



Hidden Business Parks



March 2020

A White Paper from

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Abstract

Professionals who work from home, whether business owners, self-employed or employees, are highly competitive and productive workers and make an estimated GVA contribution in excess of £100 billion per annum to the national economy of England. This represents some 6% of national GVA with just 4.4%, 1.3 million, of its workers. Recent rapid growth in the numbers of these workers, combined with expected growth for the foreseeable future, suggests that the significance and importance of their contribution to the economy is also growing, essentially creating **'Hidden Business Parks'** across the UK.

This White Paper develops and analyses this national trend and its importance for sustainable economic development. The background to the trend is discussed and the top cluster locations of 'Home Office Professional hotspots' across England identified. The symbiotic relationship between Home Office Professionals and local coworking space is explored, together with virtual coworking.

The data presented will be of interest to regional and local planners and developers of urban and rural residential areas who are considering the potential to support existing Home Office Professionals and encourage and attract new ones, for example through specifying dwellings with purpose-built home office facilities or commercial flexible working and coworking space. This will also be particularly relevant to the regeneration of town centres and to the design of premium locations such as waterfront developments and urban and garden villages, which are highly attractive to Home Office Professionals.

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Introduction

Over the last twenty years there has been a countrywide surge in the practice of professionals working predominantly at home, rather than at a traditional office site, during the working week.

Home Office Professionals (HOPs), who include independents and employed remote workers, have little need for commuting and no need for additional land or commercial offices (the home is the office) and, with little resource use beyond a computer, mobile phone and office peripherals, are arguably the most environmentally sustainable of workers. Growth in HOPs has been so high in some areas that it has given rise to 'hidden business parks' or 'HOPspots' (home office professional hotspots). These are small areas comprising streets and apartment blocks (and clusters of these) with particularly high concentrations of such workers. Sometimes as many as one in ten workers living in these areas is a HOP.

England is now home to almost 1.3 million HOPs with some urban areas seeing particularly high growth. For example, in the West of England LEP area there are now almost 29,000 HOPs, equivalent to 5% of all workers in the sub-region, representing around four times as many workers than are located at Bristol's Aztec West Business Park. If HOPs constituted a business sector in the West of England they would account for more workers than exist in local industrial sectors such as Finance and Information & Communication and would contribute in excess of £2.3bn to sub-regional GVA (more than 7% of total local GVA).

Increasingly, new homes are incorporating dedicated office facilities and there is an intrinsic link with the growth and availability of high quality coworking space. Local Councils need to be aware of these trends and take them into account in economic development planning when considering both the needs of existing HOPs and attracting future HOPs, particularly to urban areas, town centres and high streets, peripheral extensions and new urban and garden villages.

Growth trends in professionals homeworking

In England in 2001 there were 892,000 HOPs. By 2019 this had risen to around 1,290,000, a rise of 45%. This compares to a 19% rise across all workers in the economy over the period. As a result HOPs have increased their share of national employment from 3.6% of employment in 2001 to 4.4% of national employment in 2019.

Growth in HOPs has not occurred evenly across the country. For example, some Local Enterprise Partnership (LEP) areas have seen growth in excess of 60%, such as Cornwall and the Isles of Scilly and Swindon & Wiltshire, whilst others have seen much lower growth, such as Black Country LEP where HOPs grew by 15% from 2001 to 2019.

Who are the Home Office Professionals?

The general typology of HOPs is that they tend to be employed or self-employed managers and professionals working in such industries as Business Services (including Finance), Information & Communications Technology and Creative Industries. They are highly qualified and are characterised by an overly higher proportion of males than females (compared to the employed workforce in general). Some HOPs are employed by large corporations located in regions and cities well away from where they live.

To help answer ‘who are the HOPs?’ we need to further explore the typology of HOPs by way of industry and occupation, qualifications, and employment status (ie employee or self-employed/entrepreneur), amongst others.

Employment status and economic activity

Data on the employed or self-employed status of HOPs is not currently available. However, data from the Annual Population Survey for 2018/19 shows that 14% of managers and professionals in England’s workplaces are self-employed. A further 4% are on some other flexibility arrangement (includes temporary employees such as those on seasonal work, fixed-term contracts, agency temping and casual type of work). This leaves 82% of all managers and professionals who are classified as employees. We suggest that self-employment amongst HOPs will be at least 14% on the basis that the home office is the least costly way for lone professionals to start and run a business (so the proportion of self-employed amongst HOPs will be higher than found in the general workforce). The employed proportion of HOPs will be commensurately lower.

Data for economic activity for homeworkers is also not available. However, there is data available which shows that overall employment rates are far higher in HOPspot areas than compared with the economy in general. We analysed the top 10 HOPspots in England; 73% of all 16+ residents are in some form of employment compared to, in the broader economy, just 64% of residents who are in some form of employment. Conversely, the top HOPspots are characterised by much lower rates of economic inactivity (ie caring or long-term health problems or early retired); 27% of 16+ residents are classified as economically inactive compared to 36% of residents nationally.

Perhaps the most interesting finding from this analysis is that, for those that are in some form of employment, there is a far higher rate of self-employment, and a commensurately lower rate of employee-employment, than found amongst those who are in some form of employment in the economy in general. It is also noteworthy that for those that are employees, a far higher proportion of these workers in the top 10 HOPspots are in full-time employment, and a commensurately lower proportion in part-time employment, than found amongst employees in the economy in general.

In the top 10 HOPspots, 23% of workers are self-employed compared to 15% in the general economy, and 83% of employees are full-time compared to 71% in the general economy.

The findings very much support the overly industrious and entrepreneurial nature of the residents in HOPspots.

Industry

By industry, we compared the structure of industry for homeworkers in the top 10 HOPspots with the general structure of industry (wherever the location of work). This analysis found that 37% of homeworkers in these areas are in the Business Services and Professional Business Services sector, compared to just 18% of workers located in the sector across England. Typical industries found within the sector are:

- Management and Consultancy activities
- Finance, legal and accountancy professions
- Architectural
- Research
- Advertising and market research
- Other professional, scientific and technical activities

The areas also have a much higher proportion of workers in the Information and Communication Services sector which also contains technology, media and telecommunications activities (often referred to as TMT). A good many HOPs are also in the Creative Industries sector. The Creative Industries overlap considerably with those industries previously highlighted but also include such activities as artistic creation. Typical professionals engaged in artistic creation (and which don't overlap with industries already mentioned) include those in design (product, graphic and fashion), film, TV, video, radio, photography, publishing, curation, music, performing and visual arts.

