Global Coworking Survey 2020

coworkintel

Covid 19 Impact Report

coworkintel.com

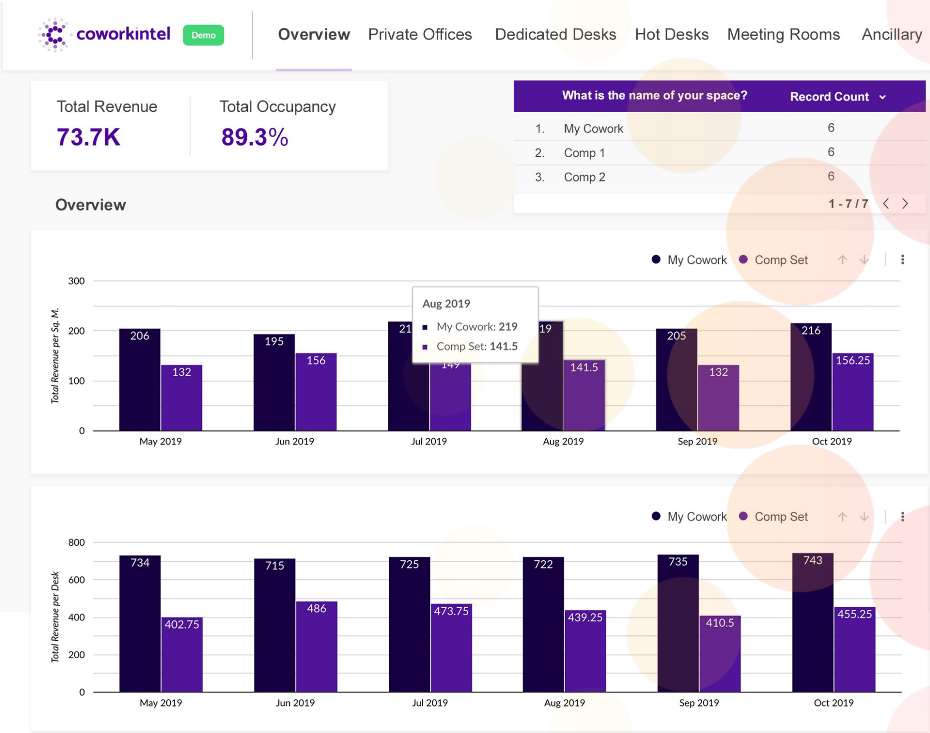
In Partnership with:

Welcomr COWORKINGSPAIN COWORKIES MARC NAVARRO Cowork inFRANCE Chile COWORK

Premium global data analytics for the coworking industry

CoworkIntel is building the data source of reference for the flexible workspace industry.

We empower real estate investors, brokers, developers, coworking and workcenter operators to make smarter revenue, distribution and investment decisions.



Founders

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Thanks to our Partners

COWORKINGSPAIN

Online marketplace for coworking spaces in Spain

MARC NAVARRO

Hi, I'm Marc and a coworking strategist. I work with companies and institutions that focus on creating a more productive and collaborative work spaces. All with the aim of improving the performance of the professionals' working in them. My mission is clear: to help you get the most out of your space, teach you how to build a community and accompany you in taking your coworking to the next level.

COWORKIES

Coworkies, c'est un réseau de coworkers fait par des coworkers. Une communauté bienveillante où vous pouvez trouver un job, l'espace de vos rêves et bien plus encore.

Cowork inFRANCE

Le réseau CoworkInFrance est le premier réseau national Français a recenser tous les espaces de coworking et tiers lieux professionnels labellisés C3. Nous pouvons les retrouver sur une cartographie complète sur https://coworkinfrance.org/

Chile COWORK ASOCIACIÓN NACIONAL DE ESPACIOS FLEXIBLES

Asociación Nacional de Espacios Flexibles

Welcomr

Welcomr streamlines access control by removing all traditional and usual curbs. Welcomr is turning access management into a real source of satisfaction for flexible office space operators users and guests.

Sections

Introduction

The flexible workspace industry is on the front line of an economic crisis. With reduced mobility and imposed work from home policies by many companies globally, coworking and other shared spaces are expected to have suffered a particularly strong hit.

But how exactly has the crisis impacted coworking operators globally? What are the impacts of the health and economic crisis on flexible workspace demand and occupancy, employment, and expectations for the future of this industry?

With the purpose of answering these questions, Coworkintel has partnered with industry experts to survey flexible workspace operators all around the world and present this report offering unique insights on the state of the industry.

Welcomr COWORKIES MARC NAVARRO COWORKINGSPAIN Cowork inFRANCE Chile COWORK

Our goal at Coworkintel is to offer premium intelligence to investors, landlords, operators and vendors acting in the Flex Industry.

We hope that you find this report enlightening and inspiring for your current and future business venture.

Bottom-line

1. Several commentators forecasted the occurrence of an epidemic of the current scale in a highly connected world, but the economic consequences have been a **Black Swan**: an event with small probability but huge consequences - at the very least a personal tragedy to many operators

2. Averages may hide those significant events:
   a. Overall occupancy has dropped by 57% / the average employee count has fared better but the frequency of spaces going to 0 occupancy and 0 employees has been significant

3. This is also reflected in a general view that recovery will not occur before 6 months (Jan ‘21).

4. Such a situation may lead to a consolidation of the industry

- On average 57% drop in occupancy but more moderate impact on employee count
- However some important “tail events” in particular on headcount hidden by averages: 10% of spaces lost all employees
- This could lead to a consolidation of the industry
- Close to half of the operators under lease have renegotiated it
- Operators have felt that landlords have been more supportive than governments
- Respondents do not anticipate an immediate return to normal: a majority is looking at 6 months from now / Jan ‘21

	Average Occupancy Change	**Average Employee Count Change**	**Frequency of 100% occupancy loss**	**Frequency of 100% employee loss**
🇫🇷France	-49%	-1%	24%	9%
🇪🇸Spain	-44%	-11%	16%	11%
🇬🇧United Kingdom	-64%	-10%	15%	8%
🇩🇪Germany	-10%	-52%	0%	0%
🇺🇸USA	-45%	-16%	16%	9%
🌞LatAm	-52%	-7%	26%	11%

Highlights

-57%
Occupancy loss globally

-16%
Employees

69%
Operating spaces under lease model

47%
Of the space under lease model renegotiated their lease

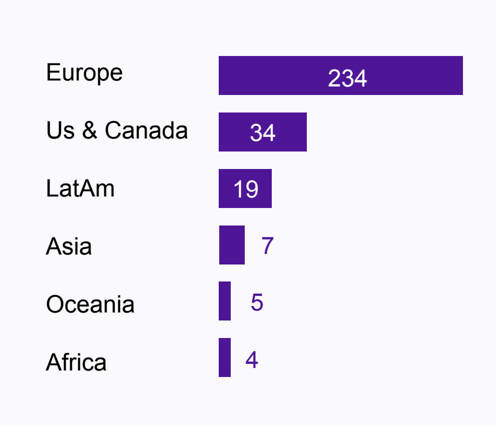
52%
Consider that landlords have been supportive against 33% about the government

6 months / Jan ‘21
Is the expected time to recovery for most respondents

Who responded to this survey?

