

Research

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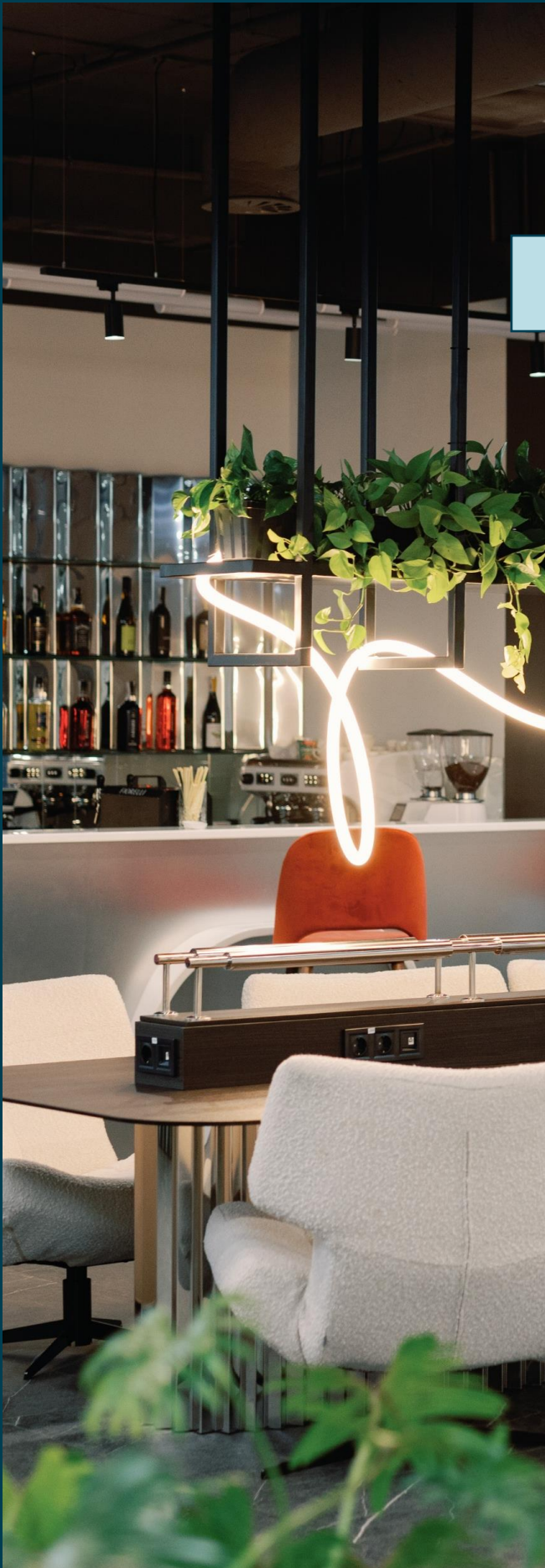
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The Flexible Office Space Imperative

Why elastic portfolios are becoming core strategy





A new mandate for agility

Key highlights

- The flex sector has stabilized after years of volatility. Operators are increasingly looking to replace risky master leases with management agreements and revenue-share structures, which is enabling renewed footprint growth and investment activity.
- AI is emerging as a powerful new driver of flex demand. Unpredictable workforce transformation from AI makes planning for long-term space needs challenging; flexible space gives organizations the real-time optionality to adapt as technology reshapes team structures and headcount needs.
- Corporate adoption remains nascent: only 3% of large enterprises use flexible space for more than 10% of their portfolio. This gap between strategic need and current uptake represents a significant opportunity for occupiers, landlords and investors alike.



The rise of the elastic portfolio

Traditional methods of procuring office space via long-term leases and owned campuses have historically had both advantages and shortcomings. In recent years, increased workplace agility and smart building technologies have illuminated some of the inefficiencies of traditional leasing models and exposed the challenges of fluctuations in headcount, shifting office attendance policies and uncertain capital planning.

Globally, office utilization averages 54%, a significant 25-point gap from the average target of 79%. This challenge is particularly acute in North America, with a 29-point utilization gap. Yet, downsizing is not the definitive answer, as 43% of corporate leaders globally expect headcounts to rise in the coming years, according to JLL's Corporate Occupier Trends to Watch Survey.

The paradox of controlling costs while preparing for growth is the primary driver behind the shift to elastic portfolios. This model allows organizations to:



Optimize costs

By adopting a “core plus flex” strategy and converting a portion of the portfolio into a variable expense, companies can better align real estate footprints with headcount fluctuations throughout business cycles and adapt to technological change.



Accelerate occupancy

Pre-built spaces and standard membership agreements allow businesses to rapidly scale up or down to accommodate special projects, enter a new market or acquire talent.



Adapt to new ways of working

Shorter lease terms, adaptable space design and increased geographic diversity enable more agility to support iterative work models in an era of rapid innovation.

Despite the clear benefits, adoption of flexible space remains in its early stages for corporate occupiers. Across the globe, just 3% of corporations currently use flexible space for more than 10% of their total portfolio, and 42% of organizations allocate 1% or less of their headcount to flexible office solutions. This gap between strategic need and current implementation represents a vast upside potential for the sector.



Flex operators regain footing with sustainable models

The flexible space industry has undergone significant transformation. After a period of rapid, VC-fueled expansion and a subsequent pandemic-induced correction, operators have re-established financial stability and have resumed their growth trajectory. This recovery was achieved by closing underperforming locations, renegotiating leases and streamlining operations.

A crucial element of this evolution is the shift in deal structures. The flex industry is moving away from risky, fixed-rent master leases toward more financially sustainable partnership models. These models are market dependent and new variations are evolving, including:



Management agreements

Operators partner with landlords to manage flexible space offerings in exchange for a fee. This model is favored by operators like Industrious and is a growing part of IWG's strategy.



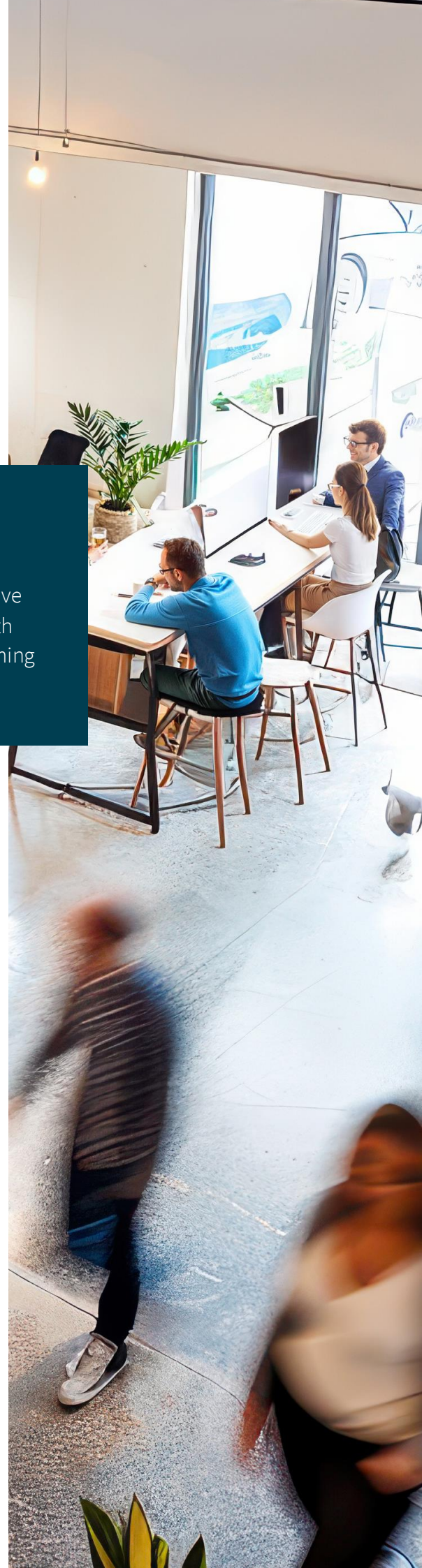
Revenue-share structures

Landlords and operators share in the revenue generated from the space, aligning the financial interests of both parties.



