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Co-Working Space Growing Rapidly

by Dees Stribling
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Co-working space is no passing thing, according to a recent report by CBRE Group Inc., which noted that more companies, including those among the Fortune 500, are taking space at these kinds of facilities. Forty percent of respondents in a recent CBRE survey said that they use or are considering using shared office space, including co-working space.

That's a change from the earlier days of co-working space, when it largely appealed to startups and freelancers, the report said. While interest from large corporations remains relatively limited, co-working spaces—typically updated versions of executive suites in which tenants share workstations and amenities such as kitchens and conference rooms—can be attractive to larger companies, particularly as they venture into new markets.

The demand has spurred shared-space growth in such places as New York and Washington, D.C., where the amount of co-working space has doubled over the past five years. Landlords looking to reposition older office buildings as creative office space are also interested in this kind of office space.

The growth of co-working spaces nationwide is estimated to be experiencing a five-year compound average annual growth rate of 21 percent, the CBRE report added. It also identified trends driving that growth, as well as the long-term sustainability of the co-working model. These include economic uncertainty, which affects long-term real estate decision making; technology and the ability for people to work from anywhere, anytime; the desire for community in the work environment, particularly among Millennials; and cities, particularly gateway cities, where the cost of standard office space continues to increase.