



# UK Flexible Office Market Report

Q3, 2023

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## About Rubberdesk



# Desk Rates Remain Resilient Despite Surge in Supply

While London represents the lion's share of Flexible office space, the rest of the UK still makes up a quarter of the current supply. This report examines London and major markets outside of Greater London to get a feel for what's happening across the rest of the UK.

Though desk rates across the UK saw a modest 1% increase, the real story here is the surge in supply - something we haven't witnessed since the beginning of the pandemic. In fact, the amount of vacant space surged for a third straight quarter to reach 6,278,500 square feet.

Cambridge, historically known for rates comparable to London, has now overtaken the latter as the most expensive city for renting office space with desk rates soaring by 19% QoQ to £775. Meanwhile, Bristol and Cardiff have also seen significant increases of 7.4% and 10% respectively, reaching £375 and £225 per desk, thanks in part due to supply constraints. London, on the other hand, experienced a slight decrease of 2% to £612, while desk rates in Manchester remained resilient at £375 per desk.

When it comes to flexible office rates, the final price is often impacted by the location, grade of building, number of desks, and amenities included as part of the offering. Desk rates for smaller offices for 1-10 people outside London can often be found for less than £265 per desk while larger enterprise offices for teams of 26 or more will attract prices over £330 per desk due to extra amenities such as private meeting rooms.

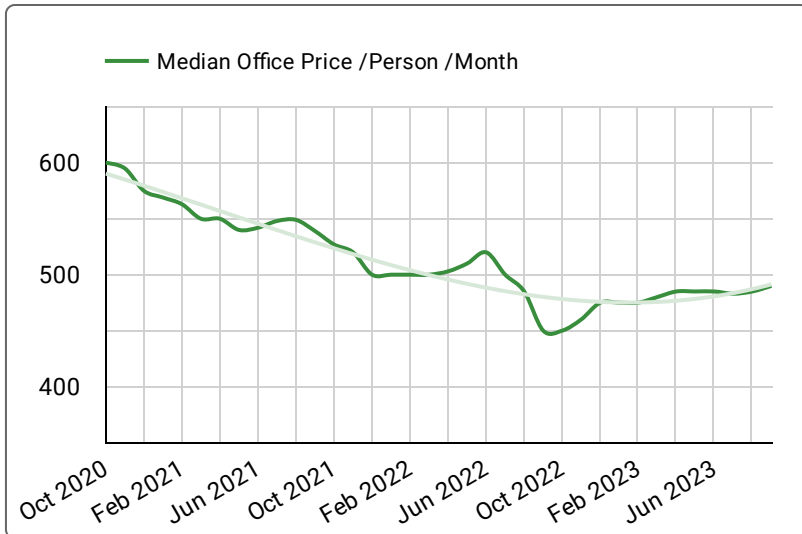
## Flex Office Space at a Glance

Vacant Offices	Vacant Space (sqft)
<b>6,044</b>	<b>6,278,500</b>
↑ 4.0%	↑ 9.0%

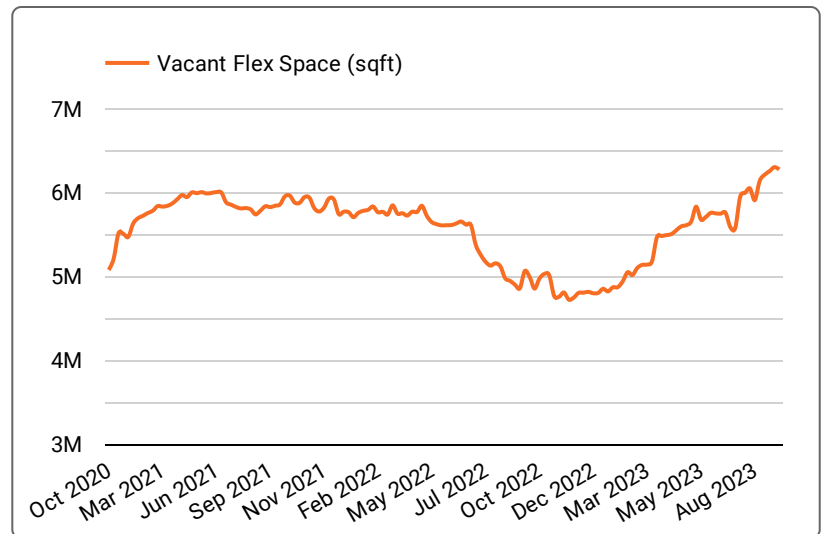
Vacant Workstations	Median Office Rate
<b>125,570</b>	<b>£490</b>
↑ 9.0%	↑ 1.0%

Relative to previous quarter

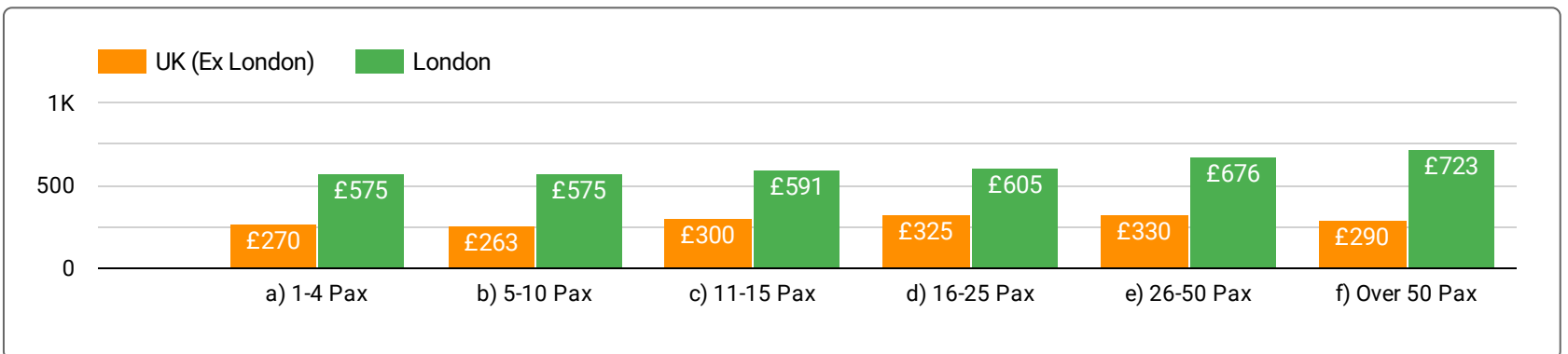
## Median Office Rate /Person /Month & Trendline



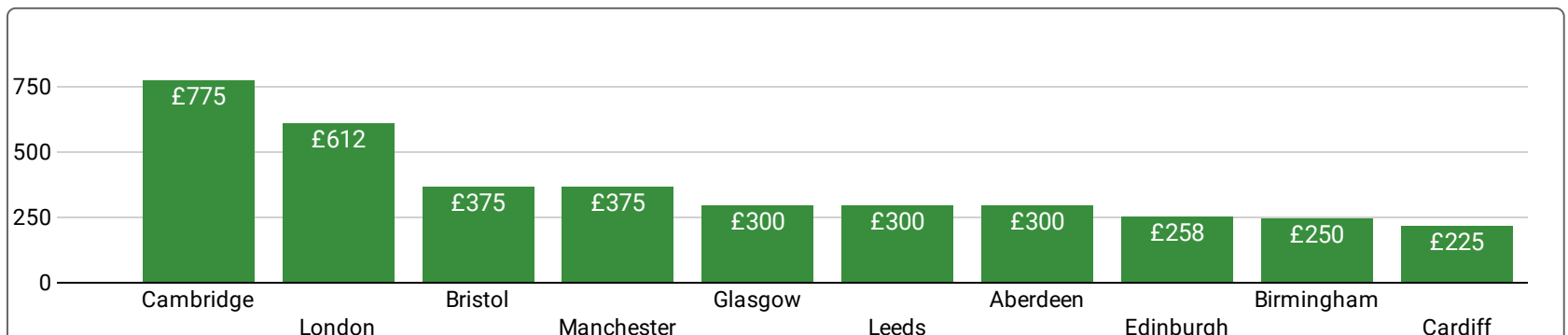
## Vacant Flex Space (sqft) over Time



## Median Office Rate by Office Capacity (London vs Rest of UK)



## Median Office Rate /Person /Month by City



# London: Desk Rates Dip as Supply & Competition Increase

With the threat of an economic recession on the mind of many business leaders, desk rates across London fell again for a 3rd consecutive quarter approaching the all-time low set in Q4 2022. Increased competition from traditional landlords forced operators to react with new deals pushing prices down 2% in Q3 to £611 per desk per month, while vacant space climbed 10% to 4,941,450 sq. ft. as a result of new supply coming to market.

