



gwa

FLEXIBLE OFFICE IN

**20
17**

**MORE PLAYERS,
MORE PROFIT,
MORE PRODUCTIVITY.**

GWA INDUSTRY SURVEY

WWW.GLOBALWORKSPACE.ORG

A woman with blonde hair and glasses is sitting at a wooden desk in a modern office. She is wearing a black turtleneck and is focused on her laptop. On the desk, there is a white mug, a pink hairbrush, a white box, and a power strip. In the background, there are other desks, chairs, and shelves with books and decorative items.

MORE PLAYERS ENTER THE FLEXIBLE OFFICE INDUSTRY

2007

2017 saw continued growth of the flexible office industry and a broader range of offerings. While “Serviced Offices” have been around for decades (30+ years), the term “coworking” has been the media standard term for the last 10 years. This year we’re seeing flexible options coming from landlords and private businesses grow faster than anyone expected.

2017



PRIVATE BUSINESSES AND LANDLORDS GET INTO THE GAME

Photo courtesy of GWA member COVO, a coworking space in San Francisco, partnered with West Elm on the design of their 18,000 square foot flagship location which includes a retail-level cafe and bar.

According to a recent Liquidspace report, 36% of the transactions on their platform are through private businesses or landlords offering extra space directly to consumers. The Commercial Real Estate industry would not list “nimble and innovative” as its two core strengths, but that may just be the behavior that we’re starting to see.

CONSUMERIZATION

USER-CENTERED

Two of the hottest buzzwords in the workspace industry right now are “consumerization” and “user-centered.” Everyone from landlords to corporate real estate departments to temperature control start-ups are focused on serving the “HDTV” consumer that expects a high level of design and hospitality at the corporate office or their “third space.”

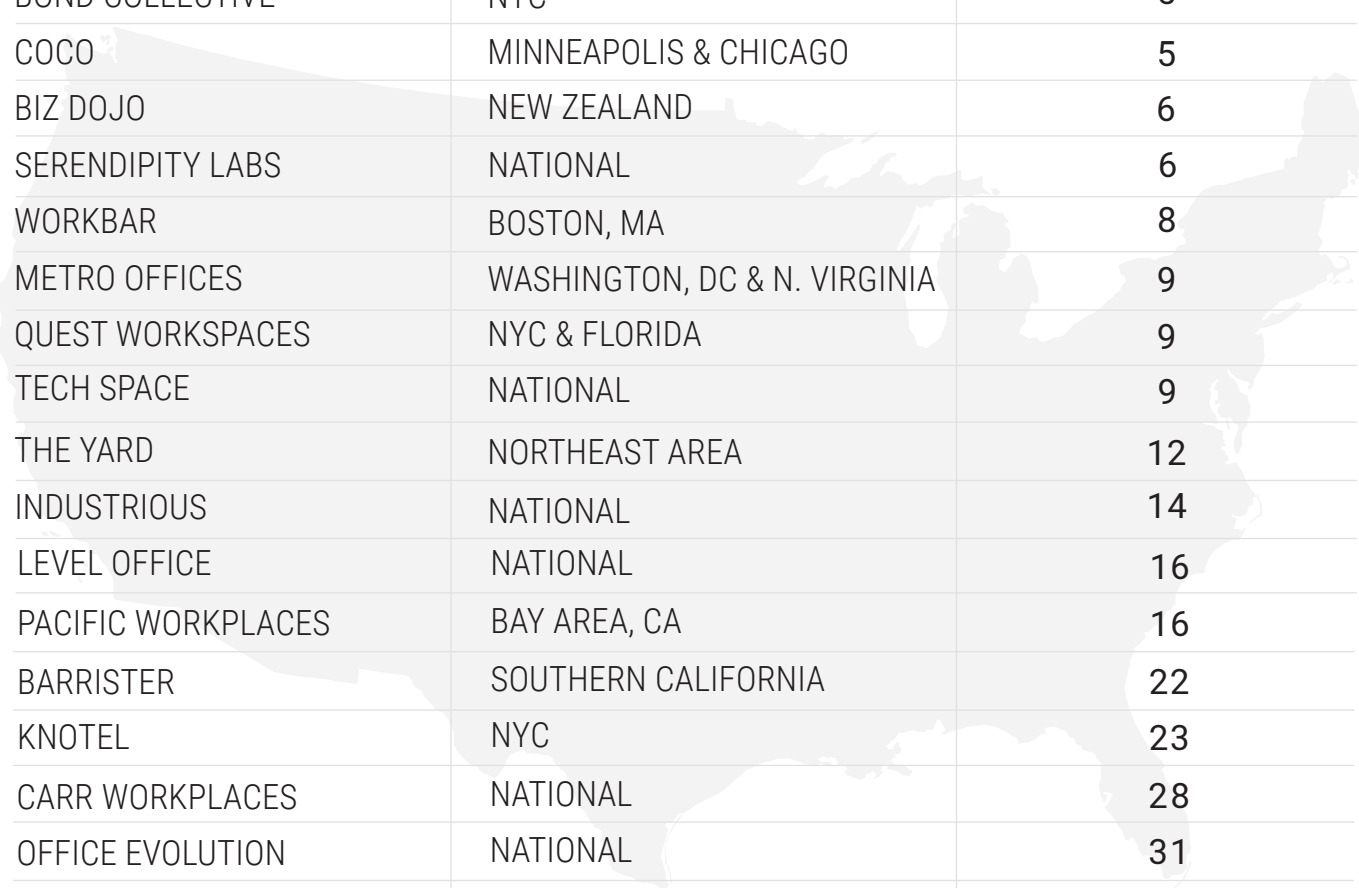
Liquidspace, “Flexible Office Report Q4 2016,” [liquidspace.com](https://blog.liquidspace.com/the-future-of-office-is-flexible-q4-2016-report/); <https://blog.liquidspace.com/the-future-of-office-is-flexible-q4-2016-report/> accessed June 9, 2017.



