

Adaptive Spaces

UK Flex Market Update Q3 2025

REPORT

UK
REAL ESTATE

CBRE FLEX



Introduction

As 2025 draws to a close, this market update offers a review of trends and insights within the London flexible (flex) office market over the past three quarters. Whilst demand for flexible space has remained robust, transactional activity has seen a slight downturn compared to 2024.

We will delve into the impact of this demand on the broader office landscape, presenting our findings on the current size and proportion of the flex market within Central London's overall office sector, both now and in the future. The market dynamics are continually evolving, with a notable increase in landlords delivering fitted spaces on flexible terms.

Finally, we explore London's strengthening position as Europe's leading artificial intelligence (AI) hub. The city has witnessed a remarkable 20% surge in AI professionals over the last year, now totalling 92,000, which is attracting major technology companies and consequently driving significant demand for scalable office solutions. We also include perspectives from Fora regarding the increasing number of AI companies choosing their Central London portfolio for their operational needs.



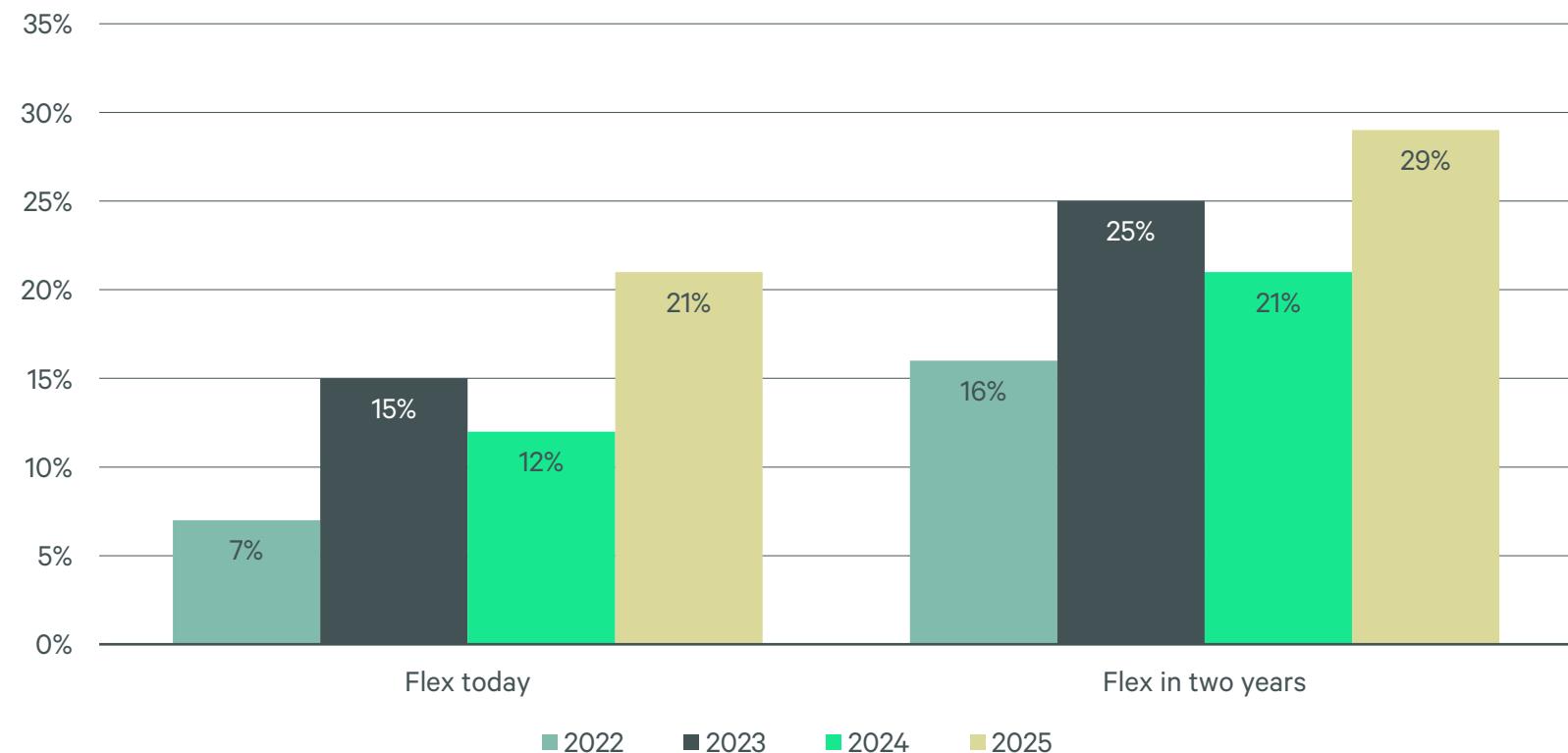
Clear trend towards more flex in portfolios

CBRE's [European Office Occupier Survey 2025](#), which gathered insights from 100 occupiers, reveals a significant shift in workplace strategy: a growing utilisation of flexible space. Occupiers anticipate that flex space will constitute 29% of their portfolios by 2029, a notable increase that continues an upward trend observed since 2022.

