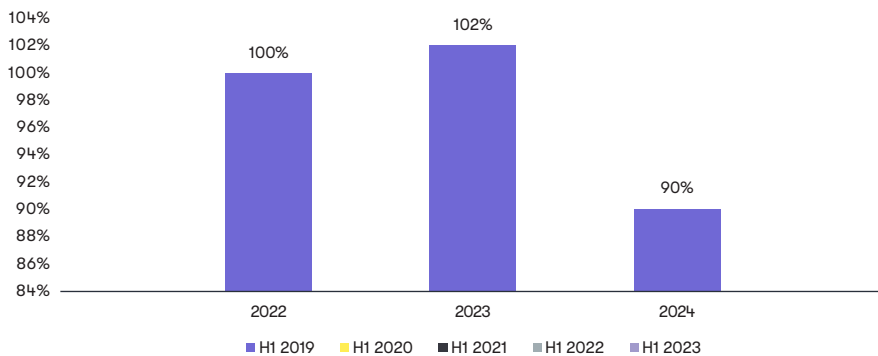


Our Full Year Market Update on the Flexible Office market shows a year of stability for the sector – whilst demand was down at a headline level, transactions were up and pricing remained stable in London whilst growing outside of London.

Demand

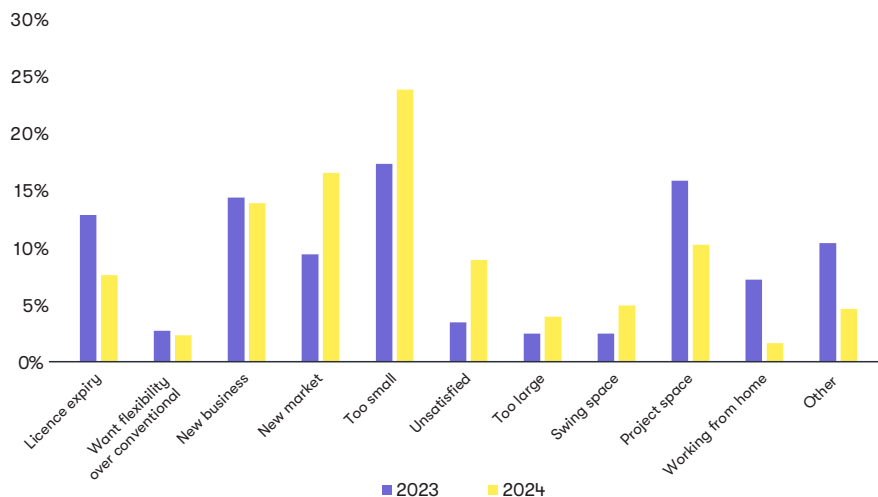
- Enquiries in 2024 have dropped 12% from a 2023 peak based on our 2022 index. This appears consistent with the wider market, in our survey of flex operators, responses indicated an enquiry level drop of between 2-9% overall. In spite of this drop in demand, our transactions were up (35%) in 2024, showing an improved quality of demand over the course of the year.

Enquiries



Reasons for moving

- Despite a drop in overall demand, there were some positive signs in the make-up of demand. There was a 7% increase in share for the number of business entering a new market, and a 33% increase in share (from 18% to 24%) for businesses that were outgrowing their current space.
- The number of enquiries resulting from a lack of satisfaction with their current space more than doubled, pointing to a continuing trend since Covid of a “Flight to Quality”, as companies continue to seek the best space as a means to retain and attract the best talent.



35%

Year-on-year transactions increase



£776

Average monthly cost per desk in London



£384

Average monthly cost per desk outside of London



15.8

Average number of months for a term in 2024

Average desk size (desks)

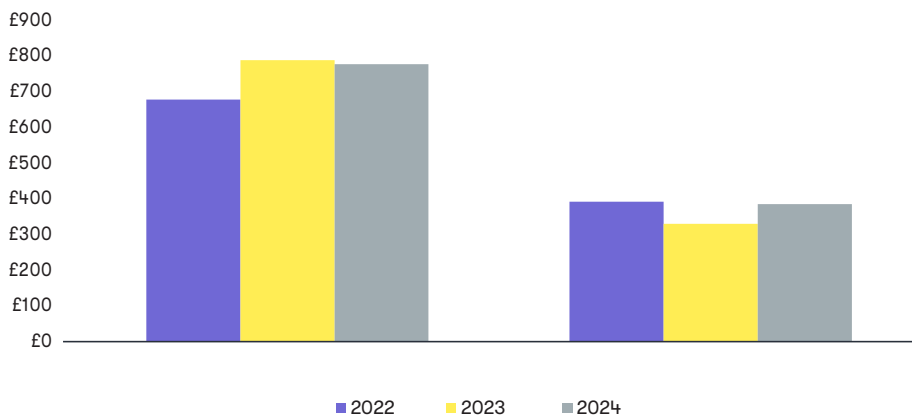
- The size of demand, for both managed and a standard private office, are broadly stable. A drop in project space requirements as illustrated in the reason for moving is one reason behind the drop in both managed and private office space sizes.

