workthere

UK H1 2024 flexible office market snapshot

Pricing

- The average price per private office desk in the UK was £614 per month in H1 2024, this is up 3% on the first half of last year.
- The average price per private office desk in London is £805 which is up 12% Y-o-Y. The rise in price reflects the growing polarisation between the best in class space and more secondary space. There have been several new spaces launched in the first half of the year which have driven price growth at the top end of the market. Vice versa, older space or space in more secondary locations remains much more competitively priced as operators seek to retain occupancy.
- Price increases across London and the rest of the UK may also be reflective of the increased cost of providing services, such as utilities, experienced by providers in the last 12 months, requiring them to charge more to cover these increases.
- Pricing in the rest of the UK is at £379 per private office desk, which is up 1% Y-o-Y. We expect pricing on regional space to increase further in the second half of 2024 as newer schemes complete and drive the price at the top end of the market as seen in London.
- The average price per sq ft in London was £202 per sq ft, whilst the average for rest of UK was £108 per sq ft.

Incentives

- The average contract term length was 15.6 months, which is up 27% year-on-year and the longest ever recorded, with a notable increase in companies seeking 24 month contracts. Demonstrating that businesses are seeing flexible office solutions as a longer term solution for their needs.
- The rental discount achieved by Workthere brokers increased versus the same period last year, successfully securing its clients double digit rental discounts.

	Desk Price	Term	London	Rest of UK	Rental Value Discount
H1 2019	£464	13.15	£575	£260	10.2%
H1 2020	£390	12.25	£504	£231	7.6%
H1 2021	£459	13.05	£507	£396	16.2%
H1 2022	£535	14.03	£600	£426	13.7%
H1 2023	£595	12.3	£721	£376	9.3%
H1 2024	**£614**	**15.6**	**£805**	**£379**	**10.6%**

15.6

Average number of months for a term in H1 2024 which was a 27% increase Y-o-Y

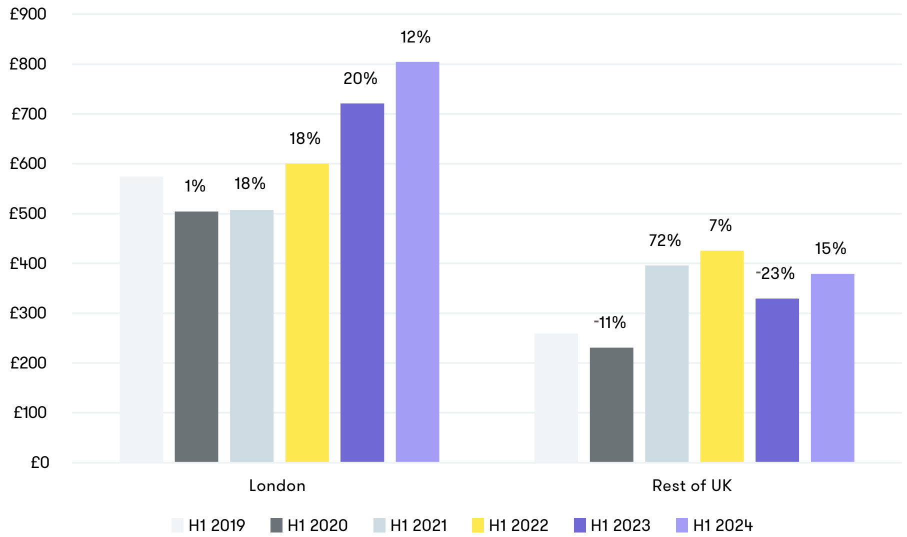
10.6%

Average discount achieved by Workthere broker

£614

Average monthly cost per desk in the UK

Average monthly private office desk cost (£)

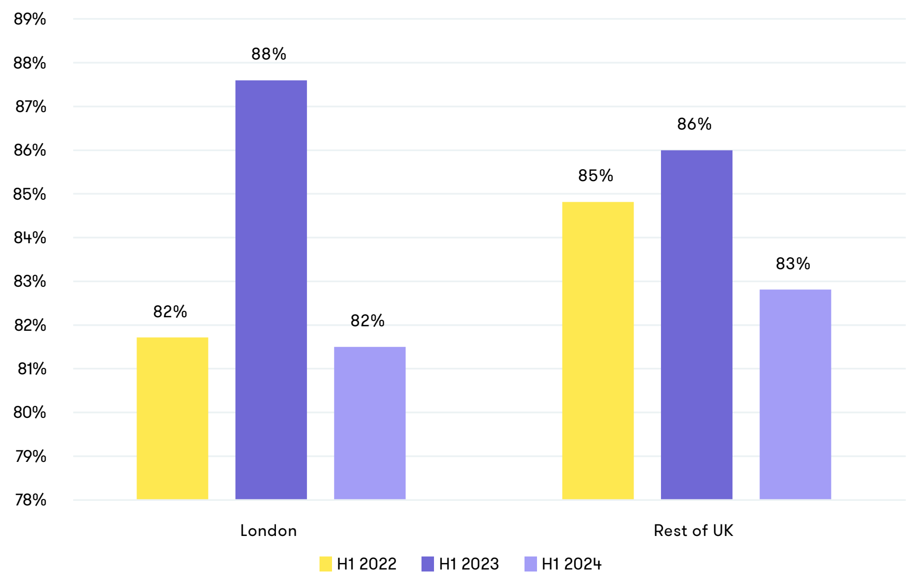


Occupancy

- Average occupancy (by contract) in the UK market has dropped slightly from H1 2023, dropping to 82% from 88% in London as at end of H1 2024, and to 83% from 86% in rest of the UK.
- A number of new schemes in London that have helped drive overall price growth as outlined above, has also meant slightly older schemes have lost occupancy – the average therefore dropping in the market. The drop is less significant outside of London, but with more new schemes across key cities, it could be tested in H2 of 2024.

