

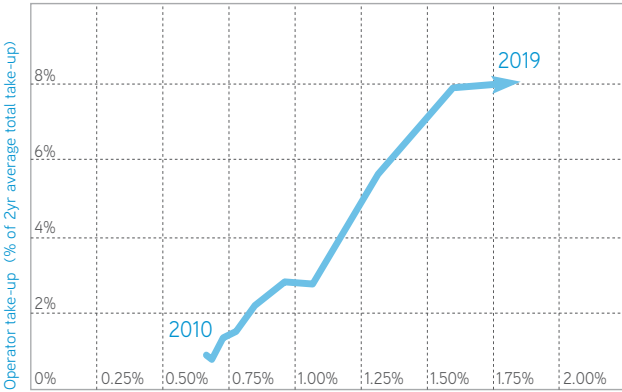
FLEXIBLE WORKSPACE: 2020 UPDATE

Our analysis of EMEA office markets in 2019 showed continued expansion in the demand and supply of flexible workspace (+7% year-on-year), albeit at a much slower rate than in 2018 and 2017.

The flexible workspace market continued to grow in 2019 however, the end of the year was marked by a slowdown in new site acquisitions. This in part was due to WeWork's failed IPO and resulting retrenching from expansion, but also the wider market pausing to take breath after three years of extreme supply growth. The sector performed very strongly in 2019, with demand continuing to broaden as more occupiers understand the benefits of outsourcing their office delivery to flexible providers.

FLEXIBLE WORKSPACE MARKET EVOLUTION, EMEA

2010-2019



Source: Colliers International

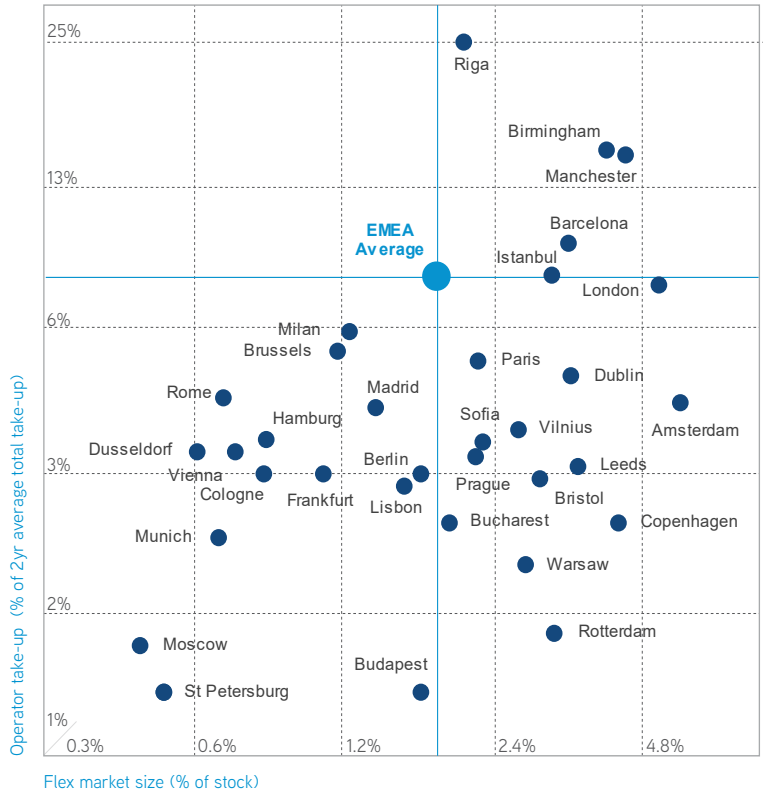
On average, the flexible workspace market as a percentage of total modern stock rose marginally over the year, to just under 2%, across the 44 markets surveyed. The percentage of take-up absorbed by flexible workspace providers (operators and landlords) rose by even less - on average this is up to 8% from 7.8% at end 2018.

There are significant differences around this mean, by city. Amsterdam remains the most active flexible workspace market, when considered as a percentage of modern stock. Meanwhile, Barcelona, Istanbul, Manchester and Birmingham are at the frontier of flexible workspace take-up, with activity rising to between 8-15% of overall take-up during 2019.

