

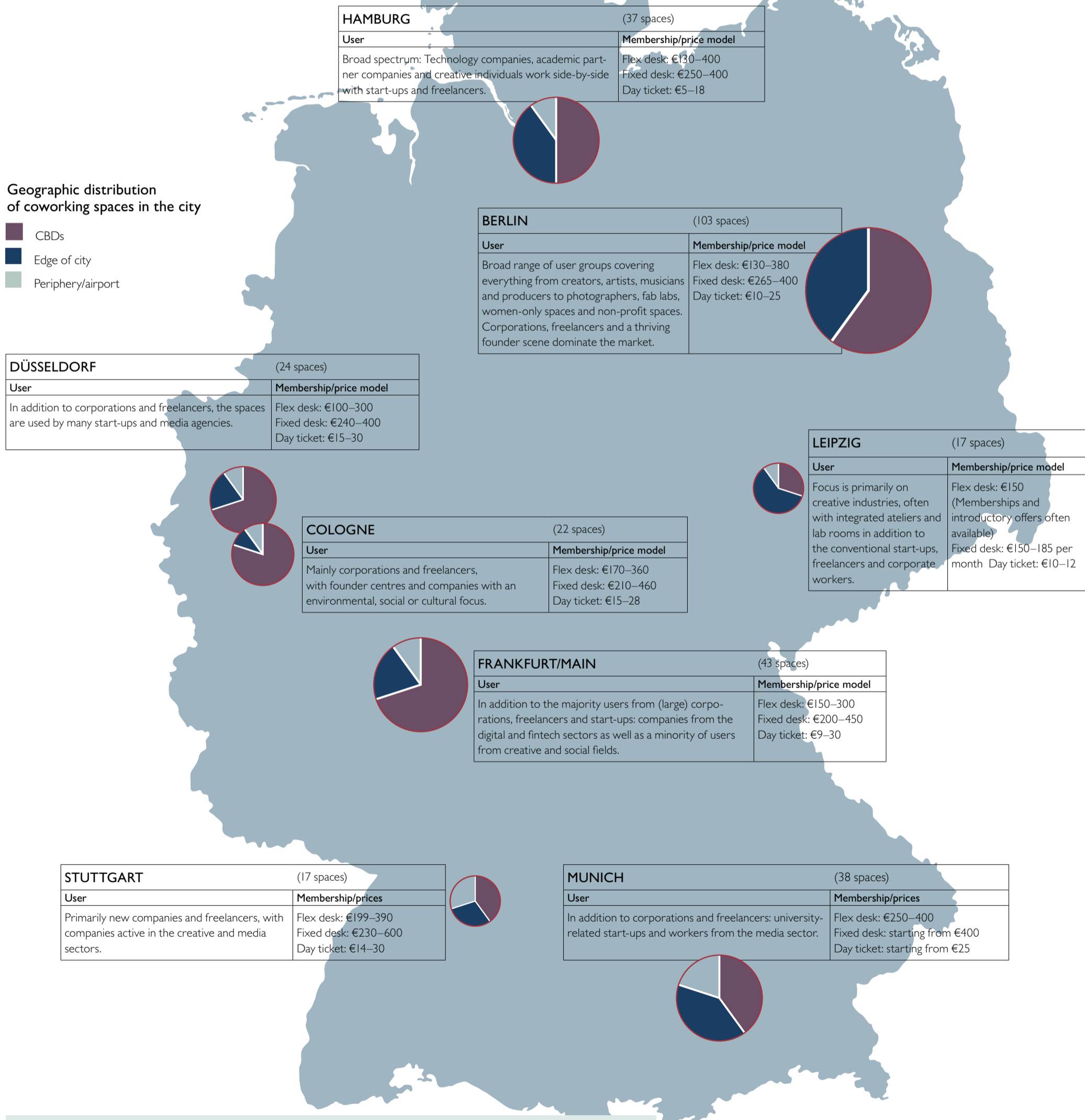
Flexible workspaces in the commercial office markets still on the rise in 2019



In 2019 the real estate market segment's focus will be on flexible workspaces, and in particular on corporations setting up coworking and campus structures, primarily on the edges of inner cities. The varied community of conventional coworking space suppliers will be largely replaced by one-company communities. Hunting for "ideas" or ways to increase efficiency will become the main issue in the coming years, accompanied by a decline in space in existing buildings. The digital revolution will give added impetus to this development and enable flexible, networked and creative working and, ideally, create a new culture of cooperation. Investors will have to deal with this new working infrastructure and assess whether this will change the traditional business model in the office real estate market in the long term. Office space in urban areas will remain the lynchpin of the modern digitalised economy.

