

# Why are investors choosing flex-space over other franchise opportunities?

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**Think franchise, think flex-space. That's the message from leading business investors as they look for stability and growth during the pandemic and over the next 18 months.**



New research from IWG shows that flexible office space is the leading option for franchise investment, eclipsing traditional industries including coffee shops and gyms.

In a poll of 501 business leaders interested in franchising, more than half (56%) said they are considering becoming a flexible office ('flex-space') franchisee, or are actively looking to do so, in the next 18 months. In comparison, fewer than half said they would be looking to invest in a franchise opportunity with a coffee shop brand (49%) or gym (43%).

Respondents said they were three times as likely to invest in a flex-space franchise compared with a hotel franchise (19%).

Investors are taking notice as the second flex-space Franchise signed in South Africa is opening in November. This will be the first HQ Business centre in the country - part of IWG Plc. and sister brand to Regus and SPACES - at Northlands Corner, Northriding in Johannesburg. Darin d'Oliviera - the well-known property developer, Founder and Director of the Northlands Group of Companies and Northlands Deco Park earmarked this main road location as a perfect solution to businesses adopting the hybrid shift to working.

The first Franchise deal was signed in the country between a local KZN entrepreneur, Cassim Khan - an award-winning multi- franchise owner - and IWG in March 2021, at the Victoria Country Club in Pietermaritzburg and is fully operational. Early next year a flex-space franchised Regus Centre will be opening in the prestigious Durban Country Club.

## A growing trend

This is perhaps no real surprise. Flexible workspaces were already a growing investment opportunity pre-pandemic, with JLL predicting flex-space would make up 30% of all office space by 2030. And with the hospitality sector hit hard by Covid-19, investors are turning to safer options including flexible workspaces, which have remained open during the pandemic.

“Flexible offices remained a growth trend throughout 2020, being one of few industries that were able to remain open despite the various degrees of restrictions,” says Joanne Bushell, MD IWG, South Africa.

She adds: “From maximising staff productivity and reducing overheads, to having the ability to work closer to home, we have seen increasing demand from both businesses and employees looking to maintain and further the benefits of flexible working. As we head into a new era of hybrid working, flexible office space is in a prime position to thrive and remain in the top spot for franchise investment.”

IWG with 2.5 million+ customers worldwide, 5 million+ square metres of space globally, four global brands to match every kind of business, work style and price point is growing the demand for hybrid work solutions, which accommodates all businesses and their employees - allowing those who enjoy the office environment to keep coming in, while those who thrive while working from home, stay at home, and those who enjoy both choose freely with access to desk space and board rooms.

“The need for unprecedented flexibility in the workplace means different things to different people – but maximising productivity, health, wellness, and sustainability, sees teams looking to push workspace layouts beyond conventional collaborative models to focus on multi-faceted and multi-functional arrangements and is taking the flexible working trend to the next level”, says Alan VD Westhuizen, head of partnership growth, IWG Plc.

More franchise investors are considering flexible office opportunities than coffee shops or gyms for a more secure future. “Office space is one of the most compelling franchise opportunities on the market and it offers a support package which is second to none,” says VD Westhuizen.

## **Security in uncertain times**

Security is one of the top reasons given by investors opting for a flex space franchise. Two thirds (66%) of those already interested in franchising believe that franchise businesses are a safer bet during tougher economic times, with the same percentage agreeing that franchising offers the added protection of working with trusted and established brands.

Meanwhile, flex-space franchisees are starting the year more cheerful than non-franchise investors: as a group they are almost three times as likely to feel positive about their business prospects for the next 18 months than those who aren't interested in franchising (38% vs 14%).

## **About IWG**

IWG is the global operator of leading workspace providers. Our companies help more than 2.5 million people and their businesses to work more productively. We do so by providing a choice of professional, inspiring and collaborative workspaces, communities and services.

Digitalisation and new technologies are transforming the world of work. People want the personal productivity benefits of living and working how and where they want. Businesses want the financial and strategic benefits. Our customers are start-ups, small and medium-sized enterprises, and large multinationals. With unique business goals, people and aspirations. They want workspaces and communities to match their needs. They want choice.

Through our companies we provide that choice, and serve the whole world of work: Regus, Spaces, No18, Basepoint, Open Office and Signature. We create personal, financial and strategic value for businesses of every size. From some of the most exciting companies and well-known organisations on the planet, to individuals and the next generation of industry leaders. All of them harness the power of flexible working to increase their productivity, efficiency, agility, and market proximity.

For more information please visit:

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