

CBRE RESEARCH

LET'S TALK ABOUT FLEX

THE U.S. FLEXIBLE OFFICE MARKET IN 2019



CBRE



THE STATE OF FLEXIBLE OFFICE SPACE

Once considered a niche offering, flexible office space has become a prominent component of building owners' and corporate occupiers' real estate strategies. As such, it represents a structural shift in office leasing that will survive—and perhaps thrive—in an economic downturn.

This shift has come at a time when business models predicated on sharing, such as Airbnb and Uber, have disrupted traditional industries. While the real estate industry is rarely a first mover, especially with trends that might disrupt how it is valued, the explosive growth of flexible office space this late in the economic cycle is not surprising.

Flexible office space has long been a viable solution for freelancers, remote workers and startups. Now it is rapidly gaining ground among large enterprises because of its flexibility, speed and capital deferral—benefits not widely available through traditional leasing. Enterprise use of the flexible space model is essential to drive the continued exponential growth of this sector.

Landlords are finding increased demand for flex offerings. Traditional landlord-operator lease agreements are giving way to a range of models that change risk and reward dynamics for both parties. Some landlords are even introducing flex offerings under their own brands. Investors' support for this new form of real estate income will ensure further growth of the sector.

This report explains how flexible offerings have caused a structural shift in the U.S. real estate industry. It also explores potential growth opportunities and the sector's likely prospects in a recession scenario.



EXECUTIVE SUMMARY

- Flex space could account for 13% (nearly 600 million sq. ft.) of total U.S. office supply by 2030, according to CBRE's baseline scenario. To reach 20% or more of total supply by 2030 would require a large conversion of traditional corporate leased space into flexible space.
- Although flexible office supply grew by 34% for the year ending Q2 2019, it accounts for just under 2% of total U.S. office inventory. The two most penetrated and high-growth markets in the U.S.—San Francisco (4.0%) and Manhattan (3.6%)—have yet to reach the 6% level achieved in London and Shanghai.
- WeWork is the dominant flex-space operator in terms of size and growth with nearly 11 million sq. ft. added to its portfolio since Q2 2018. Spaces and Knotel are two more major operators, each adding more than 1 million sq. ft. during that time. Smaller players such as CommonGrounds are securing venture capital to fund rapid growth.
- Although traditional leases remain most prevalent, partnership and operating agreements between landlords and third-party flex operators are growing in popularity. Landlords such as Hines and RXR Realty have been pioneering these deals. Concurrently, some landlords are introducing their own flex offerings, such as Studio by Tishman Speyer and Flex by BXP (Boston Properties).
- Real estate fundamentals in the most concentrated flexible office markets are shifting in subtle ways. The volume of small traditional leases is falling in these markets as flexible space operators gain market share.
- A recession likely will dampen demand for flexible space, but the strongest operators can be expected to lower their cost basis by renegotiating existing leases and entering partnership agreements with landlords. The structural shift to flexibility will not disappear in a recession.



HOW FAR CAN THIS RUN?

CBRE has constructed a model to conduct a sensitivity analysis of the amount of flexible space that may be delivered to the market by 2030. The analysis assumes a low-growth, mid-growth and high-growth scenario (Figure 1). The low- and mid-growth scenarios are based on an assumed level of future flex demand that market supply growth can accommodate. The high-growth scenario assumes a significant shift in the portfolio strategy of occupiers and a large share of supply moving to flex from rolling corporate office leases.

LOW-GROWTH SCENARIO

The low-growth scenario assumes that the flexible space market has generally plateaued, with annual demand of approximately 20 million sq. ft.—well short of available supply. This scenario assumes that flexible space operators will continue to gain market share of the client base that is core to their business today: individual memberships, small to mid-size teams and enterprise point solutions. Flexible office space would gradually increase to 6.5% of total office supply by 2030. All indications from operator sentiment, occupier behavior and landlord interest are that growth will be stronger than this. The only scenario that could create this low-growth environment is a recession.

MID-GROWTH SCENARIO

CBRE's baseline mid-growth scenario is the most feasible and puts flexible office space at 13.3% of total office supply by 2030. Under this scenario, flex grows by 545 million sq. ft. over the next decade. This scenario assumes that flex space operators gain momentum in attracting both their base clients and enterprise users. This would likely place stress on the supply side without some traditional leases converting to flex.

HIGH-GROWTH SCENARIO

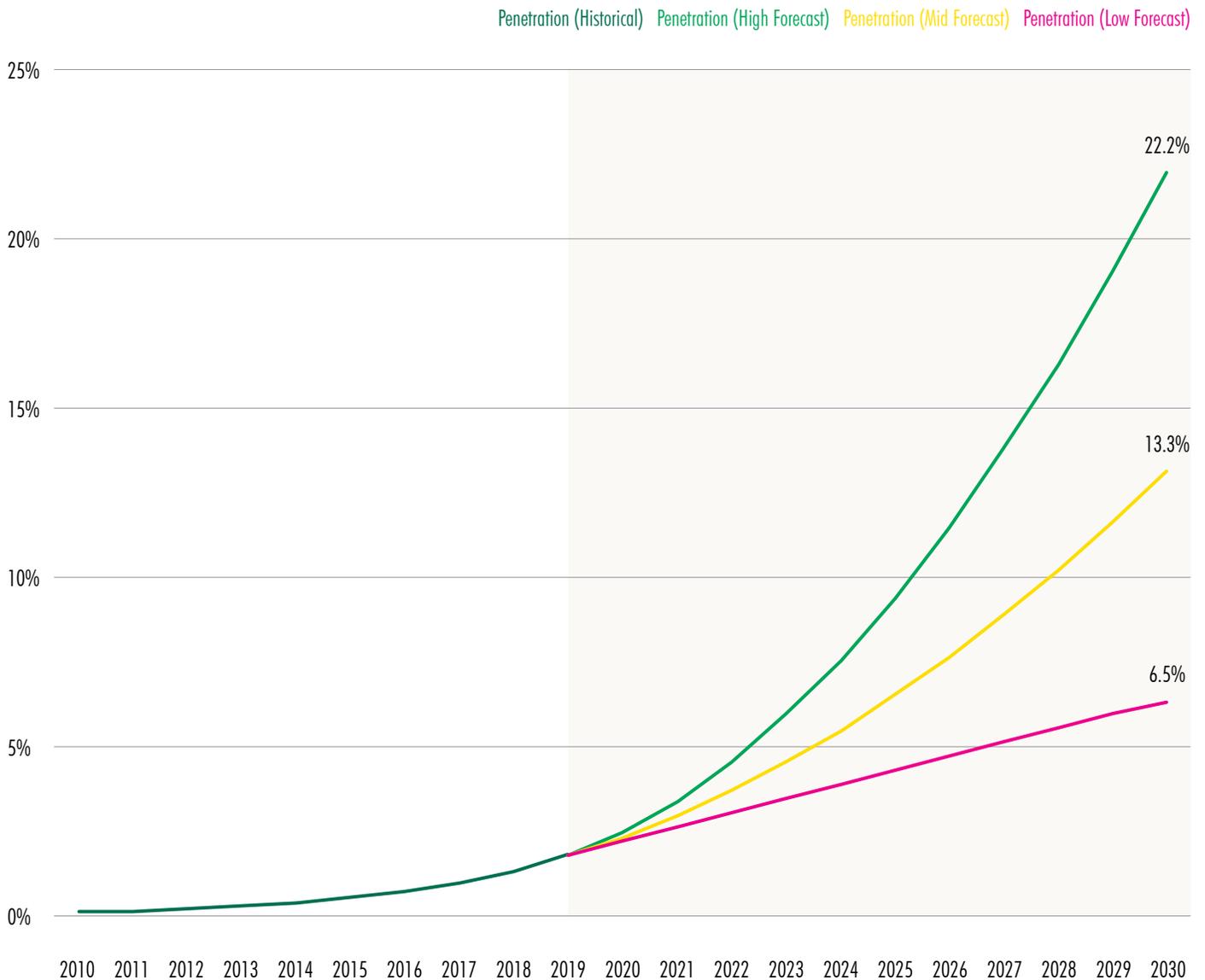
Under the high-growth scenario, flex grows exponentially for the next few years and reaches a 22.2% level by 2030 with more than 1 billion sq. ft. vs. 70 million sq. ft. today. To achieve this kind of growth, corporate occupiers must adopt a new strategy and convert some of their traditional leased space to flexible space as lease expirations occur. This model implies a gradual shift to this new strategy with occupiers ultimately converting at least one-third of their traditional leased space. The strategy is predicated on occupiers leasing traditional space only for the portion of headcount that is certain. This more volatile headcount would be allocated to flexible space agreements. How third-party operators and/or landlords satisfy this incremental demand could take on a variety of models depending on tenant need.

The low growth scenario is not likely as all indications from operator sentiment, occupier behavior and landlord interest are that growth will be stronger than this.

The mid-growth scenario—the most likely one to occur—would increase flexible office space to 13% of total office supply by 2030.

Under the high-growth scenario, there would not be enough available office space in the U.S. to accommodate the supply required for this level of growth, unless occupiers converted one-third of traditional space as leases expire to flex space.

FIGURE 1: FLEX OFFICE PENETRATION FORECAST



Source: CBRE Research, Q2 2019.

CURRENT FLEXIBLE OFFICE MARKET CONDITIONS

HISTORY OF FLEXIBLE OFFICE GROWTH

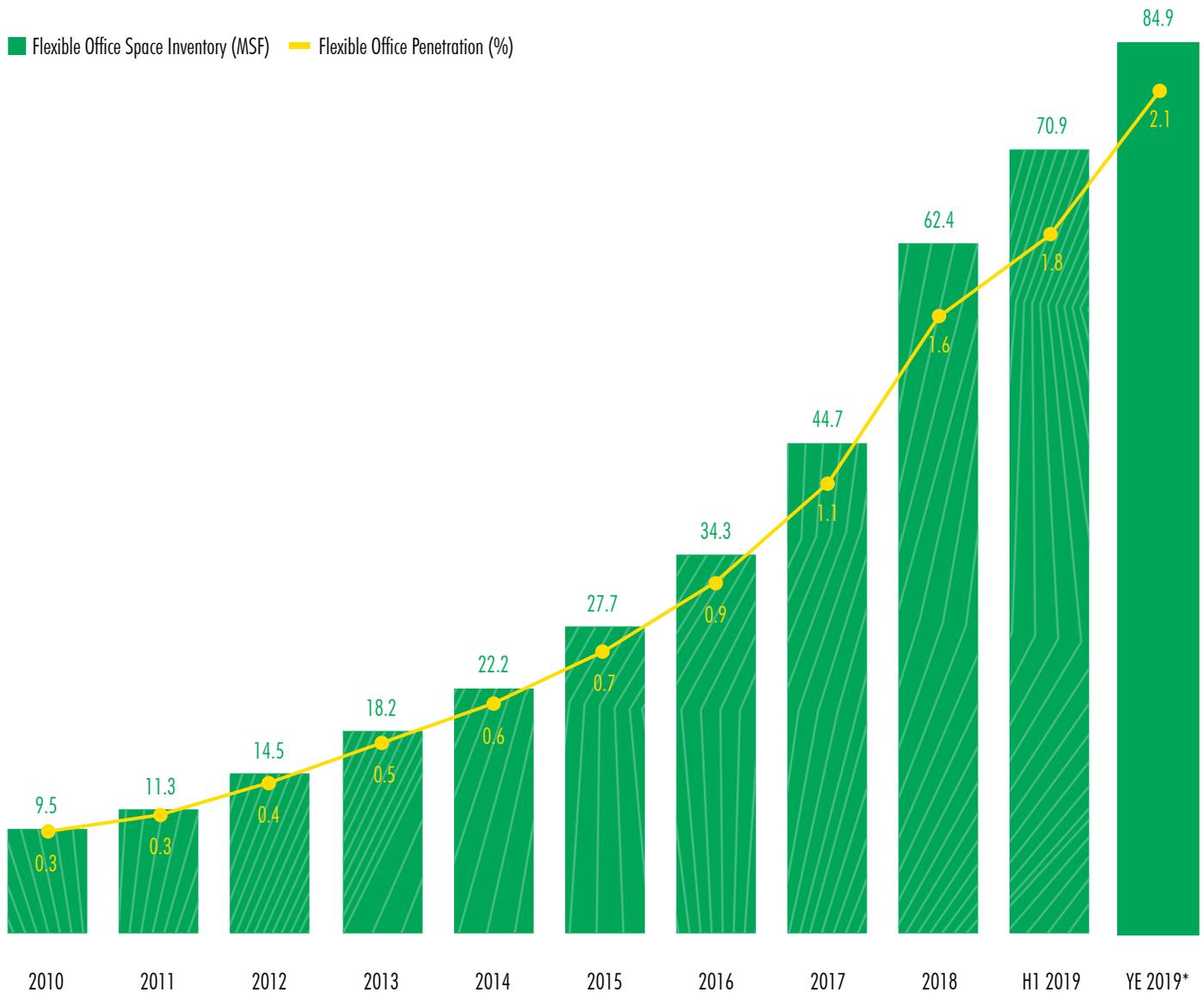
Since 2010, flexible office supply has increased by more than 600% for an average annual growth rate of 26%. The annual rate as of H1 2019 was 34% and the 2019 growth estimate is projected to be 36%. Flexible space now totals almost 71 million sq. ft. across the 40 markets tracked by CBRE. Despite this growth trajectory,

flexible office space as a percentage of total office supply (i.e., penetration) remains minimal at less than 2%. International markets like London and Shanghai currently have 6% of their total office supply made up of flex space.



Flexible office supply has grown by an average 26% annually since 2010; 36% Y-o-Y growth is anticipated by YE 2019.

FIGURE 2: HISTORY OF FLEXIBLE OFFICE GROWTH



Note: Volume represents leased space and penetration represents flexible office as a percentage of overall office space across 40 markets in the U.S.

*Forecasted as of year-end.

Source: CBRE Research, Q2 2019.

FLEX-OFFICE PENETRATION

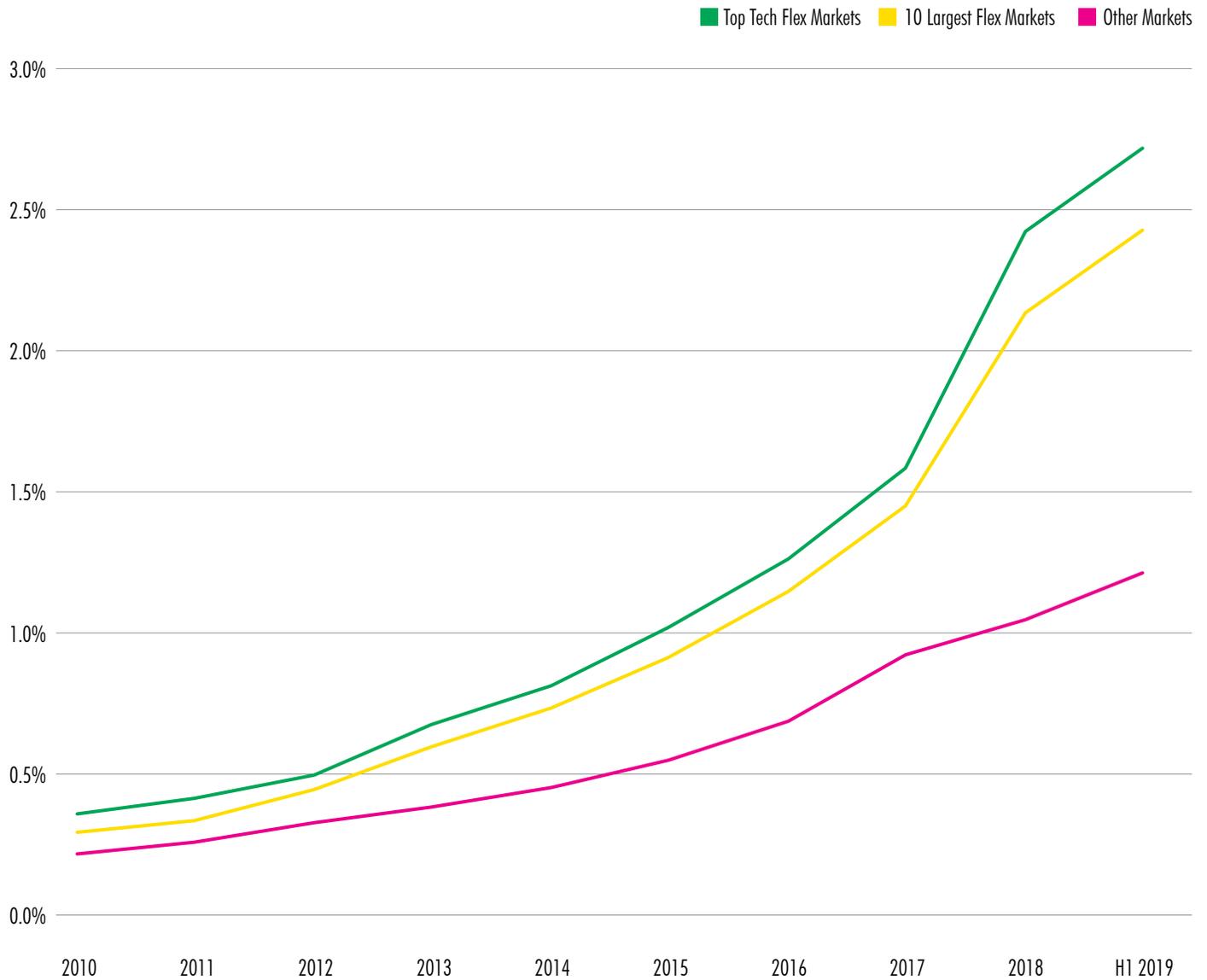
The 10 largest flex office markets that are also top tech markets, continue to increase their share of flexible office space faster than others. These top flex and top tech markets include Atlanta, Boston, Denver, Manhattan, San Francisco, Seattle and Washington, D.C. The other top flex markets to round out the top 10

include Dallas/Ft. Worth, Chicago and Los Angeles that have experienced strong office using job growth this cycle. Since 2017, these markets increased their flex-office penetration by 70% compared with 43% in other markets. (Figure 3).

The largest flex office markets, especially tech-centric ones like San Francisco, have higher growth rates than smaller flex markets.



FIGURE 3: INCREASE IN FLEX-OFFICE PENETRATION BY MARKET TYPE



Note: Penetration represents flexible office as a percentage of overall office space across 40 markets in the U.S.
Source: CBRE Research, Q2 2019.

