

OFFICE FREEDOM

2018 Q2

LONDON

AVERAGE DESK REQUIREMENT

LONDON

AVERAGE DESK RATE

FLEXIBLE WORKSPACE REPORT

THE REGENERATION OF KING'S CROSS

The regeneration of King's Cross and its excellent transport infrastructure has attracted famous brands like Google, Louis Vuitton and Guardian Media Group.

The 67-acre redevelopment includes 3.4 million square feet of new office space. Larger operators such as WeWork and The Office Group have opened their doors to high-growth businesses over the last few months which accounts for the increase in requirements and the decrease in price as the market becomes more competitive, with the average desk requirement increasing by 133% year on year.



AVERAGE DESK REQUIREMENT IN LONDON

Q1 2018

8

Q2 2018

9

QoQ %

+12↑

Q2 2017

7

Q2 2018

9

YoY %

+29↑

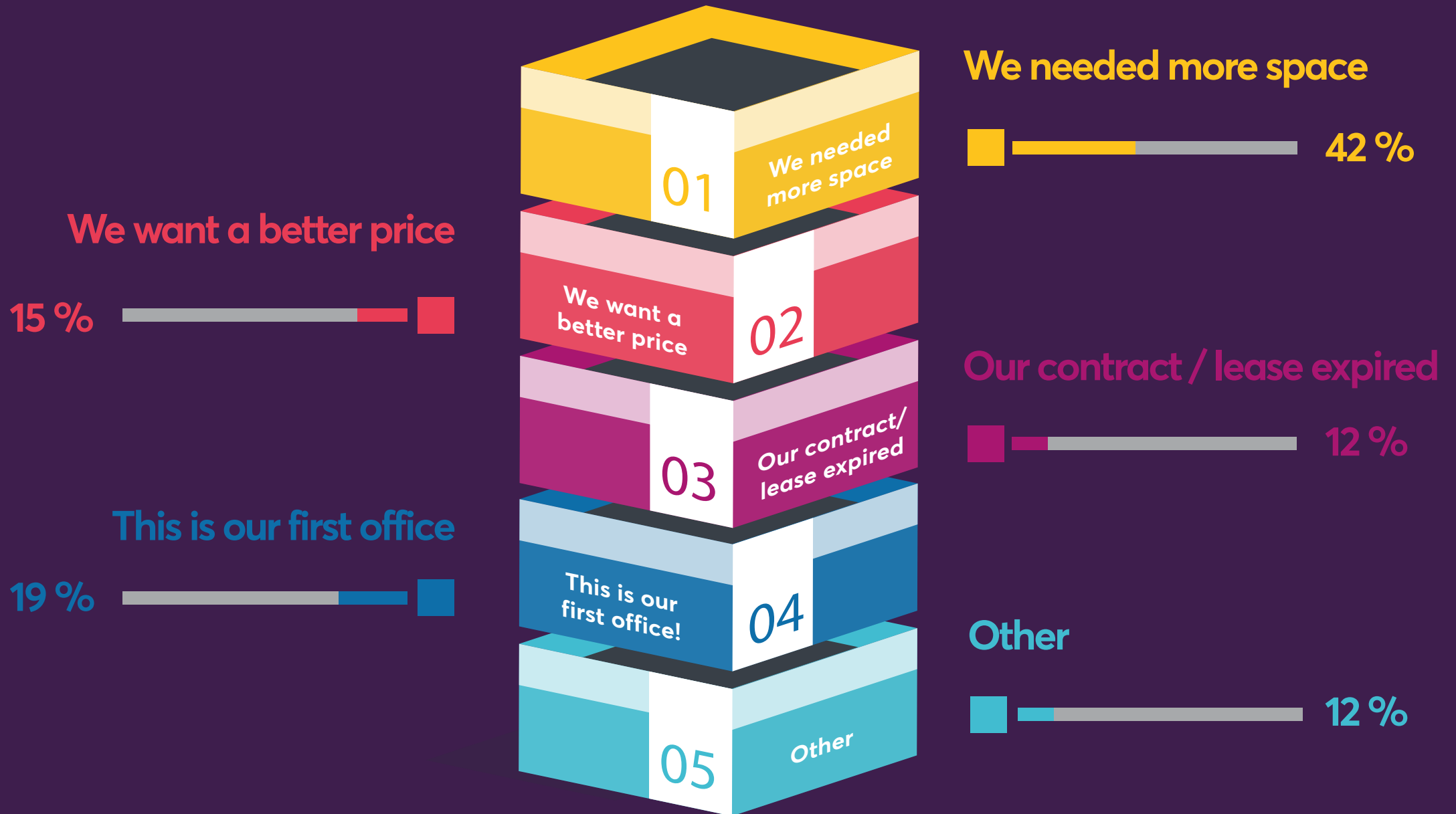
QoQ = Quarter on Quarter
YoY = Year on Year



At Office Freedom, we are witnessing an exciting upwards trend in the number of people businesses are looking to accommodate, with strong growth of 12% QoQ.

