



2022-2023

Coworking Space Report

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Introduction

Global Market Overview

In 2022 osDORO surveyed coworking space clients and aggregated property data on commercial property. Results were collected and summarised, providing data and forecasts for 2023 and beyond. Additional literature review, market research and business school research was undertaken to provide additional data analysis into the state of the coworking space market since COVID hit.

Overall, the utilisation of the coworking space market adjusted for seasonal and COVID lockdown is growing steadily. Our estimates put the coworking space market growing slowly <5% in 2022, followed by a bounce-back of over 12% in 2025.

Unless otherwise stated, the term 'coworking space' refers to shared office spaces that allow workers to rent open coworking space, dedicated desks and private workspaces with business services and amenities provided.

The growth of global coworking spaces, defined as shared office space from a single provider across multi-country locations, continues to remain strong in the US. US

coworking space providers rank #1 with 3,762 locations around the world. India companies come in second with 2,197 coworking spaces worldwide and the UK follows in third with 1,044 spaces. In contrast, local coworking spaces, defined as shared office locations within a specific regional area, are strongest in the APAC region. The Asia-Pacific (APAC) region remains #1 has the most local coworking spaces, with 5,889 coworking spaces in the APAC region alone. This is followed by 5,858 coworking spaces in Europe and 4,698 in North America. Forecasts predict that coworking spaces will double from 20,000 in 2021 to 41,975 by 2024. Additionally, the number of coworking space users is expected to grow to 5 million (Muller J & C G 2021).

A survey of over 300 global coworking customers, which allowed for multiple responses, showed that people prefer coworking spaces only second to working from home (see table 1). These same customers were then segmented into their respective regions. As the world continues with re-opening efforts post-pandemic, this is likely to shift in favour of coworking spaces.

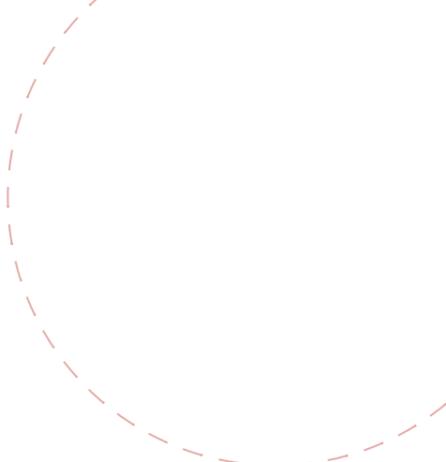
Survey of co-working answers

Location	US	UK	APAC
Work from Home	78.5%	71.2%	36.7%
Coworking Spaces	42.6%	75.1%	68.5%
Remotely Abroad	42%	32%	10.2%
Cafe	38.9%	28.7%	30.3%

Table 1: osDORO 2022

According to a survey of 5,000 Americans by WFH Research, employees want to work from home three days per week on average, driven mainly by employee desires to cut their commute time and limit human interactions for health and safety reasons. Additionally, over a quarter of those surveyed stated that they would only accept a future job if it were located conveniently from their home. This suggests that if more coworking spaces open up in suburban areas, people may begin to prefer coworking spaces even above working from home.

From a managerial perspective, this is also good news. Since corporations such as Goldman Sachs (Yeung P 2021) are convinced that office space will continue to serve as an important part of their business strategy when compared to work from home models, coworking spaces in the suburbs can fill this gap for employers who want to offer both workplace flexibility and a more cohesive office-based work model (Cooper K 2021).



A big challenge for companies will be to figure out the best hybrid work model

Global coworking demand

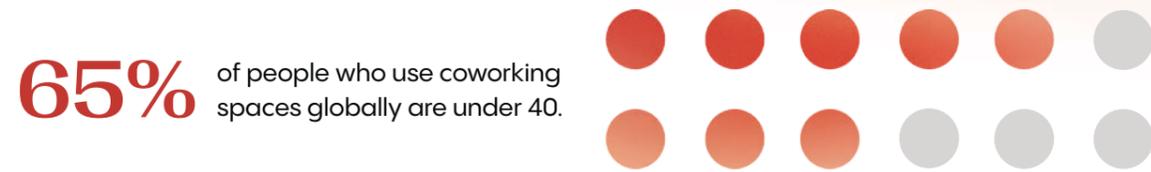


Table 2: osDORO 2022

Key Trend

- COVID-19 pandemic lockdowns and restrictions **caused decline** in the coworking space market in 2020 and 2021
- Workplace changes occurring in 2020 and 2021 created a rise in remote work and WFH fatigue along with "The Great Resignation" due to the COVID-19 pandemic lockdowns and restrictions.
- **Climate change** and the push for sustainability continue to drive coworking spaces' **popularity globally**.

Factors affecting coworking spaces



Photo by Jose Losada on Unsplash

The global COVID-19 pandemic decreased the demand for coworking spaces. The demand for coworking space is likely to grow in the long term (see table 2).

The global COVID-19 pandemic has undoubtedly made its mark on every aspect of the worldwide economy regarding worker lifestyles, company models, and workplace opportunities. Lockdowns and restrictions led to a rise in remote work and, eventually, WFH fatigue. These changes will shape the way people use coworking spaces and suggest that the demand for coworking spaces will increase.

Additionally, "The Great Resignation" causing many workers to leave low-paying, unstable jobs in the post-pandemic era will also contribute to the increasing demand for coworking spaces as more people gravitate to freelance and entrepreneurial endeavours.

The reality of climate change has also caused a push for sustainability as fewer workers are willing to make long commutes or take up entire office spaces when amenities can easily be shared within a coworking space environment. Many coworking spaces are taking an even more innovative approach to sustainability by providing workers with the eco-friendly workspaces they're looking for.

The entrepreneurial spirit and startup culture that created a demand for coworking spaces in the first place is still alive and well, driving the growth of the coworking space market at large. Plus, with more coworking spaces finding smaller and smaller niches of the business community, it's safe to say that the demand for particular coworking space is on the rise.

Global Covid Covid-19 Pandemic

The global COVID-19 pandemic caused (and continues to push) massive changes to the lifestyles and economies of every person in every country in the world.

