WORKSPACE INTELLIGENCE NETWORK

data@winflex.org

Investing in Flex

Contents

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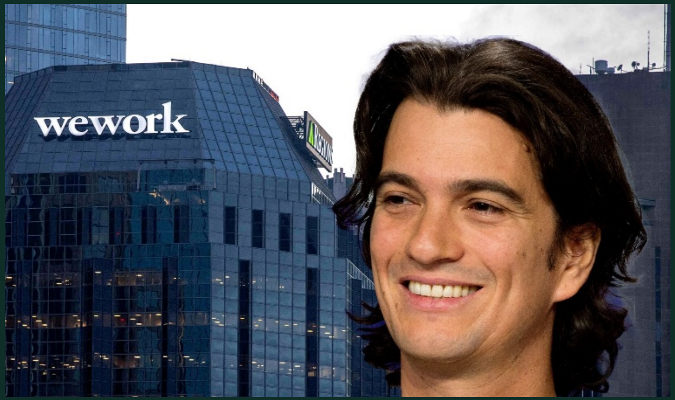
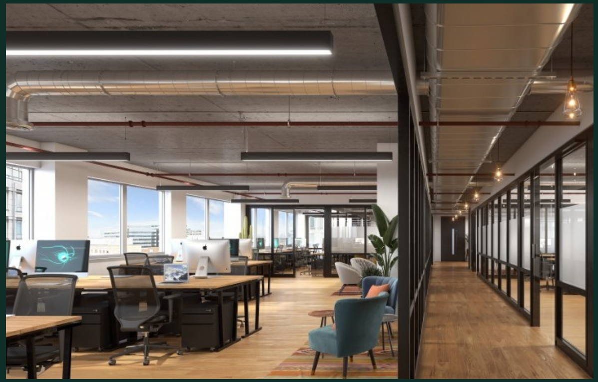
Right now, over 30% of commercial buildings in our cities are underutilised. Investors are staring at floors of empty desks while the demand for flexible workspace is climbing every quarter.

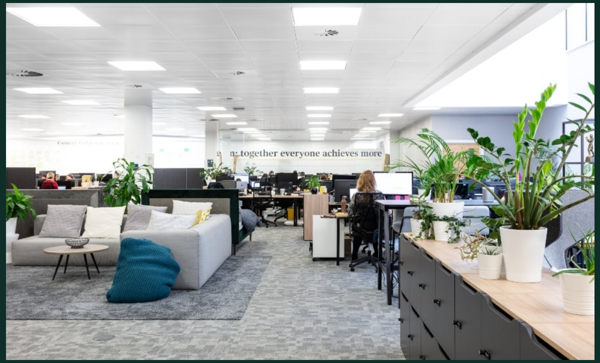
The gap between supply and demand isn’t just a market inefficiency—it’s a multi-billion-pound opportunity hiding in plain sight





What is Flex?





What is Flex?

Flex is no longer a side-show; **it's a mainstream** real estate investment class.

Occupiers are seeking shorter commitments, bundled amenities, and brand experience — flex is the **fastest way** to deliver.

Post-COVID demand for agile space, hybrid working, and **landlord/tenant** rebalancing.

Flex **growth comparable** to other asset classes: multifamily, PBSA, senior living.

Why it matters?

Market Trends Shaping Returns

Shift from coworking to managed offices: demand for fully serviced, larger-scale managed solutions.

