SPOTLIGHT ON FLEX: HOW TO USE FLEX TO GAIN COMPETITIVE EDGE

BENEWS

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EXPERT SPEAKERS:

Charles Fraser, Head of Flex, JLL

Niki Fuchs, CEO, Office Space in Town

Louise Ioannou, Head of Workspace, HB Reavis

Alexandra Livesey, Co-Founder, Little Red Donkey, and Fractional MD, Mantle Space (keynote speaker)

Jasper McIntosh, CIO, Fora

Samuel Warren, UK & Europe, Sales Marketing Director, technologywithin

Dieter Wood, CEO, Interaction

Liz Hamson, editor-in-chief, *BE News* (chair)

Last year was one of the most challenging for the flex sector in recent memory. However, it continues to grow in popularity, with CBRE predicting it will account for 20% of total office space in London by 2030 compared with 12% today.

So, has flex reached an inflection point? As the sector continues to adapt and evolve, could 2026 be the year it resumes its strong growth trajectory? Is it now the model of choice in the office market?

These are just some of the questions that were posed at BE News' Spotlight on Flex event, which was sponsored by Interaction JLL and technologywithin and hosted by x+why at its Fivefields space in London, as we delved into 'How to use flex to gain competitive edge in 2026'.

Keynote speaker, Alexandra Livesey, co-founder of Little Red Donkey and fractional managing director of Mantle Space, kicked off the event by looking back over the semismic changes of the past three or so years. Covid had created "a sugar rush for the flex office space," she said, adding that high had been followed by a dramatic low. "The last two years have been brutal for most operators," said Livesey, citing margin pressure caused by soaring interest rates and increases in necessary fit-out, utility and labour costs.

However, she continued it had been a period of correction and strong growth was on the horizon. Citing CBRE's forecast that the London flex market will hit 50m sq ft by 2030, she said "that will be 20% of the office market in the city. We're only at 12% now, so we're looking at a growth of coming up to 70%".

Regional operators are also seeing continued demand for flex space "as talent is more distributed across the country" post-pandemic.

To take advantage of this demand, flex operators need sophisticated financial management, deep operational expertise and a nuanced understanding of local markets, communities and members "and that's not across just the brand, but in each micro location".

Alexandra Livesey

I'm positive about the market, but balancing capex with rent has become even trickier"

Dieter Wood

She wrapped up by saying that landlords needed to embrace the flex model more holistically and see it as a "living, breathing ecosystem. Flex operators need to be savvy and keep a tight eye on their finances. But owners and founders also need to be clear and say, what do I truly need? How can I be flexible in all parts of my business?"

Following Livesey's keynote, Liz Hamson, editor-in-chief of BE News, chaired the following panel discussion.

HOW UPBEAT ARE YOU ABOUT THE SECTOR COMPARED WITH LAST YEAR?

FUCHS: Over the last two years, we've read reports of growth, price increase, occupancy increase. Those of us on the ground are saying, "well, I don't know who you're talking to". I've been in the industry a long time and it was the worst year for many years. So, if you're going to be in the game, you've got to be positive. This year can only be better than 2025.

FRASER: We're seeing a two-tier market. Rents in the West End and the City are the highest they have ever been, while rents in the likes of Chiswick, Dulwich or Highbury and Islington are at Covid levels.

The question is how changeable interest rates will be and what impact the lack of Grade A office supply in Central London will have. The difficulty for serviced office providers is that more traditional landlords are now considering managed operations.

Niki Fuchs

WOOD: I'm positive about the market, but balancing capex with rent has become ever trickier and we're at the sharp end of that. Ultimately, it's all about location.

NIKI, YOU SAID 2025 WAS THE FIRST HARD YEAR BAR COVID FOR MORE THAN A DECADE - WHY?

FUCHS: The growing number of options for occupiers has caused a problem for operators because of the growth of technology and platforms like Valve. Brokers are using these more often because they can't retain the knowledge of all the operators out there, but these platforms don't provide enough nuance. Our products are on a similar vein, but they are all different.

