If I’m an entrepreneur trying to market and sell my new product to get my startup off the ground, I could work from home I could rent a small office or there’s a third option. And if it takes a village to raise a child, maybe it takes a coworking space to grow a startup. You can see why it’s appealing. I have my morning cup of coffee ready for me when I walk in the door. I’m part of a community that helps serve my needs. I can serendipitously bump into my PR agency, meet my graphic designer through referral and meet my web developer by sitting right next to him.

Take 24-year-old Maria Trujillo. She started her own graphic design firm in 2016. By choosing a coworking space, she pays $315 per month for her membership. One year after starting out, most of her clients are coworking peers that she’s met entirely through the space, referrals or just near the beer tap.

Then there’s Erin Padilla. She expanded a consulting business into a new market in 2007. To set up the office at the time, she had to go through the process of searching for real estate, signing a lease, buying furniture, hiring someone to do her I.T. and that's just the upfront cost.

She then had to pay extra for things like insurance, cleaning, pantry supplies and u(ю)tilities. That means in their first year of business, Erin spent tens of thousands of dollars more than Maria, than she would have today had she used a coworking space. Different types of spaces are popping up around the world and they range from minimal and boot-strapped to high-end and luxurious(lʌɡˈʒʊərɪəs).

WeWork’s explosive growth is one key example of the demand. The American company opened its first location in 2010 and it’s still growing fast. In February 2017, it had 125 locations. By August, that shot up to 163 locations. And now, the company is valued at $20 billion, making it the seventh most valuable privately held company in the world. It now has its eyes on Asia for a large part of its future growth and for good reason. The demand in the region for coworking spaces is expected to grow at an average rate of 10 to 15% annually. WeWork is putting $500 million into expanding in Southeast Asia and South Korea. Meanwhile, in China, the company announced a standalone WeWork China business which will aggressively expand its locations beyond Shanghai and Beijing after it received a $500 million backing. WeWork’s CEO Adam Neumman says it now generates one billion dollars a year in re’venue and will eventually launch an initial public offering. A growing number of corporations are also getting into the game. At WeWork alone, Deutsche Bank, Bank of America, Dell, IBM and Microsoft have all set up in some capacity. Take HSBC, which is, like other banks, increasingly having to compete with tech companies to recruit top talent. It recently signed a major deal to house three floors of its staff at a WeWork in Hong Kong. And it makes sense.

Companies want to promote entrepreneurial and innovative thinking. They need to attract top talent in an increasingly competitive market. They want to keep an ear to the ground when it comes to potential disruptions in their industry. And they also need to closely monitor potential acquisition targets. Coworking spaces help them tick all of those boxes. But while these corporates are going into coworking spaces, one is creating its very own. Take a look at global consumer goods conglomerate, Unilever. Inside their corporate office, they’ve created their very own coworking space, called Level 3. It's not an incubator but a coworking space which is open to entrepreneurs outside of the company to apply and pay for their own workspace. It can provide a huge opportunity for a startup wanting to get noticed by a major company.

And in turn, Unilever has sprinkled some of its portfolio brands throughout the space like Ben & Jerry’s, so its own employees can be exposed to disruptive thinkers. It’s a win for Unilever, which suddenly has access to entrepreneurs and for minimal cost. While the growth of coworking spaces have proven their benefits, critics argue an inherent downside of working in the same space as a potential competitor. And of course, many offices and coworking spaces are now being designed as open office environments. But studies are showing that it's actually awful for productivity. One study showed open office environments create a 32% drop in workers’ well-being and a 15% reduction in productivity.

And another found office workers are losing 86 minutes a day due to distractions. These factors, though, are hardly slowing down the fast-moving trend. So, for now, forget the stuffy suit and cubicle, show me the bean bag and beer. Hey guys, thanks for watching. Check out more of our videos. Click here to see why are startups leaving Silicon Valley and click here to check out my day as a digital nomad. We're also taking suggestions for future CNBC Explains, so leave your comments in the section below. And while you're at it, subscribe to our channel.

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