Wide range of countries with a majority of independent medium to small size operators.
Top countries / regions are: France, Spain, US, UK, Germany and LatAm

▶ **Answer by Region** as of May 8th 2020



304
Results

2.5
Years Opened in Average

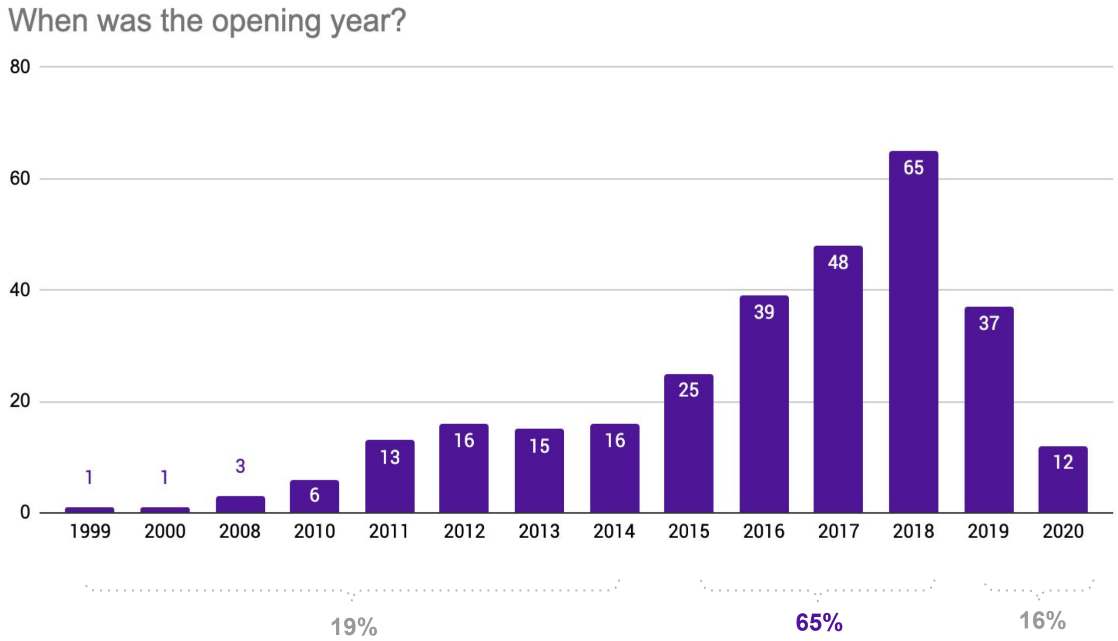
650
Square Meters on Average

48
Countries

▶ **Answer by Country** as of May 8th 2020
(top 14)

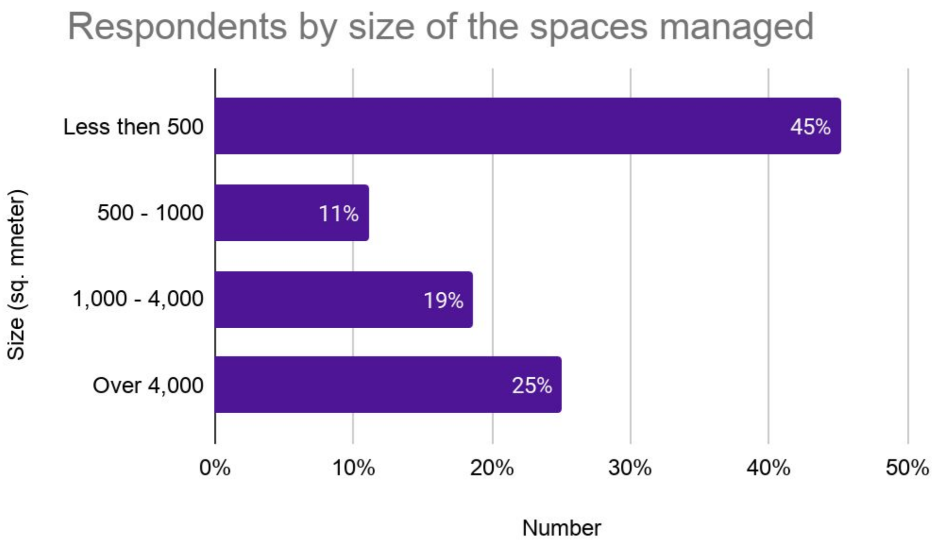
Who responded to this survey?

Two third of the spaces were opened between 2015 and 2018 with an average age of 2.5 years



