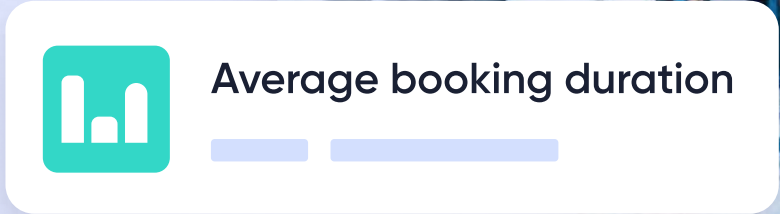


officernd

# Impactful trends in the coworking and flex space industry for 2024

Report



# Table of contents

Executive summary	3
What to expect from this report?	4
Key findings from the OfficeRnD Flex space demand survey	5
<div>TREND #1</div>	
The state of the coworking space sector in 2024 and beyond: challenges and opportunities	6
<div>TREND #2</div>	
The three key ingredients for a thriving coworking business in 2024	11
<div>TREND #3</div>	
Hospitality as a key differentiator for operational success	15
<div>TREND #4</div>	
Increased prevalence of hybrid work models in coworking spaces	18

# Executive summary

In an era where the coworking and flexible workspace industry is rapidly evolving, staying on top of the latest trends, insights, and data is paramount for flex space professionals aiming to thrive and grow.

That's why we've created **Impactful trends in the coworking and flex space industry for 2024**, a comprehensive report to serve as the cornerstone for industry stakeholders seeking to navigate the complexities and dynamics of the flex market confidently and strategically.

To enrich this report, we had the pleasure of collaborating with a diverse panel of industry veterans, including coworking space owners, CEOs, and recognized professionals within the space.

These experts have not only shared their invaluable insights on the trends driving the industry in 2024 but have also offered important tips based on real-life experience. Their perspectives add depth and context to our analysis, making this report a beacon for those looking to understand the nuances of the industry.



**MIRO MIROSLAVOV**

CEO, OfficeRnD



# What to expect from this report?

- **A deep dive into key trends:** Uncover the hot trends poised to shape the coworking and flex space industry in the upcoming years.
- **Insider survey statistics:** Access insider statistics from our own Flex Space Demand Survey that reveal interesting customer patterns
- **Strategies for success:** Learn proven strategies for running a successful coworking business in 2024 and beyond, as distilled from the successes of industry leaders.
- **Innovations on the horizon:** Explore the exciting innovations set to redefine the landscape of the flex space industry

Our mission is to establish the go-to choice for industry professionals eager to learn about the latest trends and innovations in the coworking and flex space sector, and we believe this report will do just that.

It's our hope to empower coworking and flex professionals to achieve their goals and grow their businesses in 2024 and beyond by providing them with a comprehensive, data-driven overview of the industry's pivotal shifts and trends.

We're excited for you to embark on this journey with us to be ahead of the game in the ever-evolving coworking and flexible space sector.

