**23 January 2025**

**Workspace GROUP PLC**

**A18/11**

**THIRD Quarter business update FOR THE**

**PERIOD ENDING 31 DECEMBER 2024**

Workspace Group PLC (“Workspace”), London’s leading owner and operator of sustainable, flexible work space, provides a business update for the third quarter ending 31 December 2024.

**Lawrence Hutchings, Chief Executive Officer, Workspace Group PLC, commented:**

*“The macroeconomic environment continued to weigh on customer activity in the third quarter. Within that environment, we are laser focused on optimising what we can control. We are making good progress with the refurbishment and subdivision of larger spaces which have become available this year, building on the work already underway across the portfolio to meet the demand from our customers. Recycling larger spaces back into smaller units, which are our core product and achieve higher pricing growth, is an integral part of our business model.*

*I’ve spent the last two months looking under the bonnet of the business and, despite the current market uncertainty, I remain confident about our potential to capture the structural growth opportunity that lies ahead. The more I see our scalable platform in action, and the more customers I meet, the more I am convinced of Workspace’s enduring appeal to London’s vibrant SMEs. Whilst the macroeconomic environment may remain challenging in the near term, I am pleased that we have seen a good start to trading in Q4.*

*Our balance sheet remains robust and our capital recycling programme continues at pace. We agreed £34.2m of disposals in the quarter which we expect to complete by year-end. The proceeds are being recycled into our accretive project pipeline, which further underpins our optimism for the future of Workspace.”*

**Highlights**

* 273 new lettings completed in the quarter, with a total rental value of £6.0m
* Pricing momentum maintained, with like-for-like rent per sq. ft. up 1.1% in the third quarter to £47.54
* Like-for-like occupancy down 1.3% in the third quarter to 86.1%, with like-for-like rent roll down 0.6% to £106.8m
* Good start to trading in the fourth quarter, with 531 enquiries and 337 viewings in the first half of January
* Continued progress on capital recycling, having exchanged on the disposals of two non-core assets in the quarter for a total of £34.2m
* Robust balance sheet with £233m of cash and undrawn facilities and LTV of 35% (based on 30 September 2024 valuation)

**Customer activity**

We have seen robust demand with 273 new lettings completed in the third quarter with a total rental value of £6.0m, down slightly on the previous year reflecting current market sentiment.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Monthly Average** | | **Monthly Activity** | | |
|  | **Q3**  **2024/25** | Q3  2023/24 | 31 Dec  2024 | 30 Nov  2024 | 31 Oct  2024 |
| Enquiries | **628** | 759 | 501 | 626 | 757 |
| Viewings | **457** | 488 | 329 | 503 | 540 |
| Lettings | **91** | 104 | 93 | 102 | 78 |

We have continued to see higher levels of customer churn, including customers vacating larger spaces, resulting in a reduction in like-for-like occupancy of 1.3% in the quarter to 86.1%. We are selectively reviewing unit pricing where appropriate, however customer demand for our core product has driven continued overall improvement in average pricing, with like-for-like rent per sq. ft. up 1.1% in the quarter to £47.54.

We have had a good start to trading in the new year with 531 enquires and 337 viewings completed by 17 January 2025, including our strongest week for viewings since before the Covid pandemic.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Quarter Ended** | | |
|  | 31 Dec 24 | 30 Sep 241 | 30 Jun 241 |
| Like-for-like occupancy | 86.1% | 87.4% | 88.2% |
| Like-for-like occupancy change2 | (1.3)% | (0.8)% | (0.0)% |
|  |  |  |  |
| Like-for-like rent per sq. ft. | £47.54 | £47.01 | £46.32 |
| Like-for-like rent per sq. ft. change | 1.1% | 1.5% | 1.2% |
|  |  |  |  |
| Like-for-like rent roll | £106.8m | £107.4m | £110.4m |
| Like-for-like rent roll change | (0.6)% | (2.7)% | (1.2)% |