Highlights from the first half of 2017 that illustrate the user-focused industry trends

- ➔ Convene raises \$68M to fund expansion.
- ➔ Tishman and Speyer launches “Zo,” a high-amenity concept that aims to make its portfolio highly desirable and competitive.
- ➔ Banks—some of the most conservative, slow-moving, security-fearing companies—are using flexible office options as they grow teams in ancillary markets.
- ➔ Investments continue to flow into the coworking sector, indicating a bullish outlook for the continued growth of the consumerization of workspace: The Wing raises \$8M, The Yard raises \$15M in debt financing, WeWork added \$300M to its balance sheet from Softbank, Industrious raised another \$25M, and Asian companies added a long list of funded shared workspaces.
- ➔ Asset owners like Granite Properties and Stoneleigh Companies start installing coworking brands into their buildings (Common Desk and 25N Coworking respectively).

WEWORK CONTINUES TO DOMINATE THE U.S. MARKET BUT OTHER PLAYERS ARE QUIETLY GAINING MARKET SHARE IN THE U.S.*



COWORKING SPACE	LOCATIONS	# OF SPACES
THE COMMON DESK	DALLAS, TX	4
BOND COLLECTIVE	NYC	5
COCO	MINNEAPOLIS & CHICAGO	5
BIZ DOJO	NEW ZEALAND	6
SERENDIPITY LABS	NATIONAL	6
WORKBAR	BOSTON, MA	8
METRO OFFICES	WASHINGTON, DC & N. VIRGINIA	9
QUEST WORKSPACES	NYC & FLORIDA	9
TECH SPACE	NATIONAL	9
THE YARD	NORTHEAST AREA	12
INDUSTRIOUS	NATIONAL	14
LEVEL OFFICE	NATIONAL	16
PACIFIC WORKPLACES	BAY AREA, CA	16
BARRISTER	SOUTHERN CALIFORNIA	22
KNOTEL	NYC	23
CARR WORKPLACES	NATIONAL	28
OFFICE EVOLUTION	NATIONAL	31
INTELLIGENT OFFICE	NATIONAL	47
PREMIER BUSINESS CENTERS	NATIONAL	83

**This is a short list of shared workspaces that have scaled and is not intended to be a comprehensive list.*

FLEXIBLE OFFICES BROADLY REPORT PROFITABILITY

One of the most oft-cited stats for the coworking industry is that spaces aren't profitable. Our data tells a more positive story.

