Adaptive Spaces

European Flex Market 2026

REPORT — CBRE FLEX



Introduction

Europe's office market is being reshaped by three forces: rising occupier demand for flexible space, a widening split in pricing between cities, and a wave of consolidation among the operators supplying that space.

Occupier appetite for flex space continues to grow. CBRE's European Office Occupier Sentiment Survey 2026 finds the average share of portfolios held in flex space has doubled since 2022, with occupiers now targeting 28% within two years. The primary driver of this has been balance sheet considerations, as firms use flex to access improved, amenity-rich space without committing their own capital.

The rise in use of artificial intelligence looks set to reinforce that pull further as occupiers seek layouts and contract structures that can adapt as headcount and team needs change.

Operators are seeking to capture this demand via both organic growth and network consolidation. Recent mergers and acquisitions in the market highlight the ongoing appetite for accelerated expansion opportunities.

Landlords are also filling the gap via operator partnerships or turnkey/serviced solutions in place of traditional leasing.

Pricing across the continent is diverging rather than moving as one market. Cities such as Milan, Brussels, Prague, and Barcelona posted double-digit growth over the past year, reflecting competition for prime space; Dublin, Munich, and London remained flat, while Berlin fell after a period of aggressive rate growth.



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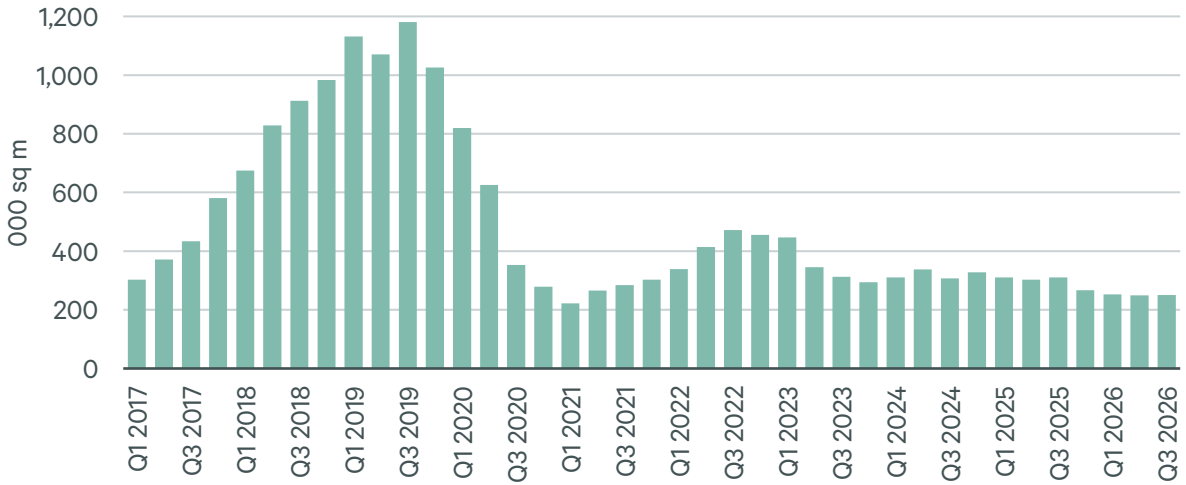
Operator sentiment

LEASING PATTERNS

The European flex office market is increasingly moving beyond its coworking roots towards a broader "Office-as-a-Service" model. While traditional measures of flex growth, such as operator leasing activity, have moderated (Figure 1), occupier demand remains strong as companies seek shorter commitments, reduced capital expenditure, and outsourced workplace management.

The fastest-growing segment is managed office space: fully fitted, branded, and often self-contained offices occupied by a single company, typically on one-to-three-year terms. As a result, the distinction between flex and traditional office space is becoming less about the physical workplace itself and more about how space is consumed, with flexibility increasingly defined by lease length, service provision, and efficiency of operational outsourcing.

