Spaces to Places

UK Flex OFFICES

2025

From Hype to Operational Real Estate

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From Hype to Operational Real Estate

The flexible office sector has reached a pivotal moment. After decades of experimentation and new brands entering the market, flex is becoming a mainstream, investor-grade asset class, driven by data, demand, and operational maturity.

What's Happening Now?

- **Institutional capital is flowing in:** REITs, private equity and landlords are actively funding flex providers or creating their own.
- **Managed space dominates growth:** Central London saw an 895% increase in managed supply since 2019 (Source: Valve, as of 1st May 2025); 78% of 2024 enquiries under 5,000 sq ft were for fitted or fully managed solutions (Source: Workthere, 2025).
- **Brandlords are emerging:** Landlords like Landsec (MYO), British Land (Storey), and CEG (Let Ready) are building in-house operations for control, speed and upside.
- **Technology is becoming critical:** Smart systems and PropTech tools such as Yardi Kube underpin transparency, pricing precision and operational efficiency.
- **Serviced Office Providers are professionalising:** A fragmented long-tail (1–3 site providers) is giving way to 10–15 scalable, branded providers capable of investor-grade reporting and delivery.

Why This Matters?

- **New lease models dominate: Management agreements now account for 41% of all new deals up from 9% in 2019 date (Source: Savills 2024).**
- **Managed is evolving the market: Higher customer lifetime value from longer stays and larger units is strengthening cash flow, reducing voids, and supporting stronger returns.**
- **Valuation is catching up: Investors and valuers are moving towards cash flow-based pricing, rather than capitalised NOI alone.**
- **Occupier behaviour is reshaping product: Hybrid working, cap-ex avoidance, and speed-to-occupy are now baseline expectations – not perks.**

Five Signs of a Maturing Market

1. Standardised KPIs like RevPAU and cost-per-desk replace anecdotal performance.
2. 3+ year licence terms and declining churn signal income stability.
3. Provider consolidation delivers professional-grade service and ESG standards.
4. Capital-light structures such as profit-share align incentives.
5. Valued and regulated similarly to hotels or build-to-rent (BTR) properties.

Flex is maturing into a long-term, service-led real estate strategy. Success now depends on operational excellence, investor transparency, and the ability to deliver value for occupiers and landlords alike.

UK Flex Offices 2025

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Introduction

From Hype to Healthy Cash Flow

In our previous reports, we explored London's top 60 flexible workspace brands with four or more locations and later expanded that to analyse 50 plus UK-wide providers with 10+ locations. We looked at brand relevance, business models, and market presence.

This time, we step back. Instead of focusing purely on providers', we widen our lens to ask: Where is the industry heading? What does maturity look like for flex in the UK?

With support from our valued sponsors, DBSJ, Newmark, and Yardi, this report explores the strategic evolution of flex into the realm of Operational Real Estate.

The UK flexible office market is undergoing a fundamental transformation. Once positioned as a niche alternative to conventional leasing, flex has now become a mainstream consideration for occupiers and landlords alike. Yet, despite more than 40 years of activity, the sector remains firmly in the "growth" stage of operational real estate, in stark contrast to more mature segments like hotels, Build-to-Rent (BTR), and Purpose-Built Student Accommodation (PBSA), which have achieved faster institutional recognition and operational standardisation.

This report examines the defining traits of flex at this transitional moment. We explore the behaviours of emerging investors, evolving user expectations, landlord responses, and capital structures to map out what a fully mature, investable flex office market could look like.

As the market evolves, a critical question arises: how should office owners and providers respond? The answer lies in moving beyond the traditional lease-based model. Success will increasingly come to those who embrace Operational Real Estate (ORE) shifting toward managed space, hybrid lease structures, and revenue-sharing partnerships that align risk, reward, and user experience.

This marks more than just a structural shift. It is a strategic rethinking of what the modern office should be, and how value is created, sustained, and scaled within it.

Enjoy

ZEM

Zoe Ellis-Moore, CEO & Founder, Spaces to Places.

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What is Flex and How Does It Fit?

> "Flex" refers to all occupancy models outside traditional leases, whether serviced offices, coworking, or managed space. Despite often being blurred with "flexible leases," we define flex by its operational nature.

Market Share and Influence

London is the world's most mature flexible office market, with flex space accounting for approximately 10% of the city's total office stock. And dominates demand for 1–40 desk (sub-5,000 sq ft) requirements. Providers meet occupiers' need for speed-to-market, cap-ex avoidance, and hybrid working ratios, reshaping expectations across the wider office sector.

Why it Matters to Landlords and Investors

As traditional lease lengths shorten and service expectations rise, flex has become a core route to income for property owners. Owners who understand the operational drivers (pricing by desk, churn management, customer experience) will capture premium rents and protect asset value as the market matures.

Coworking spaces: Typically, an open-plan space available on flexible monthly terms, used by freelancers, remote workers, and small businesses.

Serviced offices: A 'plug-and-play', ready-to-occupy workspace with businesses taking dedicated self-contained offices and sharing communal spaces.

