Research Report

The Global Flex Market

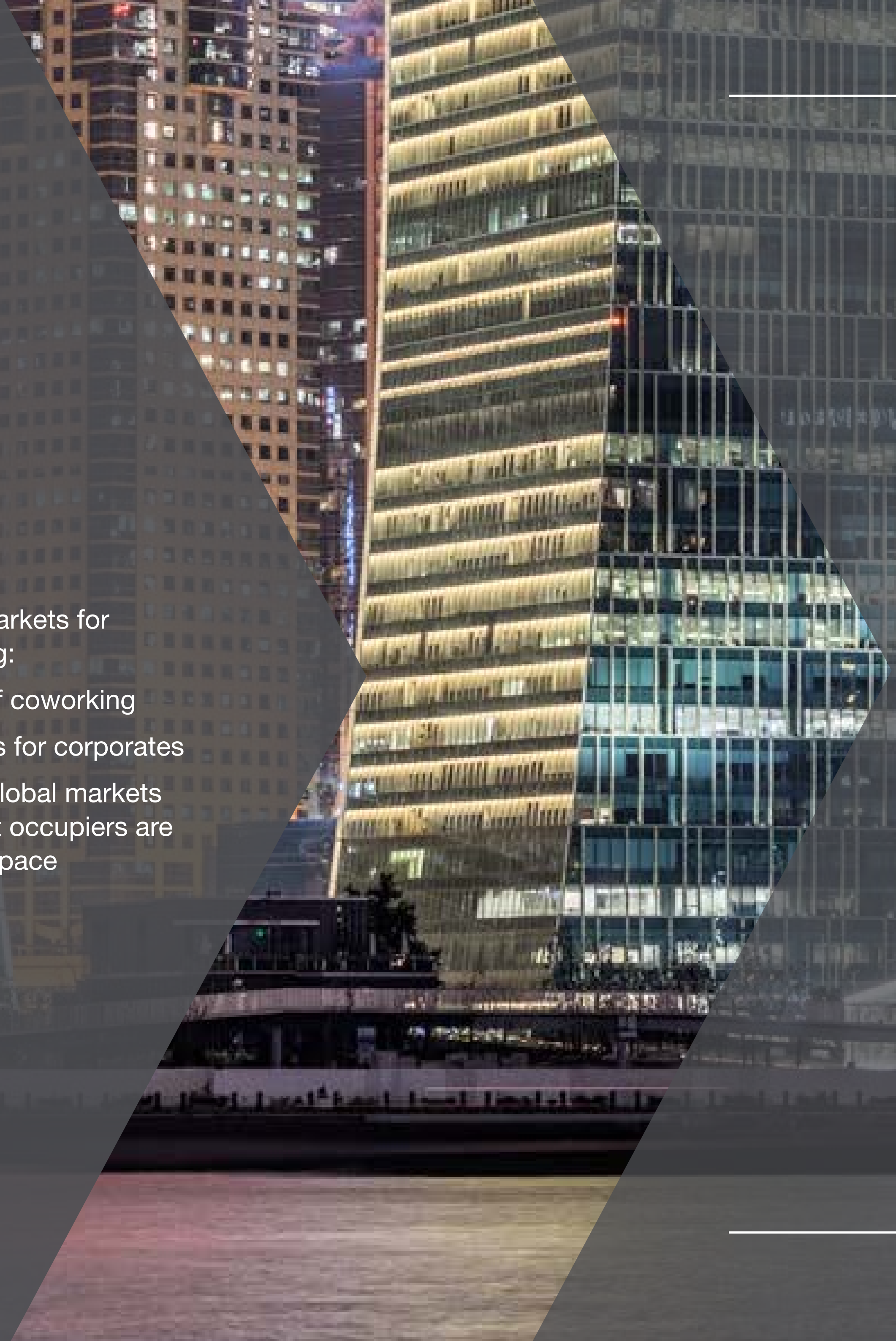
The top 18 markets for Flexible Workspace in 2019

Instant
RETHINKING WORKSPACE

Global Cities Report 2019

An analysis of the leading markets for flexible workspace, exploring:

- The continued evolution of coworking
- The role of serviced offices for corporates
- How economic cycles in global markets are impacting the way that occupiers are procuring and managing space



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convene

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INTRODUCTION

Is Flex Now the New Normal?

The flexible workspace industry is still in the early adoption phase in many global markets, with both the majority of corporates and landlords still exploring the options available to them. Despite a high degree of media scrutiny around coworking, we are still a long way from mainstream adoption of flexible workspace.

The flex products available to customers are already diversifying, producing more choice for customers but also clouding objective analysis of the current and future impact of the flexible workspace market.

THE GLOBAL CITIES

Tokyo	**Madrid**
Mumbai	**Paris**
Melbourne	**London**
Sydney	**Toronto**
Hong Kong Island	**Berlin**
Shanghai	**Los Angeles**
Singapore	**San Francisco**
New York	**Beijing**
Dubai	**Chicago**

The global cities we have selected in this analysis represent the largest markets for flexible workspace but even they are at different stages of maturation in terms of flex adoption.

In these markets, flexible space represents between 3% and 5% of overall office space but this will inevitably expand as the landlords of conventional space increase the proportion of their portfolios given over to flex space to meet client demand for "non-lease" workspace.

In the next 5 years, The Instant Group expects this figure to increase to closer to 10% as we see increased demand and growing supply in response. The more pertinent question is how quickly this change will occur – in our view, it is going to be a rapid transformation.

FOR CITIES SELECTED IN THIS REPORT

FLEXIBLE SPACE REPRESENTS 5% OF OVERALL OFFICE SPACE

SUPPLY AND DEMAND

Global Surge in Supply

New supply of centers has comfortably reached 16% in most of the global cities over the past year barring Tokyo and Dubai. In the less mature markets such as Toronto, Hong Kong, Beijing or Sydney, the growth of supply is comfortably above that 15% mark. But even in the most developed markets in the world – London and New York City – growth has remained at 17% and 20% respectively.