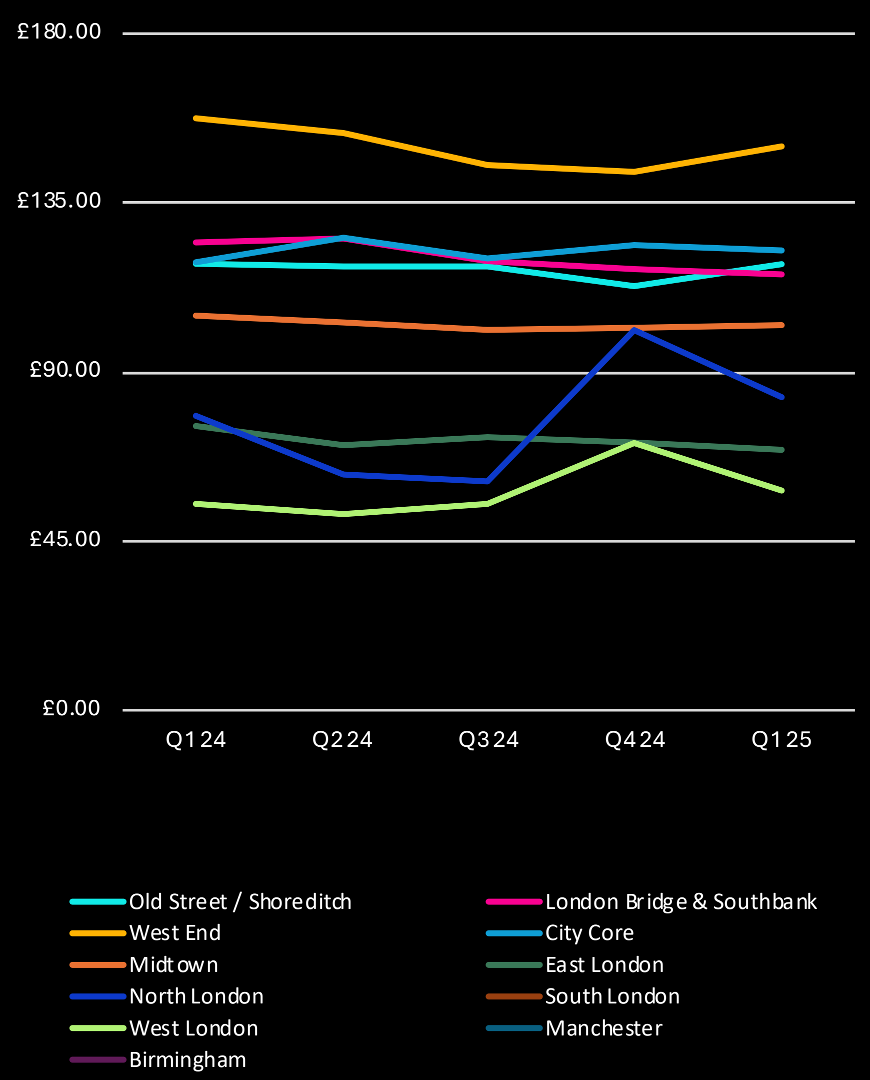
Hybrid adoption: corporates need city-centre collaboration hubs + regional satellite spaces.

Flight to quality: Grade A buildings with strong amenity provision outperform.

Regional growth: London still dominant, but strong activity in Tier 2 cities with talent pools.

Operator consolidation: M&A opportunities, weaker operators folding, stronger ones scaling.

Total Revenue per Quarter per sq.ft p.a. (location)



