive to just 'do it yourself'.





NO FIND. NO FEE. READY TO MAKE YOUR NEXT MOVE?

Call: O20 3595 3121. Visit: makingmoves.london

START UP MOVES ALREADY MADE











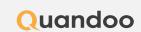






















"QUITE SIMPLY SUPERB"

— Lizzie Noel, Featurespace

"THEIR ADVICE WAS ALWAYS CLEAR AND DETAILED AND REPRESENTED GOOD VALUE FOR MONEY IN RELATION TO THE SAVINGS THEY MADE US"

— Zoe Thompson, Adaptive Lab

"A PLEASURE TO DEAL WITH"

— Alistair Hutson, Beond Group

"WE WERE SLIGHTLY SCEPTICAL AT FIRST,
PAYING SOMEONE TO HELP US —
IT TURNS OUT THEY WERE WORTH
EVERY PENNY."

— Lisa Bourton, Cerulli





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