OVERVIEW OF OUR RESPONDENTS



Urban vs Suburban

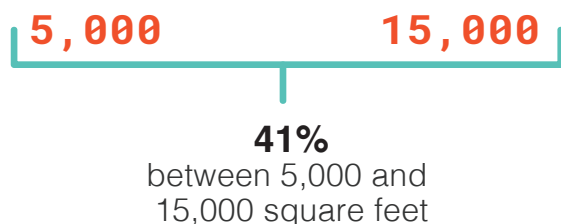
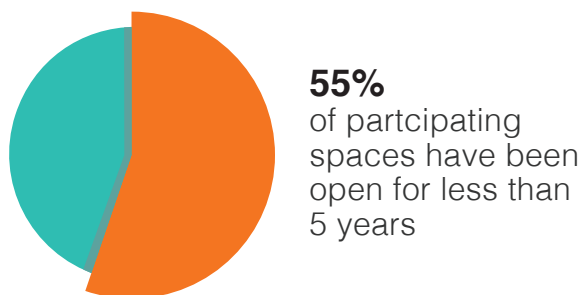
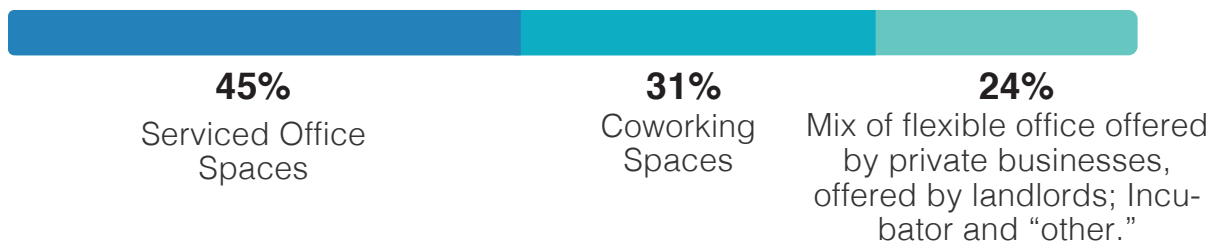
**64%
Urban**

**29%
Suburban**

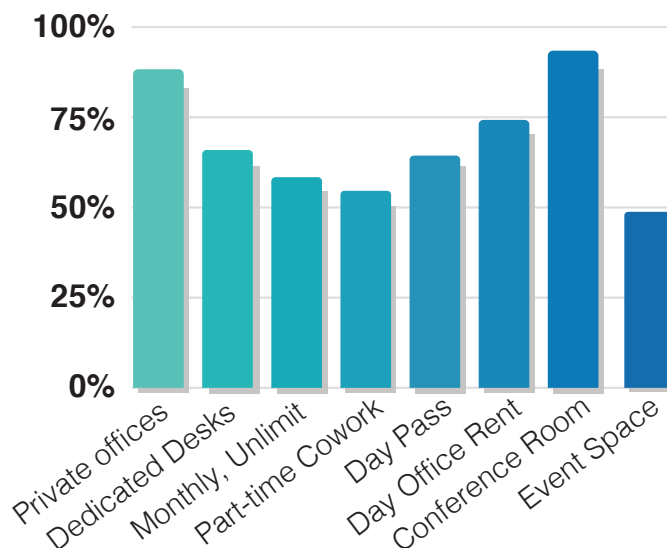


Median number of locations owned or managed per responding operator **2**

Median square feet of each location reported on is **20,000**

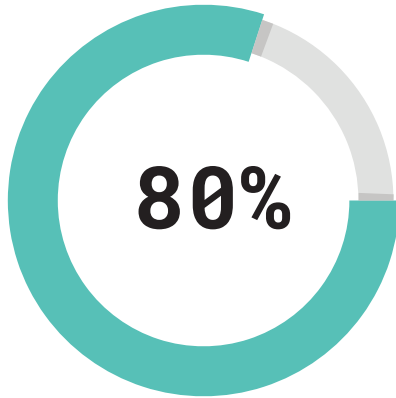


Products offered across all respondents

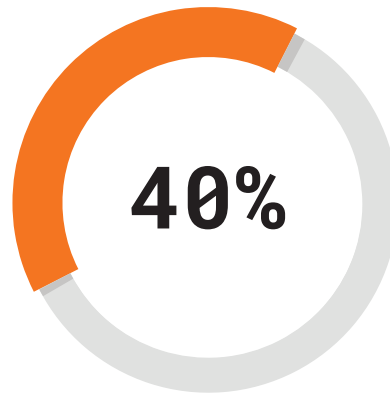


WHILE WE'RE DEBUNKING MYTHS ...

