

# Serviced Offices - UK - 2022

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## This report looks at the following areas:

- How the serviced office sector is emerging from the COVID-19 crisis; the opportunities and challenges arising from the new work practices adopted post-pandemic
- Market drivers that shape the development of the market
- Competitive strategies by key players
- How the market is expected to develop over the next five years

Despite challenging market conditions, the UK supply of serviced offices has continued to increase over the last three years. In 2022, the number of serviced offices rose by an estimated 5% to 4,081. Recent growth is partly driven by operators expanding in regional towns and cities and suburban markets in response to a move to hybrid work models, growing demand to work close to home and more companies establishing regional hubs.

While economic uncertainty generates demand for serviced offices, the economic slowdown coupled with inflationary pressures also pose challenges. The current climate is likely to have an adverse effect on SMEs, affecting occupancy rates in some centres, while inflationary pressure could put some smaller serviced office operators under financial strain. This may lead to an increased rate of consolidation in the industry, with smaller operators snapped up by larger firms looking for attractive M&A opportunities.

The list of demands from occupiers will continue to grow and is likely to include smarter technology, a more personalised service, workplace wellbeing, sustainable workplaces and continued affordability. In the future, occupiers can also be expected to only pay premium rents for spaces with notable sustainability and wellbeing-focused building certifications. Serviced office providers need to be agile and able to match evolving business needs and adapt to challenges to remain relevant.



“Hybrid working policies are the primary driver for increased flexible workspace demand. Economic uncertainty and inflationary pressure also generate demand for serviced offices as companies prioritise cost-effectiveness and agility.”

– Claudia Preedy, B2B Senior Analyst

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The widespread adoption of hybrid working models, the emergence of the 'work near home' concept and a general push towards localisation of amenities are all contributing to increased demand for high-quality, flexible workspaces. Flexible workspaces enable companies to test, measure and adapt their portfolios to achieve the right balance for their business. Flexible offices also offer adaptability in a time of economic uncertainty as they present a low-commitment, low-risk way to lease offices.



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