Like many large global cities, desk rates in London vary by location and building grade. Median rates in Central London for example attract a desk rate of £684 compared to £477 in West London and £461 per desk in East London. For businesses happy to be located outside the city centre, desk rates in North and South London are an attractive option at £351 and £250 per desk.

With 44% of the available flex office space targeting teams smaller than 10, this segment offers space across all areas of London at a median rate of £599 per desk while spaces for larger teams requiring more than 50 desks will cost ~£723 per desk due to the extra amenities and private breakout spaces. Location also plays a role with enterprise offices in Central London in excess of £759 per desk.

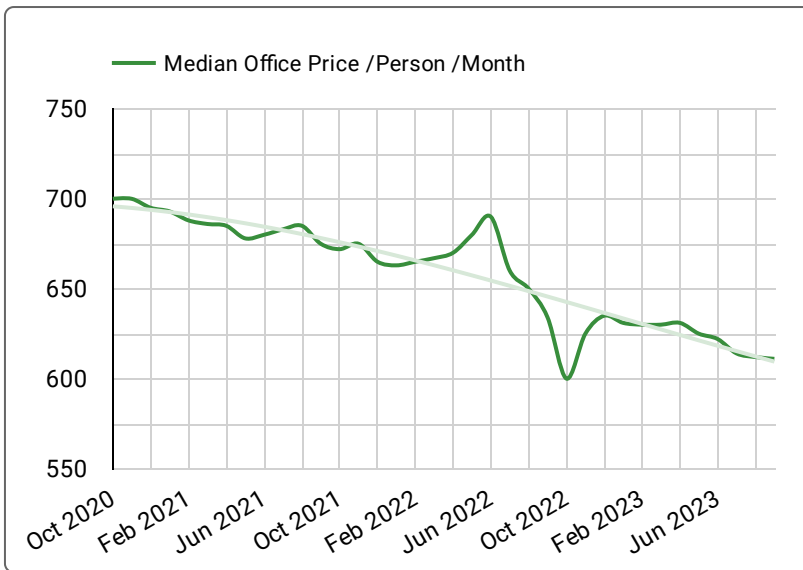
Despite the dip, desk rates in sought after areas such as Mayfair, SOHO and Marylebone remained above £750 per desk.

## Flex Office Space at a Glance

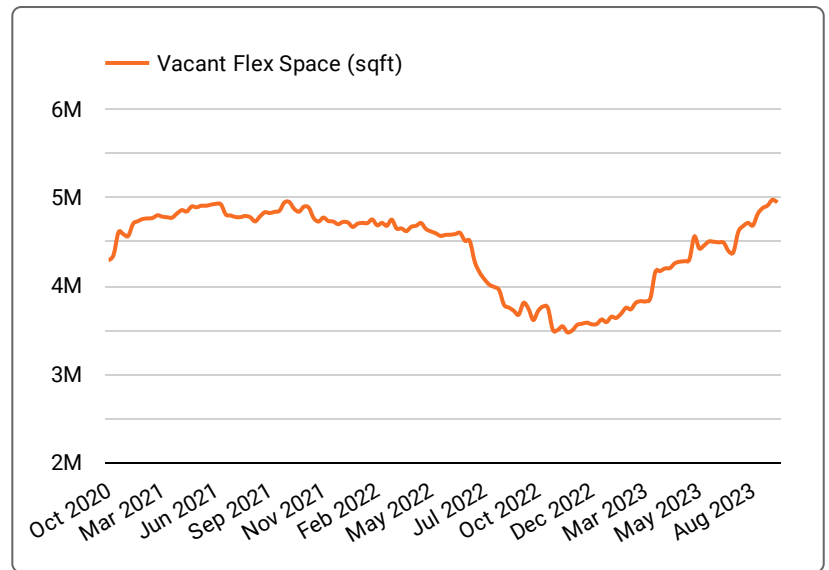
Vacant Offices	Vacant Space (sqft)
<b>4,093</b>	<b>4,941,450</b>
↑ 4.2%	↑ 10.1%
Vacant Workstations	Median Office Rate
<b>98,829</b>	<b>£611</b>
↑ 10.1%	↓ -1.8%

Relative to previous quarter

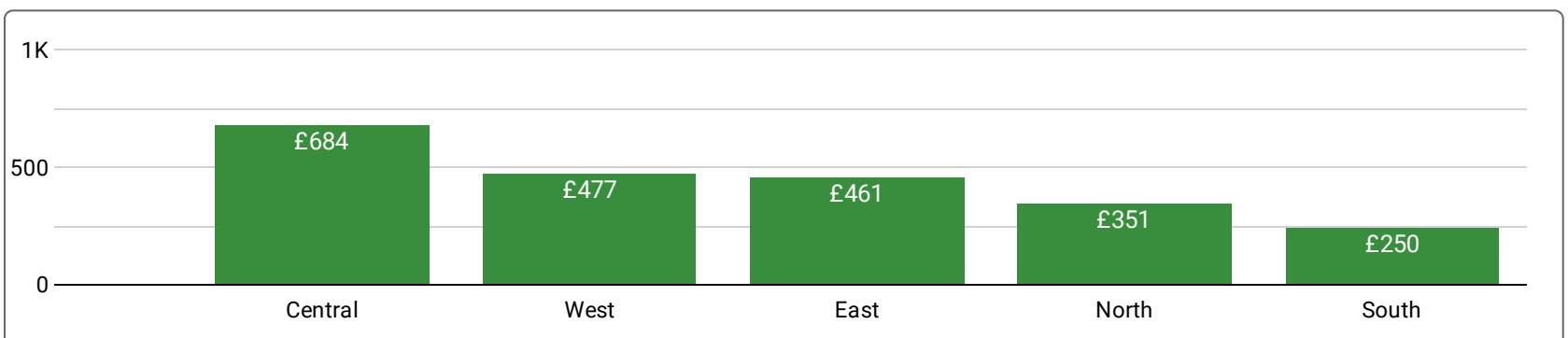
Median Office Rate /Person /Month & Trendline



