

Glasgow Office Spotlight – January 2024

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SPOTLIGHT
Savills Research

Glasgow Office Spotlight



Culture • Retrofit • ESG



Source Savills Research/HESA

The influence of Glasgow's culture on attracting talent and businesses to the city

'Culture, heritage and creativity' are some of Glasgow's key strengths, with the city having one of the highest concentrations of creative and cultural sectors (CCS) in Scotland, accounting for around a third of all employment. Scotland's Government data also shows the city has seen a 15% increase in creative businesses over the last 10 years.

Looking forward, Glasgow is expected to see both a 12% growth in GVA and employment in its arts and entertainment sectors over the next ten years, according to Oxford Economics, with over 30,000 people currently working in the city's cultural and creative industries. Glasgow ranks number one in the UK for digital tech graduates, with Scotland's largest city also seeing almost a quarter (23%) of all graduate jobs filled in the last 12 months in the technology sector (6,000 graduate tech jobs).

The retention of this talent partly explains why Glasgow is consistently ranked in the top 100 most innovative cities in the world and why Glasgow has expanded its role in a range of innovative industries. Quantum engineering, low carbon industries, space communications, financial technology and precision medicine are some of the sectors that you will find the very best of Glasgow's academic research talent working alongside a fast-growing community of innovative technology companies.

Along with being named a UNESCO City of Music, the Royal Conservatoire of Scotland has appeared seven times in the QS World University Rankings of the top ten places to study performing arts since the ranking was established in 2016.

Glasgow's commitment to inclusivity and diversity is demonstrated through events like the Mela Festival and LGBTQ+ Pride celebrations, which sends a powerful welcoming message to global talent.

The Glasgow School of Art is world renowned, and this was the catalyst which attracted Banksy to the city for his first exhibition in 14 years. The economic impact of this is expected to be more than £10 million for the city.

The city's cultural and leisure amenities, from its iconic museums to its street art and music scene, offer a good quality of life, but a city's culture also speaks volumes about its values and Glasgow's cultural scene plays a pivotal role in the city – particularly in place branding and significantly influences its ability to attract and retain talent. It is those spaces between the places which bring that 'buzz' that defines Glasgow. A hospitable environment encourages individuals from various backgrounds to contribute their unique perspectives, enriching the city's talent pool.

The city's reputation as a cultural hub with a forward-thinking and inclusive approach can be leveraged by office developers and landlords in marketing their properties. Innovating Glasgow's real estate involves creating urban spaces that align with the city's vibrant cultural identity.

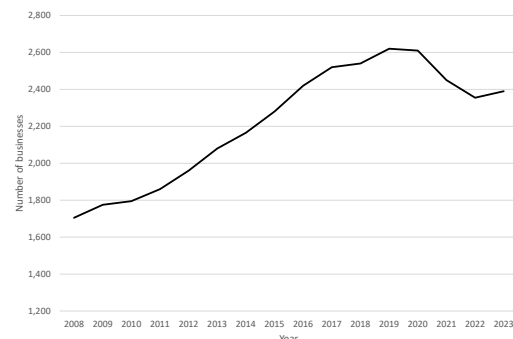
The city's vibrancy contributes to the city's positive image, which can be appealing to businesses looking to establish a presence in a dynamic and culturally rich environment. The city needs to embrace the fact that innovative sectors such as technology and life sciences will drive the city forwards, and real estate needs to work hard to deliver the facilities they need to support new and growing businesses.

Glasgow's entrepreneurial and creative spirit has ignited a surge in start-ups and tech companies. The city has seen a 25% growth in Start-ups over the last decade and this start-ups ecosystem benefits from incubators, accelerators, and co-working spaces that provide resources, mentorship, and funding.

As well as attracting some of the well known service operators, the Whisky Bond offers office spaces for creative professionals, encouraging collaboration, networking and community involvement among artists, designers and other creative individuals, alongside RookieOven, which is home to a range of event streams and hackathons that host monthly social and business events. These and others contribute to the retention of graduates in the city, supporting the pipeline of talent and emerging creative businesses.

This environment encourages risk-taking, experimentation, and the development of disruptive technologies. When it comes to innovation, Glasgow is building a story - it's not just about attracting occupiers to the city, it's about keeping them when the businesses start to grow.