Occupancy (by contract)	H1 2022	H1 2023	H1 2024
London	82%	88%	82%
Rest of UK	85%	86%	83%

Average Contract Occupancy



£805

Average monthly cost per desk in London

83%

Average occupancy (by contract) in the UK has dropped slightly from 86% Y-o-Y

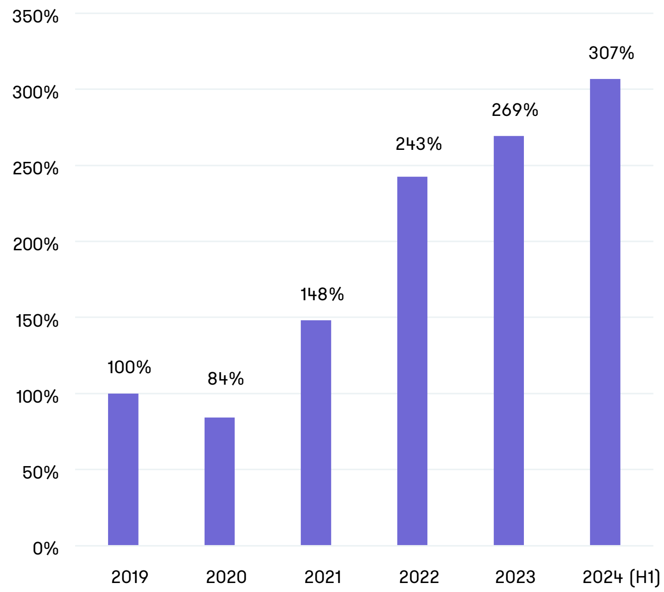
24%

Portion of enquiries from occupiers wanting larger workspace, which was a 12% increase Y-o-Y

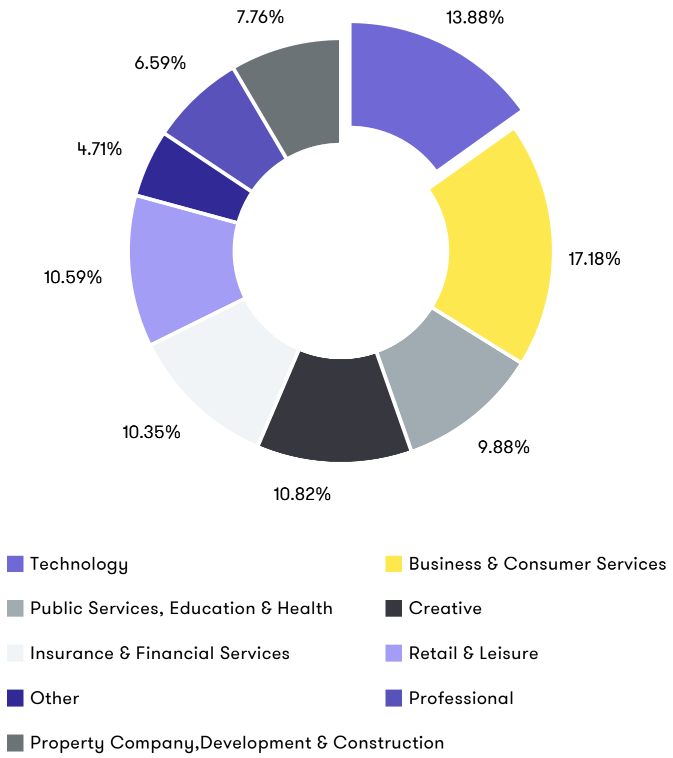
Demand

- Total enquiries are up 14% Y-o-Y, with the current tally standing at over double the enquiry number achieved pre-Covid.
- The average total size of enquiry is relatively stable, down only 1 desk from 7 desks in H1 2023 to 6 desks in H1 2024.
- Despite a fall in average size of requirement, a positive market sign is one of our main drivers for demand is growing occupiers that want larger workplaces, with this demographic representing 24% of enquiries compared to 12% year-on-year. Another demographic we have seen increased demand from is companies establishing themselves in new markets, with this making up 18% of enquiries.
- The fact that "Swing Space" and "Project Space" requirements made up only 13% of H1 2024 deals, shows the drive to flexible office solutions to meet businesses longer term needs.

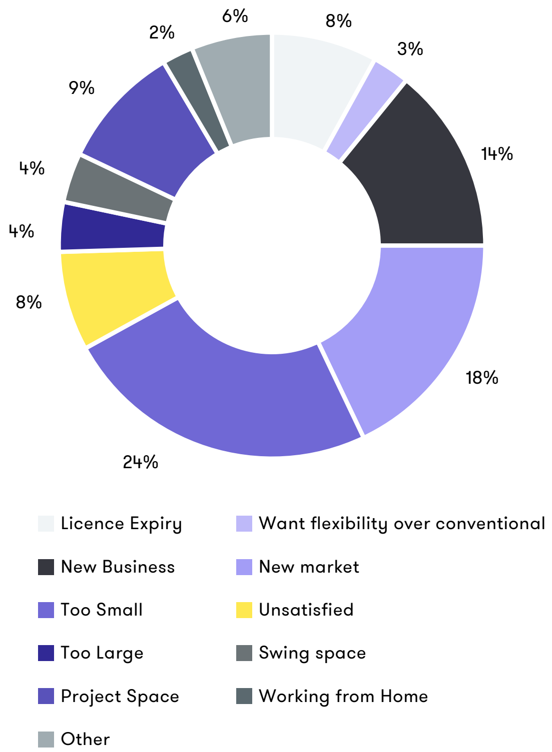
Workthere enquiry index



Share By Industry H1



Reasons for Moving Offices



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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.

Get in touch for further information

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