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The HSBC headquarters in Canary Wharf, London. Photographer: Simon Dawson/Bloomberg

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## What to Do With a 45-Story Skyscraper and No Tenants

HSBC's plan to leave its Canary Wharf tower for a smaller site shows the global challenges ahead in repurposing unwanted office space for a post-pandemic world.

By [Helen Chandler-Wilde](#)

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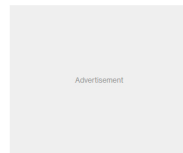


Two bronze lions, each sitting atop eight lucky coins, flank the entrance to the HSBC Tower in London's Canary Wharf, meant to bring prosperity and good luck to the bank and roughly 8,000 workers inside its global headquarters.

But the building's fortunes are changing – much for the worse – with the bank relocating in 2027 after more than two decades in the Norman Foster-designed tower. Its new home will be a space roughly half the size in the City of London.

Without its tenant, the landlord at Qatar's sovereign wealth fund may struggle to find an employer needing so much space. But it's not alone, and many property investors are facing a similar dilemma. In a post-pandemic world, the 45-story tower may become a 200-meter-tall conundrum representing the challenges ahead in cities worldwide as companies downsize for hybrid work.

The outlook for these buildings has gotten so bad that some investors are snapping up these empty carcasses for demolition, betting the land they sit on is now worth more than the structure itself. That newly vacant plot could then be redeveloped for high-rise housing, much needed in developed and emerging cities. New York City recently rolled out a plan to change zoning rules for Midtown Manhattan to allow more offices to be converted to apartments.



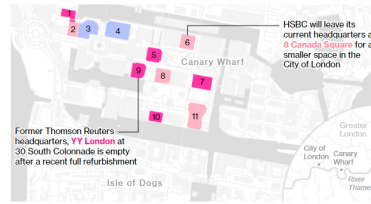


A number of firms in Canary Wharf are looking to downsize. Photographer: Simon Dawson/Bloomberg

### Vacating Canary Wharf

Major office tenants are leaving London's second-biggest financial hub

■ Building is partially or fully vacant ■ To be fully vacated  
■ Tenant is marketing space for sublease



Building	Main tenant	Total floor space	Currently available	Lease due	Owner
<b>Partially or fully vacant</b>					
1	One Canada Square	Multi-let	127	Rolling	Canary Wharf Group
2	40 Bank Street	Multi-let	607K	Rolling	Canary Wharf Group
7	20 Canada Square	Vacant	527K	Vacant	In receivership*
9	11 London	Vacant	415K	Vacant	Oaktree
11	17 Columbus Courtyard†	Vacant	190K	Vacant	GIC, Oaktree
<b>To be fully vacated</b>					
6	8 Canada Square	HSBC	111	2027	GIA
11	10 Upper Bank Street	Clifford Chance	16.1	2028	China Life, others
8	33 Canada Square	Citigroup	563K	2027	Canary Wharf Group
2	20 Columbus Courtyard‡	Credit Suisse	258K	2034	MI
<b>Tenant is marketing space for sublease</b>					
4	5 North Colonnade	Barclays	616K	2032	Canary Wharf Group
3	One Cabot Square	Credit Suisse	540K	2034	GIA

Sources: Data compiled by Bloomberg News, OpenStreetMap contributors  
Note: \*Owner Cheung Kwi defaulted. †Planned refurbishment will expand total space to 200K sq. ft. ‡Leased but currently unoccupied

The most logical outcome could be a conversion – with the tower turned into accommodation for students or others, rather than torn down.

That might seem to be a convenient solution to three urban problems. First, long-term demand for office space has been decimated by the pandemic, with London estimated to have the equivalent of 60 Gherkins of empty office space last year. Secondly, because the UK's housing crisis totals some 4.3 million units, according to the Centre for Cities, the average house in England costs more than 10 times the average salary. Lastly, landlords are being urged to reuse or recycle buildings rather than demolish, due to the heavy carbon footprint of the construction industry.



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WATCH: London, Paris and Frankfurt's Office Woes Are Getting Worse

Success stories include Parker Tower, a 1960s concrete office block in London's Covent Garden, which after thorough renovation and a new façade, has now been converted into homes. Another example is Leon House in Croydon, a 20-story Brutalist office block that was turned into 263 flats.



