



*Achieve  
Ambitions*

# *Flex Space*

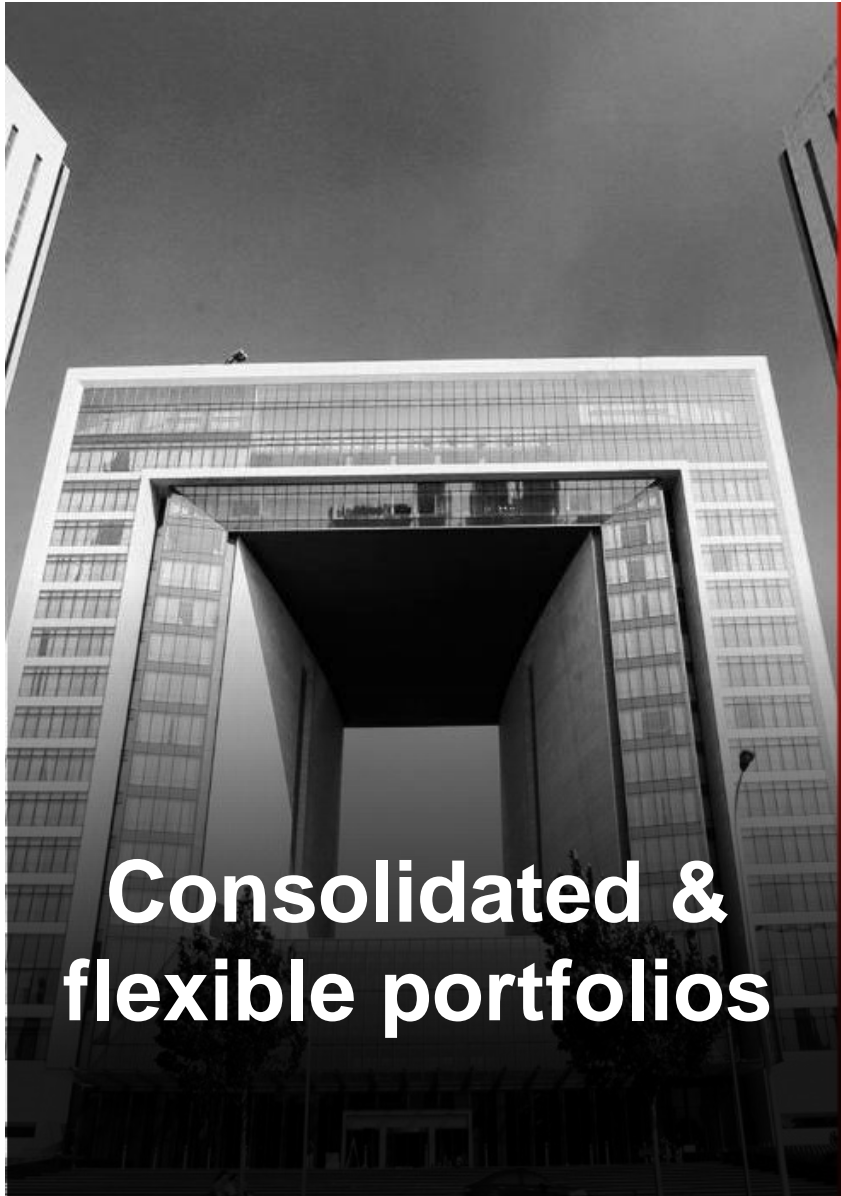
*Behind the Hype*

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JLL Ireland

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# Tech and Real Estate | They Now Collide



**Consolidated & flexible portfolios**



**New types of space**



**Tech enabled workplaces**



**Traditional**



*Flex Space*

# Flex Space | What is it?



It's far more than...

*Sofas and  
free beer*

It goes beyond...



So how do  
we define  
flex space?

It's not simply...



*Coworking*

More to it than...



“

*Any space (desks or more comprehensive office space) provided on short-term leases, at variable prices or alternatively on a membership basis*

”

# Traditional to Innovative | Drivers of Flexible Space Use



*The Flex Space  
phenomenon raises  
three questions...*

1.

Is the Flex Space (r)evolution for real?

2.

How disruptive can Flex Space be?

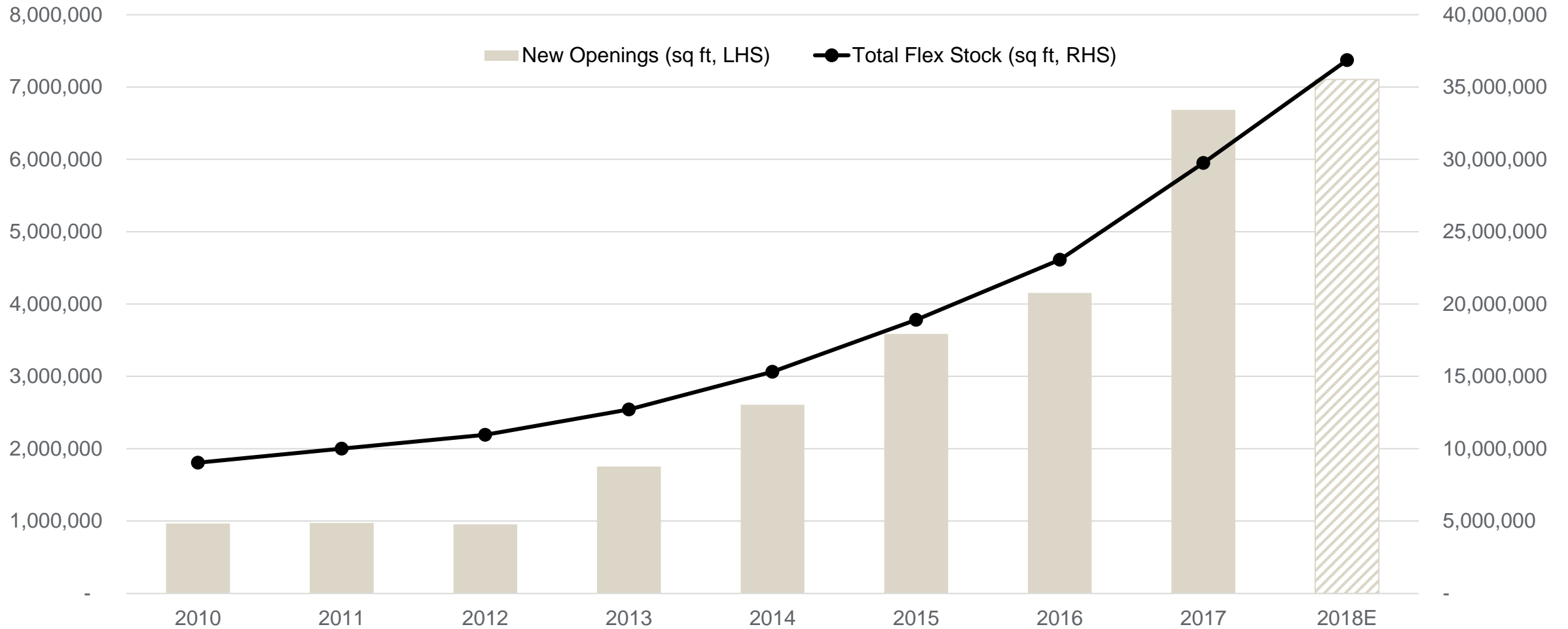
3.