Geographic distribution of coworking spaces in the city

- CBDs
- Edge of city
- Periphery/airport



Catella is a pan-European organisation with strong local presence and access to global capital. A leading specialist in property investments, fund management and banking, with operations in 14 countries. Our vision is to be the leading European partner for

investors in property and finance. The operations are divided into four business areas that cooperate closely throughout Europe, as well as locally in each market, to develop customised solutions for our customers.

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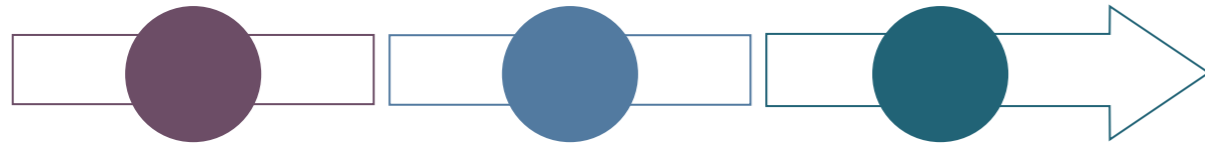
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Flexible workspaces in Europe 2019

The robust expansion in area for coworking spaces continued across Europe in 2018. Influential factors, such as generation Y and digital natives, start-ups, the sharing economy, corporations' attempts to innovate and the need for swing spaces, are creating lasting demand for flexible office space. The European coworking market has an extremely heterogeneous offer. We expect that B and C locations will become more interesting to certain suppliers in 2019.

Coworking space allocation cycles in European cities



At the beginning of the cycle, coworking space locations are primarily limited to the CBD area close to the inner city.

In addition to the CBD area, coworking spaces spread into other areas of the city. The market diversifies; the number of coworking spaces increases. With the expansion of the offer, coworking spaces also spread into peripheral locations.

Most advanced phase of the cycle. Cities with the most coworking spaces in Europe. In addition to spaces diversifying to all (even peripheral) areas of the cities, the majority of (new) suppliers are again concentrating on CBD. The reason for this is high user demand for urbanity and public transport connections.

Catella Research shows the momentum and disruptive potential on the market for flexible workspaces, which could have an impact on European office markets in the coming years. The following aspects are important:

- An area experiencing dynamic growth is the gig economy, this is an aspect of the labour market's modern service provision where small assignments are given to independent freelancers or the marginally employed at short notice.
- Corporations are also increasingly taking advantage of this model. They increasingly appreciate the benefit of an exchange with innovative start-ups and are transferring individual departments to flexible workspaces.
- The geographic analysis also shows high density in central business districts (CBD), with high demand in so-called trendy neighbourhoods. These suppliers offer both new constructions and existing real estate.
- At the beginning of 2019, there were around 16,250 flexible workspaces across the world, of which around 25% were located in Europe. Over recent years, flexible working models have expanded considerably in area across Europe.

In 2019, we estimate that flexible workspaces cover an area of around 2.9 million m² in Europe (EU 28). In relation to the total office stock of European A markets of around 275 million m² this is approximately 1.05% of the market. Based on the change processes mentioned above and a constant increase in investor demand, we anticipate a strong increase in flexible workspace centres – largely driven by demand from corporations.

