

## **United Kingdom Flexible Office Space - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The United Kingdom Flexible Office Space Market size is estimated at USD 1.85 billion in 2024, and is expected to reach USD 2.84 billion by 2029, growing at a CAGR of 8.95% during the forecast period (2024-2029).

#### Key Highlights

- During the COVID-19 crisis, the idea of flexible office space changed, just like most other parts of work. A flexible workspace is still geared toward providing the right environment for employees, but there's more control over how and when they use that space. But even though there will be some short-term effects, the long-term fundamentals of the sector are still strong and sound.
- Flex offices in smaller cities and towns are growing, and more flexible office operators will open up in the regions. Demand in central London markets is likely to come back at a slower rate, but the city will still attract talented people from around the world in the medium to long term. Recent growth in tenant-controlled supply isn't likely to slow the growth of flex offices as companies look for full-service options. In fact, the latest evidence shows that tenant-controlled supply is starting to leave the market. As a result of the pandemic, it was expected that flex offices would meet 10-15% of office demand in the next couple of years and 20% of all office demand in the long run.
- Flexible formats are becoming more in demand for offices. The pandemic's uncertainty, shifting employee preferences, and renters' growing demand for agility are all contributing to a spike in interest in flexible space solutions. Also, to respond to shifts in occupant demand, landlords are adding flexibility and hospitality services to their portfolios by increasing foot traffic, nurturing leasing opportunities, and offering tenants amenities. Integrating flexible space into buildings promotes synergies.

UK Flexible Office Space Market Trends

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## Demand for Larger Spaces driving the market

An industry group says that the number of flexible office spaces in the UK will almost double between 2019 and 2023, reaching 167 million square feet by 2023. Flexible office space, also called coworking space or shared office space, is a type of commercial office space that people, small and medium-sized businesses, and other professionals can rent for short periods of time. Flexible offices are different from traditional offices because they offer fully furnished and serviced office space without long-term rent commitments.

As the market is returning post-COVID-19 and it is becoming more apparent that 2023 is the year to embrace flex space, With serviced offices filling up and tenants opting out of long-term lease options, they're beginning to return to the city by seeing the benefit of being housed in a flex space.

## Increase in demand for flexible office space in London

London is one of the prominent markets for office space that is expanding the quickest in the globe, owing to the booming start-up and IT sectors there, rising demand for office leases, and the emergence of flexible office spaces. The increase in small and medium-sized businesses is a trend observed across all major cities in the United Kingdom, while new working practices are neither location- nor sector-specific. These trends have fueled the flexible office market in London. The rise in the number of startups in the region is also expected to boost the market's growth.

In 2023, the London office market seems to be driven by a number of important factors. Because of these forces of change, trends like record completions, shorter lease terms, steady growth in the flexible workspace market, and an oversupply of prime office space caused by a persistent flight to quality will get stronger.

The most recent studies done in 2022 show that the number of people looking for flexible office space in London is once again going up. As more and more businesses require employees to come back to the office in some capacity, it seems as if flexible ways of working facilitate both in-person and remote scheduling. This growing demand for flexible offices is leading to a reduction in available supply as well as higher costs for these types of spaces. For example, the cost to rent a permanent desk in a flexible workspace increased by 3.4% quarter over quarter in 2022, reaching GBP 690 per month.

## UK Flexible Office Space Industry Overview

The flexible office space market in the United Kingdom is fragmented, with a lot of companies in the industry. Some of the major players in the United Kingdom are IWG, BizSpace, WeWork, Flexspace, and Workspace. The United Kingdom flexible office space market observes high competition from the players. The developers are trying to bring new, 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.

### Additional Benefits:

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

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