How does Flex Space impact office  
investment decisions?

1.

Is the Flex Space  
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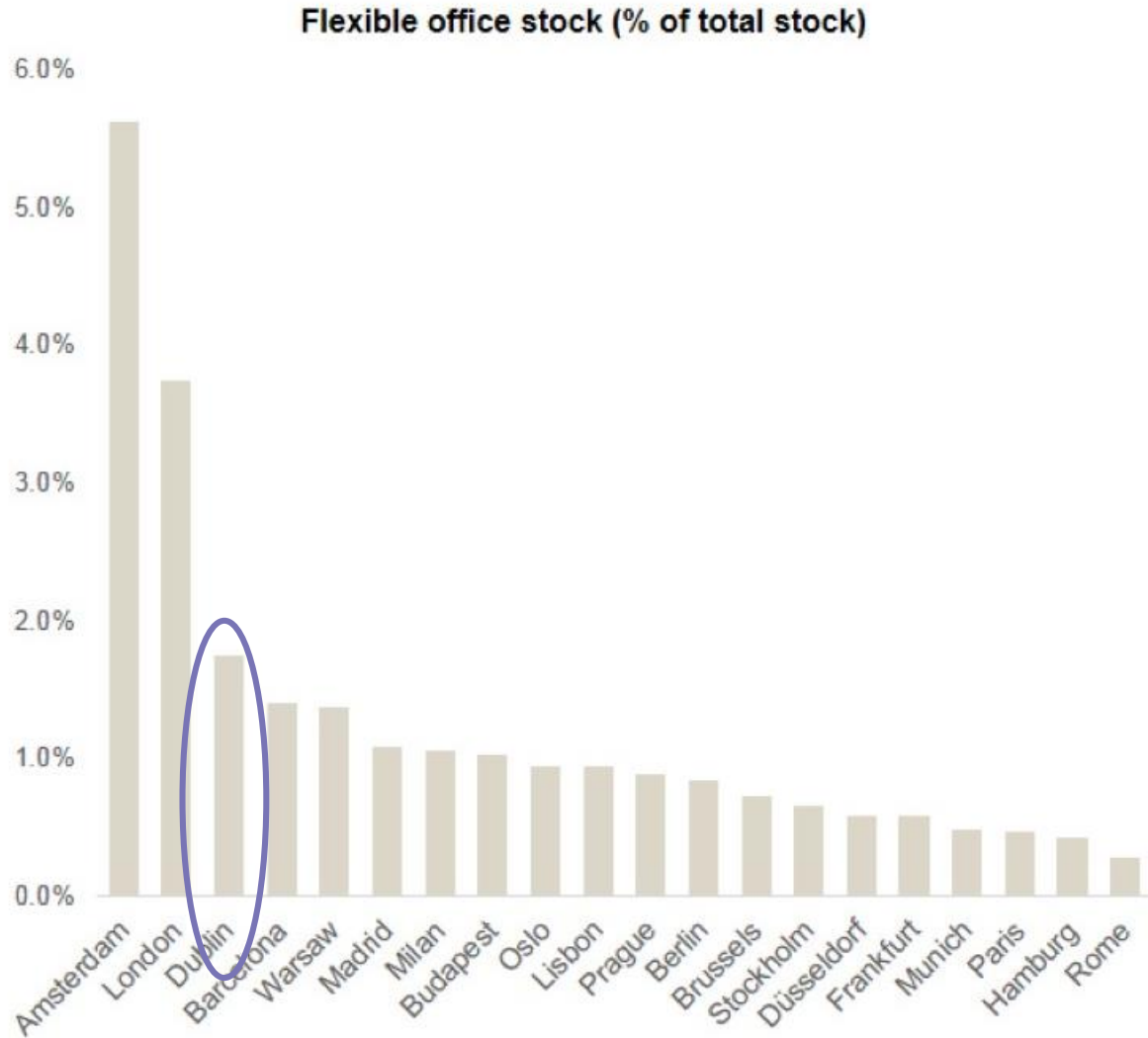
# Is Flex Space for real? | Strong growth in Europe since 2015



\*Top 20 European markets. 2018E Preliminary numbers



# Is Flex Space for real? | Major European Cities Leading Way



## Europe - Flex market maturity



2.

*How disruptive can  
Flex Space be?*

1.

Is Flex Space a new business model?

2.

Is Flex Space enlarging the overall market  
or replacing current supply?

# Business Model Flex Space models and brands are evolving



## Business centre



## Co-working



## Hybrid



## Landlord initiatives



Regus

i2 Office

SERVCORP

BURO Club

HUCKLETREE

Co.Work



cloud COWORKING

wework

SPACES.

