

European Flex Market Update 2025

Introduction

The flexible office market continues to evolve, shaped by the shifting strategies of occupiers, operators, and landlords. While operator expansion activity was measured across the region, several standout markets – including Barcelona, Madrid, and Warsaw – demonstrated strong growth.

Occupier sentiment remains robust. CBRE's [2025 European Office Occupier Sentiment Survey](#) reveals a notable increase in the average allocation of flexible space within corporate real estate portfolios, rising from 12% in 2024 to 21% in 2025, with expectations reaching 29% by 2027. Significantly, 18% of respondents now report that over half of their portfolio is comprised of flexible space. This growth is driven by a desire to limit capital expenditure, manage demand uncertainty, and utilise flex as swing space during transitions.

The report also highlights the growing importance of managed office solutions – customised, turnkey environments that offer the privacy of traditional leases alongside the operational simplicity and cashflow advantages of serviced offices. As occupiers seek more integrated and scalable solutions, managed offices are emerging as a key area of growth. Collectively, these trends indicate a broader rebalancing of risk and responsibility among occupiers, operators, and landlords. This shift is reshaping the future of office space across Europe, positioning flexibility as a central pillar of real estate strategy.



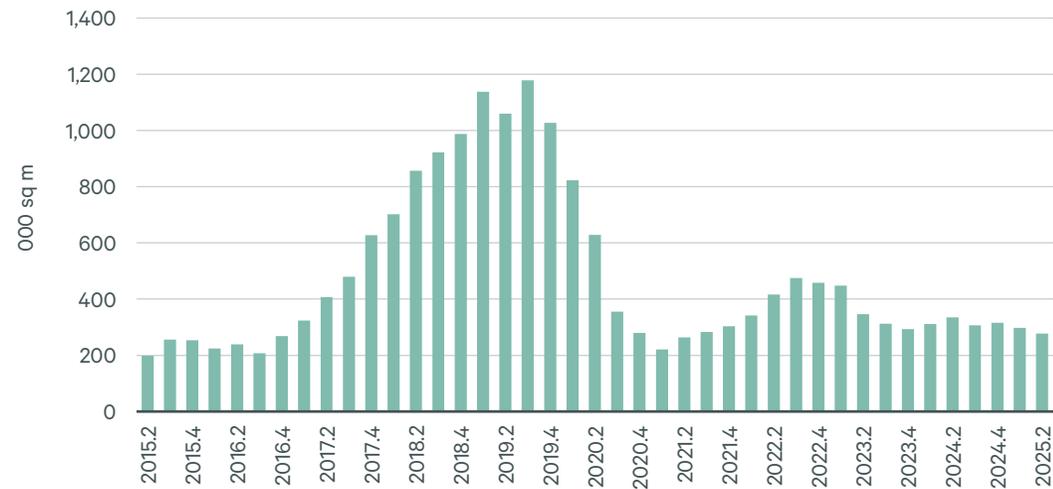
Operator sentiment

Leasing patterns

While not at the elevated levels achieved during the high-expansion years before 2020, demand from flex operators continues. European take-up in H1 2025 was down 23% compared to H1 2024. Amsterdam (+193%), Berlin (+119%), and Munich (+97%) saw significant increases in take-up over this period; while Frankfurt (-76%), Madrid (-74%), and Barcelona (-47%) saw more subdued demand.

This metric only captures leasing growth and excludes flex type arrangements offered by traditional landlords – whether through direct leases or management-style agreements. Depending on the market, this may explain the discrepancy between occupier sentiment reported and actual operator take-up.

FIGURE 1: Operator take-up of space, Europe (Rolling 4 quarter aggregate)