FRASER: Why was 2025 was so difficult? We can start with Donald Trump and political uncertainty, tariffs, which did affect us, and then the increase in the minimum wage, which hurt the mom and pop businesses.

WHAT IMPACT IS THE WORKSPACE INTELLIGENCE NETWORK (WIN), WHICH WAS SET-UP IN 2024, HAVING?

FUCHS: Speaking as a founder of WIN, our industry is going to be limited if we don't attract investors and they won't come if they don't have an exit strategy, which they can't have without valuation, and valuation requires data. We currently have 33 members, but we need more..

IOANNOU: We've just signed up to WIN, because it gives us more visibility of what's happening in the market around pricing and product development.

HOW DO WE IMPROVE THE QUALITY OF THE DATA WE'RE GATHERING?

WARREN: It depends where you're gathering it from because technology choices can help you get better data. If you're using applications that work to recognise certain standards, that's helpful. Internal discipline is also good - trying to be repetitive and consistent in what you do will give you good data. Then add elbow grease in terms of cleaning it.

It's helpful to think about what you want to use the data for before you collect it, but that's not always possible as the world is changing super quickly. But whether you're small or huge, it's worth the investment because AI is coming.

HOW ARE PEOPLE USING AI, TECH AND DATA TO BOOST OPERATIONAL EFFICIENCY AND GAIN COMPETITIVE EDGE?

WARREN: There are certain tech and features that are quite gimmicky. When you think about tech, it's got to work for the members ⊳

as well as the operators. There's no point just deploying something just to try and please people.

ARE WE GOING TO SEE FURTHER HOTELIFICATION OF THE FLEX WORKSPACE SECTOR?

IOANNOU: There are many hotel brands and for those that are global, they pay a huge amount of attention to details like who the customer is and what they are looking for? We must do the same and be discerning about the workplace we offer. For instance, what does that customer in that local area want and need – do they want a gym?

GOOD QUESTION! DO FLEX SPACES NEED GYM SPACE?

WOOD: People like the idea of a gym and while it's a good sales point, it's not necessarily a good retention point for members. Those who really want to go to the gym will use a nice one somewhere away from their place of work.

The danger is that operators spend all their money on the things that help with the sales tour, rather than the things that help you to retain members or tenants, like good toilets, whether the air conditioning or the fresh air is any good, are there meeting rooms, are the acoustics any good and does the tech work?

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Samuel Warren


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Loiuse Ioannou

"When the market turns, flex will be on fire. And it's going to turn this year"

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Jasper McIntosh

Charles Fraser

FRASER: It also depends on the building. The first thing you need to ask is: what are the demographics of customers looking to rent in that particular area? For instance, AI firms can have very high expectations. They want the wellness room and the gym, but if it's say a fashion business in East London, there is absolutely no point having a gym.

ARE WE GOING TO SEE GREATER DIFFERENTIATION BETWEEN MANAGED AND SERVICED SPACE OVER THE NEXT 12-18 MONTHS?

MCINTOSH: Yes, no and maybe in terms of the two types of space becoming more separate or more polarised. In a market like this that is pulling in several different directions, the way you win is to respond to as many of those directions as possible. Make your serviced space more serviced; the serviced more managed; the managed more serviced, and the managed more managed. You've got to blur the lines.

WHAT WILL BE THE SINGLE BIGGEST CHALLENGE AND OPPORTUNITY FACING THE FLEX WORKSPACE SECTOR IN 2026? WILL IT RESUME STRONG GROWTH INTO 2027?

MCINTOSH: Opportunity and the challenge are almost two sides of the same coin. We have some ongoing macro challenges, undoubtedly, and we're not yet out of the woods.

The opportunity side lies with the number of people looking for quality office space in London. They cannot find it. New volume isn't being delivered at any sort of scale for roughly another couple of years and space is needed now. That is a huge opportunity for us. If we can get our product right, we can soak up much of that demand.

FRASER: What will happen leading up to 2027? When the market turns, flex will be on fire. And it's going to turn this year! □