FIGURE 1: Operator take-up of space, Europe (Rolling four-quarter aggregate)



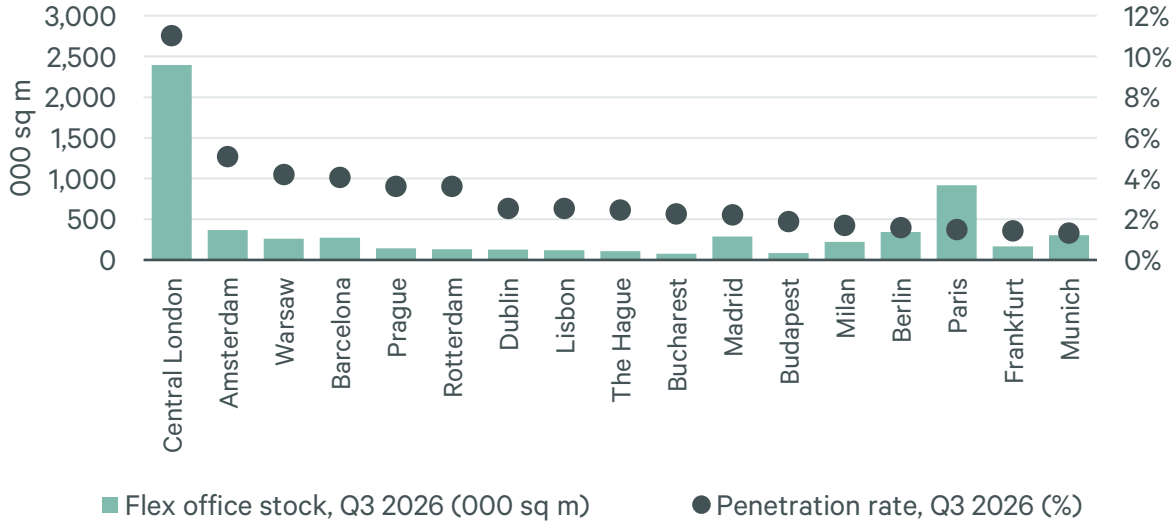
Source: CBRE Research, CBRE Flex Advisory

MARKET PENETRATION RATES CONTINUE TO EDGE UP

Across Europe, flex space grew 3.4% year-over-year to the end of Q3 2026 and now accounts for approximately 2.6% of total office stock, highlighting considerable room for future growth. However, market-level penetration is substantially higher in several leading cities. As of Q3 2026, Central London had the highest recorded flex penetration rate at 11% of office stock up from 10.2% in 2025, followed by Amsterdam (5.1%), Warsaw (4.2%) and Barcelona (4.1%). By comparison, penetration rates in many of Europe's largest office markets remain below 2%.

Flex penetration may be considerably higher when "shadow flex" space is included, encompassing units marketed traditionally but deliverable on a flexible or managed basis by landlords or third-party operators. In mature markets such as London, this could add a further 3-4 percentage points to overall flex penetration.

FIGURE 2: Flex stock and penetration rates



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European desk rates

LEASING PATTERNS

Prime desk rates across key European cities have generally shown an upward trend in H1 2026 compared to H1 2025. Barcelona, Prague, and Milan have all shown double-digit growth in prime desk rate pricing in comparison to H1 2025.

Brussels has shown strong growth, with an 11% increase year-on-year. This has been driven by low vacancy of traditional space pushing demand into dedicated flex space, higher inflation in comparison to other European cities and demand from EU Institution related occupiers.

Prime desk rates have remained flat in Munich and decreased in Berlin. Germany has been a key market for M&A in 2026, with IWG's recent acquisitions of Design Offices and FORA's German portfolio. Against this backdrop, prime desk rate trends will be a key focus through H2 2026 and H1 2027.

Prime rates provide insight only into the upper tier of each market. Beyond this segment, a broader range of flex office products is emerging in many markets, giving occupiers more choice across a wider spectrum of price points.

This diversity of product offering allows the adaptation to varying business needs and budgets, from premium offerings to more cost-effective solutions, enhancing flexibility and competitiveness across the sector.