Managed offices: Often self-contained floors for a private office experience, offering bespoke fit-out options and terms that mix elements of flex and traditional.

Coworking (Pay-as-you-go) Hourly/Monthly	Serviced (Subscription) 1-36 Months	Managed (Hire) 12-48 Months
Variety of membership packages	Plug-and-play	Hybrid of flex and traditional
Multi-site access	All-inclusive of rent, utilities, furnishings, etc.	All-inclusive fees
Hot and dedicated desks	Monthly license fee	Whole self-contained floors
Communal lounge	On-site operations and facilities management	Personalisation options
Meeting rooms	1-40 desks	Cost-effective for larger teams
Community interaction and events	Private offices	

Please note: We have not identified a standalone pure coworking provider operating at scale in the UK. Coworking spaces are typically integrated to support broader business models for example, VWORK within Village Hotels, or office buildings where the ground floor is used to deliver an active lobby concept.

Operational Real Estate

What is Operational Real Estate?

Operational Real Estate (ORE) refers to properties where the business operating within the premises is integral to the asset's value. In ORE, the property and the business are closely intertwined, making it challenging to consider value in isolation from the other.

Examples of Operational Real Estate include hotels, care homes, Build-to-Rent (BTR) schemes, student accommodation, and self-storage facilities. Typically, these assets are specifically designed and purpose-built to accommodate the operational business.

The development and management of ORE are fundamentally driven by business considerations:

- Who will the customers be? Will a specific niche market be targeted?
- How many employees will be required? What kind of workplace culture will be fostered?
- Does the spatial design facilitate efficient business operations?
- What will the financial performance (income statement) of the operating business look like?

Many operational sectors have matured significantly over time. Self-storage serves as a prime example. A decade ago, the self-storage market was largely composed of privately-owned businesses or Real Estate Investment Trusts (REITs). However, it has now evolved into a recognised asset class that attracts a broad spectrum of real estate investors, driven by wider market dynamics and the asset class's long-term performance. This evolution reflects a broader trend where real estate investors have diversified their portfolios, gaining increased familiarity and comfort with operational real estate.

There are increasing examples of institutional investors, who are typically risk averse and historically focused on leases, taking on the operations or partnering with someone to take on the operations as they see it as essential to creating and maintaining the value of the assets.

For example, Legal and General has invested in Inspired Villages, a retirement living developer, Aviva Investors has partnered with Packaged Living, to help them deliver and operate single family housing assets and Schroders has built in-house operational expertise in the hotel space.

Operational Efficiency Through Technology

"A clear systems and data strategy and is essential for flexible workspace operators to improve operational efficiency, boost profitability, and deliver a seamless member experience. By simplifying the tech stack and leveraging data, businesses can scale effectively while enhancing customer satisfaction."

Justin Harley, Senior Director, Yardi

When a real estate asset is "operational", an investor has to look beyond traditional notions of value, and toward the underlying performance of the occupier (or more commonly, an operator).

Schroders	Legal & General	Aviva Investors
Hotels	Later Living	Single-family housing
£100 million for UK Operating Hotels strategy	Inspired Villages	Packaged Living

Key Factors:

- Flex Offices offer agility but carry higher operational risk and churn management. Profitability hinges on scale, brand, and location density.
- BTR (Build to Rent) is maturing rapidly with institutional capital backing. Offers stable, inflation-linked income, but demands sophisticated resident experience management and long-term planning.
- Hotels are operationally intense and brand-driven. They offer high returns but are sensitive to economic cycles, events, and global travel patterns.
- PBSA (Purpose Built Student Accommodation) has stable seasonal cash flows, and benefits from non-discretionary demand linked to education. Market highly linked to governmental factors, with shifts in international visa policies, particularly in key markets like the US, changing patterns of overseas student demand.

The Shift: Offices as Operational Real Estate

Historically, offices were categorised alongside retail and industrial properties as one of the three mainstream commercial investment classes, distinct from operational real estate. Office landlords traditionally adopted a more passive role, largely reliant on long-term leases with financially stable occupiers. Under fully repairing and insuring (FRI) leases, the primary landlord responsibilities were often limited to leasing, rent reviews, and dilapidations, with less involvement in the day-to-day management of the asset. While multi-let office buildings might offer some baseline services like a reception and property management offering, occupier managed fit-outs were typical.

However, the landscape has shifted. Serviced offices, while established in the 1980s, have experienced a surge in popularity over the past two decades, a trend further accelerated by the pandemic. This period has also witnessed the rapid growth of other flexible workspace solutions, including coworking and managed space.

While traditional leases without additional services still have their place, many businesses now opt for more flexible arrangements, allowing them to adapt their space according to their evolving scale and business stage. Furthermore, changing consumer trends, emphasising experiences, have led to the creation of office spaces designed for collaboration and supported by a service-oriented approach. The post-pandemic era has reinforced the move towards office spaces that support hybrid work models, prioritising purposeful collaboration and employee wellbeing.