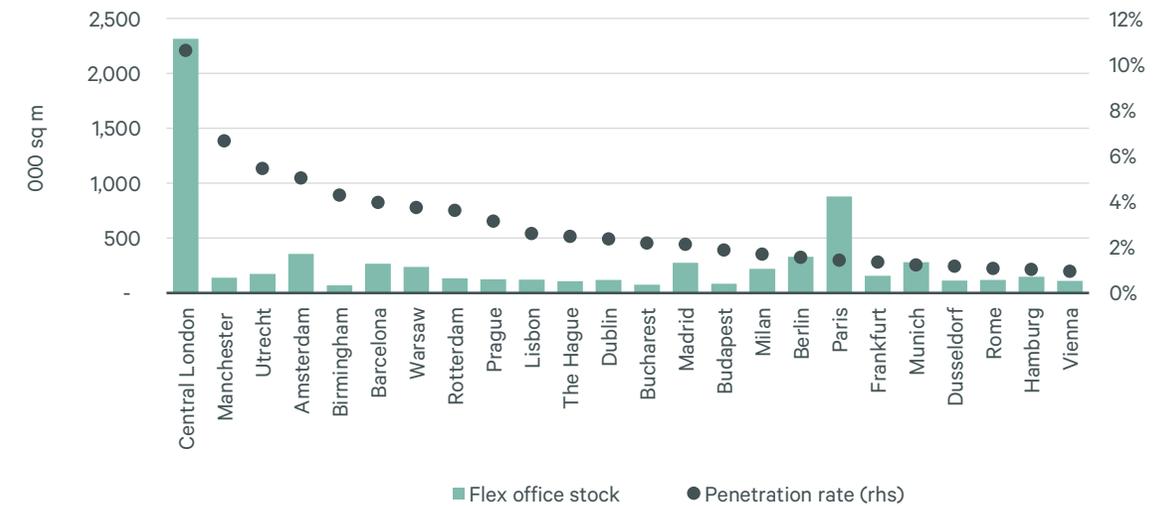


Source: CBRE Research

Market penetration rates continue to edge up

The European flex penetration rate (flex office stock as a percentage of total office stock) increased by 20 basis points in the first half of the year, reaching 2.52% of the 31 markets tracked by CBRE. Amsterdam (+26 bps) and Warsaw (+22 bps) saw the fastest growth in penetration rates in the six months to the end of Q2 2025.

FIGURE 2: Flex stock and penetration rates



Source: CBRE Research, CBRE Flex

European desk rates

Prime desk rates across major European cities have shown a mixed but generally upward trend in the first half of 2025, with notable disparities in growth highlighting shifting demand patterns and emerging regional hotspots.

Berlin and Munich have seen desk rates rise to €1,000/desk/month, just below key markets, with 11% year-on-year growth driven by continued demand for flexible workspaces and a limited pipeline of new openings. Warsaw at €720/desk/month, also posted 11% growth, positioning it as a fast-growing market in Central and Eastern Europe. Meanwhile, Barcelona, Brussels, and Dublin remain stable, with rates between €500 and €900/desk/month. Interestingly, Madrid and Prague, which also started from lower price points, have shown significant growth, suggesting that even within the lower-cost tier (compared to other markets) there is room for upward movement when market conditions align.

Tracking prime rates provides insight only into the upper tier of each market. Overall, we are observing a broader range of flex office products in many markets, giving occupiers more choice, resulting in a wider spectrum of pricing. This diversity allows occupiers to cater 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 2025 vs H1 2024

City	Highest price per desk per month (H1 '24)	Highest price per desk per month (H1 '25)	Year-on-year change (%)
Amsterdam	€1,200	€1,250	4%
Barcelona	€500	€500	0%
Berlin	€900	€1,000	11%
Birmingham	£600	£575	-4%
Brussels	€700	€700	0%
Dublin	€900	€900	0%
London	£1,500	£1,850	23%
Madrid	€500	€650	30%
Milan	€1,000	€1,000	0%
Munich	€900	€1,000	11%
Paris	€1,700	€1,750	3%
Prague	€400	€450	13%
Warsaw	€650	€720	11%

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.

Occupier sector trends

Results from CBRE’s [2025 European Office Occupier Sentiment Survey](#) affirms the growing strategic importance of flexible space within real estate portfolios.

The total average of flex in a typical portfolio has risen from 12% in 2024 to 21% today, with a projected increase to 29% over the next two years. Additionally, over a quarter of respondents are projecting having more than 50% of their real estate in flex within two years.

Additional insights revealed by the survey include:

- The number one reason for using flex was CapEx avoidance – cited by 64% of respondents, up from 46% in 2024. Many companies, even those with strong capital reserves, often struggle to secure sufficient CapEx for real estate. Flex provides a valuable solution in these circumstances.
- Other key drivers for using flex include the strategic need to ‘solve for uncertain demand’ (46%) and the more tactical use of flex ‘as swing space’ (30%). Both reasons saw significant increases in adoption compared to the previous year.
- The primary drawback to flex solutions, according to 54% of respondents is ‘IT/security challenges’. This highlights an area where operators need to focus to attract larger occupiers. Employee perception (52%) is another significant concern, interestingly higher than leadership perception (30%) and client perception (20%).