Occupation

By occupation, a similar structural analysis to the industrial analysis revealed that some 60% of homeworkers in the top 10 HOPspots are classified as either a Professional or an Associate professional/technical worker. This is exactly double the proportion of workers being in these occupational groupings nationally (30%).

Qualification

By highest level of qualification, a very impressive 66% of homeworkers in the top 10 HOPspots found across England have Level 4 qualifications and above (ie degree level or higher). This compares to 35% of workers in the overall economy indicating that a far higher proportion of HOPs are qualified to higher levels than workers in general.

Age

In terms of the age profile of HOPs, they tend to be younger than those that work from home in general, but have a similar age profile to the broader economy; 28% of HOPs in the top ten HOPspots found across England are aged 16 to 34 and 72% are 35+, compared to 35% who are aged 16 to 34 and 65% who are aged 35+ for all workers respectively.

Gender

By gender, and whilst there are generally more men in the workforce than women, eg due to care responsibilities, this gender gap is almost exactly the same amongst HOPs; 53% of workers in the top HOPspots are male and 47% are female, exactly the same respective proportions found amongst workers in general nationally.

Access to a car or van

Home professionals are far less likely to have access to a personal car or a car to travel to work in and are therefore likely to be more environmentally sustainable workers as a result; 40% of homeworkers in the top 10 HOPspots have no access to a car or van compared to just 9% of workers nationally. It should be pointed out, however, that a key driver behind this difference is that the top HOPspots are all inner-city urban areas with excellent access to public transport. Nevertheless, the results seem to suggest that home professionals overall are a highly sustainable workforce within the broader national workforce.

How competitive are the home professionals?

HOPs are highly competitive workers, certainly when compared to the competitiveness of the workforce on average. For example, in 2017, the main industrial and occupational sectors which comprise home office professionals (Professional occupations and Associate professional, scientific and technical occupations working in Business services and finance industries), had levels of GVA between 200% and 250% above the GVA average for all workers.

Multiplying GVA per job estimates by the number of HOPs gives us an estimate of GVA contribution of these workers. The higher added-value nature of these workers means that they account for a much larger share of GVA than employment. Their competitiveness underscores the significance and strategic importance of HOPs to the economy. Rapid growth in the numbers of these workers suggests that the significance and importance of these workers is also growing rapidly.

The estimated GVA contribution of HOPs in professional occupations is around £100 billion, representing some 6.2% of England's GVA from only 4.4% of all resident-based employment.

Why is home professional working increasing across the UK?

In the absence of empirical evidence, such as survey evidence of home professionals and employers, we suggest that the key drivers behind this increasingly popular business practice are a combination of:

- Significant commercial property cost savings, alongside employee productivity improvements, for businesses/employers;
- An increase in information-based and internet-based jobs because of an increase in knowledge based and information-based businesses;
- Ever-improving information and communications technology and underpinning infrastructure which support remote working;
- Quality of life improvements, greater environmental concern and consideration, and cost savings (all achieved through far less commuting time, stress and cost);
- An ongoing surge in the general level of entrepreneurship in the professional industries and occupations in the UK;
- Recent housing developments which provide suitable dwellings for establishing a home office, and in attractive locations, such as waterside apartments located in areas with green spaces near a transport hub and with access to local facilities such as a café with wi-fi.

Employers

Employers of professionals are, increasingly, encouraging and supporting their professional employees to work from home, driven by several highly motivational factors:

- Reducing prime city centre corporate rents, business rates and service charges – potentially saving at least £6,000 per annum per full-time worker, or more, in prime areas;
- Increasing flexible working practices to improve worker productivity (as workers at home are less distracted and less tired from less commuting);
- An increase in information-based and internet-based jobs due to increases in knowledge based and information-based businesses (some of these jobs didn't exist 20 years ago);
- Ever-improving information & communications technology and underpinning infrastructure which support remote working.

Employees

Employees are, increasingly, encouraging their employers to offer them the homeworking option. This is often to improve their personal and family wellbeing and quality of life (through

far less commuting stress and time and cost). Homeworking gives employees the opportunity to work the hours in the day that suit them and gives the flexibility for greater amounts of family time, such as the school run. This can also improve job satisfaction, which benefits the employer.

The time savings from homeworking are immense; research undertaken by the TUC shows that the average daily commute for British commuters, to and from the workplace, was almost an hour in 2017 (58.4 minutes). The cost savings are also immense; totaljobs.com research shows that the average commuter spends £1,752 per annum on commuting. The time and cost of the average daily commute is also rising year on year. It is also likely that some employees wish to avoid the daily commute due to environmental considerations such as the impact of car journeys on climate change.

Entrepreneurs and entrepreneurship

Analysis of data from the Office of National Statistics (ONS) 'UK Business Count' series shows that, between 2010 and 2018, there was 44% growth in businesses in Professional, scientific & technical industries and Information and communication industries. This compares to just 27% growth across all industries over the period. These are often the very smallest of businesses and the home provides these entrepreneurs with a cost-effective and highly flexible workspace to start and operate. As with employees of employers, these home-based entrepreneurs are supported through ever-improving, and increasingly inexpensive, information and communication technology. For businesses with growth potential the home effectively acts as an incubator, providing the low-cost and flexible environment the entrepreneur needs to develop ideas, opportunities and customers/clients (before taking on workers and moving out of the home).

A key driver of home office professionals is the ongoing surge in the general level of entrepreneurship in the professional industries and occupations in the UK.

Why are concentrations of HOPs so high in certain areas?

In more urban areas, concentrations of HOPs appear to be located near major employment sites, and/or a transport hub linked to major employment sites, to accommodate physical visits to employers and clients when required. High concentrations are often found in urban areas with townhouse flats and apartments (ie buildings with several floors) often located in homes where there is room for a separate study area, ideally with a pleasant office view and in proximity to green spaces for respite, fresh air and exercise (which provide great opportunities for problem-solving and contemplation away from the desk).