Taking a view of the increase in the number of cities is critical as it gives us a better estimate of the desks available and thereby shows us if demand is being matched or otherwise. Many other flex workspace research only looks at the square footage take up by operator, which is ultimately misleading given the significant variances in size of space taken by different operator models.

> **For example, many spaces that WeWork took last year were 100,000 sq. ft. or larger – this is more than ten times larger than the average flex operator space.**

Looking at sq. ft. growth of the market also really only looks at operator “intent”. It fails to take into account pricing, demand and the other factors that show whether this space can actually be filled. In short, it only really measures the operator belief that the space of that size is viable in that market.

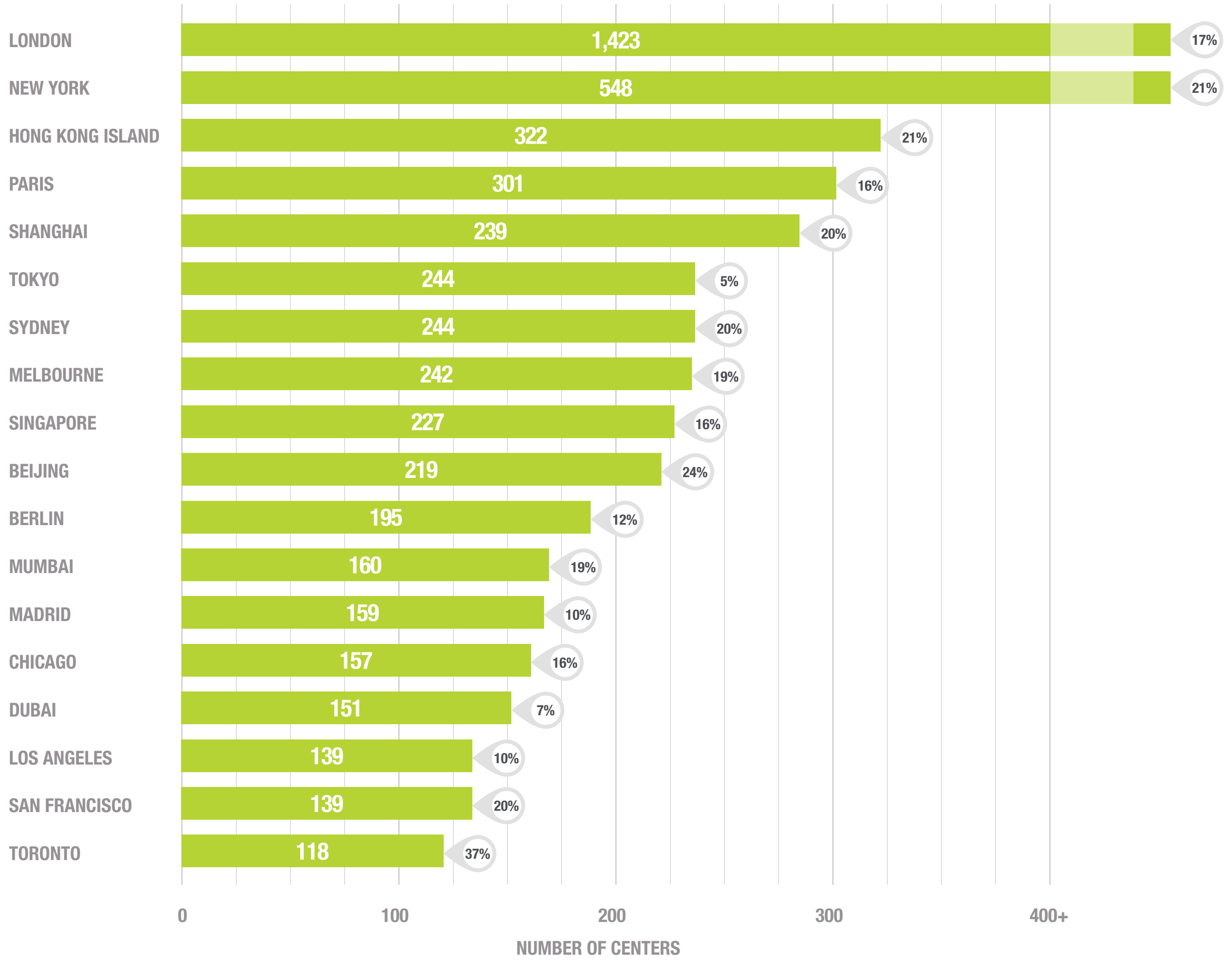
> **The key trend of note is that while supply has increased across all of the global cities, there is still much more growth to come.**

London still has so many more flex workspace options than its rival international cities, other than NYC. Markets such as Paris, Tokyo, and Chicago do not have the total supply of centers that matches their international business profile so we can assume significant growth in the coming years.

> **“The growth in supply of flex space has been the #1 story in commercial property markets around the world. But so many of the key city markets outside of the top five are under-sized compared to the total sq. ft. of office space within them. There is more growth to come as client awareness of non-lease options increases the search for more choice in the market. We have only seen the tip of the iceberg for larger, corporate requirements as companies look to flex 20% of their portfolios or more.”**

JAMES RANKIN
HEAD OF RESEARCH AND INSIGHT
THE INSTANT GROUP

SIZE OF SUPPLY BY CITY



SUPPLY AND DEMAND

Demographics Driving Market Change

With a recent Oxford Economics report* highlighting that the top 750 largest cities will account for 61% of the total global GDP by 2030, these leading locations are likely to remain the focal point of the flexible office industry development in the near future.

The flexible market is still in its early stages of development in many global markets and change can be expected- both in the industry's shape and its areas of high growth.

At present the main activity remains focused around Western markets but with 8 EU cities expected to drop out of the top 50 in place of mainly Chinese cities, we expect to see a gradual shift in line with these macro trends.