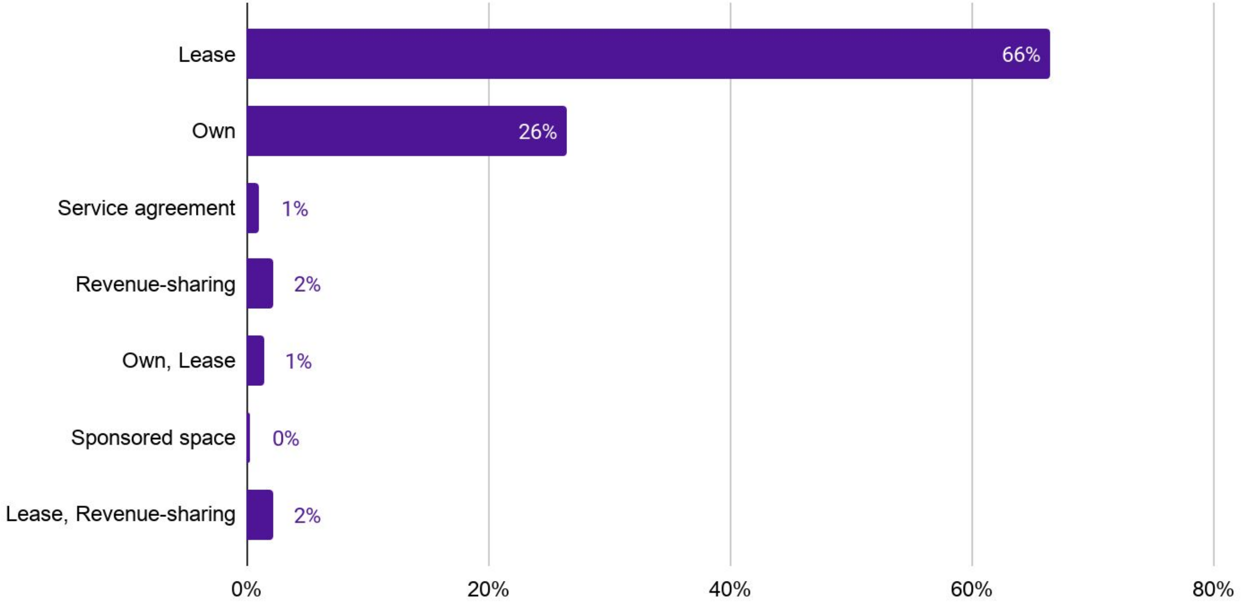
Who responded to this survey?

A majority of small spaces and some very large ones



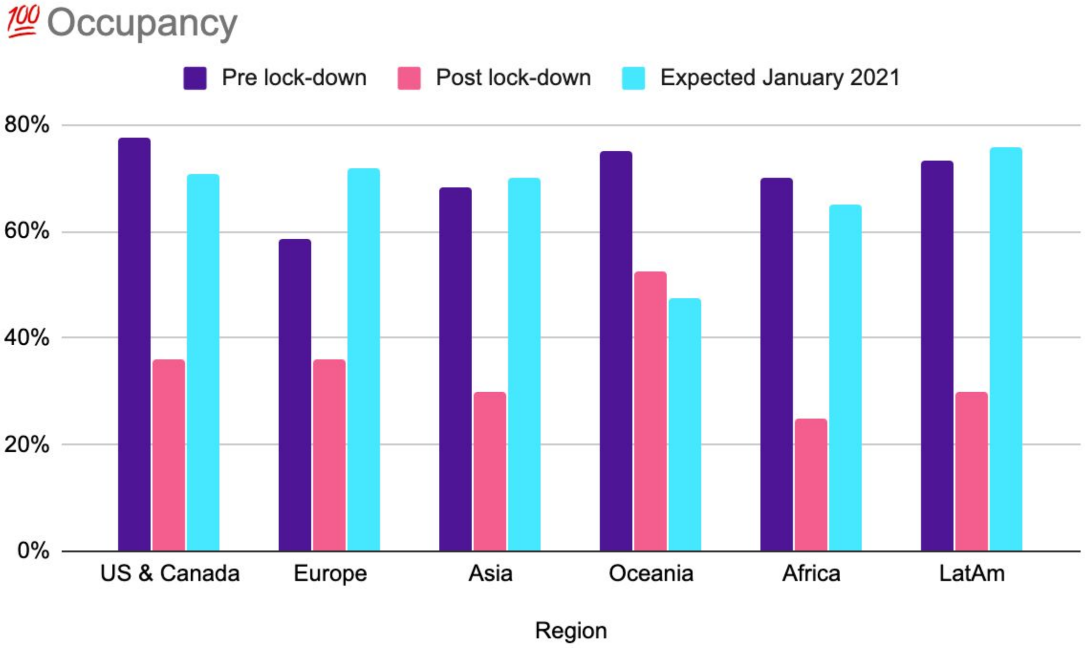
Who responded to this survey?

Two-third of lease, **quarter of owner-operators and less than 10% on a form** of service agreement



Impact of the Covid 19 on **the occupancy by region**

European spaces at slightly lower occupancy pre lock-down than US, LatAm and others Drop in occupancy seen across the board with respondents **expecting occupancy back to pre-crisis level by Jan 2021**



Impact of the Covid 19 in Europe

Large drop in occupancy across the board in particular US / UK with Germany less affected.

Germany has had less strict lockdown measures than other countries.

Employment dropped by half in Germany, which may mean that respondents have interpreted answer in terms of hours worked (employees kept in service but half-time)