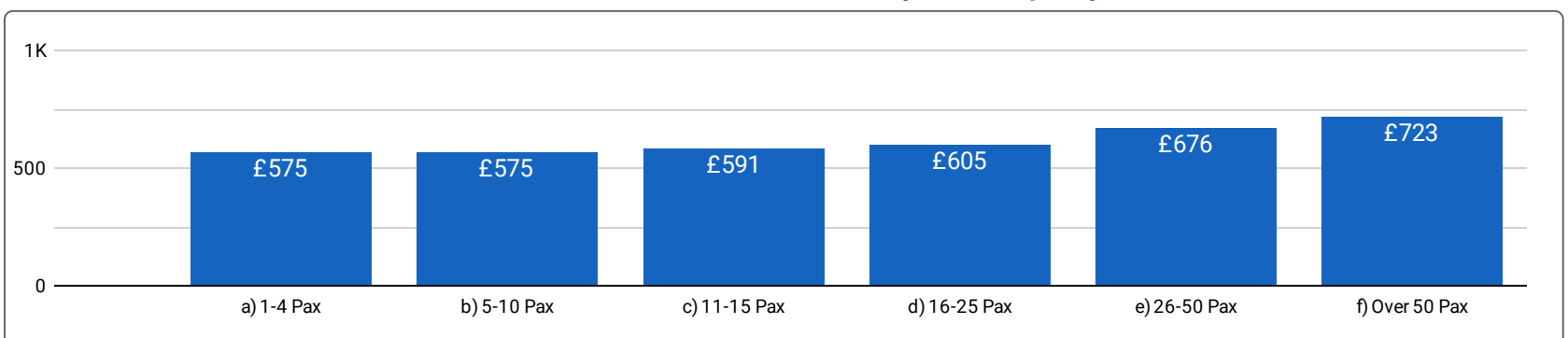
Vacant Flex Space (sqft) over Time



Median Office Rate /Person /Month by Region



Median Office Rate /Person /Month by Office Capacity



# Manchester: Desk Rates & Vacant Space Hold Steady

As the second largest Flex market in the UK, following London, Manchester boasts a wide variety of offices suitable for businesses of all sizes, including those in need of over 100 desks. Larger offices typically offer additional features, such as private whole floors, meeting rooms, and private entrances, which cater to the needs of larger businesses. As such prices average £427 per desk for enterprise spaces.

After price gains in late 2022 and early 2023, desk rates for flexible office space across Manchester have since leveled off at £375 per desk. Though supply is up marginally, it has not been enough to impact rates.

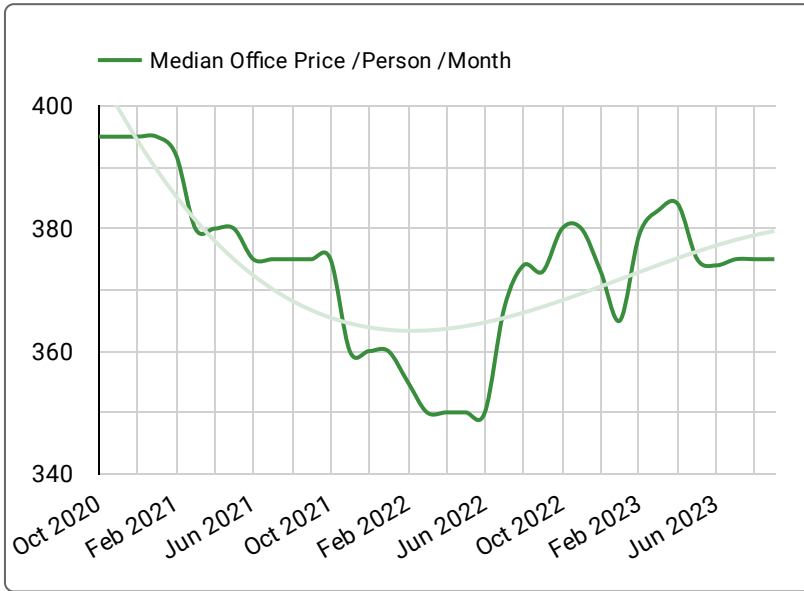
The majority of available inventory is concentrated in Manchester City, offering a diverse range of office sizes. Offices in Old Trafford and Salford are also available along with limited options in Rochdale, Bury, and Bolton. Prices for these locations vary, ranging from £175 per desk in Bury to £525 per desk in Rochdale.

## Flex Office Space at a Glance

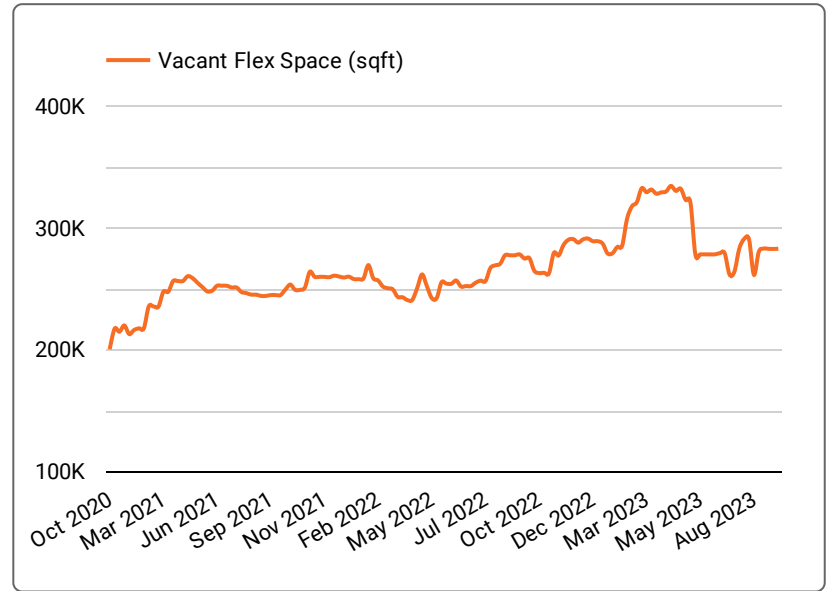
Vacant Offices <b>334</b> ↓ -0.9%	Vacant Space (sqft) <b>282,950</b> ↑ 1.3%
Vacant Workstations <b>5,659</b> ↑ 1.3%	Median Office Rate <b>£375</b> 0.0%

*Relative to previous quarter*

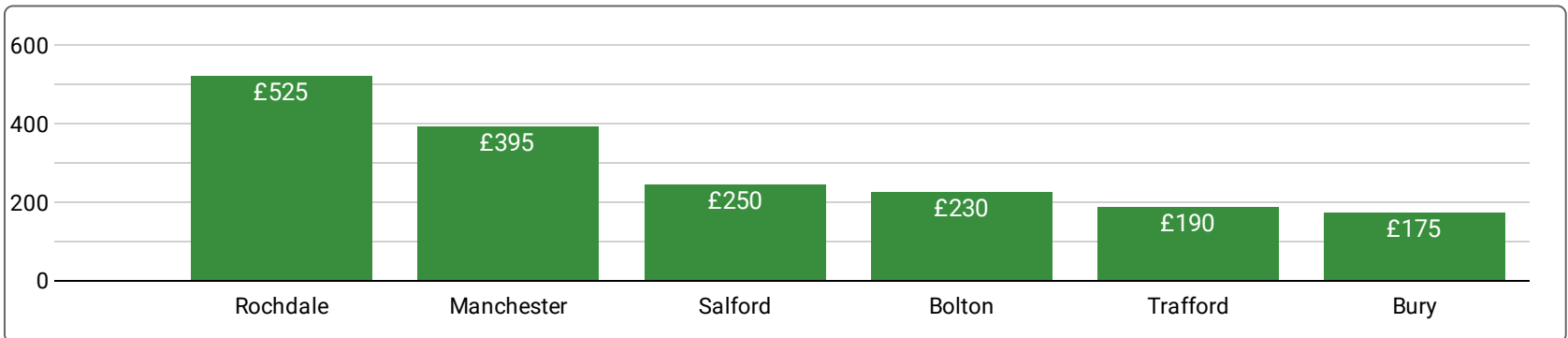
Median Office Rate /Person /Month & Trendline