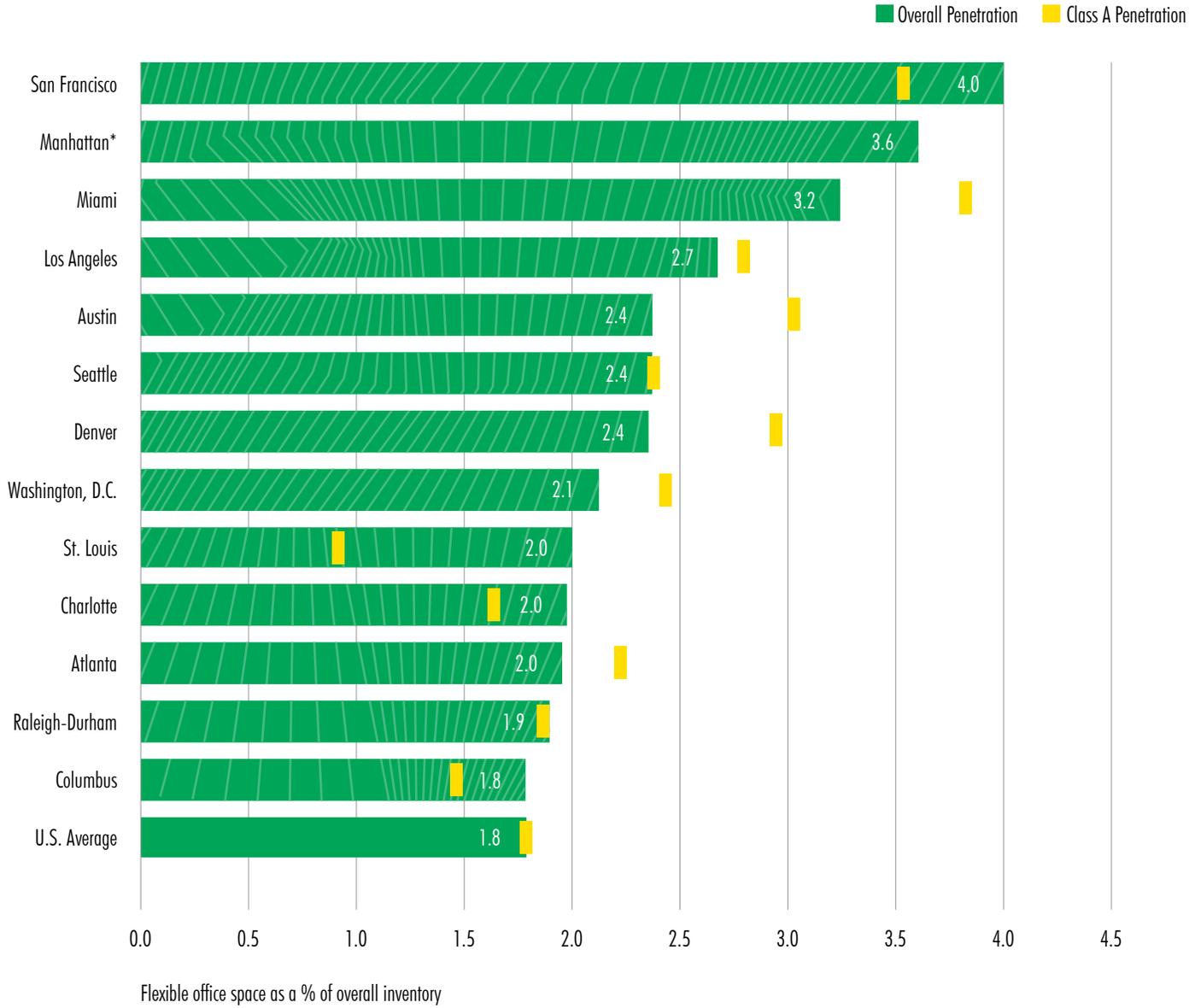


The most penetrated office markets for flex space are San Francisco and Manhattan, with 4.0% and 3.6% of their total inventory, respectively, dedicated to flex—well above the national average of 1.8% (Figure 4). San Francisco’s dominance is attributable to its tech-centric, low-vacancy, high-rent market conditions. Manhattan has the same characteristics and is the birthplace of the flex office industry, thus allowing it to grow for a longer time.

Most markets have higher levels of flex penetration in Class A buildings (Figure 4), particularly in markets like Washington, D.C. and Los Angeles that have higher percentages of their office inventory made up of Class A space. Other reasons include the appeal of well-located, high-quality, efficient buildings to flex space operators and a desire by some landlords to differentiate their buildings with this type of offering.

Despite the preference for Class A, 38% of flexible office supply in the markets tracked by CBRE is in Class B and C buildings. This number does not include Manhattan, which does not track flex space by class; however, anecdotally, much of Manhattan’s lower-class commodity space has been absorbed by flex operators. In many cases, lower class buildings are benefiting from the high levels of build out and the opportunity for branding that come with flex operator leases.

FIGURE 4: MOST PENETRATED FLEXIBLE OFFICE MARKETS



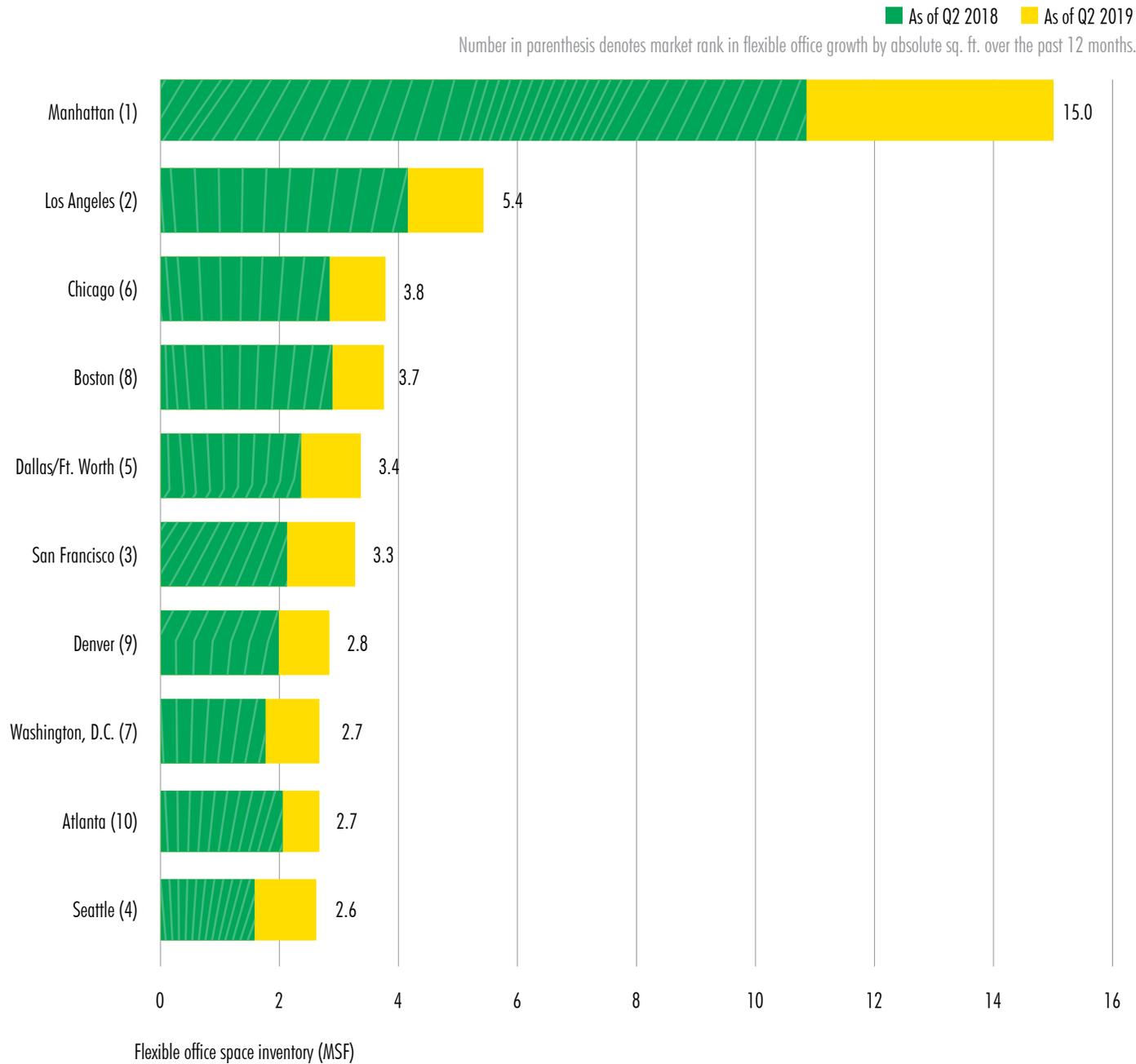
*Manhattan does not differentiate office product by class.
Source: CBRE Research, Q2 2019.

WHICH ARE THE DOMINANT MARKETS?

- The top-10 flexible space markets account for 64% of the 71 million sq. ft. of flex office space tracked by CBRE. Manhattan alone accounts for 21%.
- These top-10 markets accounted for 71% of the 17.9 million sq. ft. of flex supply growth for the year ending Q2 2019 (23% of overall growth in Manhattan alone).
- San Francisco and Seattle, although ranked sixth and 10th for absolute size, are third and fourth for absolute growth of flexible space (Figure 5).



FIGURE 5: LARGEST FLEXIBLE OFFICE MARKETS



Source: CBRE Research, Q2 2019.

WHO ARE THE PLAYERS?

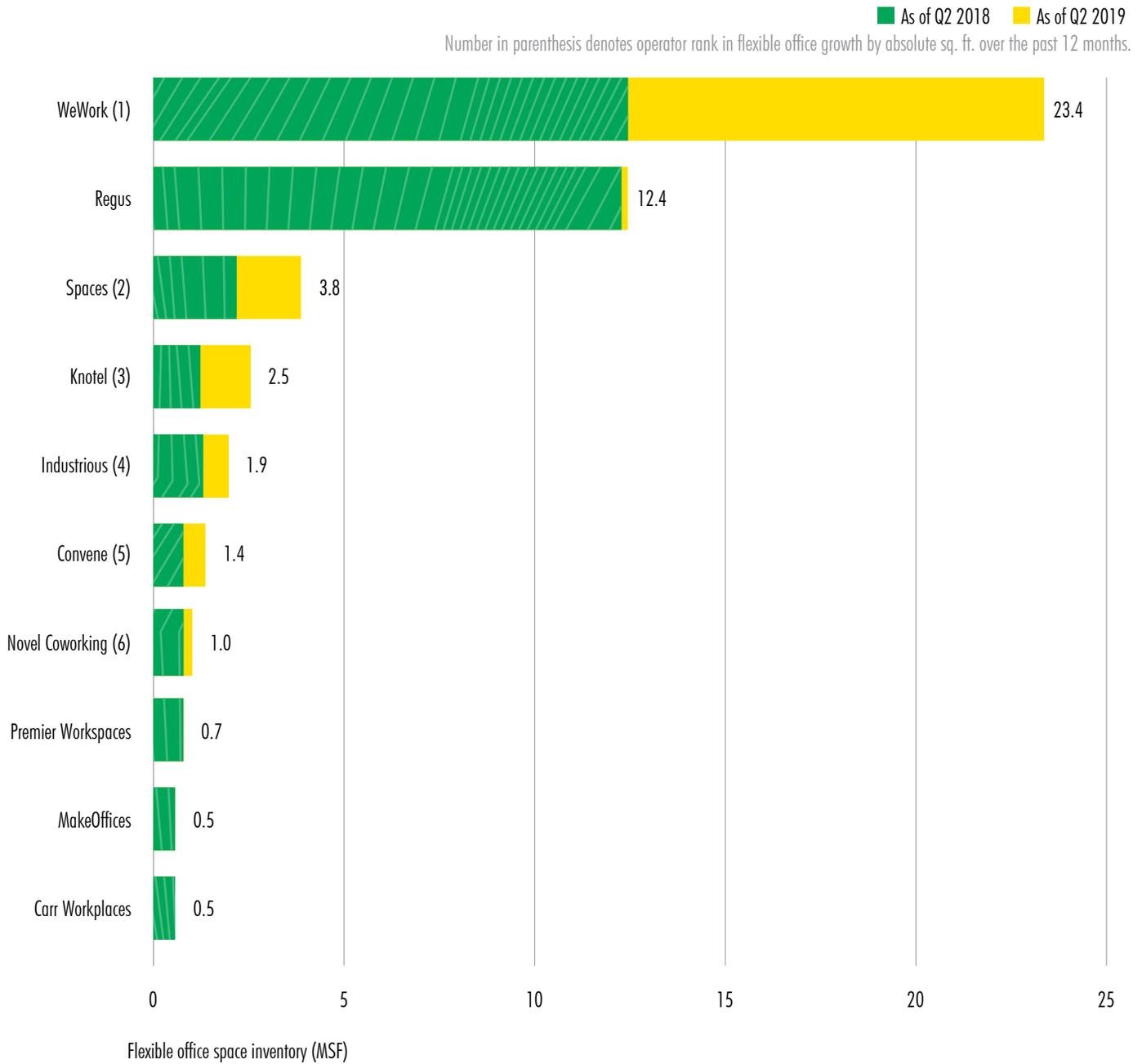
- The top-10 flexible space operators by size account for 68% of the 71 million-sq.-ft. flex space market.
- WeWork alone accounts for 33% of flexible space and for 61% of the year-over-year supply growth.
- IWG's Regus brand is the second-largest flex operator by size, while its Spaces brand is the second-largest operator by supply growth behind WeWork.
- Knotel, Industrious and Convene round out the top-5 operators by growth, combined accounting for 24% of the year-over-year supply increase (Figure 6).

Although there are more than 700 flex space operators, the top-10 account for 68% of flex supply.

WeWork is both the largest operator and the largest private leaseholder in Manhattan and Washington, D.C.



FIGURE 6: LARGEST FLEXIBLE OFFICE OPERATORS



Note: Regus and Spaces fall under the IWG brand of flexible office space. IWG has over 20M sq. ft. of leases; 16M sq. ft. of that is within the geographic boundaries that CBRE tracks flexible office space in.

Source: CBRE Research, Q2 2019.

There are four coworking concepts that are not among the top-10 largest operators, but are among the fastest growers by volume (Figure 7):

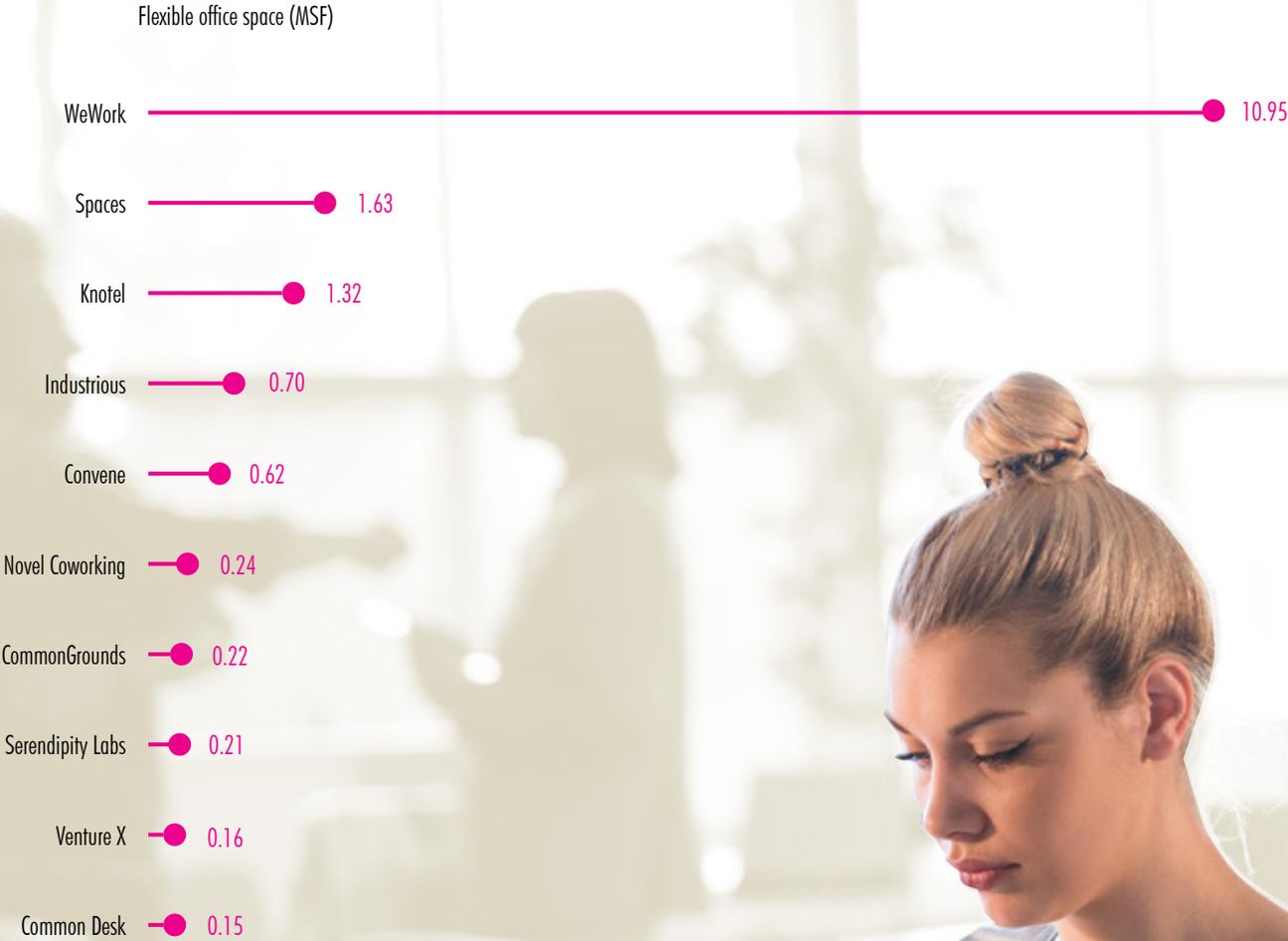
- **CommonGrounds** is the seventh fastest grower by volume, with a reported 50 planned locations in the pipeline. It currently has more than 300,000 sq. ft. of space primarily in West Coast markets and has secured \$100 million of funding in a Series A round as of January 2019.
- **Venture X** is the ninth fastest grower by volume, adding more than 150,000 sq. ft. It has a unique franchise model that is sustaining its growth plans.
- **Serendipity Labs** and **Common Desk** are the eighth and 10th fastest growers by volume. Serendipity Labs has primarily chosen to expand into smaller markets, while Common Desk operates only in Texas.

With more than 700 operators in the markets tracked by CBRE, the industry appears ripe for consolidation either through acquisition or the simple weeding out of lower-quality players. Smaller operators might benefit from consolidation to create a network of locations for their members and compete against the larger players in the market. Although there are some small players who focus on a single market, demographic or specialty offering that may benefit from remaining niche players.

In 2019 alone, **Techspace** was acquired by **Industrious**, **DeskHub** was acquired by **Cross Campus** and **Link Coworking** was acquired by **Common Desk**. These were strategic acquisitions to enter new markets or specialty areas and gain market share.

Health clubs are adding workspace offerings. Lifetime has four Lifetime Work facilities nationwide, while Equinox has partnered with Industrious to open coworking spaces—the first of which will be in Manhattan’s Hudson Yards this year.

FIGURE 7: Y-O-Y ABSOLUTE GROWTH OF FLEXIBLE OFFICE OPERATORS AS OF Q2 2019



Source: CBRE Research, Q2 2019.



MODELS FOR LANDLORD ENGAGEMENT

WITH FLEXIBLE OFFICE SPACE

The flex space models outlined on the following page are not permanent, but rather are points on a continuum of evolution. Landlords and operators must consider the potential division of risk and reward in any agreement. Although traditional leases are most prevalent today, some institutional landlords are getting more comfortable with more innovative lease structures. Some sources of

capital remain concerned about the certainty of building revenue that flex operators potentially bring. Time, experience and successful examples will ultimately move the landlord/investor comfort zone along this continuum. Eventually, there likely will be far fewer traditional leases between landlords and operators with more onus on landlords to accept and manage risk.

