Adaptive Spaces

UK Flex Market Update H1 2025

REPORT

UK

REAL ESTATE

CBRE FLEX

Beyond the boom: The next phase of flex offices

In this H1 UK report, we examine how the market is transitioning from a phase of rapid growth to one of maturity. Despite the economic and political uncertainty of 2025, which has led many businesses to reassess their location and real estate strategies, the volume of CBRE flex transactions has remained robust and consistent with 2024 levels, underscoring the market's resilience.

In this report, we explore pricing trends across the UK and how they are evolving in specific cities. To better reflect both the market's maturity and the ongoing evolution of flexible workspace offerings and occupier behaviours, CBRE has chosen to report pricing exclusively on a cost-per-square-foot basis, rather than the traditional cost-per-workstation-per-month metric. This shift allows for more effective and transparent comparisons by eliminating discrepancies related to density and the variety of solutions offered within individual spaces.

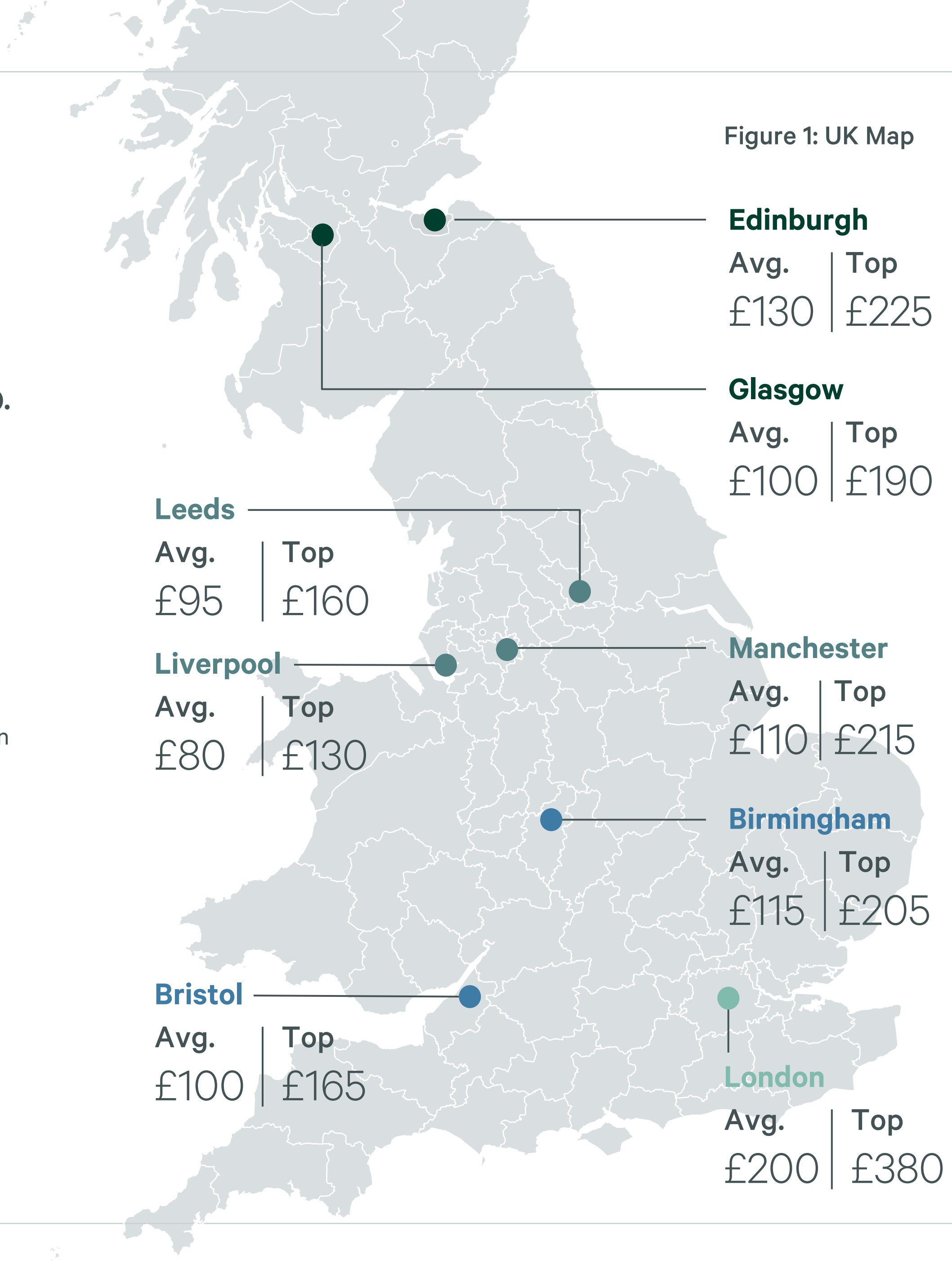
We also examine the key drivers behind why occupiers are continuing to acquire flex space and explore the nature of these transactions.