TOG THE OFFICE GROUP

MINDSPACE

Secondesk

L39

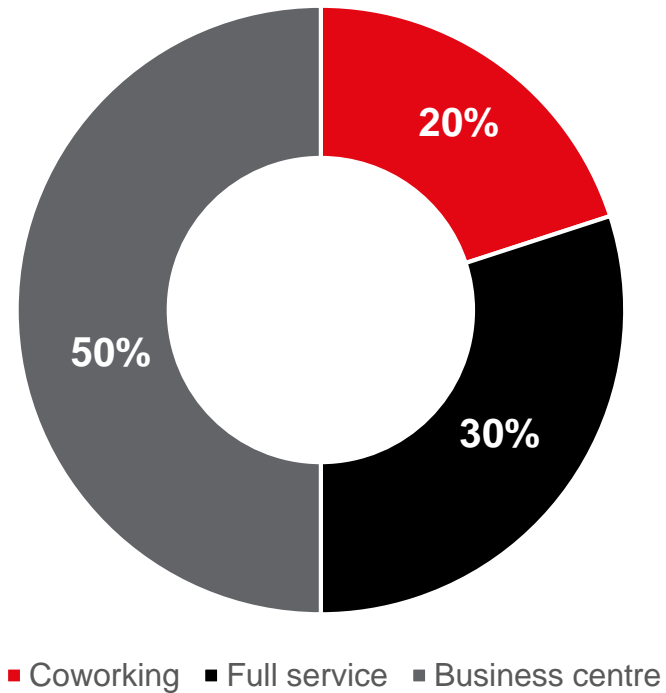
STOREY

BEEHIVE

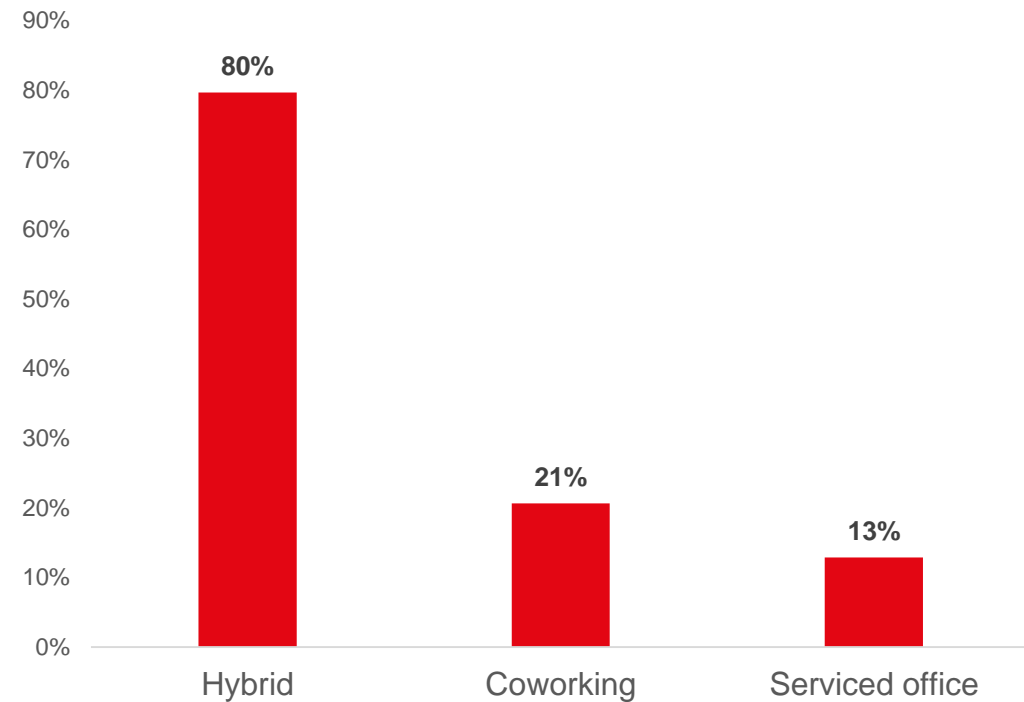
# Business Model | Full Service Brands Driving Flex Space



*Total Flex Space Supply*





*Flex Space Growth 2017*



# Business Model | Dublin is a Growing Market



 **1.6 million** sq. ft. of flexible space across **114 locations** in Dublin

 **133%** growth rate in market from 2012 to 2018

 **5%** of total city centre stock

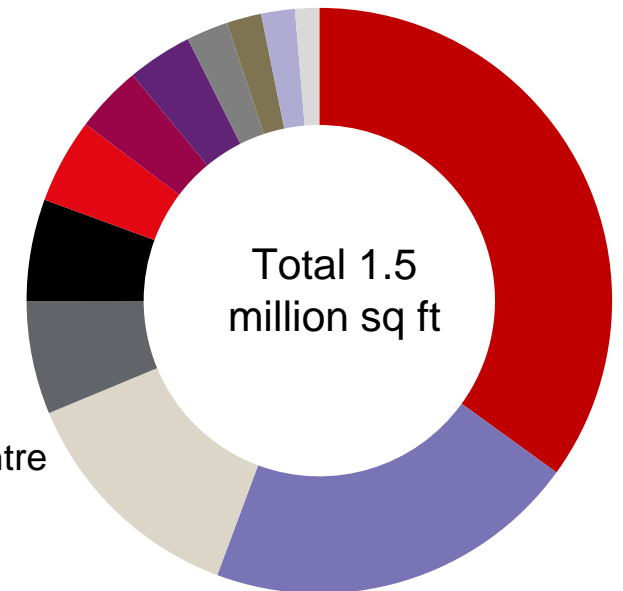
Dublin's top two flex space operators



represent 51% of the overall market

Dublin Flex Space Providers

- WeWork
- Iconic
- Regus
- The Digital Hub
- Glandore
- DOC
- Pembroke Hall
- Dogpatch Labs
- Huckletree
- International Corporate Centre
- No 51
- Us & Co.