Franchise arrangements

Operators like Venture X are expanding their network reach in a capital-light manner by franchising their brands, particularly in suburban and secondary markets.



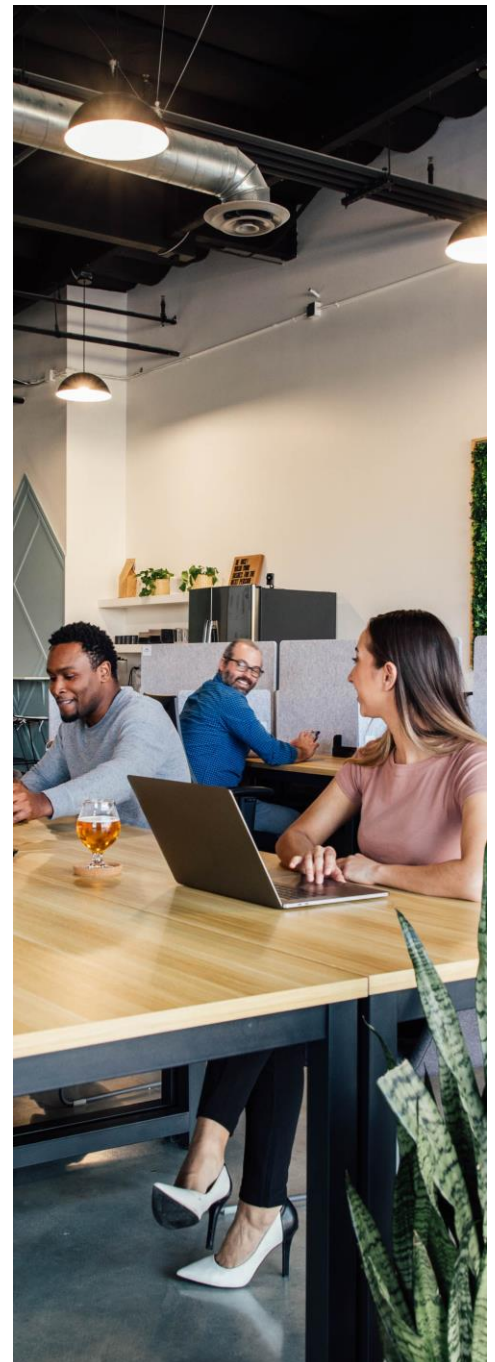
This shift has garnered renewed confidence from the investment community. Recent strategic investments in the sector include the acquisition of Vast Coworking by New State Capital Partners and Graycliff Partners in March 2026; Convene's acquisition of NeueHouse in January 2026; CBRE's acquisition of the remaining stake in Industrious in 2025; and Yardi's DIP financing for WeWork in 2024. Major landlords, including Tishman Speyer, Hines and Nomura, have launched their own serviced office products to better serve tenants' appetite for agility.

AI supercharges the demand for flexibility

Historically, tenants have turned to flexible space for tactical reasons: accommodating small headcounts, managing short-duration projects, accelerating speed-to-occupancy and minimizing upfront capital expenses. While these drivers remain relevant, the rapid advancement of artificial intelligence adds perhaps the most compelling motivation yet for widespread adoption of flexible space.

The transformative potential of AI is leading to uncertainty regarding long-term workforce composition and headcount forecasting. The pace of technological change makes it challenging for organizations to predict which roles will be augmented, replaced or created, and how team structures will evolve. In this environment, supplementing long-term leases with more agile portfolio management can add significant strategic value.

Flexible space provides a direct answer to this uncertainty. By incorporating short-duration commitments and pre-built spaces into their portfolios, organizations gain critical optionality. This allows them to adapt their physical footprint in real time as AI reshapes their workforce needs, without being locked into legacy assets that may no longer serve their purpose. Organizations that supplement their conventional real estate with flexible space will be better positioned to navigate this era of rapid and unpredictable change.



The global operator landscape

The flexible space market is dominated by a few key global players, but it also includes a diverse ecosystem of regional operators and landlord-led platforms. Understanding the primary operators and their distinct models is crucial for occupiers seeking the right flexible partner.

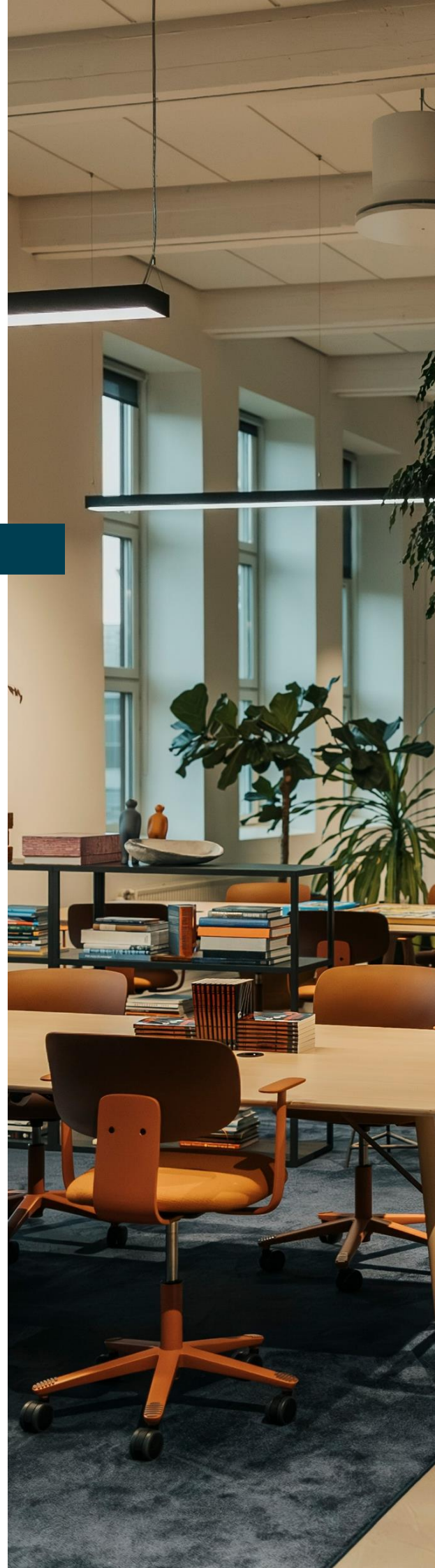
Operator	# of locations	Global footprint	Business model and notes
IWG	4,260	Global (121 countries)	The world's largest operator with unmatched scale. Its strategy is increasingly focused on capital-light growth through management agreements and franchising. Operates multiple brands including Regus and Spaces.
WeWork	586	Global (Gateway Cities)	Emerged from bankruptcy with a streamlined portfolio and renewed focus on enterprise clients. Known for its strong brand recognition, prime urban locations and integrated technology platform.
Industrious	200+	Primarily U.S., growing globally	Now fully owned by CBRE. Pioneer of the asset-light management agreement model, positioning itself as a premium provider for enterprise clients. Focuses on high-quality design and experience management.
Vast Coworking	200+	Primarily U.S., growing globally	As the world's largest privately owned franchisor of coworking spaces, Vast Coworking operates a network of over 200 locations across nine countries under its three distinct brands: Venture X, Office Evolution and Intelligent Office, totaling more than 2.7 million square feet of flexible workspace.
The Executive Centre	~170	Regional (APAC)	A high-end flex operator with a strong presence in trophy assets throughout the Asia-Pacific region.
Landlord platforms	N/A	Varies	A growing number of institutional landlords (e.g., British Land, GPE, Hines, Landsec, Merlin, Nomura, Oxford Properties, Tishman Speyer) are offering their own flexible space products. These range from turnkey suites to fully managed platforms, providing tenants with flexibility directly from the asset owner.