Finally, we will delve into the investor market and review how landlords are delivering flex space. Throughout this report, we refer to 'landlord flex', which encompasses flexible products owned, delivered, and run within their assets by the landlord. This also includes managed products, flex space owned by landlords, and combined with third party managed service providers.

UK pricing

To provide an overview of how flex is performing across the UK, CBRE tracks the average rate as well as the top rate achieved in each market (cost per sq ft).

Figure 1: UK Map



The North

A significant increase in supply in H1 prompted a rate drop of c. 10%. This growth has been driven by the landlord flex market, putting pressure on operators to offer more competitive pricing.

Premium pricing continues to grow for best-in-class space, and demand is high for the budget occupier looking at the lower end of the market. The middle tier is currently facing more pressure to reduce rates.

Scotland

Across both major cities in Scotland, new, best-in-class space opening in prime locations has increased prime flex rents. As a result, the rest of the market has had to offer greater discounts to compete, driving down the average.

The Midlands & South West

The closure of a small number of City Centre flexible workspaces in H1 has increased occupancy across the wider market, resulting in increased rents.

There have been several new flex workspaces that have opened in H1 with a strong pipeline in H2.

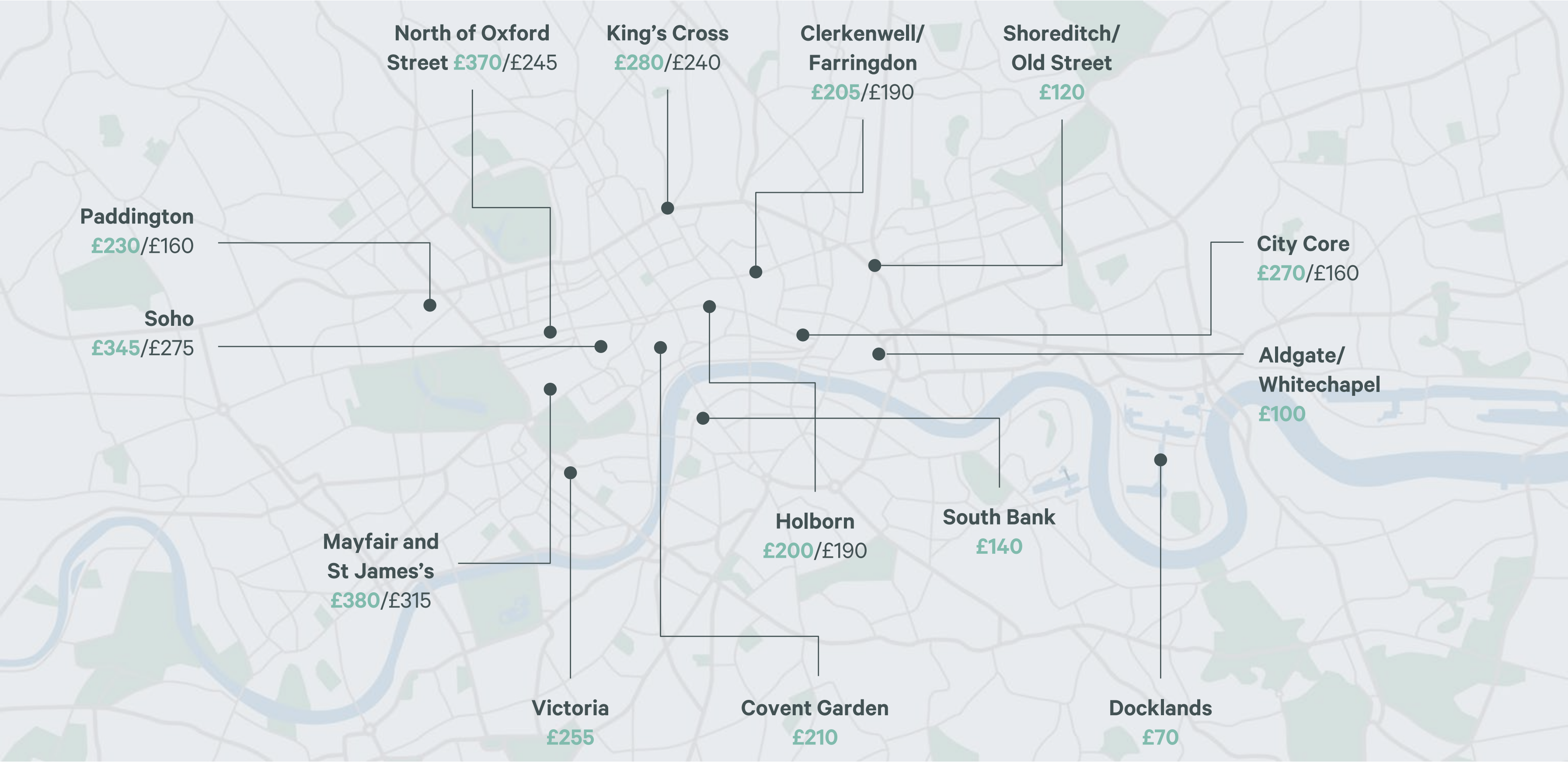
Central London flex office rates

As per the rest of the UK, pricing in London has continued to grow. **H1 2025 rents in Mayfair & St James's achieved an average of £315 per sq ft, and a top rate of £380 per sq ft, the highest in the UK.** These increases are starting to stabilise, however, with submarkets such as Covent Garden and Victoria remaining flat.