Three key trends continue to drive the evolution of the operational office space:

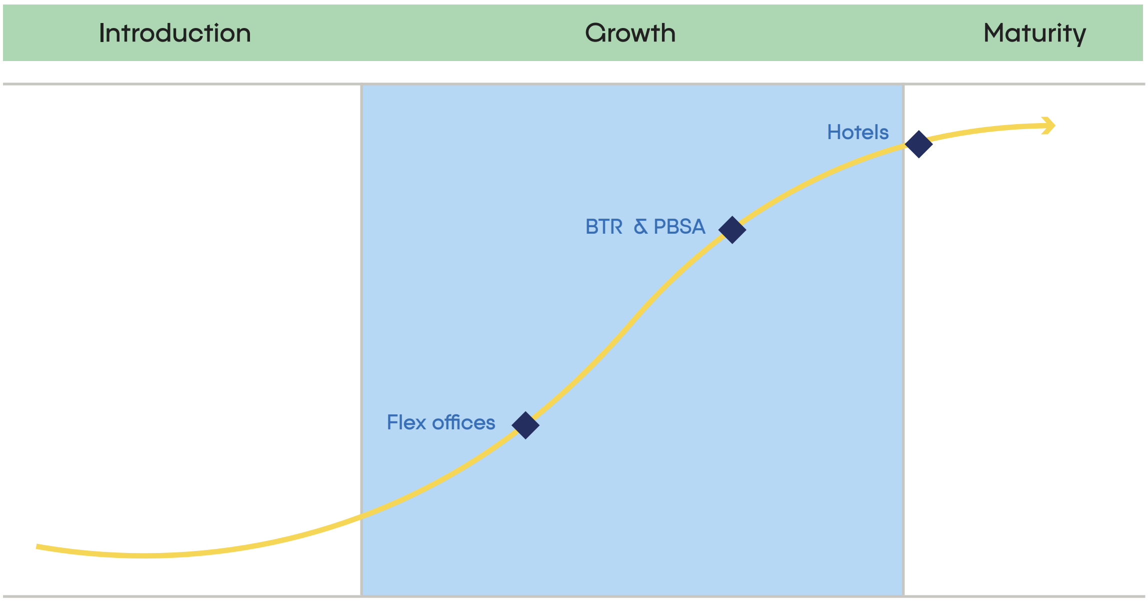
1. The changing demands of businesses seeking the agility to scale their space up or down.

2. A growing emphasis on experiences, wellbeing, technology integration, and collaboration among occupiers.

3. An increasing openness among investors and property owners to diversify income streams compared to solely relying on long-term, fixed income.

While offices may not possess the specialised build of sectors like care homes or hotels, they have become significantly more business-led in their operation. The prevalence of shorter leases and licenses, requiring more active management of rates and occupancy, coupled with shared amenities such as food and beverage services and fitness facilities, increasingly positions offices closer to an operational model akin to hotels, where the focus shifts from a “bed rate” to a “desk rate.”

Where is Flex on the Operational Maturity Curve?



Source: Based on subjective analysis by Spaces to Places 2025.

We will explore how the UK flexible Office market can transition from a growth phase to a more mature stage. By examining the current position of the sector and identifying the defining characteristics of both the growth and maturity phases, we can better understand the pathway toward market maturity.

Operational Real Estate

Signs of Growth

1. Increased Institutional Investment
2. Expansion of Providers
3. Diversification of Models
4. User Demand Growth
5. Technological Integration

Signs of Maturity

1. Standardised Metrics and Transparency
2. Income Stability and Lease Length
3. Professionalisation of Providers
4. Evolving Operational and Capital Structures
5. Valuations, Regulatory and Policy Recognition

> "The flexible workspace market is maturing; it is no longer an 'out-there' concept in the CRE market, but an imperative to strategic asset management – adopted by institutional landlords and privately held portfolios to create in-demand offices and support leasehold strategy."
>
> Will Kinnear, Director, HEWN

Growth Stage

Momentum and Transformation

The flex office concept may date back to the 1980s, but institutional capital is only now flowing into the sector at scale. Why the delay? Unlike hotels or PBSA, flex has long lacked unified metrics and mature operating standards, frustrating risk-averse investors. Yet that is beginning to shift.

This phase is marked by:

1. Increased Institutional Investment:

Real estate funds, pension managers, and REITs are moving from passive leasing into active operational models (backing flex providers, building in-house capability, or striking management agreements).

Global shift in working patterns and attitudes, leading to increasing demand from businesses and their employees.

Why investors are stepping in:

- Premium rents from well-run serviced and managed assets
- Active operational oversight safeguards asset value
- Upside in fit-out, service quality, and brand equity
- Data-led decision-making via platforms like Yardi
- Diversification from traditional lease exposure

