Istanbul Became Europe's Second Fastest Growing Flex Office Market

▲ 366K sqm
Türkiye-wide serviced office stock

▲ 242
Türkiye service office branches

▲ 308K sqm
Istanbul serviced office stock

▲ 198
Istanbul service office branches

Note: Arrows indicate change from previous quarter.

Increasing entrepreneurship and small business activities are driving up demand for flex offices, while large corporations are also opting for flex offices to reduce costs and provide flexible working environments.

With a 23% growth since last year, the flex office space in Istanbul reached 308,000 sqm of leasable area as of the first quarter of 2024.

As of the first quarter of 2024, there are more than 45 flex office brands with both international and local providers in 198 locations in the Istanbul flex office sector.

The largest service providers in Turkey are domestic brands, not international ones, unlike many European markets due to the rapid decision-making processes of local brands and their active monitoring of the office market.

With the planned opening of 18 new locations within the Istanbul flex office stock in 2024, approximately 40,000 sqm of additional leasable space will be added.

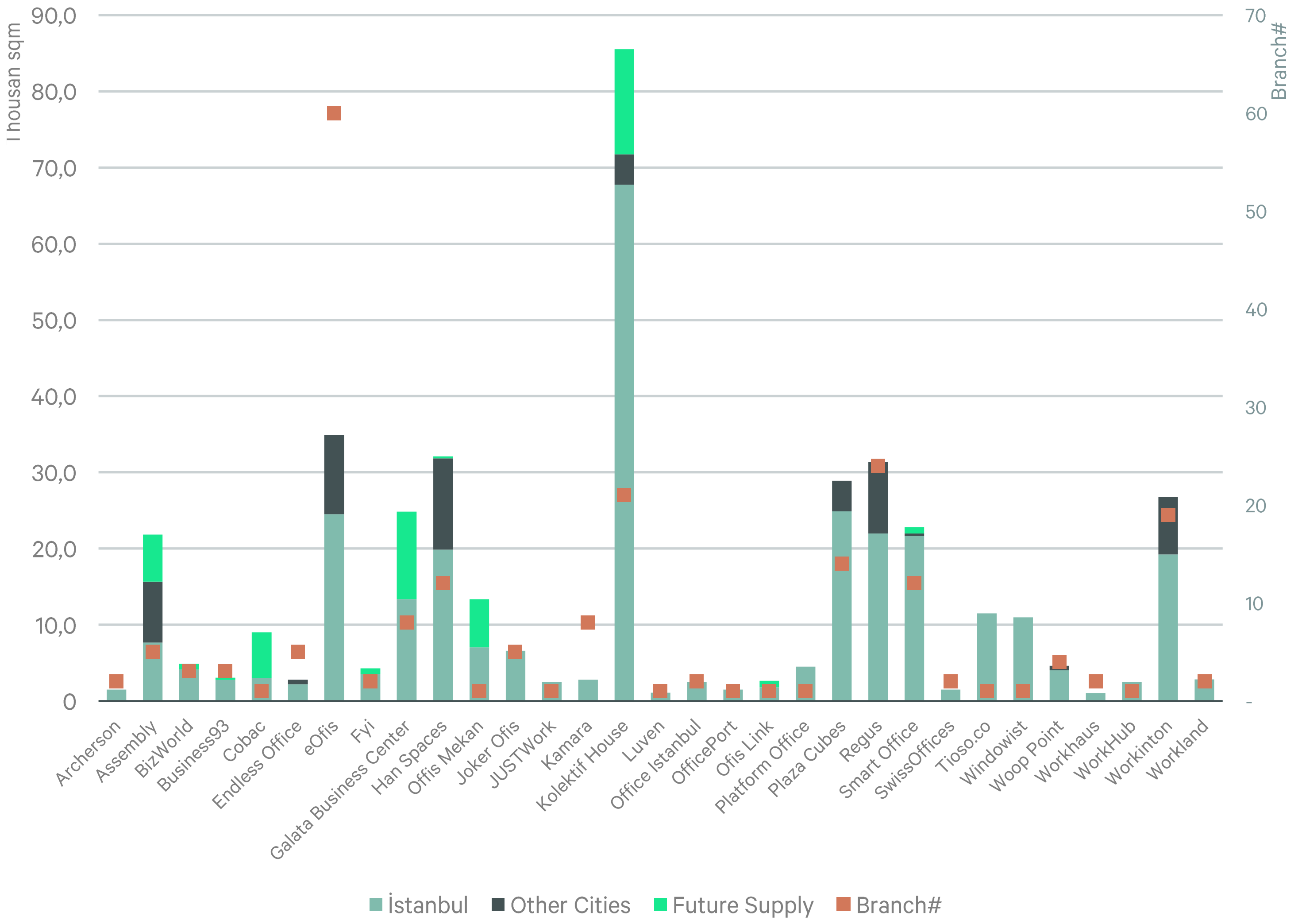
In terms of prevalence, it is observed that eOfis remains the most common flex office provider, similar to the previous year. eOfis has expanded its service locations in Istanbul to 45 by opening 3 new branches in the past year.