For example Chinese urban household incomes are expected to grow by twice the rate of North American households in the next two decades which alongside the changing cultural attitude to business dynamics (less hierarchical, more entrepreneurial, more tech focused) could create higher growth in flexible demand than in any other Western market.

While Asia has an aging population, which could potentially limit the overall penetration of the flexible market if cultural shifts do not take place quickly enough, Africa is expected to see the opposite.

Going forward a youth explosion is forecast and while at present the flexible industry is seeing slower and less developed expansion than in other global regions, long term this growing youth economy could provide sustained high growth for the industry as other markets start to mature.

> **To give an idea of scale, by 2030 an estimated 45 million Chinese households are expected to see earnings above $70,000 annually. Predictions for 2100 indicate that 5 of the top 10 mega cities by population will be based in Africa with not even one of the top 20 falling into today's Western world.****

BY 2030, THE LARGEST 750 CITIES WILL ACCOUNT FOR 61% OF TOTAL GLOBAL GDP

*https://www.oxfordeconomics.com/Media/Default/landing-pages/cities/OE-cities-summary.pdf

**http://uk.businessinsider.com/new-york-city-isnt-even-on-the-list-of-the-projected-20-most-populated-cities-in-2100-2018-7

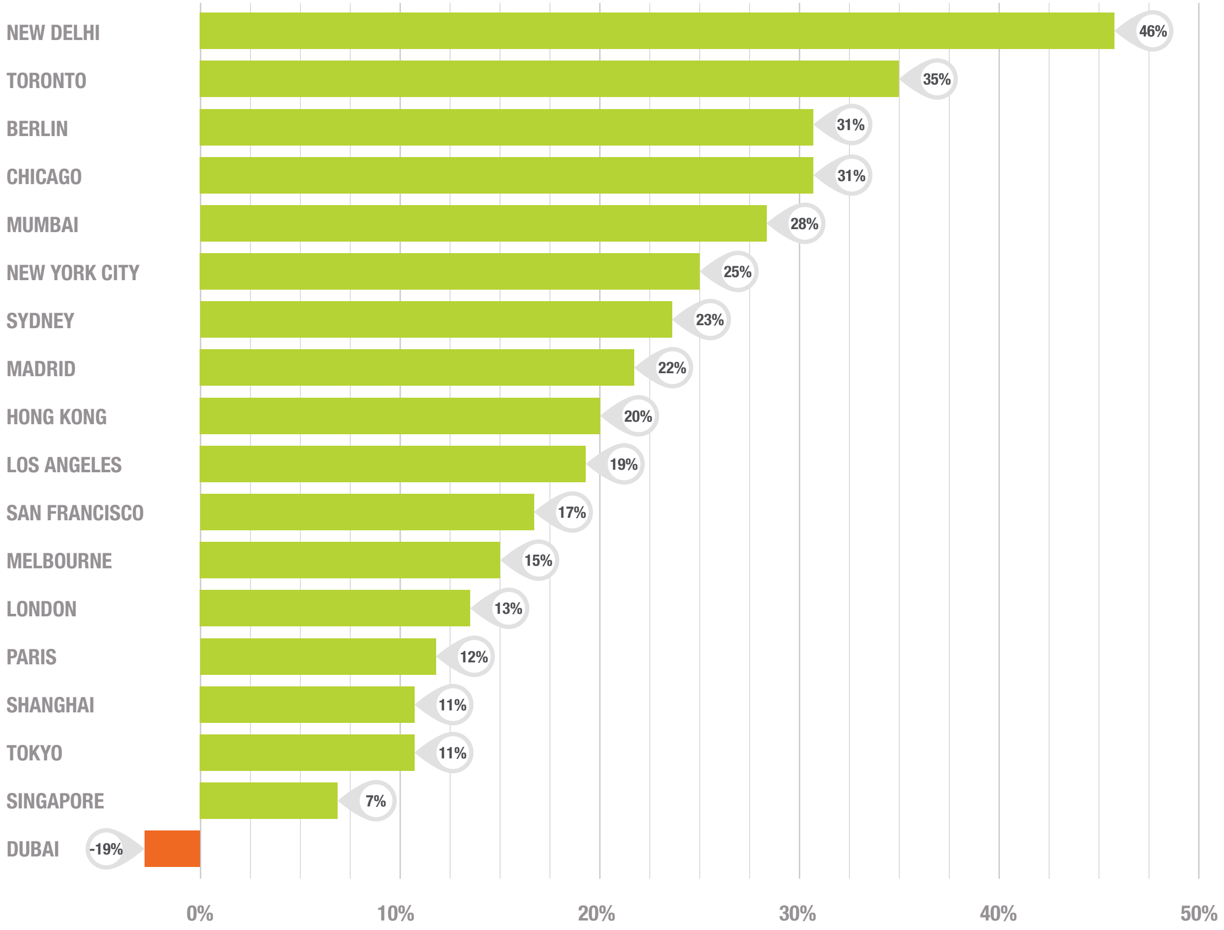
> **There has been an explosion in coworking locations in Asia-Pacific over the past five years. But like many new industries, we have seen some issues around pricing in China and pressure on operators. From our experience, there were similar growing pains in EMEA and the US, when the flexible workspace sector was developing in these regions two decades ago.**
>
> **It is our view that a balance will need to be struck between landlord expectations around pricing, operators' growth plans and growing consumer demand.**

SEAN LYNCH
MANAGING DIRECTOR
INSTANT ASIA-PACIFIC

IMAGE
Managed Office | American Express, Kuala Lumpur

INQUIRY GROWTH

CHART SHOWING CITY-SPECIFIC INQUIRY GROWTH FOR FLEXIBLE WORKSPACE



We have defined the global cities featured in this report as the biggest markets for flexible space. These locations are driving significant growth – but that is not to say that we are not seeing growth elsewhere, just not at these levels.

SUPPLY AND DEMAND

Can Double Digit Growth Continue?