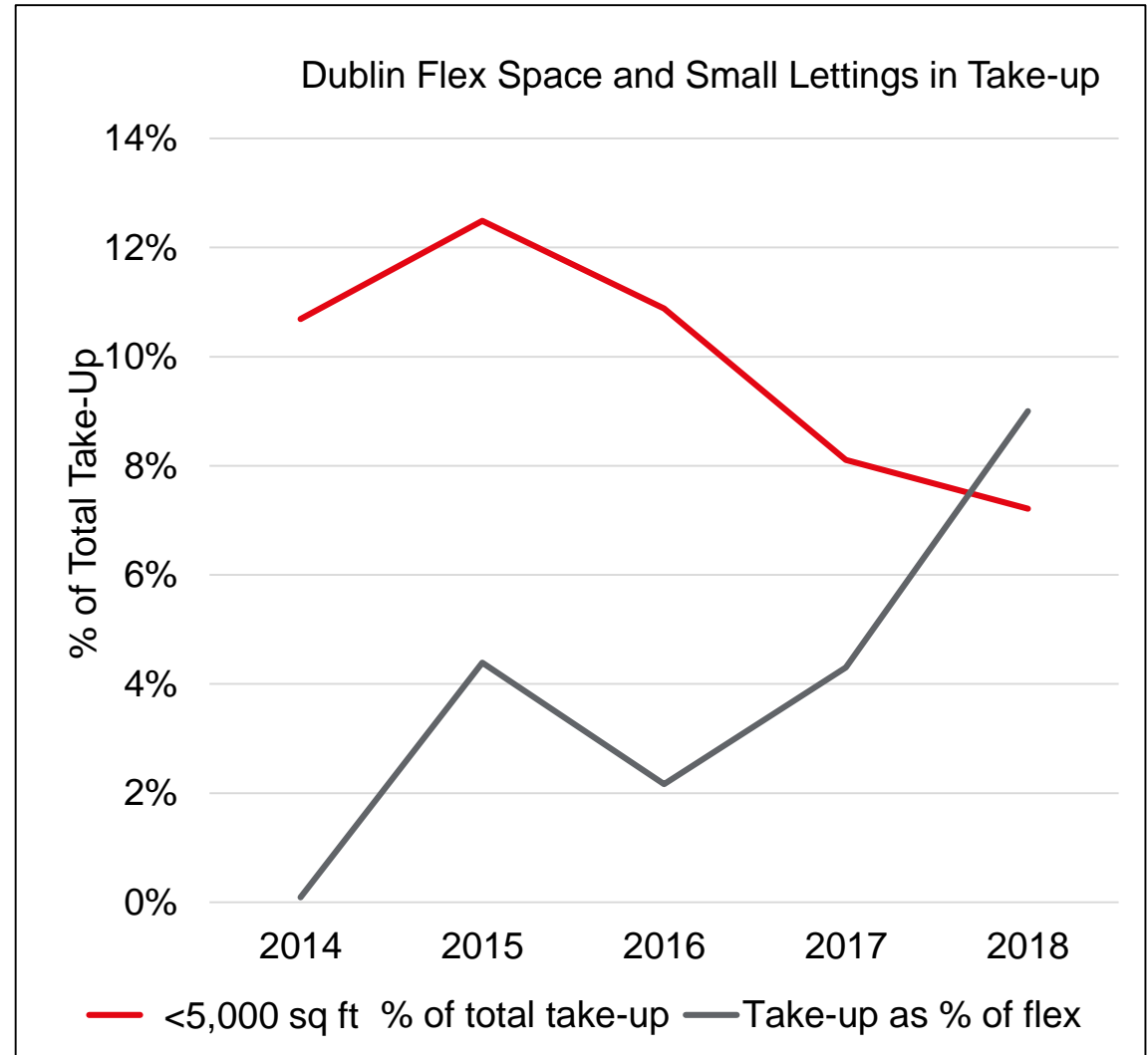
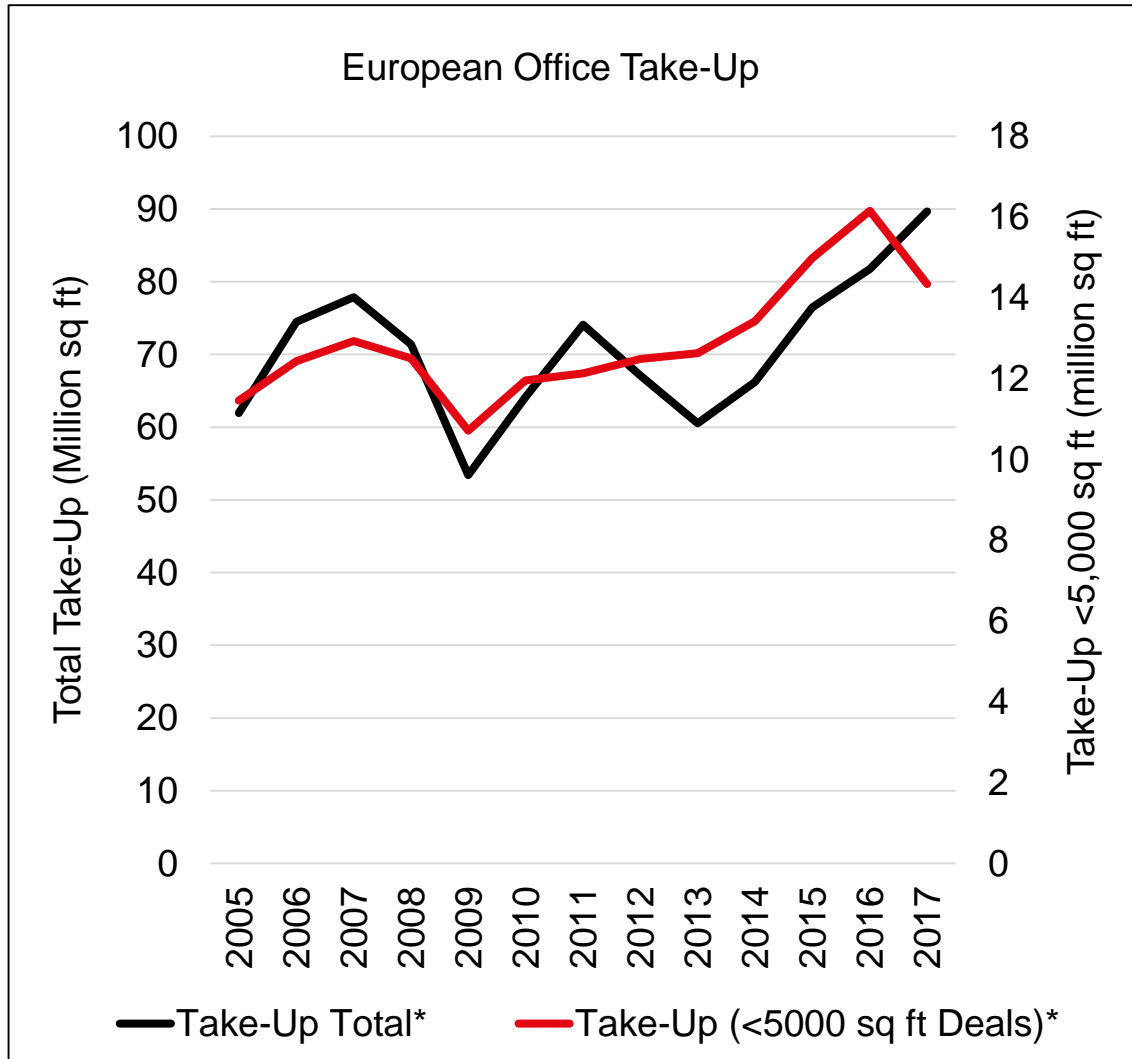
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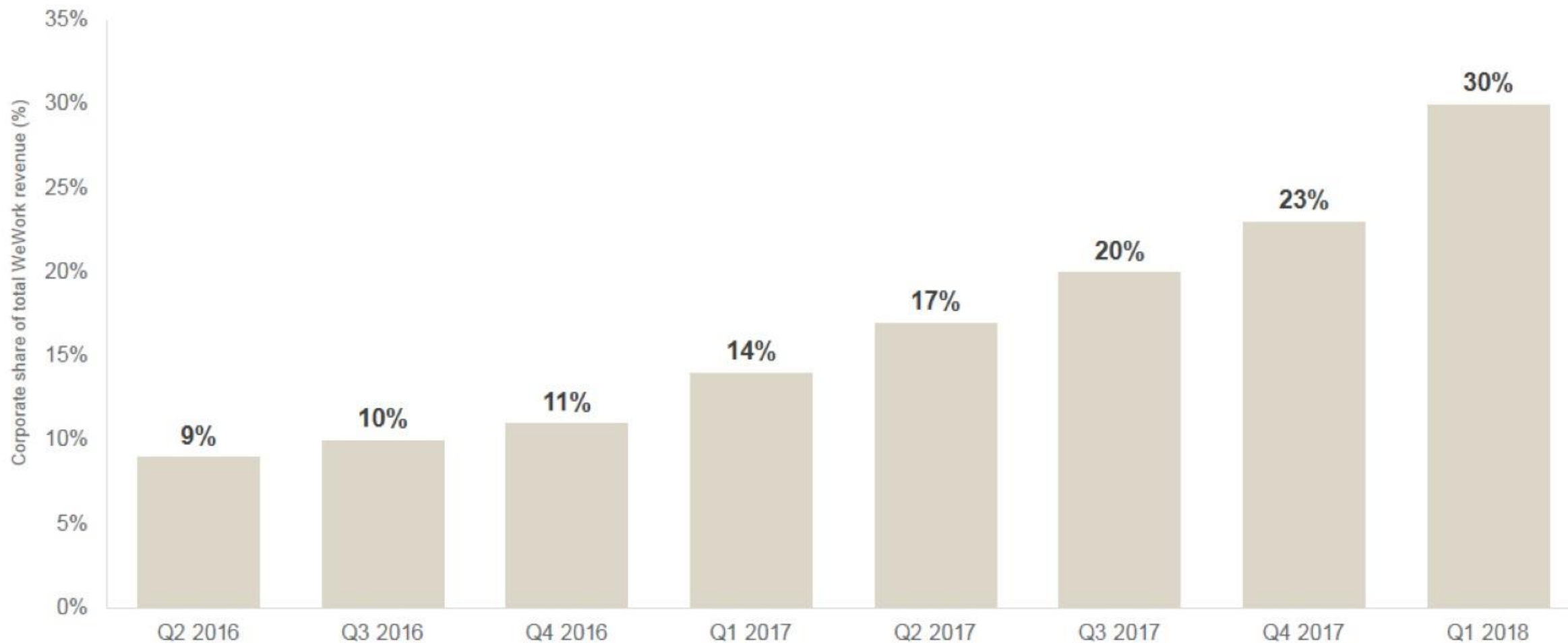
# Enlargement? | Small leasing Deals Decline