Navigating the new deal structures

The shift from fixed leases to partnership models creates new considerations for both occupiers and landlords. Asking the right questions is essential to structuring a successful flexible space strategy.

For corporate occupiers

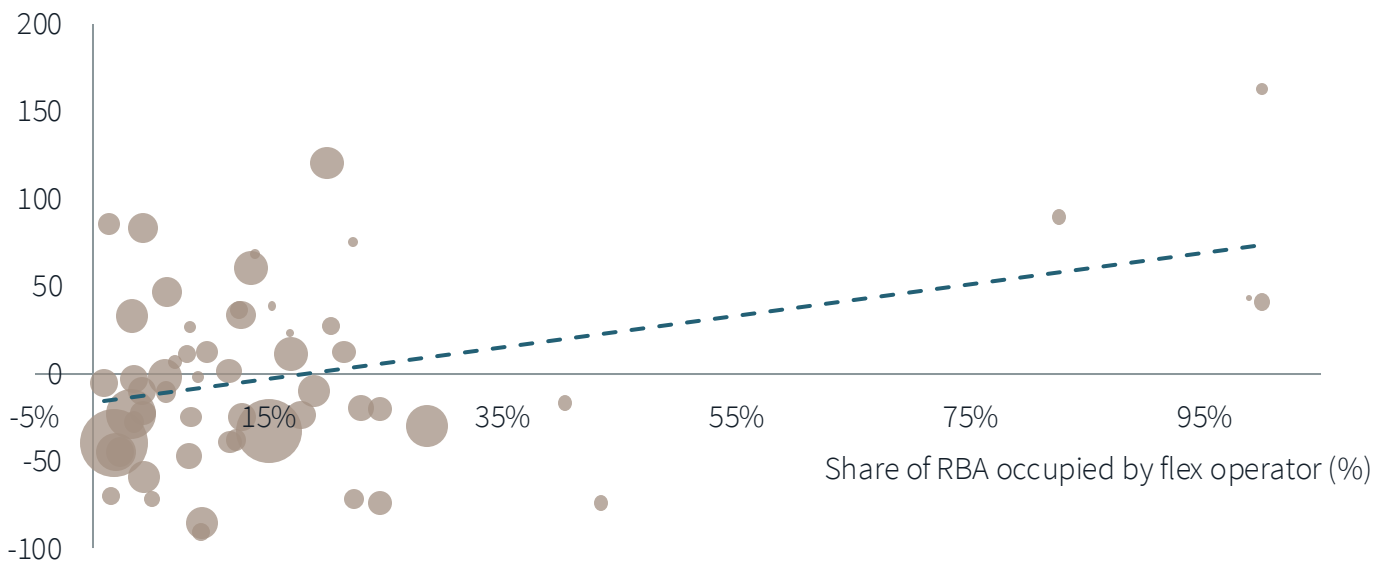
- **What is the right mix of traditional and flexible space?** Analyze your headcount projections, project pipelines and the potential impact of AI on your workforce to determine the optimal percentage of your portfolio to dedicate to flexible solutions.
- **Which deal structure aligns with our goals?** A pay-as-you-go membership might suit a mobile sales team, while a private suite under a management agreement could support a project-based team needing a dedicated, secure environment.
- **Does the operator's brand and culture fit ours?** Evaluate the operator's community, design aesthetic and service level. A high-end serviced office option may be ideal for client-facing teams, while a younger coworking community might better suit creative or tech talent.
- **What are the data security and IT protocols?** For enterprise users, ensuring the operator's infrastructure meets corporate security standards is critical.



Flexible space may impact asset values and liquidity depending on its relative share of overall occupancy

Valuation impact of flexible space relative to peer trades

Implied cap rate impact (BPS)



● Size of bubble correlates with transaction price

Source: JLL Research, Real Capital Analytics (single-asset transactions larger than \$5.0 million in the U.S. only)

Note: Cap rate impact benchmarked to peer asset that traded in same year. Sales unable to be benchmarked to a peer have been omitted.

Number of transactions

Flexible space share of RBA	Positive implied impact	Negative implied impact	Average Implied Impact (BPS)
1-14%	23	12	-8 BPS
15-20%	3	3	+1 BPS
21-100%	6	8	+17 BPS
Transactions over \$100.0 M	20	8	-8 BPS
Transactions under \$100.0 M	12	15	+8 BPS

Historical data suggests asset values may be impaired by flexible space when the share of that tenancy exceeds 17% of rentable building area (RBA). On one hand, the propensity of flex operators to gravitate to attractive mixed-use and tech-centric submarkets can help validate the appeal of these buildings, and flex spaces can serve as an amenity to other users within multi-tenant assets, helping drive leasing momentum and improve tenant retention. However, the risk associated with variable income streams complicates the underwriting process and may limit potential buyer pools. Over time, as management agreements become more popular and flex space establishes a longer track record of performance, its trailing income will often exceed traditionally leased spaces and be viewed more favorably by lenders and investors.

For landlords and investors

- **Should we partner or build our own?**

Outsourcing to an experienced operator with proven customer acquisition channels, service expertise and operational know-how may be preferable to developing capabilities and managing these services in-house.

- **If outsourcing, which operator is the right partner for our asset?**

Consider the operator's target clientele, financial stability and track record. The right partnership should align with the building's positioning and the landlord's long-term financial goals.

- **What does a management agreement mean for security and returns?**

Unlike a master lease with fixed rent, a management agreement involves shared risk and reward. Landlords should conduct thorough due diligence on the operator's ability to drive revenue and manage costs. The return is variable but may exceed traditional rents in a strong market and/or provide downstream revenue potential as flex members mature into larger organizations and lease traditional spaces elsewhere in the asset.

- **How does flex space impact asset valuation?**

A successful flexible space offering can increase building traffic, enhance amenities and reduce vacancy, potentially leading to a higher overall asset valuation. However, investors typically view income from management agreements as less stable than long-term lease revenue and flexible space operators have historically impaired building values when accounting for more than 17% of an asset's rentable building area (RBA).



Global adoption: A regionally nuanced picture

While the demand for flexibility is a global phenomenon, adoption rates and market dynamics vary significantly by region.



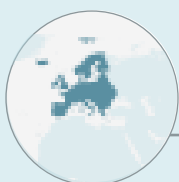
The Americas

The U.S. has the most mature flexible space market but also faces the largest office utilization gap, creating a strong impetus for adopting elastic portfolio strategies. Flex supply as a percentage of total office inventory is highest in major tech hubs like San Francisco (5.3%) and New York (4.2%), but growth is accelerating in Sun Belt markets such as Miami and Austin.



APAC

This region is more focused on workforce and footprint growth than portfolio reduction. Employees in APAC markets like India (84%) and China (77%) place a very high value on working in vibrant neighborhoods with ample amenities, making the location and experience components of flexible space critical. Local and regional operators, like The Executive Centre, hold a strong market position alongside global players.



