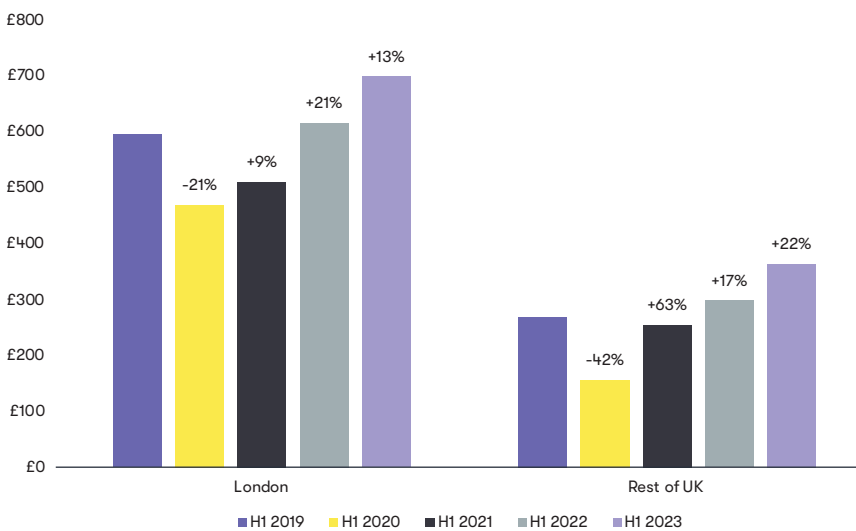


UK H1 2023 flexible office market snapshot

Pricing

- The average price per private office desk in the UK was £602 in H1 2023, this is up 15% on the first half of last year, and surpasses the desk price pre-Covid by 30%. We have seen increased demand for best quality space which is outstripping the supply of such space, leading to increased pricing across all markets.
- The average price per private office desk in London is £699 which is up 13% Y-o-Y and up 18% on 2019 prices. Similarly pricing in the regions is at £364 per private office desk, which is up 22% Y-o-Y and 35% on pre-pandemic levels.
- New take-up by flex operators is still considerably down on the level seen pre-Pandemic (as shown in our flexible office operator take-up chart overleaf). The increase in desk rates has therefore, in part been driven by the lack of supply of new space and therefore a price premium for the best quality space, leading to a greater polarisation in the flex market.
- The average contract term length was 12.3 months which is the same as last year.
- The level of rental discount achieved by Workthere advisors is down from 10.8% to 10%, this slight decline is likely an indicator of a return to the normal discount levels seen historically.

Average monthly private office desk cost (£)



	Desk Price	Term	London	Rest of UK	Rental Value Discount
H1 2019	£464	13.1	£595	£269	10.2%
H1 2020	£390	13.2	£469	£156	8.3%
H1 2021	£431	13.3	£510	£254	23.0%
H1 2022	£525	12.3	£616	£298	10.8%
H1 2023	£602	12.3	£699	£364	10.0%
Change Y-o-Y (%)	+15%	0%	+13%	+22%	-8%



£602

Average monthly cost per desk in the UK



12.3

Average number of months for a term in H1 2023



10%

The average discount achieved by Workthere broker

Demand

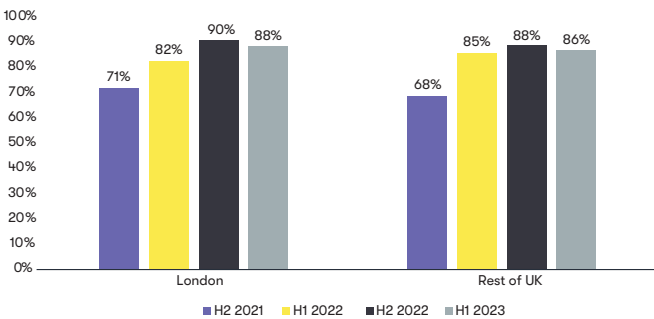
- The increased demand in the sector is evidenced by the increased number of enquiries that Workthere has seen. UK enquiries are up 12% Y-o-Y.
- Whilst there has been increased levels of demand, occupancy rates have dropped slightly compared to December last year. At this point we recorded contract occupancy levels of 90% in London and 88% in the rest of the UK. Providers reported that this year occupancy levels in London are at 88% while the rest of the UK's contract occupancy was at 86%.
- We have seen a drop in demand from occupiers that want a workplace outside of their home, with this demographic representing 8% of enquiries, compared with 27% at the same point last year. The highest demographic we have seen demand from is companies whose licenses are expiring and companies taking project space, accounting for 20% and 16% respectively.



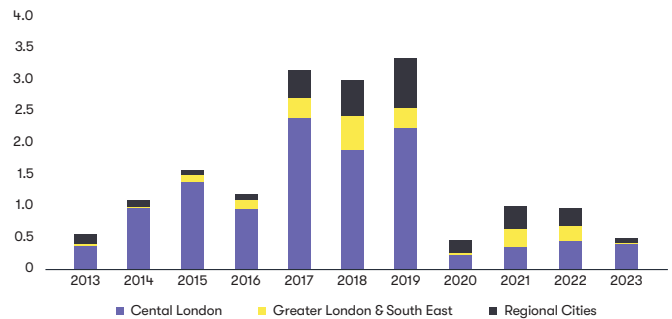
12%

Increase in Workthere enquiries Y-o-Y

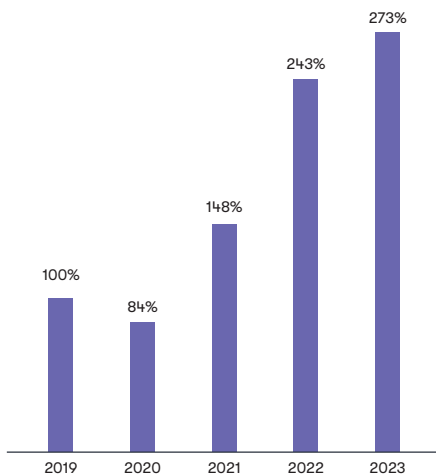
Average building occupancy



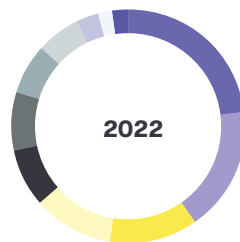
Flexible office operator take-up (million sq ft)



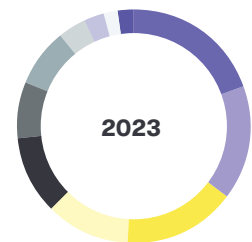
Workthere enquiry index



Reasons for moving offices



- Working from home - 23%
- New Business - 17%
- Other - 12%
- Project space - 11%
- New market - 8%
- Licence Expiry - 8%
- Too Small - 7%
- Want flexibility over conventional - 6%
- Unsatisfied - 3%
- Swing space - 2%
- Too Large - 2%



- Licence Expiry - 20%
- Project space - 16%
- Other - 16%
- Too Small - 12%
- New Business - 11%
- New market - 8%
- Working from home - 8%
- Swing space - 4%
- Unsatisfied - 3%
- Want flexibility over conventional - 2%
- Too Large - 2%



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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