Starting in late 2019 and affecting people on a wide scale since March 2020, the global pandemic has undoubtedly affected the demand for coworking spaces in 2021.

Initially, the increase in the number of people working from home due to the COVID-19 lockdowns limited the growth of the coworking space market. For example, in March 2020, most companies had to transition their workforce to work from home due to the pandemic. As a result, coworking space operators saw almost a 50% decline in users (Research and Markets 2021).

So, even though more people worked remotely due to the pandemic, lockdowns forced people to stay home, and coworking spaces were required to abide by these restrictions.

However, as workers have become accustomed to a more flexible working experience, fewer are opting to return to the traditional in-office work model. Therefore, the demand for coworking spaces worldwide is likely to increase as restrictions ease.

In the initial stages of the pandemic restrictions forcing businesses into a remote work model, there were some unexpected issues such as dogs barking during client meetings. But there were more widespread issues such as technological capabilities and training. Still, costs for businesses went way down and eventually, both employee satisfaction and output increased. So, while many companies went into the pandemic with every intention of returning to “normal”, many now admit that “this is the new normal” and “this is how we are going to work” (Torres 2021).

Coworking spaces give workers the best of both worlds, offering all the office space amenities with the flexibility of working remotely on your schedule. The COVID-19 pandemic has forced corporations and many smaller workplaces to adapt to a remote working model, and for many, this model is likely here to stay.

Again, this creates a challenge for corporations who want to return to the traditional office model. But, if employees are less willing to give up their flexible work lives in the post-pandemic era, companies will need to think creatively about how they set up their workplaces.

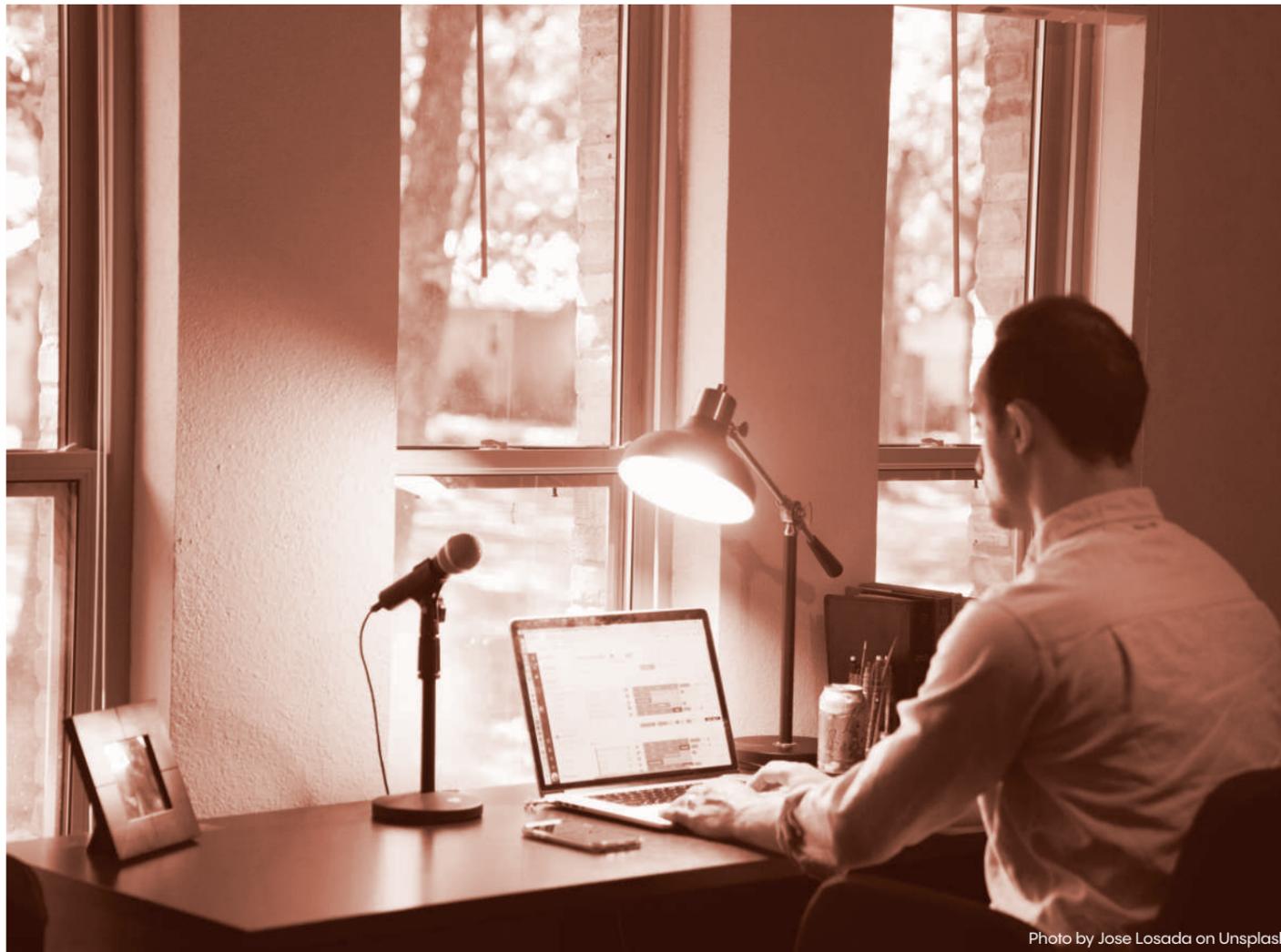
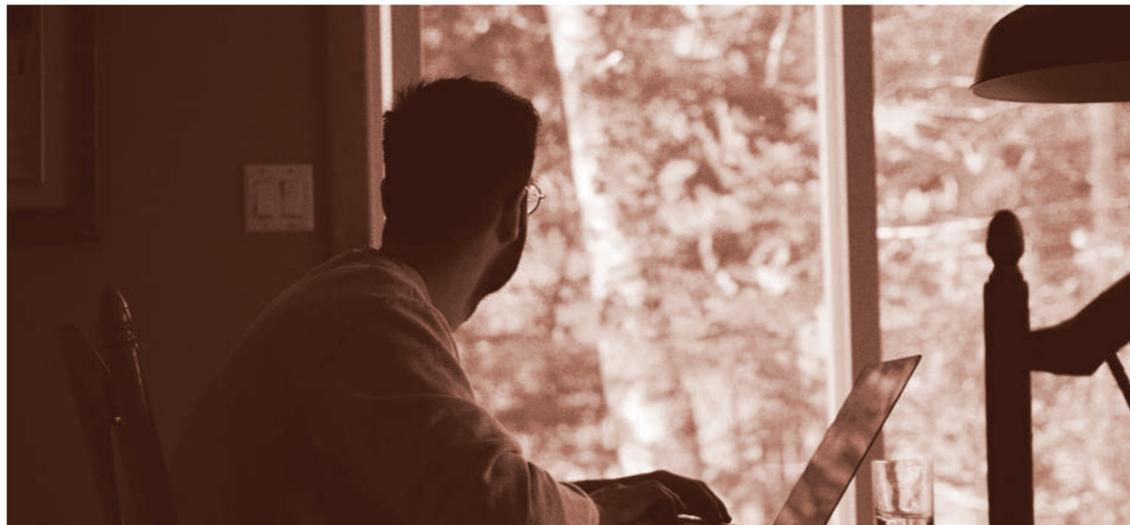