Space type	2023 (desks)	2024 (desks)	% Change
Managed space	28.9	27.3	-5.6%
Standard private office	9.2	8.5	-7.8%

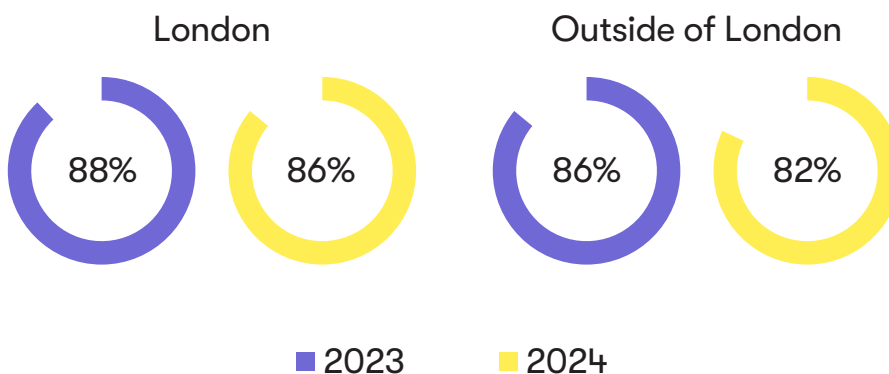
Pricing

- Desk pricing for private offices in London was almost identical to 2023, whilst rates in outside of London grew by 17%. When you correlate with the average occupancy results of our operator survey, it suggests that operators outside of London were on a drive to improve underlying desk rates and as a result occupancy dropped slightly as occupiers on lower rents at renewal moved on. In London, the stable pricing followed a sharp increase in 2023 as operators worked hard to maintain occupiers and overall occupancy.

Region	2022	2023	2024	% Change
London	£677	£787	£776	-1%
Outside of London	£391	£330	£384	17%
UK Average	£554	£586	£627	7%

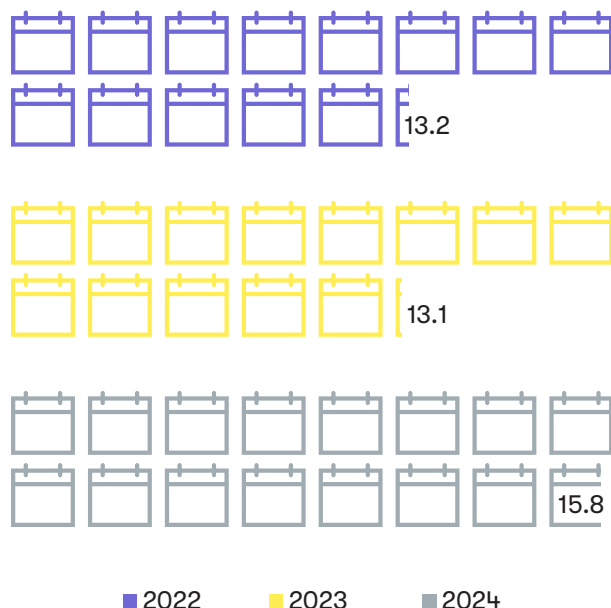


Occupancy (by contract) as at the end of December



Term Length

- After a static 2 years, 2024 saw a more than 20% growth in contract term length. A strong affirmation not only of the flex market, but also business confidence across the board, and no doubt pushed on by the increasing number of managed spaces in the market.



Price per sq ft

- We have outlined price per sq ft in 2024, split between managed space and serviced office space, with serviced usually a higher density and therefore higher cost.

2024	Private Office (Serviced)	Managed
London	£209psf	£182psf
Outside of London	£98psf	NA



Workthere.com

Workthere is a business by Savills focused solely on helping businesses find flexible office space, whether that's a serviced office, co-working or shared space.

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