*1 Restated for the transfer in of Old Dairy, Shoreditch, where occupancy is now stabilised post-acquisition and the transfer out of*

*Archer Street Studios, Soho, Rainbow industrial Estate (part), Raynes Park to non-core as they have been exchanged for sale and The Biscuit Factory site in Bermondsey which is undergoing major refurbishment and redevelopment activity*

*2 Absolute change*

Total rent roll decreased by 1.3% (£1.8m) since September 2024 to £138.3m, as detailed below:

|  |  |
| --- | --- |
| Total Rent Roll | £m |
| At 30 September 2024 | 140.1 |
| Like-for-like portfolio | (0.7) |
| Completed projects | 0.2 |
| Projects underway and design stage | (0.5) |
| South East portfolio | 0.1 |
| Non-core | (0.6) |
| Disposals | (0.3) |
| **At 31 December 2024** | **138.3** |

**Portfolio activity**

We have continued to dispose of non-core assets. In November 2024, we exchanged on the sale of Rainbow Industrial Estate, Raynes Park, for £20.3m and in December 2024, we exchanged on the sale of a small office building on Archer Street in Soho, for £13.9m. Both these disposals are expected to complete in the fourth quarter and together will deliver £34.2m of proceeds at a net initial yield of 5.0%.

We completed the refurbishment and extension of our first net zero building, Leroy House in Islington, in October 2024, delivering 57,000 sq. ft. of new space across 101 units.

Activity is ongoing at our major refurbishment projects; Chocolate Factory in Wood Green, where we are delivering 40,000 sq. ft. of new and upgraded space and expect practical completion in late Spring, and The Biscuit Factory in Bermondsey, which will deliver 30,000 sq. ft. of additional space towards the end of 2025. We have also started on site at The Centro Buildings in Camden, where we are transforming a traditional office building, Atelier House, into a Workspace business centre with 40 units, a café and meeting rooms.

We have also made good progress with our ongoing programme of refurbishment and subdivision of larger units, with marketing commencing shortly on around 30,000 sq. ft. largely completed in the quarter.

**Financing**

In November, the terms of the £135m RCF were amended to extend the maturity to 30 November 2028, with options to extend by up to a further two years and an option to increase the facility amount to £255m, subject to lender consent. In addition, an £80m term loan facility was agreed with an initial maturity of November 2026 and with the option to extend by up to two further years, subject to lender consent.

Net debt decreased by £9m in the quarter to £847m (30 September 2024: £856m). Cash and undrawn facilities were £233m as at 31 December 2024, with LTV at 35% based on the 30 September 2024 valuation.

– ENDS –

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**Notes to Editors**

**About Workspace Group PLC:**

Workspace is London’s leading owner and operator of flexible workspace, currently managing 4.3 million sq. ft. of sustainable space at 72 locations in London and the South East.

We are home to some 4,000 of London’s fastest growing and established brands from a diverse range of sectors. Our purpose, to give businesses the freedom to grow, is based on the belief that in the right space, teams can achieve more. That in environments they tailor themselves, free from constraint and compromise, teams are best able to collaborate, build their culture and realise their potential.

We have a unique combination of a highly effective and scalable operating platform, a portfolio of distinctive properties, and an ownership model that allows us to offer true flexibility. We provide customers with blank canvas space to create a home for their business, alongside leases that give them the freedom to easily scale up and down within our well-connected, extensive portfolio.

We are inherently sustainable – we invest across the capital, breathing new life into old buildings and creating hubs of economic activity that help flatten London’s working map. We work closely with our local communities to ensure we make a positive and lasting environmental and social impact, creating value over the long term.

Workspace was established in 1987, has been listed on the London Stock Exchange since 1993, is a FTSE 250 listed Real Estate Investment Trust (REIT) and a member of the European Public Real Estate Association (EPRA).

Workspace® is a registered trademark of Workspace Group PLC, London, UK.

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For more information on Workspace, visit [www.workspace.co.uk](http://www.workspace.co.uk)