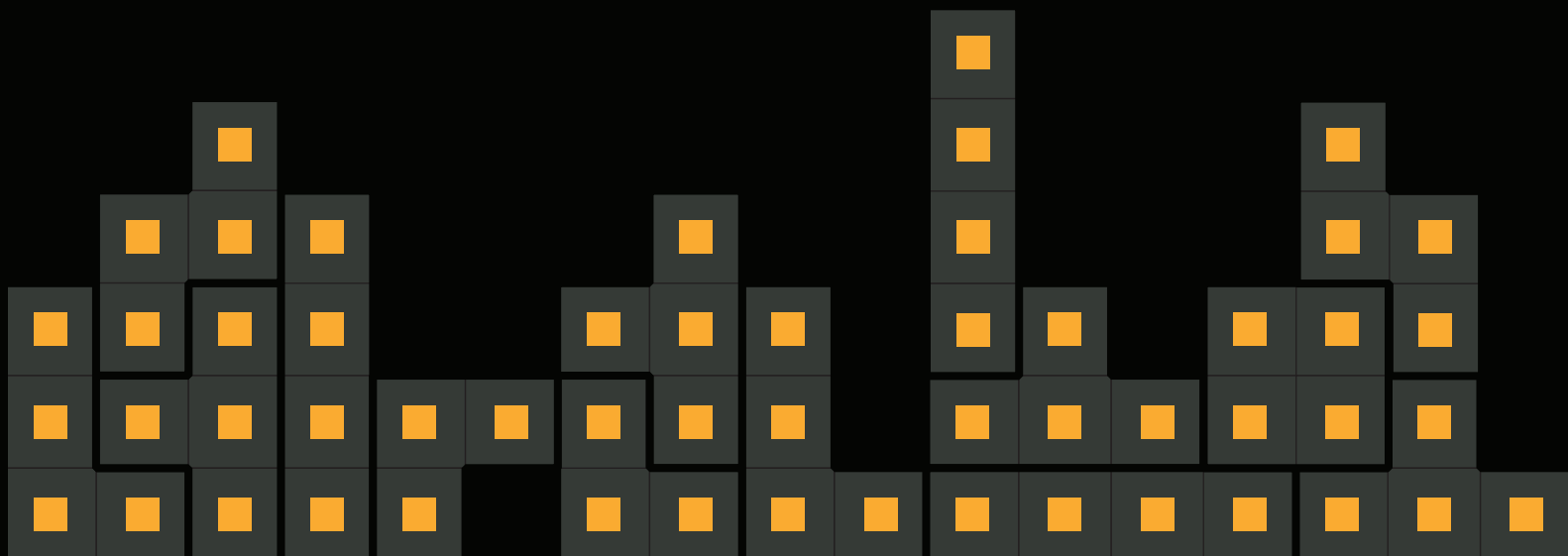
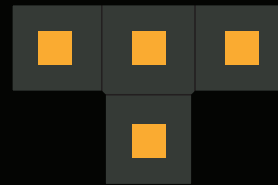


# (RE) Play

2024

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A guide to real estate decision making  
for Gaming Companies



IN CONJUNCTION WITH **ukie**

# The essential guide to strategic real estate decisions



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For any gaming company, identifying and securing the right office space is a crucial factor for success. In searching for new space, gaming companies must ensure any future work environment aligns strategically with core business objectives, has the flexibility to adapt to shifts in the operational landscape and addresses the varying wants and needs of employees and other key stakeholders.

This guide is designed to equip gaming industry professionals with the key information and evaluation criteria required to make optimal real estate decisions. It covers the decision-making process and timelines, and the important considerations when assessing potential locations, shortlisting buildings, creating an effective environment in terms of infrastructure, design and fit-out. Furthermore, this guide offers insights from over 20 interviews with gaming occupiers, all of whom have been through a similar process in recent years.

By using the wealth of information in this guide, gaming companies can begin to make better, more informed real estate decisions that support their unique business objectives.



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# The backdrop to real estate decision making

Real estate is a strategic asset that can progress a wide range of organisational goals if fully optimised.

If you are involved in real estate planning you must consider your company’s strategic priorities, your expected growth trajectory, and wider industry trends that will shape or transform your operating environment. With these elements covered, you can then evaluate how real estate can effectively promote and support your organisation’s business strategy and vision.

## UK GAMING SECTOR TRENDS

Some key considerations here, include:

- ◆ A tougher environment for raising funds
- ◆ Present market adjustment, leading to potential workforce reductions and reassessment of the development pipeline
- ◆ Evolving ESG agenda, including a greater focus on diversity and inclusivity
- ◆ Emergent business models such as cloud gaming, mobile gaming, esports and games-as-social platforms
- ◆ Changing payment and distribution models that include cross-platform gaming, free-to-play and play-to-earn
- ◆ Rise of next-generation technologies such as generative AI
- ◆ Increased competition and market consolidation
- ◆ Growing legal and regulatory scrutiny
- ◆ Evolving UK industrial policy, including improved R&D tax relief and regional investment in creative clusters



You can evaluate how real estate options can effectively promote and support your organisation’s business strategy and vision.

- ◆ Changing talent requirements and employee needs, including post-pandemic working styles
- ◆ Shifting consumer demographics
- ◆ Convergence of gaming and other sectors

## SPECIFIC AREAS THAT REAL ESTATE SUPPORTS

- ◆ Supporting business transformation and resetting of operational models
- ◆ Accommodating changing headcount requirements
- ◆ Achieving ESG objectives
- ◆ Attracting and retaining talent and reskilling or upskilling
- ◆ Aligning to new working styles
- ◆ Adoption of next-wave technology
- ◆ Driving creativity, collaboration, and innovation
- ◆ Embedding brand, culture, values, and image
- ◆ Maximising productivity
- ◆ Cost management and mitigation
- ◆ Showcasing new products

# The decision-making timeline

The timeline below outlines the key stages involved in evaluating options and making decisions when securing new office space, from initial planning to occupation.

