The Unstoppable Wave of The Coworking Eco-System

1. Shared Economy / Space as a Service

- In the last 10 years the Nature of Work has changed dramatically
- 40% of the workforce will become ‘independent’ by 2024, according to Harvard Business Review
- Coworking space are offices where many different companies, startups, freelancers and contractors operate
- At the end of 2017, 1.2 million people worldwide have worked in a coworking space
- Spaces where innovation and the magic of cross-fertilization happens.

2. CoWorking vs Serviced Offices

Flexible workplace business models

TRADITIONAL SERVICED OFFICE

- Fully fitted furnished space, in segregated offices-typically conventional office space
- Allocated space
- Occupied on a licence
- One fixed charge for the duration of the licence covering all operating costs - usually on a cost per desk basis

CO-WORKING SPACE

- Club membership
- Typically open plan-shared communal setting
- Ad hoc and short term space
- Price per workspace-hourly/daily/monthly
- Shared space-not generally allocated
- Provision of events/mentoring/business support
- 10-20% space allocated to social space

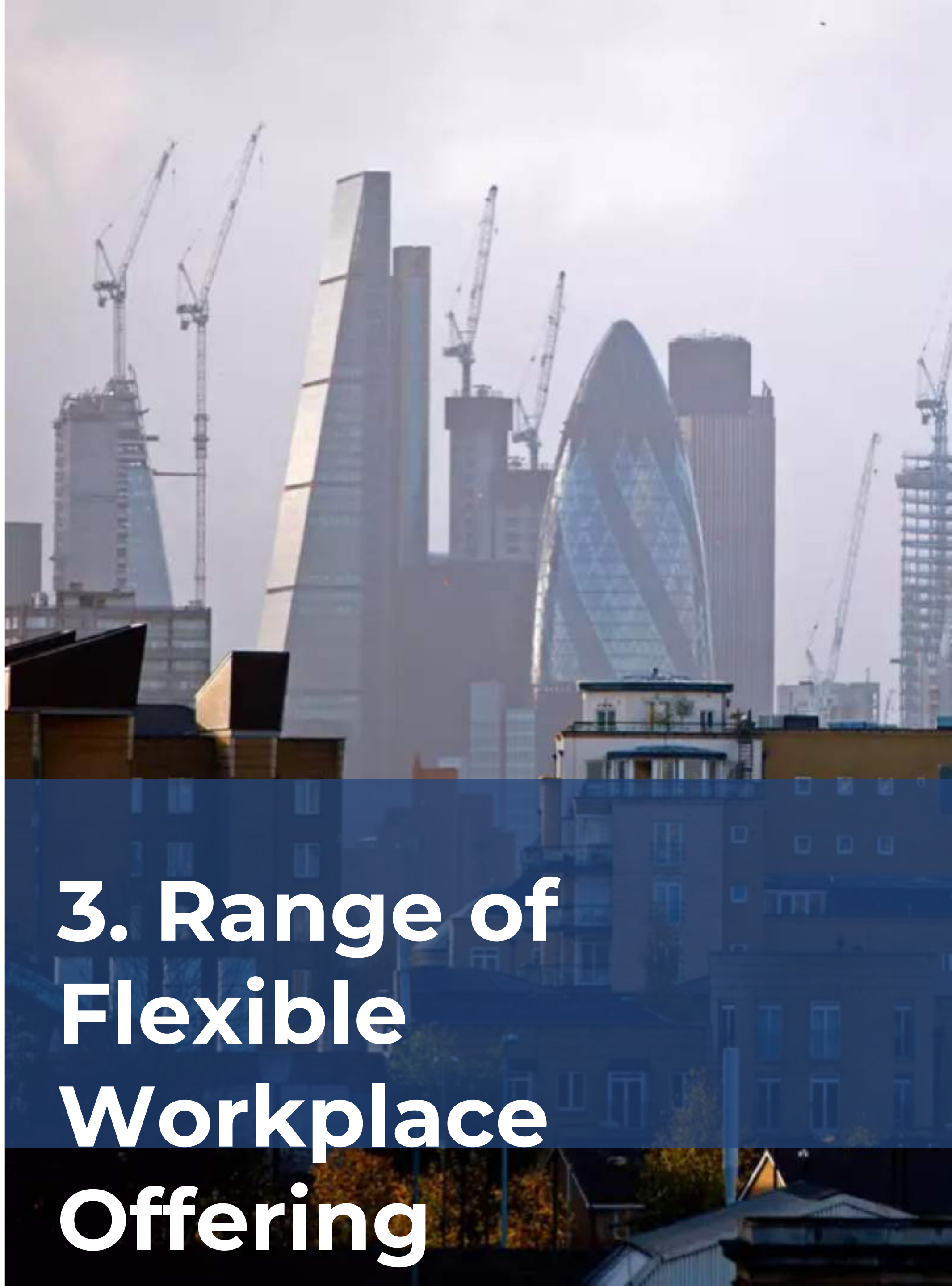
INCREASINGLY A HYBRID OF THE TWO

By Cushman and Wakefield

Range of flexible workplace offerings

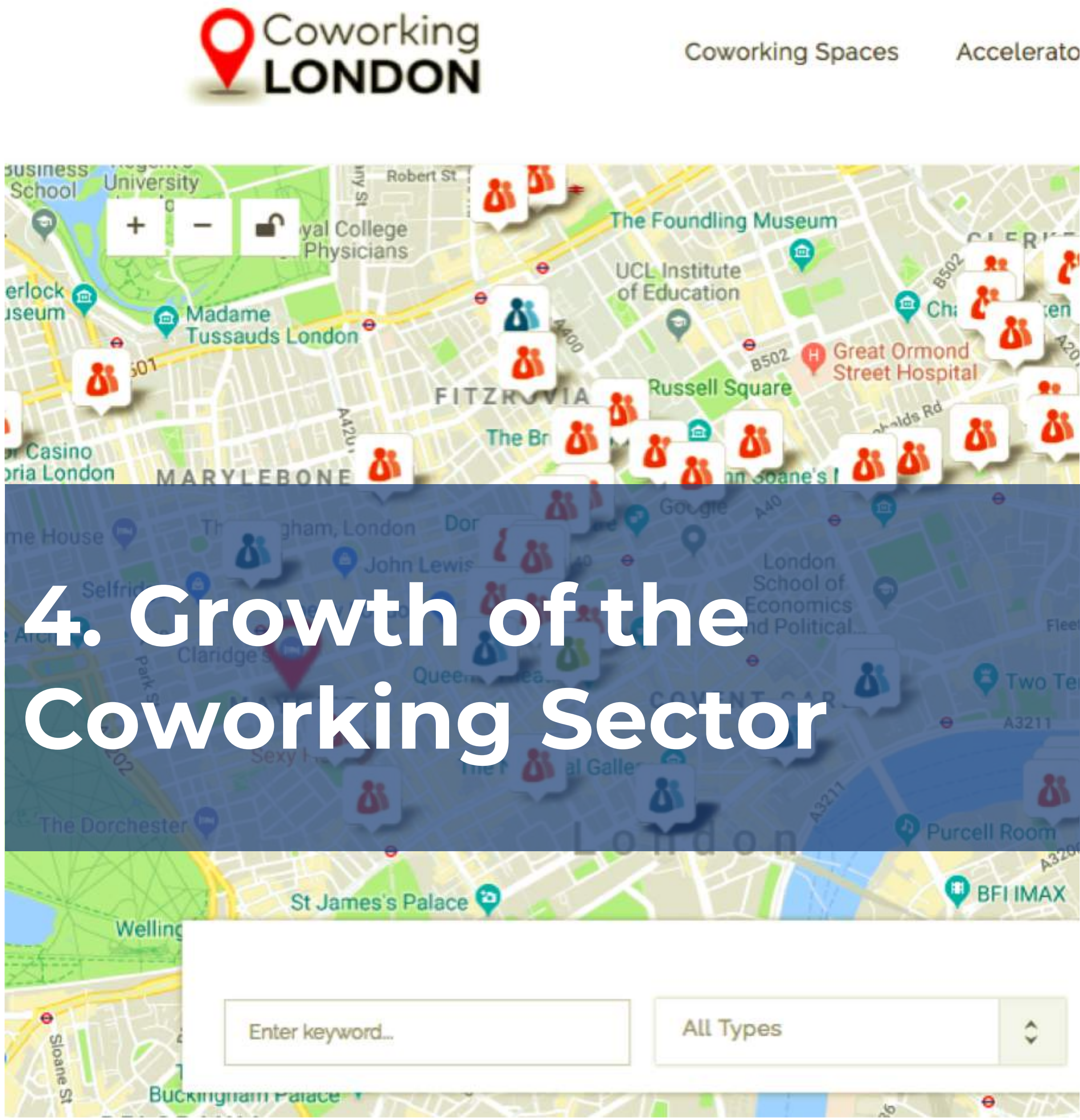
DEDICATED - SHARED

TYPE OF SERVICE	DESCRIPTION
Virtual Office	Use of an address and certain business functions, without physically occupying the space.
Membership	Touch down space on fixed monthly or annual fee, combining the costs of desk space, business rates, access to services and sometimes events.
Co-working	Guaranteed workspace in a shared area- no fixed desk. Resources and services are pooled, both for efficiency and to encourage collaboration.
Dedicated Desk(s)	A defined workspace in a shared area but is often located in close proximity to the co-working space to reap the benefits.
Serviced Office	Exclusive access to a private and secure area, often with separate facilities.
Managed space	Tailored workplace solution procured and managed by single supplier from start to finish.