# Key findings from the OfficeRnD Flex space demand survey

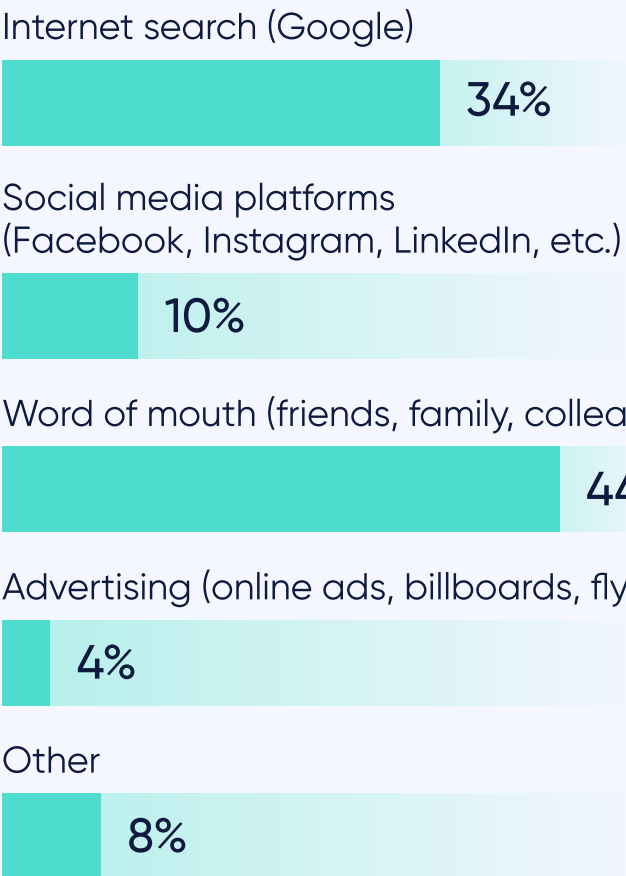


What were the top three factors that influenced your decision to choose the flex/coworking space you used?



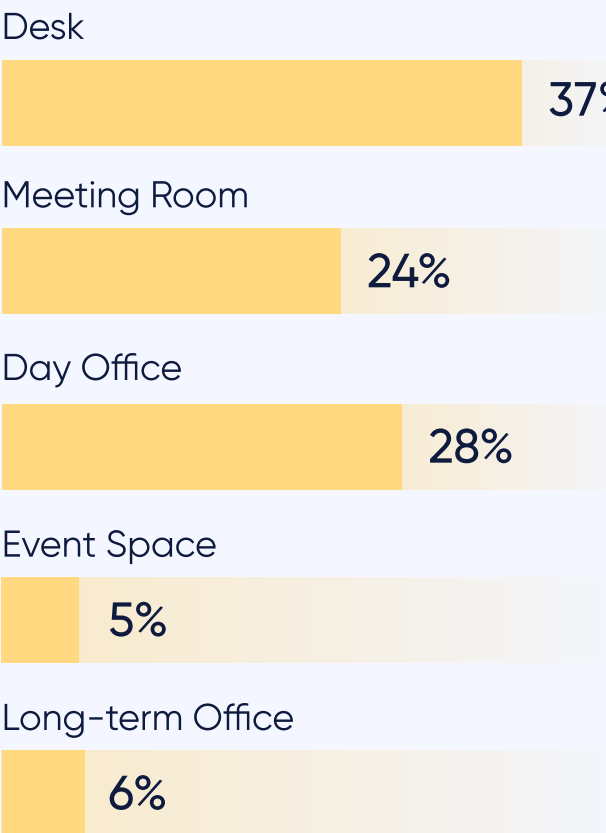
The location is a driving decision factor for choosing a coworking space

How did you first learn about the flex/coworking space you used?



Word of mouth was the primary method through which individuals first learned about the coworking space they used.

What were the Flex/Coworking space services you used?



Hot desks were among the most used coworking space services.

As we move into 2024, the coworking space industry is poised for exciting developments that will further define the future of work.

These insights draw from industry experts and data analysis to provide a comprehensive overview of what businesses and professionals can expect.

TREND #1

# The state of the coworking space sector in 2024 and beyond: challenges and opportunities



by Craig Baute  
Founder, Creative Density





## TREND #1

As 2024 unfolds, despite facing challenges like economic fluctuations and the need for continuous adaptation to meet tenant expectations, the coworking sector exhibits a resilient and optimistic growth outlook.

The industry is not just surviving but thriving. With significant portfolio expansions and forays into new markets indicating a strong growth path, it is valued at USD 9.1 billion in 2023.

This success narrative, however, is punctuated by growing pains, including the fallout from WeWork's bankruptcy and the ongoing market consolidation, prompting a nuanced understanding of the sector's challenges and opportunities.