EMEA

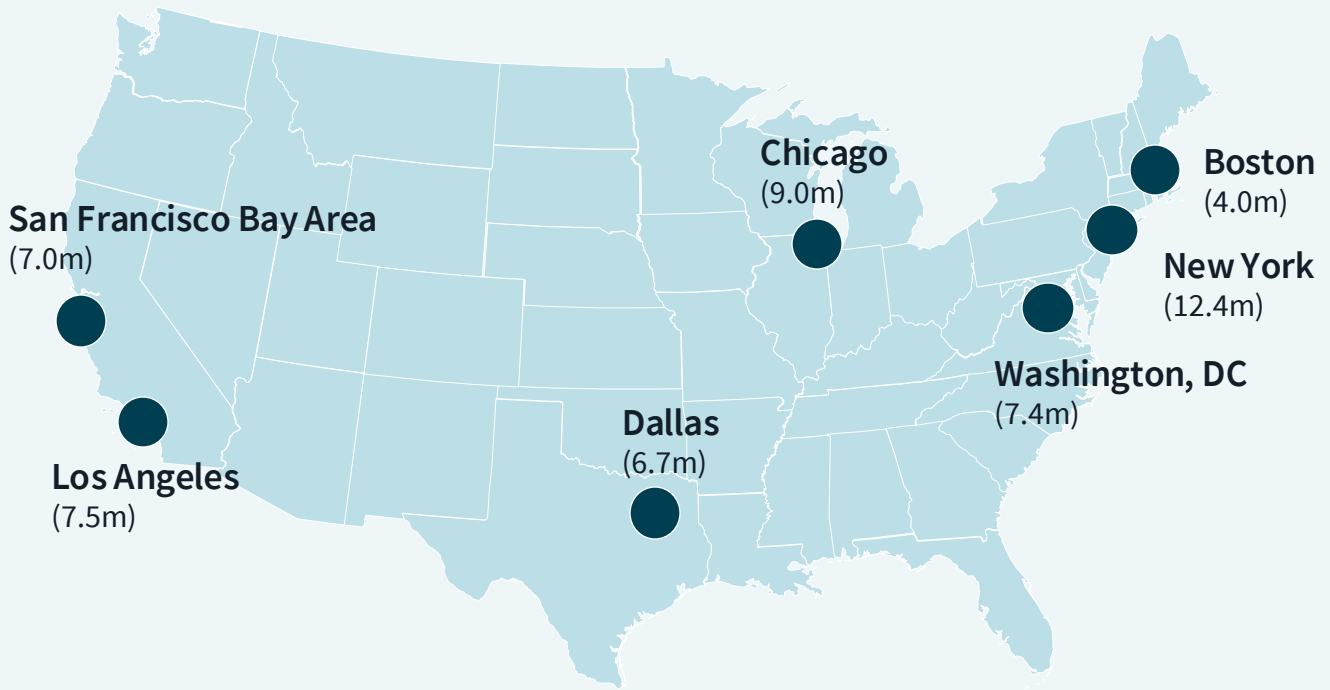
London serves as the primary global hub for flexible space in EMEA. London's market strength is evidenced by substantial new flex transaction activity, with major players like IWG (Regus/Spaces), WeWork, FORA and Industrious driving expansion alongside growing landlord-operated platforms. Paris has demonstrated steady momentum with operators such as Deskeo, Morning and Regus leading a market that shows significant room for continued penetration, while Germany's Big 7 cities have seen coordinated expansion from Regus, Satellite Office and Mindspace, with Munich emerging as the most active market followed by Berlin and Hamburg. The diversity of providers across EMEA - from global giants to regional specialists - substantiates the market's maturity and ability to serve varied occupier needs across premium, standard and hybrid workspace formats.

United States

- Sector performance is improving as corporate demand rebounds and operators benefit from recent cost-cutting measures achieved by closing underperforming locations, renegotiating leases and reducing operating expenses.
- Flex operators are optimistic that the return-to-office push, hybrid programs and ‘work near home’ options will stimulate demand over the long term. A major technology sector tenant leased over 1 million square feet through WeWork across several cities, including New York, Dallas, Nashville and Silicon Valley, over the past 18 months to facilitate their return-to-office mandate, and other users are leveraging flexible space for new market entry, hub-and-spoke portfolios and short-duration space needs.
- IWG has unmatched geographic scale and is expanding aggressively amidst a shift away from fixed-rent deal structures to management agreements, revenue-shares and franchise arrangements.
- WeWork’s North America division has emerged from bankruptcy with a streamlined portfolio and more manageable cost structure.
- Targeted investments are once again being made into the sector, as demonstrated by the acquisition of Vast Coworking by private equity investor New State Capital in March 2026 and Convene’s takeover of NeueHouse in January 2026. In recent years, Industrious and WeWork have also received capital infusions to stabilize their businesses and enable future growth.



Notable concentration of flexible space (million s.f.)