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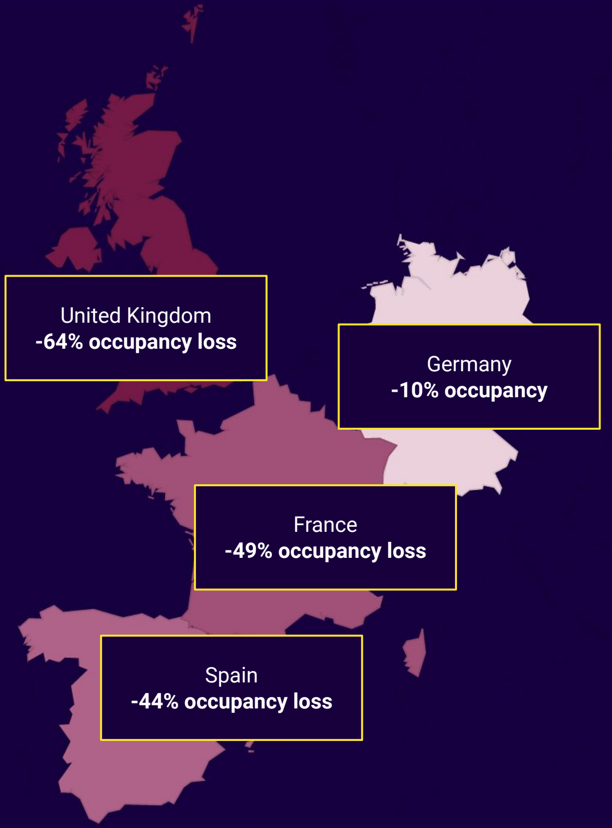
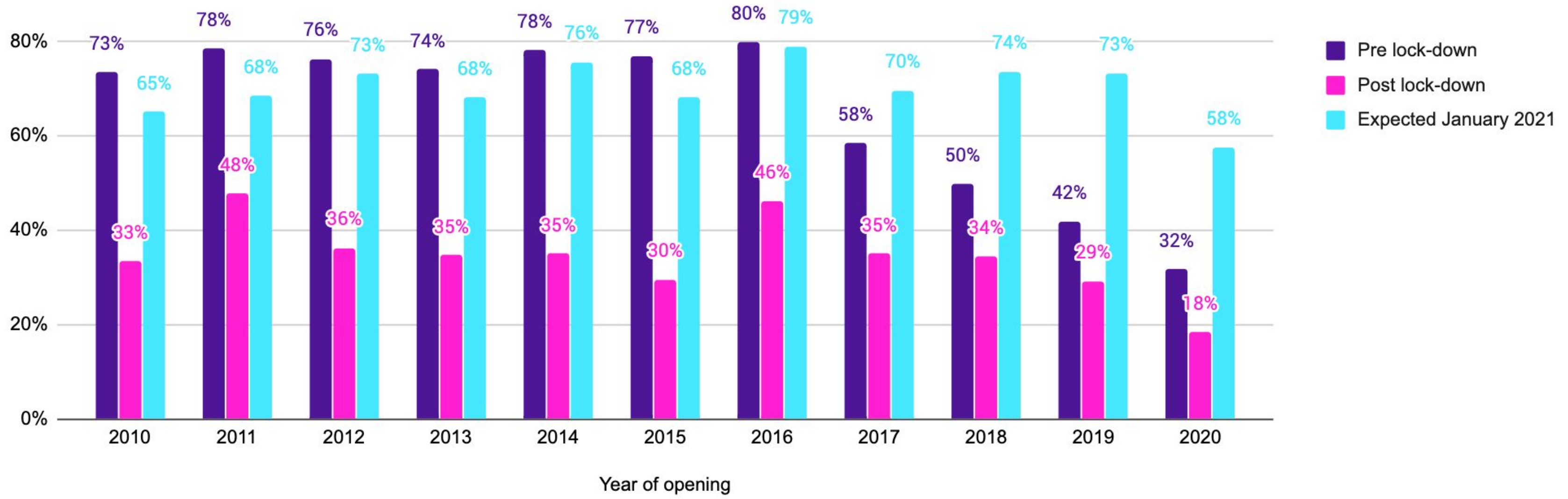


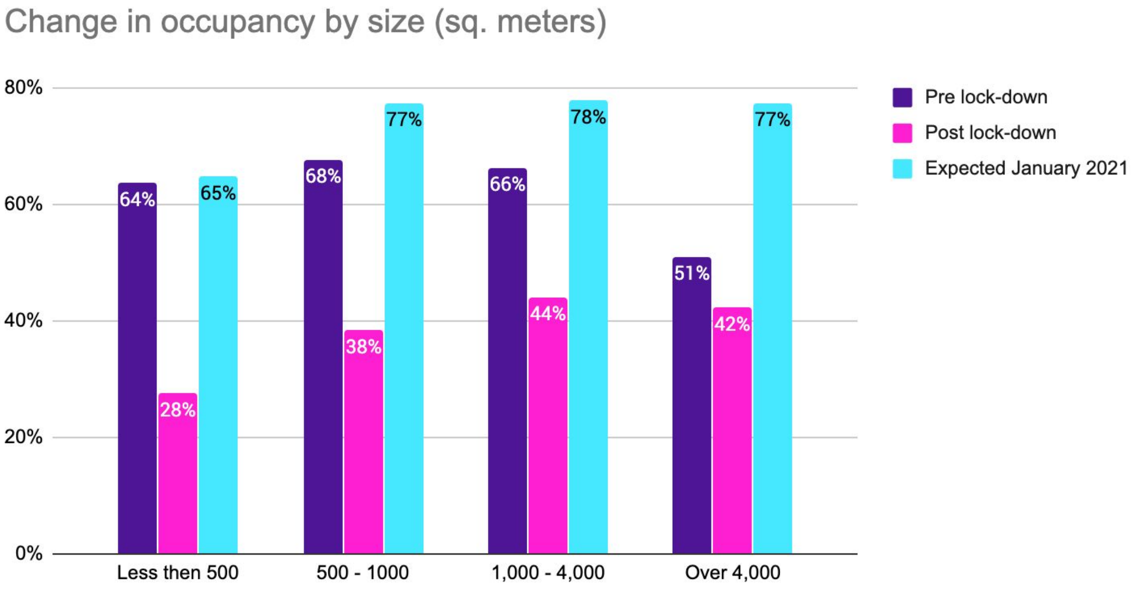
Impact of the Covid 19 on **the occupancy by date of opening**

Coworking spaces take **typically 4 - 5 years to reach long-term occupancy** (75% - 80%).
Older spaces were at higher levels of occupancy pre crisis but have also been hit harder