FIGURE 3: Pricing levels, selected European markets, H1 2026 vs H1 2025

City	Highest price per desk per month (H1 2025)	Highest price per desk per month (H1 2026)	Year-on-year change (%)
Amsterdam	€1,250	€1,350	8%
Barcelona	€500	€550	10%
Berlin	€1,000	€900	-10%
Birmingham	€685	€715	4%
Brussels	€700	€780	11%
Dublin	€900	€900	0%
London	€2,200	€2,200	0%
Madrid	€650	€700	8%
Milan	€1,000	€1,100	10%
Munich	€1,000	€1,000	0%
Paris	€1,750	€1,800	3%
Prague	€450	€500	11%
Warsaw	€720	€750	4%

Source: CBRE Flex

Note: Flex desk pricing is determined by a broad range of factors, including sub-location, building quality, size of requirement, operator desk density, amenity, length of commitment, etc. Therefore, pricing can vary significantly within a market, reflected in large ranges.

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Occupier sector trends

CBRE's recent European Office Occupier Sentiment Survey 2026 has reaffirmed the growing importance of flexible space within real estate portfolios and its implementation as part of a holistic workplace strategy.

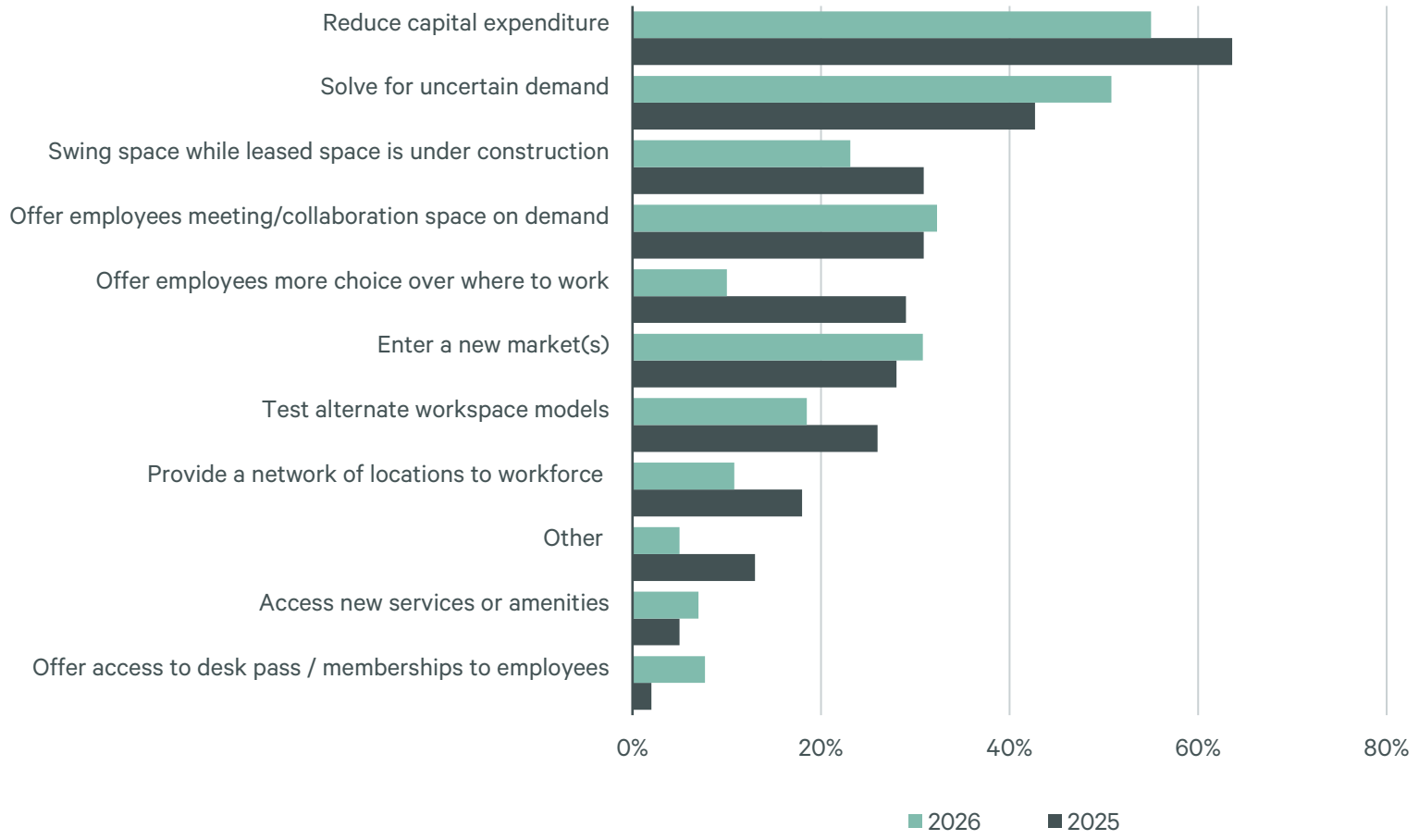
THE REASONS FOR USE OF FLEX SPACE