*Every lease agreement must consider **the potential division of risk and reward** in the landlord/operator relationship.*

FLEXIBLE OFFICE SPACE MODELS: THE LANDLORD PERSPECTIVE

MODEL	TRADITIONAL	PARTNERSHIP
DEFINITION	Third -party operator enters into a traditional long-term lease agreement with the landlord.	Third-party operator and landlord enter into a partnership agreement sharing any profit and loss.
EXAMPLES	Most of the flexible office space today is under this traditional model.	WeWork & RXR 75 Rockefeller Plaza
PROS	<p>Long-term lease with committed rent stream.</p> <p>Easier for capital markets to value and understand.</p>	<p>Opportunity to share in the profits as the facility generates more revenue.</p> <p>Slightly more control over the operations of the space.</p> <p>Provides some rental income to landlord, with a share of the operating revenue to pay back the capital costs.</p>
CONS	<p>Limited credit profile of most operators / risk of default.</p> <p>Limited, if any, transparency into membership base of third-party operator; flex provider lease-up can compete with landlord efforts.</p> <p>Landlord loses out on the upside potential as all additional revenue from flex offering goes to operator.</p>	<p>Risk associated with any loss the operator could incur.</p> <p>Increased capital outlay to create an operational space.</p> <p>Difficult for capital market and landlords to value and understand.</p>

OPERATING AGREEMENT

Third-party operates space for the landlord. Landlord puts up capital and gets revenue, while operator gets a fixed management fee; no rent exchanged.

Hines² operated by Industrious

Landlord-branded vs. operator-branded space.

Experienced partner to design, build and operate space.

Access to more mature flexible space sales channels.

Risk associated with longevity of operator.

Underwriting for this is less favorable; some landlords are prohibited.

Difficult for capital markets and landlords to value and understand.

CAPTIVE

Landlord designs, builds and operates its own flexible office space offering in owned buildings.

Flex by BXP
Novel Coworking
Tishman Studio

100% control over design, build and operation of space.

100% landlord branded

100% of profits

100% of tenant pipeline

Complexity of operating space typically not a core competency of traditional landlord.

Difficult for capital markets and landlords to value and understand.

Landlords more exposed to lease up and market risk.

A STRUCTURAL SHIFT IN MARKET FUNDAMENTALS?

LEASE LENGTHS

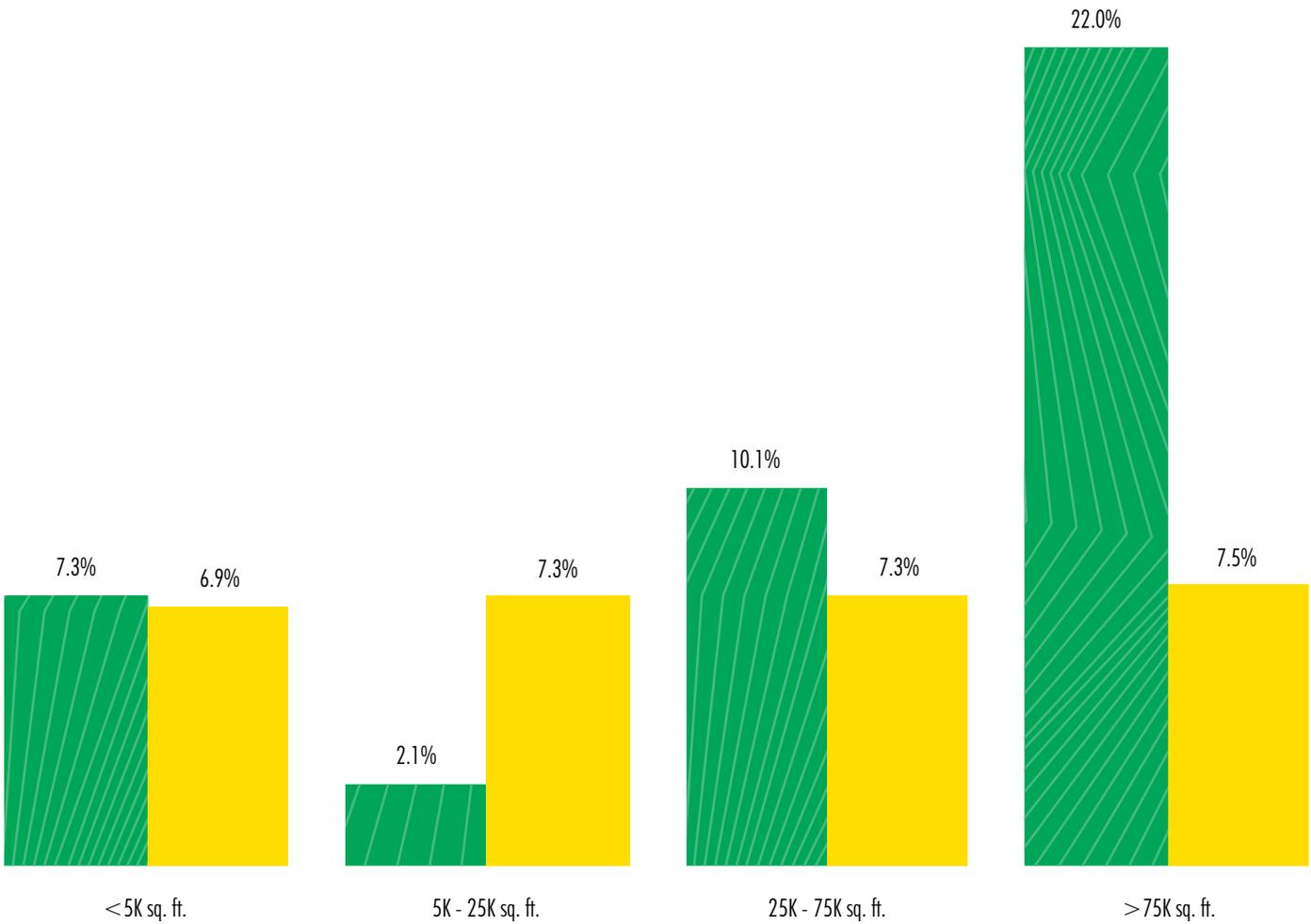
It is commonly thought that lease lengths are shortening in markets heavily weighted with flexible office space. Yet data indicates that lease lengths across all size tranches are growing and often at a more pronounced rate in major flex markets (Figure 8). This makes sense for four reasons:

1. Flex providers are signing longer-term leases, pushing up the average lease term in the top-10 largest flex markets.
2. Most markets are in a mature growth phase at this point in the cycle, so tenants securing traditional lease terms are doing so in landlord-favorable market conditions.
3. Traditional lease build outs have become costlier, so longer terms for traditionally leased space helps spread capital costs.
4. Space that is leased under traditional terms may be for headcount that organizations are most certain about as there are flexible space options available today for more volatile headcount requirements.

FIGURE 8: GROWTH IN LEASE TERM BY DEAL SIZE

Growth in Average Lease Term (2011 to Q2 2019)

■ Top 10 Penetrated Flex Markets ■ All Other Flex Markets



Source: CBRE Research, Q2 2019.

TRANSACTION VOLUME

Nevertheless, there is some anecdotal evidence that landlords competing for smaller tenants are feeling the pressure from flex space operators and adjusting their strategies to stay competitive, including accepting shorter-term leases and offering pre-built environment and concierge services.

Market fundamentals appear to be shifting when analyzing the number of leases by size. The total for less than 5,000-sq.-ft. has shrunk by more than 8% in the largest flex markets, compared with slight growth of 1% in other flex markets (Figure 9). We conclude that

the influence of flexible office space in these markets is contributing to this decline. The current generation of flexible office space is well suited to meet the needs of small tenants and we expect market share in this category will grow.

As occupiers become more sophisticated in engaging with flex providers, we expect that demand from larger users will fuel flexible space expansion. Large users likely will identify the fluid, uncertain, volatile aspects of their business and use flex to reduce risky long-term lease liabilities.

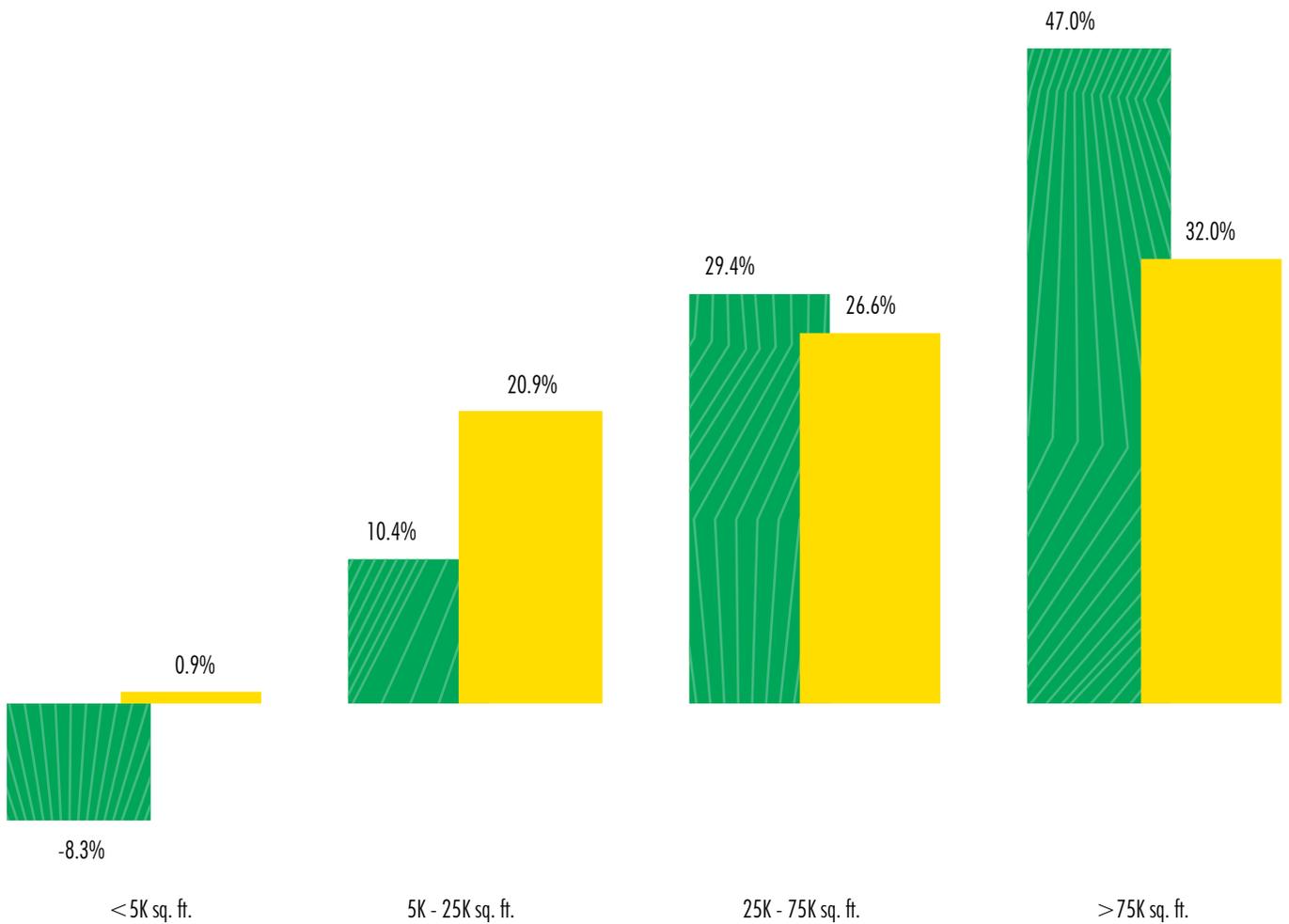


Shorenstein Properties has created self-described “next-generation spec suites” at its Bank of America Plaza in Atlanta. This offering has been a huge success in helping Shorenstein reposition the 30-year-old landmark as a future-focused tech hub.

FIGURE 9: GROWTH IN NUMBER OF DEALS BY SIZE

Growth in Deal Count (2011 to Q2 2019)

■ Top 10 Penetrated Flex Markets ■ All Other Flex Markets



Source: CBRE Research, Q2 2019.

WHAT HAPPENS IF THERE IS A RECESSION?

A recession will affect the supply-and-demand dynamics of the flexible office market just as much as it will the traditional office market. Property markets rise and fall with the economic cycle, and the distance from the peak to the trough varies. During the current cycle, the largest flexible space markets have recorded rent increases of nearly 50% from the trough, while other markets have rent increases of just 25%.

Flex operator profits depend on the pricing arbitrage between rent and member pricing, therefore cyclical

swings likely will prove challenging. There will be an inflection point where profit is harder to sustain in a market with declining rents, especially when tenants can lease directly at a substantial discount to flex space pricing. The extent to which flex operators and landlords work together to correct this pricing dynamic, and potentially share in the risk and reward, will ultimately determine the fate of flex operators in a recession.

There are a few different supply-and-demand scenarios for flexible office space in a recession:

DEMAND

- **Flex-space occupants will reduce their requirements.** Exiting flex space will be one of the easiest cost-saving measures for occupiers in a recession. Startups likely will reduce their headcount, as small companies historically suffer the highest failure rates in a recession. Enterprise users will recalibrate their space needs and maximize their traditional leased space first. Knowing the shadow vacancy within these flexible space locations—a metric that currently is not available—will be critical to understand the health of the operator.
- **Traditional tenants with rolling leases likely will not make long-term commitments.** For traditional tenants with leases that roll during a recession, the economics of a flexible space will be weighed against a traditional lease. More volatile headcount requirements may favor a flexible space option, while less volatile requirements are likelier to favor long-term leases at the bottom of the cycle.



*The real estate industry's structural shift to **delivering more flexibility to tenants is here to stay**, regardless of a recession.*

SUPPLY

- **Flex operators will renegotiate leases.** Operators with leases above market will try to renegotiate with their landlords to operate on a lower-cost basis. If the landlord does not renegotiate, the likelihood of tenant default is high as many operators are set up as single-purpose entities. The risk to the landlord of absorbing the loss is high.
- **Flex operators will consolidate.** Top-performing operators may strategically acquire weaker ones. Operators with disciplined operating models and a diverse member base will weather a recession but there will be many others that simply cease operations.
- **Landlord partnership agreements may increase.** Landlords that renegotiate with operators may consider a partnership agreement to share in the profits and potentially rebound more quickly after a recession. The capital markets consider this type of revenue at-risk, so some landlords may be precluded from this type of arrangement.
- **Flex-office growth may slow.** The venture capital that supports high-growth operators likely will dry up. Effects on the real estate market typically lag those on the broader economy, so flexible space likely will continue its growth for a period even as demand slows.

Generally, in a recession, the number of flex providers will shrink, the growth of flexible space will slow and the models between landlords and operators will evolve.

Nevertheless, the real estate industry's structural shift to delivering more flexibility to tenants is here to stay, regardless of a recession.

CONCLUSION

CURRENT STATE

Enterprise tenants are using flexible office space for speed, flexibility and capital deferral.

Flexible space is growing in major markets at an accelerated pace; top flex markets have increased their flex-space footprint by 74% since 2017.

Landlords are primarily using traditional lease agreements with third-party flex operators that are easily understood by capital markets.

Untested models in a late-cycle environment continue to drive uncertainty about how these operators will weather a recession.

FUTURE STATE

Enterprise tenants will use flexible office space for more holistic portfolio strategies driven by uncertainty and volatility, the extent of which will determine the flex market's future growth.

Flexible space operators will compete for high-quality large blocks of space, making it increasingly difficult to sustain the pace of growth without conversion of traditional space to flex.

Landlords will explore more partnership and operating agreements with operators; some will introduce their own flex brands and capital markets will evolve their valuation models in turn.

The structural shift toward flexibility will survive a recession and capital markets will evolve to readily accept this new model.



APPENDIX

FLEX OFFICE MARKET PROFILES

Manhattan

Austin

Columbus

Los Angeles

Silicon Valley

Pittsburgh

Chicago

San Diego

Suburban Maryland

Boston

Phoenix

Tampa

Dallas/Ft. Worth

Minneapolis/St. Paul

Indianapolis

San Francisco

Philadelphia

Orlando

Denver

Raleigh-Durham

Sacramento

Washington, D.C.

New Jersey

Detroit

Atlanta

St. Louis

Oakland

Seattle

Charlotte

San Francisco Peninsula

Miami

Salt Lake City

Baltimore

Orange County

Portland

San Antonio

Houston

Nashville

Northern Virginia

Kansas City



MANHATTAN

- The flexible office space footprint in Manhattan has more than tripled since 2014, reaching 15.0 million sq. ft. as of H1 2019 and growing 9.5% since year-end 2018.
- New flex office expansion is being driven by the pursuit of medium-sized and large corporate or “enterprise” users. Additionally, flex providers are looking to engage in new partnership models with landlords.
- Flex providers continue to be active in the market, seeking further expansion opportunities that will likely account for approximately 15% of overall Manhattan leasing activity through year-end 2019.

Manhattan	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	14,957,000	4,114,000
# of Operators	66	-6
# of Locations	389	+81
Flexible Space as a % of Inventory	3.6%	0.9%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Midtown	47.7%	39.3%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

Operator	Square Footage	Quarter	Submarket	Class
WeWork	236,000	Q4 2018	Midtown	Other*
WeWork	236,000	Q3 2018	Midtown South	Other*
WeWork	213,000	Q2 2019	Midtown South	Other*
WeWork	201,000	Q1 2019	Downtown	Other*
WeWork	130,000	Q4 2018	Midtown	Other*
Total Top Five	1,016,000			
Total Sq. Ft. Transacted Y-o-Y	4,607,000			
Top Five as a % of Total	22.1%			

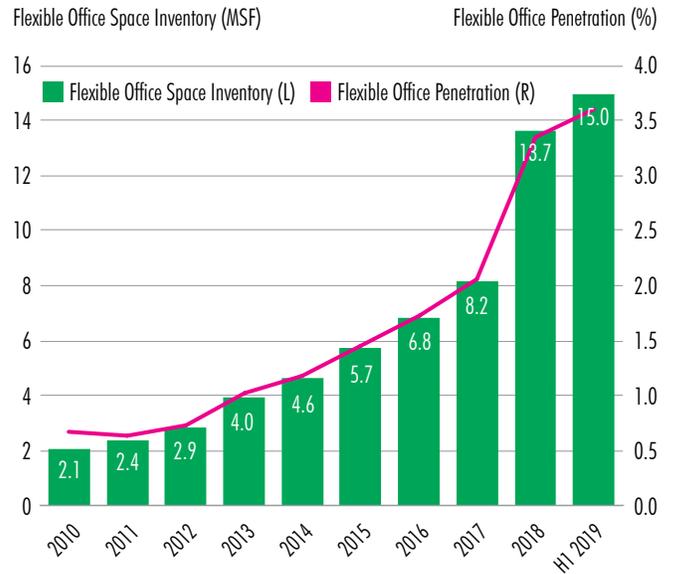
*Manhattan does not differentiate office product by class.