FIGURE 4: Office Occupier Sentiment Survey – What % of your portfolio is in flex today vs in two years time

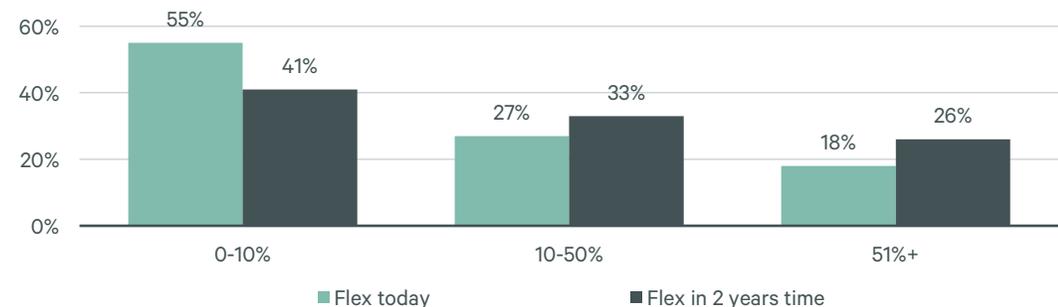


FIGURE 5: Office Occupier Sentiment Survey – Identify the main reasons for use of a flexible office space environment

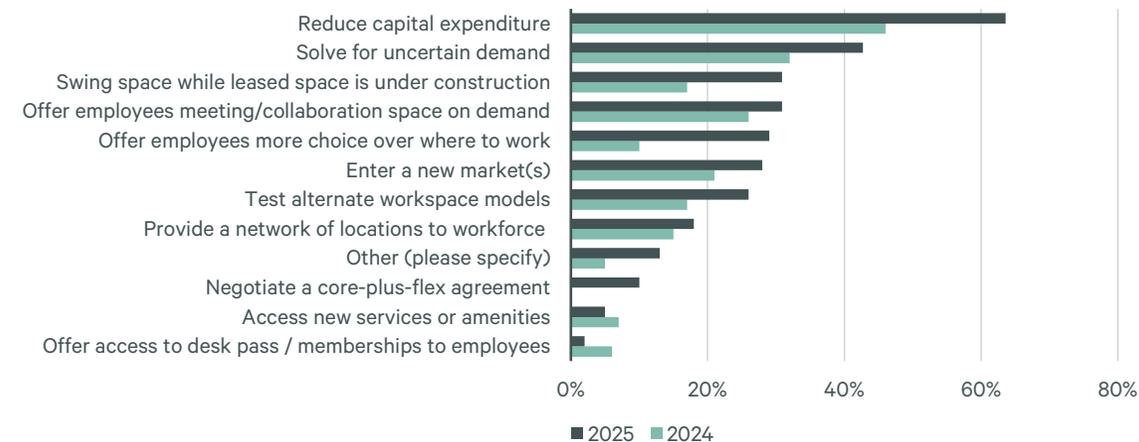
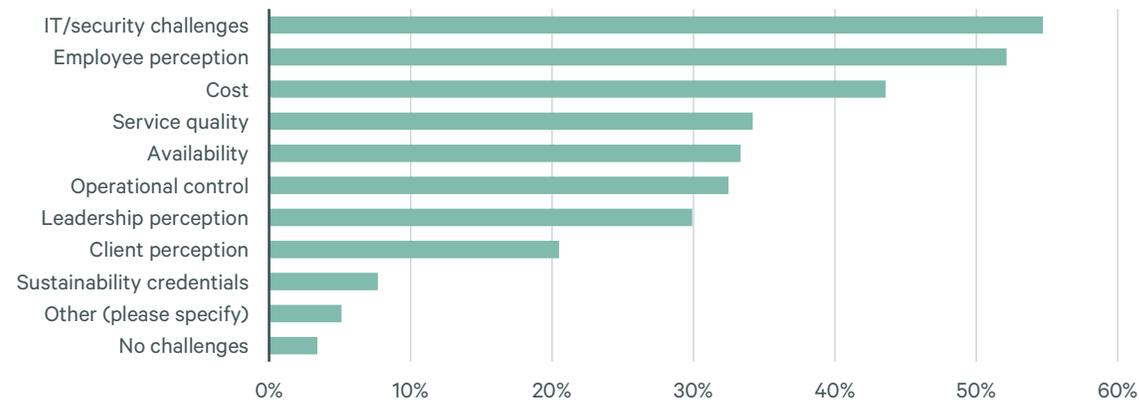


FIGURE 6: Office Occupier Sentiment Survey – Identify the main challenges when considering the use of flex products



Source: CBRE Flex

Occupier sector trends

The Tech, Media & Telecoms (TMT) sector remains the most active in flex, continuing to drive the majority of desk take-up and proportion of deals in 2024. While its share has moderated from previous highs at 38%, it still represents the most significant portion of overall activity, reflecting the sector’s ongoing preference for flexible, innovation-friendly environments.

