EMEA RESEARCH

Flexpansion

October 2024

Accelerating success.

Despite challenging economic and market conditions the provision of new flexible office space continues to grow in Europe. Across the 44 EMEA markets monitored by Colliers, flex inventory grew by 161,303 sqm (net) in 2023 – less than 40% of the amount added in 2022.

Although net expansion of stock grew by just 2.1% in 2023, some 408,990 sqm of new flex space opened across multiple sites. A particularly large number of new openings were recorded in Copenhagen, Stockholm, London, Amsterdam and Frankfurt. This expansion was offset by the closing of 88 sites, equating to an estimated 247,688 sqm.

Consolidation, mergers and acquisitions

The three broad types of flexible workspaces - private, coworking and a mix of the two - have evolved differently over the past decade. The first category, fully fitted, turnkey private offices let on flexible terms, declined in popularity up until 2016 when its market share stabilised at around 15%. In contrast, mixed spaces which combines private, coworking and dedicated desk space, have undergone a dramatic transformation, particularly in the years leading up to and during the pandemic. Originally, most flex spaces were operated by small businesses, often targeting 'digital nomads' and freelancers, with a few large chains in the mix. As of 2016, major corporations like HSBC, KPMG, Microsoft, and IBM began using various forms of flexible office solutions, driving momentum in the sector. The use of various forms of flex space became further embedded by the COVID-19 pandemic, which accustomed office-based workforces with remote work.

Post-COVID, the flex space industry has again transformed, now catering more to corporate needs. The emphasis has moved from coworking and community, to corporates gaining access to flexible, attractive, and inspiring spaces for their employees and clients.

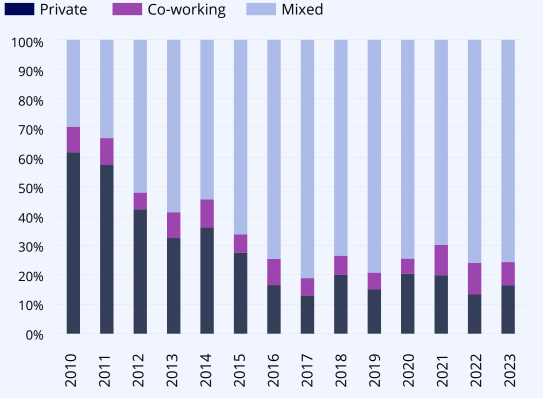
WeWork's closure of leases, and other players snapping up these sites explains some of the contractionary activity in 2023. In London, flex operator Platform teamed up with developer Regal London to take over WeWork's 13,285 sqm site at Shoreditch Exchange. Another such example is Cubo's grab of WeWork's former 5,480 sqm No1 Spinningfields site in Manchester. In Berlin, closures of larger spaces in secondary areas have increased, affecting not only WeWork, but also IWG and Factory Berlin. The maturation of the sector, highlighted by WeWork's rise and fall, means the consolidation of operations is set to persist as operators seek to adapt to the evolving work landscape, gain scale, and compete more effectively.

In Czechia Scott.Weber has solidified its leading position through multiple expansions and takeovers. Likewise, WorkLounge is expanding with the acquisition of the City Point office building in Prague's Pankrác, marking its sixth branch.

Frankfurt has seen an increase in activity by flex providers throughout the year, with both established operators like K1 Business Club and SleevesUp! expanding their platforms. New entrants like Scaling Spaces are also growing.

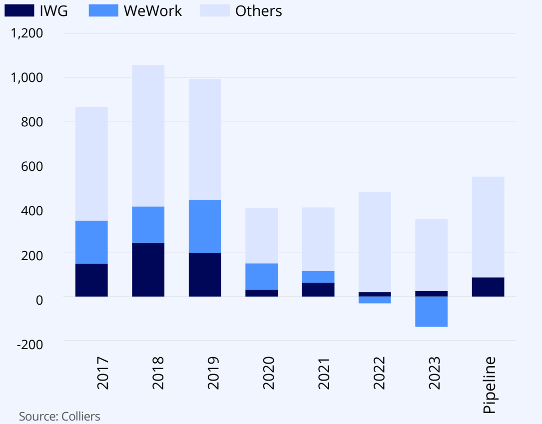
Coworking operator Office Club, with locations across Germany as well as in Italy and Switzerland, has opened new units at Friesenplatz 1, Cologne and Königsallee 19, Dusseldorf.

FIGURE 1
Net new supply of flexible workspace, private vs coworking space
[annual additions, thousand sq m]



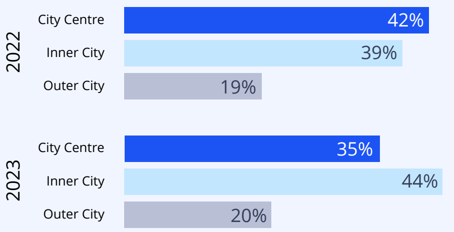
Source: Colliers

FIGURE 2
Net new supply of flexible workspace
[annual additions, thousand sq m]



Source: Colliers

FIGURE 3
Decentralisation, by change in proportionate split of new supply



Source: Colliers

Expansion

Across Europe, 63 new players entered the flex market in 2023. In relative terms, the most expansive markets were Vienna, Riga and Tirana. In Riga, 18% of office take-up was tied to flex-offices, as several large-scale office complexes were completed throughout the year, all with their own or externally operated flex space.

