

## INDUSTRY INSIGHT 2: COWORKING SPACES



Even real estate giants are jumping in on the flexible workspace trend

# Coworking boom has no end in sight as property giants launch their own spaces

There are around 110-120 operating flexible workspace centres islandwide, and leasing demand is poised to hit 550,000 square feet in 2018.

With Singapore easily being one of the most open markets in Asia-Pacific for flexible workspace arrangements thanks to a thriving startup culture and the government's support for innovation and enterprise, leasing demand is poised to hit 550,000 square feet in 2018 as a growing number of corporate identities

**Rising office rents are poised to fuel demand for coworking strategies**



are jumping in on the coworking bandwagon.

"The demand for coworking or flexible workspace—led initially by startups, freelancers, and tech firms—has grown substantially since 2015 as large businesses embrace the sharing economy," Colliers International head of office services **Duncan White** told *Singapore Business Review*.

### No signs of slowing down

There are around 110-120 flexible workspace centres in operation islandwide, with around three quarters situated in the central business district. The spaces occupy 3.9% of the premium and Grade-A office space or around 944,000 square feet of net lettable area, representing a 36% surge since 2016.

Local and international operators alike are leaving no stone left unturned in rooting out the necessary

space to develop coworking setups amidst a booming demand for alternative work experiences. Assets like retail podiums and grade-B office buildings may even be repositioned to make room for coworking occupiers amidst limited land bank in the lion city and secured exclusivity clauses, White noted.

The lion city's rising office rents are similarly poised to fuel demand for coworking strategies with Grade A office space prices extending its climb at 1.3% QoQ in Q1 or at a monthly rate of \$9.06 per sq ft.

"Additionally, Singapore's high rents will continue to stoke the adoption of coworking strategies due to sustained cost advantages," said **Sigrid Zialcita**, managing director, Research, Asia Pacific for Cushman and Wakefield. "More and more, cost containment strategies will necessitate incorporating flexible working



thebridge

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## Cost comparison: coworking office vs traditional office



Source: ValuePenguin

arrangements to manage real estate footprint.”

To avoid being outpaced, Singapore’s blue chip property developers are also jumping in on the coworking trend, observed Zialcita, with Mapletree Investments unveiling its coworking space called CoQoons, CapitaLand launching its own brand Flexi Suites. Keppel Land also established its own coworking brand Kloud whilst Ascendas-Singbridge’s has thebridge as its flexible workspace solution.

“Coworking and Corporate Real Estate are stronger together,” Zialcita noted. “Establishing their own coworking offerings serves to preserve its revenue base rather than risk a seepage which will happen if a tenant bases part of its operations at a competitor’s coworking space,” she pointed out.

### When big players enter the fray

As a growing number of operators aim to cash in on the heated coworking trend and jostle for market share, players are dedicating energy and resources to differentiating their concepts, space design, as well as the communities they support. For instance, there is Treehaus, which is Singapore’s first shared office with child-minding facilities.

Paperwork at National Design Centre is similarly branding itself as the designer’s co-creation space boasting Virtual Reality equipment to provide tenants with 360-degree experience of how a design project will look like upon completion, according to **Ong Choon Fah**, CEO and head of research & consulting at

Edmund Tie & Company.

“There is an increasing differentiation of the different operators, as they build out their coworking space to suit their segments and also adapt to the needs of their tenants,” noted **Ben Eckblad**, co-founder of workspace marketplace GorillaSpace.co.

Multinational firms are also making dedicated efforts to redesign their workplaces in a bid to stay competitive against up-and-coming flexible workspace operators.

“For most corporate occupiers, coworking has become a business solution, not just a real estate alternative; companies today realize that workspaces can be a tool to engage its workers and attract new talent,” said Zialcita. For instance, insurance firm Prudential Singapore’s new office, PRU WorkPlace, features an open amphitheatre and collaborative work zone for employees.

Unilever’s Level 3 in Mapletree Business City also serves as a base of operations for startups as well as a space where teams can visit and connect with companies and ideas they find interesting. “The quality of fit-outs is getting better. In the beginning, there was little attention paid to “quiet work” or furnishings. There is much attention paid to meeting rooms and phone booths. The quality is definitely much better than it was even a year ago,” observed Eckblad.