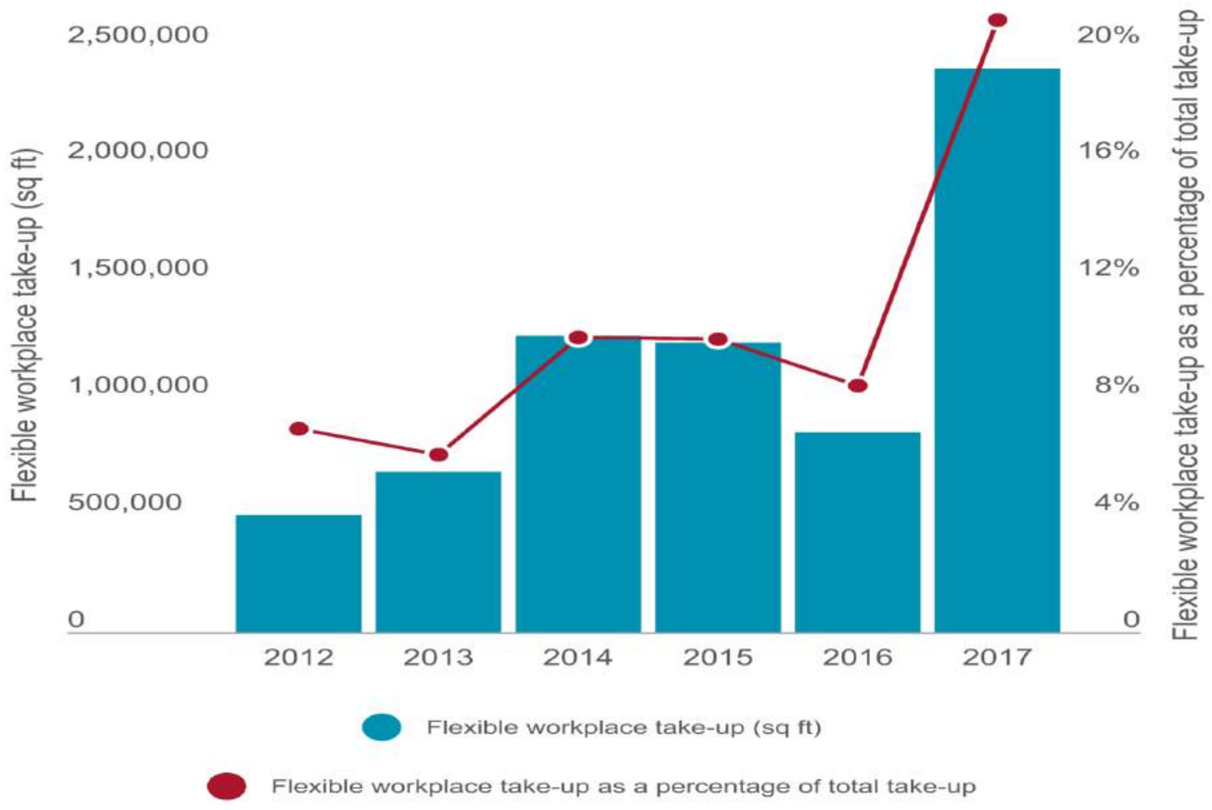
4. Growth of the Coworking Sector

• **Number of operators has grown almost exponentially in the last 10 years**



• **Flexible office space operators (s.offices, coworking, managed office) acquired 17% of the overall London office leases in 2017**

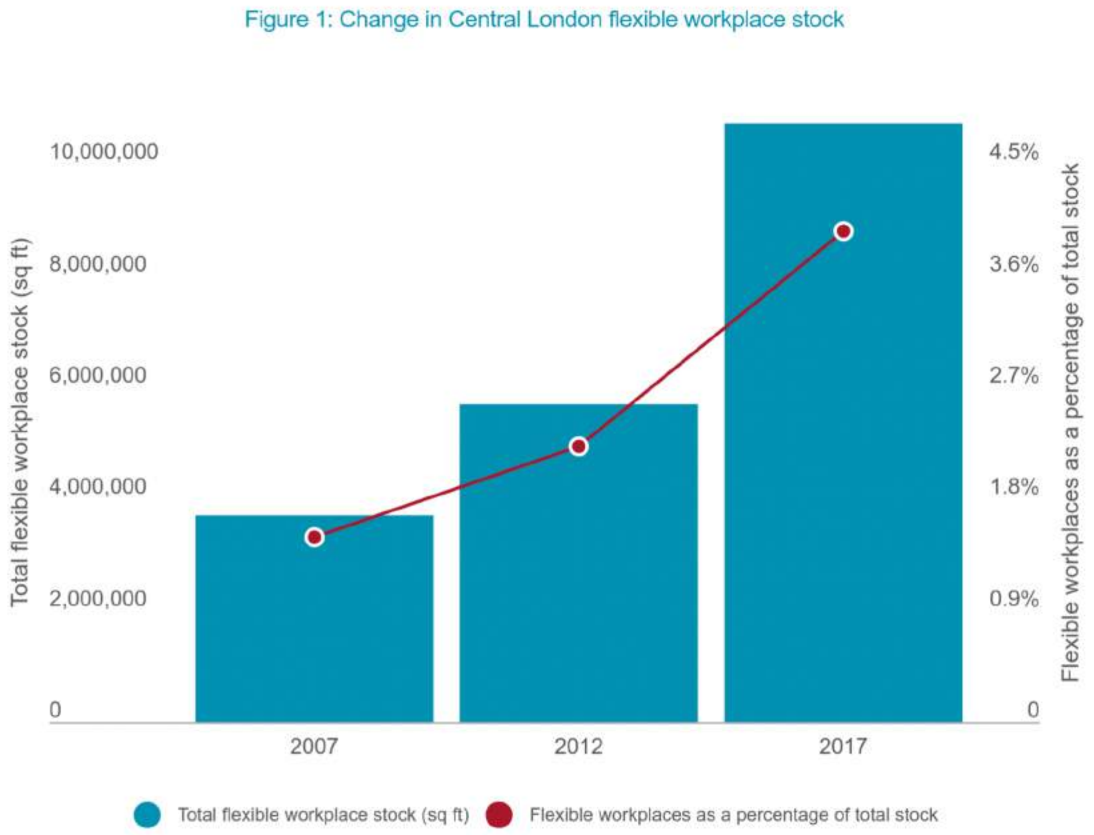
Figure 5: Central London flexible workplace take-up per annum



Source: Cushman & Wakefield Research & Insight

4. Growth of Coworking in London

• **Flexible office space operators (s.offices, coworking, managed office) acquired 17% of the overall London office leases in 2017**



Source: Cushman & Wakefield Resarch & Insight

4. Growth of Coworking in London

- First wave was 2000 with IPO of Regus and then Servcorp traditional serviced offices

