# Flex office sector's resilient income faces valuation hurdles despite promising growth



The flex office sector, once considered a niche or novel aspect within commercial real estate, is increasingly recognised as a resilient and secure income stream, though it still faces undervaluation by property appraisers and lenders. Despite the growing evidence of stable financial performance from well-managed flexible workspaces, valuers have yet to fully attribute the high income potential these facilities offer. This discrepancy is impacting growth decisions within the sector.

British Land’s flex office offering, Storey, exemplifies this trend. Located in 100 Liverpool Street in the City, Storey’s occupancy consistently sits above 95% with average lease terms lasting four years, a strong indicator of steady and reliable income. Becky Gardiner, British Land’s head of Storey and managed workspaces, spoke at Bisnow’s UK Office Conference Series emphasising confusion over why this secure revenue stream does not attract the valuation benefit it deserves. “All of that points to this being a really secure income stream,” she said.

The flex office market, despite being over two decades old, still suffers from a lack of transparent data, a problem operators are actively working to overcome. The Workplace Intelligence Network, a coalition of flex space operators including GPE and British Land, aims to create a shared anonymised dataset. This initiative will track occupancy rates, achieved rental rates, churn levels, and other performance indicators to better inform valuers, investors and partners. Gardiner noted that the purpose is to provide “more information” for valuation discussions to reflect the sector’s true value.

Commercial property stakeholders highlight how undervaluation potentially hinders the expansion of flexible workspace solutions within developments. Raj Rajput, managing director of asset management for Hines UK and Ireland, explained there is often internal debate around how much flex space to include due to a “tipping point” at around 20%, beyond which adding more flex space might negatively impact overall building valuation. Thus, despite tenant demand, landlords must weigh its current discounted valuation in their planning.

The demand for flex space goes beyond traditional coworking; larger occupiers increasingly see it as a way to consolidate occupational costs. WeWork’s regional president Luke Armstrong presented new leasing models involving co-terminus agreements where WeWork operates space on behalf of landlords and tenants. He suggested that this approach could attract fresh capital investment, describing the emerging “rolled-up capital” opportunity as promising for service providers, landlords, and investors alike.

External industry data supports these qualitative insights. Surveys by WeWork reinforce the notion that companies view physical offices as critical to business profitability and culture, with 86% of U.S. and UK business leaders predicting increased office importance over five years. Occupancy and productivity benefits of hybrid and fully in-person workplaces are noted as key drivers of this shift.

Further market reports illustrate a stable and mature flex space sector. Industry data from 2025 shows desk occupancy rates stabilised at over 72%, with a significant segment of users opting for longer-term commitments and private offices, particularly in Europe and the UK. Revenue occupancy globally rests near 75%, with the EMEA region leading at 85%, and operators focusing on optimising utilisation through dynamic pricing and tiered memberships.

Financial analyses of major operators like WeWork reveal ongoing improvements in occupancy and operational focus, with projections indicating the potential for profitability as market conditions stabilise. Although the industry is evolving, WeWork’s repositioning after Chapter 11 bankruptcy and the broader coworking industry's expansion—with thousands of new spaces opening in the U.S. alone—signal robust demand and confidence in flexible work environments.

In summary, while the flex office sector is no longer a novelty and demonstrates resilient income, the valuation practices have yet to catch up, potentially limiting growth. Industry leaders and operators are taking active steps to generate the data needed for transparent valuation and attract investment. This movement, combined with shifting occupier preferences and evolving lease models, points to a promising future where flex space is an integral and well-valued part of the office market landscape.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.bisnow.com/london/news/coworking/new-coalition-wants-to-end-the-fact-that-valuers-still-dont-fancy-flex-space-the-flex-office-sector-isnt-a-new-phenomenon-any-more-evidence-is-mounting-that-income-from-well-run-flex-facilities-is-resilient-but-valuers-still-dont-put-a-high-enough-r-131403), [[2]](https://www.bisnow.com/london/news/coworking/new-coalition-wants-to-end-the-fact-that-valuers-still-dont-fancy-flex-space-the-flex-office-sector-isnt-a-new-phenomenon-any-more-evidence-is-mounting-that-income-from-well-run-flex-facilities-is-resilient-but-valuers-still-dont-put-a-high-enough-r-131403)
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* Paragraph 6 – [[3]](https://www.wework.com/newsroom/wework-survey-reinforces-the-future-is-flex-as-business-leaders-say-the-office-is-critical-for-profitability-and-culture)
* Paragraph 7 – [[4]](https://www.officernd.com/blog/flex-space-industry-found-stability/), [[5]](https://www.officernd.com/blog/adversity-as-a-catalyst/)
* Paragraph 8 – [[6]](https://sacra.com/research/wework-engineering-a-comeback/), [[7]](https://www.allwork.space/2024/09/coworking-by-the-numbers-2024-data-and-trends-that-offer-insights-into-the-future-of-flex/)
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## Bibliography

