

## BANKING/ FINANCE

# Banks Ditching London Offices and Not Just Because of COVID-19



DIEGO M. RADZINSCHI

Bank executives from Barclays chief Jes Staley to Morgan Stanley boss James Gorman have even begun to question whether the corporate headquarters may become outdated.

by Jack Sidders and Donal Griffin

The giants of Wall Street and European banking are giving up their strongholds in London.

In the coming months alone, Barclays Plc may ditch its investment bank's headquarters in the capital; Credit Suisse Group AG is offloading nine floors of office space; and Morgan Stanley is reviewing its entire London footprint.

And all of those moves were planned before the coronavirus hit. Now, with thousands of job cuts likely to follow what's forecast to be the worst recession in three centuries, the tenants of the glass and steel towers that dominate the City of London and Canary Wharf may face an even bigger retreat.

"Larger banks are clearly a higher risk for landlords," said Rogier Quirijns, head of European real estate at Cohen & Steers Inc., who oversees more than \$2 billion of property funds. "For London, there are the threats of recession and a possible no-deal Brexit to deal with, and I expect COVID-19 will most likely accelerate those risks."

The pandemic has given banks further impetus to downsize and preserve cash after already spending a decade quietly offloading space as jobs vanished in the wake of the financial crisis. In the past nine years, their London footprint has been slashed by about 6 million square feet, or the equivalent of a dozen Gherkin skyscrapers, according to broker CBRE Group Inc.

Layoffs accelerated in the first quarter, with headcount across the 12 biggest investment banks dropping 5%, the steepest decline for that period in at least six years, according to Coalition Development Ltd. Much of that's been driven by troubled European lenders, which were already shrinking long before the virus struck, according to Amrit Shahani, head of research at Coalition.

Shahani predicts that by the end of this year, the continent's banks could have 20% fewer staff than at the start of 2019.

As well as job losses, the future of the office itself is on lenders' minds. It's taken the arrival of a deadly pandemic to convince bosses that working from home can be both effective and relatively easy, and that's provided a timely

opportunity for an industry neck-deep in cost rationalizations.

Bank executives from Barclays chief Jes Staley to Morgan Stanley boss James Gorman have even begun to question whether the corporate headquarters may become outdated. UBS Group AG has said that as many as a third of its employees could work remotely on a permanent basis.

For many banks, "their five-year plan was to cut their floor space by 20% pre-COVID," said Mat Oakley, head of commercial research at broker Savills Plc. "So this is not COVID-related. It is just suddenly they find a way of achieving that plan because of COVID."

Firms in central London have sought to offload almost 1 million square feet of office space since the lockdown began in mid-March, with about 16% of that coming from banks, according to latest data from Savills. Just over a third of offerings through mid-June were directly in response to the virus.

Real estate bosses are playing it typically cool. While lockdowns across the world threaten office values and many rental payments will be missed, they're still counting on global firms chasing trophy headquarters. The industry is also betting that being home-bound has made people appreciate human interaction even more.

"Real estate is all about long-term planning," said Toby Courtauld, chief executive officer of landlord Great Portland Estates Plc, which owns two neighboring office towers in the City. "London remains a super important center globally, and we think the extrapolation of short-term issues into long-term trends is overdone."

For now, major office tenants are continuing to pay the rent. British Land Co., joint-owner of the City's sprawling Broadgate campus, said it had collected 88% of office rents for the third quarter within two days of the June 24 due date.

After almost three years of weighing up its options, Barclays is likely to step up plans to vacate its investment bank headquarters, according to people familiar with the matter. The offices are in Canary Wharf, the glitzy east London financial district that's come to rival the City of London since its birth in the late 1980s.

**Jack Sidders and Donal Griffin report for Bloomberg News.**



## CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **VIRTUAL COUNCIL ZONING MEETING** on **Wednesday, July 22, 2020, beginning at 11:30 AM**, to establish a one-year moratorium on the acceptance and approval of Planned Unit Development (PUD), Downtown Mixed Use (DMU) and Community Mixed Use (CMU) rezoning applications within the jurisdictional boundaries of the City of Doral. The City Council will consider this item for **SECOND READING**. The meeting will be held with the elected officials, administration and City staff participating via video conferencing.