Overall office market statistics

+5.2%

12-month change in leasing volume

+0.1%

12-month net absorption as share of inventory

22.4%

Total vacancy

Major flexible space operators

of U.S. locations

IWG (Regus, Spaces, etc.) 2,171

Vast Coworking (Venture X, Office Evolution) 200

WeWork 155

Industrious 138

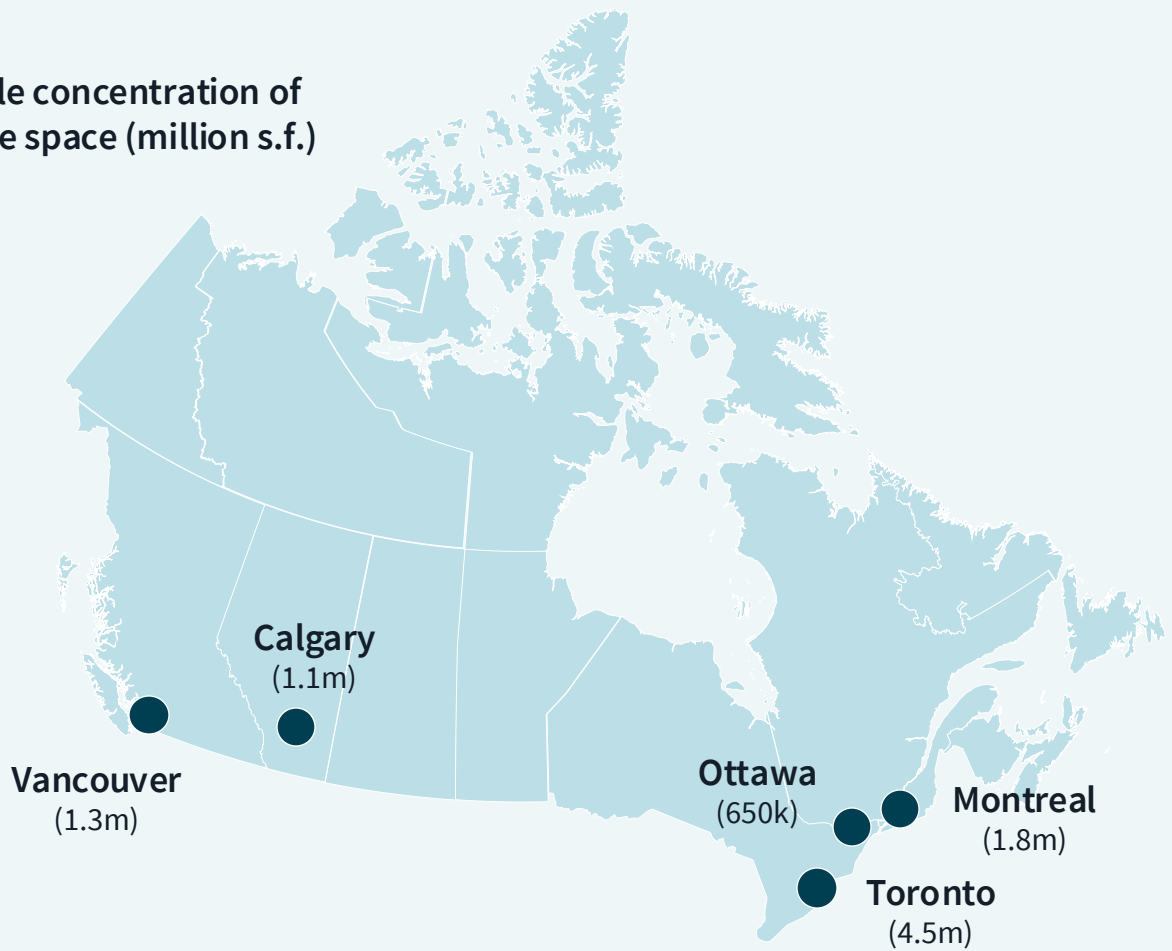
Premier Workspaces 107

Canada

- Consolidation within the operator landscape has occurred throughout Canada in recent years. During its global restructuring process, WeWork announced the closure of seven locations in Canada to exit unprofitable leases and stabilize its business, with closures concentrated in their largest markets including Toronto, Vancouver and Burnaby, BC. On the other hand, IWG and Industrious have continued to expand, often through partnership and management agreements with landlords rather than traditional leases. Landlords also continue to be active in offering their own serviced office products, with offerings like Oxford Properties' OxWorx, which offers pre-built flexible space solutions.
- Canadian companies are leveraging high-quality flexible spaces as a mechanism to encourage employees back to the office and optimize footprints. Instead of mandating a return to a single, central headquarters, some firms like Shopify and Royal Bank of Canada offer employees access to a network of premium coworking locations. This gives employees choice, shortens commutes and provides access to high-amenity environments that feel more like a destination than a traditional office.
- Flexible office space has become the default entry strategy for multinational corporations testing the Canadian market. Global tech giants like Stripe and TikTok exemplify this strategy by having used premium flexible office suites for their initial entry into Canadian tech hubs like Toronto, which enabled rapid scaling and market testing without the commitment of a traditional lease.



Notable concentration of flexible space (million s.f.)



Overall office market statistics

+28.3%

12-month change in leasing volume

-0.1%

12-month net absorption as share of inventory

17.9%

Total vacancy

Rank	Major flexible space operators	# of Canada locations
1	IWG (Regus & Spaces)	125
2	Industrious	~20
3	WeWork	15
4	iQ Office Suites	8
5	Staples Studio	7

London

- London saw robust flex office growth in 2025 with 32 new openings totaling 800,000 square feet involving operators such as IWG (Regus/Spaces), Huckletree, infinitSpace and Industrious, confirming the city's leadership in the sector. The diversity of providers shows London's ability to offer a wide range of workspace formats and amenities to suit different occupier needs. Additionally, both landlord operated centers and managed offices have seen significant growth in openings over the last 12 months.
- The average new opening spanned around 30,600 square feet, with infinitSpace delivering the largest new site at 14 Gray's Inn Road, Holborn, trading as Beyond.
- Operators broadened their portfolios in response to rising demand for agile, short-term solutions, fueled by hybrid working and workforce transformation. The adoption of management agreements and hybrid site types reflects closer occupier-landlord partnerships and the market's growing maturity.
- Looking ahead, London's flex market is well positioned as AI-driven transformation intensifies demand for elastic portfolios. Continued investment in partnership models and technology-enabled space should sustain growth as flexibility becomes essential to corporate strategy.



2025 Flex Take-up (s.f.)/
Flex % of total take-up



Overall office market statistics

+9.7%

12-month change in leasing volume

-0.3%

12-month net absorption as share of inventory

8.9%

Total vacancy

Major flexible space operators

of London locations

FORA

65

IWG

59

Landmark Space

43

WeWork

40

Workpad

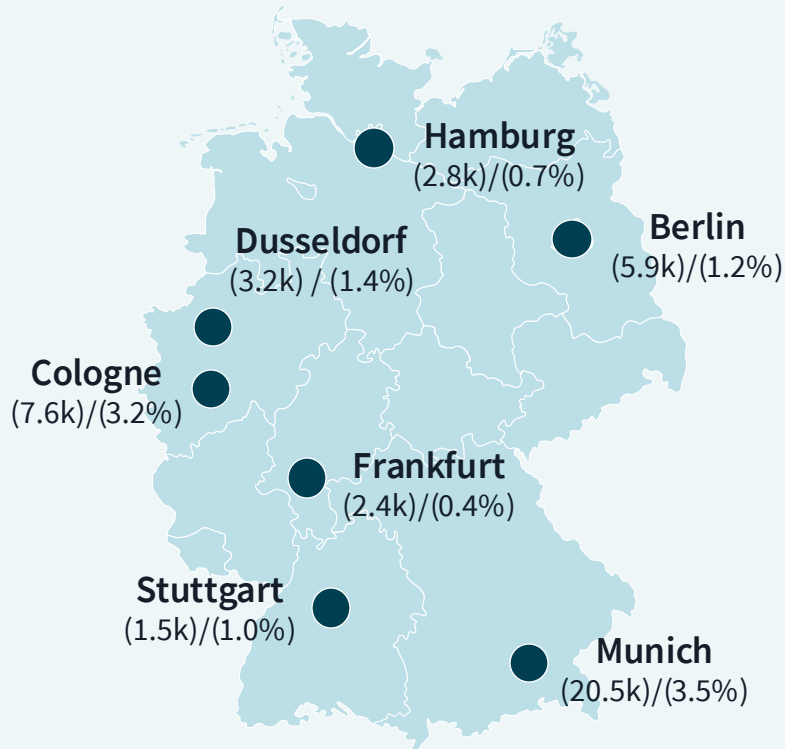
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Germany

- Germany's Big 7 cities witnessed 23 new flex space openings in 2025, with Regus, Satellite Office, 1000 Satellites, WeWork, Mindspace and Industrious leading the expansion. This reflects both sector resilience and increasing corporate appetite for flexible workspace.
- The average site size was 1,587 square meters, with 1000 Satellite's Munich location being the largest. Munich topped the rankings for new launches, followed by significant activity in Berlin and Hamburg in central and secondary districts alike.
- 2025's openings were spurred by occupier demand for short-term, ready-to-use models, as firms aimed to reduce long-term risk in the face of ongoing workplace change and digital transformation. There was a clear shift to hybrid and business center formats.
- A mix of international giants and regional players highlights the depth of the market, as owners work with operators to deliver flex space as a strategic amenity, helping tenants respond dynamically to evolving business needs. IWG's acquisition of Design Offices will be significant for the German flex space industry.
- Germany's flex sector is poised for sustained growth, driven by diverse economic bases and agile portfolios in the age of AI. The rapid traction gained by management and hybrid landlord-operator contracts and rising corporate demand position the Big 7 as central to Europe's flexible office evolution.



2025 Flex Take-up (sq.m.)/Flex % of total take-up



Overall office market statistics

-0.8%

12-month change in leasing volume

-0.7%

12-month net absorption as share of inventory

8.0%

Total vacancy

Major flexible space operators

of Germany locations

IWG 70

Design Offices 34

Satellite Offices 14

Mindspace 14

WeWork 14

Paris

- Paris added 14 new flexible offices during 2025 as operators such as Regus, Come & Work, Joro Office, Morning and Deskeo expanded their presence, reflecting the market's intensity and high competition.
- New sites averaged 2,040 square meters, with the year's largest being Morning's at rue de Sofia, Paris 18th district. The Quartier Central des Affaires remained the focal point for openings, but growth also extended into adjacent markets.
- The spread of new sites across different submarkets highlights how operators and occupiers are adapting to the need for flexibility and access to amenities, essential for attracting and retaining talent amid shifting workplace priorities.
- The varied mix of coworking and hybrid offerings showcased in 2025 further underlines Paris' adaptability, as operators cater to diverse business demands and anchor the city's flex market for sustained growth.
- To enhance agility, companies are leveraging coworking. This approach enables them to retain a high-value central headquarters whilst deploying teams in flexible and fully-equipped satellite sites.