Recent M&A Activity in the UK Flexible Office Market

Date	Acquirer	Target	Description
May 2025	Crosstree Real Estate Partners	Argyll	London-based Crosstree acquired premium serviced office provider Argyll (25 locations) from Alpine Grove Partners and Baupost Group.
Mar 2025	mercia asset management	Gilbanks.	Multi-million-pound funding from Frontier Development Capital (FDC), a subsidiary of Mercia Asset Management PLC aimed at accelerating Gilbanks' national expansion.
Jan 2025	CBRE	Industrious	CBRE, which held 40% stake in Industrious, acquired the remaining equity in a deal valuing Industrious at $800m.
April 2024	Yardi	wework	Yardi Systems acquire a 60% stake in a private WeWork entity by contributing $337 million of the total $450 million.
May 2023	Literacy Capital	Cubo	Minority investment to fund Cubo's expansion across regional UK markets; Cubo operates premium co-working spaces.
Nov 2022	ubc	Inigo	UBC acquired Inigo, expanding its UK serviced office footprint to 15 locations.
Sept 2022	Fora	TOG The Office Group	£1.5bn merger created one of Europe's largest premium flex workspace providers, consolidating prime assets in London and key cities.
Nov 2021	Sirius real estate	BizSpace	£245m acquisition of UK provider BizSpace by German operator Sirius Real Estate, marking its UK market entry.
Mar 2021	Newmark	Knotel	Newmark's acquisition of Knotel for a total of $90 million in stop-gap funding and new investment.

2. Expansion of Providers:

The industry still has a long tail, with the majority of providers operating between one and three locations. Over the past six years, the sector has undergone significant transformation, a shift that began before the pandemic and has since accelerated.

UK Serviced Office Market

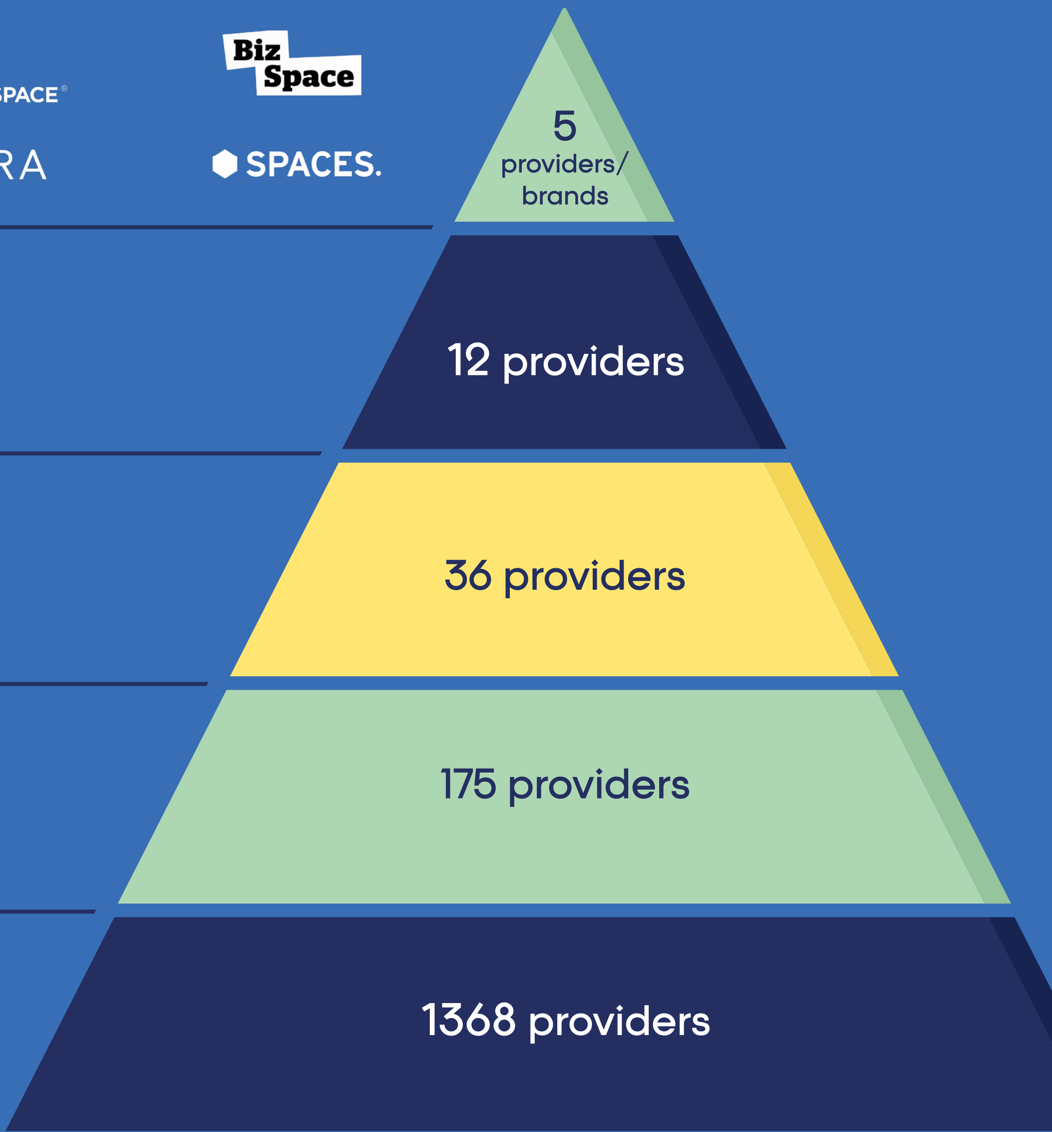
Tier 1
50 locations

Tier 2
20 to 49 locations

Tier 3
10 to 19 locations

Tier 4
4 to 9 locations

Tier 5
1 to 3 locations



Source: Spaces to Places, May 2025. Note: Not to scale
Counts as at May 2025

Leading traditional serviced office providers by number of locations in their portfolio