There are considerable differences in the dwelling types of concentrations of home professionals in urban areas compared to rural areas. Recent housing developments seem to favour HOPs in that they have increasingly provided suitable dwellings for establishing a home office. An increase in dwellings which make for a suitable home office will no doubt support and encourage professional employees and entrepreneurs to work from home. Whilst there is no statistical evidence to prove this, it seems as though professionals are increasingly selecting to buy dwellings with one eye on it being suitable for working from home in a domestic office/workspace.

Some of the main housing trends in support of home professionals are as follows:

- The huge rise in dwellings located in England's core urban areas in recent years has supported growth in home office professionals in these areas. For example, between

2011 and 2018 in the (relatively) urban West of England, the overall stock of dwellings grew by 6.2% compared to 5.2% growth in the overall stock of dwellings across England.

- Of the 3.2 million net rise in dwellings across England from 2011 to 2018, some 1.7 million (52%) were of just one single dwelling type - flats, maisonettes or apartments in a purpose-built block of flats or tenement.
- Outside the core urban areas, HOPs are often located in detached and semi-detached dwellings and in proximity to a transport hub. Larger gardens in these areas also support the professional 'shed-workers' who work from a garden shed or summerhouse or even a purpose-built office structure. The ONS Annual Population Survey for 2017 shows that 19% of those working at home across the UK work somewhere in the same grounds or building as their home but not in the home itself.

Proximity to a transport link, the type of dwelling and an attractive location are leading factors in explaining the impressive growth in volumes and densities of HOPs, particularly in urban areas.

In rural areas the situation is quite different to core urban areas, with large volumes of HOPs spread over a large physical area and mostly located in detached and semi-detached dwellings. In rural areas, as with urban areas, the proximity of a transport hub, such as a railway station, seems to be a key factor in facilitating the home office professional.

How do HOPs contribute to sustainable economic growth?

As well as significant direct economic contribution, the future growth of HOPs will make an important contribution to sustainable economic development and growth in several ways:

Social Value resulting from reduced medium-distance and long-distance commuting, which means people are improving the quality of their life (with more family time and flexibility), whilst saving money on the costs of commuting and reducing congestion, which also helps other commuters and businesses (and the economy).

Environmental Value occurring through reduced car journeys, congestion and reduced consumption of fossil fuels and reduced emissions as a result. It also occurs because the home functions as a workplace, effectively doubling its utility, enabling higher levels of economic production to be supported than could be achieved with traditional offices, and the associated additional land requirement, alone.

Economic Value occurs because HOPs can improve networking, collaboration and connectivity between businesses within and outside the area (via coworking in local flexible office centres and virtual centres). Economic value may also be created through improvements in productivity (from reduced commuting, greater flexibility and more time and energy spent working as a result) and from workspace savings. Economic value also arises as a proportion of the household income saved from reduced fuel spend may well be spent locally, with a higher spend multiplier (instead of going to national-based petrol/diesel companies with little or no local spend multiplier).

HOPs impact several far-reaching, sustainable development policy areas for stakeholders including:

- *Clean growth*
- *Ageing society*
- *Local industrial strategy*
- *Housing and transport*

HOPs contribute positively to helping meet key challenges in local economic, broadband and

housing development in policy areas such as:

- sustainable professional office workspace
- housing strategy and development
- broadband infrastructure
- coworking and connectivity
- environmental
- workforce inclusion of older workers and the succession of professional business connections, knowledge and acumen

Housing strategic development

As discussed above, certain types of dwelling, in certain locations, are particularly attractive to home office professionals. We recommend that local housing planners and local economic development planners work with housing developers to ensure that new homes are 'home office friendly' (and promoted as such in sales materials and promotions). This particularly applies in those new housing developments which are likely to host higher concentrations of professional homeworkers, eg:

- apartments with good views
- homes with a space or room somewhere separate to the living quarters with suitable plug and cable sockets
- homes within proximity to a major transport hub
- homes with access to local services
- homes with fast and reliable broadband
- homes with access to green spaces

Such homes could be actively promoted in sales collateral as being suitable for a home office.

We also recommend that new large-scale housing developments, particularly those in or near existing clusters of HOPs, could consider developing small flexible office centres with coworking facilities as part of the overall development. The development of such centres could also be supported and encouraged in areas with larger communities of HOPs but where no such facilities currently exist. The national data can be analysed at a local level to identify such communities.

Broadband infrastructure

Outside of hardware and software, internet access is the main 'tool' used by home office professionals, and they need reliable high-speed internet in order to operate. Superfast and Ultrafast speeds (30Mbps+ and 100Mbps+ respectively) are increasingly required to support the data transfer requirements of the home professional, particularly those using videoconferencing to communicate with customers, colleagues and the central office.

Home-made videos, webinars/webcasts and virtual coworking are important tools for home professionals, and all are very data hungry. In addition, Artificial Intelligence and associated applications are expected to produce many opportunities for home professionals in the near future, and again, will be very data hungry. The ability for home professionals to function and grow in an area will be directly related to the quality of its broadband infrastructure. At present, however, there are many areas of the UK with significant communities of HOPs where broadband provision is

The important contribution of HOPs to the economy can be used to support the business case for ramping up investment in an area's broadband infrastructure, particularly in rural areas.

poor, yet the important contribution HOPs make to the economy is, we suggest, not currently adequately considered in investment decisions.