Despite a dip during Covid, registered businesses in the creative and digital industries have increased by 15% over the last 10 years



It is those spaces between the places which bring that 'buzz' that defines Glasgow

+8%

GVA is forecast to grow by 8% in the next five years

+15%

Forecast growth for 'Professional, scientific & tech' in the next 10 years

+12%

Forecast growth for 'Arts & Entertainment' in the next 10 years

Source Savills Research/Oxford Economics

Prioritising office refurb in Glasgow: reducing the use of raw materials and embodied carbon

Glasgow has just six months worth of prime supply in the market, which is one of the lowest prime office supply levels in the Big 6 markets, based on average demand - so unsurprisingly, the choice for occupiers in the city centre remains critically low. The city is currently starved of well-located, high-quality offices that provide sustainable accommodation, along with good wellness facilities for staff. Furthermore, occupiers are prepared to pay higher rents for better space, and with the weight of demand swaying towards 'best in class', this could lead to significant rental growth on refurbished stock.

Why old stock brings new opportunities

The built environment is a major contributor to the environmental pressures our world is facing. The retrofit of existing buildings is crucial to support our path to meeting net-zero carbon targets. Together, we can transform and reuse existing buildings wherever possible, to shape a better future for generations to come.

Along with environmental benefits, the commercial and social returns of transforming and reusing existing buildings are also clear. It can often prove far more cost-effective for clients than demolishing and reconstructing, creating characterful places for occupiers whilst preserving heritage value for communities.

Investors and developers now have an opportunity to create better spaces within the existing built environment in step with the new National Planning Framework 4 (NPF4). This was adopted by Scottish ministers on 13 February 2023 and has been produced to align with the declared climate emergency.

Development in Scotland is plan-led, and NPF4 will now form part of the statutory development plan, supported by Local Development Plans and associated guidance in each area. We are already seeing an impact on the commercial sector,

whereby the new aims to tackle the climate crisis are resulting in a focus towards the reuse of existing buildings and the presumption against demolition. In fact, it is estimated that around 80 per cent of the buildings that will be standing in 2045 have already been built and repurposing existing buildings can typically save between 50-70% of the embodied carbon associated with new construction, so a major priority is decarbonising our existing stock in line with up-to-date legislative requirements.

A key principle within NPF4 is 'Conserving and Recycling Assets' with a focus on making productive use of existing buildings, places, infrastructure and services, locking in embedded carbon and minimising waste, and supporting Scotland's transition to a circular economy. This ambition is expressed directly in Policy 9 with explicit support for the sustainable re-use of vacant and derelict buildings.

Unlocking green credentials

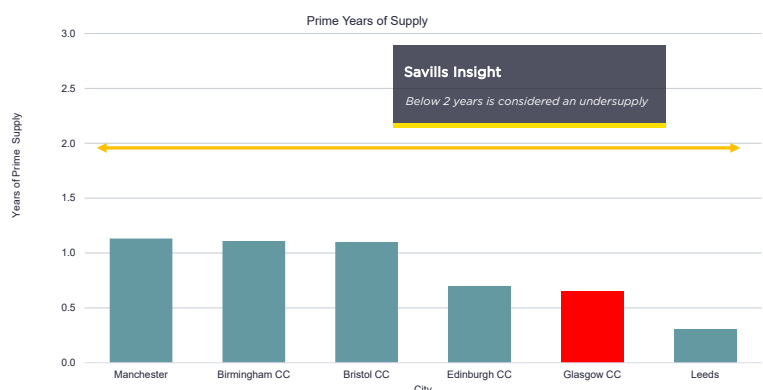
In Glasgow, Bruntwood SciTech's new vision for the Grade B-listed Met Tower involves the sensitive re-use of the iconic vacant structure.

This will be transformed into a commercial hub where tech and digital university spin outs, start-ups, scale-ups and high-profile tech businesses can co-locate and benefit from being part of an innovative and collaborative tech cluster.

An iconic building, right in the city centre, with the opportunity to create scale. This will be delivered through the sensitive refurbishment of the building and development of a new 10-storey office building. The buildings will be linked by a plaza which accommodates amenity spaces for both buildings.

The proposals represent a prominent example of the opportunities available to re-use and repurpose existing built assets to respond positively to the need for the construction industry, and wider society, to move towards a circular model. Development activity at Met Tower is expected to retain as much of the building's existing frame as possible, significantly reducing the embedded carbon impact of the re-development and ensuring Glasgow can evolve into a more carbon-conscious place. Breathing new life into old buildings not only provides these structures with renewed purpose, but also enriches the city's culture, economy, and overall urban experience.

Glasgow has one of the lowest prime office supply levels in the Big 6 markets



The retrofit of existing building is crucial to support our path to meeting net zero targets



Savills Commercial

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Office Agency

David Cobban
Director
Office Agency
0141 222 4101
dcobban@savills.com

Colin McGhee
Director
Office Agency
0141 222 4140
colin.mcghee@savills.com

Emma McDaid
Associate
Office Agency
0141 222 5898
emcdaid@savills.com

Research

Clare Bailey
Director
Commercial Research
020 7409 8863
cbailey@savills.com