\*Berlin, Budapest, Cologne, Dublin, Dusseldorf, Frankfurt/M, Hamburg, Lisbon, Milan, Munich, Paris, Rome, Stuttgart



# Enlargement? | Large Corporates



\*Corporate: >500 employees

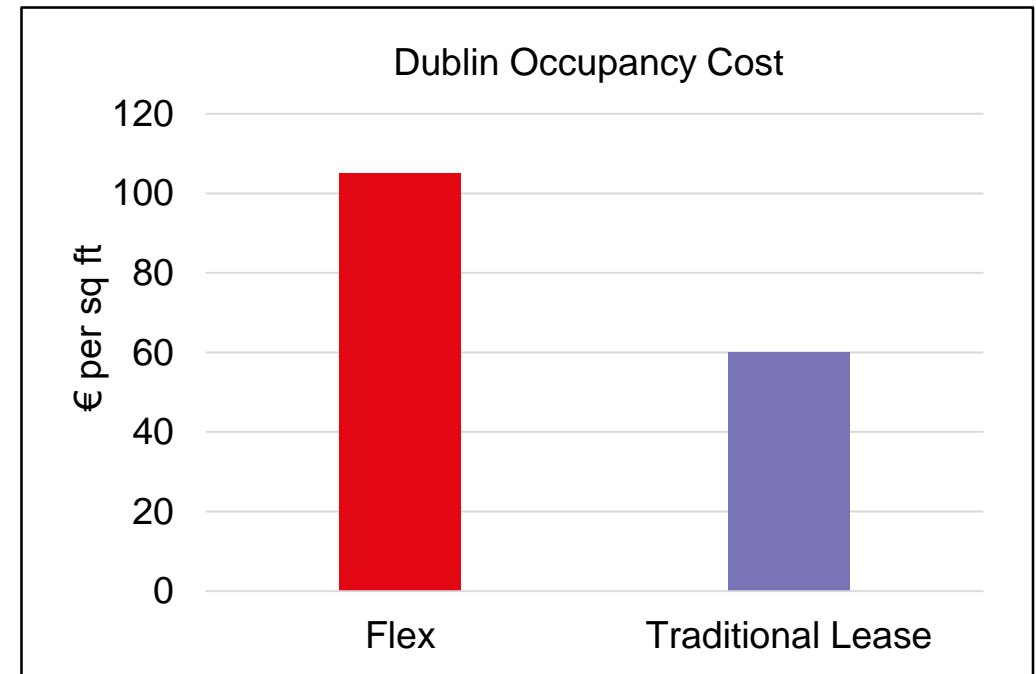
# Business Model | Flex Space Competition