COWORKING OPEN PLAN



Coworking Spaces
offer private offices

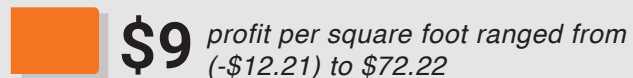


Serviced Offices offer monthly,
unlimited coworking

Median annual revenue
per square foot:

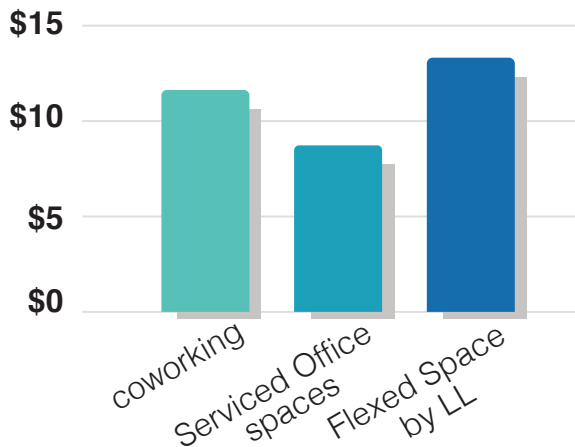


Median annual profit
per square foot:



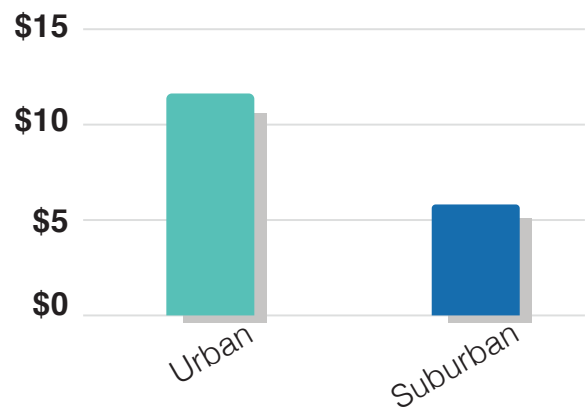
MEDIAN ANNUAL PROFIT PER SQUARE FOOT .

Coworking Spaces: \$11.08
Serviced Offices: \$8.86
Flexible office offered by landlord: \$14.29