Governor DeSantis' Executive Order Number 20-69 and Extension 20-150 suspended the requirements of Section 112.286, Florida Statutes and the Florida Sunshine Law, that a quorum to be present in person, and that a local government body meet at a specific public place. The Executive Order also allows local government bodies to utilize communications media technology, such as telephonic and video conferencing for local government body meetings.

**Public Comment:** members of the public that wish to provide comments may do so by emailing the City Clerk at [cityclerk@cityofdoral.com](mailto:cityclerk@cityofdoral.com). Comments must be submitted with your name and full address by **Tuesday, July 21, 2020**. The comments will be circulated to the elected officials and administration, as well as remain as a part of the record for the meeting.

The meeting will be broadcasted live for members of the public to view on the City of Doral's website (<https://www.cityofdoral.com/government/city-clerk/council-meetings>) as well as Channel 77 and Facebook Live.

The City of Doral proposes to adopt the following Ordinance:

### ORDINANCE No. 2020-02

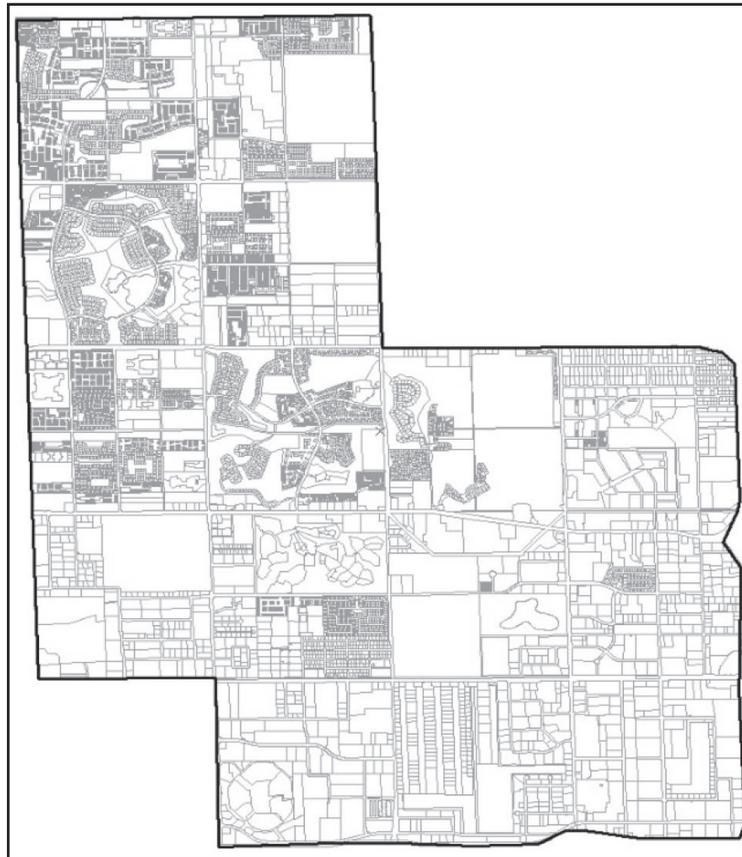
**AN ORDINANCE OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, ESTABLISHING A ONE-YEAR TEMPORARY MORATORIUM ON THE ACCEPTANCE AND APPROVAL OF PLANNED UNIT DEVELOPMENT (PUD), DOWNTOWN MIXED USE (DMU) AND COMMUNITY MIXED USE (CMU) REZONING APPLICATIONS WITHIN THE JURISDICTIONAL BOUNDARIES OF THE CITY OF DORAL; PROVIDING FOR EXEMPTIONS; PROVIDING FOR VESTED RIGHTS; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE**

**HEARING NO.:** 20-07-DOR-01

**APPLICANT:** City of Doral

**REQUEST:** The City of Doral (the "Applicant") is requesting the Mayor and the City Council approval to establish a one-year temporary moratorium on the acceptance of Planned Unit Development (PUD), Downtown Mixed Use (DMU), and Community Mixed-Use (CMU) rezoning applications within the jurisdictional boundaries of the City of Doral.

### Location Map



Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes if a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, any person who is disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

Connie Diaz, MMC  
City Clerk  
City of Doral

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