



Catella predicts paradigm shift in the European market for office space – less room, more innovation

Over the past 15 years, changes in office space in Europe have pointed in one direction only: up. Availability, demand and the number of people working in offices all saw constant growth – but so did the levels of unoccupied floor space. Behavioural changes have generated less demand from companies for office use, and as a result employees will have smaller workspaces in the future.

In its latest Market Tracker, Catella Research has examined the development of 14 European office markets over the past 15 years. Since 2000, office building stocks have grown by 26.3 %, the demand for office space by 17.9% and the number of office workers by 19.3%. Equally, vacancy levels have continuously increased by 6.3 % in the entire stock.

“This paradigm shift not only opens up opportunities to rethink how future demand for space could look structurally, but also how developers should change the focus of buildings. The reasons for this development lie mainly in cost cutting, the increasingly temporary use of space and the transition to modern forms of working at companies,” says Dr. Thomas Beyerle, Head of Group Research at Catella.

Due to the current rising lease prices, the shortage of new space and the increasing requirements for digitalisation, companies will reduce the available workspace per employee in the European office markets going forward, predict the analysts at Catella.

Overall, the number of office workers increased in all studied markets in Europe over the past 15 years by an average of 19.3%. The associated need for office space is covered by the proportional increase in the gross office stock. The average decline in per capita office space since 2000 in Europe was 1.0%, although this value hides large differences. For example, office workers moved closer together through a contraction of space in Helsinki (-12.3%), followed by London (- 8.8%) and Stockholm (-7.4%). However the reduction of workspace per office employee is not borne out in all European cities, with gains in Frankfurt (+ 1.2%), Madrid (+ 21.5%), Barcelona (+ 3.3%) and Lyon (+ 7.4%) for example.

“The often-quoted space efficiency is more than just compression. Fewer square metres per employee are considered to be the future trend in the analysis. This development is promoted, particularly, by innovation and behavioural changes, and will have structural effects. One key concept is that the location of future working spaces defines their attractiveness,” concludes Beyerle.

For more information, please contact:

Dr. Thomas Beyerle
Head of Group Research
+49 69 310 19 30 220
thomas.beyerle@catella.de

Press contact:

Ann Charlotte Svensson
Head of Group Communications
+46 8 463 32 55, +46 72 510 11 61
anncharlotte.svensson@catella.se

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