Improving business connectivity through coworking/flexible office centres

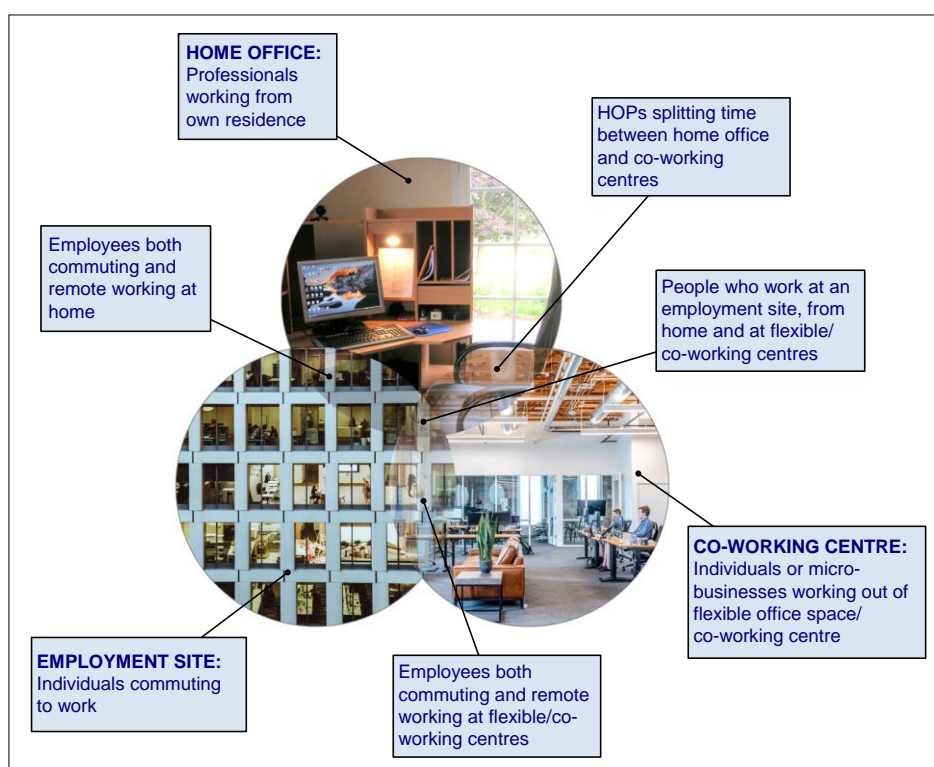
Improving professional business connectivity, by increasing opportunities for 'casual collisions' amongst professionals and the businesses and organisations they work for, leads to higher levels of business, business innovation and business collaboration.

There is a hugely symbiotic relationship between home office professionals and flexible office centres, with many home professionals coworking part-time in a rapidly increasing numbers of flexible centres. Coworking in flexible centres gives HOPs social interaction and/or business interaction with other businesses and professionals. This can lead to hard business transactions but can also lead to idea generation, business innovation and business collaboration. Further, with some HOPs being employed by major corporations located outside their home area, coworking in flexible office centres can also lead to greater business connectivity between the local areas and the rest of the country.

Growth in coworking can be gauged from recent growth in the flexible office centres which support coworking (along with other constituents of the flexible market such as Incubators & Accelerators, Managed Offices, Business Continuity Space, Serviced Offices, Grey/Surplus Space). For example, Cushman & Wakefield's UK Coworking Report 2019 states that 'the flexible workspace sector will account for at least 5.5% of total office stock in central London by the end of 2019'. The report also shows, that in 2007, flexible workplace stock was just 1.5% of the market. In other words, the size of the flexible office market has trebled over the last 12 years.

The relationship between the three main working locations for the community of professionals is shown in the Venn diagram below.

The relationship between the three main working locations for the community of professionals



The central region of the diagram, where professionals divide their working time between all three locations, perhaps represents the ideal scenario for businesses, employees, and the general economy. The reasoning behind this is the business benefit from reduced commercial property costs, higher worker productivity and improved connectivity with other businesses. The employee benefits from quality of life improvements as a result of less commuting, and greater flexibility and the highest levels of social interaction opportunities (from working in flexible offices as well as traditional offices).

In the future, we suggest that all four areas of overlap in the diagram are likely to increase significantly in size in terms of the volumes of professionals they each contain. In fact, the tremendous growth in flexible office centres will lead to some decrease in the numbers of professionals working predominantly at home as they switch to flexible centres to work for the lion's share of the week. However, this decrease is unlikely to prevent the numbers of predominantly home-based professionals continuing to experience a net rise in numbers for the foreseeable future.

The main proposition here is to support a working environment that will improve business connectivity amongst communities of HOPs with those who commute into and out of an area and their businesses/employers through higher levels of coworking amongst professionals. This coworking can take place physically, in the growing numbers of traditional flexible office centres which offer coworking opportunities, or virtually, in the also growing numbers of internet-based virtual coworking platforms, or by a combination of both.

Virtual coworking offers HOPs (and associated businesses) the opportunity to connect with other professionals and businesses located anywhere in the UK and all over the world.

We suggest that there is the opportunity to develop and promote appropriate sub-regions as 'Coworking Capitals' where businesses and professionals maximise their opportunities for 'casual collisions'. Actions could be undertaken to encourage employers to support their staff to co-work in flexible office centres near where they live or who work at home but are employed by a local business.

Local authorities, particularly those which operate their own flexible office centres, could consider providing coworking space for free or at a subsidy. Local authorities could consider developing a (free or subsidised) 'Coworking Passport' in conjunction with flexible office centres. The Passport would enable coworking professionals to 'flit' from one centre to another, analogous to bees flitting from one flower to another as they seek nectar to feed the colony, pollinating as they go to the benefit of the flowers. We suggest that this would work particularly well in urban areas where there are clusters of flexible office centres with coworking space.

Environmental support through reduced car journeys

Travel to work car journeys would significantly increase were HOPs to switch to commuting to and from a traditional workplace. Further reasons for local economic development planners to support the home professional market are that it helps to address three of the greatest sustainable development challenges:

- congestion
- pollution
- climate change

Professionals working from home are arguably the most sustainable of workers and it follows that a higher proportion of homeworkers will have greater environmental sustainability than a

lower proportion. Employed professionals who work in a flexible office centre nearer home (than their employer's offices) also have greater environmental sustainability.

We recommend measures to encourage professional employers to support flexible working practices, including homeworking and the use of flexible office centres nearer to where their employees live.

While HOPs working more in local flexible centres to improve connectivity will inevitably mean more local car journeys, these additional local journeys will be drastically offset by reductions in commuter car journeys into and out of an area by employers supporting higher levels of remote working (either at home or at flexible office centres local to them). To mitigate additional car journeys, it will be very important to encourage flexible centres to support green travel plans as far as is possible. This should certainly be possible in more urban areas, though harder for those in rural areas where there is no public transport.

Encouraging and supporting the development of flexible office centres near bus and rail stations is also recommended. Sustainable transport methods could also be a part of the Coworking Passport and/or a condition of any free or subsidised coworking space in a flexible office centre.