Landlords looking to partner with operators or managed office providers grew in the last year - they not only see the increased value that can be generated from flexible space compared to a traditional offering, but also growing demand from their tenants that inevitably points to increased value for a flexible location within their existing buildings.

Across the top global cities, the average growth rate was 17% with some outliers such as Toronto at the top end of the scale and only Berlin and Dubai in single digit growth in supply.

For the world's largest markets this is a healthy rate of growth and shows that operators are still pushing to open new centers, even in the most mature cities of London or New York City.

The only cities with single digit growth were Berlin and Tokyo, both mature markets with massive demand for flex space but relatively constrained supply over the past 12 months. Our view is that this demand will only increase in this market as take-up of space is still driven by SMEs / start-ups and as corporate demand for flex space comes online it will transform the market as we have seen in New York City and London.

In Berlin, for example, Google search demand for flexible space has increased by nearly 100% year on year, and there has been a 60% year on year increase in demand for flex space with over 33% of this demand now for teams of 10 people or more as corporate adoption increases.

Some common themes dominate across the global markets. Flexible workplace supply continues to grow healthily even in those markets with low vacancy rates for office space, where supply of new offices is constrained.

In locations such as Sydney, Hong Kong and London, operators are continuing to work on new locations and diversify their products to work around supply constraints.

Many commentators on conventional workspace feel that low vacancy rates will hold back the supply of flexible options but instead we are seeing them "find a way" and evolve with the market conditions they face – an outcome which highlights their agile approach to business.

SUPPLY AND DEMAND

Super-sizing Flex Space

Demand for flexible workspace from clients increased by 19% last year in the global cities on average – this is more than the average increase in supply of 16% demonstrating that there is still latent client demand in the market for flexible workspace options. Larger requirements for 10+ desks now make up around a fifth of total market demand in the global cities.

Clients are taking larger space requirements for longer than ever before – but the longer deals are still predominantly being signed in the US and UK.

> **Requirements for longer than a year are still above the global cities average in London, New York City, Chicago but lower in the Asia cities of Hong Kong and Singapore.**

As the market matures in Asia-Pacific, we would envision this balance altering over time as prices settle and corporate clients recognize the viability of medium to long-term option of flex space.

Demand has surged in the larger US and European markets outside New York City and London, which have previously dominated our market view of both supply and demand.

> **Demand for flex space was almost double the global average in Berlin, Paris, Chicago, Los Angeles and Vancouver year-on-year.**

From our experience of these markets we would attribute this impact on in market macro-events such as BREXIT, combined with aggressive marketing campaigns that have spread the word about the number of flexible workspace options now available to clients.

FLEXIBLE WORKSPACE
DEMAND
FROM CLIENTS
INCREASED 19%
ON AVERAGE LAST YEAR
IN THE GLOBAL CITIES

PRICING

The Market Takes a Pause

Pricing has cooled in a number of key locations over the past year - 5% down on average across the key city markets.

> **In simplistic terms, those markets where we have seen increases in supply by 20% or more all look to have seen reductions in desk pricing during the same period.**

Our research and discussions with operators has highlighted that increased competition has led to aggressive incentives and discounts from both existing and new entrants in a bid to drive up occupancy levels.

> **Another key factor is that supply in many of these mature markets is now spreading outside of the Central Business Districts.**

Consequently this is reducing rates as operators open in areas where the cost base is lower and desk prices can be reduced accordingly.

PRICING HAS COOLED BY AN AVERAGE OF 5% ACROSS THE 18 CITIES FEATURED

AVERAGE DESK RATE BY LOCATION (2018)

CITY	2018 1H DATA $	GROWTH
Tokyo	991	19%
Mumbai	447	7%
Melbourne	535	6%
Sydney	597	6%
Hong Kong Island	794	4%
Shanghai	516	2%
Singapore	467	-1%
New York	1,063	-4%
Dubai	561	-5%
Madrid	558	-6%
Paris	792	-6%
London	844	-6%
Toronto	855	-7%
Berlin	618	-9%
Los Angeles	849	-11%
San Francisco	951	-12%
Beijing	695	-13%
Chicago	707	-17%
AVERAGE	713	-5%

PRICING

Pricing by Region

New York City remains the most expensive market per desk in the world, despite a decrease in desk rates of 4%. But supply during the time period of our research has increased by 21%. Much of this new supply has been outside the traditional market of Manhattan in the blossoming areas for workspace of Brooklyn and Queens.

A similar impact has been felt in London as coworking moves behind its traditional base in the West End and City Fringe to establish bases in Southwark and elsewhere across the UK capital.

We are already seeing this trend in other key markets as experienced operators look for new options to expand their business, while combating high conventional leased market rates and competition from new entrants such as landlords.

It should also be noted that the cities where market pricing has decreased are predominantly in the US and Europe – in contrast, the Asia-Pacific market goes from strong to stronger. Price increases have gone hand in hand with growing market supply as the market fundamentals remain strong in the region. Given the wider market effect of China's economy, it is inevitable that price increases in the broader region will hinder at some stage but for the time being the Asia-Pacific market looks set for further growth.

Melbourne, the largest and most mature flexible market within Australia, appears to be on a similar growth trajectory as other leading Western cities such as New York. It remains one of the top 5 locations globally based on demand with both corporates and SMEs ever more interested in the merits of flexible workspaces.

While demand growth looks to have slowed in the last 12 months, supply remains strong. At present this has not negatively impacted the average rates within the city but as the market acclimates to the scale of change that has taken place over the last 5 years we could see a short-term dip.

MARKETS THAT HAVE SEEN AN INCREASE IN SUPPLY OF 20%+ HAVE SEEN REDUCTIONS IN DESK PRICING DURING THE SAME PERIOD

Operator View

Much focus is given to the top 10 operators but there are more than 5,000 on a global basis with over 30,000 centers available.

We asked a number of operators across all markets to understand in more detail how they view market change.

What are the dynamics driving pricing, the changing client profile and where do they see the market moving in the future?