Photo by Jose Losada on Unsplash



WFH Fatigue

Due to the pandemic, many people spent much time throughout 2020 and 2021 working from home (WFH). While WFH has various benefits, especially during the COVID-19 outbreak, this work model also came with many challenges leading to what some call WFH fatigue.

At the start of the lockdowns and pandemic restrictions, workers enjoyed the remote work experience -- designing their home offices, spending more time with their kids, cooking their food in their kitchens and doing chores in between their workload.

But soon, WFH fatigue began to settle in. An excessive amount of Zoom meetings, in particular, were causing people much-unexpected fatigue, as was shown in a study from Stanford (Ramachandran 2021).

Extended periods of close eye contact, seeing yourself reflected at you, dramatic reduction in mobility and a higher cognitive load makes Zoom meetings far more exhausting than in-person meetings.

Top that with difficulty setting clear boundaries between home life and work life and the extended social isolation with

colleagues (especially if you live on your own), many people began to experience WFH fatigue. This was found in a study by Microsoft "that even employees who had previously developed strong work-life boundaries found them blurring during the pandemic transition" (Amico 2021).

So, while people seem to enjoy the flexibility of remote work, that doesn't necessarily mean they want to work from home. Coworking spaces are again expected to be in high demand in the post-pandemic era. They offer remote workers the physical interactions they need to stay healthy, more separation of their work life and home life, and the flexible working lifestyle that many workers have gotten used to during the pandemic.

WFH fatigue is partly why some companies are eager to get back into the office. Others argue that working from home sets a bad example for children about how work should get done (Cooper K 2021). However, it seems that coworking spaces could be the perfect compromise between working from home and traditional office space.

A Rise in Remote Work

Not only has the COVID-19 pandemic allowed employers and workers to experience remote work, but roughly 7 million people in the US (around 3.4% of the population) were already working remotely before the pandemic even hit.

Over the last five years, the number of people working remotely regularly has increased by 44% (Research and Markets 2021). While many choose to work remotely from home offices and local cafes, many prefer the coworking space environment, which offers a hybrid of what people expect from a fully-equipped office space with the added flexibility of setting your hours and making your schedule.

Others prefer a "digital nomad" work model to work remotely while traveling abroad. With thousands of coworking spaces across the globe, many digital nomads also often choose to work from coworking spaces.

Still, the idea of flexibility is likely not enough for employees in the post-pandemic era. According to the Harvard Business Review, workers don't just want flexibility. They want autonomy (Reisinger H & Fetterer D 2021). So, more than ever, corporations need to find a working model that offers their employees more control over using said flexibility.



Photo by Jose Losada on Unsplash

"The Great Resignation"

According to the US Bureau of Labor Statistics, more than 4 million Americans quit their jobs in July 2021 alone. What's now come to be known as "The Great Resignation" is occurring on a global scale (Cook 2021).

In Latin America and the Caribbean, 26 million people lost their jobs in 2020 due to pandemic regulations. However, most jobs that have returned are in the informal sector with generally low wages and greater instability. Therefore, 1 in 6 workers under 29 has not returned to their jobs since the pandemic (Tharoor 2021).

"The Great Resignation" suggests that, more than ever, the younger generations on a global scale are seeking workplace alternatives. This offers coworking spaces an amazing opportunity to meet this growing demand for non-traditional work environments and creates an opportunity for companies to respond in creative ways.



Push for Sustainability

With the threat of climate change looming on all of our minds, workers (especially younger generations) are pushing for more sustainable workplace options to reduce carbon emissions and find more environmentally friendly alternatives to the traditional office space model.

Coworking spaces promote the idea of shared workspaces that require less pressure to build new offices to support a private room for every startup and company that comes along. Few people are willing to commute five days per week, opting for a more flexible work schedule that coworking spaces make possible.

Plus, sustainable coworking spaces are a

significant trend. With more eco-friendly measures in the workplace, coworking spaces are attracting entrepreneurs who are particularly concerned about the environment and climate change.

For example, CoCoon in Hong Kong has installed natural bamboo floors, uses non-toxic paint and has only LED lights installed to help attract eco-conscious business owners. Other coworking spaces such as Green Spaces in Denver have also managed to target the sustainability niche. The office space is fitted with 160 solar panels, indoor plants to naturally filter the air, on-site recycling and composting sites and more (Research and Markets 2021).

Therefore, the sustainable practices adopted by major coworking spaces help meet this demand for eco-friendly office space, creating both an environmentally and economically conscious approach.

The Entrepreneurial Spirit

The original need for coworking spaces shouldn't be overlooked because a global pandemic has dramatically increased the demand. In general, the coworking spaces industry is largely thanks to the increasing number of startups popping up globally. Starting October 2019, the global startup economy was worth \$3.8 trillion in 2019, rising 20% from years prior (StartupGenome 2021).

