

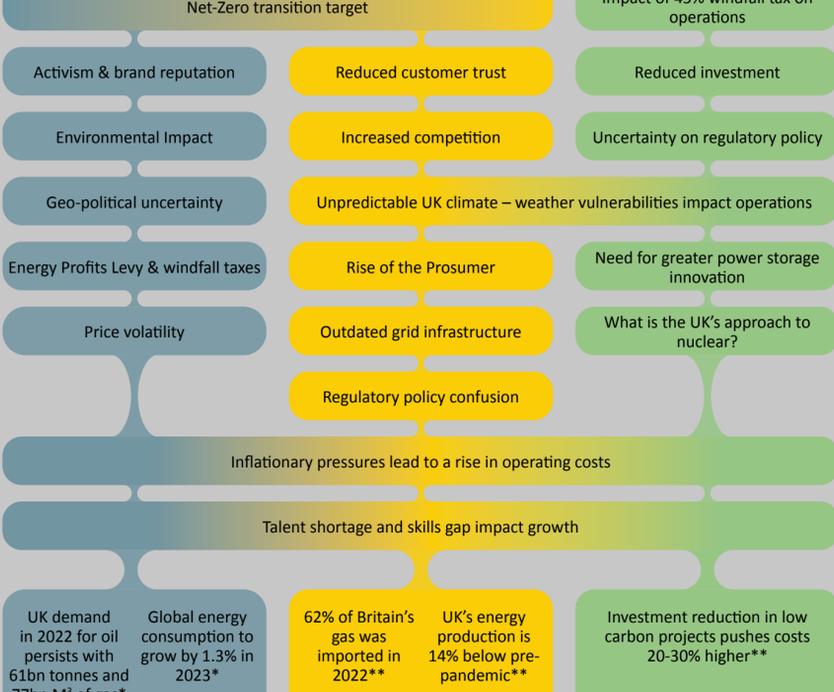
FUELLING THE ENERGY SECTOR'S DEMAND FOR LONDON WORKPLACES

The energy sector is under significant scrutiny, driven by the urgent need to address climate change, environmental concerns, energy equity and affordability, as well as the transition to a sustainable and reliable energy future.

London has for many years been home to some of the largest traditional energy firms and utility companies. A rapid increase in demand for renewable power generation is encouraging a new generation of energy businesses to locate in London.

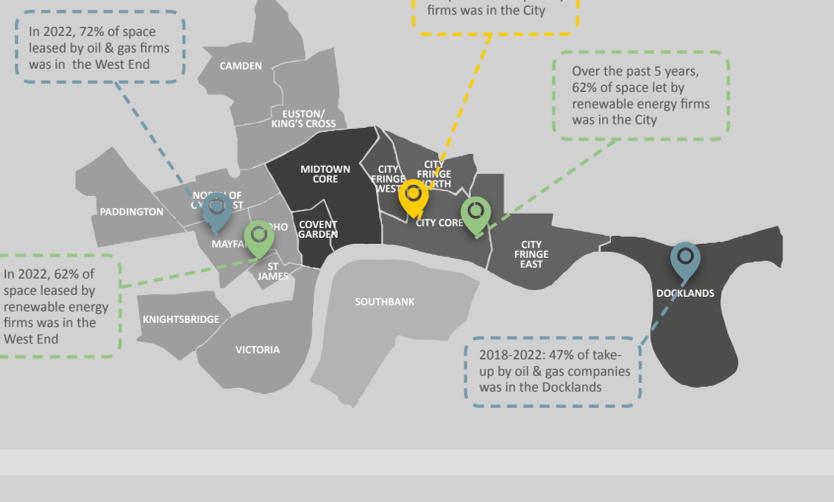
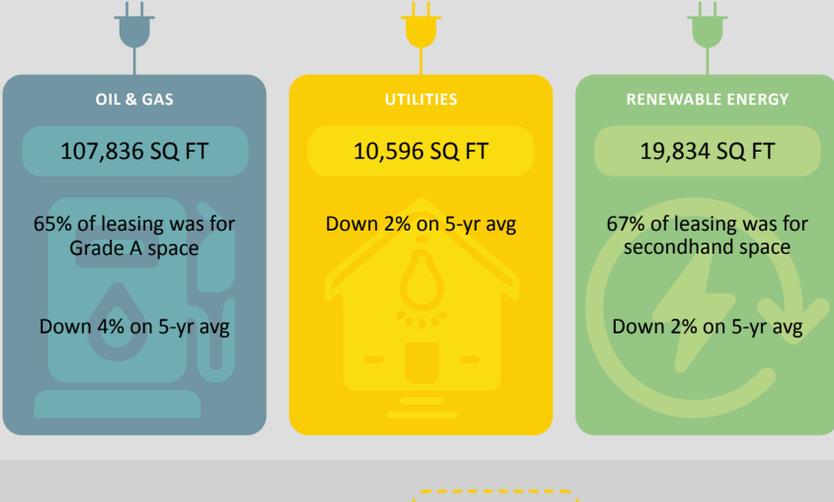
Whether it is an oil and gas firm's transition to net-zero, high costs from utility companies or underinvestment in renewable power infrastructure, all energy firms face challenges. Many of these are common across all types of firms, such as talent shortages, nevertheless rising to these challenges will heavily influence the role, shape, location and size of the workplace.