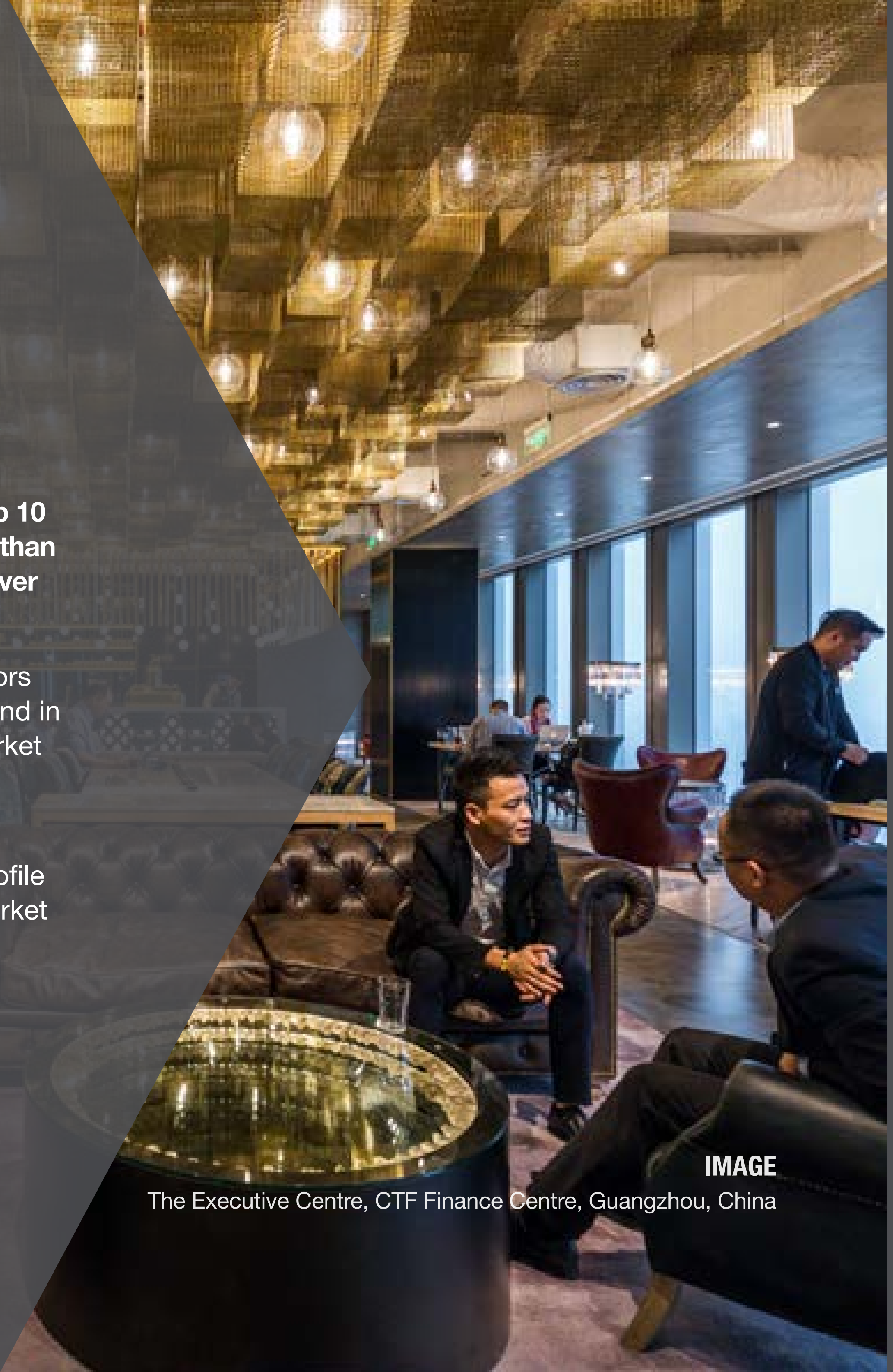


IMAGE
The Executive Centre, CTF Finance Centre, Guangzhou, China

THE EXECUTIVE CENTRE

IS FLEX BECOMING THE NEW NORMAL?

"The product of flexible office space has gone mainstream – it used to be a boutique product; serviced office, business center for project teams etc. In the last 5 years it has gone mainstream with every corporate looking for space willing to view traditional and flexible options.

Flexibility matches up with many company's way of doing business now; laptops, mobility, technology are allowing people to work from any location. What is changing is that now work environments are being designed for a purpose – to adapt to the activities that the people using the space are doing - rather than the other way around."

Chelsea Perino
Managing Director, Global Marketing & Communications

WE HAVE SEEN PRICES COOLING IN THE MAIN CAPITAL CITIES ACROSS THE WORLD – WHAT HAS TEC BEEN EXPERIENCING?

"Over the past years, new and existing players in the flexible workspace industry have rapidly expanded especially within the mass market of the spectrum. With a strong increase in supply, local and emerging coworking players have had to adapt their pricing in order to be able to fill in their space due to increased competition."

Todd Liipfert
Senior Development Director, The Executive Center

WHAT IS YOUR CLIENT PROFILE / SECTOR FOCUS?

"TEC is dedicated to serving multinational corporations, small / medium enterprises, and start-ups locally, regionally and internationally with the most flexible and dynamic workplace solutions.

TEC's customer base is dominated by multinational corporations (76+%) from diverse industries, including leading financial services and banking, consulting and professional services, and IT companies, with strong credit worthiness. Our main audience is comprised of well-established business professionals and industry leaders that are looking for a space that reflects their reputation and success while still providing them with the flexibility to adapt to the ever-changing and dynamic business environment."

Chelsea Perino
Managing Director, Global Marketing & Communications

MINDSPACE

WHERE ARE YOU EXPECTING GROWTH OVER THE NEXT 12 MONTHS / 3 YEARS?