In terms of geography, prime locations in the most central areas, with good transport connectivity remain preferred by flex operators. However, ultra-low vacancy rates in CBD locations, particularly for prime space, has resulted in a relatively large share (44%) of new openings, by both new operators and existing brands in inner city locations in 2023 compared to 2022 (39%). New openings in outer city locations have remained stable at approximately 20%.

Positive demand dynamics for flex

Flex space has maintained its appeal to occupiers in numerous ways. Increasingly, companies are taking flex space as way to simplify their office delivery and have access to better amenities in buildings which they cannot traditionally lease. Companies with rapid hiring plans and those awaiting renovations/new office completions, continue to create **demand for interim project space**.

Birmingham's largest flex deal in 2023 was at Foundry, 6 Brindley place, where banking giant Lloyds signed for 5,564 sqm for 24 months with flex space provider X+why as the bank refurbishes its 125 Colmore Row city headquarters.

Over the years, **flex providers have aligned with the hospitality industry** to create spaces where people genuinely want to spend time. Observing this trend, landlords are increasingly launching their own flexible and service-oriented concepts. Post pandemic has seen rapid growth in such landlord-driven concepts: **231 new sites, totalling 480,326 sqm, have been established by landlords since 2020, with 57 alone opened in 2023**. Among these, Landsec has acquired an 8,300 sqm office in Kings Cross which it plans to reposition for its Myo flexible offices platform for an opening in 2025 and GPE purchasing 31-34 Alfred place to operate a new 975 sqm location, is this a precursor to similar activity in other markets. Institutional landlord IPUT have continued to expand its flex concept 'Making it Work' by opening 2,410 sqm at 1 Hume Street, Dublin. Befimmo's subsidiary Silversquare has opened a new 4,000 sqm site in Louvain-La-Neuve, Belgium. Loom, the coworking brand owned by Merlin Properties, opened five new sites in 2023; three in Madrid and two in Barcelona, expanding their offerings by 12,000 sqm.

Flex space is increasingly becoming standard in new office buildings, as landlords not only look to diversify the tenant mix within a building but also improve the shared amenities which are often delivered by flex operators. There is increasingly evidence of flex operators now being among the first to lease space in properties still under construction. In Amsterdam, Spaces signed a 15-year lease for 3,800 sqm in the Well House office at the South Axis, before construction began. In Düsseldorf, Collection Business Center has signed a 2,297 sqm lease in Hines' Le Coeur project development (40,000 sqm) on Königsallee 37 in the CBD – this marks their third location in the city, set to open in 2026. Estonian Workland will open its sixth coworking centre (2,200 sqm) in the mixed-use complex Vektor in central Tallinn and a new Spaces coworking centre (ca 3,000 sqm) will open in Tallinn's Arter Quarter, both due for completion in 2024.

Flex space is increasingly becoming standard in new office buildings, as landlords not only look to diversify the tenant mix within a building but also improve the shared amenities which are often delivered by flex operators

FIGURE 4
Key market indicators
December, 2023

	Amsterdam	Barcelona	Berlin	Birmingham	Bristol	Bucharest	Budapest	Cologne	Copenhagen	Dublin	Dusseldorf	Edinburgh	Frankfurt	Glasgow	Hamburg	Helsinki	Leeds	Lisbon
Number of surveyed centres	143	101	155	24	20	45	63	41	266	131	40	18	83	15	78	32	27	83
Number of operators	54	55	67	17	11	23	49	26	176	45	22	11	45	10	54	12	18	52
Flex space (% of office stock)	6.0	2.9	1.7	4.8	3.0	2.1	2.0	1.1	19.5	3.5	0.9	2.3	1.6	2.8	1.0	5.5	3.4	1.9
Vacancy rate (%)	6.0	11.2	5.7	11.0	8.1	15.5	13.3	2.9	6.1	16.5	8.1	7.9	9.6	15.1	3.7	14.3	9.2	9.5
Operator take-up, 12mth outlook	▲	▲	▼	▼	▼	▲	▼	◁▷	▼	▼	▼	◁▷	▲	◁▷	▼	◁▷	▼	◁▷
Total office market take-up, 12mth outlook	▼	▼	▼	◁▷	◁▷	▲	▼	▼	◁▷	◁▷	▼	◁▷	▼	◁▷	◁▷	▼	◁▷	◁▷
Prime rent, conventional office, CBD (EUR/sqm/mth)	47.9	29.0	47.0	46.5	43.9	22.0	25.4	34.0	24.6	56.1	40.0	40.3	47.0	37.2	34.5	40.0	39.2	28.0
Avg desk rate, private desk, CBD (EUR/mth)	650	400	700	436	377	370	330	800	575	800	800	400	800	331	700	850	436	NA