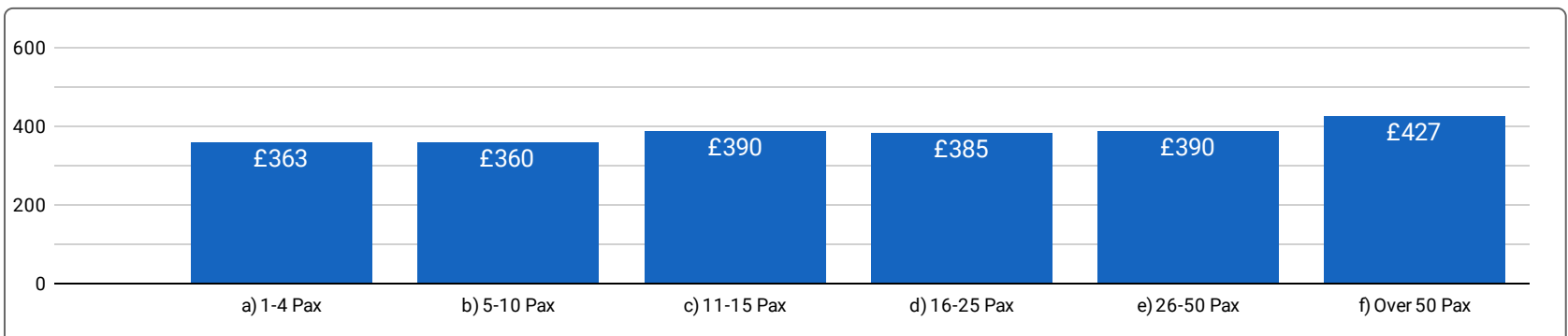
Vacant Flex Space (sqft) over Time



Median Office Rate /Person /Month in Greater Manchester



Median Office Rate /Person /Month by Office Capacity



# Birmingham: Flex Rates Slide 32% on Weak Demand

With inflation and higher interest rates, demand for office space across Birmingham fell swiftly driving desk rates 32% lower to £250 per desk, the largest fall seen across the UK this year.

Regardless of preference, businesses of all sizes will find a full range of spaces available, from the smaller 1-10 person office with a median price of £293, to larger enterprise-style offices with additional amenities for teams of 50 to 120 plus, at a slightly higher median price of £300 per desk.

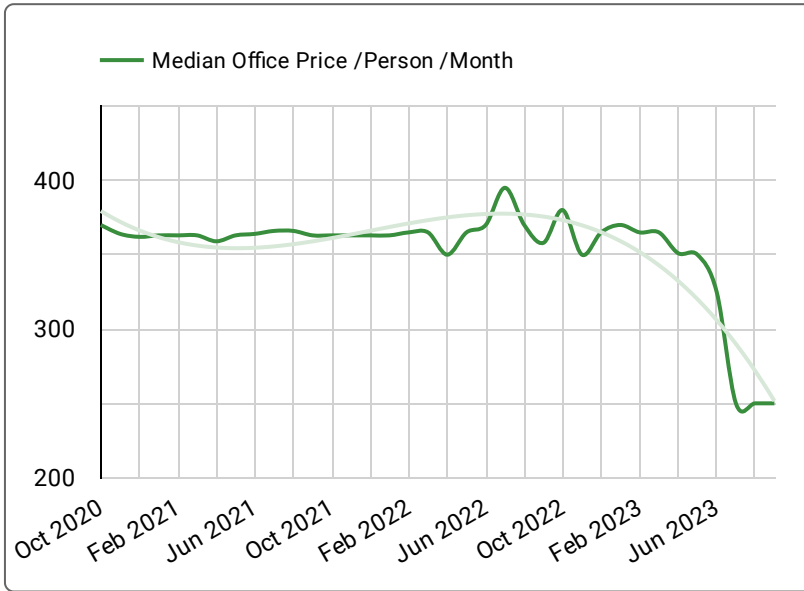
Rents vary by location as might be expected, with the city centre ~£300 per month, down 19% from Q2, compared to £231 in Coventry and £175 in Dudley.

On the supply side, larger enterprise offices with 26 or more desks increased 27% quarter over quarter while smaller offices with 1-10 desks fell 26% in the same quarter.

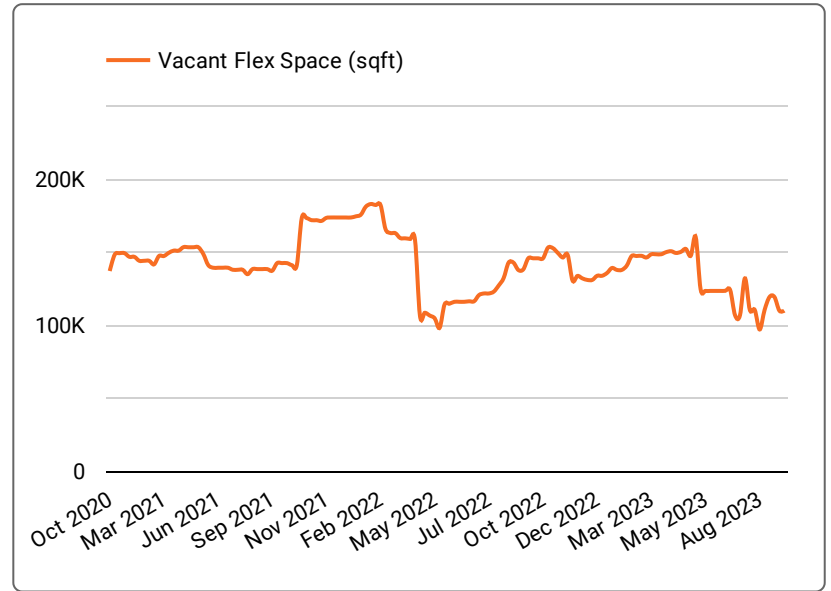
## Flex Office Space at a Glance

Vacant Offices	Vacant Space (sqft)
<b>159</b> ↓ -22.8%	<b>110,100</b> ↓ -11.4%
Vacant Workstations	Median Office Rate
<b>2,202</b> ↓ -11.4%	<b>£250</b> ↓ -31.5%
<i>Relative to previous quarter</i>	

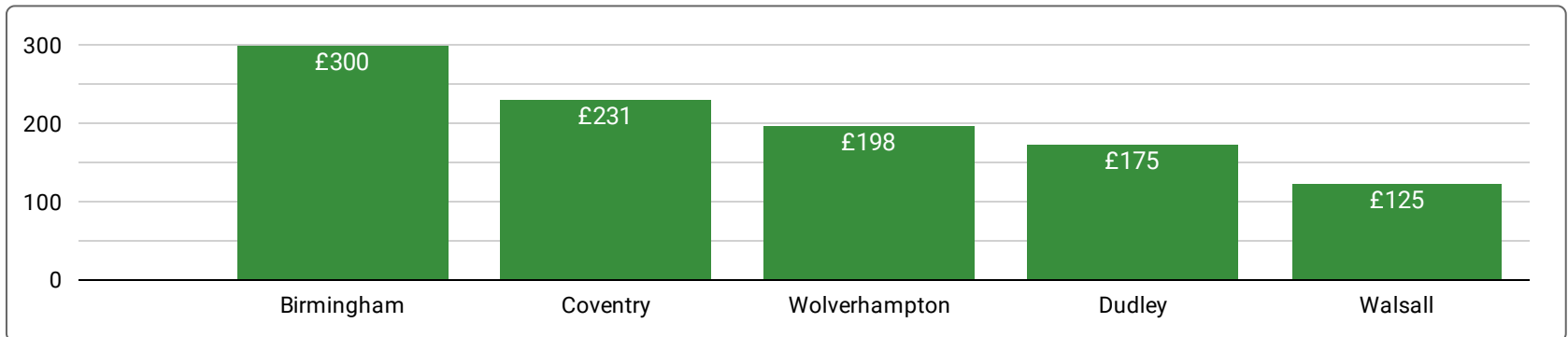
Median Office Rate /Person /Month & Trendline