To bolster occupancy levels, operators and landlords are currently more willing to negotiate and offer incentives to occupiers such as rent-free periods, particularly on pre-let space.

With an uncertain economic environment and threats of both business rates and inflation increases, pricing growth remains unpredictable.

Figure 2: Central London prime flex office rates H1 2025 (£psf)



Note: CBRE Top rate achieved/Average rate achieved. Where only one rate is listed, only one transaction is recorded.

UK transaction analysis: H1 2025

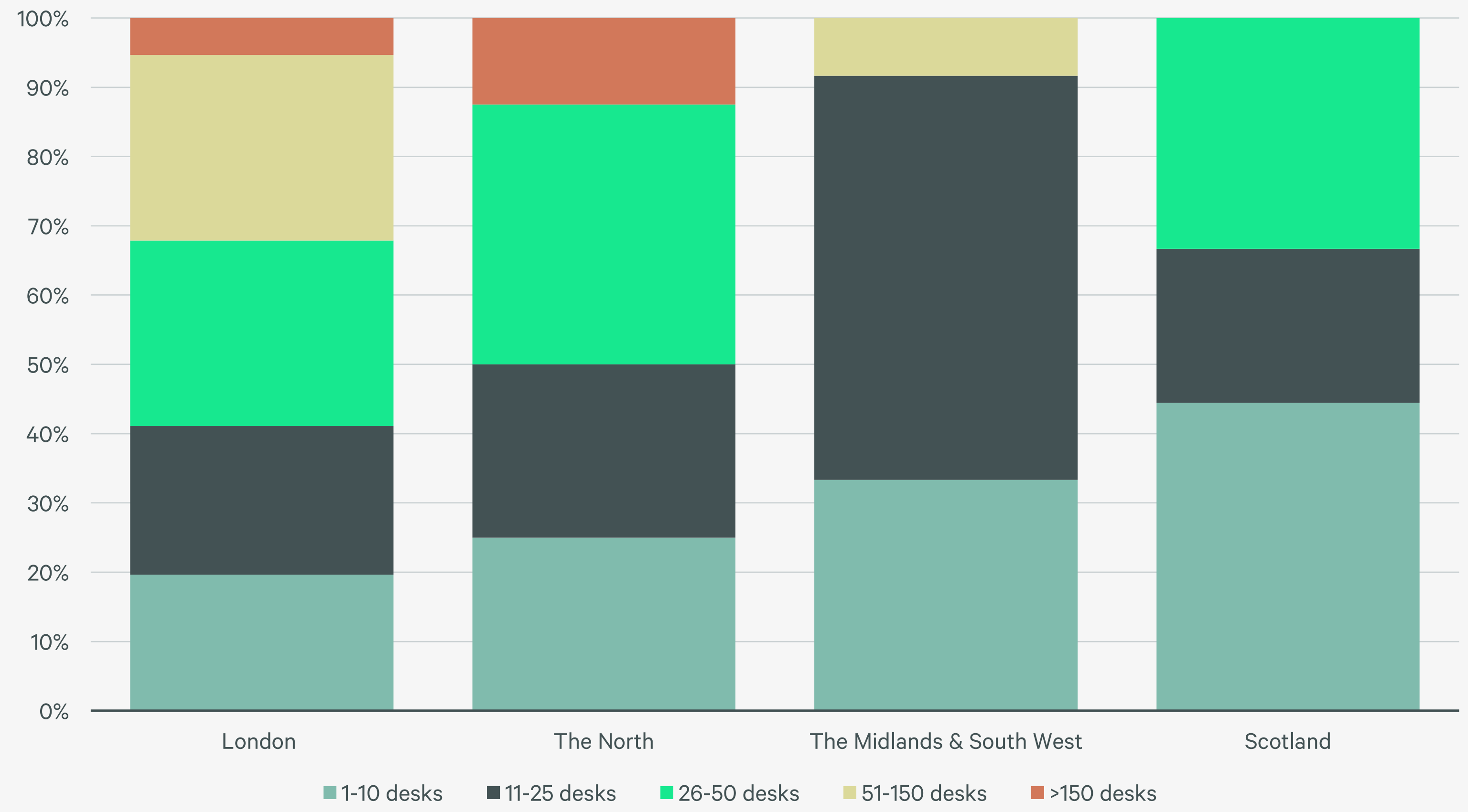
In the first half of 2025, CBRE completed three Flex transactions in London, each for over 150 desks, encompassing both flex and managed space. This activity reflects London's larger market size.

The only other market to see a CBRE flex transaction exceeding 150 desks in H1 was Manchester in the North. While the average deal size in the North was smaller at 45 desks, it represented a significant 95% increase year-over-year.