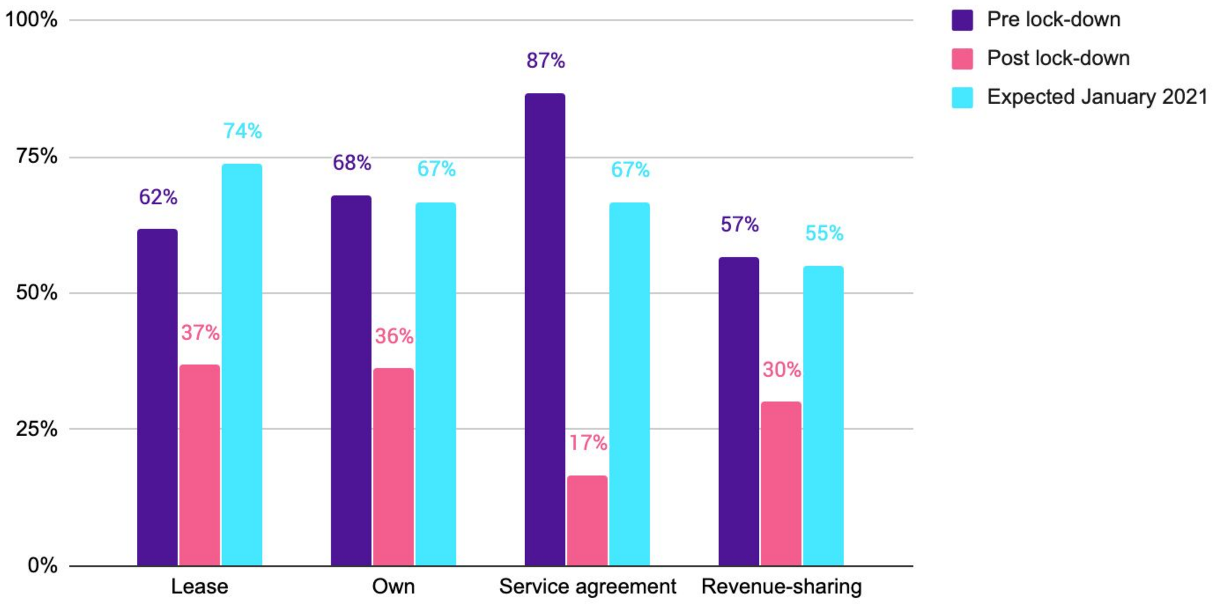
Impact on **occupancy by space size**

Larger spaces have had a higher retention rate, which may be due to a larger share of large corporate in their members



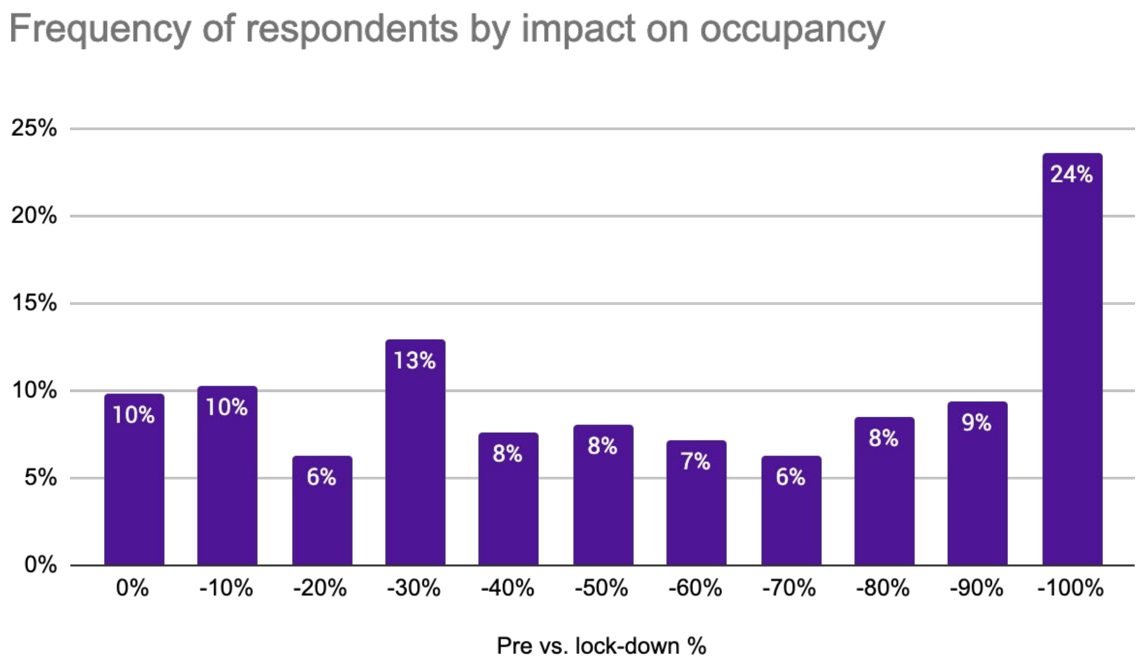
Impact of the Covid 19 on **the occupancy by type of lease**

Impact similar for lease and owner-operator



Frequency of operators by impact on occupancy

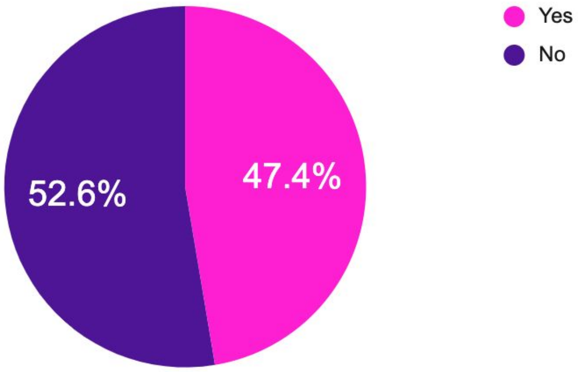
The average drop in occupancy at close to 60% is significant but it hides the real tragedy that a **quarter of operators have lost all occupancy**



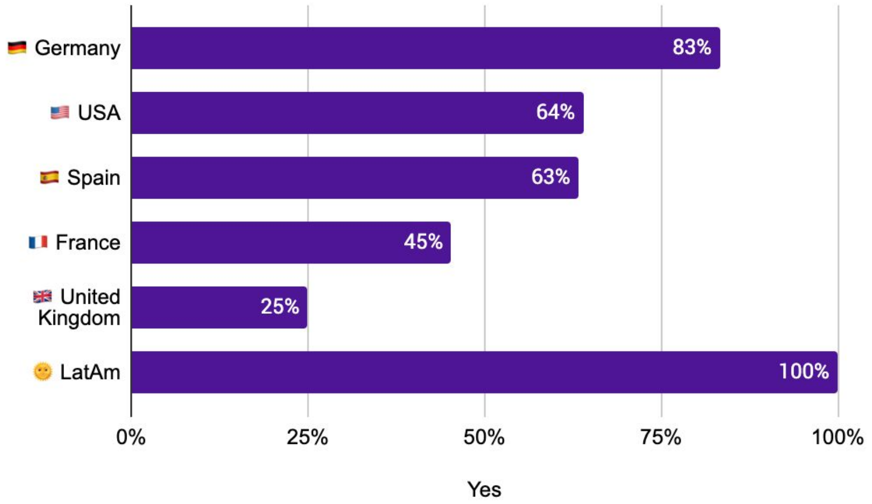
As a response of the crisis, **many operators renegotiated their leases**

UK has a relatively low share of renegotiation but other countries close or **above 50% of renegotiation**.
In LatAm all spaces renegotiated