- Financial crises of 2008

- Coworking sector grows rapidly in New York and London in particular, then worldwide. Tech market grows

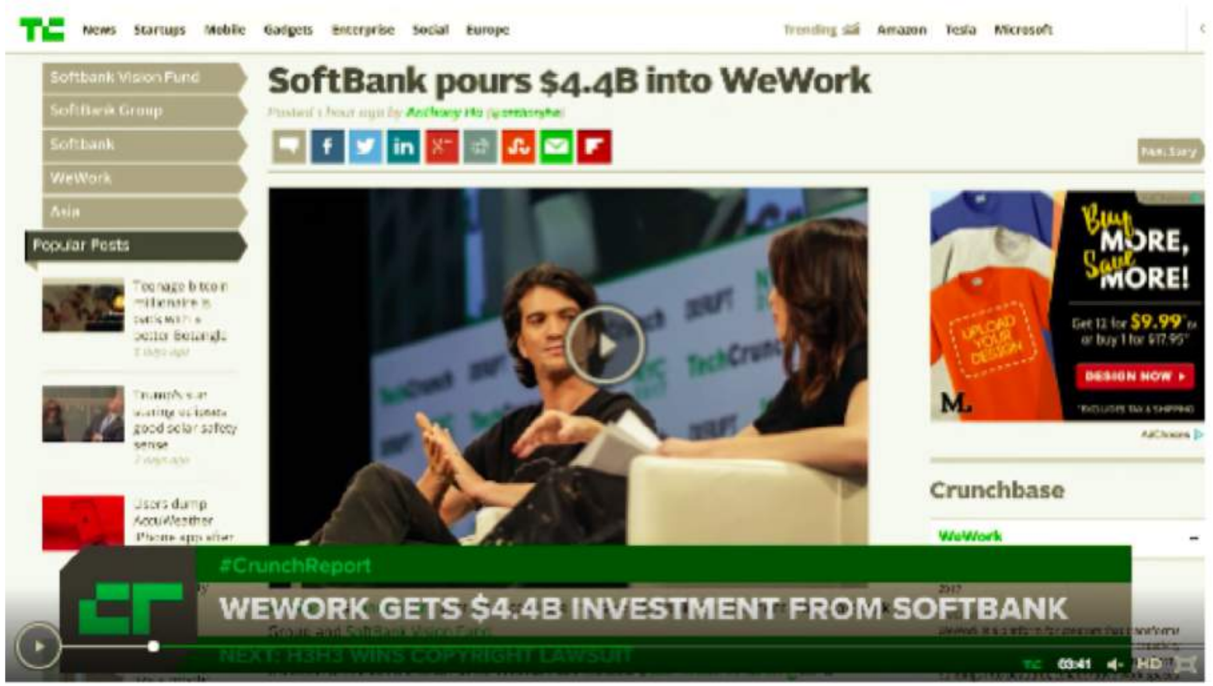
- WeWork massive funding, valuation model based on tech, over USD6 billion to date

- Huge funding in the sector in the last 2-3 years

- Other coworking business models attracting funding

WeWork Gets a $4.4 Billion Investment from SoftBank | Crunch Report

Khaled "Tito" Hamze @titoyooo / Aug 25, 2017



5. Funding of the Sector

6. Consolidations, Acquisitions, Exits

- Major exit in 2017 The Office Group, £400million investment by BlackStone

- Smaller but profitable sale in UK, HeadSpace group to BeOffices

- Some exits: Rainmaking Loft and Impact Hub Westminster

- Regus and WeWork acquiring smaller brands

- In some markets margin erosion and extreme competition

- Several operators in Uk not profitable, more consolidation?