In the Midlands and South West region, the average transaction size was 18 desks, largely representing SME's relocating within Birmingham City entre.

CBRE Flex transactions in the first half of the year in Edinburgh and Glasgow were similarly concentrated on smaller deals, driven by availability of stock.

Figure 3: Share of CBRE flex transactions H1 2025, by size band



Source: CBRE

Note: segment size ≠ number of transactions

London's workspace market remains resilient with longer commitments, a more diverse product, and a new standard for quality

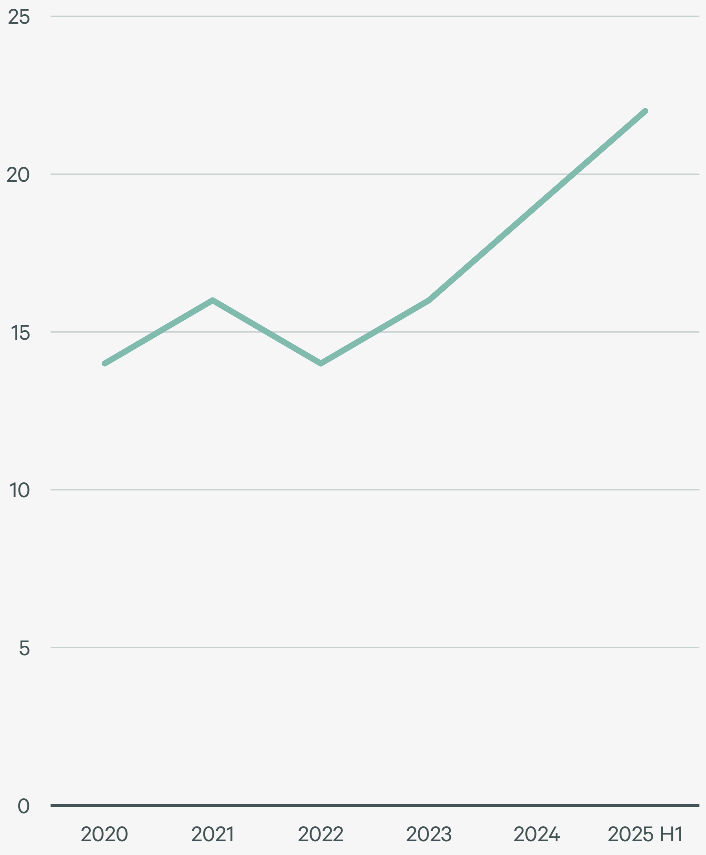
Demand for flex space in London remains strong, with Q1 2025 seeing the highest volume of new requirements in a single quarter since Q1 2024. However, the macroeconomic and political environment has impacted the transaction closing cycle, increasing it by 25%. This increase has been further driven by location agnostic occupiers exploring multiple London markets in parallel.

Occupiers are taking flex space for longer to increase business stability and avoid frequent moving costs. The average contract length for H1 2025 was recorded at 22 months, which has steadily been increasing for the past five years. Tech businesses remain the primary drivers of flex space acquisition in Central London, accounting for over 50% of CBRE's acquisitions. Furthermore, we achieved high renewal rates in H1 2025, renewing over 100,000 sq ft of space.

Occupancy levels in Central London vary, with Mayfair and Fitzrovia recording the highest levels at approximately 92%. A three-tier market has emerged in 2025 with space that was previously considered best-in-class now beginning to fall behind in terms of quality in comparison to more recently delivered workspace.

Flex take-up was steady in H1, with approximately 200,000 sq ft acquired by operators. A notable transaction includes Huckletree's acquisition of 53,100 sq ft of Grade A space at 40 Leadenhall. This deal enhances the building's existing amenity offerings, as Huckletree will manage the auditorium and conferencing floor for M&G.

Figure 4: Average flex agreement length by year



Source: CBRE

3,900 sq ft

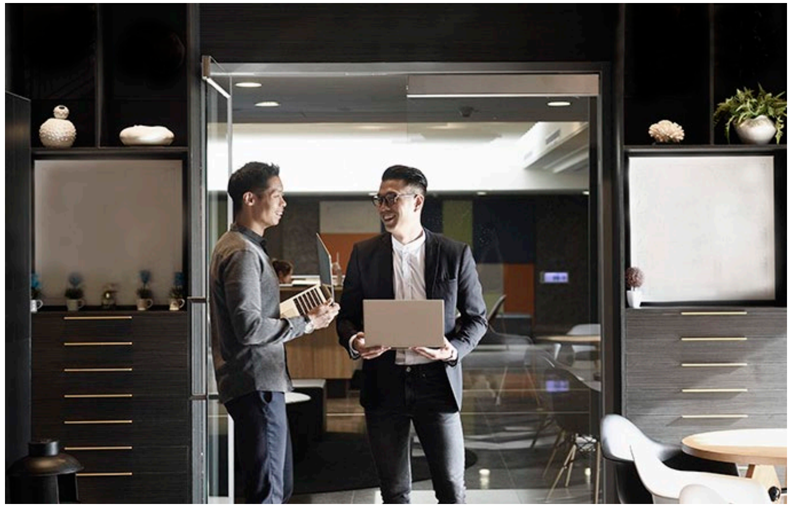
Average transaction size, H1 2025

TMT

The sector that acquired the most flex space H1 2025

22.6 months

Average contract length



London leads the way:
Landlords redefine flex with premium spaces

Grosvenor is enhancing its flex portfolio

Consistently high occupancy across our flex portfolio alongside strong, sustained demand for premium, service-led workspaces, gives us confidence that the flexible office market will continue to grow. As a result, we're converting 20% of our portfolio into fitted, managed spaces that meet these changing expectations.