Structure figures for select locations by real estate-specific location parameters

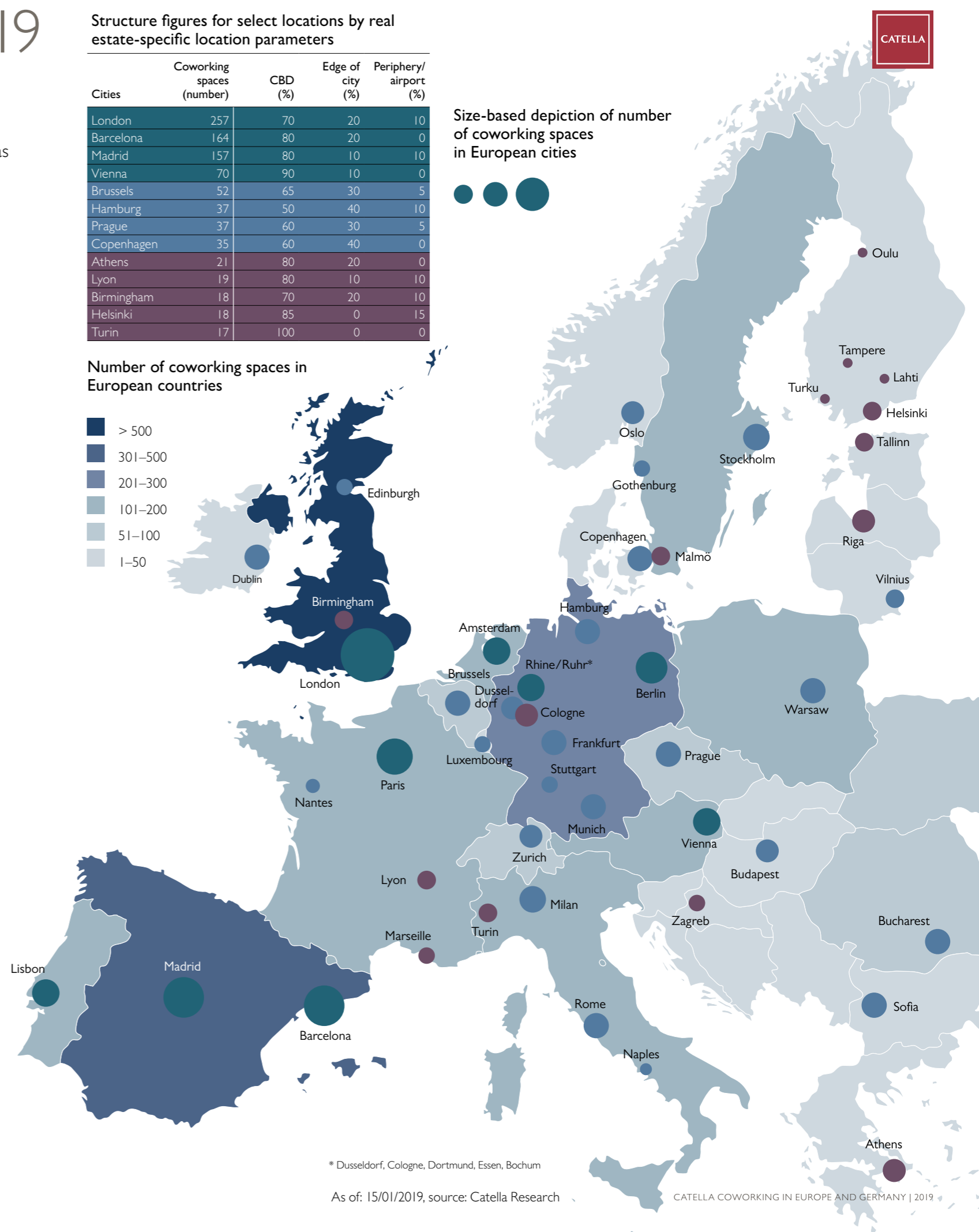
Cities	Coworking spaces (number)	CBD (%)	Edge of city (%)	Periphery/airport (%)
London	257	70	20	10
Barcelona	164	80	20	0
Madrid	157	80	10	10
Vienna	70	90	10	0
Brussels	52	65	30	5
Hamburg	37	50	40	10
Prague	37	60	30	5
Copenhagen	35	60	40	0
Athens	21	80	20	0
Lyon	19	80	10	10
Birmingham	18	70	20	10
Helsinki	18	85	0	15
Turin	17	100	0	0

Size-based depiction of number of coworking spaces in European cities



Number of coworking spaces in European countries

- > 500
- 301–500
- 201–300
- 101–200
- 51–100
- 1–50



* Dusseldorf, Cologne, Dortmund, Essen, Bochum