2025 Flex Take-up (sq.m.)/Flex % of total take-up



Overall office market statistics

-8.8%

12-month change in leasing volume

-0.8%

12-month net absorption as share of inventory

11.2%

Total vacancy

Major flexible space operators

of Paris locations

Deskeo 97

Morning 82

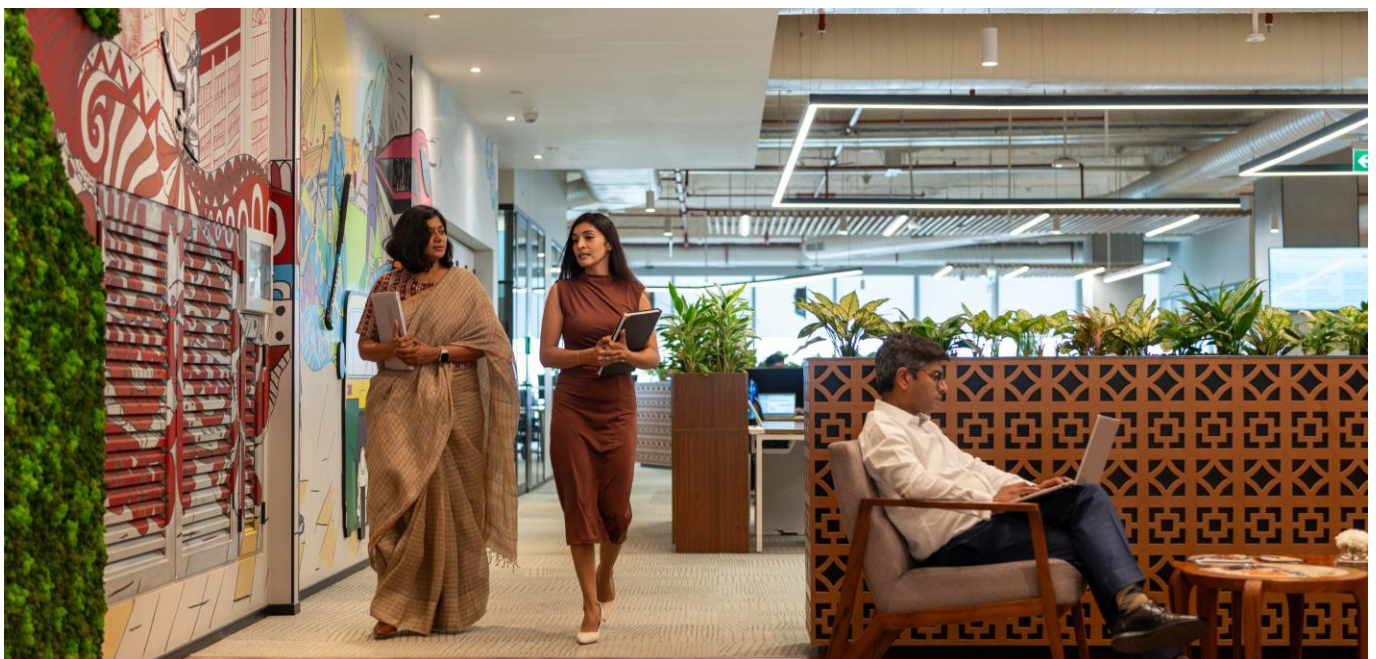
Regus 69

MyFlexOffice 57

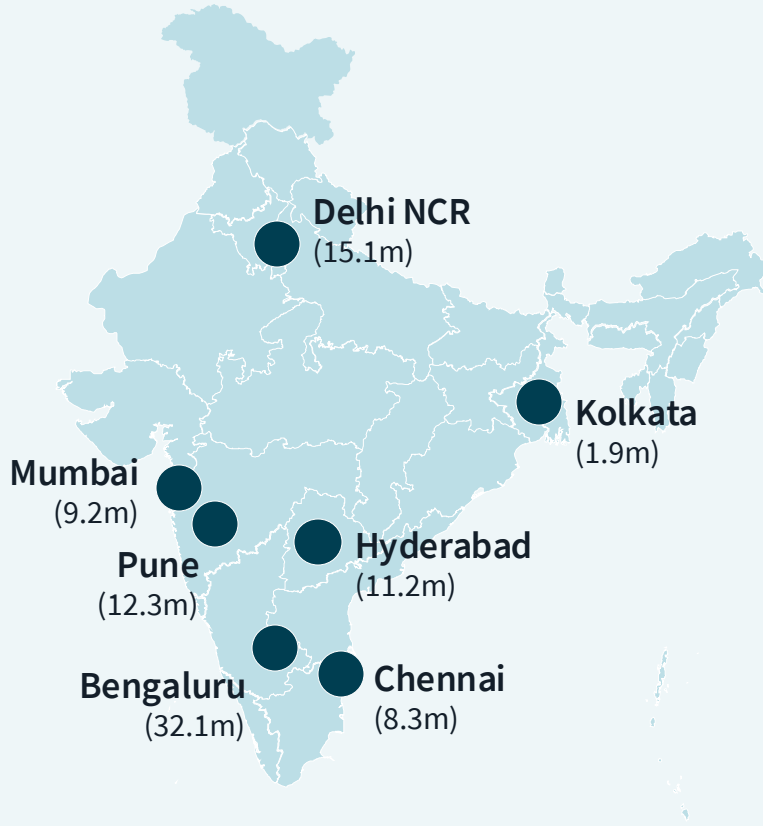
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India

- With flex space now an integral component of occupier portfolio strategies, the sector delivered its strongest performance in 2025, recording robust leasing volumes that made it the second-largest industry segment by space take-up during the year. This growth has been driven by managed operators meeting enterprise demand for customized workspace solutions delivered on an operating expenditure (opex) basis.
- Fully-customized flex build-outs—delivered quickly and offering flexible lease tenures—contributed to record-high enterprise seat leasing in 2025. Demand came from tenants across multiple industries, with global firms accounting for 77% of total seat take-up. The “mainstreaming” of flex space aligns with the adoption of hub-and-spoke occupancy models and heightened scrutiny over capital expenditure, as companies seek to maintain operational agility while continuing to expand their physical footprints in markets like India.
- While the Indian flex market remains predominantly domestically driven—even WeWork’s local operations are managed through a domestic developer partnership—the market has recently welcomed new international entrants such as JustCo.
- Over the past two years, five flex operators have pursued public listings: Awfis, WeWork (via an offer for sale), IndiQube, Smartworks and DevX. A further three to four are expected to follow suit over the next couple of years. Operators are increasingly diversifying revenue streams, with many expanding into design-and-build services. Some are also developing dedicated flex campuses or entire buildings, offering differentiated products across managed, premium flex and standard coworking segments.



Notable concentration of flexible space (million s.f.)



Overall office market statistics

+7.8%

12-month change in leasing volume

+6.3%

12-month net absorption as share of inventory

15.2%

Total vacancy

Major flexible space operators

of India locations

Awfis 246

Indiqube 129

Tablespace 80

WeWork 73

Smartworks 56

Source: JLL Research, company disclosures

Note: National office statistics (Q4 2025) are for Grade A space in seven cities. Flexible space locations are based on information collated from multiple sources including company disclosures and may include areas outside JLL-tracked geographies.