Support for HOPs and sustainable transport to flexible office centres will make a considerable contribution in addressing 'Climate Emergency' and 'Carbon Neutrality' challenges, as well as the related economic challenge of achieving 'Clean Growth'

Maximising workforce inclusion, supporting an ageing workforce and 'knowledge succession'

Under the current State Pensionable Age (SPA) plan the state retirement age for men and women will reach 67 by 2028. One of the main implications of this is that there will nationally be an additional 2.5 million residents of working age in 2033 directly as a result of the changes (compared to the 2033 scenario under the old pensionable age of 65 for men and 60 for women). This represents a 7.2% rise in the working age population purely as a result of changes to the pensionable age. If we apply the current national employment rate for 50 to 64 year olds to the additional 2.5 million working age residents as a result of SPA changes then it can be calculated that there will be 1.6 million more older workers in England in 2033 purely as a result of changes to the SPA. These figures will rise in line with any further changes to the SPA.

In order to accommodate these workers, the national economy will need to create more jobs to support the additional 1.6 million workers than it would have had to under the old pensionable ages (when these workers would have retired, and their positions replaced by younger workers).

We suggest that home office professionals are likely to make a vital contribution in helping this for several reasons. Firstly, nationally, 36% of all resident workers in 2019 are a professional or associate professional. It follows that one third of the additional 1.6m additional workers will be professionals and will be well placed to work from home as a professional (and/or in a flexible office centre). Secondly, since by their nature professional occupations are generally quite sedentary, and not physically taxing as with manual occupations, it is quite plausible that older professionals would be well-suited to working from home (and/or near home in a flexible office centre). We also suggest that this latter reasoning, of less physically taxing work undertaken by

Older workers are likely to have accumulated a lifetime of business contacts, knowledge and acumen. Encouraging them to co-work could lead to knowledge transfer between generations and even business transfer.

professionals, means that employment rates amongst the 1.6 million additional workers who are professionals are likely to be higher than rates found amongst other groups.

Where are the ‘HOPspots’ in England?

The table below shows the findings of an analysis of England’s 38 LEP areas. The analysis ranks each LEP on three measures of HOPspot activity:

- the overall volume of home professionals in the area,
- home professionals as a % of total resident employment in the area, and
- the volume of home professionals per hectare in the area.

The table below shows the top 16 LEPs on each HOPspot measure. LEPs coloured in blue are those that appear in the top 16 rankings in all three measures. Those coloured light blue appear in two of the top 16 rankings, while those with no colour appear in one of the top 16 rankings.

The top 16 Local Enterprise Partnership HOPspots in England by Key Measures, 2019		
by volume of HOPs	by % of HOPs in total resident employment	by volume of HOPs per hectare
London	Buckinghamshire	London
South East	Enterprise M3	Black Country
Coast to Capital	Oxfordshire	Greater Manchester
Enterprise M3	Thames Valley Berkshire	Liverpool City Region
Leeds City Region	Coast to Capital	Thames Valley Berkshire
South East Midlands	GFirst	West of England
Cambridgeshire & Peterborough	Swindon and Wiltshire	Hertfordshire
Greater Manchester	Hertfordshire	Greater Birmingham & Solihull
Heart of the South West	Worcestershire	Coast to Capital
Derby, Derbyshire, Nottingham, Notts	Cheshire & Warrington	Enterprise M3
New Anglia	Dorset	Buckinghamshire
Greater Birmingham & Solihull	Cornwall and Isles of Scilly	Cheshire & Warrington
Hertfordshire	Cambridgeshire & Peterborough	South East
Thames Valley Berkshire	The Marches	Coventry and Warwickshire
York, North Yorkshire and East Riding	Heart of the South West	Tees Valley
West of England	York, North Yorkshire and East Riding	Leeds City Region

In each column, LEPs are listed highest by measure at the top to lowest at bottom

LEP features in all 3 measures
 LEP features in 2 measures
 LEP features in 1 measure

The analysis identifies that 28 of England’s 38 LEPs appear in at least one of the top 16 HOPspot rankings. It shows that there are just four LEP areas which appear in each of the top 16 rankings, namely:

- Coast to Capital,
- Enterprise M3,
- Hertfordshire and
- Thames Valley Berkshire,

which can therefore be described as England’s top LEP HOPspots.

The table below repeats the above analysis, looking at the findings for the top 40 out of the 152 principal local authorities in England against the same three HOPspot activity measures.

The top 40 Local Authority HOPspots in England by Key Measures, 2019		
by volume of HOPs	by HOPs as a % of total resident employment	by volume of HOPs per hectare
Surrey	City of London	Kensington & Chelsea
Hampshire	Kensington & Chelsea	Islington
Kent	Camden	Camden
Hertfordshire	Richmond upon Thames	Hackney
Essex	Westminster	Westminster
West Sussex	Windsor & Maidenhead	Hammersmith & Fulham
Oxfordshire	Brighton & Hove	Lambeth
Devon	Rutland	Tower Hamlets
Lancashire	Wokingham	Wandsworth
Buckinghamshire	Hackney	Southwark
Cambridgeshire	Islington	Haringey
Gloucestershire	Hammersmith & Fulham	Lewisham
Norfolk	Buckinghamshire	City of London
Suffolk	Surrey	Richmond upon Thames
North Yorkshire	Barnet	Brent
Northamptonshire	Haringey	Kingston upon Thames
Staffordshire	Bath & North East Somerset	Ealing
East Sussex	Oxfordshire	Barnet
Wiltshire	West Berkshire	Merton
Nottinghamshire	Wiltshire	Brighton & Hove
Leicestershire	East Sussex	Waltham Forest
Birmingham	Kingston upon Thames	Greenwich
Worcestershire	Wandsworth	Harrow
Derbyshire	Isles of Scilly	Newham
Somerset	Cheshire East	Hounslow
Warwickshire	Dorset	Redbridge
Leeds	North Somerset	City of Bristol
Cornwall	Devon	Reading
Lincolnshire	Cambridgeshire	Sutton
Camden	Lambeth	Croydon
Barnet	Gloucestershire	Bournemouth
Brighton & Hove	County of Herefordshire	Portsmouth
Wandsworth	Bracknell Forest	Southend-on-Sea
City of Bristol	West Sussex	Enfield
Dorset	Hertfordshire	Manchester
Westminster	Southwark	Southampton
Cheshire East	North Yorkshire	Slough
Hackney	Hampshire	Bromley
Lambeth	Shropshire	Bexley

In each column, LAs are listed highest by measure at the top to lowest at bottom

LA features in all 3 measures
 LA features in 2 measures
 LA features in 1 measure

The local authority analysis demonstrates the economic importance of home offices in regional economies across the country. In terms of 'volume of HOPs' across England, the top 3 are larger local authorities in the South East, namely:

- Surrey
- Hampshire
- Kent

On the other two measures, the top 3 on both measures are all in London, ie City of London, Kensington & Chelsea and Camden are top on the 'HOPs as a % of total resident employment' measure and Kensington & Chelsea, Islington and Camden are top on the 'volume of HOPs per hectare measure.