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$80.25	7.9%
Vacancy:	7.9%	0.3%
Market Cycle Position:	Maturation (Vacancy stable)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	7,187,000	60.3%	48.0%	89	Midtown
Knotel	1,992,000	97.8%	13.3%	85	Midtown South
Regus	1,028,000	1.2%	6.9%	35	Midtown
Convane	628,000	42.1%	4.2%	12	Midtown
Spaces	624,000	168.4%	4.2%	7	Midtown
Total Top Five	11,459,000		76.6%	228	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Spaces	624,000	168.4%	4.2%	7	Midtown
Industrious	116,000	136.6%	0.8%	5	Midtown South
Knotel	1,992,000	97.8%	13.3%	85	Midtown South
WeWork	7,187,000	60.3%	48.0%	89	Midtown
Convane	628,000	42.1%	4.2%	12	Midtown

Source: CBRE Research, Q2 2019.

LOS ANGELES

- West Los Angeles and Downtown Los Angeles are the largest flexible space submarkets in greater Los Angeles due to their concentration of tech, media and business services companies and vibrant urban environments.
- Operators have expanded somewhat into secondary submarkets such as Glendale, San Fernando Valley and Hollywood due to tightening conditions in West Los Angeles and Downtown Los Angeles. The flex office footprint has more than doubled since 2014 in these three submarkets.
- West Los Angeles operators typically cater to technology companies like Snap, while flex operators in the San Fernando Valley cater to production and motion picture companies. The same can be said about South Bay, which caters to aerospace and communications companies.

Los Angeles	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	5,432,000	1,278,000
# of Operators	39	+7
# of Locations	193	+26
Flexible Space as a % of Inventory	2.7%	0.6%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
West Los Angeles	39.5%	42.1%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

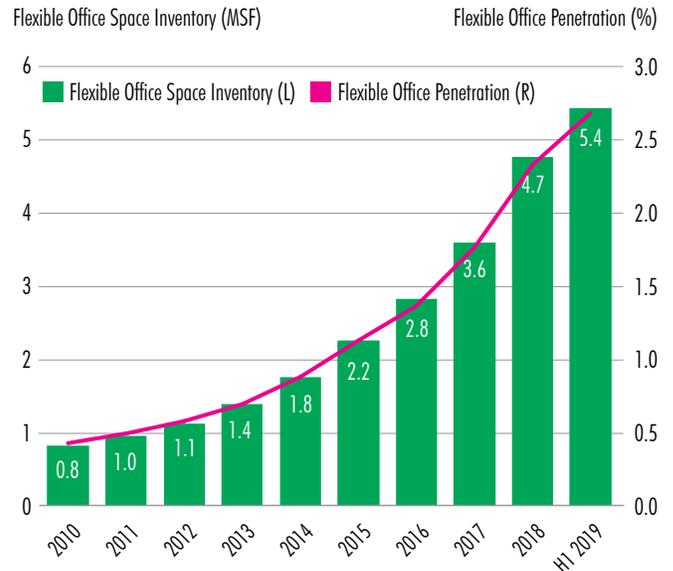
Operator	Square Footage	Quarter	Submarket	Class
WeWork	122,000	Q3 2018	South Bay	Class A
WeWork	112,000	Q4 2018	West Los Angeles	Class B
WeWork	95,000	Q1 2019	Los Angeles Downtown	Class B
WeWork	90,000	Q2 2019	South Bay	Class B
WeWork	78,000	Q1 2019	Los Angeles Downtown	Class A
Total Top Five	497,000			
Total Sq. Ft. Transacted Y-o-Y	1,291,000			
Top Five as a % of Total	38.5%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$42.69	0.2%
Vacancy:	14.3%	-0.1%
Market Cycle Position:	Maturation (Rents increasing at slower pace)	

[APPENDIX HOME](#)

HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	1,877,000	96.3%	34.6%	27	West Los Angeles
Regus	905,000	0.0%	16.7%	49	West Los Angeles
Premier Workspaces	467,000	0.0%	8.6%	28	West Los Angeles
Spaces	458,000	42.2%	8.4%	10	West Los Angeles
Barrister Executive Suites	353,000	0.0%	6.5%	20	West Los Angeles
Total Top Five	4,060,000		74.7%	134	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	1,877,000	96.3%	34.6%	27	West Los Angeles
CommonGrounds	101,000	83.5%	1.9%	4	Los Angeles Downtown
Neuhouse	133,000	42.5%	2.4%	3	Hollywood/Wilshire Corridor
Spaces	458,000	42.2%	8.4%	10	West Los Angeles
Industrious	254,000	23.6%	4.7%	7	West Los Angeles

Source: CBRE Research, Q2 2019.

CHICAGO

- WeWork has leased 337,000 sq. ft in 2019, including its largest lease in Chicago at Shapack Partners' new development, 167 North Green Street, for 134,000 sq. ft.
- There have been multiple large corporate users who have recently elected to use flexible office space in Chicago. Many of these enterprise deals in flexible operator space are branded for their particular corporate client.
- Niche flex providers have begun to open in Chicago. No. 18, a Regus brand, will occupy the top two floors of 110 N. Wacker, as a more high-end space. Additionally, The Wing, a women-only offering, has opened its first location in Fulton Market.

Manhattan	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	3,784,000	958,000
# of Operators	41	+4
# of Locations	124	+18
Flexible Space as a % of Inventory	1.6%	0.4%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
West Loop	20.9%	38.5%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

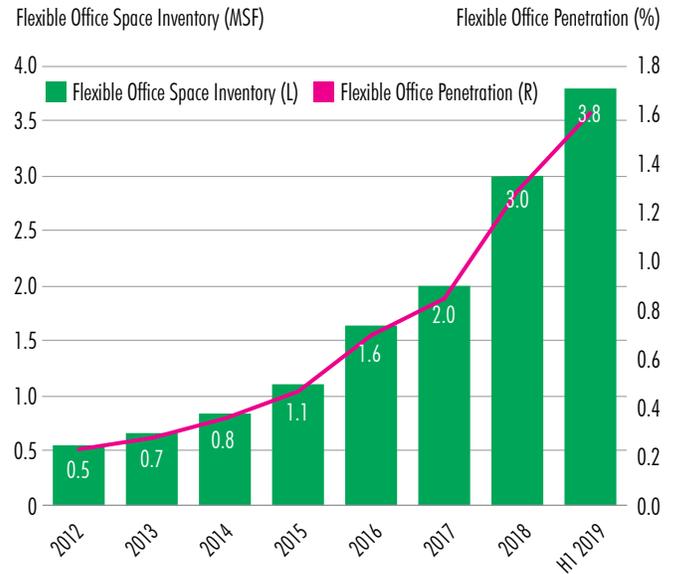
Operator	Square Footage	Quarter	Submarket	Class
Convvene	160,000	Q1 2019	West Loop	Class A
WeWork	134,000	Q1 2019	Fulton Market/Far West Loop	Class A
Convvene	90,000	Q2 2019	North Michigan Avenue	Class A
WeWork	90,000	Q3 2018	West Loop	Class A
WeWork	69,000	Q1 2019	North Michigan Avenue	Class A
Total Top Five	453,000			
Total Sq. Ft. Transacted Y-o-Y	958,000			
Top Five as a % of Total	47.2%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$31.51	2.7%
Vacancy:	15.7%	0.1%
Market Cycle Position:	Maturation (Rents increasing at slower pace)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	996,000	68.7%	26.3%	12	Fulton Market/Far West Loop
Regus	835,000	10.2%	22.1%	45	East-West Tollway
Convvene	446,000	205.5%	11.8%	5	West Loop
Industrious	197,000	101.8%	5.2%	6	Central Loop
Spaces	145,000	0.0%	3.8%	3	River North
Total Top Five	2,619,000		69.2%	71	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Convvene	446,000	205.5%	11.8%	5	West Loop
Industrious	197,000	101.8%	5.2%	6	Central Loop
WeWork	996,000	68.7%	26.3%	12	Fulton Market/Far West Loop
Regus	835,000	10.2%	22.1%	45	East-West Tollway
Omnium	25,000	New to Market	0.7%	1	Central Loop

Source: CBRE Research, Q2 2019.

BOSTON

- With flexible office space taking over an increasing amount of traditional office space, some landlords are getting into the game themselves and converting vacant space in their properties to this use.
- With over 35% of all flexible space in greater Boston in the CBD, expect to see more flexible office spaces in the smaller Submarkets of Boston and potentially in the suburban Submarkets as well.

Boston	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	3,746,000	847,000
# of Operators	50	+2
# of Locations	97	+16
Flexible Space as a % of Inventory	1.7%	0.4%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
CBD	35.5%	62.1%

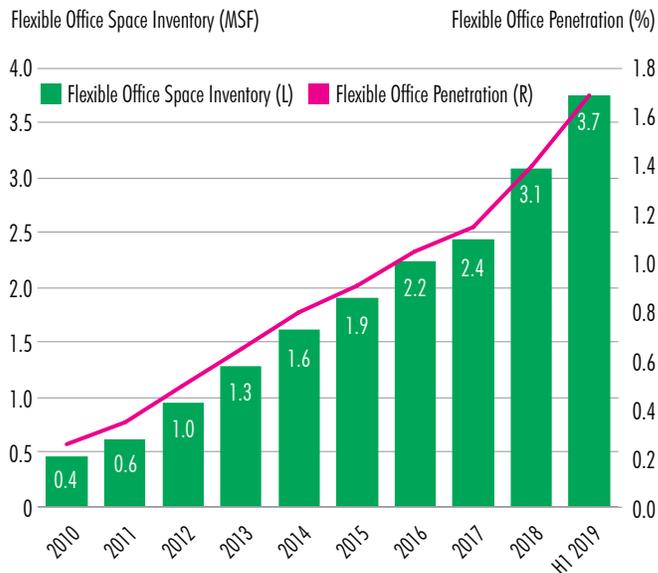
LARGEST FLEXIBLE OPERATOR TRANSACTIONS

Operator	Square Footage	Quarter	Submarket	Class
WeWork	250,000	Q1 2019	CBD	Class A
WeWork	118,000	Q2 2019	CBD	Class A
WeWork	116,000	Q2 2019	Back Bay	Class A
Industrious	49,000	Q4 2018	Back Bay	Class A
WeWork	40,000	Q3 2018	Seaport	Class A
Total Top Five	573,000			
Total Sq. Ft. Transacted Y-o-Y	847,000			
Top Five as a % of Total	67.6%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$40.55	6.0%
Vacancy:	11.8%	-1.6%
Market Cycle Position:	Expansion (Vacancy declining)	

HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	1,511,000	90.5%	40.3%	20	CBD
Regus	364,000	0.0%	9.7%	17	CBD
CIC	348,000	0.0%	9.3%	4	East Cambridge
BODFI	252,000	0.0%	6.7%	1	Fenway/Kenmore Square
Industrious	112,000	76.2%	3.0%	4	Back Bay
Total Top Five	2,587,000		69.1%	46	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	1,511,000	90.5%	40.3%	20	CBD
Industrious	112,000	76.2%	3.0%	4	Back Bay
FLEX by BXP	70,000	New to Market	1.9%	3	North Station/Waterfront
The Wing	11,000	New to Market	0.3%	1	Back Bay

DALLAS/FT. WORTH

- The Dallas/Ft. Worth flexible office space market has expanded significantly since the end of 2017, due to the adoption of this model by small businesses, tech occupiers and enterprise-level companies.
- New flexible office space has been varied in terms of location. Since the beginning of 2019, 28 new locations have either opened or are scheduled to open within eight varied Submarkets across the Metroplex.
- Many flex providers are beginning to own these spaces, in addition to having partnerships with landlords and owner companies.

Dallas/Ft. Worth	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	3,359,000	998,000
# of Operators	40	+7
# of Locations	152	+35
Flexible Space as a % of Inventory	1.5%	0.4%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Far North Dallas	31.3%	30.4%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

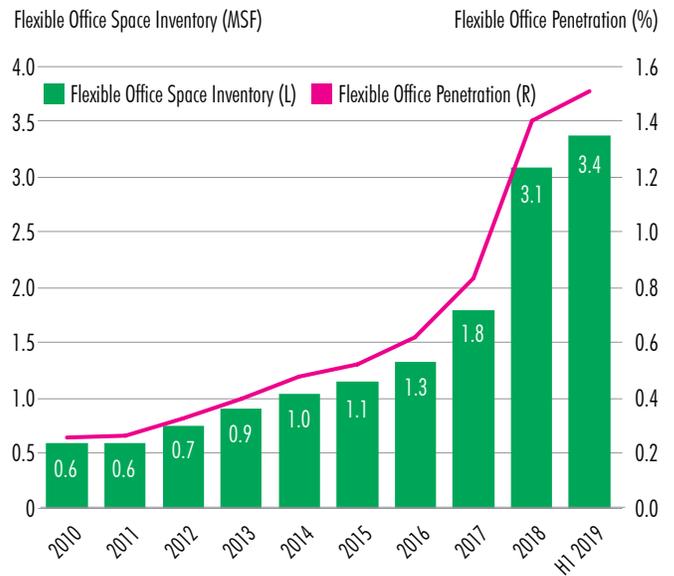
Operator	Square Footage	Quarter	Submarket	Class
WeWork	78,000	Q4 2018	Las Colinas	Class A
HANA	67,000	Q1 2019	Uptown/Turtle Creek	Class A
WeWork	63,000	Q4 2018	Far North Dallas	Class A
WeWork	52,000	Q3 2018	Uptown/Turtle Creek	Class A
Common Desk	52,000	Q3 2018	Dallas CBD	Class A
Total Top Five	312,000			
Total Sq. Ft. Transacted Y-o-Y	1,064,000			
Top Five as a % of Total	29.3%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$25.26	2.1%
Vacancy:	20.6%	-0.3%
Market Cycle Position:	Maturation (Vacancy stable)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	890,000	0.0%	26.5%	48	Far North Dallas
WeWork	544,000	106.6%	16.2%	10	Far North Dallas
WorkSuites	290,000	20.9%	8.6%	16	LBJ Freeway
Spaces	263,000	193.7%	7.8%	6	Far North Dallas
Executive Workspace	218,000	3.8%	6.5%	12	Far North Dallas
Total Top Five	2,205,000		65.6%	92	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Venture X	135,000	434.4%	4.0%	7	Far North Dallas
Common Desk	187,000	217.2%	5.6%	8	Dallas CBD
Spaces	263,000	193.7%	7.8%	6	Far North Dallas
WeWork	544,000	106.6%	16.2%	10	Far North Dallas
HANA	67,000	New to Market	2.0%	1	Uptown/Turtle Creek

Source: CBRE Research, Q2 2019.

SAN FRANCISCO

- Flex providers have tripled their footprint during the past five years, responding to demand for move-in ready space and shorter lease terms.
- About 60% of flexible office space is concentrated in the submarkets north of Market Street.
- Citywide there is 3.3 million sq. ft. of flexible space operated by 32 companies, representing 4% of the San Francisco office space.

San Francisco	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	3,265,000	1,132,000
# of Operators	32	+4
# of Locations	99	+30
Flexible Space as a % of Inventory	4.0%	1.4%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Financial District	44.0%	34.7%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

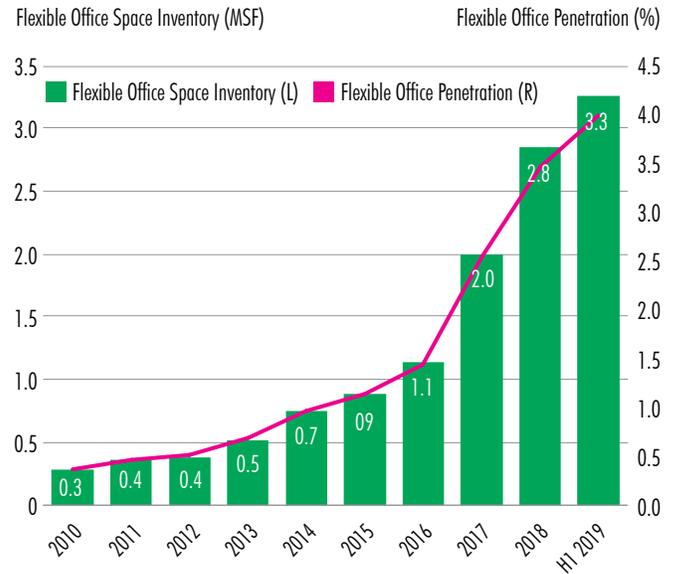
Operator	Square Footage	Quarter	Submarket	Class
WeWork	103,000	Q4 2018	Financial District	Class A
WeWork	92,000	Q4 2018	South Financial District	Class A
Regus	78,000	Q3 2018	Financial District	Class B
WeWork	77,000	Q4 2018	North Waterfront/Jackson Square	Class A
WeWork	70,000	Q4 2018	Financial District	Class A
Total Top Five	420,000			
Total Sq. Ft. Transacted Y-o-Y	1,217,000			
Top Five as a % of Total	34.5%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$85.64	13.4%
Vacancy:	3.6%	-1.5%
Market Cycle Position:	Expansion (New supply additions underway or on the horizon)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	1,654,000	54.9%	50.7%	24	Financial District
Knotel	482,000	206.3%	14.8%	27	South of Market
Regus	478,000	34.8%	14.6%	16	Financial District
Galvanize	61,000	0.0%	1.9%	1	South Financial District
RocketSpace	55,000	-2.2%	1.7%	1	Financial District
Total Top Five	2,730,000		83.6%	69	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Knotel	482,000	206.3%	14.8%	27	South of Market
Industrious	50,000	204.4%	1.5%	2	Financial District
WeWork	1,654,000	54.9%	50.7%	24	Financial District
Regus	478,000	34.8%	14.6%	16	Financial District
Runway	30,000	New to Market	0.9%	1	South of Market

Source: CBRE Research, Q2 2019.

DENVER

- Flexible office space in Denver continues to thrive due to the concentration of tech and startup companies. Many large companies are relocating to, or adding a strong presence, in the Denver market and are utilizing flexible office space in turn.
- Landlords find flexible office space attractive given that it can capture a young and vibrant workforce that can change the tenant profile of an asset. Landlords are also targeting flex providers as tenants due to the activity it creates for the building via foot traffic and extra parking income.
- Increased rental rates and decreasing vacancy in Denver are forcing all tenants, including flex providers, to be more creative in deal structures and to seek out unique opportunities.