01 The number one reason quoted by respondents for using flex was **CapEx reduction**, cited by 55% of respondents in 2026. However, this figure fell from 64% in 2025, suggesting that the shortage of balance sheet capital for real estate projects may be easing.

02 **Solving for uncertain demand** rose to 51% of respondents in 2026, up from 43% in 2025. Against a backdrop of geopolitical uncertainty and anticipated AI-driven changes in how and where work is done, CRE managers are increasingly using flex to hedge against shifts in demand.

03 **Entering new markets** increased to 31% in 2026, up from 28% in 2025, as occupiers use flex space to establish a presence quickly without long-term lease commitments or upfront capital.

FIGURE 4: Identify the main reasons for use of flex space



Sources: CBRE European Office Occupier Sentiment Survey 2026

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THE CHALLENGES WHEN CONSIDERING USE OF FLEX SPACE

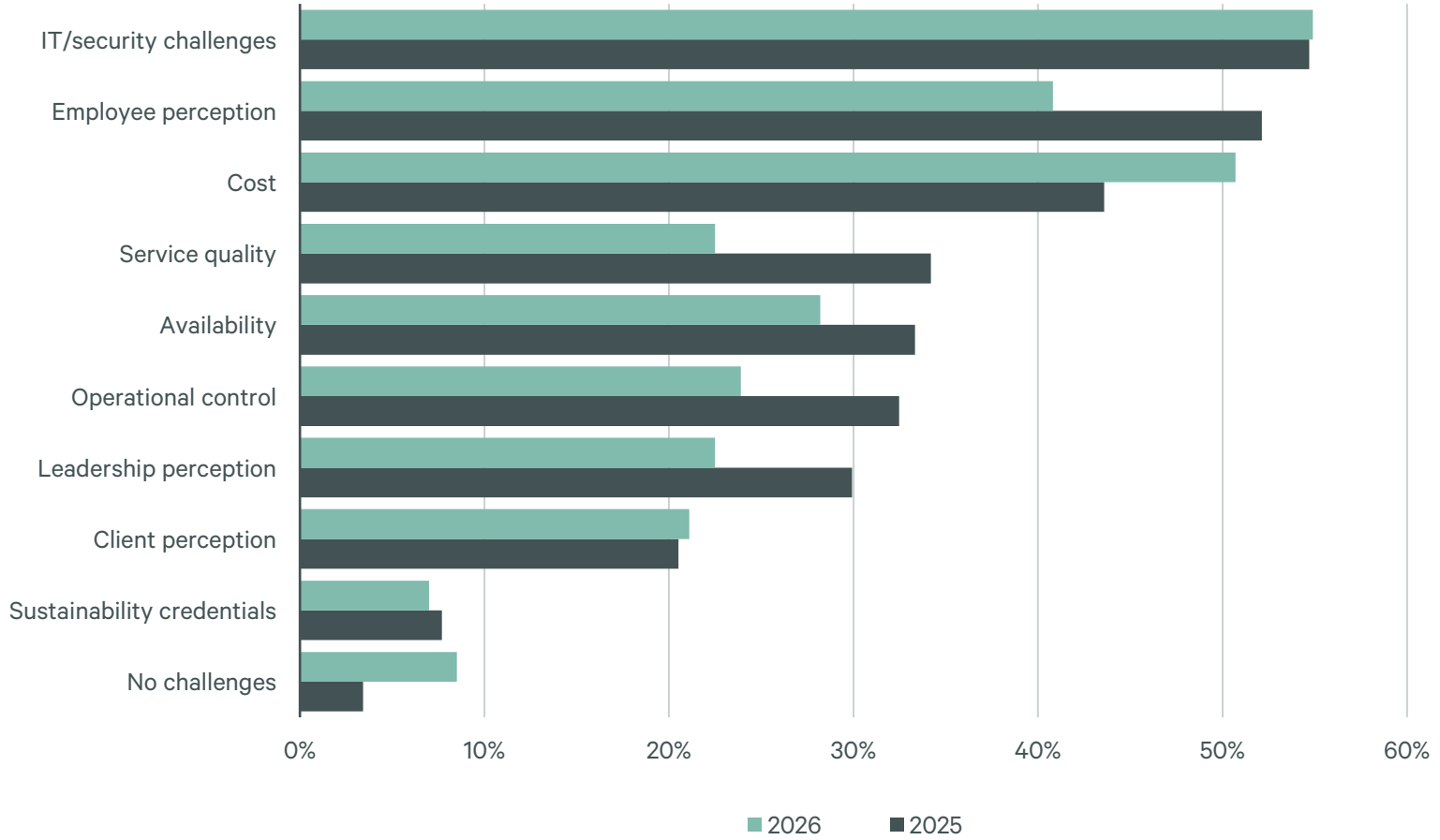
01 IT/security challenges remain the key challenges when considering flex space, with their prevalence broadly unchanged since 2025.