	Year Established	Number of Locations
Regus	1989	202
SPACES.	2008	71
FORA	2016	70
WORKSPACE	1987	66
Biz Space	2000	63
FLEXSPACE	2007	41
THE BOUTIQUE WORKPLACE COMPANY	2009	40
LANDMARK flexible workspace	2008	39
wework	2010	34
OXFORD INNOVATION SPACE	1987	33
BASEPOINT business centres	1988	29
NT	1962	28
OREGA	2001	25
Argyll	1998	25
PURE OFFICES	2007	24
Citibase	1993	21
UML	1969	20
stelmain	1984	18

	Year Established	Number of Locations
PODIUM	2021	17
ethicalproperty	1998	17
RUNWAY EAST	2014	15
ubc	2008	15
BUSINESS FIRST YOUR SPACE TO WORK	2000	15
CYGNET PROPERTIES AND LEISURE PLC	1997	15
ADDERSTONE GROUP	2000	14
SPACEMADE	2019	14
x+why	2018	14
WIZU workspace	2016	13
nwes	1982	13
LRP Richmond Properties	2002	13
WORK•LIFE	2015	13
CHADWICK flexspace solutions	2013	13
Cubo MORE THAN WORK	2019	13
hubspace	2012	13
CLOCKWISE	2017	13
the workstation A Base for your Business	2007	13

Source: Spaces to Places, May 2025.

3. Diversification of Models

The flex office sector is no longer defined by a single model. As the market matures, it is segmenting by provider type, customer niche, service level, and ownership structure.

A Spectrum of Models Emerging

At one end of the spectrum, premium, hospitality-led operators are elevating the workplace experience with high-touch service, club lounges, food and beverage offer. At the other end, value-driven providers are responding to demand for functionality, affordability, and simplicity, and not just office but blending with light industrial and retail sectors.

There is a growing set of specialised providers, targeting defined verticals:

- **Mission Kitchen** – Focused on culinary and food-sector
- **Until** – Serving wellness professionals with ready-to-use treatment and studio spaces
- **Techspace** – Built for the unique needs of growing tech companies
- **Impact Hub** – Designed for purpose-driven businesses and social enterprises

The Rise of the "Brandlord"

Our 2024 analysis of the leading 60 London flex brands reveals a striking trend, the emergence of 10 landlord-backed flex brands, or "Brandlords." These landlords are no longer simply leasing to third-party providers.

> "The smartest landlords are thinking about their buildings entirely differently, focusing on tenant experience, and value add beyond four walls. The winners will be the ones who embrace the operational model."
>
> Steve Hile, Newmark

Instead, they are launching and scaling their own flex brands, offering pre-fitted, service-led space with shorter agreements than traditional office products.

These offerings are not just a branding exercise, but represent a shift toward operational real estate strategies, where landlords aim to capture both income and capital upside. Concentrated largely in prime London submarkets such as West End and the City, these branded offerings reflect growing confidence in the flex model and a desire to directly control customer experience and returns.

Operational Models Reshaping Real Estate

Underlying this diversification is a deeper structural change: the increasing adoption of management agreements and profit-share models, replacing traditional leases. This shift allows landlords to retain ownership, share in operational upside, and align incentives with their operating partners. With management agreements accounting for 41% of provider deals (in 2024), up from just 9% pre-COVID (Savills, 2024).

Model	Own and operate	Management agreement	Franchise	Lease
Percentage of individual sites analysed	35%	16%	3%	46%

Control, Risk & Return

Source: Spaces to Places, January 2025. Note: Serviced >10 buildings in the UK

London market providers and growth subsectors:

Serviced London		Vs	Managed London	
Dec 2019	May 2025		Dec 2019	May 2025
596 locations	888 locations		81 locations	806 locations
49% growth			895% growth	

Source: Valve, data as of 1st May 2025.

Example Managed providers in London

Serviced London	Vs	Brandlord London
50	Number of Brands	10
20m	Total sq ft	2.5m
18.6 years	Average years establish (flex offering)	6.2 years
All submarkets	Place and Price	Predominantly West End & City

Source: Spaces to Places 2024, London Flex Brand Index of Serviced and Brandlords >4 buildings in London.

Example Brandlord providers in UK

4. User Demand Growth:

Occupier demand for flex office space continues to grow at pace especially in London, the UK's most mature flex market. This growth is being driven by a clear shift in preferences, with businesses increasingly prioritising speed, convenience, and flexibility over traditional lease arrangements. The result is a notable rise in demand for managed, fully fitted workspace solutions, particularly for smaller occupiers and hybrid teams.

Managed is an established offering

"Many of the larger operators—like Fora and Uncommon—are increasingly working with enterprise clients, effectively 'playing' in the managed space. This trend continues to blur the lines between traditional leases and serviced offices."