Denver	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	2,763,000	750,000
# of Operators	51	-3
# of Locations	106	+9
Flexible Space as a % of Inventory	2.4%	0.6%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	38.4%	58.1%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

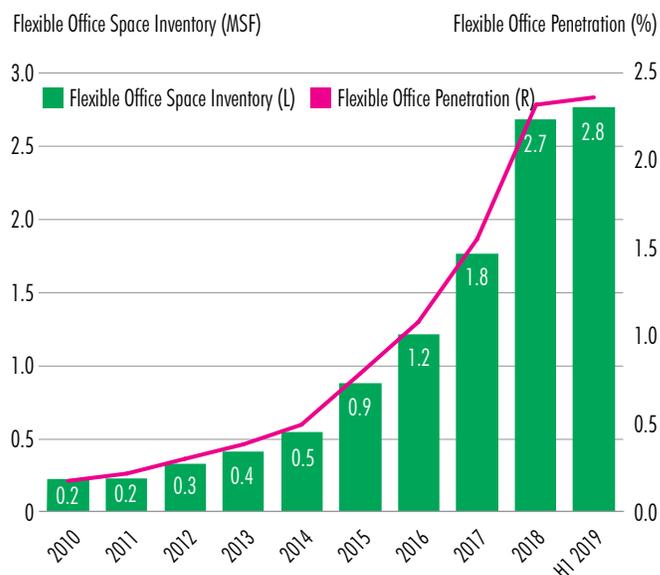
Operator	Square Footage	Quarter	Submarket	Class
WeWork	148,000	Q4 2018	Downtown	Class A
WeWork	121,000	Q4 2018	Downtown	Class B
WeWork	117,000	Q3 2018	Downtown	Class A
WeWork	86,000	Q1 2019	River North	Class B
WeWork	66,000	Q3 2018	River North	Class A
Total Top Five	538,000			
Total Sq. Ft. Transacted Y-o-Y	903,000			
Top Five as a % of Total	59.7%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$28.43	2.8%
Vacancy:	13.1%	-1.5%
Market Cycle Position:	Maturation (Rents increasing at slower pace)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	880,000	618.2%	31.9%	12	Downtown
Regus	380,000	-7.3%	13.8%	22	Southeast
Industry	230,000	0.0%	8.3%	2	River North
Novel Coworking	162,000	13.3%	5.9%	3	Downtown
Office Evolution	105,000	0.0%	3.8%	7	West Hampden/Alameda
Total Top Five	1,757,000		63.6%	46	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	880,000	618.2%	31.9%	12	Downtown
Thrive Workplaces	54,000	63.0%	1.9%	3	River North
Spaces	94,000	47.7%	3.4%	3	River North
Enterprise	84,000	27.3%	3.0%	2	River North
Novel Coworking	162,000	13.3%	5.9%	3	Downtown

Source: CBRE Research, Q2 2019.

WASHINGTON, D.C.

- In 2019, flex providers in Washington, D.C. have focused their leasing efforts specifically in trophy assets. In 2019, three leases were signed in trophy assets accounting for 53% of all space leased by flex providers in Washington, D.C.
- Although Washington, D.C. remains a legal and government town (58% of Washington, D.C.'s occupied footprint), flexible office space continues to increase its footprint gradually. Many flex providers are now receiving concession packages on par with law firms, exceeding \$100 in TIs and more than one year of free rent.
- As Washington, D.C.'s tech presence grows and Amazon enters the market, flexible office space will continue to thrive in the market.

Washington, D.C.	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	2,665,000	917,000
# of Operators	24	+4
# of Locations	70	+16
Flexible Space as a % of Inventory	2.1%	0.7%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
East End	35.0%	29.1%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

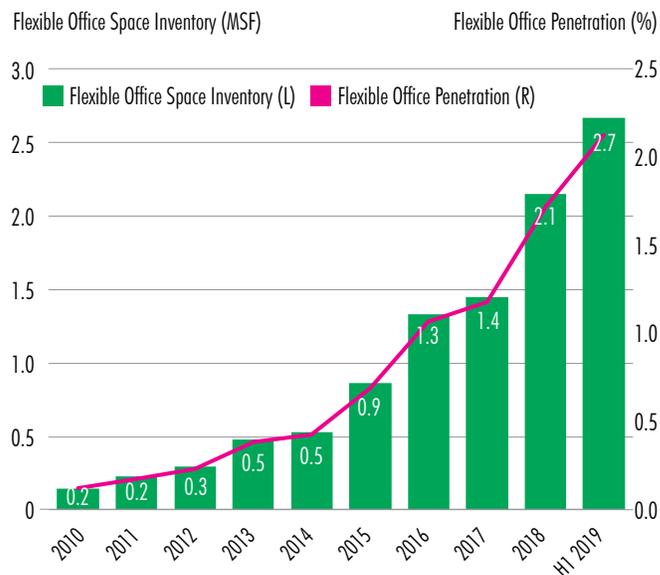
Operator	Square Footage	Quarter	Submarket	Class
WeWork	130,000	Q4 2018	CBD	Class B
WeWork	111,000	Q2 2019	Capitol Hill	Class A
WeWork	110,000	Q1 2019	CBD	Class A
WeWork	102,000	Q1 2019	CBD	Class A
Convane	80,000	Q4 2018	East End	Class A
Total Top Five	533,000			
Total Sq. Ft. Transacted Y-o-Y	970,000			
Top Five as a % of Total	54.9%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$58.11	3.6%
Vacancy:	13.4%	-0.1%
Market Cycle Position:	Expansion (New supply additions underway or on the horizon)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	1,219,000	98.7%	45.8%	15	East End
Regus	234,000	0.0%	8.8%	11	East End
MakeOffices	226,000	22.3%	8.5%	6	Uptown
Carr Workplaces	147,000	0.0%	5.5%	7	East End
AdvantEdge	112,000	0.0%	4.2%	2	CBD
Total Top Five	1,938,000		72.7%	41	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Spaces	99,000	123.9%	3.7%	2	CBD
WeWork	1,219,000	98.7%	45.8%	15	East End
MakeOffices	226,000	22.3%	8.5%	6	Uptown
Convane	100,000	New to Market	3.7%	2	East End
CommonGrounds	73,000	New to Market	2.7%	2	Capitol Riverfront

Source: CBRE Research, Q2 2019.

ATLANTA

- Atlanta consistently proves to be a top market for flex providers, with 23 operators across over 100 different locations.
- Flexible space providers have been the primary leasing growth driver within the business services sector.
- If a similar rate of growth continues, flexible space providers' share of major leasing will continue to surpass the legal, government and insurance sectors for the foreseeable future.

Atlanta	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	2,659,000	610,000
# of Operators	23	+2
# of Locations	101	+18
Flexible Space as a % of Inventory	2.0%	0.4%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Midtown	27.8%	33.5%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

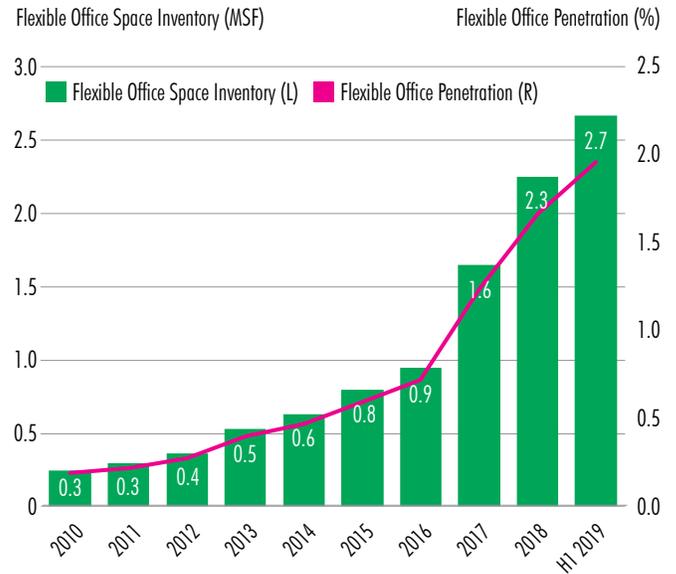
Operator	Square Footage	Quarter	Submarket	Class
WeWork	118,000	Q4 2018	Cumberland/Galleria	Class A
WeWork	60,000	Q1 2019	Downtown	Class A
CommonGrounds	50,000	Q2 2019	Midtown	Class A
WeWork	46,000	Q2 2019	Midtown	Class A
WeWork	42,000	Q1 2019	Midtown	Class A
Total Top Five	316,000			
Total Sq. Ft. Transacted Y-o-Y	610,000			
Top Five as a % of Total	51.8%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$28.19	5.0%
Vacancy:	17.2%	-0.2%
Market Cycle Position:	Maturation (Rents increasing at slower pace)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	722,000	0.0%	27.2%	37	North Fulton
WeWork	653,000	135.1%	24.5%	14	Midtown
Spaces	299,000	14.8%	11.3%	7	Cumberland/Galleria
Industrious	180,000	10.7%	6.8%	6	Midtown
Peachtree Offices	165,000	26.2%	6.2%	6	Buckhead
Total Top Five	2,019,000		75.9%	70	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Serendipity Labs	107,000	312.1%	4.0%	4	Cumberland/Galleria
WeWork	653,000	135.1%	24.5%	14	Midtown
Peachtree Offices	165,000	26.2%	6.2%	6	Buckhead
Spaces	299,000	14.8%	11.3%	7	Cumberland/Galleria
CommonGrounds	50,000	New to Market	1.9%	1	Midtown

Source: CBRE Research, Q2 2019.

SEATTLE

- Flex providers are listening to corporate or enterprise clients and leasing large blocks to provide shorter-length expansion space in submarkets such as the Bellevue CBD and Downtown Seattle.
- Seattle-area landlords are engaging with flex providers to manage building amenities such as fitness facilities and conference rooms.
- The strong economy has allowed many smaller operators designed for niche user groups, to open in Seattle or expand existing footprint. These are operators such as The Riveter, which is geared towards women, though anyone can join.

Seattle	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	2,602,000	1,040,000
# of Operators	25	+1
# of Locations	78	+17
Flexible Space as a % of Inventory	2.4%	0.9%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	66.2%	65.4%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

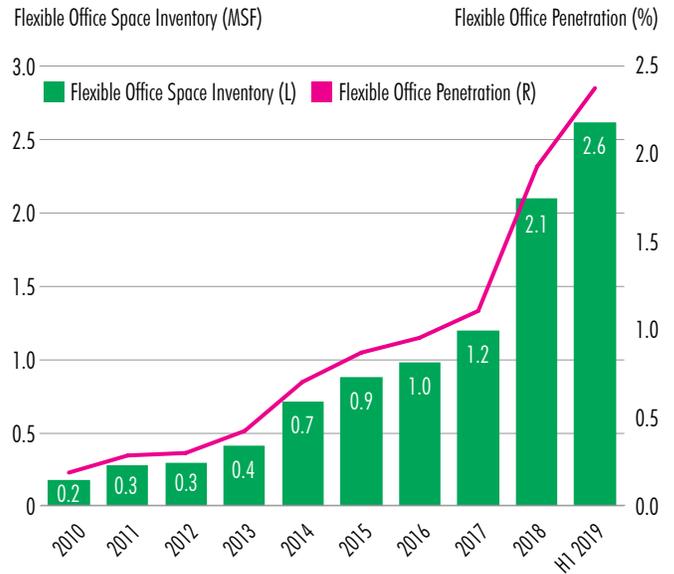
Operator	Square Footage	Quarter	Submarket	Class
WeWork	126,000	Q4 2018	Downtown	Class A
WeWork	119,000	Q1 2019	Eastside	Class A
WeWork	115,000	Q2 2019	Downtown	Class A
WeWork	100,000	Q3 2018	Downtown	Class A
Spaces	91,000	Q4 2018	Downtown	Class A
Total Top Five	551,000			
Total Sq. Ft. Transacted Y-o-Y	1,120,000			
Top Five as a % of Total	49.1%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$36.53	4.6%
Vacancy:	9.7%	-0.7%
Market Cycle Position:	Expansion (Vacancy declining)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Spaces	169,000	265.3%	6.5%	3	Downtown
Industrious	80,000	180.7%	3.1%	3	Downtown
WeWork	1,431,000	157.1%	55.0%	22	Downtown
extraSlice	41,000	71.2%	1.6%	3	Eastside
The Riveter	38,000	57.0%	1.5%	3	Eastside
Total Top Five	2,155,000		82.8%	48	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Spaces	169,000	265.3%	6.5%	3	Downtown
Industrious	80,000	180.7%	3.1%	3	Downtown
WeWork	1,431,000	157.1%	55.0%	22	Downtown
extraSlice	41,000	71.2%	1.6%	3	Eastside
The Riveter	38,000	57.0%	1.5%	3	Eastside

Source: CBRE Research, Q2 2019.

MIAMI

- Leasing velocity for flexible office space increased during 2019, with 267,000 sq. ft. leased during H1 2019, exceeding the average annual leasing activity over the previous three years (2016-2018).
- In South Florida, Miami is the primary market for flex providers in total share, with over 71.0% of the total South Florida footprint.
- Although flexible office occupiers seek space in high-quality assets, several have been focused on unique locations in Submarkets that are primarily retail and multifamily districts.

Miami	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,582,000	327,000
# of Operators	22	+3
# of Locations	69	+5
Flexible Space as a % of Inventory	3.2%	0.7%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Brickell	29.0%	65.4%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

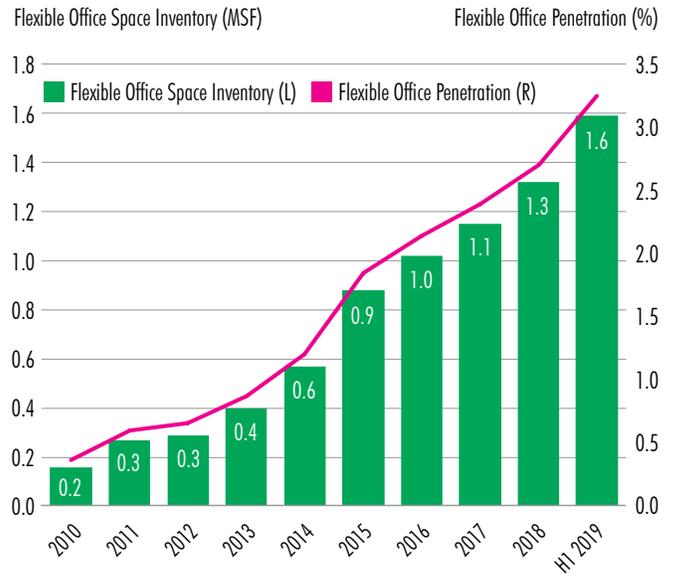
Operator	Square Footage	Quarter	Submarket	Class
WeWork	146,000	Q1 2019	Brickell	Class A
Novel Coworking	63,000	Q2 2019	Biscayne Corridor	Class C
Industrious	45,000	Q4 2018	Brickell	Class A
Spaces	43,000	Q1 2019	Coconut Grove	Class A
Spaces	36,000	Q1 2019	Brickell	Class A
Total Top Five	333,000			
Total Sq. Ft. Transacted Y-o-Y	347,000			
Top Five as a % of Total	95.9%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$39.04	3.1%
Vacancy:	12.1%	1.6%
Market Cycle Position:	Expansion (New supply additions underway or on the horizon)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	493,000	42.1%	31.2%	9	Brickell
Regus	327,000	-6.0%	20.7%	24	Airport/Doral
Spaces	140,000	127.4%	8.9%	5	Coconut Grove
Quest Workspaces	100,000	0.0%	6.3%	4	Brickell
CustomSpace Co.	85,000	0.0%	5.4%	1	Airport/Doral
Total Top Five	1,145,000	72.4%		43	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Spaces	140,000	127.4%	8.9%	5	Coconut Grove
WeWork	493,000	42.1%	31.2%	9	Brickell
Novel Coworking	63,000	New to Market	4.0%	1	Biscayne Corridor
Industrious	45,000	New to Market	2.9%	1	Brickell
Venture X	14,000	New to Market	0.9%	1	Airport/Doral

Source: CBRE Research, Q2 2019.

ORANGE COUNTY

- Flexible office leasing activity is expected to see further expansion in H2 2019. Two operators are currently planning to execute leases for five additional locations throughout the county.
- The enterprise models continue to grow in Orange County. As of 2018, there are two confirmed enterprise clients in flexible space locations.

Orange County	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,501,000	322,000
# of Operators	19	+2
# of Locations	67	+9
Flexible Space as a % of Inventory	1.4%	0.3%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Greater Airport Area	61.7%	79.8%

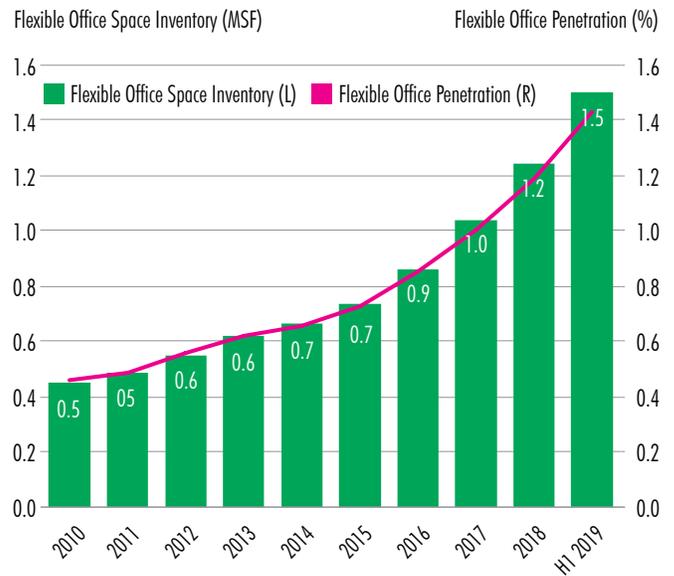
LARGEST FLEXIBLE OPERATOR TRANSACTIONS

Operator	Square Footage	Quarter	Submarket	Class
WeWork	71,000	Q1 2019	Greater Airport Area	Class A
HANA	55,000	Q1 2019	Greater Airport Area	Class A
WeWork	53,000	Q2 2019	Greater Airport Area	Class A
WeWork	52,000	Q2 2019	Greater Airport Area	Class A
Work Well Win	25,000	Q1 2019	Greater Airport Area	Class A
Total Top Five	256,000			
Total Sq. Ft. Transacted Y-o-Y	322,000			
Top Five as a % of Total	79.8%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$36.12	3.8%
Vacancy:	9.9%	-0.8%
Market Cycle Position:	Maturation (Increased new supply additions)	

HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	405,000	77.0%	27.0%	8	Greater Airport Area
Premier Business Centers	341,000	17.2%	22.7%	20	Greater Airport Area
Regus	286,000	5.5%	19.0%	18	Greater Airport Area
Spaces	89,000	0.0%	6.0%	2	Greater Airport Area
Techspace (Industrious)	76,000	0.0%	5.1%	2	South Orange County
Total Top Five	1,197,000		79.8%	50	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	405,000	77.0%	27.0%	8	Greater Airport Area
Premier Business Centers	341,000	17.2%	22.7%	20	Greater Airport Area
Regus	286,000	5.5%	19.0%	18	Greater Airport Area
HANA	55,000	New to Market	3.7%	1	Greater Airport Area
Work Well Win	25,000	New to Market	1.7%	1	Greater Airport Area

Source: CBRE Research, Q2 2019.

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HOUSTON

- Houston's high vacancy rates and significant sublease space availabilities make it an opportunistic location for flex operators to lease space.
- As the flexible office space industry begins to mature, flex providers will be looking to target enterprise clients where the option to adjust their footprint justifies the premium in price.
- While flex providers gain ground, executive suites remain the primary form of flexible office space in Houston.