## Flex Space Costs 2 Occupier Case Studies

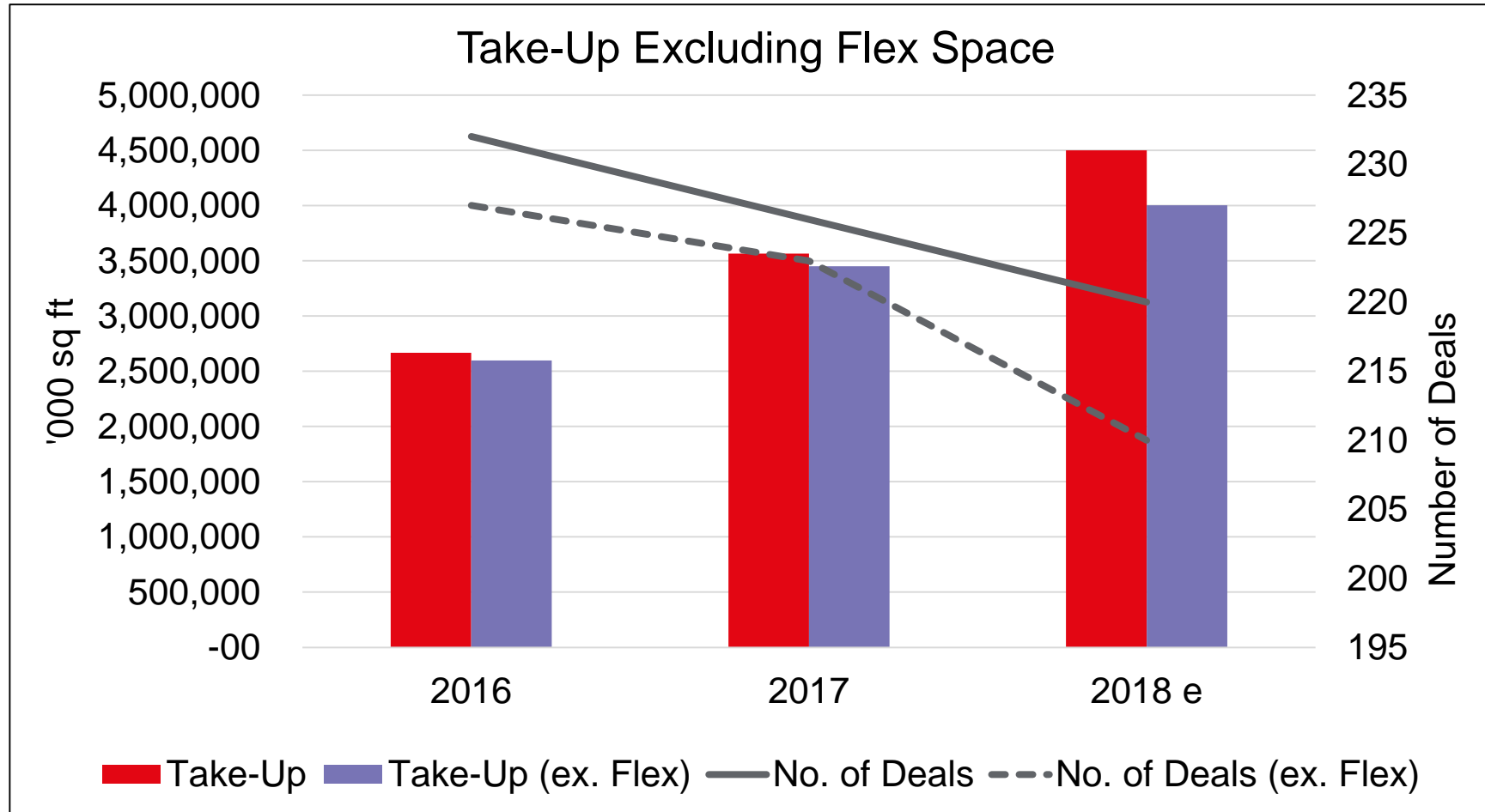
	Flex Provider (Example 1)	Flex Provider (Example 2)
Client No. of Desks	7	24
Client Price Per Desk	€ 1,088	€ 1,356
Client Annual Cost	€91,344	€387,600
Flex Provider Desks	13	50
Flex Provider Price Per Desk	€ 586	€ 651
Flex Provider Annual Cost	€ 91,344	€ 387,600

Flex operators compete directly with traditional leases...



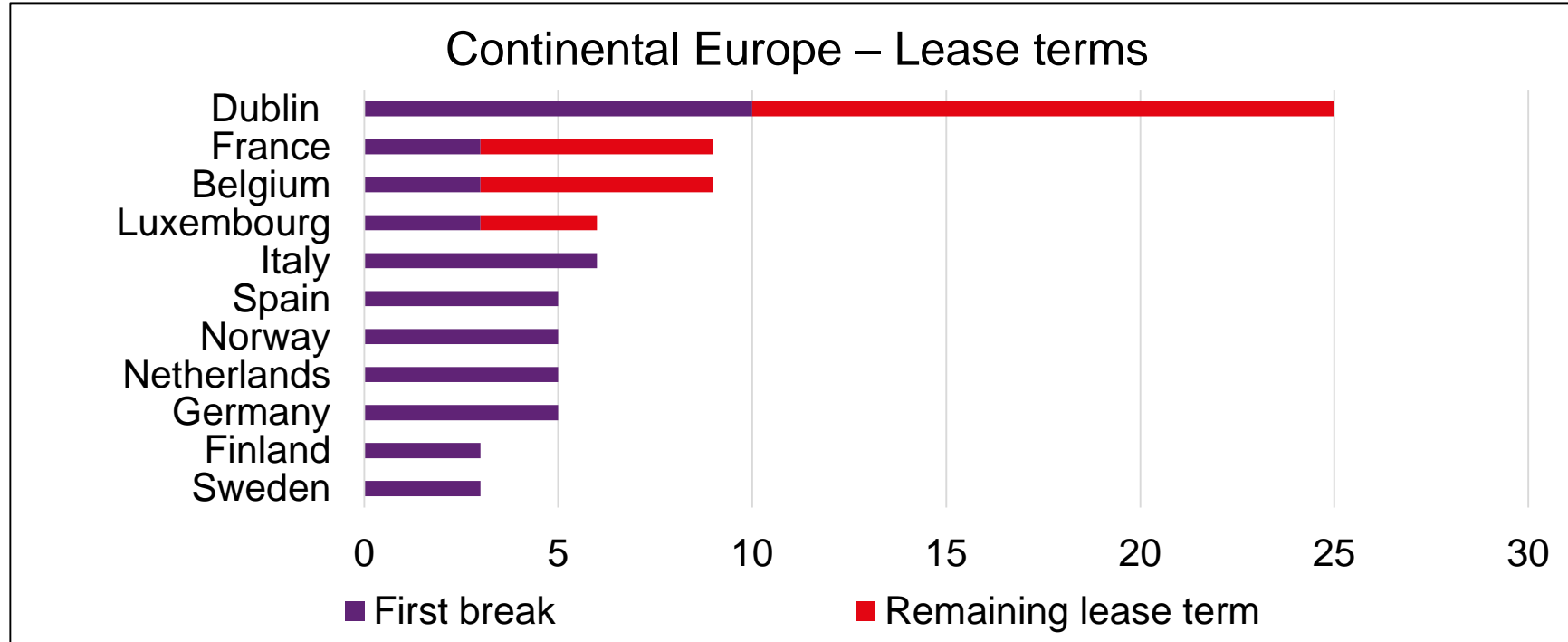
3.

*How does Flex Space impact  
office investment decisions?*



Double  
take-up??