02 Employee perception has become less of a barrier, signalling greater appetite to using flex space and benefitting from their amenities.

03 Leadership perceptions have also become less of a challenge, suggesting that flex space may be becoming more embedded in corporate real estate strategies.

04 Cost has become a more prominent concern for corporate real estate leaders. While flexibility remains a key benefit, it can come at a premium, particularly in markets where prices are rising.

FIGURE 5: Identify the main challenges when considering the use of flex space



Sources: CBRE European Office Occupier Sentiment Survey 2026

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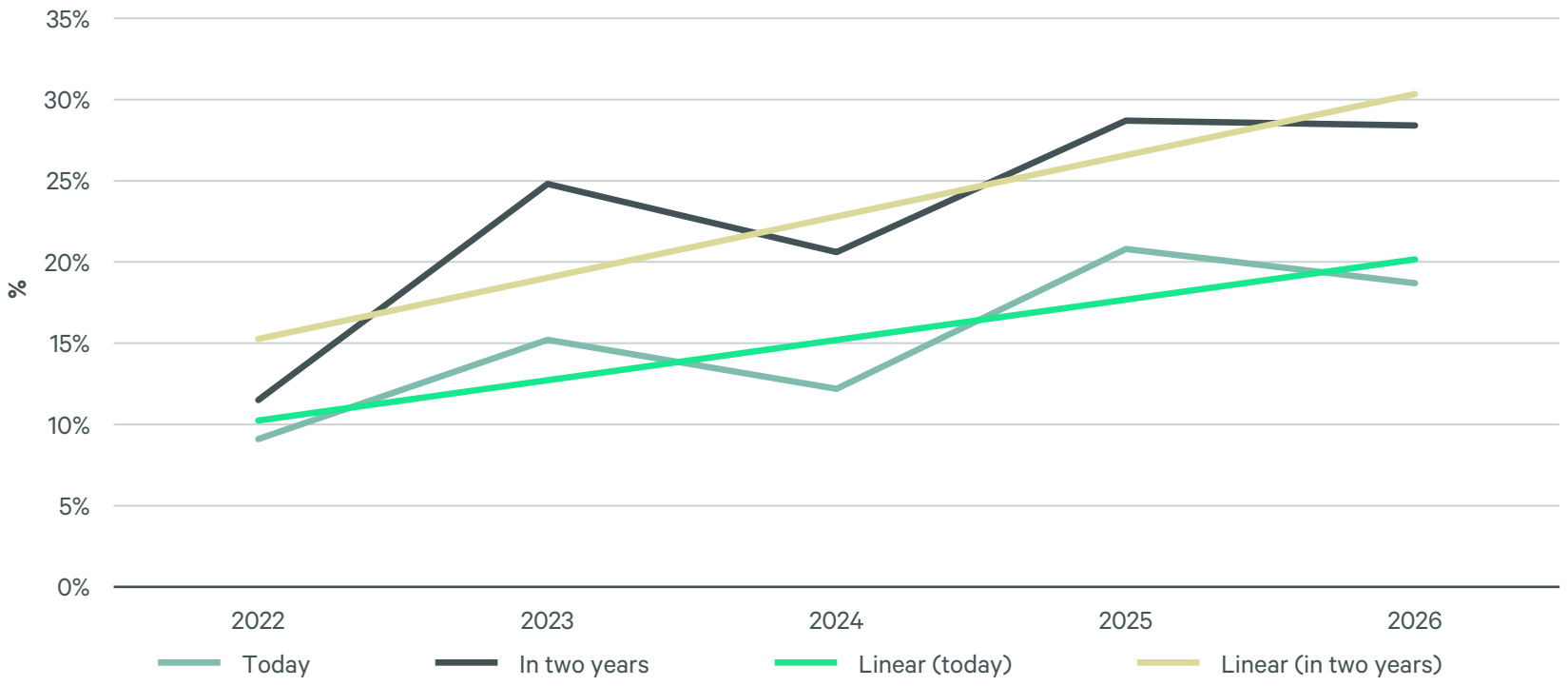
The proportion of flex within our clients' portfolios