% of spaces who renegotiated their leases



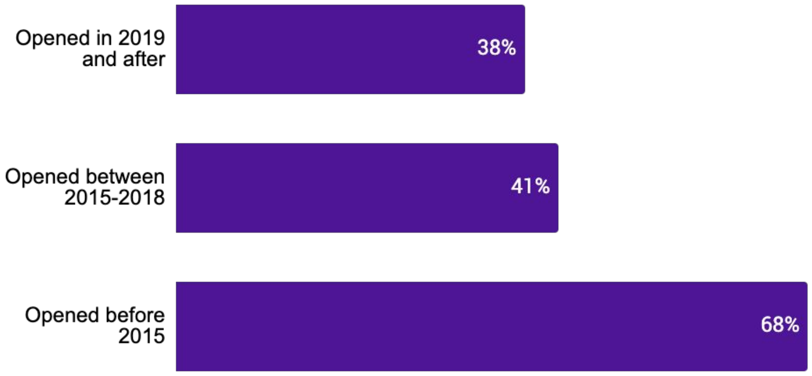
% of spaces who renegotiated their leases by country



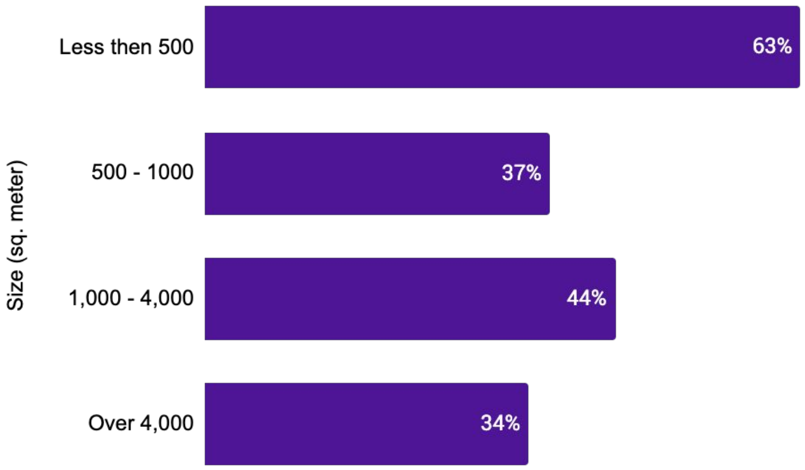
Lease renegotiation

Older and smaller spaces were more likely to renegotiate their lease

% of spaces who renegotiated their lease by date of opening

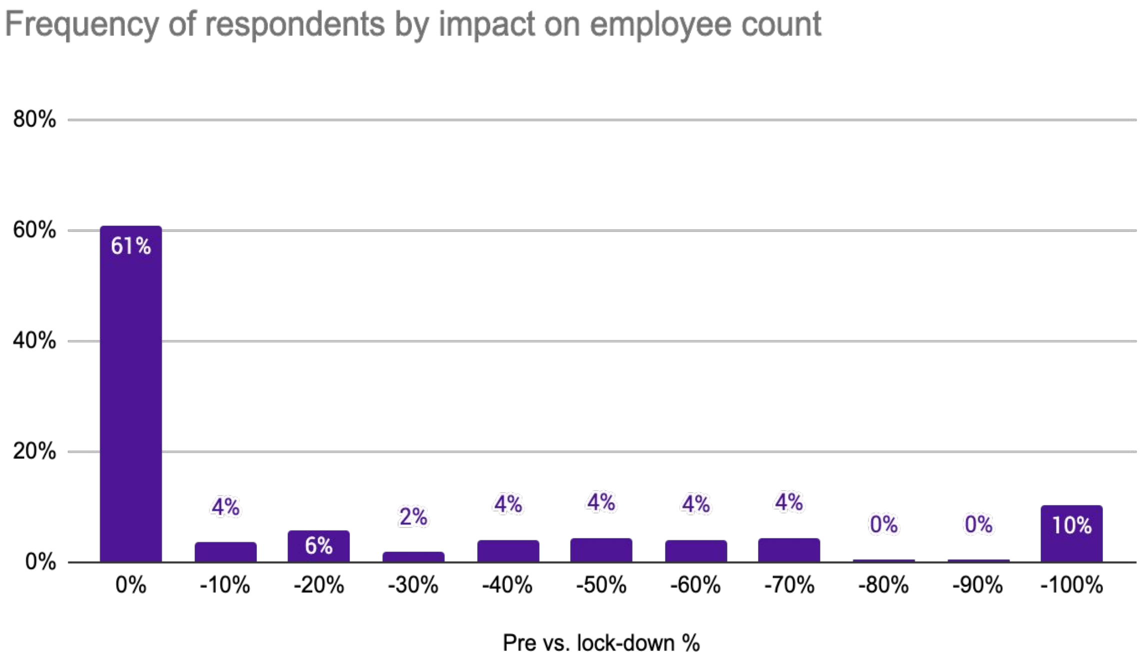


% of spaces who renegotiated their lease by size



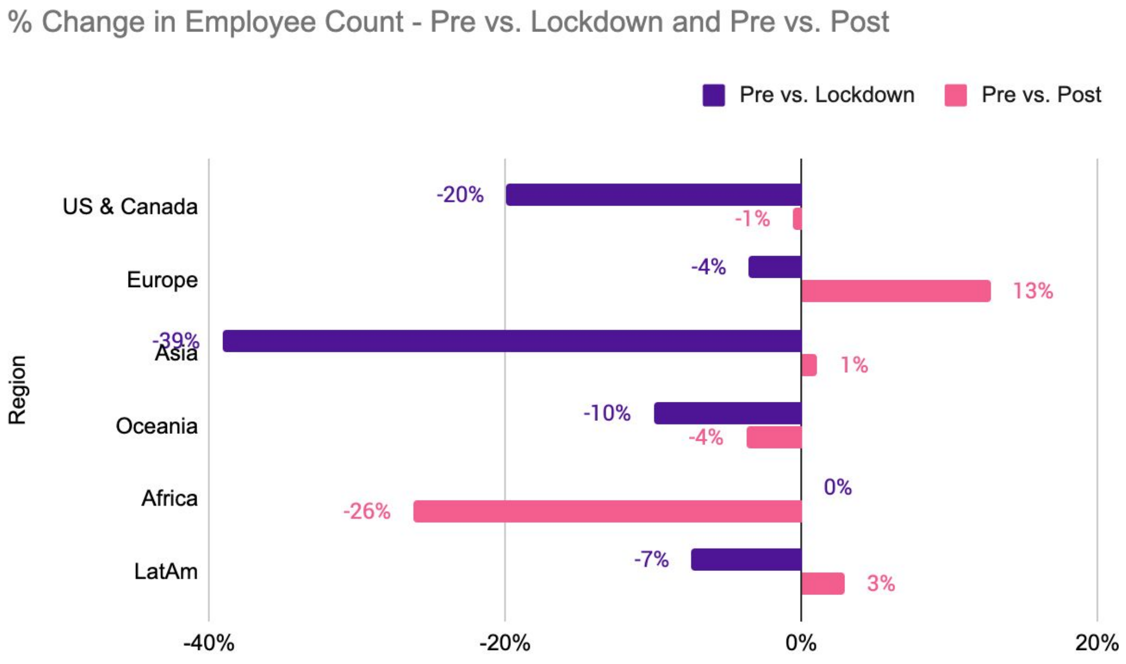
Impact on **employment**

The average hides some tragedy: **Over 60% of spaces have not changed their headcount** but a significant number of “tail events“ (laying everyone off).



