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4 Reasons Every Office Will Be A Coworking Office In 5 Years

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The most mind-blowing conversation I've ever experienced didn't occur in a boardroom or corporate office. In fact, it happened at a coworking lunch where I got to talk about the Affordable Care Act with a lawyer, digital marketer, software developer, executive recruiter, and private equity investor. Hearing the perspectives from individuals of all different industries was refreshing; I can't recall participating in a similar experience during my seven years in the corporate world.

Coworking offices are the canary in the coal mine for commercial office space. As a real estate investor and founder of Level Office, a shared space that rents offices to small businesses, I see coworking spaces as an opportunity to disrupt the traditional real estate market. More than ever, businesses are embracing a collaborative and global mindset that is eliminating the walls separating coworkers and other companies. Prior to shared office spaces, entrepreneurs and startups were working out of their homes or headed to coffee shops to get their work done. Renting office space for small businesses was usually out of the question due to high upfront cost, long lease lengths, and bland offerings. Working from home meant entrepreneurs were isolating themselves from the business community that provides the valuable relationships that lead to growth and opportunity, and innovators were looking for more than a tiny cubicle in a corporate office or the high priced and uninspiring serviced offices of the past. At Level Office, we provide our tenants with perks like high-speed Internet and all the necessary office supplies one would need to run a business.

Entrepreneurs are the change agents of the economy. Following changes in the entrepreneurial landscape is a time tested forecasting method as today's innovators are followed by tomorrow's early adopters and then the majority. Countless industries have been turned upside down, disrupted, or decimated through this technology adoption life cycle. An interesting thing about the technology adoption life cycle is that it applies to all businesses that are undergoing disruption. Industries with staid practices, protectionist practices, and fat margins are especially at risk for disruption. Commercial real estate offers an especially juicy target for disruptors, as it contains antiquated business models, is geographically diverse, and the size of the market is huge.

Here are some of the reasons why coworking will upend the business model of traditional office space:

Technology and the Sharing Economy Levels the Playing Field

One of my tenants mentioned common issues entrepreneurs encounter prior to joining a coworking office space. "We have to deal with spotty Internet service and constant distractions," says Greg Jaros, founder of Spare to Share. "Now we have blazing fast Internet and an office in a great location with access to beautiful common space, all without significant real estate commitments." Coworking spaces are able to spread the impact of high cost items like fiber optic data lines,

conference rooms, high end printers, and beautiful amenity spaces over a large number of firms, making companies more productive and also making these “luxuries” affordable to small business who never previously dreamt of having access. In short, coworking spaces are leveling the playing field between small business and big business.

Feeding off the technology boom, coworking spaces have found a niche market among startup communities and entrepreneurs by offering space that is more flexible, more efficient, and more productive than traditional office space. The growing shared space industry represents a cultural shift, as innovators can now access cool and affordable office space that provides not only the resources needed to run a business, but also the opportunity to collaborate with dynamic individuals and companies.

Collaboration is Key

Coworking spaces benefit more than just the entrepreneurial occupant; there’s multiple advantages for anyone who decides to participate in a shared space. Coworking spaces often offer personal and professional development opportunities as part of their operating mojo. As white-collar workers continue thirst for inspiration, there will be a shift from stuffy corporate environments with homogeneous peer pools towards the fast flowing rivers of ideas and talent that coworking spaces offer.

Large corporations can learn from coworking spaces how to create a more productive work environment, and also how to create programming and interactions that support the long-term development of its employees. Research reveals that individuals thrive when working in a coworking environment because they feel as though they belong to a community, and have more control of their work. A huge benefit employees experience is unlike traditional offices, members of the coworking community work for multiple organizations so there is less conflict amongst members, and an absence of the cancer of internal politics.

High Demand for Cool Space that is More Flexible, More Efficient, and More Productive

The trend towards urbanization and the competition for top talent has never been stronger. Well located, beautiful, and amenity rich office space acts as a tool to entice potential hires to join, and to retain valuable staff. Traditionally office leases come in large blocks of space with a long term lease and require tenants to build out and furnish their space in bland ways (see restoration clause). The conventional office delivery model is diseased, as businesses are more dynamic than ever before and they often can’t wait six months-to-a year to build out space, and they absolutely want well designed space that isn’t soul crushing. “Coworking scales with our business as it allows us to change the amount of space we use in real time while being able to attract talent,” says CEO Glenn Lombardi of My Local Beacon. For many startups, having an office space that grows with the company is a real cost-saver.

The verdict? Short leases are in. While landlords will continue to try and push for longer term leases, the business cycle has sped up and most firms have no idea what their space needs are going to be in five to ten years. Just as UPS, FedEx and many other firms have helped shave the lead time out of supply chains, the coworking spaces of today are training the growing army of small businesses that flexibility in lease term and space plan is possible. Traditional office leases will become shorter, and flexible space will be built out in advance more often in order to reduce customer lead times.

Cloud Technology is Disrupting Traditional Offices

For years, traditional offices were considered designated meeting places where employees could come together to communicate and solve problems. The rise in cloud technology and the implementation of digital services are essentially forcing traditional offices to start rethinking their purpose. Take GoodFolk, for example. They use three to five coworking facilities around the world at any given moment and describe coworking as an ideal model for growth. Founder and CEO Matt Neuroth believes the combination of cloud services and coworking allows GoodFolk to collaborate on design and development while hiring individuals best suited for the job, regardless of their location. We live in an era where employees can use the Internet and cloud systems to be as present as workers who are physically in an office. As the need for a traditional office space slowly declines, multi-functioning spaces that act as creative hubs for innovators and remote workplaces are taking hold. For employees who work remotely, coworking offices are an affordable solution that offer a productive and fun setting to work. With businesses operating increasingly in a digital world, employees top need is for a reliable high-speed internet connection and a space to work, be it a desk or private office.