This move towards flexible solutions is primarily driven by cost considerations. Companies are increasingly focused on optimising their real estate portfolios, aiming to pay only for the space they actively use.

Furthermore, the reduced upfront capital expenditure associated with acquiring flex space is a key factor in its appeal.

FIGURE 1: What percent of your portfolio is made up of flexible office space today, and in two years?



Source: CBRE Office Occupier Sentiment Surveys 2022 - 2025

Understanding the size of the flex market

To fully grasp the opportunity within the flex sector, it's essential to understand the scale and complexity of the market. This is no simple task, given its vast size and the diverse range of products now available, defining and measuring the market requires careful consideration.

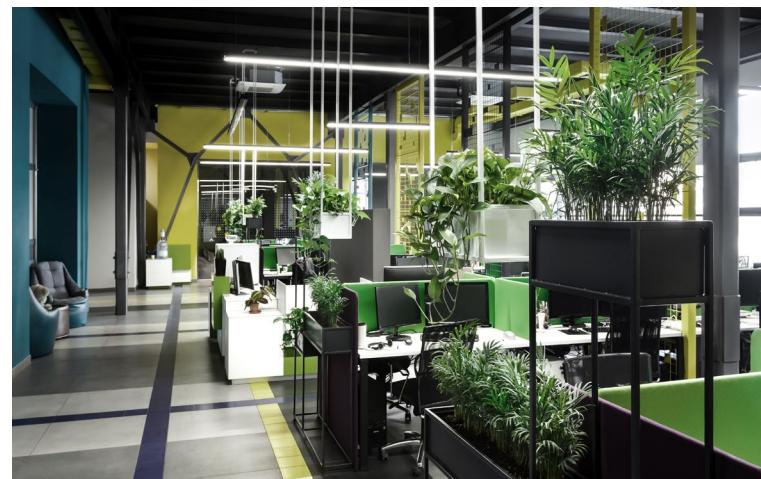
CBRE began tracking flex space take-up in 2015, recording approximately 5m sq ft across Central London. The market experienced significant growth in 2019, but today's landscape is far more nuanced. To bring clarity to this evolving space, CBRE firstly clearly defined the flexible office market, that definition is as follows sub three years, fitted, mostly-managed.

We then segmented the flex market into four distinct categories, as listed below:

- Flex Operator – Space operated and managed by a dedicated flex provider
- Managed – Space overseen by a third-party management provider
- 'Brandlord' – Flex space created, branded, and managed directly by the landlord
- Shadow Flex Market – Traditional office space that is not marketed as available on flexible terms but could be secured on flexible terms by negotiation