Expected employment

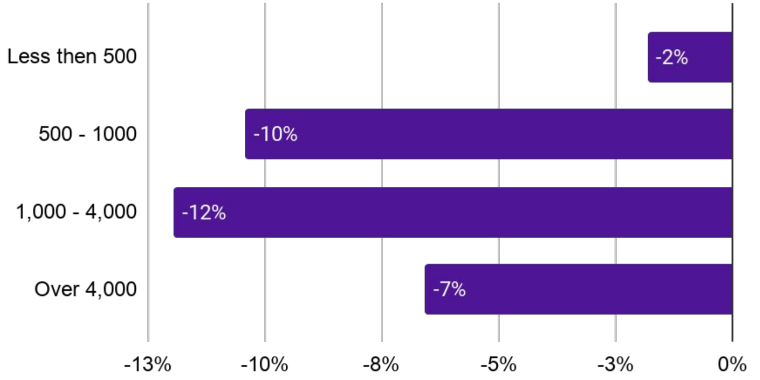
Spaces in Europe, Asis and LatAm expect to hire after the lockdown period



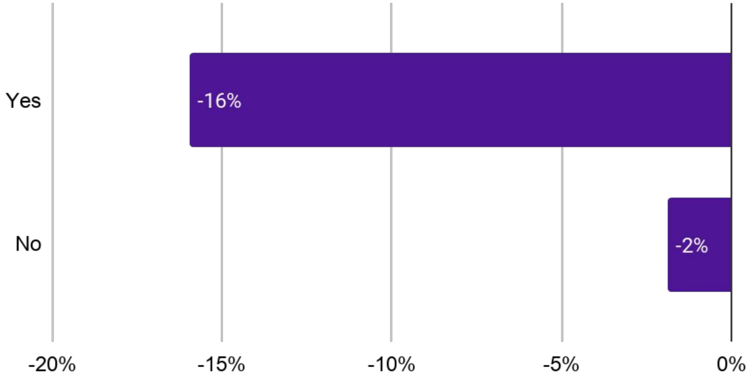
Employee count: before and after lockdown

The total count of employees in small spaces have maintained itself through the crisis. Spaces that have renegotiated their lease have on average reduced their headcount

By size



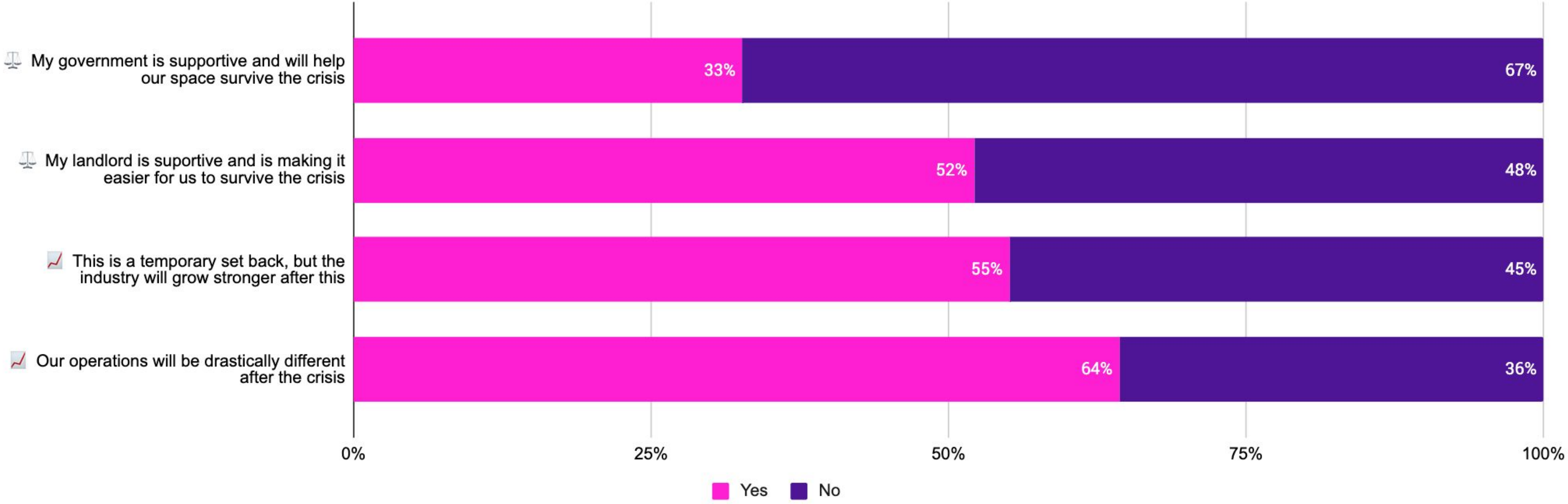
Staff reduction vs. lease renegotiation



Support

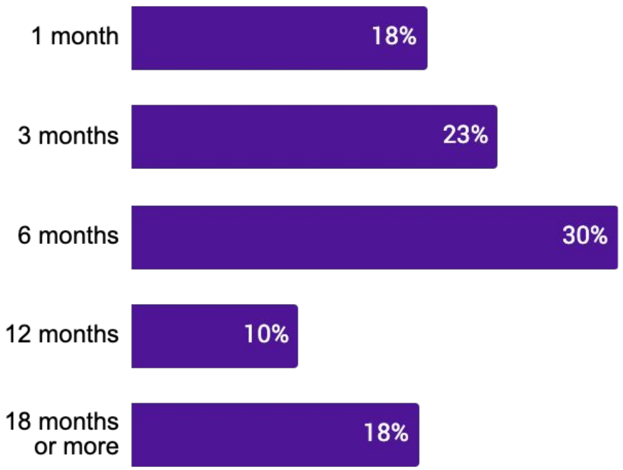
Landlords have been more supportive than governments

