

TRADITION TO TRANSFORMATION

CHANGE AHEAD FOR THE INSURANCE WORKPLACE

The London insurance market is the largest of its kind in the world, generating approximately £73 billion in premiums annually and employing over 48,000 people. As such the sector plays a pivotal role in the growth of London and the office market, particularly for the City.

Insurance firms face numerous challenges over the coming years, all of which will influence the future role and shape of the workplace. What are those hurdles and which ones will guide the future of the office?

TALENT CHALLENGES

WAGE GROWTH

25%

uplift in pay gained through moving jobs*

VACANCIES

30,500

job vacancies in 2022, up 38% on previous year*

TECH SKILLS

28%

of insurance workforce possess tech skills*

COMPETITION



Influx of US Insurance firms adds to competition for talent and upward pressure on wages

MILLENNIAL DISINTEREST

4%

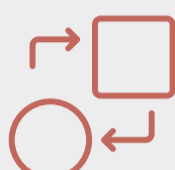
of millennials would consider a career in insurance**

RETIREMENT

26%

share of insurance workforce likely to retire within the next 10 yrs**

MARKET CHALLENGES



REGULATORY CHANGE

Regulatory changes to Solvency II causing concern with its impact on the security of providers. The Governor of the Bank of England, Andrew Bailey, suggests that Life Insurance firms in particular may struggle to retain their viability.



INCREASED COMPETITION

As inflationary pressures continue to bite hard for all consumers, competition for business will increase. Premiums for products such as car insurance are already hitting record highs, forcing customers to look elsewhere.



ESG LEADERSHIP

The insurance sector has the opportunity to lead the way on corporate ESG strategy and drive change amongst peers and customers alike with sustainable insurance products and robust reporting principles.

Source: *Vacancy Soft, McKinsey **Acord, LMG

OFFICE LEASING IN LONDON

18-YR HIGH

office take-up by insurance firms in 2022

546,327 SQ FT

of office space leased across central London in 2022 – 144% increase on 2021

The **City** continues to be the epicentre for the sector

96%

share of leasing in 2022

38%

of space leased in 2022 was **Prime Grade A**

Average space leased

14,378 SQ FT

insurance firms opted for larger spaces in 2022 – 5% above the five-year average

£59.22 PER SQ FT

average rent achieved in 2022 - up 16% on 2021

2022 Largest transaction

80,000 sq ft

@ 80 Fenchurch Street

LARGEST LEASING DEALS IN 2022



OUTLOOK



LEASING APPETITE

Insurance leasing dropped in Q1 2023 – 36% below the short-term quarterly average. A more subdued level of activity is expected across 2023.



NON-TRADITIONAL LOCATIONS

The pull of the City (EC3) remains strong for insurers, especially as Lloyd's of London are set to stay at 1 Lime Street. Attracting new and younger talent and fulfilling more tech roles, could lead some firms to cast their net wider and consider spaces in non-traditional locations outside of the City.



SPACES & COST SAVINGS

A greater scrutiny on operational costs is likely to lead firms to seek out efficiencies from their workplace – either by space rationalisation and/or leasing better quality buildings.



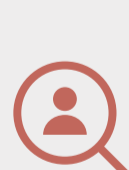
FLEXIBLE WORKING

Similar to the financial and professional services sectors, the adoption of more flexible working patterns is to become more commonplace, especially as the sector looks to attract a younger workforce with diverse skill sets.



INSURANCE 2.0

A poor reputation of the insurance industry is proving to be a barrier to new recruitment and maintaining client relationships. Overcoming this hurdle will be a key priority for all firms in the sector. Many undertaking soft branding exercises.



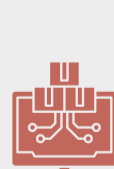
DISPLACED TECH TALENT

Given the need to fill vacant tech roles, insurance firms have an opportunity in 2023 to capitalise on the wider displacement of talent from the large technology firms which have made sweeping rounds of redundancies.



ESG

In 2023, firms will increase their ESG focus and activity ensuring that its commitments and actions are core to all activities, especially its workplace and underwriting strategies.



DIGITAL DISRUPTION

With a backdrop of increased competition insurance firms are set to ramp up investment in technology, benefiting both internal operations and increasing/improving the range of products.

DEVONO SUPPORTING INSURANCE SECTOR WORKPLACE STRATEGIES