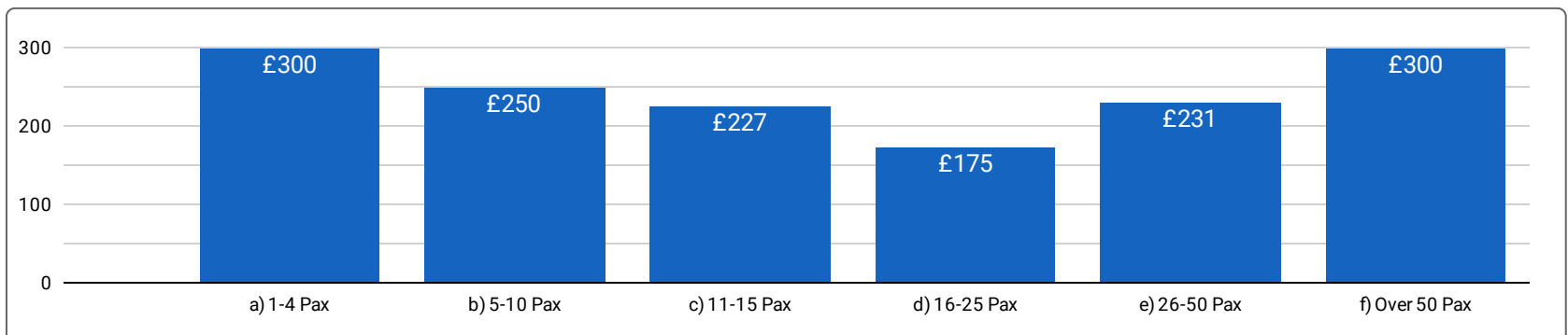
Vacant Flex Space (sqft) over Time



Median Office Rate /Person /Month in Greater Manchester



Median Office Rate /Person /Month by Office Capacity



# Bristol: Desk Rates Surge 7.4%

Desk rates for flex space in Bristol have consistently defied expectations, soaring over 45% since the pandemic. Despite a further 12% surge in supply in Q3, rates reached an all-time high of £365 per desk per month—a 7.4% increase. This showcases Bristol as one of the most resilient markets in the UK, continuously outperforming the norm.

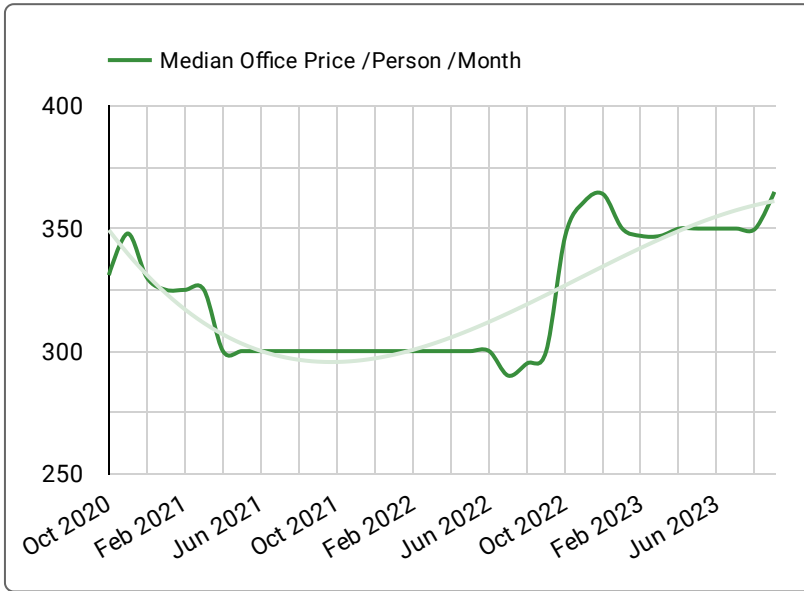
With 69% of all offices located in the heart of vibrant Bristol, the options outside the city centre are primarily limited to smaller spaces. However, businesses venturing further out will discover charming offices in Clifton, Parkwall & Walmley, and Patchway Coniston. Interestingly, these offices cater to teams of 1-15 people and are priced at a discounted rate of £279 per desk, providing a remarkable 24% reduction compared to their city counterparts.

## Flex Office Space at a Glance

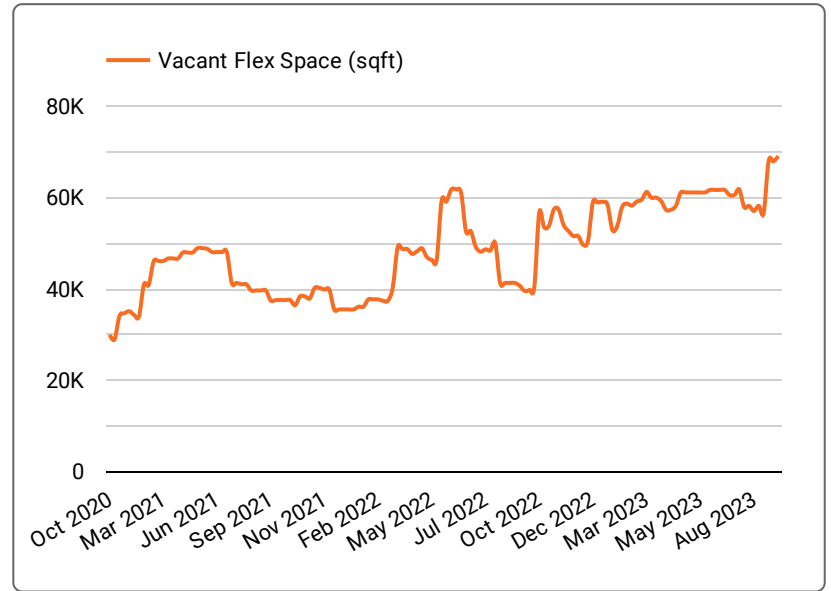
Vacant Offices <b>107</b> ↑ 25.9%	Vacant Space (sqft) <b>69,050</b> ↑ 12.0%
Vacant Workstations <b>1,381</b> ↑ 12.0%	Median Office Rate <b>£365</b> ↑ 7.4%

*Relative to previous quarter*

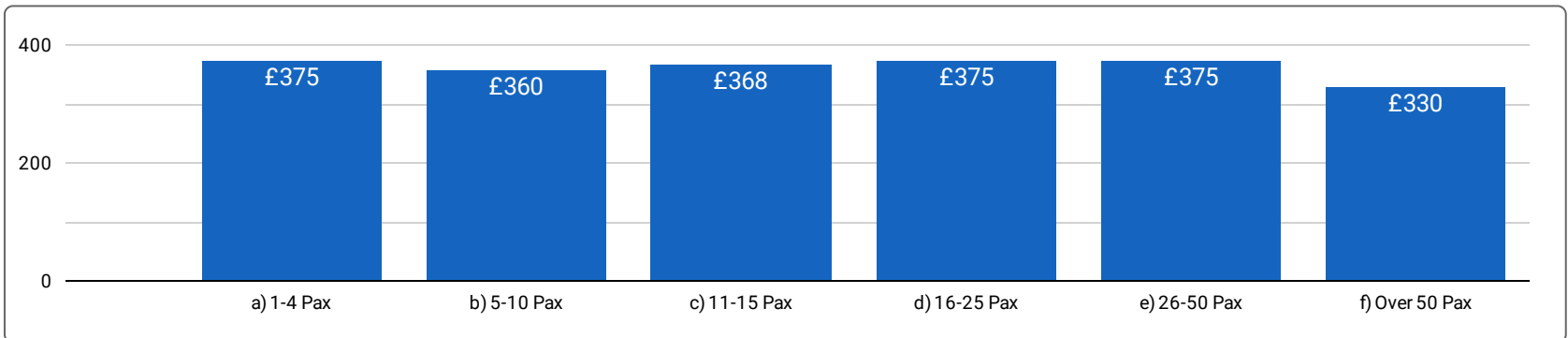
Median Office Rate /Person /Month & Trendline