China

- Premium operators like The Executive Centre remain resilient, serving multinational corporations in prime locations with stable occupancy and selective expansion. In contrast, coworking brands—particularly those locked into fixed, above-market leases signed during the 2018–2019 peak—have exited or significantly downsized.
- Some landlords are increasingly competing directly, converting vacant floors into flexible space or offering spec suites with full fit-outs and leasing incentives—eroding the traditional speed advantages of third-party flex operators.
- New local entrants are emerging, but this trend is more prevalent in Mainland China, where operators mainly target low-rent submarkets through asset-light, revenue-sharing models that minimize capital exposure. In Hong Kong, activity remains tightly concentrated in core areas; non-prime or non-premium buildings struggle to attract consistent demand.
- This shift reflects a broader evolution: the sector is maturing toward more sustainable, operationally efficient models. Success depends on landlord collaboration, alignment with corporate real estate strategies—including portfolio consolidation—and continued emphasis on workplace flexibility.



Notable concentration of flexible space



Overall office market statistics

+17.0%

12-month change in leasing volume

+2.4%

12-month net absorption as share of inventory

19.5%

Total vacancy

Major flexible space operators

of China locations

IWG (Regus, Spaces, etc.)	~250
The Executive Centre	~90
WeWork	~70
MFG	~30

Source: JLL Research; company websites

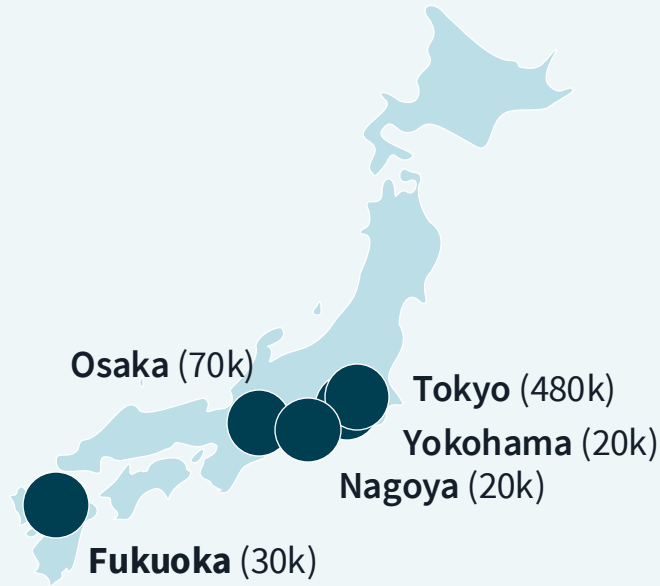
Note: Office statistics (Q4 2025) reflect Grade A space in Beijing, Guangzhou, Hong Kong, and Shanghai.

Japan

- Japan's flexible office market has strong momentum, driven by consistent demand from both domestic companies and multinationals. Hybrid work is now embedded in corporate strategy for many companies, while rising relocation and construction costs have made flex space a more compelling and pragmatic solution for swing space, satellite offices and project teams.
- Operator activity reflects growing confidence. Several large-scale openings launched in central Tokyo in 2025, with new locations filling quickly. The pipeline remains healthy, including the fourth location of IWG's premium brand Signature in Shinjuku - opened in February 2026 - and the 10th Tokyo site of The Executive Centre, slated to open in July 2026. Key players are opportunistically expanding.
- Pricing dynamics show a dual trend: monthly membership fees are rising in places like central Tokyo due to solid demand, while selective operators continue offering concessions to secure longer-term commitments.
- Demand is becoming more discerning, with tenants prioritizing well-located buildings with strong transport access, modern specifications and institutional-grade infrastructure. Even submarkets that previously experienced softer demand — such as the Bay Area — are now showing measurable signs of recovery, supported by the economy's better-than-expected performance and supply-constrained conditions in the broader office market.



Notable concentration of flexible space (sq.m.)



Overall office market statistics

+3.0%

12-month change in leasing volume

+6.5%

12-month net absorption as share of inventory

0.7%

Total vacancy

Major flexible space operators

of Japan locations

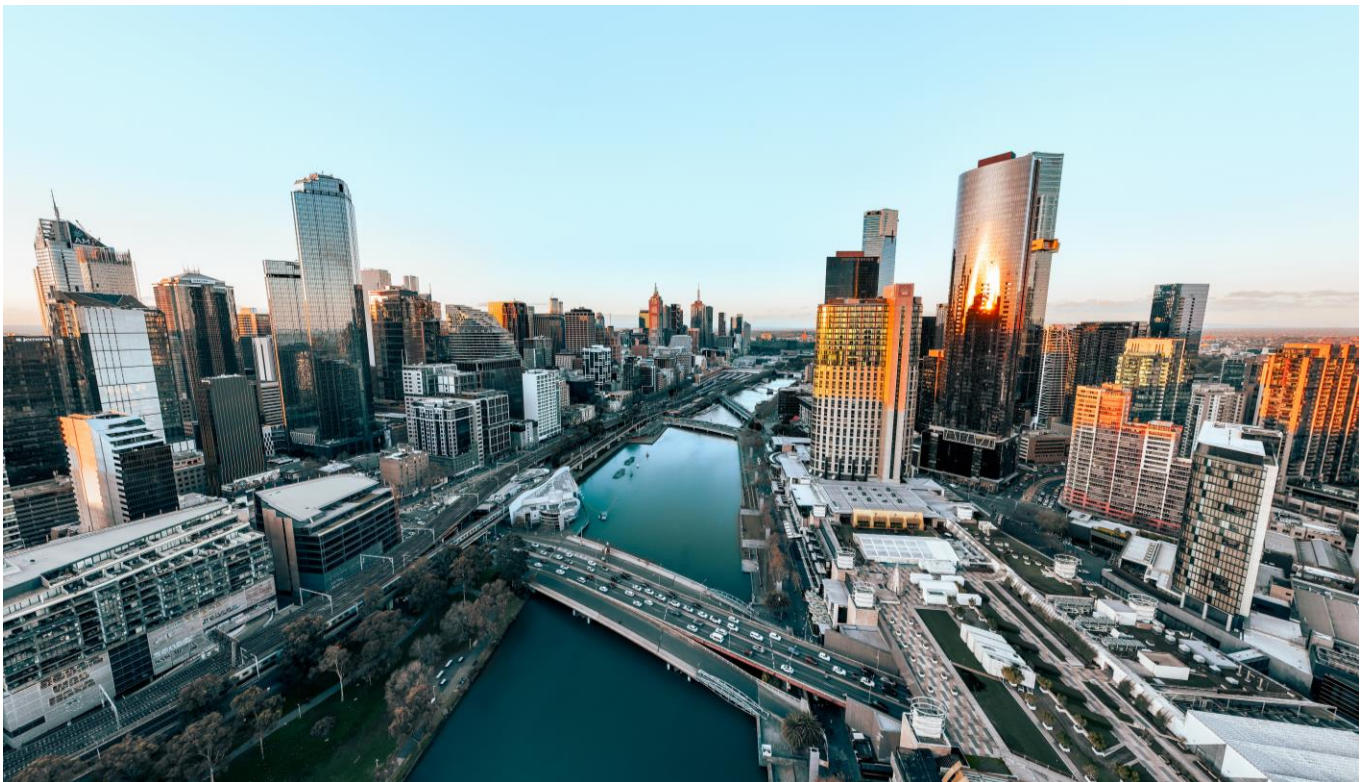
IWG (Regus, Spaces, etc.)	206
Workstyling	103
WeWork	31
H ¹ O	19
The Executive Centre	11