Whilst we're seeing strong demand for Grade A offices across the West End, there's also a significant proportion of businesses that are still navigating what the return to the office looks like. From an occupier perspective, high quality space that offers flexible lease lengths and no upfront fit-out costs is an attractive offer.

Meeting this demand suits us as a business, diversifying our office portfolio, providing an opportunity to maximise the performance of our assets, and leveraging the enduring appeal of the neighbourhoods we manage as sought-after locations for businesses.

Jonathan Rose
Head of Flexible Workspace, Grosvenor

London is the largest market globally for landlord-delivered flex space. In recent years, conventional lease lengths have reduced whilst occupier demand for flex space has increased. In a market traditionally dominated by serviced office operators, the landlord community has reacted with high quality, premium workspaces that have proved to be desirable for our clients.

Occupiers are prioritising fully fitted, self-contained spaces that offer immediate functionality with a flexible term length. A key driver to acquiring this type of space is to minimise capital expenditure and avoid the time and complexity associated with custom fit-outs, contributing to a shift in preference toward turnkey solutions.

The market continues to grow and evolve, and we have seen recent examples such as W.RE at The Deck and Grosvenor at 67 Grosvenor Street, which were previously leased to operators and now being relaunched as landlord flex space. Equally, both British Land and Landsec continue to repurpose traditional stock into flex product. This follows significant growth from GPE in the last 12 months, who are acquiring new buildings such as 6 St Andrew Street with the intention of delivering flex space.

Not all landlords are operating their own space; however, managed solutions are now being delivered on scale across London where landlords are partnering with managed serviced providers such as Kitt and Union.

Equally, landlords, acknowledging labour intensity, still look to outsource flex operations to serviced providers who can activate and deliver amenity rich space. For example, DWS Group has partnered with Industrious at 15 Fitzroy Street, Fitzrovia to run the amenity offering for the building whilst delivering premium flex workspace.

> 15 Fitzroy is a brilliant example of where Industrious are partnering with a forward-thinking landlord to deliver not only market leading flexible workspace, but also act as the nerve centre for the entire building, ensuring that the experience for all tenants is best in class from the moment they set foot in the building.

Tom Redmayne
SVP, Head of Europe & Global Sales at Industrious

Flex Market in the Midlands & South: Navigating closures, rising rates, and a new wave of landlord-led growth

The Midlands & South market, comprising of Birmingham, Bristol, and Southampton, had an uncertain start to 2025, marked by a slight slowdown in net market growth in terms of the total sq ft available.

In H1, Birmingham City Centre saw the closure of two long-standing, 'legacy' flexible workspaces, that had both been operating for over a decade. This was primarily due to rising traditional rents, which eroded profitability despite high occupancy rates at both sites. The resulting interest from the displaced occupiers spurred interest in alternative spaces, leading to increased occupancy levels and flexible workspace rates within Birmingham's CBD.

The majority of flex space acquisitions in the region were from the Banking and Finance sector, continuing the trend established last year, where this sector accounted for 42% of CBRE's regional transactions.

Landlords, such as Bruntwood, are expanding their flex offerings throughout their Birmingham portfolio. Approximately 50% of new flex space launched in the city in 2025 so far is landlord-owned, diversifying the market and expanding options for occupiers.

The remaining 50% of new space will be comprised of new market entrants and existing operators launching premium-priced products. This will balance out the closures and further increase average workspace rates within the city.

Bristol's flexible workspace rates are experiencing upward momentum, following a period of slow growth last year. This is primarily due to the lack of high-quality supply and consistently high occupancy, fostering strong interest from flex operators. However, the city's high traditional rents, which surpass those in Birmingham and Manchester, coupled with limited new development, pose a challenge for operators seeking to create viable models for landlord investment. Despite these hurdles, at least two new flexible workspaces are planned to launch in Bristol during the second half of this year, adding more opportunity to this growing market.