There are countless reasons why the entrepreneurial spirit has taken over many of our economies, including the growth of the internet, exposure to the idea of entrepreneurialism and improved global

literacy rates. The fastest-growing startup subsets globally include advanced manufacturing and robotics, agriculture technology and new food, blockchain, AI and big data, and analytics. All of these factors lead to an increased demand for coworking spaces which largely drive the market.

Additionally, coworking spaces continue to meet the needs of startups and small businesses by creating industry-specific and even niche-specific spaces that cater to extremely specialised sectors of the growing entrepreneurial space.

You'll find all kinds of coworking spaces, from generalised providers such as WeWork to highly specific visual arts coworking spaces from a provider like La Porte Space in Sydney. Not to mention, tech-focused coworking spaces are a dime a dozen.



Coworking Space Supply

Growth

Each year until 2025, coworking spaces are expected to see a 12% annual growth rate along with industry changes in the form of:

- Coworking space pricing
- Virtual work environments
- Health and safety
- Specialisation
- Expanded clientele
- Coworking space brokers
- Hotel and restaurant partnerships

Major Players

According to the Global Coworking Space Market Report 2021-2030, the major coworking providers include:



The two largest coworking space providers based on space leased are Regus Corporation (IWG Plc) and WeWork.

Regus Corporation (IWG Plc) has around 11% of the market share as of 2019 and operates in 900 cities across 128 countries. Regus is a European company that provides virtual offices, meeting facilities, coworking spaces, day offices and business centres (Statista 2021).

WeWork has around 2% of the market share and provides shared coworking spaces and serviced offices in 77 cities across 23 countries globally.

Coworking Space Market

As a whole, the global coworking space market is expected to increase from around \$7.97 billion in 2020 to \$10.1 billion by the end of 2023. While initially, pandemic recovery required restrictive containment measures including social distancing protocols, work from home orders and commercial closures that resulted in a variety of operational challenges, coworking spaces are adapting to the new normal. The coworking space market is expected to reach a value of \$13.03 billion by 2025, a compound annual growth rate of 12% (Research and Markets 2021).

Coworking spaces earn revenue by providing rentals usually purchased by organisations, sole traders, partners, small businesses, and even larger enterprises. The cost of renting coworking space generally covers the use of shared business services and equipment like furniture, wifi and software, and amenities like fully equipped kitchens and conference rooms.

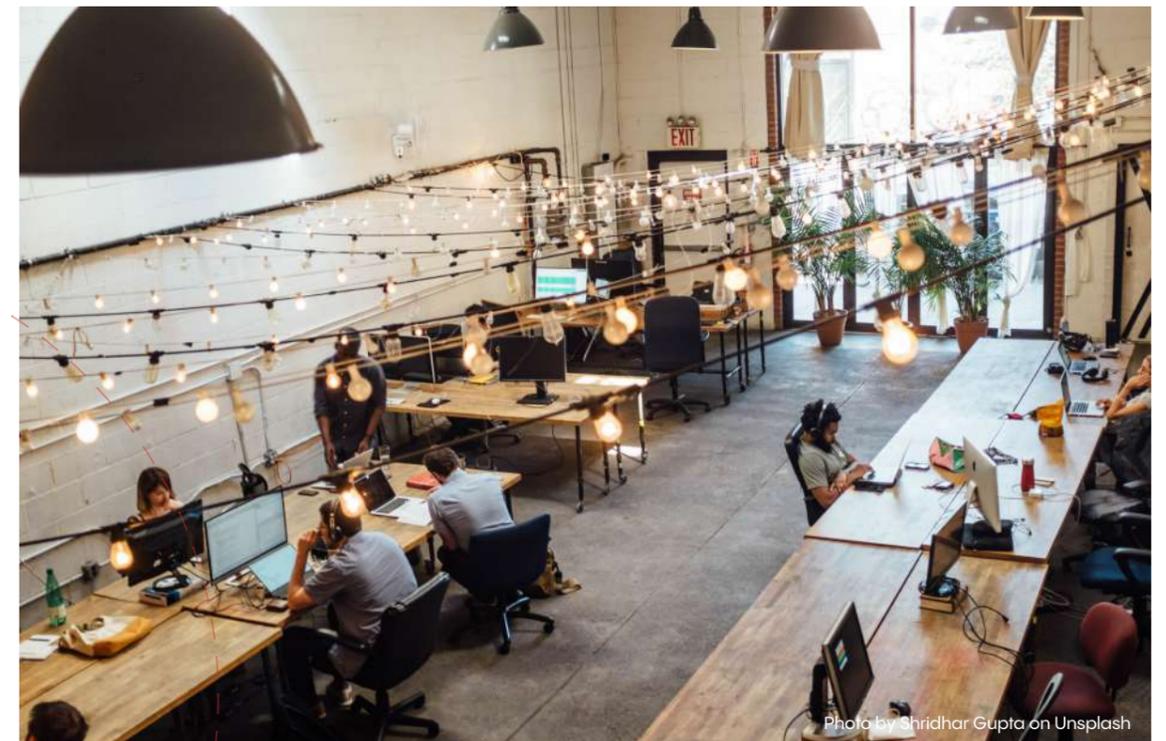


Photo by Shridhar Gupta on Unsplash

Industry changes

Since the coworking space market is slated to grow, more providers will compete for a piece of that market share. Therefore, coworking spaces are likely to improve as prices get more affordable, facilities offer more services and amenities, and the world adapts to the post-pandemic new normal of flexible workplace options.

Coworking Space Pricing

Like many other industries, coworking spaces took a huge hit during the global pandemic. So, to encourage business owners, freelancers and remote workers to work from coworking spaces, many providers are likely to either cut their prices or get involved in some sort of pricing war.

While not all coworking spaces are likely to survive the upcoming tumultuous economic era, due to fierce competition and changing perceptions, the coworking spaces that do survive are expected to be more affordable.

We might also see more tiers of coworking spaces. For example, new coworking space markets will be positioned as budget-friendly, average or luxury.

This can be an amazing opportunity for companies and corporations to rent coworking space for their employees that is far more affordable than traditional commercial real estate. Plus, with more providers slated to enter the market and drive prices down, it may be the most lucrative option for many businesses moving forward (See table 3 below for current average global desk price).