There are 7 principal local authorities which appear in the top 40 on each of the three key HOP measures, all but one of which are in London:

- Barnet
- Camden
- Brighton & Hove
- Wandsworth
- Westminster
- Hackney
- Lambeth

These findings demonstrate the economic importance of home offices in regional economies across England and help to understand the increasingly important home-based economic functionality of the more rural and residential areas outside of London, and particularly the Home Counties and Shire Counties. They provide strong evidence of a need for home office support across these areas in order to maximise their economic contribution. In particular, they demonstrate a need for higher speed broadband, 'virtual' business support services and networking.

In order to see the actual values on key HOP measures as they exist amongst England's local authority HOPspots, the table below shows actual values on each measure for those local authorities which feature in the above top 40 table on at least two HOP measures. (Note, the table has been sorted on the first HOP measure, ie 'volume of HOPs'.

On the first measure, the 'volume of HOPs', Surrey, Hampshire and Kent head the rankings, with 41,000, 37,000 and 35,000 HOPs, respectively. Heading the list on the 'HOPs as a % of total resident employment' (and not shown in the table if they did not make the top 30 volume rankings) were City of London, Kensington & Chelsea and Camden, with HOPs accounting for 11.1%, 10.4% and 9.7% of their respective employed populations. The top authorities on the 'volume of HOPs per hectare' ranking are Kensington & Chelsea, Camden and Islington with 6.9, 6.3 and 6.0 HOPs per hectare respectively.

Central London is sometimes defined by policymakers as comprising seven local authority districts: Kensington & Chelsea, Islington, Camden, City of London, Lambeth, Southwark, Westminster. The findings from the local authority analysis of HOPs suggests that professionals working at home is now a critical aspect of the Central London economy. The inclusion of many other London districts in the top HOP rankings for key measures suggests that they are also critical aspect of the entire London economy. This is particularly interesting as it can be shown that London has driven UK economic growth over the last 10 years or so, and that within London this growth has itself been driven by Central London.

The top 30 Local Authority HOPspots in England by Key Measures, 2019

Local Authority Area	by volume of HOPs	by HOPs as % of total resident employment	by volume of HOPs per hectare
Surrey	41,000	6.7%	0.2
Hampshire	37,000	5.3%	0.1
Kent	35,000	4.6%	0.1
Hertfordshire	33,000	5.4%	0.2
Essex	30,000	4.2%	0.1
West Sussex	23,000	5.4%	0.1
Oxfordshire	23,000	6.5%	0.1
Devon	21,000	5.6%	0.0
Lancashire	20,000	3.5%	0.1
Buckinghamshire	19,000	6.9%	0.1
Cambridgeshire	19,000	5.6%	0.1
Gloucestershire	18,000	5.5%	0.1
Norfolk	17,000	4.1%	0.0
Suffolk	17,000	4.6%	0.0
North Yorkshire	16,000	5.3%	0.0
Northamptonshire	16,000	4.2%	0.1
Staffordshire	16,000	3.8%	0.1
East Sussex	16,000	6.2%	0.1
Wiltshire	16,000	6.2%	0.0
Nottinghamshire	15,000	3.8%	0.1
Leicestershire	15,000	4.3%	0.1
Birmingham	15,000	3.3%	0.6
Worcestershire	15,000	5.0%	0.1
Derbyshire	15,000	3.8%	0.1
Somerset	14,000	5.2%	0.0
Warwickshire	14,000	5.0%	0.1
Leeds	14,000	3.6%	0.2
Cornwall	14,000	5.1%	0.0
Lincolnshire	13,000	3.7%	0.0
Camden	13,000	9.7%	6.0
England	1,195,000	4.4%	0.1

Local Authorities are listed highest by 'volume of HOPs' at the top to lowest at bottom

Another interesting finding from this analysis is that, outside of London, only Brighton & Hove features in the top rankings on each HOP indicator.

Small area rural and urban HOPspots across England

The top 10 rural small area HOPspots across England are shown in the table below. Heading the list, because it scores highest on a composite score across the 3 main indicators of HOP activity (volumes, HOPs as % all resident employment, HOPs per sq km) is Totnes in South Hams, Devon. The town has around 360 HOPs, accounting for 9.4% of all residents workers and has around 61 HOPs per sq km. Following Totnes is the Frensham area of Waverley district in Hampshire and Bradford on Avon in Wiltshire. It is perhaps useful to summarise these rural HOPspots, generally, as a combination of (mostly London) commuter villages and market towns.

Town / Village(s)	Local Authority	Local Enterprise Partnership	HOP Measure		
			volume	% employees	per sq km
Totnes	South Hams	Heart of the South West	360	9.4%	61
Beacon Hill / Churt / Frensham / Dockenfield / Tilford	Waverley	Enterprise M3	460	10.5%	11
Bradford on Avon	Wiltshire	Swindon and Wiltshire	350	7.5%	40
Radlett	Hertsmere	Hertfordshire	320	8.0%	34
West Horsley / East Horsley / Effingham	Guildford	Enterprise M3	370	7.7%	12
Goring-on-Thames / Woodcote / Whitchurch Hill / Whitchurch-on-Thames	South Oxfordshire	Oxfordshire	370	9.4%	8
Lymington / Milford on Sea	New Forest	Enterprise M3	280	9.0%	16
Great Missenden	Chiltern	Buckinghamshire Thames Valley	340	7.1%	18
Twyford	Wokingham	Thames Valley Berkshire	330	6.8%	54
Chalfont St Giles / Jordans / Seer Green	Chiltern	Buckinghamshire Thames Valley	290	7.4%	22

When considering urban small areas, it is perhaps useful to look at London and Brighton & Hove differently to all other areas outside of these. The reasoning behind this is that London and Brighton & Hove completely dominate the urban small area rankings.