7. Specialization of Sector

- Emergence of Women focused business members clubs (The Wing / Blooms / Allbright)
- Music Focused (The Rattle, Ministry of Sound)
- Designer/Fashion (Second Home, Huckletree, MindSpace, Salty Commune)
- Only Tech (TechSpace, TechHub)
- Sectorial Focus (AI, Big Data, VR/AR, FoodTech) and accelerators
- The Business Member Clubs
- New Concepts using surplus space or retails (Spacious in US just raised usd 9m)

8. Wellness and Environment

• Inhouse Fitness Studios, including yoga and medication classes

•Provision of Healthy Food and Drinks/Fresh Juices and Smoothies

•Office environment with natural elements like natural light and greenery – Biophilia

•TOP 5 MOST WANTED ELEMENTS

1. Natural Light
2. Indoor Plants
3. Quite Environment
4. View of the Sea (?!)
5. Bright Colours

• Importance of communal areas, conference spaces, break out areas, facilitating interaction

•Serendipity

•Meeting professionals with complementary skills

•Importance of content, frequency and quality of events/workshops (often organized by the members)

•Social activities

9. Community and Networking

10. The Districts-Clusters

- Urban population now exceeding rural population

- Countries and Cities are now competing to attract talent

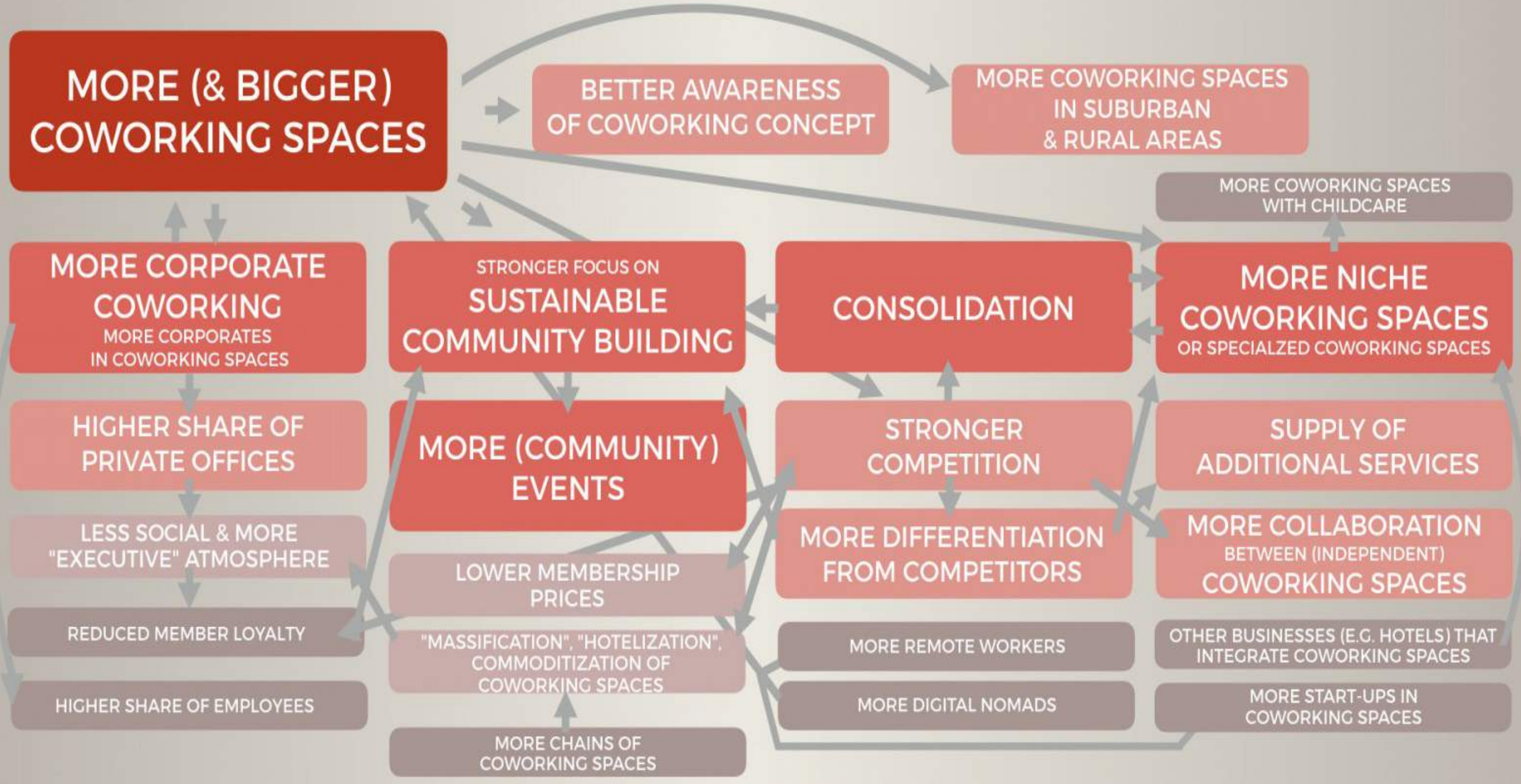
- Example of government back organizations: Startup Chile, La French Tech, TechUK, Startup Canada

