

United Arab Emirates Co-Working Space Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The UAE co-working space market is projected to register a CAGR of over 5% during the forecast period (2022-2027).

The UAE co-working space market is in its growth stage. According to a 2021 research study conducted by Tide, a UK-based business financial platform, the United Arab Emirates had only 1.74 co-working spaces per 100,000 persons. As per Coworker, an online marketplace listing co-working spaces around the world, the United Arab Emirates stands at a total of 176 spaces. Dubai has been slow to adapt to the new co-working trend, primarily due to the restrictive regulatory framework and complex licensing regime associated with it. The majority of the Emirate's large free zones currently offer their own flex-space solutions and have placed restrictions on third-party operators entering these key markets, thereby limiting the growth of this sector.

COVID-19 had a significant impact on the market, including the United Arab Emirates. The demand for shared office spaces dropped over the course of the lockdown. Huge businesses canceled flexible office memberships to save on costs. While some co-working space operators remain open for business, they are mandated to adhere to safety and social distancing measures, which considerably impact the space allocated for occupants within a shared location. However, post-pandemic, businesses will find ways to avoid big-ticket spending and huge financial commitments. This, in turn, will drive the demand for pre-built corporate spaces and lease flexibility.

The UAE co-working space market is still gaining steam in the region. District 2020, which is a smart city blueprint, is set to come to life post Expo 2020 Dubai and as part of the legacy plan, will feature several amenities, like flexible workspaces and ample co-working and communal areas to foster social engagement.

The rise in the number of SMEs and startups across various industries is likely to be one of the key factors for the growth of

co-working spaces during the forecast period.

UAE Co-working Space Market Trends

Increase in Millennial Population

Millennials, those currently aged between 20 and 37 years, are changing the way the world works and are demanding new ways of working. The UAE real estate sector is focusing on the changing demands of working and workspaces and reacting to future needs.

A new way of working to emerge in recent times has been using co-working spaces, a shared environment where people doing all kinds of different jobs can work together and separately within the same space. The spaces are often very urban, stylish, and far removed from some of the more severe 'cubicle farms' of recent times. They allow for freedom, flexibility, and a wide range of work environments.

More millennials are joining the workforce, and their presence requires a transformational shift in the workplace perspective. There are 14,000 operational co-working spaces globally, and by the end of this year, some 1.7 million people, mostly millennials, will have taken advantage of the new working conditions offered by co-working spaces.

According to industry sources, as of 2021, nearly 65% of the population of the United Arab Emirates is aged between 25 and 54, that is around 6.5 million people, representing the new workforce with its bold new ideas.

Rising Number of SMEs and Startups

Small and Medium-sized Enterprises (SMEs) are considered to be the backbone of Dubai's economy. As of January 2021, according to the Ministry of Economy, the SMEs sector represents more than 94% of the total number of companies operating in the country and provides jobs for more than 86% of the private sector's workforce. In Dubai alone, SMEs make up nearly 95% of all companies, employing 42% of the workforce and contributing around 40% to Dubai's GDP.

Even though Dubai's SME sector is growing at a moderate rate, the rising cost of business operations, which includes the high rental cost of commercial properties, has started to influence many upcoming small businesses to look for cost-effective alternatives. This created fresh opportunities for co-working service providers to accommodate small business owners, and as a result, Dubai is now witnessing a massive boom in co-working culture, with co-working spaces mushrooming all over the Emirate.

UAE Co-working Space Market Competitor Analysis

The UAE co-working space market is fairly fragmented, with the presence of several private and government-owned co-working spaces. The market is expected to grow during the forecast period due to huge investments and funding being received by companies in the industry.

Some of the key players in the market include WeWork, Regus, WitWork, LetsWork, Nasab by KOA, A4 Space, AstroLabs, Nook, Nest, and Our Space.

In addition to private companies, initiatives taken by the Dubai government to foster an entrepreneurial environment and nurture startups have enabled the co-working culture to flourish in Dubai. Some of the government's co-working centers across Dubai include JLT and DTEC & TECOM.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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