Market Overview

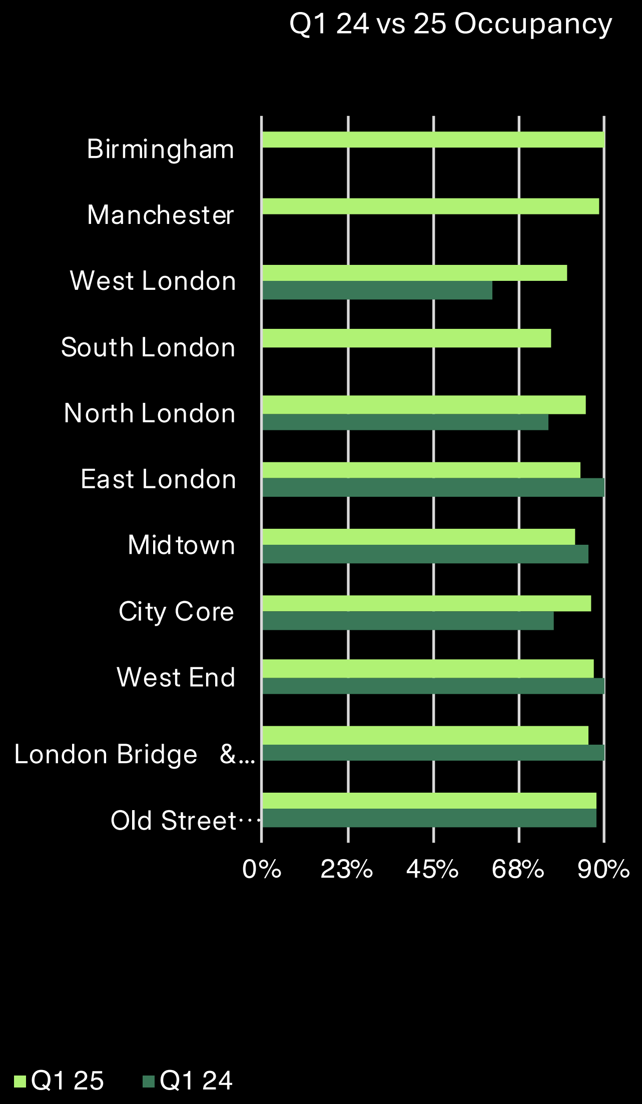
Revenue is flat year on year across London locations

Additional Revenue has decreased

Desk rate increases in line with inflation

Staff costs are rising

Occupancy



% Point Change

N/A

N/A

20%

N/A

10%

-11%

-4%

10%

-4%

-9%

1%

Opportunities for Investors

Yield arbitrage: Flex can deliver higher income per sq ft than traditional leases.

Grey space: Underutilised tenant space becoming managed office product — a scalable pipeline.

Landlord–operator partnerships: Management agreements replacing leases; aligned incentives.

Amenity-driven value: Amenities = higher desk rates, longer dwell time, better NOI.

Brand as a value driver: Well-run brands capture premium — still under-analysed compared with hotels

Additional Revenue

The Risks....

Operator risk: Bankruptcy, weak balance sheets, poor churn control.

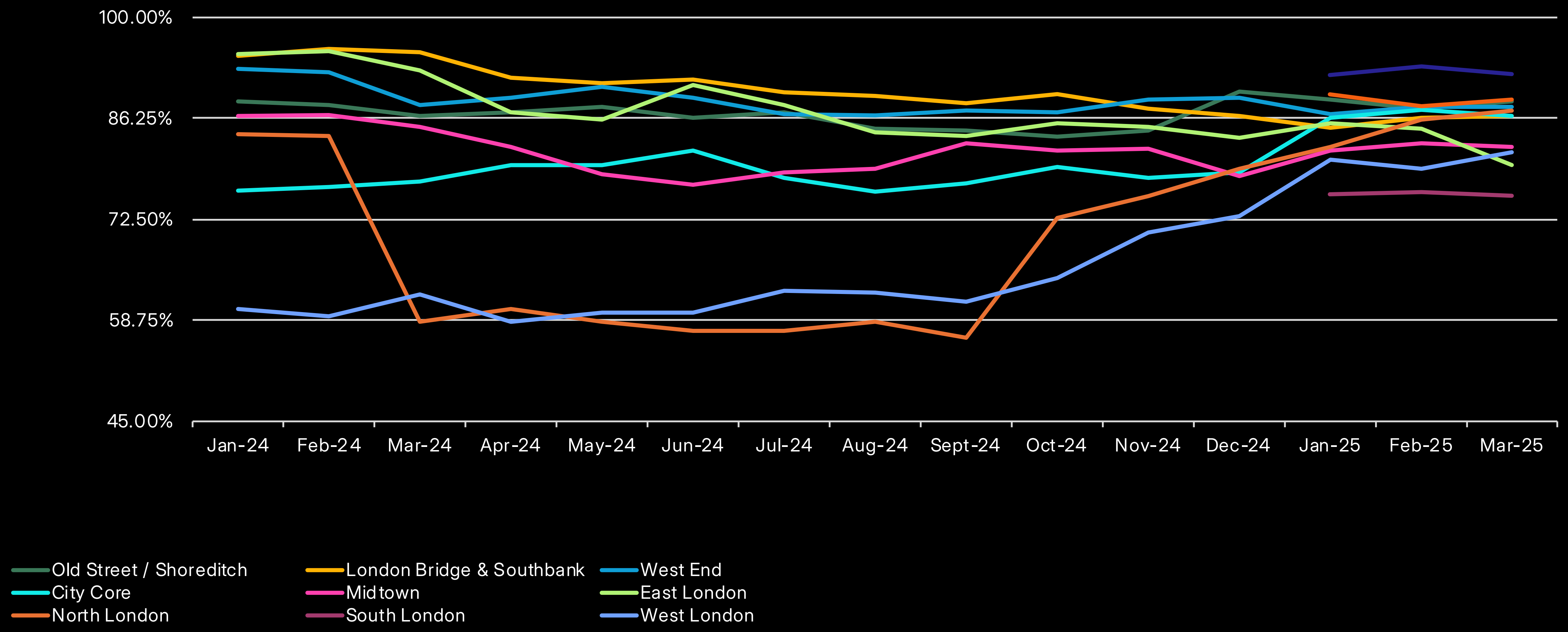
Demand volatility: Hybrid patterns still evolving, regional resilience uneven.