"Large corporate and enterprises adopting flex solutions in growing numbers will drive continued growth in the market with increasing demand for flex solutions.

In addition, landlord adoption of coworking and office-as-a-service solutions to maximize occupancy and improve the tenant experience will also drive additional growth, especially for well-established operators."

WHAT IS YOUR CLIENT PROFILE / SECTOR FOCUS?

"Mindspace is a global boutique coworking operator and as such targets and attracts more established, professional businesses that are ready to move into this type of space, providing their employees with a boutique-style office experience.

We see growth in the enterprise segment (innovation arms, global expansion and swing-space), and in the scale-up segment (growth companies post funding round)."

WHAT AMENITIES ARE YOUR CLIENTS DEMANDING, AND HAS THIS CHANGED OVER THE LAST 12 MONTHS?

"It's less about amenities and more about overall experience. Since Mindspace is normally in Class-A buildings, our members enjoy the standard amenities that the buildings offer like parking, locker rooms, a gym, bike room and more.

But what we learned over the years, is that it's more about the overall experience for our members - are they getting treated well and have good personal connection with our staff? Is the community supportive, accepting and professional? Are we creating the right events and programs? Can we bring the right wellness programs? And are we creating an atmosphere that allows them to excel and shine?

What has changed over the last 12 months, is their expectations of what the work atmosphere we create can provide them."

Uri Bar-Joseph
VP of Marketing

IMAGE
Mindspace

OPERATOR VIEW

IMAGE
Convene, New York City

convene

IS FLEX BECOMING THE NEW NORMAL?

"While Space-as-a-Service probably isn't the "new normal" over traditional leases yet, it has solidified itself as a permanent and disruptive part of the commercial real estate industry. Many companies, big and small, are now committed to adopting flexible workspace as an integral part of their longer-term portfolio strategy.

According to JLL, the flexible office industry has been experiencing an average annual growth rate of 23% since 2010, and has increased its US footprint from around 12m rentable sq. ft. to over 50m rentable sq. ft. as of year end 2017. Even with that growth, the supply of flexible space still hovers at less than 5% of domestic office space inventory. Depending on who you ask, that number is expected to grow to between 10-40% over the next 5-15 years -- a seismic shift for the office industry.

Much of the move to Space-as-a-Service is driven by talent demands and the pace of change as companies can no longer predict with any certainty their future headcount requirements. Providing a great workplace experience has become table stakes to attract top talent -- and companies, large and small, also must solve for flexibility to match market uncertainty. Space-as-a-Service serves as a powerful solution to both challenges.

Ryan Simonetti
Co-founder & CEO

WHAT IS YOUR CLIENT PROFILE / SECTOR FOCUS?

"For our WorkPlace product, we primarily focus on progressive companies that truly care about the satisfaction of their employees and believe (as we do) that a great workplace drives better business results.

This has typically manifested in fast-growing, well-capitalized SMBs or in established enterprise companies that are looking for a satellite office that better serves a specific geography or department."

Nick LiVigne
VP of Workplace

WHAT AMENITIES ARE YOUR CLIENTS DEMANDING, AND HAS THIS CHANGED OVER THE LAST 12 MONTHS?

"Our clients are looking for:

- Tenant lounges that serve as a true "third place"
- Café's & health-oriented food & beverage options
- Fitness & wellness experiences
- Community engagement & events
- Recent Asks: Day care/child care, bike storage

Overall, what's changed over the last 12 months is the definition of tenant "perk" versus the traditional "table stakes" amenity, as well as a higher expectation of quality experiences delivered. In a digital-first age, the need for human to human interaction is now more important than ever, and monthly ice cream socials in the building lobby don't (and shouldn't) constitute "community." Instead, we're seeing is that experience is the new relationship currency.

Whether it's notable "Ted Talks" guest speakers or an Airstream serving food on the building rooftop, the next-generation workplace experiences are ones that tenants and their talent truly want to engage in and that also help enable genuine relationships."

Nick LiVigne
VP of Workplace

JustCo

IS FLEX BECOMING THE NEW NORMAL?

Flexible workspace providers like JustCo are breaking the walls of traditional offices.

In the recent years, we have seen a growing demand from businesses moving into flexible workspace providers like JustCo, as they see value and enjoy the convenience of working from anywhere at any time. Members can also seek new connections, explore business opportunities and experience the benefits and network effects of the JustCo community.

Due to evolving employee culture, the market for flexible and shared workspace became high in demand and people are getting more receptive to this new way of working. As 40% of our existing members are formed by millennials, many of them enjoy flexible working arrangements and seek good work-life integration. Millennials today thrive in a community that has a shared purpose, and value interactions with other like-minded individuals with whom they can have meaningful collaborations with.

WE HAVE SEEN PRICES COOLING IN THE MAIN CAPITAL CITIES ACROSS THE WORLD – WHAT HAVE JUSTCO BEEN EXPERIENCING?

More often than not, happy clients find it difficult to leave JustCo and its ever-growing community.

With 80% client retention rate, we are confident to say that the stickiness of JustCo's community is strong.

To date, JustCo has an average occupancy rate of 90% across all centres, with an increasing demand from large corporates and Fortune 500 companies.

WHAT IS YOUR CLIENT PROFILE / SECTOR FOCUS?

JustCo's target customers include a wide range from entrepreneurs, start-ups, small and medium enterprises to large corporates, and increasingly, we are seeing a demand from Fortune 500 companies.

The coworking model appeals to many large businesses as well. These businesses get to tap into a community of talented and like-minded individuals and businesses to seek new connections, leverage on common pool of resources, attract the best talent, explore business opportunities and experience the benefits and network effects of the community – which helps expand their network and drive success to their business.

To add on, more than half of JustCo members businesses are in the Business Services industries (i.e. Marketing, Design, Recruiting, Legal, Management, etc), and about 20% from the Information Technology, Digital, Finance and Insurance industries.