Dan Brown (Co-Head of Workthere UK)

London Demand

London remains at the forefront of the UK's flex market, both in terms of enquiry volume and supply evolution. New data highlights the scale and speed of this growth:

- London flex enquiries rose 40% in Q1 2025 compared to Q4 2024.
- 78% of Central London briefs under 5,000 sq ft in 2024 requested managed or fitted space.
- Typical deal sizes are 2,000–4,000 sq ft, with pricing between £150–£240 per sq ft.

(Source: Workthere, May 2025).

This activity reflects a broader shift in occupier expectations. Hybrid work patterns, a desire to avoid upfront capital expenditure, and the need for speed-to-market are all pushing demand toward ready-to-use, turnkey solutions.

Growth of the Managed Product

The managed office model—where space is fully fitted, serviced, and operated on the occupier's behalf is now firmly in the mainstream. What was once a niche offering is now the default expectation for many small-to-mid-sized occupiers, particularly in the sub-5,000 sq ft range.

This has led to a significant expansion in managed space supply:

- Managed office supply has increased by 895% since 2019. (Source: Valve, As of 1st May 2025).
- Managed office space availability grew 111% year-on-year (YoY) and 10.6% quarter-on-quarter (QoQ), outpacing serviced office space growth of 6.1% over the last quarter. (Source: Rubberdesk, May with Q1 2025 data).

The market is also seeing new entrants, from brokers like the example Compton launching their own managed service, to Landlords increasingly entering the market.

5. Technological Integration

Technology is increasingly seen as key to operational excellence in real estate, with a major focus on unifying systems to improve data management and decision-making. Traditionally, the industry has relied on multiple systems which lead to manual processes and data silos, inefficiencies, and errors. Integrating these systems into a single platform helps streamline operations and boost accuracy. Fragmented systems scatter data, making access and analysis difficult. By consolidating property management, CRM, accounting, maintenance, and analytics into one platform, managers gain real-time, accurate insights. This reduces duplication, cuts admin work, and lowers the risk of human error.

Consolidating systems through technology enhances data quality, efficiency, tenant satisfaction, and cost control. This integrated approach equips real estate professionals with the tools and insights needed to stay competitive and deliver superior results.

The Road to Maturity:

The flexible office sector is entering a new phase, one defined not by experimentation, but by institutionalisation. Signs of maturity are now evident: flexible workspace has become a critical component in landlords' strategies, product types have diversified, and partnerships between landlords and providers have deepened. This transformation can be measured through five signs of maturity:

1. Standardised Metrics and Transparency

For the sector to be truly investable at scale, it must adopt clear, consistent metrics. Unlike traditional real estate, flexible offices operate on dynamic models. Yet today, benchmarking tools like RevPAU (Revenue Per Available Unit), cost-per-desk, and average length of stay are still not widely adopted.

Institutional capital demands transparency, and until operators provide unified KPIs, some investors will prioritise hospitality or other operational sectors.

Proof in Practice:

For this to happen, provider and key players in the market need to share data, it will benefit the sector as a whole. The provider-led initiative Workspace Intelligence Network (WIN) emerged in 2024 looking to solve this.

2. Income Stability and Lease Length

The expansion of managed accommodation creates flexible space with longer occupational terms (circa 3 years versus the shorter term licences) and potential for higher overall returns due to higher rents and lower voids.

Insights from GPE:

Great Portland Estates' flexible portfolio, covering 582,000 sq ft across 25 buildings and serving 88 customers, demonstrates this shift.

Average Unit Size 3,100 sq ft

Average lease length: 3.5 years

Average Fully Managed rent £207 psf

Annualised NOI now £19m; up 93% since Sept '24

Fully Managed values up 12.8% in FY'25

41% of GPE Flex transactions from previous CAT A occupiers*

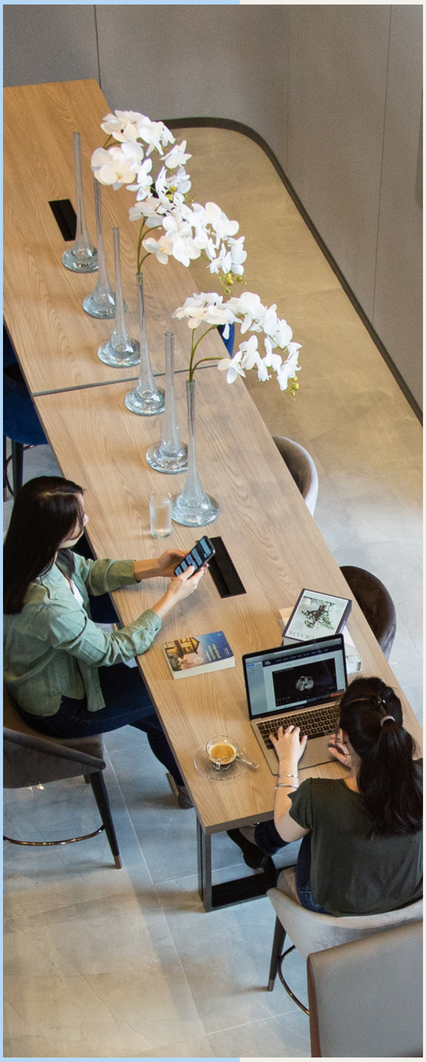
Source: GPE, Annual Results Presentation 2025, 21 May 2025. *Fully Managed

The ability to deliver premium pricing, reduce downtime, and secure longer commitments marks a significant turning point for the sector's income profile.