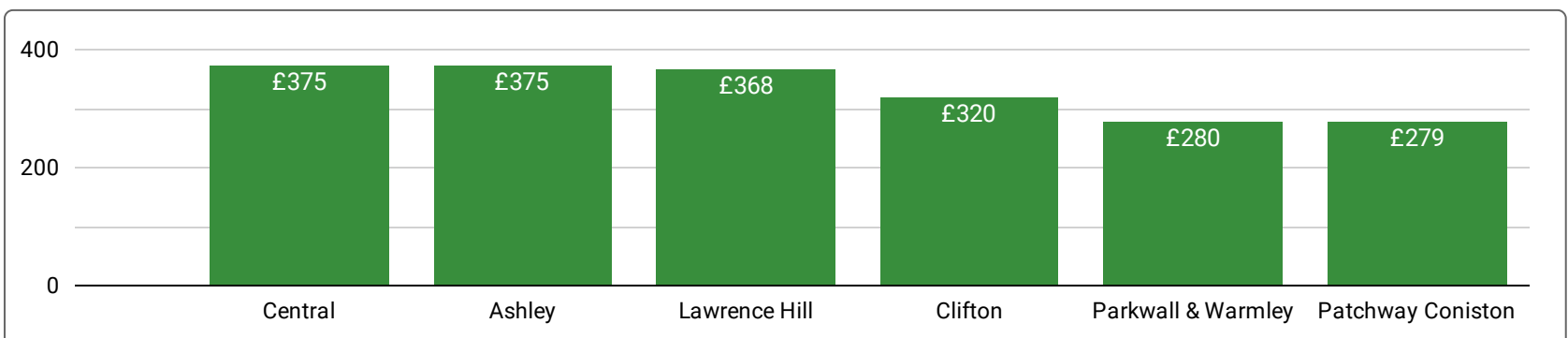
Vacant Flex Space (sqft) over Time



Median Office Rate /Person /Month by Office Capacity



Median Office Rate /Person /Month in Greater Bristol



# Cambridge: Median Desk Rates Lead UK Market

Cambridge, with its close proximity to London and abundant talent pool, has experienced a surge in demand for flexible office space. In fact, desk rates in this thriving city have risen by 19%, reaching £775 per desk. As a result, Cambridge now holds the title of the most expensive city in the UK to rent flexible office space.

Driven primarily by the surge in demand from small businesses and startups, operators responded by significantly expanding the availability of offices tailored for teams of fewer than 10 individuals—an impressive 50% increase!

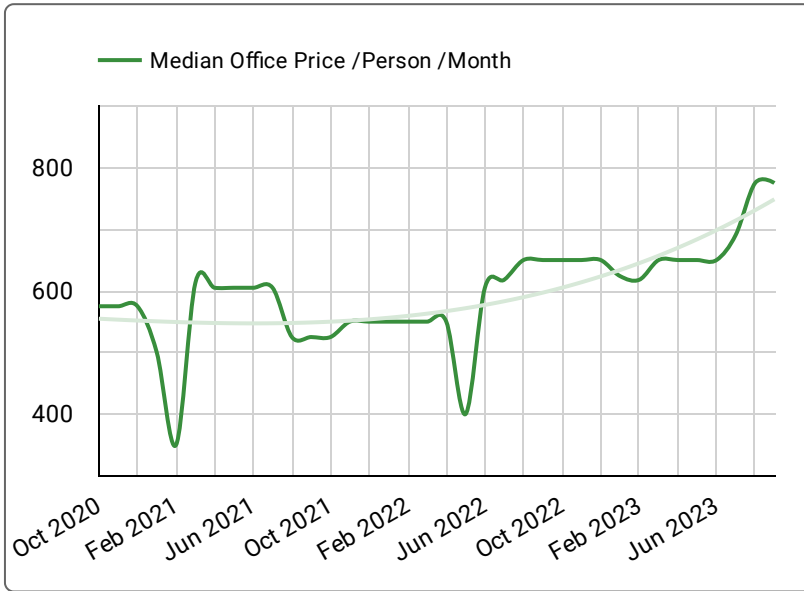
Enterprise offices with 50 or more desks command a slightly higher premium, averaging £806 per desk. This is attributed to the inclusion of additional amenities like private meeting rooms and offices. In contrast, coworking desks offer a more affordable option for solopreneurs or small teams who don't require a private space, priced at £350 per desk.

## Flex Office Space at a Glance

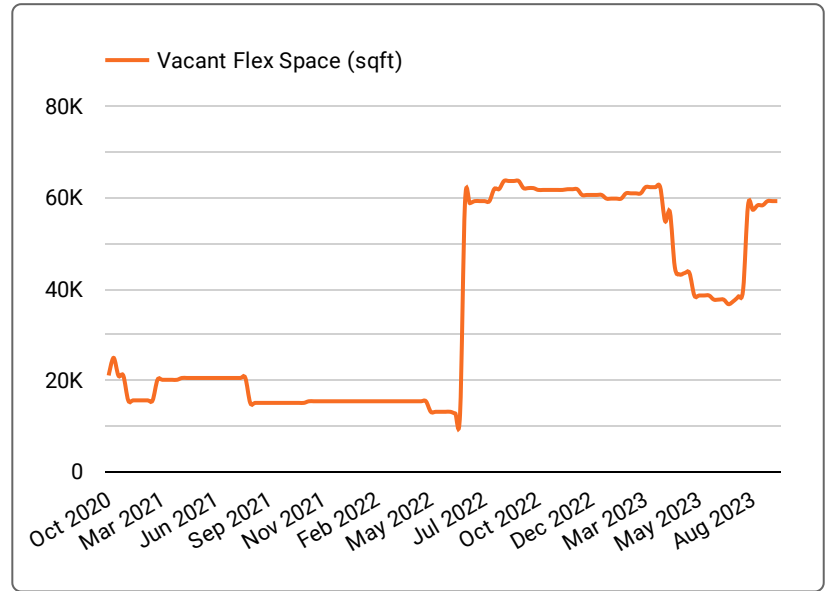
Vacant Offices <b>60</b> ↑ 66.7%	Vacant Space (sqft) <b>59,200</b> ↑ 57.2%
Vacant Workstations <b>1,184</b> ↑ 57.2%	Median Office Rate <b>£775</b> ↑ 19.2%