- Townhalls/regeneration and support. Paris and Co, London and Partners, Startup Amsterdam

- Emergency of Tech Ecosystems / Districts within cities (East London...)

MAJOR TRENDS FOR COWORKING SPACES IN 2018

deskmag



THE BIGGER THE SURFACE OF A RECTANGLE THE MORE OFTEN THE TREND WAS MENTIONED
THE TRENDS HAVE BEEN COLLECTED, SUMMARIZED AND STRUCTURED FROM OPEN RESPONSES REPORTED BY COWORKING SPACES.

• The first wave of prop-tech companies disrupted the residential agency market (Zoopla, Prime location etc.)

•Second wave the hospitality market (bookings.com, Airbnb etc.)

•Third wave commercial market (retail and commercial)?

•Some recent fast growing players
- Realla.co
- Croissant
- LiquidSpace
- SquareFoot

•The are now 100s of proptech companies popping up and disrupting the market. Quite a few proptech accelerators and large events for the sector

11. PropTech

12. Future Workplaces Trends

- Impact of Artificial Intelligence. How will it impact the workforce, swift in competences

- BlockChain and Crypto Currencies
First attempt to launch a crypto based coworking concept in the Netherlands (PrimalBase)

- Virtual Reality / Augmented Reality. Will it remove human interaction, or enhance it?

- Big Data. Space allocation / usage.
Workplace sensors

Case Study - Mega Brands

- **WeWork** (USA – NY)
Coworking, est. 2010
Funded: USD 6.9 billion (latest Aug 2017)

- **Regus - Spaces** (Netherlands)
Coworking, est. 2008
Bought by Regus in 2015 – Listed in 2000

- **Labs** (UK/Israel)
Coworking, est. 2017
Funded by billionaire Teddi Sagi

- **RocketSpace** (USA, CA)
Coworking, est. 2011
Funding: USD 336 million (2016)

Case Study - Creative/Design

- **Soho House** **(UK, London)**
  Member's Club, est. 1995
  £ 275 million (USD 360 million) debt financing in 2016

- **Second Home** **(UK. London)**
  Coworking, est. 2014
  Funding: £28 million (latest Oct 2016)

- **NeueHouse** **(USA, NY)**
  Coworking, member club, est 2011
  Funding: USD 48 million (latest Sep 2015)

- **Canopy** **(USA, CA)**
  Coworking, est. 2016
  Designed by Yves Behar

- **Spring Place** **(USA, NY)**
  Coworking, est. 2017
  Founded by Costa & Crivelli

- **MindSpace** **(Tel Aviv, Israel)**
  Coworking, est. 2014
  Funding: USD 35 million

Case Study - Tech Tech Tech

- **Station-F (France, Paris)**
  Campus, accelerator, est. 2017
  Funded by French billionaire Xavier Niel

- **Factory (Germany, Berlin)**
  TechHub, est 2011
  Funding: E 1 million (latest Feb 2017)

- **Galvanize (USA, CO)**
  Campus, coworking, est. 2012
  Funding: USD 65 million (latest Aug. 2016)

- **Numa** (France, Paris)
  Accelerator, coworking, est. 2010
  Funding: E 4 million (latest in 2015)

- **Talent Garden** (Italy, Europe)
  Accelerator, coworking, est. 2010
  Funding: E 12 million (latest in Nov 2016)

Case Study - UK Focus

- **The Office Group** **(UK, London)**
  Business centre and Coworking, est. 2003
  Funding: SOLD £400 million to BlackStone