While Kolektif House ranks as the second most common brand with 22 branches, Regus follows with 18, Workinton and Galata Business Center with 14, and Smart Office with 12 branches in Istanbul.

In terms of leasable area sizes, as of the first quarter of 2024; Kolektif House stands out as the provider with the highest leased area, approaching 68,000 sqm, including the 5 locations added last year, and continues its projects for 3 new locations.

Following Kolektif House, Plaza Cubes, eOfis, Regus, Smart Office, Han Spaces, and Workinton brands follow with leasable area sizes exceeding 20,000 sqm.

Figure 1: Distribution of Flex Office Operators by Stock and Branches



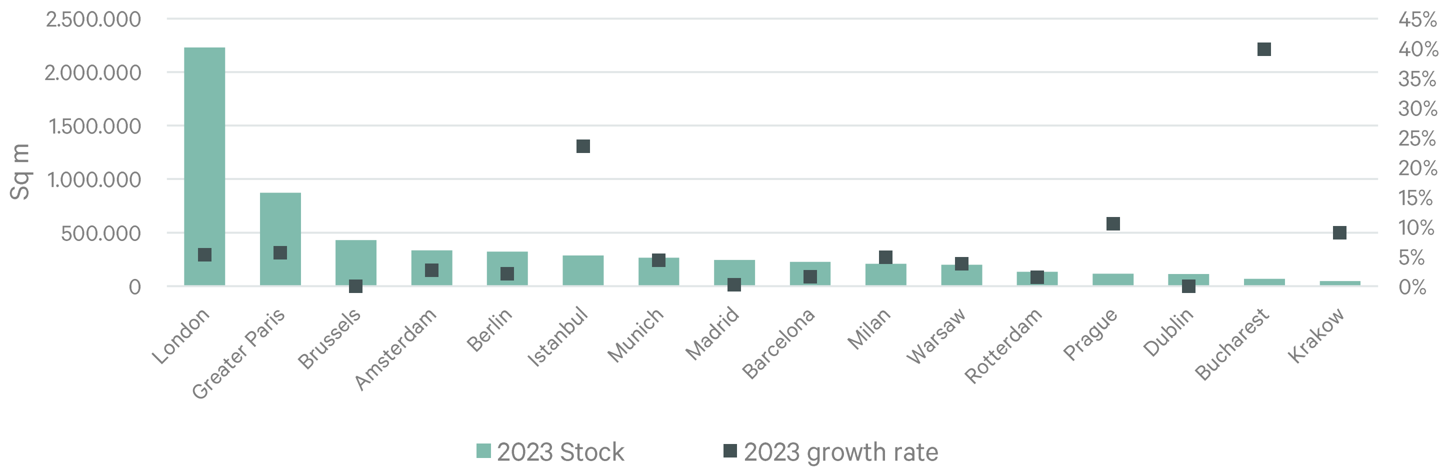
Source: CBRE Research

When examining the growth rates of 2023: Istanbul's position as Europe's second fastest growing market after Bucharest, as well as being Europe's sixth largest flex office market after London, Paris, Brussels, Amsterdam, and Berlin. Istanbul's dynamic business environment, innovative entrepreneurship ecosystem, and the presence of large and small businesses operating in various sectors can also be counted among the factors driving growth.

In Istanbul, the leasable area of flex offices reached 304,000 sqm in the first quarter of 2024, showing a growth of approximately 20% compared to the previous year when it reached 255,000 sqm in the first quarter.