*Relative to previous quarter*

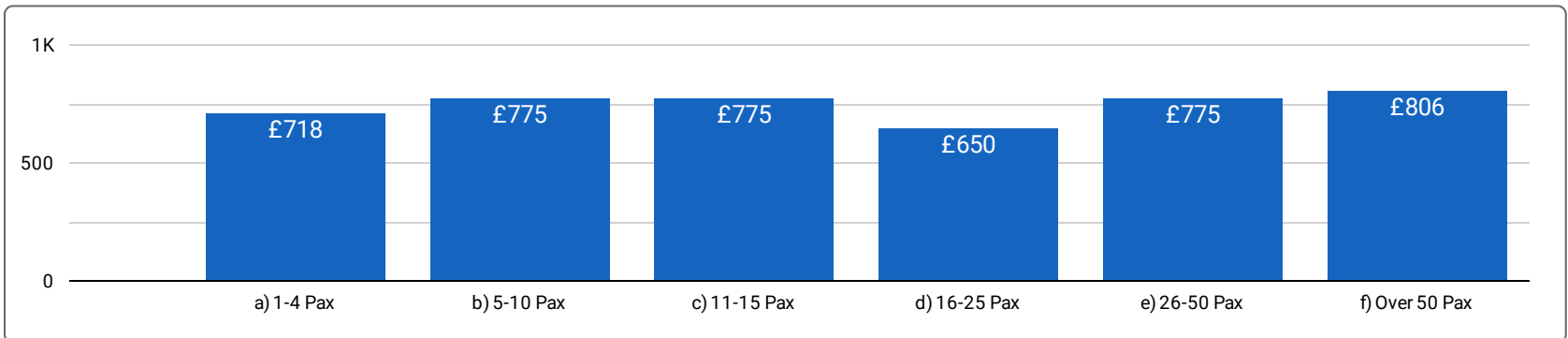
Median Office Rate /Person /Month & Trendline



Vacant Flex Space (sqft) over Time



Median Office Rate /Person /Month by Office Capacity





# Leeds: Desk Rates Slip 8%

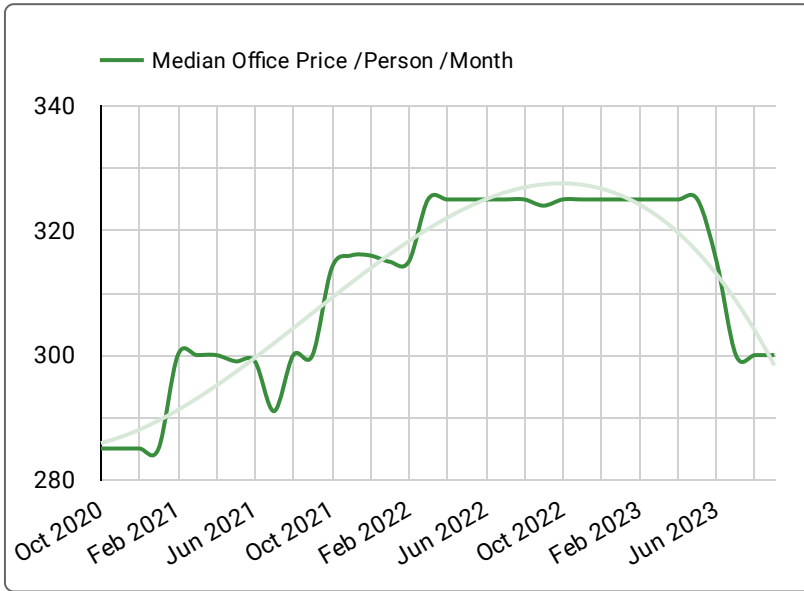
After repeated quarters of price increases in the UK's fastest growing flex city, desk rates in Leeds fell 8% to £300 per desk. This decrease came on the back of an 8% decrease in vacant space to 46,300 sq. ft.

With more than 6,000 small and medium-size enterprises, which account for more than half of employment, it's no wonder that 66% of all flex offices are set aside for teams of 1-10 people. While there are larger enterprise offices for companies in search of a larger space with more than 25 desks, spaces are limited. On a positive note though, rents for these enterprise offices are priced competitively ranging in price from £160 to £249 per desk per month.

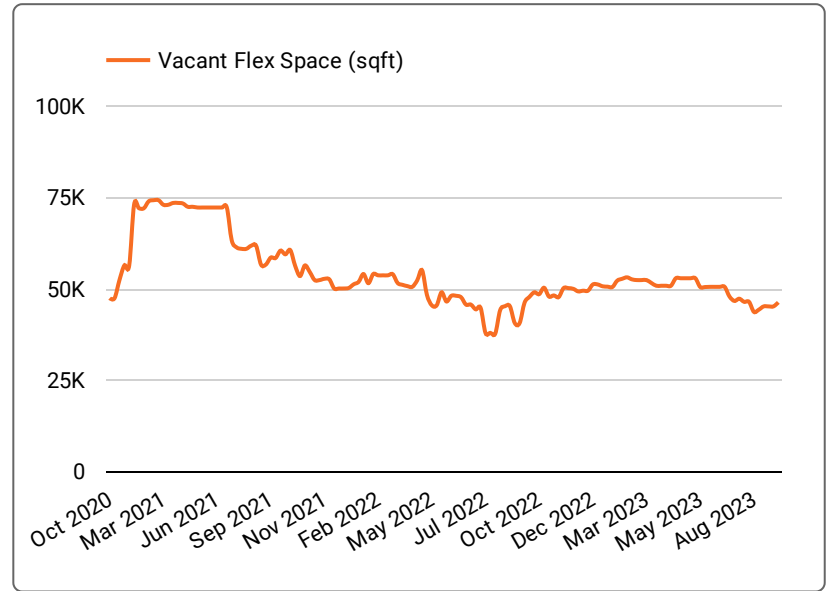
## Flex Office Space at a Glance

Vacant Offices	Vacant Space (sqft)
<b>80</b>	<b>46,300</b>
↓ -7.0%	↓ -8.4%
Vacant Workstations	Median Office Rate
<b>926</b>	<b>£300</b>
↓ -8.4%	↓ -7.7%
<i>Relative to previous quarter</i>	

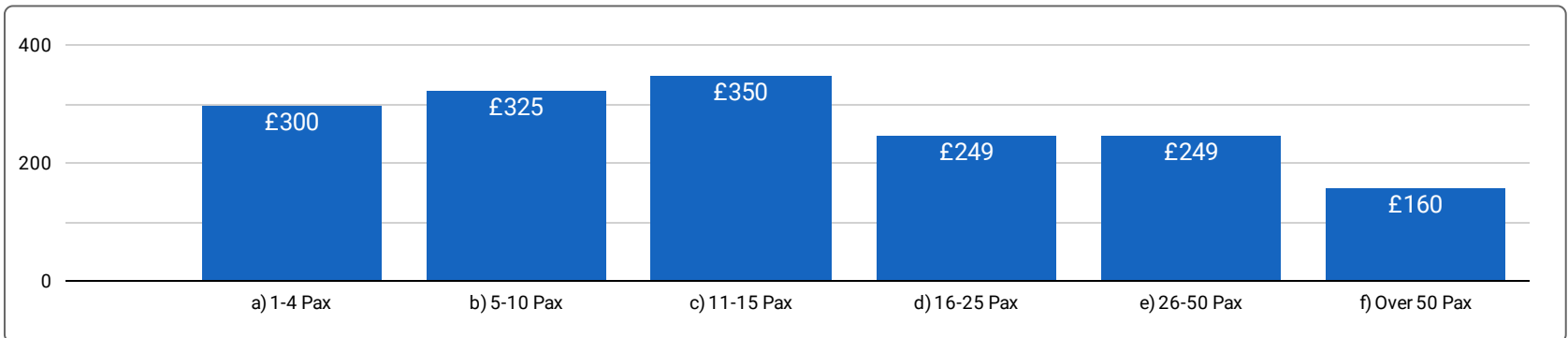
Median Office Rate /Person /Month & Trendline



Vacant Flex Space (sqft) over Time



Median Office Rate /Person /Month by Office Capacity



# Desk Rates in Cardiff Rise 5% Due to Supply Constraints

With a large university presence, rental rates for serviced offices in the Welsh capital have rebounded from a low of £200 per desk in late 2022 to £225 in Q3 2023. Like Bristol and Cambridge, the rate rise in Cardiff is predominantly propelled by supply constraints.

