

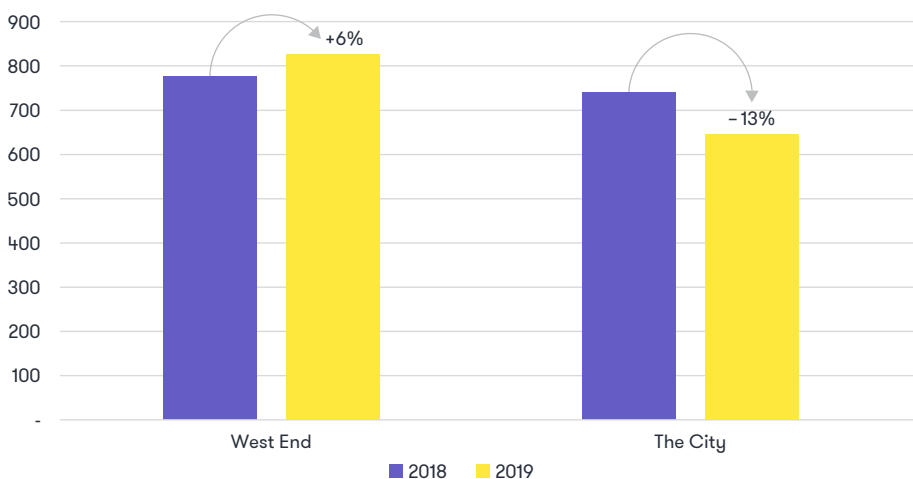
London 2019 flexible office market snapshot

Pricing

- The average monthly cost per private office desk in the London was £627 in 2019, down 5% year-on-year. This is the result of an influx of large quantities of stock in key markets such as the City Core and Canary Wharf.
- The average term length was 12.3 months, flat year-on-year, and the average rental discount achieved by Workthere was 9.0% compared to 12.7% in 2018. Operators have been quick to react to the increase in supply and have subsequently readjusted their quoted rents downwards in order to capture as much demand as possible.

	Monthly private office desk price (£)	Term length (months)	Average rental discount achieved by Workthere (%)
2018	662	12.3	12.7%
2019	627	12.3	9.0%
Change (%)	-5%	0%	-3.6%

Average monthly private office desk cost (£)



£627

Average monthly cost per desk in London



15.0

Average no. of desks per enquiry in 2019



12%

of enquiries were due to dissatisfaction with current office

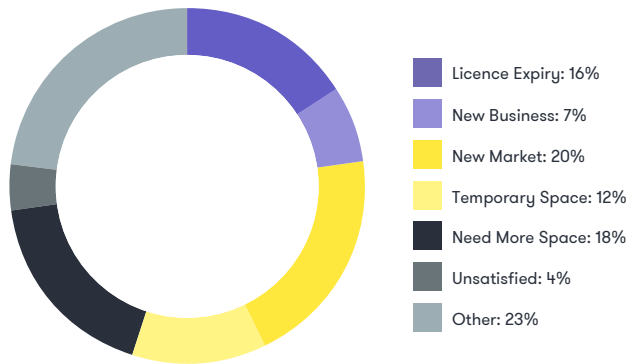
Demand

- The average number of desks required by our clients was 15.0 desks per enquiry in 2019, flat year-on-year and 13% higher than the UK as a whole. Ongoing uncertainty has meant that London is still seeing larger businesses entertain the idea of a flexible space over a longer lease term and we expect this to continue across the course of 2020.
- New businesses made up a greater portion of the enquiries in 2019 at 12%, compared to 7% in 2018. The proportion of enquiries due to our clients being unsatisfied with their current office doubled last year. Whilst we have seen an increase of stock across all London markets, the competition is healthy. As reflected in our data, occupiers are expecting even more in terms of the quality from both the asset and the service received. High calibre providers such as Fora and TOG are contributing to this increased competition and are leading the way in terms of service provision.

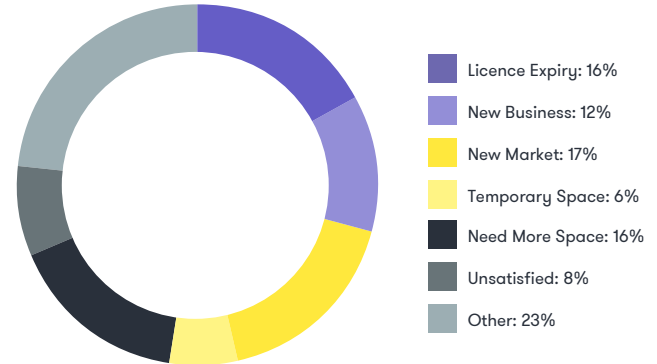
Supply

- 2019 witnessed an increase in take-up from flexible office operators, albeit not quite at the heights on 2017. The flexible office sector leased 2.2 million sq ft of office space which was an 18% increase on the previous year and the second highest total on record. WeWork was the most active acquirer of office space in Central London in 2019 with 554,000 sq ft leased.
- Flexible office operators heavily targeted the City in 2019. There was 1.5 million sq ft of take-up from the sector in the City which equates to a 68% increase of take-up from the sector in central London. This increase in supply appears to have driven a 13% fall in average monthly private office desk prices in the City from £740 in 2018 to £645 in 2019. Conversely, the West End saw a 29% fall in space being leased by flexible offices against a 6% increase in prices from an average of £776 per month for a private office desk to £826.

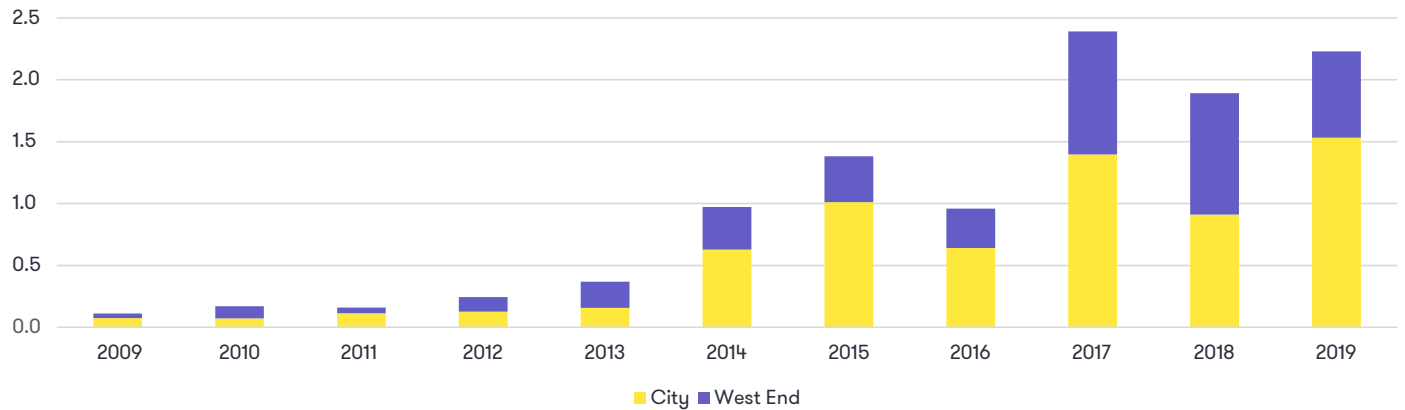
2018 reasons for moving offices



2019 reasons for moving offices



London flexible office leasing take-up (million sq ft)



Monthly desk prices are average achieved desk prices.



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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