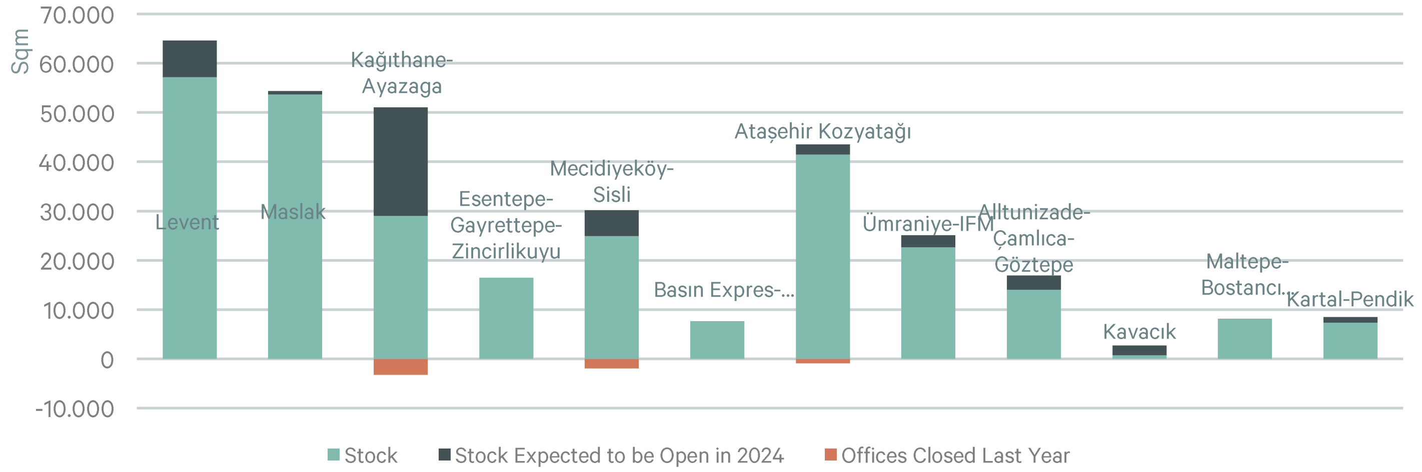
As growth in flex offices continues in Istanbul, it is possible to say that competition is increasing. Flex office providers are increasing options and opportunities to provide better service and competitive advantage to their customers, developing various strategies to maintain their competitive advantage. For these reasons, it has been observed that approximately 7,000 sqm of flex office space has closed or changed location in Istanbul since the first quarter.

Figure 2: Sizes and Growth Rates of Flex Offices in Europe



Source: CBRE Research

Figure 3: Changes in Flex Office Stock Compared to the Previous Year in Istanbul



Source: CBRE Research

Expectations for 2024

Competition is increasing while the market is shrinking. The presence of numerous firms operating in this field in Istanbul and the lack of new office supplies make it crucial for small-scale service office providers to sustain themselves through strategies such as improving service quality, maintaining competitive prices, and offering additional advantages to customers.

Acceleration in the "Enterprise" model. Flex office providers seem to be focusing on the enterprise model, aiming to bridge the gap between users seeking solutions that alleviate capital burdens and property owners seeking turnkey solutions, thereby giving prominence to this model.

The necessity of expanding into markets outside Istanbul. Expanding to cities outside Istanbul and countries outside Europe may be an important strategy for flex office providers to increase market share and gain a competitive advantage.

Figure 4: Monthly Desk Fee Range by District in Istanbul

Regions	Price per desk per month, range TRY	Price per desk per month, range USD
Levent	8.000-11.000	270-370
Maslak	8.000-11.000	270-370
Kagithane-Ayazaga	6.000-7.500	200-250
Esentepe-Gayrettepe-Zincirlikuyu	5.000-8.500	170-280
Mecidiyeköy-Sisli	6.000-8.500	200-280
Media Highway-Havalimanı	3.500-7.500	120-250
Atasehir Kozyatagi	8.000-11.000	270-370
Umraniye-IFC	7.500-9.000	250-300
Alltunizade-Camlıca-Goztepe	6.500-10.000	220-330
Maltepe-Bostanci Kucukyalı	6.000-9.000	200-300
Kartal-Pendik	6.000-9.000	200-300

Source: CBRE Research

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