### The WeWork bankruptcy


The recent bankruptcy of WeWork, once a unicorn in the coworking space, has sent ripples throughout the industry. This event compels a deeper examination of the current trends and statistics in the coworking and flexible space sector – Does WeWork's downfall reflect a broader industry trend, or is it an isolated case? Furthermore, we have to wonder if the ongoing market consolidation poses a threat or offers an opportunity for the sector. WeWork's dramatic fall from grace, culminating in its bankruptcy, has raised questions about the viability of the coworking business model. Industry statistics suggest a more nuanced picture though.

Despite WeWork's challenges, the global coworking space market is projected to grow at a compound annual growth rate (CAGR) of 14.9% from 2023 to 2030, according to a report by [Grand View Research](#).

This indicates that while WeWork's model may have had its flaws, the demand for flexible workspaces continues to grow. According to [Statista](#), it is expected to comprise 50.9% of the total U.S. workforce by 2027, primarily driven by the increasing freelance workforce.



At the moment, the office sector is a high-risk environment and is on the forefront of change.



## Lack of access to investment capital

Higher interest rates require a higher return on investments in businesses and less risky investments.

At the moment, the office sector is a high-risk environment and is on the forefront of change. Change means uncertainty and higher risks, thus higher returns are needed. These combined factors, along with the history of bankruptcies and downrounds of VC backed coworking companies, have caused a chilling effect for organizations looking to raise from private investment groups.

Coworking has shifted from a play of arbitrage between long-term lease rates and hospitality-focused services (rent for \$30 per SF and generate \$80) to a defensive play for office building owners that want to retain revenue rates within their building.

## Why does this matter?

This means the funding sources have shifted from banks and VC companies to building owners themselves. There is a surplus of office space with landlords looking for answers.

When appropriate, coworking spaces can be the answer. The problem is coworking operators, feeling burned from the pandemic and finding it difficult to obtain growth capital, are no longer willing to sign long-term leases.

The two partners are in a dance right now. Landlords often look to coworking as plan B or C and they are less willing to put up high renovation budgets because of the uncertainty and their own lack of capital.



## TREND #1

Coworking operators that have a proven track record and can work within the budgets of building owners are able to form partnerships.

For operators looking to sign traditional leases, landlords can be their funders in other ways. Landlords prefer leases and want to retain high rates, but they are extending terms for larger tenant improvement budgets and longer free rent periods.

For example, spaces are often getting 9 to 12 months of free rent for a 10-year lease and up to two years of rent in tenant improvement (TI) budgets. The TI allowance can often be enough to build out and furnish the coworking space, or at least cover a majority of the startup costs.

For spaces that are looking to grow by way of traditional lending through banks and the SBA, there are a plethora of opportunities as lenders are more aware of coworking now compared to a few years ago (for good or ill).

Though lease rates remain high in most markets and loan interest rates surpass what we've seen before, creating a difficult combination for smaller operators, landing funding is still possible for SMBs.

For VC capital, it is a trend driven business. Coworking was hot from 2015 to 2019, and it could be again as the industry settles into more of a known state. For now though, leading sources of capital are the landlords.

## Market consolidation

It's not a secret that the coworking and flex space industry is witnessing significant market consolidation. In 2023, we saw an increased number of larger players acquiring smaller ones to expand their footprint and diversify their offerings. This trend has accelerated in 2024, with the global market for coworking spaces projected to grow from 26,000 spaces in 2020 to over 41,000 by the end of 2024, as predicted by [Statista](#).

This consolidation could be seen as a threat, as it may lead to reduced competition and potentially higher prices for end-users. However, it also presents opportunities for innovation and stability in the sector.

For instance, consolidation can lead to the standardization of services and amenities, which can be beneficial for end-users. In 2023, a study by JLL highlighted that 75% of large enterprises are considering coworking spaces to reduce costs and increase flexibility for their workforce.