# Lease Length | Dublin Long Leases



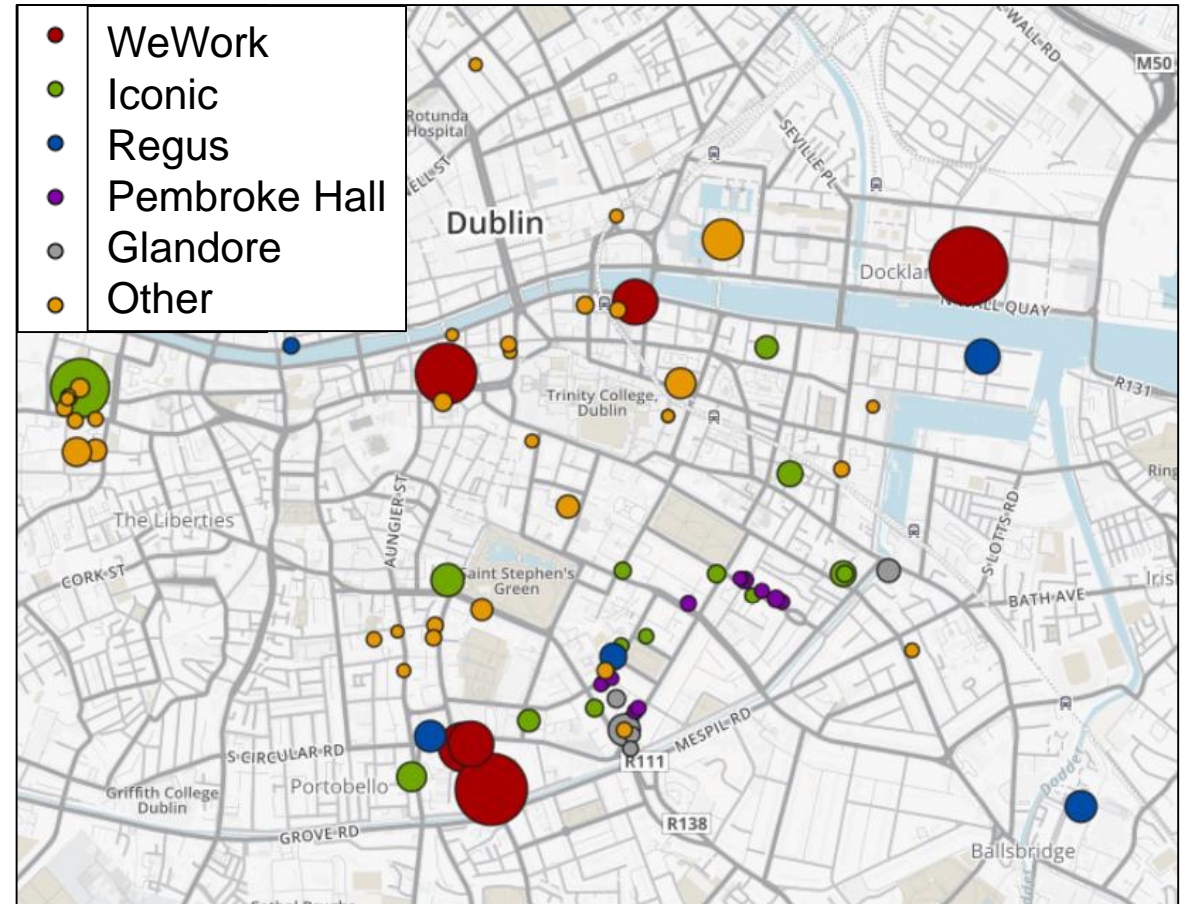
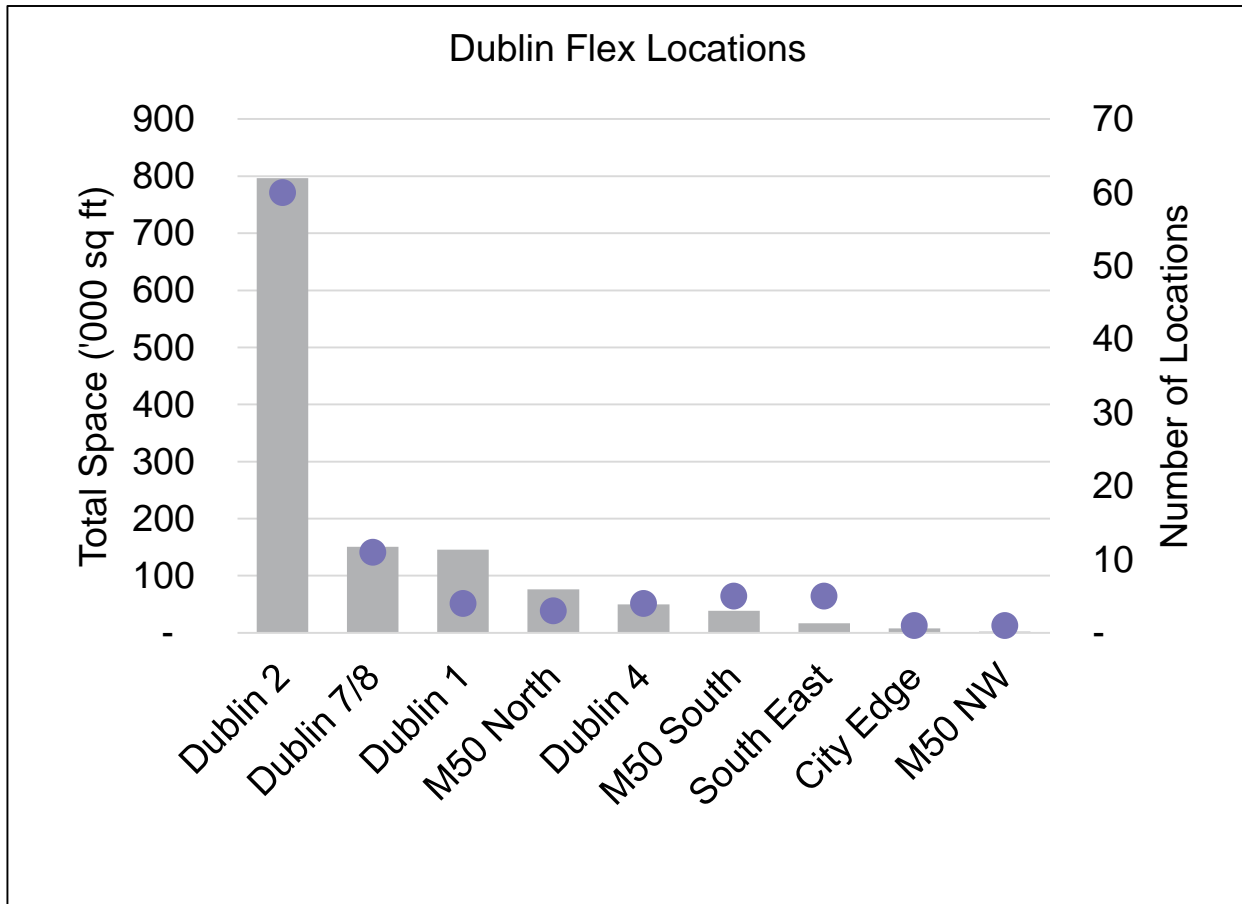
Dublin 20-25 year lease with break at year 10

Flex Space 'lease' length =  
3 months +  
3 year term for corporates (bespoke)