The majority of cities surveyed remain in the lower quadrant cluster, including many of the major German cities such as Berlin, Munich and Frankfurt. This suggests clear room for further long-term expansion. Short-term, in today's social distancing (COVID-19) environment, it also suggests there will be a limited, adverse local market reaction as the viability of open, co-working space comes under greater scrutiny.

We are yet to see how the current pandemic will pan out and what the new normal will look like, but there are both risks and opportunities in the flexible workspace to consider. Open, co-working space will be challenged by a need for low density, fully sanitised workspace. Yet limited public transport capacity is likely to drive a need for better, decentralised 'private-but-flexible' workspace options in inner and outer city locations, to reduce the need to constantly commute.

MARKET SATURATION, JANUARY 2020



Source: Colliers International

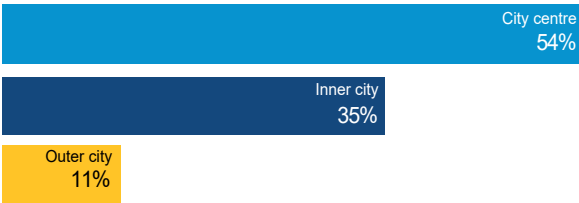
Colliers ongoing analyses derived from our 'Working from home surveys' point to the fact that employees wish to continue to working from home more, but not everyday (click here to see the initial results of the survey). It is inevitable that the flexible workspace sector need to adapt going forwards, but it will continue to play an important role in the long run.

Short term, prevalent physical distancing requirements are likely to see operators cease most of their expansion activities. The latest figures from FDi Markets suggests only 10 new flexible workspace projects were announced in Q1 across EMEA. This is down 75% on announcements in Q1 2019.

[Click here to access Colliers Back to Work Navigator – The Great Return | EMEA Office Markets Update – The Current State of Play](#)

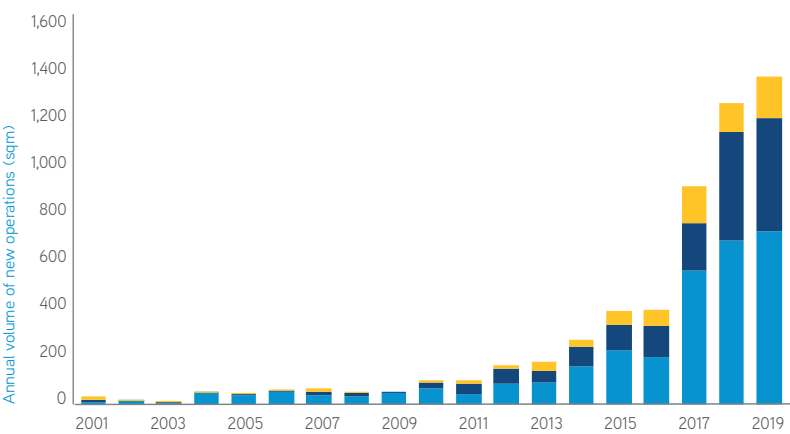
FLEXIBLE WORKSPACE DISTRIBUTION BY CITY LOCATION

2YR AVERAGE TAKE-UP STRONGLY FOCUSED ON THE CITY CENTRE



Source: Colliers International

ANNUAL NEW SUPPLY



Source: Colliers International

We will provide a deeper analysis of the challenges and opportunities around the flexible workspace market in our upcoming 'EMEA Flexible Workspace Outlook 2020' report, later in Q2.

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EMEA COVERAGE

44
1,145

Markets
Operators

Single | Multi | XB
72% | 25% | 3%

3.1k
5.9m

Operational
|
Committed Pipeline

2019 AT A GLANCE

1.9%

Size of flex market [% of stock]

8.0%

Share of flex activity [% of take-up]

80

New operators

Single | Multi | XB
90% | 10% | 0%

517
1,784k

Nr.
Sqm

313 | 204
908k | 876k

Operational
|
Committed Pipeline