Each year we ask our occupier clients to tell us the weighting of flex within their portfolio and where they predict it in 2 years' time.

Flex's share of surveyed occupiers' portfolios has more than doubled since 2022, rising from 9% to 19%, despite a slight decline from 21% in 2025. This suggests a longer-term shift towards flex, although adoption has not followed a steady upward trajectory.

Although declining slightly this year from 21% to 19%, our occupier clients are predicting this will continue to rise and is predicted to be 28% within two years., hence illustrating a growing demand for flex products.

FIGURE 6: Average share of occupiers' office portfolio in flex space: today and in two years





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Occupier sector trends

The Tech, Media & Telecoms (TMT) sector accounted for over half of the flex deals recorded by CBRE in 2026 YTD, compared to 47% in 2025. This highlights a key structural shift in demand for flex space, driven in part by growing requirements from subsectors such as artificial intelligence, SaaS, and data intelligence.

As evidenced in CBRE's London's Future: AI-Driven Office Demand report, transactional data suggests that AI firms are growing at an unprecedented rate, and that flexibility is high on their agenda. This flexibility allows them to scale at pace.

Financial & Professional Services follow at 26% of deals in 2026 YTD, representing a decrease from the 33% evidenced in 2025.

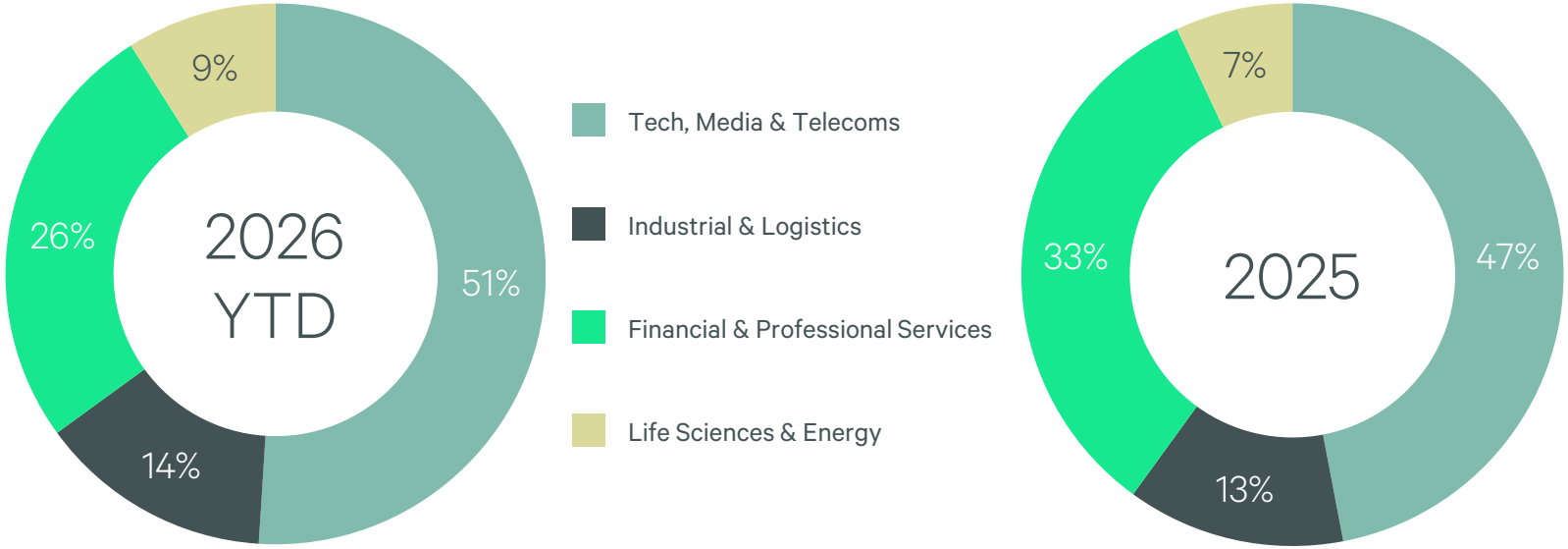
Industrial and Logistics accounted for 14%, Life Sciences & Energy represented the smallest share at 9%, with both increasing compared with 2025.

The average deal size for the TMT sector decreased from 38 in 2025 to 34 in 2026 YTD. Although the scale of major deals has reduced since last year, the volume has increased.

FIGURE 7: Average deal size by desks comparison (2026 YTD vs 2025)

Sector	Average deal size by sector (desks), 2026 YTD	Average deal size by sector (desks), 2025
Industrial & Logistics	26	29
