The widespread adoption of hybrid working models continues to fuel demand for flexible workspaces.
Serviced Offices - UK - 2023

This report looks at the following areas:

• Analysis of the size of the market and forecast for the next five years
• How operators should respond to evolving occupier expectations
• Key market trends and drivers
• Key industry players and competitive strategies

The widespread adoption of hybrid working models continues to fuel demand for flexible workspaces.

The stagnating economy coupled with inflationary pressures pose a key challenge to operators. Some occupiers will likely reduce their office space requirements, while rising operating costs continue to squeeze margins. Operators need to find a balance between keeping rates affordable for occupiers and addressing higher operating costs.
Report Content

Key issues covered in this Report
• Overview

EXECUTIVE SUMMARY

Opportunities for the Serviced Offices Market
• Using sustainability as a differentiator
• Larger corporates are turning to flex space
• Operators must cater for a diverse workforce

Market Dynamics and Outlook
• The Five Year Outlook for UK Serviced Offices
• Market Size and Forecast
  - Graph 1: number of serviced offices and forecast, 2019-28
• Transformation of the serviced offices market
• Occupiers want more flexible leases
• Evolving occupier expectations
• Demand in more regional locations is on the up
• Operators face competition from traditional landlords incorporating flex office space

MARKET DYNAMICS

Market Size
• Growing supply of serviced offices
• Occupiers are reducing their office space requirements amid move to hybrid working, but there are benefits for serviced office providers
  - Occupiers are drawn to service-led, amenity-rich spaces
  - Operators also face challenges
• While London remains most important market, demand shifts to more regional locations
• Investment focus in regional locations required
• Serviced office take-up by key regions
  - Graph 2: flexible office operator take-up, 2016-22
• Larger companies are turning to flex space
• Desk prices recover to above pre-COVID-19 levels
Market Forecast

- Supply set to increase
- Hybrid work models will continue to fuel demand for serviced offices
- ESG focus supports the hybrid model
- Challenging market conditions will persist in the near-term

Market Trends

- Use of technology to improve occupier experience
- Trend towards amenity-rich, service-driven spaces
- Focus on ESG increasingly significant
- Sustainability needs to be put at the core of operations
- Examples: How operators are making their portfolio more sustainable
- Rise in ‘hotelification’ within flexible workspace
- Operators offer more flexible memberships

Macro-Economic Factors

- GDP growth remains sluggish
- Real GDP first quarterly estimates, Q1 2022-Q2 2023
  - Graph 3: real GDP first quarterly estimates, 2022-23
  - Graph 4: services output, month-on-month percentage change, 2022-23
- UK Services PMI
- Inflation expected to ease in 2023
- Bank rate reaches 15-year high
- Economic outlook

Market Drivers

- Overview
- Increased demand for shorter, flexible leases
- One in four workers are now hybrid
- Factors supporting the widespread adoption of hybrid working
- Trends in self-employment
- Nearly two million freelancers in the UK
- Business start-ups up by 6% in 2022/23
  - Graph 5: new companies incorporated, 2015-23
- Business start-ups by sector
- Tech start-up sector is an important contributor to the rise of flexible office spaces
- UK tech sector shows resilience but more challenging times ahead
- Drivers for regional expansion of operators
- Gen Z’s impact on the workplace
• Providers must cater to different generations

COMPETITIVE LANDSCAPE

Industry Structure
• Industry development: 1980s - 2010
• Industry development: 2010s
• Industry development: 2020 and post-COVID-19
• Types of flexible workspace providers
• Key industry players
  - Graph 6: key serviced office providers, by number of locations, 2023
• IWG remains largest industry player
• Increased competition from landlords moving into flexible office sector
• Traditional landlords with their own flexible office brands
• Growing popularity of management agreements

Competitive Strategies
• Competitive strategies

Company Profiles
• BizSpace
  • Strategy
  • Financial information
• Bruntwood
  • Bruntwood SciTech
  • Bruntwood Works
  • Strategy
  • Financial information
• Citibase/NewFlex Leases
  • Citibase strategy
  • NewFlex Leases
  • Financial information
• IWG
  • Capital-light franchising strategy
  • IWG and the Instant Group combine digital assets in Worka, a fully integrated workspace platform
  • Financial information
• Landmark Space
  • Financial information
  •
• The Office Group
• Merger with Fora
• Financial information

APPENDIX

Supplementary Data
• Desk prices in serviced offices
• UK self-employment data
• Labour market by age group

Report Scope and Definitions
• Market Definition
• Abbreviations and Terms

Methodology
• B2B research methodology
Disclaimer
This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by a UK licensed market survey agent (see Research Methodology Europe for more information).

Terms and Conditions of use
Any use and/or copying of this document is subject to Mintel’s standard terms and conditions, which are available at http://www.mintel.com/terms

If you have any questions regarding usage of this document please contact your account manager or call your local helpdesk.

Published by Mintel Group Ltd
www.mintel.com
email: info@mintel.com

Help desk
UK +44 (0)20 7778 7155
US +1 (312) 932 0600
Australia +61 (0)2 8284 8100
China +86 (21) 6386 6609
India +91 22 4090 7217
Japan +81 (3) 6228 6595
Singapore +65 (0)6 818 9850

© 2023 Mintel Group Ltd. All Rights Reserved.