Data transparency: Historically poor; operators reluctant to share performance.

Lease liabilities: Understanding the true exposure of operators still opaque.

Mitigated by....additional revenue, lease structure, and data!

Aggregated Average Occupancy



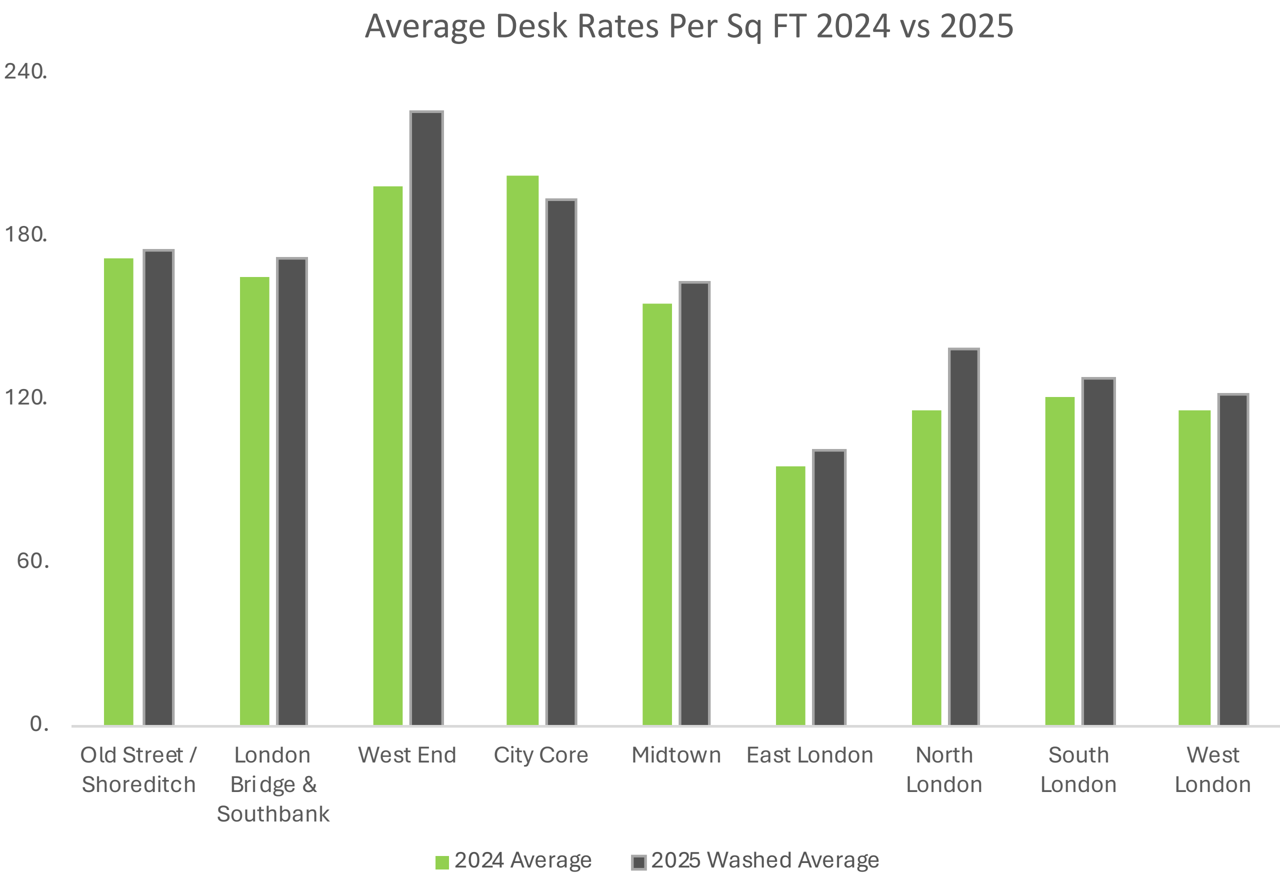
Average Desk Rates Per Sq Ft Y-on-Y

Desk Rates vary wildly by location.

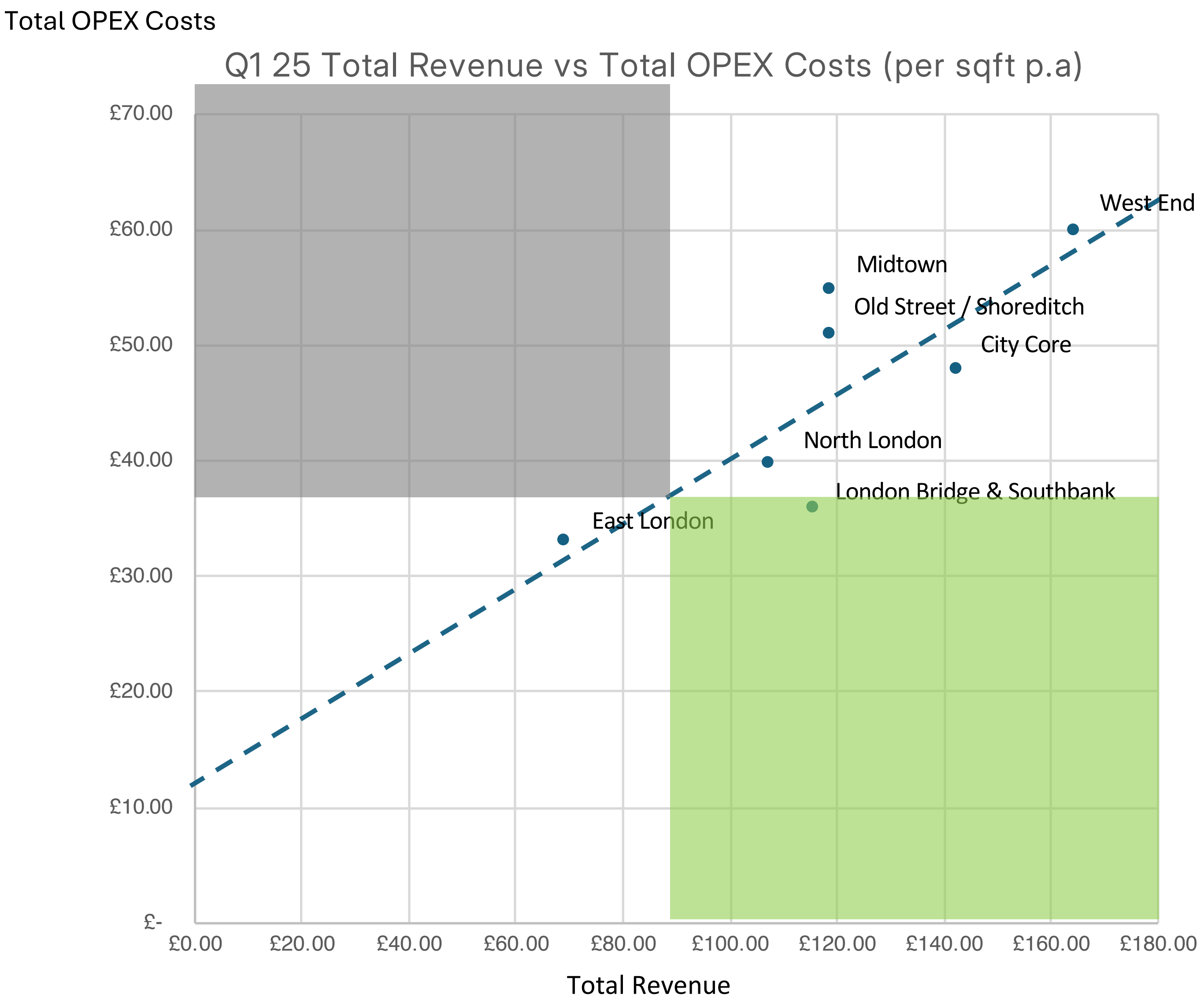
The obvious locations still dominate.

