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# Co-Working Spaces Are Going Corporate

## Move over startups. Big business is starting to fill desks at trendy shared offices.

By Patrick Clark
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WeWork, the shared-office company valued at $15 billion, has cultivated a chic vibe to attract the freelancers and startup workers that helped launch the co-working movement. That means hip interior design (some offices have wallpaper created by the Beastie Boys' Mike D.) and free micro-roasted coffee and craft beer (the company gave out 90,000 glasses during a single month last year).

Now that youthful ambiance is helping attract the olds. General Electric moved 20 workers from its new energy business, Current, into a WeWork space near Boston's South Station this month as GE readies its new Boston headquarters. Other recent WeWork tenants include business consultancy KPMG, pharmaceutical giant Merck, and British news publication the Guardian—companies that have been around for an average of 155 years.

The moves mean traditional employers can rub shoulders with the young tech set. KPMG rents about 75 desks at a WeWork in Manhattan, which it splits between workers who provide business services to startups, and another team that advises corporate clients on technological innovation. Silicon Valley Bank, which rents space at 16 co-working offices across the country, including with Galvanize in San Francisco and Centrl Office in Portland, Ore., says the move allows its bankers to work alongside the tech startups it courts as clients.  "People literally open the door and say, 'we need to open bank account,'" said Mark Gallagher, who leads the bank's Boston technology practice.

It's also a useful way to manage real estate costs, according to workplace strategy experts. "Anyone doing it now is a pioneer," said Julie Whelan, head of occupier research for CBRE. "I can't see that it won't become a norm based on how companies have worked to change their footprints in recent years."

It costs the typical U.S. company upward of $12,000 a year for each worker it provides office space, according to CBRE. Co-working spaces can be more expensive than traditional office space on a per-square-foot basis but make it easy for companies to move in and out, letting execs focus more on expanding their businesses than managing their real estate operations. "If I go and find a space with a five-year lease and build it out, it might take me five years to recoup my expenses," said Brent Harrell, president of HeritageBank Mortgage, an Atlanta-based lender who recently moved a team of four mortgage bankers into an Industrious co-working space.

Employees tend to like it, too. The homebuilder Lennar rents space from Industrious in Chicago and Minneapolis so it can hold meetings near downtown construction projects and because the stylish offices help with recruiting, said Peter Chmielewski, vice president of development for the builder's multifamily arm. In a September report published in the Harvard Business Review, workers in shared offices reported they were "thriving" so much that researchers "had to look at the data again." The results, the researchers theorize, are largely because the workers tend to have a greater sense of purpose. They've opted into a workspace instead of showing up at a site designated by their employer, which tends to produce a community effect that makes them feel empowered.

A stylish or flexible workplace doesn't necessarily require a co-working membership. Most employers are more comfortable adopting aspects of co-working than sending employees to shared offices, said Phil Kirschner, senior vice president at JLL, who consults with employers on workplace strategy. That could mean trading assigned desks for access to a variety of shared spaces. "They've given up a desk and gained a floor," Kirschner said.

Co-working companies, however, are welcoming the corporate interest. WeWork has raised $1 billion from investors to fuel expansion around the world, and renting space to large companies that need lots of desks is a good way to expand quickly. Thirty percent of WeWork's 45,000 members work for companies that rent more than 10 desks, and large employers make up its fastest-growing market. "You’re going to see people dip toes in," said WeWork Chief Operating Officer Artie Minson. "People go back to their drab, soulless office and say, I sort of wish I could have stayed there.

Serendipity Labs, which opened its first co-working space in Rye, N.Y., in 2013, says corporate employees make up 45 percent of members at its two U.S. locations, including workers from PepsiCo, Microsoft, and Heineken. The company is seeking to open 200 shared offices in the next three years, mostly in suburban locations, to appeal to companies with national footprints, founder John Arenas said. To fuel its rapid growth, Arenas is selling franchises to hotel operators and other hospitality companies. Not every corporate employer wants the kind of hip, downtown spaces associated with co-working, Arenas said.

“Instead of having a bro-out Thursday night party, we’re having a Tesla test-driving event,” Arenas said. “We have different members. They can afford a car.”

(Corrects Artie Minson's title in the eighth paragraph)