In fact, almost half of all enquiries so far this year have come from the CEOs of growing businesses.

REASON FOR YOUR OFFICE SEARCH



**What is
driving the
demand
for more
office
space?**



BUSINESS SUCCESS IN THE CAPITAL

Businesses in the capital are flourishing, especially those in the tech sector. London continues to be the top destination for international tech investors, with British tech companies attracting almost three times more venture capital investment than any other European country over the past two years.

Research by London & Partners shows that since June 2016, UK tech companies have received over £5 billion in VC funding – more than France (£1.55bn), Germany (£2.15bn) and Sweden (£644m) combined. This increase in funding has given many new businesses the buying power to acquire larger spaces where they can scale up easily.



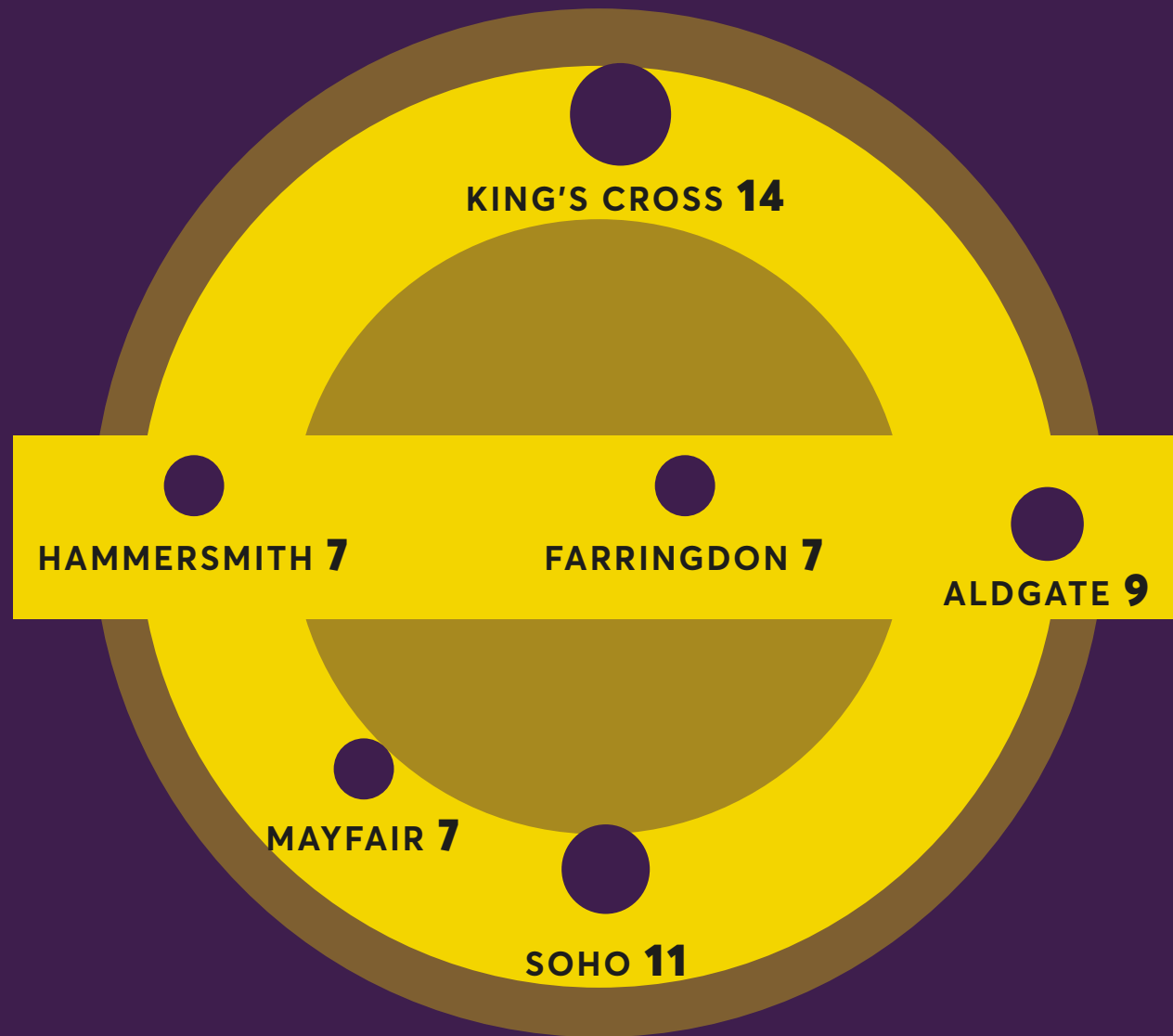
A BOOMING INDUSTRY

Investors continue to see the flexible workspace industry as a lucrative option; London remains the focal point for investment and is the leading city in the world for flexible office space. According to CBRE, "Central London office investment transactions totalled £3.5bn in Q4 2017, bringing the year-end total to £16.4 billion. Total turnover for the full-year was 26% higher than 2016 and was the fourth highest annual total on record."

The flexible workspace industry is incredibly attractive to investors right now – in fact, flexible workspace giant WeWork has just secured \$1bn of funding from SoftBank. In the UK, private equity giant Blackstone bought a majority stake in The Office Group in a deal valuing the operator at £500 million, to fuel their expansion plans. Office Freedom has listed 150 new offices in Q2 alone this year, including TOG's new Waterloo location, opening in 2019.

An increase in investment has led to operators buying up larger buildings that can now accommodate big international brands. In the wake of transformational changes in the flexible workspace industry, these offices can be branded and designed in a bespoke way to reflect the occupier's requirements and company culture. Serviced offices are also a lot less financially risky than leases because there is no upfront expenditure or dilapidation liability - this is appealing to larger businesses, especially in the lead up to Brexit.

AVERAGE DESK REQUIREMENT IN LONDON LOCATIONS



LOCATION	Q2 2017	Q2 2018	YOY %
Mayfair	5	7	+40 ↑
King's Cross	6	14	+133 ↑
Aldgate	10	9	-10 ↓
Hammersmith	3	7	+133 ↑
Farringdon	6	7	+17 ↑
Soho	13	11	-15 ↓

AVERAGE DESK RATE IN LONDON