Understand the Legal Models

"Legal models can vary wildly – from traditional FRI leases, to revenue-share leases to management agreements. You need to pick the right one to underpin the agreed commercial arrangement and long-term relationship between the parties. Don't underestimate the possible complexities."

Jonathan Mills, Partner, Osborne Clarke LLP



3. Professionalisation of Providers

The flex market needs consolidating; with 228 serviced office providers now running four or more UK locations, it will slowly reduce to 10–15 key providers.

These providers will exhibit characteristics traditionally found in hospitality, with ESG reporting, hotel-style service models, and robust governance.

Heavyweights like Blackstone have invested into the sector, signally the importance in flex space within the marketplace and injected institutional discipline into operations. Meanwhile, international growth mirrors that of global hotel chains, with brand segmentation and jurisdictional expansion on the rise.

4. Evolving Operational and Capital Structures

The pre-COVID lease-first mindset has eroded. In its place: capital-light structures like management agreements and profit-share models. These arrangements reduce downside risk while aligning operator and investor incentives.

Key Data:

- Management agreements now make up 41% of operator deals (2024), up from 9% pre-COVID to (Source: Savills 2024).
- Profit-share and base-plus structures are increasingly standard.
- Operators like IWG have pivoted from rigid leases to flexible, revenue-aligned agreements.

This evolution mirrors trends in mature operational real estate sectors like hotels and self-storage, where shared upside has long been the norm.

5. Valuation, Regulation and Policy Recognition

As deal volume grows and data becomes richer, valuation methods are shifting. No longer tethered to traditional ERV models, lenders and valuers are embracing operational cash flow and EBITDA-based approaches.

Valuation Evolution:

- Discounted cash flow (DCF) models gaining traction.
- Industry monitoring and guidance signals broader recognition of the operational nature of flex.
- Deals are increasingly priced off NOI multiples rather than static rent assumptions.

Performance Insight:

HEWN's London Flexible Workspace Returns Index shows flex space can outperform traditional office rents by up to 30% over a 10-year hold, even in lower-tier submarkets.

Conclusion

From Hype to Operational Real Estate

After years of inflated promises and tech unicorn comparisons, the flexible office sector is undergoing a long overdue reality check. The era of hypergrowth and billion-dollar valuations distorted what flex truly is; a fundamentally sound, cash-generating, service-led real estate model.

In truth, flex is not a tech play. It is a mature cash flow business rooted in recurring revenues, operational delivery, and customer service. And now, the market is beginning to reflect that. In London, office occupancy remains strong at 93% (Source: Savills, May 2025) proving that despite the noise, demand for well-run workplaces is resilient. The sector has matured not in story, but in substance.

Today, more than 228 UK serviced office have four or more locations in the UK. That level of fragmentation creates both opportunity and confusion. As the sector professionalises, the market will naturally consolidate around 10-15 strong, scalable providers with proven business models, trusted brands, and consistent delivery.

The direction of travel is now clear.

- Hybrid lease models and management agreements are on the rise.
- Landlords are becoming brand-led providers, creating their own managed offerings.
- Managed space is growing rapidly, driven by occupiers seeking flexibility and landlords needing to fill space as traditional leasing lengths decline.

This is not a temporary trend. It is the new normal. The rise of operational real estate is transforming how offices are funded, operated, and valued.

Flex now plays a dual role.

- **For occupiers,** it delivers adaptable, service-rich environments tailored to hybrid work.
- **For landlords,** it offers a modern, responsive route to income stability, often outperforming ERV through premium pricing and leasing velocity.

> "Facing reduced demand for traditional 5–10-year leases, property owners are increasingly adopting managed solutions to meet evolving occupier needs and maintain occupancy."
>
> Tom Petryshen, Head of Growth and Analytics, Rubberdesk

Traditional property management is also under pressure. Office landlords are rethinking how buildings are run, from front of house to hospitality services, as flex providers increasingly manage not only flex space but entire buildings. Property management has become commoditised to the detriment of all parties, with little incentive for managers to drive occupier engagement or retention. So, we are now seeing a new wave of portfolio incentivised operators, such as The Arterial Group with Grosvenor and MAPP with The Portman Estate.

The next wave of success in this sector will not come from those who scale but from those who operate smartest.

To succeed in this new phase, landlords, providers, and investors must embrace the core principles of operational real estate:

- Branded, scalable, data-driven service delivery
- Investor-grade transparency and alignment
- Responsiveness to evolving hybrid work and customer expectations

Flex has evolved into an operationally intensive, customer-first strategy that's here to stay.