Furthermore, larger entities can leverage economies of scale to offer more competitive pricing. The average cost per desk in major cities has seen a slight decrease of 2% in 2023 compared to the previous year, as reported by Coworking Insights. This indicates that the economies of scale are beginning to have an impact on pricing strategies within the industry.



## TREND #1

Investment in technology to enhance user experience has also seen significant uptick. In 2024, investments in coworking technology startups have surged by 150% year-over-year, focusing on solutions that improve booking systems, space management, and member engagement.

Overall, while market consolidation in the coworking and flex space industry poses certain challenges, it also opens the door for advancements in service quality, technological innovation, and operational efficiency, ultimately benefiting both providers and users of these spaces.

### What's next?

While WeWork's bankruptcy has been a significant event in the coworking and flex space industry, it does not signal a decline in the sector. Instead, it highlights the need for prudent management and sustainable growth strategies.

The industry continues to show robust growth, driven by evolving workforce dynamics and the growing appeal of flexible workspaces. Market consolidation, while presenting certain risks, also offers opportunities for innovation and improved service offerings.

Going forward, the key for industry players will be to balance growth with stability, focusing on community-building and customer-centric services to differentiate themselves in an increasingly competitive market.





## TREND #2

# The three key ingredients for a thriving coworking business in 2024



by Kenny Kane, MBA  
CEO, Firmospace





## TREND #2

The current trends and statistics in the coworking and flexible space industry highlight several key elements that are essential for creating a successful coworking business.

The coworking and flexible space industry has evolved significantly, adapting to changes in the digital economy and shifting from traditional office structures to more fluid, project-based, and collaborative working environments.

Below are the most important success factors that operators and owners should know.

### 1 Understanding and catering to the Ideal Customer Profile (ICP)

The best coworking brands have an extremely well-defined Ideal Customer Profile (ICP), down to the smallest detail. For example, some are going after VC-funded, seed-stage tech startups with 3-20 employees. Others are focusing on mid-age, successful solopreneurs working in the creative industries.

A successful coworking business knows who to target and how to target them. To ensure a successful coworking business in 2024, the first step is securing your ICP.

This can be accomplished by:

- Creating a unified spreadsheet with all the data you can collect for your existing members
- Talking to your customers and trying to learn as much about them and their decision-making process as possible
- Analyzing the results and building assumptions
- Validating and reiterating until you are appeased

### 2 The power of niching down (the rise of niche coworking spaces)

In the evolving landscape of coworking spaces, the year 2024 marks a significant pivot towards specialization.

Niching down, the practice of tailoring coworking spaces to cater to specific industries, professions, or interests, has emerged as a critical strategy for differentiation and success.

Unlike traditional, one-size-fits-all coworking environments, niche coworking spaces offer tailored amenities, networking opportunities, and a community atmosphere that resonates with their target demographic.

The trend towards specializing in coworking spaces has proven to be both popular and financially sound.

## TREND #2

With a focus on specific groups, these niche coworking spaces are likely to retain members at a higher rate than general coworking spaces that cater to a broader audience. This is because niche spaces can better meet the unique needs and preferences of their members, leading to increased satisfaction and loyalty.

According to a [recent study by Coworking Resources](#), some new coworking niches that are currently popping up around the world include:

- Coworking + recording studio: Coworking spaces equipped with several professional-grade recording facilities
- Coworking + warehouse: Also known as co-warehousing or shared warehousing, it's an all-inclusive shared working facility that is part-warehouse, part office
- Coworking + therapy: Shared workspace made up of sound-proof private offices with couches, pillows, candles, and more to create a warm and inviting atmosphere for practitioners to see patients

The rise of niche coworking spaces reflects a broader shift in the work culture, emphasizing the importance of community, collaboration, and tailored professional environments.

### 3 Suburban renewal: the boom of coworking spaces in small towns and suburbs

The COVID-19 pandemic has undeniably transformed the global workplace, catalyzing a monumental shift in how and where people choose to work.

As we navigate through 2024, the repercussions of this transformation continue to unfold, particularly in the realm of coworking spaces.