MARKET CHALLENGES



Source: * The Guardian, The Economist, ** Offshore Energies UK, Dept of Energy, Energy UK

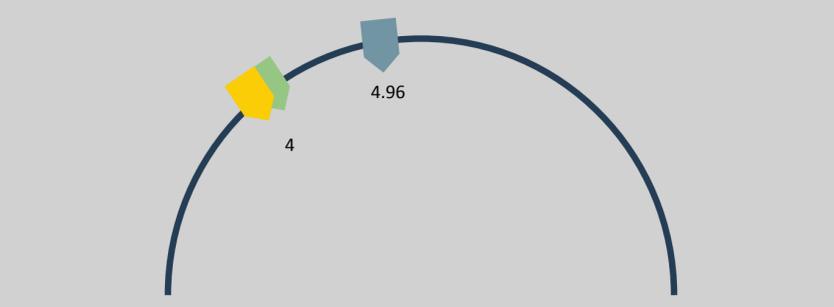
ENERGY SECTOR OFFICE LEASING IN LONDON 2022



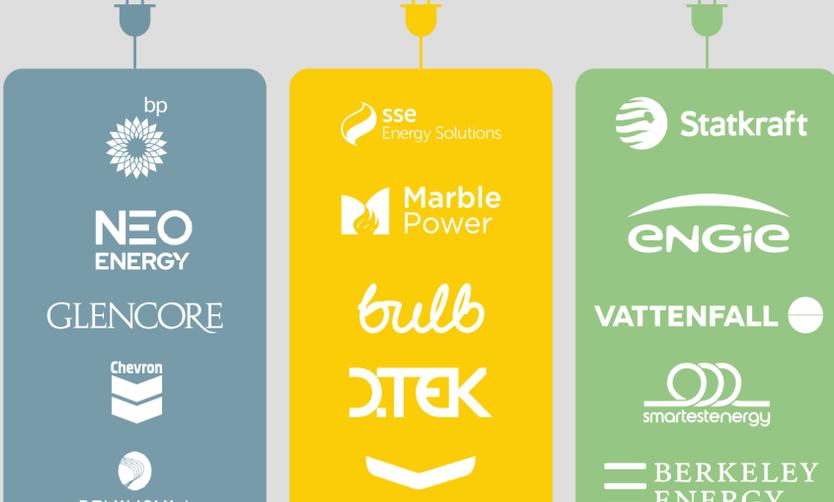
AVERAGE DEAL SIZE



AVERAGE LEASE LENGTH (YEARS)



LARGEST OFFICE TRANSACTIONS, 2019-22



OUTLOOK

TALENT	COSTS	ESG GOALS
<p>Firms across the entire energy sector spectrum will increase their focus on attracting talent who possess the skills needed for the net-zero transition.</p> <p>Providing the best quality workplace will be imperative in recruitment.</p>	<p>Inflationary pressures will impact operational costs. This could see firms embark on space rationalisation initiatives to reduce their footprints.</p>	<p>Whilst net-zero, each firm will be reshaping the industry, each firm will need to evolve their workplace provision, with the office becoming a key tool in helping energy firms hit their ESG goals.</p>
<p>INVESTING PROFITS</p> <p>Firms subject to the Energy Price Levy will look to take advantage of the 80% allowance for investments made towards decarbonising their operations</p>	<p>CUSTOMER RELATIONSHIPS</p> <p>Increased competition and higher energy costs will prompt customers to demand improvements to services received</p>	<p>ATTRACTING INVESTMENT</p> <p>Given that last year saw the UK's investment in renewable energy fall by 10%, providers will look to cultivate more funding over the coming years</p>
<p>IMAGE IMPROVEMENTS</p> <p>As oil and gas firms transition their operations to low-carbon and net-zero, much will be done to soften public opinion – improving both customer and talent attraction</p>	<p>INFRASTRUCTURE IMPROVEMENTS</p> <p>As the UK continues to be hit by more extreme weather, utility companies will look to improve their ageing infrastructure so as to prevent outages</p>	<p>POWER STORAGE</p> <p>To improve investment and efficiencies, businesses will take what steps they can to work with the government in ensuring that there is adequate grid capacity and power storage for their renewable energy output</p>
<p>GEO-POLITICAL UNCERTAINTY</p> <p>Securing supply chains is proving to be a priority in uncertain times. The conflict in Ukraine has seen oil and gas firms impacted significantly</p>	<p>DIGITAL TRANSFORMATION</p> <p>Given the criticism from consumers concerning the sector's management of customers, 2023 will likely be the year where the utilities sector commits to digital transformation so as to improve efficiency</p>	<p>NUCLEAR</p> <p>The government is pushing for nuclear energy to be classified as "environmentally sustainable", and so we may see a pivot on the part of the industry towards engaging with this form of energy</p>

DEVONO SUPPORTING ENERGY SECTOR WORKPLACE STRATEGIES