Financial & Professional Services	24	30
Life Sciences & Energy	26	39
Tech, Media & Telecoms	34	38
Total average	**26**	**34**

FIGURE 8: Proportion of flex deals transacted by CBRE by sector, 2026 YTD vs 2025



Source: CBRE Flex

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Opinion | Billy Hodges, Head of Flex, EMEA

Beyond the footprint: What really matters in flex M&A



Europe's flexible office market is consolidating faster than at any point since the sector emerged.

2026 has been notable for IWG's acquisition of two significant tranches of German flex space: Design Offices, one of Germany's largest independent operators with approximately 50 locations and 260,000 sq m of premium flex and meeting space, and the German portfolio of Fora, the Blackstone and Brockton Capital-backed London platform, which elected to divest its continental operations to refocus on its core UK market.

This was followed by the acquisition of French operator Wojo, bringing 100,000 sq m across 17 flagship locations and a further network of business spaces across France in partnership with Accor Group. Together, these deals have given IWG significant market share across key European markets in a single year.

In October, the Spanish operator Aticco announced the acquisition of Lisbon-based Nimbler Spaces. The transaction adds approximately 8,000 sq m across two highly occupied locations in Lisbon's CBD, supplementing Aticco's forthcoming República project. The deal provided access to an existing operational platform, customer base, and workforce, while avoiding the occupancy ramp-up period typically associated with new flex office openings.

Apiary Capital, a UK-based private equity firm, has funded a management buy-out of Orega, which operates 25 centres across the UK. Orega have stated their intention to use the additional capital to fuel growth, targeting a doubling of their centre count — while the transaction has also allowed their founders to realise significant value from years of building the business.