Global per desk	Average prices
Private Office	\$3000
Coworking Desk	\$750
Virtual Office	\$195

Table 3: osDORO 2022

Virtual Work Environments

Telecommuting is convenient and has certainly allowed us to comply with government regulations due to COVID-19. However, effective telecommuting requires a conducive environment that not everyone has access to.

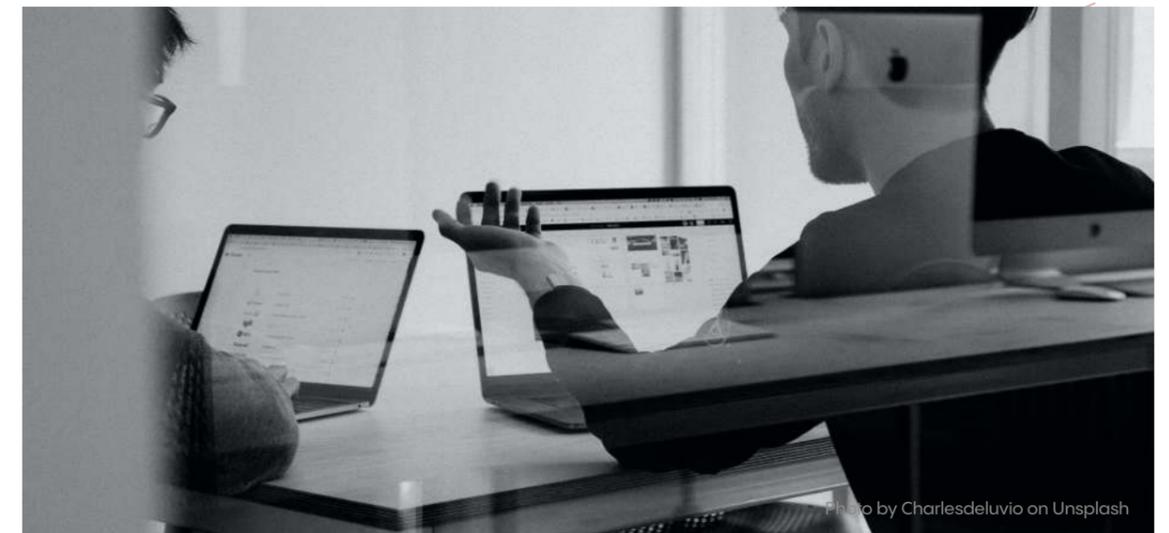
Home offices are generally filled with distractions, disrupting the productivity of many workers, especially when compared to the work that gets done in a more suitable office space. Not to mention, having business mail sent to your home, taking business calls in the kitchen, and dealing with responsibilities of your home while "at work" is challenging.

Still, many workers prefer to work from home, yet they struggle to access all the services they need to run their business or get their job done effectively.

So, another industry change we see in the coworking space field is more catered to the needs of remote workers, regardless of where they prefer to work.

Of course, we'll see that those who prefer to work from an office space are likely to return to coworking spaces in the post-pandemic era. However, those who enjoy working from home now have virtual coworking memberships from coworking space providers.

These virtual memberships include things like mail reception services with a professional business address, voicemail and email handling, regular networking opportunities, virtual IT support and more.



Health and Safety

Another change happening within the coworking space industry is in regards to health and safety. COVID-19 remains a health and safety concern, and many workers are likely to remain reluctant to leave home and risk exposure unnecessarily, especially in a space that sees a lot of foot traffic compared to more traditional office spaces.

So, to address these concerns, the coworking space industry has introduced enhanced health and safety protocols to ease workers' concerns about the threat of COVID-19.

Many coworking space providers have implemented strict cleaning regimens, higher sanitisation stations and strict social distancing rules to provide peace of mind. Some coworking spaces have even introduced UV light sterilisation and HVAC units to purify the air.

Even in the post-pandemic era, these health and safety protocols will likely remain a staple of the new normal.

Specialisation

The following change we've seen in the coworking space market is specialisation. While many coworking spaces are generalised offices that can be used by all types of workers from various industries, many coworking spaces are finding specific niches for which to tailor their services and amenities.

It's no secret that different industries require different things from office space. Coworking spaces seem to understand that while the one size fits all approach can inspire collaboration between diverse groups, certain services will entice specific kinds of workers with niche coworking spaces.



For example, many tech-focused coworking spaces are popping up worldwide to support tech entrepreneurs, startups and enterprises. Acting as more of a startup hub bringing together like-minded individuals and teams, these tech-focused coworking spaces have the specific tools and network that tech workers need to thrive in such a competitive space.

Another example of niche coworking spaces is for creative industries. With amenities like content creation studios, podcasting studios, gallery spaces and more, those in creative roles can find a niche coworking space that works specifically for them.

In short, this specialisation among coworking spaces is a growing trend. As more people opt for remote work solutions, we're likely to see specific coworking spaces for a wide range of niche industries sprouting up as a result.

Again, this is good news for businesses looking into renting coworking space for their employees instead of leasing expensive commercial real estate. Niche coworking spaces can provide improved services and amenities, making coworking space opportunities even more lucrative for companies.

Expanded Clientele

For various reasons, businesses of all kinds are likely to get on board with the innovative work environment offered by coworking spaces.

Already, many businesses are funding their employees' use of coworking spaces. Doing so helps companies save money on real estate costs while still ensuring that their employees access high-quality facilities, services and amenities.

The pandemic allowed both companies and employees to get comfortable with working remotely, and now, companies are finding that they can save money on their expensive commercial leases. Instead, they can keep their employees happy by paying for their coworking space memberships which often provide a higher calibre work setting than they can deliver on their own.

Especially beneficial for small businesses and startups with small teams, the networking opportunities available when you work from a shared office space can also help stimulate future growth. And these benefits are encouraging more businesses to opt for coworking spaces as their office space of choice.

Instead of directly leasing office space in the suburbs, companies are choosing to partner with flexible workspace providers which offer their employees a network of locations to choose from. This allows businesses to cut space, avoid difficult decisions about accommodating staff in a variety of locations and avoid the risk of secondary offices becoming sedentary (Cadman 2021)

Again, as more business owners see the value in paying their employees to work out of a coworking space versus maintaining their own commercial office, we might expect to see more coworking space brokers helping businesses find the best-shared office real estate on the market.