1,253 sq ft

Average transaction size H1 2025

12.3 months

Average contract length

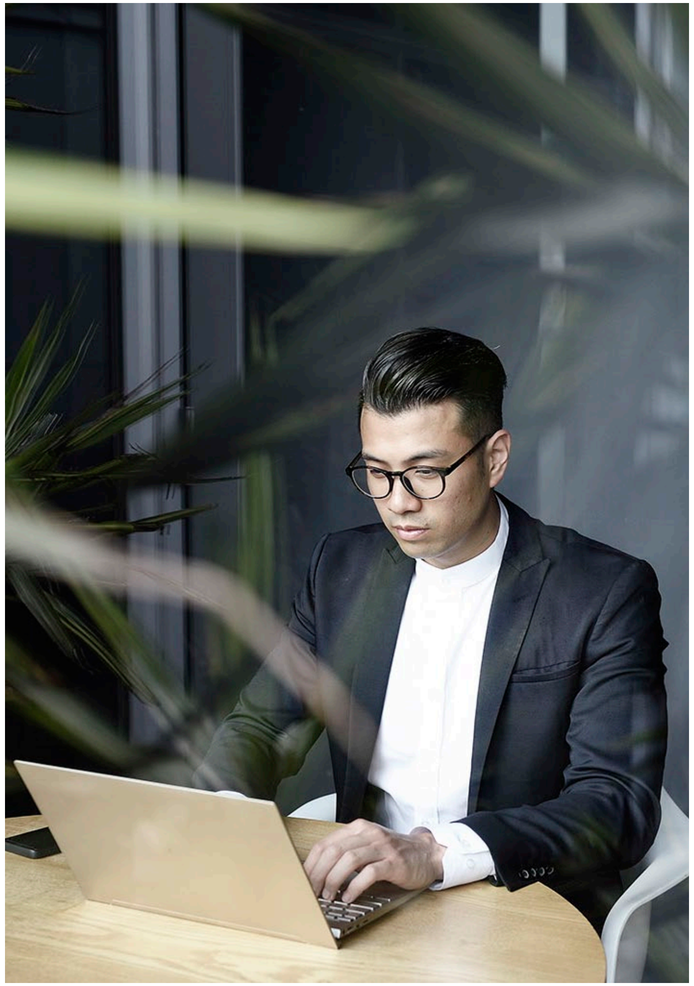
Banking & Finance

The sector that acquired the most flex space H1 2025

84%

Average occupancy level H1 2025

Source: CBRE



Northern flex market powers ahead: Strong growth, regional maturity, and a surge in landlord-led space

The Northern flex market, which comprises the three key cities of Manchester, Leeds, and Liverpool, continued its expansion throughout 2025.

The traditional market continues to face a supply shortage, with most new construction pre-let. In contrast, the flexible workspace market has expanded significantly, adding over 200,000 sq ft of new space. Furthermore, an additional 150,000 sq ft is nearing completion and is expected to launch within the next three months.

While Manchester has led the growth in the North, Leeds saw a notable surge in deal completions, up by 20% compared to 2024. This indicates that markets beyond the ‘big three’ (London, Manchester, and Birmingham) are further maturing their flex offerings, attracting increased occupier interest.

Landlord-owned flex product is experiencing significant expansion within the Northern flex market. This year, over 70% of new flexible workspace openings are attributed to landlord-owned brands, reflecting a growing trend of landlords entering the sector. This is particularly appealing to larger corporate occupiers who recognise the benefits of contracting directly with the property owner.

2,820 sq ft

Average transaction size H1 2025

22 months

Average contract length

Professional

The sector that acquired the most flex space H1 2025

72%

Average occupancy level H1 2025

Source: CBRE

Landlord-led flex: Why regional landlords are shaping the future of workspace

Bruntwood's bold bet on flex

The UK's flex market outside of London has seen significant growth and a large proportion of this is attributed to landlord-owned flex brands. But why is this?

We spoke to Jack Maher, Head of Flexible Workspace at Bruntwood to discuss this further:

GROWTH

Bruntwood has a long-term goal of having a 20% market share within the flex sector of each city they occupy. They will do this by either installing flex in newly refurbished buildings or further investing into locations where they have been successful.

An example of this would be their Pall Mall scheme, which is a redevelopment of an existing building, offering 90,000 sq ft of quality EPC A-rated workspace. 28% of this will be dedicated to serviced offices and a further 10% will be allocated to Bruntwood's 'Managed' product, giving tenants more flexibility.

CHALLENGES

Challenges include out of town assets, where achievable desks rates were significantly lower c.40%. However, the cost of fit out and OpEx are virtually the same as City Centre locations.

The market is becoming increasingly competitive in terms of the number of new workspaces opening, and this is driving a five-year upgrade cycle of each asset within the Bruntwood portfolio.

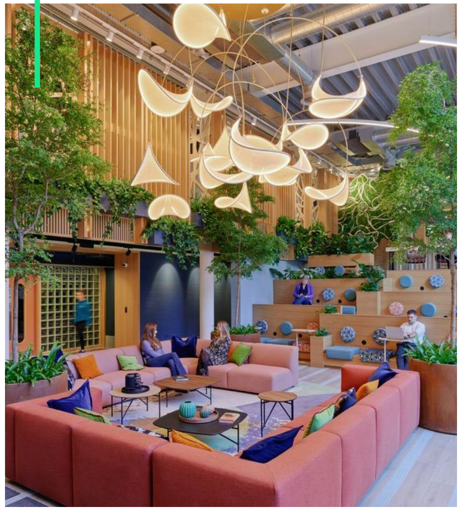
A challenge arises from the differing timelines of Bruntwood's flex site investments and evolving occupier needs. While Bruntwood amortises fit-out costs over a ten-year period, the rapid shifts in occupier demand can render the design outdated before the end of that term, even though the furniture remains reusable.