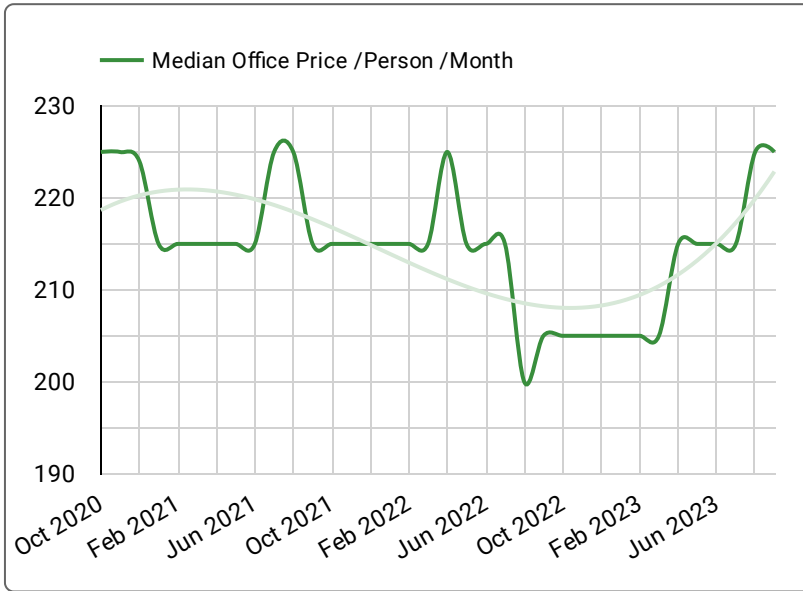
Offices tailored for teams of 1-10, constitute 75% of the listings on Rubberdesk and significantly influence the median desk rate. However, for businesses looking for a more expansive space for 26 to 200 people, there are cost-effective options available at a 38% markdown. Though these enterprise offices tend to attract a higher premium in cities such as London and Manchester, businesses in Cardiff will find available options for as low as £140 per desk with further savings available for longer terms.

As one of the smaller city centres in the UK, most of the currently available offices are within a 2-mile radius of the city centre providing easy access to many of the amenities the city provides.

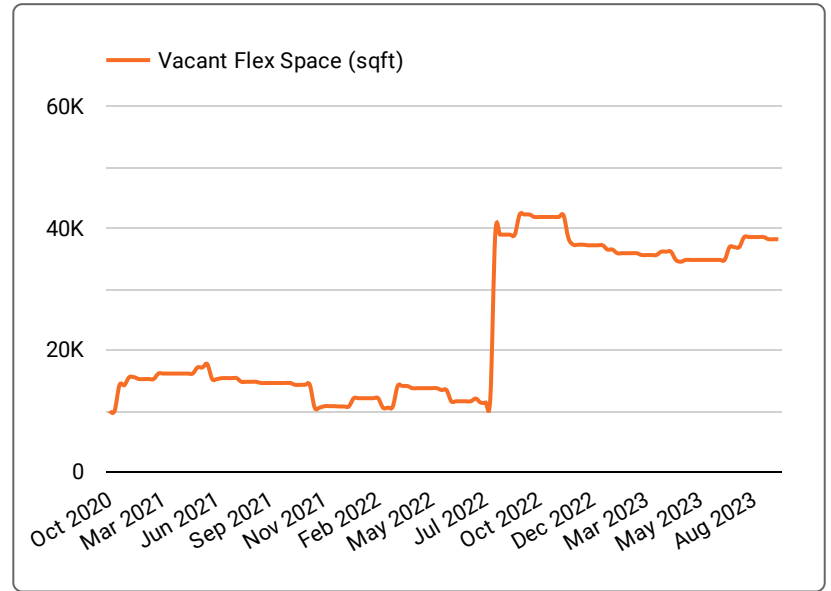
## Flex Office Space at a Glance

Vacant Offices	Vacant Space (sqft)
<b>44</b> ↑ 18.9%	<b>43,400</b> ↑ 8.5%
Vacant Workstations	Median Office Rate
<b>868</b> ↑ 8.5%	<b>£225</b> ↑ 4.7%
<i>Relative to previous quarter</i>	

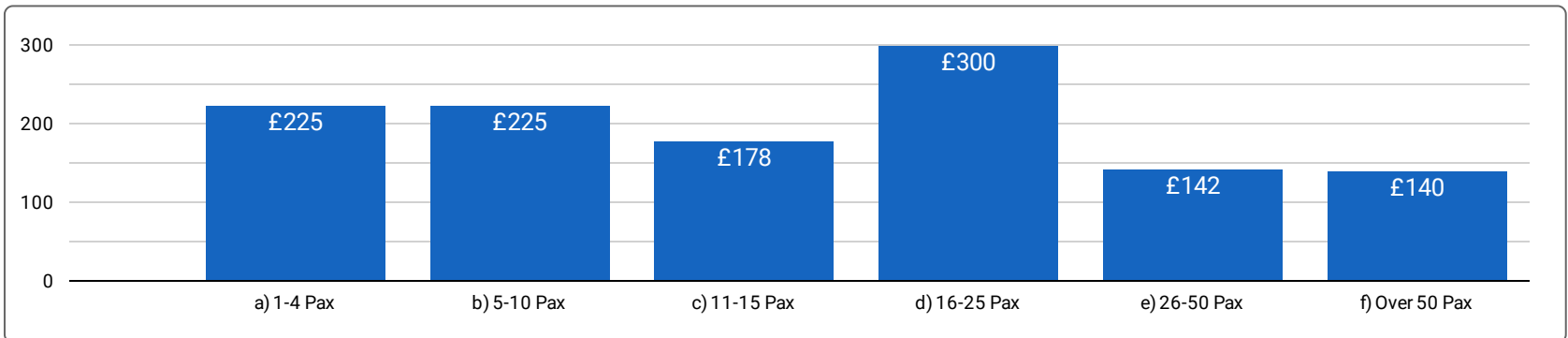
Median Office Rate /Person /Month & Trendline



Vacant Flex Space (sqft) over Time



Median Office Rate /Person /Month by Office Capacity



# About Rubberdesk

Rubberdesk is a flexible office marketplace with thousands of fully furnished and all-inclusive offices and coworking spaces available for rent by the month or year.

With offices in UK, Ireland and Australia, our proprietary platform and industry insights from dedicated flex space specialists, we help tenants cover the whole Flex market to find the best space for their business.

All for free and without obligation.



## Your next steps...

### 01. Focused Brief

We'll turn your office space needs into a clear and actionable brief.

We'll listen to what your business needs and the results you want for your office investment.

You'll save time and focus only on the offices that tick all the right boxes.

You'll save money and get the features your business needs.

### 02. Covered Market

Rubberdesk covers the whole Flex space market, with live availability.

We'll give you a bespoke shortlist of the offices that best meet your brief.

When you're ready, we'll arrange inspections and get detailed proposals.

You'll save time and inspect only the most appropriate offices for your business.

### 03. Informed Decision

With up-to-date market analytics and custom proposals that meet your brief, you can make an informed decision.

You'll be ready to negotiate the terms that give your business the best outcome for your investment.

Your Rubberdesk Flex Specialist will help achieve your best outcome.

All for free and without obligation.