

# The number of flexible workspaces are set to increase by 56% in 2022 as the industry continues to break records

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- Latest forecasts suggest global flexible spaces will soon cross the 20,000 mark and looks set to reach 25,968 by 2022
- Last year saw 2,188 new space openings, a record number
- A new coworking space opens in London every 5 days and in New York City every 7.5 days.

The appropriately dubbed 'coworking revolution' has rapidly grown over the last few years and has now reached record levels according to flexible working experts.

The number of coworking spaces worldwide in 2018 was 16,599 and it's on track to reach 18,287 by the end of 2019. The rate of year on year growth has slowed somewhat to 9.5% compared to 15.2% in 2018, but last year saw 2,188 new space openings, a record number. Around 1,000 of the new openings were in the USA. As further evidence, Office Freedom, a global flexible workspace brokerage saw its inventory grow by 45% in the last year.

New space openings in 2019 are forecast to drop by around 22% compared with 2018. Many operators are now focussing on increasing occupancy and profitability rather than large wholesale expansion. Although the rate of growth overall has slowed there has been a trend in growth per capita in less populated countries and states (e.g. Luxembourg, Singapore and Ireland) where demand for coworking globally remains strong.

The year before, 2018 saw a shift in market trends with more corporate clients looking for flex space. Research indicates that up to 40% of individuals working within flexible spaces are part of larger organisations and this is predicted to grow to 60% by 2022. Consequently, shifts towards more hybrid spaces and offering private space as well as traditional coworking are predicted by industry experts.

The latest forecasts suggest global flexible spaces will soon cross the 20,000 mark and look set to reach 25,968 by 2022. This represents 56% growth in 2018 and reflects an average increase of more than 2,500 new spaces every year since 2015.

Discussing the evolution of flexible workspace, founder and CEO Richard Smith notes, "Today's flexible workspace provides a habitat that supports staff wellness, staff welfare, helping companies become happy and productive places of work. As a result, the flexible workspace industry has attracted large corporations, enterprise companies, fintech, etc. etc.

Today's flexible workspace can make you feel like a million dollars working in a 5-star hotel – I know this from personal experience – I describe the workspace (by FORA), that Office Freedom work out of in Soho, Central London as Office Paradise!"

"The market continues to evolve and thrive. By 2030 up to 30% of office space occupied by the corporate sector is expected to be flexible workspace. At the moment well under 10% of the office real estate market is flex. As in any industry, in a cyclical world, there will inevitably be bumps in the road but relatively speaking it's still very early days for the industry. Onwards and Upwards!"

Looking forward, Smith is expecting to see high growth in some markets while others mature for the rest of 2019.

“We predict greater investment leading to more consolidation from large scale providers, with smaller independents carving out niche sectors and sustainable business communities. Rate trends will continue to vary by location with certain markets witnessing a short-term dip in rates due to over-supply.

“Aside from market investment, a recent global industry study of 15,000 businesspeople highlighted a material power shift towards employees who are demanding more flexibility. In the survey, 50% of employees are working outside of their main HQ for at least 2.5 days a week. 85% said that productivity has increased as a result of greater flexibility and 80% of employees stated that, given two similar employment offers, they would turn down the one that didn't offer flexible working.”

As Smith continues, “Two-thirds of new space openings globally are new businesses entering the market the remainder are established operators, large chains and franchises. Therefore, whilst the established space operators are thriving, most new space openings are coming from businesses entering the market for the first time. Last year Office Freedom recorded a 32% increase in new operators in Central London.”

Research shows a new coworking space opens in London every 5 days and in New York City every 7.5 days. Fast-growing American tech hubs like Austin and Denver also make it into the top 5.

Other key European cities rank as follows; 12th Berlin 21.9 days, 20th Paris 28.5 days, 25th Barcelona 31.7 days, 36th Lisbon 40.7 days. Other major global cities outside of Europe and the USA ranked as follows; 13th Sydney 23.8 days, 15th Kuala Lumpur 23.8 days, 16th Bangalore 23.8 days, 17th Singapore 25.9 days, 19th Cape Town 25.9 days.

Forecast based on estimates from Emergent Research/GCUC for the data until 2017. Data projections until 2022 are from Coworking Resources' data and are based on the average growth in 2018 and 2019.

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#### NOTES TO EDITORS

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#### ABOUT OFFICE FREEDOM

Founded in 1993 by Richard Smith under its former name SOS Search Office Space, Office Freedom was the first real estate specialist to provide global tenant-rep services to clients seeking Flexible Workspace and Coworking space. Having pioneered this marketplace, it has now advised more than 38,000 clients and currently lists more than 13,000 offices across six continents. Today, it offers the full spectrum of flexible workplace solutions, including serviced offices, coworking spaces, flexible leases, meeting rooms, virtual offices, day offices and business continuity space.

## RESEARCH

Research on the 42% increase of global coworking spaces was based on the forecast estimates given EmergentResearch/GCUC in collaboration with CoworkingResources' data available online here.

## SOURCES

Office Freedom data, GCUC

<https://gcuc.co/the-future-looks-juicy-what-can-we-expect-from-the-flexible-workspace-industry/>, Co

Working Resources <https://www.coworkingresources.org/blog/key-figures-coworkinggrowth>, IWG Global workforce survey <http://www.iwgplc.com/global-workspace-survey-2019>