20% market share

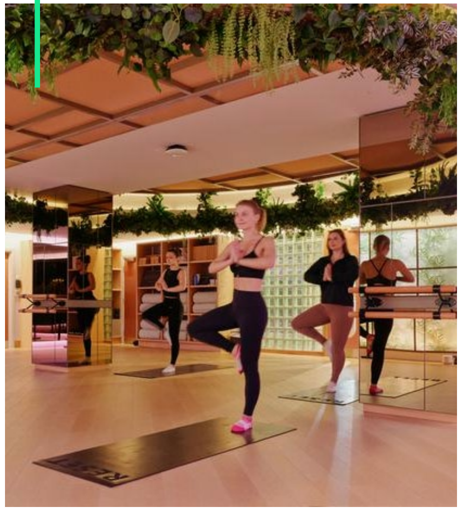
Manchester is closest to this at 8%, but Bruntwood's long-term goal is to achieve 20% market share in all cities they occupy.

Gym access for all customers

Bruntwood has an amenity-driven approach that incorporates wellbeing, collaboration, and sustainability, and aims to provide a gym in most buildings or nearby access to one.



West Village, Leeds



Case Study: How Bruntwood and CBRE met a global firm's evolving workspace needs in Birmingham

CBRE's work in June 2025 involved Bruntwood's implementation of their managed product within a previously leased space in Birmingham City Centre, tailored to the needs of a Global Professional Services Firm. The results achieved demonstrates the effectiveness of a landlord-led flex approach, showcasing its benefits for both the end-user and the landlord.

REQUIREMENT

- **150 desks** alongside private meeting rooms, breakout spaces and phone booths
- Dedicated client area
- **Birmingham City Centre**
- **12-month term**

