



CBRE REAL ESTATE INSIDER

QUARTERLY REAL ESTATE UPDATES FOR BUSINESSES AND CORPORATIONS

COWORKING

WHAT IS COWORKING?

Coworking offers membership-based workspaces where diverse groups of freelancers, remote workers, and other independent professionals work together in a shared, communal setting. The flexibility that coworking space offers is often favored by start-ups but it's popularity is beginning to spread throughout the business community. While coworking has existed for years, the growth of the industry centers around downtown or "urban suburban" locations popular with millennials and other young professionals.

TRENDS:

SPECIALIZED FACILITIES

For example, women only coworking spaces. Over 100 women have signed up for the Coven, a new coworking space in the North Loop

COWORKING IN UNEXPECTED PLACES

Non-traditional office space providers such as Lifetime Fitness are entering the coworking market. The new Southdale Lifetime will have coworking space

CORPORATE DEMAND

While coworking spaces are often geared towards small businesses and freelancers, corporations are beginning to see the value in coworking as cost effective solutions to test ideas and provide access to talent

RECENT TRANSACTIONS:



LEVEL

LASALLE BUILDING
78,600 SF PURCHASE



wework

CAPELLA TOWER
50,000 SF LEASE



wework

MOZAIIC EAST
46,000 SF LEASE



INDUSTRIOUS

T3
34,000 SF LEASE



SPACES.

THE WASHINGTON
40,000 SF LEASE

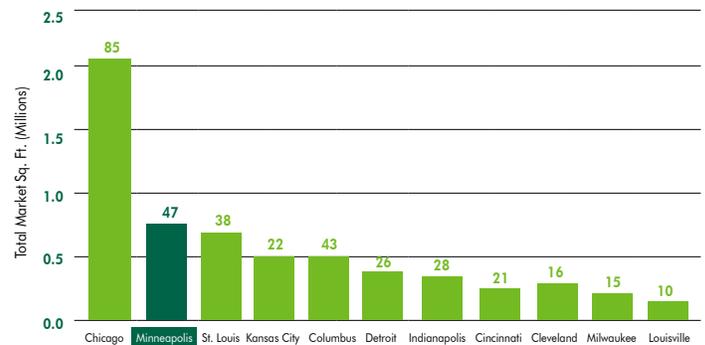
DATA (LOCAL):

- Coworking providers made up 5% of all local leasing activity in 2017
- 47 locations in the Twin Cities metro totaling over 640,000 SF
- 6 additional coworking concepts are in the works which would add an additional 100,000 SF of coworking space

DATA (NATIONAL):

- It is estimated there were 14,000 coworking locations at the end of 2017 as compared to 600 at the end of 2010
- 60% of all coworking spaces are not profitable but the industry is quickly growing since its estimated Millennials will make up 75% of the workforce by 2030 and will crave open, flexible work formats
- National players such as WeWork and Industrious are expanding rapidly on the coasts and now entering Midwest markets

TOTAL SQUARE FOOTAGE AND NUMBER OF COWORKING FACILITIES



Source: CBRE Research, Q4 2017

FOR MORE INFORMATION:



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