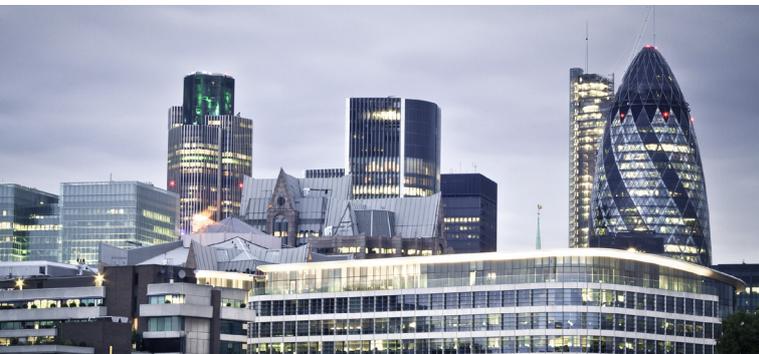# STORETEC

The world's most expensive office location of 2015

Is document scanning one answer?

STORETEC

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I. The world's most expensive office location of 2015

According to *12 Cities*, a recent report by Savills, London is the most expensive office location in the world. The city has overtaken Hong Kong, which had previously topped the ranking for an unbroken five year period. New York and Paris complete the top four most expensive places to work in the world, where the combined costs of renting residential and office space exceed US$100,000 per employee per year.

Since launching in 2008, the Savills Live/Work Index has seen London, Hong Kong, New York and Paris dominate the top 12 world cities. This reflects *'the relative stability of both the residential and commercial markets of more mature global cities post downturn compared to the more recently emerged new world cities.'*

According to Savills' report, the Live/Work Index measures:

City	2014 rank	Cost per employee per year Jun 2014	Change Jan to June 2014 in US$	Change since 2008 in US$	2008 rank
London	1	$120,568	5.3%	38.7%	5
Hong Kong	2	$115,717	-5.6%	-0.4%	1
New York	3	$107,782	-1.7%	18.1%	4
Paris	4	$105,550	-0.6%	5.0%	2
Tokyo	5	$76,211	3.6%	-22.7%	3
Singapore	6	$74,890	-1.2%	-1.0%	6
Moscow	7	$70,499	0.2%	-5.1%	7
Sydney	8	$63,630	5.5%	57.7%	9
Dubai	9	$52,149	25.1%	-16.0%	8
Shanghai	10	$43,171	-1.5%	24.6%	11
Rio de Janeiro	11	$32,179	6.7%	85.6%	12
Mumbai	12	$29,742	4.9%	-20.8%	10

Source: Savills World Research

'...the total costs per employee of renting living and working space on a US dollar basis in 12 world cities. Fluctuations in total live/work costs reflect not only the strength of a city's residential and office markets, and occupier taxes and costs, measured at a local level, but also the impact of fluctuating exchange rates on the cost of doing business on a world stage.'

http://www.knightfrank.com/global-cities-index-2015/specials/skyscraper-index/
http://www.cityam.com/1411490029/1500-sq-ft-office-space-londons-skyscrapers-fourth-most-expensive-world
http://www.savills.com/_news/article/105347/178949-0/09/2014/london-overtakes-hong-kong-as-most-expensive-place-to-live-and-work

The report confirmed that big increases in office rents and the pound's strength against the dollar have contributed to London's ascendency in the rankings.

London's real estate costs grew in US dollar terms by an annualised rate of 10.6% in the first six months of the year. Overall, the US dollar cost of residential and commercial accommodation in London has increased by 39% since 2008. At US$121,000 per year, London is now the most expensive city in the world in which to accommodate staff.

Although it's climbed from 5th to 1st place since 2008, London is still far from the live/work accommodation costs record of US$128,000 a year. This was set by Hong Kong in 2011.

'Overall, the US dollar cost of residential and commercial accommodation in London has increased by 39 per cent since 2008.' 12 Cities, Savills

'London real estate costs grew in US dollar terms by an annualised rate of 10.6 per cent in the first six months of the year, so London has now become the most expensive world city in which to accommodate staff.' 12 Cities, Savills

The 'ego appeal' of London's skyscrapers

According to Knight Frank's Global Cities 2015 index, London's high-rise office space is the 4th most expensive in the world behind Hong Kong, Tokyo and Manhattan. Office space in skyscrapers such as The Shard can command an average of £1,467 per square foot.

The report suggested that the 'ego appeal' of London's upper floor skyscraper offices, with their panoramic views, can 'command a 15-20% premium over typical rents.'

The Global Cities 2015 index also found that 'London is the highest ranked European city, with capital values on upper floors more than double those of skyscrapers in Paris or Frankfurt.'

"London is the highest ranked European city, with capital values on upper floors more than double those of skyscrapers in Paris or Frankfurt." **Global Cities 2015, Knight Frank**

II. The ripple effect: costing up office space across the UK

London may be the most expensive city in the world in which to accommodate staff, but the wider UK market is also feeling the effects of rising office rents.

According to the Cushman & Wakefield report, Office Space Around the World 2014, Manchester commands an average of £30 per square foot per year (sq ft/yr). This is up slightly from £28.50 in 2013.

In Birmingham, occupiers spend an average of £27.50 sq ft/yr on their office space, while rents in Edinburgh and Glasgow sit at £29 and £28 respectively.