Source: JLL Research, company websites

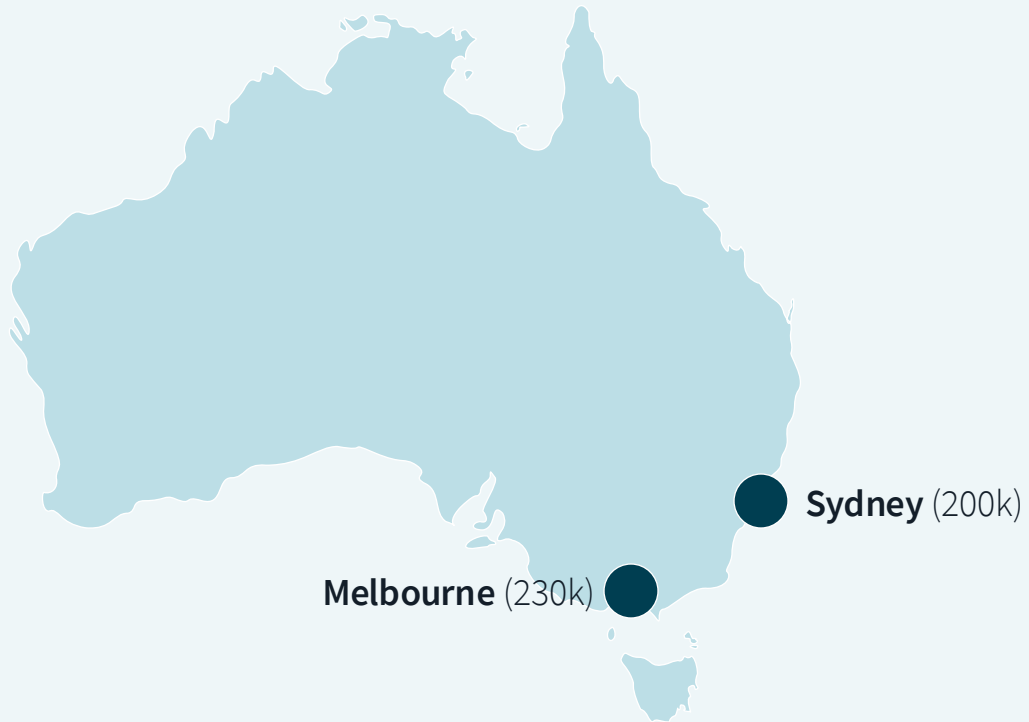
Note: Office statistics (Q4 2025) reflect Grade A space in Tokyo 5-Kus. Flexible space estimates represent CBD areas tracked by JLL.

Australia

- The flexible office market is in recalibration, not retreat. Demand remains steady, but success is increasingly selective—driven by alignment with hybrid work patterns, transport access and experiential design.
- Operator strategies are diverging. Operators of underperforming or aging locations—particularly those competing with landlord-offered spec suites—are responding with closures, discounted rates or incentives to remain competitive. Established players are expanding selectively: Waterman is opening sites in non-traditional office markets; The Commons has taken large tranches in new developments like 33 Cremorne Street located within the Melbourne Fringe market (noted for wellness-focused design and strong uptake); and WOTSO assumed WeWork’s former North Sydney space at 50 Miller Street.
- Corporate adoption of flex continues to rise. Flex space is now a non-negotiable for many corporates during lease negotiations. With traditional deals increasingly under 1,000 square meters, landlords are embedding flex operators as a value-added feature to strengthen leasing outcomes and building competitiveness.
- Occupier preferences have shifted decisively toward well-connected locations. In this environment, operators differentiate through amenities and workplace experiences that support productivity and talent retention.



Notable concentration of flexible space (sq.m.)



Overall office market statistics

-17.8%
12-month change in leasing volume

+0.3%
12-month net absorption as share of inventory

16.5%
Total vacancy

Major flexible space operators	# of Australia locations
IWG (Regus, Spaces, etc.)	~30
The Commons	15
Waterman Business Centre	15
Servcorp	13
WOTSO	12

Source: JLL Research

Note: National office statistics (Q4 2025) are for all grades and geographies tracked by JLL. Flex space and location estimates represent JLL tracked stock for Melbourne and Sydney, not the whole market.

The shift to agile consumption

The evolution of office space is accelerating toward a more agile, on-demand consumption model. Years ago, JLL projected that **30% of office space would be consumed flexibly by 2030**. This pivot to agile consumption encompasses a broad ecosystem of coworking, serviced office, spec suites and landlord-managed amenity spaces.

This ongoing transition toward flexibility will be a fundamental reshaping of the relationship between tenants and space. The life cycle of the flexible space sector shows a clear progression from instability to strategic integration:

2021-2023

A period of volatility marked by lease terminations, operator restructurings and conversions of leases into management agreements.

2026 and beyond

A new era of strategic adoption. Demand for pre-built, short-term spaces becomes standard as tenants prioritize portfolio agility. Broad deployment of AI and workforce transformation will make flexible spaces even more appealing.

2024-2025

A recovery phase, where landlords began backfilling closed units and the return-to-office push drove a significant uptick in enterprise demand for agile occupancy solutions.





Call to action

For corporate occupiers

- **Treat your portfolio like a platform, not a project.**
Shift from periodic rightsizing to continuous optimization. Implement monthly or quarterly scenario planning that integrates utilization data, business forecasts and market intelligence to maintain portfolio elasticity.
- **Pilot and partner strategically.**
The flexible space market is diverse. Start with small-scale pilots to test different operators, locations and deal structures to find the best fit for your teams. Engage with flex transaction professionals who can navigate the nuances of new partnership models.
- **Integrate data for holistic decisions.**
Break down the silos between CRE, HR, IT and Finance. A unified data environment is essential for understanding how space impacts productivity, well-being and the bottom line, enabling evidence-based decisions about your workplace strategy.

For landlords and investors

- **Assess your portfolio for flex potential.**
Identify static vacancies and underutilized spaces that could be activated and enhanced with a flexible space offering. This can create new revenue streams, serve as a powerful amenity for the entire building and drive leasing momentum.
- **Choose your model: Partner or self-perform.**
Evaluate the trade-offs between outsourcing to a third-party operator versus building an in-house platform. The decision should align with your firm's operational capabilities, risk tolerance and asset strategy.
- **Invest in foundational technology.**
Whether partnering or self-performing, success in flex requires robust technology for space booking, community management and space analytics. This investment is crucial for delivering a seamless user experience and optimizing operational performance.



Conclusion

Commercial real estate is evolving from a commodity to a consumer product. Tenant preferences are shifting, and the era of fixed space for a fluid business world may be nearing an end. Occupiers are demanding more agile portfolios as they prepare for an AI-driven future. Landlords are responding to these business needs by embracing partnership models or cultivating ecosystems of pre-built spaces and amenities to deliver the speed, agility and experience that tenants demand. Within this new environment, flexible space is maturing from a niche alternative into an essential component of modern corporate real estate strategy.





Sources and methodology

The insights in this report are based on a comprehensive analysis of proprietary and public data sources, including JLL's lease database, MarketSphere, third-party data from IWG's public securities filings and Yardi, and various JLL surveys and reports, including the 2026 Corporate Real Estate Trends to Watch, Global Real Estate Technology Survey, Future of Work Pulse Survey and interviews with JLL's clients and brokerage professionals.

Research authors

Scott Homa

Head of Property Sectors
Research, Americas
Scott.Homa@jll.com

Alex Colpaert

Head of Property Sectors
Research, EMEA
Alex.Colpaert@jll.com

Lee Fong

Head of Property Sectors
Research, APAC
Lee.Fong@jll.com

Matthew McAuley

Global Property Sectors
Research Senior Director
Matthew.McAuley@jll.com

Melissa Ansley

Global Flex Transactions
Lead
Melissa.Ansley@jll.com

Research at JLL

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