A few other flexible workspace examples in the financial services industry include the LumenLab, a 7,800-sq ft innovation centre by



Duncan White



Sigrid Zialcita



Ong Choon Fah



Ben Eckblad

MetLife and OCBC’s The Open Vault, a 2,400-sq ft fintech innovation centre by OCBC bank.

In retail, coworking spaces are also sprouting up as Justco opened its latest space in Marina Square Shopping Centre. Wework also has plans to unveil a space in Funan’s retail component in the coming months. “We can expect to see continued evolution of differentiated services and niches offered within the physical space, the membership community, and also the tech platforms offered by the operators,” White said.

Against a backdrop of strong government support and eager market take up, the coworking trend in Singapore shows no sign of slowing down with total coworking stock driving 15% of new demand for premium office spaces in the island last year. Around 11 spaces are expected to be rolled out within the year or by 2019, said Edmund Tie & Company’s Ong. “Between them, we expect Justco, Wework and Regus to open six more spaces in the coming months,” according to Zialcita as the market matures toward consolidation and larger players continue to ease smaller operators through M&A’s such as when WeWork acquired NakedHub.

“Coworking is now almost a staple. With interest in the segment still strong, coworking operators have ample funding from investors; developers are also keen to establish strategic tie-ups,” she added.

“What started out as a disruptor and an alternative to traditional offices is now a fundamental part of the commercial real estate market,” said White. *Sandra B. Sendangan*



JustCo Marina One West

# LARGEST COWORKING SPACES

## 1. JustCo Marina Square

**Location:** 6 Raffles Boulevard, #03-308, Marina Square  
**Amenities:** wifi; phone; phone booth; print, scan, copy; wired internet; drinks for sale; pantry; reception; waiting area; locker  
**Number of hot desks:** ~100  
**Price range:** \$398 monthly



## 2. Distrii

**Location:** 9 Raffles Place, Republic Plaza  
**Amenities:** wifi; phone; phone booth; print, scan, copy; phone answering; cafe; bathroom; drinks for sale; pantry; reception; waiting area; locker  
**Number of hot desks:** ~80  
**Price range:** \$500 for 40 hour minimum 6 lease per month



## 3. JustCo UIC

**Location:** 5 Shenton Way, UIC Building #10-01, Singapore 068808  
**Amenities:** wifi; phone booth; print, scan, copy; phone answering; bathroom; drinks for sale  
**Number of hot desks:** ~70  
**Price range:** \$398 monthly



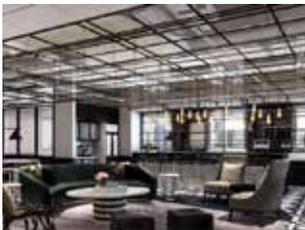
## 4. The Great Room Offices Centennial

**Location:** 3 Temasek Ave,  
**Amenities:** wifi; phone booth; print, scan or copy; bars; bathroom; cafe; drinks for sale; showers; nap room; pantry; reception; waiting area; locker  
**Number of hot desks:** ~70  
**Price range:** Hot Office "Home" with \$100 meeting room credits per month \$780



## 5. The Great Room Offices Ngee Ann City

**Location:** 391B Orchard Rd, Level 22, Ngee Ann City Tower  
**Amenities:** wifi; phone; phone booth; print, scan, copy; wired internet; drinks for sale; pantry; reception; waiting area; locker  
**Number of hot desks:** ~70  
**Price range:** Hot Office "Home" with \$100 meeting room credits per month \$750



## 6. JustCo Robinson

**Location:** 120 Robinson Road, #15-01  
**Amenities:** wifi; phone booth; print, scan or copy; server; bathroom; pantry; waiting area  
**Number of hot desks:** ~60  
**Price range:** \$398 monthly



## 7. JustCo Marina One East

**Location:** 7 Straits View, Marina One East Tower, #05-01  
**Amenities:** wifi; phone; phone booth; print, scan, copy; wired internet; drinks for sale; pantry; reception; locker  
**Number of hot desks:** ~60  
**Price range:** \$398 monthly



## 8. JustCo Marina One West

**Location:** 9 Straits View, Marina One West Tower, #05-07  
**Amenities:** wifi; phone; phone booth; print, scan, copy; wired internet; drinks for sale; pantry; reception; waiting area; locker  
**Number of hot desks:** ~60  
**Price range:** \$398 monthly



