

Conclusion

As the numbers of full-time corporate jobs shrink and entrepreneurial jobs increase, the popularity of alternative workplaces will continue to rise. “It’s part of the overall space-compression phenomenon, which is giving some developers and landlords fits, while the smarter ones see what’s going on and are adapting to the new reality,” said an unnamed broker in an article on collaborative space provider WeWork’s rapid, large-scale growth into 100,000+ square foot spaces in New York, Chicago and San Francisco — and its planned expansion into Boston.²⁸

Coworking centers have emerged to meet this need, and in just five years have outpaced the growth of prior innovative workplace trends. The coworking model’s exceptional flexibility and adaptability on multiple levels (operational, functional, legal structure and governance) have promoted its rapid adoption. This model is still in its infancy and will continue to develop.

Like prior innovative workplace models, coworking centers can be assets to commercial property owners, both as tenants and as generators of spinoff companies that may become future tenants. Finding coworking center tenants can be difficult, since they tend to shun real estate brokers. Savvy property owners have encouraged existing startups in their buildings to create coworking centers; some even have partnered in the ventures. Building owners could seek out new coworking groups by networking within the tech community; for example, by hosting gatherings for tech groups.

Flexible lease terms are the primary key to success in working with tenants that offer coworking facilities to users. Providing for a membership ramp-up period in the rent structure, short initial lease terms with extension options and creative tenant improvement arrangements can go a long way toward attracting a coworking center and forging a strong, enduring relationship. Educating the property management team about the operational idiosyncrasies of a coworking center tenant with regard to after-hours access, special event security and trash removal, and accommodating bike storage can make a difference. No particular building location, base building type, or building features are required, since coworking centers and their coworker members vary widely. What is most important is the ability to relate, both operationally and culturally, to this tenant, the coworking center, and its array of members.

Coworking is just getting started as a workplace movement, and awareness of opportunities in this shift in workplace identity can benefit building owners, whether they choose to actively cultivate coworking centers as tenants or simply become more alert to them as a new, unique group of potential tenants as leasing opportunities arise.