The table below of the top 12 London and Brighton & Hove small area HOPspots shows, very clearly, that home professional working in some parts of Camden, ie Hampstead Heath/Gospel Oak, Tufnell Park and Chalk Farm, is a critical feature of the local economy. Each of these small areas has around 500 HOPs or more, accounting for at least 10% of resident workers and with HOP densities, when Belsize Park is added, ranging from 600 to 1,200 HOPs per sq km. After these areas, the Brunswick area of Brighton & Hove is the next urban small area HOPspot in England with some 600 HOPs, accounting for 9% of residents workers and a density of nearly 1,400 HOPs per sq km. As well as small areas of Camden and Brighton & Hove, small areas of Westminster, Islington, Kensington & Chelsea and Hackney also make the top 12 rankings, with similarly impressive scores on each HOP measure.

The top 12 London and Brighton & Hove small area HOPspots ranked on a composite of 3 indicators, 2019

Town / Village(s)	Local Authority	HOP Measure		
		volume	% employees	per sq km
Hampstead Heath / Gospel Oak	Camden	544	10.6%	1044
Tufnell Park	Camden	556	10.6%	817
Chalk Farm	Camden	521	11.0%	675
Belsize Park	Camden	472	9.8%	1186
Brunswick	Brighton & Hove	595	9.0%	1356
Marylebone / Mayfair	Westminster	643	9.3%	593
South Hampstead	Camden	520	9.3%	668
Tufnell Park Road area	Islington	453	9.3%	738
Fitzrovia / Soho	Westminster	645	9.5%	499
Notting Hill West	Kensington & Chelsea	394	10.7%	685
Buckingham Place / Vernon Terrace area	Brighton & Hove	572	8.2%	1258
Stoke Newington	Hackney	444	8.9%	795

The table below shows England's top 10 urban small area HOPspots outside of London and Brighton & Hove. Six of the top 10 are located in the City of Bristol, which also takes the top 3 spots with Westbury, Redland/St Andrew's and Clifton parts of the City. Bath & North East Somerset takes two of the remaining top 10 HOPspots with Walcot/London Road and Lansdown.

Chesterton West in Cambridge and Bernards Heath/Fleetville in St Albans are the only two small area HOPspots outside the West of England in the top 10. Each of these small areas is home to 300 to 500 HOPs, accounting for somewhere between 7% to 9% of resident workers, and with a density of somewhere between 100 to 500 HOPs per sq km.

The top 10 urban small area HOPspots outside of London and Brighton & Hove ranked on a composite of 3 indicators, 2019

Town / Village(s)	Local Authority	HOP Measure		
		volume	% employees	per sq km
Westbury Park	Bristol	387	8.4%	306
Redland / St Andrew's	Bristol	456	7.2%	373
Clifton East	Bristol	379	7.1%	458
Walcot / London Road area	Bath & North East Somerset	309	9.0%	355
Chesterton West	Cambridge	377	7.7%	247
Bernards Heath / Fleetville	St Albans	319	8.9%	170
Bishopston / Ashley Down	Bristol	487	6.5%	319
Clifton West / Clifton Village	Bristol	294	8.4%	262
Bath Central / Lansdown	Bath & North East Somerset	457	8.2%	122
Redland West / Cotham	Bristol	320	6.8%	408

The future of professional homeworking across the UK

Can we expect growth in home office professionals to continue?

All the future-oriented evidence we could find related to the drivers of home professional working seems to support the case for considerable future growth of home office professionals for at least the next 20 to 30 years. In particular, the evidence points to ongoing increases in such drivers as:

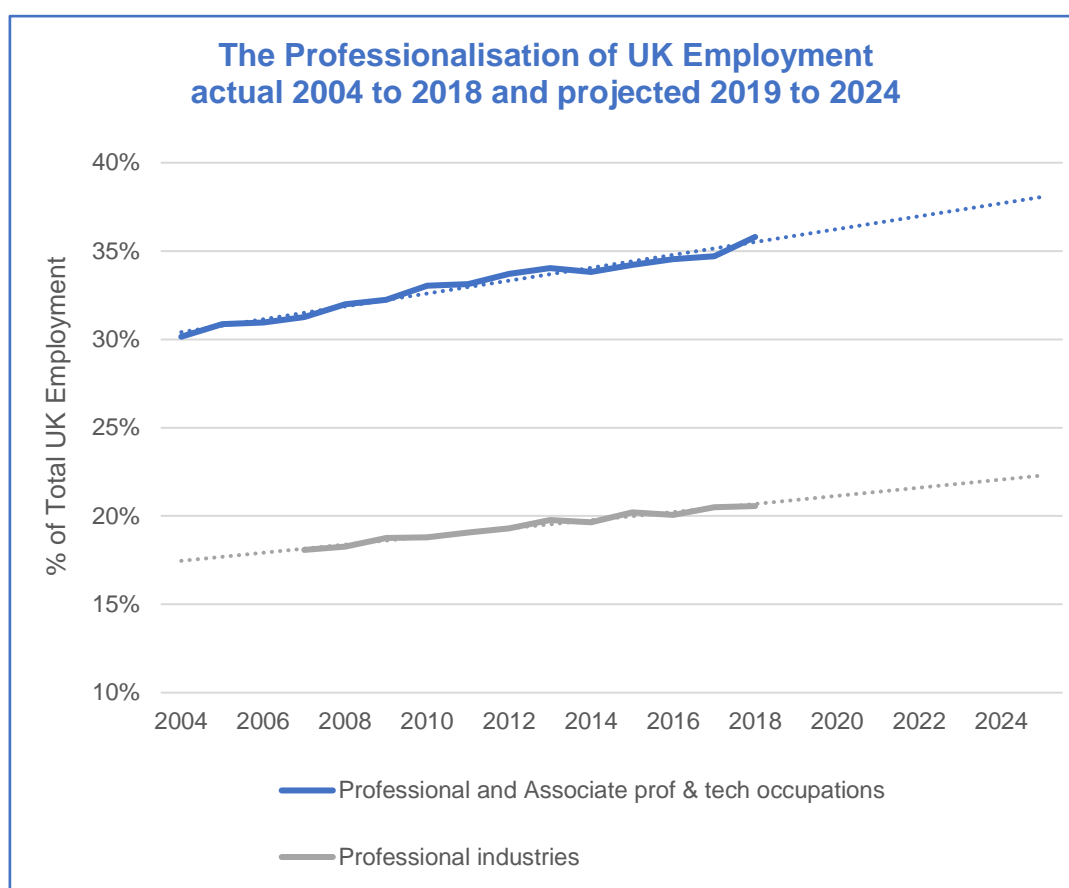
- Professional jobs (as a proportion of all jobs)
- Quality of life improvements from remote working
- Suitable dwellings
- Environmental pressures
- Ongoing technological improvements

There have been some high-profile examples of big businesses reversing the trend and bringing their professional employees back into the office (to inspire more collaboration, closer customer contact and control). However, these appear to be individual cases amongst the 16,000 or so businesses in the United States with more than 500 employees and is unlikely to stifle an overall net rise in employees and entrepreneurs based at home.