## 9. The Hive Lavender

**Location:** Level 6, Vanguard Building, 1 Kallang Junction  
**Amenities:** wifi; IT support; phone booth; print, scan or copy; phone answering; cafe; 24/7 aircon; reception; waiting area  
**Number of hot desks:** ~60  
**Price range:** \$500 monthly



## 10. Working Capitol

**Location:** 1 Keong Saik Rd, Singapore 089109  
**Amenities:** wifi; IT support; phone; print, scan or copy; phone answering; cafe; showers; pantry; reception; waiting area; locker; gym  
**Number of hot desks:** ~50  
**Price range:** \$255 monthly



# LARGEST COWORKING SPACES

## 11. U Commune Suntec

**Location:** 9 Temasek Boulevard, #07-01 Suntec Tower 2, Singapore  
**Amenities:** wifi; IT support; phone; phone booth; print, scan or copy; cafe; 24/7 aircon; pantry; reception; pool; waiting area; locker; gym  
**Number of hot desks:** ~50  
**Price range:** \$398 monthly



## 12. UCommune Ayer Rajah

**Location:** 67 Ayer Rajah crescent #02-10/17, Singapore  
**Amenities:** wifi; IT support; phone; print, scan or copy; phone answering; cafe; 24/7 aircon; pantry; ping pong; reception  
**Number of hot desks:** ~50  
**Price range:** \$250 monthly



## 13. thebridge

**Location:** 2 Science Park Drive  
**Amenities:** wifi; IT support; phone booth; print, scan or copy; phone answering; cafe; drinks for sale; showers; sit stand desks; nap room; pantry; ping pong; reception; locker  
**Number of hot desks:** ~50  
**Price range:** \$440 monthly



## 14. Collision 8

**Location:** High Street Centre #08-08, 1 North Bridge Road  
**Amenities:** wifi; phone; phone booth; print, scan or copy; phone answering; wired internet; bar; bathroom on premises; cafe; drinks for sale; 24/7 aircon; pantry; reception; waiting area;  
**Number of hot desks:** ~40-50  
**Price range:** \$450 monthly



## 15. CoQoons

**Location:** 3 HarbourFront Place HarbourFront Tower 2, Level 11  
**Amenities:** wifi; IT support; phone; phone booth; print, scan or copy; ; wired internet; showers; sit-stand desks; pantry; reception; pool; waiting area; locker  
**Number of hot desks:** ~40  
**Price range:** \$480 monthly

## 16. WeWork Beach Centre

**Location:** 15 Beach Rd, Singapore  
**Amenities:** wifi; phone; phone booth; print, scan or copy; bar; cafe; drinks for sale; sit-stand desks; pantry; reception; waiting area; locker  
**Number of hot desks:** ~30-60  
**Price range:** \$550 monthly



## 17. WeWork Anson Road

**Location:** 60 Anson Road  
**Amenities:** wifi; IT support; phone booth; print, scan or copy; phone answering; cafe; showers; sit-stand desks; pantry; reception; waiting area; locker  
**Number of hot desks:** ~30-60  
**Price range:** \$620 monthly



## 18. WeWork 22 Cross Street

**Location:** 22 Cross St, Singapore  
**Amenities:** wifi; IT support; phone booth; print, scan or copy; phone answering; cafe; showers; sit-stand desks; pantry; reception; waiting area; locker  
**Number of hot desks:** ~30-60  
**Price range:** \$520 monthly



## 19. WeWork 71 Robinson Road

**Location:** 71 Robinson Rd  
**Amenities:** wifi; IT support; phone booth; print, scan or copy; phone answering; cafe; showers; sit-stand desks; pantry; reception; waiting area; locker  
**Number of hot desks:** ~30-60  
**Price range:** \$620 monthly

## 20. WeWork Spacemob Ascent

**Location:** 2 Science Park Dr, #02-06 Singapore  
**Amenities:** wifi; phone booth; print, scan or copy; wired internet; drinks for sale; sit-stand desks; nap room; pantry; reception; waiting area  
**Number of hot desks:** ~30-60  
**Price range:** \$450 monthly