	Ljubljana	London	Madrid	Manchester	Munich	Paris	Prague	Riga	Rotterdam	Sofia	Stockholm	Stuttgart	Tallinn	Tirana	Vienna	Vilnius	Warsaw	Zagreb
Number of surveyed centres	13	492	95	57	83	622	55	13	44	61	168	24	18	11	61	23	59	17
Number of operators	17	132	35	33	45	69	28	14	19	56	66	19	12	15	33	17	36	14
Flex space (% of office stock)	N/A	5.5	1.3	6.8	1.0	2.2	2.9	1.7	3.7	6.9	2.6	0.5	2.1	3.2	1.0	2.7	3.0	1.8
Vacancy rate (%)	3.0	9.7	11.0	11.2	6.9	8.5	7.2	15.3	6.0	15.0	11.5	5.1	10.3	19.5	3.6	9.0	10.4	4.5
Operator take-up, 12mth outlook	◁▷	▲	▼	▼	▲	▲	▼	▲	◁▷	▲	◁▷	▼	▲	◁▷	▼	▼	▼	◁▷
Total office market take-up, 12mth outlook	◁▷	◁▷	▼	◁▷	▼	▼	▲	▼	▼	▲	▼	▼	▼	◁▷	◁▷	◁▷	▼	◁▷
Prime rent, conventional office, CBD (EUR/sqm/mth)	19.0	140.9	36.0	44.4	48.0	83.3	27.5	18.0	22.9	16.0	66.8	35.0	22.0	27.0	35.0	21.0	27.5	17.0
Avg desk rate, private desk, CBD (EUR/mth)	350	950	570	407	900	850	305	220	350	200	800	750	320	450	800	320	203	350

As the flex landscape refines and diversifies, there is a **growing differentiation between providers of larger, corporate-oriented flex space and smaller boutique setups** targeting freelancers and remote workers.

One example of the latter is Munich-based hotel and flexible workspace operator Ruby Group that has continued its expansion by opening Ruby Dante Workspaces in Florence, combined with a hotel and Ennismore's Working_from brand launching alongside their Hoxton hotel in Brussels. Flex operator Runway East has agreed to lease 1,900 sqm at Birmingham's Arca building as part of a 20-year joint venture with Oval Real Estate. The former shopping centre between Birmingham Snow Hill and New Street station will be used by Runway East to target startup and 'scaleup' firms. House of Blockchain has opened a 650 sqm site near HRT in the Prisavlje area of Zagreb, which is also serving as the headquarters for the Croatian Blockchain and Cryptocurrency Association.

A similar pursuit of uniqueness and quality is evident in some flex providers' selection of buildings with the right architectural qualities. In Dublin, local operators have recently absorbed increasing amounts of space in Georgian and other period buildings in and around the city centre. Completed developments include Grafter's Smyth House at 6-7 St. Stephen's Green, offering nearly 2,510 sqm of prime flex office space, while property developer Sonbrook has launched Ella House at 39-43 Merrion Square. Flex workspace provider Iconic Offices is set to introduce over 4,000 sqm of premium workspace across six floors at Hume Street House, 3-8 Hume Street.

Summary

The flexible office market across EMEA continues to thrive and diversify. Some markets are showing maturity and consolidation, while others remain in early, growth-focused phases. **The flex office industry is poised for further expansion**, driven by innovative business models that emphasise agility, speed, and adaptability. Corporate demand for high-quality, fully serviced office spaces is rising, pushing the industry to evolve.

Managed office spaces have emerged in response to the limitations of traditional coworking setups, offering businesses more control, customisation, and privacy. This shift reflects the changing needs of companies looking for tailored environments that match their operational demands without the rigidities of long-term leases.

For the traditional office market, the rise of flex spaces remains a catalyst for innovation. It has brought a service-oriented focus, greater variety, and fresh thinking to an industry often resistant or slow to adapt to change. The flex industry's impact has revitalised the traditional office landscape, pushing it toward more modern and service-based solutions.

COLLIERS.COM

Colliers

Key contacts

Primary Author

Karin Witalis
Associate Director, Commercial Real Estate, EMEA Research
+46 72 887 30 81
karin.witalis@colliers.com

Research & Forecasting

Damian Harrington
Director, Head of Research, Global Capital Markets and EMEA
+44 7867 360489
damian.harrington@colliers.com

Istvan Toth
Director, Research, Global Capital Markets and EMEA
+44 20 7487 1899
istvan.toth@colliers.com

Flexible Workplace Consulting

James Walton
Head of Global Flex Advisory
EMEA Occupier Services
+44 20 7487 7008
james.walton@colliers.com

Tom Sleigh
Head of Flexible Workplace Consulting
EMEA Occupier Services
+44 20 7344 6556
tom.sleigh@colliers.com

Andrew Hallissey
Chief Executive Officer, Occupier Services, Global
Occupier Services EMEA
+44 20 7344 6552
andrew.hallissey@colliers.com