An article promoted by Citrix in the 'Digital Dilemmas' section of The Times/Sunday Times website (30 October 2018) directly asked the question: "Flexible working – is the bubble about to burst?". The consensus of responses from the small panel of experts who contributed to the article was that flexible working was only in its infancy, citing arguments

such as new communications technologies, millennial attitudes and expectations of employers in providing flexible working opportunities.

The graph below shows trends (actual and forecast) in employment in professional occupations and industries as percentages of all employment compared to trends in the respective proportions of employment in all other occupations and industries, for the UK economy from 2004 to 2025.



Source: Smart Growth Analytics, 2019

The analysis clearly shows the ongoing 'professionalisation' of the UK economy:

- The percentage of UK employment in Professional and Associate professional & technical occupations rose from 30% of all employment in 2004 to 36% of employment in 2019 and is expected to rise to around 38% of all employment by 2025.
- Professional industries (Information & communication, Financial and insurance activities, Professional, scientific and technical activities and Administrative and support service activities) have increased their share of employment from 18% of all employment in 2007 to 21% of all employment in 2019, and this is expected to rise to 22% by 2025.

Additional evidence to suggest why home office professional working will increase in the future:

- From 2018 to 2041, ONS Household Projections show the number of households across the UK is expected to increase by a further 20% (in line with similar growth

from 2001 to 2019) and many of these dwellings will be home to the rising numbers of professionals.

- If patterns in the growth in dwellings by type in the UK over the next 20 years matches those patterns experienced over the previous 20 years (eg driven by new flats, maisonettes or apartments in a purpose-built block of flats or tenement, Garden and Urban Villages), this will further support and encourage HOPs.

Other growth factors to consider are the expected advancement of new information and communications technology, which supports remote working and at increasingly lower cost, and the ever-increasing costs associated with corporate operations in prime areas. Huge growth is also expected in internet-based jobs in the future with many forecasters stating that large proportions of future jobs just don't exist right now. Many of these jobs will be entirely suited to remote working.

Increasing concerns about the need to address climate change are also likely to become a far more significant factor in influencing employers and employees to adopt more sustainable ways of doing business in the future. It is also likely that the impact of coronavirus (COVID-19) will also boost home professional working as employed professionals are supported by employers to work from home.

If the number of HOPs grows as much over the next 10 years as it has in the last 10 years, then it is not unreasonable to assume that by 2030 HOPs could account for as much as 6% to 8% of national employment and 9% to 10% of GVA.

Conclusions

The UK professional home office workspace grew by 45% from 2001 to 2019, providing an additional 12.9 million m² of professional office space (equivalent to around 15% of all commercial office floorspace). Should all these workers move from the home into traditional office space, the equivalent of a further 185 business parks the size of Aztec West in Bristol would be needed (Aztec West accommodates around 7,000 office workers).

Growth in HOPs has helped drive national economic growth and will continue to make a significant contribution over the next 20 to 30 years.

Encouraging and supporting corporations to adopt flexible working practices, such as homeworking, allows areas to accommodate a higher number of workers than its constrained commercial workspace allows. This is important because the number of additional workers is one of only two 'drivers' of local economic growth, the other being productivity.

In new housing developments, local authorities should consider how home designs that incorporate space able to be used as a home office will attract home office professionals to the area.

Further, where the number of HOPs is already or could become a significant proportion of residents, local authorities should consider how the local availability of coworking and/or flexible working office space can act to multiply the productivity of local professionals and improve the environmental impact of their activities.

The above factors are particularly important in the design of new 'garden' villages and redevelopment of attractive urban spaces, eg waterfronts and urban villages, as such residential locations are highly valued by HOPs.

Local authorities, particularly those which operate their own flexible office centres, could consider providing virtual office facilities, such as a business address for mail, business telephone number, virtual receptionist, virtual PA, for free or at a subsidy. This would help encourage home professional entrepreneurship and entrepreneurs, some of whom may go on to grow their business outside of the home. Local authorities could also promote the cost benefits, productivity benefits and environmental benefits of homeworking to the sub-region's professional employers, particularly those in priority sectors, thereby encouraging them to support the practice in their business.

Data sources

This White Paper is written by Jim Plunkett-Cole, Principal Economist and Analyst at Smart Growth Analytics, specialising in the provision of economic evidence and intelligence to support informed decision-making in sustainable economic development.

The data used in this report has been extracted from Smart Growth Analytics' Home Professional Dataset which has in turn been extracted from Smart Growth Analytics' knowledge-base of local area data and analysis covering enterprise and entrepreneurship in the UK. The data, analysis and other information shown in this report are estimates and should not be taken as a statement of fact. All data shown are estimates derived through synthesis and modelling, carried out by Smart Growth Analytics in early 2020, of the latest national statistical information available from the Office for National Statistics.

The Local Authority data shown here refers to the 152 Principal Local Authorities in England. They have been prepared with informed professionalism in the subject area, drawing upon the best available information, and are provided in good faith. Smart Growth Analytics reserves the right to alter the underpinning methodology for this data and analysis, or to edit or withdraw the work entirely as it sees fit. Any personal or commercial use of this information is entirely the risk, and solely the responsibility of, the person or persons using the information.

Deeper and specific analysis for your area

Smart Growth Analytics' Home Professional Dataset can be analysed at the regional, county, LEP and local authority area level and may be grouped into rural or urban areas to produce key information to support economic development planning.

We have also developed a unique, swift and inexpensive approach to rapidly assess the demand for, and economic impact of, coworking space on a high street or town centre.

So, if you'd like us to extract and evaluate the data specific to your area so you can consider the impact "Hidden Business Parks" already makes, and could make in the future, to your area's local sustainable economic development, give us a call, or email and we'll get in touch.

We look forward to discussing your requirements.

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