Operators views

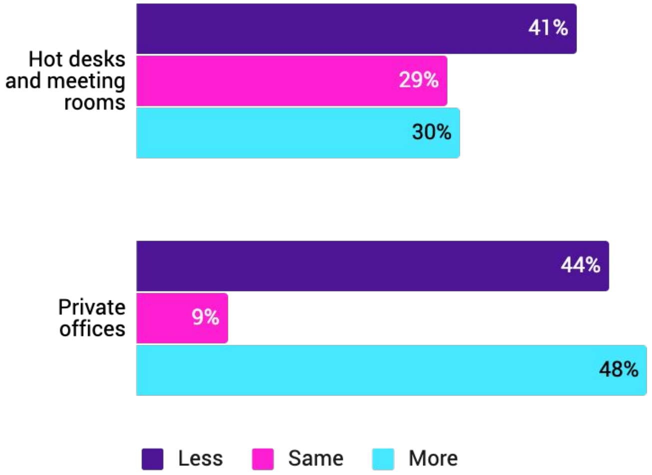


Expected recovery

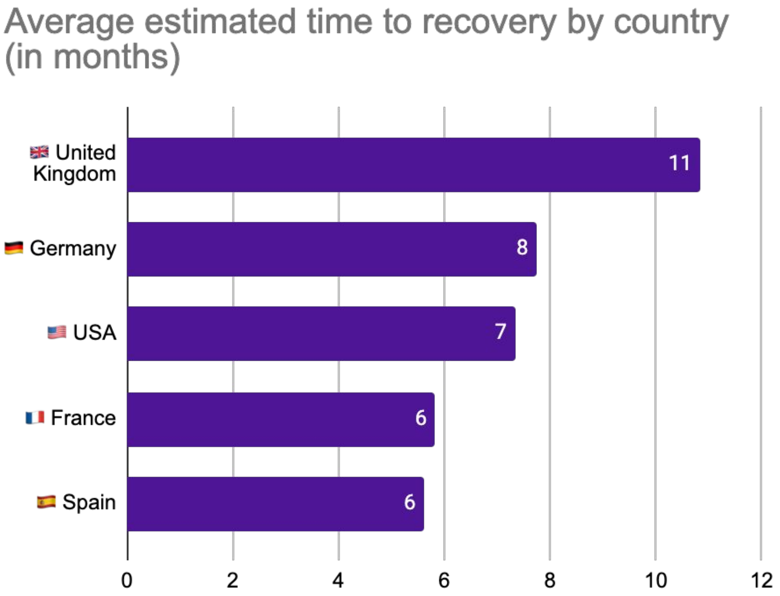
A majority of 6 months / Jan ‘21

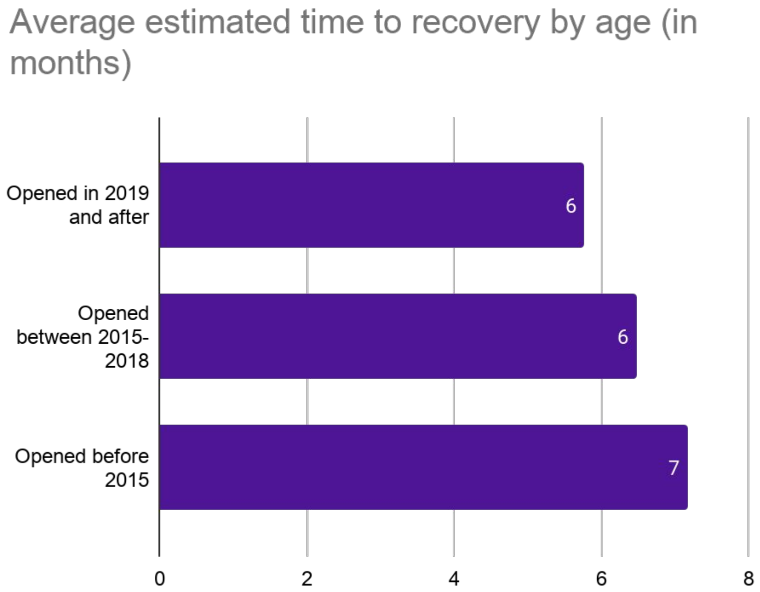


Respondents expect **less hot desks and more private offices**



Younger spaces are slightly more optimistic on **time to recovery**
France and Spain more optimistic than **UK and Germany (US in the middle)**



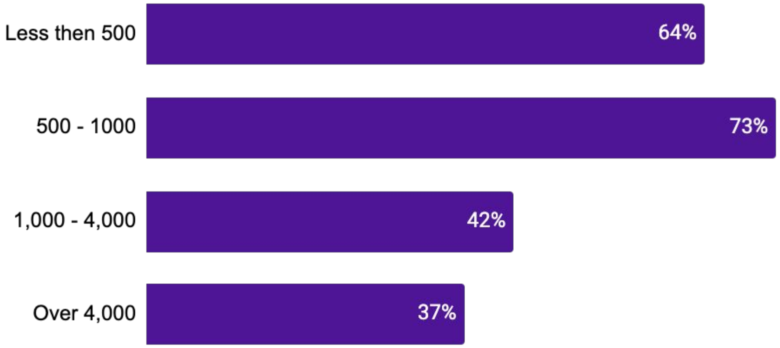


Older and smaller spaces are more positive about the future of Flex

Positive answers to: *"This is a temporary set back, but the industry will grow stronger after this"*

By age of the space

By size of the space



About Coworkintel

CoworkIntel is building the data source of reference for the flexible workspace industry.

Our mission is to gather high-quality data to help **operators, landlords** and **brokers** streamline their core business.

The **first pure data-player** in the market, we focus on objective data gathering and aim for 80% coverage.

We enable operators, landlords and brokers to have more productive discussions.

Data Solution

Comparable Set Report

Track the performance of your cowork against a group of comparables and the local market place

Trend Report

Monthly and yearly streamlined information on specific areas