Once bustling with activity, Central Business Districts (CBDs) and Financial Districts have seen a marked decline in occupancy and popularity.

Conversely, suburban and small-town coworking spaces are experiencing an unexpected renaissance. These areas, previously overlooked in the coworking space boom, are now thriving and will continue to thrive in 2024.

Here's why:

- **Changing work patterns:** The rise of remote work reduces the need for city commutes, making suburban and small-town coworking spaces appealing for their proximity to where people live, thus enhancing work-life balance. For instance, Quest Workspaces [observed a significant increase in inquiries and occupancy rates](#) in their suburban locations, with inquiries in Boca Raton, Florida, growing by 215% and occupancy by 4%.
- **Cost-effectiveness:** Lower real estate and operational costs in these areas allow coworking spaces to offer lower membership fees, attracting freelancers, startups, and small businesses with the added benefit of a lower cost of living. For example, the national median rate for open workspaces [remained stable at \\$149 per month](#), with some areas offering rates well below the national average, showcasing the cost benefits of suburban locations.



## TREND #2

- **Community and networking:** Suburban and small-town coworking spaces foster close-knit communities, offering valuable networking opportunities and a sense of belonging for local entrepreneurs and remote workers.
- **Untapped market potential:** By focusing on less saturated suburban and small-town markets, coworking spaces can capture a new segment of customers seeking professional work environments outside urban centers.
- **Proximity to Ideal Customer Profile (ICP):** Close proximity to the ICP enables coworking spaces to tailor amenities and services directly to the needs of their target demographic, improving marketing and engagement strategies.
- **Quality of life:** These areas typically offer a higher quality of life with more green spaces and less pollution, making coworking spaces in these locations attractive for those seeking a healthier work environment.
- **Support from local governments:** Coworking spaces may benefit from local government incentives aimed at businesses that contribute to the local economy, enhancing the financial viability of operating in suburban and small-town areas.

Opening a coworking space in a suburban or small town area, particularly near your ICP, aligns with current work and lifestyle trends, offers cost advantages, taps into an underserved market, and fosters a sense of community.

As remote work continues to be embraced, these areas are poised for growth in the coworking sector, making them strategic locations for new spaces in 2024 and beyond.