Partnerships

With more people becoming interested in coworking spaces during the pandemic, hotels and restaurants that have struggled with low customer volumes have taken the opportunity to use their real estate as coworking spaces.

Hotels such as Accor in France, Zoku in Amsterdam and Hotel Schani in Vienna have been trailblazers in this space as they've managed to blend hospitality and coworking spaces to provide unique workplace offerings in their lobbies and hotel rooms (Wich S n.d.).

Restaurants are also jumping in on the popularity of coworking spaces, especially those that have had to deal with capacity restrictions or are only open for dinner. In the meantime, these restaurants can utilise their space as a coworking facility to bring in revenue and meet the growing demand for flexible workplaces.

Especially since trendy cafes have long been a favourite makeshift workplace for many freelancers and remote workers, restaurants now see the potential of capitalising on an emerging sector by providing more office-related essentials in their restaurant space. In particular, KettleSpace is one of the first companies to bridge the gap between restaurants and coworking spaces and partnerships like these are likely to grow in the future (JLL 2019).





Singapore

Singapore market

The Asia-Pacific region (APAC) is the largest market for coworking spaces globally, with around 300 coworking spaces operating in the Asia-Pacific gateway cities, including Singapore, Hong Kong, Shanghai, Tokyo, Sydney and Melbourne.

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Average Lease Term

Lease	2022	Forecast 2023
Singapore	8	6
Global	6	6

Table 4: osDORO 2022

In Singapore alone, the number of coworking spaces has tripled since 2015 and flexible office space accounts for 4.2% of all office space in the country.

As the COVID-19 pandemic encouraged a rapid digitalisation of the global economy, Asian governments have pushed policies that “encourage knowledge-based startups and entrepreneurialism” to offset slowing growth among the more traditional industries. This push is likely to expand the demand for coworking spaces well into the post-pandemic economy.

However, the coworking space market (and the entire commercial real estate industry) has been negatively affected by COVID-19. Still, the rise in remote work and WFH fatigue due to the pandemic has created a continued need for coworking spaces in APAC (See table 4).

COVID-19 has done nothing but accelerate a trend that was already moving towards more flexible work options. For businesses, this has increased workplace flexibility, saving employers money on real estate and overheads while offering more work/life balance for employees. The pandemic has also helped businesses solidify their operations in a remote work model, therefore foregoing a centralised office space.

Additionally, as the COVID-19 pandemic is likely here to stay, more businesses and entrepreneurs are steering clear of expensive long-term leases in favour of short-term lease options they can get from a coworking space provider.

Large businesses in Singapore and the APAC region have reported saving millions by going remote, mostly by foregoing the need to pay for office space. Employees have also saved on things like transportation and other miscellaneous expenses by going remote.

Even before the pandemic, coworking spaces were beginning to challenge commercial real estate (CRE) providers in the Asia-Pacific region. Now, more than ever, both businesses and employees are questioning the need for CREs in the traditional sense at all.

Employers still want to ensure that the social and professional needs of their employees are cared for. So, coworking spaces are an ideal solution, offering flexible workspaces that cater to their workers’ unique location, utility requirements and work environment preferences.

Average Lease Term

There are seven (7) coworking space providers that make up the majority of coworking spaces available in Singapore, with WeWork being the top provider and IWG (Regus) a close second (See table 5 below).

Top Coworking Spaces

Coworking Space Provider	Size (sq ft)	Market Share
WeWork	850,000	22%
IWG (Regus)	640,000	16.6%
JustGroup	498,000	12.8%
The Work Project	192,000	4.9%
The Executive Centre	141,000	3.7%
Servcorp	102,000	2.6%
The Great Room	91,000	2.3%

Table 5: Tay V 2019

Coworking Space Locations

Most coworking spaces in Singapore are located in the major city centres. This includes Raffles Place and New Downtown, accounting for 52% of coworking spaces in the city, followed by Shenton Way or Tanjong Pagar with 12%. The remaining coworking locations are allocated in City Hall, Orchard Road and Beach and Bugis Roads with 16%, 7% and 3%, respectively (Osdoro 2022). (See table 6 below)

Coworking Space Locations in Singapore

Area	Percentage
Major City Centres	83%
Edge of City	12%
Suburbs	5%

Table 6: osDORO 2022

Coworking Space Locations

While, in the past, coworking spaces were often filled with freelancers and solo entrepreneurs, now, these individuals only make up about 41% of the top coworking space users in Singapore. While they are still the majority, corporate workers from large companies now make up 36% of coworking space users. This number is expected to grow as more businesses understand the benefits of choosing coworking spaces as their office space of choice (Osdoro 2022). (See table 7 below)

Top Coworking Space Users

Freelancers	83%
Corporate Workers from Large Companies	12%

Table 7: osDORO 2022

Average Desk Price

The average desk prices below were gathered by averaging out the prices from the top 7 coworking space providers in Singapore (OSDORO 2022). (See table 8 below)

Location	2022	Forecast 2023
Singapore	\$\$SGD550	\$\$SGD575

Table 8: osDORO 2022



Photo by Francesca Saraco on Unsplash



Australia

Australia market

In Australia, the coworking space market can be seen through the eyes of millennials (those who were born between the years 1980 and 2000). Millennials prefer to work smarter, not harder, and they're looking for flexible work options that allow them to transition easier between work and life.

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Average Lease Term

Lease	2022	Forecast 2023
Australia	9	7
Global	6	6

Table 9: osDORO 2022

Technology is transforming Australian businesses, and so the challenge for many companies will be to attract and retain employees who can take on the emerging technological landscape. Plus, considering that 75% of the workforce is expected to be millennials by 2025, the real question is how can Australian businesses entice millennials.

Millennials value mentorship, they desire an effective workplace, peer-centred collaboration and purpose-driven employers. To meet the challenge of providing for a millennial workforce, employers are encouraged to create flexible working conditions to empower each employee. Employers can manage individual expectations for what it means to work flexibly, how to collaborate with team members, and how each employee manages client demand with an outcome-based focus.

