

Serviced Offices - UK - October 2018

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“As the flexible workspace sector continues to evolve, the hybrid model, where providers offer a mix of co-working spaces and private offices, is set to become more prevalent among serviced office providers. The shift towards hybrid space reflects the eagerness of serviced office providers to target a wide range of clients, with an increased focus on offering agility and options to occupiers of all sizes.”

– Claudia Preedy, B2B Analyst

This report looks at the following areas:

- **Trend towards flexible working set to continue to drive and shape demand for serviced offices**
- **Growing number of traditional property owners are exploring serviced offices to diversify their portfolios**

The serviced office industry is one of the fastest growing sectors in the UK property market. Since the global recession, many businesses have started using serviced offices because of their cost efficiency, flexibility and practicality.

In London and key regional cities, serviced office providers are now competing with an explosion of co-working spaces from the likes of WeWork, Workspace and TOG. Many co-working brands offer additional perks, such as free beverages, and professional and social events, which help to develop a strong community to support collaboration. In response to the increased popularity of co-working spaces, traditional serviced office providers have had to innovate and diversify their offering to create clearer and more distinctive customer offers.

A growing number of serviced office providers now provide hybrid offices that offer private space such as those found in serviced offices, mixed with open, co-working spaces and flexible membership options.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Growth in start-ups drive and shape demand for flexible work spaces
Number of serviced offices expected to rise by 39% between 2018 and 2023

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Increased demand for flexibility from start-ups, SMEs, and large corporations will remain a key driver of growth in the serviced offices market

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IWG remains largest player in UK serviced offices market

WeWork increasingly targets larger companies to challenge traditional landlords

Increasing number of providers now provide hybrid offices

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Rising demand for flexible workspace drives acquisitional activity

Growing number of traditional property owners are exploring serviced offices to diversify their portfolio

Institutional investors start to see the opportunities offered by serviced offices

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Acquisitional activity and consolidation

I2 Office buys rival serviced office group Landmark and subsequently rebrands its network as Landmark

IWG (formerly Regus) uses acquisitional route to move into co-working sector and expand its product offering

Portfolio differentiation and diversification

WeWork increasingly targets larger companies to challenge traditional landlords

Bruntwood focusses on key regional markets it knows and owns a concentrated portfolio in markets where ownership is otherwise fragmented

Citibase focusses on cost-conscious small businesses across UK towns and cities

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Company strategy

Financial performance

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Bruntwood

Company strategy

Financial performance

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Citibase

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Company strategy

Financial performance

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Business Centres Association

Trade magazines

Commercial Property Monthly

Estates Gazette

Property Week

Trade events

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