

The launch of the latest CoreNet UK whitepaper.
Co-working : a Corporate Real Estate Perspective

Tuesday 22 November 2016, HOK, Whitfield Street London W1

Host: Nik Robotham, CoreNet UK Workplace Community leader
 Speaker: Kay Sargent, senior principal and director of Workplace at HOK

This report, 'Co-working: a Corporate Real Estate Perspective' is the result of research first launched at a CoreNet UK Chapter Breakfast briefing in May this year (2016) and carried out jointly by CoreNet's Workplace Community and HOK.

The idea behind the research was to look into co-working, currently one of the fastest growing sectors of the commercial real estate market, and to examine the drivers from the demand and supply side, the industry risks, and implications for corporate real estate, as well as providing information about the owners, co-workers and centres.

Nik Robotham, who heads up CoreNet's UK Workplace Community responsible for initiating the research, introduced the session which he said was to be brief. It was.



Kay Sargent of HOK's Workplace practice who led the research thanked her team. She singled out **Giles Moore** of the Instant Group for his help in challenging the numbers reported by the co-working industry, which led to an in-depth investigation of the stats and taking the initial brief of 15,000 words to a document which has 30 pages and over 35,000 words.

While co-working is fast growing, Kay said, the numbers quoted tend to be highly bloated perhaps due to self-reporting by the industry. In fact only one per cent of corporate real estate space is taken up by co-working sites. And while co-working is seen as a viable opportunity it will not replace the traditional office model for many companies and individuals. It is, however, a maturing market and co-working is now used as much by employees of corporates as by start-ups and entrepreneurs. These spaces are still primarily used as temporary space. For instance when HOK won a large project and had needed space for 100 staff for the project span of three years, co-working space proved the most immediate and cost-effective solution.

Ten key takeaways from the research are as follows:

1. Co-working is one of the fastest growth sectors of the commercial real estate market.
2. The rapid rise results from a confluence of societal, economic demographic and technological factors, including the rise of the contingent workforce, a rift in the employee-employer contract, development of the sharing economy and advances in technology.
3. Changing business priorities and the need to attract talented people, reduce real estate costs, improve speed to innovation and increase productivity are driving corporates to consider different workplace models, including co-working, both on- and off-site.
4. The co-working concept is evolving to comprise accelerators, incubators, and maker spaces. It reaches beyond office settings to include college campuses retail locations, hotels, and libraries.
5. Co-working is well-established in EMEA and north America, where it is approaching saturation in some markets. But it is still emerging in Asia Pacific and in its infancy in Latin America.
6. The impact of co-working spaces on CRE includes providing new uses for older properties and under-utilised space in existing facilities.
7. The majority of people working in co-working centres are employees of an organisation rather than freelance workers or self-employed entrepreneurs.
8. The lowest engagement levels are found in employees who never work remotely. The highest employee engagement levels occur among those who work remotely less than 20% of the time.
9. Many co-working centres emerged in a time of high unemployment and low rents - 54% of co-workers will leave a specific location in less than a year. A high turnover and tenant instability challenge co-working centres to maintain profitability - they are vulnerable to market conditions and new competitors.
10. Although co-working space takes less than one percent of the world's office space it represents an important workforce trend and highlights the strong desire of today's employees for workplace choices, community and flexibility.





Summing up she said 'The user experience of workplaces is really important. We are no longer simply designing the environment but are designing the experience'.

On which note we turned to experiencing the excellent hospitality offered by HOK at this most illuminating event.

Note: Copies of the full report are available for CoreNet members at <https://resources.corenetglobal.org/knowledgecenteronline/SearchByTopicAndResource.aspx?ID=7698>

Non-members can get a copy of the report here:

<http://www.hok.com/thought-leadership/coworking-a-corporate-real-estate-perspective/>