Houston	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,437,000	186,000
# of Operators	20	+2
# of Locations	70	+7
Flexible Space as a % of Inventory	0.7%	0.1%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
West Loop/Galleria	20.9%	25.7%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

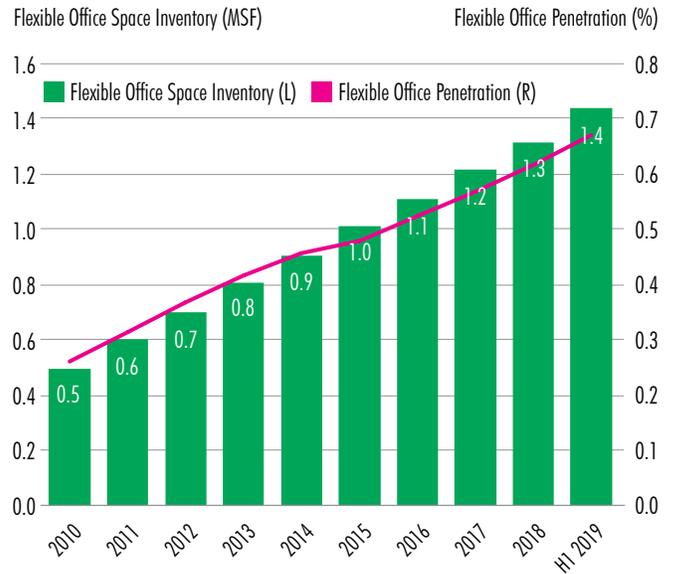
Operator	Square Footage	Quarter	Submarket	Class
WeWork	55,000	Q1 2019	Woodlands	Class A
FirmSpace	33,000	Q1 2019	West Loop/Galleria	Class A
WorkSuites	30,000	Q3 2018	Woodlands	Class B
Bond Collective	26,000	Q4 2018	CBD	Class A
Regus	18,000	Q3 2018	Energy Corridor	Class A
Total Top Five	162,000			
Total Sq. Ft. Transacted Y-o-Y	186,000			
Top Five as a % of Total	87.0%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$29.47	1.6%
Vacancy:	19.4%	1.0%
Market Cycle Position:	Stabilization (Vacancy increasing or decreasing slowly)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	707,000	3.9%	49.2%	43	West Loop/Galleria
WeWork	197,000	38.7%	13.7%	3	CBD
WorkSuites	65,000	230.3%	4.5%	3	Woodlands
Houston Technology Center (HTC)	50,000	0.0%	3.5%	1	CBD
The Work Lodge	48,000	0.0%	3.3%	2	Woodlands
Total Top Five	1,067,000		74.2%	52	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WorkSuites	65,000	230.3%	4.5%	3	Woodlands
WeWork	197,000	38.7%	13.7%	3	CBD
Regus	707,000	3.9%	49.2%	43	West Loop/Galleria
FirmSpace	33,000	New to Market	2.3%	1	West Loop/Galleria
Bond Collective	26,000	New to Market	1.8%	1	CBD

Source: CBRE Research, Q2 2019.

NORTHERN VIRGINIA

- Opening its first location in 2016, WeWork is the second largest operator with 219,000 sq. ft. of flexible office space.
- Since Amazon's search for HQ2 began, flexible space operators have increased their presence inside the beltway, specifically in the Rosslyn-Ballston corridor.
- Locations outside the beltway are concentrated in metro-centric, recently delivered buildings. There is a flexible space operator in the most recently delivered buildings in Reston, Tysons, Rosslyn and Ballston.

Northern Virginia	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,317,000	431,000
# of Operators	15	+3
# of Locations	51	+11
Flexible Space as a % of Inventory	0.8%	0.3%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Arlington North	16.1%	33.5%

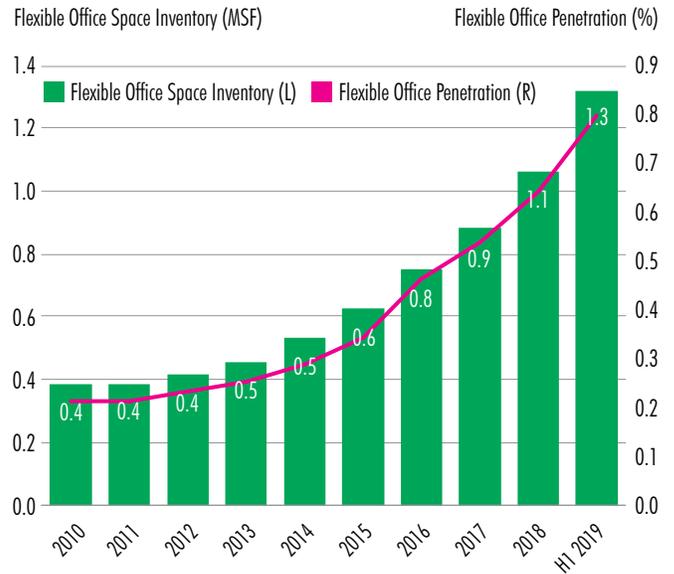
LARGEST FLEXIBLE OPERATOR TRANSACTIONS

Operator	Square Footage	Quarter	Submarket	Class
WeWork	83,000	Q4 2018	Arlington North	Class A
WeWork	70,000	Q2 2019	Ballston	Class A
Spaces	51,000	Q2 2019	Tysons Corner	Class A
Spaces	41,000	Q4 2018	Reston	Class A
Convvene	35,000	Q4 2018	Arlington North	Class A
Total Top Five	280,000			
Total Sq. Ft. Transacted Y-o-Y	431,000			
Top Five as a % of Total	65.1%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$34.46	1.8%
Vacancy:	19.3%	-1.4%
Market Cycle Position:	Expansion (Vacancy declining)	

HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	358,000	6.7%	27.2%	16	Herndon
WeWork	219,000	231.2%	16.7%	4	Arlington North
Spaces	146,000	171.2%	11.1%	3	Tysons Corner
Metro Offices	121,000	0.0%	9.2%	6	Herndon
Carr Workplaces	110,000	0.0%	8.3%	5	Reston
Total Top Five	954,000		72.5%	34	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	219,000	231.2%	16.7%	4	Arlington North
Spaces	146,000	171.2%	11.1%	3	Tysons Corner
Industrious	102,000	New to Market	7.8%	4	Tysons Corner
Convvene	35,000	New to Market	2.7%	1	Arlington North
ALX	25,000	New to Market	1.9%	1	Old Town

Source: CBRE Research, Q2 2019.

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AUSTIN

- Flexible office space in Austin continues to thrive due to the dominant presence of the tech industry coupled with a burgeoning entrepreneurial scene.
- While there have not been any confirmed instances yet, the appetite for enterprise deals in flexible office spaces has been increasing throughout Austin.
- As Class A, urban core space becomes tighter and tighter, more flex providers are expanding their presence to tertiary and suburban markets where space is more available.

Austin	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,233,000	366,000
# of Operators	28	+5
# of Locations	52	+9
Flexible Space as a % of Inventory	2.4%	0.6%

Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
CBD	49.2%	56.0%

LARGEST FLEXIBLE OPERATOR TRANSACTIONS

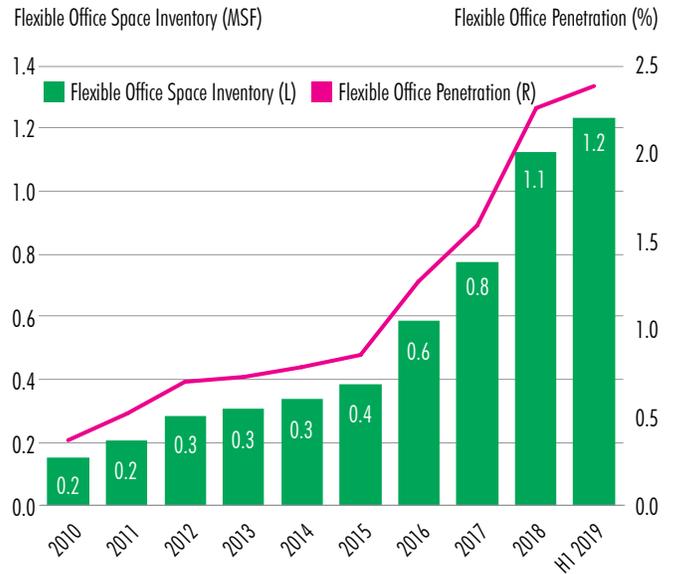
Operator	Square Footage	Quarter	Submarket	Class
WeWork	91,000	Q3 2018	Central	Class A
WeWork	65,000	Q1 2019	CBD	Class A
Spaces	53,000	Q4 2018	CBD	Class A
WeWork	46,000	Q4 2018	CBD	Class A
MedtoMarket Element	32,000	Q2 2019	South	Class B
Total Top Five	287,000			
Total Sq. Ft. Transacted Y-o-Y	398,000			
Top Five as a % of Total	72.2%			

OFFICE RENT & VACANCY TRENDS

	Q2 2019	Y-o-Y Change
(\$/SF Annual)	\$37.79	5.4%
Vacancy:	9.0%	-1.6%
Market Cycle Position:	Expansion (New supply additions underway or on the horizon)	

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HISTORY OF FLEXIBLE OFFICE GROWTH



TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	434,000	87.1%	35.2%	7	CBD
Regus	252,000	-8.2%	20.4%	15	Central
Capital Factory	59,000	0.0%	4.8%	1	CBD
Spaces	53,000	New to Market	4.3%	1	CBD
Work Well Win	50,000	0.0%	4.1%	1	East
Total Top Five	848,000		68.7%	25	

FASTEST GROWING FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Industrious	43,000	124.0%	3.5%	2	CBD
WeWork	434,000	87.1%	35.2%	7	CBD
Spaces	53,000	New to Market	4.3%	1	CBD
MedtoMarket Element	32,000	New to Market	2.6%	1	South
Bond Collective	27,000	New to Market	2.2%	1	East

Source: CBRE Research, Q2 2019.

SILICON VALLEY

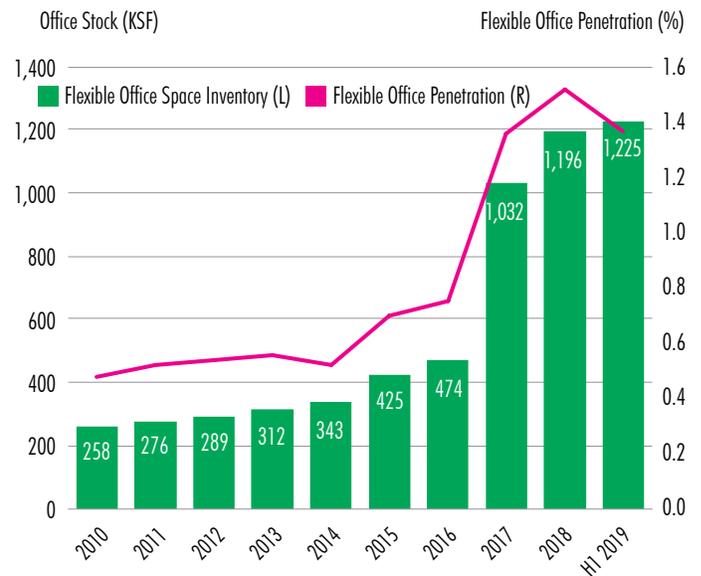
Silicon Valley	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,225,000	230,000
# of Operators	20	+1
# of Locations	35	+3
Flexible Space as a % of Inventory	1.4%	0.1%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Mountain View/Los Altos	38.5%	0.0%

Source: CBRE Research, Q2 2019.

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	727,000	38.2%	59.3%	4	Mountain View/Los Altos
Regus	174,000	0.0%	14.2%	11	San Jose - North
ZGC Innovation Center	74,000	0.0%	6.1%	1	Santa Clara
Pacific Workplaces	46,000	0.0%	3.8%	3	Cupertino
Novel Coworking	30,000	New to Market	2.4%	1	San Jose - North
Total Top Five	1,051,000		85.8%	20	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

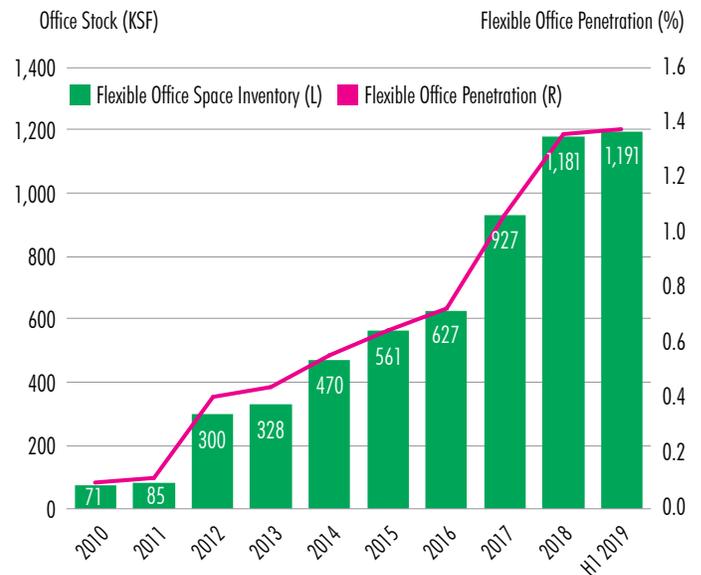
SAN DIEGO

San Diego	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,191,000	-19,000
# of Operators	25	+2
# of Locations	55	-1
Flexible Space as a % of Inventory	1.5%	0.0%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Central San Diego	41.5%	51.1%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	266,000	-1.8%	22.4%	16	Central San Diego
WeWork	141,000	0.0%	11.8%	2	Downtown
Jlabs	122,000	0.0%	10.2%	1	Central San Diego
Premier Workspaces	106,000	0.0%	8.9%	6	Central San Diego
Spaces	98,000	0.0%	8.2%	3	Downtown
Total Top Five	733,000		61.6%	28	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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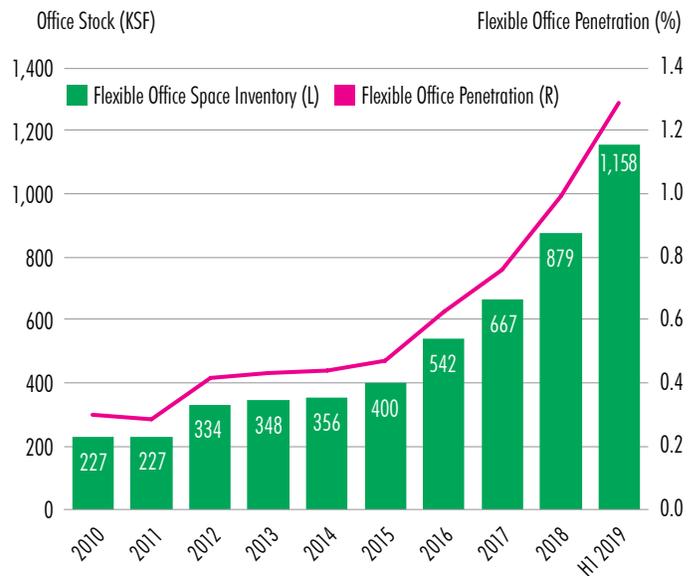
PHOENIX

Phoenix	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,158,000	426,000
# of Operators	19	+3
# of Locations	49	+9
Flexible Space as a % of Inventory	1.3%	0.5%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
CBD	20.7%	38.3%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	415,000	-6.5%	35.8%	23	Southeast Valley
WeWork	268,000	New to Market	23.1%	4	CBD
Novel Coworking	83,000	New to Market	7.2%	2	Downtown
Spaces	72,000	0.0%	6.2%	2	CBD
Industrious	52,000	159.5%	4.5%	2	Central/South Scottsdale
Total Top Five	890,000	76.8%	33		

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

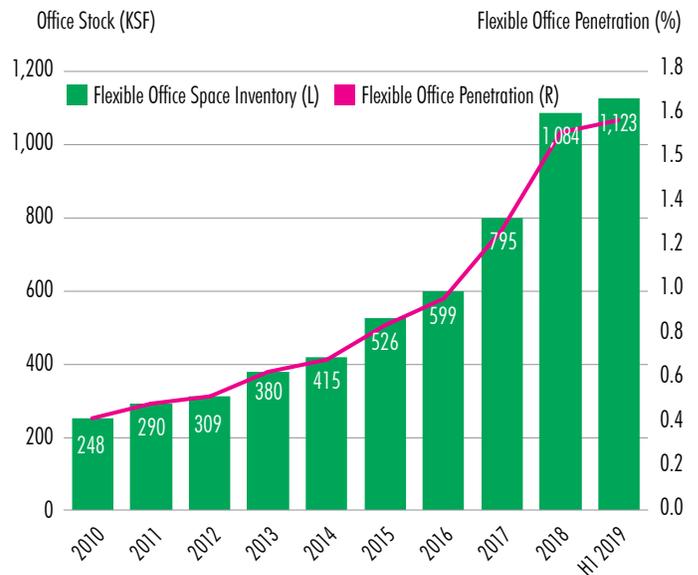
MINNEAPOLIS/ST. PAUL

Minneapolis/St. Paul	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,123,000	169,000
# of Operators	30	+1
# of Locations	59	+4
Flexible Space as a % of Inventory	1.6%	0.2%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Minneapolis CBD	31.0%	39.2%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	199,000	0.0%	17.7%	13	494 Corridor
WeWork	156,000	192.3%	13.9%	3	394 Corridor
Novel Coworking	117,000	49.1%	10.4%	2	Minneapolis CBD
OffCenters	96,000	0.0%	8.6%	6	494 Corridor
Fueled Collective	74,000	0.0%	6.6%	4	Minneapolis CBD
Total Top Five	642,000	57.2%	28		

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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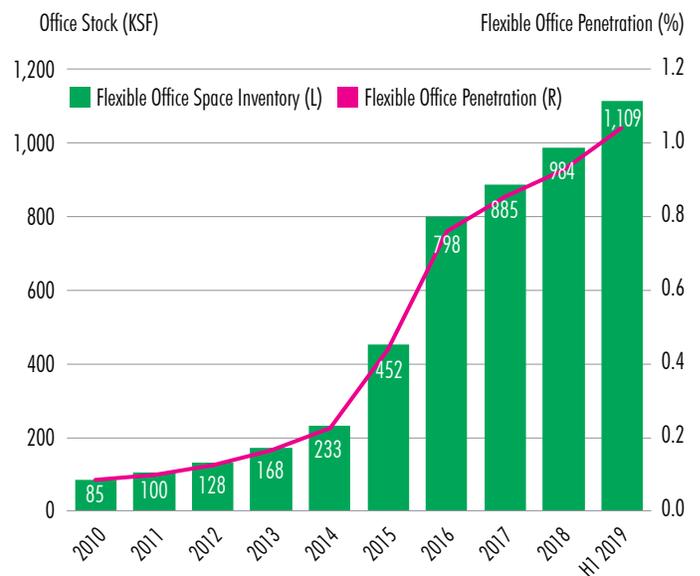
PHILADELPHIA

Philadelphia	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,109,000	308,000
# of Operators	22	+2
# of Locations	43	+7
Flexible Space as a % of Inventory	1.0%	0.3%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Market West	47.5%	33.2%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	193,000	35.6%	17.4%	5	Market West
Cambridge Innovation Center	127,000	New to Market	11.4%	1	University City
1776	119,000	7.2%	10.7%	6	University City
MakeOffices	114,000	0.0%	10.3%	3	Market West
Regus	104,000	0.0%	9.3%	5	Market West
Total Top Five	657,000		59.1%	20	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

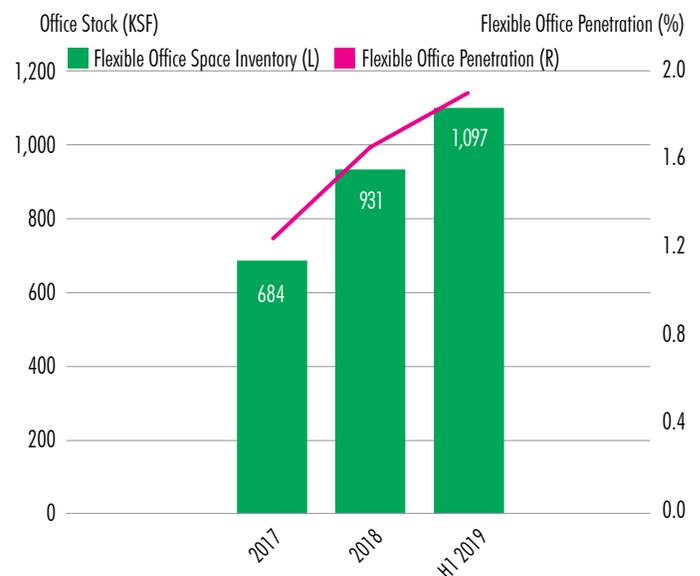
RALEIGH-DURHAM

Raleigh-Durham	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,097,000	366,000
# of Operators	18	+2
# of Locations	42	+8
Flexible Space as a % of Inventory	1.9%	0.6%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Central Durham	27.2%	50.2%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	224,000	13.6%	20.4%	11	RTP/I-40 Corridor
WeWork	217,000	New to Market	19.8%	3	Central Durham
Spaces	181,000	164.6%	16.5%	5	Central Durham
American Underground	109,000	0.0%	9.9%	4	Central Durham
HQ Raleigh	104,000	0.0%	9.4%	5	Downtown Raleigh
Total Top Five	835,000		76.1%	28	

HISTORY OF FLEXIBLE OFFICE GROWTH



Note: Flexible Office data for Raleigh-Durham was only available through 2017.