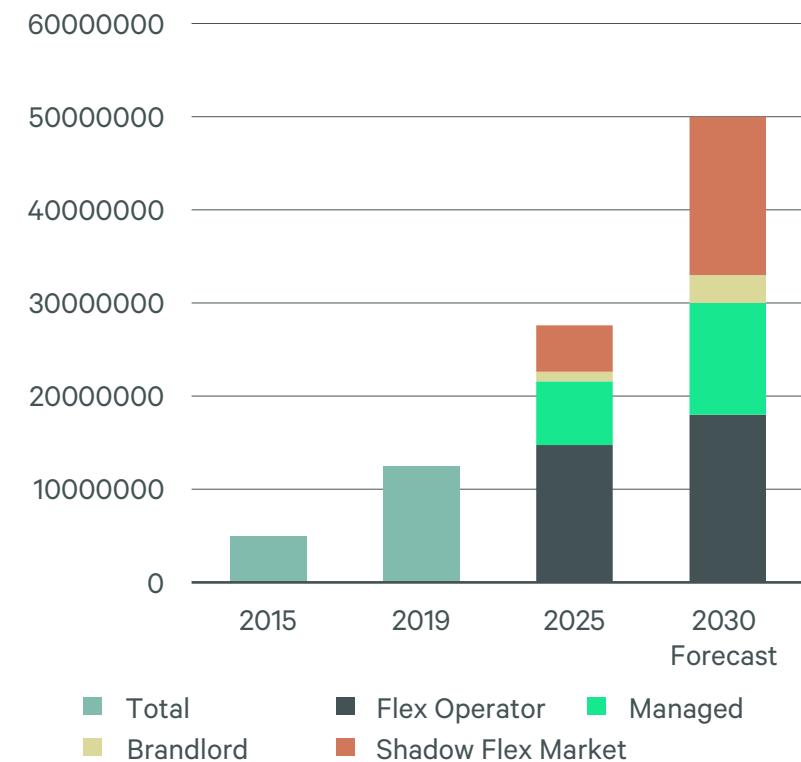
Future Growth

We are confident that the flex market will continue to grow, fuelled by evolving occupier preferences for flexibility and increasing landlord participation. The changing nature of the office market and an increasing focus on customer service has led to the creation of the 'shadow flex market', broadening the definition of the flex market beyond its original boundaries into a portion of the traditional leasing market. Currently sitting at 12% of the London market, we anticipate significant growth in the size of the London flex sector between now and 2030, taking the offer to over 50m sq ft equating to 20% of the total market.



Total sq ft of London flex market

Size of Flex Market



Source: CBRE

What does the occupier demand look like?

Flex transactions are slightly down on 2024 levels due to slower decision-making processes and extended lead times. Furthermore, there has been a notable increase in lease renewals, as the prevailing economic climate encourages occupiers to retain their current premises. This has largely been driven by occupiers looking to avoid long-term commitments and excellent customer service being offered by operators.

The average deal size has decreased by approximately 1,000 sq ft compared to 2024. Furthermore, studying pricing has remained flat. Central London has not experienced the substantial rental growth observed in prior years, largely due to a more balanced supply and demand dynamic. Despite these shifts, occupiers continue to demonstrate a willingness to invest in premium, best-in-class spaces.



3,500 sq ft

Average transaction size



20%

Of CBRE flex transactions were 'managed' or 'brandlord'



21 months

Average tenure



46%

Transactions on behalf of TMT clients



380 sq ft

Highest rate achieved



30%

Renewals

London, the AI Talent Hub

London is solidifying its position as the undisputed champion of AI talent in Europe, boasting a concentration of skilled professionals that dwarfs its competitors. Recent data, derived from LinkedIn Talent Insights, reveals a booming AI ecosystem in the UK capital, further cementing its status as a global tech powerhouse.

The numbers speak for themselves. London is currently home to 95,000 professionals with AI-related skills. This figure is not only substantial but has also seen a remarkable surge, increasing by a staggering 19% in the past 12 months. Perhaps even more impressive, London's AI talent pool is over ten times larger than the next highest-ranking city in the UK. The city boasts 1.7 times more AI talent than the next leading city in Europe. The concentration of AI talent in London is fuelled by the presence of some of the world's leading tech companies.

CBRE has recorded a substantial increase in AI requirements as these businesses look for space in which they can scale, as well as attracting and retaining talent. GPE announced in September 2025 that they had expanded its AI customer base to 18.5% of their fully managed portfolio.

Motives for Technology Moves



Tech companies choose locations based on **talent availability** to fuel innovation, reduce costs, and stay competitive.



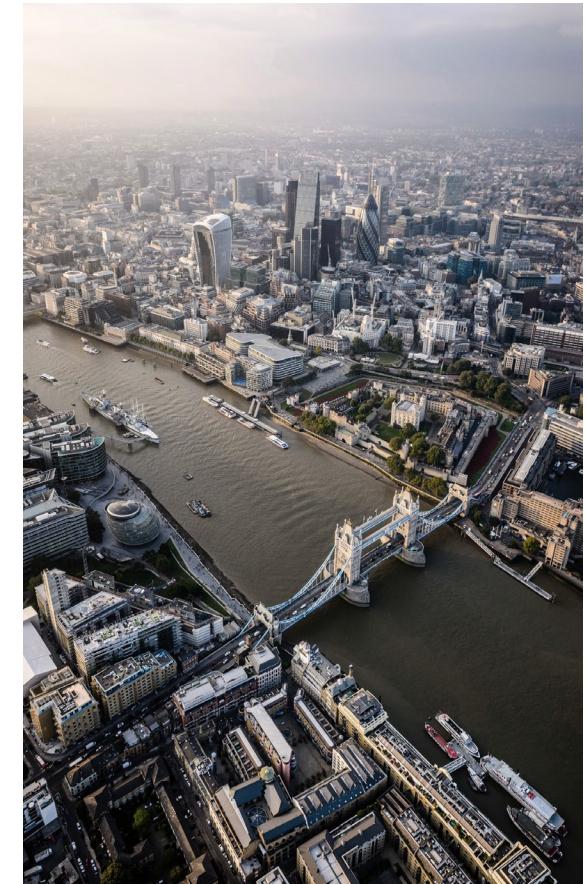
Proximity to universities and research hubs provides tech companies with cutting-edge advancements and crucial access for top talent.