Q1 2018
£522

Q2 2018
£494

QoQ %
-11

Q2 2017
£553

Q2 2018
£494

YoY %
-5

QoQ = Quarter on Quarter
YoY = Year on Year

Renting a workspace in London isn't as expensive as it used to be, and there are now cheaper options for startups.

At the Boutique Workplace Company, hot desks start at just £50 a month.



The flexible workspace market in London is becoming more competitive: many operators are offering rent-free deals to attract new clients. As the market becomes more saturated, businesses are utilising the experience of office agents who can negotiate better deals on behalf of their clients.

Agents make the process of finding an office substantially easier - their comprehensive industry and area knowledge enables them to recommend the most appropriate properties for their client's requirements in any one area.

Global workspace operator Mindspace opened its first London centre in Aldgate in December 2017 and has since opened another in Shoreditch. As well as established operators, last year saw the emergence of niche newcomers Cuckooz Nest, London's first fully-flexible, Ofsted-registered nursery with integrated workspace, and Blooms London, a 'female-focused' coworking space.

Stillpoint Spaces - a coworking space for those working in psychology - is indicative of the trend towards industry-focused workspaces.



AVERAGE DESK RATE IN LONDON LOCATIONS

LOCATION	Q2 2017	Q2 2018	YOY %
Mayfair	£858	£798	-7 ↓
King's Cross	£644	£585	-10 ↓
Aldgate	£554	£475	-17 ↓
Hammersmith	£572	£577	+0.8 ↑
Farringdon	£662	£774	+17 ↑
Soho	£849	£775	-10 ↓
Shoreditch	£354	£499	+41 ↑



The supply of flexible workspace in Soho and Mayfair has stagnated in recent months, which explains why demand has decreased slightly.

Shoreditch boasts a wide selection of collaborative workspaces that are starting to attract big businesses who want to be at the forefront of the trend for flexibility and wellness in the workplace.

According to figures published by Knight Frank, renting an office in this east London neighbourhood is now almost twice as costly as doing so in New York's Brooklyn.

Although Shoreditch is still relatively cheap in comparison to West End areas, the price of a desk has increased by almost 30 per cent over the last year.

Shoreditch has been a hub for pioneering startups for years now, and these new figures show just how much tech and creative businesses value the location and its reputation for innovation.





GET IN TOUCH

Got a question or just want to say hi?

Start a conversation with us today.

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