About Spaces to Places

We help flex office brands scale and grow

Spaces to Places provides data-driven consultancy to transform underutilised assets into high-performing flexible workspaces. We work with landlords, investors, and office providers to develop tailored strategies that maximise occupancy, optimise revenue models, and align with long-term market trends.

Our advisory services include market positioning, operational guidance, and lead generation to ensure flex spaces achieve sustainable profitability. With a proven track record in unlocking asset value, we help clients navigate the evolving office landscape, turning empty spaces into revenue-generating assets.

Expert Consultancy

Decades of sector expertise and data-backed solutions to future-proof businesses and achieve impact.

Independent Research

Deep market insights that empower businesses to make pivotal decisions and shape their future.

Specialist Marketing

Vast expertise delivering research-driven strategies across multiple channels to drive growth.

Our approach: From space to destination place

Understand the **Business**	Understand the **market**	Understand the **audience**	Craft a market **strategy**
Deep dive into the brand or building, uncovering its core identity.	Analyse market trends, competitors, and opportunities.	Identify target occupiers, their needs, and behaviours.	Build a bespoke, strategy tailored to fill the space.
Consultation	Research		Marketing

Afterword from Sponsors

DBSJ

The office fit-out industry is under increasing pressure to create exceptional environments that truly resonate with employees and truly reflect brand values.

With a unique UK-wide integrated fit-out offering - Design, Build, Shopfit, Joinery - DBSJ has established a reputation as a partner for combining creative flair with practical delivery.

Proud to be winners of the 2024 Construction News Fit Out Specialist of the Year, DBSJ has seen significant growth in the flexible office fit-out sector, delivering 26 projects across the UK for IWG and its franchise partners across its Spaces, Signature, and Regus brands in the last two years. From refurbishments to new centre openings of up to 47,000 sq ft, our award-winning work fosters collaboration to create exceptional interiors for teams to thrive together.

dbsj.co.uk

/ DESIGN
/ BUILD
/ SHOPFIT
/ JOINERY

> "Our biggest rule of measurement is the occupancy of our centres when they open and we've seen a clear indication that when we deliver a centre with DBSJ, our opening occupancy numbers are exceptional. This is due to the quality of the centre and the fact they are always open on time. If there were delays, even by a week, it would impact our sales as we'd have to find alternative office space for people and it isn't a great customer experience. However, we trust DBSJ to deliver on time – they have never run past the programme opening date."

Marnus Van Zyl, former IWG Design & Construction Regional Lead for the UK, Europe, and Africa.

Afterword from Sponsors

NEWMARK

About us

Flexible Advisors, Trusted Advice

Your business has financial priorities, ambitions and needs that are unique; we deliver bespoke advice to achieve your goals. Newmark are longstanding experts in the Flex market, with a deep understanding of how to create value for Landlords and achieve business goals for Operators.

Our advisors adopt an holistic approach, scaling up or down across national and international borders, to source buildings and spaces, improve efficiency, drive tenant satisfaction and minimise long-term liabilities. From the cost implications of business rates, to the sourcing, setup and operation of spaces, we support you through every aspect.

Our team has years of technical industry expertise helping enterprise, midmarket, and start-up clients through a wide array of flexible solutions, from fully branded headquarters to on-demand daily workspaces.

With over 1,000 talented individuals across Europe, and a global network of 165 offices, Newmark is a leading commercial real estate advisor to institutional investors, global corporations, and property owners and occupiers.

Built with purpose and driven by excellence, Newmark's comprehensive platform is uniquely tailored to provide superior outcomes to clients across the industry.

Learn more at: nmrk.com/uk

$1.1tr – 2024

global transaction volume

$2.8bn – 2024

global revenue

12

UK offices

800

UK people

20+

Industry sector specialisms

£3.5bn

Business Rates saved for clients since 2010

25%

of the FTSE 100 represented in the UK

Afterword from Sponsors

YARDI

Your Platform for Operational Precision

In today's flex market, where 65% of operators don't own their buildings, success hinges on tight operational control, data visibility, and cost efficiency.

Yardi Kube offers a unified platform purpose-built for flexible workspace operators—consolidating what has traditionally been multiple disparate systems into one seamless tech stack.

Four Pillars of Operational Success

Operators using Yardi Kube gain:

- **Real-time insights** – Make smarter, faster decisions with live occupancy and performance data.
- **Built-in compliance** – Stay aligned with evolving regulations through automated reporting tools.
- **Operational efficiency** – Streamline workflows and cut manual tasks.
- **Lower total cost of ownership** – Reduce the tech stack and support costs with one fully integrated solution.

Learn more at: yardikube.co.uk

"Yardi Kube has provided us with a more agile and efficient way of working, while keeping our cost base low. This has been key in enabling us to grow our network of workspaces at such a rapid pace."

Kay Chaplin Finance Director, Mantle Space

Data-Driven. Investor-Ready.

As investor demands increase, so does the need for transparency. Yardi connects the dots from operational activity to financial outcomes, enabling consistent, investor-grade reporting.

Over 1500
flexible workspaces using Yardi Kube powering 1,080,000 members

Collecting
over $3bn
in payments per annum

Booking
over 5.1 million
hours per year

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Spaces to Places

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