		Month											
	Programme item	1	2	3	4	5	6	7	8	9	10	11	12
1	Review all existing occupancy data	█											
2	Develop real estate strategy, strategic options and space requirements	█											
3	Agree strategic brief	█											
4	Review market availability	█											
5	View options and further analysis/tours		█	█									
6	Issue RFP documentation			█									
7	Undertake technical due diligence and space planning on shortlist			█	█	█							
8	Detailed financial modelling of shortlisted options					█	█	█					
9	Heads of terms negotiations						█	█					
10	Agree heads of terms on preferred option							█	█				
11	Instruct solicitors and legal due diligence								█	█	█		
12	Due diligence on draft lease								█	█	█		
13	Exchange and complete agreement for lease										█		
14	Fit-out process										█	█	█
15	Relocate to new offices												█

# Finding the right location: gaming and the three Ps

Finding the optimal location that meets your business requirements is a crucial factor when selecting office space. When evaluating potential office locations, key considerations include strength of place, access to talent, along with the ability to retain staff, and performance.



## PLACE

When evaluating locations, priority should be given to established gaming hubs and clusters that can foster further growth. Vibrant clusters arise when high-momentum gaming companies act as anchors that attract talent, spur innovation, and enable new startups by alumni.

Additionally, gaming companies should target areas where local governments actively cultivate the broader creative economy.



## PEOPLE

Optimal locations must offer access to suitable talent, in the form of both experienced hires and graduates. Key metrics to consider when deciding on a location include number of graduates, the strength of an academic and wider support infrastructure, and local talent pool.

A location must also be attractive to talent. Consideration should be given to factors that include the cost of living, quality of life, transportation links and local amenity provision.



## PERFORMANCE

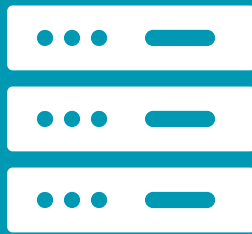
Performance includes sufficient availability of office space or land with higher-density power, fibre availability, low latency, and resilient infrastructure. The telecoms network and proximity of data centres services, whether in-built or via third-party providers, are principal considerations when choosing a site or location. Whilst each component will be weighted differently according to organisation, discipline, and security needs, each plays a key role in creating a robust digital platform and shaping future gaming companies' strategies.

# Building characteristics and infrastructure requirements

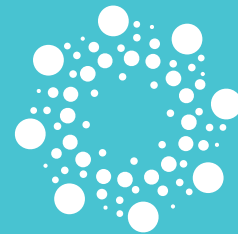
There are a few key building characteristics and infrastructure needs that will be required for your business to operate effectively. These are:



Sufficient power and back-up generator space



Data centres - access to on-demand servers and storage



Fast low-latency connectivity



Ability to create specialist spaces such as motion capture rooms and testing labs



Sufficient cooling capacity



Dynamic spaces that are resilient to change and reflect brand and culture

# Voice of the market

Extracts from over 20 interviews with gaming occupiers on their changing real estate needs.

Please be aware that these interviews took place from the first to the third quarter of 2023.

“

44% of developers experienced delays due to Covid and the shift to working from home. Additionally, breaches in security increased, with game content being leaked prior to launch. The office has a vital role to play in ensuring data security as well as bringing multiple teams together to fast-track the game development process”.

Anonymous

“One of the biggest challenges of remote working is losing the value of informal interaction. We are trying to work out how to recapture this in the new working environment”.

Jason Kingsley OBE, CEO Rebellion





“Clear and regular communication is required in the creative space. There are challenges with work from home around this”.

**Anonymous**

“Working remotely means you lose the hallway conversations. You lose people sitting on a couch and discussing something for an hour or two. You miss the lunch conversations. All of that goes away and becomes scheduled instead of happening naturally”.

**Anonymous**

“We are seeing gaming companies transform their studio and office spaces into bold, playful and immersive environments which provide a real experience and a sense of fun for their people. We are also continuing to see greater adoption of agile workspaces. This is really helping to break down barriers created by so many of the team focused on solo-working roles, and also allows people choice in how they work.

“With many organisations operating a hybrid working model, the importance of supporting people’s wellbeing is crucial, both while they are working from the office and working from home, so features and amenities which support this are also high on the agenda.”

**Sophie Smith, Marketing & Communications Manager, ADT Workplace**

“Starting in 2019, the Leamington Spa studio has evolved in a pandemic and post-pandemic environment. This has prompted questions around the purpose of the office and workplace dynamics. For Electric Square the office is about being part of a team, discussing projects and socialising. To enable this, we have a mezzanine area dedicated to social space with desk space below”.

“The quantum of space required is also a challenge. Not only in terms of how much space is needed in a hybrid working environment but also how much space is required to accommodate growth. With headcount at 60 people the office is too small to accommodate everyone five days a week, but with hybrid working the space works. As we grow, we will look to re-configure the space”.

**Nick Harper, Head of Electric Square (trading as Lively)**

“We design our offices to be inviting and warm spaces that act as social hubs”.

**Patrick O’Luanaigh, CEO nDreams**







Knight Frank is well placed to support your real estate requirements. Our teams across the UK have extensive experience in advising gaming companies.

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