Tech companies leverage **innovative technology ecosystems** to stay relevant and improve business processes.

Source: Financial Times, FDI Markets 2025

Note: A motive on fDi Markets details the reason for a company to have selected the particular destination as the location for an investment. These are country, state, or city specific but will not include the region. These motives are sourced from the company via press releases or quotes from company contacts.



Interview with Fora

Exploring How AI Businesses Leverage Flexible Workspaces: Insights from Adam Egan, Head of Commercial Partnerships at Fora

Fora owns, designs and operates premium flexible workplaces that drive performance, productivity and wellbeing.

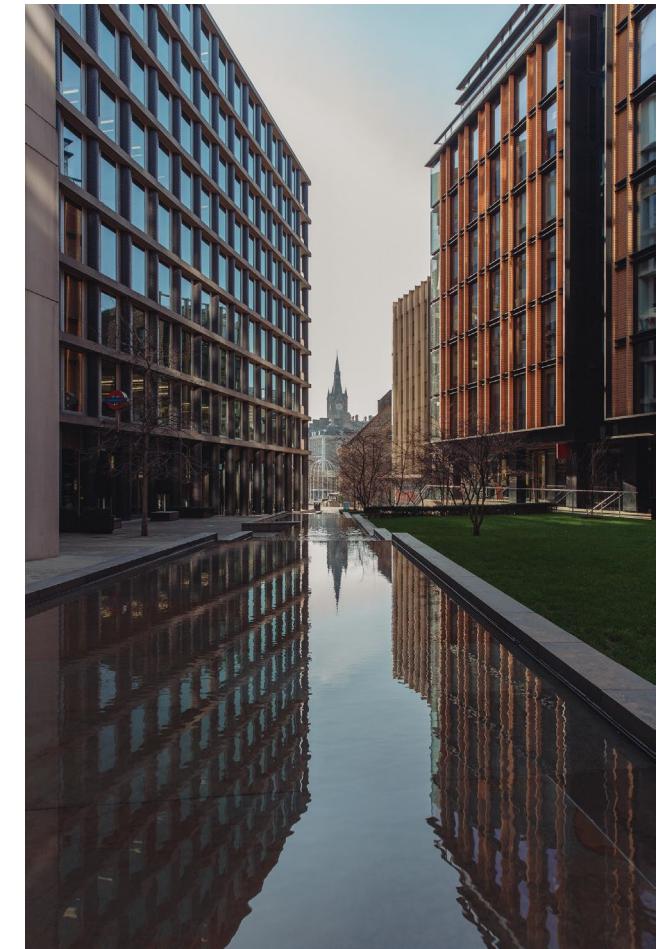
Their portfolio spans a collection of over 70 offices for businesses of all sizes in the UK and Germany.

In what ways is Fora currently supporting the growth and operational needs of AI businesses across London?

- From pre-seed start-ups (with the likes of the Venture Café and the Ignite London accelerator programme) right through to helping the world's most significant AI giants to be nimble with real estate and remain focussed on their core business, Fora is playing a crucial role across the full stack of the deep tech ecosystem.
- Technology may be at the core of their offering, but sector leaders like OpenAI's Sam Altman and DeepMind's Demis Hassabis have spoken publicly about the value of human contact and bringing teams together in physical spaces. As Hassabis said, "Although we work on making machines smart, we wanted to keep humanity at the centre of what we're doing here."
- Flexibility is a pre-requisite. In the last 18 months we have agreed many expansion deals with our AI customers – often the expansion strategy conversation starts before the initial deal has signed.
- Ultimately, it's the sheer size and quality of Fora's portfolio (for potential future expansion) coupled with the consistent reliability of our delivery teams that sets us apart and gives hyper-scaling businesses confidence that we are the right partner for their growth.
- By creating a network of offices in strategic locations – especially with Fora locations in the heart of the AI-talent powerhouses of Kings Cross and Cambridge - we are helping AI companies grow their businesses across the UK and Germany.

Are there identifiable clusters or districts within London where AI companies are increasingly choosing to locate, and what factors are driving these decisions?