The Hexagon Apartments at Parker Tower, before (left) and after conversion. A second exterior was added to improve shade and cooling. Source: Squire and Partners, Photographer: John Keeble/Getty Images Europe

But it's not always possible, said Robert Sloss, chief executive of

HUB, a developer that is reworking a £30 million (\$39 million) 1950s office block in the City of London into flats. The budget for the conversion hasn't been determined.

"Not every building can convert to residential – it's not a panacea for every defunct office," he said.

The viability of an office-to-residential conversion depends on the building itself. Chief among issues is the "floor depth": the distance from the windows to the midpoint of its floor plate. Buildings constructed as offices can be much deeper than those built to be homes, given open-plan office layouts allow natural light to filter to the center.

The sheer scale of the HSBC tower makes it an unlikely candidate for housing, said Ben Clifford, an associate professor of at the Bartlett School of Planning, University College London.

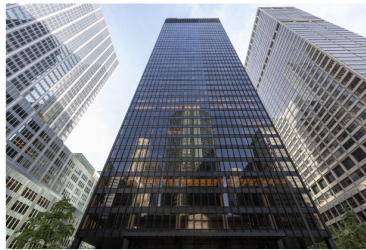
"It would be incredibly challenging to convert," he said. "The scale makes it more difficult: not necessarily the height. There are some very tall residential buildings."

But "what will you do with the middle?" he asked.

HSBC's landlord, the Qatar Investment Authority, didn't respond to requests for comment.

The façades of office buildings can be an issue, too. Skyscrapers with all-glass exteriors might seem modern, but these designs have been around for over 100 years, heralded by Modernists like Ludwig Mies van der Rohe who built the Seagram Building in midtown Manhattan and the Federal Center in Chicago. The glass skin can create a summer greenhouse inside.

The solution then is to add areas of solid mass, said Tim Gledstone, partner at Squire and Partners, whose firm added an extra façade in the office-to-residential conversion of Parker Tower. "When it's all glass it overheats."



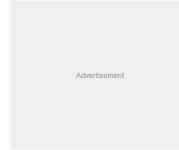
The Seagram Building on Park Avenue in New York. Photographer: Jeensah Moory/Bloomberg

Conversions must consider ventilation, too. Many office buildings have windows that are sealed shut. Instead, fresh air circulates via a central ventilation system, which would likely need to be redeveloped to supply separate units instead of one large floor.

Location can also hold back office-to-residential conversions. The most successful sites are in city centers that already have a mix of residential and office spaces, said Gledstone. This works against the HSBC tower, located in an area that is predominantly offices – and within a borough that has seen falling house prices.

It would be "more straightforward" to convert the building into laboratory space, said Clifford, which would fit in with Canary Wharf's aims to turn the area into a life-sciences hub. A multi-purpose layout might work too, he said, with "some residential, some lab space, some hotel space, even some office space, but a smaller amount."

Gledstone said it may well be possible to convert the HSBC tower into flats, although its architectural quirks would have to become design features. One precedent is New York's 24-story 1929 art deco Walker Tower, a former telephone building that reopened in 2013 after conversion into apartments fetching some \$2 million to more than \$50 million. Architects worked around its high ceilings, originally to house large telephone equipment, and big windows, needed for ventilation, to create loft-like homes.



Walker Tower in Manhattan's Chelsea district. Photographer: Kenneth Grant/Alamy

"It's the classic New York style – big brick office buildings," said

Geldstone. "Nice high ceilings, generous corridor with studies or music rooms off there, big living rooms."

Similar treatment at a deep-set building like HSBC at 8 Canada Square could mean enormous warehouse-like apartments, given each upper floor has a 3,136 square-meter floor plate (33,756 square feet). Even 12-meter deep apartments are "huge," said Geldstone, let alone ones that are around twice that. To avoid the feeling of industrial depots, internal spaces could be shrunk by recessing the flats away from the windows, and making the outer edge into "winter gardens": balconies that are partially or entirely covered in glass, allowing for use in colder weather. That may not be possible depending on the floor slabs, Geldstone said.

Another way of solving the issue of a deep floor plate is to add a lightwell, said Sloss. "A lot of these conversions with deep floor