Financial & Professional Services (FPS) accounted for almost an equal share at 35%, up from 29% in 2024, further confirming the sector’s increased adoption of flexible solutions; also demonstrating that, potentially, previous operational barriers to flex are being overcome within FPS companies.

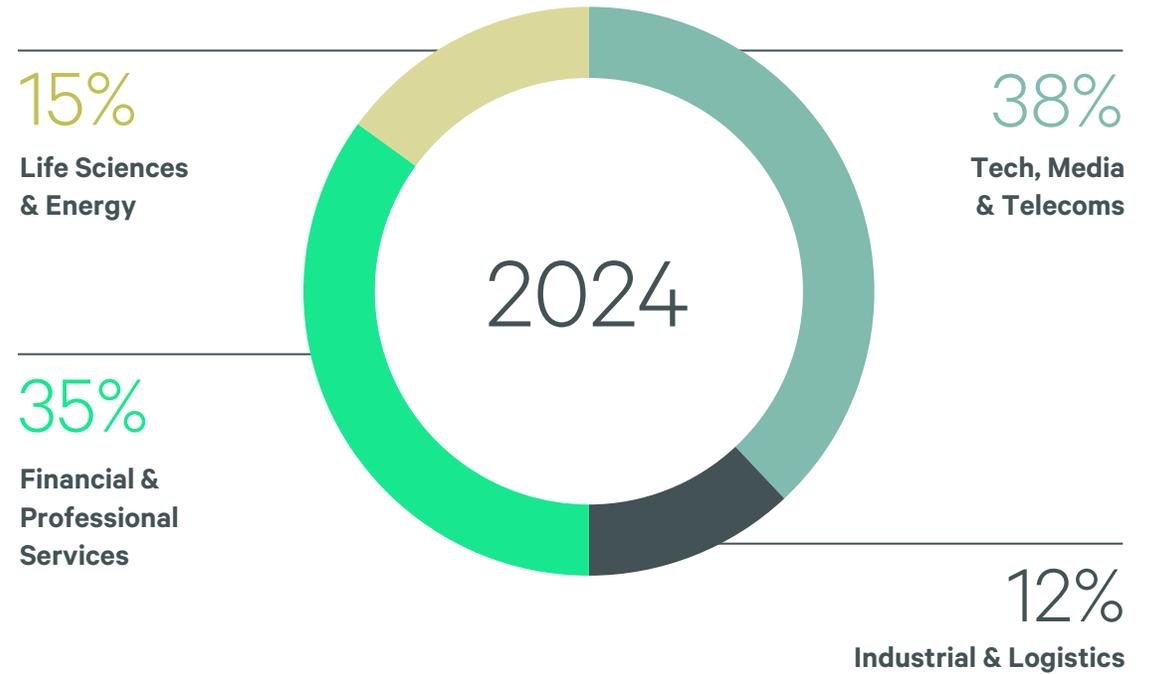
The Life Sciences & Energy (LS) and Industrial & Logistics (I&L) sectors maintained stable flex activity within 2024, but notably, the deal size (by number of desks) for LS increased from 16 in 2023 to 33 in 2024.

FIGURE 7: Average deal size by desks, 2024

Sector	Average deal size by sector (desks)
Industrial & Logistics	20
Financial & Professional Services	33
Life Sciences & Energy	28
Tech, Media & Telecoms	56
Total average	34

Source: CBRE Flex

FIGURE 8: Proportion of flex deals transacted by CBRE by sector, 2024



Source: CBRE Flex

Opinion: Unlocking the conundrum

Operators have learned the hard way about overcommitting to buildings, both by taking long leases that offer no exit route in the event of a cyclical downturn and by tying up large sums of capital in fit-outs that hamper further growth into other geographies or locations.

The recent, well-documented restructuring of some of the sector’s key players may give asset managers pause for thought before bringing a flex operator into their buildings. However, the very factors that caused those failures are also driving occupiers to also seek greater flexibility in their real estate strategies, avoiding overcommitment to adapt to rapid change and increasing uncertainty.

This dynamic is creating unprecedented demand for flex products, as our annual Office Occupier Sentiment Survey consistently shows. Consequently, a rebalancing of the risk is needed between operators, occupiers, and landlords, and we are already witnessing this shift in many key markets.