Source: CBRE Research, Q2 2019.

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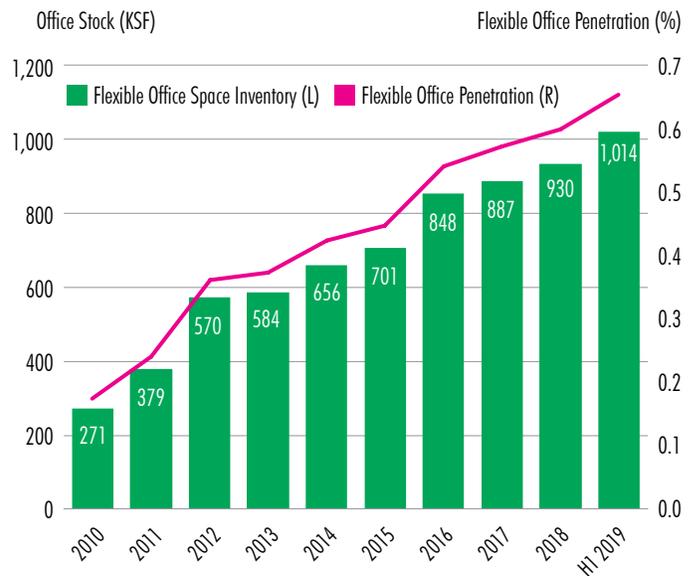
NEW JERSEY

New Jersey	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	1,014,000	23,000
# of Operators	23	+1
# of Locations	63	+4
Flexible Space as a % of Inventory	0.7%	0.0%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Waterfront	14.1%	6.9%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	476,000	-3.9%	46.9%	27	Princeton
HQ Global Workplaces, Inc.	185,000	0.0%	18.3%	10	Waterfront
Symphony Suites	50,000	0.0%	4.9%	1	Morristown
Office NJ	28,000	96.4%	2.7%	2	Route 287/78
Primework	27,000	New to Market	2.6%	1	Rt 287/Pisc/Brunsw
Total Top Five	766,000		75.5%	41	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

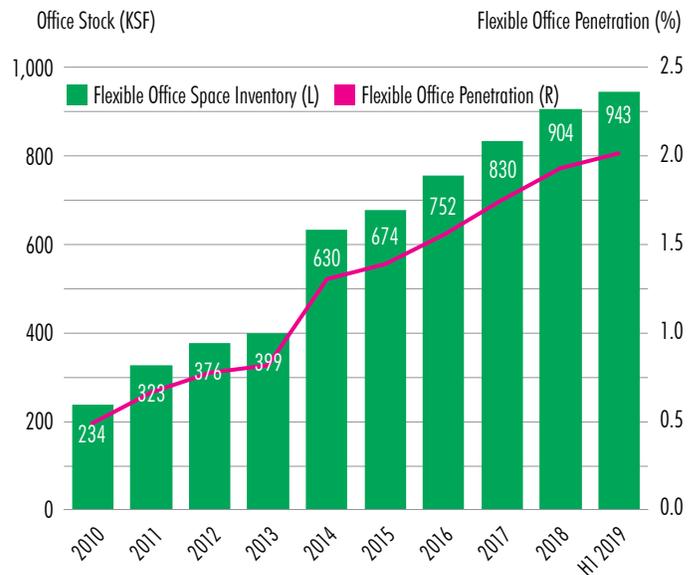
ST. LOUIS

St. Louis	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	943,000	37,000
# of Operators	29	+2
# of Locations	45	+2
Flexible Space as a % of Inventory	2.0%	0.1%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	38.0%	65.8%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
STL VentureWorks	154,000	0.0%	16.3%	5	St. Charles
CIC	128,000	0.0%	13.5%	3	Downtown
Regus	104,000	0.0%	11.0%	7	West County
Brick City Makes	89,000	0.0%	9.4%	1	CBD
T-REX	76,000	0.0%	8.1%	1	CBD
Total Top Five	551,000		58.4%	17	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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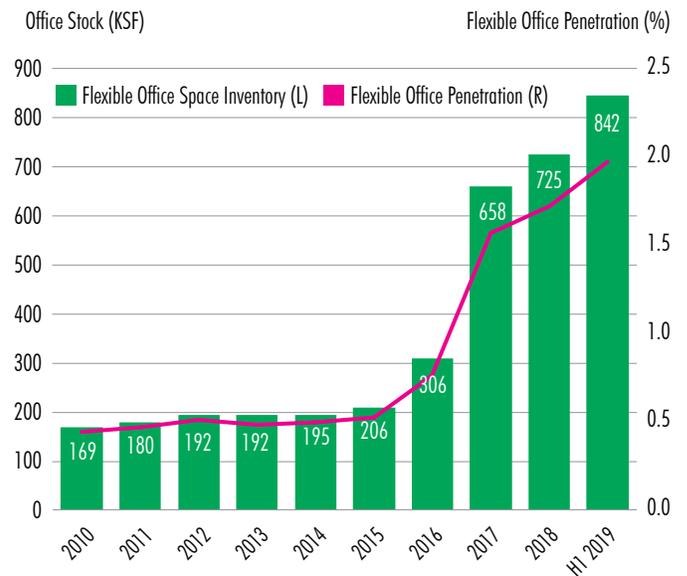
CHARLOTTE

Charlotte	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	842,000	222,000
# of Operators	15	+4
# of Locations	31	+8
Flexible Space as a % of Inventory	2.0%	0.5%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
CBD	56.2%	14.2%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	329,000	34.7%	39.0%	5	CBD
Regus	158,000	0.0%	18.8%	9	CBD
Packard Place	89,000	0.0%	10.6%	1	CBD
Spaces	59,000	New to Market	7.0%	2	CBD
Industrious	41,000	93.2%	4.9%	2	CBD
Total Top Five	676,000		80.3%	19	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

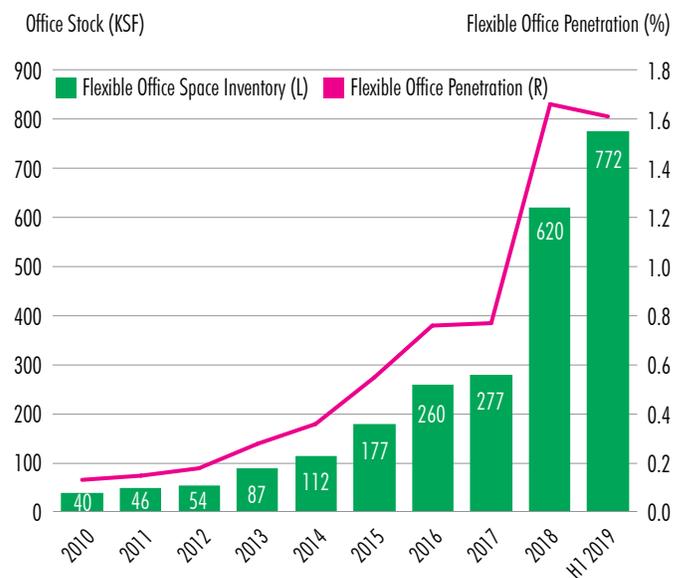
SALT LAKE CITY

Salt Lake City	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	772,000	350,000
# of Operators	14	+3
# of Locations	35	+8
Flexible Space as a % of Inventory	1.6%	0.5%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Utah County North	34.5%	48.1%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	251,000	New to Market	32.5%	5	Utah County North
Regus	126,000	0.0%	16.4%	9	Sandy/South Towne
Vivo Office	90,000	0.0%	11.7%	4	Utah County North
Kiln	57,000	0.0%	7.4%	2	Utah County North
Spaces	47,000	New to Market	6.1%	1	Utah County North
Total Top Five	571,000		74.1%	21	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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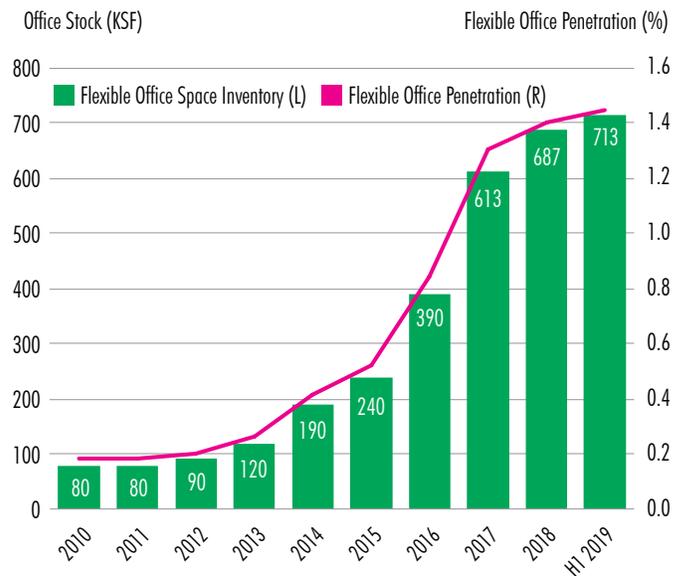
PORTLAND

Portland	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	713,000	40,000
# of Operators	13	+3
# of Locations	38	+3
Flexible Space as a % of Inventory	1.4%	0.1%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
CBD	30.8%	0.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	259,000	0.0%	36.3%	18	CBD
WeWork	172,000	0.0%	24.1%	3	CBD
Centrl Office	92,000	0.0%	13.0%	4	Lake Oswego
Spaces	66,000	108.6%	9.3%	2	Northwest
Industrious	28,000	-50.0%	4.0%	1	CBD
Total Top Five	617,000	86.6%	28		

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

NASHVILLE

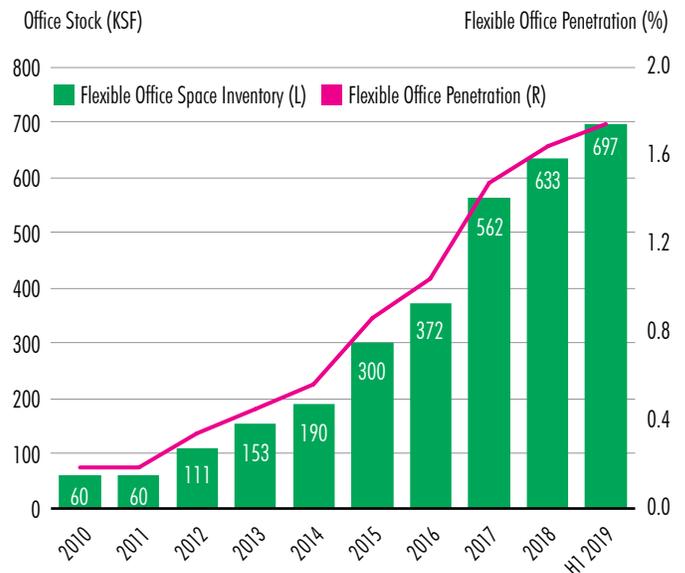
Nashville	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	697,000	117,000
# of Operators	23	+1
# of Locations	34	+4
Flexible Space as a % of Inventory	1.7%	0.2%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	56.9%	27.5%

Source: CBRE Research, Q2 2019.

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	139,000	0.0%	20.0%	7	West End/Belle Meade
WeWork	136,000	30.1%	19.6%	3	Downtown
Novel Coworking	87,000	0.0%	12.5%	1	Downtown
Industrious	71,000	82.1%	10.2%	3	Downtown
Spaces	69,000	162.6%	10.0%	2	Cool Springs
Total Top Five	502,000	72.3%	16		

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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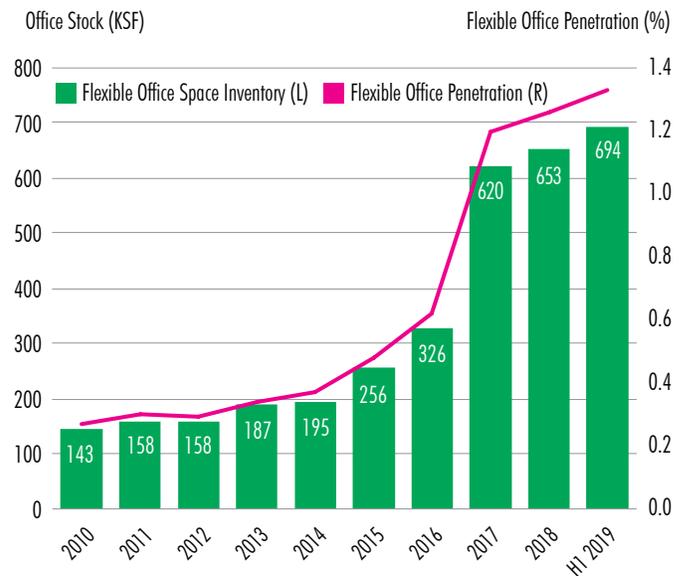
KANSAS CITY

Kansas City	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	694,000	41,000
# of Operators	15	0
# of Locations	29	+1
Flexible Space as a % of Inventory	1.3%	0.1%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	26.7%	0.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Plexpod	215,000	0.0%	31.0%	4	Midtown
Regus	143,000	0.0%	20.7%	10	South Johnson County
iWerx	65,000	97.0%	9.4%	2	North Kansas City
WeWork	45,000	0.0%	6.4%	1	Downtown
Edison Spaces	44,000	0.0%	6.3%	2	South Johnson County
Total Top Five	512,000		73.8%	19	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

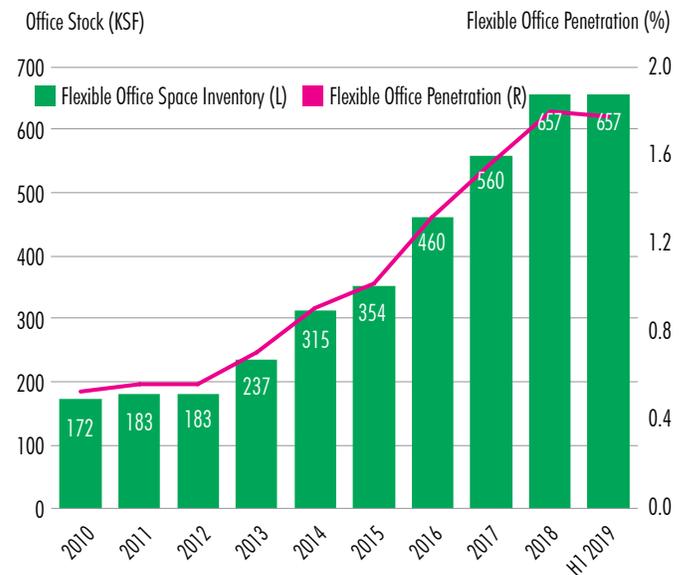
COLUMBUS

Columbus	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	657,000	0
# of Operators	25	0
# of Locations	36	0
Flexible Space as a % of Inventory	1.8%	0.0%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	36.6%	0.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	97,000	0.0%	14.8%	5	Easton
Rev1 Ventures	64,000	0.0%	9.7%	1	Upper Arlington
Columbus Idea Foundry	61,000	0.0%	9.2%	1	Downtown
The Point at Otterbein University	60,000	0.0%	9.1%	1	Westerville
Versa	47,000	0.0%	7.1%	2	Grandview
Total Top Five	329,000		50.0%	10	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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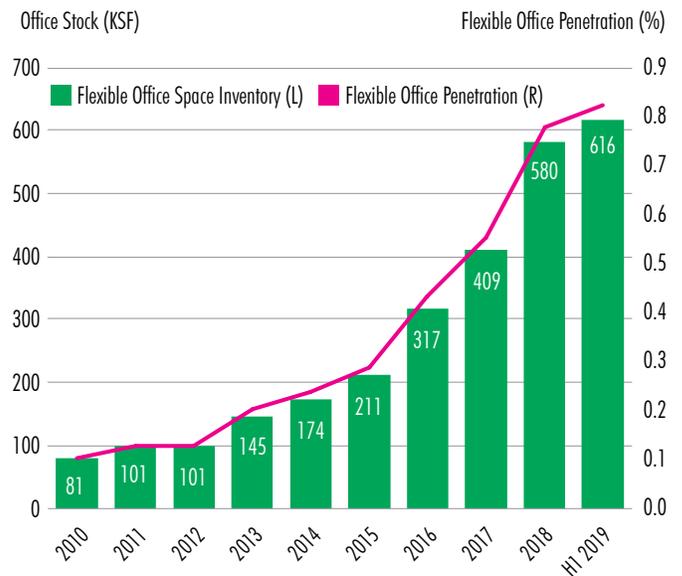
PITTSBURGH

Pittsburgh	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	616,000	121,000
# of Operators	17	0
# of Locations	36	+5
Flexible Space as a % of Inventory	0.8%	0.2%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
CBD	34.4%	66.1%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	118,000	0.0%	19.1%	7	CBD
Beauty Shoppe	112,000	18.6%	18.1%	7	Oakland/East End
Spaces	75,000	99.5%	12.2%	2	Oakland/East End
Industrious	62,000	156.7%	10.0%	2	CBD
Alloy26	50,000	0.0%	8.1%	1	Downtown Fringe
Total Top Five	417,000	67.5%		19	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