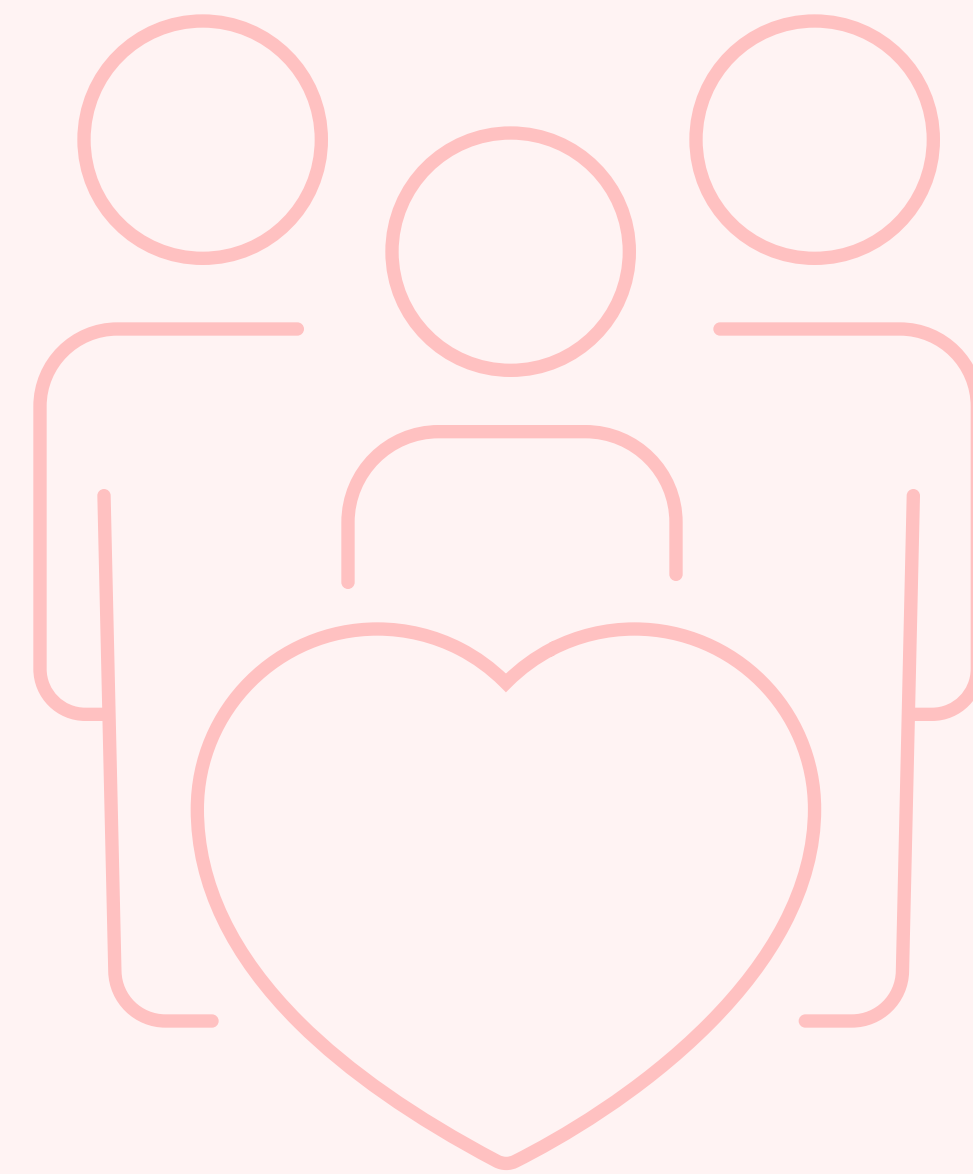


## TREND #3

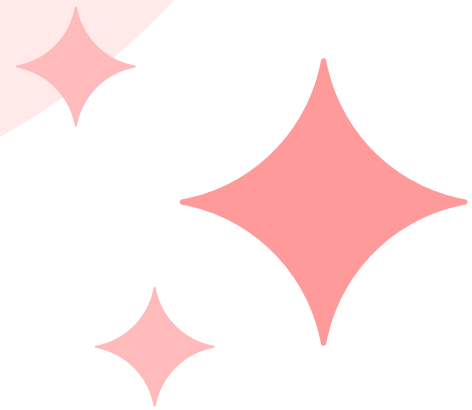
# Hospitality as a key differentiator for operational success



by Amanda Lewan  
Co-founder & CEO, Bamboo



We define  
hospitality as  
anticipating the  
needs of others and  
serving them with  
quality and care



In the ever-evolving industry landscape, operators must ask themselves: Are you a hospitality company, or a real estate company?

At Bamboo, we believe we are in the business of helping people. We're a hospitality and experience-focused company. Approaching your daily operations with the heart of hospitality is a differentiator in a changing real estate market.

We define hospitality as anticipating the needs of others and serving them with quality and care. For coworking operators, hospitality is creating an environment that fosters community and collaboration.

Here's a deeper dive into the current trends that are shaping hospitality in coworking spaces.

## Community building

Most operators value community. At Bamboo, we allow each location to co-create a sense of community with their members. Think about ways to empower your members to create community alongside your team, via sponsored events or leadership opportunities. If you have a large and diverse membership base, provide a variety of ways to engage with your growing community either with in-person events or virtual tools. Community building creates a sense of belonging among members as well as a welcoming atmosphere. It can also create a strong emotional tie to your brand.