- **Huckletree** **(UK, London)**
  Coworking, est. 2013
  Funding: £7.2 million (latest in 2017)

- **TechSpace** **(UK, London)**
  Coworking, est. 2011
  Funding: £5 million (latest Jul 2016)

Case Study - UK Focused, Property/Asset Backed

- **Fora Spaces** **(UK, London)**
  Coworking, est. 2017
  Backed by Brockton Capital +£100 million

- **BeOffices** **(UK, London)**
  Business centres and coworking, est. 2010
  £50 funding from sales of asset

- **US and Co** **(UK, London)**
  Business Centre and coworking, est. 2017
  Funded by property group Artesian

- **Office Space in Town** **(UK)**
  Business centre and lounge, est. 2008
  Backed by Chinese group Kailong

- **Halkin** **(UK, London)**
  Business centres and coworking, est. 2015
  Backed by serviced office veteran Theo Kingshot

- **British Land** **(UK, London)**
  Largest UK landlord. Launched its Storey managed office space division in 2017

Case Study - European Focus

- **Remix** **(France)**
  Coworking, est. 2013
  Funding E 1 million (latest 2014)

- **Deskopolitan** **(France)**
  Coworking, est. 2017
  Private funding

- **Kwerk** **(France)**
  Coworking, est. 2015
  Private funding

- **United Spaces** **(Sweden)**
  Business centre, coworking, est. 2002
  Private funding

- **Iconic Offices** **(Ireland)**
  Coworking, est. 2013
  Private Funding

Case Study - European Focus

- **Talent Garden** **(Italy)**
Coworking, Est. 2012
Funding E 12 million (latest Nov 2016)

- **Copernico** **(Italy)**
Business centre, coworking, member club, est. 2008
Private Funding, E1-2 million

- **Tribes** **(Netherlands)**
Business centre, coworking,
est, 2013
Private funding, substantial

Case Study - Asian Wave

- **Urwork** **(China, Bejing)**

Coworking, est. 2015
Funding: USD 135 million (last Jan 2017)

- **Nash Work** **(China, Bejing)**

Coworking, est. 2013
Funding: USD 34 million (last Jun 2016)

- **Fountown** **(China, Shanghai)**

Coworking, est. 2015
Funding: USD 30 million (last Sep 2016)

- **SimplyWork** **(China, Shenzen)**

Coworking
Funding: USD 4.5 million (2016)

- **Naked Hub (China)** **ACQUIRED WW**

Coworking, est. 2015
Funding: USD 33 million (2016)

- **Awfis** **(India)**

Coworking, est 2014
Funding by Sequoia India USD 20 million in 2016

Case Study - USA Focused

- **Industrious Office (USA, NY)**
Coworking, est. 2013
Funding: USD 67 million (latest Mar 2017)

- **Alley (USA, NY)**
Coworking, est. 2012
Funding: USD 16 million (latest Feb 2015)

- **Serendipity Labs (USD, NY)**
Coworking, est. 2011 (by John Arenas)
Funding: USD 11 million (latest Aug. 2015)

- **Make Offices (USA, Virginia)**
Coworking, est. 2011
Funding: USD 7 million (latest 2015)

- **NextSpace (USA, CA)**
Coworking, est. 2008
Funding: USD 1.8 million (latest 2013)

Case Study - The USA Disruptors - New Business Models

- **Knotel** (USA – NY)
  Managed office solutions, est. 2015
  Funding: USD 95 million (last Apr 2018)
- **Breather** (Can – Quebec)
  Meeting room provider, est. 2012
  Funding: USD 69 million (last Dec 2016)
- **Convene** (USA – NY)
  Conference, meeting room network, est. 2009)
  Funding: USD 113 million (last May 2017)
- **LiquidSpace** (USA – CA)
  Conference and meeting rooms online, est. 2010)
  Funding: USD 26 million
- **SquareFoot** (USA)
  Office Search (est. 2010)
  Funding: USD 13.4 million
- **Spacious** (USA)
  Coworking in Restarants (est. 2015)
  Funding: USD 9 million

KNOTEL

convene

An Example of successful British coworking project

eoffice

Thank You!

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