To do so, many business owners are choosing coworking spaces as their office space of choice to provide flexible working conditions for their millennial workforce (See table 9).

Additionally, the global pandemic has put pressure on many Australian businesses regardless of the millennial outlook on the world of work. With two-thirds of Australians working from home even despite relaxed restrictions, it's not just the younger generation that prefers flexibility in their work lives

(Australian Institute of Family Studies 2021).

Still, as we saw before, WFH fatigue and better work/life balance are craved by people worldwide, including in Australia. In the same survey by the Australian Institute of Family Studies, 49% of parents surveyed said they found it difficult to manage both work and care responsibilities while working from home.

Again, coworking spaces could easily fill this gap by offering employees flexibility and better work/life balance. Still, it's up to businesses to decide whether providing coworking space membership for their workers is something they'd be willing to try.

For businesses, coworking spaces also seem to be an affordable option considering the rising real estate prices all over the country. Especially after potential lost business during the height of the pandemic, opting to supply employees with coworking space access seems like a natural progression into the new world of work (See table 12).

So, for companies looking to save money on real estate while responding to the pandemic effectively, businesses in Australia would do well to consider using coworking spaces to bring their employees together, either in-person or remotely, while also taking a proactive approach to attracting and retaining millennials.

Types of Businesses Using Coworking Spaces

The most common type of business utilising shared office space and coworking spaces are banking & finance organisations that makeup over a quarter of all businesses that use coworking space. IT, computing and software companies, property, real estate, and recruitment are another decent chunk of the most common types of businesses using coworking spaces (See table 10 below).

Market Demand Per Industry

Type of business	Percentage
Banking Finance	27.00%
Professional Services	22.20%
Information Technology	18.13%
Property	10.05%
Recruitment	8.00%
Healthcare	8.00%
Government	5.00%
Other	1.62%

Table 10: osDORO 2022

The lifecycle of a business also influences the need for coworking space Globally. As businesses grow and change, they look for office space easily upgraded or downgraded based on their ever-changing business needs. Globally with the turnaround since COVID lockdowns, we are seeing massive growth in businesses moving from permanent office solutions to more flexible coworking options for their staff.

Preferred Office Spaces

While many people might think of coworking spaces as only offering open shared workspaces, most coworking spaces offer private offices. Almost three-quarters of companies who work from coworking spaces choose this private office option.

Interestingly, virtual office space memberships have also increased, pushed by the post-pandemic remote working trend during 2020 and 2021 (See table 11 below).

Most Common Coworking Space Rental

Type of Coworking Space	Percentage
Private Office	72%
Coworking Desk	13%
Sublease Space	1%
Virtual Office	8%
Meeting Room, Event Space, Other	6%

Table 11: osDORO 2022

Average Desk Price

Location	2022	Forecast 2023
Australia	\$AU550	\$AU600

Table 12: osDORO 2022

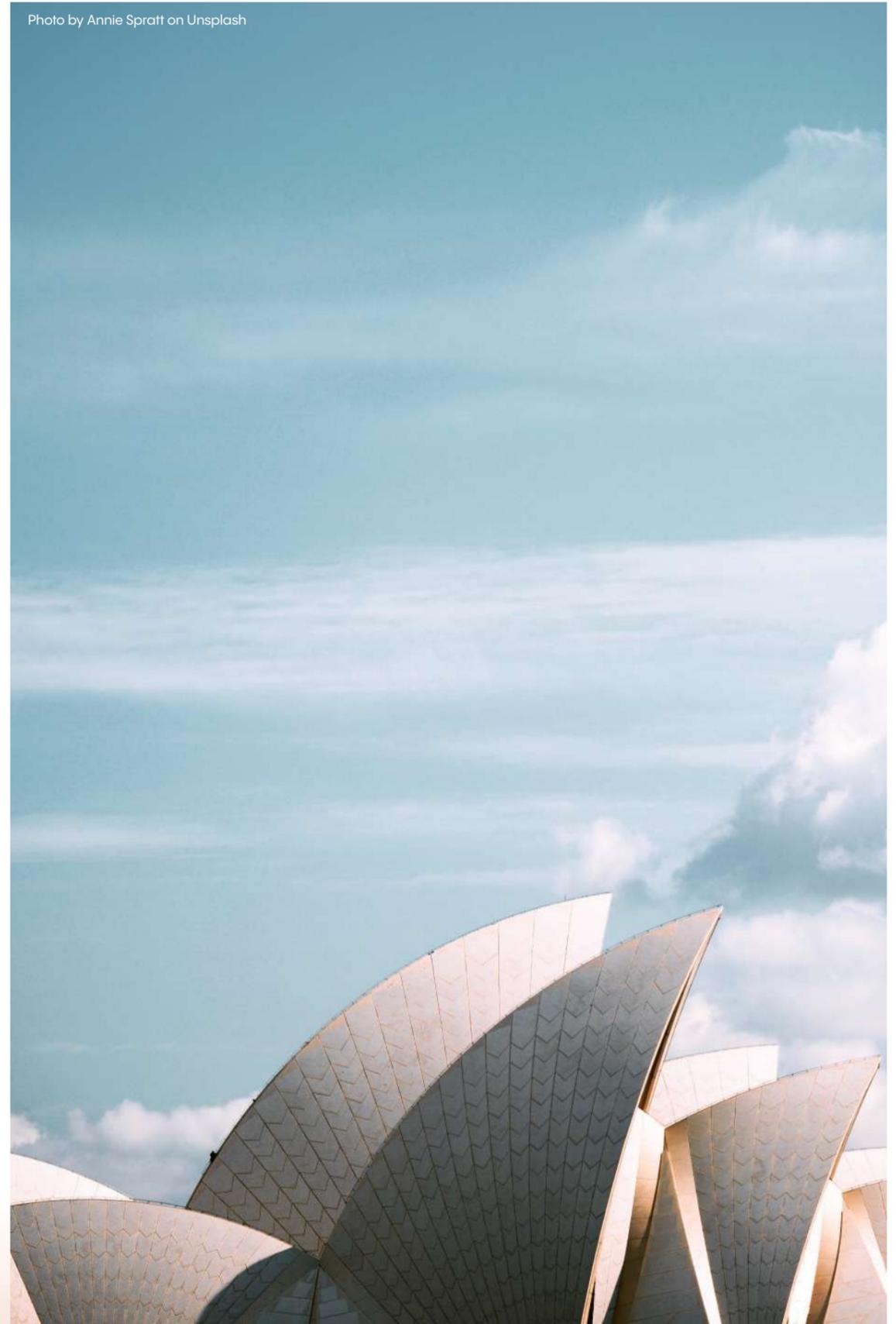


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United States

US market

Historically, the coworking market in the US has shown strong growth. The number of people in the US working from coworking spaces has increased from around 331,000 in 2015 to around 993,000 in 2021. Also, in 2007, there were only 14 collaborative office spaces in the country. Ten years later, in 2017, there were 4,043 coworking space providers, and that number has continued to increase (Statista 2021).