Stock is everything.

The fringe is the opportunity.



Revenue vs Costs



There is a **very strong correlation between total revenues and total OPEX costs within the WIN data set** which could be well used to help project revenues based on forecasted costs or vice versa.

While the West End location generates the highest total revenue it also experiences the highest total OPEX costs.

Markets such as the City Core and to a lesser extent London Bridge show lower revenues but also lower costs and ultimately experience a more preferential ratio between the two.

The addition of regular data to this model will produce enhanced results over the coming 6 months.

What is next for Flex?

Flex is moving from hype to mature, investable asset class.

Returns are real — but require better data, brand analysis, and operational understanding.

The winners will be those who embrace transparency, partner with the right operators, and harness collective intelligence to guide decisions.

Flex can outperform traditional office by up to 30% over a ten-year hold. The opportunity is here — but only for investors who underwrite on operational performance, not outdated lease assumptions.

Thank you

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What is next for the market?

The flexible workspace market continues to demonstrate notable resilience despite economic uncertainty.

The data reveals a sector buoyed by strong desk rate performance, improving occupancy, and promising signals in secondary markets.

One of the standout trends is the continued strength of the West End, which not only leads in total revenue but also commands the highest desk rates.

The flipside, of course, is the cost burden: the West End also sees the highest OPEX and build/acquisition costs.

Conversely, markets like North London and West London are showing increasing relevance. The latter has outperformed in desk rate growth, suggesting that occupiers are actively seeking quality, value-led spaces in more accessible locations.

The recovery in occupancy — particularly after early 2024's dip — signals growing occupier confidence and perhaps a shift in strategic leasing behaviour.

These 'outer-core' zones offer operators the chance to apply operational efficiency and create compelling suburban flex hubs. However, growth here must be balanced with awareness of rising service costs and the ongoing challenge of maintaining margin amid inflationary pressures — particularly staffing.

Ultimately, this data points to a flex sector evolving on two fronts: high-end, high-cost premium centres continuing to justify their margins through product and positioning, and agile, suburban models capturing demand through accessibility and affordability.

Operators who can balance both — while integrating cost forecasting, pricing discipline, and data-driven planning — are best placed to thrive as the market enters its next phase of growth.