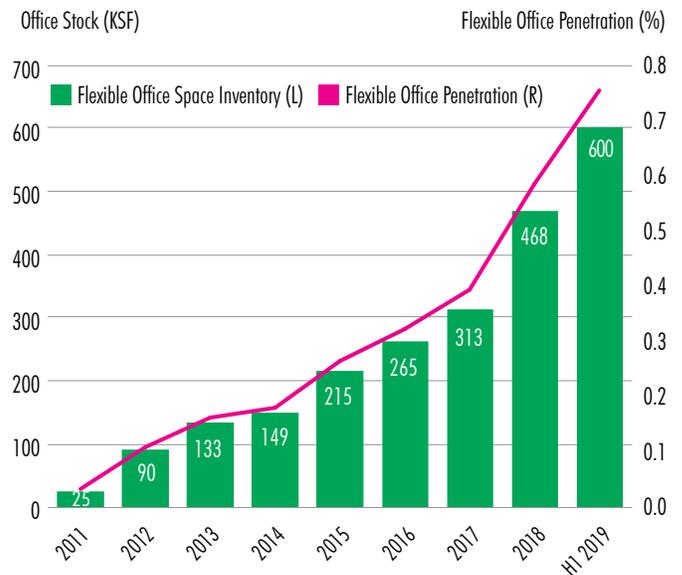
SUBURBAN MARYLAND

Suburban Maryland	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	600,000	169,000
# of Operators	13	0
# of Locations	33	+8
Flexible Space as a % of Inventory	0.8%	0.2%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Bethesda/Chevy Chase	41.0%	48.1%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	157,000	0.0%	26.2%	10	North Bethesda
Launch Workplaces	126,000	153.8%	20.9%	7	Rockville
WeWork	80,000	300.3%	13.4%	2	Bethesda/Chevy Chase
Perfect Office Solutions	49,000	199.7%	8.1%	4	Lanham/Landover
Carr Workplaces	48,000	0.0%	8.1%	2	Bethesda/Chevy Chase
Total Top Five	460,000	76.7%		25	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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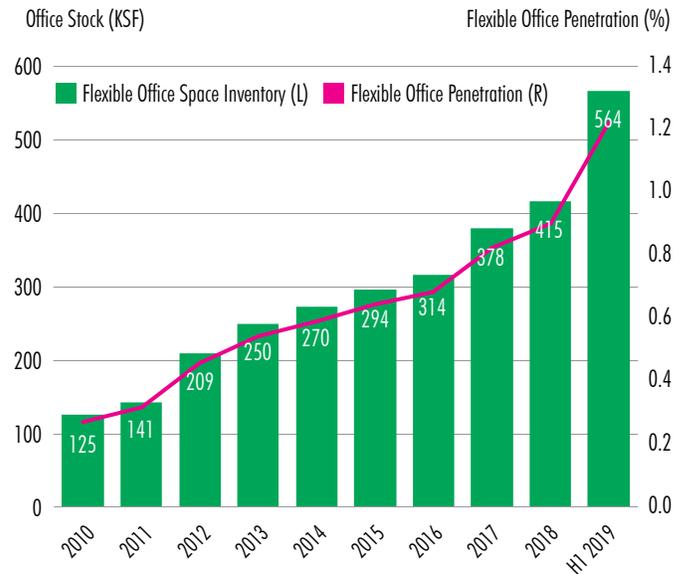
TAMPA

Tampa	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	564,000	205,000
# of Operators	19	+6
# of Locations	35	+8
Flexible Space as a % of Inventory	1.2%	0.4%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown Tampa	40.2%	61.5%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	190,000	0.0%	33.8%	13	Westshore
WeWork	100,000	New to Market	17.7%	2	Downtown Tampa
Industrious	40,000	0.0%	7.1%	1	Downtown Tampa
Station House	36,000	523.7%	6.3%	2	Southwest Tampa
Signature Workspace	30,000	0.0%	5.3%	3	Northwest Tampa
Total Top Five	396,000		70.2%	21	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

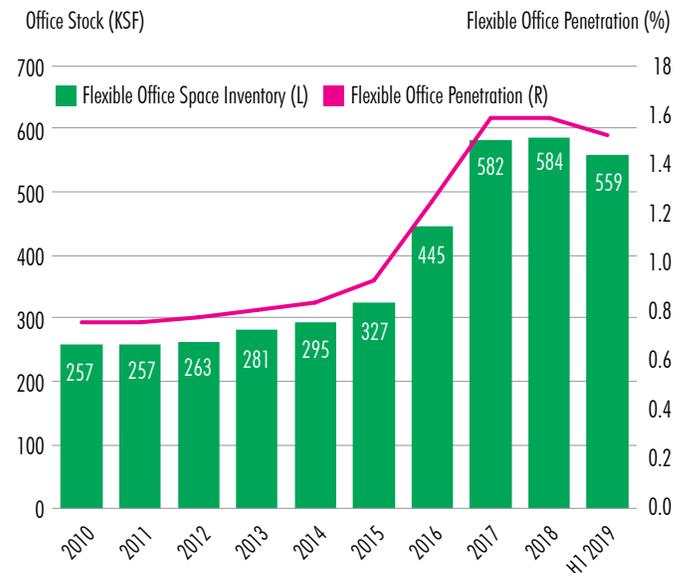
INDIANAPOLIS

Indianapolis	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	559,000	-25,000
# of Operators	20	-1
# of Locations	32	-1
Flexible Space as a % of Inventory	1.5%	-0.1%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	23.2%	0.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Yeager Office Suites	179,000	0.0%	32.1%	7	Greenwood
Regus	135,000	0.0%	24.1%	7	Keystone Crossing
Launch Fishers	52,000	0.0%	9.3%	1	Fishers/Geist
Refinery46	32,000	0.0%	5.7%	1	Midtown
Ruckus	23,000	0.0%	4.1%	1	Downtown
Total Top Five	421,000		75.3%	17	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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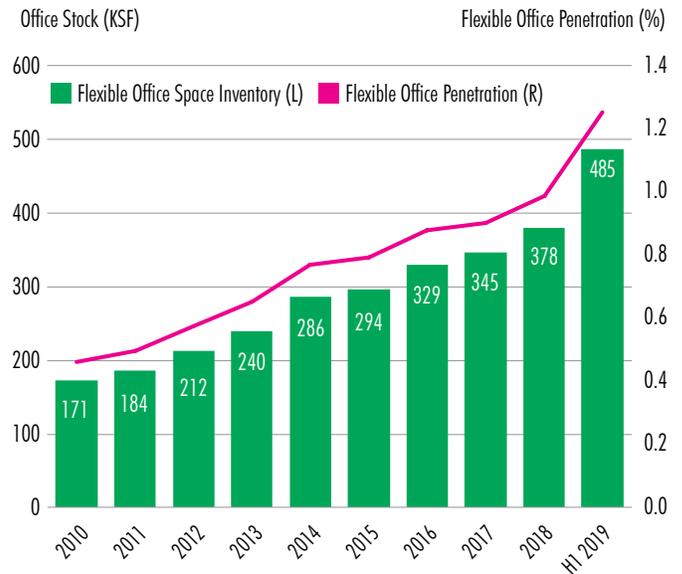
ORLANDO

Orlando	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	485,000	180,000
# of Operators	15	+5
# of Locations	27	+6
Flexible Space as a % of Inventory	1.2%	0.5%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown/CBD	56.5%	81.3%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	163,000	6.5%	33.6%	10	South Orlando
WeWork	70,000	New to Market	14.4%	1	Downtown/CBD
YourOffice	30,000	0.0%	6.2%	2	Downtown/CBD
E Spaces	29,000	New to Market	6.0%	1	Downtown/CBD
Execu-suites	28,000	0.0%	5.8%	2	Downtown/CBD
Total Top Five	320,000		66.0%	16	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

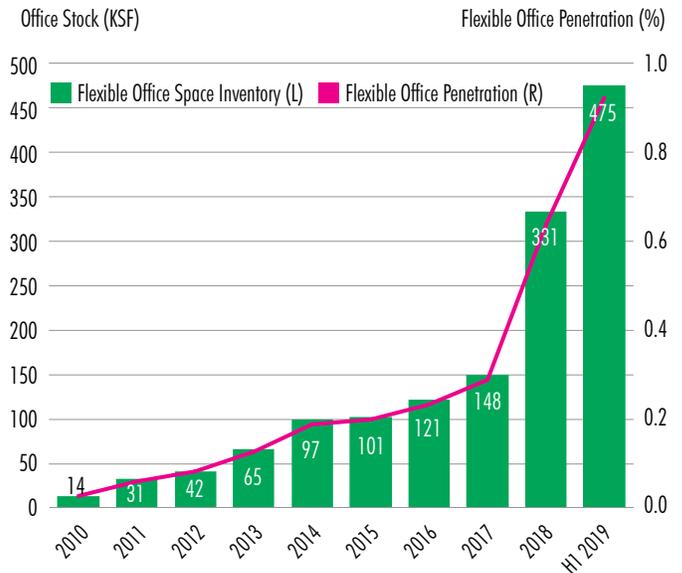
SACRAMENTO

Sacramento	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	475,000	189,000
# of Operators	9	+2
# of Locations	21	+4
Flexible Space as a % of Inventory	0.9%	0.4%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Downtown	44.6%	76.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	161,000	6.9%	34.0%	9	Roseville/Rocklin
WeWork	143,000	New to Market	30.2%	2	Downtown
Pacific Workplaces	58,000	0.0%	12.3%	3	Highway 50 Corridor
Spaces	35,000	New to Market	7.3%	1	Midtown
The Urban Hive	25,000	0.0%	5.4%	2	East Sacramento
Total Top Five	422,000		89.1%	17	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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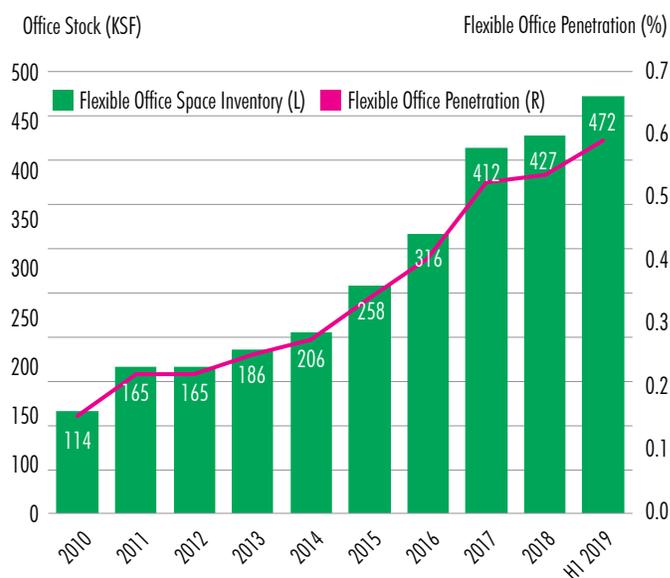
DETROIT

Detroit	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	472,000	2,000
# of Operators	16	0
# of Locations	28	0
Flexible Space as a % of Inventory	0.6%	0.0%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Detroit Downtown	44.2%	0.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	147,000	0.0%	31.2%	8	Troy
WeWork	87,000	0.0%	18.5%	2	Detroit Downtown
Americenter	83,000	0.0%	17.5%	5	Farmington Hills/West Bloomfield
Bamboo Detroit	20,000	0.0%	4.2%	1	Detroit Downtown
Junction 440	20,000	0.0%	4.2%	1	Detroit Downtown
Total Top Five	357,000		75.6%	17	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

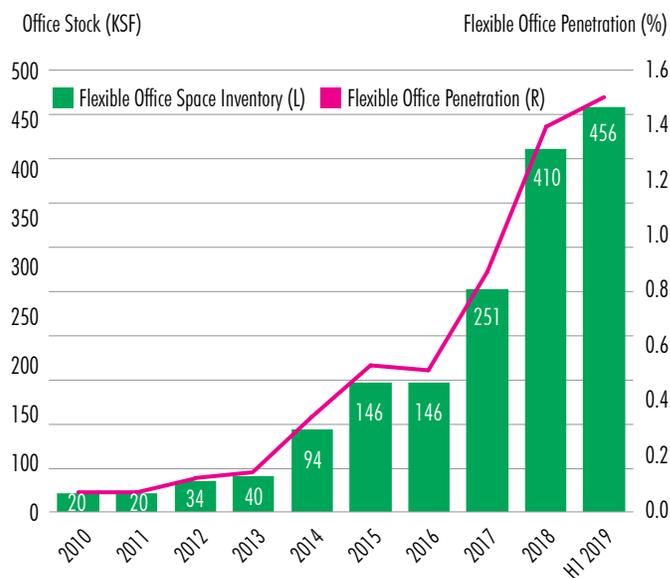
OAKLAND

Oakland	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	456,000	178,000
# of Operators	6	0
# of Locations	16	+4
Flexible Space as a % of Inventory	1.5%	0.6%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Oakland CBD	56.3%	38.2%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	263,000	101.4%	57.7%	5	Oakland CBD
Spaces	99,000	85.5%	21.7%	5	Oakland JLS
The Port Workspaces	43,000	0.0%	9.4%	2	Oakland CBD
Pacific Workplaces	25,000	0.0%	5.4%	2	Oakland CBD
Impact Hub	20,000	0.0%	4.5%	1	Oakland CBD
Total Top Five	450,000		98.7%	15	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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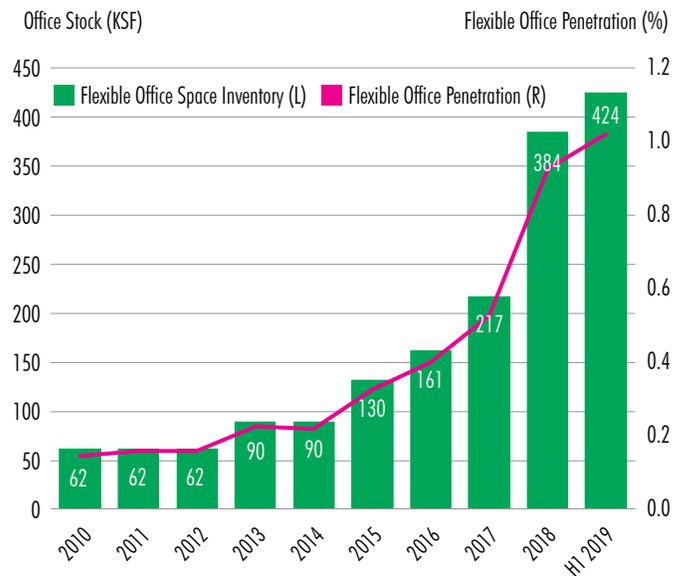
SAN FRANCISCO PENINSULA

San Francisco Peninsula	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	424,000	146,000
# of Operators	10	+2
# of Locations	19	+3
Flexible Space as a % of Inventory	1.0%	0.3%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
San Mateo	45.1%	65.7%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	136,000	New to Market	32.0%	2	San Mateo
Regus	112,000	0.0%	26.4%	7	Palo Alto/East Palo Alto
Spaces	59,000	0.0%	14.0%	2	Menlo Park
NestGSV	49,000	0.0%	11.5%	1	San Mateo
Pacific Workspaces	17,000	0.0%	4.1%	1	Palo Alto/East Palo Alto
Total Top Five	373,000		88.1%	13	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

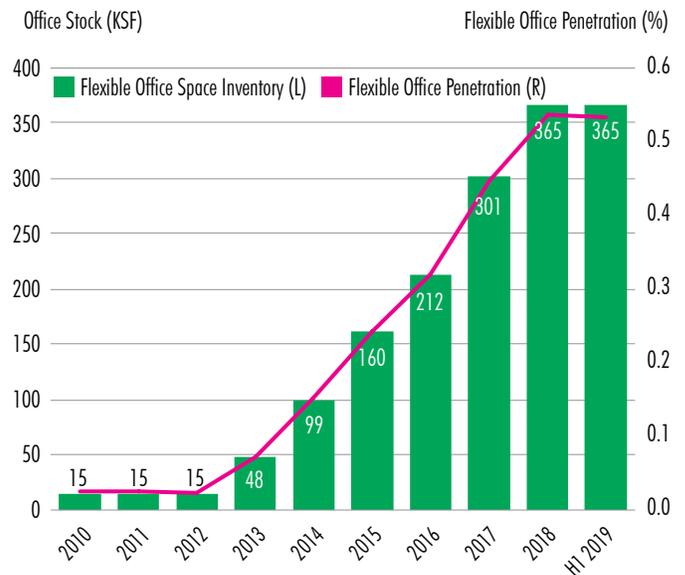
BALTIMORE

Baltimore	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	365,000	69,000
# of Operators	15	+1
# of Locations	22	+1
Flexible Space as a % of Inventory	0.5%	0.1%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
Baltimore City East	32.8%	100.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
WeWork	69,000	New to Market	19.0%	1	Baltimore City East
Regus	69,000	0.0%	18.9%	7	Columbia
Spaces	62,000	0.0%	17.0%	2	Baltimore City West
Open Works	34,000	0.0%	9.3%	1	Midtown/Mt. Vernon
Brewers Hill Hub	18,000	0.0%	4.9%	1	Baltimore City East
Total Top Five	252,000		69.1%	12	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

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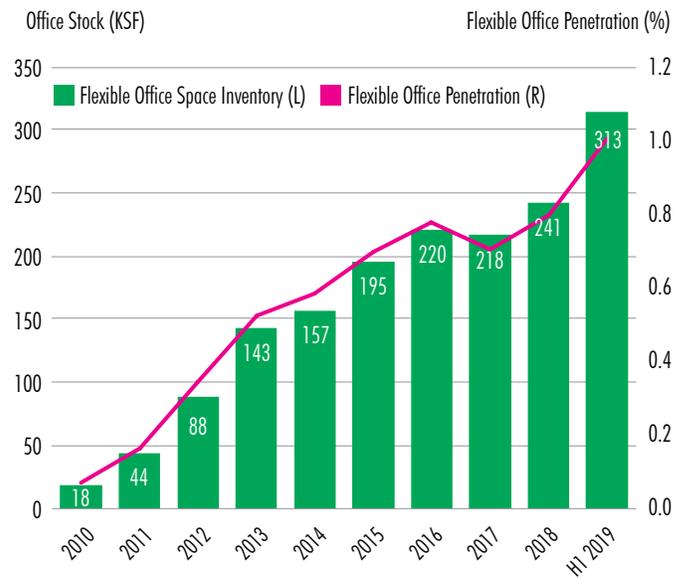
SAN ANTONIO

San Antonio	Q2 2019	Y-o-Y Growth
Flexible Office Sq. Ft.	313,000	95,000
# of Operators	8	+1
# of Locations	18	+2
Flexible Space as a % of Inventory	1.0%	0.3%
Most Dominant Submarket	% of Flex Office Inventory	% of Total Y-o-Y Transactions
CBD	41.7%	100.0%

TOP FLEXIBLE SPACE OPERATORS

Operator	Square Footage	Y-o-Y Growth	% of Market	# of Locations	Dominant Submarket
Regus	123,000	0.0%	39.3%	9	Far North Central
WeWork	72,000	New to Market	22.9%	1	CBD
Geekdom	32,000	0.0%	10.1%	1	CBD
LiftOff	24,000	0.0%	7.6%	2	Northwest
Venture X	22,000	0.0%	7.1%	1	Far North Central
Total Top Five	273,000		87.0%	14	

HISTORY OF FLEXIBLE OFFICE GROWTH



Source: CBRE Research, Q2 2019.

CONTACTS

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