## TREND #3

### Programming experiences

Bamboo believes community is created through shared experiences. Often this comes from events we program across our coworking locations. The type of events you design for your space should serve your target audience and hospitality goals. At Bamboo our events embrace our core values:

- Celebrating our diversity
- Empowering entrepreneurs
- Creating connections

This helps to create value-add experiences that serve our target audience of small businesses and startups. Try testing out a variety of event types, such as workshops, happy hours, or speed networking to see what experiences best attract and support your audience. Events help create a unique experience for your members that go above and beyond a traditional real estate offering.



### Embrace local culture

You aren't just creating community inside your space - you are part of a local community around you. Remember that your co-working space serves as a focal point for your members to learn about the neighborhood around them. Integrate local art, culture, and food into your space. Encourage your team to guide others to recommendations around town. We all love when someone can tell us the best breakfast spot or the parking tip we didn't know about. Your community team can be this local resource for members. This approach goes a step behind traditional operations to create an authentic local environment.

### Wellness and well-being

As we continue to recover and thrive in a post-pandemic world, members continue to value their well-being. Many operators are integrating wellness programming or services into their spaces. This could be mental health workshops, yoga sessions, healthy snacks, or non-alcoholic options available at social events. Poll your members to get a pulse on their interests in wellness. This holistic approach to member well-being creates an environment where members can thrive both professionally and personally.

The differentiation in hospitality doesn't solely rely on high-end amenities or luxury offerings; it is deeply rooted in the genuine care, community engagement, and personalized experiences that you can offer to members.



## TREND #4

# Increased prevalence of hybrid work models in coworking spaces



by Ivan Guberkov  
VP of Product, OfficeRnD



## TREND #4

Defined by a blend of remote and in-office work, hybrid models have emerged as a cornerstone of modern workforce strategies. Coworking spaces, with their inherent flexibility and community-centric design, have become vital in supporting this new work paradigm.

A significant portion of coworking space users are freelancers (41%), but there's a growing usage among corporate employees (36%), highlighting the adoption of coworking spaces as part of a hybrid work model.

This trend is expected to continue, with larger corporations accounting for 40% of the growing demand for coworking spaces in the coming years.

Coworking spaces are uniquely positioned to offer the necessary infrastructure and amenities for businesses transitioning to hybrid models.

These spaces provide an ideal solution for companies seeking to reduce their real estate footprint while still offering employees access to professional work environments.

The rise of hybrid work has led to a surge in demand for coworking spaces, as they offer the geographical flexibility, technological infrastructure, and collaborative atmosphere that hybrid work thrives on.

In the context of hybrid work, coworking spaces have embraced technological innovations to meet the changing needs of their members.

Seamless booking tools, for instance, have become essential, enabling members to coordinate their schedules effortlessly, booking office resources, and managing their presence in the office or remotely.

This integration of technology not only facilitates the logistical aspects of hybrid work but also supercharges collaboration and productivity among teams, irrespective of their physical location.

The positive impact on mental and physical health, with 93% of professionals reporting benefits to their mental well-being, underscores the holistic advantages of hybrid work facilitated by coworking spaces.

The impact of hybrid work models on coworking spaces is multifaceted, driving innovation and adaptability in the industry. By responding to the needs of the hybrid workforce, coworking spaces are exceeding any and all expectations, positioning themselves as essential components of the future of work.