City	Measuring standard	Rent GBP/sq ft /year	Annual rental growth (%)	Rent USD /sq ft /year	Rent EUR/sq.m /yr NIA	Rental trend 2014
London, West End	NIA	110	5	182.18	1,423.11	↑
London, City	NIA	57.5	5	95.23	743.9	↑
Manchester, CBD	NIA	30	5	49.69	388.12	↗
Birmingham, CBD	NIA	27.5	0	45.54	355.78	→
Belfast, CBD	NIA	13	4	21.53	168.19	→
Edinburgh, CBD	NIA	29	7	48.03	375.18	↗
Glasgow, CBD	NIA	28	4	46.37	362.25	→
Port, CBD	NIA	45	6	74.53	582.18	→

Source: Savills World Research

"Although the overall regional rental growth was minimal, EMEA still managed to possess the most expensive office market in the world for 2013, as London (West End) retained its title for the second consecutive year." Office Space Across the World 2014, Cushman & Wakefield

"Occupiers have remained cost conscious over the year, and consequently space rationalisation and consolidations have continued to drive a large component of regional market activity." **Office Space Across the World 2014, Cushman & Wakefield**

III. Reducing the footprint: downsizing office space in the public and private sectors

Public sector budget cuts and the pressures that local government is under have been regular features in the news and headlines recently. As part of reducing their footprint, local authorities up and down the country have been cutting office space to make up for the shortfall.

Neil Robson, Managing Director of Storetec, comments:

"What we're seeing more and more is local authorities downsizing by condensing their office space. In some cases, organisations have downsized from three buildings into one building. Although it's a quick way of freeing up space and cutting costs, it does create immense pressure on the space now available to these organisations."

18%
of the average office space is taken up with paper documents.

And it's not just the public sector. The banking sector has also been subject to office space cuts.

A recent poll by CB Richard Ellis (CBRE) found that three quarters of banks with a presence in London plan to do this by 2015 in a bid to rein in spending and boost efficiency ahead of regulatory changes.

http://www.cushmanwakefield.com/~/media/global-reports/OSATW%202014%20Publication%20updated.pdf

This could also be partly due to a trend for relocating to smaller regional premises instead of having big offices in central London.

It's thought this could cut the cost of real estate for banks by up to 40%. Something that may be necessary as they cope with job cuts after the scandals of the credit crunch era.

Also, since mid-2009, City rents have gone up from £42.50 per sq ft to around £57.50 per sq ft, meaning more firms may be keen to move to less expensive premises.

But is downsizing the answer?

With figures from Reduce.org showing that the average office worker uses 10,000 sheets of copy paper each year, downsizing may not be the sole answer to spending cuts.

Where will these businesses and local authorities put all those boxes of retained paper, not just during the move, but afterwards?

One solution to this problem is document scanning.

IV. How document scanning and going paper-free can save space and money

With the recent cuts to the public sector, and office rent looking set to keep rising across the UK, there's more reason than ever before to make sure every square inch of office space is put to good use.

A quick and easy way to free up space is to go paper-free and get rid of those cumbersome filing cabinets. Document scanning, storage and online hosting can help organisations do this.

By putting in place a document scanning system, paper records can be securely destroyed and will no longer need to be stored.

For local authorities reducing their footprint and cutting costs, this can help them downsize without needing to move. And for business who can't yet afford to move into larger premises, freeing up space in their existing offices would give them the breathing space they need to grow.

Document scanning specialists like Storetec can be brought in to do the hard work. We can scan, host, store, shred and recycle paper archives in line with document retention policies and legal compliance.

> More than
>
> # 70%
>
> of today's businesses would fail within 3 weeks if they suffered a catastrophic loss of paper-based records due to fire or flood.

> *"When you realise that a standard four-drawer filing cabinet needs 9 square feet of space and that 18% of office space is taken up with paper documents, the benefits of a scanned archive are clear. If you then couple that with the efficiency savings brought by effectively managed electronic records, no organisation can afford not to digitise their documents."* **Neil Robson, Managing Director, Storetec**

http://www.reduce.org/
http://www.ft.com/cms/s/0/dd0d6150-c60e-11e2-99d1-00144feab7de.html

So by switching to a more digital way of working, organisations can cut down the amount of paper they use and save space at the same time. Employees will also be able to find documents much quicker without having to waste time rifling through drawers.

Paper documents: a waste of space (and money)

How much space do paper documents take up? And how much do they cost to store?

The best way to work this out is to use this simple formula based on how many filing cabinets a business has:

1-3 ft. filing cabinet drawer = 3,000 documents/pages

1-4 drawer filing cabinet = 12,000 documents/pages

1-4 drawer filing cabinet needs 9 sq ft of floor space

Then calculate the annual cost of storing paperwork:

Number of filing cabinets x 9 sq ft = total square feet

Total square feet x office cost per sq ft (rent, rates and bills) = annual cost

"Space has always been an issue for us and with a growing department the pressure is greater than ever. We have now been able to convert our old records room into new office space and are running a paperless Occupational Health operation. It's a huge step forward. Many thanks to Storetec for helping to make it happen."
Operations Manager, Bentley Motors Limited

"In preparation for our office move, we wanted to eliminate the need to store files onsite. The thought of moving all that paperwork to the new building wasn't an option for us. With the help of Storetec we removed 90% of the paper filing and were able to reduce our office space requirements by 17%."
Insurance Broker, Lloyds of London

"We recently undertook a project to remove 92 filing cabinets from our office. The amount of space this freed up was amazing. Our redesigned office looks completely different and the amount of room we have has really surprised us. Thanks to all of the team at Storetec who packed, collected and indexed all our files. You have given us back nearly 1,000 sq ft of office space." **Office Manager, Carillion PLC**

In a single month, the average office employee prints off over

1500

pieces of paper. These documents either get thrown away, added to a pile on the worker's desk or stashed away in cumbersome filing cabinets.