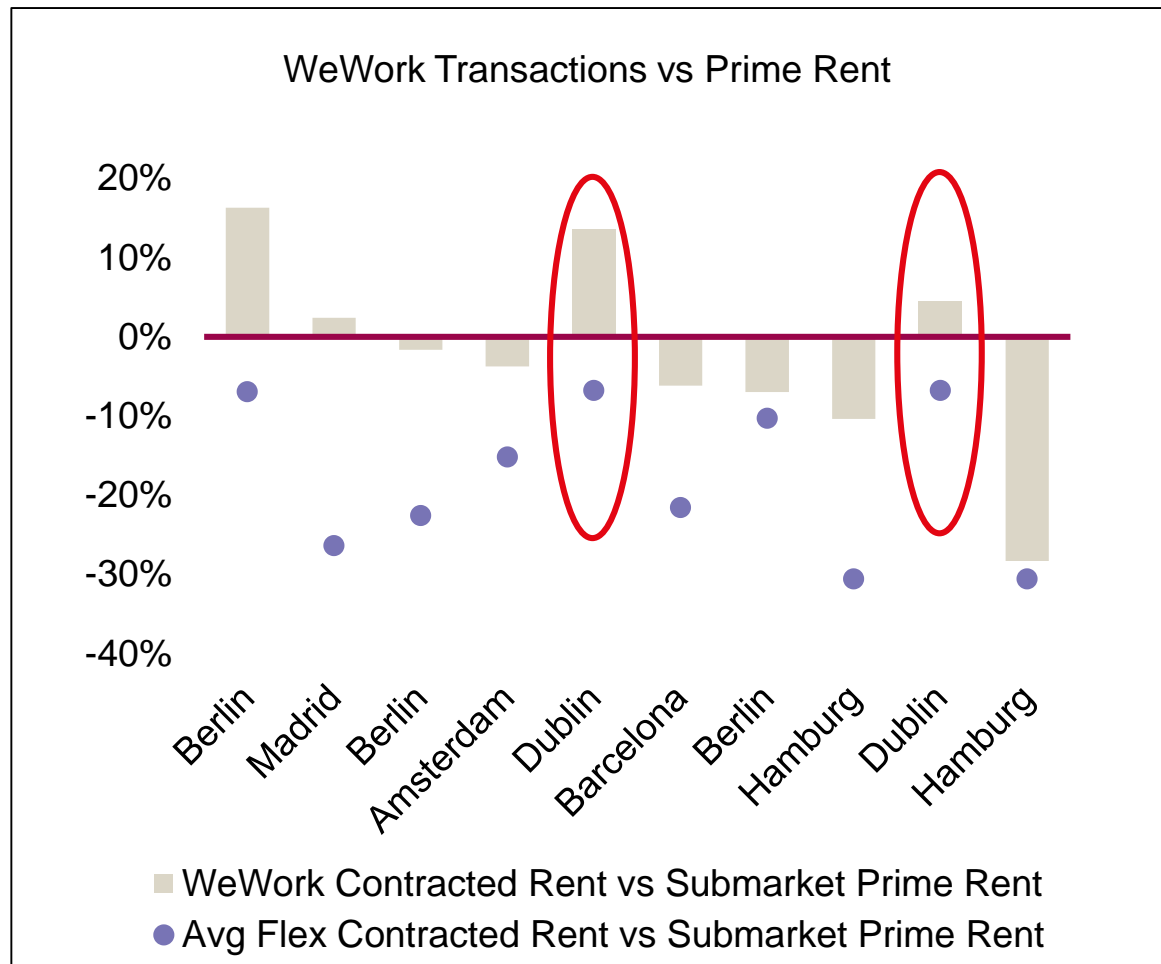
# Location | Core Submarkets are the Initial Focus...



65% of Flex Space in Europe in City Centre  
77% of Flex Space in Dublin in City Centre



# Rents | Some Deals Above Prime to Obtain Best Space



[NB: 0% = Submarket Prime Rent]

Flex operators now willing to pay top rents...

## WeWork 1 GQ

Date: Q4 2017  
Size: 49,697 sq ft



## WeWork 5 Harcourt

Date: Q2 2018  
Size: 50,000 sq ft

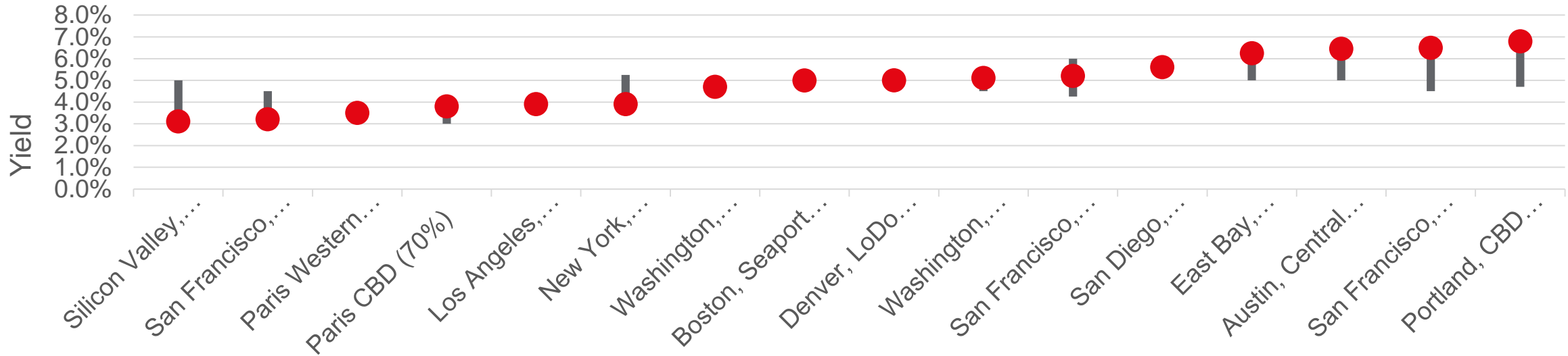


## WeWork Dublin Landings

Date: Q1 2018  
Size: 99,500 sq ft



# Market Value | Yield Impact for Flex Space-Anchored Assets



## Name: 2 Dublin Landings

Sold by: Ballymore & Oxley

Size: 99,513 sq ft

Purchased by: JR Asset Management (for a Korean fund)

Flex space tenant: WeWork

Purchase Price: €105 million

Initial Yield: 4.23%

Prime Office yield: 4.00%



# The Future | What to Expect from the Future of Flex Space



Sustained growth



Fundamental  
shift in  
occupation



Dynamic  
operator  
environment



Global trend  
with local  
implications



Lasting impact on  
traditional market  
participants

Thank you



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