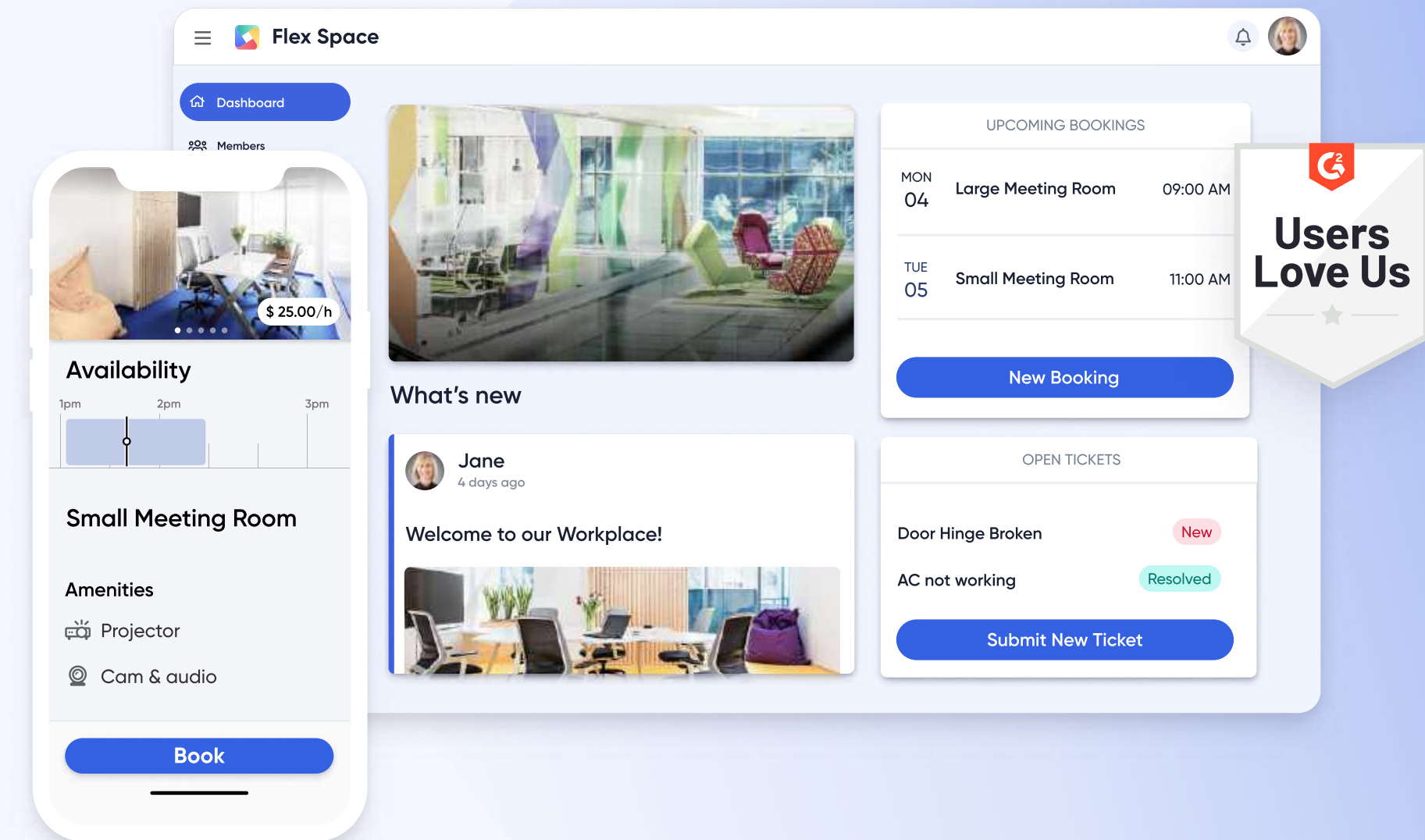


# The role of technology in staying ahead of the game

We believe that technology will play a key role in helping flex space owners and operators meet the rapidly changing demands of today's world.

That's why we're constantly improving [OfficeRnD Flex](#).

Combining an easy to use interface on the front end and deep customization on the backend, OfficeRnD Flex allows users to scale their billing, processes, and operations as their membership grows. The platform offers detailed reports and analytics in an understandable format, helping operators to make better sense of members and their activity in the space. Supported by industry-leading customer care and trusted by 2,500+ spaces like CommonDesk and Serendipity Labs, OfficeRnD Flex is the leading flex space management platform that can help you make your members happy and automate the rest.



Explore OfficeRnD Flex