CBRE is actively advising on a number of similar transactions across multiple European markets, demonstrating the interest that the flex sector is attracting from private equity groups and indicating, in CBRE's view, that flex is now mature enough as an asset class to attract conventional private equity growth capital, not just distressed or opportunistic buyers. This pace is expected to quicken as more operators switch to expansion via management agreements, presenting a lower-risk operating model for investors looking to gain exposure.

Pricing these transactions is not straightforward. Flex businesses sit between conventional real estate and operating company valuations: revenue multiples, EBITDA, centre count, and occupancy all feature, but so does the harder-to-quantify value of future growth, pipeline, and the ability to generate synergies for a buyer.

Operators with a premium product, genuine market share, and clear consolidation opportunities with a buyer will command the strongest prices. Equally, any acquirer would be well advised to look beyond the footprint: retaining key management, preserving client relationships, and maintaining service quality through a transition are what convert a deal on paper into a successful business in practice. Buying space is straightforward; buying what makes a flex business work is considerably harder.

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> Our objective is to build a leading position across Iberia and, over time, Southern Europe. In Portugal we saw an opportunity to gain scale immediately through an established operator, rather than spend years building from scratch in an increasingly competitive market.

Gabriel Espín, Co-Founder & CEO, Aticco on their recent acquisition



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Q&A – IWG on their pan-European expansion strategy



Billy Hodges
Head of Flex, EMEA, CBRE

What has driven IWG to pursue an acquisitive growth strategy in Germany vs organic growth?

Germany is an important growth market for IWG and our strategy combines organic growth with selective acquisitions.

We continue to expand through our capital-light partnership model, while acquisitions can accelerate that growth by adding established businesses with strong brands, customer bases, locations and experienced teams.

How does this align with your stated strategy to grow via asset-light structures?

Our capital-light partnership model remains the primary engine of our growth. **More than 95%** of the new locations we are now signing are through partnership agreements with property owners. IWG now has **more than 6,000 signed locations** across **over 120 countries**, and in the first half of 2026 alone we signed **728 new locations**.

The partnership model allows us to continue expanding the network at pace while limiting the capital required from IWG. Selective acquisitions complement that strategy. They can strengthen our position in important markets and add established brands, customers, talent and capabilities to the wider IWG platform.



Dr Christoph Schnieder
Germany CEO, IWG

How are you seeking to assimilate the two brands into your existing portfolio in Germany?

Our approach is not simply to assimilate acquired businesses or replace their brands with IWG's existing global brands.

Where a business has strong local awareness and a distinctive proposition, we see value in retaining that identity. Design Offices is a good example. It has an established position in Germany and a distinctive customer experience. We want to retain that experience while giving existing customers access to the scale, capabilities and international platform of IWG.

As a look forward, do you see the potential for more of these types of acquisitions or mostly organic growth?

The majority of our future network growth will continue to come through our capital-light partnership model.

At the same time, we will consider selective acquisitions where they make strategic and financial sense and bring something valuable to the Group beyond simply adding locations, whether that is a strong brand, an established customer base, talented people or additional capabilities.

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Conclusion

01

Europe's flex office market is set for further growth, with demand outpacing supply. Occupiers now hold 19% of their portfolios in flex space, double the 2022 level, and expect this to rise to 28% within two years. Flex has moved from a tactical add-on to a core part of how occupiers plan their portfolios.

02

Supply has not kept up. Flex stock grew 3.4% year-on-year and makes up just 2.6% of European office stock, compared with 11% in Central London. The gap between Central London and the rest of Europe suggests many markets have room to grow. The boundary between flex and conventional space is also blurring, so official figures probably understate how much flex space each market actually has.

03

Pricing reflects these imbalances, but it varies by market. Prime desk rates rose by double digits in Milan, Brussels, Prague, and Barcelona, where supply is tight and demand is strong. Rates were flat in Dublin, Munich, and London, and decreased in Berlin after a period of growth. Operators and occupiers will need to look at each city on its own terms rather than rely on one European view.

04

Consolidation is likely to shape the next phase of the market. Recent headline M&A deals show that operators increasingly want to grow by acquisition. As occupiers look for consistent cross-border solutions, operators that build scaled platforms across Europe's most attractive flex markets will be best placed to capture growing demand.



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