- Defining what constitutes an 'AI company' can be difficult as so many organisations now integrate AI into their products and operations. But we can see patterns emerging.
- In Shoreditch, as many as 64% of our clients operate in the tech sector. Given its history as London's 'Silicon Roundabout', it was inevitable that this area would become something of an AI hub. The next most identifiable clusters have formed in King's Cross and the Southbank, with 58% and 57% of resident businesses representing the broader deep tech industry.
- King's Cross is a particularly fast-growing AI hub, driven by the amount of global tech firms that have moved to the area. Where the major players plant their flag, the others tend to follow. As an example, if you take a walk around one of our newest buildings, The Jellicoe, you will find a multitude of AI companies working across its floors from global ultra-unicorns to five-person startups working 9-9-6 following huge Series A/B raises, as well as leading VC's piecing together their next big seed-round opportunity.



Outlook

01

MARKET GROWTH

The market is poised to broaden its definition of flex space beyond its initial parameters, thereby offering occupiers a wider array of flexible options across the market and fuelling further growth across Central London and the UK.

02

INCREASED FLEX TAKE UP BY TECH OCCUPIERS

The technology sector is expected to further fuel flex space adoption, driven by access to talent, particularly within the burgeoning field of AI.

03

OPERATORS WILL COMPETE FURTHER WITH MANAGED SOLUTIONS

As the managed market expands, operators will face heightened competition from managed providers, particularly for requirements exceeding 2,000 sq ft, as occupiers demonstrate increased price sensitivity.

04

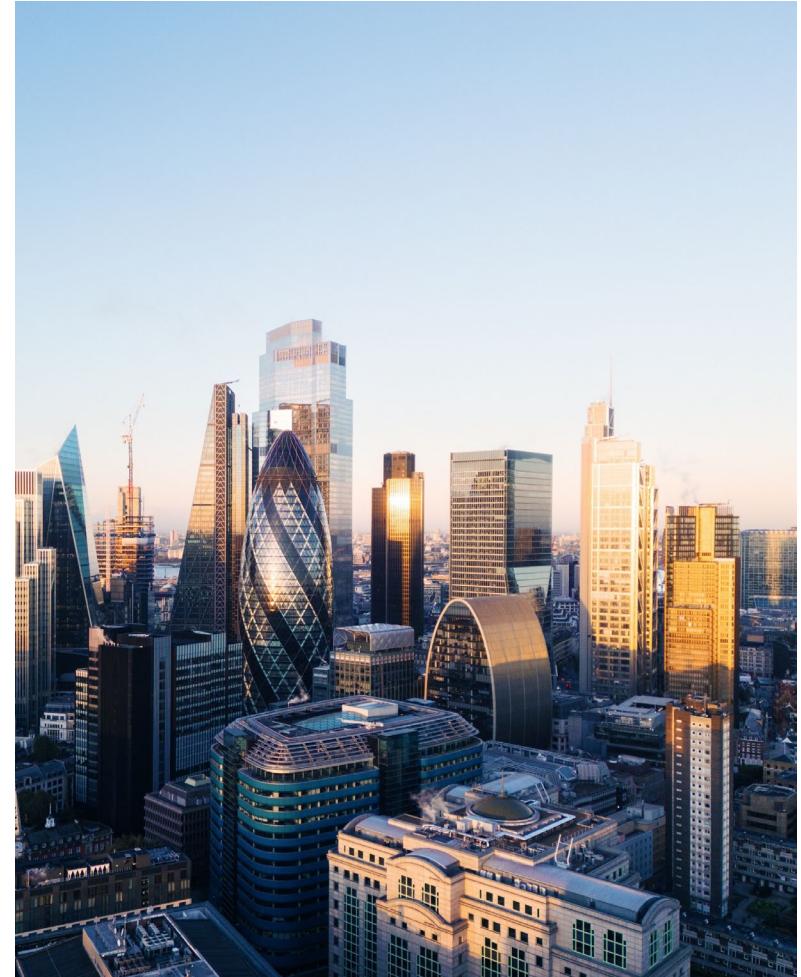
OPERATORS DOUBLE DOWN ON SMEs

As demand for managed workspace grows, operators are expected to increasingly target SMEs as key occupiers in order to manage risk across their portfolios.

05

BUSINESS RATES TO HAVE SIGNIFICANT IMPLICATIONS FOR FLEX OPERATORS

Rates could be significantly impacted due to the higher multiplier regime set to be enforced from April 2026. This could lead to changes in acquisition strategy in relation to how leases are structured and cost models.



Contact us

Michael Glynn

Head of Flex, UK

michael.glynn@cbre.com

07775 034 258

Holly Bailey

Operations Director, Occupier Transactions

Holly.bailey@cbre.com

077557 545 721

Jamie Dunkley

Head of Flex Leasing

Jamie.dunkley@cbre.com

07557 188 053

Corinne Vrensen

Senior Analyst, UK Research

corinne.vrensen@cbre.com

02071 822 834

© Copyright 2025. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