It is notable that IWG, the world’s largest flex network, took on c.620 new centres last year but only 20 of those were via a traditional form of lease. WeWork have shifted its focus to sustainable growth, which will mostly be driven by occupier-led opportunities or balance sheet light opportunities (i.e. management agreements), and the other main global player, Industrious, have almost exclusively grown by partnership agreements like this.

From a landlord perspective, the opportunity is clear: any significant new project is expected to contain an element of flex amenity as part of the asset strategy. Additionally, for secondary assets, a flex strategy could be a way to re-energise the building, attract additional occupiers, and potentially enhance returns, all while providing more operational control. The impact on valuation remains a key concern. However, even in this area, progress is being made as valuation models are evolving to better reflect the nuances of these deal structures which are becoming more established and mainstream.

Finally, we are seeing increased interest in the cross over between flex and traditional leasing – managed offices. These turnkey solutions, which offer procurement and balance sheet efficiencies could represent the next stage of outsourcing, i.e. an integrated solution where all accommodation needs, including leasing and workplace experience are taken on by a third party.

Billy Hodges
Head of Flex EMEA

Landlord/Investor

- Concerns on operator covenant risk
- Control/step in right
- Increasing vacancy
- Potential for premium rent
- **Valuation impact**

Occupier

- Want flexibility – site and portfolio
- Capital light solutions
- More amenities
- Prepared to pay premium (?)



Operator

- Rapid growth and franchising
- Preference for management agreements
- Minimal balance sheet impact and exposure

Source: CBRE Flex

The managed office product

A managed office is a private, fully serviced office tailored to a company’s needs, where everything from design and furniture to utilities and daily operations is handled by a provider. It offers the privacy and branding of a traditional lease with the convenience of a serviced office.

Crucially, dependent on the structure there is the opportunity to have no upfront Capex, as this can be amortised across the term of the agreement.

Why are clients interested?

 <p>Operational ease</p>	<p>All services, such as cleaning, maintenance, IT, utilities, are managed by the provider</p>
 <p>Cost efficiency</p>	<p>No upfront capital expenditure for fit-out, furniture, or infrastructure. Can be ready to move into within 12-16 weeks from signature</p>
 <p>Speed of procurement/ occupation</p>	<p>Offices are move-in ready or quickly customised to client needs</p>
 <p>Custom branding</p>	<p>Spaces can be tailored to reflect the company’s identity and culture</p>
 <p>Amenity</p>	<p>Ability to bring in operator workplace experience/expertise to enhance employee/client experience</p>

What is the market for managed offices?

The managed office product is evolving and there are numerous players in the market. These include Industrious, Instant Managed (IWG), WeWork, Kitt Offices & Knotel. Landlords are also offering their own in-house managed office solutions, examples including British Land, Tishman Speyer and GPE – which while tied to their existing estate offer an alternative to clients who do not want to have to build and run the space themselves. Typically, commitment term is a minimum of three years and over.

What next for managed offices?

An increasing number of organisations are seeing the benefit of Managed Offices for an array of use cases, including CBRE!. We expect this to become an increasingly important area of growth in coming years.





Lever House, New York

CBRE combines a managed solution and core flex-deal for NYC HQ

CBRE needed new space to establish a Global Financial HQ in New York, a decision underpinned by growth; and expected future growth, particularly in its Investment Management and Capital Markets business lines. CBRE wanted space that would wow clients and that could be operationalised quickly and efficiently. CBRE also needed flexibility to grow in to space over time as headcount ramps up in-line with business expectations.

In conjunction with Industrious, CBRE selected six floors (64,000 sq ft) at Lever House, a recently refurbished landmark building, following a market search. Industrious will manage the design, buildout, operations and experience of the CBRE space (four floors) as well as operate the adjoining Industrious flex workspace (two floors).

This will allow CBRE to share in amenities and programming with the Industrious workspace (CBRE employees will be able to book space including coworking desks and meeting rooms and use the shared café facility) while benefiting from profits generated by the Industrious facility.

64,000 sq ft

CBRE selected six floors (64,000 sq ft) at Lever House

CBRE will deliver best-in-class space, increasing connectivity with both clients and employees. Due to the innovative design expertise leveraged via Industrious, the density of the space is higher than average of the CBRE network.

In addition:

- OpEx is offset by monetisation of excess space until CBRE need to take over.
- CBRE have the ability to take more space with 90 days' notice, providing significant structural flexibility.





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