IMAGE
JustCo

OPERATOR VIEW

IMAGE
JustCo

WHERE ARE YOU EXPECTING GROWTH OVER THE NEXT 12 MONTHS / 3 YEARS?

As part of JustCo's aggressive expansion plans, we are looking to open JustCo centers in new markets such as Taiwan, Japan, Malaysia, Vietnam, Philippines, India, etc; and additional new centers in existing markets such as Singapore, Thailand, Indonesia, China, Australia, South Korea, and more.

Since 2015, JustCo has grown its footprint tenfold across the region and our expansion over the last 12 months has been the strongest for us, with 21 locations secured or open. To date, JustCo has 28 centers and this includes 22 centers in operation (14 in Singapore, 2 in Shanghai, 2 in Bangkok, 3 in Jakarta and 1 in Seoul) and 6 leases secured (1 in Singapore, 1 in Bangkok, 1 in Seoul, 1 in Sydney and 2 in Melbourne).

WHAT AMENITIES ARE YOUR CLIENTS DEMANDING, AND HAS THIS CHANGED OVER THE LAST 12 MONTHS?

Through quarterly client surveys and 1-on-1 chats, we noticed that members are increasingly getting interested in community business network and specially curated events. In order to meet the needs and requirements of members, we continually connect vibrant and dynamic communities through events and networking sessions, where they can find collaboration opportunities, gain insights, and help drive success and innovation to each other's business.

Over the years, we have seen an increase in dedicated common areas such as breakout areas, collaboration corners, event spaces, and more. Today's dynamic and vibrant workforce enjoy open discussions, hence, we added various fun corners with white boards and board games, in a casual, open and yet intimate setting with comfortable cushions and sand bags around.

We have since witnessed success stories of members collaborating with one another – through strategic partnerships, new projects or even as potential clients.

Kong Wan Sing
Founder & CEO

WHAT DOES THE FUTURE LOOK LIKE?

Client Outlook

EVOLVING CLIENT PROFILE

The profile of the flexible workspace client has changed radically in recent years. From favored base for SMEs and start-ups, the client profile is now as likely to feature fast-growing "scale-up" businesses to multi-national corporate clients.

This can be seen most prominently in the more mature markets with the likes of San Francisco, Berlin, London and New York City welcoming larger requirements for flexible workspace over the past year.

> **In a recent Knight Frank survey,* 69% of global corporates indicated that they plan to increase utilization of flex space over the next 3 years.**

This move to flexible workspace options seems predicated around client education on the options available to them and the relative maturity of the advisory sector in giving clients the full run down of available occupancy options.

In those cities where flex space has now become a medium to long-term option rather than a short-term fix, larger businesses are choosing flexible workspace options in record numbers.

*http://knightfrank.digitalmagazines.online/your-space-issue-1/p/1

WHERE TO FLEX?

Flexible working trends continue to change the shape of the commercial real estate industry with steady growth of flexible space outside of core cities and into suburban areas.

Slowly but steadily, clients are choosing to work in locations closer to their homes and are doing so because of more flex choices. However, while this activity shows an industry in a phase of continued growth and maturity, Instant research shows that over 23% of flexible locations are still located in the top 18 leading global cities.

> **These global city markets were the first to develop a truly flexible offering off the back of strong demand from a mixture of industries.**

Despite their early growth, sectors including Technology, Professional Services and Consumer brands, continue to offer some of the highest levels of opportunity for expansion and rapid growth within the industry.

> **"Flexible workspace meets the demands of modern business. The cycle of business planning has contracted and we are in a world where companies have to move faster. The attributes of agility and speed are key drivers of corporate demand for flex space, overriding cost in many instances as there are wider business outcomes at play."**

TIM RODBER
CEO
THE INSTANT GROUP

IMAGE
The Executive Centre, Collin Square, Melbourne, Australia

WHAT DOES THE FUTURE LOOK LIKE?

Instant Market Forecast

Our forecast is based on several factors that we expect to influence the industry over the coming three to four years.

EMEA remains the largest market by number of centers, but we expect to see far more segmented expansion into secondary and tertiary locations.

Already this year we have seen record levels of supply in regional cities across Western Europe as local companies and satellite offices of major corporate firms start to look towards alternative locations for their next business cycles.

Primary markets will remain incredibly important both from a scale and value perspective.

With the increased competition in these markets encouraging innovation and rising the standards across the industry, the high rates are already making some companies look further as their operations and workforces become more mobile.

Alongside the secondary and tertiary markets in Western Europe, some of the strongest growth is expected to be seen in Eastern Europe and the African markets. Already we are starting to see providers bring premium & high quality spaces to these markets for relatively low rates.

We expect the standard of space to dramatically improve over the next 3 – 4 years in these markets encouraging demand from a wide range of potential occupiers.