1. <https://www.bisnow.com/london/news/coworking/new-coalition-wants-to-end-the-fact-that-valuers-still-dont-fancy-flex-space-the-flex-office-sector-isnt-a-new-phenomenon-any-more-evidence-is-mounting-that-income-from-well-run-flex-facilities-is-resilient-but-valuers-still-dont-put-a-high-enough-r-131403> - Please view link - unable to able to access data
2. <https://www.bisnow.com/london/news/coworking/new-coalition-wants-to-end-the-fact-that-valuers-still-dont-fancy-flex-space-the-flex-office-sector-isnt-a-new-phenomenon-any-more-evidence-is-mounting-that-income-from-well-run-flex-facilities-is-resilient-but-valuers-still-dont-put-a-high-enough-r-131403> - The article discusses the growing resilience of the flex office sector, highlighting that well-managed flexible workspaces are demonstrating stable income streams. Despite this, valuers have yet to fully recognise the value of such income. The piece features insights from industry leaders, including Becky Gardiner of British Land, who points out the high occupancy rates and long-term commitments in their flex spaces, suggesting a secure income stream. The formation of the Workplace Intelligence Network is also mentioned, aiming to enhance data transparency and showcase the sector's resilience.
3. <https://www.wework.com/newsroom/wework-survey-reinforces-the-future-is-flex-as-business-leaders-say-the-office-is-critical-for-profitability-and-culture> - WeWork's survey reveals that a significant majority of business leaders across the U.S. and U.K. view the office as crucial for profitability and company culture. The survey indicates that 86% of respondents believe the office will become more important over the next five years. Additionally, 82% of fully in-office and 76% of hybrid companies report that their workplace strategy positively impacts employee productivity, compared to two-thirds of remote organizations. The findings underscore the growing importance of flexible workspaces in modern business strategies.
4. <https://www.officernd.com/blog/flex-space-industry-found-stability/> - The article highlights the stability and maturity of the flex space market as of Q2 2025. Desk occupancy rates have stabilised at 72.5%, indicating that flexible workspaces have become a permanent fixture in the office landscape. The piece also notes that operators are focusing on optimising utilisation and monetising their inventory through dynamic pricing and tiered memberships. The steady demand for private offices, especially in Europe and the UK, reflects a shift towards longer-term commitments in flexible workspaces.
5. <https://www.officernd.com/blog/adversity-as-a-catalyst/> - This article introduces the OfficeRnD FlexIndex, a quarterly report tracking key metrics in the flex space industry. The latest data shows resilience, with global revenue occupancy stabilising around 75% in Q1 2025. The report highlights that the EMEA region leads with 85% desk occupancy and growing revenue per desk, indicating rising pricing power. The piece also mentions the introduction of a benchmarking tool within the OfficeRnD platform, allowing operators to compare performance against the FlexIndex directly.
6. <https://sacra.com/research/wework-engineering-a-comeback/> - The article provides an in-depth analysis of WeWork's financial performance and strategic initiatives. It discusses the company's efforts to stabilise operations through delayed capital spending, improved occupancy rates, and regained focus. The analysis includes a detailed discounted cash flow (DCF) model, projecting WeWork's enterprise value and equity value over the next several years. The piece also highlights the company's revenue drivers, cost assumptions, and the potential for profitability if occupancy rates continue to improve.
7. <https://www.allwork.space/2024/09/coworking-by-the-numbers-2024-data-and-trends-that-offer-insights-into-the-future-of-flex/> - The article presents key data and trends in the coworking industry as of 2024, showcasing its resilience and growth. It reports that the U.S. coworking sector added 444 new spaces in Q2 2024, bringing the total to 7,041 locations. The piece also notes that JLL predicts 30% of all office space will be flexible by 2030. Additionally, it highlights that WeWork experienced an 8% decrease in overall inventory but remains strong within the top 25 U.S. markets as it emerges from Chapter 11 bankruptcy.