

UK Co-Working Office Spaces - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019-2029

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Report description:

The UK Co-Working Office Spaces Market size is estimated at USD 1.34 billion in 2024, and is expected to reach USD 1.9 billion by 2029, growing at a CAGR of 7.11% during the forecast period (2024-2029).

With the restrictions on office-based working due to COVID-19, businesses rethought the space they needed. COVID-19 also prompted businesses to rethink their working practices, with nearly half of UK enterprises with office space planning to shrink their estates within the next five years.

The freedom afforded by working from home, according to the research of 1,000 business leaders, is set to permanently alter the way they work. Nearly half of the enterprises with office space (45 percent) plan to downsize by the end of 2025 and one in seven (18 percent) have already done so since the pandemic began. According to the study, about 18 million square feet of office space will become obsolete in the next five years, accounting for 18 percent of all currently occupied square footage, having a significant impact on the way UK cities appear and feel.

UK businesses will also be looking for shorter, flexible leases - as well as utilizing co-working spaces such as WeWork, with 12 percent intending to use these locations more often instead of an 'owned' office. And for those businesses planning to stick to the office, 13 percent will look for accommodation that has less desk space per head as the office's main function is set to shift with more space for collaboration, such as break-out areas and meeting rooms.

The changing consumer preferences, which were again highly boosted by the recent pandemic, are expected to boost the co-working office spaces market in the United Kingdom.

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Demand of Co-working Office Space in London Driving the Market

Demand for co-working spaces in London is high and continues to grow. According to industry sources, the UK flex market grew by 22% in 2022, with London seeing strong demand in areas such as Southwark and the financial district.

London is home to over 1,300 co-working spaces, making it the city with the most coworking spaces in the world. The average cost of a coworking space in London is around EUR 400 (USD 431) per month. Coworking spaces in London are popular with a wide range of businesses, including start-ups, freelancers, small businesses, and large corporations. WeWork, the world's largest coworking space company, is set to open a new space in One Poultry, a postmodern icon in the heart of London's City district. The open space is expected to open in early 2024 and will offer flexible workspace options for businesses of all sizes.

In a post-pandemic war for talent, firms demand excellent offices, with Grade A space accounting for 90% of take-up in London. The volume of new development coming through will be suited to this quest for best-in-class, and rents on prime space will continue to rise due to competitive tensions between enterprises.

According to the vast majority of UK real estate professionals surveyed in 2022, offering flexible workspaces as part of office real estate is overall positive. According to 25 percent, flex space is important or very important, while 32 percent said it is nice to have. Flexible office space refers to office space that allows short-term leases to individuals, freelancers, small and medium enterprises, and other professionals. In contrast to traditional offices, flexible offices provide equipped and serviced office premises without long-term rent commitment. The majority of office real estate professionals also shared that demand for more flexible leasing will likely increase in the future.

Pandemic Boosting Demand for Co-Working Space

Flexibility is essential in times of uncertainty. In fact, 47% of UK businesses stated they expected their real estate strategies to incorporate more flexible, serviced, or coworking spaces in the future. The attractiveness of being able to walk into a fully functional office, the flexibility to reduce and enlarge space based on headcount, budget properly with an all-inclusive fee, and stay flexible with a monthly rolling contract was magnified by global uncertainty.

In fact, Covid-19 amplified market tendencies that were already evident. Prior to the lockdown, there was an increase in demand for flexible office space, and it wasn't just from startups and high-growth companies. Even larger, more established companies began to take a 'core and flex' strategy to real estate, with serviced and coworking providers handling the flex. Flexible office solutions will become increasingly appealing as businesses discover the perfect balance and blend of office space - which will take time - allowing firms to modify their requirements as their strategy evolves.

In 2022, 46 percent of surveyed office landlords, fund/asset managers, REITs, and private owners in the United Kingdom (UK) were open to the idea of receiving rent from flexible workspace operators based on their profit or revenue. Flexible office space refers to office space that allows short-term leases to individuals, freelancers, small and medium enterprises, and other professionals. In contrast to traditional offices, flexible offices provide equipped and serviced office premises without long-term rent commitment. Half of the respondents also shared that they would be comfortable with letting between 10 and 25 percent of a building as flex space.

Since many tech enterprises require more than just office space, London and Manchester, as the UK's top innovation centers, are projected to witness a surge in flexible co-working spaces. Many people are looking for features and local amenities that will help foster innovation and creativity while also improving employees' working lives.

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UK Co-Working Office Spaces Industry Overview

The United Kingdom's co-working spaces market is fragmented, with a lot of companies in the industry. The developers are trying to bring new and lower-cost products to meet the current demand. Evolving technological advancements such as new proptech solutions are driving the market in terms of increased transactions and better management of real estate services. Some of the major players in the United Kingdom are Work Well Offices, Labs, The Brew, Huckle Tree, Jactin House, etc.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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