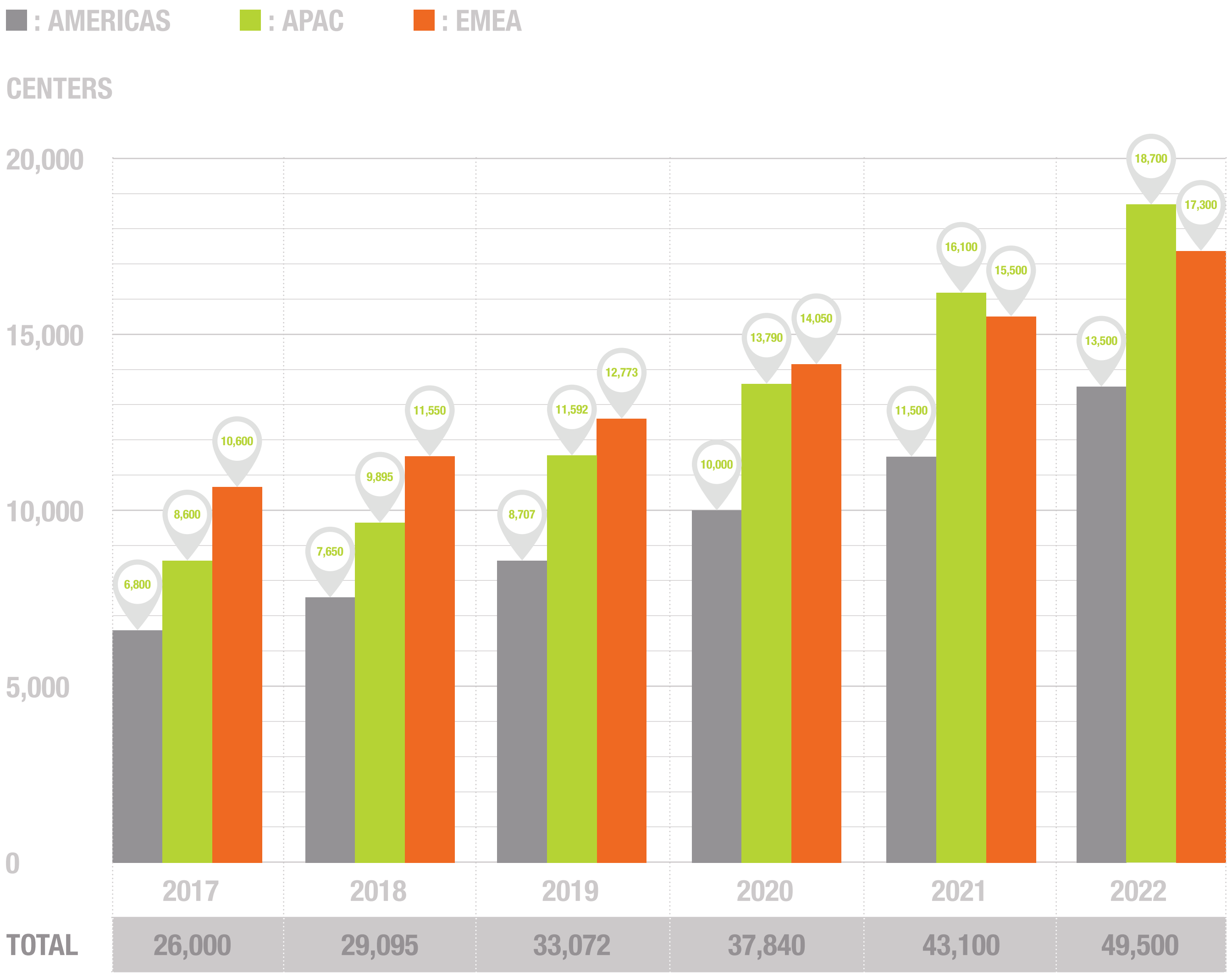
Urbanization while a lesser trend, is something we expect to slowly creep further into the market in the coming years with small local spaces increasing in a number of towns around the world as individuals start to use these locations in an agile way.

This is expected to follow on from increasingly flexible employment contracts with the number of hours employees spend in a headquarters or regional office decreasing.

We expect this trend to develop slowly with both working from home and café working culture increasing first, before practicality limitations drive increasing demand in flexible urban workspaces.

THIS YEAR WE HAVE SEEN **RECORD LEVELS OF SUPPLY IN** REGIONAL CITIES ACROSS WESTERN EUROPE

CENTER NUMBER FORECAST BY REGION



WHAT DOES THE FUTURE LOOK LIKE?

The Regions to Watch

As outlined in the forecasts, we expect the APAC market to overtake EMEA from a supply volume perspective during 2021.

While China has been leading the charge in market growth for the last 5 years, we expect this market to play a less important role in the short term, in line with the wider economy.

> **Already we are seeing reports within China that indicate high vacancy levels and limited profits for many of the new providers who have expanded very fast to gain market share.**

Instead we predict that India, a market that already has a strong flexible industry will continue to see growth in demand as its start-up and SME economy flourishes. Alongside this, the markets in both South Korea and Japan will steadily grow as working practices and cultures relax - as of yet both of these markets have been far slower to grow.

Our forecasts indicate that the Americas will be one of the most stable markets in the coming years, thanks to steady expansion of an already developed market in the US and Canada. This will be supported by extremely high levels of growth across LATAM, especially in Mexico and Colombia.

Within North America, we expect to see similar activity in secondary and tertiary markets such as that witnessed in Western Europe. We have previously highlighted the growth of the flexible market in the Midwest and envision this development continuing.

> **We predict that the accelerated expansion now well reported in this market will extend to cities including Phoenix, Portland, Indianapolis and Calgary with growth well above 20% year-on-year.**

Unlike in Europe, the levels of urbanization are expected to be far more limited due to the scale of US cities but also the inclination to drive to work, which is still far higher than in Europe. Therefore, we predict that the growth will remain in both CBDs and business complexes, most of which are well connected to major road networks.

THE APAC MARKET IS EXPECTED TO OVERTAKE EMEA IN VOLUME OF SUPPLY DURING 2021

Rethinking Workspace.

Founded in 1999, The Instant Group is a workspace innovation company that rethinks workspace on behalf of its clients injecting flexibility, reducing cost and driving enterprise performance. Instant places more than 11,000 companies a year in flexible workspace such as serviced, managed or coworking offices including Amazon, Barclays, Prudential, Sky, Network Rail, Capita, Serco, Teleperformance and Worldpay making it the market leader in flexible workspace.

Its listings' platform www.instantoffices.com hosts more than 14,000 flexible workspace centres across the world and is the only site of its kind to represent the global market, providing a service to FTSE 100, Fortune 500, and SME clients. With offices in London, Newcastle, Paris, Berlin, Haifa, Istanbul, Dallas, New York, San Francisco, Hong Kong, Sydney, Singapore, and Kuala Lumpur, The Instant Group employs 260 experts and has clients in more than 150 countries. Instant is ranked #28 in the 2019 Sunday Times HSBC International Track 200.

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Note: All figures in this report were collated using The Instant Group's proprietary transactional data and market research surveys as at December 2018.