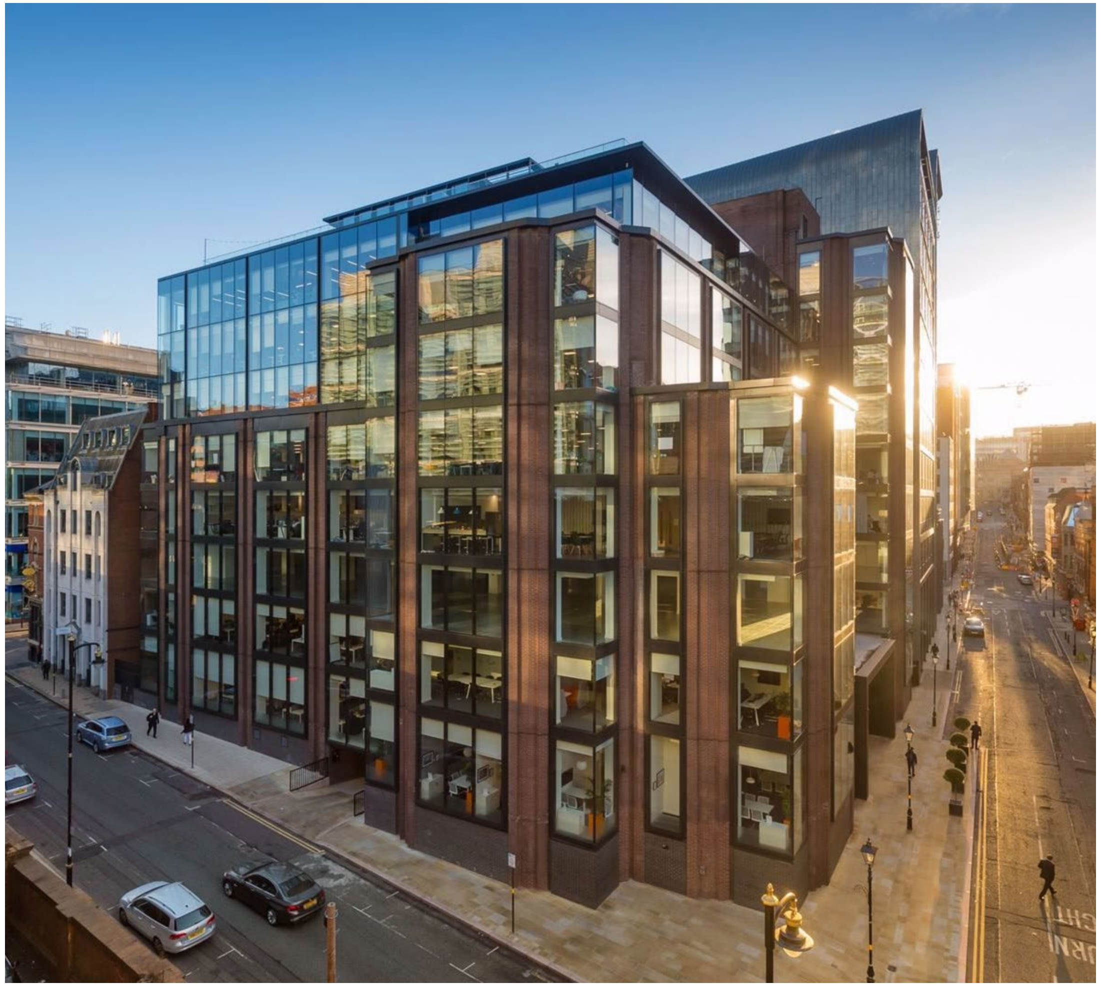
SOLUTION

- CBRE introduced Bruntwood, who had an 8,900 sq ft option at their 'Cornerblock' building
- Bruntwood delivered a managed office solution tailored to the client's specifications

RESULT

Bruntwood were able to provide the space on an all-inclusive cost basis.

- The client ultimately signed on a two-year term with a break after 12 months
- This strengthened Bruntwood's relationship with the client, positioning them as a trusted partner



Scotland's flex market: Growing demand, limited supply, and room to expand

Despite strong levels of demand, the current provision of operator flexible office space in Scotland is still behind in terms of maturity to competitor cities – totalling just approximately 554,000 sq ft across Glasgow and Edinburgh City Centres.

This year, these markets grew by approximately 50,000 sq ft, with the opening of the first Signature brands in both cities, along with Cubo expanding their Scottish footprint into Glasgow, and the addition of The Auction Rooms in Edinburgh.

The expansion of flex offerings in Scotland demonstrates the market's responsiveness to occupier demand, with operators performing well. A prime example is The Auction Rooms, which achieved 100% occupancy and top-tier rates within six months of opening.

Post-COVID, CBRE flex requirements have surged by 150%, resulting in a lack of available space. Glasgow flex operators are averaging 80% occupancy, while Edinburgh boasts an even higher rate of 95%. High occupancy levels extend to out of town locations, and this trend is projected to continue unless there is a significant increase in supply, whether through operator expansion or, crucially, landlord-led flex offerings.

480 sq ft

Average flex transaction size H1 2025

12 months

Average occupier contract length H1 2025

Professional Services

The sector that acquired the most flex space H1 2025

88%

Average occupancy level H1 2025

Source: CBRE

Scotland's flex evolution: Landlords step in to meet surging demand

Ediston @ 70 Wellington Street, Glasgow, 'All Inclusive' Suite

Landlords in Scotland are now delivering flex space on scale. This is being driven by occupier demand for fitted, short-term space, and a lack of availability from operators.

Glasgow City Centre exemplifies this evolution, with landlord-led flex products dominating the sub-5,000 sq ft market. The city offers a range of landlord-led flex solutions, including:

- **Fully Furnished:** Office suites are move-in ready, equipped with meeting rooms, kitchens, and furniture. L&G, Stelmain, and RJ Holdings are successfully providing this option, with lease terms as short as two years.
- **All-Inclusive:** Stelmain, Onyx, and Ediston offer a comprehensive flex product on terms as short as 12 months. This includes the benefits of Fully Furnished, plus service charges, dilapidations, insurance, and IT.
- **Fully Managed + Amenity:** Occupiers can benefit from fully managed solutions with lease terms as short as six months, with only business rates paid directly to the council. L&G is a key provider of this offering, alongside The Garment Factory and Kirkstane.

Landlords with floorplates under 5,000 sq ft are increasingly adopting a building-wide flex strategy, rather than offering it on a partial basis. They recognise that properties within this size range that lack a flex offering risk experiencing longer void periods.

Looking ahead, 72% of Scottish landlords anticipate successfully delivering a flex product within their portfolios over the next five years. This could result in over 20 locations in Glasgow City Centre alone, where landlords are providing their own flex offerings, more than doubling the current supply of flexible office space.

Conclusion

01

Across the UK, landlords are actively investing in the flex market, both by developing their own flex products and by partnering with or outsourcing to serviced office providers.

02

While occupier demand in London continues to grow, the transaction closing cycle has lengthened as discerning occupiers become more location-agnostic. The pipeline of new space is substantial and more diverse than ever.

03

Occupancy in the Midlands & South Flex Market is exceptionally high at present, reinforcing the need for new, high quality flex spaces within the City Centre. Landlord-delivered flex is continuing to grow as a proposition but is still behind both London and The North in terms of percentage of the total market, demonstrating a significant opportunity for growth in the future.

04

Occupier demand and operator competition is high in the North, creating an occupier-friendly landscape with optionality of quality and price. With a limited pipeline of new developments, the next 18 months represent an opportunity for both landlords and operators to capitalise on the shortage of Grade A conventional options.

05

In Scotland, new operator openings are further enhancing premium rates. High occupancy rates among flex operators in both Glasgow and Edinburgh, combined with limited flex office supply and a lack of new developments, create ideal conditions for landlords to launch their own flex products.

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