MEDIAN ANNUAL PER SQUARE FOOT

Urban spaces: \$11.84
Suburban: \$5.71

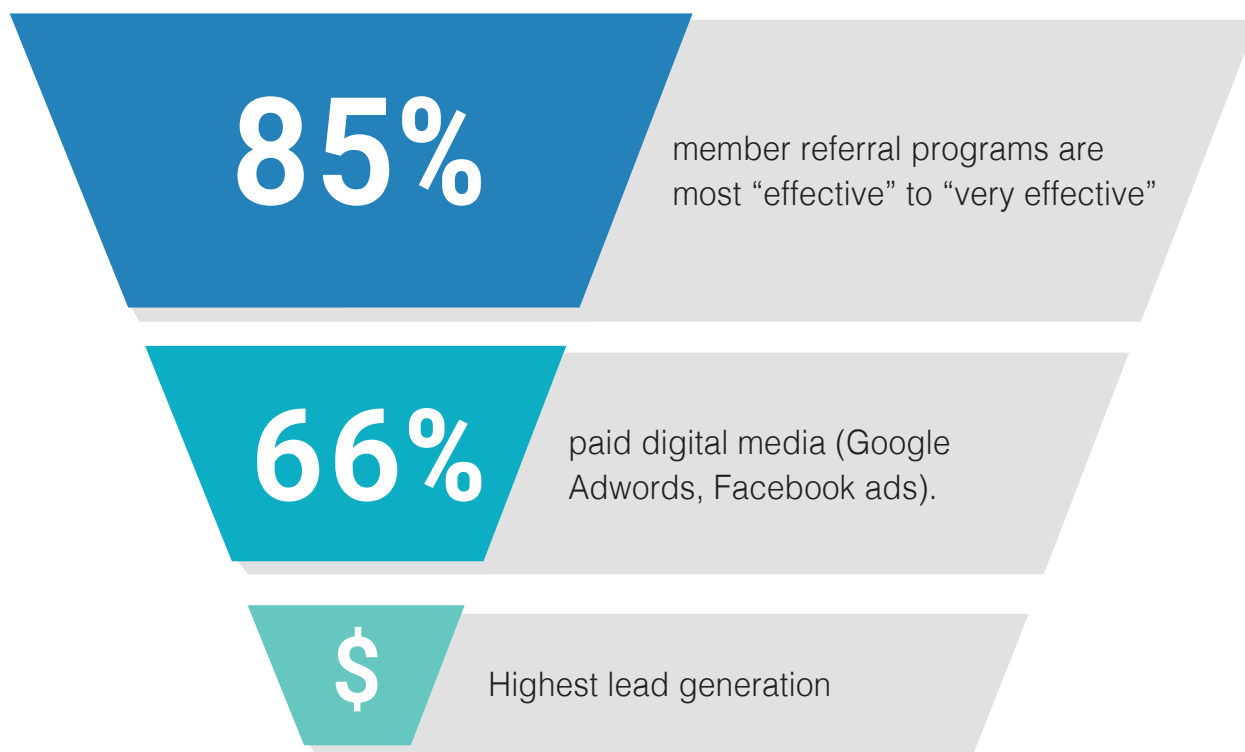


Premium-priced locations reported being much more profitable than “average” priced spaces with median annual profit per square foot at **\$12.51** and **\$6.86** respectively.

LEAD GENERATION DRIVES PROFITS

As with any business, your sales funnel is a key success driver.

According to our survey, our respondents measured the highest lead generation from member referral programs and the second highest from paid digital media.



The full research report ([available only to GWA members](#)), details effectiveness by marketing technique.

TO GET THE FULL REPORT, BECOME A MEMBER AND THE REPORT WILL BE AUTO-DELIVERED TO YOU.

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USERS ARE LOOKING FOR PRODUCTIVITY, NOT JUST A PLACE TO NETWORK

Photo courtesy of GWA member IOS Offices.

As mentioned in the previous section, 80% of coworking spaces offer private offices. While private spaces for individuals or teams make startup-costs higher for the operator, the demand seems to be growing for them. Data from members of shared workspaces indicates that the number two reason that people use shared workspaces is productivity. Some may lump networking under the productivity umbrellas (i.e. productively chasing new business under one roof), but it probably means getting work done. For many, getting focused work done is simply easier to do in an area with four walls where you can control the stimuli (chatter, people walking by, Skype calls, etc.).

Who works in coworking spaces?



While some coworking purists idealize the open-plan for its community-building simplicity, this often comes without practical consideration for the type of work that gets done in shared workspaces. No longer are programmers and freelance designers the core membership. Today, 20% are solopreneurs/freelancers while 47% are small businesses and 12% are mobile corporate users.



COMMUNITY MATTERS TO MEMBERS

Photo courtesy of GWA member 25N Coworking

These members may have days heavy on phone calls or work that requires focus. It's much more likely that these folks prefer to take calls or collaborate with team members in a private space, but they embrace the ability to join the community spaces for breaks, coffee, lunch and learns, and simple water cooler talks. And to take advantage of soft seating and wellness nooks when they have creative work to be done that welcomes the energy and background noise of a busy community.

Check out the GWA Blog at globalworkspace.org/blog for more insights from our 2017 Industry Survey



THE GLOBAL WORKSPACE ASSOCIATION is the connection-based resource for shared space operators, corporate real estate professionals, real estate investors and service providers to stay connected, current and competitive.

The 2017 Global Workspace Association Industry Financial Survey is sent to hundreds of shared workspace operators, including association members and non-members. The survey is unique in that it asks for specific P&L data from operators with the goal to provide industry benchmark data.

For additional details on the survey, please email jamie@globalworkspace.org. The full report is part of the [GWA membership benefit package](#).