The US's top coworking space providers (Di Risio A 2021) are Regus (IWC) and WeWork. However, in 2021, the biggest coworking companies in the US also include:

- Impact Hub
- Your Alley
- Knotel
- District Cowork
- Make Office
- Industrious Office
- Techspace
- Serendipity Labs
- Venture X
- Green Desk
- SomeCentral
- Spaces

Additionally, the US's most common types of businesses using coworking spaces include small- to medium-sized businesses, startups, large businesses with remote workers, freelancers, and "digital nomads" (McIntosh K 2020).

Average Lease Term

Lease	2022	Forecast 2023
US	12	12
Global	6	6

Table 13: osDORO 2022

Some of America's top companies have also begun to use coworking spaces (Amador de San Jose C 2018). Some of the biggest companies that use coworking spaces in the US include:



As you can see, even some of the biggest companies on the planet have been able to use coworking spaces in the US to their advantage. These flexible office spaces have a lot to offer and can serve large enterprises just as well as they've served freelancers and entrepreneurs in the past.

Average Desk Price

According to Statista, the average desk price at coworking spaces in the US was \$855 per month (See table 14 below).

Average Desk Price

Coworking Space Provider	Market Share
Los Angeles	\$1,083 per month
San Francisco	\$1,046 per month
Seattle	\$1,031 per month
New York	\$1,017 per month
St. Louis	\$713 per month
Chicago	\$701 per month
Minneapolis	\$700 per month
Indianapolis	\$549 per month

Table 14: Statista 2021

Conclusion

The Future of Coworking

Specialisation

First and foremost, we expect to see far more specialisation of coworking spaces in the future. Niche coworking spaces and industry-specific office space will become more and more common as more workers flock to these shared workspaces and as more coworking space providers aim to stay competitive in the market.

Health Protocols

To help workers feel safe amidst the COVID-19 pandemic, we expect to see health and safety protocols remain in place at coworking spaces worldwide. Sanitisation stations, social distancing, HVAC air filters and other cleaning regimens are likely here to stay.

Technology

As with the rest of the world, technological advances are expected to play a large role in the future of coworking spaces. Technology is likely to take over for building managers with the advent of automated access cards and apps, coworking space management software, booking systems, attendance systems, automated invoices and time trackers. Not to mention, technological changes are likely to improve the services and amenities offered at coworking spaces and reduce the face-to-face interactions required, further improving health and safety protocols post-pandemic.



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Photo by Alex Kotliarskiy on Unsplash



Photo by Annie Spratt on Unsplash

Multi-City Locations

While many coworking space providers already offer multi-city locations, this trend is likely to continue in the future. Now more than ever, workers demand coworking space locations convenient to them and therefore, it's in the best interest of coworking spaces to offer a variety of locations to their members.

To help with this need for multi-city real estate, the trend of coworking spaces creating partnerships with restaurants and hotels is also likely to continue. By repurposing hotel and restaurant spaces to provide business-centric services and amenities, these companies can increase their revenues and create more multi-purpose spaces in large cities.

Additionally, it's also expected that more coworking spaces will crop up in suburban areas to provide remote workers with a flexible workspace closer to home allowing shorter commute times.

This would also be a positive outcome for companies interested in paying for their employee's coworking space memberships to offer flexibility and clear work/life boundaries, both of which many workers crave in the post-pandemic era.

Improved Design

The role of architecture and interior design will also remain important in the future of coworking spaces. For workers who use coworking spaces, they've come to expect premium furniture and interiors. This trend is likely to continue, offering opportunities for emerging architects and designers to focus on ergonomic and functional design for shared office spaces.

New Amenities

As the competition among coworking space providers is likely to become more intense, new amenities are expected to emerge in the coworking space market. As a response to the COVID-19 pandemic, virtual office space has already become a popular new offering. However, other exciting amenities like babysitting, chartered accountants, bank loans, business accounts and more are bound to emerge.

Sustainability

While some coworking space providers have set themselves apart by being "green", sustainability is likely to become the norm in the next few years. In other words, it's expected that coworking spaces will need to have sustainability features to compete in the coworking space market.

These shared office spaces have the perfect opportunity to promote more eco-friendly workplaces compared to the traditional model. By championing the idea of co-ops and shared amenities, it's clear that coworking spaces and sustainability will continue to go hand in hand in the future.

Affordability

Additionally, as the coworking space market increases in value and as more providers enter the space, coworking space memberships may become more affordable as the supply increases.

Still, tiers of coworking spaces are also likely to emerge with budget-friendly options, middle of the road options and luxury options becoming more common. In other words, coworking space providers are likely to split off into different market tiers based on price point, serving various target audiences.

Corporate Shift

Finally, one of the most significant changes we're likely to see in the future of the coworking space market is the shift to corporate clients. Initially, coworking spaces were filled with freelancers and entrepreneurs, usually working solo as an alternative to working from libraries or cafes.

Now, more businesses and corporations are opting to use coworking spaces, either setting up their headquarters within a coworking space or paying for their employees to use coworking spaces to benefit from working remotely.

The COVID-19 pandemic has forced larger businesses to operate remotely effectively, it has allowed coworking spaces to offer a creative office space solution. Often cheaper for companies to pay for a coworking space membership when compared to traditional commercial leases, we're likely to see this corporate shift continue.



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